

COMER INDUSTRIES

Sector: Industrials

Beyond the cycle with a transformational M&A deal

We have updated our estimates to include Nabtesco's Hydraulic Equipment Business (HEB), following Comer's agreement to acquire a 70% stake for Eu85mn EV (5.5x EV/EBITDA 2024 vs. Comer's 7.4x), with closing expected by 4Q25. The deal strengthens Comer's presence in APAC and lifts Industrial revenues to 59% of total, while adding complementary high-end hydraulic technology, unlocking cross-selling opportunities and new Tier-1 OEMs. Despite the inherent integration complexity, Comer's strong M&A track record mitigates execution risk, and the attractive entry price at the cycle trough underpins long-term value creation. We calculate MSD EPS accretion from FY26E (before synergies). We upgrade to BUY (from HOLD) with TP of Eu41/sh (from Eu32.8), mainly driven by the new hydraulic business and preliminary synergies from 2027, which could represent solid upside potential to our mid-term projections.

- Entering in the high-end hydraulic technology.** On 31 July 2025, Comer announced a binding agreement to acquire a 70% stake in a newly formed Japanese NewCo holding Nabtesco's Hydraulic Equipment Business (HEB), while Nabtesco Corp. will retain the 30%. **The business is valued at Eu85mn (cash/debt-free), or 5.5x EV/EBITDA 2024, a meaningful discount to Comer's 7.4x.** The transaction, with closing date by end 4Q25, will be financed with existing cash and committed debt facilities (1.0x leverage ratio at closing). Governance foresees a 2Y lock-up and put options for Nabtesco on its residual 30%, exercisable post-FY27. HEB, with c.800 employees and 4 manufacturing plants, serves blue-chip OEMs such as Caterpillar, Komatsu, Volvo, etc. In FY24, the business generated Eu272mn revenues and Eu22mn EBITDA (8% margin), with 59% of sales in APAC (o/w China 38%), and a balanced presence in EU (15%) and Americas (15%).
- Strong strategic rationale.** We view the acquisition as a transformational step that significantly **broadens Comer's technological and geographic reach.** Namely, it strengthens Comer's presence in APAC (from 18% to 30% of sales) and lifts Industrial sales to Eu712mn, or c. 59% of total revenues (vs. historical average of 40%), thereby reducing reliance on the more volatile agricultural cycle and **increasing exposure to less cyclical markets.** More, **the acquisition brings hydraulic technology**, which is highly complementary to Comer's existing portfolio, while **unlocking new Tier-1 OEMs** and strong cross selling potential in Europe and Americas.
- Comer's solid M&A track record bodes well for execution.** We consider this a well-structured and strategically compelling transaction that positions Comer as a more diversified and resilient global supplier. By adding Nabtesco's high-end hydraulic solutions (with c. 25% global market share in traveling units for excavators) Comer moves beyond its role as a leading supplier to become a full-range technology partner for OEMs. While integration complexity and the carve-out nature of the deal could present operational challenges, Comer's proven track record in executing transformational acquisitions provides reassurance on smooth execution. **We see this deal as a source of long-term value creation at a point when the cycle is at its trough, enabling Comer to consolidate strategically, extract synergies, and expand its technology offering.** The attractive entry price represents another positive check, even after considering the challenges in the Chinese market, which according to major OEMs now appears to be bottoming out.
- FY26E EPS MSD accretion.** We model Nabtesco's HEB from Jan-26, considering Eu85mn cash outflow and Eu37mn put option liability at closing. While we include preliminary synergies only from 2027, the transaction is already MSD-accretive to EPS from 2026. We also raise our FY25E EBITDA by 3% (16.1% margin) to reflect management's indication of stable profitability YoY, assuming softer tariff headwinds. We forecast leverage ratio to fall from 1.0x to 0.3x in 25-27E.
- BUY (from HOLD) with TP to Eu41.0/share (from Eu32.8).** We upgrade our rating to BUY (from HOLD) as we believe that, while the reference market remains challenging, it appears to have reached the bottom. The transaction represents a structural step forward, strengthening Comer's positioning well beyond the current cycle. Our increased EBITDA expectation for this year, combined with updated estimates including HEB integration, preliminary synergies from 2027, and a peer re-rating, yield a new target price of Eu41.0/share (from Eu32.8). We also see scope for further upside, as faster incremental synergies could drive tangible earnings accretion and pave the way for an additional re-rating of the stock.

BUY

From HOLD

TP 41.0

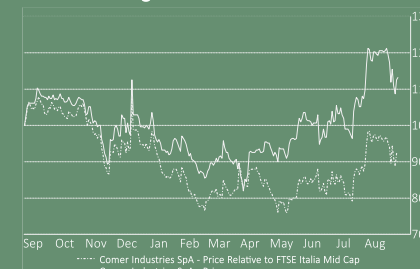
From 32.8

Target price upside 15%

Change in EPS est.	FY25E	FY26E
	4.7%	6.6%

Ticker (BBG, Reut)	COM IM	COM.MI
Share price Ord. (Eu)		35.7
N. of Ord. shares (mn)		28.6
Total N. of shares (mn)		28.7
Market cap (Eu mn)		1,022
Total Market Cap (EU mn)		1,022
Free Float Ord. (%)		11%
Free Float Ord. (Eu mn)		112
Daily AVG Liquidity Ord. (Eu k)		141

	1M	3M	12M
Absolute Perf.	4.8%	10.4%	11.5%
Rel. to FTSEMIDCap	5.5%	9.7%	-8.9%
52 weeks range		25.5	37.7



	FY24A	FY25E	FY26E
Sales	942	876	1,207
EBITDA adj.	158	141	180
Net profit adj.	83	67	83
EPS adj.	2.9	2.3	2.9
DPS - Ord.	0.80	0.70	0.90
EV/EBITDA adj.	7.4x	9.7x	7.4x
P/E adj.	11.0x	15.4x	12.4x
Dividend yield	2.5%	2.0%	2.5%
FCF yield	6.7%	6.7%	5.4%
Net debt/(Net cash)	58	135	100
Net debt/EBITDA	0.4x	1.0x	0.6x

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ALANTRA

Italian Equity Research

Summary Financials (IFRS)

P&L account (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	1,224	942	876	1,207	1,313
EBITDA reported	205	158	141	180	202
D&A	(61)	(58)	(59)	(77)	(78)
EBIT reported	144	99	81	102	123
Net financial charges	(15)	(7)	(5)	(3)	(2)
Associates	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Pre-tax profit	129	93	77	99	121
Taxes	(35)	(26)	(21)	(27)	(33)
Minorities	0	0	0	0	0
Discontinued activities	0	0	0	0	0
Net profit reported	94	67	56	72	88
EBITDA adjusted	205	158	141	180	202
EBIT adjusted	165	115	97	118	139
Net profit adjusted	109	83	67	83	99

Margins (%)	FY23A	FY24A	FY25E	FY26E	FY27E
First margin	nm	nm	nm	nm	nm
EBITDA margin	16.7%	16.7%	16.1%	14.9%	15.4%
EBITDA margin (adj)	16.7%	16.7%	16.1%	14.9%	15.4%
EBIT margin	11.8%	10.5%	9.3%	8.5%	9.4%
EBIT margin (adj)	13.4%	12.2%	11.0%	9.7%	10.6%
Net profit margin	7.7%	7.1%	6.3%	5.9%	6.7%
Net profit margin (adj)	8.9%	8.8%	7.6%	6.9%	7.5%

Growth rates (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	-1.1%	-23.0%	-7.1%	37.9%	8.8%
EBITDA	13.9%	-23.1%	-10.8%	27.8%	12.3%
EBITDA adjusted	13.9%	-23.1%	-10.8%	27.8%	12.3%
EBIT	13.2%	-31.2%	-18.0%	25.5%	20.8%
EBIT adjusted	15.3%	-30.3%	-15.6%	21.5%	18.1%
Pre-tax	3.4%	-28.1%	-17.5%	29.2%	22.5%
Net profit	3.6%	-28.5%	-17.5%	29.2%	22.5%
Net profit adjusted	6.7%	-24.0%	-19.3%	24.4%	19.5%

