

COMER INDUSTRIES

Sector: Industrial

Robust EBITDA margin thrives in a challenging context

The group reported another quarter of solid EBITDA margin and cash generation in a difficult market environment. 1Q24 sales were down by 21% yoy from the peak level in 1Q23, making comparison challenging. The trend, entirely attributable to the anticipated weak AG business, has been partially mitigated by a positive performance in the Industrial segment. EBITDA margin remained remarkably stable qoq at 16.8% and 130bp higher vs 1Q23. We like the group's strong ability to manage variable costs in a scenario of declining sales, also thanks to synergies from WPG acquisition. Net debt reduced firmly by Eu17.6mn (c. 40% FCF/EBITDA conversion) to Eu77mn, leaving room for additional M&A. We trim our FY24E sales by 3.1% as reference sectors softening continues, aligning with major OEMs' outlook, due to lower farm incomes and high dealer stocks. All in all, FY24 sales now point to Eu1.1bn (-11.2% yoy), implying a 7.2% decrease for the remaining 9M. We expect EBITDA margin to slightly decrease from record level in 2023 to 16.3%. BUY confirmed with TP of Eu42.0/share based on relative (30%) and mark-to-market DCF (70%) methods.

- Subdued demand in AG persists, while Industrial sales increased.** 1Q24 sales came in at Eu272mn, in line with 4Q23 figure and 21% lower than the peak level reached in 1Q23 of Eu346mn. This decline is primarily attributable to the enduring weak demand in the agriculture sector, which is anticipated to remain challenging in the short term. Indeed, Comer's AG sales decreased to Eu150.4mn in 1Q24 (-33.6% yoy). Industrial sales grew by 2.2% to Eu122mn, with a demand expected to benefit from improved macroeconomic picture. EMEA and NAM sales were adversely affected by their substantial exposure to the AG segment, witnessing declines of 26% and 16%, respectively. Revenue in the APAC region remained broadly stable, partially offset by a positive performance in the Chinese market. Comer's limited exposure to LATAM countries continued to help in a weak AG local market condition (weighing 4% of 1Q24 sales), which decreased by over 24%.
- The resilient EBITDA margin story continues.** 1Q24 EBITDA was Eu46mn, down from Eu54mn in 1Q23 due to lower volumes. The EBITDA margin improved by 130bp, from 15.5% to 16.8% and in line QoQ, signalling the group's ability to control variable costs amid market headwinds. The increase in profitability also stems from synergies exploitation from the WPG acquisition.
- Net debt lowered to Eu77mn, paving the way for the next M&A chapter.** Net debt reached Eu77mn, down from Eu95mn at YE23. The solid cash generation of Eu17.6mn (c. 40% FCF/EBITDA conversion) led to a sound 0.4x net debt/EBITDA from 0.5x at YE23. We view Comer's balance sheet strength as a competitive advantage, equipping the group to navigate such a volatile environment and paving the way for another M&A (firepower of >Eu350mn).
- We trim our FY24E top-line; resilient EBITDA margin confirmed.** The industry's softening, particularly in the AG segment, is expected to persist in the coming quarters, aligning with major OEMs' outlook, as lower farm incomes and high dealer stocks continue. We trim our FY24E sales by 3.1% and accordingly adjust the FY25-26E top-line to maintain our previous growth rate. FY24 sales now point to Eu1.1bn (-11.2% yoy), implying a 7.2% decrease for the remaining part of the year. FY24 EBITDA margin is now seen to 16.3% of sales, consistent with management's indication of a slightly lower margin compared to the record level in 2023. The robust FCF generation should lead to a NFP at breakeven by 2024. We reiterate our view on Comer's ability to shield margins and prioritize FCF generation in the short-term, anticipating a return to growth in volumes from 2025. On the longer horizon, we expect Comer's to maintain its strong positioning in the AG and continue to gain market shares in the Industrial sector.
- BUY confirmed with TP of Eu42.0/share.** We confirm our BUY rating and TP of Eu42.0/share after updating 2024E-25E EV/EBIT multiples of peers with 30% weight and our mark-to-market DCF (70% weight). We highlight that the departure of two directors from the Board of Directors in March, associated with WPG Parent (a private equity shareholder), may accelerate the fund's strategic exit (23.9% stake). This could favour institutional investors and potentially increase the float for a story that boasts attractive fundamentals at undemanding valuation.

