

Vimi Fasteners

Sector: Industrial fasteners



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Waiting for German rebound

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.

Good FY23 but Q423 and 1Q24 point at market weakness

Vimi recorded satisfactory FY23 results (despite a deceleration in Q4) with a significant growth in top line boosted by Filostamp acquisition. Without considering M&A, revenue have been stable y/y. M&A also affected Net Debt Position. The key highlights are:

- ◆ Total Revenues +15% y/y at €61.3mn, driven by the integration of new clients from Filostamp;
- ◆ EBITDA Adjusted reaching €8.2mn (+~34% y/y, gross of €528k of one-off Filostamp acquisition-related costs);
- ◆ Net Debt at €23.9mn (vs €14.1mn in FY22 and €26.6mn in 1H2023, up entirely as a result of the Filostamp deal).

Vimi Fasteners has already unveiled some 1Q24 financial figures with Top Line up only 1.1% y/y (we calculate a slight decrease y/y on a l-f-l basis) impacted by the weakness of European demand (Germany in particular) and of agriculture / off-road end markets.

FY24E-26E estimates fine-tuning downwards

We are revising downwards our 2024E-25E estimates (and unveiling 2026E ones) by taking into account a more conservative view on organic business development driven by the current weakness of some of the most relevant end markets only partially offset by some new initiatives under negotiation.

As a matter of fact, in the 2024E-26E years we now forecast Revenues from Sales to keep growing at low-single digit rate, with Operating Profitability margins slightly decreasing. Free Cash Flow should allow the Group to reduce its IFRS Net Debt / EBITDA ratio below 2.0x.

Fair Value downwards at €2.50 p/s (from €2.70)

Based on current €1.35 market price and updated estimates, Vimi boasts a not demanding €18.4mn market capitalization and 0.6x-4.9x EV/Sales, EV/EBITDA 2024E stock multiples respectively.

Lower DCF value (driven by downward revision of forecasts only partially offset by lower Italian ERP) and slightly higher peers based fair value (rerating of peers' multiples), do not offset each other. As a result, we revise Vimi fair value per share down at €2.50 (from €2.70). At fair value, the stock would trade at 0.9x EV/Sales and 6.9x EV/EBITDA 2024E, respectively.

Fair Value (€) 2.50
Market Price (€) 1.35
Market Cap. (€m) 18.4

KEY FINANCIALS (€m)	2023A	2024E	2025E
TOTAL REVENUES	61.3	61.1	65.2
EBITDA ADJUSTED	8.2	7.9	8.1
EBIT	3.0	3.0	3.3
NET PROFIT ADJUSTED	2.3	1.9	2.1
EQUITY	31.4	33.3	35.4
NET FIN. DEBT	-23.9	-20.4	-18.2
EPS ADJ. (€)	0.17	0.14	0.15
DPS (€)	0.00	0.00	0.00

Source: Vimi Fasteners (historical figures), Value Track (24E-25E est.)

RATIOS & MULTIPLES	2023A	2024E	2025E
EBITDA ADJ. MARGIN (%)	12.5%	12.8%	12.4%
EBIT MARGIN (%)	4.9%	4.9%	5.0%
NET DEBT / EBITDA (x)	2.4	1.9	0.0
NET DEBT / EQUITY (x)	76%	61%	51%
EV/TOT.REV. (x)	0.9	0.9	0.0
EV/EBITDA ADJ. (x)	7.6	6.9	0.0
P/E ADJ. (x)	14.5	17.5	16.4
DIV YIELD (%)	0.0	0.0	0.0

Source: Vimi Fasteners (historical figures), Value Track (24E-25E est.)

STOCK DATA

FAIR VALUE (€)	2.50
MARKET PRICE (€)	1.40
SHS. OUT. (m)	13.6
MARKET CAP. (€m)	19.0
FREE FLOAT (%)	21.3
AVG. -20D VOL. (#)	2,266
RIC / BBG	VIM.MI / VIM IM
52 WK RANGE	1.15-1.66

