

# Vimi Fasteners

Sector: Industrial fasteners



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## Positive outcomes from M&A endeavour

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.

### 1H23 – Sales and EBITDA Adj. +17% and +70% y/y, resp.

Vimi recorded strong 1H23 results with a notable growth in top line and profitability (bolstered by the Filostamp deal), though accompanied by a significant increase in the Net Debt Position. The key highlights are:

- ◆ Sales (+17.4% y/y) at €30.2mn, driven by a record order backlog from the end of 2022 and the integration of new clients from Filostamp;
- ◆ EBITDA Adjusted reaching €4.14mn (+~70% y/y, gross of €528k of one-off Filostamp acquisition-related costs) due to higher sales, ongoing initiatives in production efficiency and strategic pricing policies;
- ◆ Net Debt Position reaching €26.6mn (vs €14.1mn in FY22, up mainly as a result of the Filostamp deal).

### 9M23 key figures confirm 1H trend

As of 9M23: i) Total Revenues confirmed the double digit increase pace (€44.7mn vs. €39.5mn in the same period of 2022); ii) Order backlog stood at €25.2mn (~64% allocated for the remaining portion of 2023); iii) Net Debt amounted to €25.1mn (including €4.4mn of rental and leasing contracts).

### FY23E-25E estimates fine-tuning

We are maintaining substantially unchanged our 2023E-25E P&L estimates (apart from 2023E adjusted operating profitability revised upwards) while increasing the Net Debt Position forecasts due to NWC absorption (2023E-24E) and one-time FY25E IFRS16 capex for plant rental payments. In 2025E we now expect Revenues from Sales to reach €68.9mn (9% CAGR22-25E), EBITDA to land at € 9.1mn, (EBITDA margin at ca. 13.4%), and Net Debt at €19.9mn by 2025E year-end (Net Debt/EBITDA ratio at 2.2x).

### Fair Value confirmed at €2.70

Based on current €1.24 market price and updated estimates, Vimi boasts ca. €16.8mn market capitalization, (0.6x-4.5x-7.4x EV/Sales, EV/EBITDA and P/E 2024E respectively), definitively a too undervalued figure.

Higher DCF value (driven by lower Italian ERP) and lower peers based fair value (deterioration of peers' multiples) do offset each other. As a result, we confirm Vimi fair value per share at €2.70. At fair value, the stock would trade at 0.9x EV/Sale and 6.8x EV/EBITDA 2023E, respectively.

<b>Fair Value (€)</b>	<b>2.70</b>
<b>Market Price (€)</b>	<b>1.24</b>
<b>Market Cap. (€m)</b>	<b>16.8</b>

KEY FINANCIALS (€m)	2022A	2023E	2024E
TOTAL REVENUES	53.3	60.0	65.6
EBITDA ADJUSTED	6.1	7.6	8.4
EBIT	2.3	2.6	3.4
NET PROFIT ADJUSTED	1.7	2.2	2.3
EQUITY	30.3	31.4	33.7
NET FIN. DEBT	-14.1	-24.4	-20.7
EPS ADJ. (€)	0.13	0.16	0.17
DPS (€)	0.05	0.00	0.11

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

RATIOS & MULTIPLES	2022A	2023E	2024E
EBITDA ADJ. MARGIN (%)	11.4%	12.7%	12.8%
EBIT MARGIN (%)	4.4%	4.4%	5.3%
NET DEBT / EBITDA (x)	1.5	2.5	1.8
NET DEBT / EQUITY (x)	47%	78%	61%
EV/TOT.REV. (x)	0.6	0.7	0.6
EV/EBITDA ADJ. (x)	5.1	5.4	4.5
P/E ADJ. (x)	9.7	7.5	7.4
DIV YIELD (%)	4.3	0.0	8.6

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

### STOCK DATA

FAIR VALUE (€)	2.70
MARKET PRICE (€)	1.24
SHS. OUT. (m)	13.6
MARKET CAP. (€m)	16.8
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

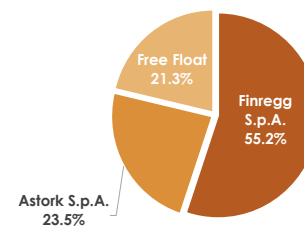


## Business Description

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.

## Shareholders Structure



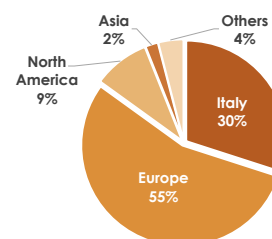
Source: Vimi Fasteners

## Key Financials

€mn	2022A	2023E	2024E	2025E
<b>Total Revenues</b>	<b>53.3</b>	<b>60.0</b>	<b>65.6</b>	<b>68.9</b>
Chg. % YoY	11.2%	12.5%	9.3%	5.1%
<b>EBITDA (Adjusted)</b>	<b>6.1</b>	<b>7.6</b>	<b>8.4</b>	<b>9.1</b>
EBITDA Margin	11.6%	12.7%	13.1%	13.4%
<b>EBIT (Reported)</b>	<b>2.3</b>	<b>2.6</b>	<b>3.4</b>	<b>3.9</b>
EBIT Margin	4.4%	4.4%	5.3%	5.7%
<b>Net Profit (Reported)</b>	<b>1.7</b>	<b>1.9</b>	<b>2.3</b>	<b>2.7</b>
Chg. % YoY	-16.3%	6.4%	23.1%	16.0%
<b>Adjusted Net Profit</b>	<b>1.7</b>	<b>2.2</b>	<b>2.3</b>	<b>2.7</b>
Chg. % YoY	-0.2%	28.2%	23.1%	16.0%
<b>Net Fin. Debt</b>	<b>14.1</b>	<b>24.4</b>	<b>20.7</b>	<b>19.9</b>
Net Fin. Debt / EBITDA (x)	2.3	3.4	2.5	2.2
<b>Capex</b>	<b>-2.8</b>	<b>-2.0</b>	<b>-2.0</b>	<b>-5.0</b>
<b>OpFCF b.t.</b>	<b>2.3</b>	<b>0.8</b>	<b>4.8</b>	<b>3.4</b>
OpFCF b.t. as % of EBITDA	99.4%	10.7%	57.4%	38.0%

