



FY 2016
Conference Call

March 10th, 2017

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2016 Highlights

NEW ORGANIZATION

- **New organization** effective from 1st January 2017
 - **4 Customer Centric Industries** – Retail, T&L, Manufacturing and Healthcare – within **ONE DATALOGIC**
 - BU Systems spin off already executed from 1st October 2016: **Solution Net Systems Inc. established**
 - 3 different Businesses within the Group: **Datalogic, Informatics and Solution Net Systems**
-

FINANCIALS

- **Revenues up 7.7% YoY to 576.5 mln Euro** well above market average
 - **EBITDA at the highest ever : 90.4 mln Euro (+22.5% YoY)**
 - **EBITDA Margin at 15.7%**
 - **Back to a positive PFN: +3.5 mln Euro**
-

INNOVATION

- **Continuous emphasis on innovation** with increasing investments in R&D (+4.5% YoY)
 - **24.3% of revenues from new products***
 - Breakthrough innovation presented at the New York NRF
 - **45 patent applications** protecting new innovations were filed in 2016 for a **total patent portfolio of more than 1,200 patents and pending patent applications**
-

** new products refer to products announced in the last 24 months*

New Organization

A unique player across two markets

Automatic Data Capture



ZEBRA

Honeywell

COGNEX

SICK **KEYENCE**
Sensor Intelligence.

DATALOGIC



DATALOGIC is a unicum in the Global competitive landscape originated by a

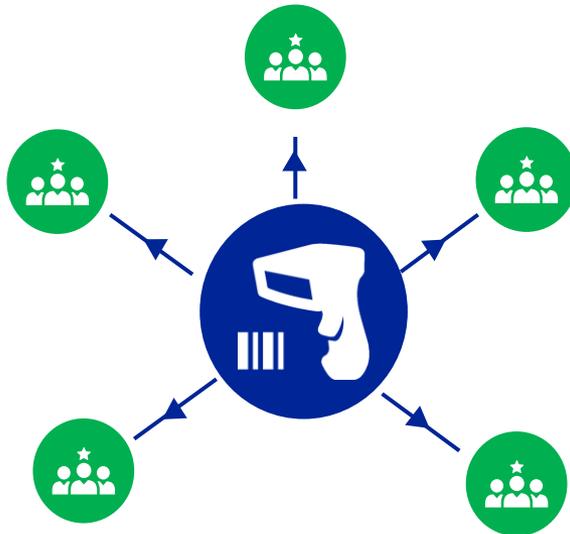
- Consolidated experience in IA dating back to the foundation of the company in Italy
- Leadership in ADC deriving from the acquisition of PSC USA (former Spectra Physics)

Industrial Automation

From products to customers

From

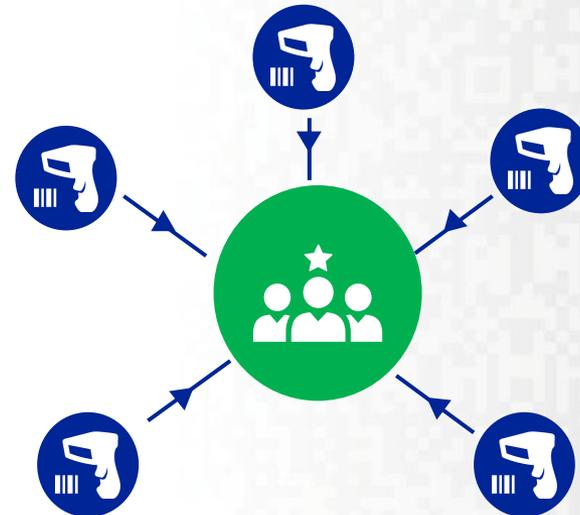
*Product-oriented
company*



- **Vendor:** Proactive and reactive sales of products to meet existing Customer needs