Source: Stock Market Data

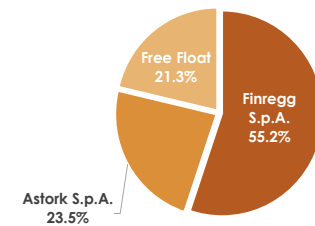


Business Description

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



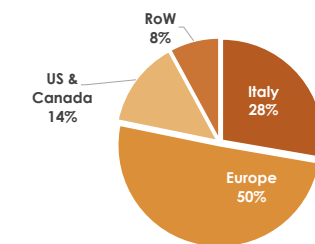
Source: Vimi Fasteners

Key Financials

€mn	2023A	2024E	2025E	2026E
Total Revenues (i.e VoP)	61.3	61.1	65.2	68.4
Chg. % YoY	15.0%	-0.4%	6.6%	5.0%
EBITDA (Adjusted)	8.2	7.9	8.1	8.2
EBITDA Margin	13.8%	12.8%	12.4%	12.0%
EBIT (Reported)	3.0	3.0	3.3	3.4
EBIT Margin	4.9%	4.9%	5.0%	4.9%
Net Profit (Reported)	2.0	1.9	2.1	2.1
Chg. % YoY	12.1%	-0.7%	6.9%	1.2%
Adjusted Net Profit	2.3	1.9	2.1	2.1
Chg. % YoY	33.9%	-16.8%	6.9%	1.2%
Net Fin. Debt	23.9	20.4	18.2	14.0
Net Fin. Debt / EBITDA (x)	3.1	2.6	2.2	1.7
Capex	-7.0	-2.0	-5.0	-2.7
OpFCF b.t.	-4.2	4.6	3.4	5.5
OpFCF b.t. as % of EBITDA	-54.7%	58.0%	42.3%	66.7%

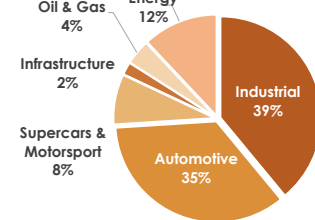
Source: Vimi Fasteners (historical figures), Value Track (estimates)

FY23 Revenues by Geography



Source: Vimi Fasteners

FY23 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 @ €2.50 Fair Value

	2024E	2025E
EV / SALES (x)	0.9	0.8
EV / EBITDA ADJ.(x)	6.9	6.5
EV / CAP.EMP. (x)	1.0	1.0
OpFCF Yield (%)	12.8	15.9
P / E ADJ (x)	17.5	16.4
P / BV (x)	1.0	1.0
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY23 results

Introduction

Vimi Fasteners reported good FY23 results, a bit better than our estimates, demonstrating resilience in the face of the ongoing German recession, a pivotal market that negatively affected the last part of the year. Indeed, in the first nine months of the year the Company registered an extremely positive performance, but in the last quarter it suffered from the decrease of orders by German clients.

Overall, 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, we have to highlight that the M&A deal led to a substantial increase in the Net Debt Position.

FY23 Key Messages

Key messages in our view are:

- ◆ **Increasing demand across end-markets.** The slowdown in sales to German customers was offset, at least in the first part of the year, by ramp-ups with new customers.
In the second half of the year, however, the slowdown in the German economy spread to the entire European area.
On the other hand, the performance of the American market was more resilient. Indeed, revenues from US & Canada almost doubled in the period 2022-2023;
- ◆ **Automotive macro-sector increasing back its weight.** The incidence on Sales of the automotive sector increased back (currently at 35% on Sales, to which we have to add some 8% incidence of Supercar segment) due to Filostamp customers, leading to lower weight of Industrial sector (at 39% on Sales, vs. 57% in FY22);
- ◆ **New customers' acquisition,** business development and new customer scouting actions were also strongly intensified for all group companies, (e.g. a new sales agent in Poland was added).
In addition, we signal the first supplies for a new important global customer in the industrial engines and components sector, as well as sales to an iconic Italian brand of high-performance screw superbikes;
- ◆ **Operating profitability recovers y/y,** thanks mainly to higher sales and, partially, reduction of operating costs, in particular with the commissioning of the new photovoltaic system on the parent company's plant, which enabled energy costs to be contained compared to the previous year.
In addition, the company already benefitted from the synergies emerging from the acquisition, and the process of integration has been successfully accomplished also thanks to an integration leader.

FY23 Key Financials

Moving to numbers, FY23 financial results look quite coherent with our full-year expectations (released back on October 2023), and can be summarized as follows:

- ◆ **Total Revenues were up double-digit (+15% y/y),** thanks to the record order backlog reported at the end of 2022, to the €6.2mn revenue contribution from Filostamp consolidation that started back in April 2023, and to one off Other Revenue contribution;
- ◆ **EBITDA Adjusted was up +~34% y/y at €8.2mn,** positively impacted by higher sales together with an ongoing process of production efficiency;
- ◆ **Net Debt Position worsened at €23.9mn** (vs. €14.1mn as of the end of Dec '22), as a result of Filostamp deal as well as its inclusion in the consolidated financial statements of an additional €2.1mn in rent and lease payables, accounted for in accordance with IFRS 16.

