



# **ITALIAN INVESTMENT CONFERENCE 2024**

**MAY 21<sup>ST</sup>, 2024**

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# GROUP OVERVIEW

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# Datalogic at a glance

Global technology leader in the **data capture** and **industrial automation**, in the **Retail, Manufacturing, Transportation & Logistics**, and **Healthcare** industries.

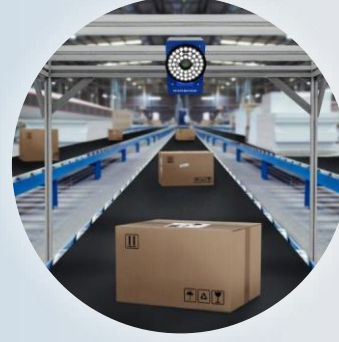
Founded in **1972**, listed on the Italian Stock Exchange since **2001**.



Retail



Manufacturing



Transportation & Logistics



Healthcare



A portfolio of more than 1,200 patents and patent applications



450+ Engineers in 8 R&D centers and 3 DL Labs in Italy, USA, Vietnam, and China

12% Revenues invested in R&D

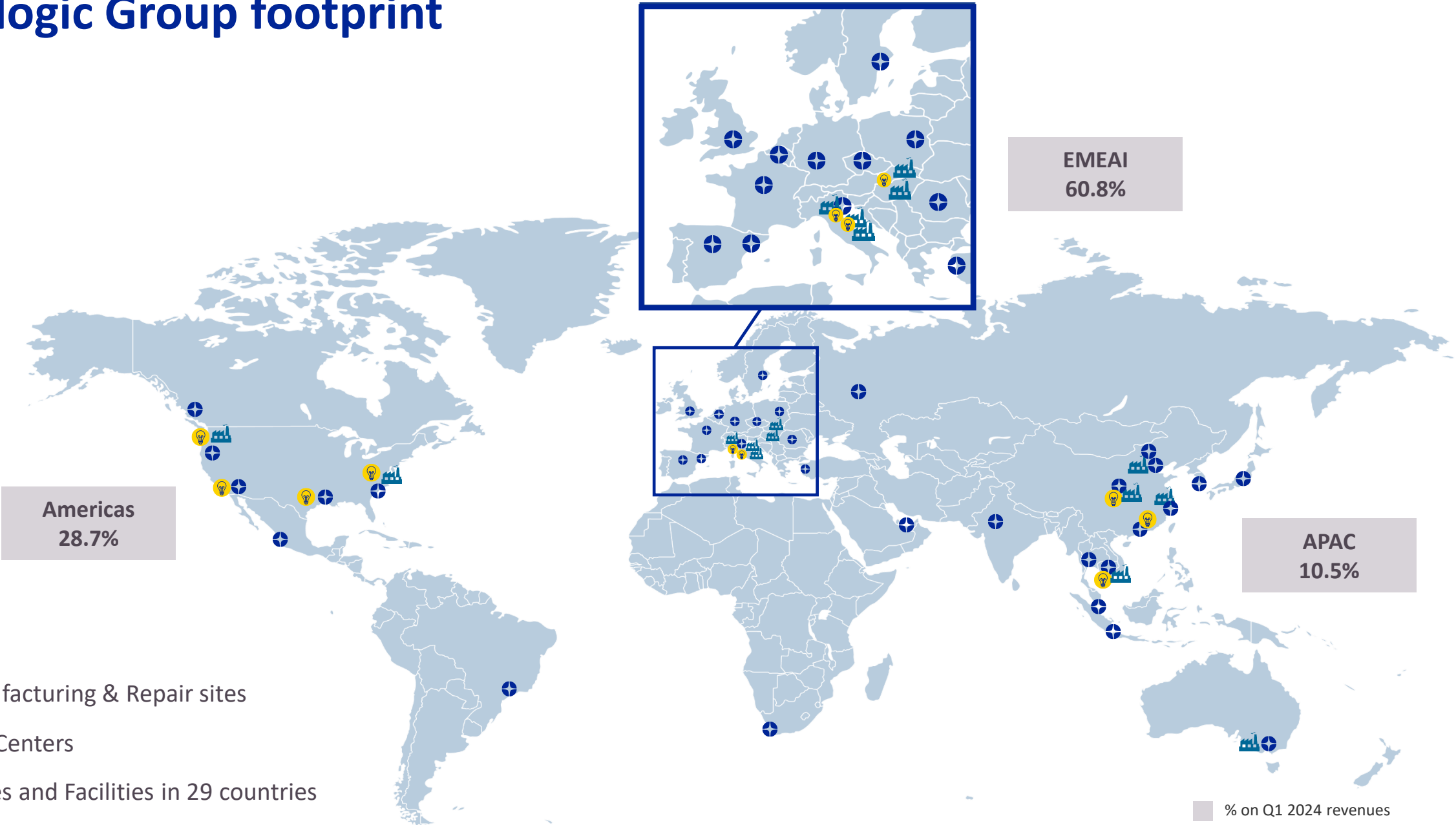


~2900 Employees in 29 countries:  
16.3% Americas, 58.2% EMEAI, 25.4% APAC

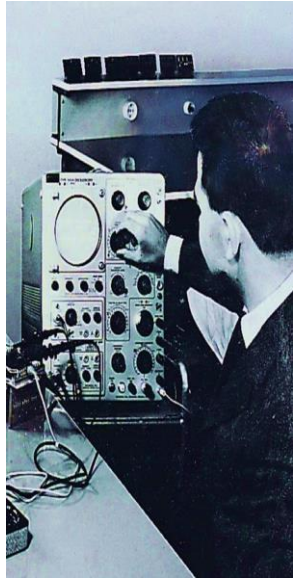


13 Manufacturing & Repair sites in:  
USA, Hungary, Slovakia, Italy, China, Vietnam,  
and Australia

# Datalogic Group footprint



# 50+ Years of Expansion



## FOUNDATION

- Established in Bologna

1972

## LISTING

- Listed on the STAR segment of the Italian Stock Exchange

2001

## INNOVATION

- Acquisition of Multiware Photonics SA
- Partnership with CAEN RFID Srl

2012-2015

## EXPANSION

- Acquisition of M.D. Micro Detectors SpA

2021

## EXPANSION

- Escort Memory Systems Inc.
- IDWare mobile Computing & Communications

1997-1998

## EXPANSION

- Minec AB
- Laservall SpA
- Informatics Inc.
- PSC Inc.
- Datasensor SpA
- Evolution Robotic Retail Inc.
- Accu-Sort System Inc.
- PPT Vision Inc.

2002-2011

## EXPANSION

- Set up new One Datalogic
