Datalogic

Italy / Industrial Engineering

Company report

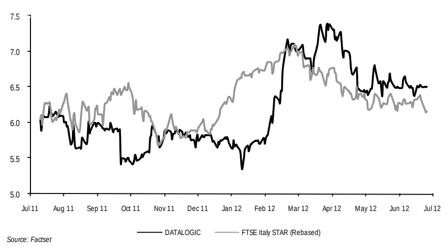
Investment Research | *Reason: Initiation of Coverage* | *26 July 2012*

Buy	
Initiating Coverage	
Share price: EUR	**6.50**
closing price as of 25/07/2012	
Target price: EUR	**8.60**

Reuters/Bloomberg	DAL.MI/DAL IM
Daily avg. no. trad. sh. 12 mth	23,972
Daily avg. trad. vol. 12 mth (m)	0.15
Price high 12 mth (EUR)	7.39
Price low 12 mth (EUR)	5.35
Abs. perf. 1 mth	0.0%
Abs. perf. 3 mth	-12.0%
Abs. perf. 12 mth	4.8%

Market capitalisation (EURm)	380
Current N° of shares (m)	58
Free float	19%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	426	512	545
EBITDA (m)	51	83	91
EBITDA margin	*11.9%*	*16.2%*	*16.7%*
EBIT (m)	36	68	77
EBIT margin	*8.6%*	*13.3%*	*14.1%*
Net Profit (adj.)(m)	32	43	52
ROCE	5.4%	7.3%	7.8%
Net debt/(cash) (m)	59	145	97
Net Debt Equity	*0.3*	*0.7*	*0.4*
Net Debt/EBITDA	1.2	1.7	1.1
Int. cover(EBITDA/Fin.int)	10.8	14.3	15.7
EV/Sales	0.9	1.0	0.9
EV/EBITDA	7.7	6.3	5.2
EV/EBITDA (adj.)	7.7	6.3	5.2
EV/EBIT	10.8	7.7	6.2
P/E (adj.)	10.4	8.9	7.3
P/BV	2.0	1.8	1.5
OpFCF yield	*5.9%*	*8.2%*	*14.6%*
Dividend yield	*2.3%*	*2.3%*	*2.4%*
EPS (adj.)	0.56	0.73	0.89
BVPS	2.91	3.56	4.30
DPS	0.15	0.15	0.16



Source: Factset

Shareholders: Hydra 67%; Tamburi 6%; own shares 6%; D'Amico 2%;

For company description please see summary table footnote

The right logic for visual technology

With the acquisition of Accu-Sort, Datalogic became the leader in the industrial stationary scanners segment, with a market share of around 31% (source: VDC). The Accu-Sort acquisition is part Datalogic's strategy which aims to strengthen industrial automation. We start our coverage with a target price of EUR 8.6/sh and BUY recommendation, taking into account: 1) steady development in sales on the back of the group's ability to position its offer in the high-end segment, the ongoing growth in emerging markets and the launch of new products (c. 20% of 2011 sales); 2) solid profitability sustained by the positive operating leverage and savings envisaged from the new integrated supply chain; 3) a sound financial structure, allowing the group to face external growth without financial stress; 4) an undemanding relative valuation: EV/EBITDA 2012e 6.3x (14% discount), P/E 12e 8.9x (40%).

- ✓ Datalogic is a leading producer of bar code readers, mobile data collection computers, RFID and vision systems. The group covers a wide range of applications, mainly in the retail, manufacturing and transportation and logistics sectors. The group focuses on two specific markets: Automatic Data capture (69% of 2011 sales), in which the group is a **leader in POS retail scanners with a 32% market share** (source: VDC), and Industrial Automation (23%), in which Datalogic, following the recent Accu-Sort acquisition, has **leadership in the industrial stationery scanners with a 31% market share.**
- ✓ Datalogic can rely on a well diversified geographical sales mix: in 2011, c. 10% of sales was generated in Italy (16% in 2005); Europe (excl. Italy) accounted for c. 40%, US c. 30%, while Asia and other emerging markets accounted for 20%. **Following the Accu-Sort acquisition, the US is expected to account for 40% group sales.**
- ✓ According to VDC research, **the ADC worldwide market is expected to grow at a 8% CAGR in 2010-2013e, while in the factory automation, VDC is projecting a 8% CAGR in 2010-2013e**. Given the current economic scenario, we find these projections very challenging.
- ✓ **Financial forecast.** We assume a more cautious view on the sales development compared to the VDC projections; however, we expect Datalogic to perform in the same manner, or even better, than its peers. **We expect net sales to grow at a 2011-2014e organic CAGR of 3.5%**, with ADC sales growing at a 3.8% CAGR and IA growing at 2.2% over the same period. For 2012, we expect net sales to be up by c. 3% Y/Y on an organic basis, excluding Acc-Sort and PPT Vision. The Accu-Sort acquisition is expected to double the exposure to the IA business (we estimate IA sales at around 35% of group sales in 2014e). Profitability should benefit from the adoption of a global supply chain in the ADC business, which is expected to generate annual savings in the range of EUR 12m.
- ✓ **Valuation.** With reasonably conservative assumptions (WACC 9.6%, g at 1.5%, and terminal EBITDA margin at 17.5%) we obtain a fair value of EUR 8.56, thus an upside of around 32% to the current market price. The peer comparison also suggests undervaluation, as DAL trades at discount of 10% to 40% against its peers on EV/EBITDA and P/E, which are not completely justified by higher country risk and limited free float. We set our Target Price at EUR 8.6.

Analysts: **Francesco Di Gregorio** **+39 02 4344 4217** **francesco.digregorio@bancaakros.it**
Francesco Previtera **+39 02 4344 4033** **francesco.previtera@bancaakros.it**

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Company overview

Founded in Bologna in 1972 as a provider of optical sensors for the textile, ceramic and packaging industries, Datalogic is today one of the leading producers of bar code readers, mobile data collection computers, RFID and vision systems. With a direct presence in 30 countries, including seven manufacturing plants and ten R&D centres, the group covers a wide range of applications in the retail, manufacturing and transportation and logistics sectors.

Datalogic focuses on two specific markets: Automatic Data capture (69% of 2011 sales), in which the group is a leader in POS retail scanners, and Industrial Automation (23%), in which Datalogic, following the recent Accu-Sort acquisition, is a leader in the industrial stationery scanners with a 31% market share. The group operates a third division, the Business development unit (8%), which currently corresponds to Informatics, the US company acquired in 2005, which works strictly with the other two divisions. Till then, the unit, which is active in the development of new business platforms within the group and the evaluation of new merger and acquisition opportunities, included Evolution Robotics, the US firm involved in the visual pattern recognition.

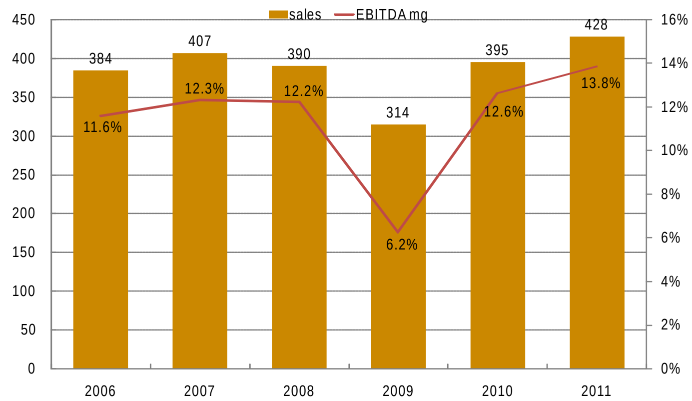
Datalogic's business is geographically well diversified. In 2011, c. 10% of sales was generated in Italy (16% in 2005); Europe (excl. Italy) accounted for c. 40%; US delivered EUR 123m sales, or c. 30% of group revenues; Asia has shown strong revenue growth in the last few year (12% of 2011 sales vs. <5% in 2005). **Following the Accu-Sort acquisition, the US is expected to account for c. 40% group sales.**

In 2011, Datalogic's net sales grew by 11% on an organic basis, showing sound performance in all divisions: ADC was up 9% Y/Y, mainly driven by scanning products (+19% Y/Y); IA posted a sound 6% Y/Y sales growth, while the former Business development unit delivered a +6% Y/Y. In the first half of 2012, Datalogic's revenue grew by 8.5% Y/Y at a constant exchange rate (+2.8% Y/Y excluding Accu-Sort); Q2 12 showed a sequential acceleration in sales growth (+4.9% Y/Y vs. +0.7% Y/Y in Q1), also benefiting from the US dollar appreciation.

Over the years, Datalogic's growth has been driven by acquisitions. The latest, Accu-Sort acquisition for USD 135m, is expected to double the exposure to the IA business (we estimate IA sales at around 35% of group sales in 2014e).

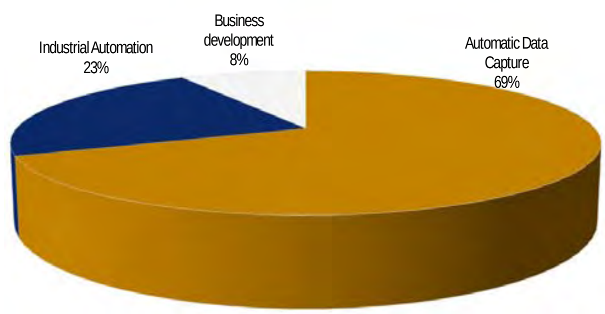
The company is majority-owned by Hydra SpA (run by the founder and chairman Mr. Volta), which owns a 68% stake; the second largest shareholder is Tamburi Investment Partners (6.4%); the free float is 20.4%.

Revenue and EBITDA mg trend (EUR m)



Source: Company data

2011 revenues by offer



Source: Company data

The business model

Datalogic operates in two specific markets: Automatic Data capture (ADC) and Industrial Automation (IA) via two business divisions: Datalogic ADC and Datalogic Automation.

The group operates a third division, the Business development unit, which currently corresponds to Informatics, the US company acquired in 2005, which works strictly with the other two divisions. Till then, the unit, which is active in the development of new business platforms within the group and the evaluation of new merger and acquisition opportunities, included both Informatics and Evolution Robotics (acquired in 2010), involved in the visual pattern recognition; the latter was included in the ADC division as of January 2012 as a consequence of a divisional reorganization.

Approximately 90% of products are sold through an indirect go-to-market distribution model; Datalogic can rely on a widespread network of value-added resellers, distributors, independent software vendors and system integrators; the remaining 10% of products is sold directly to end-user customers.

- Datalogic ADC

Datalogic ADC's products include in-counter and on-counter point-of-sales scanners, rugged handheld scanners, rugged mobile computers, industrial PDAs and vehicle mount computers.

Automatic Data Capture: Datalogic's offer

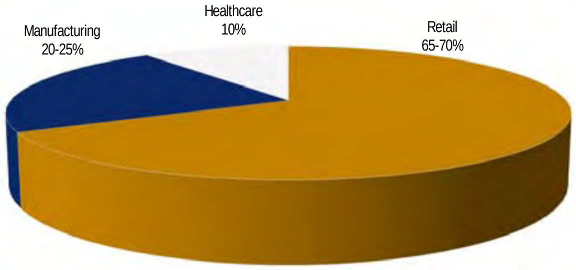
Source: Company data

With two manufacturing plants, one in Saigon (Vietnam) and the other in Tmava (Slovakia), Datalogic ADC serves companies mainly involved in the Retail, Manufacturing and Healthcare sectors.

Datalogic's strategy in the ADC market is focussed on:

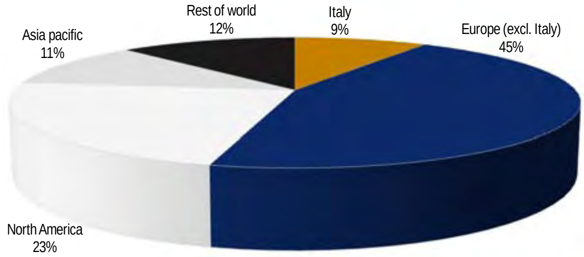
1) the optimisation of the distribution structure of mobile and scanning products to promptly meet customer need;
2) the development of highly profitable self-shopping solutions for retailers, leveraging on the robotics technology;
3) strengthening the healthcare market through more and more innovative handheld scanners.

ADC: 2011 sales by market



Source: Company data, Banca Akros estimates

ADC: 2011 sales by geographical area

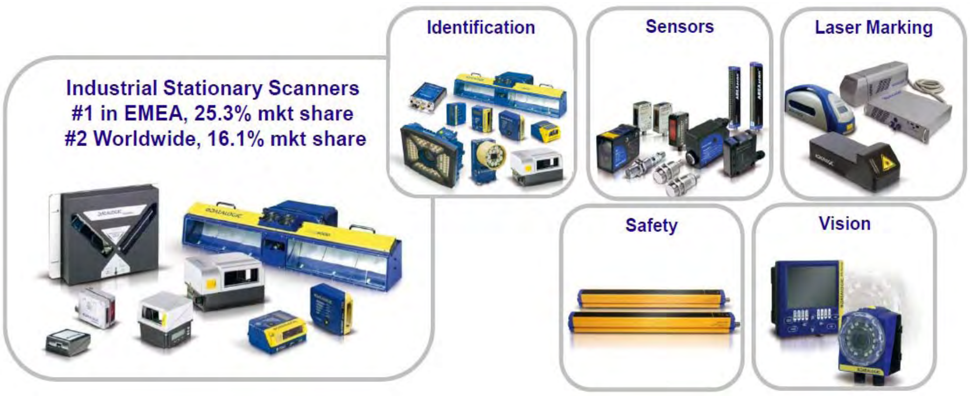


Source: Company data, Banca Akros estimates

▪ Datalogic Automation

Datalogic develops industrial products and solutions that ensure traceability, inspection and detection in manufacturing and logistics processes. Datalogic's automation portfolio includes customised industrial solutions based on laser barcode scanners and 2D imager for auto-ID, RFID and vision systems, industrial sensors, safety light curtains and laser marking.

