



**Exane BNP Paribas  
MidCap CEO Conference  
Paris, 27 November 2018**

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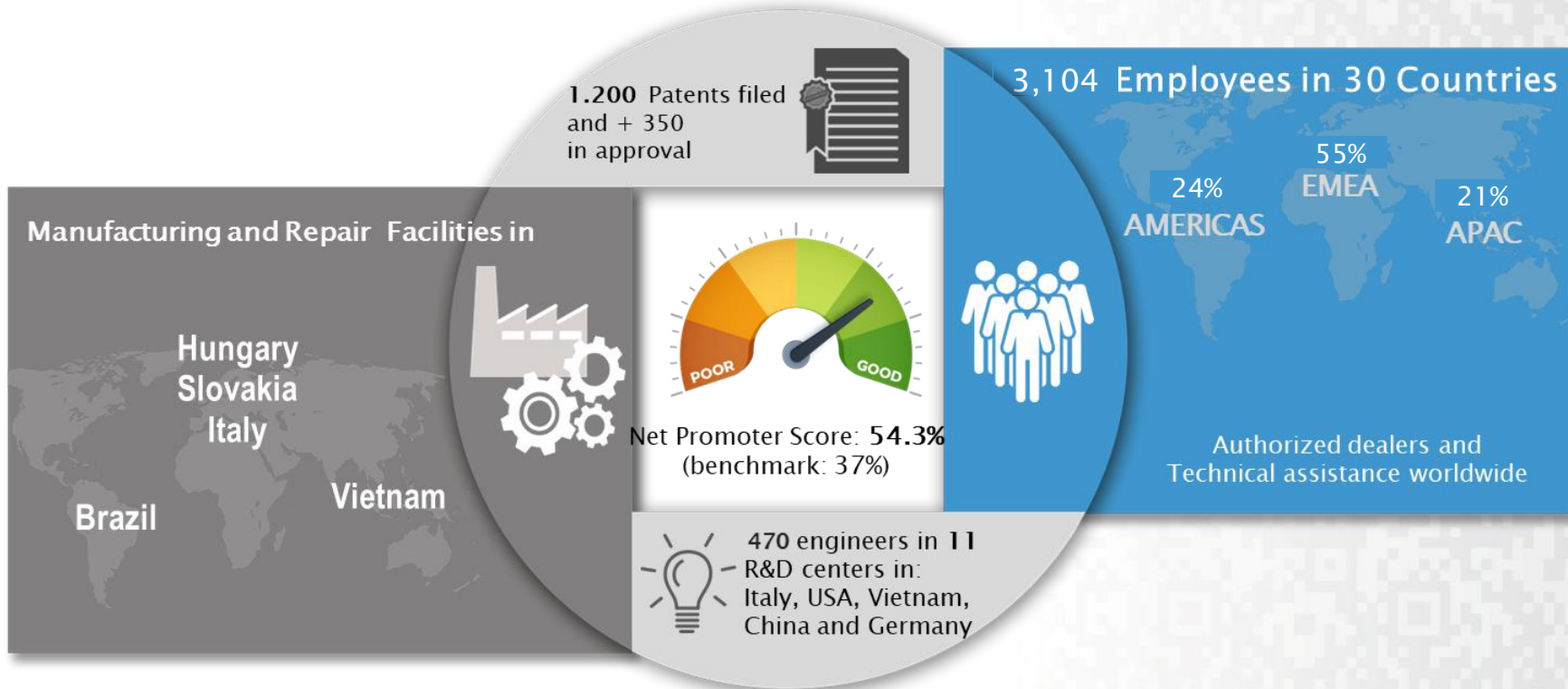
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# Group Overview

# Datalogic at a glance

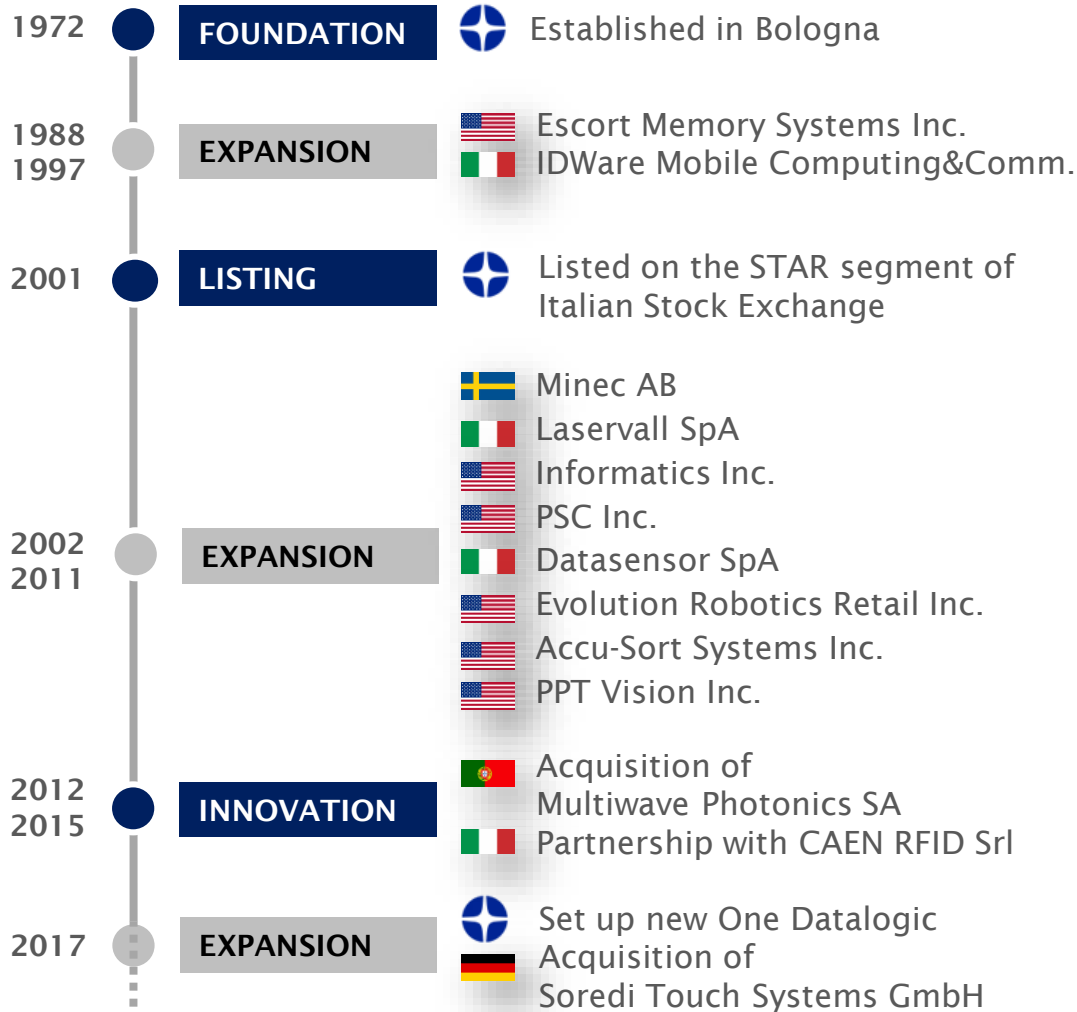
Global technology leader in the automatic data capture and process automation markets, in the Retail, Manufacturing, Transportation & Logistics, and Healthcare industries

