



STAR Conference

Milano
25-26 March, 2014

Agenda

- Group Overview
- Strategy and Outlook
- 2013 Results



Group Overview

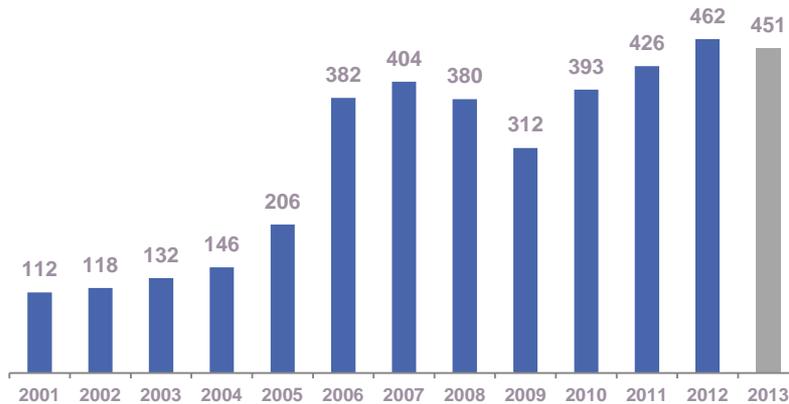
Datalogic at a glance



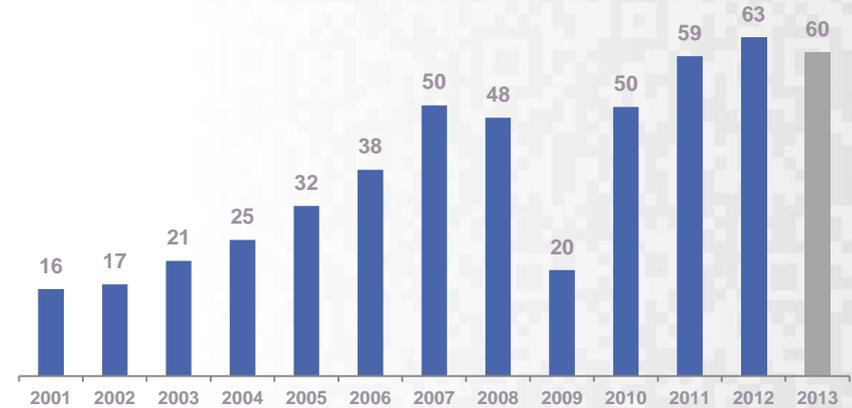
- Global leader in **Automatic Data Capture** and **Industrial Automation** markets
- World-class producer of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in **retail, manufacturing, transportation & logistics and healthcare industries**
- 2013 **Revenues at 450.7 M Euro** of which 62.6% in the ADC Market and 30.6% in the Industrial Automation Market
- A large portfolio of **nearly 1,100 patents**
- **Founded in 1972 by Romano Volta** in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001
- **About 2,400 employees**, of which 350 in R&D
- Direct presence in 30 countries worldwide selling to 120 countries
- +1,000 partners worldwide

Consistent Growth in 2001-2013

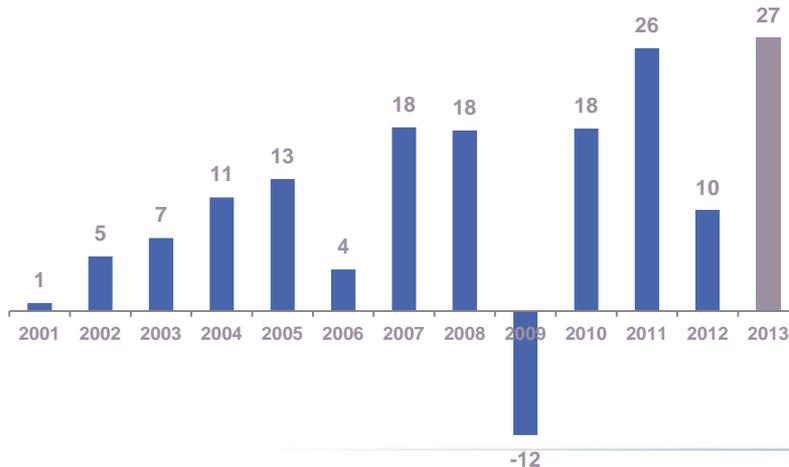
SALES CAGR 2001-2013 +12%



EBITDA CAGR 2001-2013 +12%



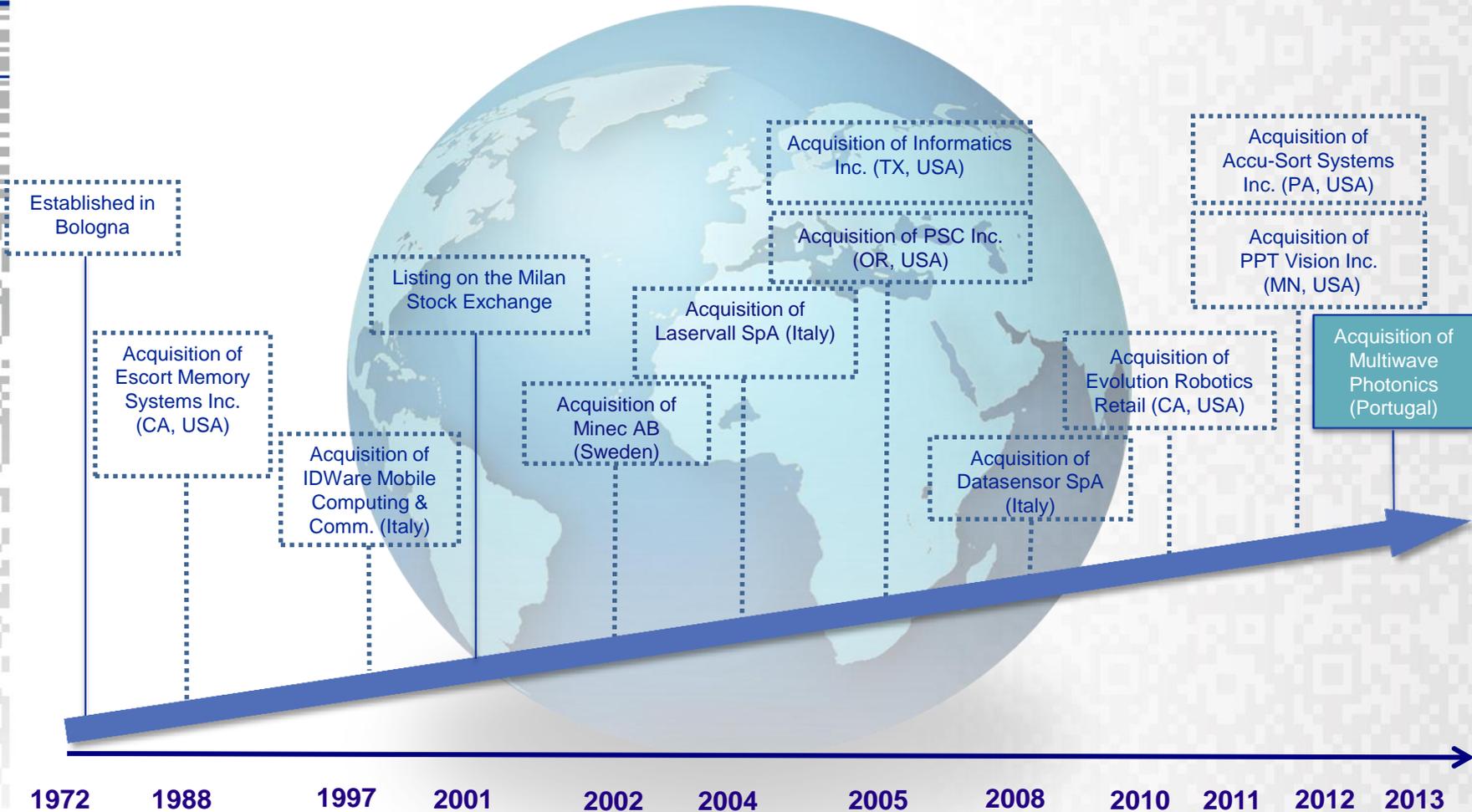
NET INCOME CAGR 2001-2013 +34%



- Consistent history of profitable growth
- Strong improvements across key indicators reflecting investments in innovation, M&A and better efficiency and productivity
- Robust cash generation to reduce debt and to sustain growth

