



H1 2018 Conference Call

August 9, 2018

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Highest ever Revenues in both Q2 and H1 despite forex



H1 2018 RESULTS

€ m

REVENUES
€307.0
+2.6% (+7.9% at
constant FX)

€149.4
GOM
(+5.1%)

€50.8
EBITDA
(-1.9%)

16.6%
EBITDA
MARGIN
(-0.7 p.p.)

€29.0
NET INCOME
(-1.1%)

Q2 RESULTS

REVENUES
€164.1
+4% (+8.1% at
constant FX)

€79.6
GOM
(+4.6%)

€28.9
EBITDA
(-7%)

17.6%
EBITDA
MARGIN
(-2.1 p.p.)

€17.8
NET INCOME
(+2.2%)

Net Cash position at €13.3

Highlights

GROUP

- Best-ever Revenues despite Forex impact
- Keeping on strengthening of commercial & R&D organizations
 - ✓ hiring of skilled salespeople, in key markets and verticals
 - ✓ Increasing investment in R&D people & projects to stay at the forefront of cutting-edge technologies

VERTICALS

- **Main industries** keeping on growing despite forex, whilst Channel & HC negatively affected by seasonality in the first part of the year
- **Manufacturing** confirming strong growth, +18,6% in Q2, growing in all main geographies
- **T&L above 20%** in both Q2 and H1, at double digits in all main geographies
- **Retail: double digit growth in the US in Q2**, whilst projects timing is pushing a high backlog in Q3 for EMEA

FINANCIALS

- **H1 Revenues up 8%** at constant forex **to €307.0 m**
- Consolidating **GOM improvements** vs 2017, capitalizing on improvements from previous year
- **Increasing investments in R&D** - from 9.1% to 10.4% on revenues on Datalogic business - **and in distribution**
- **Net Cash position** at €13.3 m after dividends and buyback

Market Drivers

Retail



- H1 2018 Revenues €141.6 mln (+2.5% YoY, +8.6% ex Forex), 50% of DL Division Revenues
- **Double-digit growth in North America: 20%** at constant forex. Steady growth in EMEA up +6% at constant Forex
- Big projects won in the US with Tier 1 Account related to **check out and in store applications**
- **First roll out of our new Joya Android** wireless charging mobile device
- Great success of our **new check out retail scanner** based on imaging technology on a global basis

Manufacturing



- H1 2018 Revenues €90.0 mln (+16.3% YoY, 19.7% ex Forex), 32% of DL Division Revenues
- **Positive performance in all Geo Areas lead by China and Korea (+56%), N. America (+13% and above 25% in Q2) and EMEA (+11%)** at constant Forex
- China: revenues doubled compared to 2016
- Top 3 customers of H1 are a leading consumer electronic company in Asia and two automotive players in Emea
- **Great customers' feedback on the new SLS** and double digit growth for our industrial bar code readers

Transport & Logistics



- H1 2018 Revenues €31.1 mln (+21.0% YoY, 27.3% Ex Forex), 11% of DL Division' Revenues
- **Growing double digits in EMEA, North America, and China & Korea: +28%, +32%, and +35%** at constant Forex, respectively
- Growth driven by **big projects award** in the US and in Europe
- **Start leveraging the cross selling** of our new organization with large projects won on mobility
- New opportunities with **leading e-commerce** companies next to CEP

Healthcare



- H1 2018 Revenues €8.9 mln (-45.5% YoY, -42.0% ex Forex), 3% of DL Division' Revenues
- **Decline in H1 due to the tough comparison with H1 2017**, where major deals with 2 relevant US hospital chains occurred
- Strong expectation **to recover by year end and next year** thanks to the launch of dedicated products in Q4

2018 Second Quarter Product Launches

LANEHAWK LH5000 – SEAHAWK



Suited for Retailers that use shopping carts with bottom shelves for storing Bottom-Of-Basket (BOB) items.

SG4 FIELDBUS - ADVANCED MODEL

The main applications in Manufacturing are robot cells, machinery with vertical openings, possibly with passage of material



Android 7.1 is now loaded on all Joya Touch A6 devices shipping from Datalogic starting mid-May, 2018.



