

Costamp Group

The # 1 European player in the die casting market

IR TOP RESEARCH

Luisa Primi - l.primi@irtop.com

T +39 02 89056957 - Via C. Cantù, 1 - 20123 Milan

COMPANY DESCRIPTION

Costamp Group is a **global player specialized** in the design, engineering and manufacturing of **dies for die casting**. With over 50 years of market history, 311 employees and 6 strategic manufacturing locations in Northern Italy, the Group is globally the only player able to provide **OEMs and foundries** with a **complete offer** in terms of processes (HPDC, LPDC & Gravity, Plastic) and products (aluminium, magnesium, cast iron and plastics). **Automotive represents 95% of revenues** with main applications being the production of powertrains, structural parts and bumpers. The Group closed FY 2017 with revenues of 58.9 Eu m (pro-forma), of which 65% realized outside Italy in over 20 countries, and 10.2% of adjusted EBITDA margin.

REVERSE TAKEOVER WITH MODELLERIA BRAMBILLA

Costamp Group was created in 2018 through the integration between Modellera Brambilla - listed on AIM Italia since 2014 - and Co.Stamp Srl (reversed take over), with the strategic rationale to create a unique player able to provide the market with a **complete offer in terms of processes and products**.

INNOVATION

The Group is **strongly focused on R&D, with a team of 24 engineers**, and obtained a contribution of about 2 Eu m from "**Horizon 2020**" for the **PUZZLE_DIE project**, an innovative technology for die casting dies for aluminium components for the automotive sector.

REFERENCE MARKET AND COMPETITIVE POSITION

The global automotive market has grown at a CAGR of about 3% in the last decade and is expected to continue to grow at 5% rate in the next 3 years and to **top 112 m of vehicles in 2020**.

Global trends in the **automotive market**:

- Transition to e-mobility
- Increase in the use of aluminium
- JVs and strategic partnerships between suppliers
- Co-localization of Tier 1 with OEMs

Costamp Group is the no. 1 European player and second on a worldwide basis, after Canadian EXCO Technologies.

STRATEGY

- International expansion** in countries where OEMs and Tier 1 operate;
- Cross-selling** on low pressure products exploiting the sales network and the clients base of Costamp;
- Partnership with OEM and Tier 1 suppliers** in order to co-design dies for innovative products and projects;
- New premium line** of products in the business unit HPDC.

AIM POSITIONING

Compared to average values of AIM Italia "**Manufacturing**" Sector, Costamp Group shows:

- Higher capitalisation
- Higher performance from IPO
- Leading market position

Free Float will be restored within the prescribed time limits.

2018-2020 ESTIMATES AND VALUATION

We estimate 2017PF-2020E CAGR of:

- Revenues : +17%
- EBITDA +53%, and EBITDA margin in 2020 of 17.3%.

We set a **target price of 3.23 Eu p.s.** obtained by applying a DCF model with WACC=8.2% and g=1.5%.

Target Price (Eu)	3.23
Market Price (Eu)	4.08
Capitalisation (Eu m)	173
Enterprise Value (Eu m)	200
<i>(as of June 15th, 2018)</i>	

AIM Positioning

FY 2017 (Eu m)	Company	AIM Sector*	AIM Italia
Revenues	59	85	43
Revenues YoY	0.5%	7%	10%
EBITDA Margin	7.8%	11.9%	12.8%
Net Debt (Cash)	26.9	17.4	12.0
Net Debt/EBITDA	5.9	1.1	1.7
Market Data (Eu m)	Company	AIM Sector*	AIM Italia
Capitalisation	173	88	72
Perf. from IPO	+63%	+14%	+1%
Free Float	n.m.	33%	42%
ADTT YTD (Eu)	23,048	101,950	89,770

Source: Factset Data and Osservatorio AIM Italia - *Manufacturing

Results & Estimates

Key Figures (Eu m) – IAS/IFRS	16PF	17PF	18E	19E	20E
Revenues	58.7	59.0	66.2	81.5	94.1
YoY growth	+1.0%	+0.5%	+12.3%	+23.1%	+15.5%
EBITDA	8.1	4.6	9.0	12.6	16.3
EBITDA%	13.8%	7.8%	13.6%	15.5%	17.3%
EBIT	5.7	1.7	7.1	10.6	14.2
EBIT%	9.7%	2.8%	10.8%	13.0%	15.1%
Net Profit	3.3	0.4	4.4	6.9	9.6
Net Debt (Cash)	27.2	26.9	22.4	17.6	9.6
EPS	0.08	0.01	0.10	0.16	0.23
EPS diluted	0.08	0.01	0.10	0.16	0.22

Source: Company Data Pro-Forma for 2016-17 and IR Top Estimates for 2018-20 consolidated results

Peers Comparison

EV/EBITDA (x)	18E	19E	20E
Costamp Group	22.3	15.9	12.3
International Peers	6.0	5.4	4.8
AIM Italia Manufacturing	7.1	6.4	5.7
Discount/Premium to International Peers	272%	195%	158%
Discount/Premium to AIM Italia Manufacturing	213%	150%	115%

P/E (x)	18E	19E	20E
Costamp Group	39.7	25.0	18.1
International Peers	12.3	10.8	9.6
AIM Italia Manufacturing	16.2	12.3	9.9
Discount/Premium to International Peers	222%	131%	88%
Discount/Premium to AIM Italia Manufacturing	145%	104%	83%

Source: IR Top Estimates for Costamp Group and Factset data for comparables

Performance

	1M	3M	1Y
Absolute	33.3%	36.0%	12.8%
Relative (FTSE AIM Italia)	31.4%	34.5%	13.8%
52-week High/Low (Eu)*	7.87/3.54		

Source: Factset data; * Intra-day values

Please, read important disclaimer on the last page of this report.

SHARE DATA

Market	AIM Italia
Reuters/Bloomberg	MOLD.MI/MOLD IM
ISIN	IT0005068249
N. of Shares	42,490,607
Main Shareholder	Co.Stamp Srl (The Corti Family) (97.9%)
Chairman and CEO	Marco Corti



AIM ITALIA

Dimension

103 companies
7.4 Eu b of capitalisation

Growth

67 IPOs in 2015-18
3.9 Eu b of capital raised since 2009

Performance

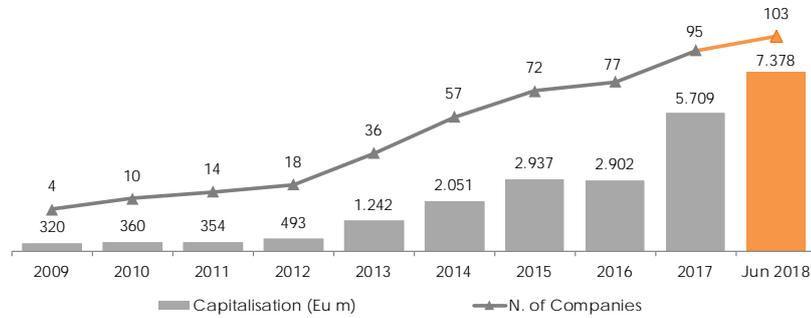
FTSE AIM Italia +23% since 2017

Liquidity

ADTT in 2017 was 120 Eu k vs. 24 Eu k in 2016

AIM Italia, the equity capital market for small growing companies, has grown significantly since 2013: as of June 15th, 2018 the listed companies were 103 for a total capitalisation of 7.4 Eu billion.

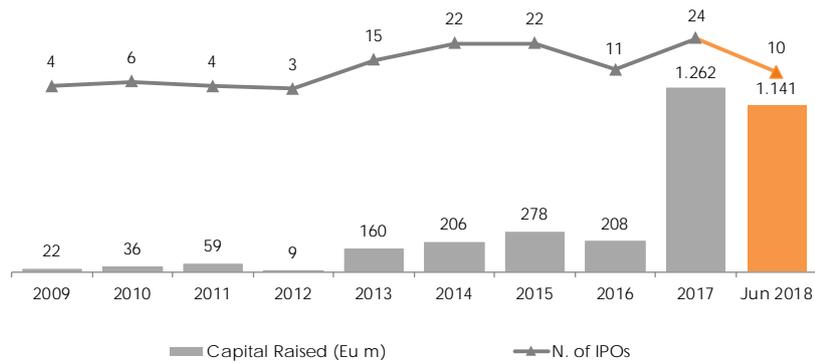
AIM Italia: 2009-2018 market dimension trend



Since 2013 the number of IPO's and the amount raised increased considerably: in 2017 a peak was registered thanks to the listing of 24 new companies and in 2018 there have been 10 IPOs. AIM Italia is more dynamic than the main market (MTA): in 2015-2018, 67 companies listed on AIM Italia, 20 on MTA.

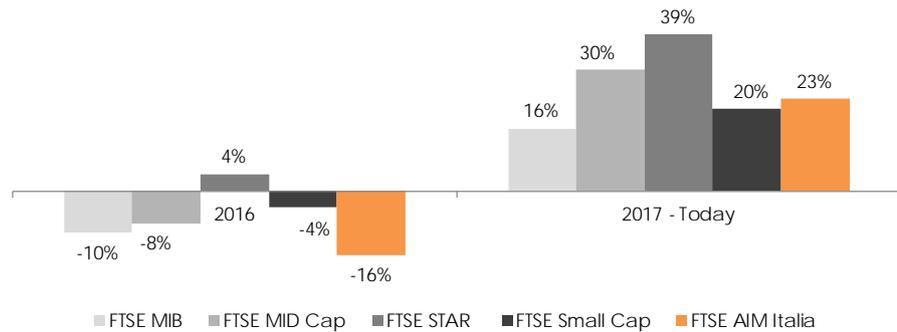
Since 2009, the total equity amount raised in IPO is 3.4 Eu b; including capital increases, warrant exercise and bond subscription, the capital raised is 3.9 Eu b.

