



**Moving  
ahead**

# **Datalogic acquires PPT Vision and Accu-Sort Systems**

**2<sup>nd</sup> December, 2011**

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**Datalogic performed two acquisitions in the Industrial Automation market to double its presence in the Industry and to improve technology and R&D Platform**

## ACCU-SORT®

- ✦ Large acquisition to double Industrial Automation market penetration
- ✦ Increase presence in US
- ✦ Improve expertise in T&L solutions
- ✦ Good financial performance and strong profitability
- ✦ No overlapping with current business

## PPT VISION

- ✦ Small acquisition focused on smart cameras and multi-camera systems
- ✦ Expand presence in the machine vision market
- ✦ To develop the offer for a Broad Range of Manufacturing Applications



◆ PPT VISION

◆ ACCU-SORT SYSTEMS

## Price

✦ **USD 5.2 million purchase price**

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## Consideration

✦ 100% cash

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## Sources

✦ **Existing internal resources** (cash on hand and available credit lines)

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## Structure

✦ Through US subsidiary

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## Timing

✦ The closing of the transaction is expected to occur in December 2011



- ✦ **PPT Vision** develops, produces and markets products and solutions based **on smart camera**, as well as **industrial multi-camera vision systems** used in quality control and inspection in the manufacturing industry
- ✦ Founded in 1982 and with headquarters in Minneapolis, Minnesota, PPT Vision, Inc. is **one of the pioneers in the vision market**
- ✦ **PPT has a wide range of vision systems** based on a modular and scalable H/W platform, with different resolution sensors, both black&white and color based, and a wide range of lighting systems and accessories
- ✦ **Over 25,000** installed systems worldwide
- ✦ 2011 **revenues** of approx. **6 million USD** (fiscal year ending 31 Oct. 2011)
- ✦ **About 30 people**
- ✦ **4 exclusive patents** and **2 patent applications** filed
- ✦ **One R&D center** located in Minnesota and two application development and support centers, one of which is located in Europe

## A complete Smart Camera Systems for factory floor applications

PPT Vision's high-speed smart cameras have all the features of a full-scale machine vision system



**A-Series**  
**ENTRY LEVEL**



**T-Series**  
**GENERAL PURPOSE**

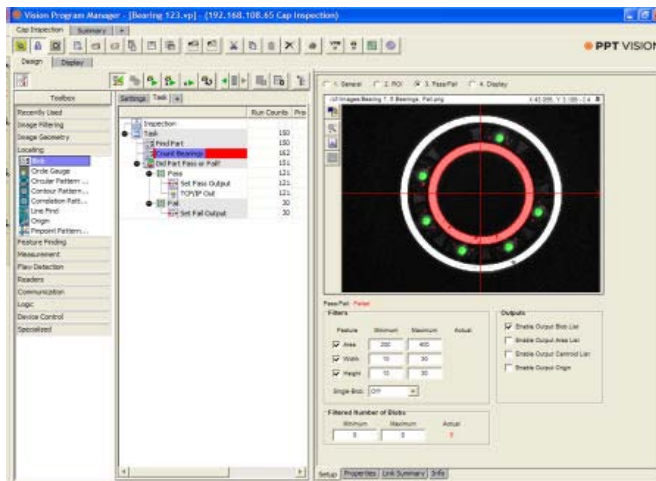


**C-Series**  
**HIGH PERFORMANCE**

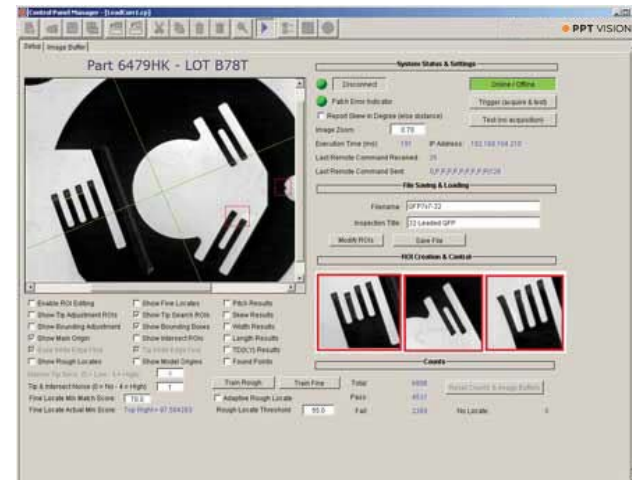


**M-Series**  
**VERSATILITY AND SPEED**

**PPT Visions's Impact Software** is a single software platform that supports the entire PPT Vision's family of products. The software contains the latest innovations in image processing technology plus a broad range of tools for deploying vision inspection solutions in the factory environment



