

DATALOGIC

NEUTRAL

SECTOR: Industrials

Price (Eu): 13.10

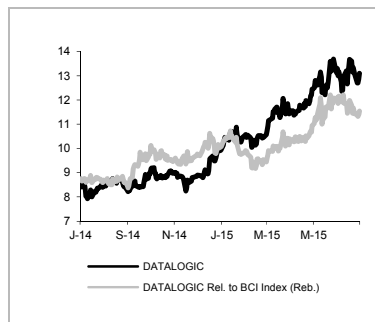
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Target Price (Eu): 13.50

Improving Trends in 2H15, Profitability Boosted By Lower Tax Rate

- Sales up 14.9% to Eu257.5mn in 1H15 (+5.0% at constant FOREX):** this figure had already been released. Looking at the breakdown, ADC business unit sales increased by 19.0% to Eu177.4mn, +8.8% at constant currencies. The ADC division continues to benefit from the new products launched last year, especially in the retail sector. On the other hand, while the contribution from the Industrial Automation business unit was up 6.2% YoY to Eu66.6mn, it was slightly down YoY at constant FOREX. From a geographical point of view, business trends were good in Europe (+12.1% in 1H15, thanks to an acceleration in 2Q15) and extremely encouraging in emerging markets (in particular in China), while it was flattish at constant FOREX in North America. **Half-yearly EBITDA closed at Eu34.3mn, flat YoY and slightly lower than expected.** The EBITDA margin fell 190bps to 13.3%. At constant FOREX the EBITDA margin would have been stable. Below EBITDA, net financial charges came in higher than expected, but the main surprise was the tax rate, below forecasts at 14.2% (it was 18.8% in 1H14), bringing net profit to Eu21.5mn, in line with our estimate and up 40.7% YoY. Finally, net debt closed at Eu58.4mn, down Eu6.3mn from the corresponding level at the end of March, despite a Eu10.5mn dividend payout.
- Conference call indications and change in estimates.** During the conference call management provided quite positive indications for the remainder of the year. Organic trends are expected to speed up from the 5.0% growth at constant currencies posted in 1H15, thanks in particular to a recovery of the Industrial Automation business. The order intake backs up this encouraging outlook. We are therefore confirming our revenue and EBITDA estimates. At the same time, in light of management's indications we are reducing financial charges and to a greater extent the tax load (projecting a 2015 tax rate of 18%, and a more cautious 22% in 2016). Taking these factors into consideration, we are raising 2015 and 2016 EPS by 8.4% and 5.1%, respectively.
- NEUTRAL confirmed; target price lifted to Eu13.5.** We are raising our target price from Eu12.0 to Eu13.5 in light of our new estimates and the improved business momentum. The ADC business is recording excellent revenue growth and solid margins, thanks to the successful introduction of new products in the retail sector. On the other hand, visibility on the expected recovery in the Industrial Automation business before is slightly improving. Even though we appreciate Datalogic's equity story, at the current market price we see limited upside. In our valuation, we do not speculate about the possibility of the company becoming a takeover target, since in our opinion the controlling shareholder is committed to the company for the long haul.

DATALOGIC - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 12.00 to 13.50

Change in EPS est:	2015E	2016E
	8.4%	6.4%

STOCK DATA

Reuters code: DAL.MI
Bloomberg code: DAL IM

Performance	1m	3m	12m
Absolute	-0.2%	13.4%	49.7%
Relative	-4.5%	11.3%	36.2%
12 months H/L:	13.69/7.93		

SHAREHOLDER DATA

No. of Ord. shares (mn):	58
Total No. of shares (mn):	58
Mkt Cap Ord (Eu mn):	766
Total Mkt Cap (Eu mn):	766
Mkt Float - ord (Eu mn):	253
Mkt Float (in %):	33.0%
Main shareholder:	
Hydra Spa (controlled by Voli)	67.0%

BALANCE SHEET DATA

	2015
Book value (Eu mn):	243
BVPS (Eu):	4.16
P/BV:	3.2
Net Financial Position (Eu mn):	-25
Enterprise value (Eu mn):	790

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on the last page of this report

