Banca Profilo — Company Update

Company:	Rating:	Target Price:	Sector:
Cofle	**BUY**	**€6.1 (from €8)**	**Auto Parts & Equipment**

Cost control while waiting for market recovery

April 23, 2025 at 18:00

FY24 below guidance and estimates

In FY24, sales were down 1.1% yoy to €59.9mln (vs our €57.4mln) but in line with guidance of €55-60mln. OE declined by 10.5% to €36.7mln (vs our €34.9mln) mainly due to weak conditions of the agricultural machine market as well as temporary halt of INEOS Grenadier production. Conversely, IAM increased by 18.4% to €23.2mln (vs our €22.5mln). Adj. EBITDA was down 40.9% yoy to €6.8mln, (11% below our estimates) and just below guidance of €7-8mln, due to higher costs related to renegotiations of turkey labour cost and rent. EBITDA Adj. margin was 11% (vs our 12.7%), down 7.9pp yoy. Net loss came in at €-5.3mln (vs our estimates of €-3.2mln) due to higher D&A, interest expenses and €2.2mln hyperinflation charges. Net debt increased to €13.9mln (vs our estimates of €12.2mln) from €5.1mln at YE23, mainly due to completion of the new logistics hub, financial charges, dividends distribution and purchase of own shares. Cofle stated that it has implemented initiatives to enhance technology and strengthen its organizational structure. Moreover, it expects that savings actions implemented in 2H24 (reshoring, offshoring from Turkey to India) will start to generate concrete results in 2H25 with "significant benefits for profitability". Finally, the Company appointed a new Global CFO in February 2025.

Agritech market remains weak in 2025

The agricultural machinery downturn is set to persist in FY25, with current outlooks pointing to a decline in unit between of 0 to -5% in Europe. The business climate index for the European agricultural machinery industry remains in negative territory, but saw a significant improvement during 2025, from -37 in December 2024 up to -5 in March 2025, mainly thanks to improving general turnover expectations. The IMF report from December 2024 still classifies Turkey as a hyper-inflationary economy, requiring IAS29.

FY25-27 estimates cut

We cut our FY25E sales estimates by 5.0%, implying a 3.7% yoy decline. On OE we reduced sales forecasts by 6% (-8% yoy) on the back of the general agricultural machinery market downturn, as producers expect between a 0 to 5% contraction in Western Europe. On IAM, we reduced our sales forecasts by 3.6% (+3% yoy) as Companies in automotive OE/IAM reduced their revenue guidance for FY25. In FY26-27E we now model revenues 4.3% below previous estimates. We expect OE sales to begin recovery in FY26E, which is seen slightly above FY24 levels, with ramp up from FY27E. We kept underlying yoy growth expectation for IAM, which leads to 3.6% lower revenues vs old estimates. We significantly cut our Adj. EBITDA estimate for FY25-27E (-18% vs previous) due to lower top line and because FY24A costs were materially above our expectations. In FY25E we expect €7.3mln (-23% vs previous) with margin seen at 12.2% (-2.9pp vs previous) but improving yoy by 1.2pp as the Company reaps the benefits of the cost reduction plan. We expect more margin recovery in FY26E (+1.8pp yoy) as we forecast a ramp up in sales. We shifted our break even forecast to FY26E, as we now see a €2mln loss in FY25E (vs previous €0). Given lower cash flow generation, we expect €14.5mln net debt at YE25E (vs previous €12mln), declining to €11mln in FY27E thanks to improving marginality and gradual destocking.

Valuation: BUY confirmed; 12-month target price cut to €6.1 (from €8)

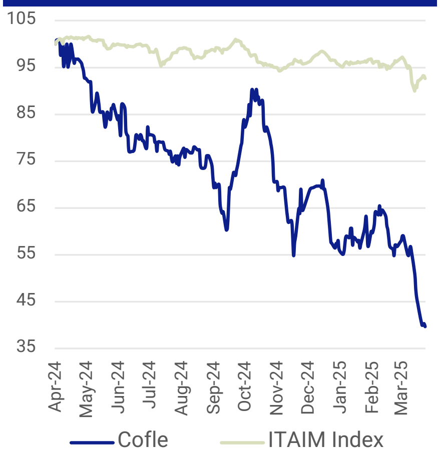
We cut our TP to €6.1 (from €8, *[Company Update on October 10, 2024]*), calculated as the weighted average between DCF (75%) and market multiples (25%). DCF is €6.3/sh (from €8.2/sh), due to lower top line and margins, with TV of €3.2mln (from €3.8mln). For the multiples valuation, we took the EV/EBITDA 26E of 5.2x (vs previous 25E of 6.1x) which led to €5.5 (from €7.5/sh). Cofle trades at a discount on EV/EBITDA26E (3.4x) vs comparable (5.2x) justified by lower marginality & short term growth. Given the significant potential upside vs current Cofle price, we confirm our BUY recommendation.

Company Profile

Bloomberg	CFL IM
FactSet	CFL-IT
Stock Exchange	Italian Stock Exchange
Reference Index	FTSE Italia Growth
Market Data	
Last Closing Price	2.46
Number of shares (mln)	6.2
Market cap. (mln)	15.1
1Y Performance	
Absolute	-61%
Max / Min	6.3 / 2.5

(€mln)	2023	2024	2025E	2026E	2027E
Total revenue (VoP)	**64.1**	**62.0**	**60.1**	**65.6**	**70.9**
yoy (%)	*11%*	*-3%*	*-3%*	*9%*	*8%*
Adj. EBITDA	**11.5**	**6.8**	**7.3**	**9.2**	**10.0**
margin (%)	*18%*	*11%*	*12%*	*14%*	*14%*
EBIT	**6.7**	**-0.4**	**1.2**	**4.1**	**5.0**
margin (%)	*10%*	*-1%*	*2%*	*6%*	*7%*
Group Net Profit	**0.4**	**(5.3)**	**(1.9)**	**1.5**	**2.3**
margin (%)	*1%*	*-9%*	*-3%*	*2%*	*3%*
Net Debt	**5.1**	**14.0**	**14.5**	**13.0**	**11.0**
Net Debt Reported	5.0	13.9			
Sh. Equity	**29.2**	**26.9**	**25.0**	**26.5**	**28.8**
Capex	(8.5)	(4.6)	(4.0)	(3.0)	(3.0)
FCFs			2.4	3.2	3.4

1-Year Performance



Francesca Sabatini
Head of Equity Research
francesca.sabatini@bancaprofilo.it
+39 02 58408 461

Michele Calusa
Equity Research Analyst
michele.calusa@bancaprofilo.it
+39 02 5840 8784

Sales Desk
+39 02 58408 478

The reference market

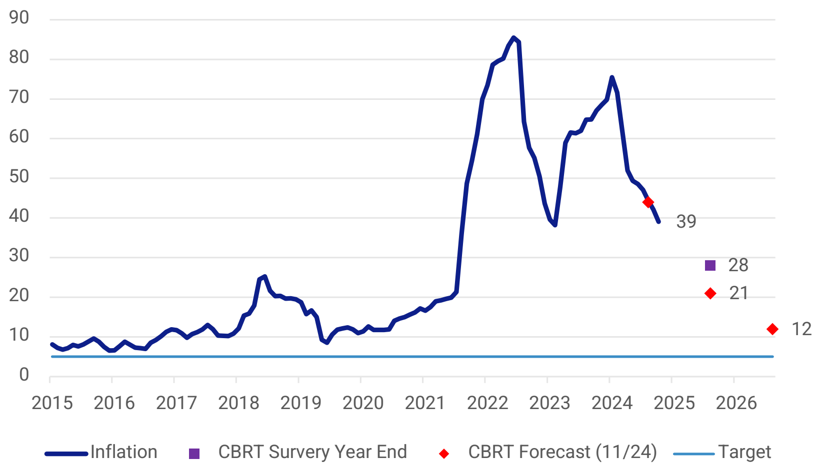
Turkey disinflation, market long term expectations above target

According to the IMF report released in December 2024, 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%".

