

Company:

Rating:

Target Price:

Sector:

Cofle

BUY

€5 (from €6.1)

Auto Parts & Equipment

Restructured and leaner, ready for recovery

1H25 sales down 21.5%, net debt improved thanks to working capital discipline

In 1H25, sales declined by 21.5% yoy to €24.4m (42% on our old FY25E €57.7m). OE sales lost 21.8% to €15.1m due to unfavorable conditions of the agricultural machine market with fewer registrations. Nevertheless, the Company flagged recovery trends in Spain and Poland, as well as growth in India with registrations up 20% yoy. Similarly, IAM sales decreased by 21.2% to €9.3m amid trade tensions, ongoing uncertainties surrounding technological innovation and increasing competition by Chinese brands across Europe. Adj. EBITDA was down 18.2% yoy to €3.6m, due to lower top-line. EBITDA Adj. margin (on VoP) was 13.9%, improving 0.1pp yoy and 9pp vs 2H24. EBITDA adjustments refer to €1.5m of non-recurring labor savings and €0.9m in rent. Net loss came in at €3.3m, including non-cash €0.9m hyperinflation charges. Net debt decreased to €12.1m from €13.9m at YE24 thanks to lower NWC and costs.

Cost base overhauled thanks to restructuring close to completion

The Company stated that in the months following the reporting period, revenue trend improved, reducing the decline experienced in 1H25. This trend is expected to continue towards the end of 2025. The internal restructuring launched in 1H25 is continuing into 2H25, involving strategic initiatives to reduce direct and indirect costs, resulting in approximately €4m of non-recurring costs, which are expected for the FY25. The positive effects of these will likely materialize in 2026. Production capacity will not be impacted thanks to externalization during peak periods and gradual relocation of manufacturing to India.

Weak market but no further outlook worsening in 2025

During their latest earnings released, main industry players reiterated their FY25 outlook. Leading producers of machines for agriculture still see a contraction of selling units in FY25 in most geographies; more precisely, Europe is seen ranging between flat to -10%. Conversely, the business climate index by CEMA for the European agricultural machinery industry has improved over the last 12 months (with a setback in July 2025), turning positive in April 2025 and reaching 11 in September (min -57 in 2024, max 72 in 2021), thanks to higher expectations and improved sentiment on both sales and orders.

FY25-27E sales cut 17%, restructuring drives FY26E EBITDA margin recovery

Following a persisting tough market environment, we cut FY25-27E sales by 17%. We forecast some recovery in 2H25, as hinted by the press release (-11% vs -21.5% in 1H25), ending to €50m in FY25E (-13% vs old). FY25E EBITDA is now seen at €1.5m (2.8% margin)/€7.3m Adj. EBITDA (13.7% margin), as Cofle continues the reorganization. FY25E Net loss is estimated at €5.9m. We expect a mild (+4% yoy) recovery in Sales in FY26E to €52m which, along with a streamlined cost structure, leads to €5.5m EBITDA (10.1% margin)/€7.3m Adj. EBITDA (13.4% margin) and breakeven profit. Finally, for FY27E we forecast top-line growth (+6% yoy) to €55.1m as we expect sales back to FY22 levels. FY27E Adj. EBITDA is seen at €8.3m (14.5% margin) with €1.1m Net profit. Given 1H25 NWC levels, we improved Net Debt at YE25 to €13.3m (vs previous €14.5m).

Valuation: BUY confirmed; 12-month target price cut to €5 (from €6.1)

We cut our TP to €5 (from €6.1), calculated as the weighted average between DCF (75%) and market multiples (25%). DCF is €5/sh (from €6.3/sh), due to cut in top line with TV of €2.7m (from €3.2m). For the multiples valuation, we took the EV/EBITDA 26E of 6x (vs previous 5.2x) which led to €4.8 (from €5.5/sh). Cofle trades at a discount on EV/EBITDA26E (5.6x) vs comparable (6x) justified by lower marginality & current net loss. Ongoing cost cutting measures supports margin recovery during the extended market weakness and position the company for stronger profitability as trends normalize. Given the potential upside vs current price, we maintain our BUY recommendation.

October 23, 2025 at 18:00

Company Profile					
Bloomberg	CFL IM				
FactSet	CFL-IT				
Stock Exchange	Italian Stock Exchange				
Reference Index	FTSE Italia Growth				
Market Data					
Last Closing Price	3.79				
Number of shares (mln)	6.2				
Market cap. (mln)	23.3				
1Y Performance					
Absolute	-27%				
Max / Min	5.6 / 2.4				
(€mln)	2023	2024	2025E	2026E	2027E
Sales	60.6	59.9	50.0	52.0	55.1
Total revenue (VoP)	64.1	62.0	53.5	54.2	57.5
yoy (%)	10.6%	-3.3%	-13.7%	1.5%	6.0%
Adj. EBITDA	11.5	6.8	7.3	7.3	8.3
margin (%)	17.9%	11.0%	13.7%	13.4%	14.5%
EBIT	6.7	(0.4)	(2.1)	1.8	3.1
margin (%)	10.5%	-0.6%	-4.0%	3.3%	5.4%
Group Net Profit	0.4	(5.3)	(5.3)	0.0	1.1
margin (%)	0.6%	-8.5%	-9.9%	0.0%	1.9%
Net Debt	5.1	14.0	13.3	13.7	13.2
Net Debt Reported	5.0	13.9			
Sh. Equity	29.2	26.9	21.6	21.6	22.7
Capex	(8.5)	(4.6)	(4.0)	(3.0)	(3.0)
FCFs	1.4	(5.2)	4.4	1.4	2.1



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1H25 Results

Persistent agricultural machinery downturn

In 1H25 results, sales were down 21.5% yoy to €24.4mln. OE sales declined by 21.8% to €15.1mln due to unfavorable conditions of the agricultural machine market with declining registrations. Nevertheless, the Company flagged recovery trends in Spain and Poland, as well as growth in India with registration up 20%. Similarly, IAM sales decreased by 21.2% to €9.3mln amid trade tension, ongoing uncertainties surrounding technological innovation and expansion of Chinese brands across Europe. Value of production was €26.3mln.

Net debt improved thanks to working capital discipline

Adj. EBITDA was down 18.2% yoy to €3.6mln, following the decline in top line. EBITDA Adj. margin (on VoP) was 13.9%, improving +0.1pp yoy and +9pp vs 2H24. EBITDA was €1.2mln (4.6% margin), down 66.7% yoy. The adjustments related to €1.5mln of non-recurring personnel costs (severance, relocation of production, renegotiations of collective agreement) and €0.9mln in rent costs. Overall Operating costs were down 10.7% yoy to €25.1mln thanks lower volumes and reduction of fixed costs. Net loss came in at €3.3mln (vs our estimates of €-2mln), which included non-cash €0.9mln hyperinflation charges. Net debt decreased to €12.1mln (vs our FY25E of €14.5mln) from €13.9mln at YE24 thanks to favorable working capital movements (lower inventory, higher payables) and lower operating costs.

