

COMER INDUSTRIES

Company Update

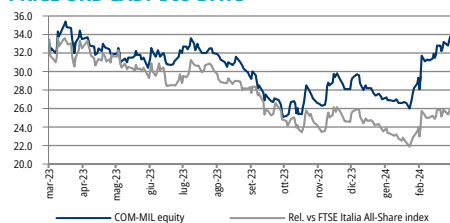
BUY ord. (Unchanged)

Target: **€ 39.00** (Prev.: €35.00)

Risk: High

STOCKDATA		ORD		
Price (as of 27 Mar 2024)		33.8		
Bloomberg Code		COM IM		
Market Cap (€ mn)		969		
Free Float		12%		
Shares Out (mn)		28.7		
52 week Range		€ 25.0 - 35.4		
Daily Volume		7,397		
Performance (%)	1M	3M	1Y	
Absolute	15.4	20.3	0.9	
Rel to FTSE Italia All-Share	8.7	5.9	-22.7	
MAIN METRICS		2023	2024E	2025E
SALES Adj		1,224	1,102	1,157
EBITDA Adj		205	180	186
EBIT Adj		165	138	145
NET INCOME Adj		108	95.0	102
EPS Adj - €c		375	331	357
DPS Ord - €c		125	100.0	125
MULTIPLES		2023	2024E	2025E
P/E ord Adj		7.8x	10.2x	9.5x
EV/EBITDA Adj		4.6x	5.6x	5.0x
EV/EBIT Adj		5.7x	7.3x	6.5x
REMUNERATION		2023	2024E	2025E
Div. Yield ord (A)		4.1%	3.0%	3.7%
FCF Yield Adj		15.5%	11.3%	10.7%
INDEBTEDNESS		2023	2024E	2025E
NFP Adj		-94.8	-20.8	54.1
D/Ebitda Adj		0.5x	0.1x	n.m.

PRICE ORD LAST 365 DAYS



Analyst: Martino De Ambroggi
m.deambroggi@equita.eu | +39 02 6204.238
Analyst: Milo Silvestre
m.silvestre@equita.eu | +39 02 6204.895

TRIPLE-DIGIT AND MOSTLY RECURRING FCF TO FINANCE NEW M&A

FY23 results highlighted the ability to offset the unfavorable Agricultural market volume trend started in 2H23 thanks to WPG synergies, and the very strong FCF (€+162mn, or 80% conversion rate). AG weakness will continue but WPG synergies are not fully exploited yet. Triple-digit FCF may be considered recurring for an asset light business model, leaving room to additional M&A.

- **2H23 EBITDA up despite sales down, and FCF slightly better than expected**
 - **Revenues -9% YoY** at €547mn (in 4Q23 -9% YoY at €272mn), in line with the expectation of €548mn
 - **EBITDA +2% YoY** at €94mn vs. expected €90mn (in 4Q23 +1% at €46.1mn), **up in spite of sales decline** due to WPG synergies and e-Comer consolidation
 - **Net income -8% YoY** at €39.1mn, in line with expectations.
 - **Adj. net income (excluding PPA): -2% YoY** at €47.2mn vs. expected €46.9mn.
 - **Net debt €95mn** vs €100mn, better than expected despite higher capex (€4mn) thanks to better EBITDA and NWC contribution (ex-IFRS 16 net debt is only €37mn).

- **FY23 FCF extremely strong (FCF yield 17%), however triple digit is repeatable**
In FY23 FCF was particularly strong (€+162mn), also pumped up by the NWC contraction (€20mn) due to market slowdown. Although believing this performance is not easy to be repeated, COMER's **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%), **we estimate triple digit FCF is achievable (FY24E FCF +10% to €110mn)** despite assuming NWC absorption. In FY24 COMER will be **debt free ex-FRS 16**, leaving room to higher dividend (in FY23 +67% to €1.25PS, or yield 3.7%) without compromising the sizable firepower for new acquisitions.

- **Qualitative 2024 guidance coherent with our expectations**
2024 guidance, although qualitative, is consistent with our expectations:

- **"revenues in line with the trend of main OEM clients"** (we estimate -10% YoY at €1.1bn, forecasting 1Q24 ~-20% YoY due to AG weakness - tough comparison will last until 2Q24)
- **only "slight decline in operating margins"** mainly thanks to additional WPG synergies (we estimate EBITDA margin down ~40bps to 16.3%, i.e. EBITDA -12% YoY to €179mn).
Based on these inputs we leave estimates unchanged except for better FCF (~+10%).

- **WPG synergies will help to preserve high EBITDA margin and triple-digit FCF**
In 2021, COMIND closed a transformational deal: through the acquisition of **German Walterscheid (WPG)** from the PE One Equity Partners (for €203mn, or 2020 EV/EBITDA ~15x) it doubled sales, strengthened its presence in key regions, enriched the product portfolio, entered the after-market business, making possible to achieve **sizable cost synergies** (we estimate **at least €30-40mn so far and more to come going forward** possibly also involving the US plants).

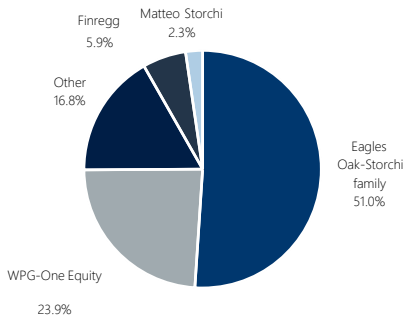
- **A new long-term incentive plan with performance shares**
A new incentive plan (structured in 3 cycles, i.e., 2024-26, 2025-27, 2026-28) foresees a **mix of cash and performance share** (up to 281k shares) upon the achievement of specific 3-year performance objectives (both consolidated EBITDA and ESG focusing on intensity of CO₂ emissions). **It differs from the existing one because of shares compensation inclusion.**

- **Buy reiterated on track record and solid financial structure and strong FCF**
Despite the weak 2024E AG market volumes, we reiterate our **BUY** because of the:
 - brilliant track record not factored in by cheap multiples (2024-25E adj. PE 10.2/9.5x, EV/adj. EBIT 7.3/6.5x and FCF yield 11.3/10.7%)
 - successful integration of German WPG with additional synergies to be exploited, leading to above-the-average margins (EBITDA 16.7% vs competitors Dana/Nabtesco at ~9%)
 - solid financial structure being debt-free ex-IFRS 16 in 2024
 - visible triple-digit FCF to be used for new M&A deals (firepower >€400mn, or D/EBITDA 2.5x, prioritizing **products** portfolio enrichment, **markets** coverage expansion and **technology****Target based on DFCF +11% to €39PS** because of the better FCF, confirming a 20-30% discount vs. peers' EV multiples, justified by stock low liquidity (real free float just 11.3%) and One Equity Partners' stake (23.9%) placement risk inevitably affecting valuation and multiples.

