



**DATALOGIC**

THE VISION IS YOURS



**ITALIAN INVESTMENT  
CONFERENCE**

**Milan**

**16 May 2018**

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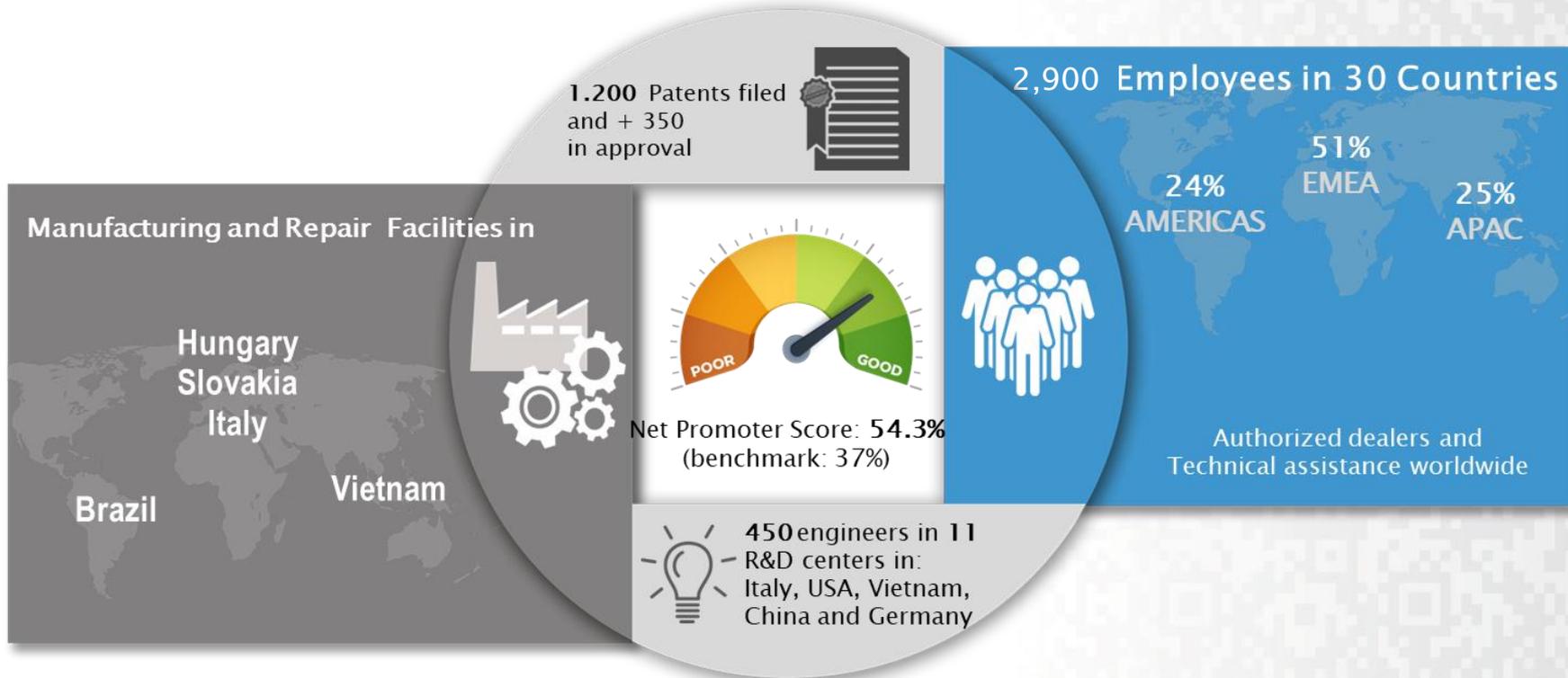
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# Group Overview

