



# STAR Conference

Milan 27<sup>th</sup> March, 2013

# Agenda

- Group Overview
- Strategy and Outlook
- 2012 Results
- Appendix



# Group Overview

# Why Invest in Datalogic ?



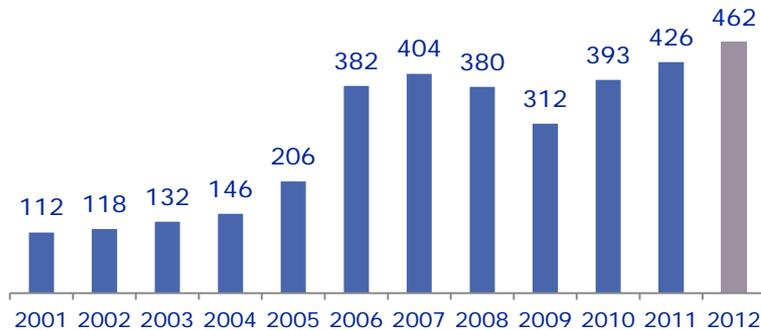
# Datalogic at a Glance



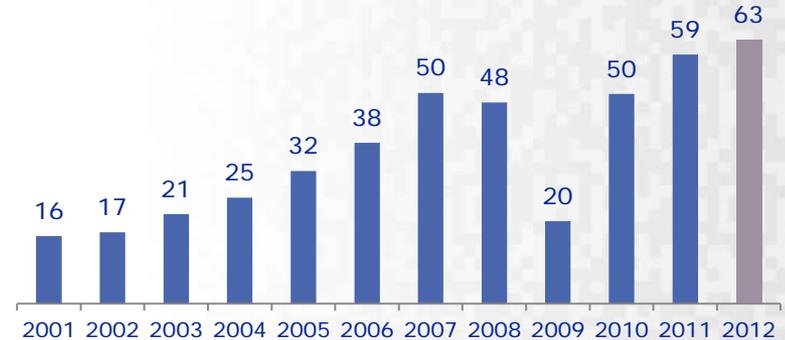
- Global leader in **Automatic Data Capture** and **Industrial Automation** markets
- World-class producer of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in retail, manufacturing, transportation & logistics and healthcare industries
- 2012 Revenues at 462.3 M Euro of which 64.4% in the ADC Market and 28.2% in the Industrial Automation Market
- Founded in 1972 in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001
- About 2,400 employees
- Direct presence in 30 countries worldwide selling to 120 countries
- +1,000 partners worldwide

