



**DATALOGIC**

THE VISION IS YOURS



**FY 2016  
Conference Call**

**March 10<sup>th</sup>, 2017**

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# 2016 Highlights

## NEW ORGANIZATION

- New organization effective from 1<sup>st</sup> January 2017
- 4 Customer Centric Industries – Retail, T&L, Manufacturing and Healthcare – within ONE DATALOGIC
- BU Systems spin off already executed from 1<sup>st</sup> October 2016: Solution Net Systems Inc. established
- 3 different Businesses within the Group: Datalogic, Informatics and Solution Net Systems

## FINANCIALS

- Revenues up 7.7% YoY to 576.5 mln Euro well above market average
- EBITDA at the highest ever : 90.4 mln Euro (+22.5% YoY)
- EBITDA Margin at 15.7%
- Back to a positive PFN: +3.5 mln Euro

## INNOVATION

- Continuous emphasis on innovation with increasing investments in R&D (+4.5% YoY)
- 24.3% of revenues from new products\*
- Breakthrough innovation presented at the New York NRF
- 45 patent applications protecting new innovations were filed in 2016 for a total patent portfolio of more than 1,200 patents and pending patent applications

*\* new products refer to products announced in the last 12 months*

# New Organization

# A unique player across two markets

## Automatic Data Capture



**ZEBRA**

**Honeywell**

**COGNEX**

**SICK** **KEYENCE**  
Sensor Intelligence.

**DATALOGIC**



## Industrial Automation

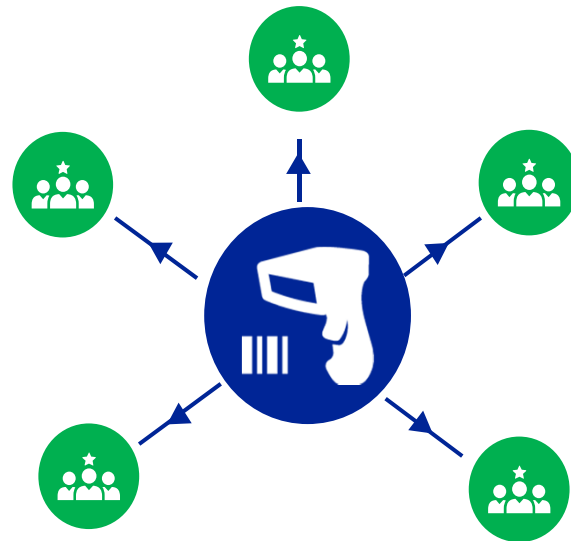
DATALOGIC is a unicum in the Global competitive landscape originated by a

- Consolidated experience in IA dating back to the foundation of the company in Italy
- Leadership in ADC deriving from the acquisition of PSC USA (former Spectra Physics)

# From products to customers

From

*Product-oriented  
company*



- Vendor: Proactive and reactive sales of products to meet existing Customer needs

To

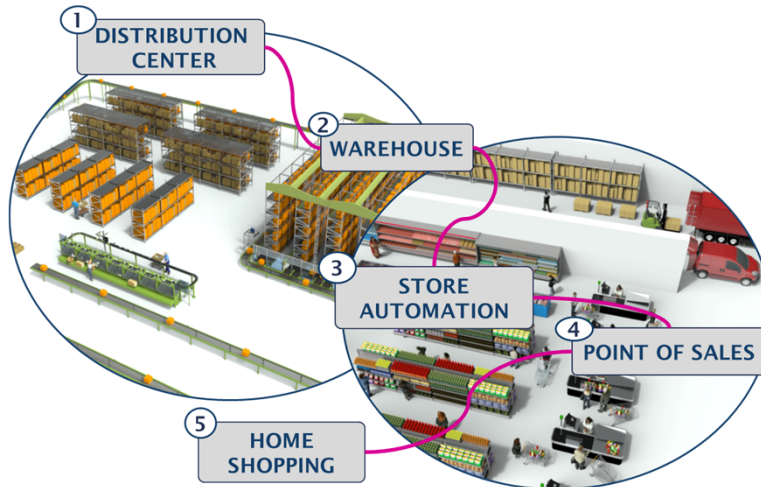
*Customer-centric  
organization*



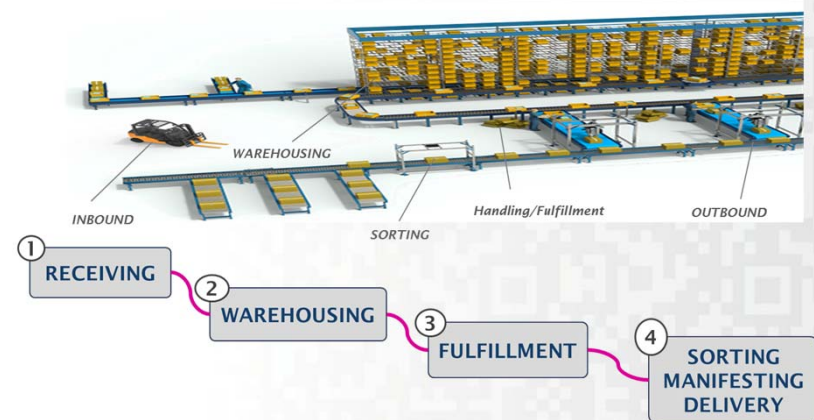
- Partner: Long term partnership based on a symbiotic relationship with our Customers aimed at addressing their explicit and unexpressed needs