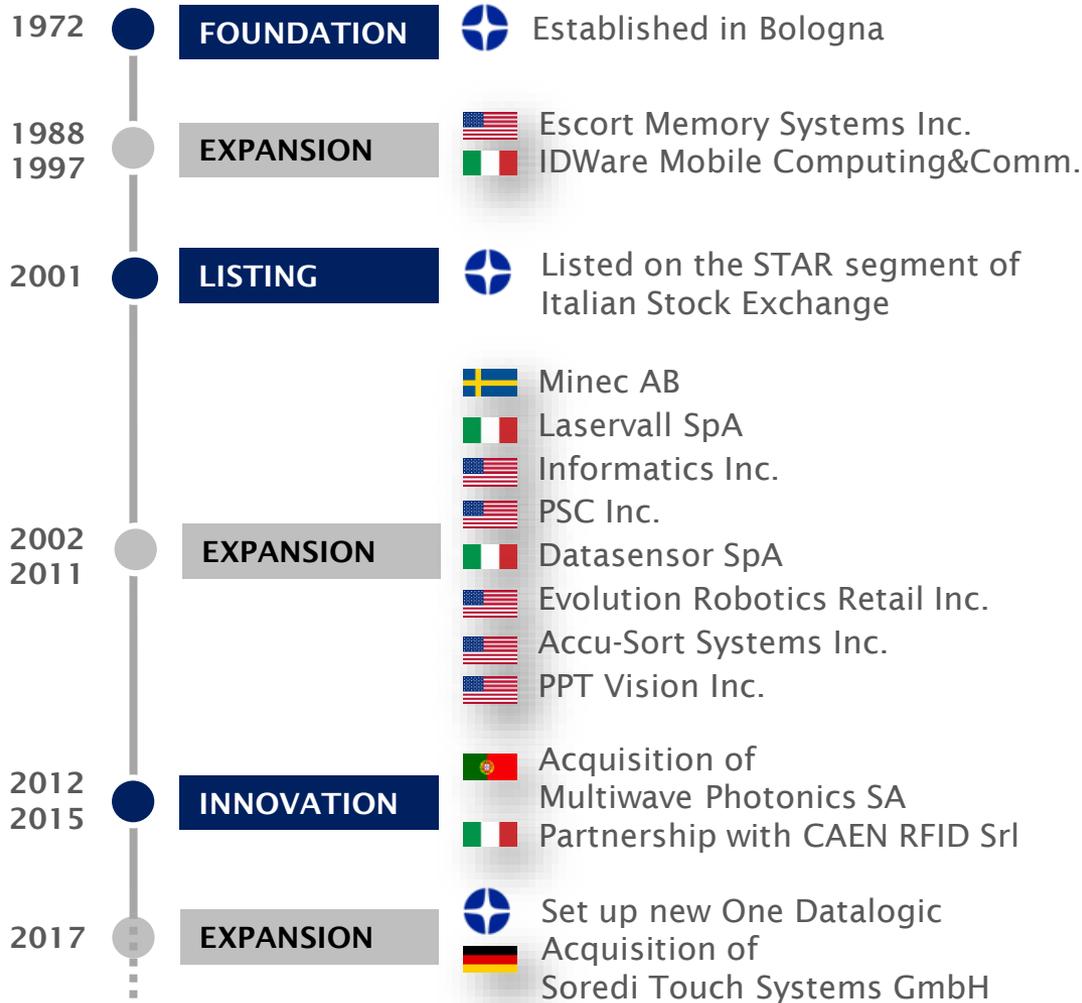
# Datalogic at a glance

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

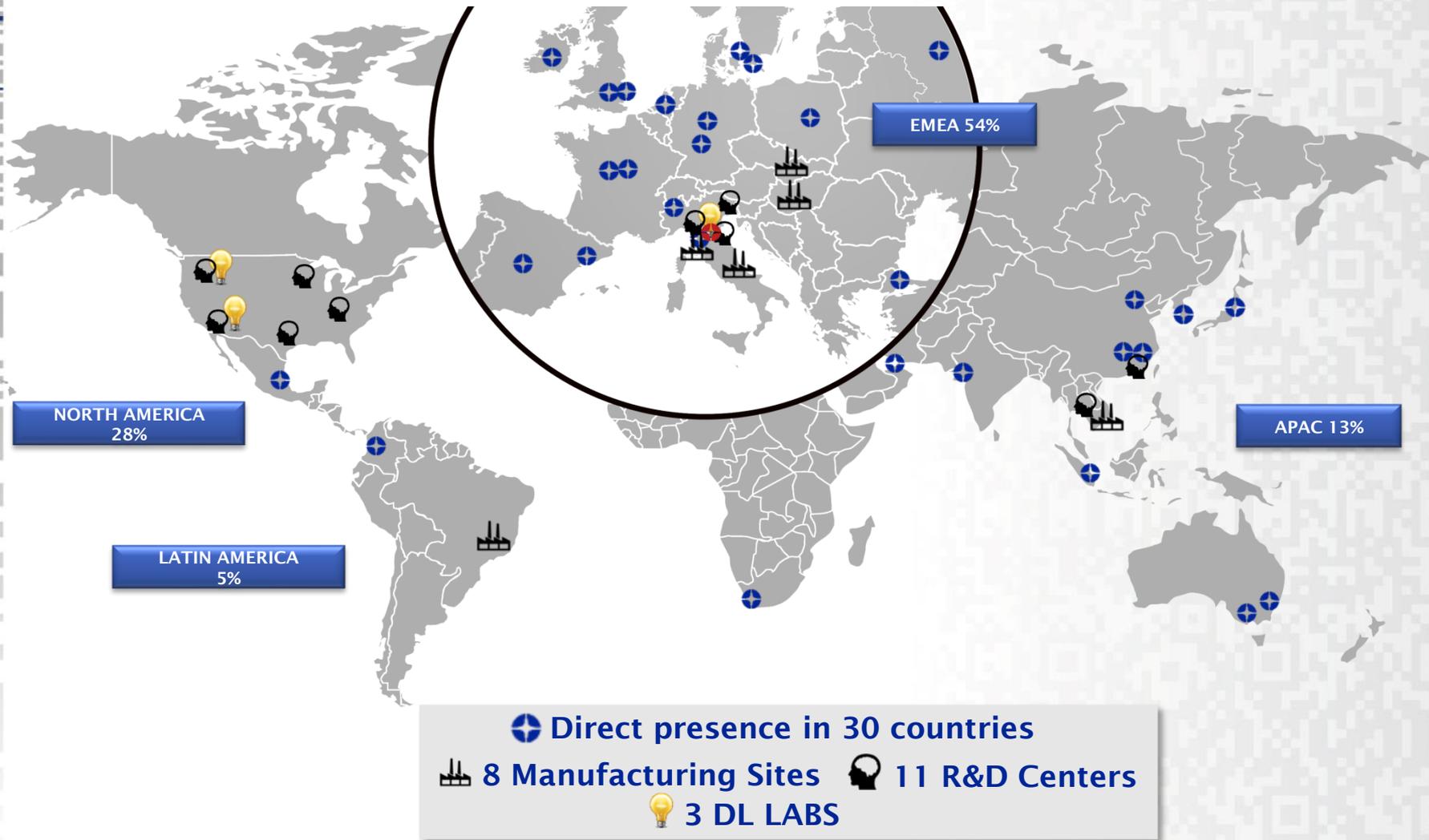
Founded in 1972, listed on the Italian Stock Exchange since 2001.



# Over 40 years of Technological Innovation



# A Wide Geographical Footprint



Note: Breakdown by area based on FY 2017 revenues

# 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

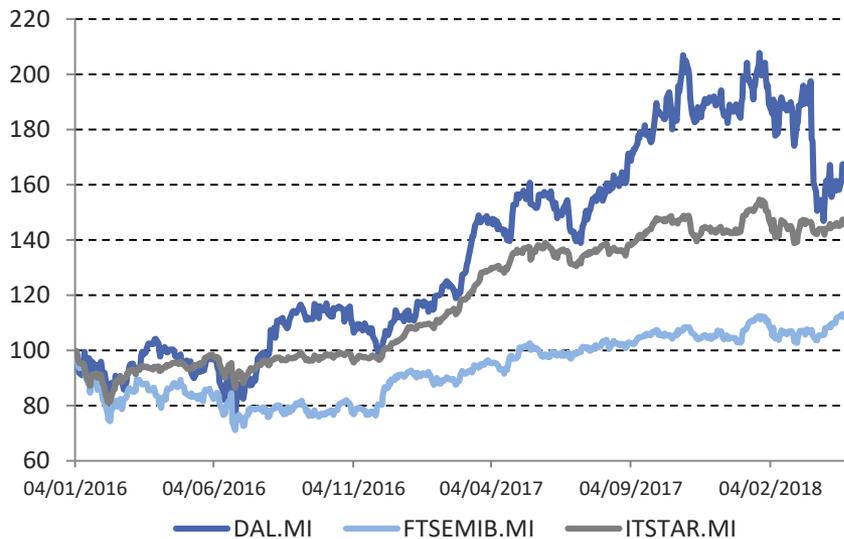
**Ticker:** DAL

**Price (May 11, 2018):** 31.25 Euro

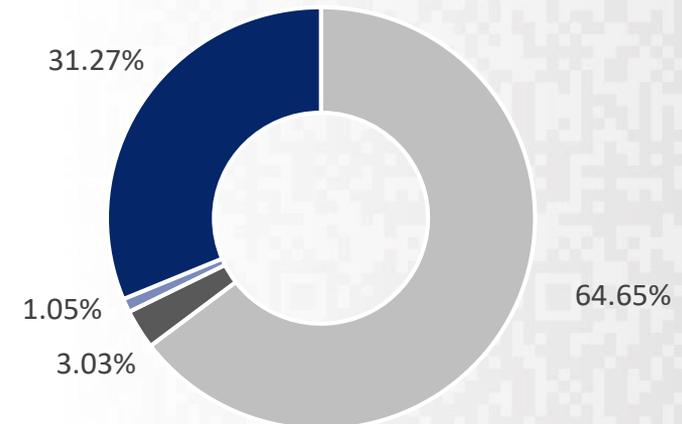
**Market Cap (May 11, 2018):** 1.83 B Euro

**Auditing Company:** EY

## DATALOGIC PRICE PERFORMANCE



## SHAREHOLDERS' STRUCTURE



■ Hydra SpA ■ JP Morgan ■ Treasury Shares ■ Free Float

# Strategy and Outlook

# Unique Player across IA and ADC Markets

DATALOGIC is the only player across the Global competitive landscape who can boast a wide and consolidated experience in both the two fields of:

- **Industrial Automation** (dating back to the foundation of the company)
- **Automatic Data Capture** (leadership deriving from the acquisition of PSC USA )

AUTOMATIC DATA CAPTURE

INDUSTRIAL AUTOMATION



The DATALOGIC logo is centered in a blue circle. It features the word "DATALOGIC" in blue capital letters with a blue circular icon containing a white crosshair to its left.

