



Corporate Presentation

STAR Conference
Milan
24-25th March, 2015

Agenda

- Group Overview
- Market Outlook
- Business & Strategy
- Financial Highlights



Group Overview

Datalogic at a glance



- **Global leader** of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in verticals market: **Retail, Manufacturing, Transportation & Logistics, Healthcare Industries**
- **Founded in 1972 by Romano Volta** in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001
- A large portfolio of **over 1,150 patents**
- **About 2,400 employees**, of which 400 in R&D:
 - 1,155 (48%) in Europe
 - 635 (26%) in US
 - 616 (26%) in APAC
- Direct presence in 30 countries worldwide selling to 120 countries, with more than 1,000 partners worldwide

Investment Case

Strong position

- Unique player world wide with **leadership in two markets: ADC and IA**
- High entry barriers granted by solid **Intellectual Property Patents** portfolio
- **Better time to market and more efficiency than competitors**

Financials

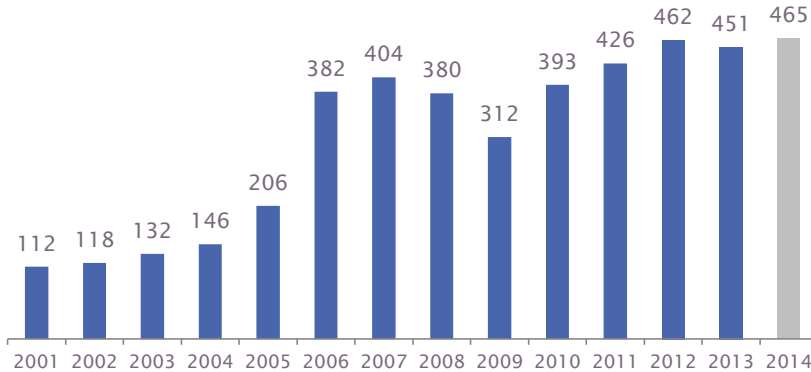
- History of **profitable growth**
- Wise resources management to sustain a **leadership position**
- **Strong cash generation** for growth

Valuation

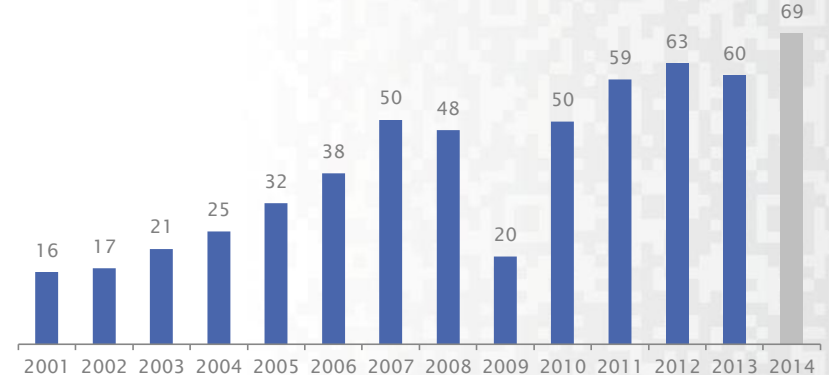
- Attractive valuation in respect to peers (discount on a 2015 P/E and EV/EBITDA basis at 30% and 19% respectively)
- Potential from further **internal reorganization**
- Potential from expansion in **Fast growing markets**

Solid Growth in 2001-2014

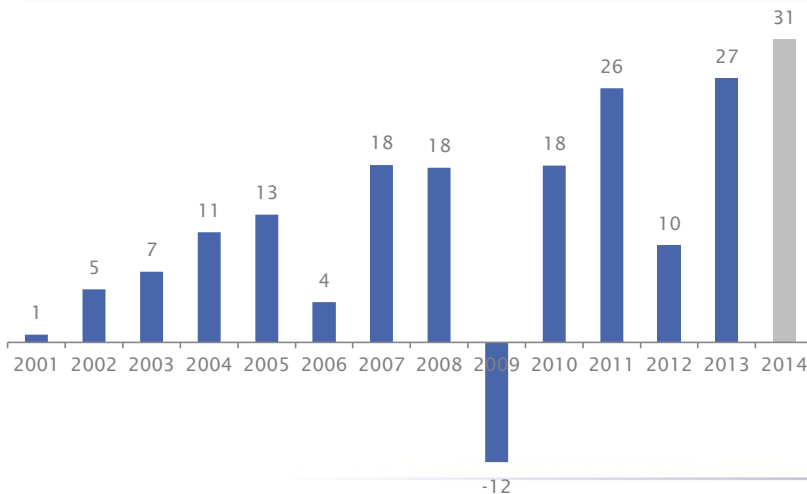
Sales CAGR 2001-2014 +12%



EBITDA CAGR 2001-2013 +12%



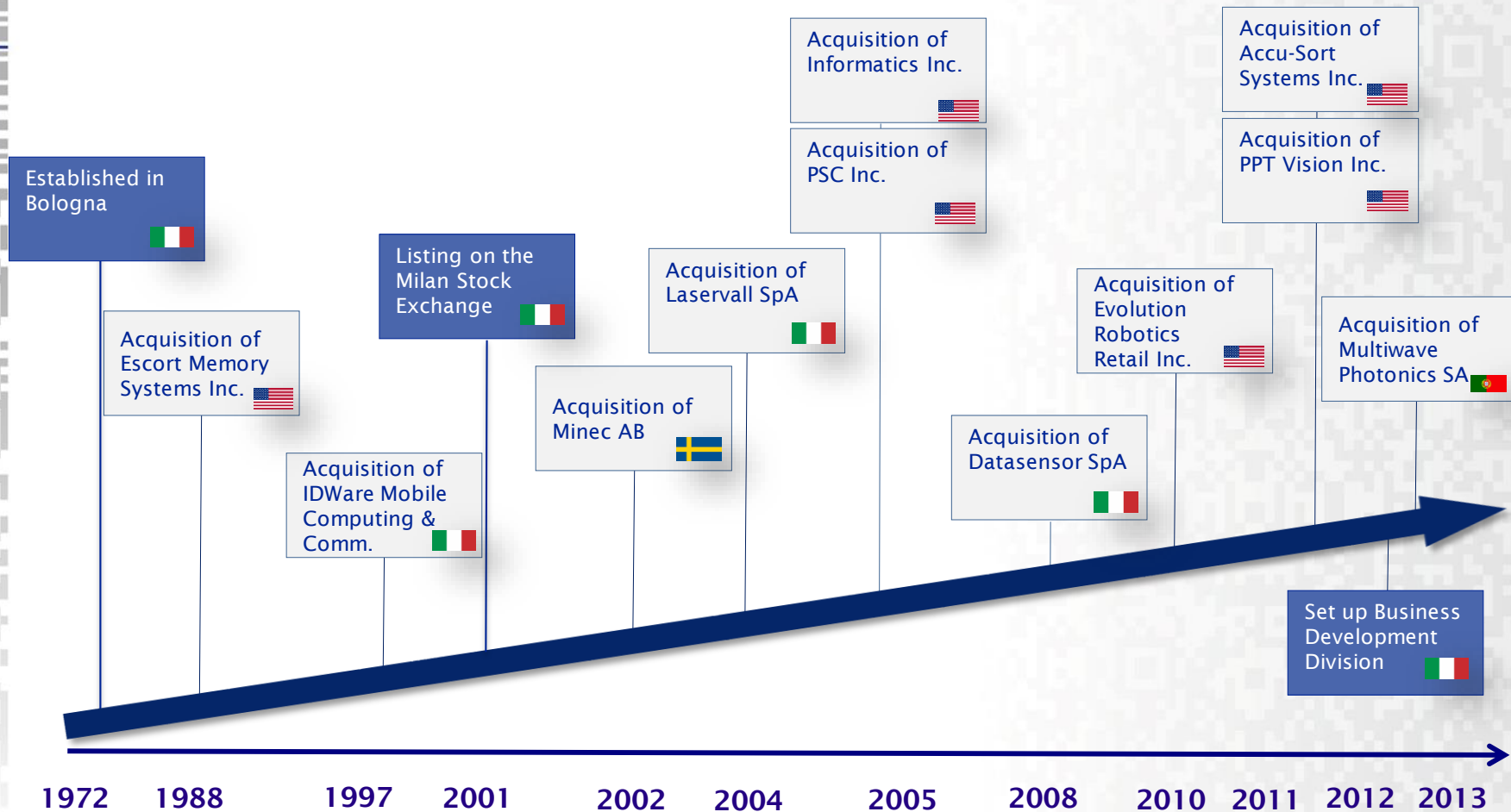
Net Income CAGR 2001-2013 +32%



- 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 to reduce debt and to sustain growth

