

H1 2019 Results Conference Call

8 AUGUST 2019

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H1 2019 Highlights



H1 2019 Results

€ m

REVENUES
€304.5
(-0.8%)

GOM
€147.9
48.5%
(-0.1 pp)

EBITDA
€47.7
15.7%
(-0.9 pp)

NET INCOME
€25.3
8.3%
(-1.1 pp)

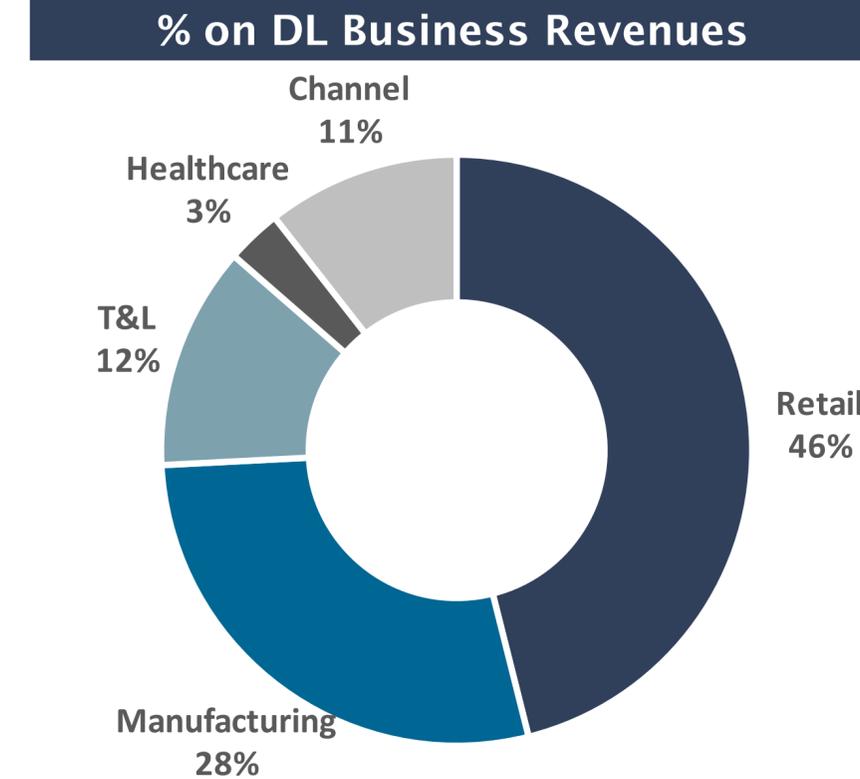
Net Debt position at €17.8

H1 Key Facts

- North America and New Products delivered resilient Financial performance despite slowdown in key reference market and geographies
- Vitality index improved from 13.5% in H1 2018 to 20.2% in H1 2019 mostly thanks to Mobile Computing
- Gross Margin at €147.9m improved by 0.9% Net of Forex
- EBITDA margin remained almost flat Net of Forex at 16.6%
- R&D investment reached 11% in line with the Innovation priorities

Group Revenues Breakdown

€m	H1 2019	H1 2018	Var % vs. H1 2018	Constant FX
Retail	129.5	134.5	(3.7%)	(6.9%)
Manufacturing	79.0	86.5	(8.7%)	(10.3%)
Transportation & Logistics	34.4	30.4	13.2%	9.4%
Healthcare	10.0	8.8	13.7%	10.0%
Channel (Unallocated)	29.7	24.1	23.3%	21.2%
Total DL Business	282.6	284.3	-0.6%	-3.3%
DL Business	282.6	284.3	(0.6%)	(3.3%)
Solution Net Systems	14.5	14.2	2.2%	(4.4%)
Informatics	9.3	9.7	(4.6%)	(10.9%)
Intra division	(1.9)	(1.3)		
Total Datalogic	304.5	307.0	-0.8%	-3.8%



DL Business: Substantially in line with H1 2018 (-0.6%); double digit growth in NA and LA, partially offsetting the softness in EMEA and APAC

Retail: Tough comparison with the previous year due to major rollouts with large clients in EMEA in 2018

Manufacturing: Double digit growth in NA offset by slowdown in automotive and packaging markets in EMEA and consumer electronics market in APAC