**VPM**  
**Vision Program Manager**  
**FLEXIBLE & POWERFUL**



**CPM**  
**Control Program Manager**  
**CUSTOM GUI**  
**(Graphic User Interface)**



The vision market is broad and offers interesting growth prospects: the global market was estimated to have a value of approximately USD 3.7 bn (Source: AIA) in 2010, +11% YOY

## The Most Complete Intelligent Camera Solution for Manufacturing



### Automotive

- Door Panel Glue Bead Inspection
- Automotive Fuse Inspection
- Spark Plug Quality Inspection
- Robot Guidance
- Bearing Assembly Inspection

### Electronics

- Stamped Pin Gauging
- Passive Component Inspection
- Lead Frame Inspection
- Connector Inspection
- BGA Inspection



### Packaging

- Food Packaging Seal Inspection
- Can Quality Inspection
- Verification of Cosmetic Integrity
- Date and Lot Code Inspection



### Metals

- Surface Scratch Inspection
- Fastener Inspection
- Robot Welding
- Aluminum Sheet Inspection



### Plastics

- Mold Cavity Protection
- Carrier Tape Inspection
- Cap Inspection
- Dial Print Inspection
- Flash Inspection





◆ PPT VISION

◆ ACCU-SORT SYSTEMS

Price	<ul style="list-style-type: none"><li>✦ <b>USD 135 million purchase price</b> (on a cash-free debt-free basis) that includes estimated tax benefits for Datalogic resulting from an election to be made by the parties under section 338(h)(10) of the U.S. Internal Revenue Code to treat the stock purchase as an asset purchase for U.S. federal income tax purposes</li></ul>
Consideration	<ul style="list-style-type: none"><li>✦ 100% cash</li></ul>
Sources	<ul style="list-style-type: none"><li>✦ <b>No need of capital increase</b></li><li>✦ <b>Existing internal resources</b> (cash on hand and available credit lines)</li><li>✦ <b>Net Financial Position/EBITDA ratio</b> expected to be kept around <b>1.5x-1.6x by end 2012</b></li><li>✦ Negotiations with primary credit institutions are under way for the issuance of a bridge loan of approximately USD 120 million to be subsequently converted into a mid- long-term loan</li></ul>
Structure	<ul style="list-style-type: none"><li>✦ Datalogic SpA directly or through US subsidiary</li></ul>
Timing	<ul style="list-style-type: none"><li>✦ The transaction is subject to customary closing conditions, including expiration or termination of the waiting period U.S. Hart-Scott-Rodino Antitrust Improvements Act</li><li>✦ Subject to satisfaction or waiver of all closing conditions, the closing of the transaction is expected to occur in the first quarter of 2012</li></ul>



- ✦ **Accu-Sort Systems, Inc.** is an industry leader engaged in the design, manufacture, integration and servicing of Automatic Identification (Auto-ID) and material handling solutions
- ✦ It offers a **complete range of technical solutions, including Auto-ID products** (laser and camera-based), dimensioning systems, print/apply solutions, small items sortation systems and system integration capabilities
- ✦ It serves the **leading players in parcel, postal and retail distribution** and it **offers field-proven solutions** for airport baggage handling, beverage, entertainment, automotive and meat/poultry industries
- ✦ Founded in 1971 and headquartered in **Telford, Pennsylvania, Usa**
- ✦ 2010 Revenues at \$ 92,280M
- ✦ Over 250 employees
- ✦ **One production factory** in the U.S., **two research centers** (U.S. and Europe), and **eight sales offices**

