



# ITALIAN INVESTMENT CONFERENCE 2024

**MAY 21<sup>ST</sup>, 2024**

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# GROUP OVERVIEW

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# Datalogic at a glance

Global technology leader in the **data capture** and **industrial automation**, in the **Retail, Manufacturing, Transportation & Logistics**, and **Healthcare** industries.

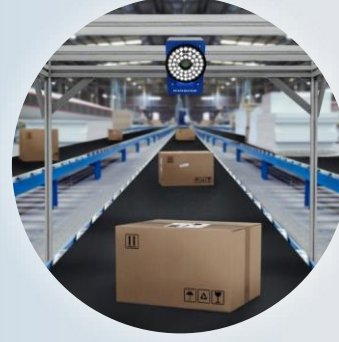
Founded in **1972**, listed on the Italian Stock Exchange since **2001**.



Retail



Manufacturing



Transportation & Logistics



Healthcare



A portfolio of more than 1,200 patents and patent applications



450+ Engineers in 8 R&D centers and 3 DL Labs in Italy, USA, Vietnam, and China

12% Revenues invested in R&D

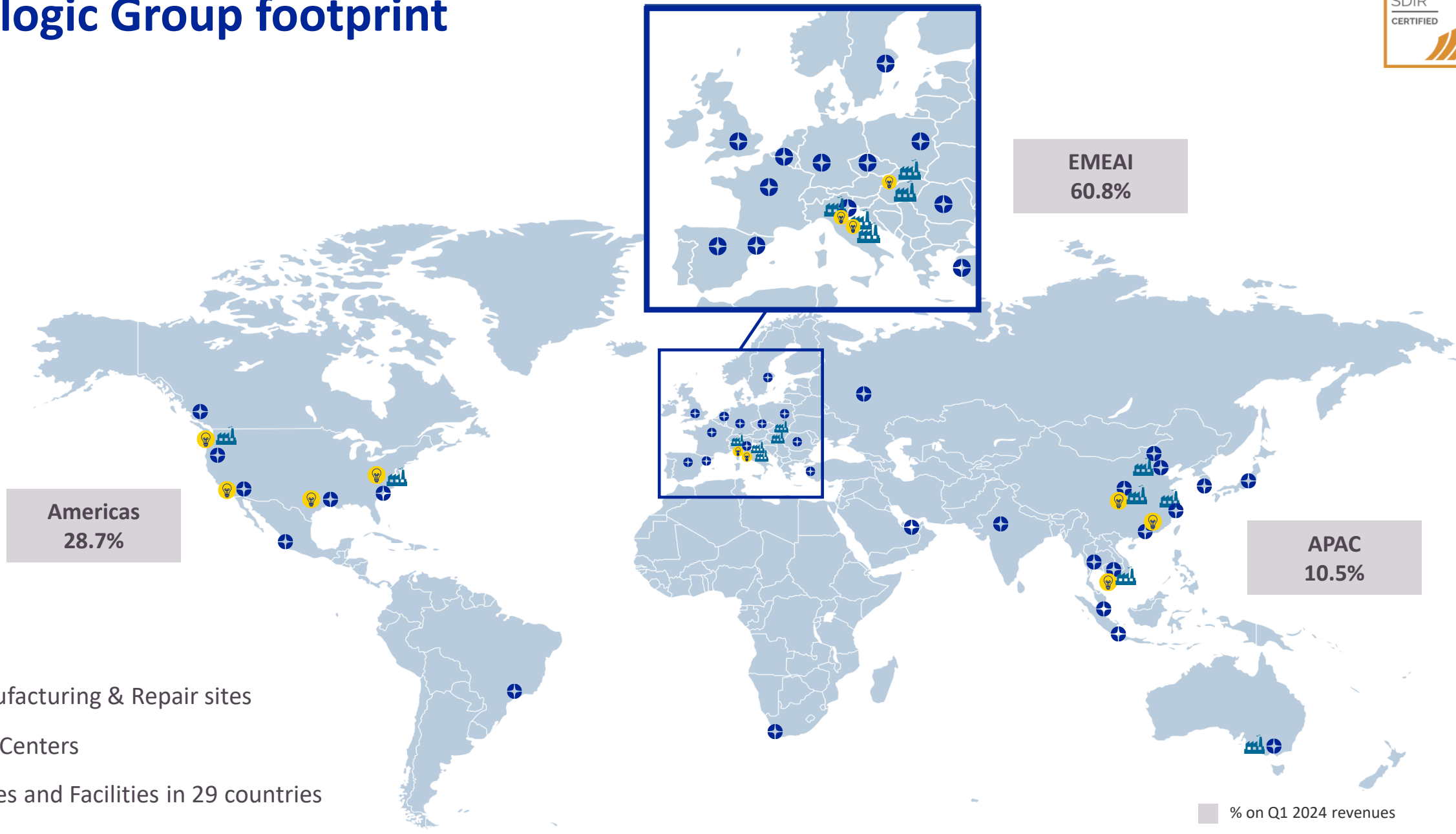


~2900 Employees in 29 countries:  
16.3% Americas, 58.2% EMEAI, 25.4% APAC



13 Manufacturing & Repair sites in:  
USA, Hungary, Slovakia, Italy, China, Vietnam,  
and Australia

# Datalogic Group footprint

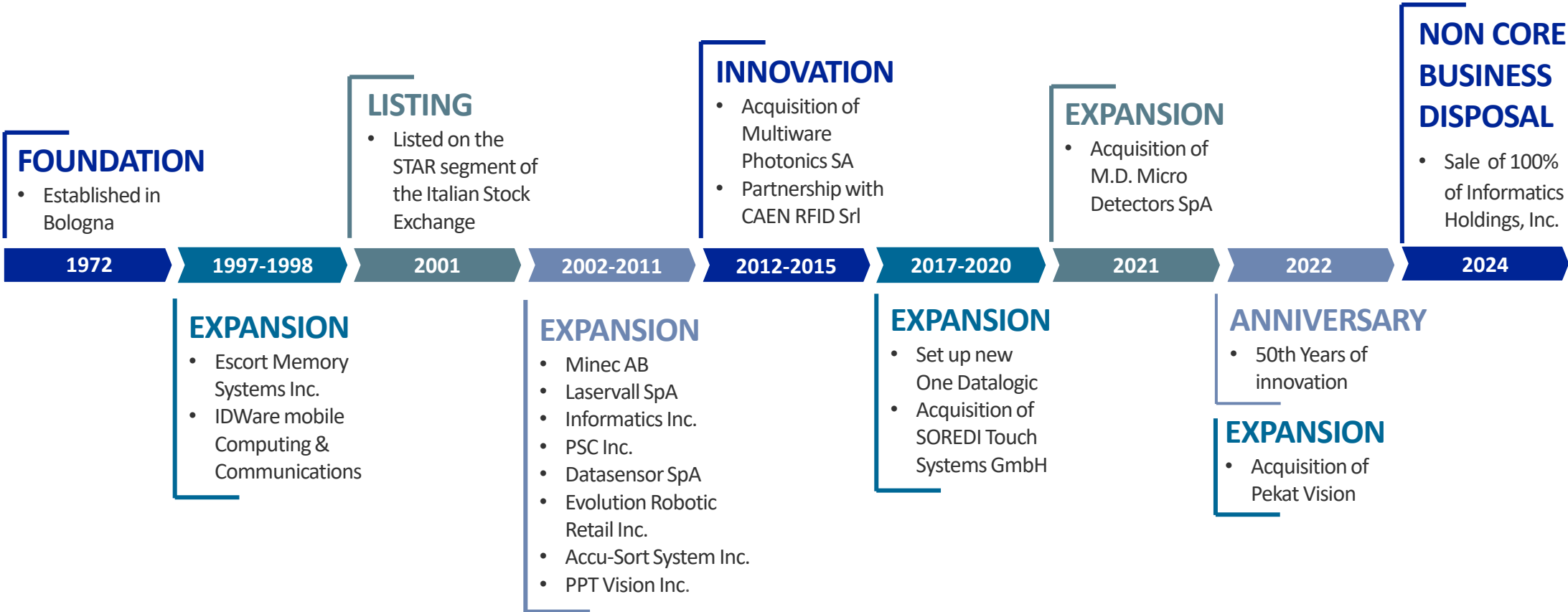
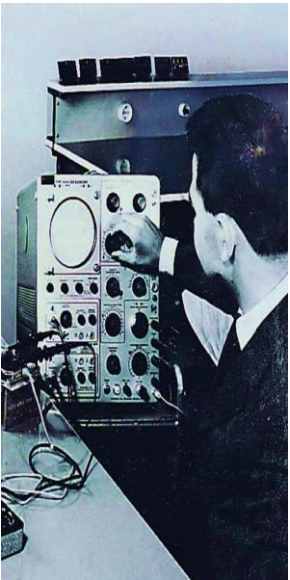


-  13 Manufacturing & Repair sites
-  11 R&D Centers
-  48 Offices and Facilities in 29 countries

% on Q1 2024 revenues



# 50+ Years of Expansion



# Our Aim, our Dream, our Beliefs



### The 6 values of our culture

-  **Ownership**  
We think and act as owners of Datalogic
-  **Efficiency**  
We treat Company expenses as we would our own
-  **Focus on results**  
We deliver what we promise
-  **Realism**  
We face reality and fix what is wrong
-  **No shortcuts**  
We don't compromise on strategy, culture, or achieving results
-  **Togetherness**  
We work together as one team to solve seemingly unsolvable problems



# Our Strategy

## Objective

- Become a **billion-revenue company** in the long term with increasing profitability



## Scope

- Enhance **hardware** offer with **software**, driving efficiency in Data Capture and Industrial Automation applications in **Retail, T&L, Healthcare** and **Manufacturing** verticals
- **Consolidate position in EMEAI** and become a **strong player in the United States**
- **Grow our** presence in **APAC**



## Advantage

- Leverage on a **wide portfolio of products and services** to provide Customers with **innovative and easy-to-integrate solutions** along the entire flow of operations