STAR DONGLE – BOBTAIL

The compact size receiver allowing the communication of a PowerScan™ PM9X00 with any host equipped with a USB port



FALCON X4

Falcon will play in the 4 Industries. It will target warehousing and heavy duty intensive data capture applications. Available with WE and Android OS

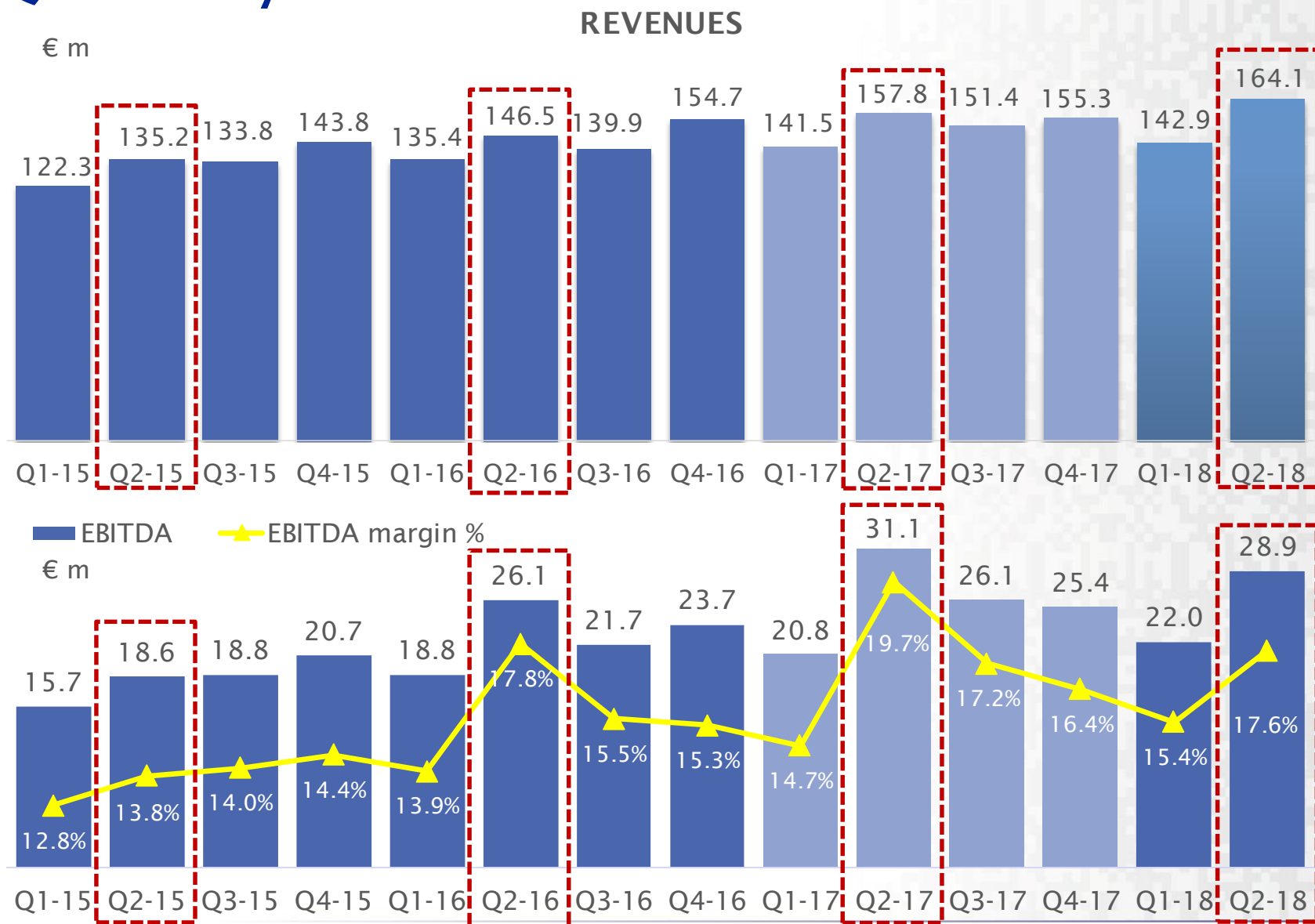
SOTI MOBICONTROL ENTERPRISE MOBILITY MANAGEMENT



An enterprise mobility management solution that controls all aspects of business mobility - tracking physical assets, managing applications and content, as well as keeping devices and data safe and secure