Revenue decline reduced in first months of 2H25

The Company stated that in the months following the reporting period, the Group achieved better revenue than the previous year, reducing the gap recorded in 1H25. This difference is expected to be maintained by the end of 2025.

Internal restructuring continues

Moreover, the internal restructuring launched in 1H25 is continuing into 2H25, involving strategic initiatives to reduce direct and indirect costs, with non-recurring costs of approximately €4mln. The positive effects of these measures are expected to be visible starting in 2026. Key actions taken include: i) reshoring of some activities to Italy, to strengthen quality control and reducing dependence on external suppliers, ii) offshoring some activities from Turkey to India, iii) logistics reorganization in Turkey, to reduce operating costs and rationalize the distribution network. Overall production capacity will remain unchanged, thanks to externalization during peak periods and gradual relocation of production to India.

Table 1: EBITDA Adjustments (€, mln)

EBITDA Adjustments	1H24	1H25
Direct Personnel (non-recurring)	0	0.9
Indirect Personnel (non-recurring)	0	0.6
IFRS16	0.8	0.9
Total	0.8	2.4

Source: Banca Profilo elaborations on Company data

Figure 1: Revenue breakdown and EBITDA margin (%)

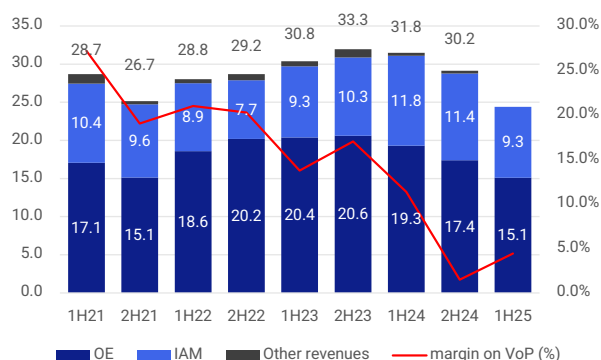
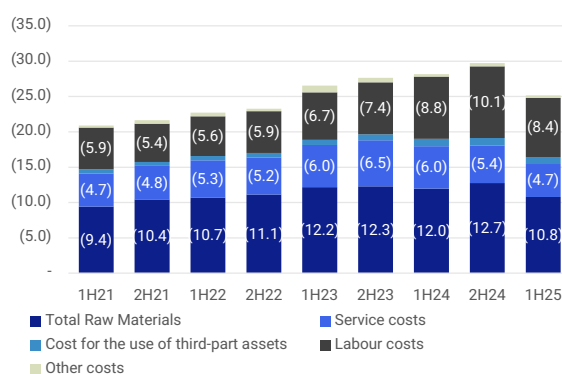


Figure 2: Semester costs breakdown



Source: Banca Profilo elaborations and estimates on Company data

Table 2: Revenue breakdown 1H23-1H25 (€, mln)

Revenue breakdown (€/mln)	1H23	2023	1H24	2024	1H25
OE	20.4	41.0	19.3	36.7	15.1
yoy (%)	9.7%	5.7%	-5.4%	-10.5%	-21.8%
on Sales (%)	68.6%	67.7%	62.0%	61.3%	61.8%
IAM	9.3	19.6	11.8	23.2	9.3
yoy (%)	4.6%	18.1%	26.9%	18.4%	-21.3%
on Sales (%)	31.4%	32.3%	38.0%	38.7%	38.2%
Sales	29.7	60.6	31.1	59.9	24.4
yoy (%)	7.9%	9.4%	4.7%	-1.2%	-21.5%
Other revenues	0.7	1.7	0.4	0.7	0.2
on revenues (%)	2.2%	2.9%	1.2%	1.2%	0.9%
Revenues	30.4	62.3	31.5	60.6	24.7
yoy (%)	8.3%	9.9%	3.7%	-2.7%	-21.8%
Change in inventories	0.4	1.8	0.3	1.4	1.7
on revenues (%)	1.3%	2.9%	0.8%	2.3%	6.8%
Total revenues (VoP)	30.8	64.1	31.8	62.0	26.3
yoy (%)	7.0%	10.6%	3.2%	-3.3%	-17.2%

Source: Banca Profilo elaborations on Company data

Table 3: Income statement 1H23-1H25 (€, mln)

Profit & Loss (€/mln)	1H23	2023	1H24	2024	1H25
Total revenues (VoP)	30.8	64.1	31.8	62.0	26.3
Total Raw Materials	(12.2)	(24.5)	(12.0)	(24.7)	(10.8)
Service costs	(6.0)	(12.5)	(6.0)	(11.3)	(4.7)
Cost for the use of third-part assets	(0.7)	(1.5)	(1.0)	(2.1)	(1.0)
Labour costs	(6.7)	(14.1)	(8.8)	(18.9)	(8.4)
Other costs	(0.9)	(1.6)	(0.4)	(0.8)	(0.3)
EBITDA	4.2	9.9	3.6	4.1	1.2
margin on VoP (%)	13.8%	15.5%	11.3%	6.5%	4.4%
yoy (%)	-29.9%	-17.2%	-14.8%	-59.1%	-67.7%
Adjusted EBITDA	5.4	11.5	4.4	6.8	3.6
margin on VoP (%)	17.5%	17.9%	13.8%	11.0%	13.9%
Amortization	(0.5)	(1.0)	(0.6)	(1.2)	(0.7)
Depreciation	(1.0)	(2.2)	(1.7)	(3.0)	(1.2)
EBIT	2.7	6.7	1.3	(0.4)	(0.9)
margin on VoP (%)	8.9%	10.5%	4.1%	-0.6%	-3.3%
yoy (%)	-43.6%	-20.5%	-51.8%	-105.3%	-166.1%
Net financial expenses	(1.1)	(5.3)	(3.2)	(5.0)	(2.1)
Taxes	(0.8)	(0.6)	(0.2)	(0.2)	(0.3)
Net Profit	0.8	0.8	(2.1)	(5.6)	(3.3)
Minorities	0.2	0.4	(0.1)	(0.3)	(0.4)
Group Net Profit	0.6	0.4	(2.0)	(5.3)	(2.9)
margin on VoP (%)	2.1%	0.6%	-6.2%	-8.5%	-11.1%