AIM Italia: 2009-2018 market growth trend



Thanks to the introduction of PIR (Piani Individuali di Risparmio, the Italian equivalent of UK Individual Savings Accounts), all the indices highlight positive trends: FTSE AIM Italia has grown by +23% since 2017 vs. -16% in 2016.

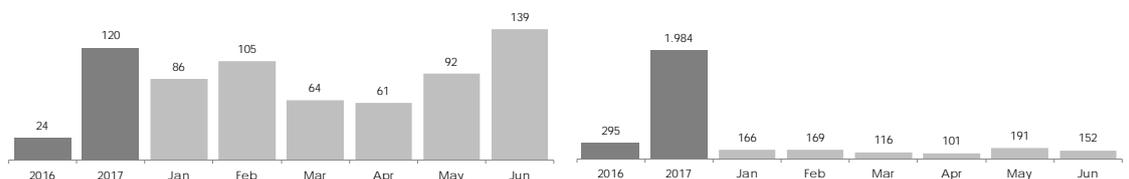
FTSE Indices: 2016 vs. 2017-2018 trend (post PIR)



Improving market liquidity after the introduction of PIR: Average Daily Traded Turnover (ADTT) strongly increased in 2017, with an average value of 120 Eu k (5.1x 24 Eu k in 2016). Total Traded Turnover (TTT) in 2017 amounted to 2.0 Eu b, 6.7x 295 Eu m in 2016.

Average Daily Traded Turnover (Eu k)

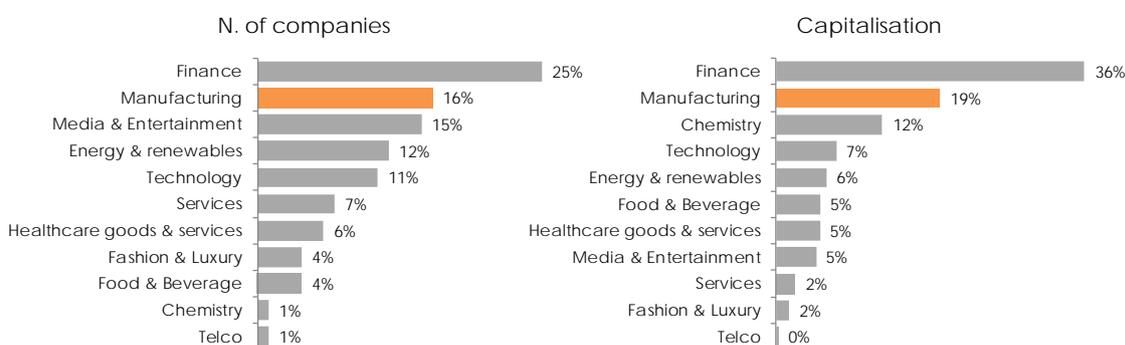
Total Traded Turnover (Eu m)



AIM ITALIA BY SECTOR

The most important sectors in terms of number of companies are: Finance including SPACs (25%), Manufacturing (16%) and Media & Entertainment (15%); main sectors in terms of capitalisation are Finance (36%), Manufacturing (19%) and Chemistry (12%).

AIM Italia: breakdown by Sector

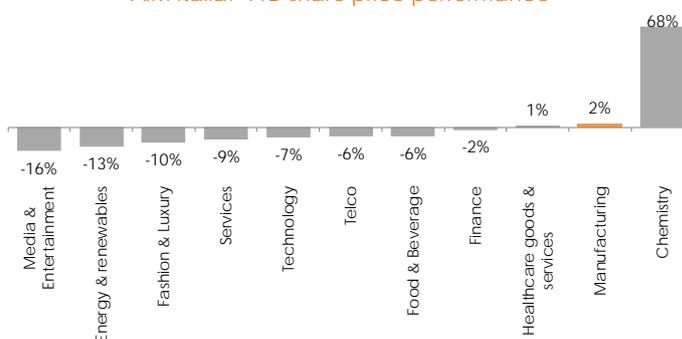


Finance is the main sector in terms of n. of companies (25%) and capitalisation (36%)

Best share performance YTD: Chemistry (+68%)

Chemistry is the sector with the best share performance since 2018 (+68%), followed by Manufacturing (+2%).

AIM Italia: YTD share price performance



Best yoy 2017 revenues growth, excluding Chemistry: Healthcare goods & services (+25%)

In 2017 Food & Beverage had the highest level of average revenues (88 Eu m), followed by Manufacturing (85 Eu m). Excluding Chemistry (represented by 1 company), the best growth yoy was realised by Healthcare goods & services (+25%). The sector that registered the highest level of indebtedness (39.7 Eu m) was Energy & renewables.

AIM Italia: average 2017 financial data

Sector	Revenues (Eu m)	Revenues YoY growth (%)	EBITDA margin (%)	NFP (Cash) (Eu m)	NFP/EBITDA (x)
Chemistry	11	+114%	62%	(24.2)	(3.6)
Energy & renewables	41	+10%	23%	39.7	7.0
Fashion & Luxury	36	+4%	9%	5.9	0.6
Food & Beverage	88	+3%	9%	16.5	0.5
Healthcare goods & services	66	+25%	18%	16.2	1.8
Manufacturing	85	+7%	12%	17.4	1.1
Media & Entertainment	25	-1%	3%	7.3	1.3
Services	17	+21%	15%	(0.8)	0.3
Technology	24	+17%	14%	0.2	1.5
Telco	7	+4%	42%	4.5	1.6
AIM Italia	43	+10%	13%	12.1	1.7

Average 2017 EV/EBITDA multiple: 14.0x

Excluding Chemistry (represented by 1 company), the first sector in terms of average capitalisation is Finance (103 Eu m), followed by Food & Beverage (96 Eu m) and Manufacturing (88 Eu m). In terms of 2017 EV/EBITDA multiples, Energy & renewables shows the highest value (18.4x), followed by Technology (17.5x).

AIM Italia: average market data

Sector	N. of companies	Market Cap (Eu m)	Free Float (%)	ADTT YTD (Eu)	2017 EV/EBITDA (x)
Chemistry	1	921	37%	2,100,510	n.m.
Energy & renewables	12	36	26%	35,827	18.4
Fashion & Luxury	4	28	21%	22,734	8.6
Finance	26	103	71%	97,715	n.m.
Food & Beverage	4	96	46%	103,583	6.9
Healthcare goods & services	6	63	30%	55,516	11.9
Manufacturing	16	88	33%	101,950	15.6
Media & Entertainment	15	23	31%	34,668	10.0
Services	7	26	26%	50,785	14.4
Technology	11	47	39%	75,321	17.5
Telco	1	18	43%	46,616	8.2
AIM Italia	103	72	42%	89,770	14.0

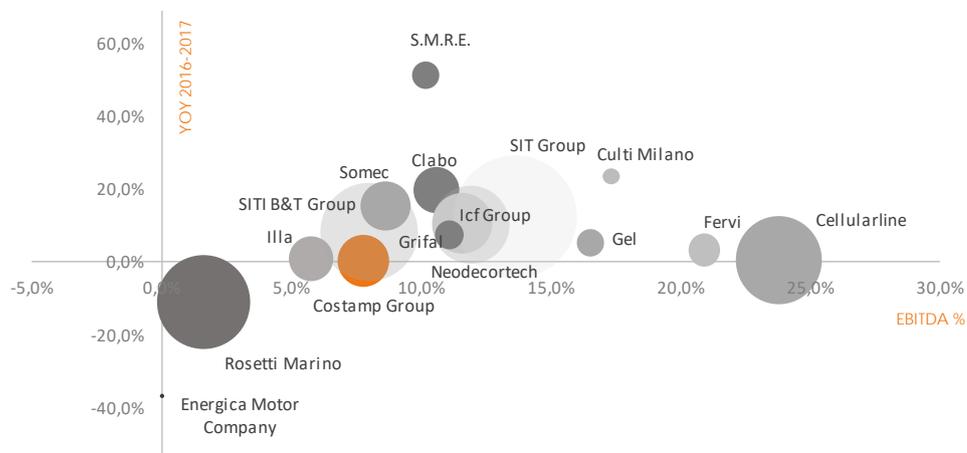
Source: Osservatorio AIM and FactSet data as of June 15th, 2018
n.m. = not meaningful

AIM POSITIONING

Costamp Group is allocated in the AIM Italia "Manufacturing" sector, made up of 16 companies.

