COMER INDUSTRIES

Company Update

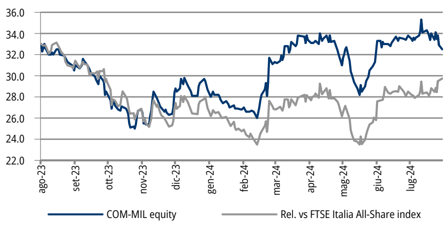
BUY ord. *(Unchanged)*

Target: **€ 37.00** *(Prev.: €38.00)*

Risk: High

STOCKDATA			ORD
Price (as of 05 Aug 2024)			32.5
Bloomberg Code			COM IM
Market Cap (€ mn)			932
Free Float			12%
Shares Out (mn)			28.7
52 week Range			€ 25.0 - 35.3
Daily Volume			7,288
Performance (%)	**1M**	**3M**	**1Y**
Absolute	-3.8	1.6	-3.3
Rel to FTSE Italia All-Share	4.3	9.0	-11.3
MAIN METRICS	**2023**	**2024E**	**2025E**
SALES Adj	1,224	979	1,038
EBITDA Adj	205	162	173
EBIT Adj	165	120	132
NET INCOME Adj	108	80.4	92.5
EPS Adj - €c	375	280	322
DPS Ord - €c	125	100.0	125
MULTIPLES	**2023**	**2024E**	**2025E**
P/E ord Adj	7.8x	11.6x	10.1x
EV/EBITDA Adj	4.6x	6.0x	5.3x
EV/EBIT Adj	5.7x	8.1x	7.0x
REMUNERATION	**2023**	**2024E**	**2025E**
Div. Yield ord (A)	4.1%	3.1%	3.8%
FCF Yield Adj	15.5%	9.3%	9.8%
INDEBTEDNESS	**2023**	**2024E**	**2025E**
NFP Adj	-94.8	-44.1	13.7
D/Ebitda Adj	0.5x	0.3x	n.m.

PRICE ORD LAST 365 DAYS



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RESILIENT EBITDA MARGIN AND SOLID FCF DESPITE AG WEAKNESS

In spite of AG market weakness, 2Q24 results once again showed the ability to preserve high EBITDA margin leveraging on WPG synergies and additional efficiencies. Weaker AG market imposes a further reduction in our 2024-25 estimates (on avg. EBITDA -5%), but we confirm our BUY due to WPG synergies (not fully exploited yet) and the solid FCF strengthening the firepower available for new M&A deals.

2Q24 heavily down, but EBITDA margin resilient

Once again in 2Q COMER demonstrated **margin resilience**:

- against a 22% YoY reduction in sales due to the weakness of the AG market
- EBITDA fell by 23% YoY, i.e. the **EBITDA margin was substantially stable** (only -20bps YoY to 17.2%) **due to synergies resulting from the integration of WPG** (including the shut-down of a plant in China, increased production capacity in India and shut down of a plant in Italy) **and other efficiencies**.

2Q24 results in line at operating level

The 2Q is basically in line with expectations at operating level:

- **Revenues -22% YoY** to €259mn (with agricultural down 36% YoY but industrial up 5%) vs expected €261mn; in 1H -22% YoY to €531mn;
- **EBITDA -23% YoY** to €44.4mn (margin 17.2%) vs €43.0mn exp. (margin 16.4%); in 1H -19% YoY to €90.2mn (margin 17.0%)

As for the **1H results** (COMER only releases quarterly data for sales and EBITDA)

- **EBIT -28% YoY** to €59.1mn vs €58.3mn exp.
- **net profit -29% YoY** to €38.8mn vs €39.5mn exp. (penalized by €2mn higher financial charges).

Net debt worse due to new investments, LTI cash-out and NWC

1H net debt at €107mn is worse than the €79mn expected, because of:

- **a new investment in the United States** (€6.1mn net in excess of the €35mn capex) to concentrate the activity in a single plant whose start-up is scheduled for October 2024, in order to rationalize North American production capacity, with cost benefits expected in 2025
- **the one-off cash-out referred to the LTI program** (€13.5mn);
- **the NWC absorption** (€~10mn) partly due to slightly longer credit collection which we believe not repeatable.

The poor performance is wholly attributable to AG market negative cycle ...

The 1H decline is entirely attributable to the Agriculture division due to market downturn (sales -35% YoY to €288mn, EBITDA -33% YoY to €47mn and EBIT -41% YoY to €30mn) **while Industrial** (mainly construction) **even improved** (sales +4% YoY to €243mn, EBITDA +5% YoY to €44mn and EBIT -6% YoY to €29mn).

... which will also affect 2H24 results

AG sector news flow remains weak in 2H: CNHI and Agco (two of the most important customers), recently further revised the volumes/production estimate downwards. This forces us to revise downwards the FY24-25 estimates (on avg. sales -6%, EBITDA -5% and net profit -10%). As a consequence, **DFCF-based target -3% to €37PS** (2024-25E 13/11x and EV/EBITDA 8.2/7.6x).

In spite of the negative AG market trend, we reiterate our BUY because of the ...

- **positive track record** leveraging on German WPG integration whose synergies allow to mitigate AG's sector weakness (we estimate **at least €30-40mn and more to come** due to North American reorganization)
- **EBITDA margin above sector average** (>16%) to be confirmed going forward;
- **cheap multiples** already factoring in the AG market downward trend;
- **solid financial structure** (debt-free ex-IFRS 16 in 2024) and **high FCF conversion** (well above 70%), typical of the predominantly assembler business model;
- **firepower in excess of €400mn available for further acquisitions**, maybe becoming easier in the current challenging AG market environment.

MAIN FIGURES - EURmn	2021	2022	2023	2024E	2025E	2026E
SALES Adj	598	1,237	1,224	979	1,038	1,090
Growth	51.0%	106.8%	-1.1%	-20.0%	6.0%	5.0%
EBITDA Adj	75.6	180	205	162	173	180
Growth	50.9%	138.1%	13.9%	-20.9%	6.8%	3.7%
EBIT Adj	56.8	143	165	120	132	140
Growth	75.5%	151.4%	15.3%	-27.0%	9.7%	5.9%
PBT Adj	54.2	123	127	91.5	108	120
Growth	87.3%	127.2%	2.7%	-27.7%	18.3%	11.3%
Net Income Adj	40.4	101	108	80.4	92.5	101
Growth	78.8%	149.9%	6.5%	-25.2%	15.0%	9.5%

MARGIN - %	2021	2022	2023	2024E	2025E	2026E
EBITDA Adj Margin	12.6%	14.6%	16.7%	16.6%	16.7%	16.5%
Ebit Adj margin	9.5%	11.5%	13.5%	12.3%	12.7%	12.8%
Pbt Adj margin	9.1%	10.0%	10.3%	9.3%	10.4%	11.1%
Net Income Adj margin	6.8%	8.2%	8.8%	8.2%	8.9%	9.3%

SHARE DATA	2021	2022	2023	2024E	2025E	2026E
EPS Adj - €c	192	352	375	280	322	353
Growth	73.1%	83.7%	6.5%	-25.2%	15.0%	9.5%
DPS ord(A) - €c	50.0	75.0	125	100.0	125	125
BVPS	12.1	15.5	17.7	19.1	20.8	22.6

VARIOUS	2021	2022	2023	2024E	2025E	2026E
Capital Employed	466	535	553	533	525	511
FCF	46.6	60.0	163	100	91.5	101
CAPEX	20.9	33.9	41.0	40.0	35.0	35.0
Working capital	203	254	234	222	236	247

INDEBTNESS	2021	2022	2023	2024E	2025E	2026E
Nfp Adj	-177	-149	-94.8	-44.1	13.7	79.1
D/E Adj	0.51	0.34	0.19	0.08	n.m.	n.m.
Debt / EBITDA Adj	2.3x	0.8x	0.5x	0.3x	n.m.	n.m.

