



Highlights 2017

**The Customer at the
Heart of our Business**

The background of the slide is a light blue-grey color. It features a series of concentric heart shapes that are centered on the left side. These hearts are formed by a series of wavy, parallel lines that curve around them, creating a sense of depth and movement. The lines are a slightly darker shade of the background color. The overall effect is a modern, minimalist design that emphasizes the theme of the slide.

Highlights 2017

**The Customer at the
Heart of our Business**

Dear Shareholders,

it is with great pleasure that I share with you all the results achieved by the Datalogic Group in 2017. The goals we have reached both in terms of sales and profits are, in fact, the best ever recorded since 1972, the year in which our Group was first established. There are several factors that made them possible. First of all, the strategic vision that myself and Dr. Romano Volta (founder and President of the Group) have succeeded in giving the Group for some years now, combined with the persistence and ability of all the *management* and of Datalogic's roughly 3,000 employees to execute the new strategy. Finally, another key factor is the increasing investment in research and development, which are the lifeblood of a high-tech company like ours, in order to ensure the development of new products and solutions that are consistent with the demands of our customers.

The implementation of our strategy resulted in the transition to a customer-centric rather than product-oriented organisation model and so, since January 2017, Datalogic has shifted its focus to the four sectors that it considers its main targets: Retail, Manufacturing, Healthcare and Transport-Logistics, and did so by breaking down its structure into four different divisions. Thanks to the breadth and the uniqueness of its range of products and solutions (which have always represented our competi-



A photograph of a modern building with a glass facade and a red section. The building is illuminated at dusk. The sky is dark with some clouds. The building has a glass section on the left and a red section on the right. The glass section has a sign that says "DATALOGIC LABS". The red section has several windows. The building is surrounded by trees and a fence.

DATALOGIC LABS

“The goals we have reached both in terms of sales and profits are, in fact, the best ever recorded since 1972, the year in which our Group was first established.

tive edge), we succeed with this new organisational model to meet the needs of our customers across their entire value chain.

The central role of the customer also drove the creation of a new corporate division (the so-called “Customer Service”), which has centralised all the services provided by the Group globally, from order entry and confirmation to after-sales service and installation, by applying a performance indicator of client satisfaction such as the Net Promoter Score (NPS) used by many Fortune 500 Companies.

The new division has also led to the centralisation of all research and development and to the creation of workshops dedicated to the development of *core* technologies on the one hand, and the investigation and development of those that are instead considered emerging technologies on the other. The creation of a single R&D division has also brought significant benefits in terms of flexibility in resource allocation and “contamination” between different development centres.

The excellent results achieved in the past year can also be attributed to growth in all the markets in which Datalogic operates: from e-commerce to industrial automation and robotics. Thanks to their advanced technological content, in fact, our products enable us to respond to the growing demand of our customers, translating into greater efficiency, accuracy, quality and speed of all the processes and activities. The sensational growth of *online* purchas-

es, for example, has led shipping agents to request ever faster and reliable dispatching solutions that can not only read barcodes, but also collect images of the individual parcels. The ability of Datalogic to listen to its customers and to transform their needs in applications that can satisfy them has helped the company obtain the status of “Platinum” supplier, the highest ever achieved by a *world leader* in the field of international shipping and logistics. Similar examples can be made in the Retail industry, where in the latter part of 2017, we launched the world’s first contactless charging Terminal (*wireless charging*), the Joya Touch Android, or in the Manufacturing sector, where we introduced one of the most important products to ensure the safety of workers who are in contact with the machines, but also to allow the autonomous driving of vehicles inside the production plants or large warehouses and distribution centres.

The acquisition of the German company Soredi Touch Systems GmbH during the second half of 2017 also helped meet the demands of our customers better and faster, and allowed us to expand our presence in Germany with a manufacturing plant and a research and development center.

I now would like to anticipate the main economic and financial data of the balance sheet for 2017. The Group’s consolidated net sales amounted to € 606 million, up by 5.1% compared to 2016, the EBITDA grew by 14.3%, to € 103.3 million, setting our all-time record, even in terms of margin on sales, which amounted to 17%. The EBIT in-

creased by 18%, to € 82.9 million and our net profit reached € 60.1 million, an increase of 31% compared to 2016. We are very proud of these results, especially when it comes to the Group's profit margin, which we achieved thanks to cost optimisation on Operations and without compromising investment in research and development amounting to € 55 million, up by 9.7% compared to the previous year, shifting from 8.7% to 9.1% in terms of margin on sales.

Revenue growth was primarily generated by the Group's results in the EMEA and China from a geographical point of view and by our Transportation & Logistics, Healthcare and Manufacturing divisions in terms of the sectors targeted by the Company.

With regard to the Group's financial management, the year ended with a positive net financial position, sharply increasing to € 30.1 million.

