

UPDATE

EQUITY RESEARCH

ISIM
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Vimi Fasteners

Euronext Growth Milan | Industrial | Italy

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Rating

BUY

unchanged

Target Price

€ 2,75

prev. € 2,20

Risk



Medium

Upside potential

99,3%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 1,38
Target price	€ 2,75
Upside/(Downside) potential	99,3%
Ticker	VIM IM
Market Cap (€/mln)	€ 18,77
EV (€/mln)	€ 32,85
Free Float	21,31%
Share Outstanding	13.601.231
52-week high	€ 1,79
52-week low	€ 0,98
Average daily volumes (3 months)	18.500

Key Financials (€/mln)	FY22A	FY23E	FY24E	FY25E
Revenues	52,2	59,8	65,7	71,5
VoP	53,3	61,0	67,0	73,0
EBITDA	6,1	7,2	8,4	9,5
EBIT	2,3	2,5	3,7	4,7
Net Profit	1,7	1,4	2,3	3,0
EBITDA margin	11,4%	11,8%	12,5%	13,0%
EBIT margin	4,3%	4,1%	5,4%	6,4%
Net Profit margin	3,3%	2,3%	3,4%	4,1%

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Stock performance	1M	3M	6M	1Y
Absolute	2,99%	17,95%	32,69%	0,73%
to FTSE Italia Growth	3,35%	19,70%	25,86%	11,22%
to Euronext STAR Milan	3,31%	18,92%	13,80%	8,15%
to FTSE All-Share	-0,81%	10,70%	0,53%	-10,16%
to EUROSTOXX	-2,07%	12,33%	2,85%	-13,35%
to MSCI World Index	-2,80%	14,54%	13,65%	5,17%

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	5,4x	4,6x	3,9x	3,5x
EV/EBIT	14,2x	13,1x	9,0x	7,0x
P/E	10,8x	13,4x	8,3x	6,3x

FY22A Results

During 2022, the Group generated total consolidated revenues of € 52.19 million, reporting a growth of 14.8% compared to the figure reported as of December 31, 2021 (€ 45.46 million), while the value of production came in at € 53.35 million (+11.2% versus FY21A). EBITDA for the period amounted to € 6.08 million, with EBITDA margin equal to 11.4%. EBIT, after amortization and depreciation of € 3.77 million, amounted to € 2.31 million, compared to € 2.62 million in FY21A. The Net Income was positive, amounting to € 1.75 million, down on the € 2.09 million reported in the previous year.

Estimates Update

In light of the results published in the annual report for FY22A and of the very recent acquisition of Filostamp Srl, we have adjusted our estimates for both the current year and the coming years. In particular, we estimate an FY23E consolidated value of production of € 61.00 million, and an EBITDA of € 7.20 million, corresponding to a margin of 11.8%. In the following years, we expect the value of production to rise to € 73.00 million (CAGR 22Y-25E: 11.0%) in FY25E, with EBITDA equal to € 9.50 million (corresponding to a margin of 13.0%), up from € 6.08 million in FY22A (corresponding to an EBITDA Margin of 11.4%).

Valuation Update

We conducted our valuation of the equity value of Vimi Fasteners based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 46.0 million. Using market multiples, the equity value of Vimi Fasteners is € 28.8 million (including a 25,0% discount). **The result gives an average equity value of approximately € 37.4 million. The target price is € 2.75, with a BUY rating, and MEDIUM risk.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenues	45,46	52,19	59,80	65,65	71,50
Other Revenues	2,51	1,16	1,20	1,35	1,50
Value of Production	47,97	53,35	61,00	67,00	73,00
COGS	15,05	18,96	21,50	23,40	25,30
Services	12,11	13,30	15,20	16,50	17,80
Use of assets owned by others	0,20	0,29	0,30	0,35	0,40
Employees	13,56	14,32	16,30	17,80	19,40
Other Operating Expenses	0,34	0,40	0,50	0,55	0,60
EBITDA	6,72	6,08	7,20	8,40	9,50
<i>EBITDA Margin</i>	<i>14,0%</i>	<i>11,4%</i>	<i>11,8%</i>	<i>12,5%</i>	<i>13,0%</i>
<i>Extraordinary Items</i>	<i>(0,47)</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>
EBITDA Adjusted	6,25	6,08	7,20	8,40	9,50
EBITDA Adj. Margin	13,2%	11,4%	11,8%	12,5%	13,0%
D&A	4,10	3,77	4,70	4,75	4,80
EBIT	2,62	2,31	2,50	3,65	4,70
<i>EBIT Margin</i>	<i>5,5%</i>	<i>4,3%</i>	<i>4,1%</i>	<i>5,4%</i>	<i>6,4%</i>
Financial Management	(0,34)	(0,36)	(0,50)	(0,50)	(0,50)
EBT	2,28	1,95	2,00	3,15	4,20
Taxes	0,19	0,21	0,60	0,90	1,20
Net Income	2,09	1,75	1,40	2,25	3,00

