

## 1H21 Results: Business Solidity Confirmed

ADD | Fair Value: €8.35 (€7.73) | Current Price: €6.30 | Upside: 32.6%

€ Million	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Value of Production	22.4	29.5	34.6	45.3	51.2	56.0	61.1
EBITDA	3.3	4.2	4.7	6.6	7.6	8.5	9.5
margin	14.7%	14.2%	13.7%	14.6%	14.9%	15.2%	15.6%
Net Profit	1.7	2.0	2.0	2.6	3.1	3.6	4.2
margin	7.5%	6.8%	5.7%	5.7%	6.1%	6.5%	6.8%
EPS	0.25	0.29	0.28	0.35	0.43	0.49	0.57

Source: Company data, KT&Partners' elaboration

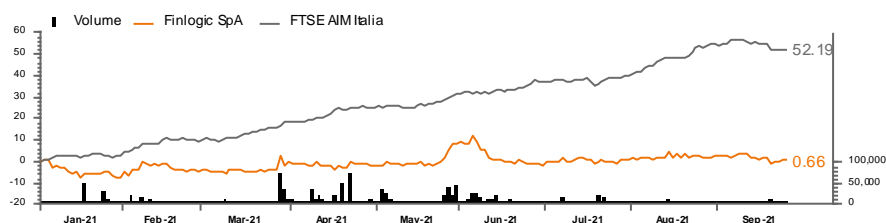
**1H21 financial results kept growing at double-digit pace.** 1H21 was another semester of sounds results for FNL, which recorded a double-digit growth of its top line and margins. 1H21 revenues soared to €25.3mn (+21.7%YoY and +6.6% above our estimates). The major contribution still was generated by the Label division – FNL's core business – which came in fully in line with our expectations at €16mn (+17.9% YoY). The Technological Product division recorded the highest growth of +28.9% YoY, while the Technical Support division grew by +26.7% YoY, although its contribution to sales revenues is still low (€0.7mn). EBITDA increased at the higher pace of +51.4% YoY, reaching €4.1mn. EBITDA margin improved by +3.1pp compared to 1H20, reaching 15.8% (+2.4pp above our estimates), mainly thanks to gross margin improvement and lower incidence of labor and services costs. Finally, FNL's net income after minorities more than doubled compared with 1H20, reaching €1.6mn, and NFP improved by €0.9mn, going from €2.9mn in FY20 to €2mn in 1H21.

**Building an in-house software division.** On September 24<sup>th</sup>, 2021, FNL announced that it has signed a binding agreement for the acquisition of the remaining 49% stake in Mobile Project Srl – engaged in software development in the automatic identification segment – by 1Q22. The aim is to build an in-house software division to broaden the company's offering with tailored Warehouse Management Systems, which combine software with automatic identification and labeling solutions. The deal consideration will be based on an EV/EBITDA multiple of 3.5x net of the NFP calculated at the date of the closing (in any case not higher than FY20).

**Estimates review.** On the back of 1H21's sound financial results, we revised upwards our estimates. We now expect value of production to grow at a CAGR2020–23 of 10.5%, amounting to €61.1mn in 2023, mainly driven by the Label division (+12.7% CAGR20–23), which is expected to account for ca. 70% (€44.4mn) of FY23 revenues. We anticipate EBITDA to increase at a higher pace than revenues, growing at a CAGR2020–23 of 13.0%, and reaching €9.5mn in 2023. As a result, we expect EBITDA margin to progressively improve, mainly thanks to cost synergies, achieving 15.6% in 2023. Finally, we foresee net income to grow at a +17.1% CAGR20–23 and FY21 net financial position to reach €1.0mn, turning positive in 2022.

**Valuation.** Our valuation – based on both the DCF and multiples method – returns an average equity value of €61.3mn or €8.35ps, +32.6% on the current market price and +8% compared to our latest update.