The new strategy embraced by the Group still has an enormous potential that can be achieved fully only with an adequate sales coverage and by increasing investments in areas such as the United States, China and Japan, and Germany, where there is greater demand for the products and solutions that we can offer and where demand for them is growing fast. The Group's positive net financial position and its "historical" ability to generate cash make us confident about the possibility of being able to make the necessary investments starting in 2018, both on the commercial front and on that of research and development, to seize the opportunities that the market has to offer.

Being a leader in the *high-tech* industry is not an easy task, especially in Italy and especially considering the fierce competition (mainly American) that we face and the high technological content of our product range, which requires important resources but also the best talents.

However, we believe we can achieve even more ambitious and significant goals in the coming years thanks to our vision, our tenacity and our people who share the dream that we have of becoming the global leaders in all the areas in which we operate, and to the trust of all of you: our shareholders, customers, suppliers and partners.



Valentina Volta
CEO

About us

Datalogic is a global technology leader in the automatic data capture and process automation markets.

The company is specialized in the designing and production of bar code readers, mobile computers, RFID, sensors for detection, measurement and safety, vision and laser marking systems.

Closeness and timely response to every customer requirements, together with continuous innovation and high quality offering, are the distinctive elements at the base of Datalogic success for over 40 years. Its cutting-edge solutions help to increase the efficiency and quality of processes in the Retail, Manufacturing, Transportation & Logistics and Healthcare industries, along the entire value chain.

Vision

A world identified, viewed, inspected, marked and verified by Datalogic.

Mission

To provide customers in Retail, Manufacturing, Transportation & Logistics and Healthcare the best quality and efficiency in data collection and process automation, thanks to superior product technology, and extremely talented people.

Key numbers

REVENUES

**606
MIL EUROS**

+5.1% vs. 2016

INVESTMENTS IN R&D

**55
MIL EUROS**

9,1% of Group
Revenues

EMPLOYEES

2,900

distributed in 30
Countries

INNOVATION

45 YEARS



EUGENE, OREGON



MINNEAPOLIS,
MINNESOTA



PASADENA,
CALIFORNIA



PLANO,
TEXAS



TELFORD,
PENNSYLVANIA



DONNAS



BOLOGNA



QUINTO DI TREVISO



MÜNCHEN



SHENZHEN



HO CHI MINH CITY



6 MANUFACTURING
AND REPAIR FACILITIES



11 R&D CENTERS
AND **3** DL LABS



**DIRECT PRESENCE
IN 30 COUNTRIES**

PATENTS

OVER 1,200

in different jurisdictions

RESEARCH & DEVELOPMENT

11 CENTERS

in Italy, Germany, USA,
China and Vietnam

MANUFACTURING AND REPAIR FACILITIES

6

in Hungary, Slovakia,
Italy, USA, Vietnam
and Brazil

CUSTOMER SERVICE

GLOBAL

Stock market data



Datalogic S.p.A. is listed on the Italian Stock Exchange since 2001 at the STAR segment. STAR is the market segment of Borsa Italiana's equity market (MTA) dedicated to midsize companies with a capitalization of less than 1 billion euros and who voluntarily adhere to and comply with requirements of excellence.

Over the course of 2017, the stock showed a positive growth of 63.5%, outperforming both the shares of the FTSE MIB index, by of 51.8% and the share of the FTSE STAR index, by 32.4%. The stock reached a maximum of 34.11 Euros per share on October 31st 2017 and a minimum of 18.26 Euros on January 9th 2017. The average daily volumes traded in 2017 were about 75,100 shares (the double compared to the average value recorded in the previous year).

SEGMENT

STAR - MTA

BLOOMBERG CODE

DAL.IM

REUTERS CODE

DAL.MI

NUMBER OF SHARES

58,445,491

including n. 217,014
treasury shares

2017 MAX

34.11 EUROS

31st October 2017

2017 MIN:

18.26 EUROS

9th January 2017

MARKET CAPITALIZATION

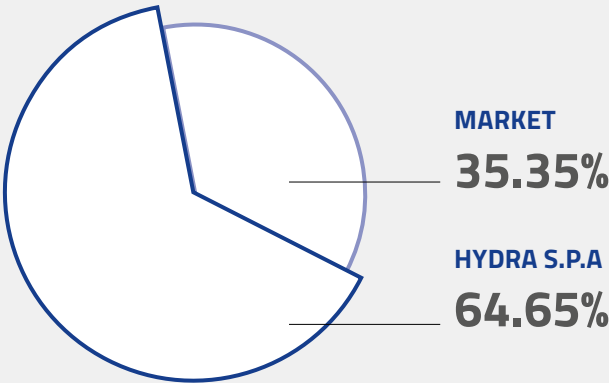
**1,801.3 MIL
EUROS**

at 31st December 2017

ANNUAL GRAPH PERFORMANCE / VOLUMES



SHAREHOLDER STRUCTURE



Significant milestones



Central role of the Customer

- **A new governance structure was launched on 1 January 2017**, giving rise to an organisational structure reflecting the new business model based on the absolutely central role of the end customer. The company was divided into four Industry Units with dedicated sales and support teams, to better serve the four main reference markets: Retail, Transportation and Logistics, Manufacturing and Healthcare.
- **A Net Promoter Score (NPS)**, an indicator that measures customer loyalty, of 47%.
- **New organisation of Customer Service**, now even more accessible to end users, thanks to simplification of the contact path and development of three different levels of Global Technical support, guaranteeing professional assistance 24/7, 365 days a year and appropriate for all requirements, all over the world.
- **A New Quality Management System**, which has finalised the complete integration of the various local quality systems spread around the world, ensuring a timely quality control of all our products and processes.