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

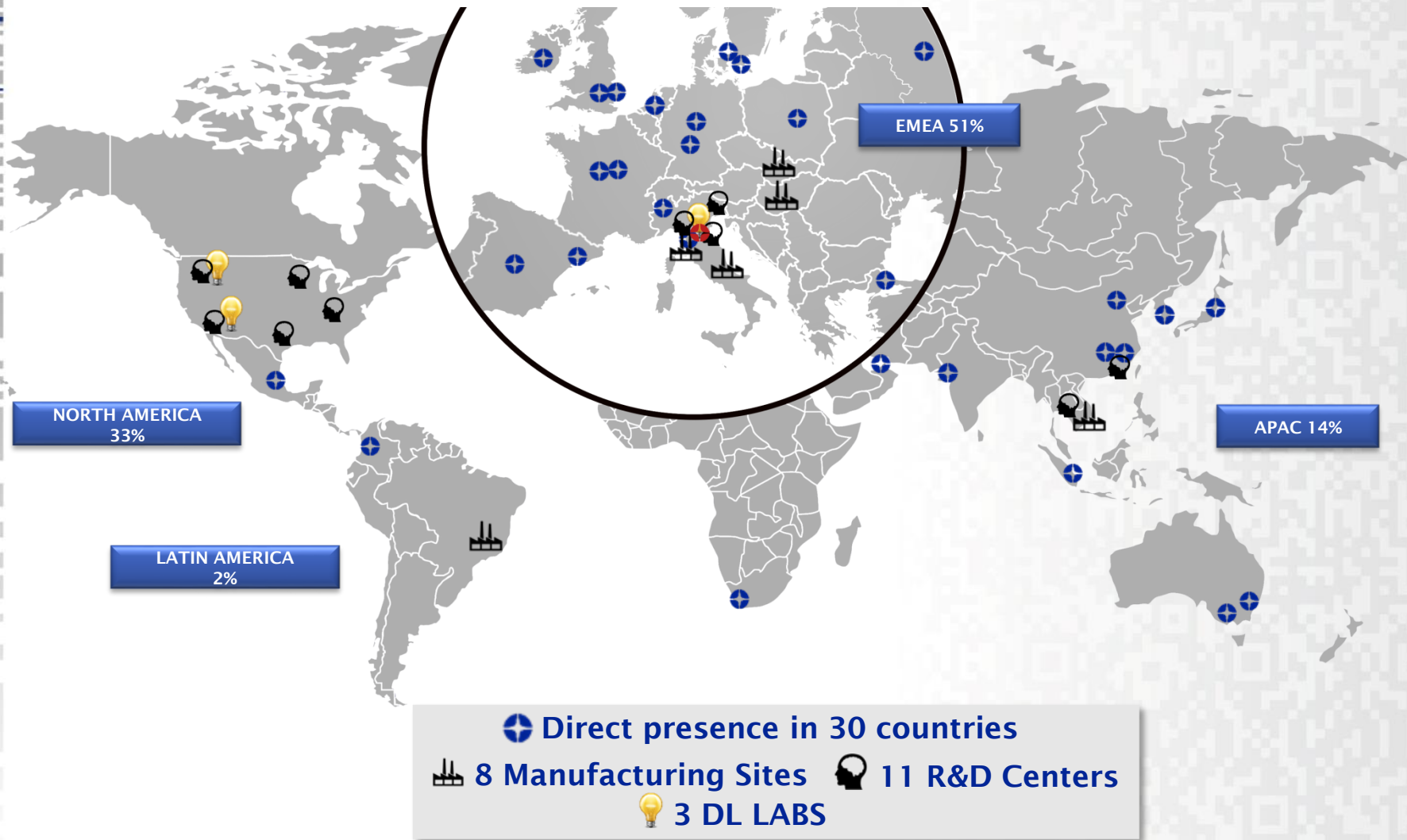




# Over 45 years of Technological Innovation



# A Wide Geographical Footprint



Note: Breakdown by area based on 9M 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

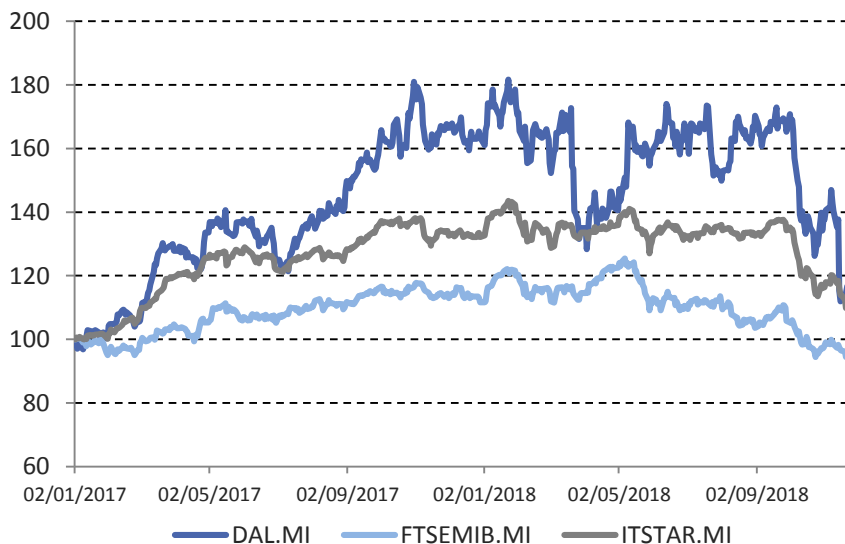
**Ticker:** DAL

**Price (November 21, 2018):** 22.00 Euro

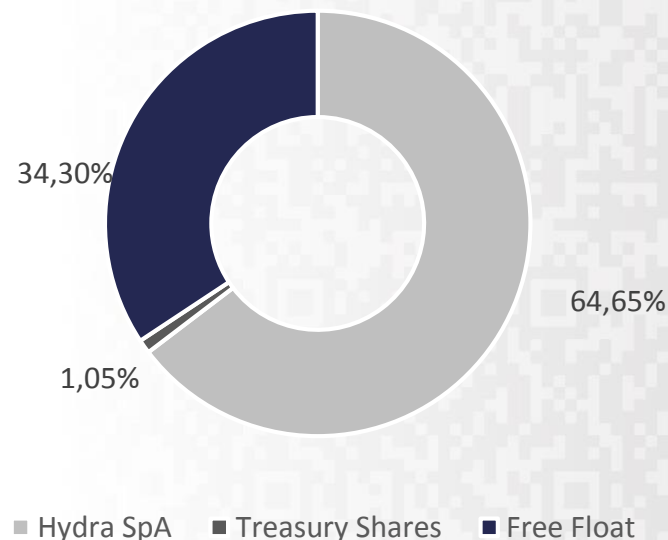
**Market Cap (November 21, 2018):** 1.29 B Euro

