COMER INDUSTRIES

CLOSING PRICE* **EUR31.7**
VALUATION (UPSIDE) **EUR40** (+26%) ▪ **EUR46** (+45%)

EPS 24e	EPS 25e
↘ -3%	*non material*

Solid execution in a more challenging environment

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Improving profitability in Q1 amid soft volumes

In Q1, COM posted a c21% organic sales drop (in line with BNPPe), the result of a c34% decline in the AG business, while Industrial was c2% up. The drop in AG reflects both weakening demand (visible from H2 23) and challenging comps (AG sales were almost flat QoQ). It is worth highlighting that the weakness was broad-based across the different regions. Q1 EBITDA dropped by c15% due to weak volumes, but profitability (at 16.8%) continued to expand, up c130bps yoy. Net debt (including IFRS 16) closed at EUR77m vs cEUR95m in Q4 23.

FY outlook reiterated with room for margin resiliency

FY outlook (consistent with consensus expectations) was reiterated, pointing to: i) divisional trends consistent with OEMs' outlook; ii) slightly lower yoy margins; and iii) further deleverage. Against a backdrop of still-soft volumes, cost control and resilient pricing are helping protect margins.

Estimates fine-tuned and FV range confirmed

We fine-tune our numbers with slightly lower sales offset by better margin resiliency. Our FV range is unchanged at EUR40-46/sh. Shares are up 8% YTD and have outperformed the EU small cap clusters, but current valuation continues to be undemanding. In this context, we believe improving momentum is likely to support rerating.

*Closing Price (7 May 2024)	EUR31.7
Market cap (EURm)	909
Free float (EURm)	174
EV (EURm)	1,120
3m avg volume (EURm)	NC
Refinitiv / Bloomberg	COME.MI / COM IM
Country / Sub Sector	Italy / Industrial Machinery

Performance[1]	1w	1m	3m	12m
Absolute(%)	(4)	(5)	17	(2)
Rel. Capital Goods(%)	(6)	(10)	4	(24)
Rel. MSCI Small Cap(%)	(6)	(7)	9	(11)

Financials	12/23	12/24e	12/25e	12/26e
EPS, Adjusted (EUR)	3.79	3.09	3.83	4.41
EPS, Company (EUR)	3.28	2.59	3.33	3.91
EPS - Refinitiv (EUR)	3.78	3.25	3.70	4.11
Net dividend (EUR)	1.25	1.25	1.61	1.89
Sales (EURm)	1,224	1,083	1,184	1,284
EBITA, Adj. (EURm)	164.1	132.8	161.7	184.9
Net profit, Adj.(EURm)	108.7	88.5	109.8	126.4
ROCE (%)	14.2	11.9	14.6	16.7
Net Debt/EBITDA, Adj. (x)	0.5	0.1	-	-

Valuation metrics[2]	12/23	12/24e	12/25e	12/26e
P/E (x)	8.0	10.3	8.3	7.2
Net yield (%)	4.1	3.9	5.1	6.0
FCF yield (%)	16.2	11.5	10.8	12.4
EV/Sales (x)	0.9	1.0	0.9	0.8
EV/EBITDA (x)	5.6	6.2	5.1	4.3
EV/EBITA (x)	7.0	8.4	6.5	5.4
EV/CE (x)	1.4	1.4	1.3	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 in our estimates.

Figure 1: We fine-tune our 2024-2026e numbers

Changes in BNPPe adj. estimates

	31 Dec 24			31 Dec 25			31 Dec 26		
	Old	New	Revision	Old	New	Revision	Old	New	Revision
Sales	1,133.1	1,082.9	(4%)	1,236.2	1,183.9	(4%)	1,336.6	1,283.5	(4%)
Reported EBITDA	182.3	179.6	(1%)	211.8	208.7	(1%)	235.6	232.1	(1%)
BNPPe adj. EBIT*	136.8	132.8	(3%)	161.8	161.7	(0%)	185.3	184.9	(0%)
BNPPe adj. Net profit	91.3	88.5	(3%)	109.8	109.8	(0%)	126.6	126.4	(0%)

*Source: BNP Paribas Exane estimates, *adjusted for the PPA*

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.