## PRODUCTS, SERVICES & SOLUTIONS

*(63% of 2010 Sales)*

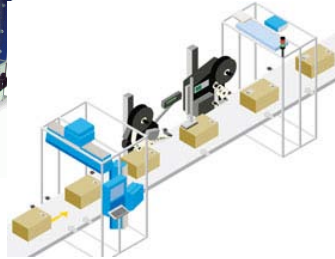
Bar code scanners, dimensioning systems and islands of automation for customers in transportation and logistics



**Bar Code Scanners**



**Dimensioning systems**



**Print/Apply solutions**

## POSTAL MATERIAL HANDLING SOLUTIONS

*(37% of 2010 Sales)*

System design, engineering, project management, installation and support for material handling systems in postal facilities



**Postal Integration Systems**

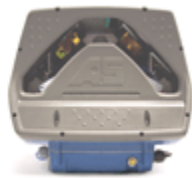
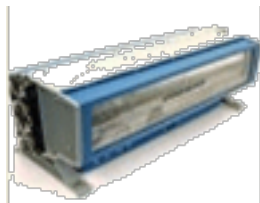
## Key Differentiators

- ✦ Emphasis on customer specific solutions
- ✦ Easiest to install and maintain
- ✦ Best durability and reliability

## Key Differentiators

- ✦ Experienced with tray handling systems
- ✦ Flexible solutions that address specific needs
- ✦ Best value for customers

## Long-Range Scanners (34% of total sales)



- ✦ Sortation, revenue recovery and cubing applications

## Mid-Range Scanners (7% of total sales)



- ✦ Verification, picking and sortation applications

## Short-Range Scanners (2% of total sales)



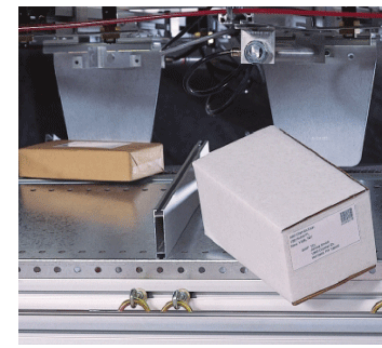
- ✦ Verification applications

## Print / Apply Solutions (13% of total sales)



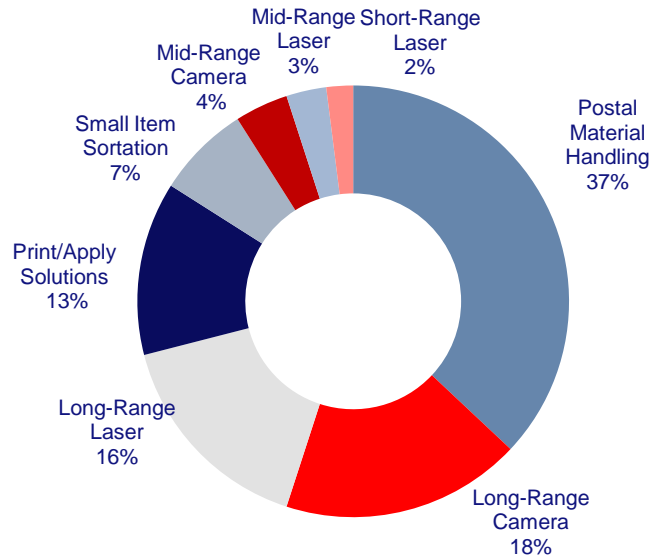
- ✦ Software, controls, bar code scanners and third party equipment
- ✦ Receiving and shipping / manifestation applications

## Small Item Sortation (7% of total sales)



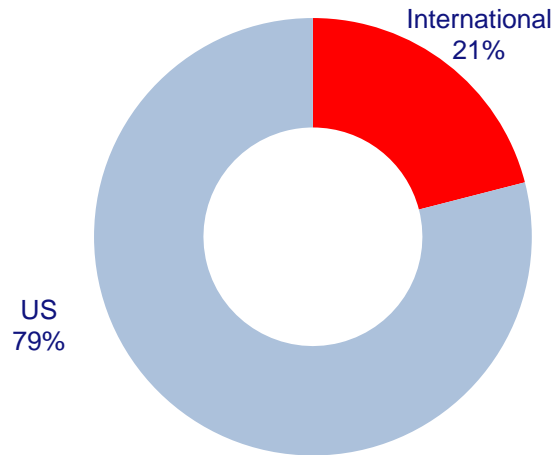
- ✦ Software, controls, bar code scanners and third party equipment
- ✦ Sortation and picking applications

