

COMPANY UPDATE



ADD

Fair Value: €7.64 (€7.93)

Price: €5.75

Upside: 32.8%

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Market Data:	
Main Shareholders	
BF Capital Srl	61.63%
Hydra SpA	10.40%
Italcodes Srl	2.72%
Mkt Cap (€ mn)	42,226
EV (€ mn)	44,646
Shares out. (mn)	7.3
Free Float	25.0%

Market multiples	2019	2020	2021
EV/EBITDA			
FNL	9.8x	8.2x	6.9x
Comps median	5.9x	7.8x	7.4x
FNL vs Median	66%	6%	-6%
P/E			
FNL	21.4x	18.8x	14.8x
Comps median	17.8x	24.8x	19.3x
FNL vs Median	20%	-24%	-23%

Stock Data:	
52 Wk High (€)	7.30
52 Wk Low (€)	5.05
Avg. Daily Trading 90d	3,028
Price Change 1w (%)	-
Price Change 1m (%)	0.88
Price Change YTD (%)	-8.7

Source: Company data, KT&Partners' estimates

1H2020 "STAF" AND ALLIANCES

€ Million	FY17PF	FY18PF	FY19A	FY20E	FY21E	FY22E	FY23E
Total Revenues	n.a.	29.5	34.6	43.7	47.7	50.6	53.5
EBITDA	3.9	4.2	4.7	5.6	6.7	7.5	8.1
margin	n.a.	14.2%	13.7%	12.8%	14.0%	14.8%	15.2%
Net Profit	n.a.	2.1	2.2	2.4	3.0	3.6	4.0
margin	n.a.	7.1%	6.3%	5.4%	6.3%	7.1%	7.4%
EPS	0.30	0.29	0.28	0.31	0.39	0.46	0.51

Source: Company data, KT&Partners' estimates

1H20 results. In 1H20, FNL showed strong business resilience, confirming double-digit growth of its sales +23.6%YoY, reaching €20.8mn (13.4% lower than our expectations) thanks to the combined effects of: i) the STAF Srl business integration; ii) improved production capacity and efficiency of machines; and iii) expansion of commercial network. Label division, the core business of the company, reached €13.5mn (+41.3%YoY but 18.6% lower than our forecast). The 1H20 EBITDA increased by 12.4%YoY to €2.7mn, while the EBITDA margin reached 12.7%, 100bps below 1H19, as a consequence of a higher incidence of labor costs following the expansion of FNL's workforce. Net income (ex. minorities) stood at €0.75mn (-33% vs 1H19). Finally, net financial position reached €4.7mn (vs 2019 cash position of €1.6mn).

M&A execution. On January 28, 2020, FNL closed the acquisition of STAF Srl (€4.6mn), an Italian company active in the labeling sector since 1994 and mainly serving the packaging industry. FNL also acquired 52% of Socialware Italy Srl (Digital Consulting) for €0.150mn (€0.120mn cash) to internalize company communication.

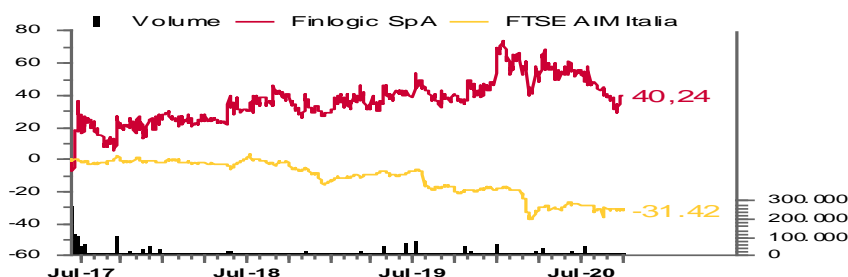
Expanding commercial network. Between June and July 2020, FNL concluded two partnership agreements. In June, it agreed with Epson to produce the first label system compatible with any production chain, while in July it settled a distribution agreement covering Italy and Europe with TCS, which is active within the AUTO-ID sector.