To

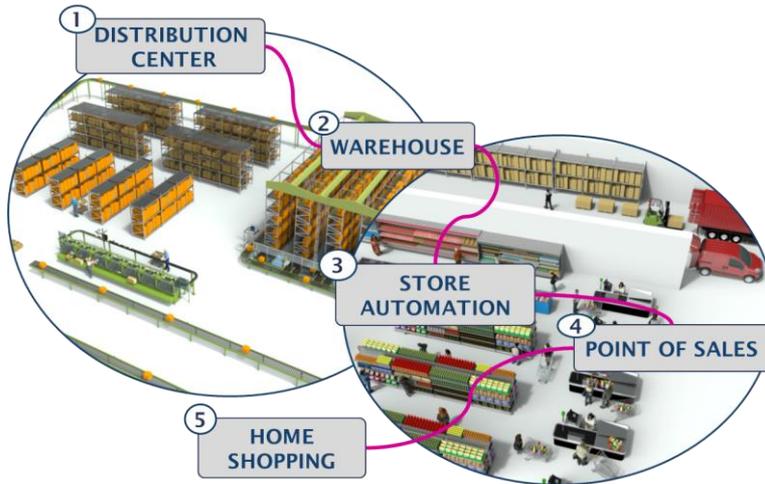
*Customer-centric
organization*



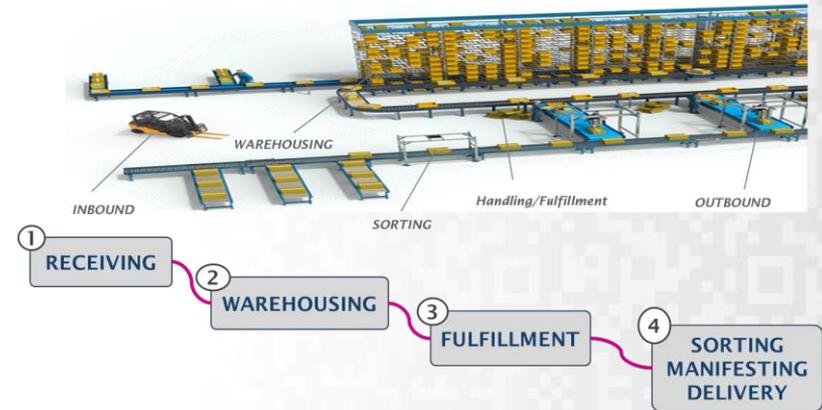
- **Partner:** Long term partnership based on a symbiotic relationship with our Customers aimed at addressing their explicit and unexpressed needs