### Relative Performance Chart YTD



## Research Update

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### Market Data

Main Shareholders	
BF Capital Srl	61.6%
Hydra SpA	10.4%
Italcodes Srl	2.7%
Mkt Cap (€ mn)	46
EV (€ mn)	49
Shares out. (mn)	7.3
Free Float	25.3%

Market multiples	2020	2021	2022
EV/EBITDA			
FNL	7.6x	6.6x	5.9x
Comps median	9.4x	7.2x	7.6x
FNL vs Median	-20%	-9%	-23%
P/E			
FNL	17.9x	14.8x	12.7x
Comps median	28.2x	15.2x	16.7x
FNL vs Median	-36%	-2%	-24%

### Stock Data:

52 Wk High (€)	6.90
52 Wk Low (€)	5.00
Avg. Daily Trading 90d	3,865
Price Change 1w (%)	1.61
Price Change 1m (%)	0.64
Price Change YTD (%)	2.4

## Key Figures – Finlogic S.p.A.

	Current price (€)	Fair Value (€)							Free Float (%)
	6.30	8.35							25.30
Per Share Data	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	
Total shares outstanding (mn)	6.75	6.96	7.08	7.34	7.34	7.34	7.34	7.34	
EPS	0.25	0.29	0.28	0.35	0.43	0.49	0.57	0.69	
Dividend per share (ord)	0.15	0.14	0.14	0.20	0.20	0.30	0.34	0.42	
Dividend pay out ratio (%)	60%	50%	51%	57%	48%	60%	60%	60%	
<b>Profit and Loss (EUR million)</b>									
Revenues	21.4	28.4	33.0	43.4	49.7	54.4	59.3	64.5	
EBITDA	3.2	4.2	4.7	6.6	7.6	8.5	9.5	10.6	
EBIT	2.6	3.0	3.2	3.9	5.0	5.7	6.5	7.9	
EBT	2.4	3.0	3.2	3.7	4.7	5.4	6.2	7.6	
Taxes	(0.7)	(0.9)	(1.0)	(1.0)	(1.3)	(1.6)	(1.8)	(2.2)	
Tax rate	29%	30%	31%	26%	29%	29%	29%	29%	
Net Income (including minorities)	1.7	2.1	2.2	2.8	3.3	3.8	4.4	5.4	
Net Income attributable to the Group	1.7	2.0	2.0	2.6	3.1	3.6	4.2	5.1	
<b>Balance Sheet (EUR million)</b>									
Total fixed assets	2.3	4.3	7.1	15.4	14.0	12.6	10.7	9.1	
Net Working Capital (NWC)	6.1	8.2	8.5	12.6	14.3	15.4	16.5	18.1	
Provisions	(0.9)	(1.3)	(1.5)	(2.7)	(3.0)	(3.4)	(3.8)	(4.2)	
Total Net capital employed	7.5	11.2	14.1	25.3	25.3	24.6	23.4	23.1	
Net financial position (NFP)	(4.3)	(2.7)	(1.6)	2.9	1.0	(2.0)	(5.4)	(8.7)	