* 2012 net income impacted by the write off of Accu-Sort goodwill

A history of organic growth and acquisitions



A wide geographical footprint

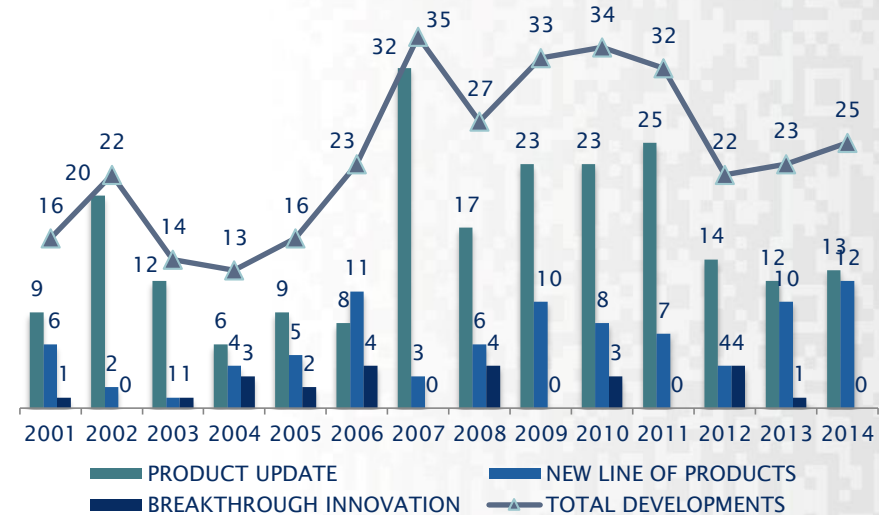


Note: Breakdown by area based on 2014 revenues

Relentless Innovation

- A large and growing portfolio of over 1,150 patents and patent applications
- About 300 pending patent applications in all jurisdictions
- 21% of sales from new products*
- 25 new products launched in 2014
- 12 Research & Development Centers
- Around 400 R&D Engineers

