

Business Growth Goes with Strong Profitability Improvement

ADD | Fair Value: €6.56 (€5.84) | Current Price: €3.74 | Upside: 75.5%

€ Million	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	15.6	18.5	18.6	17.7	24.4	25.6	28.9
EBITDA	4.6	5.0	3.4	3.6	6.6	7.0	8.0
margin	29.5%	27.2%	18.2%	20.1%	27.0%	27.3%	27.6%
Net Profit	2.5	3.0	1.7	2.4	3.6	3.9	4.6
margin	15.8%	16.2%	9.1%	13.8%	14.8%	15.2%	16.0%
EPS	n.m.	0.23	0.13	0.19	0.28	0.31	0.36

Source: Company data; KT&Partners' elaboration

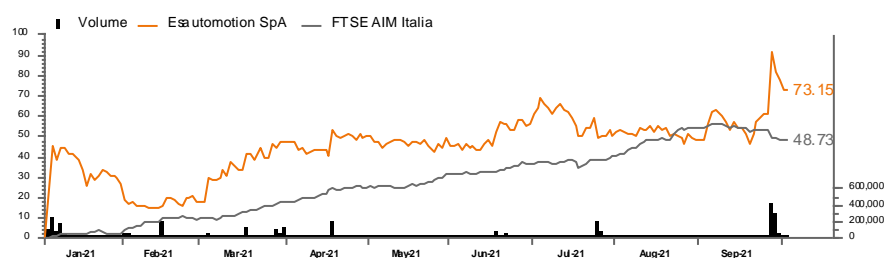
Outperforming FA division of FANUC. Over the January–June 2021 period, ESAU-IT's sales soared by +71.1% vs 1H20, overperforming the FA division of FANUC – one of the market's leaders in CNC – which over the same period increased by +23%. The remarkable performance highlights a recovery in business activity after a weak FY20 and the company's good positioning in the worldwide arena.

Business growth goes with strong profitability improvement. A remarkable performance was also recorded at the profitability level. Gross margin increased by +2.6pp to 48.5%, mainly thanks to a better product mix which, along with a higher selling price, more than offset the increase in raw material costs due to the worldwide shortage. Gross margin improvement together with lower incidence of OpEx following business growth allowed EBITDA margin to improve by +12.5pp vs 1H20. EBITDA came in at €4.1mn or 3x 1H20 EBITDA. Net profit rose to €2.5mn (7.6x 1H20 net income) with a margin of 18.0% (+14pp YoY). Finally, the net cash position improved from €8.3mn in FY20 to €9mn in 1H21, notwithstanding €0.7mn investments, €0.64mn shareholder dividends payment and absorption of NWC (ca. €1.9mn) following business growth.

Estimates revision. Although ESAU-IT is registering record orders, we left unchanged our FY21 topline forecast (+17.8% CAGR2020–23) as we expect that the persisting global shortage of key raw materials could lead to a slowdown in production in 2H21 and longer delivery times. Furthermore, we reasonably believe that ESAU-IT's clients are placing orders in advance to meet longer delivery times and at this stage it is uncertain whether the high level of orders will last in the long run and be consolidated. Following 1H results, we revised our profitability estimates upward, anticipating FY21 EBITDA margin at 27.0% (vs 22.3% of our previous estimates), reaching 27.6% in FY23. Finally, we expect the company to remain cash positive throughout the forecast period, with a net cash position of €16.4mn by FY23 (without considering any future M&As).

Fair value from €5.84ps to €6.56ps. Our valuation – based on both DCF and a market multiples model – returns an average equity value of €86.0mn or €6.56ps, implying a potential upside of +75.5% on the current market price and +12.4% on our previous fair value.