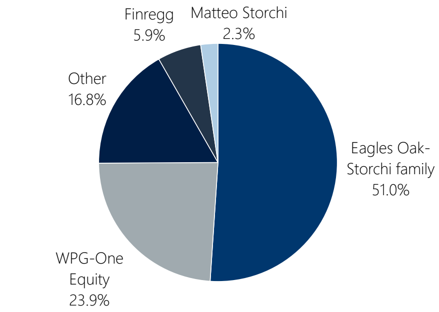
MARKET RATIOS	2021	2022	2023	2024E	2025E	2026E
P/E Ord Adj	16.0x	8.2x	7.8x	11.6x	10.1x	9.2x
PBV	1.9x	1.7x	1.7x	1.7x	1.6x	1.4x

EV FIGURES	2021	2022	2023	2024E	2025E	2026E
EV/Sales	1.8x	0.8x	0.8x	1.0x	0.9x	0.8x
EV/EBITDA Adj	13.9x	5.4x	4.6x	6.0x	5.3x	4.7x
EV/EBIT Adj	18.6x	6.8x	5.7x	8.1x	7.0x	6.1x
EV/CE	2.3x	1.8x	1.7x	1.8x	1.8x	1.7x

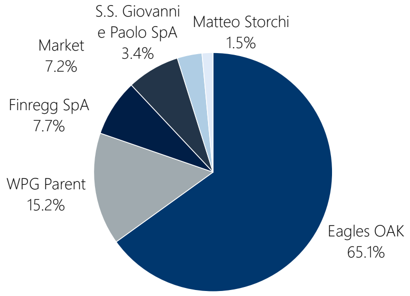
REMUNERATION	2021	2022	2023	2024E	2025E	2026E
Div. Yield ord	2.2%	2.8%	4.1%	3.1%	3.8%	3.8%
FCF Yield Adj	7.1%	7.8%	15.5%	9.3%	9.8%	10.9%
Roce Adj	13.3%	18.5%	19.3%	13.4%	15.3%	16.7%

Source: Company data and Equita SIM estimates

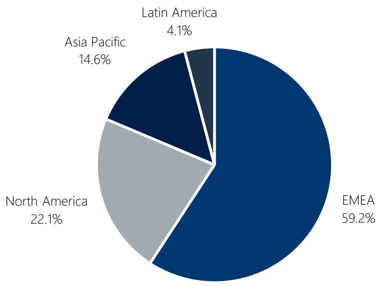
SHAREHOLDERS



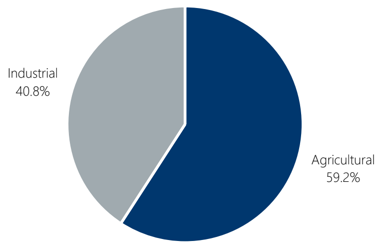
VOTING RIGHTS



GEOGRAPHICAL REVENUES BREAKDOWN



DIVISIONAL REVENUES BREAKDOWN



BUSINESS DESCRIPTION

Founded in 1970 by the Storchi family and originally specialized in the production of transmissions for agricultural machinery, **today COMER Industries** (COMIND - Compagnia Meccanica Riduttori**) is a key player in the engineered transmission systems for the largest vehicle manufacturers in the agriculture, industrial and energy sectors,** producing more than 2mn pieces every year. **Eagles OAK,** Storchi family's holding company (equally controlled by Matteo Storchi, his brother Marco, his cousins Cristian and Annalisa), **is the main shareholder (51% stake), while private equity One Equity Partners is the second one, with a 23.9% stake** (resulting from the WPG assets contribution).

Headquartered near Reggio Emilia, **COMIND has an international footprint** with ca. 59% of sales generated in EMEA, 22% in NA, 15% in Asia Pacific and 4% in Latin America. **A distinctive feature is the geographical proximity of its production plants to customers**, i.e. 18 plants globally of which 8 in Italy, 3 in USA, 2 in Germany, 2 in Brazil, 1 in China and 1 in India.

COMIND supplies almost 800 customers in two main sectors:

- **Agricultural** (ca. €724mn or 59% of FY23 revenues) through the manufacture of gearboxes, drive shafts, PTOs (Power Take-Off), axles and DUJs (Double Universal Joint), TAS (Tractor Attachment System) and ICVD (integrated continuously variable drive);
- **Industrial** (ca. €500mn or 41%) through the production of components such as drive shafts, planetary drives, axles and DUJs, and fan clutches mainly for the Construction equipment business but also many other sectors.

Since products are mainly co-developed and very often tailor-made, **we estimate COMIND is the exclusive provider for ~70% of its sales (typical in AG).** This feature coupled with technological skills, long-term relationships with clients, local-for-local approach, represents a **high entry barrier** and explains a **rather concentrated sector** (also due to the consolidation undertook in the past few years).

Through a successful M&A strategy COMIND achieved:

- **a transformational deal in 2021:** it acquired the German WPG becoming a world leading powertrain components provider for the off-highway industry. COMIND doubled its revenues, completed its product offering, expanded the geographical coverage in NA, strengthened the penetration of the industrial sector and entered the after-market business with the opportunity to exploit relevant synergies;
- **two bolt-on acquisitions in 2023:** Benevelli Electric Powertrain Solutions and Sitem Motori Elettrici with the aim of getting the know-how and **entering the market for engines and transmissions for electric vehicles**.

Thanks to the strong know-how in manufacturing tailor-made components, the high reliability and the strict relationship with its clients, beyond the abovementioned M&A deals, **in the 7-year period 2016-23** (since the second generation of the Storchi family headed by Matteo took the helm) **COMIND increased sales by 22% CAGR to €1.22bn** (like-for-like +11% CAGR) **and EBITDA by 37% CAGR to €205mn** (like-for-like +31% CAGR).

