



STAR Conference London

24 October 2018

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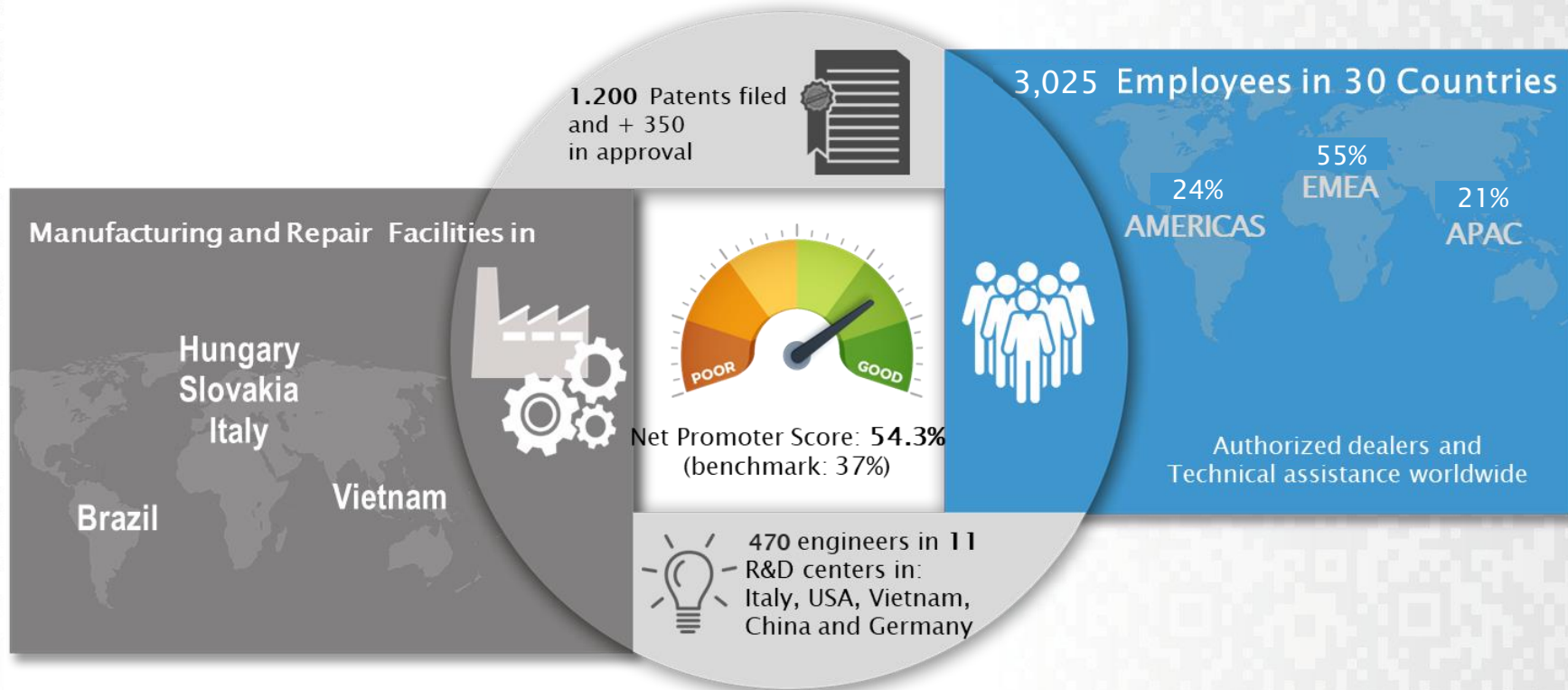
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Group Overview

