

HALF-YEAR REPORT AT 30TH JUNE 2017 APPROVED BY THE BOARD OF DIRECTORS. RECORD QUARTER AND HALF-YEAR: NEW ORGANISATIONAL MODEL CONTINUES TO DRIVE REVENUES AND PROFITABILITY

- **Revenues in the quarter reached €157.8 million (+7.7% compared to the second quarter of 2016 and +11.5% compared to the first quarter of 2017). Revenues for the first half reached €299.3 million (+6.2% compared to the first half of 2016)**
- **EBITDA at highest ever: €31 million in the second quarter, with EBITDA margin of 19.7%. Half-year EBITDA of €51.8 million, up 15.3% compared to first half 2016 (EBITDA margin of 17.3%, compared to 16.0% in the first half of 2016)**
- **Net profit up by 11.9% to €29.3 million compared to €26.2 million in the first half of 2016**
- **Net financial position positive in the amount of €5.5 million, compared to €3.5 million at 31 Dec 2016**

Bologna, 4th August 2017 - **Datalogic S.p.A.** (Borsa Italiana S.p.A.: DAL), a company listed in the Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. (“Datalogic”) and global leader in the automatic data capture and process automation markets, approved today the Half-Year Report at 30th June 2017.

The first-half results show strong growth in all the main economic indicators, thus confirming the positive trend recorded in the first quarter. Thanks to a sustained increase in sales revenues and to improvements in operating costs, EBITDA increased by 15.3% to around €52 million, EBIT increased by 16.6%, to €29.3 million and net profit by 11.9%, to €29.3 million. Net financial position is positive in the amount of €5.5 million, an improvement compared to December 2016.

Datalogic Group Chief Executive Officer, Valentina Volta, commented: “The increasing demand for our products and solutions for automation, quality and efficiency of processes finds a prompt reply in our new organisational model focused on clients. Second quarter preliminary revenues, the best ever in Datalogic history, recorded a double digit growth in Transportation & Logistics, Manufacturing and Healthcare segments and highlighted a recovery of the Retail sector. We are very satisfied of the growth recorded in China and the consolidation of our leadership position in EMEA. The improvement recorded of EBITDA, the best ever both at quarterly and interim level, comes from the strong focus of the entire structure on production and sales. This performance, supported by an increase in the booking and the ongoing streamlining of production and operating costs, makes us confident that positive results will also be achieved in the second part of the year.

Half-yearly revenues amounted to €299.3 million, an increase of 6.2% compared to €281.8 million in the first half of 2016 (+4.8% at constant Euro/Dollar exchange rates). The booking reached €322.8 million, an increase of 12.0% compared to the same period of 2016.

The impact on turnover of new products in the first half was 15.1% (28.3% in the first half of 2016) attributable to the time delay between the removal from the indicator of “cross-industry” product consolidated turnover, the replacement of which is scheduled starting from the second part of the year, and the simultaneous inclusion in the indicator of products more focused on customers from specific industries.

with a longer useful life but with a lower initial impact on turnover.

Gross operating margin, equal to €142.3 million, increased by 8.6% compared to the €130.9 million achieved in the same period of the previous year (+8.4% at constant Euro/Dollar exchange rates), with the impact on revenues improved by one percentage point, from 46.5% in the first half of 2016 to 47.5% in the first half of 2017 (48.1% at constant Euro/Dollar exchange rates), as a result of the shift of the sales to products where the customer's willingness to pay is higher and the efficiencies of the main components and the cost of goods sold.

Operating costs, equal to €98.3 million, increased by 3.6% (+2.4% at constant Euro/Dollar exchange rates) compared to €94.9 million in the same period of 2016, with an improvement of approximately 1 percentage point compared to turnover, from 33.7% to 32.8%. This performance reflects an 8.2% increase in the costs of research and development activities to €26.3 million, with an impact on revenues of 8.8% compared to 8.6% recorded in the first half of 2016.

The **EBITDA** grew significantly by 15.3% from €45 million to €51.8 million (+17% at constant Euro/Dollar exchange rates) while the impact on revenues (EBITDA margin) increased to 17.3% compared to 16.0% in the first half of 2016, both due to production costs efficiencies and a different seasonality of operating costs, in particular R&D and distribution costs.

The **EBIT** increased by 16.6% to €41.2 million, compared to €35.3 million (+19.5% at constant Euro/Dollar exchange rates).

Financial charges increased with respect to the €1.9 million in the first half of 2016 to €2.5 million, due to the effect of exchange losses (€1.4 million compared to losses of €0.3 million in the first half of 2016) and related to the effect on the Group's net balances of the depreciation of the dollar during the first half of 2017, of the release of related *up front fees* for early loan repayment and of the increase in gross debt as a result of the stipulation of a new financing agreement of higher amount.

Group net income amounted to €29.3 million, up by 11.9% compared to €26.2 million achieved in the first half of 2016.

Net financial debt as at 30 June 2017 was positive by €5.5 million, an improvement of approximately €2.0 million compared to 31 December 2016 (positive by €3.5 million).