**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 9M 2018

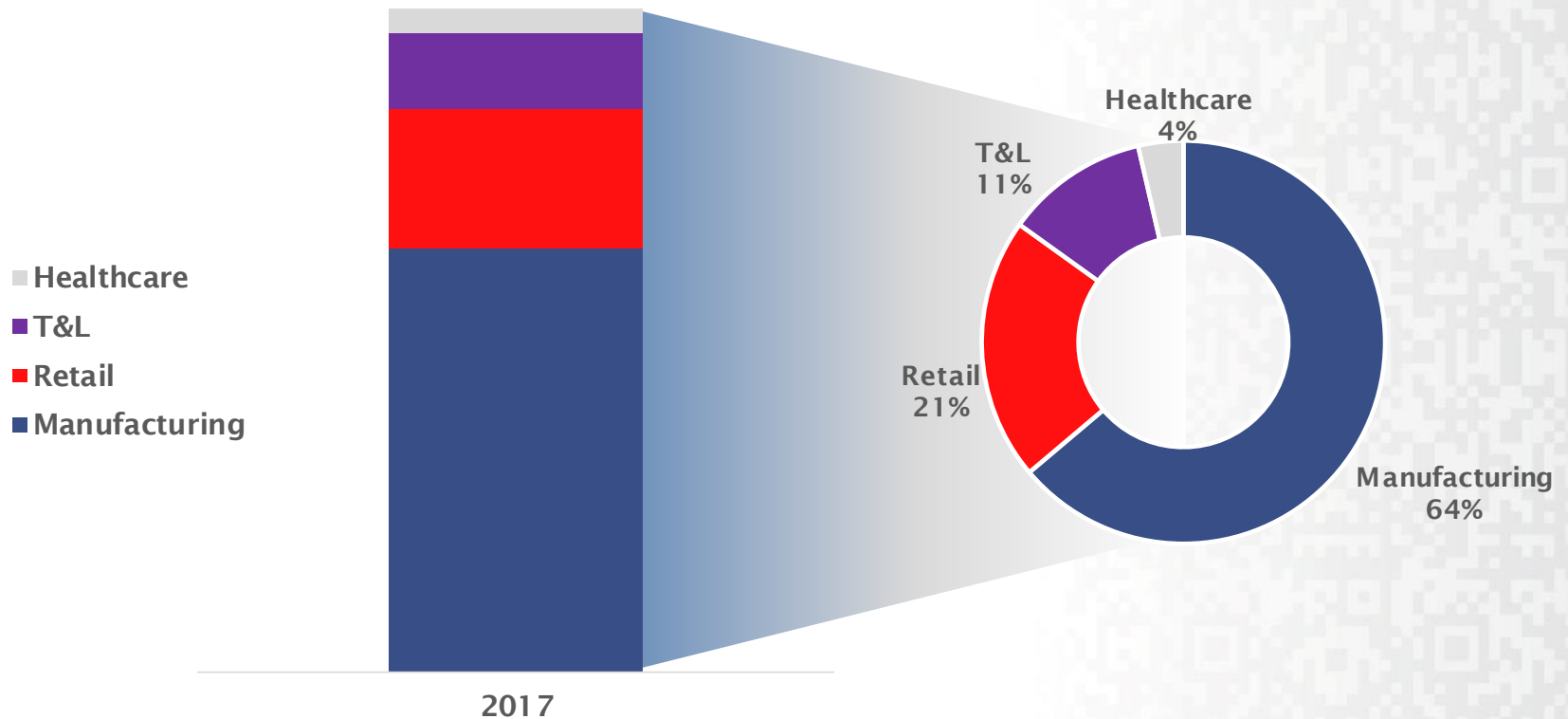
# ...with a Wide and Complementary Offer





# 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

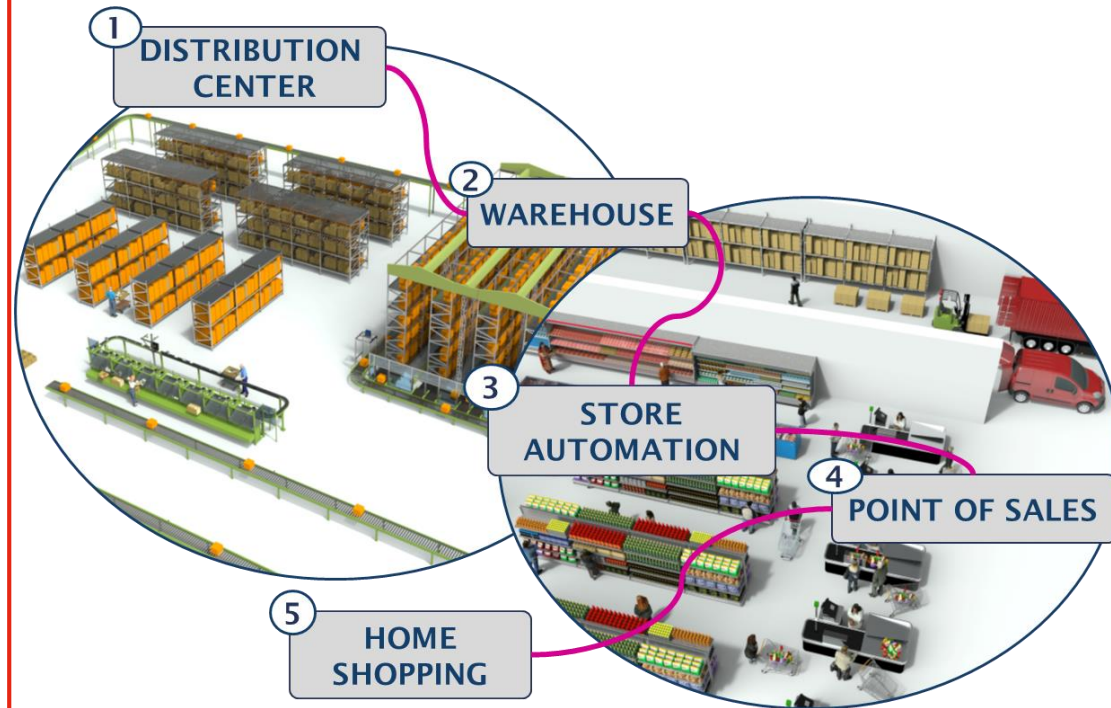
## Bringing offline and online together



### 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



### MARKET OUTLOOK



- Online retailers are opening brick-and-mortar stores, while traditional retailers are converting physical store locations into semi-distribution hubs
- Retailers who collect customer data on every step of the journey are headed in the right direction
- 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
- Retailers are looking for advanced logistics solutions to be able to satisfy the needs of the E-commerce trend



