



9M 2019 Results Conference Call

14 NOVEMBER 2019

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9M 2019 Results in line with guidance



9M 2019 Results

€ m

REVENUES
€461.4
(-1.0%)

GOM
€223.5
48.4%
(-0.2 pp)

EBITDA
€73.3
15.9%
(-0.8 pp)

NET INCOME
€39.7
8.6%
(-0.7 pp)

Q3 2019 Results

€ m

REVENUES
€156.8
(-1.4%)

GOM
€75.7
48.2%
(-0.3 pp)

EBITDA
€25.6
16.3%
(-0.4 pp)

NET INCOME
€14.4
9.2%
(+0.0 pp)

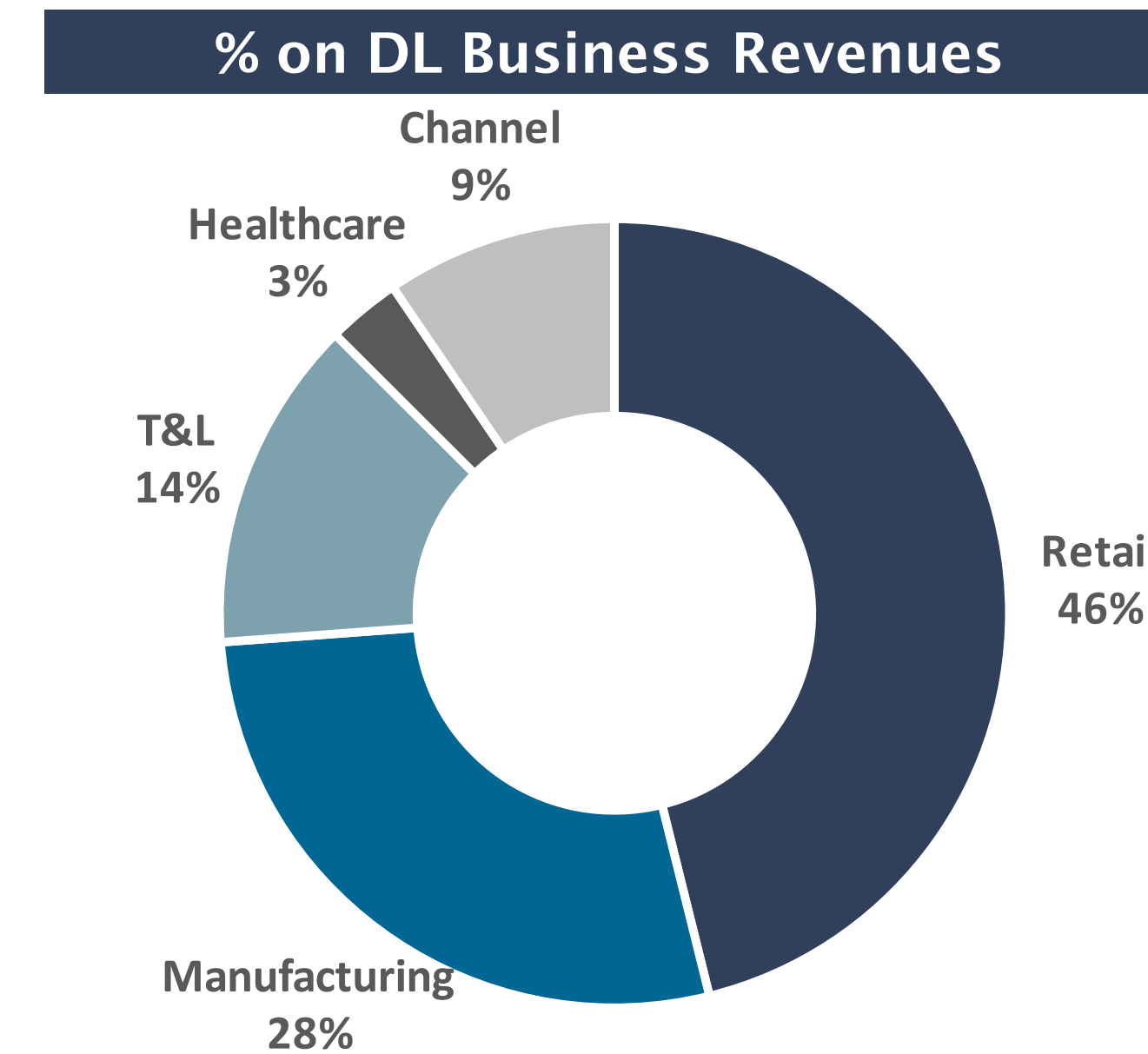
Net Debt at €19.5

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.

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 EMEAI and NA in 2018. Positive performance in LA and APAC.

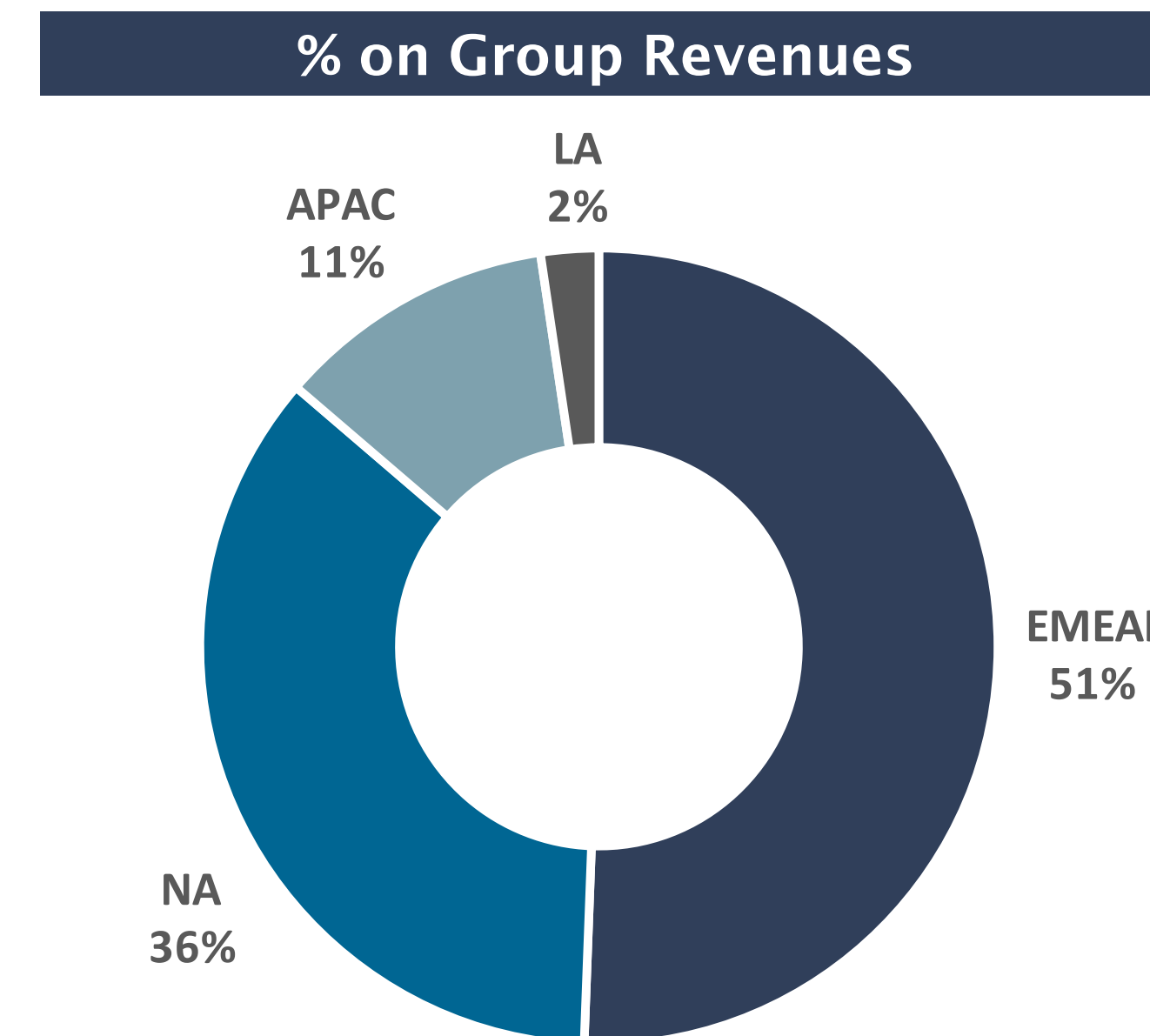
Manufacturing: Slowdown continued in automotive (EMEAI) and consumer electronics (China), partially offset by double digit growth in US.

