UPDATE

EQUITY RESEARCH

Vimi Fasteners

Euronext Growth Milan | Industrial | Italy

Production 08/10/2024, h. 18:30
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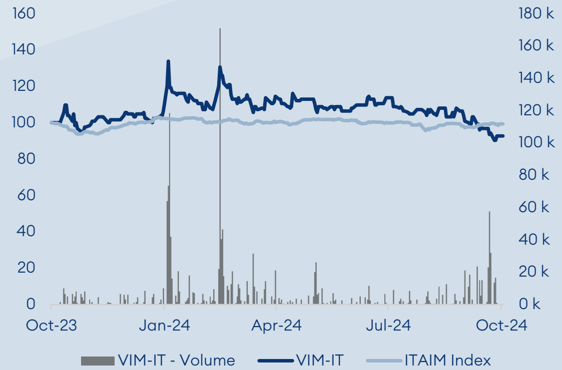
Rating
BUY
unchanged

Target Price
€ 2,75
unchanged

Risk
Medium

Upside potential
136,9%

Stocks performance relative to FTSE Italia Growth



Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	59,17	59,50	62,50	65,70
VoP	61,35	60,50	63,65	67,00
EBITDA	7,66	7,40	8,30	8,85
EBIT	3,00	2,70	3,55	4,05
Net Profit	1,96	1,10	1,75	2,15
EBITDA margin	*12,5%*	*12,2%*	*13,0%*	*13,2%*
EBIT margin	*4,9%*	*4,5%*	*5,6%*	*6,0%*
Net Profit margin	*3,2%*	*1,8%*	*2,7%*	*3,2%*

Stock Data	
Price	€ 1,16
Target price	€ 2,75
Upside/(Downside) potential	136,9%
Ticker	VIM IM
Market Cap (€/mln)	€ 15,78
EV (€/mln)	€ 39,66
Free Float	21,3%
Share Outstanding	13.601.321
52-week high	€ 1,66
52-week low	€ 1,07
Average daily volumes (3 months)	5.409

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Stock performance	1M	3M	6M	1Y
Absolute	-7,2%	-17,7%	-17,1%	-6,5%
to FTSE Italia Growth	2,0%	-0,6%	-1,2%	-0,7%
to Euronext STAR Milan	2,7%	-3,7%	-3,3%	11,8%
to FTSE All-Share	1,4%	-1,1%	-1,8%	21,0%
to EUROSTOXX	4,9%	0,0%	-1,5%	19,9%
to MSCI World Index	n/a	n/a	n/a	n/a

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	5,2x	5,4x	4,8x	4,5x
EV/EBIT	13,2x	14,7x	11,2x	9,8x
P/E	8,1x	14,3x	9,0x	7,3x

1H24A Results

In the first half of 2024, the Group generated consolidated revenues of € 29.47 million, a slight decline compared to € 30.21 million for the same period in the previous year, representing a change of -2.5%. The value of production, after other revenues of € 0.51 million, amounted to € 29.98 million compared to € 31.24 million in 1H23A. EBITDA for 1H24A stood at € 3.57 million, slightly down from the equivalent figure for 1H23A (€ 3.61 million), resulting in an EBITDA margin of 11.9% (11.5% in 1H23A). Net Income was also positive, amounting to € 0.43 million, compared to € 1.27 million recorded in the first half of the previous year.

Estimates Update

In light of the results published in the 1H24A half-yearly report, we are prudently adjusting our estimates for both the current year and the coming years. We estimate consolidated production value for FY24E at € 60.50 million and an EBITDA of € 7.40 million, corresponding to a margin of 12.2%, which is broadly in line with previous estimates. For the following years, we expect the production value to increase to € 67.00 million in FY26E, with a 24E-26E CAGR of 5.2%, consistent with market expectations for the fasteners sector, and an EBITDA of €8.85 million (corresponding to a margin of 13.2%), up from € 7.66 million in FY23A (which reflected an EBITDA margin of 12.5%).