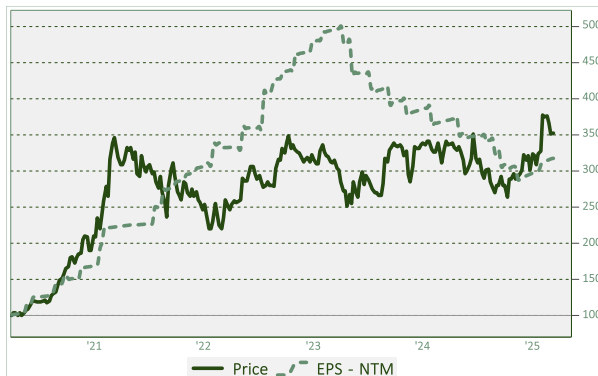
Per share data	FY23A	FY24A	FY25E	FY26E	FY27E
Shares	28.68	28.68	28.66	28.66	28.66
N. of shares AVG	28.68	28.68	28.67	28.66	28.66
N. of shares diluted AVG	28.68	28.67	28.64	28.63	28.63
EPS	3.28	2.34	1.94	2.50	3.07
EPS adjusted	3.79	2.88	2.32	2.89	3.45
DPS - Ord.	1.25	0.80	0.70	0.90	1.11
DPS - Sav.	0.00	0.00	0.00	0.00	0.00
BVPS	17.70	18.98	20.12	21.93	24.10

Enterprise value (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Share price Ord. (Eu)	30.2	31.6	35.7	35.7	35.7
Market cap	866	905	1,023	1,023	1,023
Net debt/(Net cash)	95	58	135	100	51
Adjustments	222	201	212	210	214
Enterprise value	1,183	1,164	1,370	1,333	1,288

Source: Company data, Alantra estimates

Share price performance

Strong performance since IPO...



Source: Factset

Cash flow (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
EBITDA reported	205	158	141	180	202
Net financial charges	(14)	(7)	(5)	(3)	(2)
Cash taxes	(21)	(26)	(21)	(27)	(33)
Ch. in Working Capital	41	42	(18)	(28)	(28)
Other Op. items	(7)	(57)	11	(2)	4
Operating cash flow	204	110	108	120	142
Capex	(41)	(50)	(40)	(64)	(67)
FCF	163	60	68	55	75
Disposals/Acquisitions	(50)	0	(85)	0	0
Changes in Equity	(5)	(2)	0	0	0
Others	(32)	14	(37)	0	0
Dividends	(22)	(36)	(23)	(20)	(26)
Ch. in NFP	54	36	(77)	35	49

Ratios (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Capex/Sales	3.3%	5.3%	4.5%	5.3%	5.1%
Capex/D&A	0.7x	0.9x	0.7x	0.8x	0.9x
FCF/EBITDA	79.6%	38.4%	48.5%	30.8%	37.0%
FCF/Net profit	173.5%	89.9%	122.8%	77.1%	84.9%
Dividend pay-out	23.7%	38.1%	34.1%	36.0%	36.0%

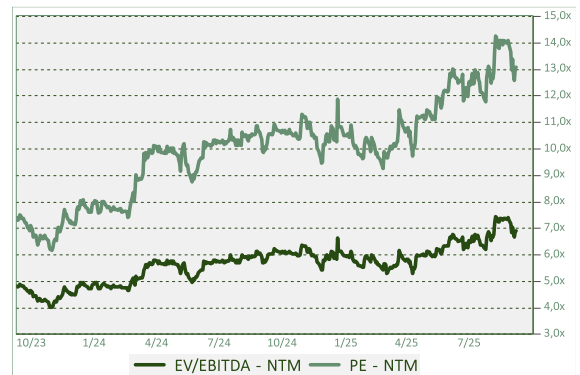
Balance sheet (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Working capital	161	148	166	194	222
Fixed assets	665	657	760	747	736
Provisions & others	(224)	(203)	(214)	(212)	(216)
Net capital employed	602	603	712	728	742
Net debt/(Net cash)	95	58	135	100	51
Equity	508	544	577	629	691
Minority interests	0	0	0	0	0

Ratios (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Working capital/Sales	13.2%	15.7%	18.9%	16.0%	16.9%
Net debt/Equity	18.7%	10.7%	23.4%	15.9%	7.4%
Net debt/EBITDA	0.5x	0.4x	1.0x	0.6x	0.3x

Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
EV/CE	1.4x	1.4x	1.5x	1.4x	1.3x
P/BV	1.7x	1.7x	1.8x	1.6x	1.5x
EV/Sales	1.0x	1.2x	1.6x	1.1x	1.0x
EV/EBITDA	5.8x	7.4x	9.7x	7.4x	6.4x
EV/EBITDA adjusted	5.8x	7.4x	9.7x	7.4x	6.4x
EV/EBIT	8.2x	11.7x	16.8x	13.0x	10.4x
EV/EBIT adjusted	7.2x	10.2x	14.2x	11.3x	9.3x
P/E	9.2x	13.5x	18.4x	14.3x	11.6x
P/E adjusted	8.0x	11.0x	15.4x	12.4x	10.3x
ROCE pre-tax	20.1%	14.1%	11.2%	12.6%	14.6%
ROE	21.4%	15.2%	11.5%	13.2%	14.3%
EV/FCF	7.3x	19.3x	20.1x	24.1x	17.3x
FCF yield	18.8%	6.7%	6.7%	5.4%	7.3%
Dividend yield	4.1%	2.5%	2.0%	2.5%	3.1%

Valuation

The stock has recently de-rated



Key Charts

A complete high-end offering for the off-highway industry

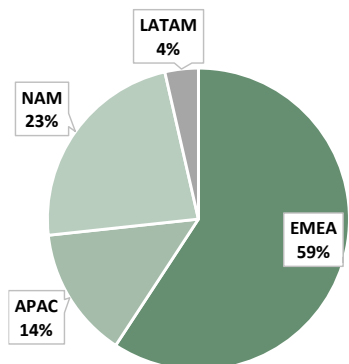
The portfolio of products fully covers the customer's needs in AG and Industrial



Source: Company data, Alantra

Sales breakdown by region (FY24A, %)

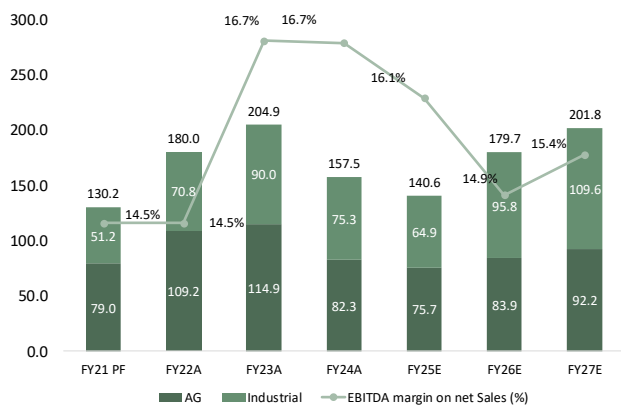
EMEA and NAM sales weighed 59% and 23% on sales, respectively in FY24



Source: Company data, Alantra

Adj. EBITDA and EBITDA margin (FY21PF-FY27E, Eumn, %)

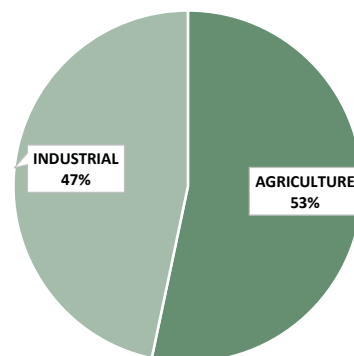
EBITDA is expected to reach Eu201.8mn/15.4% margin by FY27E



Source: Company data, Alantra

Sales breakdown by business (FY24A, %)

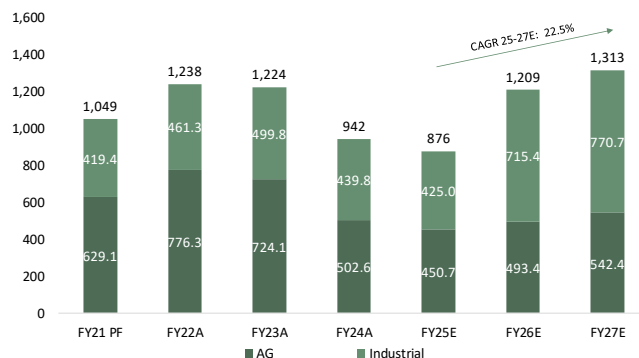
AG sales weighed 53% in FY24 sales; Industrial 47%



Source: Company data, Alantra

Net sales evolution (FY21PF-FY27E, Eumn)