BUY

Unchanged

TP 42.0

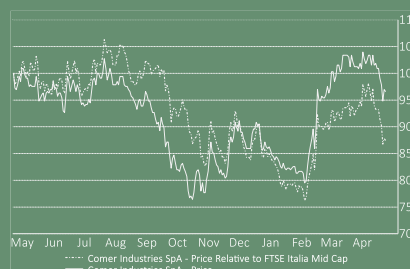
Unchanged

Target price upside 31%

Change in EPS est.	FY24E	FY25E
	-2.2%	-4.5%

Ticker (BBG, Reut)	COM IM	COM.MI
Share price Ord. (Eu)		32.0
N. of Ord. shares (mn)		28.7
Total N. of shares (mn)		28.7
Market cap (Eu mn)		918
Total Market Cap (EU mn)		918
Free Float Ord. (%)		11%
Free Float Ord. (Eu mn)		101
Daily AVG liquidity Ord. (Eu k)		174

	1M	3M	12M
Absolute Perf.	-5.1%	17.4%	-3.6%
Rel. to FTSEMidCap	-6.1%	11.2%	-14.5%
52 weeks range		25.0	34.0



	FY23A	FY24E	FY25E
Sales	1,224	1,087	1,162
EBITDA adj.	205	177	194
Net profit adj.	109	95	106
EPS adj.	3.8	3.3	3.7
DPS - Ord.	1.25	0.98	1.12
EV/EBITDA adj.	5.8x	6.4x	5.4x
P/E adj.	8.0x	9.7x	8.6x
Dividend yield	4.1%	3.1%	3.5%
FCF yield	18.8%	12.4%	14.9%
Net debt/(Net cash)	95	17	(91)
Net debt/EBITDA	0.5x	0.1x	nm

Andrea Zampaloni

andrea.zampaloni@alantra.com

+39 02 63 671 621

Head of Research

Luca Arena

luca.arena@alantra.com

+39 02 63 671 620

ALANTRA

Italian Equity Research

Summary Financials (IFRS)

P&L account (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	1,238	1,224	1,087	1,162	1,227
EBITDA reported	180	205	177	194	209
D&A	(52)	(61)	(63)	(64)	(62)
EBIT reported	128	144	114	130	147
Net financial charges	(3)	(15)	(4)	(4)	(4)
Associates	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Pre-tax profit	125	129	110	126	143
Taxes	(34)	(35)	(30)	(35)	(39)
Minorities	0	0	0	0	0
Discontinued activities	0	0	0	0	0
Net profit reported	91	94	80	92	104
EBITDA adjusted	180	205	177	194	209
EBIT adjusted	143	165	135	150	167
Net profit adjusted	102	109	95	106	119

Margins (%)	FY22A	FY23A	FY24E	FY25E	FY26E
First margin	nm	nm	nm	nm	nm
EBITDA margin	14.5%	16.7%	16.3%	16.7%	17.0%
EBITDA margin (adj)	14.5%	16.7%	16.3%	16.7%	17.0%
EBIT margin	10.3%	11.8%	10.5%	11.2%	12.0%
EBIT margin (adj)	11.5%	13.4%	12.4%	12.9%	13.6%
Net profit margin	7.3%	7.7%	7.4%	7.9%	8.5%
Net profit margin (adj)	8.2%	8.9%	8.7%	9.1%	9.7%

Growth rates (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	106.9%	-1.1%	-11.2%	6.8%	5.6%
EBITDA	132.0%	13.9%	-13.7%	9.5%	7.8%
EBITDA adjusted	132.0%	13.9%	-13.7%	9.5%	7.8%
EBIT	124.4%	13.2%	-20.8%	13.8%	13.2%
EBIT adjusted	151.3%	15.3%	-18.3%	11.7%	11.4%
Pre-tax	127.8%	3.4%	-14.6%	14.4%	13.6%
Net profit	130.1%	3.6%	-14.8%	14.4%	13.6%
Net profit adjusted	158.3%	6.7%	-12.8%	12.2%	11.7%

Per share data	FY22A	FY23A	FY24E	FY25E	FY26E
Shares	28.68	28.68	28.68	28.68	28.68
N. of shares AVG	28.68	28.68	28.68	28.68	28.68
N. of shares diluted AVG	28.68	28.68	28.68	28.68	28.68
EPS	3.16	3.28	2.79	3.19	3.63
EPS adjusted	3.55	3.79	3.30	3.71	4.14
DPS - Ord.	0.75	1.25	0.98	1.12	1.27
DPS - Sav.	0.00	0.00	0.00	0.00	0.00
BVPS	15.48	17.70	19.24	21.46	23.97

Enterprise value (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Share price Ord. (Eu)	26.7	30.2	32.0	32.0	32.0
Market cap	766	866	918	918	918
Net debt/(Net cash)	149	95	17	(91)	(191)
Adjustments	219	222	197	216	225
Enterprise value	1,134	1,183	1,132	1,043	952

Source: Company data, Alantra estimates

Share price performance

Strong performance from IPO price...