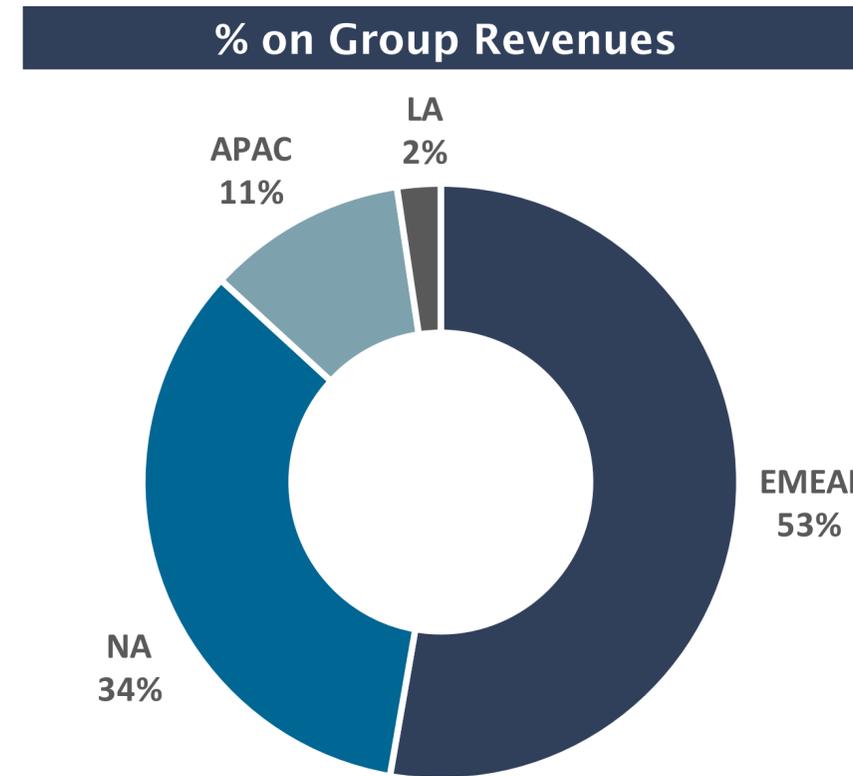
T&L: Double digit growth driven by a strong performance in NA and maintained position with largest parcel companies worldwide

Healthcare: Returned to positive growth driven by EMEA and NA

Channel: Strong growth driven by small and medium customers

Group Revenues by Geography

€m	H1 2019	H1 2018	Var % vs. H1 2018	Constant FX
EMEI	159.9	165.9	(3.7%)	(4.4%)
North America	104.4	91.8	13.7%	6.1%
APAC	33.1	42.7	(22.5%)	(24.6%)
Latin America	7.2	6.5	10.2%	7.2%
Total Revenues	304.5	307.0	-0.8%	-3.8%



EMEI: decreased 3.7% due to a market slowdown particularly in Automotive sector, partially offset by growth in HC and in the Small Medium Business

North America: Datalogic Business revenues show positive growth, +19% mainly driven by double digit growth in T&L and Manufacturing

APAC: Negative trend driven by China in all the sectors due to trade war.

New Product Launches and Innovation

Mobile Computing



MEMOR 10
HEALTHCARE

MEMOR 10 Accessories



New Presentation Scanner



MAGELLAN
™ 1500i

Hand Held Scanners



PowerScan
PD95X1
Auto Range
Series

Factory Automation

Machine Vision



Sensors



IO Lnk

S5N Sensors and IO-
Link Master

- First Half New products* net sales account for 20.2% of total sales improved from 13.5% in H1 2018
- Positive acceptance of new products by our Customers

