

# Costamp

Sector: Metal machinery



Analyst

Marco Greco

Tel: +39 02 80886654

marco.greco@value-track.com

Skype: marco.m.greco

## Waiting for clouds to fade away

Costamp Group is specialized in the engineering, production and trade of dies and molds for automotive components manufacturing.

### Downstream OEM car markets at low pace limit growth

Since 2H18 the car market is undergoing a phase of slowdown due to macro-factors, tensions between the two giants USA and China, and some regulatory restrictions factors in EU impacting on sale units. Such a slowdown has hit car-makers' suppliers like Costamp with delays and suspensions of orders.

### FY2018: Revenues flat YoY and marginality to be restored

2H18 dragged down what could have been another record year. Costamp 2018FY Revenues came in at €55mn, basically flat YoY (+20% in 1H18, -19% in 2H18 on a pro-forma basis), as result not only of the automotive market slowdown but also due to some work-in-progress orders accounting write-offs. Reported EBIT and Net profit turned negative.

On the contrary, good signals came from the diligently positive cash generation which allowed to reduce the Net Financial Position by ca. €5mn.

### 2019E: H2 to restart growth engines

As top-line was hit by delays of orders, backlog remains basically unchanged. Although the slowdown is expected to persist on 1H19E, second half of the year is poised to restart a positive growth path, at least due to an easier YoY comparison. A full recovery is expected only as of 2021E when we expect the group to achieve EBITDA margins above 10% and Net Debt / EBITDA ratio to decrease at ca. 2x.

### Equity story unchanged. Aluminum to drive the future

If transition to electric has meant a delay in car production in the latest months, thus driving a cut in short term estimates, on the contrary it still represents a huge opportunity in the medium term.

Indeed, all eyes are pointed towards low or zero-emission vehicles: it took five years to sell the first million electric cars, now it took just six months to hit the second.

Costamp remains strategically well positioned and is expected to enjoy opportunities coming from greater use of aluminum within the industry, thanks to advantages in terms of weight and power consumption requirements.

**Market Price (€)** 1.62

**Market Cap. (€m)** 68.2

| KEY FINANCIALS (€m) | 2018A | 2019E | 2020E |
|---------------------|-------|-------|-------|
| REVENUES            | 58.0  | 55.0  | 61.0  |
| EBITDA              | 1.6   | 4.1   | 6.1   |
| EBIT                | -1.7  | 1.3   | 3.4   |
| NET PROFIT ADJ.     | 0.4   | 0.3   | 1.7   |
| EQUITY              | 23.0  | 23.3  | 25.1  |
| NET FIN. POS.       | -21.8 | -22.9 | -21.9 |
| EPS ADJ. (€)        | 0.01  | 0.01  | 0.04  |
| DPS (€)             | 0.00  | 0.00  | 0.00  |

Source: Company (historical pro-forma figures)  
Value Track (2019E-20E pro-forma estimates)

| RATIOS & MULTIPLES    | 2018A | 2019E | 2020E |
|-----------------------|-------|-------|-------|
| EBITDA MARGIN (%)     | 2.8%  | 7.4%  | 10.1% |
| EBIT MARGIN (%)       | nm    | 2.3%  | 5.6%  |
| NET DEBT / EBITDA (x) | nm    | 5.6   | 3.6   |
| NET DEBT / EQUITY (x) | 0.9   | 1.0   | 0.9   |
| EV/EBITDA (x)         | nm    | nm    | 18.0  |
| EV/EBIT (x)           | nm    | nm    | 32.1  |
| P/E ADJ. (x)          | nm    | nm    | 50.9  |
| DIV YIELD (%)         | nm    | nm    | nm    |

Source: Company (historical pro-forma figures)  
Value Track (2019E-20E pro-forma estimates)

#### STOCK DATA

|                        |                   |
|------------------------|-------------------|
| MARKET PRICE (€)       | 1.62              |
| SHS. OUT. (m)          | 42.6              |
| MARKET CAP. (€m)       | 68.2              |
| FREE FLOAT (%)         | 6.6               |
| AVG. -20D VOL. (# shs) | 1,470             |
| RIC / BBG              | MOLD.MI / MOLD IM |
| 52 WK RANGE            | 4.14 – 1.60       |

Source: Stock Market Data

THIS EQUITY RESEARCH IS PRODUCED ON BEHALF OF INVEST BANCA S.P.A. THAT IS ACTING AS SPECIALIST ON COSTAMP GROUP SHARES

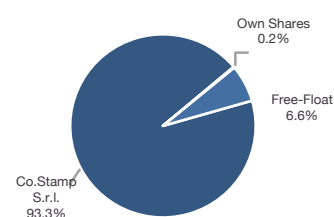


## Business Description

Costamp group (MOLD IM / MOLD MI) designs, manufactures and commercialises die-casting molds for automotive components for high pressure (HPDC) and gravity low pressure (LPDC) processes.

The group is one of the very few players worldwide boasting a complete offer in terms of casting processes and products, offering to its clients a 360° service ranging from engineering & design to post sales assistance with timely and successful delivery of molds / dies of a superior quality.

## Shareholders structure



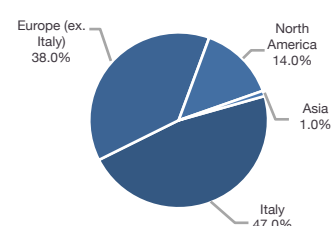
Source: Costamp

## Key Financials

| €mn                               | 2017PF       | 2018PF       | 2019E        | 2020E        |
|-----------------------------------|--------------|--------------|--------------|--------------|
| <b>Value of Production</b>        | <b>59.0</b>  | <b>58.0</b>  | <b>55.0</b>  | <b>61.0</b>  |
| Chg. % YoY                        | nm           | -1.6%        | -5.2%        | 10.9%        |
| <b>EBITDA</b>                     | <b>4.6</b>   | <b>1.6</b>   | <b>4.1</b>   | <b>6.1</b>   |
| EBITDA Margin (% of Net Revenues) | 7.9%         | 2.7%         | 7.4%         | 10.1%        |
| <b>EBIT</b>                       | <b>1.7</b>   | <b>-1.7</b>  | <b>1.3</b>   | <b>3.4</b>   |
| EBIT Margin (% of Net Revenues)   | 2.9%         | -2.9%        | 2.3%         | 5.6%         |
| <b>Net Profit</b>                 | <b>0.4</b>   | <b>-1.7</b>  | <b>0.3</b>   | <b>1.7</b>   |
| Chg. % YoY                        | nm           | nm           | nm           | nm           |
| <b>Adjusted Net Profit</b>        | <b>0.4</b>   | <b>0.6</b>   | <b>0.3</b>   | <b>1.7</b>   |
| Chg. % YoY                        | nm           | 50%          | -50%         | nm           |
| <b>Net Fin. Position</b>          | <b>-26.9</b> | <b>-21.8</b> | <b>-22.9</b> | <b>-21.9</b> |
| Net Fin. Pos. / EBITDA (x)        | 5.9          | >10          | 5.6          | 3.6          |
| Capex                             | -4.0         | -4.7         | -1.5         | -2.5         |
| <b>OpFCF b.t.</b>                 | <b>1.7</b>   | <b>6.9</b>   | <b>-0.1</b>  | <b>2.7</b>   |
| OpFCF b.t. as % of EBITDA         | 37.0%        | nm           | -2.2%        | 43.9%        |

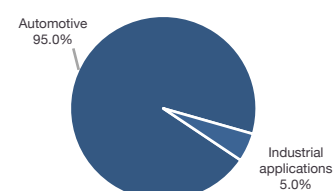
Source: Costamp (historical figures), Value Track (estimates)

## Sales breakdown by geography



Source: Costamp

## Sales breakdown by end market



Source: Costamp

## Investment case

### Strengths / Opportunities

- ◆ Completeness of product/service range and cross selling opportunities;
- ◆ Aluminum and EV cars / more restrictive CO<sub>2</sub> policies emission.

### Weaknesses / Risks

- ◆ High exposure to automotive market and its business cyclicity;
- ◆ Customer concentration;
- ◆ Exposure to exogenous factors, e.g. diesel-gate or trade tariffs.