Financials

Quarterly trend



Increased Investment in R&D and Distribution

€ m	Q2 2018	Q2 2017	Var%
Revenues	164.1	157.8	4.0%
Gross Operating Margin	79.6	76.1	4.6%
<i>%on Revenues</i>	48.5%	48.2%	
Operating expenses	(54.5)	(48.4)	12.6%
<i>%on Revenues</i>	(33.2%)	(30.7%)	
EBITDA	28.9	31.1	-7.0%
<i>Ebitda margin</i>	17.6%	19.7%	
EBIT	23.8	25.9	-8.4%
<i>Ebit margin</i>	14.5%	16.4%	
<i>Exchange Rate</i>	1.1927	1.1003	

- **Revenues** up 4.0% to €164.1 mln despite the unfavorable forex (+8.1% at constant exchange rate)
- **GOM improvement** thanks to mix and cost efficiencies (+ 30 bps)
- **Operating expenses up:**
 - ✓ **R&D on revenues up** from 8.3% to 9.7% (+140 bps)
 - ✓ **S&D on revenues up** from 15.6% to 16.9% (+130bps)
 - ✓ **G&A substantially in line** at 6.6% on revenues
- **EBITDA margin at 17.6% from 19.7%** due to exceptionally low R&D and S&D expenses in Q2 '17

Investing R&D and S&D, whilst maintaining sound profitability

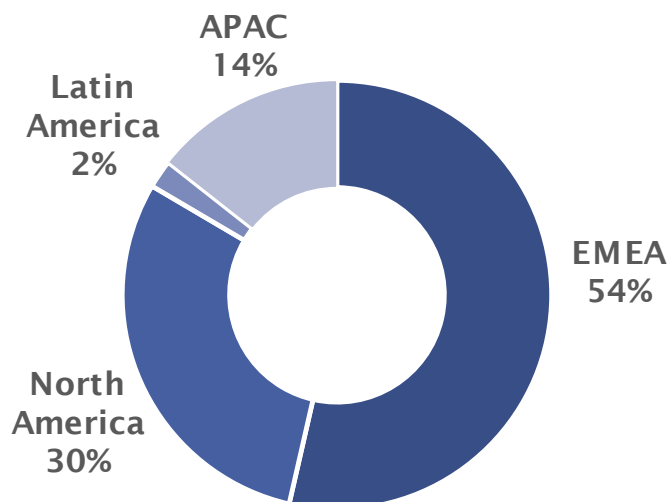
€ m	1H2018	1H2017	Var%
Revenues	307.0	299.3	2.6%
Gross Operating Margin	149.4	142.3	5.1%
<i>%on Revenues</i>	48.7%	47.5%	
Operating expenses	(105.9)	(97.8)	8.3%
<i>%on Revenues</i>	(34.5%)	(32.7%)	
EBITDA	50.8	51.8	(1.9%)
<i>Ebitda margin</i>	16.6%	17.3%	
EBIT	40.3	41.2	(2.2%)
<i>Ebit margin</i>	13.1%	13.8%	
EBT	37.2	37.2	0.0%
Taxes	(8.2)	(7.9)	4.2%
Net Income	29.0	29.3	(1.1%)
<i>% on Revenues</i>	9.4%	9.8%	
<i>Exchange Rate</i>	1.2104	1.0830	

- **Revenues** up 2.6% to €307.0 m (+7.9% at constant exchange rate)
- **GOM showing steady improving trend at 48.7%** (around +120 bps vs 1H 2017)
- **R&D on revenues** from 8.8% to 9.9% (from 9.1% to 10.4% Datalogic Business)
- **S&D on revenues** from 16.4% to 17.4% (+9.1% YoY) due to strengthening of commercial organization
- **EBITDA margin at 16.6%, where improved GOM offset by higher R&D and distribution expenses**
- One off positive effects on financial expenses more than offsetting negative forex in financial charges
- **Tax rate at ~ 22%**
- **Net income at €29.0 m** almost in line with 1H 2017