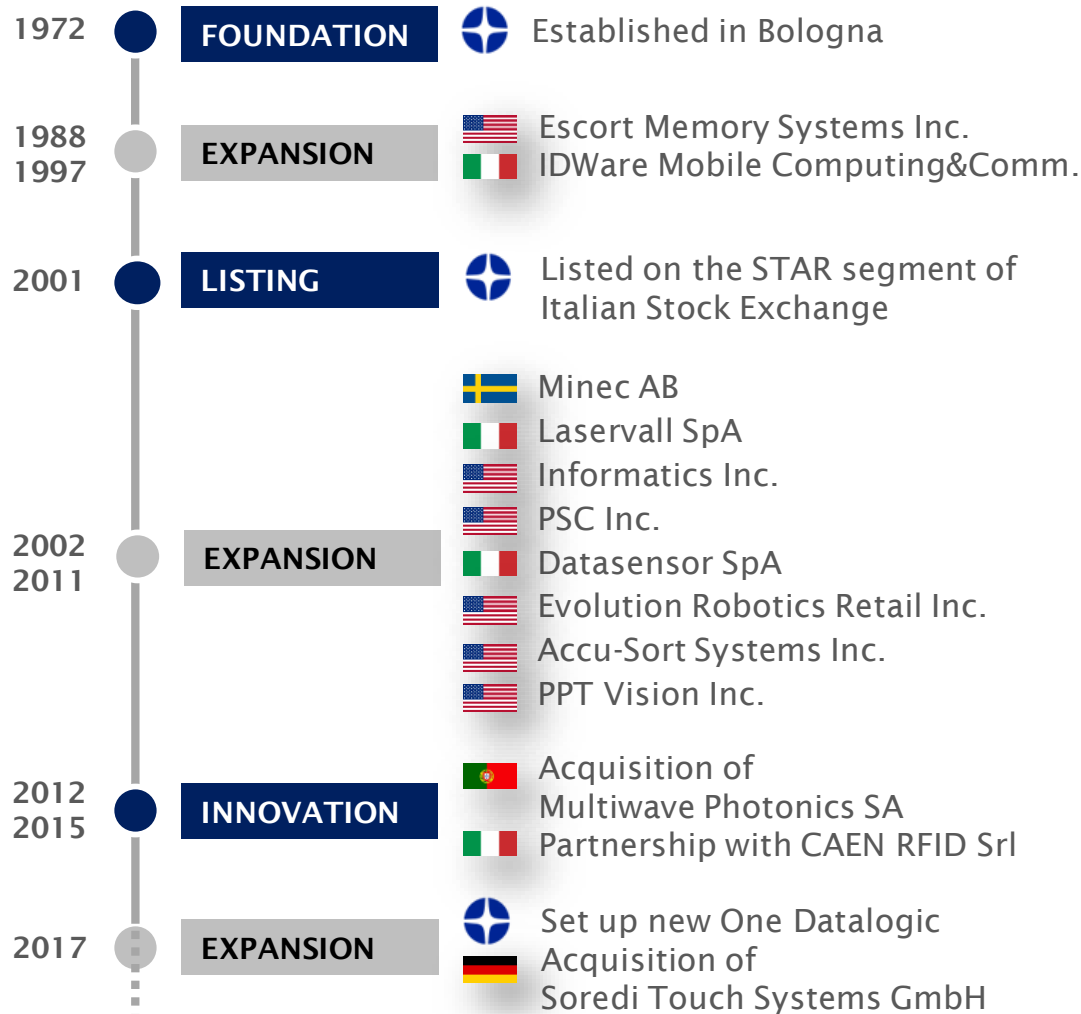
Datalogic at a glance

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

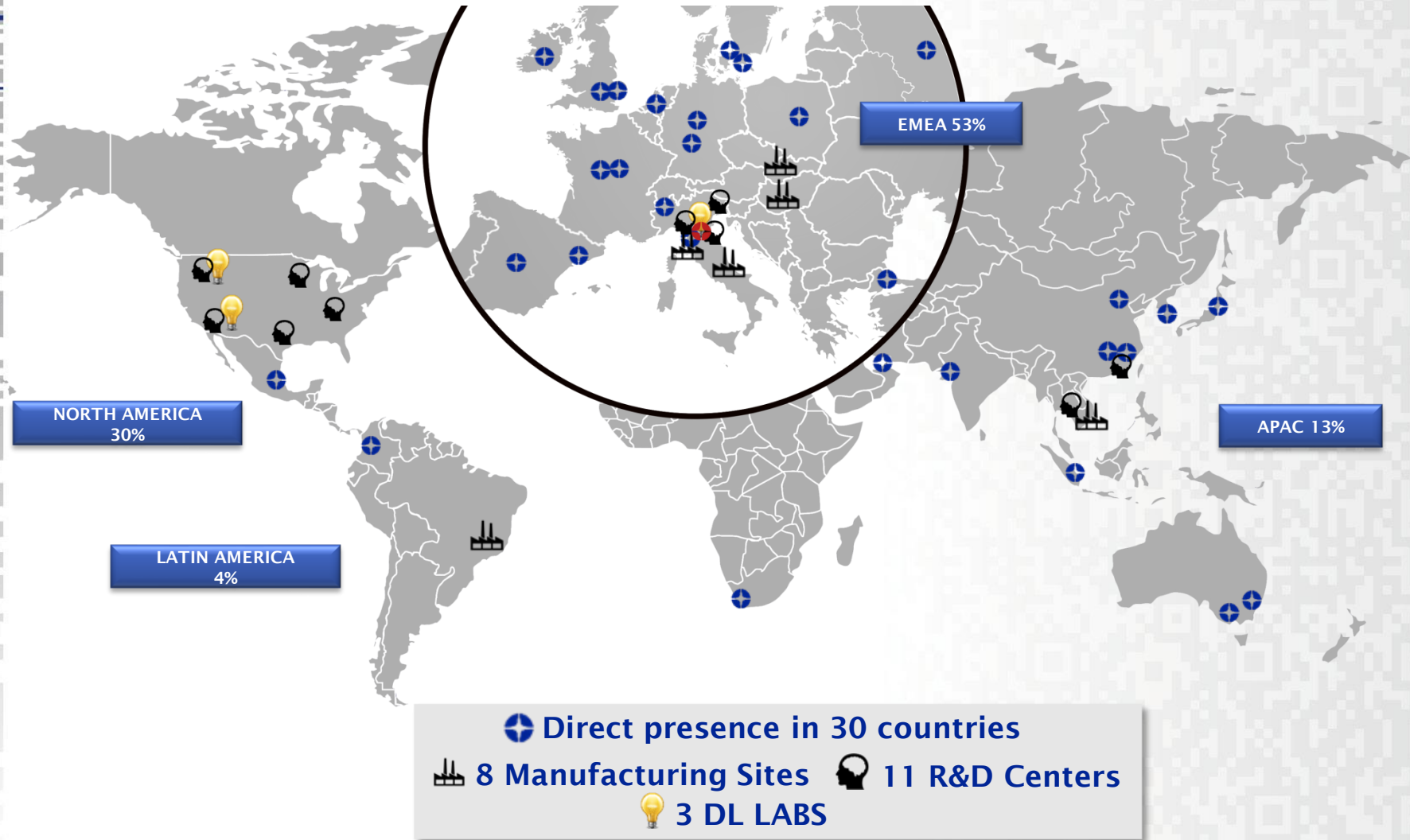
Founded in 1972, listed on the Italian Stock Exchange since 2001.