**COGNEX**

**KEYENCE**

**SICK**

Sensor Intelligence.

# A New Organisation by Verticals...



# ...with a Wide and Complementary Offer...



# ...Innovative Solutions...

## SELF-SHOPPING



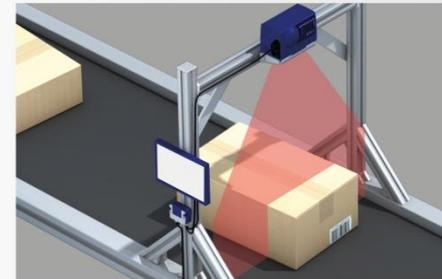
Self-shopping allows customers to self-shop by directly scanning their own groceries with a Joya device or a smartphone. Shop evolution creates an exciting shopping experience for customers while providing increase in basket size, lower operational costs, and improved loyalty for retailers. While shopping, customers can bag items as they shop, check the running total, enjoy personalized promotions, and pay without queueing at the checkout.

## MARK & READ



Only Datalogic delivers end-to-end solutions for Direct Part Marking & Reading, from automated to manual deployments. With the smallest marking head footprint, Datalogic products make mechanical installations extremely easy in every applications: from stand-alone marking stations to fully automated working center in production lines. Automated reading cameras and vision processors complete the solution with the industry's most intuitive interface, easy to deploy.

## DIMENSIONING & WEIGHING SYSTEMS

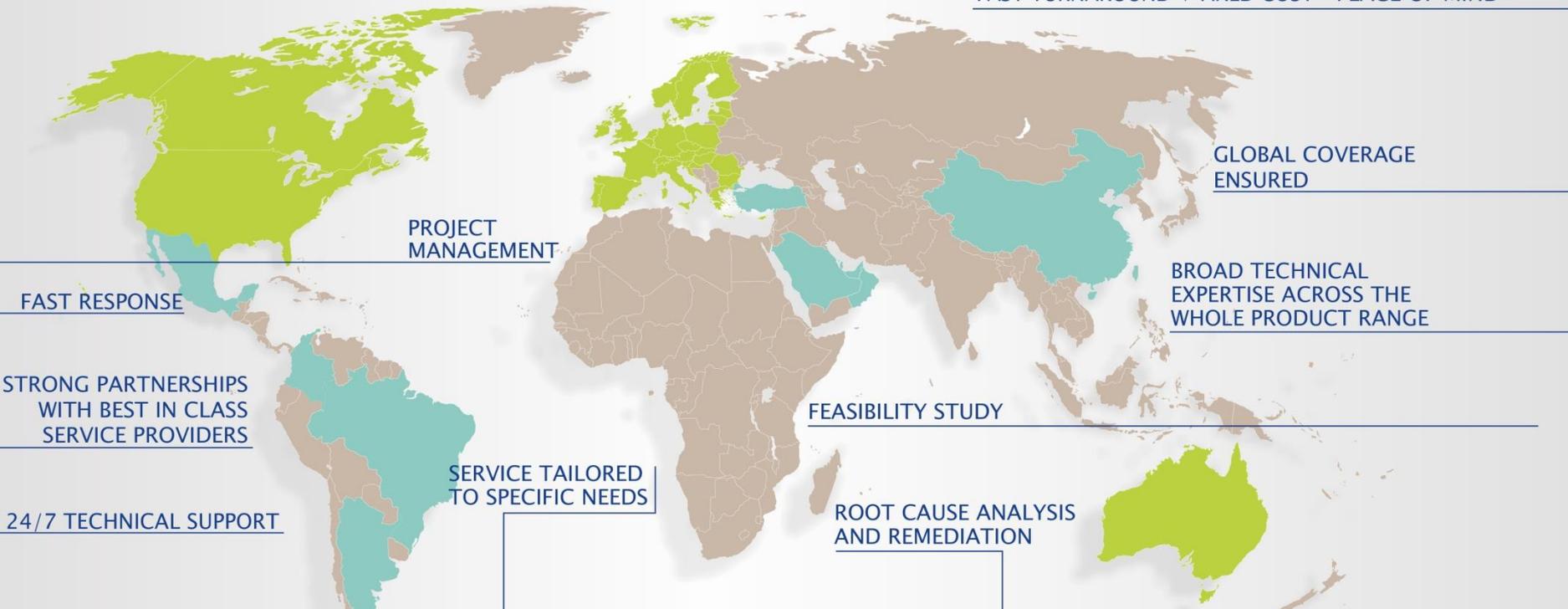


The process of shipping and managing freight expenses is now dependent on the weight of the freight and the space it occupies. Determining these characteristics and associating them with an order or shipment is essential to maximize shipping economy. Datalogic Dimension Weigh Scan systems provide a complete solution of dimensioners, scales, and bar code readers, to provide certified parcel profiles. The system integrates the bar code, weight and dimension data into a single message that can be used for sortation and verification.

# ...and a state of the art Customer Service

MULTI-LINGUAL  
PROFESSIONALS

EASE OF CARE (EoC)  
PROGRAMS FOR REPAIRS  
FAST TURNAROUND + FIXED COST= PEACE OF MIND



## Premium Service Coverage

On-site support	Next business day from notification
Phone support	Local language
EoC Comprehensive	Both the 2 days and overnight options, with both ways freight included
EoC 5 days, no comprehensive	Available
Datalogic Repair Center or Authorized Service Partner	Warranty and out of warranty repairs
Countries	European Union, Norway, Switzerland, United States, Canada and Australia



## Fast turnaround

On-site support	Within 3 business days from notification
Phone support	English
EoC Comprehensive	The 5 days with one way freight included
EoC 5 days, no comprehensive	Available
Datalogic Repair Center or Authorized Service Partner	Warranty and out of warranty repairs
Countries	Argentina, Brazil, China, Colombia, Mexico, Turkey, Saudi Arabia, Bahrain, United Arab Emirates, Oman and Qatar