# Datalogic's offer along the value chain

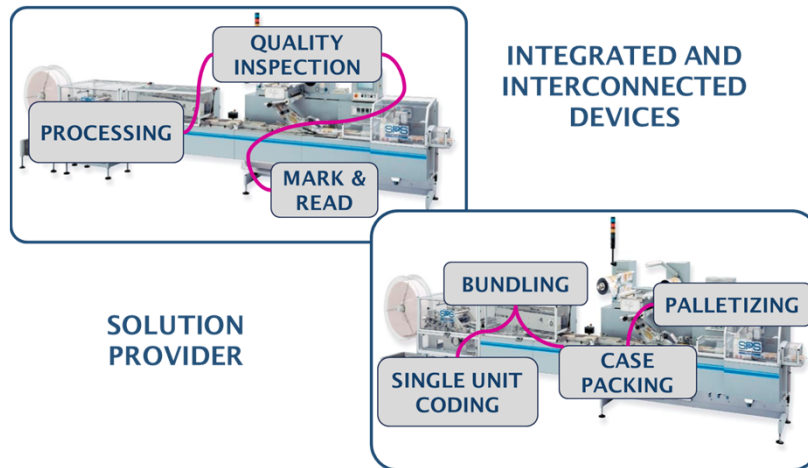
## Retail Flows and Applications



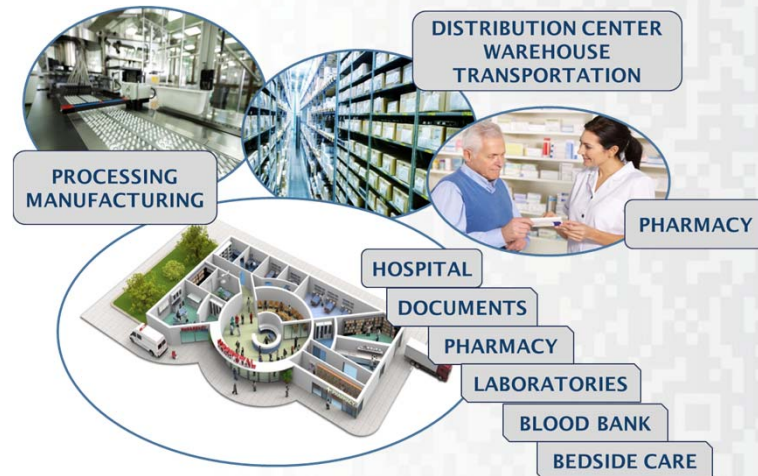
## T&L Flows and Applications



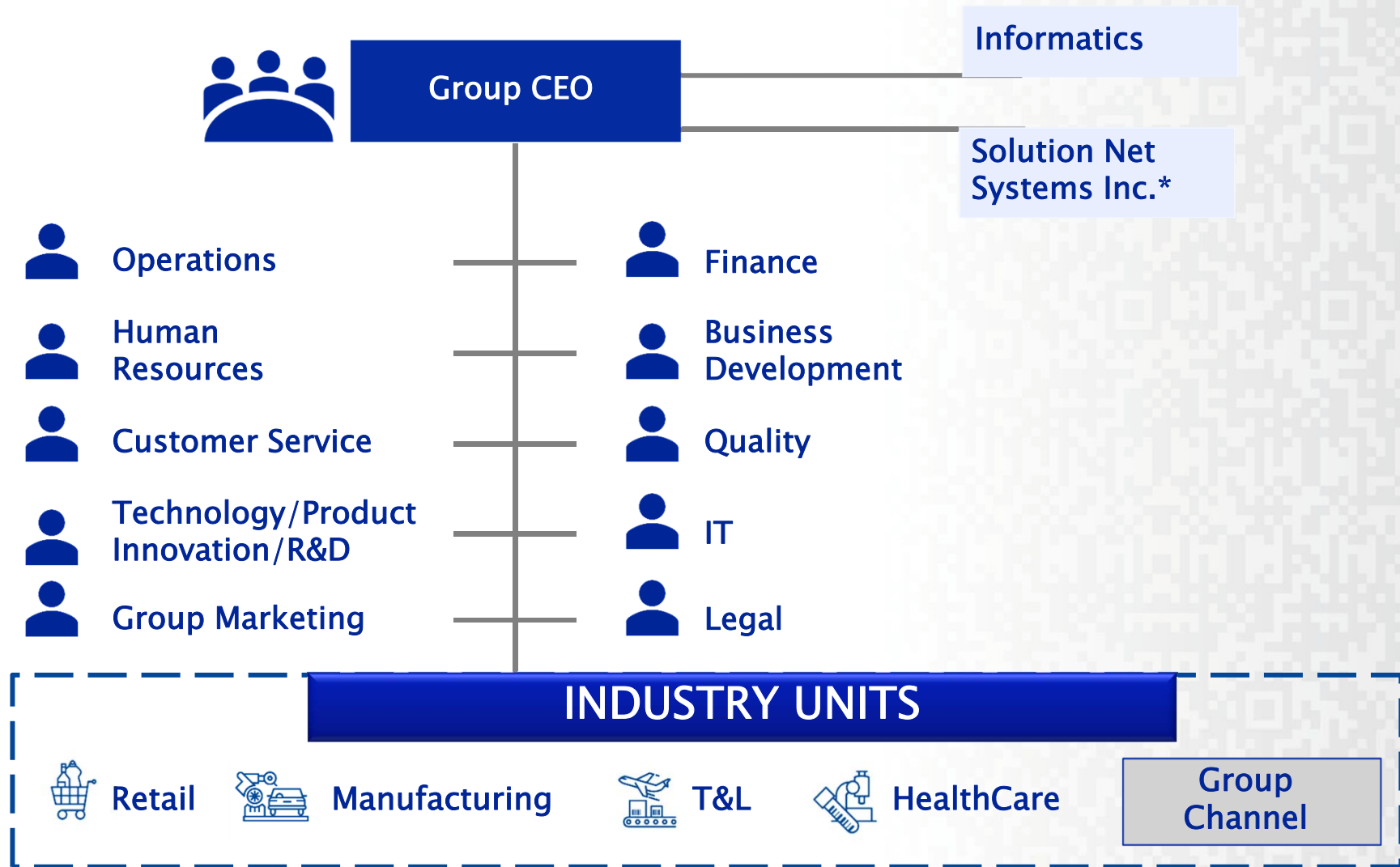
## Manufacturing Flows and Applications



## Healthcare Flows and Applications



# New one DATALOGIC group organization



*\*The newco Solution Net Systems Inc. is the result from the spin-off of the Systems Business Unit.*



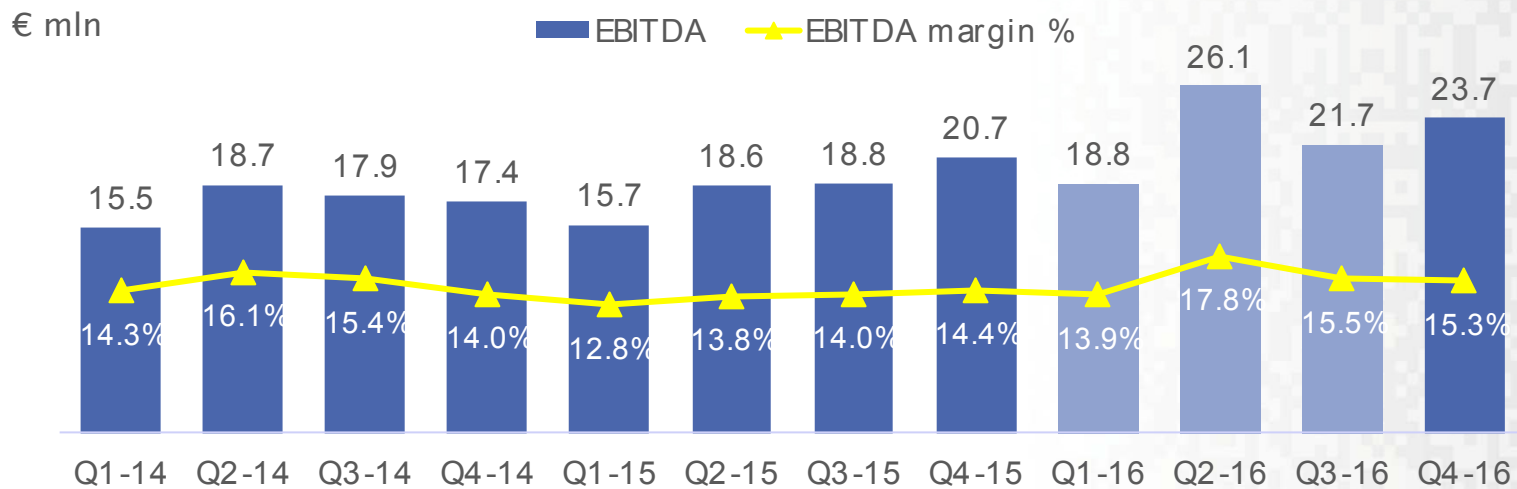
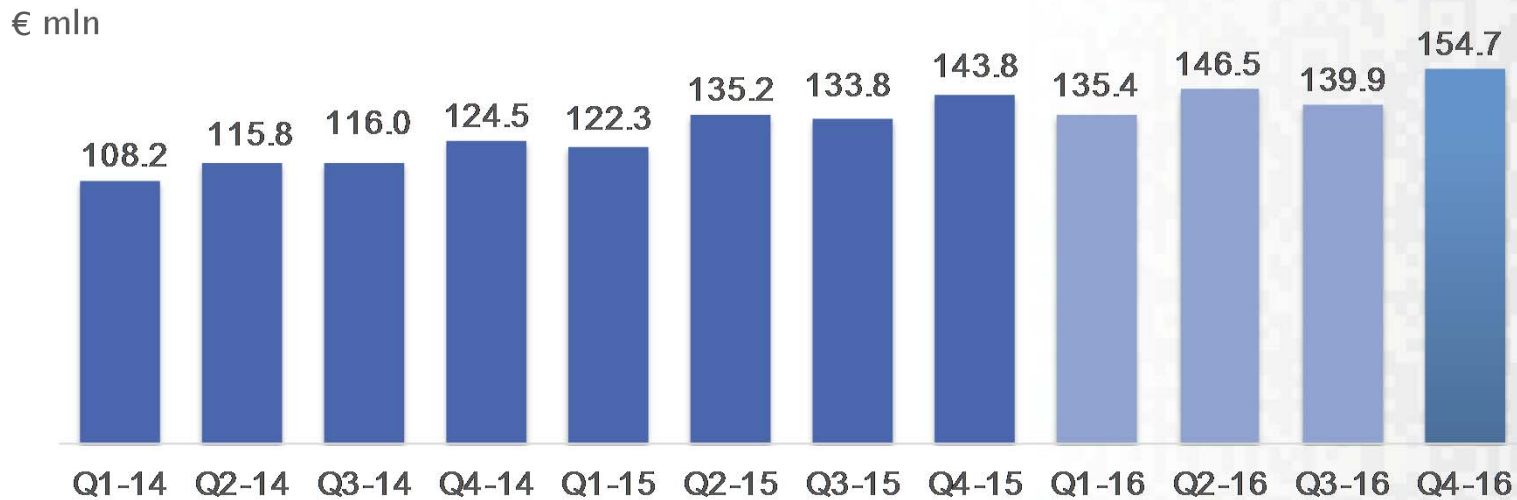
# Financials

# The best Q4 in Datalogic's history

€ mln	Q42016	Q42015	Var%	
Revenues	154.7	143.8	7.6%	▪ Revenues +7.6% YoY to 154.7 mln Euro
Gross Operating Profit	70.8	65.9	7.5%	▪ Balanced growth among the two divisions
<i>%in Revenues</i>	45.8%	45.8%		
Operating expenses	51.9	50.5	2.8%	▪ R&D costs at 8.9% of revenues
<i>%in Revenues</i>	33.5%	35.1%		
EBITDA	23.7	20.7	14.8%	▪ Ebitda up 14.8% YoY to 23.7 mln Euro
<i>EBITDA Margin</i>	15.3%	14.4%		
EBIT	17.5	14.9	17.8%	▪ EBITDA margin at 15.3% vs 14.4%
<i>EBIT Margin</i>	11.3%	10.3%		

# Q4 2016: performance above historical average

## REVENUES



# FY 2016 P&L

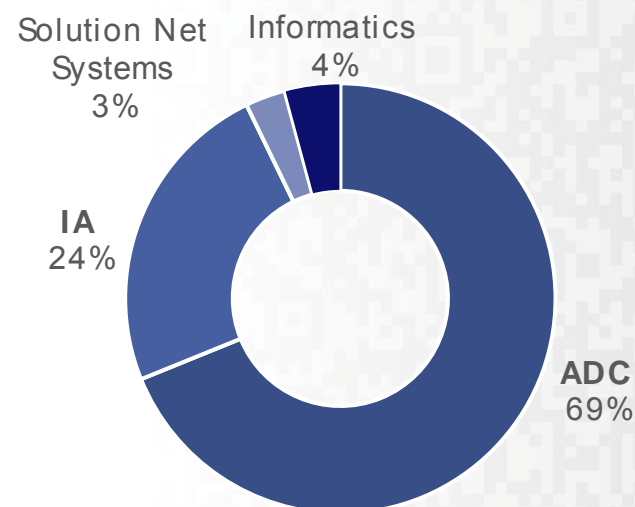
€ mln	FY2016	FY2015	Var%
Revenues	576.5	535.1	7.7%
Gross Operating Profit	265.3	248.6	6.7%
<i>%on Revenues</i>	46.0%	46.5%	
Operating expenses	192.4	190.9	0.8%
<i>%on Revenues</i>	33.4%	35.7%	
EBITDA	90.4	73.7	22.5%
<i>Ebitda margin</i>	15.7%	13.8%	
EBIT	70.2	52.9	32.7%
<i>Ebit margin</i>	12.2%	9.9%	
EBT	66.9	51.6	29.7%
Taxes	21.0	11.0	
Net Income	45.8	40.5	13.1%
<i>%on Revenues</i>	8.0%	7.6%	
<i>Exchange Rate</i>	1.1069	1.1095	

- Sales FY16 increase by 7.7% YoY to 576.5 mln Euro
- Booking continues to growth: +4% YoY at 586 mln Euro
- Robust growth of EBITDA by +22.5% YoY to 90.4 mln Euro
- EBITDA margin at the highest level since 2004: 15.7%
- Tax Rate increased due to changes in tax regulation
- Net Income +13.1% to 45.8 mln Euro
- Proposal dividend of 0.30 Euro per share, +20% YoY

# Revenues trend by division

- **ADC Division:** +9.3% to 397.6 mln Euro YoY (+9.1% at constant exchange rate), growth driven by fixed retail and mobile computers in retail sector in Europe and US
- **IA Division benefited** from sustained growth in both in T&L and Manufacturing. Boost of T&L in the US in the last quarter
- **Industrial Automation division ex BU Systems:** + 7.7% to 138.9 million Euro

REVENUES BY DIVISION (%)



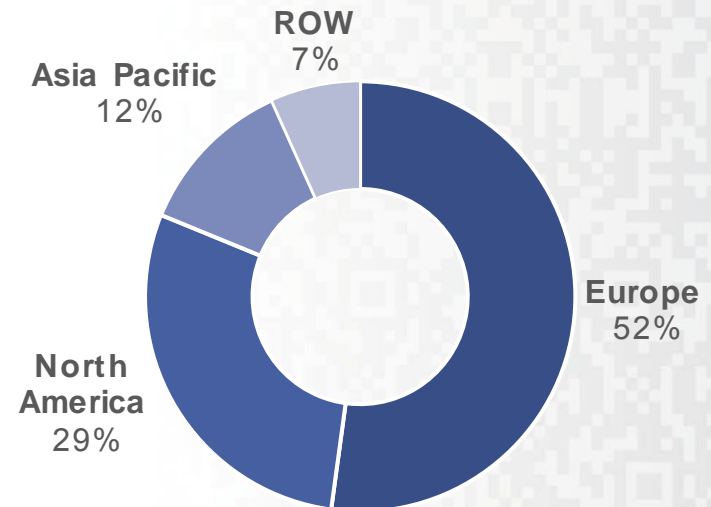
€ mln	FY2016	FY2015	Var%
ADC	397.6	364.0	9.3%
IA	158.5	146.1	8.5%
- IA ex BU Systems	138.9	129.0	7.7%
Informatics	24.4	27.4	(11.0%)
Corporate and Adj.	(4.0)	(2.4)	70.8%
<b>Total Revenues</b>	<b>576.5</b>	<b>535.1</b>	<b>7.7%</b>

# Revenues trend by country

## REVENUES BY GEOGRAPHIC AREA

€ mln	FY2016	FY2015	Var%
Europe	300.7	268.5	12.0%
North America	167.3	161.1	3.9%
Asia Pacific	69.6	71.5	(2.7%)
ROW	38.9	34.0	14.4%
<b>Total Revenues</b>	<b>576.5</b>	<b>535.1</b>	<b>7.7%</b>

- Europe continues to generate robust growth in particular in IA\* (+14%) and in ADC (+12%),
- North America growth driven by ADC (+8%)
- Asia Pacific negative on FY but mainly due to retail industry in China not completely offset by manufacturing growth in China

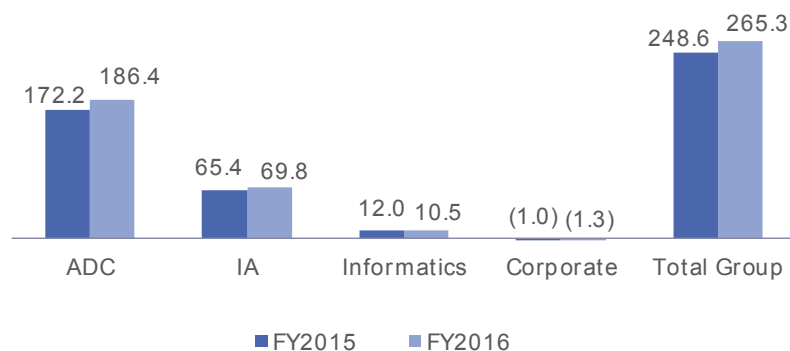


\* IA excluding BU Systems

# FY segment reporting: GOP and EBITDA

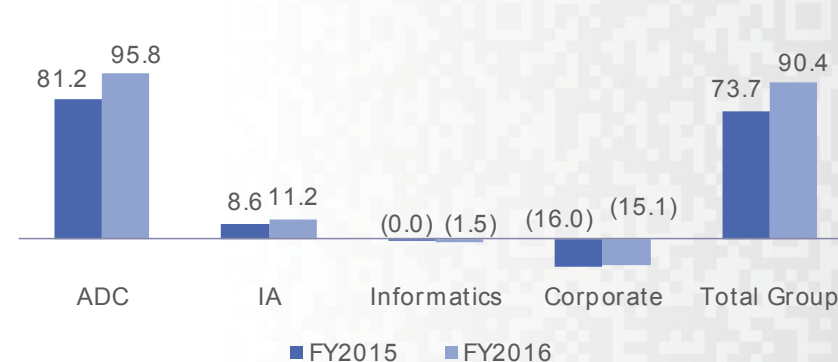
## GOP BY DIVISION

€ mln



## EBITDA\* BY DIVISION

€ mln



## GROSS OPERATING MARGIN

	FY2016	FY2015
ADC	46.9%	47.3%
Industrial Automation	44.0%	44.8%
– IA ex BU Systems	48.1%	50.0%
Informatics	43.0%	43.7%
<b>Total Group</b>	<b>46.0%</b>	<b>46.5%</b>

## EBITDA MARGIN

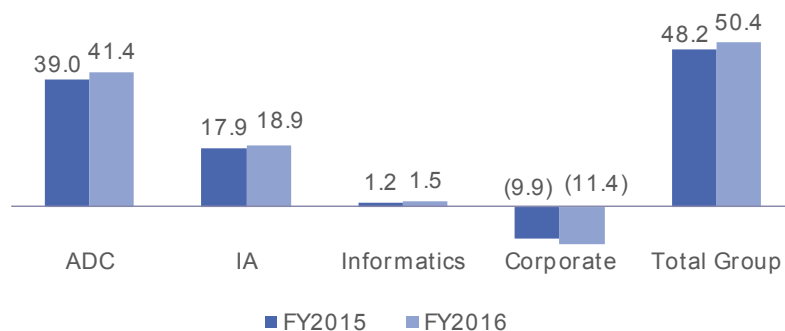
	FY2016	FY2015
ADC	24.1%	22.3%
Industrial Automation	7.1%	5.9%
– IA ex BU Systems	8.8%	9.3%
Informatics	(6.3%)	(0.1%)
<b>Total Group</b>	<b>15.7%</b>	<b>13.8%</b>

(\* With the purpose to better report the operating sectors economic performances, it was deemed appropriate to highlight the Divisional EBITDA as monitoring KPI.

# FY segment reporting: R&D and TWC

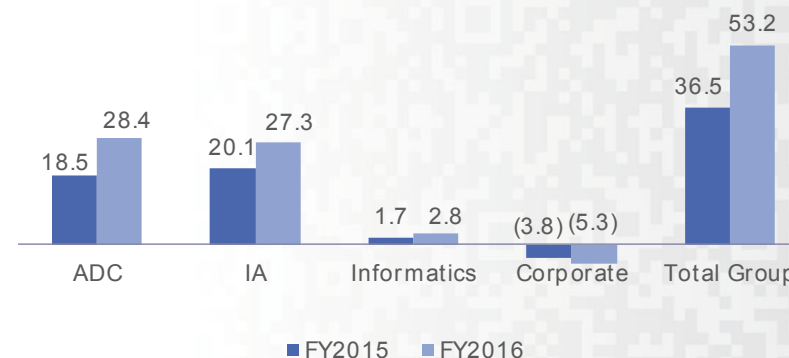
## R&D BY DIVISION

€ mln



## TWC BY DIVISION

€ mln



## R&D/Revenues

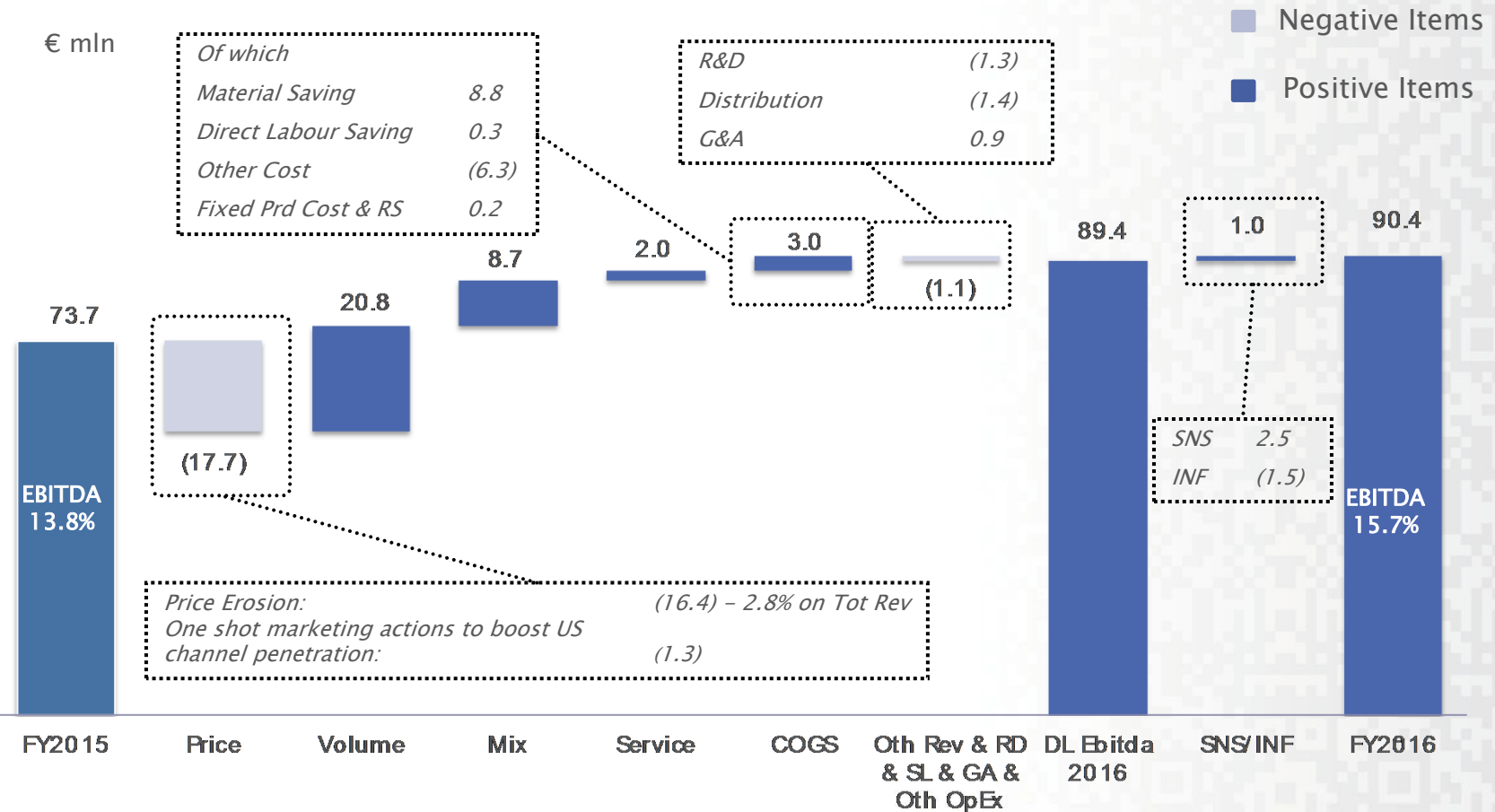
	FY2016	FY2015
ADC	10.4%	10.7%
Industrial Automation	11.9%	12.3%
Informatics	6.1%	4.3%
Total Group	8.7%	9.0%

## TWC/Revenues

	FY2016	FY2015
ADC	7.2%	5.1%
Industrial Automation	13.9%	13.7%
Informatics	11.4%	6.1%
Total Group	9.2%	6.8%



# EBITDA\*: actual vs last year



(\* ) Ordinary Operating: Profit before non recurring costs/revenues and depreciation & amortization (EBITDA)

Note:

The Exchange rate variance is the result of the difference between Dec'16 YTD Actual (1.107) and Dec'15 YTD Actual (1.110) €/USD exchange rates.

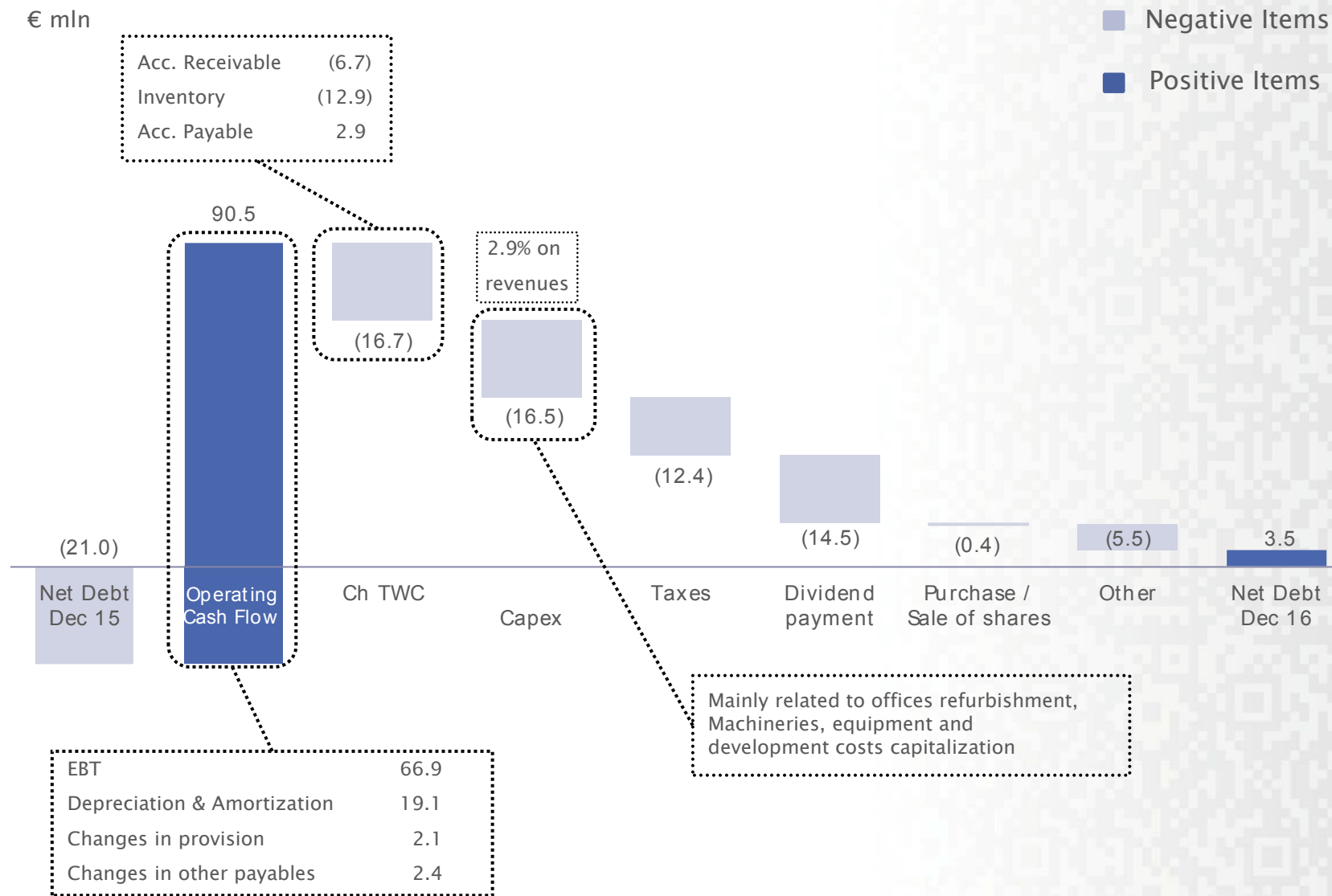
# Consolidated balance sheet

€ mln

	FY2016	FY2015		FY2016	FY2015
Total Fixed Assets	371.7	363.8	Net Financial Position	(3.5)	21.0
Trade receivables <i>% on 12m rolling sales</i>	75.5 13.1%	68.8 12.9%			
Inventories <i>% on 12m rolling sales</i>	82.3 14.3%	69.5 13.0%			
Trade payables <i>% on 12m rolling sales</i>	(104.6) 18.1%	(101.7) 19.0%	Net Equity	336.4	298.3
Trade Working Capital <i>% on 12m rolling sales</i>	53.2 9.2%	36.5 6.8%			
Other assets/liabilities	(92)	(81)			
Net Invested Capital	332.9	319.3	Total Sources	332.9	319.3

# Net debt analysis: dec'15 – dec'16

€ mln



# New products

# Main products launched in 2016

Picture	Product name	Launch date	Description
	AV7000	April 28th	High performance long range linear camera
	MX-E Vision Processor	May 5th	MX-E series, a state-of-the-art family of GigE vision processors powered by IMPACT Software
	DL-Axist	May 24th	Rugged Android PDA with full touch 5 inch display
	Joya Touch	July 25th	Joya™ Touch is a multi-purpose retail device that is ideal for various applications such as Self-Shopping, Price Checking, Markdowns, Shelf Replenishment, Inventory, Access Control and more.
	RIDA	November 3rd	RIDA DBT6400 2D area imager is a cordless device with Bluetooth® wireless technology to be used in connection with mobile devices.
	Matrix 120	November 21st	Ultra-compact 2D imager with embedded Ethernet
	PowerScan 9300	December 19th	PowerScan™ 9300 rugged industrial laser scanner series.

# NRF – Retail's big show 2017

## VISITORS

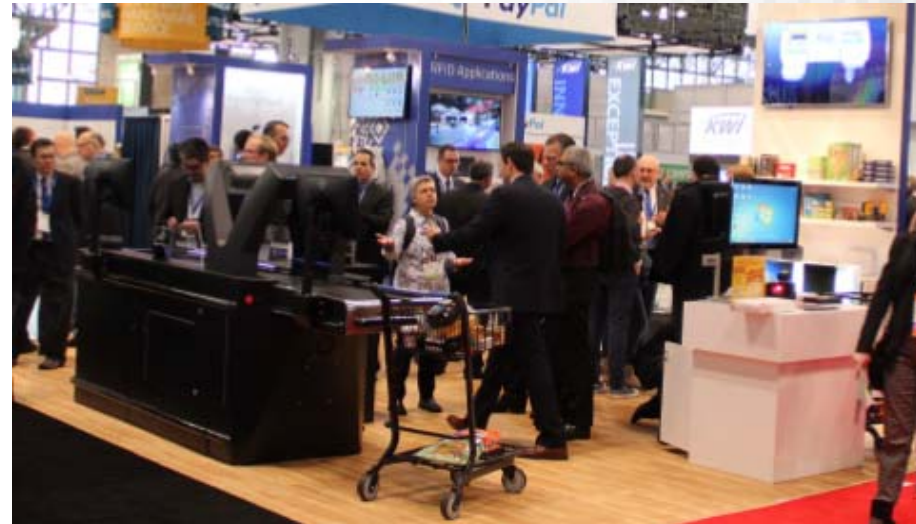
- 655 registered leads  
(more than doubled vs. 2016)

## TOP VISITED PRODUCTS

- Jade
- Joya Touch

## NEW CONCEPT AND PRODUCTS

- Joya Touch Android 6
- Powerscan Retail
- Rida – companion scanner
- RFID indoor Geo-Location
- Digital Tailor – 3D imaging body scanner
- New Single Plane scanners
- New LaneHawk – loss prevention



# Outlook

# A clear new 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



# 2017 Outlook

- Effective benefits from the reorganization by industry expected mainly in the second half of 2017
- Revenues growth over market average: major focus in NA and APAC, consolidating leadership in Europe
- Keep on increasing R&D investments to maintain leadership in the market
- Strong focus on cost control and profitability
- Maintain Cash Generation

# Appendix

# FY 2016 Profit and loss

€mln	FY2016		FY2015		Var %
<b>Revenues</b>	<b>576.5</b>	<b>100.0%</b>	<b>535.1</b>	<b>100.0%</b>	<b>7.7%</b>
COGS	(311.2)	(54.0%)	(286.5)	(53.5%)	8.6%
<b>Gross Operating Profit</b>	<b>265.3</b>	<b>46.0%</b>	<b>248.6</b>	<b>46.5%</b>	<b>6.7%</b>
Other Revenues	3.3	0.6%	3.5	0.7%	
R&D	(50.4)	(8.7%)	(48.2)	(9.0%)	4.5%
Distribution Costs	(101.2)	(17.6%)	(101.1)	(18.9%)	0.1%
Administrative Expenses	(37.8)	(6.6%)	(39.5)	(7.4%)	(4.4%)
Other operating expenses	(3.0)	(0.5%)	(2.0)	(0.4%)	
<b>Total Operating expenses and others</b>	<b>(192.4)</b>	<b>(33.4%)</b>	<b>(190.9)</b>	<b>(35.7%)</b>	<b>0.8%</b>
Non recurring costs/ rev	(1.0)	(0.2%)	(2.6)	(0.5%)	
Amort. Intang. Assets from acquis.	(4.9)	(0.9%)	(5.7)	(1.1%)	(14.0%)
<b>EBIT</b>	<b>70.2</b>	<b>12.2%</b>	<b>52.9</b>	<b>9.9%</b>	<b>32.7%</b>
Financial (costs)/ rev.	(3.1)	(0.5%)	(4.6)	(0.9%)	
Results from equity investments	(0.3)	(0.1%)	0.1	0.0%	
Foreign exchange (costs)/ rev.	0.0	0.0%	3.1	0.6%	
<b>EBT</b>	<b>66.9</b>	<b>11.6%</b>	<b>51.6</b>	<b>9.6%</b>	<b>29.7%</b>
Taxes	(21.0)	(3.7%)	(11.0)	(2.1%)	
<b>Net Income</b>	<b>45.8</b>	<b>8.0%</b>	<b>40.5</b>	<b>7.6%</b>	<b>13.1%</b>
Depreciation	(9.4)	(1.6%)	(7.8)	(1.5%)	
Amortization	(4.9)	(0.8%)	(4.7)	(0.9%)	
<b>EBITDA</b>	<b>90.4</b>	<b>15.7%</b>	<b>73.7</b>	<b>13.8%</b>	<b>22.5%</b>
<i>Exchange Rate</i>		1.1069		1.1095	

# Consolidated balance sheet at 31.12.16

€mln	At 31/12/2016	At 31/12/2015
Intangible fixed assets	52.0	56.5
Goodwill	188.9	183.0
Tangible fixed assets	72.1	68.4
Non Consolidated investment	6.9	6.6
Other fixed assets	51.8	49.3
<b>Total Fixed Assets</b>	<b>371.7</b>	<b>363.8</b>
Net trade account receivables	75.5	68.8
ST account payables	(104.6)	(101.7)
Inventory	82.3	69.5
<b>Trade Working Capital</b>	<b>53.2</b>	<b>36.5</b>
Other current receivables	34.2	28.6
Other ST payables and provision for risk & future charges	(77.6)	(61.0)
<b>Net Working Capital</b>	<b>9.8</b>	<b>4.1</b>
Other LT payables	(30.8)	(26.8)
Employees' severance Indemnity	(6.6)	(6.8)
LT provision for risk & future charges	(11.2)	(15.2)
<b>Net Invested Capital</b>	<b>332.9</b>	<b>319.2</b>
Equity	336.4	298.3
<b>Net Financial Position</b>	<b>3.5</b>	<b>(21.0)</b>
<i>Exchange Rate</i>	1.0541	1.0887

# Contact

## IR CONTACTS

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## NEXT EVENTS

**March 21<sup>st</sup> –22<sup>nd</sup>, 2017**  
Star Conference Milan

**May 15<sup>th</sup>, 2017**  
1Q results

**August 3<sup>rd</sup>, 2017**  
6M results

**November 13<sup>th</sup>, 2017**  
9M results

## DATALOGIC ON LINE

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