Group Shareholder's Equity	11.7	13.6	15.1	21.7	23.3	25.5	27.5	30.1	
Minorities	0.1	0.4	0.6	0.8	1.0	1.2	1.4	1.7	
Total Shareholder's Equity	11.8	13.9	15.6	22.5	24.3	26.6	28.9	31.7	
<b>Cash Flow (EUR million)</b>									
Net operating cash flow	2.5	3.3	3.7	5.4	6.3	6.9	7.6	8.3	
Change in NWC	(1.5)	(2.0)	(0.4)	(4.1)	(1.7)	(1.1)	(1.1)	(1.6)	
Capital expenditure	(0.4)	(0.7)	(3.3)	(7.0)	(1.0)	(1.0)	(0.9)	(0.9)	
Investments in intangible assets	(0.5)	(2.4)	(0.8)	(3.9)	(0.2)	(0.4)	(0.2)	(0.2)	
Other cash items/Uses of funds	0.0	0.3	0.0	1.0	0.3	0.3	0.4	0.4	
Free cash flow	0.1	(1.5)	(0.6)	(8.6)	3.7	4.8	5.8	6.0	
<b>Enterprise Value (EUR million)</b>									
Market Cap	32.7	36.6	40.2	44.1	46.3	46.3	46.3	46.3	
Minorities	0.1	0.4	0.6	0.8	1.0	1.2	1.4	1.7	
Net financial position	(4.3)	(2.7)	(1.6)	2.9	1.0	(2.0)	(5.4)	(8.7)	
Enterprise value	28.5	34.2	39.2	47.7	48.2	45.4	42.2	39.3	
<b>Ratios (%)</b>									
EBITDA margin	14.5%	14.2%	13.7%	14.6%	14.9%	15.2%	15.6%	15.9%	
EBIT margin	11.0%	10.3%	9.4%	8.6%	9.8%	10.2%	10.7%	11.9%	
Gearing - Debt/equity	-36.8%	-20.2%	-10.4%	13.2%	4.2%	-8.0%	-19.7%	-28.8%	
Interest cover on EBIT	1.7%	1.4%	2.1%	4.3%	6.9%	5.8%	4.9%	3.8%	
NFP/EBITDA	-133.2%	-65.1%	-33.1%	43.3%	12.9%	-23.9%	-57.0%	-81.8%	
ROCE	35.2%	27.3%	23.0%	15.4%	19.8%	23.3%	27.9%	34.1%	
ROE	14.2%	14.8%	13.1%	11.9%	13.4%	14.2%	15.2%	16.9%	
EV/Sales	2.33	1.76	1.51	1.15	1.00	0.92	0.84	0.77	
EV/EBITDA	15.40	11.86	10.54	7.55	6.56	5.85	5.24	4.71	
P/E	27.70	23.00	23.49	17.93	14.81	12.75	11.06	9.08	
Free cash flow yield	0.4%	-4.1%	-1.6%	-19.5%	8.1%	10.3%	12.5%	12.9%	
<b>Growth Rates (%)</b>									
Sales	19.1%	32.2%	17.1%	30.8%	13.1%	9.4%	9.1%	8.7%	
EBITDA	10.3%	29.8%	9.2%	12.5%	39.6%	15.1%	12.1%	11.6%	
EBIT	4.9%	23.7%	6.3%	20.6%	28.0%	14.6%	14.1%	20.5%	
Net Income	5.7%	20.5%	-2.1%	31.0%	21.1%	16.2%	15.2%	21.8%	