* 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 2013 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

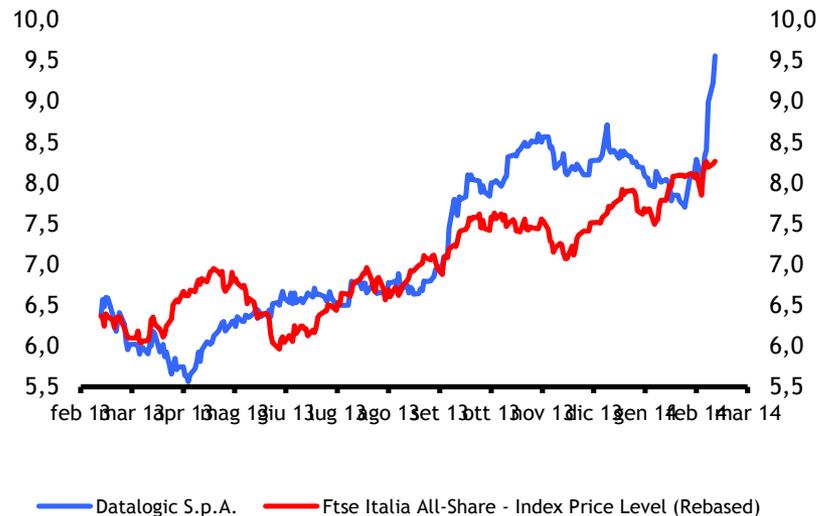
Price (March 21st, 2014): 9.26 Euro

Market Cap (March 21st, 2014): 541 M Euro

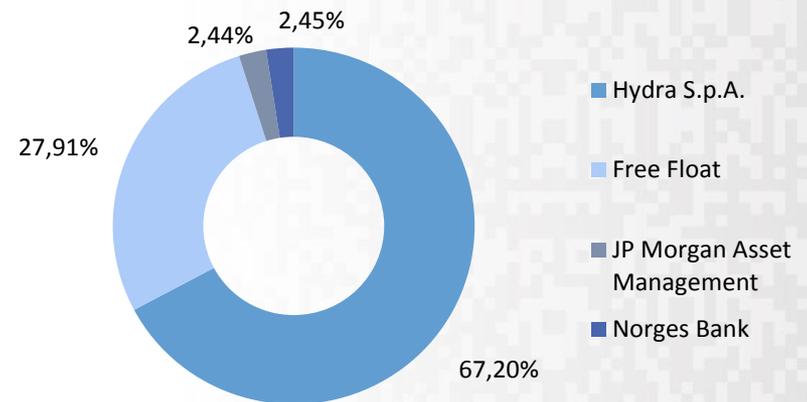
Specialist: Intermonte SIM

Auditing Company: Reconta Ernst & Young

DATALOGIC PRICE PERFORMANCE



SHAREHOLDERS' STRUCTURE

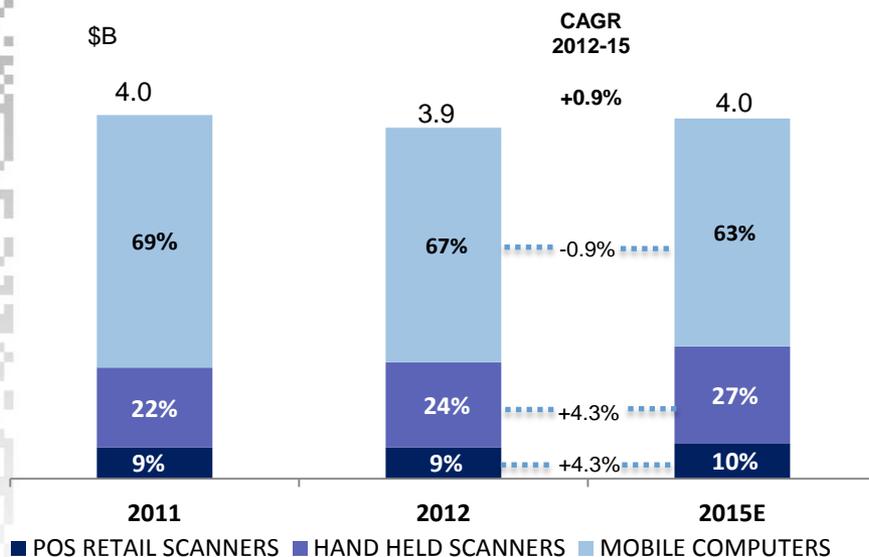


Strategy and Outlook

Worldwide market trend: two speeds for ADC and IA

Automatic Data Capture

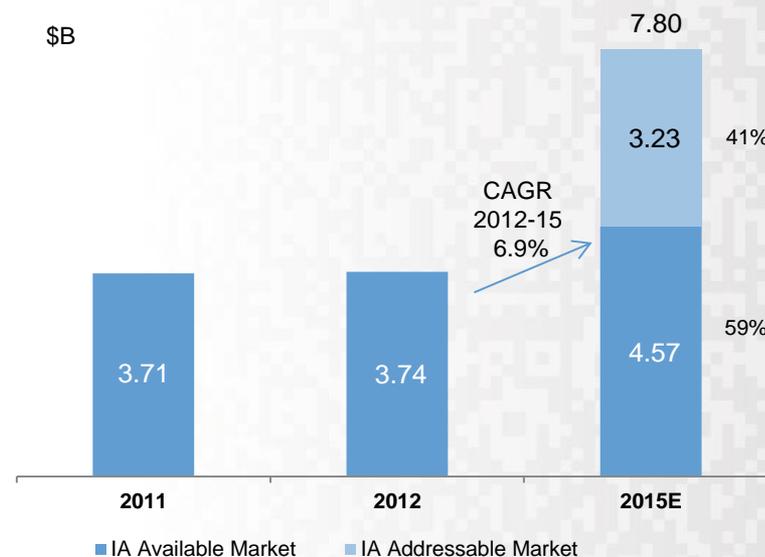
- ADC addressable market was down 3.5% in 2012 due to the economic crisis, forecast reviewed downward for the entire period CAGR 2012-2015 +0.9%
- Major improvements expected only in Asia Pacific with a CAGR 2012-2015 around 5%



Source VDC 2013 (base year 2012)