Key Figures	2013A	2014A	2015E	2016E	2017E
Sales (Eu mn)	451	465	540	572	595
Ebitda (Eu mn)	60	69	75	84	88
Net profit (Eu mn)	27	31	47	50	54
EPS - New (Eu)	0.556	0.655	0.865	0.922	0.985
EPS - Old (Eu)		0.655	0.798	0.867	0.936
DPS (Eu)	0.160	0.180	0.200	0.220	0.240
Ratios & Multiples	2013A	2014A	2015E	2016E	2017E
P/E	23.6	20.0	15.1	14.2	13.3
Div. Yield	1.2%	1.4%	1.5%	1.7%	1.8%
EV/Ebitda	14.4	11.8	10.5	9.0	8.2
ROCE	15.8%	16.2%	20.6%	24.7%	25.8%

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DATALOGIC - KEY FIGURES

		2013A	2014A	2015E	2016E	2017E
	Fiscal year end	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
PROFIT & LOSS (Eu mn)	Sales	451	465	540	572	595
	EBITDA	60	69	75	84	88
	EBIT	45	47	58	66	70
	Financial income (charges)	(7)	(8)	(5)	(3)	(1)
	Associates & Others	0	0	0	1	1
	Pre-tax profit (Loss)	36	39	57	64	71
	Taxes	(9)	(8)	(10)	(14)	(17)
	Tax rate (%)	24.3%	21.2%	18.0%	22.0%	24.0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	27	31	47	50	54
	Total extraordinary items	(6)	(7)	(4)	(4)	(4)
PER SHARE DATA (Eu)	Ebitda excl. extraordinary items	60	69	75	84	88
	Ebit excl. extraordinary items	50	58	64	72	76
	Net profit restated	32	38	51	54	58
	Total shares out (mn) - average fd	58	58	58	58	58
	EPS stated fd	0.460	0.528	0.796	0.859	0.922
	EPS restated fd	0.556	0.655	0.865	0.922	0.985
	BVPS fd	3.170	4.128	4.157	4.815	5.517
CASH FLOW (Eu mn)	Dividend per share (ord)	0.160	0.180	0.200	0.220	0.240
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	34.8%	34.1%	25.1%	25.6%	26.0%
	Gross cash flow	46	48	64	68	71
	Change in NWC	2	7	(6)	(3)	(3)
	Capital expenditure	(17)	(13)	(16)	(17)	(18)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	30	42	42	47	50
BALANCE SHEET (Eu mn)	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	(9)	(9)	(11)	(12)	(13)
	Equity financing/Buy-back	0	10	0	0	0
	Change in Net Financial Position	24	41	31	35	37
	Total fixed assets	280	301	273	267	266
	Net working capital	9	3	9	12	15
	Long term liabilities	(7)	(7)	(14)	(8)	(7)
	Net capital employed	282	297	268	271	274
ENTERPRISE VALUE (Eu mn)	Net financial position	(97)	(56)	(25)	11	48
	Group equity	185	241	243	281	322
	Minorities	0	0	0	0	0
	Net equity	185	241	243	281	322
RATIOS(%)	Average mkt cap - current	766	766	766	766	766
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(97)	(56)	(25)	11	48
	Enterprise value	863	821	790	755	718
GROWTH RATES (%)	EBITDA margin*	13.3%	14.9%	14.0%	14.6%	14.8%
	EBIT margin*	11.1%	12.5%	11.9%	12.6%	12.8%
	Gearing - Debt/equity	52.4%	23.1%	10.1%	-3.8%	-14.9%
	Interest cover on EBIT	7.0	5.8	12.1	22.1	140.8
	Debt/Ebitda	1.62	0.80	0.33	nm	nm
	ROCE*	15.8%	16.2%	20.6%	24.7%	25.8%
	ROE*	15.0%	14.5%	19.2%	19.1%	17.8%
	EV/CE	3.0	2.8	2.8	2.8	2.6
	EV/Sales	1.9	1.8	1.5	1.3	1.2
	EV/Ebit	17.2	14.2	12.3	10.5	9.5
	Free Cash Flow Yield	3.9%	5.4%	5.4%	6.1%	6.6%
GROWTH RATES (%)	Sales	-2.5%	3.1%	16.2%	6.0%	4.0%
	EBITDA*	-10.4%	15.8%	8.7%	10.9%	5.2%
	EBIT*	-5.3%	15.8%	10.8%	11.8%	5.7%
	Net profit	162.6%	14.7%	50.8%	7.8%	7.4%
	EPS restated	-13.0%	17.9%	32.0%	6.5%	6.9%

