



**COMER INDUSTRIES**

CLOSING PRICE\* **EUR28.2**  
VALUATION (UPSIDE) **EUR40 (+42%) ■ EUR47 (+67%)**

VALUATION RANGE | EPS 24e | EPS 25e  
unchanged | ↗ 4% | ↘ -12% | ↗ 3%

# Momentum weighs despite undemanding valuation

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## A transitional year ahead due to weaker demand

We assessed the health of COM end markets. Our deep dive shows that demand is slowing, with AG in the midst of a cyclical downturn, while construction activity lacks momentum. The result of these two factors is a decelerating top line that we expect to be down 7% organically in 2024e (vs c.2% in 2023e). As such, we cut our 2024e estimates by 12%, and we position ourselves c.8% below cons. EBITDA for next year.

## Share gain to continue with 15% ROCE in 2025e...

Looking beyond the ST demand weakness, we believe the share gain story is not over and margins will be structurally higher, so we fine-tuned our 2025e numbers. We expect COM to outperform its reference markets in 2025/26e, with profitability expansion translating into 15% ROCE in 2025e.

## ...and M&A potentially coming on top

With an unlevered BS, COM's war chest (EUR600m-800m, by our estimate) would be able to digest a large size deal and accelerate its product range expansion.

## Upper-end of valuation raised. New FV range at EUR40-47/sh

COM lagged vs the rest of the EU Mid Cap sector as momentum in AG turned negative in H2. We increased the high-end of our FV range due to market share growth and MT profitability. The stock is trading at a 20% discount (on 2024e) vs its closest peers. Current valuation looks undemanding, as the market is pricing in a sharper downturn while overlooking the improved market share and margins prospects. We are confident on the MT strategy, but subdued earnings momentum may weigh on a ST rerating, so we view M&A as the major catalyst ahead.

*Closing Price (11 January 2024)	EUR28.2	Performance <sup>(1)</sup>	1w	1m	3m	12m			
Market cap (EURm)	809	Absolute(%)	(5)	(2)	3	(1)			
Free float (EURm)	155	Rel. Capital Goods(%)	(4)	(1)	(9)	(16)			
EV (EURm)	986	Rel. MSCI Small Cap(%)	(4)	(3)	(5)	(6)			
3m avg volume (EURm)	NC								
Refinitiv / Bloomberg	COME.MI / COM IM								
Country / Sub Sector	Italy / Industrial Machinery								
Financials	12/23e	12/24e	12/25e	12/26e	Valuation metrics <sup>(2)</sup>	12/23e	12/24e	12/25e	12/26e
EPS, Adjusted (EUR)	3.69	3.32	4.04	4.64	P/E (x)	8.2	8.5	7.0	6.1
EPS, Company (EUR)	3.20	2.83	3.54	4.15	Net yield (%)	2.7	2.8	3.6	4.2
EPS - Refinitiv (EUR)	3.77	3.76	3.92	-	FCF yield (%)	14.1	13.9	12.4	14.2
Net dividend (EUR)	0.80	0.80	1.00	1.18	EV/Sales (x)	0.9	0.9	0.7	0.6
Sales (EURm)	1,214	1,135	1,240	1,343	EV/EBITDA (x)	5.6	5.3	4.2	3.4
EBITA, Adj. (EURm)	158.8	141.7	169.4	193.8	EV/EBITA (x)	7.1	7.0	5.4	4.2
Net profit, Adj.(EURm)	106.0	95.3	115.7	133.2	EV/CE (x)	1.4	1.2	1.1	1.0
ROCE (%)	13.6	12.7	15.1	17.2					
Net Debt/EBITDA, Adj. (x)	0.5	0.1	-	-					

Source: BNP Paribas Exane (estimates), Refinitiv (consensus) (1) In listing currency, with dividend reinvested (2) Yearly average price for FY ended 12/23

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Price at 11 Jan. 24: EUR28.2

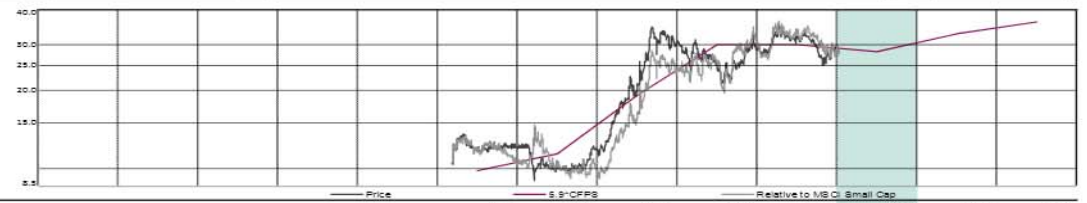
Valuation range (EUR): 40.0 (+42%) | 47.0 (+67%)

COMER INDUSTRIES

Industrial Machinery | Capital Goods - Italy

Refinitiv / Bloomberg: COME.MI / COM IM Grimaldi (+39) 02 8963 1735 & Baldelli (+39) 02 8963 1744

<b>Company Highlights</b>		EURm
Enterprise value		988
Market capitalisation		809
Free float		155
3m average volume		
Performance (*)	1m	3m
Absolute	(2%)	3%
Rel. Sector	NC	NC
Rel. MSCI Small Cap	NC	NC
12m Hi/Lo (EUR): 35.4 -20% / 25 +13%		
CAGR	2016/2023	2023/2026
EPS restated	29%	8%
CFPS	NC	7%



Price (yearly avg from Dec. 19 * to Dec. 23)		12.1	10.6	22.8	26.7	30.2	28.2	28.2	28.2				
<b>PER SHARE DATA (EUR)</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
No of shares year end, basic. (m)		10,000	10,000	10,000	10,000	20,409	20,409	20,409	20,409	20,409	20,409	20,409	20,409
Avg no of shares, diluted, excl. treasury stocks (m)		10,000	10,000	10,000	13,600	20,620	20,650	20,650	20,650	20,650	20,650	20,650	20,650
EPS reported, Gaap		1.30	0.67	1.14	0.92	0.91	1.07	1.37	3.16	3.20	2.83	3.54	4.15
EPS company definition		1.30	0.67	1.14	1.16	1.06	1.27	1.43	3.16	3.20	2.83	3.54	4.15
EPS restated, fully diluted		1.37	0.61	1.13	1.20	0.90	1.06	1.93	3.43	3.99	3.32	4.04	4.64
% change		NC	(55.3%)	84.0%	6.3%	(25.0%)	17.8%	81.8%	77.3%	7.6%	(10.1%)	21.5%	15.1%
Book value (BVPS) (a)		11.4	7.1	7.6	5.2	6.3	7.0	12.1	15.5	17.9	20.0	22.7	25.8
Net dividend		0.50	4.55	0.26	0.80	0.35	0.50	0.50	0.75	0.80	0.80	1.00	1.18

<b>STOCKMARKET RATIOS</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
P / E (P/ EPS restated)						13.4x	10.0x	11.8x	7.8x	8.2x	8.5x	7.0x	6.1x
P / E relative to MSCI Small Cap						78%	20%	77%	57%	70%	67%	62%	62%
FCF yield						4.4%	16.7%	10.6%	7.0%	14.1%	13.9%	12.4%	14.2%
P / BVPS						1.91x	1.51x	1.89x	1.72x	1.68x	1.41x	1.24x	1.09x
Net yield						2.9%	4.7%	2.2%	2.8%	2.7%	2.8%	3.6%	4.2%
Payout						38.8%	47.0%	26.6%	21.9%	21.7%	24.1%	24.9%	25.3%
EV / Sales						0.72x	0.59x	1.40x	0.87x	0.93x	0.87x	0.73x	0.61x
EV / Restated EBITDA (**)						6.5x	4.9x	10.9x	6.0x	5.6x	5.3x	4.2x	3.4x
EV / Restated EBITA						10.4x	7.7x	14.8x	7.6x	7.1x	7.0x	5.4x	4.2x
EV / NOPAT						14.4x	10.7x	20.5x	10.8x	10.0x	9.8x	7.6x	6.0x
EV / OpFCF						11.2x	4.9x	11.5x	10.3x	6.3x	6.1x	5.8x	4.6x
EV / Capital employed (incl. gross goodwill)						1.7x	1.5x	1.2x	1.4x	1.2x	1.1x	1.1x	1.0x

<b>ENTERPRISE VALUE (EURm)</b>		291	234	840	1,080	1,133	986	909	823
Market cap		246	217	471	766	866	809	809	809
+ Adjusted net debt (including lease liability)		16	55	41	37	29	(3)	177	149
+ Other liabilities and commitments						16	21	193	166
+ Revalued minority interests									
- Revalued investments						0	0	1	2

<b>P &amp; L HIGHLIGHTS (EURm)</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
Sales		327.6	303.7	342.1	379.0	404.6	396.2	598.1	1,237.6	1,214.2	1,134.8	1,239.9	1,343.2
Restated EBITDA (b) (**)		21.4	21.4	29.3	37.6	44.9	47.8	77.2	179.7	201.4	186.9	217.1	241.9
Depreciation		(11.0)	(11.5)	(12.1)	(12.7)	(16.9)	(17.3)	(20.4)	(37.0)	(42.6)	(45.3)	(47.8)	(48.1)
Restated EBITA (b)		10.4	9.9	17.1	25.0	28.1	30.5	56.8	142.8	158.8	141.7	169.4	193.8
Reported operating profit (loss)		10.4	9.8	17.1	24.9	27.8	30.4	56.8	127.5	138.8	121.7	146.4	173.8
Net financial income (charges)		(1.3)	0.6	(0.4)	(2.1)	(1.3)	(1.0)	(2.0)	(2.6)	(9.6)	(7.5)	(6.4)	(6.2)
Affiliates													
Other		6.4	0.0	0.0	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax		(2.5)	(3.8)	(5.3)	(7.1)	(7.1)	(7.6)	(15.4)	(34.2)	(37.5)	(33.1)	(41.5)	(48.6)
Minorities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net attributable profit reported		13.0	6.7	11.4	16.7	18.5	21.8	39.4	90.7	91.8	81.1	101.5	119.0
Net attributable profit restated (c)		13.7	6.1	11.3	16.2	18.6	22.0	39.9	98.3	106.0	93.3	115.7	133.2

