

ESAU Set the Wheels in Motion

ADD | Fair Value: €8.25 (€6.56) | Current Price: €5.10 | Upside: 61.68%

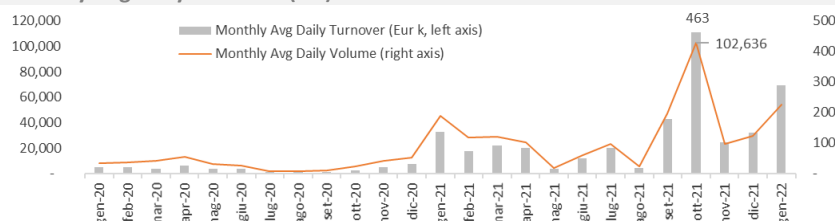
€ Million	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	15.6	18.5	18.6	17.7	28.9	31.2	33.6
EBITDA	4.6	5.0	3.4	3.6	8.0	8.8	9.6
margin	29.5%	27.2%	18.2%	20.1%	27.8%	28.2%	28.5%
Net Profit	2.5	3.0	1.7	2.4	4.7	5.2	5.8
margin	15.8%	16.2%	9.1%	13.8%	16.2%	16.7%	17.2%
EPS	n.m.	0.23	0.13	0.19	0.37	0.41	0.45
NFP	0.0	-7.7	-7.0	-8.3	-10.5	-14.0	-18.2

Source: Company data; KT&Partners' elaboration

FY21 preliminary results well above expectations. On January 28th, 2022, ESAU-IT released its FY21 preliminary results. After a strong 1H21 (+71.1% YoY), ESAU-IT closed 2021 with €28.6mn of sales, recording an outstanding growth of +61.8% YoY and achieving our FY23 topline expectations two years in advance. According to ESAU-IT's management, the strong business growth was driven by a strong recovery in global demand for machine tools - the primary market for CNC systems - thanks to: i) a renovation wave involving CNC machines in developed countries, also boosted by government measures, where the installed fleet is 5-20 years old and risks to become obsolete; ii) the gradual shift from manual machines to CNC machines in emerging countries, where the current installed CNC fleet is 20%-45% of the total. Despite the persisting impact of the global shortage on raw material costs, ESAU-IT's management confirmed to have achieved sound profitability results as well, thanks to a better product mix and the economy of scale of OpEx. The company kept improving its cash position by €2.2mn, reaching net cash of €10.5mn.

Strong liquidity improvement. In 2021, ESAU-IT stock recorded a remarkable improvement both in volume and turnover. The monthly average daily volume has gone from 7,848 in January 2020 to 54,114 in January 2022, recording a peak of 102,636 in October 2021. In 2021, the monthly average daily turnover was on average 7.7x the 2020 level, with a high record of €436k in October 2021.

Monthly Avg Daily Turnover (€ k) and Volume

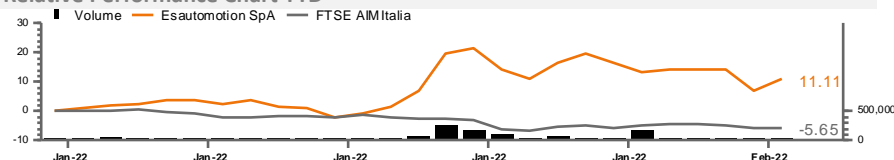


Source: FactSet

Estimates revision. We revised upward our estimates to consider stronger than expected preliminary results. We now anticipate total revenues to grow at a CAGR20-23 of 23.9% (vs 17.8% of our previous research) driven by the recovery in global demand for machine tools and up- and cross-selling activities on existing clients. We have also updated FY21 EBITDA margin to 27.8%, to factor in the economy of scale in terms of labor costs, reaching 28.5% in 2023. Finally, we expect net cash at €18.2mn from €10.5mn of 2021.

Fair value from €6.56ps to €8.25ps. ESAU-IT is still trading at 74% and 56% discount on 2021 EV/EBITDA and P/E, respectively, vs its peers. Our valuation – based on both DCF and a market multiples model – returns an average equity value of €108.05mn or €8.25ps, implying a potential upside of +61.68% on the current market price.