Trade working capital at 30 June 2017 stood at €70.2 million compared to €53.2 million at 31 December 2016 and €56.1 million compared to the same period of the previous year. The increase of this item compared to 31 December 2016 is mainly attributable to the increase in net trade account receivables, due to a different distribution of sales during the period, and inventories.

THREE-MONTH PERFORMANCE

Total revenues in the second quarter of 2017 amounted to €157.8 million, up by 7.7% compared to the second quarter of 2016 (+6.4% at constant Euro/Dollar exchange rates) and by 11.5% compared to the first quarter of 2017. The booking during the quarter was equal to €162.8 million, up by 10.2% compared to the second quarter 2016.

Operating margins reported a strong growth both compared to the second quarter of 2016 and the first quarter of the current year.

Q2 2017 vs. Q2 2016

€000	Q2 2017		Q2 2016		Change in %	Change %
TOTALE REVENUES	157.784	100,0%	146.489	100,0%	11.295	7,7%
EBITDA	31.061	19,7%	26.137	17,8%	4.924	18,5%
NET PROFIT	17.391	11,0%	16.103	11,0%	1.288	8,0%

Q2 2017 vs. Q1 2017

€000	Q2 2017		Q1 2017		Change in %	Change %
TOTALE REVENUES	157.784	100,0%	141.524	100,0%	16.260	11,5%
EBITDA	31.061	19,7%	20.764	14,7%	10.297	49,6%
NET PROFIT	17.391	11,0%	11.906	8,4%	5.485	46,1%

PERFORMANCE BY DIVISION

€000	Revenues			EBITDA		
	H1 2017	H1 2016(*)	Change in %	H1 2017	H1 2016	Change in %
Datalogic	279.178	260.176	7,3%	51.324	46.115	11,1%
Solution Net Systems	10.574	9.952	6,3%	831	(877)	n.a.
Informatics	11.239	12.751	(11,9%)	(328)	(290)	(13,1%)
Adjustments	(1.683)	(1.037)	62,3%	(2)	9	n.a.
Group Total	299.308	281.842	6,2%	51.825	44.957	15,3%

(*) The 2016 figures have been restated based on the new operating structure

The **Datalogic Division** recorded turnover of €279.2 million, up by 7.3% (+6% at constant Euro/exchange rates) compared to the first half of 2016. The EBITDA of the division grew by 11.3% to 51.3 million, with an EBITDA margin of 18.4%.

- The **Retail** sector showed a substantially stable performance compared to last year, with a reversal compared to the first quarter of 2017, which recorded a slightly negative performance. The EMEA region (which over 50% of the sector's revenues are concentrated) saw an increase of 11.5% compared to the period of 2016, which offset the slowdown in the American continent.

- The strong growth in the **Manufacturing** sector was confirmed, with double-digit growth on last year.

No. 91/2014 converted by Law No. 116/2014 (the so-called “Competitiveness Decree”).

A binding agreement was signed on 6th June 2017, and subsequently concluded on 6th July, for the acquisition of 100% of the share capital of the German company Soredi Touch Systems GmbH, leader in technology for terminals and in particular forklifts terminals. The transaction provides for a maximum comprehensive financial commitment amounting to 10 mln/€, of which 8 million Euros in cash and 2 million Euros through Datalogic own shares.

EVENTS AFTER THE END OF THE SIX-MONTH PERIOD

There are no significant events to report, except for the conclusion of the above-mentioned acquisition of Soredi Touch Systems GmbH, on 6th July 2017.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The results of the first half confirm the Group’s positive trend in all the main geographical areas, particularly in China. The double-digit growth in the booking and the positive feedback received from customers demonstrate the validity of the Group strategy, and the effectiveness of the new customer-oriented business model and the new organisation.

In view of the largely stable macroeconomic scenario, the top line growth trend seen in the first half year is expected to be confirmed for the remainder of 2017 and the optimisation of production processes to continue as a result of the expected growth of investments in research and development and commercial facilities.

Please note that the half-year report at 30th June 2017 will be available to anyone who requests it at the company headquarters, at the offices of Borsa Italiana S.p.A. (www.borsaitaliana.it), on the “eINSTRUMENT STORAGE” instrument, managed by Spafid Connect S.p.A. and may also be available on the company website www.datalogic.com (Investor Relations section).

The manager responsible for preparing the company’s financial reports – Alessandro D’Aniello – declares, pursuant to paragraph 2 of Art. 154-bis of the “Testo Unico della Finanza”, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Reclassified income statement at 30th June 2017 – Euro/1.000