Valuation Update

We conducted the equity valuation of Vimi Fasteners based on the DCF methodology and the multiples of a sample of comparable companies. The DCF method (which, for prudential purposes, includes a specific risk of 2.5% in the WACC calculation) yields an equity value of € 36.8 million. The equity value of Vimi Fasteners using market multiples amounts to € 38.0 million (including a discount of 25.0%). This results in an average equity value of approximately € 37.4 million. **The target price is € 2.75, with a BUY rating and a MEDIUM risk level.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	52,19	59,17	59,50	62,50	65,70
Other Revenues	1,16	2,18	1,00	1,15	1,30
Value of Production	**53,35**	**61,35**	**60,50**	**63,65**	**67,00**
COGS	18,96	22,16	21,10	22,00	23,00
Services	13,30	14,34	14,20	14,85	15,50
Use of assets owned by others	0,29	0,28	0,30	0,35	0,40
Employees	14,32	16,38	16,90	17,50	18,55
Other Operating Expenses	0,40	0,53	0,60	0,65	0,70
EBITDA	**6,08**	**7,66**	**7,40**	**8,30**	**8,85**
EBITDA Margin	*11,4%*	*12,5%*	*12,2%*	*13,0%*	*13,2%*
Extraordinary Items	*0,00*	*0,53*	*0,00*	*0,00*	*0,00*
EBITDA Adjusted	**6,08**	**8,18**	**7,40**	**8,30**	**8,85**
EBITDA Adj. Margin	11,4%	13,3%	12,2%	13,0%	13,2%
D&A	3,77	4,66	4,70	4,75	4,80
EBIT	**2,31**	**3,00**	**2,70**	**3,55**	**4,05**
EBIT Margin	*4,3%*	*4,9%*	*4,5%*	*5,6%*	*6,0%*
Financial Management	(0,36)	(0,80)	(1,10)	(1,10)	(1,00)
EBT	**1,95**	**2,20**	**1,60**	**2,45**	**3,05**
Taxes	0,21	0,24	0,50	0,70	0,90
Net Income	**1,75**	**1,96**	**1,10**	**1,75**	**2,15**

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	**30,40**	**35,92**	**35,20**	**34,60**	**34,30**
Account receivable	9,76	15,61	16,60	17,50	18,00
Inventories	12,96	13,38	15,00	15,50	16,00
Account payable	9,14	9,51	11,00	12,30	13,50
Operating Working Capital	**13,58**	**19,48**	**20,60**	**20,70**	**20,50**
Other receivable	6,86	8,63	9,00	9,50	10,00
Other payable	5,49	7,07	10,00	11,00	12,00
Net Working Capital	**14,95**	**21,04**	**19,60**	**19,20**	**18,50**
Severance Indemnities & Other Provisions	1,01	1,73	1,80	1,85	1,90
NET INVESTED CAPITAL	**44,34**	**55,23**	**53,00**	**51,95**	**50,90**
Share Capital	9,65	9,65	9,65	9,65	9,65
Reserves	18,87	19,75	21,70	22,80	24,55
Net Income	1,75	1,96	1,10	1,75	2,15
Equity	**30,26**	**31,35**	**32,45**	**34,20**	**36,35**
Cash & Cash Equivalent	1,55	2,99	5,55	8,25	11,00
Short Term Debt to Bank	10,63	11,47	13,10	13,00	12,80
M/L Term Debt to Bank	5,01	15,40	13,00	13,00	12,75
Net Financial Position	**14,09**	**23,88**	**20,55**	**17,75**	**14,55**
SOURCES	**44,34**	**55,23**	**53,00**	**51,95**	**50,90**

