

Euronext Sustainability week

4 September 2023



comer industries

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AGENDA

1.WHO WE ARE

2.BUSINESS MODEL

3.SUSTAINABILITY DEVELOPMENT

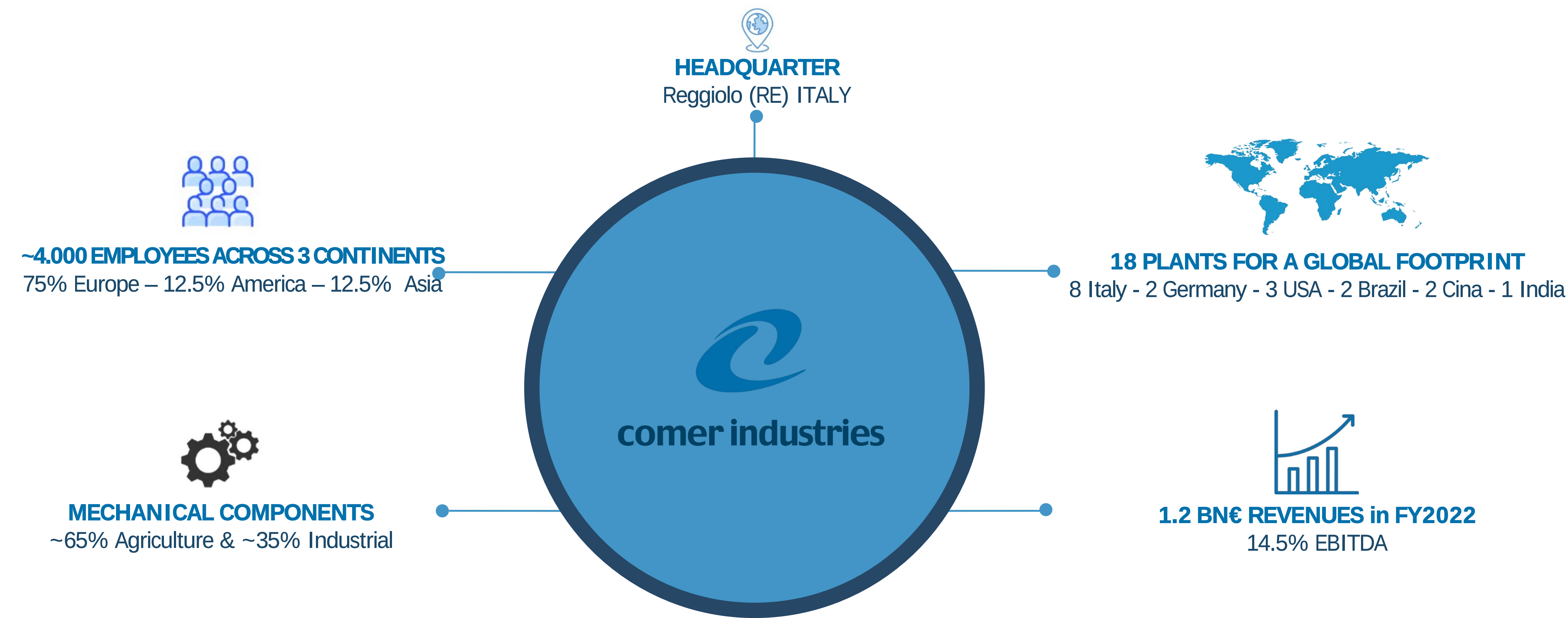
4.H1 2023 FINANCIAL RESULTS



1. WHO WE ARE

COMER INDUSTRIES AT GLANCE

Global leader in the design and production of advanced engineering systems and mechatronic solutions for power transmission

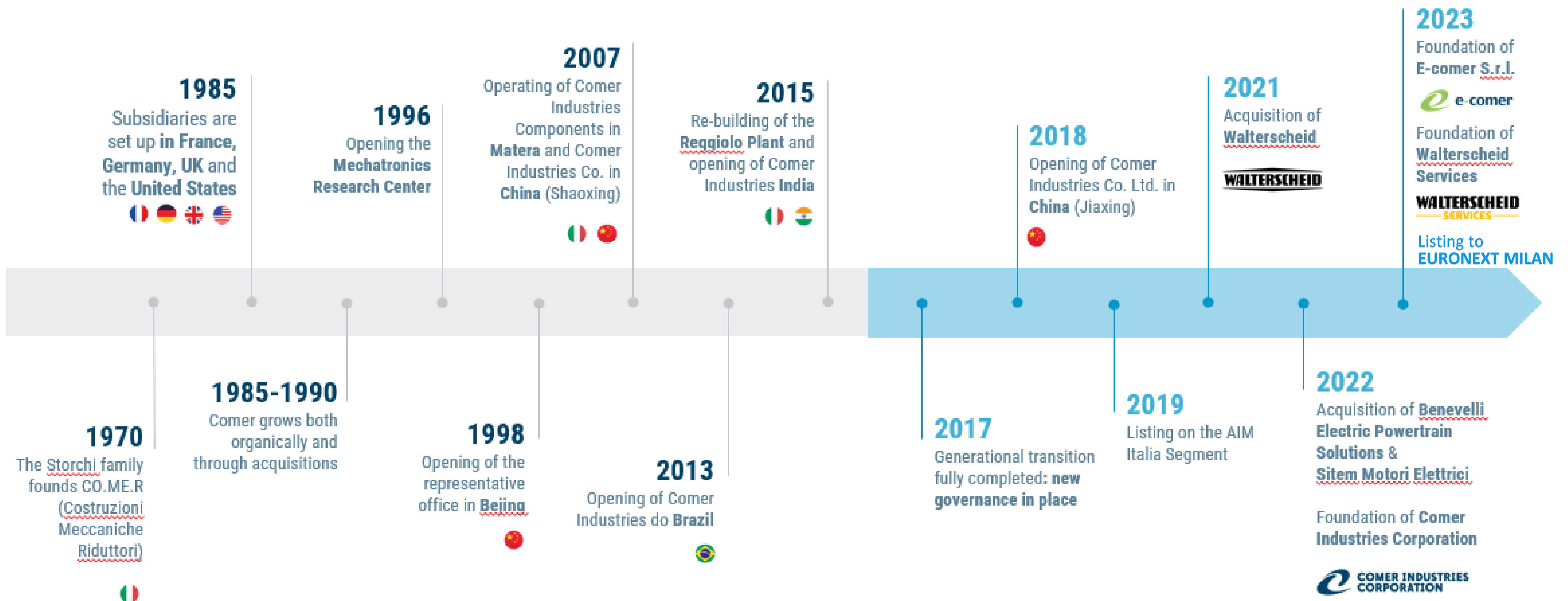


KEY SUCCESS FACTORS

- 1 Global supplier of engineered transmission system for major vehicle manufacturers in the global agriculture, industrial and energy sectors
- 2 Focus on end-markets with constant growth in global demand for specialty machinery
- 3 Solid and flexible business model underpinned by diversified product offering and innovation oriented
- 4 Preferred supplier for top manufacturers of agriculture and industrial machinery thanks to long term partnership with customers and suppliers.
- 5 Established portfolio of customers providing for visibility on backlog and resilience