<b>CASH FLOW HIGHLIGHTS (EURm)</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
EBITDA (reported) (**)		22.1	22.0	29.8	38.4	45.7	48.6	78.2	180.0	201.7	187.2	217.4	242.1
EBITDA adjustment (b)		(0.7)	(0.5)	(0.5)	(0.8)	(0.7)	(0.8)	(1.0)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Other items		(1.5)	(23.8)	3.9	(0.1)	4.4	5.7	12.7	16.0	0.2	0.2	0.2	0.2
Change in WCR		(3.9)	6.1	8.9	(8.5)	(5.9)	7.5	2.7	(57.4)	25.5	13.8	(18.0)	(17.7)
Operating cash flow		15.9	3.8	42.1	29.0	43.5	61.1	92.6	138.3	227.1	200.8	199.3	224.4
Capex		(14.3)	(16.6)	(12.2)	(15.4)	(17.4)	(13.1)	(19.0)	(33.9)	(47.9)	(37.9)	(41.4)	(44.9)
Operating free cash flow (OpFCF)		1.6	(12.8)	29.9	13.6	26.1	47.9	73.0	104.4	179.3	162.9	157.9	179.5
Net financial items (d) + tax paid		(3.8)	(4.3)	(5.0)	(8.3)	(15.3)	(13.9)	(23.0)	(60.7)	(57.0)	(60.5)	(57.8)	(64.8)
Free cash flow		(2.2)	(17.1)	23.9	5.3	10.8	34.0	50.0	53.7	122.3	112.4	100.1	114.7
Net financial investments & acquisitions		1.0	2.8	3.2	2.6	1.4	1.5	(191.8)	(0.2)	(54.0)	0.0	0.0	0.0
Other		0.0	(20.2)	37.8	(0.7)	(22.7)	7.0	(35.9)	(6.7)	0.0	0.0	0.0	0.0
Capital increase (decrease)		3.5	0.0	(4.9)	0.4	30.4	(3.2)	7.9	(4.6)	0.0	0.0	0.0	0.0
Dividends paid		(5.0)	(5.0)	(45.5)	(3.5)	(12.2)	(7.1)	(10.2)	(14.3)	(21.5)	(23.0)	(23.0)	(28.8)
Increase (decrease) in net financial debt		2.6	39.5	(14.5)	(4.0)	(7.5)	(32.3)	180.0	(27.9)	(46.8)	(69.4)	(77.1)	(85.9)
Cash flow, group share		16	(7)	27	29	34	40	67	115	115	137	160	177

<b>BALANCE SHEET HIGHLIGHTS (EURm)</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
Net operating assets		53	57	59	57	85	80	533	599	618	600	583	570
WCR		79	73	67	78	85	74	170	234	208	168	213	231
Restated capital employed, incl. gross goodwill		132	130	122	135	170	154	703	803	826	795	796	801
Shareholders' funds, group share		114	71	70	89	129	143	346	444	514	572	651	741
Minorities		0	0	0	0	0	0	0	0	0	0	0	0
Provisions / Other liabilities		16	14	13	17	20	22	224	245	245	245	248	248
Net financial debt (cash)		16	55	41	37	29	(3)	177	149	102	13	(64)	(150)

<b>FINANCIAL RATIOS (%)</b>		Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19*	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
Sales (% change)		NC	(7.3%)	12.6%	10.8%	6.7%	(2.1%)	51.0%	108.6%	(1.9%)	(6.5%)	9.3%	8.3%
Organic sales growth		(7.7%)	(6.8%)	12.9%	12.6%	5.9%	(0.6%)	42.7%	14.3%	(2.3%)	(6.7%)	6.3%	8.3%
Restated EBITA (% change)		NS	(5.2%)	73.6%	45.7%	12.3%	8.7%	86.3%	151.5%	11.2%	(10.8%)	19.0%	14.4%
Restated attributable net profit (% change)		NC	(55.3%)	84.0%	43.5%	14.6%	18.0%	61.6%	148.2%	7.9%	(10.1%)	21.5%	15.1%
Personnel costs / Sales		20.0%	21.6%	21.3%	18.8%	18.0%	16.9%	14.5%	19.7%	20.7%	23.0%	21.9%	21.0%
Restated EBITDA margin (**)		6.5%	7.1%	8.6%	6.9%	11.1%	12.9%	14.5%	16.8%	16.8%	16.5%	17.5%	18.0%
Restated EBITA margin		3.2%	3.3%	5.0%	6.6%	6.9%	7.7%	9.5%	11.5%	13.1%	12.5%	13.7%	14.4%
Tax rate		18.1%	38.1%	31.8%	31.1%	27.9%	26.0%	26.1%	27.4%	29.0%	29.0%	29.0%	29.0%
Net margin		4.2%	2.0%	3.3%	4.3%	4.8%	5.5%	6.7%	7.9%	8.7%	8.4%	9.3%	9.8%
Capex / Sales		4.4%	5.5%	3.6%	4.1%	4.3%	3.3%	3.3%	2.7%	3.9%	3.3%	3.3%	3.3%
OpFCF / Sales		0.5%	(4.2%)	8.6%	3.6%	6.4%	12.1%	12.2%	8.4%	14.8%	14.4%	12.7%	13.4%
WCR / Sales		24.3%	24.0%	19.4%	20.6%	20.9%	18.6%	28.4%	18.9%	17.2%	17.2%	17.2%	17.2%
Capital employed (excl. gdw./intangibles) / Sales		39.1%	41.2%	34.3%	34.5%	41.1%	37.9%	62.7%	38.0%	40.3%	42.1%	40.3%	39.0%
ROE		12.1%	8.6%	14.8%	18.3%	14.4%	15.3%	11.5%	22.1%	20.8%	16.7%	17.8%	18.0%
Gearing		14%	78%	53%	41%	23%	(2%)	51%	34%	20%	2%	(10%)	(20%)
EBITDA / Financial charges (**)		NS	83.8x	39.8x	26.9x	32.3x	57.8x	61.0x	24.2x	21.0x	25.0x	34.1x	38.8x
Adjusted financial debt (A)+B) / EBITDA (**)		0.7x	2.6x	1.4x	1.0x	0.8x	NC	2.3x	0.8x	0.8x	0.1x	NC	NC
ROCE excl. gdw./intangibles													

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## Valuation

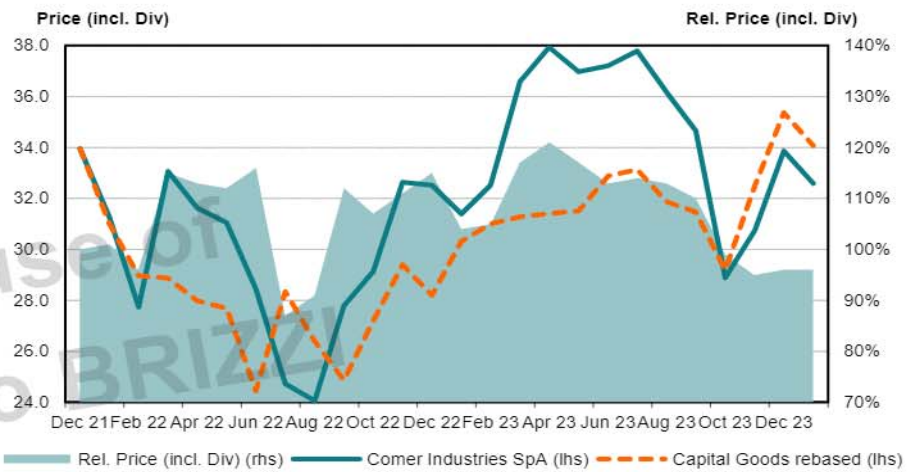
With share price flat in the past 12M, COM lagged the rest of the EU Mid Cap sector as momentum in AG turned negative. Our FV range points to EUR40-47/sh. The current valuation remains undemanding, with the market pricing in a sharper downturn and overlooking solid MT prospects. In the context of subdued earnings momentum, M&A may help rerating.

### COM shares underperformed closest peers...

COM has been able to capitalise on the strong growth of AG equipment, helped by rising soft commodity prices. The stock outperformed the average for the cap goods sector until H2 23, while the sharp recent underperformance was linked to deterioration of the AG demand.

**Figure 1: COM underperformed cap goods from H2 23...**

Comer Industries SpA vs Capital Goods

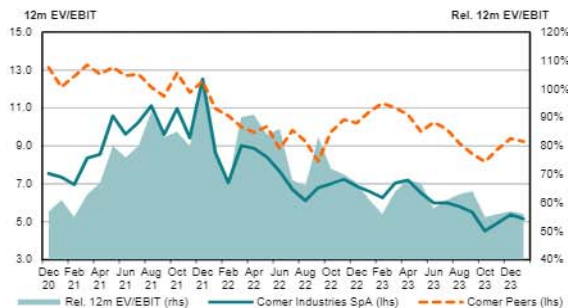


Source: BNP Paribas Exane, Factset Estimates, MSCI

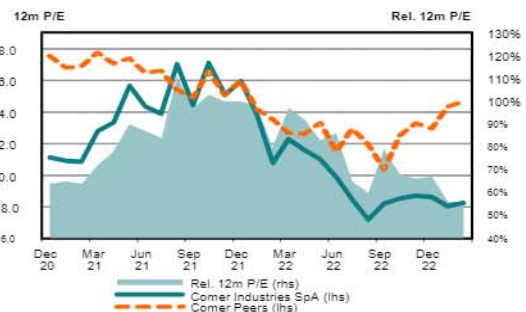
From a valuation standpoint, COM continues to trade at a remarkable (i.e., 50%) discount vs its closest peers in the cap goods space on both the EV/EBIT and PE metrics. The discount widened this year as COM's share price lagged vs its closes peers.

**Figure 2: ...but remains at 50% discount vs its closest peers**

Comer Industries vs Peers (EV/EBIT)



Comer Industries vs Peers (PE)



Comer peers is a basket comprising the following companies weighted equally: Interpump, Dana, Bucher Industries, Jost

Source: Exane BNP Paribas, Factset Estimates, MSCI

...and trade at 20% discount vs sector; peer-based valuation points to EUR40/sh

As we discussed in our initiating coverage, there is no pure comparable to COM in terms of products, end-markets, or geographical presence. We therefore use a panel of selected players operating both in the agriculture and/or construction equipment market as component suppliers. We do not look at the OEMs involved in those markets when valuing Comer, given the differences in business models.

