

Vimi Fasteners

Sector: Industrial fasteners



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Sky getting clearer also thanks to smart M&A

Vimi Fasteners Group designs and manufactures highly engineered fastening solutions for a broad variety of Industrial applications ranging from Automotive to Oil & Gas, Infrastructures, and Aerospace.

FY22 – €52.5mn Revenues and €6.1mn EBITDA

FY22 results were in line with our expectations as the top line and cash generation are concerned, while a bit short on operating profitability:

- ◆ Revenues up double-digit (+15.5% y/y) at €52.5mn, driven by healthy market rebound and a partial price rebate to clients of rising costs. The best y/y performance was achieved in the Industrial segment (currently at 57% of total), followed by Energy;
- ◆ EBITDA down -9.4% y/y at €6.1mn, (EBITDA Margin at 11.4%) burdened by rising production costs (energy, raw materials) and by some non-recurring costs at MF Inox level due to mgmt. changes;
- ◆ Net Debt Position at €14.1mn, lower by ca. €2.2mn vs. end of Dec '21.

Filostamp: a very positive M&A deal

Vimi has just finalized the acquisition of 100% stake of Filostamp, a manufacturer of fastening solutions for Automotive lightening and braking systems and, lately, for Industrial components. In FY22 Filostamp has reported (IAS/IFRS) €8.0mn Revenues, €1.8mn EBITDA and €1.0mn Net Debt Position. We appreciate the rationale of the acquisition allowing: i) to optimize Vimi's investments, by means of machinery already owned; ii) to unlock several industrial and commercial synergies.

FY23E-25E estimates revision

We are revising our 2023E-25E estimates by taking account: i) the impact of Filostamp deal; ii) a more positive view on organic business development. We now expect Revenues from Sales to reach €68.6mn in 2025E (9.3% CAGR22-25E), EBITDA to land at € 9.2mn in 2025E, (EBITDA margin at ca. 13.5%), and Net Debt at 1.5x EBITDA in 2025E.

Fair Value revised upward at €2.70 (from €2.26)

Based on current €1.54 market price and updated estimates, Vimi boasts ca. €21.0mn market capitalization, (0.7x-5.5x-10.9x EV/Sales, EV/EBITDA and P/E 2023E PF respectively), definitively a too undervalued figure.

Value creation from Filostamp deal and peers rerating drive our Vimi fair value per share at €2.70 (from €2.26). At fair value, the stock would trade at 1.0x EV/Sale and 8.1x EV/EBITDA 2023E, respectively.

Fair Value (€)	2.70
Market Price (€)	1.54
Market Cap. (€m)	21.0

KEY FINANCIALS (€m)	2022A	2023E	2024E
VALUE OF PRODUCTION	53.3	61.0	66.5
EBITDA	6.1	7.2	8.6
EBIT	2.3	2.6	3.5
NET PROFIT ADJ.	1.7	1.9	2.4
EQUITY	30.3	31.4	33.9
NET FIN. DEBT	-14.1	-22.1	-17.5
EPS ADJ. (€)	0.13	0.14	0.18
DPS (€)	0.05	0.00	0.13

Source: Vimi Fasteners (historical figures), Value Track (23E-24E est.)

RATIOS & MULTIPLES	2022A	2023E	2024E
EBITDA MARGIN (%)	11.4%	11.9%	12.9%
EBIT MARGIN (%)	4.3%	4.3%	5.3%
NET DEBT / EBITDA (x)	1.5	2.3	1.4
NET DEBT / EQUITY (x)	47%	70%	52%
EV/TOT.REV. (x)	0.6	0.7	0.6
EV/EBITDA (x)	5.7	5.9	4.4
P/E ADJ. (x)	11.7	10.9	8.4
DIV YIELD (%)	3.5	0.0	8.3

Source: Vimi Fasteners (historical figures), Value Track (23E-24E estimates)

STOCK DATA

FAIR VALUE (€)	2.70
MARKET PRICE (€)	1.54
SHS. OUT. (m)	13.6
MARKET CAP. (€m)	21.0
FREE FLOAT (%)	21.3
AVG. -20D VOL. (#)	5,071
RIC / BBG	VIM.MI / VIM.IM
52 WK RANGE	0.98 – 1.79

Source: Stock Market Data



Business Description

Vimi Fasteners is a leading player in the design and manufacturing of highly engineered fastening solutions, such as screws, studs and nuts, for a broad range of Industrial applications, ranging from Automotive to Oil & Gas and Aerospace.

The Group is specialised in the production of high-performance fastening solutions for high temperature and high resistance applications.

Key Financials

€mn	2022A	2023E	2024E	2025E
Value of Production	53.3	61.0	66.5	69.9
Chg. % YoY	11.2%	14.3%	9.0%	5.1%
EBITDA	6.1	7.2	8.6	9.2
EBITDA Margin	11.4%	11.9%	12.9%	13.2%
EBIT	2.3	2.6	3.5	4.0
EBI Margin	4.4%	4.4%	5.4%	5.9%
Net Profit	1.7	1.9	2.4	2.8
Chg. % YoY	-16.4%	7.5%	30.1%	14.4%
Adjusted Net Profit	1.7	1.9	2.4	2.8
Chg. % YoY	-0.3%	7.5%	30.1%	14.4%
Net Fin. Debt	14.1	22.1	17.5	13.8
Net Fin. Debt / EBITDA ADJ. (x)	2.3	3.1	2.0	1.5
Adj. Net Fin. Debt (*)	9.1	16.8	12.2	nm
Adj. Net Fin. Debt / EBITDA ADJ. (x)	1.5	2.3	1.4	nm
Capex	-2.8	-2.1	-2.0	-2.1
OpFCF b.t.	2.3	3.0	5.7	6.6
OpFCF b.t. as % of EBITDA ADJ.	37.8%	41.3%	66.0%	71.5%

