



2014 Results Conference Call

9th March, 2015

Agenda

- 2014 Results
- Outlook



2014 Results

2014 Key Factors

FOCUS ON CLIENT

- Anticipate clients' needs offering new products to improve their efficiency and productivity
 - Focus on innovation: 25 new products launched
 - 21% of revenues comes from new products
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MARKET EXPANSION

- Opening of new branches in Turkey and Brazil
 - Opening of new ADC plant in Brazil
 - Strengthening of presence in China:
 - Centralization of Procurement
 - New R&D centre
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ORGANISATION

- Strengthening of the sales force worldwide
 - Reorganization process in IA:
 - Appointment of a new CEO and of a new America VP
 - Change of the GO TO MARKET model in US: new approach by verticals
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Q4 2014 Highlights

- Sales revenues up +3.8% to 124.5 million Euro in 4Q2014 vs 120.0 million Euro in 4Q2013
- Gross Operating Margin continues improving **from 46.5% to 48.3%** on revenues
- **EBITDA up 4% to 17.4 million Euro** thanks to cost control and notwithstanding R&D investments increase to 13.3 million Euro equal to 10.7% on revenues
- Non recurring costs for 3.2 million Euro concentrated in Q4 impacted on Operating and Net Profit
- The booking in the quarter equal to **130.4 million Euro, approx. +9%** compared to 4Q2013

	4Q2014	3Q2014	Var QoQ %	4Q2013	Var YoY %
Revenues	124,482	116,036	7.3%	119,964	3.8%
Gross Operating Profit	60,112	56,370	6.6%	55,786	7.8%
EBITDA	17,436	17,854	(2.3%)	16,766	4.0%
EBITANR	14,400	14,998	(4.0%)	14,194	1.5%
Operating Profit (EBIT)	9,756	13,698	(28.8%)	12,883	(24.3%)
Net Profit	5,177	10,436	(50.4%)	9,255	(44.1%)

2014 Highlights

- Sales growth driven by ADC +9.2% and IA (ex System) +3,3%, BU Systems still suffering by the postal cycle
- Further improvement of the **Gross Operating Margin, from 47.2% to 48.6%**, and **EBITDA Margin, from 13.3% to 14.9%** as result of cost control and operating leverage
- R&D costs + 21% to 43.1 million Euro – **from 7.9% to 9.3% on revenues**
- Non recurring costs for 5.6 million Euro, mainly due to reorganization, impact EBIT
- **Net Income up 14.7% to 30.9 million Euro**
- **Dividend up 12.5% to 0.18 Euro**

€000	FY2013		FY2014		Var %
Revenues	450,737	100.0%	464,546	100.0%	3.1%
COGS	(238,133)	(52.8%)	(238,987)	(51.4%)	0.4%
Gross Operating Margin	212,604	47.2%	225,559	48.6%	6.1%
Total operating expenses and others	(164,472)	(36.5%)	(169,779)	(36.5%)	3.2%
EBITANR	50,106	11.1%	58,019	12.5%	15.8%
Operating Profit (EBIT)	45,495	10.1%	46,908	10.1%	3.1%
Net Income	26,906	6.0%	30,857	6.6%	14.7%
<i>Exchange rate</i>	1.3281		1.3285		

