

COSTAMP GROUP

Strong profitability growth and order backlog up 79% yoy

FY19: sharp increase in profitability margins and continuous focus on R&D. Costamp Group, leader in the engineering, production and trade of dies for die casting, recently announced strong FY 2019 results which confirmed the positive trend recorded in 1H19 as the Group has started to reap benefits from the rationalization of the group structure and the integration of the business units after the reversed takeover in 2018. More in detail, revenues (VoP) came in at Euro 58.3 m, in line with previous year (Euro 58.0 m) and outperforming our estimates (Euro 57.0 m), and confirming the Group's international calling with c. 47% of revenues realized abroad.

EBITDA increased significantly to Euro 5.7 m (vs. Euro 1.6 m in FY 2018PF) and slightly outperformed our estimates (Euro 5.6 m) as EBITDA margin grew to 9.7% vs. 2.7% in FY18PF (9.8% as of our estimates). Net Profit was of Euro 0.9 m vs. net loss of Euro - 1.7 m in FY 2018PF. Net Debt stood at Euro 29.1 m, up from Euro 21.8 m after the adoption of IFRS 16 (Euro 2.6 m) and an increase in NWC.

Technology Leadership: In spite of the important organizational changes, the Group continued, also in FY19, its focus on R&D activities aimed at strengthening its technological leadership (Puzzle Die, Low Pressure Forging Technology, Italcementi Partnership and Cavity Insert Fast Change Configuration).

Outlook and Estimates: in the first months of 2020, the Group has received several important orders and order back log increased by +79% yoy at the end of Q120. As for the coronavirus Management has stated that although still difficult to draw any conclusions for FY20, so far the Group has not suffered any significant contractions despite a partial halt in production as order intake continued and R&D, engineering and administrative functions remained operational in smart working in order to guarantee service continuity while focusing on reducing delays in delivery times.

Estimates: Given the above, and following the positive FY 2019 results and order backlog we confirm our revenue and margins assumptions for FY20 and 21 but slightly adjusted assumptions for working capital in line with FY19. We also stretched our time horizon to include 2022. Overall revenue and EBITDA 2019-2022 CAGR is expected at +9% and +23% respectively.

Key Figures (Euro m)	Revenue	Yoy %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
2019A	58.3	+1%	5.7	10%	2.1	4%	0.9	29.1
2020E	62.5	+7%	6.8	11%	3.4	5%	1.6	26.8
2021E	68.5	+10%	8.9	13%	5.4	8%	3.1	23.0
2022E	75.0	+9%	10.5	14%	6.8	9%	4.3	18.1

Sector: Manufacturing

Market Price (Euro) 1.92
Market Cap (Euro m) 82
EV (Euro m) 111
(as of May 8th, 2020)

Share Data

Market	AIM ITALIA
Bloomberg/Reuters	MOLD IM / MOLD.MI
ISIN	IT0005068249
N. of Shares	42,605,447
Free Float	8.88%
Main Shareholder	Co.Stamp Srl (93.28%)
CEO	Marco Corti

AIM Positioning

FY 2018	Company	AIM Sector	AIM Italia
Revenues (Eu m)	58	97	43
Revenues Yoy	n.s.	37%	26%
EBITDA margin	3%	11%	14%
NFP/EBITDA (x)	14.0	2.8	3.8

Market Data	Company	AIM Sector	AIM Italia
Mkt Cap (Eu m)	82	64	46
Perf. YTD	-11%	-14%	-13%
Free Float	9%	28%	33%
ADIT YTD (Eu k)	7	53	82

Performance

	1M	3M	1Y
Absolute	-5.0%	-8.6%	-7.7%
Relative	-3.4%	6.2%	21.5%
52-week High/Low (Eu)	2.60 / 1.60		

IR TOP RESEARCH

Luisa Primi – l.primi@irtop.com
Andrea Praga – a.praga@irtop.com
T +39 02 89056957