After Turkey CPI growth peak in May 2024 (+75% yoy), subsequent months witnessed a gradual disinflation, reaching 39% yoy in February 2025, the lowest reading since June 2023. CBRT March survey median year-end inflation climbed from 27% in January to 28.03% in March, which remains well above CBRT forecast (21%) 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%).

Figure 1: Turkey disinflation



Source: CBRT, TurkStat, Turkish Presidency of Strategy and Budget, Bloomberg Economics (BE)

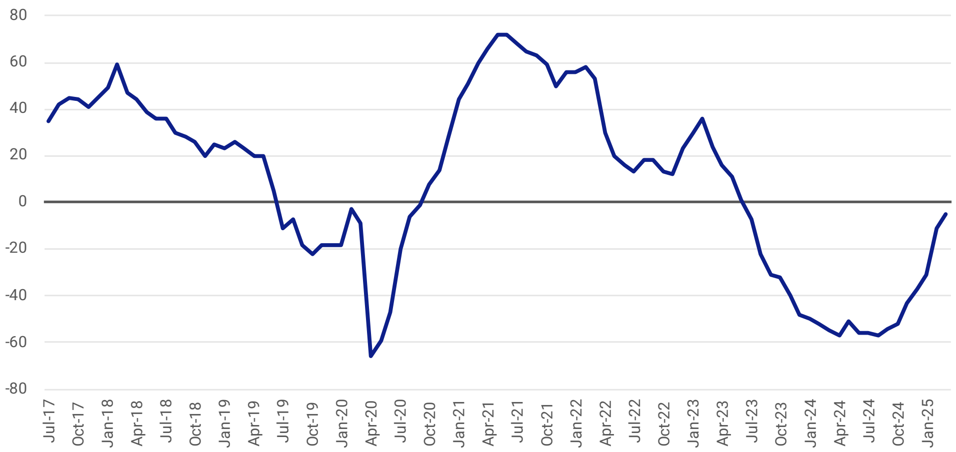
Farm tractor companies

CEMA Business climate improvement, slight increase in turnover in 2025

The business climate index by CEMA for the European agricultural machinery industry remains in negative territory, but saw a significant improvement during 2025, from -37 in December 2024 up to -5 in March 2025, mainly thanks to improving general turnover expectations.

For the full year of 2025, the survey participants on average expect their company's turnover to increase by 3% yoy.

Figure 2: CEMA Business Barometer



Source: Bloomberg

Deere outlook FY25

Throughout 2024 Deere's expectations for own operations as well as the overall market outlook gradually worsened. The negative trends continues in 2025, as the Company foresees contractions in most segments of Agriculture & Turf as well as Construction & Forestry.

Table 1: Deere outlook for 2025

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

Source: Deere & Company

AGCO

In its market outlook In February, AGCO said US demand is expected to decline significantly in 2025 due to higher interest rates, tighter profit margins, and lower soybean and wheat prices. In Western Europe, industry demand is expected to fall by 0% to 5%, driven by lower grain and oilseed yields and high input costs. In Brazil, following a sharp decline in 2024, demand is anticipated to remain flat in 2025, supported by improved weather, stable inflation and easing interest rates.

Table 2: AGCO outlook for 2025

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

Source: AGCO

CNH

In its market outlook In February, CNH expected 2025 global industry retail sales to be lower yoy in both the agriculture (down 13-18% yoy) and construction equipment markets (down 5-10% yoy). The Company also said it is focusing on driving down excess channel inventory primarily by producing fewer units than demand, so 2025 net sales will be lower than in 2024.

Table 3: CNH guidance for 2025

CNH	February 2025
CNH EPS	
Adjusted EPS FY25	$0.65-0.75

Source: CNH

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.

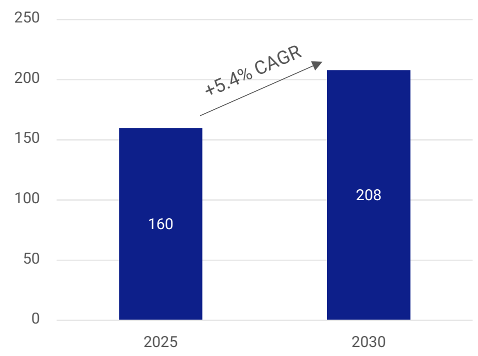
Following the peak in 2021 the sector has been contracting for the last three years, due to higher production costs, high interest rates as well stagnation of agricultural income, conditioning the demand for machinery also in the main European countries and North America.

Positive long-term trends in agricultural machine market

5.4% CAGR 2025-2030

The global agricultural machinery market is poised for significant growth in the coming years, with market forecasts pointing to a CAGR of 5.40% from $160bn in 2025 to ~$208bn by 2030. One major contributor is the ongoing technological advancement of agricultural machinery, particularly in developing nations where modernization is rapidly transforming traditional farming practices. Meanwhile, in more developed countries, the integration of mechatronic innovations is enhancing the efficiency and precision of modern farming equipment. Another critical factor fueling this market growth is the global push toward environmentally sustainable farming. Regulatory frameworks and policy initiatives are encouraging the adoption of eco-friendly farm tractors and equipment, aligning agriculture with broader environmental goals. Finally, governments are implementing strategic policies to boost domestic agricultural production. These initiatives often include financial support, subsidies, and infrastructure development aimed at strengthening food security and reducing reliance on imports.

Figure 3: Global Agricultural Machinery Market Size ($bn)



Source: Agricultural Machinery Market: Mordor Intelligence Industry Report

Automotive components

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

- Valeo decreased FY25 revenue guidance by 8.3% compared to previous data.
- Forvia decreased FY25 revenue guidance by 4.8% compared to previous data

Table 4: Automotive components companies guidance

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

Source: Valeo, Forvia

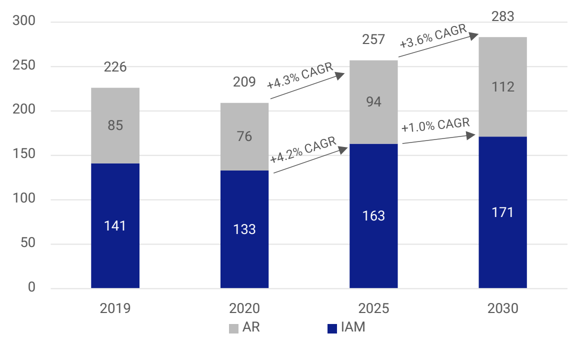
Aftermarket Industry

Aftermarket Industry

The Aftermarket industry is related to companies that operate in the production, distribution and selling of spare part and components for motor vehicles.