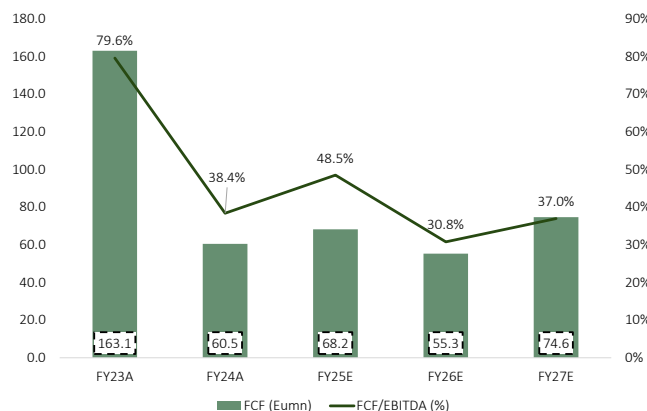
We expect Comer to experience a net sales CAGR 25-27E of 22.5% (incl. M&A)



Source: Company data, Alantra

FCF and EBITDA conversion (FY23A-FY27E, Eumn, %)

We expect FCF/EBITDA consistently at attractive levels



Source: Company data, Alantra

Profile

Background

Comer Industries is a global leader in the design and production of advanced power transmission systems and mechatronic solutions to major OEMs of agriculture and construction equipment. With Eu1.2bn sales in FY23A, the group is a leading tier 1 supplier of cutting-edge powertrain solutions for the Agriculture (53% of FY24 sales) and Industrial (47%) sectors. The group markets a comprehensive range of products (gearboxes, planetary drive, driveshafts, axles, etc.) across EMEA (59% of FY24 sales), NAM (23%), APAC (14%) and LATAM (4%), also thanks to its global footprint. The co-design and development of products in a partnership-like approach with OEMs give high business visibility and make Comer the partner of choice for mission critical engineered mechanics in the off-highway space. The attractive growth experienced in the last decade has been driven both organically, thanks to an established track-record, and through the acquisition of Walterscheid Powertrain Group (WPG) in 2021, which has been transformational in size and value, adding complementary products and accelerating further the global presence. Comer is also successfully diversifying its product catalogue by adding the e-vertical thanks to the acquisition of Benevelli-Sitem (e.g. e-motors) and hydraulic solutions with the Nabtesco deal.

Positioning

Comer competes with large and diversified international companies (e.g. Dana) and with Italian specialists of powertrain systems (Carraro, Bondioli & Pavesi, etc.). The group is larger in size/revenues compared to the latter cluster and boasts a global leading position thanks to an extended best-of-breed products' catalogue (we estimate ca. 25% mkt share in AG, 9% in Industrial). The established track-record coupled with the proximity to major OEMs due to its global footprint, makes Comer to stand out from the crowd. These are strong competitive edges in view of the gradual shift of customers to a buy vs make approach. We believe that the competitive positioning of Comer is well summarized by its ROCE of >15% in FY22-24 average, higher than the average of peers of around 10%.

Growth

We expect Comer to post a 22.5% FY25-27E CAGR in net sales (+8% organic) mainly driven by market share gains in Industrial, new products and an increase in share of wallet in AG. EBITDA should return to >15% margin in FY27E, thanks to confirmation of the proven group's pricing power and by synergies expected from Nabtesco HEB integration. The solid BS is set to strengthen further with expected average FCF/EBITDA conversion of c.40% in FY25-27E on average, thus expecting a smooth deleveraging from 1.0x in FY25E to 0.3x by 27E, paving the way for new M&A deals.

Strategy

We believe that Comer Industries is well positioned to consolidate its leadership in the AG segment and increase its market share in the Industrial market. We expect the group to gain further market share by pivoting on its global footprint, shifting Comer's role from sole supplier to partner of choice. On the M&A side, the group can add new solutions and technology to replicate the Benevelli-Sitem and the recent Nabtesco deal's rationale, which allowed the group to expand and diversify further the portfolio of products and applications.

Strengths

- Leading positioning in agriculture equipment market
- A global footprint and capillary presence that maximises proximity to customers
- Established track record with a portfolio of top tier global OEMs (AG and CE)

Weaknesses

- Exposure to some market cyclicality
- Limited presence in the AM channel
- Followers in CE market

Opportunities

- Growth in food consumption commands efficiencies in agriculture equipment
- Strong market share growth potential in Construction Equipment sector
- New products and technologies through M&A

Threats

- Cyclical downturn should impact demand for reference markets (AG and CE)
- Exposure to OEMs, implying some pressure on margins

Key shareholders

- Eagles Oak (2° gen Storchi Family): 51%
- WPG Parent BV: 23.9%
- FINREGG (1° gen Storchi Family): 6.2%
- SS Giovanni e Paolo SpA: 5.5%
- Matteo Storchi: 2.3%
- Flee-float: 10.95%

Management

- Matteo Storchi - President & CEO
- Stefano Palmieri - CFO
- Alessandro Brizzi - IR

Next events

- 3Q25 results: 29/10/25

Focus on the Nabtesco Hydraulic BU acquisition

On the 31st of July 2025, Comer Industries has signed a binding agreement to acquire a 70% stake in a NewCo holding Nabtesco's Hydraulic Equipment business. Nabtesco Corporation, a leading Japanese engineering group listed on the Tokyo Stock Exchange and a key player in high-end hydraulic systems for construction and industrial applications, will retain a 30% stake in the newco. The valuation stands at Eu85mn (cash and debt-free), implying an attractive multiple of 5.5x EV/EBITDA 2024 (vs Comer's 7.4x).

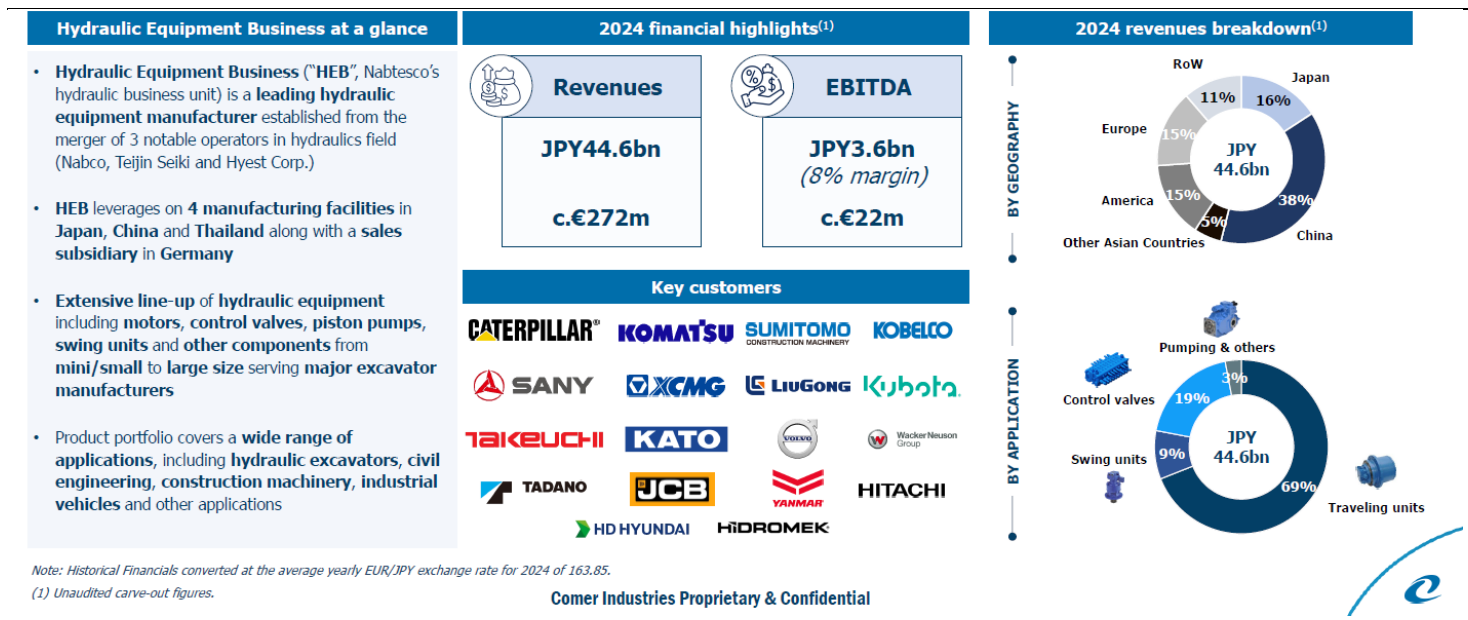
Nabtesco Hydraulic Equipment (HEB) business unit. Established from the merge of three leading companies in the hydraulics (Nabco, Teijin Seiki and Hyst Corp.), HEB is a leading manufacturer of hydraulic components for off-highway and construction machinery, supplying a full lineup of travel and swing units, main control valves and piston pumps (from mini/small to large sizes) used chiefly in hydraulic excavators and other industrial vehicles and civil-engineering applications.

