

## EQUITY RESEARCH

COFLE  
RESULTS REVIEW

BUY

TP 5.6€ (vs 6.1€)

Up/Downside: 72%

## The start of the rebound?

The group has managed to maintain its profitability and cash generation and appears to us to be ideally positioned to benefit from the normalisation of the agricultural cycle.

In a difficult environment, Cofle has posted solid results. The group generated revenue of €24.4 million in H1 2025, down 21.5% year-on-year, affected on the one hand by the downturn in the agribusiness cycle (OE -21.8% YoY) and a recent decline in demand for automotive aftermarket products (IAM -21.2% YoY) caused by inflationary pressures and economic instability. Despite sluggish activity, the group has remarkably maintained its profitability with adjusted EBITDA of €3.6 million, exceeding our expectations (€3 million), representing a stable margin of 13.9% (+10bps YoY). Another positive point was that FCF generation was positive at €2.4 million, despite €1.5 million in non-recurring expenses related to the group's restructuring plan, thanks in particular to excellent working capital management. As a result, net debt (excluding IFRS 16) was kept under control at €15 million, representing financial leverage of 2.2x ND/LTM EBITDA.

The most encouraging aspect of the publication is the outlook for the group, which seems to be seeing the light at the end of the tunnel. Cofle notes a sequential rebound in activity since May of around +6%, a rebound that should continue for the rest of the financial year. In our view, these observations coincide with comments from major agribusiness OEMs, who note that the industry appears to have bottomed out, with activity volumes declining for more than four years, which is unusually long, so that current activity represents <85% of mid-cycle levels. Apart from heavy tractors in North America, the destocking phase appears to be largely complete. Finally, players are noting pockets of recovery in demand from farmers in Europe (particularly in Central Europe) and India, which has led to some upward revisions in their outlooks, although they do not expect growth to resume before 2026. With regard to Cofle, we believe that these positive signs regarding demand give hope for a strong rebound in the group's profitability in 2026, especially as the group should benefit fully from its restructuring plan.

We have incorporated this solid publication into our estimates, lowered our revenue expectations for 2025 due to weak IAM, but raised our expectations for growth thereafter and raised our margin expectations for 2025. Our target price falls to €5.6 (vs €6.1) and we remain at BUY. While we feared the worst, the group managed to save its cash generation in H1'25 and seems to us to be extremely well positioned to benefit from a rebound in its end markets while its valuation is depressed.

## Key data

Price (€)	3.3
Industry	Automotive
Ticker	CFL-IT
Shares Out (m)	6.156
Market Cap (m €)	20.0
Average trading volumes (k shares / day)	0.288
Next event	9/29/2025

Source: FactSet

## Ownership (%)

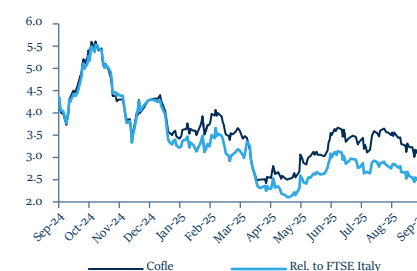
Valfin Srl	78.4
Smart Agri Srl	3.7
Lupus Alpha	1.9
Free float	21.6

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	-0.93	-0.16	0.04
Change vs previous estimates (%)	na	na	-67.43

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.0	-8.5	-24.4
Rel FTSE Italy	0.3	-9.0	-39.4



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	62.0	58.6	63.4	66.1	EV/Sales	0.5	0.4	0.4
Current Op Inc (m €)	2.3	3.6	4.4	5.7	EV/EBITDA	3.6	3.1	2.4
Current op. Margin (%)	3.7	6.2	7.0	8.6	EV/EBIT	8.2	6.4	4.5
EPS (€)	-0.91	-0.93	-0.16	0.04	PE	na	na	81.9
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-7.7	4.4	1.1	2.9				