PRODUCT INNOVATION



PATENT PORTFOLIO



* Are considered new products the products announced in the last 24 months

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

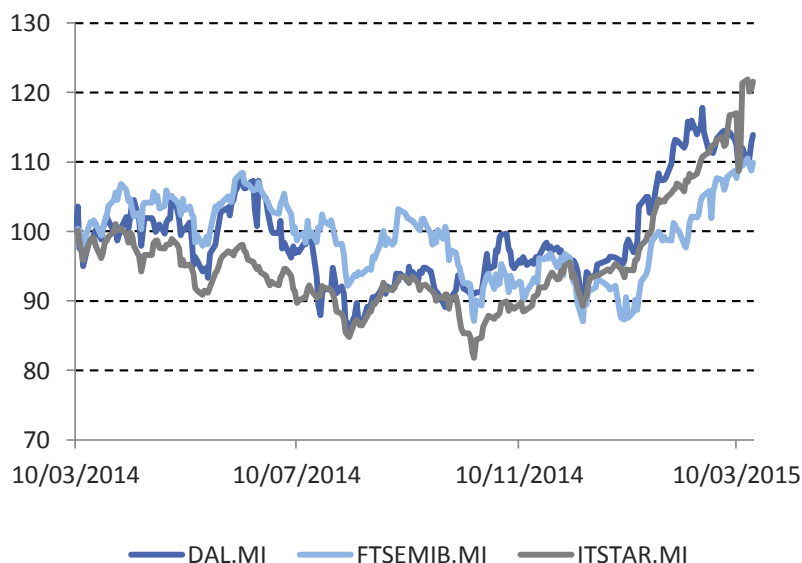
Price (March 19th, 2015): 10.51 Euro

Market Cap (March 19th, 2015): 614.3 M Euro

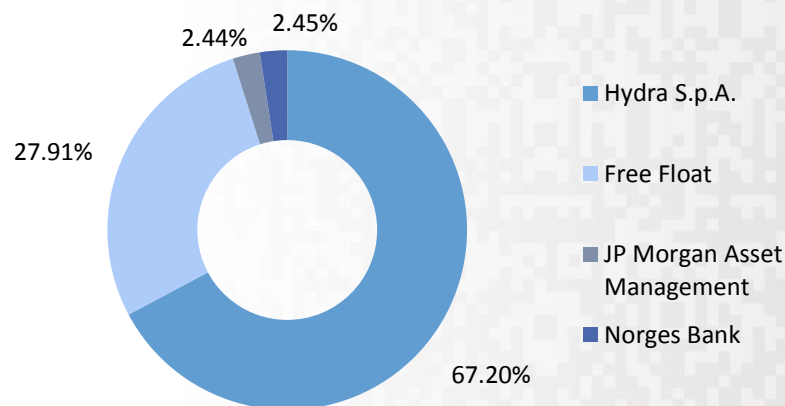
Specialist: Intermonte SIM

Auditing Company: Reconta Ernst & Young

DATALOGIC PRICE PERFORMANCE



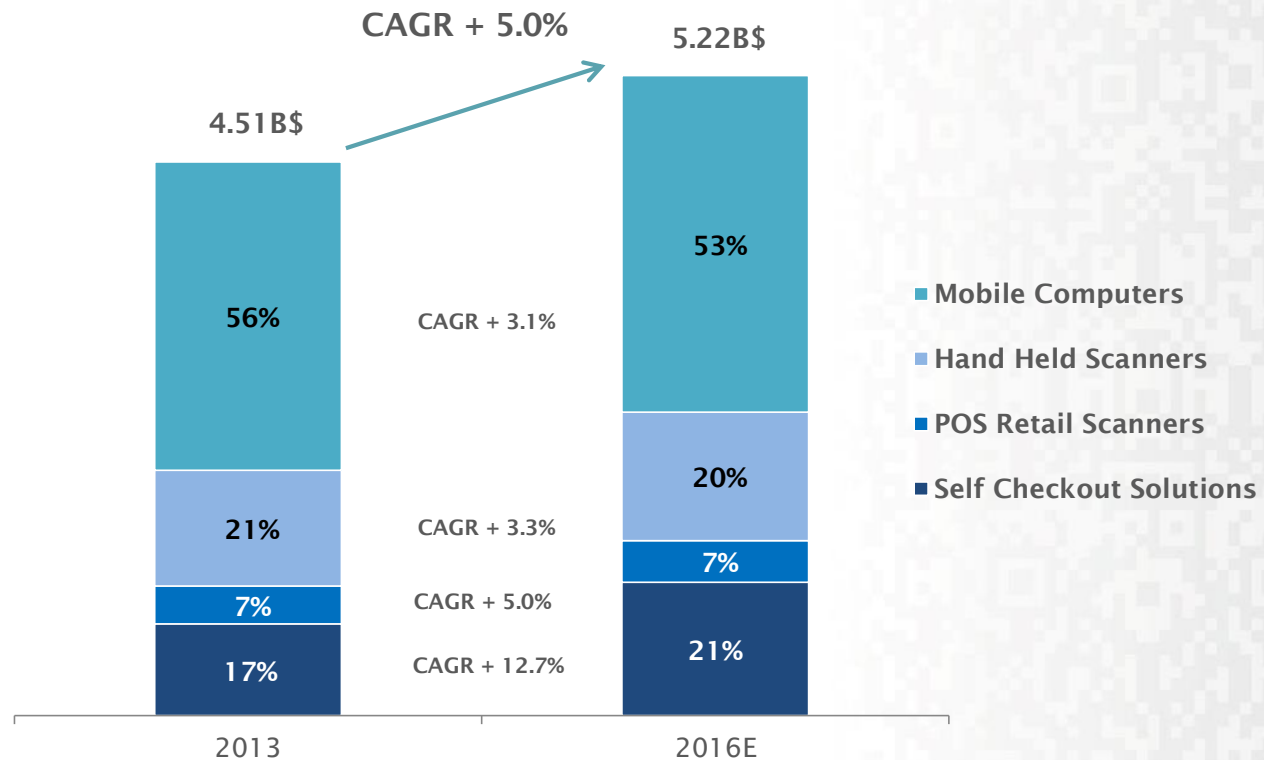
SHAREHOLDERS' STRUCTURE



Market Outlook

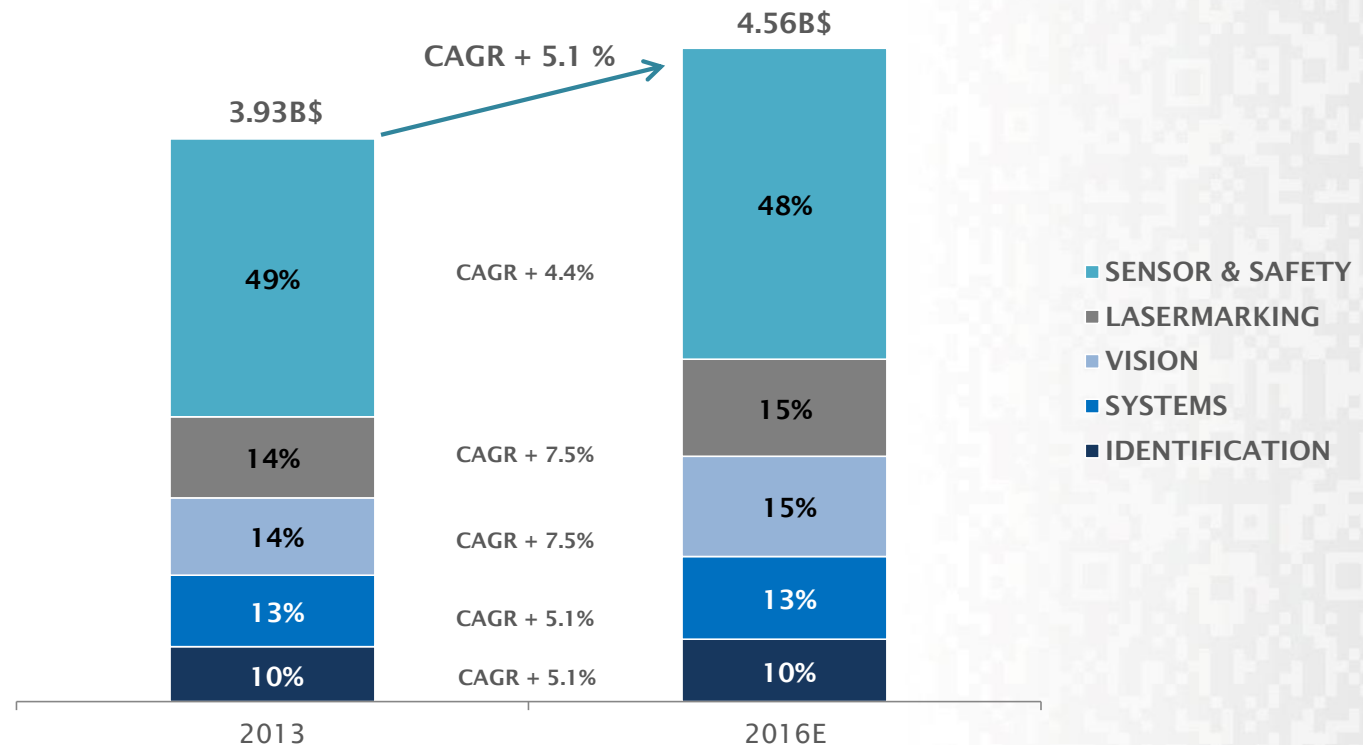
Market Outlook – Automatic Data Capture

- Strong recovery ahead with forecast reviewed upward for the entire period: CAGR 2013-2016 +5.0%