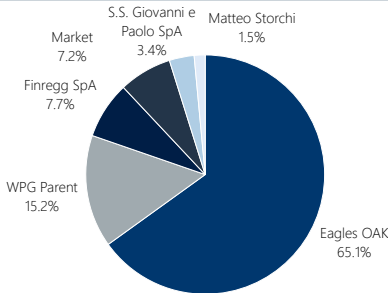
MAIN FIGURES - EURmn	2021	2022	2023	2024E	2025E	2026E
SALES Adj	598	1,237	1,224	1,102	1,157	1,191
Growth	51.0%	106.8%	-1.1%	-10.0%	5.0%	3.0%
EBITDA Adj	75.6	180	205	180	186	191
Growth	50.9%	138.1%	13.9%	-12.4%	3.7%	2.4%
EBIT Adj	56.8	143	165	138	145	151
Growth	75.5%	151.4%	15.3%	-16.2%	5.3%	3.9%
PBT Adj	54.2	123	127	112	122	132
Growth	87.3%	127.2%	2.7%	-11.7%	9.2%	7.9%
Net Income Adj	40.4	101	108	95.0	102	109
Growth	78.8%	149.9%	6.5%	-11.7%	7.8%	6.8%
MARGIN - %	2021	2022	2023	2024E	2025E	2026E
EBITDA Adj Margin	12.6%	14.6%	16.7%	16.3%	16.1%	16.0%
Ebit Adj margin	9.5%	11.5%	13.5%	12.5%	12.6%	12.7%
Pbt Adj margin	9.1%	10.0%	10.3%	10.1%	10.6%	11.1%
Net Income Adj margin	6.8%	8.2%	8.8%	8.6%	8.9%	9.2%
SHARE DATA	2021	2022	2023	2024E	2025E	2026E
EPS Adj - €c	192	352	375	331	357	381
Growth	73.1%	83.7%	6.5%	-11.7%	7.8%	6.8%
DPS ord(A) - €c	50.0	75.0	125	100.0	125	125
BVPS	12.1	15.5	17.7	19.6	21.7	23.7
VARIOUS	2021	2022	2023	2024E	2025E	2026E
Capital Employed	466	535	553	524	509	492
FCF	46.6	60.0	163	110	104	112
CAPEX	20.9	33.9	41.0	35.0	35.0	36.0
Working capital	203	254	234	231	243	250
INDEBTNESS	2021	2022	2023	2024E	2025E	2026E
Nfp Adj	-177	-149	-94.8	-20.8	54.1	131
D/E Adj	0.51	0.34	0.19	0.04	n.m.	n.m.
Debt / EBITDA Adj	2.3x	0.8x	0.5x	0.1x	n.m.	n.m.
MARKET RATIOS	2021	2022	2023	2024E	2025E	2026E
P/E Ord Adj	16.0x	8.2x	7.8x	10.2x	9.5x	8.9x
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	0.9x	0.8x	0.7x
EV/EBITDA Adj	13.9x	5.4x	4.6x	5.6x	5.0x	4.4x
EV/EBIT Adj	18.6x	6.8x	5.7x	7.3x	6.5x	5.6x
EV/CE	2.3x	1.8x	1.7x	1.9x	1.8x	1.7x
REMUNERATION	2021	2022	2023	2024E	2025E	2026E
Div. Yield ord	2.2%	2.8%	4.1%	3.0%	3.7%	3.7%
FCF Yield Adj	7.1%	7.8%	15.5%	11.3%	10.7%	11.6%
Roce Adj	13.3%	18.5%	19.3%	15.9%	17.6%	18.9%

Source: Company data and Equita SIM estimates

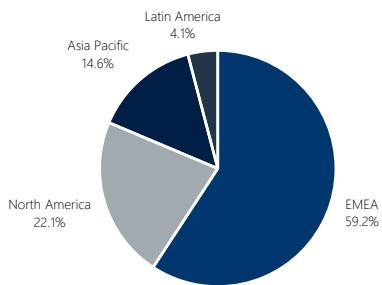
SHAREHOLDERS



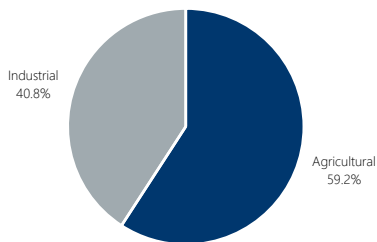
VOTING RIGHTS



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 -CEO since 2014 and Chairman since 2018-, his brother Marco, his cousins Cristian and Annalisa), **is the main shareholder (51% stake, or 65% of voting rights through the double voting right mechanism for long-term shareholders), The PE One Equity Partners owns 23.9%** (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 undertaken 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

- Co-development capabilities
- Long-term relationship with customers
- Asset light business model (being assembler)
- Solid financial structure and visible recurring FCF
- Positive M&A track record & new M&A deals
- Full WPG cost synergies exploitation

WEAKNESSES /THREATS

- Low bargaining power vs its largest OEM customers in the agricultural sector
- Larger competitors may invest more in R&D
- Flowback from the private equity One Equity Partners owning 23.9% of capital
- Price pressure from larger competitors

2H23 EBITDA UP 2% YOY DESPITE SALES DOWN 9% YOY

It is worth underline that in 2H23

- **EBITDA was up 2% YoY despite revenues down 9% YoY** highlighting the business model resilience also helped by WPG synergies (the company does not disclose the amount, but we estimate in excess of €10mn in the FY23)
- **FCF was slightly better than expected** despite €4mn higher than expected capex because of the slightly higher EBITDA and NWC contribution. **The FY23 FCF is very strong achieving €162mn, or 80% conversion rate.**

COMER: QUARTERLY AND SEMI-ANNUAL RESULTS – REPORTED vs EXPECTED (€ mn)																				
Group/€ mn	1Q23		2Q23		1H23		3Q23		9M23		4Q23		Delta	2H23		2H23		Delta		
											Exp	Rep		Exp	Rep					
Revenues	345.9	100.0	331.0	100.0	676.9	100.0	275.3	100.0	952.2	100.0	272.4	100.0	271.7	100.0	0%	547.8	100.0	547.0	100.0	0%
Change	11%		3%		7%		-10%		2%		-9%		-9%			-9%		-9%		
EBITDA	53.6	15.5	57.5	17.4	111.1	16.4	47.8	17.4	158.9	16.7	42.6	15.6	46.1	17.0	8%	90.4	16.5	93.9	17.2	4%
Change	27%		26%		26%		6%		19%		-9%		-1%			-2%		2%		
Adj. EBIT					81.8	12.1										79.6	.0	82.8	.0	4%
Change					32%											0%		0%		
EBIT					81.8	12.1										59.6	10.9	62.6	11.4	5%
Change					32%											-9%		-4%		
Pre-tax profit					75.8	11.2										55.7	10.2	53.4	9.8	-4%
Change					20%											-10%		-14%		
Net Income					55.0	8.1										39.0	7.1	39.1	7.1	0%
Change					14%											-8%		-8%		
NF Position	-183.4		-152.4		-152.4		-119.3		-119.3		-99.6		-94.8			-99.6		-94.8		-5%
NF Position ex-IFRS 16					-94.6						-41.8		-36.5			-41.8		-36.5		-13%

Source: company data and Equita SIM estimates

At the divisional level, revenue in 2H23 showed:

- **a strong decline in the Agricultural segment:** -26% YoY at €282mn (in 4Q23 -23% YoY at €119mn repeating the trend already evidenced in 3Q23 and that we expect to continue at least in 1H24)
- **a double-digit growth in the Industrial segment:** +18% YoY (in 4Q23 +16% YoY at €119mn); excluding the contribution of the newly acquired e-Comer, sales grew by 13% YoY to €253mn (in 4Q23 +11% YoY at €113mn).