Figure 3: Comer trades at almost 20% discount vs peer suppliers

COMER peer panel overview

Company	EV	Market Cap	P/E (x)			EV/EBIT (x)			EBIT margin (%)			EV/Sales (x)			Organic sales growth			Net debt/EBITDA	
			2022e	2024e	2025e	2022e	2024e	2025e	2022e	2024e	2025e	2022e	2024e	2025e	2022e	2024e	2025e	2022e	2025e
Suppliers																			
DAVA	4007	1779	19.1x	10.4x	8.5x	11.1x	8.7x	7.4x	4.0%	4.8%	4.8%	0.4x	0.4x	0.4x	4.7%	8.6%	4.8%	2.8x	2.8x
INTERPUMP	5058	4932	17.4x	17.1x	16.4x	12.7x	12.0x	11.0x	10.9%	10.8%	10.8%	2.4x	2.2x	2.0x	8.7%	-1.5%	4.0%	1.2x	0.9x
JOYVERVE	366	630	7.7x	8.1x	7.4x	5.1x	7.6x	6.4x	8.4%	8.0%	8.3%	0.7x	0.8x	0.8x	-0.8%	2.8%	2.1%	1.4x	0.9x
BUCHER INDUSTRIES	3156	3874	10.8x	13.8x	12.9x	7.2x	8.8x	7.9x	12.0%	10.8%	10.7%	0.9x	0.9x	0.8x	1.1%	-3.1%	2.0%	-1.0x	-1.8x
Median			14.1x	11.3x	10.7x	9.6x	8.6x	7.6x	10.2%	9.2%	9.5%	0.8x	0.7x	0.7x	2.9%	-0.9%	3.7%	1.3x	0.9x
COMER	882	506.9	8.2x	8.5x	7.9x	7.1x	6.9x	6.2x	13.1%	12.5%	12.7%	0.5x	0.5x	0.7x	-2.3%	-6.7%	9.3%	0.8x	0.8x
% discount (premium) vs suppliers			(42%)	(25%)	(25%)	(25%)	(15%)	(20%)				2.1x	16%	6%					

Source: BNP Paribas Exane estimates, Thomson Reuters Datastream

We see the following factors as differentiating COM from its closest peers:

- **(+) Stronger MT growth** supported by market share gains and potential upside of the Precision AG outsourcing and CE electrification.
- **(+) margin expansion potential** driven by synergies extraction.
- **(-) limited liquidity vs its peers** because of low turnover and free float.

In our view, COM's MT growth and margin expansion potential deserve a premium vs the other components makers. We also acknowledge that liquidity is thin and that this is a drag on the appeal of the share, especially in the current market conditions.

For the time being, we therefore decided to price COM in line with the peer panel (made by selected CE and AG suppliers). We do not rule out that a potential improvement in the liquidity of the share may lead us to be more constructive in the future. For valuing COM, we look at the EBIT multiple, as it removes the bias of the leverage and the different capital intensity. We therefore used 9-8x on 2024-25e EBIT for COM, and this returns a fair value of EUR40/share (unchanged).

Figure 4: We price COM in line with peers

Peers based methodology

Valuation summary	EV/EBIT	
	2024e	2025e
Median	9x	8x
Premium	0%	0%
<b>Fair multiple</b>	<b>9x</b>	<b>8x</b>
EBNP Adj. EBIT	142	169
<b>EV</b>	<b>1232</b>	<b>1355</b>
- Net debt (excluding IFRS 16)	45	122
- Adjusted lease liability	(58)	(58)
- Other liabilities and commitments	(166)	(166)
- Revalued minority interests	0	0
+ (Assoc. + revalued investments)	2	2
<b>Equity Value</b>	<b>1055</b>	<b>1254</b>
Liquidity discount	0%	0%
Nosh	28.7	28.7
<b>Equity value per share</b>	<b>37</b>	<b>44</b>
<b>FV</b>		<b>40</b>

Source: BNP Paribas Exane estimates

### DCF valuation points to EU 47/sh

Our DCF valuation – based on a WACC @ 9.8% and LT growth at 2.5%, together with a 15% liquidity discount – points to EUR47/sh vs EUR45/sh previously, as it now reflects higher MT growth and profitability.

As we will discuss in the next sections, we forecast COMER to post c.3% top-line CAGR in 2023-26e, generating HSD average operating profit growth in the next three years.

Given that both markets (agro and CE) are mature in developed countries, we assume that long-term growth will be sustained only by emerging markets, and thus assume LSD growth after 2026e.

We project capex/sales to stay close to the level of 4% to fuel the expected growth in the next few years. We expect the NWC/sales ratio to stay around 17%, implying a normalised trade working capital/sales ratio of c.20%.

**Figure 5: DCF valuation points to EUR47/sh (vs former EUR45/sh)**

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Terminal
Sales	396.2	598.1	1,237.6	1,214.2	1,134.8	1,239.9	1,343.2	1,377.6	1,412.8	1,448.1
% YoY growth		51.0%	106.9%	-1.9%	-6.5%	9.3%	8.3%	2.6%	2.6%	2.5%
Restated EBITDA	47.8	77.2	179.7	201.4	186.9	217.1	241.9	247.8	253.8	260.2
% YoY growth		61.5%	132.9%	12.1%	-7.2%	16.2%	11.4%	2.4%	2.4%	2.5%
% margin	12.1%	12.9%	14.5%	16.6%	16.5%	17.5%	18.0%	18.0%	18.0%	18.0%
Restated EBIT	30.5	56.8	142.8	158.8	141.7	169.4	193.8	198.9	202.5	207.6
% YoY growth		86.3%	151.5%	11.2%	-10.8%	19.6%	14.4%	2.6%	1.8%	2.5%
% margin	7.7%	9.5%	11.5%	13.1%	12.5%	13.7%	14.4%	14.4%	14.3%	14.3%
Tax rate	28.0%	28.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
NOPAT	21.9	40.9	101.4	112.8	100.6	120.3	137.6	141.2	143.8	147.4
WC change	(73.7)	(96.4)	(63.8)	25.5	13.6	(18.0)	(17.7)	(5.9)	(6.1)	(6.1)
WC	73.7	170.1	233.9	208.4	194.8	212.8	230.6	236.5	242.5	248.6
WC / Sales (%)	18.6%	28.4%	18.9%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%
D&A including RoU, excl PPA & cap. dev. costs	17.3	20.4	37.0	42.6	45.3	47.8	48.1	48.9	51.3	52.6
D&A / Sales (%)	4.4%	3.4%	3.0%	3.5%	4.0%	3.9%	3.6%	3.5%	3.6%	3.6%
Capex	(13.1)	(19.6)	(33.9)	(47.9)	(37.9)	(41.4)	(44.9)	(46.0)	(47.2)	(49.1)
Capex / Sales (%)	3.3%	3.3%	2.7%	3.9%	3.3%	3.3%	3.3%	3.3%	3.3%	3.4%
Operating FCF					121.6	108.5	123.0	138.2	141.8	144.9
Terminal Value										1980
Discount factor					1.0	0.9	0.8	0.8	0.7	
Discounted FCF					121.6	99.1	102.3	104.6	97.7	

2024-2028 Discounted FCF	525
Discounted terminal value	1364
<b>Enterprise Value</b>	<b>1890</b>
- 2023 Net debt restated	44
- Adjusted lease liability	91
- Other liabilities and commitments	166
- Revalued minority interests	0
+ (Assoc. + revalued investments)	2
<b>Equity value</b>	<b>1589</b>
Diluted shares (m)	28.7
Liquidity discount	15%
<b>Value per share</b>	<b>47</b>

Wacc	9.8%
LT growth	2.5%

Source: BNP Paribas Exane estimates

In the Enterprise to Equity Value bridge, we have capitalized the lease liabilities at our usual multiple of 8x the annual P&L charge of the Right Of Use, which we think provides a better estimate of the equivalent lease liability from a valuation point of view.

This differs from the value on the company's balance sheet, as it is independent of the duration of the lease contracts and, in our view, better mirrors the "real" liability should the company switch to purchasing the same assets.

Finally, we have added a 15% discount as, despite being recently improved (after WPG placement), liquidity remains thin.



## Market is pricing in sharp downturn and no share gains

We have built a reverse DCF valuation to see what the market is pricing in, even accounting for some liquidity discount. The result of this exercise shows that the current share price implies a sharp business deterioration in 2024e (i.e., 12% sales drop) with profitability returning to 2022 levels (i.e., c.11% adj. EBIT margin) in the MT. These assumptions are, in our view, excessively conservative, ignoring the structural effects of the synergies and assuming no share gains going forward.

**Figure 6: Market is pricing in excessively conservative assumptions**

### Reverse DCF assumptions

	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Terminal
Sales	598.1	1,237.6	1,214.2	1,068.5	1,111.2	1,138.0	1,167.5	1,196.7	1,226.6
% YoY growth	51.0%	106.9%	-1.9%	-12.0%	4.0%	2.5%	2.5%	2.5%	2.5%
EBIT	56.8	142.8	158.8	103.6	114.3	119.9	125.6	131.4	134.7
% YoY growth	86.9%	151.5%	11.2%	-34.7%	10.3%	4.9%	4.8%	4.8%	2.5%
% margin	9.5%	11.5%	13.1%	9.7%	10.3%	10.5%	10.8%	11.0%	11.0%
Tax rate	28.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
NOPAT	40.9	101.4	112.8	73.6	81.2	85.1	89.2	93.3	95.6
WC change	(90.4)	(63.8)	25.5	25.0	(7.3)	(4.8)	(4.9)	(5.0)	(5.1)
WC	170.1	233.9	208.4	183.4	190.8	195.5	200.4	205.4	210.5
WC / Sales (%)	28.4%	18.9%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%
D&A including RoU	20.4	37.0	42.8	45.3	47.9	48.1	48.9	51.3	52.6
D&A / Sales (%)	3.4%	3.0%	3.5%	4.0%	3.9%	3.8%	3.5%	3.8%	3.8%
Capex	(19.8)	(33.9)	(47.9)	(37.9)	(41.4)	(44.9)	(48.0)	(47.2)	(49.1)
Capex / Sales (%)	-3.3%	-2.7%	-3.9%	-3.5%	-3.7%	-3.9%	-3.9%	-3.9%	-4.0%
Operating FCF	106.0	80.2	83.5	87.1	92.4	94.0	94.0	94.0	94.0
Terminal Value									1285
Discounted FCF				106.2	73.2	69.5	66.0	63.7	

2024-2028 Discounted FCF	378.5
Discounted terminal value	885.8
Enterprise Value	1264.3
- 2023 Net debt restated	44
- Adjusted lease liability	91
- Other liabilities and commitments	166
- Revalued minority interests	0
+ (Assoc. + revalued investments)	2
Equity value	964
Diluted shares (m)	29
Liquidity discount	15%
Value per share	26

Wacc	9.9%
LT growth	2.5%

Source: BNP Paribas Exane estimates

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## A slowdown is underway

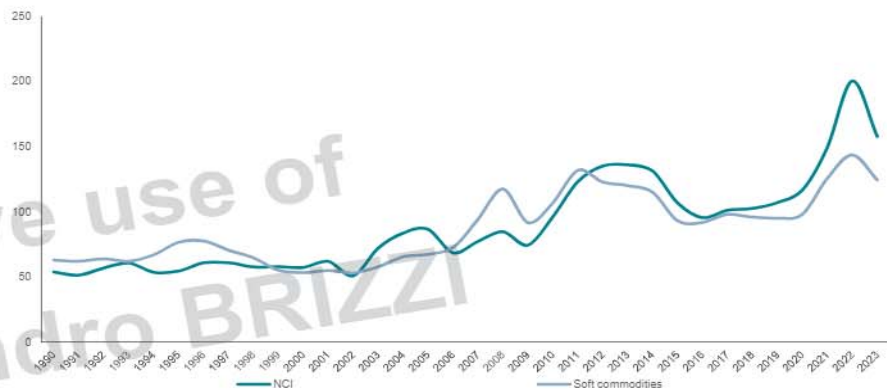
2024 is set to be a transitional year. Our analysis shows that AG is in the midst of a cyclical downturn (with the hit of destocking yet visible in H2 23), and this couples with a still-weak CE recovery. We believe these two forces translate into weakening momentum in 2024e, with sales down c.7% organically.