Datalogic's offer along the value chain

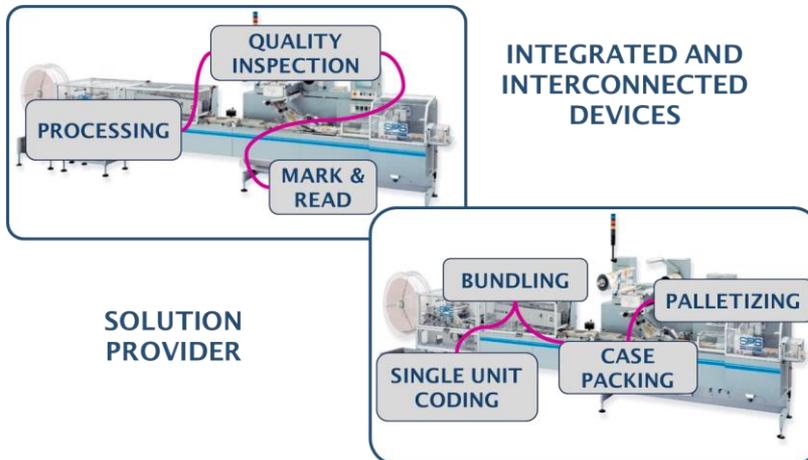
Retail Flows and Applications



T&L Flows and Applications



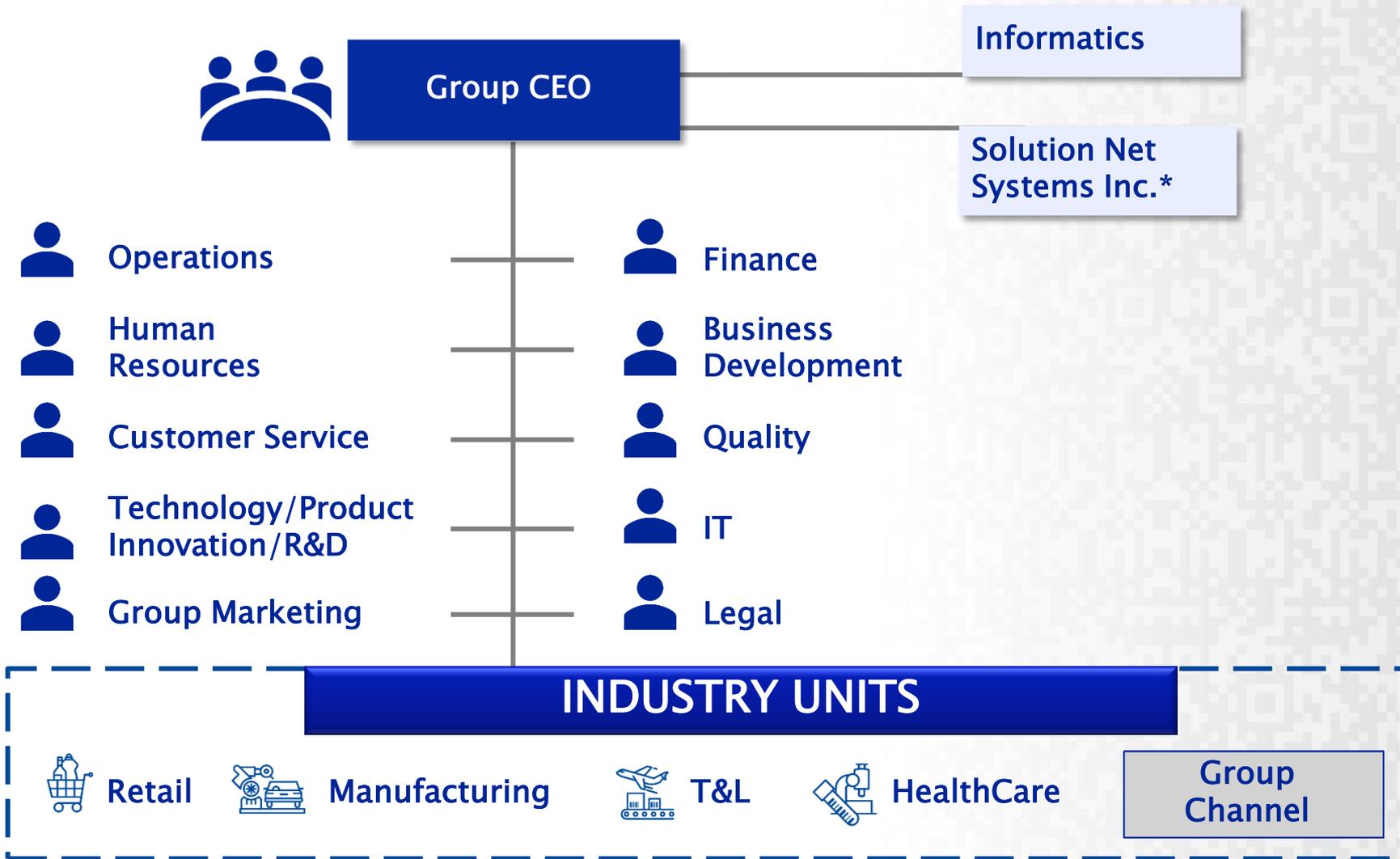
Manufacturing Flows and Applications



Healthcare Flows and Applications



New one DATALOGIC group organization



**The newco Solution Net Systems Inc. is the result from the spin-off of the Systems Business Unit.*

Financials

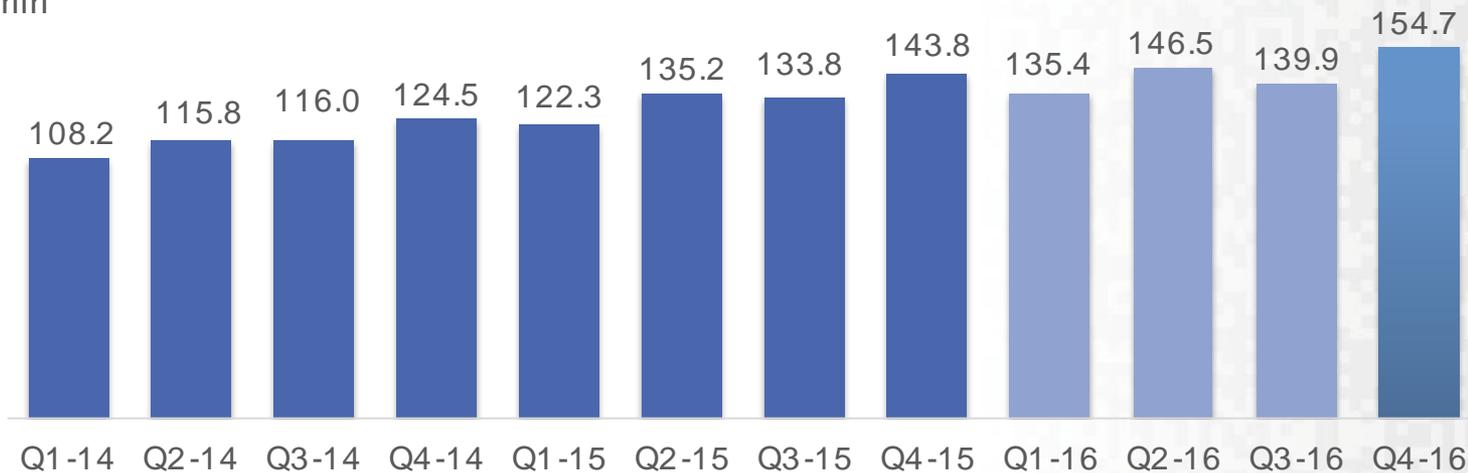
The best Q4 in Datalogic's history

€ mln	Q42016	Q42015	Var%	
Revenues	154.7	143.8	7.6%	<ul style="list-style-type: none"> Revenues +7.6% YoY to 154.7 mln Euro
Gross Operating Profit	70.8	65.9	7.5%	<ul style="list-style-type: none"> Balanced growth among the two divisions
<i>%in Revenues</i>	45.8%	45.8%		
Operating expenses	51.9	50.5	2.8%	<ul style="list-style-type: none"> R&D costs at 8.9% of revenues
<i>%in Revenues</i>	33.5%	35.1%		
EBITDA	23.7	20.7	14.8%	<ul style="list-style-type: none"> Ebitda up 14.8% YoY to 23.7 mln Euro
<i>EBITDA Margin</i>	15.3%	14.4%		
EBIT	17.5	14.9	17.8%	<ul style="list-style-type: none"> EBITDA margin at 15.3% vs 14.4%
<i>EBIT Margin</i>	11.3%	10.3%		