* New Products: products launched in the last 24 months

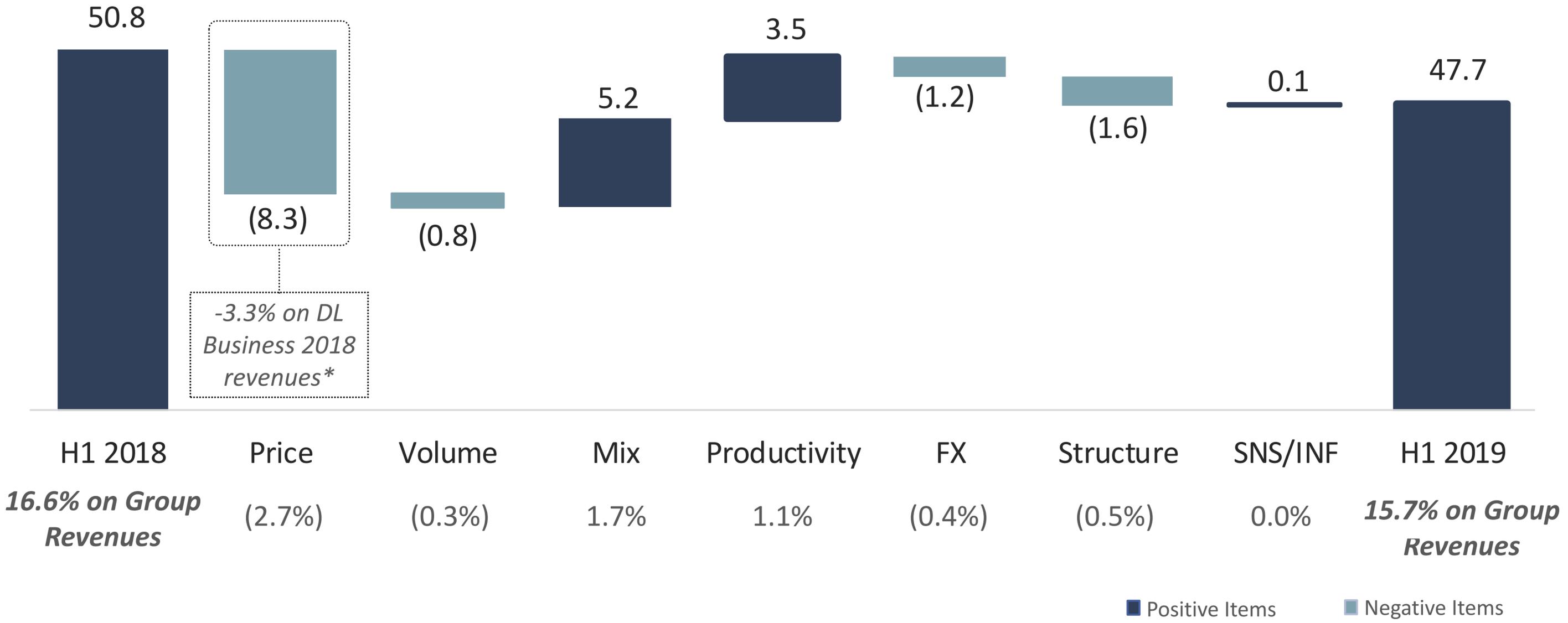
1H 2019 P&L

€ m	H1 2019	H1 2018	Variance Reported	Constant FX	
Revenues	304.5	307.0	(0.8%)	(3.8%)	<ul style="list-style-type: none"> ▪ Revenues down 0.8% to €304.5 m (-3.8% Net FX); DL Business revenues at €282.6 m (-0.6%, -3.3% Net Fx) ▪ Gross Margin almost flat at 48.5%, improved by 0.9% net of FX ▪ Operating expenses to €110.8 m: <ul style="list-style-type: none"> ✓ R&D on revenues increased from 9.9% to 10.3%; ✓ S&D on revenues from 17.4% to 19.4% due to investment in commercial organization ✓ G&A and other items decreased from 7.1% to 6.6% on revenues ▪ Net income at €25.3 m at 8.3% (-0.4% at Net FX)
Gross Margin	147.9	149.4			
<i>% on Revenues</i>	48.5%	48.7%	-0.1 pp	+0.9 pp	
Operating expenses	(110.8)	(105.9)			
<i>% on Revenues</i>	(36.4%)	(34.5%)	-1.9 pp	-2.0 pp	
EBITDA *	47.7	50.8			
<i>% Ebitda margin</i>	15.7%	16.6%	-0.9 pp	+0.0 pp	
EBIT	33.9	40.3			
<i>% Ebit margin</i>	11.1%	13.1%	-2.0 pp	-1.1 pp	
Net Income	25.3	29.0			
<i>% on Revenues</i>	8.3%	9.4%	-1.1 pp	-0.4 pp	
<i>EUR/USD FX Exchange Rate</i>	1.13	1.21			

