

Virtual STAR Conference

26 MAY 2020

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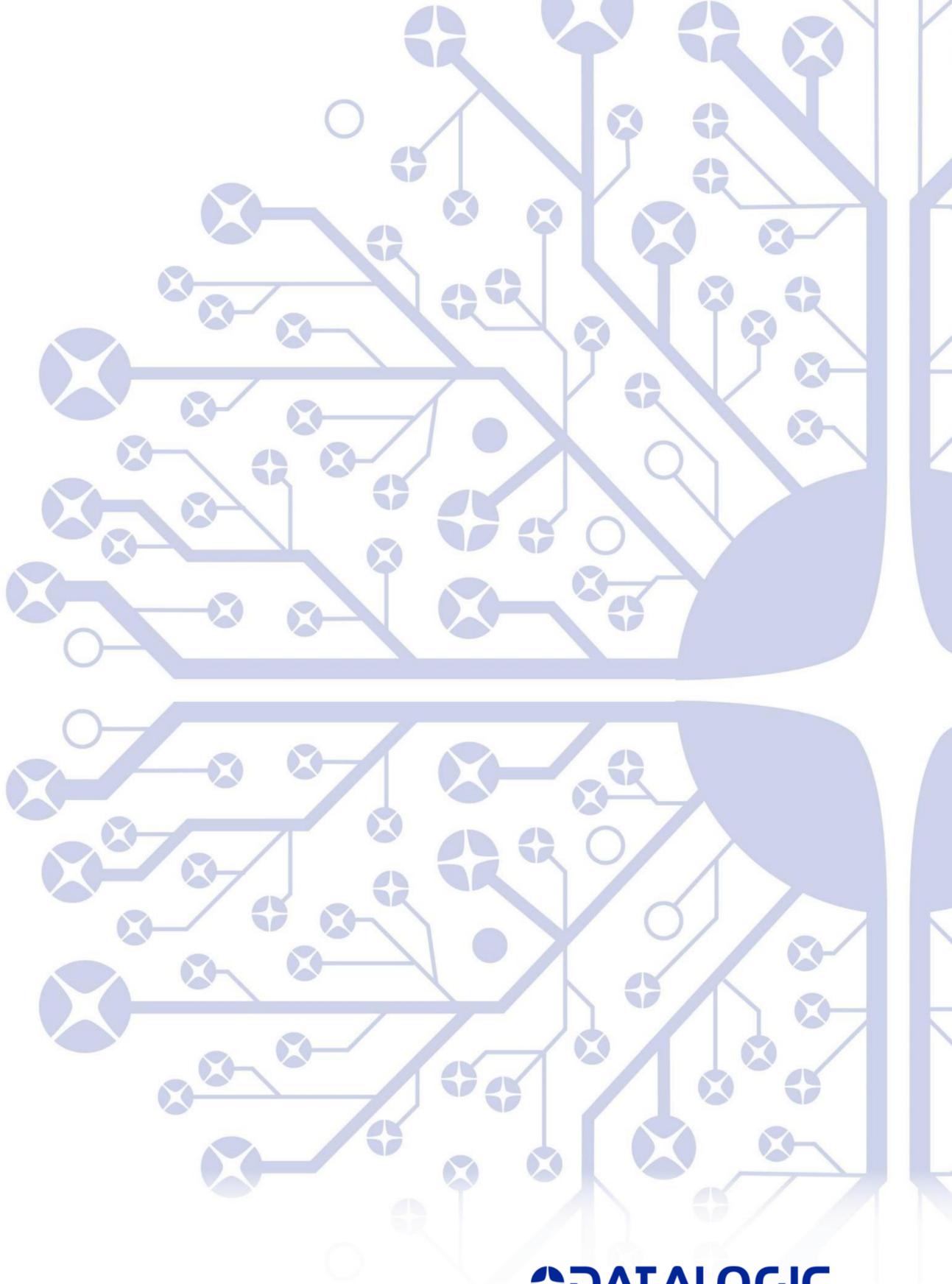
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Corporate Overview



Datalogic at a glance



Global technology leader in the **automatic data capture** and **process automation** markets, in the **Retail, Manufacturing, Transportation & Logistics**, and **Healthcare** industries

Founded in **1972**, listed on the Italian Stock Exchange since **2001**



1,200+ patents filed and more than 350 in approval



500 engineers in 11 R&D centers and 3 DL Labs in: Italy, USA, Vietnam, China, and Germany

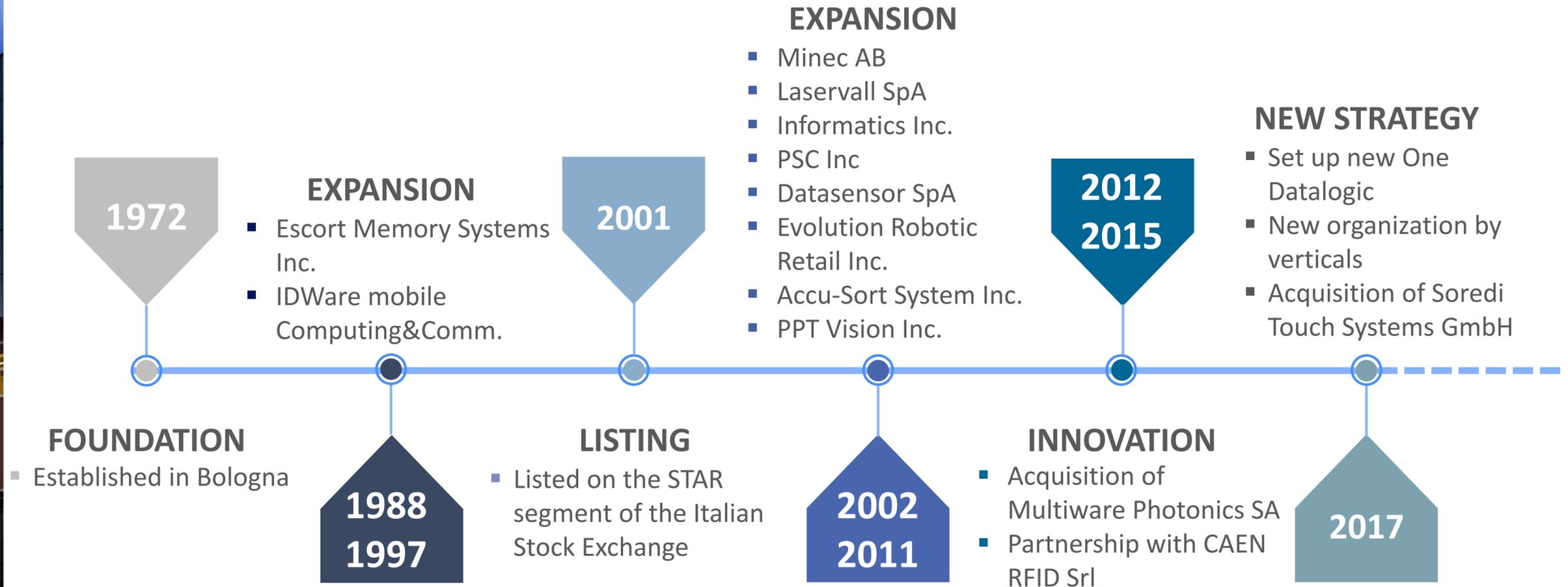
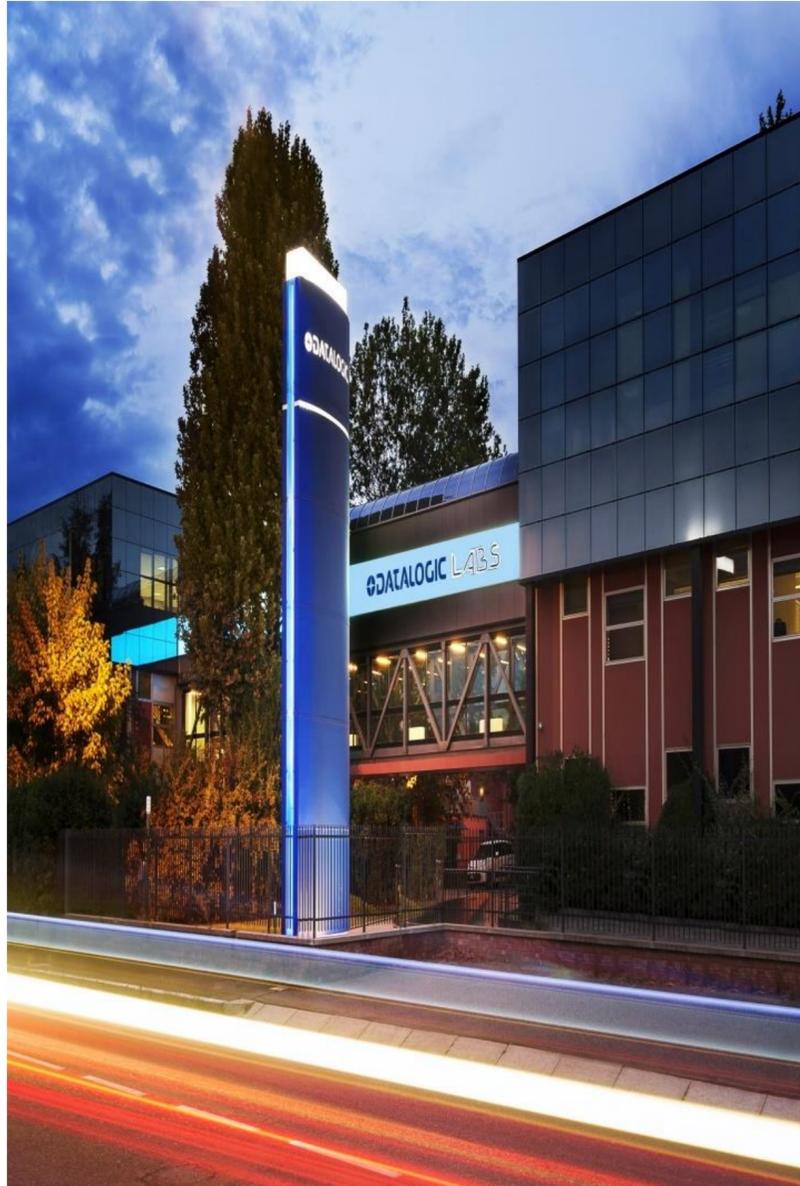