Q4 2016: performance above historical average

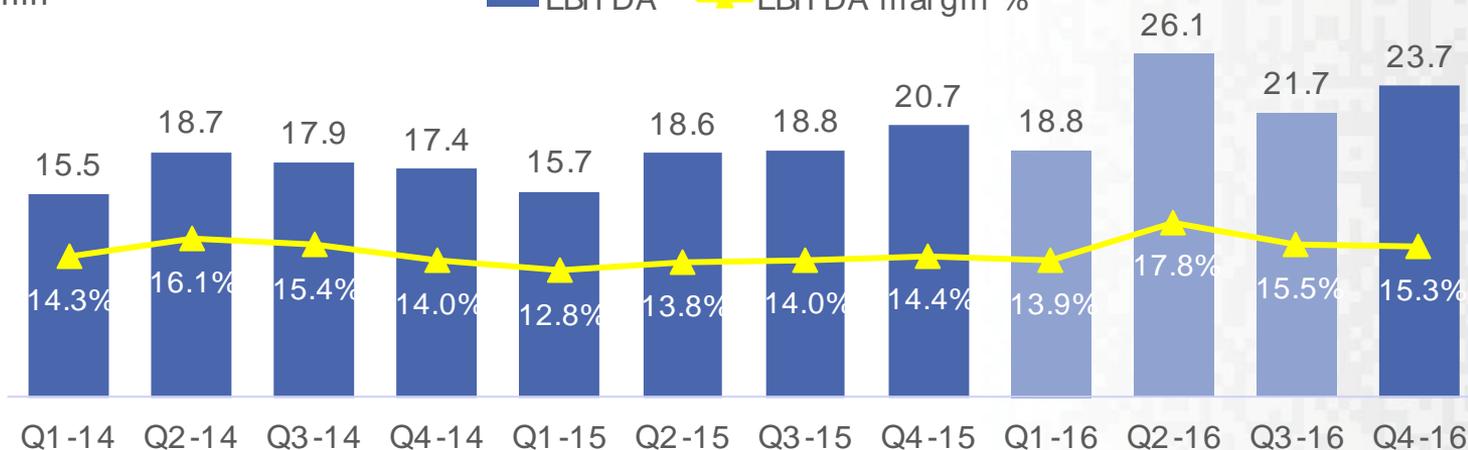
REVENUES

€ mln



€ mln

■ EBITDA ▲ EBITDA margin %



FY 2016 P&L

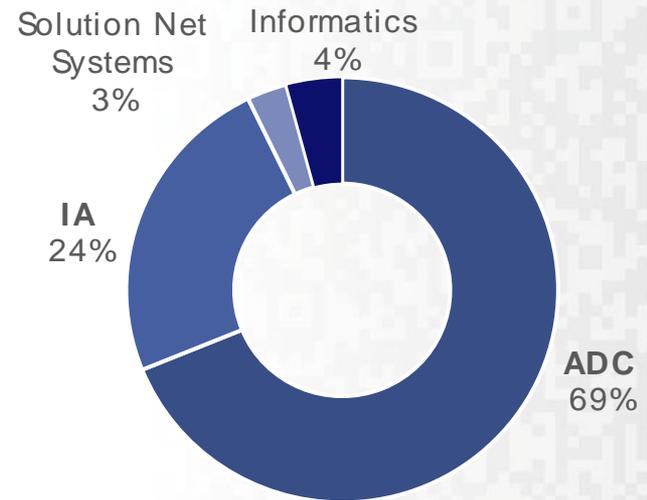
	€ mln	FY2016	FY2015	Var%
Revenues		576.5	535.1	7.7%
Gross Operating Profit		265.3	248.6	6.7%
	<i>%on Revenues</i>	46.0%	46.5%	
Operating expenses		192.4	190.9	0.8%
	<i>%on Revenues</i>	33.4%	35.7%	
EBITDA		90.4	73.7	22.5%
	<i>Ebitda margin</i>	15.7%	13.8%	
EBIT		70.2	52.9	32.7%
	<i>Ebit margin</i>	12.2%	9.9%	
EBT		66.9	51.6	29.7%
Taxes		21.0	11.0	
Net Income		45.8	40.5	13.1%
	<i>%on Revenues</i>	8.0%	7.6%	
	<i>Exchange Rate</i>	1.1069	1.1095	

- Sales FY16 increase by 7.7% YoY to 576.5 mln Euro
- Booking continues to growth: +4% YoY at 586 mln Euro
- Robust growth of EBITDA by +22.5% YoY to 90.4 mln Euro
- EBITDA margin at the highest level since 2004: 15.7%
- Tax Rate increased due to changes in tax regulation
- Net Income +13.1% to 45.8 mln Euro
- Proposal dividend of 0.30 Euro per share, +20% YoY

Revenues trend by division

- **ADC Division:** +9.3% to 397.6 mln Euro YoY (+9.1% at constant exchange rate), growth driven by fixed retail and mobile computers in retail sector in Europe and US
- **IA Division benefited** from sustained growth in both in T&L and Manufacturing. Boost of T&L in the US in the last quarter
- **Industrial Automation division ex BU Systems:** + 7.7% to 138.9 million Euro

REVENUES BY DIVISION (%)



