PAPOUTSANIS

Bubbling Revenues, Softer Margins, Upside on Hold

Revenue gains offset by margins; stock fairly valued; Hold – Papoutsanis has stepped up its growth profile, with strategic priorities clearly anchored around branded portfolio expansion and deeper third-party partnerships. Following on from the H1'25 results, we have raised our 2025–27e revenue forecasts by c10–13%, reflecting the ramp-up of newly secured contracts, the scaling of existing ones, and deeper market penetration in branded products. However, this sales uplift is largely offset at the operating level by sustained input cost pressures, a slightly less favourable sales mix, and higher marketing to support branded portfolio expansion. As such, our EBITDA forecasts remain broadly unchanged—albeit still pointing to double-digit growth through to 2028e. Following a c30% YTD rally that has led the stock to multi-year highs, we see the near-term upside as largely priced-in and we therefore move to a Hold.

H1'25: Stronger sales, weaker operating leverage – PAP delivered robust revenue growth of 26.8% yoy in H1'25, with sales reaching €40.2m, driven by strong performances in Own Brands (+35.8% yoy, boosted by more than twofold growth in Home Care) and PL/3rd-party manufacturing (+43.5% yoy), which together accounted for >70% of revenues. The Q2 run-rate accelerated to 31.5%, following +21% in Q1. The increased contribution from 3rd-party sales—the least profitable category at the gross level—combined with elevated input costs, led to a 1.1pps yoy dilution in gross margins to 37.0%. Higher operating expenses (+€2.3m yoy), primarily reflecting increased marketing spend for branded product launches, further weighed on operating leverage, with EBITDA up €0.7m yoy to €5.7m and the respective margin down 1.7pps yoy to 14.2%. Net profit rose 38.3% yoy to €3.2m, also benefiting from tax exemptions.

Double-digit growth and FCF inflection ahead – For 2025e, we model revenues up 22% yoy to €80.6m, gross margin easing to 36.5% (from 37.3% in 2024) and EBITDA up 10% yoy to €11.7m on 1.5pps lower margins (14.5% vs 16.0% in 2024). The c€1m increase in operating profitability coupled with lower capex (given the completion of the company's recent investment cycle) is set to allow FCF to turn positive in 2025e (€2.1m) while rising to €6.1m by 2027e. The accelerating FCF generation coupled with an already healthy balance sheet (2025e net debt/EBITDA at 1.9x) will underpin a c30% dividend payout – as per our assumption – while leaving room for selective bolt-ons. Risks remain from input cost inflation and potential working capital swings.

Valuation: lifting our PT to €3.2, lowering rating to Hold – After a muted 2024, Papoutsanis shares have rebounded strongly in 2025, gaining c30% ytd and outperforming both EU HPC peers and Greek non-financials. We have revised our model to reflect c10% higher top-line assumptions vs our prior estimates but leave operating profit forecasts largely unchanged due to higher opex. Rolling our valuation to Sep 2026, we derive a PT of €3.20, placing the stock at c9.3x 2025e EV/EBITDA, namely c20% discount vs international peers, which we believe is warranted by the stock's smaller size and liquidity. With the current share price very close to our PT, we move to a Hold rating.

Estimates					
EURm unless otherwise stated	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Revenues	62.3	66.2	80.6	88.9	96.6
Adj. EBITDA	9.2	10.6	11.7	13.4	15.0
Net Profit reported	4.1	5.3	6.3	7.1	8.3
EPS adj. (EUR)	0.15	0.19	0.23	0.26	0.31
DPS (EUR)	0.07	0.06	0.07	0.08	0.09
Valuation					
Year to end December	**2023**	**2024**	**2025e**	**2026e**	**2027e**
P/E	15.2x	12.3x	13.3x	11.8x	10.1x
EV/EBITDA	8.8x	8.2x	9.0x	7.7x	6.7x
EBIT/Interest expense	3.8x	4.0x	4.6x	5.7x	7.0x
Dividend Yield	3.1%	2.5%	2.2%	2.5%	3.0%
ROE	14.4%	17.2%	18.5%	18.3%	18.7%

Source: Eurobank Equities Research

Recommendation	**HOLD**
Prior Recommendation	**BUY**
Target Price	**€3.20**
Prior Target Price	**€2.90**
Closing Price (17/09)	€3.08
Market Cap (mn)	€83.5
Expected Return	3.9%
Expected Dividend	2.2%
Expected Total Return	6.1%

Papoutsanis Share Price

Stock Data

Reuters RIC	PSALr.AT
Bloomberg Code	PAP GA
52 Week High (adj.)	€3.19
52 Week Low (adj.)	€2.18
Abs. performance (1m)	-2.2%
Abs. performance (YTD)	30.0%
Number of shares	27.1mn
Avg Trading Volume (qrt)	€28k
Est. 3yr EPS CAGR	16.2%
Free Float	33%

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See Appendix for Analyst Certification and important disclosures.

