



**COMER INDUSTRIES**

CLOSING PRICE\* **EUR33.8**  
VALUATION (UPSIDE) **EUR38 (+12%) ■ EUR42 (+24%)**

VALUATION RANGE	EPS 24e	EPS 25e
↘ -5%   ↘ -9%	↘ -7%	↘ -12%

## Coping with a still-tough demand backdrop

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### Q2 showed no change in underlying trends...

COM reported a Q2 in line with our numbers. Revenues were down by 21% organically and this continues to be largely driven by the AG weakness (which still suffers from a challenging comparison base), while industrial was up c5% in the quarter. EBITDA was down by a similar magnitude (-23%) as margin showed resiliency (c20bps lower y/y) despite the challenging volume backdrop. Net debt closed at EUR107m, reflecting the capex related to the additional plant in North America.

### ...while demand softness is likely to persist in H2

We do not see any short-term rebound in the agriculture business as recent commentary from AGCO (not covered) suggests a level of production that remains lower y/y in the second half of 2024. On top of that, the recent messages from the construction equipment OEMs do not point to clear signs of improving market conditions. Against a weak volume backdrop, margins are the major positive development from the release, with the company mentioning stable profitability (despite lower volumes).

### 2024/25e estimates cut by 7/12%, FV range lowered to EUR 38-42/sh

We cut our estimates, reflecting weaker demand into H2 partially offset by cost efficiencies. Shares now trades at an c11% discount vs its closets peers and our FV range now lands at EUR38-42/sh (from EUR40-46/sh), reflecting our lower estimates.

*Closing Price (1 August 2024)	EUR33.8				Performance <sup>(1)</sup>	1w	1m	3m	12m
Market cap (EURm)	969				Absolute(%)	1	1	6	7
Free float (EURm)	186				Rel. Capital Goods(%)	1	5	5	(13)
EV (EURm)	1,137				Rel. MSCI Small Cap(%)	0	(2)	(0)	(4)
3m avg volume (EURm)	NC								
Refinitiv / Bloomberg	COME.MI / COM IIM								
Country / Sub Sector	Italy / Industrial Machinery								
Financials	12/23	12/24e	12/25e	12/26e	Valuation metrics <sup>(2)</sup>	12/23	12/24e	12/25e	12/26e
EPS, Adjusted (EUR)	3.79	2.87	3.38	3.71	P/E (x)	8.0	11.8	10.0	9.1
EPS, Company (EUR)	3.28	2.37	2.88	3.21	Net yield (%)	4.1	3.7	4.5	5.0
EPS - Refinitiv (EUR)	3.78	3.10	3.64	4.01	FCF yield (%)	16.2	11.2	10.3	10.2
Net dividend (EUR)	1.25	1.25	1.52	1.69	EV/Sales (x)	0.9	1.1	1.0	0.9
Sales (EURm)	1,224	1,017	1,090	1,156	EV/EBITDA (x)	5.6	6.7	5.7	5.0
EBITA, Adj. (EURm)	164.1	123.1	143.0	155.8	EV/EBITA (x)	7.0	9.2	7.5	6.5
Net profit, Adj. (EURm)	108.7	82.2	97.1	106.3	EV/CE (x)	1.4	1.5	1.4	1.3
ROCE (%)	14.2	11.2	13.3	14.6					
Net Debt/EBITDA, Adj. (x)	0.5	-	-	-					

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: Change in estimates**

	31 Dec 24			31 Dec 25			31 Dec 26		
	Old	New	Revision	Old	New	Revision	Old	New	Revision
Sales	1,082.9	1,017	(6%)	1,183.9	1,089.9	(8%)	1,283.5	1,156.4	(10%)
COM EBITDA	180.0	170.0	(5%)	208.7	190.0	(9%)	232.1	202.5	(13%)
BNPPE adj. EBIT	132.8	123.1	(7%)	161.7	143	(12%)	184.9	155.8	(16%)
BNPPE adj. Net profit	88.5	82.2	(7%)	109.8	97.1	(12%)	126.4	106.3	(16%)

Source: BNP Paribas Exane estimates

Below we show a summary of our FV range.

