# THE BOARD OF DIRECTORS APPROVED THE QUARTERLY REPORT AT 30TH SEPTEMBER 2017.

**Quarter results**

**• Revenue up 8.2% to €151.4 million compared to €139.9 million in the third quarter of 2016.**

**• EBITDA grew 20.3% to €26.1 million compared to €21.7 million in the third quarter of EBITDA margin increased from 15.5% to 17.2%.**

**• Net profit up 7.3% to €15.8 million compared to €14.7 million in the third quarter of 2016.**

**Results of the nine-month period**

**• Revenue of €450.7 million, an increase of +6.9% over €421.8 million in the first nine months of 2**

**• EBITDA of €77.9 million, up 16.9% over €66.6 million in the first nine months of 2016 (EB margin at 17.3% compared to 15.8%).**

**• Net profit improved by 10.2% to €45.1 million, compared to €40.9 million achieved in the firs months of 2016.**

**• Negative net financial position of €15.2 million, compared to negative €37.6 million as September 2016.**

Bologna, 14th November 2017 - **Datalogic S.p.A**. (Borsa Italiana S.p.A.: **DAL**), a company listed STAR Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. ("**Datalogic**") and leader in the automatic data capture and process automation markets, approved yesterday Quarterly Fin Report at 30th September 2017.

**Datalogic's CEO, Valentina Volta,** commented: "We are very satisfied with the results of the qu which, despite the Euro/Dollar exchange rate reversing the trend of previous quarters and the seasc typical for the period, reported both increased revenue and improved margins. Nine months since its la our new customer-centric organisation has generated double-digit growth, particularly in the Manufac and Healthcare sectors. Margins continued to improve due to the optimisation of production costs a spite of significant investments in Research and Development, representing nearly nine percent of tu and the basis of the Group's growth, which is also evidenced by the recent recruitment of 8( professionals, who have graduated or are about to graduate in engineering and/or other scientific fa around the world. Based on the results achieved and breakthrough, high-technology products launched end of the quarter, we expect the year to close in line with the trend of the first nine months."

Note that the Group's results as at 30 September 2017 include the data for the third quarter of Soredi Systems GmbH, acquired on 6 July 2017.

During the nine months, consolidated revenue is €450.7 million, an increase of 6.9% from €421.8 mill the first nine months of 2016 (+6.8% at constant Euro/Dollar exchange rate). The booking reached € million, up 9.2% compared to the same period in 2016.

The impact of new products on turnover for the nine months is 12.9% (25.6% in the same period of 2 and does not yet include the benefits of the sale of new products announced at the end of the quarter.

**Gross operating margin**, equal to €212.5 million, represents an increase of 9.3% against €194.4 n reported in the same period of the previous year (+9.5% at constant Euro/Dollar exchange rate). Expres a proportion of revenues, gross operating margin increased by a percentage point, from 46.1% in th nine months of 2016 to 47.1% (47.3% at constant Euro/Dollar exchange rate), principally due to volumes, improvements in the sales mix, as well as efficiencies in the main components of cost of sold.

Operating costs, equal to €147.5 million, grew by 5.1% (+4.9% at constant Euro/Dollar exchange compared to €140.4 million during the same period in 2016, however, they improved from 33.3% to 3 as a percentage of sales. This performance reflects an increase in costs for Research and Development, grew 8.9% to €39.9 million, or 8.9% of revenues compared with the 8.7% in the first nine months of 20

**EBITDA** reports significant growth of 16.9%, from €66.6 million to €77.9 million (+17.7% at co Euro/Dollar exchange rate), and the EBITDA margin rose to 17.3% (17.4% at constant Euro/Dollar exc rate) compared to 15.8%, due to gross profit, containment of general and administrative expenses different seasonal effect of distribution costs.

**Operating profit (EBIT)** increased 18.4% to €62.5 million from €52.8 million in the previous year (+ at constant Euro/Dollar exchange rate).

Financial management was negative for €5.7 million compared to a negative €3.2 million in the same p of the previous year, principally as a result of the trend in exchange rates (losses of €2.3 million compa losses of €0.5 million in the first nine months of 2016) associated with the effect on the Group's net ba of the depreciation of the Dollar and the increase of financial expenses for the increase in gross debt.

The **Group's net profit** is €45.1 million, an increase of 10.2% from €40.9 million in the first nine mor 2016.

The **net financial position** as at 30 September 2017 is negative for €15.2 million, compared to positiv million as at 31 December 2016 and negative €37.6 million as at 30 September 2016.

As at 30 September 2017, **trade working capital** amounts to €89.8 million compared to €53.2 millio 31 December 2016, and €76.3 million compared to the same period of the previous year. The increase item, compared to 31 December 2016, is primarily attributable to the increase in customer trade receiv Trade payables and inventories show improvement over the same period of the prior year, whi difference with respect to 31 December 2016 is instead purely due to seasonal effects.