Industrial Automation: Datalogic's offer



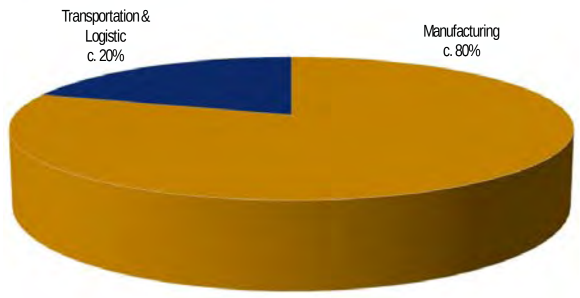
Source: Company data

Manufacturing and Transportation & Logistic are the main sectors served by the group. With the Accu-Sort acquisition, which is mainly focussed on T&L, we estimate manufacturing will account for less than 50% of IA group sales from the current 80%.

Datalogic's strategy in the IA market is focussed on:

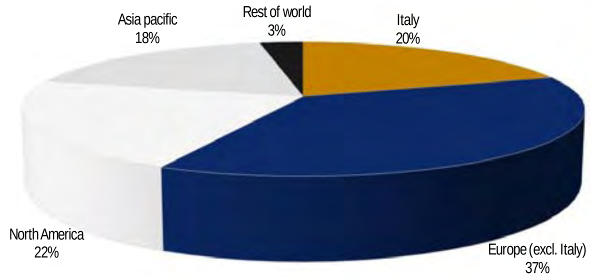
1) strengthening the vision and safety segments;
2) the development of miniature technology for sensors and fibre laser technology;
3) the improvement in the supply chain management.

IA: 2011 sales by market



Source: Company data, Banca Akros estimates

IA: 2011 sales by geographical area



Source: Company data, Banca Akros estimates

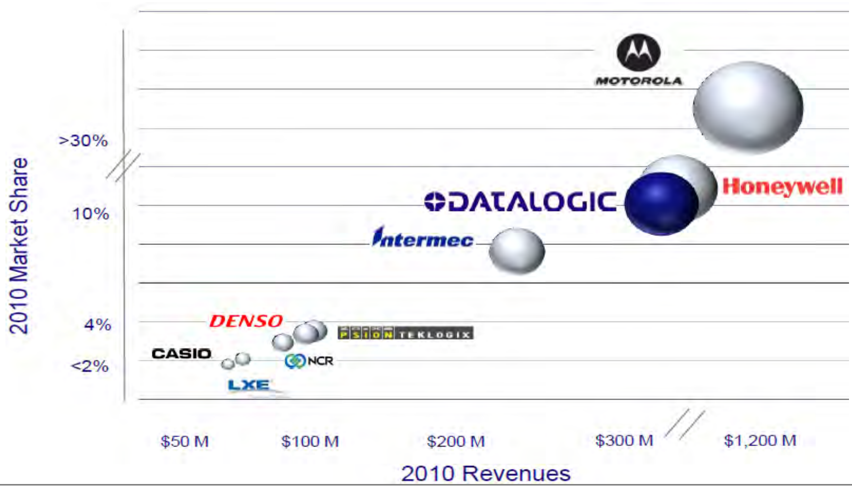
The market

- Automatic Data Capture

According to VDC, the **stationary scanner market** was worth USD 810m in 2010, including industrial scanners. Datalogic was confirmed the leader in POS retail scanners (devices used primarily to gather information to support a transaction between the retailer and the consumer).

Datalogic is also the third largest player in the **handled scanner market**, which was worth USD 770m in 2010. Motorola, leader in handheld laser scanners, maintains its leadership due to its legacy-installed bases in ADC and core mobility platforms and is well positioned to migrate its customers to more advanced and converged solutions. Honeywell, the second largest player in the handled scanner market, is the leader in 2D imager products; however, the bulk of its revenues comes from laser technology and linear imagers. Datalogic gets most of its handheld scanners revenues from linear imagers.

The main players in the ADC market



Source: Company presentation, VDC

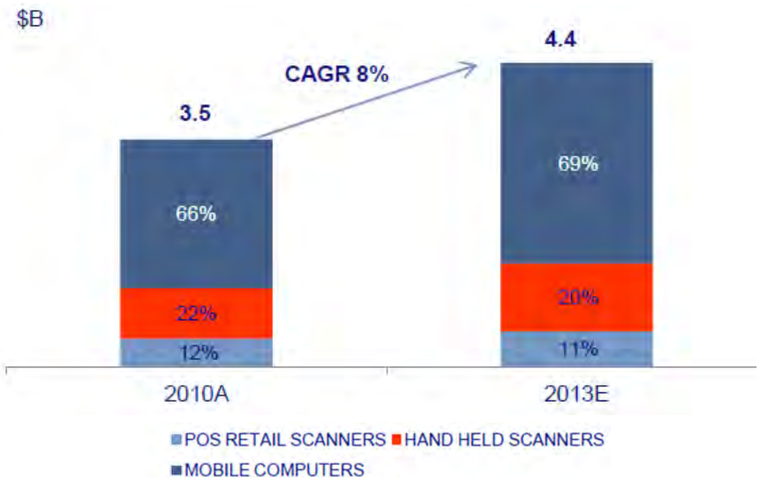
In general, the factors that drive the growth of the ADC market are: 1) the shift to field mobility deployments; 2) the need to increase efficiency and overcome scanning errors at the point of sale; 3) a growing list of emerging applications in the government, healthcare and retail sectors; 4) enterprises require more data than ever to effectively manage their supply chain.

According to VDC, the **stationary scanner market** is expected to grow at a 6% CAGR over the period 2011-2015e, when the market is anticipated to approach USD 1.1bn. This growth will be driven: 1) in developed countries, by the growing need of existing customers to replace legacy equipment with more robust stationary scanning solutions and complement their existing applications with new applications designed to improve business processes; 2) in emerging markets, by the growing investment in stationary solutions to support industrial applications in the rapidly expanding manufacturing and warehousing environments.

According to VDC, the **handheld scanner market** is expected to grow at a 9.1% CAGR over the period 2011-2015e. This growth will be driven by: 1) the increasing need to gather more information than ever about materials in transit; 2) the increasing focus on improving efficiency while reducing costs within supply chains.

According to Datalogic's management, the ADC market (retail stationary scanners, handheld and mobile computers) is expected to be worth c. USD 4.4bn in 2013e, showing an 8% CAGR over the period 2010-2013e.

The ADC market



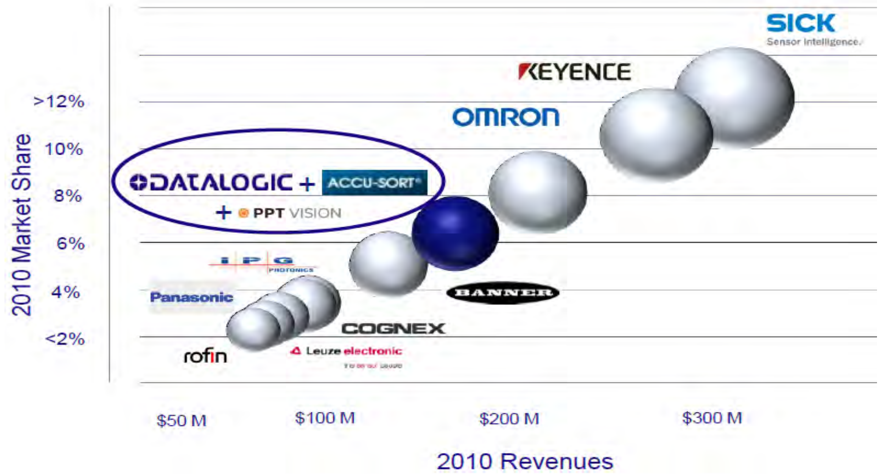
Source: Company presentation, VDC

▪ Industrial Automation

Industrial automation is a very fragmented industry. Following the acquisition of Accu-Sort, Datalogic became the leader both in the industrial laser scanner segment and the industrial imager segment. Industrial scanners, which are characterized by a high degree of customization, are used primarily to gather information about components and products as they move through the production and distribution processes.

Key vertical markets spurring demand for industrial stationary scanners in the transportation and logistics sectors include parcel/post, warehousing and air travel where stationary scanners are frequently positioned on or over conveyance systems to identify and route materials efficiently.

The main players in the IA market



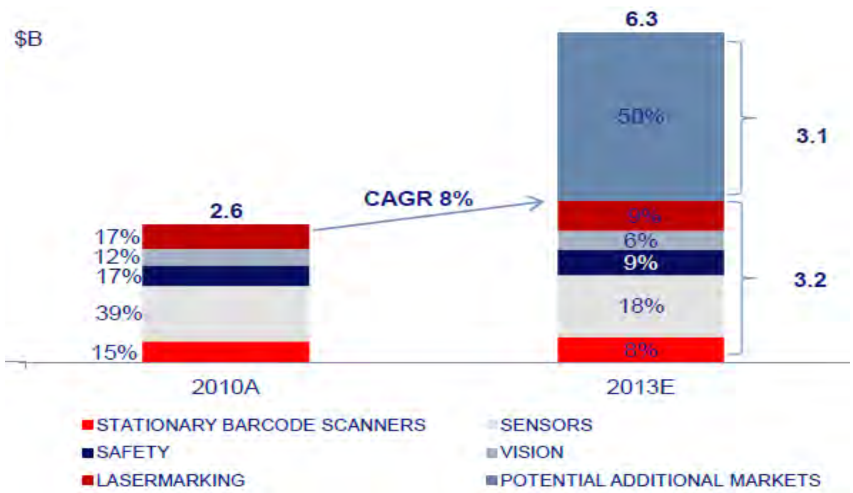
Source: Company data, VDC

Industrial users continue to embrace lasers due to the cost and performance advantages (more aggressive scanning at longer distances); however, they are increasingly complementing these solutions with industrial imagers as a means to support image capture requirements.

The factors that drive demand are: 1) the increasing need for the traceability of processes and goods; 2) supply chain streamlining; 3) increased adoption of IA solutions in the emerging markets.

According to Datalogic's management, the IA market is expected to be worth c. USD 3.2bn in 2013e, showing a 8% CAGR over the period 2010-2013e; moreover, **the group estimates the potential additional market for IA is worth c. EUR 3.1bn in 2013e; this is totally related to the machine vision market for industrial purposes (imaging-based automatic inspection). This is the potential market where Datalogic aims to grow through M&A opportunities (the recent PPT acquisition confirms this strategy).**

The IA market

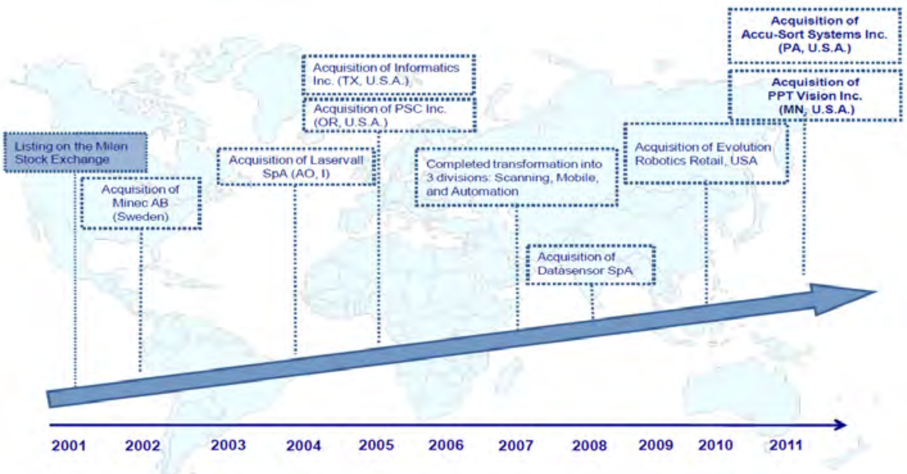


Source: Company presentation, VDC

Focus on the IA market

In a sector characterised by rapid technological changes, Datalogic has grown both internally and through acquisitions. Since its foundation, Datalogic has played an active role (as a consolidator) in corporate actions; in the 80s, the group began its international expansion by acquiring Escort Memory Systems, a US company active in the market of electronic tags and RFID technology.

Proven history of acquisitions



Source: Company presentation

The external growth strategy is currently focussed on the acquisition of firms operating in Industrial Automation.

In December 2011, Datalogic acquired 100% of **PPT Vision** for USD 5.2m. With c. 30 workers, PPT is a US company specialized in multi-camera vision systems used in quality control and inspection in the manufacturing industry.

PPT Vision's products are sold through a global network of distribution and integration partners to end-user manufacturers, original equipment manufacturers, and manufacturing machine builders, in a wide variety of manufacturing markets including electronics, automotive, medical device, pharmaceutical, food & beverage, printing, plastic and packaged goods industries.

PPT Vision: hardware products

Source: Company web site

PPT Vision reported 2011 revenues of USD 6m; the implied ratio of the deal was 0.9x EV/Sales (vs. 1.0x Datalogic); note that the company was debt free.

A significant portion of the value of PPT Vision was represented by intangible assets such as patents, trade secrets, copyrights and other intellectual property rights. PPT Vision holds four patents and two patent applications filed with the United States Patent and Trademark Office.

The acquisition of patents and expertise in the field of vision technology, complementing those already existing and developed by Evolution Robotics Retail subsidiary for the retail market, further strengthen Datalogic's position in the market of machine vision.