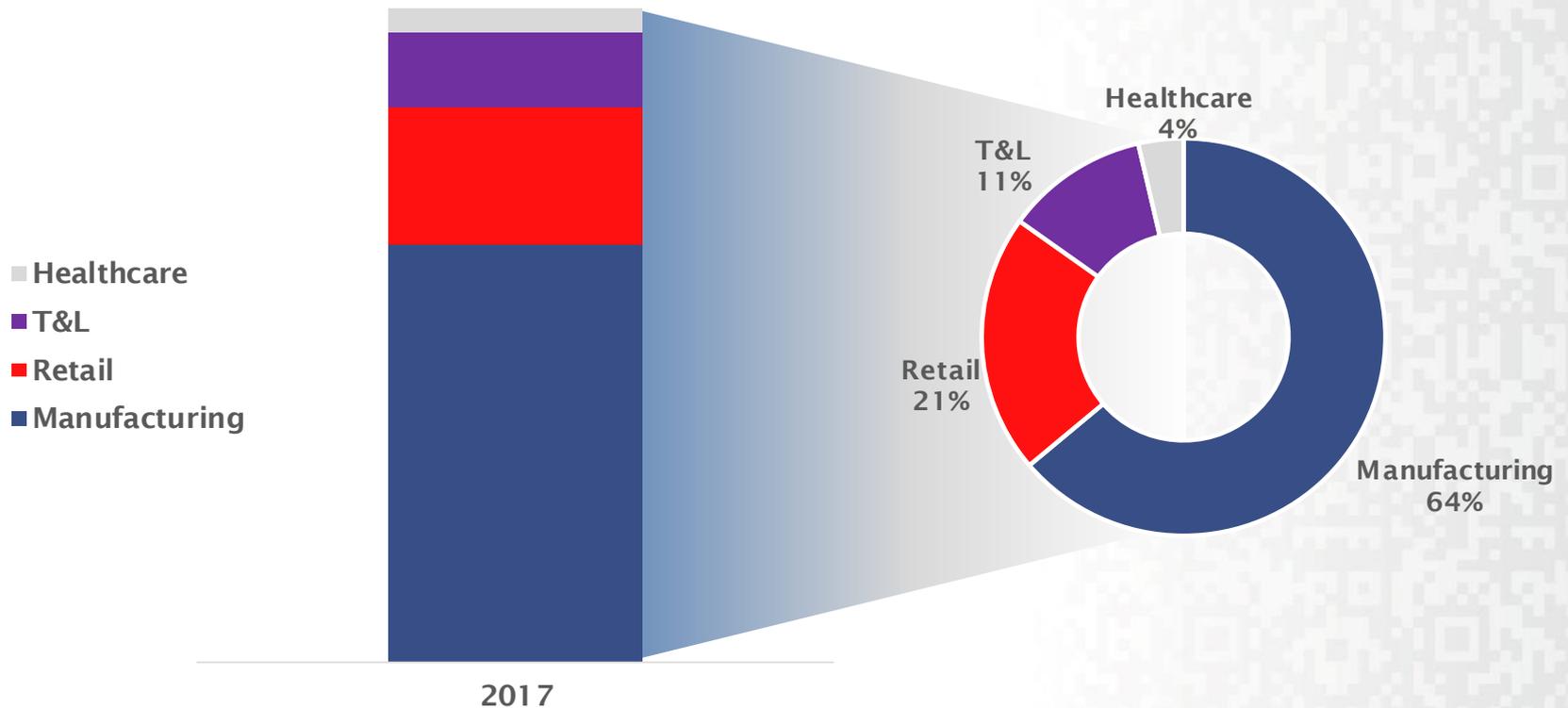


## Standard support

On-site support	Within 5 business days from notification
Phone support	English
EoC comprehensive	Not available
EoC 5 days, no comprehensive	Not available
Datalogic Repair Center or Authorized Service Partner	Warranty and out of warranty repairs at the nearest DL repair center (may include customs clearance)
Countries	Rest of the World

# Total Addressable Market

Total Addressable Market @ \$11 BN  
CAGR 2017-2021 +5.4%



Source: VDC 2017 and Management estimates

# We play in a growing market

## RETAIL E-COMMERCE



2016: **1.86** trillion USD

2021: **4.48** trillion USD

## WAREHOUSING AND LOGISTICS ROBOTICS



2016: **1.9** billion USD

2021: **22.4** billion USD

## IoT



2016: **3.9** trillion USD

2025: **11.1** trillion USD

Datalogic products and solutions are essential for the e-commerce, the robotics and the IoT revolution

There has never been a more exciting time as this to operate in the market we play in

# Retail

## Connecting People, Processes and Technology

### DATALOGIC PROPOSITION



- We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers' Home.
- Datalogic was the **first company** to introduce the full imaging **bi-optic POS scanner** and to conceive a **fully automated portal scanner**
- New Data capture products for E-commerce and multichannel
- Data analytics for **location based services**, indoor navigation, customer tracking either for path and time spent in front of shelves

### MARKET OUTLOOK

- 90% of transactions are still completed in-store
- E-commerce drives change towards an omnichannel experience (brick and mortar – online shopping)
- Distribution Centers automatization increase.

### DATALOGIC RESULTS

- **Q1 2018 Revenues €68.5 mln (+4.9% YoY, +12.6% ex Forex)**, 52% of DL Division' Revenues
- Positive after two quarters' decline, expected to further improve over next quarters
- Double digit steady growth at constant Forex; **EMEA +14%, North America +13%, Latam +32%**
- Recovery in NA thanks to big deals, still to be improved coverage and run-rate business



# Example of how retailers are evolving

## Walmart Digital Eco-System



Source: PlanetRetail RNG

# Manufacturing

## The factory of the future

### DATALOGIC PROPOSITION



- 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.**
- Wide-range offer adapting to every customer
  - Safety → Laser Sentinel
  - Traceability → Identification products and Laser marking
  - Quality Control → Machine Vision
- Expanding into **Intralogistic solutions** and **Robotic/AGV guidance**

### MARKET OUTLOOK

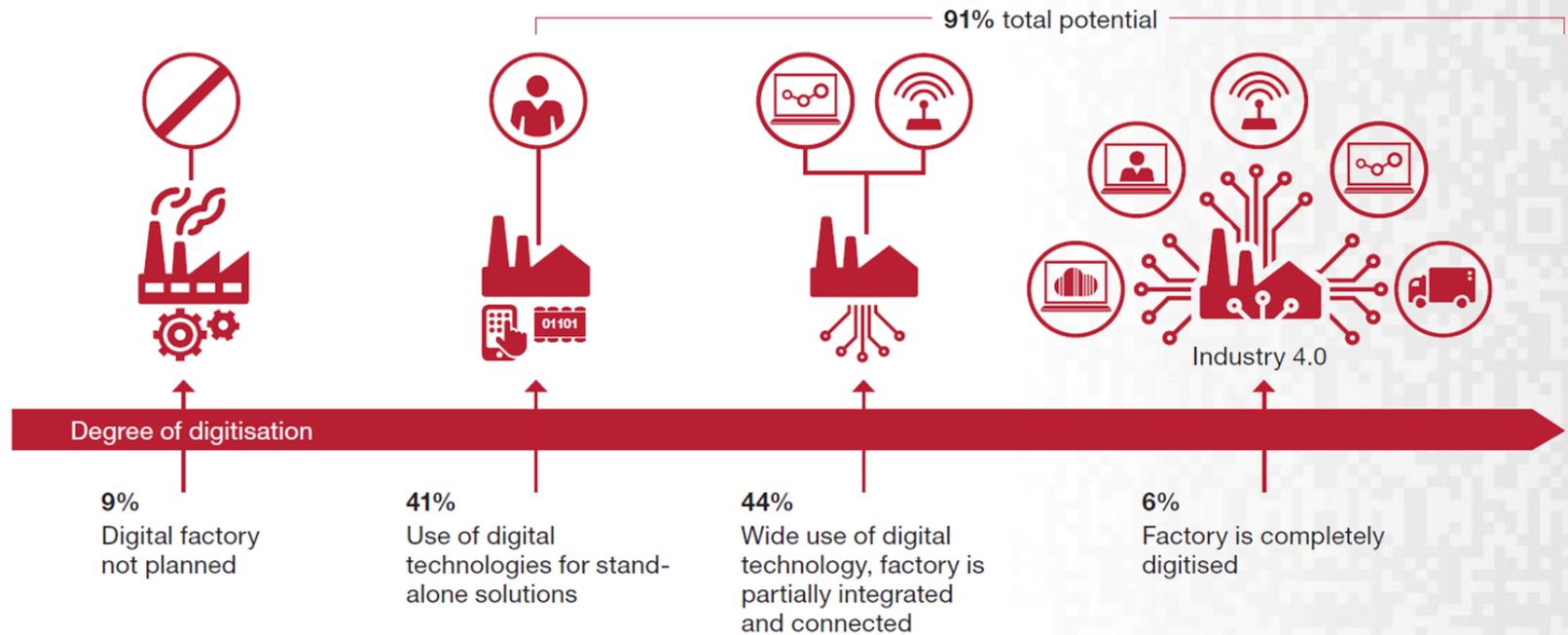
- **Industry 4.0** is pushing for **multi-technology** adoption, product **interoperability** and enhancement **self diagnostic capabilities**
- The adoption of key digital technologies shows a strong growth over the next 5 years