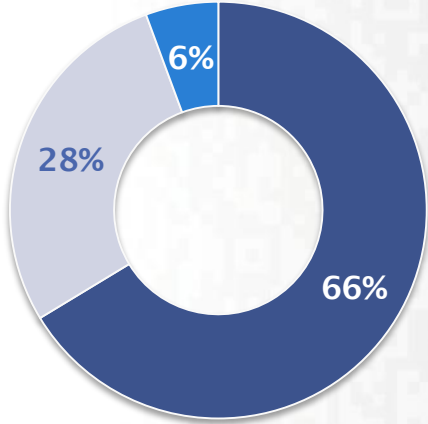
FY 2014 Profit and Loss

€000	FY2013		FY2014		Var %
Revenues	450,737	100.0%	464,546	100.0%	3.1%
COGS	(238,133)	(52.8%)	(238,987)	(51.4%)	
Gross Operating Profit	212,604	47.2%	225,559	48.6%	6.1%
Other revenues	1,974	0.4%	2,239	0.5%	
R&D	(35,614)	(7.9%)	(43,108)	(9.3%)	
Distribution Costs	(84,962)	(18.8%)	(85,319)	(18.4%)	
Administrative expenses	(41,018)	(9.1%)	(39,146)	(8.4%)	
Other operating expenses	(2,878)	(0.6%)	(2,206)	(0.5%)	
Total operating expenses and others	(164,472)	(36.5%)	(169,779)	(36.5%)	
EBITANR	50,106	11.1%	58,019	12.5%	15.8%
Non recurring costs/rev	1,154	0.3%	(5,618)	(1.2%)	
Amort. Intang. Assets from acquis.	(5,765)	(1.3%)	(5,493)	(1.2%)	
Operating Profit (EBIT)	45,495	10.1%	46,908	10.1%	3.1%
Financial (costs)/rev.	(6,531)	(1.4%)	(8,111)	(1.7%)	
Results from equity investments	286	0.1%	25	0.0%	
Foreign exchange (costs)/rev.	(3,720)	(0.8%)	357	0.1%	
EBT	35,530	7.9%	39,179	8.4%	10.3%
Taxes	(8,624)	(1.9%)	(8,322)	(1.8%)	
Net Income	26,906	6.0%	30,857	6.6%	14.7%
Depreciation	(7,342)	(1.6%)	(7,199)	(1.5%)	
Amortization	(2,537)	(0.6%)	(4,225)	(0.9%)	
EBITDA	59,985	13.3%	69,443	14.9%	15.8%
Exchange rate	1.3281		1.3285		

Revenues Trend by Division

- ADC Division continues to outperform mainly thanks to the introduction of **new technologically-advanced products** like POS 2D scanner and Presentation scanner
- Significant trend reversal in 4Q in **Industrial Automation**, driven by the launch of new products during the year, mainly dedicated to the segment of Factory Automation (e.g. P Series for Machine Vision)

REVENUES BY DIVISION (%)



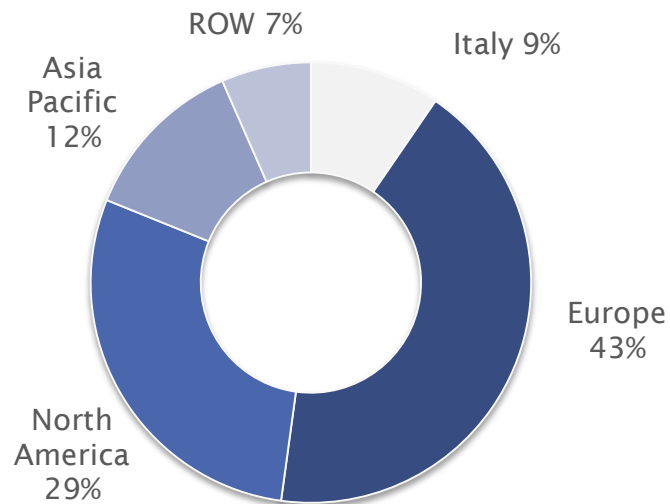
■ ADC ■ IA ■ Informatics

REVENUES BY DIVISION						
€mn	2013	2014	Var %	4Q2013	4Q2014	Var %
ADC	282.1	308.2	9.2%	79.7	82.9	4.0%
Industrial Automation	137.8	130.2	(5.5%)	32.9	35.2	7.0%
Informatics	30.8	26.1	(14.9%)	7.4	6.5	(12.2%)
Total revenues	450.7	464.5	3.1%	120.0	124.6	3.8%

Revenues Trend by Geographic Area

REVENUES BY GEOGRAPHIC AREA			
€000	2013	2014	Var %
Italy	38.040	44.489	17,0%
Europe	183.810	197.846	7,6%
North America	143.876	134.455	(6,5%)
Asia Pacific	56.455	57.154	1,2%
ROW	28.556	30.602	7,2%
Total Revenues	450.737	464.546	3,1%