# Datalogic Group portfolio: a comprehensive offering across two major products platforms to better address different application needs across verticals

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## INDUSTRIAL

### AUTOMATION

*Unattended processes*



## DATA CAPTURE





*Attended processes*



# STRATEGY & OPERATING MODEL

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# Compelling long-term growth trends across all main Industries

	Main Sub-industries	Growth market trends
<p><b>Retail</b></p> <p>~45%</p>	 <ul style="list-style-type: none"> <li>➤ Grocery</li> <li>➤ Non-grocery</li> <li>➤ DIY</li> </ul>	<ul style="list-style-type: none"> <li>➤ New <b>self check-out</b> including <b>AI and MV</b> to speed up operations, protecting retailers from loss and theft</li> <li>➤ Improve <b>customer experience</b> to increase in-store traffic and shopping</li> <li>➤ <b>Inventory reliability</b> and stock optimization solutions to support <b>Omnichannel and e-commerce</b></li> </ul>
<p><b>Manufacturing</b></p> <p>~35%</p>	 <ul style="list-style-type: none"> <li>➤ Automotive</li> <li>➤ Consumer electronics</li> <li>➤ Packaging</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Relocation/delocalization</b> of production plants support new investments</li> <li>➤ <b>Government regulations</b> spur traceability demands (e.g., pharma regulation, European Digital Product Passport)</li> <li>➤ <b>Flexible Industrial Automation:</b> lean production lines to support customization and seasonality</li> </ul>
<p><b>Transportation &amp; Logistics</b></p> <p>~15%</p>	 <ul style="list-style-type: none"> <li>➤ Couriers</li> <li>➤ Parcel</li> <li>➤ E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>➤ Growing request for <b>“same day delivery”</b> in e-commerce</li> <li>➤ Advanced <b>Workflow Automation</b> to overcome labor shortage and increase efficiency</li> <li>➤ Airports and Air Companies invest to <b>automate passenger management</b> and <b>improve luggage traceability</b></li> </ul>
<p><b>Healthcare</b></p> <p>~5%</p>	 <ul style="list-style-type: none"> <li>➤ Hospitals (bed side care and warehousing)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Process digitalization to increase <b>patient tracking and safety</b></li> <li>➤ <b>Real time data availability</b> and sharing among all the relevant hospital staff</li> <li>➤ <b>Asset tracking and management</b> to increase efficiency and reduce cost</li> </ul>

