

## Costamp Group

### 1H 2018 results approved

## Manufacturing

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#### 1H 2018 PRO FORMA RESULTS

In 1H 2018 Costamp grew pro-forma revenues by c. 20% to 31.5 Eu m (26.3 Eu m). EBITDA came in at 2.8 Eu m, +47% vs. 1H 2017 and with an **EBITDA margin of 9.3%** (7.2% in 1H 2017). Pro forma net profit was 0.8 Eu m, (0.1 Eu m in 1H 2017). **Net Debt decreased to 26.1 Eu m** (26.9 Eu m in FY 2017), after good free cash flow. Total investments in the period were of 3.1 Eu m.

Management confirmed that the integration process and operating consolidation will continue in the second half of 2018. In particular through the rationalization of the Group structure (merger of Costamp Tools into Costamp Group), with resulting cost efficiencies and exploitation of **synergies and economies of scale**. The Group will also continue to **focus on international expansion, R&D and widening of product range**.

Following 1H 2018 results, with top line growth in line with expectations but lower than expected profitability, **we put our target price and estimates under review**. We believe the underperformance is principally due to costs related to the integration and delay exploitation of synergies from the business combination.

#### COMPANY DESCRIPTION

Costamp Group is a **global player specialized** in the design, engineering and manufacturing of **dies for die casting**. With over 50 years of market history, 311 employees and 6 strategic manufacturing locations in Northern Italy, the Group is globally the only player able to provide **OEMs and foundries** with a **complete offer** in terms of processes (HPDC, LPDC & Gravity, Plastic) and products (aluminium, magnesium, cast iron and plastics). **Automotive represents 95% of revenues** with main applications being the production of powertrains, structural parts and bumpers.

#### REVERSE TAKEOVER WITH MODELLERIA BRAMBILLA

Costamp Group was created in 2018 through the integration between Modelleria Brambilla - listed on AIM Italia since 2014 – and Co.Stamp Srl (reversed take over), with the strategic rational to create a unique player able to provide the market with a **complete offer in terms of processes and products**.

#### INNOVATION

The Group is **strongly focused on R&D, with a team of 24 engineers**, and obtained a contribution of about 2 Eu m from “**Horizon 2020**” for the **PUZZLE DIE project**, an innovative technology for die casting dies for aluminium components for the automotive sector.

#### STRATEGY

- **International expansion** in countries where OEMs and Tier 1 operate;
- **Cross-selling** on low pressure products exploiting the sales network and the clients base of Costamp;
- **Partnership with OEM and Tier 1 suppliers** in order to co-design dies for innovative products and projects;
- **New premium line** of products in the business unit HPDC.

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#### SHARE DATA

Market	AIM Italia
Reuters/Bloomberg	MOLD.MI/MOLD IM
ISIN	IT0005068249
N. of Shares	42,490,607
Main Shareholder	Co.Stamp Srl (The Corti Family) (93.5%)
Chairman and CEO	Marco Corti

#### Target Price (Eu)

	Under Review
Market Price (Eu)	3.30
Capitalisation (Eu m)	140
Enterprise Value (Eu m)	114

(as of October 29<sup>th</sup>, 2018)

#### AIM Positioning

FY 2017 (Eu m)	Company	AIM Sector*	AIM Italia
Revenues	59	82	42
Revenues YoY	+0.5%	+8%	+12%
EBITDA Margin	8%	13%	14%
Net Debt (Cash)	26.9	17.7	11.3
NFP/EBITDA	5.9	1.3	1.6
Market Data (Eu m)	Company	AIM Sector*	AIM Italia
Capitalisation	140	71	63
Perf. from IPO	+32%	-6%	-8%
Free Float	6%	32%	40%
ADIT YTD (Eu)	18,572	88,169	99,380