3,074 Employees in 28 countries:
20% Americas, 57% EMEA, 23% APAC



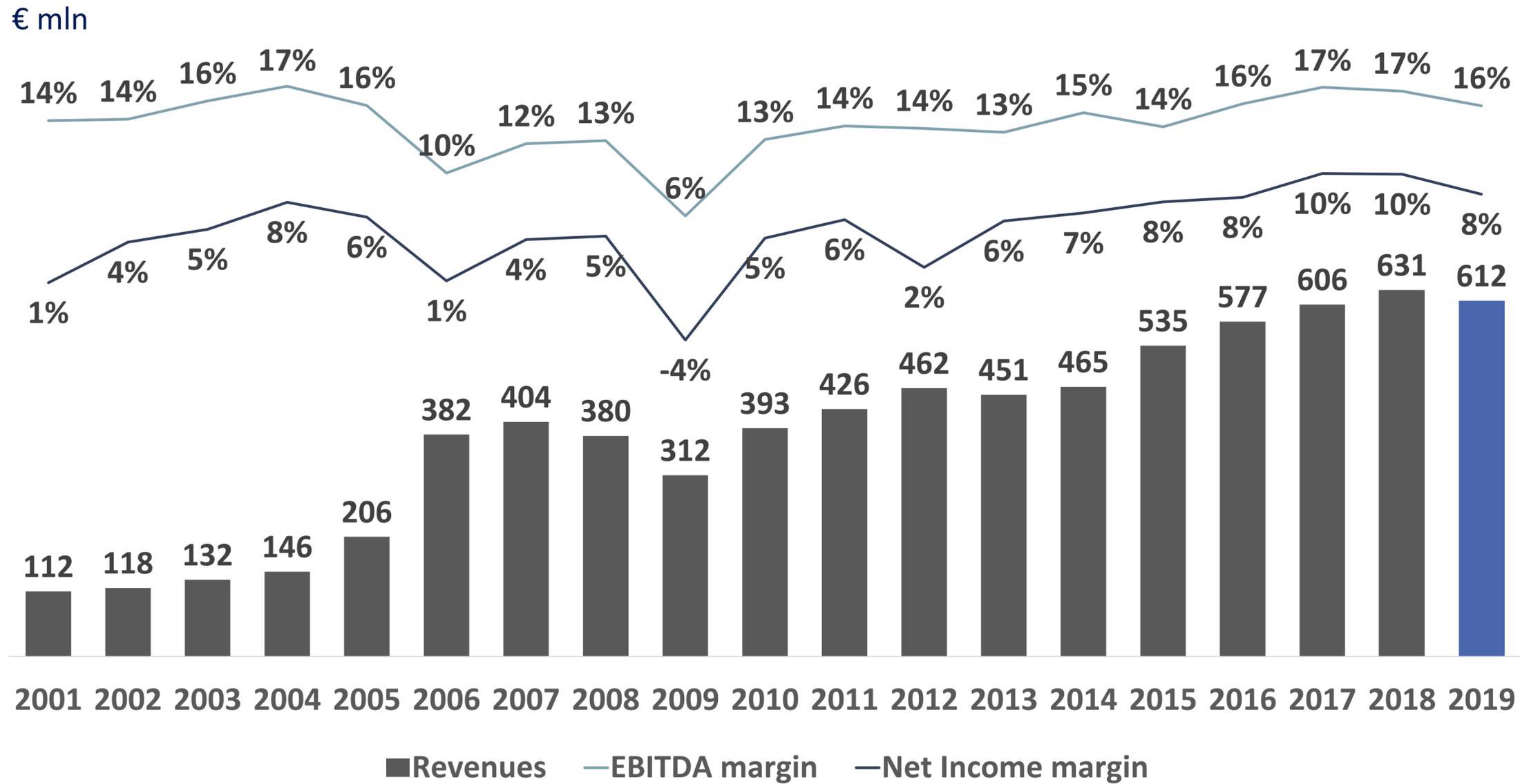
10 Manufacturing and Repair facilities in:
Italy, US, Brazil, Hungary, Slovakia, Vietnam and Australia

Over 45 years of Technological Innovation



Solid long-term growth

Sales CAGR 2001-2019 +10%



- A history of growth in profitability
- Strong improvements across key indicators reflecting investments in innovation, M&A and better efficiency and productivity
- Robust cash generation