Over 40 years of Technological Innovation



A Wide Geographical Footprint



Note: Breakdown by area based on 1H 2018 revenues

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

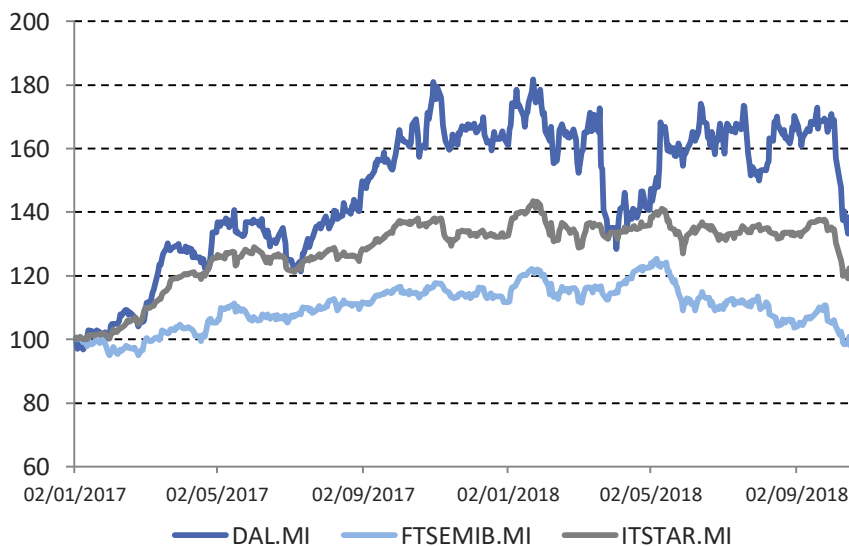
Ticker: DAL

Price (October 19, 2018): 25.50 Euro

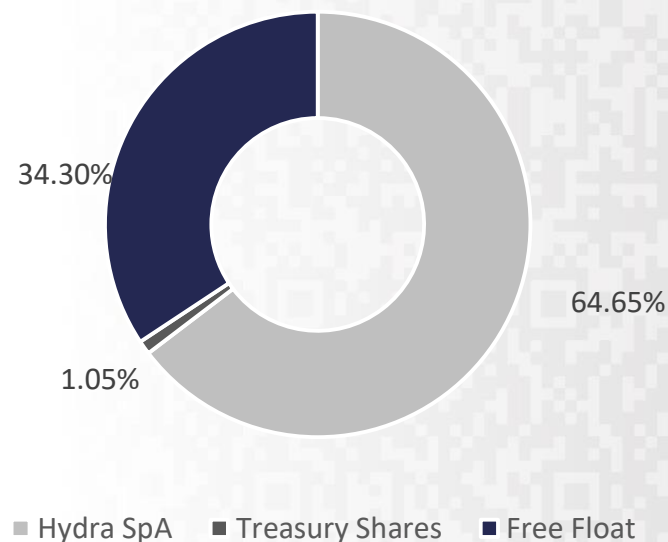
Market Cap (October 19, 2018): 1.49 B Euro

Auditing Company: EY

DATALOGIC PRICE PERFORMANCE



SHAREHOLDERS' STRUCTURE



Strategy and Outlook

A clear strategy

THE OBJECTIVE

Keep constantly growing above market average, while significantly improving profitability

THE SCOPE

Remain a product company with new emphasis on solutions to satisfy the needs of End-Users in the following industries:
Retail;
Manufacturing;
Transportation&Logistics;
Healthcare.

THE ADVANTAGE

Moving from a Product to a Customer-Centric company, leveraging on our wide range of products, that is able to fulfil our Customers' needs for both data collection and process automation and providing end-to-end solutions across the entire flow of operations

Unique Player across IA and ADC Markets

DATALOGIC is the only player across the Global competitive landscape who can boast a wide and consolidated experience in both the two fields of:

- Industrial Automation (dating back to the foundation of the company)
- Automatic Data Capture (leadership deriving from the acquisition of PSC USA)

AUTOMATIC DATA CAPTURE

INDUSTRIAL AUTOMATION



DATALOGIC

COGNEX

KEYENCE

SICK
Sensor Intelligence.

A New Organization by Verticals...



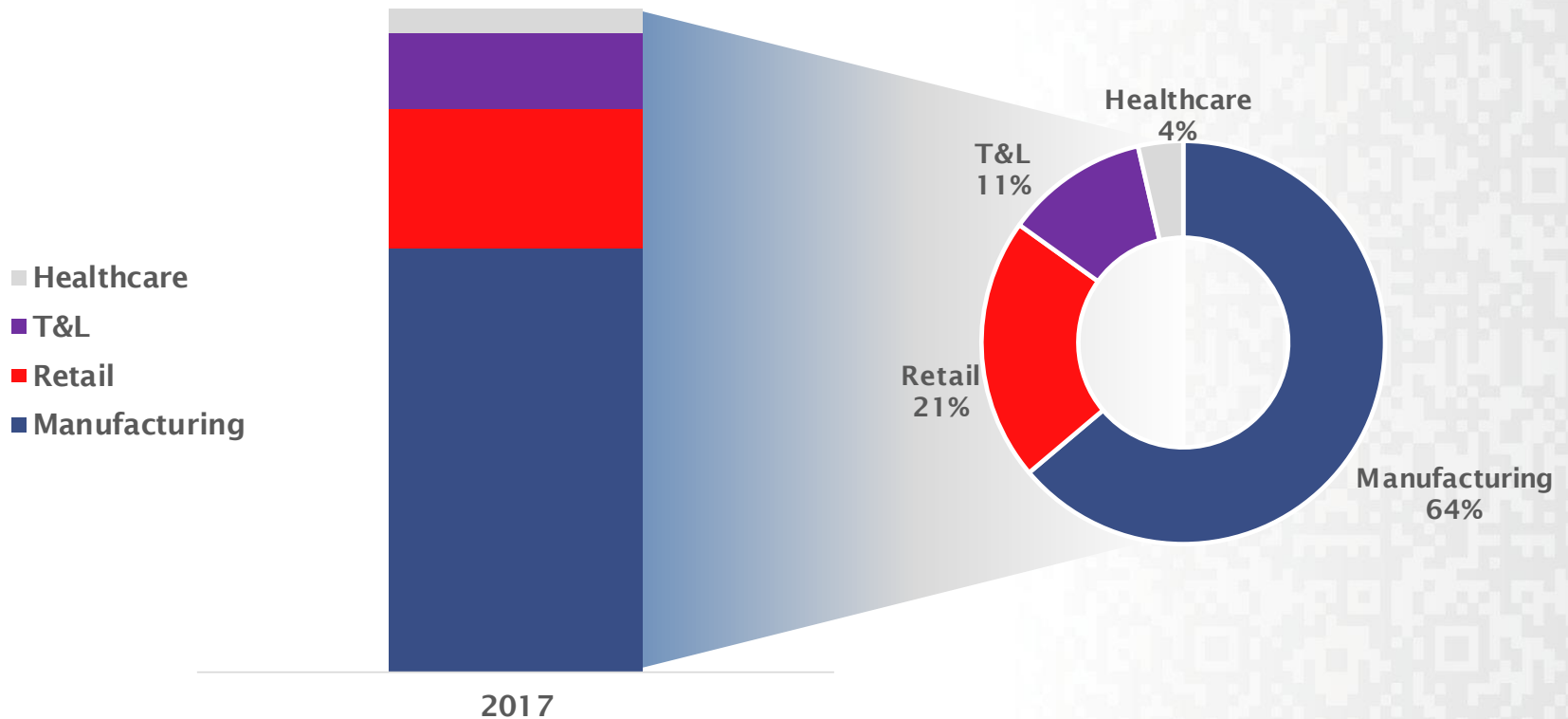
Note: Figures represent the Revenues breakdown of the Datalogic division at H1 2018

...with a Wide and Complementary Offer



Total Addressable Market

Total Addressable Market @ \$11 BN
CAGR 2017-2021 +5.4%



Source: VDC 2017 and Management estimates

We play in a growing market



2016: **1.86** trillion USD

2021: **4.48** trillion USD

**Retail
e-Commerce**



2016: **1.9** billion USD

2021: **22.4** billion USD

**Warehousing and
Logistics Robotics**



2016: **3.9** trillion USD

2025: **11.1** trillion USD

Internet of Things

Datalogic products and solutions are essential for the e-commerce, the robotics and the IoT revolution