Industrial Automation

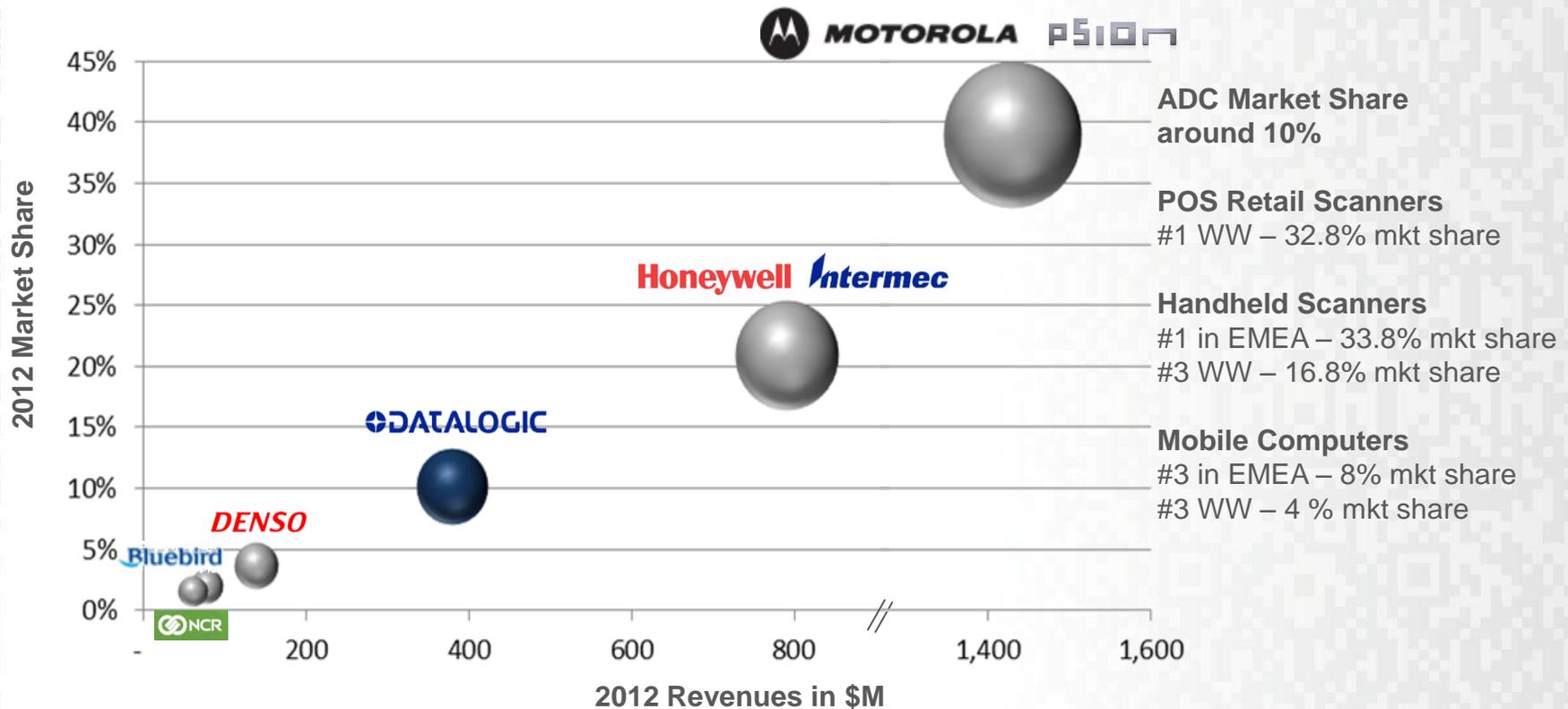
- Very fragmented IA industry with **potential addressable markets worth \$3B** in the Inductive Proximity and ASMV Systems
- IA market flat in 2012, expected to **recover from 2014**
- Growing **technology convergence (laser and vision based technology)**



Source VDC 2013 (base year 2012) Preliminary Figures - Market Researches and Management's Best Estimate

ADC positioning: competing with giants

- A global Leader in ADC and the only company focus on Auto ID
- Better time to market, more efficiency
- Strong customer-focus



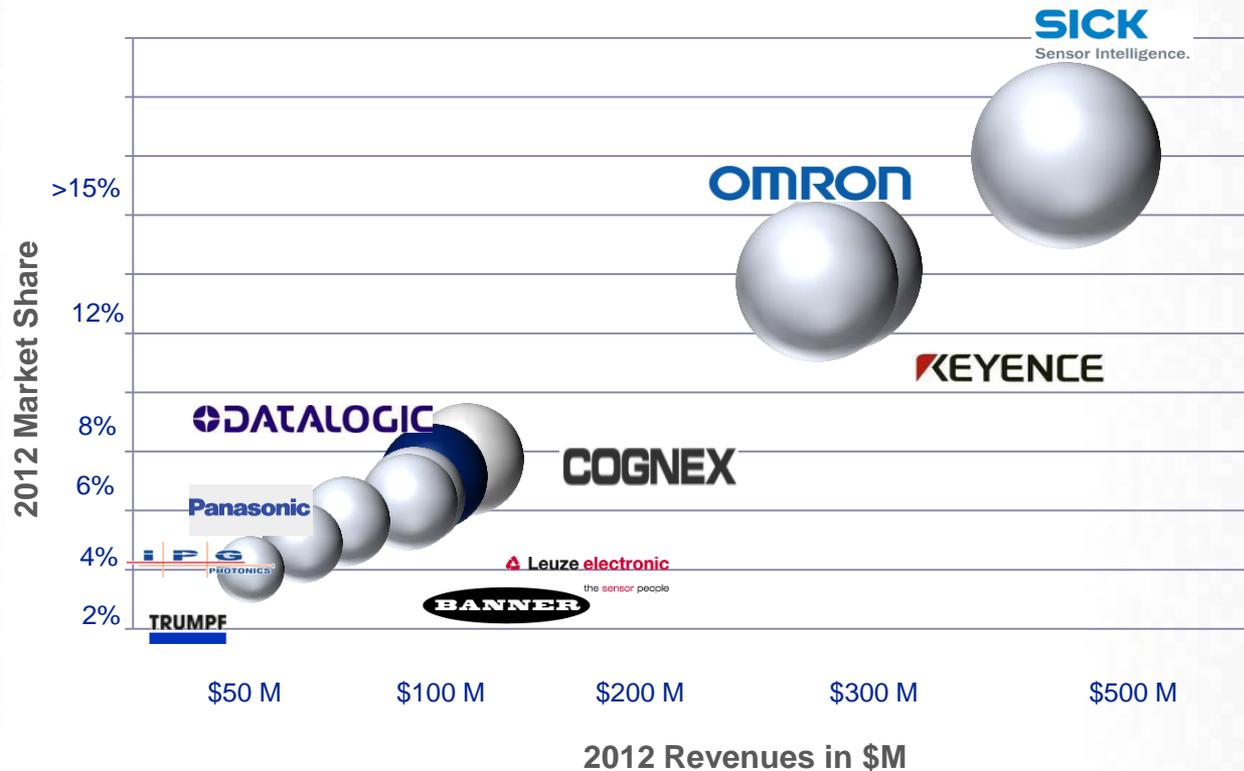
2012 ADC Available Market including POS Retail Scanners, Handheld Scanners and Mobile Computers (Hand Held, PDA and Fork-Lift Vehicles Mounted Computer) segments



Source VDC 2013 (base year 2012)

IA positioning: 6% market share

- One of the few focused player
- Growing technology convergence: importance of past investments in R&D.



