



**COMER INDUSTRIES**

CLOSING PRICE\* **EUR31.5**  
VALUATION (UPSIDE) **EUR40 (+27%) ■ EUR46 (+46%)**

VALUATION RANGE | EPS 24e | EPS 25e  
unchanged | ↘ -2% | ↘ -4% | ↘ -5%

## Margins helped amid weak volumes in Q4

14 MARCH 2024

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Research Analysts & Publishing Entities

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### Better margins and divi in Q4...

COMER released its Q4 numbers, showing better margins (in a context of soft volumes) and a higher DPS. Sales dropped by 9% with organic likely down low- to mid-single digits (BNPPe). We saw trends similar to the past quarter with AG down >20%, while the Industrial division was up mid-teens. EBITDA ended flat in Q4 thanks to c130bps of margin expansion (17% margin vs 16.3% BNPPe), and this came despite lower volumes. Q4 23 net debt (including IFRS 16) closed at EUR94.8m vs EUR119m in Q3 23.

### ...with outlook confirming the demand slowdown

The company issued a qualitative outlook expecting divisional trends to be consistent with OEMs' commentaries. Both businesses should face demand weakness (especially in AG) and this, in our view, suggests mid- to high-single digit top-line decline, while profitability should be slightly lower vs 2023 levels.

### EPS cut by c5%, FV range at EUR40-46/sh (vs EUR40-47)

We have tweaked our numbers, reducing our EPS by c5% on average in 2024-26e. This comes mainly from a lower profitability assumption as our top-line forecasts are almost unchanged. Our FV range now points to EUR40-46/sh (from EUR40-47/sh). Despite the fact the shares outperformed the EU small-cap cluster (by c7%), COM continues to trade at a c15% discount vs its closest peers.

#### \*Closing Price (13 March 2024)

Market cap (EURm)	903
Free float (EURm)	173
EV (EURm)	1,126
3m avg volume (EURm)	NC
Refinitiv / Bloomberg	COME.MI / COM IM
Country / Sub Sector	Italy / Industrial Machinery

EUR31.5

#### Performance<sup>(1)</sup>

	1w	1m	3m	12m
Absolute(%)	1	18	7	5
Rel. Capital Goods(%)	(2)	6	(7)	(24)
Rel. MSCI Small Cap(%)	(1)	14	1	(5)

#### Financials

	12/23p	12/24e	12/25e	12/26e
EPS, Adjusted (EUR)	3.87	3.18	3.83	4.41
EPS, Company (EUR)	3.28	2.68	3.33	3.91
EPS - Refinitiv (EUR)	3.74	3.31	3.80	4.64
Net dividend (EUR)	1.25	1.25	1.55	1.82
Sales (EURm)	1,224	1,133	1,236	1,337
EBITA, Adj. (EURm)	164.6	136.8	161.8	185.3
Net profit, Adj. (EURm)	111.0	91.3	109.8	126.6
ROCE (%)	14.6	12.5	14.9	17.0
Net Debt/EBITDA, Adj. (x)	0.5	0.2	-	-

#### Valuation metrics<sup>(2)</sup>

	12/23p	12/24e	12/25e	12/26e
P/E (x)	7.8	9.9	8.2	7.1
Net yield (%)	4.1	4.0	4.9	5.8
FCF yield (%)	14.6	11.0	11.6	12.1
EV/Sales (x)	0.9	1.0	0.9	0.7
EV/EBITDA (x)	5.6	6.2	5.0	4.3
EV/EBITA (x)	7.0	8.2	6.5	5.4
EV/CE (x)	1.4	1.4	1.4	1.3

All valuation metrics based on adjusted figures

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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Below we show the changes to our estimates.

**Figure 1: We cut our estimates by c5% in 2024-2026e**

Change in estimates

	31 Dec 24			31 Dec 25			31 Dec 26		
	Old	New	Revision	Old	New	Revision	Old	New	Revision
Sales	1,134.8	1,133.1	(0%)	1,239.9	1,236.2	(0%)	1,343.2	1,336.6	(0%)
BNPpe adj. EBITDA	186.9	182.1	(3%)	217.1	209.5	(3%)	241.9	233.4	(4%)
BNPpe adj. EBIT	141.7	136.8	(3%)	169.4	161.8	(4%)	193.8	185.3	(4%)
BNPpe adj. Net income	95.3	91.3	(4%)	115.7	109.8	(5%)	133.2	126.6	(5%)

Source: BNP Paribas Exane estimates

Below we show a summary of our FV range.

