

17<sup>th</sup> May 2013

# DATALAB D.D.

www.datalab.si

Technology

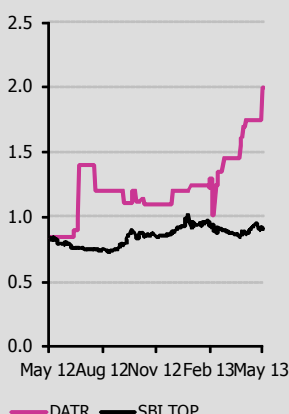
LJSE ticker: DATR  
Bloomberg: DATR SV

**Target price:**  
5.0 EUR

**Previous target price:**  
5.0 EUR, BUY (08.03.13)

**Recommendation:**  
BUY

12 months stock performance in EUR



## Stock data as of 17.05.2013

Market price (EUR)	2.00	Market Cap (EUR)	3.3
52 week range (EUR)	0.85-2.00	No. of Shares	1.7
Avg. daily trade vol., EUR(k)	3.97	Free float	60%
Average daily % of stock traded	0.210%	Dividend yield	0.0%

Price performance	3 months	12 months	Multiples:	TTM	2013F
			P/E	5.3	5.8
price change in %	53.8%	135.3%	EV/Sales	0.7	0.8
SBI TOP index change in %	-3.8%	5.7%	EV/EBITDA	2.7	2.7
relative to SBI TOP index in %	59.9%	122.5%	EV/EBIT	7.0	7.1

## Key figures (According to International Accounting Standards) Consolidated data in thousand EUR.

Income statement:					Balance sheet:			
thousand €	2011	2012	2013F	2014F	thousand €	2011	2012	TTM
Sales	5,148.7	5,940.3	6,438.6	9,102.8	Investment	139.9	137.1	91.0
<i>Growth yoy</i>	3.0%	15.4%	8.4%	41.4%	Cash	102.7	163.3	237.6
EBITDA	1,581.3	1,648.1	1,878.5	2,979.0	Debt	1,518.8	1,697.0	1,964.7
<i>Margin</i>	30.7%	27.7%	29.2%	32.7%	Net debt	1,276.1	1,396.6	1,636.2
EBIT	594.7	558.0	721.5	1,673.4	Equity	3,373.0	3,949.5	4,279.4
<i>Margin</i>	11.6%	9.4%	11.2%	18.4%	Assets	6,432.3	7,202.7	7,543.2
Net income	504.4	704.4	595.4	1,409.4	Fin. D/E	45.0%	43.0%	45.9%
<i>Growth</i>	12.8%	39.7%	-15.5%	136.7%	Fin. D/A	23.6%	23.6%	26.0%
<b>EPS</b>	<b>0.30</b>	<b>0.41</b>	<b>0.32</b>	<b>0.67</b>	Debt/EBIT	1.0	1.0	1.0

\* EPS includes new issued shares due to ESOP program. Fiscal year for Datalab Group is from 1<sup>st</sup> July till 30<sup>th</sup> of June (difference to calendar year).

## 9M13 results and outlook revision:

- Datalab reported 9M13 results. Sales revenues increased by 13.9% YoY to EUR 3.5m with a decrease of 5% YoY on the domestic market (representing 39% of all sales revenues) but very high 29.8% YoY growth on foreign non-EU markets (representing 61% of all sales revenues). Sales growth was very high also on EU markets, but this is a negligible amount in total revenues. Capitalized own revenues increased by 16.0% YoY to EUR 1.16m, with additional 16.6% YoY growth of other revenues to EUR 0.2m. Total revenues therefore increased by 16.8% YoY to EUR 4.8m. So far 9M12 revenue dynamic is faster than our estimates.

thousand €	9M12	9M13	YoY	3Q12	2Q13	3Q12	QoQ	YoY
Sales	4,132.1	4,826.1	16.8%	1,854.0	1,848.4	1,833.9	-0.8%	-1.1%
EBITDA	1,058.6	1,374.3	29.8%	465.0	505.0	642.1	27.2%	38.1%
<i>Margin</i>	25.6%	28.5%		25.1%	27.3%	35.0%		
EBIT	295.9	468.4	58.3%	202.6	205.9	326.9	58.8%	61.4%
<i>Margin</i>	7.2%	9.7%		10.9%	11.1%	17.8%		
Net income	309.2	408.1	32.0%	-43.5	181.4	309.3	70.5%	
<i>Margin</i>	7.5%	8.5%		-2.3%	9.8%	16.9%		