There has never been a more exciting time as this to operate in the market we play in

Retail

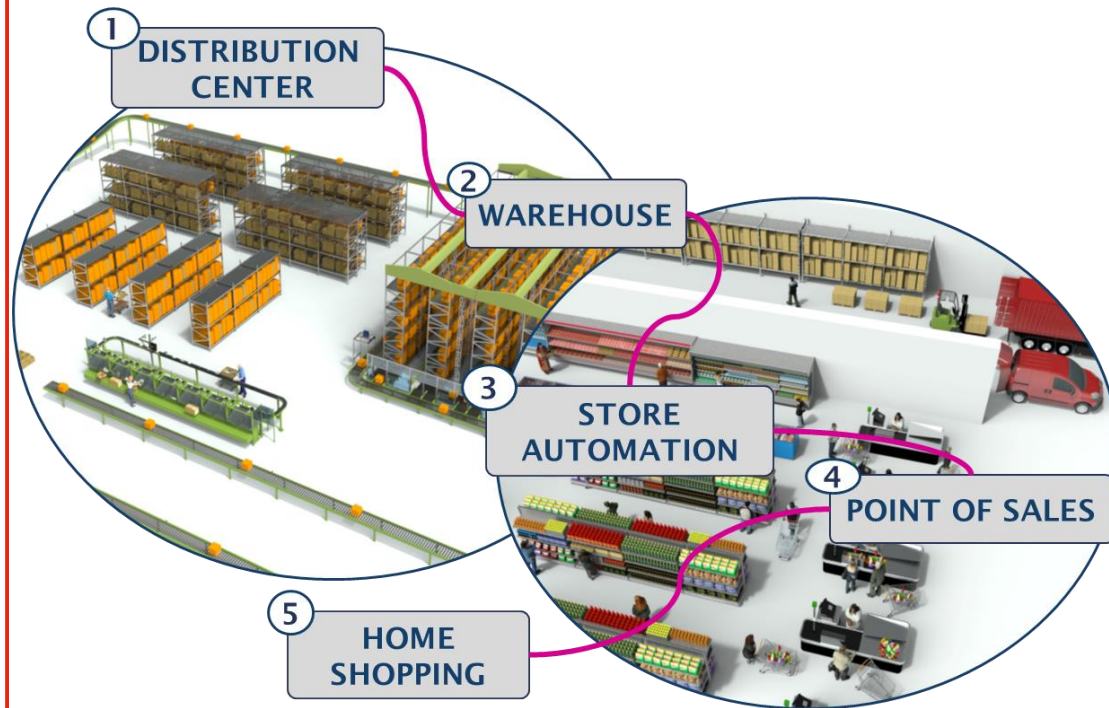
Bringing offline and online together



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 in Troy, Ohio to 2018 with the NRF exhibition in New York with the innovative **frictionless shopping**
- New Data capture products for E-commerce and multichannel

FROM WAREHOUSE TO CHECKOUT



Retail

Bringing offline and online together



DATALOGIC RESULTS



- **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

MARKET OUTLOOK

- E-commerce drives change towards an omnichannel experience (brick and mortar – online shopping)
- 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.



* Source: eMarketer

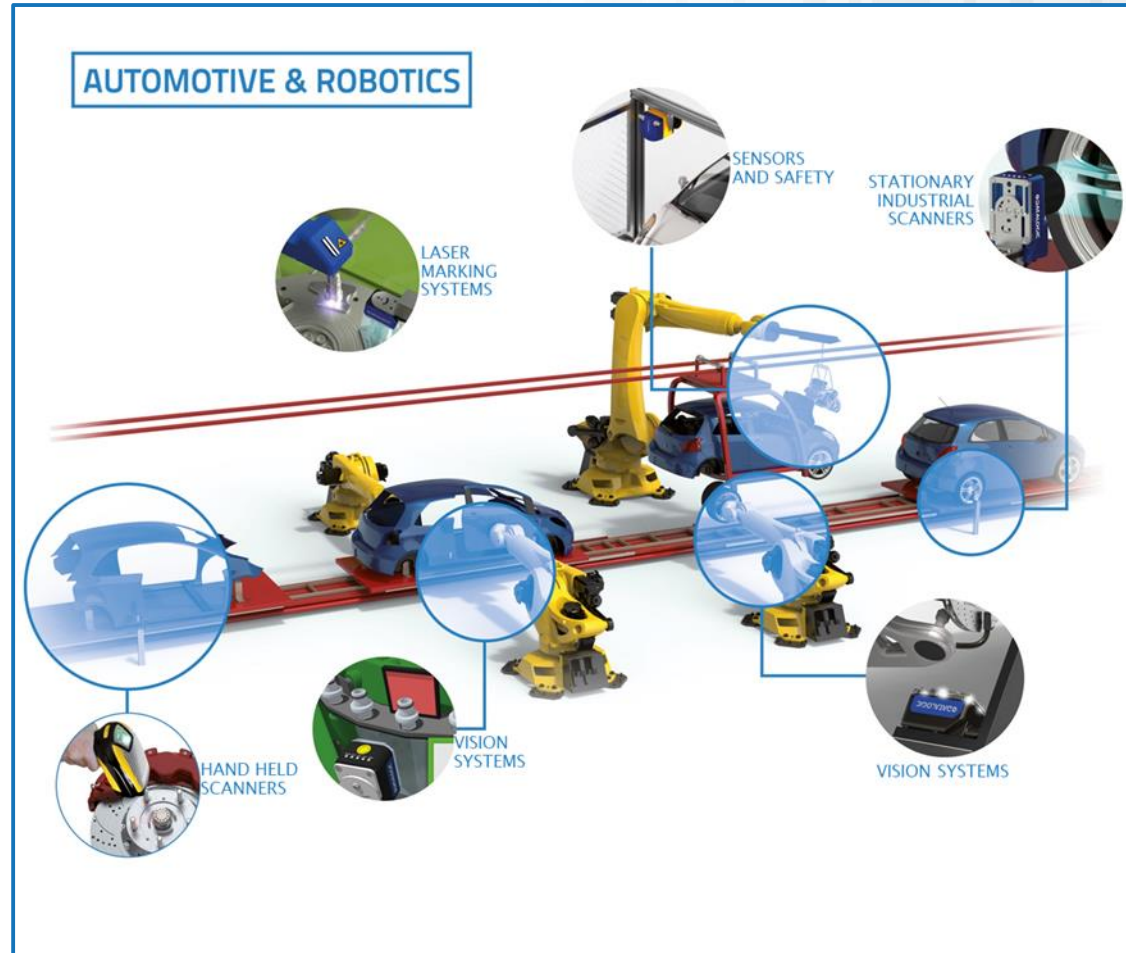


Manufacturing

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.**
- Expanding into **Intralogistic solutions** and **Robotic/AGV** guidance