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	3,00	2,70	3,55	4,05
Taxes	0,24	0,50	0,70	0,90
NOPAT	**2,76**	**2,20**	**2,85**	**3,15**
D&A	4,66	4,70	4,75	4,80
Change in receivable	(6,09)	1,44	0,40	0,70
Inventories	(5,85)	(0,99)	(0,90)	(0,50)
Change in payable	0,37	1,49	1,30	1,20
Change in others	(0,42)	(1,62)	(0,50)	(0,50)
Change in NWC	(0,19)	2,56	0,50	0,50
Change in provisions	0,72	0,07	0,05	0,05
OPERATING CASH FLOW	**2,05**	**8,41**	**8,05**	**8,70**
Capex	(10,2)	(4,0)	(4,2)	(4,5)
FREE CASH FLOW	**(8,13)**	**4,43**	**3,90**	**4,20**
Financial Management	(0,80)	(1,10)	(1,10)	(1,00)
Change in Debt to Bank	11,24	(0,77)	(0,10)	(0,45)
Change in Equity	(0,87)	0,00	0,00	(0,00)
FREE CASH FLOW TO EQUITY	**1,44**	**2,56**	**2,70**	**2,75**

Source: Vimi Fasteners and Integrae SIM estimates

Company Overview

Vimi Fasteners SpA, the parent company of the VIMI Group, is headquartered in Novellara (RE) and operates in the high-precision mechanical engineering sector. The company is a leader in the design, production, and marketing of fastening systems and mechanical components with high engineering content, working in long-term partnerships with its clients (OEMs, distributors, Tier 1 suppliers).

The Group's activities focus on the manufacturing of special screws made from high-performance steels through cold, hot, and semi-hot forging processes. These products serve a variety of end markets, including industrial, automotive, aerospace, oil & gas, motorsport, agriculture, infrastructure, and renewable energy sectors. From an organizational perspective, the company operates through three production facilities: the parent company at the Novellara (RE) plant, which designs high-engineering fastening systems for industrial machinery manufacturers and the automotive sector; MF Inox, located in Albese con Cassano (CO), specializes in the production of bolts, screws, and nuts made from steel and superalloys, catering to plants and applications in the oil & gas, energy, and large infrastructure sectors; the newly acquired Filostamp facility in Alpignano (TO), which manufactures custom screws, bolts, and special small parts, primarily for the automotive sector.

1H24A Results

TABLE 2 – 1H24A VS. 1H23A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H24A	**29,98**	**3,57**	**11,9%**	**1,23**	**0,43**	**22,04**
1H23A	31,24	3,61	11,5%	1,44	1,27	23,88*
Change	-4,0%	-1,2%	0,3%	-14,5%	-65,9%	n/a

Source: Integrae SIM

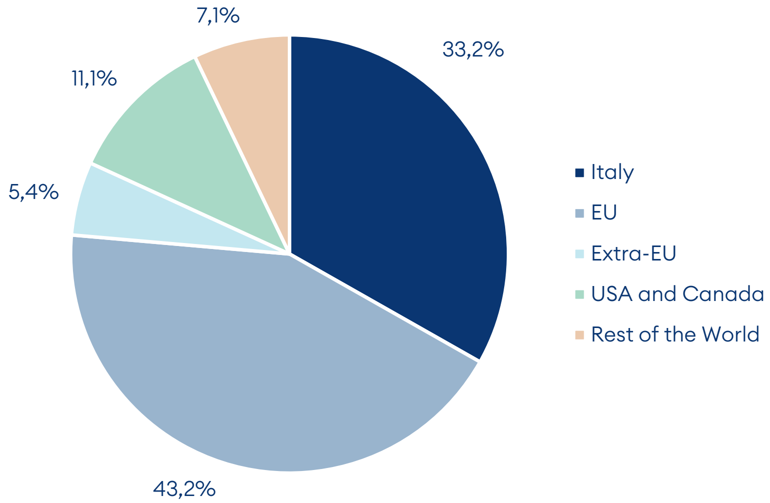
**NFP as of 31/12/2023*

In the first half of 2024, Vimi Fasteners reported consolidated revenues of € 29.47 million, a slight decline compared to € 30.21 million in the same period of the previous year, representing a change of -2.5%. Including other revenues of € 0.51 million, the production value amounts to € 29.98 million, a -4.0% decrease compared to the 1H23A figure of € 31.24 million, while the order backlog as of June 30, 2024, stands at € 24.00 million.

