



STAR Conference

London
October 2nd, 2014

Agenda

- Group Overview
- Business Outlook
- Strategy
- Financial Highlights



Group Overview

Datalogic at a glance



- **Global leader** of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in verticals market:
 - **Retail** – 38% 2013 Rev.
 - **Manufacturing** – 37% 2013 Rev.
 - **Transportation & Logistics** – 16% 2013 Rev.
 - **Healthcare Industries** – 6% 2013 Rev.
 - **Other** – 3% 2013 Rev.
- **Founded in 1972 by Romano Volta** in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001
- A large portfolio of **nearly 1,100 patents**
- **About 2,400 employees**, of which 350 in R&D:
 - 1,155 (48%) in Europe
 - 635 (26%) in US
 - 616 (26%) in APAC
- Direct presence in 30 countries worldwide selling to 120 countries, with more than 1,000 partners worldwide

Investment Case

Strong position

- Unique player world wide with **leadership in two markets: ADC and IA**
- High entry barriers granted by solid **Intellectual Property Patents** portfolio
- **Better time to market and more efficiency than competitors**

Financials

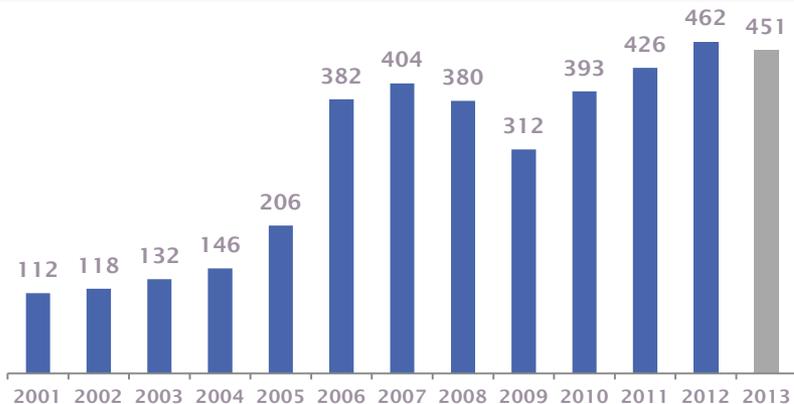
- History of **profitable growth**
- Wise resources management to sustain a **leadership position**
- **Strong cash generation** for growth

Valuation

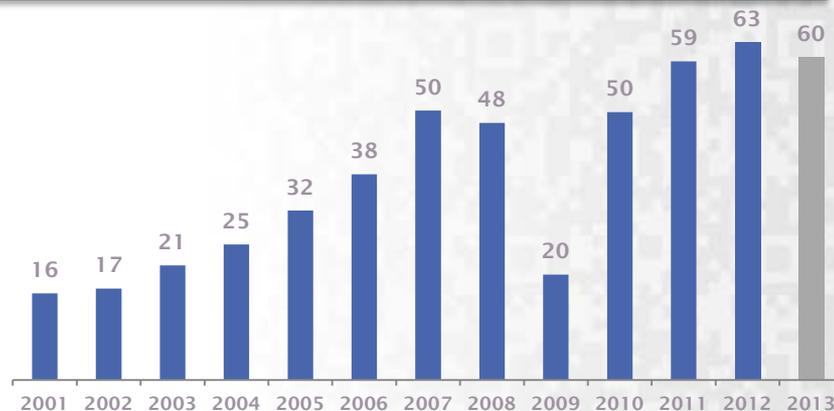
- **Significant discount on peers on a 2015 P/E and EV/EBITDA basis (42% and 46% respectively)**
- Potential from further **internal reorganization**
- Potential from expansion in **Fast growing markets**

