



Italian Stock Market Opportunities

30 JANUARY 2020

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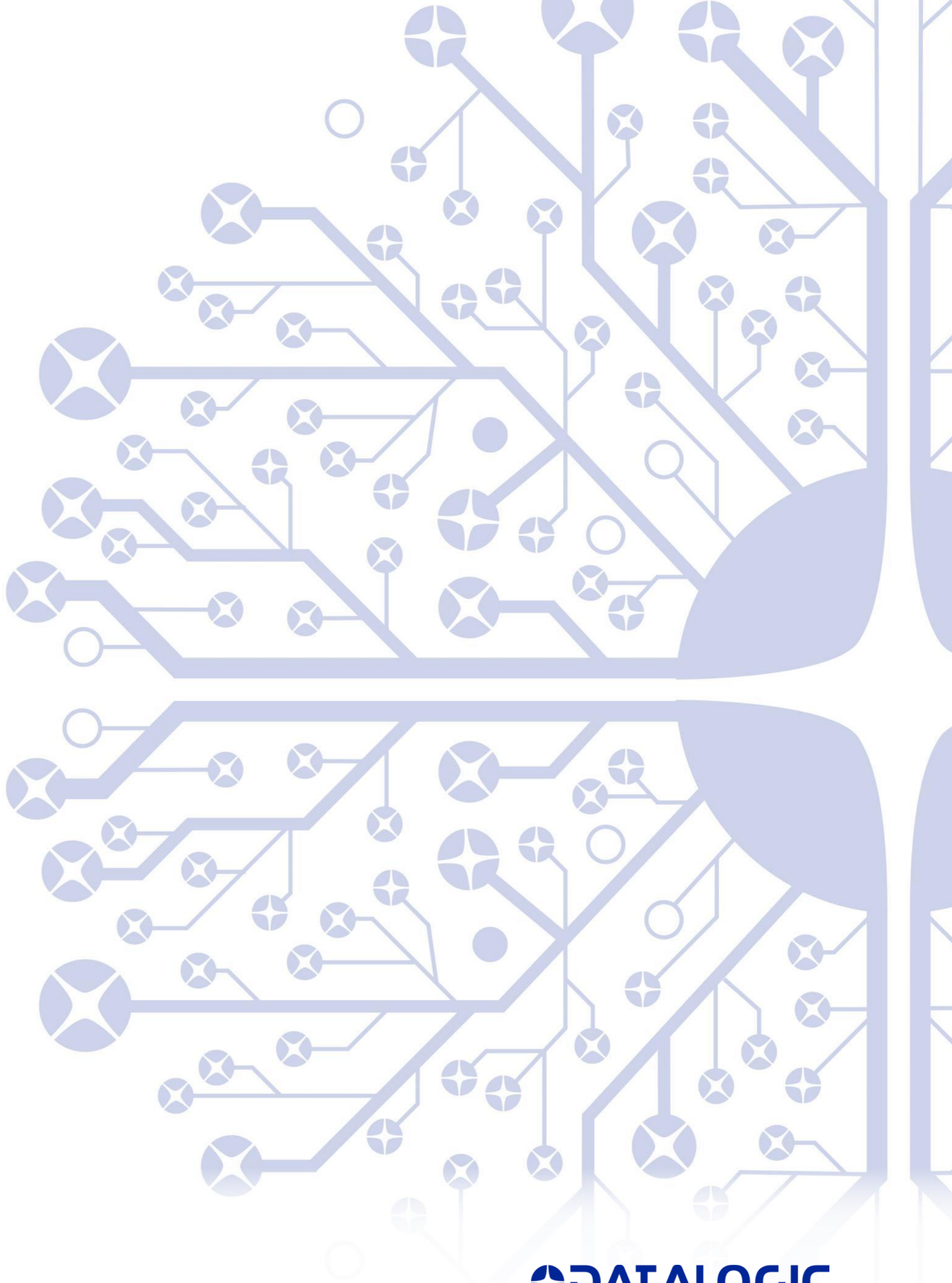
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Corporate Overview



Datalogic at a glance



Global technology leader in the **automatic data capture** and **process automation** markets, in the **Retail, Manufacturing, Transportation & Logistics**, and **Healthcare** industries

Founded in **1972**, listed on the Italian Stock Exchange since **2001**



1,200 patents filed and more than 350 in approval



500 engineers in 11 R&D centers and 3 DL Labs in: Italy, USA, Vietnam, China, and Germany

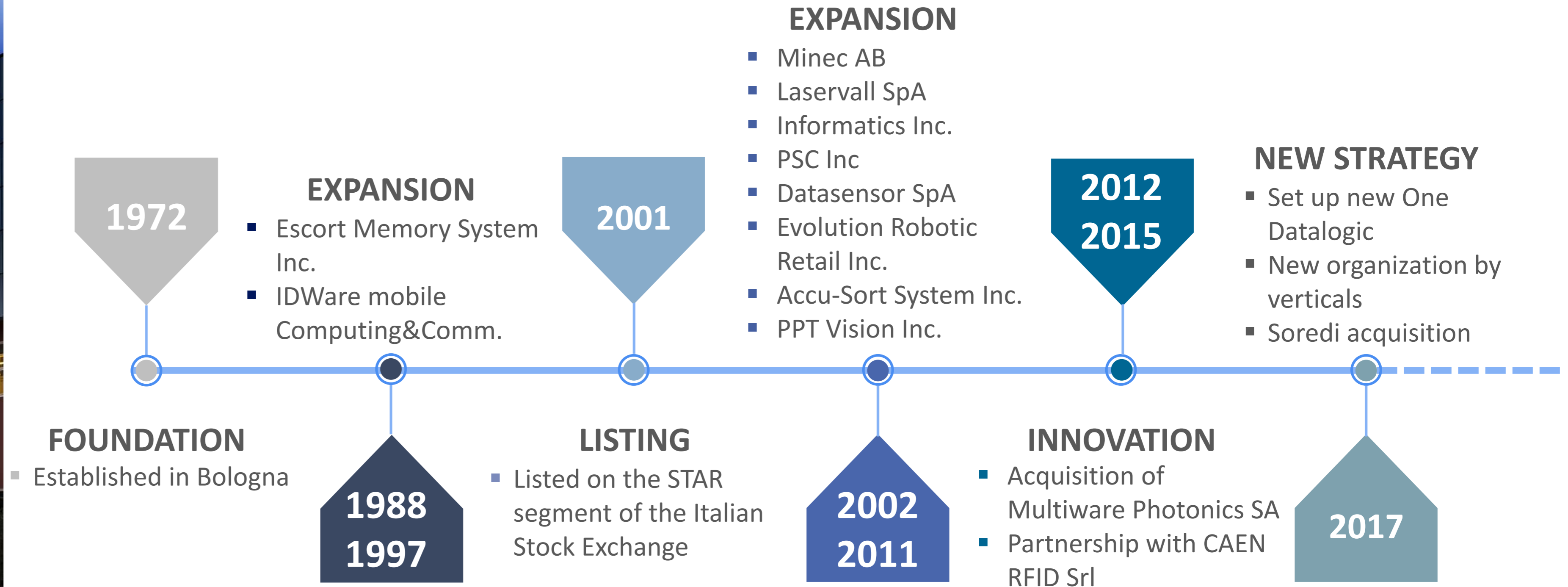


3,157 Employees in 27 countries:
21% Americas, 56% EMEA, 23% APAC



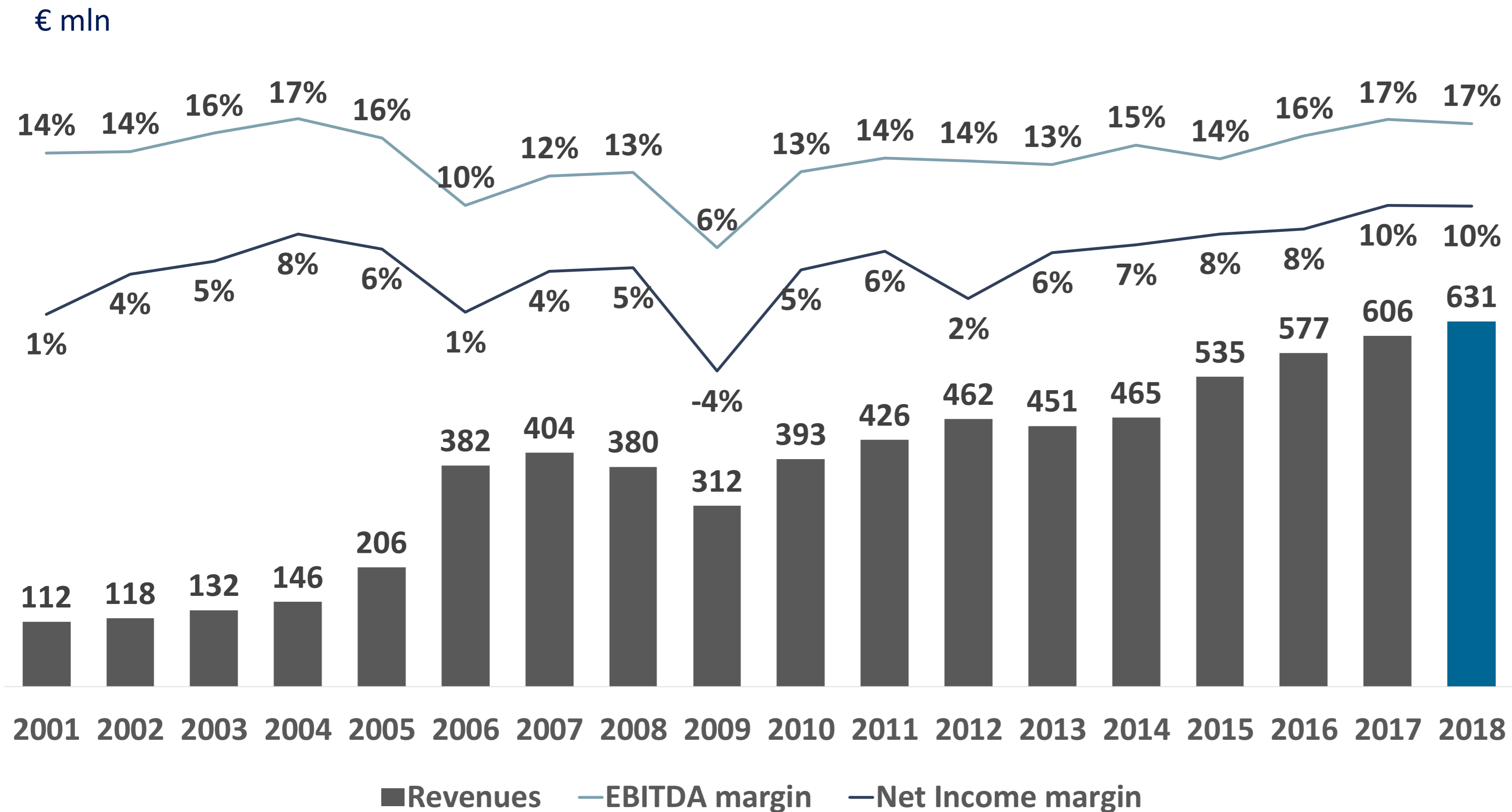
10 Manufacturing and Repair facilities in:
US, Brazil, Hungary, Slovakia, Italy, China,
Vietnam and Australia