### The BNP Paribas Exane Wheel | Global Agricultural at 2.00

AG fundamentals are showing signs of deterioration. This is mainly linked to an easing cycle of soft commodities that retraced from 2022 highs. Last year, cash income for US farmers (which are a good proxy for the health of AG customers' incomes) edged down from an ATH to a level that is still healthy.

**Figure 7: Farmers' cash income retraces from ATH reflecting lower soft commodities price**

1990-2023 – US Farmers' net cash income, FAO food price index

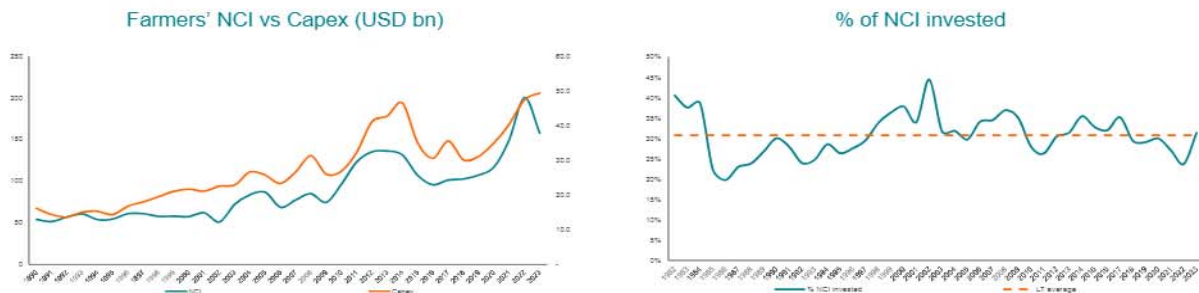


Source: USDA, FAO

Looking at the capex cycle, we are close to an inflection point. Last year, the share of the cash earnings invested by farmers reverted to normal levels (c1/3). This supported capex growth (despite lower income) in 2023, but we believe it is unlikely to happen this year.

**Figure 8: AG capex peaked in 2023**

US farmers' capex cycle 1990-2023



Source: USDA



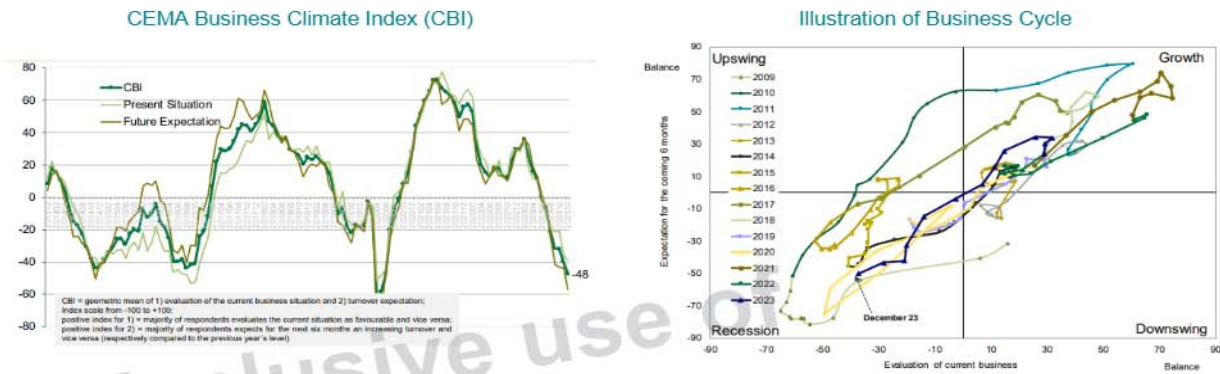
### Short-term leading indicators point to recession...

Looking beyond the top-down perspective, the latest leading indicators point to a recessionary scenario. Moderating farm fundamentals and high interest rates are weighing on discretionary equipment purchases.

Looking at the EU market, the general business climate index for the agricultural machinery industry has continued to drop and reached deep recessionary territory in December 2023. More than half of the survey participants consider the current business situation to be unfavourable; in the meantime, two-thirds expect their turnover to decline in the coming six months. For the full year of 2024, the participants of the survey expect their company's turnover to decline MSD (-5% median).

**Figure 9: EU leading indicators point to recession in AG machinery demand...**

EU AG machinery business dashboard



Source: CEMA Business Barometer

The outlook is more optimistic in the US, with stabilizing momentum for farmer confidence. On the capex front, we saw no major disruptions from leading indicators (despite being close to trough levels). Higher input costs, rising interest rates, and lower crop and/or livestock prices were the main reasons for a more cautious approach in investment decisions.

**Figure 10: ...while US is in better shape**

US AG machinery business dashboard



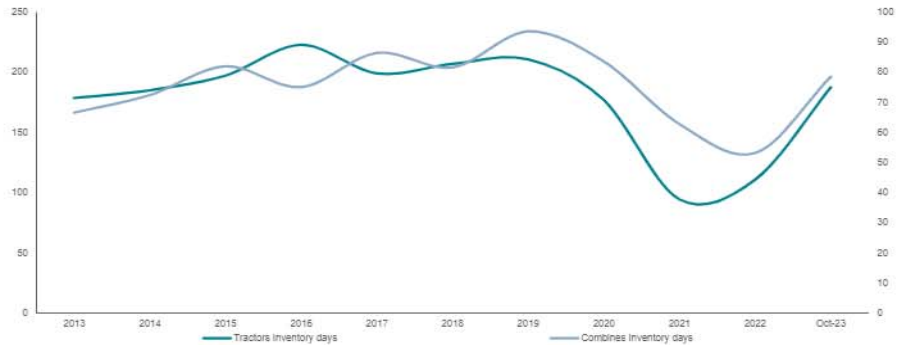
Source: Purdue/CME Group AG Economy Barometer

...with demand turning negative next year

In a context of leading indicators pointing to a recessionary scenario, we looked at the level of inventory in the US market. Data suggest that stock is back to normalized levels, so the replenishment of inventory is unlikely to be a buffer for the OEMs into next year.

**Figure 11: No relief from dealers' inventory**

Tractors and Combines inventory days in NA

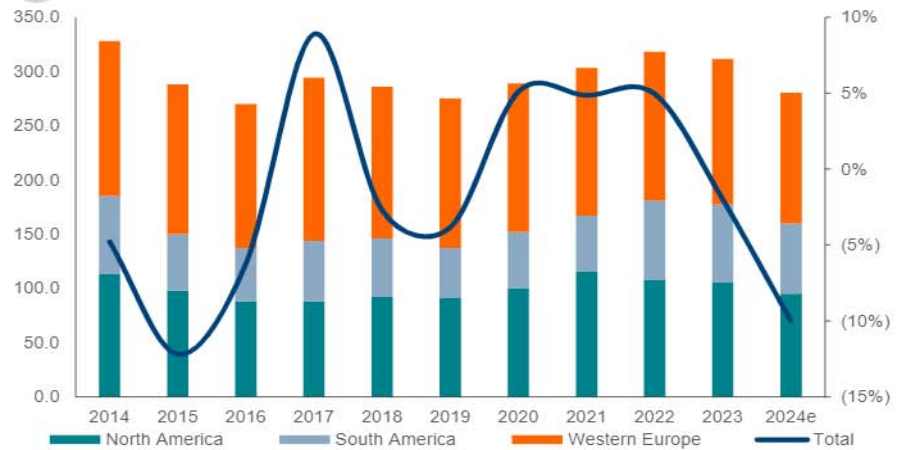


Source: Association of Equipment Manufacturers; John Deere

We conclude that the AG market will experience a downturn with generalized weakness across all the main regions. This suggests to us a LDD volume decline in aggregate, a view consistent with guidance from John Deere (not covered) in its 2024 outlook. As such, we would position the AG market at 2.00 on our [BNP Paribas Exane Wheel](#).

**Figure 12: Momentum turns negative for AG in 2024e**

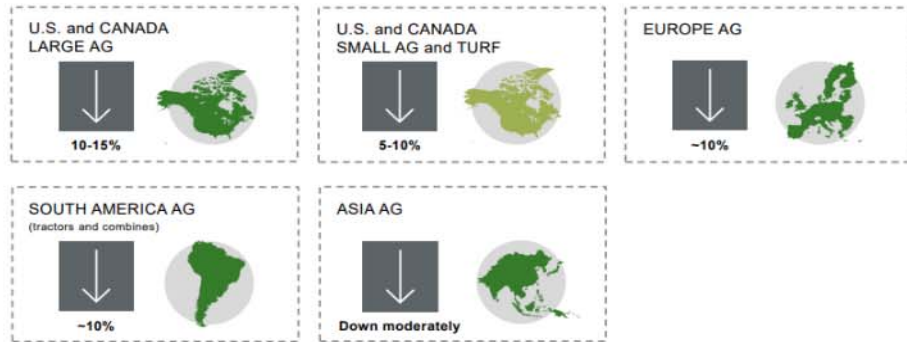
2014-2025e NA/SAWestern EU AG units



Source: BNP Paribas Exane estimates, based on AGCO and JD outlook

**Figure 13: John Deere guides for broad-based demand weakness**

2024 outlook (in units) for the AG & turf business



Source: John Deere Q4 presentation

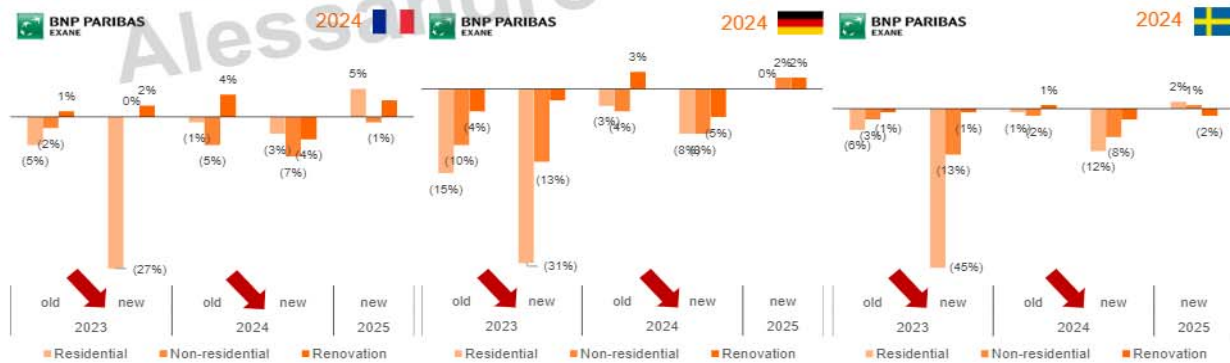
**The BNP Paribas Exane Wheel | Global Construction at 5.30**

As discussed deeply in our most recent wheel ([CAPITAL GOODS: The BNPPE Wheel 2024: Strong momentum impulse](#)), global construction markets are in the midst of a cyclical downturn despite gradually improving momentum, as we believe peak decline took place in 2023.

