

DATALOGIC

OUTPERFORM

Price (Eu): **23.82**

Target Price (Eu): **26.00**

SECTOR: *Industrials*

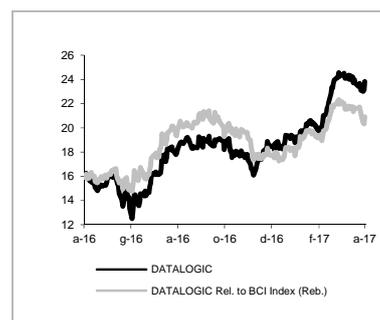
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Strong Bookings Point To Improving Momentum

- 1Q top line growth broadly in line with expectations (+5% YoY), strong bookings (+15% YoY) point to improving momentum...** Datalogic released preliminary 1Q17 revenues of Eu141.5mn (+4.6% YoY or +3.1% YoY at constant FOREX), broadly in line with expectations. The Datalogic division (representing the group's core business and including revenues of the four reference segments – Retail, Transportation & Logistics, Manufacturing, and Healthcare) reported healthy sales growth of +6.4% YoY (+5.0% at constant exchange rates) to Eu131.6mn, thanks to positive performances in Europe, North America and, especially China (over +30% YoY). Regarding the two other smaller divisions, Solution Net Systems (still benefiting from the Royal Mail order) and Informatics posted a 5.4% YoY increase and a 19% YoY decrease (mostly due to seasonal effects and the shift to a new business model) to Eu5mn and Eu6mn respectively. Bookings were strong at Eu161mn, up +14.8% YoY.
- Softer start to the year as expected due to planned shift to new organisational structure, but current level of bookings and management indications support a positive FY outlook (FY17 revenue forecasts confirmed). FY18-20 estimates fine-tuned.** In line with what had already been indicated, Datalogic started operating under the new organisational structure this year, with a planned halt to shipments in the first two weeks of 2017 (to allow the reorganisation by verticals – Retail, Transportation & Logistics, Manufacturing and Healthcare - to take effect) and some short-term inefficiencies (i.e. in IT). On the back of the current healthy bookings trend (+15% YoY) and management's constructive outlook on reference businesses, we believe top line momentum will improve over the coming quarters, and therefore reiterate our full-year forecast of around Eu620mn in revenues, or 7.5% YoY growth. Following quarterly sales figures that were essentially in line with our estimates, our top line projections remain basically unchanged, but we have slightly raised our medium term profitability assumptions to factor in better North American margins.
- OUTPERFORM confirmed; target from Eu25.0 to Eu26.0.** Based on our updated estimates, we have set a new target price of Eu26.0 (from Eu25.0) on the stock. Our valuation also factors in an M&A premium to take into account possible re-leveraging for accretive M&A deals (we believe the recently agreed Eu250mn long term facility further raises the group's financial flexibility to pursue external growth if any appealing opportunities arise). We reiterate our OUTPERFORM rating on the stock on the back of strong expected earnings momentum, further potential upside related to the new organisational structure and possible newsflow on sector consolidation going forwards.

Next event:
1Q17 Results out 15th May

DATALOGIC - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 25.00 to 26.00
Change in EPS est: **2017E 2018E**
0.0% 0.4%

STOCK DATA

Reuters code: DAL.MI
Bloomberg code: DAL IM

Performance	1m	3m	12m
Absolute	-1.7%	24.7%	49.6%
Relative	-4.9%	17.2%	35.6%
12 months H/L:	24.55/12.52		

SHAREHOLDER DATA

No. of Ord. shares (mn):	58
Total No. of shares (mn):	58
Mkt Cap Ord (Eu mn):	1.392
Total Mkt Cap (Eu mn):	1.392
Mkt Float - ord (Eu mn):	460
Mkt Float (in %):	33,0%
Main shareholder:	
Hydra Spa (controlled by Vol)	67,0%

BALANCE SHEET DATA

	2017
Book value (Eu mn):	381
BVPS (Eu):	6,52
P/BV:	3,7
Net Financial Position (Eu mn):	33
Enterprise value (Eu mn):	1.359