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H1'25 overview

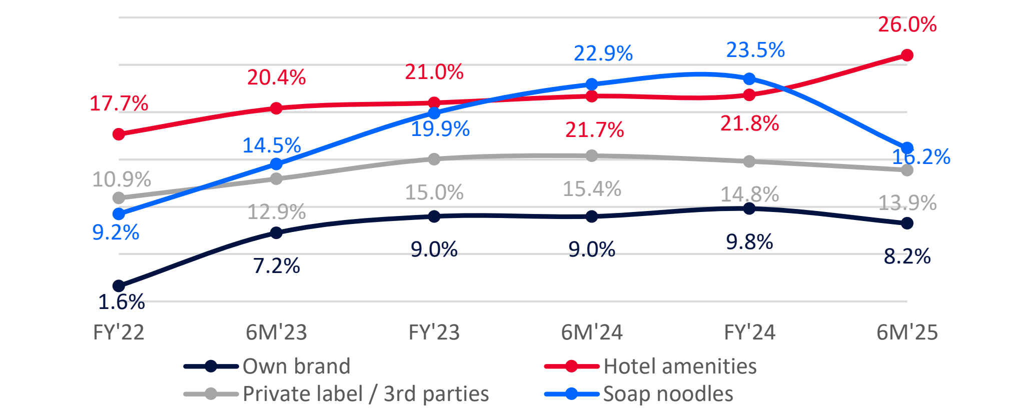
H1'25: robust top line growth; sales mix and marketing weigh on margins

Papoutsanis reported robust top line growth of 26.8% in H1'25, with revenue reaching €40.2m, while the Q2 run-rate accelerated to 31.5% yoy, following a solid 21% increase in Q1, pointing to sustained operating momentum. Growth was led by Own Brands, up c36% yoy, supported by the continued scale-up of the Home Care line, where sales more than doubled, and by third-party manufacturing, which expanded c44% yoy. In terms of contribution, third-party business represented c40% of total sales, while branded products accounted for c31%, reflecting the company's dual focus on expanding client partnerships and driving branded growth.

On the profitability front, the increased contribution from third-party sales (the least profitable category at the gross level) coupled with elevated input costs weighed on margins, leading H1'25 gross margin to 37.0% from 38.1% in H1'24. At the EBITDA level, earnings were further impacted by higher operating expenses (+€2.3m yoy), primarily reflecting stepped-up marketing spending linked to branded product launches, and personnel cost. As such, the pendulum of operating leverage was somewhat contained in H1'25, with EBITDA at €5.7m, up from €5.1m in the prior-year period.

In margin terms, the EBITDA margin contracted by 170bps yoy in the first half, reflecting a broad-based decline across all segments except for Hotel Amenities, as shown in the chart below. The latter remains the most profitable segment, followed by soap noodles, where margins have normalized from the exceptionally high 23.5% recorded in 2024. Third-party/PL manufacturing ranks third in profitability, while branded products remain the least profitable segment, where we expect some improvement as volumes scale.

EBITDA margin per product category



Source: Eurobank Equities Research, Company data.

Net profit rose to €3.2m (vs €2.3m in H1'24), benefiting from the utilisation of tax exemptions linked to the completion of the investment plan.

On the cash flow front, net debt remained broadly stable at €22.5m, compared to €22.3m at year-end 2024, supported by a marginally positive working capital contribution—marking a notable shift from the typically negative trend seen in the first half of the year.

Papoutsanis | H1'25 overview

EURm	H1'24	H1'25	yoy
Revenue	31.7	40.2	26.8%
Own brand	9.3	12.6	35.8%
Hotel amenities	5.6	6.0	6.5%
Private label / 3rd parties	11.4	16.3	43.5%
Soap noodles	5.5	5.3	-2.4%
- COGS	-19.6	-25.3	29.1%
Gross Profit	12.1	14.9	23.1%
Gross margin	*38.1%*	*37.0%*	-1.11 pps

- Operating expenses	-8.3	-10.5	27.4%
EBIT	3.8	4.4	13.9%
EBIT margin	*12.1%*	*10.8%*	-1.23 pps
EBITDA	5.1	5.7	13.3%
Own brand	0.8	1.0	24.8%
% margin	*9.0%*	*8.2%*	*-0.73 pps*
Hotel amenities	1.2	1.6	27.8%
% margin	*21.7%*	*26.0%*	*4.32 pps*
Private label / 3rd parties	1.8	2.3	29.5%
% margin	*15.4%*	*13.9%*	*-1.50 pps*
Soap noodles	1.3	0.9	-31.0%
% margin	*22.9%*	*16.2%*	*-6.72 pps*
EBITDA margin	*15.9%*	*14.2%*	-1.70 pps
- Financial results	-1.1	-0.9	-19.0%
PBT	2.8	3.5	26.4%
- Taxes	-0.5	-0.3	
Net profit	2.3	3.2	38.3%
Cash flow	FY'24	H1'25	
Operating Cash Flow	4.7	5.3	
-capex	-6.4	-2.7	
Capital repayments of op. leases	0.3	0.0	
Free Cash Flow	-1.4	2.6	
Dividends	-2.1	-0.8	
Other	-0.4	-0.2	
Net inflow	-3.9	1.5	
Net debt / (cash)	22.3	22.5	

Source: Eurobank Equities Research, Company data.