Group Revenues by country

REVENUES BY GEOGRAPHIC AREA

€ m	H1 2018	H1 2017	Var%	Var% Ex forex
EMEA	164.5	158.7	3.7%	4.8%
North America	91.8	95.0	(3.4%)	7.7%
Latin America	6.6	7.3	(10.6%)	0.9%
Asia Pacific	44.2	38.3	15.4%	22.9%
Total Revenues	307.0	299.3	2.6%	7.9%

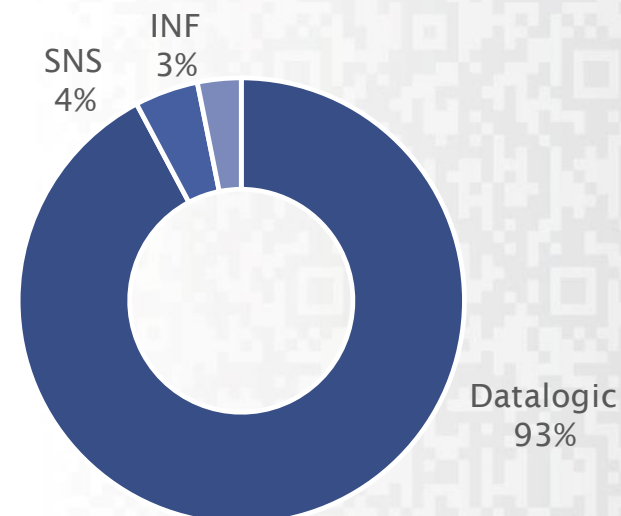


- Sound growth net of forex
- Continuous growth in APAC driven by China and Korea (+27.3 and +34.3% net of forex)
- Keeping on growing in EMEA in all the main verticals
- NA positive net of forex, lead by double digit growth in T&L, Manufacturing and Retail
- Strong performance of Solution Net Systems, whilst Informatics still negative
- Latam slightly positive net of forex

Group Revenues & EBITDA by division

REVENUES BY DIVISION

€ m	1H2018	1H2017	Var%
Datalogic Business	284.3	279.2	1.8%
Solution Net Systems	14.2	10.6	34.5%
Informatics	9.7	11.2	(13.3%)
<i>Adjustments</i>	(1.3)	(1.7)	24.3%
Total Revenues	307.0	299.3	2.6%



- **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 (+34.5%) thanks to new projects in postal and retail industries, and sound improvement in profitability
- **Informatics** top line still on downward trend but profitability turnaround continuing