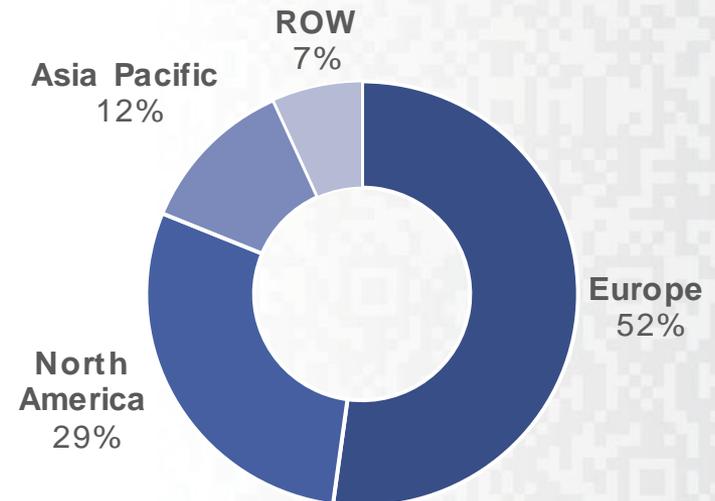
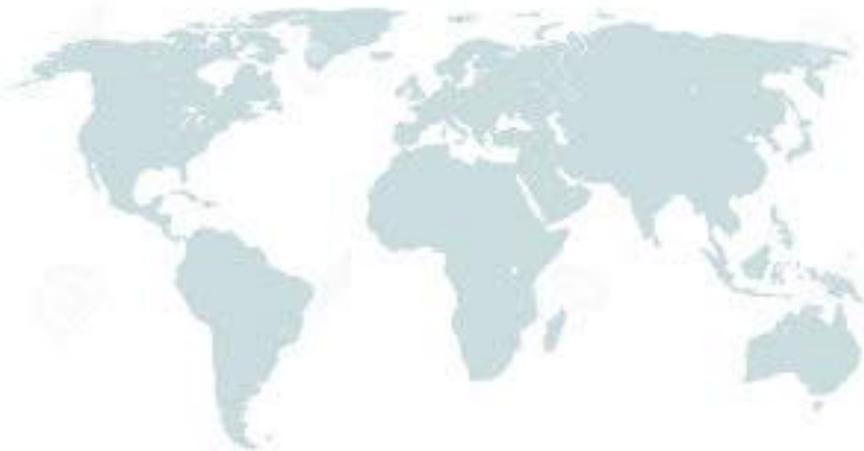
	FY2016	FY2015	Var%
ADC	397.6	364.0	9.3%
IA	158.5	146.1	8.5%
- IA ex BU Systems	138.9	129.0	7.7%
Informatics	24.4	27.4	(11.0%)
Corporate and Adj.	(4.0)	(2.4)	70.8%
Total Revenues	576.5	535.1	7.7%

Revenues trend by country

REVENUES BY GEOGRAPHIC AREA

€ mln	FY2016	FY2015	Var%
Europe	300.7	268.5	12.0%
North America	167.3	161.1	3.9%
Asia Pacific	69.6	71.5	(2.7%)
ROW	38.9	34.0	14.4%
Total Revenues	576.5	535.1	7.7%

- Europe continues to generate robust growth in particular in IA* (+14%) and in ADC (+12%),
- North America growth driven by ADC (+8%)
- Asia Pacific negative on FY but mainly due to retail industry in China not completely offset by manufacturing growth in China

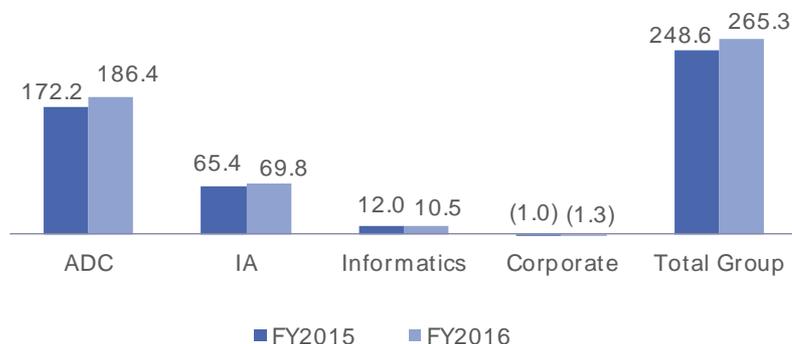


* IA excluding BU Systems

FY segment reporting: GOP and EBITDA

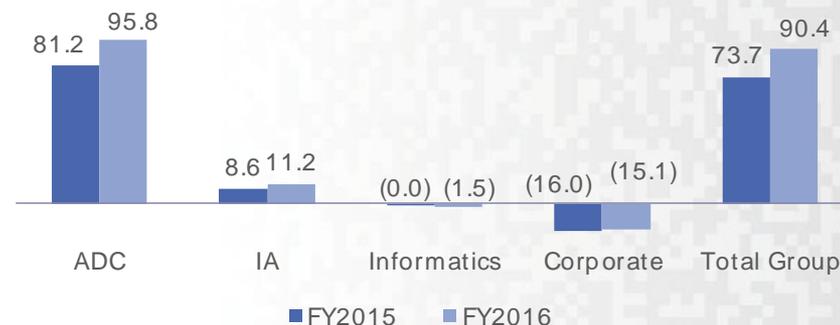
GOP BY DIVISION

€ mln



EBITDA* BY DIVISION

€ mln



GROSS OPERATING MARGIN

	FY2016	FY2015
ADC	46.9%	47.3%
Industrial Automation	44.0%	44.8%
– IA ex BU Systems	48.1%	50.0%
Informatics	43.0%	43.7%
Total Group	46.0%	46.5%

EBITDA MARGIN

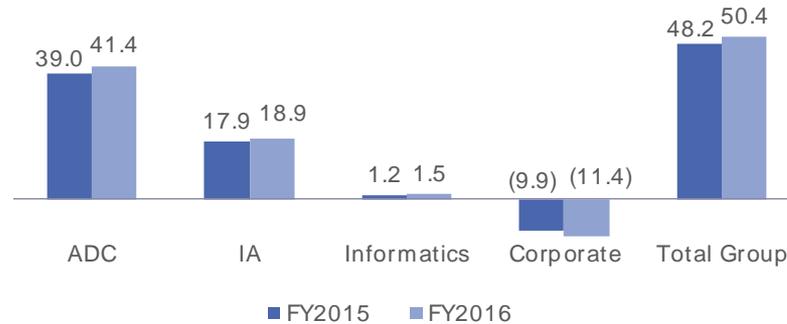
	FY2016	FY2015
ADC	24.1%	22.3%
Industrial Automation	7.1%	5.9%
– IA ex BU Systems	8.8%	9.3%
Informatics	(6.3%)	(0.1%)
Total Group	15.7%	13.8%

(*) With the purpose to better report the operating sectors economic performances, it was deemed appropriate to highlight the Divisional EBITDA as monitoring KPI.