# A strategy which remains centered on our core identification offering as a solid foundation upon which to build a portfolio enhanced with complementary technologies and operating a solution ecosystem

## MARKET POSITIONING



- Be the **unique player** with a comprehensive presence and **leadership positions in both DC and IA markets**
- Keep **focus on all of our verticals**, catching the profitable **opportunities coming from needs of digitalization** and artificial intelligence
- Consolidate **position in EMEAI**, become a **strong player in the United States** and grow our **presence in China** on selective applications/offering

## PORTFOLIO



- Protect and enhance **leadership in core identification markets (FRS, HHS and SIS)**
- **Penetrate** the biggest **MOB and Sensor markets**
- Enhance offer through a **software ecosystem** to provide innovative solutions
- Intensify cost optimization to **fight hardware commoditization**
- **Easy-to-integrate solutions**

## INNOVATION & TECHNOLOGY



- Nurture **MV-based SW and Deep Learning** technology to tackle key emerging trends
- **Enhance core decoding** identification technology with complementary ones (e.g. RFID)
- Dominate key **technology future trends** (e.g. 5G, Wifi-6, Cybersecurity)
- Be a champion of **Green Technology**

# The four pillars of Datalogic growth

1		TOP LINE
2		PROFITABILITY
3		SUSTAINABILITY
4		M&A

# Protect leadership in key identification markets, whilst penetrating mobile and sensors segments

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Worldwide leader

	Market size (2023 est.), B€	CAGR '23-'27	Main Industries	Main priorities
		+ 7-8%	<ul style="list-style-type: none"> <li>Retail</li> <li>Manufacturing</li> <li>T&amp;L</li> <li>Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Become a <b>relevant player</b> in Mobile Market</li> <li><b>Increase</b> penetration of <b>Retail</b> and <b>penetrate IA</b> verticals (FA &amp; LA)</li> </ul>
DC		+ 3-4%	<ul style="list-style-type: none"> <li>Retail</li> <li>Manufacturing</li> <li>T&amp;L</li> <li>Healthcare</li> </ul>	<ul style="list-style-type: none"> <li><b>Maintain</b> leadership in EMEA, <b>grow</b> in US</li> </ul>
		+ 4-5%	<ul style="list-style-type: none"> <li>Retail (Grocery, Specialty, Ho.Re.Ca.)</li> </ul>	<ul style="list-style-type: none"> <li><b>Maintain leadership</b> in bi-optics</li> <li>Penetrate new verticals in <b>SCO and Kiosk</b> systems with presentation scanners</li> </ul>
IA		+5-6%	<ul style="list-style-type: none"> <li>Manufacturing</li> </ul> <hr/> <ul style="list-style-type: none"> <li>T&amp;L</li> </ul>	<ul style="list-style-type: none"> <li>Increase market share in <b>EMEA</b>, accelerate penetration in <b>US</b></li> <li>Keep leadership in <b>Airports</b> and MS in <b>Currier Parcel</b></li> <li><b>Double</b> After sales Revenues</li> </ul>
Solution / Service				



# Strong focus on efficiencies to drive structural profitability enhancement

	Main Goal	Priorities	Actions
<b>INDUSTRIAL MARGIN</b>	Increase Industrial Profitability YoY through <b>Productivity, Mix and Fixed Cost</b> Optimization	<b>Manufacturing &amp; Supply Chain</b> Optimization	<ul style="list-style-type: none"> <li>Industrial &amp; distribution <b>footprint optimization</b></li> <li><b>Procurement</b> optimization - costs &amp; flexibility</li> <li><b>Supply Chain process optimization</b> through the review of <b>Demand Planning</b> practices and <b>sourcing flexibility</b></li> </ul>
		<b>New Products</b> and <b>Innovation</b> Roadmap	<ul style="list-style-type: none"> <li>Review <b>NPD process</b> to secure high Customer value innovation while reducing time to market, product and project costs</li> </ul>
		<b>Service &amp; Quality</b> Distinction	<ul style="list-style-type: none"> <li>Review <b>Service Business Model</b></li> <li>Reduce total <b>non-quality cost</b> both in NDP and Operations processes</li> </ul>
<b>OPERATING PROFITABILITY</b>	Focus on <b>selective Opex Growth</b> to support Business needs, whilst Pursuing Optimization Projects	<b>Conscious cost approach &amp; Optimization Projects</b> in non- priority operations	