COMER: 2019-23 MAIN FIGURES

	2019	2020	2021	2022	2023
Revenues	404.6	396.2	598.1	1,237.0	1,223.9
Change	6.7%	-2.1%	51.0%	106.8%	-1.1%
EBITDA	45.2	48.1	77.6	180.0	205.0
Change	19.0%	6.5%	61.2%	132.0%	13.9%
FCF	33.9	38.1	46.6	60.0	162.9
Net Debt	(29.1)	(26.7)	(177.0)	(148.9)	(94.8)

Source: Company data

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
- Co-development capabilities	- Low bargaining power vs its largest OEM customers in the agricultural sector
- Long-term relationship with customers	- Larger competitors may invest more in R&D
- Asset light business model (being assembler)	- Flowback from the private equity One Equity Partners owning 23.9% of capital
- Solid financial structure and visible recurring FCF	- Price pressure from larger competitors
- Positive M&A track record & new M&A deals	
- Full WPG cost synergies exploitation	

1H RESULTS IN LINE WITH EXPECTATIONS EXCEPT NET DEBT

COMER: 2Q/1H24 RESULTS (€ mn)

Group/€ mn	1H23		2H23		1Q24		2Q24 Exp		2Q24 Act		Delta	1H24 Exp		1H24 Act		Delta
Revenues	676.9	100.0	547.0	100.0	272.4	100.0	261.6	100.0	258.6	100.0	-1%	534.0	100.0	531.0	100.0	-1%
Change	7%		-9%		-21%		-21%		-22%	0%		-21%		-22%		
EBITDA	111.1	16.4	93.9	17.2	45.8	16.8	43.0	16.4	44.4	17.2	3%	88.8	16.6	90.2	17.0	2%
Change	26%		2%		-15%		-25%		-23%	5%		-20%		-19%		
EBIT	81.8	12.1	62.6	11.4								58.3	10.9	59.1	11.1	1%
Change	32%		-4%									-29%		-28%		
Pre-tax profit	75.8	11.2	53.4	9.8								54.8	10.3	53.9	10.2	-2%
Change	20%		-14%									-28%		-29%		
Net Income	55.0	8.1	39.1	7.1								39.5	7.4	38.8	7.3	-2%
Change	14%		-8%									-28%		-29%		
NF Position	-152.4		-94.8		-77.2		-79.2		-107.1		-27.9	-79.2		-107.1		35%

Source: Equita SIM and company data

CHANGE IN FY24-25E ESTIMATES

COMER: CHANGE IN FY24-25 ESTIMATES (€ mn)

Group/€ mn	2024E	%	2024E	%	Delta	2025E	%	2025E	%	Delta
Revenues	1,040.3	100.0	979.1	100.0	-6%	1,106.9	100.0	1,037.9	100.0	-6%
Change	-15%		-20%			6%		6%		
Adj. EBITDA	171.7	16.5	162.2	16.6	-5%	181.5	16.4	173.3	16.7	-5%
Change	-16%		-21%			6%		7%		
EBITDA	171.7	16.5	162.2	16.6	-5%	181.5	16.4	173.3	16.7	-5%
Change	-16%		-21%			6%		7%		
Adj. EBIT	129.8	12.5	120.2	12.3	-7%	140.3	12.7	131.9	12.7	-6%
Change	-21%		-27%			8%		10%		
EBIT	109.6	10.5	100.0	10.2	-9%	120.1	10.8	111.7	10.8	-7%
Change	-24%		-31%			10%		12%		
Pre-tax profit	103.6	10.0	91.5	9.3	-12%	117.1	10.6	108.2	10.4	-8%
Change	-20%		-29%			13%		18%		
Net Income	75.1	7.2	66.3	6.8	-12%	84.9	7.7	78.5	7.6	-8%
Change	-20%		-29%			13%		18%		
Adj. Net Income	89.1	8.6	80.4	8.2	-10%	98.8	8.9	92.5	8.9	-6%
Change	-17%		-25%			11%		15%		
FCF	99.9		86.5		-13%	96.4		91.5		-5%
NFP (incl. IFRS-16)	(35.8)		(44.1)		23%	27.0		13.7		-49%

Source: Equita SIM estimates

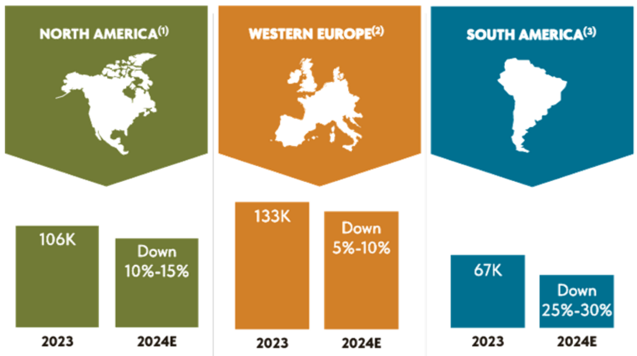
AG MARKET SENTIMENT REMAINS NEGATIVE

The agricultural market news flow remains weak:

- **AGCO** (on July 30th when it issued 2Q24 results) **cut FY24 revenue estimates** by ~7% to $12.5bn (2H24 points to -13% YoY) and adj. operating margin to 9% (from 11.3%) due to weaker AG (tractor sales) market: North America -10/15% YoY (from -10% YoY), Western Europe -5/-10% YoY (confirmed) and South America at -25/-30% YoY (from -20% YoY).
    - It also expects **to reduce FY24 production hours** by -20/25% YoY (from -12/15% YoY which was expected in 1Q24).
    - "Declines in commodity prices and lower projected farm income in 2024 have negatively affected farmer sentiment, further dampening global industry demand"
    - "Dealer and company inventory management remains a key priority for us, as the market continues to soften expect further production cuts through 2024, with all regions targeting to align to retail demand for 2025. Currently, we are expecting 20% to 25% lower production in 2024 versus 2023 on a full-year basis, which is a more significant reduction than our prior outlook"
    - **In addition, last June AGCO announced a restructuring program** to face the weakening AG market: "The initial phase of the Program is expected to result in a net reduction of the Company's salaried workforce by up to approximately 6% as compared to its salaried workforce as of December 31, 2023".

AGCO - 2024 Market Outlook

Regional Market Outlook – Industry Unit Retail Tractor Sales



Source: AGCO company presentation

- **CNHI** (on July 31st when it issued 2Q24 results) **reduced its FY24 outlook** for revenues (-20%/-15% from -15%/-11%) and adj. EBIT margin (13.0%/14.0% from 13.5%/14.5%) due to lower market estimates for tractors in all regions except APAC, which is flat.
    - It also pointed out that **the adjustment of production/inventories is expected to continue**: "we see still … about $1bn plus dealer inventory to be reduced by year end" … **but that production cuts are starting to show impact** "in the early innings of Q3". "We are pretty confident that we're going to reach those inventory levels".

CNH – 2024 AGRICULTURAL MARKET OUTLOOK AND COMPANY'S GUIDANCE

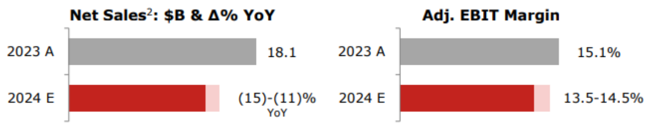
As of 1Q24 presentation

Total Industry Unit Performance[1]

	North America	EMEA	South America	APAC
LHP Tractors	~(10)%	~(10)%	~(10)%	(5)% – flat
HHP Tractors	(15)–(10)%			
Combines	(15)–(10)%	(15)–(10)%	(25)–(20)%	~flat

Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.

CNH Agriculture – Main Assumptions



Source: CNH company presentation

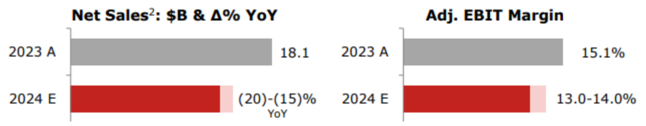
As of 2Q24 presentation

Total Industry Unit Performance[1]

	North America	EMEA	South America	APAC
LHP Tractors	(15)% – (10)%	(15)% – (10)%	(15)% – (10)%	(5)% – flat
HHP Tractors	(15)% – (10)%			
Combines	(20)% – (15)%	(25)% – (20)%	(30)% – (25)%	~flat

Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.