Over 45 years of Technological Innovation



Solid long-term growth

Sales CAGR 2001-2018 +11%



- 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

A Wide Geographical Footprint

 10 Manufacturing & Repair sites

 11 R&D Centers, 3 DL Labs

 Direct presence in 30 countries

 Percent on H1 2019 Revenues

North America
36%

- Eugene, Oregon
- Pasadena, California
- Minneapolis, Minnesota
- Plano, Texas
- Telford, Pennsylvania

Latin America
2%

EUROPE

- München
- Donnas
- Bologna
- Quinto di Treviso

EMEA
51%

APAC
11%

- Ho Chi Minh City
- Shenzhen

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

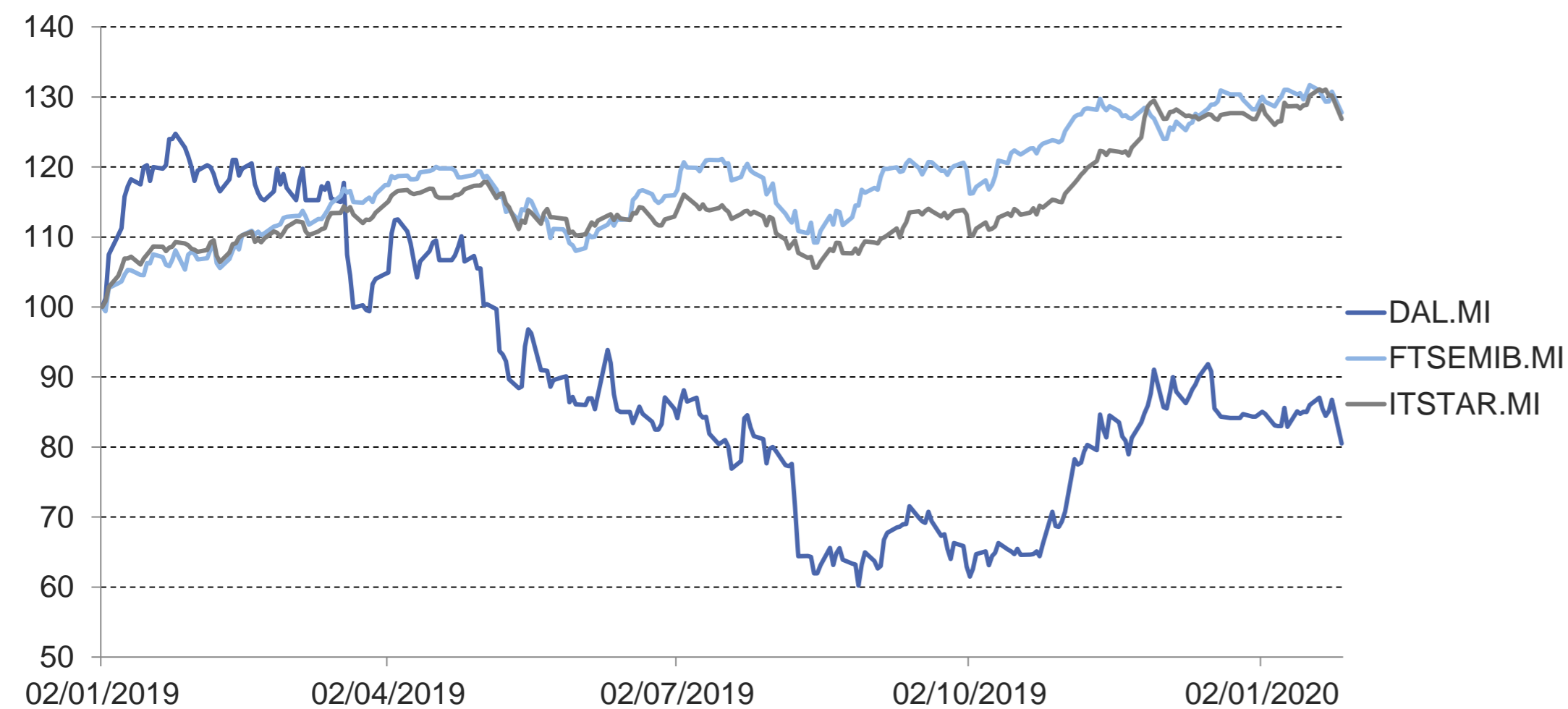
Ticker: DAL

Price (January 27, 2020): 16.1 Euro

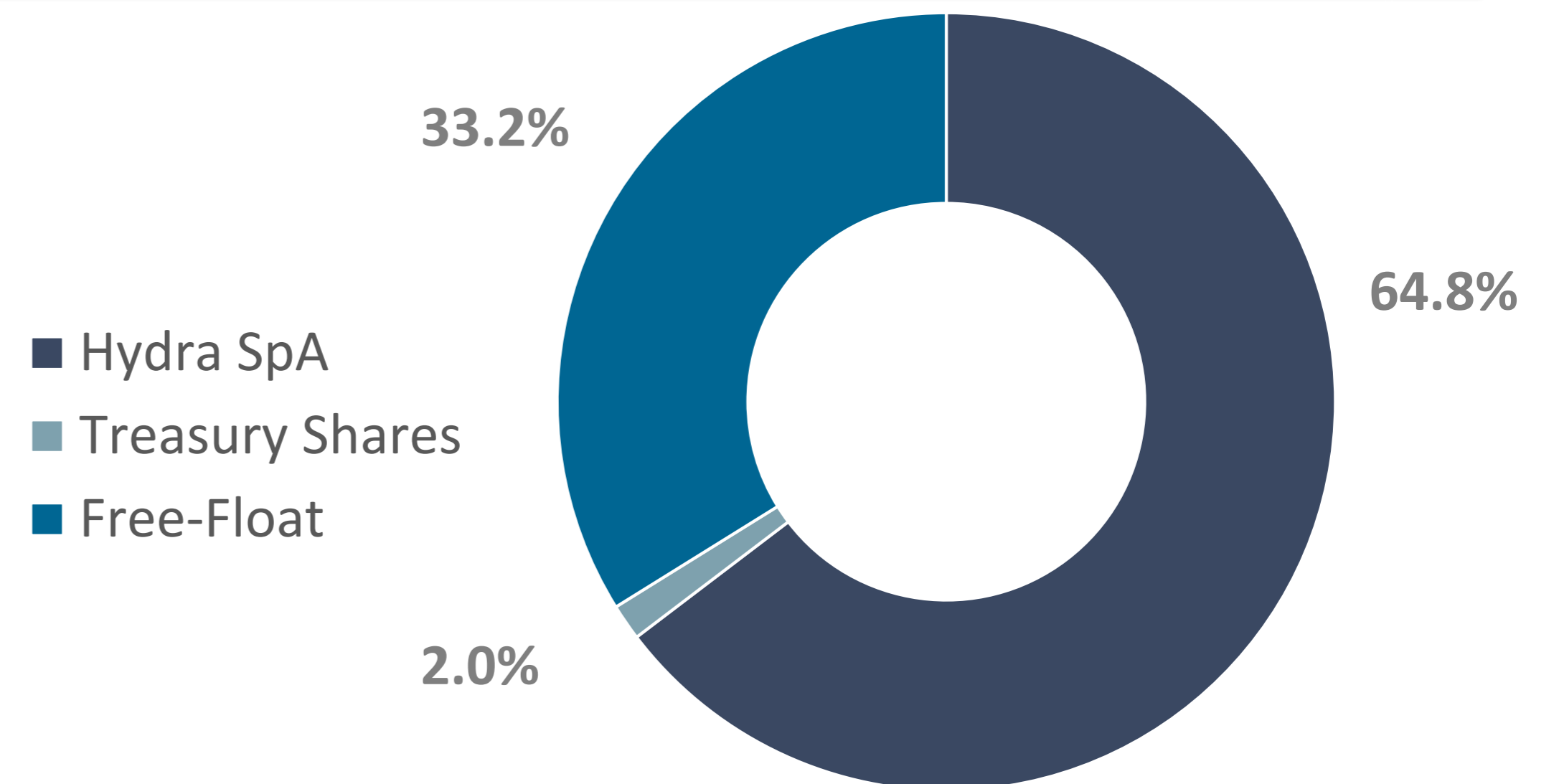
Market Cap (January 27, 2020): 941 mln Euro