# Consistent Growth in 2001-2012

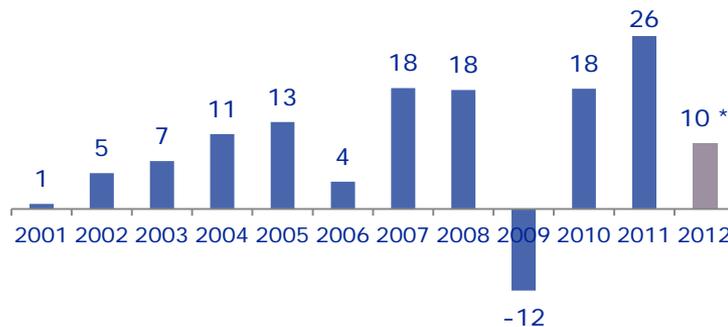
SALES CAGR 2001- 2012 + 14%



EBITDA CAGR 2001- 2012 + 13%



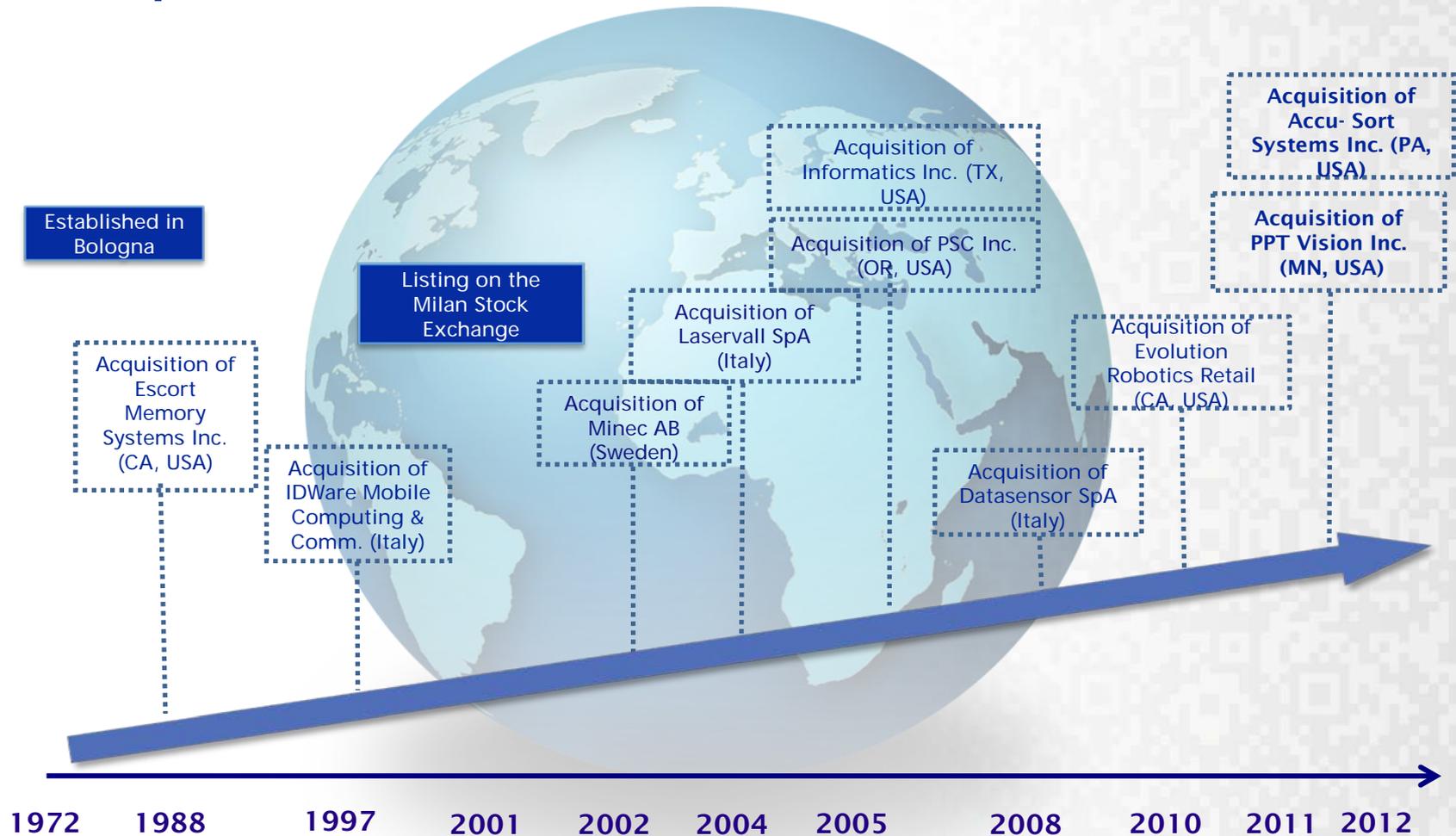
NET INCOME CAGR 2001- 2012 + 26%



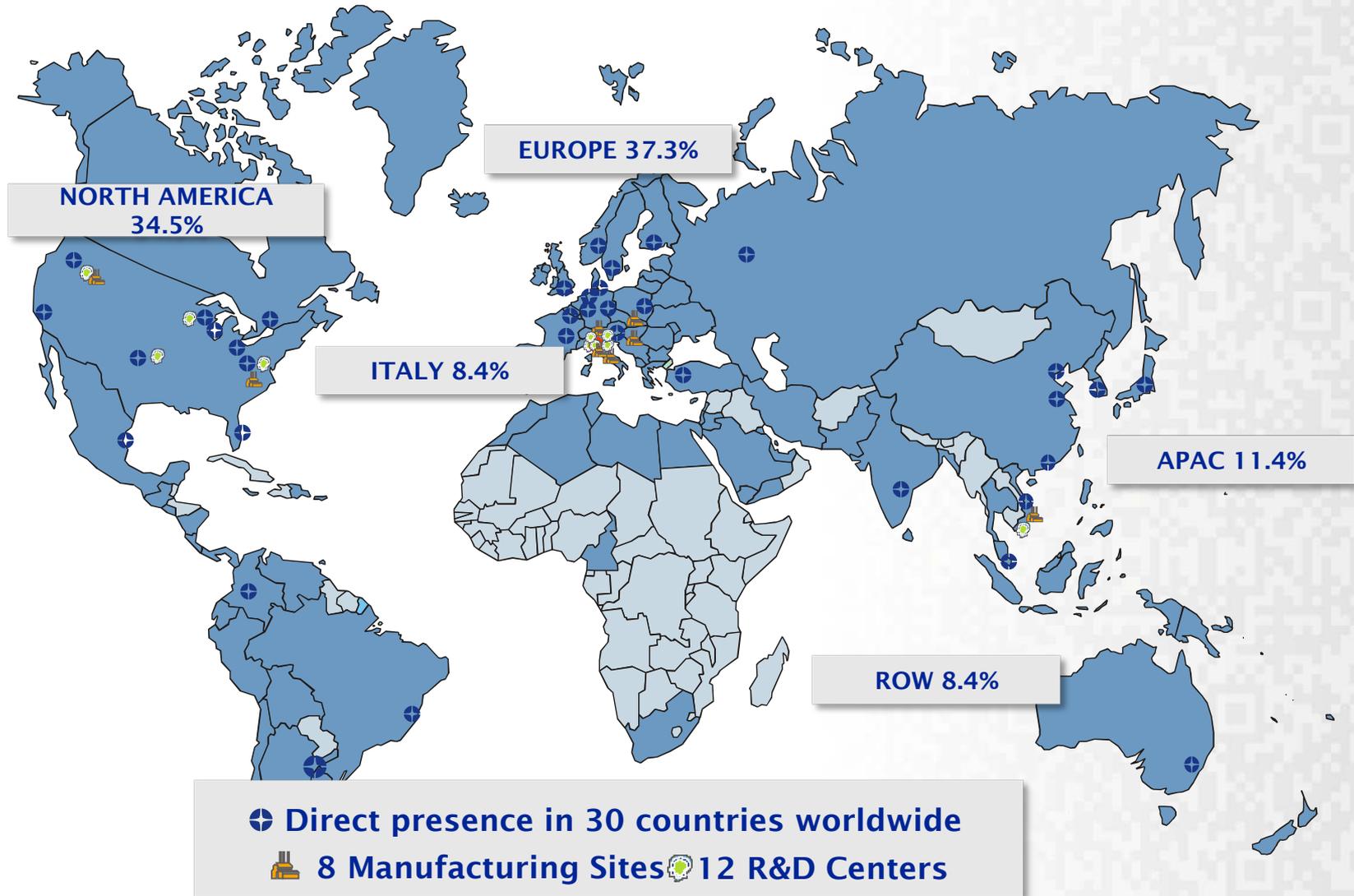
- **Strong consistent growth across key indicators** reflecting investments in innovation, M&A and improvements in efficiency and productivity

\* 2012 net profit impacted by the write off of Accu-Sort goodwill

# A History of Growth through Acquisitions



# A Wide Geographical Footprint...



Note: Breakdown by area based on 2012 revenues

# ... to improve service for Global Clients

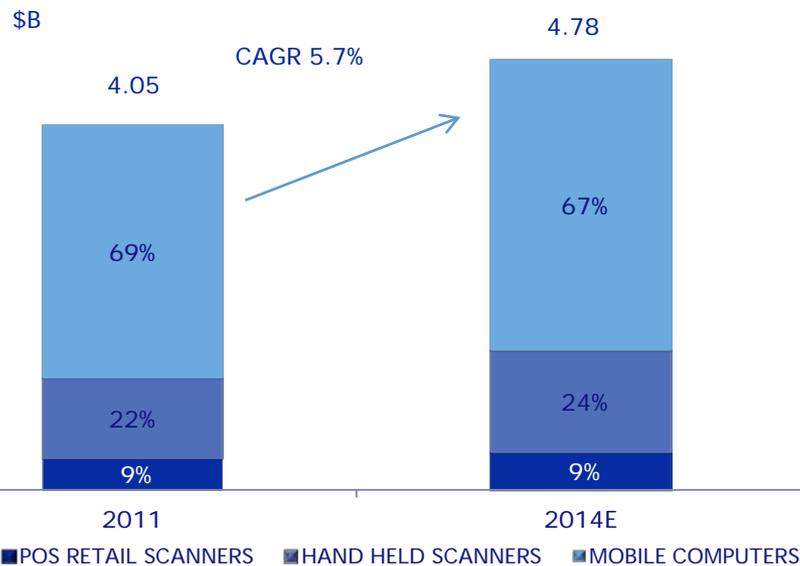
- More than 1,000 partners worldwide
- Longstanding relations with the **biggest retailers, couriers and automotive manufacturers** in the world
- Over **400 installations** of Self Shopping in Europe
- Over 1,000 reading stations installed in more than **100 airports** worldwide



# Worldwide Market Trend: ADC and IA

## Automatic Data Capture

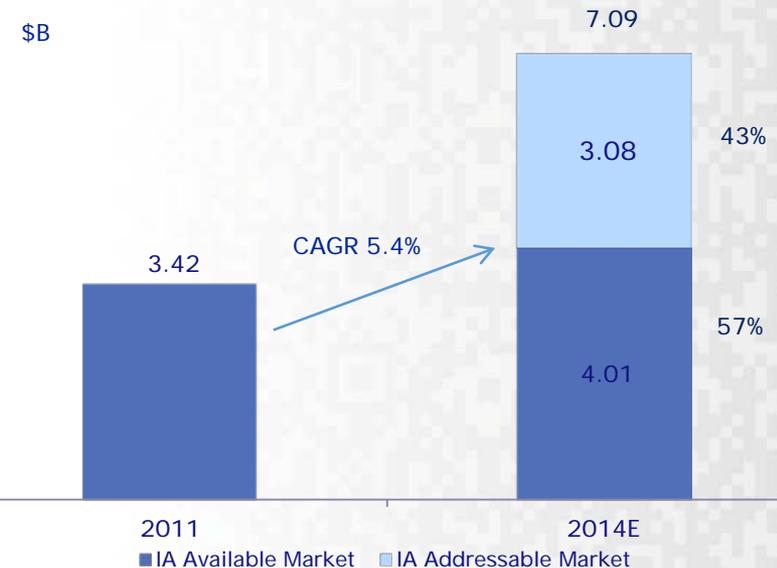
- ADC addressable market grew at a slower pace in 2012 due to the economic crisis, expected to recover as of 2013
- Major improvements expected in **Asia Pacific and Americas** with a CAGR 2011-2014 over 8% and 6% respectively