**Figure 2: Our DCF points to EUR46/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	1,223.9	1,133.1	1,236.2	1,336.6	1,370.8	1,406.0	1,441.1
% YoY growth		51.0%	106.9%	-1.1%	-7.4%	8.1%	8.1%	2.6%	2.6%	2.5%
Restated EBITDA	47.8	77.2	179.7	204.7	182.1	209.5	233.4	240.4	247.6	253.8
% YoY growth		61.5%	132.9%	13.9%	-11.1%	15.1%	11.4%	3.0%	3.0%	2.5%
% margin	12.1%	12.9%	14.6%	16.7%	16.1%	17.0%	17.8%	17.6%	17.6%	17.6%
Restated EBIT	30.5	56.8	142.8	164.6	136.8	161.8	185.3	191.5	196.3	201.3
% YoY growth		86.3%	151.5%	15.3%	-16.9%	18.3%	14.5%	3.4%	2.5%	2.5%
% margin	7.7%	9.5%	11.5%	13.5%	12.1%	13.1%	13.9%	14.0%	14.0%	14.0%
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	116.9	97.1	114.8	131.5	136.0	139.4	142.9
WC change	(73.7)	(96.4)	(63.8)	33.6	4.8	(7.6)	(16.5)	(5.6)	(5.8)	(5.8)
WC	73.7	170.1	233.9	200.3	195.7	203.3	219.9	225.5	231.3	237.1
WC / Sales (%)	18.6%	28.4%	18.9%	16.4%	17.3%	16.4%	16.4%	16.4%	16.4%	16.4%
D&A including RoU, excl PPA & cap. dev. costs	17.3	20.4	37.0	40.1	45.3	47.8	48.1	48.9	51.3	52.5
D&A / Sales (%)	4.4%	3.4%	3.0%	3.3%	4.0%	3.9%	3.6%	3.6%	3.6%	3.6%
Capex	(13.1)	(19.6)	(33.9)	(42.3)	(37.9)	(41.3)	(44.7)	(45.8)	(47.0)	(46.0)
Capex / Sales (%)	3.3%	3.3%	2.7%	3.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Operating FCF				109.1	113.7	118.4	133.4	137.9	142.8	
Terminal Value										1952
Discount factor						1.0	0.8	0.8	0.7	
Discounted FCF						113.7	100.1	102.6	96.6	

2025-2028 Discounted FCF	413
Discounted terminal value	1367
Enterprise Value	1780
- 2024 Net debt (restated)	(33)
- Adjusted lease liability	91
- Other liabilities and commitments	187
- Revalued minority interests	0
+ (Assoc. + revalued investments)	2
Equity value	1537
Diluted shares (m)	28.7
Liquidity discount	15%
Value per share	46

Wacc	9.8%
LT growth	2.6%

Source: BNP Paribas Exane estimates

**Figure 3: Our peer-based valuation points to EUR40/sh**

Valuation summary	EV/EBIT	
	2024e	2025e
Median	10x	9x
Premium	0%	0%
<b>Fair multiple</b>	<b>10x</b>	<b>9x</b>
EBNP Adj. EBIT	137	162
<b>EV</b>	<b>1299</b>	<b>1375</b>
- Net debt (excluding IFRS 16)	33	102
- Adjusted lease liability	(65)	(65)
- Other liabilities and commitments	(187)	(187)
- Revalued minority interests	0	0
+ (Assoc. + revalued investments)	2	2
<b>Equity Value</b>	<b>1083</b>	<b>1228</b>
Liquidity discount	0%	0%
Nosh	28.7	28.7
<b>Equity value per share</b>	<b>38</b>	<b>43</b>
<b>FV</b>		<b>40</b>

Source: BNP Paribas Exane estimates

## 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 an M&A boost potentially coming on top. With the market ignoring sound MT prospects and structurally higher profitability, we believe 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.