Industrial Stationary Scanners

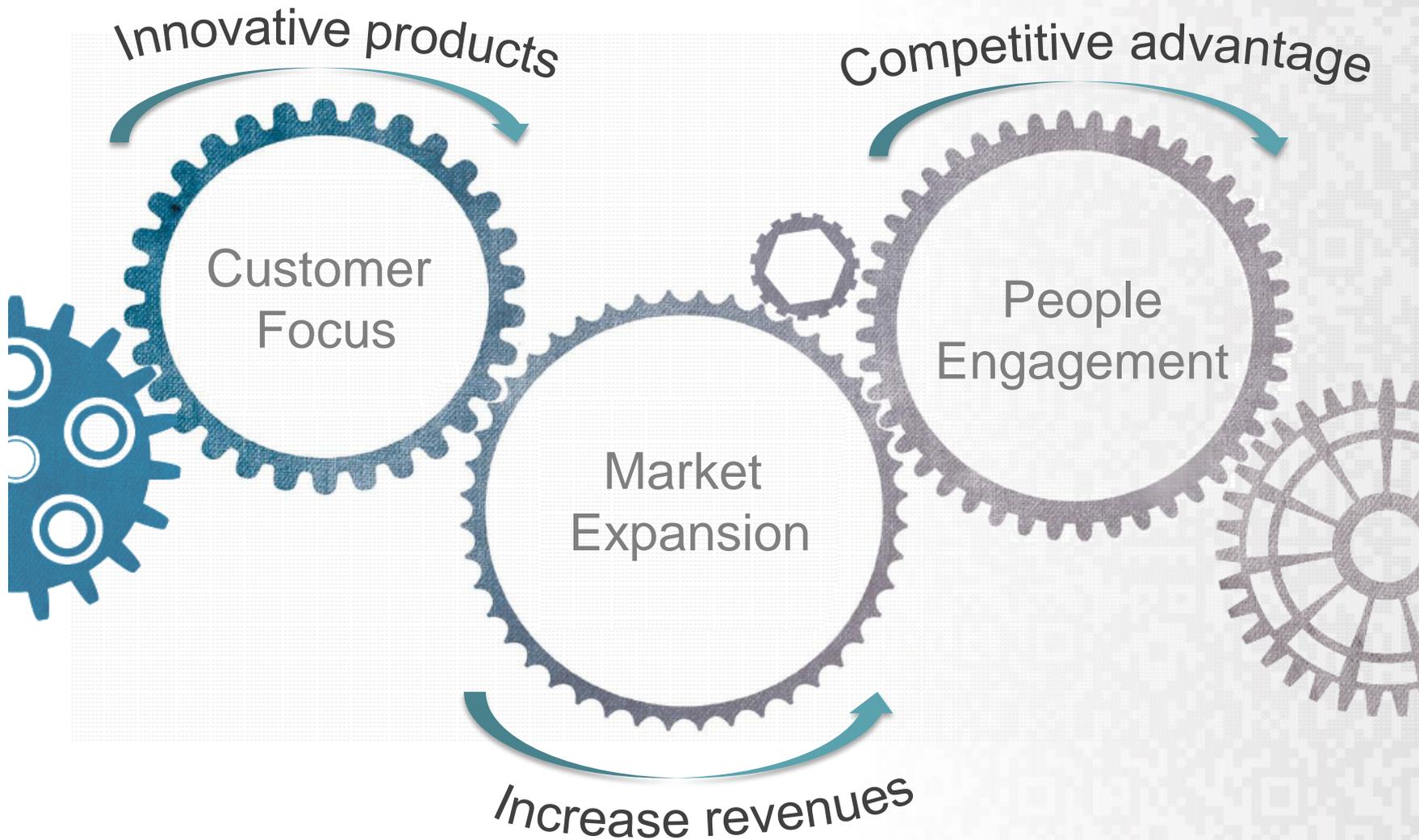
#1 WW – 27.5% mkt share
 #1 in Americas – 31.3% mkt share
 #2 in EMEA – 29.1% mkt share

2012 IA Available Market including Industrial Barcode Scanners, Imagers, Photoelectric Sensors, Safety Light Curtains, Smart Cameras/Vision Sensors, Laser Marking segments (Postal Material Handling, Dimensioner and Integrated Solutions not included)



Source (*) VDC 2013 (base year 2012) Preliminary Figures - Market Researches and Management's Best Estimate

Three Year Plan: the new paradigm



New Business Development Division

- Core Competences
- New Emerging Technologies
- Integration Office



- **Set up of the new Business Development Division** to meet and anticipate current and future customer needs
- **In 2013 R&D expenses up 11.2%** to 35.6 M Euro with an increased weight on revenues from **6.9% to 7.9%**
- **23 new products** launched in 2013 providing 15.6 M Euro contribution to EBITANR
- A large and growing portfolio of nearly **1,100 patents**
- **350** engineers in 12 R&D centers

Retail: 38% of revenues*

Leverage the great market share in POS checkout

POS

Maintain / upgrade customer base

- Most innovative solutions
- Multi-tier model

Store mngt

Increase customer penetration

- New products
- Tailored services

Warehouse

Maximize customer coverage

- New Products
- Bundle solutions

Automatic Data Capture



Industrial Automation



* Figures as of 31 December 2013

Manufacturing: 37% of revenues*

Leverage the product breadth and distribution channel

Warehouse

Maintain / upgrade customer base

- Packaged solutions
- Tailored services

Shop floor

Increase customer penetration

- Replicate EMEA channel model

Automation

Maximize customer coverage

- Geographical expansion

Automatic Data Capture



Industrial Automation



* Figures as of 31 December 2013

Transportation & Logistic: 16% of revenues*

*Leverage leadership
in
sorting applications*

Data Collection

Increase customer penetration

- New products
- Data fusion

Sorting

Maintain / upgrade customer base

- Product refinement
- Aggressive sales

Delivery

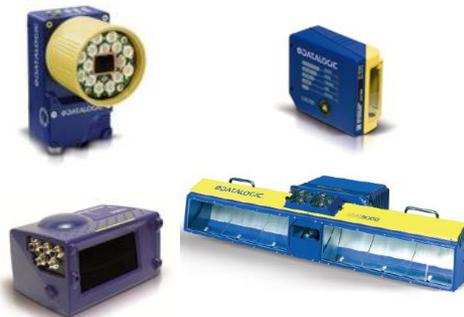
Selective expansion

- New products
- Tailored services

Automatic Data Capture



Industrial Automation



* Figures as of 31 December 2013

Healthcare: 6% of revenues*

*Anticipate new
regulatory
E-pedigree
European Medicines
Verification System*

Manufacturing

Increase customer penetration

- New products
- Data fusion

Inventory mngt

Increase customer penetration

- Tailored services
- Channel program

Bed side care

Maximize customer coverage

- Most innovative solutions
- New Products

Automatic Data Capture



Industrial Automation



* Figures as of 31 December 2013 – Other industries (Government and Hospitality) account for 3% of revenues

Market expansion – Exploit fast growing markets



- Increase **penetration in large regions and fast growing geographies: CAGR 2012-2015 +12%**
- Large potential in all key industries for **automation investments** (focus on Sensors & Vision in BRICS)
- **Boost growth in under served countries** like China, Korea, Turkey, Africa, India and Brazil
- **Strengthen sales force and establish new local offices** : new opening in Brazil with on-site production, in Turkey and in Africa
- **Ad hoc products** that fit with local needs and habits
- Scouting new opportunities for **external growth** (not included in the plan)