Continuous innovation

RESOURCES EMPLOYED IN R&D

470

450 of whom Engineers working to develop new products and technologies.

R&D INVESTMENT

OF 9.1%

that is, around 55 Mil euros.

PATENTS

MORE THAN 1,200

CONTROL OF

CORE TECHNOLOGIES

such as decoding libraries.

INVESTIGATION INTO

EMERGING TECHNOLOGIES

such as augmented reality and new vision systems.



Human Resources

- **The number of employees** has increased from 2700 to 2900.
- **New programme to attract talent to R&D**, thanks to a route of international mobility, growth and an economic package above the national market average.
- A major **new Corporate Welfare programme**, including banking facilitations and insurance packages for all employees.

A culture of



OWNERSHIP

Feel and act as an owner of Datalogic.



EFFICIENCY

Treat company expenses as you would your own expenses.



FOCUSING ON RESULTS

Focusing on results – Deliver what you promised.



REALISM

Face reality and fix what is wrong.



NO SHORT CUTS

Don't compromise on strategy, culture or achieving results.



Acquisitions

JULY

Datalogic announces the acquisition of **SOREDITouch Systems GmbH**, a German global technology leader for industrial computers, that allows the company to complete its offering of readers and mobile computers with forklifts terminals for warehouse management, and to enter into the rugged tablet market.

NOVEMBER

Datalogic announces the acquisition of 20% of **R4i S.r.l.**, a company based in Benevento, Italy, which develops cutting-edge solutions with RFID technology (Radiofrequency Identification), particularly specialized in the Ultra High Frequency (UHF) band, which enables one or more objects, whether static or in motion, to be univocally identified, transmitting a univocal identifier to the receiver.

Our strategy customer-centricity

We pursue a single strategy: the customer is at the heart of what we do.

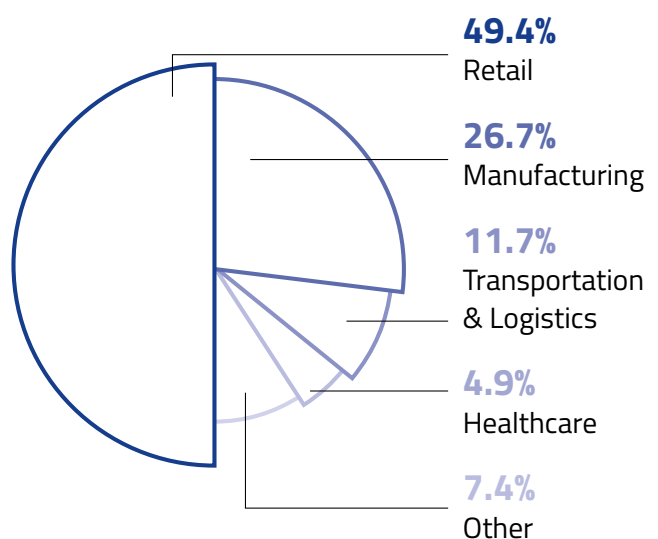
Datalogic comes alongside and accompanies its customers as a genuine partner in moving towards the new frontiers of process automation. The four sectors in which the Group operates (Retail, Transportation & Logistics, Manufacturing and Healthcare) have seen significant growth in demand, driven by an increasingly extreme level of industrial automation, also incentivised at a legislative level, both in Italy and in the major economies. The ability to mark and read data is the essential requisite for creating a smart factory, where machinery, products and systems are connected throughout the value chain.

Data generation is Datalogic's core competence and it's what facilitates the automatic management of production processes, extending its traceability over the entire supply chain, from logistics right to the end consumer.

The Datalogic technologies that enable data generation are those linked to automatic identification (barcodes or RFID, sensors for machine inspection,

measurement or safety) extending to artificial vision technologies. Datalogic applications can also exploit both the capacity to "write" codes directly to objects (a first step towards the IoT) through laser markers and the capacity to read these 1D/2D and OCR codes with barcode readers and smart cameras.

2017 Revenues



“ A new
customer-centric
organization.”



Retail

“We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers’ Home.

**FOOD
NON FOOD
HOSPITALITY
GAS STATIONS**

The challenges of the market

With the growth of e-commerce, the spread of the omnichannel approach and the arrival of new generations of millennials, technology is preparing to revolutionise the future of Retail Industry. Through new augmented reality technologies, the intention of the sector is to provide customers with personalised suggestions and services, to make the sales outlet experience preferable to online shopping. Today’s consumers are looking for a quick, practical, fun and interactive shopping experience.