Following the results announcement, management guided for continued strong growth for the full year, supported both by the expansion of existing partnerships and the launch of significant new ones, as well as by further growth in branded product sales—driven by dynamic expansion into new categories and channels, both in the domestic and international markets.

Quarterly overview

Papoutsanis quarters				
EURm	**Q1'24**	**Q2'24**	**Q1'25**	**Q2'25**
Turnover	**14.2**	**17.5**	**17.2**	**23.0**
yoy	-7.2%	3.9%	21.3%	31.3%
Own brand	3.8	5.4	4.8	7.7
Hotel amenities	1.8	3.8	2.5	3.5
Private label / 3rd parties	6.0	5.4	7.2	9.1
Soap noodles	2.6	2.9	2.7	2.6
Cost of Sales	-9.2	-10.4	-10.8	-14.5
Gross Profit	**5.0**	**7.0**	**6.4**	**8.5**
Gross Profit Margin	35.4%	40.3%	37.1%	36.9%
Other Income	0.2	0.3	0.2	0.4
Sales Expenses	-2.7	-3.5	-3.5	-4.6
Administration & R&D	-1.1	-1.2	-1.3	-1.3
Other Operating Expenses	-0.1	-0.1	-0.1	-0.3
Other income/(loss)	0.0	0.0	0.0	0.0
EBIT	**1.3**	**2.5**	**1.7**	**2.6**
EBIT Margin	9.2%	14.4%	10.0%	11.5%
EBITDA	**1.8**	**3.2**	**2.3**	**3.5**
EBITDA Margin	*12.7%*	*18.5%*	*13.1%*	*15.1%*

Source: Eurobank Equities Research, Company data.

Estimates and main assumptions

More sales, less margin

On the revenue front, we have revised our forecasts upward and now project c22% growth for 2025e, well above our previous estimate of 11%, supported by strong YTD performance and management's guidance for sustained momentum through year-end. Growth is expected to be driven primarily by the ramp-up of new third-party manufacturing agreements and the expansion of existing ones, alongside continued portfolio broadening and deeper market penetration in branded products. Looking further ahead, and building on the strong top-line outlook for 2025e, we continue to assume mid- to high-single-digit growth in the coming years, thus coming up with revenues above €100mn by 2028e. This trajectory is consistent with management's mid-term guidance and reflects the company's strategic objective to increase the contribution of branded products within the overall mix, aiming to smooth revenue volatility while maintaining third-party manufacturing as the foundation of the business. A snapshot of our revised estimates is presented in the table below:

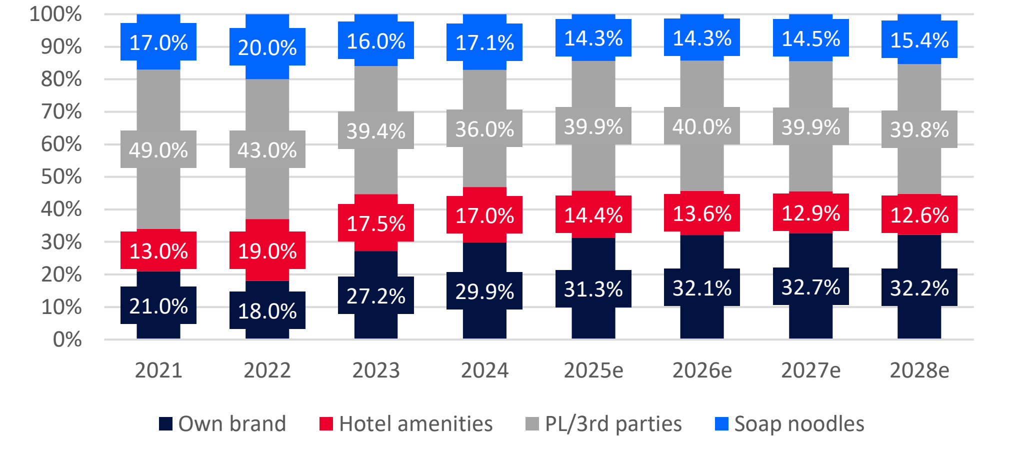
Key estimates						
EURm	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**
Turnover	**62.3**	**66.2**	**80.6**	**88.9**	**96.6**	**101.8**
yoy growth	*-12.0%*	*6.3%*	*21.8%*	*10.3%*	*8.7%*	*5.3%*
Own brand	**16.9**	**19.8**	**25.3**	**28.6**	**31.6**	**32.8**
yoy growth	32.8%	17.0%	27.6%	13.1%	10.7%	3.7%
Hotel amenities	**10.9**	**11.3**	**11.6**	**12.1**	**12.4**	**12.8**
yoy growth	-19.0%	3.5%	3.0%	4.0%	3.0%	3.0%
Private label / 3rd parties	**24.5**	**23.8**	**32.2**	**35.5**	**38.6**	**40.5**
yoy growth	-19.4%	-2.8%	35.0%	10.5%	8.5%	5.0%
Soap noodles	**9.9**	**11.3**	**11.6**	**12.7**	**14.0**	**15.7**
yoy growth	-29.7%	13.9%	2.0%	10.0%	10.0%	12.0%
Gross profit	**21.2**	**24.7**	**29.4**	**32.6**	**35.4**	**37.4**
Gross margin	*34.1%*	*37.3%*	*36.5%*	*36.6%*	*36.6%*	*36.7%*
Net opex	-14.4	-16.6	-20.4	-22.0	-23.5	-24.2
Net opex/sales	*23.1%*	*25.1%*	*25.3%*	*24.8%*	*24.3%*	*23.8%*
Adj. EBITDA	**9.2**	**10.6**	**11.7**	**13.4**	**15.0**	**16.5**
yoy growth	48.7%	15.3%	10.4%	14.8%	11.7%	10.1%
Adj. EBITDA margin	14.7%	16.0%	14.5%	15.1%	15.5%	16.2%
Source: Eurobank Equities Research, Company data.						