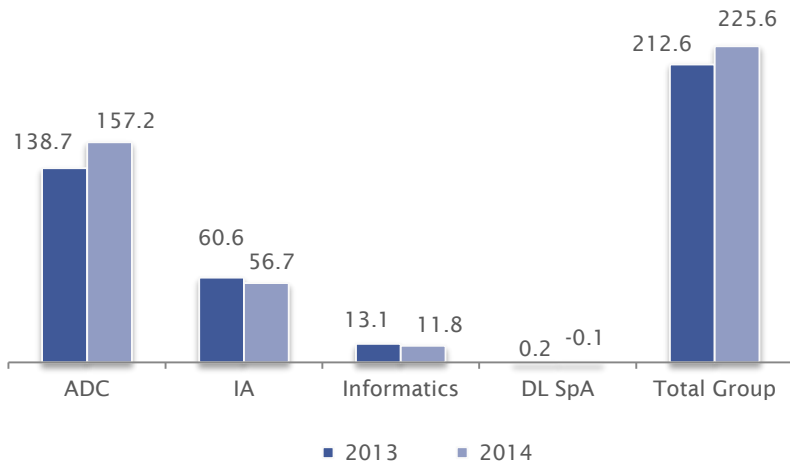
- **Europe/Italy** growth primarily driven by ADC two digits growth
- **Two speed in North America:** ADC driven by Retail while IA still suffering mainly due to cyclical trend of Postal segment
- Great result in **Greater China** in Asia Pacific
- Remarkable growth of ROW led by **Brazil** and **South Africa** thanks to new plants and offices



FY Segment Reporting: GOP and EBITDA

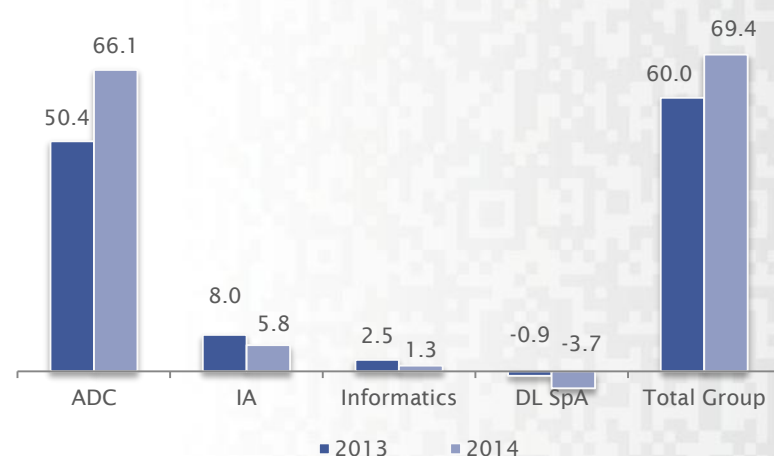
GOP BY DIVISION

€mln



EBITDA BY DIVISION

€mln

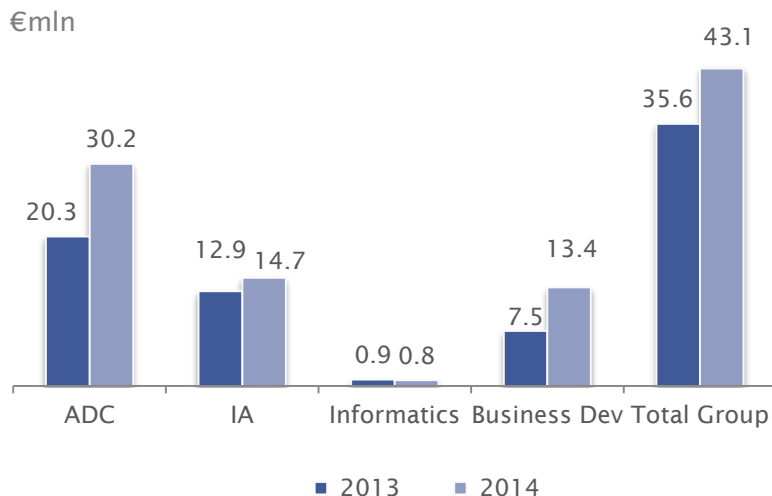


Gross Operating Margin	FY13	FY14
ADC	49.1%	50.8%
Industrial Automation	44.0%	43.5%
Informatics	42.6%	45.1%
Total Group	47.2%	48.6%