Auditing Company: Deloitte

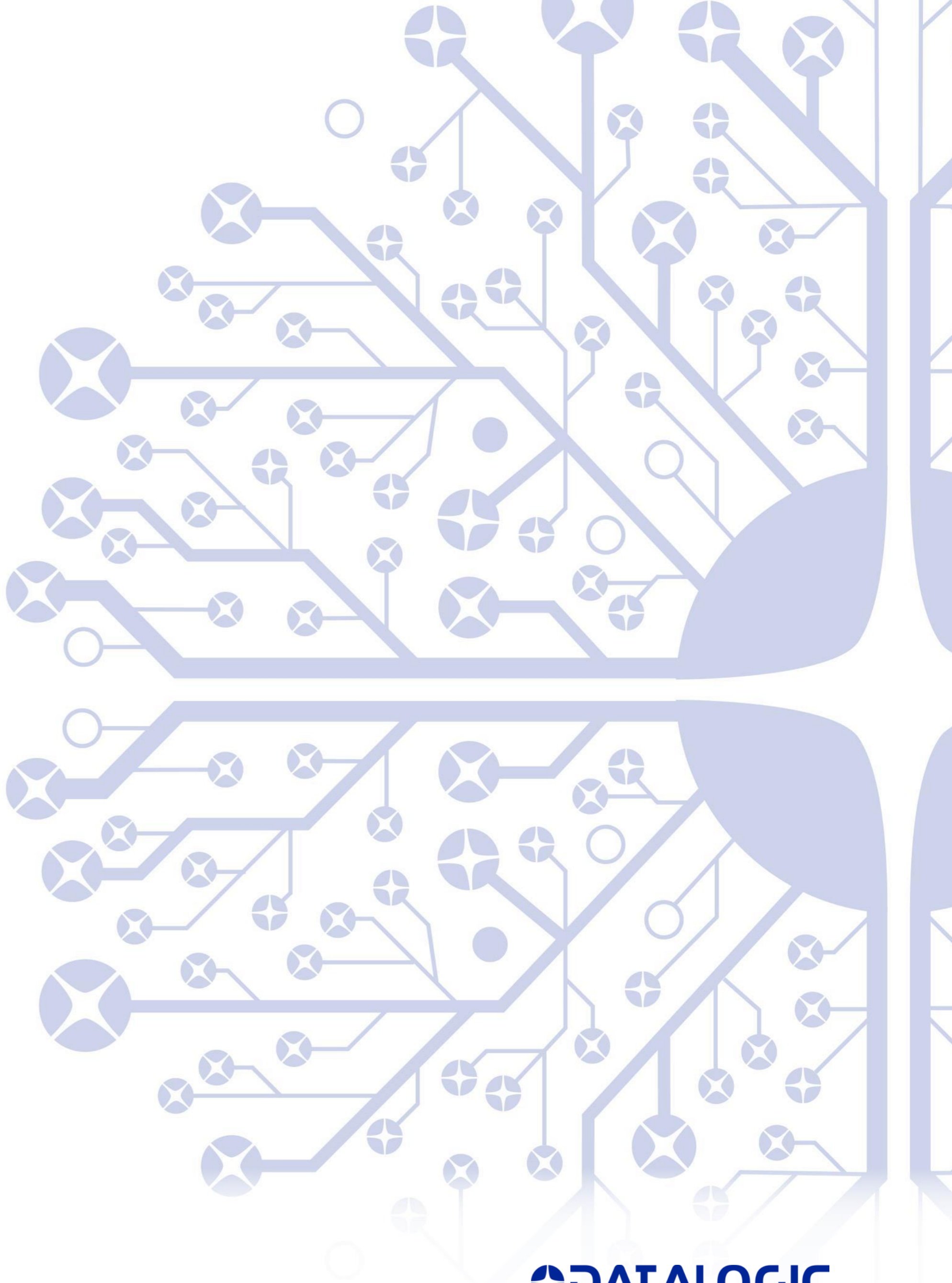
DATALOGIC PRICE PERFORMANCE



SHAREHOLDERS' STRUCTURE



Strategy



Rehearsing our Strategy

Objective

- Grow above market average, while expanding profitability



Scope

- Remain a **product** company with new emphasis on **solutions** to satisfy the needs of End Users in the following Industries: **Retail, T&L, Factory Automation, Healthcare**
- **Consolidate our position in EMEA** and become a **strong player in NA**
- **Further establish in APAC** with a **growing presence in China**



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



A wide range of products that is able to fulfill our customers' needs for both data collection and process automation

Most complete offer of barcode readers: from retail to industrial scanners, from hand held to mobile



Undisputed leadership on barcode readers

Complementary/Open doors products in the MFG Industry



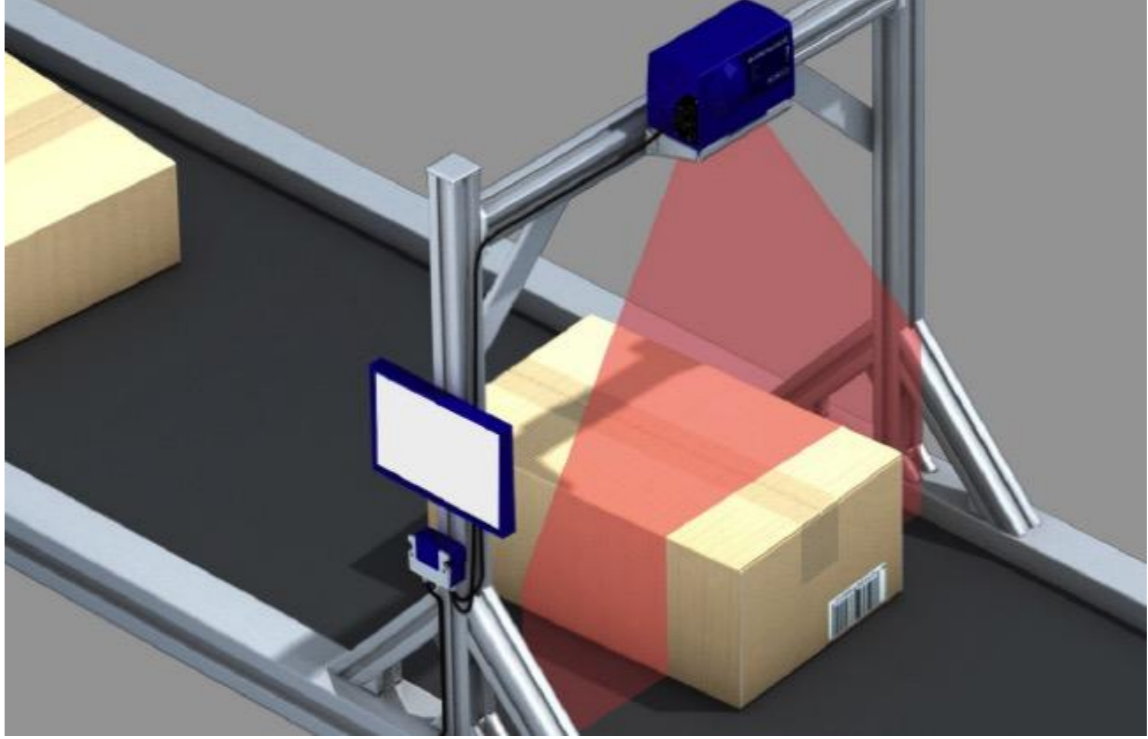
Our products are key enablers of critical applications along our customers' supply chain