AIM Italia Manufacturing Sector

Size of the bubble: 2017 Revenues



2017 Data (Eu m)	Revenues	EBITDA%	Net Debt (Cash)	EV/EBITDA	Net Debt/EBITDA
Cellularline	166	23%	65	6.8	1.7
Clabo	45	11%	19	9.5	4.0
Costamp Group	59	8%	27	43.7	5.9
Culti Milano	6	17%	-4	9.9	-3.5
Energica Motor Company	1	n.m.	3	n.m.	n.m.
Fervi	22	21%	6	8.9	1.2
Gel	16	17%	2	8.7	2.8
Grifal	17	11%	7	25.5	3.5
Icf Group	79	12%	14	9.0	1.5
Illa	42	6%	7	9.1	2.8
Neodecortech	128	11%	47	4.2	3.3
Rosetti Marino	190	2%	-60	31.7	-20.0
S.M.R.E.	17	10%	3	n.m.	1.7
SIT Group	324	14%	65	7.2	1.5
SITI B&T Group	203	8%	34	8.5	2.1
Somec	54	9%	45	36.2	9.7
Manufacturing	85	12%	17	15.6	1.1
AIM Italia	43	13%	12	14.0	1.7

Source: Osservatorio AIM Italia, EV as of June 15th, 2018 on Factset Data

Costamp Group compared to "Manufacturing" sector shows:

- Higher Capitalisation (173 Eu m vs 88 Eu m on average)
- Higher performance from IPO (+63% vs +14% on average)
- Leading market position

Company	Capitalisation (Eu m)	Free Float	Perf. From IPO	ADIT YTD (Eu)
Cellularline	197	82%	-9%	153,713
Clabo	26	29%	16%	57,121
Costamp Group	173	n.m.	63%	23,048
Culti Milano	14	28%	-12%	10,005
Energica Motor Company	42	31%	-7%	47,232
Fervi	36	20%	-7%	17,980
Gel	15	31%	-17%	8,970
Grifal	41	18%	63%	630,785
Icf Group	68	100%	-9%	261,767
Illa	15	20%	-33%	22,864
Neodecortech	13	24%	-12%	29,324
Rosetti Marino	156	1%	30%	3,642
S.M.R.E.	137	35%	150%	163,613
SIT Group	252	28%	-3%	105,986
SITI B&T Group	104	25%	3%	34,279
Somec	124	22%	-1%	60,869
Manufacturing	88	33%	14%	101,950
AIM Italia	72	42%	1%	89,770

Source: Osservatorio AIM Italia, EV as of June 15th, 2018 on Factset Data

AUTOMOTIVE INDUSTRY

Costamp Group is worldwide leader in the engineering, production and trade of dies for die casting, and globally the only player able to provide a complete offer in terms of processes (HPDC, LPDC & Gravity, Plastic) and products (aluminium, magnesium, cast iron and plastics). The Group principally operates in the "Automotive" market (95% of total turnover) with main applications being the production of powertrains, structural parts and bumpers.

The supply chain of automotive industry is composed of:

- **OEMs:** cars producers.
- **Tier-1:** suppliers of modules and systems in direct relation with the OEMs, often in partnership for the design of new platforms and vehicles (like Bosch, Continental, BASF, Valeo, etc).
- **Tier-2:** many firms supply parts that end up in cars, even though these firms themselves do not sell directly to OEMs.
- **Tier-3:** in the automotive industry, the term Tier 3 refers to suppliers of raw, or close-to-raw, materials like metal or plastic.

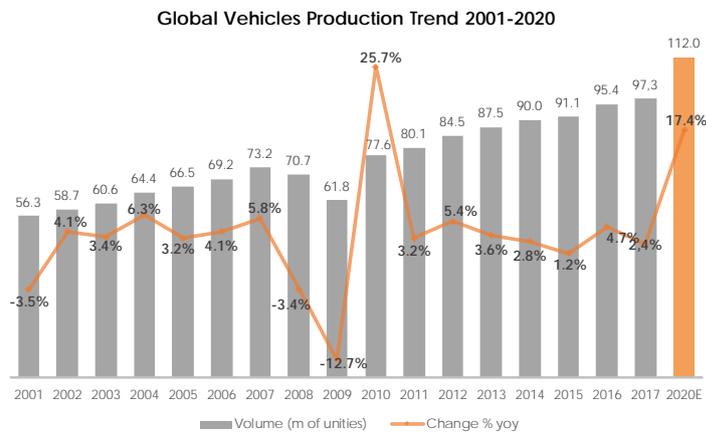
Costamp Group collaborates directly with OEMs

Costamp Group supplies Tier-1 and collaborates directly with OEMs in the project management and design phase and should hence be positioned in the middle between Tier-2 and Tier-3 suppliers.

The total global vehicle production has been growing steadily since 2010 and reached 97 m of units in 2017. After a record year in 2016 with yoy growth of +4.7%, the highest since 2012, boosted by good performance especially in China (+14.5% vs. yoy), the industry grew by +2.1% in 2017.

Global Vehicles Production Trend: 112 m of vehicles expected in 2020

The global automotive market is expected to increase further in 2018 of around 1%, reaching almost 98 million units, and is expected to top 112 m of vehicles in 2020.



Source: ANFIA, OICA (Organisation Internationale des Constructeurs d'Automobiles), estimates BMI

Automotive components industry in Italy will reach 24.4 Eu b in 2019

According to Unicredit Industry Book – "Componentistica automotive", in Italy the total turnover of the automotive industry reached 48.4 Eu b in 2016. 22 Eu b (45%) were relative to the automotive components industry, which was estimated to grow by 4.6% in 2017 driven both by domestic demand and export, and is expected to continue in 2018 (+3.9% to 23.5 Eu b) and 2019 (+3.6% to 24.4 Eu b), thanks to the good dynamics of the domestic demand for car components and the strengthening on the export side (+3.7% of the domestic market and +4.0% of the export).

Mexico and USA are the countries with higher growth rate in terms of exports

Of total domestic production export absorbs approximately 63% of total value. The UE28 countries covers about 75% of total export, with Germany in pole position with about 22%. Among the Extra-EU markets, export to Mexico is growing at a high quickly (+36% 2016) and the United States (+11%). Instead, exports to China and Japan slowed down, which had seen a strong expansion in the previous two years.

The automotive industry is characterized by strong entry barriers represented by high investments in R&D, economies of scale and to the ubiquity of consolidated relationships with OEM producers, in particular for systems suppliers.

In addition the industry is highly competitive and accentuated by the pressure from OEMs on price and the growing competition from emerging countries of the production of low value added components.

4 global trends are expected drive growth in the next years:

- **Transition to e-mobility**, thanks to attention to greenhouse gas emissions and introduction of restrictive regulation, meaning electrical/hybrid powertrain solutions;
- **Increase in the use of aluminium** as the material of choice to reduce vehicle weight and to provide thermal transfer capabilities;
- **JVs and strategic partnerships between suppliers** to offer integrated solutions to OEMs and Tier-1;
- **Co-localization of Tier 1 with OEMs** in the main markets.

FUTURE TRENDS OF AUTOMOTIVE MARKET

Tougher emission regulations will encourage OEMs to invest in e-mobility

Aluminium content in cars will increase by up to 30% over the next 10 years

Tougher emission regulation, according to a study by Cologne institute, VDA, Euler Hermes, **will reduce CO₂ emission drastically in the next two years**. New regulation will admit a maximum of 95 gr CO₂ per km in Europe, 105 gr CO₂ per km in Japan, 117 gr CO₂ per km in China, 121 gr CO₂ per km in USA.

Important penalties will be introduced in Europe, and should reach 4,035 Eu per car not respecting the limits in 2021 (95 gr CO₂ per km), increasing to 12,350 Eu per car if the car sold above 75 gr CO₂ emissions per km in 2025.

This should encourage OEMs to **increase investments in e-mobility**, through development of new electrical and hybrid powertrains, including batteries, as well as in lightweight and aerodynamic drag-reducing technologies.

A Ducker Worldwide study estimates that the **aluminium content of cars produced in Europe could reach nearly 170 kg per vehicle by 2020**, up from 150 kg in 2016, **and around 200 kg per vehicle by 2025**. A great deal of growth is due to an anticipated increase of aluminium vacuum die casting replacing steel stamped components (sub-frames, shock towers) within the body and structure. OEMs' preference for aluminium is largely explained by its lightweight nature, contributing to CO₂ reduction. Due to its inherent strength and its excellent ability to absorb crash energy, well-engineered **aluminium car parts can be both safer than steel and up to 40% lighter**.



Source: McKinsey

Source: Ducker Worldwide

Increase in production of e-vehicles will further boost aluminium penetration as structural components become part of the power source as electric batteries will be designed with aluminium structures to hold them and provide thermal transfer capabilities to keep the battery in a thermally insulated environment.

To reduce costs of supplying production inputs (through standardization processes of components in a few cross-vehicle platforms and simplification of the interface with suppliers), **OEMs requires ever-increasing integration of components into modules and systems**. JVs and strategic partnerships between suppliers are crucial to offer integrated solutions to OEMs and Tier-1.

In 2016 **top 5 OEMs realized 45% of the global automotive production** (Source: Unicredit Industry Book – "Componentistica automotive"): Toyota (10.8%), Volkswagen (10.7%), Hyundai (8.3%), General Motors (8.2%) and Ford (6.8%). In the case of Tier-1, internationalization meets the needs of **co-localization with OEMs**, consolidating the presence in the main markets, through new production plants or partnerships with players that already have a presence on these markets. The main markets are Eastern Europe (in particular Germany, Poland, Czech Republic, etc), USA, Mexico, China.

Integrated solutions allow to contain costs of supplying production inputs

Main markets: Eastern Europe, USA, Mexico, China

COMPETITIVE LANDSCAPE

Costamp Group is the no.1 European die casting player

Costamp Group is the no. 1 European player and second on a worldwide basis in the niche market of aluminium large dies, after EXCO Technologies Ltd, a Canadian company listed on TMX Exchange (XTC:CN). Unlike Costamp Group, which operates exclusively in the "casting" business, Exco is active in the supply chain management of equipment for the production of vehicle components, with a division dedicated to "Casting and Extrusion", which realized a 2016 turnover of 126 Eu m. Costamp Group is globally the only player **able to provide its clients with a complete offer in term of processes (HPDC, LPDC & Gravity, Plastic) and products**.