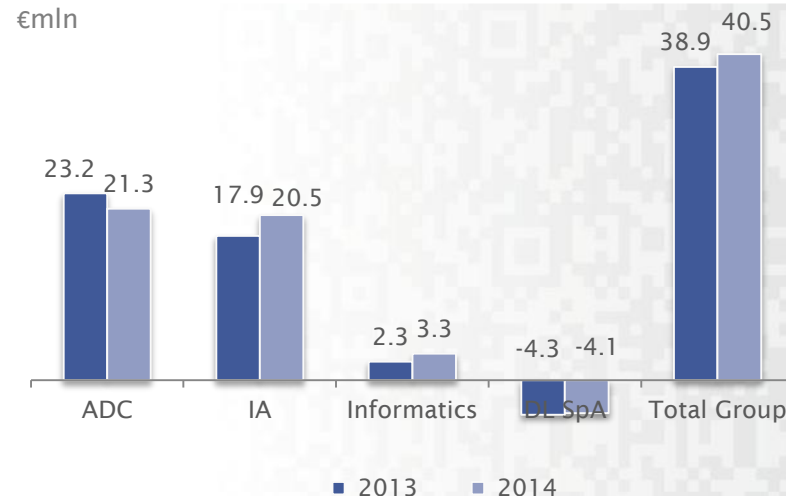
EBITDA Margin	FY13	FY14
ADC	17.9%	21.3%
Industrial Automation	5.8%	4.4%
Informatics	8.3%	4.9%
Total Group	13.3%	14.9%