Self-Shopping



Mark & Read



Dimensioning & Weighing Systems



Complete Traceability

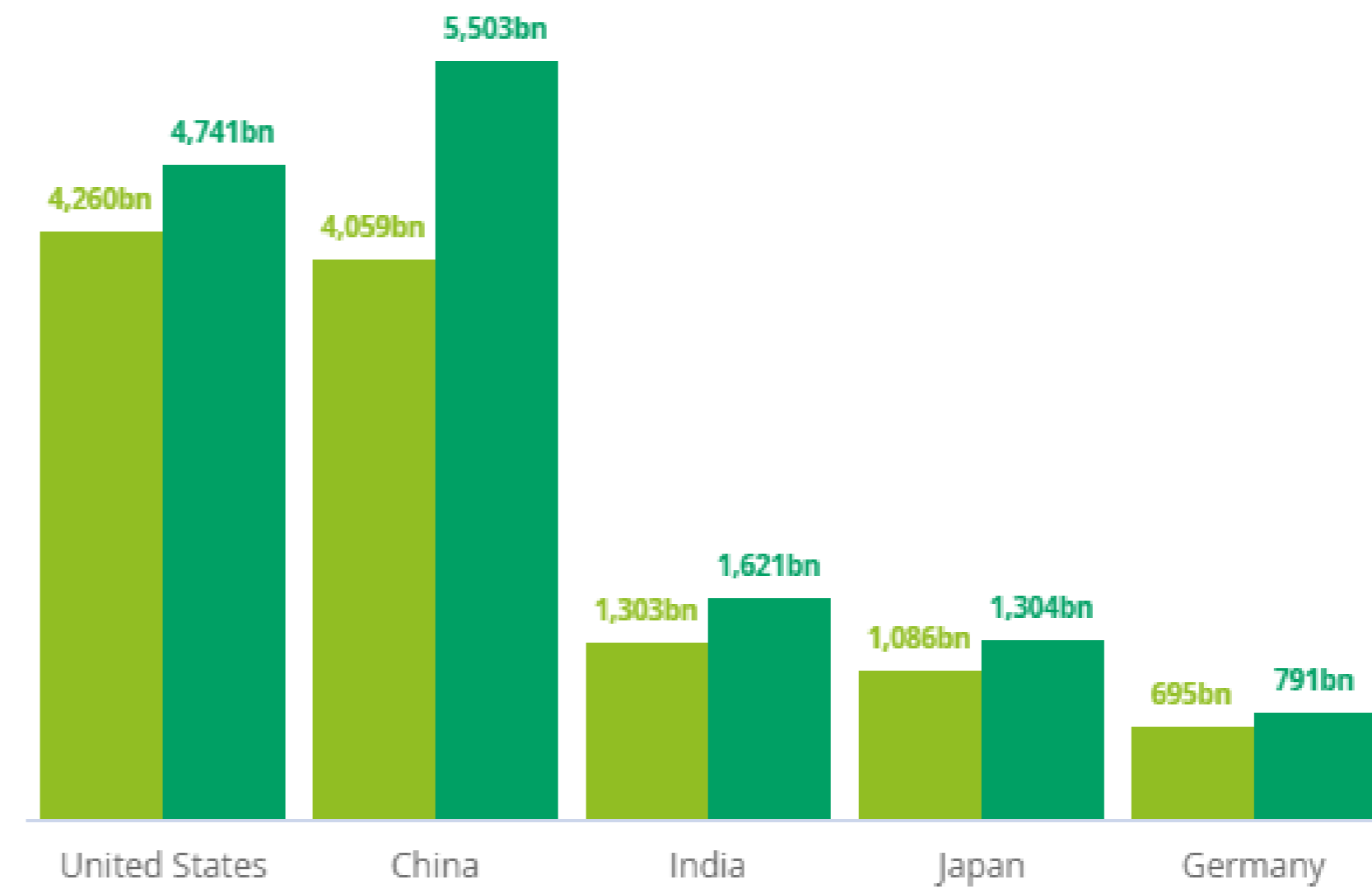


Mark & Trace

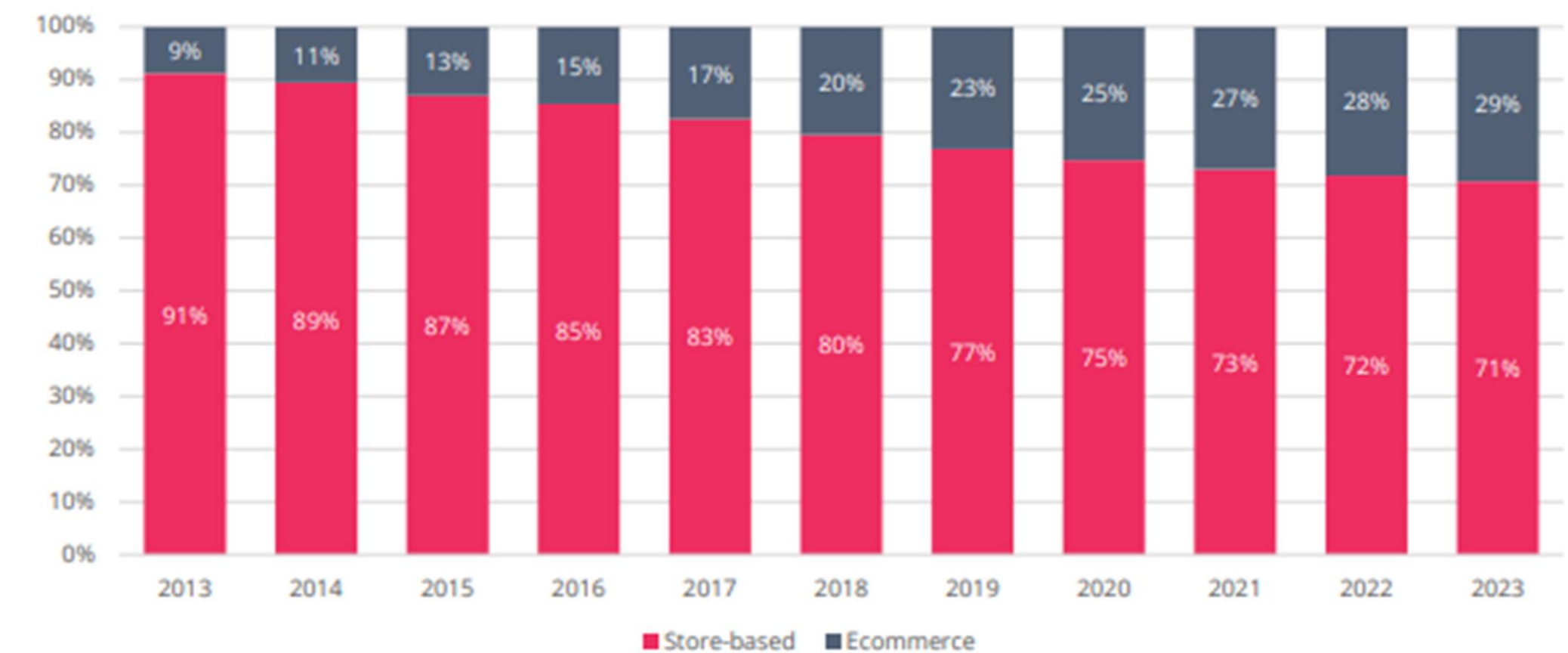
Global Retail Trends



- **E-commerce** is rising fast (+15% Y/Y) but it is not laying off physical stores (+3% Y/Y)
- **China** is set to surpass the US in terms of total retail sales and it dominates also the e-commerce market
- The industry is undergoing an unprecedented change in **customer expectations**, which is pushing for new types of stores, requiring **new technological solutions**
- **Customer Experience (CX)** and **Engagement** are the new targets for retailers
- From traditional **check-out** to multiple options to fully automated check-out



Store-based vs Ecommerce Share of Global Sales (%)



Channel	CAGR 2017-2023e	Sales Added 2017-2023e (USD)	Share of Sales Added 2017-2023e
Ecommerce	14.4%	1,778bn	53%
Store-based	4.0%	1,563bn	47%

Source: PlanetRetail RNG. Data sourced on 21 Aug 2018: Variations may occur on data sourced after this time

Retail

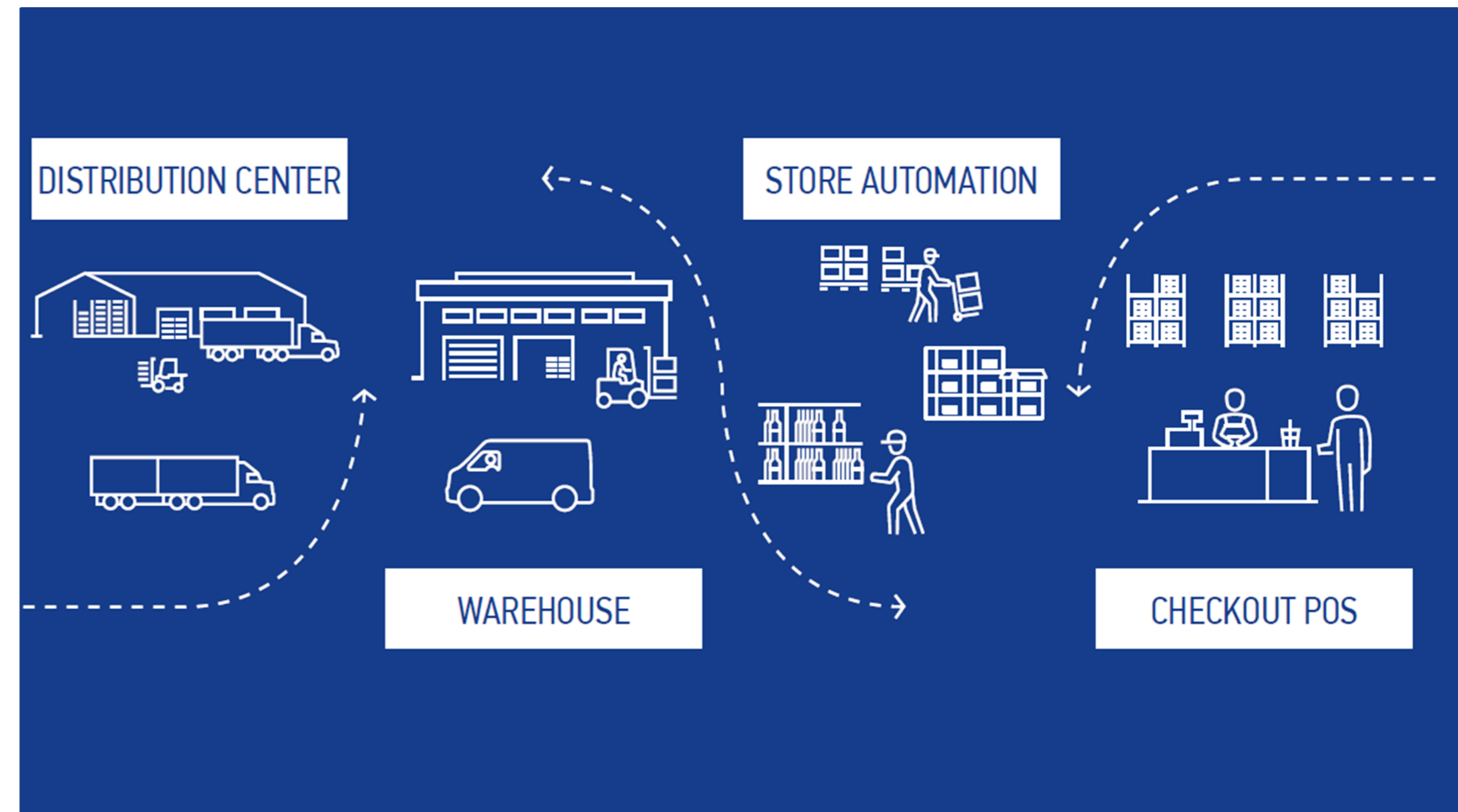
Our value proposition



DATALOGIC PROPOSITION

- We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers' Home
- **Market Leader** along the **Retail supply chain** from 1974 with the **first scanner** ever sold to a grocery store in Troy, Ohio up to now with **the innovative frictionless shopping solution** presented at the 2019 NRF exhibition in New York
- Machine learning technology adoption to be ready for the next checkout POS investment cycle

APPLICATIONS



Retail

Our value proposition



MARKET OUTLOOK



- Online retailers are opening brick-and-mortar stores, while traditional retailers are converting physical store locations into semi-distribution hubs
- Retailers who collect customer data on every step of the journey are headed in the right direction
- Retail E-commerce sales worldwide posted solid gains in 2017, rising 23.2% to \$2.290 trillion *, but 90% of transactions are still completed in-store
- Distribution Centers automatization increase
- Retailers are looking for advanced logistics solutions to be able to satisfy the needs of the E-commerce trend



* Source: eMarketer

Manufacturing

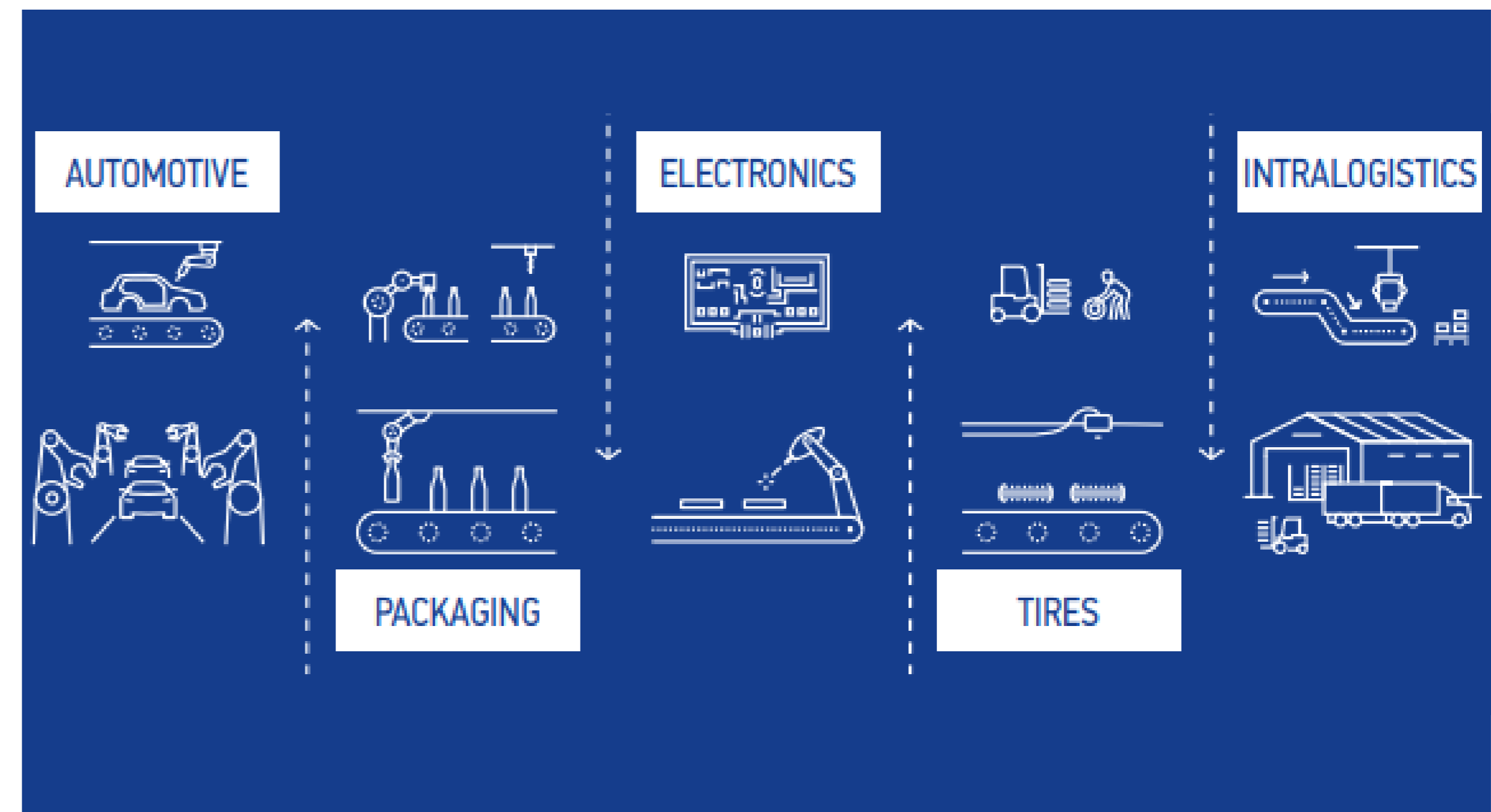
The factory of the future



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**
- Keep investing in SIS to protect our leadership leveraging on complimentary products to SIS (LM, VS, S&S)

