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Best ever results in Datalogic history

FY2017 RESULTS

REVENUES
€606.0
+5.1%
(+6.0% at constant FX)

€103.3
EBITDA
(+14.3%)

17.0%
EBITDA MARGIN
(+1.3 p.p.)

€60.1
NET INCOME
(+31%)

Q4 RESULTS

REVENUES
€155.3
+0.4%
(+3.7% at constant FX)

€25.4
EBITDA
(+7%)

16.4%
EBITDA MARGIN
(+1.1 p.p.)

€15.0
NET INCOME
(+202%)

Net Cash position at €30.1
2017 Highlights

**GROUP**

- Record results in Datalogic history and proposal to increase ordinary dividend to €0.50, +67% YoY
- New customer centric organization bringing tangible benefits

**OPERATING ACTIVITY**

- Further strengthening of Datalogic presence in the highest growing APAC market and further consolidation of leadership in the EMEA
- T&L and Healthcare double digit growth in North America, whereas Manufacturing led by China. Retail still negative due to huge impact of forex effect and the late launches of new Retail Products, mainly in NA

**FINANCIALS**

- Revenues up 5.1% YoY to €606 m (+6% at constant exchange rate)
- EBITDA at the highest ever in both €m and Margin
  - €103.3 m (+14.3% YoY)
  - EBITDA Margin at 17% from 15.7%
- Increasing investments in R&D: Datalogic Business from 9.0% to 9.5% on revenues
- Strong cash flow generation: positive PFN to €30.1 m
Financials
Quarterly trend

REVENUES

€ m

Q1-14  Q2-14  Q3-14  Q4-14  Q1-15  Q2-15  Q3-15  Q4-15  Q1-16  Q2-16  Q3-16  Q4-16  Q1-17  Q2-17  Q3-17  Q4-17

108.2  115.8  116.0  124.5  122.3  135.2  133.8  143.8  154.7  157.8  151.4  155.3

€ m

Q1-14 Q2-14 Q3-14 Q4-14 Q1-15 Q2-15 Q3-15 Q4-15 Q1-16 Q2-16 Q3-16 Q4-16 Q1-17 Q2-17 Q3-17 Q4-17

15.5  18.7  17.9  17.4  15.7  18.6  18.8  20.7  26.1  19.7  17.2  16.4

EBITDA

EBITDA margin %

15.5  18.7  17.9  17.4  15.7  18.6  18.8  20.7  26.1  19.7  17.2  16.4
Q4 Growth continues despite forex impact

<table>
<thead>
<tr>
<th></th>
<th>€ m</th>
<th>Q4 2017</th>
<th>Q4 2016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>155.3</td>
<td>154.7</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Gross Operating Margin</td>
<td>75.9</td>
<td>70.8</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>% on Revenues</td>
<td>48.9%</td>
<td>45.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(55.2)</td>
<td>(51.8)</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(35.5)%</td>
<td>(33.5)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>25.4</td>
<td>23.7</td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td>Ebitda margin</td>
<td>16.4%</td>
<td>15.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>20.4</td>
<td>17.5</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Ebit margin</td>
<td>13.1%</td>
<td>11.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Revenues** up 0.4% to €155.3 m mainly as effect of unfavorable forex (+3.7% at constant exchange rate)
- **Major GOM improvement** thanks to mix and cost efficiencies (+7.2% vs Q4 2016)
- Operating expenses increased due to planned investment in R&D (10.2% on Sales for Datalogic business) & Distribution
- G&A almost flat
- **EBITDA margin** at 16.4% from 15.3%
### Improvements across the whole P&L

<table>
<thead>
<tr>
<th>€ m</th>
<th>FY2017</th>
<th>FY2016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>606.0</td>
<td>576.5</td>
<td>5.1%</td>
</tr>
<tr>
<td>Gross Operating Margin</td>
<td>288.4</td>
<td>265.1</td>
<td>8.8%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>47.6%</td>
<td>46.0%</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(202.7)</td>
<td>(192.3)</td>
<td>5.4%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(33.5%)</td>
<td>(33.4%)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>103.3</td>
<td>90.4</td>
<td>14.3%</td>
</tr>
<tr>
<td>Ebitda margin</td>
<td>17%</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>82.9</td>
<td>70.2</td>
<td>18.0%</td>
</tr>
<tr>
<td>Ebit margin</td>
<td>13.7%</td>
<td>12.2%</td>
<td></td>
</tr>
<tr>
<td>EBT</td>
<td>75.5</td>
<td>66.9</td>
<td>12.8%</td>
</tr>
<tr>
<td>Taxes</td>
<td>(15.4)</td>
<td>(21.0)</td>
<td>-27.0%</td>
</tr>
<tr>
<td>Net Income</td>
<td>60.1</td>
<td>45.8</td>
<td>31.0%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>9.9%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>1.1297</td>
<td>1.1069</td>
<td></td>
</tr>
</tbody>
</table>