Warrant exercise. On August 7, 2020, FNL carried out a €1.2mn capital increase following the exercise of 2.5mn warrants. After the conversion, BF Capital reduced its ownership from 62.82% to 61.62%, while Hydra reduced from 10.78% to 10.39%.

Revised estimates. We slightly revised revenues downward, which we now expect to grow at a 17.5% CAGR2019-21, reaching €43.7mn in 2020 and €47.7mn in 2021. EBITDA and EBITDA margin in 2020 have been reduced by ca. 19% and 100bps, factoring in the COVID-19 impact. We expect that 2019-20 investments and commercial partnerships will boost revenues and marginality starting from 2021. Net income (ex. minorities) is expected to achieve €2.2mn in FY20 and €2.8mn in FY21 (CAGR19-21 of 20%).

Fair value. Our valuation - based on both the DCF and multiples method - returns an average equity value of €56.1mn or €7.64ps, showing a potential upside of 32.8% on the current market price.

Relative Performance Chart YTD



Finlogic S.p.A. - Key Figures

Current price (€)	Fair Value (€)										Free Float (%)
5.75	7.21										25.00
Per Share Data	2014A	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	
Total shares outstanding (mn)	n.m.	n.m.	n.m.	6.75	6.96	7.08	7.34	7.34	7.34	7.34	
EPS	n.m.	n.m.	n.m.	0.25	0.29	0.28	0.31	0.39	0.46	0.51	
Dividend per share (ord)	n.a.	n.a.	n.a.	0.15	0.14	0.14	0.18	0.23	0.28	0.31	
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	60%	50%	51%	60%	60%	60%	60%	
Profit and Loss (EUR thousand)											
Revenues	13,540	16,083	18,763	22,351	29,546	34,589	43,705	47,730	50,585	53,471	
EBITDA	2,337	2,588	2,939	3,241	4,208	4,735	5,604	6,667	7,474	8,123	
EBIT	1,753	2,002	2,351	2,640	3,049	3,240	3,549	4,479	5,310	5,868	
EBT	1,744	1,988	2,327	2,421	3,006	3,173	3,458	4,389	5,219	5,777	
Taxes	(577)	(649)	(735)	(700)	(916)	(995)	(1,085)	(1,377)	(1,637)	(1,813)	
Tax rate	33%	33%	32%	29%	30%	31%	31%	31%	31%	31%	
Net Income (including minorities)	1,167	1,340	1,592	1,721	2,090	2,178	2,373	3,012	3,582	3,965	
Net Income attributable to the Group	1,167	1,338	1,580	1,670	2,012	1,969	2,243	2,846	3,385	3,747	
Balance Sheet (EUR thousand)											
Total fixed assets	1,689	2,102	2,043	2,265	4,328	7,069	10,364	8,877	7,412	5,857	
Net Working Capital (NWC)	2,281	3,566	4,638	6,133	8,154	8,514	11,655	12,463	13,119	13,654	
Provisions	(534)	(626)	(838)	(890)	(1,304)	(1,510)	(2,043)	(2,612)	(3,200)	(3,806)	
Total Net capital employed	3,437	5,042	5,844	7,508	11,178	14,072	19,976	18,728	17,331	15,705	
Net financial position (NFP)	(1,221)	(853)	(536)	(4,316)	(2,741)	(1,569)	1,718	(1,195)	(4,466)	(8,026)	
Group Shareholder's Equity	4,645	5,880	6,334	11,727	13,561	15,069	17,555	19,055	20,732	22,448	
Minorities	13	15	47	98	359	571	702	867	1,064	1,282	