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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 Grimaldi	BNP Paribas SA

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Company/ies	Ticker/s	Relevant Disclosures
Comer Industries	COM IM	7- ; 9- ; 10; 12

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Price and Valuation Range Chart

Comer Industries

Historical closing price & valuation range **(as of 07/05/2024)**

Source: BNP Paribas

Historical valuation range changes

Date & Time of Dissemination (London time)	Rating	Valuation Range	Closing Price*	● Key Changes	Person(s) Involved
14 Mar. 2024 10:06	n/a	EUR 40.00 | 46.00	EUR31.80	Valuation range change	G. Grimaldi
15 Jan. 2024 06:24	n/a	EUR 40.00 | 47.00	EUR28.20	Valuation range change	G. Grimaldi
9 Nov. 2023 09:52	n/a	EUR 40.00 | 45.00	EUR26.00	Valuation range change	G. Grimaldi
5 May 2023 09:18	n/a	EUR 46.00 | 55.00	EUR32.90	Valuation range change	G. Grimaldi
22 Mar. 2023 06:17	n/a	EUR 42.00 | 51.00	EUR32.30	Valuation range change	G. Grimaldi
22 Feb. 2023 06:11	n/a	EUR 41.00 | 50.00	EUR27.40	Valuation range change	G. Grimaldi, M. Baldelli
9 Nov. 2022 05:59	n/a	EUR 35.00 | 40.00	EUR27.90	Valuation range change	M. Baldelli
5 Aug. 2022 06:57	n/a	EUR 32.00 | 37.00	EUR22.90	Valuation range change	M. Baldelli
29 Mar. 2022 20:13	n/a	EUR 31.00 | 35.00	EUR30.20	Valuation range change	M. Baldelli
5 Aug. 2021 15:05	n/a	EUR 25.00 | 28.00	EUR25.20	Valuation range change	M. Baldelli
30 Jul. 2021 05:56	n/a	EUR 23.00 | 26.00	EUR23.80	Valuation range change	M. Baldelli
20 Jul. 2021 08:31	n/a	EUR 20.00 | 23.00	EUR21.80	Valuation range change	M. Baldelli
9 Apr. 2021 05:54	n/a	EUR 19.00 | 22.00	EUR16.70	Enter sponsored list	M. Baldelli

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 07 May 24: EUR31.7

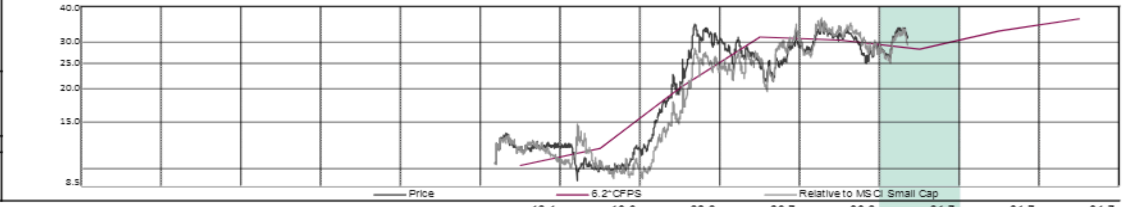
Valuation range (EUR): 40.0 (+26%) | 46.0 (+45%)

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			EURm
Enterprise value			1,120
Market capitalisation			909
Free float			174
3m average volume			
Performance (*)	**1m**	**3m**	**12m**
Absolute	(5%)	17%	(2%)
Rel. Sector	(10%)	4%	(24%)
Rel. MSCI Small Cap	(7%)	9%	(11%)
12m Hi/Lo (EUR) : 35.4 -10% / 25 +27%			
CAGR	**2016/2024**		**2024/2026**
EPS restated	22%		19%
CFPS	NC		14%