Invest in people management and motivation

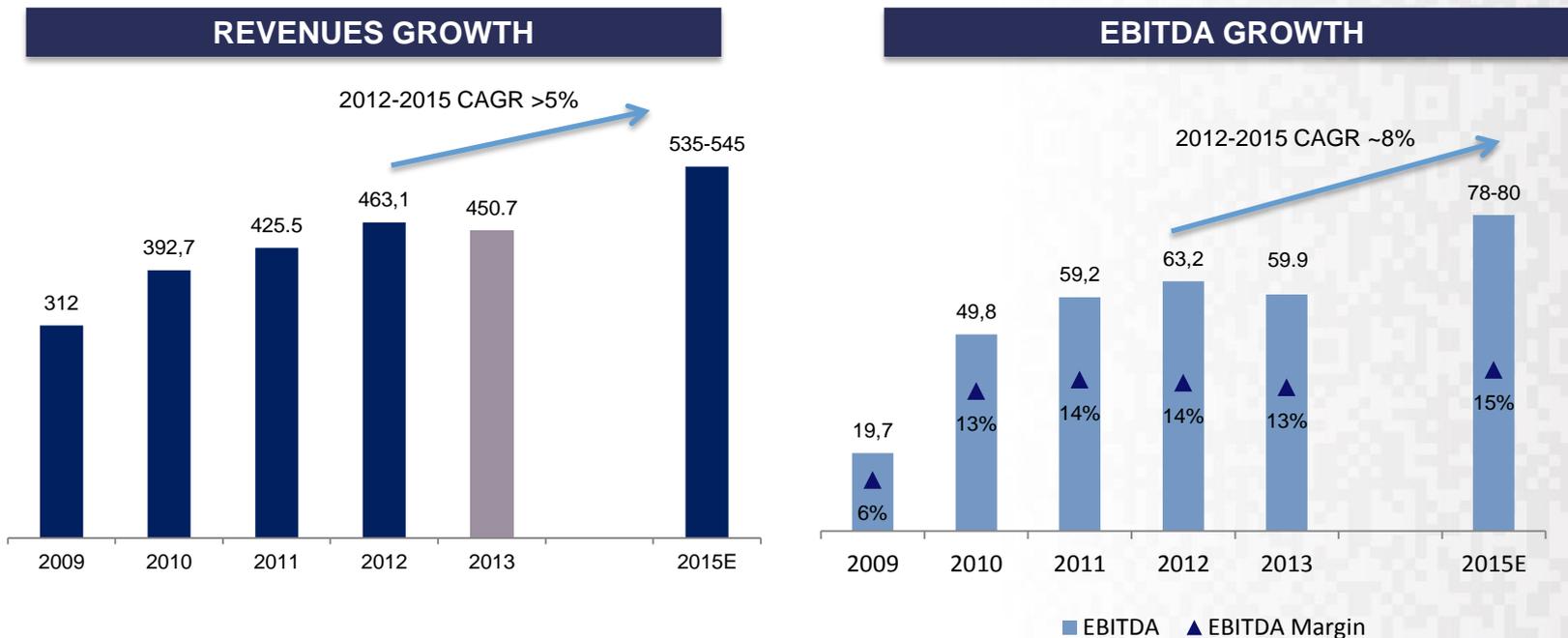
Datalogic Human Resources key strategic pillar:

Differentiated performance through our people!



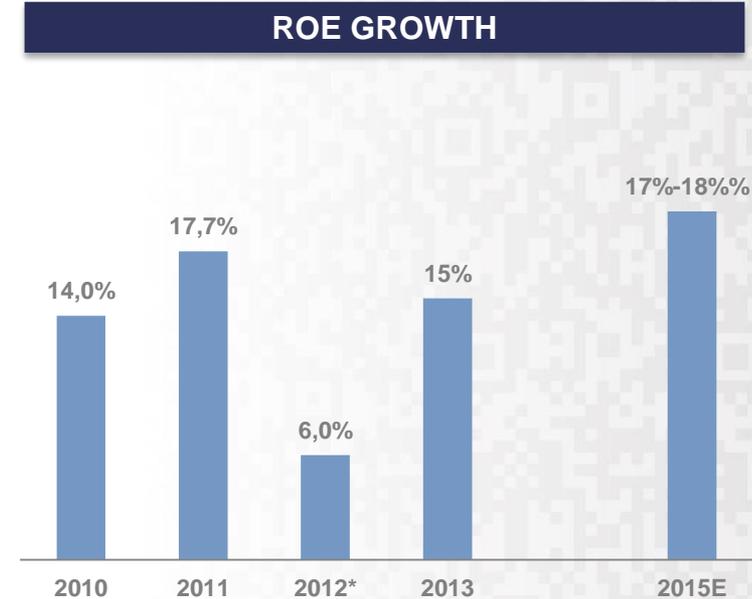
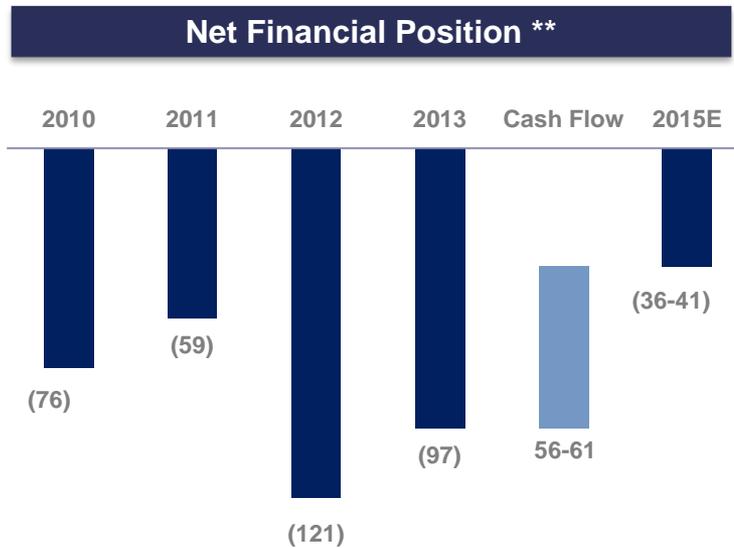
- A new strengthened Human Resources leadership to enable Datalogic business strategy & agenda by ensuring:
 - the design and delivery of a high performance organization
 - the selection and retention of top talent
 - the development and rewarding of people by fostering a culture of engagement and results oriented

Three Year Plan 2013-2015



- Revenues 2012-2015 CAGR over 5% above market average
- Improvement of EBITDA, CAGR 2012-2015 of around 8% expected in a range of 78-80 M Euro (EBITDA margin to ~ 15% in 2015)

Three Year Plan 2013-2015



- Strong cash generation: Net Debt/Equity ratio < 20% and Net Debt/EBITDA around 0.5X
- Investment in CAPEX stable at around 2% of revenues per year
- 2015 ROE target around 17%-18%

* 2012 figures include impairment on Accu-Sort

** Figures gross of dividends

2013 Results

Highlights 4Q 2013

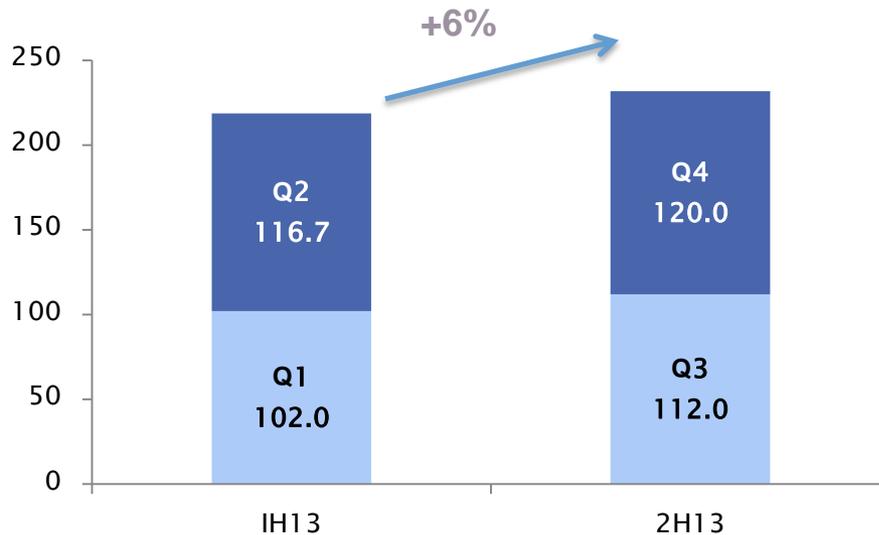
- Revenues improved both on a quarterly (+7.1%) and on a yearly (+4.6%) basis
- **Strong recovery continued in terms of revenues and marginality** on a yearly basis: EBITDA +60.2% and EBITANR +78.2% YOY
- **Ebitda Margin** improved from **9.1%** in 4Q2012 to **14.0%** in 4Q2013
- **Improvement of Industrial Automation** continues in particular in terms of revenues thanks to the launch of new products