Aluminium large dies Manufacturers	Country	2012 Turnover (€M)	2016 Turnover (€M)	% Δ
EXCO Technologies Ltd. ⁽²⁾	CAN	116	126	9%
Costamp Group SpA⁽¹⁾	IT	23	59	157%
Meco Eckel GmbH ⁽³⁾	D	66	49	-26%
Schaufler	D	21	48	129%
Aurrenak	E	24	26	8%
Heck & Becker GmbH ⁽⁴⁾	D	22	25*	14%
Delaware Dynamics ⁽⁴⁾	USA	15	20*	33%
SAPP Spa	IT	13	19	46%
Vetimec Soc. Coop.	IT	14	19	36%
SCS Rodegari	IT	7	10	43%
SCM Zanussi Srl	IT	10	9	-10%
CO.ME.ST. Srl	IT	3	6	100%

(1) Pro-forma consolidated 2016; (2) Casting and Extrusion Division only; (3) LPDC sold in 2016; (4) 2015

(Source: Company Presentation)

GROUP PROFILE

Global player specialized in the design, engineering, and manufacturing of dies for die casting.

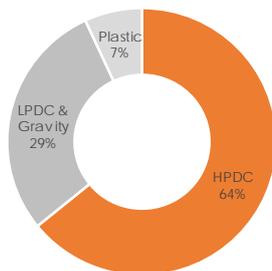
65% of 2017 revenues realized abroad

Costamp Group is a **global player specialized in the design, engineering, and manufacturing of dies for die casting**. With 311 employees and 6 strategic manufacturing locations in Northern Italy, Costamp Group is the only able to provide a **complete offer** in terms of processes (High Pressure Die Casting, Low Pressure Die Casting & Gravity, Plastic) and products (aluminium, magnesium, cast iron and plastics).

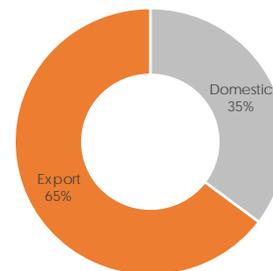
The Group operates in the **“Automotive”** market (95% of 2017 total turnover) with main applications being powertrains, structural parts and bumpers.

The Group provides **more than 85 clients worldwide in over 20 countries** (export revenues c. 65%), mainly represented by principal Tier 1 (independent foundries) and OEMs with internal foundries, with which the Group has long term contracts and relationships. **Top 10 clients represents 58% of revenues**, in line with market concentration, and are characterized by a **high level of client loyalty**.

2017 revenues breakdown by Business Unit



2017 revenues breakdown Domestic/Export



BUSINESS UNITS

Uniqueness in the provision of a complete offer thanks to the reverse takeover with Modelleria Brambilla

The Group operates through 3 strategic business units:

- **High Pressure Die Casting (64% of 2017 total revenues)**: project management, design and manufacturing of dies used in the HPDC processes for the production of structural car parts and powertrains made of aluminium and magnesium. The dies can be apply on HPDC machines from 500 tons up to 4,500 tons.
- **Low Pressure Die Casting & Gravity (29% of 2017 total revenues), the business unit integrated through the reverse takeover with Modelleria Brambilla**: project management, design and manufacturing of shells and foundry cores applied on pouring machines in LPDC and gravity processes for the production of powertrain parts made of aluminium or cast iron.
- **Plastic (7% of 2017 total revenues)**: design and manufacturing of different mold types used for the production of components in the automotive sector: bumper, door panels, various coverings, dashboards, etc. The molds can be apply on HPDC machines from 160 tons up to 3,000 tons.

The **strategic rationale of the reverse takeover with Modelleria Brambilla** can be described through the following 4 elements:

- provide the market with a complete offer of processes and products;
- serve a wider market (Italy, China, India, Germany, Brazil, Mexico, Russia and USA, and others);
- integrate common customers in the automotive market (OEMs and foundries);
- benefit from synergies and economies of scale, greater bargaining power and integration of management control systems.

VALUE CHAIN

Costamp Group is able to provide its customer with a full range of products and offer full service support during each stage of the value chain, starting from project management and ending to dies production and samplings/small batches.



Strong collaboration with OEMs in the design of dies

The Group works closely directly with the OEMs in the design of dies in order to optimize the technical features while at the same time produce less complex and easy to manage dies tailored for the specific client.

Value added customer services

In order to add value and allow clients to improve its production processes, the Group has developed Castle, a **proprietary software solution**, developed internally by the R&D department, and specifically designed for the die casting industry and based on advanced modelling calculation technology.

Strategic in house foundry department

Costamp Group is equipped with an **internal foundry department** which is of strategic importance as it allows to test HPDC dies and to realize special productions, limited series and prototype series. It is equipped with 3 totally automated die casting workstations supplied with robots for casting extraction, automatic lubrication system, cooling tank and trim press.

INNOVATION & R&D

Significant R&D investments

PUZZLE_DIE: innovative project financed by Horizon 2020

High quality of products and high brand recognition is guaranteed by **significant investments in R&D over the years (about 2% of 2017 Revenues) and strong team of engineers (24, 8% of total employees)**, in addition to die analysis (metrologic, laser scanning), steel analysis (chemical analysis, hardness tests), alloy analysis (chemical composition, density), analysis of the casting (CMM, X-ray, Laser scanning).

The intense R&D activity has allowed Costamp Group to design and realize **PUZZLE_DIE**, an innovative technology for die casting dies for aluminium components for the automotive sector. This project obtained a contribution of approximately 2 Eu m by the *European Framework Program for Research and Innovation (2014 - 2020)* called "**Horizon 2020**".

PUZZLE_DIE might be capable of **making the life of molds much longer** and will reposition aluminium convenience among competitor material ones. In particular, a standard die is able to produce about 100,000 pieces; a die produced with PUZZLE_DIE technology is able to realize more than 300,000 pieces, with a significant improvement in production costs for Costamp Group's clients. So, using this technology, the Group is able to obtain an important competitive advantage over its competitors and improve its value proposition among its clients.

3 official Endorsement by premium OEMs

The project received 3 official Endorsement by premium OEMs BMW AG, Daimler AG and Jaguar Land Rover for the **strong innovation potential and important added value for the automotive industry**.

PRODUCTION PLANTS AND INTERNATIONAL PRESENCE

6 production plants in Italy and international commercial network

Costamp Group operates through **6 production strategical manufacturing locations in North Italy**: Sirone (LC), Correggio (RE), San Giovanni in Persiceto (BO), Azzano Mella (BS), Brescia (BS) and Rivalta di Torino (TO). The Group is further present with a production and sales office in India, through the subsidiary Brambilla India Private Ltd, and sales offices in Japan, China, Iran, Brazil, Mexico and USA.

The international presence of Costamp Group (65% of 2017 revenues realized abroad) allows to **serve a wide geographical market** (Italy, China, Germany, Brazil, Mexico, Russia and USA, among other markets) and to **cover the leading automotive customers and foundries** with a great number of products.



Source: Company Presentation

The **sales network** is made by an internal team of 5 FTEs, supported in the commercial activity by 10 project managers whose primary task is to work with the OEMs' technical offices on the design of dies. In addition, the Group has been stipulated worldwide agency contracts with local partners.

STRATEGY

International expansion, cross-selling, strategic partnerships and new products

Cross-selling: after the reverse take over with Modelleria Brambilla the Group intends to develop a cross selling strategy on low pressure products exploiting the sales network and the clients base of Costamp and the strong demand for high performance aluminium components in the electric market.

International expansion: *glocal* approach in countries where OEMs and Tier 1 operate, through the creation of business structures comparable to Costamp in order to obtain a direct and well established presence in countries of particular interest (Germany, USA, Mexico, China and India).

Partnership with OEM and Tier 1 suppliers: development of collaboration with OEM in order to co-design dies for innovative products and projects, such as low pressure forging, forged safety parts, aluminium wheel rims in mass production, aluminium chassis, structural parts in magnesium. Unique partnership with international leading Tier 1 for the for the supply of dies for the realization of these parts.

New products: creation of a new premium line of products of the business unit HPDC, thanks to the innovative proprietary Puzzle Die technology.

