

# DATALOGIC

# NEUTRAL

Price (Eu):

16.46

Target Price (Eu):

16.00

SECTOR: Industrials

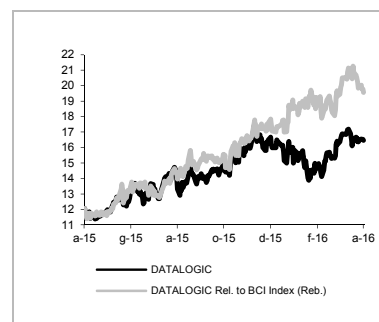
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## Good Start To The Year, Raising Visibility On FY Projections

- Good start to the year: organic sales growth accelerated further to +9.6% YoY (vs. +8.3% in 4Q15), driven by both main divisions (ADC +10%, IA +11%).** Datalogic achieved a healthy +10.7% increase in preliminary 1Q16 revenues to Eu135.4mn (vs. Eu133.3mn expected, with the difference vs. our estimates mostly attributable to a higher than projected contribution from the Royal Mail order), with organic growth of +9.6% YoY. In terms of the main divisions, the ADC business unit's sales rose by 10.9% YoY to Eu93.2mn (+9.9% at constant FOREX, thanks to a particularly positive trend in the Retail segment, both in Europe and North America), while the Industrial Automation division's revenues reached Eu35.5mn (+11.8% YoY or +10.9% YoY at constant FOREX). Excluding the results of the Systems business unit (benefiting from the Royal Mail order), Industrial Automation sales increased by 6.5% YoY to Eu30.7mn (+5.9% YoY organically), driven by a strong performance in the core European market. Bookings fell slightly, by 1.6% YoY to Eu140.5mn, mainly due to a tough comparison, as in 1Q15 the company received a large order in the North American retail segment: excluding the impact of this order, bookings would have been up by +5.6% YoY.
- 1Q16 preliminary sales figures raising visibility on FY top line projections, with profitability expected to improve.** We believe the group's positive quarterly sales trend (with a further acceleration in the organic growth rate) raises overall visibility on our FY revenue forecasts, pointing to 2016 sales growth of 8% YoY to Eu578mn (driven by double-digit growth in North America and China, consolidation of the positive trend in Europe and conditions elsewhere improving on the whole). A potentially better than expected trend in the core European market and/or an improving performance for the Industrial Automation division in North America (as a consequence of the effective implementation of the salesforce reorganisation) could in our view lead to some upside risks on our current estimates going forwards. In terms of operating profitability, we expect a significant margin improvement this year (around +110bps YoY in the EBITDA margin) due to recently implemented actions (i.e. procurement, plant rationalisation, insourcing of components) and expected operating leverage.
- NEUTRAL rating; Eu16.0 target price confirmed.** We confirm our Eu16.0 target price on the stock. We expect the group to continue to outperform its reference segments thanks to its strong positioning and effective implementation of its new strategy. Given the group's sound balance sheet and strong cash flow generation, we believe M&A could continue to represent a positive catalyst going forward. We confirm our NEUTRAL rating on the stock on valuation grounds.

 Next event:  
 1Q16 Results out 13 May

### DATALOGIC - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Change in EPS est:	2016E	2017E
	0.0%	0.0%

### STOCK DATA

 Reuters code: DAL.MI  
 Bloomberg code: DAL IM

Performance	1m	3m	12m
Absolute	0,6%	8,1%	36,5%
Relative	0,6%	5,2%	52,4%
12 months H/L:	17.59/11.38		

### SHAREHOLDER DATA

No. of Ord. shares (mn):	58
Total No. of shares (mn):	58
Mkt Cap Ord (Eu mn):	962
Total Mkt Cap (Eu mn):	962
Mkt Float - ord (Eu mn):	318
Mkt Float (in %):	33,0%
Main shareholder:	
Hydra Spa (controlled by Vol)	67,0%