Source: Vimi Fasteners (historical figures), Value Track (estimates). (*) excl. IFRS16 and MF Inox earn-out

Investment case

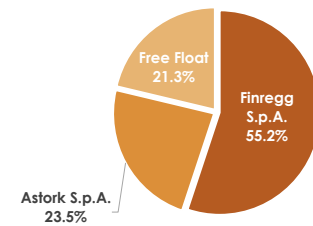
Strengths / Opportunities

- ◆ Highly engineered products with strong attention to quality;
- ◆ Presence in fast-growing end-markets (high end automotive, industrial sectors);
- ◆ Approach to clients based on co-engineering and strong partnerships;

Weaknesses / Risks

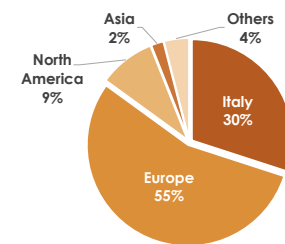
- ◆ Lack of a global manufacturing footprint and limited market coverage;
- ◆ Lower size if compared to main competitors.

Shareholders Structure



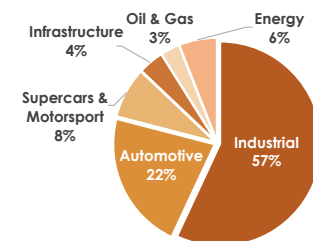
Source: Vimi Fasteners

FY22 Revenues by Geography



Source: Vimi Fasteners

FY22 Revenues by Industry



Source: Vimi Fasteners

Stock multiples @ €2.70 Fair Value

	2023E	2024E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	8.1	6.3
EV / CAP.EMP. (x)	1.1	1.1
OpFCF Yield (%)	6.8	12.1
P / E ADJ (x)	19.6	15.0
P / BV (x)	1.2	1.1
Div. Yield. (%)	0.0	4.6

Source: Value Track

FY22 – Financial Results

Vimi Fasteners FY22 financial figures are on track with our full-year estimates as far as the top line is concerned, slightly lower on profitability due to higher Operating Expenses, and slightly better as far as the Net Financial Position is concerned.

Key messages:

- ◆ **Increasing demand across end-markets**, supported by higher orders collected from customers, with order backlog at €37.7mn as of the end of Dec '22, i.e., approx. €4mn higher than €33.5mn recorded the previous year;
- ◆ **Industrial macro-sector getting more and more important**. The incidence on Sales of the automotive industry is decreasing (currently at 22% on Sales, to which we have to add some 8% incidence of Supercar segment), leading to enhance Industrial (at 57% on Sales) and Energy (at 6% on Sales) industries rise, in line with Group's diversification strategy;
- ◆ **Operating profitability burdened by rising costs**, such as energy costs, inflation on raw materials, some overlap costs due to management change at MF Inox level.

Sales up at double-digit speed, whilst profitability slightly down

FY22 financial results look consistent with our full year expectations, as the top line and cash generation are concerned, while a bit short on operating profitability. In details:

- ◆ **Revenues from Sales were up double-digit (+15.5% y/y)**, thanks to higher volumes recorded across end-markets and geographies, also benefitting from not demanding y/y comparison;
- ◆ **EBITDA was down -9.4% y/y at €6.1mn**, negatively impacted by a significant increase in production costs, offsetting the positive effects of the recovery;
- ◆ **Net Debt Position at €14.1mn**, lower by ca. €2.2mn vs. end of Dec '21.

Vimi Fasteners: FY20-FY21-FY22 Key Financial Items

(€mn)	FY21	FY22	y/y (%)	FY22 est. VT	y/y (%)
Value of Production	48.0	53.3	11.2%	53.0	0.7%
Revenues from Sales	45.5	52.5	15.5%	51.9	1.2%
Other	2.5	0.8	-66.2%	1.1	-24.3%
EBITDA	6.7	6.1	-9.4%	5.2	18.1%
<i>EBITDA Margin (%)</i>	14.8%	11.6%	-318bps	9.8%	179bps
Net Profit	2.1	1.7	-16.4%	1.0	74.6%
Net Fin. Position [Cash (+)]	-16.3	-14.1	2.2	-14.5	0.4

Source: Vimi Fasteners, Value Track analysis

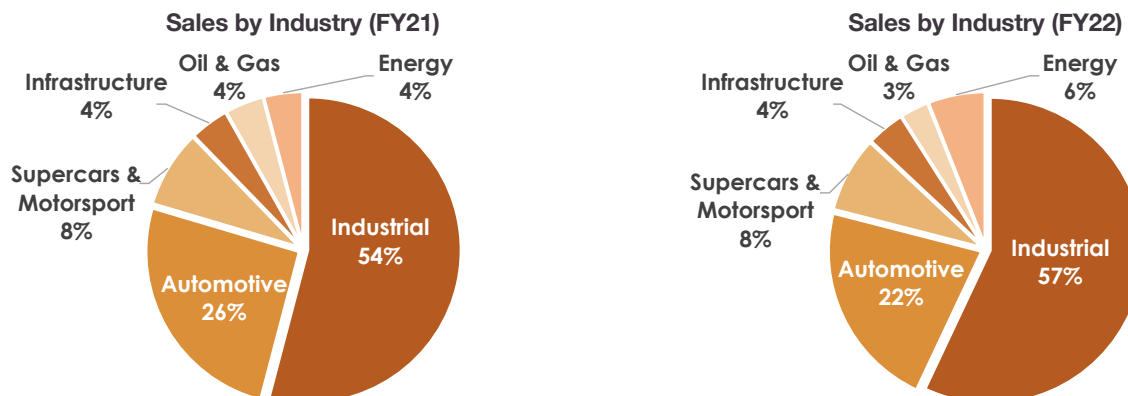
Sales at €52.5mn (+15.5% y/y)

Revenues from Sales came in at €52.5mn in the full year, up 15.5% vs. €45.5mn achieved in FY21, driven by stronger and reliable market demand and a partial price rebate to clients of rising costs.