Source: Banca Profilo elaborations on Company data

Table 4: Balance Sheet 1H23-1H25 (€, mln)

Balance sheet (€/mln)	1H23	2023	1H24	2024	1H25
Inventory	13.3	16.3	16.7	18.9	17.6
Accounts receivables	14.4	11.6	13.4	11.8	10.6
Accounts payables	(8.4)	(9.2)	(7.6)	(7.3)	(8.8)
Operating Net Working Capital	19.2	18.7	22.4	23.4	19.3
Other Current Assets	3.8	3.9	4.5	3.9	3.2
Other Current Liabilities	(4.4)	(3.8)	(4.8)	(4.1)	(4.2)
Net Working Capital	18.7	18.9	22.1	23.2	18.3
Intangibles	3.6	4.8	5.5	6.4	6.2
Tangibles	10.1	11.6	12.6	12.5	11.1
Financials	0.4	0.4	0.2	0.3	0.3
Fixed Asset	14.1	16.8	18.3	19.2	17.6
Provision for risks	(1.1)	(0.8)	(0.7)	(0.9)	(1.1)
Pensions	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)
Net Invested Capital	31.0	34.3	39.2	40.9	34.3
Equity	27.4	29.2	28.8	26.9	22.1
Net debt (cash)	3.6	5.1	10.4	14.0	12.2
Net debt (cash) reported	3.3	5.0	10.3	13.9	12.1
Adjusted Net debt (cash)	8.5	9.7	14.5	17.4	15.0

Source: Banca Profilo elaborations on Company data

The reference market

Turkey disinflation, market long term expectations above inflation target

According to the IMF report released in April 2025, Turkey remains among hyper-inflationary economies, so IAS29 has to be applied. IAS29 does not establish a precise threshold for hyperinflation but lists qualitative characteristics of a country experiencing hyperinflation, along with the “cumulative inflation rate over three years approaches, or exceeds, 100%”.

Turkey disinflation process began in May 2024 (+75% yoy), which subsequent reading decreasing down to 33% in September 2025.

CBRT September survey median year-end inflation climbed to 30% from 28% in March, which slightly above CBRT forecast (28.5%) and the target (5%). Regardless, high inflation levels recorded in 2023 and 2024 are likely to keep Turkey above the 100% cumulative levels, for 2025 and potentially in 2026 as market participants foresee above target (11%) inflation levels even 5 years from now.

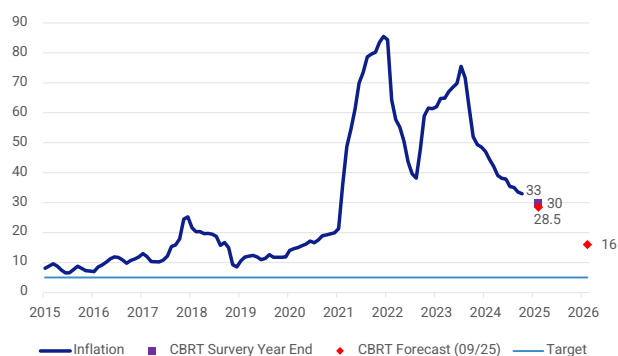
Following the disinflation process, the CBRT started its easing cycle in December 2024, by cutting its benchmark rate to by 2.5pp to 47.5%, by 2.5pp in January and by 2.5pp in March. On April 17 Turkey's benchmark rate was raised to 46%, while consensus expected no change (42.5%). In July the CBRT cut rates by 3pp and by 2.5pp in September, which is now at 40.5%.

Farm tractor companies, weak market but no further outlook worsening in 2025

CEMA Business climate improvement

The business climate index by CEMA for the European agricultural machinery industry has been improving for the last 12 month (only setback in July 2025), turning positive in April 2025 and reaching 11 in September, thanks to turnover expectations and current mood. Both order and sales expectations were assessed more positively in September.

Figure 3: Turkey disinflation



Source: CBRT, TurkStat, Turkish Presidency of Strategy and Budget

Figure 4: CEMA Business Barometer



Source: Bloomberg

Deere outlook FY25

Deere's sector outlook continues to be mostly negative in units growth in the US (down ~30%), Europe outlook was slightly improved (flat to Down ~5%), South America was reiterated flat and Asia was slightly upgraded (flat to up ~5%).

Table 5: Deere outlook for 2025

Deere	February 2025	May 2025	August 2025
Industry Outlook (FY25 units)			
Agriculture & Turf			
Large Ag (US & Canada)	Down ~30%	Down ~30%	Down ~30%
Small AG & Turf (US & Canada)	Down ~10%	Down ~10-15%	Down ~10%
Europe	Down ~5%	Down ~5%	Flat to Down ~5%
South America (Tractors & Combines)	Flat	Flat	Flat
Asia	Down slightly	Flat	Flat to up ~5%
Construction & Forestry			
Construction Equipment (US & Canada)	Down ~10%	Down ~10%	Down ~10%
Compact Construction Equipment (US & Canada)	Down ~5%	Down ~5%	Flat to Down ~5%
Global Forestry	Flat to down ~5%	Flat to down ~5%	Flat to down ~5%
Global Roadbuilding	Flat	Flat	Flat
Deere Segment (FY25 Net Sales)			
Production & Precision Ag	Down 15-20%	Down 15-20%	Down 15-20%
Small Ag & Turf	Down ~10%	Down ~10-15%	Down ~10%
Construction & Forestry	Down 10-15%	Down 10-15%	Down 10-15%

Source: Deere & Company

AGCO

AGCO said that global farm equipment market continues to face significant headwinds with North America and Western Europe experiencing the most pronounced declines. Weak farmer economics and delayed purchasing decisions across several regions heavily influenced the uncertainty in global trade that impacted demand. However, AGCO flagged that Brazil is showing early signs of recovery, thanks to favorable trade dynamics coupled and being one the first markets to experience the downturn.

Table 6: AGCO outlook for 2025

AGCO	February 2025	May 2025	July 2025
Industry Unit Retail Tractor Sales			
Large Ag (US & Canada)	Down ~25%	Down 25-30%	Down 25-30%
Small AG & Turf (US & Canada)	Down ~0-5%	Down ~0-5%	Down ~5%
Western Europe	Down 0-5%	Down ~5%	Down 5-10%
Brazil	Flat	Up 0-5%	Up 0-5%
AGCO Revenues			
Revenues FY25	\$9.6bn (-17% yoy)	\$9.6bn (-17% yoy)	\$9.8bn

Source: AGCO

Agricultural machineries registration

-12.3% farm tractors registration in Italy during 2024

In 2024, registrations of agricultural machinery in Italy (FederUnacoma based on data from Ministry of Infrastructure and Transport) were down by 12.3% yoy to 15.5k (vs 17.6k in 2022). The negative trend was also witnessed in other European countries, such as France with registrations down -10.1% yoy, Germany -3.4% yoy, UK -11.9% yoy as well as overseas with US down -13.2% yoy and Canada -15.8% yoy.