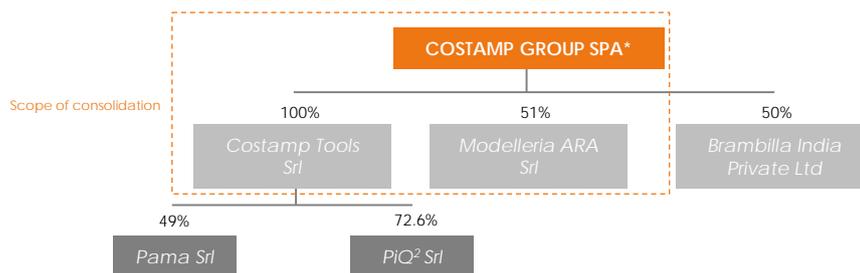
REVERSE TAKE-OVER WITH MODELLERIA BRAMBILLA

The framework agreement for the integration between Modelleria Brambilla and Co.Stamp, defined as a reverse take-over, according to the art.14 of "Regolamento Emittenti AIM Italia", was signed by a majority stake (68.5118%) of Modelleria Brambilla S.p.A.'s shareholders in July 2017. The transaction is detailed here below:

- Co.Stamp Srl contributed all assets and activities into a NewCo, Costamp Tools, with Co.Stamp Srl becoming holder of 100% of Costamp Tools (July 2017).
- In December 2017 the reversed take-over was approved by Modelleria Brambilla's shareholders meeting, along with a capital increase of a maximum of 62,621,100 Eu (share premium included) to be paid through a contribution in kind of the entire participation of Co.Stamp in Costamp Tools at a valuation based on an independent expert's opinion (62.6 Eu m).
- Execution of the contribution and launch of the mandatory takeover bid on the remaining shares outstanding of Modelleria Brambilla (4,222,400) was made in February 2018, at a price set at 3.00 Eu per share. At the end of the offering period, shareholders representing 2,890,207 shares (6.802% of the share capital), adhered to the offer, for a total value of 8,670,621 Eu. Co.stamp's total share in Modelleria Brambilla after the transaction is of 97.775%.
- As Co.Stamp's share exceeded 95% after the end of the bidding period, a Purchase Obligation Procedure was launched on the remaining Modelleria Brambilla shares (2.054% of the share capital and the shares possibly issued under the convertible bond "Modelleria Brambilla Convertible 7% 2014-2019"), at a purchase price set at 3.0 Eu per share. The outcome of the Procedure was a total share of 97.88% of Co.Stamp Srl of Modelleria Brambilla. On that on May 23rd Modelleria Brambilla changed name in Costamp Group SpA.

GROUP STRUCTURE

After the completion of the business combination the Group structure is the following:



*Modelleria ARA – production of patterns and molds for foundries – 51% Acquired by Modelleria Brambilla in June 2017.
 Modelleria India Private – manufacturing and commercial JV
 PIQ2 – Is a company that develops and supports Castle, a software solution for the die casting industry.
 Pama – Productive unit - Mold holder construction
 * Former Modelleria Brambilla*

CAPITAL INCREASE

2 capital increases and a private placement to support growth strategy and to restore the minimum free float

The Board of Directors has resolved to propose the shareholders an **additional capital increase of up to 5.0 Eu m without option right**, to be offered to qualified investors, in support of the new Group's strategic plan.

Furthermore, in order to be able to align the timing of capital transactions, **it will be proposed to the shareholders' meeting to extend the execution deadline for the maximum capital of 4,999,000 Eu with option right**, resolved on December 14th, 2017.

These capital increases will also contribute, together with the private placement of the Co.Stamp Srl shares acquired during the takeover bid, to restore the free float.

OWNERSHIP

The Corti family is the main shareholder through Co.Stamp Srl (97.88%)

The main shareholder of Costamp Group is the Corti family through Co.Stamp Srl which holds overall 97.88% of outstanding shares. The share capital subscribed and paid up is 2,124,530 Eu, made up by n. 42,490,607 ordinary shares.

Shareholder	n. of shares	%
Co.Stamp Srl	41,589,607	97.88%
Treasury Shares	72,600	0.17%
Other Shareholders (<5%)*	828,400	1.95%
Total	42,490,607	100.00%

*of which 70,000 shares owned by Gabriele Bonfiglioli (Director)
 Source: Company Data

GOVERNANCE

7 board members

The Board of Directors has 7 members, currently no one independent.

Marco Corti – Chairman and CEO: Hired in Costamp as a blue collar in 1988, he continued his career in the Company by quickly moving to managerial positions and was appointed CEO in 1995 with extraordinary powers. Founder of a company dedicated to import/export that was later incorporated into Costamp. In 2004, through an MBO, Mr. Corti acquired a majority stake in the company.

OPPORTUNITIES

Costamp Group is the no. 1 European player in the niche market of aluminium large dies

Market Trend: new electric powertrains and increasing use of aluminium

MAIN RISKS

The evolution of automotive markets and the competitiveness risk

Leadership in its reference market: Costamp Group is the no. 1 European player and second on a worldwide basis in the niche market of aluminium large dies, after EXCO Technologies Ltd, a Canadian company listed on TMX Exchange (XTC:CN).

Highly technological Group with constant focus on R&D: Costamp Group developed innovative solutions combining advanced technology with foundry experience of the development team. The constant investments in R&D allow the group to develop and implement increasingly innovative products (e.g. PUZZLE_DIE).

Market growth drivers and regulatory: the automotive market trends are e-mobility and increasingly use of aluminium. The development of new powertrain dedicated to electric vehicles will allow collaboration and JV between OEMs and suppliers in order to exploit the know how of suppliers to make new products. The progressive increase in the use of aluminium meets the need to reduce CO₂ emissions, through a reduction in the weight of vehicles.

International presence and competitive positioning: the Group realized 65% of 2017 revenues abroad. It has a commercial presence in USA, Mexico, Brazil, China, India, Japan and Iran. Costamp Group covers the leading automotive customers and foundries with a great number of products. Clients loyalty is guaranteed thanks to the support and services provided in entire process to the final product.

Macroeconomic situation and evolution of the automotive market: the performance of the sector in which the Group operates is related to the general economic outlook and therefore any periods of recession can lead to a resulting in reduced demand for the products and services offered. Also the recent "diesel gate" produced a slowdown in the number of cars registrations, but with a growth in the number of electric vehicles registrations and in the develop of new models of electric cars and powertrains.

Customer concentration: 58% of 2017 revenues was generated by the first 10 clients. But this fact is in line with the average of the market (According to a report by Unicredit 45% of the automotive global production is related to the first five Groups: Toyota, Volkswagen, Hyundai, G.M. and Ford).

Competitiveness risk: attention of OEMs to local suppliers and potential price competition from producers with low labor and raw materials costs. The high competitiveness is also accentuated by the cost reduction strategies of the OEMs.

New markets: moving into new countries increase opportunities but it also increases liabilities and adds currency exposure.

Exchange rate fluctuation risk: especially related to Euro/Dollar exchange rate.

FINANCIAL PERFORMANCE**Pro-forma FY 2017 results:**

Revenues 59.0 Eu m

EBITDA % adjusted 10.2%

Net profit 0.3 Eu m

NFP 26.9 Eu m

Costamp completed the reversed merger with Modelleria Brambilla in February 2018, and data for 2016 and 2017 are therefore presented on a pro-forma basis as reported by the Group and assuming effectiveness of the Transaction as of January 1st (P&L statement). FY 2016 and FY 2017 pro-forma data differ slightly in terms of Group perimeter as Modelleria ARA was acquired in June 2017 and is hence included for six months in FY 2017 pro-forma results. The impact was however very small (EBIT of 178 Eu k in FY 2017 pro-forma). Financial statements have been prepared in accordance with IFRS.

Pro-forma Revenues (Value of Production) in FY 2017 reached 59.0 Eu m, in line with FY 2016 pro-forma results although affected by:

- slow down in the market as a direct consequence of the *diesel gate* that has slowed down the investment processes of the automobile companies. According to Management, investments, have resumed in 2017, and **as of 31st March, 2018, the Group order backlog was of 55 Eu m**.
- return to "normal" levels of revenues from Plastic division (approximately 4.0 Eu m in FY 2017), which in 2016 registered 11.1 Eu m (+81% vs. 6.2 Eu m recorded in FY 2015) as some important long term orders were invoiced in that year.

Pro-forma EBITDA came in at 4.6 Eu m with an EBITDA margin of 7.8%, down from 13.8% in 2016, as FY 2017 results was heavily affected by extraordinary costs from the Transaction. **EBITDA adjusted** for these items (0.8 Eu m transaction costs, 0.6 Eu m loss on sale of non operating assets) **was of 6.0 Eu m (10.2% on Revenues)**.

The 360 bps fall in EBITDA margin was in part caused by an increase in personnel expensed of 250 Eu k after a reinforcement of management structure (COO, CFO, Planning Manager and Foundry Manager). In addition delivery (and hence invoicing) of orders for a total value of c. 2.0 Eu m, ready for shipping at year end 2017, slid into Q1 2018. This caused a loss in margins as these were booked at cost of inventory in the P/L.

Net financial charges of 1.1 Eu m remained in line with previous year and includes interests on the convertible bond «Costamp Group 7% Cv 2014-2019» for a total of c. 0.1 Eu m. The Group closed with a **pro-forma net profit of 0.3 Eu m** vs. 3.4 Eu m in FY 2016.

Consolidated pro-forma balance sheet was reported by the Group assuming effectiveness of the Transaction as of December 31st, 2017. The transaction generated a goodwill of 12.0 Eu m calculated as the difference between the total consideration of the transaction (14.9 Eu m) and total value of assets and liabilities acquired of Modelleria Brambilla (2.9 Eu m), offset, on the liability side, by an increase in reserves.

P&L - Eu m		15A ¹	16PF ²	17PF ²
Revenues		58.1	58.7	59.0
	yoy	n.a.	1.0%	0.5%
EBITDA		6.3	8.1	4.6
	margin	10.9%	13.8%	7.8%
EBITDA adj		-	-	6.0
	margin	-	-	10.2%
EBIT		4.3	5.7	1.7
	margin	7.3%	9.7%	2.8%
Pre tax profit			4.5	0.6
Net Profit		1.6	3.3	0.4
Balance Sheet - Eu m		15A¹	16PF²	17PF²
Net Working Capital (NWC)		7.4	10.0	9.4
Fixed net assets		38.6	49.6	50.5
Funds and other non current liabilities		(1.5)	(6.2)	(6.3)
Net Capital Employed		44.4	53.4	53.6
Net Debt/(Cash)		31.7	27.2	26.9
Group's Equity		12.8	26.1	26.7
Sources		44.4	53.4	53.6

¹ Aggregated results

² Pro Forma results

Financial statements for the single companies are reported below.