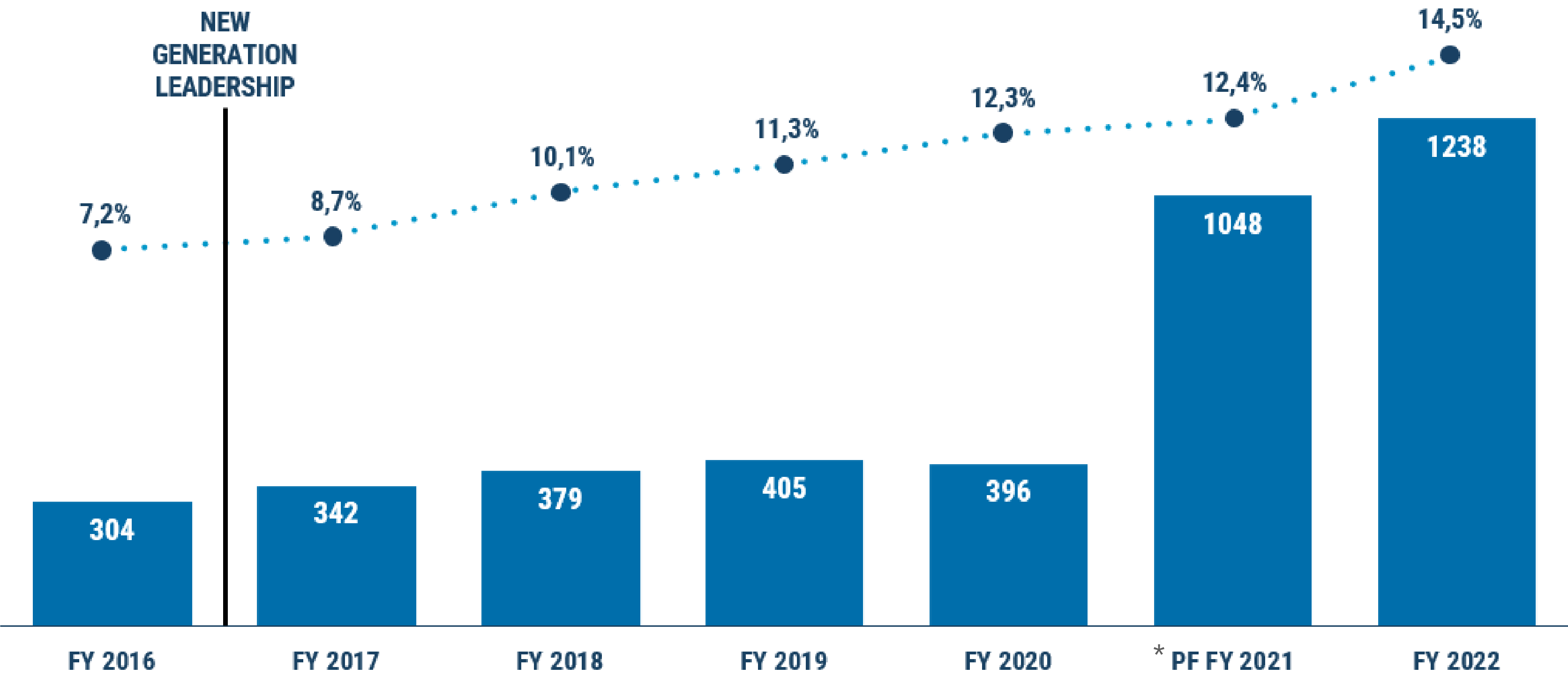


MILESTONES



2022 ALL-TIME HIGH

Solid business coupled with growing profitability



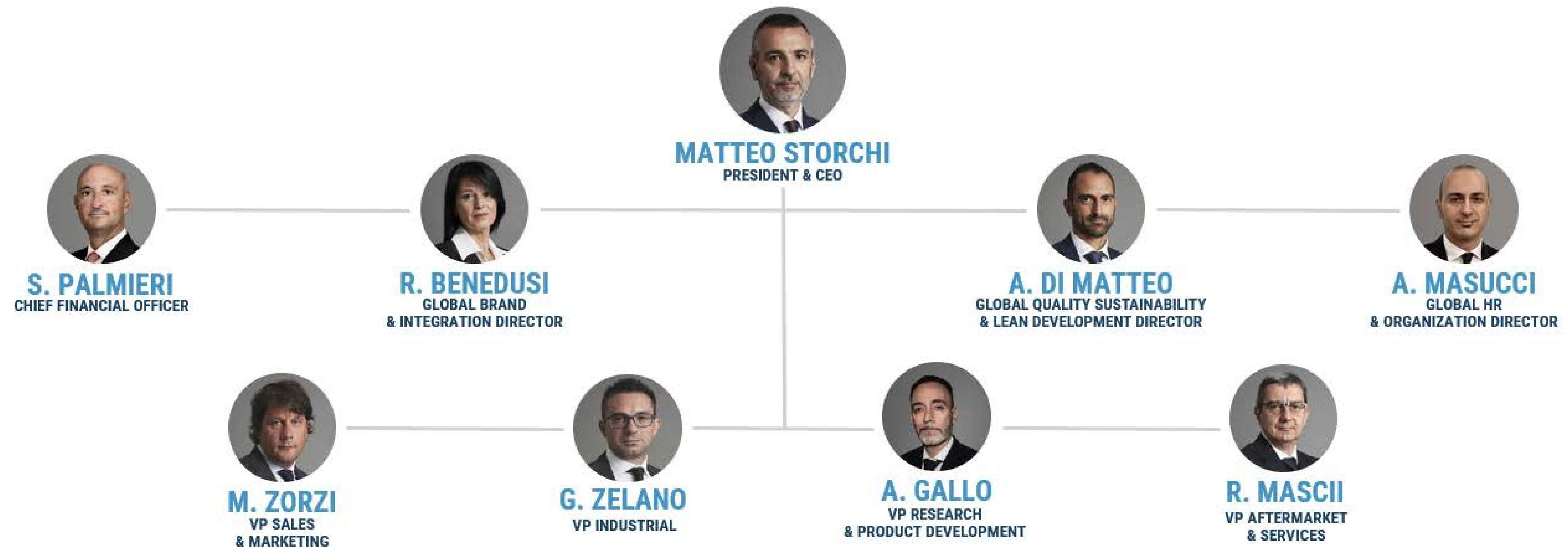
€ M
% on Revenues

CAGR 2016-2022	
Revenues	26,4%
EBITDA	42,0%

(*) Pro-forma consolidated
revenues unaudited



EXECUTIVE TEAM

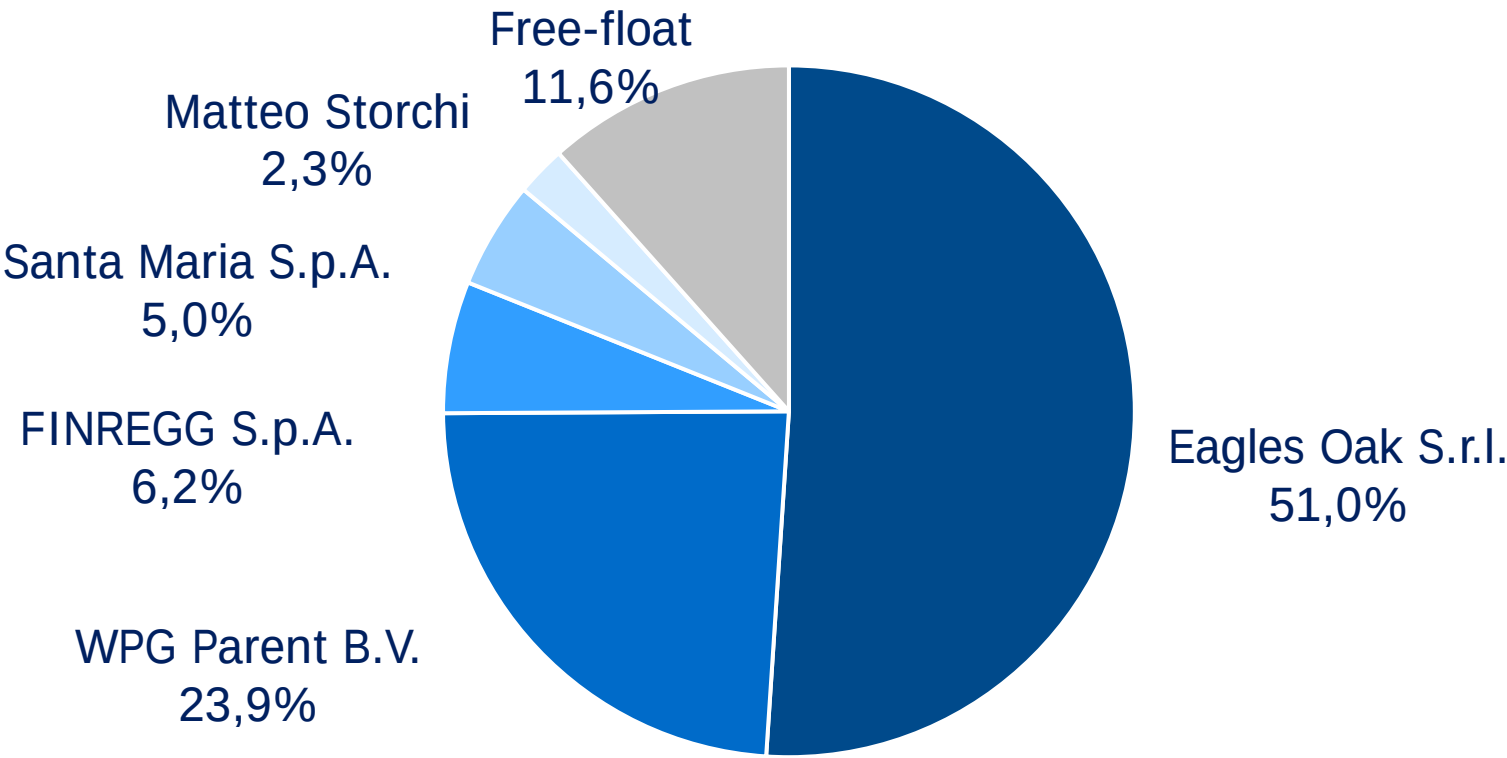


MAIN SHAREHOLDERS & GOVERNANCE

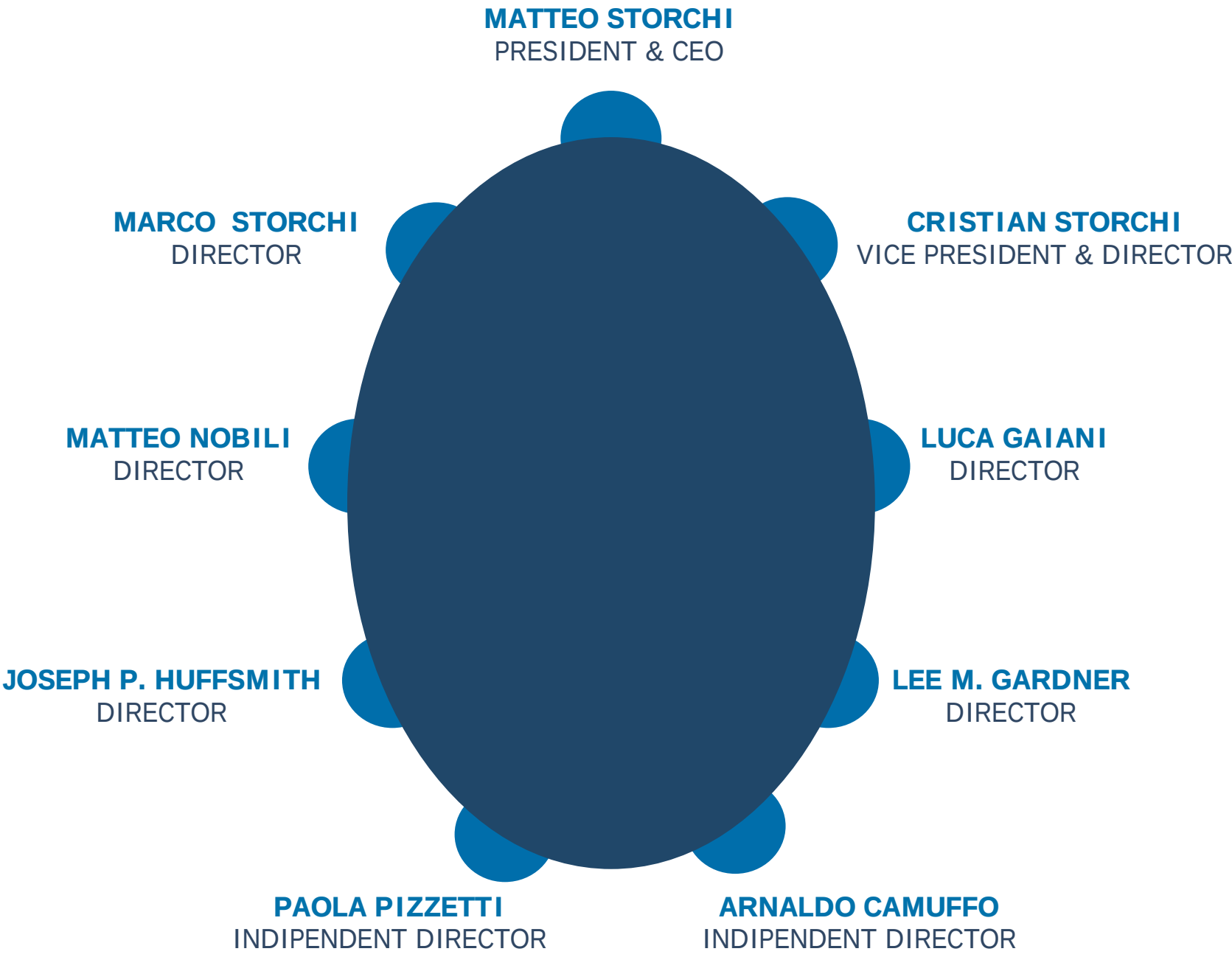
MAIN SHAREHOLDERS

SHAREHOLDER	N. Shares	% Share capital
Eagles Oak S.r.l.	14.640.089	51,0%
WPG Parent B.V.	6.843.365	23,9%
FINREGG S.p.A.	1.767.800	6,2%
Santa Maria S.p.A.	1.434.290	5,0%
Matteo Storchi	667.186	2,3%
Free-float	3.325.360	11,6%
Total	28.678.090	100,0%

Last update 11 August 2023

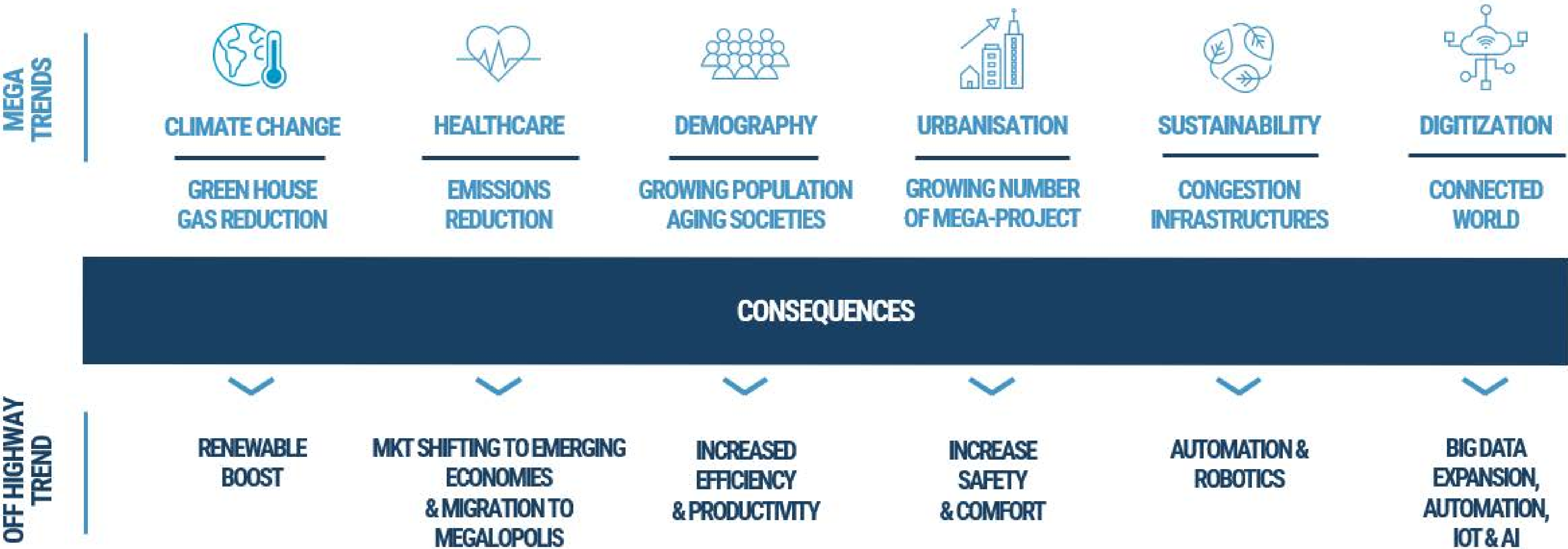


BOARD OF DIRECTORS



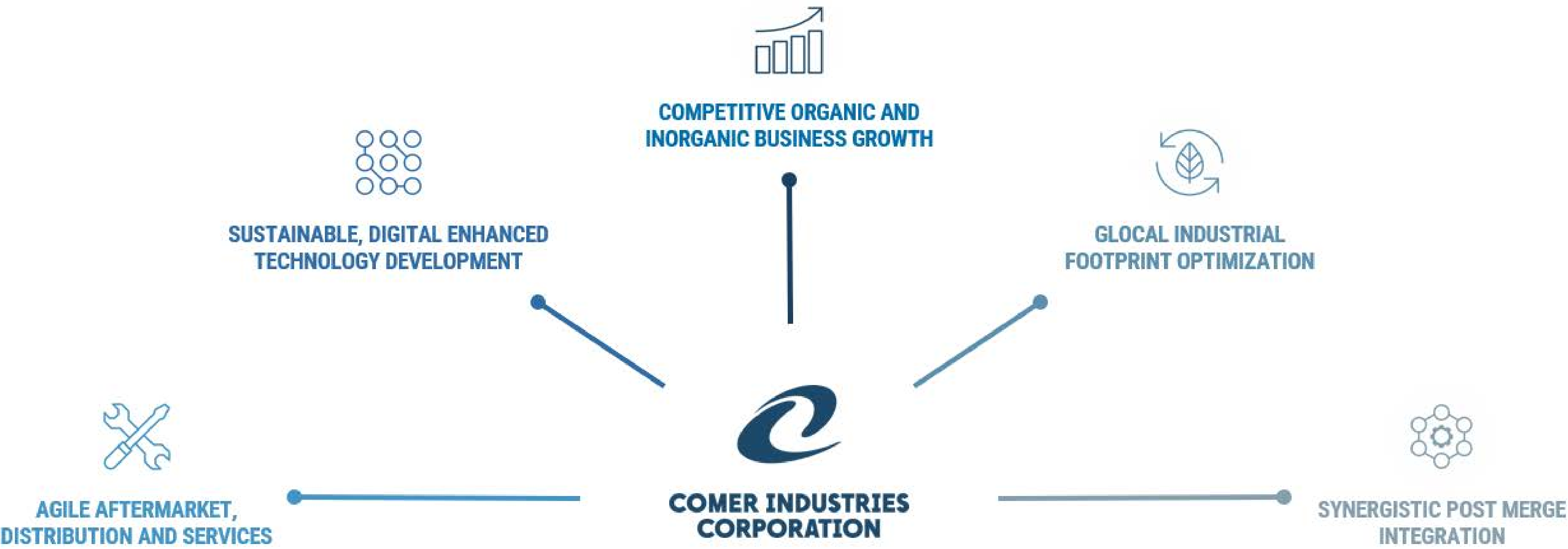
2. BUSINESS MODEL

DRIVERS & MEGATRENDS



STRATEGIC PILLARS

Leverage on strong balance sheet, product quality and customers relationship to progressively build market share in both agriculture and industrial segments



CURRENT ADDESSABLE MARKETS

FEEDING THE WORLD

According to researches, agricultural outputs need to grow by **70%** by the middle century.