Solid Growth in 2001-2013

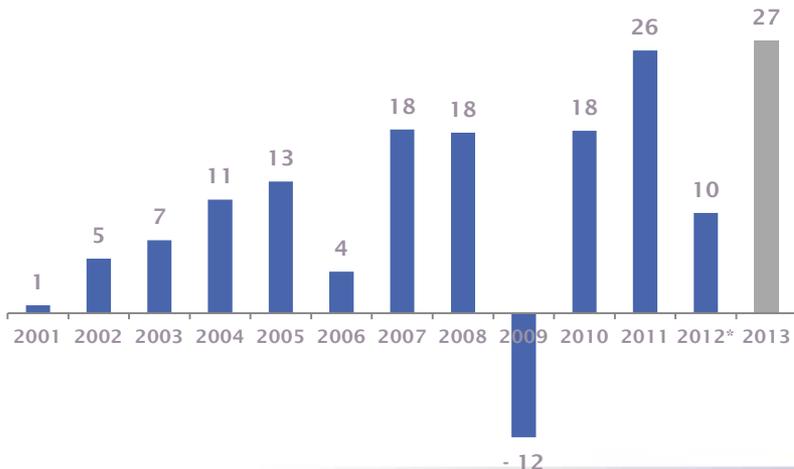
Sales CAGR 2001- 2013 +12%



EBITDA CAGR 2001- 2013 +12%



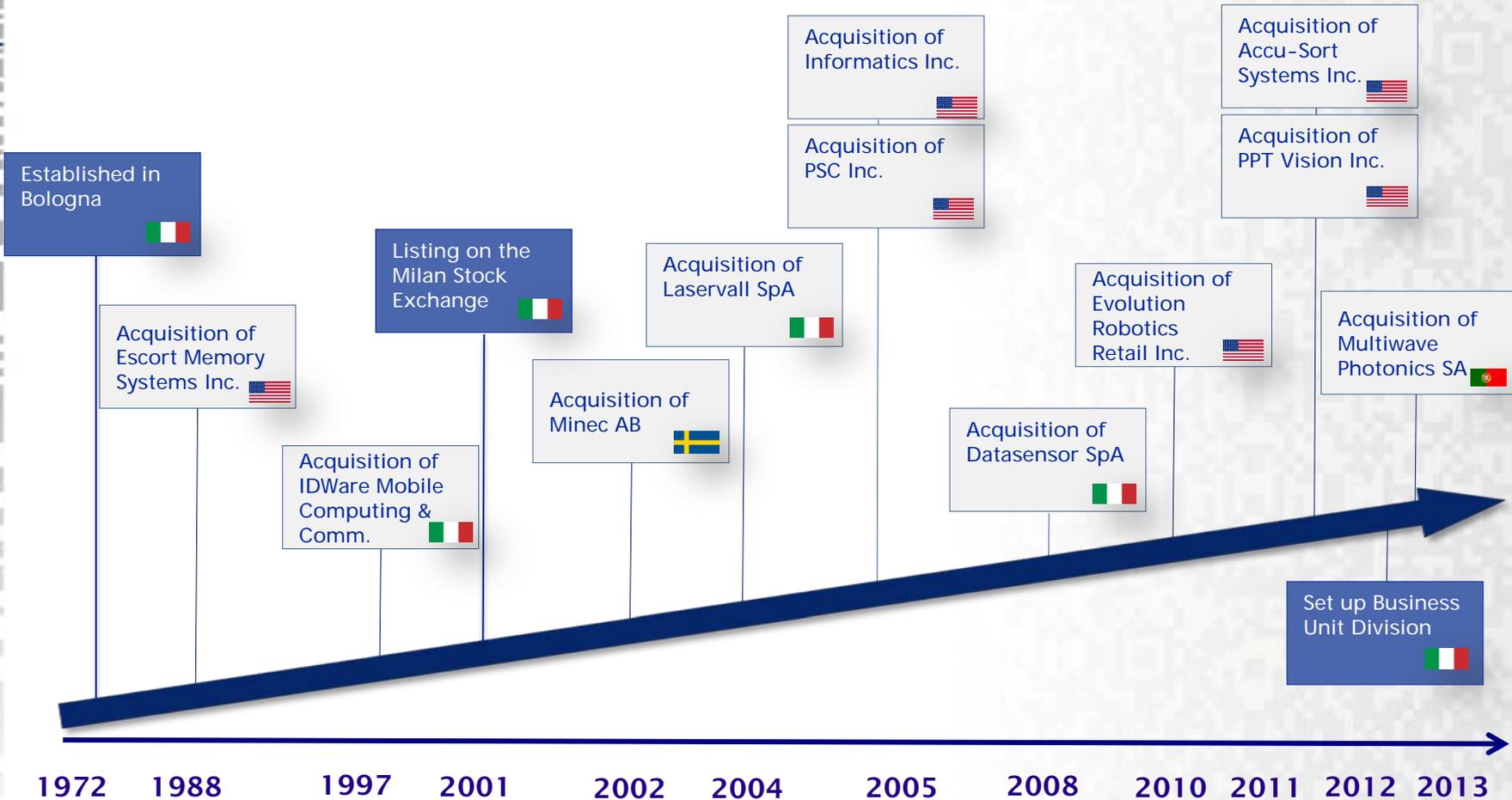
Net Income CAGR 2001- 2013 +34%



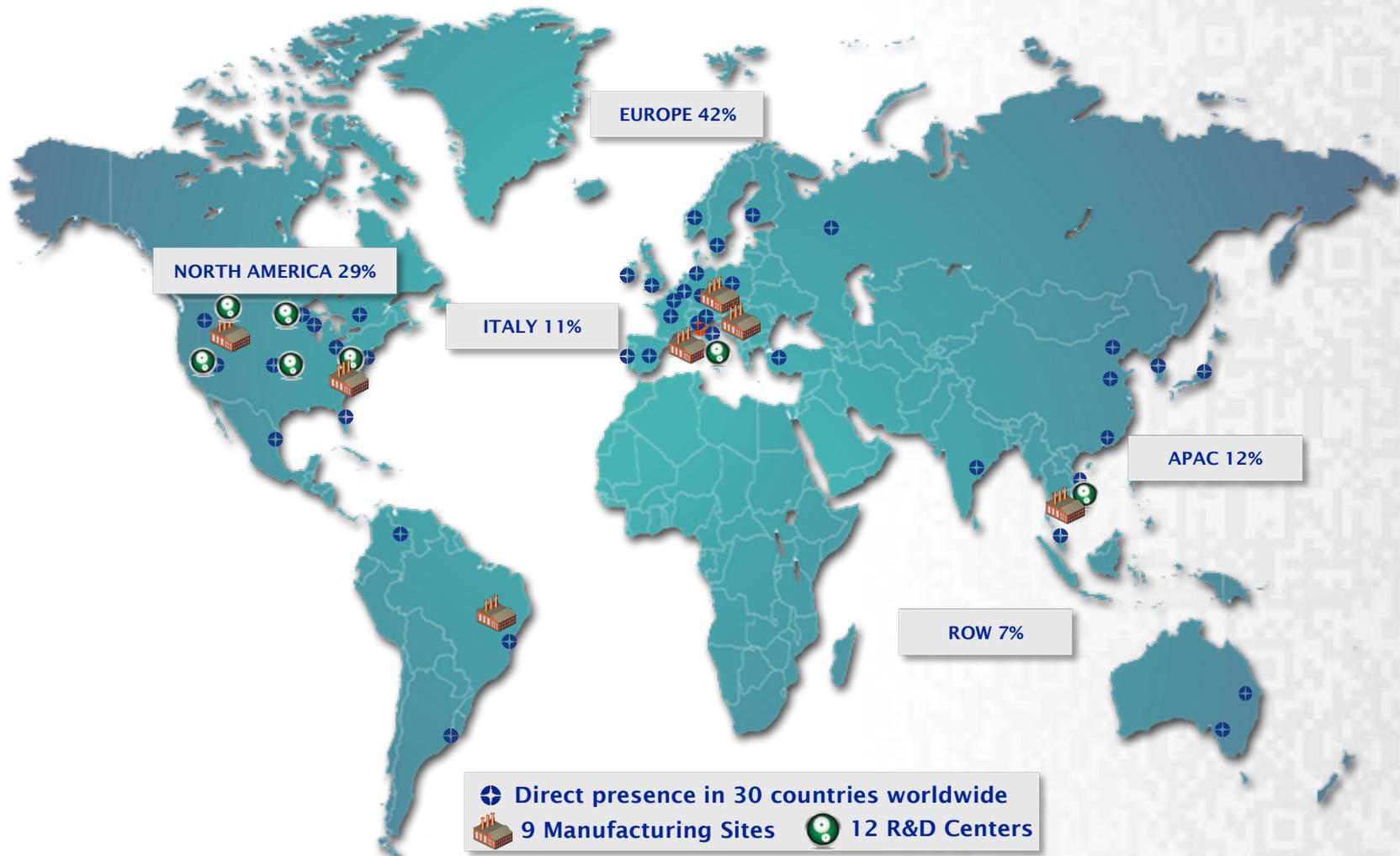
- A history of growth in profitability
- Strong improvements across key indicators reflecting investments in innovation, M&A and better efficiency and productivity
- Robust cash generation to reduce debt and to sustain growth

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

A history of organic growth and acquisitions



A wide geographical footprint

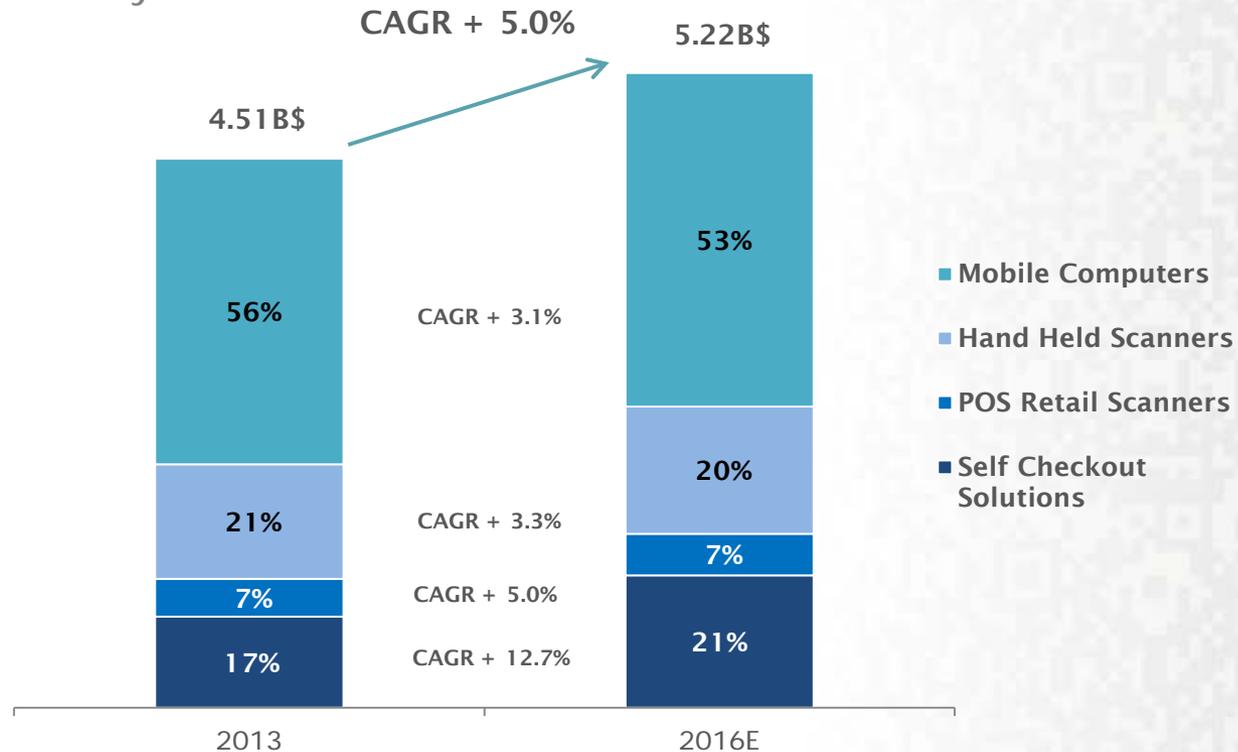


Note: Breakdown by area based on 1H2014 revenues

Business Outlook

Market Outlook – Automatic Data Capture

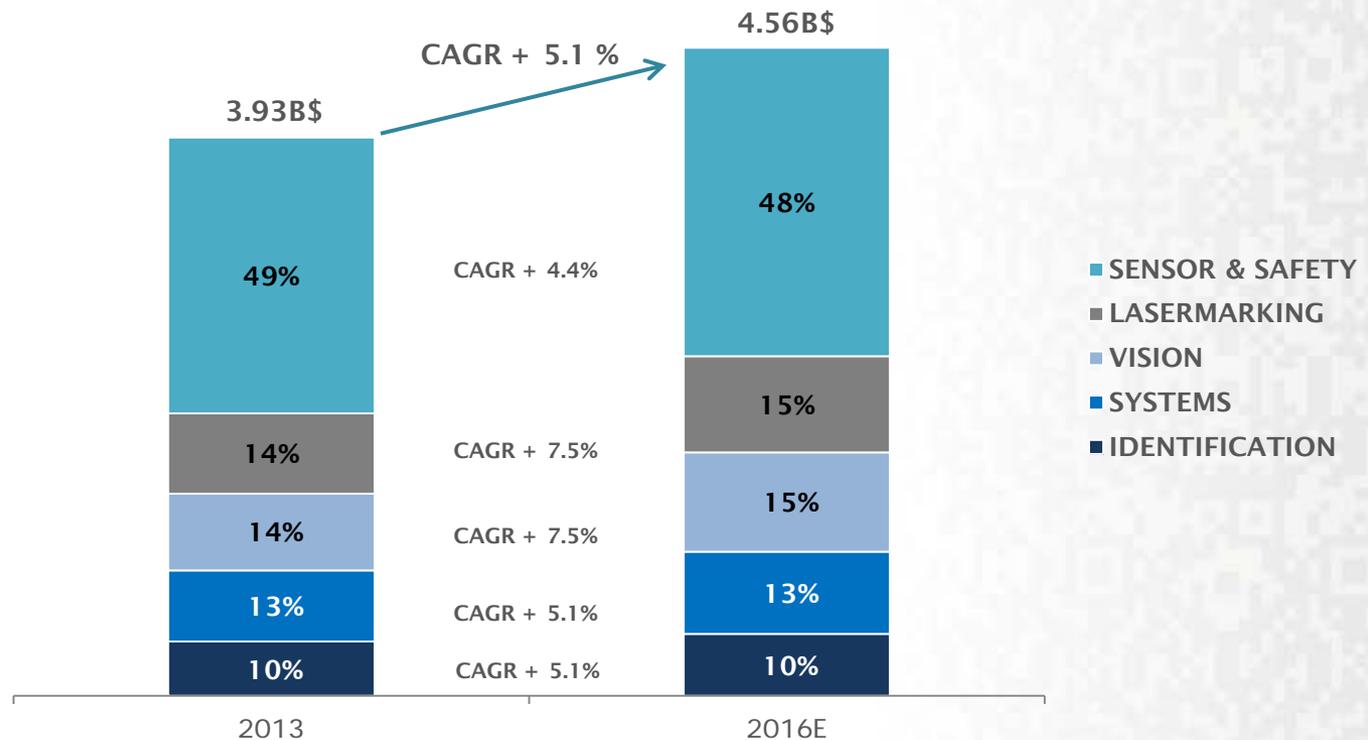
- Strong recovery ahead with forecast reviewed upward for the entire period: CAGR 2013-2016 +5.0%
- Positive expected growth trend in all product lines and in the checkout space where retailers look for improvement of the service level and better efficiency



Source VDC 2014 (base year 2013)

Market Outlook – Industrial Automation

- Positive market trend in all the segments Datalogic is operating in
- Laser marking technology and machine vision increase their applications in the factory environment
- Increase demand for safety in the factories and the automated warehouses drive the growth of safety light curtains

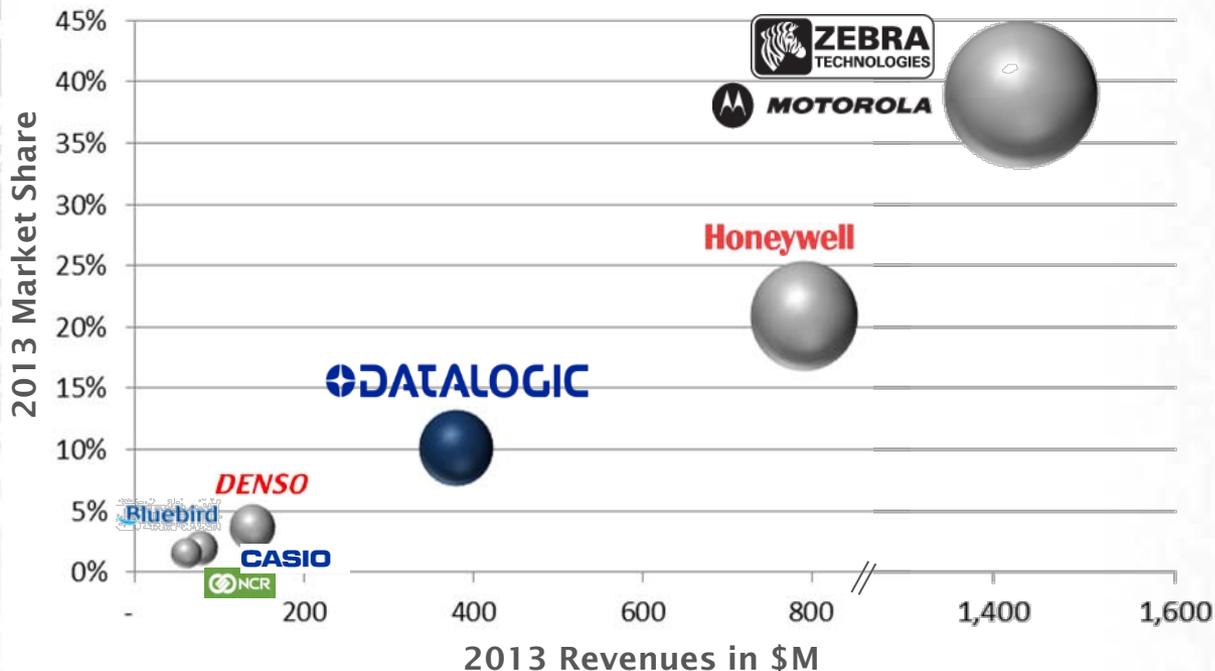


Source VDC 2014 (base year 2013) Preliminary Figures - Market Researches and Management's Best Estimate



Datalogic positioning in the ADC market

- A smaller, dedicated Company vs. divisions of large multinational Group:
 - Better time to market, more flexibility
 - Strong customer-focus
- Entrance in the OEM arena thanks to FTC decision to provide Datalogic access to Honeywell portfolio (2D scan engine in US for next 12 years)



ADC Market Share around 10%

POS Retail Scanners
#1 WW – 32.8% mkt share

Handheld Scanners
#1 in EMEA – 32.8% mkt share
#3 WW – 16.9% mkt share

Mobile Computers
#3 in EMEA – 7.3% mkt share
#4 WW – 3.9% mkt share

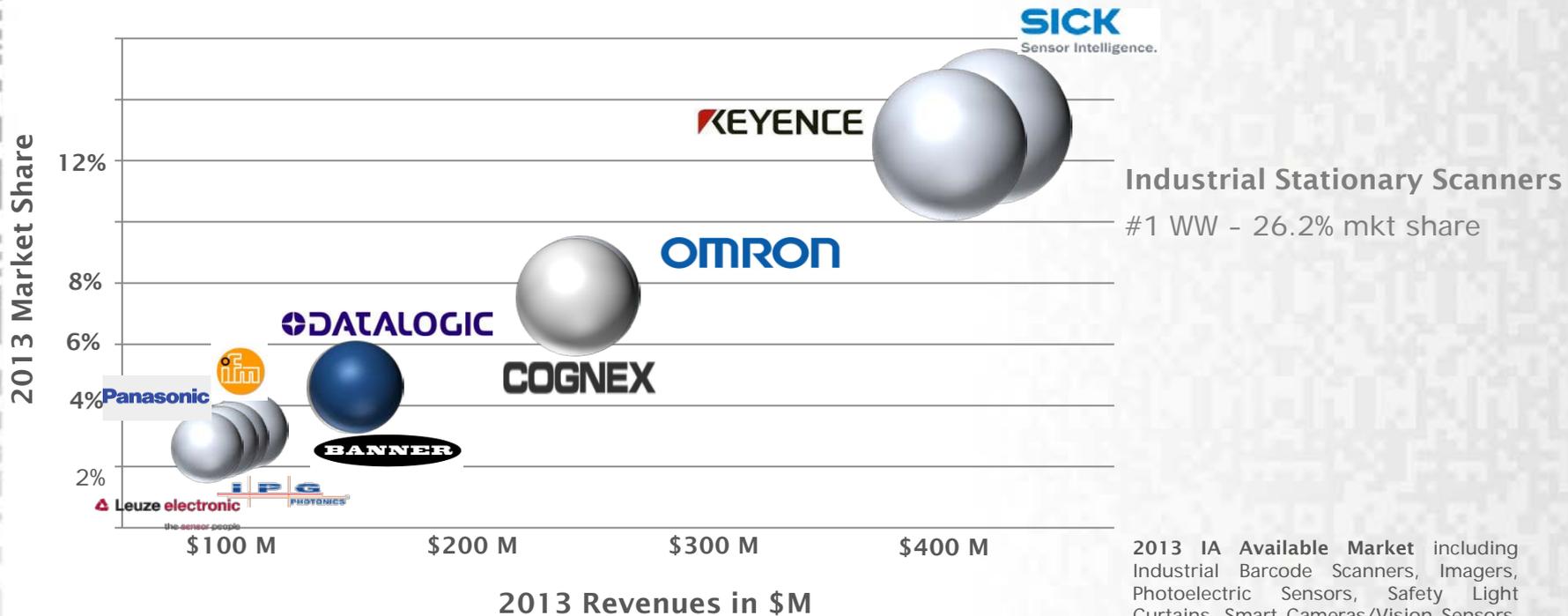
2013 ADC Available Market including POS Retail Scanners, Handheld Scanners and Mobile Computers (Hand Held, PDA and Fork-Lift Vehicles Mounted Computer) segments



Source VDC 2014 (base year 2013)

Datalogic positioning in the IA market

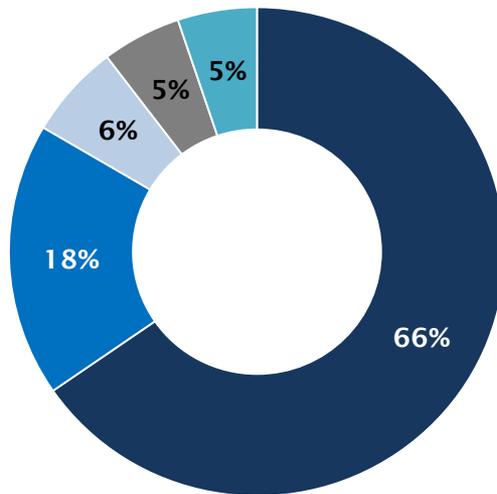
- For Packaging, Electronics, Automotive, Parcel Companies and Intralogistic, Datalogic IA is the only player that can provide the most complete and high performing offer of products and solutions aimed at improving the efficiency and the quality of operational processes.



Source : VDC 2014 (base year 2013) Preliminary Figures - Market Researches and Management's Best Estimate

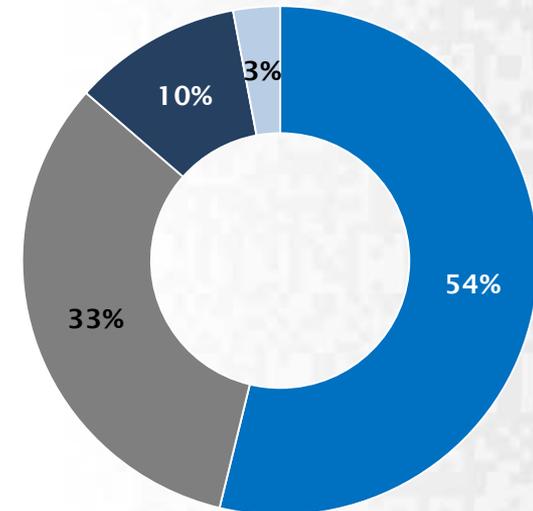
Revenues Breakdown by Verticals

Revenues Breakdown by Verticals* ADC



- Retail
- Manufacturing
- Healthcare
- T&L
- Commercial Services

Revenues Breakdown by Verticals* IA

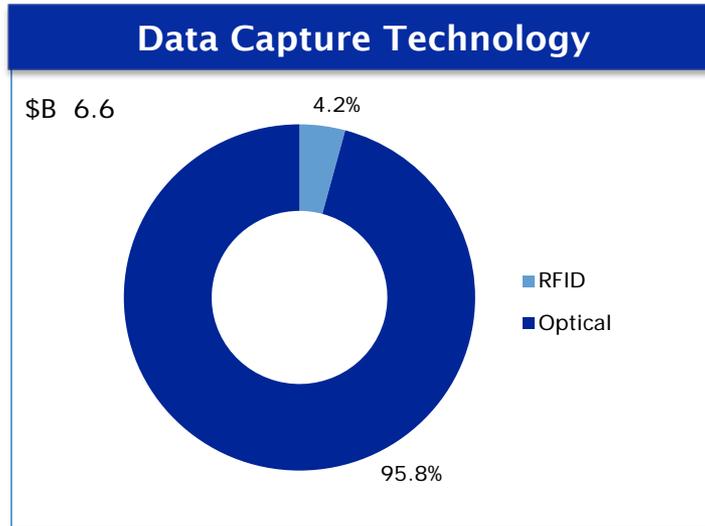


- Manufacturing
- T&L
- Retail
- Healthcare

* Revenues as of August 2014

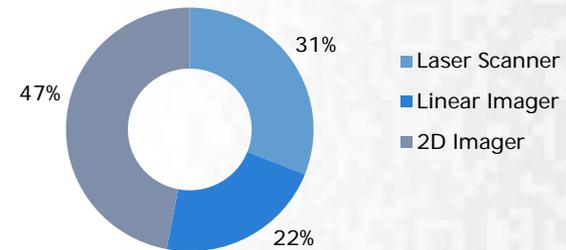
Market split by technology

Datalogic can offer all the technologies available for products identification

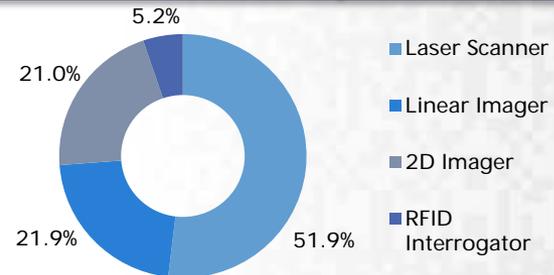


2014 preliminary (base year 2013)

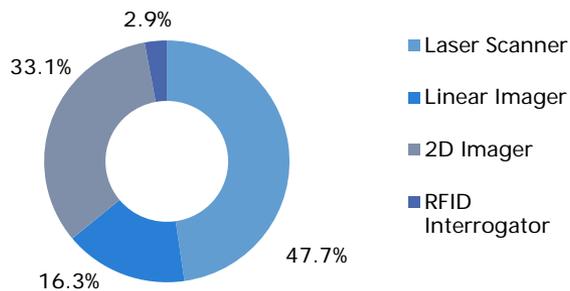
Hand Held Scanners



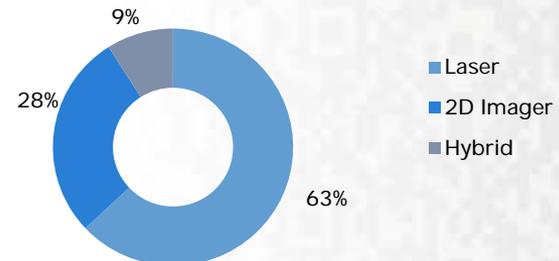
Mobile Computers



Industrial Stationary Scanner



Point of Sale



Leverage the Retail recovery

- Retailers' investment recovery ongoing
- Positive sentiment in US
- Growth driven by technological innovation: **from laser to imaging (Magellan 9800 i)**
- **Jade, the 360° automated portal scanner** in testing phase in more than 15 retailers worldwide (Asda, Rewe, Esselunga, etc.)

Automatic Data Capture



Industrial Automation



Manufacturing: Automation Increases

- Unprecedented level of automation endorsed by both traditional and emerging markets
- Geographical presence expansion in the **fast growing markets**
- Packaged solutions bundling **laser marking and machine vision**
- Launch of **Matrix 300** in FA

Automatic Data Capture



Industrial Automation



T&L: Leverage Sorting Application Leadership

- Increasing importance of “Big Data”, fusion of barcode, dimensions and image
- Focus on Couriers, Postal, e-Commerce, Distribution Centers in North America and Europe
- Growth still linked to large projects worldwide
- Launch of the new ultra-high performance in-motion Dimensioner

Automatic Data Capture



Industrial Automation



Healthcare: Anticipate Regulatory Changes

- Anticipation of regulatory changes:
 - E-pedigree in US
 - European Medicines Verification System
- Wider offer of specialized products and solutions
- Scanners with anti-microbial additives specifically engineered for surgery

Automatic Data Capture

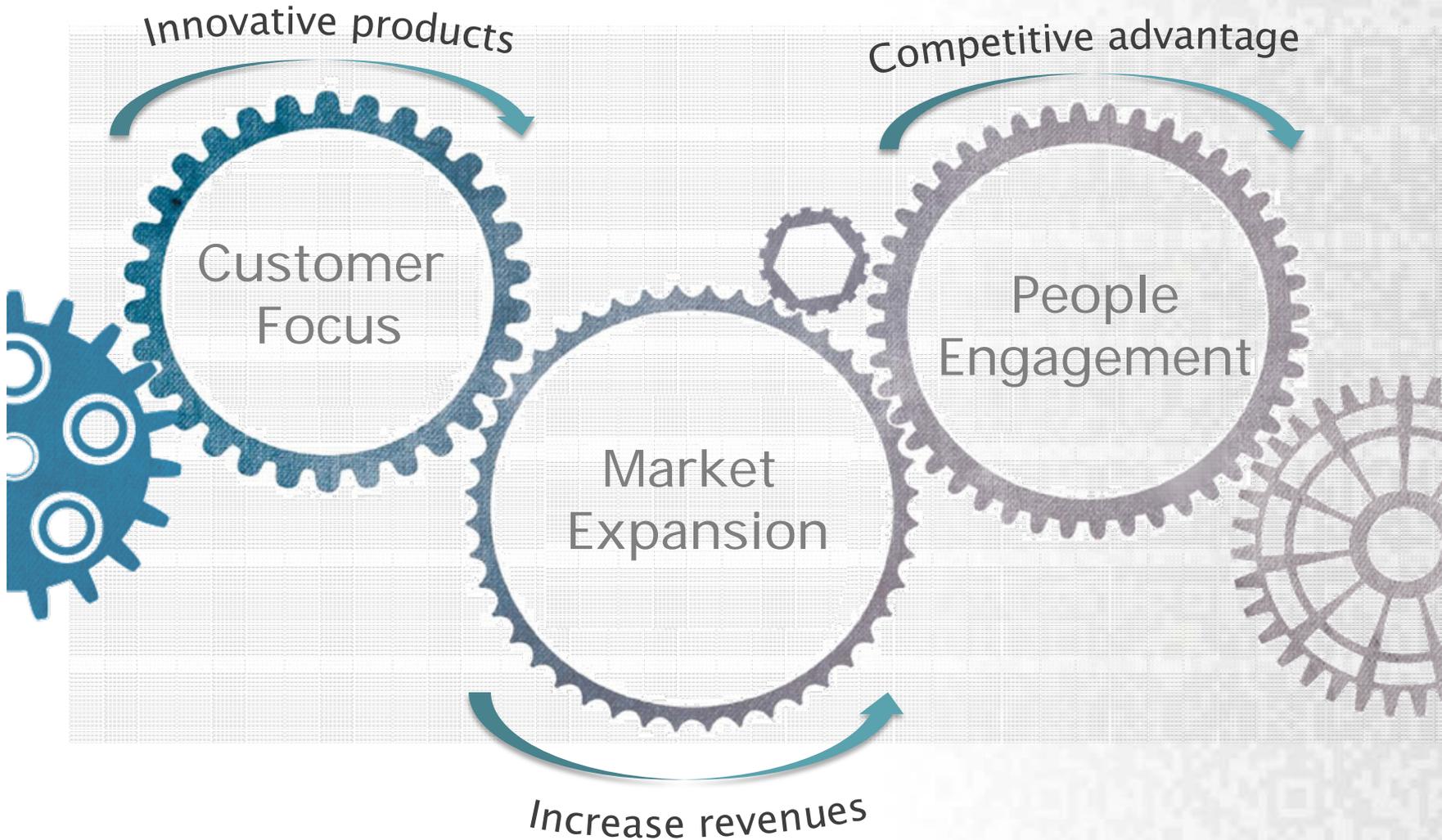


Industrial Automation



Strategy

Three Pillars Strategy

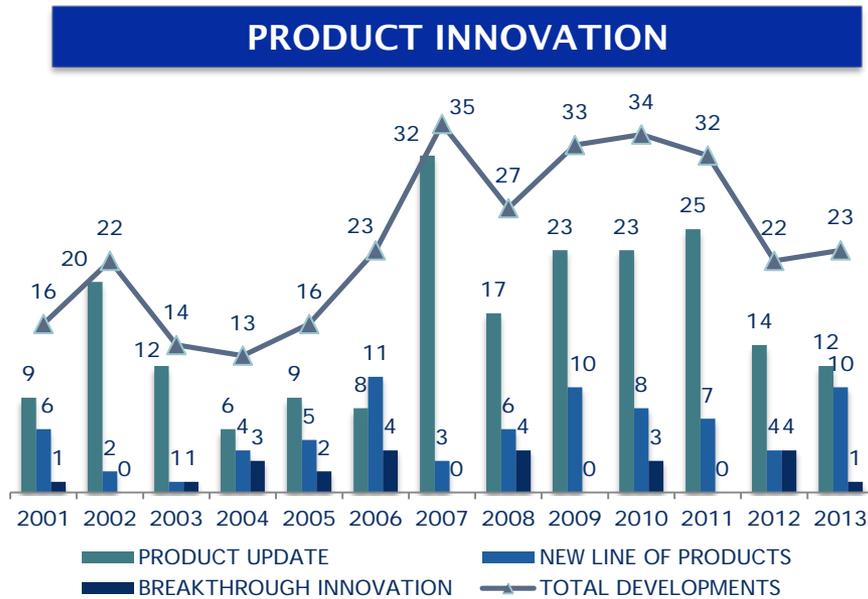


BD Division: the bridge between customers and products...

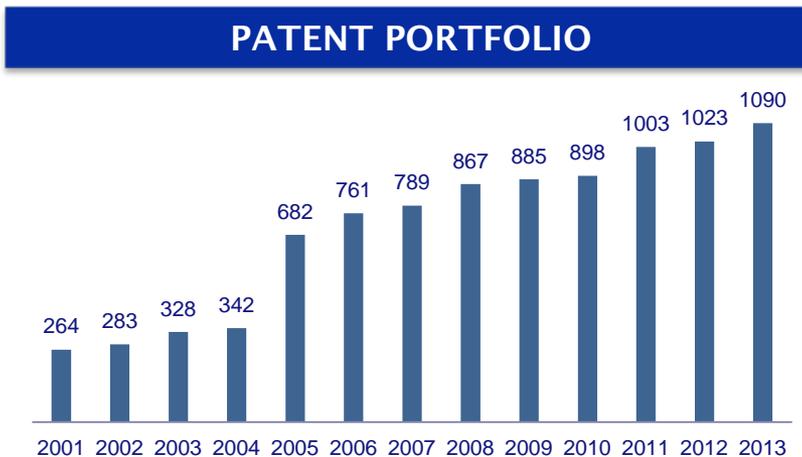


- **Business Development Division:**
 - Datalogic Labs
 - M&A
 - New needs and applications scouting
- R&D investments **over 8% to beat competition and improve market shares**
- Exploring alternative technologies to bar code reading identification: **RFID, digital watermarking**

...to accelerate Innovation

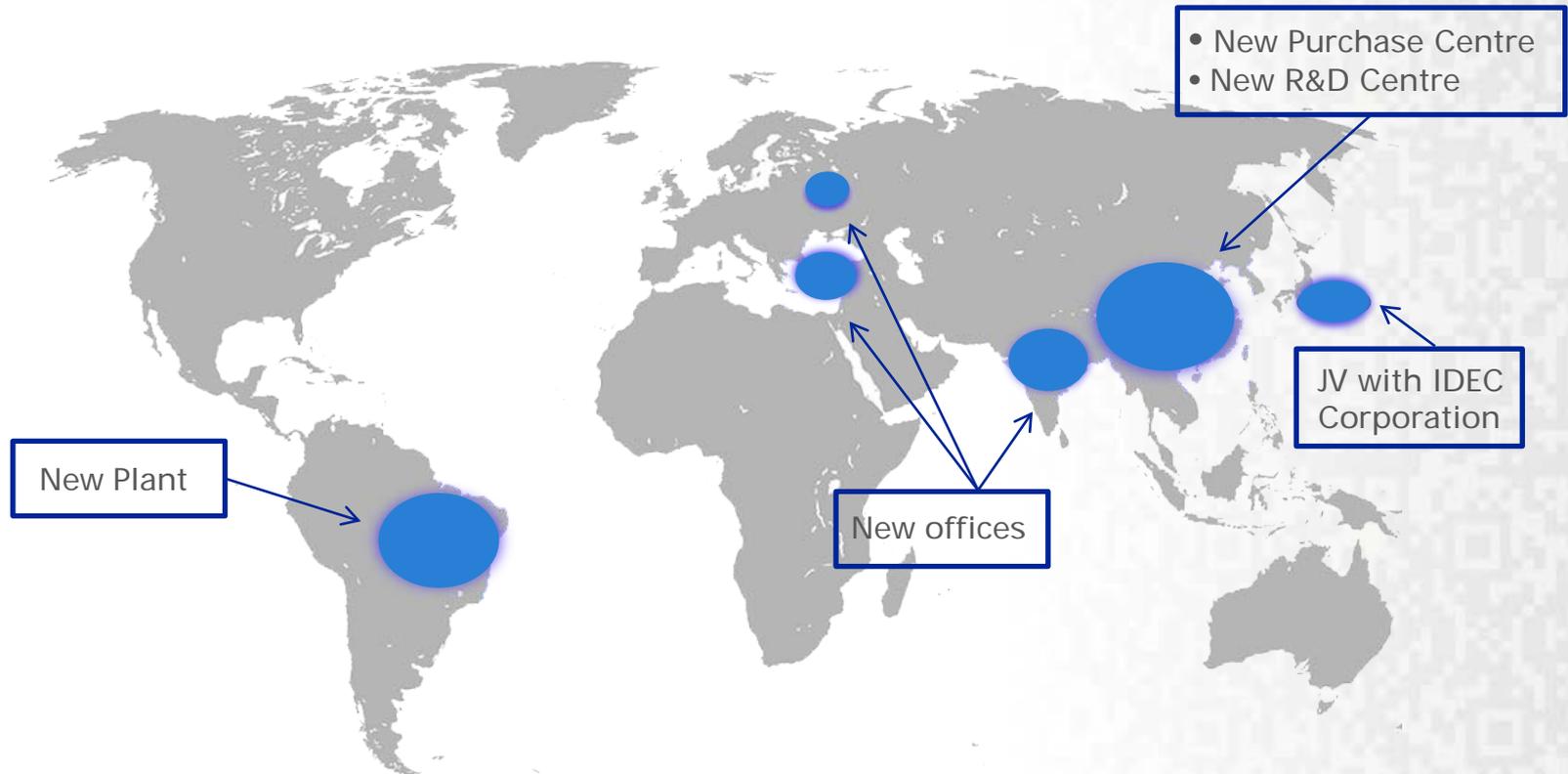


- 23 new products in 2013
- Large and growing portfolio of nearly 1,100 patents
- Over 100 patents filed in 2013
- 12 Research & Development Centers
- Over 350 R&D Engineers
- 25% of sales from new products



Market expansion: exploit fast growing markets

- Increasing **penetration in large regions and fast growing geographies with a target to get one third of total revenues**
- **Centralized Purchase Centre in China** to reduce component costs



Invest in people management and motivation

Differentiated performance through our people!



- New strengthened Human Resources leadership to enable Datalogic business strategy & agenda ensuring:
 - high performance organization design and delivery
 - selection and retention of top talents
 - people development and rewarding fostering a responsibility and result orientation culture
- New patent award and incentive plan for the engineers to foster inventions

Outlook

- **ADC confirms to be the driver of growth** thanks to:
 - the launch of new technologically advanced products
 - the retailers' new investment phase
- In Industrial Automation, the **market and product strategy will be revised** in next quarters with particular focus on North America. Expected recovery from second half of 2015
- **Strong investments in innovation continue** without impact on 2014 profitability
- **Focus on fast growing markets** and North America where there is a big market potential

Financial Highlights

Highlights 1H 2014

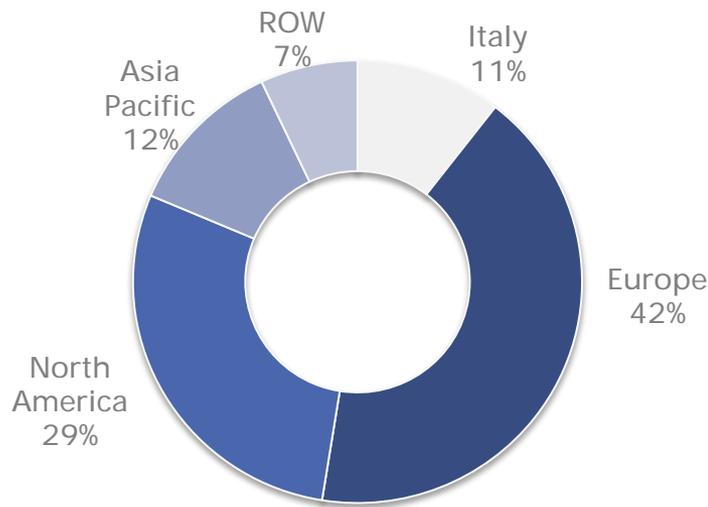
€000	1H2014	1H2013	Var %	Full Year 2013
Revenues	224,028	218,769	2.40%	450,737
<i>% on Revenues</i>	100.0%	100.0%		100.0%
Gross Operating Profit	109,078	103,432	5.50%	212,261
<i>% on Revenues</i>	48.7%	47.3%		47.1%
EBITDA	34,153	26,232	30.20%	59,985
<i>% on Revenues</i>	15.2%	12.0%		13.3%
EBITANR	28,621	21,241	34.70%	50,106
Operating Profit (EBIT)	23,454	19,387	21.00%	45,495
<i>% on Revenues</i>	10.5%	8.9%		10.1%
EBT	18,764	14,224	31.90%	35,530
Net Income	15,244	10,237	48.90%	26,906
<i>% on Revenues</i>	6.8%	4.7%		6.0%
<i>Exchange rate</i>	1.3703	1.3134		1.3281

- Sales recovery continues thanks to ADC growth
- **Strong improvement in profitability** despite increasing R&D investments (+14.9% YoY with an incidence of 8.9% on revenues) and non recurring expenses for around 2.4 M Euro due to restructuring costs
- **Improvement of all operating margins YoY:** Gross Operating Margin from 47.3% to 48.7% and EBITDA Margin from 12% to 15.2%

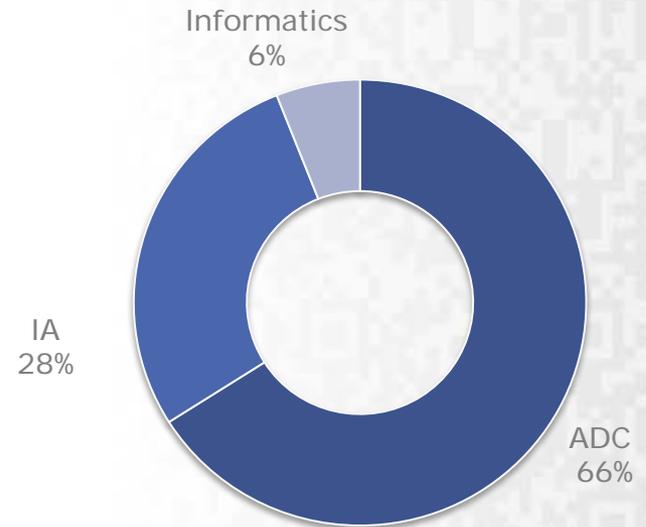
Revenues Trend

- Continuous growth of ADC mainly thanks to investments of retailers in new advanced products Fixed Retail Scanners and Hand Held Readers
- **Two speed in North America:** ADC driven by retailers while IA still suffering mainly due to a lack of main orders in postal segment
- **Remarkable growth of Greater China in both divisions thanks to last year investments**
- Revenues growth at constant exchange rate would have been +4.5%

Revenues by Country (%)

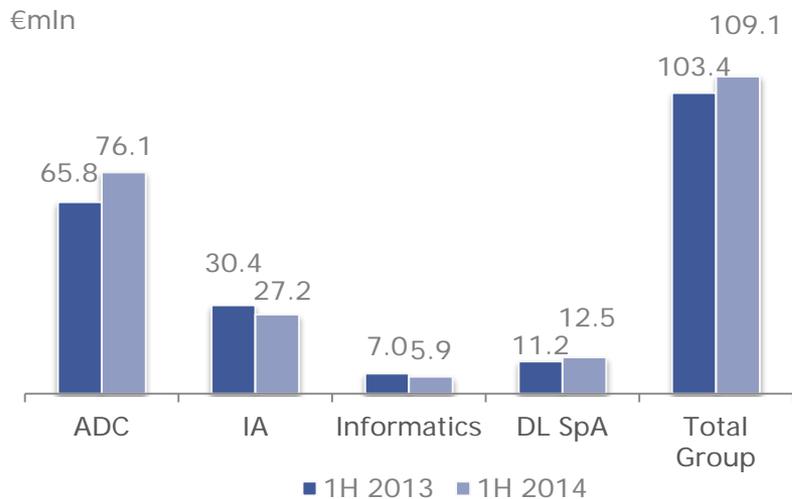


Revenues by Division (%)

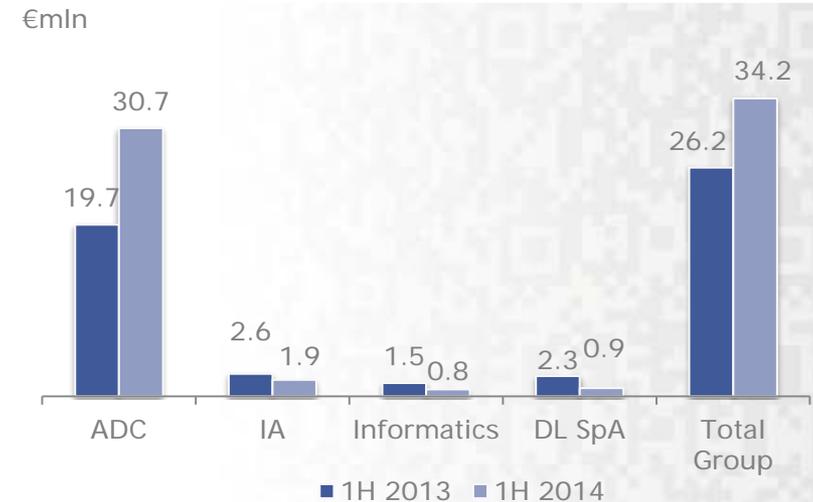


Segment Reporting: GOP and EBITDA

GOP BY DIVISION



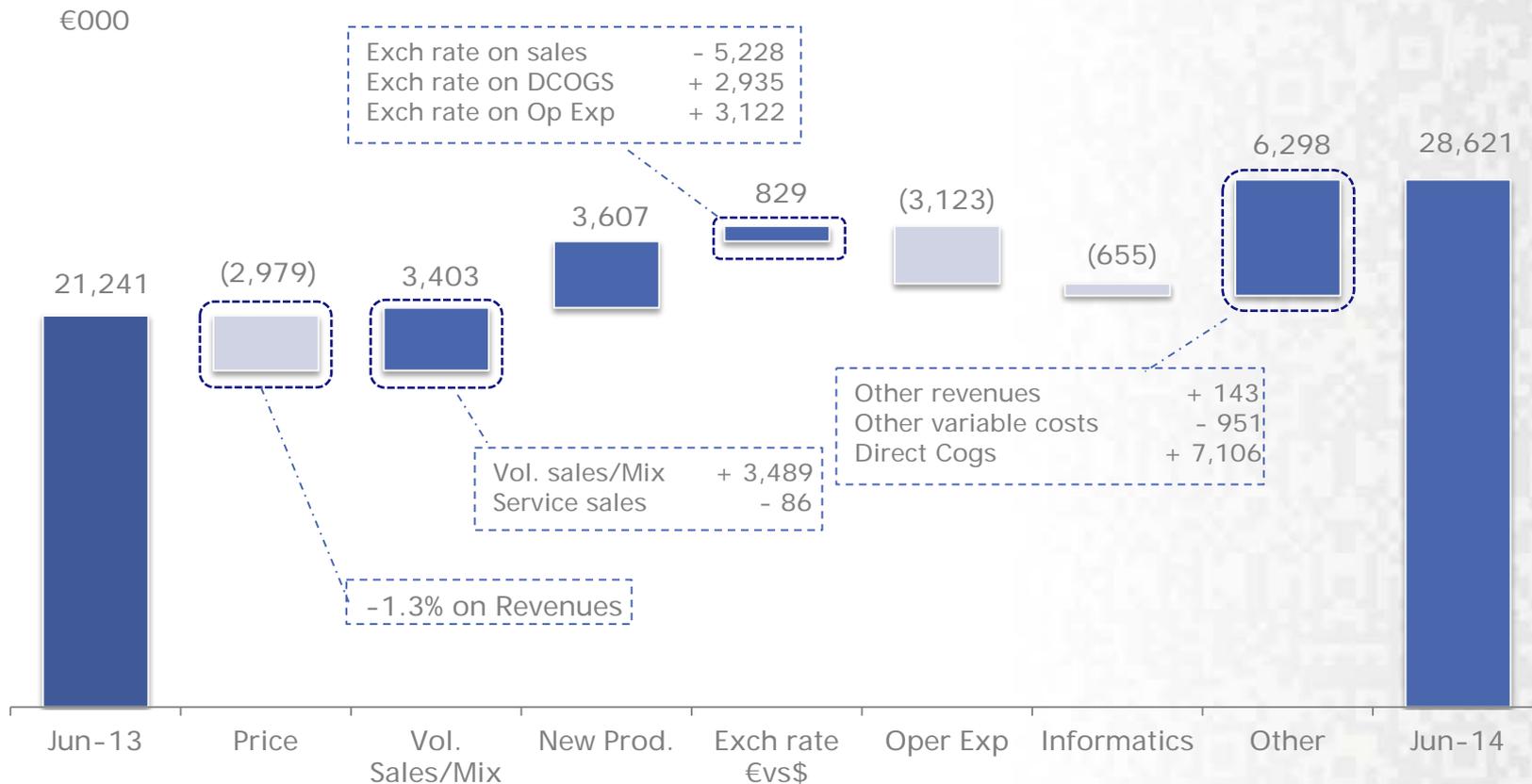
EBITDA BY DIVISION



Gross Operating Margin	1H13	1H14
ADC	49.1%	51.0%
Industrial Automation	44.0%	43.4%
Informatics	44.8%	45.1%
Total Group	47.3%	48.7%

EBITDA Margin	1H13	1H14
ADC	14.7%	20.6%
Industrial Automation	3.8%	3.0%
Informatics	9.8%	6.2%
Total Group	12.0%	15.2%

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 June '14 Actual (1,3703) and June '13 Actual (1,3134) €/USD exchange rate.

Consolidated Balance Sheet

€000	At 31/12/2013	At 30/06/2014
Intangible fixed assets	59,058	55,028
Goodwill	145,092	146,468
Tangible fixed assets	51,328	51,710
Non Consolidated investments	5,452	5,383
Other fixed assets	39,441	39,551
Total Fixed Assets	300,371	298,140
Net trade account receivables	69,953	72,814
ST account payables	(84,712)	(78,353)
Inventory	53,803	60,445
Trade Working Capital	39,044	54,906
Other current receivables	26,483	34,982
Other ST payables and provision for risk & future charges	(48,838)	(60,073)
Net Working Capital	16,689	29,815
Other LT payables	(20,359)	(19,754)
Employees' deferred compensation	(7,049)	(7,374)
LT provision for risk & future charges	(7,398)	(9,706)
Net Invested Capital	282,254	291,121
Equity	185,247	205,074
Net Financial Debt	97,007	86,047
<i>Exchange rate</i>	<i>1.3791</i>	<i>1.3658</i>

Appendix

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 (September 26th, 2014): 8.41 Euro

Market Cap (September 26th, 2014): 491.5 M Euro

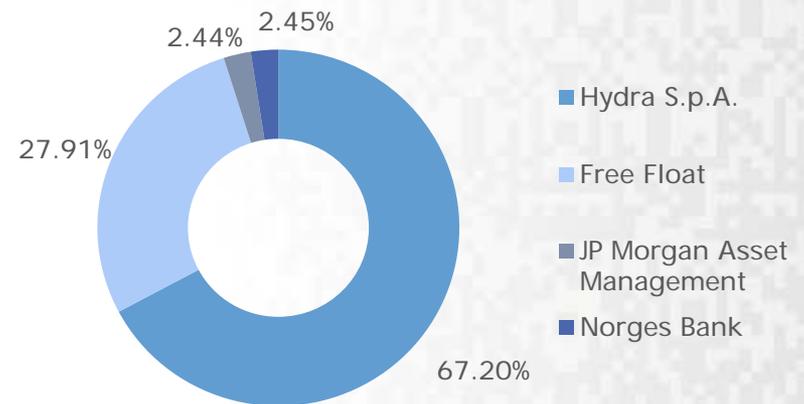
Specialist: Intermonte SIM

Auditing Company: Reconta Ernst & Young

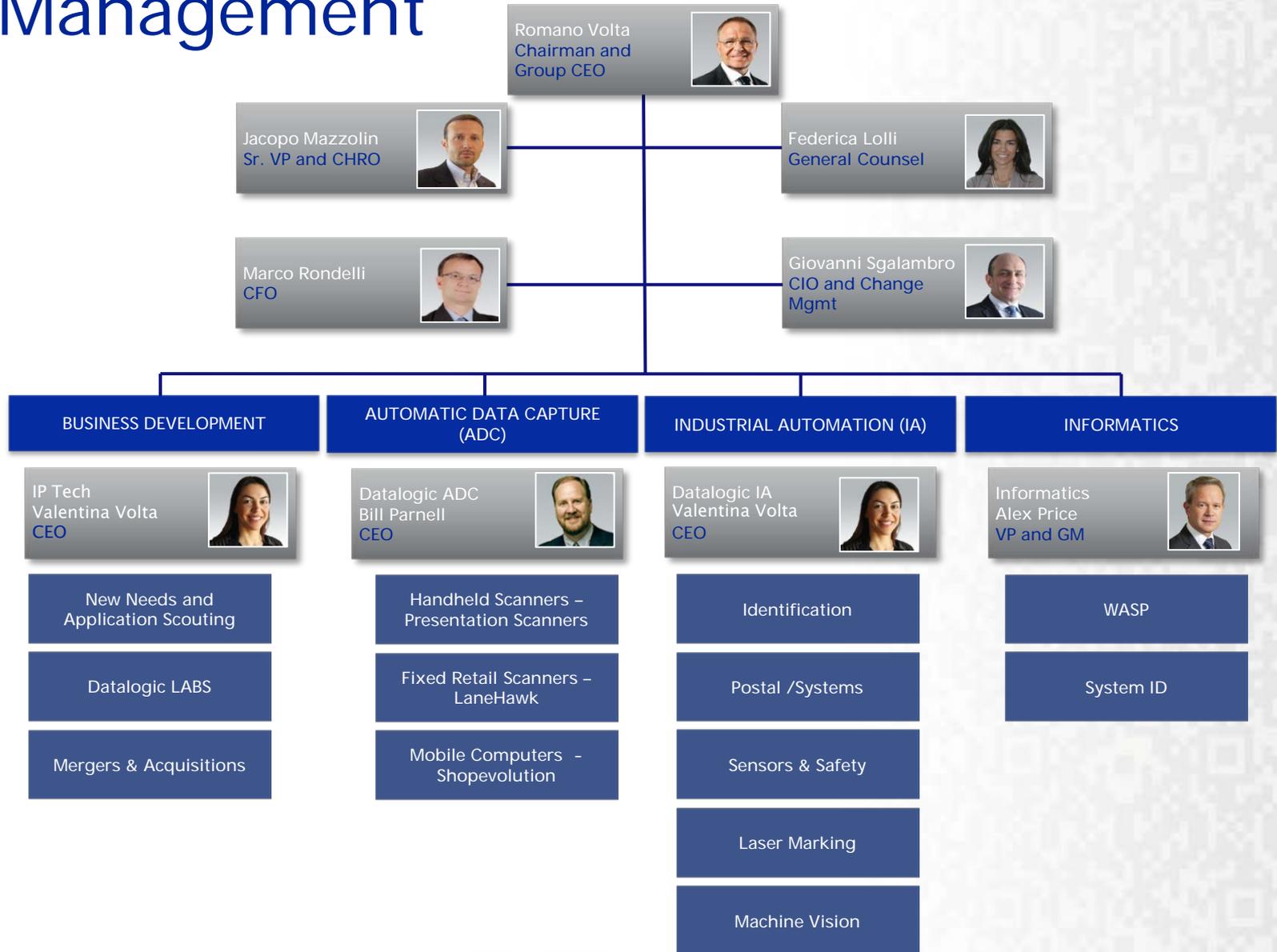
DATALOGIC PRICE PERFORMANCE



SHAREHOLDERS' STRUCTURE



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Next Events

November 7th 2014

Board of Directors to approve Q3 2014 results

Datalogic on line

www.datalogic.com

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