The unit operates four manufacturing plants across Japan, China and Thailand, supported by a sales subsidiary in Germany, and employs c. 800 FTEs serving leading OEMs such as Caterpillar, Komatsu, Sumitomo, Kobelco, Volvo and others.

In FY24, HEB generated Eu272mn in revenues (62% of Comer's Industrial sales in 2024) with EBITDA of c.Eu22mn (8% margin), mainly focusing on the APAC regions (59% of sales) with China and Japan weighing 38% and 16%, respectively. Also, the group is active in Europe (15%) and America (15%).

HEB business at a glance

With Eu272mn sales in FY24E and c.8% EBITDA margin, HEB adds high-end hydraulic solutions for the industrial segment, highly complementary with Comer's offering.



Source: Company presentation

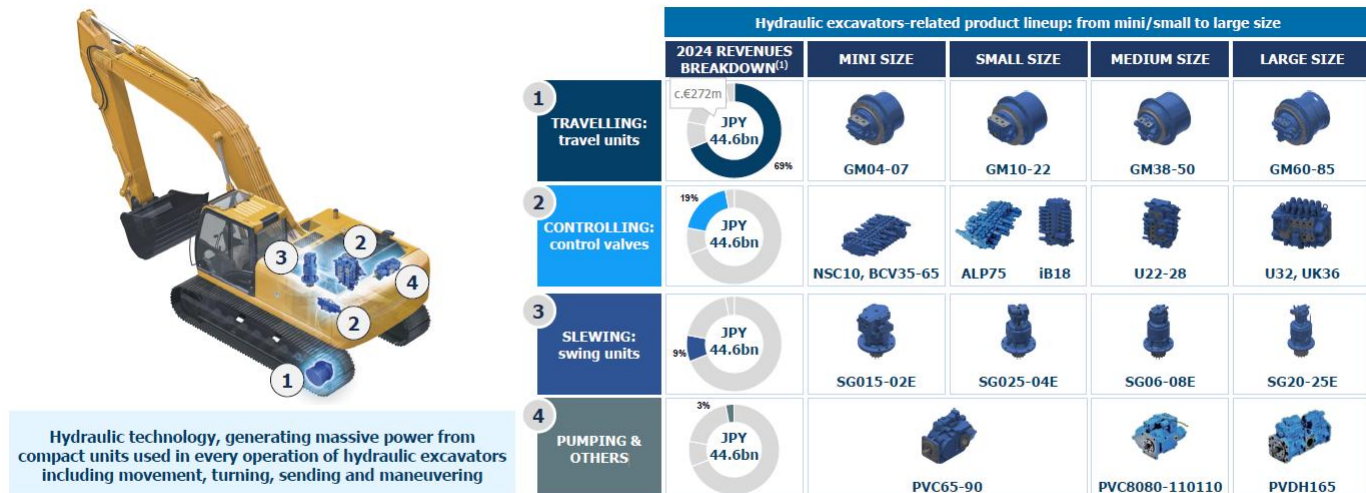
A comprehensive portfolio of hydraulic solutions for the Industrial segment

Nabtesco's Hydraulic Equipment business offers a comprehensive range of solutions for the construction and industrial markets, with products spanning from micro and small units to large-scale systems. This technology complements Comer's extensive portfolio in mechanical and electric drive systems, adding a crucial capability for delivering enormous power from compact units. Such applications are essential in excavators and heavy-duty machinery that demand very high torque and reliable performance. The key product portfolio includes:

- **Travel units (69% of sales)** provide locomotion to the machine. Using hydraulic motors connected to tracks or wheels, they convert hydraulic energy into torque and movement, allowing the equipment to move forward and backward or crawl across terrain. In cranes or rigs, a traveling unit may instead drive a carriage along rails.
- **Control valves (19%)** act as the traffic controllers of the hydraulic circuit. They regulate the direction, flow, and pressure of the hydraulic oil, ensuring it reaches the correct actuator at the right time. Operated through joysticks or levers, the valves translate the operator’s commands into precise hydraulic actions.
- **Swing units (9%)** enables the rotation of the upper structure of a machine. Powered by a hydraulic motor and gearbox, it allows the cab and working equipment (such as an excavator boom) to rotate continuously around a vertical axis. This function provides flexibility and efficiency by letting the upper body reposition without moving the entire undercarriage.
- **Pumping & others (3%)** consists of hydraulic pumps driven by a diesel engine or electric motor, which generate the pressurized oil needed to power all other functions of the machine. Without the pump, no hydraulic energy would be available for movement or actuation.

A wide range of Hydraulic solutions

Comprehensive hydraulic solutions for excavators: powering travel, control, swing, and pumping functions across all sizes.



Note: Historical Financials converted at the average yearly EUR/JPY exchange rate for 2024 of 163.85.

(1) Unaudited carve-out figures.

Comer Industries Proprietary & Confidential

Source: Company presentation

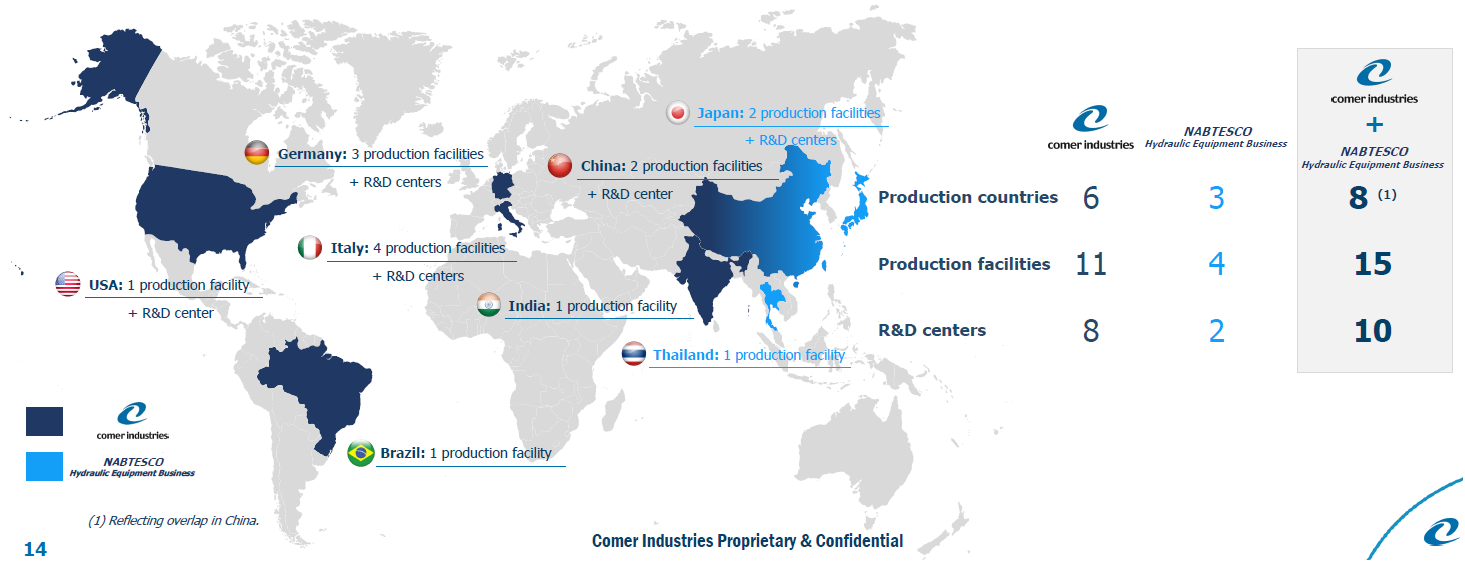
Strong strategic rationale across multiple fronts

We believe this acquisition offers strong potential for consolidation and synergy extraction across multiple fronts, once again underscoring Comer’s ability to identify targets with a compelling strategic rationale. In particular, we see several areas of complementarity between the two groups:

- 1) **Geography.** The deal brings reinforcement in the APAC region and a broader global footprint with addition of 4 production plants (2 in Japan, 1 in China and 1 in Thailand), alongside 2 R&D centres in Japan and China, enhancing proximity to OEMs on a global scale.