Following the peak in 2021 the sector has been contracting for the last three years, due to higher production costs, high interest rates as well stagnation of agricultural income, conditioning the demand for machinery also in the main European countries and North America.

Automotive components

We highlight the evolution of guidance across selected European companies operating in the automotive components sector, both aftermarket and OEM.

- Valeo reaffirmed FY25 revenue guidance (October 2025)
- Forvia reaffirmed FY25 revenue guidance (October 2025).

Table 7: Automotive components companies guidance

Company						
Valeo	October 2023	April 2024	July 2024	February 2025	July 2025	October 2025
Revenues FY25	€27.5bn	↓€24.5-25.5bn	↓€23.5-24.5bn	↓€21.5-22.5bn	↓€20.5bn	=€20.5bn
Forvia	February 2024		July 2024	April 2025	July 2025	October 2025
Revenues FY25	€30bn		↓€28-28.5bn	↓€26.3-27.5bn	=€26.3-27.5bn	=€26.3-27.5bn

Source: Valeo, Forvia

Strategy and estimates

Corporate strategies

Ineos production resumed

In January 2025, Ineos announced the resumption of Grenadier production at the Hambach plant, following a suspension from September to December 2024 due to a supply disruption of a key component. We remind that Ineos Grenadier is among the few OEM automotive customers, for which Cofle produces the locking differential and the reduced gear unlock. According to Cofle's statement from December 2023, the contract generated revenues of €1.6mIn in 2023 and was expected to generate €3.6mIn in 2024.

New Group CFO

At the end of February 2025, Cofle appointed Claudio Viscardi as Group CFO, previously he was CEO at Crippa, specialized in tube bending machines.

Cost savings plan and reshoring to save €2.5mIn

In 1H24 Cofle announced a cost saving plan to recover marginality and improve long term stability, while reshoring should reduce dependence on volatile economies. This should yield effects by the end of 2024 and in 2025. Key initiatives include i) rationalization of costs related to production plants, reducing operating cost by €1mIn by the first half of 2025, ii) reshoring plan, with production to be gradually moved to Italy and India, increasing production capacity of the Indian plant and keeping production in Turkey for direct sales with higher margins. This is expected to reduce operating costs by an estimated €1.5mIn.

Figure 5: Navigating market trends

NAVIGATING MARKET TRENDS

Overview of Key Sector Trends

- **Aftermarket (AM) Trends:** Observing decline in control/pull cables and an increase in demand for gear shift cables and electronic parking brakes (EPB), as well as brake hoses
- **Original Equipment (OE) Trends:** Observing a gradual decrease in mechanical controls in favor of intelligent electronic systems, reflecting broader industry shifts towards automation and connectivity (especially EU and USA)



Source: Company data

Figure 6: New logistic center in Italy

Warehouse A Warehouse B



New logistics plant

In 2024, the new OE division logistics center became fully operational. It is located near Trezzo sull'Adda and will lead to logistics optimization and digitalization, aiming at significantly reducing time to market.

In 2022 Cofle set up its French division to be directly present in the Region, tackling market opportunities thanks to 3 managers with extensive knowledge of the sector. The new unit could also unlock previously untapped opportunities across Spain, Portugal, Maghreb and Benelux. In 2023, the French subsidiary has entered into two significant commercial agreements with i) the second-largest European spare parts distribution group and with ii) a spare parts distributor that is part of a large industrial group in the automotive sector.

The commercial strategies of the subsidiary have supported IAM growth by acquiring new customers.

Our FY25E-27E estimates

FY26E to benefit from fixed costs reduction

Following tough market environment we cut cumulative FY25-27E sales by 17%. As indicated by management in the press release, we forecast less yoy revenue decline in 2H25 (-11% vs -21.5% in 1H25), leading to €50m revenues in FY25E (-13% vs old). FY25E EBITDA is seen at €1.5m (2.8% margin) and Adj. EBITDA is seen at €7.3m (13.7% margin) and includes €1.8m IFRS16 adjustments and €4m non-recurring costs (vs €1.5m in 1H25) as Cofle continues with the reorganization plan. Net loss for the period is estimated at €5.9m. We expect a mild (+4% yoy) recovery in Sales in FY26E to €52m, this along with lower fixed costs leads to €5.5m EBITDA (10.1% margin) and €7.3m Adj. EBITDA (13.4% margin). We estimate FY26E net profit at breakeven.

Improvement in the cycle during FY27E

Finally, for FY27E we forecast an improvement in top-line growth (+6% yoy) to €55.1m as we expect an improvement in the cycle bringing sales back to FY22 levels. FY27E Adj. EBITDA is seen at €8.3m (14.5% margin) with €1.1m Net profit.

Table 8: Revenue breakdown FY24-FY27E (€, mln)

		2025E	2025E	2026E	2026E	2027E	2027E
Revenues	2024	old	new	old	new	old	New
OE	36.7	33.8	30.6	37.1	31.8	40.1	33.7
yoy (%)	-10%	-8%	-17%	10%	4%	8%	6%
% on revenues	61%	59%	61%	59%	61%	59%	61%
IAM	23.2	23.9	19.4	25.8	20.2	27.9	21.4
yoy (%)	18%	3%	-16%	8%	4%	8%	6%
% on revenues	39%	41%	39%	41%	39%	41%	39%
Sales	59.9	57.7	50.0	62.9	52.0	68.0	55.1
Other revenues	0.7	1.2	0.4	1.3	1.0	1.4	1.1
Change in inventories	1.4	1.3	3.0	1.4	1.2	1.5	1.2
Total revenues (VoP)	62.0	60.1	53.5	65.6	54.2	70.9	57.5
yoy (%)	-3%	-3%	-16.8%	9%	5%	8%	6%

Source: Banca Profilo elaborations and estimates on Company data

Table 9: Income statement FY22-FY27E (€, mln)