Price (yearly avg from Dec. 19 ¹ to Dec. 23)					*12.1*	*10.6*	*22.8*	*26.7*	*30.2*	*31.7*	*31.7*	*31.7*
PER SHARE DATA (EUR)	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**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*	*3.28*	*2.59*	*3.33*	*3.91*
EPS company definition	*1.30*	*0.67*	*1.14*	*1.16*	*1.06*	*1.27*	*1.43*	*3.16*	*3.28*	*2.59*	*3.33*	*3.91*
EPS restated, fully diluted	1.37	0.61	1.13	1.20	0.90	1.06	1.93	3.43	3.79	3.09	3.83	4.41
% change	*NC*	*(55.3%)*	*84.0%*	*6.3%*	*(25.0%)*	*17.8%*	*81.8%*	*77.3%*	*10.6%*	*(18.6%)*	*24.0%*	*15.1%*
Book value (BVPS) (a)	11.4	7.1	7.6	5.2	6.3	7.0	12.1	15.5	17.7	19.0	21.1	23.4
Net dividend	0.50	4.55	0.26	0.60	0.35	0.50	0.50	0.75	1.25	1.25	1.61	1.89
STOCKMARKET RATIOS	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24e**	**Dec. 25e**	**Dec. 26e**
P / E (P/ EPS restated)					13.4x	10.0x	11.8x	7.8x	8.0x	10.3x	8.3x	7.2x
P / E relative to MSCI Small Cap					78%	21%	77%	57%	52%	76%	71%	68%
FCF yield					4.4%	15.7%	10.6%	7.0%	16.2%	11.5%	10.8%	12.4%
P / BVPS					1.91x	1.51x	1.89x	1.72x	1.71x	1.67x	1.50x	1.35x
Net yield					2.9%	4.7%	2.2%	2.8%	4.1%	3.9%	5.1%	6.0%
Payout					38.8%	47.0%	25.6%	21.9%	33.0%	40.5%	42.0%	42.9%
EV / Sales					0.72x	0.59x	1.40x	0.87x	0.94x	1.03x	0.89x	0.77x
EV / Restated EBITDA (**)					6.5x	4.9x	10.9x	6.0x	5.6x	6.2x	5.1x	4.3x
EV / Restated EBITA					10.4x	7.7x	14.8x	7.6x	7.0x	8.4x	6.5x	5.4x
EV / NOPAT					14.4x	10.7x	20.5x	10.6x	9.8x	11.9x	9.2x	7.5x
EV / OpFCF					11.2x	4.9x	11.5x	10.3x	5.5x	7.3x	6.8x	5.6x
EV / Capital employed (incl. gross goodwill)					1.7x	1.5x	1.2x	1.3x	1.4x	1.4x	1.3x	1.3x
ENTERPRISE VALUE (EURm)					**291**	**234**	**840**	**1,080**	**1,146**	**1,120**	**1,057**	**991**
Market cap					246	217	471	766	866	909	909	909
+ Adjusted net debt (including lease liability)	16	55	41	37	29	(3)	177	149	95	26	(37)	(103)
+ Other liabilities and commitments					16	21	193	166	187	187	187	187
+ Revalued minority interests												
- Revalued investments					0	0	1	2	2	2	2	2
P & L HIGHLIGHTS (EURm)	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24e**	**Dec. 25e**	**Dec. 26e**
Sales	**327.6**	**303.7**	**342.1**	**379.0**	**404.6**	**396.2**	**598.1**	**1,237.6**	**1,223.9**	**1,082.9**	**1,183.9**	**1,283.5**
Restated EBITDA (b) (**)	**21.4**	**21.4**	**29.3**	**37.6**	**44.9**	**47.8**	**77.2**	**179.7**	**204.3**	**179.4**	**208.6**	**231.9**
Depreciation	(11.0)	(11.6)	(12.1)	(12.7)	(16.9)	(17.3)	(20.4)	(37.0)	(40.2)	(46.7)	(46.9)	(47.0)