Source: Company data, KT&amp;Partners' elaboration

## 1H21 Financial Results

In 1H21 FNL kept pursuing its growth path, recording a double-digit increase in revenues and margins. Revenues soared by +21.7% YoY to €25.3mn (+6.6% above our estimates) thanks to the positive performance recorded by all business lines. The Technological Product division recorded the highest growth of +28.9% YoY, reaching €8.6mn and exceeding our estimates by +23.0%. The Label division – the group's core business, accounting for 63% of total sales – came in at €16.0mn (+17.9% YoY and fully in line with our expectations). FNL keeps consolidating its positioning within the label industry, also leveraging on strengthened production capacity in its main plant in Acquaviva delle Fonti. Finally, the Technical Support division grew by +26.7% YoY to €0.7mn, although its contribution to sales revenues is still low.

EBITDA increased at a higher pace than revenues (+51.4% YoY), reaching €4.1mn (+25.5% above our expectations). EBITDA margin amounted to 15.8%, recording a remarkable +3.1pp compared to 1H20 and +2.4pp above our expectations. Profitability improvement was mainly the result of: i) gross margin improvement from 40.7% in 1H20 to 44.5% in 1H21; and ii) lower incidence of labor and services costs.

A strong performance was also recorded at the bottom-line level as FNL's net income after minorities more than doubled compared with 1H20, achieving €1.6mn.

Finally, NFP went from €2.9mn in FY20 to €2mn, benefitting from higher profitability and better management of NWC.

### 1H21 Income Statement

€ million	1H19A	1H20A	1H21A	YoY growth	1H21E	A vs E
Labels	9.6	13.6	16.0	17.9%	16.0	-0.2%
Technological products	6.7	6.7	8.6	28.9%	7.0	23.0%
Technical Support	0.5	0.5	0.7	26.7%	0.7	-4.3%
<b>Sales</b>	<b>16.8</b>	<b>20.8</b>	<b>25.3</b>	<b>21.7%</b>	<b>23.7</b>	<b>6.6%</b>
Growth %	20.8%	23.6%	21.7%		14.2%	
Other revenues	0.5	0.6	0.6	7.9%	0.6	2.4%
Changes in stocks of semi-finished and finished goods	0.1	(0.0)	(0.0)	-18.8%	0.0	
Internally generated fixed assets	0.0	0.1	0.1	-12.5%	0.0	
<b>Value of Production</b>	<b>17.5</b>	<b>21.4</b>	<b>25.9</b>	<b>21.2%</b>	<b>24.3</b>	<b>6.5%</b>
Growth %	21.0%	22.3%	21.2%		13.8%	
Cost of Goods Sold	(9.8)	(12.7)	(14.4)	13.5%	(13.8)	4.7%
<b>Gross Profit</b>	<b>7.7</b>	<b>8.7</b>	<b>11.5</b>	<b>32.6%</b>	<b>10.6</b>	<b>8.9%</b>
Gross Margin	44.1%	40.7%	44.5%	3.8%	43.5%	1.0%
Labour Cost	(2.7)	(3.5)	(4.0)	14.2%	(3.9)	3.5%
Services	(2.1)	(2.6)	(3.0)	15.5%	(2.9)	5.9%
Other Operating Costs	(0.5)	0.2	(0.4)	-324.2%	(0.6)	-34.4%
<b>EBITDA</b>	<b>2.4</b>	<b>2.7</b>	<b>4.1</b>	<b>51.4%</b>	<b>3.3</b>	<b>25.5%</b>
EBITDA margin	13.8%	12.7%	15.8%	3.1%	13.4%	2.4%
D&A	(0.6)	(1.2)	(1.5)	19.9%	(1.3)	17.4%
<b>EBIT</b>	<b>1.8</b>	<b>1.5</b>	<b>2.6</b>	<b>77.6%</b>	<b>2.0</b>	<b>30.6%</b>
EBIT margin	10.2%	6.9%	10.1%	-3.3%	8.3%	1.9%
Financial Income and Expenses	(0.0)	(0.1)	(0.1)	-15.1%	(0.1)	-43.4%
Extraordinary items						
<b>EBT</b>	<b>1.8</b>	<b>1.4</b>	<b>2.5</b>	<b>83.8%</b>	<b>1.9</b>	<b>36.1%</b>
Taxes	(0.5)	(0.5)	(0.9)	60.3%	(0.7)	31.2%
<b>Net Income</b>	<b>1.2</b>	<b>0.9</b>	<b>1.7</b>	<b>98.6%</b>	<b>1.2</b>	<b>38.7%</b>
Net margin	6.9%	4.0%	6.5%	2.5%	5.0%	1.5%
Minorities	0.1	0.1	0.1	29.4%	0.1	88.4%
<b>Net Income attributable to the Group</b>	<b>1.1</b>	<b>0.7</b>	<b>1.6</b>	<b>107.3%</b>	<b>1.1</b>	<b>35.4%</b>
Group Net margin	6.4%	3.5%	6.0%	2.5%	4.7%	1.3%

Source: Company data

## Change in Estimates

On the back of 1H21's sound financial results, we revised upwards our top-line estimates over the 2021–23 period to factor in the higher contribution from the technological division. We now expect value of production to grow at a CAGR20–23 of 10.5%, amounting to €61.1mn in 2023. We anticipate the Label division growing at a CAGR20–23 of 12.7%, increasing its weight on revenues to ca. 70% (€39.8mn) in 2023, thanks to increased production capacity as a result of investments carried out over the last two years. Technological Products and Technical Support are expected to grow at a CAGR20–23 of +8% and +6.2%, respectively.