Relative Performance Chart YTD



Research Update

February 9, 2022 – 7.00 h

Equity Research Update
connect@ktepartners.com

Federica FIORENZA
ffiorenza@ktepartners.com

Mauro IACCINO
miaccino@ktepartners.com

Gabriele TRAPANI
gtrapani@ktepartners.com

Market Data

Main Shareholders			
Franco Fontana			34.56%
Gianni Senzolo			30.69%
Mkt Cap (€ mn)			66.8
EV (€ mn)			56.4
Shares issued (mn)			13.1
Shares outstanding (mn)			12.7
Free Float (%)			20.1

Market multiples			
	2020	2021	2022
EV/EBITDA			
Esautomation SpA	16.5x	7.3x	6.6x
Comps median	26.5x	28.5x	18.4x
Esautomation SpA vs Median	-38%	-74%	-64%
P/EPS			
Esautomation SpA	26.6x	13.9x	12.4x
Comps median	41.4x	31.6x	27.6x
Esautomation SpA vs Median	-36%	-56%	-55%

Stock Data	
52 Wk High (€)	6.00
52 Wk Low (€)	2.46
Avg. Daily Trading 90d	35,831
Price Change 1w (%)	-6.4%
Price Change 1m (%)	4.9%
Price Change YTD (%)	9%
Note: Share Capital is calculated considering multiple-voting shares	

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH BPER BANCA S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF AIM ITALIA MARKET RULES FOR COMPANIES.

Key Figures – Esautomotion S.p.A.

	Current price (€)	Fair Value (€)	Sector							Free Float (%)	
	5.10	8.25	Industrial Software							20.1	
Per Share Data			2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Total shares issued (mn)		n.m.	n.m.	13.10	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	12.72
EPS		n.m.	n.m.	0.24	0.13	0.19	0.37	0.41	0.45	0.50	0.50
Dividend per share (ord)		n.a.	n.a.	0.05	0.04	0.05	0.05	0.10	0.11	0.12	0.12
Dividend pay out ratio (%)		n.a.	n.a.	10.1%	16.7%	38.3%	26.0%	26.0%	26.0%	26.0%	26.0%
Profit and Loss (EUR million)											
Revenues		12.7	15.6	18.5	18.6	17.7	28.9	31.2	33.6	36.0	36.0
EBITDA		3.2	4.6	5.0	3.4	3.6	8.0	8.8	9.6	10.3	10.3
EBIT		2.4	3.5	3.8	1.8	1.9	6.4	7.2	8.0	8.7	8.7
EBT		2.3	3.5	3.7	1.8	1.7	6.4	7.2	7.9	8.7	8.7
Taxes		(0.7)	(1.0)	(0.7)	(0.1)	0.8	(1.7)	(1.9)	(2.1)	(2.3)	(2.3)
Tax rate		31%	29%	18%	4%	-44%	27%	27%	27%	27%	27%
Net Income		1.6	2.5	3.0	1.7	2.4	4.7	5.2	5.8	6.3	6.3
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	1.5
Net Working Capital (NWC)		2.8	4.3	5.8	6.6	7.0	9.5	10.5	11.3	12.0	12.0
Provisions		(0.1)	(0.2)	(0.3)	(0.3)	(0.3)	(0.7)	(1.1)	(1.4)	(1.8)	(1.8)
Total Net capital employed		3.8	5.4	7.6	9.0	9.1	11.0	11.4	11.5	11.7	11.7
Net financial position/(Cash)		0.7	0.0	(7.7)	(7.0)	(8.3)	(10.5)	(14.0)	(18.2)	(22.8)	(22.8)
Group Shareholder's Equity		3.1	5.3	15.2	16.0	17.4	21.4	25.4	29.8	34.5	34.5
Minorities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholder's Equity		3.1	5.3	15.2	16.0	17.4	21.5	25.4	29.8	34.5	34.5
Cash Flow (EUR million)											
Net operating cash flow		0.0	0.0	4.3	3.3	3.2	6.3	6.9	7.4	8.0	8.0
Change in NWC		0.0	0.0	(1.5)	(0.8)	(0.4)	(2.5)	(1.0)	(0.8)	(0.8)	(0.8)
Capital expenditure		0.0	0.0	(1.9)	(1.6)	(0.7)	(1.2)	(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	0.2
Free cash flow		0.0	0.0	0.9	0.9	1.9	2.8	4.9	5.6	6.2	6.2
Enterprise Value (EUR million)											
Market Cap		n.a.	n.a.	41.4	36.3	23.4	66.8	66.8	66.8	66.8	66.8
Minorities		0.0	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)	(10.5)	(14.0)	(18.2)	(22.8)	(22.8)
Enterprise value		n.a.	n.a.	33.7	29.3	15.1	56.4	52.8	48.6	44.0	44.0
Ratios (%)											
EBITDA margin		25.2%	29.5%	27.2%	18.2%	20.1%	27.8%	28.2%	28.5%	28.7%	28.7%
EBIT margin		18.6%	22.5%	20.4%	9.7%	10.6%	22.3%	23.0%	23.7%	24.2%	24.2%
Gearing - Debt/equity		21.7%	0.7%	-50.3%	-44.0%	-47.9%	-48.7%	-55.2%	-61.2%	-66.1%	-66.1%
Interest cover on EBIT		2.4%	1.2%	2.6%	2.4%	9.3%	0.5%	0.4%	0.4%	0.4%	0.4%
NFP/EBITDA		21.2%	0.8%	-152.1%	-208.3%	-234.7%	-129.9%	-159.0%	-190.2%	-220.8%	-220.8%
ROCE		61.8%	65.4%	49.8%	20.2%	20.6%	58.6%	63.3%	69.0%	74.5%	74.5%
ROE		50.4%	46.3%	19.7%	10.6%	14.1%	21.8%	20.6%	19.4%	18.4%	18.4%
EV/Sales		n.m.	n.m.	3.17	3.2x	3.3x	2.0x	1.9x	1.7x	1.6x	1.6x
EV/EBITDA		n.m.	n.m.	11.62	17.3x	16.5x	7.3x	6.6x	6.1x	5.7x	5.7x
P/E		n.m.	n.m.	21.65	38.3x	26.5x	13.9x	12.4x	11.2x	10.2x	10.2x
Free cash flow yield		n.m.	n.m.	n.m.	2%	3%	5%	8%	10%	11%	11%
Growth Rates (%)											
Revenues	-		23.1%	18.5%	0.5%	-4.8%	63.6%	7.9%	7.6%	7.1%	7.1%
EBITDA	-		44.1%	9.3%	-32.9%	5.3%	126.4%	9.5%	8.8%	7.9%	7.9%
EBIT	-		49.1%	7.5%	-52.0%	3.2%	245.4%	11.6%	10.6%	9.5%	9.5%
Net Income	-		56.6%	21.6%	-43.5%	44.5%	91.3%	11.7%	10.7%	9.5%	9.5%