Smart technologies, shopping experiences and digital transformation are the future of Retail and Datalogic is ready to accompany its development.

Datalogic’s offerings for Retail (confirming its position as the world’s leading company in producing and supplying bi-optic POS scanners), start from production and logistics automation, and extend to facilitation of the shopping experience thanks to state-of-the-art mobile computers and innovative vision systems that permit a frictionless checkout. Datalogic products enhance the customer experience, while increasing the value and production volume of Retail businesses, thereby accompanying them in every activity: from production to inventory and the point of sale.

We offer **Retail Clients**, always at the heart of our business, continuous innovation.



The barcode on a pack of chewing gum was scanned for the first time in Troy, Ohio, in **1974**, thanks to a Datalogic counter-top scanner, today displayed at the Smithsonian Museum in Washington. Since then, Datalogic has kept on innovating, up to the



presentation in **2017** of a "smart checkout" system to the New York National Retail Federation, which thanks to the latest vision and image processing systems, recognises products without requiring a barcode.

Manufacturing

**“Unique portfolio
provider of smart,
interconnected devices able
to protect, identify,
sense, check and mark.**

AUTOMOTIVE
FOOD & BEVERAGE
ELECTRONICS
WAREHOUSE LOGISTICS
AGV/ROBOT GUIDANCE
TIRES

The challenges of the market

Industry 4.0 drives manufacturing into the digital era. BigData, Advanced Analytics, new human-machine interfaces and advanced robotics are the components of this digital revolution that will radically alter factory production lines. The consolidation of the Smart Factory will thus accompany the transformation of the value chain, as well as the single stages of production.

Data generation, Datalogic's core competence, remains foundational in the Industry 4.0 model, enabling the automatic management of production processes and extending its traceability over the entire supply chain.

The competitive advantage of Datalogic lies in the Group's capacity to meet the needs of customers throughout the entire value chain, thanks to a unique portfolio of products and solutions, covering both reference macro markets (automatic data capture and industrial automation), which no other big competitor can offer.



We offer **Manufacturing Clients, always at the heart of our business**, state-of-the-art technologies.

We offer the world of Automotive, Food & Beverage, Electronics, Automated Machinery and Intralogistics:

SECURITY: laser scanners and safety barriers, versatile, flexible solutions for monitoring safety areas.

TRACEABILITY: ultra-compact industrial scanners and laser markers that permit the coding of products and components, cameras, vision processors and handheld devices for automatic data capture during the various stages of production.

QUALITY INSPECTION: vision systems, smart cameras and software able to ensure reliable, precise quality control.

AUTOMATION: automated systems for sorting and shipping, vision systems and mobile computers.

Transportation & Logistics

**“We ensure efficient
& effective Data Collection
to Courier-Express-Parcels,
Airports, warehouse operators
and sorting processes.**

