



9M 2016
Conference Call

November 11th, 2016

Agenda

- 9M 2016
- Outlook

9M 2016

3Q 2016 Key Factors

FOCUS ON CLIENT

- **Continuous focus on innovation:** new launches of breakthrough products in the quarter - Joya Touch and Shop Evolution 7
 - Growth of Non Food Retailers in US, T&L in Europe and FA in China
 - **20.4% of revenues** comes from new products*
-

MARKET

- **Double digit growth in Europe both in ADC and IA**
 - Some impact from political uncertainties in US
-

ORGANISATION

- The process of reorganization of the Group by verticals – Retail, T&L, Factory Automation and Healthcare – is ongoing
 - Critical components Insourcing
 - Finalized process of BU System spin off, executed from 1st October
-

* new products refer to products announced in the last 24 months

Highlights 3Q 2016

Revenues

- +4.6% YoY to 139.9 mln Euro (+4.8% at constant exchange rate) mainly thanks to Europe, both in ADC and IA, and to North and South America in ADC
- Some slowdown in result of US due to political uncertainties

EBITDA

- +15.6% YoY to 21.7 mln Euro thanks to strong operating cost reduction (-1.1% overall)
- R&D costs at 8.8% of revenues vs 8.3% in 2Q, returning back to our target
- EBITDA margin at 15.5% vs 14.0% of 3Q 2015

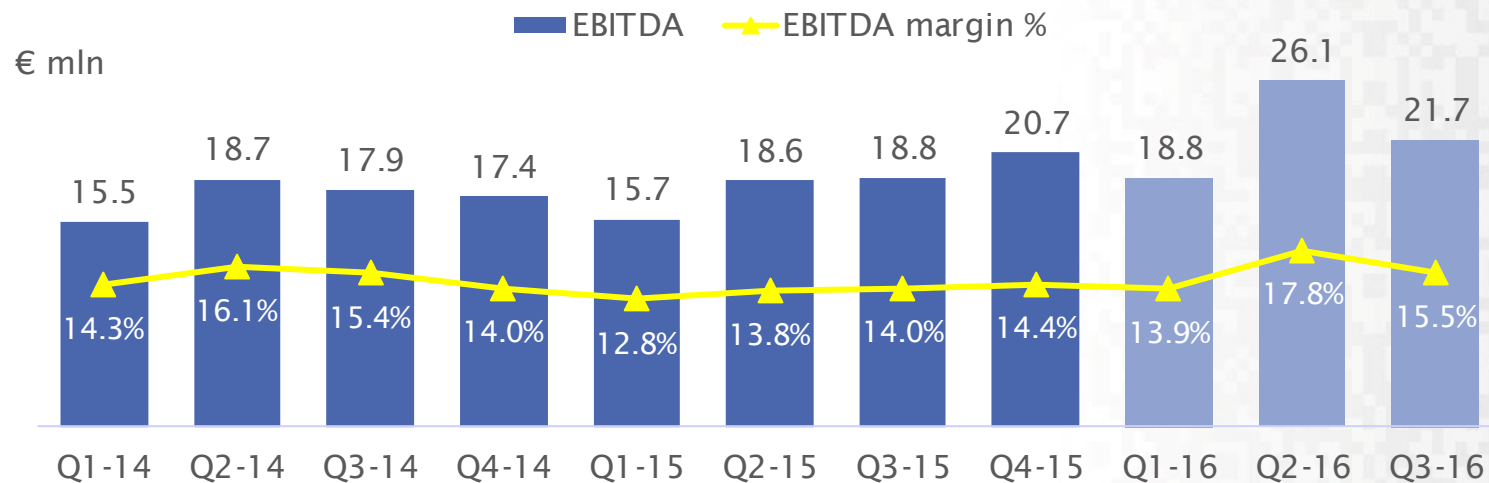
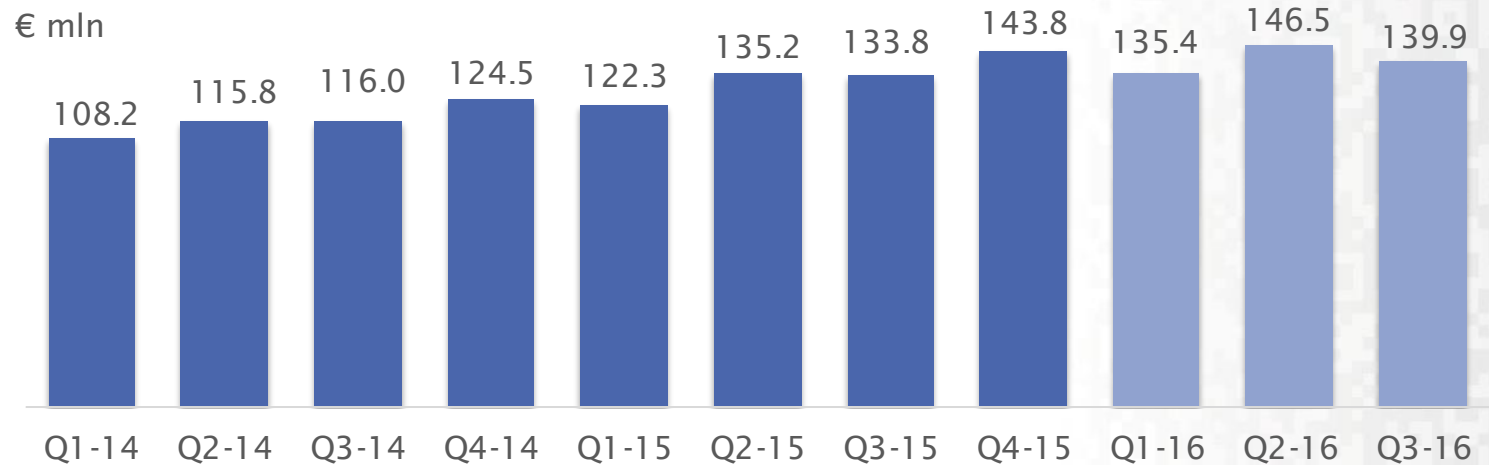
NFP