# Sustainability compliance road map



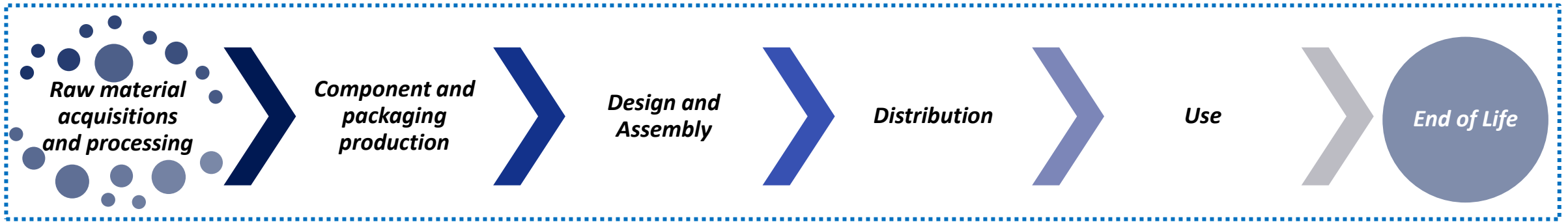
- **New Double Materiality Analysis:** 10 material topics identified through active involvement of relevant external stakeholders and key management and employees
- **EU TAXONOMY:** anticipation on a voluntary basis of eligibility and alignment for all the **6 objectives**

- **Company Sustainability Plan and setting of long-term Sustainability Goals** based on new materiality analysis
- **Scope 3: Turnover Energy and Emission intensity** process, across the entire Value Chain
- **Climatic Risk Assessment and DNSH**

- **Company Sustainability Plan implementation and Goal measurement**
- First release of the ESRS compliant **CSRD Reporting** on 2024 results

*Consistent ERM framework evolution and Internal Control process upgrading*

# An example of ongoing strategic sustainability initiatives: The new Sustainable “Life Cycle Assessment” Framework



## Areas of Focus

1. Partner with «environmental conscious» suppliers
2. Avoid use of high-impact materials
3. Secure material circularity «at the source»
4. Focus on batteries, improving the carbon footprint

5. Optimize incoming flow of raw materials

6. Green design: reduce number and size of electronic components, reduce power consumption, use recycled and/or recyclable materials as much as possible, etc
7. Optimized manufacturing processes

8. Sustainable packaging (reduce plastic, volume, weight)
9. Logistic/ distribution optimization

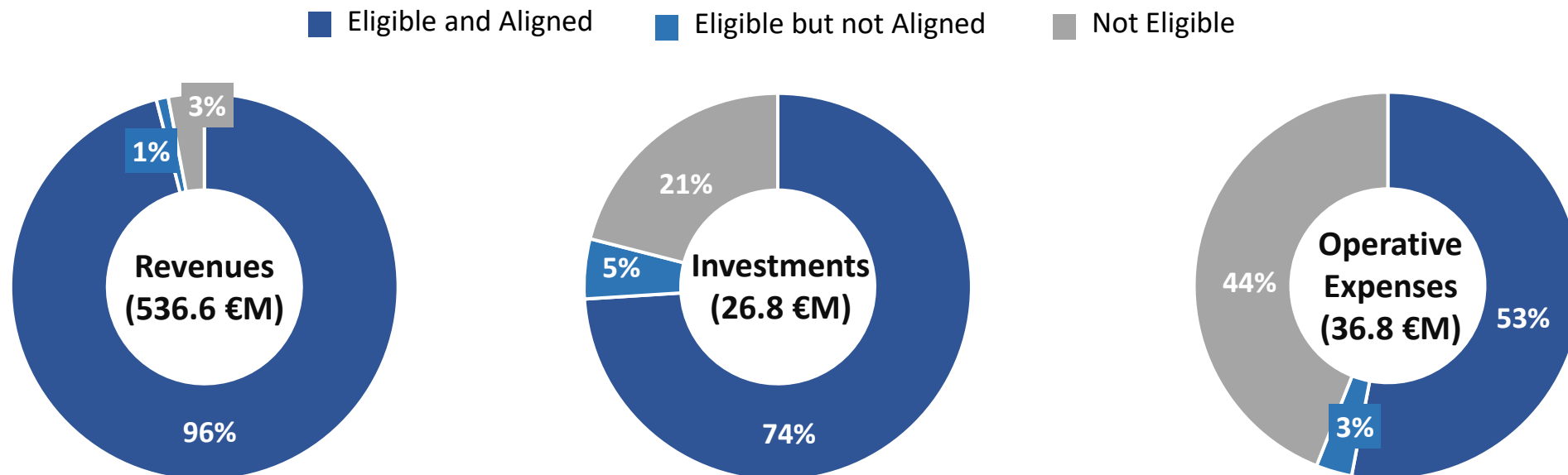
10. Extend product lifecycle
11. Accessory standardization
12. Ease of repair

13. Circular Economy
  - Refurbish
  - Buy-Back
  - Recycling service

 Main Focus for 2024

# Anticipation of European Taxonomy alignment on a voluntary basis

Datalogic revenues, investments and operative expenses are considered «green» and deemed **eligible** mainly to the «Circular Economy Transition» objective



A «Taxonomy European sustainable activity» must:


- Be **eligible** contributing to 1 of the **6 European Taxonomy Objectives**
- Be **aligned** to the technical criteria for each eligible activity
- Not cause significant harm (**DNSH**) to other objectives
- Be carried out in compliance with the **international principles regarding the protection of work and human rights**

# Main ESG Accomplishments in 2023




**4**

ISO for environment, worker safety, quality and information security




**65**

NPS score  
(+10 points more than 2022)



**75%**

of the new direct material suppliers evaluated also based on ESG criteria



**-11%**

reduction in energy consumption with consequent reduction in emissions



**66%**

of the value of the packaging (product box) is made up of 80% recycled material



**120**

the estimated tons of virgin plastics replaced with plastics containing recycled material



**35%**

of the new hires are young people under 30

**58%**

of internal promotions to senior management roles



**SA8000**

certifies respect for human rights and respect for labor law (extended to 2 additional Group companies in 2023)



# Structured M&A Activity to Foster Group Strategy

## M&A Priorities

**Consolidate underpenetrated Product Segments**

- **Industrial Automation:** *Sensors, Safety, Smart Sensors/Cameras*
- **Data Capture:** *Mobile*