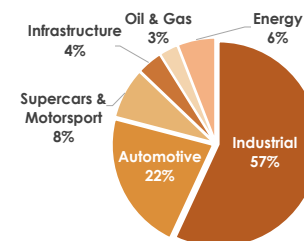
Source: Vimi Fasteners (historical figures), Value Track (estimates)

## FY22 Revenues by Geography



Source: Vimi Fasteners

## FY22 Revenues by Industry



Source: Vimi Fasteners

## 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.

## Stock multiples @ €2.70 Fair Value

	2023E	2024E
EV / SALES (x)	1.0	0.9
EV / EBITDA ADJ.(x)	8.6	6.8
EV / CAP.EMP. (x)	1.1	1.1
OpFCF Yield (%)	2.8	10.2
P / E ADJ (x)	16.4	16.1
P / BV (x)	1.2	1.1
Div. Yield. (%)	0.0	3.9

Source: Value Track

## 1H23 results

Vimi Fasteners reports robust 1H23 results, demonstrating resilience in the face of the ongoing German recession, a pivotal market. The company achieved positive year-on-year growth across its P&L statement, bolstered by the Filostamp deal, and commendable recovery in profitability, notwithstanding one-off expenses associated with the acquisition. However, it should be noted that this led to a substantial increase in the Net Debt Position.

Key messages:

- ◆ **Increasing demand across end-markets**, supported by higher orders collected from customers, with order backlog at €26.8mn as of the end of Jun'23 (€25.2mn as of end of September 2023), i.e., approx. €3mn higher than €24.0mn recorded the previous year;
- ◆ **Automotive macro-sector getting gradual recovery**. The incidence on Sales of the automotive sector is rising (currently at 36% on Sales, to which we have to add some 8% incidence of Supercar segment) due to the intake of Filostamp customers, leading to lower weight of Industrial sector (at 40% on Sales, vs. 59% in 1H22);
- ◆ **Operating profitability recovers y/y**, though not yet at the level of 1H21.

### Filostamp deal boosts sales and profitability but increases Net Debt

Moving to numbers, 1H23 financial results look quite coherent with our full-year expectations (released back on April'23), and can be summarized as follows:

- ◆ **Revenues from Sales were up double-digit (+17.4% y/y)**, thanks to the record order backlog reported at the end of 2022 and by ramp-up with new costumers of Filostamp. We note that in 9M23 period Total Revenues confirmed the double digit increase (€44.66mn, +13% y/y);
- ◆ **EBITDA Adjusted was up +~70% y/y at €4.1mn**, positively impacted by higher sales together with an ongoing process of production efficiency and commercial policies concerning selling prices;
- ◆ **Net Debt Position increased at €26.6mn** (vs. €14.1mn as of the end of Dec '22), as a result of Filostamp deal as well as its contribution to the consolidated financial statements, consisting of additional commitments of €2.8mn for leases and rentals. We note that at the end of September Net Debt stood at €25.12mn.

#### Vimi Fasteners: 1H21-1H22-1H23 Key Financial Items

(€mn)	1H21	1H22	1H23 (*)	y/y (%)
<b>Total Revenues</b>	<b>22.8</b>	<b>26.3</b>	<b>31.2</b>	<b>18.7%</b>
Revenues from Sales	22.1	25.7	30.2	17.4%
Other	0.7	0.6	1.0	71.1%
<b>EBITDA Adjusted</b>	<b>3.0</b>	<b>2.4</b>	<b>4.1</b>	<b>70.5%</b>
EBITDA Margin (%)	13.2%	9.2%	13.2%	+400bps
<b>EBIT</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>198.1%</b>
EBIT Margin (%)	4.2%	1.8%	4.6%	+277bps
<b>Net Profit</b>	<b>0.7</b>	<b>0.5</b>	<b>1.3</b>	<b>137.4%</b>
<b>Net Fin. Position [Debt (-), Cash (+)]</b>	<b>-19.7</b>	<b>-16.2</b>	<b>-26.6</b>	<b>-10.4</b>
Net Debt / EBITDA (x) annualized	-3.27x	-3.36x	-3.69x	nm

Source: Vimi Fasteners, Value Track analysis, (\*) Considering Filostamp consolidated as of 01/04/23

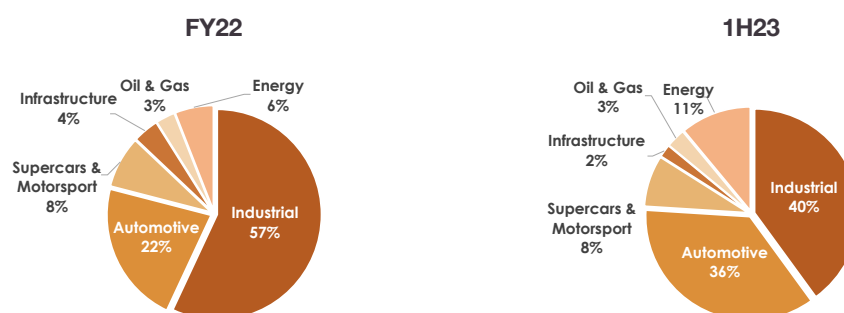
### Revenues from Sales at €30.2mn (+17.4% y/y)

Revenues from Sales came in at €30.2mn in 1H23, including ca. €2.2mn of Filostamp contribution (consolidated as of 01/04/23), up +17.4% vs. €25.7mn achieved in 1H22. Net of Filostamp, VIMI has attained total sales surpassing €28.0mn reflecting a notable y/y increase of ~9% on a l-f-l basis, notwithstanding the critical challenges confronting the entire supply chain and the prevailing global geopolitical and macroeconomic tensions.

