

## EQUITY RESEARCH

COFLE  
RESULTS REVIEW

BUY

TP 7.3€

Up/Downside: 103%

## A year of transition

**Cofle has unveiled results for 2024 which will be impacted by Turkish inflation and the agricultural cycle. 2025 is likely to be another year of transition.**

Cofle reported 2024 results showing contrasting dynamics between a very dynamic IAM division (+18.4% Y/Y) driven in particular by the development of Cofle France and the roll-out of the new range of mechatronic brakes (EPB). In contrast, OEM sales (down 10.5% Y/Y) were hit hard by the downturn in the agricultural market (higher interest rates, farmers' margins, destocking). Group revenues remained stable at €62m (vs. €58m expected). The Group saw its EBITDA fall to €6.8m (vs. €8.2m expected), giving a margin of 10.9%, or -700bps, due to the fall in OEM business and higher costs resulting from wage inflation in Turkey and higher rental costs following the investments made by the Group in 2024. Due to an increase in D&A and financial expenses (treatment of Turkish hyperinflation), the Group reported a net loss of €5.6m. As Cofle will have made significant investments in 2025 (internalisation of electronics in Turkey, equipment for a new logistics centre in Italy), the Group unsurprisingly burned cash to the tune of -€7.9m, which pushed up the Group's net financial debt (inc IFRS16) to €17.4m (2.55x ND/EBITDA).

Looking ahead to 2025, the Group sees a 2-speed year, with H2'25 set to benefit from a stabilisation in OEM business and the first savings generated by the optimisation plan initiated by the Group in H1'24 (outsourcing of low value-added tasks, relocation of production to Italy and India, and focusing of Turkish plants on value-added tasks and the domestic market). In addition, the Group should benefit throughout 2025 from a slowdown in Turkish inflation and a buoyant IAM business. 2025 should therefore see a stabilisation in the Group's revenues and profitability.

Admittedly, the economic climate is having a severe impact on the Group's business, but we note that the IAM business remains very dynamic and that the Group has launched an ambitious optimisation strategy which should enable it to rapidly turn around its results. We keep our BUY rating, with a TP of €7.3.

## Key data

Price (€)	3.6
Industry	Automotive
Ticker	CFL-IT
Shares Out (m)	6.156
Market Cap (m €)	22.2
Average trading volumes (k shares / day)	0.288
Next event	3/28/2025

Source: FactSet

## Ownership (%)

Valfin Srl	78.4
Smart Agri Srl	3.7
Lupus Alpha	1.9
Free float	21.6

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	-0.26	0.03	0.26
Change vs previous estimates (%)	na	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-1.6	-9.5	-16.3
Rel FTSE Italy	-0.8	-10.0	-26.6



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	64.1	58.1	60.3	62.7	EV/Sales	0.5	0.5	0.6
Current Op Inc (m €)	8.3	4.8	6.6	7.3	EV/EBITDA	3.8	3.2	3.1
Current op. Margin (%)	13.0	8.2	10.9	11.6	EV/EBIT	6.5	5.0	4.8
EPS (€)	0.13	-0.26	0.03	0.26	PE	na	na	13.7
DPS (€)	0.45	0.45	0.45	0.45	Source: TPICAP Midcap			
Yield (%)	12.5	12.5	12.5	12.5				
FCF (m €)	-3.5	-1.1	0.9	1.0				

Analyst

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## FINANCIAL DATA

<b>Income Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Sales	55.4	58.0	64.1	58.1	60.3	62.7
Changes (%)	45.5	4.6	10.6	-9.4	3.7	4.0
Gross profit	32.4	33.0	36.1	36.2	37.8	39.4
% of Sales	58.5	57.0	56.3	62.2	62.7	62.9
<b>EBITDA</b>	<b>13.4</b>	<b>13.0</b>	<b>11.5</b>	<b>8.2</b>	<b>10.2</b>	<b>11.1</b>
% of Sales	24.3	22.5	18.0	14.1	16.9	17.6
<b>Current operating profit</b>	<b>11.0</b>	<b>9.4</b>	<b>8.3</b>	<b>4.8</b>	<b>6.6</b>	<b>7.3</b>
% of Sales	19.8	16.2	13.0	8.2	10.9	11.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.0	9.4	8.3	4.8	6.6	7.3
Net financial result	1.2	-3.9	-5.3	-5.3	-5.3	-4.1
Income Tax	-2.3	-1.9	-0.6	0.0	-0.0	-0.5
Tax rate (%)	19.7	41.9	42.0	0.0	22.0	22.0
<b>Net profit, group share</b>	<b>8.2</b>	<b>2.3</b>	<b>0.4</b>	<b>-0.8</b>	<b>0.1</b>	<b>0.8</b>
EPS	1.72	0.43	0.13	na	0.03	0.26
<b>Financial Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Goodwill	0.2	0.1	0.0	0.2	0.2	0.2
Tangible and intangible assets	8.2	11.0	16.4	19.3	21.1	23.0
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.7	0.3	0.4	4.5	10.0	17.5
Working capital	15.1	20.2	19.4	19.5	20.2	21.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Assets</b>	<b>24.2</b>	<b>31.7</b>	<b>36.2</b>	<b>43.5</b>	<b>51.5</b>	<b>61.7</b>
Shareholders equity group	18.9	27.8	26.6	25.9	26.0	26.7
Minorities	7.2	1.8	2.5	1.7	1.8	2.6
LT & ST provisions and others	0.7	1.8	1.5	1.5	2.5	2.2
Net debt	-4.6	-0.5	4.9	8.8	10.6	12.4
Other liabilities	1.7	0.3	0.0	5.0	10.0	17.0
<b>Liabilities</b>	<b>24.2</b>	<b>31.7</b>	<b>36.2</b>	<b>43.5</b>	<b>51.5</b>	<b>61.7</b>
Net debt excl. IFRS 16	-4.6	-0.5	4.9	8.8	10.6	12.4
Gearing net	-0.2	-0.0	0.2	0.3	0.4	0.4
Leverage	-0.3	-0.0	0.4	1.1	1.0	1.1
<b>Cash flow statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
CF after elimination of net borrowing costs and taxes	11.3	6.1	3.8	4.9	5.7	5.9
$\Delta$ WCR	-4.7	-4.8	1.2	-1.3	-1.1	-1.2
Operating cash flow	6.6	1.3	5.0	3.6	4.5	4.7
Net capex	-3.9	-2.4	-8.5	-4.6	-3.6	-3.8
FCF	2.8	-1.1	-3.5	-1.1	0.9	1.0
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-1.0	8.3	3.1	0.0	0.0	0.0
Dividends paid	0.0	-2.8	-1.8	-2.8	-2.8	-2.8
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	10.3	0.0	0.1	0.0	0.0	0.0
Others	-0.3	0.2	0.0	0.0	0.0	0.0
Change in net cash over the year	12.1	4.4	-2.1	-3.8	-1.8	-1.8
ROA (%)	18.4%	4.2%	1.2%	na	0.2%	1.9%
ROE (%)	24.7%	6.6%	1.8%	na	0.4%	3.3%
ROCE (%)	27.4%	17.8%	16.9%	8.6%	11.1%	10.7%