Exclusive use of  
Alessandro BRIZZI

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We, **Michele Baldelli**, **Giuseppe Grimaldi**, hereby certify that all of the views expressed in this report accurately reflect our personal view(s) about the company or companies and securities discussed in this report. No part of our compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views expressed in this research report.

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Michele Baldelli    BNP Paribas SA                      Giuseppe                      BNP Paribas SA  
Grimaldi

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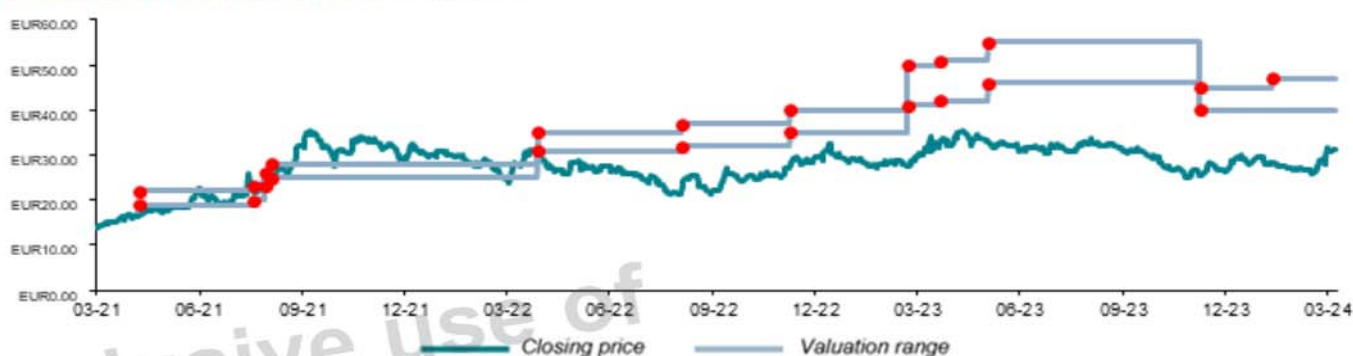
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## Price and Valuation Range Chart#

### Comer Industries

Historical closing price & valuation range (as of 13/03/2024)



Source: BNP Paribas

### Historical rating & valuation range chart

Date & Time of Dissemination (UTC) (1)	Rating	Valuation Range	Closing Price*	Key Changes	Person(s) Involved
14 Mar. 2024 11:00	NA	EUR40.00   40.00	EUR31.50	Valuation change	G. Grimaldi, M. Baldelli
25 Jan. 2024 23:00	NA	EUR 40.00   47.00	EUR27.00	Valuation change	G. Grimaldi
15 Jan. 2024 08:24	NA	EUR 40.00   47.00	EUR28.20	Valuation change	G. Grimaldi
9 Nov. 2023 09:52	NA	EUR 40.00   45.00	EUR28.00	Valuation change	G. Grimaldi
5 May 2023 08:18	NA	EUR 46.00   55.00	EUR32.90	Valuation change	G. Grimaldi
22 Mar. 2023 06:17	NA	EUR 42.00   51.00	EUR32.30	Valuation change	G. Grimaldi
22 Feb. 2023 06:11	NA	EUR 41.00   50.00	EUR27.40	Valuation change	G. Grimaldi, M. Baldelli
9 Nov. 2022 05:59	NA	EUR 35.00   40.00	EUR27.90	Valuation change	M. Baldelli
5 Aug. 2022 05:57	NA	EUR 32.00   37.00	EUR22.90	Valuation change	M. Baldelli
29 Mar. 2022 19:13	NA	EUR 31.00   35.00	EUR30.20	Valuation change	M. Baldelli
5 Aug. 2021 14:05	NA	EUR 25.00   28.00	EUR25.20	Valuation change	M. Baldelli
30 Jul. 2021 04:56	NA	EUR 23.00   26.00	EUR23.80	Valuation change	M. Baldelli
20 Jul. 2021 07:31	NA	EUR 20.00   23.00	EUR21.80	Valuation change	M. Baldelli
9 Apr. 2021 04:54	NA	EUR 19.00   22.00	EUR18.70	Enter sponsored list	M. Baldelli