P&L - Eu m	Costamp Group SpA (former Modelleria Brambilla SpA) ¹			Costamp Tools ²		
	2016	2017	yoy	2016	2017	yoy
Revenues	16.7	16.6	-0.4%	41.9³	41.9	-0.2%
EBITDA	1.9	1.3	-28.8%	6.1	3.3	-45.8%
EBITDA %	11.2%	8.0%		14.6%	8.0%	
D&A	(0.8)	(1.0)		(1.6)	(1.9)	
EBIT	1.1	0.3	-70.9%	4.5	1.4	-68.4%
EBIT%	6.5%	1.9%		10.7%	3.4%	
Pre Tax Profit	0.7	(0.3)	-139.0%	3.8	1.1	-71.3%
EBT %	4.2%	-1.6%		9.0%	2.6%	
Taxes	(0.3)	0.1		(0.9)	(0.4)	
Net Profit	0.4	(0.2)	-150.0%	2.9	0.7	-75.1%
E %	2.4%	-1.2%		6.9%	1.7%	

¹ ITA GAAP + IAS17 (not include Modelleria ARA)

² 2016: Co.Stamp Srl; 2017: Co.Stamp Srl + Costamp Tools

³ Costamp Tools revenues has been restated to take into account Modelleria Brambilla's valuation of inventory, this caused a 4.3 Eu m decrease in 2016 revenues.

Balance Sheet - Eu m	Costamp Group SpA (former Modelleria Brambilla SpA) ¹			Costamp Tools ²		
	2016	2017	yoy	2016	2017	yoy
Net Working Capital (NWC)	7.8	6.1	-21.5%	9.3	2.0	-78.4%
Fixed net assets	5.5	6.1	10.8%	32.4	32.0	-1.2%
Funds	(0.9)	(0.9)	-6.6%	(5.6)	(4.5)	-18.6%
Net Capital Employed	12.4	11.3	-8.2%	36.1	29.4	-18.4%
Net Debt (Cash)	9.2	8.4	-8.4%	24.6	17.6	-28.8%
Equity	3.2	2.9	-7.6%	11.4	11.9	3.9%
Sources	12.4	11.3	-8.2%	36.1	29.4	-18.4%

¹ ITA GAAP + IAS17 (not include Modelleria ARA)

² 2016: Co.Stamp Srl; 2017: Co.Stamp Srl + Costamp Tools

ESTIMATES

2017PF-2020E: Revenue growth of a CAGR of +17% and EBITDA of a CAGR of +53%

ESTIMATES 2018-2020

Our estimates do not include any equity injection from the upcoming capital increase, and does not include M&A transactions. Our projections however include estimated synergies deriving from the recent Transaction. Other key growth drivers are the strong demand of high performance aluminium components in the automotive market and the widening of product lines. Other assumptions are:

- 1) Growth of the Revenue at a 2017PF-2020E CAGR of +17% thanks to:
 - Expected revenue growth in 2018 of 12% after the recovery in the market and supported by an order backlog of 55 Eu m (as of March 31st 2018).
 - Cross-selling synergies on Low Pressure Die Casting division, exploiting Costamp network (LPDC CAGR of +15%).
 - New products lines: we estimate about 8 Eu m of revenues in 2020 (10% of total revenues) from PUZZLE DIE and molds for magnesium parts.
 - Outsourcing of less strategic production processes (with lower value added) in order to increase production capacity and boost turnover.
- 2) EBITDA growth at a 2017PF-2020E CAGR of +53%, with EBITDA margin in 2020 of 17.3% (Adjusted EBITDA margin 2017 of 10.2%):
 - Increase in EBITDA margin 2018 to 13.6% (vs 10.2% EBITDA adjusted 2017) thanks to exploitation of cost synergies, integration between the management control systems, economies of scale, and integration of common suppliers and customers.
 - 2020 EBITDA of 16.3 Eu m (17.3% EBITDA margin) as product mix improves with higher weight of PUZZLE DIE technology in 2019, a new premium line on HPDC division.
- 3) CAPEX for a total of 6.5 Eu m, with focus on new machinery in order to improve efficiency and maintain competitive advantage over competitors.
- 4) We have not assumed an improvement in working capital, but DSO and DPO in line with the historical average.
- 5) Cash-flow generation with average operating cash flow of about 8 Eu m in 2018-2020 period thanks to good operating profit: net debt should reach in 2020 9.6 Eu m (vs a NFP Pro-Forma of about 26.9 Eu m in 2017).
- 6) We estimates a tax rate of 30% for the period considered, not taking into account a possible positive effect from the application of the Patent Box regime from 2019 on revenues from PUZZLE DIE molds.

MAIN FINANCIAL INDICATORS

Eu m – IAS/IFRS	16PF ¹	17PF ¹	18E	19E	20E	
Revenues	58.7	59.0	66.2	81.5	94.1	
	yoy	+1.0%	+0.5%	+12.3%	+23.1%	+15.5%
EBITDA	8.1	4.6	9.0	12.6	16.3	
	margin	13.8%	7.8%	13.6%	15.5%	17.3%
EBIT	5.7	1.7	7.1	10.6	14.2	
	margin	9.7%	2.8%	10.8%	13.0%	15.1%
Pre tax profit	4.5	0.6	6.2	9.9	13.7	
Net Profit	3.3	0.4	4.4	6.9	9.6	
EPS	0.08	0.01	0.10	0.16	0.23	
EPS diluted	0.08	0.01	0.10	0.16	0.22	

Eu m – IAS/IFRS	16PF ¹	17PF ¹	18E	19E	20E
Net Working Capital (NWC)	10.0	9.4	9.0	11.2	12.8
Fixed net assets	49.6	50.5	50.8	51.0	51.1
Funds	(6.2)	(6.3)	(6.4)	(6.6)	(6.7)
Net Capital Employed	53.4	53.6	53.4	55.6	57.2
Net Financial Position (Cash)	27.2	26.9	22.4	17.6	9.6
Equity	26.1	26.7	31.1	38.0	47.6
Sources	53.4	53.6	53.4	55.6	57.2

Source: Company data and IR Top estimates
¹ Consolidated Pro Forma

VALUATION

Our valuation yields a Target Price of 3.23 Eu per share

We set a target price of 3.23 Eu per share based on a Discounted Cash Flow (DCF) model, implying a downside of -21% vs current market price and an implicit 2017-2018 EV/EBITDA multiples of 36.2 x and 18.4 x respectively.

We consider appropriate a valuation based DCF method, as the Group has recently completed the reverse takeover that should generate important synergies not fully reflected in the short term.

We assume full conversion of the outstanding 13,921 convertibles bonds for total 1,392,100 Eu. The number of shares after full conversion of the outstanding convertible bond is 42,950,000.

DCF

Main assumptions are:

- Perpetual growth: 1.5%
- Risk-free interest rate: 2.27%
- β (unlevered): 0.9 (based on average β unlevered of peer group composed by worldwide listed companies active in the automotive components industry)
- WACC: 8.2%

Our valuation yields an equity value of 138.8 Eu m.

Sum of PV 2018-2022 FCF (Eu m)	34.6
Discounted Terminal Value (Eu m)	131.2
Total Enterprise Value (Eu m)	165.7
Net financial debt (Cash) Pro Forma as of December 31 st , 2017 (Eu m)	26.9
Total Equity Value (Eu m)	138.8

Source: Company data and IR Top Research estimates as of June 15th, 2018

The main value driver of our estimates is the growth in revenues. We have run a sensitivity analysis on the target price when changing our revenues growth estimates. We estimate that any 1% higher/lower revenues growth rate vs. our base estimates, may have a 4% impact on DCF valuation.

PEERS ANALYSIS

The following peer group has been selected considering worldwide listed companies active in the automotive components industry.

Eu m	Country	Market Cap	Revenues			EBITDA		
			2018E	2019E	2020E	2018E	2019E	2020E
Aisin Seiki Co Ltd	Japan	12,833	31,552	33,428	35,320	3,939	4,326	4,723
American Axle & Manufacturing Holdings	USA	1,646	6,134	6,088	6,111	1,085	1,063	1,054
A-Tech Solution Co., Ltd.	Korea	86	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Borg Warner Inc	USA	8,723	9,384	9,909	10,492	1,570	1,662	1,768
Brembo S.p.A.	Italy	4,097	2,652	2,821	2,998	512	547	585
Endurance Technologies	India	2,263	940	1,101	n.a.	137	164	n.a.
Exco Technologies Limited	Canada	249	372	382	399	49	54	59
Georg Fisher	Switzerland	4,853	3,999	4,196	4,387	477	512	539
OSG Corp	Japan	1,846	1,024	1,077	1,119	259	291	302
Timken Company	USA	3,186	3,029	3,201	3,312	523	561	547
Valeo SA	France	12,769	20,019	21,810	23,704	2,597	2,890	3,219
Peers median		3,186	3,514	3,698	4,387	517	554	585
Costamp Group	Italy	173	66	82	94	9	13	16