- Positive trend of financial costs continues
- NFP down to 37.6 mln Euro from 54.8 mln Euro at 30.09.2015

€ mln	3Q2016	3Q2015	YoY%	2Q2016	QoQ %
Revenues	139.9	133.8	4.6%	146.5	(4.5%)
Gross Operating Profit	63.5	61.3	3.5%	68.9	(7.8%)
EBITDA	21.7	18.8	15.6%	26.1	(17.0%)
<i>EBITDA Margin</i>	15.5%	14.0%		17.8%	
EBIT	17.4	13.4	30.1%	21.1	(17.4%)
<i>EBIT Margin</i>	12.5%	10.0%		14.4%	

3Q 2016: performance above historical average

REVENUES



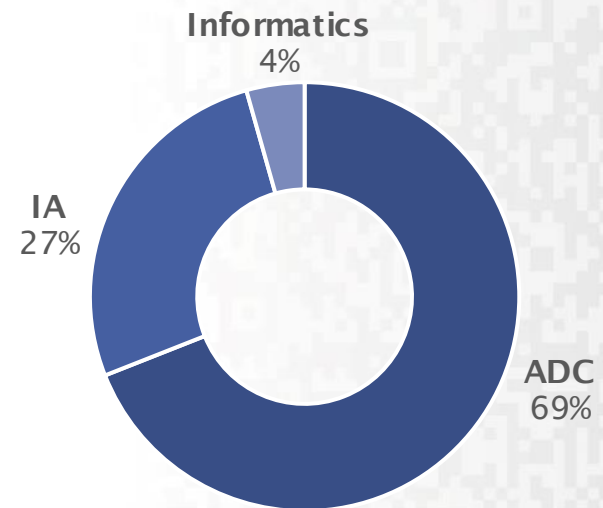
9M 2016 Profit and Loss

€ 000	9M2016		9M2015		Var %
Revenues	421,753	100.0%	391,295	100.0%	7.8%
COGS	(227,269)	(53.9%)	(208,546)	(53.3%)	9.0%
Gross Operating Margin	194,484	46.1%	182,749	46.7%	6.4%
Other Revenues	2,321	0.6%	1,483	0.4%	56.5%
R&D	(36,636)	(8.7%)	(34,764)	(8.9%)	5.4%
Distribution Costs	(74,892)	(17.8%)	(74,758)	(19.1%)	0.2%
Administrative Expenses	(27,873)	(6.6%)	(29,056)	(7.4%)	(4.1%)
Other operating expenses	(1,147)	(0.3%)	(1,842)	(0.5%)	(37.7%)
Total Operating expenses and others	(140,548)	(33.3%)	(140,420)	(35.9%)	0.1%
Non recurring costs/rev	149	0.0%	(1,428)	(0.4%)	n.a.
Amort. Intang. Assets from acquis.	(3,656)	(0.9%)	(4,295)	(1.1%)	(14.9%)
Operating Profit (EBIT)	52,750	12.5%	38,089	9.7%	38.5%
Financial (costs)/rev.	(2,603)	(0.6%)	(3,950)	(1.0%)	(34.1%)
Results from equity investments	(466)	(0.1%)	40	0.0%	n.a.
Foreign exchange (costs)/rev.	(548)	(0.1%)	2,387	0.6%	n.a.
EBT	49,133	11.6%	36,566	9.3%	34.4%
Taxes	(8,251)	(2.0%)	(6,143)	(1.6%)	34.3%
Net Income	40,882	9.7%	30,423	7.8%	34.4%
Depreciation	(6,629)	(1.6%)	(5,773)	(1.5%)	14.8%
Amortization	(3,753)	(0.9%)	(3,493)	(0.9%)	7.4%