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

Note:

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Price at 13 Mar. 24: EUR31.5

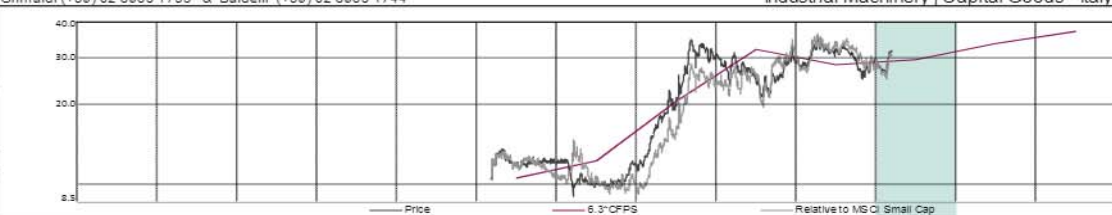
Valuation range (EUR): 40.0 (+27%) | 46.0 (+46%)

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

COMER INDUSTRIES

Industrial Machinery | Capital Goods - Italy

Company Highlights table with columns for EURm and rows for Enterprise value, Market capitalisation, Free float, 3m average volume, Performance (\*), Absolute, Rel. Sector, Rel. MSCI Small Cap, CAGR, EPS restated, OFPS.



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

PER SHARE DATA (EUR) table with columns for Dec. 15 to Dec. 26e and rows for No of shares year end, basic, (m), Avg no of shares, diluted, excl. treasury stocks (m), EPS reported, Gaap, EPS company definition, EPS restated, fully diluted, % change, Book value (BVPS) (a), Net dividend.

STOCKMARKET RATIOS table with columns for Dec. 15 to Dec. 26e and rows for P/E (P EPS restated), P/E relative to MSCI Small Cap, FCF yield, P/BVPS, Net yield, Payout, EV/Sales, EV/Restated EBITDA (\*\*), EV/Restated EBITA, EV/NOPAT, EV/OpFCF, EV/Capital employed (incl. gross goodwill).

ENTERPRISE VALUE (EURm) table with columns for Dec. 15 to Dec. 26e and rows for Market cap, + Adjusted net debt (including lease liability), + Other liabilities and commitments, + Revalued minority interests, - Revalued investments.

P & L HIGHLIGHTS (EURm) table with columns for Dec. 15 to Dec. 26e and rows for Sales, Restated EBITDA (b) (\*\*), Depreciation, Restated EBITA (b), Reported operating profit (loss), Net financial income (charges), Affiliates, Other, Tax, Minorities, Net attributable profit reported, Net attributable profit restated (c).

CASH FLOW HIGHLIGHTS (EURm) table with columns for Dec. 15 to Dec. 26e and rows for EBITDA (reported) (\*\*), EBITDA adjustment (b), Other items, Change in +/- CR, Operating cash fl., Capex, Operating free cash flow (OpFCF), Net financial items (d) + tax paid, Free cash flow, Net financial investments & acquisitions, Other, Capital increase (decrease), Dividends paid, Increase (decrease) in net financial debt, Cash flow, group share.

BALANCE SHEET HIGHLIGHTS (EURm) table with columns for Dec. 15 to Dec. 26e and rows for Net operating assets, WCR, Restated capital employed, incl. gross goodwill, Shareholders' funds, group share, Minorities, Provisions/ Other liabilities, Net financial debt (cash).

FINANCIAL RATIOS (%) table with columns for Dec. 15 to Dec. 26e and rows for Sales (% change), Organic sales growth, Restated EBITA (% change), Restated attributable net profit (% change), Personnel costs / Sales, Restated EBITDA margin (\*\*), Restated EBITA margin, Tax rate, Net margin, Capex / Sales, OpFCF / Sales, WCR / Sales, Capital employed (excl. gdw./intangibles) / Sales, ROE, Gearing, EBITDA / Financial charges (\*\*), Adjusted financial debt (A)+(B) / EBITDA (\*\*), ROCE, excl. gdw./intangibles, ROCE, incl. gross goodwill, WACC.

(a) Intangibles: EUR387.27m, 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

Latest Model update: 14 Mar. 24

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