Source: Factset

Cash flow (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
EBITDA reported	180	205	177	194	209
Net financial charges	(3)	(14)	(4)	(4)	(4)
Cash taxes	(34)	(21)	(30)	(35)	(39)
Ch. in Working Capital	(57)	41	29	(0)	(4)
Other Op. items	8	(7)	(25)	19	9
Operating cash flow	94	204	147	174	171
Capex	(34)	(41)	(33)	(38)	(39)
FCF	60	163	113	136	132
Disposals/Acquisitions	0	(50)	0	0	0
Changes in Equity	(5)	(5)	0	0	0
Others	(13)	(32)	0	0	0
Dividends	(14)	(22)	(36)	(28)	(32)
Ch. in NFP	28	54	78	108	100

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Capex/Sales	2.7%	3.3%	3.1%	3.2%	3.2%
Capex/D&A	0.6x	0.7x	0.5x	0.6x	0.6x
FCF/EBITDA	33.5%	79.6%	64.1%	70.4%	63.1%
FCF/Net profit	66.4%	173.5%	141.7%	148.9%	126.6%
Dividend pay-out	36.4%	23.7%	38.1%	35.0%	35.0%

Balance sheet (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital	206	161	132	132	135
Fixed assets	607	665	636	610	588
Provisions & others	(221)	(224)	(199)	(218)	(227)
Net capital employed	593	602	569	524	497
Net debt/(Net cash)	149	95	17	(91)	(191)
Equity	444	508	552	615	687
Minority interests	0	0	0	0	0

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital/Sales	16.7%	13.2%	12.1%	11.4%	11.0%
Net debt/Equity	33.6%	18.7%	3.1%	nm	nm
Net debt/EBITDA	0.8x	0.5x	0.1x	nm	nm

Valuation	FY22A	FY23A	FY24E	FY25E	FY26E
EV/CE	1.4x	1.4x	1.5x	1.4x	1.3x
P/BV	1.7x	1.7x	1.7x	1.5x	1.3x
EV/Sales	0.9x	1.0x	1.0x	0.9x	0.8x
EV/EBITDA	6.3x	5.8x	6.4x	5.4x	4.6x
EV/EBITDA adjusted	6.3x	5.8x	6.4x	5.4x	4.6x
EV/EBIT	8.9x	8.2x	9.9x	8.0x	6.5x
EV/EBIT adjusted	7.9x	7.2x	8.4x	6.9x	5.7x
P/E	8.4x	9.2x	11.5x	10.0x	8.8x
P/E adjusted	7.5x	8.0x	9.7x	8.6x	7.7x
ROCE pre-tax	18.5%	20.1%	16.9%	19.9%	22.9%
ROE	22.9%	21.4%	17.2%	17.3%	17.3%
EV/FCF	18.8x	7.3x	10.0x	7.6x	7.2x
FCF yield	7.9%	18.8%	12.4%	14.9%	14.4%
Dividend yield	2.8%	4.1%	3.1%	3.5%	4.0%

Valuation

...with valuation multiples far from historical highs



Key Charts

A complete offer in mechatronics and powertrain solutions

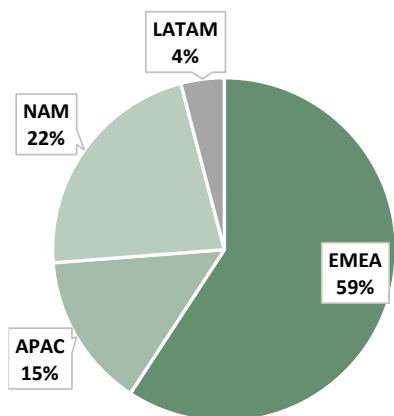
The portfolio of products fully covers the customer needs in AG and Industrial



Source: Company data, Alantra

Sales breakdown by region (FY23A, %)