# Costamp business profile in a nutshell

## Molds and dies manufacturer for automotive industry

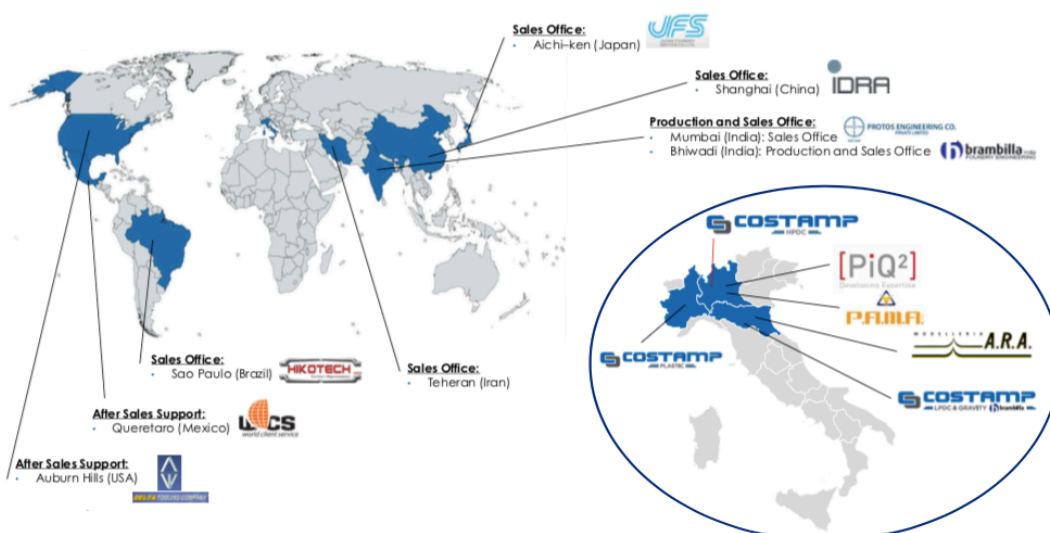
Costamp group is a young and dynamic entity engaged in the **engineering, production and trade of dies and molds for the automotive industry**. The Group is configured as among the very few global B2B players and strategic suppliers able to provide a **complete offer** in terms of:

1. **Processes:** High pressure die casting (HPDC), low pressure die casting (LPDC) & gravity;
2. **Products:** Molds and dies for the production of structural and powertrain car components made of aluminum, magnesium, cast iron and plastic.

Headquartered and producing in **Sirone (LC)**, the group enhances other plants in **Rivalta (TO)**, **Correggio (RE)**, **Bologna**, **Azzano Mella (BR)** and **Brescia**.

Furthermore, the company is nowadays active in several regions though important business partnerships leveraging an international direct on-site after-sale support in North America, China, Brazil, Iran, India and Mexico.

## Costamp International footprint



Source: Costamp

In terms of ownership, we note that stock market free float stands at 6.55% as a result of the Accelerated Book building process (ABB) that took place back in August 2018 on the 4.35% of the share capital, at a price of €3.00 per share.

## Costamp Group: Shareholders structure

| Shareholders    | # of shares       | %             |
|-----------------|-------------------|---------------|
| Co.Stamp S.r.l  | 39,740,407        | 93.28%        |
| Treasury Shares | 73,200            | 0.17%         |
| Free-Float      | 2,791,840         | 6.55%         |
| <b>Total</b>    | <b>42,605,447</b> | <b>100.0%</b> |

Source: Costamp Group

## Tailor made approach and turn-key service

As far as the business model is concerned, Costamp Group offers an “haute couture” service, i.e. producing a relatively low number of dies / molds, but of a superior quality compared to its competitors and serves a client base of **ca. 80 customers** composed by leading names both in the car components business and in direct car manufacturing (OEMs), e.g. Ferrari and Maserati.

In line with this **tailor-made approach**, Costamp works on orders and not for warehouse, boasting a **complete turn-key service** to clients structured on the following main steps:

- 1) Project management;
- 2) Design;
- 3) Dies and molds manufacturing;
- 4) Sampling, customization, post-sales support.

**Project management.** The group is strategically positioned in the car manufacturing chain not only as Sub-Supplier for machining but also as Engineering & Design partner, thanks to its die casting simulation software capability and to the above-mentioned sampling activity based on an internal foundry.

**Design.** This phase takes place in continuous collaboration with the end-user: the aim is to create products fulfilling the customers’ production and quality need, offering dies less complex and easier for the user to manage, together with optimized and improved performances.

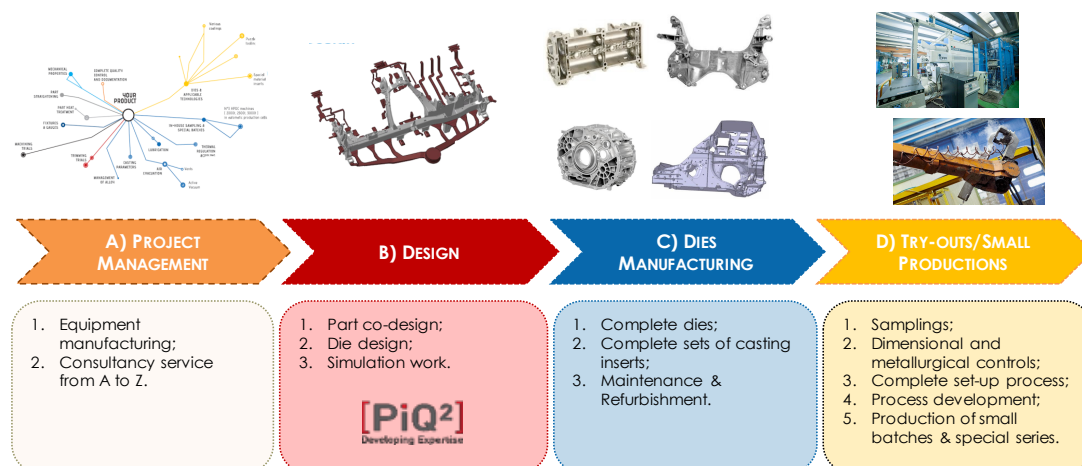
**Manufacturing.** Once the die project is complete, the company enters **the draw phase**. This is done for both the complete dies and the related sets of casting insert.

**Sampling, customization and post-sales support.** These phases are dedicated to the production of samples, small productions and special series, and are essential steps in order to finalize a product characterized by the maximum level of efficiency.

By the way, Costamp is able to anticipate any issue that may occur in the realization of the piece needed and is equipped with an internal foundry department. Here the samples are subjected to the first try-out, then they have to step by the quality control, which is both dimensional and metallurgical, and finally they can complete the set up.

Last but not least, Costamp, thanks to its collaboration with international partners, is able to offer an after sales service on-the-spot for any modification, repair and assistance.

### Costamp offer: A turn-key service



Source: Costamp

## 4Q18: The perfect storm of the car industry

4Q18 has been quite turbulent for industrial sectors and the automotive industry in particular: after summer 2018 a number of negative factors have converged into a sort of “perfect storm”.

### Car makers hit by regulatory, political and industrial concerns

The key factors affecting the car industry from 4Q18 onwards are well known and, luckily enough, some of them have also been partially solved. More in detail:

- ◆ **Weakening macro scenario**, with the risk of a sharp slow-down in China and US in particular, also depending upon the relative monetary policies;
- ◆ **Trade wars and tariffs** introduced by US – here the US-China trade negotiations are progressing in an erratic way, and financial markets are still in a wait and see mode;
- ◆ **New EU rules for car emission and consumption test**, i.e. RDE (Real Drive Emission) and WLTP (the new regulatory test procedure for measuring CO<sub>2</sub> emissions and fuel consumption, the World Harmonised Light Vehicles Test Procedure (WLTP)), that became effective from 1 September 2018 for all new passenger cars placed on the Union market.

Then, back as of December 2018, further new rules have been approved (by European Commission, Parliament and Council), setting binding carbon dioxide (CO<sub>2</sub>) emission targets for 2025 and 2030 (implying reductions of average CO<sub>2</sub> emissions from new cars by 15% in 2025 and by 37.5% in 2030 relative to a 2021 baseline. From September 2019 RDE will be mandatory for measuring NO<sub>x</sub> too, beginning in 2020 all new vehicles types will be equipped with on-board fuel and/or energy consumption monitoring devices (OBFCEM), from 2021 CO<sub>2</sub> emission will be monitored also when cars will be on the road, just to mention a few steps ahead. Also, the EU Parliament has recently approved a 30% CO<sub>2</sub> reduction target by 2030 for heavy-duty vehicles, never regulated before at EU level.

- ◆ **Electrification**, the above requirements and measures are aimed at meeting the decreasing emission limits, but regulation sets also the ZLEV (Zero and Low-Emission Vehicles) sales targets: 15% for 2025 and 35% for 2030 - while giving manufacturers some flexibility on how they are supposed to reach those targets. The path towards the ZLEV “world” is set to be *the* driver of the car industry: it will set the trends of the next decade, involving all the aspects of production and marketing, albeit visibility around a few key issues (as leading technologies and costs) is still extremely low.
- ◆ **Other themes**, all the above combine with a few additional long-term drivers, that range from shared mobility to connectivity, most of which have disclosed only a marginal impact as of today.

### Car suppliers dragged down as well

OEMs have suffered, but car suppliers have been impacted even more heavily and with a more fragmented picture and this is due to remain in the future if the supplier is not optimally positioned in relation to the above mentioned regulatory and technology changes.

The level of specialization of OEMs, Tier1 and Tier2 suppliers suggests, indeed, that their future economic performances will heavily depend upon the technology trends, as these will cause substitution effects of certain materials and parts, and this will drive the value of the respective clusters.

Despite the low visibility about the “details” of the sectorial technological transformation, it is intuitive that the long-term forecasts of conventional components’ clusters (as transmission or internal combustion engine - ICE) are weaker than the clusters of electric drivetrains or electronic components.

## Costamp FY18 not immune by macro concerns

Below we report pro-forma results, i.e. considering the business combination with Modelleria Brambilla as if it was valid as of January 1<sup>st</sup>, 2017.

### FY18 figures below our estimates as 2H18 mirrored the industry slowdown

We note that FY18 pro-forma financial figures reported a basically flat top-line YoY and severe decrease in profitability, resulting below our estimates.