		2025E	2025E	2026E	2026E	2027E	2027E
Profit & Loss (€/mln)	2024	old	new	old	new	old	new
Total revenues (VoP)	62.0	60.1	53.5	65.6	54.2	70.9	57.5
Raw materials	(26.7)	(25.3)	(23.0)	(28.0)	(23.2)	(30.3)	(24.5)
Change in inventories (raw materials)	2.0	3.2	1.2	3.5	2.9	3.8	3.1
Service costs	(11.3)	(11.0)	(9.5)	(11.3)	(9.9)	(12.2)	(10.5)
Cost for the use of third-part assets	(2.1)	(2.1)	(2.1)	(2.2)	(2.1)	(2.2)	(2.2)
Labour costs	(18.9)	(18.9)	(17.7)	(19.2)	(15.6)	(20.7)	(16.0)
Other costs	(0.8)	(0.9)	(0.8)	(1.0)	(0.8)	(1.1)	(0.9)
EBITDA	4.1	5.1	1.5	7.4	5.5	8.2	6.5
margin on VoP (%)	6.5%	8.6%	2.8%	11.3%	10.1%	11.5%	11.4%
yoy (%)	-59.1%	27.0%	-62.5%	43.7%	258.7%	10.4%	19.9%
Adjusted EBITDA	6.8	7.3	7.3	9.2	7.3	10.0	8.3
margin on VoP (%)	11.0%	12.2%	13.9%	14.0%	13.4%	14.1%	14.5%
D&A	(4.2)	(3.7)	(3.5)	(3.1)	(3.5)	(3.0)	(3.3)
Provision for risks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
EBIT	(0.4)	1.2	(2.1)	4.1	1.8	5.0	3.1
margin on VoP (%)	-0.6%	2.1%	-4.0%	6.3%	3.3%	7.1%	5.4%
yoy (%)	-105.3%	-450.9%	495.5%	230.8%	-184.6%	21.8%	72.5%
Net financial expenses	(5.0)	(3.2)	(3.4)	(2.1)	(1.8)	(1.8)	(1.5)
Taxes	(0.2)	-	(0.3)	(0.5)	(0.0)	(0.8)	(0.4)
Net Profit	(5.6)	(2.0)	(5.9)	1.6	0.0	2.4	1.2
margin on VoP (%)	-9.0%	-3.3%	-11.0%	2.4%	0.1%	3.4%	2.1%
Minorities	(0.3)	(0.1)	(0.6)	0.1	0.0	0.1	0.1
Group Net Profit	(5.3)	(1.9)	(5.3)	1.5	0.0	2.3	1.1

Source: Banca Profilo elaborations and estimates on Company data

Given 1H25 NWC levels we improved Net Debt at YE25 to €13.3mln (vs previous €14.5mln). Conversely, we increased FY26-27E Net Debt by €0.8mln and €2.2mln respectively, following lower top line.

Table 10: Balance Sheet FY22-FY27E (€, mln)

Balance sheet (€/mln)	2024	2025E	2025E	2026E	2026E	2027E	2027E
		old	new	old	new	old	new
Inventory	18.9	16.8	16.0	17.1	15.7	17.6	16.1
Accounts receivables	11.8	11.6	9.7	12.5	10.2	13.3	10.8
Accounts payables	(7.3)	(6.7)	(8.0)	(7.9)	(7.9)	(8.9)	(8.3)
Operating Net Working Capital	23.4	21.7	17.7	21.7	18.0	22.0	18.5
Other Current Assets (Liabilities)	(0.2)	(0.2)	(1.0)	(0.2)	(1.0)	(0.2)	(1.0)
Net Working Capital	23.2	21.5	16.6	21.4	17.0	21.8	17.5
Intangibles	6.4	6.5	6.8	6.5	6.8	6.5	6.8
Tangibles	12.5	12.6	12.5	12.6	12.5	12.6	12.5
Financials	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fixed Asset	19.2	19.5	19.7	19.5	19.7	19.5	19.7
Other Non Current Assets (Liabilities)	(1.4)	(1.4)	(1.4)	(1.4)	(1.3)	(1.5)	(1.3)
Net Invested Capital	40.9	39.5	35.0	39.5	35.4	39.8	35.9
Share capital	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Reserves	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)
Share premium reserve	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Accumulated profit/loss	24.2	18.9	18.9	17.0	13.6	18.5	13.6
Net profit	(5.6)	(2.0)	(5.9)	1.6	0.0	2.4	1.2
Minority share	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Equity	26.9	25.0	21.6	26.5	21.6	28.8	22.7
Net debt (cash)	14.0	14.5	13.3	13.0	13.7	11.0	13.2
Net debt (cash) reported	13.9	-	-	-	-	-	-

Source: Banca Profilo elaborations and estimates on Company data

Valuation

DCF and market multiples

We carry out the valuation of Cofle using both a DCF method and a relative market multiples approach based on a sample of listed international companies "comparable" to Cofle.

TP €5.0/sh (from €6.1), BUY

We took the weighted average between DCF (75%) and relative market multiples valuation (25%) and ended up with a TP of €5.0/sh (from €6.1). Given the significant potential upside on Cofle closing price (as of October 23), we maintain a BUY recommendation.

DCF

Cumulated FCFs of €10.8mln, €2.7mln TV

To run the DCF model, we used our projections of FCFs for the FY25-28E explicit period: €10.8mln of cumulated FCFs (vs previous €12.7mln). We consider the FY25-28E average FCF of €2.7mln as the Terminal Value cash flow (vs previous €3.2mln).

Table 11: FCF forecasts FY24-FY28E

		2025E	2025E	2026E	2026E	2027E	2027E	2028E	2028E
Free Cash Flow (€/mln)	2024	old	new	old	new	old	new	old	new
EBIT	(0.4)	1.2	(2.1)	4.1	1.8	5.0	3.1	5.9	4.9
taxes	(0.2)	(0.3)	0.5	(1.0)	(0.4)	(1.3)	(0.8)	(1.5)	(1.2)
NOPAT	(0.5)	0.9	(1.6)	3.1	1.3	3.8	2.3	4.4	3.7
D&A	4.2	3.7	3.5	3.1	3.5	3.0	3.3	2.9	3.1
Change in Net operating working capital	(4.3)	1.7	6.5	0.0	(0.4)	(0.4)	(0.5)	(0.6)	(0.9)
Other funds	(0.0)	(0.0)	(0.0)	0.0	(0.1)	0.0	0.0	0.0	0.0
Capex	(4.6)	(4.0)	(4.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Free Cash Flow	(5.2)	2.4	4.4	3.2	1.4	3.4	2.1	3.7	2.9

Source: Banca Profilo elaborations and estimates on Company data

7.6% WACC

We use a 7.6% WACC (unchanged), derived from:

- risk free rate at 4.4% (from 4.3%), as implicitly expected by consensus on the 30Y Italian BTP yield curve;
- equity risk premium equal to 5.5%;
- beta of 1 (unchanged) coming from the average of chosen listed peers;
- target Debt to Equity structure of 67%.