In terms of sectors, the best y/y performance was achieved by the **Industrial** one (currently at 57% of total vs. 54% in FY21), followed by Energy (currently at 6% of total vs. 4% in FY21).

Worthy to note, the Automotive sector has shown a less pronounced y/y growth, with incidence on Sales decreasing to 22% in FY22, from 26% recorded in FY21, to the advantage of Industrial one, in line with the Group’s diversification strategy.

Vimi Fasteners: Sales by Industry FY21 – FY22



Source: Value Track Analysis

Looking at the different markets’ evolution, we highlight:

- ◆ **Domestic Sales** stood at ca. €15.8mn, or 30% of total, slightly up +6.8% y/y;
- ◆ **Foreign Sales** stood at 70%, of which: i) 55% EU (excluding Italy) at ca. €22.0mn (+31% y/y), ii) 9% North America, at €4.7mn, +0.2% y/y), and lastly iii) RoW sales at €3.9mn (down from €4.6mn recorded in FY21).

Other Revenues stands at €0.5mn mostly relate to public grants due to R&D projects, for the development of highly performing fastening systems to be applied in the aerospace, motorsport, high-end automotive and supercar, as well for new mild and full electric powertrains.

Lastly, capitalized development costs stood at €0.3mn, down from €1.0mn as of FY21.

Vimi Fasteners: Top-line evolution in FY20-FY21-FY22

(€mn)	FY20	FY21	FY22	y/y (%)
Italy	11.4	14.8	15.8	6.8%
European Union (exc. Italy)	18.8	22.0	28.9	31.0%
US & Canada	2.9	4.7	4.7	0.2%
Others	4.6	3.9	3.2	-20.1%
Revenues from Sales	37.6	45.5	52.5	15.5%
Capitalized development costs	0.8	1.0	0.3	nm
Other Revenues	0.6	1.5	0.5	nm
Value of Production	39.1	48.0	53.3	11.2%

Source: Vimi Fasteners, Value Track Analysis

EBITDA at €6.1mn (-9.4% y/y), EBITDA Margin at 11.4% (-259bps y/y)

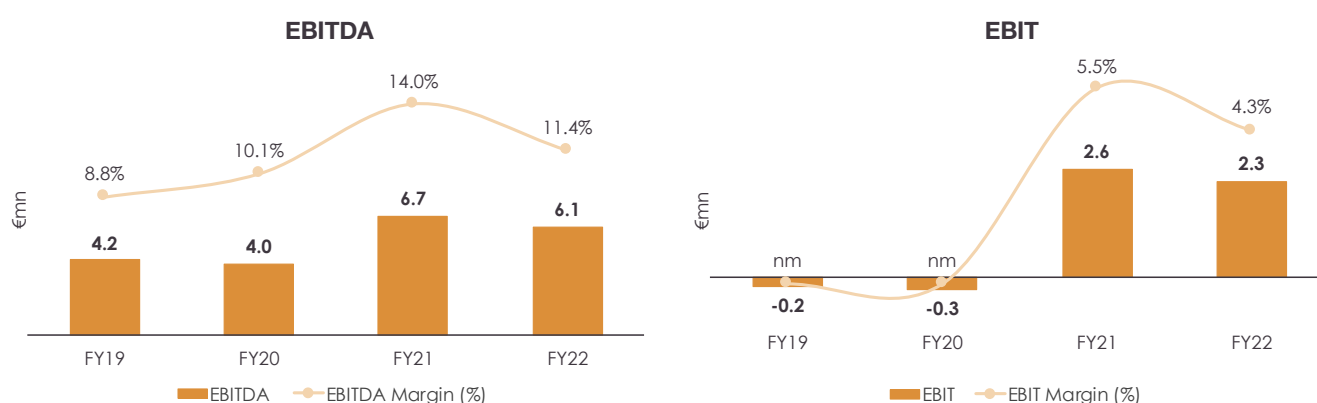
In spite of top-line growing at double-digit rate, EBITDA was down -9.4% y/y, at €6.1mn with an EBITDA Margin of 11.4%, ca. -259bps vs. FY21.

The main drivers of margin drop are rising costs not entirely rebated to clients, such as raw materials / commodities, energy costs, and some non-recurring costs at MF Inox level due to management changes.

Indeed, Vimi faced a higher incidence of Raw materials & consumptions at 36.1% (vs. 33.1% in FY21, +26.7% y/y), lightening by the y/y decrease in Services costs' impact on VoP (at €13.6mn, +10.6% y/y), while Workforce costs stood at €14.3mn (+5.1% y/y).

Almost unchanged y/y D&A charges (€0.3mn less) translate into a €2.3mn EBIT (vs €2.6mn in FY21), while at the bottom line, Net Profit stood at €1.7mn (-16.4% vs. FY21).