Relative Performance Chart YTD



Research Update

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Market Data			
Main Shareholders			
Franco Fontana			34.56%
Gianni Senzolo			30.69%
Mkt Cap (€ mn)			49.0
EV (€ mn)			38.9
Shares issued (mn)			13.1
Shares outstanding (mn)			12.7
Free Float (%)			20.1
Market multiples			
	2020	2021	2022
EV/EBITDA			
Esautomotion SpA	11.4x	6.2x	5.8x
Comps median	27.9x	27.4x	20.3x
Esautomotion SpA vs Median	-59%	-77%	-71%
P/EPS			
Esautomotion SpA	19.5x	13.2x	12.2x
Comps median	37.4x	33.2x	29.5x
Esautomotion SpA vs Median	-48%	-60%	-59%
Stock Data			
52 Wk High (€)			4.20
52 Wk Low (€)			1.46
Avg. Daily Trading 90d			25,896
Price Change 1w (%)			8.7%
Price Change 1m (%)			16.9%
Price Change YTD (%)			73%

Note: Share Capital is calculated considering multiple-voting shares

Key Figures – Esautomotion S.p.A.

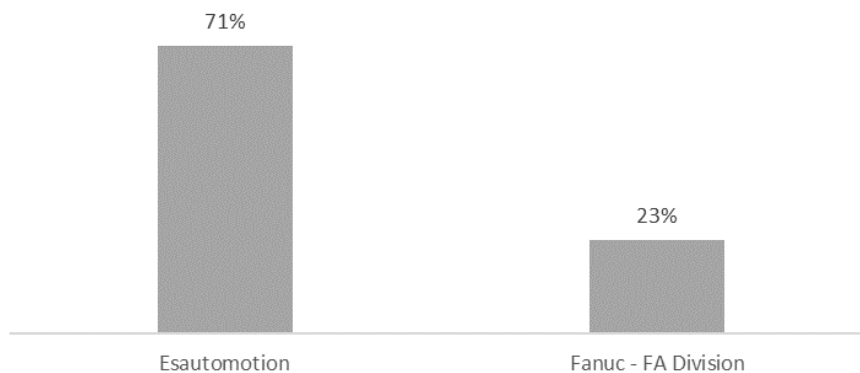
	Current price (€) Fair Value (€)		Sector							Free Float (%)
	3.74	6.56	Industrial Software							20.1
	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	
Per Share Data										
Total shares issued (mn)	n.m.	n.m.	13.10	13.10	13.10	13.10	13.10	13.10	13.10	
Total shares outstanding (mn)	n.m.	n.m.	12.72	12.72	12.72	12.72	12.72	12.72	12.72	
EPS	n.m.	n.m.	0.24	0.13	0.19	0.28	0.31	0.36	0.42	
Dividend per share (ord)	n.a.	n.a.	0.05	0.04	0.05	0.05	0.07	0.08	0.09	
Dividend pay out ratio (%)	n.a.	n.a.	10.1%	16.7%	38.3%	26.0%	26.0%	26.0%	26.0%	
Profit and Loss (EUR million)										
Revenues	12.7	15.6	18.5	18.6	17.7	24.4	25.6	28.9	32.3	
EBITDA	3.2	4.6	5.0	3.4	3.6	6.6	7.0	8.0	9.0	
EBIT	2.4	3.5	3.8	1.8	1.9	5.0	5.4	6.4	7.4	
EBT	2.3	3.5	3.7	1.8	1.7	5.0	5.3	6.3	7.3	
Taxes	(0.7)	(1.0)	(0.7)	(0.1)	0.8	(1.3)	(1.4)	(1.7)	(2.0)	
Tax rate	31%	29%	18%	4%	-44%	27%	27%	27%	27%	
Net Income	1.6	2.5	3.0	1.7	2.4	3.6	3.9	4.6	5.4	
Balance Sheet (EUR million)										
Total fixed assets	1.1	1.3	2.0	2.6	2.4	2.2	1.9	1.7	1.5	
Net Working Capital (NWC)	2.8	4.3	5.8	6.6	7.0	8.8	9.2	10.2	11.1	
Provisions	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)	(0.7)	(1.0)	(1.4)	(1.8)	
Total Net capital employed	3.8	5.4	7.6	9.0	9.1	10.3	10.1	10.5	10.8	