Vimi Fasteners: FY21-FY22-FY23 Key Financial Items

(€mn)	FY22A	FY23A (*)	y/y (%)	FY23E (*)	A/E (%)
Total Revenues	53.3	61.3	15%	60.0	2.2%
Revenues from Sales	52.5	59.2	13%	59.1	0.1%
Other	0.8	2.1	n.m.	0.9	n.m.
EBITDA Adjusted	6.1	8.2	34%	7.6	7.2%
EBITDA Adj. Margin (%)	11.6%	13.8%	+220bps	12.9%	n.m.
EBITDA Reported	6.1	7.7	26%	7.1	7.8%
EBITDA Margin (%)	11.6%	12.9%	+127bps	12.0%	n.m.
EBIT	2.3	3.0	30%	2.6	15.1%
EBIT Margin (%)	4.4%	5.1%	+74bps	4.4%	n.m.
Net Profit	1.7	2.0	18%	1.9	5.4%
Net Fin. Pos. [Debt (-), Cash (+)]	-14.1	-23.9	n.m.	-24.4	-0.5
Net Debt / EBITDA (x)	2.3	3.1	n.m.	3.4	n.m.

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

Revenues from Sales at €59.2mn (+13% y/y)

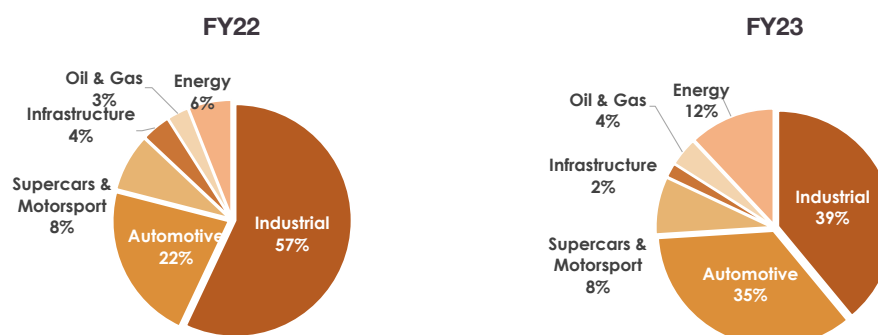
Revenues from Sales came in at €59.2mn in FY23, including ca. €6.2mn of Filostamp contribution (consolidated as of 01/04/23), up +13% vs. €52.5mn achieved in FY22.

Net of Filostamp, Vimi has attained total sales surpassing €53.0mn reflecting a stable scenario, notwithstanding the weakening macroeconomic scenario and the global geopolitical and macroeconomic tensions.

In terms of end markets, the most represented is the Industrial one (currently at 39% of total vs. 57% in FY22), followed by Automotive (currently at 35% of total vs. 22% in FY22) and Energy (currently at 12% of total vs. 6% in FY22).

Worthy to note the Automotive sector has increased back its weight, as it is the target market of the newly acquired Filostamp. On the contrary, we note that the Industrial sector is the one that has suffered the most from German market weakness.

Vimi Fasteners: Sales by End Market FY22 – FY23



Source: Vimi Fasteners, Value Track analysis

Looking at the different markets' evolution, we highlight:

- ◆ **Domestic Sales** stood at ca. €16.5mn, or ca. 28% of total, up +4.4% y/y;
- ◆ **Foreign Sales** stood at ~72%, of which: i) 50.7% EU (excluding Italy) at ca. €30.1mn (+4.2% y/y), ii) 13.5% North America, at €8mn, (+70% y/y), and lastly iii) 7.8% RoW sales at €4.6mn (+44.0% y/y).

Other Revenues stands at €1.6mn mostly relate to public grants and right ups.

Vimi Fasteners: Top-line evolution in FY1-FY22-FY23

(€mn)	FY21	FY22	FY23	y/y (%)
Italy	14.8	15.8	16.5	4.4%
European Union (exc. Italy)	22.0	28.9	30.1	4.2%
US & Canada	4.7	4.7	8.0	70%
Others	3.9	3.2	4.6	44%
Revenues from Sales	45.5	52.5	59.2	13%
Capitalized development costs	1.0	0.3	0.6	100%
Other Revenues	1.5	0.5	1.6	220%
Total Revenues	48.0	53.3	61.3	15%

Source: Vimi Fasteners, Value Track Analysis

EBITDA Adjusted at €8.2mn (~+34%y/y), Adj. EBITDA Margin at 13.8%

With the top-line growing at double-digit rate, EBITDA Adj. (gross of Filostamp extraordinary and non-recurring acquisition-related costs) was up ca. +34% y/y at €8.2mn with 13.8% Adj. EBITDA Margin (ca. +220bps vs. FY22). Reported EBITDA stood at €7.7mn, +26% y/y.