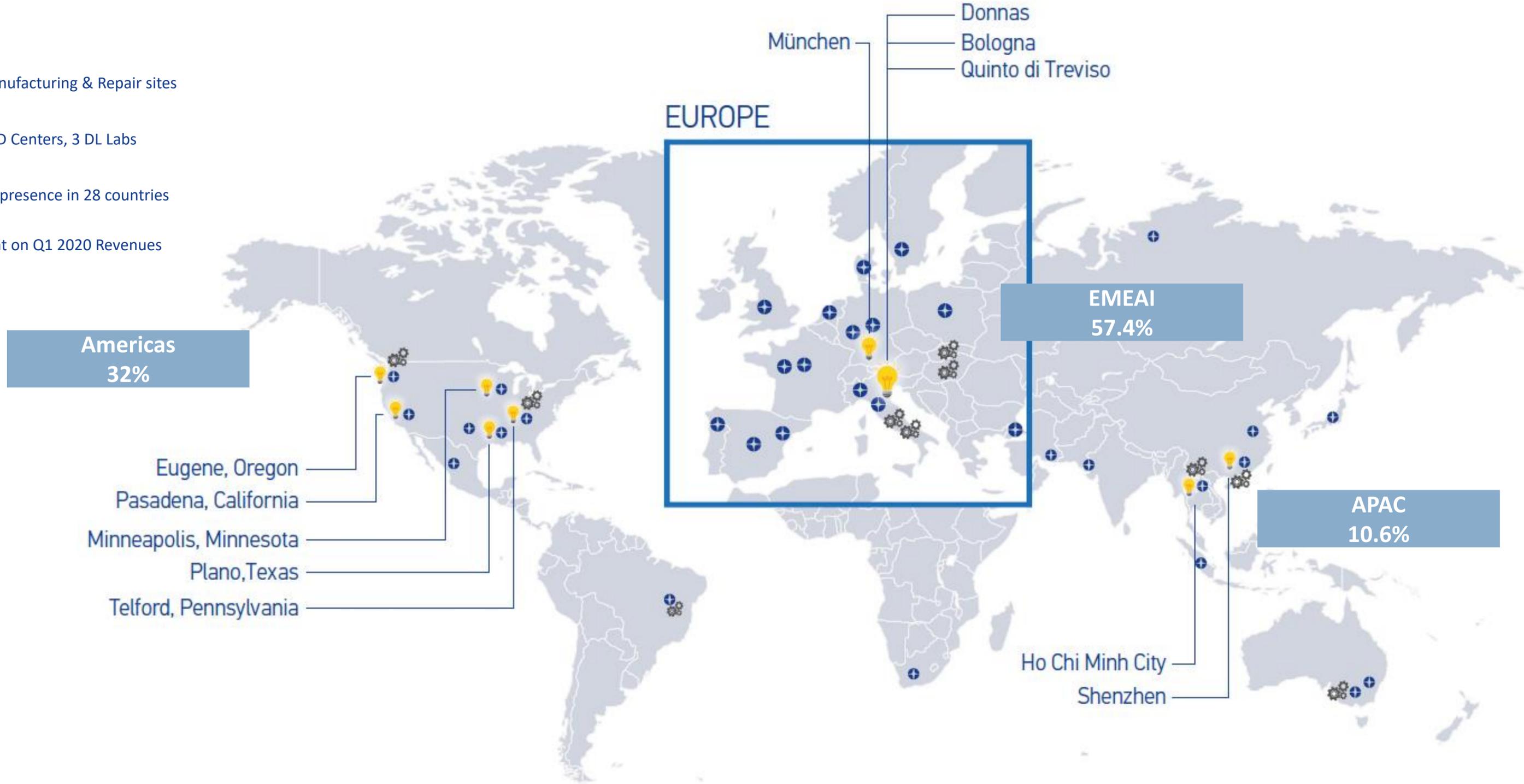
A Wide Geographical Footprint

 10 Manufacturing & Repair sites

 11 R&D Centers, 3 DL Labs

 Direct presence in 28 countries

 Percent on Q1 2020 Revenues



Data refer to YE 2019 except for revenue breakdown by Geographic area at Q1 2020

Stock and Governance

Market Segment: STAR MTA

Reuters Code: DAL.MI

Bloomberg Code: DAL IM

Outstanding Shares: 58,446,491

Share Par-Value: 0.52 Euro each

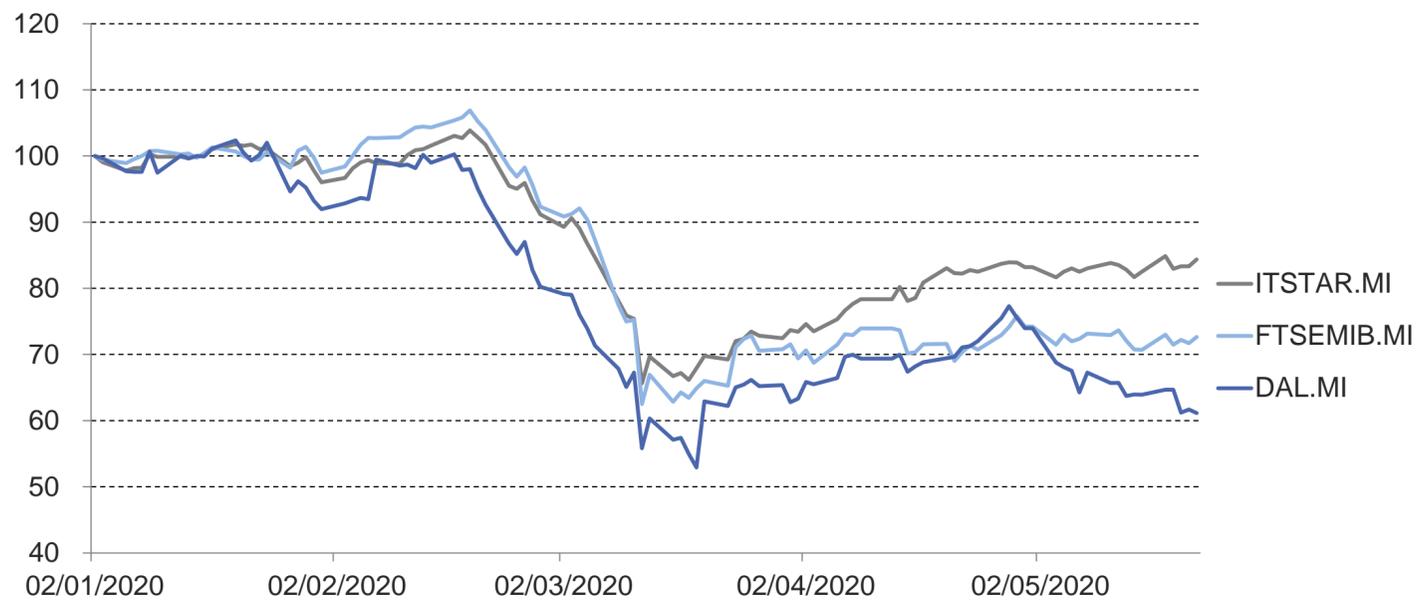
Ticker: DAL

Price (May 22, 2020): 10.40 Euro

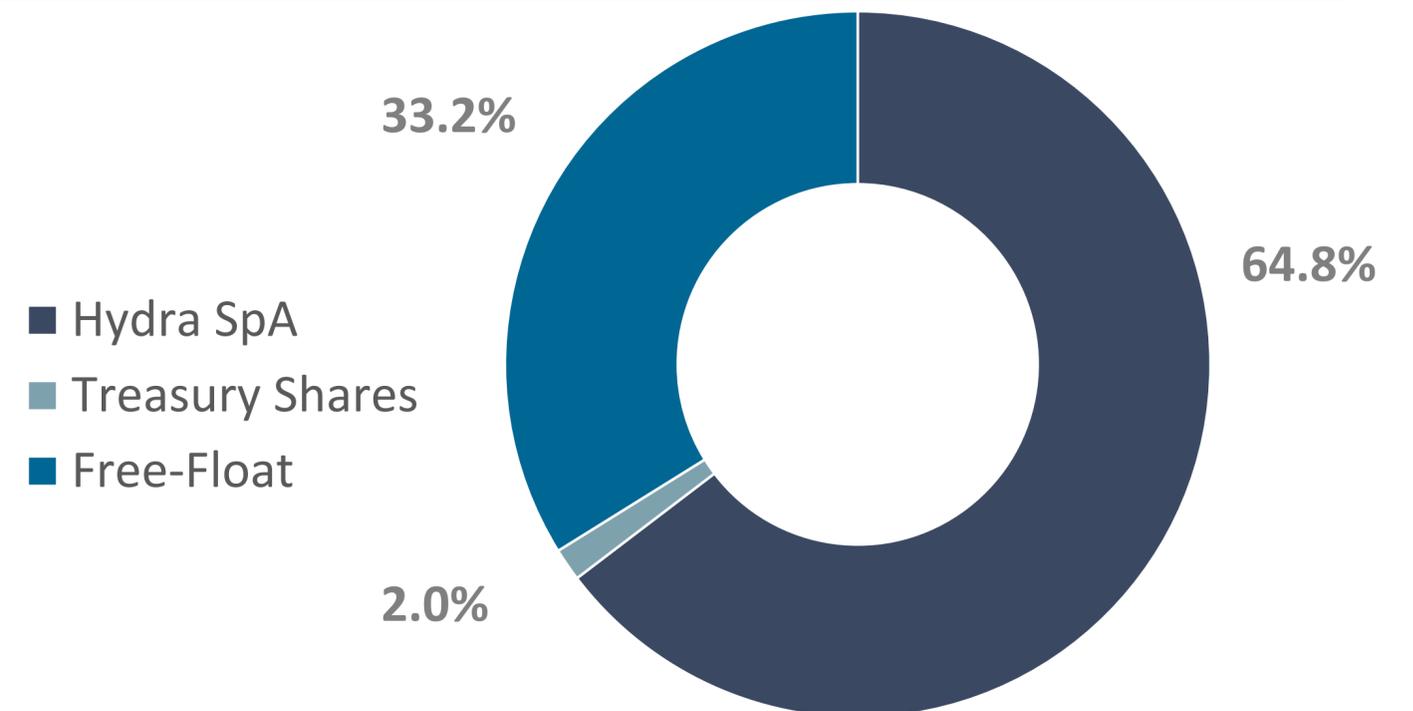
Market Cap (May 22, 2020): 608 mln Euro

Auditing Company: Deloitte

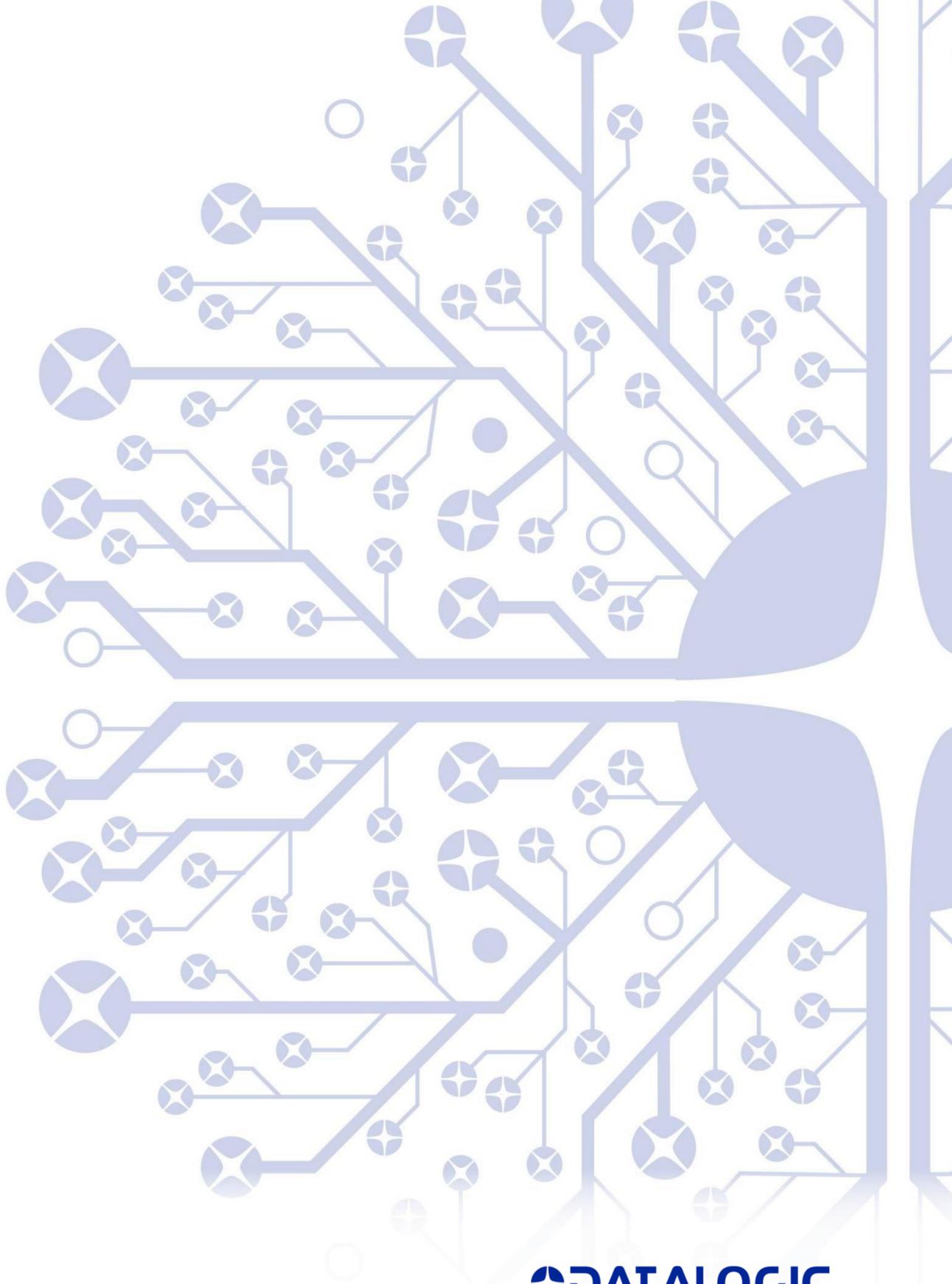
DATALOGIC SHARE PERFORMANCE vs. INDICES



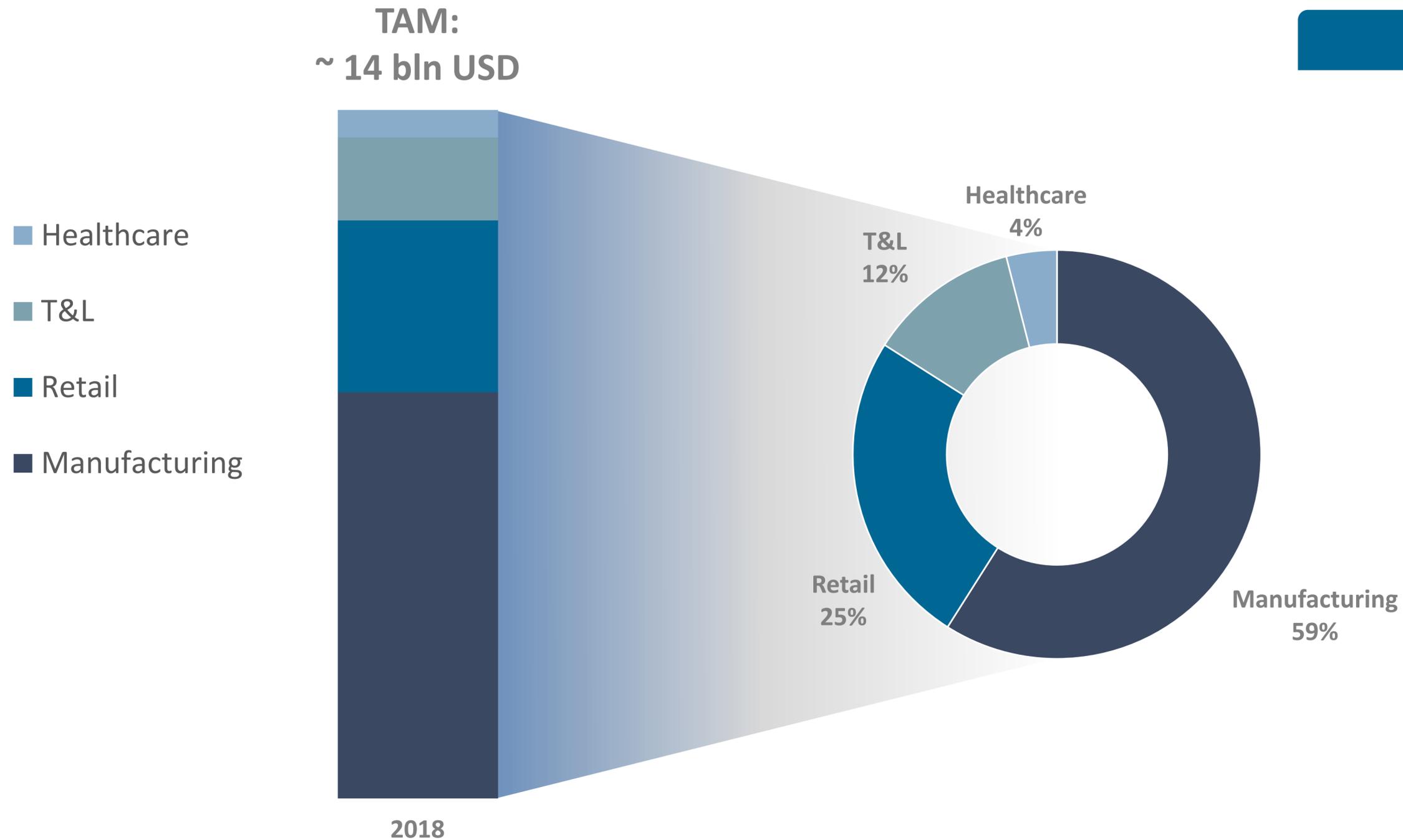
SHAREHOLDERS' STRUCTURE



Strategy



Total Addressable Market



DATALOGIC MKT SHARE

- **Fixed retail scanners**
#1 WW: >35% market share
- **Stationary industrial scanners**
#1 WW: >20% market share
- **Handheld Scanners**
#3 WW: ≈ 20% market share

OUR Strategy

Objective

- Grow above market average, while expanding profitability



Scope

- Remain a **product** company with new emphasis on **solutions** to satisfy the needs of End Users in the following Industries: **Retail, T&L, Factory Automation, Healthcare**
- **Consolidate our position in EMEA** and become a **strong player in NA**
- **Further establish in APAC** with a **growing presence in China**



Advantage

- **Wide range of products** 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



A wide range of products that is able to fulfill our customers' needs for both data collection and process automation

Most complete offer of barcode readers: from retail to industrial scanners, from hand held to mobile



Undisputed leadership on barcode readers

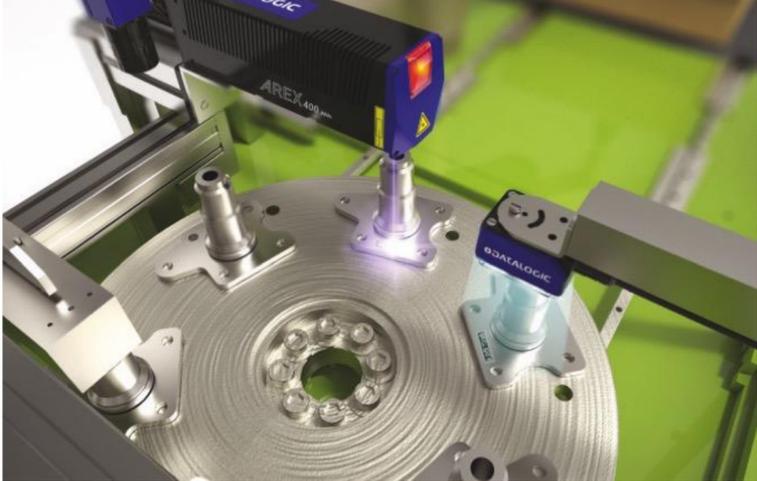
Complementary/Open doors products in the MFG Industry



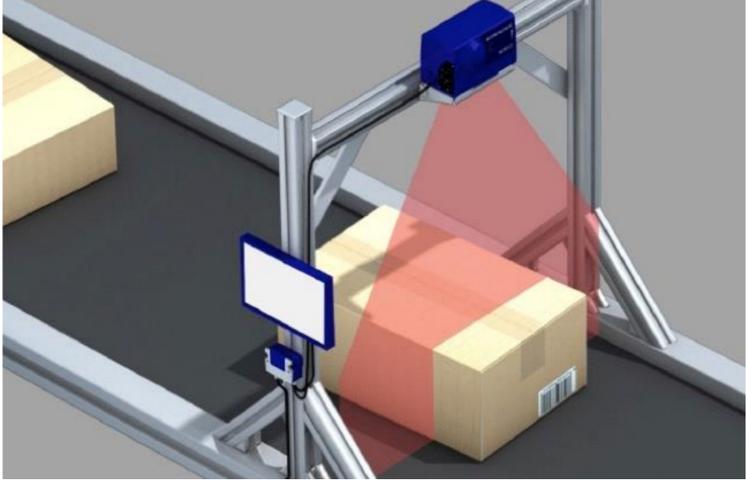
Our products are key enablers of critical applications along our customers' supply chain



Self-Shopping



Mark & Read



Dimensioning & Weighing Systems



Complete Traceability



Mark & Trace

Retail

Datalogic Proposition

- We meet the needs of retailers globally, from the distribution centers, through check-out, to the customer's home
- **Market Leader** along the **Retail supply chain** from 1974 with the **first scanner** ever sold to a grocery store in Troy, Ohio up to now with **the innovative frictionless shopping solution** presented at the 2019 NRF exhibition in New York
- Machine learning technology adoption to be ready for the next checkout POS investment cycle

Market Outlook

- The main international players are experimenting new products and solutions to satisfy new shoppers' needs and improve efficiency of their operations: click & collect, drive & collect, online verification, in real time, of the availability and exact position within the shelves of the products in the store or in the warehouse, assisted selling, self scanning and self check-out
- Retailers are more and more interested in collecting customers' data to do analytics to better serve them