Following our top-line revision, we now expect EBITDA to go from €7.6mn in 2021 to €9.5mn in 2023, increasing at a higher pace than revenues (+13.0% CAGR20–23). We also anticipate EBITDA margin to progressively improve from 14.9% in 2021 to 15.6% in 2023, thanks to gross margin improvement and operational cost synergies.

Looking at the bottom line, we foresee FY21 net income to be €3.1mn, gradually increasing at a CAGR20–23 of 17.5% and reaching €4.2mn in 2023. We point out that for FY22 onward we no longer consider the impact on minorities from Mobile Project as the remaining 49% stake will be acquired by 1Q22.

Finally, we expect the NFP position to turn positive in FY22 (we also consider €150k cash out for the remaining 49% stake in Mobile Project Srl), and to reach a net cash position of €5.4mn by 2023.

### Change in Estimates

€ million	2019A	2020A	2021E		Change	2022E		Change	2023E		Change	CAGR 2020-23
			Old	New		Old	New		Old	New		
<b>Value of Production</b>	34.6	45.3	49.3	51.2	3.8%	54.1	56.0	3.6%	59.1	61.1	3.4%	10.5%
YoY Change (%)		30.8%	9.0%	13.1%		9.6%	9.4%		9.3%	9.1%		
<b>EBITDA</b>	4.7	6.6	6.9	7.6	9.9%	8.0	8.5	6.7%	9.0	9.5	6.3%	13.0%
YoY Change (%)		39.6%	4.7%	15.1%		15.6%	12.1%		12.0%	11.6%		
EBITDA Margin (%)	13.7%	14.6%	14.0%	14.9%		14.8%	15.2%		15.2%	15.6%		
<b>EBIT</b>	3.2	3.9	4.3	5.0	15.9%	5.2	5.7	9.9%	6.0	6.5	9.0%	18.7%
YoY Change (%)		20.6%	10.4%	28.0%		20.9%	14.6%		15.0%	14.1%		
EBIT Margin (%)	9.4%	8.6%	8.7%	9.8%		9.6%	10.2%		10.2%	10.7%		
<b>Group Net Income</b>	2.0	2.6	2.7	3.1	17.3%	3.3	3.6	10.8%	3.8	4.2	9.7%	17.5%
YoY Change (%)		31.0%	3.2%	21.1%		23.0%	16.2%		16.4%	15.2%		
<b>Net Debt (Cash)</b>	(1.6)	2.9	0.8	1.0	0.2	(2.0)	(2.0)	0.0	(5.2)	(5.4)	-0.2	-0.5

Source: FactSet, KT&Partners' elaboration

## Valuation

Based on our estimates, we have carried out our valuation on a multiples and DCF analysis basis:

- EV/EBITDA and P/E multiple, with a 10% liquidity discount, which returns a value of €6.78 per share.
- DCF analysis, based on WACC of 9.2% and 1.5% perpetual growth, returns a value of €9.92 per share.

The weighted average of the two methods yields a fair value of €8.35 per share, with an equity value of €61.3mn.