The aftermarket sector is made of i) independent aftermarket (IAM), repairers without contractual ties to one vehicle manufacturer and ii) authorized repairers (AR), which includes automakers, OEMs, and affiliated repair shops. Cofle is active in both sectors. According to a study from BCG, wolk and Clepa, after a contraction in 2020 due to the Covid outbreak, IAM is seen growing at 4.2% CAGR in 2020-25, slowing down to 1.0% CAGR in 2025-30. Similarly, AR IAM is seen growing at 4.3% CAGR in 2020-25, with a softer decline to 3.6% CAGR in 2025-30.

Figure 4: European Market Size Aftermarket ($bn)



Source: Banca Profilo elaborations of Company Data (BCG, CLEPA, wolk)

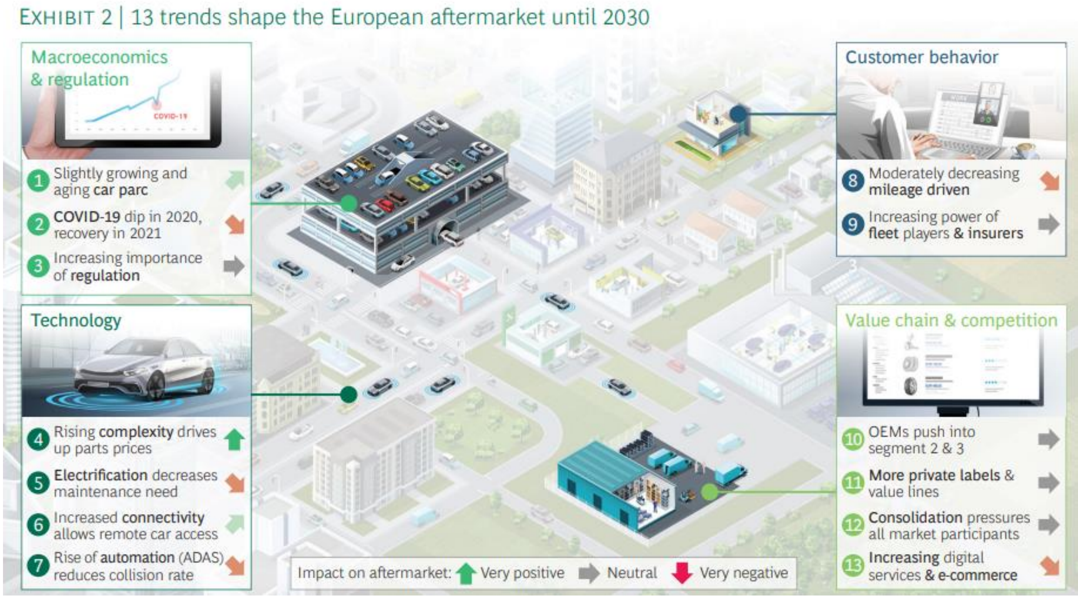
Growing and aging European car parc supports the aftermarket segment

During the current decade several key trends will shape the aftermarket sector.

Main positive trends include:

- Growing and aging car parc in Europe;
- Higher price for parts due to the rising complexity of vehicles;
- Increased connectivity enables remote diagnostics and preventive maintenance services, though it will benefit AR at the expense of IAM.

Figure 5: European Aftermarkets trends



Source: At the Crossroads: The European Aftermarket in 2030 (BCG, CLEPA, wolk)

4 challenges for the aftermarket sector

Finally, the sector faces four significant challenges and negative trends:

- EV transition should reduce demand for replacements part as EV require less maintenance;
- Technological improvements reduce crashes and collisions, though they won't affect wear and tear items;
- Europe's mileage driven has been steadily declining since 2000;
- Increasing digital services & e-commerce.

FY24 Results

IAM growth almost keep sales flat

In FY24, sales were down 1.1% yoy to €59.9mln, slightly above our estimate of €57.4mln but in line with guidance of €55-60mln. OE sales declined by 10.5% to €36.7mln (vs our estimate of €34.9mln) due to unfavorable conditions of the agricultural machine market. Conversely IAM sales increased by 18.4% to €23.2mln (vs our estimate of €22.5mln). Revenues excluding the impact of hyperinflation were down 7.6% yoy.

EBITDA guidance miss

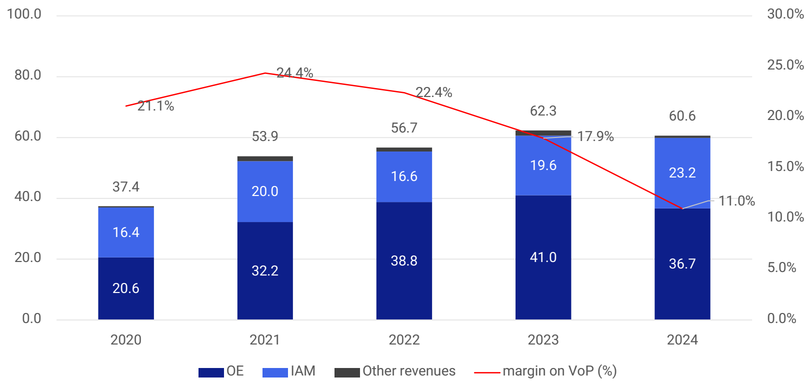
Adjusted EBITDA was down 40.9% yoy to €6.8mln, 11% below our estimates of €7.6mln and just below guidance of €7-8mln. EBITDA Adj. margin was 11% (vs our estimates of 12.7%), down 7.9pp yoy. The adjustments to EBITDA relate to IFRS 16 (€1.8mln) and one off costs (€0.9mln) such as employment termination EBITDA was down 58.6% yoy to €4.1mln and below our estimates of €6.4mln, due to higher costs related to renegotiations of turkey labour cost and rent.

Net loss driven by hyperinflation and interest expenses

Net loss came in at €-5.3mln (vs our estimates of €-3.2mln) due to higher D&A, interest expenses and €2.2mln hyperinflation charges. Net debt increased to €13.9mln (vs our estimates of €12.2mln) from €5.1mln at YE23, mainly due to completion of the new logistics hub, financial charges, dividends distribution and purchase of own shares.

The Company stated that it has implemented initiatives to enhance technology and strengthen its organizational structure. Moreover, Cofle expects that savings actions implemented in 2H24 (reshoring, offshoring from Turkey to India) will start to generate concrete results in 2H25 with "significant benefits for profitability".

Figure 6: Revenue breakdown and adj EBITDA margin (%)



Source: Banca Profilo elaborations and estimates on Company data

Figure 7: Revenues ex-hyperinflation

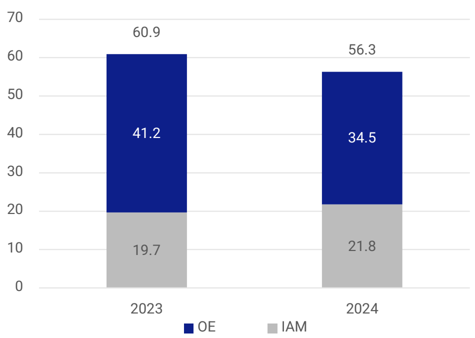
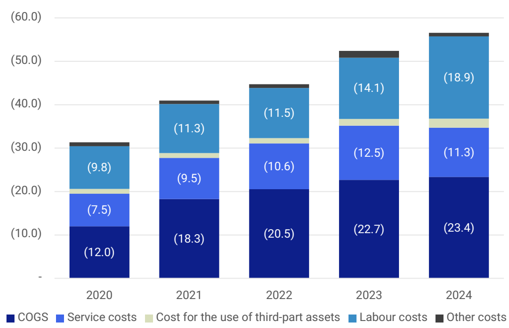