FY segment reporting: R&D and TWC

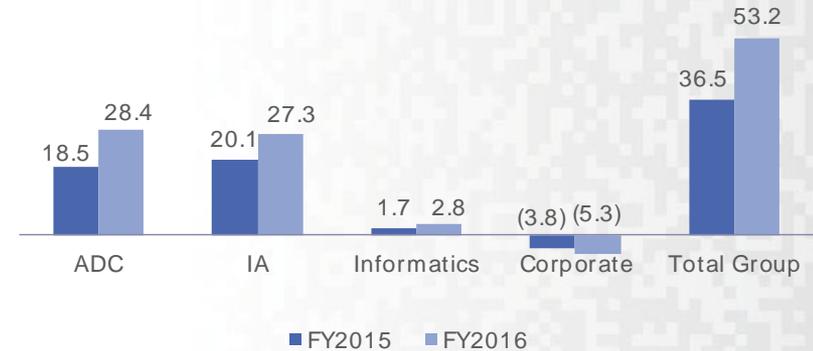
R&D BY DIVISION

€ mln



TWC BY DIVISION

€ mln



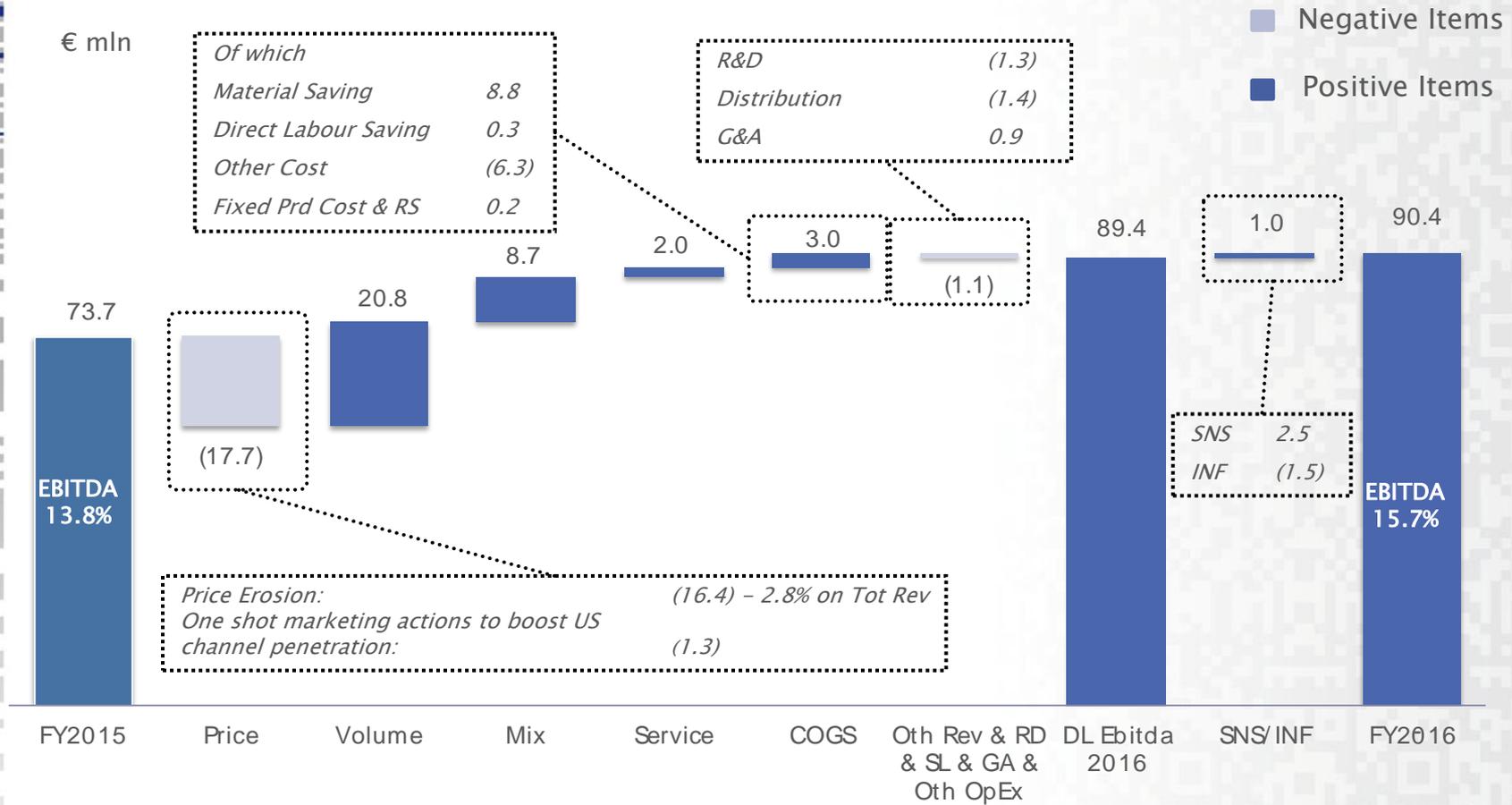
R&D/Revenues

	FY2016	FY2015
ADC	10.4%	10.7%
Industrial Automation	11.9%	12.3%
Informatics	6.1%	4.3%
Total Group	8.7%	9.0%

TWC/Revenues

	FY2016	FY2015
ADC	7.2%	5.1%
Industrial Automation	13.9%	13.7%
Informatics	11.4%	6.1%
Total Group	9.2%	6.8%

EBITDA*: actual vs last year



(* Ordinary Operating: Profit before non recurring costs/revenues and depreciation & amortization (EBITDA))

Note:

The Exchange rate variance is the result of the difference between Dec'16 YTD Actual (1.107) and Dec'15 YTD Actual (1.110) €/USD exchange rates.