In January 2012, Datalogic completed the acquisition of **Accu-Sort**, a US supplier in the design, production, integration and maintenance of Auto-ID systems, for USD 135m on a debt free basis.

Accu-Sort offers integrated solutions in the high-end segment thanks to long-term relationships with primary retailers, international couriers and system integrators. Approximately 80% of revenues were generated in the US. The intellectual property portfolio consists of c. 80 patents.

In 2011, the company, which employs c. 250 workers, generated USD 106m sales and USD 21m EBITDA, up by 15% and 17% Y/Y respectively. The implied ratios of the deal were 1.3x EV/Sales and 6.5x EV/EBITDA (vs. 1.0x and 6.3x, respectively, for Datalogic).

With the acquisition of Accu-Sort, Datalogic became the leader in the industrial stationary scanners segment, with a market share of around 31%.

The consolidation of Accu-Sort is expected to double the exposure to the IA business and strengthen Datalogic presence in the US; in terms of market served, Datalogic is expected to consolidate its positioning in the transportation and logistics market. For 2012, we expect sales and EBITDA to be in the range of EUR 70m and EUR 13m, respectively, thus confirming the sound profitability (EBITDA mg of c. 20%). Note that Accu-Sort works to orders; the weak performance seen in the first part of the year comes as a consequence of the non-completion of several projects, which are expected to be partially completed in H2 12.

According to Datalogic's management, 2012 will be characterised by the integration of Accu-Sort in the Datalogic structure; first synergies are envisaged from 2013.

Datalogic: track record of acquisitions

Year	Company acquired	Market	Headq.	Main countries served	Products	Stake	Deal value	Transaction multiples
2004	Laservall	IA	Italy	Italy, North America, Asia	Laser marking of components and ID document	90%	EUR 8.5m + EUR 6m earn out	0.8x sales, 3.1x EBITDA
2005	Informatics	ADC	US	North America	Barcode readers and RFID	100%	USD 23m	0.7x sales
2005	PSC	ADC	US	worldwide	Retail scanners, handheld and mobile computers	100%	USD 195m	0.9x sales, 9.0x EBITDA
2008	Datasensor	IA	Italy	worldwide	Photoelectric sensors and devices	100%	EUR 42m	1.3x sales, 7.4x EBITDA
2010	Evolution Robotics	ADC	US	North America	Visual pattern recognition	100%	USD 26m	5x sales, EBITDA loss
2011	Accu-Sort	IA	US	North America	Design, production, integration and maintenance of IA systems	100%	USD 135m	6.5x EBITDA
2011	PPT Vision	IA	US	worldwide	Machine vision	100%	USD 5m	0.9x sales

Source: Company data, Banca Akros estimates

Financials

- Since its foundation, Datalogic posted impressive revenue growth until 2007 (24% CAGR over the period 2001-2007), benefitting from both organic growth and acquisitions. The macroeconomic deterioration reversed the sales trend in 2008 (c. -5% Y/Y organic) and 2009 (-24% Y/Y org.), while a sustained rebound was seen in 2010 (+23% at constant exchange rates) and sound performance was achieved in 2011 (+11% Y/Y).
- Datalogic can rely on pretty good gross profit margins thanks to the high technological content (products are generally positioned in the high-end market); gross margins ranged from 42% in 2009, when the group suffered from severe price pressure and declining volumes, to 46% in 2011, when performance was sustained by new profitable products.
- Excluding the drop in profitability seen in 2009 due to the deep sales decline (EBITDA mg of 6%), the group's profitability was in a narrow range between 12% and 14% over the period 2007-2011, showing the highest level last year thanks to higher volumes Y/Y, the launch of new products and cost savings.
- A relatively low level of recurring investments: excluding acquisitions, capex stands approx. at 2-3% of group sales.
- Datalogic's current debt level (EUR 172m as at March 31) was due for a large part to the acquisition of Accu-Sort; a strong NWC absorption affected the Q1 net debt dynamic due to the turnover acceleration in March.

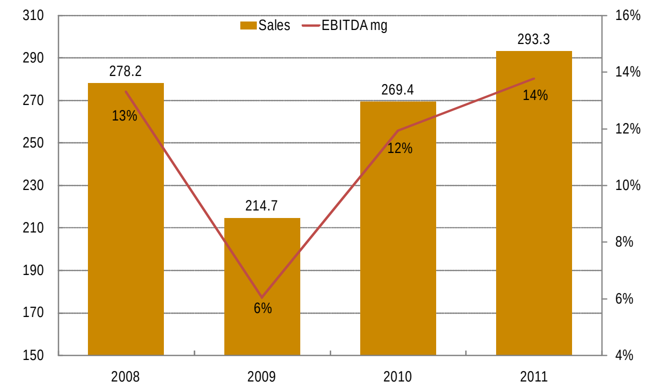
Innovative products, a careful price policy and cost containment measures supported group results

Datalogic reported double digit revenue growth over the period 2001-2007 (+24% CAGR). **Excluding the external growth, sales increase was basically propped up by a deep insight of the market and a strong commitment with the leading retailers and transportation and logistics companies.**

Looking at the **sales** trend, we note that in 2008, after sound annual revenue growth in 2001-2007, Datalogic suffered from declining sales in the second part of the year as a consequence of the increased difficulties in the macroeconomic scenario; Automation saw a stop on several projects. A deep sales decline, coupled with margins squeeze, was seen in 2009 (sales down 24% Y/Y, on an organic basis) as a consequence of the strong macroeconomic deterioration: ADC posted a 23% revenue decline (mobile down 27% Y/Y, scanning down 21%), while IA fell by 4%.

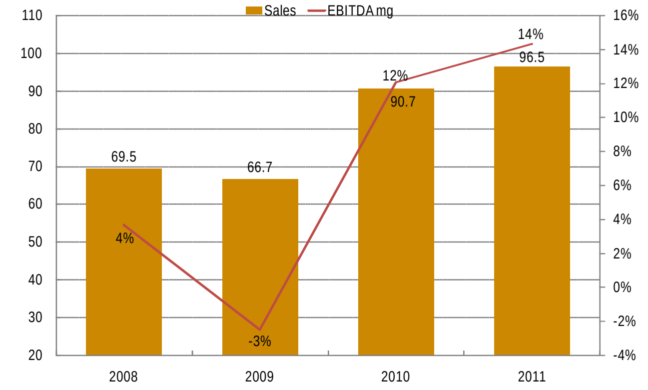
This drop was the consequence of declining volumes, partially offset by the launch of new products, rather than price pressure. In 2010, the improvement in the macroeconomic scenario, which led companies to restart investments that had previously halted, allowed Datalogic to post a significant turnover recovery in both divisions (ADC and IA). By geographical area, Asia and emerging markets showed impressive growth rates driven by the need of companies operating in those countries to adopt innovative solutions for tracking industrial processes. This trend was confirmed in 2011, though growth was slower. In 2011, net sales grew by 11.1% Y/Y at a constant exchange rate.

ADC – sales and EBITDA mg trend (EUR m)



Source: Company data

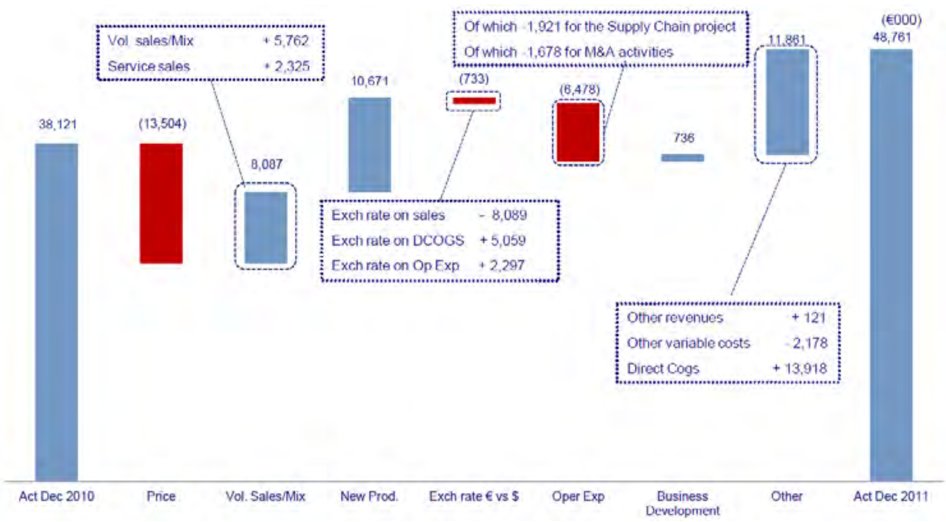
IA – sales and EBITDA mg trend (EUR m)



Source: Company data

When we analyse the group **profitability**, on par with the sales trend, we note the deep EBITDA mg decline in 2009, when the EUR 68m net sales decline translated into a 6.3pp margin fall; although the group was able to achieve EUR 24m savings, due to the implementation of a cost cutting plan mainly focussed on personnel reorganization, lower volumes impacted EBITDA in the range of EUR 49m. In 2010, a more favourable economic scenario (sales up 23% Y/Y at a constant exchange rate), coupled with careful cost structure management, led Datalogic to post a 6.4pp increase in the EBITDA margin; the impact on EBITDA of higher volumes Y/Y was in the range of EUR 48m (excluding new products which added further profitability of c. EUR 8m), while the price pressure impact on EBITDA stood at c. EUR 19m. A Y/Y improvement in margins (excluding non-recurring costs of EUR 8.4m related to the new supply chain for the ADC) was seen in 2011; on the positive side we highlight higher volumes, the launch of new products and cost savings; on the negative side we note the c. EUR 14m impact from lower prices Y/Y.

2011/2010 EBIT adjusted* variance



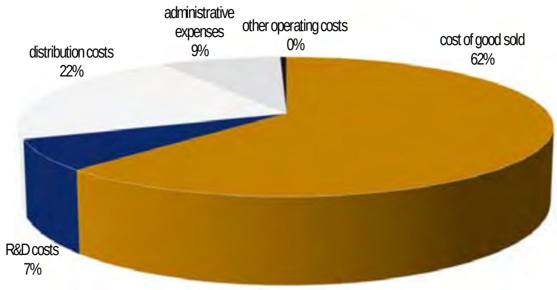
Source: Company presentation, (*) before non-recurring items and D&A from acquisitions

At a group level, the cost of goods sold generally accounts for c. 60% of total costs, while distribution and R&D costs are 22% and 7% respectively.

R&D investments, which are almost totally charged to the P&L, account for c. 6.5-7% of group sales.

Labour cost was one third of total costs in 2011; at the end of 2011, the group employed c. 2,500 workers (65% in the ADC business and 35% in the IA division) compared to 2,020 workers in 2010. The relocation from the Italian plants to the Vietnamese plant allowed the group to reduce its personnel expenses due to the evident lower cost per employee in the Asia region.

Datalogic: 2011 cost structure



Source: Company data

We remind investors that US dollar accounted for c. 50% of sales and 60% of costs in 2011 (we expect c. 60% and 70%, respectively, in 2012e), thus leading the group not to be heavily affected by the US dollar fluctuations in terms of profitability.

A cash generating company

Over the last five years, Datalogic has demonstrated it is a cash generating company, with low cash absorption in NWC, excluding acquisition effects, and low capex (2% of group sales); operating FCF has been greatly covered by the cash outlay for dividends. NWC on sales improved in the last three years, moving from 18.3% in 2008 to 10% in 2011.

Net debt evolution was affected by: 1) acquisitions (Datasensor in 2008, Evolution Robotics in 2010, PPT vision in 2011 and Accu-Sort in early 2012); 2) trading of own shares; 3) cash out for extraordinary costs related to the integration of the acquired companies and the reorganizational structure, including the new supply chain and the transfer of production from Italy to Vietnam and Slovakia in 2010 and 2011; 3) NWC dynamics (high cash generation in 2009 and 2010, strong absorption in the first three months 2012).

In detail, the EUR 44m debt worsening in 2008 was the consequence of the Datasensor acquisition (EUR 42m) and the purchase of own shares for EUR 23m. In 2009, in spite of the positive NWC dynamic, net debt improved just by EUR 6m due to c. EUR 13m non-recurring out-flows for bonuses, early retirement plans and severance payments related to the restructuring plan. The sound Operating FCF in 2010 as a results of an efficient stock and receivables management, led to a net debt improvement Y/Y despite the Evolution Robotics acquisition (USD 26m) and dividend payment of EUR 8m. In 2011, once again, robust cash generation was the reason for a net debt improvement; the cash-in from the disposal of treasury shares offset the EUR 4m cash out for the acquisition of PPT Vision.

Net debt position deteriorated in the first three months of 2012, when Datalogic posted a strong NWC absorption as a consequence of the turnover acceleration in March. In addition, the cash-out for the Accu-Sort acquisition had a negative impact in the range of EUR 100m.

Datalogic: cash flow (EUR m)

	2007	2008	2009	2010	2011	Q1 12
Net profit (reported) + minorities	20.7	18.6	-4.4	17.2	34.3	10.0
Non cash items	16.4	16.3	17.4	15.9	14.4	3.3
Change in NWC	-7.6	-5.3	15.0	18.9	-6.8	-38.0
Maintenance capex	-12.6	-10.9	-7.3	-7.9	-13.6	-6.3
Operating free cash flow	17.0	18.7	20.7	44.2	28.2	-31.0
Acquisition capex	0.0	-42.7	0.0	-20.7	-4.1	-103.0
Net financial investments	-19.9	-23.2	-1.8	-2.1	4.5	-0.1
Dividends	-3.8	-4.0	-1.9	0.0	-8.1	0.0
Others (incl. capital increase)	2.6	6.9	-10.6	2.6	-3.4	21.4
Change in net debt	-4.2	-44.4	6.4	24.0	17.1	-112.7
net debt/(cash) beginning of period	-58.4	-62.5	-106.9	-100.5	-76.5	-59.4
net debt/(cash) end of period	-62.5	-106.9	-100.5	-76.5	-59.4	-172.1

Source: Banca Akros estimates

H1 12e preview: sound top-line, focus on cost savings and NWC dynamic

On July 16, Datalogic released its preliminary Q2 12 sales figures, showing a 15.3% Y/Y growth. Excluding the contribution from Accu-Sort and PPT Vision (c. EUR 11m), Q2 sales grew by 4.9%; this compares with 0.7% Y/Y growth in Q1 12.