The increase in profitability was due to:

- ◆ The decrease of Raw materials costs incidence;
- ◆ The contribution given by Filostamp;
- ◆ 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.

As far as the costs structure is concerned, we calculate:

- ◆ Raw materials at 33.1% of Value of Production (vs. 37.5% in FY22)
- ◆ Service costs are up 7% to €14.6mn;
- ◆ Workforce costs at €16.4mn (+15% y/y).

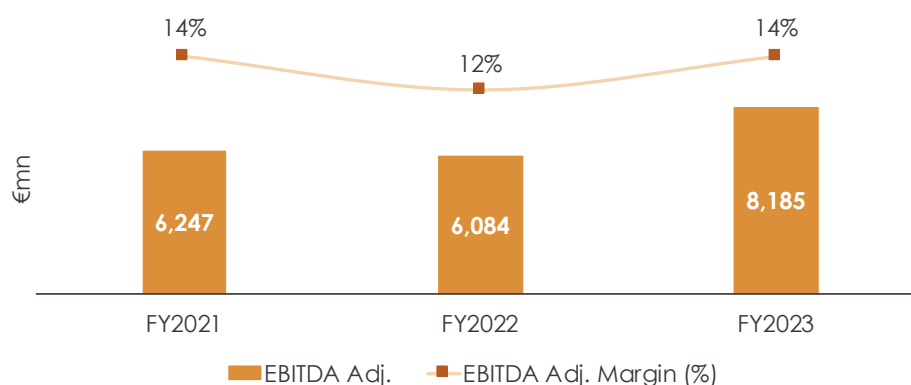
Higher y/y D&A charges (€1mn more) translate into €3.0mn EBIT (vs €2.3mn in FY22), while at the bottom line, Net Profit stood at €2.0mn (vs. €1.7mn in FY22).

Vimi Fasteners: P&L evolution in FY21-FY22-FY23

(€mn)	FY21	FY22	FY23	y/y (%)
Total Revenues	48.0	53.3	61.3	15%
Raw Materials & Consumptions	-15.0	-19.0	-22.2	17%
Services	-12.3	-13.6	-14.6	7%
Labour	-13.6	-14.3	-16.4	15%
Other	-0.3	-0.4	-0.5	25%
EBITDA (Reported)	6.7	6.1	7.7	26%
<i>EBITDA Margin (%)</i>	<i>14.8%</i>	<i>11.6%</i>	<i>12.9%</i>	<i>+127bps</i>
EBITDA Adjusted	6.2	6.1	8.2	34%
<i>EBITDA Ad. Margin (%)</i>	<i>13.9%</i>	<i>11.6%</i>	<i>13.8%</i>	<i>+220bps</i>
D&A	-4.1	-3.8	-4.7	24%
EBIT (Reported)	2.6	2.3	3.0	30%
<i>EBIT Margin (%)</i>	<i>5.5%</i>	<i>4.4%</i>	<i>5.1%</i>	<i>+74bps</i>
Net Financial Charges	-0.3	-0.4	-0.8	nm
Pre-Tax Profit	2.3	2.0	2.2	10%
Taxes	-0.2	-0.2	-0.2	nm
Net Profit (Reported)	2.1	1.7	2.0	12%
Net Profit Adjusted	1.8	1.7	2.3	18%

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

Vimi Fasteners: EBITDA Adj. evolution FY21-FY22-FY23



Source: Value Track Analysis

Higher Net Debt position due to Filostamp deal

IFRS Net Financial Debt FY23 stood at €23.9mn, (Net Debt / EBITDA ratio at 3.1x), much higher than the €14.1mn recorded as of 2022-year-end as a result of the acquisition of Filostamp. Indeed, we calculate that the acquisition of Filostamp impacted for some €10mn. Net of this deal, the Net Debt would have remained substantially stable.

In terms of structure of the Balance Sheet / Cash Flow statement, we highlight:

- ◆ **Upwards Net Fixed Assets at €41.9mn** from €35.9mn in FY22, exhibiting an increase of ~€7mn primarily due to:
 - the inclusion of Filostamp into the group with the contribution of ca. €3.36mn of right-of-use assets;
 - the recognition of ca. €3.2mn goodwill;
 - €5.7mn Capex (9% on VoP), out of which €1.50mn tangible, €0.4mn intangible and the remaining 3.7 due to acquisition related investments;
- ◆ **Heavier Net Working Capital at €16.1mn** (from €10.5mn of FY22), driven by ~€6mn of trade receivables partly due to
 - the entry of Filostamp into the Group's consolidation (with the contribution of approximately €2.8mn of receivables);
 - a “timing” effect of invoicing.