COMER: FY23 RESULTS – REPORTED vs EXPECTED (€ mn)					
Group/€ mn	2023E	%	2023	%	Delta
	Expected		Reported		
Revenues	1,224.6	100.0	1,223.9	100.0	0%
Change	-1%		-1%		
Adj. EBITDA	201.5	16.5	205.0	16.7	2%
Change	12%		14%		
EBITDA	201.5	16.5	205.0	16.7	2%
Change	12%		14%		
Adj. EBIT	161.5	13.2	164.6	13.5	2%
Change	13%		15%		
EBIT	141.5	11.6	144.4	11.8	2%
Change	11%		13%		
Pre-tax profit	131.5	10.7	129.2	10.6	-2%
Change	5%		3%		
Net Income	94.0	7.7	94.0	7.7	0%
Change	4%		4%		
Adj. Net Income	108.3	7.7	108.6	8.9	0%
Change	4%		7%		
NFP (incl. IFRS-16)	(99.6)		(94.8)		-5%
NFP (ex-IFRS 16)	(41.8)		(36.5)		-13%

Source: company data and Equita SIM estimates

Despite a broadly flat top-line in FY23, **the operating margin improved by about 220bps YoY** (to 16.7%), thanks to the

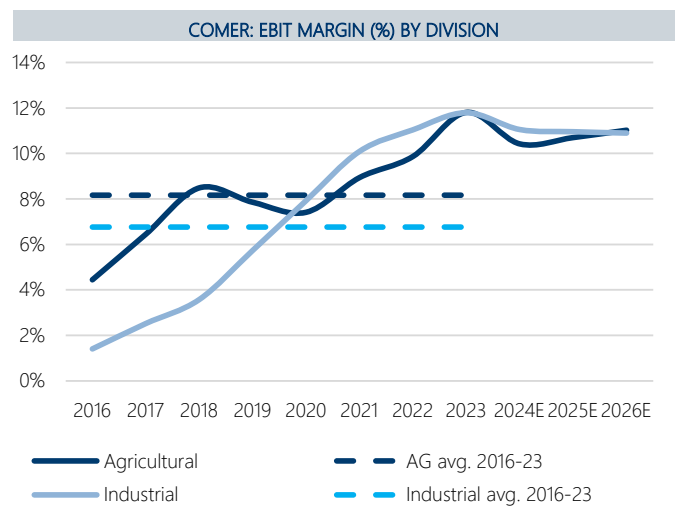
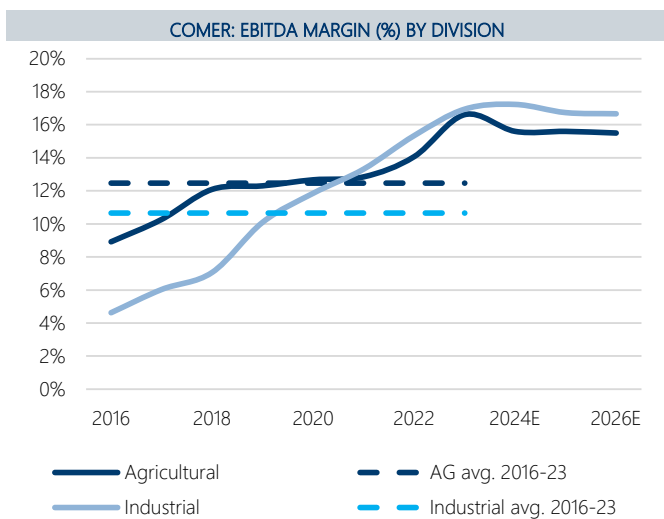
- synergies with WPG (increased production capacity in India, shutdown of the Chinese plant, supply chain optimization)
- ability to maintain prices despite the RM decline
- and the e-comer consolidation (which we estimate had a positive effect of about +20bps at consolidated level and +70 bps on the Industrial division standalone).

COMER – 2022/23 LIKE-FOR-LIKE FIGURES (€ mn)				
CONSOLIDATED	2022	% margin	2023	% margin
SALES	1,237		1,224	
% change			-1.1%	
e-comer			27	
% change				
Like for Like Sales	1,237		1,197	
% change			-3.2%	
EBITDA	180	14.6%	205	16.7%
% change			13.9%	
e-comer (Equita estimates)			8.1	30.0%
% change				
Like for Like EBITDA	180	14.6%	197	16.5%
% change			9.4%	

AGRICULTURAL	2022	% margin	2023	% margin
Sales	776		724	
% change			-6.7%	
EBITDA	109	14.1%	120	16.6%
% change			10.1%	

INDUSTRIAL	2022	% margin	2023	% margin
Sales	461		500	
% change			8.3%	
EBITDA	70.8	15.3%	84.7	16.9%
% change			19.7%	
Like for Like Sales	461		473	
% change			2.5%	
Like for Like EBITDA	70.8	15.3%	76.6	16.2%
% change			8.3%	

Source: Company data, Equita SIM estimates



Source: Company data

AGRICULTURAL DOWN IN 2024 WHILE INDUSTRIAL IS MORE RESILIENT

We believe that the main messages from the largest player/competitors active in COIND reference markets are **coherent with our FY24E sales estimate of -13% YoY for the Agricultural business and -6% YoY for the Industrial one.**

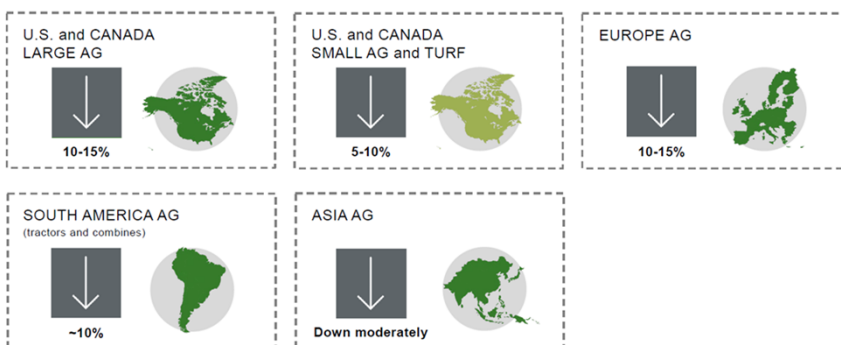
In the Agricultural, John Deere, in 1Q24 results presentation (year-end October), has broadly confirmed its FY24 market outlook:

- **North America confirmed at -10%/-15% YoY although “trending closer to the lower end of that range**, as normalizing farm fundamentals and elevated interest rates are somewhat tempered by resilient farm balance sheets, lower input costs relative to record peaks seen over the last few years, and fleet age, which even after multiple years of strong replacement, remains at or above long-term averages”;
- **Europe worsened to the -10%/-15% YoY range (from -10% YoY) because “demand is expected to be softest in Central and Eastern Europe**, as local commodity markets remain disrupted by the ongoing conflict in Ukraine”

DEERE – 2024 AGRO MARKET OUTLOOK

Ag and Turf

Industry Outlook (in units) – FY 2024



Source: Company presentation

CNH provided an outlook for FY23 similar to John Deere but forecasting a more challenging start to the year indicating that “we do have pockets of elevated inventory in North America and Europe to address, which will impact 1H sales volumes”.

CNH – 2024 AGRO MARKET OUTLOOK

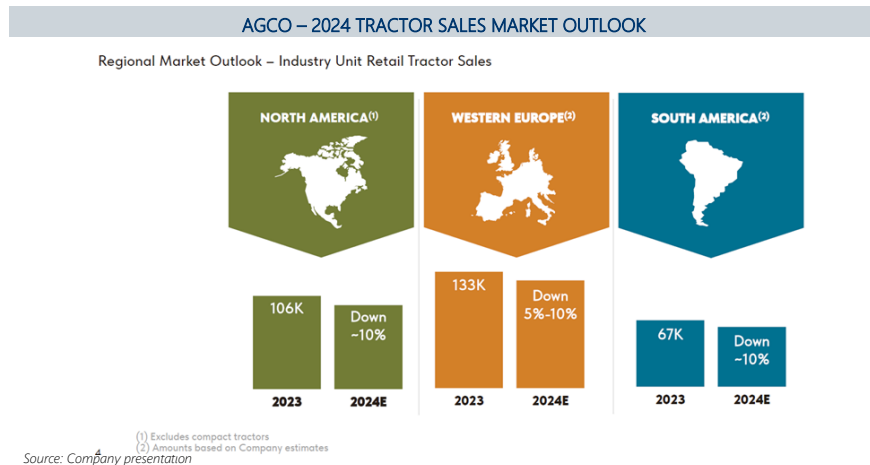
Total Industry Unit Performance¹

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

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

Source: Company presentation

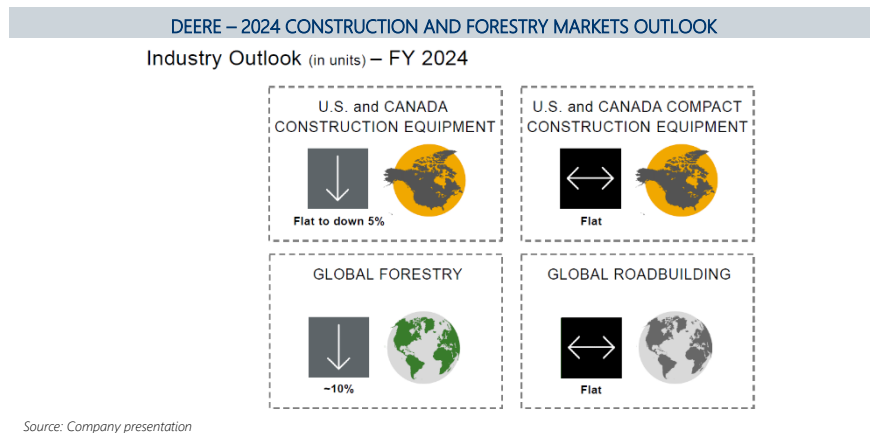
Regarding the Tractor segment, AGCO expects a softer contraction, i.e. around -10% in North America and between -5%/-10% in Western Europe.



As far as the industrial segment is concerned, focusing on construction business which is the most important contributor, weak volumes are expected **but with North America to be more resilient than Europe**, which is suffering from higher uncertainty.

According to John Deere the market in:

- **North America & Canada is expected flat/-5% YoY** with “Infrastructure spending continuing to increase, and elevated manufacturing investment levels offset by further declines in commercial investments”
- **In Europe**, although not providing any quantitative figure, it indicated **softness especially in roadbuilding**;



CNH expects “high interest rates to soften both residential and commercial end markets in North America and Europe, partially offset by U.S. infrastructure spending”.

CNH – 2024 CONSTRUCTION MARKET OUTLOOK

Total Industry Unit Performance¹

	North America	EMEA	South America	APAC
Light	(5%) – flat	(15%) – (10%)	~flat	(5%) – flat
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.
Source: Company presentation

Finally, Volvo expects a steeper decline in European construction sector:

VOLVO – 2024 CONSTRUCTION EQUIPMENT MARKET OUTLOOK

Total market development	Year-to-date November	Forecast 2024	Previous forecast 2024
Change in % measured in units	2023	2024	2024
Europe	-1	-20% to -10%	-15% to -5%
North America	7	-10% to 0%	-10% to 0%
South America	-24	0% to +10%	0% to +10%
Asia excl. China	4	-15% to -5%	-15% to -5%
China	-40	-10% to 0%	-10% to 0%

Source: Company presentation

DFCF-BASED TARGET PRICE +11% TO € 39PS

We fix our DCF-based target price at **€39PS** (with 8.4% WACC and 1.5% g factor), **implying 2024-25E adj. PE 11.8/10.9x**, EV/EBITDA 6.3/5.7x, EV/adj. EBIT 8.3/7.3x and FCF yield 9.8/9.3%.