Manufacturing

The factory of the future



DATALOGIC RESULTS



- 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**

MARKET OUTLOOK

- **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



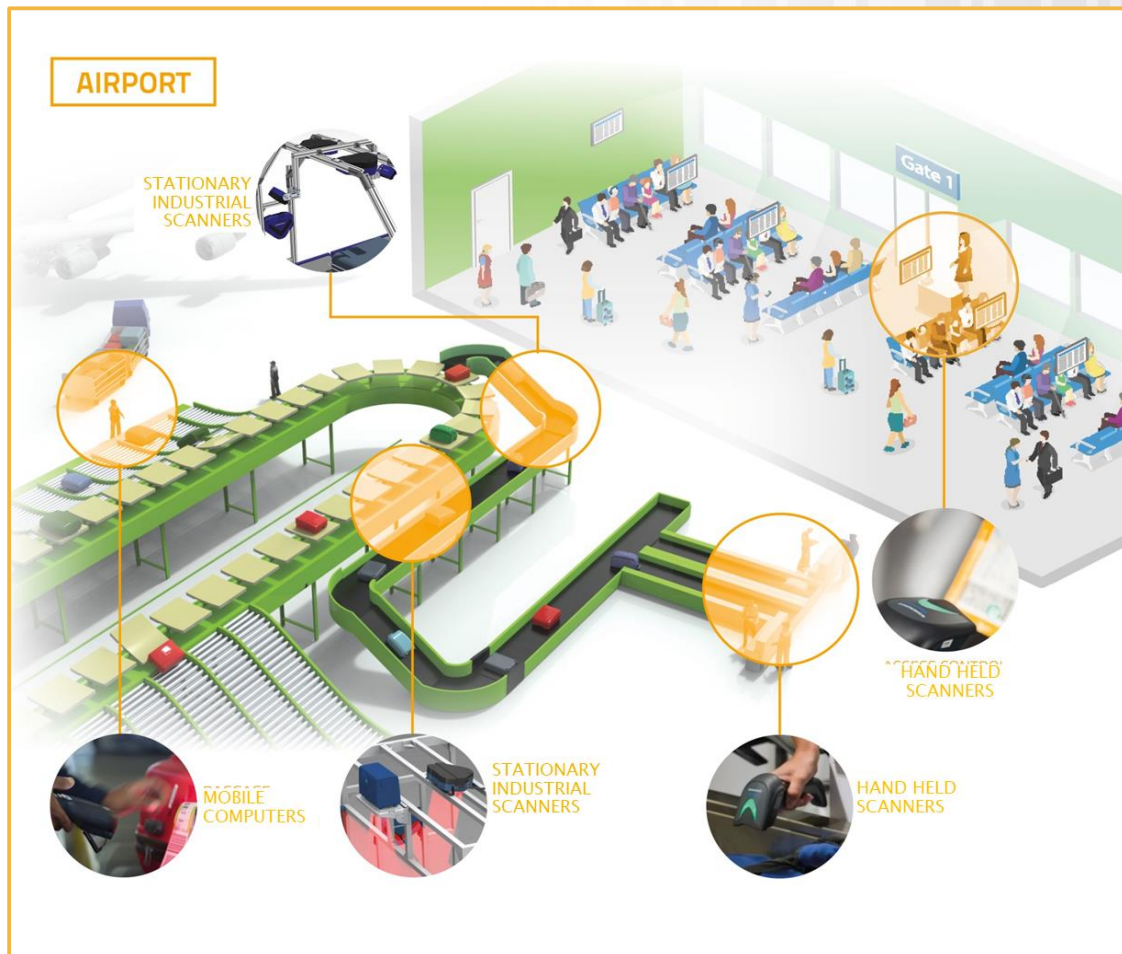
Transportation & Logistics

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



Transportation & Logistics

End to end visibility and real time tracking



DATALOGIC RESULTS



- 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

MARKET OUTLOOK

- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility
- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage.
- Strong demand for solutions beyond barcode