MASSIVE URBANIZATION

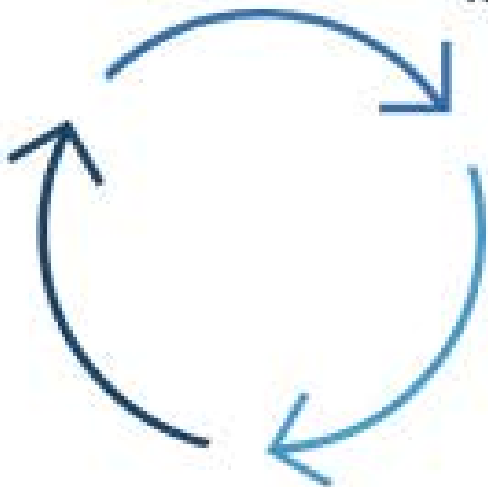
Growth in population to reach **9,1 billion by 2050**, coupled with migration from rural areas.

BUY RATHER THAN MAKE

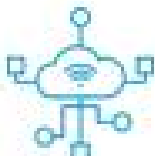
Major OEM are more and more **focusing on services, distribution, marketing and sales.**

TECHNOLOGICAL SHIFT

Electrical vehicles autonomous driving etc. bring **new opportunities** for suppliers.



OUR PRODUCTS & SERVICES

GEARBOXES 	E-MOBILITY 	AXLES & DUJ 	PTO SHAFTS & CLUTCHES 	TRACTOR ATTACHMENT SYSTEMS (TAS) 
PLANETARY DRIVES 	DRIVESHAFTS 	HYDROSTATIC TRACTION DRIVE (ICVD) 	FAN CLUTCH 	SERVICES  AFTERMARKET PARTS DISTRIBUTION To more than 130 distribution partners around the globe.  VALUE ADDED SERVICES Repair, exchange, modification, customizing and engineering of shafts and drivetrain solutions.  FIELD SERVICE & DIGITAL SOLUTIONS Field service, preventative and predictive maintenance, condition monitoring and technical consultancy.



BRANDS LINE-UP

Leading market position with top tier brands across all mechanical component's segments & services



OUR MAIN CLIENTS

Long lasting relationships with a diversified customer base



3. SUSTAINABILITY DEVELOPMENT

OUR SUSTAINABILITY ROAD MAP

First steps

- Integration of QHSE System
- Energy efficiency projects in the scope of LEAN MANAGEMENT

Launch of the program of sustainability development



First sustainability report with reference to GRI Standards



First consolidated (Comer Industries and Walterscheid) Sustainability Report



Commitment and prioritization of UN AGENDA 2030 SDGs

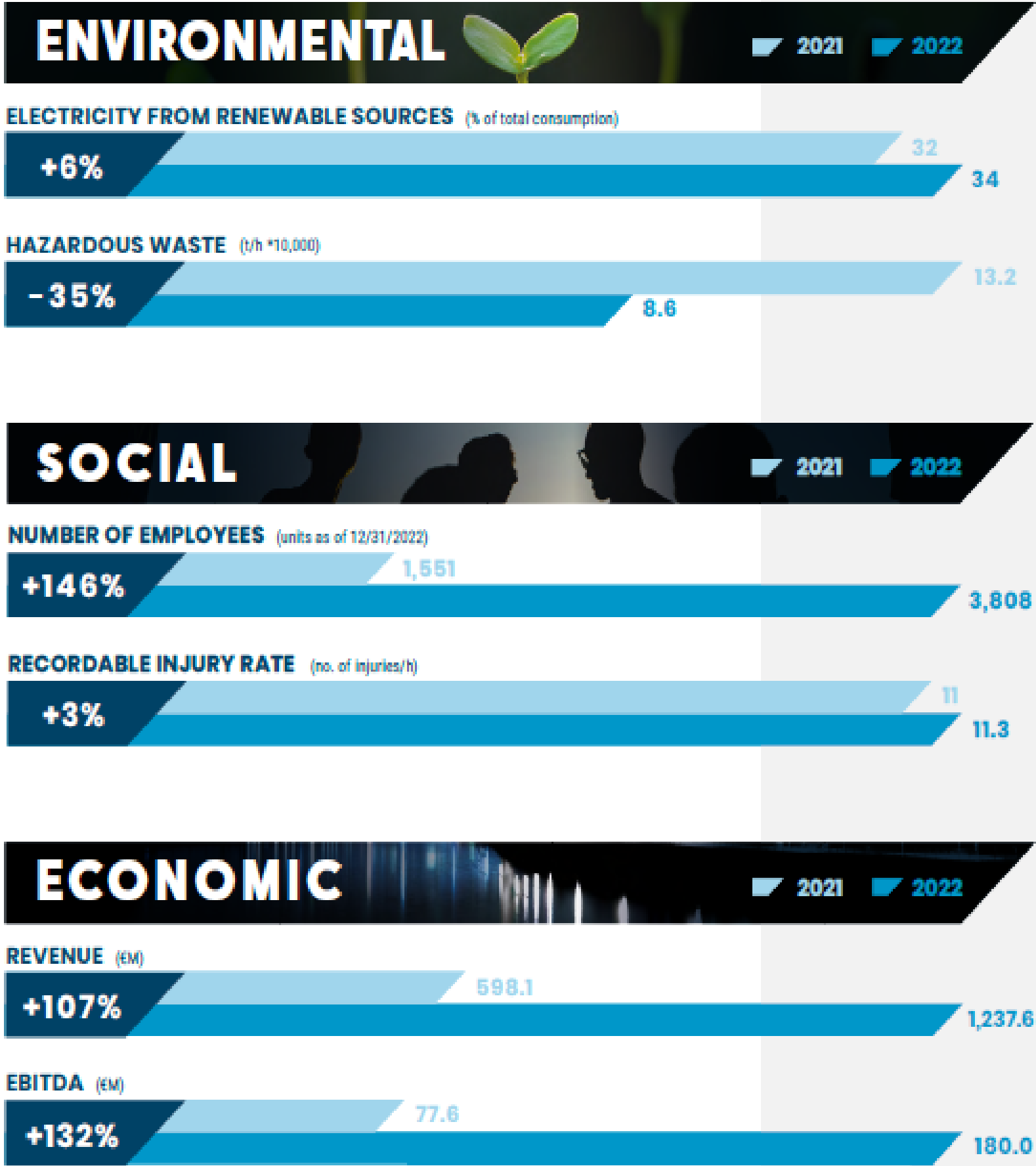
- 1 PURPOSE AND VALUES
- 2 PRODUCTS
- 3 MATERIAL TOPICS
- 4 ESG POLICIES - PLANS - KPI TARGET
- 5 BENCHMARKING



Joining to the United Nations Global Compact



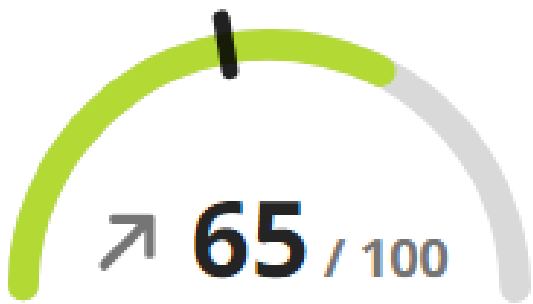
2022 MAIN ACHIEVEMENTS



MEMBERSHIPS & AWARDS



OVERALL SCORE

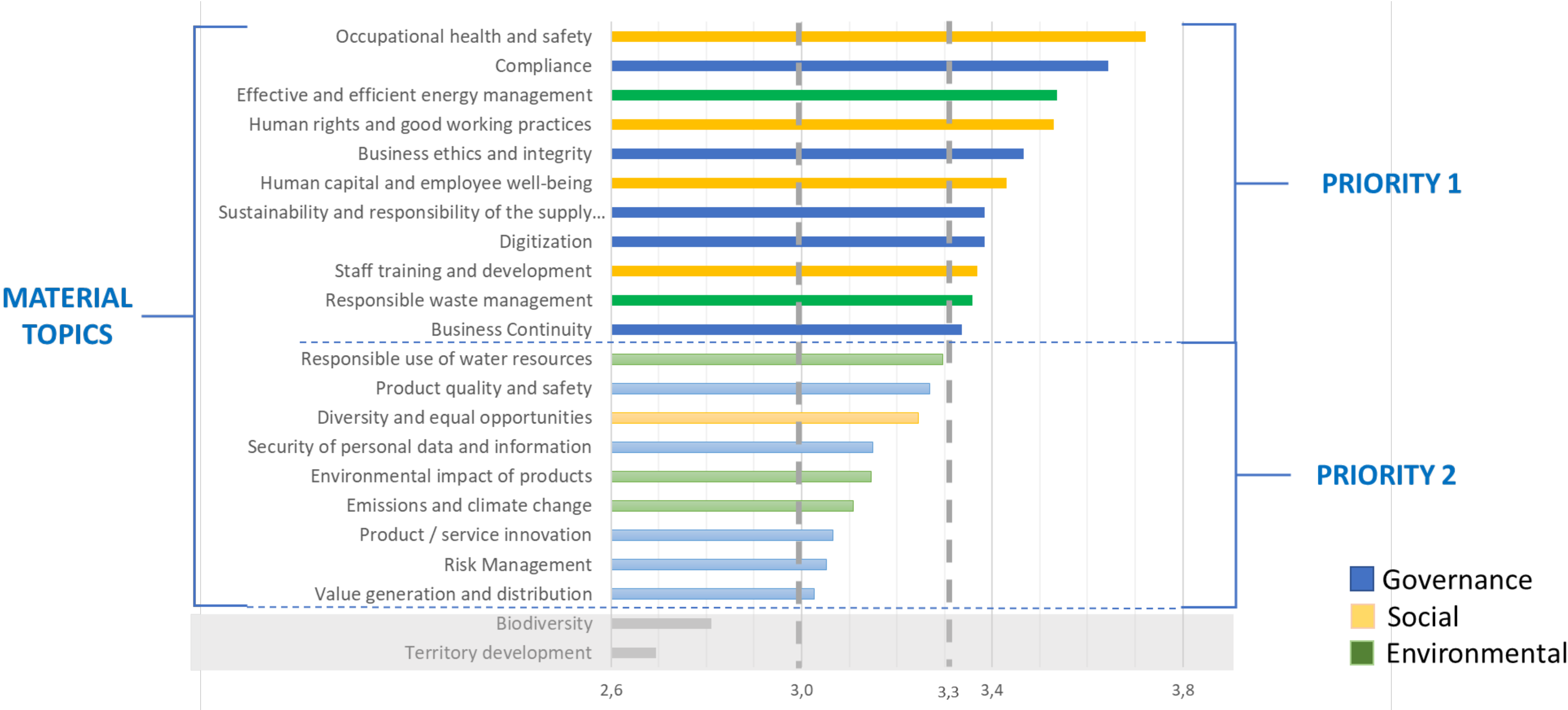


+ 12% vs. 2022

THE MOST SUSTAINABILITY-CONSCIOUS COMPANIES:
COMER INDUSTRIES RANKED 7TH OUT OF 286



OUR MATERIAL TOPICS



ENVIRONMENTAL HIGHLIGHTS

“

34% of electricity comes from renewable sources.