Worthy of notice, the difference between our estimates and actual FY18 results were driven by the above mentioned sudden slowdown of business in 4Q18 which drove 2H18 reported figures deeply down. Indeed, while 1H18 Value of Production was up +20% YoY, on the contrary 2H18 VoP was down -19% YoY.

#### Costamp Group: 2018 vs. 2017 key financials on pro-forma scheme

| (€mn)                     | 2017PF      | 2018PF      | Chg.% YoY     | 2018E       | A vs. E       |
|---------------------------|-------------|-------------|---------------|-------------|---------------|
| Value of Production       | 59.0        | 58.0        | -1.6%         | 65.9        | -11.9%        |
| <b>EBITDA</b>             | <b>4.6</b>  | <b>1.6</b>  | <b>-65.9%</b> | <b>7.3</b>  | <b>-78.6%</b> |
| EBITDA margin (%)         | 7.8%        | 2.7%        |               | 11.1%       |               |
| EBIT                      | 1.7         | -1.7        | n.m.          | 4.8         | n.m.          |
| Net Profit                | 0.4         | -1.7        | n.m.          | 2.4         | n.m.          |
| <b>Net Financial Debt</b> | <b>26.9</b> | <b>21.8</b> | <b>5.1</b>    | <b>24.4</b> | <b>-2.6</b>   |

Source: Company figures, Value Track Analysis

#### Costamp Group: key financials by semester

| (€mn)                      | 1H17        | 2H17        | 1H18        | 2H18A       | 2H18E       |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Value of Production</b> | <b>26.3</b> | <b>32.7</b> | <b>31.4</b> | <b>26.6</b> | <b>34.5</b> |
| YoY change (%)             |             |             | 19.7%       | -18.7%      | 5.4%        |
| <b>EBITDA</b>              | <b>1.9</b>  | <b>2.7</b>  | <b>2.8</b>  | <b>-1.2</b> | <b>4.5</b>  |
| EBIT                       | 0.7         | 1.0         | 1.6         | -3.3        | 3.2         |
| Net Profit                 | 0.1         | 0.2         | 0.8         | -2.5        | 1.6         |
| <b>Net Financial Debt</b>  | <b>36.0</b> | <b>26.9</b> | <b>26.1</b> | <b>21.8</b> | <b>24.4</b> |

Source: Company figures, Value Track Analysis

### Key messages: Bad P&L figures, good Cash Flow management

In our view the key messages of FY18 pro-forma results are the followings:

1. Industrial footprint remains solid but **2H18 car industry turmoil** severely affected new orders acquisition and drove down profitability. In addition, Group's reported results were negatively impacted by **one-off accounting items**, basically related to LPDC business unit (ex Modelleria Brambilla);
2. Despite negative P&L figures, Cash Flow generation remained positive and Net debt decreased thanks to **very effective management of Working Capital**.

## 1. Car industry turmoil and accounting items burdening 2H18 results

As noted above, the downfall in reported FY18 P&L figures of Costamp is due to the co-presence of two main drivers:

- ◆ Car industry turmoil;
- ◆ One-off accounting items.

### Car industry turmoil driving delay of orders and lower reported top-line / profitability

Global vehicle market was down -5% YoY in 4Q18 and China - the world's biggest car market - gone into negative growth for the first time since 1990 (new vehicle sales falling by 2.8% YoY in 2018).

In this gloomy market environment, the company has recorded a deep drop in sales concentrated merely in Q4, with main customers freezing or deferring their orders or asking for increasing discounts. This led Costamp to opt for the sacrifice of some pending orders which otherwise could have further undermined the Group's overall profitability.

As a result, while we calculate that Revenues from Sales (i.e. the total amount of orders finished and being invoiced to clients) were up YoY even on a pro-forma basis, on the contrary the company recorded a €7.7mn decline in "work in progress" orders out of which we estimate ca. €2.8mn being a one-off accounting item (see later on for more details on this point) and the remaining €4.9mn being the result of lower new orders intake.

#### Costamp Group: Value of Production breakdown

| (€mn)   | 2017        | 2018        |
|---|-------------|-------------|
| Italy   | 18.7        | 29.7        |
| EU  | 14.5        | 23.1        |
| Extra EU  | 4.4         | 7.6         |
| <b>Reported Revenues from sales</b>                 | <b>37.6</b> | <b>60.4</b> |
| Change in work-in-progress                          | -0.4        | 0.2         |
| <b>Change in work-in-progress on orders</b>         | <b>4.0</b>  | <b>-7.7</b> |
| Other Revenues                                      | 0.7         | 2.3         |
| <b>Reported Value of Production</b>                 | <b>41.9</b> | <b>55.3</b> |
| Pro-forma consolidation effect of MBR for 12 months | 17.1        | 2.7         |
| <b>Pro-forma Value of Production</b>                | <b>59.0</b> | <b>58.0</b> |

Source: Company figures, Value Track Analysis

As far as 2018FY operating costs are concerned, we highlight how both Cost of Goods Sold, (which accounted for ca. €40mn) and Labour costs (which accounted for ca. €16mn) were substantially flat YoY.

As a consequence, pro-forma EBITDA stood at €1.6mn implying a 66% YoY decrease, corresponding to an EBITDA margin of 2.7% (510 bps. lower YoY).

Higher D&A charges (which also include some precautionary one-off bad debt provisions of ca. €0.4mn) drove EBIT negative at €-1.7mn, compared to €1.6mn achieved in 1H.

Last but not least, lower financial charges have been offset by some anticipation of tax credit on losses, resulting in a Net Loss in line with EBIT, at €-1.7mn.

### Costamp Group: From Revenues to bottom line FY17 & FY18 (Pro-Forma basis)

| (€mn)                              | 2017PF     | 2018PF      |
|------------------------------------|------------|-------------|
| Value of Production                | 59.0       | 58.0        |
| COGS                               | -39.1      | -40.3       |
| Labour cost                        | -15.2      | -16.2       |
| <b>Reported EBITDA</b>             | <b>4.6</b> | <b>1.6</b>  |
| D&A                                | -2.9       | -3.2        |
| <b>Reported EBIT</b>               | <b>1.7</b> | <b>-1.7</b> |
| Net Fin. Income (charges)          | -1.1       | -0.7        |
| Non-operating /Extraordinary items | 0.1        | 0.0         |
| <b>Pre-tax Profit</b>              | <b>0.6</b> | <b>-2.4</b> |
| Taxes                              | -0.3       | 0.7         |
| <b>Reported Net Profit (Loss)</b>  | <b>0.4</b> | <b>-1.7</b> |

Source: Costamp Group, Value Track analysis

### Adjusting for one-off accounting items makes YoY comparison less penalising

In our view, 2018FY P&L figures have to be adjusted in order to take into account some non-recurring and non-monetary items that have been booked into 2018FY reported figures. In details:

- ◆ Out of the €-7.7mn “change in contract work in progress” which negatively impacted on Value of Production, a good portion (we estimate ca. €-2.8mn) is the result of a mere accounting choice. Indeed, the Group considered cautious to write-off some orders, mainly related to LPDC business, that were considered no longer profitable;
- ◆ €0.4mn one off bad debt charge previously mentioned and related to LPDC business.

As an effect, **we calculate that adjusting for the above mentioned items, EBITDA 2018 would have stood at ca. €4.4mn, EBITA at €1.5mn and Net Profit at €0.6mn.**

### Costamp Group: Calculation of 2018FY adjusted figures

| (€mn)                            | 2018        |
|----------------------------------|-------------|
| <b>Pro-forma Reported EBITDA</b> | <b>1.6</b>  |
| Work-in-progress write-off       | 2.8         |
| <b>Adj. EBITDA</b>               | <b>4.4</b>  |
| <b>Pro-forma EBIT</b>            | <b>-1.7</b> |
| Work-in-progress write-off       | 2.8         |
| One-off bad debt provision       | 0.4         |
| <b>Adj. EBIT</b>                 | <b>1.5</b>  |
| <b>Pro-forma Net Profit</b>      | <b>-1.7</b> |
| Work-in-progress write-off       | 2.8         |
| One-off bad debt provision       | 0.4         |
| Tax shield                       | -1.0        |
| <b>Adj. Net Profit</b>           | <b>0.6</b>  |

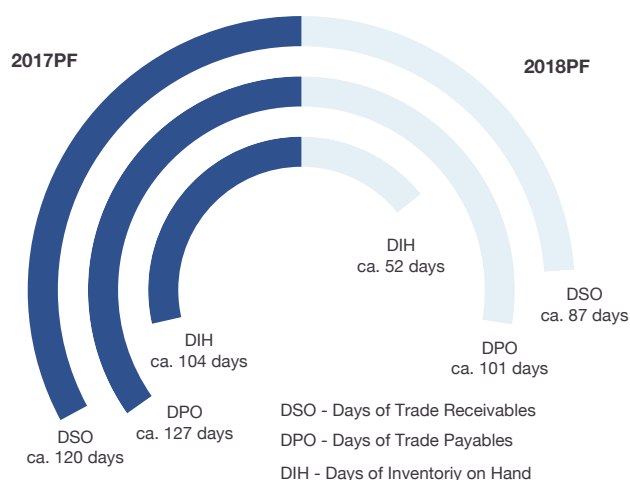
Source: Company figures, Value Track Analysis