- **Revenues** up 5.1% to €606.0 m (+6.0% at constant exchange rate)
- **GOM showing steady improving trend** at 47.6% (around +160 bps vs 2016)
- **R&D on revenues** from 8.7% to 9.1% (from 9% to 9.5% for Datalogic Business)
- Timing effects & efficiencies on distribution costs (+2.3% YoY)
- **EBITDA margin** at 17% mainly thanks to improvement in the GOM
- Unfavorable forex and higher gross debt on financial costs
- Tax rate at ~ 20%
- **Impressive growth** of net income +31% to €60.1 m
Group Revenues by country

<table>
<thead>
<tr>
<th>REVENUES BY GEOGRAPHIC AREA</th>
<th>€ m</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>327.5</td>
<td>304.5</td>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>171.4</td>
<td>178.3</td>
<td>(3.8%)</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>27.5</td>
<td>30.0</td>
<td>(8.5%)</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>79.6</td>
<td>63.6</td>
<td>25.1%</td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>606.0</td>
<td>576.5</td>
<td>5.1%</td>
<td></td>
</tr>
</tbody>
</table>

- **Strong growth in APAC** driven by China (+55%) in Manufacturing mainly
- **Confirming leadership in EMEA** led by Retail (+11%)
- **NA growth driven by T&L** (+11%) and **Healthcare** (+97%); strong performance of Solution Net Systems. Retail and Informatics negatively offsetting performance
- **LA** heavily impacted by FX and 2016 large deals
## Group Revenues & EBITDA by division

### Revenues by Division

<table>
<thead>
<tr>
<th>Division</th>
<th>FY2017 (€ m)</th>
<th>FY2016 (€ m)</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic</td>
<td>564.0</td>
<td>534.2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>24.7</td>
<td>20.2</td>
<td>22.5%</td>
</tr>
<tr>
<td>Informatics</td>
<td>20.6</td>
<td>24.4</td>
<td>(15.5)%</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(3.3)</td>
<td>(2.3)</td>
<td>42.2%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>606.0</td>
<td>576.5</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

- **Datalogic** driven by growth of Fixed Retail Scanners, Identification and Hand Held products. Strong growth through Channel towards SMEs (+14.2%)

- **Solution Net Systems** strong top line growth (+22.5%) and sound turnaround in profitability

- **Informatics** top line still on downward trend but profitability turned positive

### EBITDA by Division

<table>
<thead>
<tr>
<th>Division</th>
<th>FY2017 (€ m)</th>
<th>FY2016 (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic</td>
<td>100.2</td>
<td>93.1</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>2.9</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Informatics</td>
<td>0.1</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Total Group</td>
<td>103.3</td>
<td>90.4</td>
</tr>
</tbody>
</table>
Focus on Datalogic Division

DL Revenues Breakdown by Industry

- RTL 49%
- MFG 27%
- T&L 12%
- HC 5%
- CHANNEL (Unallocated)* 7%

DL Revenues Breakdown by Geo Area

- APAC 14%
- Latin America 5%
- North America 23%
- EMEA 58%

Retail

- €278.6 mln (-1.6%)
- Double digit steady growth in EMEA, whilst NA heavily affected by forex effect
- Q4 positive at constant FX
- Expected recovery via new products and big projects in pipeline

Manufacturing

- €150.5 mln (+10.1%)
- Steady and consistent growth through quarters
- Performance driven by China (+ 64%). Industry 4.0 pushing growth

T&L

- €65.8 mln (+12.9%)
- North America and APAC leading growth
- Double digit growth in the second half of the year

Healthcare

- €27.5 mln (+38.8%)
- The fastest growing sector in 2017
- Growth in North America despite forex effect