Vimi Fasteners: EBITDA and EBIT evolution from FY19 to FY22



Source: Value Track Analysis

Vimi Fasteners: P&L evolution in FY20-FY21-FY22

(€mn)	FY20	FY21	FY22	y/y (%)
Revenues from Sales	37.6	45.5	52.5	15.5%
Other	1.4	2.5	0.8	-66.2%
Value of Production	39.1	48.0	53.3	11.2%
Raw Materials & Consumptions	-14.1	-15.0	-19.0	26.7%
Services	-9.5	-12.3	-13.6	10.6%
Labour	-11.2	-13.6	-14.3	5.1%
Other	-0.4	-0.3	-0.4	33.3%
EBITDA	4.0	6.7	6.1	-9.4%
<i>EBITDA Margin on VoP (%)</i>	<i>10.1%</i>	<i>14.0%</i>	<i>11.4%</i>	<i>-259bps</i>
D&A	-4.3	-4.1	-3.8	-8.0%
EBIT	-0.3	2.6	2.3	-11.7%
<i>EBIT Margin on VoP (%)</i>	<i>nm</i>	<i>5.5%</i>	<i>4.3%</i>	<i>-112bps</i>
Net financial income/expenditure	-0.5	-0.3	-0.4	5.0%
Pre-Tax Profit	-0.8	2.3	2.0	-14.1%
Taxes	0.6	-0.2	-0.2	10.6%
Net Profit	-0.3	2.1	1.7	-16.4%

Source: Vimi Fasteners, Value Track Analysis

Substantially stable NWC but improvement in Net Debt position

At Balance Sheet / Cash Flow statement level, we note the following:

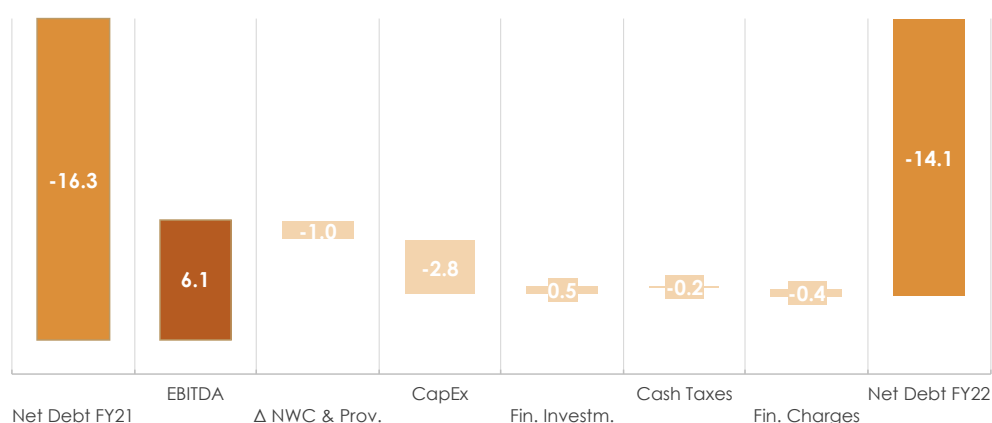
- ◆ **Net Working Capital substantially stable y/y at €10.5mn** (from €9.8mn as of FY21), while improving as a % of Sales, as it moved from 21.5% of Dec '21 to 20.0% at the end of Dec '22. We note the €1.8mn increase in inventories (restocking and higher prices effect) being offset by lower Receivables (ca. €0.7mn), with Payables substantially unchanged;
- ◆ **Lower Net Financial Debt vs. FY21 at €14.1mn, despite €2.8mn Capex** (o/w approx. €800k photovoltaic system, such as to cover 30% of Company's energy requirements, and less than €600k for a MISE-funded project) because of the lower Total Capital Employed grade and Group Net Equity rise;
- ◆ **Net debt/EBITDA ratio at 2.3x.**

Vimi Fasteners: FY21, FY21 and FY22 Balance Sheet

(€ mn)	FY20	FY21	FY22
Net Fixed assets	38.4	37.0	35.9
Net Working Capital	9.4	9.8	10.5
Inventories	9.4	11.2	13.0
Days of Inventory on Hand (x)	87.8	85.2	88.9
Trade Receivables	9.6	10.5	9.8
Days of Trade Receivables (x)	89.6	79.9	67.1
Trade Payables	7.5	9.5	9.2
Days of Trade Payables (x)	70.0	72.3	62.9
Other current Assets / Liabilities	-2.1	-2.4	-3.1
(Severance pay and funds)	2.2	2.3	2.1
Total Capital Employed	45.6	44.5	44.3
Group Net Equity	26	28.2	30.3
Net Fin. Position [Net debt (-) / Cash (+)]	-19.6	-16.3	-14.1

Source: Vimi Fasteners, Value Track Analysis

Vimi Fasteners: Net Debt bridge FY21-FY22



Source: Value Track Analysis

Acquisition of Filostamp

In the latest few weeks, Vimi has finalized the acquisition of **100% stake of Filostamp**, a 1975-founded manufacturer of fastening solutions for Automotive lightening and braking systems and, lately, for Industrial components.

Filostamp is based in Alpignano (Turin), and operates with the most modern technologies available on a total plant area of 12.000 sqm and with ca. 50 employees.

Filostamp financials at a glance

In FY22 Filostamp achieved the following financial results:

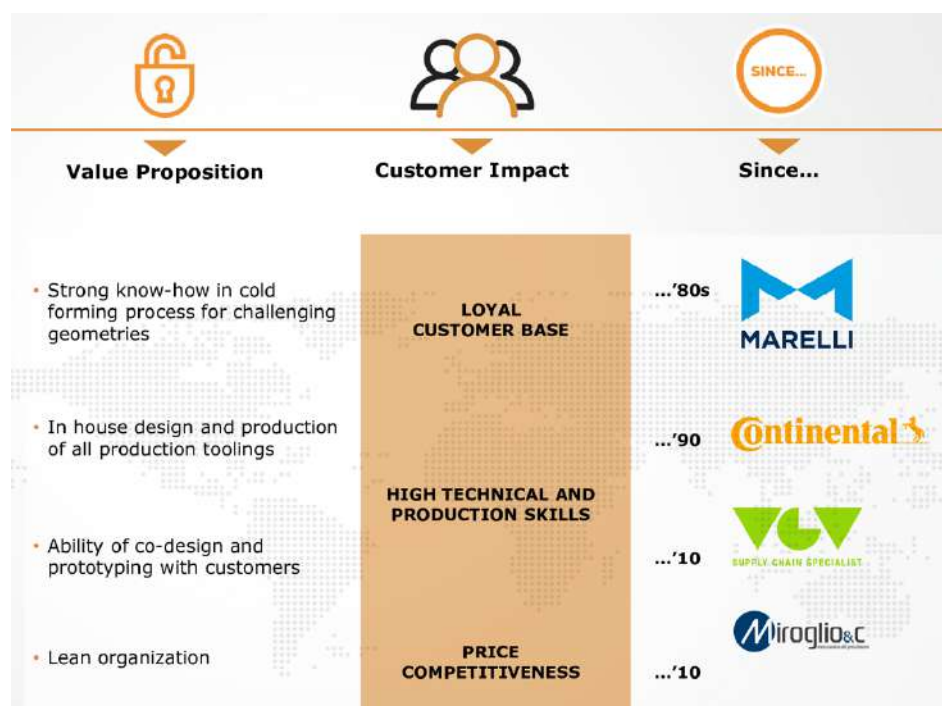
- ◆ **Revenues: €8.0mn** (vs. €7.3mn in FY21, +9.8% y/y);
- ◆ **EBITDA: €1.8mn**, i.e., ca. 22.5% on Revenues, according to accounting standards IAS/IFRS (net of lease payments and rents);
- ◆ **Cash and cash equivalents amounting to ca. €1.3mn and no bank debts.** However, as Filostamp has outstanding rental and leasing contracts, when they will be accounted under IFRS16, they would result in a debt of ca. **€1.0mn** as of FY22.

Filostamp key business features

We highlight the following key points on Filostamp’s business features:

- ◆ Strong industrial know-how;
- ◆ Lean organization;
- ◆ Up-to-date and scalable output capacity thanks to recently acquired machineries;
- ◆ Top tier and fidelized client base (Marelli, Continental, etc...)

Filostamp: Business Model and Customer Loyalty



Source: Vimi Fasteners’ Company Presentation

Terms of the deal

Filostamp equity has been valued €10mn to be paid in **#4 payment tranches** (without interest bearing):

- ◆ €5.1mn at Closing Date (April 2023);
- ◆ €0.9mn at 12-months after Closing Date;
- ◆ €2.0mn on 30 April '25;
- ◆ €2.0mn on 30 April '27.

Going more in details, the first tranche has paid by an intercompany loan signed with Finregg S.p.A., while the following tranches should be paid with internally generated financial resources.

Our view on the deal

From an industrial point of view, we believe that the deal is very positive for Vimi Fasteners. Indeed, Filostamp has a very up-to-date and scalable output capacity relying on:

- ◆ #20 cold forming machines (two new units);
- ◆ #13 thread rolling machines;
- ◆ #31 machines for secondary operations (two new unites);
- ◆ #5 vertical press machines and #7 optical and mechanical sorting machines.

Such output capacity can be utilized by Vimi to serve its current and prospect clients without the need to acquire new expensive machineries, thus unlocking valuable production synergies, also in the form of less outsourcing.

Furthermore, we expect the two companies to develop material commercial synergies, resulting from the possibility of using Vimi's sales network – especially abroad – to offer customers a wider range of products.

Filostamp: Main Synergies/Additions with Vimi



Source: Vimi Fasteners' Company Presentation

Last but not least, we appreciate the deal also from a financial point of view. Indeed, we calculate that Vimi is acquiring Filostamp at a not so expensive 4.8x EV/EBITDA'22A multiple, and if we carve out the value of ready-to-go industrial synergies (ca. €5mn capex saved) the implied EV/EBITDA'22A multiple is lower than 3x.

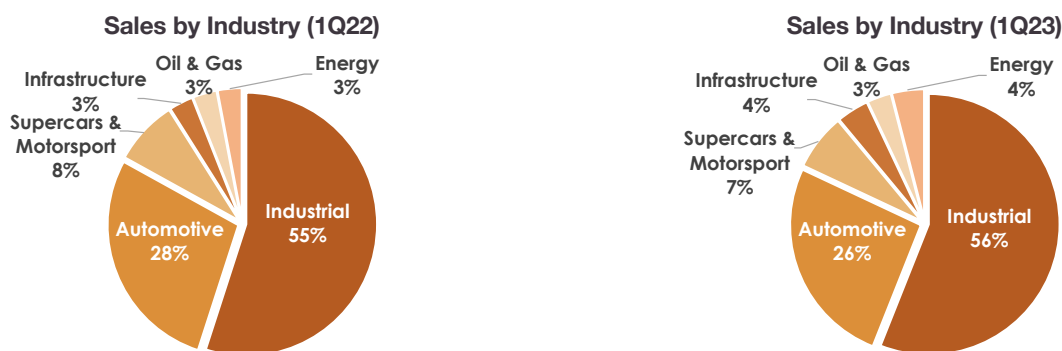
1Q23 & 2023E-24E: Outlook and Est. updates

1Q23 – Financial results

Vimi Fasteners has already unveiled some 1Q23 financial figures, that we see as very good, experiencing Revenues’ double-digit growth y/y and an improvement in the Net Debt position. More in details, we highlight the following:

- ◆ **Value of Production** reaching **€14.4mn**, +13.7% y/y. To note that the Industrial sector has further increased its incidence on total (now at ca. 56% on Sales);