EBITDA	66,639	15.8%	53,078	13.6%	25.5%
Exchange Rate	1.1162		1.1144		

Revenues Trend by Division

- ADC Division: +9.3% to 292.7 million Euro
- POS check out fixed scanners with the new imaging technology is in roll out phase within major retailers
- The new DL-Axist is pushing sales of mobile computers
- The new Joya Touch and the software **Shopevolution 7**: successful introduction and great expectations as for customers' feedback
- Industrial Automation** division ex BU Systems: + 5.4% to 99 million Euro
- Strong growth in volume of ID and Sensors products sold, mainly thanks to **Matrix family** and **Safety Barriers**
- BU Systems**, that benefits from Royal Mail order, grew by 47.2% to 13.8 million Euro

REVENUES BY DIVISION (%)

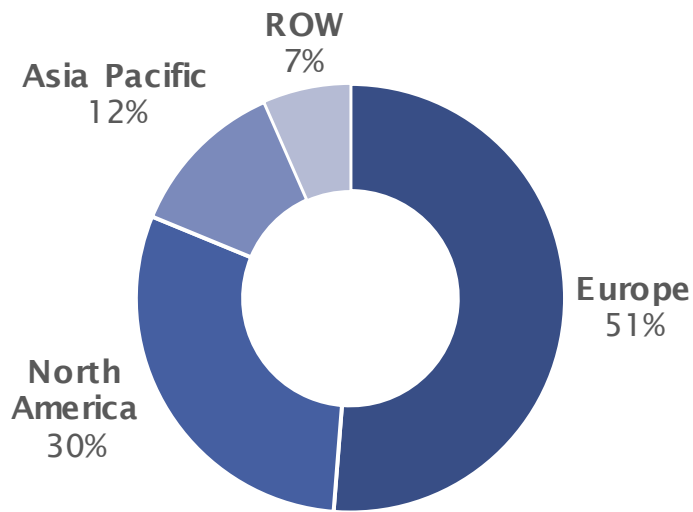


REVENUES BY DIVISION

€mIn	9M 2016	9M 2015	Var %
ADC	292.7	267.7	9.3%
IA	112.9	103.4	9.2%
- IA ex BU Systems	99.1	94.0	5.4%
Informatics	18.6	22.1	(15.9%)
Corporate and Adj.	(2.4)	(1.9)	26.3%
Total Revenues	421.8	391.3	7.8%

Revenues Trend by Country

REVENUES BY GEOGRAPHIC AREA			
€mln	9M 2016	9M 2015	Var %
Europe	216.2	197.4	9.5%
North America	126.4	117.1	8.0%
Asia Pacific	51.4	52.8	(2.5%)
ROW	27.8	24.0	15.5%
Total Revenues	421.8	391.3	7.8%



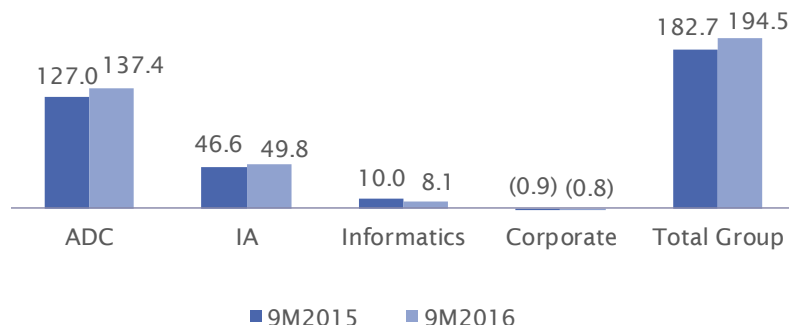
* IA excluding BU Systems

- **Europe** continues to generate robust growth in particular in IA* (+13.4%) and in ADC (+8.6%),
- **North America at two speeds:** double digit growth of ADC and a decrease in IA* due to a seasonality effect impacting T&L projects
- Strong growth in IA for Greater China and in ADC for Latin America