KEY FIGURES

Profit&Loss Statement	2018PF	2019A	2020E	2021E	2022E
Revenues	58.0	58.3	62.5	68.5	75.0
EBITDA	1.6	5.7	6.8	8.9	10.5
EBIT	(1.7)	2.1	3.4	5.4	6.8
Financial Income (charges)	(0.7)	(0.9)	(1.1)	(1.0)	(0.8)
Pre-tax profit (loss)	(2.4)	1.1	2.3	4.4	6.0
Taxes	0.7	(0.2)	(0.7)	(1.3)	(1.8)
Net profit (loss) Group	(1.7)	0.9	1.6	3.1	4.3
Balance Sheet					
Fixed assets	51.0	53.1	51.7	49.8	48.1
NWC	(0.0)	5.3	6.2	7.5	8.7
M/L Funds	(6.2)	(5.8)	(5.8)	(5.9)	(6.1)
Net Capital Employed	44.8	52.7	52.1	51.4	50.7
Net Debt	21.8	29.1	26.8	23.0	18.1
Equity	23.0	23.6	25.2	28.4	32.6
Cash Flow					
EBIT	(1.7)	2.1	3.4	5.4	6.8
D&A	3.2	3.6	3.4	3.6	3.7
Tax	0.7	(0.2)	(0.7)	(1.3)	(1.8)
Other	0.0	0.0	0.0	0.0	0.0
Change in M/L Funds	0.7	(0.4)	0.0	0.2	0.2
Gross Cash Flow	2.9	5.0	6.2	7.8	8.9
Change in NWC	9.1	(5.3)	(0.9)	(1.3)	(1.2)
Operating Cash Flow	12.0	(0.3)	5.3	6.5	7.8
Capex (including IFRS 16)	(3.8)	(1.0)	(2.8)	(2.0)	(2.0)
Financial Income (charges)	(0.7)	(0.9)	(1.1)	(1.0)	(0.8)
Free Cash Flow	7.5	(2.2)	1.4	3.5	5.0
Dividend	0.0	0.0	0.0	0.0	0.0
Change in Equity	(4.4)	0.6	1.6	3.1	4.3
Change in Net debt	3.2	(1.6)	3.1	6.6	9.3
Per Share Data					
Current Price	1.92				
Total shares out (mn) average	42.6				
EPS	(0.04)	0.02	0.04	0.07	0.10
EPS Diluted	(0.04)	0.02	0.04	0.07	0.10
DPS	0	0	0	0	0
FCF	7.5	(2.2)	1.4	3.5	5.0
Pay out ratio	0%	0%	0%	0%	0%
Ratios					
EBITDA margin	2.7%	9.7%	10.9%	13.0%	14.0%
EBIT margin	-2.9%	3.5%	5.4%	7.8%	9.1%
Net Debt/Equity (Gearing)	94.5%	123.1%	106.2%	81.2%	55.3%
Net Debt/EBITDA	13.93	5.13	3.93	2.58	1.72
Interest cover EBIT	0.43	-0.44	-0.32	-0.18	-0.12
ROE	-7.3%	3.9%	6.5%	11.0%	13.1%
Free Cash Flow Yield	34%	-10%	6%	16%	22%
Growth Rates					
Sales	39%	1%	7%	10%	9%
EBITDA	-53%	263%	20%	31%	18%
EBIT	-217%	224%	65%	58%	28%
Net Profit	-335%	155%	77%	91%	38%

FY 2019 RESULTS

Costamp Group presented FY19 revenues in line with our estimates and prior year's while recoding a sharp increase in profitability margins. The result confirmed the positive trend already started in 1H19 and shows that the strategic actions taken by the Management after the reverse take-over in 2018 are starting to pay off and that the turnaround must be considered completed. In spite of the important organizational changes, the Group continued, also in FY19, its focus on R&D activities aimed at strengthening its technological leadership.

Focus on R&D in FY19

<p>Puzzle Die ground-breaking new tooling layout which enables extraordinary extension of die lifetime thanks to efficient thermal mechanical stress dissipation. It also allows a drastic reduction of production cycle time and die maintenance, thus resulting in remarkable overall cost-optimization.</p>	<p>Italcementi partnership important partnership with Italcementi Heidelberg Cement Group, aimed at providing innovative solution for the molding of components with shapes not currently available in the market today.</p>
<p>Low Pressure Forging Technology technology allowing to combine the characteristics of forging and low pressure with a significant improvement in the quality of the products and with a lower environmental impact. The tests performed by the first LPF press gave positive results. Costamp Group patented the technology and now is ready to launch the new product on the market.</p>	<p>Cavity Insert Fast Change Configuration innovative tooling design that allows replacement of cavities from the die holder, without removing the die from the HPDC machine. This means huge downtime reduction and fast resuming of series production.</p>