- Increase of distribution centers advanced automated logistics solutions to optimize online shopping



Manufacturing

Datalogic Proposition

- Leader in traceability thanks to the most complete and performing offer of stationary industrial scanners
- Unique portfolio provider of smart, interconnected devices able to protect, identify, sense, check and mark
- Datalogic is providing multi-product portfolio to serve all the major manufacturing clients: **Automotive, Food and Beverage, Automated Machinery and Electronics, and Intralogistics**

Market Outlook

- Market trends
 - Industry 4.0
 - Robotics / AGV
 - DPM / Extended Traceability and Quality Inspection
 - New segments due to new technology (i.e. Electric car)
- **Industry 4.0** is pushing for **multi-technology** adoption, product **interoperability** and enhancement **self diagnostic capabilities**
- The adoption of key digital technologies shows a strong growth over the next 5 years
- The Industrial Robotics Market stands at 13.9 billion USD with an 11.8% growth **



* Source: IoT Analytics

** Source: International Federal of Robotics (IFR) data and Loup Ventures

Transportation & Logistics

Datalogic Proposition

- We ensure Data Collection to **Courier-Express-Parcels, Airports and Logistics**
- Datalogic is at the **forefront** of the development of **airport systems**, since 1984 with the **first automatic reading** station in Milan, to the recent contract with a main European hub in compliance with new IATA requirements
- Datalogic's proven capabilities are reflected by the recent **"Platinum" supplier** qualification granted by a world leader in the shipping and logistics sector
- Historically leader in stationary industrial scanners and sorting solutions Datalogic has a big opportunity to seize in the T&L mobility space

Market Outlook

- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility. E-Commerce is driving the industry growth
- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage
- The baggage handling system market* is projected to reach USD 9.4 Billion by 2020, at a CAGR of 8% from 2015 to 2020
- Strong demand for solutions beyond barcode
- Robotics & Automation: collaborative robots and automatic solutions to get higher productivity, zero-defects, reducing manual operations



*Source: IATA

Healthcare

Datalogic Proposition

- We empower the entire Healthcare ecosystem from drug production to patient care
- Datalogic is the sole company providing **unique product features** for the HC industry such as: **Anti-microbial** enclosures, **Inductive charging technology** for battery recharge, and **Green spot good match** to ensure positive medicine-patient identification

Market Outlook

- Hospital investments in patient safety are expected to grow significantly in the next 5 years: technology adoption to secure proper patients traceability and drug administration
- Drugs tracking to avoid counterfeit medications
- HC Emerging trends: Telemedicine/Telehealth. Health systems are more and more using digital health tools and telehealth platforms to better take care of patients after they leave the hospital