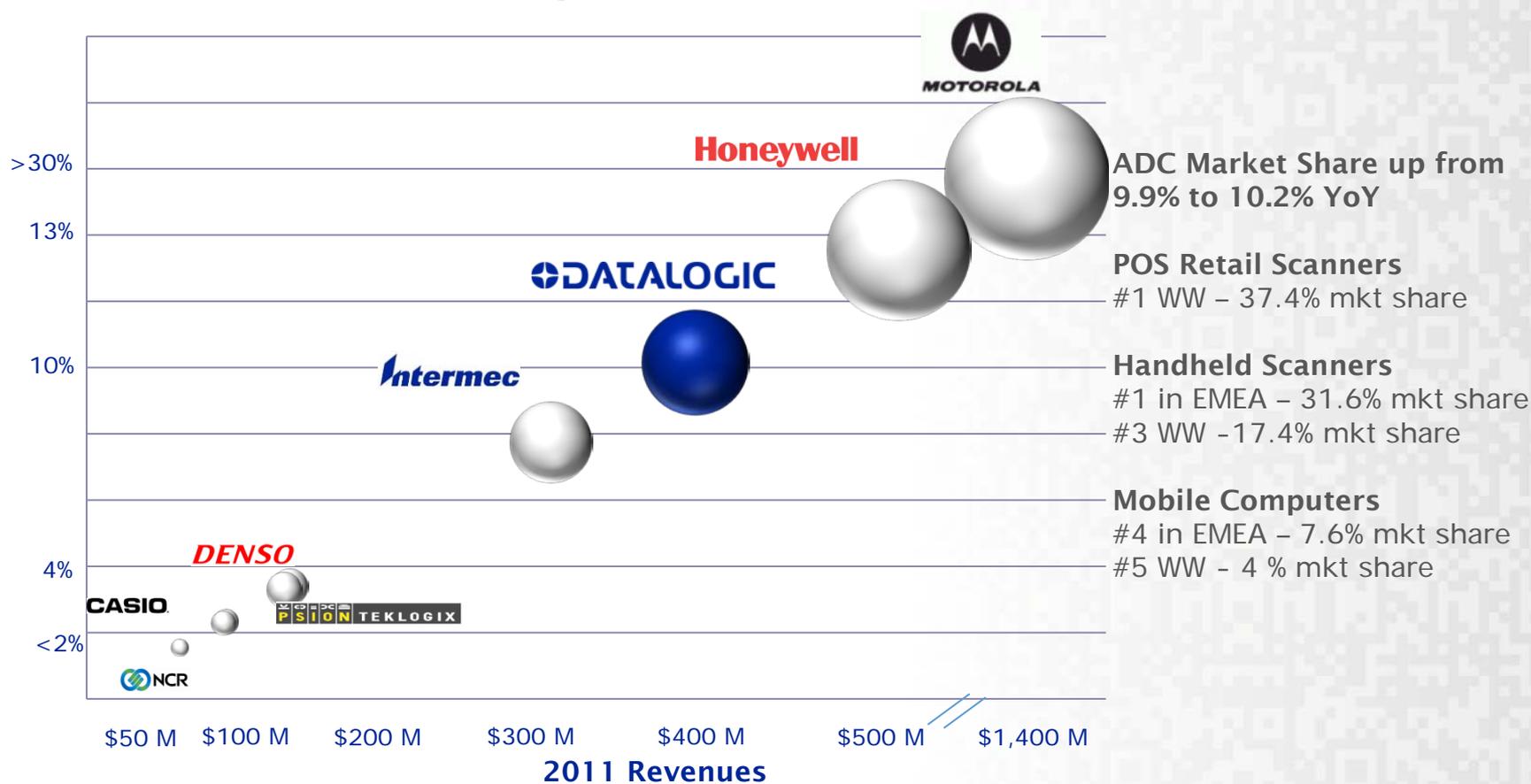
Source VDC 2012 (base year 2011)

## Industrial Automation

- Very fragmented IA industry with **potential addressable markets worth \$3B** in the Inductive Proximity and ASMV Systems
- Growing **technology convergence (laser and vision based technology)** expected to set the tone for future investments