Source: Factset Data and Osservatorio AIM Italia - \*Manufacturing

#### Pro Forma Results

Eu m – IAS/IFRS	FY16	FY17	1H17	1H18
Revenues	58.7	59.0	26.3	31.5
YoY growth	+1.0%	+0.5%	n.a.	+19.7%
EBITDA	8.1	4.6	1.9	2.8
EBITDA%	12.9%	7.9%	7.2%	9.3%
EBIT	5.7	1.7	0.7	1.6
EBIT%	9.1%	2.9%	2.8%	5.3%
Net Profit	3.3	0.4	0.1	0.8
Net Debt (Cash)	27.2	26.9	n.a.	26.1
EPS	0.08	0.01	0.00	0.02
EPS diluted	0.08	0.01	0.00	0.02

Source: Company Data Pro-Forma

#### Peers Comparison

EV/EBITDA (x)	18E	19E	20E
International Peers	5.1	4.6	4.2
AIM Italia Manufacturing	10.2	8.5	5.2

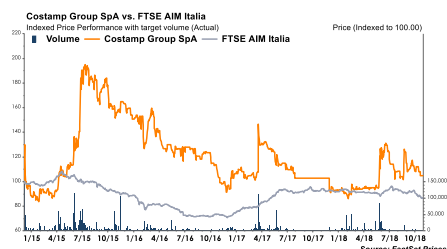
P/E (x)	18E	19E	20E
International Peers	12.0	10.3	8.0
AIM Italia Manufacturing	20.9	17.8	16.3

Source: IR Top Estimates for Costamp Group and Factset data for comparables – average data

#### Performance

	1M	3M	1Y
Absolute	-3.5%	-2.9%	+2.0%
Relative (FTSE AIM Italia)	+1.5%	+4.6%	+8.4%
52-week High/Low (Eu)*	7.85/3.99		

Source: Factset data; \* Intra-day values



**COSTAMP GROUP ON AIM**

**+32% from IPO**

**IPO of MODELLERIA BRAMBILLA**

Date: December 5<sup>th</sup> 2014  
 Capital raised: 3.0 Eu m (1.5 Eu m Equity and 1.5 Eu m POC)  
 Price: 2.5 Eu  
 Capitalisation: 9.5 Eu m

**REVERSE TAKE-OVER**

Date of contribution: February 21<sup>st</sup>, 2018  
 Takeover bid: From April 3<sup>rd</sup> to April 23<sup>rd</sup> 2018  
 Price of Takeover bid: 3.00 Eu  
 Second Takeover bid (purchase obligation): From May 7<sup>th</sup> to May 25<sup>th</sup> 2018  
 Price of second Takeover bid: 3.00 Eu

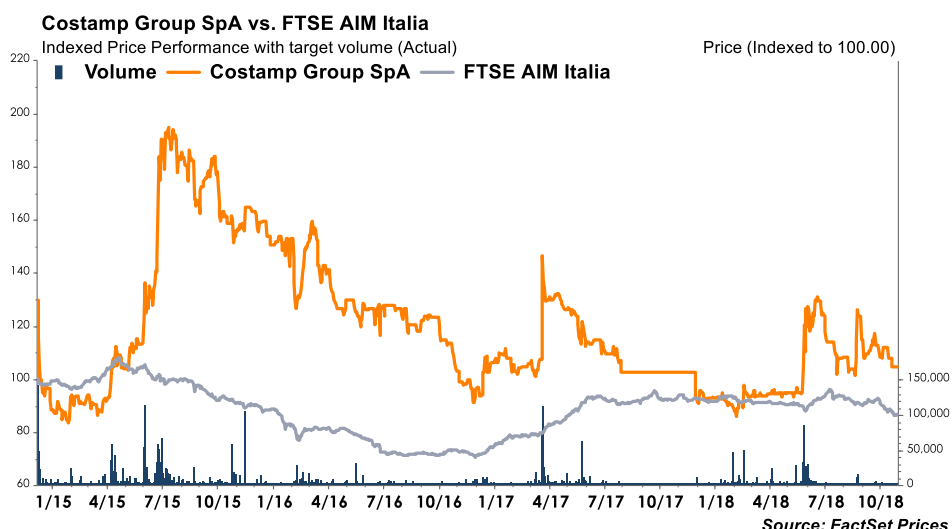
**CONVERTIBLE BOND «Costamp Group 7% Cv 2014-2019» (as of October 29<sup>th</sup>, 2018)**