In the EU, construction markets have gone through a sharp downturn, and the majority of lead indicators are far weaker than a year ago. There is little near-term room for optimism, and we suspect 2024 could be worse than 2023. Our team positions the market at 6.00 (the trough on our wheel) and forecasts a 3% y/y volume decline in EU residential markets, a 5% y/y decline in non-residential, and a 2% decline in renovation.

**Figure 14: BNPP Exane volume forecasts for construction in 2023-25e**

BNPP Exane volume assumptions old vs. new



Source: BNP Paribas Exane estimates

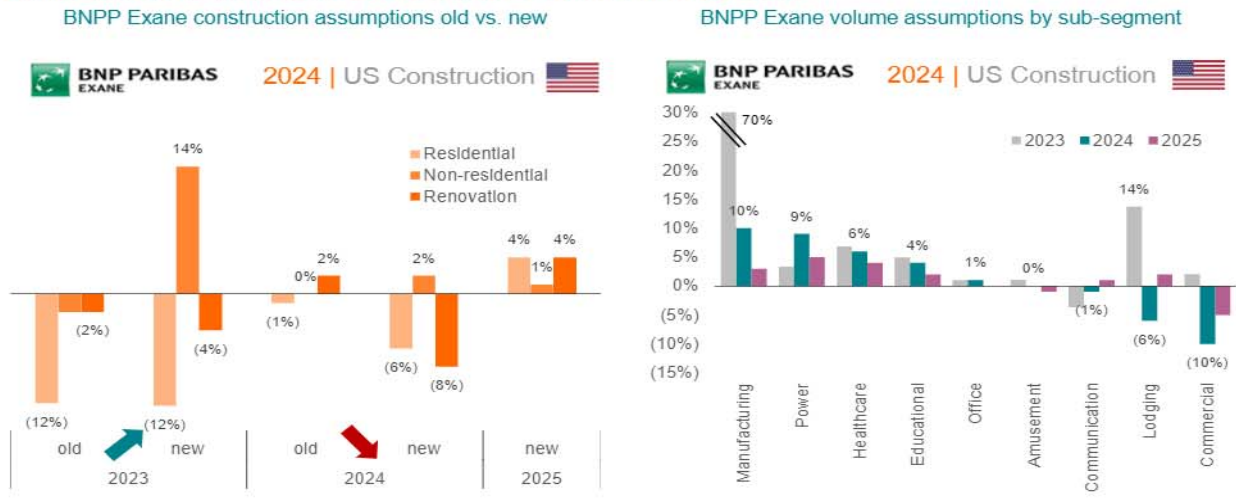
In the US, construction has not been immune to the sudden increase in interest rates. Non-residential output surprised to the upside but is in the midst of a deep correction, like the one in Europe, with renovation likely to follow.

After a steep contraction in 2023, recent US residential lead indicator data are becoming less negative, namely new build data. Renovation lead indicator data is now weakening given the lagged effect of lower existing home transactions and consumer sentiment. Non-residential KPIs remain soft.



Our team positions the US market at 2.30 on our wheel and expects the residential market to see a sequentially lower drop (-6%) and renovation to accelerate its pace of decline (-8% y/y vs -4% in 2023), while non-residential growth appears set to ease (2% y/y vs 14% in 2023).

**Figure 15: BNPP Exane volume forecasts for construction in 2023-25e**



Source: BNP Paribas Exane estimates

The Chinese construction market has continued its negative trajectory but is now seeing a lower rate of decline, leading us to conclude the market has bottomed. Overall, China construction is ahead in the BNPPE Wheel relative to EU/US both in terms of growth and momentum. Absolute levels of activity remain depressed, but comps are easing. Our team positions the market at 7.00, forecasting a 5% decline in construction activity during 2024.

**Figure 16: BNPP Exane volume forecasts for construction in 2022-24e**

BNPP Exane China construction forecasts



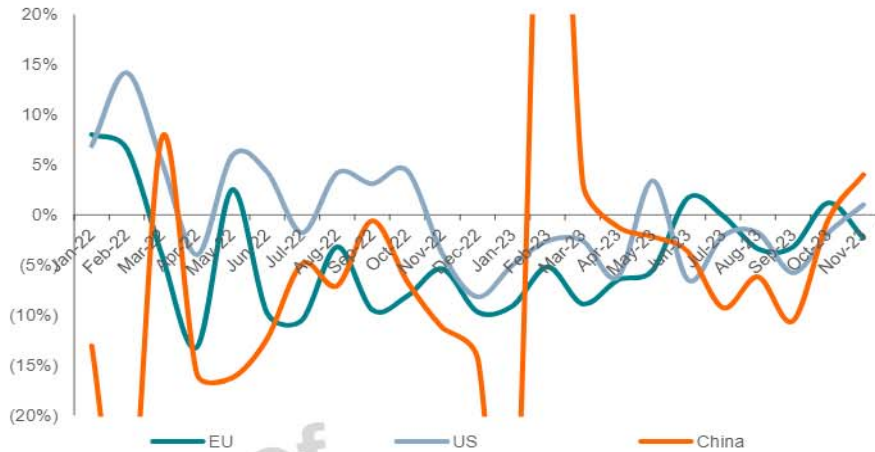
Source: BNP Paribas Exane estimates, NBS

### Improving momentum driven by China

Digging down into the construction activity, the most recent data from Komtrax supports our view. China is showing signs of sequential improvement in machinery usage, while the picture in the EU and US is more muted.

**Figure 17: Machinery activity picks up in China, more muted in US/EU**

2022-2023 Komtrax index by region



Source: BNP Paribas Exane estimates based on Komatsu

Expectations for 2024e reflect this sequential improvement in the overall demand for CE. In its latest outlook, Volvo points to improving demand momentum in China and South America compensating for the effects of the EU and US slowdown.

**Figure 18: CE demand momentum improves, with China offsetting EU and US**

Volvo 2023-2024e CE outlook

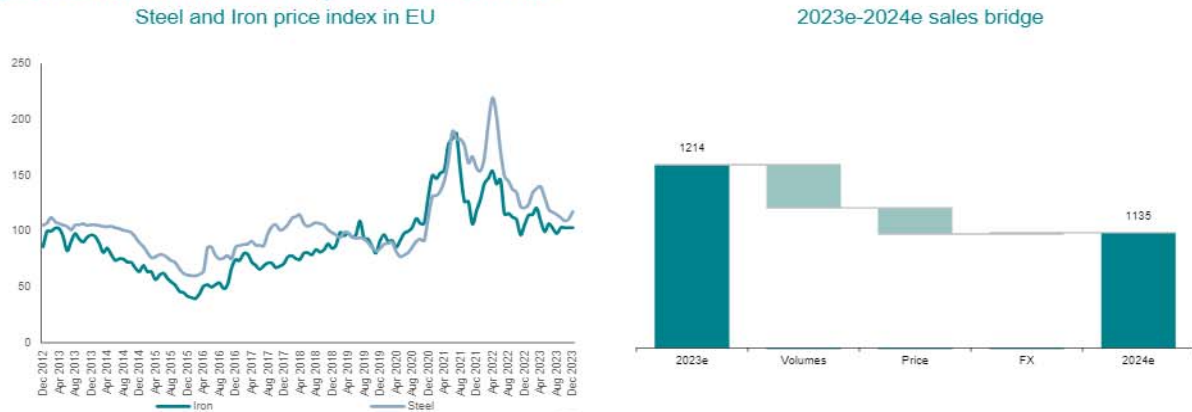
	2024e			2023			Δ
	Bear	Base	Bull	Bear	Base	Bull	
NA*	-10%	-5%	0%	0%	5%	10%	-10%
SA	0%	5%	10%	-20%	-15%	-10%	20%
EU	-15%	-10%	-5%	-5%	0%	5%	-10%
ASIA (ex-China)	-5%	0%	5%	-5%	0%	5%	0%
China	-10%	-5%	0%	-40%	-35%	-30%	30%
<b>Total</b>	<b>-9%</b>	<b>-4%</b>	<b>1%</b>	<b>-11%</b>	<b>-6%</b>	<b>-1%</b>	<b>2%</b>

Source: Volvo Q3 investor presentation

### Organic to decelerate in 2024e

Against this backdrop, we model for c.4% volume decline in 2024. This is the result of a HSD decline in AG demand and a LSD increase in CE (mainly due to increased market share). On top of that, we would expect pricing to be negative. In our view, COM may pass the tailwinds of the lower input prices (iron and steel) on to clients, leading to a sequential organic decline that we expect to be down c.7% (vs c2% in 2023).