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### Analyst certifications

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This Report may mention evaluation methods defined as follows:

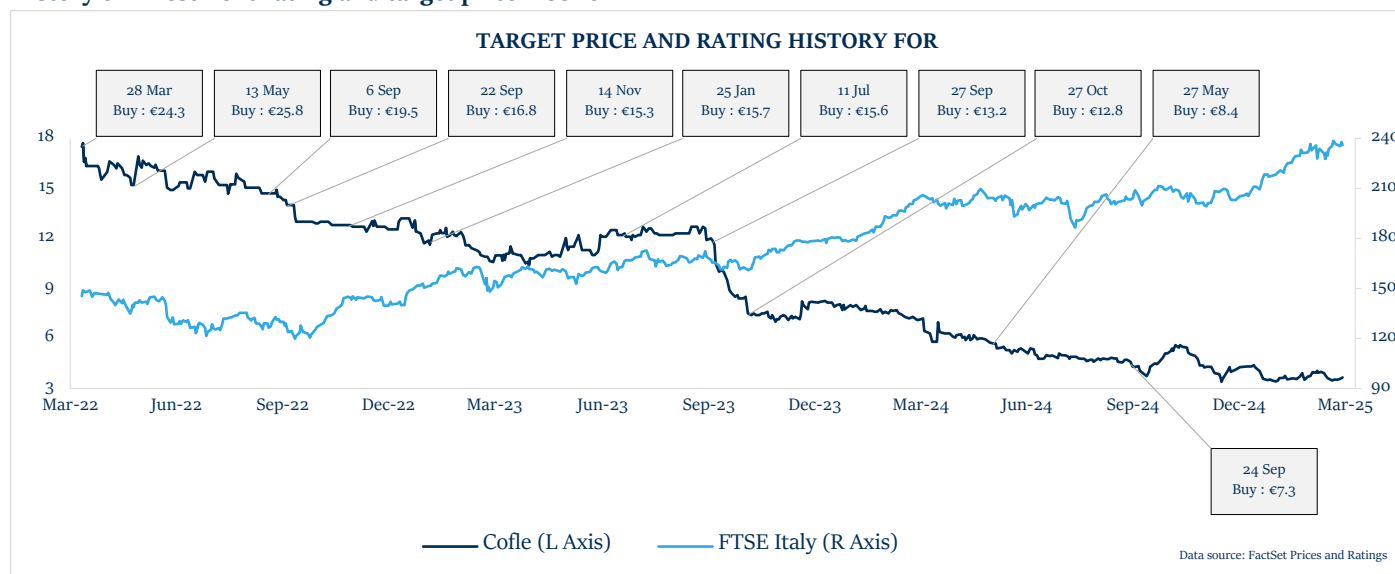
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Cofle

J. Sponsored research or other issuer-related revenues represent more than 5% of the external provider's revenues: Cofle

## History of investment rating and target price – Cofle



## Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
28 Feb 25 - 07:59:38	Julien Thomas	€ 7.30	€ 7.30	€ 3.82	Achat	Buy
02 Oct 24 - 08:04:03	Julien Thomas	€ 7.30	€ 7.30	€ 4.08	Achat	Buy
24 Sep 24 - 08:24:39	Julien Thomas	€ 8.40	€ 7.30	€ 4.60	Achat	Buy
26 Jul 24 - 07:49:43	Julien Thomas	€ 8.40	€ 8.40	€ 5.00	Achat	Buy
16 Jul 24 - 07:50:57	Julien Thomas	€ 8.40	€ 8.40	€ 4.94	Achat	Buy
27 May 24 - 07:24:46	Julien Thomas	€ 12.80	€ 8.40	€ 5.75	Achat	Buy

## Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	60%
Hold	16%	70%
Sell	4%	17%
Under review	2%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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