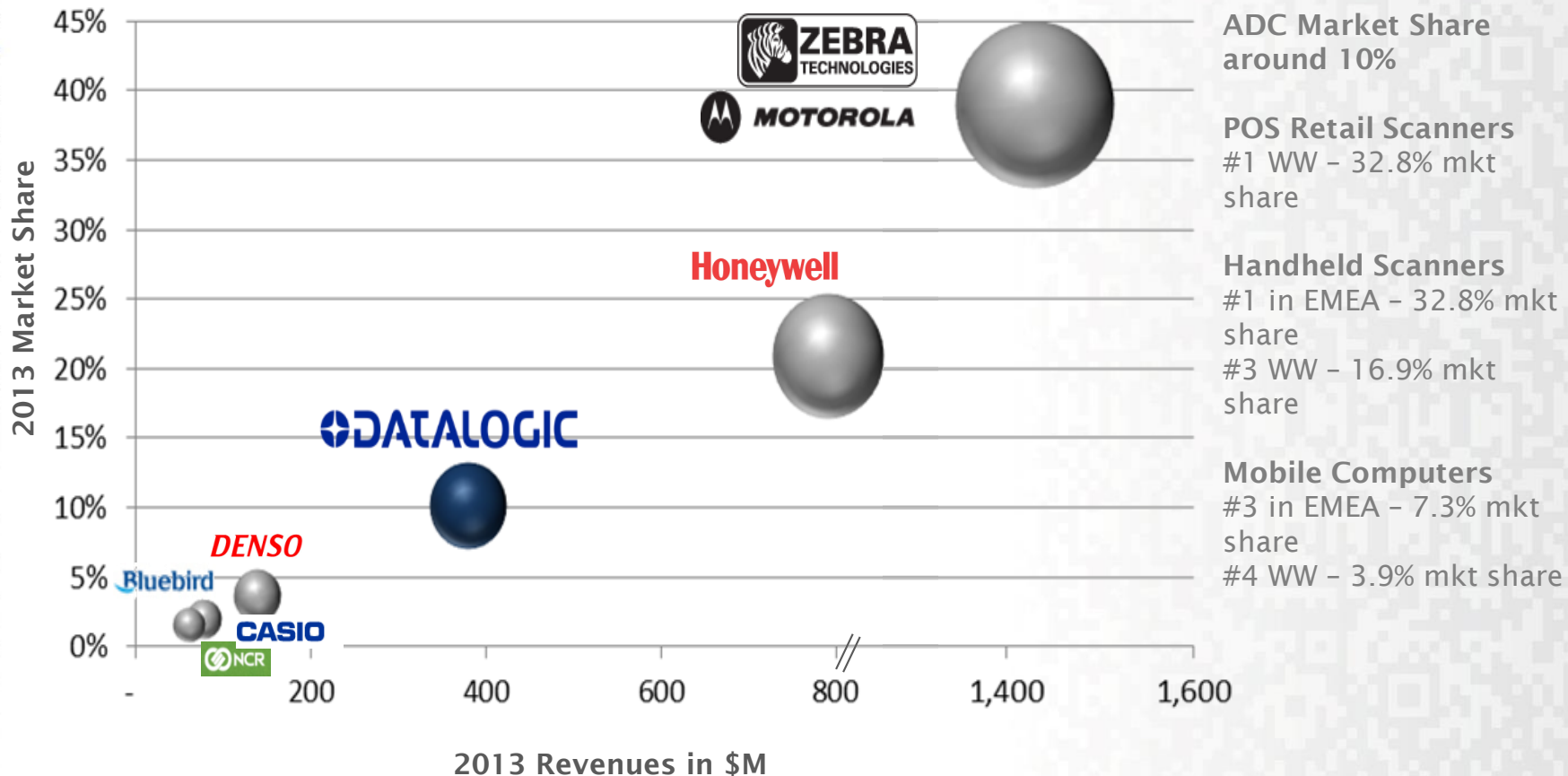


Market Outlook – Industrial Automation

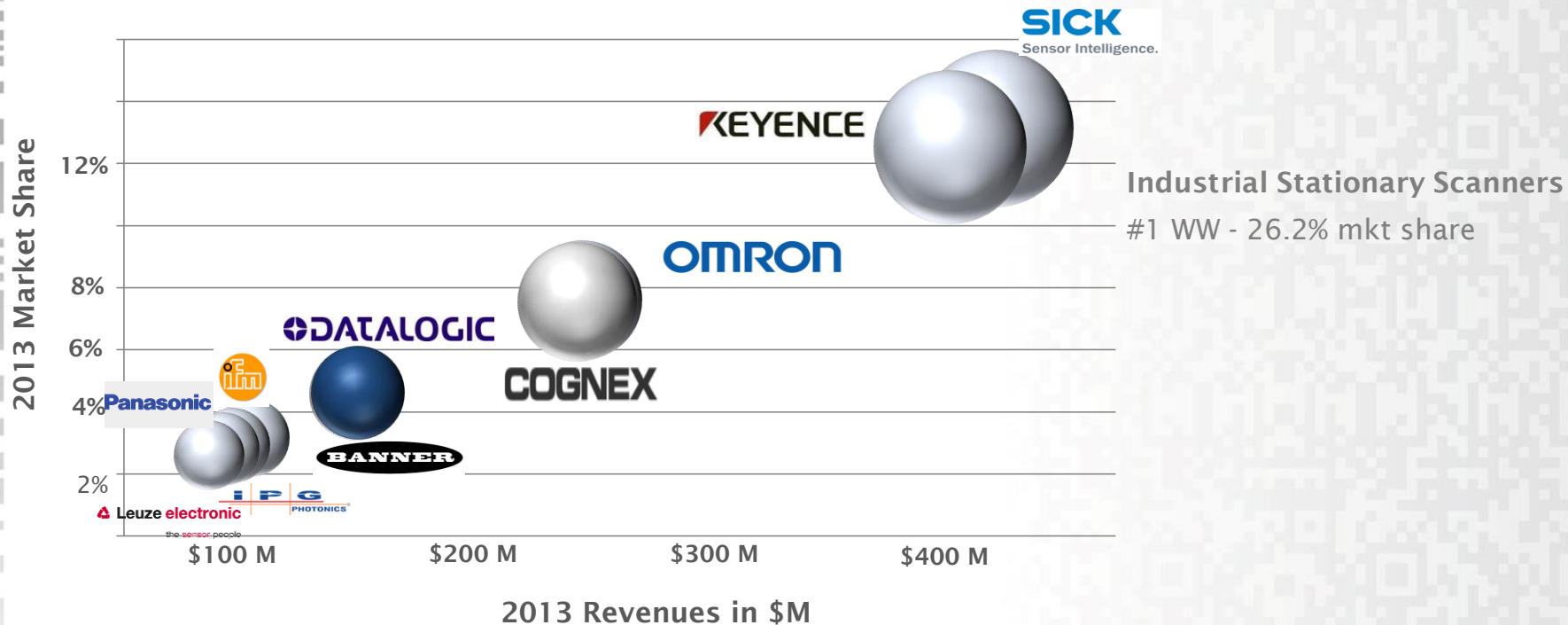
- Positive market trend in all the segments Datalogic is operating in
- Laser marking technology and machine vision increase their applications in the factory environment



Datalogic positioning in the ADC market



Datalogic positioning in the IA market

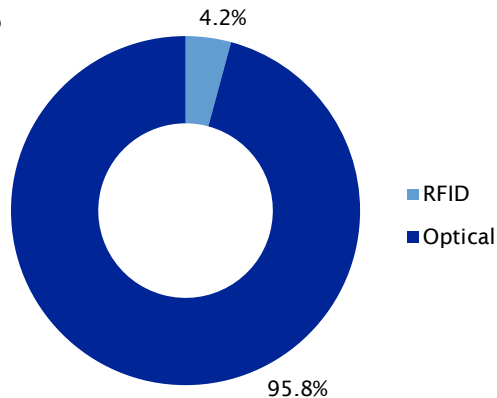


Market split by technology

Datalogic can offer all the technologies available for products identification

Data Capture Technology

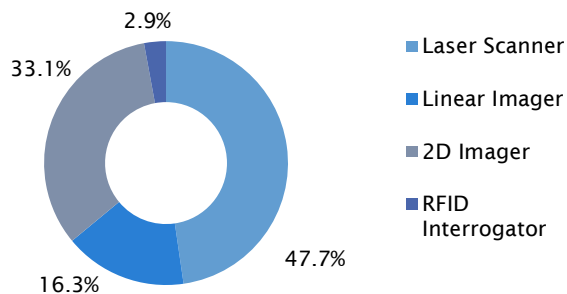
\$B 6.6



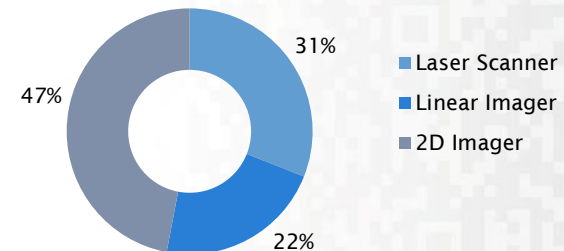
VDC
research

2014 preliminary (base year 2013)