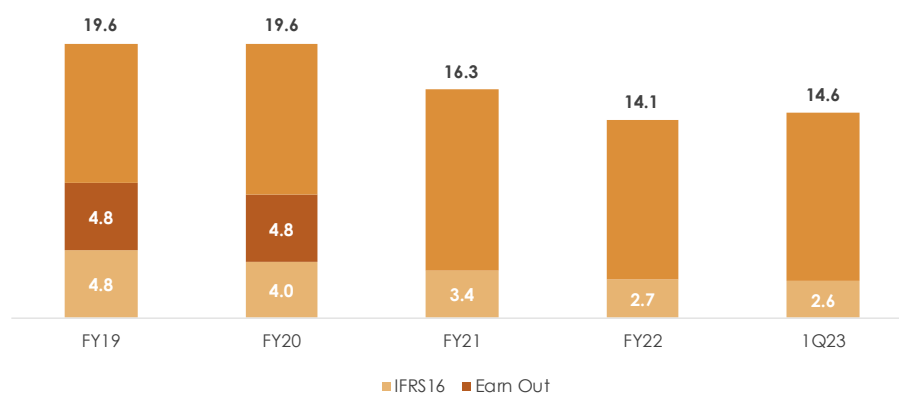
Vimi Fasteners: Sales by Industry 1Q22 – 1Q23



Source: Value Track Analysis

- ◆ **Net Debt at €14.6mn**, worsening by €0.5mn vs. 2022 Year-End but lower vs. €16.4mn as of March '22. To highlight that the Group is ongoing evaluating to optimize overall cash management through cash pooling.

Vimi Fasteners: Net Debt 1H22-FY22-1Q23



Source: Value Track Analysis

- ◆ **Orders backlog** at the end of March '23 standing at **€32.8mn**, higher if compared to €30.2mn recorded in the 1Q22, thanks to: i) new customers ramp up, ii) automotive under consistent recovering, iii) Energy & Railway positive trend – main contributors for MF Inox.

2023E24E – Estimates Updates

We are revising our 2023E-24E estimates by taking into account:

- ◆ The impact of Filostamp deal (8-9 months of P&L consolidation in FY23E and 12 months in FY24E) in terms of higher revenues and profits, but also of higher Net Debt due to the cash out for the acquisition;
- ◆ A more positive view on organic business development driven by:
 - Positive growth signs in the industrial and Energy markets;
 - Renegotiation of sales prices with customers in order to compensate, albeit partially, for the staggering increase in direct procurement costs;
 - Cost containment policies (e.g. PV system providing ca. 30% energy needs).

As a matter of fact, we now forecast:

- ◆ Revenues from Sales to keep growing one-digit and to reach €68.6mn in 2025E (9.3% CAGR22-25E);
- ◆ EBITDA to land at €9.2mn in 2025E (EBITDA Margin at 13.5%), by means of: i) prices adjustments / rebates to clients, ii) industrial and commercial synergies thanks to MF Inox growth and, lastly, Filostamp acquisition;
- ◆ Net Debt to progressively reduce to 1.5x EBITDA in 2025E resulting from a broadly flat WC on sales dynamics and Capex at 3.1% of Sales.

To note that Vimi's BoD will propose to Shareholder's meeting to distribute **€700k as dividend (€0.53cents DPS)**.

Indeed, back in Oct. '21, the Company announced a new dividend policy, with dividend pay-out at 30% of Operating Cash Flow subject to the following requirements: i) Net Debt / EBITDA <2.5x, ii) Operating Cash Flow / EBITDA >50% and iii) positive Net Profit. Since 2 out of 3 targets have been achieved and one near miss, Vimi allows dividends anyway.

Vimi Fasteners: 2023E Estimates revision

(€mn)	2023E				Filost.	Filost Deal	2023E		2023E PF (*)
	Old	Chg Est	New	Chg. %			New	Chg. %	
Total Revenues from Sales	54.0	0.4	54.4	0.8%	5.5		59.9	10.0%	62.6
EBITDA	5.9	0.2	6.1	3.8%	1.1		7.2	17.8%	7.8
EBITDA Margin	11%		11.3%		20.0%		12.1%	177.4%	12.4%
EBIT	2.1	0.0	2.2	1.1%	0.7	-0.2	2.6	21.4%	3.1
Net profit	1.5	-0.1	1.4	-6.1%	0.6	-0.2	1.9	29.6%	1.9
Net Financial Position	-13.2	2.6	-10.6	nm	-1.9	-9.5	-22.1	nm	-22.1

Source: Value Track Analysis (*) Pro-Forma assuming Filostamp consolidated line by line starting as of 1st January 2023

Vimi Fasteners: 2024E Estimates revision

(€mn)	2024E				Filostamp	Filostamp Deal	2024E	
	Old	Chg Est	New	Chg. %			New	Chg. %
Total Revenues from Sales	56.4	0.5	56.8	0.8%	8.5		65.3	15.0%
EBITDA	6.7	0.2	6.9	2.3%	1.7		8.6	24.6%
EBITDA Margin	12%		12.1%		20.0%		13.2%	164.8%
EBIT	2.7	0.0	2.7	0.8%	1.0	-0.2	3.5	29.9%
Net profit	1.9	0.0	1.9	1.2%	0.7	-0.2	2.4	26.7%
Net Financial Position	-10.0	3.7	-6.3	nm	-1.4	-9.5	-17.5	nm