However, we note there was no deterioration in the quality of the receivables themselves, nor an extension of the contractually granted deferment terms.

- ◆ **€714k dividend** distributed to shareholders.

Worthy to note, **without taking into account IFRS 16, the Net Debt would be lower by ca. €9mn.**

Vimi Fasteners: FY21, FY22 and FY23 Balance Sheet

(€ mn)	FY21	FY22	FY23
Net Fixed assets	37.0	35.9	41.9
Net Working Capital	9.8	10.5	16.1
Inventories	11.2	13.0	13.4
<i>Days of Inventory on Hand (x)</i>	<i>89.9</i>	<i>90.1</i>	<i>82.5</i>
Trade Receivables	10.5	9.8	15.6
<i>Days of Trade Receivables (x)</i>	<i>84.0</i>	<i>67.8</i>	<i>96.3</i>
Trade Payables	9.5	9.2	9.5
<i>Days of Trade Payables (x)</i>	<i>89.6</i>	<i>72.5</i>	<i>67.4</i>
Other current Assets / Liabilities	0.0	0.0	0.0
(Severance pay and funds)	2.3	2.1	2.8
Total Capital Employed	44.5	44.3	55.2
Group Net Equity	28.2	30.3	31.4
Net Fin. Position [Net debt (-) / Cash (+)]	-16.3	-14.1	-23.9

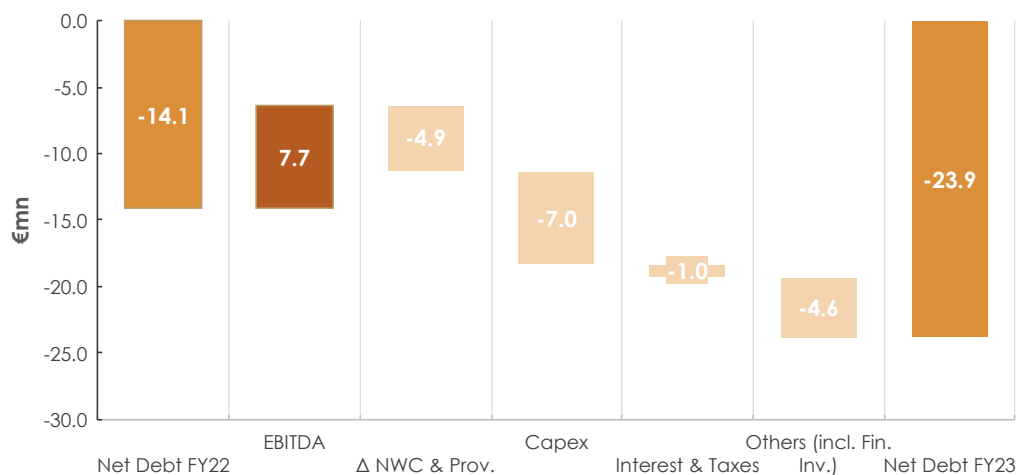
Source: Vimi Fasteners, Value Track Analysis

Vimi Fasteners: FY21, FY22 and FY23 Net Financial Position Analysis

(€ mn)	FY21	FY22	FY23
Cash and deposits (+)	1.9	1.5	3.0
Debt to Banks within 12 months (-)	-8.1	-10.6	-11.5
Current Net Financial Position	-6.2	-9.1	-8.5
Long term financial credits (+)	0.0	0.0	0.0
Debt to Banks over 12 months (-)	-10.0	-5.0	-15.4
Debt to third parties (Filostamp Earn out) (-)	0.0	0.0	0.0
Non-Current Financial Position	-10.0	-5.0	-15.4
Net Fin. Position [Net debt (-) / Cash (+)]	-16.3	-14.1	-23.9

Source: Vimi Fasteners, Value Track Analysis

Vimi Fasteners: Net Debt bridge FY22-FY23 (*)



Source: Value Track Analysis, (*) Filostamp acquisition overall accounting for some €10mn cash out

Update on business and corporate development

The main event of 2023 was the successful acquisition of Filostamp, a deal that has proved to be extremely useful in order to protect Vimi from the current weakness of industrial and off-road end markets. Thus, it's no surprise that Vimi aims to continue its M&A driven growth, for instance by looking at targets in new areas such as the USA.

Apart from M&A, Vimi is working to introduce new innovative products in its portfolio (e.g. "smart screws" equipped with sensors), to leverage the commercial synergies among the various companies of the Group, and to streamline processes in order to improve its profitability.

We would also flag Vimi's increasing effort towards ESG.