**Figure 2: Peers panel**

Company	EV	Market Cap	P/E (x)			EV / EBIT (x)			EBIT margin (%)			EV / Sales (x)			Organic sales growth		
			2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Suppliers																	
CHINA	2009	1510	11.0x	8.6x	8.9x	9.0x	7.9x	8.9x	4.3%	4.7%	5.0%	0.4x	0.4x	0.3x	3.2%	3.2%	5.3%
INTERPUMP	4358	4140	16.1x	15.4x	14.8x	11.8x	10.8x	9.9x	17.8%	17.8%	17.8%	2.1x	1.9x	1.8x	-5.3%	1.5%	3.9%
JOST WERKE	780	821	7.9x	7.0x	6.7x	8.6x	8.7x	8.2x	9.8%	9.9%	10.0%	0.7x	0.6x	0.6x	-4.3%	5.5%	3.8%
BUECHER INDUSTRIES	3131	3549	13.8x	13.8x	12.9x	9.4x	9.0x	8.3x	10.1%	10.2%	10.7%	1.0x	0.9x	0.9x	-5.3%	0.4%	4.0%
Median			12.4x	11.2x	9.9x	9.2x	8.4x	7.6x	10.0%	10.0%	10.3%	0.6x	0.7x	0.7x	-4.8%	2.6%	3.9%
COMER	1074	888.0	11.8x	10.0x	9.1x	9.2x	7.8x	6.6x	12.1%	13.1%	13.6%	1.1x	1.0x	0.9x	-17.0%	7.2%	6.1%
% discount/premium vs suppliers			(5%)	(11%)	(9%)	0%	(11%)	(14%)				28%	32%	26%			

Source: BNP Paribas Exane estimates, Thomson Reuters Datastream

**Figure 3: Our peer-based FV is EUR38/sh**

Valuation summary	EV/EBIT 2025e
Median	8x
Premium	0%
<b>Fair multiple</b>	<b>8x</b>
BNPPE Adj. EBIT	143
<b>EV</b>	<b>1204</b>
- Net debt (excluding IFRS 16)	98
- Adjusted lease liability	(41)
- Other liabilities and commitments	(187)
- Revalued minority interests	0
+ (Assoc. + revalued investments)	2
<b>Equity Value</b>	<b>1076</b>
Liquidity discount	0%
Nosh	28.7
<b>Equity value per share</b>	<b>38</b>

Source: BNP Paribas Exane estimates

Figure 4: DCF points to EUR42/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	1,017.0	1,089.9	1,156.4	1,214.5	1,245.5	1,276.6
% YoY growth		51.0%	106.9%	-1.1%	-16.9%	7.2%	6.1%	5.0%	2.6%	2.5%
Restated EBITDA	47.8	77.2	179.7	204.3	169.8	189.8	202.3	217.1	222.2	227.8
% YoY growth		61.5%	132.9%	13.7%	-16.9%	11.8%	6.6%	7.3%	2.3%	2.5%
% margin	12.1%	12.9%	14.5%	16.7%	16.7%	17.4%	17.5%	17.9%	17.8%	17.8%
Restated EBIT	30.5	56.8	142.8	164.1	123.1	143.0	155.8	170.6	174.0	178.3
% YoY growth		86.3%	151.5%	15.0%	-25.0%	16.2%	9.0%	9.5%	2.0%	2.5%
% margin	7.7%	9.5%	11.5%	13.4%	12.1%	13.1%	13.5%	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	116.5	87.4	101.5	110.6	121.1	123.5	126.6
WC change	(73.7)	(96.4)	(63.8)	33.6	21.9	(3.8)	(11.1)	(9.7)	(5.2)	(5.2)
WC	73.7	170.1	233.9	200.3	178.4	182.3	193.4	203.1	208.3	213.5
WC / Sales (%)	18.6%	28.4%	18.9%	16.4%	17.5%	16.7%	16.7%	16.7%	16.7%	16.7%
D&A including RoU, excl PPA & cap. dev. costs	17.3	20.4	37.0	40.2	46.8	46.9	46.5	46.5	48.2	49.4
D&A / Sales (%)	4.4%	3.4%	3.0%	3.3%	4.6%	4.3%	4.0%	3.8%	3.9%	3.9%
Capex	(13.1)	(19.6)	(33.9)	(42.3)	(38.1)	(36.4)	(38.8)	(40.8)	(41.8)	(41.9)
Capex / Sales (%)	3.3%	3.3%	2.7%	3.5%	3.7%	3.3%	3.3%	3.3%	3.3%	3.3%
Operating FCF					117.9	108.1	107.4	117.4	125.0	129.0
Terminal Value										1763
Discount factor						1.0	0.9	0.8	0.7	
Discounted FCF						108.1	94.1	93.6	90.7	