Total Shareholder's Equity	4,658	5,895	6,380	11,824	13,920	15,640	18,257	19,923	21,797	23,731	
Cash Flow (EUR thousand)											
Net operating cash flow	n.a.	1,946	2,184	2,460	3,326	3,748	4,490	5,261	5,808	6,282	
Change in NWC	n.a.	(1,285)	(1,072)	(1,495)	(2,021)	(360)	(1,209)	(809)	(655)	(535)	
Capital expenditure	n.a.	(560)	(161)	(380)	(689)	(2,704)	(2,632)	(700)	(700)	(700)	
Investments in intangible assets	n.a.	(396)	(346)	(485)	(2,399)	(812)	(3,250)	-	-	-	
Other cash items/Uses of funds	n.a.	49	189	42	279	44	533	568	588	606	
Free cash flow	n.a.	(246)	794	143	(1,504)	(85)	(2,068)	4,321	5,041	5,653	
Enterprise Value (EUR thousand)											
Market Cap	n.a.	n.a.	n.a.	32,739	36,575	39,990	42,226	42,226	42,226	42,226	
Minorities	13	15	47	98	359	571	702	867	1,064	1,282	
Net financial position	(1,221)	(853)	(536)	(4,316)	(2,741)	(1,569)	1,718	(1,195)	(4,466)	(8,026)	
Enterprise value	n.a.	n.a.	n.a.	28,521	34,193	38,992	44,646	41,898	38,824	35,482	
Ratios (%)											
EBITDA margin	17.3%	16.1%	15.7%	14.5%	14.2%	13.7%	12.8%	14.0%	14.8%	15.2%	
EBIT margin	12.9%	12.4%	12.5%	11.0%	10.3%	9.4%	8.1%	9.4%	10.5%	11.0%	
Gearing - Debt/equity	-26.3%	-14.5%	-8.5%	-36.8%	-20.2%	-10.4%	9.8%	-6.3%	-21.5%	-35.8%	
Interest cover on EBIT	0.5%	0.7%	1.0%	1.7%	1.4%	2.1%	2.6%	2.0%	1.7%	1.5%	
NFP/EBITDA	-52.2%	-32.9%	-18.2%	-133.2%	-65.1%	-33.1%	30.7%	-17.9%	-59.8%	-98.8%	
ROCE	51.0%	39.7%	40.2%	35.2%	27.3%	23.0%	17.8%	23.9%	30.6%	37.4%	
ROE	25.1%	22.8%	25.0%	14.2%	14.8%	13.1%	12.8%	14.9%	16.3%	16.7%	
EV/Sales	n.m.	n.m.	n.m.	2.07	1.56	1.34	1.06	0.97	0.91	0.86	
EV/EBITDA	n.m.	n.m.	n.m.	14.26	10.98	9.76	8.25	6.93	6.18	5.69	
P/E	n.m.	n.m.	n.m.	23.95	20.99	21.44	18.83	14.84	12.48	11.27	
Free cash flow yield	n.m.	n.m.	n.m.	0.4%	-4.1%	-0.2%	-4.9%	10.2%	11.9%	13.4%	
Growth Rates (%)											
Sales	n.a.	18.8%	16.7%	19.1%	32.2%	17.1%	26.4%	9.2%	6.0%	5.7%	
EBITDA	n.a.	10.7%	13.5%	10.3%	29.8%	9.2%	12.5%	18.4%	19.0%	12.1%	
EBIT	n.a.	14.2%	17.4%	4.9%	23.7%	6.3%	9.5%	26.2%	18.5%	10.5%	
Net Income	n.a.	14.7%	18.1%	5.7%	20.5%	-2.1%	13.9%	26.9%	18.9%	10.7%	

1H20 Results Summary

In 1H20, FNL grew by 23.6%YoY with sales reaching ca. €20.8m (lower than our estimates by 13.4%), thus pursuing its ongoing double-digit growth. The 1H20 performance is the result of the combined effects of: i) the M&A of STAF Srl; ii) additional production capacity and investments aimed at improving the efficiency of machines; and iii) the expansion of the commercial network.

The main contribution to sales growth came from the Company's core business, the Label segment, which amounted to €13.5mn (+41.3%YoY), accounting for ca. 65% of sales. The Technological products segment remained unchanged with €6.7mn (-0.1%YoY and 0.6% lower than our estimates), reaching €0.52mn. However, technical support grew by 1.4%.