Net financial position/(Cash)	0.7	0.0	(7.7)	(7.0)	(8.3)	(10.1)	(13.2)	(16.4)	(20.3)	
Total Shareholder's Equity	3.1	5.3	15.2	16.0	17.4	20.4	23.3	26.9	31.1	
Cash Flow (EUR million)										
Net operating cash flow	0.0	0.0	4.3	3.3	3.2	5.2	5.5	6.3	7.0	
Change in NWC	0.0	0.0	(1.5)	(0.8)	(0.4)	(1.8)	(0.3)	(1.0)	(0.9)	
Capital expenditure	0.0	0.0	(1.9)	(1.6)	(0.7)	(1.2)	(1.2)	(1.2)	(1.2)	
Other cash items/Uses of funds	0.0	0.0	(0.1)	(0.0)	(0.1)	0.2	0.2	0.2	0.2	
Free cash flow	0.0	0.0	0.9	0.9	1.9	2.4	4.2	4.3	5.1	
Enterprise Value (EUR million)										
Market Cap	n.a.	n.a.	41.4	36.3	23.4	49.0	49.0	49.0	49.0	
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net financial position/(Cash)	0.7	0.0	(7.7)	(7.0)	(8.3)	(10.1)	(13.2)	(16.4)	(20.3)	
Enterprise value	n.a.	n.a.	33.7	29.3	15.1	38.9	35.8	32.6	28.7	
Ratios (%)										
EBITDA margin	25.2%	29.5%	27.2%	18.2%	20.1%	27.0%	27.3%	27.6%	27.8%	
EBIT margin	18.6%	22.5%	20.4%	9.7%	10.6%	20.5%	21.0%	22.0%	22.8%	
Gearing - Debt/equity	21.7%	0.7%	-50.3%	-44.0%	-47.9%	-49.4%	-56.7%	-61.1%	-65.4%	
Interest cover on EBIT	2.4%	1.2%	2.6%	2.4%	9.3%	0.6%	0.6%	0.5%	0.4%	
NFP/EBITDA	21.2%	0.8%	-152.1%	-208.3%	-234.7%	-152.9%	-188.9%	-206.0%	-225.9%	
ROCE	61.8%	65.4%	49.8%	20.2%	20.6%	48.3%	53.3%	60.7%	68.4%	
ROE	50.4%	46.3%	19.7%	10.6%	14.1%	17.7%	16.8%	17.2%	17.2%	
EV/Sales	n.m.	n.m.	2.20	2.19	2.30	1.67	1.59	1.41	1.26	
EV/EBITDA	n.m.	n.m.	8.08	12.05	11.44	6.18	5.82	5.10	4.53	
P/E	n.m.	n.m.	15.88	28.10	19.44	13.16	12.20	10.31	8.89	
Free cash flow yield	n.m.	n.m.	n.m.	2%	5%	6%	10%	10%	13%	
Growth Rates (%)										
Revenues	-	23.1%	18.5%	0.5%	-4.8%	37.8%	5.0%	12.9%	11.8%	
EBITDA	-	44.1%	9.3%	-32.9%	5.3%	85.3%	6.2%	14.1%	12.6%	
EBIT	-	49.1%	7.5%	-52.0%	3.2%	167.2%	7.8%	18.2%	15.8%	
Net Income	-	56.6%	21.6%	-43.5%	44.5%	47.7%	7.9%	18.3%	15.9%	

Source: Company data, KT&Partners' elaboration

1H21 Financial Results

ESAU-IT closed 1H21 with a jump in sales of +71.1% YoY to €13.9mn, outperforming the FA division (including CNCs, servo motors, servo amplifiers, and laser oscillators) of FANUC – one of the market's leaders in CNC – which increased by +23% over the same period.