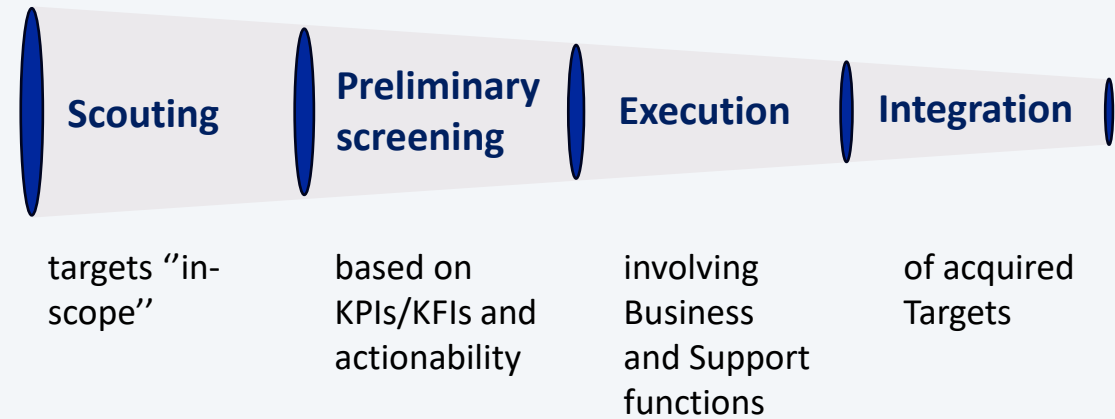
**Accelerate Innovation**

**Start ups/small companies** in early prototype stage in primary fields of our technology road map

**Expand in value-added Solutions**

**Providers** of AI based and/or Data Analytics tailored solutions in core subvertical and field of applications

## M&A Process



## M&A Governance

### Yearly Master Plan

Inorganic growth guidelines included in the Company Master Plan

- Chairman
- CEO
- Executives
- Business Leaders

### Monthly M&A Round-Table

Decide on M&A opportunities / define Integration process

- Chairman
- CEO
- Top Executives

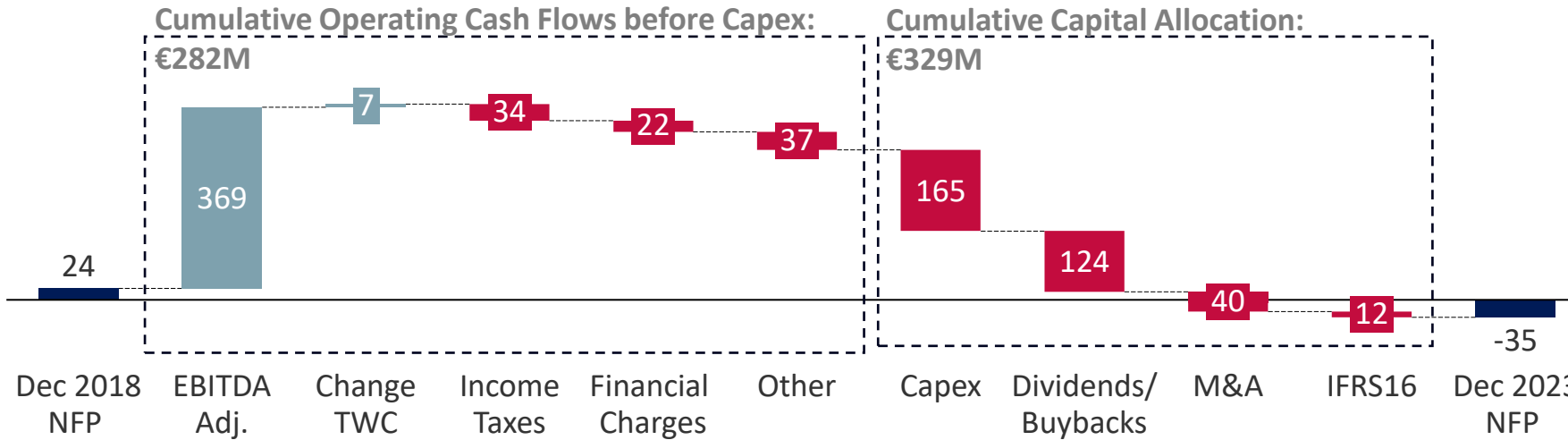
### Bi-Monthly Top-Level M&A Steer-Co

to track M&A progress

- Chairman
- CEO
- CFO

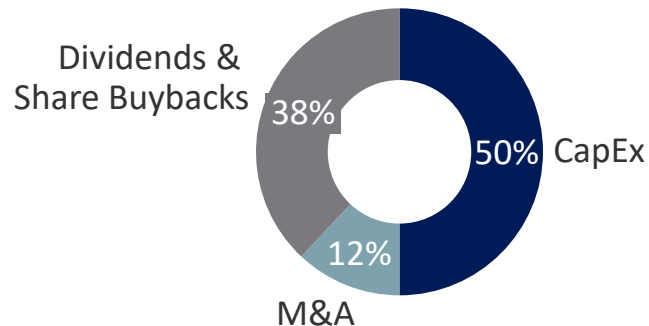
# Sound balance sheet and structural cash generation profile to leverage growth