**AIRPORT
COURIER & PARCEL
3PL**

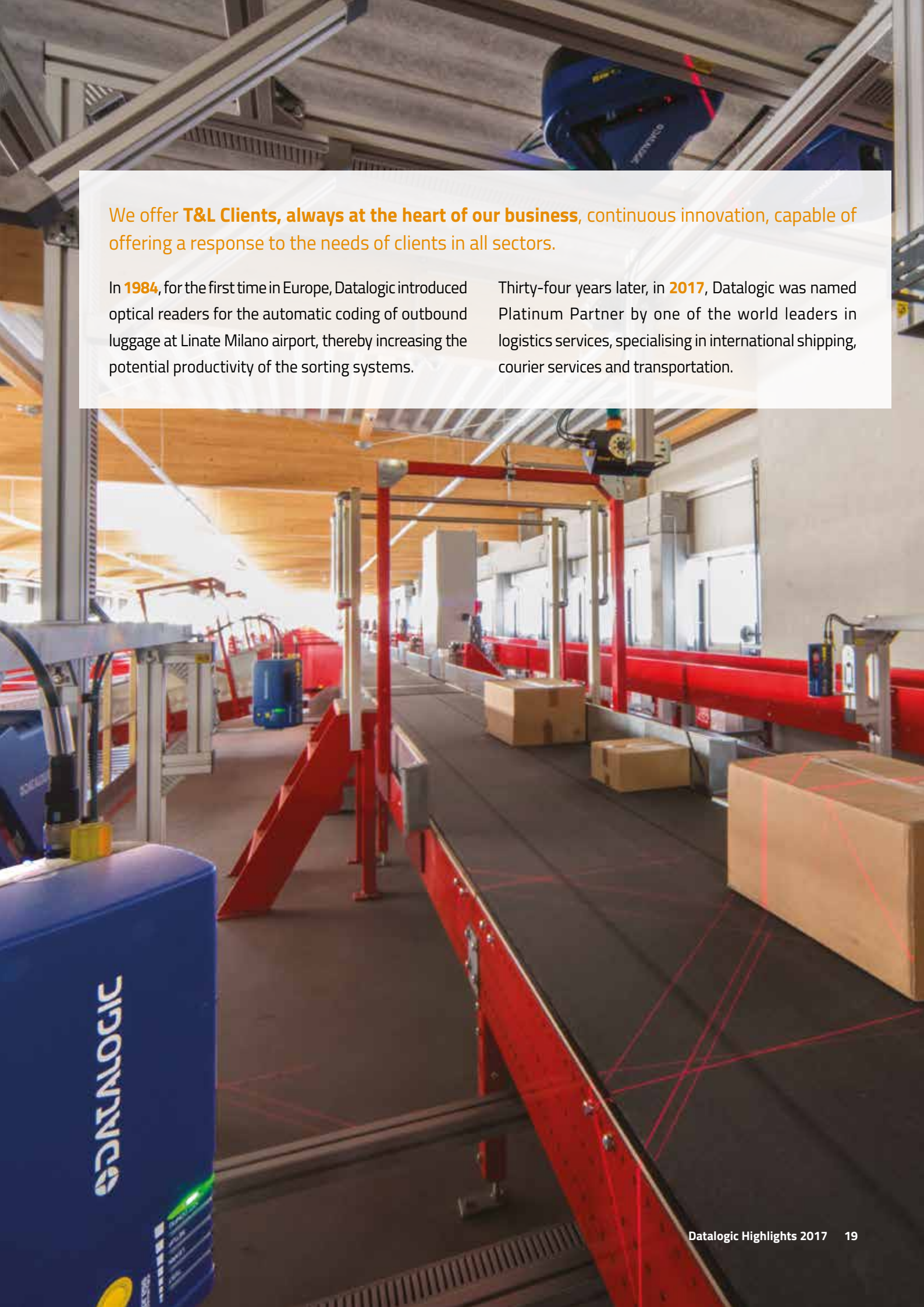
The challenges of the market

Investment in new technologies is affecting the entire logistics chain and all of its operators: 3PL, couriers, postal services, transport. A market experiencing great growth and turning decisively towards smart automation, in order to respond to the new requirements of end users: rapid and customised deliveries.

The volume of goods moved is increasing constantly and the types of parcel have taken on very diverse characteristics. Datalogic sensors and vision systems guarantee optimal traceability of packages and shipments, from the warehouse to the carrier for delivery.

In logistics, the first generations of self-driving vehicles (autonomous shuttles and forklifts) used in controlled areas of the warehouse are under development. We are also observing an increase in the use of robots, above all in end-of-line applications, in palletisers and in automatic guided vehicles (AGVs).

Innovation in airport systems especially represents one of the main lines of development in the transportation market, one that Datalogic is ready to seize on in the coming years, with a comprehensive technological offering.



We offer **T&L Clients, always at the heart of our business**, continuous innovation, capable of offering a response to the needs of clients in all sectors.

In **1984**, for the first time in Europe, Datalogic introduced optical readers for the automatic coding of outbound luggage at Linate Milano airport, thereby increasing the potential productivity of the sorting systems.

Thirty-four years later, in **2017**, Datalogic was named Platinum Partner by one of the world leaders in logistics services, specialising in international shipping, courier services and transportation.

Healthcare

“We empower the entire Healthcare ecosystem from drug production to patient care.

PHARMACEUTICAL
HOSPITALS
PHARMACIES

The challenges of the market

The traceability of medications, people, patients, surgical instruments and machinery underpins the new safety and efficiency parameters demanded by the latest modern healthcare systems.

Datalogic technological solutions ensure complete traceability and help to protect patients and healthcare personnel, also thanks to special plastics treated with antimicrobial additives that can withstand daily cleaning with aggressive disinfectant solutions and can therefore prevent the spread of infection.

Datalogic also sees great potential for development in the progress of telemedicine and its services, which have become a component of healthcare methodology in many countries around the world for supporting patients after admission to hospital or preventing readmission.

Datalogic is ready to seize on these opportunities and to support and accelerate the introduction of these changes with state-of-the-art products and solutions, suited to the end user.



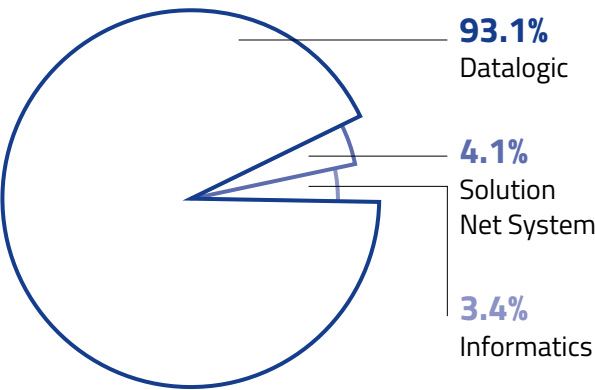
We offer **Healthcare Clients, at the heart of our business**, products and solutions that guarantee accurate medication and traceability of medicines, electronic monitoring of patients and the correct association clinical sample-patient.