Source: Company data, KT&Partners' elaboration

Change in Estimates

ESAU-IT's management announced FY21 preliminary sales at €28.6mn, up by 61.8% YoY and +18.7% on our estimates. We therefore revised our 2021-23 estimates to factor in the brilliant topline result.

Our estimates are also supported by the positive trend of the Italian machine tools market started in 2021. Indeed, according to UCIMU, in 2021 the Italian production of machine tools posted a +22.1% YoY growth reaching €6.3bn, although still below pre-covid level due to longer lead time following the global shortage. For 2022 UCIMU anticipates a double digit-growth of +10.1% in the production of machine tools. A boost to the domestic consumption will kept coming also from the government measures to support the renovation and digitalization of machines.

We now anticipate total revenues to grow at +23.9% CAGR2020-23 (+6.1pp with respect to our previous estimates), going from €28.9mn in FY21E to €33.6mn in FY23E. We expect that future growth will be driven by: i) a growing contribution from foreign countries (i.e. China, Turkey) thanks to a higher penetration both in the high- and low-end markets; ii) a growing demand in developed countries as old CNC machines need to be replaced with more technological and advanced ones also boosted by government funds; iii) up- and cross-selling activities on existing clients; and iv) a higher contribution from the recently launched IoT related offer.

On the back of the remarkable FY21 topline performance, we revised our profitability estimates upwards to factor in the lower incidence of labor costs. As a result, we now expect FY21 EBITDA margin to be 27.8% (+80bps above our previous estimates), increasing by 70bps to 28.5% in FY23. We now anticipate EBITDA to increase by +39.2% CAGR2020-23 (vs +30.9% CAGR2020-23 of our previous research), amounting to €9.6mn in FY23.