Looking at each division in more detail:

- **Own brand:** We forecast a 2024–28e revenue CAGR of c13% for branded products, as Papoutsanis continues to broaden its portfolio and deepen market penetration, with Greece remaining the core growth driver. Based on management's guidance, we expect additional organic growth of c€13mn by 2028e, c€10mn from doubling the share of existing brands and categories and €3mn from the broadening of the product range. We expect branded sales to grow from €19.8mn in 2024 to €32.8mn by 2028, with their share of total revenue rising steadily, in line with the group's strategic objective to reduce reliance on more volatile third-party volumes.
- **Hotel amenities:** We anticipate low-single-digit annual growth (2024–28e CAGR: c3%), supported by management's intention to further strengthen the company's position in Greece and capture additional opportunities in international markets, particularly in Papoutsanis-branded offerings. The vertically integrated production model, including in-house packaging, continues to provide a strong competitive edge in this category.
- **Private label / third parties:** This segment remains the largest contributor to group revenues. Following a 2.8% decline in 2024, we forecast a strong rebound in 2025 (+35% yoy), driven by the strengthening of existing contracts and the onboarding of new partnerships already secured. Over 2024–28e, we expect a CAGR of 14.2%, underpinned by volume recovery and a broader customer base, reinforcing the segment's role as the backbone of the business.
- **Soap noodles:** We model a 2024–28e CAGR of c8.4%, reflecting a c50% increase in volumes, supported by the expansion of Papoutsanis's footprint in Europe in high-spec, tailor-made soap bases catering to premium clients. The company plans to further

capitalise on its expertise in synthetic soap bases to capture incremental demand, with margins in this category having normalised following an exceptional peak in 2024.

Sales mix per product category (%)



Source: Eurobank Equities Research, Company data.

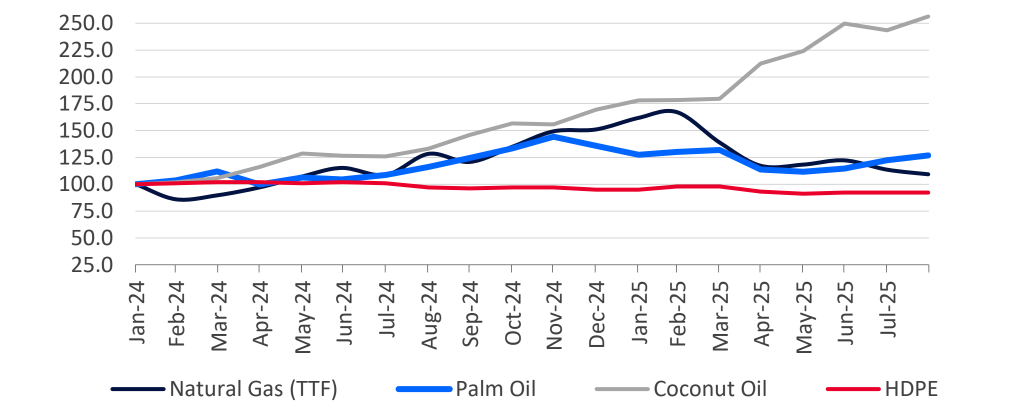
Margins pressure in FY'25

Gross margins have strengthened notably in recent years—apart from the compression seen in the high-cost environment of 2022—reaching 37.3% in FY'24. This improvement reflects the benefits of lower production costs following recent investments, coupled with a favourable sales mix shift driven by the growing share of higher-margin own-branded products. That said, as evidenced in H1'25, the sharp increase in PL/third-party sales is set to place some pressure on gross margins in the current year.

As far as input costs are concerned, prices for key inputs such as palm and coconut oils remain elevated, while energy costs have eased more recently. To limit the impact of raw material volatility, particularly in the third-party manufacturing segment, which accounts for the largest share of sales, the company applies an open-book pricing policy, allowing significant cost increases to be passed through to customers, thereby helping to protect gross profit in these categories.