FY Segment Reporting: GOP and EBITDA

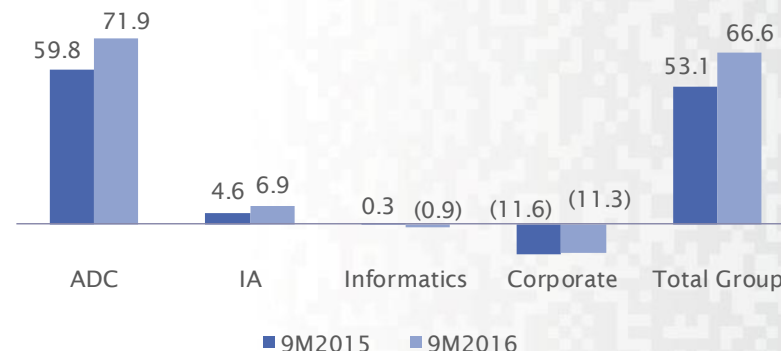
GOP BY DIVISION

€ mln



EBITDA* BY DIVISION

€ mln



€ mln

Gross Operating Margin	9M2016	9M2015
ADC	46.9%	47.4%
Industrial Automation	44.1%	45.1%
- IA ex BU Systems	48.4%	50.0%
Informatics	43.5%	45.2%
Total Group	46.1%	46.7%

€ mln

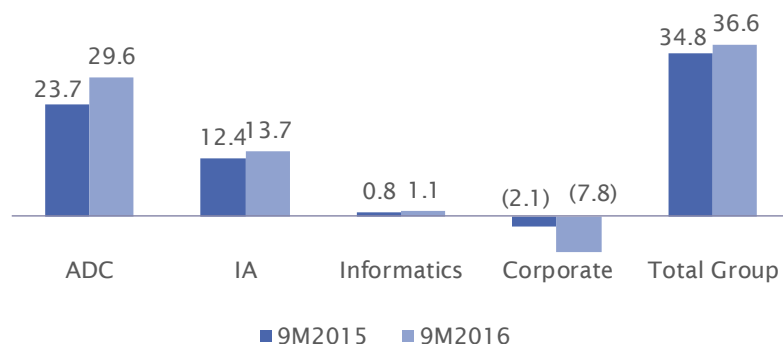
EBITDA Margin	9M2016	9M2015
ADC	24.6%	22.3%
Industrial Automation	6.2%	4.5%
- IA ex BU Systems	8.3%	9.0%
Informatics	(4.8%)	1.4%
Total Group	15.8%	13.6%

(* With the purpose to better report the operating sectors economic performances, it was deemed appropriate to highlight the Divisional EBITDA as monitoring KPI.