In FY19 Costamp Group recorded revenues of Euro 58.3 m, in line with FY18 pro-forma (Euro 58.0 m) and outperforming our forecast (Euro 57.0 m). With 47% of total revenues were realized abroad (Europe, North America and Asia), the Group confirmed its international calling. EBITDA came in at Euro 5.7 m, up by +263% vs. prior year (Euro 1.6 m) and above our estimates (Euro 5.6 m) thanks to a sharp increase in profitability margins with EBITDA margin reaching 9.7% vs. 2.7% of FY 18PF mainly thanks to the restructuring of the Group and the adoption of IFRS 16 accounting for of Euro 0.5 m. Following the above EBIT returned positive, reaching Euro 2.1 m (3.5% on revenues) at the end of 2019 (vs Euro -1.7 m in 2018PF) despite an increase in D&A (Euro 3.6 m vs Euro 3.2 m) mainly from the IFRS 16 adoption (Euro 0.5 m). Net profit was of Euro 0.9 m vs. a Net Loss of f Euro – 1.7 m as of last year's pro-forma results.

On the balance sheet side, Net Debt grew to Euro 29.1 m from Euro 21.8 m after the adoption of IFRS (Euro 2.6 m) and an increase in working capital mainly related to an increase in trade receivables. Net Debt/EBITDA ratio stood at 5.1x vs. 13.9x in FY 2018PF.

COMPARISON CHART – 1H VS 2H

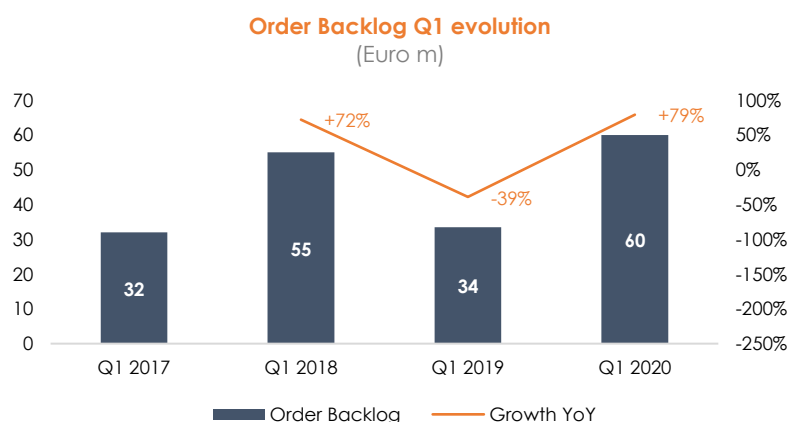
Euro m – IAS/IFRS	FY 2018 PF ¹	1H 2018PF ¹	2H 2018PF ¹	FY2019	1H 2019	2H 2019
Revenues (VoP)	58.0	31.5	26.6	58.3	28.7	29.6
YoY	-1.6%	n.a.	n.a.	+1%	-9%	+12%
Weight%	100%	54%	46%	100%	49%	51%
EBITDA	1.6	2.8	(1.2)	5.7	2.9	2.7
Margin	2.7%	8.9%	-4.7%	9.7%	10.2%	9.2%
EBIT	(1.6)	1.6	(3.2)	2.1	1.2	0.9
Margin	-2.9%	5.1%	-12.3%	3.5%	4.2%	2.9%
EBT	(2.4)	1.1	(3.5)	1.1	0.8	0.3
Net Profit	(1.7)	0.8	(2.5)	0.9	0.6	0.3

Source: Group consolidated data for FY and 1H and IR Top Research elaboration on Group consolidated data for 2H.

¹ Pro-forma consolidated results (unaudited) considering the business combination as of January 1st, 2018

OUTLOOK AND ESTIMATES

In the first months of 2020, the order inflow continued and Management has announced several projects for important clients which testifies that the Group is consolidating the role as a strategic supplier for primary international partners. At the end of Q1 20, the order backlog stood at Euro 60 m, +79% yoy (Euro 33.5 m as of March 2019) of which about Euro 32 m to be evaded within 2020. The higher Q1 order backlog of the last 4 years.



Source: Group data

Some of the orders worth mentioning includes:

- High Pressure Die Casting division (HPDC):
 - an America Tier 1 player for a value of Euro 1.7 m;
 - a primary American OEM for a value of Euro 4.2 m;
 - a multinational group within a larger project with an Italian car maker for a value of 2.7 m.
-
- Low Pressure Die Casting division (LPDC):
 - Baomarc Automotive Solutions Group for a value of Euro 2.2m.