- Acquisition of SOREDI Touch Systems GmbH

2017-2020

## ANNIVERSARY

- 50th Years of innovation

2022

## EXPANSION

- Acquisition of Pekat Vision

## NON CORE BUSINESS DISPOSAL

- Sale of 100% of Informatics Holdings, Inc.

2024

# Our Aim, our Dream, our Beliefs



## The 6 values of our culture

-  **Ownership**  
We think and act as owners of Datalogic
-  **Efficiency**  
We treat Company expenses as we would our own
-  **Focus on results**  
We deliver what we promise
-  **Realism**  
We face reality and fix what is wrong
-  **No shortcuts**  
We don't compromise on strategy, culture, or achieving results
-  **Togetherness**  
We work together as one team to solve seemingly unsolvable problems

# Our Strategy

## Objective

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- Become a **billion-revenue company** in the long term with increasing profitability



## Scope

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- Enhance **hardware** offer with **software**, driving efficiency in Data Capture and Industrial Automation applications in **Retail, T&L, Healthcare** and **Manufacturing** verticals
- **Consolidate position in EMEA** and become a **strong player in the United States**
- **Grow our** presence in **APAC**



## Advantage

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- Leverage on a **wide portfolio of products and services** to provide Customers with **innovative and easy-to-integrate solutions** along the entire flow of operations



# Datalogic Group portfolio: a comprehensive offering across two major products platforms to better address different application needs across verticals