### DATALOGIC RESULTS

- **Q1 2018 Revenues €41.6 mln (+13.8% YoY, 18.2% ex Forex), 31% of DL Division' Revenues**
- **Performance driven by China and EMEA:** +55.4% and +14.7 at constant Forex, respectively, whilst North America flat
- **Massive sales organization's hiring plan ongoing:** around + 90 people in key areas expected in 2018



# Some numbers and trends: digital factory



Nine out of ten companies are investing in DIGITAL FACTORIES

Source:  pwc

# Transportation & Logistics

## Visibility and interaction with the customer

### DATALOGIC PROPOSITION



- We ensure efficient & effective Data Collection to Courier-Express-Parcels, Airports, warehouse operators and sorting processes.
- The first generations of **self-driving vehicles** (autonomous shuttles and forklifts), used in controlled areas of the warehouse are being developed
- 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.

### MARKET OUTLOOK

- Growth is driven by E-commerce: high speed sorting, ability to manage any size of parcel, and high flexibility
- Strong demand for solutions beyond barcode

### DATALOGIC RESULTS

- Q1 2018 Revenues €12.8 mln (+21.2% YoY, 29.6% Ex Forex), 10% of DL Division' Revenues
- **Growing double digits both in EMEA and North America: +32.7% and +28.7%** at constant Forex, respectively
- **Big projects won in North America, mainly in CEP, and strong new customers' base acquisition both in North America and EMEA.** New partnerships ongoing to offer integrated solutions



# Transportation & Logistics

## AIRPORT

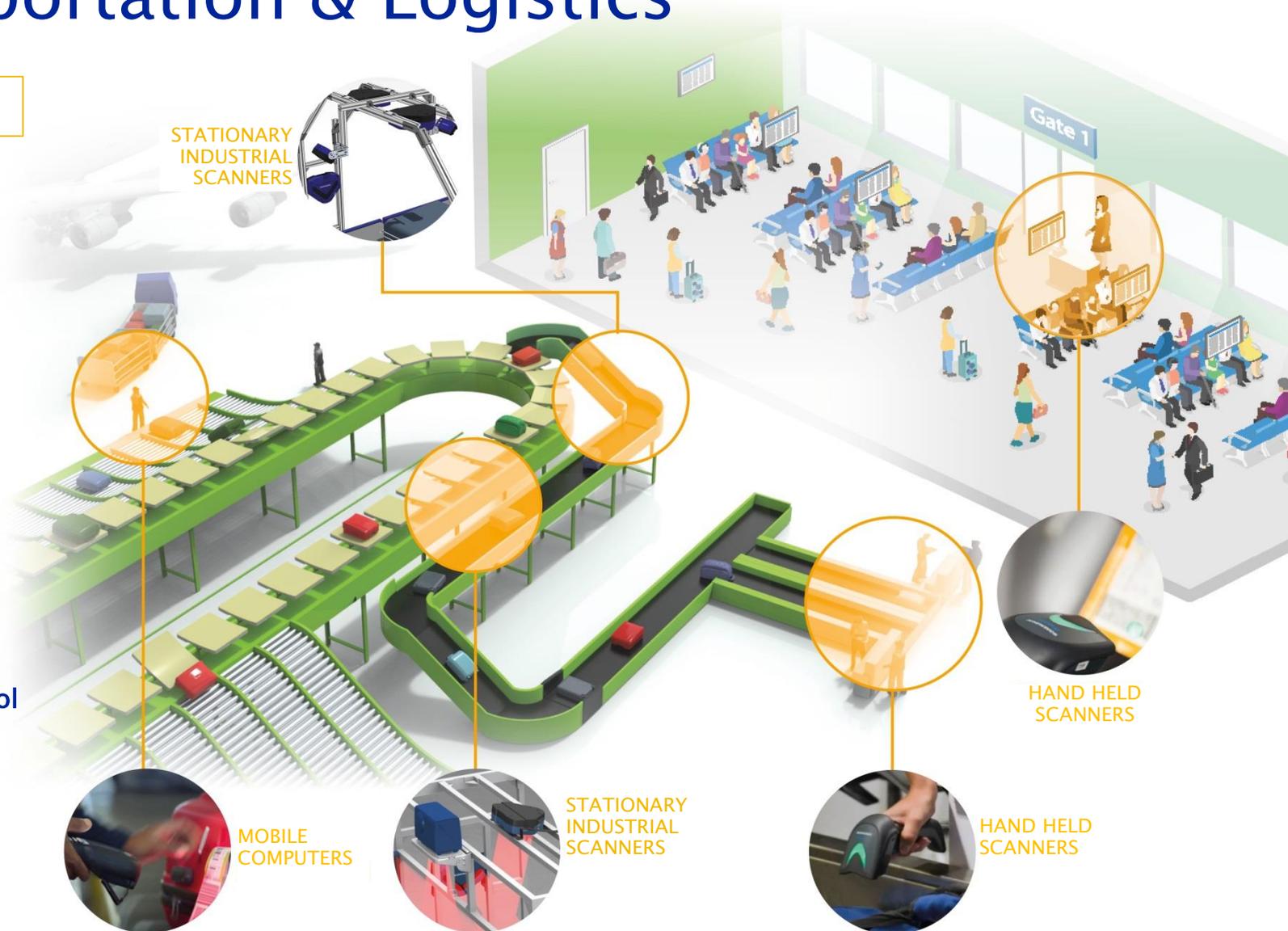
Baggage Handling Systems

Baggage & Cargo Reconciliation

Out Of Gauge

Check-in and Baggage Drop-off Handling

Access Control



# Healthcare

## Meet regulations and Higher Patient Safety

### 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 to enhance protection against germs and bacteria
  - **Inductive charging technology** for battery recharge avoiding maintenance cost related to contact damaging/wearing
  - **Green spot good match** to ensure positive medicine-patient identification
- LAB Analysis is also working to ensure the **reliability of data** based on the patient

### MARKET OUTLOOK

- Drugs tracking to avoid counterfeit medications
- Growing demand inside hospitals and clinical labs for traceability of people and surgical tools.

### DATALOGIC RESULTS

- **Q1 2018 Revenues €4.6 mln (-35.7% YoY, -30.2% ex Forex), 3% of of DL Division' Revenues**
- **Decline in Q1 due to tough comparison with Q1 2017**, where major deals with 2 relevant US hospital chains occurred
- Further strengthening of the North America sales organization ongoing.
- Revenues trend reversal expected in H2 mainly.