## 2. Positive Cash-flow generation thanks to effective WC management

While 2108FY P&L figures were not satisfactory, Cash Flow generation on the contrary was extremely sound thanks to a brilliant €9mn Working Capital reduction YoY. Indeed:

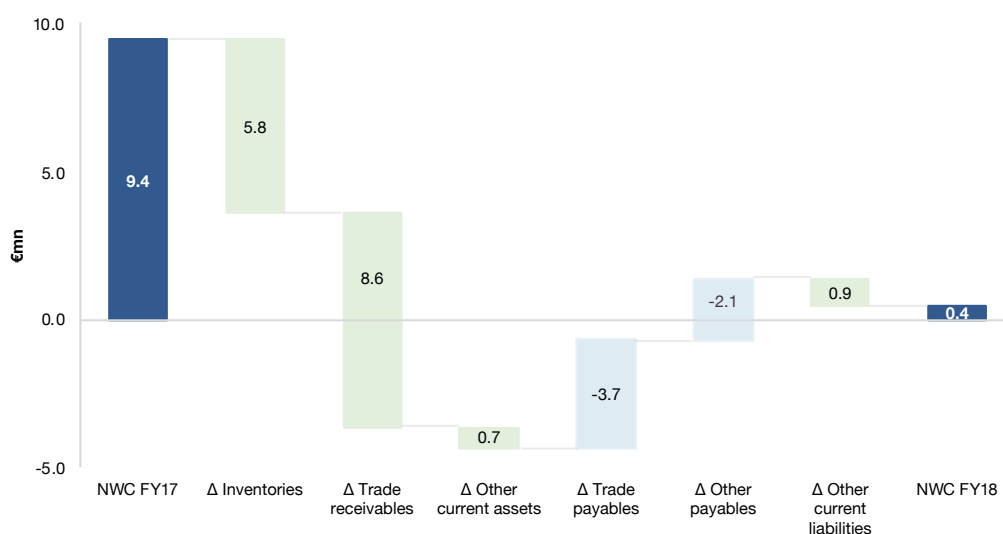
- ◆ Inventory on hand stood at ca. 52 days as of 2018 year end, roughly halved YoY;
- ◆ Days of Trade Receivables (historically high since clients are industries, like automotive, with long payment periods, among two and six months) stood at ca. 87 days, ca. 30 days lower YoY, also thanks to a higher recourse to factoring;
- ◆ Days of Trade Payables stood at ca. 100 days as of 2018 year end, ca. 26 days lower YoY.

### Costamp Group: Cash conversion cycle 2017FY and 2018FY



Source: Value Track Analysis

### Costamp Group: Net Working Capital bridge 2017FY-2018FY



Source: Value Track Analysis

The brilliant Working Capital management allowed the company to finalize its investment plan without further jeopardising the Net Financial Position, indeed:

- ◆ **Capex** stood at €4.7mn, i.e. ca. 8.4% of revenues, with investments addressed to both business divisions (€1.5mn in LPDC and €3.2mn HPDC), aimed at finalizing the so-called “puzzle die” technology and at introducing new products and lightweight competences in the fast-growing e-mobility market segment;
- ◆ **Free cash flow generation was positive by ca.€7.8mn**, thus driving the reduction of Net Debt down to €21.8mn.

#### Costamp Group: 2017A-18A Cash Flow Statement (Pro-Forma basis)

| €mn                               | 2017FY     | 2018FY     |
|-----------------------------------|------------|------------|
| <b>EBITDA</b>                     | <b>4.6</b> | <b>1.6</b> |
| Op. WC requirements               | 1.1        | 9.0        |
| Capex                             | -4.0       | -4.7       |
| Change in provisions / Other      | 0.0        | 1.1        |
| Cash Taxes                        | -0.3       | 0.7        |
| <b>OpFCF a.t.</b>                 | <b>1.4</b> | <b>7.6</b> |
| Other (incl. Fin. Inv.)           | 0.0        | -1.8       |
| Net Financial Charges             | -1.1       | -0.7       |
| <b>Change in Net Fin Position</b> | <b>0.3</b> | <b>5.1</b> |

Source: Costamp Group, Value Track Analysis

#### Costamp Group: Net Debt bridge 2017FY-2018FY



Source: Value Track Analysis

## 2019E-20E: What to expect in end markets?

As previously discussed, Costamp business dynamics are strongly correlated to the automotive sector, as ca. 95% of revenues relate to the car industry, in particular the rate of new upcoming car models remains the most powerful driver of growth for the group.

### Car industry: 1H19 outlook remains weak

According to the current market stance, the global automotive industry is expected to face another challenging period in 1H19, as only a few concerns have diminished.

Indeed, so far, the decreasing demand has persisted in 2019 - including China, Europe and US - recording negative growth rates over the first five months of 2019, as car makers held the line on discounts and average new-car prices continued to climb.

According to latest forecasts made by IHS Markit, passenger cars and light commercial vehicles production is expected to decline by 3.4% in 2Q19, with Europe at the bottom of the league table.

#### Worldwide Car Sales Volumes in the early 2019 (YoY % chg.)

| Region           | Jan 2019<br>YoY (%) | Feb 2019<br>YoY (%) | March 2019<br>YoY (%) | Apr 2019<br>YoY (%) | May 2019<br>YoY (%) | Jan-May'19<br>YoY (%) |
|------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| USA              | -2.4%               | -2.8%               | -2.9%                 | -2.2%               | 0.0%                | -2.0%                 |
| Canada           | -5.0%               | -1.5%               | -1.3%                 | -3.6%               | -6.7%               | -4.6%                 |
| Western Europe   | -4.4%               | -1.3%               | -3.2%                 | 0.0%                | -0.1%               | -1.7%                 |
| Eastern Europe   | -8.4%               | -7.6%               | -4.9%                 | -10.8%              | -10.6%              | -8.5%                 |
| Japan            | 2.0%                | 1.2%                | -3.6%                 | 3.4%                | 6.7%                | 1.1%                  |
| Korea            | 1.2%                | -4.6%               | -5.8%                 | -3.7%               | -2.8%               | -3.0%                 |
| China            | -16.0%              | -14.2%              | -7.8%                 | -14.3%              | -15.6%              | -13.2%                |
| Brazil/Argentina | -14.7%              | 4.4%                | -16.0%                | -9.9%               | -2.4%               | -8.2%                 |
| Others           | -3.8%               | -7.4%               | -3.9%                 | -8.3%               | -12.5%              | -8.4%                 |
| <b>World</b>     | <b>-8.2%</b>        | <b>-6.0%</b>        | <b>-5.0%</b>          | <b>-6.9%</b>        | <b>-7.0%</b>        | <b>-6.7%</b>          |

Source: LMC Automotive

### But statistical comparison in 2H19 should be easier

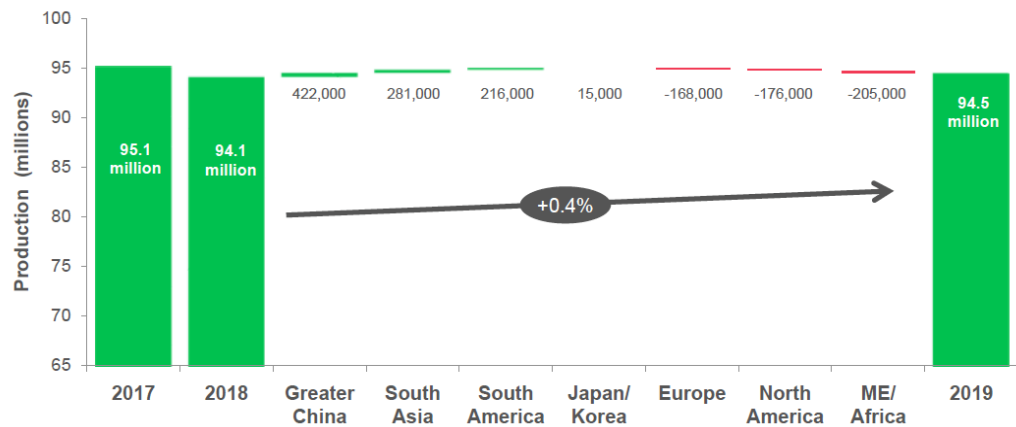
We believe that in 2H19 the statistical comparison YoY will be easier, thus making it possible to see positive growth rates, albeit only marginally positive, at global level.

That said, not all the clouds are over. Indeed, both OEMs and auto parts' suppliers are still expected to cope with a few hurdles in all key markets, with the main ones being (list is not exhaustive):

- ◆ As for the global demand we reckoned a few discontinuity factors in 2H 2018, such as the first decline of the Chinese market since the '90s and of the global market since 2009, combined with the lack of growth in the US and the shockwaves of Brexit. At this point, street forecasts indicate a very marginal growth for 2019 (see below);
- ◆ As for the American markets, and hence the industry manufacturing footprint planning, the USMCA deal (NAFTA 2.0), potentially coming into effect from 2020, with all the implications in terms of country of origins limits for components and labour provisioning rules;
- ◆ As for trade balances, the new US-China trade terms to be approved in coming months, as these could set new bilateral flows and affect the trade balance with EU, too.