EBITDA BY DIVISION

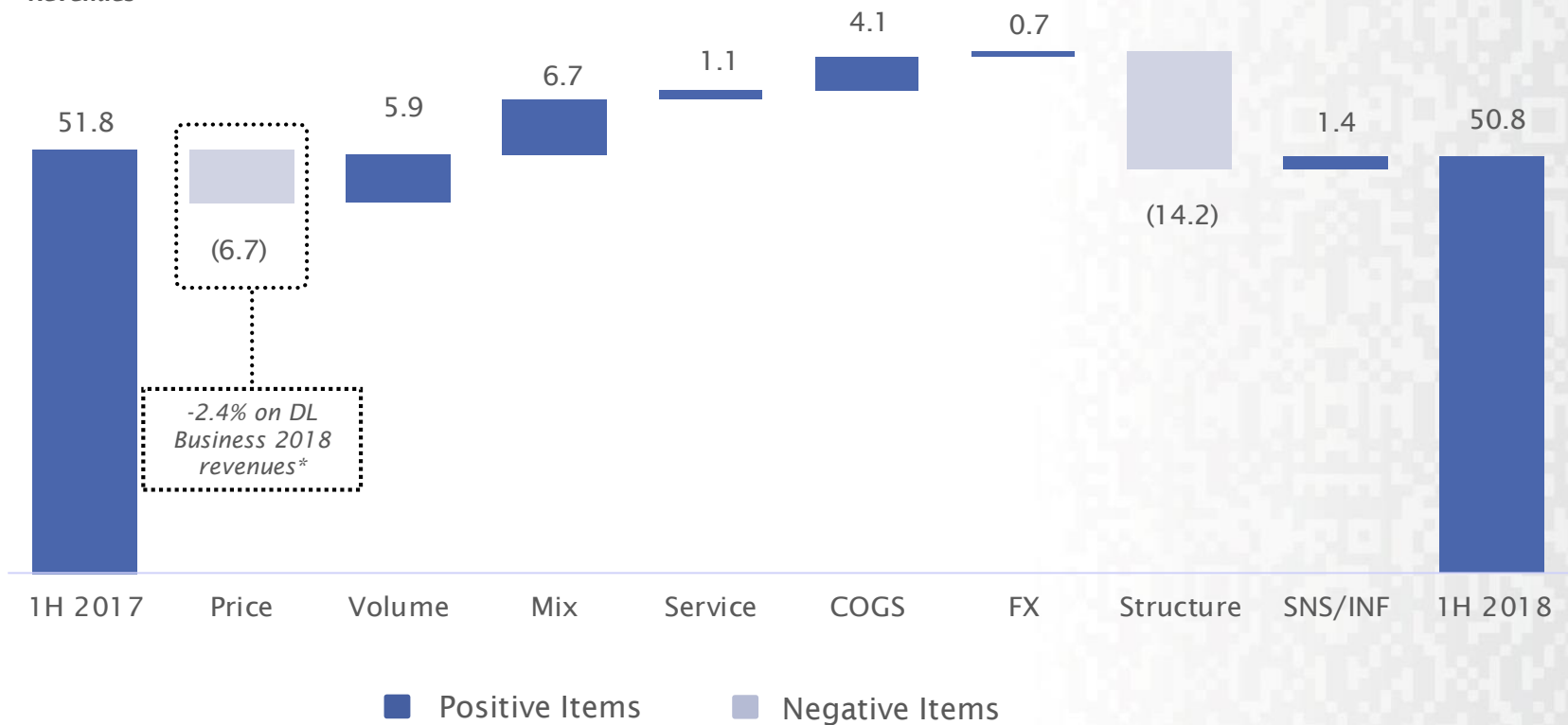
€ m	1H2018	1H2017
Datalogic	48.7	51.3
Solution Net Systems	1.9	0.8
Informatics	0.3	(0.3)
Total Group	50.8	51.8