Following the higher than previously expected improvement in profitability, we now expect net income to increase from €4.7mn in FY21 to €5.8mn in FY23, growing at a +33.2% CAGR2020-23 and 9.7pp above our previous estimates.

Lastly, we now align FY21 net cash position to preliminary results at €10.5mn thanks to higher profitability and better management of NWC. We expect ESAU-IT to remain cash positive for the length of the plan, reaching a net cash position of €18.2mn by 2023 (without considering any future M&A deals).

Change in Estimates													
€ Million	2019A	2020A	2021E Old KT&P	2021E New KT&P	Change	2022E Old KT&P	2022E New KT&P	Change	2023E Old KT&P	2023E New KT&P	Change	CAGR Old 2020-'23	CAGR New 2020-'23
Revenues	18.6	17.7	24.4	28.9	18.7%	25.6	31.2	22.0%	28.9	33.6	16.3%	17.8%	23.9%
YoY Change (%)			37.8%	63.6%		5.0%	7.9%		12.9%	7.6%			
EBITDA	3.4	3.6	6.6	8.0	22.2%	7.0	8.8	26.0%	8.0	9.6	20.1%	30.9%	39.2%
YoY Change (%)		5.3%	85.3%	126.4%		6.2%	9.5%		14.1%	8.8%			
EBITDA margin %	18.2%	20.1%	27.0%	27.8%		27.3%	28.2%		27.6%	28.5%			
EBIT	1.8	1.9	5.0	6.4	29.3%	5.4	7.2	33.8%	6.4	8.0	25.2%	50.5%	62.2%
YoY Change (%)		3.2%	167.2%	245.4%		7.8%	11.6%		18.2%	10.6%			
EBITDA margin %	9.7%	10.6%	20.5%	22.3%		21.0%	23.0%		22.0%	23.7%			
Net Income	1.7	2.4	3.6	4.7	29.5%	3.9	5.2	34.0%	4.6	5.8	25.3%	23.5%	33.2%
YoY Change (%)		44.5%	47.7%	91.3%		7.9%	11.7%		18.3%	10.7%			
Net income margin %	9.1%	13.8%	14.8%	16.2%		15.2%	16.7%		16.0%	17.2%			
Net Debt	(7.0)	(8.3)	(10.1)	(10.5)	(0.4)	(13.2)	(14.0)	(0.8)	(16.4)	(18.2)	(1.8)		

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 €9.47ps;
2. DCF analysis based on WACC of 8.9% and 1.5% perpetual growth, returns a value of €7.02ps.

The average of the two methods yields a fair value of €8.25ps or an equity value of €108.05mn.

Valuation Recap

	Equity Value €mn	Value per share €
DCF	91.98	7.02
EV/EBITDA	142.75	10.89
P/EPS	105.48	8.05
Average Multiples	124.11	9.47
Total Average	108.05	8.25

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 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/EPS 2020	P/EPS 2021	P/EPS 2022
Fanuc Corporation	Tokyo	34,146	6.3x	5.1x	4.6x	25.2x	21.9x	13.4x	30.7x	19.3x	16.5x	42.6x	26.9x	23.4x
Renishaw plc	London	4,303	7.0x	6.0x	5.2x	26.5x	33.4x	17.0x	n.m	28.0x	21.5x	n.m	37.7x	27.6x
Dassault Systemes SA	Euronext Paris	56,378	12.8x	11.7x	10.6x	n.m	n.m	28.2x	n.m	34.3x	32.2x	n.m	44.5x	42.2x
Hexagon AB Class B	OMXStockholm	33,217	9.4x	8.2x	7.2x	30.2x	28.9x	18.4x	35.1x	29.7x	24.6x	n.m	31.6x	28.5x
Rockwell Automation, Inc.	NYSE	28,453	5.7x	5.3x	4.5x	24.2x	28.5x	20.4x	33.0x	26.8x	22.8x	31.3x	30.1x	26.0x
IGE+XAO SA	Euronext Paris	331	8.6x	n.a.	n.a.	26.9x	24.4x	n.a.	28.7x	n.m	n.m	41.4x	n.m	n.m
Average peer group		26,138	8.3x	7.3x	6.4x	26.6x	27.4x	19.5x	31.9x	27.6x	23.5x	38.4x	34.2x	29.5x
Median peer group		30,835	7.8x	6.0x	5.2x	26.5x	28.5x	18.4x	31.9x	28.0x	22.8x	41.4x	31.6x	27.6x
Esautomotion SpA	Milan	68	3.4x	2.1x	1.9x	16.8x	7.4x	6.8x	32.0x	9.3x	8.3x	27.1x	14.1x	12.7x

