



DATRON AG

Strong performance continues

01/09/2017

Buy
14.50 EUR

Close (31/08/2017)	13.28 EUR
Bloomberg: DAR	WKN: A0V9LA
Sector	Engineering

Share price performance

52 week high	13.40
52 week low	8.62
Compared to	Prime All Share
YTD	28.8%
1 month	4.7%
12 months	35.8%



Share data

Market Cap (m EUR)	53.1
No. of shares (m)	4.0
Free float	27.5%
Trading vol. Ø (m EUR)	0.02

Next event

09/11/2017	Quarterly Results
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Analyst

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See end of document for disclaimer.

Datron reported strong Q2 numbers and met our optimistic forecast. We confirm our positive view on the equity story, and we maintain our BUY recommendation with an unchanged price target of € 14.50.

DATRON AG [€ m]	Q2 2017	BHLe Q2 2017	Q2 2016	yoy in %
Sales	12.5	12.4	10.8	15.3%
operational EBIT	1.1	1.1	0.6	79.5%
operational EBIT-margin	8.8%	8.9%	5.6%	3.1 PP
reported EBIT	2.0	2.0	0.6	>100%
reported EBIT-margin	15.7%	15.9%	5.6%	10.1 PP

Source: Company information, Bankhaus Lampe Research

STRONG Q2 2017

- Datron reported double-digit sales growth (15.3%) in Q2 and progress in the margin trend as the operational EBIT margin improved by 310 bp to 8.8%.
- Order intake in H1 shows different trends for national and international clients. The number for Germany declined by 5% in H1, in contrast, international order intake clearly increased by 26% driven by Asia and North America.

POSITIVE OUTLOOK FOR H2 2017

- Datron confirmed its guidance for FY 2017 targeting sales of € 50 m and an operational EBIT of € 4.0 m. This compares with a reported figure of € 4.9 m (including one-off linked to sale of stake in Datron Technology, € 0.870 m). Our take that this transaction could also have a positive impact on the company's future dividend payments also remains unchanged.
- Given the current order intake (up 8% yoy) and especially the launch of the new machine control unit of "Datron next", we confirm our numbers, which are slightly ahead of Datron's current guidance (BHLe: € 5.2 m, company: € 5.3 m).
- Datron will present the machine control unit at the EMO fair in Hannover (18-23 September). We assume that company will receive positive feedback from clients, which should have a positive effect on the H2 2017 and 2018 numbers. We will have the Datron management team at our Small Cap Conference in Düsseldorf on 7 September 2017 and discuss all its activities in detail.

in m EUR	2015	2016	2017e	2018e	2019e
Sales	42.6	45.7	52.0	57.2	62.9
EBIT	3.3	3.0	5.3	5.3	6.3
EBIT margin	7.7%	6.5%	10.2%	9.3%	10.0%
Net financial debt	-5.3	-4.7	-6.7	-7.8	-9.1
Free cash-flow	0.6	-0.1	2.6	1.9	2.5
EPS (in EUR)	0.56	0.52	0.98	0.94	1.11
DPS (in EUR)	0.15	0.15	0.20	0.30	0.35
Dividend yield	1.5%	1.5%	1.5%	2.3%	2.6%
EV/Sales	0.8	0.8	0.9	0.8	0.7
EV/EBIT	10.5	11.6	8.8	8.5	7.0
P/E	17.6	18.8	13.5	14.1	12.0

Source: Company information, Bankhaus Lampe Research estimates

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Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: DATRON AG (DAR GY), Close (31/08/2017): 13.28 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

Date of publication	Price at recommendation	Rating	Price target
20/06/2017	11.70 EUR	Buy	14.50 EUR
16/05/2017	10.69 EUR	Buy	14.00 EUR
06/12/2016	8.95 EUR	Buy	12.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2017)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	49.0%	75.0%
Hold	46.0%	25.0%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
DATRON AG	5

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01 September 2017

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