Code: MOLD19  
 ISIN: IT0005068645  
 Issue date – Maturity date: December 5<sup>th</sup> 2014 – December 5<sup>th</sup> 2019  
 N. Of issue bonds: 15,000  
 Nominal value or Issue Price of each bond: 100 Eu  
 Issued amount: 1.5 Eu m  
 Interest rate: 7%  
 Conversion period: December 6<sup>th</sup> 2016 – November 29<sup>th</sup> 2019  
 Conversion ratio: 33:1 (shares : bond)

**SHARES (as of October 29<sup>th</sup>, 2018)**

Code: MOLD  
 Bloomberg: MOLD IM  
 Reuters: MOLD.MI  
 ISIN: IT0005068249  
 Share capital: 2,124,530 Eu  
 Shares: 42,490,607  
 Price: 3.30 Eu  
 Performance from IPO: +32%  
 Capitalisation: 140 Eu m  
 NomAd: Banca Intermobiliare  
 Specialist: Invest Banca

Shareholder	n. of shares	%
Co.Stamp Srl	39,740,407	93.53%
Treasury Shares	72,600	0.17%
<b>Other Shareholders (&lt;5%)</b>	<b>2,677,600</b>	<b>6.30%</b>
<b>Total</b>	<b>42,490,607</b>	<b>100.00%</b>



## RATIOS

Eu m	2016PF	2017PF
<b>Profit &amp; Loss Statement</b>		
Revenues (Value of production)	58.7	59.0
EBITDA	8.1	4.6
EBIT	5.7	1.7
Financial Income (charges)	(1.2)	(1.1)
Pre-tax profit (loss)	4.5	0.6
Taxes	(1.2)	(0.3)
Net profit	3.3	0.4
<b>Balance Sheet</b>		
Fixed assets	49.6	50.5
NWC	10.0	9.4
M/L Funds	(6.2)	(6.3)
Net Capital Employed	53.4	53.6
Net Debt	27.2	26.9
Net Equity	26.1	26.7
<b>Cash Flow</b>		
EBIT	n.a.	1.7
D&A	n.a.	2.9
Tax	n.a.	(0.3)
Other	n.a.	0.0
Change in M/L Funds	n.a.	0.1
Gross Cash Flow	n.a.	4.4
Change in NWC	n.a.	0.6
Operating Cash Flow	n.a.	5.0
Capex and Investments	n.a.	(3.9)
Financial Income (charges)	n.a.	(1.1)
Free Cash Flow	n.a.	0.1
Dividend	n.a.	0.0
Change in Equity	n.a.	0.6
Change in Net debt	n.a.	0.6
<b>Per Share Data</b>		
<b>Current Price</b>	<b>3.30</b>	
Total shares out fully diluted (mln)	42.5	
EPS	0.08	0.01
EPS diluted	0.08	0.01
DPS	0	0
FCF	0.0	0.1
Pay out ratio	0%	0%
<b>Ratios</b>		
EBITDA margin	12.9%	7.9%
EBIT margin	9.1%	2.9%
Net Debt/Equity (Gearing)	104.3%	100.8%
Net Debt/EBITDA	3.37	5.87
Interest cover EBIT	4.84	1.59
ROE	12.7%	1.4%
ROCE	10.7%	3.1%
Free Cash Flow Yield	0%	1%
<b>Growth Rates</b>		
Sales	n.a.	0.5%
EBITDA	n.a.	-43%
EBIT	n.a.	-71%
Net Profit	n.a.	-89%

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During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
October 30 <sup>th</sup> 2018	Under Review	3.30	12 months
June 18 <sup>th</sup> 2018	3.23	4.08	12 months

**VALUATION METHODOLOGY (HORIZON: 12M)** IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models.

Moreover, IR Top used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

**RESEARCH TEAM**

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