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	28.5x	18.4x
ESA EBITDA	8.0	8.8
Enterprise value	229.1	162.1
ESA FY20A Net Debt	-8.3	-8.3
Equity Value	237.4	170.4
Average Equity Value	203.9	
Liquidity Discount	30%	
Equity Value Post-Discout	142.8	
Number of shares (thousand)	13,103	
Value per Share €	10.9	

Source: FactSet, KT&Partners' elaboration

P/EPS Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E
P/EPS Comps	31.6x	27.6x
ESA EPS	0.37	0.41
Equity Value per Share	11.6	11.4
Average Value per Share	11.5	
Liquidity Discount	30%	
Value per Share €	8.0	
Equity Value Post discount	105.5	
Number of shares (thousand)	13,103	
Value per Share €	8.0	

Source: FactSet, KT&Partners' elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 9.5% cost of equity, 3% cost of debt and a D/E ratio of 9.2% (Damodaran for the Machinery industry where ESAU is included). The cost of equity is a function of the risk-free rate of 1.9% (Italian 10y BTP), 4.50% equity risk premium (Damodaran – ERP T12 m with sustainable payout) and a premium for size and liquidity of 2.6% (lower with respect to our previous valuation following ESAU's stable market cap of €60mn+ over the last months). We, therefore, obtained 8.9% 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	6.4	7.2	8.0	8.7
Taxes	(1.7)	(1.9)	(2.1)	(2.4)
D&A	1.4	1.4	1.4	1.4
Change in Net Working Capital	(2.5)	(1.0)	(0.8)	(0.8)
Change in Funds	0.4	0.4	0.4	0.4
Net Operating Cash Flow	4.0	6.1	6.8	7.4
Capex	(1.2)	(1.2)	(1.2)	(1.2)
FCFO	2.8	4.9	5.6	6.2
g	1.5%			
Wacc	8.9%			
FCFO (discounted)	2.8	4.5	4.8	4.9
Discounted Cumulated FCFO	16.9			
TV	85.3			
TV (discounted)	66.7			
Enterprise Value	83.6			
NFP FY20	(8.3)			
Equity Value	92.0			
Current number of shares (mn)	13.1			
Value per share (€)	7.02			

Source: Company data, KT&Partners' elaboration

Sensitivity Analysis (€mn)

€ Million		WACC				
Terminal growth Rate		9.4%	9.1%	8.9%	8.6%	8.4%
	1.0%	82.9	85.1	87.5	90.0	92.7
	1.3%	84.8	87.1	89.7	92.3	95.2
	1.5%	86.8	89.3	92.0	94.9	97.9
	1.8%	89.0	91.7	94.5	97.6	100.8
	2.0%	91.3	94.2	97.2	100.5	104.0

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 €56.4bn, 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 €34.2bn, 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 €33.2bn, 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 €4.3bn, 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 €28.5bn, 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 (05/10/2021) to Date
Fanuc Corporation	-0.2%	-9.7%	-20.1%	-7.4%	-1.0%
Renishaw plc	-5.1%	-4.7%	-22.2%	3.1%	11.1%
Dassault Systemes SA	-24.7%	-14.1%	9.8%	-21.1%	-4.8%
Hexagon AB Class B	-11.9%	-13.3%	20.0%	-12.1%	-4.4%
Rockwell Automation, Inc.	-16.1%	-10.5%	13.8%	-19.4%	-6.1%
IGE+XAO SA	-6.1%	-4.7%	30.2%	-4.7%	-2.3%
Average	-10.7%	-9.5%	5.2%	-10.3%	-1.3%
Median	-9.0%	-10.1%	11.8%	-9.8%	-3.4%
Esautomotion SpA	11.4%	55.5%	103.2%	9.0%	52.0%