EBITDA: actual vs last year

€ m

17.3 % on
Group
Revenues

16.6% on
Group
Revenues



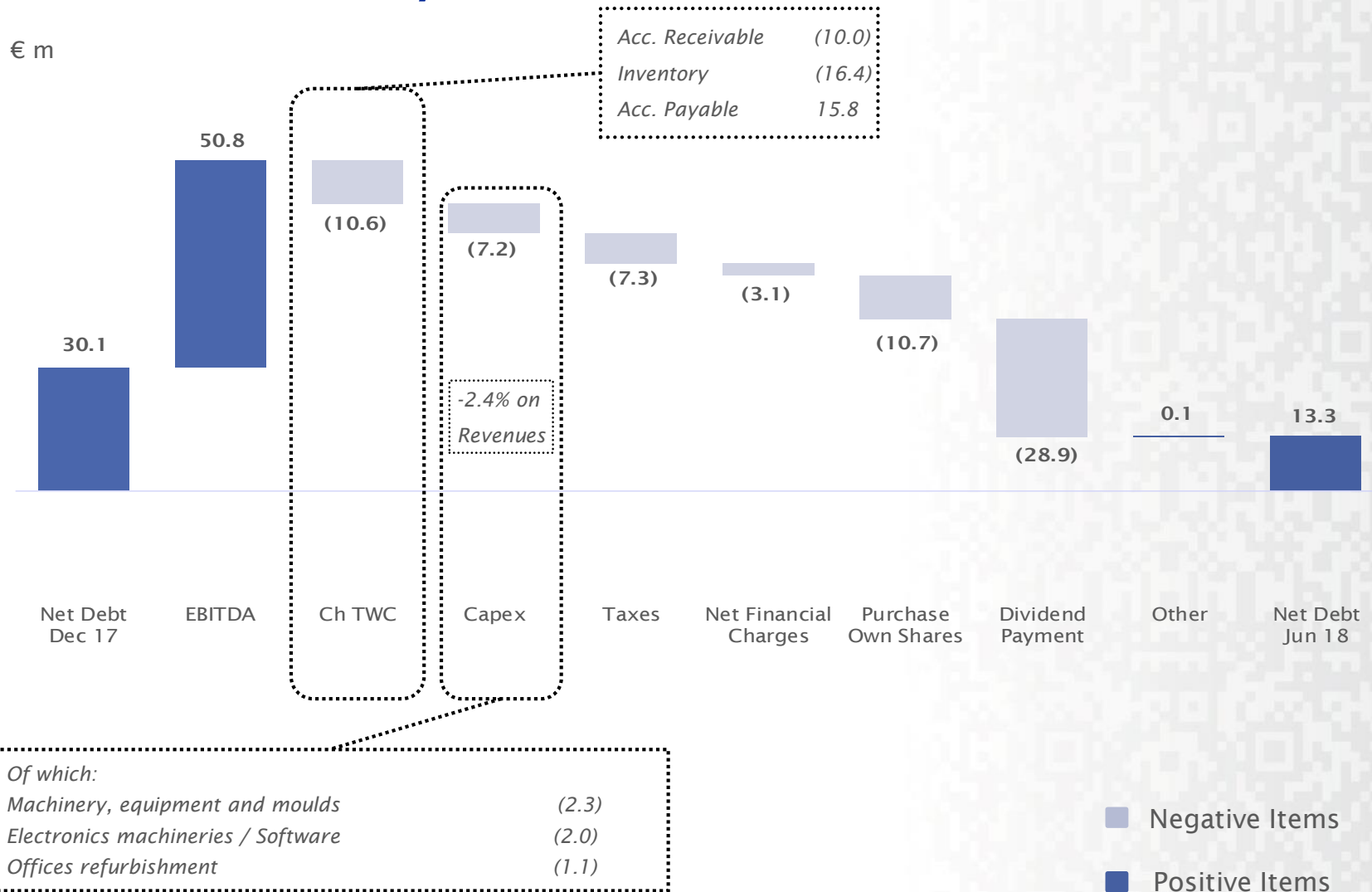
* Excluding GCO and Service

Consolidated Balance Sheet

€ m

	Dec 2017	Jun 2018		Dec 2017	Jun 2018
Total Fixed Assets	347.9	351.3	Net Financial Position	(30.1)	(13.3)
Trade receivables	85.8	95.9			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>15.6%</i>			
Inventories	85.9	102.3			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>16.7%</i>			
Trade payables	(110.3)	(126.1)	Net Equity	353.0	348.2
<i>% on 12m rolling sales</i>	<i>-18.2%</i>	<i>-20.6%</i>			
Trade Working Capital	61.5	72.0			
<i>% on 12m rolling sales</i>	<i>10.1%</i>	<i>11.7%</i>			
Other assets/liabilities	(86.5)	(88.4)			
Net Invested Capital	322.9	334.9	Total Sources	322.9	334.9

Net Debt Analysis: Dec'17 – Jun'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)
 - Keeping an EBITDA margin substantially in line with 2017
 - Maintain a Cash Generation profile from operations
-
- **Retail:** improving growth rates in all main geographies 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
 - **Channel:** strong recovery expected through the launch of new products particularly suitable for the channel
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- Strong pipeline of new products to be launched in H2, ramp up of new products launched in the last 12 months in H2

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NEXT EVENTS

September 5, 2018

Industrial Day, Borsa Italiana, Milan

October 23-24, 2018

STAR Conference, London

November 13th, 2018

9M results

DATALOGIC ON LINE

www.datalogic.com