# A clear 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

# 2018 Outlook

- **Grow in revenues at mid to high single digit rates**
- **Maintain a sound profitability through strong focus on gross operating margin improvements**
- **Further increase R&D investments & Distribution costs** to improve our coverage and boost leadership in key areas (North America, APAC, Manufacturing)
- **Maintain a Cash Generation profile**

- 
- **Retail:** continuing in growth recovery quarter over quarter in the Americas mainly through new products and expanding sales organization
  - **Manufacturing:** keep on steady growing in China and other main Geo Areas, backed by strong demand for automation and further investments in sales organization in key Geo areas
  - **T&L:** keep growing in main Geo Areas, through new projects and new clients' acquisition
  - **HC:** growth expectations mostly skewed toward H2



New product launched in H2 2017 at full speed in H2 2018

# Technologies and Products

# Product Innovation and Development

- **New product development** process driven by **customer needs**
- A portfolio of more than **1.200 patents**
- **9.1% of Revenues** invested in **R&D** on a yearly basis, equal to over **€55 million** in 2017
- **11 Research & Development Centers**
- **470 R&D resources**, more than **450 Engineers**, engaged in new product development and emerging technologies



# Datalogic Technology Roadmap



## Goal:

Identification – selection – protection – development, of technologies needed to maintain the business performance in accordance with the company's objectives for the next 5 years

## Methodology:

Define the **technology stack**, divided by:

- Core technologies: Not available on the market
- Product driven technologies: Used heavily in our products
- Solution driven technologies: Contribute to the consumer's experience



# Technology Stack

Solution driven technologies

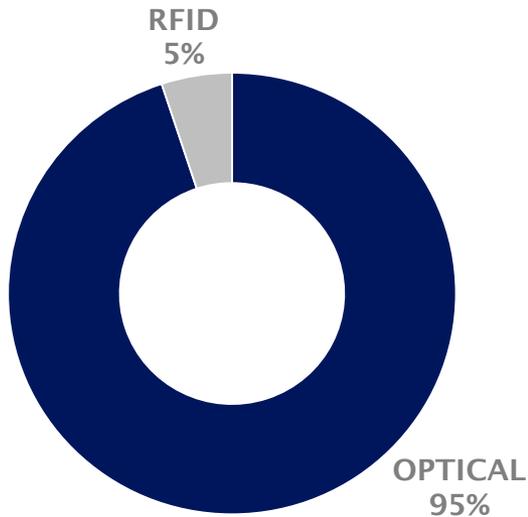
Product driven technologies

Core technologies

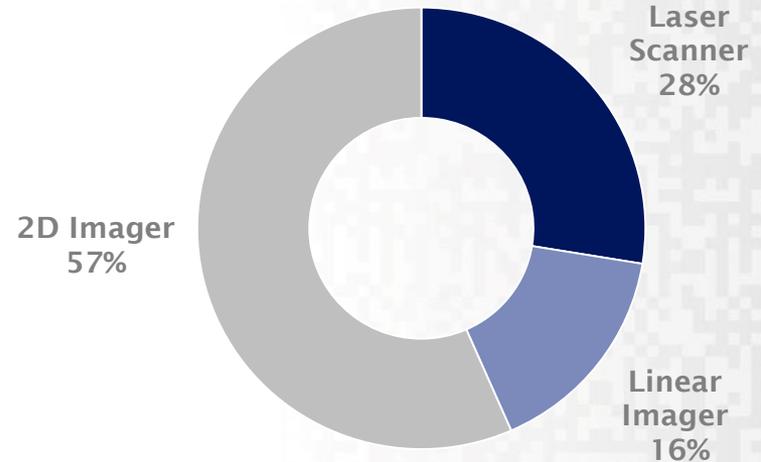
# Market split by Technology

Datalogic can offer all the technologies available for products identification

## Data Capture Technology



Market Value: \$4.3 Bn



includes only Hand Held Scanners, Industrial Stationary Scanners and Point of Sale Check Out



2017 (base year 2016)

# 2017 New Products Introduction

**Q1**

**HAND HELD**  **POWERSCAN 9500 RT**

**AUTOMATION**  **IMPACT 11.10 RELEASE**  
**MATRIX 300N POLARIZED**

**RFID**  **DLR-BT001**  
**DLR-TL001**  
**DLR-DK001**

**Q2**

**MOBILE**  **MEMOR™ X3 HC**

**AUTOMATION**  **MATRIX 120 WA and POLARIZED**

**LABS**  **HALOGEN DE2012-WA-DL**

**Q3**

**HAND HELD**  **DSE04x1**  
**RIDA BC6020**  
**POWERSCAN™ 9100**  
**QW2400**

**MOBILE**  **JOYA TOUCH A6 & A6 HC**  
**RHINO II**

**FRS / T&L**  **MAGELLAN 3450VSI**  
**MAGELLAN 3550HSI**

**AUTOMATION/LABS**  **HERBO DE1011-SR**  
**11.11 IMPACT SW RELEASE**  
**DS5100**

**Q4**

**MOBILE**  **SKORPIO X4**  
**New trigger handle for DL-AXIST**

**AUTOMATION**  **SLS-B5 LASER SENTINEL**  
**LIGHTER 6.4**  
**SG4 FIELDBUS**  
**DL.CODE 1.5**

**RFID**  **DLR-PR001 UHF LONG RANGE PORTAL READER**

# 2018 First Quarter Product Launches

## STATIONARY LASER SCANNER

- Flexible
- Powerful
- Compact
- Smart
- Cost effective

**AUTOMOTIVE,  
FOOD & BEVERAGE,  
PHARMACEUTICAL  
AND OTHER MANUFACTURING PLANTS.**



## 2D DECODER SCAN ENGINE

- Ultra compact
- High Performances

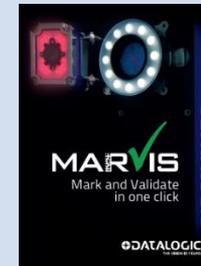
**RETAIL  
T&L  
HEALTHCARE  
ENTERTAINMENT, HOSPITALITY, COMMERCIAL SERVICES**



## MARVIS™ MARK READ VERIFY INTEGRATED SOLUTION

*in-line validation of marked traceability codes with one software suited for all you laser marking and traceability needs*

**AUTOMOTIVE  
SURGICAL TOOLS AND  
MEDICAL DEVICES  
GENERAL MANUFACTURING**



## SH15 / SH21 BLACKLINE COMPUTERS

*Rugged vehicle mounted computer (VMC) as well as fixed mount kit*

**MANUFACTURING:  
MES  
QUALITY CONTROL  
KIOSK APPLICATIONS  
LOGISTICS (15 INCH CAN ALSO BE MOBILE)**



# Financials

# Improved results despite forex effect



## Q1 RESULTS € m

REVENUES  
**€142.9**  
+1.0%  
(+7.8% at constant FX)