APPLICATIONS



Manufacturing

The factory of the future



MARKET OUTLOOK



- Market trends
 - Industry 4.0
 - Robotics / AGV
 - DPM / Extended Traceability and Quality Inspection
 - New segments due to new technology (i.e. Electric car)
- **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
- 267 Billion USD investment in the next 5 years directed towards IoT*
- The Industrial Robotics Market stands at 13.9 billion USD with an 11.8% growth **



* Source: IoT Analytics

** Source: International Federal of Robotics (IFR) data and Loup Ventures

Transportation & Logistics

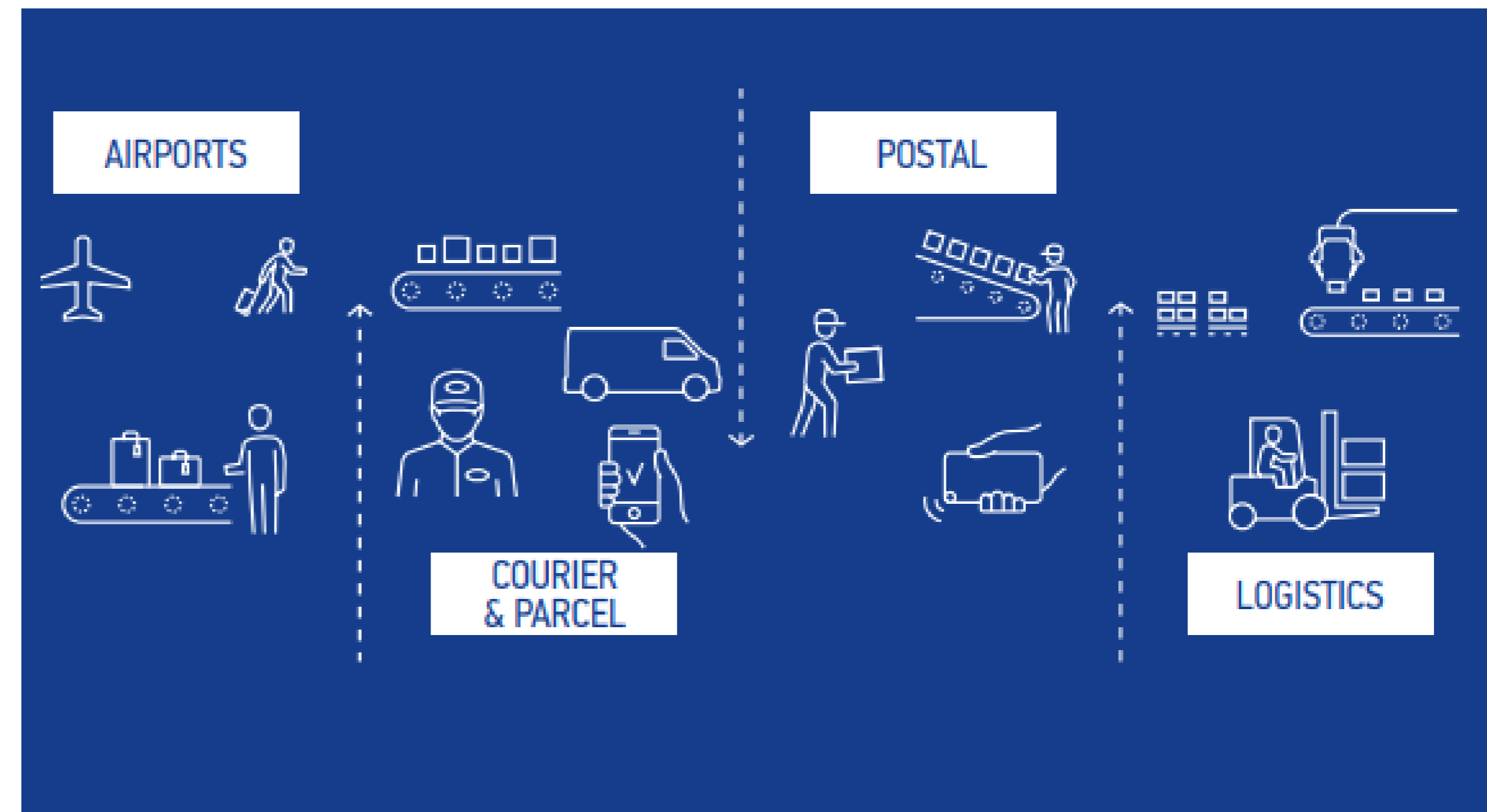
End to end visibility and real time tracking



DATALOGIC PROPOSITION

- We ensure Data Collection to **Courier-Express-Parcels, Airports and Logistics**
- 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

APPLICATIONS

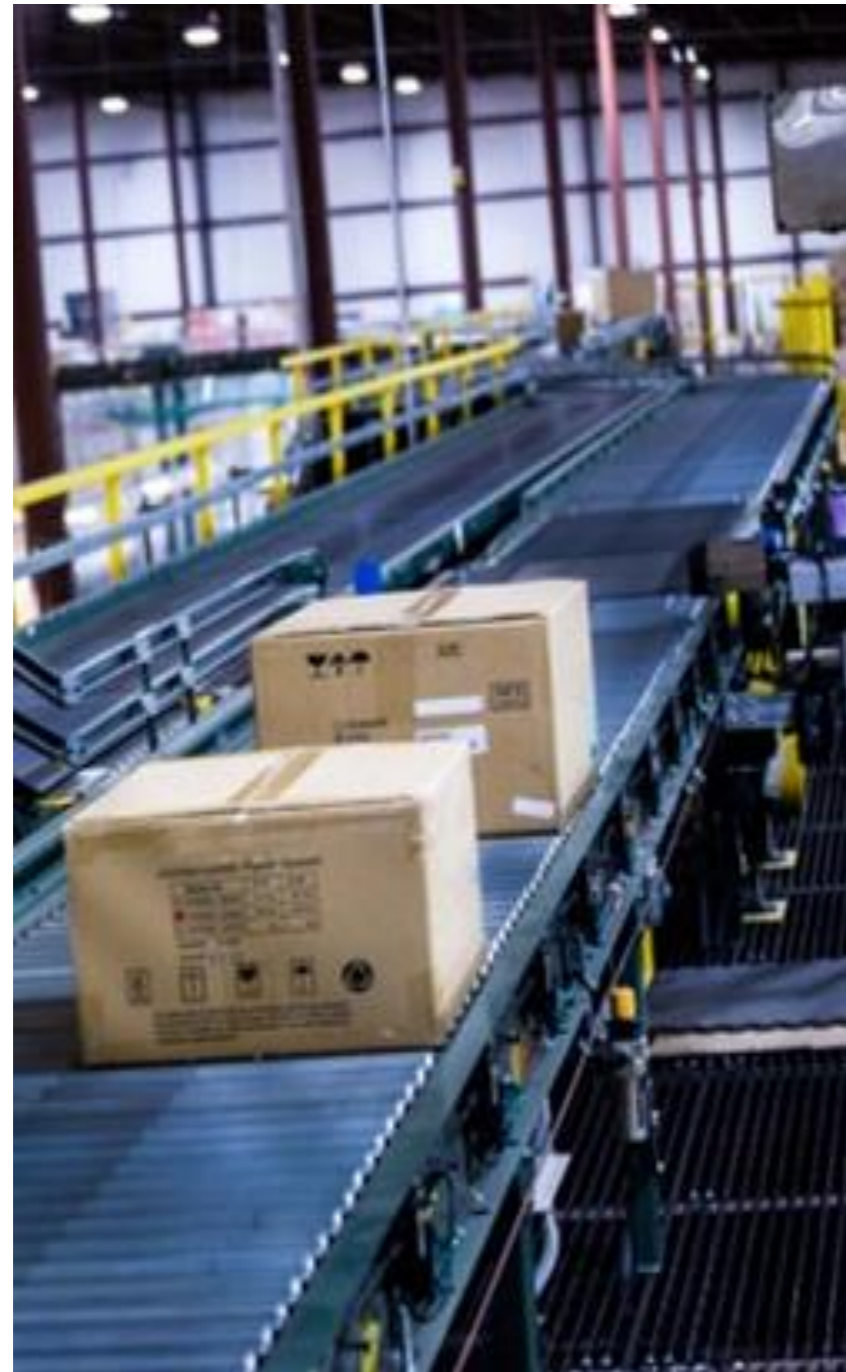


Transportation & Logistics

End to end visibility and real time tracking



MARKET OUTLOOK



- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility. E-Commerce is driving the industry growth
- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage
- The baggage handling system market* is projected to reach USD 9.36 Billion by 2020, at a CAGR of 7.8% from 2015 to 2020
- Strong demand for solutions beyond barcode
- Robotics & Automation: collaborative robots and automatic solutions to get higher productivity, zero-defects, reducing manual operations



*Source: IATA

Healthcare

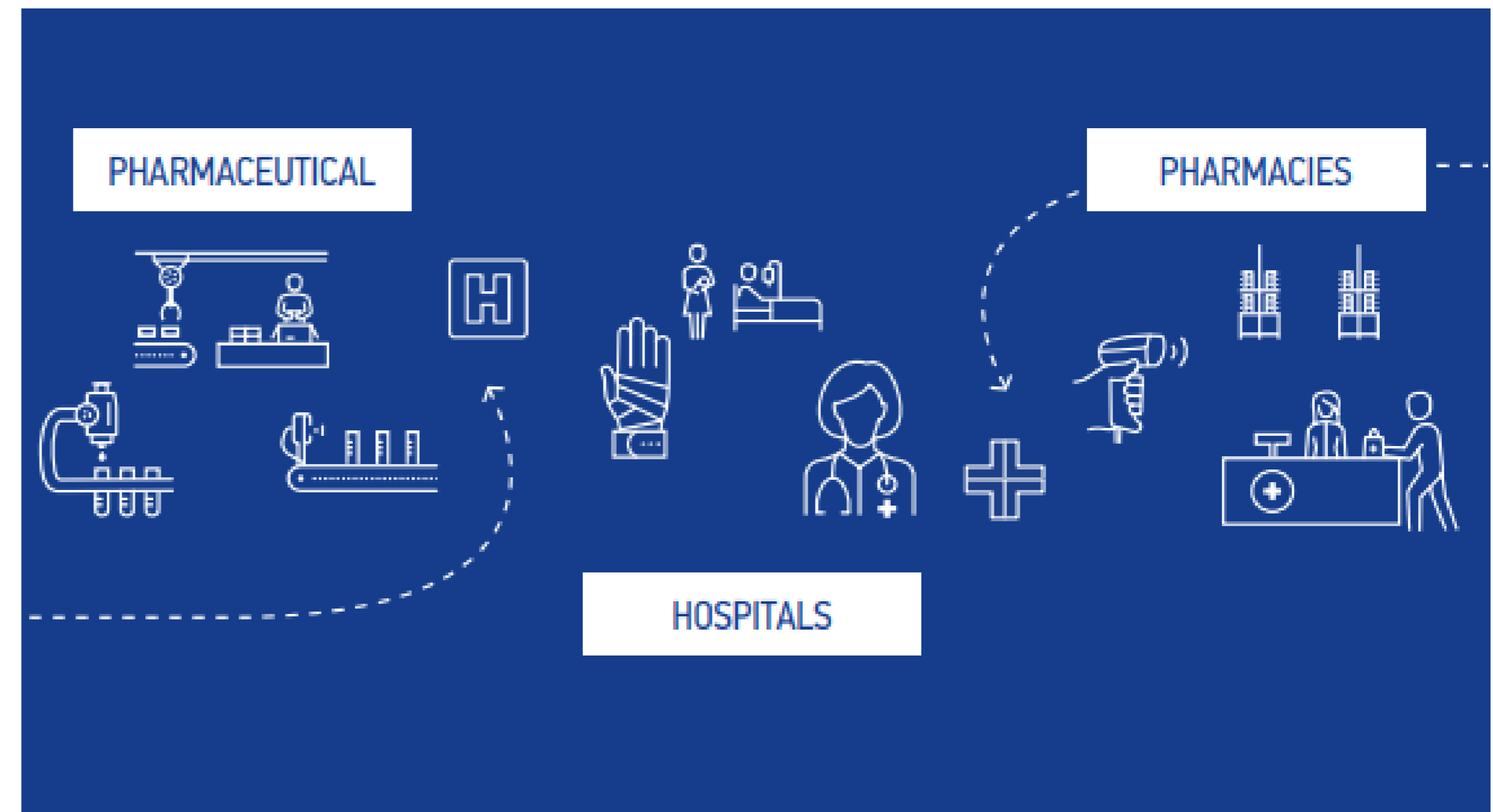
Meet regulations and Higher Patient Safety