The slowdown in the Group's sales volumes reflects a broader context marked by a widespread drop in demand in key European markets, particularly in Germany, where production levels hovered between near-zero growth and technical recession. In the second quarter of 2024, Germany's industrial production fell by 1.3% compared to the previous quarter, with a sharp decline in May 2024, down by 7.2% compared to May 2023 (Statistisches Bundesamt, 2024). The weakness in both domestic and external demand particularly affected sectors related to capital and intermediate goods, as well as the Industrial and Automotive sectors, with the situation worsened by well-known supply chain issues. The Group's competitors, both domestic and international, recorded declines in fastener demand between 5.0% and 10.0% in FY23A, with an additional 7%-10% drop in 1H24A, primarily driven by contractions in the Automotive, energy, and infrastructure sectors.

In this context, Vimi has demonstrated solid resilience in both sales volumes and revenues, thanks to its ongoing diversification strategy. This strategy has seen the Group expand both geographically, with increased activity in foreign branches, particularly in the USA, and in terms of product range, leveraging the integration and synergies with its subsidiaries MF Inox and the newly acquired Filostamp. This has allowed the company to maintain stable revenue from the Automotive sector (-2.5% compared to 1H23A). Through its subsidiaries Vimi Fasteners Inc. and MF Inox, the Group has benefited from positive market conditions in the United States, acquiring new business and consolidating existing distribution customers, who have rapidly increased orders. As a result of these activities, the half-yearly revenue generated in the USA and Canada amounts to € 3.26 million, representing a 42.9% increase compared to the first half of 2023.

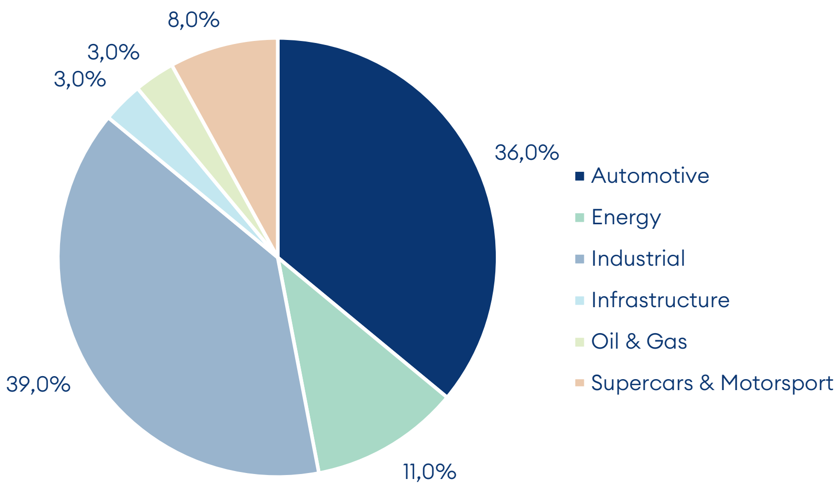
CHART 1 – REVENUES BREAKDOWN BY GEOGRAPHICAL AREA



Source: Vimi Fasteners

Positive signals have therefore emerged from the American market, which in the first half of the year accounted for 11.1% of the Group's revenue (compared to 7.5% in 1H23A). However, the more significant impact naturally comes from the changes in the Italian market (accounting for 33.2% of revenue) and in EU markets (accounting for 43.2% of revenue).

CHART 2 – REVENUES BREAKDOWN BY INDUSTRY



Source: Vimi Fasteners

Considering the breakdown by target sector, it is clear that the Group has also maintained a strong presence across all its reference sectors, continuing its diversification strategy aimed at minimizing the risks associated with overexposure in individual markets. As in previous periods, the Industrial sector continues to contribute the most to revenue, but it is also the sector most affected by the drop in demand for intermediate goods. Revenue generated in the first half amounted to approximately €11.5 million (39.0% of the total), compared to €12.1 million in 1H23A (40.0% of the total), reflecting a negative change of -4.9%, driven particularly by the agricultural segment, which saw significant double-digit declines. The Automotive sector remained stable (36.0% in 1H23A and 1H24A, approximately -2.5% year-on-year), benefiting from the positive contribution of Filostamp, characterized by a diverse product mix and specializing in components not subject to the implications of the shift towards electric vehicle production. Once again, the data shows that the Group has maintained excellent performance relative to the market, managing to offset risks by diversifying across sectors and geographic areas.