## Sales By Product 2010



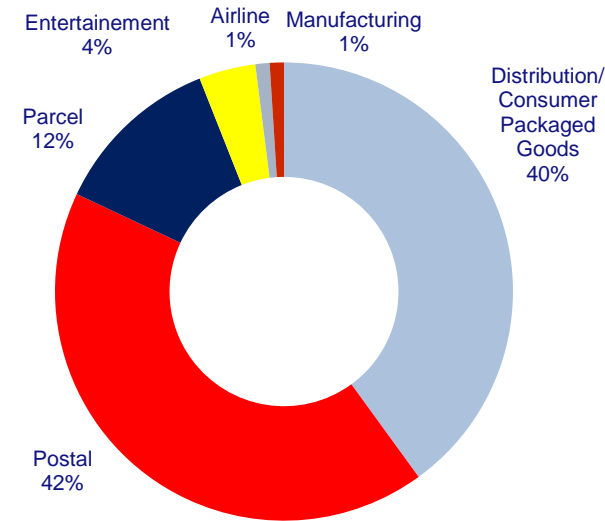
- ✦ **Leading position in long-range scanners**
- ✦ Leveraging increased product development and new channel strategies to grow revenue across product types

## Sales By Geography 2010



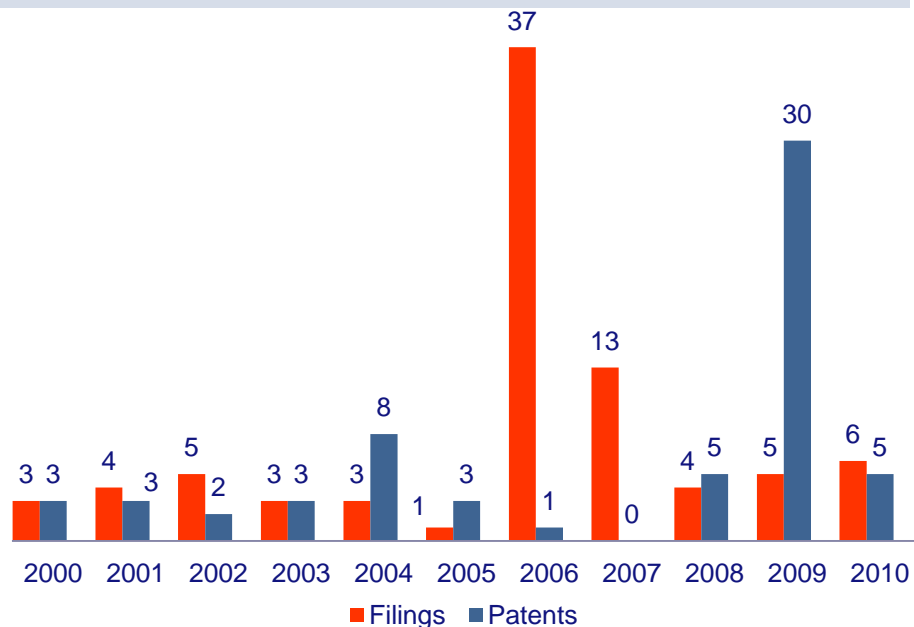
- ✦ Both postal and products segments are **leaders in North America**
- ✦ International growth opportunities include:
  - ✦ Building organization in emerging markets
  - ✦ Pursuing international postal opportunities