CNH Agriculture – Main Assumptions

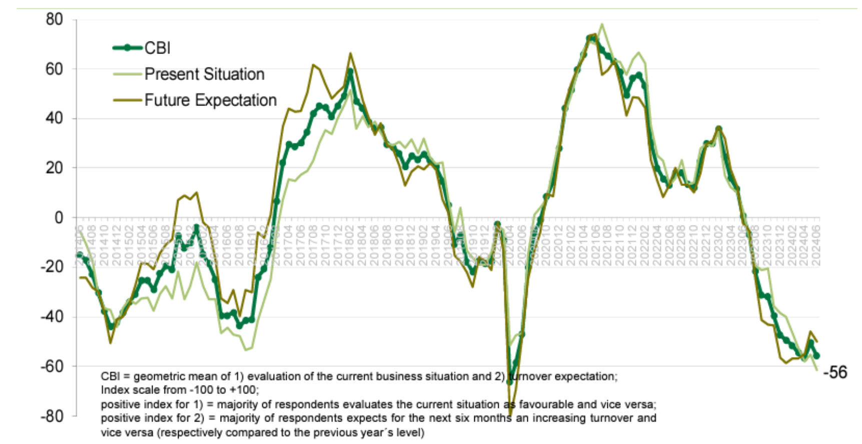


Source: CNH company presentation

- **Deere**, according to some press rumors (source: Agriculture Dive dated July2nd), **is laying off about 590 factory employees in Illinois and Iowa**, effective Aug. 30, because of reduced demand at these facilities;

- Looking at the **most recent surveys on the AG market**:
    - **In Europe the business climate index elaborated by CEMA** (measuring the business sentiment of the agricultural machinery industry in Europe) reported a negative market sentiment and, with the index dropping to -56 points in June (on a scale of +/-100), indicates a **recessionary environment**;

CEMA BUSINESS CLIMATE INDEX

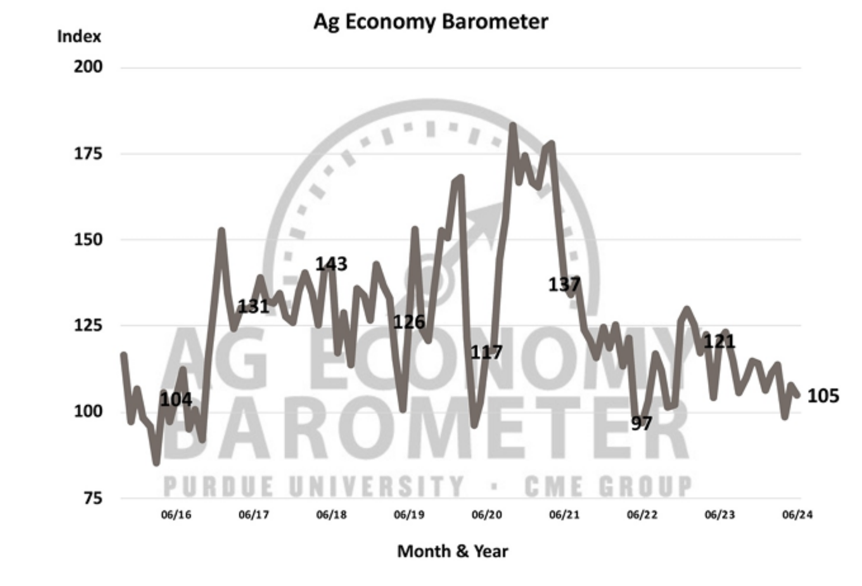


Source: CEMA Business Barometer

- The latest report from the *Purdue University/CME Group Ag Economy Barometer* showed a **more negative picture in the US.** In June**,** the overall producers sentiment declined by 3 points to 105, mostly due to worsen expectations. Farmers report several issues:
  - High input costs
  - Risk of lower prices for their products
  - Rising interest rate

  which results in a bad environment to make large investments.

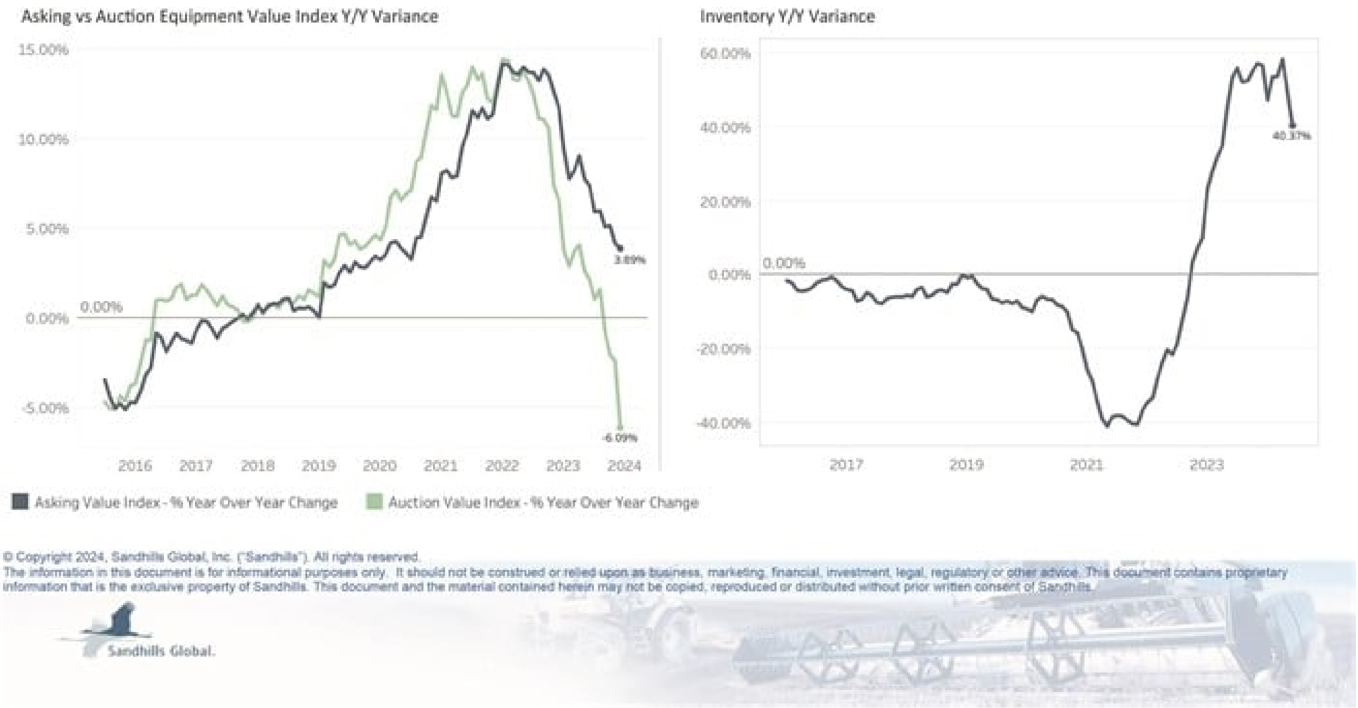
PURDUE UNIVERSITY: AG ECONOMY BAROMETER



Source: Purdue University Center for Commercial Agriculture, Producer Survey, June 2024

- **The secondary market for AGRO** machinery is showing weakness and is continuing the soft trend with auction values that are declining at a faster rate, especially among used >100hp tractors (-6%) and planting equipment (-19%). The decline in prices is mainly due to still very high inventory levels, as in the case of tractors above 100hp.