EBITDA for the semester is in line with the previous year, amounting to €3.57 million (€3.61 million in 1H23A, -1.2%), with a slightly higher margin increasing from 11.5% to 11.9%. The Group has effectively managed production costs and monitored production processes, as well as negotiated commercial policies and sales prices with customers, allowing it to maintain solid margins despite a slowdown in sales volumes. EBIT, after depreciation and amortization of €2.34 million, stands at €1.23 million. The good EBIT margin for the semester (4.1%) has been preserved despite the significant amount of depreciation, driven by the investment plan carried out in recent years and the recognition of lease and rental contracts, accounted for under IFRS 16. Net Income was also positive, amounting to €0.43 million.

Overall, it was a positive semester for the Group, which implemented multiple tools to continue solid growth even in an unpredictable context, thanks to its diversification strategy that mitigates market risk both in terms of sector/product and geographically. While the parent company faced challenges due to its higher exposure to European markets and traditional sectors like agriculture, the subsidiaries maintained strong business volumes thanks to their presence in international markets and the energy and infrastructure sectors. In the second half, we expect results in line with the second half of 2023: the company is continuing its initiatives in the U.S. market, where new business deals have already been finalized, and supplies have begun in the third quarter. In addition, price renegotiation activities are ongoing for the coming months, with the conclusion of a significant price list update agreement starting in 2025.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E - FY26E

€/mln	FY24E	FY25E	FY26E
VoP			
New	60,5	63,7	67,0
Old	61,2	66,4	70,0
Change	*-1,1%*	*-4,1%*	*-4,3%*
EBITDA			
New	7,4	8,3	8,8
Old	7,5	8,7	9,3
Change	*-0,7%*	*-4,0%*	*-4,3%*
EBITDA %			
New	12,2%	13,0%	13,2%
Old	12,2%	13,0%	13,2%
Change	*0,1%*	*0,0%*	*0,0%*
EBIT			
New	2,7	3,6	4,0
Old	2,8	3,9	4,5
Change	*-1,8%*	*-9,0%*	*-9,0%*
Net Income			
New	1,1	1,8	2,1
Old	1,3	2,2	2,8
Change	*-12,1%*	*-18,6%*	*-21,8%*
NFP			
New	20,6	17,8	14,6
Old	20,9	17,9	15,0
Change	*n/a*	*n/a*	*n/a*