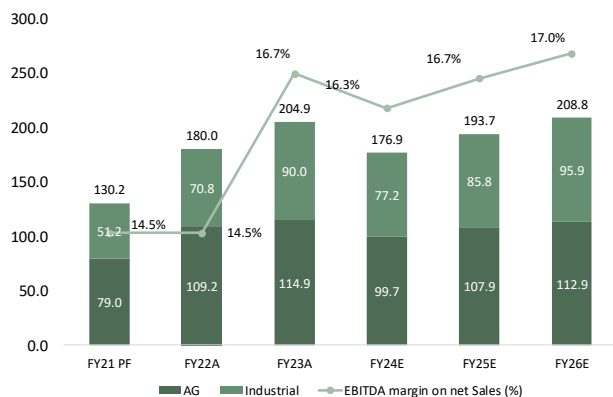
EMEA and NAM sales weighed 59% and 22% on sales, respectively in FY23



Source: Company data, Alantra

Adj. EBITDA and EBITDA margin (FY21A-FY26E, Eum, %)

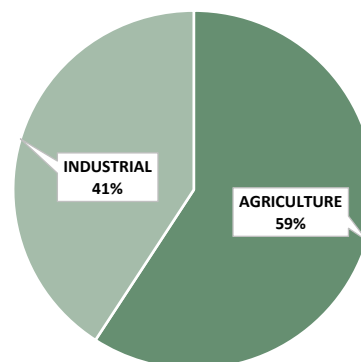
EBITDA is expected to expand to Eu209mn/17.0% margin by FY26E



Source: Company data, Alantra

Sales breakdown by business (FY23A, %)

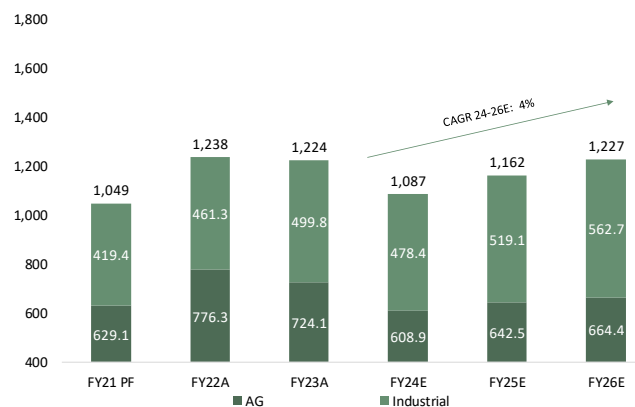
AG sales weighed 59% in FY22 sales; Industrial 41%



Source: Company data, Alantra

Net sales evolution (FY21A-FY26E, Eum)

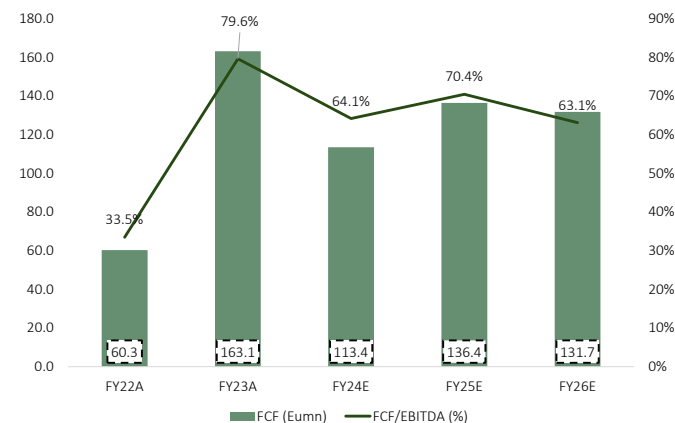
We expect Comer to experience a net sales CAGR 24-26E of 4%



Source: Company data, Alantra

FCF and EBITDA conversion (FY22A-FY26E, Eum, %)

We expect FCF/EBITDA consistently at attractive levels (>60%)



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 (59% of FY23 sales) and Construction Equipment (41%) sectors. The group markets a comprehensive range of products (gearboxes, planetary drive, driveshafts, axles, etc.) across EMEA (59% of FY23 sales), NAM (22%), APAC (15%) 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 and solutions by adding the e-vertical thanks to the acquisition of Benevelli-Sitem (e.g. e-motors).

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 FY23, higher than the average of peers of around 8%.