As for COVID-19, the automotive market is expected to decrease by at least 20% this year (source: IHS Markit), however we recall that the demand of Costamp Group's products is driven, not by current volumes in the automotive market, but rather by new models projected in the next one to two years, and should therefore not be as affected by the current downturn. As for R&D, IHS reveals that the automotive R&D impact should

be concentrated in 2020, as OEMs and suppliers will have to retain a sustained R&D investment level despite a weaker revenue outlook beyond 2021.

It is still early to make any assumptions on the effects of FY20 financial results, so far the Group has not suffered any significant damage although production was partially halted, as order intake continued and R&D, engineering and administrative functions remained operational in smart working, in order to guarantee service continuity and focused on reducing delays in delivery times. The Foundry division has remained fully active as engaged in the production of medical equipment in aluminum.

Given the above, and following the positive FY 2019 results and order backlog we confirm our revenue and profitability assumptions for FY20 and 21. We however slightly adjusted working capital assumptions in line with FY19 as we believe that global economic environment should affect payment terms. We also stretched our time horizon to include 2022. Overall revenue and EBITDA 2019-2022 CAGR is expected at +9% and +23% respectively.

ESTIMATES REVISION

Euro m – IAS/IFRS	19A	20E Old	20E New	21E Old	21E New	22E New
Revenues (VoP)	58.3	62.5	62.5	68.5	68.5	75.0
yoy	+0.5%	+9.6%	+7.1%	+9.6%	+9.6%	+9.5%
EBITDA	5.7	6.8	6.8	8.9	8.9	10.5
margin	9.7%	10.9%	10.9%	13.0%	13.0%	14.0%
EBIT	2.1	3.1	3.4	5.0	5.4	6.8
margin	3.5%	4.9%	5.4%	7.3%	7.8%	9.1%
EBT	1.1	2.1	2.3	4.1	4.4	6.0
Net Profit	0.9	1.5	1.6	2.9	3.1	4.3

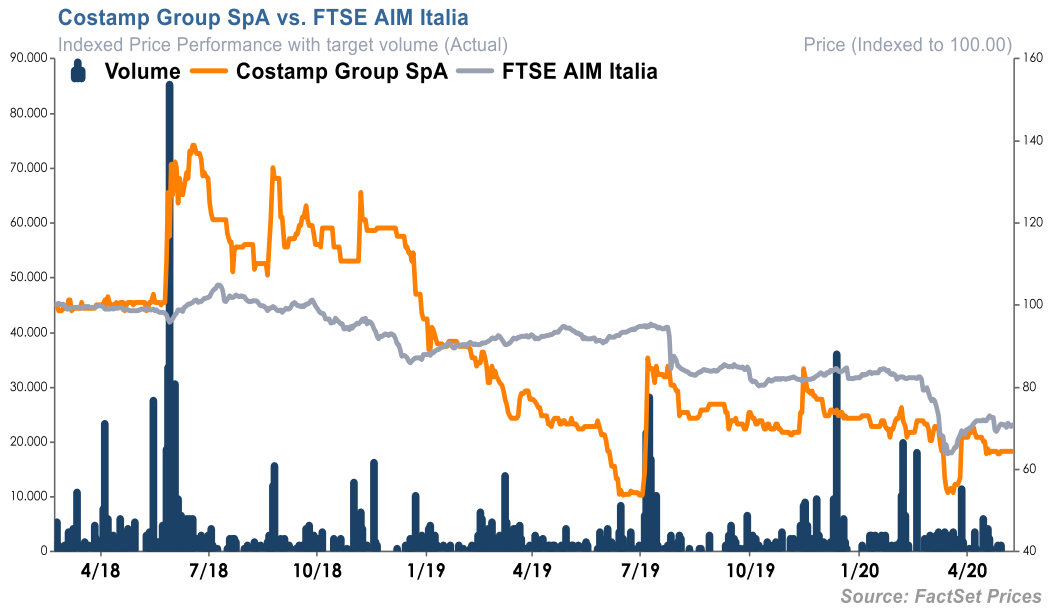
Euro m – IAS/IFRS	19A	20E Old	20E New	21E Old	21E New	22E New
Net Working Capital (NWC)	5.3	5.7	6.2	6.9	7.5	8.7
Fixed net assets	53.1	50.9	51.7	49.0	49.8	48.1
Funds	(5.8)	(6.4)	(5.8)	(6.5)	(5.9)	(6.1)
Net Capital Employed	52.7	50.2	52.1	49.4	51.4	50.7
Net Financial Position (Cash)	29.1	24.9	26.8	21.2	23.0	18.1
Equity	23.6	25.3	25.2	28.2	28.4	32.6
Sources	52.7	50.2	52.1	49.4	51.4	50.7

