

MATICA FINTEC

FY19: Significant yoy growth and higher than expected margins

Sharp increase in profitability in FY19: MATICA FINTEC, innovative SME and leader in technological systems for the e-ID and digital payment sectors, recently released a strong set of FY19 results, its first as listed company. Revenues reached Euro 14.3 m, largely in line with our estimates (Euro 14.9 m) and +6,1% vs. FY18 adj. (Euro 13.5 m). 97% of total revenues were realized abroad, confirming the Company's international calling. EBITDA reached Euro 3.2 m, up by +40% vs. FY 2018 adj. (Euro 2.3 m) and outperforming our forecast of Euro 2.9 m thanks to a shift in product mix in favor of solutions with high technological content, and in spite of non-recurring IPO costs. Net result was positive for Euro 0.3 m and Net Cash stood at Euro 0.7 m.

Growing demand for high-tech solutions: thanks to continuous R&D activity (approx. 10% of revenues), the Company's products are characterized by efficiency, reliability and high technological content including biometric systems, laser technology and holographic application for identity systems. In 2019, the Company witnessed a growing demand for high-tech solutions with a positive impact on profitability.

Outlook and estimates: In 2020 the Management will focus strategies announced in IPO and aimed at increasing resources, revenues and market share. As for corona virus Management highlights that the Company has not halted operations but it is still difficult to asses any potential effects on the Company's FY20 financials. However, given the business of the Company driven partly by the use of payment cards, we estimate that any negative effect from the coronavirus spread, could possibly be mitigated by an increase in demand from the financial cards business.

Following the above, and while awaiting to better understand the impact of the current sanitarian emergency, we confirm our FY20-22 estimates in growth and margins. However, we stress that unpredictable temporal extension and geographical spread of the COVID-19 emergency could undermine the feasibility of our estimates.

Valuation: We set a target price of Euro 3.88 per share, (Euro 3.62 p.s. previously), providing for a +145% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis.

Sector: Technology

Target Price (Euro) 3.88 (3.62 pr)
 Market Price (Euro) 1.58
 Market Cap (Euro m) 17
 EV (Euro m) 21
(as of April 28th, 2020)

Share Data

Market	AIM ITALIA
Bloomberg/Reuters	MFT:IM / MFTC.MI
ISIN	IT0005388449
N. of Shares	10,508,200
Free Float	38.39%
CEO and Chairman	Sandro Camilleri

AIM Positioning

FY 2018	Com pany	AIM sector	AIM Italia
Revenues	14	35	43
EBITDA margin	16%	17%	14%
NFF/EBITDA (x)	1.6	0.4	3.8

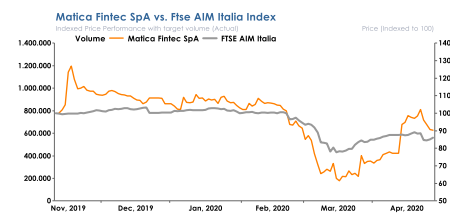
Market Data - Eu m	Com pany	AIM sector	AIM Italia
Mkt Cap	17	65	46
Perf. YTD	-14%	-6%	-14%
Free Float	38%	31%	33%
ADTT YTD (Eu k)	66	85	83

Performance

	1M	3M	6M
Absolute	26.4%	-14.9%	n.a.
Relative	22.6%	0.2%	n.a.
52-week High/Low (Eu)	2.38 / 0.99		

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Key Figures (Euro m)	Revenue	Yoy %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
2019A	14.3	+6%	3.2	22%	0.7	4.5%	0.3	(0.7)
2020E	15.9	+11%	3.3	21%	0.5	3.3%	0.3	(2.0)
2021E	17.8	+12%	4.1	23%	1.2	6.5%	0.7	(4.2)
2022E	20.3	+14%	4.9	24%	3.6	17.9%	2.4	(6.3)