A constant growth

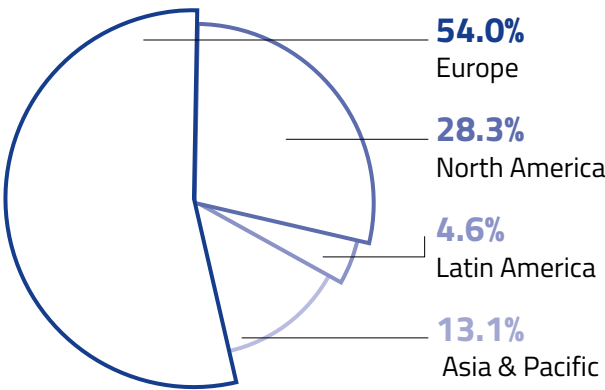
2017 REVENUES

Total **606 MLN EUROS**

By division



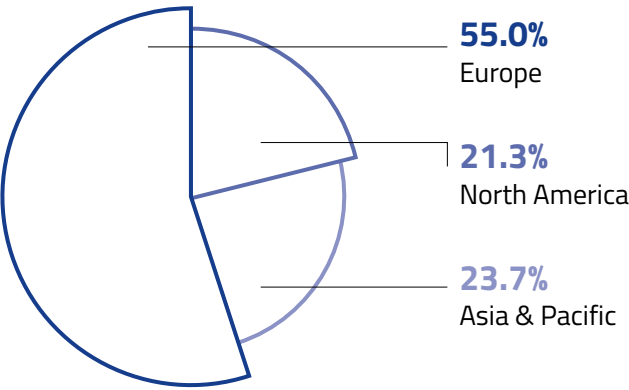
By geographic area



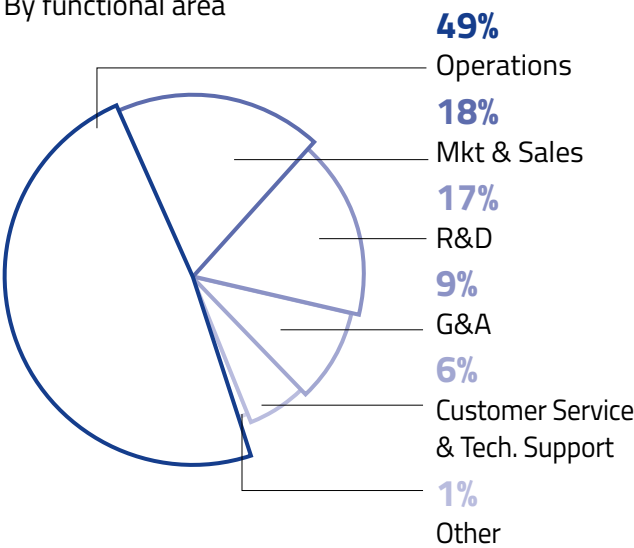
2017 EMPLOYEES

Total **2,912**

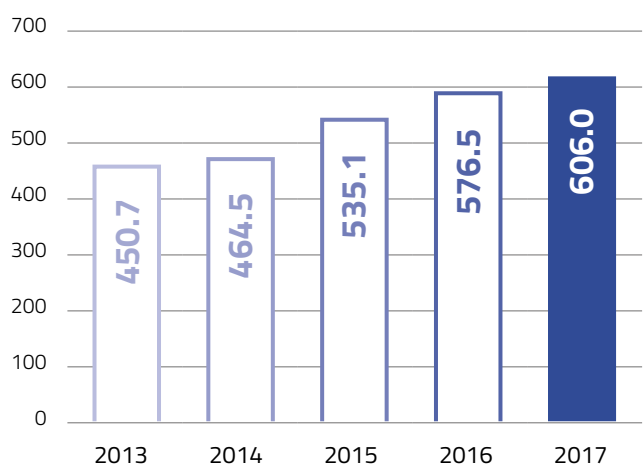
By geographic area



By functional area

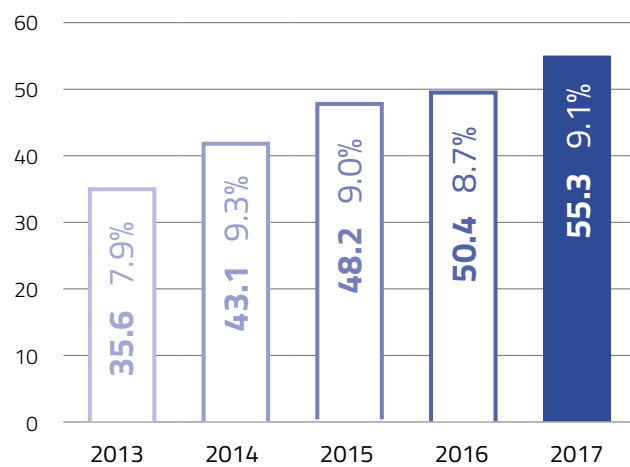


REVENUES (MLN EUROS)