## Sales By Vertical 2010



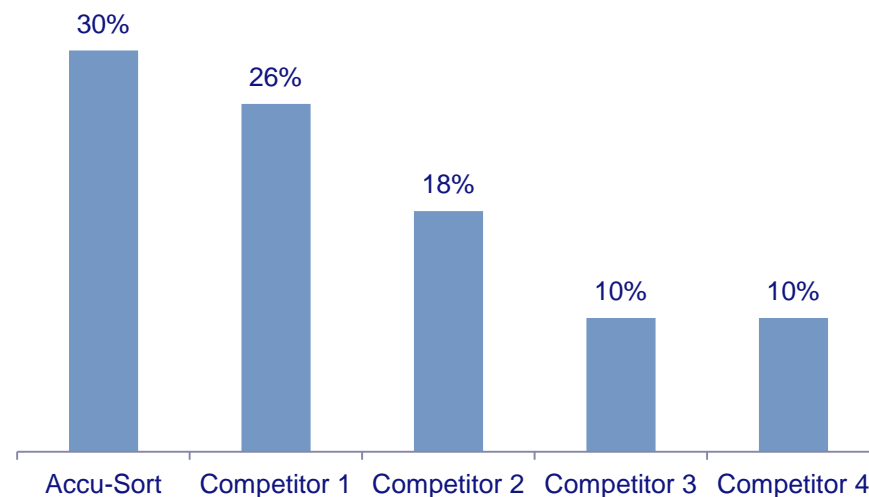
- ✦ **Postal**  
End-to-end material handling system
- ✦ **Distribution**  
Auto-ID systems and automation islands
- ✦ **Parcel**  
Auto-ID and revenues recovery solutions

## Filings and Patents 2000-2010



- ✦ Very well known for technological leadership
- ✦ 57 issued and in-force US patents; nine filed applications
- ✦ 21 issued and in-force foreign patents; 19 filed applications
- ✦ Robust IP process, averaging approximately five patent filings per year

## Customer familiarity with Bar Code Scanner Manufacturers



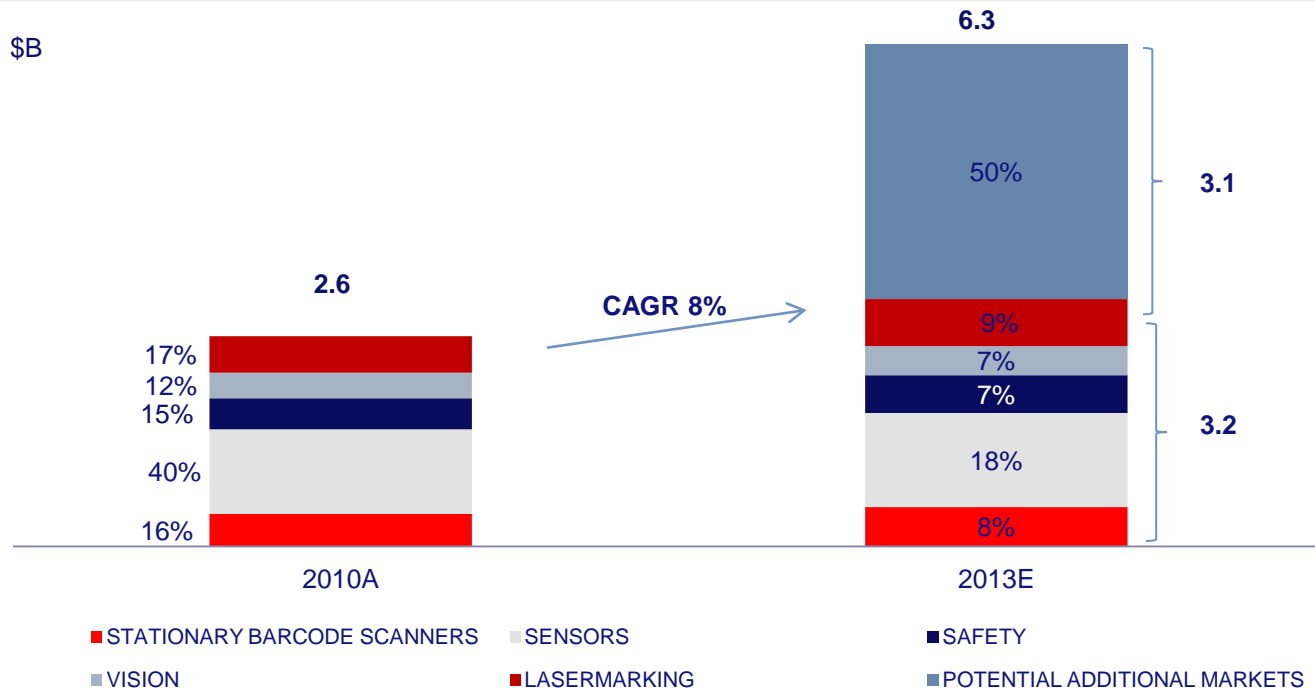
Source Modem Material Handling Brand awareness survey summary, April 2010