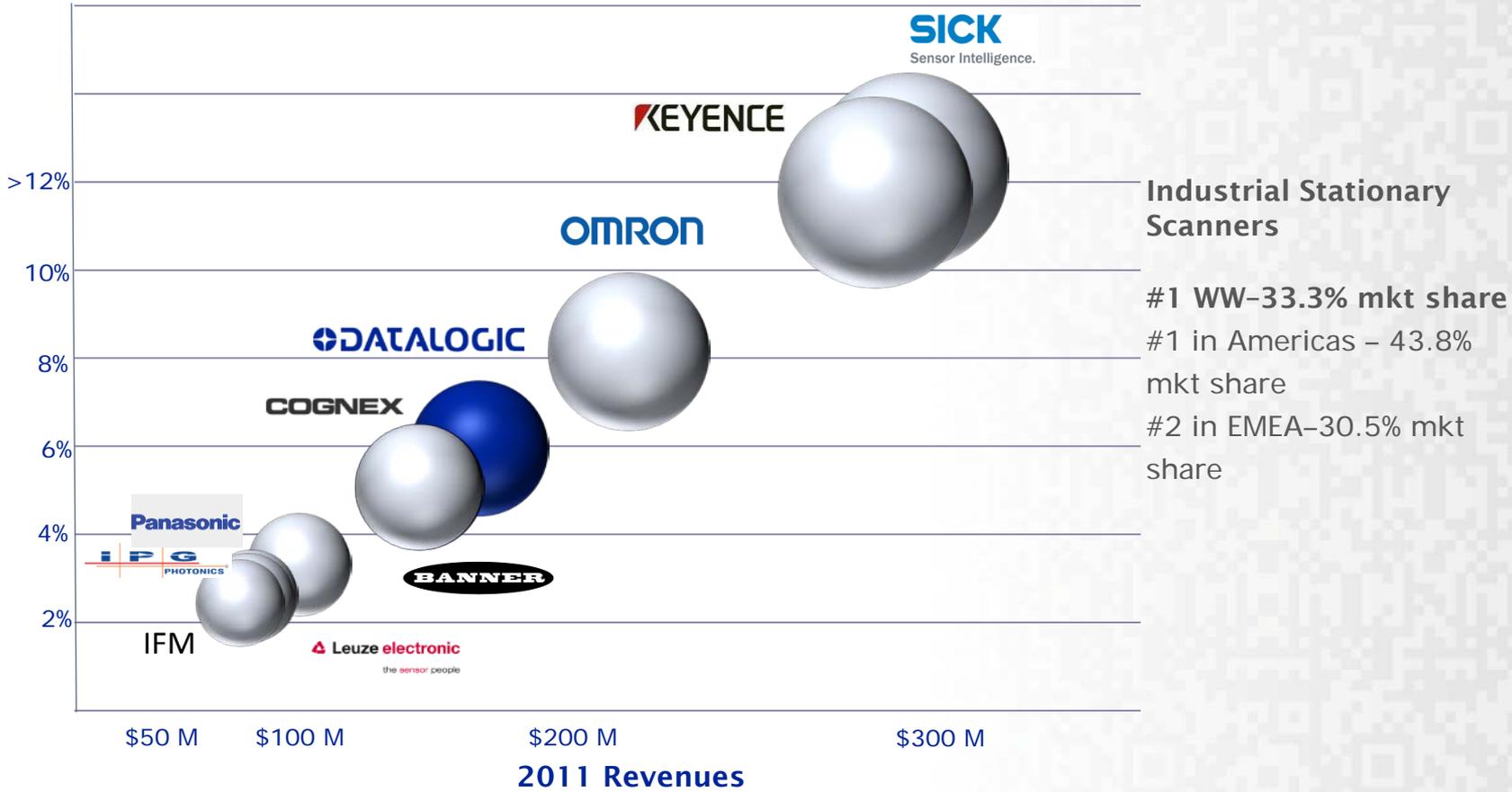
# ADC Positioning: 10% Market Share



**2011 ADC Available Market** including POS Retail Scanners, Handheld Scanners and Mobile Computers (Hand Held , PDA and Fork-Lift Vehicles Mounted Computer) segments  
 Honeywell improved its positioning thanks to the acquisition of EMS Technologies in mid 2011

**VDC** research Source VDC 2012(base year 2011)

# IA Positioning: 6% Market Share



**2011 IA Available Market** including Industrial Barcode Scanners, Imagers, Photoelectric Sensors, Safety Light Curtains, Smart Cameras/Vision Sensors, Laser Marking and Dimensioner segments (Postal Material Handling and Integrated Solutions Group not included)

**VDC research** Source (\*) VDC 2012 (base year 2011) - Market Researches and Management's Best Estimate

# 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

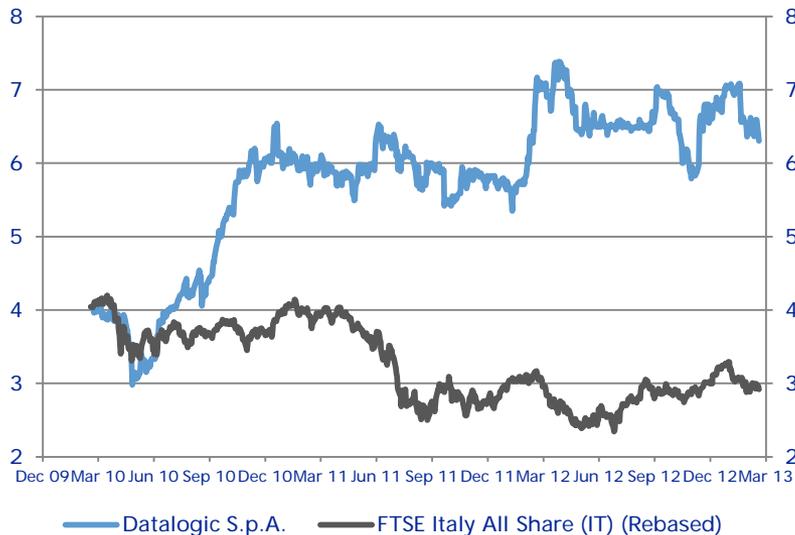
**Price** (March 21<sup>st</sup>, 2013): 6.31 Euro

**Market Cap** (March 21<sup>st</sup>, 2013): 368.8M Euro

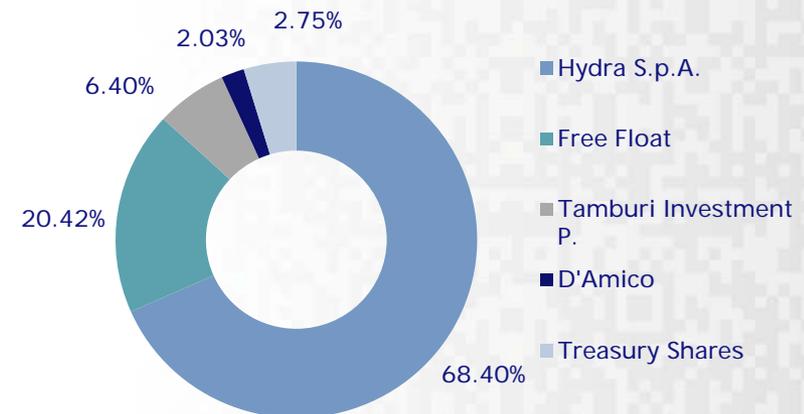
**Specialist:** Intermonte SIM

**Auditing Company:** Reconta, Ernst & Young

## DATALOGIC PRICE PERFORMANCE

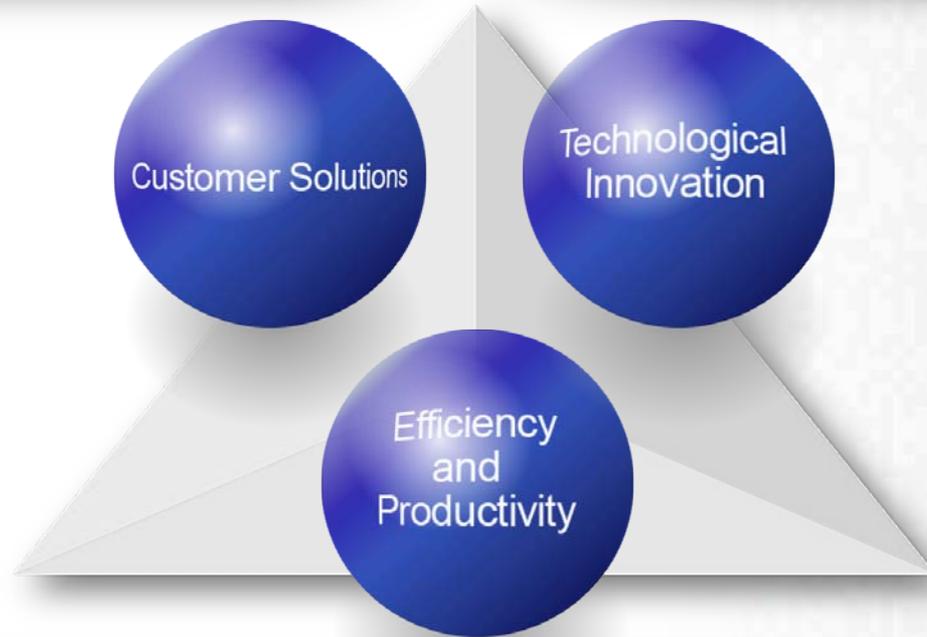


## SHAREHOLDERS' STRUCTURE



# Strategy and Outlook

# Datalogic Strategy: Three Major Strengths



# Relentless Innovation



- Continuous **investments in R&D** provide new fuel to enhance reference market growth
- Strengthen development through a **new Technology Platform (IP Tech)**
- Focus on **Vision and Imaging technologies**
- Develop **breakthrough innovation** in Checkout and Automatic Scanning solutions
- Research & Development investments **around 7% on sales**
  - **22 new products** in 2012
  - A large and growing portfolio of over **1,000 patents**
  - Over **100 patents filed** in 2012
  - **11 Research & Development Centers**
  - Over **350 R&D Engineers**
  - **25% of sales** from new products