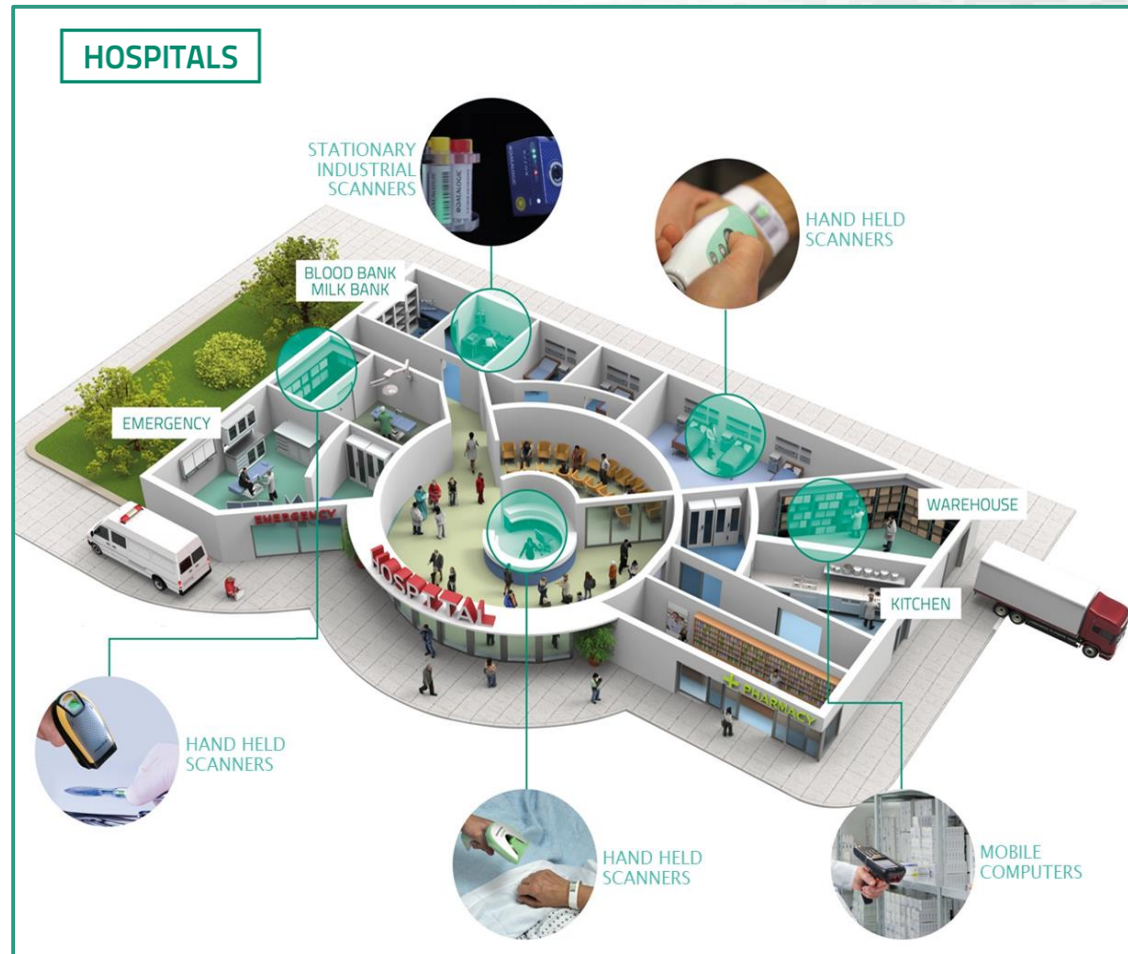


Healthcare

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





Healthcare

Meet regulations and Higher Patient Safety

DATALOGIC RESULTS



- **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**

MARKET OUTLOOK

- Drugs tracking to avoid counterfeit medications
- RTLS (Real Time Location System) - System used to provide immediate or real-time tracking and management of medical equipment, staff and patients within all types of patient care environments
- HC Emerging trends: Telemedicine/Telehealth



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
-



- Strong pipeline of new products to be launched in H2, ramp up of new products launched in the last 12 months in H2

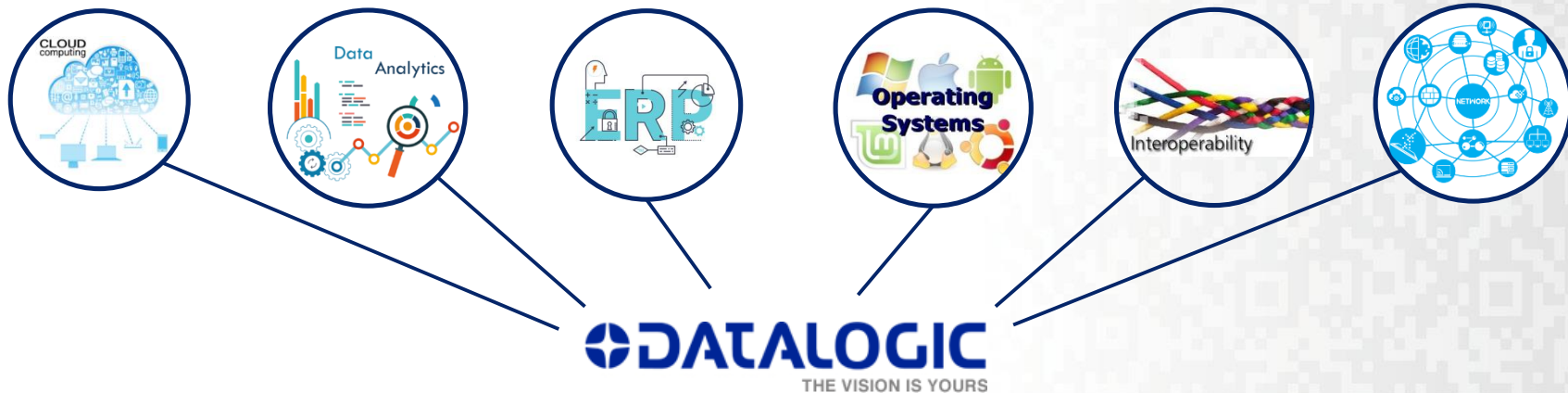
Technologies and Products

Product Innovation and Development

- **New product development** process driven by **customer needs**
- A portfolio of more than **1.200 patents**
- **9.1% of Revenues** invested in **R&D** on a yearly basis, equal to over €55 million in 2017
- **11 Research & Development Centers**
- **470 R&D resources**, more than 450 Engineers, engaged in new product development and emerging technologies



Datalogic Technology Roadmap



Goal:

Identification – selection – protection – development, of technologies needed to maintain the business performance in accordance with the company's objectives for the next 5 years

Methodology:

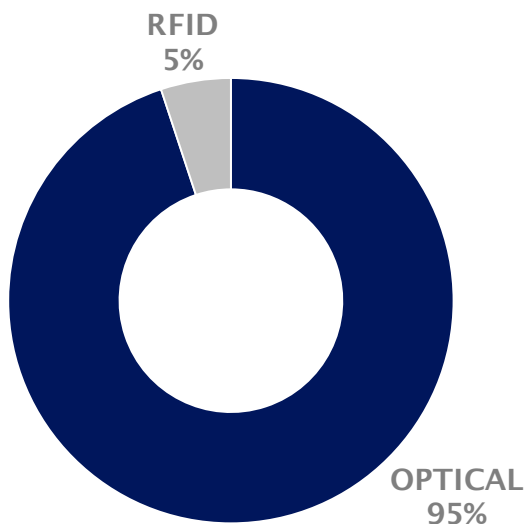
Define the **technology stack**, divided by:

- Core technologies: Not available on the market
- Product driven technologies: Used heavily in our products
- Solution driven technologies: Contribute to the consumer's experience