SANHILLS EQUIPMENT VALUE INDEX: US USED TRACTOR MARKET >100hp



Source: Sandhills Global

INDUSTRIAL MARKET SENTIMENT IS MIXED

The news flow in the industrial/construction sector is mixed: **North America shows to be resilient while Europe and China remain weak.**

More in detail:

- **Caterpillar** (on 18th June in a virtual event), highlighted that "… construction is strong in North America, not so strong in Europe, strong in the Middle East, not so strong in China". In particular:
  - **North America:** ".... Infrastructure-related spend it's a big driver for us, has been what we are seeing on the infrastructure side. How that's coming through, how that's being managed across megaprojects and reshoring is probably in the short term, was actually a bigger factor in that as people were building battery plants and so forth as part of IRA (Inflation Reduction Act)".
  - **Europe:** "Europe is in tough area for the moment in the current environment, economically, obviously, Germany has been pretty weak"
  - **China:** "China has been quite weak and the market, particularly for 10-ton and above excavators, which is the market we're focused on, has dropped quite dramatically."
- **Volvo** (on July 18th when it issued 2Q24 results) worsened the expectations for both Europe (from -20/-10% to -25/-15% YoY) and South America (from 0/+10% to -5/+5% YoY).

VOLVO: 2024 CONSTRUCTION MARKET OUTLOOK

Total market development Change in % measured in units	Year-to-date May 2024	Forecast 2024	Previous forecast 2024
Europe	-23	-25% to -15%	-20% to-10%
North America	-6	-10% to 0%	-10% to 0%
South America	5	-5% to +5%	0% to +10%
Asia excl. China	-2	-15% to -5%	-15% to -5%
China	-2	-10% to 0%	-10% to 0%

Source: Volvo 2Q24 results presentation

- **CNH** (on July 31st when it issued 2Q results) reduced its FY24 revenues outlook (-20%/-15% from -11%/-7%) given increasing inventories, expected lower demand, and increasingly negative leading indicator trends and it pointed out that it would be able to maintain its FY24 adj. EBIT margin guidance (at 5%/6%) due to cost reduction programs, compensating pricing pressures, and lower production levels.

CNH – 2024 CONSTRUCTION MARKET OUTLOOK AND COMPANY'S GUIDANCE

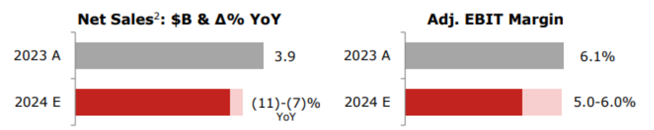
As of 1Q24 presentation

Total Industry Unit Performance[1]

	North America	EMEA	South America	APAC
Light	(5)% – flat	(15)–(10)%	flat	(10)–(5)%
Heavy	(5)% – flat	(10)–(5)%	flat – 5%	(5)% – flat

Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.

CNH Construction – Main Assumptions



Source: CNH company presentation

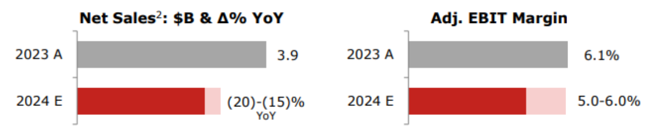
As of 2Q24 presentation

Total Industry Unit Performance[1]

	North America	EMEA	South America	APAC
Light	(10)% – (5)%	(20)% – (15)%	(5)% – flat	(10)% – (5)%
Heavy	(10)% – (5)%	(10)% – (5)%	flat – 5%	(5)% – flat

Total Industry Volume % change FY 2024 vs. FY 2023 reflecting the aggregate for key markets where the Company competes.

CNH Construction – Main Assumptions



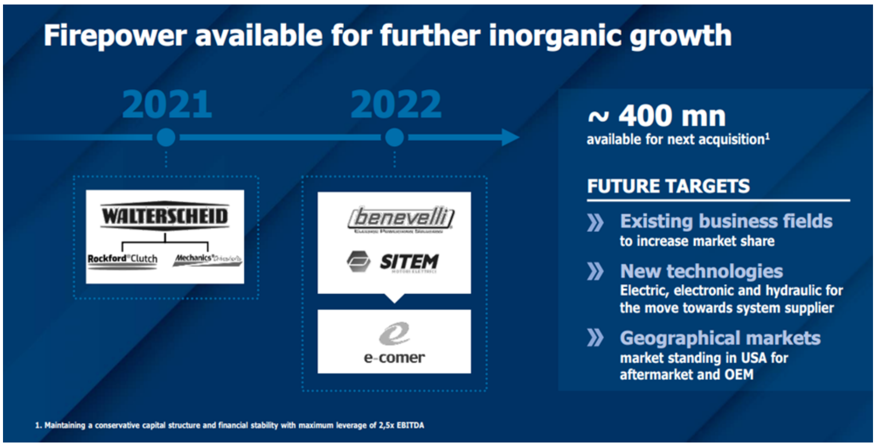
Source: CNH company presentation

SOLID FCF AND FIREPOWER FOR NEW ACQUISITIONS >€400MN

Despite revising our operating estimates downwards and factoring in some one-off effects (€13.5mn cash out for LTI and €6mn purchase of a building in North America), **in addition to some NWC absorption, FY24E FCF remains solid** (€+87mn), confirming COMER will be **debt free ex-FRS 16 at the end of FY24.**

The **asset light business model** (being an assembler with fixed costs ~30% of total, capex to sales ratio ~3.5% and NWC on sales at 20-22%) leaves unchanged the **sizable firepower** available for new acquisitions that we estimate **in excess of €400mn**.

COMER: FIREPOWER FOR FUTURE M&A



Source: Company presentation (May 2024)

VALUATION -3% TO €37PS

Following 2Q results we have trimmed our DFCF-based target price by 3% to €37PS (with 8.2% WACC and 1.5% g factor), implying 2024-25E adj. PE 13/11.5x, EV/EBITDA 6.8/6.0x, EV/adj. EBIT 9.2/7.9x and FCF yield 8.2/8.6%.