With all these in mind, we forecast gross margins to ease to 36.5% in 2025e, while remaining within a tight range (36.6-36.8%) through to 2029e, supported by the rising contribution of branded products, which carry the highest profitability at the gross level. The speed and scale of this recovery will ultimately depend on raw material price trends and the pace of branded product growth, bearing in mind that while the latter is accretive to gross margins, it could be partly offset at the EBITDA level by sustained advertising and promotional investment.

Key input prices evolution (rebased to 2024)



Source: Eurobank Equities Research, Company data, BBG.

Opex outlook
Operating expenses rose sharply in H1'25, driven primarily by intensified marketing efforts to accelerate branded product growth, with distribution expenses representing around 20% of sales. We expect distribution costs to remain high in absolute terms, consistent with the company's strategy to scale its branded portfolio. Nevertheless, as sales expand, we forecast a gradual decline in distribution costs as a percentage of revenue, from an estimated 19.7% in 2025e (up from 17.5% in our previous report) to around 18% by 2028e.

We expect Papoutsanis' EBITDA margin to ease to 14.5% in 2025e (vs 16.0% in 2024) as management leans into higher marketing to fuel branded growth. Beyond that, we see a steady rebuild, with margins reaching 16.2% by 2028e, underpinned by scale benefits from advertising across a larger branded base. This trend should be further reinforced by the company's focus on execution and efficiency initiatives, including end-to-end supply chain optimisation, portfolio rationalisation, and speed-to-market improvements, as well as investments in systems and infrastructure (such as SAP 4 Hana deployment, shopfloor automation, warehouse expansion), and enhanced R&D capabilities.

Cash flow
On the cash flow front, following the €25m investment cycle of recent years, Papoutsanis enters a lighter capex phase of €4.5–5m p.a., with c50% spare capacity already in place. This shift sets the stage for a turn to positive FCF from 2025e, according to our estimates, marking a structural transition from reinvestment to cash generation. We flag, however, that geopolitical volatility remains a downside risk, as renewed input cost inflation or working capital swings could dent future cash flow visibility..

Summary of changes
Taking all these factors into account, we have raised our revenue forecasts over 2025-27e by approximately 10–13%, reflecting strong demand for the company's products and management's efforts to secure new partnerships and deepen penetration in the domestic market. However, we expect this top-line uptick to be offset by margin pressure from persistently high input costs, slightly negative product mix and increased advertising spend tied to branded product sales. As a result, we have made trivial changes to our EBITDA estimates in the respective period.

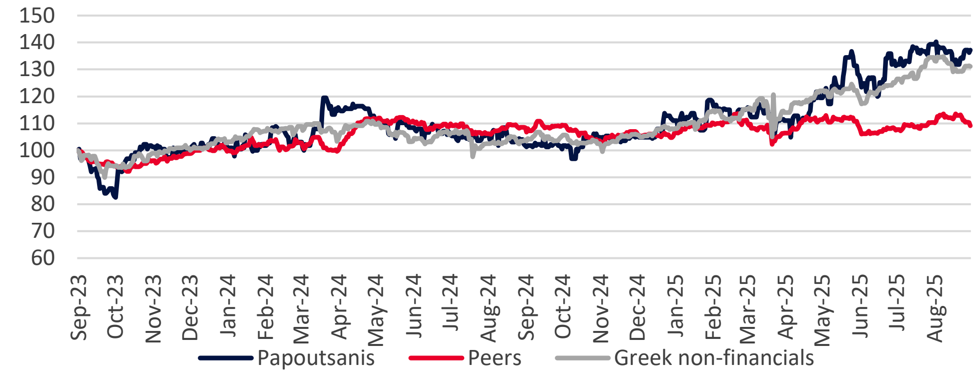
Papoutsanis estimates

	New estimates			Previous estimates			% change		
EURm	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
Turnover	80.6	88.9	96.6	73.6	79.9	85.4	9.5%	11.3%	13.2%
Adj. EBITDA	11.7	13.4	15.0	11.9	13.4	14.9	-1.5%	0.4%	0.9%
Net income	6.3	7.1	8.3	6.4	7.2	8.3	-2.5%	-1.3%	-0.9%

Source: Eurobank Equities Research

Share price performance
Following a prolonged period of sideways trading in 2024, during which the stock lagged the broader market despite resilient fundamentals, Papoutsanis shares have staged a sharp comeback since April 2025, with the stock outperforming both EU HPC peers and Greek non-financials in recent months (with gains of c30% ytd). The rally gained traction post-Q1'25 results in April, propelling the stock to multi-year highs at a time when EU HPC names remain little-changed ytd and Greek non-financials have advanced more steadily. Overall, besides the broad-based re-rating of Greek stocks driven by easing risk premia and strong fundamentals, PAP's recent breakout reflects investors finally pricing in the branded-led growth story and improving visibility on cash generation.