January–June 2021 Sales Growth YoY: ESAU-IT vs FANUC's FA Division



Source: Company data

The remarkable growth was driven by a recovery of investments in computer-controlled equipment – seen as key factors for future competitiveness within the automation industry – after the COVID-19 pandemic. We reasonably assume that the strong performance has also partly been driven by orders placed in advance to meet the longer delivery times arising from the worldwide shortage of raw materials.

Foreign sales accounted for 55% (vs 51% in 1H20), ca. 75% including resellers' share. All regions recorded a positive performance, with Turkey and China recording the highest growth of +127% YoY and +110% YoY, respectively.

EBITDA recorded a brighter performance than sales, coming in at €4.1mn or 3x 1H20 EBITDA, leading to an EBITDA margin of 29.2% (+12.5pp YoY vs 1H20). Profitability improvement was the result of: i) gross margin increase (+2.6pp vs 1H20) mainly thanks to a better product mix which, along with higher selling prices, more than offset the increase in raw material costs due to the worldwide shortage; and ii) a lower incidence of OpEx benefiting from strong business growth.

Following business and marginality growth, net profit amounted to €2.5mn or 7.6x 1H20 net income, achieving a net margin 18.0% (+14pp YoY).

Finally, the net cash position improved from €8.3mn in FY20 to €9mn in 1H21, notwithstanding €0.7mn investments carried out over the period, a €0.64mn dividends payment and the absorption of working capital (ca. €1.9mn) following business growth.

1H21 Income Statement

€ Millions	1H17	1H18	FY18	1H19	FY19	1H20	1H21	YoY Growth
Revenues from sales and services	7.4	9.5	17.9	9.6	18.3	8.1	13.9	71.1%
Other Revenues	0.0	0.0	0.5	0.2	0.2	0.1	0.0	-40.0%
Total Revenues	7.4	9.5	18.5	9.7	18.6	8.2	13.9	70.2%
Growth %		28.5%	18.5%	2.5%	0.5%	-15.7%	70.2%	
Products and Raw materials	(3.7)	(4.7)	(9.1)	(5.2)	(10.1)	(4.4)	(7.2)	61.9%
Gross Profit	3.7	4.8	9.3	4.5	8.5	3.8	6.8	79.9%
Gross Margin		50.2%	50.5%	46.7%	45.7%	45.9%	48.5%	2.6%
Cost of Services	(0.8)	(1.4)	(2.3)	(1.4)	(3.0)	(1.4)	(1.6)	15.7%
Personnel Expenses	(0.7)	(0.8)	(1.6)	(1.0)	(1.8)	(0.9)	(1.0)	12.5%
Other Operating Expenses	(0.0)	(0.0)	(0.4)	(0.1)	(0.2)	(0.1)	(0.0)	-35.1%
EBITDA	2.1	2.5	5.0	2.0	3.4	1.4	4.1	197.3%
EBITDA margin		26.8%	27.2%	21.0%	18.2%	16.7%	29.2%	12.5%
Growth %		18.8%	9.3%	-19.5%	-32.9%	-33.2%	197.3%	
D&A and Provisions	(0.4)	(0.5)	(1.3)	(0.7)	(1.6)	(0.7)	(0.7)	0.1%
EBIT	1.7	2.0	3.8	1.4	1.8	0.7	3.4	399.4%
EBIT margin		21.2%	20.4%	14.1%	9.7%	8.2%	24.2%	15.9%
Growth %		17.8%	7.5%	-31.6%	-52.0%	-50.9%	399.4%	
Financial Income and Expenses	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	0.0	
Extraordinary items			0.0		0.0			
EBT	1.7	2.0	3.7	1.4	1.8	0.5	3.4	561.9%
Taxes	(0.5)	(0.3)	(0.7)	(0.3)	(0.1)	(0.2)	(0.9)	383.9%
Tax Rate		16.3%	18.3%	24.7%	3.8%	36.1%	26.4%	
Net Income	1.2	1.7	3.0	1.0	1.7	0.3	2.5	662.6%
Net margin		17.5%	16.2%	10.6%	9.1%	4.0%	18.0%	14.0%
Growth %		41.8%	21.5%	-37.9%	-43.4%	-68.0%	662.6%	