## QUARTER PERFORMANCE

### Comparison between 3Q 2017 and 3Q 2016

| €000 | 3Q 2017 | | 3Q 2016 | | Chg. | % Ch |
|---|---|---|---|---|---|---|
| TOTAL REVENUE | 151,403 | 100.0% | 139,911 | 100.0% | 11,492 | 8.2% |
| EBITDA | 26,080 | 17.2% | 21,682 | 15.5% | 4,398 | 20.3 |
| EBIT | 21,277 | 14.1% | 17,437 | 12.5% | 3,840 | 22.0 |
| NET PROFIT | 15.774 | 10,4% | 14.706 | 10,5% | 1.068 | 7,3% |

Total revenue in the third quarter of 2017 amounts to €151.4 million, up 8.2% compared to the third q of 2016 (+10.7% at constant Euro/Dollar exchange rate). Third quarter revenue continues to show a po trend despite seasonal factors for the period, negative performance in the Euro/Dollar exchange rate, a delay of certain significant new product launches to the fourth quarter. The booking for the quarte €142.0 million, up 2.9% over the third quarter of 2016, which did not benefit from new product announced at the end of the quarter.

Operating margins reported strong growth compared to the third quarter of 2016.

## PERFORMANCE BY DIVISION

| | Revenue | | | EBITDA | | |
|---|---|---|---|---|---|---|
| €000 | 9M 2017 | 9M 2016(*) | % Chg. | 9M 2017 | 9M 2016 (*) | % Ch |
| Datalogic | 417,745 | 390,962 | 6.9% | 75,159 | 68,893 | 9.1 |
| Solution Net Systems | 19,307 | 13,781 | 40.1% | 2,840 | (1,247) | n.a |
| Informatics | 16,366 | 18,559 | (11.8%) | (115) | (938) | n.a |
| Adjustments | (2,707) | (1,549) | 74.8% | 21 | (69) | n.a |
| Total Group | 450,711 | 421,753 | 6.9% | 77,905 | 66,639 | 16.5 |

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

In the third quarter of the year, the**Datalogic Division** recorded turnover of €138.6 million, up 5.9% (- at constant Euro/Dollar exchange rate) compared to the third quarter of 2016, with a very positive tr EMEA and APAC, especially in China, which reported growth of more than 80%. During the quarte Division also benefited from the contribution provided by the acquisition of Soredi Touch Systems million. In the first nine months, turnover reached €417.7 million, up 6.9% (+6.7% at constant Euro/ exchange rate) compared to the same period of 2016. EBITDA for the Division is up 9.1% to €75.2 m or 18% expressed as a proportion of sales.

- The **Retail** sector showed a slight decline (-1.3%) compared to last year mainly due to a slowdown ir in North America following the postponement of projects with major customers. EMEA and confirmed the growth trend.

- The **Manufacturing** sector is expanding, with growth of 10.2% over the first nine months of last yea increase was driven by China, where sales grew by over 70% compared to the previous year.

- After a difficult first quarter, the **Transportation & Logistics** sector posted double-digit growth subsequent quarters, driven mainly by North America and China. Over the first nine months, growth is compared to the same period in 2016.

- The **Healthcare** sector continues to have the strongest growth in percentage terms, or 42.5% over last This is mainly due to North America, where revenue has more than doubled.

Finally, sales through the distribution channel, particularly to small and medium-sized customers (SME directly attributable to any of the 4 main sectors, reported extremely positive performance, with grov 32.4% over the same period of 2016.

The **Solution Net Systems Division** posted excellent performance in the quarter, with turnover o million, which was more than twice the figure of €3.8 million for the third quarter of 2016 (+12 +138.1% at constant Euro/Dollar exchange rate), due to important orders as well as progress for the Mail order. Over the first nine months of 2017, this Division reported turnover of €19.3 million, up compared to the first half of 2016 (+41% at constant Euro/Dollar exchange rate). EBITDA for the Divis €2.8 million (negative €1.2 million in the same period of 2016), or 14.7% of sales.

In the third quarter, the **Informatics Division** recorded turnover of €5.1 million, down 11.7% (-7.5 constant Euro/Dollar exchange rate) compared to the third quarter of 2016. Over the first nine mon 2017, this Division reported turnover of €16.4 million, down 11.8% compared to the first half of (-12.2% at constant Euro/Dollar exchange rate). EBITDA for the Division, while still negative fo million, shows substantial improvement over the same period of 2016 (negative €0.9 million).

