Datalogic doubles its presence in the Industrial Automation Industry through Accu-Sort Systems

22nd November, 2011
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The acquisition of Accu-Sort Systems allows Datalogic to:

- Double its presence in the Industrial Automation Industry
- Increase presence in US
- Improve expertise in T&L solutions
- Improve technology and R&D platform
- Good financial performance and strong profitability
- No major overlapping with current business
## Transaction Snapshot

<table>
<thead>
<tr>
<th>Price</th>
<th>USD 135 million purchase price (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</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration</td>
<td>100% cash</td>
</tr>
</tbody>
</table>
| Sources | No need of capital increase  
Existing internal resources (cash on hand and unused credit lines)  
Net Financial Position/EBITDA ratio expected to be kept around 1.5x-1.6x by end 2012  
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 |
| Structure | Datalogic SpA directly or through US subsidiary |
| Timing | The transaction is subject to customary closing conditions, including expiration or termination of the waiting period U.S. Hart-Scott-Rodino Antitrust Improvements Act  
Subject to satisfaction or waiver of all closing conditions, the closing of the transaction is expected to occur in the first quarter of 2012 |
.getTransactionSnapshot

_companyOverview

investmentHighlights
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

**POSTAL MATERIAL HANDLING SOLUTIONS**  
(37% of 2010 Sales)

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

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**Key Differentiators**

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

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**Key Differentiators**

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

**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
Product Breakdown

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
Continuous Innovation and Strong Brand

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

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

Source: Modern Material Handling Brand awareness survey summary, April 2010
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getInvestmentHighlights
Worldwide Market Trend in the Industrial Automation

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
**Favourable Industry Dynamics**

**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)

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

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Investment Highlights

- Strong Foundation of Sustainable Business Processes
- Long-Standing Relationships with Blue Chip Customers
- Attractive Financial Profile
- Favorable Industry Dynamics
- Strong Competitive Position
- Technology and R&D Platform
- Experienced Provider of Postal Material Handling Solutions
Accu-Sort Key Financials

- 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

<table>
<thead>
<tr>
<th>Accu-Sort key figures</th>
<th>$MN</th>
<th>2010A</th>
<th>H1 2011A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td>92.3</td>
<td>51.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>17.8</td>
<td>11.3</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td></td>
<td>19.3%</td>
<td>21.9%</td>
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<tr>
<td>Operating Profit (EBIT)</td>
<td></td>
<td>17.1</td>
<td>11.0</td>
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<tr>
<td>EBIT Margin (%)</td>
<td></td>
<td>18.5%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td>6.1</td>
<td></td>
</tr>
</tbody>
</table>
Accu-Sort key financials

- 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

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<th>Accu-Sort key figures</th>
<th>2010A</th>
<th>H1 2011A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>68.7</td>
<td>69.2</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>23.2</td>
<td>18.7</td>
</tr>
<tr>
<td>Net Asset Value</td>
<td>45.5</td>
<td>50.5</td>
</tr>
<tr>
<td>Working Capital</td>
<td>2.5</td>
<td>5.3</td>
</tr>
</tbody>
</table>
Impact on Datalogic

2010 Revenues by Area
before and after acquisition

- 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!