Source: Company data

Change in Estimates

Although ESAU-IT is registering record orders, the global shortage of key raw materials is representing a strenuous challenge. As a result, we left unchanged our topline forecast based on the prolongation of this difficult situation which may lead to a slowdown in production in the second half and longer delivery times. Furthermore, as CNCs are used in upstream processes, we reasonably believe that – given procurement difficulties – ESAU-IT's clients are placing orders in advance, and we expect an adjustment phase in the following years.

We anticipate total revenues to grow at +17.8% CAGR2020–23, going from €24.4mn in FY21 to €28.9mn, with a growing contribution from foreign countries (e.g. China, Turkey, North America) while increasing the market share both in the high- and low-end markets.

On the back of 1H21 results, we revised our profitability estimates upwards, although we expect that 2H21 EBITDA margin will be penalized by: i) lower production activities leading to a higher incidence of OpEx; and ii) a higher incidence of raw materials costs following the persisting shortage of components. As a result, we anticipate FY21 EBITDA margin to be 27% (+4.7pp above our previous estimates) and to gradually improve in the following years, reaching 27.6% in FY23. We now anticipate EBITDA to increase by +30.9% CAGR2020–23 (vs +28.2% CAGR2020–23 of our previous research), amounting to €8.0mn in FY23.

Following the higher than previously expected improvement in profitability, we now expect net income to increase from €3.6mn in FY21 to €4.6mn in FY23, growing at a +23.5% CAGR2020–23 and +3.2pp above our previous estimates.

Lastly, we expect that the growing and profitable business, along with the asset-light business model and a better management of inventory, will lead to strong cash generation, allowing ESAU to remain cash positive for the length of the plan, reaching a net cash position of €16.4mn by 2023 (without considering any future M&A deals).

Change in Estimates

€ Million	2019A	2020A	2021E		Change	2022E		Change	2023E		Change	CAGR	
			Old KT&P	New KT&P		Old KT&P	New KT&P		Old KT&P	New KT&P		Old 2020-'23	New 2020-'23
Revenues	18.6	17.7	24.4	24.4	0.0%	25.6	25.6	0.0%	28.9	28.9	0.0%	17.8%	17.8%
YoY Change (%)			37.8%	37.8%		5.0%	5.0%		12.9%	12.9%			
EBITDA	3.4	3.6	5.4	6.6	21.2%	6.2	7.0	12.6%	7.5	8.0	6.4%	28.2%	30.9%
YoY Change (%)			52.9%	85.3%		14.3%	6.2%		20.7%	14.1%			
EBITDA margin%	18.2%	20.1%	22.3%	27.0%		24.3%	27.3%		26.0%	27.6%			
EBIT	1.8	1.9	3.8	5.0	30.0%	4.6	5.4	17.0%	5.9	6.4	8.2%	46.5%	50.5%
YoY Change (%)			105.5%	167.2%		19.8%	7.8%		27.8%	18.2%			
Net Income	1.7	2.4	2.8	3.6	30.3%	3.3	3.9	17.1%	4.3	4.6	8.3%	20.3%	23.5%
YoY Change (%)			13.4%	47.7%		20.0%	7.9%		28.0%	18.3%			
Net Debt	(7.0)	(8.3)	(9.9)	(10.1)	(0.2)	(12.7)	(13.2)	(0.5)	(15.8)	(16.4)	(0.6)		

Source: FactSet, KT&Partners' elaboration

Valuation

Following the projections of ESAU's future financials, we carried out the valuations of the company by applying the DCF and market multiples methods:

1. EV/EBITDA and P/EPS multiples, which returns a value of €7.77ps;
2. DCF analysis based on WACC of 9.4% and 1.5% perpetual growth, returns a value of €5.36ps.