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	5,521	6,044	6,128	75.4%
Dassault Systemes SA	4,018	4,452	4,862	5,380	5,879	75.2%
Renishaw plc	651	580	671	775	810	84.9%
Rockwell Automation, Inc.	5,935	5,656	6,043	7,138	7,611	83.0%
Hexagon AB Class B	3,908	3,771	4,341	4,930	5,319	79.4%
IGE+XAO SA	34	33	n.a.	n.a.	n.a.	n.a.
Esautomotion SpA	19	18	29	31	34	64.1%
Average Peers	3,126	3,159	4,288	4,853	5,149	68.8%

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%	32.8%	34.5%	35.7%	17.4%	20.4%	26.2%	28.0%	28.6%	14.4%	17.1%	22.0%	22.9%	23.3%
Dassault Systemes SA	30.9%	29.9%	38.3%	37.6%	37.2%	21.1%	16.3%	34.3%	32.9%	33.5%	15.3%	11.0%	26.0%	24.9%	25.3%
Renishaw plc	23.4%	20.9%	29.0%	30.7%	30.3%	16.6%	11.3%	21.5%	24.2%	23.5%	16.1%	0.1%	19.7%	20.0%	19.2%
Rockwell Automation, Inc.	22.4%	20.0%	20.8%	22.1%	22.8%	20.1%	17.2%	19.9%	19.8%	20.6%	10.4%	16.2%	19.4%	14.9%	15.6%
Hexagon AB Class B	30.2%	32.7%	38.5%	39.2%	39.2%	25.0%	26.9%	27.6%	29.3%	29.9%	18.0%	16.4%	18.7%	22.2%	22.9%
IGE+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%	31.9%	32.8%	33.1%	21.0%	20.3%	25.9%	26.9%	27.2%	15.8%	14.2%	21.2%	21.0%	21.3%
Esautomotion SpA	18.2%	20.1%	27.8%	28.2%	28.5%	9.7%	10.6%	22.3%	23.0%	23.7%	9.1%	13.8%	16.2%	16.7%	17.2%

Source: FactSet, KT&Partners' elaboration

DISCLAIMER

THIS DOCUMENT WAS PREPARED BY FEDERICA FIORENZA – SENIOR ANALYST – MAURO IACCINO – SENIOR ANALYST – AND GABRIELE TRAPANI – JUNIOR ANALYST – ON BEHALF OF KT&PARTNERS S.R.L., WITH REGISTERED OFFICE AT VIA DELLA POSTA 10, MILAN, ITALY, MILAN COMPANY REGISTER NO. 1926922, SPECIALIZING IN FINANCIAL RESEARCH AND ANALYSIS (HEREINAFTER, “KT&PARTNERS”).

NO OTHER PEOPLE OR COMPANY 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.

FOR THIS PURPOSE, THE MEMBERS OF THE RESEARCH TEAM CERTIFY THAT: (I) THEY HAVE NOT RECEIVED AND WILL NOT RECEIVE ANY DIRECT OR INDIRECT COMPENSATION IN EXCHANGE FOR ANY VIEWS EXPRESSED IN THE RESEARCH; (II) THEY DO NOT OWN ANY SECURITIES AND/OR ANY OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY OR ANY FINANCIAL INSTRUMENT WHICH THE PRICE DEPENDS ON, OR IS LINKED TO ANY SECURITIES AND/OR ANY FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY; (III) NEITHER THE ANALYSTS NOR ANY MEMBER OF THE ANALYST’S HOUSEHOLD SERVE AS AN OFFICER, DIRECTOR OR ADVISORY BOARD MEMBER OF THE COMPANY.

KT&PARTNERS HAS IN PLACE 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. IN THIS POLICY, THERE ARE ALSO DESCRIBED THE ORGANIZATIONAL MECHANISMS ADOPTED BY KT&PARTNERS TO PREVENT AND PROFESSIONALLY MANAGE CONFLICTS OF INTEREST THAT MAY ARISE DURING THE PERFORMANCE OF THE RESEARCH. 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.