* Impacted by IFRS 16: Positive impact of €2.3 million on EBITDA

EBITDA: actual vs last year

€ m



* Excluding Service and other non significant items

Assets Analysis

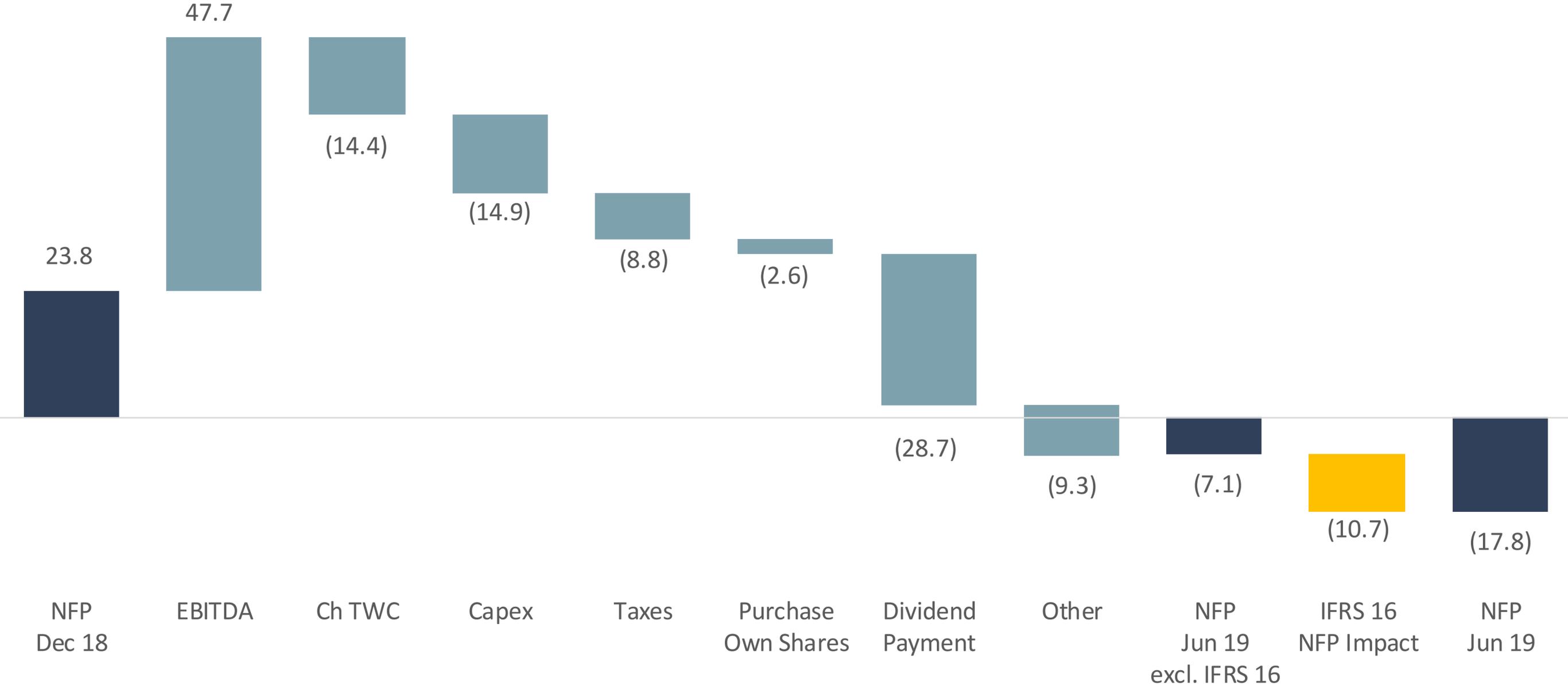
€ m	Jun-19	Dec-18
Total Fixed Assets	384.4	369.7
Trade receivables	92.2	90.4
<i>% on 12m rolling sales</i>	<i>14.7%</i>	<i>14.3%</i>
Inventories	109.7	95.8
<i>% on 12m rolling sales</i>	<i>17.4%</i>	<i>15.2%</i>
Trade payables	(118.4)	(117.1)
<i>% on 12m rolling sales</i>	<i>(18.8%)</i>	<i>(18.6%)</i>
Trade Working Capital	83.5	69.1
<i>% on 12m rolling sales</i>	<i>13.3%</i>	<i>11.0%</i>
Other assets/liabilities	(74.0)	(86.9)
Net Invested Capital	393.9	352.0

Net Invested Capital increased by €31 m (excluding IFRS 16 impact of €10.9 m)

Main drivers are footprint rationalization in EMEA and seasonality:

- **Fixed Assets** net increase of about €5 m
- **Inventory** increased to support cross-over of the new logistic and industrial European footprint (€7 m) and seasonality (about €7 m)
- **VAT Tax credit** from new logistic set up of €12 m

Net Debt & Cash Flow Analysis : Dec'18 – Jun'19



NFP at 30 June 2018 equal to €13.3 million

2019 Outlook

In light of the continuing uncertainty in the macroeconomic scenario, we expect to close the year in line with the performance recorded in the first half.