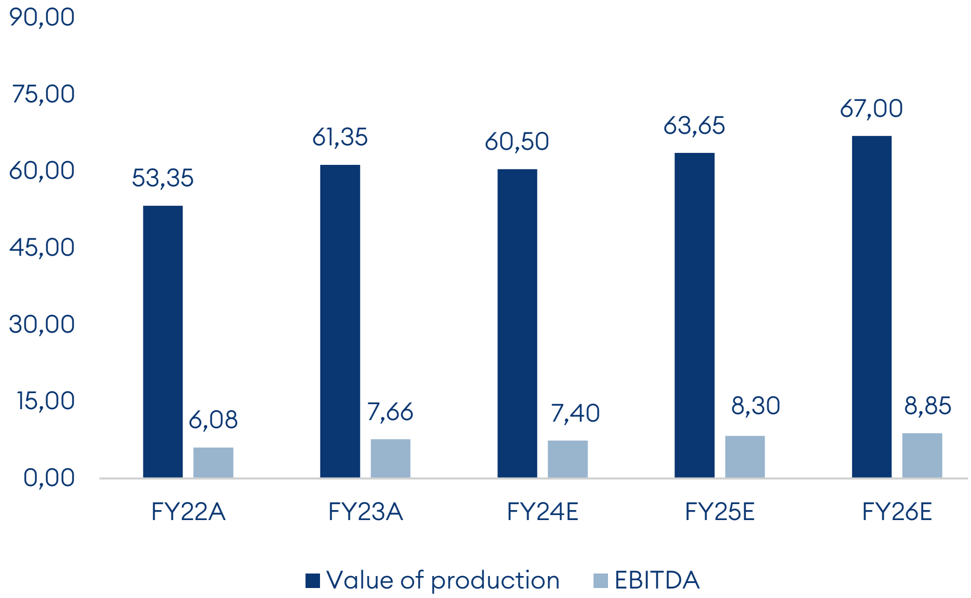
Source: Integrae SIM

In light of the results published in the half-year report, we are prudently adjusting our estimates for the coming years due to the slowdown in the European industrial market.

Specifically, we estimate consolidated production value for FY24E to be €60.50 million and EBITDA to reach €7.40 million, corresponding to a margin of 12.2%, which is largely in line with previous estimates. For the following years, we expect production value to increase to €67.00 million in FY26E, with a CAGR of 5.2% for the period from 24E to 26E, in line with market expectations for the fasteners sector. We also project EBITDA of €8.85 million (with a margin of 13.2%), up from €7.66 million in FY23A (with an EBITDA margin of 12.5%).

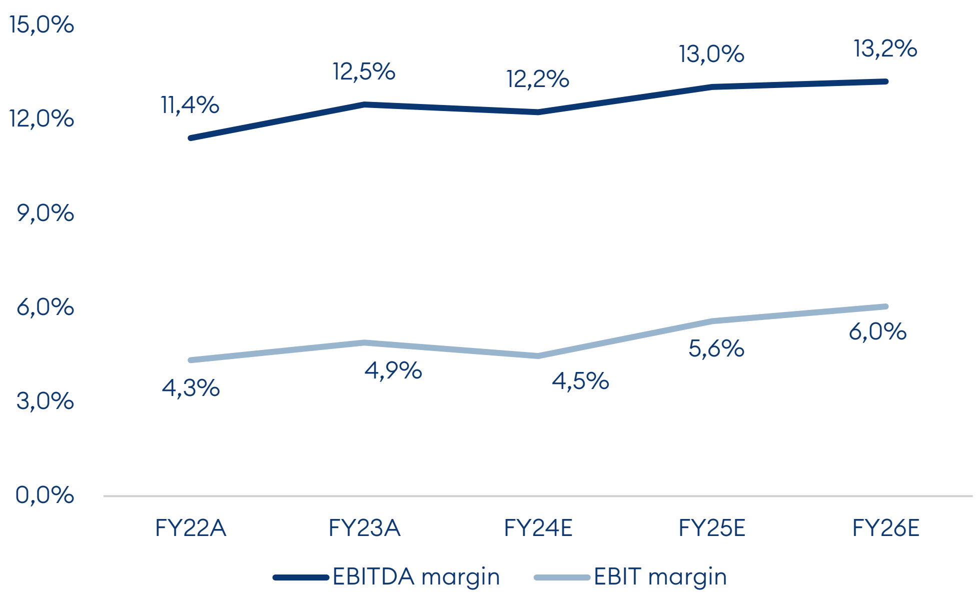
Lastly, from a financial standpoint, we estimate a NFP value of €14.55 million for FY26E, showing continuous improvement thanks to the cash-generating capacity of the Group's sub-sidiaries.