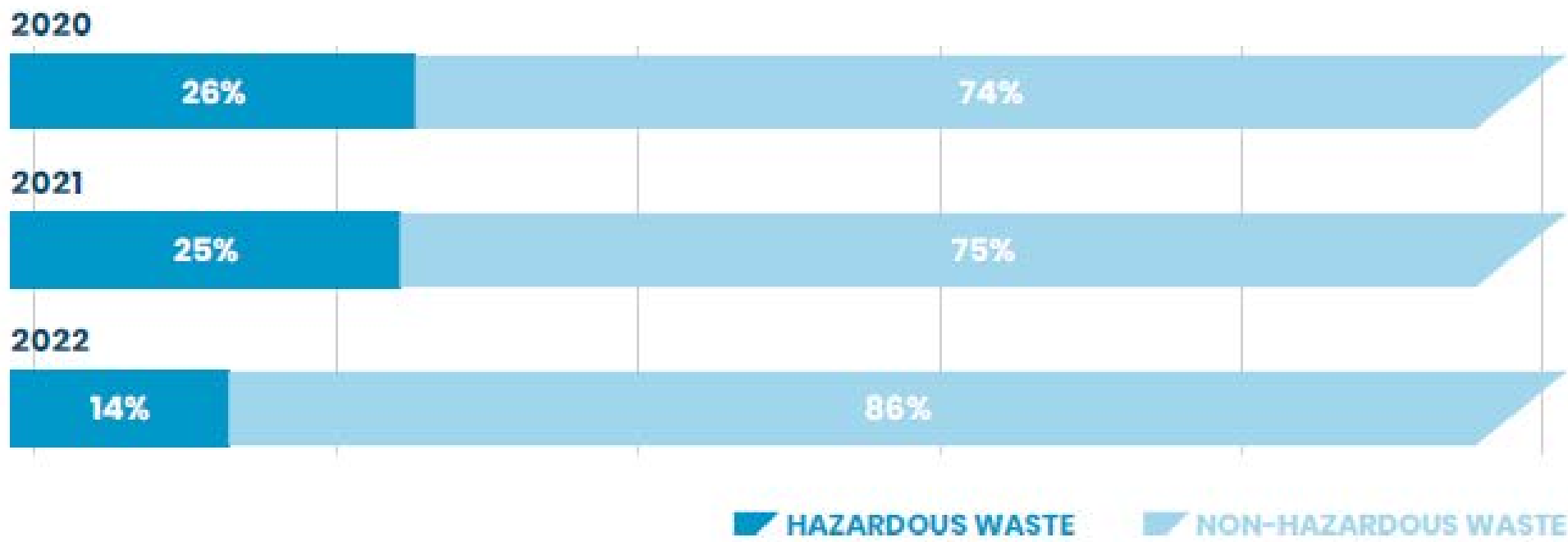


Installed **photovoltaic capacity** of ~2.200 Kwp
Reggiolo and Matera sites



Italian Plant **100 % powered by certified electrical energy** from renewable sources.

50% reduction of **hazardous waste** within 3y with high impact on cost of disposal.



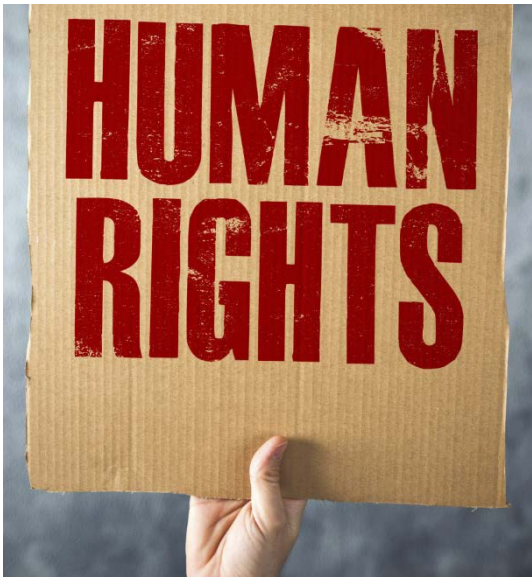
Color standardization cooperating with customers in order to reduce the number of setups with reduction on waste, water and cycletime.



SOCIAL HIGHLIGHTS



Vidya Home: to support Bangalore community, supporting 10 deserving female students throughout their studies to become nurses by providing food, accommodations and assistance.



New Integrated Policy on Human Rights

Due Diligence on supply chain based on **German Supply Chain Act**



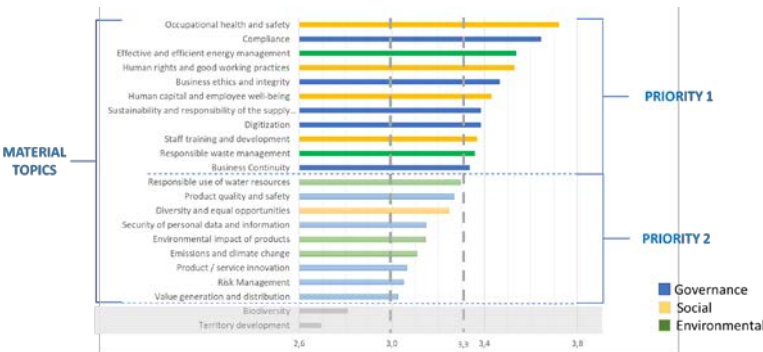
Corporate membership since 2019

Due diligence on **Conflict Minerals** (Tungsten, Tin, Tantalum and Gold) in order to identify and ban components with raw materials coming from conflict areas

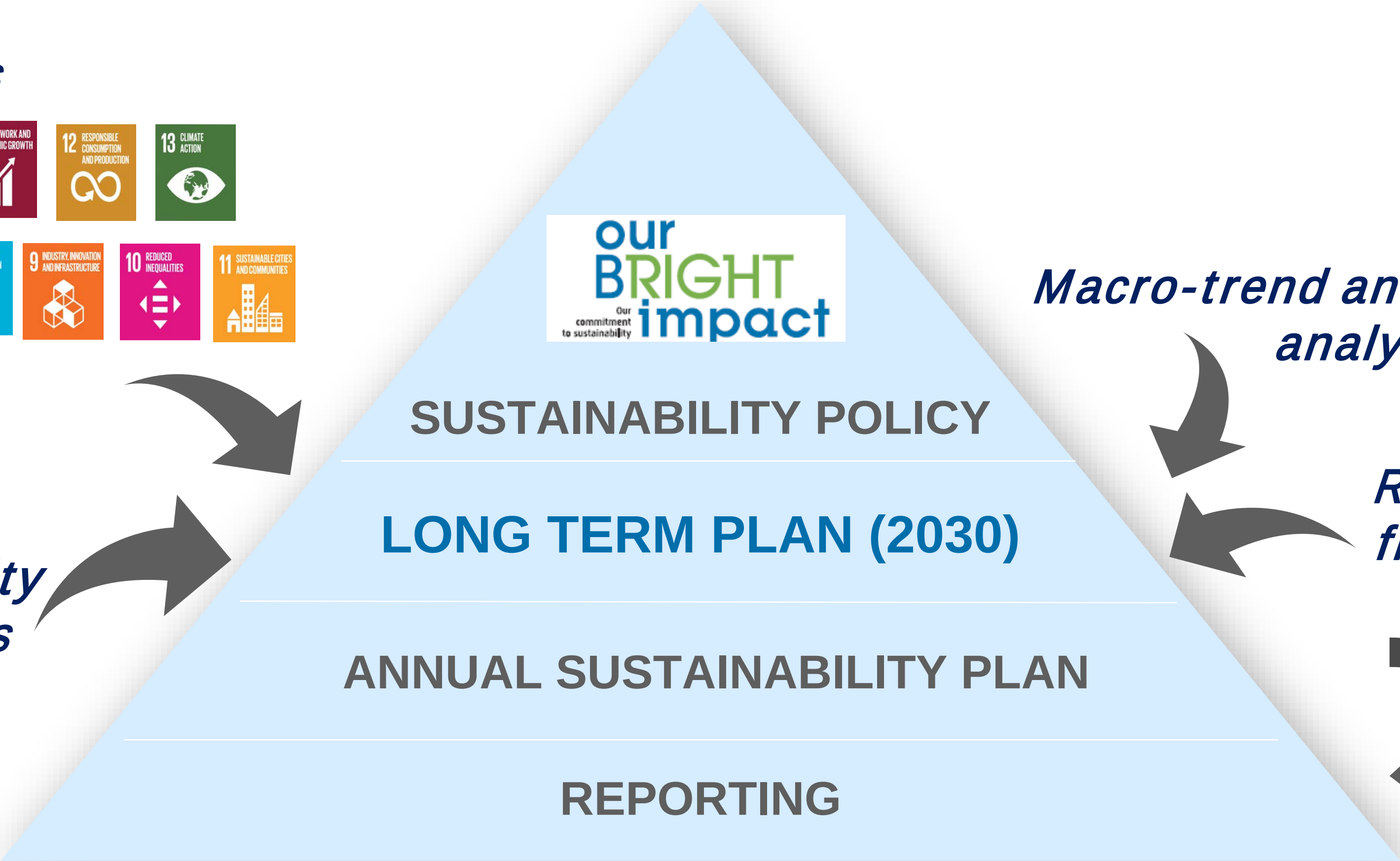


LONG TERM STRATEGY - MODEL

Priority SDGs



Materiality Analysis



Macro-trend and benchmark analysis

Regulatory framework



LONG TERM STRATEGY - PLAN

TOPIC	MATERIAL TOPIC (2022)	SDGs
GOVERNANCE ESG	COMPLIANCE/ BUSINESS ETHICS AND INTEGRITY/ BUSINESS CONTINUITY/ RISK MANAGEMENT/ HUMAN RIGHTS AND FAIR LABOR PRACTICES/ DIGITIZATION	  
CLIMATE CHANGE	EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT/EMISSIONS AND CLIMATE CHANGE	 
SUSTAINABLE PROCUREMENT	SUSTAINABILITY AND ACCOUNTABILITY IN THE SUPPLY CHAIN/HUMAN RIGHTS AND FAIR LABOR PRACTICES	  
HUMAN CAPITAL	HUMAN CAPITAL AND EMPLOYEE WELL-BEING/TRAINING AND STAFF DEVELOPMENT/DIVERSITY AND EQUAL OPPORTUNITY/OCCUPATIONAL HEALTH AND SAFETY	   
CIRCULARITY	RESPONSIBLE WASTE MANAGEMENT / ENVIRONMENTAL IMPACT	   



LONG TERM STRATEGY - GOVERNANCE

PILLAR	GOAL	KPI&TARGETS	BASELINE	WITHIN
GOVERNANCE ESG	• Comprehensive assessment of all ESG risks and opportunities and relevant action plan	• 100% ESG top material issues covered by specific risks and opportunities assessment	• 2022	2025
		• Action plan on place to mitigate risks and take opportunities	• Not available	2028
	• Strengthening ESG corporate commitment	• Variable compensation plan integrated with non-financial targets	• Not available	2025
	• Improvement of ESG ratings	• EcoVadis “Gold” and CDP “B” ratings are achieved and maintained	• EcoVadis Silver, CDP C	2026
		• EcoVadis “Platinum” and CDP “A” ratings are achieved and maintained		2030
SUSTAINABLE PROCUREMENT	• Implement an effective sustainable procurement policy	• Supply chain engagement: 75% of 1st level suppliers with complete ESG assessment	• Not available	2026
		• Supply chain carbon footprint assessment	• Not available	2030



LONG TERM STRATEGY - ENVIRONMENT

PILLAR	GOAL	KPI&TARGETS	BASELINE	WITHIN
CLIMATE CHANGE	• Reduce GHG emissions	• CO2 emission intensity (Scope 1 & Scope 2 market-based t CO2 e) reduction of 30% (*)	• 2022	2030
		• CO2 emission intensity (Scope 3) reduction of 10% (**)	• 2023	2030
		• Reduction of 30% energy intensity	• 2022	2030
		• Increase of 60% of renewable energy consumption (both purchased and self-produced energy)	• 2022	2030
CIRCULARITY	• Optimization of resource use in production processes	• Reduction of 20% hazardous waste	• 2022	2030
		• Reduction of 10% water intensity	• 2022	2030