Expanding the global footprint

The Nabtesco deal brings 4 production plants in 3 countries and 2 R&D centres to strength Comer's footprint on a global scale.

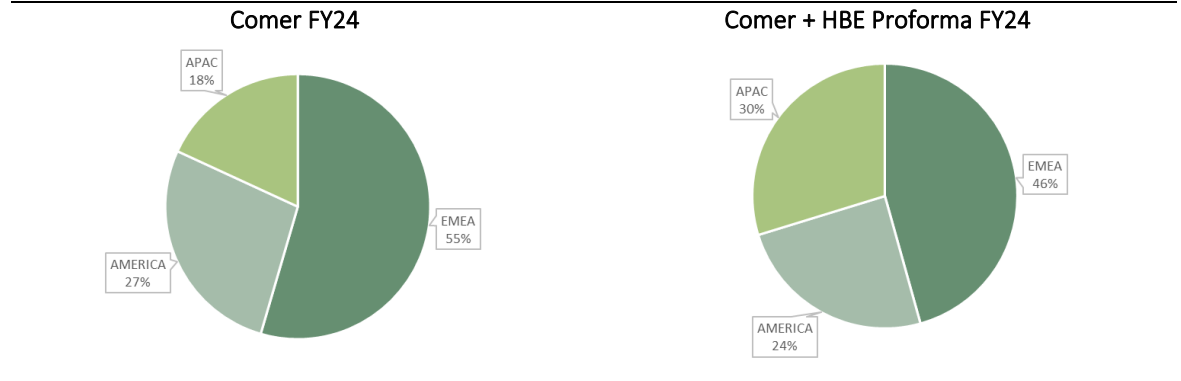


Source: Company presentation

Looking at proforma geographical breakdown, Comer is now more balanced across regions.

Sales breakdown by geography

Comer Industries is expected to strengthen its relationship with some existing OEMs (Caterpillar) and unlocks new commercial opportunities



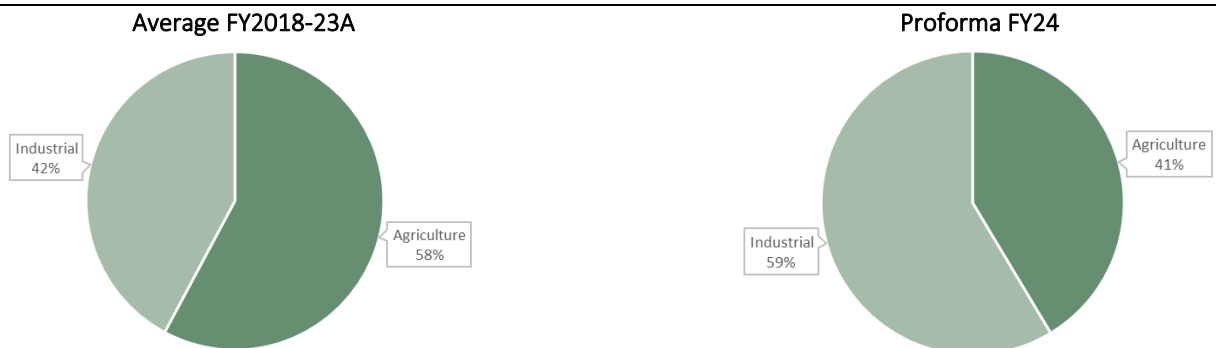
Source: Company presentation

- Business mix.** On a FY24 pro forma basis, Comer's Industrial sales would reach Eu712mn, accounting for 59% of total revenues (vs FY2018-23A average of 40%), in a year when AG sales bottomed. This shift increases exposure to the less cyclical construction and industrial segments while reducing dependence on the more volatile agricultural cycle, thereby strengthening the group's competitive positioning.

We see Comer's strengthening in the industrial business as a key competitive advantage, repositioning the group from a follower to a relevant player in the segment. This would also benefit Comer positioning as larger supplier to leading OEMs with associated scale benefits relative to pricing and terms.

Sales breakdown by geography: average FY2018-23A and Proforma FY24

After the merger, Comer Industries boasts a more balanced exposure once the AG market returns to normal levels from its current trough.



Source: Company presentation

- Technology.** The Nabtesco Hydraulic acquisition enhances Comer’s technology offering by adding hydraulic solutions, mission-critical for construction, mining, and other industrial applications, to its existing mechanical and electric capabilities. This more comprehensive portfolio strengthens Comer’s brand and increases its ability to cross-sell to new customers. We believe it can unlock significant synergies by positioning Comer as a one-stop shop solutions provider for the off-highway industry, offering cutting-edge and high-end engineering solutions.

A comprehensive range of technology and solutions

We believe Comer gains significant competitive advantage by expanding its offering with cutting-edge solutions across different technologies.

COMPANY	HQ	CORE TECHNOLOGY																	
		MECHANICAL								HYDRAULIC				ELECTRIC & ELECTRONIC					
		PT	PT-T	DS	TAS	AG-G	P-FD	P-SD	PTO	FC	HM	HP	MCV	HCY	EM	INV	DC	ECU	SW
comer industries		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
PEER #1		■	■	■	□	□	■	■	□	■	■	□	■	■	■	□	□	■	■
PEER #2		■	■	■	□	□	□	□	□	■	■	□	■	■	■	□	□	□	■
PEER #3		□	■	□	□	■	■	□	□	■	□	□	□	□	■	□	□	□	■
PEER #4		□	□	□	□	■	□	□	■	■	■	■	□	□	□	□	□	□	■
PEER #5		■	■	□	□	□	□	□	□	□	□	□	□	□	■	□	■	□	□

■ Strong coverage ■ Moderate coverage □ Limited/no coverage

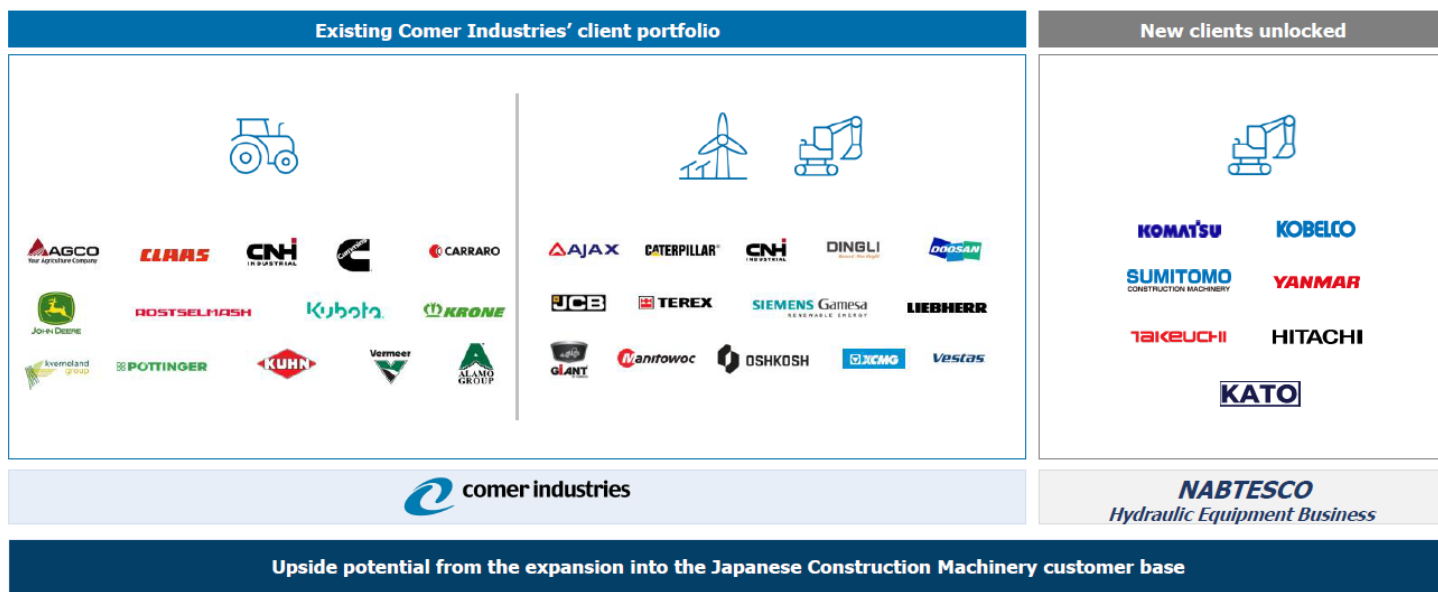
PT: Powertrain; PT-T: Powertrain Transmission; DS: Driveshafts; TAS: Tractor-Attachment Systems; AG-G: Agricultural Gearboxes; P-FD: Planetary Final Drive; P-SD: Planetary Slew Drive; PTO: AG Power take-off driveshafts; FC: Fan Clutches; HM: Hydraulic Motors; HP: Hydraulic Pumps; MCV: Main Control Valves; HCY: Hydraulic Cylinders; EM: Electric Motors; INV: Inverters; DC: DC/DC Converters; ECU: Electronic Control Units; SW: Control Software; SN: Sensing.