* Excluding extraordinary items

Source: Intermonte SIM estimates

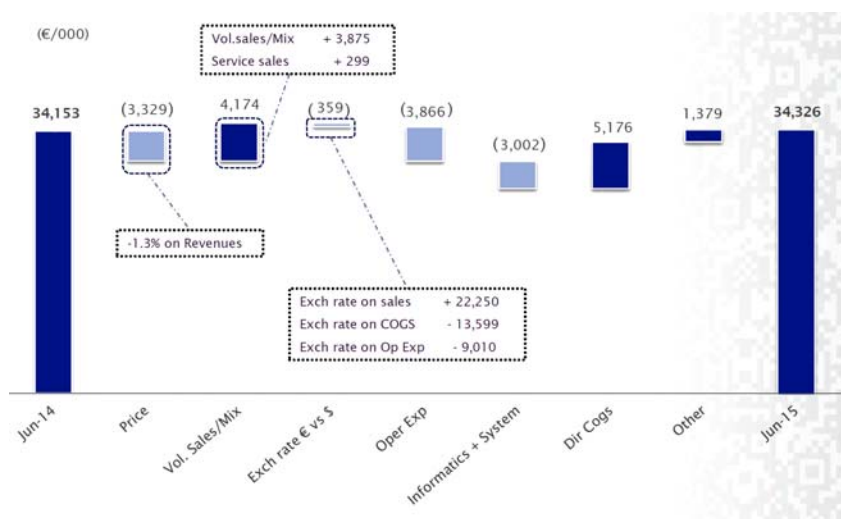
Details

Datalogic - Quarterly figures

(Eu mn)	2Q14A	2Q15A	YoY	2Q15E	A vs. E	1H14A	1H15A	YoY
Net sales	115.8	135.2	16.7%	135.2	0.0%	224.0	257.5	14.9%
Gross profit	56.4	62.7	11.1%	63.5	-1.3%	109.1	119.8	9.8%
Gross margin	48.7%	46.4%		47.0%		48.7%	46.5%	
EBITDA adj.	18.7	18.6	-0.3%	19.0	-2.1%	34.2	34.3	0.5%
Ebitda margin	16.1%	13.8%		14.1%		15.2%	13.3%	
Non recurring	(2.4)	(0.3)		0.0		(2.4)	(0.8)	
D&A	(4.1)	(4.4)		(4.3)		(8.3)	(8.9)	
EBIT	12.2	13.9	14.3%	14.8	-5.8%	23.5	24.7	5.2%
Ebit margin	10.5%	10.3%		10.9%		10.5%	9.6%	
Net financials	(2.5)	(0.8)		(2.0)		(4.8)	(3.2)	
Associates / forex	0.5	(0.4)		2.0		0.1	3.5	
Pre tax profit	10.2	12.7	24.1%	14.8	-13.9%	18.8	25.0	33.3%
Taxes	(1.9)	(1.1)		(3.2)		(3.5)	(3.6)	
Tax rate	19.0%	9.0%		21.5%		18.8%	14.2%	
Minorities	0.0	0.0		0.0		0.0	0.0	
Net profit	8.3	11.6	39.4%	11.6	-0.2%	15.2	21.5	40.7%

