

H1 2020 Results Conference Call

AUGUST 6, 2020

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H1 2020 & Q2 2020 Results¹



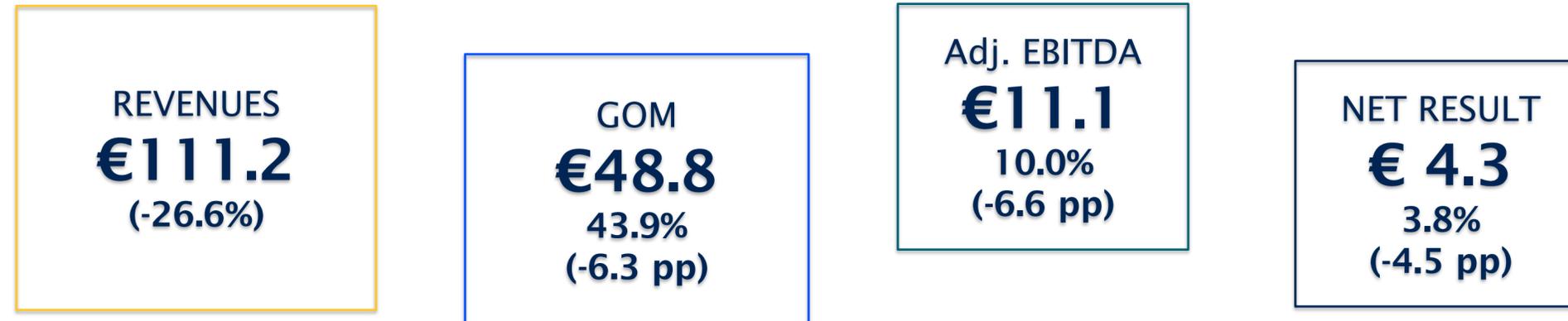
H1 2020 Results

€ m



Q2 2020 Results

€ m



Net Debt at €15.4

¹ The comparative economic data as at 30 June 2019 were restated following the classification of Solution Net Systems Inc. as asset available for sale as required by the accounting standard IFRS 5