- ✦ Long-standing relationships with blue chips customers
- ✦ Highest level of recognition among its competitors



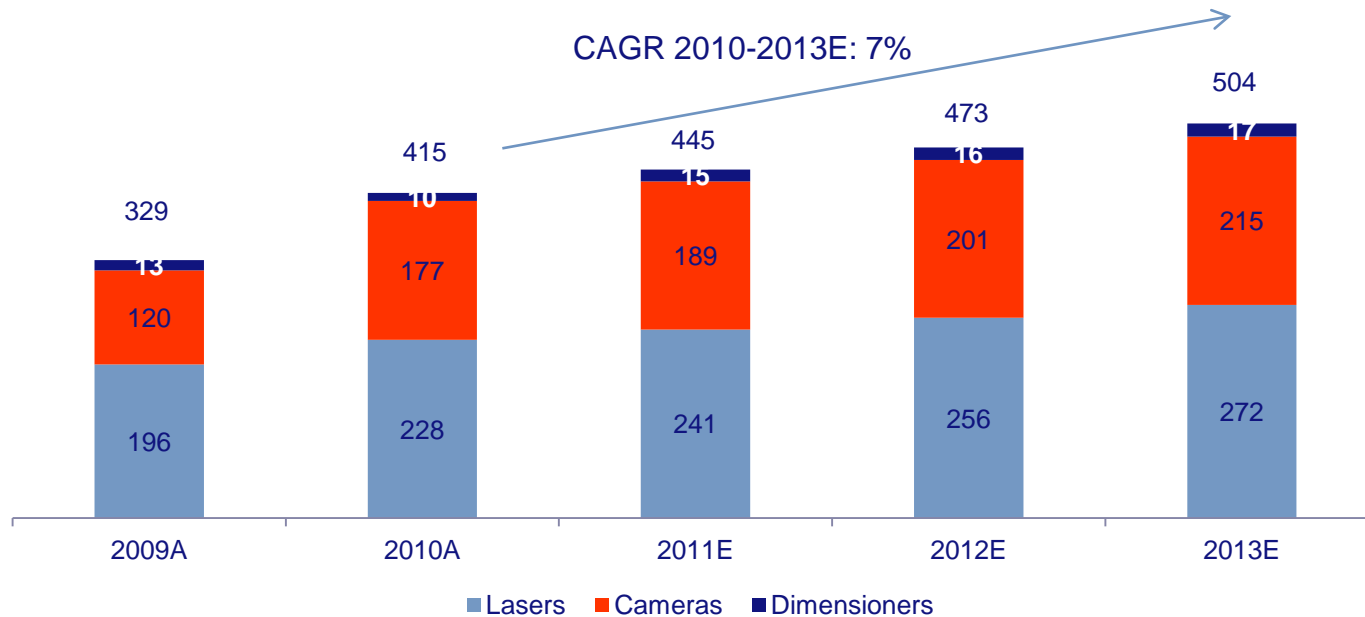
## INDUSTRIAL AUTOMATION (IA) ADDRESSABLE MARKET

- ✦ Very fragmented industry with **potential additional markets worth \$3B**
- ✦ **Factors driving demand:**
  - ✦ increasing demand for traceability of processes and goods
  - ✦ supply chain streamlining
  - ✦ new regulations (e.g. traceability, safety and security)
  - ✦ increased adoption of technological solutions in emerging markets