KT&PARTNERS PREPARED THIS DOCUMENT ON BEHALF OF ESAUTOMOTION SPA ACCORDING TO AN AGREEMENT ENTERED WITH THE SAME AND ON THE BASIS OF THE DATA AND PUBLIC INFORMATION PROVIDED BY THE SAME OR DERIVED FROM SOURCES DEEMED SERIOUS AND RELIABLE ON THE FINANCIAL MARKET BUT WHOSE ABSOLUTE TRUSTWORTHINESS, COMPLETENESS, AND ACCURACY CANNOT BE GUARANTEED. THE FEES AGREED FOR THIS RESEARCH DO NOT DEPEND ON THE RESULTS OF THE RESEARCH.

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH BPER BANCA SPA ACTING AS SPECIALIST IN ACCORDANCE TO ART. 35 OF AIM ITALIA MARKET RULES FOR COMPANIES.

KT&PARTNERS PREVIOUSLY RELEASED ESAUTOMOTION EQUITY RESEARCH UPDATE ON 5/10/2021 WITH A FAIR VALUE OF €6.56PS.

THIS DOCUMENT IS A SOURCE OF INFORMATION ONLY, AND IS NOT PART OF, AND IN NO WAY MUST BE CONSIDERED AN OFFER TO SELL, SUBSCRIBE OR TRADE, OR A SOLICITATION TO PURCHASE, SUBSCRIBE OR TRADE, FINANCIAL INSTRUMENTS/PRODUCTS, OR IN GENERAL TO INVEST, NOR MUST IT BE CONSIDERED ANY FORM OF CONSULTING FOR AN INVESTMENT IN FINANCIAL INSTRUMENTS.

THE INFORMATION PROVIDED IN THIS DOCUMENT MUST NOT BE UNDERSTOOD AS A REQUEST OR SUGGESTION TO CONDUCT OR CARRY OUT A SPECIFIC TRANSACTION.

EACH INVESTOR MUST FORM HIS/HER OWN OPINION BASED EXCLUSIVELY ON HIS/HER ASSESSMENT OF THE ADVISABILITY OF INVESTING. ANY INVESTMENT DECISION MADE ON THE BASIS OF THE INFORMATION AND ANALYSES IN THIS DOCUMENT IS THE EXCLUSIVE RESPONSIBILITY OF THE RECIPIENTS OF THIS DOCUMENT, WHO MUST CONSIDER THIS DOCUMENT MERELY AS A SOURCE OF INFORMATION AND ANALYSIS TO SUPPORT SUCH DECISION.

ANY OPINIONS, FORECAST OR ESTIMATES CONTAINED HEREIN CONSTITUTE A JUDGEMENT AS AT THE DATE OF THIS DOCUMENT, AND THERE CAN BE NO ASSURANCE THAT THE FUTURE RESULTS OF THE COMPANY AND/OR ANY FUTURE EVENTS WILL BE CONSISTENT WITH ANY OF SUCH OPINIONS, FORECAST OR ESTIMATES.

KT&PARTNERS MAKES NO EXPLICIT OR IMPLICIT GUARANTEE WITH RESPECT TO PERFORMANCE OR THE OUTCOME OF ANY INVESTMENT OR PROJECTIONS MADE.

THEREFORE, KT&PARTNERS, ITS REPRESENTATIVES AND/OR EMPLOYEES WILL NOT BE LIABLE FOR ANY EFFECT DERIVING FROM THE USE OF THIS DOCUMENT, AND HEREBY DECLINE ALL LIABILITY FOR ANY DIRECT OR INDIRECT DAMAGES, FINANCIAL OR OTHERWISE, DERIVING FROM ANY USE OF THE INFORMATION IT CONTAINS.

KT&PARTNERS AIMS TO PROVIDE CONTINUOUS COVERAGE OF THE COMPANY IN CONJUNCTION WITH ANY EXCEPTIONAL EVENT THAT OCCURS AFFECTING THE ISSUER'S SPHERE OF OPERATIONS AND IN ANY CASE AT LEAST TWICE PER YEAR.

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



Via della Posta, 10 – Piazza Affari, 20123 Milano – Italy
Tel: +39.02.83424007 Fax: +39.02.83424011
segreteria@ktepartners.com