€000	4Q2013	3Q2013	Var QoQ%	4Q2012 Restated	Var YoY %
Revenues	119,964	112,004	7.1%	114,714	4.6%
Gross Operating Margin (GOM)	55,700	53,129	4.8%	50,489	10.3%
EBITDA	16,766	16,987	(1.3%)	10,465	60.2%
EBITANR	14,194	14,671	(3.3%)	7,966	78.2%
Operating Profit (EBIT)	12,883	13,225	(2.6%)	(21,084)	n.m.
Net profit	9,255	7,415	24.8%	(18,338)	n.m.

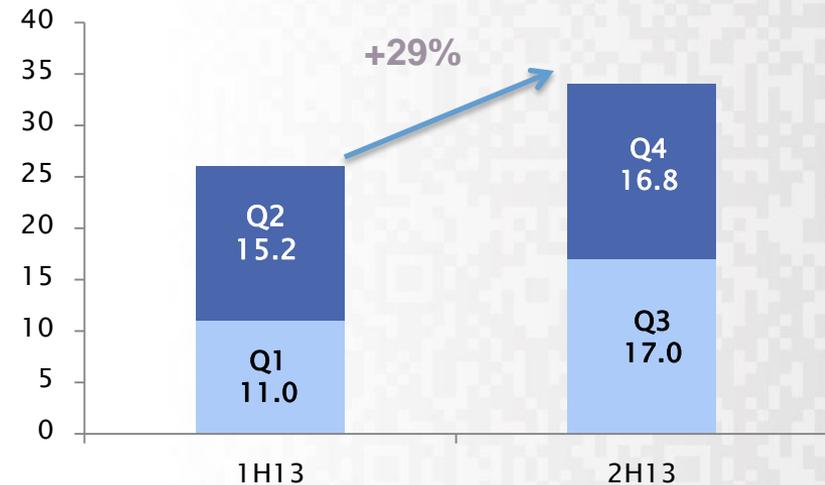
Signs of recovery in the second half

- **Two speed year** with 2H2013 revenues providing signs of recovery +6% YOY
- Revenues trend on a yearly basis (-2,5% YoY) **is improving** even if still reflecting low retail investments

Revenues Growth



EBITDA Growth



Highlights 2013

- **ADC revenues** continued to grow in emerging markets +11%; **IA revenues** improved by 12% in Europe and 2% in North America
- **Gross Operating Margin up 1% to 47.1%**
- **All operating costs well under control allowing an EBITDA Group Margin of 13.3% - ADC EBITDA Margin nearly 18%**
- **Strong cash generation** to reduce debt and to sustain growth
- **Continuous improvement of Net Working Capital**

€000	12M2013	12M2012 Restated	Var YoY %
Revenues	450,737	462,250	(2.5%)
Gross Operating Margin (GOM)	212,261	212,926	(0.3%)
EBITDA	59,985	63,151	(5.0%)
EBITANR	50,106	53,412	(6.2%)
Operating Profit (EBIT)	45,495	16,327	178.6%
Net Profit	26,906	10,247	162.6%

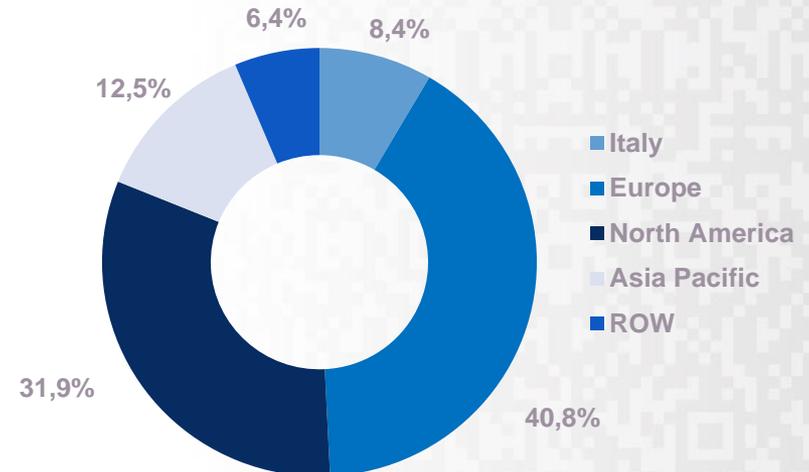
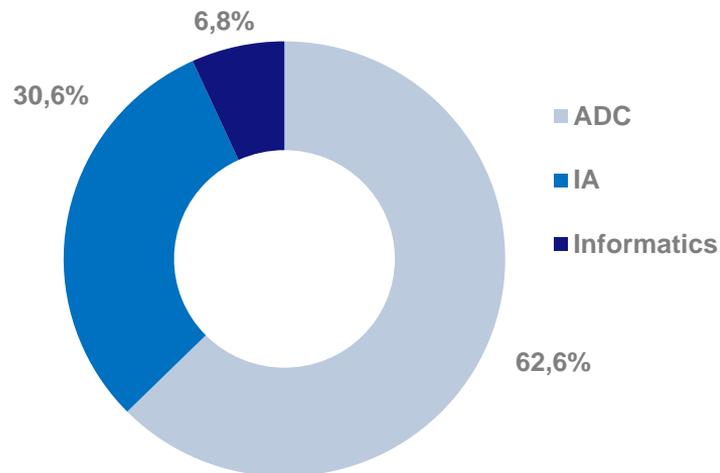
Full Year 2013 Profit and Loss

000€	2013		2012 Restated		Var %
Revenues	450,737	100.0%	462,250	100.0%	(2.5%)
COGS	(238,476)	(52.9%)	(249,324)	(53.9%)	(4.4%)
Gross Operating Margin	212,261	47.1%	212,926	46.1%	(0.3%)
Other revenues	1,974	0.4%	6,893	1.5%	(71.4%)
R&D	(35,614)	(7.9%)	(32,027)	(6.9%)	11.2%
Distribution Costs	(83,450)	(18.5%)	(86,032)	(18.6%)	(3.0%)
Administrative expenses	(42,187)	(9.4%)	(45,868)	(9.9%)	(8.0%)
Other operating expenses	(2,878)	(0.6%)	(2,480)	(0.5%)	16.0%
Total operating expenses and others	(164,129)	(36.4%)	(166,407)	(36.0%)	(1.4%)
EBITANR	50,106	11.1%	53,412	11.6%	(6.2%)
Non recurring costs/rev	1,154	0.3%	(4,321)	(0.9%)	n.m.
Amort. Intang. Assets from acquis.	(5,765)	(1.3%)	(32,764)	(7.1%)	(82.4%)
Operating Profit (EBIT)	45,495	10.1%	16,327	3.5%	178.6%
Financial (costs)/rev.	(6,531)	(1.4%)	(3,682)	(0.8%)	77.4%
Results from equity investments	286	0.1%	187	0.0%	52.9%
Foreign exchange (costs)/rev.	(3,720)	(0.8%)	(3,307)	(0.7%)	12.5%
EBT	35,530	7.9%	9,525	2.1%	273.0%
Taxes	(8,624)	(1.9%)	722	0.2%	n.m.
Net Income	26,906	6.0%	10,247	2.2%	162.6%
Depreciation	(7,342)	(1.6%)	(7,648)	(1.7%)	(4.0%)
Amortization	(2,537)	(0.6%)	(2,091)	(0.5%)	21.3%
EBITDA	59,985	13.3%	63,151	13.7%	(5.0%)
Exchange rate	1.3281		1.2848		