Source: Company data and Intermonte SIM estimates

Datalogic – EBITDA bridge in 1H15



Datalogic - Sales breakdown by business

	2013A	1Q14A	2Q14	1H14	3Q14	4Q14	2014A	1Q15A	2Q15	1H15
ADC	282.4	71.9	77.2	149.1	77.4	83.2	309.7	84.0	93.5	177.5
YoY growth	-5.2%	15.1%	7.8%	11.2%	13.1%	4.2%	9.7%	16.8%	21.1%	19.0%
% on sales	62.7%	66.4%	66.7%	66.6%	66.7%	66.8%	66.7%	68.7%	69.2%	68.9%
Industrial Automation	137.8	30.5	32.1	62.7	32.4	35.2	130.3	31.7	34.8	66.5
YoY growth	5.5%	-4.4%	-13.4%	-9.3%	-9.6%	7.1%	-5.5%	3.9%	8.4%	6.2%
% on sales	30.6%	28.2%	27.7%	28.0%	28.0%	28.3%	28.0%	25.9%	25.8%	25.8%
Informatics	30.8	6.1	6.9	13.1	6.7	6.4	26.1	7.0	7.4	14.5
YoY growth	-9.8%	-18.9%	-14.4%	-16.6%	-13.9%	####	-15.1%	14.6%	7.3%	10.7%
% on sales	6.8%	5.7%	6.0%	5.8%	5.8%	5.1%	5.6%	5.8%	5.5%	5.6%
DL SpA	21.6	6.0	6.5	12.5	6.6	5.9	24.9	6.0	6.5	12.5
YoY growth	-2.8%	18.7%	6.3%	12.0%	8.4%	34.8%	15.6%	-0.7%	0.7%	0.0%
% on sales	4.8%	5.6%	5.6%	5.6%	5.6%	4.7%	5.4%	4.9%	4.8%	4.9%
adjustments	-21.8	-6.4	-6.9	-13.3	-7.0	-6.2	-26.5	-6.4	-7.1	-13.5
Consolidated net sale	450.7	108.2	115.8	224.0	116.0	124.5	464.5	122.3	135.2	257.5
YoY	-2.5%	6.1%	-0.9%	2.4%	3.6%	3.8%	3.1%	13.0%	16.7%	14.9%

Source: Company data and Intermonte SIM estimates

Datalogic - EBITDA breakdown by business

	2013A	1Q14A	2Q14	1H14	3Q14	4Q14	2014A	1Q15A	2Q15	1H15
ADC	50.4	14.0	16.7	30.7	15.5	19.8	66.1	16.2	20.2	36.4
YoY growth	8.9%	55.8%	55.8%	55.8%	42.9%	-0.1%	31.1%	15.6%	20.8%	18.4%
% margin	17.9%	19.5%	21.6%	20.6%	20.1%	23.8%	21.3%	19.3%	21.6%	20.5%
Industrial Automation	8.0	0.7	1.2	1.9	1.2	2.7	5.8	0.0	0.7	0.7
YoY growth	7.4%	26%	-43%	-28%	-67%	57%	-28.0%	-100%	-44%	-65%
% margin	5.8%	2.3%	3.7%	3.0%	3.7%	7.6%	4.4%	0.0%	1.9%	1.0%
Informatics	2.5	0.1	0.7	0.8	0.5	0.0	1.3	0.0	0.1	0.1
YoY growth	15.0%	-88%	-2%	-48%	-14%	-104%	-49.7%	-100%	-84%	-86%
% margin	8.3%	1.6%	10.2%	6.2%	7.4%	-0.3%	4.9%	0.0%	1.6%	0.8%
DL SpA	-1.0	0.6	0.1	0.7	0.6	-5.1	-3.7	-0.5	-2.2	-2.7
YoY growth	-118%	-2%	-94%	-69%	-64%	nm	nm	-181%	####	-467%
% margin	-4.6%	11%	2%	12%	9%	-86%	-14.8%	-9%	-34%	12%
adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
Consolidated EBITDA	60.0	15.5	18.7	34.2	17.9	17.4	69.4	15.7	18.6	34.3
% margin	13.3%	14.3%	16.1%	15.2%	15.4%	14.0%	14.9%	12.8%	13.8%	13.3%