**Figure 19: We model for 4% organic decline in 2024**



Source: BNP Paribas Exane estimates, Thomson Reuters Datastream

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## Share gains push up returns

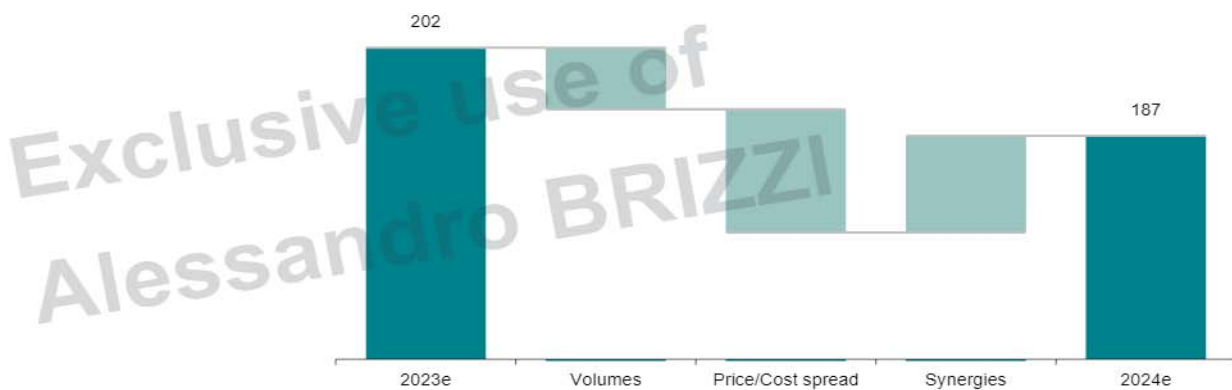
With this report, we rebased our numbers, factoring in the cyclical slowdown of COM's end markets. Overall, we cut our 2024e numbers by c.12%, and we position ourselves c.8% below cons. EBITDA for next year. That said, we believe the share gain story is not over, and we expect COM to outperform its market in 2025/26e, with structurally higher profitability delivering a DD ROCE.

### EBITDA drop due to volume and price/cost spread

We model for a c.7% EBITDA drop in 2024. This would be a result of two main items: volumes (as demand is decelerating, as discussed before) and price-cost spread. On the latter, we would expect COM to pass to clients the tailwinds of the lower costs from raw materials, as OEMs (in their latest commentaries) are likely to focus on cost efficiencies as the demand environment remains lackluster.

**Figure 20: We model c.7% EBITDA drop in 2024e**

2023e-2024e EBITDA bridge



Source: BNP Paribas Exane estimates

On a positive note, we still see room for self-help, as there are pockets of cost synergies to extract from the streamlining of production due to the integration of WPG. This translates into a c.12% EPS cut in 2024e, while we confirmed our numbers for 2023.

**Figure 21: Estimates cut by 12% in 2024e due to weak demand, while fine-tuned in 2025e**

Change in 2023-2025e estimates

	31 Dec 24			31 Dec 25		
	Old	New	Revision	Old	New	Revision
Sales	1,203.3	1,134.8	(6%)	1,254.4	1,239.9	(1%)
BNPpe EBITDA	203.2	186.9	(8%)	211.7	217.1	3%
BNPpe EBIT	159.5	141.7	(11%)	165.7	169.4	2%
BNPpe Net profit	107.8	95.3	(12%)	112.3	115.7	3%

Source: BNP Paribas Exane estimates

We now position our numbers c.18% below cons. for this year, though we acknowledge that the number of brokers covering the stock is limited (three, including us). Our more cautious stance mainly reflects our lower conviction around volume development.

**Figure 22: We are c8% below cons. EBITDA in 2024e**

BNPPe vs Consensus\*

	BNPPe	2024e Cons	Δ%
Sales	1135	1258	-10%
<b>EBITDA</b>	<b>187</b>	<b>203</b>	<b>-8%</b>
<b>% margin</b>	<b>16.5%</b>	<b>16.1%</b>	
EBIT	122	150	-19%
% sales	10.7%	11.9%	
<b>Net income</b>	<b>81</b>	<b>99</b>	<b>-18%</b>

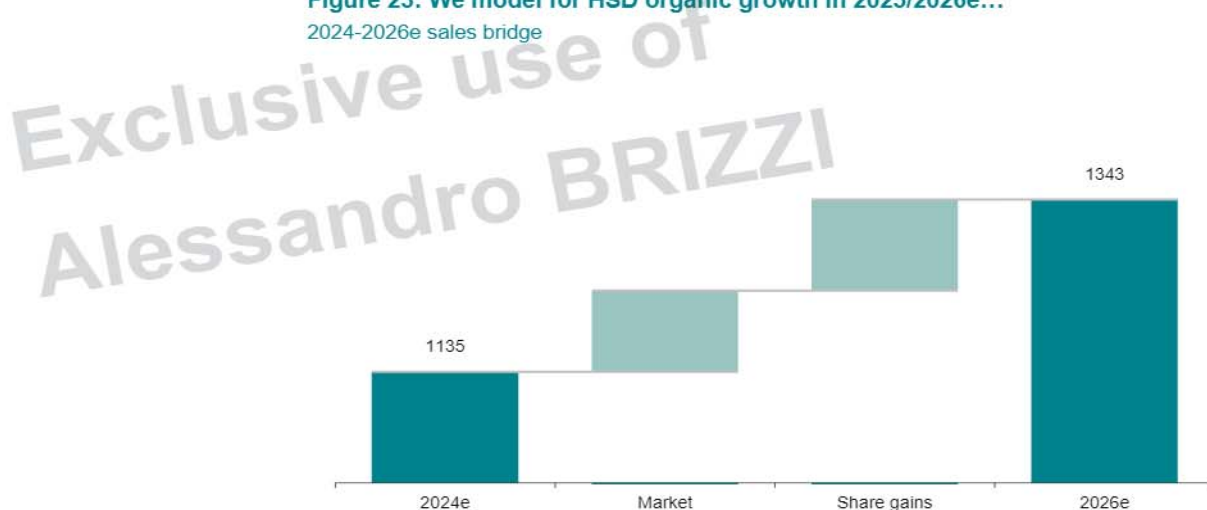
Source: BNP Paribas Exane estimates, \* Consensus calculated taking the average of the most recent published research on Borsa Italiana Nov 2023

**Share gain story continues beyond ST demand weakness**

Looking beyond the ST weak demand, we expect COM to continue to outperform its market in 2025/2026e, with more than half of the HSD growth backed by share gains (mainly in the Industrial segment).

**Figure 23: We model for HSD organic growth in 2025/2026e...**

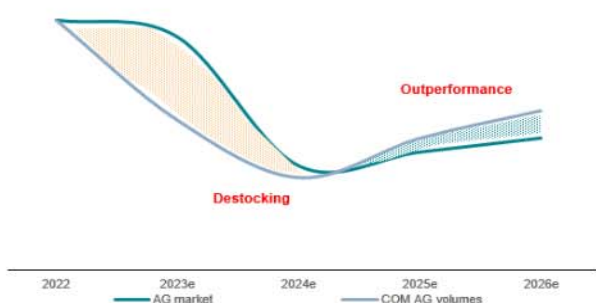
2024-2026e sales bridge



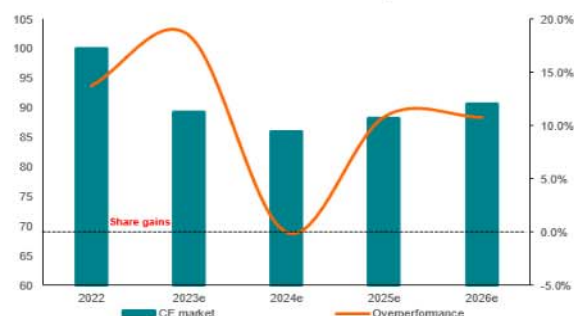
Source: BNP Paribas Exane estimates

**Figure 24: ...with more than half of that driven by share gains**

2022-2026e AG market vs COM AG volumes



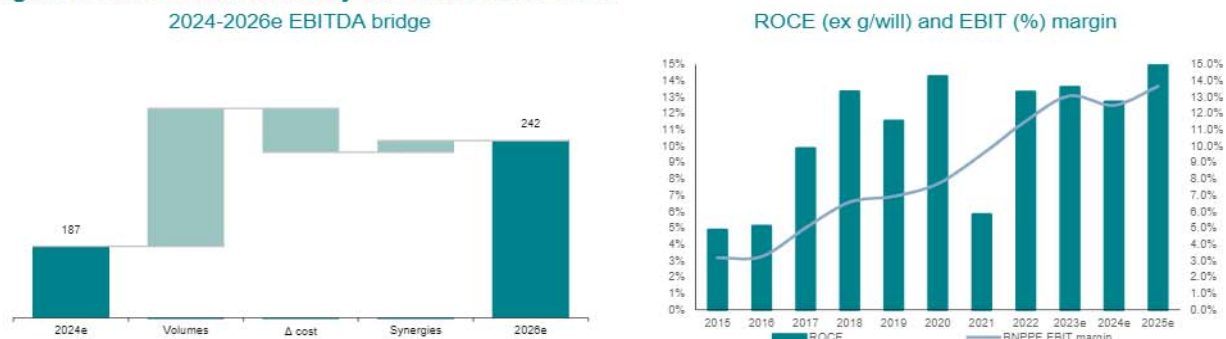
2022-2026e CE market and outperformance



Source: BNP Paribas Exane estimates, based on Volvo and JD market data

As such, we expect COM to post DD EBITDA growth after 2024, with a level of ROCE that should be 15%. We believe the company can benefit from a structurally higher level of profitability, as there are still pockets of synergies to be found in the streamlining of the production process.

**Figure 25: DD EBITDA CAGR by 2026e with ROCE 15%**



Source: BNP Paribas Exane estimates

A summary of our forecasts is provided in the table below.

**Figure 26: We expect growth resurgence from 2024e and DD EPS growth in 2024-2026e**

2015-2026e KPIs

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2023-26e
Sales	328	304	342	379	405	396	598	1238	1214	1135	1240	1343	3%
Organic growth	-8%	-7%	13%	13%	6%	-1%	43%	14%	-2%	-7%	9%	8%	3%
YoY growth	-9%	-7%	13%	11%	7%	-2%	51%	107%	-2%	-7%	9%	8%	
EBITDA	22	22	30	38	46	49	78	180	202	187	217	242	6%
% Margin	6.8%	7.2%	8.7%	10.1%	11.3%	12.3%	13.1%	14.5%	16.6%	16.5%	17.5%	18.0%	
BNPPE EBITDA	21	21	29	38	45	48	77	180	201	187	217	244	7%
% Margin	6.5%	7.1%	8.6%	9.9%	11.1%	12.1%	12.9%	14.5%	16.6%	16.5%	17.5%	18.2%	
EBIT	10	10	17	25	28	30	57	128	139	122	149	174	8%
% Margin	3.2%	3.2%	5.0%	6.6%	6.9%	7.7%	9.5%	10.3%	11.4%	10.7%	12.0%	12.9%	
BNPPE EBIT	10	10	17	25	28	30	57	143	159	142	169	194	7%
% Margin	3.2%	3.3%	5.0%	6.6%	6.9%	7.7%	9.5%	11.5%	13.1%	12.5%	13.7%	14.4%	
Net income	13	7	11	16	19	22	39	91	92	81	102	119	9%
BNPPE Net income	14	6	11	16	19	22	40	98	106	95	116	133	8%
Net debt	15.6	55.3	40.7	36.7	29.1	(3.2)	176.8	149.0	102.2	12.9	(64.3)	(150.2)	
Net debt/EBITDA	0.7x	2.5x	1.4x	1.0x	0.6x	nc	2.3x	0.8x	0.5x	0.1x	nc	nc	

Source: BNP Paribas Exane estimates



## M&A may come on top

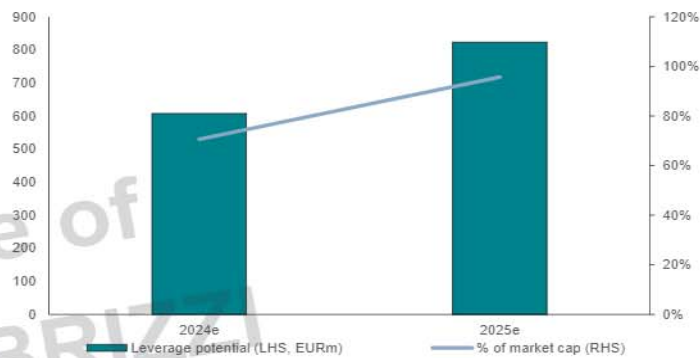
We believe M&A represents a catalyst for the MT. COM has the optionality to further extend its product range via M&A and to increase its share of wallet. The current balance sheet is unlevered, and we estimate COM has EUR600m-800m to potentially manage a transformational deal.