In terms of sectors, the most represented is the **Industrial** one (currently at 40% of total vs. 57% in FY22 and 59% in 1H22), followed by Automotive (currently at 36% of total vs. 22% in FY22 and 1H22) and Energy (currently at 11% of total vs. 6% in FY22 and 4% in 1H22).

Worthy to note the Automotive sector has shown the most pronounced y/y growth, due to the fact it exemplifies the target market of the newly acquired Filostamp.

#### Vimi Fasteners: Sales by Industry FY22 – 1H23



Source: Value Track Analysis

Looking at the different markets' evolution, we highlight:

- ◆ **Domestic Sales** stood at ca. €10.6mn, or ca. 35% of total, strongly up +34.7% y/y;
- ◆ **Foreign Sales** stood at ~65%, of which: i) 50% EU (excluding Italy) at ca. €15.0mn (+7.2% y/y), ii) 8% North America, at €2.3mn, +0.7% y/y), and lastly iii) 8% RoW sales at €2.3mn (+45.0% y/y).

Other Revenues stands at €0.7mn mostly relate to public grants due to FY17-23's R&D projects (ca. €0.2mn), for the development of highly performing fastening systems to be applied in the aerospace, motorsport, high-end automotive and supercar (ca. €0.1mn), as well for new mild and full electric powertrains (ca. €0.2mn).

Lastly, capitalized development costs stood at €0.3mn, flat y/y.

#### Vimi Fasteners: Top-line evolution in 1H21-1H22-1H23

(€mn)	1H21	1H22	1H23	y/y (%)
Italy	7.7	7.9	10.6	34.7%
European Union (exc. Italy)	10.5	14.0	15.0	7.2%
US & Canada	2.0	2.3	2.3	0.7%
Others	1.9	1.6	2.3	45.0%
<b>Revenues from Sales</b>	<b>22.1</b>	<b>25.7</b>	<b>30.2</b>	<b>17.4%</b>
Capitalized development costs	0.5	0.3	0.3	-3.2%
Other Revenues	0.2	0.3	0.7	148.8%
<b>Total Revenues</b>	<b>22.8</b>	<b>26.3</b>	<b>31.2</b>	<b>18.7%</b>

Source: Vimi Fasteners, Value Track Analysis

### EBITDA Adjusted at €4.1mn (~+70y/y), Adj. EBITDA Margin at 13.2% (+400bps y/y)

With the top-line growing at double-digit rate, EBITDA Adj. (gross of Filostamp extraordinary and non-recurring acquisition-related costs) was up ca. +70% y/y at €4.1mn with an Adj. EBITDA Margin of 13.2%, ca. +400bps vs. 1H22.

We estimate that Filostamp contributed ~€0.5-0.6mn to EBITDA, assuming for 1H23 a margin above FY22 figure of 22.5%. Consequently, the EBITDA net of Filostamp would stand at €3.1mn, representing an approximate 30% y/y increase.

It should be noted that the recently acquired Filostamp incurred costs during 1H23 as: i) €500k in service-related expenses; ii) €528k in extraordinary and non-recurring acquisition-related costs, thus EBITDA Reported. stands at ca. €3.6mn; iii) +49 employees to the group.

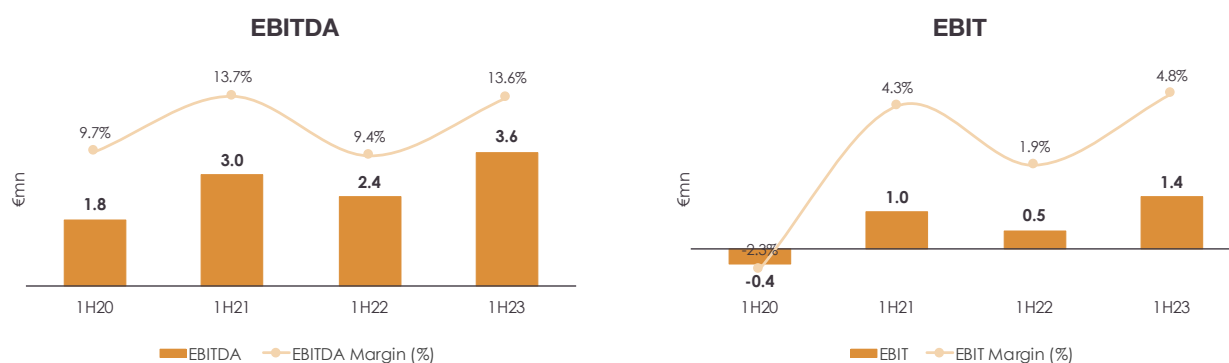
However, the increase in profitability was mainly due to record order volumes, the contribution given by Filostamp and also the group's ongoing efforts in operational efficiency, including the implementation of the new photovoltaic plant (covering 30% of electricity needs) and a selling-prices monitoring strategy.

Indeed, Vimi faced a lower incidence on VoP of Raw materials at 36.3% (vs. 36.7% in 1H22, +16.4% y/y) and of Services costs' impact (at €8.0mn, +15.8% y/y), while Workforce costs stood at €8.4mn (+12.9% y/y). Almost unchanged y/y D&A charges (€0.3mn more) translate into a €1.4mn EBIT (vs €0.5mn in 1H22), while at the bottom line, Net Profit stood at €1.3mn (ca. 3x vs. 1H22).