\* Source: eMarketer



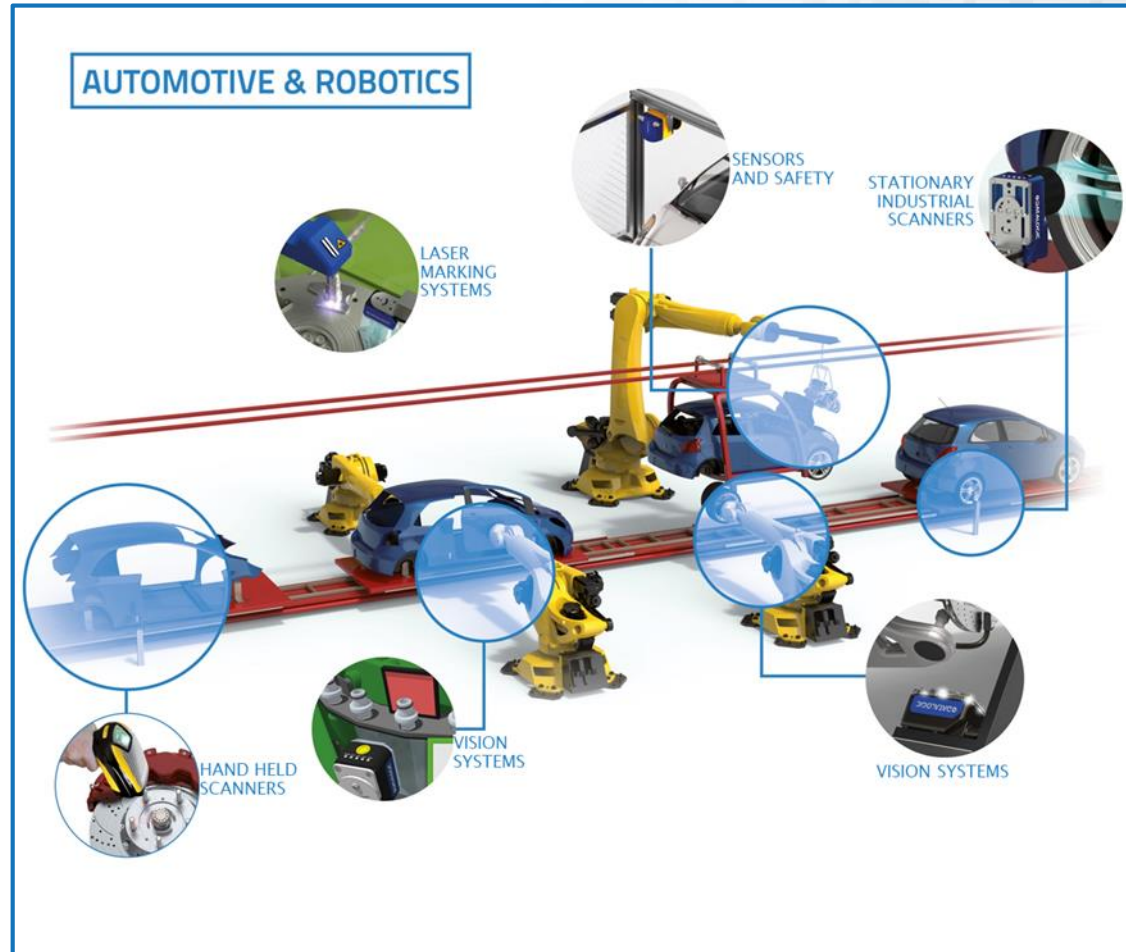


# Manufacturing

## 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

### MARKET OUTLOOK



- Market is booming
  - Industry 4.0
  - Robotics / AGV
  - DPM / Extended Traceability and Quality Inspection
  - New segments due to new technology (i.e. Electric car)
- **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
- 267 Billion USD investment in the next 5 years directed towards IoT\*
- The Industrial Robotics Market stands at 13.9 billion USD with an 11.8% growth \*\*



\* Source: IoT Analytics

\*\* Source: International Federal of Robotics (IFR) data and Loup Ventures

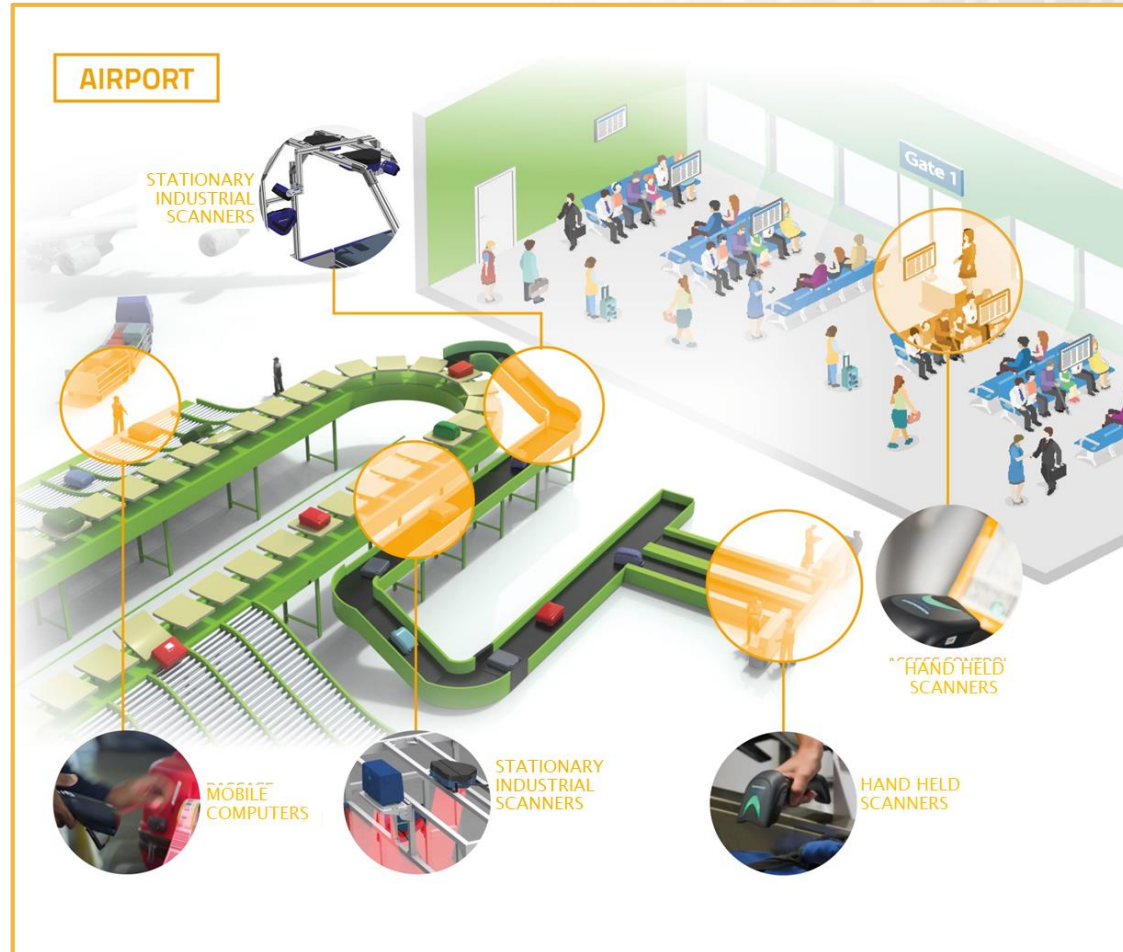
# Transportation & Logistics

## 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



### MARKET OUTLOOK



- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility. E-Commerce is driving the industry growth
- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage
- The baggage handling system market\* is projected to reach USD 9.36 Billion by 2020, at a CAGR of 7.8% from 2015 to 2020
- Strong demand for solutions beyond barcode
- Robotics & Automation: collaborative robots and automatic solutions to get higher productivity, zero-defects, reducing manual operations