### Unlevered BS leaves room for another large deal

With around a 0.5x debt/EBITDA ratio (in 2023e), COM has an unlevered balance sheet. We estimate that the group has firepower ranging from EUR600m to around EUR800m available over the next two years (assuming a maximum leverage of 2.0x debt/EBITDA ratio and an acquisition multiple of 8x EBITDA, in line with most recent deals) to implement its external growth strategy.

**Figure 27: Firepower ranges from EUR600m to around EUR800m**

2024-25e Firepower estimate

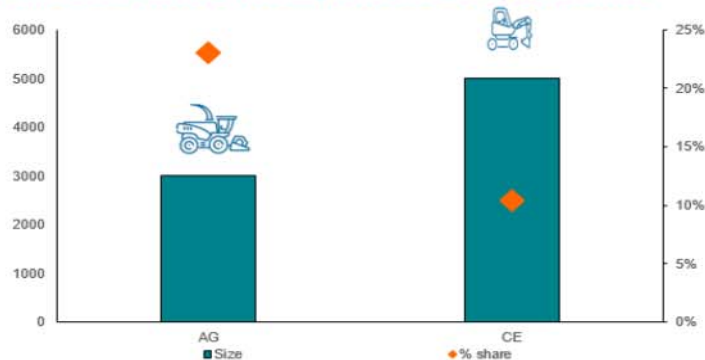


Source: BNP Paribas Exane estimates

### What's next?

As we discussed in our previous in-depth report, mechanics, electronics, and hydraulics are appealing applications by which to extend the product range. By business, we think industrial/CE has a higher chance of seeing a deal materialise, as the addressable market is 50% larger than AG and COM has a lower share of c.10% (vs >20% in AG).

**Figure 28: Industrial offers appealing consolidation opportunities**



Source: BNP Paribas Exane estimates, based on COM

## Investment case, valuation and risks

### Comer Industries

#### *Investment case*

We expect synergies and further market share growth to result in a positive earnings trajectory, with M&A boost potentially coming on top. With the market ignoring sound MT prospects and structurally higher profitability, the current share price offers an attractive entry point.

#### *Valuation methodology*

We base our valuation range on a DCF and on peers' 2024-2025e EV/EBIT multiple.

#### *Risks*

##### *To the upside:*

Stronger AG and CE equipment market, higher than expected margin expansion thanks to operating leverage, value accretive M&A deal(s)

##### *To the downside:*

Cyclical slowdown of its reference markets, price pressure from OEMs

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Michele Baldelli    BNP Paribas SA                      Giuseppe                      BNP Paribas SA  
Grimaldi

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Comer Industries	COM IM	7- ; 9- ; 10; 12

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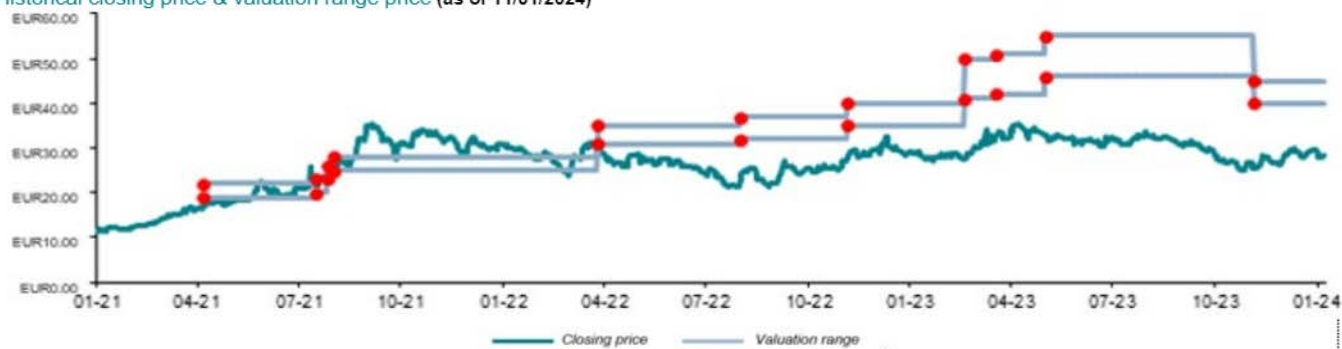
#As of 30 Nov 2023, we have changed the recommendation rating structure for our Indian stock coverage from Buy, Hold and Reduce to Outperform, Neutral and Underperform. Ratings and target prices for dates prior to 30 Nov 2023 used an absolute rating structure whereby the upside or downside to target price relative to the current share price determined the recommendation, and were prepared and distributed without involvement of a FINRA member firm. We now use a relative recommendation structure whereby the applied rating is based on the stock's expected performance as compared to the relevant MSCI sector index, with the index used as specified in the valuation section of each report.

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## Price and Valuation Range Chart

### Comer Industries

Historical closing price & valuation range price (as of 11/01/2024)



Source: BNP Paribas

### Historical rating & valuation range changes

Date & Time of Dissemination (UTC) (1)	Rating	Valuation Range	Closing Price*	Key Changes	Person(s) Involved
15 Jan. 2024 09:52	(1)	N/A	EUR 28.20		G. Grimaldi, M. Baldelli
9 Nov. 2023 09:52	N/A	EUR 40.00   45.00	EUR 28.00	TP down	G. Grimaldi
5 May 2023 08:18	N/A	EUR 48.00   55.00	EUR 32.90	TP up	G. Grimaldi
22 Mar. 2023 08:17	N/A	EUR 42.00   51.00	EUR 32.30	TP up	G. Grimaldi
22 Feb. 2023 08:11	N/A	EUR 41.00   50.00	EUR 27.40	TP up	G. Grimaldi, M. Baldelli
9 Nov. 2022 05:59	N/A	EUR 35.00   40.00	EUR 27.90	TP up	M. Baldelli
5 Aug. 2022 05:57	N/A	EUR 32.00   37.00	EUR 22.90	TP up	M. Baldelli
29 Mar. 2022 19:13	N/A	EUR 31.00   35.00	EUR 30.20	TP up	M. Baldelli
5 Aug. 2021 14:05	N/A	EUR 25.00   28.00	EUR 25.20	TP up	M. Baldelli
30 Jul. 2021 04:56	N/A	EUR 23.00   26.00	EUR 23.80	TP up	M. Baldelli
20 Jul. 2021 07:31	N/A	EUR 20.00   23.00	EUR 21.80	Valuation change	M. Baldelli
9 Apr. 2021 04:54	N/A	EUR 19.00   22.00	EUR 18.70	Enter sponsored list	M. Baldelli

(1) Please refer to the Cube for the dissemination time of this report.

Note:

- Closing price is based on market close price on last business close date.
- Closing prices and target prices have been adjusted to take into account stock split or corporate actions where applicable.

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Price at 11 Jan. 24: EUR29.2

Valuation range (EUR): 40.0 (+42%) | 47.0 (+67%)

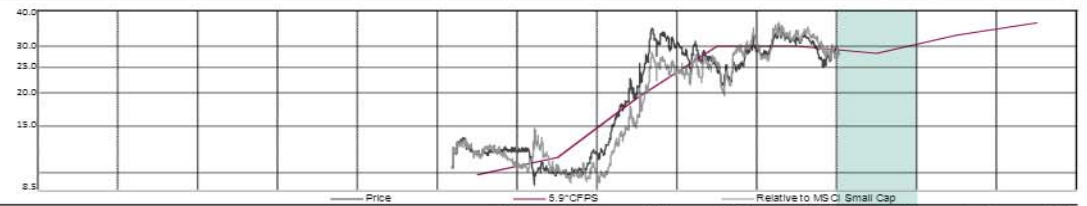
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## COMER INDUSTRIES

Industrial Machinery | Capital Goods - Italy

Company Highlights		EURm	
Enterprise value		988	
Market capitalisation		809	
Free float		155	
3m average volume			
Performance (*)		1m	3m
Absolute	(2%)	3%	(1%)
Rel. Sector	NC	NC	NC
Rel. MSCI Small Cap	NC	NC	NC
12m Hi/Lo (EUR): 35.4 -20% / 25 +13%			
CAGR	2016/2023	2023/2026	
EPS restated	29%	8%	
CFPS	NC	7%	



Price (yearly avg from Dec. 19 \* to Dec. 23)

PER SHARE DATA (EUR)	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19 *	Dec. 20	Dec. 21	Dec. 22	Dec. 23e	Dec. 24e	Dec. 25e	Dec. 26e
No of shares year end, basic. (m)	10,000	10,000	10,000	17,000	20,409	20,409	28,678	28,678	28,678	28,678	28,678	28,678
Avg no of shares, diluted, excl. treasury stocks (m)	10,000	10,000	10,000	13,500	20,620	20,650	20,650	28,678	28,678	28,678	28,678	28,678

EPS reported, Gaap	1.30	0.67	1.14	0.92	0.91	1.07	1.37	3.16	3.20	2.83	3.54	4.15
EPS company definition	1.30	0.67	1.14	1.16	1.06	1.27	1.43	3.16	3.20	2.83	3.54	4.15
EPS restated, fully diluted	1.37	0.81	1.13	1.20	0.90	1.06	1.93	3.43	3.69	3.32	4.04	4.64
% change	NC	(55.3%)	84.0%	6.3%	(25.0%)	17.8%	81.8%	77.3%	7.8%	(10.1%)	21.5%	15.1%
Book value (BVPS) (a)	11.4	7.1	7.6	5.2	6.3	7.0	12.1	15.5	17.9	20.0	22.7	25.8
Net dividend	0.50	4.55	0.26	0.80	0.35	0.50	0.50	0.75	0.80	0.80	1.00	1.18