Source: Company presentation

- New clients, new commercial opportunities.** The acquisition provides access to several new clients and the ability to broaden the adoption of Comer’s product portfolio across a wider client base. With Caterpillar as the only overlapping client, the deal adds several OEMs, paving the way for strong synergies in both directions: introducing hydraulic solutions to Comer’s client portfolio in America and Europe and unlocking Tier-1 OEMs in the APAC region with Comer’s existing product portfolio.

New client portfolio

Comer Industries is expected to benefit from a comprehensive portfolio of new clients.



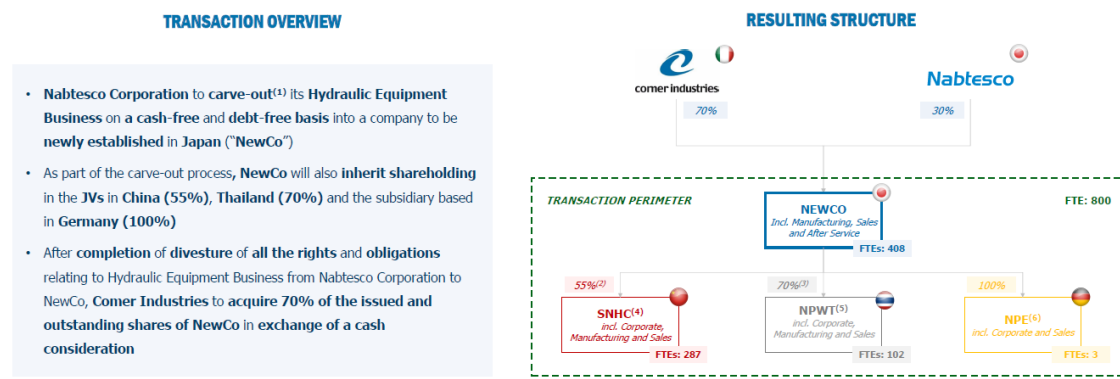
Source: Company presentation

The deal structure and FY24 proforma figures

Comer will acquire 70% of a newly formed Japanese NewCo that will hold Nabtesco’s Hydraulic Equipment Business after a cash-free, debt-free carve-out; NewCo will also own Nabtesco’s existing stakes in the operating subsidiaries in China (55%), Thailand (70%) and Germany (100%).

Nabtesco hydraulic business acquisition overview

The deal foresees the creation of a NewCo in Japan with 70% ownership by Comer and inherited stakes in China, Thailand, and Germany.



Source: Company presentation

Consideration for the 70% stake is set at JPY14.2mn (c.Eu85mn) in cash at closing, subject to a post-closing price adjustment. The acquisition will be financed with existing cash and committed debt facilities, with proforma leverage of c.1.0x at closing. The deal implies a valuation of FY24A EV/EBITDA of 5.5x, lower than Comer’s 7.4x. Governance provides a two-year lock-up for both shareholders and put options for Nabtesco on its 30% residual stake, exercisable after NewCo’s FY27-FY29 approvals (or upon certain events) at a price linked to NewCo’s NAV. Closing is targeted for the end of 4Q25.

Key terms of the deal

The deal closing is expected by the end of 4Q25.

PURCHASE PRICE	<ul style="list-style-type: none"> Total consideration for the acquisition of the 70% stake in NewCo of JPY 14,217 million (equivalent to approximately Euro 85 million⁽¹⁾), to be paid in cash at closing Purchase Price subject to a post-closing price adjustment mechanism
FINANCIAL HIGHLIGHTS	<ul style="list-style-type: none"> Pro-forma combined FY 2024 revenues of c.€1,215m⁽²⁾ Pro-forma combined FY 2024 EBITDA of c.€179m⁽²⁾ NewCo to be established on cash-free and debt-free basis
FINANCING	<ul style="list-style-type: none"> Transaction to be funded through a mix of existing cash and drawing of committed debt facilities Expected pro-forma leverage at closing at 1.0x⁽³⁾ Comer Industries to retain strong balance sheet flexibility to support future growth initiatives
GOVERNANCE	<ul style="list-style-type: none"> Lock-up period of 2 years Put option rights in favor of Nabtesco on its 30% stake exercisable between 2027 and 2029 upon occurrence of certain events with put option price based on NewCo's net asset value
TIMING / CLOSING	<ul style="list-style-type: none"> Transaction approved by Comer Industries and Nabtesco Board of Directors Subject to customary condition precedents, including regulatory approvals Closing expected by the end of Q4 2025

⁽¹⁾ Converted at the average EUR/JPY exchange rate for June 2025 of 166.52;

⁽²⁾ Hydraulic Equipment Business unaudited carve-out revenues and EBITDA converted at the average yearly EUR/JPY exchange rate for 2024 of 163.85;

⁽³⁾ Including the potential impact of the put option at the same price as of Closing.




Comer Industries Proprietary & Confidential

Source: Company presentation

The combined entity shows FY24 proforma revenues of Eu1.2bn, EBITDA of Eu179mn (14.7% margin) and a net debt of Eu180mn (1x EBITDA), considering Eu85mn cash-out and the put option of Eu37mn (@ closing price).

Proforma 2024 figures

The combined entity would have generated revenues for Eu1.2bn in 2024 with an EBITDA margin of 14.7%

In €m	Pro-forma FY2024		
	 comer industries	NABTESCO Hydraulic Equipment Business ⁽¹⁾	 +  NABTESCO Hydraulic Equipment Business
Revenues	942	272	1,215
EBITDA	158	22	179
EBITDA margin (%)	16.7%	7.9%	14.7%
Net Financial Position	58	-	58
Cash-out at Closing for 70% stake	-	-	85 ⁽²⁾
Exercise of the put option	-	-	37 ⁽³⁾
Pro-forma Net Financial Position	-	-	180
Leverage ratio	0.4x	-	1.0x

Note: Historical Financials converted at the average yearly EUR/JPY exchange rate for 2024 of 163.85

⁽¹⁾ Unaudited carve-out figures;

⁽²⁾ Converted at the average EUR/JPY exchange rate for June 2025 of 166.52;

⁽³⁾ Assuming the exercise of the put option by Nabtesco at the same price as of Closing.

Comer Industries Proprietary & Confidential

Source: Company presentation

Comer's inorganic track-record bodes well for a successful execution

We believe Comer has once again demonstrated its ability to approach a transformational M&A deal, both in terms of size (+50% increase in turnover for the Industrial division) and strategic rationale. We think that even before considering potential synergies, the target company brings a solid brand reputation and recognized engineering excellence in hydraulic technology (e.g. around 25% world market share in traveling units for hydraulic excavators). **In our view, the acquisition is highly consistent with Comer's long-term strategy, broadening its reach, expanding its product offering, and strengthening its competitive positioning in the off-highway segment.** On the other hand, Nabtesco's divestment of the hydraulic business is consistent with its strategy to maximize returns for shareholders and concentrate on its core activities in engineering, civil vehicles, and smart motion control. The group has been impacted by intensified competition in APAC, mainly in China, and by limited accomplishments in new markets like in USA and Europe, thus not maximizing its full potential.

Partnering with Comer, whose international profile and broader client base complement Nabtesco's strengths, offers an opportunity to revitalize the hydraulic business, extend the reach of its high-end products beyond China, and unlock value that Nabtesco alone could not capture.