Overall, as an effect of these drivers, industry experts forecast 2019E car market to remain pretty flat YoY at ca. 95mn units, with Russia and Latam being the more dynamic areas and North America the weakest one. The US decision, to be taken as of September 2019, to introduce or not some more trade tariff will obviously impact.

#### Global light vehicle production in 2019E (\*)



Source: IHS Markit

(\*) Passenger cars and light commercial vehicles only

#### 2019E Automotive Outlook

| Region                   | Outlook | Overview  |
|--------------------------|---------|---|
| Europe (ex. Russia)      | ▬       | Market expected to be flat YoY and demand more or less stable |
| Russia                   | ▲       | Mid-digit growth (3-5%)                                       |
| North America            | ▼       | Slight decline in car production (-1%-0%)                     |
| Latin America            | ▲       | Growth driven by Brazilian market                             |
| Asia-Pacific (ex. China) | ▬       | Market expected to be more or less stable                     |
| China                    | ▲       | Growth forecasts within 0%-1% range                           |

Source: Value Track analysis

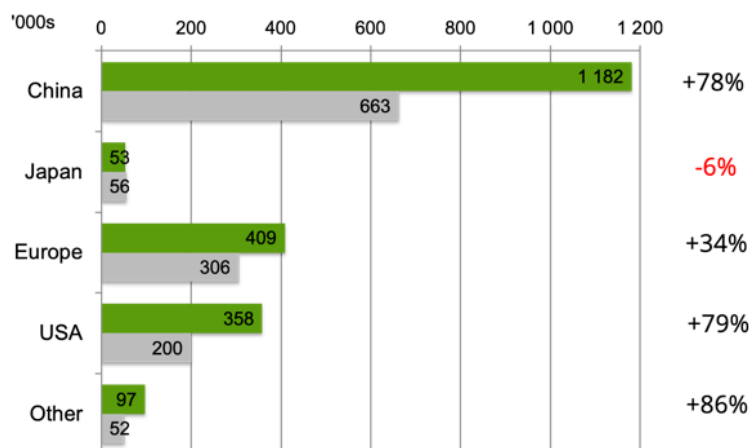
### Long term, the future remains electric!

Electric vehicles (EV) sales were up +42% YoY in 2018, reaching ca. 2.1mn units, corresponding to ca. 3.8% of total light vehicle market at the end of the year.

By far, China was the leading contributor, with sales increased by some 78% (+0.5mn units YoY). In Europe, the growth was more moderate (+34% YoY), held back by tight inventories, long waiting lists for popular BEVs and the run-out of high-selling PHEVs.

The US result (+79% YoY) was all about the Tesla Model-3, which stood for 138k of 158k increase last year, most of them (80%) in the second half of the year.

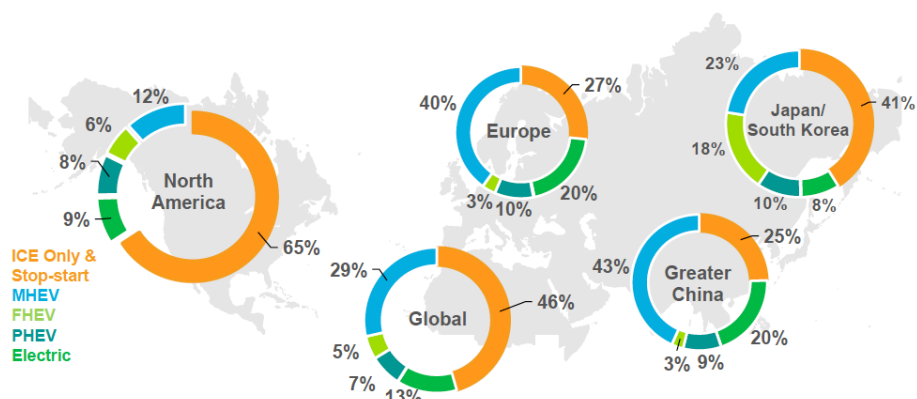
#### Worldwide EV Sales in 2018 vs 2017



Source: EV-Volumes

Medium term outlook remains bright for electric vehicles. According to latest forecasts (Source: IHS Markit, February 2019) the Internal combustion engines (ICE) vehicles is going to be overtaken by fast-growing electric power train technologies (including all kinds of hybrid vehicle).

#### Powertrain technology outlook in 2031



Source: IHS Markit

This environment has been confirmed also by luxury car producers, which are progressively switching to EV. Ferrari, for instance, after unveiled an aggressive medium-term target of EV production with hybrid vehicles accounting for 60% of total in 2022E, in the latest weeks launched the first PHEV hybrid car, the SF90 Stradale.

#### SF90 Stradale: the prancing horse goes plug-in hybrid



Source: BBC Topgear

#### Aluminium related companies shed positivity on future outlook

In our previous report update, we underlined how automakers, in order to adhere to more severe pollution regulations, have been progressively reducing the average weight of vehicles. We remain convinced, in line with what Nemak recently stated, that the usage of aluminium as a substitute to material alternatives such as steel in EV will be higher and higher, thanks to its high strength-to-weight ratio and its durability. Overall, aluminium content per vehicle worldwide is expected to increase up to ca. 16% in FY2025 and this is a great market opportunity for Costamp.

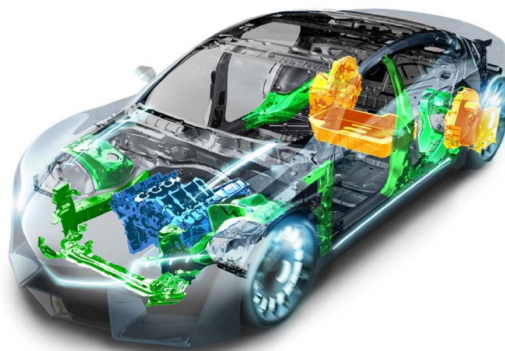
#### Nemak Aluminium outlook by 2025

##### Industry trends support increased aluminum penetration...

##### Market Growth 2025

US \$ Billion

|                       |       |
|-----------------------|-------|
| Structural Components | \$4.0 |
| EV Components         | \$4.0 |
| Combustion Engine     | \$0.5 |



Source: Nemak corporate presentation

## Costamp: 2019E-onwards financial forecasts

### New vs. old estimates

We are modifying our 2019E-20E estimates after the release of 2018FY figures. We maintain a positive outlook on the business combination between the “old” Costamp and Modelleria Brambilla but the turmoil that is currently affecting the car makers industry is inevitably generating a delay in the exploitation of the planned synergies and cross selling opportunities.

As an effect, we are amending our 2019E-20E forecasts as follows:

- ◆ **Revenues.** 2019E should remain flat YoY as 1H19 should still reflect the negative underlying scenario while in 2H19 we expect a rebound to more positive numbers, i.e. a positive growth YoY. In 2020E we expect the Group to accelerate back its growth pace to some 10% YoY;
- ◆ **Profitability.** Revised downward due to the operating leverage negatively impacting. In fact, relatively high fixed costs are expected to contain marginality, resulting in a €1mn 1H19E EBITDA, followed by ca. €3mn upswing in 2H. Overall, EBITDA margin should achieve a 10% level as of 2020E YoY;
- ◆ **Balance Sheet and Cash Flow Statement.** We are reducing the amount of capex ahead: most of investments have been finalized but for some machinery and real estate facilities. We expect the Group to invest ca. €1.5mn in 2019E. Cash generation and a meticulous Working Capital management are expected to contain Net Debt increase in 2019E to only €1.1mn, while we expect an overall reduction starting as of 2020E.

### Costamp Group: New vs. Old estimates

| €mn                           | 2019E        |              |          | 2020E        |              |          |
|-------------------------------|--------------|--------------|----------|--------------|--------------|----------|
|                               | Old          | New          | Chg. (%) | Old          | New          | Chg. (%) |
| <b>Value of Production</b>    | <b>74.0</b>  | <b>55.0</b>  | -26%     | <b>83.0</b>  | <b>61.0</b>  | -27%     |
| <b>EBITDA</b>                 | <b>9.2</b>   | <b>4.1</b>   | -56%     | <b>12.1</b>  | <b>6.1</b>   | -49%     |
| <i>EBITDA margin (%)</i>      | <i>12.5%</i> | <i>7.4%</i>  |          | <i>14.5%</i> | <i>10.1%</i> |          |
| <b>EBIT</b>                   | <b>6.6</b>   | <b>1.3</b>   | nm       | <b>9.4</b>   | <b>3.4</b>   | nm       |
| <i>EBIT margin (%)</i>        | <i>9.0%</i>  | <i>2.3%</i>  |          | <i>11.3%</i> | <i>5.6%</i>  |          |
| <b>Net Profit</b>             | <b>3.8</b>   | <b>0.3</b>   | nm       | <b>5.9</b>   | <b>1.7</b>   | nm       |
| Capex                         | -3.0         | -1.5         | -50%     | -3.0         | -2.5         | -17%     |
| OpFCF a.t.                    | 5.6          | -0.1         | nm       | 7.8          | 2.7          | nm       |
| <b>Net Financial Position</b> | <b>-21.6</b> | <b>-22.9</b> | -1.3     | <b>-17.3</b> | <b>-21.9</b> | -1.3     |

Source: Value Track Analysis

Worthy of notice, we highlight that at year-end 2018 the Group could count on ca. €40mn worth of backlog, while at 1H2019E the value should have settled in the region of €45mn. The Group is expected to get relief from the current stinging price competition as the automotive sector restart its engines.