COMER: DFCF ANALYSIS (€ mn)

Assumptions		2024E	2025E	2026E	2027E	2028E	Beyond	
g	1.5%	Sales	1,102	1,157	1,191	1,227	1,264	1,283
WACC	8.4%	Change %	-10.0%	5.0%	3.0%	3.0%	3.0%	1.5%
		EBITDA	180	186	191	196	202	140
		Change %	-12.4%	3.7%	2.4%	3.0%	3.0%	-30.7%
		Margin	16.3	16.1	16.0	16.0	16.0	10.9
		D&A	-62	-61	-60	-59	-58	-15
		EBIT	118	125	131	138	145	125
		Change %	-18.5%	6.2%	4.5%	5.3%	5.1%	-13.5%
		Margin	10.7	10.8	11.0	11.2	11.4	9.8
		Taxes	-32	-34	-36	-38	-40	-34
		EBIT after Tax	85	91	95	100	105	91
		Change %	-18.8%	6.2%	4.5%	5.3%	5.1%	-13.5%
Valuation		Capex	-35	-35	-36	-37	-38	-15
NPV of Free Cash Flows	481	(increase) decrease in WC	2	-11	-7	-7	-8	-3
NPV of Terminal Value	925	Free Cash Flow before minorities	114	106	112	114	117	88
Estimated Enterprise Value	1,406	FCF Minorities	0	0	0	0	0	0
2023 NFP	-95	Free Cash Flow after minorities	114	106	112	114	117	88
Adjustment to NFP	-187	Discount Factor	1.00	1.08	1.17	1.27	1.38	1.38
Equity	1,125	PV of FCF	114	98	95	90	85	64
Peripherals & other	1							
Total Equity	1,125							
# of shares	28.7							
Target Price	39.2							
Upside (Downside)	16%							

Source: Company data and Equita SIM estimates

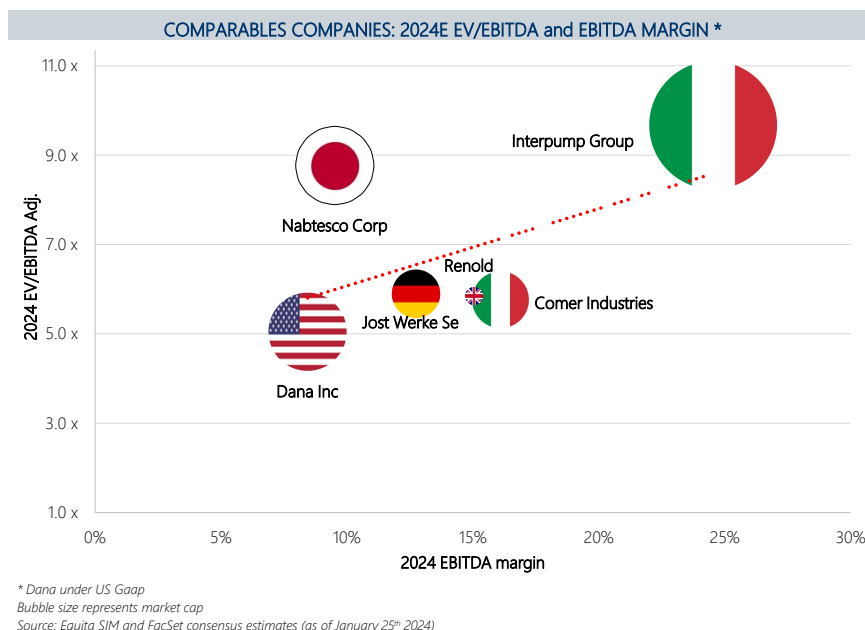
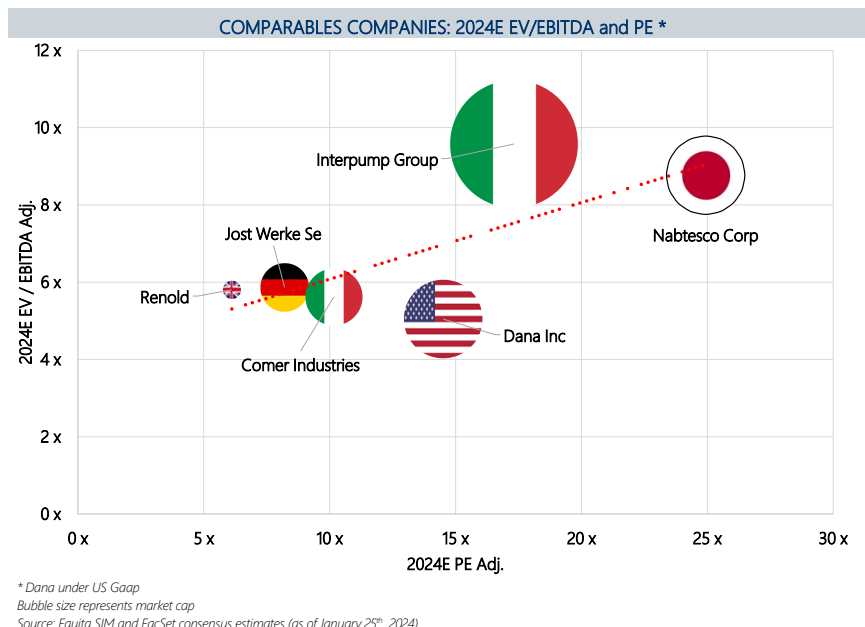
COMER: DFCF SENSITIVITY (€ PS)

		WACC		
		8.9%	8.4%	7.9%
g	1.0%	34.5	37.1	40.0
	1.5%	36.4	39.2	42.6
	2.0%	38.5	41.8	45.6

Source: Equita SIM estimates

MULTIPLES COMPARISON LEADS TO HIGHER VALUATION

As explained in our basic study #17 dated January 30th 2024 there are **few listed competitors, however not pure peers** (Dana is a much larger and diversified conglomerate, and Nabtesco has less than 50% of comparable sales and generates the bulk of its business in Asia). For this reason, we also use to look at a **wider panel including other players**, those which made acquisitions in the COMIND's reference markets over the past few years, **although the comparable business is only a small portion**.



By applying the 2024-25E average multiples of the two group of peers **we get much higher valuations compared to our DCF analysis** (from about €40PS to more than €50PS). In our view this may be justified by COMIND higher profitability (with the only exception of Interpump) and stronger financial structure (with only Nabtesco starting with net cash) and past few years brilliant track record. Nevertheless, so far, we consider this valuation method just a double check, believing that the **low stock liquidity and the private equity flowback risk, justify lower multiples until these issues are removed** (reflected in our 8.4% WACC).

COMER: MAIN COMPETITORS/COMPARABLE MULTIPLES

Competitors	Mkt Cap €mn	ABSOLUTE PERFORMANCE			EV/SALES		EV/EBITDA		EV/EBIT		PE		FCF Yield		D/EBITDA		YIELD		
		3M	YTD	12M	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	
Dana	1,837	-14.4%	-12.8%	-9.1%	0.43 x	0.40 x	5.0 x	4.5 x	10.2 x	8.3 x	14.5 x	8.4 x	2.7%	4.6%	2.3 x	2.1 x	3.1%	3.1%	
Nabtesco	1,870	-12.6%	-12.1%	-19.6%	0.83 x	0.75 x	8.8 x	7.0 x	17.3 x	13.1 x	24.9 x	20.3 x	0.3%	0.4%	cash	cash	3.2%	3.2%	
Average		-13.5%	-12.4%	-14.4%	0.63 x	0.58 x	6.9 x	5.8 x	13.7 x	10.7 x	19.7 x	14.3 x	1.5%	2.5%	2.3 x	2.1 x	3.2%	3.2%	
Peers																			
Interpump	4,910	-4.1%	-3.8%	-9.1%	2.37 x	2.16 x	9.7 x	8.7 x	12.3 x	11.0 x	17.3 x	15.9 x	6.3%	5.8%	0.5 x	cash	0.7%	0.8%	
Jost Werke	706	7.6%	7.2%	-3.3%	0.75 x	0.66 x	5.9 x	5.1 x	7.1 x	6.1 x	8.3 x	7.5 x	15.1%	14.4%	1.1 x	0.6 x	3.3%	3.9%	
Renold	100	8.4%	8.4%	48.4%	0.88 x	0.83 x	5.8 x	5.5 x	8.8 x	8.3 x	6.2 x	6.0 x	13.2%	13.7%	1.2 x	0.9 x	-	-	
Average incl. Dana, Nabtesco		-3.0%	-2.6%	1.5%	1.05 x	0.96 x	7.0 x	6.2 x	11.1 x	9.4 x	14.3 x	11.6 x	7.5%	7.8%	1.3 x	1.2 x	2.6%	2.8%	
Comer Industries	969	20.3%	15.4%	0.9%	0.90 x	0.80 x	5.6 x	5.0 x	8.6 x	7.5 x	10.2 x	9.5 x	11.3%	10.7%	0.1 x	cash	3.0%	3.7%	