The average of the two methods yields a fair value of €6.56ps or an equity value of €86.02mn.

Valuation Recap

	Equity Value €mn	Value per share €
DCF	70.25	5.36
EV/EBITDA	118.73	9.06
P/EPS	84.84	6.48
Average Multiples	101.79	7.77
Total Average	86.02	6.56

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following the comparables analysis, we proceeded with the definition of market multiples for each peer group, focusing on 2020–22 data.

Peer Comparison – Market Multiples 2021–22

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/EPS 2020	P/EPS 2021	P/EPS 2022
Fanuc Corporation	Tokyo	37,713	7.1x	5.4x	5.1x	28.4x	24.8x	14.5x	34.7x	19.1x	17.3x	n.m	27.3x	24.7x
Renishaw plc	London	3,945	6.5x	5.8x	5.3x	24.6x	31.0x	18.1x	n.m	27.0x	23.4x	n.m	35.3x	30.4x
Dassault Systemes SA	Euronext Paris	59,534	13.6x	12.6x	11.5x	n.m	n.m	31.1x	n.m	38.2x	35.7x	n.m	n.m	n.m
Hexagon AB Class B	OMXStockholm	33,871	9.5x	8.4x	7.7x	30.4x	29.1x	20.3x	35.4x	29.9x	26.9x	n.m	34.7x	32.4x
Rockwell Automation, Inc.	NYSE	29,501	5.5x	5.1x	4.6x	23.3x	27.4x	21.1x	31.8x	27.6x	24.0x	32.5x	31.7x	28.7x
IGEXAO SA	Euronext Paris	339	8.9x	n.a.	n.a.	27.9x	25.3x	n.a.	29.8x	n.m	n.m	42.3x	n.m	n.m
Average peer group		27,484	8.5x	7.4x	6.8x	26.9x	27.5x	21.0x	32.9x	28.4x	25.4x	37.4x	32.3x	29.0x
Median peer group		31,686	8.0x	5.8x	5.3x	27.9x	27.4x	20.3x	33.2x	27.6x	24.0x	37.4x	33.2x	29.5x
Esautomotion SpA	Milan	49	2.3x	1.7x	1.6x	11.4x	6.2x	5.8x	21.8x	8.2x	7.6x	19.5x	13.2x	12.2x

Source: FactSet, KT&Partners' elaboration

We based our evaluation upon our estimates of ESAU's EBITDA and EPS for 2021 and 2022.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E
EV/EBITDA Comps	27.4x	20.3x
ESA EBITDA	6.6	7.0
Enterprise value	180.6	142.0
ESA FY20A Net Debt	-8.3	-8.3
Equity Value	188.9	150.3
Average Equity Value	169.6	
Liquidity Discount	30%	
Equity Value Post-Discount	118.7	
Number of shares (thousand)	13,103	
Value per Share €	9.1	

Source: FactSet, KT&Partners' elaboration

P/EPS Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E
P/EPS Comps	33.2x	29.5x
ESA EPS	0.28	0.31
Equity Value per Share	9.4	9.1
Average Value per Share	9.3	
Liquidity Discount	30%	
Value per Share €	6.5	
Equity Value Post discount	84.8	
Number of shares (thousand)	13,103	
Value per Share €	6.5	

Source: FactSet, KT&Partners' elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 10.7% cost of equity, 3% cost of debt and a D/E ratio of 20% (Damodaran for Machinery where ESAU is included). The cost of equity is a function of the risk-free rate of 0.8% (Italian 10y BTP), 5.39% equity risk premium (Damodaran – June ERP T12 m with sustainable payout) and a premium for size and liquidity of 3.5% (lower with respect to our previous valuation following ESAU's stable market cap of €40mn+ over the last months). We, therefore, obtained 9.4% WACC.