**€22.0**  
EBITDA  
(+5.7%)

**15.4%**  
EBITDA  
MARGIN  
(+0.7 p.p.)

**€11.2**  
NET  
INCOME

**Net Cash position at €32.3**

# Revenues and profitability improvements

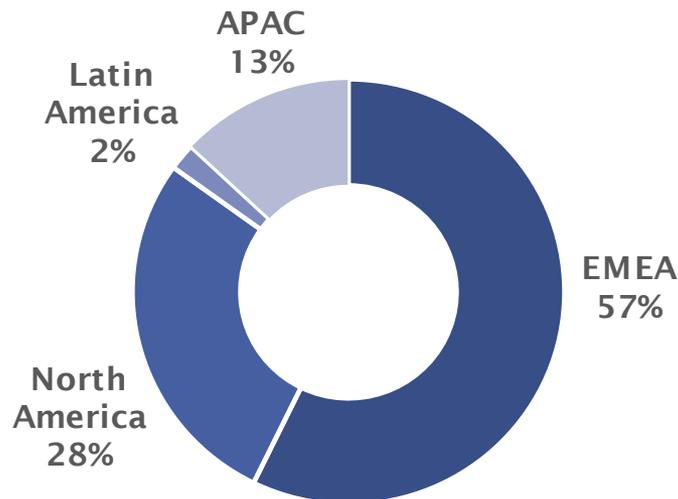
€ m	Q1 2018	Q1 2017	Var%
<b>Revenues</b>	<b>142.9</b>	<b>141.5</b>	<b>1.0%</b>
Gross Operating Margin	69.8	66.2	5.5%
<i>%on Revenues</i>	<i>48.8%</i>	<i>46.8%</i>	
Operating expenses	(51.9)	(49.6)	4.6%
<i>%on Revenues</i>	<i>(36.3%)</i>	<i>(35.1%)</i>	
<b>EBITDA</b>	<b>22.0</b>	<b>20.8</b>	<b>5.7%</b>
<i>Ebitda margin</i>	<i>15.4%</i>	<i>14.7%</i>	
<b>EBIT</b>	<b>16.5</b>	<b>15.3</b>	<b>8.3%</b>
<i>Ebit margin</i>	<i>11.6%</i>	<i>10.8%</i>	
<b>EBT</b>	<b>14.7</b>	<b>14.0</b>	<b>4.9%</b>
Taxes	(3.5)	(2.1)	67.9%
<b>Net Income</b>	<b>11.2</b>	<b>11.9</b>	<b>(6.1%)</b>
<i>% on Revenues</i>	<i>7.8%</i>	<i>8.4%</i>	
<i>Exchange Rate</i>	<i>1.2292</i>	<i>1.0648</i>	

- Revenues up 1.0% to €142.9 m (+7.8% at constant exchange rate)
- GOM confirming steady improving trend at 48.8% (around +200 bps vs Q1 2017)
- R&D on revenues from 9.3% to 10.2% (10.6% at Datalogic Business)
- Distribution costs: +5.4% YoY mainly due to reinforcement of S&D organization and marketing activities
- EBITDA margin improved to 15.4% thanks to GOM and seasonality of R&D and distribution costs
- Net Income slightly below due to tax rate seasonality

# Group Revenues by country

## REVENUES BY GEOGRAPHIC AREA

€ m	Q1 2018	Q1 2017	Var%	Var% Ex forex
EMEA	81.8	78.6	4.0%	5.4%
North America	39.6	43.6	(9.1%)	5.2%
Latin America	2.9	2.6	10.9%	27.7%
Asia Pacific	18.6	16.7	11.5%	22.6%
<b>Total Revenues</b>	<b>142.9</b>	<b>141.5</b>	<b>1.0%</b>	<b>7.8%</b>

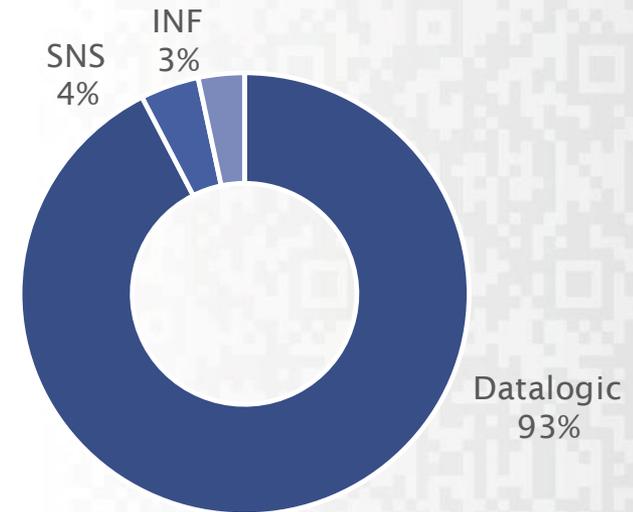


- Sound growth net of forex
- Continuous growth in APAC driven by China (+26% net of forex), in Manufacturing mainly
- Confirming leadership in EMEA in all the main verticals
- NA positive net of forex, lead by T&L and Retail. Strong performance of Solution Net Systems, whilst Informatics still negative
- Latam and Apac recovery notwithstanding forex thanks to Retail, mainly

# Group Revenues & EBITDA by division

## REVENUES BY DIVISION

€ m	1Q2018	1Q2017	Var%
Datalogic Business	132.6	131.5	0.8%
Solution Net Systems	6.1	5.0	22.7%
Informatics	4.8	6.0	(20.0%)
<i>Adjustments</i>	(0.5)	(0.9)	(47.1%)
<b>Total Revenues</b>	<b>142.9</b>	<b>141.5</b>	<b>1.0%</b>



- **Datalogic** driven at constant forex by growth of Fixed Retail and Stationary Industrial Scanners and Safety products, Scan Engines.
- **Solution Net Systems** strong top line growth (+22.7%) thanks to new projects, and sound improvement in profitability
- **Informatics** top line still on downward trend but profitability turnaround continuing

## EBITDA BY DIVISION

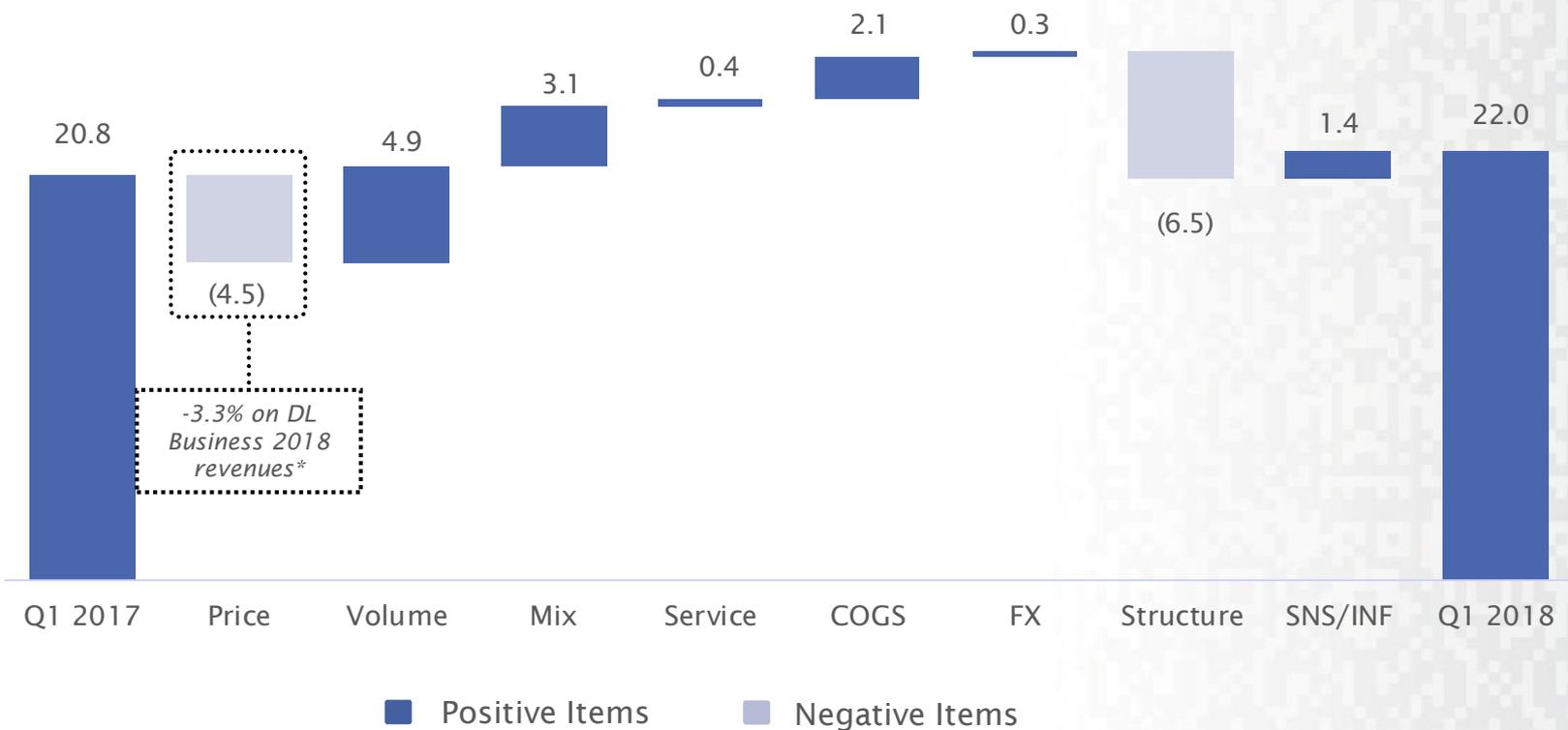
€ m	1Q2018	1Q2017
Datalogic	20.8	21.1
Solution Net Systems	1.0	0.1
Informatics	0.1	(0.4)
<b>Total Group</b>	<b>22.0</b>	<b>20.8</b>