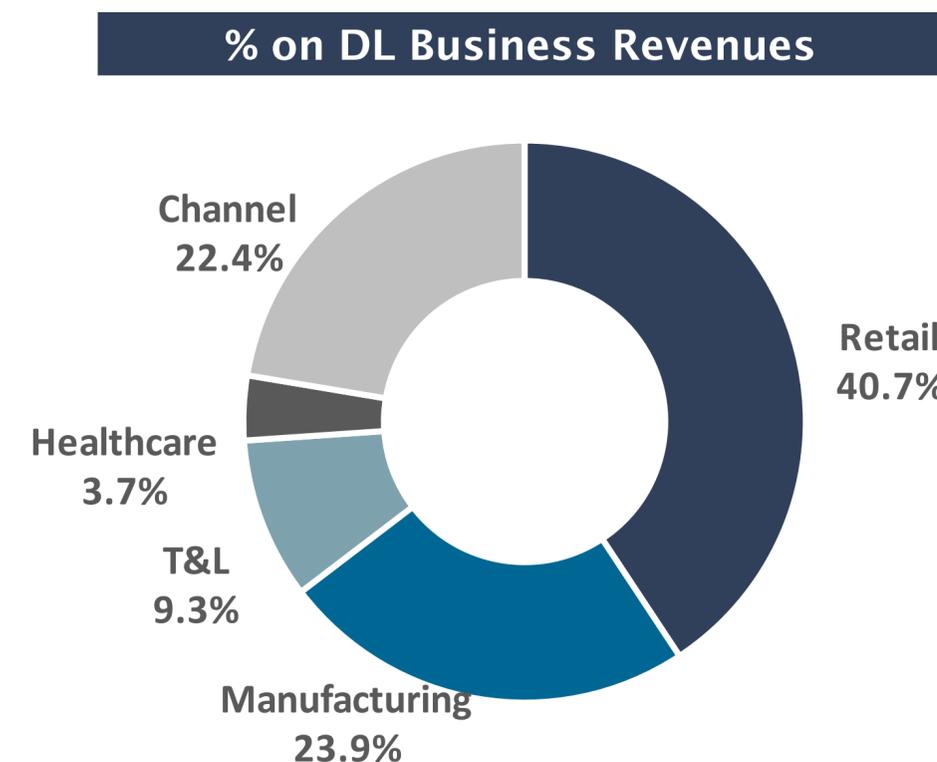
H1 2020 Financial Highlights

- ❑ Effectively navigating through **Covid-19 challenges** providing operations continuity while protecting our teams.
- ❑ Covid-19 Lockdown significantly impacting **EMEA** and **Americas Revenue** particularly in Q2. Solid **signs of recovery** in **APAC**
- ❑ **Aggressive cost actions** ensured double digit Adj EBITDA and **Positive Net result** in Q2. Break even in H1 2020. Nimble cost base to boost future profitability
- ❑ Disposal of non-core **Solution Net Systems** to **refocus on strategic business of the Group**
- ❑ Continue investing in Innovation during the pandemic with **R&D spending*** at ca. **15%** of Revenue and **Vitality index** at **22.2 %**
- ❑ **Adj EBITDA** at 8.0% mainly affected by lower volume and price, partially offset by implementation of **SG&A cost reduction program**.
- ❑ **Solid Financial Position** during the Covid downturn with Net Financial Debt at €15.4M improving vs H1-2019

* Including capitalized R&D expenses and excluding D&A

Group Revenues by Segment

€m	H1 2020	H1 2019 Restated*	Var % vs. H1 2019
Retail	90.9	105.4	(13.8%)
Manufacturing	53.4	58.7	(9.0%)
Transportation & Logistics	20.7	32.5	(36.3%)
Healthcare	8.3	9.3	(10.6%)
Channel	49.9	76.7	(35.0%)
Total DL Business	223.2	282.6	(21.0%)
Informatics	7.9	9.3	(15.4%)
Intra division	(0.6)	(0.5)	37.1%
Total Datalogic	230.4	291.4	(20.9%)