Source: Value Track Analysis

Vimi Fasteners: Profit & Loss 2022A-25E

(€mn)	2022A	2023E	2024E	2025E
Revenues from Sales	52.5	59.9	65.3	68.6
Other	0.8	1.1	1.2	1.3
Value of Production	53.3	61.0	66.5	69.9
COGS + Other Opex	-32.7	-37.6	-40.3	-42.1
Labour costs	-14.6	-16.2	-17.6	-18.5
EBITDA	6.1	7.2	8.6	9.2
<i>EBITDA margin (%)</i>	<i>11.6%</i>	<i>12.1%</i>	<i>13.2%</i>	<i>13.5%</i>
D&A	-3.8	-4.6	-5.1	-5.2
EBIT	2.3	2.6	3.5	4.0
<i>EBIT margin (%)</i>	<i>4.4%</i>	<i>4.4%</i>	<i>5.4%</i>	<i>5.9%</i>
Net Financial Charges	-0.4	-0.3	-0.4	-0.4
Pre-tax profit	2.0	2.3	3.1	3.6
Taxes	-0.2	-0.4	-0.7	-0.8
Net Profit	1.7	1.9	2.4	2.8

Source: Vimi Fasteners (historical figures), Value Track (2023E-25E estimates)

Vimi Fasteners: Balance Sheet 2022A-25E

(€mn)	2022A	2023E	2024E	2025E
Net Fixed assets	35.9	42.9	39.7	36.6
Net Working Capital	10.5	12.9	14.0	14.7
(Severance pay and other funds)	2.1	2.3	2.5	2.6
Total Capital Employed	44.3	53.5	51.3	48.7
Group Net Equity	30.3	31.4	33.9	34.9
Net Fin. Position [Net debt (-) / Cash (+)]	-14.1	-22.1	-17.5	-13.8

Source: Vimi Fasteners (historical figures), Value Track (2023E-25E estimates)

Vimi Fasteners: Cash Flow Statement 2022A-25E

(€mn)	2022A	2023E	2024E	2025E
EBITDA	6.1	7.2	8.6	9.2
Op. NWC requirements	-0.8	-2.4	-1.1	-0.7
Capex (excl. Fin. Inv.)	-2.8	-2.1	-2.1	-2.1
Change in provisions	-0.2	0.2	0.2	0.1
OpFCF b.t.	2.3	3.0	5.7	6.6
<i>As % of EBITDA</i>	<i>38%</i>	<i>41%</i>	<i>66%</i>	<i>71%</i>
Cash Taxes	-0.2	-0.4	-0.7	-0.8
Net Financial Charges	-0.4	-0.3	-0.4	-0.4
Dividends	0.0	-0.7	0.0	-1.7
Others (incl. Fin. Inv.)	0.5	-9.5	0.0	0.0
Change in Net Fin Position	2.2	-8.0	4.6	3.7

Source: Vimi Fasteners (historical figures), Value Track (2023E-25E estimates)

Valuation Update

Based on updated estimates, we update **Vimi Fasteners fair value at €2.70 per share** (up from €2.26), as simple average of: i) Peers’ analysis (€2.65); ii) DCF model (€2.75).

The drivers of the upward revision of our valuation are the value accretion related to Filostamp deal, and slightly higher Peers’ multiples.

At fair value – considering Filostamp acquisition consolidated for 12-months – the stock would trade at 2023E PF multiples of 0.9x EV/Sales and 7.6x EV/EBITDA, at ca. 15%-20% discount vs. Peers on EV/Sales and EV/EBITDA.

This compares with the following multiples based on current stock market price: 0.7x-5.5x-10.9x EV/Sales, EV/EBITDA and P/E 2023E PF.

Peers’ Analysis

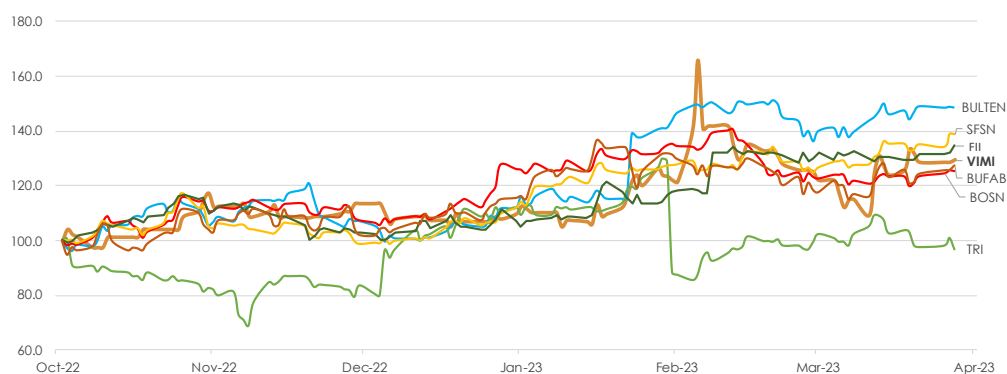
Peers that we usually consider to value Vimi share have enjoyed an upward rerating of stock multiples in the latest months and now stand at ca. 0.7x-0.6x (EV/Sales) and 5.5x-4.4x (EV/EBITDA) respectively 2023E-24E multiples.

Vimi Fasteners: Peers’ stock trading multiples

Company	EV/Sales (x)		EV / EBITDA (x)		P/E (x)	
	2023E (*)	2024E	2023E (*)	2024E	2023E (*)	2024E
Bulten	0.5	nm	4.8	nm	9.4	nm
Trifast (**)	0.5	0.5	6.6	5.4	19.1	11.6
Bossard Holding	1.8	1.6	12.7	11.2	18.1	15.9
SFS Group	1.6	1.5	9.6	9.2	15.8	14.9
Lisi	1.0	1.0	7.5	7.5	20.1	17.5
BUFAB	1.5	1.4	11.5	11.3	17.1	15.1
Average	1.2	1.2	8.8	8.9	16.6	15.0
Median	1.2	1.4	8.6	9.2	17.6	15.1
Vimi @ market price	0.7	0.6	5.5	4.4	10.9	8.4
<i>Discount % vs. avg.</i>	-40%	-52%	-37%	-51%	-35%	-44%
<i>Discount % vs. med.</i>	-44%	-59%	-36%	-52%	-38%	-45%

Source: Market Consensus, Value Track Analysis. (*) Pro-Forma, (**) Fiscal year ends 31/03

Vimi Fasteners: Last 6-months Peers' stocks performance



Source: Value Track Analysis, Market Screener

Vimi Fasteners has always traded at discount vs. Peers, but this discount has further widened with Vimi currently trading at ca. 40%-50% discount vs Peers on all metrics.