#### Vimi Fasteners: P&L evolution in 1H21-1H22-1H23

(€mn)	1H21	1H22	1H23	y/y (%)
<b>Total Revenues</b>	<b>22.8</b>	<b>26.3</b>	<b>31.2</b>	<b>18.7%</b>
Raw Materials & Consumptions	-6.5	-9.4	-11.0	16.4%
Services	-5.7	-6.9	-8.0	15.8%
Labour	-7.2	-7.4	-8.4	12.9%
Other	-0.4	-0.2	-0.3	76.8%
<b>EBITDA (Reported)</b>	<b>3.0</b>	<b>2.4</b>	<b>3.6</b>	<b>49.5%</b>
<i>EBITDA Margin (%)</i>	13.2%	9.2%	11.5%	+238bps
<b>EBITDA Adjusted</b>	<b>3.0</b>	<b>2.4</b>	<b>4.1 (*)</b>	<b>69.8%</b>
<i>EBITDA Ad. Margin (%)</i>	13.2%	9.2%	13.2%	400bps
D&A	-2.1	-1.9	-2.2	12.3%
<b>EBIT (Reported)</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>198.1%</b>
<i>EBIT Margin (%)</i>	4.2%	1.8%	4.6%	+277bps
<b>EBIT Adjusted</b>	<b>1.0</b>	<b>0.5</b>	<b>1.9 (*)</b>	<b>nm</b>
<i>EBIT Adj. Margin (%)</i>	4.2%	1.8%	6.2%	435bps
Net Financial Income	0.0	0.2	0.6	nm
Net Financial Charges	-0.3	-0.2	0.5	nm
<b>Pre-Tax Profit</b>	<b>0.7</b>	<b>0.5</b>	<b>1.5</b>	<b>191.9%</b>
Taxes	-0.1	0.0	-0.2	-748.4%
<b>Net Profit (Reported)</b>	<b>0.7</b>	<b>0.5</b>	<b>1.3</b>	<b>137.4%</b>
<b>Net Profit Adjusted</b>	<b>0.7</b>	<b>0.5</b>	<b>1.8 (*)</b>	<b>nm</b>

Source: Vimi Fasteners, Value Track Analysis; (\*) Net of €528k non-recurring Filostamp acquisition-related costs

**Vimi Fasteners: EBITDA and EBIT evolution from 1H20 to 1H23**


Source: Value Track Analysis

### Higher Net Debt position due to Filostamp deal

At Balance Sheet / Cash Flow statement level, we note higher Net Financial Debt vs. 1H22 and FY22, at €26.6mn, with a Net Debt / EBITDA ratio (annualized) at 3.7x, as a result of:

- ◆ **Upwards Net Fixed Assets at €43.3mn** from €35.9mn in FY22, exhibiting an increase of ~€7.4mn primarily due to: i) the inclusion of Filostamp into the group with the contribution of ca. €4mn of right-of-use assets; ii) the recognition of goodwill of ca. €3.2mn; iii) €1.2mn Capex (3.7% on VoP), out of which €1.0mn tangible and remaining €0.2mn intangible;
- ◆ **Heavier NWC at €16.8mn** (from €10.5mn and €11.3mn as of FY22 and 1H22, resp.), improving as a % of sales, as it moved from 19.2% of 1H22 to 24.9% of 1H23, due to: i) Δ inventory of ~€5.5mn from 1H22 to 1H23 as a result of Filostamp's inclusion (ca. €1.3mn) and support growth in subsidiaries' sales; ii) ~€3mn of trade receivables driven by Filostamp's entry;
- ◆ **€714k dividend distributed following new Oct. '21 policy**, i.e., 30% Operating Cash Flow if conditions met: i) Net Debt / EBITDA <2.5x, ii) Operating Cash Flow / EBITDA >50%, and iii) positive Net Profit (2 out of 3 targets achieved, thus it has been approved);

We calculate that the acquisition of Filostamp impacted for some €12.1mn, with €3.7mn arising from the Δ between the initial tranche of €5.1mn and Filostamp's cash and cash equivalents (ca. €1.3mn), and the remaining amount representing the discounted transaction value plus leasing and NWC.

### Vimi Fasteners: 1H22, FY22 and 1H23 Balance Sheet

(€ mn)	1H22	FY22	1H23
<b>Net Fixed assets</b>	<b>36.0</b>	<b>35.9</b>	<b>43.3</b>
<b>Net Working Capital</b>	<b>11.3</b>	<b>10.5</b>	<b>16.8</b>
Inventories	13.0	13.0	15.5
Days of Inventory on Hand (x) (*)	104.0	88.7	90.3
Trade Receivables	11.2	9.8	16.2
Days of Trade Receivables (x) (*)	89.5	66.8	94.3
Trade Payables	9.8	9.2	11.2
Days of Trade Payables (x) (*)	78.6	63.1	65.2
Other current Assets / Liabilities	-3.0	-3.0	-3.6
(Severance pay and funds)	2.2	2.1	2.7
<b>Total Capital Employed</b>	<b>45.1</b>	<b>44.3</b>	<b>57.4</b>
<b>Group Net Equity</b>	<b>28.9</b>	<b>30.3</b>	<b>30.8</b>
<b>Net Fin. Position [Net debt (-) / Cash (+)]</b>	<b>-16.2</b>	<b>-14.1</b>	<b>-26.6</b>