Source: Company data and Intermonte SIM estimates

Datalogic - Sales breakdown by area

(Eu mn)	2013A	1Q14A	2Q14	1H14	3Q14	4Q14	2014A	1Q15A	2Q15	1H15
Europe	221.9	59.0	58.7	117.7	60.2	64.5	242.3	63.4	68.5	132.0
YoY growth	28.7%	15.7%	10.9%	13.2%	7.8%	3.8%	9.2%	7.6%	16.7%	12.1%
% on sales	49.2%	54.5%	50.7%	52.5%	51.9%	51.8%	52.2%	51.9%	50.7%	51.3%
North America	143.9	30.1	34.5	64.6	35.1	34.7	134.5	34.1	40.6	74.8
YoY growth	-9.6%	-12.7%	-15.5%	-14.2%	3.8%	0.0%	-6.5%	13.5%	17.7%	15.7%
% on sales	31.9%	27.8%	29.8%	28.8%	30.3%	27.9%	28.9%	27.9%	30.1%	29.0%
Asia Pacific	56.5	11.9	14.1	26.0	13.8	17.3	57.2	15.5	18.3	33.8
YoY growth	7.1%	7.2%	-7.2%	-1.1%	-8.6%	15.3%	1.2%	30.2%	30.0%	30.1%
% on sales	12.5%	11.0%	12.1%	11.6%	11.9%	13.9%	12.3%	12.7%	13.5%	13.1%
RoW	28.6	7.3	8.5	15.7	6.9	8.0	30.6	9.2	7.7	16.9
YoY growth	-26.6%	32.5%	9.4%	19.0%	-4.0%	-2.2%	7.2%	26.3%	-8.6%	7.6%
% on sales	6.3%	6.7%	7.3%	7.0%	5.9%	6.4%	6.6%	7.5%	5.7%	6.6%
Consolidated net sale	450.7	108.2	115.8	224.0	116.0	124.5	464.5	122.3	135.2	257.5
YoY growth	6.5%	6.1%	-0.8%	2.4%	3.6%	3.8%	3.1%	13.0%	16.7%	14.9%

Source: Company data and Intermonte SIM estimates

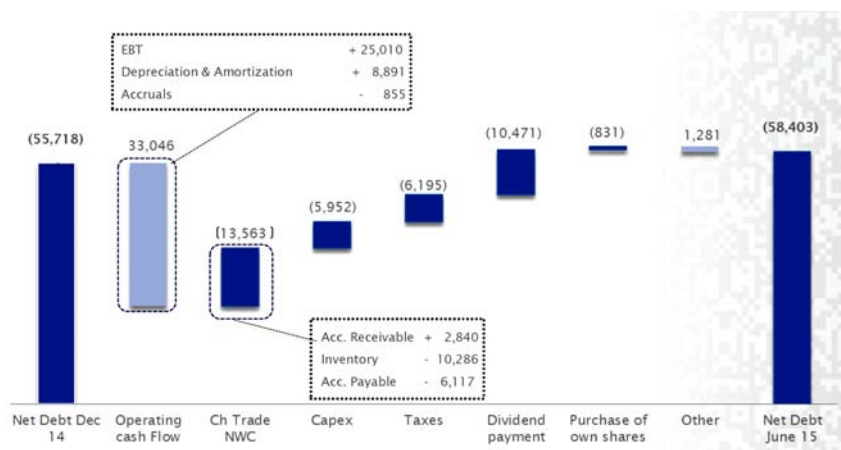
Change in estimates

Datalogic - Change in estimates

	New Estimates			Old Estimates			% change		
	2015	2016	2017	2015	2016	2016	2015	2016	2017
Net sales	540.0	572.4	595.3	540.0	572.4	595.3	0.0%	0.0%	0.0%
YoY growth	16.2%	6.0%	4.0%	16.2%	6.0%	4.0%			
EBITDA reported	75.5	83.7	88.0	75.5	83.7	88.0	0.0%	0.0%	0.0%
Ebitda margin	14.0%	14.6%	14.8%	14.0%	14.6%	14.8%			
YoY growth	8.7%	10.9%	5.2%	8.7%	10.9%	5.2%			
D&A tang	(7.4)	(7.5)	(7.7)	(7.4)	(7.5)	(7.7)			
Goodwill	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)			
D&A intang.	(4.3)	(4.4)	(4.4)	(4.3)	(4.4)	(4.4)			
EBIT reported	58.3	66.3	70.4	58.3	66.3	70.4	0.0%	0.0%	0.0%
Ebit margin	10.8%	11.6%	11.8%	10.8%	11.6%	11.8%			
YoY growth	24.2%	13.9%	6.1%	24.2%	13.9%	6.1%			
Net financials	(4.8)	(3.0)	(0.5)	(5.5)	(3.0)	(0.5)			
Associates	0.3	1.0	1.0	0.3	1.0	1.0			
FOREX	3.0	0.0	0.0	3.0	0.0	0.0			
Pre tax profit	56.8	64.3	70.9	56.1	64.3	70.9	1.2%	0.0%	0.0%
Taxes	(10.2)	(14.2)	(17.0)	(13.5)	(17.4)	(19.9)			
tax rate	18.0%	22.0%	24.0%	24.0%	27.0%	28.0%			
Minorities	0.0	0.0	0.0	0.0	0.0	0.0			
Net income	46.5	50.2	53.9	42.6	47.0	51.0	9.2%	6.8%	5.6%
Rest. Net Income	50.6	53.9	57.6	46.6	50.7	54.7	8.4%	6.4%	5.2%
YoY growth	32.0%	6.5%	6.9%	21.7%	8.6%	8.1%			