COMER: DFCF ANALYSIS (€ mn)

Assumptions	
g	1.5%
WACC	8.2%
Valuation	
NPV of Free Cash Flows	437
NPV of Terminal Value	929
Estimated Enterprise Value	1,366
2023 NFP	-95
Adjustment to NFP	-212
Equity	1,059
Peripherals & other	1
Total Equity	1,060
# of shares	28.7
Target Price	37.0

	2024E	2025E	2026E	2027E	2028E	Beyond
Sales	979	1,038	1,090	1,122	1,156	1,173
Change %	*-20.0%*	*6.0%*	*5.0%*	*3.0%*	*3.0%*	*1.5%*
EBITDA	162	173	180	180	185	136
Change %	*-20.9%*	*6.8%*	*3.7%*	*-0.1%*	*3.0%*	*-26.6%*
Margin	16.6	16.7	16.5	16.0	16.0	11.6
D&A	-62	-62	-60	-59	-58	-15
EBIT	100	112	119	120	127	121
Change %	*-30.8%*	*11.7%*	*6.9%*	*0.8%*	*5.5%*	*-4.9%*
Margin	10.2	10.8	11.0	10.7	11.0	10.3
Taxes	-28	-31	-33	-33	-35	-33
EBIT after Tax	73	81	87	87	92	88
Change %	*-31.0%*	*11.7%*	*6.9%*	*0.8%*	*5.5%*	*-4.9%*
Capex	-40	-35	-35	-37	-38	-15
(increase) decrease in WC	11	-14	-11	-6	-8	-3
Free Cash Flow before minorities	106	94	101	103	104	85
FCF Minorities	0	0	0	0	0	0
Free Cash Flow after minorities	106	94	101	103	104	85
Discount Factor	1.00	1.08	1.17	1.27	1.37	1.37
PV of FCF	106	87	86	81	76	62

Source: Equita SIM estimates

COMER: DFCF SENSITIVITY (€ PS)

		WACC		
		8.7%	8.2%	7.7%
	1.0%	32.1	34.7	37.7
g	1.5%	34.0	37.0	40.4
	2.0%	36.2	39.6	43.5

Source: Equita SIM estimates

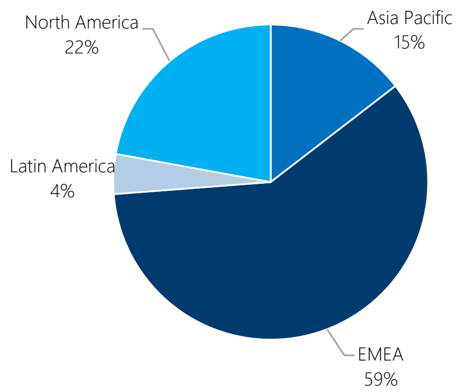
STATEMENT OF RISKS FOR COMER INDUSTRIES

The primary elements that **could have a negative impact include:**

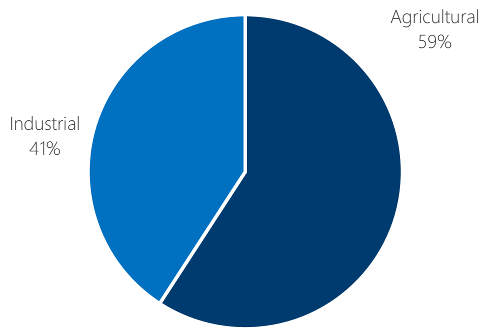
- Significant worsening in the reference macroeconomic scenario
- Significant reference markets volumes slowdown
- AG commodity prices decline
- Price pressure coming from main OEMs customers and/or competitors
- NWC absorption due to inventory increase and/or higher RM prices
- Value destroying M&A deals, significantly increasing the net debt

APPENDIX: QUICK OVERVIEW

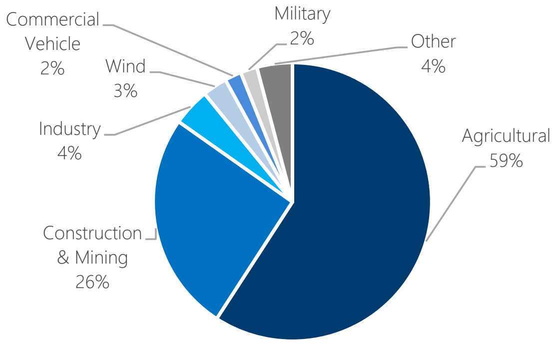
GEOGRAPHICAL REVENUES BREAKDOWN (2023)



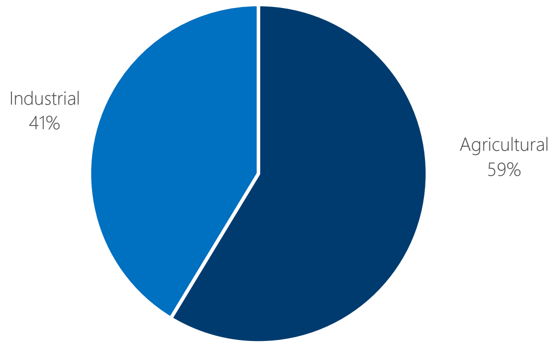
DIVISIONAL REVENUES BREAKDOWN (2023)



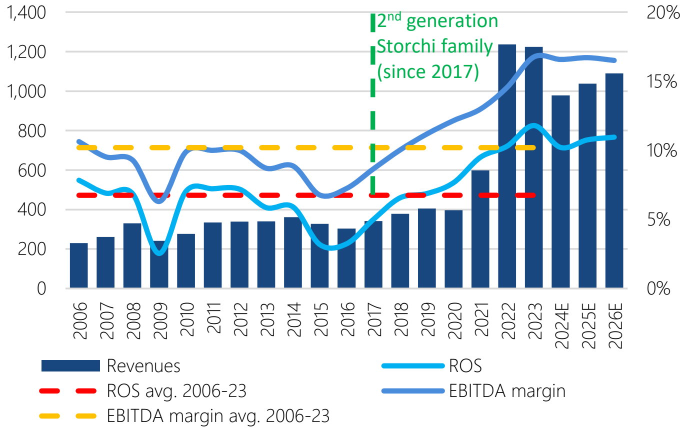
DIVISIONAL REVENUES BREAKDOWN BY END-MARKET (2023 - estimated)



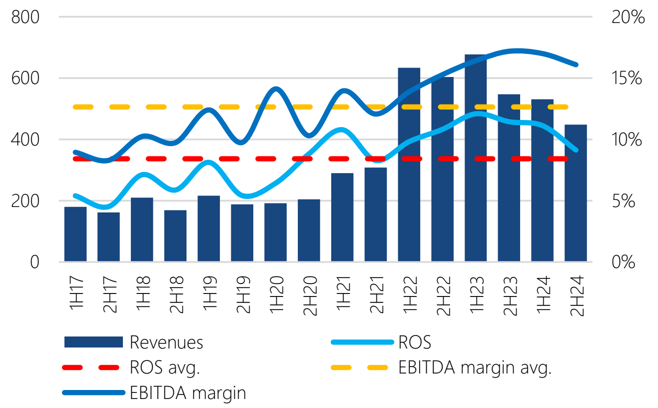
DIVISIONAL EBITDA BREAKDOWN (2023)



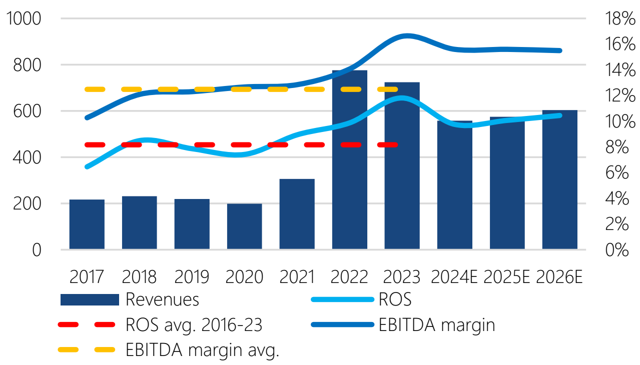
GROUP ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