Figure 8: Costs breakdown



Source: Banca Profilo elaborations and estimates on Company data

Table 5: Revenue breakdown FY21-FY24 (€, mln)

Revenues	2021	2022	2023	2024E	2024A	A vs E
OE	32.2	38.8	41.0	34.9	36.7	+5.3%
yoy (%)		20%	6%	-15%	-10%	
% on revenues	62%	70%	68%	61%	61%	
IAM	20.0	16.6	19.6	22.5	23.2	+2.9%
yoy (%)		-17%	18%	15%	18%	
% on revenues	38%	30%	32%	39%	39%	
Sales	**52.2**	**55.4**	**60.6**	**57.4**	**59.9**	**+4.3%**
Other revenues	1.6	1.3	1.7	1.1	0.7	
Change in inventories	1.6	1.3	1.8	1.3	1.4	
Total revenues (VoP)	**55.4**	**58.0**	**64.1**	**59.8**	**62.0**	**+3.6%**
yoy (%)		5%	10%	-6%	-3%	

Source: Banca Profilo elaborations on Company data

Table 6: Income statement FY21-24 (€, mln)

Profit & Loss (€/mln)	2021	2022	2023	2024E	2024A	A vs E
Total revenues (VoP)	**55.4**	**58.0**	**64.1**	**59.8**	**62.0**	**+3.6%**
Raw materials	(23.0)	(25.0)	(28.0)	(25.8)	(26.7)	+3.8%
Change in inventories (raw materials)	3.2	3.2	3.6	3.2	2.0	-37.3%
Service costs	(9.5)	(10.6)	(12.5)	(12.1)	(11.3)	-5.9%
Cost for the use of third-part assets	(1.1)	(1.2)	(1.5)	(2.0)	(2.1)	+6.6%
Labour costs	(11.3)	(11.5)	(14.1)	(15.9)	(18.9)	+18.7%
Other costs	(0.8)	(0.9)	(1.6)	(0.9)	(0.8)	-8.7%
EBITDA	**12.9**	**12.0**	**9.9**	**6.4**	**4.1**	**-36.9%**
margin on VoP (%)	23.3%	21%	15%	11%	7%	-4%
yoy (%)		-7%	-17%	-35%	-59%	
Adjusted EBITDA	**13.5**	**13.0**	**11.5**	**7.6**	**6.8**	**-10.8%**
margin on VoP (%)	24.4%	22.4%	17.9%	12.7%	11.0%	-2%
D&A	(2.5)	(3.4)	(3.2)	(4.6)	(4.2)	
Provision for risks	(0.0)	(0.1)	-	-	(0.2)	
EBIT	**10.4**	**8.4**	**6.7**	**1.9**	**(0.4)**	**n.m.**
margin on VoP (%)	18.7%	15%	10%	3%	-1%	-4%
yoy (%)		-19%	-21%	-72%	-105%	
Net financial expenses	1.2	(3.9)	(5.3)	(5.0)	(5.0)	
o/w Hyperinflation charges	-	(4.1)	(2.7)	(3.4)	(2.7)	
Taxes	(2.3)	(1.9)	(0.6)	(0.2)	(0.2)	
Net Profit	**9.3**	**2.6**	**0.8**	**(3.4)**	**(5.6)**	**n.m.**
margin on VoP (%)	16.7%	5%	1%	-6%	-9%	-3%
Minorities	1.0	0.4	0.4	(0.2)	(0.3)	
Group Net Profit	**8.2**	**2.3**	**0.4**	**(3.2)**	**(5.3)**	**n.m.**

Source: Banca Profilo elaborations on Company data

Table 7: Balance Sheet FY21-24 (€, mln)

Balance sheet (€/mln)	2021	2022	2023	2024E	2024A
Inventory	10.7	14.1	16.3	16.3	18.9
Accounts receivables	12.7	13.3	11.6	13.1	11.8
Accounts payables	(8.1)	(8.1)	(9.2)	(7.6)	(7.3)
Operating Net Working Capital	**15.3**	**19.3**	**18.7**	**21.8**	**23.4**
Other Current Assets (Liabilities)	(1.1)	0.4	0.2	0.2	(0.2)
Net Working Capital	**14.2**	**19.8**	**18.9**	**22.0**	**23.2**
Intangibles	3.8	4.2	4.8	5.2	6.4
Tangibles	4.5	7.0	11.6	10.6	12.5
Financials	0.7	0.3	0.4	0.4	0.3
Fixed Asset	**9.1**	**11.5**	**16.8**	**16.2**	**19.2**
Other Non Current Assets (Liabilities)	(0.8)	(1.8)	(1.5)	(1.5)	(1.4)
Net Invested Capital	**22.5**	**29.4**	**34.3**	**36.7**	**40.9**
Share capital	0.6	0.6	0.6	0.6	0.6
Reserves	(3.9)	(3.9)	(8.3)	(8.3)	(10.3)
Share premium reserve	14.9	14.9	14.9	14.9	14.9
Accumulated profit/loss	4.9	13.9	19.1	20.7	24.2
Net profit	9.3	2.6	0.8	(3.4)	(5.6)
Minority share	1.4	1.8	2.5	(0.2)	2.8
Equity	**26.1**	**29.6**	**29.2**	**24.5**	**26.9**
Net debt (cash)	(3.6)	(0.2)	5.1	12.2	14.0
Net debt (cash) reported	(3.6)	(0.8)	5.0	-	13.9

Source: Banca Profilo elaborations on Company data

Strategy and estimates

Corporate strategies

Cost savings plan and reshoring to save €2.5mln

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 €1mln 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 €1.5mln.

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 €1.6mln in 2023 and was expected to generate €3.6mln 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.

Figure 9: Navigating market trends

Figure 10: New logistic center in Italy

Source: Company data

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 i) 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

FY25E Revenue cut 5%

We cut our FY25E sales estimates by 5.0%, implying a 3.7% yoy decline. On OE we reduced sales forecasts by 6% (-8% yoy) on the back of the general agricultural machinery market downturn, this is on the conservative side as producers expect between a 0 to 5% contraction in Western Europe. On IAM, we reduced our FY25E by 3.6% (+3% yoy) as Companies in automotive OE/IAM reduced their revenue guidance for FY25.

In FY26-27E we kept mostly unchanged OE yoy growth assumptions, which point to 4.3% lower revenues vs old estimates. In our model OE sales are expected to begin recovery in FY26E, which is expected to be slightly above FY24 levels, with ramp up from FY27E.

We kept underlying yoy growth expectation for IAM, which lead to FY26-27E revenues 3.6% lower vs old estimates.

FY25-27E Adj. EBITDA cut by 18%

We significantly cut our Adj. EBITDA estimate for FY25-27E (-18% vs previous) due to lower top line and because FY24A costs were materially above our expectations. In FY25E we expect €7.3mln (-23% vs previous) with margin seen at 12.2% (-2.9pp vs previous) but improving yoy by 1.2pp as the Company reaps the benefits of the cost reduction plan. We expect more margin recovery in FY26E (+1.8pp yoy) as we forecast a ramp up in sales.

Break even from FY26E

We shifted our break even forecast to FY26E, as we now see a €2mln loss in FY25E (vs previous €0) due to lower EBITDA and still high net financial expenses due to debt in Turkish Lira.