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

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

Group Revenues by Geography

€m	9M 2019	9M 2018	Var % vs. 9M 2018	Constant FX
EMEI	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%)







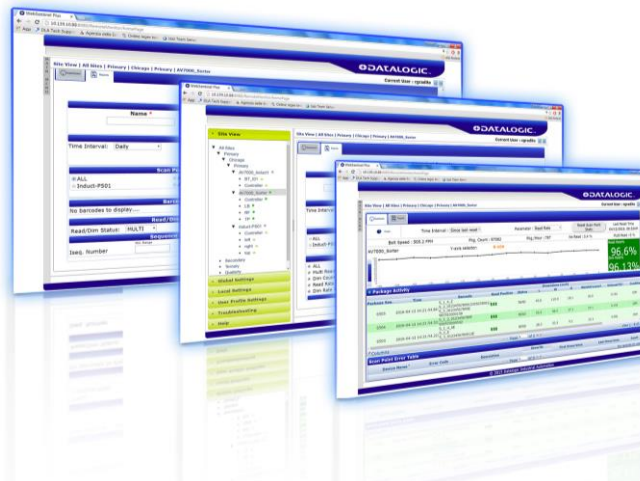




EMEI: double digit growth in HC and T&L partially offsetting Retail downturn due to major FRS roll outs in 2018.

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.

Q3 New Product Launches and Innovation

Hand Held Scanners		Mobile Computers	Factory Automation		Solutions
<div>FBC9080 Fieldbus Converter</div> <div></div> <div><div>PowerScan 9501 AR Cordless Models</div><div></div></div> <div><div>Gryphon 4500 Digimarc Models</div><div></div></div>		<div></div> <div>Joya Touch A6 With Megapixel Scan Engine</div>	<div></div> <div>Matrix 300N 2MP Sensor</div>	<div></div> <div>MX-E90 Vision Processor</div>	<div></div> <div>Websentinel PLUS</div>
			<div></div> <div>Matrix 120/220 with Digimarc and OPC UA</div>	<div></div> <div>IMPACT 12.2 Software: focus on guidance and traceability</div>	

- **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

Q3 2019 P&L

€ m	Q3 2019	Q3 2018	Variance Reported	Constant FX
Revenues	156.8	159.1	(1.4%)	(3.7%)
Gross Margin	75.7	77.3	(2.1%)	
<i>%on Revenues</i>	48.2%	48.6%	-0.3 pp	+0.2 pp
Operating expenses	(55.6)	(54.5)	2.0%	
<i>%on Revenues</i>	(35.4%)	(34.2%)	-1.2 pp	-1.3 pp
EBITDA	25.6	26.7	(4.1%)	
<i>%Ebitda margin</i>	16.3%	16.8%	-0.4 pp	-0.0 pp
Net Profit	14.4	14.6	(1.3%)	
<i>%on Revenues</i>	9.2%	9.2%	+0.0 pp	+0.3 pp
<i>EUR/USD FX Exchange Rate</i>	1.11	1.16		