FY Segment Reporting: R&D and TWC

R&D BY DIVISION



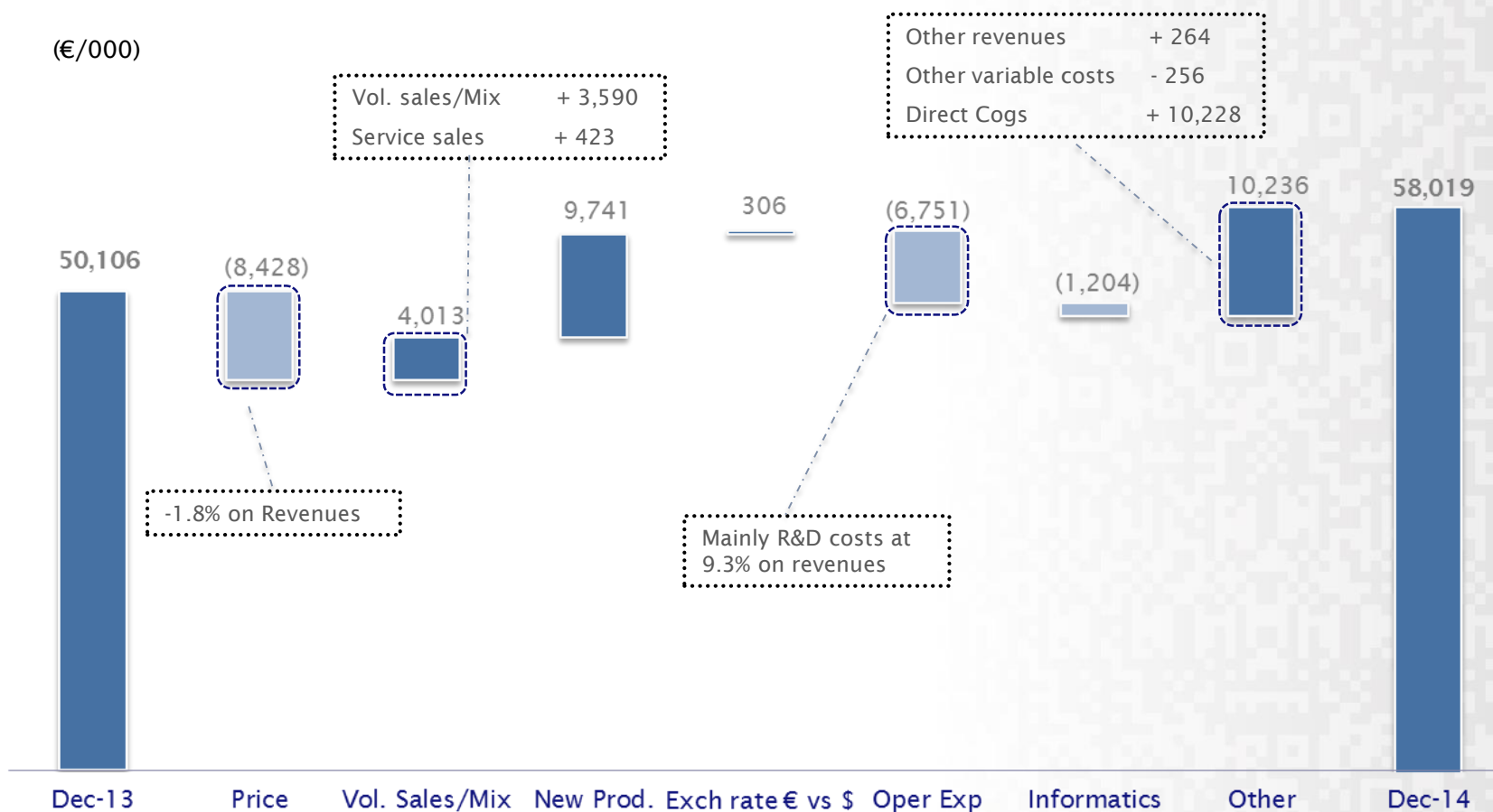
TWC BY DIVISION



R&D/Revenues	FY13	FY14
ADC	7.2%	9.7%
Industrial Automation	9.3%	11.3%
Informatics	2.8%	2.9%
Business Development	34.7%	53.8%
Total Group	7.9%	9.3%

TWC/Annualized Revenues	FY13	FY14
ADC	8.2%	6.9%
Industrial Automation	13.0%	15.7%
Informatics	7.5%	12.6%
Total Group	8.6%	8.7%

EBITANR: Actual vs Last Year



(*) Ordinary Operating Profit before non recurring costs/revenues and amortization of intangible assets from acquisition (EBITANR)

The Exchange rate variance has been calculated on Sales/COGS/Operating expenses originally denominated in USD (\$). The variance was the result of the difference between December '14 Actual (1,3285) and December '13 Actual (1,3281) €/USD exchange rate.

For Informatics has been considered its overall impact on the EBITANR

Consolidated Balance Sheet at 31.12.2014

€000	At 31/12/2013	At 31/12/2014
Intangible fixed assets	59,058	57,027
Goodwill	145,092	164,412
Tangible fixed assets	51,328	57,157
Non Consolidated investments	5,452	5,289
Other fixed assets	39,441	42,348
Total Fixed Assets	300,371	326,233
Net trade account receivables	69,953	70,184
ST account payables	(84,712)	(92,167)
Inventory	53,803	62,416
Trade Working Capital	39,044	40,433
Other current receivables	26,483	31,408
Other ST payables and provision for risk & future charges	(48,838)	(57,937)
Net Working Capital	16,689	13,904
Other LT payables	(20,359)	(24,766)
Employees' deferred compensation	(7,049)	(7,201)
LT provision for risk & future charges	(7,398)	(11,161)
Net Invested Capital	282,254	297,009
Equity	185,247	241,291
Net Financial Position	(97,007)	(55,718)
<i>Exchange rate</i>	<i>1.3791</i>	<i>1.2141</i>

Financial resources for the growth

SOLID CAPITAL STRUCTURE

- 23% net debt to Equity ratio
- 0.8x net debt to Ebitda ratio

EXCELLENT CASH FLOW GENERATION

- Generated around 67 million Euro net operating cash flow from operation during 2014

FAVOURABLE CAPITAL MARKET CONDITIONS

- Medium-term debt refinancing on February 2015 for 140 million Euro
- Improvement by lengthening the average repayment term from 2 to 4 years
- Reduction of average cost of debt