Table 12: DCF Valuation

DCF Valuation	2024E	2025E	2026E	2027E	2028E	TV	Valuation		WACC Calculation	
Free Cash Flows (€,mln)		4.4	1.4	2.1	2.9	2.7	Enterprise Value (€,mln)	45.0	Perpetual growth rate	2.0%
Years		1	2	3	4		Net debt (cash) (€,mln)	14.0	WACC	7.6%
Discount factor		0.93	0.86	0.80	0.75		Equity Value (€,mln)	30.9	Risk free rate (30Y)	4.4%
Terminal Value						48.1	Number of shares	6.2	Equity risk premium	5.5%
NPV		4.1	1.2	1.7	2.2	35.8	Price per share €	5.0	Levered Beta	1.0
Sum of NPVs (€,mln)		4.1	5.3	7.0	9.2	45.0			KE	10.2%
									Cost of debt	5.4%
									Tax rate	30%
									KD	3.8%
									Target D/E	67%

Source: Banca Profilo elaborations and estimates

Market multiples

We provide the updated multiples table, compared to our latest research *[Please refer to our Company Update on 24 April 2025]*.

EV/EBITDA 26E at 6x For the market multiples valuation, we considered the EV/EBITDA 26E of 6x (from previous 5.2x). This led us to an Equity Value of €4.8/sh (from €5.5/sh) due to lower EBITDA. Cofle trades at a discount on EV/EBITDA 26E (5.6x) vs comparable.

Table 13: Sample EV/EBITDA

	EV/EBITDA			
	2024	2025E	2026E	12M
Brembo	5.1	6.5	6.0	6.5
Comer	7.1	7.9	6.4	8.1
SKF	8.0	7.9	6.9	8.5
CIE Automotive	5.9	5.7	5.4	6.4
Kongsberg Automotive	5.2	6.3	4.2	8.0
Suprajit Engineering	14.6	11.6	10.2	19.5
Mayville Engineering	4.3	6.9	4.9	4.9
SAF	4.4	4.8	4.3	5.2
Mean	6.8	7.2	6.0	8.4
Cofle	6.0	5.6	5.6	4.9

Source: Banca Profilo estimates and elaborations on Bloomberg

Table 14: Sample EBITDA margin and Revenue Growth

	Revenue Growth				EBITDA Margin			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Brembo	-0.2%	-2.6%	3.9%	4.9%	16.8%	16.0%	16.7%	17.1%
Comer	-23.0%	-6.0%	31.3%	6.7%	16.7%	16.0%	15.1%	15.6%
SKF	-5.0%	-6.4%	2.7%	4.0%	14.6%	15.6%	17.5%	18.6%
CIE Automotive	0.0%	-1.0%	3.2%	4.0%	18.4%	18.8%	19.1%	19.2%
Kongsberg Automotive	-10.9%	-6.3%	6.3%	4.0%	6.2%	5.6%	7.8%	9.4%
Suprajit Engineering	30.0%	11.9%	10.0%	N.A.	11.2%	12.6%	13.0%	N.A.
Mayville Engineering	-1.2%	-7.2%	14.8%	3.6%	14.7%	9.5%	11.7%	11.6%
SAF	-10.9%	-4.1%	7.2%	5.5%	13.3%	12.6%	13.1%	13.2%
Mean	-2.6%	-2.7%	9.9%	4.7%	14.0%	13.3%	14.2%	14.9%
Cofle	-3.3%	-13.7%	1.5%	6.0%	11.0%	13.7%	13.4%	14.5%

Source: Banca Profilo estimates and elaborations on Bloomberg

Listed comparable

A sample of 8 listed companies

There are no listed companies that can be considered as good as “comparable” to Cofle, for significant differences in terms of business model and company size. Starting from a wide list of Original Equipment Manufacturing and Aftermarket listed companies, we selected 9 “comparable” to Cofle: Brembo (Italy), Comer Industries (Italy), SAF Holland (Germany), SKF (Sweden), CIE Automotive (Spain), Kongsberg Automotive (Norway), Suprajit Engineering (India), Mayville Engineering Company (USA), and Meritor Inc. (USA).

Brembo (Italy)

Brembo is the world leader and acknowledged innovator of brake technology for automotive vehicles. Brembo supplies high performance brake systems for the most important manufacturers of cars, commercial vehicles, and motorbikes worldwide, as well as clutches and other components for racing.

Comer Industries (Italy)

Comer is the leading global player in the design and manufacture of advanced engineering systems and mechatronics solutions for power transmission. The Company operates in the agricultural and industrial machinery sectors. In the field of Agriculture, it deals with

applications for machines for the preparation and application of the soil, while in the industrial sector for construction machines, mines and others. The main products are related to transmissions (gearboxes, reducers, multipliers and both angular and parallel axis transmissions).

SKF (Sweden)	SKF is a leading global supplier of products, solutions and services within bearings, seals, lubrication systems and services. It operates through the divisions Industrial and Automotive. The Automotive segment provides a range of products, solutions, and services to manufacturers of cars, light trucks, heavy trucks, trailers, buses, two-wheelers, and the vehicle aftermarket.
Kongsberg Automotive (Norway)	Kongsberg Automotive engages in the development, manufacture, and trade of components, accessories, and spare parts. The Company has two divisions, Powertrain & Chassis and Specialty Products. The first provides cable controls, shift systems, clutch actuation systems, vehicle dynamics, shift cables, and shift towers for transmissions. The second is focused on fluid handling systems for both the automotive and commercial vehicle markets, coupling systems for compressed-air circuits in heavy-duty vehicles, agriculture, outdoor power equipment and power electronics products.
Suprajit Engineering (India)	The Suprajit Group is a global leader in the automotive cable and halogen bulb industry. With a competitive manufacturing base in India, UK, US and Mexico, the Group provides the optimal product development and manufacturing solutions to its domestic and international customers. Suprajit today has carved a niche for itself as a pioneer in the design and manufacture of Mechanical Control Cables and is recognized as India's largest cable maker and worlds largest in the two-wheeler cable market.
Mayville Engineering Company (United States)	Mayville Engineering Company (MEC) engages in the manufacturing of metal components. The firm offers a broad range of prototyping and tooling, production fabrication, coating, assembly, and aftermarket components. Its customers operate in a diverse end market, including heavy- and medium-duty commercial vehicle, construction, powersports, Agriculture, military, and other end markets.
SAF Holland (Germany)	Following the acquisitions of Haldex by SAF Holland, we include the latter in our sample. SAF Holland is a manufacturer of chassis-related systems and components such as axle and suspension systems, primarily for trailers and semi-trailers, but also for trucks and buses.
CIE Automotive (Spain)	CIE Automotive is a supplier of components, assemblies, and sub-assemblies for the global Automotive market, using complementary technologies and various associated processes.