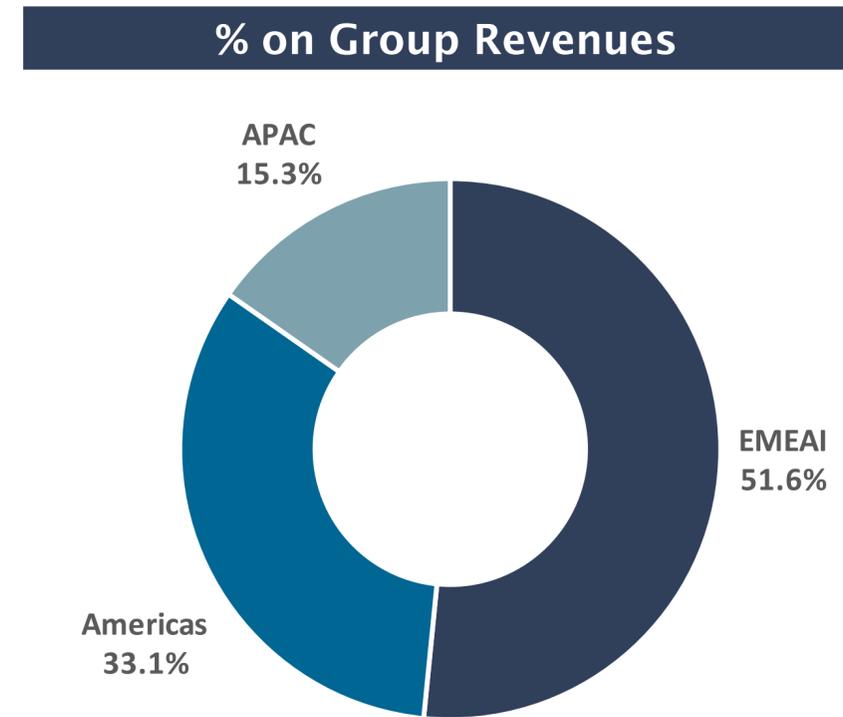


- ❑ **Retail:** steady performance in Americas despite Lockdown (-4.5%). EMEAI (-18.9%) impacted by Covid and tough comparison due to 2019 FRS rollouts
- ❑ **Manufacturing:** positive growth in APAC (+31.1%), while EMEAI and North America impacted by the slowdown particularly in the Automotive sector
- ❑ **T&L:** tough base of comparison due the conclusion of important multi-year contracts. EMEAI impacted by Covid with limitations to on-site activities during Lockdown
- ❑ **Healthcare:** positive growth in North America (+6.7%), offset by the decrease in EMEAI and APAC
- ❑ **Channel:** overall decrease, especially in EMEAI and US due to the lockdown and destocking

* The comparative data as at 30 June 2019 have been restated to reflect the new allocation of the Group's revenues to geographic areas and business sectors, as redefined following the "New Sales Organization" launched in 2020 and the classification of Solution Net Systems Inc. as asset available for sale according to IFRS 5

Group Revenues by Geography

€m	H1 2020	H1 2019 Restated*	Var % vs. H1 2019
EMEAI	118.8	159.5	(25.5%)
Americas	76.4	98.5	(22.5%)
APAC	35.2	33.4	5.4%
Total Datalogic	230.4	291.4	(20.9%)



- ❑ **EMEAI:** decline driven by market softness in all end markets as a result of lockdown measures and the phase-out of major fixed retail scanners roll-outs
- ❑ **Americas:** market softness as a result of lockdown measures. Negative performance in Manufacturing and T&L, following the completion of multi-years significant contracts. Growth of Healthcare
- ❑ **APAC:** double digit growth in Manufacturing, driven by Consumer Electronics in China

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New Product Launches and Innovation

Mobile Computer	Stationary Industrial Scanner		Fixed Retail Scanner	Hand Held Scanners	Sensors
<p> Android 9 release on Memor 10 PDA</p> <p> Memor – 20 – Best in Class PDA</p> <p> Web Sentinel Predict</p>	<p>T & L</p> <p> AV900 Industrial Reader Introduction</p>	<p>Manufacturing</p> <p> Matrix 120 AGV</p>	<p> MAGELLAN™ 1500i OEM</p>	<p> PowerScan 95X1-AR With Improved Reading Performance</p>	<p> Smart Vision Sensor</p>

- ❑ **Vitality Index** (New products*/ sales) at **22.2% in H1** improving from 20.2% in H12019
- ❑ **R&D spending****, from €32.1 m to €34.2m, reaching **14.8%** as a percentage of Revenue compared to 11.0% in the first half of 2019

*New Products: products launched in the last 24 months
 ** Including capitalized R&D expenses and excluding D&A