Source: Consolidated data (IAS/IFRS) for FY 2019, IR Top Research estimates for FY 2020-2022

VALUATION AND STOCK PERFORMANCE

Since our last report free float increase to 8.88% (6.59% previously) following an ABB in November 2019, but is however still limited which makes an efficient price formation difficult and causes low trading volumes and high volatility of the stock, with a YTD ADTT of Euro 6,704 and a 52 weeks high/ low ranging from Euro 2.60 – 1.60.

Based on our updated estimates, Costamp Group shares are currently trading at 16.2x – 12.4x EV/EBITDA respectively on 2020E-21E.



PEER COMPARISON

For a peer comparison we have selected two peer groups (i) selection of AIM Italia listed companies of the Manufacturing sector, and (ii) a peer group of international listed companies active in the automotive components industry.

AIM Italia listed peers

Euro m	Market Cap	Revenues			EBITDA			EBIT			EARNINGS		
		19E	20E	21E	19E	20E	21E	19E	20E	21E	19E	20E	21E
Clabo	8	57	65	74	7	9	11	2	4	6	0	1	3
Culti Milano	11	9	10	11	1	2	2	1	1	1	0	1	1
Fervi	26	29	23	27	4	3	4	3	2	3	3	2	2
Gel	7	17	17	19	2	2	3	1	1	2	0	0	1
Neodecortech	43	139	141	147	18	19	20	9	10	11	5	6	7
Rosetti Marino	162	339	399	440	33	15	20	25	9	14	4	3	7
SITI B&T Group	20	175	110	137	19	7	10	9	(49)	(1)	3	(8)	(5)
Median AIM Manufacturing	20	57	65	74	7	7	10	3	2	3	3	1	2
Costamp Group	82	58	63	68	6	7	9	2	4	5	1	2	3

The tables below show estimates and multiples about AIM Italia companies belonging to the Manufacturing sector.

	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
	19E	20E	21E	19E	20E	21E	19E	20E	21E	19E	20E	21E
Clabo	0.6	0.5	0.4	4.9	3.9	2.8	15.7	9.1	5.3	37.7	5.4	2.9
Culti Milano	1.1	0.9	0.8	6.9	6.1	5.2	16.0	11.4	9.3	37.8	22.7	18.9
Fervi	0.9	1.0	0.7	5.5	6.9	4.8	7.2	10.0	6.0	9.9	15.4	10.5
Gel	0.8	0.7	0.5	5.6	5.0	3.4	14.0	10.6	5.6	23.0	14.4	7.7
Neodecortech	0.6	0.6	0.5	4.7	4.2	3.8	9.4	7.6	7.0	8.8	6.6	6.2
Rosetti Marino	0.1	0.2	0.2	1.3	5.3	3.7	1.7	9.0	5.3	36.4	52.1	23.2
SITI B&T Group	0.5	1.0	0.7	4.2	16.2	9.1	9.3	n.s.	n.s.	6.8	n.s.	n.s.
Median AIM Manufacturing	0.6	0.7	0.5	4.9	5.3	3.8	9.4	9.6	5.8	23.0	14.9	9.1
Costamp Group	1.9	1.7	1.5	19.2	15.0	11.5	51.6	30.2	19.6	96.2	52.8	27.7
Discount/Premium to peers	212%	157%	190%	289%	185%	202%	450%	215%	237%	318%	254%	205%

Source: PMI Capital as of May 8th, 2020

International peers

The following peer group has been selected considering worldwide listed companies active in the automotive components industry.