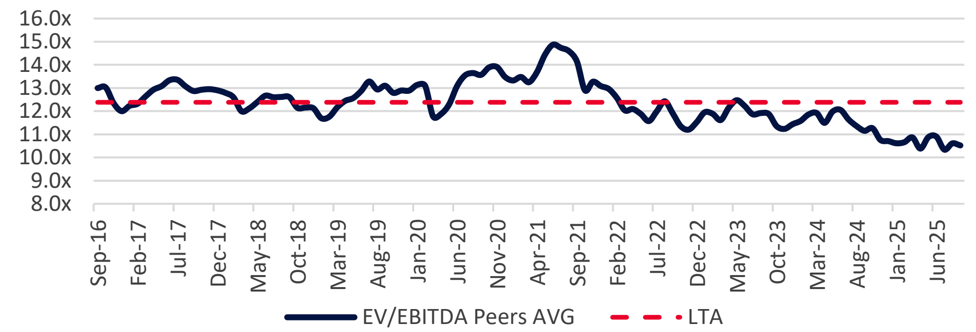
2-year performance (rebased to 100) – Papoutsanis vs Peers and Greek non-financial companies



Source: Eurobank Equities Research, Bloomberg.

From a valuation perspective, personal care peers have historically traded at an average c12-13x EV/EBITDA, ranging from c11x to c15x depending on growth prospects, pricing vs volume dynamics, and the interest rate environment. The sector's cash-generative profile has long justified a premium to the broader market, yet multiples have compressed to the low end of the range in the past two years. Drivers include normalised volume growth, stubborn cost inflation squeezing margins, and waning appetite for defensive staples amid relatively elevated rates (despite the recent policy easing).

12m forward EV/EBITDA valuation – Peer group



Source: Eurobank Equities Research, Bloomberg.

The table below compares Papoutsanis's current valuation with that of its peer group. On traditional metrics such as P/E and EV/EBITDA, Papoutsanis trades at a c20% discount, which we view as reasonable given the company's smaller scale and the stock's limited liquidity. Overall, with the share price up c30% ytd, we believe the current valuation largely reflects near-term earnings prospects, including the expected double-digit EBIT CAGR over the coming years. In essence, the peer framework remains the anchor: as Papoutsanis transitions toward a richer branded mix and sustained FCF, the path for further rerating remains open, in our view, but we see this more as a 2026 theme.

Peer group valuation

		PE		EV/EBITDA		Dividend yield		Net debt/EBITDA
Stock	**Mkt Cap**	**25cy**	**26cy**	**25cy**	**26cy**	**25cy**	**26cy**	**25cy**
Papoutsanis	**83**	**13.3x**	**11.8x**	**9.0x**	**7.7x**	**2.2%**	**2.5%**	**1.9x**
L'OREAL	201,098	29.4x	27.1x	19.2x	18.2x	1.9%	2.0%	0.0x
BEIERSDORF AG	22,572	20.9x	19.3x	10.7x	10.1x	1.1%	1.1%	-2.7x
RECKITT BENCKISE	44,537	16.2x	15.2x	12.0x	11.6x	3.7%	4.1%	2.1x
UNILEVER PLC	128,870	17.5x	16.5x	12.4x	12.0x	3.5%	3.6%	2.0x
HENKEL AG -PREF	29,853	13.2x	12.5x	8.1x	7.8x	2.9%	3.1%	0.1x
PZ CUSSONS PLC	372	11.1x	9.5x	6.7x	6.3x	4.6%	4.8%	0.7x
SARANTIS	866	16.4x	14.6x	10.2x	9.2x	2.4%	2.7%	-0.4x
Peer group median		**16.4x**	**15.2x**	**10.7x**	**10.1x**	**2.9%**	**3.1%**	**0.1x**
Premium / (Discount) vs peers		***-19%***	***-23%***	***-15%***	***-24%***			

Source: Eurobank Equities Research, Bloomberg.

Valuation

We increase our PT to €3.20, lowering our recommendation to Hold from Buy on valuation grounds

We have updated our model incorporating the changes to our estimates while rolling our valuation forward to September 2026. We continue to value Papoutsanis using a DCF-based valuation, which yields a PT of €3.2/share (from €2.9 before). With the shares already up c30% ytd and the stock trading close to our new PT, we lower our recommendation to Hold from Buy. Our PT places Papoutsanis at c9.3x 2025e EV/EBITDA, at c20% discount vs the current valuation of the peer group, warranted in our view by the company's smaller scale and thinner liquidity.

Our model is based on the following assumptions:

- Sales CAGR of c11.3% over 2024-2028e, driven by sustained growth in branded products and third-party manufacturing. Our forecasts assume volume-driven expansion, with broadly neutral pricing and a slightly negative mix effect, reflecting the faster growth of branded and third-party categories, which carry comparatively lower margins.
- EBITDA CAGR of c11.7% over 2024-2028e, underpinned by a slightly positive pendulum of operating leverage. We model low-single digit growth thereafter, assuming sustainable EBITDA margins near 15%, namely c2-3ppts lower than HPC peers' cross cycle margins.
- We use a long-term growth rate of 1% based on a reinvestment rate of 14% and mid-single-digit perpetual incremental ROIC, assuming that the company's competitive advantage will fade in the long run.
- We end up with an implied FCF EBITDA cash conversion (FCF/EBITDA) of c50% over the forecast horizon, a level we consider feasible given the nature of the industry.
- We use a 9.5% WACC, which we believe captures the relative risk profile of the business vis-à-vis the rest of our coverage universe while also considering factors such as stock liquidity.