Q2 12 sales benefitted from US dollar appreciation; at a constant exchange rate, sales grew by 8.6% Y/Y (+8.3% Y/Y in Q1 12). Accu-Sort generated just EUR 11m in Q2 12; note that the company works to orders; the weak performance seen in the first part of the year comes as a consequence of the non-completion of several projects, which are expected to be partially completed in H2 12.

Datalogic is due to release its H1 12 results on July 30. We expect Q2 group profitability at the same level as Q1 11 but improving sequentially (EBITDA mg of 11.3% in Q1), due to: 1) EUR 5m sales increase Y/Y (excl. the Acc-Sort and PPT contribution); 2) weak Accu-Sort profitability, considering the low sales level; 3) some savings due to supply chain reorganization in the ADC segment.

Net debt is expected to be stable vs. March 31, in spite of EUR 8.8m dividends; we expect a group deleveraging in H2 driven by higher profitability H/H boosted by Accu-Sort performance and careful inventory management.

Datalogic H1 2012 preview (EURm)

	Q2 11	Q2 12e	*Y/Y*	H1 11	H1 12e	*Y/Y*
Net sales	105.3	121.4	*15.3%*	210.2	236.8	*12.6%*
ADC	72.6	75.2	*3.6%*	146.0	148.4	*1.7%*
IA	24.3	37.2	*52.9%*	48.8	70.0	*43.6%*
Businss Development	8.5	8.9	*5.2%*	15.8	18.5	*17.3%*
EBITDA adj	16.9	18.5	*9.4%*	31.8	31.5	*-1.0%*
margin	*16.0%*	*15.2%*	*-.8 pp*	*15.1%*	*13.3%*	*-1.8 pp*
non-recurring items	-7.4	0.0	*nm*	-7.4	5.5	*nm*
EBITDA	9.5	18.5	*95.2%*	24.4	37.0	*51.8%*
margin	*9.0%*	*15.2%*	*6.2 pp*	*11.6%*	*15.6%*	*4. pp*
EBIT	5.8	14.9	*> 3x*	16.9	30.0	*> 2x*
Net income	2.1	9.0	*> 4x*	7.6	19.0	*> 3x*
Net debt	71.9	169.5	*135.8%*	71.9	169.5	*135.8%*

Source: Banca Akros estimates, Q2 12 revenues actual

Outlook

The 2011-2013e business plan (approved in June 2011), which excludes the recent acquisition of PPT Vision and Accu-Sort, provides for sales in the range of EUR 470-480m in 2013e, EBITDA mg in a narrow range between 17% and 18% in 2013e and capex at about 2% of sales.

In September, the group is expected to release its new business plan, including the impact of the recent acquisitions. Focus will be on M&A activity and cost savings following the implementation of the new supply chain and the integration of the recently acquired companies.

We have drawn up the following projections based on: 1) the growth expectations for the ADC and IA markets as shown by VDC, the specialized independent analyst firm, however assuming a lower growth rate given the tough economic scenario; 2) the current Datalogic trading conditions (Q2 12 sales up by 4.9% Y/Y, improving sequentially), 3) the contribution from the recently acquired Accu-Sort and PPT.

For 2012, we expect net sales to be up by c. 3% Y/Y on an organic basis, excluding Acc-Sort and PPT Vision. We estimate c. EUR 70m sales from the consolidation of the two above mentioned companies. In H1 12, Acc-Sort and PPT Vision generated EUR 20.6m sales; according to the management, the weak sales trend seen in the first half of the year will be partially offset by sound revenue increase in H2 12. This is due to the fact that Accu-Sort works to orders; on the back of the new orders intake the management is confident Accu-Sort will recover its solid sales growth trend in H2.

We expect net sales to grow at a 2011-2014e organic CAGR of 3.5%, with ADC sales growing at a 3.8% CAGR, IA growing at 2.2% over the same period and Informatics (7% of 2012e sales) up by c. 7%.

We expect ADC to account for 56% of 2014e sales vs. 69% in FY 11; on the other hand, we project IA at a 37% of group sales in 2014e vs. 23% in FY 11.

Datalogic: financials 2011-2016e (EUR m)

	2011	2012e	2013e	2014e	2015e	2016e
Net sales	425.5	512.1	544.9	571.3	593.0	611.3
Y/Y organic	*8.3%*	*3.2%*	*6.4%*	*4.8%*	*3.8%*	*3.1%*
o/w ADC	293.3	301.7	315.8	328.5	338.3	347.9
Y/Y	*8.9%*	*2.9%*	*4.7%*	*4.0%*	*3.0%*	*2.8%*
o/w IA	96.5	172.4	187.9	199.2	209.1	216.5
Y/Y	*6.4%*	*3.0%*	*9.0%*	*6.0%*	*5.0%*	*3.5%*
o/w Informatics	35.6	38.1	41.1	43.6	45.6	46.9
Y/Y	6.7%	7.0%	8.0%	6.0%	4.5%	3.0%
EBITDA adj	59.2	77.3	91.0	98.4	103.7	107.3
Margin	*13.9%*	*15.1%*	*16.7%*	*17.2%*	*17.5%*	*17.6%*
EBITDA	50.8	82.8	91.0	98.4	103.7	107.3
EBIT	36.4	68.3	76.7	84.6	90.3	94.5
EBT	33.2	62.5	70.9	80.1	86.3	90.5
Net profit	25.9	46.8	51.8	56.1	60.4	63.3
Capex (maintenance)	13.6	13.8	14.7	15.4	16.0	16.5
Net debt/(net cash)	59.4	144.6	96.6	53.0	6.4	-42.4
FCFE	25.2	-76.4	57.3	53.2	56.8	58.9

Source: Banca Akros estimates, (*) includes Evolution Robotics

Looking at profitability, 2012 should benefit from the adoption of a global supply chain in the ADC business, which is expected to generate annual savings in the range of EUR 12m (mainly related to personnel, raw materials savings and distribution). We do not expect any further extraordinary costs from restructuring. In 2013, the cost structure should benefit from synergies in the IA division following the completion of the integration with Accu-Sort.

For 2012, we project a 0.3pp increase in the contribution margin (as % of net sales) mainly due to the cost savings the group is expecting by implementing the new integrated supply chain.

As of 2013e, we expect an additional improvement in the contribution margin (+1.0pp Y/Y) thanks to the full integration of Accu-Sort (+0.8pp Y/Y) and further savings from the new SCM (+0.2% Y/Y).

We project R&D costs at around 6.5% of net sales, at a similar % of sales as the previous years. We expect a lower incidence of distribution costs and administrative expenses on net sales as a consequence of both the positive operating leverage and savings expected from the new SCM and the improvement in the ERP platform.

Low capital intensity (we project capex at around 2.5%-3%) and a low corporate tax rate (no taxes in Vietnam until 2015, 20% tax rate in Slovakia) should support a solid FCF generation.

Datalogic: cost structure 2011-2016e (EUR m)

	2011	2012e	2013e	2014e	2015e	2016e
Net sales	425.5	512.1	544.9	571.3	593.0	611.3
cost of goods sold	-228.9	-274.0	-286.1	-299.9	-311.3	-320.9
Contribution margin	196.6	238.1	258.8	271.4	281.7	290.3
as % of net sales	*46.2%*	*46.5%*	*47.5%*	*47.5%*	*47.5%*	*47.5%*
R&D	-26.2	-33.3	-35.4	-37.1	-38.5	-39.7
as % of net sales	*6.2%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*
distribution costs	-80.1	-90.9	-95.4	-98.8	-102.6	-105.9
as % of net sales	*18.8%*	*17.8%*	*17.5%*	*17.3%*	*17.3%*	*17.3%*
administrative expenses	-31.9	-35.7	-35.9	-35.7	-35.5	-36.0
as % of net sales	*7.5%*	*7.0%*	*6.6%*	*6.2%*	*6.0%*	*5.9%*
other costs/sales	0.7	-1.0	-1.2	-1.3	-1.3	-1.4
EBITDA adj	59.2	77.3	91.0	98.4	103.7	107.3
EBITDA adj mg	*13.9%*	*15.1%*	*16.7%*	*17.2%*	*17.5%*	*17.6%*
non-recurring items	-8.4	5.5	0.0	0.0	0.0	0.0
EBITDA	50.8	82.8	91.0	98.4	103.7	107.3
EBITDA mg	*11.9%*	*16.2%*	*16.7%*	*17.2%*	*17.5%*	*17.6%*

Source: Banca Akros estimates

We estimate net debt in the range of EUR 140-145m as at December 31, 2012. The US dollar appreciation doesn't play in favour of better leverage, considering that c. 20% of gross debt is in USD. We expect a net debt improvement in H2 vs. H1, driven by higher profitability H/H (improved Accu-Sort performance) and a better NWC dynamic due to a careful inventories management.

In the short/mid term, we expect high FCFE generation thanks to good cash flow, careful working capital management and low maintenance capex. After the increase in net working capital to 16-18% on sales in 2007-2009, the group was able to reduce this ratio to 10% in 2010-2011. We envisage some pressure in H1 12 NWC due to high inventory; however, we are confident Datalogic will be able to better manage inventories in the second half of the year. We assume net working capital at 10% of sales over the coming years.

Valuation

We value Datalogic using a DCF (WACC 9.6% and perpetual growth "g" of 1.5%). We start our coverage with a target price of EUR 8.6/sh and BUY recommendation, taking into account: 1) steady development in sales on the back of the group's ability to position its offer in the high-end segment, the ongoing growth in emerging markets and the launch of new products; 2) solid profitability sustained by the positive operating leverage and savings envisaged from the new integrated supply chain; 3) a sound financial structure, allowing the group to face external growth without financial stress; 4) an undemanding relative valuation: EV/EBITDA 2012e 6.3x (14% discount), P/E 12e 8.9x (40%).

DCF valuation

We have run our DCF analysis based on the following assumptions:

- sales and profitability forecast: a) see above 2011/2016e estimates; b) a net sales CAGR of 2.9% for 2016/2020e; c) a terminal EBITDA margin at around 17.5% (conservatively set as the average profitability over the period 2012e-2020e);
- a normative tax rate of 30%, although the group will benefit from a low tax rate from the Vietnamese operations in the next three years;
- a WACC of 9.6% including: a) a risk-free rate of 4.5% and a market risk premium of 4.0%; b) capital structure including 85% equity; c) a beta at 1.5;
- a conservative terminal growth rate of 1.5%;
- a net debt at the end of 2012 of EUR 144m.

We come to a fair value of **EUR 8.56/sh**.

Datalogic: DCF evaluation detail

CASH FLOW (EUR m)	2012e	2013e	2014e	2015e	2016e	2017e	2018e
Sales	518.1	546.7	573.1	594.8	613.1	630.7	649.0
EBITDA	82.8	91.0	98.4	103.7	107.3	111.2	114.9
EBITA	68.3	76.7	84.6	90.3	94.5	98.8	103.2
Taxes	-22.5	-25.3	-27.9	-29.8	-31.2	-32.6	-34.1
Normative tax rate	*30%*	*30%*	*30%*	*30%*	*30%*	*30%*	*30%*
NOPLAT	45.7	51.4	56.7	60.5	63.3	66.2	69.2
Depreciation & other provisions	14.5	14.2	13.8	13.4	12.9	12.3	11.7
Gross Operating Cash Flow	60.3	65.6	70.5	73.9	76.2	78.6	80.9
Capex and Acquisitions	-116.9	-14.7	-15.4	-16.0	-16.5	-16.4	-16.5
Change in Net Working Capital	-16.5	4.4	-2.6	-2.1	-1.8	-1.7	-1.8
Cash Flow to be discounted	-72.9	55.3	52.5	55.8	57.9	60.5	62.6

CAPITAL EMPLOYED (EUR m)	2012e	2013e	2014e	2015e	2016e	2017e	2018e
Tangible assets	161.6	161.6	162.8	165.2	168.6	172.4	177.0
Intangible assets	154.4	155.3	155.4	155.4	155.4	155.4	155.4
Net Working Capital	58.9	54.5	57.1	59.3	61.1	62.8	64.6
Capital Employed	374.8	371.4	375.3	379.8	385.1	390.6	397.0

DCF EVALUATION (EUR m)	2012e	2013e	2014e	2015e	2016e	2017e	2018e
WACC	*9.6%*	*9.6%*	*9.6%*	*9.6%*	*9.6%*	*9.6%*	*9.6%*
Discount Rate factor	0.96	0.88	0.80	0.73	0.67	0.61	0.56
Discounted Cash Flow	-70.1	48.5	42.0	40.7	38.6	36.8	34.8
Cumulated DCF	-70.1	-21.6	20.4	61.1	99.7	136.5	171.3

Source: Banca Akros estimates

The sensitivity analysis below illustrates the effect of changes in WACC, terminal growth rate and terminal EBITDA mg.
Assuming a zero LT growth rate, our DCF model would point to a TP of EUR 7.3/sh, implying an upside of ca 12% on the current stock price.