Recent New Product Launches and Innovation

Mobile



Memor 10 PDA with MP Scan Engine



Joya Touch A6 With Megapixel Scan Engine



Falcon X4 Auto Range



Datalogic Shield

Factory Automation



Matrix 120/220 with Digimarc and OPC UA



IMPACT 12.2 Software: focus on guidance and traceability



Matrix 300N 2MP Sensor



IO Link

S5N Sensors a IO-Link Master



Matrix 220 High Power and Blue Light Models

T&L



AV 500

Taskbook



Other Products



Magellan 1500i

Gryphon 4500 Digimarc Models



Powerscan 9501 for cordless models

- ❑ FY2019 Vitality index of 20.1% of total sales compared to 15.0% in 2018. Q1 2020 Vitality Index* continues improving to 22.2%
- ❑ 2019 R&D spending** amounted to approximately 65 m€ 10.6% on turnover, in line with the Group's strategy on innovation
- ❑ 20 new patents filed in 2019 reaching 1,230 patents

*New products/ net sales. New Products are the ones launched in the last 24 months

** Total R&D spending including capitalized R&D

Key Growth and Strategic Drivers

Industry

- Keep focus on all of our 4 verticals
- RTL (\$ 4 bln): check out evolution, cross sell mobile, watch distribution centers carefully
- MFG (\$8 bln): expand into new sectors to offset automotive crisis
- T&L (\$2 bln): cross sell – complete offer SIS, Mobile, HHS

Products

- Protect our leadership in SIS
- FRS: Be ready for the next generation/evolution not revolution
- Mobile: increase market share completing and widening our offer of portable data terminal (PDT) and portable data assistant (PDA)
- HHS: lead the shift to 2D technology

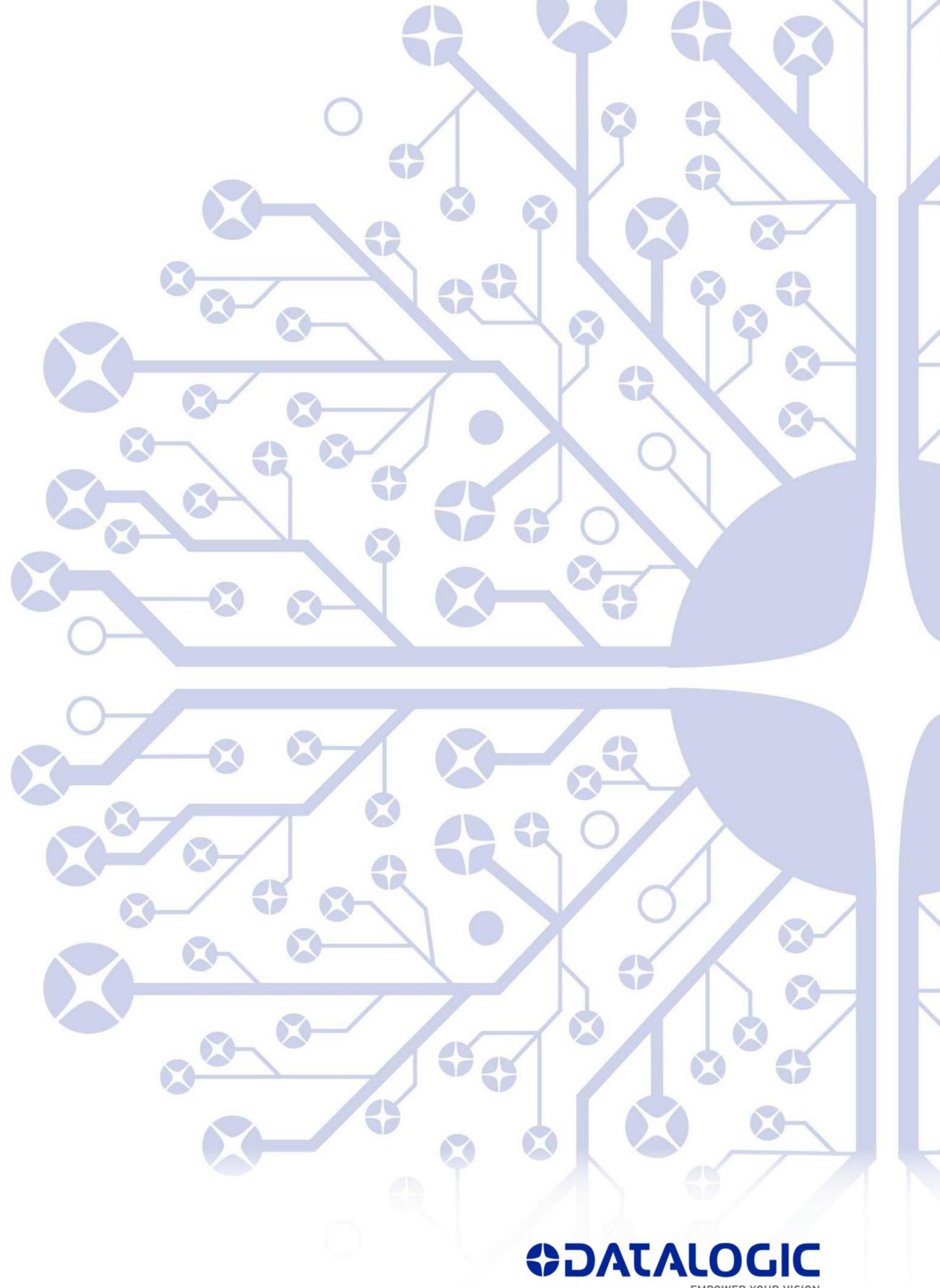
Technology

- Continuous improvement of core technology (bar code reading) e.g. optics, decoding
- Investing in complimentary technologies:
 - Vision / Machine learning
 - RFID
 - Digital watermarking
- Investing in Android

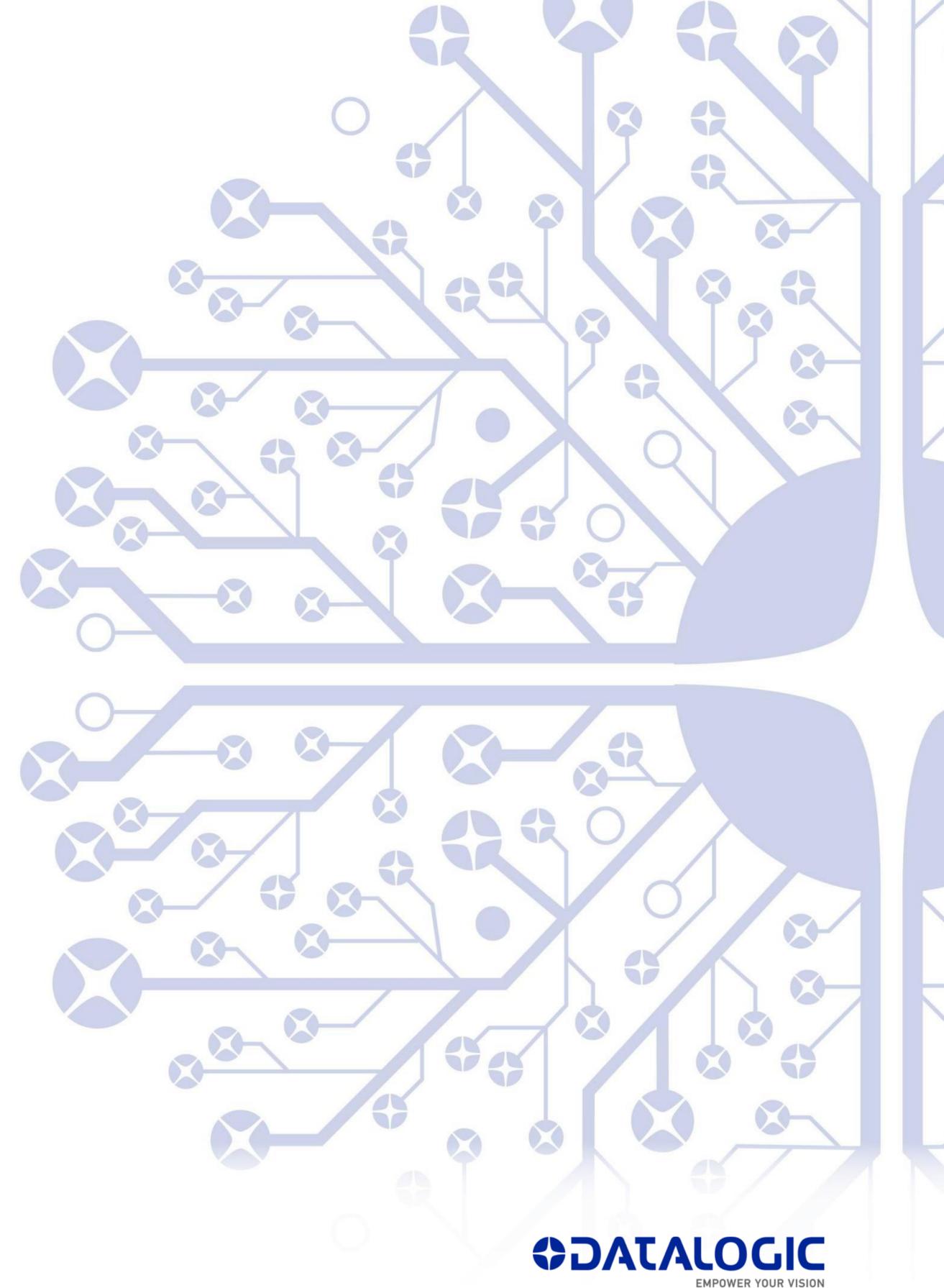
M&A

- Selected target to accelerate our growth and/or to acquire critical technologies