- Operational cost increased by 13.6% YoY to EUR 4.4m. Here COGS increased by 6.0% to EUR 1.5m while labor costs surged by 17.4% YoY (43% of all operating costs). D&A costs also surged by 18.8% YoY to EUR 0.91m. EBIT increased by 58.3% to EUR 468 thousand while net income increased by 32.0% to EUR 408 thousand. Net financial result namely deteriorated through lower income and higher expenses. Interest expenses increased by 15.8% YoY to EUR 93 thousand. We note however 3Q12 was a good quarter in terms of operating margins.
- Total assets increased to EUR 7.5m with EUR 5.3m in intangibles. Here we note equity stood at EUR 4.4m on 31.03.2013 (+16.6% YoY). Inventories are negligible and stagnated while account receivables increased by 11.7% YoY to EUR 1.2m. Account payables lowered by 5% to EUR 0.69. Net working capital need therefore intensified and this in terms increased financing needs.
- Financial assets halved to EUR 85 thousand while cash items increased to EUR 237 thousand. Debt stood at EUR 1.96 or 14% more YoY.

## Valuation commentary:

- Revenues came in above expectations, while margins in 9M13 are still below our expectations so profit levels are still slightly behind our estimates. Nevertheless we stick with our estimates and therefore also with our target price of EUR 5.0 per share as 3Q13 was a very good quarter.
- Relative multiples remain attractive with P/E 5.3.

Growth company.

Regional exposure.

Ambitious plan.

Attractive valuation.

ESOP programme.

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Top5 shareholders:

Mertelj Andrej	40.1%
Raiffeisen Bank	19.8%
Jagodcic Zvone	9.7%
Zajc Lojze	4.5%
Rodman Moreno	1.9%

## Brief Company profile

Datalab is a Slovenian software company. Their main product is the PANTHEON business IT system (based on MS SQL for Windows and Linux environment) for monitoring and optimization of business processes thereby increasing productivity and lowering operating costs. Datalab develops, sells and implements the software directly, through its Partner Channel and through accounting firms. It is orientated on small and mid-sized companies in Slovenia and SouthEast Europe. Its domestic market share is around 9% (2010 data).

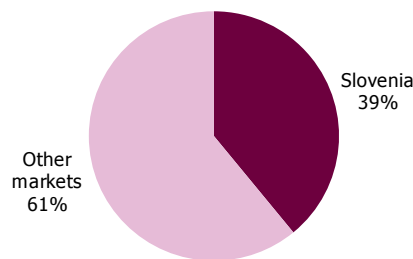
Sources of revenues:

- Licence fees and user fees for Pantheon IT system (declining segment).
- Upgrade contracts for Pantheon (main source of revenues).
- Leasing and subscription user fees (Pantheon Hosting, growing segment).
- Membership fees for support.
- Education and certification fees, advertisements etc.

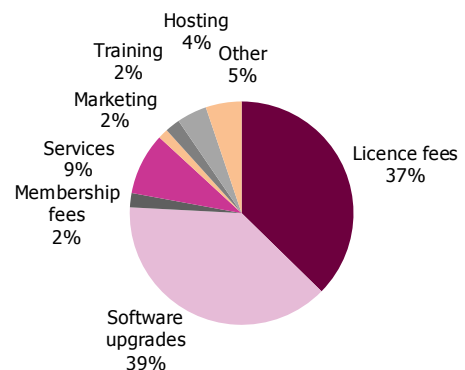
Datalab Group is organized into three levels. The controlling company is in charge of coordination of network, joint services and especially research and development. Second level consists of daughter companies, accountable for localization of PANTHEON, sales and support in respective country. On a third level there are partners or internal ServiceDesks for implementation of PANTHEON, support and activation of users.

Fiscal year for Datalab Group is from 1<sup>st</sup> July till 30<sup>th</sup> of June (difference to calendar year).

Group sales by region (1H13)



Group sales by segment (1H13)



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Sell	16	24%	2%

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Sašo Stanovnik, Head of research

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