* from scenario analysis 1.5°C near term 2030

** from scenario analysis 2°C near term 2030



LONG TERM STRATEGY - SOCIAL

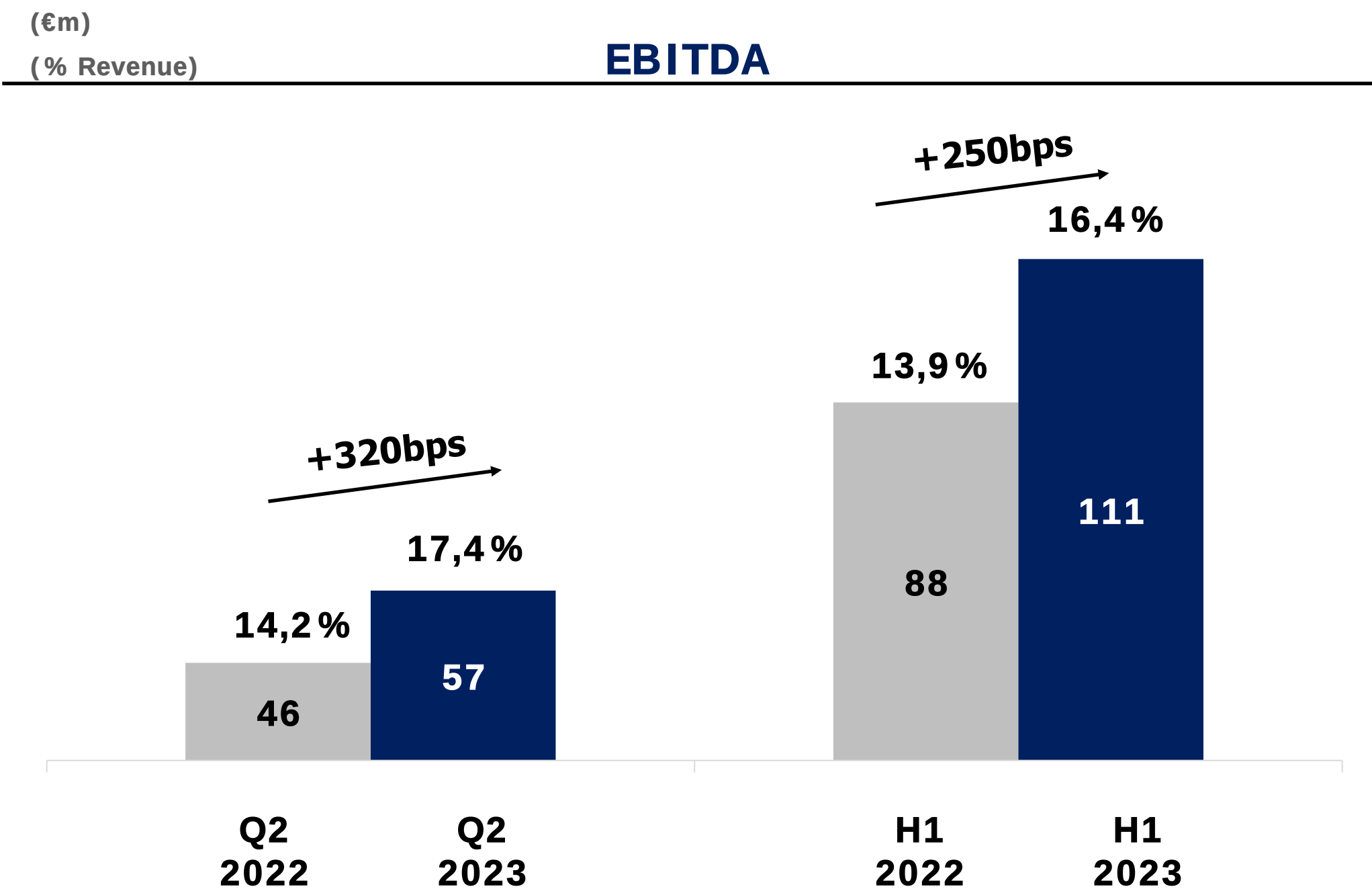
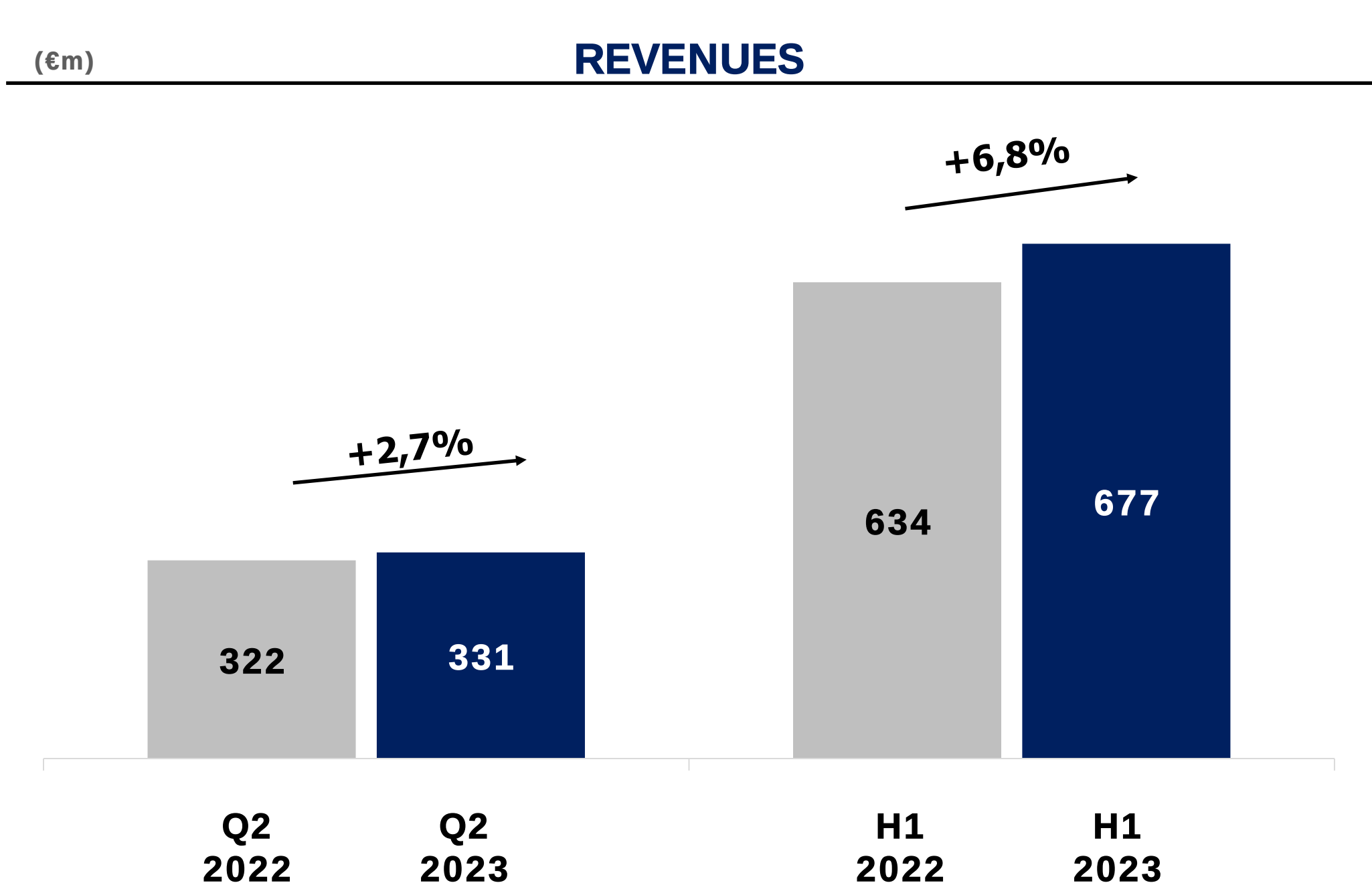
PILLAR	GOAL	KPI&TARGETS	BASELINE	WITHIN
HUMAN CAPITAL	• Strengthening equal opportunity and gender equality	• Increase of 30 % of women population	• 2022	2030
		• Reaching and maintaining the training engagement >93%	• 2022	2030
	• Increase and spread awareness on ESG issues	• Increase of 20% of number of ESG training hours pro-capita	• 2022	2030
	• Consolidating the zero-injury culture	• 100% digitization of HSE reporting processes (audits and spontaneous reporting)	• Partially on auditing	2025
		• 50% speed increase in closing HSE reports	• 2023	2030



4. H1 2023 KEY FINANCIAL INDICATORS

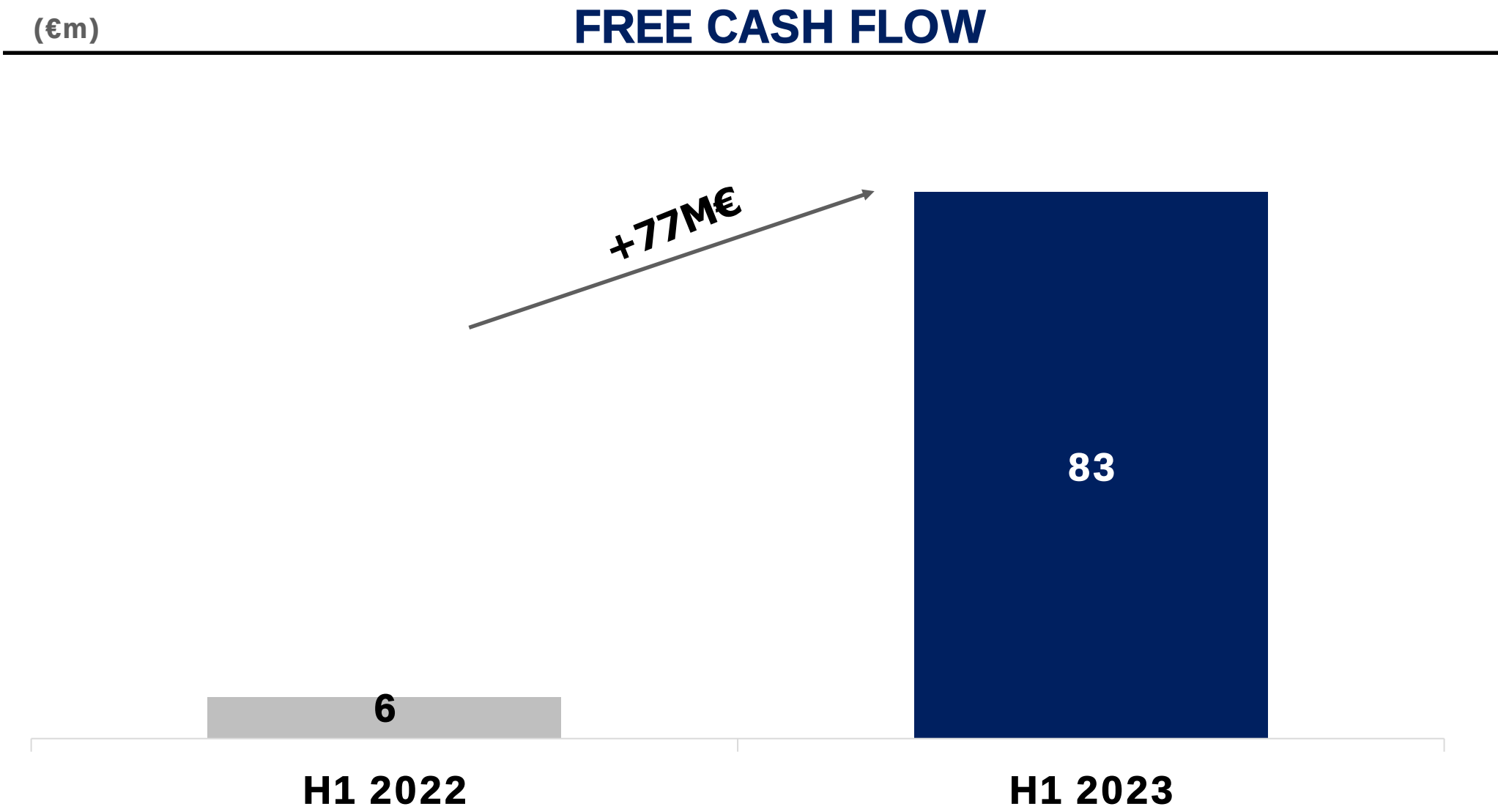
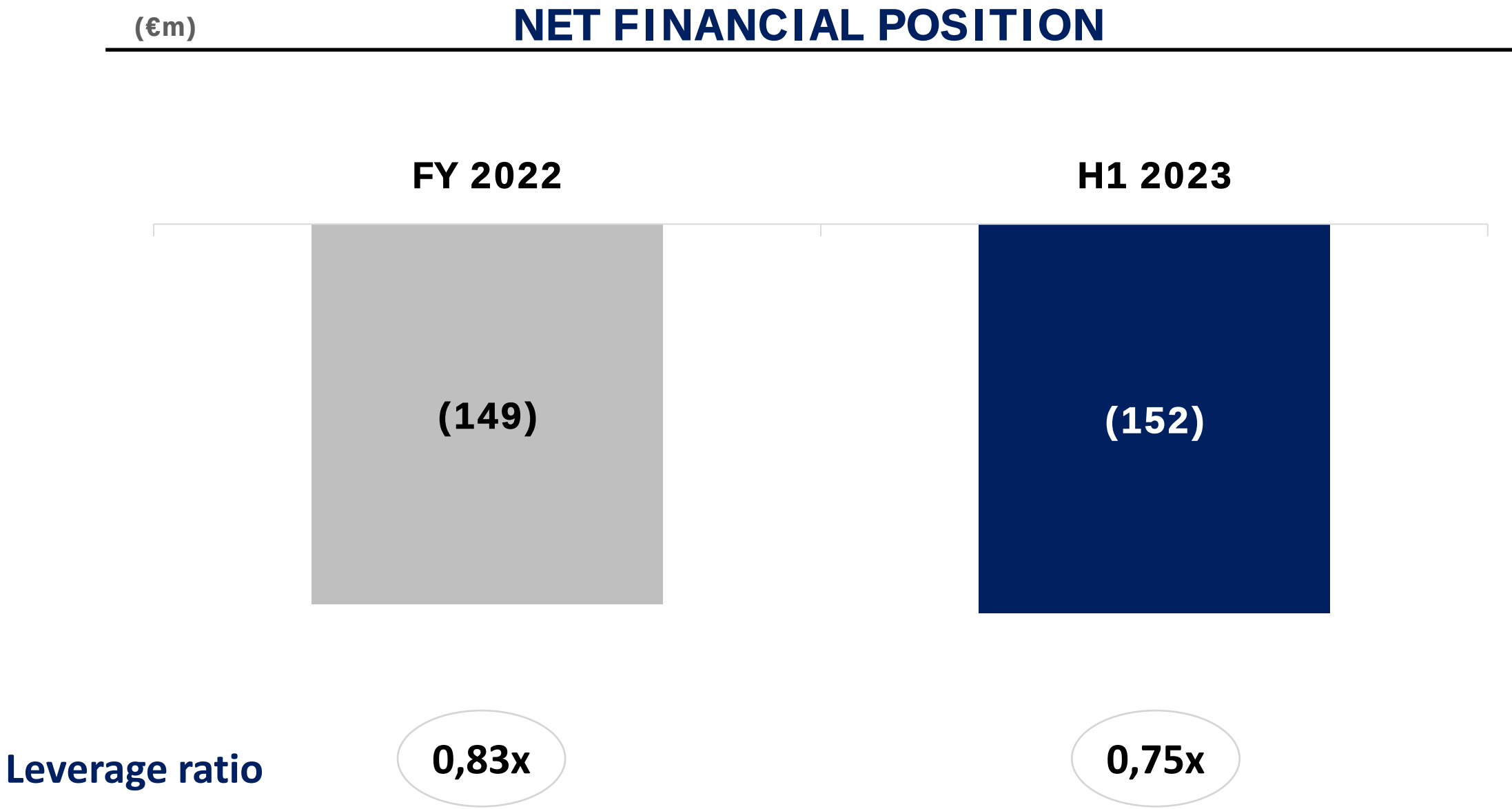
ECONOMIC KPI's