### BALANCE SHEET DATA

	2016
Book value (Eu mn):	334
BVPS (Eu):	5,71
P/BV:	2,9
Net Financial Position (Eu mn):	7
Enterprise value (Eu mn):	955

 Please see important disclaimer  
 on the last page of this report

Key Figures	2014A	2015A	2016E	2017E	2018E
Sales (Eu mn)	465	535	578	613	640
Ebitda (Eu mn)	69	74	86	94	102
Net profit (Eu mn)	31	41	50	55	62
EPS - New (Eu)	0,655	0,789	0,923	1,003	1,123
EPS - Old (Eu)		0,789	0,923	1,003	
DPS (Eu)	0,180	0,250	0,280	0,300	0,320
Ratios & Multiples	2014A	2015A	2016E	2017E	2018E
P/E	25,1	20,9	17,8	16,4	14,7
Div. Yield	1,1%	1,5%	1,7%	1,8%	1,9%
EV/Ebitda	14,7	13,3	11,1	9,7	8,5
ROCE	16,2%	17,2%	20,8%	22,7%	25,0%

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**DATALOGIC - KEY FIGURES**

		2014A	2015A	2016E	2017E	2018E
	Fiscal year end	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	465	535	578	613	640
	EBITDA	69	74	86	94	102
	EBIT	47	53	67	74	81
	Financial income (charges)	(8)	(5)	(3)	(2)	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	39	52	64	72	81
	Taxes	(8)	(11)	(14)	(17)	(20)
	Tax rate (%)	21,2%	21,4%	22,0%	24,0%	24,0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	31	41	50	55	62
	Total extraordinary items	(7)	(6)	(4)	(4)	(4)
<b>PER SHARE DATA (Eu)</b>	Ebitda excl. extraordinary items	69	74	86	94	102
	Ebit excl. extraordinary items	58	61	73	80	86
	Net profit restated	38	46	54	59	66
	Total shares out (mn) - average fd	58	58	58	58	58
	EPS stated fd	0,528	0,694	0,858	0,938	1,057
	EPS restated fd	0,655	0,789	0,923	1,003	1,123
<b>CASH FLOW (Eu mn)</b>	BVPS fd	4,128	5,103	5,712	6,370	7,127
	Dividend per share (ord)	0,180	0,250	0,280	0,300	0,320
	Dividend per share (sav)	0,000	0,000	0,000	0,000	0,000
	Dividend pay out ratio (%)	34,1%	36,0%	32,6%	32,0%	30,3%
	Gross cash flow	48	59	69	75	83
	Change in NWC	7	14	(3)	0	0
	Capital expenditure	(13)	(22)	(23)	(18)	(19)
<b>BALANCE SHEET (Eu mn)</b>	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	42	51	43	57	64
	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	(9)	(11)	(15)	(16)	(18)
	Equity financing/Buy-back	10	0	0	0	0
	Change in Net Financial Position	41	35	28	41	46
	Total fixed assets	301	337	336	335	329
<b>ENTERPRISE VALUE (Eu mn)</b>	Net working capital	3	(11)	(8)	(8)	(9)
	Long term liabilities	(7)	(7)	(1)	(2)	2
	Net capital employed	297	319	327	324	322
	Net financial position	(56)	(21)	7	48	94
	Group equity	241	298	334	372	417
	Minorities	0	0	0	0	0
	Net equity	241	298	334	372	417
<b>RATIOS(%)</b>	Average mkt cap - current	962	962	962	962	962
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(56)	(21)	7	48	94
	Enterprise value	1.018	983	955	914	868
<b>GROWTH RATES (%)</b>	EBITDA margin*	14,9%	13,8%	14,9%	15,3%	15,9%
	EBIT margin*	12,5%	11,4%	12,6%	13,0%	13,5%
	Gearing - Debt/equity	23,1%	7,0%	-2,2%	-12,9%	-22,6%
	Interest cover on EBIT	5,8	11,5	22,4	37,0	nm
	Debt/Ebitda	0,80	0,28	nm	nm	nm
	ROCE*	16,2%	17,2%	20,8%	22,7%	25,0%
	ROE*	14,5%	15,0%	15,9%	15,5%	15,7%
	EV/CE	3,5	3,2	3,0	2,8	2,7
	EV/Sales	2,2	1,8	1,7	1,5	1,4
	EV/Ebit	17,5	16,1	13,1	11,5	10,0
	Free Cash Flow Yield	4,3%	5,3%	4,5%	5,9%	6,6%
<b>GROWTH RATES (%)</b>	Sales	3,1%	15,2%	8,0%	6,0%	4,5%
	EBITDA*	15,8%	6,2%	16,9%	9,0%	8,2%
	EBIT*	15,8%	5,5%	18,9%	9,4%	8,5%
	Net profit	14,7%	31,4%	23,7%	9,3%	12,7%
	EPS restated	17,9%	20,3%	17,1%	8,6%	11,9%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