Consolidated balance sheet

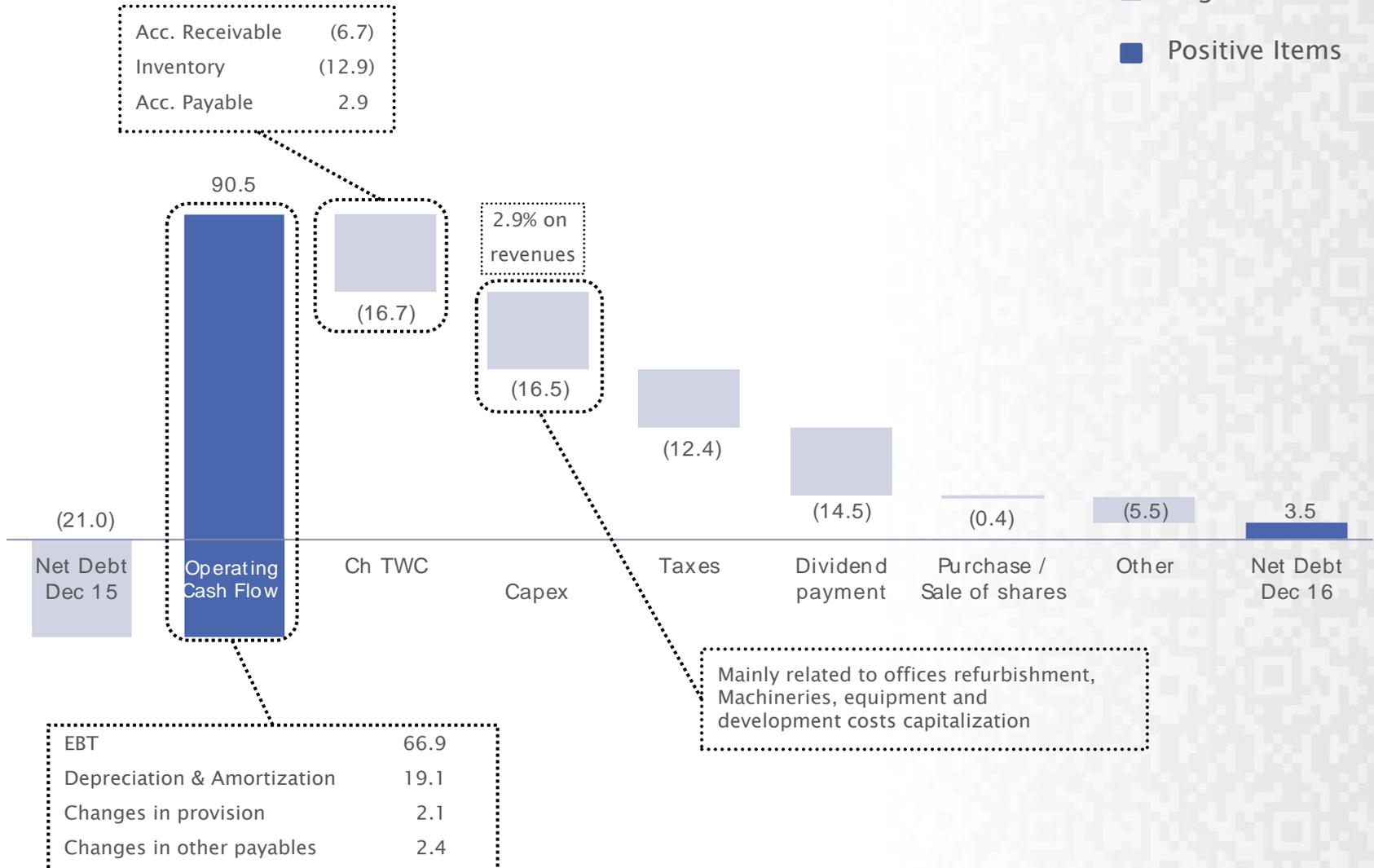
€ mln

	FY2016	FY2015		FY2016	FY2015
Total Fixed Assets	371.7	363.8	Net Financial Position	(3.5)	21.0
Trade receivables <i>% on 12m rolling sales</i>	75.5 13.1%	68.8 12.9%			
Inventories <i>% on 12m rolling sales</i>	82.3 14.3%	69.5 13.0%			
Trade payables <i>% on 12m rolling sales</i>	(104.6) 18.1%	(101.7) 19.0%	Net Equity	336.4	298.3
Trade Working Capital <i>% on 12m rolling sales</i>	53.2 9.2%	36.5 6.8%			
Other assets/liabilities	(92)	(81)			
Net Invested Capital	332.9	319.3	Total Sources	332.9	319.3

Net debt analysis: dec'15 – dec'16

€ mln

- Negative Items
- Positive Items



New products

Main products launched in 2016

Picture	Product name	Launch date	Description
	AV7000	April 28th	High performance long range linear camera
	MX-E Vision Processor	May 5th	MX-E series, a state-of-the-art family of GigE vision processors powered by IMPACT Software
	DL-Axist	May 24th	Rugged Android PDA with full touch 5 inch display
	Joya Touch	July 25th	Joya™ Touch is a multi-purpose retail device that is ideal for various applications such as Self-Shopping, Price Checking, Markdowns, Shelf Replenishment, Inventory, Access Control and more.
	RIDA	November 3rd	RIDA DBT6400 2D area imager is a cordless device with Bluetooth® wireless technology to be used in connection with mobile devices.
	Matrix 120	November 21st	Ultra-compact 2D imager with embedded Ethernet
	PowerScan 9300	December 19th	PowerScan™ 9300 rugged industrial laser scanner series.