Ongoing improvement in margin in Q2, in a challenging economic environment

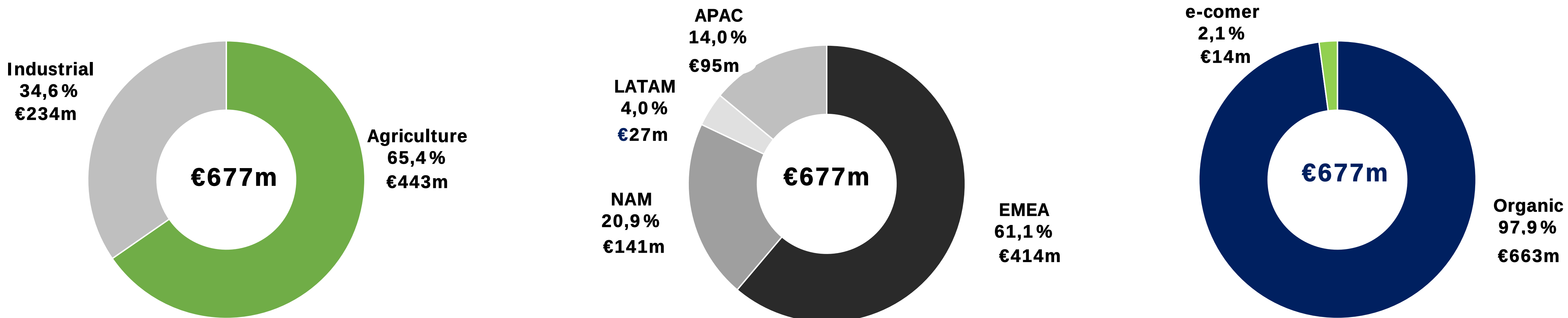


FINANCIAL KPI's

NFP not affected by M&A and payout dividend, thanks to strong Free cash flow



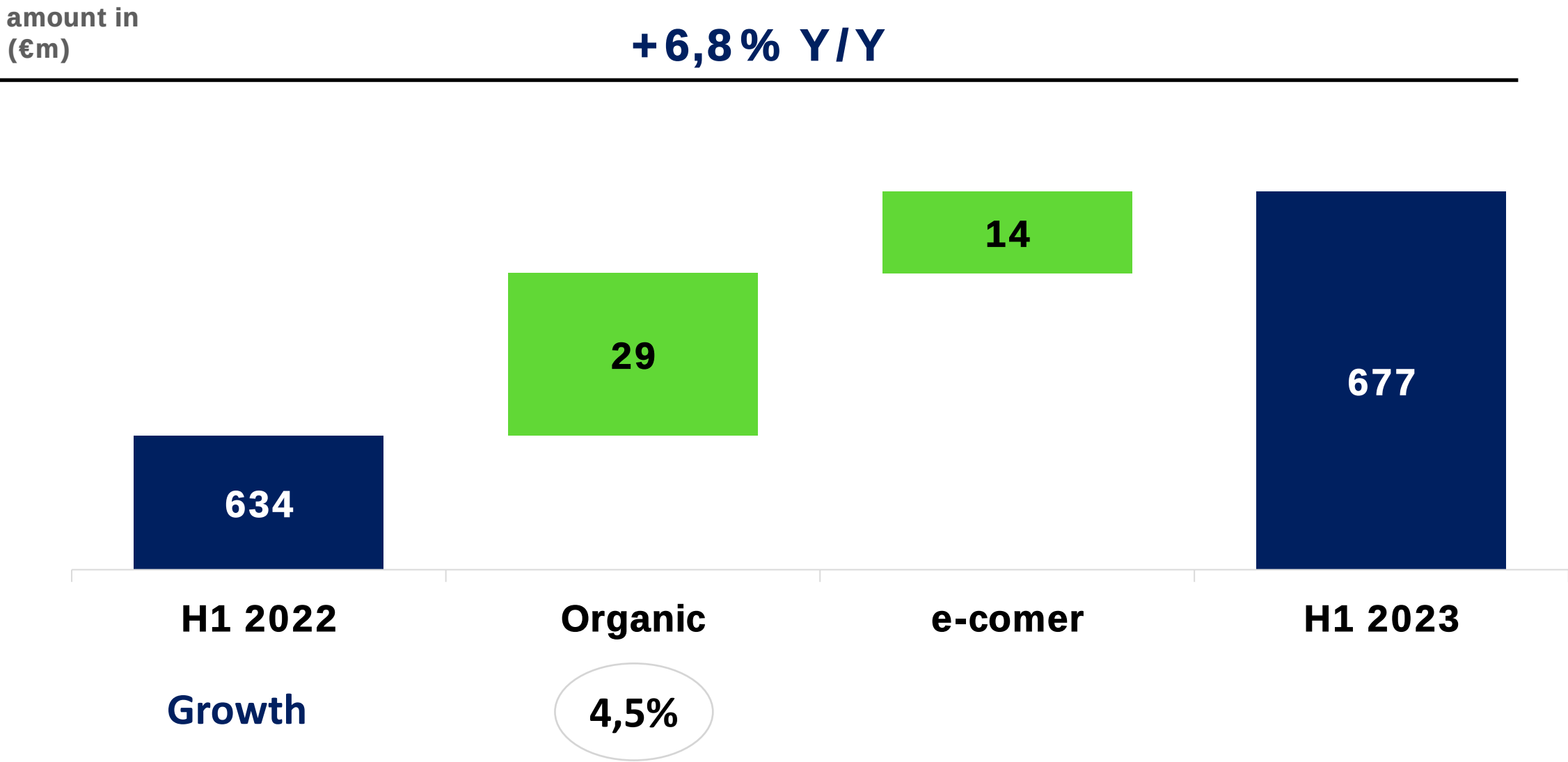
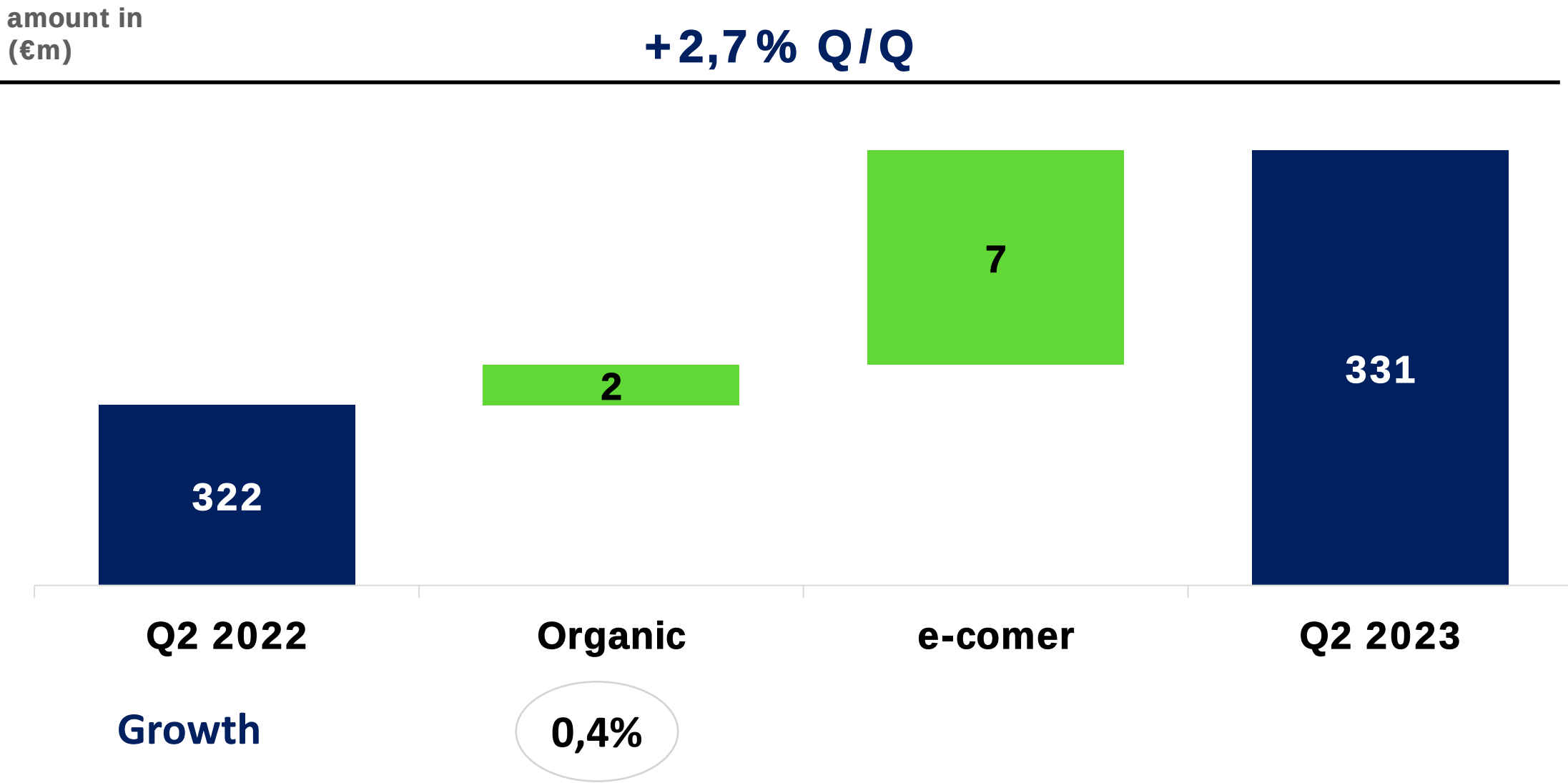
REVENUES AT A GLANCE



- Agriculture sector is at the heart of the business; e-comer is fully included in the Industrial sector
- EMEA incidence above 60%, thanks to e-comer and organic growth
- e-comer contribution is still marginal