The 1H20 EBITDA increased by 12.4%YoY to €2.7mn, lower than our estimates by 16.7%. The EBITDA margin reached 12.7% and it was 50bps lower respect to our estimates (-100bps vs 1H2019). EBITDA has been affected by a higher incidence of labor and services costs following FNL investment in the workforce and expansion of the commercial network.

The 1H20 net income decreased by 30% to €0.8mn, lower than our expectations by 37%. Excluding minorities, net income was €0.7mn.

Finally, net financial position reached €4.7mn from a net cash position of €1.6mn at the end of 2019, after closing the acquisition of STAF Srl for €4.6mn, other structural investments and the accounting effect of IFRS16.

Finlogic 1H20 Results

€ thousand	1H16A	1H17A	1H18A	1H19A	1H20A	YoY growth	1H20E	A vs E
Labels	6,507	7,153	8,288	9,593	13,555	41.3%	16,652	-18.6%
Technological products	2,236	3,507	5,363	6,706	6,698	-0.1%	6,736	-0.6%
Technical Support	167	140	272	517	524	1.4%	594	-11.8%
Sales	8,911	10,799	13,923	16,816	20,777	23.6%	23,982	-13.4%
Growth %		21.2%	28.9%	20.8%	23.6%		15.4%	
Other revenues	369	427	523	520	556	6.9%	961	-42.1%
Changes in stocks of semi-finished and finished goods	58	86	5	101	(32)	-131.7%	(400)	-92.0%
Internally generated fixed assets				45	88	n.m.	0	
Total Revenues	9,338	11,312	14,452	17,481	21,388	22.3%	24,542	-12.9%
Growth %		21.1%	27.8%	21.0%	22.3%		14.7%	
Cost of Goods Sold	(5,026)	(6,427)	(8,587)	(9,780)	(12,684)	29.7%	(14,007)	-9.4%
Gross Profit	4,312	4,885	5,865	7,701	8,704	13.0%	10,535	-17.4%
Gross Margin		43.2%	40.6%	44.1%	40.7%	-3.4%	42.9%	-2.2%
Labour Cost	(1,425)	(1,758)	(2,060)	(2,712)	(3,526)	30.0%	(3,989)	-11.6%
Services	(1,050)	(1,184)	(1,653)	(2,050)	(2,638)	28.7%	(2,811)	-6.2%
Other Operating Costs	(263)	(168)	(70)	(533)	165	-131.0%	(485)	-134.1%
EBITDA	1,575	1,775	2,082	2,407	2,706	12.4%	3,250	-16.7%
EBITDA margin	16.9%	15.7%	14.4%	13.8%	12.7%	-1.1%	13.2%	-0.6%
Growth %		12.7%	17.3%	15.6%	12.4%		20.1%	
D&A	(282)	(392)	(558)	(630)	(1,227)	94.8%	(1,002)	22.5%
EBIT	1,293	1,383	1,524	1,777	1,479	-16.8%	2,248	-34.2%
EBIT margin	13.8%	12.2%	10.5%	10.2%	6.9%	-3.3%	9.2%	-2.2%
Growth %		7.0%	10.2%	16.6%	-16.8%		52.0%	
Financial Income and Expenses	(6)	(24)	(24)	(23)	(93)	304.3%	(34)	169.7%
Extraordinary items	0	0	0	0	0		0	
EBT	1,287	1,359	1,500	1,754	1,386	-21.0%	2,214	-37.4%
Taxes	(467)	(419)	(487)	(540)	(536)	-0.7%	(863)	-37.9%
Net Income	820	941	1,014	1,214	850	-30.0%	1,351	-37.1%
Net margin	8.8%	8.3%	7.0%	6.9%	4.0%	-3.0%	5.5%	-1.5%
Growth %		14.8%	7.8%	19.7%	-30.0%		58.9%	
Minorities	16	19	22	91	102	12.1%	78	30.8%
Net Income attributable to the Group	804	921	991	1,124	749	-33.4%	1,273	-41.2%
Group Net margin	8.6%	8.1%	6.9%	6.4%	3.5%	-2.9%	5.2%	-1.7%
Growth %		14.6%	7.6%	13.4%	-33.4%		69.9%	

Source: Company data and KT&Partners' elaborations

Estimates Revision

On January 28, 2020, FNL acquired STAF Srl for €4.6mn, consolidating its leadership in the labeling market. While later, between June and July, in order to expand its network, it concluded two partnership agreements with Epson to develop the first automatic label printing system that can be integrate with any production chain and with TCS Auto ID Technology to distribute TCS products in Italy and Europe.