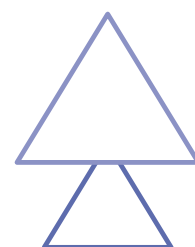
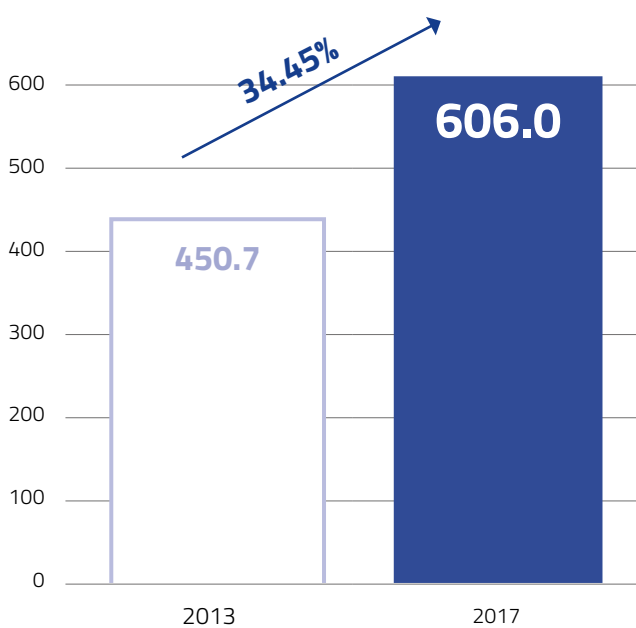
(+5.1% vs. 2016)

R&D (MLN EUROS)*



*% on revenues

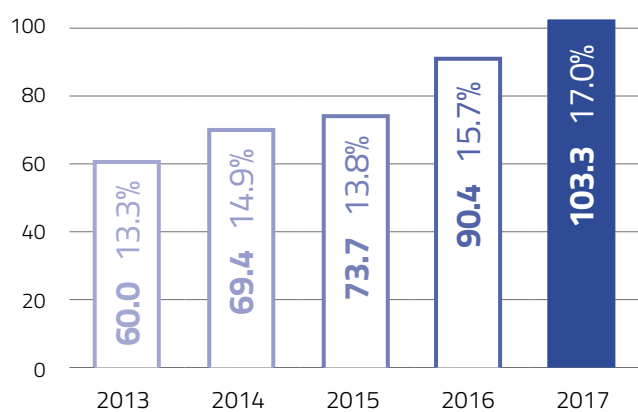
TOTAL REVENUES (MLN EUROS)



CAGR 2013-2017

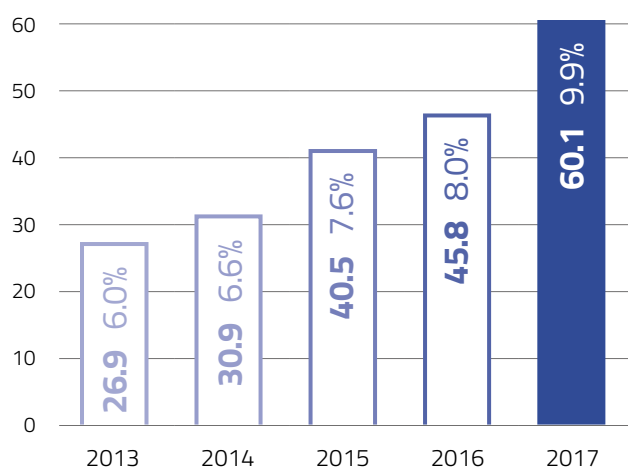
7.7%

EBITDA (MLN EUROS)*



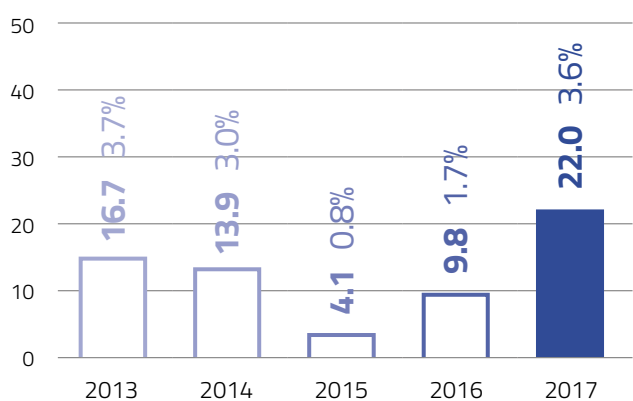
*% on revenues

NET INCOME (MLN EUROS)*



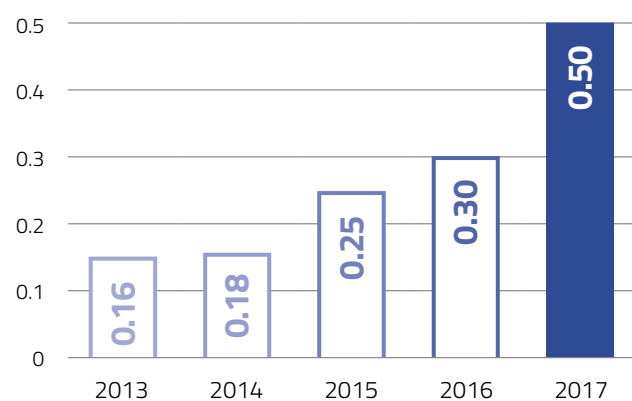
*% on revenues

NET WORKING CAPITAL (MLN EUROS)