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**, **Inductive charging technology** for battery recharge, and **Green spot good match** to ensure positive medicine-patient identification

APPLICATIONS



Healthcare

Meet regulations and Higher Patient Safety



MARKET OUTLOOK



- Drugs tracking to avoid counterfeit medications
- Bedside care: adopt technology to secure the correct drug administration to patients and real time saving with no mistakes of clinical data
- HC Emerging trends: Telemedicine/Telehealth. Health systems are more and more using digital health tools and telehealth platforms to better care for patients after they leave the hospital, as well as those most at risk of returning



Q3 New Product Launches and Innovation

Hand Held Scanners

Mobile Computers

Factory Automation

Solutions

**PowerScan
9501 AR
Cordless
Models**



**Joya Touch A6
With Megapixel
Scan Engine**



Identification

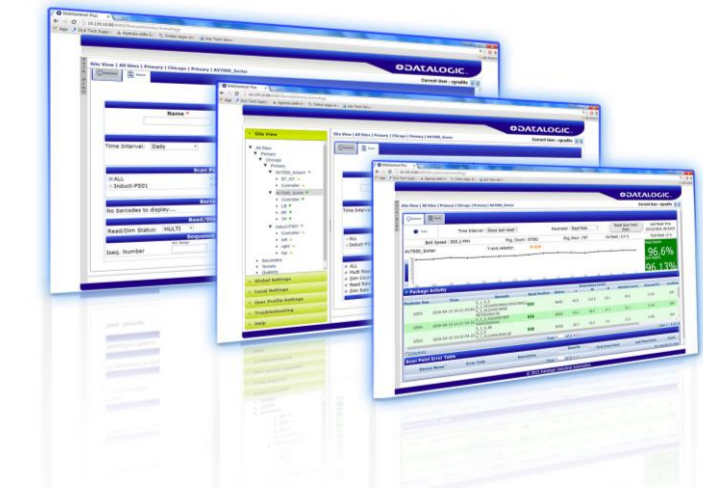
Machine Vision



**Matrix 300N
2MP Sensor**



**MX-E90 Vision
Processor**



Websentinel PLUS



**Gryphon 4500
Digimarc Models**



**Matrix 120/220
with Digimarc and
OPC UA**

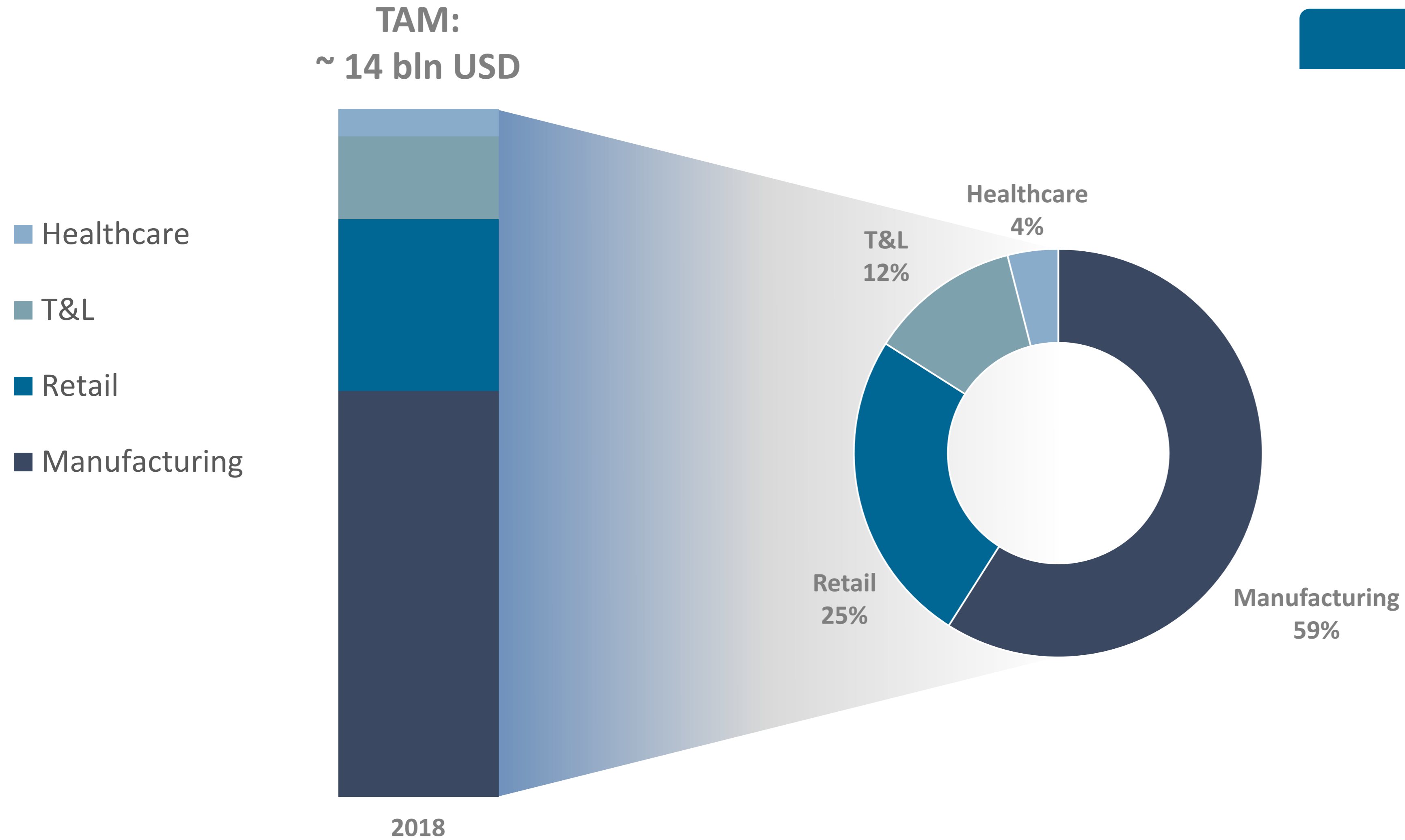


**IMPACT 12.2
Software:
focus on guidance
and traceability**

- **3Q New product*** net sales account for **22.0%** of total sales improved from 15.2% in Q3 2018
- R&D expenses up 1.2% to €47.5 million vs 9M2018.
- DL Business R&D spending amounted to approximately 11% of DL Business turnover, in line with the Group's strategy on innovation.

* New Products: products launched in the last 24 months

Total Addressable Market



DATALOGIC MKT SHARE

- **Fixed retail scanners**
#1 WW: >35% market share
- **Stationary industrial scanners**
#1 WW: >20% market share
- **Handheld Scanners**
#3 WW: ≈ 20% market share

Key Growth and Strategic Drivers

Industry

- Keep focus on all of our 4 verticals
- RTL (\$ 4 bln): check out evolution, cross sell mobile, watch carefully DCs
- MFG (\$8 bln): expand into new sectors to offset automotive and consumer electronics
- T&L (\$2 bln): cross sell – complete offer SIS, Mobile, HHS

Products

- Protect our leadership in SIS
- FRS: Be ready for the next generation/evolution not revolution
- Mobile: increase market share widening our offer PDT/PPA, our big growth engine for the next year
- HHS: lead the shift to 2D technology