NRF – Retail's big show 2017

VISITORS

- 655 registered leads
(more than doubled vs. 2016)

TOP VISITED PRODUCTS

- Jade
- Joya Touch

NEW CONCEPT AND PRODUCTS

- Joya Touch Android 6
- Powerscan Retail
- Rida – companion scanner
- RFID indoor Geo-Location
- Digital Tailor – 3D imaging body scanner
- New Single Plane scanners
- New LaneHawk – loss prevention



Outlook

A clear new strategy

THE OBJECTIVE

Keep on constantly growing, above market average, while significantly improving profitability

THE SCOPE

Remain a product company with new emphasis on solutions to satisfy the needs of End Users in the following Industries: **Retail, Healthcare, T&L and Manufacturing**

Become a significant player in **North America** and further establish in **APAC** with a growing presence in **China**

Consolidate our position in **EMEA**

THE ADVANTAGE

Moving from a product to a **Customer-centric Company**, leveraging on our wide range of products that is able to fulfill our customers' needs for both data collection and process automation and providing end-to-end solutions across the entire flow of operations

2017 Outlook

- Effective benefits from the reorganization by industry expected mainly in the second half of 2017
- Revenues growth over market average: major focus in NA and APAC, consolidating leadership in Europe
- Keep on increasing R&D investments to maintain leadership in the market
- Strong focus on cost control and profitability
- Maintain Cash Generation

Appendix

FY 2016 Profit and loss

€mln	FY2016		FY2015		Var %
Revenues	576.5	100.0%	535.1	100.0%	7.7%
COGS	(311.2)	(54.0%)	(286.5)	(53.5%)	8.6%
Gross Operating Profit	265.3	46.0%	248.6	46.5%	6.7%
Other Revenues	3.3	0.6%	3.5	0.7%	
R&D	(50.4)	(8.7%)	(48.2)	(9.0%)	4.5%
Distribution Costs	(101.2)	(17.6%)	(101.1)	(18.9%)	0.1%
Administrative Expenses	(37.8)	(6.6%)	(39.5)	(7.4%)	(4.4%)
Other operating expenses	(3.0)	(0.5%)	(2.0)	(0.4%)	
Total Operating expenses and others	(192.4)	(33.4%)	(190.9)	(35.7%)	0.8%
Non recurring costs/ rev	(1.0)	(0.2%)	(2.6)	(0.5%)	
Amort. Intang. Assets from acquis.	(4.9)	(0.9%)	(5.7)	(1.1%)	(14.0%)
EBIT	70.2	12.2%	52.9	9.9%	32.7%
Financial (costs)/ rev.	(3.1)	(0.5%)	(4.6)	(0.9%)	
Results from equity investments	(0.3)	(0.1%)	0.1	0.0%	
Foreign exchange (costs)/ rev.	0.0	0.0%	3.1	0.6%	
EBT	66.9	11.6%	51.6	9.6%	29.7%
Taxes	(21.0)	(3.7%)	(11.0)	(2.1%)	
Net Income	45.8	8.0%	40.5	7.6%	13.1%
Depreciation	(9.4)	(1.6%)	(7.8)	(1.5%)	
Amortization	(4.9)	(0.8%)	(4.7)	(0.9%)	
EBITDA	90.4	15.7%	73.7	13.8%	22.5%
<i>Exchange Rate</i>		1.1069		1.1095	

Consolidated balance sheet at 31.12.16

€mln	At 31/12/2016	At 31/12/2015
Intangible fixed assets	52.0	56.5
Goodwill	188.9	183.0
Tangible fixed assets	72.1	68.4
Non Consolidated investment	6.9	6.6
Other fixed assets	51.8	49.3
Total Fixed Assets	371.7	363.8
Net trade account receivables	75.5	68.8
ST account payables	(104.6)	(101.7)
Inventory	82.3	69.5
Trade Working Capital	53.2	36.5
Other current receivables	34.2	28.6
Other ST payables and provision for risk & future charges	(77.6)	(61.0)
Net Working Capital	9.8	4.1
Other LT payables	(30.8)	(26.8)
Employees' severance Indemnity	(6.6)	(6.8)
LT provision for risk & future charges	(11.2)	(15.2)
Net Invested Capital	332.9	319.2
Equity	336.4	298.3
Net Financial Position	3.5	(21.0)
<i>Exchange Rate</i>	1.0541	1.0887

Contact

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NEXT EVENTS

March 21st –22nd, 2017
Star Conference Milan

May 15th, 2017
1Q results

August 3rd, 2017
6M results

November 13th, 2017
9M results

DATALOGIC ON LINE

www.datalogic.com