Source: Intermonte SIM estimates

Datalogic – Net financial position in 1H15



DATALOGIC Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
DATALOGIC	13.1	EUR	765.6	-0.2%	13.4%	31.7%	47.2%	49.7%	101.5%
BASLER	54.9	EUR	174.3	3.6%	6.6%	37.2%	42.0%	48.8%	145.3%
COGNEX	45.6	USD	3,974.8	-5.2%	1.6%	24.1%	10.4%	7.0%	73.1%
HONEYWELL	105.4	USD	82,382.1	3.3%	4.4%	7.8%	5.5%	12.0%	27.0%
SCANSOURCE	36.7	USD	1,050.4	-3.6%	-7.9%	6.4%	-8.6%	0.7%	3.4%
ZEBRA TECH	106.0	USD	5,488.7	-4.6%	15.1%	27.0%	36.9%	29.2%	129.3%
Mean performance				-1.1%	5.5%	22.4%	22.2%	24.6%	79.9%
Italy Fixed	23,396.1	EUR	319,892	4.2%	1.5%	14.1%	23.1%	12.0%	41.4%

Source: FactSet

DATALOGIC Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
DATALOGIC	13.1	EUR	765.6	1.5	1.3	10.5	9.0	12.3	10.5	15.1	14.2	1.5%	1.7%
BASLER	54.9	EUR	174.3	2.3	2.0	11.0	10.2	16.2	15.1	22.4	21.0	1.3%	1.4%
COGNEX	45.6	USD	3,974.8	7.2	6.4	20.9	18.1	23.7	20.2	30.1	26.3	0.5%	0.7%
HONEYWELL	105.4	USD	82,382.1	2.1	2.0	10.6	9.6	11.5	10.5	17.2	15.7	2.0%	2.2%
SCANSOURCE	36.7	USD	1,050.4							14.6	12.5	0.0%	0.0%
ZEBRA TECH	106.0	USD	5,488.7	2.2	2.0	12.9	10.8	14.0	11.5	18.2	14.6	0.0%	0.0%
Median				2.2	2.0	11.0	10.2	14.0	11.5	17.7	15.2	0.9%	1.1%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DATALOGIC - Estimates Comparison with Consensus

(Eu mn)	2015			2016		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
Revenues	540.0	526.1	2.7%	572.4	556.7	2.8%
Ebitda	75.5	72.5	4.1%	83.7	81.2	3.1%
Net Profit	46.5	40.3	15.6%	50.2	44.8	12.0%
EPS	0.9	0.7	16.0%	0.9	0.8	12.7%
Net Debt	(24.5)	(36.6)	-33.0%	10.7	(5.1)	-310.0%

Source: Intermonte SIM estimates and Factset consensus estimates

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period ;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

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OUTPERFORM: 38.71%

NEUTRAL: 37.06%

UNDERPERFORM: 3.23%

SELL: 1.29%

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OUTPERFORM: 48.78%

NEUTRAL: 19.51%

UNDERPERFORM: 0.00%

SELL: 0.00%

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DETAILS ON STOCKS RECOMMENDATION

Stock NAME	DATALOGIC		
Current Recomm:	NEUTRAL	Previous Recomm:	NEUTRAL
Current Target (€u):	13.50	Previous Target (€u):	12.00
Current Price (€u):	13.10	Previous Price (€u):	11.56
Date of report:	31/07/2015	Date of last report:	11/05/2015

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