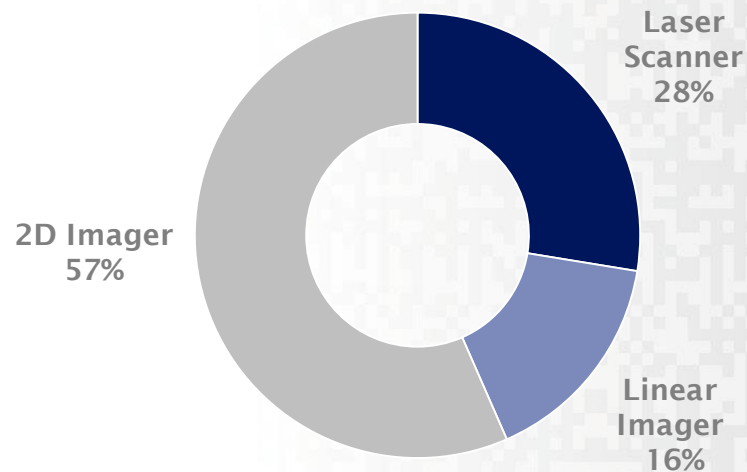
Market split by Technology

Datalogic can offer all the technologies available for products identification

Data Capture Technology



Market Value: \$4.3 Bn

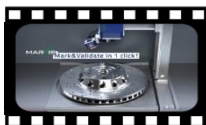


includes only Hand Held Scanners, Industrial Stationary Scanners and Point of Sale Check Out



2017 (base year 2016)

H1 2018 Product Launches



**MARVIS MARK READ VERIFY
INTEGRATED SOLUTION**



**STATIONARY LASER
SCANNER**

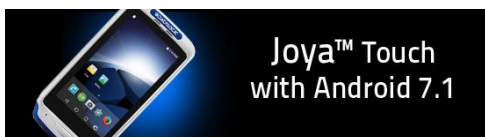


2D DECODER SCAN ENGINE

**LANEHAWK
LH5000 - SEAHAWK**



**SG4 FIELDBUS
- ADVANCED MODEL**



JOYA TOUCH WITH ANDROID 7.1



**SH15 / SH21
BLACKLINE COMPUTERS**



STAR DONGLE - BOBTAIL



FALCON X4

**SOTI MOBICONTROL
ENTERPRISE MOBILITY
MANAGEMENT**



Financials

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

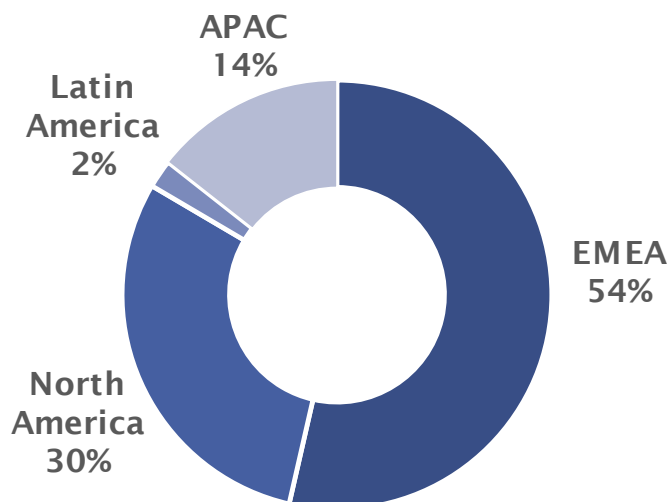
€ m	1H2018	1H2017	Var%
Revenues	307.0	299.3	2.6%
Gross Operating Margin	149.4	142.3	5.1%
<i>%on Revenues</i>	48.7%	47.5%	
Operating expenses	(105.9)	(97.8)	8.3%
<i>%on Revenues</i>	(34.5%)	(32.7%)	
EBITDA	50.8	51.8	(1.9%)
<i>Ebitda margin</i>	16.6%	17.3%	
EBIT	40.3	41.2	(2.2%)
<i>Ebit margin</i>	13.1%	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%

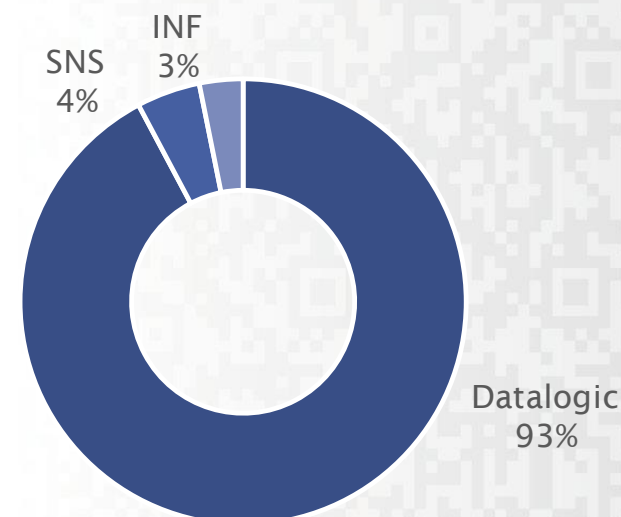


- Sound growth net of forex
- Continuous growth in APAC driven by China and Korea (+27.3 and +34.3% net of forex)
- Keeping on growing in EMEA in all the main verticals
- NA positive net of forex, lead by double digit growth in T&L, Manufacturing and Retail
- Strong performance of Solution Net Systems,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