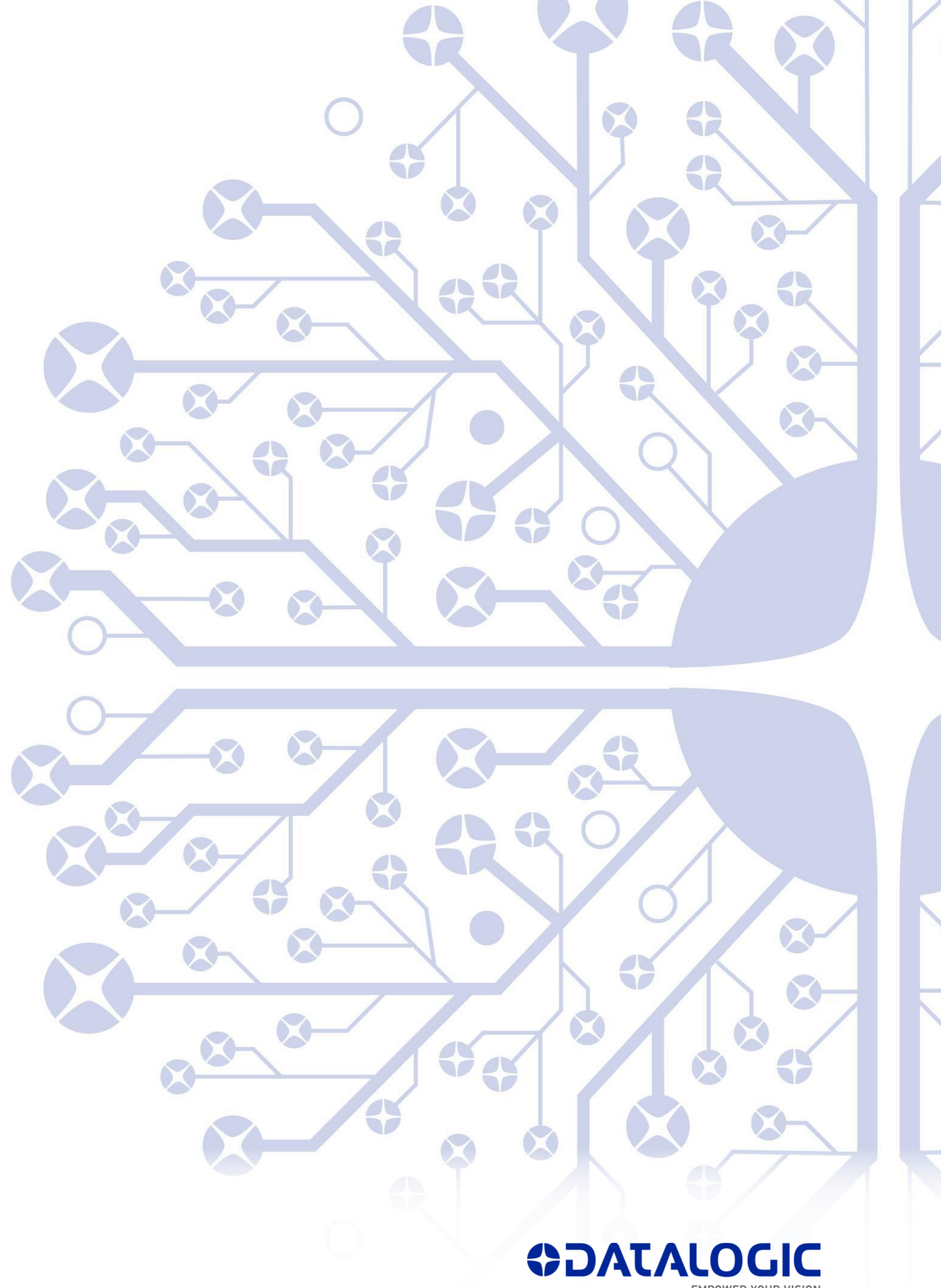
Technology

- Continuous improvement of core technology (bar code reading) e.g. optics, decoding
- Investing in complimentary technologies:
 - Vision / Machine learning
 - RFID
 - Digital watermarking
- Investing in Android

M&A

- Selected target to accelerate our growth and/or to acquire critical technologies

Financials & Outlook



9M Key Facts

- **Results in line** with guidance with revenues declining 1% compared to last year. Despite tough market conditions revenues grew in North America.
- **Vitality index** improved from 13.8% in 9M2018 to 20.8% in 9M2019, accelerating to 22.0% in Q3 2019 mainly driven by Mobile Computing.
- **T&L growing** organically double digit at **+14.2%** and **HC** at **+7.1%** in 9M2019. Retail declining. **Solid performance of Manufacturing** in Q3 in a declining market.
- **Gross Margin** almost flat at 48.4%, improved by 0.6% net of FX.
- **EBITDA** margin at 16.6% net of FX, after cost management.
- **R&D** investment at 10.3% on revenues compared to 10.1% last year, in line with the innovation priorities.

9M 2019 P&L

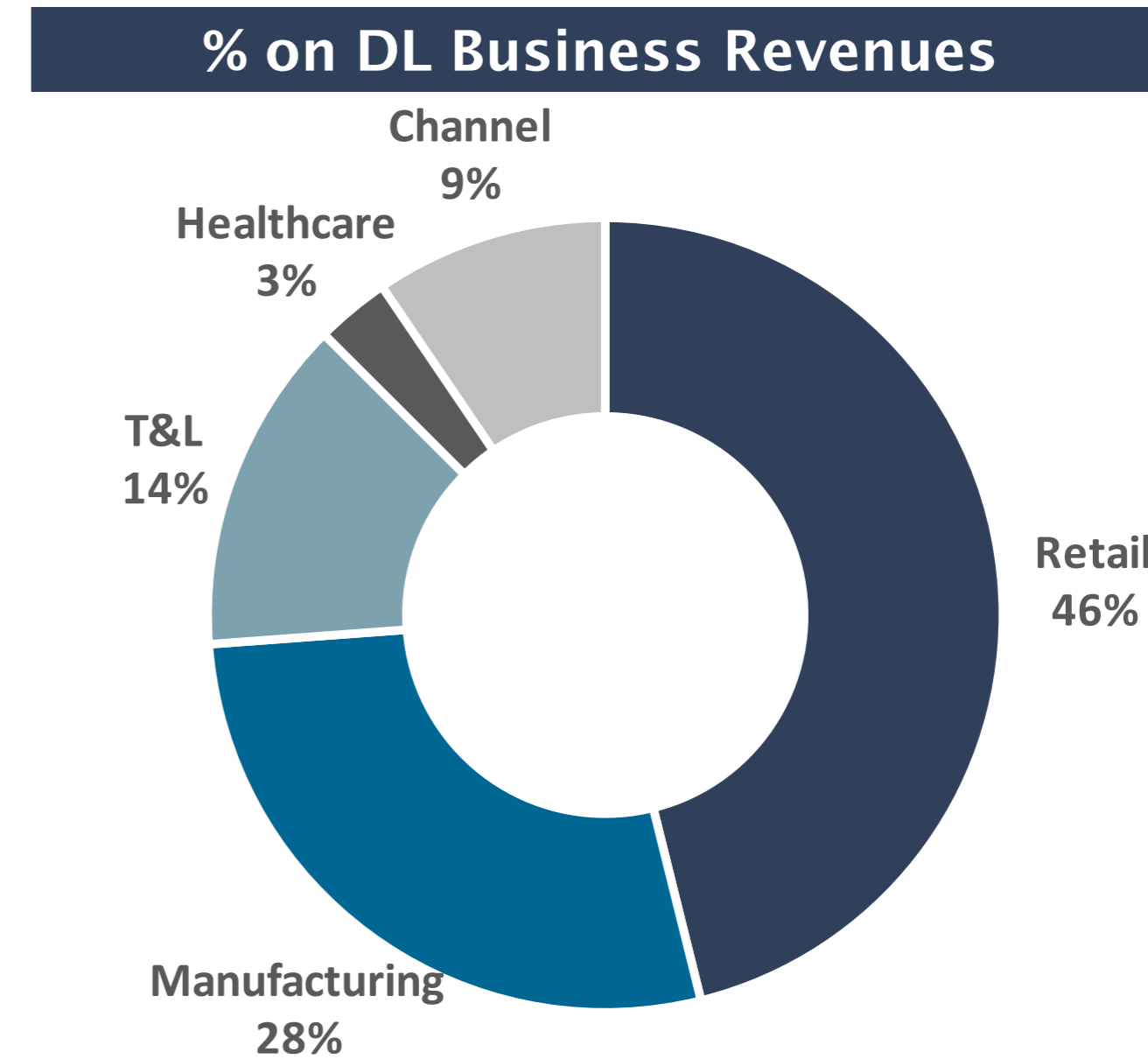
€ m	9M 2019	9M 2018	Variance Reported	Constant FX
Revenues	461.4	466.1	(1.0%)	(3.8%)
Gross Margin	223.5	226.7		
<i>% on Revenues</i>	48.4%	48.6%	-0.2 pp	+0.6 pp
Operating expenses	(166.3)	(160.3)		
<i>% on Revenues</i>	(36.1%)	(34.4%)	-1.7 pp	-1.8 pp
EBITDA *	73.3	77.5		
<i>% Ebitda margin</i>	15.9%	16.6%	-0.8 pp	-0.0 pp
EBIT	52.0	61.1		
<i>% Ebit margin</i>	11.3%	13.1%	-1.8 pp	-1.1 pp
Net Income	39.7	43.6		
<i>% on Revenues</i>	8.6%	9.3%	-0.7 pp	-0.1 pp
<i>EUR/USD FX Exchange Rate</i>	1.12	1.19		

- Revenues down 1.0% to €461.4 m (-3.8% Net FX); DL Business revenues at €428.6 m (-0.6%, -3.1% Net Fx)
- Gross Margin almost flat at 48.4%, improved by 0.6% net of FX
- Operating expenses to €166.3 m:
 - ✓ R&D on revenues increased from 10.1% to 10.3%;
 - ✓ S&D on revenues from 17.6% to 19.3% due to due to carry over effects of sales organization from last year
 - ✓ G&A and other items at 7.0% on revenues, flat vs last year
- Net income at €39.7 m or 8.6% on revenues (almost flat Net FX vs last year)

* Impacted by IFRS 16: Positive impact of €3.5 million on EBITDA

Group Revenues Breakdown

€m	9M 2019	9M 2018	Var % vs. 9M 2018	Constant FX
Retail	196,7	203,2	(3,2%)	(6,3%)
Manufacturing	118,1	125,3	(5,7%)	(7,2%)
Transportation & Logistics	58,3	49,6	17,6%	14,2%
Healthcare	15,0	13,6	10,6%	7,1%
Channel (Unallocated)	40,5	39,4	2,6%	1,0%
Total DL Business	428,6	431,1	(0,6%)	(3,1%)
Solution Net Systems	21,7	22,4	(3,0%)	(8,7%)
Informatics	13,7	14,6	(6,3%)	(11,8%)
Intra division	(2,6)	(2,0)		
Total Datalogic	461,4	466,1	(1,0%)	(3,8%)



DL Business: Substantially in line with 9M 2018 (-0.6%); growth in T&L and HC, partially offsetting the decline of RTL and MFG

Retail: Tough comparison with the previous year due to major Fixed Retail Scanner rollouts with large clients in EMEA and NA in 2018. Positive performance in LA and APAC.