Datalogic Group	30/06/2017		30/06/2016		var.	var. %
Total Revenues	299.308	100,0%	281.842	100,0%	17.466	6,2%
Cost of goods sold	(157.048)	-52,5%	(150.900)	-53,5%	(6.148)	4,1%
Gross Operating Margin	142.260	47,5%	130.942	46,5%	11.318	8,6%
Other revenues	535	0,2%	2.038	0,7%	(1.503)	-73,7%
Research & Development	(26.321)	-8,8%	(24.317)	-8,6%	(2.004)	8,2%
Distribution costs	(49.080)	-16,4%	(49.453)	-17,5%	373	-0,8%
Administrative expenses	(22.196)	-7,4%	(20.199)	-7,2%	(1.997)	9,9%
Other operating expenses	(717)	-0,2%	(891)	-0,3%	174	-19,5%
Total operating expenses and others	(98.314)	-32,8%	(94.860)	-33,7%	(3.454)	3,6%
Non-recurring costs/revenues	(781)	-0,3%	(370)	-0,1%	(411)	111,1%
Amort. intangible assets from acquisition	(2.511)	-0,8%	(2.437)	-0,9%	(74)	3,0%
Operating Profit (EBIT)	41.189	13,8%	35.313	12,5%	5.876	16,6%
Financial (costs)/revenues	(2.459)	-0,8%	(1.877)	-0,7%	(582)	31,0%
Result from equity investments	(140)	0,0%	(402)	-0,1%	262	-65,2%
Foreign exchange (costs)/revenues	(1.406)	-0,5%	(283)	-0,1%	(1.123)	396,8%
Profit/(Loss) before taxes (EBT)	37.184	12,4%	32.751	11,6%	4.433	13,5%
(Taxes)	(7.887)	-2,6%	(6.575)	-2,3%	(1.312)	20,0%
Net Income/(Loss)	29.297	9,8%	26.176	9,3%	3.121	11,9%
Depreciation	(5.183)	-1,7%	(4.357)	-1,5%	(826)	19,0%
Amortization	(2.161)	-0,7%	(2.480)	-0,9%	319	-12,9%
EBITDA ¹	51.825	17,3%	44.957	16,0%	6.868	15,3%

Please note that certain costs starting from 2017 have been reclassified into different P&L line therefore comparative data as at 30th June 2016 have been restated accordingly.

[1] *EBITDA - Earnings before interest, taxes, depreciation and amortization. EBITDA as defined alternative performance indicator that Management used to monitor and assess its economic perform and it is not defined under IFRS, consequently it is not subject to Auditors review.*

Reclassified Balance Sheet at 30th June 2017 () – Euro/1.000

Datalogic Group	30/06/2017	31/12/2016	30/06/2016
Intangible fixed assets	45.606	51.997	52.438
Goodwill	174.730	188.934	179.539
Tangible fixed assets	69.051	72.082	66.286
Non-consolidated investments	9.047	6.928	5.989
Other fixed assets	55.531	51.807	52.209
Total Fixed Assets	353.965	371.748	356.461
Net trade account receivables	87.080	75.477	75.763
ST account payables	(105.351)	(104.585)	(108.268)
Inventory	88.510	82.344	88.565
Trade Working Capital	70.239	53.236	56.060
Other current receivables	35.065	34.184	34.210
Other ST payables and provision for risk & future charges	(84.906)	(77.625)	(72.373)
Net Working Capital	20.398	9.795	17.897
Other LT payables	(30.042)	(30.836)	(26.009)
Employees' deferred compensation / TFR	(6.780)	(6.647)	(6.488)
LT provision for risk & future charges	(12.774)	(11.169)	(10.143)
Net Invested Capital	324.767	332.891	331.718
Equity	(330.224)	(336.394)	(304.258)
Net Financial Position	5.457	3.503	(27.460)

[2]The reclassified Balance Sheet shows measures used by the Management to monitor and assess financial performances of the Group. Given that the composition of these measures is not regulated reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are subject to any audit procedure by the Independent Auditors.

Net Financial Position at 30th June 2017 – Euro/1.000

Datalogic Group	30/06/2017	31/12/2016	30/06/2016
A. Cash and bank deposits	258.022	146.930	93.747
B. Other liquidity	12	47	45
<i>b1. Restricted cash</i>	12	47	45
C. Securities held for trading	0	0	361
<i>c1. Short Term</i>	0	0	0
<i>c2. Long Term</i>		0	361
D. Cash and Cash equivalents (A) + (B) + (C)	258.034	146.977	94.153
E. Current financial receivables	0	0	0
F. Other current financial assets	0	0	0
<i>f1. Hedging instruments</i>	0	0	0
G. Current bank overdrafts	101	212	43
H. Current portion of non-current debt	51.103	30.180	19.963
I. Other current financial liabilities	2.779	5.878	3.327
<i>i1. Hedging instruments</i>	11	37	0
<i>i2. Leasing payables</i>	97	248	267
<i>i3. Current financial liabilities</i>	2.671	5.593	3.060
J. Current financial debt (G) + (H) + (I)	53.983	36.270	23.333
K. Current financial debt, net (J) – (D) – (E) – (F)	(204.051)	(110.707)	(70.820)
L. Non-current bank borrowing	229.549	139.321	129.692
M. Other non-current financial assets	30.955	32.117	31.616
N. Other non-current liabilities	0	0	204
<i>n1. Hedging instruments</i>		0	76
<i>n2. Leasing payables</i>	0	0	128
O. Non – current financial debt (L) – (M) + (N)	198.594	107.204	98.280
P. Net financial debt (K) + (O)	(5.457)	(3.503)	27.460