Source: IATA



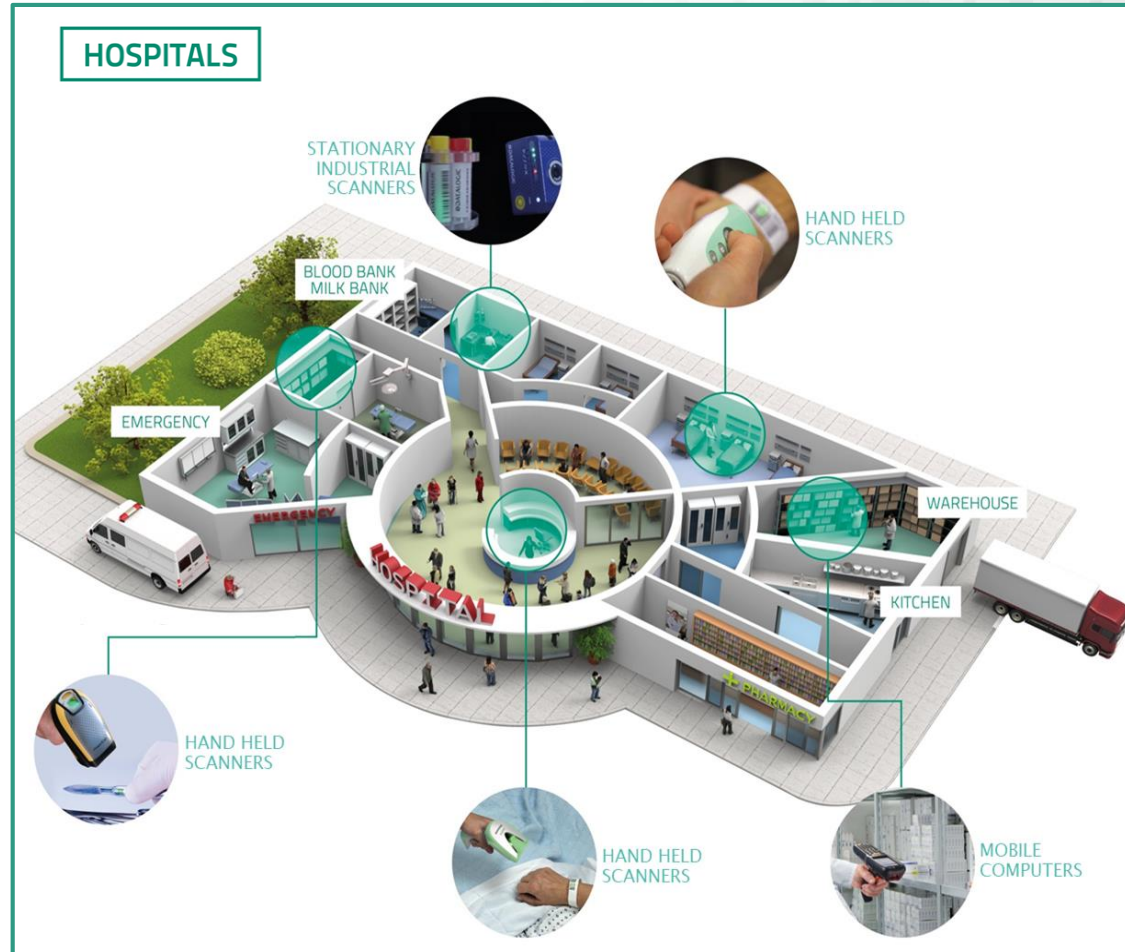


# Healthcare

## 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

### 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
  - Real-Time Location Systems market will be worth \$3.070 Billion by 2020 \*
  - RTLS healthcare market generated revenue of \$717.8 Million in 2015 and is projected to grow at 19.2% CAGR through 2021 \*\*
- HC Emerging trends: Telemedicine/Telehealth. Health systems are more and more using digital health tools and telehealth platforms to better care for patients after they leave the hospital, as well as those most at risk of returning



\* Source: RFID Global Solution, Inc

\*\* Source: PR Newswire

# 2018 Outlook

- Revenues expected to grow at higher rates in 4Q
  - 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 mainly through new products and 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 starting from Q4
  - **Channel:** strong recovery expected through the launch of new products particularly suitable for the channel



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

# Technologies and Products

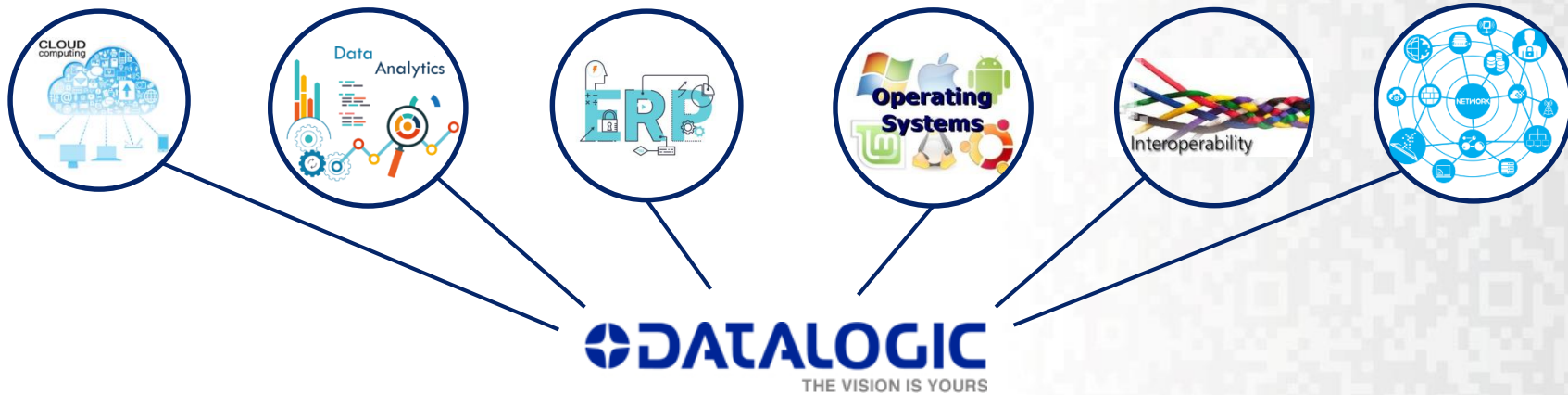


# Product Innovation and Development

- 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:

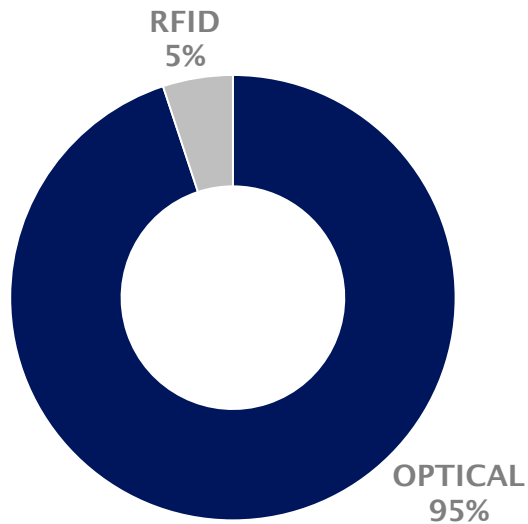
Define the **technology stack**, divided by:

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

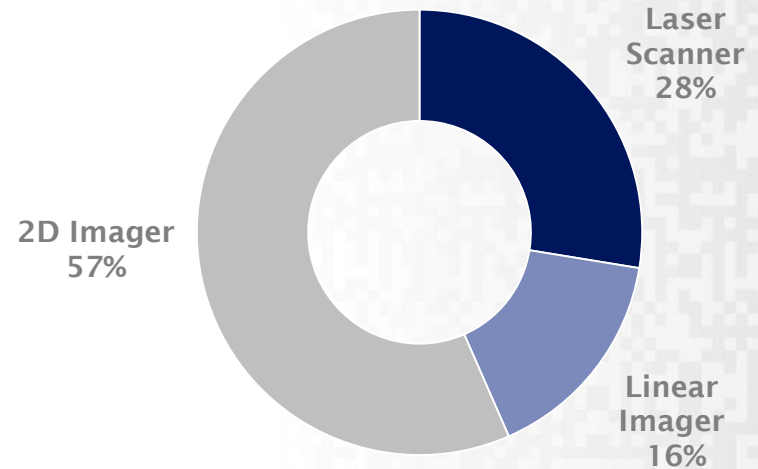
# Market split by Technology

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)

# 2018 Third Quarter Product Launches

A further important step towards Android mobile operating system:

**Memor™ 10 mobile computer** has been validated for the **Google™-led** initiative **“Android Enterprise Recommended”** program for rugged devices.



## GRYPHON GD4500 Corded version



*The Gryphon™ 4500 2D series represents the premium range of hand held scanners from Datalogic. The GD4500 scanner is the desk (corded) version for general purpose applications*



## IMPACT 12.0 Vision Guided Solution

Datalogic introduces  
**IMPACT 12.0**

The new  
Software suite  
for Vision Guided Robotics



*The latest version of the well-known software by Datalogic for Vision Guided Robotics applications.*



## 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*



# Financials

# Revenues improved quarter on quarter

€ m	Q3 2018	Q3 2017	Var%
<b>Revenues</b>	<b>159.1</b>	<b>151.4</b>	<b>5.1%</b>
Gross Operating Margin	77.3	70.3	10.0%
<i>%on Revenues</i>	<i>48.6%</i>	<i>46.4%</i>	
Operating expenses	(54.5)	(47.7)	14.3%
<i>%on Revenues</i>	<i>(34.2%)</i>	<i>(31.5%)</i>	
<b>EBITDA</b>	<b>26.7</b>	<b>26.1</b>	<b>2.4%</b>
<i>Ebitda margin</i>	<i>16.8%</i>	<i>17.2%</i>	
<b>EBIT</b>	<b>20.8</b>	<b>21.3</b>	<b>-2.3%</b>
<i>Ebit margin</i>	<i>13.1%</i>	<i>14.1%</i>	
<i>Exchange Rate</i>	<i>1.16</i>	<i>1.17</i>	

- **Revenues** up 5.1% to €159.1 mln (+4.9% at constant exchange rate)
- **GOM improvement** thanks to mix and cost efficiencies (+ 220 bps)
- **Operating expenses up:**
  - ✓ **R&D on revenues** up from 9.0% to 10.4% (+140 bps)
  - ✓ **S&D on revenues** up from 15.9% to 17.8% (+190bps)
  - ✓ **G&A improved** from 6.6% to 6.0% on revenues
- **EBITDA margin** at 16.8% from 17.2% as effect of major investments in R&D and Distribution

# Improved Gross Margin to finance R&D and S&D

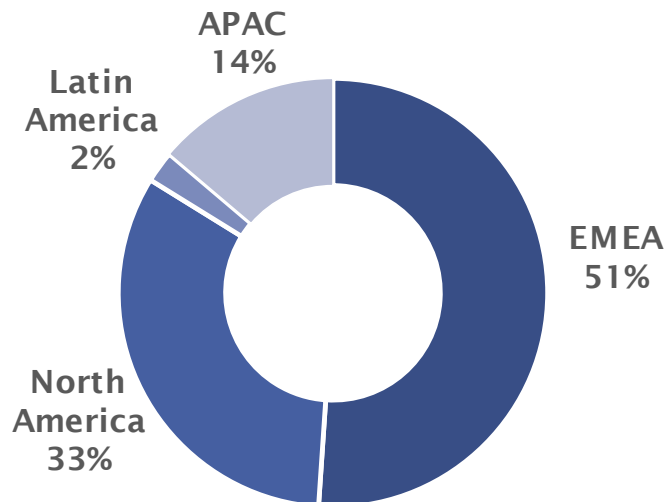
€ m	9M 2018	9M 2017	Var%
<b>Revenues</b>	<b>466.1</b>	<b>450.7</b>	<b>3.4%</b>
Gross Operating Margin	226.7	212.5	6.7%
<i>%on Revenues</i>	48.6%	47.1%	
Operating expenses	(160.3)	(145.5)	10.2%
<i>%on Revenues</i>	(34.4%)	(32.3%)	
<b>EBITDA</b>	<b>77.5</b>	<b>77.9</b>	<b>(0.5%)</b>
<i>Ebitda margin</i>	16.6%	17.3%	
<b>EBIT</b>	<b>61.1</b>	<b>62.5</b>	<b>(2.2%)</b>
<i>Ebit margin</i>	13.1%	13.9%	
<b>EBT</b>	<b>56.1</b>	<b>56.8</b>	<b>(1.2%)</b>
Taxes	(12.5)	(11.7)	6.8%
<b>Net Income</b>	<b>43.6</b>	<b>45.1</b>	<b>(3.3%)</b>
<i>% on Revenues</i>	9.3%	10.0%	
<i>Exchange Rate</i>	1.19	1.11	

- **Revenues** up 3.4% to €466.1 m (+6.9% at constant exchange rate)
- **GOM showing steady improving trend at 48.6%** (around +150 bps vs 9M 2017)
- **R&D on revenues** from 8.9% to 10.1% (from 9.2% to 10.5% Datalogic Business)
- **S&D on revenues** from 16.2% to 17.6% (+11.9% 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 negative effects mainly linked to reorganization of the industrial and distribution footprint
- **Tax rate at ~ 22%**
- **Net income at €43.6 m** down by 3.3%

# Group Revenues by country

## REVENUES BY GEOGRAPHIC AREA

€ m	9M 2018	9M 2017	Var%	Var% Ex forex
EMEA	238.0	237.7	0.1%	0.8%
North America	152.6	141.2	8.1%	15.2%
Latin America	11.1	12.7	(12.3%)	(3.5%)
Asia Pacific	64.3	59.1	8.8%	13.8%
<b>Total Revenues</b>	<b>466.1</b>	<b>450.7</b>	<b>3.4%</b>	<b>6.9%</b>