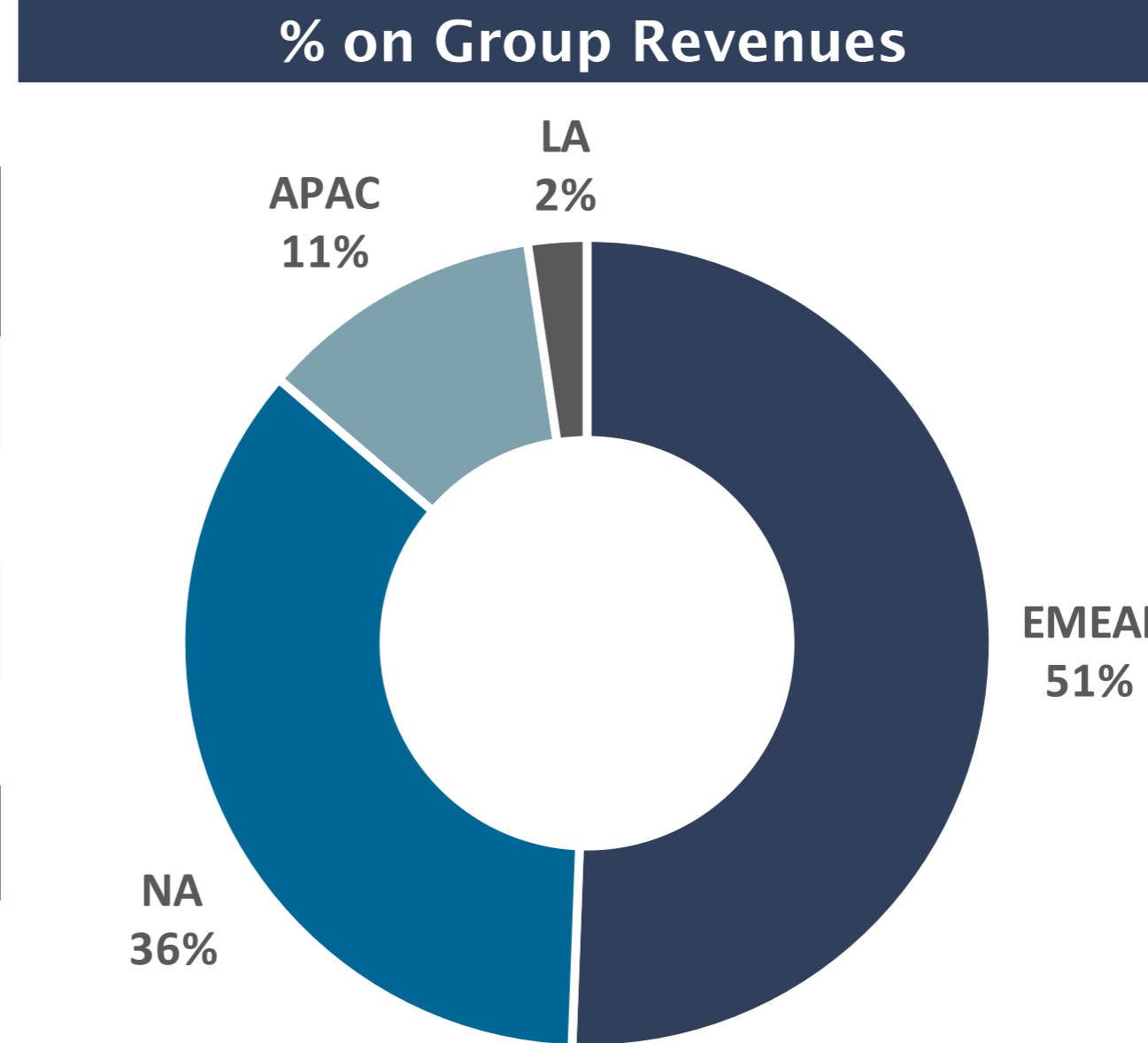
Manufacturing: Slowdown continued in automotive (EMEA) and consumer electronics (China), partially offset by double digit growth in US.

T&L: Double digit growth driven by a strong performance in NA and EMEA.

Healthcare: Positive performance with double digit growth in EMEA and NA.

Group Revenues by Geography

€m	9M 2019	9M 2018	Var % vs. 9M 2018	Constant FX
EMEAI	233.4	240.4	(2.9%)	(3.5%)
North America	164.7	153.2	7.5%	1.2%
APAC	52.4	62.0	(15.5%)	(17.7%)
Latin America	10.8	10.5	2.9%	(0.3%)
Total Datalogic	461.4	466.1	(1.0%)	(3.8%)



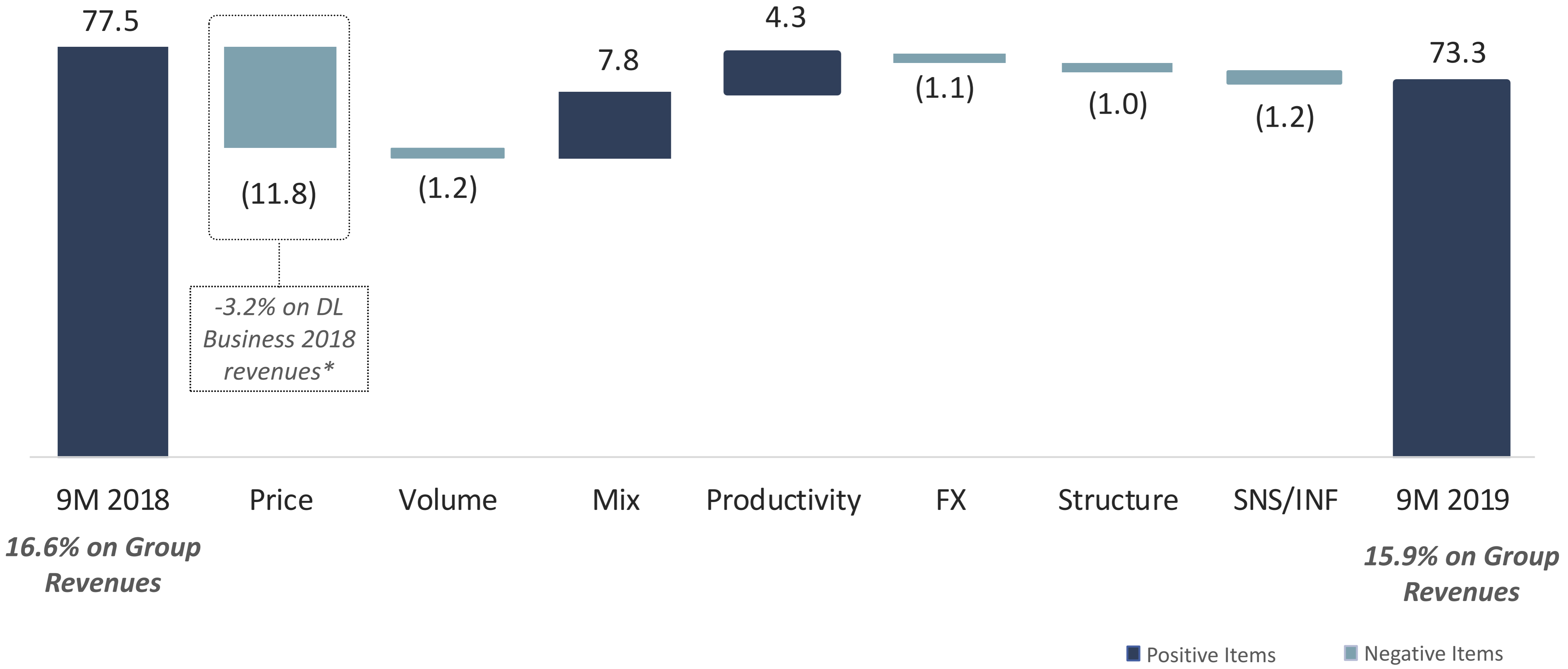
EMEAI: double digit growth in HC and T&L partially offsetting Retail downturn due to major FRS roll outs in 2018.

North America: Datalogic Business revenues show positive double digit growth across all verticals except Retail also impacted by FRS roll outs in 2018.

APAC: China still impacted by slow down in Manufacturing, partially offset by positive performance of Australia and Japan.

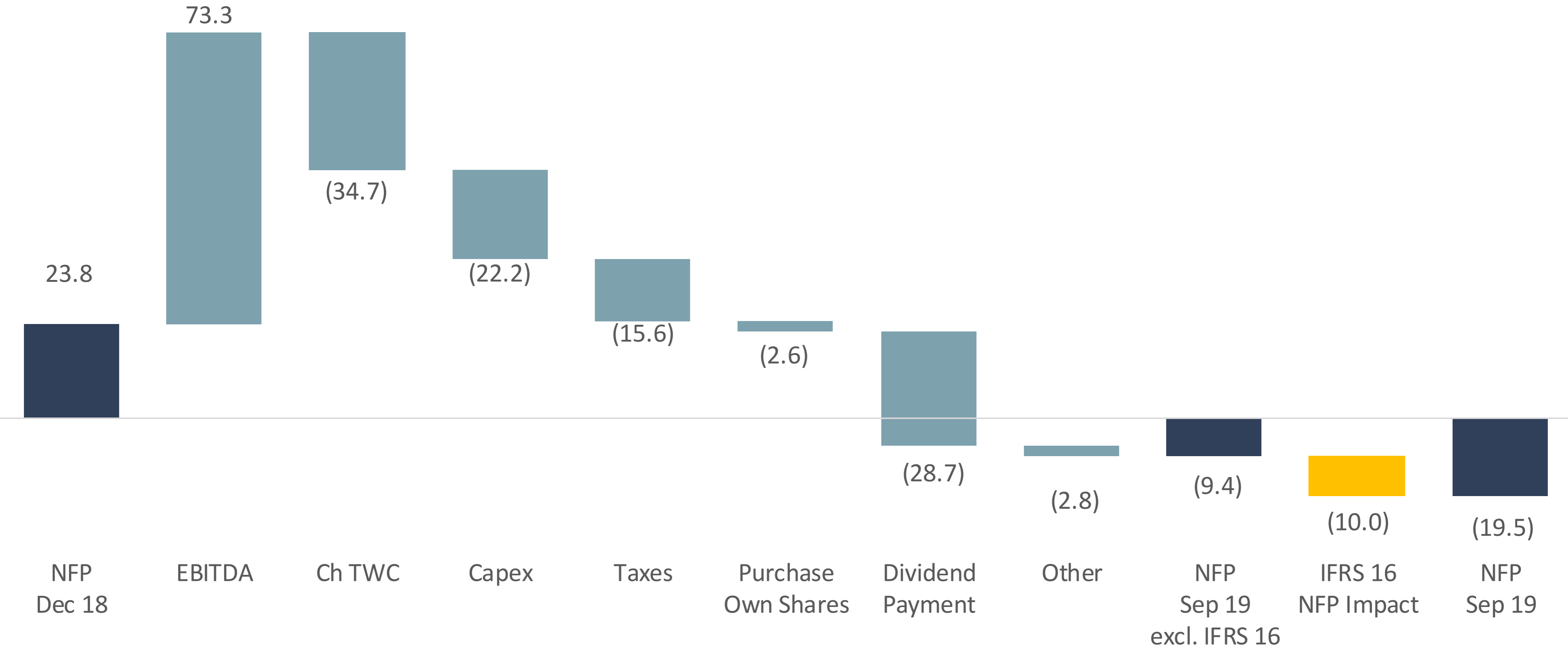
EBITDA: 9M actual vs last year

€ m



* Excluding Service and other non significant items

Net Debt & Cash Flow Analysis : Dec'18 – Sep'19



NFP at 30 September 2018 equal to +€10.9 million

2019 Outlook

The positive performance of the Group's business in North America and growth in the turnover of new products confirm that the Group's strategy is solid. The particularly difficult economic situation in China and the slowdown to the main segments in which the Group operates in Europe, are expected to continue also in the fourth quarter.

Despite the uncertainty of the economic environment, the Group will continue to execute its new product development strategy, while keeping costs under control.

In current market conditions, the Group expects to close the year substantially in line with the first nine months, save for any deferral of investment decisions by customers, which may impact the forecasted performance.

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NEXT EVENTS

March 19, 2020

FY 2019 Results

March 26, 2020

STAR Conference Milan

April 30, 2020

Shareholders' Meeting

May 11, 2020

Q1 2020 Results

DATALOGIC ON LINE

www.datalogic.com