Change in estimates

Our revised estimates reflect: (1) the full consolidation of Nabtesco’s Hydraulic business starting January 1, 2026; (2) a cash outflow of Eu85mn for the acquisition; (3) Eu37mn recorded as a put option liability within NFP at YE25, as we assume Nabtesco will exercise its right; and (4) a 3% upward adjustment to our FY25E EBITDA to better reflect management’s indication of stable profitability versus FY24 (now seen at 16.1% from 16.7% in FY24), as we expect the impact of tariffs to remain manageable for the time being.

We model Nabtesco HEB sales in 2026 broadly in line with FY24, with a stable 8% EBITDA margin. Overall, we expect FY26 sales to increase by 38% (6.8% organic) with an EBITDA margin of 14.9% (vs. 16.7% pre-merger), translating into EPS accretion of 6.6% in 2026. We prudently assume synergies to materialize only from FY27E, primarily on the top line via cross-selling opportunities, with Nabtesco HEB sales reaching Eu308mn by 2027 (+6.3% CAGR). On costs, we expect procurement synergies as Comer’s broader supplier base and increased scale enhance purchasing power and secure more favourable input pricing, with Nabtesco EBITDA rising to Eu31.1mn (10% margin). An acceleration in procurement and cross-selling synergies would represent significant upside to our forecasts. We forecast net debt of Eu135mn in FY25E (1.0x leverage), declining to Eu51mn by 2027E (0.3x).

Change in Estimates

We include Nabtesco HEB financials from 2026E, while fine-tuning upward our EBITDA margin in FY25E(+50bp) from previous 15.6% to 16.1%.

(Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Sales	876	1,207	1,313	0.0%	29.1%	30.6%	876	935	1,006
EBITDA Adjusted	141	180	202	3.0%	15.1%	18.2%	136	156	171
EBIT Adjusted	97	118	139	4.5%	6.5%	12.5%	93	110	123
Pretax Profit	77	99	121	5.7%	7.8%	14.6%	72	92	106
Restated Net Profit	67	83	99	4.7%	6.6%	12.7%	64	78	88
EPS	2.326	2.893	3.455	4.7%	6.6%	12.7%	2.221	2.712	3.065
Net financial position	(135)	(100)	(51)	(120)	(150)	(167)	(15)	50	115

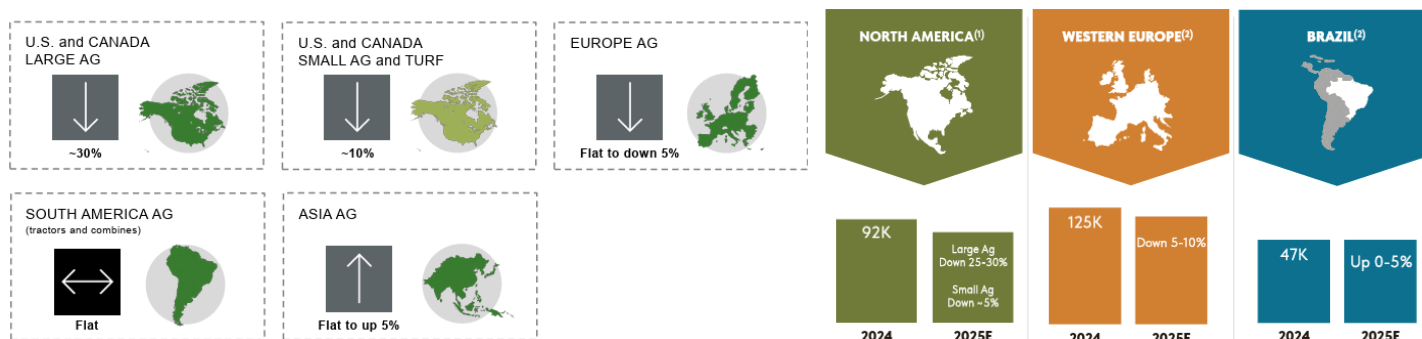
Source: Alantra

AG outlook confirmed; CE improving slightly

Industry outlooks were largely reiterated. In Agriculture, all major OEMs (John Deere, AGCO and CNH) continue to signal sharp declines in North America, milder weakness in Europe, stable to modestly positive South America, and pockets of resilience in Asia/Brazil.

Deere (LHS) and AGCO (RHS) FY25 outlook

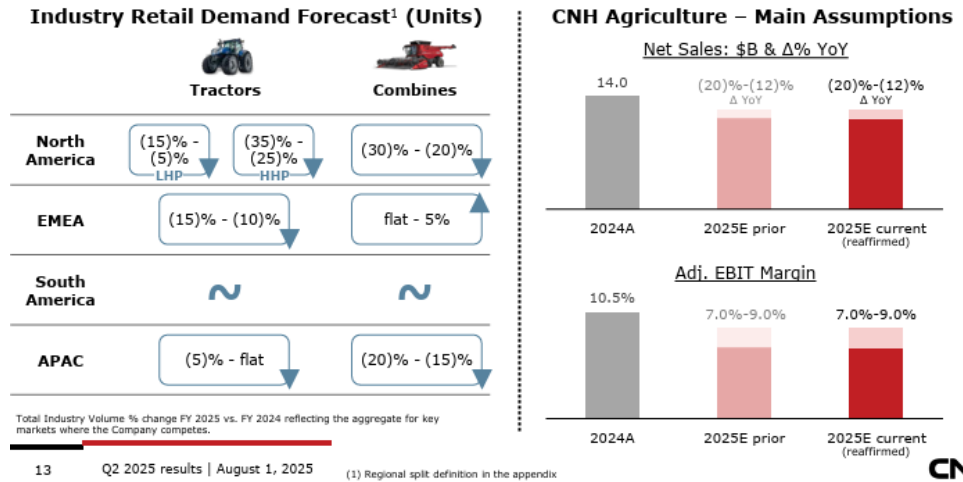
Sharp declines in North America were reaffirmed by both group while Europe is expected to offer a modest decline.



Source: Company presentation

CNH FY25 outlook

CNH reiterated AG's main assumptions

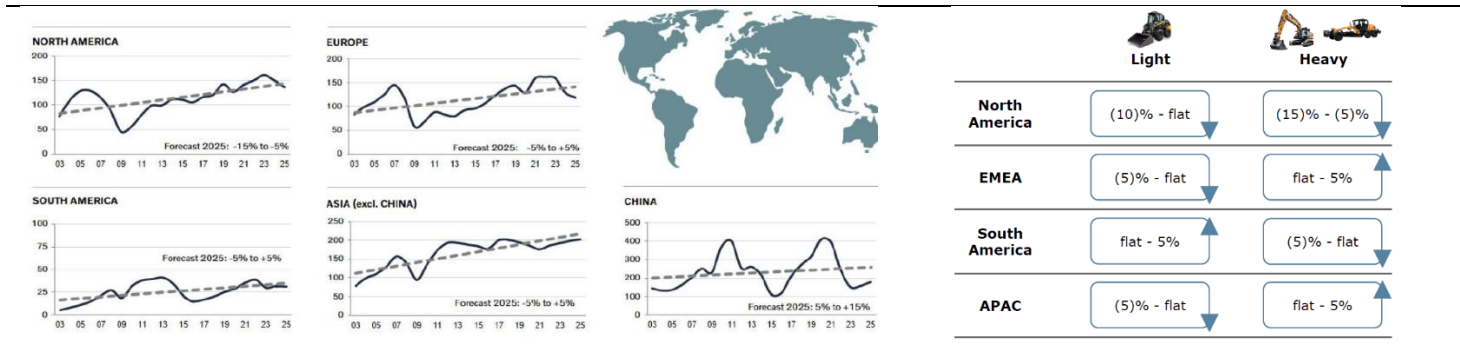


Source: Company presentation

In Construction and Industrial Equipment, recent results from major players remain broadly aligned on a flattish to LSD decline globally, with Europe and Asia subdued, North America under more pressure (c. -5% to flat, not as severe as AG, but still soft), and China emerging as a relative bright spot with MSD to low-teen growth expectations. John Deere largely reaffirmed its existing guidance, while Volvo and CNH pointed to incremental stabilization, shifting their outlook toward flat to LSD declines overall rather than steeper drops. Caterpillar was on a more positive tone, lifting its 2025 outlook, now expecting slightly higher sales YoY, an improvement vs its previous flattish estimate.