Vimi Fasteners: Business development strategies



Source: Vimi Fasteners

Vimi Fasteners: ESG approach



Source: Vimi Fasteners

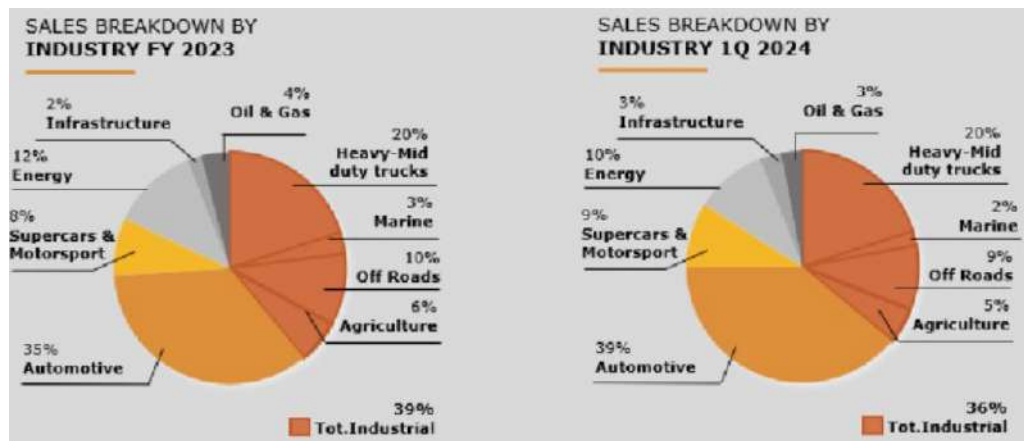
1Q24 & 2024E-26E: Outlook and Est. updates

1Q24 – Financial results

Vimi Fasteners has already unveiled some 1Q24 financial figures, that highlight the pretty weak stance of main reference markets and a slight improvement in the Net Debt position. More in details:

- ◆ **Group revenues 1Q24 amounted to €14.6mn**, up +1.1% y/y vs. €14.4mn in 1Q23. Net of Filostamp consolidation effect, we calculate a l-f-l slight decrease y/y. On the negative side there is Vimi SpA, impacted by the weakness of European demand (Germany in particular) and of agriculture / off-road end markets. On the positive side there are Filostamp and MF Inox thanks to the rebound of automotive demand and to the good stance of Oil & Gas one.

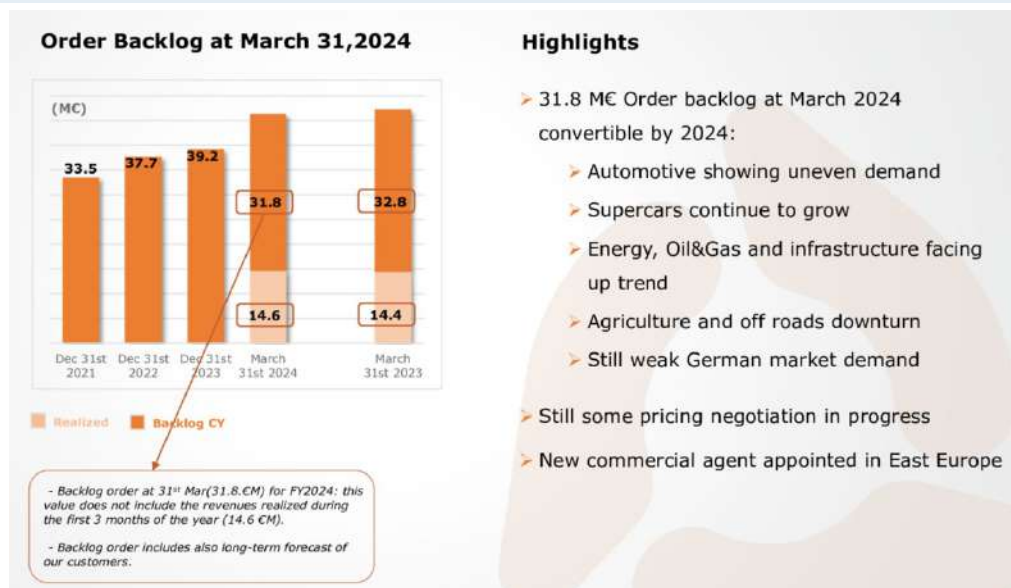
Vimi Fasteners: Sales breakdown by Industry FY23 – 1Q24



Source: Vimi Fasteners

- ◆ As of end of March 2024, Group’s **order book** for 2024FY, excluding the aforementioned revenues, stood at **€31.8mn**, -3.2% y/y vs. the €32.8mn order book as of end of March 2023.