## Cash Flows – Last 5 years cumulated

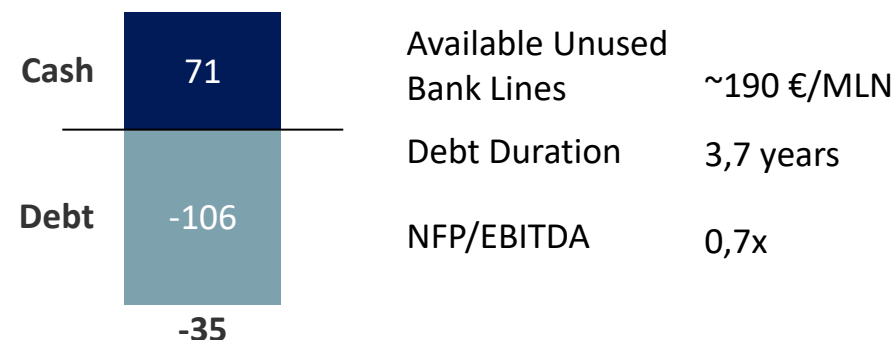


- Structural operating **cash flow generation** year after year
- **+ €280m** Cumulative Cash Flow before Capex generated in **last 5 years**
- A **well-balanced** capital allocation to maximize value creation
- **Solid Balance Sheet** with a conservative **leverage below 1x** and **debt duration >3.5 years**
- Approx **200M** of unused available bank **credit lines**

## Capital allocation breakdown – Last 5 years



## Balance Sheet at 31/12/2023

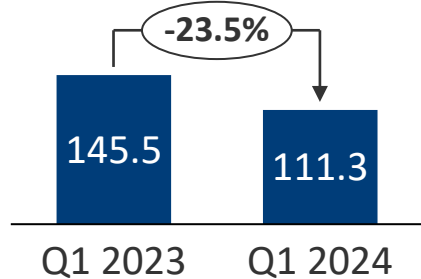


# FINANCIALS

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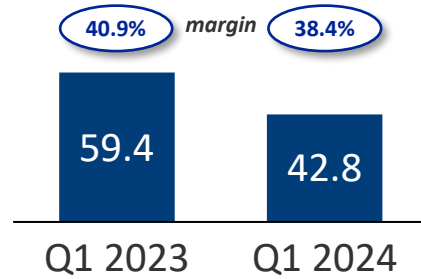
# Q1 2024 Highlights: positive progression in DC booking trends whilst quarter revenues still down as expected

## Revenues (€ mln)



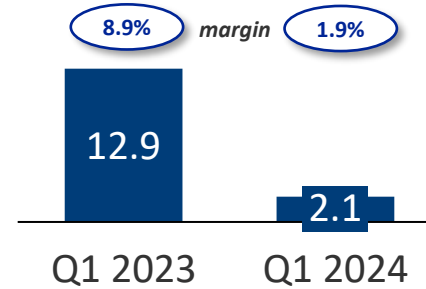
- Revenues decreased by 23.5% vs Q1 '23 as expected, due to market softness across all main verticals, particularly the Industrial Automation segment
- Booking improvement in the Data Capture segment at the end of Q1 '24 should drive positive revenue progression QoQ

## GOM (€ mln)



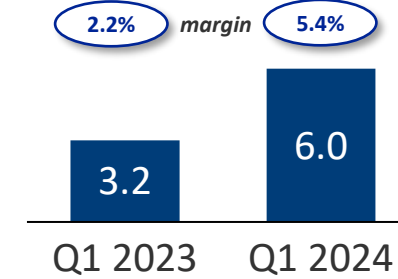
- Gross Operating Margin, at 38.4% slightly higher than Q4 '24 but still down compared to Q1 '23 (-2.4 pp) due to heavy volumes contraction and lower cost absorption, whilst productivity keeps improving

## Adj. EBITDA (€ mln)



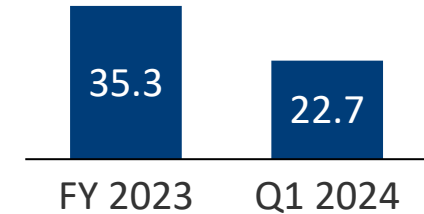
- R&D Cash Out at €15.1M, at 13.6% on revenues (10.6% in Q1 '23), maintaining solid levels of R&D investments
- Adj EBITDA margin at 1.9% (8.9% in Q1 '23), mainly due to volume effect

## Net Result (€ mln)



- Positive Net Income benefitting from the capital gain of the sale of Informatics

## Net Debt (€ mln)

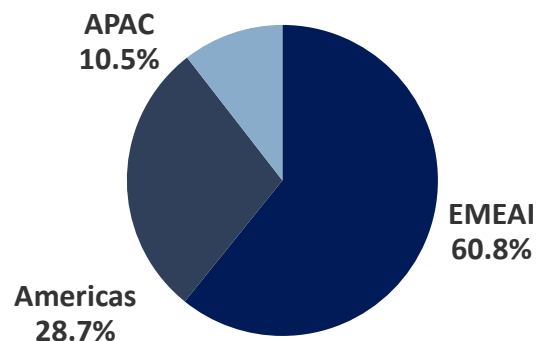


- Net Debt in Q1 '24 below EoY '23 at €22.7M (€35.3M in FY23) thanks to the sale of 100% share capital of the non "core" subsidiary Informatics Holdings, Inc.

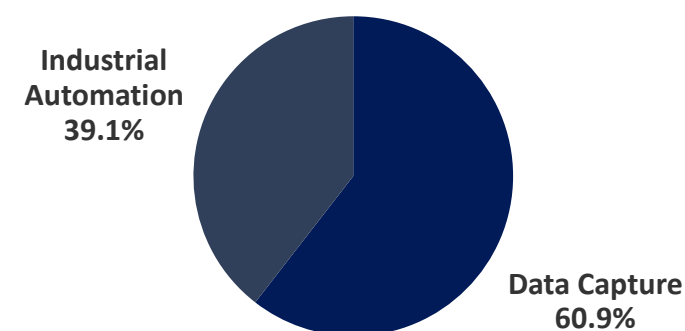
# Group Revenues by Geography and Market Segment