Financials & Outlook



2019 Financials



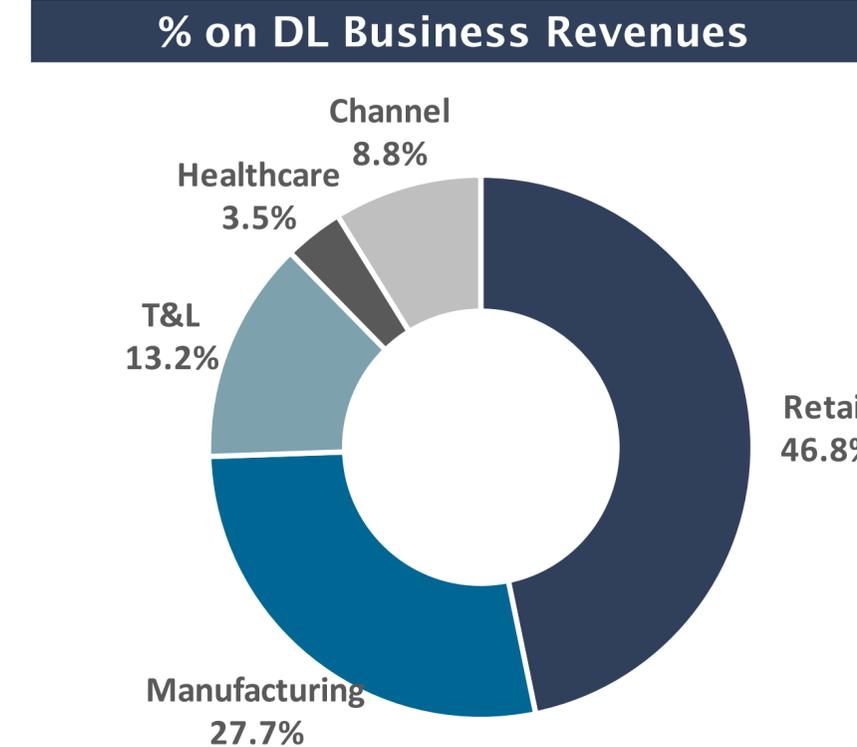
2019 Financial Highlights

- ❑ **Results in line with expectations** despite tough market conditions in an uncertain environment.
- ❑ **Growth in North America (+6.6%) in all industries**, offset by slowdown in APAC (-19.6%) and EMEA (-4.7%) due to deterioration of 'end markets' mainly consumer electronics in China, automotive and packaging in Europe and tough compare due to FRS roll-outs in 2018 in Retail. Group Revenues declining low single digits (-2.9%) compared to last year.
- ❑ **Solid EBITDA** margin at 15.5% despite volume decrease.
- ❑ **Increasing investments* in R&D** at 64.7 m€ (+2.1% VS LY) reaching 10.6% on revenues, executing Group's innovation strategy.
- ❑ **Cash Generation** with a free cash flow at 32.6 m€ in FY2019.
- ❑ **Net Cash position** in line with last year excluding IFRS 16.
- ❑ **Keep executing on the Group Strategy and Innovation Roadmap** in key Markets (Mobile, Industrial Automation and T&L)
- ❑ **Vitality index significantly improved** from 15.0% in FY2018 to **20.1% in FY2019**, mainly driven by Mobile Computing.

* Total R&D spent *Including capitalized R&D*

2019 Group Revenues by Segment

€m	FY 2019	FY 2018	Var % vs. FY 2018	Constant FX
Retail	265.7	278.0	(4.4%)	(7.1%)
Manufacturing	157.4	169.9	(7.4%)	(8.6%)
Transportation & Logistics	75.0	68.6	9.5%	6.6%
Healthcare	20.0	20.1	(0.3%)	(3.2%)
Channel (Unallocated)	50.0	49.2	1.8%	0.4%
Total DL Business	568.1	585.7	(3.0%)	(5.2%)
Solution Net Systems	29.1	28.3	2.6%	(2.6%)
Informatics	18.7	19.6	(4.3%)	(9.3%)
Intra division	(3.4)	(2.6)		
Total Datalogic	612.5	631.0	(2.9%)	(5.3%)

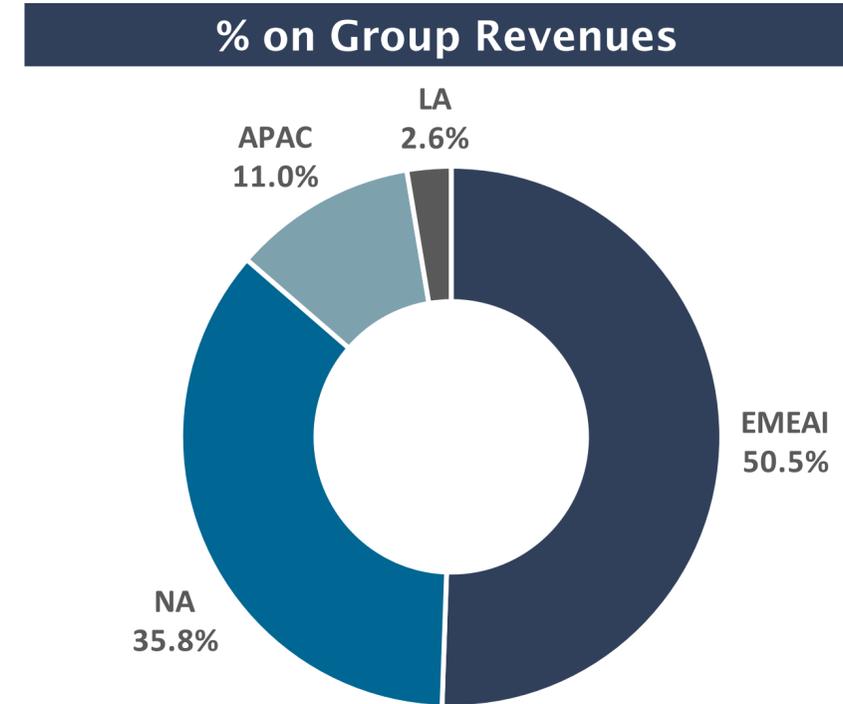


DL Business decline -3.0%

- ❑ **T&L:** strong growth driven by EMEA and double digit growth NA.
- ❑ **Retail:** tough comparison due to major Fixed Retail Scanner rollouts with large clients in EMEA in 2018. Positive performance in APAC and Americas.
- ❑ **Manufacturing:** double digit growth in North America, partially offset by slowdown in Automotive (EMEA) and in consumer electronics (China).
- ❑ **Healthcare:** substantially flat with positive performance in EMEA and NA.

2019 Group Revenues by Geography

€m	FY 2019	FY 2018	Var % vs. FY 2018	Constant FX
EMEAI	309.6	324.8	(4.7%)	(5.9%)
North America	219.4	205.9	6.6%	1.5%
APAC	67.4	83.8	(19.6%)	(20.1%)
Latin America	16.1	16.5	(2.5%)	(4.3%)
Total Datalogic	612.5	631.0	(2.9%)	(5.3%)



- ❑ **EMEAI:** growth in HC and T&L partially offsetting Retail downturn due to major FRS roll outs in 2018.
- ❑ **North America:** revenues show positive growth across all verticals. Excluding SNS and INF, NA Business grew 8.8%.
- ❑ **APAC:** China still impacted by the drop in Manufacturing, partially offset by positive performance of Australia and Japan.

FY 2019 P&L

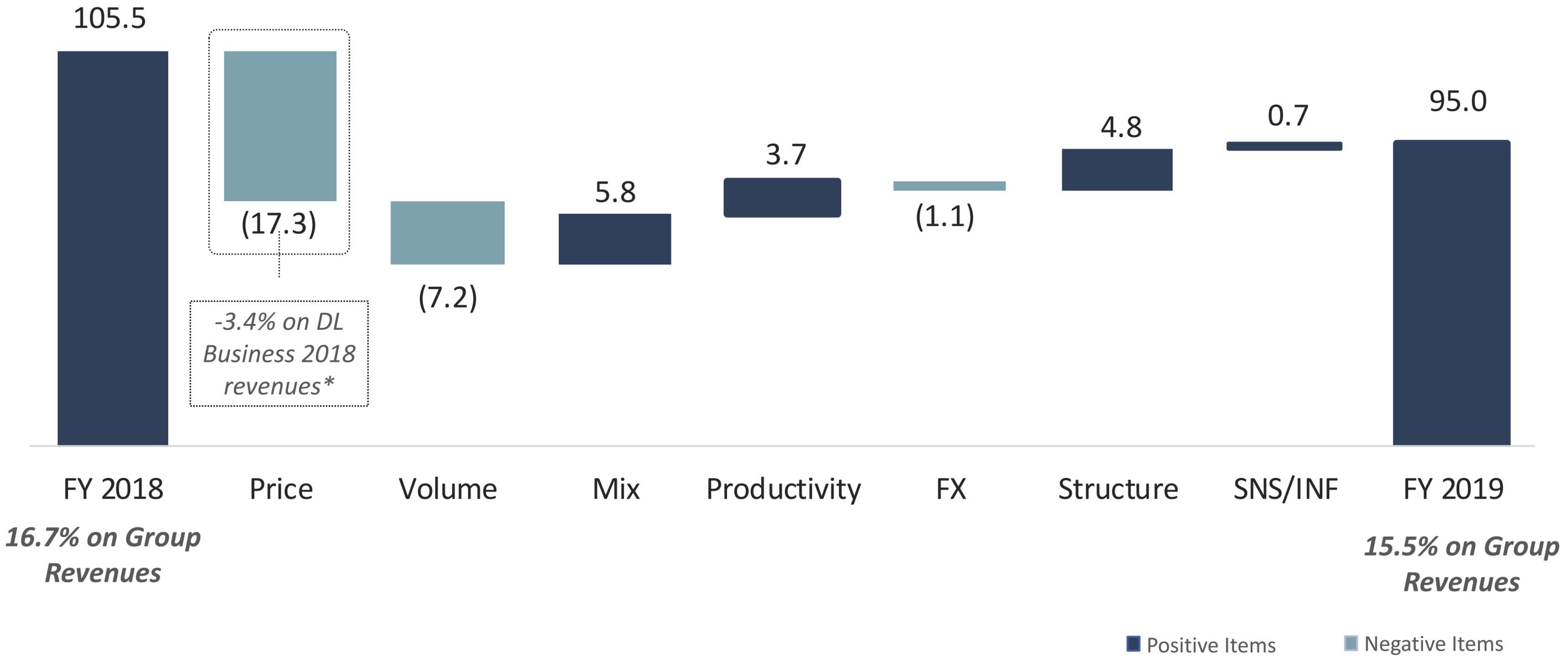
€ m	FY 2019	FY 2018	Variance Reported	Constant FX
Revenues	612.5	631.0	(2.9%)	(5.3%)
Gross Margin	293.1	306.0		
<i>% on Revenues</i>	47.9%	48.5%	-0.6 pp	+0.0 pp
Operating expenses	(220.0)	(215.6)		
<i>% on Revenues</i>	(35.9%)	(34.2%)	-1.8 pp	
EBITDA *	95.0	105.5		
<i>% Ebitda margin</i>	15.5%	16.7%	-1.2 pp	-0.6 pp
EBIT	65.5	83.5		
<i>% Ebit margin</i>	10.7%	13.2%	-2.5 pp	-2.0 pp
Net Income	50.3	62.2		
<i>% on Revenues</i>	8.2%	9.9%	-1.6 pp	-1.2 pp
<i>EUR/USD FX Exchange Rate</i>	1.12	1.18		