# Customer Solutions in ADC Market



## Protect Leadership and Leverage Cash Flow

- A complete product and solutions range to **meet customers' needs more effectively and promptly**
- Reengineer Go To Market Model in **large, under served and fast growing geographies** and **Vertical** markets to gain market share:
  - Improve Hand Held Scanners, Mobile Computers and Fixed Retail Scanners sales in **North America**
  - Increase Hand Held Scanners revenues in **Greater China, SE Asia, Latin America and Emerging Europe**
  - Focus on high growth global **Healthcare and Pharma** markets

# Customer Solutions in IA Market



## Leading Player in FA and T&L

- Increase **penetration in large regions** and **fast growing geographies**:
  - Gain market shares in **North America**, by distribution network and FA business
  - Drive above market growth in EMEA by T&L solutions revenues
  - Boost growth in under served countries like China, Korea, Turkey and Brazil
- **Exploit reorganization by market** addressing high growth verticals and high end solutions:
  - **Factory Automation**: focus on target industries (Automotive/Tyres, Electronics, OEM/Packaging, OEM/ Clinical, Automated Warehousing)
  - **Transportation & Logistics**: expand postal business to a global business and strengthen T&L potential market and solutions range

# Efficiency and Productivity

- Group reorganization by market: **ADC (Scanning and Mobile integrated)** and **IA divisions**
- **Streamlined organization structure** by reducing existing operating companies and improved operational efficiency and right-sized cost structure
- World class performance through the global adoption of **best in class Supply Chain Management**

## Automatic Data Capture

- A new integrated **Global Supply Chain**
- **Fully leverage Vietnam plant capability with 80%** of total production in 2012
- **Vietnam Plant capacity** ready for SMT and 14 product lines, counting approx. 600 employees

## Industrial Automation

- **Operational integration of Accu- Sort Systems and PPT Vision** to leverage the position of the Group in the **IA market** as leader in the Industrial Bar Code Scanners segment

# 2012 Results

# Sound operating profitability in a weak scenario

- **Revenues** grew by 8.6% to **462.3 M Euro**, on a like-for-like basis almost in line with 2011
- **EBITDA** + 6% to **62.8 M Euro**, EBITDA margin from 13.9% to 13.6% (net of M&A costs for 2.2 M Euro, improved to **14.0%**)
- **Net profit should have been up 20% to 31.1 M Euro net of Accu- Sort non cash write off on goodwill (27 M Euro)**
- Continuous focus on innovation: **R&D costs from 6.2% to 6.9% of revenues**
- **ADC confirmed outstanding profitability** also thanks to the new Supply Chain: EBITDA margin from 13.5% to 15.5%
- **Net Financial Debt strongly improved** from June 2012 thanks to the generation of approx. 40 M Euro free cash flow

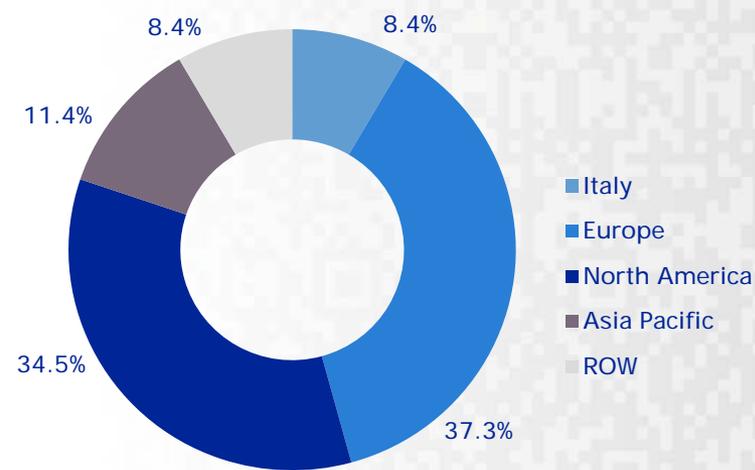
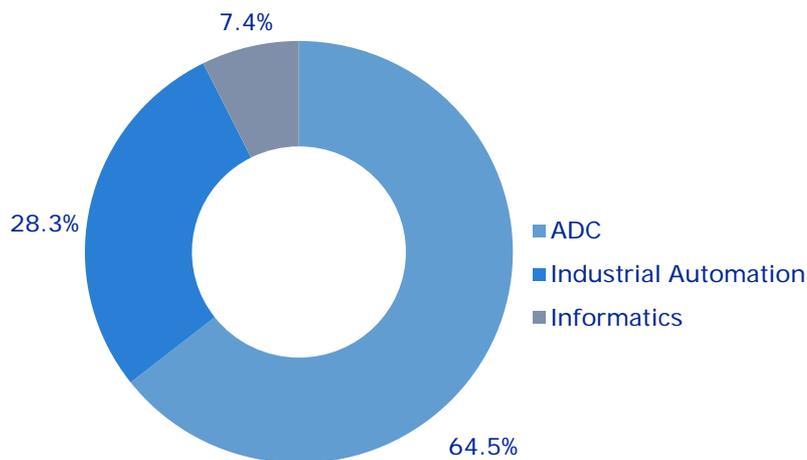
# 2012 Consolidated P&L

000€	FY2011	%	FY2012	%	Var %
<b>Revenues</b>	425,533	100.0%	462,250	100.0%	8.6%
COGS	(228,937)	-53.8%	(249,324)	-53.9%	
<b>Gross Operating Margin</b>	<b>196,596</b>	<b>46.2%</b>	<b>212,926</b>	<b>46.1%</b>	<b>8.3%</b>
Other revenues	2,395	0.6%	6,893	1.5%	
R&D	(26,191)	-6.2%	(32,027)	-6.9%	
Distribution Costs	(80,080)	-18.8%	(86,032)	-18.6%	
Administrative expenses	(42,278)	-9.9%	(46,294)	-10.0%	
Other operating expenses	(1,681)	-0.4%	(2,480)	-0.5%	
<b>Total operating expenses and others</b>	<b>(150,230)</b>	<b>- 35.3%</b>	<b>(166,833)</b>	<b>- 36.1%</b>	<b>11.1%</b>
<b>EBITANR</b>	<b>48,761</b>	<b>11.5%</b>	<b>52,986</b>	<b>11.5%</b>	<b>8.7%</b>
Non recurring costs/rev	(8,372)	-2.0%	(4,321)	-0.9%	
Amort. Intang. Assets from acquis.	(3,949)	-0.9%	(32,764)	-7.1%	
<b>Operating Profit (EBIT)</b>	<b>36,440</b>	<b>8.6%</b>	<b>15,901</b>	<b>3.4%</b>	<b>- 56.4%</b>
Financial (costs)/rev.	(6,941)	-1.6%	(3,682)	-0.8%	
Results from equity investments	373	0.1%	187	0.0%	
Foreing exchange (costs)/rev.	3,337	0.8%	(3,307)	-0.7%	
<b>EBT</b>	<b>33,209</b>	<b>7.8%</b>	<b>9,099</b>	<b>2.0%</b>	<b>- 72.6%</b>
Taxes	(7,294)	-1.7%	839	0.2%	
<b>Net Income</b>	<b>25,915</b>	<b>6.1%</b>	<b>9,938</b>	<b>2.1%</b>	<b>- 61.7%</b>
Depreciation	(7,243)	-1.7%	(7,648)	-1.7%	
Amortization	(3,185)	-0.7%	(2,091)	-0.5%	
<b>EBITDA</b>	<b>59,189</b>	<b>13.9%</b>	<b>62,725</b>	<b>13.6%</b>	<b>6.0%</b>
<i>Exchange rate</i>	<i>1.3920</i>		<i>1.2848</i>		

