



# STAR Conference

London  
October 5<sup>th</sup>, 2015

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# Agenda

- Group Overview
- Market Outlook
- Business & 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, Transportation & Logistics, Factory Automation, Healthcare Industries**
- **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 **over 1,150 patents**
- **About 2,400 employees**, of which 400 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

# Investing in Datalogic

1

## 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**

2

## PROVEN TRACK RECORD

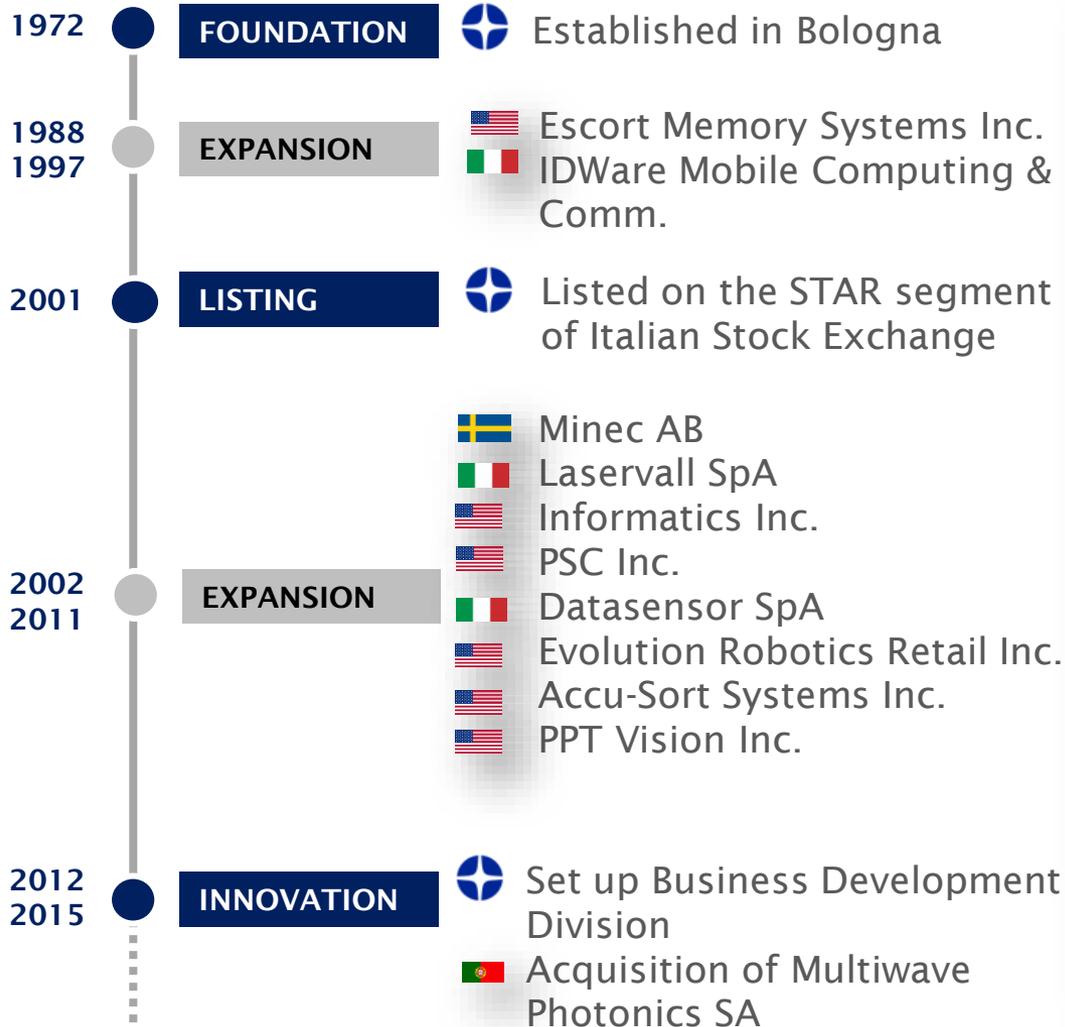
- History of **profitable growth**
- Wise resources management to sustain a **leadership position**
- **Strong cash generation** for growth

3

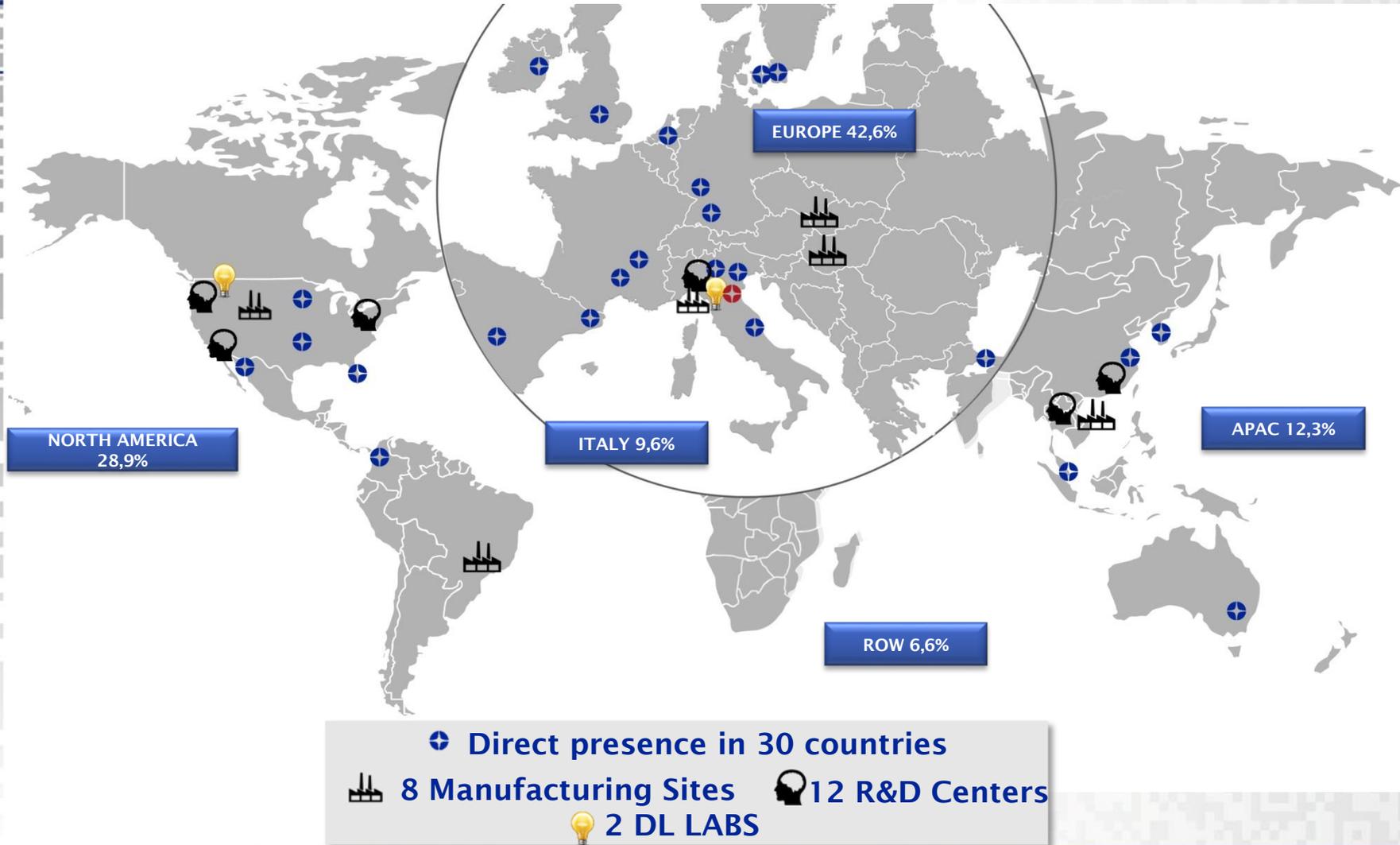
## VALUATION & OPPORTUNITIES

- **Attractive valuation**
- Potential from further **internal reorganization**
- Opportunities from expansion in **Fast growing markets**

# Over 40 years of Technological Innovation



# A Wide Geographical Footprint



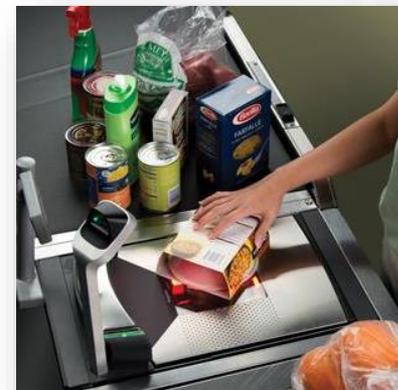
Note: Breakdown by area based on 2014 revenues

# Customer Focus: Invest in Technology and Develop Excellent Products

- A large and growing portfolio of over **1,150 patents and patent applications**
- About **300 pending patent applications** in all jurisdictions
- 25% of sales from new products\*
- 25 new products launched in 2014 and 7 in Q1 2015
- **12 Research & Development Centers**
- Around **400 R&D Engineers**



Portal Scanning



Digital Watermarking



Matrix™ 300



A30 & T4X  
Smart Camera

\* Are considered new products the products announced in the last 24 months

# 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

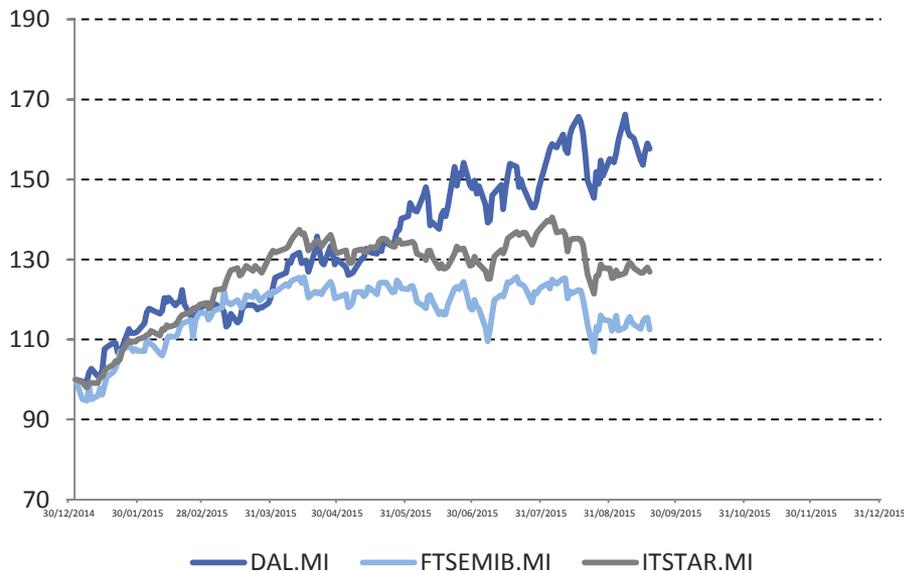
**Price (September 25<sup>th</sup>, 2015):** 14.1 Euro

**Market Cap (September 25<sup>th</sup>, 2015):** 824 M Euro

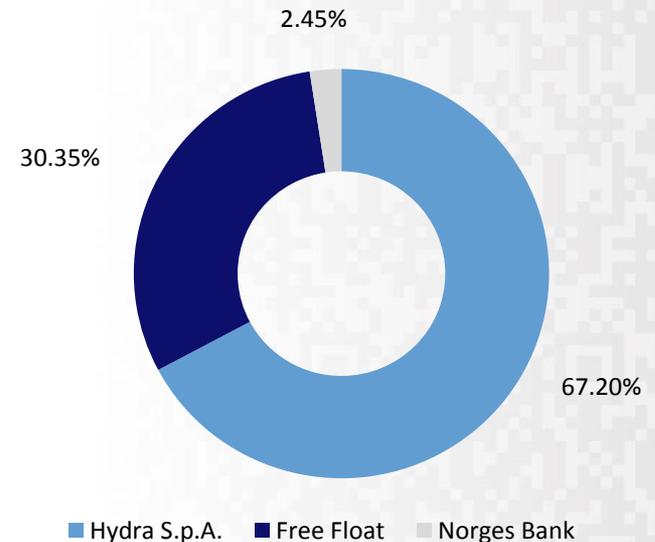
**Specialist:** Intermonte SIM

**Auditing Company:** Reconta Ernst & Young

## DATALOGIC PRICE PERFORMANCE



## SHAREHOLDERS' STRUCTURE

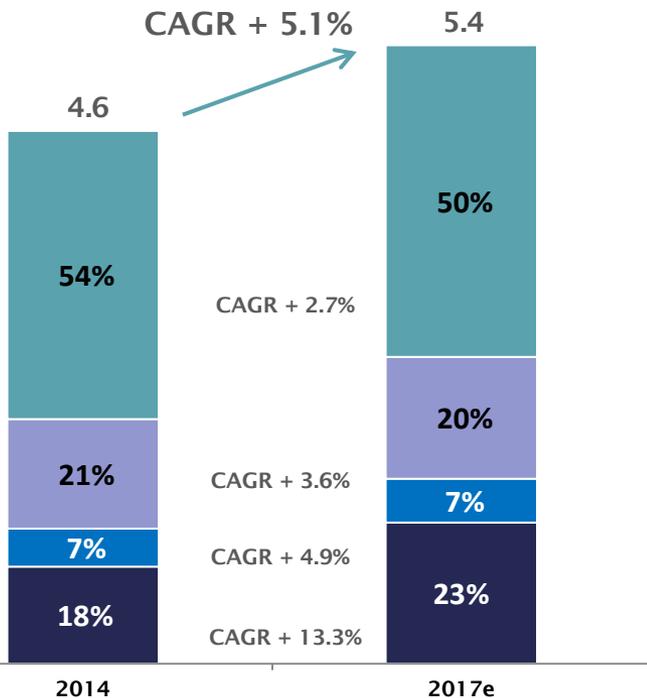


# Market Outlook

# Market Outlook – ADC & IA

## ADC

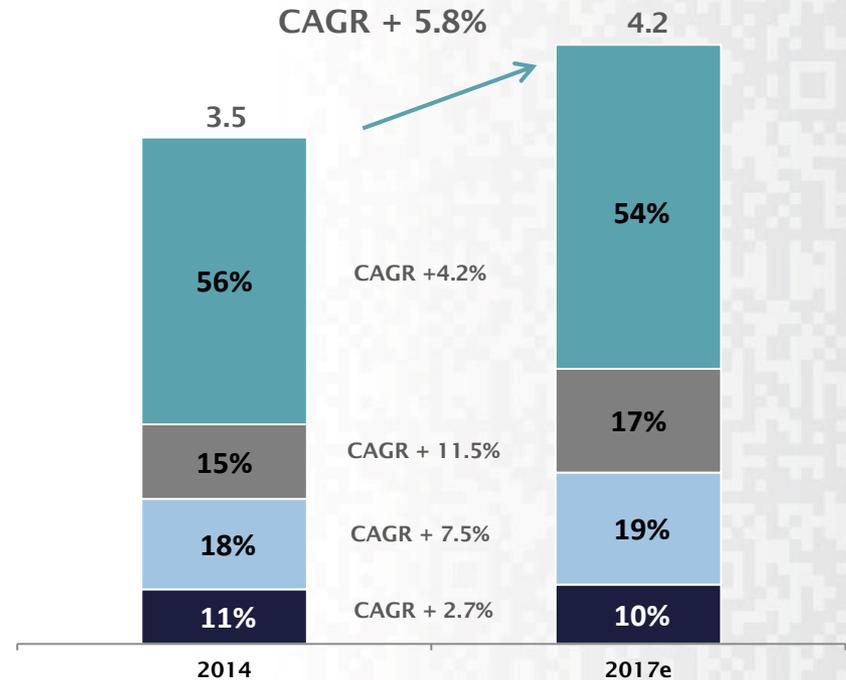
(B\$)



- Self Checkout Solutions
- Hand Held Scanners
- POS Retail Scanners
- Mobile Computers

## IA

(B\$)

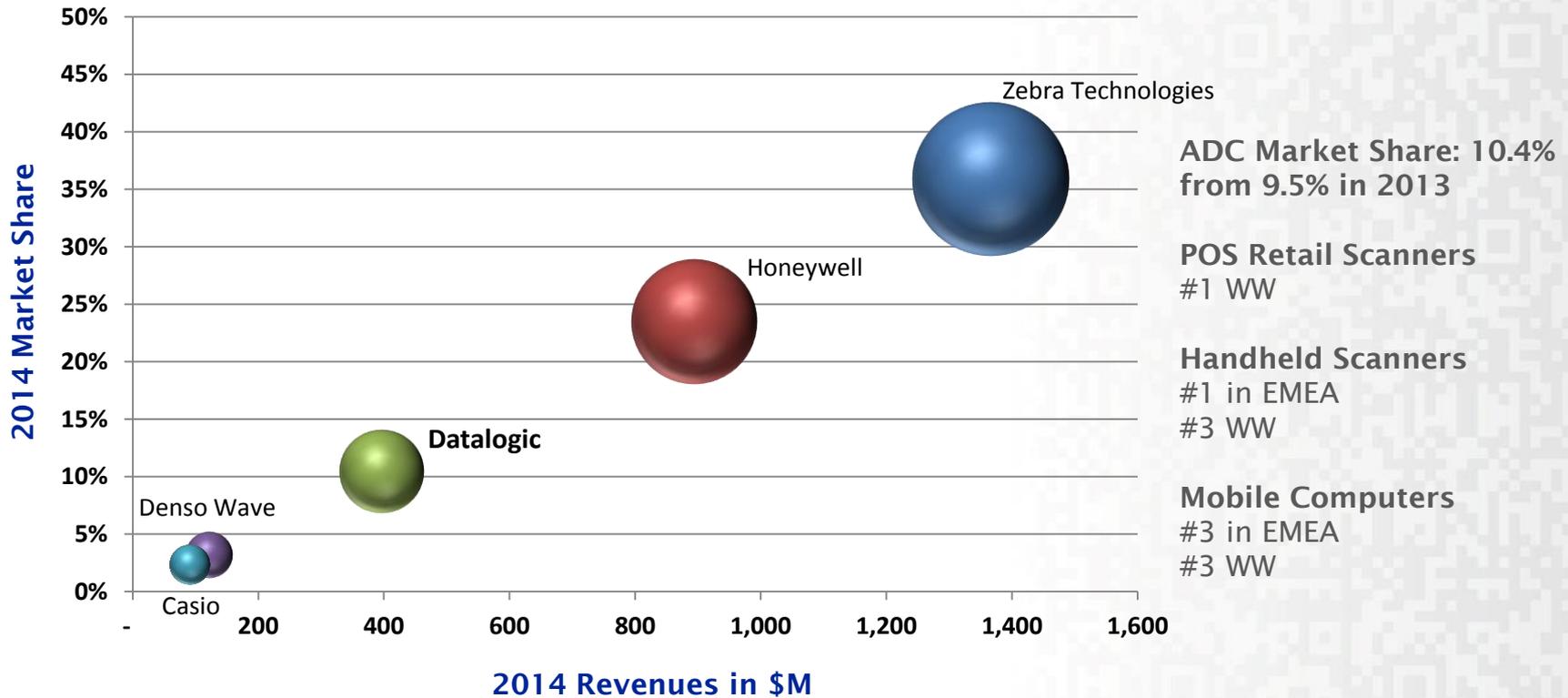


- Identification
- Vision
- Lasermarking
- Sensor & Safety



Source VDC 2015 (base year 2014)

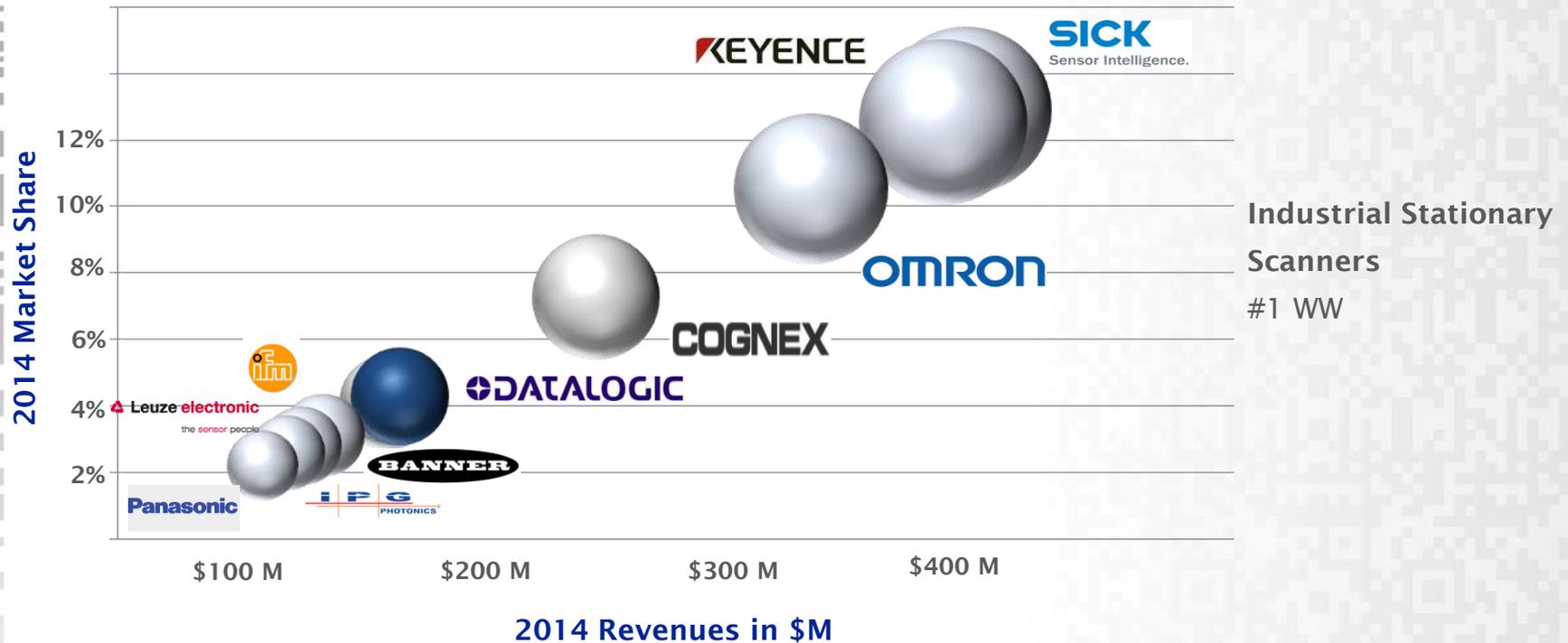
# ADC Market Share jumped in 2014



2014 ADC Available Market including POS Retail Scanners, Handheld Scanners and Mobile Computers (Handheld PDA and Fork-Lift Vehicles Mounted Computer) segments

Source VDC 2015 (base year 2014)

# Datalogic positioning in the IA market

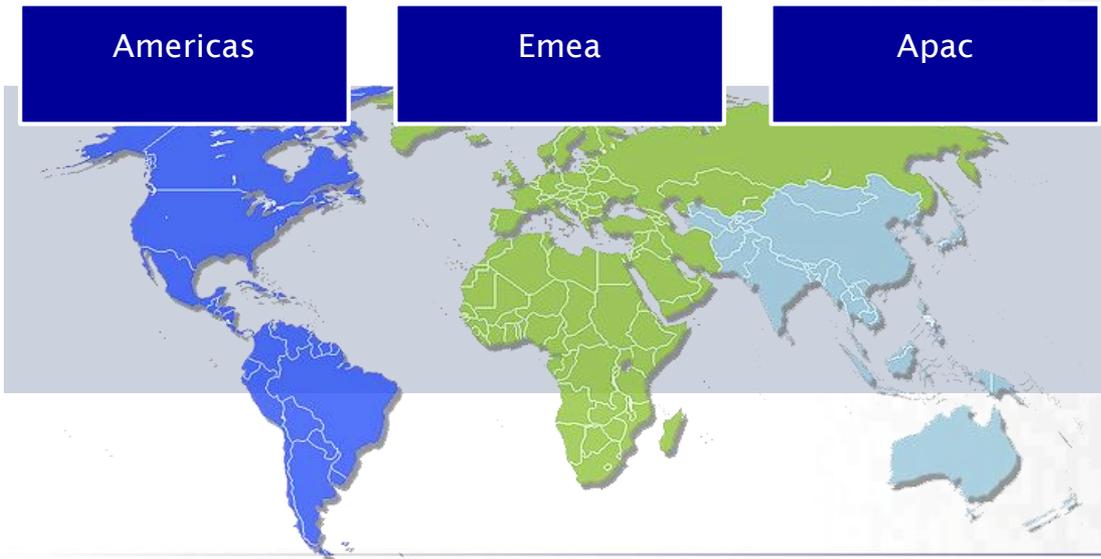


Source : VDC 2015 (base year 2014) Preliminary Figures - Market Researches and Management's Best Estimate

2014 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)

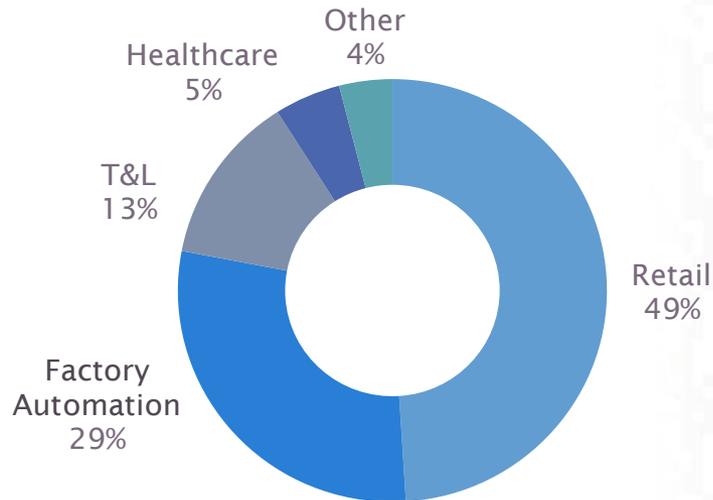
# Business and Strategy

# A Unique Selling Proposition

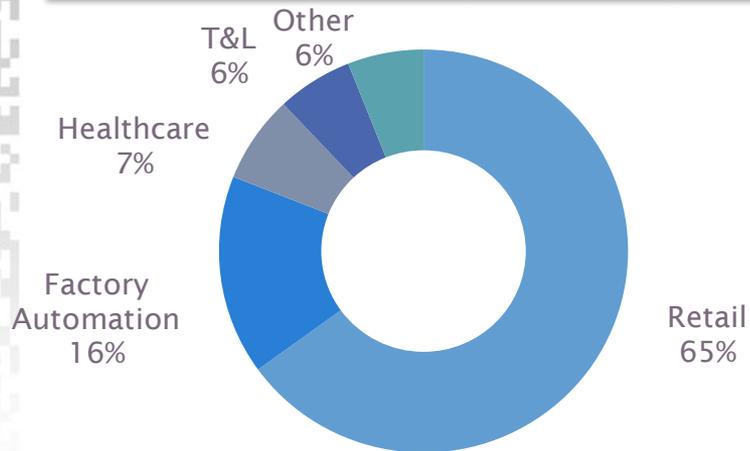


# Datalogic by Verticals

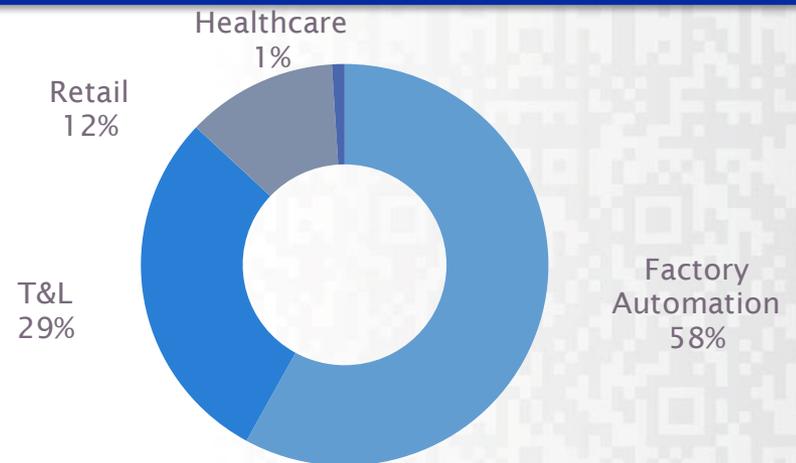
## Group revenues by verticals



## ADC



## IA

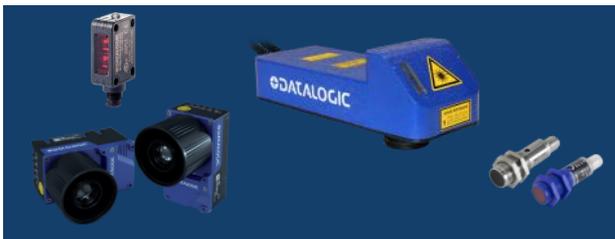


# Wide and Complementary Offer

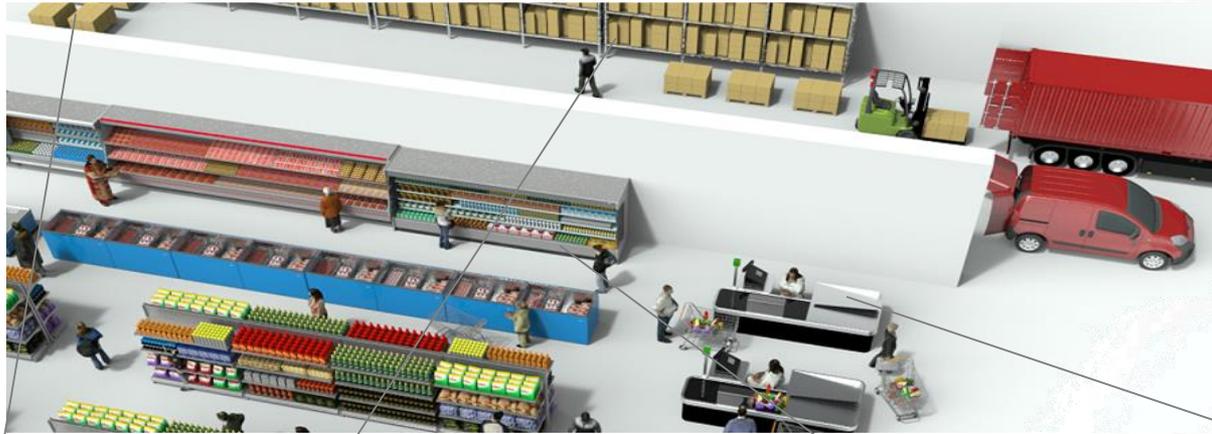
## INDUSTRIAL AUTOMATION



## AUTOMATIC DATA CAPTURE



# Retail Flows and Applications



DISTRIBUTION CENTER

STORE WAREHOUSE

IN-STORE

CHECK-OUT

Receiving Shipping

Stock

Shelf Mngm/Assisted Sales

Check-out/Self Shop.

## Customer expectations



Provide Better Customer Experience



Reduce Checkout Queues



Stock Control



Control Cost & Stock Efficiency

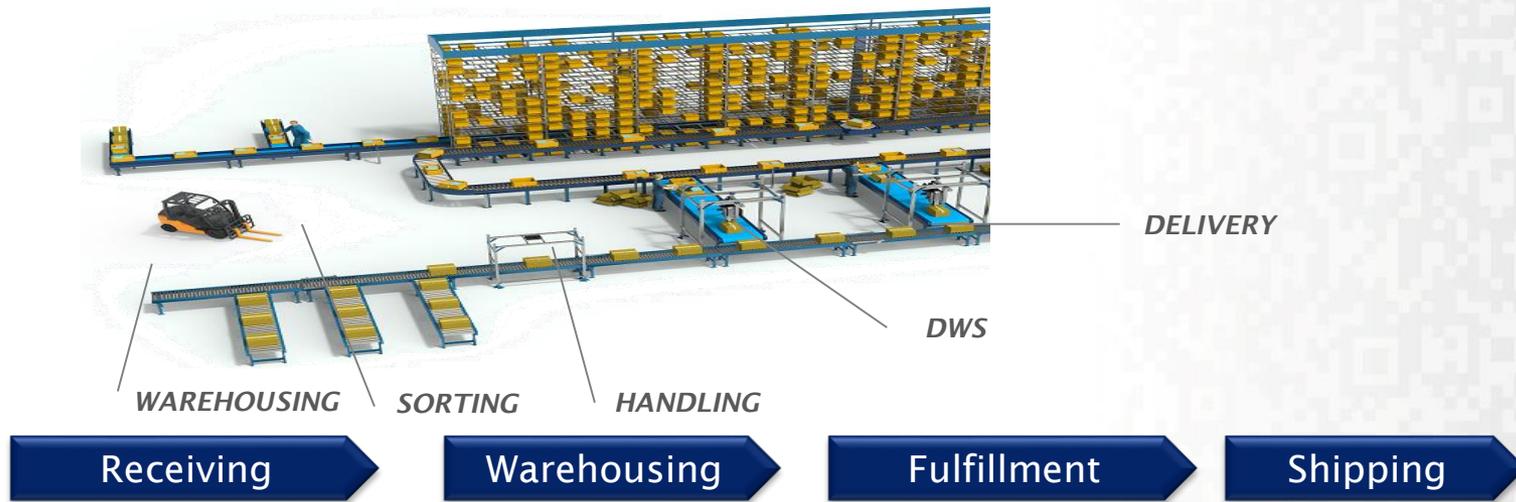
# Jade and System examples

- 60 Jades installed in 27 stores and 3 warehouse/logistic centers throughout Europe and U.S.
- Proven performance in pilots worldwide over the last 2 years
- Proven reliability over 3 years of testing and usage
- **Several retailers in rollouts**
- Expanding into backroom warehouse and order fulfillment applications
- Integration support materials and tools are very complete and refined
- Datalogic integration support team is very experienced
- Extremely simple integration to checkstand



*Payment and bagging is key to take advantage of Jade and provide the needed ROI*

# T&L Flows and Applications



## Customer expectations



**Ensure On-Time & Zero-mistakes results**



**Reduce delivery Times**



**Improve Delivery Accuracy**



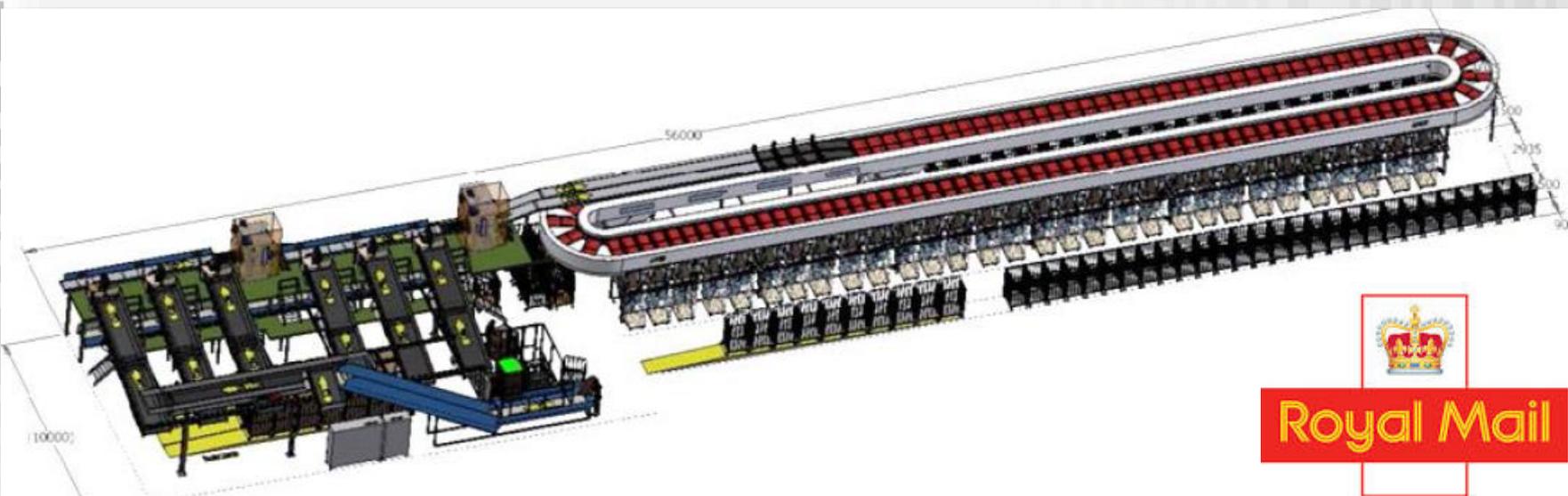
**Manage Large Inventories & Items Variety**



**Control Cost & Efficiency**

# The Royal Mail – LPSS Opportunity

- Royal Mail needs to automate the sortation of the smaller parcels and packets because of the continued growth with e-commerce shipping
- The LPSS program is the first step in automating the handling of these products within the RM network. The goal is to develop a solution that is scalable enough to be installed in their smaller facilities in the future
- Base Contract Value 16 systems with initial spares – around 29 M Euro



# Factory Automation



**Factory  
Automation**



**AUTOMOTIVE**

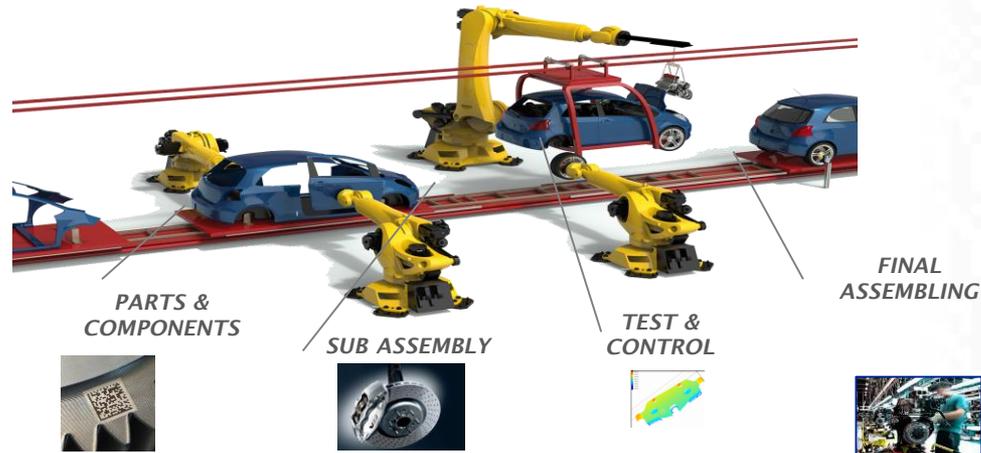


**PACKAGING**



**ELECTRONICS**

# Automotive Flows and Applications



MARKING

IDENTIFICATION

QUALITY CONTROL

AUTOMATION & SAFETY

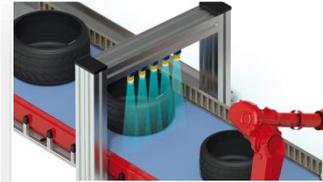
## Customer expectations



Pervasive Parts  
Traceability



Accurate Vision  
Inspection &  
Measurement

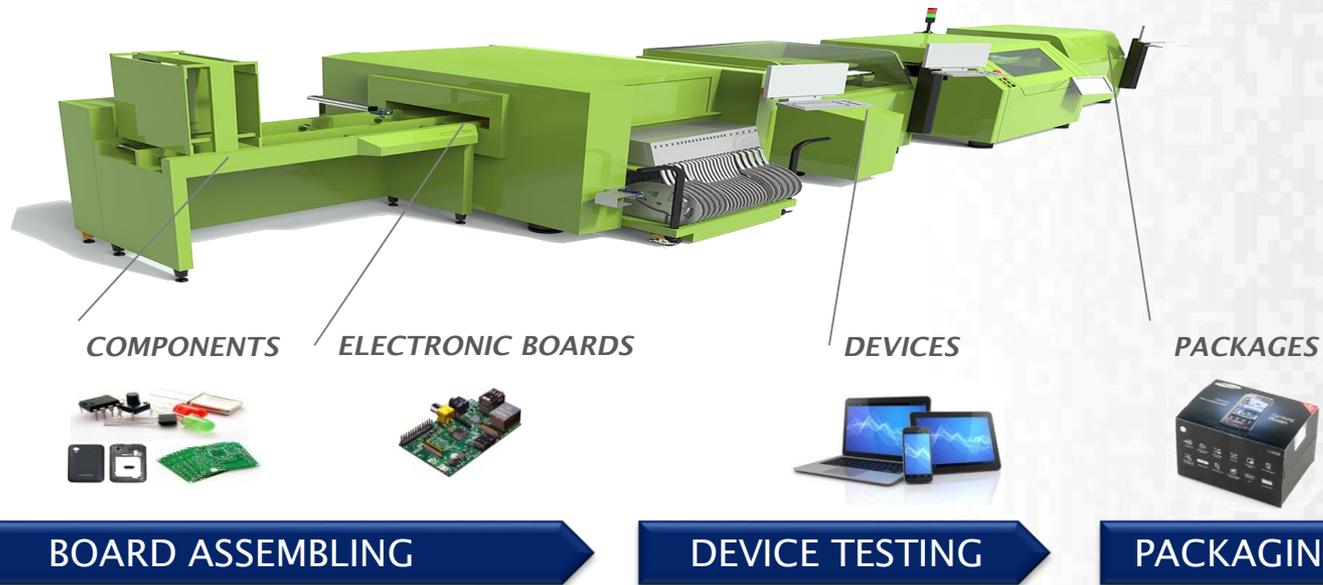


Tires  
Traceability



Operators Safety

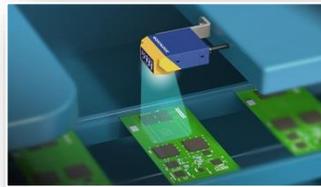
# Electronics Flows and Applications



## Customer expectations



**Traceability**

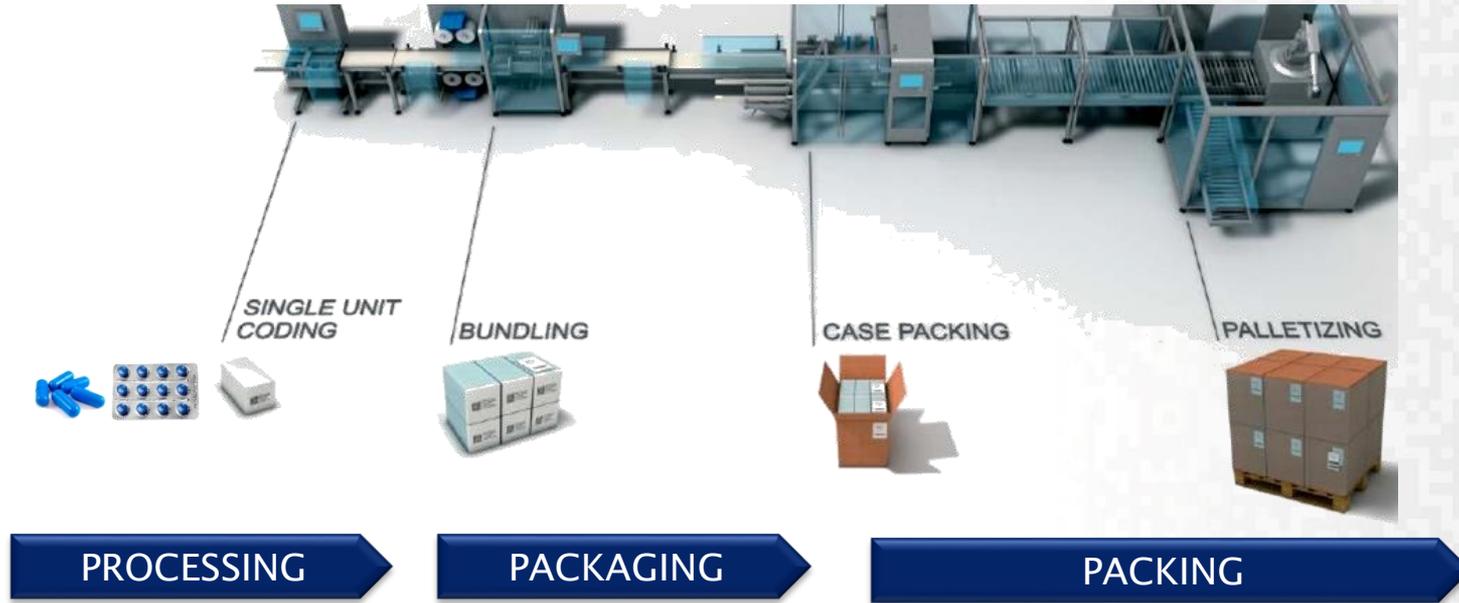


**Assembling Control**



**Product Personalization/  
Branding**

# Packaging Flows and Applications



## Customer expectations



ID/Traceability



Quality Inspection



Object/Parts Detection



Operator Safety



Warehouse Management

# Healthcare Flows and Applications



## Customer expectations



Reducing Errors



Preventing Infections



Increase Staff Productivity



Realtime Tracking & Tracing



Accurate Asset Management

# Our Advantage

	Products	Retail Market	HC Market	T&L Market	FA Market		
					Packaging	Electronics	Automotive
	FRS						
	HHR						
	MC						
	ID						
	S&S						
	LM						
	Vision						

# Outlook for 2015



- H1 results confirm the **positive trend** of the Group in the **European Market**
- **Positive trend in revenue booking in H1 at 271.5 M Euro, +16.8% compared to the same period of 2014**
- In H2 2015 **growth in the European and Asian markets** and a market recovery in the United States is expected
- The **Industrial Automation** division would enjoy the benefit of revenue from **projects in the Transportation, Logistics and Postal segments** (contribution of Royal Mail Order) as well as the **Factory Automation** sector thanks to the launching of **new top of the range products in Q3**
- **Strong investments in innovation continue**, expected at over 9% on revenues

# Financial Highlights

# Highlights 1H 2015

- Revenues growth driven by ADC in Europe, North America and fast growing markets thanks to robust investments by retailers and the launch of technologically advanced products
- **Signs of recovery of Industrial Automation** in Europe and APAC while North America still affected by the BU Systems
- **Order from Royal Mail** to implement a new Parcel Sorting System in UK. The total value of the deal is around 29 M Euro
- Investment in **R&D continues to be crucial for the development** of the Group
- **EBITDA margin affected by forex**
- **Strong improvement of financial costs** thanks to a cheaper financing contract
- **Robust growth of net income**

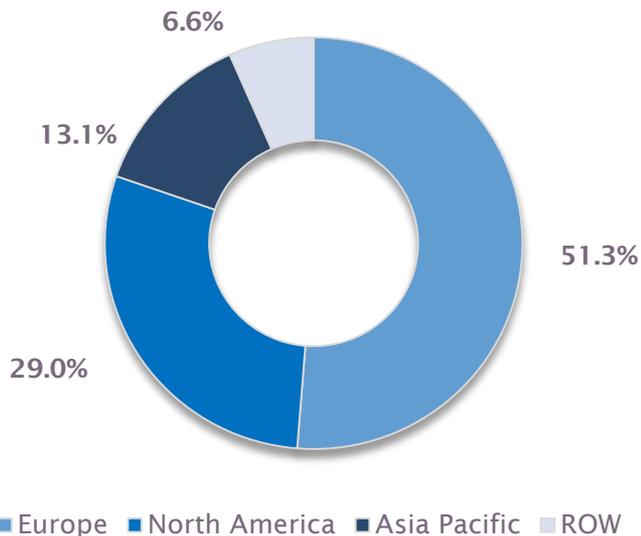


# Profit and Loss

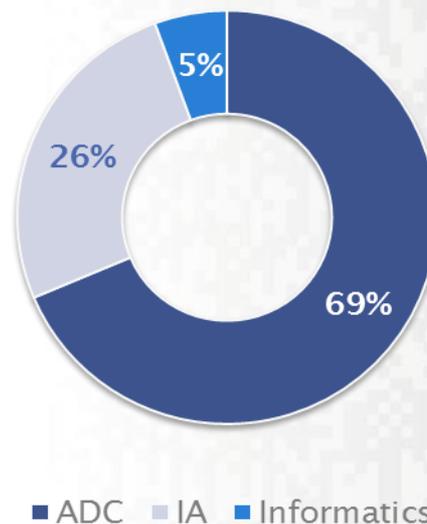
000€	1H2015		1H2014		Var %	2014
Revenues	257,485	100.0%	224,028	100.0%	14.9%	464,546
COGS	(137,699)	(53.5%)	(114,950)	(51.3%)		(238,987)
<b>Gross Operating Margin</b>	<b>119,786</b>	<b>46.5%</b>	<b>109,078</b>	<b>48.7%</b>	<b>9.8%</b>	<b>225,559</b>
Other revenues	1,209	0.5%	760	0.3%		2,239
R&D	(23,449)	(9.1%)	(19,848)	(8.9%)		(43,108)
Distribution Costs	(48,479)	(18.8%)	(40,350)	(18.0%)		(85,319)
Administrative expenses	(19,691)	(7.6%)	(19,961)	(8.9%)		(39,146)
Other operating expenses	(1,042)	(0.4%)	(1,058)	(0.5%)		(2,206)
<b>Total operating expenses and others</b>	<b>(92,661)</b>	<b>(36.0%)</b>	<b>(81,217)</b>	<b>(36.3%)</b>	<b>14.1%</b>	<b>(169,779)</b>
Non recurring costs/rev	(750)	(0.3%)	(2,392)	(1.1%)		58,019
Amort. Intang. Assets from acquis.	(2,899)	(1.1%)	(2,775)	(1.2%)		(5,618)
<b>Operating Profit (EBIT)</b>	<b>24,685</b>	<b>9.6%</b>	<b>23,454</b>	<b>10.5%</b>	<b>5.2%</b>	<b>(5,493)</b>
Financial (costs)/rev.	(3,162)	(1.2%)	(4,835)	(2.2%)		46,908
Results from equity investments	97	0.0%	(58)	0.0%		(8,111)
Foreign exchange (costs)/rev.	3,390	1.3%	203	0.1%		25
<b>EBT</b>	<b>25,010</b>	<b>9.7%</b>	<b>18,764</b>	<b>8.4%</b>	<b>33.3%</b>	<b>357</b>
Taxes	(3,559)	(1.4%)	(3,520)	(1.6%)		39,179
<b>Net Income</b>	<b>21,451</b>	<b>8.3%</b>	<b>15,244</b>	<b>6.8%</b>	<b>40.7%</b>	<b>(8,322)</b>
Depreciation	(3,694)	(1.4%)	(3,471)	(1.5%)		30,857
Amortization	(2,298)	(0.9%)	(2,061)	(0.9%)		(7,199)
<b>EBITDA</b>	<b>34,326</b>	<b>13.3%</b>	<b>34,153</b>	<b>15.2%</b>	<b>0.5%</b>	<b>(4,225)</b>
<i>Exchange rate</i>	<i>1.1158</i>		<i>1.3703</i>			69,443

# Strong Revenues Growth

## REVENUES BY COUNTRY (%)



## REVENUES BY DIVISION (%)



## REVENUES BY GEOGRAPHIC AREA

€M	1H2015	1H2014	Var %
Europe	132.0	117.7	12.1%
North America	74.8	64.6	15.7%
Asia Pacific	33.8	26.0	30.1%
ROW	16.9	15.7	7.6%
<b>Total Revenues</b>	<b>257.5</b>	<b>224.0</b>	<b>14.9%</b>

## REVENUES BY DIVISION

€M	1H2015	1H2014	Var %
ADC	177.4	149.1	19.0%
IA	66.6	62.7	6.2%
- IA excluding BU Systems	60.4	54.4	11.0%
Informatics	14.5	13.1	10.7%
Corporate and Adjustments	(1.0)	(0.8)	n.m.
<b>Total revenues</b>	<b>257.5</b>	<b>224.0</b>	<b>14.9%</b>

# 1 H Segment Reporting

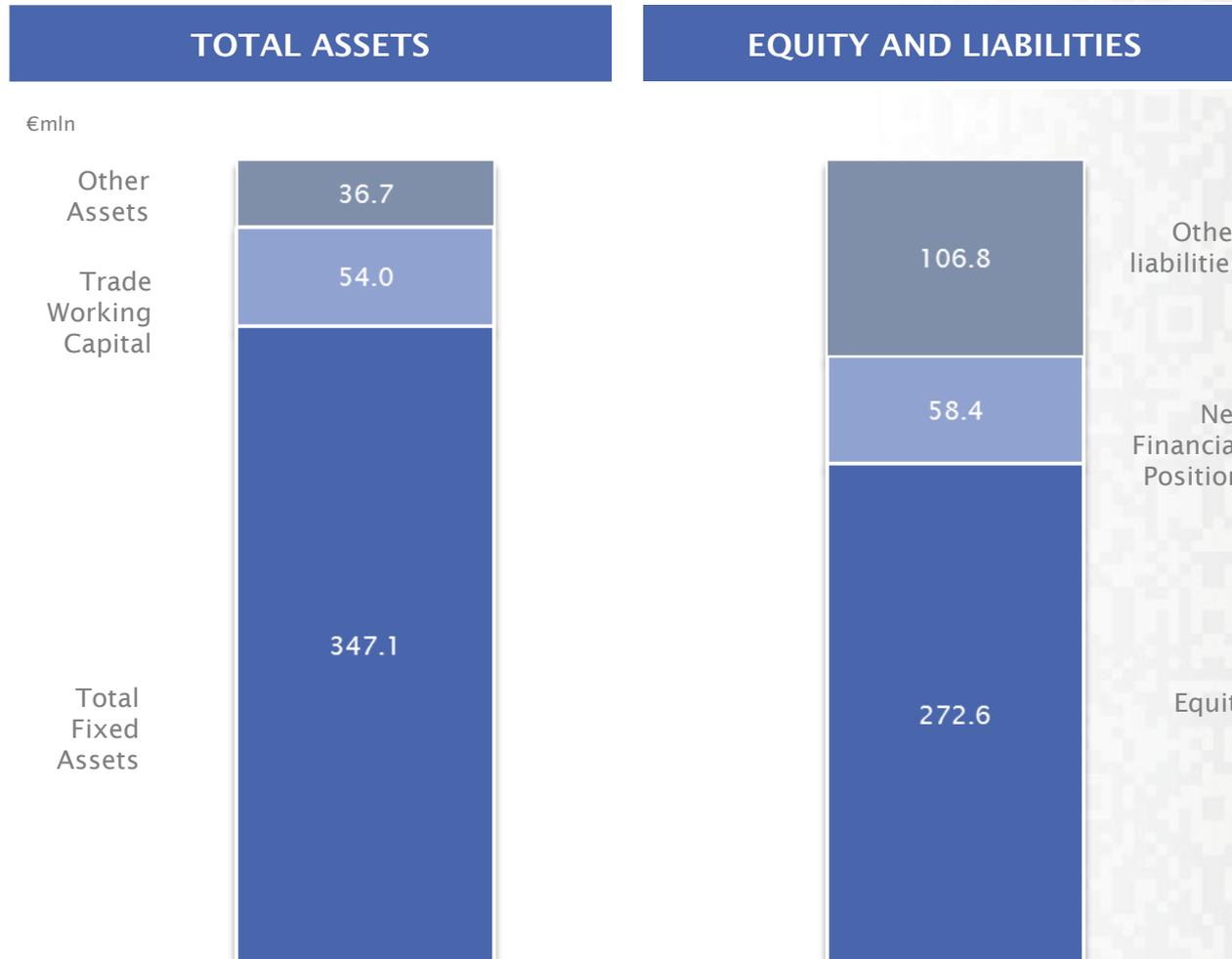
Gross Operating Margin	1H2015	1H2014
ADC	48.6%	51.0%
Industrial Automation	42.0%	43.4%
Informatics	44.8%	45.1%
<b>Total Group</b>	<b>46.5%</b>	<b>48.7%</b>

EBITDA Margin	1H2015	1H2014
ADC	20.5%	20.6%
Industrial Automation	1.0%	3.0%
Informatics	0.8%	6.2%
<b>Total Group</b>	<b>13.3%</b>	<b>15.2%</b>

R&D/Revenues	1H2015	1H2014
ADC	8.7%	9.4%
Industrial Automation	12.7%	11.5%
Informatics	3.9%	2.9%
<b>Total Group</b>	<b>9.1%</b>	<b>8.9%</b>

TWC/Annualized Revenues	1H2015	1H2014
ADC	10.7%	10.1%
Industrial Automation	12.8%	19.2%
Informatics	10.4%	15.3%
<b>Total Group</b>	<b>12.3%</b>	<b>10.5%</b>

# Consolidated Balance Sheet at 30.06.2015



# Contacts

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## NEXT EVENTS

**October 5-6th, 2015**

London Star Conference

**November 5<sup>th</sup>, 2015**

Approval 3Q results

## DATALOGIC ON LINE

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