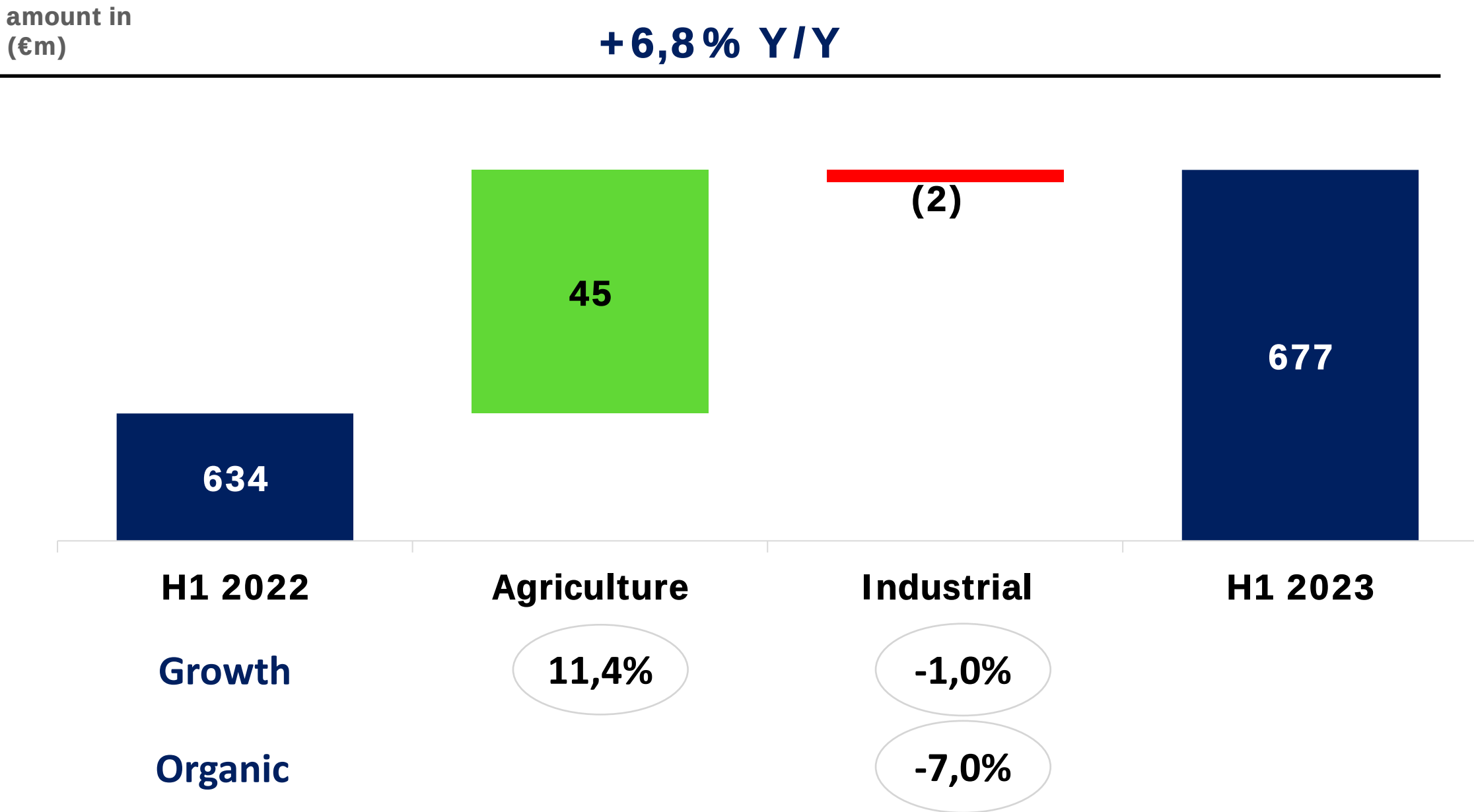
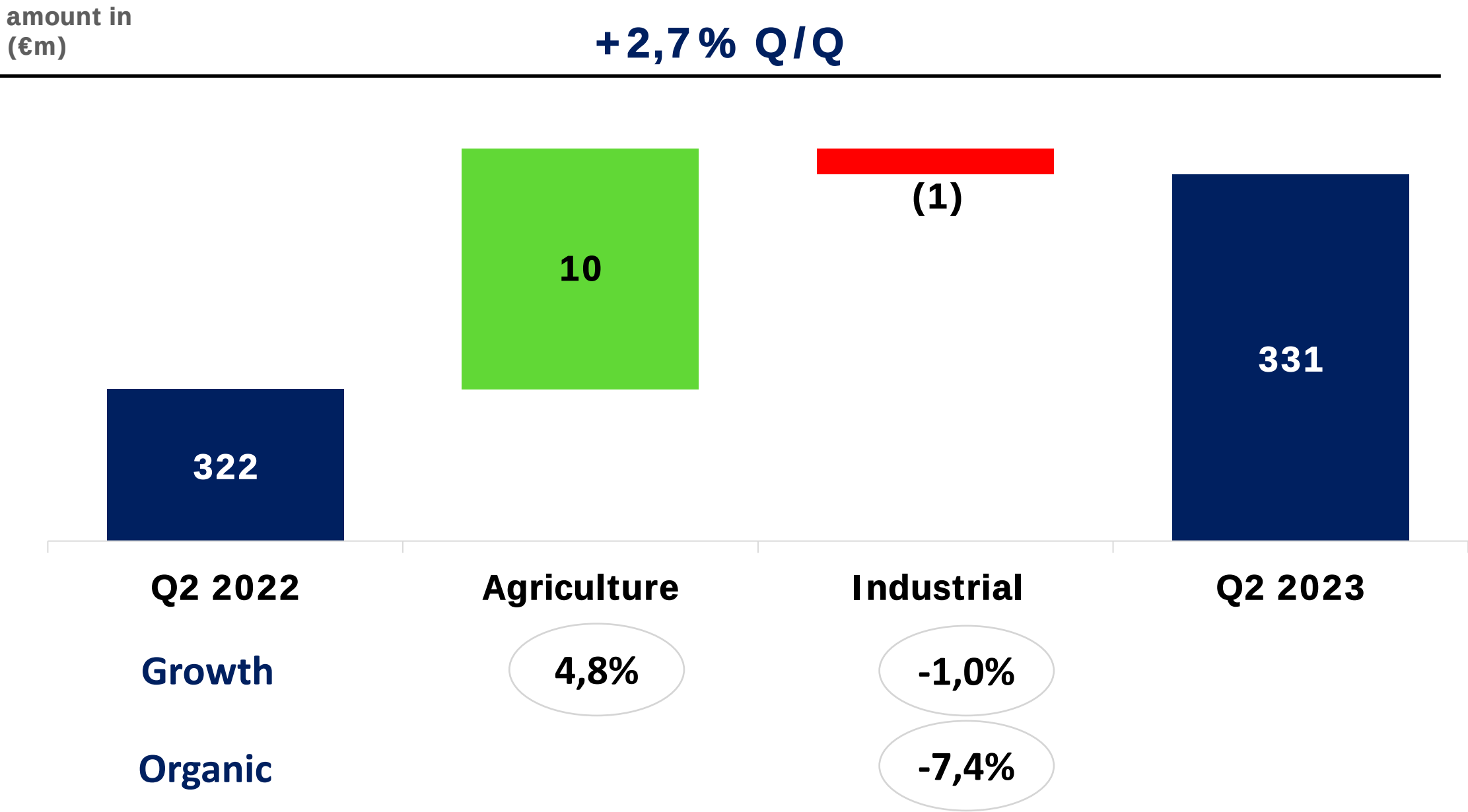
REVENUES PERFORMANCE



- +6,8% Consolidated Net Revenues in H1 2023 vs H1 2022
- Organic growth stabilized in Q2 2022 vs Q1 2021



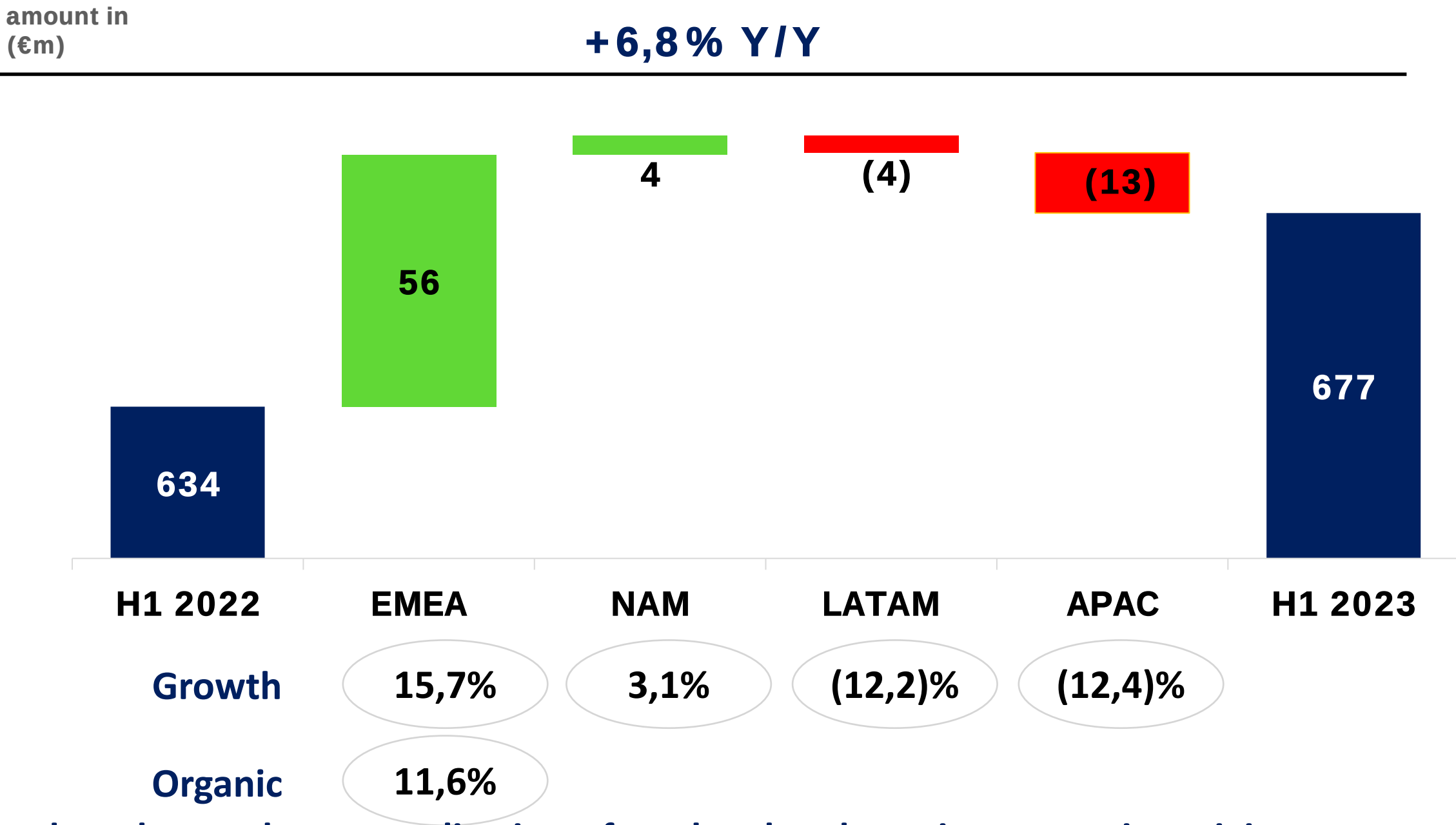
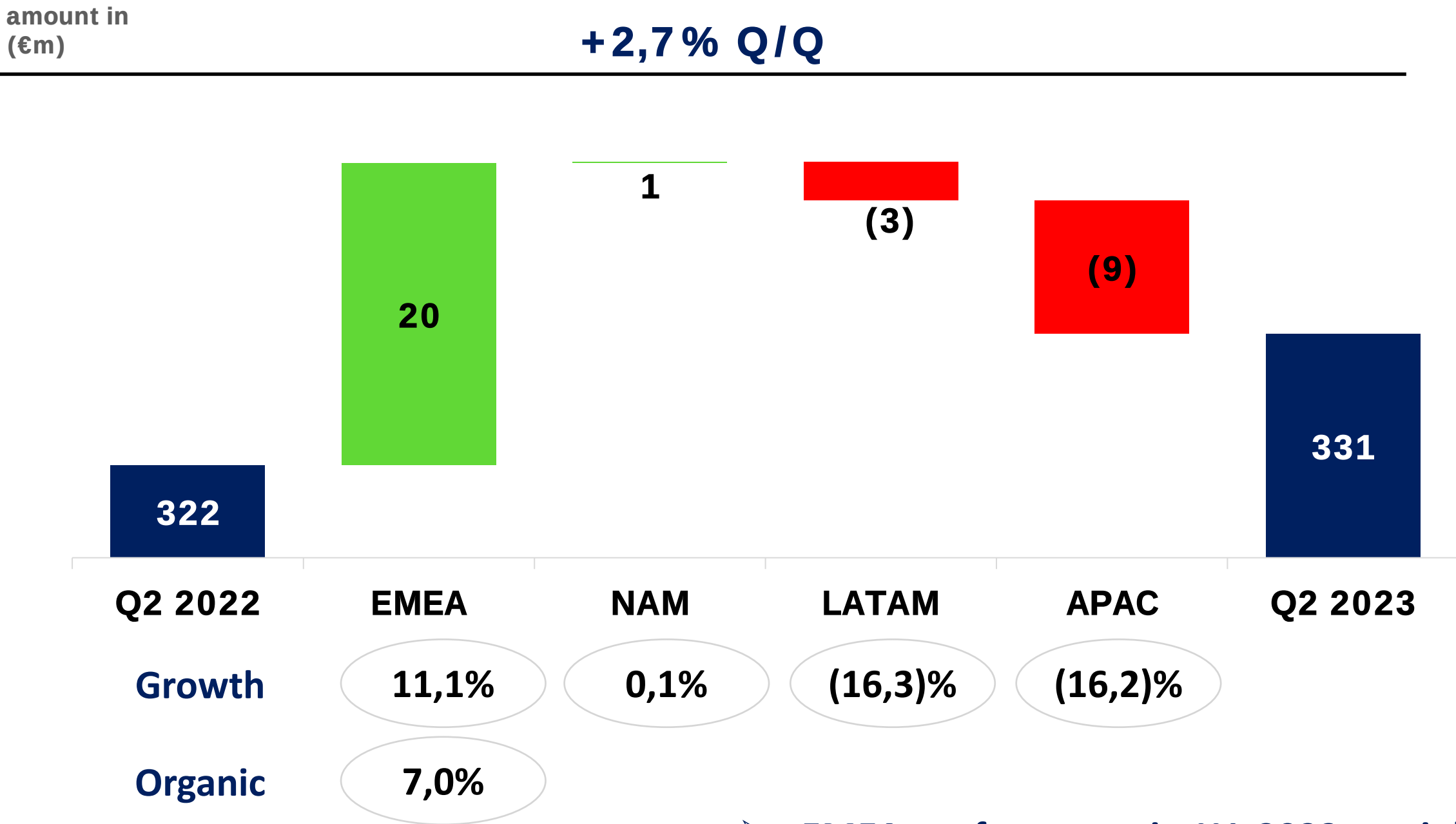
REVENUES BY SECTOR