€m	EMEAI			AMERICAS			APAC			Total Datalogic		
	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %
Data Capture	38.5	55.3	(30.3%)	22.8	26.4	(13.6%)	6.5	9.3	(29.8%)	67.8	90.9	(25.4%)
Industrial Automation	29.1	31.1	(6.3%)	9.2	11.5	(19.9%)	5.2	12.0	(56.6%)	43.5	54.5	(20.2%)
<b>Total Datalogic</b>	<b>67.7</b>	<b>86.4</b>	<b>(21.7%)</b>	<b>32.0</b>	<b>37.8</b>	<b>(15.5%)</b>	<b>11.7</b>	<b>21.3</b>	<b>(44.9%)</b>	<b>111.3</b>	<b>145.5</b>	<b>(23.5%)</b>

% on Datalogic Revenues



% on Datalogic Revenues



\* Restatement with some commercial costs reclassified from S&D expenses to Revenues reduction



# Q1 2024 P&L

€ m	Q1 2024	Q1 2023 restated*	Var %
<b>Revenues</b>	<b>111.3</b>	<b>145.5</b>	<b>(23.5%)</b>
<b>Gross Margin</b>	<b>42.8</b>	<b>59.4</b>	
% on Revenues	38.4%	40.9%	-2.4 pp
<b>Operating expenses</b>	<b>(48.2)</b>	<b>(54.5)</b>	
% on Revenues	(43.3%)	(37.5%)	-5.8 pp
<b>Adjusted EBITDA</b>	<b>2.1</b>	<b>12.9</b>	
% Adj. Ebitda margin	1.9%	8.9%	-7.0 pp
<b>Adjusted EBIT</b>	<b>(5.5)</b>	<b>4.9</b>	
% Adj. Ebit margin	(4.9%)	3.4%	-8.3 pp
<b>EBIT</b>	<b>(7.2)</b>	<b>3.4</b>	
% Ebit margin	(6.5%)	2.4%	-8.8 pp
<b>Net Result</b>	<b>6.0</b>	<b>3.2</b>	
% on Revenues	5.4%	2.2%	+3.2 pp

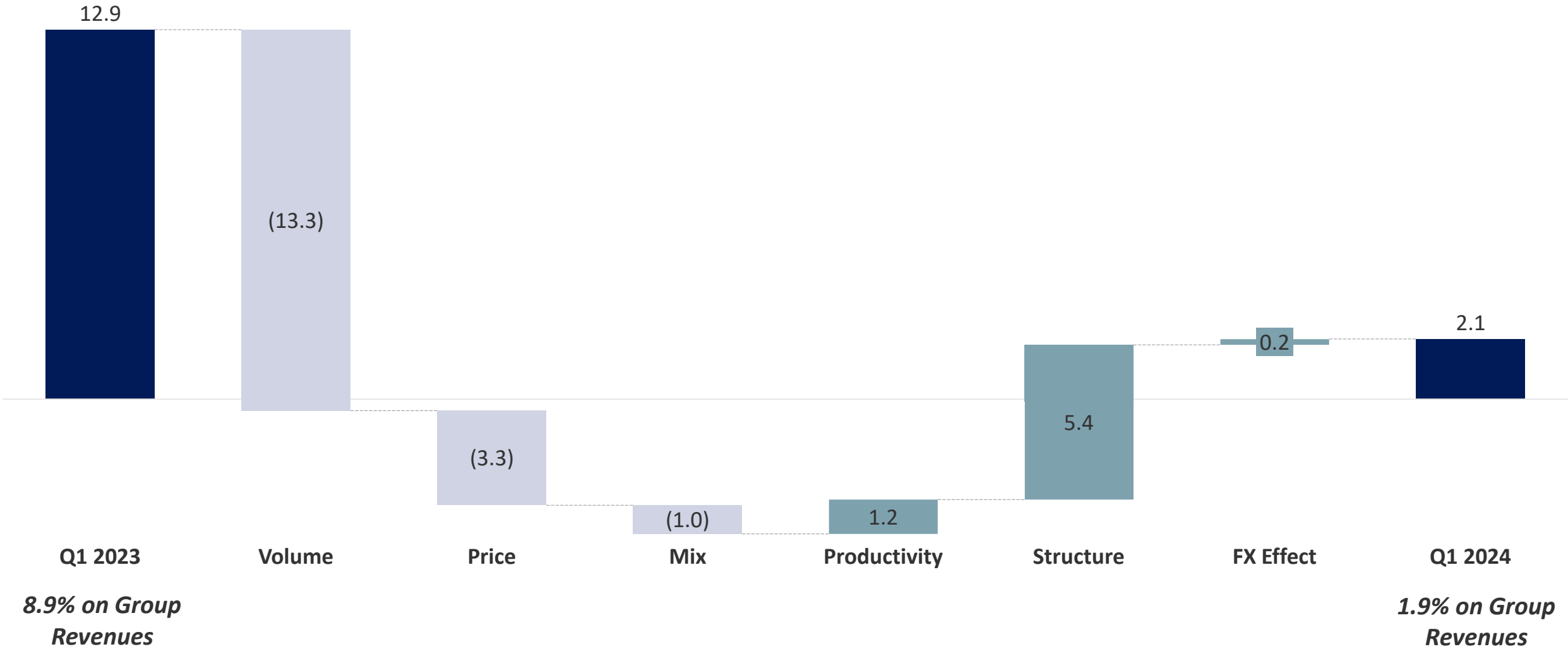
- **Gross Margin at 38.4% (-2.4 pp YoY)** affected by volumes reduction and lower cost absorption, partially offset by positive productivity
- **Operating expenses at €48.2m**, preserving substantial investments in R&D and S&D, whilst tightening control over discretionary
- **Adj EBITDA margin at 1.9% (-7.0 pp YoY)**, due to highly negative volume impact on operating expenses, partially offset by productivity improvement and costs savings
- **Net Result at €6.0m vs €3.2m in Q1 23** thanks to the capital gain of €17.2m from the sale of 100% stake in Informatics

