DATALOGIC

Sector: Industrials

NEUTRAL

Price: Eu7.99 - **Target: Eu9.30**

FY22 results in line, management cautious on FY23 outlook
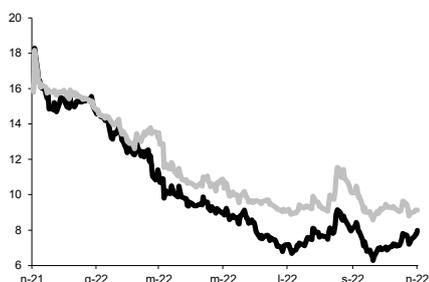
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DATALOGIC - 12M Performance

Stock Rating

Rating:		Unchanged
Target Price (Eu):		Unchanged
	2022E	**2023E**
Chg in Adj EPS	0.0%	0.0%

Stock Data

Reuters code:			DAL.MI
Bloomberg code:			DAL IM
Performance	**1M**	**3M**	**12M**
Absolute	14.6%	3.8%	-50.4%
Relative	-1.6%	-2.5%	-37.8%
12M (H/L)			18.28/6.29
3M Average Volume (th):			119.90

Shareholder Data

No. of Ord shares (mn):	58
Total no. of shares (mn):	58
Mkt Cap Ord (Eu mn):	467
Total Mkt Cap (Eu mn):	467
Mkt Float - Ord (Eu mn):	165
Mkt Float (in %):	35.4%
Main Shareholder:	
Hydra	64.7%

Balance Sheet Data

Book Value (Eu mn):	428
BVPS (Eu):	7.33
P/BV:	1.1
Net Financial Position (Eu mn):	-69
Enterprise Value (Eu mn):	543

- **4Q/FY22 results in line with estimates.** Datalogic reported 4Q22 results broadly in line with our estimates and consensus, with revenues coming to Eu178.1mn (+7.4% YoY), in line with our Eu178.2mn; adj. EBITDA at Eu24.0mn (margin +13.5% YoY, +170bps YoY) vs. our Eu20.9mn expected; and net profit of Eu14.3mn vs. Eu7.7mn expected after ForEx gains and lower taxes. Net debt as at end-December was Eu42mn (Eu69mn expected), down ca. Eu40mn sequentially thanks to lower working capital, which had absorbed over Eu55mn in 9M22.

- **Improving performance driven by better availability of components.** During the call, management highlighted improvements in the procurement of electronic components, which enabled the company to improve margins (avoiding procurement from brokers) vs. the 9M22 trend. Margins also benefitted from lower logistic/transportation costs. However, they sounded cautious on demand outlook for the current year, with the backlog providing some visibility only on 1Q growth (low single digit).

- **Cautious outlook on 2023.** Management guided for low single-digit growth in 1Q23 thanks to backlog conversion, but sounded cautious on the demand outlook for the current year, hoping for a recovery of demand in the second part of the year. They also guided for broadly stable margins (12.3% EBITDA margin in FY22) after the recovery of profitability experienced during 2H22.

- **Estimates unchanged.** We have left our estimates unchanged, with FY23 sales seen at Eu668mn (+2.0% YoY), EBITDA down 2% to Eu79mn (11.8% margin), and net debt rising to Eu57mn.

- **NEUTRAL, TP Eu9.3.** At our TP of Eu9.3, we value Datalogic at 8.0x 2023 EV/EBITDA vs. avg. 1-year forward EV/EBITDA for the last five years of 10.6x. We confirm the Neutral rating as we think the group faces long-term technological risks from the growing importance of software in its data capture business (40% exposure to retail) and the need to rebalance the business towards sensors/industrial automation.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	480	601	655	668	701
EBITDA Adj (Eu mn)	58	86	77	79	88
Net Profit Adj (Eu mn)	22	46	24	32	38
EPS New Adj (Eu)	0.382	0.789	0.402	0.543	0.659
EPS Old Adj (Eu)	0.382	0.789	0.347	0.360	0.545
DPS (Eu)	0.170	0.300	0.200	0.250	0.300
EV/EBITDA Adj	12.5	12.4	7.0	6.7	5.9
EV/EBIT Adj	24.7	20.2	13.7	12.2	9.8
P/E Adj	20.9	10.1	19.8	14.7	12.1
Div. Yield	2.1%	3.8%	2.5%	3.1%	3.8%
Net Debt/EBITDA Adj	-0.1	0.3	0.9	0.7	0.4

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