**DATALOGIC Peer Group - Absolute Performances**

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>DATALOGIC</b>	<b>16,46</b>	<b>EUR</b>	<b>962</b>	<b>0,6%</b>	<b>8,1%</b>	<b>13,4%</b>	<b>0,4%</b>	<b>36,5%</b>	<b>74,8%</b>
BASLER	48,28	EUR	169	1,0%	0,6%	20,5%	11,2%	-9,8%	33,7%
COGNEX	37,26	USD	3.167	-9,3%	23,4%	7,4%	10,3%	-25,7%	12,4%
HONEYWELL	114,92	USD	87.493	2,0%	19,0%	16,4%	11,0%	13,4%	23,3%
SCANSOURCE	41,00	USD	1.075	3,0%	42,6%	7,2%	27,3%	0,1%	3,7%
ZEBRA TECH	64,70	USD	3.374	-5,6%	16,5%	-10,0%	-7,1%	-33,3%	0,6%
<b>Mean performance</b>				<b>-1,4%</b>	<b>18,3%</b>	<b>9,2%</b>	<b>8,8%</b>	<b>-3,1%</b>	<b>24,8%</b>
<b>Italy FTSE Mib</b>	18.732,9	EUR	263.926	0,2%	0,1%	-15,5%	-12,5%	-19,4%	-13,3%

Source: FactSet

**DATALOGIC Peer Group - Multiple Comparison**

Stock	Price	Ccy	Mkt cap	EV/Sales 2016	EV/Sales 2017	EV/Ebitda 2016	EV/Ebitda 2017	EV/Ebit 2016	EV/Ebit 2017	P/E 2016	P/E 2017	Div Yield 2016	Div Yield 2017
<b>DATALOGIC</b>	<b>16,46</b>	<b>EUR</b>	<b>962</b>	<b>1,7</b>	<b>1,5</b>	<b>11,1</b>	<b>9,7</b>	<b>13,1</b>	<b>11,5</b>	<b>17,8</b>	<b>16,4</b>	<b>1,7%</b>	<b>1,8%</b>
BASLER	48,28	EUR	169	1,9	1,7	10,4	9,4	16,1	14,0	21,9	19,2	1,4%	1,5%
COGNEX	37,26	USD	3.167	6,0	5,3	20,5	16,3	23,9	18,6	32,6	25,8	0,8%	0,8%
HONEYWELL	114,92	USD	87.493	2,3	2,1	11,1	9,8	12,2	10,9	17,4	15,9	2,1%	2,3%
SCANSOURCE	41,00	USD	1.075							15,7	13,9	0,0%	0,0%
ZEBRA TECH	64,70	USD	3.374	1,6	1,4	9,0	7,7	10,2	8,6	10,9	9,1		
<b>Median</b>				<b>2,1</b>	<b>1,9</b>	<b>10,8</b>	<b>9,6</b>	<b>14,1</b>	<b>12,4</b>	<b>17,4</b>	<b>15,9</b>	<b>1,1%</b>	<b>1,2%</b>

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

**DATALOGIC - Estimates Comparison with Consensus**

(Eu mn)	2016			2017		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
<b>Revenues</b>	577,9	577,2	0,1%	612,5	612,8	0,0%
<b>Ebitda</b>	86,2	85,7	0,7%	94,0	95,3	-1,4%
<b>Net Profit</b>	50,1	49,0	2,3%	54,8	56,6	-3,2%
<b>EPS</b>	0,923	0,898	2,9%	1,003	1,016	-1,3%
<b>Net Debt</b>	7,3	(1,3)	-653,0%	47,8	36,0	32,8%

Source: Intermonte SIM estimates and Factset consensus estimates

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NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;  
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NEUTRAL: 31.11%  
UNDERPERFORM: 0.0%  
SELL: 0.0%

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NEUTRAL: 18.42%  
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):	16.00	Previous Target (€u):	16.00
Current Price (€u):	16.46	Previous Price (€u):	15.70
Date of report:	22/04/2016	Date of last report:	07/03/2016

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