FY Segment Reporting: R&D and TWC

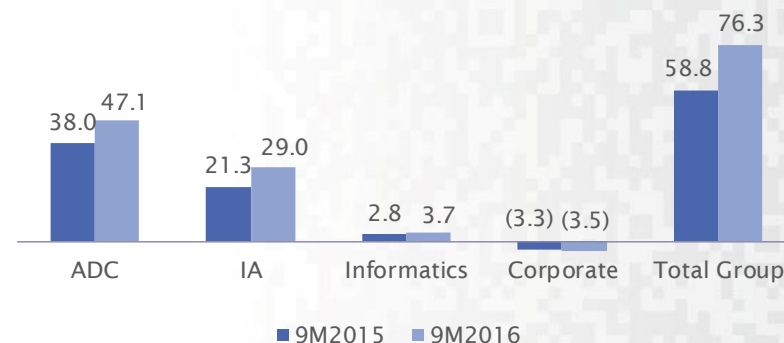
R&D BY DIVISION

€ mln



TWC BY DIVISION

€ mln



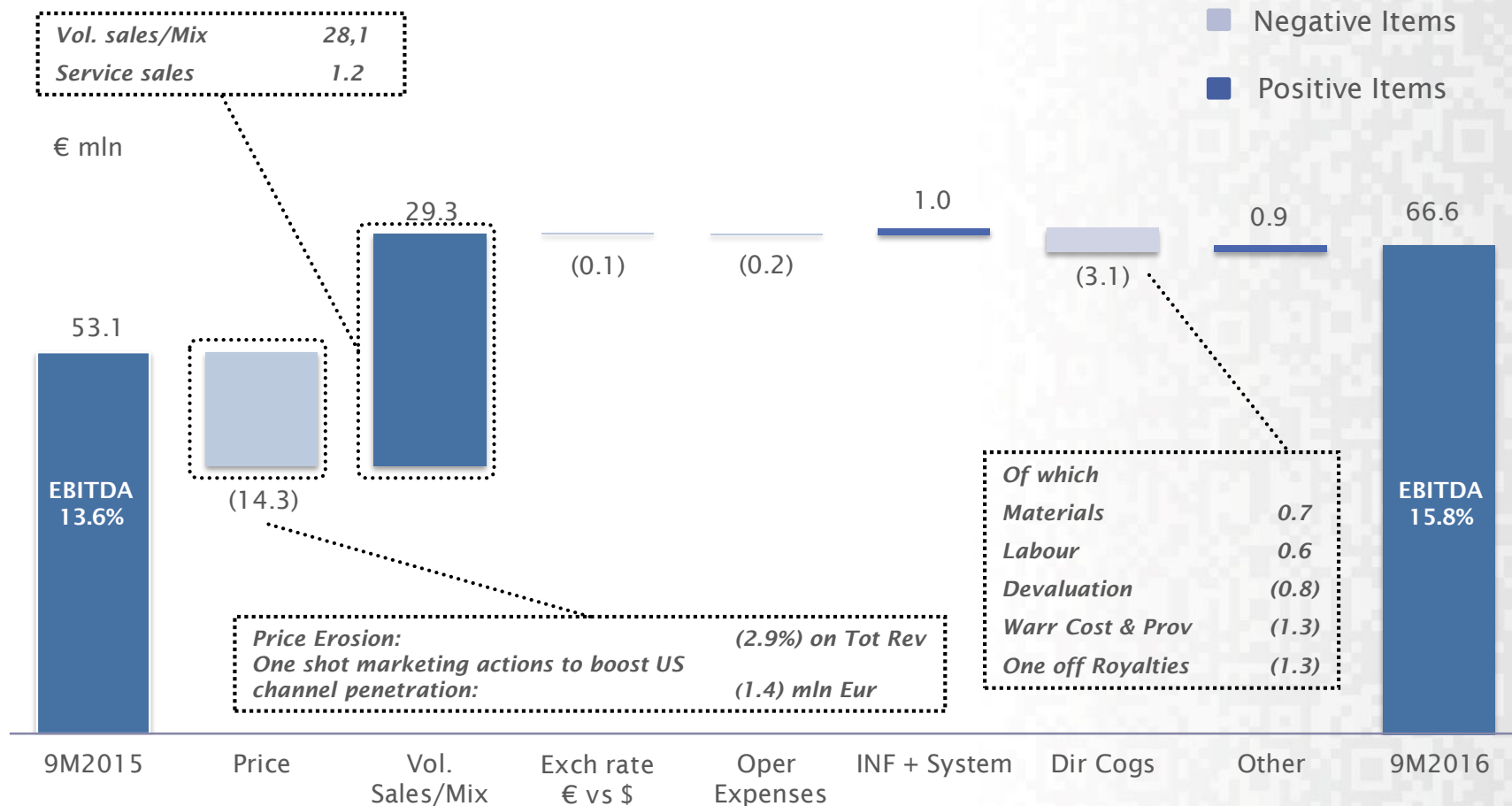
€ mln

R&D/Revenues	9M2016	9M2015
ADC	10.1%	8.9%
Industrial Automation	12.1%	12.0%
Informatics	5.9%	3.6%
Total Group	8.7%	8.9%

€ mln

TWC/Revenues	9M2016	9M2015
ADC	12.1%	10.6%
Industrial Automation	19.3%	15.4%
Informatics	15.1%	9.4%
Total Group	13.6%	11.3%

EBITDA*: Actual vs Last Year



(* Ordinary Operating Profit before non recurring costs/revenues and depreciation & amortization (EBITDA))

Note:

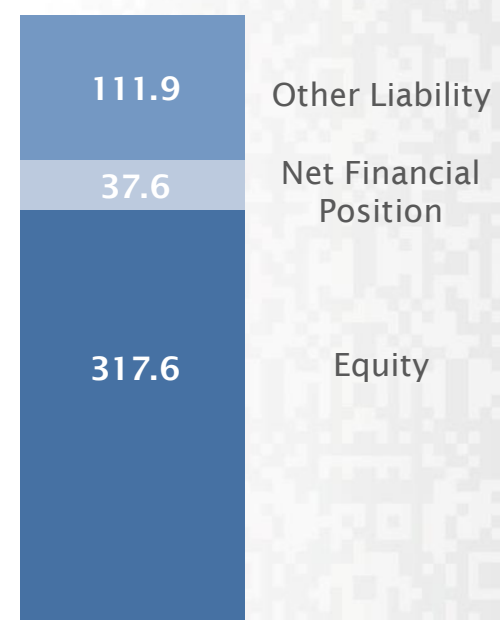
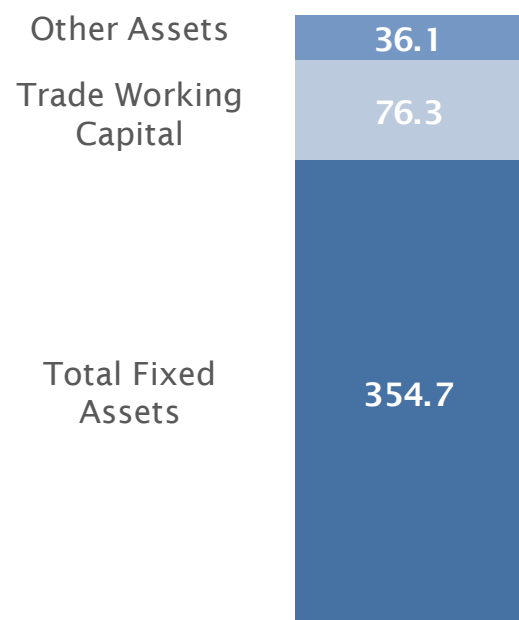
The Exchange rate variance is the result of the difference between September'16 YTD Actual (1.1162) and September'15 YTD Actual (1.1144) € / USD exchange rates.