Restated EBITA (b)	**10.4**	**9.9**	**17.1**	**25.0**	**28.1**	**30.5**	**56.8**	**142.8**	**164.1**	**132.8**	**161.7**	**184.9**
Reported operating profit (loss)	10.4	9.8	17.1	24.9	27.8	30.4	56.8	127.5	144.4	112.6	141.5	164.7
Net financial income (charges)	(1.3)	0.6	(0.4)	(2.1)	(1.3)	(1.0)	(2.0)	(2.6)	(15.3)	(8.1)	(7.0)	(6.9)
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)	(35.1)	(30.3)	(39.0)	(45.8)
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	94.0	74.2	95.4	112.0
Net attributable profit restated (c)	**13.7**	**6.1**	**11.3**	**16.2**	**18.6**	**22.0**	**39.9**	**98.3**	**108.7**	**88.5**	**109.8**	**126.4**
CASH FLOW HIGHLIGHTS (EURm)	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24e**	**Dec. 25e**	**Dec. 26e**
EBITDA (reported) (**)	**22.1**	**22.0**	**29.8**	**38.4**	**45.7**	**48.6**	**78.2**	**180.0**	**205.0**	**179.6**	**208.7**	**232.1**
EBITDA adjustment (b)	**(0.7)**	**(0.5)**	**(0.5)**	**(0.8)**	**(0.7)**	**(0.8)**	**(1.0)**	**(0.3)**	**(0.7)**	**(0.2)**	**(0.2)**	**(0.2)**
Other items	(1.5)	(23.8)	3.9	(0.1)	4.4	5.7	12.7	16.0	3.7	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)	41.3	10.3	(14.5)	(13.7)
Operating cash flow	**15.9**	**3.8**	**42.1**	**29.0**	**43.5**	**61.1**	**92.6**	**138.3**	**249.3**	**189.9**	**194.2**	**218.4**
Capex	(14.3)	(16.6)	(12.2)	(15.4)	(17.4)	(13.1)	(19.6)	(33.9)	(42.3)	(36.2)	(39.6)	(42.9)
Operating free cash flow (OpFCF)	**1.6**	**(12.8)**	**29.9**	**13.6**	**26.1**	**47.9**	**73.0**	**104.4**	**207.0**	**153.7**	**154.7**	**175.5**
Net financial items (d) + tax paid	(3.8)	(4.3)	(6.0)	(8.3)	(15.3)	(13.9)	(23.0)	(50.7)	(66.7)	(48.7)	(56.3)	(63.0)
Free cash flow	**(2.2)**	**(17.1)**	**23.9**	**5.3**	**10.8**	**34.0**	**50.0**	**53.7**	**140.3**	**105.0**	**98.4**	**112.5**
Net financial investments & acquisitions	1.0	2.8	3.2	2.6	1.4	1.5	(191.8)	(0.2)	(48.3)	0.0	0.0	0.0
Other	0.0	(20.2)	37.8	(0.7)	(22.7)	7.0	(35.9)	(6.7)	(16.4)	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)	(35.8)	(35.8)	(46.1)
Increase (decrease) in net financial debt	**2.6**	**39.5**	**(14.6)**	**(4.0)**	**(7.6)**	**(32.3)**	**180.0**	**(27.9)**	**(54.1)**	**(69.1)**	**(62.5)**	**(66.3)**
Cash flow, group share	**16**	**(7)**	**27**	**29**	**34**	**40**	**67**	**145**	**141**	**131**	**152**	**169**
BALANCE SHEET HIGHLIGHTS (EURm)	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24e**	**Dec. 25e**	**Dec. 26e**
Net operating assets	53	57	56	57	85	80	533	569	620	599	582	568
WCR	79	73	67	78	85	74	170	234	200	190	204	218