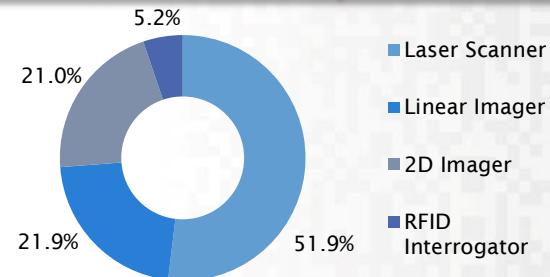
Industrial Stationary Scanner



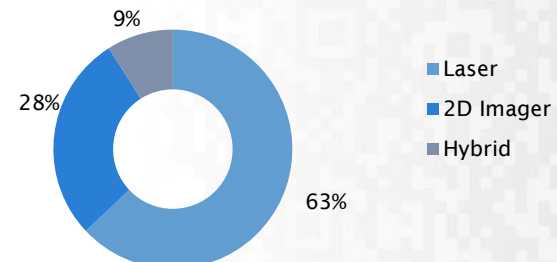
Hand Held Scanners



Mobile Computers

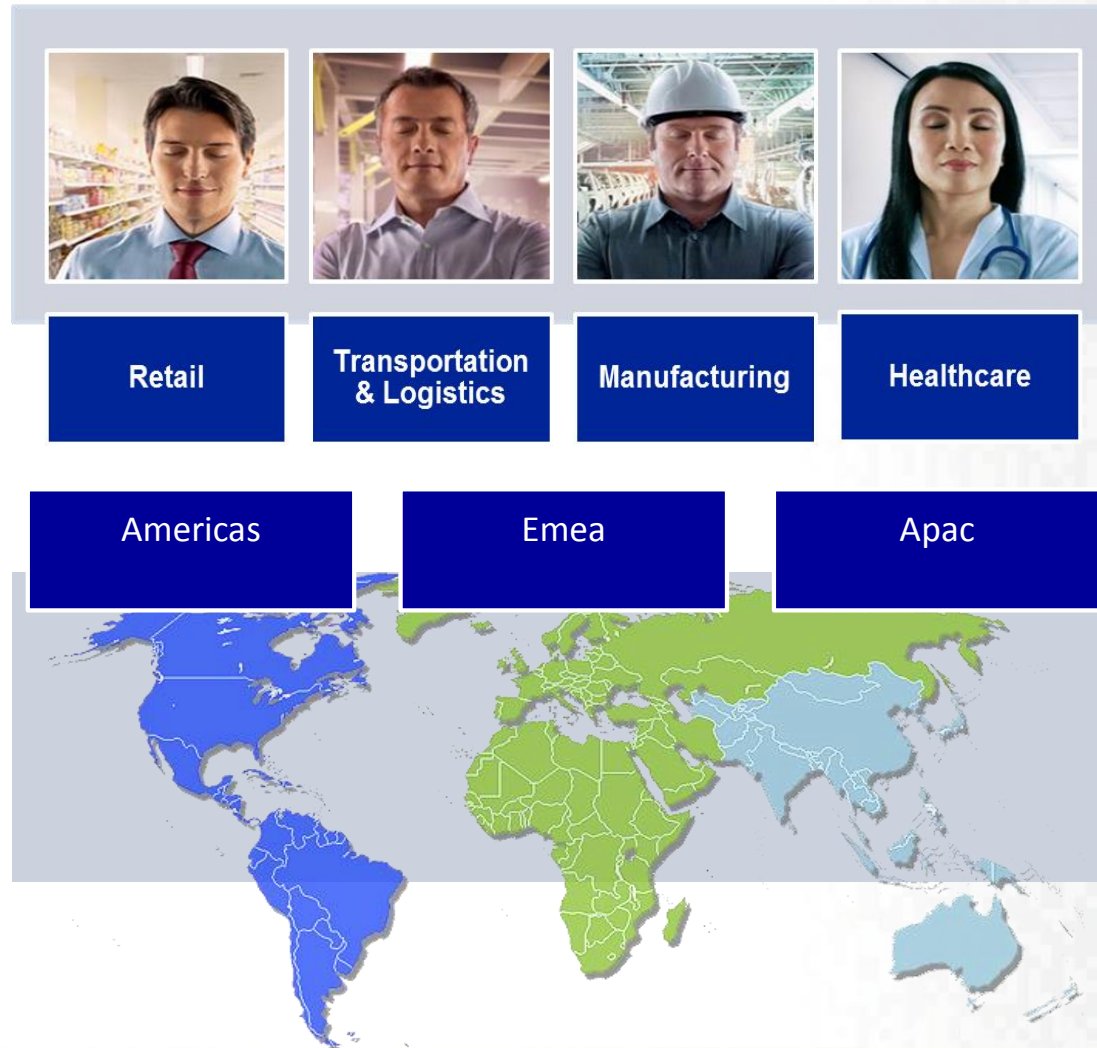


Point of Sale Check Out



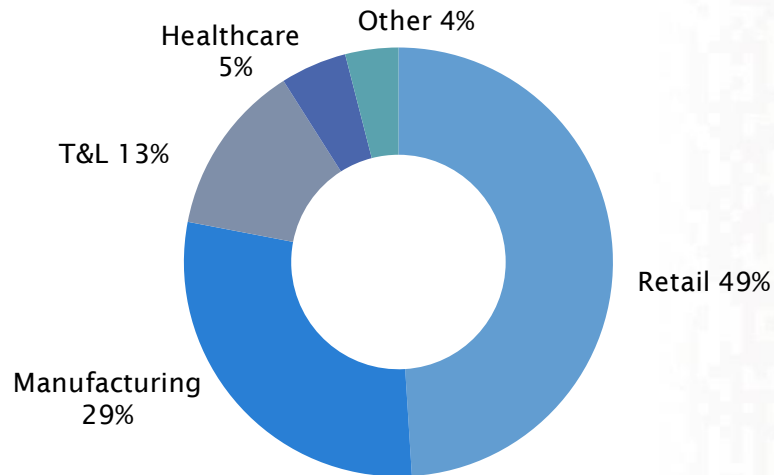
Business and Strategy

A unique selling proposition

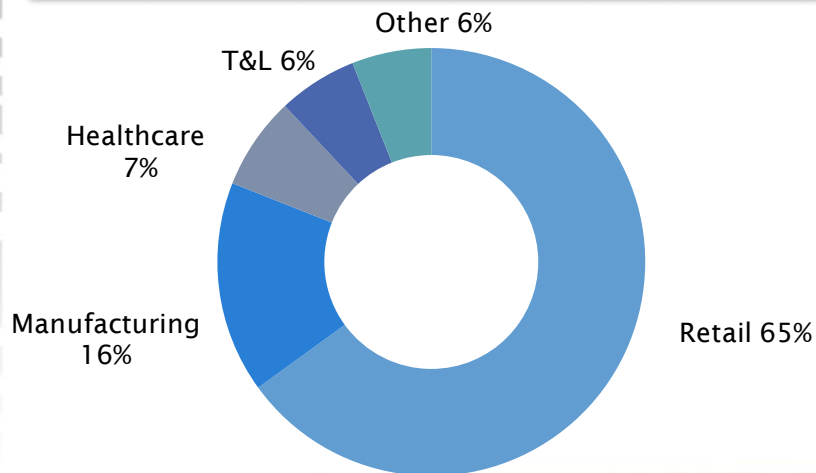


Datalogic by Verticals

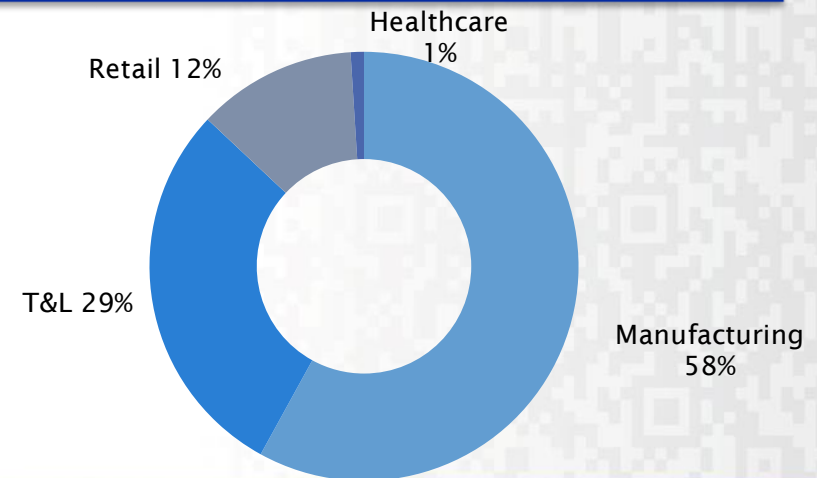
Group revenues by verticals



ADC



IA



Retail: leverage the POS market share

POS

Most innovative solutions
Multi-tier model



Store mngt

New products
Tailored services



Warehouse

New Products
Bundle solutions



Innovation drives Retail recovery

- Retailers' investment recovery ongoing
- **Unique in the market: Innovative Digimarc® Barcode** reading capability available on multiple models
- Growth driven by technological innovation: **from laser to imaging (Magellan 9800 i)**
- **Jade, the 360° automated portal scanner** in testing phase in more than 15 retailers worldwide (Asda, Rewe, Esselunga, etc.)
- Multi-year agreement signed with the main System Integrators for the supplying of Jade