However, with the global economy shrinking due to COVID-19 and a lower outlook on industrial production, we revised our 2020-21 total revenue forecast - which we now expect to grow slightly slower than our previous projections, with a CAGR over the three-year period 2019-21 of 17.5% - thanks to:

- i) the growth of the labeling division after the STAF Srl integration;
- ii) the additional production capacity;
- iii) the expansion of the commercial network.

FY20 EBITDA is expected to reduce by ca. 19% to €5.6mn and EBITDA margin by 100bps to 12.8%, respectively, as a consequence of the lower level of business. We expect that 2019-20 investments and partnerships agreements to expand the commercial network will support the Company's revenues starting from 2021 and positively impact FNL's profitability. We now expect net income (excluding minorities) to reach €2.2mn by 2020 and €2.8mn in 2021.

The key points of our forecast are as follow:

- FY20E revenues at €43.7mn, reaching €47.7 mn in FY21E (17.5% CAGR FY19A-FY21);
- FY20E EBITDA at €5.6mn, reaching €6.7mn in FY21E (18.7% CAGR FY19E-FY21);
- FY20E Group net income at €2.2mn, reaching €2.8mn in FY21E (20.2% CAGR FY19E-FY21).

Finlogic Estimates Revisions

€ thousand	2019A	2020E		Change	2021E		Change	CAGR 2019-'21
		Old	New		Old	New		
Total Revenues	34,589	49,968	43,705	-12.5%	54,729	47,730	-12.8%	17.5%
YoY Change (%)		44.5%	26.4%		9.5%	9.2%		
EBITDA	4,735	6,936	5,604	-19.2%	8,214	6,667	-18.8%	18.7%
EBITDA Margin (%)	13.7%	13.9%	12.8%		15.0%	14.0%		
EBIT	3,240	4,881	3,549	-27.3%	6,027	4,479	-25.7%	17.6%
EBIT Margin (%)	9.4%	9.8%	8.1%		11.0%	9.4%		
Group Net Income	1,969	3,106	2,243	-27.8%	3,849	2,846	-26.1%	20.2%
YoY Change (%)		57.7%	13.9%		23.9%	26.9%		
Net Debt (Cash)	(1,569)	3,630	1,718	-53%	248	(1,195)	-582%	

Source: Company data, KT&Partners' elaborations

Valuation

Based on our estimates, we have carried out our valuation on a multiples and DCF analysis basis and have taken the average price provided by these two models. This has led to a fair value of €7.64 per share.

Our fair value takes the average of the following methods:

- EV/EBITDA and P/E multiple, with a 10% liquidity discount, which returns a value of €5.99 per share.
- DCF analysis, based on WACC of 8.6% and 1.5% perpetual growth, returns a value of €8.74 per share.

Market Multiples Valuation

Following the comparables analysis, we proceeded with the definition of market multiples of the peer group, focusing on data for the three-year period 2020-22.