Revenues Trend

REVENUES BY DIVISION			
€000	2012	2013	Var %
Datalogic ADC	297,928	282,387	(5.2%)
Datalogic Automation	130,614	137,825	5.5%
Informatics	34,127	30,778	(9.8%)
Datalogic S.p.A.	22,176	21,557	(2.8%)
Adjustments	(22,595)	(21,810)	(3.5%)
Total revenues	462,250	450,737	(2.5%)

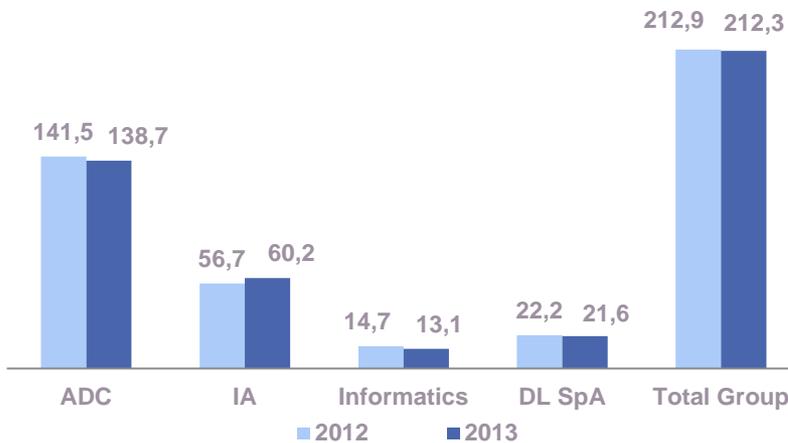
REVENUES BY AREA			
€000	2012	2013	Var %
Italy	38,978	38,040	(2.4%)
Europe	181,428	183,810	1.3%
North America	159,227	143,876	(9.6%)
Asia Pacific	52,690	56,455	7.1%
ROW	29,927	28,556	(4.6%)
Total revenues	462,250	450,737	(2.5%)



Segment Reporting: GOP and Ebitda

GROSS OPERATING MARGIN

(€mln)



EBITDA MARGIN

(€mln)



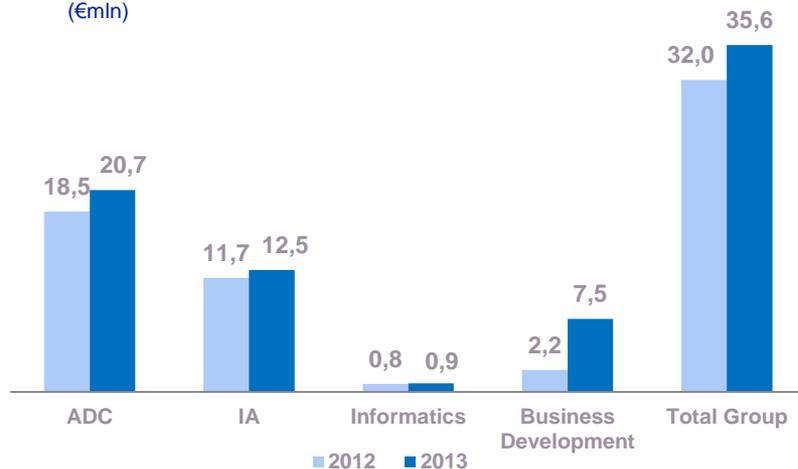
GOP Margin	2012	2013
ADC	47.5%	49.1%
Industrial Automation	43.4%	43.7%
Informatics	43.1%	42.6%
Total Group	46.1%	47.1%

EBITDA Margin	2012	2013
ADC	15.5%	17.9%
Industrial Automation	5.7%	5.8%
Informatics	12.1%	8.3%
Total Group	13.7%	13.3%

Segment Reporting: R&D and TWC

R&D COSTS

(€mln)

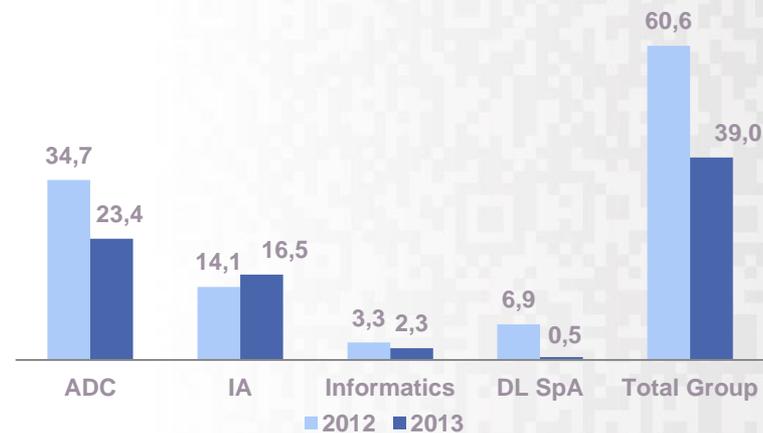


R&D/Revenues

	2012	2013
ADC	6.2%	7.3%
Industrial Automation	9.0%	9.1%
Informatics	2.3%	2.8%
Business Development	10.1%	34.7%
Total Group	6.9%	7.9%

TWC

(€mln)