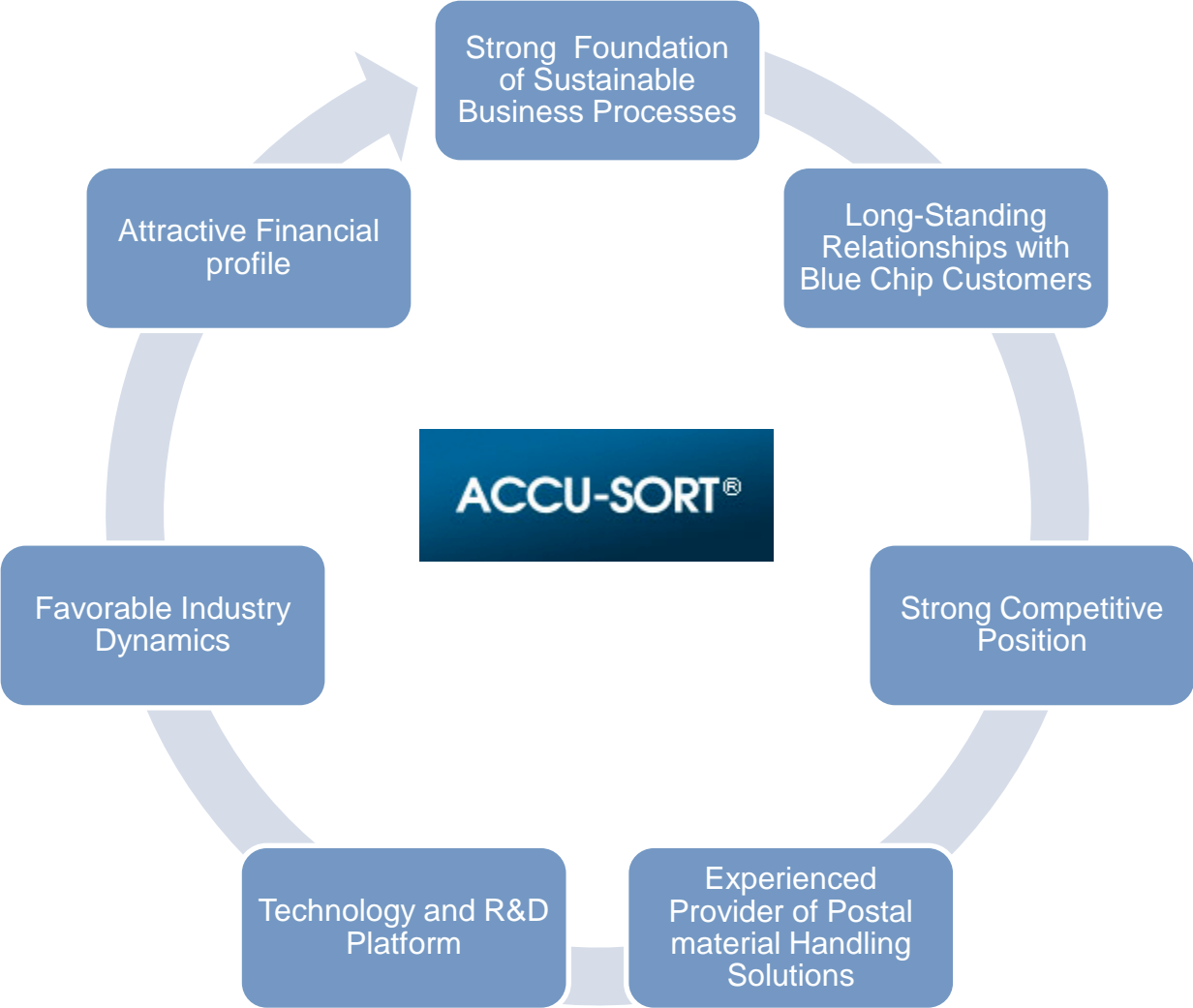
Source VDC 2010 – Market Researches and Management’s best estimate

**Stationary Bar Code Scanners account for 16% in the Industrial Automation Market**  
 (worth \$ 2.6 BN in 2010)



✦ **Factors driving demand:**

- ✦ Emerging Markets
- ✦ Enhanced Scanning Features
- ✦ Growth of E-Commerce
- ✦ Regulation
- ✦ Prevalence of Direct Part Marking (DPM)