# EBITDA: actual vs last year

€ m

14.7 % on Group Revenues

15.4 % on Group Revenues



\* Excluding GCO and Service

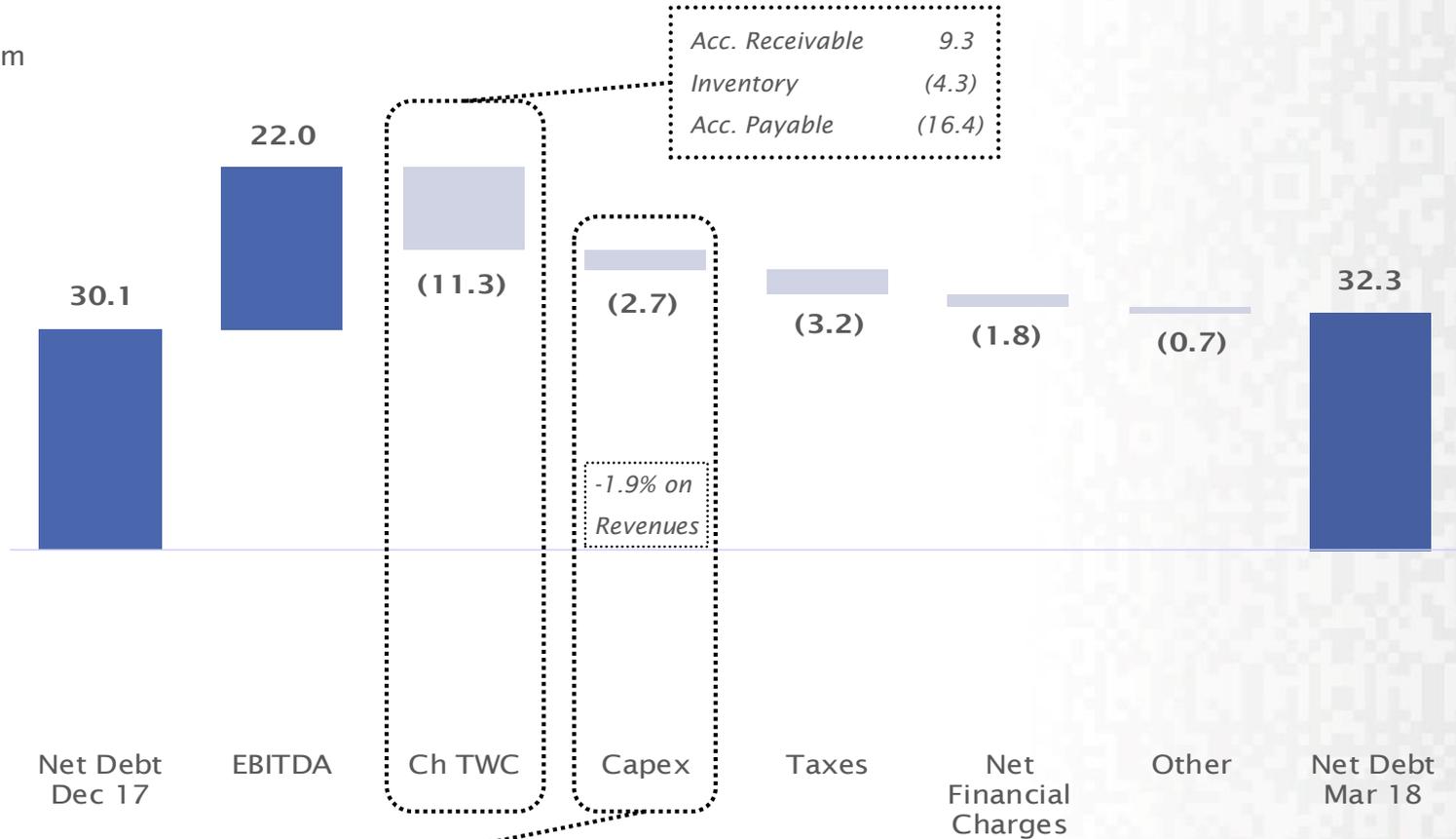
# Consolidated Balance Sheet

€ m

	Dec 2017	Mar 2018		Dec 2017	Mar 2018
<b>Total Fixed Assets</b>	<b>347.9</b>	<b>339.7</b>	<b>Net Financial Position</b>	<b>(30.1)</b>	<b>(32.3)</b>
<b>Trade receivables</b>	<b>83.2</b>	<b>73.9</b>			
<i>% on 12m rolling sales</i>	<i>13.7%</i>	<i>12.2%</i>			
<b>Inventories</b>	<b>85.9</b>	<b>90.2</b>			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>14.9%</i>			
<b>Trade payables</b>	<b>(107.7)</b>	<b>(91.3)</b>	<b>Net Equity</b>	<b>353.0</b>	<b>355.6</b>
<i>% on 12m rolling sales</i>	<i>-17.8%</i>	<i>-15.0%</i>			
<b>Trade Working Capital</b>	<b>61.5</b>	<b>72.8</b>			
<i>% on 12m rolling sales</i>	<i>10.1%</i>	<i>12.0%</i>			
<b>Other assets/liabilities</b>	<b>(86.5)</b>	<b>(89.3)</b>			
<b>Net Invested Capital</b>	<b>322.9</b>	<b>323.3</b>	<b>Total Sources</b>	<b>322.9</b>	<b>323.3</b>

# Net Debt Analysis: Dec'17 – Mar'18

€ m



■ Negative Items  
 ■ Positive Items

# Contact

## IR CONTACTS

### IR Manager

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## NEXT EVENTS

**May 23<sup>rd</sup>, 2018**  
Shareholders' meeting

**August 9<sup>th</sup>, 2018**  
6M results

**November 13<sup>th</sup>, 2018**  
9M results

## DATALOGIC ON LINE

[www.datalogic.com](http://www.datalogic.com)