- **Revenues** down 1.4% to €156.8 m (-3.7% Net FX)
 - Double-digit growth in T&L (+24.6%)
 - Solid performance of Manufacturing in tough market;
 - Tough compare for the Retail industry affected by major roll outs in 2018;
- **Gross Margin** slightly positive Net of FX;
- **Operating Expenses** increase due to carry over effects of sales organization from last year;
- **EBITDA** down 4.1% to €25.6m (-3.9% Net FX)
EBITDA margin at 16.3%, almost flat at constant FX;
- **Net Profit** at 9.2% on revenues in line with Q3 2018

9M 2019 P&L

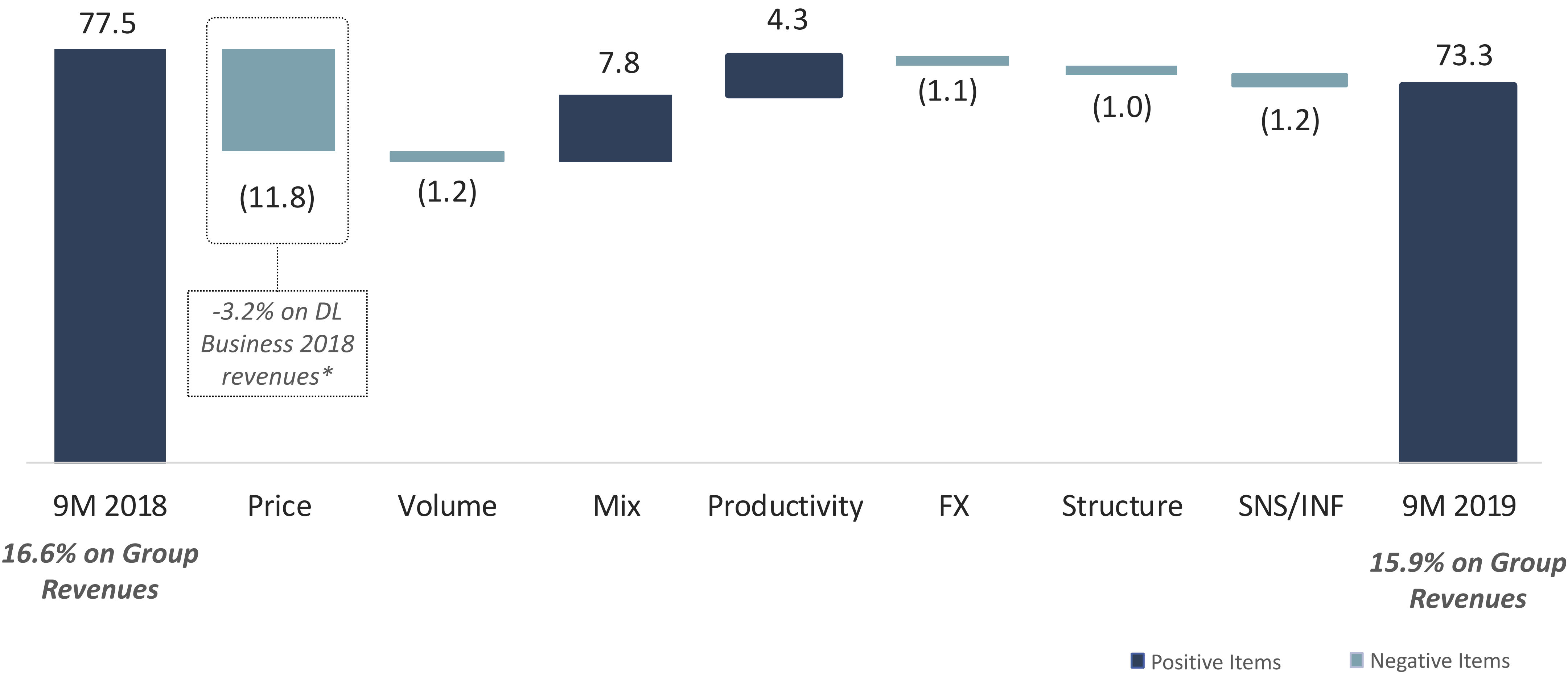
€ m	9M 2019	9M 2018	Variance Reported	Constant FX
Revenues	461.4	466.1	(1.0%)	(3.8%)
Gross Margin	223.5	226.7		
<i>% on Revenues</i>	48.4%	48.6%	-0.2 pp	+0.6 pp
Operating expenses	(166.3)	(160.3)		
<i>% on Revenues</i>	(36.1%)	(34.4%)	-1.7 pp	-1.8 pp
EBITDA *	73.3	77.5		
<i>% Ebitda margin</i>	15.9%	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