**INDUSTRIAL**

**AUTOMATION**

*Unattended processes*



**DATA CAPTURE**

*Attended processes*









# STRATEGY & OPERATING MODEL

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# Compelling long-term growth trends across all main Industries

x % of DL business

	Main Sub-industries	Growth market trends
<b>Retail</b> ~45%	 <ul style="list-style-type: none"> <li>➤ Grocery</li> <li>➤ Non-grocery</li> <li>➤ DIY</li> </ul>	<ul style="list-style-type: none"> <li>➤ New <b>self check-out</b> including <b>AI and MV</b> to speed up operations, protecting retailers from loss and theft</li> <li>➤ Improve <b>customer experience</b> to increase in-store traffic and shopping</li> <li>➤ <b>Inventory reliability</b> and stock optimization solutions to support <b>Omnichannel and e-commerce</b></li> </ul>
<b>Manufacturing</b> ~35%	 <ul style="list-style-type: none"> <li>➤ Automotive</li> <li>➤ Consumer electronics</li> <li>➤ Packaging</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Relocation/delocalization</b> of production plants support new investments</li> <li>➤ <b>Government regulations</b> spur traceability demands (e.g., pharma regulation, European Digital Product Passport)</li> <li>➤ <b>Flexible Industrial Automation:</b> lean production lines to support customization and seasonality</li> </ul>
<b>Transportation &amp; Logistics</b> ~15%	 <ul style="list-style-type: none"> <li>➤ Couriers</li> <li>➤ Parcel</li> <li>➤ E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>➤ Growing request for <b>“same day delivery”</b> in e-commerce</li> <li>➤ Advanced <b>Workflow Automation</b> to overcome labor shortage and increase efficiency</li> <li>➤ Airports and Air Companies invest to <b>automate passenger management</b> and <b>improve luggage traceability</b></li> </ul>
<b>Healthcare</b> ~5%	 <ul style="list-style-type: none"> <li>➤ Hospitals (bed side care and warehousing)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Process digitalization to increase <b>patient tracking and safety</b></li> <li>➤ <b>Real time data availability</b> and sharing among all the relevant hospital staff</li> <li>➤ <b>Asset tracking and management</b> to increase efficiency and reduce cost</li> </ul>

# A strategy which remains centered on our core identification offering as a solid foundation upon which to build a portfolio enhanced with complementary technologies and operating a solution ecosystem

## MARKET POSITIONING



- Be the **unique player** with a comprehensive presence and **leadership positions in both DC and IA markets**
- Keep **focus on all of our verticals**, catching the profitable **opportunities coming from needs of digitalization** and artificial intelligence
- Consolidate **position in EMEAI**, become a **strong player in the United States** and grow our **presence in China** on selective applications/offering

## PORTFOLIO



- Protect and enhance **leadership in core identification markets (FRS, HHS and SIS)**
- **Penetrate** the biggest **MOB and Sensor markets**
- Enhance offer through a **software ecosystem** to provide innovative solutions
- Intensify cost optimization to **fight hardware commoditization**
- **Easy-to-integrate solutions**

## INNOVATION & TECHNOLOGY



- Nurture **MV-based SW and Deep Learning** technology to tackle key emerging trends
- **Enhance core decoding** identification technology with complementary ones (e.g. RFID)
- Dominate key **technology future trends** (e.g. 5G, Wifi-6, Cybersecurity)
- Be a champion of **Green Technology**

# The four pillars of Datalogic growth

1		TOP LINE
2		PROFITABILITY
3		SUSTAINABILITY
4		M&A



# Protect leadership in key identification markets, whilst penetrating mobile and sensors segments

Worldwide leader

	Market size (2023 est.), B€	CAGR '23-'27	Main Industries	Main priorities
	<p>MOB 2.3</p>	+ 7-8%	<ul style="list-style-type: none"> <li>Retail</li> <li>Manufacturing</li> <li>T&amp;L</li> <li>Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Become a <b>relevant player</b> in Mobile Market</li> <li><b>Increase</b> penetration of <b>Retail</b> and <b>penetrate IA</b> verticals (FA &amp; LA)</li> </ul>
DC	<p>HHS 1.1</p>	+ 3-4%	<ul style="list-style-type: none"> <li>Retail</li> <li>Manufacturing</li> <li>T&amp;L</li> <li>Healthcare</li> </ul>	<ul style="list-style-type: none"> <li><b>Maintain</b> leadership in EMEA, <b>grow</b> in US</li> </ul>
	<p>FRS 0.4</p>	+ 4-5%	<ul style="list-style-type: none"> <li>Retail (Grocery, Specialty, Ho.Re.Ca.)</li> </ul>	<ul style="list-style-type: none"> <li><b>Maintain leadership</b> in bi-optics</li> <li>Penetrate new verticals in <b>SCO and Kiosk</b> systems with presentation scanners</li> </ul>
IA	<p>SIS, LM, S&amp;S, MV 7.5</p>	+5-6%	<ul style="list-style-type: none"> <li>Manufacturing</li> </ul> <hr/> <ul style="list-style-type: none"> <li>T&amp;L</li> </ul>	<ul style="list-style-type: none"> <li>Increase market share in <b>EMEA</b>, accelerate penetration in <b>US</b></li> <li>Keep leadership in <b>Airports</b> and MS in <b>Currier Parcel</b></li> <li><b>Double</b> After sales Revenues</li> </ul>
Solution / Service				