WACC	Perpetual growth rate (g) 0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
8.1%	9.52	10.15	10.88	11.71	12.68	13.83	15.20
8.6%	8.64	9.19	9.80	10.51	11.32	12.26	13.37
9.1%	7.87	8.34	8.87	9.47	10.15	10.94	11.85
9.6%	7.18	7.59	8.05	8.56	9.14	9.80	10.57
10.1%	6.56	6.92	7.32	7.76	8.26	8.82	9.47
10.6%	6.01	6.32	6.67	7.06	7.49	7.97	8.52
11.1%	5.51	5.78	6.09	6.43	6.80	7.22	7.69

WACC	Normalised EBITDA Margin 16.0%	16.5%	17.0%	17.5%	18.0%	18.5%	19.0%
8.1%	9.08	9.38	9.67	9.97	10.26	10.56	10.86
8.6%	8.62	8.91	9.19	9.47	9.75	10.03	10.31
9.1%	8.20	8.46	8.73	9.00	9.27	9.53	9.80
9.6%	7.80	8.05	8.31	8.56	8.82	9.07	9.32
10.1%	7.42	7.66	7.91	8.15	8.39	8.63	8.88
10.6%	7.07	7.30	7.53	7.76	7.99	8.23	8.46
11.1%	6.73	6.96	7.18	7.40	7.62	7.84	8.06

Using a reverse-DCF, we find that the growth and margin assumptions factored into the share prices are very pessimistic.

At the current share price (EUR 6.5), and by assuming mid-term EBITDA margins of 17.5%, the stock is factoring in a negative terminal growth of -1.1%.

Assuming 1.5% perpetual growth, the current stock price *is* factoring in a 12.6% terminal EBITDA mg, a profitability level, excluding non-recurring items, similar to that achieved in 2007-2010 (with the exception of 2009, when the group suffered from sales contraction). However, we note that in that period Datalogic didn't benefit from any cost savings from the adoption of the new supply chain (effective from this year) and the relocation from the Italian plants to the Vietnamese plant (2011).

Peer multiples valuation

Datalogic's main listed competitors are large multinational groups whose activities include, among other businesses, those carried out by Datalogic, but also other operations and therefore are not direct comparables in our opinion. We are referring to Motorola Solutions, Honeywell, Denso Corp. and Omron. Our cluster of comparables includes four companies specialized in the ADC segment and one firm involved in the IA market (see appendix for a brief description).

Peers company data

Company	Currency	Mkt Cap* (m)	Net debt/(net cash) 11 (m)	Sales 12e (m)	EBITDA mg 12e	Sales CAGR 11-13e	EBITDA CAGR 11-13e
Intermec	USD	335	(10)	814	5.9%	1.4%	6.4%
Zebra Techn.	USD	1,813	(315)	1,013	20.4%	3.5%	2.2%
Psion	GBP	123	(23)	181	7.2%	2.8%	21.3%
Zetes	EUR	72	(6)	211	7.8%	-0.5%	1.2%
Cognex	USD	1,306	(38)	342	30.0%	9.7%	11.3%
Datalogic	EUR	380	59	512	16.2%	13.2%	33.8%

Source: FactSet *(*) Prices as of 25 July 2012*

We note the following:

1) The low 2012e Intermec profitability is a consequence of the corporate restructuring plan announced in June. The plan seeks to lower the company's general and administrative and support costs: Intermec expects to eliminate approximately 170 positions or 7% of its global workforce.
2) Cognex, thanks to its positioning in the high-end segment of the factory automation can generate a higher profitability than its peers.
3) In our cluster, Datalogic appears to have the highest sales and EBITDA CAGR 2011-2013e.

Compared to its international peers, Datalogic is trading at undemanding multiples (2012e EV/EBITDA of 6.3x and P/E of 8.9x, c. 14% and 40% below the sector average, respectively). This discount can only be partially justified by higher country risk and the limited free float.

Peer multiples

Company name	EV/Sales		EV/EBITDA		EV/EBIT		P/E (adj.)	
	2012e	2013e	2012e	2013e	2012e	2013e	2012e	2013e
Intermec	0.4	0.3	6.7	3.9	neg.	12.9	na	15.7
Zebra Techn.	1.5	1.4	7.3	6.9	8.2	7.9	13.6	12.3
Psion	0.6	0.6	8.3	6.4	24.0	16.5	41.5	22.4
Zetes	0.3	0.3	3.8	3.0	5.9	4.9	11.1	9.9
Cognex	3.7	3.3	12.4	10.3	13.8	11.2	18.0	14.8
Median	0.6	0.6	7.3	6.4	11.0	11.2	15.8	14.8
Average	1.3	1.2	7.7	6.1	13.0	10.7	21.1	15.0

Source: ESN estimates

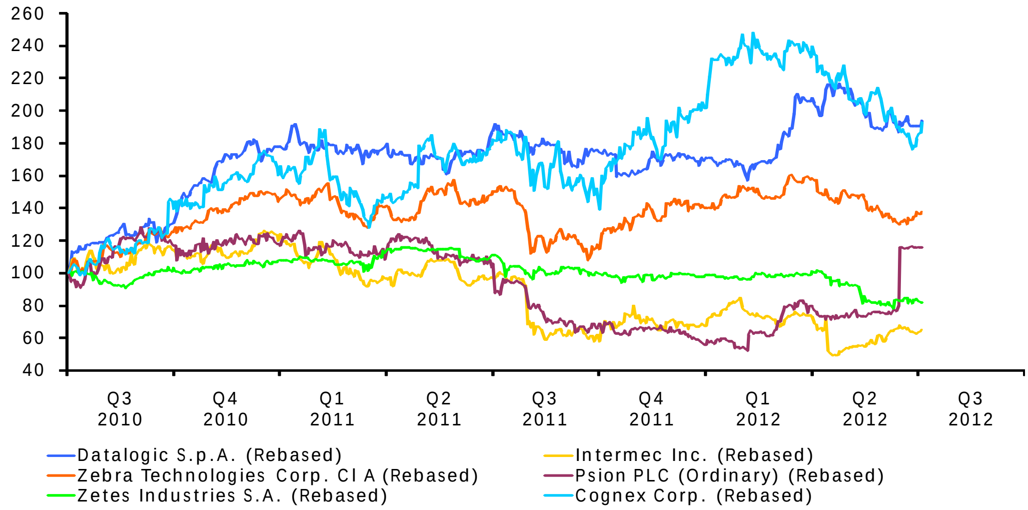
On the basis of the median 2012 and 2013 EV/EBITDA and P/E multiples, we come to an equity value ranging between EUR 7.7/sh and EUR 13.1/sh; low valuations based on forward EV/EBITDA ratios are due to the high leverage of the group following the recent Accu-Sort acquisition.

Peer Group Valuation

	EBITDA		Net Profit	
	2012e	2013e	2012e	2013e
Datalogic (ESN est.)	82.8	91.0	46.8	51.8
Peer multiple (median)	7.3	6.4	15.8	14.8
Enterprise Value	600.3	581.3		
- Net debt	144.7	96.6		
- Minorities	0.0	0.0		
- pension funds (TFR)	7.4	7.6		
Group equity value	448.2	477.1	741.4	768.4
Equity Value/share	7.7	8.2	12.7	13.1

Source: ESN estimates

Datalogic: stock performance vs. its main peers



Source: Factset

SWOT analysis

STRENGTHS	WEAKNESSES
▪ Strong competitive positioning in high-end ADC market ▪ Growing reference market ▪ Experienced management team ▪ Geographic diversification ▪ High entry barriers	▪ Price erosion ▪ Limited free float ▪ R&D crucial to preserve the competitive positioning
OPPORTUNITIES	**THREATS**
▪ Strengthening the IA market ▪ Potential consolidator in the highly fragmented IA market	▪ Working capital absorption

Appendix

Peers description

Datalogic's main listed competitors are large multinational groups whose activities include, among other things the activities carried out by Datalogic and therefore are not direct comparables in our opinion. We are referring to:

1) **Motorola Solutions**, a US-based data communications and equipment provider. The group develops data capture, wireless, infrastructure, bar code scanning, two-way radios and wireless broadband networks. Motorola Solutions also produces public safety and government products, voice and data communications products and systems, and wireless LAN securities. The Enterprise Mobility solutions, involved in the ADC market, generated USD 2.85bn sales in 2011.
2) **Honeywell**, an international conglomerate with diversified holding in aerospace, building control, homes and industry, auto motive products, turbochargers and specialty materials. Honeywell Scanning and Mobility division (USD 466m sales, up by 13% Y/Y) is a leading manufacturer of high-performance image- and laser-based data collection hardware, including rugged mobile computers, bar code scanners and scan engines. The main vertical markets served worldwide through a close network of distributors and resellers are: retail, healthcare, transportation and logistics.
3) **Denso Corp**, a Japan-based company, a leader in the global automotive supply of advanced technology, systems and components in the areas of thermal, powertrain control, electric, electronics and information and safety. Its customers include all the world's major carmakers. Through its subsidiary Denso Wave (EUR 300m sales in FY 11 ended to March 31), the group develops, designs and sells: 1) automatic data capture equipment such as bar code readers, 2D code readers (Denso was the inventor of the QR code) and IC card readers/writers; 2) robots for factory automation; 3) programmable controllers to contribute productivity improvement in industrial fields. ADC accounted for 38% of 2011 Denso Wave sales, or EUR 113m; factory automation 27% or EUR 81m.
4) **Omron**, leader in Japan in the factory automation systems business, providing different products, including FA controllers, sensors, switches, relays and safety devices, which help production sites to achieve improved productivity. Industrial automation business accounted for the 44% of group sales in 2011, or JPY 271bn.

Our cluster of comparables includes four companies specialized in the ADC segment and one firm involved in the IA market.

Intermec. The US-based group develops, manufactures and integrates technologies that identify, track and manage supply chain. The group generates its revenues primarily through the sale of products and post-warranty equipment service and repair contracts, as well as other managed services. Its core technologies include RFID (radio frequency identification), mobile computing and data collection systems, bar code printers and label media. In 2011, Intermec delivered sales of USD 848m (+9% Y/Y organic), of which ADC products accounted for 70% of sales, maintenance and support 17% and voice solutions 13%.

Psion. The UK-based group provides enterprise mobile computing solutions, integration services, and product support and maintenance services worldwide. The Company designs, manufactures and supplies rugged, handheld and vehicle-mounted devices. Its devices are mainly used by warehouse, campus and field-based/mobile operatives. The Company operates in three segments: hardware, software and professional services, and customer services and support. In 2011, Psion posted sales of USD 176m (+1% Y/Y), of which ADC products accounted for 73% of sales, maintenance and support 21% and software 6%.

Zetes. The Brussels-based group is a leading European system integrator and provider of innovative supply chain solutions and services. Zetes is active in the automatic identification and traceability sector, offering solutions based on different technologies (barcodes, RFID, voice recognition, label print, matrix code, visual recognition, serialisation).

Zebra Technologies. The US-based group is leader in the design and sale of industrial printing for labels, receipts and tickets. In 2011, Zebra generated USD 984m sales (+10% Y/Y), of which 76% from hardware, 19% from consumable materials (ie sticky labels) and 5% from maintenance and support services.

Cognex. Cognex is a leading worldwide provider of machine vision systems for manufacturing and industrial identification in order to automate task. Cognex vision and ID systems are used throughout the production and distribution process to optimize product quality, reduce manufacturing costs and track items throughout the supply chain. The US-based company has regional offices and distributors located throughout North America, Japan, Europe, Asia and Latin America. In 2011, c. 73% of sales came from factory automation.

Peers' comparison: 2011 sales by geographical area

Company	2011 sales	EMEA	Americas	Asia	Other
Intermec	USD 848m	*32%*	*60%*	*8%*	-
Psion	GBP 176m	*60%*	*30%*	*10%*	-
Zetes	EUR 221m	*na*	*na*	*na*	*na*
Zebra Technologies	USD 984m	*35%*	*51%*	*14%*	-
Cognex	USD 322m	*33%*	*34%*	*15%*	*17%*
Datalogic	EUR 426m	*50%*	*29%*	*12%*	*9%*