# Revenues Growth

REVENUES BY DIVISION			
€ 000	2011	2012	%
ADC	297,520	297,928	0.1%
Industrial Automation *	96,234	130,614	35.7%
Informatics	32,160	34,127	6.1%
DL SpA	15,380	22,176	44.2%
Adjustments	(15,761)	(22,595)	43.4%
<b>TOTAL REVENUES</b>	<b>425,533</b>	<b>462,250</b>	<b>8.6%</b>

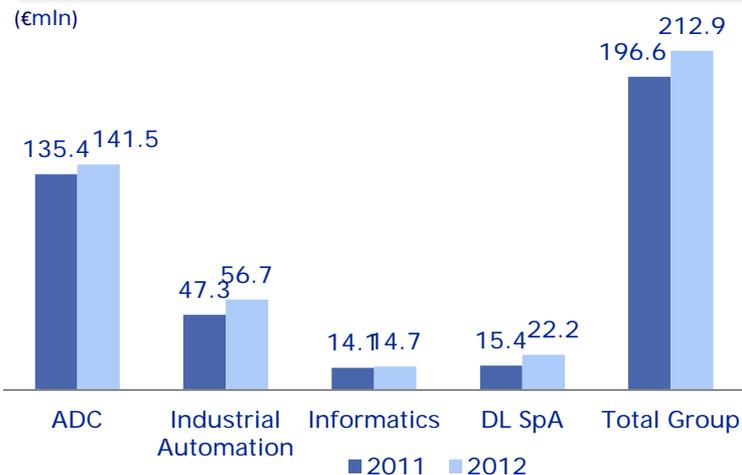
REVENUES BY AREA			
€ 000	2011	2012	%
Italy	45,514	38,979	-14.4%
Europe	167,577	172,441	2.9%
North America	123,160	159,227	29.3%
Asia Pacific	51,023	52,705	3.3%
ROW	38,259	38,898	1.7%
<b>TOTAL REVENUES</b>	<b>425,533</b>	<b>462,250</b>	<b>8.6%</b>



\* On a like for like basis Industrial Automation revenues growth rate of -5.6%

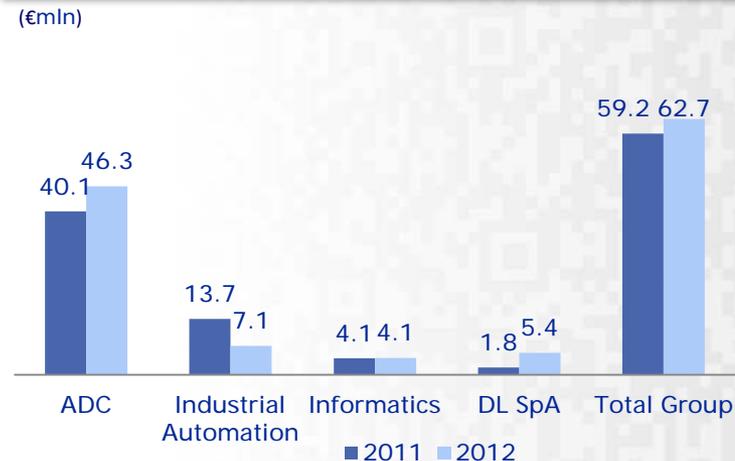
# Segment Reporting: GOP and EBITDA

## GROSS OPERATING MARGIN



GOP Margin	2011	2012
ADC	45.5%	47.5%
Industrial Automation	49.2%	43.4%
Informatics	43.7%	43.1%
<b>Total Group</b>	<b>46.2%</b>	<b>46.1%</b>

## EBITDA



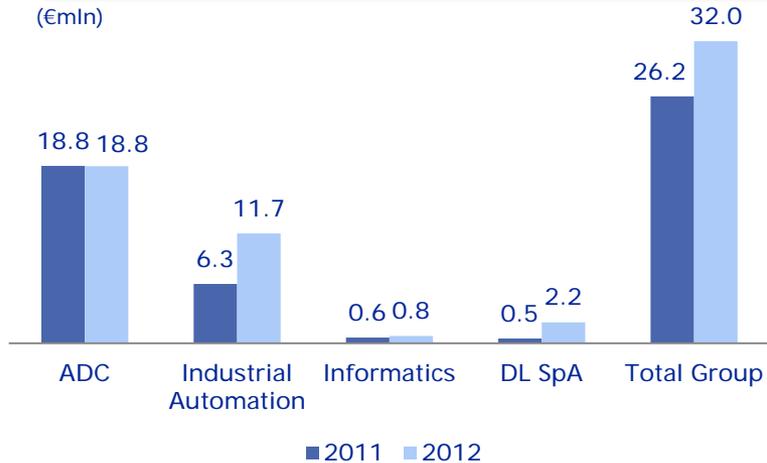
EBITDA* Margin	2011	2012
ADC	13.5%	15.5%
Industrial Automation	14.3%	5.4%
Informatics	12.7%	12.1%
DL SpA	11.8%	24.4%
<b>Total Group</b>	<b>13.9%</b>	<b>13.6%</b>

\* EBITDA on total revenues

# Segment Reporting: R&D and TWC

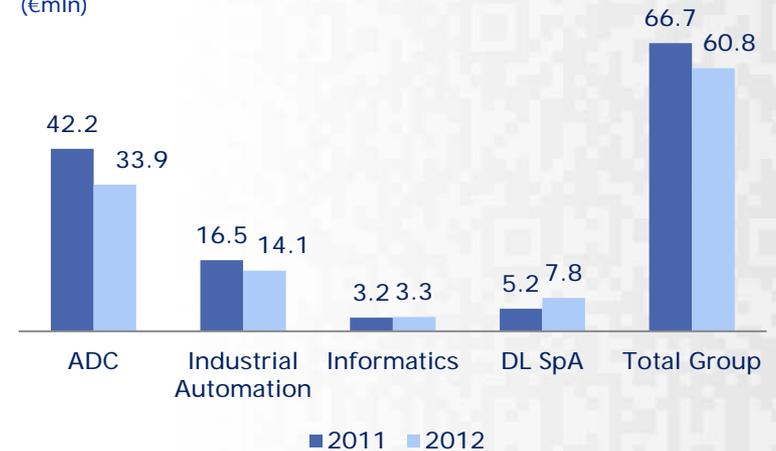
## R&D COSTS

(€ln)



## TWC

(€ln)



R&D/Revenues	2011	2012
ADC	6.3%	6.3%
Industrial Automation	6.5%	8.9%
Informatics	1.9%	2.3%
DL SpA	3.4%	10.1%
<b>Total Group</b>	<b>6.2%</b>	<b>6.9%</b>

TWC/Revenues	2011	2012
ADC	14.2%	11.4%
Industrial Automation	17.1%	10.8%
Informatics	9.9%	9.8%
DL SpA	34.1%	35.0%
<b>Total Group</b>	<b>15.7%</b>	<b>13.2%</b>