CHART 3 – VOP AND EBITDA FY22A - FY26E



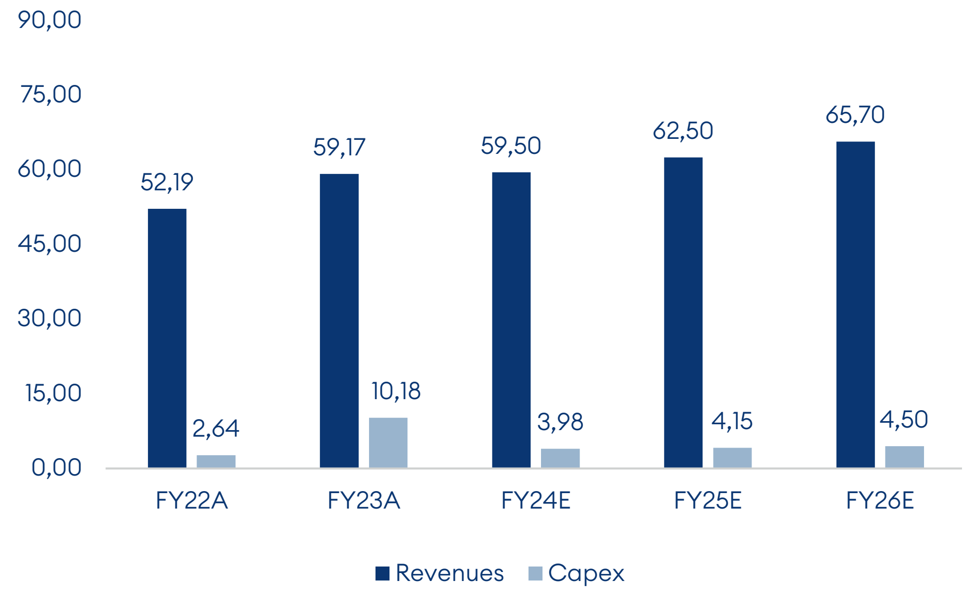
Source: Integrae SIM

CHART 4 – MARGIN FY22A - FY26E



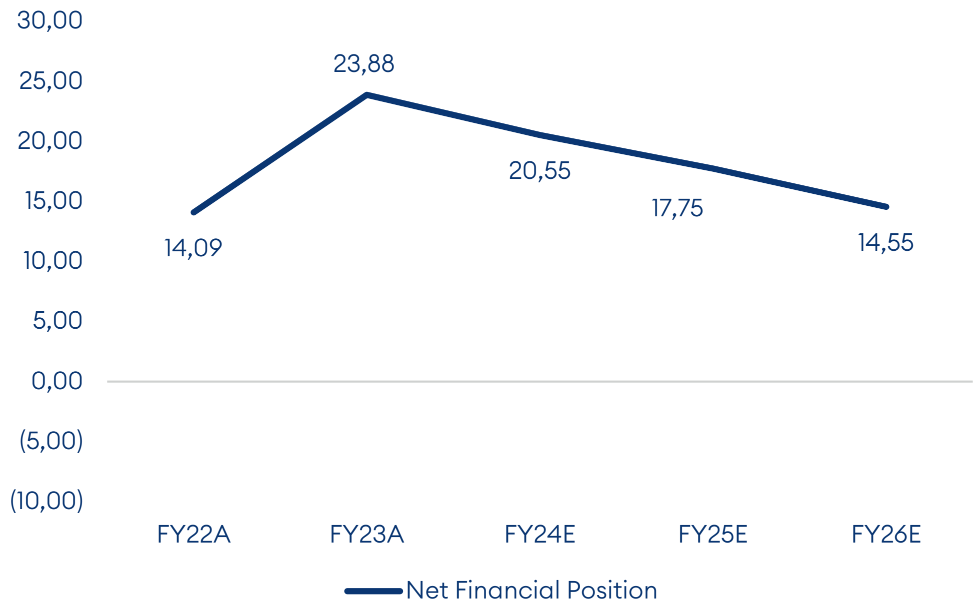
Source: Integrae SIM

CHART 5 – CAPEX FY22A - FY26E



Source: Integrae SIM

CHART 6 – NFP FY22A - FY26E



Source: Integrae SIM

Valuation

We conducted the equity value assessment of Vimi Fasteners based on the DCF methodology and the multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC			8,6%
D/E **150,0%**	Risk Free Rate **2,7%**	β Adjusted **1,7**	α (specific risk) **2,5%**
K_d **4,0%**	Market Premium **6,8%**	β Relevered **2,1**	K_e **17,1%**