Analyst

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## FINANCIAL DATA

<b>Income Statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
Sales	58.0	64.1	62.0	58.6	63.4	66.1
Changes (%)	4.6	10.6	-3.4	-5.4	8.2	4.3
Gross profit	33.0	36.1	35.3	35.1	38.4	40.7
% of Sales	57.0	56.3	56.9	59.8	60.5	61.5
<b>EBITDA</b>	<b>13.0</b>	<b>11.5</b>	<b>6.8</b>	<b>8.4</b>	<b>9.3</b>	<b>10.8</b>
% of Sales	22.5	18.0	11.0	14.3	14.7	16.4
<b>Current operating profit</b>	<b>9.4</b>	<b>8.3</b>	<b>2.3</b>	<b>3.6</b>	<b>4.4</b>	<b>5.7</b>
% of Sales	16.2	13.0	3.7	6.2	7.0	8.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.4	8.3	2.3	3.6	4.4	5.7
Net financial result	-3.9	-5.3	-5.0	-7.9	-3.9	-3.9
Income Tax	-1.9	-0.6	-0.2	0.0	0.0	-0.1
Tax rate (%)	41.9	42.0	-3.4	0.0	0.0	22.0
<b>Net profit, group share</b>	<b>2.3</b>	<b>0.4</b>	<b>-5.3</b>	<b>-5.4</b>	<b>-0.9</b>	<b>0.2</b>
EPS	0.43	0.13	na	na	na	0.04
<b>Financial Statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
Goodwill	0.1	0.0	0.0	0.2	0.2	1.2
Tangible and intangible assets	11.0	16.4	18.9	20.0	21.4	22.8
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.3	0.4	0.3	5.8	13.3	20.7
Working capital	20.2	19.4	23.7	19.8	21.4	23.3
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Assets</b>	<b>31.7</b>	<b>36.2</b>	<b>42.9</b>	<b>45.7</b>	<b>56.2</b>	<b>68.0</b>
Shareholders equity group	27.8	26.6	24.1	18.7	17.7	18.0
Minorities	1.8	2.5	2.8	2.5	2.4	2.4
LT & ST provisions and others	1.8	1.5	1.5	9.4	15.0	22.4
Net debt	-0.5	4.9	14.0	9.7	8.5	5.6
Other liabilities	0.3	0.0	0.0	5.0	12.0	19.0
<b>Liabilities</b>	<b>31.7</b>	<b>36.2</b>	<b>42.9</b>	<b>45.7</b>	<b>56.2</b>	<b>68.0</b>
Net debt excl. IFRS 16	-0.5	4.9	14.0	9.7	8.5	5.6
Gearing net	-0.0	0.2	0.5	0.5	0.4	0.3
Leverage	-0.0	0.4	2.1	1.2	0.9	0.5
<b>Cash flow statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
CF after elimination of net borrowing costs and taxes	6.1	3.8	1.4	4.8	7.0	8.2
$\Delta$ WCR	-4.8	1.2	-4.6	3.1	-2.0	-1.3
Operating cash flow	1.3	5.0	-3.3	7.9	4.9	6.9
Net capex	-2.4	-8.5	-4.5	-3.5	-3.8	-4.0
FCF	-1.1	-3.5	-7.7	4.4	1.1	2.9
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	8.3	3.1	-1.2	0.0	0.0	0.0
Dividends paid	-2.8	-1.8	-1.3	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.1	0.1	0.0	0.0	0.0
Others	0.2	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	4.4	-2.1	-10.1	4.4	1.1	2.9
ROA (%)	4.2%	1.2%	na	na	na	0.2%
ROE (%)	6.6%	1.8%	na	na	na	0.8%
ROCE (%)	17.8%	16.9%	na	5.3%	5.6%	6.3%

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### Analyst certifications

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### Methodology

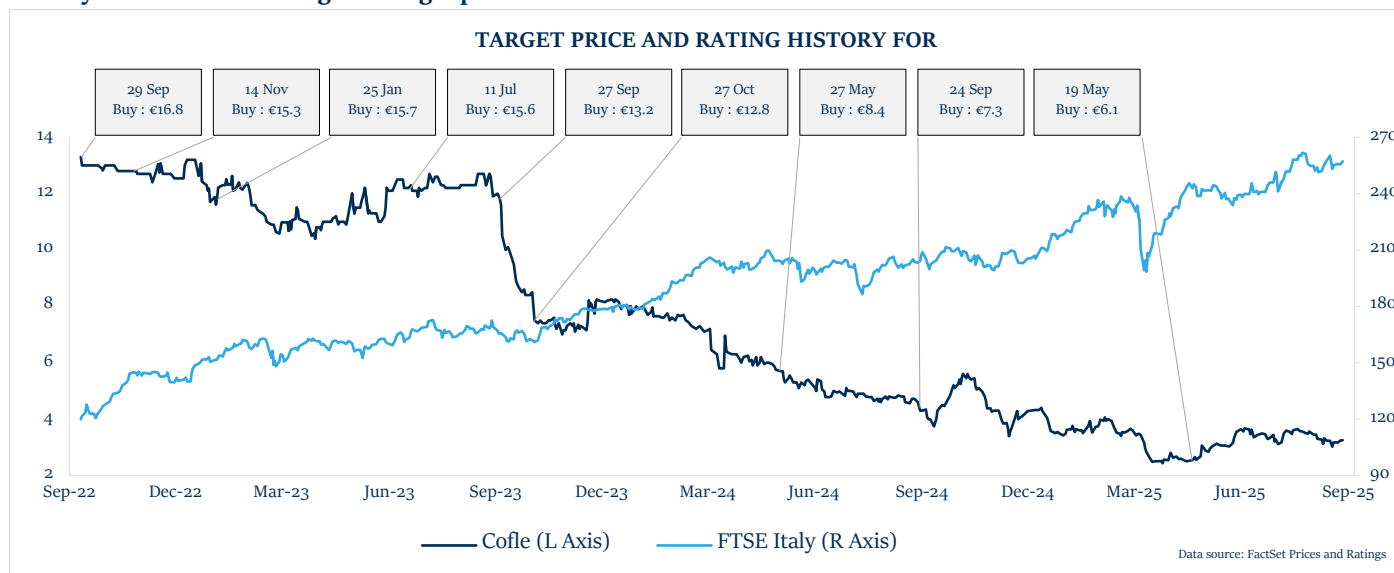
This Report may mention evaluation methods defined as follows:

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.

### Conflict of Interests between TP ICAP Midcap and the Issuer

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

### 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
18 May 25 - 23:15:31	Julien Thomas	€ 7.30	€ 6.10	€ 2.52	Achat	Buy
31 Mar 25 - 08:07:52	Julien Thomas	€ 7.30	€ 7.30	€ 3.60	Achat	Buy
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

**Distribution of Investment Ratings**

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	78%	69%
Hold	18%	56%
Sell	3%	40%
Under review	1%	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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