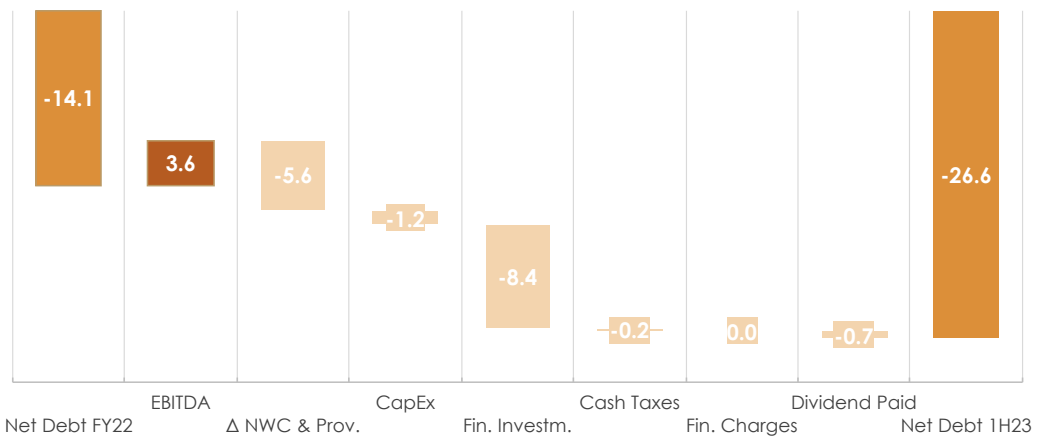
Source: Vimi Fasteners, Value Track Analysis, (\*) Data has been annualized

### Vimi Fasteners: 1H22, FY22 and 1H23 Net Financial Position Analysis

(€ mn)	1H22	FY22	1H23
Cash and deposits (+)	0.8	1.5	2.5
Debt to Banks within 12 months (-)	-9.8	-10.6	-11.2
<b>Current Net Financial Position</b>	<b>-9.0</b>	<b>-9.1</b>	<b>-8.7</b>
Long term financial credits (+)	0.0	0.0	0.0
Debt to Banks over 12 months (-)	-7.2	-5.0	-14.4
Debt to third parties (Filostamp Earn out) (-)	0.0	0.0	-3.5
<b>Non-Current Financial Position</b>	<b>-7.2</b>	<b>-5.0</b>	<b>-17.9</b>
<b>Net Fin. Position [Net debt (-) / Cash (+)]</b>	<b>-16.2</b>	<b>-14.1</b>	<b>-26.6</b>

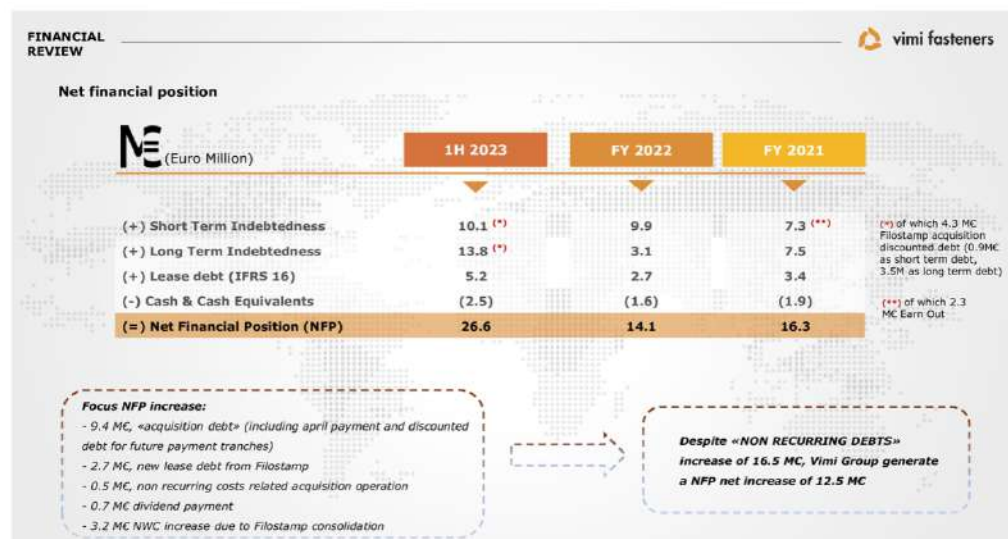
Source: Vimi Fasteners, Value Track Analysis

### Vimi Fasteners: Net Debt bridge FY22-1H23



Source: Value Track Analysis

### Vimi Fasteners: Net Financial Position breakdown 1H23



Source: Vimi Fasteners



## 9M23 Update

As of end of September 2023, Vimi Fasteners reported:

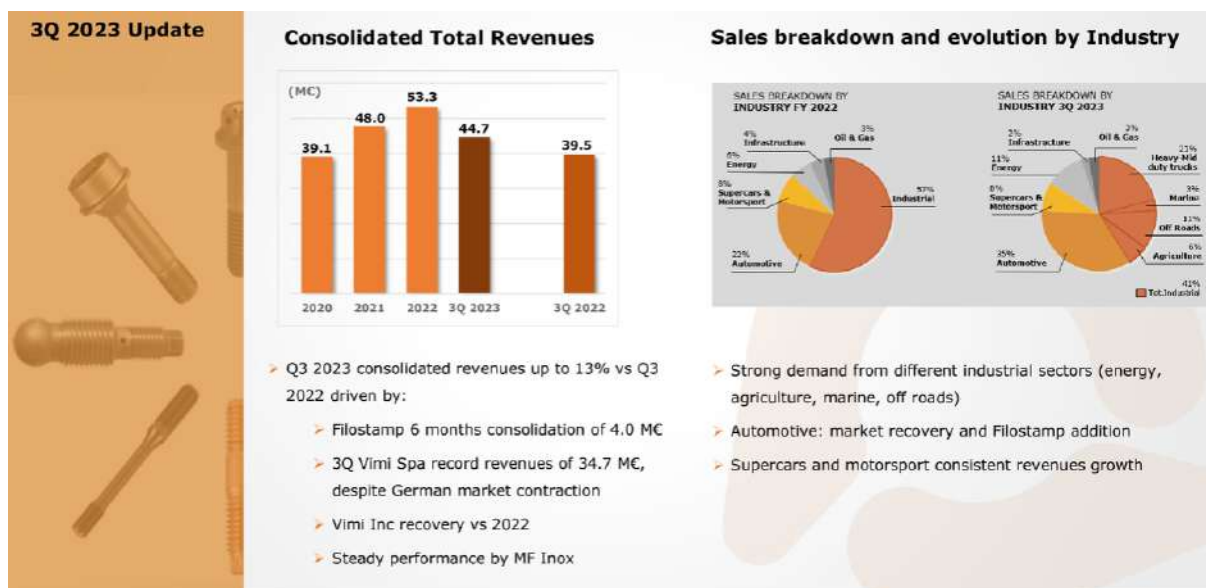
- ◆ Order backlog at €25.2mn (€23.1mn as of end of September 2022), out of which some €16mn due to be executed in 4Q23;
- ◆ Total Revenues at €44.66mn, +13% y/y, thus confirming 1H23 double-digit Top Line increase;
- ◆ Net Debt at €25.12mn, (down some €1.5mn vs end of June 2023) out of which €4.4mn related to IFRS16 accounting of leasing and rentals.

### Vimi Fasteners: Order backlog end of September 2023



Source: Vimi Fasteners

### Vimi Fasteners: Total Revenues 9M23



Source: Vimi Fasteners



## 2023E-25E: Outlook and Estimates updates

1H and 9M figures are coherent with our FY23E estimates; however, we prefer to do fine-tuning as far as profitability of FY24E-25E and Net Financial Position are concerned.

That said, we are fine tuning our 2023E-25E estimates by taking into account:

- ◆ Substantially unchanged P&L estimates, apart from 2023E that we revised upwards in terms of adjusted operating profitability (i.e. once non-recurring costs are factored out);
- ◆ Higher Net Debt Position along the whole period due to NWC absorption (2023E-24E) and one-off Capex in FY25E, linked to plant rental payments.

As a result, we now forecast:

- ◆ Total revenues, expected to move from €60.0mn as of 2023E to ca. €68.9mn at the end of the forecasted period (9% CAGR<sub>22A-25E</sub>);
- ◆ Operating profitability increasing over the next three years with EBITDA and EBIT margin expected respectively at 13.4% and 5.7% by 2025E;
- ◆ Operating cash conversion with OpFCF a.t. / EBITDA ratio on average at ~30% over the next three years;
- ◆ Net Debt Position at ca. 19.9€mn by 2025E year-end.

### VIMI Fasteners: New vs. Old estimates

(€ mn)	2023E			2024E			2025E		
	Old	New	Change	Old	New	Change	Old	New	Change
Total Revenues from Sales	59.9	59.1	-1.3%	65.3	64.5	-1.3%	68.4	67.5	-1.3%
Other Revenues	1.1	0.9	-19.7%	1.2	1.1	-6.7%	1.3	1.2	-6.2%
<b>Value of Production</b>	<b>61.0</b>	<b>60.0</b>	<b>-1.6%</b>	<b>66.5</b>	<b>65.6</b>	<b>-1.4%</b>	<b>69.9</b>	<b>68.9</b>	<b>-1.3%</b>
<b>EBITDA Adjusted</b>	<b>7.2</b>	<b>7.6</b>	<b>5.6%</b>	<b>8.6</b>	<b>8.4</b>	<b>-2.1%</b>	<b>9.2</b>	<b>9.1</b>	<b>-2.0%</b>
Adj. EBITDA Margin (%)	12.1%	12.9%	84bps	13.2%	13.1%	-11bps	13.5%	13.4%	-10bps
D&A	-4.6	-4.5	13.6%	-5.1	-5.0	-0.2%	-5.2	-5.2	-2.6%
<b>EBIT Adjusted</b>	<b>2.6</b>	<b>3.1</b>	<b>19.1%</b>	<b>3.5</b>	<b>3.4</b>	<b>-2.3%</b>	<b>4.0</b>	<b>3.9</b>	<b>-4.6%</b>
Adj. EBIT Margin (%)	4.4%	5.3%	91bps	5.4%	5.3%	-5bps	5.9%	5.7%	-20bps
<b>Net profit</b>	<b>1.9</b>	<b>1.9</b>	<b>-1.0%</b>	<b>2.4</b>	<b>2.3</b>	<b>-6.3%</b>	<b>2.8</b>	<b>2.7</b>	<b>-5.0%</b>
<b>Net Fin. Position [Net debt (-)]</b>	<b>-22.1</b>	<b>-24.4</b>		<b>-17.5</b>	<b>-20.7</b>		<b>-13.7</b>	<b>-19.9</b>	
Capex	-2.1	-2.0		-2.0	-2.0		-2.1	-5.0	
OpFCF a.t.	2.5	0.3		4.9	4.1		5.9	2.6	
Change in NFP				4.6	3.7		3.8	0.8	