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%, resulting in a WACC of 8.6%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	17,3	28,6%
TV actualized DCF	43,3	71,4%
Enterprise Value	**60,7**	**100,0%**
NFP (FY23A)	23,9	
Equity Value	**36,8**	

Source: Integrae SIM

Considering the above data and taking our estimates and assumptions as a reference, the resulting **equity value is €36.8 million.**

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln		WACC						
		7,1%	7,6%	8,1%	8,6%	9,1%	9,6%	10,1%
Growth Rate (g)	3,0%	73,3	63,2	55,1	48,5	43,0	38,3	34,4
	2,5%	64,5	56,3	49,5	43,9	39,2	35,2	31,7
	2,0%	57,5	50,6	44,9	40,1	36,0	32,4	29,3
	1,5%	51,8	45,9	41,0	36,8	33,2	30,0	27,2
	1,0%	46,9	41,9	37,6	33,9	30,7	27,9	25,3
	0,5%	42,9	38,5	34,7	31,4	28,5	26,0	23,7
	0,0%	39,4	35,5	32,1	29,2	26,6	24,3	22,2

Source: Integrae SIM

Market multiples

Our panel consists of companies operating in the same sector as Vimi Fasteners; these companies are the same ones used for the calculation of the Beta in the DCF method.

TABLE 7 – MARKET MULTIPLES

Vimi Fasteners	EV/EBITDA			EV/EBIT		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
SFS Group AG	10,9x	10,2x	9,6x	14,7x	13,6x	12,7x
Vallourec SA	4,8x	3,9x	3,4x	6,4x	4,8x	4,1x
Bossard Holding AG	14,9x	13,5x	12,5x	18,7x	16,4x	15,1x
Bufab AB	15,1x	14,1x	15,1x	17,4x	17,0x	16,5x
Peer median	**12,9x**	**11,9x**	**11,1x**	**16,0x**	**15,0x**	**13,9x**

Source: Infinancials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	95,65	98,44	98,06
EV/EBIT	43,28	53,18	56,19
Equity Value			
EV/EBITDA	71,73	73,83	73,54
EV/EBIT	32,46	39,88	42,15
Equity Value post 25,0% discount			
EV/EBITDA	51,18	56,08	58,99
EV/EBIT	11,91	22,13	27,59
Average	**31,55**	**39,11**	**43,29**

Source: Integrae SIM

The equity value of Vimi Fasteners, using the EV/EBITDA and EV/EBIT market multiples, after applying a 25.0% discount, amounts to **€ 38.0 million.**

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	37,4
Equity Value DCF (€/mln)	36,8
Equity Value multiples (€/mln)	38,0
Target Price (€)	2,75

Source: Integrae SIM

This results in an average equity value of approximately €37.4 million. **The target price is therefore €2.75 (unchanged). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	8,0x	8,3x	7,4x	6,9x
EV/EBIT	20,4x	22,7x	17,3x	15,1x
P/E	19,1x	34,0x	21,4x	17,4x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	5,2x	5,4x	4,8x	4,5x
EV/EBIT	13,2x	14,7x	11,2x	9,8x
P/E	8,1x	14,3x	9,0x	7,3x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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11/09/2024	1,30	Buy	2,75	Medium	Breaking News
17/10/2024	1,36	Buy	2,75	Medium	Update
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23/04/2024	1,39	Buy	2,75	Medium	Update

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Upside Potential (for different risk categories)			
Rating	**Low Risk**	**Medium Risk**	**High Risk**
BUY	Upside >= 7.5%	Upside >= 10.0%	Upside >= 15.0%
HOLD	-5.0% < Upside < 7.5%	-5.0% < Upside < 10%	0% < Upside < 15.0%
SELL	Upside <= -5.0%	Upside <= -5.0%	Upside <= 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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