We view such a discount as too wide given Vimi's:

1. Long-lasting experience in the fastening industry, featured by high-loyalty relationships with prestigious clients: Tier1 (such as Garrett) and OEM (like Ferrari, Maserati);
2. Ability to co-engineer high-end fastening solutions for motorsport, aerospace and recently electric vehicle applications, through consolidated and extensive R&D projects;
3. Higher diversification outside the car industry, with sales from automotive clients steadily lowering their incidence on sales (from 52% in 2017 to 30% of FY22).

Assuming a fair 2023E multiple at 0.9x EV/Sales and 6.6x EV/EBITDA, necessary to maintain a ca. 25% discount vs. Peers, **we get €2.65 p/s fair value** (up from €2.15).

Discounted Cash Flow Model

As a safety crosscheck, we also update our DCF Model, which incorporates Vimi Fasteners' medium / long-term growth potential. Our model is based on:

- ◆ Target capital structure with Net Debt at 30% of Capital Invested, compared to the current 41%;
- ◆ WACC at 10.8% calculated using an expanded CAPM approach based on 2.0% Risk-free rate, 0.9x unlevered beta (weighted average of auto parts, oil services / equipment and diversified industries sectors), 8.08% Italian ERP (recently revised up from 7.82%), and additional 2.5% small-cap market risk premium;
- ◆ Explicit financial statements projections from 2023E up to 2031E and Terminal Value at 2031E, obtained applying a 2% Perpetuity Growth Rate (PGR).

The result is **€2.75 DCF driven fair equity value per share** (up from €2.37).

Vimi Fasteners: DCF model

€mn	
PV of future cash flows 2023E-2031E	30.6
PV of Terminal value	31.8
Fair Enterprise value	62.5
Net Fin. Position 2022 PF year-end (*)	-25.5
Fair Equity value	37.0
Fair Equity value per share (€)	2.75

Source: Value Track Analysis (*) including the 2023 impact of Filostamp deal on Vimi Fasteners Net Debt position

Vimi Fasteners: Fair Equity Value per share - Sensitivity Analysis to WACC and PGR

		Perpetuity Growth Rate				
		1.00%	1.50%	2.00%	2.50%	3.00%
WACC	9.8%	2.95	3.11	3.30	3.50	3.74
	10.3%	2.69	2.83	2.99	3.17	3.37
	10.8%	2.46	2.58	2.75	2.87	3.04
	11.3%	2.25	2.36	2.48	2.61	2.76
	11.8%	2.06	2.15	2.26	2.37	2.50

Source: Value Track Analysis

Appendix: Vimi Fasteners business profile

Product range: Highly engineered & customized solutions

Vimi Fasteners is a leading player in the design and manufacturing of high engineered fastening solutions, such as screws, studs and nuts, for a broad range of industrial applications, ranging from automotive to oil & gas and aerospace.

Fasteners produced by Vimi are not commodity types manufactured in low-cost/high volumes batches. Rather, company's products are a complete range of highly engineered fasteners characterised by the following features:

- ◆ **Customized/special design**, through long lasting partnerships with customers, in order to satisfy the most stringent and rigorous application requirements;
- ◆ **Special metals and raw materials**, suited for cold, warm, hot forming and high resistance;
- ◆ **Specialty manufacturing process** approved by customers through a preliminary production sample.

Latest M&A deals

The Company is specialised in the production of high-performance fastening solutions for high temperature and high resistance applications. In addition, following the **acquisition of MF Inox**, which took place in June 2018, it has acquired a specific product know-how and commercial presence in the Oil & Gas industry.

We note that the latest acquisition (**Filostamp Srl, announced in 1Q23**) has strengthened Vimi market positioning in the automotive and industrial segments, also granting the group with several brand-new production machines.

Thus, Vimi represents a highly diversified Group in terms of sectoral operability. Going into more details:

- ◆ Vimi: Industrials, Trucks, Automotive & Supercars, Aerospace, Energy and Off Roads & Agriculture sector;
- ◆ MF Inox: Energy, Oil & Gas, Infrastructures and Industrials;
- ◆ Filostamp: Automotive, Off Roads & Agriculture and Infrastructures.

Vimi Fasteners: Business Overview



Source: Vimi Fasteners, Corporate Presentation

The Group's worldwide territorial presence is provided below:

Vimi Fasteners: Global Footprint



Source: Vimi Fasteners, Corporate Presentation

Strategies up to 2024E

During the Capital Market Day held by the Group in October 2021, management announced the industrial plan 2022E-24E years, based on four strategic guidelines:

1. **Protect** – retain current 300+ customers and strategic partnerships with OEM and TIER1, then support them on new business projects (co-design / co-development to meet R&D requirements);
2. **Extend** the current supplies with a broaden product offering;
3. **Expand** current market share by:
 - a. Exploiting new market opportunities particularly in the industrial sector (commercial vehicles, industrial powertrain, agriculture);
 - b. Acquiring new clients also through a newly established business development team;
4. **Develop** new products to enlarge current product range by providing highly engineering systems to the most challenging applications to seize business opportunities in high value market niches.

Vimi Fasteners: Six main “Focus Points” underlying the strategic guidelines



Source: Vimi Fasteners, Corporate Presentation

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