Manufacturing: Leverage the product breadth

Warehouse

New Products
Bundle solutions



Shop floor

Leverage EMEA MKT share
as a reference



Automation

Geographical expansion
leverage barcode,
marking and inspection



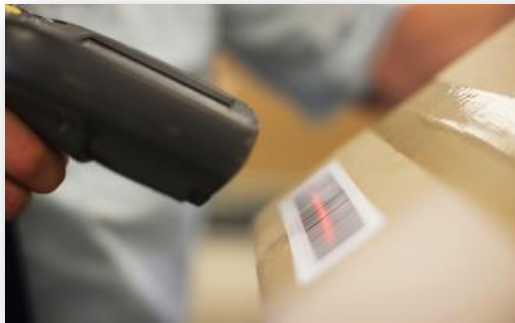
Manufacturing: Automation Increases

- Unprecedented level of automation endorsed by both traditional and emerging markets
- Geographical presence expansion in the **fast growing markets**
- Packaged solutions bundling **laser marking and machine vision**
- Launch of **Matrix 300 in FA**

T&L: Leverage leadership in sorting applications

Data Collection

Geographical coverage
leverage barcode,
marking and inspection



Sorting

Strengthen the relation
with key customers



Delivery

New products
tailored services



- Focus on Couriers, Postal, e-Commerce, Distribution Centers in North America and Europe
- Growth still linked to **large projects worldwide**
- Launch of the new ultra-high performance in-motion **Dimensioner**

Healthcare: Anticipate new regulatory

Manufacturing

Expand geography
Mark and Verify solutions



Inventory mngt

Tailored services
Promote the use of
professional device



Bed side care

Most innovative solutions
New Products



- Anticipation of regulatory changes:
 - E-pedigree in US
 - European Medicines Verification System
- Scanners with anti-microbial additives specifically engineered for surgery

Outlook for 2015

- **ADC confirms to be the driver of growth** thanks to:
 - the launch of new technologically advanced products
 - the retailers' new investment phase
- Expected recovery in **Industrial Automation** from second half of 2015 thanks to the sales force reorganisation by verticals in US
- **Strong investments in innovation continue**, expected at around 10% on revenues
- Benefits expected from the new Procurement Centre
- **Focus on fast growing markets** and North America where there is a big market potential

Financial Highlights

2014 Key Factors

FOCUS ON CLIENT

- Anticipate clients' needs offering new products to improve their efficiency and productivity
 - Focus on innovation: 25 new products launched
 - 21% of revenues comes from new products
-

MARKET EXPANSION

- Opening of new branches in Turkey and Brazil
 - Opening of new ADC plant in Brazil
 - Strengthening of presence in China:
 - Centralization of Procurement
 - New R&D centre
-

ORGANISATION

- Strengthening of the sales force worldwide
 - Reorganization process in IA:
 - Appointment of a new CEO and of a new America VP
 - Change of the GO TO MARKET model in US: new approach by verticals
-

Q4 2014 Highlights

- Sales revenues up +3.8% to 124.5 million Euro in 4Q2014 vs 120.0 million Euro in 4Q2013
- Gross Operating Margin continues improving **from 46.5% to 48.3%** on revenues
- **EBITDA up 4% to 17.4 million Euro** thanks to cost control and notwithstanding R&D investments increase to 13.3 million Euro equal to 10.7% on revenues
- Non recurring costs for 3.2 million Euro concentrated in Q4 impacted on Operating and Net Profit
- The booking in the quarter equal to **130.4 million Euro, approx. +9%** compared to 4Q2013

	4Q2014	3Q2014	Var QoQ %	4Q2013	Var YoY %
Revenues	124,482	116,036	7.3%	119,964	3.8%
Gross Operating Profit	60,112	56,370	6.6%	55,786	7.8%
EBITDA	17,436	17,854	(2.3%)	16,766	4.0%
EBITANR	14,400	14,998	(4.0%)	14,194	1.5%
Operating Profit (EBIT)	9,756	13,698	(28.8%)	12,883	(24.3%)
Net Profit	5,177	10,436	(50.4%)	9,255	(44.1%)

2014 Highlights

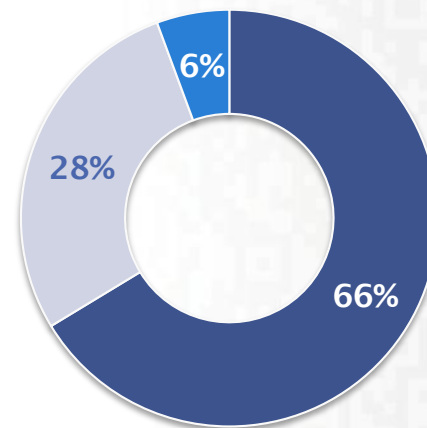
- Sales growth driven by **ADC +9.2%** and **IA (ex System) +3,3%**, BU Systems still suffering by the postal cycle
- Further improvement of the **Gross Operating Margin, from 47.2% to 48.6%**, and **EBITDA Margin, from 13.3% to 14.9%** as result of cost control and operating leverage
- R&D costs + 21% to 43.1 million Euro – **from 7.9% to 9.3% on revenues**
- Non recurring costs for 5.6 million Euro, mainly due to reorganization, impact EBIT
- **Net Income up 14.7% to 30.9 million Euro**
- **Dividend up 12.5% to 0.18 Euro**

€000	FY2013		FY2014		Var %
Revenues	450,737	100.0%	464,546	100.0%	3.1%
COGS	(238,133)	(52.8%)	(238,987)	(51.4%)	0.4%
Gross Operating Margin	212,604	47.2%	225,559	48.6%	6.1%
EBITDA	59,985	13.3%	69,443	14.9%	15.8%
EBITANR	50,106	11.1%	58,019	12.5%	15.8%
Operating Profit (EBIT)	45,495	10.1%	46,908	10.1%	3.1%
Net Income	26,906	6.0%	30,857	6.6%	14.7%
Exchange rate	1.3281		1.3285		

Revenues Trend by Division

- ADC Division continues to outperform mainly thanks to the introduction of **new technologically-advanced products** like POS 2D scanner and Presentation scanner
- Significant trend reversal in 4Q in **Industrial Automation**, driven by the launch of new products during the year, mainly dedicated to the segment of Factory Automation (e.g. P Series for Machine Vision)

REVENUES BY DIVISION (%)



■ ADC ■ IA ■ Informatics

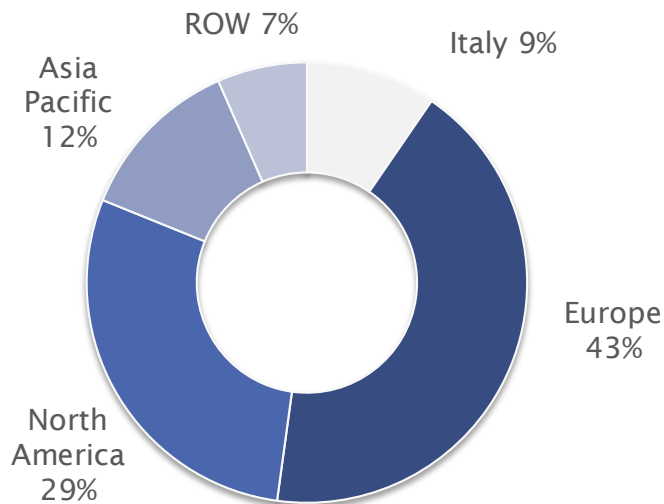


REVENUES BY DIVISION						
€mn	2013	2014	Var %	4Q2013	4Q2014	Var %
ADC	282.1	308.2	9.2%	79.7	82.9	4.0%
Industrial Automation	137.8	130.2	(5.5%)	32.9	35.2	7.0%
Informatics	30.8	26.1	(14.9%)	7.4	6.5	(12.2%)
Total revenues	450.7	464.5	3.1%	120.0	124.6	3.8%