DCF

EURmn unless otherwise stated	2025E	2026E	2027E	2028E	2029E	2030E	…	TV
NOPAT	8.2	8.9	10.0	10.9	11.4	11.4		11.8
Depreciation	2.7	2.9	3.1	3.3	3.5	3.6		4.0
Working Capital/other	(2.1)	(0.9)	(0.5)	(0.3)	(0.3)	(1.7)		(1.9)
Capex	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(4.1)		(3.8)
Unlevered Free Cash Flow	**3.8**	**6.0**	**7.6**	**9.0**	**9.6**	**9.3**	**…**	**10.1**
Sum of PV of FCF	56.9							
PV of terminal value	47.8							
Enterprise Value	**104.7**							
Net debt/other claims	(22.3)							
Equity value	**82.4**							
no. Of shares	27.1							
Per share (year end)	3.0 €							
12-month fair value per share ex div	**3.2 €**							

Source: Eurobank Equities Research

Below we present the sensitivity of our PT to changes in WACC and terminal growth rates. As can be seen, flexing our WACC and perpetuity growth inputs by 0.5% each yields a fair value range between c€2.8 and c€3.6 per share.

DCF Sensitivity of our calculated company fair value per share to the WACC and LT growth assumptions

		WACC				
		10.5%	**10.0%**	**9.5%**	**9.0%**	**8.5%**
Terminal growth	**2.0%**	3.0	3.3	3.6	3.9	4.2
	1.5%	2.9	3.1	3.4	3.6	4.0
	1.0%	2.8	3.0	**3.2**	3.4	3.7
	0.5%	2.6	2.8	3.0	3.3	3.5
	0.0%	2.5	2.7	2.9	3.1	3.3

Source: Eurobank Equities Research.

Papoutsanis Financial Statements

EURmn					
Group P&L	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Sales	**62.3**	**66.2**	**80.6**	**88.9**	**96.6**
Opex	-53.1	-55.6	-68.9	-75.5	-81.6
Adj. EBITDA	**9.2**	**10.6**	**11.7**	**13.4**	**15.0**
% change	*48.7%*	*15.3%*	*10.4%*	*14.8%*	*11.7%*
EBITDA margin	*14.7%*	*16.0%*	*14.5%*	*15.1%*	*15.5%*
EBIT	**6.8**	**8.1**	**9.0**	**10.5**	**11.9**
Financial income (expense)	-1.8	-2.1	-2.0	-1.9	-1.7
Exceptionals/other income	0.0	0.0	0.0	0.0	0.0
PBT - reported	**5.0**	**6.1**	**7.1**	**8.7**	**10.2**
Income tax	-1.0	-0.8	-0.8	-1.6	-1.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net Profit - reported	**4.1**	**5.3**	**6.3**	**7.1**	**8.3**
EPS - adjusted (EUR)	**0.15**	**0.19**	**0.23**	**0.26**	**0.31**
DPS (EUR)	**0.07**	**0.06**	**0.07**	**0.08**	**0.09**
Group Cash Flow Statement	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Adj. EBITDA	9.2	10.6	11.7	13.4	15.0
Change in Working Capital	-2.5	-4.9	-2.1	-0.9	-0.5
Net Interest	-1.7	-1.8	-2.0	-1.9	-1.7
Tax	0.0	0.0	-0.8	-1.6	-1.9
Other	0.2	0.7	0.0	0.0	0.0
Operating Cash Flow	**5.3**	**4.7**	**6.8**	**9.1**	**10.9**
Capex	-4.5	-6.4	-5.0	-5.0	-5.0
Other investing	0.0	0.0	0.0	0.0	0.0
Net Investing Cash Flow	**-4.5**	**-6.4**	**-5.0**	**-5.0**	**-5.0**
Dividends	-0.5	-2.1	-1.7	-2.0	-2.3
Other (incl. capital repayment of leases)	-0.5	-0.2	0.0	0.0	0.0
Net Debt (cash)	**18.3**	**22.3**	**22.2**	**20.1**	**16.5**
Free Cash Flow (adj.)	**0.7**	**-1.4**	**2.1**	**4.4**	**6.1**
Group Balance Sheet	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Tangible Assets	49.2	52.1	54.4	56.4	58.2
Intangible Assets	1.5	1.6	1.5	1.4	1.3
Other Long-term assets	2.0	1.7	1.7	1.7	1.7
Non-current Assets	**52.7**	**55.4**	**57.6**	**59.5**	**61.2**
Inventories	9.5	11.1	12.7	14.0	15.3
Trade Receivables	4.3	7.2	11.2	12.3	13.4
Other current assets	3.2	2.7	3.3	3.6	4.0
Cash & Equivalents	5.7	4.9	5.8	6.4	6.9
Current assets	**22.7**	**26.0**	**33.0**	**36.4**	**39.5**
Total Assets	**75.3**	**81.3**	**90.6**	**95.9**	**100.8**
Shareholder funds	29.8	31.6	36.2	41.3	47.3
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**29.8**	**31.6**	**36.2**	**41.3**	**47.3**
Long-term debt	20.2	21.9	20.8	19.8	18.8
Other long-term liabilities	6.5	6.5	6.3	6.1	5.9
Long Term Liabilities	**26.6**	**28.3**	**27.1**	**25.9**	**24.7**
Short-term debt	3.9	5.3	7.2	6.7	4.6
Trade Payables	11.2	12.3	15.4	16.2	17.6
Other current liabilities	3.8	3.8	4.7	5.9	6.6
Current liabilities	**18.9**	**21.4**	**27.3**	**28.8**	**28.8**
Equity & Liabilities	**75.3**	**81.3**	**90.6**	**95.9**	**100.8**
Key Financial Ratios	**2023**	**2024**	**2025e**	**2026e**	**2027e**
P/E	15.2x	12.3x	13.3x	11.8x	10.1x
P/BV	2.1x	2.0x	2.3x	2.0x	1.8x
EV/EBITDA	8.8x	8.2x	9.0x	7.7x	6.7x
EBIT/Interest expense	3.8x	4.0x	4.6x	5.7x	7.0x
Net Debt (cash)/EBITDA	2.0x	2.1x	1.9x	1.5x	1.1x
Dividend Yield	3.1%	2.5%	2.2%	2.5%	3.0%
ROE	14.4%	17.2%	18.5%	18.3%	18.7%
Free Cash Flow yield	1.1%	-2.2%	2.5%	5.2%	7.3%
Payout Ratio	46.5%	31.0%	29.0%	30.0%	30.0%