## PERFORMANCE BY GEOGRAPHIC AREA

In the first nine months of 2017, EMEA showed positive performance, with growth of 7.4% to € million, as well as a significant growth in APAC, driven by China. Moderately positive performance in America, with 1.5% growth mainly due to the results for Solution Net Systems in the third quarter a T&L sector. Latin America continues to improve, showing double-digit growth (+16.1%) in the third q although the 9-month figures still reflect the negative performance in the first quarter of the year.

| REVENUE BY GEOGRAPHIC AREA | 9M 2017 | 9M 2016 | Change |
|---|---|---|---|
| (€000) | | | |
| *Italy* | *41,589* | *39,926* | *4.2%* |
| *EMEA (EX Italy)* | *196,137* | *181,509* | *8.1%* |
| **Total EMEA (*)** | 237,726 | 221,435 | *7.4%* |
| **North America** | 133,772 | 131,754 | *1.5%* |
| **Latin America** | 20,106 | 20,517 | *(2.0%)* |
| **APAC** | 59,107 | 48,047 | *23.0%* |
| **TOTAL** | **450,711** | **421,753** | ***6.9%*** |

**(*) EMEA: Europe, Middle East and Africa.**

## EVENTS IN THE QUARTER

On 6 June 2016, the acquisition of 100% share capital of the German company Soredi Touch Systems

was concluded, a leader in technologies for terminals, especially forklift terminals. This trans envisaged a total maximum financial commitment for Datalogic of €10 million, of which €8 million cas €2 million treasury shares.

## BUSINESS OUTLOOK FOR THE CURRENT YEAR

The third quarter confirmed the trend of revenue growth compared to the previous year, which had a been noted in the first two quarters. The Group expects to continue investing in Research and Develo and in commercial structures, consistent with the customer-oriented business model.

The positive feedback from customers on new products launched during the quarter, including the nev Touch A6 Android terminal with wireless charging, the new Magellan fixed retail scanner, and th Quickscan Lite handheld reader for the Retail sector, as well as the new Powerscan 9100 industrial with the innovative "scan engine" developed in-house, indicate positive performance for the remainder year.

For the last part of the year, in a substantially stable global macroeconomic scenario, the Group expec the growth trend in revenues recorded in the first nine months will be confirmed and it will conti streamline production processes in order to achieve improved profitability over the prior year.

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Please note that the Quarterly Report at 30th September 2017 will be available to anyone who request the company headquarters, at the offices of Borsa Italiana S.p.A. (www.borsaitaliana.it), on the "eM STORAGE" instrument, managed by Spafid Connect S.p.A. and may also available on the comp website www.datalogic.com (Investor Relations section).

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

**Reclassified income statement at 30th September 2017 – Euro/1.000**

| | 30.09.2017 | | 30.09.2016 | | Change | Change % |
|---|---|---|---|---|---|---|
| **Total Revenues** | **450.711** | ***100,0%*** | **421.753** | ***100,0%*** | ***28.958*** | ***6,9%*** |
| Cost of goods sold | (238.201) | *-52,9%* | (227.381) | *-53,9%* | *(10.820)* | *4,8%* |
| **Gross Operating Margin** | **212.510** | ***47,1%*** | **194.372** | ***46,1%*** | ***18.138*** | ***9,3%*** |
| Other revenues | 2.005 | *0,4%* | 2.321 | *0,6%* | *(316)* | *-13,6%* |
| Research & Development | (39.889) | *-8,9%* | (36.636) | *-8,7%* | *(3.253)* | *8,9%* |
| Distribution costs | (73.225) | *-16,2%* | (72.259) | *-17,1%* | *(966)* | *1,3%* |
| Administrative expenses | (32.966) | *-7,3%* | (30.394) | *-7,2%* | *(2.572)* | *8,5%* |
| Other operating expenses | (1.450) | *-0,3%* | (1.147) | *-0,3%* | *(303)* | *26,4%* |
| **Total operating expenses and others** | **(147.530)** | ***-32,7%*** | **(140.436)** | ***-33,3%*** | ***(7.094)*** | ***5,1%*** |
| Non-recurring costs/revenues | (858) | *-0,2%* | 149 | *0,0%* | *(1.007)* | *n.a.* |
| Amort. intangible assets from acquisition | (3.661) | *-0,8%* | (3.656) | *-0,9%* | *(5)* | *0,1%* |
| **Operating Profit (EBIT)** | **62.466** | ***13,9%*** | **52.750** | ***12,5%*** | ***9.716*** | ***18,4%*** |
| Financial (costs)/revenues | (3.441) | *-0,8%* | (2.603) | *-0,6%* | *(838)* | *32,2%* |
| Result from equity investments | (1) | *0,0%* | (466) | *-0,1%* | *465* | *-99,8%* |
| Foreign exchange (costs)/revenues | (2.259) | *-0,5%* | (548) | *-0,1%* | *(1.711)* | *312,2%* |
| **Profit/(Loss) before taxes (EBT)** | **56.765** | ***12,6%*** | **49.133** | ***11,6%*** | ***7.632*** | ***15,5%*** |
| (Taxes) | (11.694) | *-2,6%* | (8.251) | *-2,0%* | *(3.443)* | *41,7%* |
| **Net Income/(Loss)** | **45.071** | ***10,0%*** | **40.882** | ***9,7%*** | ***4.189*** | ***10,2%*** |
| Depreciation | (7.649) | *-1,7%* | (6.629) | *-1,6%* | *(1.020)* | *15,4%* |
| Amortization | (3.271) | *-0,7%* | (3.753) | *-0,9%* | *482* | *-12,8%* |
| **EBITDA (1)** | **77.905** | ***17,3%*** | **66.639** | ***15,8%*** | ***11.266*** | ***16,9%*** |