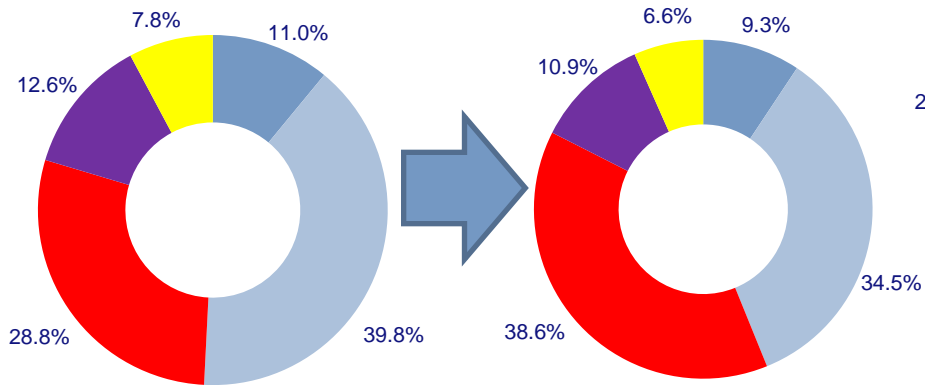
- ✦ **Highly attractive margin profile** with products that are positioned at the high-end of the market
- ✦ Continuous **improvement of margins** thanks to a combination of restructuring, sales force initiatives and cost control

Accu-Sort key figures \$MN	2010A	H1 2011A
<b>Revenues</b>	<b>92.3</b>	<b>51.4</b>
<b>EBITDA</b>	<b>17.8</b>	<b>11.3</b>
<i>EBITDA margin %</i>	<i>19.3%</i>	<i>21.9%</i>
<b>Operating Profit (EBIT)</b>	<b>17.1</b>	<b>11.0</b>
<i>EBIT Margin (%)</i>	<i>18.5%</i>	<i>21.4%</i>
<b>Net Income</b>	<b>6.1</b>	

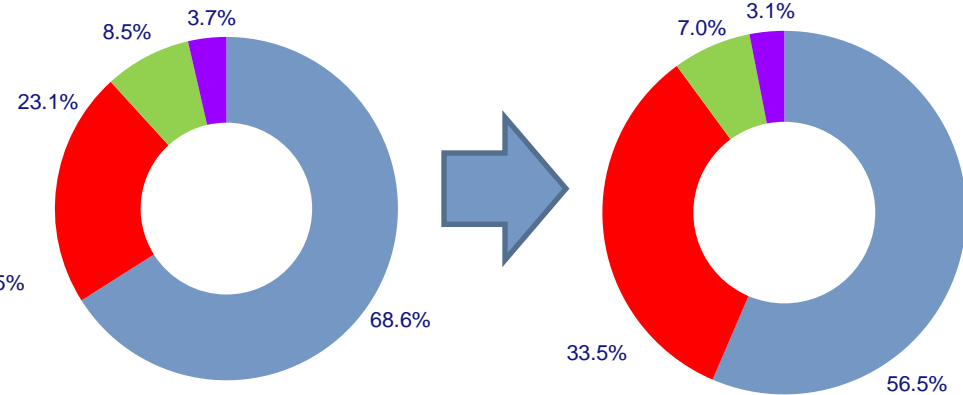
- ✦ The agreed purchase price made on a **cash-free debt-free basis**
- ✦ Net financial position equal to zero
- ✦ **Strong operating cash flow generation** with low capital expenditure requirements

Accu-Sort key figures \$MN	2010A	H1 2011A
Total Assets	68.7	69.2
Total Current Liabilities	23.2	18.7
Net Asset Value	45.5	50.5
Working Capital	2.5	5.3

## 2010 Revenues by Area before and after acquisition



## 2010 Revenues by Division before and after acquisition



■ Italy ■ Europe ■ North America ■ Asia Pacific ■ ROW

■ Datalogic ADC ■ Datalogic Automation ■ Business Development ■ Datalogic S.p.a.

- ✦ Increased **weight of North America**, strong potential for Asia Pacific and ROW
- ✦ **Profitability expected to be enhanced** by improved margin profile

# *Thank You!*

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# We Welcome Your Questions!