- Revenues down 2.9% to €612.5 m (-5.3% Net FX);
- Gross Margin at 47.9%, flat Net FX
- Operating expenses at €220.0 m:
 - ✓ R&D on revenues in line with previous year
 - ✓ S&D on revenues from 17.8% to 19.7% due to the carry over effects of commercial organization investments from last year
 - ✓ G&A and other items kept under control from 6.6% to 6.5%
- Net income at €50.3 m or 8.2% on revenues

* Impacted by IFRS 16: Positive impact of €4.6 million on EBITDA

2019 EBITDA: FY actual vs last year

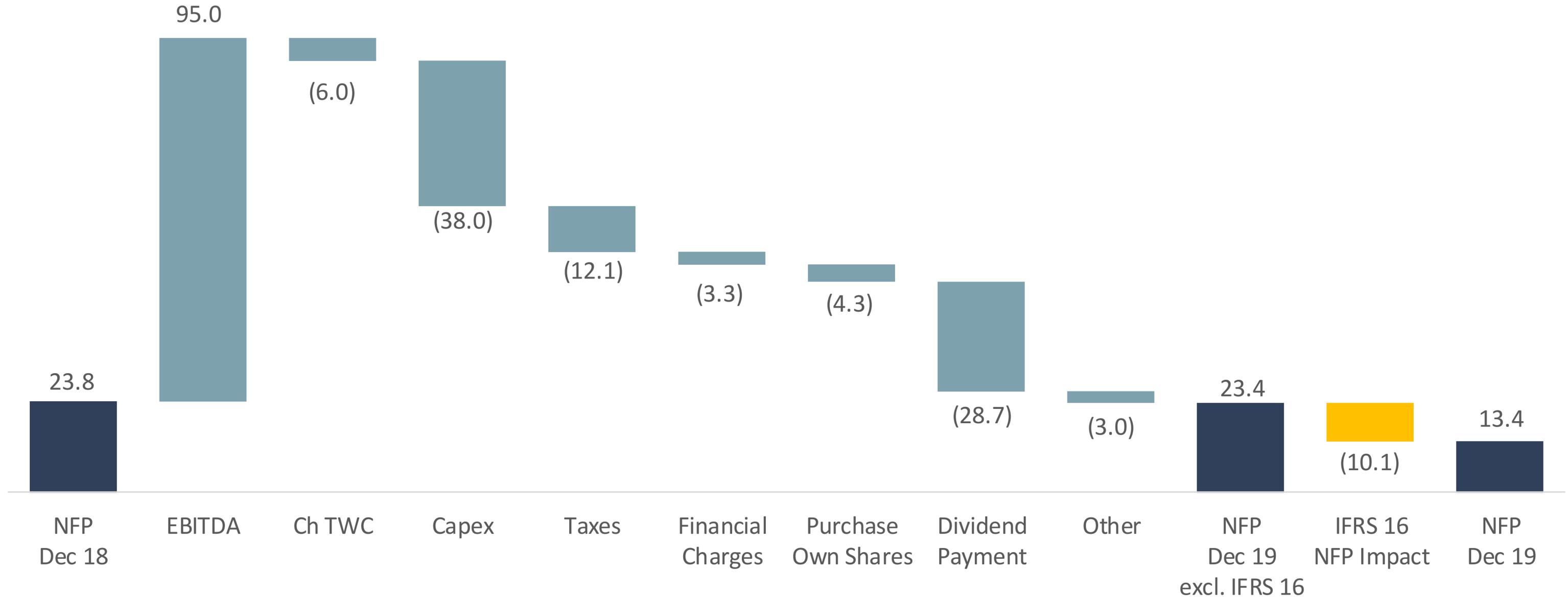
€ m



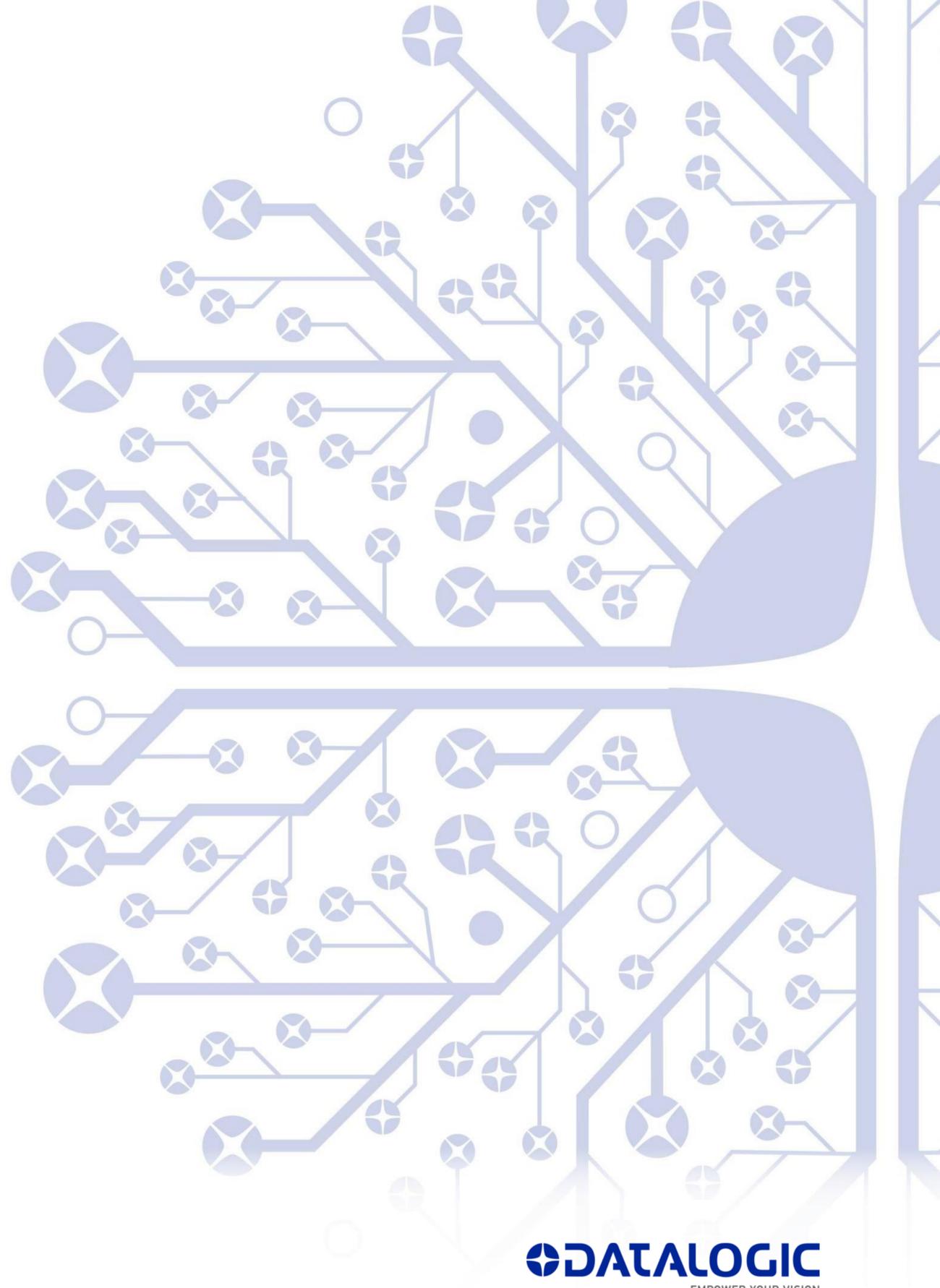
* Excluding Service and other non significant items

2019 Net Debt & Cash Flow Analysis : Dec'18 – Dec'19

€ m



Q1 2020 Updates



Q1 2020 Financial Highlights

- ❑ Significant **Covid-19 impact on Revenue in APAC**, next to already anticipated **phase out of Retail and T&L** projects in EMEAI and North America
- ❑ The **restrictive measures** adopted initially in APAC and subsequently in Europe and North America led to **revenue slippage** mainly due to **Supply Chain and Demand slowdown**
- ❑ **Positive** performance of **Retail and Healthcare** in the **Americas**. **T&L** affected by completion of large orders in US and installation postponement in EMEAI due to Covid-19
- ❑ **Vitality index continue improving** from 19.5% in Q12019 to **22.2% in Q12020**, mainly driven by HHS and Mobile
- ❑ **Adj EBITDA** mainly affected by lower volume and increase in R&D to protect the Technology roadmap, partially offset by **S&D cost reduction program** launched in 2020.
- ❑ **Free Cash Flow** at negative €27.0 m due to the cash absorption from operations and increased safety stocks due to Covid-19

Covid-19 - Actions in a challenging environment

People

- Health and safety of our people is a priority. **Sound health and safety protocols** established for all facilities
- **Smart working** established globally to the maximum extent possible
- **Ensuring operations** in production with highest **health and safety standards in compliance with regulations**

Clients

- Strong **commitment to guarantee optimal continuity to our customers** and partners, whilst working remotely by hosting virtual meetings and demonstrations.

Community

- **Donations and community support** by providing to Italian hospitals **antimicrobial devices, disinfectant ready** to prevent Covid-19 infection and ensure correct patient identification.