We discounted 2021E–24E annual cash flows and considered a terminal growth rate of 1.5%; 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	5.4	6.4	7.4
Taxes	(1.3)	(1.5)	(1.7)	(2.0)
D&A	1.4	1.4	1.4	1.4
Change in Net Working Capital	(1.8)	(0.3)	(1.0)	(0.9)
Change in Funds	0.3	0.4	0.4	0.4
Net Operating Cash Flow	3.6	5.4	5.5	6.3
Capex	(1.2)	(1.2)	(1.2)	(1.2)
FCFO	2.4	4.2	4.3	5.1
g	1.5%			
Wacc	9.4%			
FCFO (discounted)	2.3	3.7	3.5	3.8
Discounted Cumulated FCFO	13.3			
TV	65.1			
TV (discounted)	48.6			
Enterprise Value	61.9			
NFP FY20	(8.3)			
Equity Value	70.3			
Current number of shares (mn)	13.1			
Value per share (€)	5.36			

Source: Company data, KT&Partners' elaboration

Sensitivity Analysis (€mn)

€ Million	Terminal growth Rate	WACC				
		9.9%	9.7%	9.4%	9.2%	8.9%
	1.0%	63.9	65.5	67.1	68.9	70.9
	1.3%	65.2	66.9	68.7	70.6	72.6
	1.5%	66.6	68.4	70.3	72.3	74.4
	1.8%	68.1	70.0	72.0	74.1	76.4
	2.0%	69.7	71.7	73.8	76.0	78.5

Source: Company data, KT&Partners' elaboration

Appendix

Peer Comparison

We carried out an in-depth analysis of public companies that could potentially be considered as peers of ESAU, considering its two business units together with its growth profile and the profitability structure.

We built a six-company sample which includes:

- **Dassault Systemes SA:** listed on the Paris Euronext, with a market capitalization of €59.5bn, Dassault Systemes provides software solutions and consulting services. It offers end-to-end software applications which cover a wide range of industry segments. In 2020, the company revenues reached €4.5bn.
- **FANUC Corporation:** listed on the Tokyo stock exchange, with a market capitalization of €37.7bn, FANUC Corp. engages in the development, manufacture, sale and maintenance of CNC systems, lasers, robot systems, robomachines, roboshot, robocut and nano robots. It operates through the following divisions: Factory Automation (FA), Robot, and Robomachine. In 2020, the company revenues reached €4.2bn.
- **Hexagon AB:** quoted on the Stockholm stock exchange, with a market capitalization of €33.9bn, Hexagon AB provides information technology solutions that drive productivity and quality across geospatial and industrial enterprise applications. The company operates through the following business segments: Geospatial Enterprise Solutions and Industrial Enterprise Solutions. In 2020, the company revenues reached €3.8bn.
- **Ige+Xao SA:** quoted on the Euronext Paris exchange, with a market capitalization of €0.3bn, Ige+Xao SA engages in design, production, sales and support for Computer Aided Design (CAD) and Product Lifecycle Management (PLM) software. In 2020, the company revenues reached €0.03bn.
- **Renishaw plc.:** listed on the London stock exchange, with a market capitalization of €3.9bn, Renishaw engages in the design, manufacture, and marketing of metrology and healthcare products. In 2020, the company revenues reached €0.6bn.
- **Rockwell Automation, Inc.:** listed on the NYSE, with a market capitalization of €29.5bn, Rockwell Automation, Inc. engages in the provision of industrial automation and information services. It operates through the Architecture and Software, and Control Products and Solutions segments. The Architecture and Software segment contains hardware, software, and communication components of its integrated control and information architecture. In 2020, the company revenues reached €5.4bn.