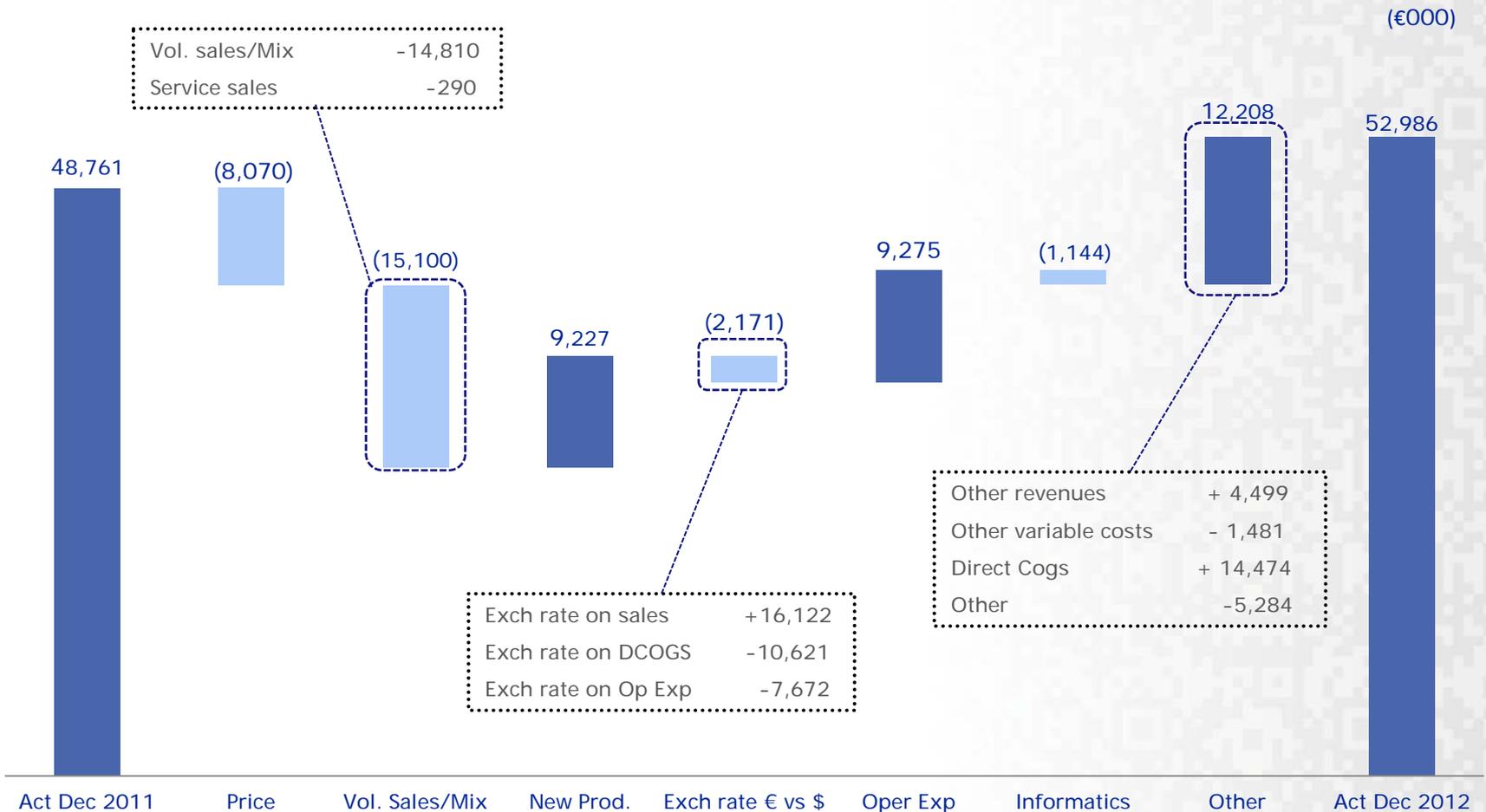
# Highlights 4Q 2012

- **Revenues** up 6% to 114.7 M EURO YoY and 3.6% QoQ
- **Orders** received in Q42012 equal to 116.1 M Euro, +13% YoY
- **Marginality** affected by 1.6 M Euro of M&A costs accounted in the last quarter, **net of this effect EBITDA up 9.2% YoY and - 3.6% QoQ**

€000	4Q2012	4Q2011	Var YoY %	3Q2012	Var QoQ%
Revenues	114,714	108,222	6.0%	110,676	3.6%
Gross Operating Margin (GOM)	50,489	47,888	5.4%	49,296	2.4%
EBITDA	10,039	10,623	(5.5%)	12,037	(16.6%)
Ord.Operating Profit (EBITANR*)	7,540	8,183	(7.9%)	9,817	(23.2%)
Operating Profit (EBIT)	(21,510)	6,447	n.m.	6,083	n.m.
EBT	(23,012)	8,231	n.m.	115	n.m.
Net Income	(18,647)	8,674	n.m.	2,021	n.m.

\*Ebitanr: earnings before interest, taxes, acquisition and non recurring

# EBITANR \* - Actual vs Last Year



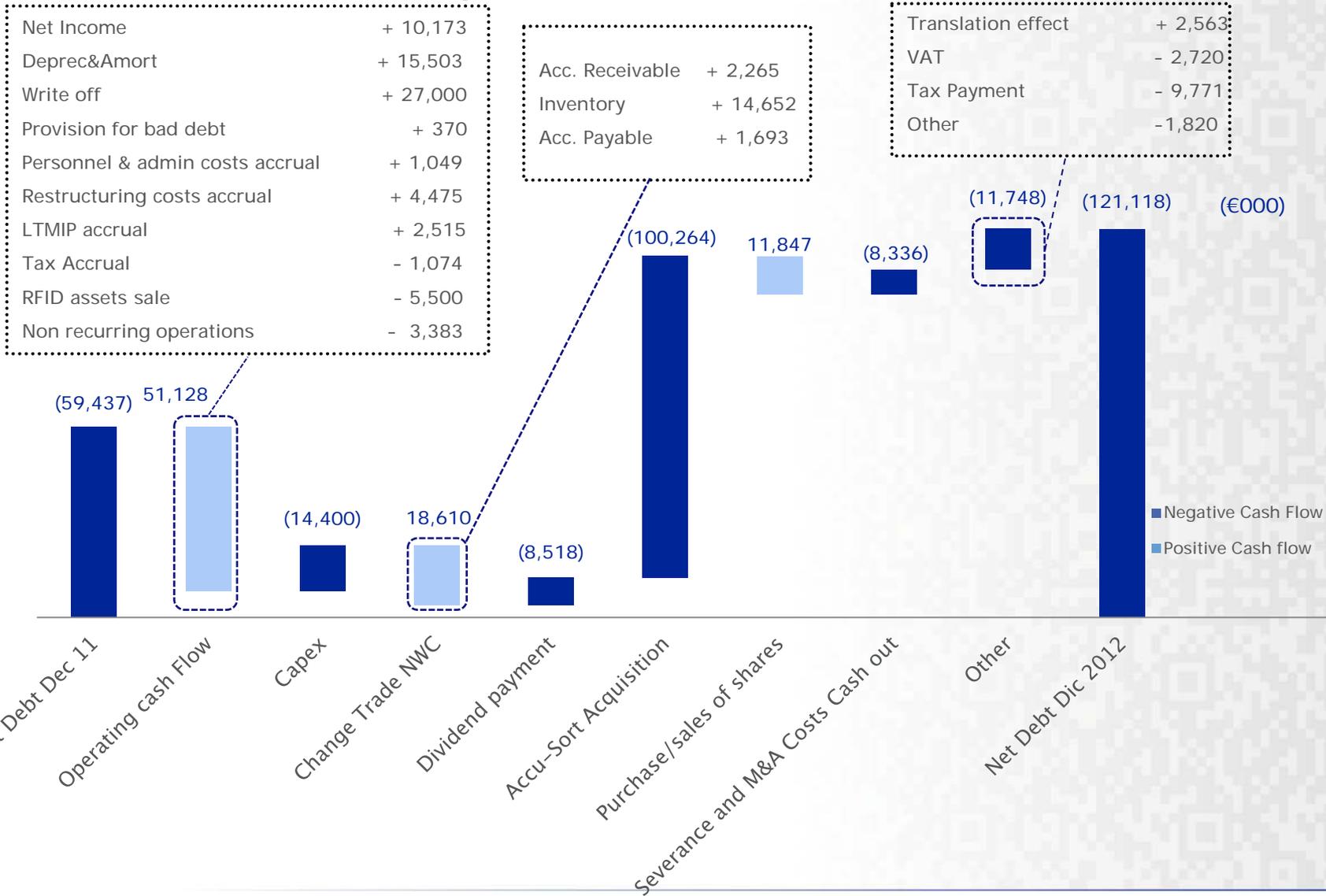
(\*) Ordinary Operating Profit before non recurring costs/revenues and amortization of intangible assets from acquisition (EBITANR)