### Valuation Recap

	Equity Value €mn	Value per share €
DCF	72.9	9.92
Multiples	49.8	6.78
<b>Average</b>	<b>61.3</b>	<b>8.35</b>

Source: FactSet, KT&Partners' elaboration

## 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 Comparison – Market Multiples 2020–22

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	95	0.99x	0.97x	0.91x	13.69x	7.20x	9.36x	47.36x	19.39x	16.22x	83.73x	12.75x	22.17x
Avery Dennison Corporation	NYSE	15,350	2.76x	2.42x	2.30x	17.81x	15.27x	14.29x	21.99x	18.45x	17.29x	31.94x	24.34x	22.43x
Datalogic S.p.A.	Milian	1,082	2.24x	1.86x	1.71x	19.82x	12.78x	11.01x	42.14x	19.88x	16.34x	78.71x	25.42x	21.15x
Fuji Seal International, Inc.	Tokyo	1,202	0.76x	0.76x	0.72x	6.03x	5.90x	5.65x	9.96x	9.34x	8.46x	16.35x	15.16x	13.83x
Lintec Corporation	Tokyo	1,603	0.58x	0.56x	0.54x	4.60x	4.21x	3.95x	7.97x	6.65x	6.06x	16.38x	12.99x	11.98x
Sato Holdings Corporation	Tokyo	759	0.66x	0.64x	0.60x	6.98x	6.47x	5.36x	12.05x	10.98x	8.37x	6.97x	22.31x	16.72x
ScanSource, Inc.	NASDAQ	787	0.32x	0.33x	0.31x	9.42x	9.33x	7.59x	14.39x	10.99x	8.92x	n.m.	13.24x	11.06x
Seiko Epson Corp.	Tokyo	7,060	0.73x	0.65x	0.65x	5.50x	5.20x	5.24x	11.74x	9.40x	9.29x	24.43x	14.32x	13.96x
Zebra Technologies	NASDAQ	25,507	6.69x	5.53x	5.30x	35.62x	24.25x	23.01x	43.15x	25.94x	25.46x	58.24x	31.76x	29.52x
Average peer group		5,939	1.75x	1.52x	1.45x	13.28x	10.07x	9.50x	23.42x	14.56x	12.93x	39.59x	19.14x	18.09x
Median peer group		1,202	0.76x	0.76x	0.72x	9.42x	7.20x	7.59x	14.39x	10.99x	9.29x	28.19x	15.16x	16.72x
<b>Finlogic SpA</b>	<b>Milan</b>	<b>46</b>	<b>1.15x</b>	<b>1.00x</b>	<b>0.92x</b>	<b>7.55x</b>	<b>6.56x</b>	<b>5.85x</b>	<b>12.77x</b>	<b>9.98x</b>	<b>8.71x</b>	<b>17.93x</b>	<b>14.81x</b>	<b>12.75x</b>

Source: FactSet, KT&Partners' elaboration

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

### Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E	Multiple Valuation (€mn)	2021E	2022E
<b>EV/EBITDA multiple comparison</b>	7.2	7.6	<b>P/E multiple comparison</b>	15.16	16.72
Peer Group EV/EBITDA netted from 10% liquidity discount	6.5	6.8	Peer Group P/E netted from 10% liquidity discount	13.64	15.05
<b>Finlogic EBITDA</b>	7.6	8.5	<b>Finlogic earnings</b>	3.12	3.63
Enterprise value	49.3	58.3	Equity Value	42.60	54.61
<b>FY20 NFP</b>	2.9	2.9	<b>Number of shares (mn)</b>	7.34	7.34
Equity Value	46.5	55.4	Value per share	5.80	7.44
<b>Number of shares (mn)</b>	7.3	7.3	<b>Fair Value (Avg) - € ps</b>	<b>6.62</b>	
Value per share	6.3	7.5			
<b>Fair Value (Avg) - € ps</b>	<b>6.94</b>				

Source: FactSet, KT&Partners' elaboration

## DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 9.9% cost of equity, 3% cost of debt and a target capital structure with 10% of debt. The cost of equity is a function of the risk-free rate of 0.79% (Italian 10y BTP), 5.39% mature market expected return and a premium for size and liquidity of 3.1%. **We, therefore, obtained 9.2% WACC.**