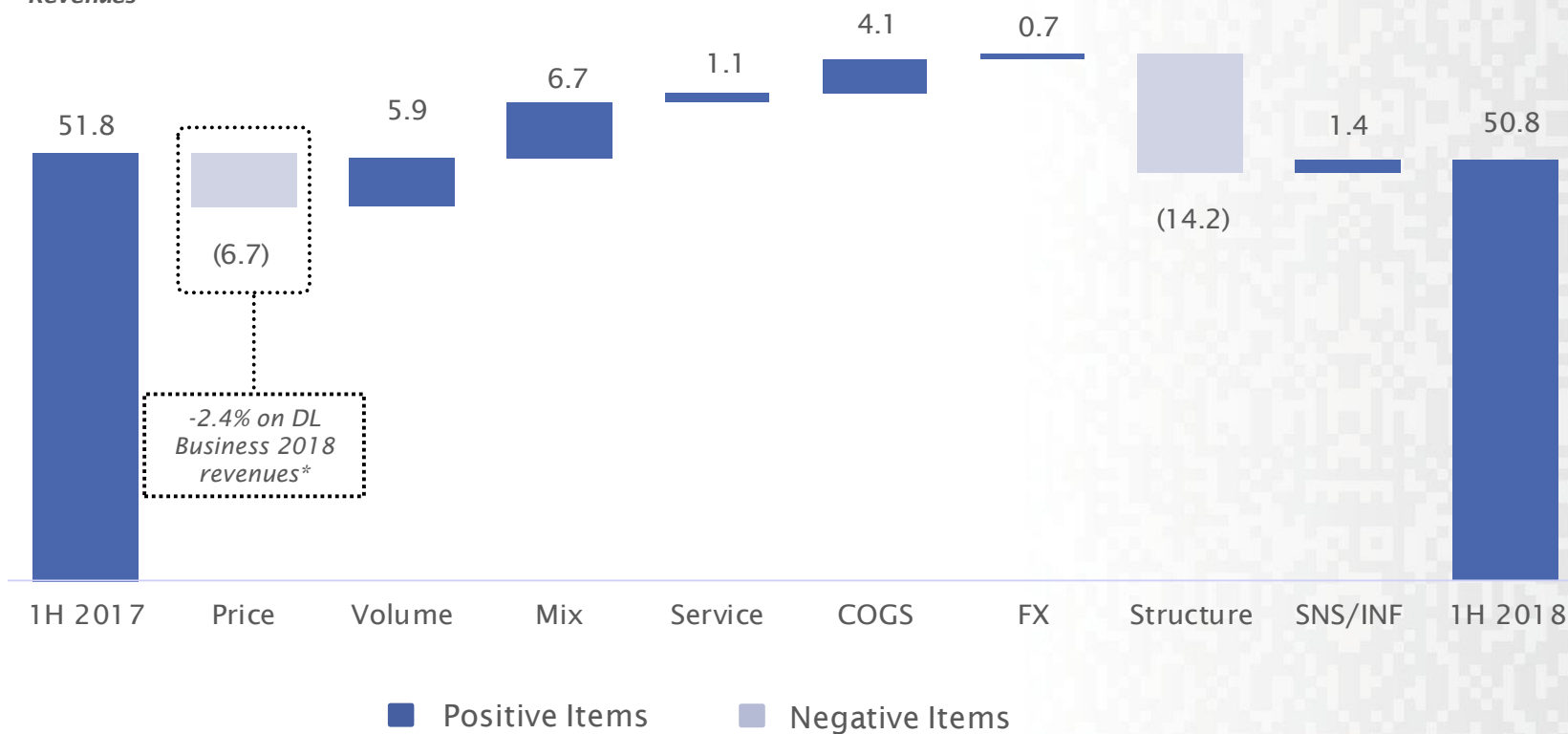
€ m	1H2018	1H2017
Datalogic	48.7	51.3
Solution Net Systems	1.9	0.8
Informatics	0.3	(0.3)
Total Group	50.8	51.8

EBITDA: actual vs last year

€ m

17.3 % on
Group
Revenues

16.6% on
Group
Revenues



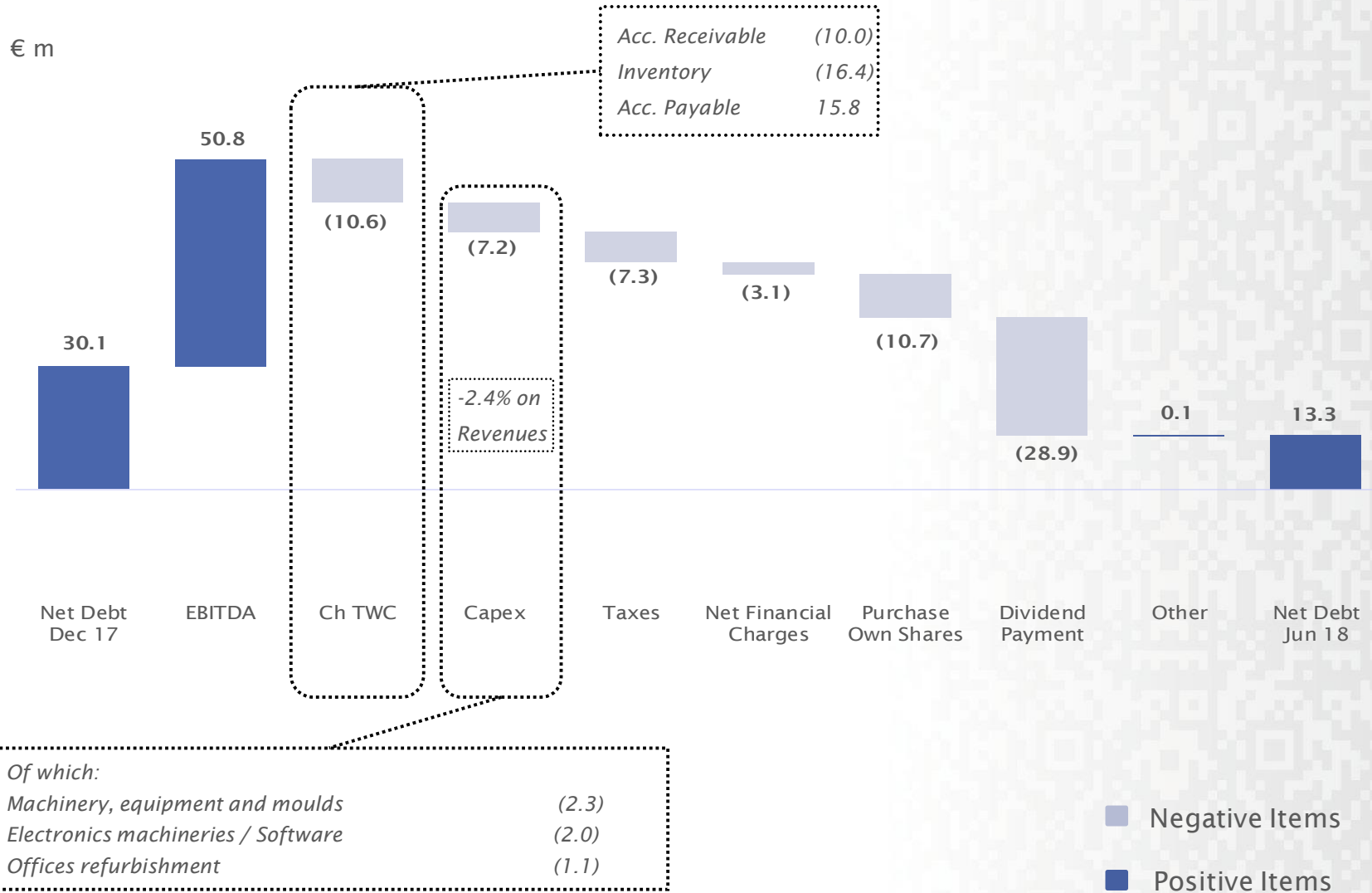
* Excluding GCO and Service

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



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NEXT EVENTS

November 13th, 2018
9M results

DATALOGIC ON LINE

www.datalogic.com