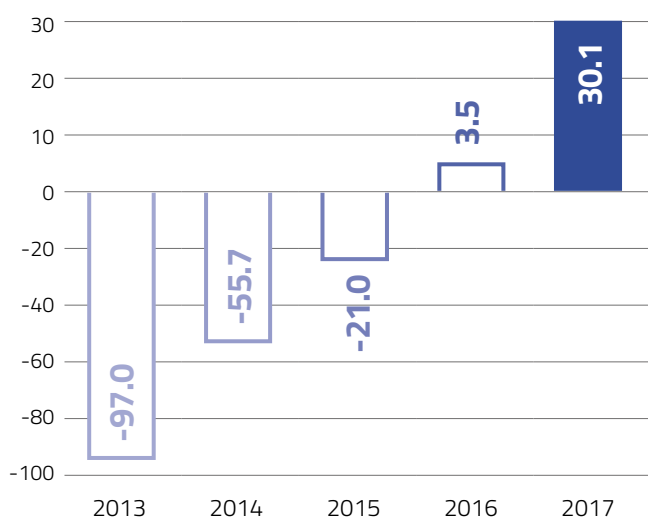


** on revenues

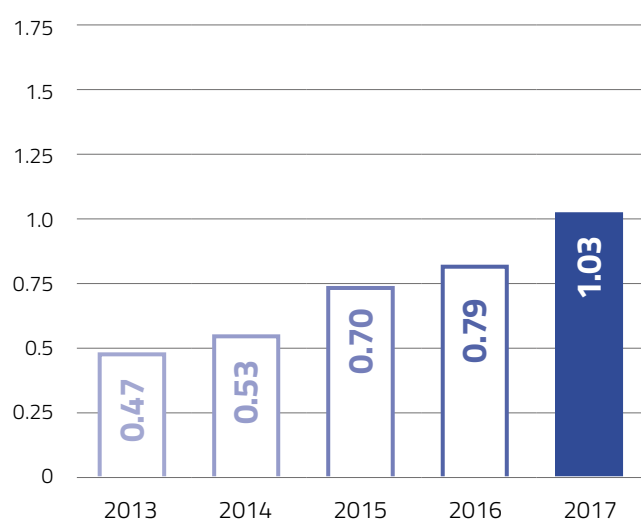
DIVIDEND PER SHARE (DPS - EUROS)



NET FINANCIAL POSITION (MLN EUROS)



EARNINGS PER SHARE (EPS - EUROS)



INCOME STATEMENT

MIn Euros	2013	2014	2015	2016	2017
REVENUES	450.7	464.5	535.1	576.5	606.0
EBITDA	60.0	69.4	73.7	90.4	103.3
% on revenues	13.3	14.9	13.8	15.7	17
EBT	35.5	39.2	51.6	66.9	75.4
% on revenues	7.9	8.4	9.6	11.6	12.5
NET INCOME	26.9	30.9	40.5	45.8	60.1
% on revenues	6.0	6.6	7.6	8.0	9.9
EMPLOYEES GROWTH	2,364	2,470	2,567	2,696	2,912
DIVIDEND PER SHARE (Euros)	0.16	0.18	0.25	0.3	0.5
DIVIDEND DISTRIBUTION (mIn Euros)	8.5	9.4	10.5	14.5	17.4

BALANCE SHEET

MIn Euros	2013	2014	2015	2016	2017
FIXED ASSETS	300.4	326.2	363.8	371.7	347.9
CURRENT ASSETS	150.2	164.0	166.8	192.0	201.3
CURRENT LIABILITIES	-133.6	-150.1	-162.7	-182.2	-179.3
NET WORKING CAPITAL	16.7	13.9	4.1	9.8	22.0
NET INVESTED CAPITAL	282.3	297.0	319.2	332.9	322.9
EQUITY	185.3	241.3	298.3	336.4	353.0
NET FINANCIAL POSITION	-97.0	-55.7	-21.0	3.5	30.1
CAPEX	17.1	12.7	22.0	16.5	13.9
% on revenues	3.8	2.7	4.1	2.9	2.3
NET WORKING CAPITAL	16.7	13.9	4.1	9.8	22.0
% on revenues	3.7	3.0	0.8	1.7	3.6
ROE%	15.0	14.5	15.0	14.4	17.4
DEBT/EQUITY %	52.4	23.1	7.0	-1.0	-8.5





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