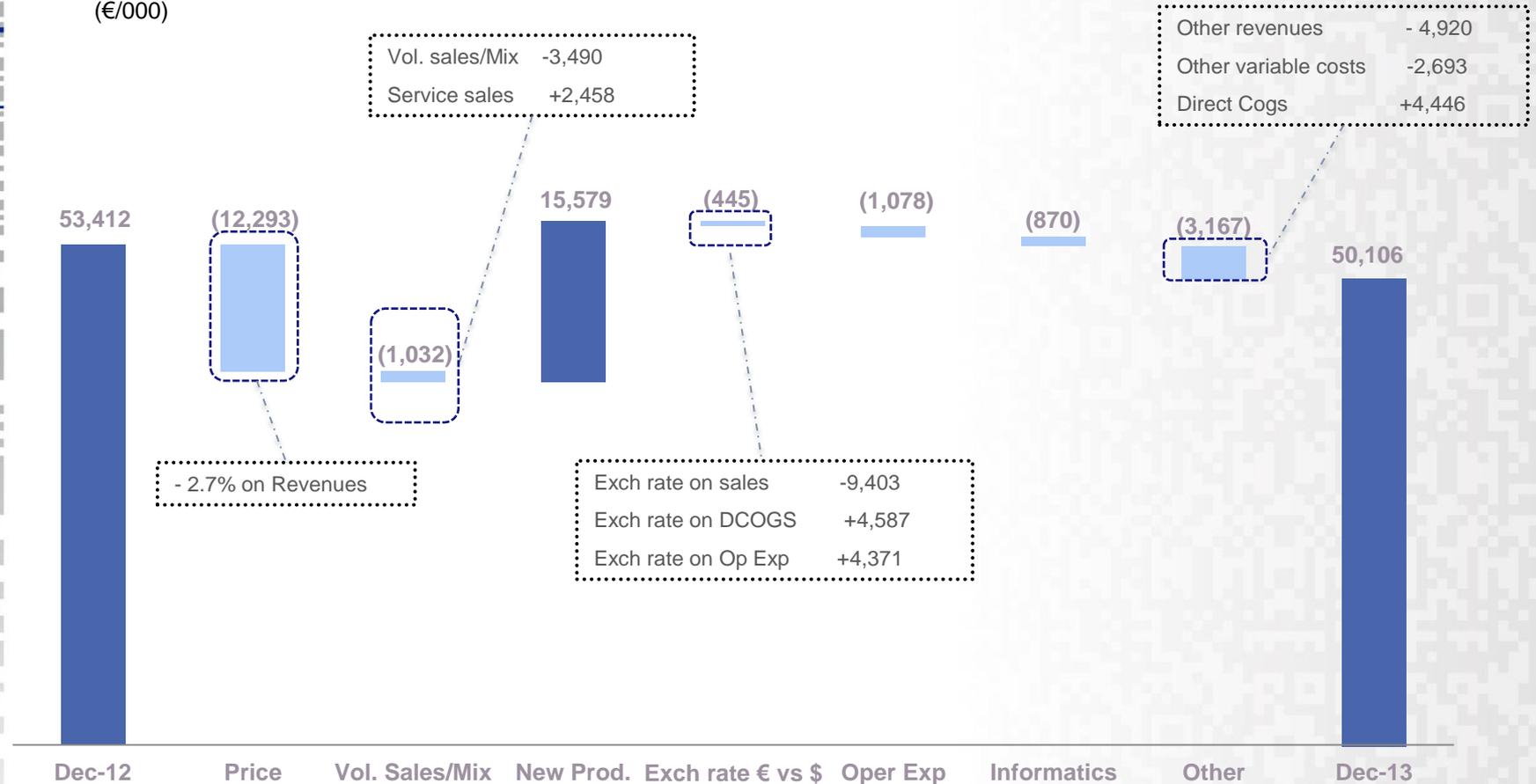


TWC/Annualized Revenues

	2012	2013
ADC	11.6%	8.3%
Industrial Automation	10.8%	12.0%
Informatics	9.8%	7.4%
Total Group	13.1%	8.7%

EBITANR: Actual vs Last Year

(€/000)



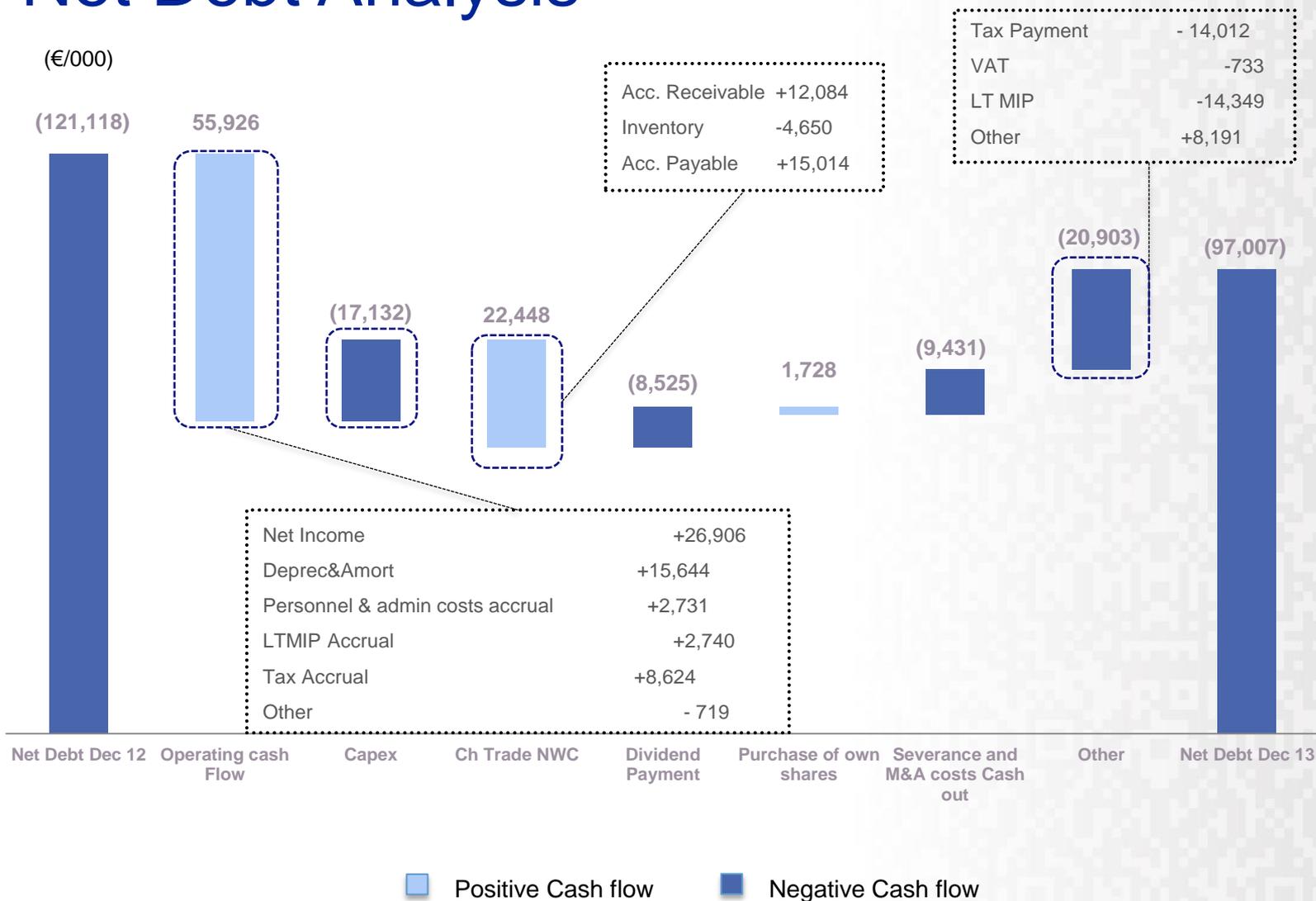
(*) Ordinary Operating Profit before non recurring costs/revenues and amortization of intangible assets from acquisition (EBITANR)

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 2013 (1.3281) and December 2012 (1.2848) €/USD exchange rate.

Consolidated Balance Sheet

€000	At 31/12/2012	At 31/12/2013
Intangible fixed assets	60,262	59,058
Goodwill	151,134	145,092
Tangible fixed assets	51,621	51,328
Non Consolidated investments	3,936	5,452
Other fixed assets	46,602	39,441
Total Fixed Assets	313,555	300,371
Net trade account receivables	82,552	69,953
ST account payables	(71,102)	(84,712)
Inventory	49,153	53,803
Trade Working Capital	60,603	39,044
Other current receivables	25,577	26,483
Other ST payables and provision for risk & future charges	(71,566)	(48,838)
Net Working Capital	14,614	16,689
Other LT payables	(22,513)	(20,359)
Employees' severance Indemnity	(7,367)	(7,049)
LT provision for risk & future charges	(3,768)	(7,398)
Net Invested Capital	294,521	282,254
Equity	173,403	185,247
Net Financial Position	(121,118)	(97,007)
<i>Exchange rate</i>	1.3194	1.3791

Net Debt Analysis



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NEXT EVENTS

March 25-26th , 2014

STAR Conference Milan

April 23rd , 2014

Ordinary Shareholders' Meeting

May 7th , 2014

Board of Directors to approve Q1 2014 results

DATALOGIC ON LINE

www.datalogic.com

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