CONSOLIDATED BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Fixed Assets	31,53	30,40	38,70	36,60	34,50
Account receivable	10,46	9,76	12,50	13,50	14,60
Inventories	11,20	12,96	14,50	15,50	16,80
Account payable	9,51	9,14	13,00	14,20	15,40
Operating Working Capital	12,15	13,58	14,00	14,80	16,00
Other receivable	7,01	6,86	7,50	8,00	8,70
Other payable	4,88	5,49	6,50	7,10	7,70
Net Working Capital	14,28	14,95	15,00	15,70	17,00
Severance Indemnities & Other Provisions	1,34	1,01	1,05	1,15	1,25
NET INVESTED CAPITAL	44,47	44,34	52,65	51,15	50,25
Share Capital	9,65	9,65	9,65	9,65	9,65
Reserves	16,47	18,87	20,61	22,01	24,26
Net Income	2,09	1,75	1,40	2,25	3,00
Equity	28,20	30,26	31,66	33,91	36,91
Cash & Cash Equivalent	1,91	1,55	1,01	3,76	6,66
Short Term Debt to Bank	8,15	10,63	12,00	11,50	11,00
M/L Term Debt to Bank	10,04	5,01	10,00	9,50	9,00
Net Financial Position	16,27	14,09	20,99	17,24	13,34
SOURCES	44,47	44,34	52,65	51,15	50,25

CONSOLIDATED CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E
EBIT	2,31	2,50	3,65	4,70
Taxes	0,21	0,60	0,90	1,20
NOPAT	2,10	1,90	2,75	3,50
D&A	3,77	4,70	4,75	4,80
Change in receivable	0,70	(2,74)	(1,00)	(1,10)
Inventories	(1,77)	(1,54)	(1,00)	(1,30)
Change in payable	(0,37)	3,86	1,20	1,20
Change in others	0,77	0,37	0,10	(0,10)
Change in NWC	(0,67)	(0,05)	(0,70)	(1,30)
Change in provisions	(0,33)	0,04	0,10	0,10
OPERATING CASH FLOW	4,88	6,59	6,90	7,10
Capex	(2,6)	(13,0)	(2,7)	(2,7)
FREE CASH FLOW	2,23	(6,42)	4,25	4,40
Financial Management	(0,36)	(0,50)	(0,50)	(0,50)
Change in Debt to Bank	(2,55)	6,37	(1,00)	(1,00)
Change in Equity	0,31	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	(0,36)	(0,55)	2,75	2,90

Source: Vimi Fasteners and Integrae SIM estimates

Company Overview

Vimi Fasteners SpA, head of the VIMI Group of the same name, is an Italian company based in Novellara, in the Province of Reggio Emilia. The Company is active in the high precision mechanics sector and a market leader in the design, manufacture and marketing of fasteners and highly engineered mechanical components, operating in continuous, close partnership with OEM, distributor, and Tier 1 customers.

The Group's main activities are focused on the creation and production of special screws in high-performance steel, using cold, hot and semi-hot stamping and deformation processes. The products are intended for various end-markets and sectors such as industrial manufacturing, automotive, aerospace, oil and gas, motor sports, agriculture, infrastructure, and renewable energy. From an organizational point of view, the Company operates two production sites, one located in Novellara, in the Province of Reggio Emilia, and the other in Albese con Cassano, in the Province of Como, which also serves as the legal and operational headquarters of the subsidiary MF Inox Srl, acquired in 2018 and manufacturer of bolts, screws and nuts in steel and superalloys. The products manufactured by the parent company at the Novellara plant are mainly intended for manufacturers of industrial machinery and the automotive sector, whereas MF Inox produces fastening systems for plants and applications in oil and gas, energy and major infrastructural works sectors.