We discounted 2021E–24E annual cash flows and considered a terminal growth rate of 1.5%, deriving a fair value of €9.92ps. Then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

### DCF Valuation

€ million	2021E	2022E	2023E	2024E
EBIT	5.0	5.7	6.5	7.9
Taxes	-1.3	-1.7	-1.9	-2.3
D&A	2.6	2.8	3.0	2.7
Change in Net Working Capital	-1.7	-1.1	-1.1	-1.6
Change in Funds	0.3	0.3	0.4	0.4
<b>Net Operating Cash Flow</b>	<b>4.9</b>	<b>5.8</b>	<b>6.5</b>	<b>7.1</b>
Capex	-1.2	-1.4	-1.1	-1.1
<b>FCFO</b>	<b>3.7</b>	<b>4.4</b>	<b>5.4</b>	<b>6.0</b>
<b>g</b>	<b>1.5%</b>			
<b>Wacc</b>	<b>9.2%</b>			
FCFO (discounted)	3.66	3.94	4.44	4.47
Discounted Cumulated FCFO	16.5			
TV	78.8			
TV (discounted)	59.2			
<b>Enterprise Value</b>	<b>75.7</b>			
FY20 NFP	2.9			
<b>Equity Value</b>	<b>72.9</b>			
Current number of shares	7.3			
<b>Value per share (€)</b>	<b>9.92</b>			

Source: Company data, KT&Partners' elaboration

### Sensitivity Analysis (€ps)

€mn	Long Term Growth Rate	WACC				
		10.2%	9.7%	9.2%	8.7%	8.2%
	0.5%	7.97	8.42	8.92	9.49	10.13
	1.0%	8.34	8.83	9.39	10.02	10.74
	1.5%	8.75	9.30	9.92	10.64	11.45
	2.0%	9.21	9.82	10.53	11.34	12.28
	2.5%	9.73	10.42	11.22	12.16	13.25

Source: Company data, KT&Partners' elaboration

## Appendix

### Peer Comparison

We built a nine-company sample, which includes:

1. AstroNova Inc., listed on NASDAQ, with a market capitalization of €95mn, 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 FY20, the company had \$133mn revenues, 66% of which came from the Product Identification business segment;
2. Avery Dennison Corp., listed on the NYSE, with a market capitalization of €15.4bn, 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 FY20, the company recorded \$7.0bn revenues, \$4.7bn of which came from the Labeling and Graphic business unit (68%);
3. Datalogic SpA, listed on the Milan Stock Exchange, with a market capitalization of €1.1bn, 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 FY20, Datalogic reported revenues of €480mn;
4. Fuji Seal International Inc., listed on the Tokyo Stock Exchange, with a market capitalization of €1.2bn, engages in the development and sale of packaging solutions, offering shrink sleeve labels, self-adhesive labels, spouted pouches and packaging machinery. The company reported ¥160bn revenues during FY20, with self-adhesive labels accounting for 14.3%, shrink labels accounting for 56.3% and other labels accounting for 0.7%;
5. Lintec Corp., listed on the Tokyo Stock Exchange, with a market capitalization of €1.6bn, 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 ¥241bn revenues during FY20, ca. 51% 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 €0.8bn, is a global provider of automation identification and data capture solutions, which leverage on barcodes, QR codes, and RFID technologies. During FY20, the company reported ¥116.4bn sales;
7. ScanSource, Inc., listed on NASDAQ, with a market capitalization of €0.8bn, 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 FY20, ScanSource, Inc. reported \$3bn 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 €7.1bn, 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 other items, inkjet printers, scanners and label printers. During FY20, Seiko Epson Corp. recorded ¥1,036bn sales, of which ¥708bn came from the printing solutions segment (68%);
9. Zebra Technologies Corp., listed on NASDAQ, with a market capitalization of €25.5bn, 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 FY20, the company generated \$4.5bn revenues.



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