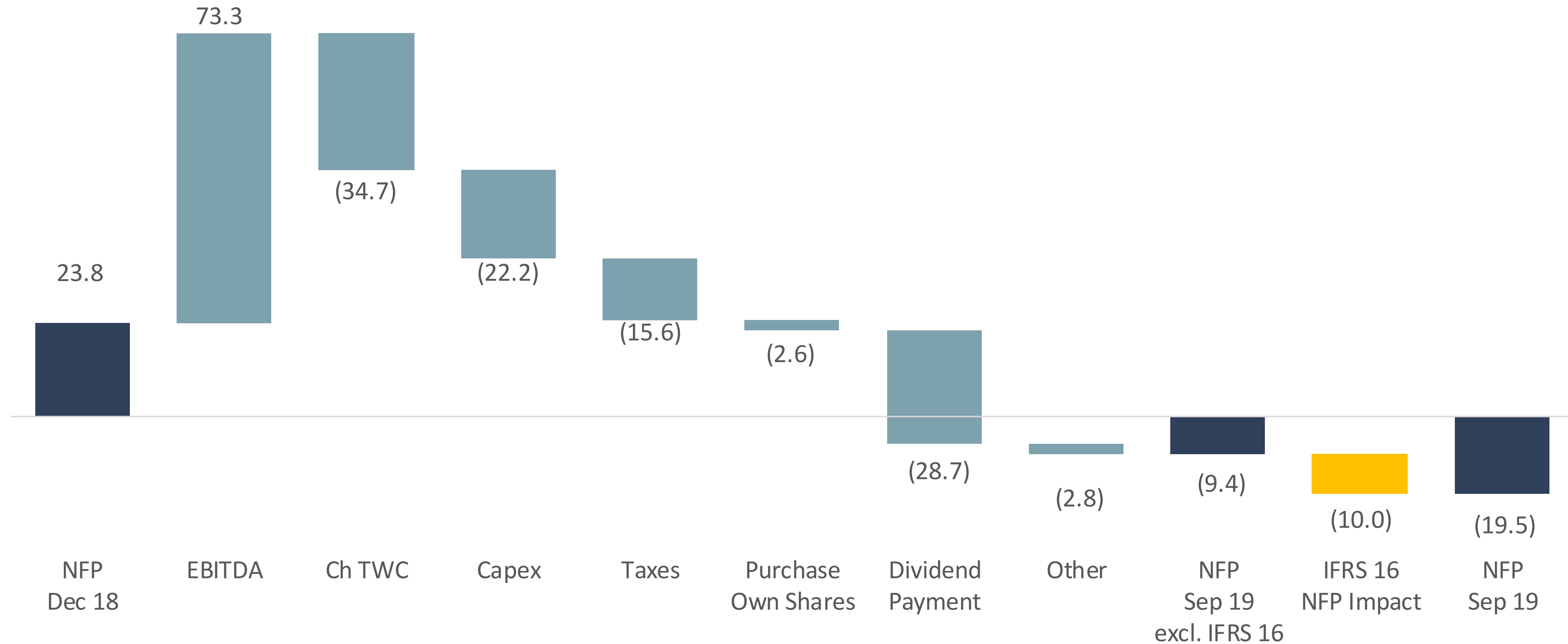
EBITDA: 9M actual vs last year

€ 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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