Source: Value Track Analysis

**Vimi Fasteners: Profit & Loss 2022A-25E**

(€mn)	2022A	2023E	2024E	2025E
Revenues from Sales	52.5	59.1	64.5	67.7
Other	0.8	0.9	1.1	1.2
<b>Value of Production</b>	<b>53.3</b>	<b>60.0</b>	<b>65.6</b>	<b>68.9</b>
COGS + Other Opex	-32.9	-36.8	-39.8	-41.6
Labour costs	-14.3	-16.1	-17.4	-18.3
<b>EBITDA (Reported)</b>	<b>6.1</b>	<b>7.1</b>	<b>8.4</b>	<b>9.1</b>
<i>EBITDA margin (%)</i>	<i>11.6%</i>	<i>12.0%</i>	<i>13.1%</i>	<i>13.4%</i>
D&A	-3.8	-4.5	-5.0	-5.2
<b>EBIT (Reported)</b>	<b>2.3</b>	<b>2.6</b>	<b>3.4</b>	<b>3.9</b>
<i>EBIT margin (%)</i>	<i>4.4%</i>	<i>4.4%</i>	<i>5.3%</i>	<i>5.7%</i>
Net Financial Charges	-0.4	-0.3	-0.4	-0.4
<b>Pre-tax profit</b>	<b>2.0</b>	<b>2.3</b>	<b>3.0</b>	<b>3.4</b>
Taxes	-0.2	-0.4	-0.7	-0.8
<b>Net Profit</b>	<b>1.7</b>	<b>1.9</b>	<b>2.3</b>	<b>2.7</b>

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	43.0	40.0	39.8
Net Working Capital	10.5	15.1	16.8	17.6
(Severance pay and other funds)	2.1	2.3	2.4	2.6
<b>Total Capital Employed</b>	<b>44.3</b>	<b>55.8</b>	<b>54.4</b>	<b>54.8</b>
<b>Group Net Equity</b>	<b>30.3</b>	<b>31.4</b>	<b>33.7</b>	<b>34.9</b>
<b>Net Fin. Position [Net debt (-) / Cash (+)]</b>	<b>-14.1</b>	<b>-24.4</b>	<b>-20.7</b>	<b>-19.9</b>

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

**Vimi Fasteners: Cash Flow Statement 2022A-25E**

(€mn)	2022A	2023E	2024E	2025E
<b>EBITDA (Reported)</b>	<b>6.1</b>	<b>7.1</b>	<b>8.4</b>	<b>9.1</b>
Op. NWC requirements	-0.8	-4.6	-1.7	-0.8
Capex (excl. Fin. Inv.)	-2.8	-2.0	-2.0	-5.0
Change in provisions	-0.2	0.2	0.1	0.2
<b>OpFCF b.t.</b>	<b>2.3</b>	<b>0.8</b>	<b>4.8</b>	<b>3.4</b>
<i>As % of EBITDA</i>	<i>37.8%</i>	<i>10.7%</i>	<i>57.4%</i>	<i>38.0%</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	-1.5
Others (incl. Fin. Inv.)	0.5	-9.6	0.0	0.0
<b>Change in Net Fin Position</b>	<b>2.2</b>	<b>-10.3</b>	<b>3.7</b>	<b>0.8</b>

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

## Valuation Update

Based on updated estimates, we confirm **Vimi fair value at €2.70 per share**, as simple average of: i) Peers’ analysis (€2.21, down vs. €2.65 as of April’23 due to derating of Peers' multiples); ii) DCF model (€3.21, up vs. €2.75 as of April’23 thanks to lower Italian ERP).

At fair value – considering Filostamp consolidated for 12-months – the stock would trade at 2023E PF multiples of 1.0x EV/Sales and 8.6x EV/EBITDA. This compares with the following multiples based on current stock market price: 0.7x-5.8x-9.1x EV/Sales, EV/EBITDA and P/E 2023E PF.

### Peers’ Analysis

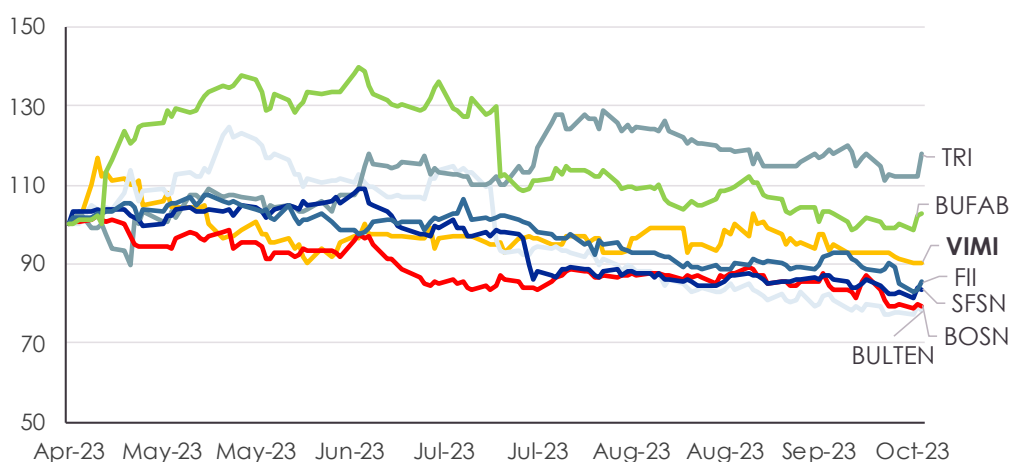
Peers that we usually consider to value Vimi share have recorded a derating of stock multiples in the latest months and now median stand at ca. 1.1x-1.3x (EV/Sales) and 7.9x-7.7x (EV/EBITDA) respectively 2023E-24E multiples.