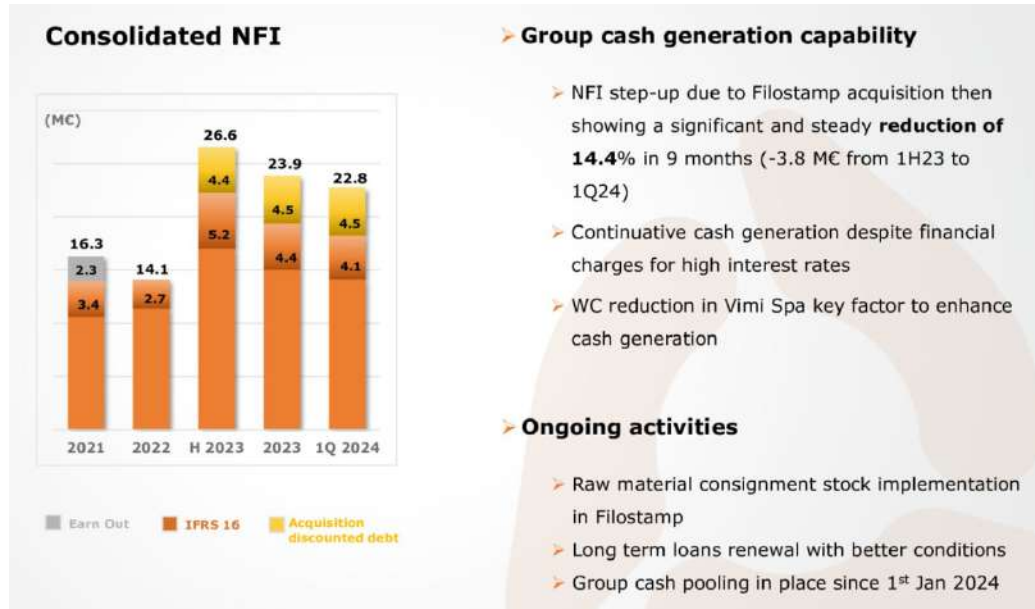
Vimi Fasteners: Order book



Source: Vimi Fasteners

- ◆ As of end of March 2024, Net Debt stood at €22.8mn, slightly better than the €23.9mn recorded as of December 2023. Worthy to note, Net Debt figure includes €4.1mn resulting from the accounting for lease contracts under IFRS 16 (compared to €4.3mn as of December 2023) and €4.5mn representing the outstanding payments for the acquisition of Filostamp.

Vimi Fasteners: Net Debt evolution up to 1Q24



Source: Vimi Fasteners

2023E24E – Estimates Updates

We are revising our 2024E-25E estimates (and unveiling 2026E ones) by taking into account a more conservative view on organic business development driven by the current weakness of some of the most relevant end markets only partially offset by some new initiatives under negotiation.

Overall, we’re applying a low double digit cut to Top Line and EBITDA estimates while the impact on Net Profit is more than proportional. We are maintaining substantially unchanged Net Debt forecasts thanks to better NWC management.

As a matter of fact, in the 2024E-26E years we now forecast Revenues from Sales to keep growing at low-single digit rate, with Operating Profitability margins slightly reducing. Free Cash Flow should allow the Group to reduce its IFRS Net Debt / EBITDA ratio below 2.0x.

VIMI Fasteners: New vs. Old estimates

(€ mn)	2024E			2025E		
	Old	New	Change	Old	New	Change
Total Revenues	65.6	61.1	-6.9%	68.9	65.2	-5.4%
EBITDA	8.4	7.9	-6.5%	9.1	8.1	-11.2%
EBIT	3.4	3.0	-11.8%	3.9	3.3	-15.8%
Net Profit	2.3	1.9	-15.4%	2.7	2.1	-23.0%
Net Fin. Pos. [Debt(-)/Cash(+)]	-20.7	-20.4		-19.9	-18.2	

Source: Value Track Analysis

Vimi Fasteners: Profit & Loss 2023A-26E

(€mn)	2023	2024E	2025E	2026E
Revenues from Sales	59.2	60.8	64.7	68.0
Other	2.2	0.3	0.4	0.4
Value of Production	61.3	61.1	65.2	68.4
COGS + Other Opex	-53.7	-37.0	-39.7	-41.7
Labour costs	0.0	-16.3	-17.3	-18.5
EBITDA (Reported)	7.7	7.9	8.1	8.2
<i>EBITDA Margin (%)</i>	12.9%	12.9%	12.5%	12.0%
D&A	-4.7	-4.9	-4.8	-4.8
EBIT (Reported)	3.0	3.0	3.3	3.4
<i>EBIT Margin (%)</i>	5.1%	4.9%	5.1%	5.0%
Net Financial Charges	-0.8	-0.8	-0.8	-0.7
Pre-tax profit	2.2	2.2	2.5	2.7
Taxes	-0.2	-0.3	-0.4	-0.6
Net Profit	2.0	1.9	2.1	2.1