Source: Equita SIM on Factset consensus estimates

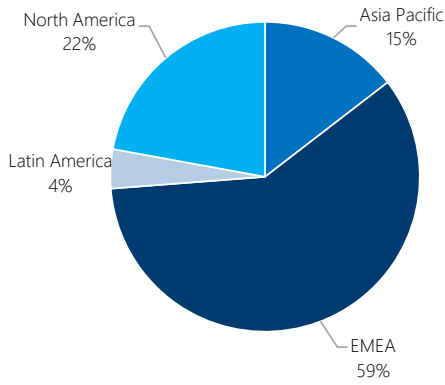
STATEMENT OF RISKS FOR COMER INDUSTRIES

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

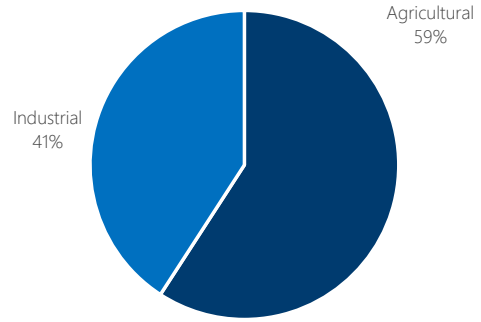
- Significant worsening in the reference macroeconomic scenario
- Significant reference markets volumes slowdown
- AG commodity prices decline
- Price pressure coming from main OEMs customers and/or competitors
- NWC absorption due to inventory increase and/or higher RM prices
- Value destroying M&A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

APPENDIX

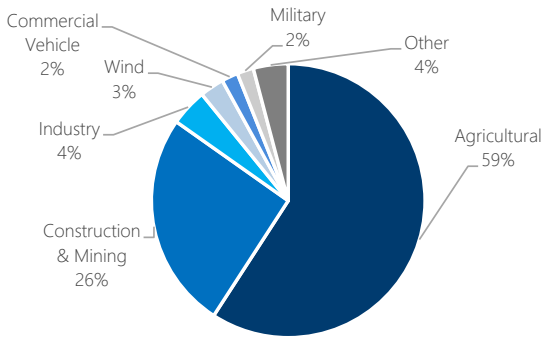
GEOGRAPHICAL REVENUES BREAKDOWN (2023)



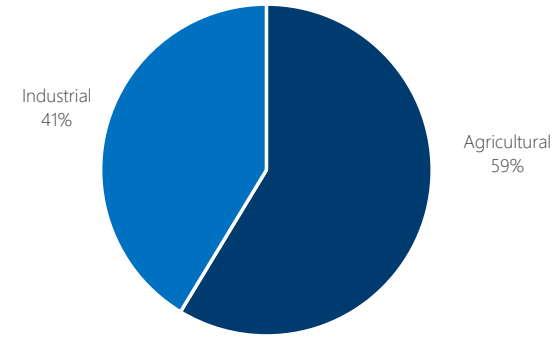
DIVISIONAL REVENUES BREAKDOWN (2023)



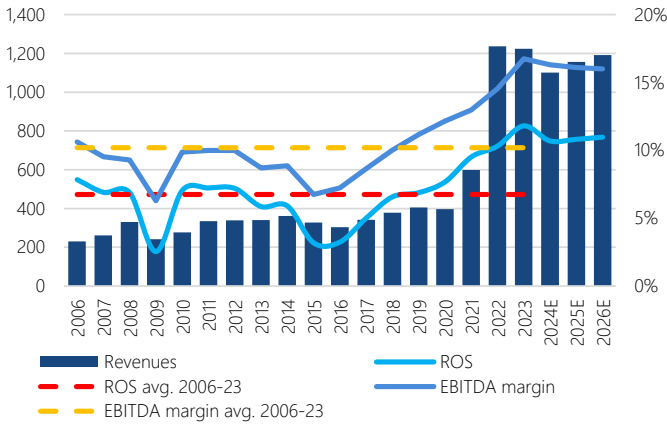
DIVISIONAL REVENUES BREAKDOWN BY END-MARKET (2023 - estimated)



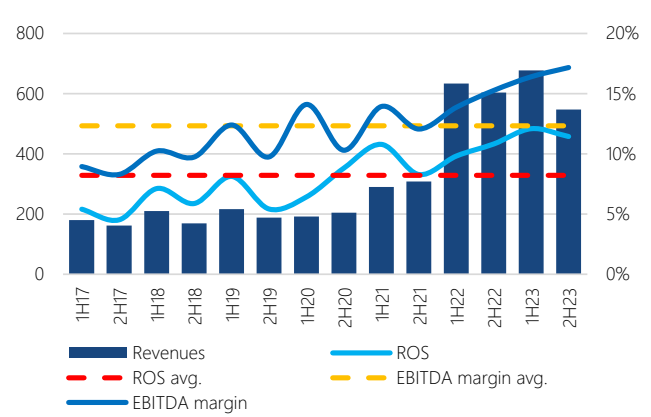
DIVISIONAL EBITDA BREAKDOWN (2023)



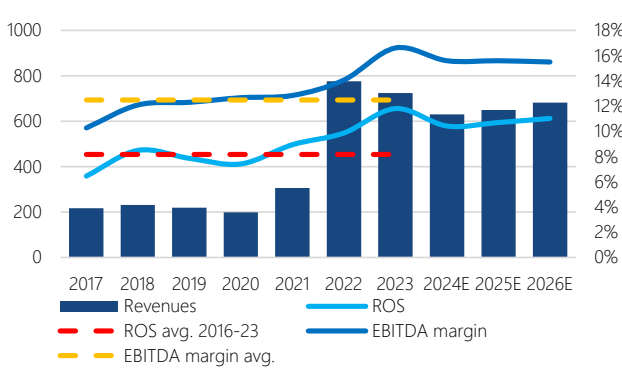
GROUP ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