Source: Company data, Banca Akros estimates

Datalogic: Summary tables

PROFIT & LOSS (EURm)	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
Sales	**312**	**393**	**426**	**512**	**545**	**571**
Cost of Sales & Operating Costs	-300	-342	-375	-429	-454	-473
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**11.9**	**50.6**	**50.8**	**82.8**	**91.0**	**98.4**
EBITDA (adj.)*	**11.9**	**50.6**	**50.8**	**82.8**	**91.0**	**98.4**
Depreciation	-17.4	-15.9	-14.4	-14.5	-14.2	-13.8
EBITA	**-5.6**	**34.7**	**36.4**	**68.3**	**76.7**	**84.6**
EBITA (adj)*	**-5.6**	**34.7**	**36.4**	**68.3**	**76.7**	**84.6**
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-5.6**	**34.7**	**36.4**	**68.3**	**76.7**	**84.6**
EBIT (adj.)*	**-5.6**	**34.7**	**36.4**	**68.3**	**76.7**	**84.6**
Net Financial Interest	-5.6	-5.7	-4.7	-5.8	-5.8	-4.5
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	-1.6	-0.8	1.5	0.0	0.0	0.0
Earnings Before Tax (EBT)	**-12.8**	**28.2**	**33.2**	**62.5**	**70.9**	**80.1**
Tax	0.7	-10.2	-7.3	-15.6	-19.1	-24.0
Tax rate	*5.2%*	*36.0%*	*22.0%*	*25.0%*	*27.0%*	*30.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	**-12.2**	**18.0**	**25.9**	**46.8**	**51.8**	**56.1**
Net Profit (adj.)	**-4.8**	**17.5**	**32.4**	**42.7**	**51.8**	**56.1**
CASH FLOW (EURm)	**12/2009**	**12/2010**	**12/2011**	**12/2012e**	**12/2013e**	**12/2014e**
Cash Flow from Operations before change in NWC	5.3	33.9	40.3	61.4	66.0	69.9
Change in Net Working Capital	15.0	18.9	-6.8	-16.5	4.4	-2.6
Cash Flow from Operations	**20.2**	**52.9**	**33.5**	**44.8**	**70.4**	**67.3**
Capex	-7.3	-28.6	-17.7	-117	-14.7	-15.4
Net Financial Investments	-1.8	-2.1	4.5	0.0	0.0	0.0
Free Cash Flow	**11.2**	**22.2**	**20.2**	**-72.0**	**55.6**	**51.8**
Dividends	-1.9	0.0	-8.1	-8.8	-9.2	-9.7
Other (incl. Capital Increase & share buy backs)	-2.8	1.8	5.0	-4.4	1.7	1.4
Change in Net Debt	**6.4**	**24.0**	**17.1**	**-85.2**	**48.1**	**43.5**
NOPLAT	-5.3	22.2	28.4	51.2	56.0	59.2
BALANCE SHEET & OTHER ITEMS (EURm)	**12/2009**	**12/2010**	**12/2011**	**12/2012e**	**12/2013e**	**12/2014e**
Net Tangible Assets	50.8	50.0	50.0	162	162	163
Net Intangible Assets (incl.Goodwill)	127	147	154	154	155	155
Net Financial Assets & Other	3.9	4.6	9.4	9.4	9.4	9.4
Total Fixed Assets	**181**	**202**	**214**	**325**	**326**	**328**
Inventories	39.1	45.3	59.6	70.0	74.1	77.9
Trade receivables	65.5	69.4	74.2	97.0	95.0	99.6
Other current assets	39.5	38.6	47.6	57.2	60.9	63.8
Cash (-)	-72.2	-103	-172	-136	-152	-168
Total Current Assets	**216**	**257**	**354**	**360**	**382**	**410**
Total Assets	**398**	**458**	**568**	**686**	**708**	**737**
Shareholders Equity	117	140	170	208	251	298
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	117	140	170	208	251	298
Long term interest bearing debt	48.7	132	157	190	168	150
Provisions	7.7	7.1	6.7	7.4	7.6	7.7
Other long term liabilities	11.0	13.4	19.7	23.8	25.3	26.5
Total Long Term Liabilities	**67.4**	**152**	**183**	**221**	**201**	**184**
Short term interest bearing debt	124	47.9	75.2	91.1	80.6	71.8
Trade payables	43.8	56.7	67.2	78.8	83.5	87.7
Other current liabilities	45.7	61.1	71.9	86.5	92.0	96.5
Total Current Liabilities	**214**	**166**	**214**	**256**	**256**	**256**
Total Liabilities and Shareholders' Equity	**398**	**458**	**568**	**686**	**708**	**738**
Net Capital Employed	**236**	**237**	**256**	**384**	**381**	**385**
Net Working Capital	**234**	**271**	**320**	**390**	**406**	**426**
GROWTH & MARGINS	**12/2009**	**12/2010**	**12/2011**	**12/2012e**	**12/2013e**	**12/2014e**
Sales growth	*-17.9%*	*25.9%*	*8.3%*	*20.4%*	*6.4%*	*4.8%*
EBITDA (adj.)* growth	***-74.8%***	***326.7%***	***0.5%***	***62.9%***	***9.9%***	***8.2%***
EBITA (adj.) growth*	*-chg*	*+chg*	*5.1%*	*87.3%*	*12.4%*	*10.3%*
*EBIT (adj)*growth*	*-chg*	*+chg*	*5.1%*	*87.3%*	*12.4%*	*10.3%*

Datalogic: Summary tables

GROWTH & MARGINS	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
Net Profit growth	*-chg*	*+chg*	*85.5%*	*31.7%*	*21.2%*	*8.3%*
EPS adj. growth	*-chg*	*+chg*	*85.5%*	*31.7%*	*21.2%*	*8.3%*
DPS adj. growth	*-50.0%*	*-chg*	*+chg*	*0.0%*	*5.0%*	*5.0%*
EBITDA (adj) margin*	*3.8%*	*12.9%*	*11.9%*	*16.2%*	*16.7%*	*17.2%*
EBITA (adj) margin*	*-1.8%*	*8.8%*	*8.6%*	*13.3%*	*14.1%*	*14.8%*
EBIT (adj) margin*	*nm*	*8.8%*	*8.6%*	*13.3%*	*14.1%*	*14.8%*

RATIOS	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
Net Debt/Equity	0.9	0.5	0.3	0.7	0.4	0.2
Net Debt/EBITDA	8.5	1.5	1.2	1.7	1.1	0.5
Interest cover (EBITDA/Fin.interest)	2.1	8.9	10.8	14.3	15.7	21.9
Capex/D&A	41.9%	179.6%	123.3%	804.9%	103.5%	111.9%
Capex/Sales	2.3%	7.3%	4.2%	22.8%	2.7%	2.7%
NWC/Sales	74.9%	69.0%	75.3%	76.1%	74.4%	74.5%
ROE (average)	-3.8%	13.6%	20.9%	22.6%	22.5%	20.4%
ROCE (adj.)	-1.3%	4.7%	5.4%	7.3%	7.8%	8.0%
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
ROCE (adj.)/WACC	-0.1	0.5	0.6	0.8	0.8	0.8

PER SHARE DATA (EUR)***	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
Average diluted number of shares	58.4	58.4	58.4	58.4	58.4	58.4
EPS (reported)	-0.21	0.31	0.44	0.80	0.89	0.96
EPS (adj.)	-0.08	0.30	0.56	0.73	0.89	0.96
BVPS	2.00	2.40	2.91	3.56	4.30	5.10
DPS	0.04	0.00	0.15	0.15	0.16	0.17

VALUATION	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
EV/Sales	1.1	1.1	0.9	1.0	0.9	0.8
EV/EBITDA	28.9	8.6	7.7	6.3	5.2	4.4
EV/EBITDA (adj.)*	**28.9**	**8.6**	**7.7**	**6.3**	**5.2**	**4.4**
EV/EBITA	-61.4	12.5	10.8	7.7	6.2	5.1
EV/EBITA (adj.)*	**-61.4**	**12.5**	**10.8**	**7.7**	**6.2**	**5.1**
EV/EBIT	nm	12.5	10.8	7.7	6.2	5.1
EV/EBIT (adj.)*	**nm**	**12.5**	**10.8**	**7.7**	**6.2**	**5.1**
P/E (adj.)	**nm**	**20.2**	**10.4**	**8.9**	**7.3**	**6.8**
P/BV	2.0	2.5	2.0	1.8	1.5	1.3
Total Yield Ratio	0.0%	2.3%	2.3%	2.4%	2.5%	
EV/CE	0.8	0.9	0.7	0.7	0.7	0.6
OpFCF yield	5.4%	12.7%	5.9%	8.2%	14.6%	13.6%
OpFCF/EV	3.8%	10.4%	5.1%	5.9%	11.7%	12.0%
Payout ratio	-16.8%	0.0%	33.8%	18.7%	17.8%	17.2%
Dividend yield (gross)	0.9%	0.0%	2.3%	2.3%	2.4%	2.5%

EV AND MKT CAP (EURm)	12/2009	12/2010	12/2011	12/2012e	12/2013e	12/2014e
Price** (EUR)	4.07	6.06	5.75	6.50	6.50	6.50
Outstanding number of shares for main stock	58.4	58.4	58.4	58.4	58.4	58.4
Total Market Cap	**238**	**354**	**336**	**380**	**380**	**380**
Net Debt	**101**	**76**	**59**	**145**	**97**	**53**
o/w Cash & Marketable Securities (-)	*-72*	*-103*	*-172*	*-136*	*-152*	*-168*
o/w Gross Debt (+)	*173*	*180*	*232*	*281*	*248*	*221*
Other EV components	**4**	**3**	**-3**	**-2**	**-2**	**-2**
Enterprise Value (EV adj.)	**342**	**433**	**393**	**523**	**475**	**431**

Source: Company, Banca Akros estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

Sector: Industrial Engineering/Industrial Engineering

Company Description: Datalogic (EUR 426m net sales, EUR 51m EBITDA and 2,400 people in 2011) is the largest European manufacturer of CCD and laser-based bar code readers and mobile computers, including both manual readers and fixed industrial scanners, for retail, warehouse management systems, sorting, work-in-progress and OEM. The group operates three division, each running as an autonomous business unit: 1) ADC (69% of total sales in 2011), which includes pos scanners, rugged handheld scanners, rugged mobile computers, industrial PDAs 2) Industrial Automation (23%), which includes customised industrial solutions based on laser barcode scanners and 2D imager for auto-ID, RFID and vision systems, industrial sensors£pv£ 3) Business development (8%), which is active in the development of new business platforms within the group. In 2011, c. 10% of sales were generated in Italy£pv£ Europe (excl. Italy) accounted for c. 40%, US for 30% and Asia 12%

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)
Eads	CIC
Dassault Aviation	CIC
Latecoere	CIC
Safran	CIC
Thales	CIC
Zodiac	CIC
Bae Systems Plc	CIC
Rolls Royce	CIC
Finmeccanica	BAK
Rheinmetall	EQB
Mtu	EQB
Lisi	CIC

Airlines	Mem(*)
Air France Klm	CIC
Lufthansa	EQB
Ryanair	NCB
Easyjet Plc	NCB
Finnair	POH
Aer Lingus	NCB

Automobiles & Parts	Mem(*)
Psa Peugeot Citroen	CIC
Renault	CIC
Faurecia	CIC
Michelin	CIC
Plastic Omnium	CIC
Valeo	CIC
Daimler Ag	EQB
Fiat	BAK
Volkswagen	EQB
Bmw	EQB
Porsche	EQB
Continental	EQB
Brembo	BAK
Sogefi	BAK
Pirelli & C.	BAK
Nokian Tyres	POH
Leoni	EQB
Elringklinger	EQB
Stern Groep	SNS
Piaggio	BAK
Landi Renzo	BAK
Plastivaloire	CIC

Banks	Mem(*)
Bnp Paribas	CIC
Societe Generale	CIC
Dexia	BDG
Natixis	CIC
Ing Group	SNS
Deutsche Bank	EQB
Bbva	BBO
Banco Santander	BBO
Unicredit	BAK
Credit Agricole Sa	CIC
Alpha Bank	IBG
Banca Mps	BAK
Bper	BAK
Banco Popolare	BAK
Bcp	CBI
Bes	CBI
Bankinter	BBO
Banco Popular	BBO
Bpi	CBI
Banco Sabadell	BBO
Bank Of Ireland	NCB
Piraeus Bank	IBG
Commerzbank	EQB
Efg Eurobank Ergasias	IBG
Intesa Sanpaolo	BAK
Kbc Group	BDG
Mediobanca	BAK
National Bank Of Greece	IBG
Nordea	POH
Aareal Bank	EQB
Credem	BAK
Banesto	BBO
Ubi Banca	BAK
Postbank	EQB
Bank Of Cyprus	IBG
Boursorama	CIC
Atebank	IBG
Hellenic Postbank	IBG
Garanti Bank	IBG
Akbank	IBG
Yapi Kredi Bank	IBG
Halkbank	IBG
Creval	BAK
Banca Carige	BAK

Basic Resources	Mem(*)
Acerinox	BBO
Arcelormittal	BBO
Stora Enso	POH
Thyssenkrupp	EQB
Upm-Kymmene	POH
Portucel	CBI
Semapa	CBI
Ence	BBO
Europac	BBO
Inapa	CBI
Tubacex	BBO
Metsä Board	POH
Outokumpu	POH
Rautaruukki	POH
Mytilineos	IBG
Metka	IBG
Altri	CBI
Crown Van Gelder	SNS
Salzgitter	EQB
Talvivaara Mining Co Plc	POH
Nyrstar	BDG
Dnick Holding Plc	EQB

Biotechnology	Mem(*)
Transgene	CIC
Zeltia	BBO
Morphosys	EQB
Epigenomics Ag	EQB
4Sc Ag	EQB
Bioalliance Pharma	CIC
Wilex	EQB
Metabolic Explorer	CIC
Neovacs	CIC
Agennix	EQB

Chemicals	Mem(*)
Air Liquide	CIC
Basf	EQB
Akzo Nobel	SNS
Dsm	SNS
Henkel	EQB
Linde	EQB
Solvay	BDG
Umicore	BDG
Recticel	BDG
Tessenderlo	BDG
Kemira	POH
Floridienne	BDG
Holland Colours	SNS
K+S Ag	EQB
Lanxess	EQB
Wacker Chemie	EQB
Nanogate Ag	EQB
Symrise Ag	EQB
Fuchs Petrolub	EQB
Tikkurila	POH

Construction & Materials	Mem(*)
Eiffage	CIC
Vinci	CIC
Ciments Français	CIC
Imerys	CIC
Lafarge	CIC
Saint Gobain	CIC
Maisons France Confort	CIC
Acs	BBO
Fcc	BBO
Ferrovial	BBO
Holcim Ltd	CIC
Titan Cement	IBG
Deceuninck	BDG
Buzzi Unicem	BAK
Heijmans	SNS
Mota Engil	CBI
Obrascon Huarte Lain	BBO
Italcementi	BAK
Ballast Nedam	SNS
Royal Bam Group	SNS
Boskalis Westminster	SNS
Cfe	BDG
Ellaktor	IBG
Impregilo	BAK
Trevi	BAK
Sacyr Vallehermoso	BBO
Gek Terna	IBG
Uponor	POH
Yit	POH
Capelli	CIC
Bilfinger Berger	EQB
Hochtief	EQB
Sonae Industria	CBI
Astaldi	BAK
Grontmij	SNS
Cramo	POH
Ramirent	POH
Thermador Groupe	CIC
Vbh Holding	EQB
Vicat	CIC
Wavin N.V.	SNS
Grupo San Jose	BBO
Maire Tecnimont	BAK