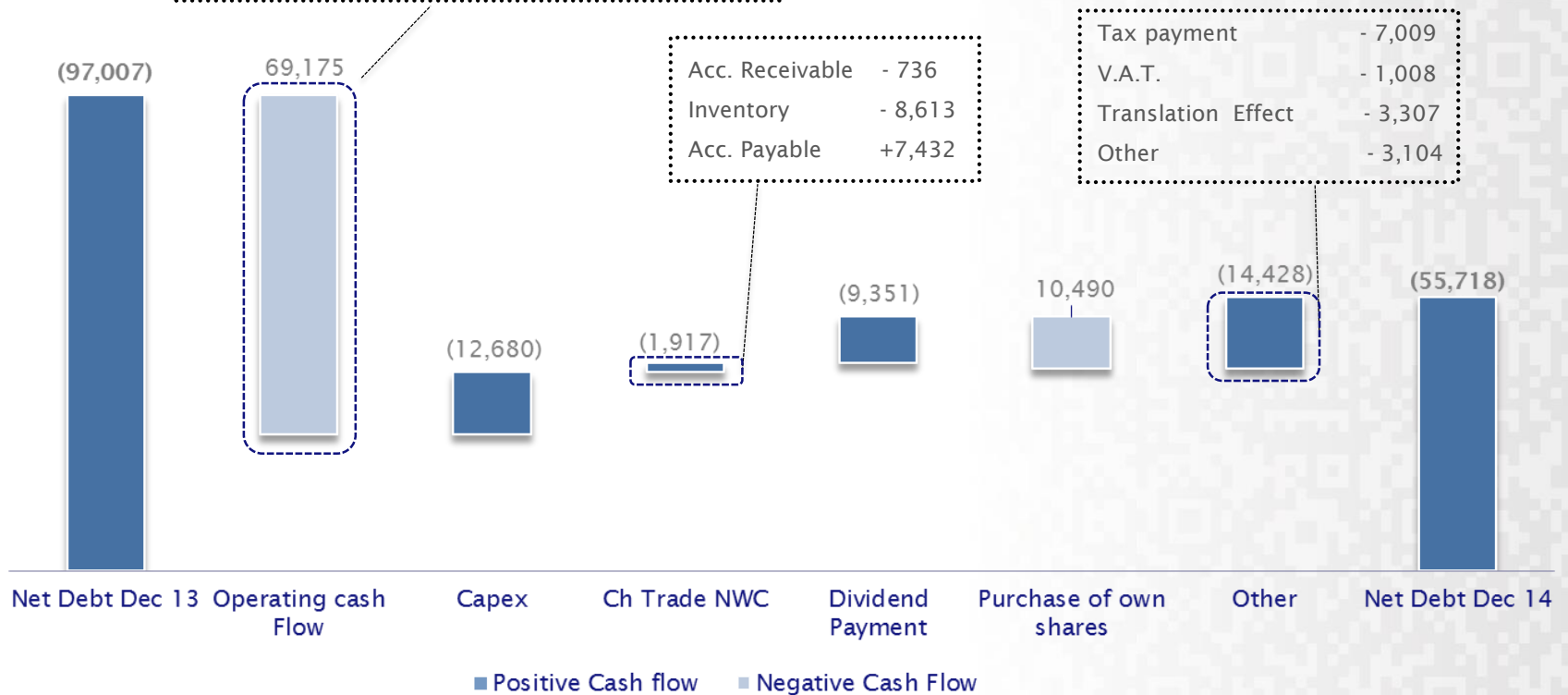
Net Debt Analysis

(€/000)

Net Income	+ 30,857
Depreciation & Amortization	+ 16,917
Provision for bad debt	+ 505
Personnel & admin costs accrual	+ 6,633
LTMIP accrual	+ 2,166
Tax accrual	+ 8,322
Restructuring costs accrual	+ 3,775

Acc. Receivable	- 736
Inventory	- 8,613
Acc. Payable	+7,432

Tax payment	- 7,009
V.A.T.	- 1,008
Translation Effect	- 3,307
Other	- 3,104



Outlook

Outlook for 2015

- **ADC confirms to be the driver of growth** thanks to:
 - the launch of new technologically advanced products
 - the retailers' new investment phase
- Expected recovery in **Industrial Automation** from second half of 2015 thanks to the sales force reorganisation by verticals in US
- **Strong investments in innovation continue**, expected at around 10% on revenues
- Benefits expected from the new Procurement Centre
- **Focus on fast growing markets** and North America where there is a big market potential

Contacts

IR CONTACTS

CFO and IR Manager

Sergio Borgheresi

E-mail investor@datalogic.com

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

IR Consultant

Vincenza Colucci

CDR Communication Srl

Tel. +39 335 6909547

vincenza.colucci@cdr-communication.it

NEXT EVENTS

March 24-25th, 2015

STAR Conference Milan

April 28th, 2015

Ordinary Shareholders' Meeting

DATALOGIC ON LINE

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