Growth

We expect Comer to post a 4% FY24-26E CAGR in net sales mainly driven by market share gains in Industrial, new products and increase in share of wallet in AG. EBITDA should register 6% FY24E-26E CAGR to Eu209mn/17% margin in FY26E, thanks to a confirmation of the proven group's pricing power and by additional costs synergies expected from WPG integration. The solid BS is set to strengthen further with expected average FCF/EBITDA conversion of >60% in FY23A-26E, thus reaching net cash position by 25E and triggering additional M&A firepower (>Eu350mn).

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 shares 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 technologies (e.g. hydraulic), to replicate the Benevelli-Sitem deal's rationale, which allowed the group to expand and diversify further the portfolio of products and applications. Indeed, the entrance in the electrified equipment field opened to new opportunities and allows Comer to reap the benefits stemming from the electrification wave.

Strengths

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

Weaknesses

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

Opportunities

- Growth in food consumption commands efficienencies in agriculture equipmt
- 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: 11.06%

Management

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

Next events

- 1H24 results: 02/08/24
- 3Q24 results: 30/10/24

1Q24 Results

1Q24 results

Subdued demand in AG persists, while Industrial sales increased

Eu mn	1Q23A	1Q24A	YoY %	FY23A	FY24E	YoY %	Eu mn	1Q23A	1Q24A	YoY %
Net Sales	346	272	-21%	1,224	1,087	-11.2%	Sales by sector			
							Agriculture	227	150	-34%
							Industrial	119	122	2%
							Sales by geography			
							EMEA	212	156	-26%
							APAC	49	46	-7%
							NAM	72	60	-16%
							LATAM	14	11	-24%
							Net Sales	346	272	-21%
EBITDA	54	46	-15%	205	177	-13.7%				
<i>Ebitda Margin %</i>	<i>15.5%</i>	<i>16.8%</i>		<i>16.7%</i>	<i>16.3%</i>					
NFP at YE (debt)/cash	(95)	(77)		(95)	(17)					

Source: Company data and Alantra estimates

Change in estimates

Change in Estimates

We trim our FY24E sales by 3.1% and accordingly adjust the FY25-26E top-line to maintain our previous growth rate.

(Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net Sales	1,087	1,162	1,227	-3.1%	-3.1%	-3.0%	1,122	1,198	1,265
EBITDA	177	194	209	-1.4%	-3.0%	-3.0%	179	200	215
EBIT	114	130	147	-2.1%	-4.4%	-4.1%	117	136	154
Pretax Profit	110	126	143	-2.2%	-4.5%	-4.2%	113	132	150
Net profit	80	92	104	-2.2%	-4.5%	-4.2%	82	96	109
EPS	2.8	3.2	3.6	-2.2%	-4.5%	-4.2%	2.9	3.3	4
Net financial position	(17)	91	191	(4)	(6)	(8)	(13)	97	199

Source: Company data and Alantra estimates

OEM's outlook and Peers

Main Comer's tier 1 clients confirmed a difficult environment in both AG and Industrial sectors for this year. For instance, CNHI has recently updated its outlook primarily due to lower expected volumes in AG (-11/-15% yoy from prev. -8/-12%), while confirming Construction sales expectations to -7/-11%.

CNHI 2024 outlook in AG (LHS) and CE (RHS) confirms a year of challenges

CNHI expects sales to curb by -11/15% in AG and -7/11% in CE.

2024 OUTLOOK – AGRICULTURE					2024 OUTLOOK – CONSTRUCTION				
Total Industry Unit Performance ¹					Total Industry Unit Performance ¹				
	North America	EMEA	South America	APAC		North America	EMEA	South America	APAC
LHP Tractors	~(10)%	~(10)%	~(10)%	(5)% – flat	Light	(5)% – flat	(15)–(10)%	flat	(10)–(5)%
HHP Tractors	(15)–(10)%				Heavy	(5)% – flat	(10)–(5)%	flat – 5%	(5)% – flat
Combines	(15)–(10)%	(15)–(10)%	(25)–(20)%	~flat					
<small>Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.</small>					<small>Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.</small>				

Source: CNHI 1Q24 result presentations

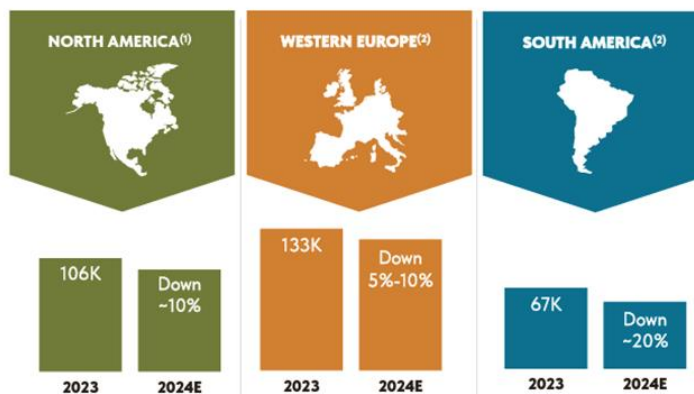
Also, AGCO foresees a combination of lower farm income and recently refreshed fleet, which should pressure industry demand in 2024 across the globe. The group expects Tractor sales to drop by -5/-10% in Europe, -10% in NAM and -20% in South America.