H1 2020 P&L*

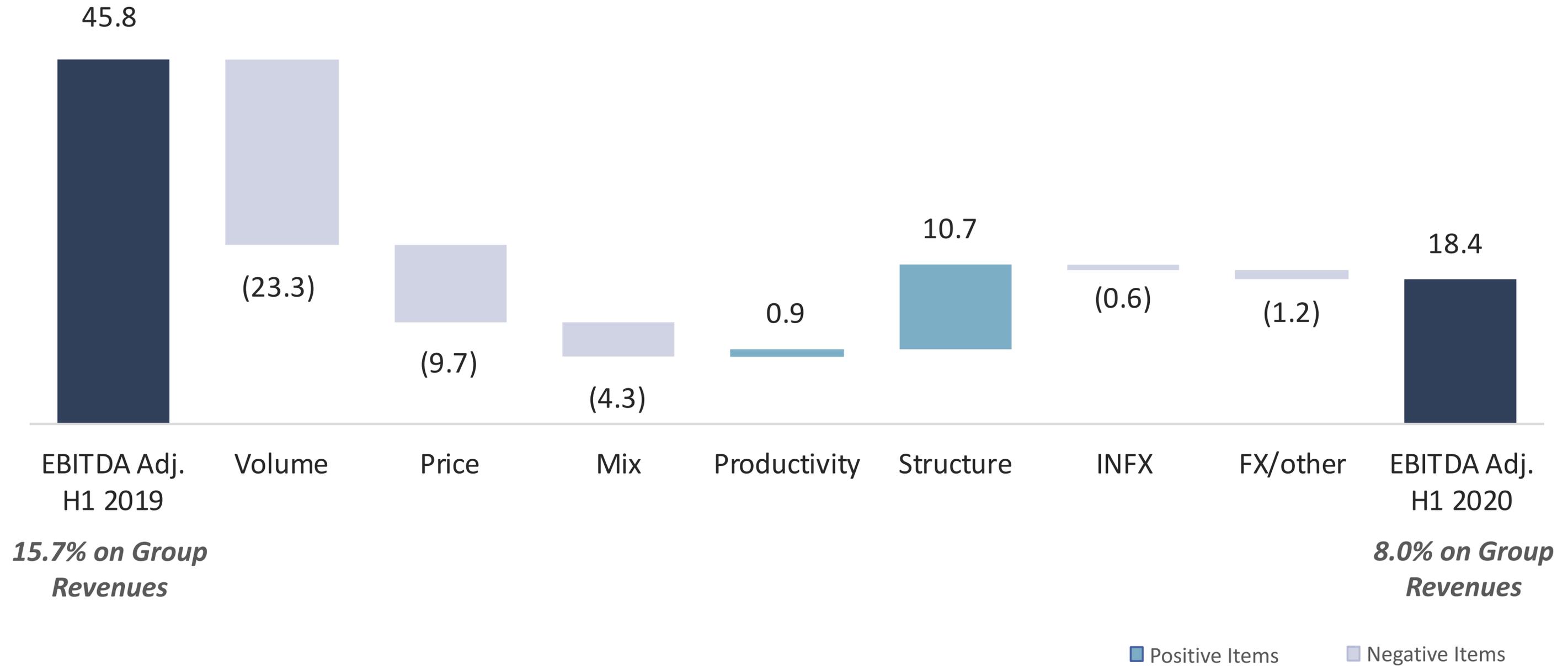
€ m	H1 2020	H1 2019 Restated	Variance Reported	Constant FX
Revenues	230.4	291.4	(20.9%)	(21.4%)
Gross Margin	105.9	145.5		
<i>% on Revenues</i>	<i>46.0%</i>	<i>49.9%</i>	-4.0 pp	-3.6 pp
Operating expenses	(99.5)	(110.2)		
<i>% on Revenues</i>	<i>(43.2%)</i>	<i>(37.8%)</i>	-5.4 pp	-5.4 pp
Adjusted EBITDA	18.4	45.8		
<i>% Adj. Ebitda margin</i>	<i>8.0%</i>	<i>15.7%</i>	-7.8 pp	-7.3 pp
EBIT	0.3	32.1		
<i>% Ebit margin</i>	<i>0.1%</i>	<i>11.0%</i>	-10.9 pp	-10.5 pp
Net Result	0.0	25.3		
<i>% on Revenues</i>	<i>0.0%</i>	<i>8.7%</i>	-8.7 pp	

- **Gross Margin at 46.0%**, decrease driven by lower volumes and price/mix effects
- **Operating expenses at €99.5m** down 9.7% executing cost reduction plans to protect margin:
 - ✓ Continue investing in **R&D expenses** during Lockdown
 - ✓ **S&D** cost decreased by 14.6% after almost 25% reduction in Q2
- **Adj Ebitda margin** solid recovery in **Q2 at 10%** bringing **H1 to 8%**
- **Net Result** at break even in H1, after positive Net income in Q2

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EBITDA Adj: actual vs last year*