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on the last page of this report

Key Figures	2015A	2016A	2017E	2018E	2019E
Sales (Eu mn)	535	576	620	660	703
Ebitda (Eu mn)	74	90	102	112	124
Net profit (Eu mn)	41	46	62	70	79
EPS - New (Eu)	0,789	0,852	1,117	1,251	1,412
EPS - Old (Eu)		0,852	1,117	1,246	1,389
DPS (Eu)	0,250	0,300	0,330	0,360	0,390

Ratios & Multiples	2015A	2016A	2017E	2018E	2019E
P/E	30,2	28,0	21,3	19,0	16,9
Div. Yield	1,0%	1,3%	1,4%	1,5%	1,6%
EV/Ebitda	19,2	15,4	13,3	11,7	10,1
ROCE	17,2%	21,5%	24,2%	26,3%	29,4%

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DATALOGIC - KEY FIGURES

		2015A	2016A	2017E	2018E	2019E
	Fiscal year end	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
PROFIT & LOSS (Eu mn)	Sales	535	576	620	660	703
	EBITDA	74	90	102	112	124
	EBIT	53	70	82	91	103
	Financial income (charges)	(5)	(3)	(2)	(1)	(0)
	Associates & Others	0	(0)	0	0	0
	Pre-tax profit (Loss)	52	67	81	91	103
	Taxes	(11)	(21)	(19)	(21)	(24)
	Tax rate (%)	21,4%	31,5%	23,0%	23,0%	23,0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	41	46	62	70	79
	Total extraordinary items	(6)	(4)	(3)	(3)	(3)
	Ebitda excl. extraordinary items	74	90	102	112	124
Ebit excl. extraordinary items	61	76	87	96	108	
Net profit restated	46	50	65	73	83	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	58	58	58	58	58
	EPS stated fd	0,694	0,784	1,061	1,195	1,356
	EPS restated fd	0,789	0,852	1,117	1,251	1,412
	BVPS fd	5,103	5,756	6,517	7,382	8,377
	Dividend per share (ord)	0,250	0,300	0,330	0,360	0,390
	Dividend per share (sav)	0,000	0,000	0,000	0,000	0,000
	Dividend pay out ratio (%)	36,0%	38,2%	31,1%	30,1%	28,8%
CASH FLOW (Eu mn)	Gross cash flow	59	65	82	91	101
	Change in NWC	14	(10)	(10)	(1)	(2)
	Capital expenditure	(22)	(17)	(25)	(20)	(21)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	51	39	47	70	78
	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	(11)	(15)	(18)	(19)	(21)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	35	24	30	50	57	
BALANCE SHEET (Eu mn)	Total fixed assets	337	341	287	282	278
	Net working capital	(11)	(1)	8	10	12
	Long term liabilities	(7)	(7)	52	56	60
	Net capital employed	319	333	348	348	349
	Net financial position	(21)	4	33	84	140
	Group equity	298	336	381	431	490
	Minorities	0	0	0	0	0
Net equity	298	336	381	431	490	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	1.392	1.392	1.392	1.392	1.392
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(21)	4	33	84	140
	Enterprise value	1.413	1.389	1.359	1.309	1.252
RATIOS(%)	EBITDA margin*	13,8%	15,7%	16,5%	17,0%	17,7%
	EBIT margin*	11,4%	13,2%	14,1%	14,6%	15,3%
	Gearing - Debt/equity	7,0%	-1,0%	-8,7%	-19,4%	-28,6%
	Interest cover on EBIT	11,5	23,0	40,0	86,7	1866,2
	Debt/Ebitda	0,28	nm	nm	nm	nm
	ROCE*	17,2%	21,5%	24,2%	26,3%	29,4%
	ROE*	15,0%	14,4%	17,3%	17,2%	17,2%
	EV/CE	4,6	4,3	4,0	3,8	3,6
	EV/Sales	2,6	2,4	2,2	2,0	1,8
	EV/Ebit	23,1	18,2	15,6	13,6	11,6
Free Cash Flow Yield	3,6%	2,8%	3,4%	5,0%	5,6%	
GROWTH RATES (%)	Sales	15,2%	7,7%	7,5%	6,5%	6,5%
	EBITDA*	6,2%	22,5%	13,1%	9,7%	10,7%
	EBIT*	5,5%	24,4%	14,5%	10,5%	11,6%
	Net profit	31,4%	13,1%	35,3%	12,6%	13,4%
	EPS restated	20,3%	8,0%	31,1%	12,0%	12,8%