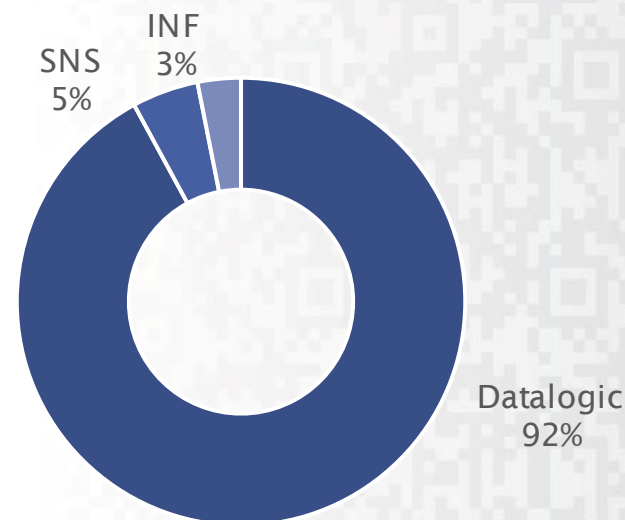
- Sound 9M growth net of forex
- 3Q revenues growth driven by North America at + 32%
- **Continuous growth in APAC (+8.8%, +13.8% net of forex) driven by China and Korea (+15.5%, +20.1% net of forex)**
- EMEA growth driven by Manufacturing and T&L
- **NA +8.1%, (+15.2,% net of forex) lead by double digit growth in T&L and Retail**



# Group Revenues & EBITDA by division

## REVENUES BY DIVISION

€ m	9M2018	9M2017	Var%
Datalogic Business	431.1	417.7	3.2%
Solution Net Systems	22.4	19.3	16.1%
Informatics	14.6	16.4	(10.8%)
<i>Adjustments</i>	(2.0)	(2.7)	(25.4%)
<b>Total Revenues</b>	<b>466.1</b>	<b>450.7</b>	<b>3.4%</b>



- **Datalogic** driven at constant forex by growth of Fixed Retail and Stationary Industrial Scanners and Safety products. The Channel (unallocated) still in negative trend due to timing of the launch of new products
- **Solution Net Systems** strong top line growth (+16.1%, +24.2% net of forex) thanks to new projects in postal and retail industries, and sound improvement in profitability
- **Informatics** top line still on downward trend but profitability turnaround is in place

## EBITDA BY DIVISION

€ m	9M2018	9M2017
Datalogic	73.5	75.2
Solution Net Systems	3.6	2.8
Informatics	0.5	(0.1)
<b>Total Group</b>	<b>77.5</b>	<b>77.9</b>

# Market Results

## Retail



- 50% of DL Division Revenues
  - 9M 2018 Revenues €214.2 mln (+4.0% YoY, +8% ex Forex)
  - 3Q 2018 Revenues €72.6 mln (+7% YoY, +6.9% ex Forex)
- **Strong growth in North America in the quarter: over 70% at constant forex** led by Big projects won in the US with Tier 1 Account
- Great success of our **new check out retail scanner** based on imaging technology on a global basis, and growth in mobility

## Manufacturing



- 30% of DL Division Revenues
  - 9M 2018 Revenues €130.8 mln (+13.6% YoY, 15.9% ex Forex)
  - 3Q 2018 Revenues € 40.8 mln (+8.1% YoY, 8.1% ex Forex)
- **Positive performance in all Geo Areas lead by China and Korea (+21%) and Latam (+25%) at constant Forex**
- Exceptional growth on 2D industrial bar code readers keeping worldwide leadership. China leading the pack thanks to big project in consumer electronics sector.
- **Great customers' feedback on the new SLS and double digit growth for our industrial bar code readers**

## Transport & Logistics



- 12% of DL Division' Revenues
  - 9M 2018 Revenues €50.6 mln (+24.1% YoY, 27.9% Ex Forex)
  - 3Q 2018 Revenues €19.5 mln (+29.4% YoY, 28.8% Ex Forex)
- **North America more than doubling in 3Q (+117%)**
- **Keeping on leveraging the cross selling of our new organization with large projects won on mobility**
- New opportunities with **leading e-commerce companies** next to CEP projects