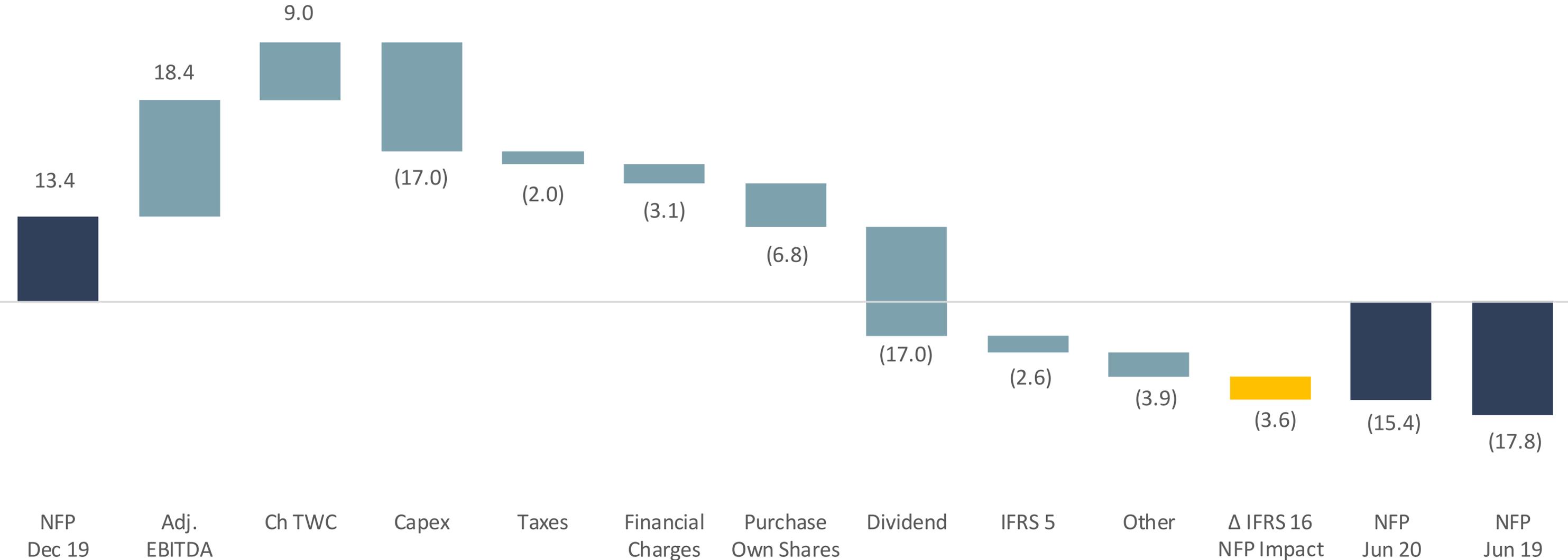
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Net Debt & Cash Flow Analysis : Dec'19 – Jun'20

€ m



2020 Outlook

- The spread of the COVID-19 pandemic in Europe and the Americas during Q2 had a considerable impact on the results for H1-2020. The Group has promptly reacted to this fast-moving scenario implementing aggressive cost measures to protect profit
- Despite the improvement in the booking trend in Europe recorded at the beginning of Q3 and the positive trend in Asia, the sharp decline of the order portfolio compared to last year and the worsening of the market environment in USA does not lay the basis for a prompt recovery of the top line in the short term. Faced with this uncertainty, the Group will continue to implement efficiency plans and cost containment actions
- In this context, the Group's strategy confirms its focus on innovation and investment in strategic market segments, pursuing both organic and external growth, while consolidating and repositioning its presence in the core markets

Contact

IR CONTACTS

IR Manager

Vincenza Colucci
CDR Communication Srl
Tel. +39 335 6909547
vincenza.colucci@cdr-communication.it