2025-2028 Discounted FCF	387
Discounted terminal value	1280
Enterprise Value	1667
- 2024 Net debt restated	(34)
- Adjusted lease liability	94
- Other liabilities and commitments	187
- Revalued minority interests	0
+ (Assoc. + revalued investments)	2
Equity value	1422
Diluted shares (m)	28.7
Liquidity discount	15%
Value per share	42

Wacc	9.5%
LT growth	2.5%

Source: BNP Paribas Exane estimates, Company

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## 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' 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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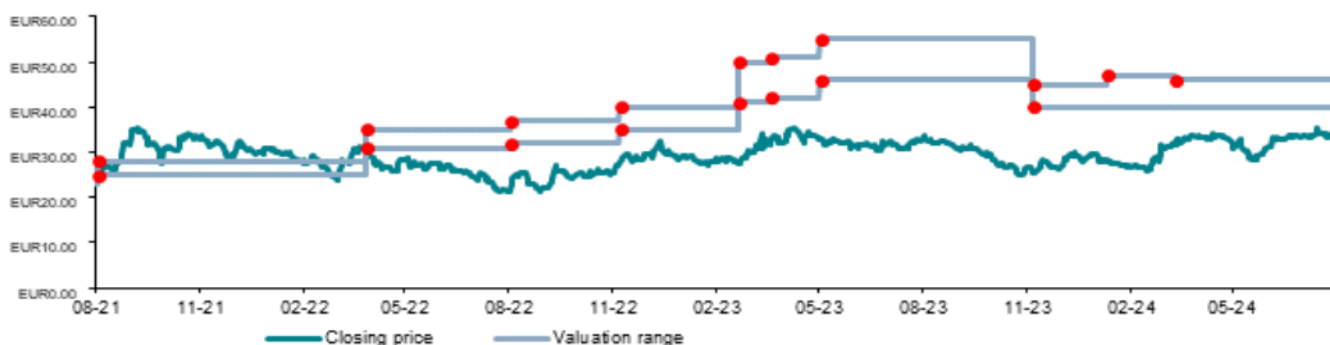
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## Price and Valuation Range Chart

### Comer Industries

Historical Closing Price & Valuation Range (closing price as of 01/08/2024)



Source: BNP Paribas

### Historical valuation range changes

Date & Time of Dissemination (London time) (1)	Rating	Valuation Range	Closing Price*	Key Changes	Person(s) Involved
2 Aug. 2024 (1)	n/a	EUR38.00 EUR38.00	EUR33.80		G. Grimaldi, M. Baldelli
29 Jul. 2024 23:00	n/a	EUR 40.00   46.00	EUR33.40		G. Grimaldi
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
9 Apr. 2021 05:54	n/a	EUR 19.00   22.00	EUR16.70	Enter sponsored list	M. Baldelli

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

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