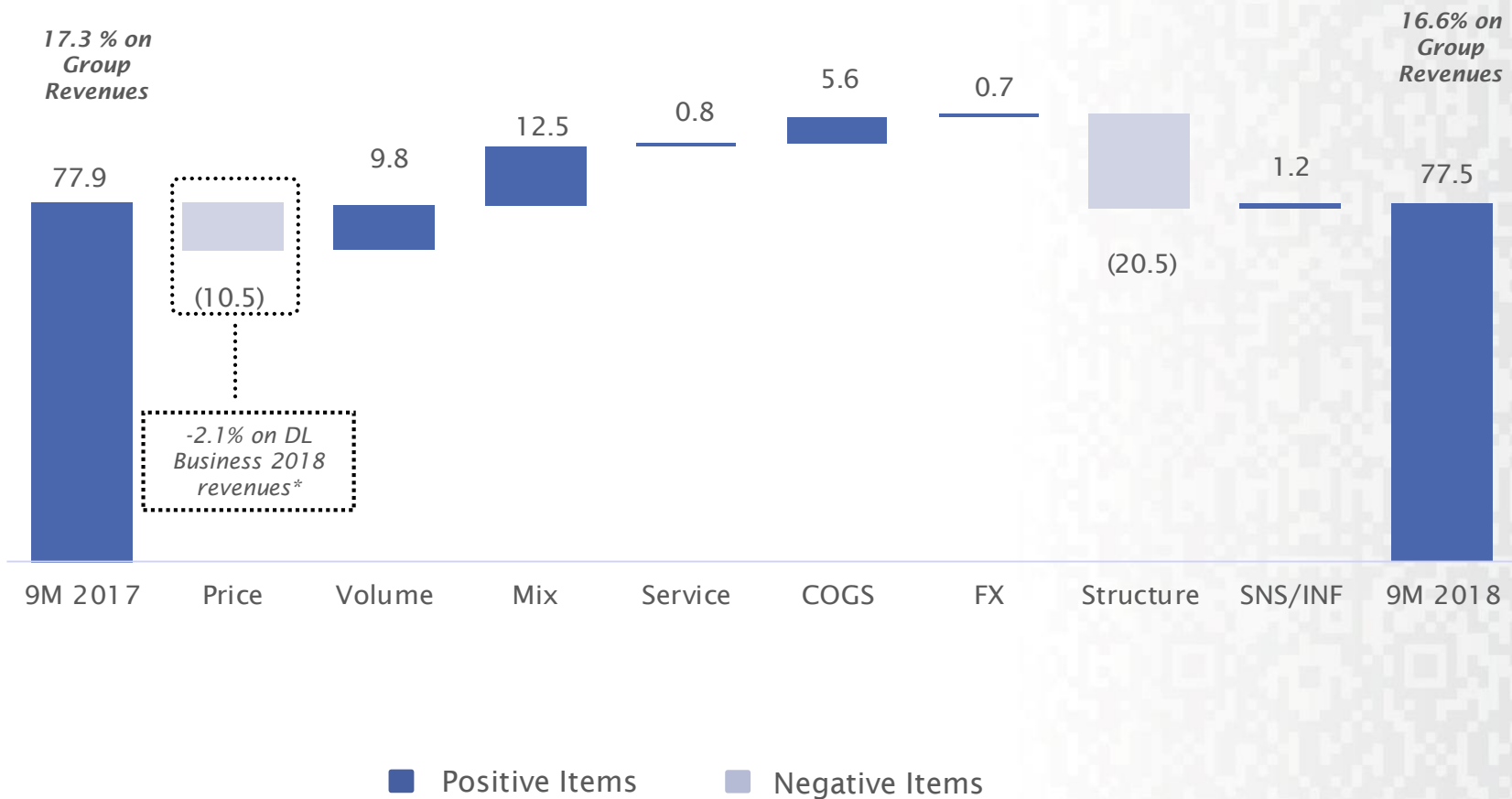
## Healthcare



- 3% of DL Division' Revenues
  - 9M 2018 Revenues €13.6 mln (-36.0% YoY, -33.3% ex Forex)
  - 3Q2018 Revenues €4.8 mln (-5.2% YoY, -5.5% ex Forex)
- **Still declining in 9M due to the tough comparison with 9M 2017**, where major deals with 2 relevant US hospital chains occurred, but trend improving, with a sound 3Q at approx. same levels as 2017
- Strong expectation to **recover over following quarters** thanks to the launch of dedicated products in Q4

# EBITDA: actual vs last year

€ m



\* Excluding GCO and Service

# Consolidated Balance Sheet

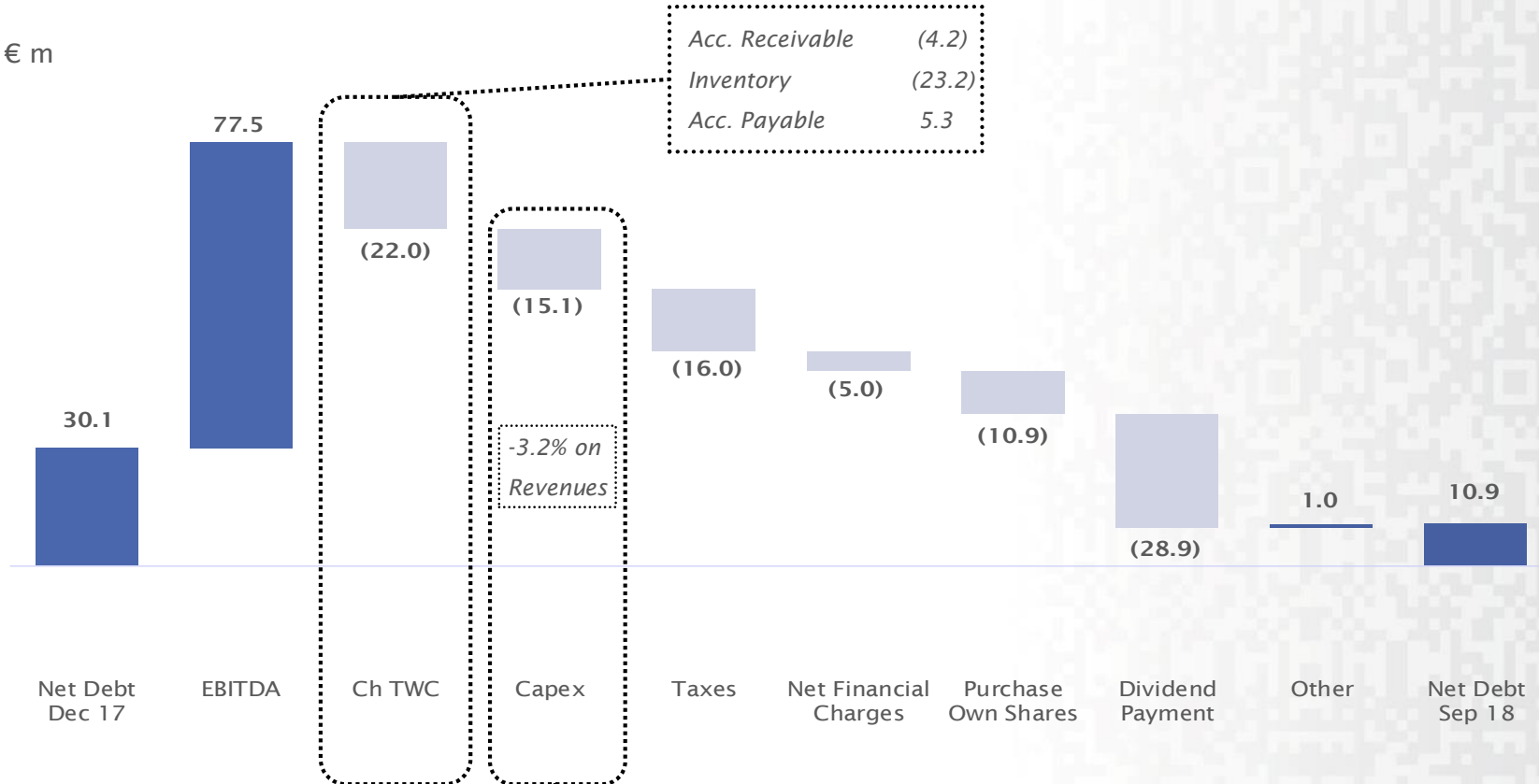
€ m

	Dec 2017	Sep 2018		Dec 2017	Sep 2018
<b>Total Fixed Assets</b>	<b>347.9</b>	<b>356.4</b>	<b>Net Financial Position</b>	<b>(30.1)</b>	<b>(10.9)</b>
<b>Trade receivables</b>	<b>85.8</b>	<b>90.0</b>			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>14.5%</i>			
<b>Inventories</b>	<b>85.9</b>	<b>109.1</b>			
<i>% on 12m rolling sales</i>	<i>14.2%</i>	<i>17.6%</i>			
<b>Trade payables</b>	<b>(110.3)</b>	<b>(115.6)</b>	<b>Net Equity</b>	<b>353.0</b>	<b>364.4</b>
<i>% on 12m rolling sales</i>	<i>-18.2%</i>	<i>-18.6%</i>			
<b>Trade Working Capital</b>	<b>61.5</b>	<b>83.5</b>			
<i>% on 12m rolling sales</i>	<i>10.1%</i>	<i>13.4%</i>			
<b>Other assets/liabilities</b>	<b>(86.5)</b>	<b>(86.4)</b>			
<b>Net Invested Capital</b>	<b>322.9</b>	<b>353.5</b>	<b>Total Sources</b>	<b>322.9</b>	<b>353.5</b>



# Net Debt Analysis: Dec'17 – Sep'18

€ m



■ Negative Items  
■ Positive Items

# Contact

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## DATALOGIC ON LINE

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