Table 15: Main similarities and differences with listed peers

Company	Similarities	Differences
Brembo	Active in the Automotive market, with a particular focus on brakes	Agriculture sector not addressed, portfolio focused on brakes
Comer Industries	Italian and active in the Agricultural market	Not active in the Automotive, products mainly relate to transmission systems
SKF	Both OEM and Aftermarket Industry	Focus on rotating equipment
Kongsberg Automotive	Both OEM and Aftermarket Industry	Mainly Automotive
Suprajit Engineering	Mainly active in cable production	Main reference market is India
Mayville Engineering	Both OEM and Aftermarket Industry	Revenues are only from US market
SAF Holland	Both OEM and Aftermarket Industry	Mainly active in the Truck Industry, smaller presence in the Agricultural segment
CIE Automotive	Diversified portfolio	Mainly Automotive, little presence in the Agricultural segment

Source: Banca Profilo research

Overview and business model

Cofle: 78.4%
Barbieri's family

Cofle was listed on Euronext Growth on 11 November 2021, at €13/share. The share capital is represented by 6,153,276 shares. Barbieri Family owns the remaining 78.4% through its holding Valfin. The 24 months lock up period expired in November 2023.

A multinational company specialized in components for the agricultural sector

Cofle's business model is becoming more focused on the OEM division

Cofle is a multinational company operating in engineering and production of components for the agricultural and automotive sector. The BUs are i) OE division, acting as Original Equipment Manufacturer for top global manufacturers of agricultural & earthmoving machineries, luxury automotive and light commercial vehicles; ii) IAM division, specialized in the production of aftermarket parts for the automotive sector.

OE division

Control Systems, Cables and others

Cofle's OE division offers three main product categories: i) Control Systems for industrial application (from agricultural to earthmoving machineries), such as joysticks, power shuttles and pedals; ii) Cables for brakes, clutch and accelerator; iii) Others, developed based on customers' requests, such as steering columns, die castings, plastics.

1 to 3 years to develop products, high customization

OE products are meant to be highly customized to meet the requirements of top clients, with a minimal standardization to ensure cost efficiency. An OE project usually takes from 1 to 3 years, due to the highly distinctive know-how involved. Production and delivery to clients take place at a global scale with Cofle acting as the client's global supplier.

Figure 7: OE division



Source: Company data

IAM division

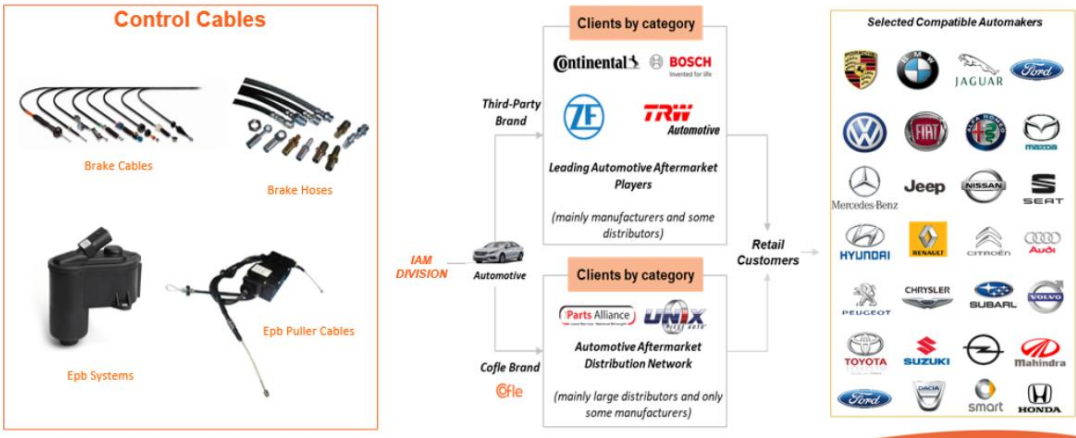
IAM: highly standardized products

Conversely, IAM products (Aftermarket) are highly standardized and serve both leading Aftermarket players under third-party brands, as well as large distributors under Cofle's brand. The AM catalogue offers more than 7,000 solutions, with the four main products categories being: i) Clutch cables, ii) Brake cables, iii) Brake hoses, iv) Gear shift cables.

Reverse-engineering activities

Cofle's IAM division operates with a push strategy, aiming for a 3-4 week turnaround. The Aftermarket R&D team focuses on reverse-engineering the latest car models, often enhancing the original product. Subsequently, production costs are estimated and pricing surveys are conducted, considering the price of original products. Finally, Cofle launches production and updates its catalog.