FY22A Results

TABLE 2 – ACTUAL VS ESTIMATES FY22A

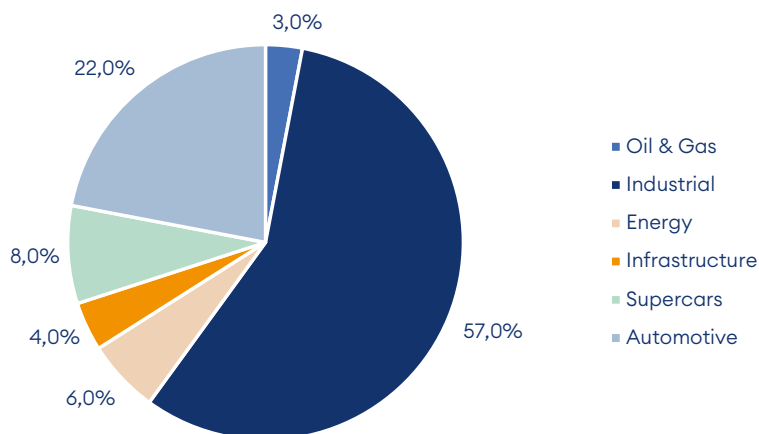
€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY22A	53,35	6,08	11,4%	2,31	1,75	14,1
FY22E	52,50	5,35	10,2%	1,30	1,10	14,6
<i>Change</i>	1,6%	13,7%	1,2%	77,8%	58,7%	N.A

Source: Integrae SIM

In a press release, Vimi Fasteners, a leading company in the design of highly engineered fasteners, communicated the approval of the consolidated financial report of the Vimi Group for the period ended December 31, 2022.

During the 2022 financial year, the Group generated total consolidated revenues of € 52.19 million, reporting a growth of 14.8% compared to the figure reported as of December 31, 2021 (€ 45.46 million), while the value of production, considering other revenues of € 1.16 million, came in at € 53.35 million (+11.2% versus € 47.97 million at FY21A). The growth occurred despite the health, geopolitical and macroeconomic challenges of the period, also thanks to the strengthening of the Group's position in the Industrial macro-sector. The stable demand growth trend is confirmed by an order backlog value of € 37.70 million as of December 31, 2022, compared to € 33.50 million reported at the end of 2021.

CHART 1 – REVENUES BREAKDOWN BY INDUSTRY



Source: Vimi Fasteners

In line with the management strategy, the turnover from the Industrial sector was strengthened, achieving a share of 57.0% of total revenues, compared to 53.0% reported as of December 31, 2021. At the same time, the Automotive sector share fell from 25.0% in FY21A to 22.0% in FY22A.

EBITDA for the period amounted to € 6.08 million, lower than the value of € 6.72 million reported in the previous year, decreasing 9.4%. The Company was affected by the aftermath of the pandemic, the continuation of tensions related to the Russian-Ukrainian conflict, and inflationary pressures driven by increased materials and energy costs. In response to these challenges, the Group companies have adopted a price increase policy, which, together production efficiency improvement processes, have allowed margins to be maintained at a positive and satisfactory level. Indeed, the operating margin came in at 11.4%, compared to 14.0% reported as of December 31, 2021.

EBIT, after amortization and depreciation of € 3.77 million, amounted to € 2.31 million, compared to € 2.62 million in FY21A. Consequently, the EBIT Margin also fell, going from 5.5% (2021) to 4.3% (2022). The Net Income was positive, amounting to € 1.75 million, down on the € 2.09 million reported in the previous year.

On the balance sheet level, the Company confirmed an improvement in financial management compared to FY21A (which saw an NFP of € 16.27 million), reporting a net financial debt of € 14.09 million (-13.4%). Note that, of this amount, € 2.69 million relates to the recognition of discounted payables for future leasing and rent fees.