	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
	18E	19E	20E	18E	19E	20E	18E	19E	20E	18E	19E	20E
Aisin Seiki Co Ltd	0.4	0.4	0.4	3.5	3.2	2.8	6.6	6.0	5.3	10.7	9.9	9.1
American Axle & Manufacturing Holdings	0.7	0.7	0.6	4.1	3.9	3.6	7.0	6.8	6.0	4.5	4.9	5.0
A-Tech Solution Co., Ltd.	n.a.	n.a.	n.a.									
Borg Warner Inc	1.1	1.0	0.9	6.3	5.7	5.1	8.4	7.6	6.8	10.9	10.1	9.2
Brembo S.p.A.	1.6	1.5	1.3	8.3	7.5	6.8	11.6	10.5	9.4	14.5	13.4	12.2
Endurance Technologies	n.a.	37.0	25.8	27.8								
Exco Technologies Limited	0.7	0.6	0.5	5.0	4.2	3.5	6.8	5.6	4.4	9.4	8.1	7.1
Georg Fisher	1.3	1.1	1.1	10.5	9.6	8.9	14.5	12.9	11.9	18.9	17.5	16.6
OSG Corp	n.a.	16.1	14.6	13.5								
Timken Company	1.3	1.2	1.2	7.4	6.8	6.9	9.7	8.6	7.7	12.0	10.7	9.8
Valeo SA	0.7	0.7	0.6	5.6	5.0	4.4	9.5	8.3	7.2	12.6	11.0	9.5
Peers median	0.9	0.8	0.7	6.0	5.4	4.8	9.0	8.0	7.0	12.3	10.8	9.6
Costamp Group	3.0	2.5	2.1	22.3	15.9	12.3	28.1	18.8	14.1	39.7	25.0	18.1
Discount/Premium to peers	238%	198%	188%	272%	195%	158%	214%	137%	102%	222%	131%	88%

Source: IR Top Research estimates for Costamp Group and FactSet data as of June 15th, 2018 for peers
n.a. = not available

AIM MANUFACTURING MULTIPLES

The tables below show estimates and multiples about AIM Italia companies belonging to the Manufacturing sector.

Eu m	Market Cap	Revenues			EBITDA			EBIT			EARNINGS		
		18E	19E	20E	18E	19E	20E	18E	19E	20E	18E	19E	20E
Cellularline	197	169	177	187	31	41	43	22	32	34	15	24	23
Clabo	26	51	56	75	6	8	10	3	4	5	1	2	3
Culti Milano	14	7	8	9	1	2	2	1	1	1	1	1	1
Energica Motor Company	42	25	62	109	-1	6	15	-3	2	11	-3	2	10
Fervi	36	22	27	29	5	5	6	3	5	5	2	3	4
Gel	15	17	19	21	4	6	6	2	4	5	1	3	3
Neodecortech	13	136	143	n.a.	17	19	n.a.	11	12	n.a.	7	8	n.a.
Rosetti Marino	156	309	373	n.a.	14	20	n.a.	8	14	n.a.	7	11	n.a.
S.M.R.E.	137	30	42	67	4	7	17	1	3	12	0	2	7
SIT Group	252	338	371	384	50	53	55	29	32	34	18	22	23
SITI B&T Group	104	214	227	242	19	21	24	13	16	18	7	8	11
Median AIM Manufacturing	42	51	62	75	6	8	15	3	5	11	2	3	7
Costamp Group	173	66	82	94	9	13	16	7	11	14	4	7	10

	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
	18E	19E	20E	18E	19E	20E	18E	19E	20E	18E	19E	20E
Cellularline	1.6	1.5	1.4	8.4	6.4	6.0	12.0	8.3	7.8	12.8	8.3	8.5
Clabo	0.9	0.8	0.6	6.9	5.5	4.6	16.3	11.2	8.3	19.1	13.9	9.2
Culti Milano	1.5	1.3	1.1	8.7	6.9	5.5	13.0	10.4	8.0	28.2	20.2	15.7
Energica Motor Company	1.8	0.7	0.4	n.m.	7.9	3.1	n.m.	20.5	4.1	n.m.	22.0	4.3
Fervi	1.9	1.5	1.4	8.3	7.7	7.0	13.6	9.1	8.1	17.7	11.5	10.2
Gel	1.1	0.9	0.9	4.2	3.2	2.8	7.5	4.6	3.7	10.4	5.9	4.7
Neodecortech	0.4	0.4	n.a.	3.4	3.1	n.a.	5.5	4.9	n.a.	1.8	1.6	n.a.
Rosetti Marino	0.3	0.3	n.a.	7.0	4.9	n.a.	11.4	6.9	n.a.	23.6	13.6	n.a.
S.M.R.E.	4.6	3.3	2.1	39.5	20.2	8.1	153.6	42.5	11.9	1340.9	87.4	19.0
SIT Group	0.9	0.9	0.8	6.4	6.0	5.7	11.0	9.8	9.2	13.7	11.7	11.0
SITI B&T Group	0.6	0.6	0.6	7.3	6.4	5.8	10.4	8.8	7.6	14.6	12.3	9.9
Median AIM Manufacturing	1.1	0.9	0.9	7.1	6.4	5.7	11.7	9.1	8.0	16.2	12.3	9.9
Costamp Group	3.0	2.5	2.1	22.3	15.9	12.3	28.1	18.8	14.1	39.7	25.0	18.1
Discount/Premium to peers	186%	187%	146%	213%	150%	115%	140%	108%	77%	145%	104%	83%

Source: IR Top Research estimates for Costamp Group; estimates and multiples computed on the base of the consensus of the researches published in the last year and available about the listed Company, as of June 15th, 2018, for the AIM Italia companies of Manufacturing sector.
n.a. = not available; n.m. = not meaningful

Costamp Group on AIM

+63% from IPO

IPO of MODELLERIA BRAMBILLA

Date: December 5th 2014
 Capital raised: 3.0 Eu m (1.5 Eu m Equity and 1.5 Eu m POC)
 Price: 2.5 Eu
 Capitalisation: 9.5 Eu m

REVERSE TAKE-OVER

Date of contribution: February 21st, 2018
 Takeover bid: From April 3rd to April 23rd 2018
 Price of Takeover bid: 3.00 Eu
 Second Takeover bid (purchase obligation): From May 7th to May 25th 2018
 Price of second Takeover bid: 3.00 Eu

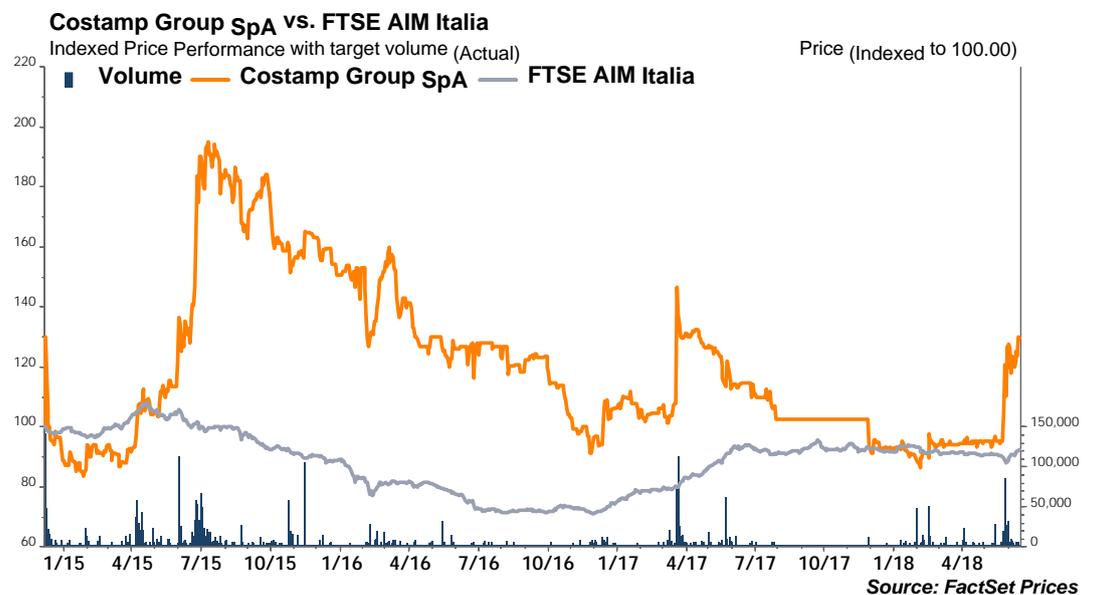
CONVERTIBLE BOND «Costamp Group 7% Cv 2014-2019» (as of June 15th, 2018)

Code: MOLD19
 ISIN: IT0005068645
 Issue date – Maturity date: December 5th 2014 – December 5th 2019
 N. Of issue bonds: 15,000
 Nominal value or Issue Price of each bond: 100 Eu
 Issued amount: 1.5 Eu m
 Interest rate: 7%
 Conversion period: December 6th 2016 – November 29th 2019
 Conversion ratio: 33:1 (shares : bond)
 Conversion price: 100 Eu

SHARES (as of June 15th, 2018)

Code: MOLD
 Bloomberg: MOLD IM
 Reuters: MOLD.MI
 ISIN: IT0005068249
 Share capital: 2,124,530 Eu
 Shares: 42,490,607
 Price: 4.08 Eu
 Performance from IPO: +63%
 Capitalisation: 173 Eu m
 NomAd: Banca Intermobiliare*
 Specialist: Invest Banca*

* Starting from June 25th, 2018: Integrae SIM, currently NomAd and Specialist of the issuer, will hold these positions until June 24th, 2018