IR Assistant

Daniela Giglioli
Tel. +39 051 3147109
Fax +39 051 3147205
E-mail daniela.giglioli@datalogic.com

ir@datalogic.com
Via Candini, 2
40012 Lippo di Calderara di Reno
Bologna – Italy

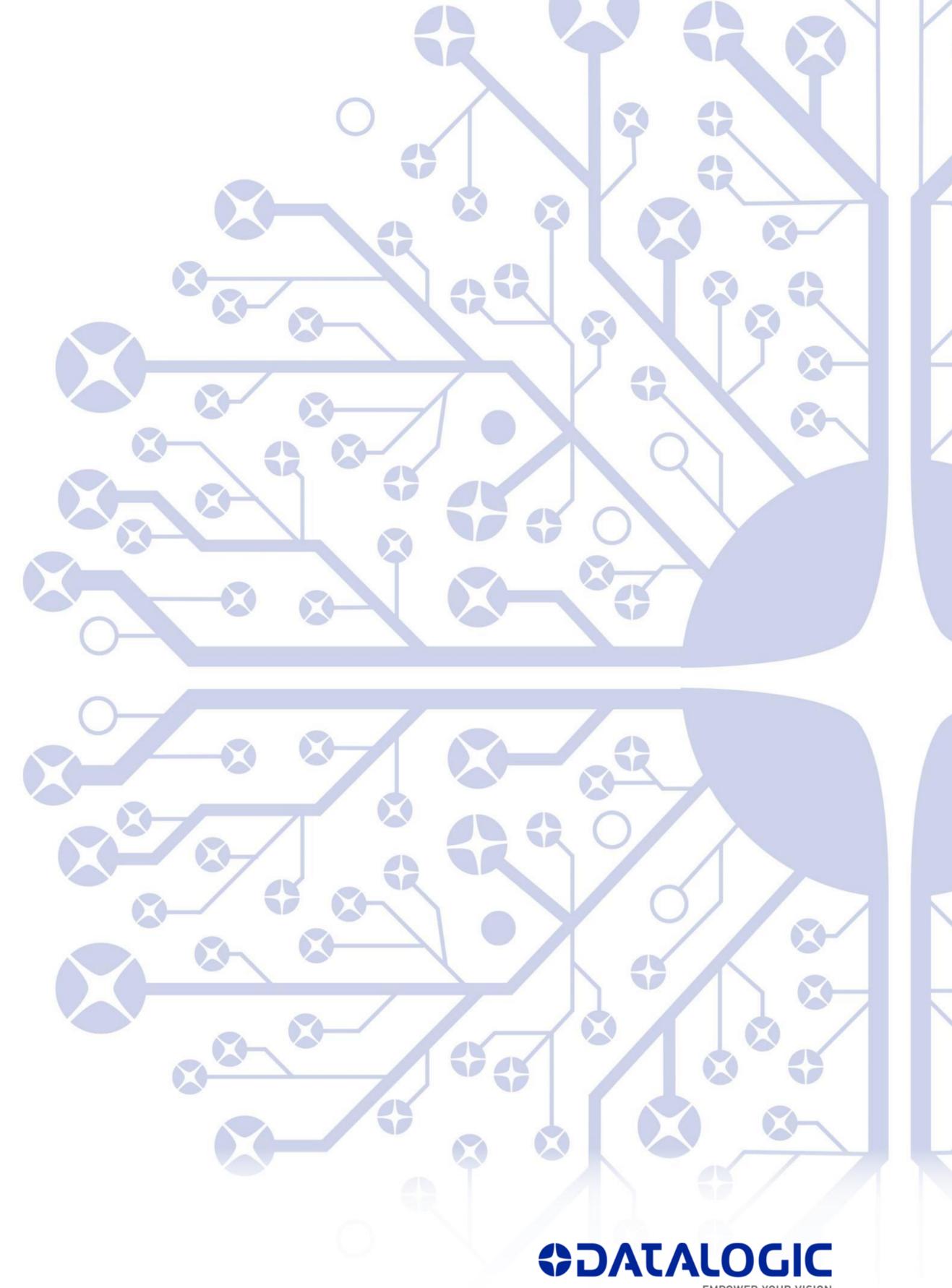
NEXT EVENTS

November 12, 2020

9M 2020 Results

DATALOGIC ON LINE

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Datalogic S.p.A.

Via Candini, 2 - 40012 Lippo di Calderara di Reno - Bologna (Italy)

Tel. +39 051 3147011 | Fax +39 051 3147205

corporate@datalogic.com

ww.datalogic.com