### STOCK MARKET RATIOS

P/E (P/EPS restated)					13.4x	10.0x	11.8x	7.8x	8.2x	8.5x	7.0x	6.1x
P/E relative to MSCI Small Cap					78%	20%	77%	67%	70%	67%	62%	62%
FCF yield					4.4%	15.7%	10.6%	7.0%	14.1%	13.9%	12.4%	14.2%
P/BVPS					1.01x	1.51x	1.89x	1.72x	1.68x	1.41x	1.24x	1.09x
Net yield					2.9%	4.7%	2.2%	2.8%	2.7%	2.8%	3.6%	4.2%
Payout					38.8%	47.0%	25.6%	21.9%	21.7%	24.1%	24.9%	25.3%
EV / Sales					0.72x	0.59x	1.40x	0.87x	0.93x	0.87x	0.73x	0.61x
EV / Restated EBITDA (**)					6.5x	4.9x	10.9x	6.0x	5.8x	5.3x	4.2x	3.4x
EV / Restated EBITA					10.4x	7.7x	14.8x	7.8x	7.1x	7.0x	5.4x	4.2x
EV / NOPAT					14.4x	10.7x	20.5x	10.8x	10.0x	9.8x	7.6x	6.0x
EV / OpFCF					11.2x	4.9x	11.5x	10.3x	6.3x	6.1x	5.8x	4.6x
EV / Capital employed (incl. gross goodwill)					1.7x	1.5x	1.2x	1.3x	1.4x	1.2x	1.1x	1.0x

### ENTERPRISE VALUE (EURm)

Market cap	291	234	840	1,080	1,133	986	909	823
+ Adjusted net debt (including lease liability)	16	55	41	37	29	(3)	177	149
+ Other liabilities and commitments						16	21	193
+ Revalued minority interests								
- Revalued investments								

### P & L HIGHLIGHTS (EURm)

Sales	327.6	303.7	342.1	379.0	404.6	395.2	598.1	1,237.6	1,214.2	1,134.8	1,239.9	1,342.2
Restated EBITDA (b) (**)	21.4	21.4	29.3	37.6	44.9	47.8	77.2	179.7	201.4	186.9	217.1	241.9
Depreciation	(11.0)	(11.0)	(12.1)	(12.7)	(10.9)	(17.3)	(20.4)	(37.0)	(42.6)	(45.3)	(47.8)	(48.1)
Restated EBITA (b)	10.4	9.9	17.1	25.0	28.1	30.5	56.8	142.8	158.8	141.7	169.4	193.8
Reported operating profit (loss)	10.4	9.8	17.1	24.9	27.8	30.4	56.8	127.5	138.8	121.7	149.4	173.8
Net financial income (charges)	(1.3)	0.6	(0.4)	(2.1)	(1.3)	(1.0)	(2.0)	(2.6)	(9.6)	(7.5)	(6.4)	(6.2)
Affiliates												
Other	6.4	0.0	0.0	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(2.5)	(3.8)	(5.3)	(7.1)	(7.1)	(7.8)	(15.4)	(34.2)	(37.5)	(33.1)	(41.5)	(48.6)
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net attributable profit reported	13.0	6.7	11.4	15.7	18.5	21.8	39.4	90.7	91.8	81.1	101.5	119.0
Net attributable profit restated (c)	13.7	6.1	11.3	16.2	18.6	22.0	39.9	93.3	106.0	95.3	115.7	133.2

### CASH FLOW HIGHLIGHTS (EURm)

EBITDA (reported) (**)	22.1	22.0	29.8	38.4	45.7	48.6	78.2	180.0	201.7	187.2	217.4	242.1
EBITDA adjustment (b)	(0.7)	(0.5)	(0.5)	(0.8)	(0.7)	(0.8)	(1.0)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Other items	(1.5)	(23.8)	3.9	(0.1)	4.4	5.7	12.7	16.0	0.2	0.2	0.2	0.2
Change in WCR	(3.9)	6.1	8.9	(8.5)	(5.9)	7.5	2.7	(57.4)	25.5	13.6	(18.0)	(17.7)
Operating cash flow	15.9	3.8	42.1	29.0	43.5	61.1	92.6	138.3	227.1	200.8	199.3	224.4
Capex	(14.3)	(16.6)	(12.2)	(15.4)	(17.4)	(13.1)	(19.6)	(33.9)	(47.9)	(37.9)	(41.4)	(44.9)
Operating free cash flow (OpFCF)	1.6	(12.8)	29.9	13.6	26.1	47.9	73.0	104.4	179.3	162.9	157.9	179.5
Net financial items (d) + tax paid	(3.8)	(4.3)	(6.0)	(8.3)	(15.3)	(13.9)	(23.0)	(50.7)	(57.0)	(60.5)	(57.8)	(64.8)
Free cash flow	(2.2)	(17.1)	23.9	5.3	10.8	34.0	50.0	53.7	122.3	112.4	100.1	114.7
Net financial investments & acquisitions	1.0	2.8	3.2	2.6	1.4	1.5	(191.8)	(0.2)	(54.0)	0.0	0.0	0.0
Other	0.0	(20.2)	37.8	(0.7)	(22.7)	7.0	(35.9)	(6.7)	0.0	0.0	0.0	0.0
Capital increase (decrease)	3.5	0.0	(4.9)	0.4	30.4	(3.2)	7.9	(4.6)	0.0	0.0	0.0	0.0
Dividends paid	(5.0)	(5.0)	(45.5)	(3.5)	(12.2)	(7.1)	(10.2)	(14.3)	(21.5)	(23.0)	(23.0)	(28.8)
Increase (decrease) in net financial debt	2.6	39.5	(14.6)	(4.0)	(7.6)	(32.3)	180.0	(27.9)	(46.8)	(89.4)	(77.1)	(85.9)
Cash flow, group share	16	(7)	27	29	34	40	67	145	145	137	160	177

### BALANCE SHEET HIGHLIGHTS (EURm)

Net operating assets	53	57	56	57	85	80	533	509	618	600	583	570
WCR	79	73	67	78	85	74	170	234	208	195	213	231
Restated capital employed, incl. gross goodwill	132	130	122	135	170	154	703	803	826	795	796	801
Shareholders' funds, group share	114	71	76	89	129	143	346	444	514	572	651	741
Minorities	0	0	0	0	0	0	0	0	0	0	0	0
Provisions/ Other liabilities	16	14	13	17	20	22	224	248	248	248	248	248
Net financial debt (cash)	16	55	41	37	29	(3)	177	149	102	13	(64)	(150)

### FINANCIAL RATIOS (%)

Sales (% change)	NC	(7.3%)	12.6%	10.8%	6.7%	(2.1%)	51.0%	106.9%	(1.9%)	(6.5%)	9.3%	8.3%
Organic sales growth	(7.7%)	(6.8%)	12.9%	12.6%	5.9%	(0.6%)	42.7%	14.3%	(2.3%)	(6.7%)	9.3%	8.3%
Restated EBITA (% change)	NS	(5.2%)	73.6%	45.7%	12.3%	8.7%	86.3%	151.5%	11.2%	(10.8%)	19.6%	14.4%
Restated attributable net profit (% change)	NC	(55.3%)	84.0%	43.5%	14.6%	18.0%	81.8%	146.2%	7.8%	(10.1%)	21.5%	15.1%
Personnel costs / Sales	20.0%	21.6%	21.3%	18.8%	18.0%	16.9%	14.5%	19.7%	20.7%	23.0%	21.6%	21.0%
Restated EBITDA margin (**)	6.5%	7.1%	8.8%	9.9%	11.1%	12.1%	12.9%	14.5%	16.6%	16.5%	17.5%	18.0%
Restated EBITA margin	3.2%	3.3%	5.0%	6.6%	6.9%	7.7%	9.5%	11.5%	13.1%	12.6%	13.7%	14.4%
Tax rate	16.1%	36.1%	31.8%	31.1%	27.8%	26.0%	28.1%	27.4%	29.0%	29.0%	29.0%	29.0%
Net margin	4.2%	2.0%	3.3%	4.3%	4.6%	5.5%	6.7%	7.9%	8.7%	8.4%	9.3%	9.6%
Capex / Sales	4.4%	5.5%	3.6%	4.1%	4.3%	3.3%	3.3%	2.7%	3.9%	3.3%	3.3%	3.3%
OpFCF / Sales	0.5%	(4.2%)	8.8%	3.6%	6.4%	12.1%	12.2%	8.4%	14.8%	14.4%	12.7%	13.4%
WCR / Sales	24.3%	24.0%	19.4%	20.6%	20.9%	18.6%	28.4%	18.9%	17.2%	17.2%	17.2%	17.2%
Capital employed (excl. gdw./Intangibles) / Sales	39.1%	41.2%	34.3%	34.5%	41.1%	37.9%	62.7%	38.0%	40.3%	42.1%	40.3%	39.0%
ROE	12.1%	8.6%	14.8%	16.3%	14.4%	16.3%	11.5%	22.1%	20.6%	16.7%	17.8%	18.0%
Gearing	14%	78%	53%	41%	23%	(2%)	51%	34%	20%	2%	(10%)	(20%)
EBITDA / Financial charges (**)	NS	83.8x	39.6x	26.9x	32.3x	57.8x	61.0x	24.2x	21.0x	25.0x	34.1x	38.8x
Adjusted financial debt (A)+(B) / EBITDA (**)	0.7x	2.6x	1.4x	1.0x	0.8x	NC	2.3x	0.8x	0.5x	0.1x	NC	NC
ROCE excl. gdw./Intangibles	5.6%	5.4%	10.3%	13.8%	12.2%	14.6%	10.9%	22.8%	23.1%	21.0%	24.1%	26.2%
ROCE incl. gross goodwill	5.4%	5.2%	9.9%	13.3%	11.9%	14.3%	5.8%	12.6%	13.6%	12.7%	15.1%	17.2%
WACC							8.0%	9.8%	10.0%	9.8%	9.8%	9.8%

Latest Model update: 12-Jan-24

(a) Intangibles: EUR357.27m, or EUR12 per share. (b) adjusted for capital gains/losses, exceptional restructuring charges, capitalized R&D; EBITA also adjusted for impairments and am. of intangibles from M&A (c) after EBITA adjustments and financial result/tax adjustments (d) including lease principal post IFRS 16 (\*) In listing currency, with div. reinvested. (\*\*) EBITDAR post IFRS 16. (1) First application of IFRS 16