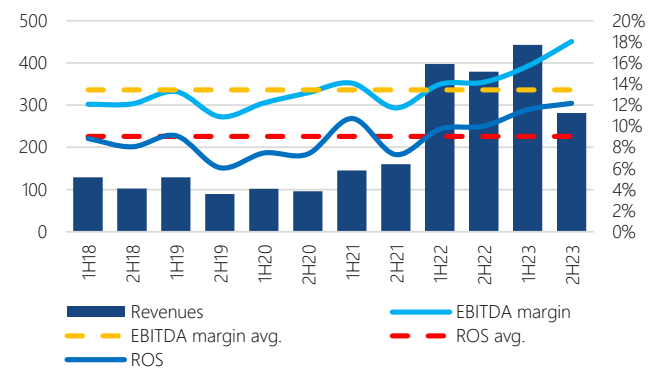
GROUP SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



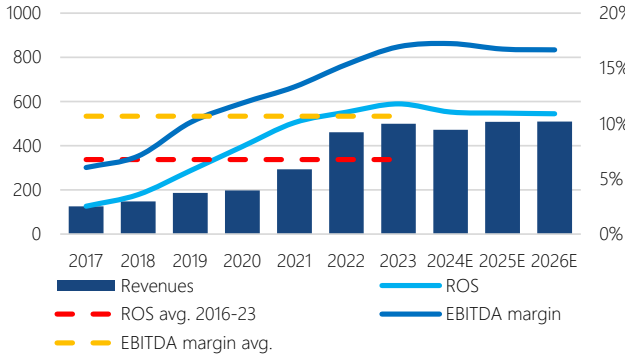
AGRICULTURAL ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



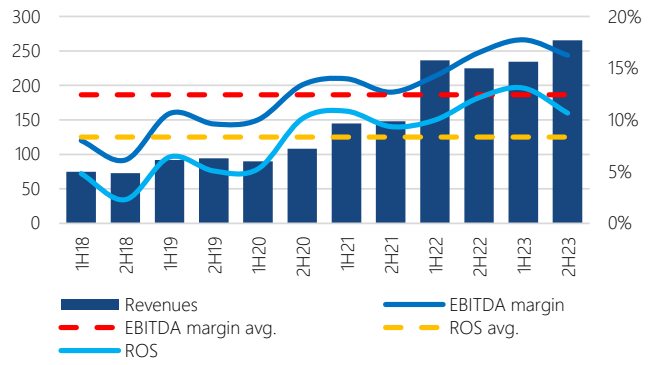
AGRICULTURAL SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



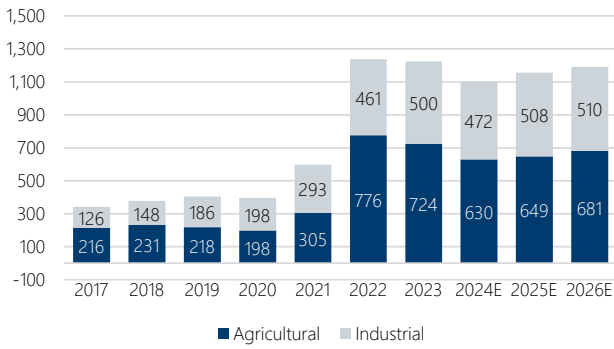
INDUSTRIAL ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



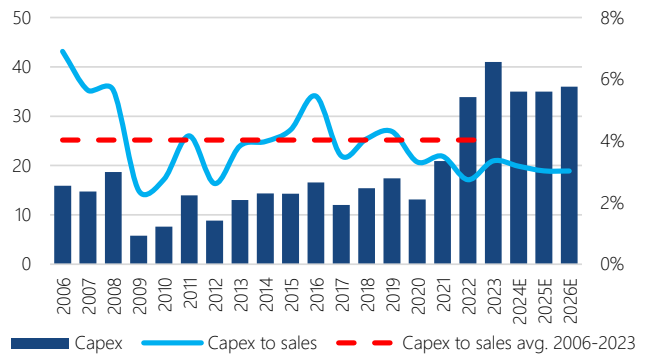
INDUSTRIAL SEMI-ANNUAL SALES (€ mn), EBITDA and EBIT MARGIN (%)



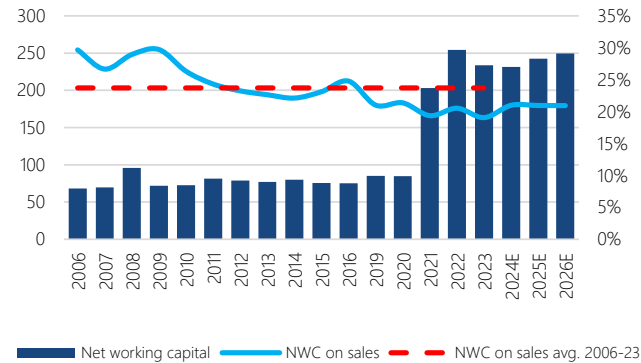
DIVISIONAL ANNUAL SALES TREND (€ mn)



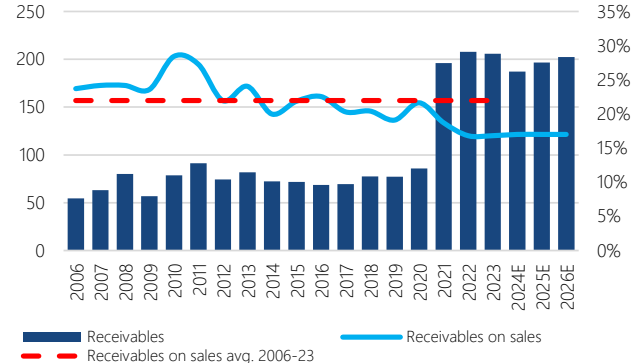
CAPEX (€ mn) & CAPEX TO SALES ratio (%)



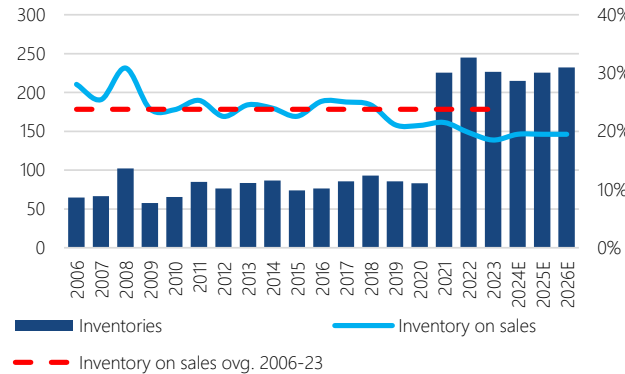
NWC (€ mn) and NWC on SALES (%)