Restated capital employed, incl. gross goodwill	**132**	**130**	**122**	**135**	**170**	**154**	**703**	**803**	**820**	**789**	**786**	**786**
Shareholders' funds, group share	114	71	76	89	129	143	346	444	508	546	606	671
Minorities	0	0	0	0	0	0	0	0	0	0	0	0
Provisions/ Other liabilities	16	14	13	17	20	22	224	248	263	263	263	263
Net financial debt (cash)	16	55	41	37	29	(3)	177	149	95	26	(37)	(103)
FINANCIAL RATIOS (%)	**Dec. 15**	**Dec. 16**	**Dec. 17**	**Dec. 18**	**Dec. 19 ¹**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24e**	**Dec. 25e**	**Dec. 26e**
Sales (% change)	NC	(7.3%)	12.6%	10.8%	6.7%	(2.1%)	51.0%	106.9%	(1.1%)	(11.5%)	9.3%	8.4%
Organic sales growth	(7.7%)	(6.8%)	12.9%	12.6%	5.9%	(0.6%)	42.7%	14.3%	(1.6%)	(11.6%)	9.3%	8.4%
Restated EBITA (% change)	NS	(5.2%)	73.6%	45.7%	12.3%	8.7%	86.3%	151.5%	15.0%	(19.1%)	21.8%	14.4%
Restated attributable net profit (% change)	NC	(55.3%)	84.0%	43.5%	14.6%	18.0%	81.8%	146.2%	10.6%	(18.6%)	24.0%	15.1%
Personnel costs / Sales	20.0%	21.6%	21.3%	18.8%	18.0%	16.9%	14.5%	19.7%	19.7%	22.9%	21.8%	20.9%
Restated EBITDA margin (**)	6.5%	7.1%	8.6%	9.9%	11.1%	12.1%	12.9%	14.5%	16.7%	16.6%	17.6%	18.1%
Restated EBITA margin	3.2%	3.3%	5.0%	6.6%	6.9%	7.7%	9.5%	11.5%	13.4%	12.3%	13.7%	14.4%
Tax rate	16.1%	36.1%	31.8%	31.1%	27.8%	26.0%	28.1%	27.4%	27.2%	29.0%	29.0%	29.0%
Net margin	4.2%	2.0%	3.3%	4.3%	4.6%	5.5%	6.7%	7.9%	8.9%	8.2%	9.3%	9.8%
Capex / Sales	4.4%	5.5%	3.6%	4.1%	4.3%	3.3%	3.3%	2.7%	3.5%	3.3%	3.3%	3.3%
OpFCF / Sales	0.5%	(4.2%)	8.8%	3.6%	6.4%	12.1%	12.2%	8.4%	16.9%	14.2%	13.1%	13.7%
WCR / Sales	24.3%	24.0%	19.4%	20.6%	20.9%	18.6%	28.4%	18.9%	16.4%	17.5%	17.3%	17.0%
Capital employed (excl. gdw./intangibles) / Sales	39.1%	41.2%	34.3%	34.5%	41.1%	37.9%	62.7%	36.0%	35.5%	39.2%	37.3%	36.0%
ROE	12.1%	8.6%	14.8%	18.3%	14.4%	15.3%	11.5%	22.1%	21.4%	16.2%	18.1%	18.8%
Gearing	14%	78%	53%	41%	23%	(2%)	51%	34%	19%	5%	(6%)	(15%)
EBITDA / Financial charges (**)	NS	83.8x	39.8x	26.9x	32.3x	57.8x	61.0x	24.2x	13.8x	22.1x	29.7x	33.4x
Adjusted financial debt (A)+(B) / EBITDA (**)	0.7x	2.6x	1.4x	1.0x	0.6x	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%	26.8%	22.2%	26.0%	28.4%
ROCE, incl. gross goodwill	5.4%	5.2%	9.9%	13.3%	11.9%	14.3%	5.8%	12.6%	14.2%	11.9%	14.6%	16.7%
WACC	8.3%	8.8%	8.2%	8.6%	8.7%	8.8%	8.1%	10.0%	10.0%	9.2%	9.2%	9.2%

Latest Model update: 08 May. 24

(a) Intangibles: EUR385.37m, or EUR13 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 IFRS16, (1) First application of IFRS 16

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