Table 8: Revenue breakdown FY22-FY27E (€, mln)

Revenues	2022	2023	2024E old	2024 actual	2025E old	202E new	2026E old	2026E new	2027E old	2027E new
OE	38.8	41.0	34.9	36.7	35.9	33.8	38.8	37.1	41.9	40.1
yoy (%)	20%	6%	-15%	-10%	*3%*	*-8%*	*8%*	*10%*	*8%*	*8%*
% on revenues	70%	68%	61%	61%	*59%*	*59%*	*59%*	*59%*	*59%*	*59%*
IAM	16.6	19.6	22.5	23.2	24.8	23.9	26.8	25.8	28.9	27.9
yoy (%)	-17%	18%	15%	18%	*10%*	*3%*	*8%*	*8%*	*8%*	*8%*
% on revenues	30%	32%	39%	39%	*41%*	*41%*	*41%*	*41%*	*41%*	*41%*
Sales	**55.4**	**60.6**	**57.4**	**59.9**	**60.7**	**57.7**	**65.6**	**62.9**	**70.8**	**68.0**
Other revenues	1.3	1.7	1.1	0.7	1.2	1.2	1.3	1.3	1.4	1.4
Change in inventories	1.3	1.8	1.3	1.4	1.4	1.3	1.5	1.4	1.6	1.5
Total revenues (VoP)	**58.0**	**64.1**	**59.8**	**62.0**	**63.3**	**60.1**	**68.4**	**65.6**	**73.8**	**70.9**
yoy (%)	5%	10%	-6%	-3%	*6%*	*-3.0%*	*8%*	*9%*	*8%*	*8%*

Source: Banca Profilo elaborations and estimates on Company data

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

Profit & Loss (€/mln)	2022	2023	2024E old	2024 actual	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new
Total revenues (VoP)	**58.0**	**64.1**	**59.8**	**62.0**	**63.3**	**60.1**	**68.4**	**65.6**	**73.8**	**70.9**
Raw materials	(25.0)	(28.0)	(25.8)	(26.7)	(27.3)	(25.3)	(29.2)	(28.0)	(31.5)	(30.3)
Change in inventories (raw materials)	3.2	3.6	3.2	2.0	3.4	3.2	3.6	3.5	3.9	3.8
Service costs	(10.6)	(12.5)	(12.1)	(11.3)	(11.5)	(11.0)	(12.5)	(11.3)	(13.4)	(12.2)
Cost for the use of third-part assets	(1.2)	(1.5)	(2.0)	(2.1)	(1.5)	(2.1)	(1.6)	(2.2)	(1.7)	(2.2)
Labour costs	(11.5)	(14.1)	(15.9)	(18.9)	(17.5)	(18.9)	(18.5)	(19.2)	(19.6)	(20.7)
Other costs	(0.9)	(1.6)	(0.9)	(0.8)	(1.0)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)
EBITDA	**12.0**	**9.9**	**6.4**	**4.1**	**8.0**	**5.1**	**9.3**	**7.4**	**10.4**	**8.2**
margin on VoP (%)	21%	15%	11%	6.5%	*13%*	*8.6%*	*14%*	*11.3%*	*14%*	*11.5%*
yoy (%)	-7%	-17%	-35%	-59%	*24%*	*27%*	*17%*	*44%*	*12%*	*10%*
Adjusted EBITDA	**13.0**	**11.5**	**7.6**	**6.8**	**9.6**	**7.3**	**10.9**	**9.2**	**12.0**	**10.0**
margin on VoP (%)	22.4%	17.9%	12.7%	11.0%	*15.1%*	*12.2%*	*16.0%*	*14.0%*	*16.3%*	*14.1%*
D&A	(3.4)	(3.2)	(4.6)	(4.2)	(4.3)	(3.7)	(4.1)	(3.1)	(3.9)	(3.0)
Provision for risks	(0.1)	-	-	(0.2)	-	(0.2)	-	(0.2)	-	(0.2)
EBIT	**8.4**	**6.7**	**1.9**	**(0.4)**	**3.7**	**1.2**	**5.3**	**4.1**	**6.5**	**5.0**
margin on VoP (%)	15%	10%	3%	-1%	*6%*	*2%*	*8%*	*6%*	*9%*	*7%*
yoy (%)	-19%	-21%	-72%	-105%	*99%*	*-451%*	*42%*	*231%*	*24%*	*22%*
Net financial expenses	(3.9)	(5.3)	(5.0)	(5.0)	(3.7)	(3.2)	(1.5)	(2.1)	(1.3)	(1.8)
Taxes	(1.9)	(0.6)	(0.2)	(0.2)	-	-	(0.9)	(0.5)	(1.3)	(0.8)
Net Profit	**2.6**	**0.8**	**(3.4)**	**(5.6)**	**0.0**	**(2.0)**	**2.8**	**1.6**	**4.0**	**2.4**
margin on VoP (%)	5%	1%	-6%	-9%	0%	-3%	4%	2%	5%	3%
Minorities	0.4	0.4	(0.2)	(0.3)	0.0	(0.1)	0.2	0.1	0.2	0.1
Group Net Profit	**2.3**	**0.4**	**(3.2)**	**(5.3)**	**0.0**	**(1.9)**	**2.7**	**1.5**	**3.7**	**2.3**

Source: Banca Profilo elaborations and estimates on Company data

Given lower cash flow generation due to lower EBITDA in relative and absolute terms, we now see €14.5mln net debt at YE25E (vs previous €12mln), with minor yearly improvements from FY26E declining to €11mln in FY27E thanks to improving marginality and gradual destocking.

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

Balance sheet (€/mln)	2022	2023	2024E old	2024 actual	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new
Inventory	14.1	16.3	16.3	18.9	16.7	16.8	17.5	17.1	18.9	17.6
Accounts receivables	13.3	11.6	13.1	11.8	13.9	11.6	15.0	12.5	16.2	13.3
Accounts payables	(8.1)	(9.2)	(7.6)	(7.3)	(8.8)	(6.7)	(9.4)	(7.9)	(10.3)	(8.9)
Operating Net Working Capital	**19.3**	**18.7**	**21.8**	**23.4**	**21.7**	**21.7**	**23.0**	**21.7**	**24.7**	**22.0**
Other Current Assets (Liabilities)	0.4	0.2	0.2	(0.2)	0.2	(0.2)	0.2	(0.2)	0.2	(0.2)
Net Working Capital	**19.8**	**18.9**	**22.0**	**23.2**	**21.9**	**21.5**	**23.2**	**21.4**	**24.9**	**21.8**
Intangibles	4.2	4.8	5.2	6.4	5.6	6.5	5.6	6.5	5.6	6.5
Tangibles	7.0	11.6	10.6	12.5	10.4	12.6	10.4	12.6	10.4	12.6
Financials	0.3	0.4	0.4	0.3	0.4	0.3	0.4	0.3	0.4	0.3
Fixed Asset	**11.5**	**16.8**	**16.2**	**19.2**	**16.4**	**19.5**	**16.4**	**19.5**	**16.4**	**19.5**
Other Non Current Assets (Liabilities)	(1.8)	(1.5)	(1.5)	(1.4)	(1.6)	(1.4)	(1.7)	(1.4)	(1.7)	(1.5)
Net Invested Capital	**29.4**	**34.3**	**36.7**	**40.9**	**36.7**	**39.5**	**38.0**	**39.5**	**39.6**	**39.8**
Share capital	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Reserves	(3.9)	(8.3)	(8.3)	(10.3)	(8.3)	(10.3)	(8.3)	(10.3)	(8.3)	(10.3)
Share premium reserve	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Accumulated profit/loss	13.9	19.1	20.7	24.2	17.5	18.9	16.5	17.0	17.7	18.5
Net profit	2.6	0.8	(3.4)	(5.6)	0.0	(2.0)	2.8	1.6	4.0	2.4
Minority share	1.8	2.5	(0.2)	2.8	0.0	2.8	0.2	2.8	0.2	2.8
Equity	**29.6**	**29.2**	**24.5**	**26.9**	**24.8**	**25.0**	**26.5**	**26.5**	**28.8**	**28.8**
Net debt (cash)	(0.2)	5.1	12.2	14.0	12.0	14.5	11.5	13.0	10.8	11.0
Net debt (cash) reported	(0.8)	5.0	-	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 €6.1/sh (from €8), BUY We took the weighted average between DCF (75%) and relative market multiples valuation (25%) and ended up with a TP of €6.1/sh (from €8). Given the significant potential upside on Cofle closing price (as of April 23), we maintain a BUY recommendation.