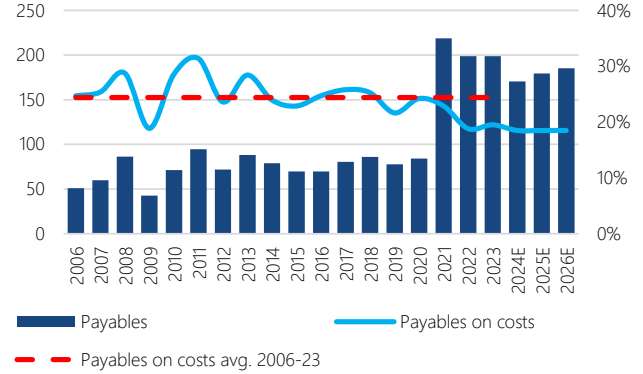
RECEIVABLES (€ mn) and RECEIVABLES on SALES (%)



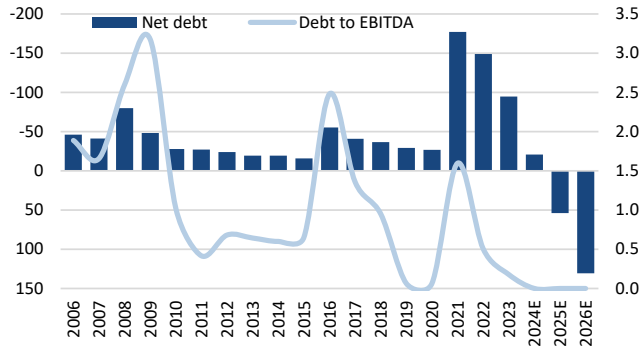
INVENTORY (€ mn) and INVENTORY on SALES (%)



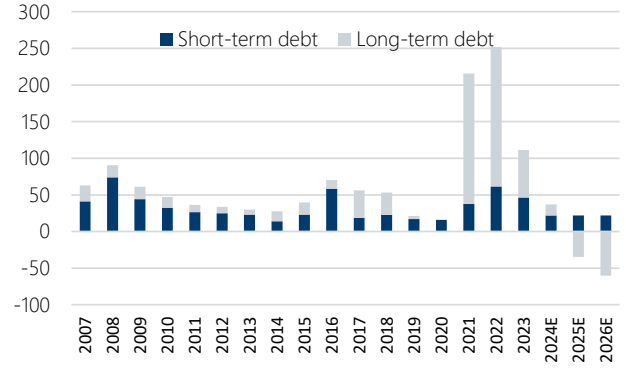
PAYABLES (€ mn) and PAYABLES on COSTS (%)



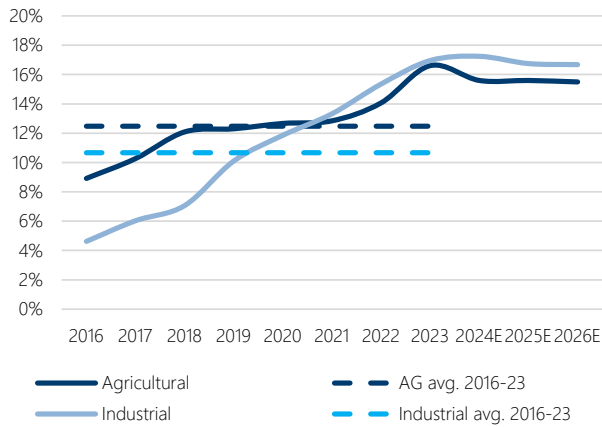
NET DEBT (€ mn) and DEBT to adj. EBITDA* RATIO (x)



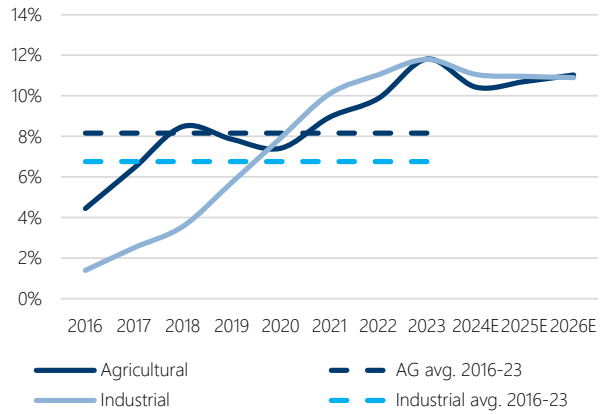
GROSS DEBT SPLIT BETWEEN SHORT-TERM AND LONG-TERM



EBITDA MARGIN (%) BY DIVISION



EBIT MARGIN (%) BY DIVISION



Source: Company data and Equita SIM estimates

P&L - €mn	2021	2022	2023	2024E	2025E	2026E
SALES Rep	598	1,237	1,224	1,102	1,157	1,191
Growth	51.0%	106.8%	-1.1%	-10.0%	5.0%	3.0%
EBITDA Rep	77.6	180	205	180	186	191
Growth	61.2%	132.0%	13.9%	-12.4%	3.7%	2.4%
Margin	13.0%	14.6%	16.7%	16.3%	16.1%	16.0%
D&A	21.4	54.2	63.2	61.8	61.2	59.9
EBIT Rep	56.2	126	142	118	125	131
Growth	87.9%	123.8%	12.8%	-17.0%	6.2%	4.5%
Margin	9.4%	10.2%	11.6%	10.7%	10.8%	11.0%
Financial Expenses	-2.0	-2.6	-15.3	-6.0	-3.0	1.0
PBT Rep	54.2	123	127	112	122	132
Growth	87.3%	127.2%	2.7%	-11.7%	9.2%	7.9%
Income Taxes	-15.4	-34.2	-35.1	-30.7	-33.6	-36.2
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	81.0	88.5	95.5
Growth	82.1%	129.3%	2.8%	-11.4%	9.2%	7.9%
Margin	6.5%	7.2%	7.5%	7.4%	7.7%	8.0%
Net Income Adj	40.4	101	108	95.0	102	109
Growth	78.8%	149.9%	6.5%	-11.7%	7.8%	6.8%
Margin	6.8%	8.2%	8.8%	8.6%	8.9%	9.2%
CF Statement	2021	2022	2023	2024E	2025E	2026E
FFO	60.8	145	163	143	150	155
Chg. in Working Capital	-118	-51.1	20.7	2.1	-11.1	-7.1
NCF from Operations	-57.6	93.9	183	145	139	148
CAPEX	-20.9	-33.9	-41.0	-35.0	-35.0	-36.0
Financial Investments	-191	-0.2	-49.8	0.0	0.0	0.0
NCF from Investments	-211	-34.1	-90.8	-35.0	-35.0	-36.0
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	0.0	0.0	0.0
NCF from Financing	119	-31.6	-38.3	-35.8	-28.7	-35.8
CHG IN NFP	-150	28.1	54.1	74.0	74.8	76.5

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
January 30, 2024	Buy	35.00	High	Initiation of coverage

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	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
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HOLD	44.7%	34.2%
REDUCE	0.0%	0.0%
NOT RATED	1.8%	2.7%

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