(*)The Channel (Unallocated) includes revenues not directly attributable to the 4 identified industries.
### EBITDA: actual vs last year

<table>
<thead>
<tr>
<th>FY 2016</th>
<th>Price</th>
<th>Volume</th>
<th>Mix</th>
<th>Service</th>
<th>COGS</th>
<th>FX</th>
<th>Structure</th>
<th>SNS/INF</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90.4</td>
<td>(11.5)</td>
<td>103.3</td>
</tr>
<tr>
<td></td>
<td>90.4</td>
<td>12.3</td>
<td>11.9</td>
<td>0.9</td>
<td>9.8</td>
<td>0.2</td>
<td>17.0 % on Group Revenues</td>
<td>17.0 % on Group Revenues</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>103.3</td>
<td>1.6</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA:**
- Actual vs last year
- 15.7% on Group Revenues
- € m

- Positive Items
- Negative Items

-2.3% on DL Business 2017 revenues

15.7% on Group Revenues

17.0% on Group Revenues
<table>
<thead>
<tr>
<th></th>
<th>Dec 2016</th>
<th>Dec 2017</th>
<th>Dec 2016</th>
<th>Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>371.7</td>
<td>347.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade receivables</strong></td>
<td>75.5</td>
<td>83.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>13.1%</td>
<td>13.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>82.3</td>
<td>85.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>14.3%</td>
<td>14.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade payables</strong></td>
<td>(104.6)</td>
<td>(107.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>-18.1%</td>
<td>-17.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade Working Capital</strong></td>
<td>53.2</td>
<td>61.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>9.2%</td>
<td>10.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other assets/liabilities</strong></td>
<td>(92.1)</td>
<td>(86.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Invested Capital</strong></td>
<td>332.9</td>
<td>322.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td>(3.5)</td>
<td>(30.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Equity</strong></td>
<td>336.4</td>
<td>353.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>332.9</td>
<td>322.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Net Debt Analysis: Dec’16 – Dec’17

Of which:
- Machinery, equipment and moulds (6.6)
- Electronics machineris / Software (4.9)
- Offices refurbishment (0.4)

-2.4% on Revenues

Acc. Receivable (6.8)
Inventory (2.1)
Acc. Payable 2.3

- EBITDA
- Ch TWC
- Capex
- Taxes
- Net Financial Charges
- Dividend Payment
- Soredi Acquisition
- Other

Net Debt Dec 16
Net Debt Dec 17

€ m
103.3
3.5
-17.3
-17.4
-8.0
-7.6
30.1
New products
2017 New Products Introduction

**Q1**
- **HAND HELD**
  - POWERSCAN 9500 RT
- **AUTOMATION**
  - Matrix 300N Polarized
  - DLR TL001
  - DLR BT001
  - DLR DK001
- **RFID**

**Q2**
- **MOBILE**
  - MEMOR X3 HC
- **AUTOMATION**
  - MATRIX 120 WA and Polarized
- **LABs**
  - Halogen DE2012-WA-DL

**Q3**
- **HAND HELD**
  - DSI061
  - QW2400
- **MOBILE**
  - RHINO II
  - Joya Touch A6 & A6 HC
- **FRS/T&L**
  - Magellan 3450VSi
  - Magellan 3550HSi
- **AUTOMATION/LABs**
  - Herbo DE1011 SR

**Q4**
- **MOBILE**
  - Skorpio X4
  - New trigger handle for DLS 4700
- **AUTOMATION**
  - SG4 FIELD BUS
- **RFID**
  - DL PR001
  - UHF LONG RANGE PORTAL READER
Outlook
2018 Outlook

- Grow in revenues at mid to high single digit rates
- 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)
- Maintain a Cash Generation profile

- T&L: keep growing in main Geo Areas, capturing ecommerce & CEP trends
- Retail: growth recovery in the Americas through new products and expanding sales organization
- HC: keep on substantially growing, both in North America & EMEA
- 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

- Good response of customers on new products launched in 2017; a solid pipeline of new products launches expected in 2018
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NEXT EVENTS

March 27th, 2018
Star Conference Milan

May 9th, 2018
1Q results

May 23rd, 2018
Shareholders’ meeting

August 9th, 2018
6M results

November 13th, 2018
9M results

DATALOGIC ON LINE

www.datalogic.com