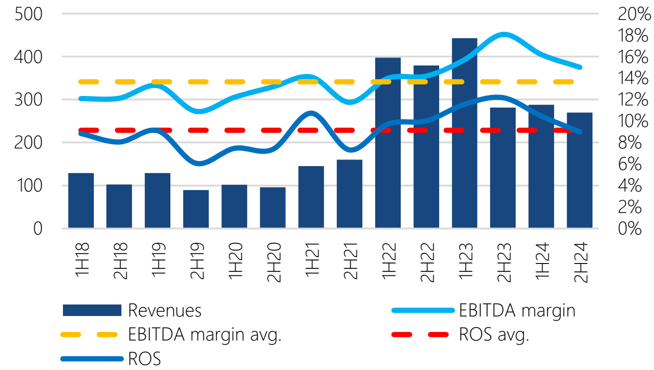
GROUP SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



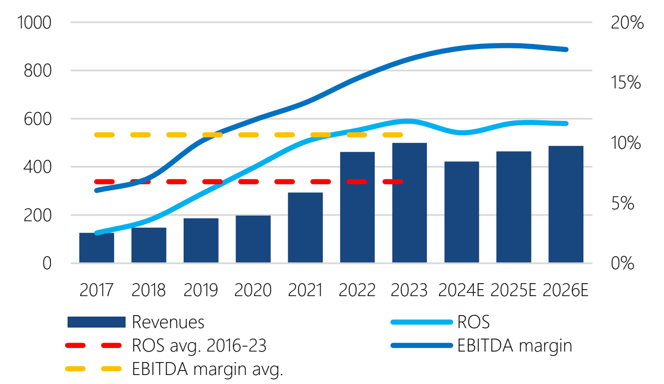
AGRICULTURAL ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



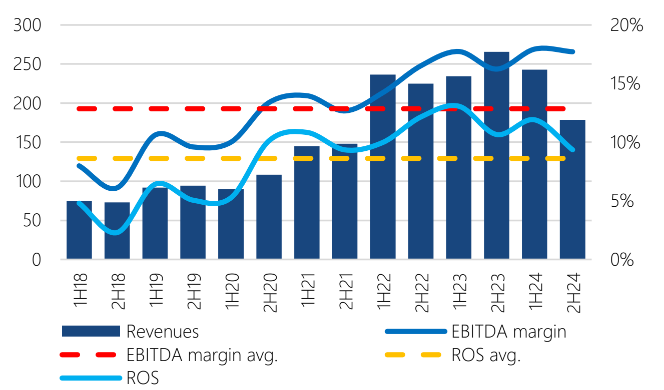
AGRICULTURAL SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



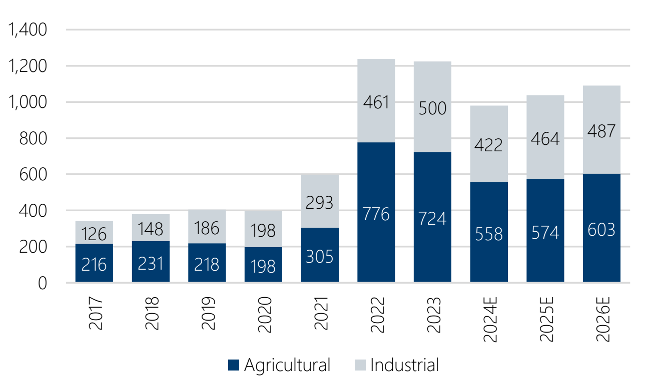
INDUSTRIAL ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



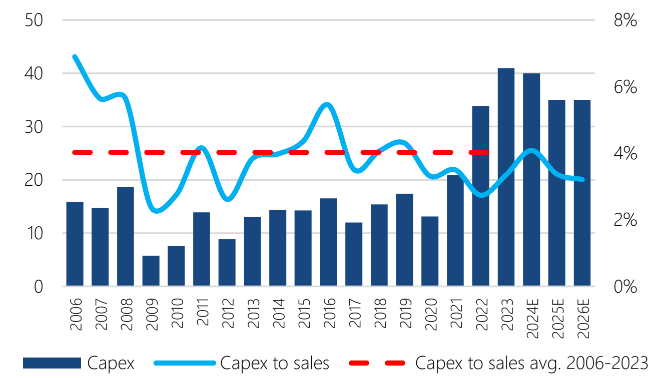
INDUSTRIAL SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



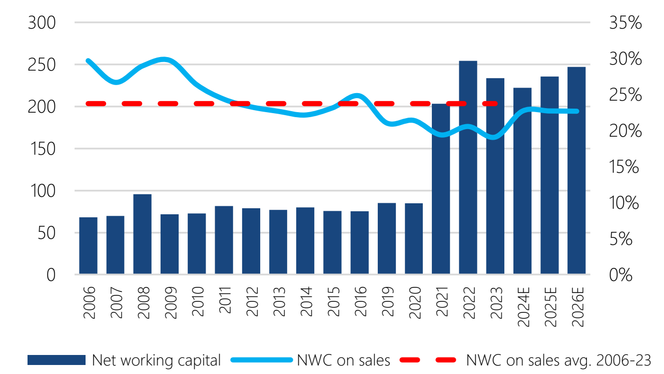
DIVISIONAL ANNUAL SALES TREND (€ mn)



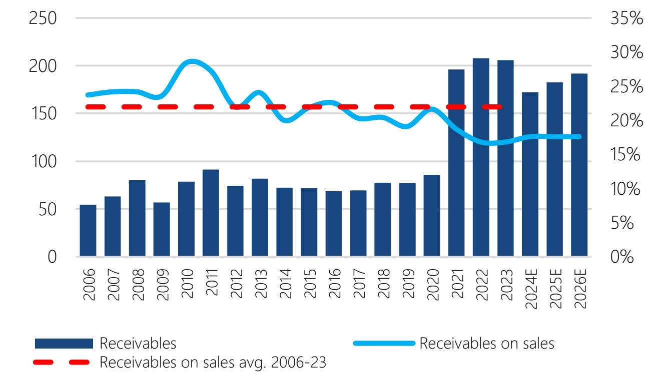
CAPEX (€ mn) & CAPEX TO SALES ratio (%)



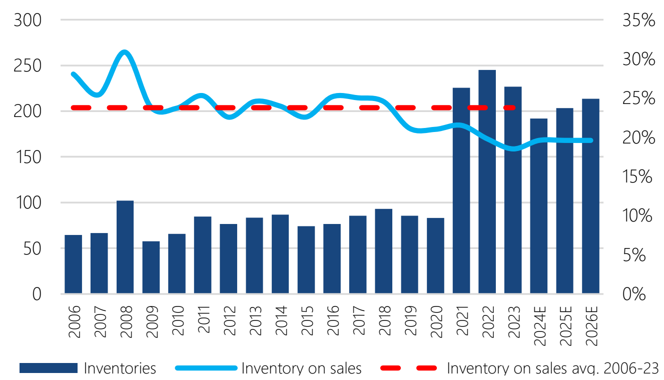
NWC (€ mn) and NWC on SALES (%)