Output capacity at Sirone plant should be almost entirely utilized and new orders should have been shifted to Correggio LPDC plant.

Out of the €1.5mn worth of capex expected in 2019E, ca. €8-900k are addressed to machinery improvement, while in 2020E we expect real estate development with the purchase of a new facility.

### Costamp Group: Profit & Loss 2018PF-21E

| (€mn)                      | 2018PF      | 2019E       | 2020E       | 2021E       |
|----------------------------|-------------|-------------|-------------|-------------|
| <b>Value of Production</b> | <b>58.0</b> | <b>55.0</b> | <b>61.0</b> | <b>66.0</b> |
| COGS                       | -40.3       | -35.5       | -39.2       | -41.6       |
| Labour costs               | -16.2       | -15.4       | -15.7       | -16.0       |
| <b>EBITDA</b>              | <b>1.6</b>  | <b>4.1</b>  | <b>6.1</b>  | <b>8.5</b>  |
| EBITDA margin (%)          | 2.8%        | 7.4%        | 10.1%       | 12.8%       |
| D&A                        | -3.2        | -2.8        | -2.7        | -2.6        |
| <b>EBIT</b>                | <b>-1.7</b> | <b>1.3</b>  | <b>3.4</b>  | <b>5.9</b>  |
| EBIT margin (%)            | -3.0%       | 2.3%        | 5.6%        | 8.9%        |
| Net Financial Charges      | -0.7        | -0.8        | -1.0        | -1.2        |
| <b>Pre-tax profit</b>      | <b>-2.4</b> | <b>0.4</b>  | <b>2.5</b>  | <b>4.7</b>  |
| Taxes                      | 0.7         | -0.1        | -0.7        | -1.4        |
| Tax rate (%)               | 29%         | 30%         | 30%         | 30%         |
| <b>Net Profit</b>          | <b>-1.7</b> | <b>0.3</b>  | <b>1.7</b>  | <b>3.3</b>  |

Source: Costamp Group (historical figures), Value Track (2019E-21E estimates)

### Costamp Group: Balance sheet 2018PF-21E

| (€mn)  | 2018PF       | 2019E        | 2020E        | 2021E        |
|--|--------------|--------------|--------------|--------------|
| Net Fixed assets                                   | 49.3         | 48.0         | 47.8         | 47.2         |
| Net Working Capital                                | 0.4          | 3.1          | 4.0          | 5.0          |
| Severance pay and other funds                      | 4.9          | 4.9          | 4.9          | 4.9          |
| <b>Total Capital Employed</b>                      | <b>44.8</b>  | <b>46.2</b>  | <b>46.9</b>  | <b>47.3</b>  |
| <b>Group Net Equity</b>                            | <b>23.0</b>  | <b>23.3</b>  | <b>25.1</b>  | <b>28.4</b>  |
| <b>Net Fin. Position [Net debt (-) / Cash (+)]</b> | <b>-21.8</b> | <b>-22.9</b> | <b>-21.9</b> | <b>-19.0</b> |

Source: Costamp Group (historical figures), Value Track (2019E-21E estimates)

### Costamp Group: Cash flow Statement 2018PF-21E

| (€mn)                              | 2018PF     | 2019E       | 2020E      | 2021E      |
|------------------------------------|------------|-------------|------------|------------|
| <b>EBITDA</b>                      | <b>1.6</b> | <b>4.1</b>  | <b>6.1</b> | <b>8.5</b> |
| Op. NWC requirements               | 9.0        | -2.7        | -0.9       | -1.0       |
| Capex (excl. Fin. Inv.)            | -4.7       | -1.5        | -2.5       | -2.0       |
| Change in provisions               | 1.1        | 0.0         | 0.0        | 0.0        |
| Cash Taxes                         | 0.7        | -0.1        | -0.7       | -1.4       |
| <b>OpFCF a.t.</b>                  | <b>7.6</b> | <b>-0.2</b> | <b>2.0</b> | <b>4.1</b> |
| Other (incl. Fin. Inv. and IFRS16) | -1.8       | 0.0         | 0.0        | 0.0        |
| Net Financial Charges              | -0.7       | -0.8        | -1.0       | -1.2       |
| Dividend paid                      | 0.0        | 0.0         | 0.0        | 0.0        |
| <b>Change in Net Fin Position</b>  | <b>5.1</b> | <b>-1.1</b> | <b>1.0</b> | <b>2.9</b> |

Source: Costamp Group (historical figures), Value Track (2019E-21E estimates)

## Valuation criteria update

Based on our updated 2019E-21E estimates and on the current €1.60 per share market price, the company is currently trading at ca. 1.3x EV/Sales, 14.8x EV/EBIT and 20.8 P/E 2021E respectively.

### Costamp Group: Sensitivity of implicit stock trading multiples

| Equity Value<br>(100%) | €-per share | EV/SALES |       |       | EV/EBIT |       |       | P/E   |       |       |
|------------------------|-------------|----------|-------|-------|---------|-------|-------|-------|-------|-------|
|                        |             | 2019E    | 2020E | 2021E | 2019E   | 2020E | 2021E | 2019E | 2020E | 2021E |
| € 38.2 mn              | € 0.90      | 1.1      | 1.0   | 0.9   | 48.3    | 17.4  | 9.8   | 127.8 | 22.0  | 11.7  |
| € 55.2 mn              | € 1.30      | 1.4      | 1.3   | 1.1   | 61.7    | 22.4  | 12.7  | 184.5 | 31.7  | 16.9  |
| € 68.0 mn              | € 1.60      | 1.7      | 1.5   | 1.3   | 71.8    | 26.1  | 14.8  | 227.1 | 39.1  | 20.8  |
| € 72.2 mn              | € 1.70      | 1.7      | 1.5   | 1.4   | 75.2    | 27.3  | 15.6  | 241.3 | 41.5  | 22.0  |
| € 89.2 mn              | € 2.10      | 2.0      | 1.8   | 1.6   | 88.6    | 32.2  | 18.5  | 298.1 | 51.3  | 27.2  |
| € 106.2 mn             | € 2.50      | 2.3      | 2.1   | 1.9   | 102.0   | 37.2  | 21.4  | 354.9 | 61.0  | 32.4  |
| € 123.2 mn             | € 2.90      | 2.7      | 2.4   | 2.2   | 115.5   | 42.1  | 24.3  | 411.7 | 70.8  | 37.6  |

Source: Value Track estimates and analysis

### Peers Analysis

In order to analyse current Costamp Group valuation relative to its peers, we believe it would be better to focus on those players that contribute a higher value to final products, as die casters do. Unfortunately, all listed companies active in die casting boast a wider perimeter of activity compared to Costamp and are all international:

- ◆ **International peers:** Alumetal, American Axle, Exco Technologies, Georg Fischer, Nemak.

For the sake of completeness, we also show how Costamp Group's fundamentals do compare in a Italian based group of car component suppliers composed by:

- ◆ **Italian peers:** Freni Brembo, Landi Renzo and Sogefi SpA.

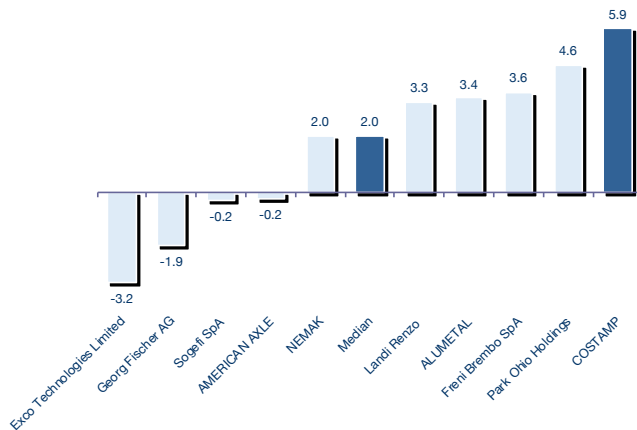
### Costamp vs. Peers in terms of fundamentals

Costamp Group combines superior expected growth with promising marginality improvement and profitability potential. In particular:

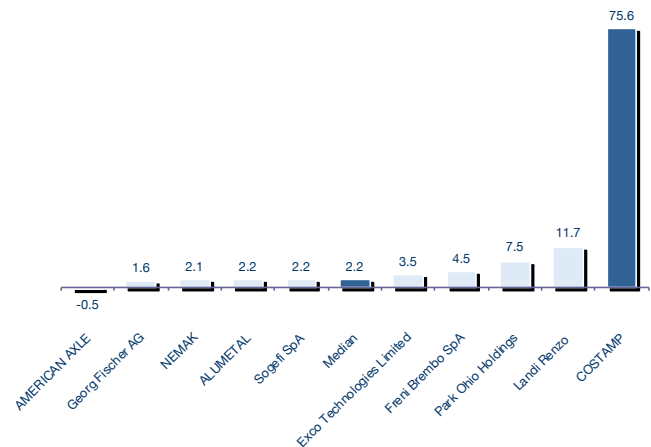
- ◆ As for 2018PF-21E Net Revenues CAGR Costamp Group ranks best in class with a 5.9% figure, consistently above peers median of 2%;
- ◆ Costamp is best in class also in terms of EBITDA 2018PF-21E CAGR (>70% vs. peers at ca. 2.2%);
- ◆ As for EBITDA Marginality, we highlight a modest improvement expected by 2021E. By then, the Group is expected to generate ca. 13% EBITDA margin, almost in line with peers' median of 14.5%;
- ◆ In terms of Net Debt/EBITDA, the Group is not optimally positioned, with an above average value of 5.6x in 2019E, expected to lower at 2.2x by 2021E.