DCF

Cumulated FCFs of €12.7mln, €3.2mln TV To run the DCF model, we used our projections of FCFs for the FY25-28E explicit period: €12.7mln of cumulated FCFs (vs previous €15.1mln). We consider the FY25-28E average FCF of €3.2mln as the Terminal Value cash flow (vs previous €3.8mln).

Table 11: FCF forecasts FY24-FY28E

Free Cash Flow (€/mln)	2024E old	2024E new	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new	2028E old	2028E new
EBIT	3.7	1.2	5.3	4.1	6.5	5.0	7.5	5.9	3.7	1.2
taxes	(0.9)	(0.3)	(1.3)	(1.0)	(1.6)	(1.3)	(1.9)	(1.5)	(0.9)	(0.3)
NOPAT	**2.8**	**0.9**	**3.9**	**3.1**	**4.9**	**3.8**	**5.7**	**4.4**	**2.8**	**0.9**
D&A	4.3	3.7	4.1	3.1	3.9	3.0	3.7	2.9	4.3	3.7
Change in Net operating working capital	0.1	1.7	(1.3)	0.0	(1.7)	(0.4)	(2.0)	(0.6)	0.1	1.7
Other funds	0.1	(0.0)	0.0	0.0	0.1	0.0	0.1	0.0	0.1	(0.0)
Capex	(4.5)	(4.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(4.5)	(4.0)
Free Cash Flow	**2.8**	**2.4**	**3.7**	**3.2**	**4.1**	**3.4**	**4.5**	**3.7**	**2.8**	**2.4**

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 4.3% (unchanged), 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
Free Cash Flows (€,mln)		2.4	3.2	3.4	3.7	3.2
Years		1	2	3	4	
Discount factor		0.93	0.86	0.80	0.75	
Terminal Value						57.1
NPV		2.2	2.8	2.7	2.8	42.6
Sum of NPVs (€,mln)		**2.2**	**5.0**	**7.8**	**10.5**	**53.1**

Valuation	
Enterprise Value (€,mln)	53
Net debt (cash) (€,mln)	14.0
Equity Value (€,mln)	39.1
Number of shares	6.2
Price per share €	6.3

WACC Calculation	
Perpetual growth rate	2.0%
WACC	**7.6%**
Risk free rate (30Y)	4.3%
Equity risk premium	5.5%
Levered Beta	1.0
KE	10.1%
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 10 October 2024].*

EV/EBITDA 26E at 5.2x

For the market multiples valuation, we considered the EV/EBITDA 26E of 5.2x (from previous 6.1x for EV/EBITDA 25). This led us to an Equity Value of €5.5/sh (from €7.5/sh) due to lower multiples and EBITDA cut. Cofle trades at a discount on EV/EBITDA 26E (3.4x) vs comparable (5.2x).

Table 13: Sample EV/EBITDA

	EV/EBITDA			
17/04/2025	**2024**	**2025E**	**2026E**	**12M**
Brembo	4.5	4.6	4.2	4.5
Comer	5.6	6.1	5.4	5.6
SKF	6.1	5.6	5.1	6.3
CIE Automotive	5.1	4.8	4.6	5.6
Kongsberg Automotive	4.7	4.2	3.3	4.8
Suprajit Engineering	15.4	11.5	9.7	16.7
Mayville Engineering	4.3	6.1	4.9	4.3
SAF	4.6	4.5	4.2	4.7
Mean	**6.3**	**5.9**	**5.2**	**6.6**
Cofle	4.7	4.5	3.4	3.2

Source: Banca Profilo estimates and elaborations on Bloomberg (as of April 17, 2025)

Table 14: Sample EBITDA margin and Revenue Growth

	Revenue Growth				EBITDA Margin			
	2022	**2023**	**2024E**	**2025E**	**2022**	**2023**	**2024E**	**2025E**
Brembo	6.1%	-0.2%	-0.7%	4.7%	16.9%	16.8%	16.7%	17.3%
Comer	-1.1%	-23.0%	-3.8%	6.7%	16.7%	16.7%	16.1%	16.9%
SKF	7.2%	-5.0%	-0.9%	3.7%	14.8%	14.6%	16.2%	16.9%
CIE Automotive	3.1%	0.0%	2.2%	4.3%	18.0%	18.4%	18.9%	19.1%
Kongsberg Automotive	-2.3%	-10.9%	0.6%	4.6%	1.5%	6.2%	6.9%	8.3%
Suprajit Engineering	5.2%	14.4%	16.4%	12.0%	11.2%	10.6%	12.2%	12.8%
Mayville Engineering	9.1%	-1.2%	-1.8%	9.5%	10.3%	14.7%	10.4%	11.8%
SAF	34.6%	-10.9%	3.4%	6.4%	11.3%	13.3%	13.0%	13.2%
Mean	**7.7%**	**-4.6%**	**1.9%**	**6.5%**	**12.6%**	**13.9%**	**13.8%**	**14.5%**
Cofle	9.9%	-2.7%	-3.0%	9.2%	18.5%	11.2%	12.5%	14.3%

Source: Banca Profilo estimates and elaborations on Bloomberg (as of April 23, 2025)

