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Safe Bag

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New strategic plan, initiating a dividend policy

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Safe Bag, a worldwide leader in baggage wrapping, security and tracking services, announced its 2017-2020 strategic plan on June, 6th. The plan foresees Safe Bag to continue growing thanks to a mix of organic growth, product extension, operating efficiency, m&a and ECM. The Company is expecting to reach an Ebitda of EUR8.5m. Safe Bag will also leverage the balance sheet which will allow to pursue a 35% payout in the next years. In 2017 Safe Bag will distribute a total EUR1m as an extraordinary dividend.

Analysis

- The rationale behind the new 2017-2020 strategic plan presented by Safe Bag is the opportunity to replicate its success in tracking services for baggages. Safe Bag, therefore, will tap new sales channels and introduce also new services.
- On the organic growth Safe Bag expects to acquire concessions in two new airports through 2018 and other four through 2020. The residual life of the current concessions extends beyond 2020.
- Safe Bag expects to be able to accommodate next years growth with the current workforce, thus gaining significant operating efficiency.
- As a kick-in, not included in the plan, Safe Bag is scouting for build-up opportunities. If executed this could allow the company to reach a global status.
- Safe Bag currently generate 44% of its revenues in US and Canada. In order to leverage this exposure Safe Bag could consider a listing on US-NASDAQ. In any case Safe Bag aims to be listed on Italian MTA by 2020. Also Safe Bag will carve out and spin-off the activities of digital assistance for tracking baggages under the name SoSTravel.com, an SaaS which could be listed on the Italian AIM. We provide expected results for Sos Travel.
- These levers are expected to allow Safe bag increasing its revenues by 12.5% CAGR over the horizon of the plan. Expected operating efficiencies are expected to grow EBITDA and EBIT around 16% CAGR. Safe Bag will begin to pay a dividend this year and the expected yield is around 1.2% increasing to 2% in 2020.

CREATING VALUE FORUM 07-08 JUNE 2017

Key Financials & ratios (EUR/m)	2016A	2017E	2018E	2019E	2020E
Sales	26,5	30,3	34,1	41,3	49,6
Ebitda	4,6	5,0	5,1	7,6	11,0
Ebitda margin	17,4%	16,4%	15,0%	18,3%	22,2%
Ebit	3,9	4,0	3,6	6,0	9,5
Ebit margin	14,7%	13,4%	10,5%	14,6%	19,1%
EPS, adj.	0,23	0,19	0,16	0,31	0,48
EPS adj. growth	n/a	-17,8%	-18,3%	99,1%	51,7%
P/E adj.	4,0	22,2	27,2	13,7	9,0
EV/Sales	0,48	1,80	1,60	1,25	0,93
EV/Ebitda	2,77	10,94	10,69	6,81	4,17
EV/Ebit	3,27	13,44	15,24	8,98	5,53
Net Debt/Ebitda	0,1	n/m	n/m	n/m	n/m
ROCE (%)	22,9%	18,8%	15,4%	30,6%	46,5%
FCF yield (%)	37,6%	8,8%	10,2%	12,3%	15,0%
Dividend yield (%)	0,0%	1,76%	1,30%	2,53%	3,89%

Safe Bag: Actual results 16 and Strategic Plan 17-20					
(Euro m)					
	2016	2017	2018	2019	2020
Revenues	26,5	29,9	32,4	37	42,5
EBITDA	4,6	5	5,8	7	8,5
Ebitda margin	17,4%	16,7%	17,9%	18,9%	20,0%
EBIT	3,9	4,2	4,4	5,6	7,1
P&L	3,1	2,7	2,9	3,7	4,7
Net Financial Position (Cash)	0,5	-0,90	-1,2	-3,6	-7,5
Source: Safe Bag					
Sos Travel.com: Strategic Plan 17-20					
(Euro m)					
	2016	2017	2018	2019	2020
Revenues	n/a	0,4	1,7	4,3	7,1
EBITDA	n/a	0	-0,7	0,6	2,5
Ebitda margin	n/a	-7,0%	-42,0%	13,0%	35,0%
EBIT	n/a	-0,2	-0,8	0,4	2,4
P&L	n/a	-0,2	-0,8	0,4	1,6
Net Financial Position (Cash)	n/a	-1,4	-0,9	-1,5	-3,3
Source: Safe Bag					

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