\* Restatement with (i) some commercial costs reclassified from S&D expenses to Revenues reduction and (ii) without INFX results – INFX Net Income reported as «Net Result from discontinued operations»

# EBITDA Adj: actual vs last year

€ m

Positive Items Negative Items

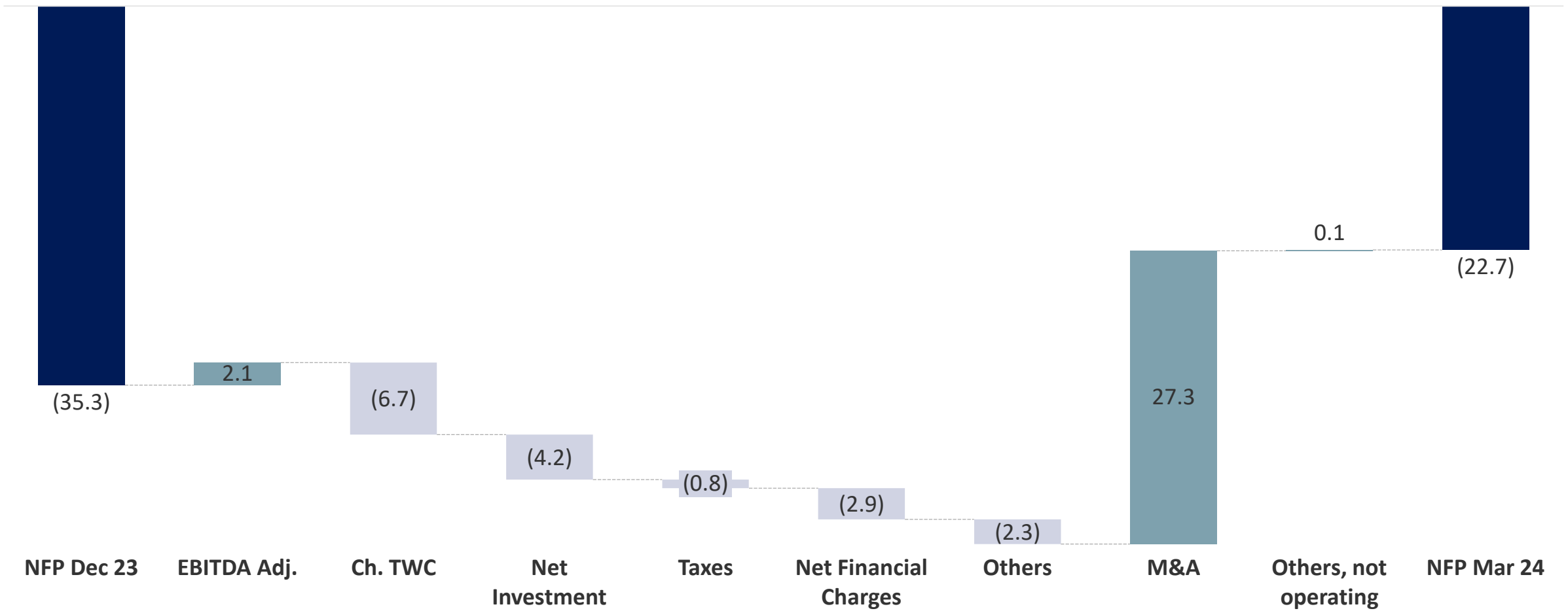




# Net Debt & Cash Flow Analysis : Dec'23 – Mar'24

€ m

■ Positive Items    ■ Negative Items



# BACKUP

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# Sale of 100% share capital in Informatics Holdings, Inc.

Informatics is a stand-alone company actively engaged in the non-core business of marketing and distributing software products and solutions tailored for small and medium-sized companies mainly in the US. The company was acquired in 2005 and it is based in Plano, Texas.

## Buyer



On March 7, 2024, Datalogic S.p.A. sold its **100% stake in Informatics** to an affiliate of the U.S. private equity firm **Renovo Capital LLC**.

## Transaction



- The **disposal value** was agreed upon at USD 34 million
- **EV/EBITDA adj 2023** at around **10x**

## Rationale



- Divestment of a **non-core asset** to **focus** on the **core business IA & DC**
- **Additional financial resources** to support **growth**, both **organically** and through **M&A**



# Sustainability: the 10 material topics and relevant existing KPIs

Research, development and innovation	Patents number; New Prod % Rev; R&D cash-out % on Rev; R&D employees
Product quality and safety	% defects on products; Nr. of non-conformities associated to products
Responsible Supply Chain	Nr. audited suppliers; Nr. certified suppliers
Responsible Business Conduct	Nr. Corruption incidents; Nr. Law-non-conformity; Board gender diversity
Customer centricity	NPS; Customer survey results; Customer average time resp and resolution
Materials sustainability	Average prod life; % Materials purchased from ESG suppliers; % recycled
Workers health and safety	Nr. accidents; accident frequency index; % safety training per employees
Energy and emissions	GJ consumed; % energy from renewable source; Scope 1, 2 (and 3) emissions
People well-being	% employee with health-insurance; % evaluated-employee; internal promotion
Waste and packaging	Waste tons; Packaging tons; % recyclable packaging

# Contacts

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## NEXT EVENTS

**August 02, 2024**

1H 2024 Results

## DATALOGIC ON LINE

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

# THANK YOU

This presentation contains statements that are neither reported financial results nor other historical information. These statements are forward-looking statements. These forward-looking statements rely on a number of assumptions and are subject to a number of risks and uncertainties, many of which are outside the control of Datalogic S.p.A., that could cause actual results to differ materially from those expressed in or implied by such statements, such as future market conditions, currency fluctuations, the behavior of other market participants and the actions of governmental and state regulators

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