AGCO's Retail Tractor Sales point to a decline across regions in 2024

AGCO FY24E guidance points to tractor sales decline across the globe (NAM -10%; EU -5/-10%; SA -20%)

2024 MARKET OUTLOOK

Regional Market Outlook – Industry Unit Retail Tractor Sales



13 ⁽¹⁾ Excludes compact tractors
⁽²⁾ Amounts based on Company estimates



Source: AGCO 1Q24 result presentations

Financials – Comer Industries versus selected peers

The reference AG market settles persistent headwinds, amid normalization of dealers' stock, also confirmed by recent outlook from major OEMs

Company	Country	Mkt Cap (Eu mn)	FY24E - FY26E average margins					CAGR FY23A - FY26E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net profit
COMER INDUSTRIES S.p.A.	ITALY	866	16.7%	11.2%	7.9%	3.2%	36.0%	0.1%	0.6%	0.6%	3.4%
PEERS	Average		17.4%	12.2%	8.6%	3.7%	26.5%	2.2%	4.1%	5.7%	10.6%
	Median		18.5%	12.7%	9.9%	4.1%	21.4%	3.2%	5.3%	7.3%	9.3%
Interpump Group S.p.A.	ITALY	4,577	23.9%	18.7%	12.8%	4.6%	12.9%	2.5%	2.2%	1.4%	5.0%
Dana Incorporated	UNITED STATES	1,801	8.8%	4.8%	1.8%	4.2%	29.9%	3.9%	8.4%	13.2%	31.3%
Bucher Industries AG	SWITZERLAND	3,922	13.2%	10.4%	8.2%	4.0%	50.8%	-1.6%	-3.3%	-5.3%	-7.6%
Regal Rexnord Corporation	UNITED STATES	9,699	23.8%	14.9%	11.6%	1.8%	12.4%	3.9%	9.2%	13.5%	13.6%
Off-Highway Components Manufacturers	Average		17.4%	12.2%	8.6%	3.7%	na	2.2%	4.1%	5.7%	10.6%
	Median		18.5%	12.7%	9.9%	4.1%	na	3.2%	5.3%	7.3%	9.3%
CNH Industrial NV	UNITED STATES	13,884	12.1%	10.4%	9.1%	2.6%	28.8%	-2.1%	-3.4%	-2.8%	-1.6%
Deere & Company	UNITED STATES	104,745	24.4%	21.0%	15.7%	3.5%	23.8%	-4.3%	-5.7%	-5.9%	-5.3%
AGCO Corporation	UNITED STATES	8,106	12.9%	10.8%	6.9%	3.6%	30.5%	-1.1%	-5.8%	-10.0%	-5.2%
Caterpillar Inc.	UNITED STATES	156,544	23.5%	20.7%	15.5%	3.2%	25.0%	2.5%	3.7%	4.2%	5.7%
Off-highway OEMs	Average		18.2%	15.7%	11.8%	3.2%	27.0%	-1.3%	-2.8%	-3.6%	-1.6%
	Median		18.2%	15.8%	12.3%	3.3%	26.9%	-1.6%	-4.5%	-4.3%	-3.4%

Source: Factset, Alantra

Trading multiples

Comer Industries is trading at c. 30% discount to Off-highway Components Manufacturers peer on EV/EBITDA 2024

