

DATALOGIC

Sector: Industrials

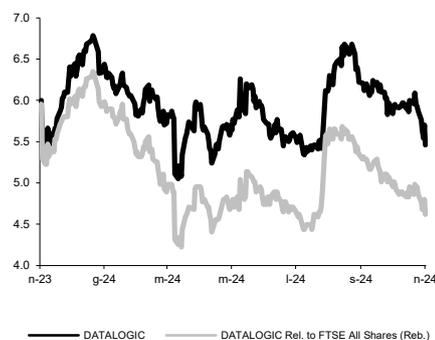
More light than shade

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-36.8%	-12.9%	-16.7%

DATALOGIC - 12M Performance



Stock Data

Reuters code:	DAL.MI
Bloomberg code:	DAL IM

Performance	1M	3M	12M
Absolute	-6.5%	-11.2%	-7.8%
Relative	-6.8%	-17.5%	-26.5%
12M (H/L)	6.79/5.05		
3M Average Volume (th):	60.64		

Shareholder Data

No. of Ord shares (mn):	58
Total no. of shares (mn):	58
Mkt Cap Ord (Eu mn):	319
Total Mkt Cap (Eu mn):	319
Mkt Float - Ord (Eu mn):	113
Mkt Float (in %):	35.4%
Main Shareholder:	
Hydra	64.7%

Balance Sheet Data

Book Value (Eu mn):	437
BVPS (Eu):	7.48
P/BV:	0.7
Net Financial Position (Eu mn):	-6
Enterprise Value (Eu mn):	332

OUTPERFORM

Price: Eu5.46 - Target: Eu8.00

■ **3Q24 below estimates due to weak Industrial Automation. Data Capture was strong.** Datalogic reported 9M24 results below our estimates due to weak Industrial Automation (1/3 of the business, sales down 11% YoY in 3Q24), while the recovery in Data Capture was strong (2/3 of the group, sales up +17% YoY in 3Q24 with mobile growing >20%), and we note that 3Q24 showed an inflection of the growth trend with consolidated sales up 6% YoY after a decline in the last five quarters. Sales at Eu122mn were up 6.4% vs. 3Q23 ex Informatics and came 5% below our estimate (Eu128mn) due to weak Industrial Automation (Eu38mn, -11.4% YoY with both Europe and the US down double-digit). Conversely, Data Capture sales (Eu84mn) were strong and showed a 17% YoY increase after a -10% decline in 1H24. Profitability and cash generation were also amongst the positives of the quarter, with the 3Q24 gross profit margin at 42.4%, up 130bps YoY and that EBITDA margin at 10.2%, up 180bps YoY, leading to net profit of Eu3.3mn vs. Eu1.6mn expected. Net debt as at end-September was Eu21mn vs. Eu12mn as at end-June after Eu5mn in investments and Eu6mn paid in dividends in the quarter.

■ **FY24 sales now seen down-5/-3% vs. previous flat.** During the call, management lowered the sales outlook for FY24, with sales ex Informatics now seen down -5%/-3% from the previous flat due to the weakness in Industrial Automation expected to persist in 4Q as well. Nevertheless, profitability is expected to remain solid, with the gross profit margin seen up and the EBITDA margin seen stable/slightly down vs. FY23. All in all, this should translate into FY24 sales of Eu500mn with EBITDA at Eu45mn at mid-point.

■ **More light than shade, in our view.** According to management, beside the exposure to automotive clients, the weakness in Industrial Automation in the US was driven by a setback to investments by parcel/industrial logistic players, with no key tenders lost to competitors (the same segment performed well in Europe in 3Q24, suggesting no issues in terms of technological positioning). Data Capture recovery is beyond expectations, with strong 17% growth in 3Q24 and mobile growing >20%. Management said in 3Q they qualified as one of the two suppliers of the biggest retail company in Europe, once again suggesting a strong technological positioning and product offering.

■ **Change in estimates.** Our revised estimates for sales at Eu494mn (6% cut) and EBITDA at Eu45mn (10% cut) are in line with new company guidance. We have also cut FY25 estimates by 7% for both sales and EBITDA.

■ **Outperform, TP Eu8.0.** We leave the target price unchanged at Eu8.0 per share as we roll the valuation (8.5x EV/EBITDA target) to FY2025. On our estimates, at the current share price of Eu5.50, Datalogic trades at 8.0x/6.0x EV/EBITDA FY24/25 with the FCF yield at 7%/6%. The group generates cash and has a healthy balance sheet.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	655	520	494	524	558
EBITDA Adj (Eu mn)	80	49	45	55	60
Net Profit Adj (Eu mn)	35	14	8	17	20
EPS New Adj (Eu)	0.623	0.254	0.150	0.299	0.351
EPS Old Adj (Eu)	0.623	0.254	0.236	0.343	0.421
DPS (Eu)	0.300	0.120	0.150	0.200	0.250
EV/EBITDA Adj	7.3	9.2	7.4	5.8	5.2
EV/EBIT Adj	13.3	37.5	39.7	18.0	14.2
P/E Adj	8.8	21.5	36.5	18.3	15.6
Div. Yield	5.5%	2.2%	2.7%	3.7%	4.6%
Net Debt/EBITDA Adj	0.5	0.7	0.1	-0.1	-0.2

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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

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

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

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

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

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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