Note: The Exchange rate variance has been calculated on Sales/COGS/Operating expenses originally denominated in USD (\$). The variance was the result of the difference between December 12 Actual (1,2848) and December 11 Actual (1,3920) €/USD

# Consolidated Balance Sheet

€000	At 31/12/2011	At 31/12/2012
Intangible fixed assets	42,228	60,262
Goodwill	112,152	151,134
Tangible fixed assets	49,991	51,621
Non Consolidated investments	7,951	3,936
Other fixed assets	31,935	46,602
<b>Total Fixed Assets</b>	<b>244,257</b>	<b>313,555</b>
Net trade account receivables	74,200	82,552
ST account payables	(67,158)	(71,102)
Inventory	59,630	49,153
<b>Trade Working Capital</b>	<b>66,672</b>	<b>60,603</b>
Other current receivables	17,041	25,577
Other ST payables and provision for risk & future charges	(53,869)	(71,566)
<b>Net Working Capital</b>	<b>29,844</b>	<b>14,614</b>
Other LT payables	(22,382)	(22,513)
Employees' severance Indemnity	(6,666)	(7,367)
LT provision for risk & future charges	(15,366)	(3,768)
<b>Net Invested Capital</b>	<b>229,687</b>	<b>294,521</b>
<b>Equity</b>	<b>170,250</b>	<b>173,403</b>
<b>Net Financial Position</b>	<b>(59,437)</b>	<b>(121,118)</b>
<i>Exchange rate</i>	<i>1.2939</i>	<i>1.3194</i>

# Net Debt Analysis: 2011 vs 2012



# Appendix

# ADC Market: Datalogic ADC

## POS Retail Scanners

#1 Worldwide, 37.4% mkt share



## Handheld Readers

#1 in EMEA, 31.6% mkt share  
#3 Worldwide, 17.4% mkt share



## Mobile Computers

#4 in EMEA, 7.6% mkt share  
#5 Worldwide, 4% mkt share



## Solutions

Enterprise Business Solutions  
Self Shopping Solutions  
#2 Worldwide, 16.5% mkt share



Evolution Robotics Retail  
Over 1,500 grocery stores  
today



Market expert in providing customized scanning and mobile solutions for specific needs. Examples include fixed retail scanners in use by all top ten global retailers, mobile solutions in over 400 self-shopping installations and handheld readers deployed as the product of choice by more than 30,000 customers across the world

Source **VDC** research 2012 (base year 2011)

# IA Market: Datalogic Industrial Automation

## Identification



## Industrial Stationary Scanners

#1 Worldwide, 33.3% mkt share  
#1 in Americas, 43.8% mkt share  
# 2 in EMEA, 30.5% mkt share

## Sensors



## Safety



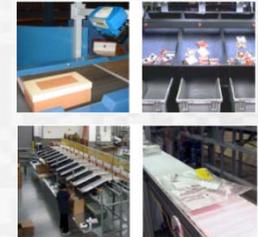
## Machine Vision



## Laser Marking



## Integrated Systems

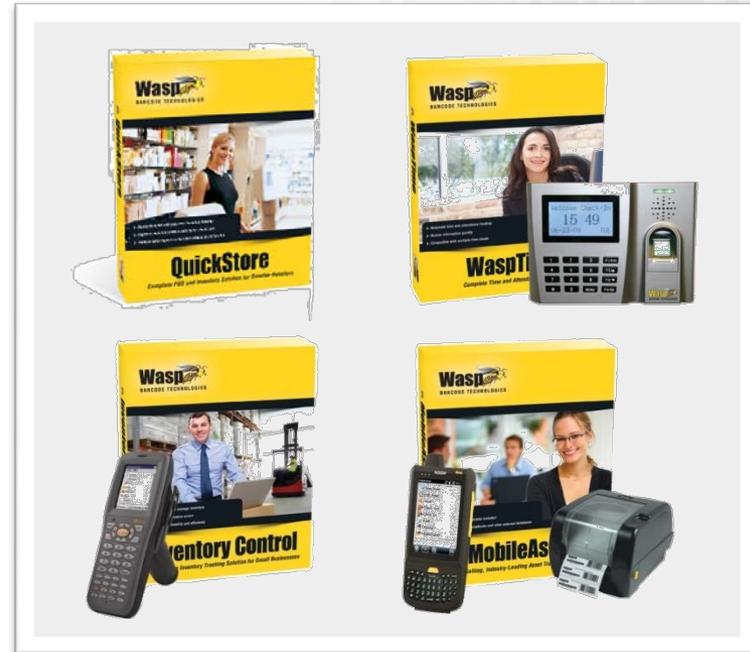


A wide range of cutting edge solutions in traceability, inspection, detection and recognition in factory automation and logistics processes, which streamline workflows and drive efficiencies. Over 1,000 reading stations operating in 100 airports worldwide are an example of hundreds of applications used in over a third of the major logistics companies

Source  2012 (base year 2011)

# Informatix

Complete Range of Easy-To-Use Barcoding Solutions for SMB



Barcoding solutions for the millions of Small – Medium Businesses increasing productivity and profitability.

Based in the US, serving over 275 thousand small and medium businesses

# Contacts

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## NEXT EVENTS

**April 23, 2013**

Ordinary Shareholders' Meeting

**May 9, 2013**

Approval of the Consolidated Financial Report as of March 31, 2013

**July 30, 2013**

Approval of the Consolidated Financial Report as of June 30, 2013

**November 7, 2013**

Approval of the Consolidated Financial Report as of September 30, 2013

## DATALOGIC ON LINE

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

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