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 11: OE division

Source: Company data

IAM division

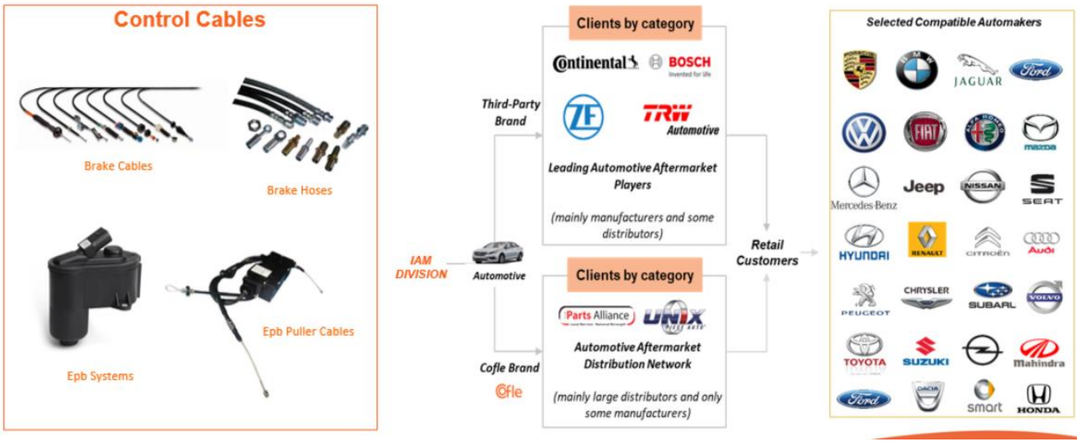
IAM: highly standardized products

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 12: IAM division



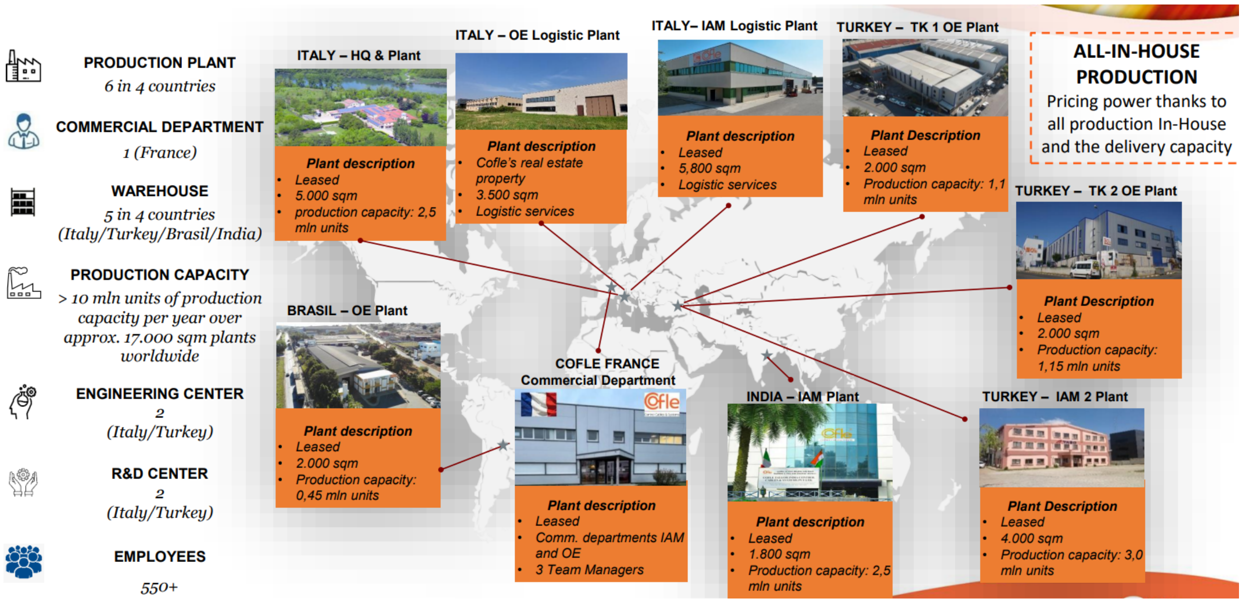
Source: Company data

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 13: 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	Target Price	Upside
BUY	**6.1 €**	**149%**

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

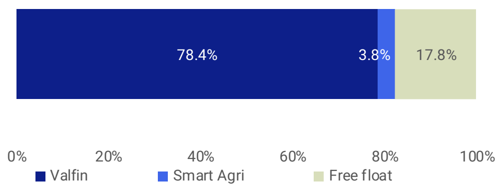
Main Financials

(€,mln)	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Total revenue (VoP)	**64.1**	**62.0**	**60.1**	**65.6**	**70.9**
yoy (%)	*10.6%*	*-3.3%*	*-3.0%*	*9.2%*	*8.0%*
EBITDA	**9.9**	**4.1**	**5.1**	**7.4**	**8.2**
margin (%)	*15.5%*	*6.5%*	*8.6%*	*11.3%*	*11.5%*
Adj. EBITDA	**11.5**	**6.8**	**7.3**	**9.2**	**10.0**
margin (%)	*17.9%*	*11.0%*	*12.2%*	*14.0%*	*14.1%*
EBIT	**6.7**	**-0.4**	**1.2**	**4.1**	**5.0**
margin (%)	*10.5%*	*-0.6%*	*2.1%*	*6.3%*	*7.1%*
Group net profit	**0.4**	**-5.3**	**-1.9**	**1.5**	**2.3**
margin (%)	*0.6%*	*-8.5%*	*-3.2%*	*2.3%*	*3.3%*
Net debt (cash)	**5.1**	**14.0**	**14.5**	**13.0**	**11.0**
Net debt (cash) reporte	5.0				
Shareholders Equity	29.2	26.9	25.0	26.5	28.8
Net Working Capital	18.9	23.2	21.5	21.4	21.8
Capex and acquisitions	(8.5)	(4.6)	(4.0)	(3.0)	(3.0)
Free Cash Flow			2.4	3.2	3.4

Company Description

Company Sector	Auto Parts & Equipment
Price (€)	2.5
Number of shares (mln)	6.2
Market Cap (€ mln)	15.1
Reference Index	FTSE Italia Growth
Main Shareholders	Valfin S.r.l.
Free Float	17.8%
Daily Average Volumes (30D)	10,091
Sample of comparables	Brembo, Comer Industries, SKF, Kongsberg Automotive, Suprajit Engineering, Mayville Engineering, SAF Holland, CIE Automotive

Main shareholders



Revenues Breakdown

	2023	**2024**	**2025E**	**2026E**	**2027E**
OE	41.0	36.7	33.8	37.1	40.1
on Sales (%)	68%	61%	59%	59%	59%
IAM	19.6	23.2	23.9	25.8	27.9
on Sales (%)	32%	39%	41%	41%	41%

Key Ratios

	2023	**2024**	**2025E**	**2026E**	**2027E**
ROE	*3%*	*-21%*	*-8%*	*6%*	*8%*
ROA	*2%*	*-14%*	*-5%*	*4%*	*6%*
DSO	68	71	72	71	70
DPO	147	114	118	125	130
Capex/Sales	*13%*	*7%*	*7%*	*5%*	*4%*
Current ratio	2.2	2.4	2.5	2.9	3.3
Net debt (cash) / EBITDA	0.5x	3.5x	2.8x	1.8x	1.3x

Source: Bloomberg, Banca Profilo estimates and elaborations

Multiples

	2024	**2025**	**2026**	**12M**
Cofle EV / EBITDA	4.7x	4.5x	3.4x	3.2x
Peers EV / EBITDA	6.3x	5.9x	5.2x	6.6x

Strengths

Multinational Company
Strong commitment in eco-sustainability
Strongly investing on corporate culture, brand awareness and innovative marketin
Wide portfolio of patented products
Geographically diversified production
Top end customers
Focus on innovation and R&D
Long-lasting client relationships

Weaknesses

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

Opportunities

Large potential in Eastern Europe for both OE and IAM segments
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

Threats

Intensifying competition within large manufacturers
High growth rates could lead to cost management issues
Internalization of Cofle process by its main customer
Cannibalization of products under Cofle's brand and Third-Party brand

Disclaimer

ANALYST'S AND BANK'S INFORMATION

THIS DOCUMENT CONCERNING COFLE, (THE "ISSUER" OR THE "COMPANY") HAS BEEN DRAFTED BY FRANCESCA SABATINI WHO IS EMPLOYED BY BANCA PROFILO S.P.A. ("THE BANK") AS FINANCIAL ANALYST; FRANCESCA SABATINI IS RESPONSIBLE FOR THE DRAFTING OF THE DOCUMENT.