* Excluding extraordinary items

Source: Intermonte SIM estimates

DATALOGIC Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
DATALOGIC	23,82	EUR	1.392	-1,7%	24,7%	28,8%	27,4%	49,6%	108,4%
BASLER	84,74	EUR	272	18,5%	38,7%	48,4%	40,4%	72,7%	58,3%
COGNEX	84,59	USD	7.330	5,2%	25,9%	59,0%	33,0%	125,0%	78,1%
HONEYWELL	130,10	USD	99.180	4,3%	10,3%	18,9%	12,3%	14,0%	27,7%
SCANSOURCE	40,10	USD	1.013	1,5%	-2,0%	8,7%	-0,6%	-4,7%	-2,0%
ZEBRA TECH	93,84	USD	4.948	8,2%	10,8%	39,7%	9,4%	46,4%	-2,9%
Mean performance				6,0%	18,1%	33,9%	20,3%	50,5%	44,6%
Italy FTSE Mib	20.836,5	EUR	317.506	3,2%	7,2%	20,6%	8,3%	11,6%	-11,1%

Source: FactSet

DATALOGIC Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
DATALOGIC	23,82	EUR	1.392	2,2	2,0	13,3	11,7	15,6	13,6	21,3	19,0	1,4%	1,5%
BASLER	84,74	EUR	272	2,3	2,1	10,8	10,5	14,7	14,3	19,6	19,8	1,1%	1,2%
COGNEX	84,59	USD	7.330	11,4	9,7	31,6	25,9	35,5	29,1	43,9	36,6	0,4%	0,4%
HONEYWELL	130,10	USD	99.180	2,6	2,5	12,0	10,9	13,7	12,4	18,4	16,9	2,0%	2,2%
SCANSOURCE	40,10	USD	1.013							14,8	14,1	0,0%	0,0%
ZEBRA TECH	93,84	USD	4.948	1,8	1,7	9,7	8,8	10,9	9,7	14,7	13,3	0,0%	0,0%
Median				2,5	2,3	11,4	10,7	14,2	13,4	18,4	16,9	0,4%	0,4%

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

DATALOGIC - Estimates Comparison with Consensus

(Eu mn)	2017			2018		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
Revenues	619,7	619,4	0,1%	660,0	654,2	0,9%
Ebitda	102,2	100,4	1,8%	112,2	109,7	2,3%
Net Profit	62,0	59,6	4,1%	69,8	66,5	5,0%
EPS	1,117	1,074	4,0%	1,251	1,194	4,8%
Net Debt	33,3	34,4	-3,2%	83,6	79,7	4,8%

Source: Intermonte SIM estimates and Factset consensus estimates

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	DATALOGIC		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	26.00	Previous Target (Eu):	25.00
Current Price (Eu):	23.82	Previous Price (Eu):	22.85
Date of report:	27/04/2017	Date of last report:	13/03/2017

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

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OUTPERFORM:	48.70 %
NEUTRAL:	33.77 %
UNDERPERFORM	00.65 %
SELL:	00.00 %

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BUY:	26.09 %
OUTPERFORM:	45.65 %
NEUTRAL:	28.26 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,88	SHORT
PIERREL SPA	0,62	SHORT
PREMUDA	0,53	SHORT
STEFANEL	0,65	SHORT
WASTE ITALIA	1,06	SHORT
ZEPHYRO SPA	1,4	LONG

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