Euro m	Country	Market Cap	Revenues			EBITDA		
			2019E	2020E	2021E	2019E	2020E	2021E
Aisin Seiki Co Ltd	Japan	7,792	32,312	30,529	33,224	2,589	2,894	3,637
American Axle & Manufacturing Holdings	USA	620	6,022	4,091	4,900	895	487	678
Borg Warner Inc	USA	5,604	9,373	7,460	8,954	n.a.	n.a.	n.a.
Brembo S.p.A.	Italy	2,496	2,592	2,329	2,510	1,553	992	1,386
Endurance Technologies	India	1,048	n.a.	906	1,013	513	410	467
Exco Technologies Limited	Canada	177	347	269	289	n.a.	149	167
Georg Fisher	Switzerland	2,754	3,502	3,126	3,392	43	29	36
OSG Corp	Japan	1,201	1,037	977	1,085	356	287	387
Timken Company	USA	2,684	3,445	2,959	3,187	244	206	248
Valeo SA	France	4,989	19,477	17,251	19,597	649	501	583
Peers median		2,496	3,502	3,043	3,290	649	448	525
Costamp Group	Italy	82	58	63	68	6	7	9

	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
	19E	20E	21E	19E	20E	21E	19E	20E	21E	19E	20E	21E
Aisin Seiki Co Ltd	0.4	0.5	0.4	5.2	5.0	4.0	27.9	22.6	11.2	34.3	17.0	8.2
American Axle & Manufacturing Holdings	0.7	0.8	0.7	4.6	7.0	5.1	10.1	62.1	14.7	3.7	n.a.	22.7
Borg Warner Inc	1.0	0.9	0.7	6.1	6.7	4.8	8.4	11.5	7.0	7.1	15.4	8.8
Brembo S.p.A.	1.6	1.2	1.1	7.9	6.8	6.0	12.8	13.4	10.4	10.5	17.7	13.1
Endurance Technologies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.8	14.9	12.8
Exco Technologies Limited	0.6	0.6	0.6	4.7	5.9	4.9	6.8	10.5	8.3	8.4	14.5	10.9
Georg Fisher	1.2	1.0	0.9	11.8	10.5	7.8	18.0	18.2	11.6	16.8	23.0	14.6
OSG Corp	1.8	1.4	1.3	7.8	6.8	5.6	11.9	13.3	9.8	10.1	17.1	12.5
Timken Company	1.6	1.5	1.4	8.4	8.7	7.5	10.7	12.4	10.5	8.5	14.8	10.9
Valeo SA	0.6	0.5	0.5	4.7	4.9	3.7	13.0	24.3	9.7	10.9	n.a.	11.9
Peers median	1.0	0.9	0.7	6.1	6.8	5.1	11.9	13.4	10.4	10.3	16.2	12.2
Costamp Group	1.9	1.7	1.5	19.2	15.0	11.5	51.6	30.2	19.6	96.2	52.8	27.7
Discount/Premium to peers	85%	91%	105%	213%	121%	128%	335%	126%	88%	833%	226%	126%

Source: PMI Capital for Costamp Group as of May 8th, 2020 and FactSet data as of May 8th, 2020 for peers

COSTAMP GROUP IN BRIEF

COMPANY PROFILE

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). The Group closed FY 2019 with revenues of Euro 58.3 m, of which 47% realized outside Italy, and 9.7% of EBITDA margin.

INNOVATION

The Group's products are characterized by high quality guaranteed by continuous investments in R&D thanks to a strong team of engineers (24, 8% of total employees) and aimed at improving production portfolio and increase production efficiencies.

- Puzzle Die Configuration
- Low Pressure Forging Technology
- Cavity Insert Fast Change Configuration
- Partnership with Italcementi

REFERENCE MARKET

The Group's reference market is the global automotive market, although we recall that the demand for Costamp's products is driven, not by current volumes in the automotive market, but rather by new models projected in the next one to two years. In the wake of COVID-19 the Global light vehicle sales are forecasted to be down by 22% to 70.3 million units this year according to IHS Markit. Likewise, regional forecasts have been impacted substantially, and impacts are being felt as facilities across key regions remain closed, while recovery gets underway in others. More in particular for the full year Europe is expected to drop by 24% and North America by 25% while Asia should be down by c. 17% with China falling by 16%. As for R&D, IHS reveals that the automotive R&D impact should be concentrated in the coming year, as OEMs and suppliers will have to retain a sustained R&D investment level despite a weaker revenue outlook beyond 2021.