Financial
impact
mitigation

- **Cost management** by:
 - Activation of Government social schemes and other employment support tools
 - Sound Cost reduction plan on any discretionary spending while driving commercial efficiency
- **Strong Financial Structure** with Net Debt of €21.0 m. Additional credit lines available providing significant headroom to secure future investment for growth in uncertain environment.

Ready for post Covid-19 challenges

Mobile

- E-commerce
- T&L



Memor 10



Memor 20



Memor 1



Joya

Stationary Industrial Scanners

- Number #1 in Industrial Scanners
- Complete offer for T&L and E-commerce applications



AV7000



AV500



AV900

Antimicrobial disinfectant-ready devices

- Datalogic supports the fight against Coronavirus
- Outer shell of our devices made of antimicrobial plastic:
 - repels pathogens and limits their infectious diffusion
 - resilient to withstand numerous cleanings by harsh medical disinfectants approved by EPA, including disinfectants that are qualified for use against COVID-19



Presentation Scanners

- Magellan 1500i able to read through plexiglass screen



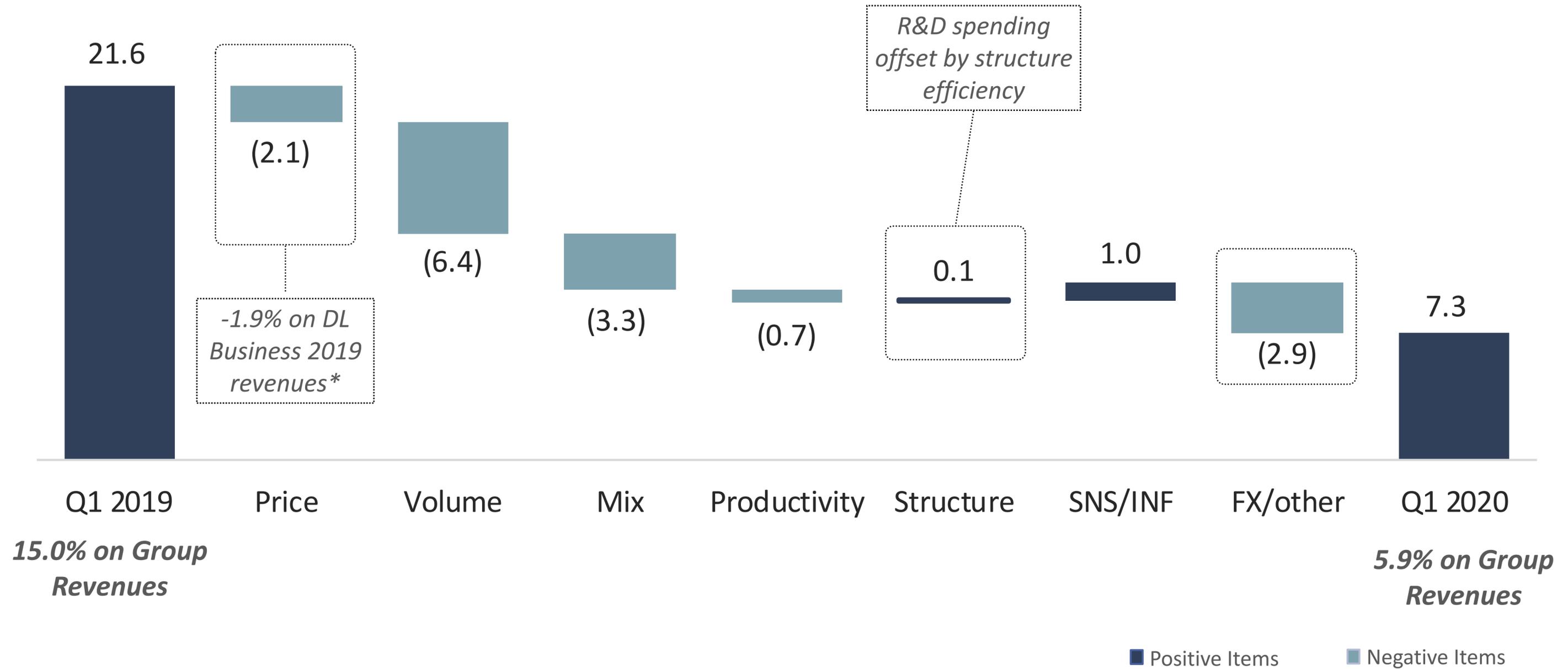
Q1 2020 P&L

€ m	Q1 2020	Q1 2019	Variance Reported	Constant FX
Revenues	124.2	144.6	(14.2%)	(15.0%)
Gross Margin	58.0	70.2		
<i>% on Revenues</i>	46.7%	48.5%	-1.8 pp	-1.3 pp
Operating expenses	(56.7)	(53.9)		
<i>% on Revenues</i>	(45.7%)	(37.3%)	-8.4 pp	
Adjusted EBITDA	7.3	21.6		
<i>% Adj. Ebitda margin</i>	5.9%	15.0%	-9.1 pp	-8.5 pp
EBIT	(1.2)	14.8		
<i>% Ebit margin</i>	(1.0%)	10.2%	-11.2 pp	-10.7 pp
Net Income	(4.3)	12.6		
<i>% on Revenues</i>	(3.4%)	8.7%	-12.1 pp	-11.6 pp
<i>EUR/USD FX Exchange Rate</i>	1.10	1.14		

- **Revenue -14,2%** driven by large roll-outs in Q12019, T&L projects completion and overall Covid effect.
- **Gross Margin at 46.7%**, decrease mainly due to volumes and lower absorption of fixed costs. Price substantially in line with past trend
- **Operating expenses at €56.7 m:**
 - ✓ **R&D expenses** increased by 18.3% for strategic investments
 - ✓ **S&D** €2.6m savings vs LY net of 2019 one-offs
 - ✓ **G&A expenses** in line with previous year
- **Financial charges** impacted by unfavorable FX and negative fair value on cash equivalents investments at the lows of Q1 financial market

EBITDA Adj: actual vs last year

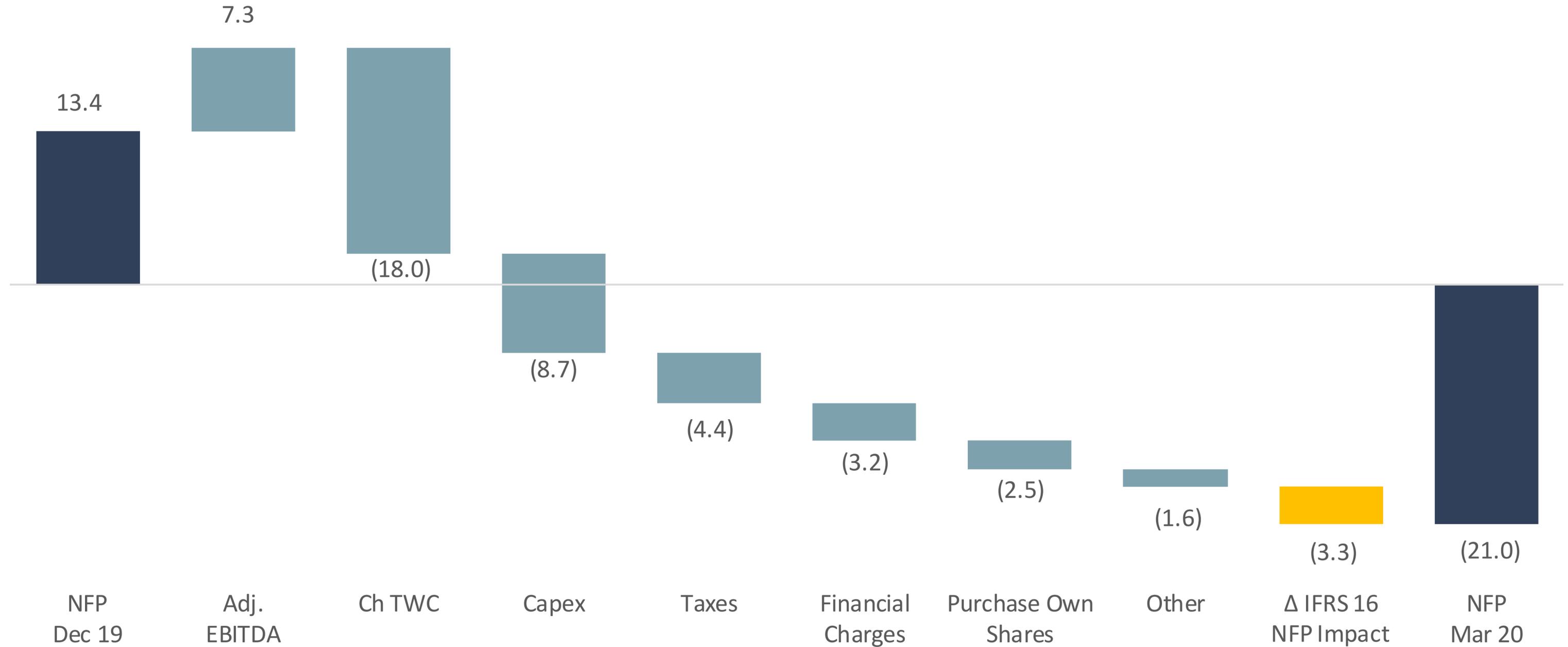
€ m



* Excluding Service and other non significant items

Q1 2020 Net Debt & Cash Flow Analysis

€ m



2020 Outlook

- Given the current crisis relating to the Covid-19, and the timing of a possible recovery, the Group believes it is not yet possible to estimate the overall impact it will have on the full year. The evolution of the pandemic, the resolutions of authorities regarding lockdowns, as well as market reactions and possible recessions imply negative growth forecasts for the first half of 2020 and potentially for the remainder of the year
- The Group is implementing measures to mitigate the financial impact of Covid-19, focusing on solid cost reduction plans, while protecting technology investments and strengthening the already sound financial structure
- Despite the expected short-term negative trend, the solid economic and financial fundamentals will lead Datalogic to grow again in the medium and long term

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NEXT EVENTS

June 4, 2020
Shareholders' Meeting

DATALOGIC ON LINE

www.datalogic.com