- Agriculture sector led the growth YTD, albeit at a different pace in Q2 vs Q1
- Industrial organic was penalized by weak demand in China YTD, with no sign of stabilization in Q2
- e-comer contribution can be entirely attributed to the Industrial sector



REVENUES BY GEOGRAPHY



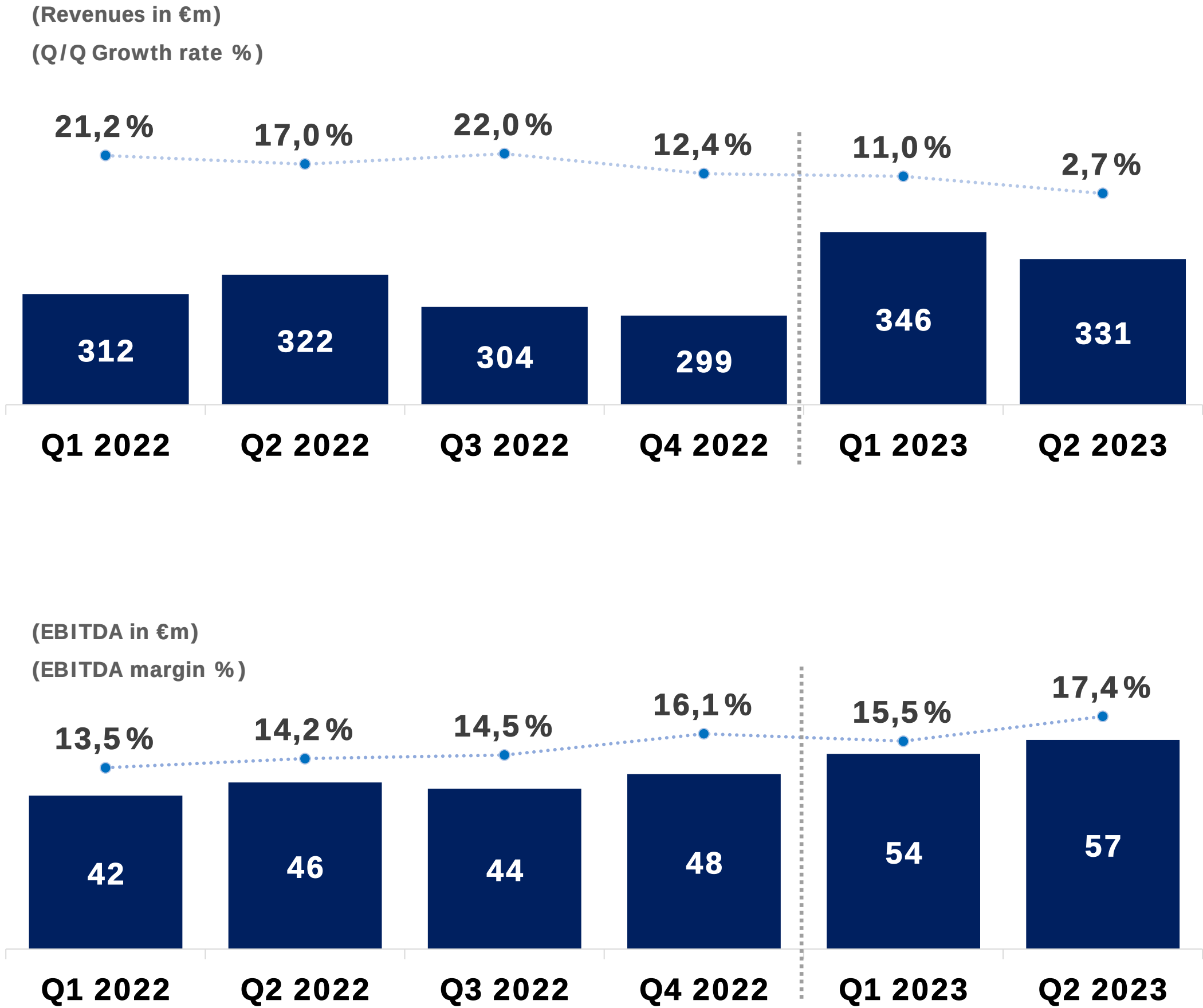
- EMEA performance in H1 2023 mainly related to the market normalization after the slowdown in economic activity due to the outbreak of the Russia-Ukraine conflict and the increase in energy prices in H1 2022
- North American sustained by domestic demand, thanks to still favorable macroeconomic conditions
- APAC affected by the negative performance of China, which recovery is still struggling
- Latin America effects - in absolute terms on the Group's Total revenues - is limited given the small contribution (4.0%)



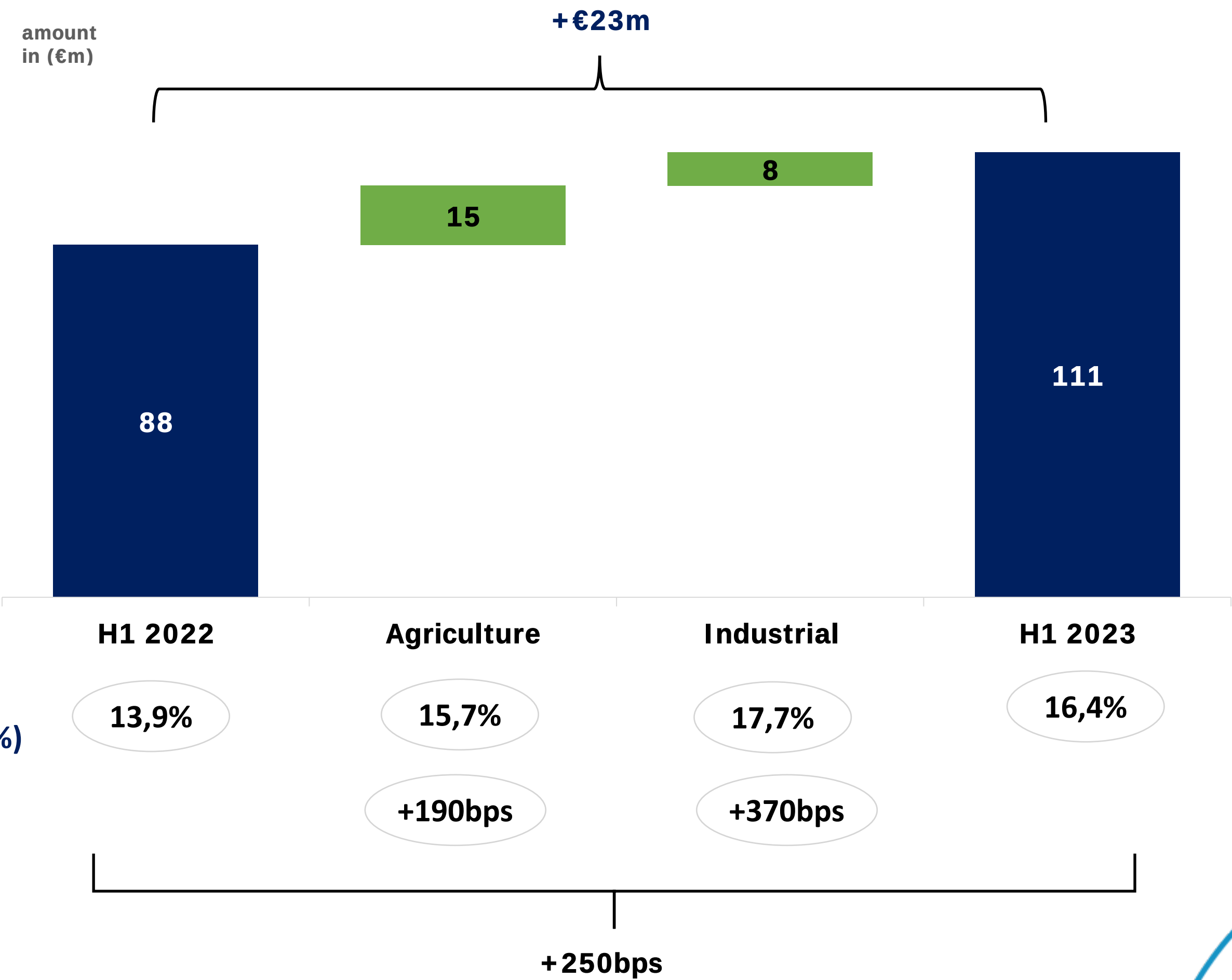
BUSINESS PERFORMANCE

➤ Revenues are stabilizing at H1 2022 record levels

➤ Clear uptrend in place on margin, thanks to the ongoing improvement efficiency of the processes and synergies stand up from integration with WPG



EBITDA BRIDGE BY SECTOR

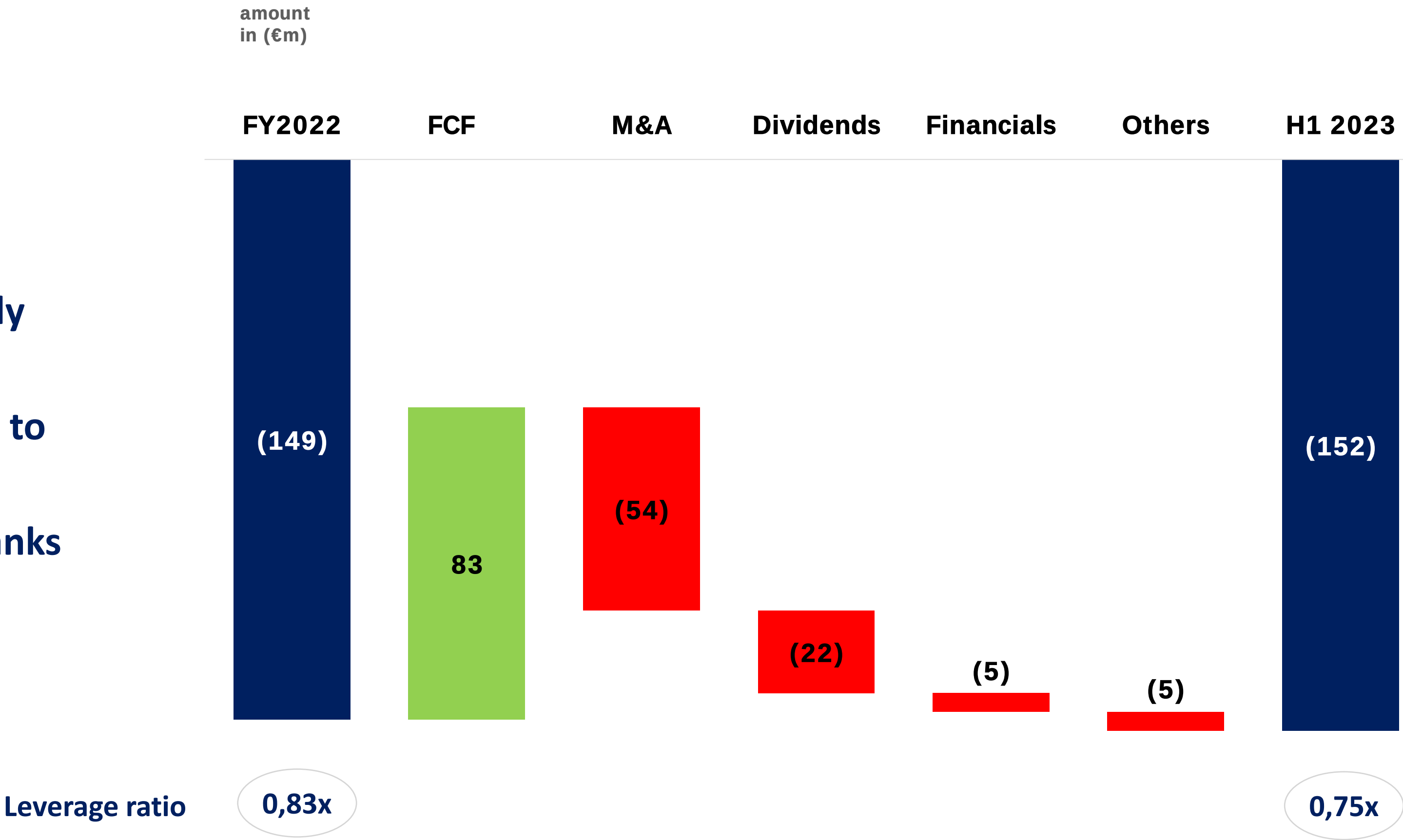


- Solid EBITDA margin increase across the sector
- Industrial benefitted from e-comer higher margin compared to the average of the sector (around 70 bps)



FREE CASH FLOW

- Strong FCF generation paid-off the investment in e-comer as well as the dividends distributed
- NFP was €152m end of H1 2023 nearly unchanged vs. FY 2022
- Debts for Lease contract IFRS16 equal to €53m (€58m FY2022)
- Leverage ratio decreased to 0,75x thanks to higher EBITDA LTM



THANK YOU.

COMER INDUSTRIES 2023



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