Revenues Trend by Geographic Area

REVENUES BY GEOGRAPHIC AREA			
€000	2013	2014	Var %
Italy	38.040	44.489	17,0%
Europe	183.810	197.846	7,6%
North America	143.876	134.455	(6,5%)
Asia Pacific	56.455	57.154	1,2%
ROW	28.556	30.602	7,2%
Total Revenues	450.737	464.546	3,1%

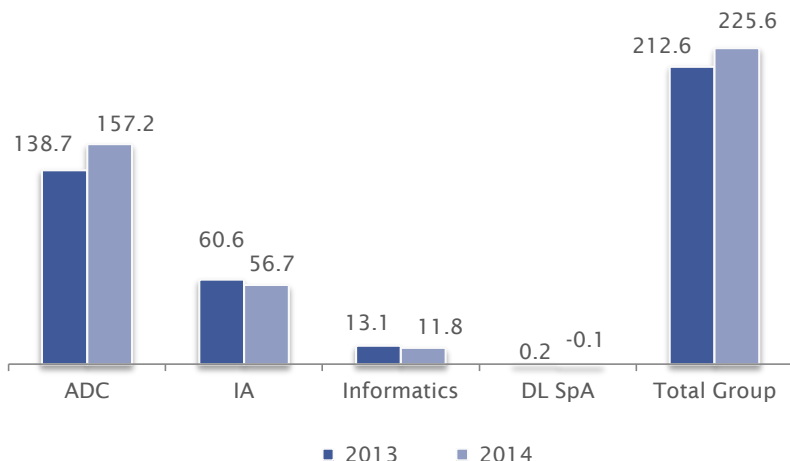
- **Europe/Italy** growth primarily driven by ADC two digits growth
- **Two speed in North America:** ADC driven by Retail while IA still suffering mainly due to cyclical trend of Postal segment
- Great result in **Greater China** in Asia Pacific
- Remarkable growth of ROW led by **Brazil** and **South Africa** thanks to new plants and offices



FY Segment Reporting: GOP and EBITDA

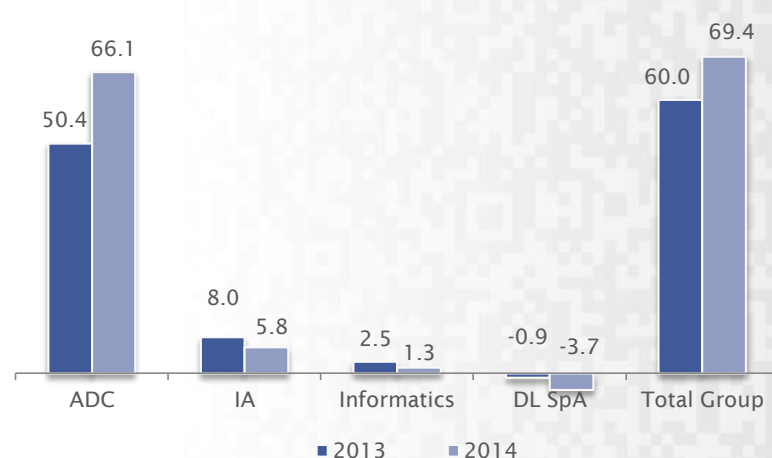
GOP BY DIVISION

€mln



EBITDA BY DIVISION

€mln

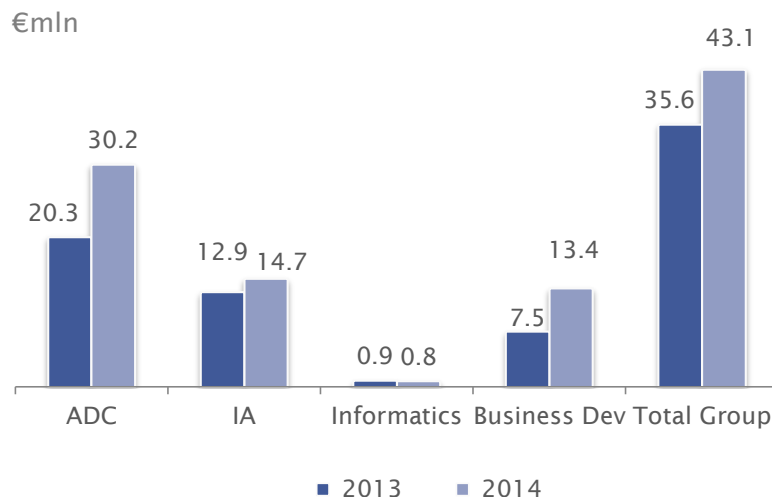


Gross Operating Margin	FY13	FY14
ADC	49.1%	50.8%
Industrial Automation	44.0%	43.5%
Informatics	42.6%	45.1%
Total Group	47.2%	48.6%

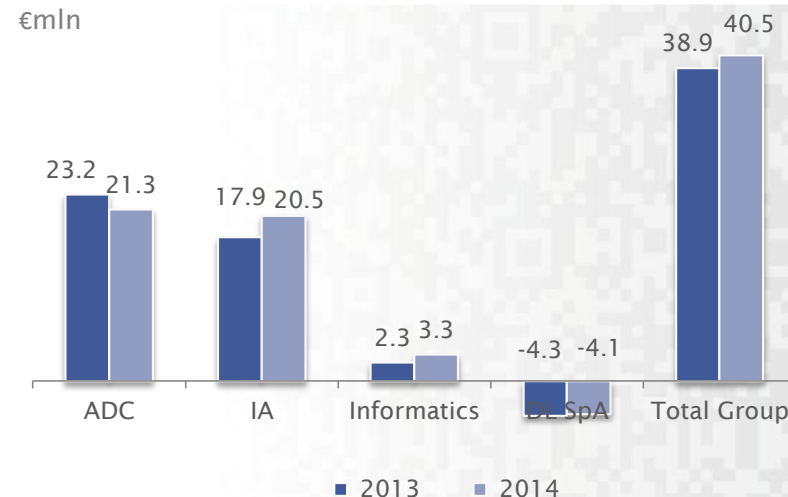
EBITDA Margin	FY13	FY14
ADC	17.9%	21.3%
Industrial Automation	5.8%	4.4%
Informatics	8.3%	4.9%
Total Group	13.3%	14.9%