Source: Eurobank Equities Research

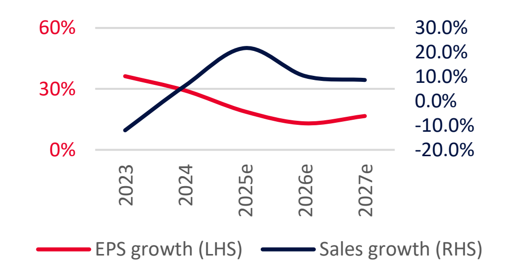
Company description

Papoutsanis is a company operating in the manufacturing of soap and liquid cosmetics. It holds the leading position in Greece while being one of the largest soap producers in Europe. The company's product portfolio comprises 4 categories, namely owned brands, hotel amenities, private label and specialized soap noodles. PAP generates c55% of sales internationally.

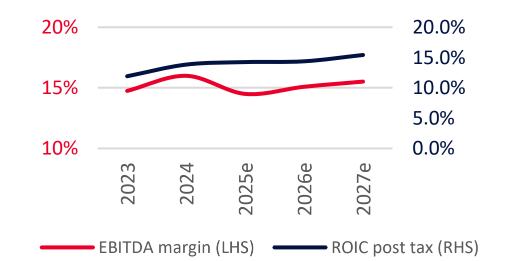
Risks and Sensitivities

- **Macro:** PAP sales depend on the consumer environment, and, on that basis, a potential deterioration in consumer dynamics in key markets could weigh on growth, especially since the portfolio has discretionary characteristics.
- **Input costs:** With >50% of costs stemming from raw materials, a key risk has to do with an abrupt spike in commodity prices, as was evident in 2022. This is especially true as there is usually a lag between cost inflation and pricing actions.
- **Regulations:** Pricing of mass market products is often regulated (e.g. recently in Greece); should these regulations become more stringent, it could weigh on the branded products' revenue.
- **Industry structure:** Three out of four product categories are based on contracts mainly with multinational or large companies. This dependency poses a risk of revenue loss if any of these collaborations were to be terminated.
- **Changing consumer dynamics:** The consumer environment is evolving at a rapid pace and results in shifting preferences and a shorter product lifecycle, although this is more of an issue for beauty. PAP seeks to address these dynamics through innovation, continuous product development, rebranding and marketing support but product portfolio enrichment may prove less successful than our estimates envisage.
- **Sensitivity:** We estimate that a 1% change in sales drives a c5% change in EBITDA.

Sales and EPS growth



Profitability and returns



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12-month Rating History of Papoutsanis

Date	Rating	Stock price	Target price
18/09/2025	Hold	€ 3.08	€ 3.20
08/04/2025	Buy	€ 2.37	€ 2.90
17/01/2025	Buy	€ 2.51	€ 3.00
25/09/2024	Buy	€ 2.30	€ 3.00

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Jul 2025	
	Count	Total	Count	Total	Count	Total
Buy	27	69%	1	4%	14	52%
Hold	6	15%	1	17%	4	80%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	1	50%
Not Rated	4	10%	0	0%	3	75%
Total	**39**	**100%**				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available here.

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
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Under Review:	Our estimates, target price and recommendation are currently under review
Not Rated:	Refers to Sponsored Research reports