In light of these results, the Company is continuing in pursuit of its strategic objectives. Although the Group companies do not have any direct customers or suppliers in the countries affected by the Russian-Ukrainian conflict, the evolution of the conflict will continue to be monitored in 2023, in order to adequately assess any indirect impacts on the supply chain.

The Group intends to continue its renegotiation efforts with customers to redefine sales prices, in order to limit as much as possible the erosion of margins from the increased price of raw materials. In addition, the Group's resources are focused on the further development of the *Industrial* sector, which is a vast and resilient market with significant growth opportunities. This would also make it possible to compensate for potential reductions in sales volumes of traditional powertrain products, driven by the transition from combustion engines to electric motors, as envisaged in EU countries by 2035.

Finally, we note the signing, on March 20, 2023, of a binding agreement for the acquisition of 100% of the share capital of the company Filostamp Srl, the closing of which is expected by the end of April 2023. This transaction pursues the strategic objectives of commercial and industrial growth for Vimi Fasteners and for the entire Group. Indeed, the integration of Filostamp will leverage important production synergies, through optimizing the use of the significant Filostamp-owned production facilities and machine park assets, and therefore reducing outsourcing, and important commercial synergies, through the expansion in the portfolio of products offered to the vast network of Vimi customers, especially abroad. The transaction has a consideration value of € 10.00 million, of which slightly more than half was paid by year-end (€ 5.10 million). The other half will be paid in installments over the next few years.

FY23E – FY25E Estimates

TABLE 3 – ESTIMATES UPDATES FY23E - 25E

€/mln	FY23E	FY24E	FY25E
VoP			
New	61,0	67,0	73,0
Old	55,0	57,5	N.A
Change	10,9%	16,5%	N.A
EBITDA			
New	7,2	8,4	9,5
Old	6,3	7,2	N.A
Change	14,3%	16,7%	N.A
EBITDA %			
New	11,8%	12,5%	13,0%
Old	11,5%	12,5%	N.A
Change	0,3%	0,0%	N.A
EBIT			
New	2,5	3,7	4,7
Old	2,2	3,1	N.A
Change	13,6%	19,7%	N.A
Net Income			
New	1,4	2,3	3,0
Old	1,5	2,2	N.A
Change	-6,7%	4,7%	N.A
NFP			
New	21,0	17,2	13,3
Old	13,5	11,0	N.A
Change	N.A	N.A	N.A

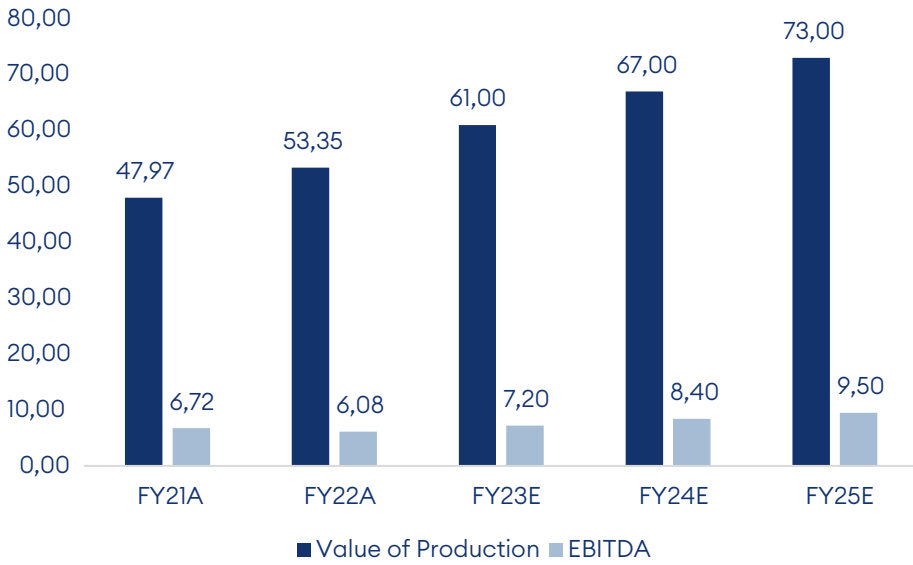
Source: Integrae SIM

In light of the results published in the annual report for FY22A and of the very recent acquisition of Filostamp Srl, we have adjusted our estimates for both the current year and the coming years.