#### 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	5.8	nm	8.0	nm
Trifast (**)	0.6	0.5	7.5	6.8	nm	13.9
Bossard Holding	1.5	1.4	11.2	10.0	16.1	14.2
SFS Group	1.3	1.3	8.3	7.7	13.7	12.7
Lisi	0.9	0.8	7.5	6.3	16.9	12.8
BUFAB	1.6	1.5	11.0	10.9	15.4	14.2
<b>Average</b>	<b>1.1</b>	<b>1.1</b>	<b>8.6</b>	<b>8.3</b>	<b>14.0</b>	<b>13.6</b>
<b>Median</b>	<b>1.1</b>	<b>1.3</b>	<b>7.9</b>	<b>7.7</b>	<b>15.4</b>	<b>13.9</b>
<b>Vimi @ market price</b>	<b>0.7</b>	<b>0.6</b>	<b>5.8</b>	<b>4.5</b>	<b>9.1</b>	<b>7.4</b>
Discount % vs. avg.	-36%	-48%	-32%	-46%	-35%	-46%
Discount % vs. med.	-38%	-55%	-27%	-42%	-41%	-47%

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 consistently traded at a discount compared to its peers, currently at ca. a 40%-50% discount across 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 (from 52% in 2017 to 22% in FY22 and 36% in 1H23, primarily attributed to Filostamp acquisition).

Assuming a fair 2023E multiple at 0.8x EV/Sales and 5.9x EV/EBITDA, necessary to maintain ca. 25% discount vs. Peers, **we get €2.22 p/s fair value** (down from €2.65).

### Discounted Cash Flow Model

DCF Model incorporates Vimi Fasteners' medium / long-term growth potential and is based on:

- ◆ Target capital structure with Net Debt at 30% of Capital Invested, compared to the current 44%;
- ◆ **WACC at 10.3%** calculated using an expanded CAPM approach based on 2.0% Risk-free rate, 1.0x unlevered beta (weighted average of auto parts, oil services / equipment and diversified industries sectors), 6.45% Italian ERP (recently revised down from 8.08%), and additional 3.0% 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 **€3.21 DCF driven fair equity value per share** (up from €2.75).

#### Vimi Fasteners: DCF model

€mn	
PV of future cash flows 2023E-2031E	30.2
PV of Terminal value	37.9
<b>Fair Enterprise value</b>	<b>68.1</b>
Net Fin. Position 2023 PF year-end (*)	-24.4
<b>Fair Equity value</b>	<b>43.7</b>
<b>Fair Equity value per share (€)</b>	<b>3.21</b>

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	9.3%	3.43	3.64	3.87	4.13	4.44
	9.8%	3.15	3.32	3.52	3.74	4.00
	10.3%	2.89	3.04	<b>3.21</b>	3.40	3.62
	10.8%	2.66	2.79	2.94	3.10	3.29
	11.3%	2.45	2.56	2.69	2.84	3.00

Source: Value Track Analysis

## Appendix 1: Acquisition of Filostamp

Some months ago, 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 (Italian GAAP):

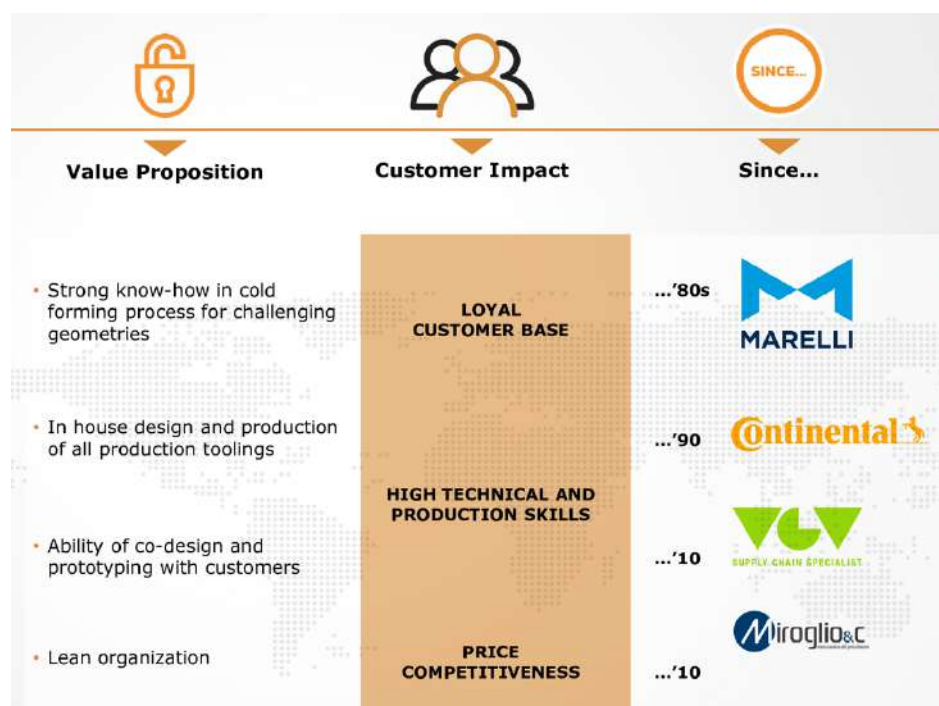
- ◆ **Revenues: €8.0mn** (vs. €7.3mn in FY21, +9.8% y/y);
- ◆ **EBITDA: €1.8mn**, i.e., ca. 22.5% on Revenues, according to accounting standards IAS/IFRS (net of lease payments and rents);
- ◆ **Cash and cash equivalents amounting to ca. €1.3mn and no bank debts.** However, as Filostamp has outstanding 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 has acquired 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.



## Appendix 2: Vimi Fasteners business profile

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 clients with preliminary production sample.

Vimi represents a well 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

### Vimi Fasteners: Global Footprint



Source: Vimi Fasteners, Corporate Presentation

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