

Accumulate

Recommendation unchanged

Share price: EUR 22.09

closing price as of 10/03/2017

Target price: EUR 24.20

from Target Price: EUR 19.20

Upside/Downside Potential 9.6%

Reuters/Bloomberg DAL.MI/DAL IM

Market capitalisation (EURm) 1,291

Current N° of shares (m) 58

Free float 33%

Daily avg. no. trad. sh. 12 mth 38

Daily avg. trad. vol. 12 mth (m) 1,555.95

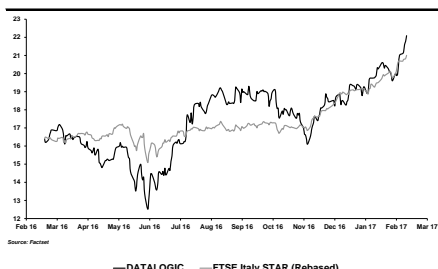
Price high/low 12 months 12.52 / 22.09

Abs Perfs 1/3/12 mths (%) 9.03/25.16/44.38

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	576	616	653
EBITDA (m)	90	100	112
EBITDA margin	15.7%	16.2%	17.1%
EBIT (m)	71	77	89
EBIT margin	12.4%	12.6%	13.6%
Net Profit (adj.)(m)	50	63	72
ROCE	13.3%	12.9%	14.0%
Net debt/(cash) (m)	(4)	(29)	(78)
Net Debt/Equity	0.0	-0.1	-0.2
Debt/EBITDA	0.0	-0.3	-0.7
Int. cover(EBITDA/Fin. int)	26.8	31.2	34.9
EV/Sales	2.0	2.1	1.9
EV/EBITDA	12.7	13.2	11.4
EV/EBITDA (adj.)	12.7	13.2	11.4
EV/EBIT	16.1	17.1	14.3
P/E (adj.)	23.8	22.3	19.2
P/BV	3.2	3.2	2.8
OpFCF yield	3.6%	2.7%	3.9%
Dividend yield	0.7%	0.7%	0.7%
EPS (adj.)	0.78	0.99	1.15
BVPS	5.76	6.88	8.03
DPS	0.15	0.16	0.16

Shareholders

Hydra 67%;



Analyst(s)

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Positive outlook on 2017 thanks to the new organisation

New corporate organization effective from January 2017: the management has communicated that they are launched the new organisation in January: all business processes have been be refocused in a customer-oriented perspective. So, all the activities performed by the divisions ADC and IA have been included, in each country in which Datalogic is currently operating, into one legal entity and the group's activity will be reorganised by verticals, based on the several industries that the group serves with its products (Retail, T&L, Factory Automation and Healthcare).

Outlook on 2017: also thanks to the benefits from this reorganization, the management is confident to achieve the foregoing goals:

- 1) revenues growth over the market growth; in particular thank to major focus in NA and APAC, and to a further consolidation of the leadership in Europe;
- 2) despite increasing R&D investments, further improvement in profitability thanks to a continuous strong focus on cost control.

FY 17 estimates: based on the foregoing indications, we estimates FY 17 sales growth of +6.9% and we move our FY 17 EBITDA margin from 15.8% to respectively 16.2%.

Conclusion & Action: based on the FY 16 results slightly higher than our estimates and the strong cash flow generation (FY 16 Net cash at EUR 3.5m vs FY 15 Net Debt at EUR 21m and our FY 17 revised estimates, we move our target price from EUR 19.20 to EUR 24.20 per share (DCF model - WACC 7.00% and 1.5% perpetual growth rate). Based on the current upside, we confirm our Accumulate recommendation.