Figure 8: IAM division



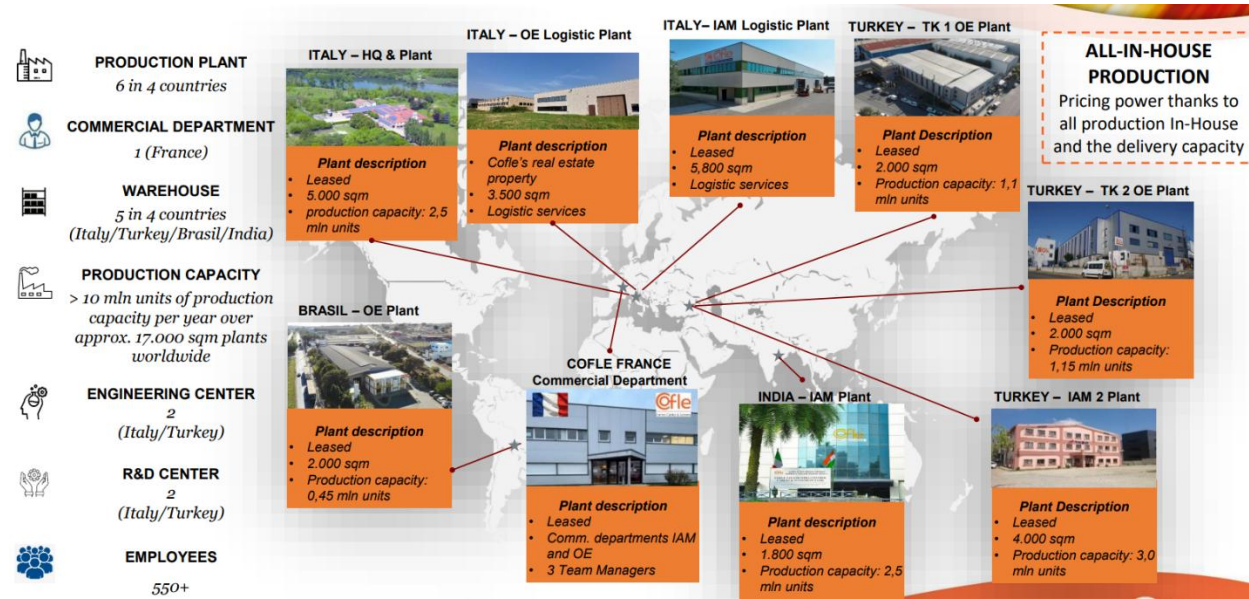
Source: Company data

Industrial footprint

6 Production plants

The Group has production sites in Brazil, India, Italy and Turkey with ~17k sqm worldwide with >10mln units of production capacity per year. Cofle owns 6 production plants, 5 warehouses, 2 engineering centres, 2 R&D centres and 2 representative offices around the world. The Italian and Indian plants have a production capacity of 2.5mln units each, the three plants in Turkey have more than 5mln of combined production capacity while the Brasil OEM plant has 0.45mln capacity.

Figure 9: Cofle's global presence



Source: Company data

Company's history

**Founded in 1964 and
listed in 2021**

Cofle was founded by Bruno Barbieri in 1964 revolutionizing control cable manufacturing for the automotive industry. Initially serving major Italian brands, Cofle expanded rapidly during the '70s. Their product range extended to include control cables for agricultural and earth-moving machinery, distributed globally.

In the '80s, Cofle established its first internal production plant, enabling vertical integration. The '90s marked significant milestones in the IAM division, leading to a new logistics center with a 4,000 sqm warehouse. Cofle's international expansion began with Tabo in Turkey, followed by Cofle DCI, Cofle TK, Cofle China, Cofle do Brasil and Cofle Taylor India.

In June 2021, leveraging expertise and financial strength, Cofle initiated an IPO on the EGM segment of Borsa Italiana. The strategic focus includes expanding product offerings, entering untapped markets, and pursuing M&A opportunities.

Cofle

Recommendation
BUY

Target Price
5.0 €

Upside
31%

Company Overview

Cofle is an international OEM of control cables and remote-control systems for farming machines, earthmoving machines, luxury cars and commercial vehicles. It is a fully integrated company: its value chain includes the co-engineering with customers, pricing and prototyping, orders intaking, production and delivery. In the OE division there is no product catalogue as Cofle branded equipment is built in-house according to customer's needs. The IAM unit products range from brake cables to EPB systems. The Company has more than 500 employees with a footprint across Italy, Turkey, India, Brazil and

Main Financials

(€ mln)	2023	2024	2025E	2026E	2027E
Total revenue (VoP)	64.1	62.0	53.5	54.2	57.5
yoy (%)	10.6%	-3.3%	-13.7%	1.5%	6.0%
EBITDA	9.9	4.1	1.5	5.5	6.5
margin (%)	15.5%	6.5%	2.8%	10.1%	11.4%
Adj. EBITDA	11.5	6.8	7.3	7.3	8.3
margin (%)	17.9%	11.0%	13.7%	13.4%	14.5%
EBIT	6.7	(0.4)	(2.1)	1.8	3.1
margin (%)	10.5%	-0.6%	-4.0%	3.3%	5.4%
Group net profit	0.4	(5.3)	(5.3)	0.0	1.1
margin (%)	0.6%	-8.5%	-9.9%	0.0%	1.9%
Net debt (cash)	5.1	14.0	13.3	13.7	13.2
Net debt (cash) reporte	5.0	13.9			
Shareholders Equity	29.2	26.9	21.6	21.6	22.7
Net Working Capital	18.9	23.2	16.6	17.0	17.5
Capex and acquisitions	(8.5)	(4.6)	(4.0)	(3.0)	(3.0)
Free Cash Flow	1.4	(5.2)	4.4	1.4	2.1

Revenues Breakdown

	2023	2024	2025E	2026E	2027E
OE	41.0	36.7	30.6	31.8	33.7
on Sales (%)	68%	61%	61%	61%	61%
IAM	19.6	23.2	19.4	20.2	21.4
on Sales (%)	32%	39%	39%	39%	39%

Key Ratios

	2023	2024	2025E	2026E	2027E
ROE	3%	-21%	-27%	0%	5%
ROA	2%	-14%	-17%	0%	3%
DSO	68	71	70	70	70
DPO	147	114	155	150	150
Capex/Sales	13%	7%	7%	6%	5%
Current ratio	2.2	2.4	2.2	2.5	2.9
Net debt (cash) / EBITDA	0.5x	3.5x	8.8x	2.5x	2.0x

Source: Bloomberg, Banca Profilo estimates and elaborations

Strengths

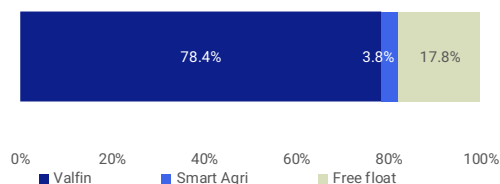
- Multinational Company
- Strong commitment in eco-sustainability
- Wide portfolio of patented products
- Geographically diversified production
- Top end customers
- Focus on innovation and R&D
- Long-lasting client relationships

Opportunities

- Cofle France expansion in France, Spain, Portugal, Maghreb and Benelux
- Only at the beginning of international scalability
- OE Expansion into building machinery
- Growth through M&A
- Production capacity expansion
- Major technological upgrade involving farm tractors in the next decade

Company Description

Company Sector	Auto Parts & Equipment
Price (€)	3.79
Number of shares (mln)	6.2
Market Cap (€ mln)	23.3
Reference Index	FTSE Italia Growth
Main Shareholders	Valfin S.r.l.
Free Float	17.8%
Daily Average Volumes (30D)	8,502
Sample of comparables	Brembo, Comer Industries, SKF, Kongsberg Automotive, Suprajit Engineering, Mayville Engineering, SAF Holland, CIE Automotive

Main shareholders**Multiples**

	2024	2025	2026	12M
Cofle EV / EBITDA	6.0x	5.6x	5.6x	4.9x
Peers EV / EBITDA	6.8x	7.2x	6.0x	8.4x

Weaknesses

- Farm tractor down-cycle
- Exposure to Turkey
- Revenue concentration by client
- Slow process of digitalization

Threats

- Intensifying competition within large manufacturers
- Internalization of Cofle process by its main customer
- Cannibalization of products under Cofle's brand and Third-Party brand

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ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA").