



Q1 2018 Conference Call

May 9, 2018



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Improved results despite forex effect



Q1 RESULTS € m

REVENUES
€142.9
+1.0%
(+7.8% at constant FX)

€22.0
EBITDA
(+5.7%)

15.4%
EBITDA
MARGIN
(+0.7 p.p.)

€11.2
NET
INCOME

Net Cash position at €32.3

Q1 2018 Highlights

GROUP

- Revenues growth negatively impacted by forex vs Q1 2017
- Positive results on profitability in line with expectations

VERTICALS

- **Main industries growing double digits net of forex**, whilst Channel negatively affected by seasonality in the first part of the year
- **Retail on track to recovery**: + 12.6% net of forex, across all main geographies mainly driven by tiers 1 projects
- **Manufacturing confirming strong growth**, + 18.2% net of forex, lead by China
- **T&L at + 29.6% net of forex**, driven by large US postal projects and new clients' acquisition in other geographies

FINANCIALS

- Revenues up 1.0% YoY to €142.9 m (+7.8% at constant forex)
- **GOM improvement vs Q1 2017**, capitalizing on improvements from previous year
- **Increasing investments in R&D** from 9.3% to 10.2% on revenues and in distribution to strengthen sales organization
- **Net Cash position improvement**: from €30.1 m to €32.3 m

Retail

Connecting People, Processes and Technology

DATALOGIC PROPOSITION



- We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers' Home.
- Datalogic was the **first company** to introduce the full imaging **bi-optic POS scanner** and to conceive a **fully automated portal scanner**
- New Data capture products for E-commerce and multichannel
- Data analytics for **location based services**, indoor navigation, customer tracking either for path and time spent in front of shelves

MARKET OUTLOOK

- 90% of transactions are still completed in-store
- E-commerce drives change towards an omnichannel experience (brick and mortar – online shopping)
- Distribution Centers automatization increase.

DATALOGIC RESULTS

- Q1 2018 Revenues €68.5 mln (+4.9% YoY, +12.6% ex Forex), 52% of DL Division' Revenues
- Positive after two quarters' decline, expected to further improve over next quarters
- Double digit steady growth at constant Forex; EMEA +14%, North America +13%, Latam +32%
- Recovery in NA thanks to big deals, still to be improved coverage and run-rate business



Manufacturing

The factory of the future

DATALOGIC PROPOSITION



- Unique portfolio provider of smart, interconnected devices able to protect, identify, sense, check and mark.
- Datalogic is providing multi-product portfolio to serve all the major manufacturing clients: **Automotive, Food and Beverage, Automated Machinery and Electronics, and Intralogistics.**
- Wide-range offer adapting to every customer
 - Safety → Laser Sentinel
 - Traceability → Identification products and Laser marking
 - Quality Control → Machine Vision
- Expanding into **Intralogistic solutions** and **Robotic/AGV guidance**

MARKET OUTLOOK

- Industry 4.0 is pushing for **multi-technology adoption, product interoperability** and enhancement **self diagnostic capabilities**
- The adoption of key digital technologies shows a strong growth over the next 5 years

DATALOGIC RESULTS

- Q1 2018 Revenues €41.6 mln (+13.8% YoY, 18.2% ex Forex), 31% of DL Division' Revenues
- Performance driven by China and EMEA: +55.4% and +14.7 at constant Forex, respectively, whilst North America flat
- Massive sales organization's hiring plan ongoing: around + 90 people in key areas expected in 2018



Transportation & Logistics

Visibility and interaction with the customer

DATALOGIC PROPOSITION



- We ensure efficient & effective Data Collection to Courier-Express-Parcels, Airports, warehouse operators and sorting processes.
- The first generations of **self-driving vehicles** (autonomous shuttles and forklifts), used in controlled areas of the warehouse are being developed
- Datalogic is at the **forefront** of the development of **airport systems**, since 1984 with the **first automatic reading station** in Milan, to the recent contract with a main European hub in compliance with new IATA requirements.
- Datalogic's proven capabilities are reflected by the recent **"Platinum" supplier** qualification granted by a world leader in the shipping and logistics sector.

MARKET OUTLOOK

- Growth is driven by E-commerce: high speed sorting, ability to manage any size of parcel, and high flexibility
- Strong demand for solutions beyond barcode

DATALOGIC RESULTS

- Q1 2018 Revenues €12.8 mln (+21.2% YoY, 29.6% Ex Forex), 10% of DL Division' Revenues
- **Growing double digits both in EMEA and North America: +32.7% and +28.7% at constant Forex, respectively**
- **Big projects won in North America, mainly in CEP, and strong new customers' base acquisition both in North America and EMEA.** New partnerships ongoing to offer integrated solutions



Healthcare

Meet regulations and Higher Patient Safety

DATALOGIC PROPOSITION



- We empower the entire Healthcare ecosystem from drug production to patient care.
- Datalogic is the sole company providing **unique product features** for the HC industry such as:
 - **Anti-microbial** enclosures to enhance protection against germs and bacteria
 - **Inductive charging technology** for battery recharge avoiding maintenance cost related to contact damaging/wearing
 - **Green spot good match** to ensure positive medicine-patient identification
- LAB Analysis is also working to ensure the **reliability of data** based on the patient

MARKET OUTLOOK

- Drugs tracking to avoid counterfeit medications
- Growing demand inside hospitals and clinical labs for traceability of people and surgical tools.

DATALOGIC RESULTS

- Q1 2018 Revenues €4.6 mln (-35.7% YoY, -30.2% ex Forex), 3% of of DL Division' Revenues
- **Decline in Q1 due to tough comparison with Q1 2017**, where major deals with 2 relevant US hospital chains occurred
- Further strengthening of the North America sales organization ongoing.
- Revenues trend reversal expected in H2 mainly.



2018 First Quarter Product Launches

STATIONARY LASER SCANNER

- Flexible
- Powerful
- Compact
- Smart
- Cost effective

**AUTOMOTIVE,
FOOD & BEVERAGE,
PHARMACEUTICAL
AND OTHER MANUFACTURING PLANTS.**



2D DECODER SCAN ENGINE

- Ultra compact
- High Performances

**RETAIL
T&L
HEALTHCARE
ENTERTAINMENT, HOSPITALITY, COMMERCIAL SERVICES**



MARVIS™ MARK READ VERIFY INTEGRATED SOLUTION

in-line validation of marked traceability codes with one software suited for all you laser marking and traceability needs

**AUTOMOTIVE
SURGICAL TOOLS AND
MEDICAL DEVICES
GENERAL MANUFACTURING**



SH15 / SH21 BLACKLINE COMPUTERS

Rugged vehicle mounted computer (VMC) as well as fixed mount kit

**MANUFACTURING:
MES
QUALITY CONTROL
KIOSK APPLICATIONS
LOGISTICS (15 INCH CAN ALSO BE MOBILE)**

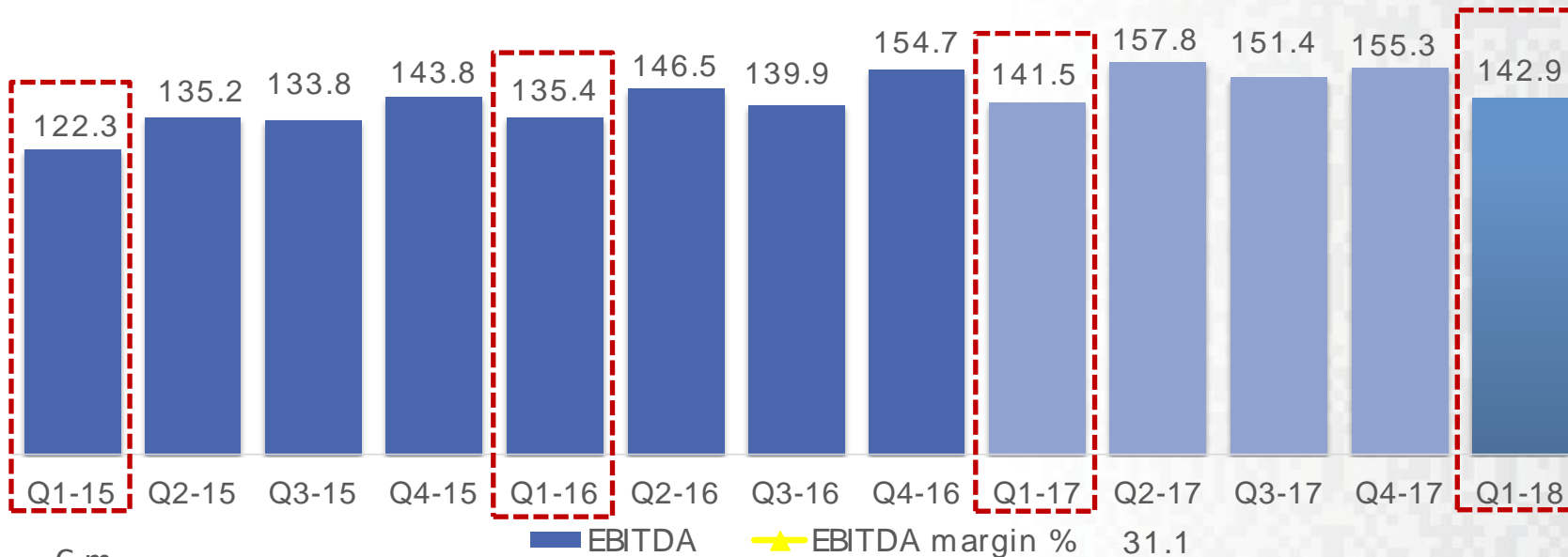


Financials

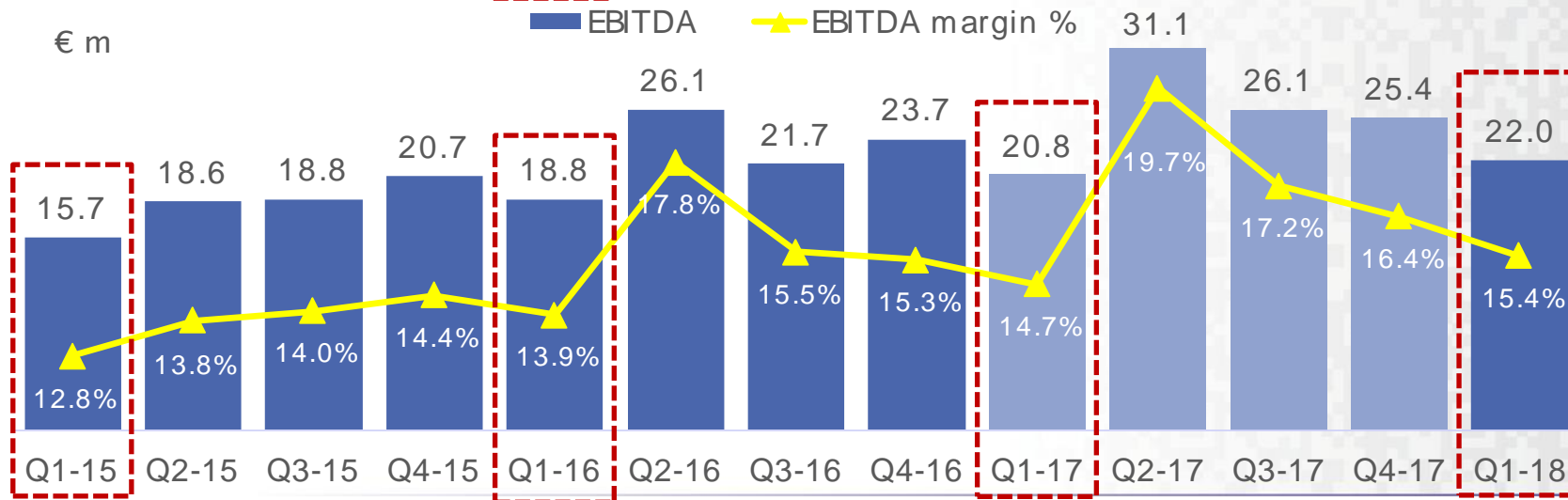
Quarterly trend

REVENUES

€ m



€ m



Revenues and profitability improvements

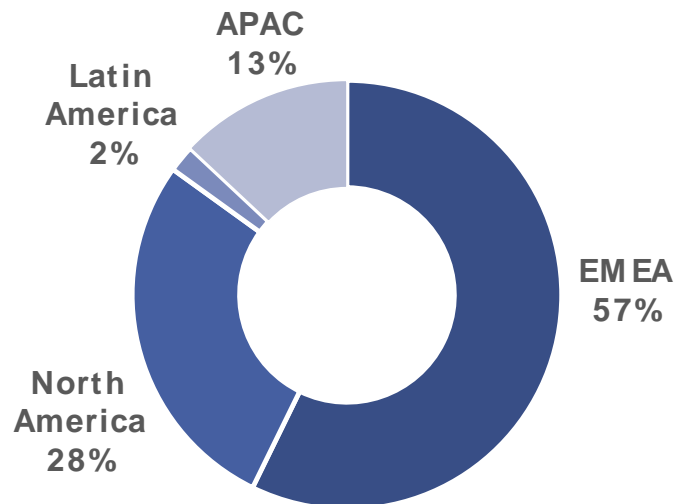
€ m	Q1 2018	Q1 2017	Var%
Revenues	142.9	141.5	1.0%
Gross Operating Margin	69.8	66.2	5.5%
<i>%on Revenues</i>	48.8%	46.8%	
Operating expenses	(51.9)	(49.6)	4.6%
<i>%on Revenues</i>	(36.3%)	(35.1%)	
EBITDA	22.0	20.8	5.7%
<i>Ebitda margin</i>	15.4%	14.7%	
EBIT	16.5	15.3	8.3%
<i>Ebit margin</i>	11.6%	10.8%	
EBT	14.7	14.0	4.9%
Taxes	(3.5)	(2.1)	67.9%
Net Income	11.2	11.9	(6.1%)
<i>% on Revenues</i>	7.8%	8.4%	
<i>Exchange Rate</i>	1.2292	1.0648	

- Revenues up 1.0% to €142.9 m (+7.8% at constant exchange rate)
- GOM confirming steady improving trend at 48.8% (around +200 bps vs Q1 2017)
- R&D *on revenues* from 9.3% to 10.2% (10.6% at Datalogic Business)
- Distribution costs: +5.4% YoY mainly due to reinforcement of S&D organization and marketing activities
- EBITDA margin improved to 15.4% thanks to GOM and seasonality of R&D and distribution costs
- Net Income slightly below due to tax rate seasonality

Group Revenues by country

REVENUES BY GEOGRAPHIC AREA

€ m	Q1 2018	Q1 2017	Var%	Var% Ex forex
EMEA	81.8	78.6	4.0%	5.4%
North America	39.6	43.6	(9.1%)	5.2%
Latin America	2.9	2.6	10.9%	27.7%
Asia Pacific	18.6	16.7	11.5%	22.6%
Total Revenues	142.9	141.5	1.0%	7.8%

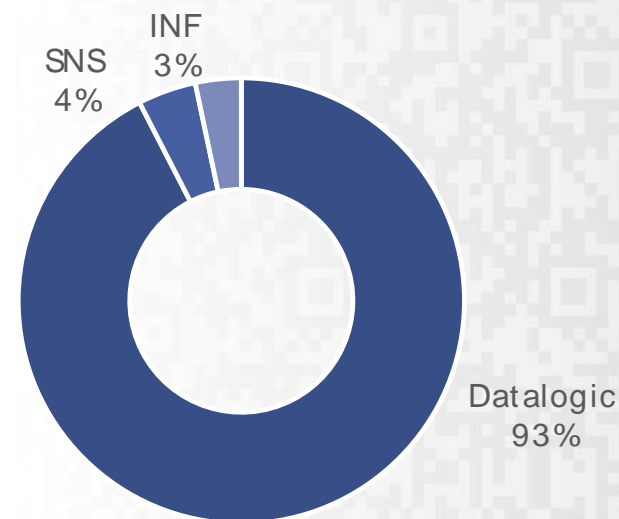


- Sound growth net of forex
- Continuous growth in APAC driven by China (+26% net of forex), in Manufacturing mainly
- Confirming leadership in EMEA in all the main verticals
- NA positive net of forex, lead by T&L and Retail. Strong performance of Solution Net Systems, whilst Informatics still negative
- Latam and Apac recovery notwithstanding forex thanks to Retail, mainly

Group Revenues & EBITDA by division

REVENUES BY DIVISION

€ m	1Q2018	1Q2017	Var%
Datalogic Business	132.6	131.5	0.8%
Solution Net Systems	6.1	5.0	22.7%
Informatics	4.8	6.0	(20.0%)
<i>Adjustments</i>	(0.5)	(0.9)	(47.1%)
Total Revenues	142.9	141.5	1.0%



- **Datalogic** driven at constant forex by growth of Fixed Retail and Stationary Industrial Scanners and Safety products, Scan Engines.
- **Solution Net Systems** strong top line growth (+22.7%) thanks to new projects, and sound improvement in profitability
- **Informatics** top line still on downward trend but profitability turnaround continuing

EBITDA BY DIVISION

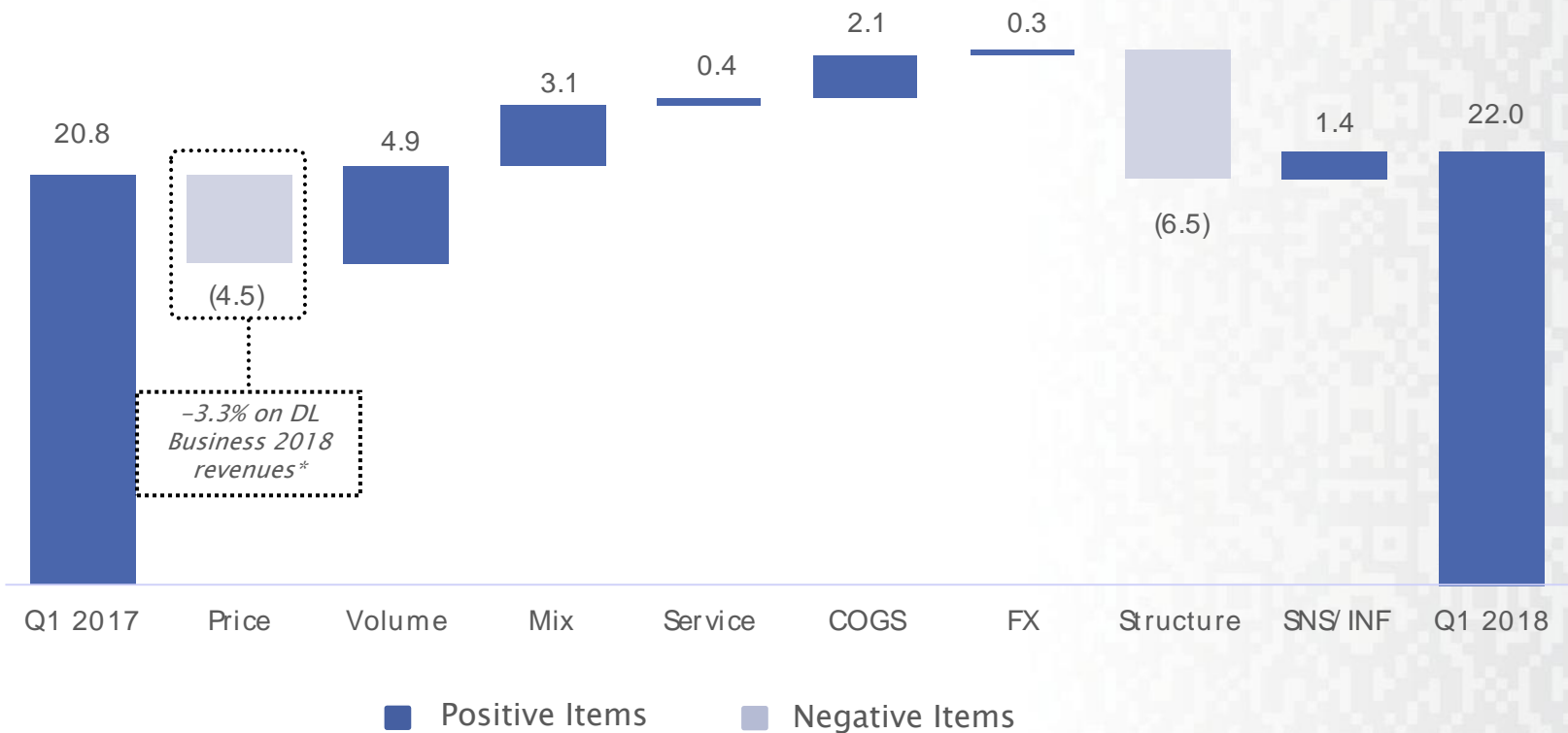
€ m	1Q2018	1Q2017
Datalogic	20.8	21.1
Solution Net Systems	1.0	0.1
Informatics	0.1	(0.4)
Total Group	22.0	20.8

EBITDA: actual vs last year

€ m

14.7% on Group Revenues

15.4% on Group Revenues



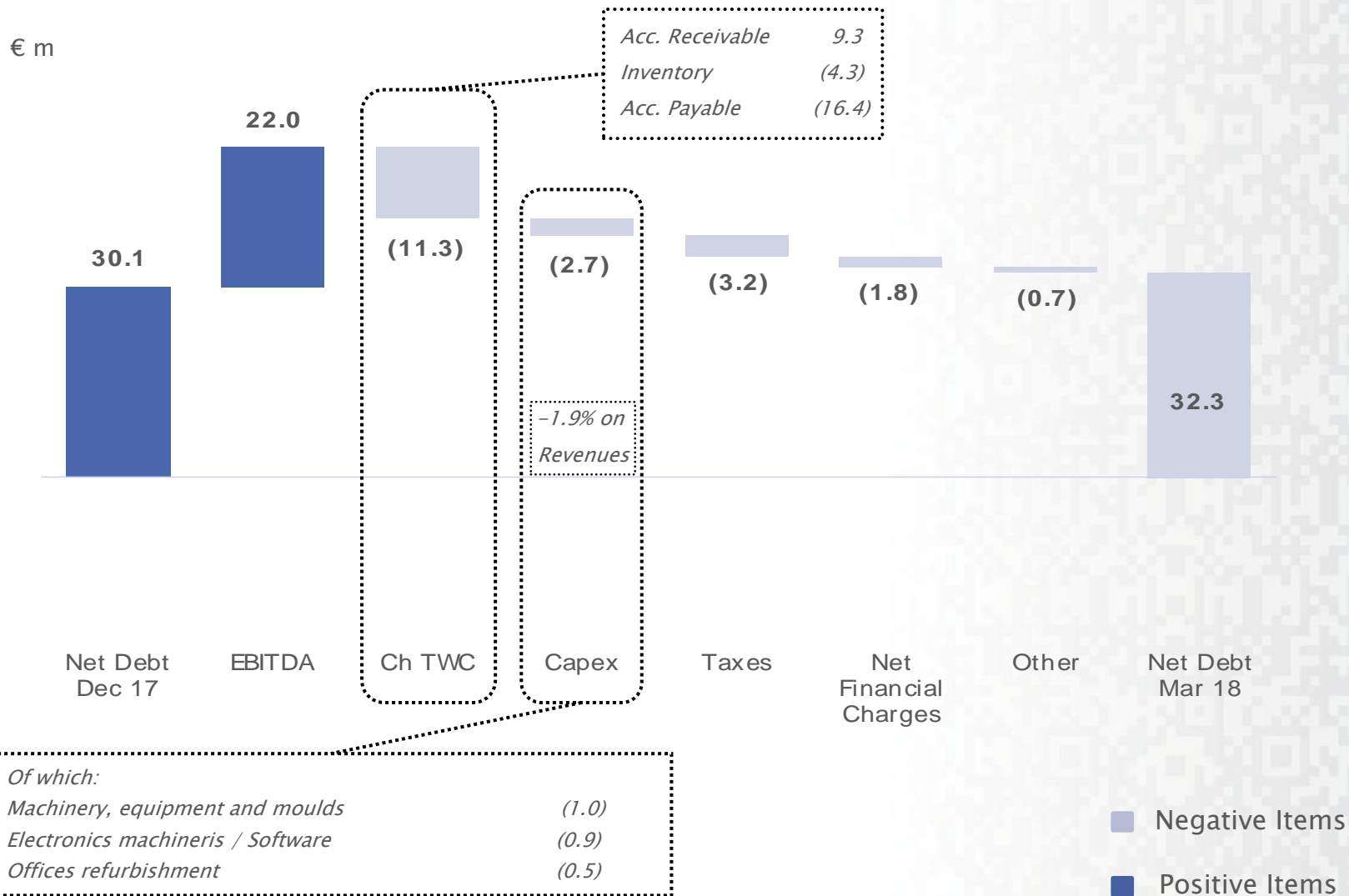
* Excluding GCO and Service

Consolidated Balance Sheet

€ m

	Dec 2017	Mar 2018		Dec 2017	Mar 2018
Total Fixed Assets	347.9	339.7	Net Financial Position	(30.1)	(32.3)
Trade receivables	83.2	73.9			
<i>% on 12m rolling sales</i>	<i>13.7%</i>	<i>12.2%</i>			
Inventories	85.9	90.2			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>14.9%</i>			
Trade payables	(107.7)	(91.3)	Net Equity	353.0	355.6
<i>% on 12m rolling sales</i>	<i>-17.8%</i>	<i>-15.0%</i>			
Trade Working Capital	61.5	72.8			
<i>% on 12m rolling sales</i>	<i>10.1%</i>	<i>12.0%</i>			
Other assets/liabilities	(86.5)	(89.3)			
Net Invested Capital	322.9	323.3	Total Sources	322.9	323.3

Net Debt Analysis: Dec'17 – Mar'18



2018 Outlook

- Grow in revenues at mid to high single digit rates
 - Maintain a sound profitability through strong focus on gross operating margin improvements
 - Further increase R&D investments & Distribution costs to improve our coverage and boost leadership in key areas (North America, APAC, Manufacturing)
 - Maintain a Cash Generation profile
-
- **Retail:** continuing in growth recovery quarter over quarter in the Americas mainly through new products and expanding sales organization
 - **Manufacturing:** keep on steady growing in China and other main Geo Areas, backed by strong demand for automation and further investments in sales organization in key Geo areas
 - **T&L:** keep growing in main Geo Areas, through new projects and new clients' acquisition
 - **HC:** growth expectations mostly skewed toward H2



New product launched in H2 2017 at full speed in H2 2018

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NEXT EVENTS

May 23rd ,2018

Shareholders' meeting

August 9th, 2018

6M results

November 13th, 2018

9M results

DATALOGIC ON LINE

www.datalogic.com