Electronic & Electrical Equipment	Mem(*)
Legrand	CIC
Rexel	CIC
Schneider Electric Sa	CIC
Ingenico	CIC
Nexans	CIC
Barco	BDG
Kontron	EQB
Agfa-Gevaert	BDG
Evs	BDG
Areva	CIC
Vacon	POH
Pkc Group	POH
Augusta Technologie	EQB
Gemalto	CIC
Euromicron Ag	EQB
Lacie	CIC
Neways Electronics	SNS
Xeikon Nv	SNS
Rcf Group	BAK
Mobotix Ag	EQB

Financial Services	Mem(*)
Corp. Financiera Alba	BBO
Bb Biotech	EQB
Deutsche Boerse	EQB
Gbl	BDG
Binckbank	SNS
Bois Sauvage	BDG
Cir	BAK
Comdirect	EQB
Dab Bank	EQB
Gimv	BDG
Ifg Group Plc	NCB
Mlp	EQB
Ackermans & Van Haaren	BDG
Banca Ifis	BAK
Hellenic Exchanges	IBG
Kbc Ancora	BDG
Azimut	BAK
Grenkeleasing Ag	EQB
Luxempart	BDG
Financiere De Tubize	BDG
Bolsas Y Mercados Espanoles Sa	BBO
Banca Generali	BAK
Fonciere Des 6Eme Et 7Eme Arrondissements De Paris	CIC
Deutsche Forfait	EQB
Hypoport Ag	EQB

Food & Beverage	**Mem(*)**	**Food & Drug Retailers**	**Mem(*)**	Jacquet Metal Service	CIC	William Hill Plc	NCB	Delclima	BAK
Danone	CIC	Carrefour	CIC	**Healthcare**	**Mem(*)**	Sonae Capital	CBI	Cfao	CIC
Ldc	CIC	Casino Guichard-P	CIC	Bayer	EQB	Ladbrokes	NCB	**Industrial Transportation & Motorways**	**Mem(*)**
Pernod-Ricard	CIC	Guyenne & Gascogne	CIC	Cegedim	CIC	**Household Goods**	**Mem(*)**	Norbert Dentressangle	CIC
Remy Cointreau	CIC	Delhaize	BDG	Novartis	CIC	Philips Electronics	SNS	Abertis	BBO
Vranken Pommery Monopole	CIC	Ahold	SNS	Roche	CIC	De Longhi	BAK	Atlantia	BAK
Laurent Perrier	CIC	Rallye	CIC	Fresenius Medical Care	EQB	Indesit	BAK	Brisa	CBI
Fleury Michon	CIC	Colruyt	BDG	Fresenius	EQB	U10	CIC	Deutsche Post	EQB
Unilever	SNS	Sonae	CBI	Celesio	EQB	Elica	BAK	Postnl	SNS
Bonduelle	CIC	Sligro	SNS	Merck	EQB	**Industrial Engineering**	**Mem(*)**	Irish Continental Group	NCB
Nestle	SNS	Kesko	POH	Ucb	BDG	Sogeclair	CIC	Bollore	CIC
Heineken	SNS	Marr	BAK	Orpea	CIC	Haulotte Group	CIC	Gemina	BAK
Nutreco	SNS	Bim	IBG	Amplifon	BAK	Manitou	CIC	Sias	BAK
Coca Cola Hellenic	IBG	Dia	BBO	Recordati	BAK	Aixtron	EQB	Fraport	EQB
Csm	SNS	**General Industrials**	**Mem(*)**	Mediq	SNS	Heidelberger Druck	EQB	Logwin	EQB
Anheuser-Busch Inbev	BDG	Tessi	CIC	United Drug	NCB	Kone	POH	Hes Beheer	SNS
Kerry Group	NCB	Huhtamäki	POH	Orion	POH	Man	EQB	Adp	CIC
Parmalat	BAK	Neopost	CIC	Sorin	BAK	Metso	POH	Dockwise	SNS
Tate & Lyle	NCB	Bekaert	BDG	Biomerieux	CIC	Gea Group	EQB	Hhla	EQB
Ebro Foods	BBO	Dcc	NCB	Sanofi	CIC	Singulus Technologies	EQB	Caf	BBO
Fyffes	NCB	Aalberts	SNS	Drägerwerk	EQB	Zardoya Otis	BBO	Tnt Express	SNS
Dairy Crest Group	NCB	Azkoyen	BBO	Rhoen-Klinikum	EQB	Ima	BAK	**Insurance**	**Mem(*)**
Campari	BAK	Prelios	BAK	Biotest	EQB	Interpump	BAK	Axa	CIC
Donegal Creameries	NCB	Frigoglass	IBG	Faes Farma	BBO	Sabaf	BAK	Allianz	EQB
Duvel	BDG	Pöyry	POH	Natraceutical Sa	BBO	Exel Industries	CIC	Munich Re	EQB
Glanbia	NCB	Resilux	BDG	Grifols Sa	BBO	Ten Cate	SNS	Aegon	SNS
Greencore	NCB	Analytik Jena	EQB	Stallergènes	CIC	Pfeiffer Vacuum	EQB	Generali	BAK
Lotus Bakeries	BDG	Advanced Vision Technology	EQB	Oriola-Kd	POH	Konecranes	POH	Ageas	BDG
Pinguinlutosa	BDG	Accell Group	SNS	Medica	CIC	Wärtsilä	POH	Zurich Financial Services	BAK
Sipef	BDG	Arcadis	SNS	Korian	CIC	Vossloh	EQB	Mediolanum	BAK
Viscofan	BBO	Kendrion	SNS	Gerresheimer Ag	EQB	Kuka	EQB	Sampo	POH
Wessanen	SNS	Nedap	SNS	Almirall	BBO	Danieli	BAK	Mapfre Sa	BBO
Ter Beke	BDG	Vidrala	BBO	Arseus	BDG	Gesco	EQB	Fbd Holdings Plc	NCB
Raisio	POH	Wendel	CIC	Laboratorios Rovi	BBO	Gildemeister	EQB	Fondiaria Sai	BAK
C&C Group	NCB	Saft	CIC	Ab-Biotics	BBO	Agta Record	CIC	Milano Assicurazioni	BAK
Naturex	CIC	Tkh Group	SNS	**Hotels, Travel & Tourism**	**Mem(*)**	Biesse	BAK	Unipol	BAK
Olvi	POH	Ahlstrom	POH	Accor	CIC	Emak	BAK	Hannover Re	EQB
Atria	POH	Evolis	CIC	Sodexo	CIC	Faiveley	CIC	Delta Lloyd	SNS
Baron De Ley	BBO	Skw Stahl	EQB	Beneteau	CIC	Duro Felguera	BBO		
Baywa	EQB	Saf-Holland	EQB	Trigano	CIC	Krones Ag	EQB		
Berentzen	EQB	Derby Cycle	EQB	Pierre Et Vacances	CIC	Prima Industrie	BAK		
Lanson-Bcc	CIC	**Mifa**	**EQB**	Autogrill	BAK	Schuler Ag	EQB		
Greggs	NCB	**General Retailers**	**Mem(*)**	Compagnie Des Alpes	CIC	Cargotec Corp	POH		
Hkscan	POH	Inditex	BBO	Nh Hoteles	BBO	Ansaldo Sts	BAK		
Natra	BBO	Douglas Holding	EQB	Melia Hotels International	BBO	Demag Cranes	EQB		
Vilmorin	CIC	D'leteren	BDG	Tui	EQB	Bauer Ag	EQB		
Total Produce	NCB	Fielmann	EQB	Groupe Partouche	CIC	Max Automation Ag	EQB		
Origin Enterprises	NCB	Macintosh	SNS	Intralot	IBG	Outotec	POH		
Ktg Agrar	EQB	Jumbo	IBG	Paddy Power	NCB	Trilogiq	CIC		
Aryzta	NCB	Folli Follie Group	IBG	Ibersol	CBI	Smt Scharf Ag	EQB		
Campofrio	BBO	Stockmann	POH	Opap	IBG	Prysmian	BAK		
Acomo	SNS	Fourlis Holdings	IBG	I Grandi Viaggi	BAK	Khd Humboldt Wedag International	EQB		
Enervit	BAK	Beter Bed Holding	SNS	Lottomatica	BAK	Fiat Industrial	BAK		

Media	Mem(*)
Vivendi	CIC
Havas	CIC
Ipsos	CIC
M6-Metropole Television	CIC
Nrj Group	CIC
Lagardere	CIC
Publicis	CIC
Spir Communication	CIC
Teleperformance	CIC
Tf1	CIC
Hi-Media	CIC
Ubisoft	CIC
Gl Events	CIC
Wolters Kluwer	SNS
Mediaset	BAK
Editoriale L'Espresso	BAK
Rtl Group	BDG
Jcdecaux	CIC
Prisa	BBO
Cofina	CBI
Rcs Mediagroup	BAK
Impresa	CBI
Kinepolis	BDG
Reed Elsevier N.V.	SNS
Roularta	BDG
Telegraaf Media Groep	SNS
Ti Media	BAK
Seat	BAK
Antena 3Tv	BBO
Pages Jaunes	CIC
Mediaset Espana	BBO
Ad Pepper	EQB
Alma Media	POH
Adlpartner	CIC
Brill	SNS
Caltagirone Editore	BAK
Lbi International Nv	SNS
Sanoma	POH
Nextradiotv	CIC
Meetic	CIC
Nostrum	BBO

Oil & Gas Producers	Mem(*)
Total	CIC
Eni	BAK
Repsol	BBO
Hellenic Petroleum	IBG
Motor Oil	IBG
Maurel Et Prom	CIC
Neste Oil	POH
Galp Energia	CBI
Gas Plus	BAK
Tupras	IBG

Oil Services	Mem(*)
Vallourec	CIC
Cgg Veritas	CIC
Technip	CIC
Bourbon	CIC
Saipem	BAK
Vopak	SNS
Fugro	SNS
Tenaris	BAK
Tecnicas Reunidas	BBO

Personal Goods	Mem(*)
Ppr	CIC
Beiersdorf	EQB
Hugo Boss	EQB
Tod'S	BAK
Adidas	EQB
Luxottica	BAK
Medion	EQB
Puma	EQB
Loewe	EQB
Amer Sports	POH
Van De Velde	BDG
Sarantis	IBG
Geox	BAK
Basic Net	BAK
Marcolin	BAK
Safilo	BAK
Zucchi	BAK
Gerry Weber	EQB
Salvatore Ferragamo	BAK

Real Estate	Mem(*)
Corio	BDG
Atenor	BDG
Befimmo	BDG
Cofinimmo	BDG
Intervest Offices & Warehouses	BDG
Intervest Retail	BDG
Leasinvest Real Estate	BDG
Wdp	BDG
Vastned Retail	BDG
Retail Estates	BDG
Beni Stabili	BAK
Citycon	POH
Deutsche Euroshop	EQB
Ivg Immobilien Ag	EQB
Sponda	POH
Technopolis	POH
Vib Vermoegen	EQB
Igd	BAK
Montea	BDG
Aedifica	BDG
Ascencio	BDG
Realia	BBO
Banimmo	BDG

Renewable Energy	Mem(*)
Gamesa	BBO
Sunways	EQB
Abengoa	BBO
Phoenix Solar	EQB
Solar-Fabrik	EQB
Solarworld	EQB
Biopetrol Industries	EQB
Martifer Sgps Sa	CBI
Daldrup & Soehne	EQB
Deutsche Biogas	EQB
Solutronic	EQB
Sma Solar Technology	EQB
Enel Green Power	BAK

Semiconductors	Mem(*)
Stmicroelectronics	BAK
Asm International	SNS
Asml	SNS
Besi	SNS
Melexis	BDG
Suess Microtec	EQB
Roodmicrotec	SNS

Software & Computer Services	Mem(*)
Alten	CIC
Altran	CIC
Atos Origin	CIC
Bull	CIC
Capgemini	CIC
Cegid	CIC
Sopra Group	CIC
Steria	CIC
Amadeus	BBO
Neurones	CIC
Sii	CIC
Logica	SNS
Aedian	CIC
Dassault Systemes	CIC
Esi Group	CIC
Indra Sistemas	BBO
Tieto	POH
Novabase Sgps	CBI
Exact Holding Nv	SNS
Ordina	SNS
Ctac	SNS
Realdolmen	BDG
Unit4	SNS
Basware	POH
Itelligence	EQB
Psi	EQB
Beta Systems Software	EQB
Integralis Ag	EQB
Cenit	EQB
Docdata	SNS
F-Secure	POH
Osiatis	CIC
Gameloft	CIC
Gft Technologies	EQB
Groupe Open	CIC
Guillemot Corporation	CIC
I:Fao Ag	EQB
Ict Automatisering	SNS
I.R.I.S.	BDG
Qurius	SNS
Reply	BAK
Wincor Nixdorf	EQB
Akka Technologies	CIC
Tomtom	SNS
Seven Principles Ag	EQB
Engineering	BAK
Transics	BDG
Rib Software	EQB

Support Services	Mem(*)
Randstad	SNS
Imtech	SNS
Prosegur	BBO
Brunel	SNS
Cpl Resources Plc	NCB
Dpa	SNS
Usg People	SNS
Fiera Milano	BAK
Lassila & Tikanoja	POH
Batenburg	SNS
Tmc Group	SNS
Edenred	CIC
Bureau Veritas S.A.	CIC
Ei Towers	**BAK**