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
COMER INDUSTRIES S.p.A.	ITALY	866	6.4 x	5.4 x	4.6 x	9.9 x	8.0 x	6.5 x	11.5 x	10.0 x	8.8 x	1.0 x	0.9 x	0.8 x
Premium (discount) to C. Manufacturers' Median			-25%	-33%	-36%	-8%	-22%	-29%	-25%	-28%	-31%	-35%	-40%	-43%
PEERS	Average		8.0 x	7.5 x	7.5 x	10.7 x	9.9 x	9.4 x	13.7 x	12.3 x	11.3 x	1.6 x	1.5 x	1.5 x
	Median		8.5 x	8.0 x	7.1 x	10.7 x	10.3 x	9.1 x	14.7 x	13.8 x	12.7 x	1.6 x	1.5 x	1.4 x
Interpump Group S.p.A.	ITALY	4,577	9.2 x	8.4 x	7.6 x	11.7 x	10.7 x	9.8 x	16.6 x	15.2 x	14.3 x	2.2 x	2.0 x	1.8 x
Dana Incorporated	UNITED STATES	1,801	4.3 x	4.0 x	3.6 x	8.5 x	7.1 x	6.5 x	14.6 x	8.4 x	7.0 x	0.4 x	0.3 x	0.3 x
Bucher Industries AG	SWITZERLAND	3,922	7.8 x	7.7 x	6.6 x	9.7 x	9.8 x	8.5 x	14.3 x	14.9 x	13.8 x	1.0 x	1.0 x	0.9 x
Regal Rexnord Corporation	UNITED STATES	9,699	11.0 x	9.5 x	8.4 x	18.4 x	15.1 x	12.8 x	15.9 x	13.0 x	11.7 x	2.5 x	2.3 x	2.0 x
Off-Highway Components Manufacturers	Average		8.1 x	7.4 x	6.6 x	12.1 x	10.7 x	9.4 x	15.4 x	12.9 x	11.7 x	1.5 x	1.4 x	1.3 x
	Median		8.5 x	8.0 x	7.1 x	10.7 x	10.3 x	9.1 x	15.2 x	14.0 x	12.8 x	1.6 x	1.5 x	1.4 x
CNH Industrial NV	UNITED STATES	13,884	5.2 x	5.0 x	4.1 x	6.2 x	5.8 x	4.7 x	7.9 x	7.7 x	7.3 x	0.6 x	0.6 x	0.5 x
Deere & Company	UNITED STATES	104,745	10.4 x	9.9 x	13.1 x	11.8 x	12.1 x	14.8 x	14.8 x	14.6 x	13.8 x	2.5 x	2.4 x	3.3 x
AGCO Corporation	UNITED STATES	8,106	5.4 x	5.1 x	5.3 x	6.5 x	6.4 x	6.0 x	9.7 x	9.4 x	8.8 x	0.7 x	0.7 x	0.6 x
Caterpillar Inc.	UNITED STATES	156,544	10.9 x	10.7 x	11.3 x	12.6 x	12.1 x	12.5 x	16.0 x	15.0 x	13.8 x	2.6 x	2.5 x	2.6 x
Off-highway OEMs	Average		8.0 x	7.7 x	8.5 x	9.3 x	9.1 x	9.5 x	12.1 x	11.7 x	10.9 x	1.6 x	1.5 x	1.8 x
	Median		7.9 x	7.5 x	8.3 x	9.2 x	9.2 x	9.2 x	12.3 x	12.0 x	11.3 x	1.6 x	1.5 x	1.6 x

Source: Factset, Alantra

Performance

The stock has performed in line with peers in the last month

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
COMER INDUSTRIES S.p.A.	ITALY	909	-5.1%	17.4%	19.6%	-3.6%	76.1%	137.3%
PEERS	Average		-3.8%	2.1%	19.7%	4.3%	-8.9%	64.9%
	Median		-4.9%	-0.4%	12.1%	-6.0%	-11.9%	47.9%
Interpump Group S.p.A.	ITALY	4,577	0.0%	-1.4%	2.8%	-18.2%	-5.1%	31.0%
Dana Incorporated	UNITED STATES	1,801	6.4%	-0.5%	11.2%	-5.2%	-49.9%	-24.5%
Bucher Industries AG	SWITZERLAND	3,922	-5.4%	-0.4%	12.9%	-6.8%	-24.1%	13.1%
Regal Rexnord Corporation	UNITED STATES	9,699	-8.8%	11.7%	54.2%	21.9%	4.5%	88.7%
Off-Highway Components Manufac	Average		-2.0%	2.3%	20.3%	-2.1%	-18.7%	27.1%
	Median		-2.7%	-0.4%	12.1%	-6.0%	-14.6%	22.0%
CNH Industrial NV	UNITED STATES	13,884	-7.2%	-3.8%	17.4%	-16.2%	-18.8%	35.7%
Deere & Company	UNITED STATES	104,745	-1.7%	5.1%	9.8%	6.4%	2.9%	157.1%
AGCO Corporation	UNITED STATES	8,106	-4.3%	-0.7%	2.6%	-7.8%	-23.9%	60.1%
Caterpillar Inc.	UNITED STATES	156,544	-9.0%	6.6%	46.9%	60.4%	43.2%	158.1%
Off-highway OEMs	Average		-5.6%	1.8%	19.2%	10.7%	0.8%	102.8%
	Median		-5.7%	2.2%	13.6%	-0.7%	-8.0%	108.6%