FY Segment Reporting: R&D and TWC

R&D BY DIVISION



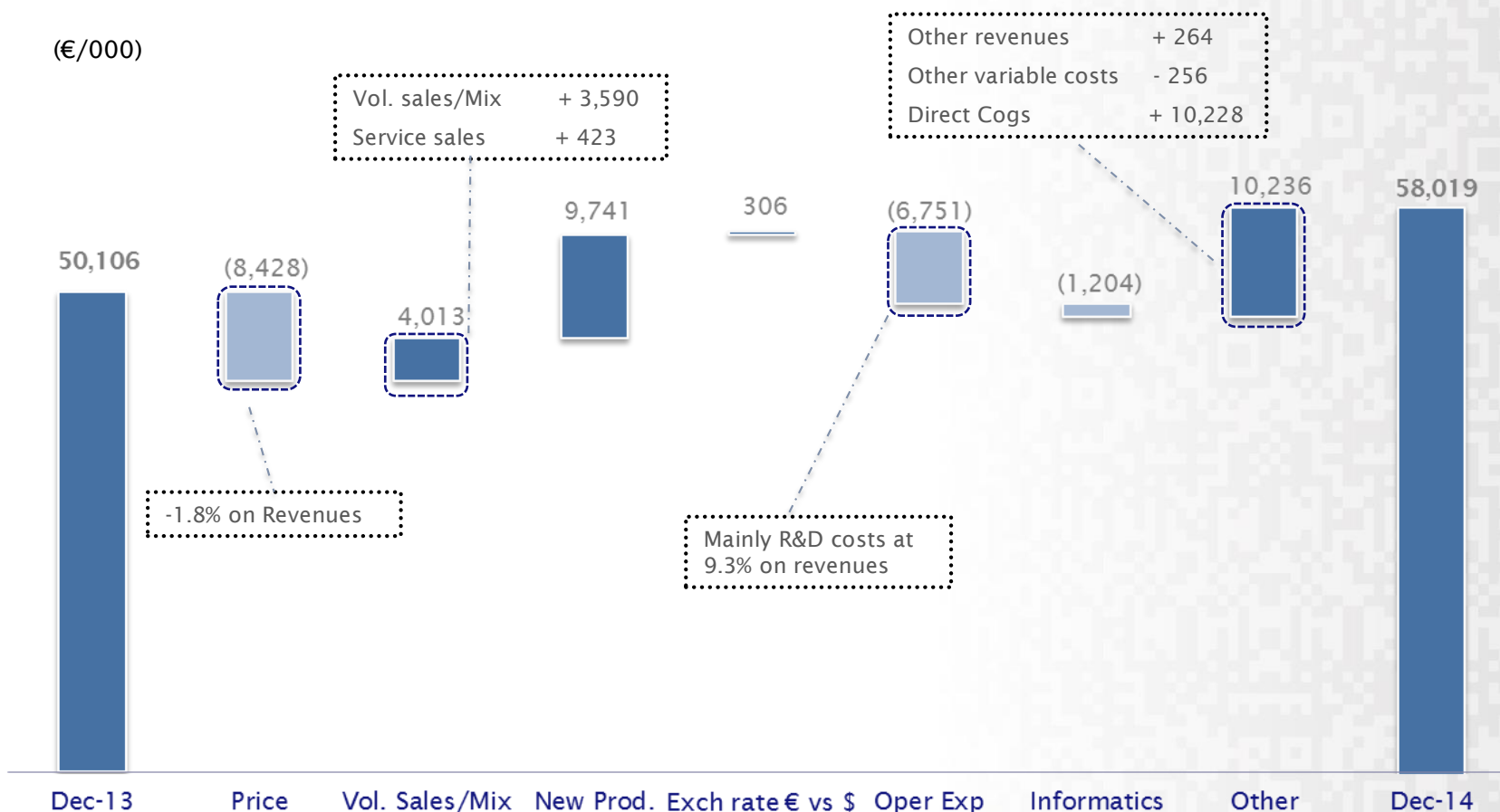
TWC BY DIVISION



R&D/Revenues	FY13	FY14
ADC	7.2%	9.7%
Industrial Automation	9.3%	11.3%
Informatics	2.8%	2.9%
Business Development	34.7%	53.8%
Total Group	7.9%	9.3%

TWC/Annualized Revenues	FY13	FY14
ADC	8.2%	6.9%
Industrial Automation	13.0%	15.7%
Informatics	7.5%	12.6%
Total Group	8.6%	8.7%

EBITANR: Actual vs Last Year

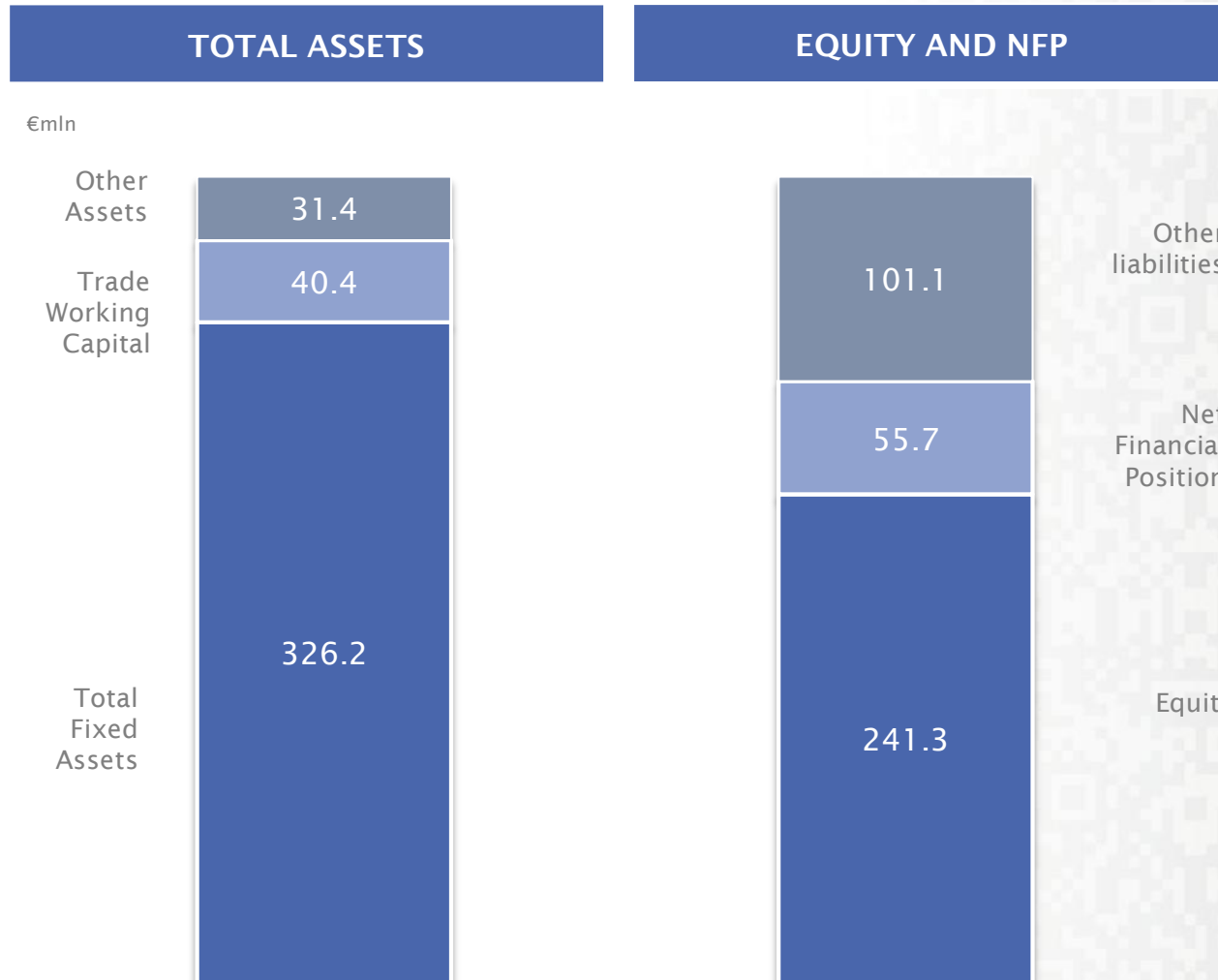


(*) Ordinary Operating Profit before non recurring costs/revenues and amortization of intangible assets from acquisition (EBITANR)

The Exchange rate variance has been calculated on Sales/COGS/Operating expenses originally denominated in USD (\$). The variance was the result of the difference between December '14 Actual (1,3285) and December '13 Actual (1,3281) €/USD exchange rate.

For Informatics has been considered its overall impact on the EBITANR

Consolidated Balance Sheet at 31.12.2014



Financial resources for the growth

SOLID CAPITAL STRUCTURE

- 23% net debt to Equity ratio
- 0.8x net debt to Ebitda ratio

EXCELLENT CASH FLOW GENERATION

- Generated around 67 million Euro net operating cash flow from operation during 2014

FAVOURABLE CAPITAL MARKET CONDITIONS

- Medium-term debt refinancing on February 2015 for 140 million Euro
- Improvement by lengthening the average repayment term from 2 to 4 years
- Reduction of average cost of debt

Contacts

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NEXT EVENTS

March 24-25th, 2015

STAR Conference Milan

April 28th, 2015

Ordinary Shareholders' Meeting

May 7th, 2015

Approval 1Q results

DATALOGIC ON LINE

www.datalogic.com

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