Telecom Equipment	Mem(*)
Hf Company	CIC
Nokia	POH
Ericsson	POH
Gigaset	EQB

Telecommunications	Mem(*)
Bouygues	CIC
France Telecom	CIC
Deutsche Telekom	EQB
Telefonica	BBO
Kpn Telecom	SNS
Tiscali	BAK
Portugal Telecom	CBI
Vodafone	BAK
Elisa	POH
Ote	IBG
Zon Multimedia	CBI
Sonaecom	CBI
Freenet	EQB
Mobistar	BDG
Telecom Italia	BAK
United Internet	EQB
Teliasonera	POH
Belgacom	BDG
Acotel	BAK
Jazztel	BBO
Telenet Group	BDG
Eutelsat Communications Sa	CIC
Gowex	BBO
Turkcell	IBG

Utilities	Mem(*)
Enel	BAK
E.On	EQB
Endesa	BBO
Rwe	EQB
Veolia Environnement	CIC
Acea	BAK
Edp	CBI
Fortum	POH
Gas Natural Fenosa	BBO
Acciona	BBO
Iberdrola	BBO
Red Electrica De Espana	BBO
Enagas	BBO
Fluxys	BDG
Snam	BAK
Public Power Corp	IBG
Hera	BAK
Sechilienne Sidec	CIC
Iren	BAK
Terna	BAK
Elia	BDG
Gdf-Suez	CIC
Ren	CBI
Edp Renováveis	CBI
Suez Environnement	CIC
A2A	BAK

LEGEND: *BAK: Banca Akros; BDG : Bank Degroof; BBO: Bankia Bolsa; CIC: CM CIC Securities; CBI: Caixa- Banco de Investimento; EQB: Equinet bank ;IBG: Investment Bank of Greece, NCB: NCB Stockbrokers, POH: Pohjola Bank; SNS: SNS Securities*

as of 30th June 2012

List of ESN Analysts (**)

Ari Agopyan	CIC	+33 145 96 85 80	ari.agopyan@cmcics.com
Edouard Aubery	EQB	+49 69 5899 7439	edouard.aubery@equinet-ag.de
Christian Auzanneau	CIC	+33 4 78 92 0185	christian.auzanneau@cmcics.com
Olivier Bails, CFA	CIC	+33 145 96 78 72	olivier.bails@cmcics.com
Helena Barbosa	CBI	+351 21 389 6831	helena.barbosa@caixabi.pt
Victor Bareño, CFA	SNS	+312 0 5508822	victor.bareno@snssecurities.nl
Javier Bernat	BBO	+34 91436 7816	jbernat@bankia.com
Dimitris Birbos	IBG	+30 210 8173 392	dbirbos@ibg.gr
Jean-Pascal Brivady	CIC	+33 4 78 92 02 25	jeanpascal.brivady@cmcics.com
David Cabeza Jareño	BBO	+34 914367818	dcabeza@bankia.com
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Niclas Catani	POH	+358 10 252 8780	niclas.catani@pohjola.com
Jean-Marie Caucheteux	BDG	+32 2 287 99 20	jeanmarie.caucheteux@degroof.be
Marco Cavalleri	BAK	+39 02 4344 4022	marco.cavalleri@bancaakros.it
Pierre Chedeville	CIC	+33 145 96 78 71	pierre.chedeville@cmcics.com
Emmanuel Chevalier	CIC	+33 145 96 77 42	emmanuel.chevalier@cmcics.com
Florent Couvreur	CIC	+33 145 96 77 60	florent.couvreur@cmcics.com
Edwin de Jong	SNS	+312 0 5508569	edwin.dejong@snssecurities.nl
Nadeshda Demidova	EQB	+49 69 58997 434	nadeshda.demidova@equinet-ag.de
Martijn den Drijver	SNS	+312 0 5508636	martijn.dendrijver@snssecurities.nl
Brian Devine	NCB	+353 16115847	brian.devine@ncb.ie
Christian Devismes	CIC	+33 145 96 77 63	christian.devismes@cmcics.com
Andrea Devita, CFA,	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Hans D'Haese	BDG	+32 (0) 2 287 9223	hans.dhaese@degroof.be
Francesco Di Gregorio	BAK	+39 02 4344 4217	francesco.digregorio@bancaakros.it
Dries Dury	BDG	+32 2 287 9176	dries.dury@degroof.be
Ingbert Faust, CEFA	EQB	+49 69 58997 410	ingbert.faust@equinet-ag.de
Rafael Fernández de Heredia	BBO	+34 91436 78 08	rfernandezdeheredia@bankia.com
Stefan Freudenreich, CFA	EQB	+49 69 58997 437	stefan.freudenreich@equinet-ag.de
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Claudio Giacomiello, CFA	BAK	+39 02 4344 4269	claudio.giacomiello@bancaakros.it
Karl Goggin	NCB	00 353 16115849	karl.goggin@ncb.ie
Ana Isabel González García CIIA	BBO	+34 91436 78 09	agonzalezga@bankia.com
Darren Greenfield, CFA	NCB	+353 16115918	darren.greenfield@ncb.ie
Arsène Guekam	CIC	+33 145 96 78 76	arsene.guekam@cmcics.com
Bernard Hanssens	BDG	+32 (0) 2 287 9689	bernard.hanssens@degroof.be
Philipp Häßler, CFA	EQB	+49 69 58997 414	philipp.haessler@equinet-ag.de
Tom Holmes	NCB	+353 16115876	tom.holmes@ncb.ie
Emmanuel Janin	CIC	+33 145 96 77 64	emmanuel.janin@cmcics.com
Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Siddy Jobe	BDG	+32 (0) 2 287 9279	siddy.jobe@degroof.be
Lillian Katelani	IBG	+30-210-8173-389	lkatelani@ibg.gr
Jean-Michel Köster	CIC	+33 145 96 77 17	jeanmichel.koster@cmcics.com
Marc Leemans, CFA	BDG	+32 (0) 2 287 9361	marc.leemans@degroof.be

Jean-Christophe Lefèvre-Moulenq	CIC	+33 145 96 9104	jeanchristophe.lefevremoulenq@cmcics.com
Dov Levy	CIC	+33 145 96 78 74	dov.levy@cmcics.com
Sébastien Liagre	CIC	+33 145 96 90 34	sebastien.liagre@cmcics.com
Harald Liberge-Dondoux	CIC	+33 145 96 98 12	harald.libergedondoux@cmcics.com
Konstantinos Manolopoulos	IBG	+30 210 817 3388	kmanolopoulos@ibg.gr
Sergio Ruiz Martin	BBO	+34 91436 7866	sruizma@bankia.com
Dario Michi	BAK	+39 02 4344 4237	dario.michi@bancaakros.it
José Mota Freitas, CFA	CBI	+351 22 607 09 31	mota.freitas@caixabi.pt
Louis Nicolopoulos	IBG	+30 210 8173 377	inikolopoulos@ibg.gr
Henri Parkkinen	POH	+358 10 252 4409	henri.parkkinen@pohjola.com
Adrian Pehl, CFA	EQB	+49 69 58997 438	adrian.pehl@equinet-ag.de
Victor Peiro Pérez	BBO	+34 91436 7812	vpeirope@bankia.com
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cmcics.com
Francesco Previtera	BAK	+39 02 4344 4033	francesco.previtera@bancaakros.it
Jari Raisanen	POH	+358 10 252 4504	jari.raisanen@pohjola.com
Hannu Rauhala	POH	+358 10 252 4392	hannu.rauhala@pohjola.com
Matias Rautionmaa	POH	+358 10 252 4408	matias.rautionmaa@pohjola.com
Eric Ravary	CIC	+33 145 96 79 53	eric.ravary@cmcics.com
Iñigo Recio Pascual	BBO	+34 91436 7814	irecio@bankia.com
Maria Rivas Rodriguez	BBO	+34 91436 7815	mrivasro@bankia.com
André Rodrigues	CBI	+351 21 389 68 39	andre.rodrigues@caixabi.pt
Jean-Luc Romain	CIC	+33 145 96 77 36	jeanluc.romain@cmcics.com
Jochen Rothenbacher, CEFA	EQB	+49 69 58997 415	jochen.rothenbacher@equinet-ag.de
Vassilis Roumantzis	IBG	+30 2108173394	vroumantzis@ibg.gr
Sonia Ruiz De Garibay	BBO	+34 91436 7841	sruizdegaribay@bankia.com
Antti Saari	POH	+358 10 252 4359	antti.saari@pohjola.com
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Lemer Salah	SNS	'+312 0 5508516	Lemer.salah@snssecurities.nl
Michael Schaefer	EQB	+49 69 58997 419	michael.schaefer@equinet-ag.de
Holger Schmidt, CEFA	EQB	+49 69 58 99 74 32	holger.schmidt@equinet-ag.de
Tim Schuldt, CFA	EQB	+49 69 5899 7433	tim.schuldt@equinet-ag.de
John Sheehan	NCB	+353 16115794	john.sheehan@ncb.ie
Pekka Spolander	POH	+358 10 252 4351	pekka.spolander@pohjola.com
Gert Steens	SNS	+312 0 5508639	gert.steens@snssecurities.nl
Kimmo Stenvall	POH	+358 10 252 4561	kimmo.stenvall@pohjola.com
Natalia Svyrou-Svyriadi	IBG	+30 210 8173 384	nsviriadi@ibg.gr
Annick Thévenon	CIC	+33 145 96 77 38	annick.thevenon@cmcics.com
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it
Johan van den Hooven	SNS	+312 0 5508518	johan.vandenhooven@snssecurities.nl
Guido Varatojo dos Santos	CBI	+351213896822	guido.santos@caixabi.pt
Richard Withagen	SNS	+312 0 5508572	richard.withagen@snssecurities.nl
Andrea Devita, CFA,	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Jean-Michel Köster	CIC	+33 145 96 77 17	jeanmichel.koster@cmcics.com

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

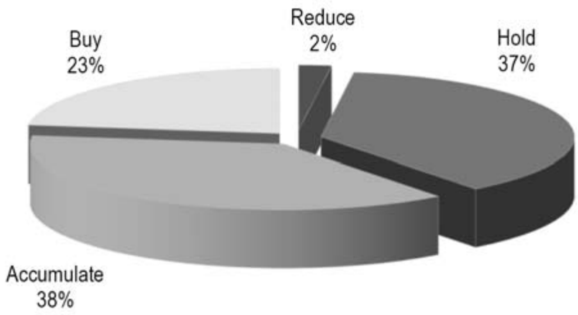
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold**: the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce**: the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a capital operation (take-over bid, SPO, …) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Banca Akros Ratings Breakdown

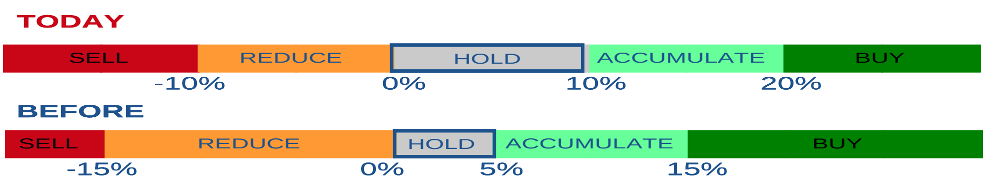


History of ESN Recommendation System

Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since 4 August 2008, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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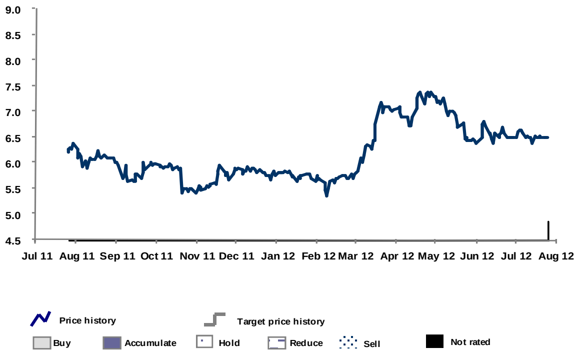
Recommendation history for DATALOGIC

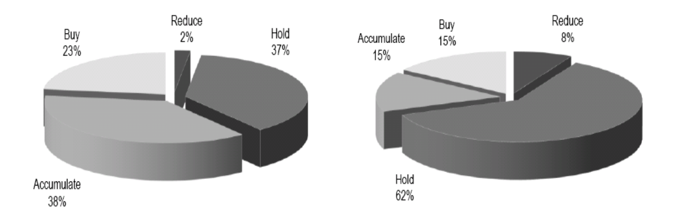
Date	Recommendation	Target price	Price at change date
25-Jul-12	Buy	8.60	6.50

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Francesco Di Gregorio (since 00/00/0000)



Percentuale delle raccomandazioni al 30 giugno 2012

Tutte le raccomandazioni — **Raccomandazioni su titoli in conflitto di interessi (*)**



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 14% del totale degli emittenti oggetto di copertura

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Members of ESN (European Securities Network LLP)

Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milano
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302

Equinet Bank AG
Gräfstraße 97
60487 Frankfurt am Main
Germany
Phone:+49 69 – 58997 – 410
Fax:+49 69 – 58997 – 299

Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04

Investment Bank of Greece
24B, Kifisias Avenue
151 25 Marousi
Greece
Phone: +30 210 81 73 000
Fax: +30 210 68 96 325

Bankia Bolsa
Serrano, 39
28001 Madrid
Spain
Phone: +34 91 436 7813
Fax: +34 91 577 3770

NCB Stockbrokers Ltd.
3 George Dock,
Dublin 1
Ireland
Phone: +353 1 611 5611
Fax: +353 1 611 5781

Caixa-Banco de Investimento
Rua Barata Salgueiro, 33-5
1269-050 Lisboa
Portugal
Phone: +351 21 389 68 00
Fax: +351 21 389 68 98

Pohjola Bank plc
P.O.Box 308
FI- 00013 Pohjola
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703

CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 4596 7940
Fax: +33 1 4596 7748

SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064