## Costamp Group vs Peers: Revenues and EBITDA CAGR

Revenues 2018PF-21E CAGR

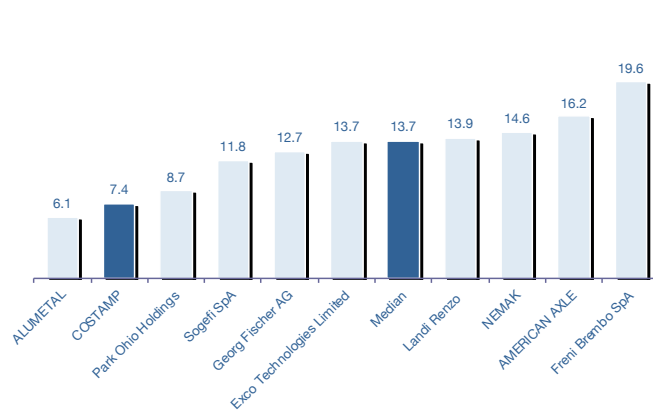


EBITDA 2018PF-21E CAGR

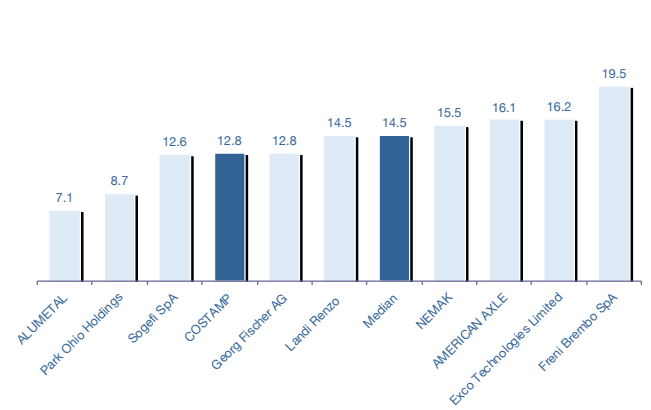


## Costamp Group vs. Peers: EBITDA margin % 2019E vs 2021E

EBITDA Margin 2019E

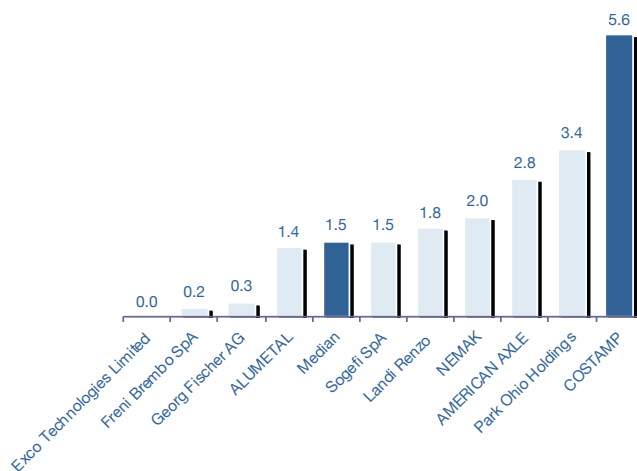


EBITDA Margin 2021E

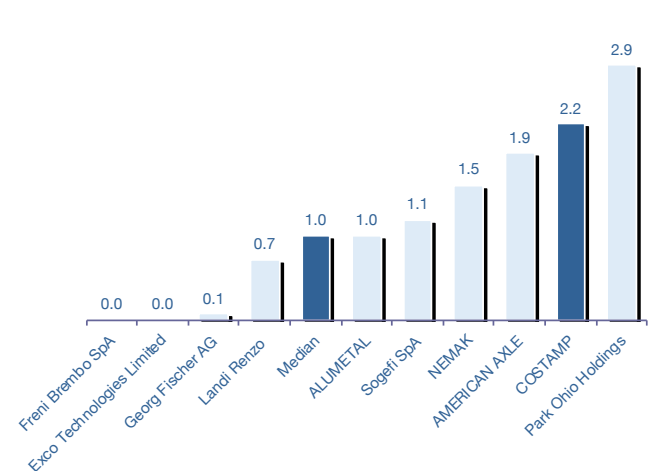


## Costamp Group vs. Peers: Net Debt / EBITDA 2019E vs 2021E

Net Debt / EBITDA 2019E



Net Debt / EBITDA 2021E

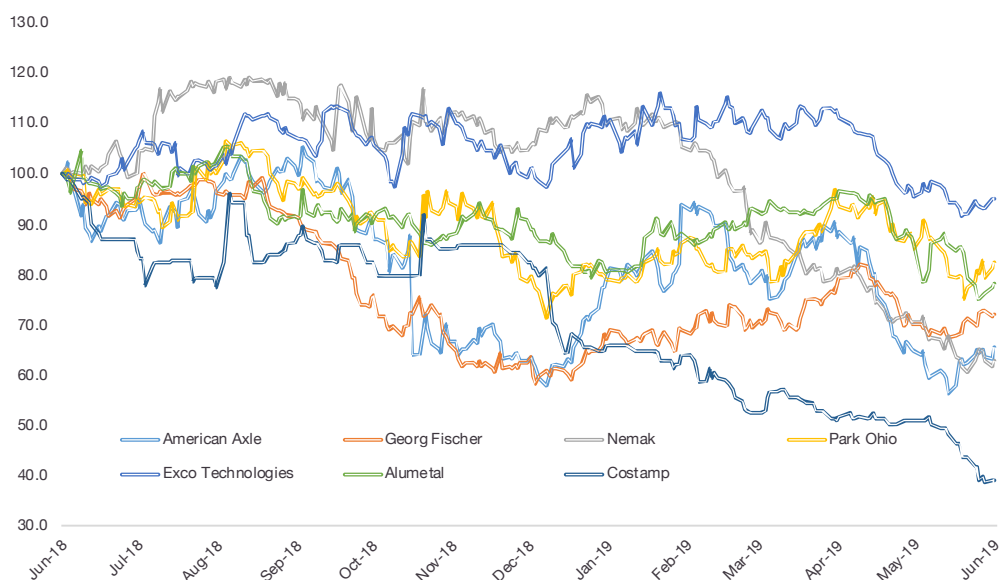


Source: Market Consensus, Value Track estimates and analysis

### Costamp vs. Peers in terms of share price evolution

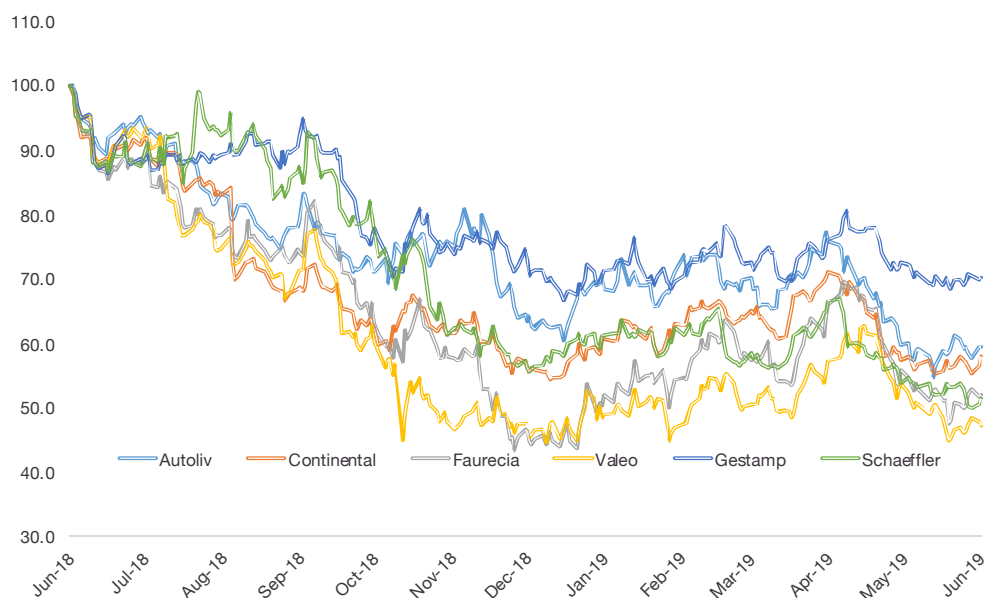
Costamp Group – as well as main players specialized in the engineering, production and trade of dies and moulds – has the automotive sector as its main end market, or other sectors that are somehow cyclical too (e.g. industrial applications). That's why most of Costamp's peers have been performing relatively poorly over the latest twelve months, extremely penalised by the negative market stance faced by OEMs and by car suppliers in general, as also reported in the charts below.