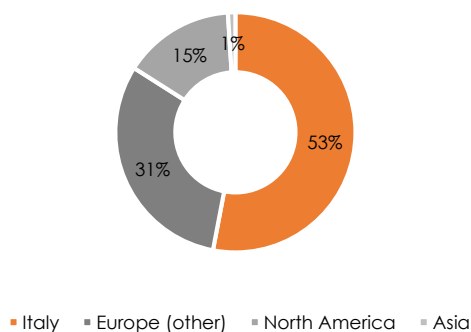
KEY SUCCESS FACTORS

- Leadership in its reference market
- Highly technological Group with constant focus on R&D
- Market growth drivers and regulatory
- International presence and competitive positioning

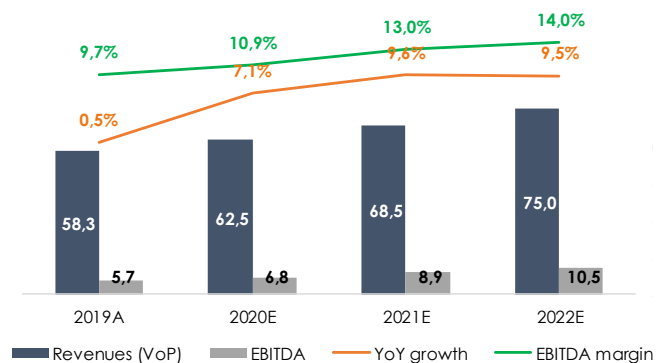
STRATEGY

- 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 the Group;
- 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.

Revenues FY 2019
Breakdown by geographical area



Revenues (VoP) and EBITDA evolution
(Euro m)



COSTAMP GROUP ON AIM ITALIA

IPO

Trading Market: AIM Italia – Borsa Italiana SpA
Date: December 5th, 2014
Price: Euro 2.5
Capital raised: Euro 3.0 m (Euro 1.5 m Equity and Euro 1.5 m POC)
Capitalisation: Euro 9.5 m

REVERSE TAKE-OVER

Date of contribution: February 21st, 2018
Takeover bid: from April 3rd to April 23th 2018
Price of Takeover bid: Euro 3.00
Second Takeover bid (purchase obligation): from May 7th to May 25th, 2018
Price of second Takeover bid: Euro 3.00

SHARES (as of May 8th, 2020)

Code: MOLD
Bloomberg: MOLD IM
Reuters: MOLD.MI
ISIN: IT0005068249
Shares: 42,605,447
Share capital: Euro 2,130,272
Price: Euro 1.92
Performance from IPO: -23%
Capitalisation: Euro 81.8 m
Free Float: 8.88%
NomAd: Banca Intermobiliare SpA
Specialist: Invest Banca SpA
Auditing firm: Pricewaterhouse Coopers SpA

The share capital subscribed and paid up is Euro 2,130,272, made up by 42,605,447 ordinary shares.
The Company currently has the following shareholders' structure:

Shareholder	N° of shares	%
Co.Stamp Srl	38,768,407	90.99%
Tresury shares	54,753	0.13%
Market	3,782,287	8.88%
Total	42,605,447	100.00%

Source: Company data as of May 8th, 2020

DISCLAIMER

UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on Costamp Group (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on November 13th 2019. Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results. During the last 12 months, the following indications have been disseminated:

	Target Price	Market Price	Validity Time
May 11 th , 2020	U.R.	1.92	12 months
November 13 th , 2019	U.R.	2.20	12 months
October 30 th , 2018	U.R.	3.30	12 months
June 18 th , 2018	3.32	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. 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

Luisa Primi, (Senior Analyst, AIAF Associated)
Andrea Praga, (Analyst)
Chiara Cardelli, (Researcher)

No other people or companies participated or anyhow contributed to the Research. Neither the members of the research team, nor any person closely associated with them have any relationships or are involved in circumstances that may reasonably be expected to impair the objectivity of the Research, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them, who was involved in producing the Research.

INTERESTS INVOLVED AND CONFLICTS: This document has been prepared by IR Top, *Partner Equity Markets* of Italian Stock Exchange, part of LSE Group, on behalf of the Company according to a contract, under which IR Top undertook to prepare this report expressing only independent, fair and balanced views on the Company. The fees agreed for this Research do not depend on the results of the Research. This Research has been disclosed to the issuer to which the Research, directly or indirectly, relates before its release. It is incumbent on the Company to provide timely and constructive feedback on draft Research prior to publication. It is IR Top's sole discretion as to whether comment and feedback from the Company is incorporated into the Research prior to publication and where it is, a further iteration to the draft will be sent to the Company for comment.