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 perfor and it is not defined under IFRS, consequently it is not subject to Auditors review.*

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

| | 30.09.2017 | 31.12.2016 | 30.09.2016 |
|---|---|---|---|
| Intangible fixed assets | 43.464 | 51.997 | 50.777 |
| Goodwill | 176.937 | 188.934 | 178.597 |
| Tangible fixed assets | 68.108 | 72.082 | 67.488 |
| Non-consolidated investments | 12.013 | 6.928 | 6.088 |
| Other fixed assets | 54.892 | 51.807 | 51.766 |
| **Total Fixed Assets** | **355.414** | **371.748** | **354.716** |
| Net trade account receivables | 93.141 | 75.477 | 72.626 |
| ST account payables | (90.846) | (104.585) | (86.714) |
| Inventory | 87.521 | 82.344 | 90.399 |
| **Trade Working Capital** | **89.816** | **53.236** | **76.311** |
| Other current receivables | 37.570 | 34.184 | 36.147 |
| Other ST payables and provision for risk & future charges | (76.299) | (77.625) | (68.763) |
| **Net Working Capital** | **51.087** | **9.795** | **43.695** |
| Other LT payables | (30.387) | (30.836) | (26.055) |
| Employees' deferred compensation / TFR | (6.745) | (6.647) | (6.661) |
| LT provision for risk & future charges | (13.674) | (11.169) | (10.469) |
| **Net Invested Capital** | **355.695** | **332.891** | **355.226** |
| **Equity** | **(340.519)** | **(336.394)** | **(317.649)** |
| **Net Financial Position** | **(15.176)** | **3.503** | **(37.577)** |

[2]*The reclassified Balance Sheet shows measures used by the Management to monitor and asse 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 a subject to any audit procedure by the Independent Auditors.*

**Net Financial Position at 30th September 2017 – Euro/1.000**

| | 30.09.2017 | 31:12:2016 | 30.09.2016 |
|---|---|---|---|
| A. Cash and bank deposits | 238.716 | 146.930 | 76.499 |
| B. Other liquidity | 12 | 47 | 46 |
| *b1. Restricted cash* | *12* | *47* | *46* |
| C. Securities held for trading | 0 | 0 | 0 |
| *c1. Short Term* | *0* | *0* | *0* |
| *c2. Long Term* | | *0* | *0* |
| **D. Cash and Cash equivalents (A) + (B) + (C)** | **238.728** | **146.977** | **76.545** |
| E. Current financial receivables | 0 | 0 | 0 |
| F. Other current financial assets | 0 | 0 | 0 |
| *f1. Hedging instruments* | *0* | *0* | *0* |
| G. Current bank overdrafts | 151 | 212 | 193 |
| H. Current portion of non-current debt | 51.463 | 30.180 | 24.196 |
| I. Other current financial liabilities | 2.956 | 5.878 | 2.992 |
| *i1. Hedging instruments* | *5* | *37* | *0* |
| *i2. Leasing payables* | *22* | *248* | *269* |
| *i3. Current financial liabilities* | *2.929* | *5.593* | *2.723* |
| **J. Current financial debt (G) + (H) + (I)** | **54.570** | **36.270** | **27.381** |
| **K. Current financial debt, net (J) – (D) – (E) – (F)** | **(184.158)** | **(110.707)** | **(49.164)** |
| L. Non-current bank borrowing | 229.755 | 139.321 | 118.349 |
| M. Other non-current financial assets | 31.171 | 32.117 | 31.716 |
| N. Other non-current liabilities | 750 | 0 | 108 |
| *n1. Hedging instruments* | | *0* | *56* |
| *n2. Leasing payables* | *0* | *0* | *52* |
| *n3. No- current financial payables* | *750* | *0* | *0* |
| **O. Non – current financial debt (L) – (M) + (N)** | **199.334** | **107.204** | **86.741** |
| **P. Net financial debt (K) + (O)** | **15.176** | **(3.503)** | **37.577** |