Consolidated Balance Sheet at 30.09.2016

TOTAL ASSETS

EQUITY AND NFP

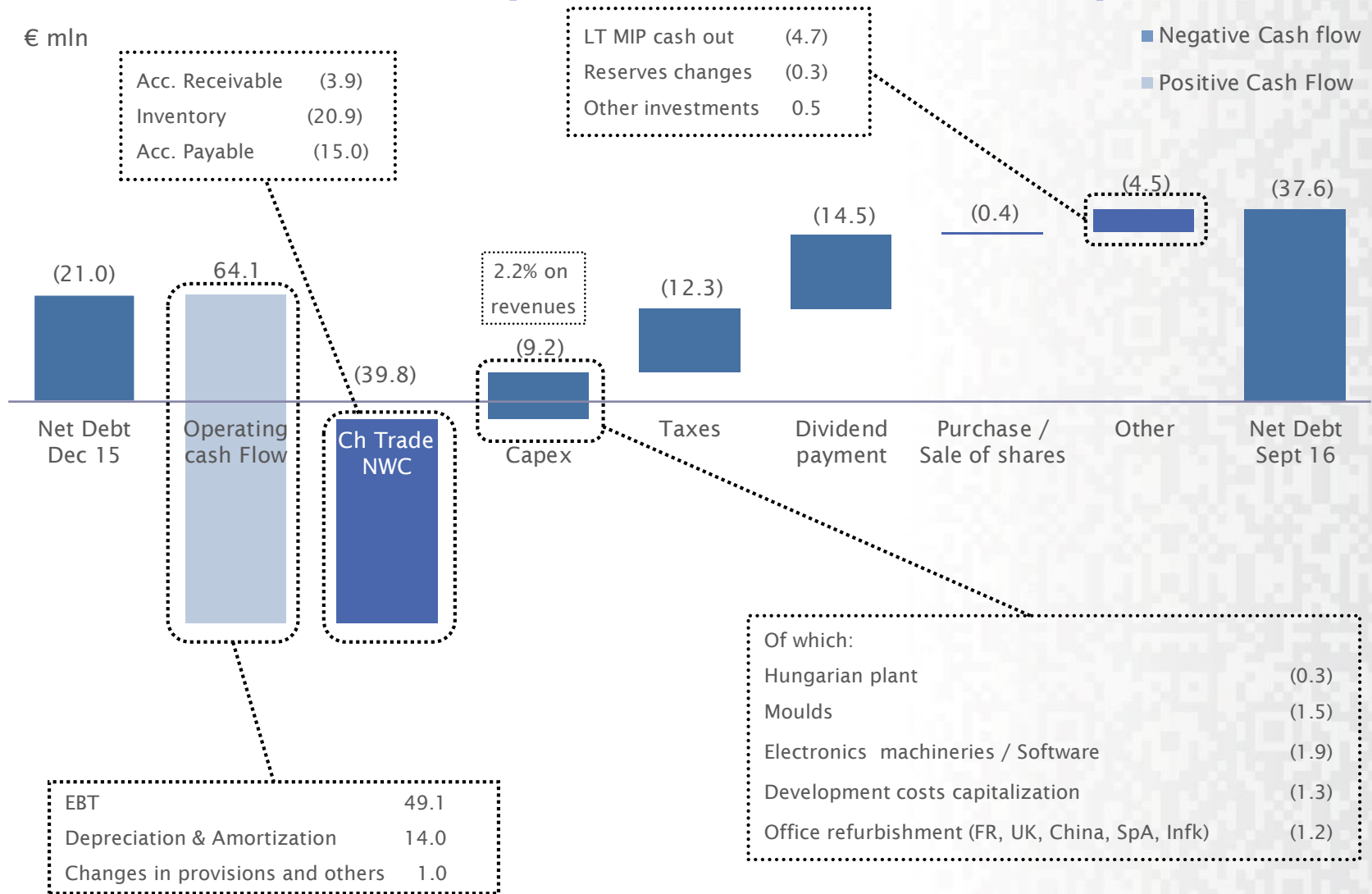
€ mln



Net Debt Analysis: Dec '15 – Sept'16

€ mln

■ Negative Cash flow
■ Positive Cash Flow



ADC new products: Mobile Computer-Store Automation



Joya Touch

Multi-purpose device for retail applications.

- Multi-purpose device: handheld or pistol-grip
- Wireless Charging Cradle
- Datalogic's SoftSpot™ Technology
- 2D imaging technology
- Easily customized in a number of ways
- Fast Charging/Large Battery
- Several application: Retail, Self-shopping, Hospitality and Restaurants, Access Control, Inventory, Store Floor Application



Shopevolution 7 Middleware

Self-shopping software platform.

- Cloud-based Multi-store Support
- Smartphones Android and iOS Support
- Joya Touch Support
- Enhanced Consumer Features including social shopping, eCoupons, shopping list, product rating, indoor navigation, best sellers

Launch at "One Device for all retail event" in Venice on the 26-27 October

IA new products



Identification

WebSentinel PLUS

Monitor and information collector for **Factory Automation** and **Transportation and Logistics** applications.



Safety and Sensors

S65-M

Long Range Background Suppressor for **Factory Automation** mainly for **Packaging** applications



Safety and Sensors

TL46 Low jitter

Low jitter contrast sensor for **Factory Automation** mainly for **Packging** applications



Machine Vision

Impact + Object Detector

Machine vision solution for fast and reliable object detection applications for **T&L Industry** based on the P-Series Smart Camera.

Outlook

2016 Outlook

- **Expected 2016 revenues almost in line with 9 months growth trend.**
- **R&D investment up to 9.0% of revenues to keep the innovation leadership in the market**
- **Strong Operating Cost control and reduction of G&A**
- **Maintain Strong Cash Generation**

Contact

IR CONTACTS

IR Manager

Vincenza Colucci
CDR Communication Srl
Tel. +39 335 6909547
vincenza.colucci@cdr-communication.it

IR Assistant

Daniela Giglioli
Tel. +39 051 3147109
Fax +39 051 3147205
E-mail daniela.giglioli@datalogic.com

Via Candini, 2
40012 Lippo di Calderara di Reno
Bologna - Italy

DATALOGIC ON LINE

www.datalogic.com

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Datalogic S.p.A.
Via Candini, 2
40012 Lippo di Calderara di Reno
Bologna - Italy
Tel. +39 051 3147011
Fax +39 051 3147205
E-mail corporate@datalogic.com