RATIOS

Eu m	2016PF	2017PF	2018E	2019E	2020E
Profit & Loss Statement					
Revenues (Value of production)	58.7	59.0	66.2	81.5	94.1
EBITDA	8.1	4.6	9.0	12.6	16.3
EBIT	5.7	1.7	7.1	10.6	14.2
Financial Income (charges)	(1.2)	(1.1)	(0.9)	(0.7)	(0.5)
Pre-tax profit (loss)	4.5	0.6	6.2	9.9	13.7
Taxes	(1.2)	(0.3)	(1.9)	(3.0)	(4.1)
Net profit	3.3	0.4	4.4	6.9	9.6
Balance Sheet					
Fixed assets	49.6	50.5	50.8	51.0	51.1
NWC	10.0	9.4	9.0	11.2	12.8
M/L Funds	(6.2)	(6.3)	(6.4)	(6.6)	(6.7)
Net Capital Employed	53.4	53.6	53.4	55.6	57.2
Net Debt	27.2	26.9	22.4	17.6	9.6
Net Equity	26.1	26.7	31.1	38.0	47.6
Cash Flow					
EBIT	n.a.	1.7	7.1	10.6	14.2
D&A	n.a.	2.9	1.9	2.0	2.1
Tax	n.a.	(0.3)	(1.9)	(3.0)	(4.1)
Other	n.a.	0.0	0.0	0.0	0.0
Change in M/L Funds	n.a.	0.1	0.1	0.2	0.1
Gross Cash Flow	n.a.	4.4	7.2	9.9	12.3
Change in NWC	n.a.	0.6	0.4	(2.2)	(1.6)
Operating Cash Flow	n.a.	5.0	7.6	7.7	10.7
Capex and Investments	n.a.	(3.9)	(2.2)	(2.2)	(2.1)
Financial Income (charges)	n.a.	(1.1)	(0.9)	(0.7)	(0.5)
Free Cash Flow	n.a.	0.1	4.5	4.7	8.0
Dividend	n.a.	0.0	0.0	0.0	0.0
Change in Equity	n.a.	0.6	4.4	6.9	9.6
Change in Net debt	n.a.	0.6	8.9	11.7	17.6
Per Share Data					
Current Price	4.08				
Total shares out fully diluted (mln)	42.5				
EPS	0.08	0.01	0.10	0.16	0.23
EPS diluted	0.08	0.01	0.10	0.16	0.22
DPS	0	0	0	0	0
FCF	0.0	0.1	4.5	4.7	8.0
Pay out ratio	0%	0%	0%	0%	0%
Ratios					
EBITDA margin	13.8%	7.8%	13.6%	15.5%	17.3%
EBIT margin	9.7%	2.8%	10.8%	13.0%	15.1%
Net Debt/Equity (Gearing)	104.3%	100.8%	72.1%	46.5%	20.2%
Net Debt/EBITDA	3.37	5.87	2.49	1.40	0.59
Interest cover EBIT	-0.21	-0.63	-0.12	-0.07	-0.04
ROE	12.7%	1.4%	14.1%	18.2%	20.1%
Free Cash Flow Yield	0%	1%	43%	45%	77%
Growth Rates					
Sales	n.a.	0.5%	12%	23%	15%
EBITDA	n.a.	-43%	96%	40%	29%
EBIT	n.a.	-71%	327%	49%	33%
Net Profit	n.a.	-89%	1109%	59%	38%

DISCLAIMER**UPDATES**

This Research is the first coverage made by IR Top Consulting S.r.l. (IR Top) on COSTAMP GROUP (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment.

Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results.

VALUATION METHODOLOGY (HORIZON: 12M)

IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM

Luisa Primi, (Senior Analyst, AIAF Associated)

Gianluca Mozzali, (Analyst)

Claudia Zolin, (Analyst)

Chiara Cardelli, (Researcher)

No other people or companies participated or anyhow contributed to the Research. Neither the members of the research team, nor any person closely associated with them have any relationships or are involved in circumstances that may reasonably be expected to impair the objectivity of the Research, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them, who was involved in producing the Research.

INTERESTS INVOLVED AND CONFLICTS

This document has been prepared by IR Top, *Partner Equity Markets* of Italian Stock Exchange, part of LSE Group, on behalf of the Company according to a contract, under which IR Top undertook to prepare this report expressing only independent, fair and balanced views on the Company. The fees agreed for this Research do not depend on the results of the Research.

This Research has been disclosed to the issuer to which the Research, directly or indirectly, relates before its release. It is incumbent on the Company to provide timely and constructive feedback on draft Research prior to publication. It is IR Top's sole discretion as to whether comment and feedback from the Company is incorporated into the Research prior to publication and where it is, a further iteration to the draft will be sent to the Company for comment.

IR Top is also engaged in investor relations services in the interest of the Company and might occasionally be involved in other consulting activities intended to increase the value of the Company. In any case, Chinese Walls and other information barriers are in place to avoid the exchange of confidential information between the Equity Research Department and other services areas; employees and advisors involved in such services have restrictions preventing them from the access to confidential information that can not be published.

IR Top restricts research analysts from performing roles, which could prejudice the independence of their research. In particular:

- they are permitted to attend and speak at widely attended conferences or other widely attended events at which IR Top colleagues and clients, among others, may also be present, provided that their independence may not be affected. These widely-attended conferences/events may include some investor presentations by clients of investor relations services.

- Analysts are also permitted to attend and speak at conference calls or meetings between analysts and bankers, investors or customers in which are discussed Research reports already published or general view on specific sectors. In such cases, at the start of that meeting, bankers, investors or customers need to be clarified that the discussion cannot involve the communication of privileged information to the analyst as the analyst would be prohibited from producing new research report on the companies whose privileged information has been disclosed.

Members of the Research Team do not receive salaries, commissions, bonuses or any other form of compensation based upon specific investment banking transactions or securities' performances.

IR Top and the members of the Research Team do not have any further interest or conflict of interest directly or indirectly related with the Research, the Company or the securities, that may reasonably be expected to impair the objectivity of the Research.

There are no other interests or conflicts of interest of any person belonging to the same group of IR Top that are: (a) known, or reasonably expected to be known, to the persons involved in the production of the recommendation; or (b) known to persons who, although not involved in the production of the recommendation, have or could reasonably be expected to have, access to the recommendation prior to its completion.

In any case, as a general Policy, nobody of the Research Team nor IR Top is allowed to have a financial interest in the securities of the client company or serve as an officer, director or advisory board member of the client company.

Analysts must not undertake personal transactions on financial instruments that are object of the investment research or that relate to the same industry. Exceptions may be made with the prior approval of IR Top's CEO in special circumstances such as for disposal of (a) positions already held before the employment or before the implementation of the company policy, or when initiating coverage and (b) positions obtained as a result of the issuer extraordinary activities. By the way, when analysts hold instruments to which Equity Research relates, they are required to disclose their interests in Research reports. Any trades that analysts make must be in line with their recommendation(s), contained in the last published Research. An analyst is prohibited from producing a Research on an issuer if the analyst carries out activities for which he receives compensation from the issuer. If an analyst's household member / relative / relative in-law (within the second degree) serves in such a high capacity for the issuer (i.e. manager or director), the analyst has to inform IR Top's CEO and the analyst will cease covering the issuer.

POLICY

IR Top has in place a "Joint conflict management policy" in order to effectively manage any conflicts of interest, and an "Equity Research Policy", in order to rule research services in compliance with Parliament Regulation (EU) no.596/2014 and Commission Delegated Regulation (EU) no. 958/2016 on Market Abuse.

IR Top has adopted the "Joint conflict management policy" in accordance with best practice regarding "information barriers" to restrict the flow of information to prevent the misuse of information and/or prevent any conflicts of interest arising from other activities of IR Top. A copy of these policies is available to the recipient of this Research upon making a request to IR Top by e-mail.

DISCLAIMER

This report has been prepared solely for information purpose and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. IR Top does not accept any liability for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of IR Top.

Opinions and estimates in this Research are as at the date of release and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this Research may not be suitable for all investors. In any case, you should consult your investment advisor.

This document is intended for distribution only to E.U. "qualified investors" and to "qualified counterparties" resident in Italy, within the meaning of article 2(1)(e) of the prospectus directive (directive 2003/71/EC) and Consob Reg. 16190, as subsequently amended and supplemented; its distribution in USA, Canada, Australia, Japan is not allowed.

In Italy, this document is being distributed only to, and is directed at qualified investors within the meaning of article 100 of legislative decree no. 58 of 24 February 1998, as amended, and article 34-ter, paragraph 1, letter b), of Consob regulation on issuers no. 11971 of May 14, 1999, provided that such qualified investors will act in their capacity and not as depositaries or nominees for other shareholders, such as persons authorized and regulated to operate in financial markets, both Italian and foreign.

DISTRIBUTION

In the United Kingdom, this document is not for distribution to persons that would be defined as private customers under rules of the FSA; it is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the financial promotion order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FINANCIAL SERVICES AND MARKETS ACT 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This document is not addressed to any member of the general public and under no circumstances should this document circulate among, or be distributed to (i) a member of the general public, (ii) individuals or entities falling outside the definition of "qualified investors" as specified above or (iii) distribution channels through which information is or is likely to become available to a large number of persons.

IR TOP CONSULTING SPECIFIC DISCLOSURES

We disclose that IR Top acts as Investor Relations and Financial Communication advisor for the Company.

IR Top S.r.l.
Via C. Cantù, 1 – 20123 Milan
Telephone +39 02 45473884/3
info@irtop.com
www.irtop.com