Volvo (LHS) and CNH (RHS) FY25 outlook

Volvo and CNH pointed to incremental stabilization, shifting their outlook toward flat to LSD declines overall



Source: Company presentation

Peers

Financials – Comer Industries versus selected peers

Comer's expected growth is above industry peers, also thanks to the Nabtesco M&A deal

Company	Country	Mkt Cap (Eu mn)	FY25E - FY27E average margins					CAGR FY24A - FY27E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net profit
COMER INDUSTRIES S.p.A.	ITALY	1,004	15.4%	9.1%	6.3%	5.0%	35.4%	11.7%	8.6%	7.5%	9.3%
PEERS	Average		23.8%	18.2%	13.4%	3.9%	22.4%	2.2%	4.2%	5.8%	8.2%
	Median		23.0%	15.8%	11.9%	4.3%	14.3%	2.4%	4.1%	4.9%	8.3%
Interpump Group S.p.A.	ITALY	4,429	22.9%	17.0%	11.5%	5.0%	15.5%	2.8%	4.7%	5.2%	6.9%
Allison Transmission Holdings, Inc.	UNITED STATES	6,413	37.1%	31.9%	22.4%	5.0%	12.7%	2.3%	3.3%	4.0%	9.6%
Bucher Industries AG	SWITZERLAND	4,177	12.2%	9.4%	7.5%	3.6%	48.3%	1.2%	3.4%	4.6%	4.8%
Regal Rexnord Corporation	UNITED STATES	8,232	23.1%	14.5%	12.3%	1.8%	13.0%	2.4%	5.3%	9.3%	11.6%
Off-Highway Components Manufacturers	Average		23.8%	18.2%	13.4%	3.9%	na	2.2%	4.2%	5.8%	8.2%
	Median		23.0%	15.8%	11.9%	4.3%	na	2.4%	4.1%	4.9%	8.3%
CNH Industrial NV	UNITED STATES	12,214	8.6%	6.3%	5.6%	2.9%	35.5%	-2.0%	1.1%	1.7%	-0.2%
Deere & Company	UNITED STATES	109,007	19.6%	15.9%	13.4%	3.5%	31.6%	0.6%	-1.7%	-5.1%	-0.3%
AGCO Corporation	UNITED STATES	7,059	11.6%	8.4%	4.6%	3.7%	19.3%	-2.7%	0.8%	-1.9%	4.3%
Caterpillar Inc.	UNITED STATES	168,878	20.9%	18.2%	13.9%	3.5%	29.7%	3.5%	1.6%	1.7%	3.3%
Off-highway OEMs	Average		15.2%	12.2%	9.4%	3.4%	29.0%	-0.2%	0.5%	-0.9%	1.8%
	Median		15.6%	12.2%	9.5%	3.5%	30.6%	-0.7%	1.0%	-0.1%	1.6%

Source: Factset, Alantra

Trading multiples

Comer Industries is trading at 19% discount to Off-highway Components Manufacturers peer on EV/EBITDA 2026

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
COMER INDUSTRIES S.p.A.	ITALY	1,004	9.8 x	7.4 x	6.4 x	16.9 x	13.1 x	10.5 x	18.5 x	14.3 x	11.7 x	1.6 x	1.1 x	1.0 x
Premium (discount) to C. Manufacturers' Median			-1%	-19%	-22%	28%	7%	-2%	15%	-3%	-12%	-32%	-48%	-50%
PEERS	Average		13.0 x	11.6 x	10.1 x	17.4 x	15.0 x	12.9 x	19.2 x	16.3 x	13.8 x	2.4 x	2.2 x	2.1 x
	Median		10.4 x	9.3 x	8.2 x	15.9 x	13.1 x	10.8 x	19.3 x	16.7 x	14.0 x	2.3 x	2.1 x	2.0 x
Interpump Group S.p.A.	ITALY	4,429	10.2 x	9.2 x	8.2 x	13.9 x	12.2 x	11.0 x	19.6 x	17.5 x	15.8 x	2.3 x	2.1 x	1.9 x
Allison Transmission Holdings, Inc.	UNITED STATES	6,413	8.2 x	8.2 x	8.1 x	10.0 x	9.4 x	9.3 x	11.3 x	10.0 x	8.2 x	3.1 x	3.0 x	3.0 x
Bucher Industries AG	SWITZERLAND	4,177	9.5 x	9.3 x	8.1 x	12.4 x	12.2 x	10.3 x	17.4 x	16.7 x	15.0 x	1.2 x	1.1 x	1.0 x
Regal Rexnord Corporation	UNITED STATES	8,232	10.5 x	9.3 x	8.5 x	17.5 x	15.0 x	13.1 x	14.6 x	12.7 x	11.5 x	2.4 x	2.2 x	2.0 x
Off-Highway Components Manufacturers	Average		9.6 x	9.0 x	8.2 x	13.4 x	12.2 x	10.9 x	15.7 x	14.2 x	12.6 x	2.2 x	2.1 x	2.0 x
	Median		9.9 x	9.2 x	8.2 x	13.1 x	12.2 x	10.7 x	16.0 x	14.7 x	13.3 x	2.3 x	2.1 x	2.0 x
CNH Industrial NV	UNITED STATES	12,214	13.0 x	10.2 x	8.2 x	20.2 x	13.9 x	10.6 x	19.0 x	14.0 x	11.0 x	0.9 x	0.9 x	0.8 x
Deere & Company	UNITED STATES	109,007	26.5 x	23.6 x	19.6 x	32.6 x	29.1 x	24.4 x	25.4 x	22.7 x	18.7 x	4.9 x	4.6 x	4.1 x
AGCO Corporation	UNITED STATES	7,059	10.4 x	8.6 x	7.2 x	14.2 x	11.7 x	10.0 x	22.9 x	16.7 x	13.1 x	1.1 x	1.0 x	0.9 x
Caterpillar Inc.	UNITED STATES	168,878	16.1 x	14.3 x	12.8 x	18.7 x	16.4 x	14.5 x	23.5 x	20.0 x	17.5 x	3.1 x	3.0 x	2.8 x
Off-highway OEMs	Average		16.5 x	14.2 x	12.0 x	21.4 x	17.8 x	14.8 x	22.7 x	18.3 x	15.1 x	2.5 x	2.4 x	2.2 x
	Median		14.5 x	12.2 x	10.5 x	19.5 x	15.1 x	12.5 x	23.2 x	18.4 x	15.3 x	2.1 x	2.0 x	1.9 x

Source: Factset, Alantra

Performance

The stock price has overperformed its peers over the past 6 months

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
COMER INDUSTRIES S.p.A.	ITALY	1,004	4.8%	10.4%	28.7%	11.5%	59.1%	246.5%
PEERS	Average		-0.5%	2.5%	8.3%	13.0%	44.1%	81.9%
	Median		-1.3%	0.0%	7.0%	11.6%	16.9%	55.1%
Interpump Group S.p.A.	ITALY	4,429	12.9%	16.6%	12.6%	6.8%	21.3%	30.2%
Allison Transmission Holdings, Inc.	UNITED STATES	6,413	4.2%	-12.2%	-7.8%	3.0%	149.0%	149.5%
Bucher Industries AG	SWITZERLAND	4,177	-0.3%	-5.2%	1.3%	10.1%	12.5%	9.4%
Regal Rexnord Corporation	UNITED STATES	8,232	0.2%	5.2%	17.4%	-4.2%	7.1%	46.7%
Off-Highway Components	Average		4.3%	1.1%	5.9%	3.9%	47.5%	59.0%
Manufacturers	Median		2.2%	0.0%	7.0%	4.9%	16.9%	38.5%
CNH Industrial NV	UNITED STATES	12,214	-9.2%	-8.7%	-4.5%	13.1%	-5.5%	59.6%
Deere & Company	UNITED STATES	109,007	-6.9%	-7.3%	1.2%	23.3%	30.7%	123.9%
AGCO Corporation	UNITED STATES	7,059	-2.3%	10.1%	21.2%	25.0%	3.9%	50.5%
Caterpillar Inc.	UNITED STATES	168,878	-2.6%	21.2%	25.0%	26.8%	134.0%	185.5%
Off-highway OEMs	Average		-5.3%	3.8%	10.7%	22.1%	40.8%	104.9%
	Median		-4.8%	1.4%	11.2%	24.2%	17.3%	91.8%

Source: Alantra estimates and Factset

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