Source: Alantra estimates and Factset

Disclaimer

Explanation of Ratings: Alantra Capital Markets Sociedad de Valores SAU (Italian Branch) ("Alantra CM (Italian Branch)") Research Department provides six core ratings: BUY, HOLD, SELL, NOT RATED, UNDER REVIEW and SUSPENDED, based on the expected performance over the next 12 months.

BUY: The stock is expected to generate returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

UNDER REVIEW: An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

SUSPENDED: Alantra CM (Italian Branch) is precluded from providing an investment rating or price target for compliance reasons.

Due to share price volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

This report has been prepared by Alantra CM (Italian Branch), which is pertaining to the Alantra Group, a financial Spanish group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services.

Analyst Certification

Each authoring analyst of Alantra CM (Italian Branch) whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

This report is solely for the information of clients of Alantra CM (Italian Branch) and for distribution only under such circumstances as may be permitted by applicable law. Alantra CM (Italian Branch) specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra CM (Italian Branch) and therefore Alantra CM (Italian Branch) accepts no liability whatsoever for the actions or third parties in this respect.

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. The information contained in this research has been compiled by Alantra CM (Italian Branch) from sources believed to be reliable, but no representation or warranty, either expressed or implied, is provided in relation to the fairness, accuracy, completeness or correctness of the information contained herein, nor is it intended to be a complete statement or summary of the securities or markets referred to in this report. Alantra CM (Italian Branch) nor any of its affiliates has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Alantra CM (Italian Branch)'s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability. Alantra CM (Italian Branch) its affiliated companies or any other person does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this report or its contents. This report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra CM (Italian Branch). The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra CM (Italian Branch) is under no obligation or keep current the information contained in this report.

From time to time, Alantra CM (Italian Branch) salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Alantra CM (Italian Branch)'s affiliates, principal trading desk, and investing businesses also from time to time may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Investments involve risks and investors should exercise prudence in making their investment decisions. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Stocks bear significantly risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in a material loss. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been realized at those prices.

Neither Alantra CM (Italian Branch) nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Except as otherwise specified herein, this material is exclusively communicated by Alantra CM (Italian Branch) to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

The analysts responsible for the preparation of this report may interact with trading desk personnel, sales personnel and investment managers. Alantra CM (Italian Branch), any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interests. Information regarding transactions in which the Alantra Group has acted as an advisor, or provided professional services, is available on Alantra Group's website (<http://www.alantra.com>). The Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organization and to the nature, scale and complexity of its business. Investors should consider this report as only a single factor in making their investment decisions.

Conflict of interest

In order to disclose its possible conflicts of interest Alantra states that:

- Alantra is Corporate Broker of the following Companies: Openjobmetis, Eurotech, Talea Group, ICF, Tecma Solutions, Planetel, Powersoft, ATON Green Storage, Giglio.com, Almamave, Bifire, Indel B, Solid World Group, Comer Industries, Edil San Felice, Fae Technology, Kruso Kapital

Research Distribution Policy

Alantra, according to article 3, paragraph 1, numbers (34) and (35) Regulation (EU) No 596/2014, has been commissioned to produce Equity Research for the Company by arrangement with the Specialist engaged by the Company.

Alantra CM (Italian Branch) research will be available simultaneously for all of Alantra CM (Italian Branch)'s customers who are entitled to receive the firm's research. Research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Alantra CM (Italian Branch)'s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

The disclosures contained in research reports produced by Alantra CM (Italian Branch) shall be governed by and construed in accordance with Spanish and Italian laws.

The receipt of this report implies full acceptance by its recipients of the contents of this disclaimer.

Alantra Capital Markets Sociedad de Valores SAU is the Spanish investment firm located in Madrid, Calle de José Ortega y Gasset 29, registered at the Comisión Nacional del Mercado de Valores (CNMV) with number 258. Alantra CM (Italian Branch) is located in Milano (Italy), Via Borgonuovo 16 with number 155.