IR Top is also engaged in investor relations services in the interest of the Company and might occasionally be involved in other consulting activities intended to increase the value of the Company. In any case, Chinese Walls and other information barriers are in place to avoid the exchange of confidential information between the Equity Research Department and other services areas; employees and advisors involved in such services have restrictions preventing them from the access to confidential information that cannot be published. IR Top restricts research analysts from performing roles, which could prejudice the independence of their research. In particular:

- they are permitted to attend and speak at widely attended conferences or other widely attended events at which IR Top colleagues and clients, among others, may also be present, provided that their independence may not be affected. These widely attended conferences/events may include some investor presentations by clients of investor relations services.
- Analysts are also permitted to attend and speak at conference calls or meetings between analysts and bankers, investors or customers in which are discussed Research reports already published or general view on specific sectors. In such cases, at the start of that meeting, bankers, investors or customers need to be clarified that the discussion cannot involve the communication of privileged information to the analyst as the analyst would be prohibited from producing new research report on the companies whose privileged information has been disclosed.

Members of the Research Team do not receive salaries, commissions, bonuses or any other form of compensation based upon specific investment banking transactions or securities' performances. IR Top and the members of the Research Team do not have any further interest or conflict of interest directly or indirectly related with the Research, the Company or the securities, that may reasonably be expected to impair the objectivity of the Research. There are no other interests or conflicts of interest of any person belonging to the same group of IR Top that are: (a) known, or reasonably expected to be known, to the persons involved in the production of the recommendation; or (b) known to persons who, although not involved in the production of the recommendation, have or could reasonably be expected to have, access to the recommendation prior to its completion.

In any case, as a general Policy, nobody of the Research Team nor IR Top is allowed to have a financial interest in the securities of the client company or serve as an officer, director or advisory board member of the client company. Analysts must not undertake personal transactions on financial instruments that are object of the investment research or that relate to the same industry. Exceptions may be made with the prior approval of IR Top's CEO in special circumstances such as for disposal of (a) positions already held before the employment or before the implementation of the company policy, or when initiating coverage and (b) positions obtained as a result of the issuer extraordinary activities. By the way, when analysts hold instruments to which Equity Research relates, they are required to disclose their interests in Research reports. Any trades that analysts make must be in line with their recommendation(s), contained in the last published Research. An analyst is prohibited from producing a Research on an issuer if the analyst carries out activities for which he receives compensation from the issuer. If an analyst's household member / relative / relative in-law (within the second degree) serves in such a high capacity for the issuer (i.e. manager or director), the analyst has to inform IR Top's CEO and the analyst will cease covering the issuer.

POLICY: IR Top has in place a "Joint conflict management policy" in order to effectively manage any conflicts of interest, and an "Equity Research Policy", in order to rule research services in compliance with Parliament Regulation (EU) no. 596/2014 and Commission Delegated Regulation (EU) no. 958/2016 on Market Abuse. IR Top has adopted the "Joint conflict management policy" in accordance with best practice regarding "information barriers" to restrict the flow of information to prevent the misuse of information and/or prevent any conflicts of interest arising from other activities of IR Top. A copy of these policies is available to the recipient of this Research upon making a request to IR Top by e-mail.

DISCLAIMER: This report has been prepared solely for information purpose and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. IR Top does not accept any liability for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of IR Top. Opinions and estimates in this Research are as at the date of release and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this Research may not be suitable for all investors. In any case, you should consult your investment advisor. This document is intended for distribution only to E.U. "qualified investors" and to "qualified counterparties" resident in Italy, within the meaning of article 2(1)(e) of the prospectus directive (directive 2003/71/EC) and Consob Reg. 16190, as subsequently amended and supplemented; its distribution in USA, Canada, Australia, Japan is not allowed. In Italy, this document is being distributed only to, and is directed at qualified investors within the meaning of article 100 of legislative decree no. 58 of 24 February 1998, as amended, and article 34-ter, paragraph 1, letter b), of Consob regulation on issuers no. 11971 of May 14, 1999, provided that such qualified investors will act in their capacity and not as depositaries or nominees for other shareholders, such as persons authorized and regulated to operate in financial markets, both Italian and foreign.

DISTRIBUTION: In the United Kingdom, this document is not for distribution to persons that would be defined as private customers under rules of the FSA; it is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the financial promotion order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FINANCIAL SERVICES AND MARKETS ACT 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This document is not addressed to any member of the general public and under 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) distribution channels through which information is or is likely to become available to a large number of persons.

IR TOP CONSULTING SPECIFIC DISCLOSURES: We disclose that IR Top acts as Investor Relations and Financial Communication advisor for the Company.