Peer Group Valuation Table - 2020-22 Multiples

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
AstroNova, Inc.	NASDAQ	46	0.70x	0.65x	n.a.	7.77x	6.78x	n.a.	37.88x	19.91x	n.a.	58.08x	24.35x	n.a.
Avery Dennison Corporation	NYSE	9,194	1.89x	1.80x	1.72x	13.24x	12.39x	11.51x	16.60x	15.35x	14.09x	21.30x	19.30x	17.05x
Datalogic S.p.A.	Milan	704	1.45x	1.30x	1.20x	16.17x	8.99x	7.88x	42.18x	13.75x	11.41x	66.86x	18.54x	14.63x
Fuji Seal International, Inc.	Tokyo	1,016	0.77x	0.75x	0.72x	5.85x	5.90x	5.72x	10.37x	9.56x	8.83x	14.24x	12.54x	11.61x
Lintec Corporation	Tokyo	1,504	0.60x	0.58x	0.56x	5.38x	4.96x	4.68x	9.46x	8.00x	7.13x	15.93x	13.46x	12.03x
Sato Holdings Corporation	Tokyo	644	0.72x	0.68x	0.66x	n.a.	n.a.	n.a.	19.14x	13.38x	11.28x	41.54x	23.33x	19.58x
ScanSource, Inc.	NASDAQ	460	0.25x	0.26x	0.25x	7.81x	7.92x	6.38x	9.91x	9.70x	7.88x	10.59x	11.18x	8.15x
Seiko Epson Corp.	Tokyo	3,852	0.53x	0.51x	0.50x	5.72x	5.25x	5.19x	25.20x	15.86x	12.90x	54.71x	21.26x	17.50x
Zebra Technologies Corporation Class A	NASDAQ	12,543	3.82x	3.45x	3.31x	19.80x	16.10x	14.96x	21.91x	17.58x	16.93x	24.78x	19.81x	17.83x
Average peer group		3,329	1.19x	1.11x	1.12x	10.22x	8.54x	8.05x	21.40x	13.68x	11.31x	34.23x	18.20x	14.80x
Median peer group		1,016	0.72x	0.68x	0.69x	7.79x	7.35x	6.38x	19.14x	13.75x	11.35x	24.78x	19.30x	15.84x

Source: FactSet data and KT&Partners' estimates

We based our evaluation upon 2020, 2021 and 2022 median EV/EBITDA and P/E multiples and our estimates of Finlogic's EBITDA and net income for 2020, 2021 and 2022. Additionally, considering the existing differences in terms of liquidity between Finlogic and its comparables, we applied a 10% liquidity discount on the median multiples.

Multiple Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E	Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBITDA multiple comparison	7.79	7.35	6.38	P/E multiple comparison	24.78	19.30	15.84
Peer Group EV/EBITDA netted from 10% liquidity discount	7.01	6.62	5.74	Peer Group P/E netted from 10% liquidity discount	22.30	17.37	14.25
Finlogic EBITDA	5.60	6.67	7.47	Finlogic earnings	2.24	2.85	3.38
Enterprise value	39.28	44.10	42.90	Equity Value	50.02	49.44	48.25
1H20E NFP*	3.42	3.42	3.42	Number of shares (mn)	7.34	7.34	7.34
Equity Value	35.86	40.69	39.48	Value per share	6.81	6.73	6.57
Number of shares (mn)	7.34	7.34	7.34	Fair Value (Avg) - € ps	6.70		
Value per share	4.88	5.54	5.38				
Fair Value - € ps	5.27						

*Note: 1H20 NFP was adjusted by the €1.242mn capital increase related to the warrant conversion.

Source: FactSet data and KT&Partners' estimates

DCF Model

We also conducted our valuation using a four-year DCF model based on 10% cost of equity, 3.0% cost of debt and a target capital structure with 17% of debt, in line with the average D/E ratios observed for listed companies operating in similar sectors.¹ We, therefore, obtained 8.6% WACC.²

By discounting 2019E-22E annual cash flows and considering a terminal growth rate of 1.5%, we derive a fair value of €8.74p.s.

Cash Flow Estimates

€ million	2020E	2021E	2022E	2023E
EBIT	3.55	4.48	5.31	5.87
Taxes	-1.11	-1.41	-1.67	-1.84
D&A	2.05	2.19	2.16	2.26
Change in Net Working Capital	-1.21	-0.81	-0.66	-0.54
Net Operating Cash Flow	3.28	4.45	5.15	5.75
Capex	-1.48	-0.70	-0.70	-0.70
FCFO	1.80	3.75	4.45	5.05
g	1.5%			
Wacc	8.6%			
FCFO (discounted)	1.77	3.39	3.70	3.86
Discounted Cumulated FCFO	12.72			
TV				71.72
TV (discounted)	54.88			
Enterprise Value	67.60			
1H20 NFP*	3.4			
Equity Value	64.19			
Current number of shares	7.34			
Value per share (€)	8.74			

*Note: 1H20 NFP was adjusted by the €1.242mn capital increase related to the warrant conversion.
Source: FactSet data and KT&Partners' estimates

¹ Source: Damodaran's website.