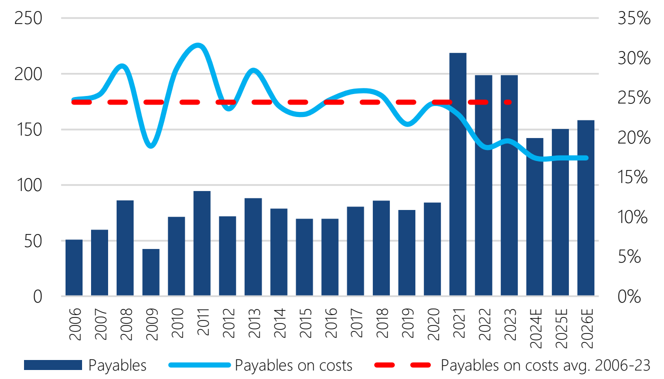
RECEIVABLES (€ mn) and RECEIVABLES on SALES (%)



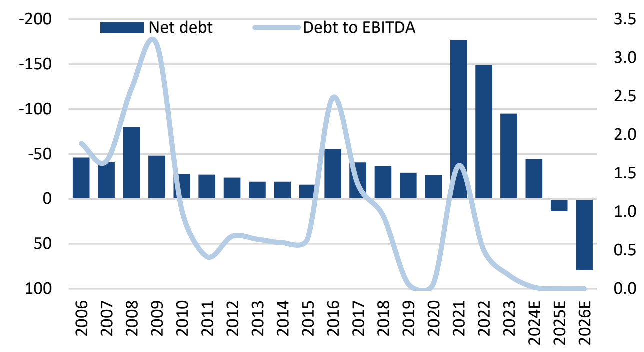
INVENTORY (€ mn) and INVENTORY on SALES (%)



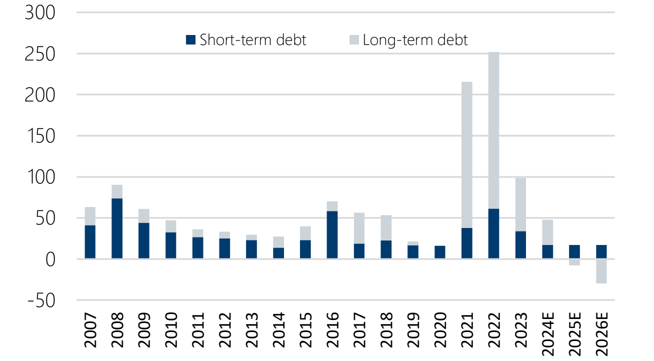
PAYABLES (€ mn) and PAYABLES on COSTS (%)



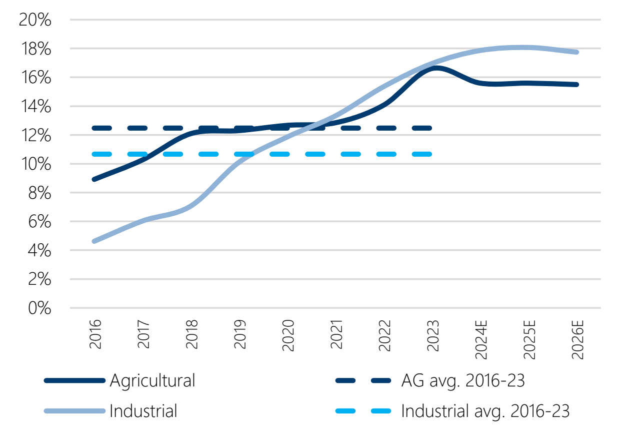
NET DEBT (€ mn) and DEBT to adj. EBITDA* RATIO (x)



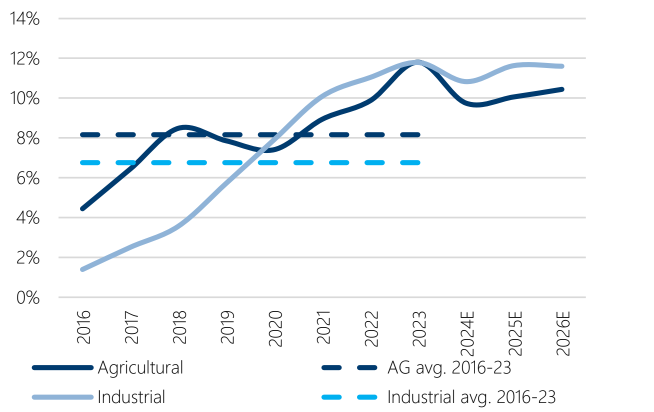
GROSS DEBT SPLIT BETWEEN SHORT-TERM AND LONG-TERM



EBITDA MARGIN (%) BY DIVISION



EBIT MARGIN (%) BY DIVISION



P&L - €mn	2021	2022	2023	2024E	2025E	2026E
SALES Rep	598	1,237	1,224	979	1,038	1,090
Growth	51.0%	106.8%	-1.1%	-20.0%	6.0%	5.0%
EBITDA Rep	77.6	180	205	162	173	180
Growth	61.2%	132.0%	13.9%	-20.9%	6.8%	3.7%
Margin	13.0%	14.6%	16.7%	16.6%	16.7%	16.5%
D&A	21.4	54.2	63.2	62.2	61.6	60.4
EBIT Rep	56.2	126	142	100	112	119
Growth	87.9%	123.8%	12.8%	-29.5%	11.7%	6.9%
Margin	9.4%	10.2%	11.6%	10.2%	10.8%	11.0%
Financial Expenses	-2.0	-2.6	-15.3	-8.5	-3.5	1.0
PBT Rep	54.2	123	127	91.5	108	120
Growth	87.3%	127.2%	2.7%	-27.7%	18.3%	11.3%
Income Taxes	-15.4	-34.2	-35.1	-25.2	-29.8	-33.1
Tax rate	28.4%	27.8%	27.8%	27.5%	27.5%	27.5%
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	38.8	89.0	91.4	66.3	78.5	87.3
Growth	82.1%	129.3%	2.8%	-27.4%	18.3%	11.3%
Margin	6.5%	7.2%	7.5%	6.8%	7.6%	8.0%
Net Income Adj	40.4	101	108	80.4	92.5	101
Growth	78.8%	149.9%	6.5%	-25.2%	15.0%	9.5%
Margin	6.8%	8.2%	8.8%	8.2%	8.9%	9.3%

CF Statement	2021	2022	2023	2024E	2025E	2026E
FFO	60.8	145	163	129	140	148
Chg. in Working Capital	-118	-51.1	20.7	11.5	-13.6	-11.4
NCF from Operations	-57.6	93.9	183	140	127	136
CAPEX	-20.9	-33.9	-41.0	-40.0	-35.0	-35.0
Financial Investments	-191	-0.2	-49.8	0.0	0.0	0.0
NCF from Investments	-211	-34.1	-90.8	-40.0	-35.0	-35.0
Dividends paid	-10.2	-14.3	-21.5	-35.8	-28.7	-35.8
Capital Increases	165	0.0	0.0	0.0	0.0	0.0
Other changes in financing	-36.4	-17.3	-16.7	-13.5	-5.0	0.0
NCF from Financing	119	-31.6	-38.3	-49.3	-33.7	-35.8
CHG IN NFP	-150	28.1	54.1	50.7	57.8	65.4

Source: Company data and Equita SIM estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price	Risk.	Comment
August 5, 2024	Buy	37.00	High	
May 9, 2024	Buy	38.00	High	
April 2, 2024	Buy	39.00	High	change in estimates/valuation
January 30, 2024	Buy	35.00	High	Initiation of coverage

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BUY	55.4%	59.7%
HOLD	42.0%	36.4%
REDUCE	1.3%	1.3%
NOT RATED	1.3%	2.6%

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