In particular, we estimate an FY23E consolidated value of production of € 61.00 million, and an EBITDA of € 7.20 million, corresponding to a margin of 11.8%. In the following years, we expect the value of production to rise to € 73.00 million (CAGR 22Y-25E: 11.0%) in FY25E, with EBITDA equal to € 9.50 million (corresponding to a margin of 13.0%), up from € 6.08 million in FY22A (corresponding to an EBITDA Margin of 11.4%).

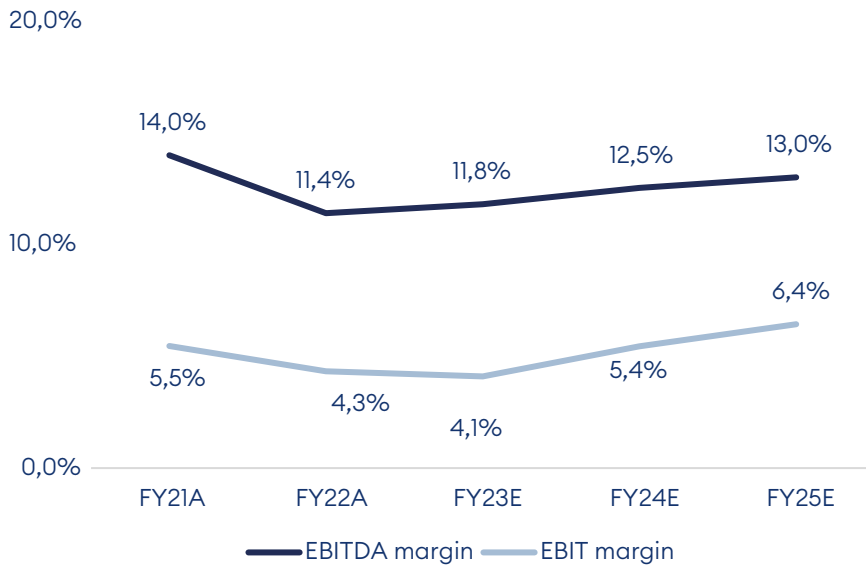
Finally, from an asset point of view, we estimate a NFP value of € 21.00 million. This increase is attributable to the 100% share capital acquisition of Filostamp Srl for a total of € 10.00 million.

CHART 3 – VOP AND EBITDA FY21A-25E



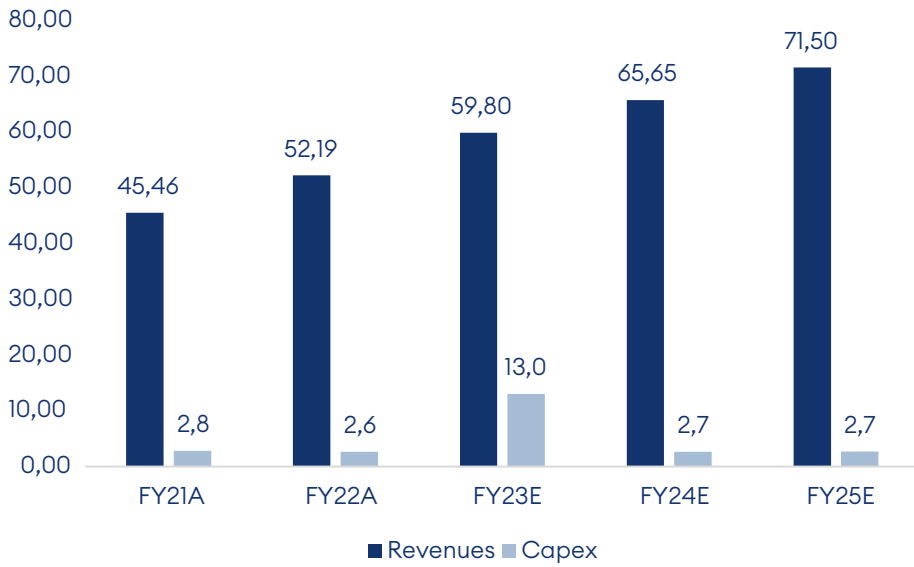
Source: Integrae SIM

CHART 4 – MARGIN FY21A-25E



Source: Integrae SIM

CHART 5 - CAPEX FY21A-25E



Source: Integrae SIM

CHART 6 - NFP FY21A-25E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of Vimi Fasteners based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC				9,3%
D/E 66,7%	Risk Free Rate 3,5%	β Adjusted 0,9	α (specific risk) 2,5%	
K_d 2,0%	Market Premium 9,7%	β Relevered 1,3	K_e 14,5%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 9,3%.