#### Costamp Peers: 1-year normalized stock behaviour



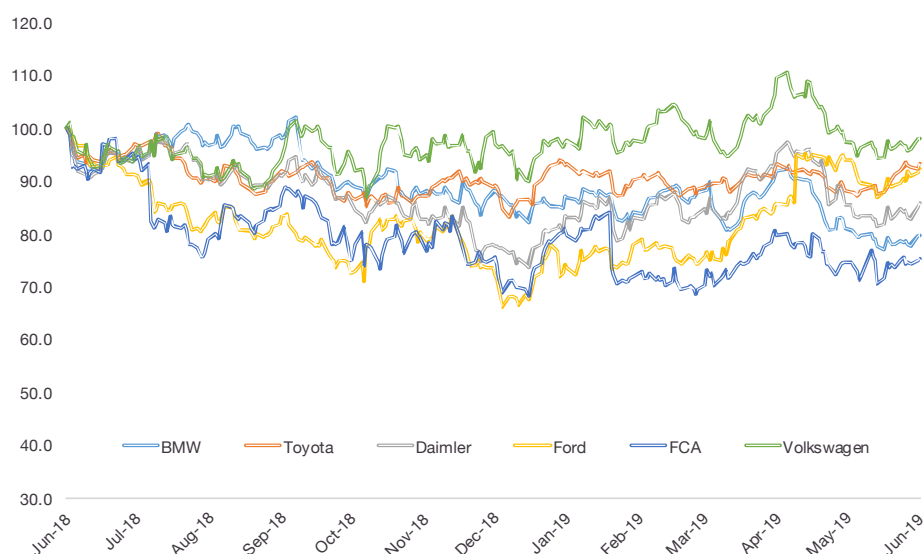
Source: S&P Capital IQ, Value Track Analysis

#### Car suppliers: 1-year normalized stock behaviour



Source: S&P Capital IQ, Value Track Analysis

### OEM: 1-year normalized stock behaviour



Source: S&P Capital IQ, Value Track Analysis

### Costamp vs. Peers in terms of multiples

Taking into account the peers' group performance in term of fundamentals and the pricing of their stocks, we derive the following situation in terms of trading multiples.

#### Costamp Group: Peers' stock trading multiples

| Company            | EV/Sales (x) |            |            | EV / EBIT (x) |            |            | P / E (x)  |            |            |
|--------------------|--------------|------------|------------|---------------|------------|------------|------------|------------|------------|
|                    | 2019E        | 2020E      | 2021E      | 2019E         | 2020E      | 2021E      | 2019E      | 2020E      | 2021E      |
| Alumetal           | 0.4          | 0.4        | 0.4        | 10.3          | 8.1        | 7.3        | 12.2       | 6.3        | 6.7        |
| Georg Fisher       | 1.0          | 0.9        | 0.9        | 10.2          | 9.4        | 8.7        | 13.7       | 13.0       | 12.2       |
| Park Ohio Holdings | 0.5          | 0.5        | 0.5        | 8.9           | 8.0        | 6.7        | 7.5        | 6.7        | 6.5        |
| Freni Brembo       | 0.6          | 0.6        | 0.5        | 9.6           | 9.0        | 8.4        | 12.6       | 12.1       | 11.6       |
| Sogefi             | 0.6          | 0.6        | 0.5        | 6.2           | 5.3        | 4.7        | 7.0        | 5.7        | 5.2        |
| Landi Renzo        | 1.2          | 1.1        | 1.1        | 10.6          | 8.6        | 7.6        | 13.5       | 10.1       | 8.8        |
| Nemak              | 0.3          | 0.3        | 0.2        | 8.2           | 7.3        | 6.4        | 8.1        | 6.8        | 6.0        |
| American Axle      | 0.9          | 0.8        | 0.7        | 7.4           | 6.8        | 6.0        | 4.2        | 4.0        | 4.0        |
| Exco Technologies  | 0.6          | 0.6        | 0.5        | 6.2           | 5.1        | 4.6        | 9.1        | 7.0        | 6.6        |
| <b>Average</b>     | <b>0.7</b>   | <b>0.6</b> | <b>0.6</b> | <b>8.6</b>    | <b>7.5</b> | <b>6.7</b> | <b>9.8</b> | <b>8.0</b> | <b>7.5</b> |
| <b>Median</b>      | <b>0.6</b>   | <b>0.6</b> | <b>0.5</b> | <b>8.9</b>    | <b>8.0</b> | <b>6.7</b> | <b>9.1</b> | <b>6.8</b> | <b>6.6</b> |

Source: Market Consensus, Value Track Analysis

## Discounted Cash Flow model valuation

A DCF model aimed at valuing the new Costamp Group would have to be based, in our view, on a ca. **10.5% rolling WACC**, to be obtained as follows.

### Cost of Equity

- ◆ Risk free rate would have to be settled at 2.0% in line with Eurozone medium term-target inflation;
- ◆ We would set Costamp's unlevered Beta at 0.95x, based on Damodaran's estimates, considering those industries that we recognize as most closely related to the business of the group, i.e. Auto Parts (80% of total) / Steel (10%) / Software (10%);

### Unlevered Beta computation

| Industry Name       | Weight (%) | # of firms | Beta        | D/E Ratio     | Tax rate      | Unlevered Beta |
|---------------------|------------|------------|-------------|---------------|---------------|----------------|
| Auto Parts          | 80%        | 52         | 1.17        | 39.95%        | 11.57%        | 0.90           |
| Steel               | 10%        | 37         | 1.62        | 50.25%        | 4.18%         | 1.18           |
| Software            | 10%        | 355        | 1.23        | 12.87%        | 4.62%         | 1.12           |
| <b>Wgh. Average</b> |            |            | <b>1.22</b> | <b>38.27%</b> | <b>10.14%</b> | <b>0.95</b>    |

Source: Market Consensus, Value Track Analysis

- ◆ 8.6% Implied Italian Equity Risk premium ERP (see Damodaran's on line web site);
- ◆ 2.0% of Small Size Risk Premium, in line with the Expanded CAPM approach that we consider more appropriate when dealing with small sized companies.

### Cost of Debt

- ◆ Pre-tax cost of debt at 3.5% i.e. the sum of 2.0% risk free rate and 1.5% of additional credit spread;
- ◆ Tax shield on financial charges assumed at 24.5%.

### Costamp Group: WACC calculation

|                               | 2019E        | 2020E        | 2021E        |
|-------------------------------|--------------|--------------|--------------|
| <b>COST OF EQUITY</b>         | <b>17.8%</b> | <b>17.1%</b> | <b>16.0%</b> |
| <b>COST OF DEBT after tax</b> | <b>2.6%</b>  | <b>2.6%</b>  | <b>2.6%</b>  |
| D/D+E                         | 49.5%        | 46.6%        | 40.1%        |
| <b>Rolling WACC</b>           | <b>10.3%</b> | <b>10.4%</b> | <b>10.6%</b> |

Source: Value Track Analysis

### Additional DCF model assumptions implied in current market capitalization

Based on a three stages DCF model with the following assumptions:

- ◆ 2018E used as historical reference point;
- ◆ 2019E-2021E as explicit financial statements projections, foreseeing a cyclical rebound of the Group's performance;
- ◆ A second stage (2022E-27E) in which, after a cyclical reassessment of the Group, growth rates converge towards long term values.

We calculate that current €1.60 stock market price implies a Terminal value at 2028YE obtained applying an exit multiple of 9x EV/EBIT.

## Appendix: Business profile of Costamp peers

### Costamp Group: Peers' Business Profiles

#### Freni Brembo SpA

Specialized in the manufacture of brake systems, the company provides products for cars, motorcycles, commercial vehicles and racing cars and motorbikes.

#### Landi Renzo

Landi Renzo S.p.A. designs, produces, installs, and sells LPG and CNG fuel supply components and systems for the automotive, industrial automation, and sound industries primarily in the European and Asian markets.

#### Sogefi SpA

Sogefi SpA is primarily engaged in the manufacture of motor vehicle parts, with a product portfolio comprising fluid filtration systems, suspension components and others.

#### Alumetal

Poland based company engaged in the aluminum industry, Alumetal Group is specialized in the manufacture of secondary aluminum casting alloys.

#### American Axle & Manufacturing

The American company manufactures, engineers and validates driveline and drivetrain systems and related components for trucks, sport utility, crossover and commercial vehicles, as well as for passenger cars

#### Exco Technologies Ltd

Exco Technologies Limited (Canada) is a designer, developer and manufacturer of dies, molds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries.

#### Georg Fischer AG

Switzerland based company engaged in the development and supply of systems for industrial applications. The company operates through three business segments, out of which also GF Automotive.

#### Nemak SA de CV

Market leader of high-tech automotive aluminum components, the company (based in Mexico) has a diversified product portfolio that specializes in the design, manufacture and distribution of components for powertrain and body structure applications. Its customers include BMW, Toyota and Volkswagen among all.

#### Park Ohio Holdings

Park Ohio Holdings is a diversified American, and international, company providing supply chain management outsourcing services, capital equipment used on their production lines and manufactured components used assemble its products.

Source: Various, Value Track Analysis

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