² Further inputs include: (i) 0.97 beta; (ii) 0.75% risk-free rate; (iii) 5.4% market risk premium; and (iv) 3.0% premium for size.

APPENDIX

Peer Comparison

We built a nine-company sample, which includes:

1. **AstroNova Inc.**, listed on NASDAQ, with a market capitalization of €48mn, is a global leader in developing and applying data visualization technologies in products serving industrial, packaging, aerospace and defense markets. In particular, through one of its business lines, AstroNova provides labeling solutions ranging from tabletop label printers to industrial label presses. During FY19, the company had \$137mn revenues, 63.5% of which came from the product identification business segment;
2. **Avery Dennison Corp.**, listed on the NYSE, with a market capitalization of €8.5bn, engages in the provision of labeling and packaging products and solutions for several industries, ranging from consumer-packaged goods to medical and healthcare, from automotive to apparel. During FY19, the company recorded \$7.0bn revenues, \$4.7bn of which came from the labeling and graphic business unit (67%);
3. **Datalogic SpA**, listed on the Milan Stock Exchange, with a market capitalization of €0.7bn, is a global technology leader in the Automatic Data Capture and process automation markets, specialized in the designing, production and distribution of barcode readers, mobile computers, scanners, RFID systems etc. In particular, Datalogic offers its solutions to the retail, manufacturing, healthcare and transportation industries. During FY18, Datalogic reported revenues of €613mn;
4. **Fuji Seal International Inc.**, listed on the Tokyo Stock Exchange, with a market capitalization of €1bn, engages in the development and sale of packaging solutions, offering shrink sleeve labels, self-adhesive labels, spouted pouches and packaging machinery. The company reported ¥162bn revenues during FY18, with self-adhesive labels accounting for 15.3%, shrink labels accounting for 55.9% and other labels accounting for 0.96%;
5. **Lintec Corp.**, listed on the Tokyo Stock Exchange, with a market capitalization of €1.5bn, develops and sells pressure-sensitive materials, specialty paper products and films. In particular, through its “printing and variable information-related products”, it offers adhesive papers and films for seal and labels, barcode label supplies and digital label printing machines. Lintec Corp. reported ¥251bn revenues during FY19, ca. 49.0% of which came from the “printing and variable industrial materials products”;
6. **Sato Holdings Corp.**, listed on the Tokyo Stock Exchange, with a market capitalization of €0.6bn, is a global provider of automation identification and data capture solutions, which leverage on barcodes, QR codes, and RFID technologies. During FY18, the company reported ¥116.2bn sales;
7. **ScanSource, Inc.**, listed on NASDAQ, with a market capitalization of €0.4bn, is a global leader in offering automatic identification and data capture technologies, providing barcode scanners, digital printers and selling technology products such as Epson, Honeywell, Toshiba and Zebra products. During FY18, ScanSource, Inc. reported \$3.8bn net sales, with a

68% contribution coming from the barcode, networking and security business unit;

8. **Seiko Epson Corp.**, listed on the Tokyo Stock Exchange, with a market capitalization of €4bn, engages in the development, production and sale of technology products through three segments: printing solutions, visual communications and wearable products and industrial solutions. Specifically, the printing solution segment offers, among others, inkjet printers, scanners and label printers. During FY19, Seiko Epson Corp. recorded ¥1,080bn sales, of which ¥723bn came from the printing solutions segment (6%);
9. **Zebra Technologies Corp.**, listed on NASDAQ, with a market capitalization of €11.8bn, is a global leader in the automatic identification and data capture market, designing, manufacturing and selling a broad range of products, including barcode scanners, RFID readers, printers for barcode labeling identification, and self-adhesive labels. During FY19, the company generated \$4.5bn revenues.

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IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE

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