TABLE 5 – DCF VALUATION

DCF	% of EV	
FCFO actualized	5,3	9,0%
TV actualized DCF	54,7	91,0%
Enterprise Value	60,1	100%
NFP	14,1	
Equity Value	46,0	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 46,0 million.**

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		7,8%	8,3%	8,8%	9,3%	9,8%	10,3%	10,8%
	2,5%	82,0	72,7	64,8	58,1	52,4	47,4	43,0
	2,0%	74,2	66,2	59,4	53,5	48,4	44,0	40,0
	1,5%	67,6	60,6	54,7	49,5	45,0	40,9	37,3
	1,0%	61,9	55,9	50,6	46,0	41,9	38,2	35,0
	0,5%	57,1	51,7	47,0	42,8	39,1	35,8	32,8
	0,0%	52,9	48,1	43,8	40,1	36,7	33,6	30,9
	-0,5%	49,2	44,9	41,0	37,6	34,5	31,6	29,1

Source: Integrae SIM

Market multiples

Our panel is made up of companies operating in the same sector as Vimi Fasteners; these companies are same used to calculate Beta for the DCF method.

TABLE 7 – MARKET MULTIPLES

Vimi Fasteners	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
SFS Group AG	8,4x	8,1x	7,7x	11,1x	10,7x	10,0x
Vallourec SA	3,6x	3,7x	4,0x	4,9x	4,8x	5,5x
Bossard Holding AG	11,3x	10,6x	9,8x	13,5x	12,9x	11,5x
Bufab AB	12,3x	12,8x	11,4x	14,8x	14,2x	12,7x
Peer median	9,8x	9,3x	8,7x	12,3x	11,8x	10,8x

Source: *Infinancials*

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	70,8	78,3	83,0
EV/EBIT	30,8	43,0	50,7
Equity Value			
EV/EBITDA	49,8	57,3	62,0
EV/EBIT	9,8	22,0	29,7
Equity Value post 25,0% discount			
EV/EBITDA	37,4	43,0	46,5
EV/EBIT	7,4	16,5	22,3
Average	22,4	29,8	34,4

Source: *Integrae SIM*

Using EV/EBITDA and EV/EBIT market multiples, the equity value of Vimi Fasteners is approximately € 38.5 million. To this value, we applied a 25,0% discount. The result is therefore an **equity value of € 28.8 million**.

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	37,4
Equity Value DCF (€/mln)	46,0
Equity Value multiples (€/mln)	28,8
Target Price (€)	2,75

Source: Integrae SIM

The result gives an average equity value of approximately € 37,4 million. **The target price is therefore € 2.75 (prev. € 2.20). We confirm a BUY rating, and MEDIUM risk**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	5,4x	4,6x	3,9x	3,5x
EV/EBIT	14,2x	13,1x	9,0x	7,0x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	8,5x	7,2x	6,1x	5,4x
EV/EBIT	22,3x	20,6x	14,1x	11,0x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
19/04/2022	1,37	Buy	2,85	Medium	Initiation of Coverage
12/07/2022	1,28	Buy	2,85	Medium	Breaking News
07/09/2022	1,18	Buy	2,85	Medium	Breaking News
07/10/2022	1,02	Buy	2,20	Medium	Update
18/10/2022	1,05	Buy	2,20	Medium	Breaking News
27/02/2023	1,51	Buy	2,20	Medium	Breaking News

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRÆ SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integræ SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

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- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Euronext Growth Advisor of the Vimi Fasteners SpA;
- It plays, or has played in the last 12 months, role of specialist financial instruments issued by Vimi Fasteners SpA;
- In the IPO phase, Integræ SIM played the role of global coordinator.