BANCA PROFILO S.P.A. IS A BANK AUTHORISED TO PERFORM BANKING AND INVESTMENT SERVICES; IT IS PART OF BANCA PROFILO BANKING GROUP (THE "GROUP") AND IT IS SUBJECT TO THE MANAGEMENT AND CO-ORDINATION OF AREPO BP S.P.A. (THE "PARENT COMPANY"). SATOR PRIVATE EQUITY FUND "A" LP (THE "PARENT ENTITY") HOLDS INDIRECT CONTROL PARTICIPATION INTERESTS IN BANCA PROFILO.

THE BANK IS REGISTERED WITH THE ITALIAN BANKING ASSOCIATION CODE NO. 3025 AND IS SUBJECT TO THE REGULATION AND SURVEILLANCE OF THE BANK OF ITALY AND OF CONSOB (COMMISSIONE NAZIONALE PER LE SOCIETÀ E LE BORSA). THE BANK HAS PREPARED THIS DOCUMENT FOR ITS PROFESSIONAL CLIENTS ONLY, PURSUANT TO DIRECTIVE 2004/39/EC AND ANNEX 3 OF THE CONSOB REGULATION ON INTERMEDIARIES (RESOLUTION N. 16190). THIS DOCUMENT IS BEING DISTRIBUTED AS OF [April 24th,9:30].

THE ANALYST FRANCESCA SABATINI WHO HAS DRAFTED THIS DOCUMENT HAS SIGNIFICANT EXPERIENCE IN BANCA PROFILO S.P.A. AND OTHER INVESTMENT COMPANIES. THE ANALYST AND ITS RELATIVES DO NOT OWN FINANCIAL INSTRUMENTS ISSUED BY THE ISSUER AND SHE DOES NOT ACT AS SENIOR MANAGER, DIRECTOR OR ADVISOR FOR THE ISSUER. THE ANALYST DOES NOT RECEIVE BONUSES, INCOME OR ANY OTHER REMUNERATION CORRELATING, DIRECTLY OR INDIRECTLY, TO THE SUCCESS OF THE INVESTMENT BANKING OPERATIONS OF BANCA PROFILO S.P.A.

A REDACTED VERSION OF THIS REPORT HAS BEEN DISCLOSED TO THE ISSUER TO PERMIT TO IT TO REVIEW AND COMMENT ON FACTUAL INFORMATION RELATING TO THE ISSUER AND THIS REPORT HAS BEEN AMENDED FOLLOWING SUCH DISCLOSURE PRIOR TO ITS FINAL DISSEMINATION.

THIS DOCUMENT IS BASED UPON INFORMATION THAT WE CONSIDER RELIABLE, BUT THE BANK HAS NOT INDEPENDENTLY VERIFIED THE CONTENTS HEREOF. THE OPINIONS, ESTIMATES AND PROJECTIONS EXPRESSED IN IT ARE AS OF THE DATE HEREOF AND ARE SUBJECT TO CHANGE WITHOUT NOTICE TO THE RECIPIENT. PAST PERFOMANCE IS NOT GUARANTEE OF FUTURE RESULTS.

THIS REPORT HAS BEEN PREPARED BY ITS AUTHORS INDEPENDENTLY OF THE COMPANY AND ITS SHAREHOLDERS, SUBSIDIARIES AND AFFILIATES. THE BANK HAS NO AUTHORITY WHATSOEVER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ANY OTHER PERSON IN CONNECTION THEREWITH. IN PARTICULAR, THE OPINIONS, ESTIMATES AND PROJECTIONS EXPRESSED IN IT ARE ENTIRELY THOSE OF THE AUTHOR HEREOF.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO AND NO RELIANCE SHOULD BE PLACED ON THE FAIRNESS, ACCURACY, COMPLETENESS OR REASONABLENESS OF THE INFORMATION, OPINIONS AND PROJECTIONS CONTAINED IN THIS DOCUMENT, AND NONE OF THE BANK, THE COMPANY, NOR ANY OTHER PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH.

NO DUPLICATION

NO PART OF THE CONTENT OF THE DOCUMENT MAY BE COPIED, FORWARDED OR DUPLICATED IN ANY FORM OR BY ANY MEANS WITHOUT THE PRIOR CONSENT OF THE BANK. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.

NO OFFER OR SOLICITAION

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION OR FORM PART OF AN OFFER, SOLICITATION OR INVITATION TO PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER.

RECIPIENTS

THIS DOCUMENT IS GIVEN TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED IN OR INTO THE UNITED STATES (THE "U.S."), AUSTRALIA, CANADA OR JAPAN OR REDISTRIBUTED, DIRECTLY OR INDIRECTLY, IN THE U.S., AUSTRALIA, CANADA OR JAPAN. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S., AUSTRALIAN, CANADIAN OR JAPANESE SECURITIES LAWS.

THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1) (E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) (ALL SUCH PERSONS BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

IN CASE THAT THIS DOCUMENT IS DISTRIBUTED IN ITALY IT SHALL BE DIRECTED ONLY AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100(1) (A) OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, AS AMENDED, AND ARTICLE 34-TER, PARA. 1, LETT B), OF CONSOB REGULATION NO. 11971 OF 1999, AS AMENDED. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. IN NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG OR BE DISTRIBUTED TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF "QUALIFIED INVESTORS" AS SPECIFIED ABOVE OR (III) TO DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION.

CONFLICTS OF INTEREST

THE BANK MAY, FROM TIME TO TIME, DEAL IN, HOLD OR ACT AS MARKET MAKER OR ADVISER, BROKER OR BANKER IN RELATION TO THE FINANCIAL INSTRUMENTS, OR DERIVATIVES THEREOF, OF PERSONS, FIRMS OR ENTITIES MENTIONED IN THIS DOCUMENT, OR BE REPRESENTED IN THE GOVERNING BODIES OF THE COMPANY. IN FACT, THE BANK ACTED AS GLOBAL COORDINATOR IN THE IPO OF THE ISSUER, THE BANK IS PRESENTLY EGA AND CORPORATE BROKER OF THE ISSUER.

BANCA PROFILO S.P.A. HAS ADOPTED INTERNAL PROCEDURES FOR THE PREVENTION AND AVOIDANCE OF CONFLICTS OF INTEREST WITH RESPECT TO THE RECOMMENDATIONS, WHICH CAN BE CONSULTED ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA).

EQUITY RESEARCH PUBLICATIONS IN LAST 12M

THE BANK PUBLISHES ON ITS WEBSITE WWW.BANCAPROFILO.IT, ON A QUARTERLY BASIS, THE PROPORTION OF ALL RECOMMENDATIONS THAT ARE 'BUY', 'HOLD', 'SELL' OR EQUIVALENT TERMS OVER THE PREVIOUS 12 MONTHS, AND THE PROPORTION OF ISSUERS CORRESPONDING TO EACH OF THOSE CATEGORIES TO WHICH SUCH PERSON HAS SUPPLIED MATERIAL SERVICES OF INVESTMENT FIRMS SET OUT IN SECTIONS A AND B OF ANNEX I TO DIRECTIVE 2014/65/EU OVER THE PREVIOUS 12 MONTHS.

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").