Peer Comparison – Performance Analysis

Company Name	Price change % 3Month	Price change % 6Month	Price change % 1Year	Price change % YTD	Price change % From Latest Update (27/07/2021) to Date
Fanuc Corporation	-14.5%	-18.0%	13.4%	-9.3%	-10.6%
Renishaw plc	-12.1%	-31.2%	-23.5%	-22.7%	-9.8%
Dassault Systemes SA	6.4%	17.3%	38.8%	32.2%	9.4%
Hexagon AB Class B	3.2%	13.2%	37.0%	22.7%	6.4%
Rockwell Automation, Inc.	2.1%	10.6%	30.3%	16.1%	3.2%
I GE+XAO SA	11.0%	40.9%	63.8%	32.3%	13.0%
Average	-0.7%	5.5%	26.6%	11.9%	2.0%
Median	2.7%	11.9%	33.7%	19.4%	4.8%
Esautomotion SpA	5.6%	17.6%	110.1%	73.1%	9.4%

Source: FactSet, KT&Partners' elaboration

Peers Comparison – Sales (€mn) and Sales CAGR (%)

Company Name	Sales					CAGR 19-'23
	2019	2020	2021	2022	2023	
Fanuc Corporation	4,208	4,461	5,846	6,201	6,411	72.9%
Dassault Systemes SA	4,018	4,452	4,802	5,267	5,739	76.5%
Renishaw plc	651	580	650	711	768	88.4%
Rockwell Automation, Inc.	5,935	5,656	6,120	6,701	7,025	88.1%
Hexagon AB Class B	3,908	3,771	4,292	4,676	4,943	83.8%
I GE+XAO SA	34	33	n.a.	n.a.	n.a.	n.a.
Esautomotion SpA	19	18	24	26	29	71.8%
Average Peers	3,126	3,159	4,342	4,711	4,977	70.5%

Source: FactSet, KT&Partners' elaboration

Peers Comparison – EBITDA Margin, EBIT Margin and Net Margin

Company Name	EBITDA Margin					EBIT Margin					Net Margin				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Fanuc Corporation	26.4%	28.6%	34.6%	35.1%	36.1%	17.4%	20.4%	28.3%	29.4%	30.1%	14.4%	17.1%	22.6%	23.6%	24.3%
Dassault Systemes SA	30.9%	29.9%	37.8%	37.0%	36.4%	21.1%	16.3%	33.1%	32.3%	33.1%	15.3%	11.0%	25.0%	24.3%	25.0%
Renishaw plc	23.4%	20.9%	28.3%	29.2%	29.9%	16.6%	11.3%	21.4%	22.6%	23.3%	16.1%	0.1%	16.9%	18.7%	19.3%
Rockwell Automation, Inc.	22.4%	20.0%	20.7%	21.9%	22.5%	20.1%	17.2%	18.3%	19.3%	20.0%	10.4%	16.2%	18.4%	15.0%	15.6%
Hexagon AB Class B	30.2%	32.7%	37.7%	37.8%	38.0%	25.0%	26.9%	27.9%	28.5%	28.9%	18.0%	16.4%	21.8%	22.3%	22.8%
I GE+XAO SA	30.8%	35.2%	n.m.	n.m.	n.m.	26.0%	29.9%	n.m.	n.m.	n.m.	20.3%	24.4%	n.m.	n.m.	n.m.
Average	27.4%	27.9%	31.8%	32.2%	32.6%	21.0%	20.3%	25.8%	26.4%	27.1%	15.8%	14.2%	21.0%	20.8%	21.4%
Esautomotion SpA	18.2%	20.1%	27.0%	27.3%	27.6%	9.7%	10.6%	20.5%	21.0%	22.0%	9.1%	13.8%	14.8%	15.2%	16.0%

Source: FactSet, KT&Partners' elaboration

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- HOLD – FOR A FAIR VALUE <15% AND > -15% ON CURRENT PRICE
- REDUCE – FOR A FAIR VALUE < -15% ON CURRENT PRICE



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