However, robust growth was seen in North America, and the new products launched during the half-year, as a result of increased investments in R&D, were positively received – indicators that confirm the Group's growth potential in a less uncertain and more uniform macroeconomic scenario across its various markets of operation.

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NEXT EVENTS

September 4, 2019

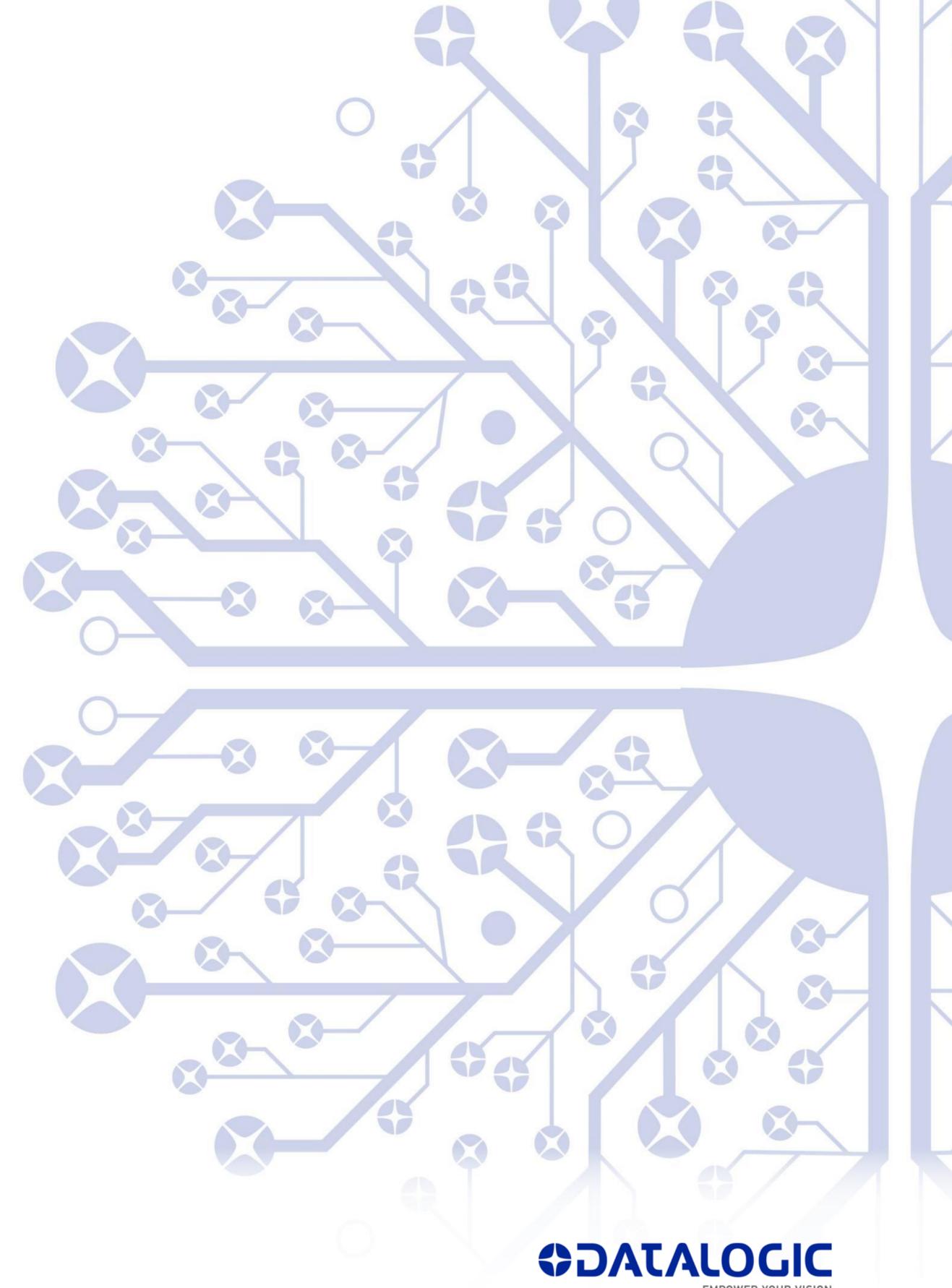
Industrial Day 2019 – Borsa Italiana

November 13, 2019

9M Results

DATALOGIC ON LINE

www.datalogic.com



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