Source: Vimi Fasteners (historical figures), Value Track (2024E-26E estimates)

Vimi Fasteners: Balance Sheet 2023A-26E

(€mn)	2023	2024E	2025E	2026E
Net Fixed assets	41.9	39.0	39.2	37.2
Net Working Capital	16.1	17.0	16.8	17.0
(Severance pay and other funds)	2.8	2.4	2.5	2.7
Total Capital Employed	55.2	53.7	53.5	51.5
Group Net Equity	31.4	33.3	35.4	37.5
Net Fin. Position [Net debt (-) / Cash (+)]	-23.9	-20.4	-18.2	-14.0

Source: Vimi Fasteners (historical figures), Value Track (2024E-26E estimates)

Vimi Fasteners: Cash Flow Statement 2023A-26E

(€mn)	2023	2024E	2025E	2026E
EBITDA (Reported)	7.7	7.9	8.1	8.2
Op. NWC requirements	-5.6	-0.9	0.2	-0.2
Capex (excl. Fin. Inv.)	-7.0	-2.0	-5.0	-2.7
Change in provisions	0.7	-0.4	0.1	0.2
OpFCF b.t.	-4.2	4.6	3.4	5.5
<i>As % of EBITDA</i>	-55%	58%	42%	67%
Cash Taxes	-0.2	-0.3	-0.4	-0.6
Net Financial Charges	-0.8	-0.8	-0.8	-0.7
Dividends	-0.7	0.0	0.0	0.0
Others (incl. Fin. Inv.)	-3.8	0.0	0.0	0.0
Change in Net Fin Position	-9.8	3.5	2.2	4.2

Source: Vimi Fasteners (historical figures), Value Track (2024E-26E estimates)

Valuation Update

Based on updated estimates, we slightly downgrade our **Vimi fair value at €2.50 per share** (vs. €2.70 as of October 2023), as simple average of:

1. Peers' Analysis (€2.30, up vs. €2.21 as of October 2023 due to rerating of Peers' multiples);
2. DCF Model (€2.72, down vs. €3.21 as of October 2023 due to downwards revision of forecasts, partially offset by lower Italian ERP).

At fair value Vimi would trade at 0.9x EV/Sales and 6.9x EV/EBITDA 2024E. This compares with the following multiples based on current stock market price: 0.6x-4.9x EV/Sales, EV/EBITDA 2024E.

Peers' Analysis

Peers that we usually consider to value Vimi share have recorded a small rerating of stock multiples in the latest months and now median stand at ca. 1.2x EV/Sales and 8.6x EV/EBITDA 2024E respectively.

Vimi Fasteners: Peers' stock trading multiples

(€mn)	EV/Sales 2024E	EV/EBITDA 2024E
Bulten	0.5	5.0
Trifast (**)	0.6	6.9
Bossard Holding	1.8	13.5
SFS Group	1.5	9.6
Lisi	1.0	7.6
BUFAB	1.9	13.7
Average	1.2	9.4
Median	1.2	8.6
Vimi @ market price	0.6	4.9
Discount % vs. avg.	-48%	-47%
Discount % vs. med.	-49%	-42%

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 ca. 40%-50% discount compared to its peers 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 across end markets.

Assuming a fair 2024E multiple at 0.9x EV/Sales and 6.2x EV/EBITDA, necessary to maintain ca. 25%-30% discount vs. Peers, **we get €2.30 p/s fair value** (up from €2.21).

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 2024E 37%;
- ◆ **WACC at 9.5%** 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);
 - 5.6% Italian Equity Risk Premium (recently revised down from 6.5%),
 - Additional 3.0% small-cap market risk premium;
- ◆ Explicit financial statements projections from 2024E up to 2031E and Terminal Value at 2031E, obtained applying a 2% Perpetuity Growth Rate (PGR).

The result is **€2.72 DCF driven fair equity value per share** (down from €3.31).

Vimi Fasteners: DCF model

€mn	
PV of future cash flows 2024E-2031E	25.7
PV of Terminal value	35.2
Fair Enterprise value	60.9
Net Fin. Position 2023 year-end	-23.9
Fair Equity value	37.0
Fair Equity value per share (€)	2.72

Source: Value Track Analysis

Appendix 1: 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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