# Strong focus on efficiencies to drive structural profitability enhancement

	Main Goal	Priorities	Actions
<b>INDUSTRIAL MARGIN</b>	Increase Industrial Profitability YoY through <b>Productivity, Mix and Fixed Cost</b> Optimization	<b>Manufacturing &amp; Supply Chain</b> Optimization	<ul style="list-style-type: none"> <li>Industrial &amp; distribution <b>footprint optimization</b></li> <li><b>Procurement</b> optimization - costs &amp; flexibility</li> <li><b>Supply Chain process optimization</b> through the review of <b>Demand Planning</b> practices and <b>sourcing flexibility</b></li> </ul>
		<b>New Products</b> and <b>Innovation</b> Roadmap	<ul style="list-style-type: none"> <li>Review <b>NPD process</b> to secure high Customer value innovation while reducing time to market, product and project costs</li> </ul>
		<b>Service &amp; Quality</b> Distinction	<ul style="list-style-type: none"> <li>Review <b>Service Business Model</b></li> <li>Reduce total <b>non-quality cost</b> both in NDP and Operations processes</li> </ul>
<b>OPERATING PROFITABILITY</b>	Focus on <b>selective Opex Growth</b> to support Business needs, whilst Pursuing Optimization Projects	<b>Conscious cost approach &amp; Optimization Projects</b> in non- priority operations	

# Sustainability compliance road map

## FY 2023

- **New Double Materiality Analysis:** 10 material topics identified through active involvement of relevant external stakeholders and key management and employees
- **EU TAXONOMY:** anticipation on a voluntary basis of eligibility and alignment for all the **6 objectives**

## FY 2024

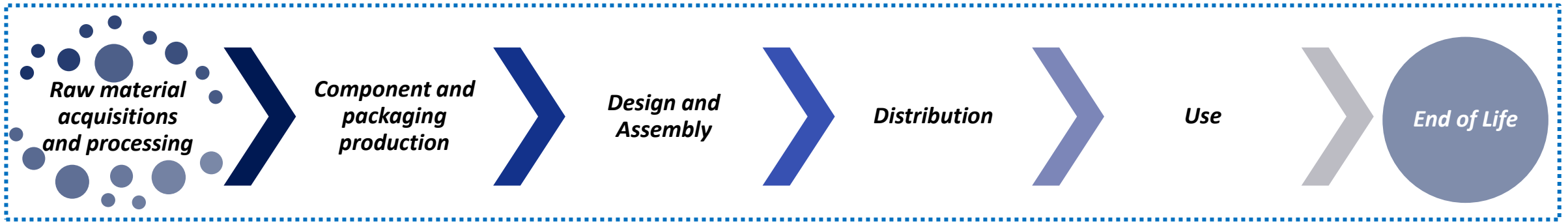
- **Company Sustainability Plan and setting of long-term Sustainability Goals** based on new materiality analysis
- **Scope 3: Turnover Energy and Emission intensity** process, across the entire Value Chain
- **Climatic Risk Assessment and DNSH**

## FY 2025

- **Company Sustainability Plan implementation and Goal measurement**
- First release of the ESRS compliant **CSRD Reporting** on 2024 results

*Consistent ERM framework evolution and Internal Control process upgrading*

# An example of ongoing strategic sustainability initiatives: The new Sustainable “Life Cycle Assessment” Framework



## Areas of Focus

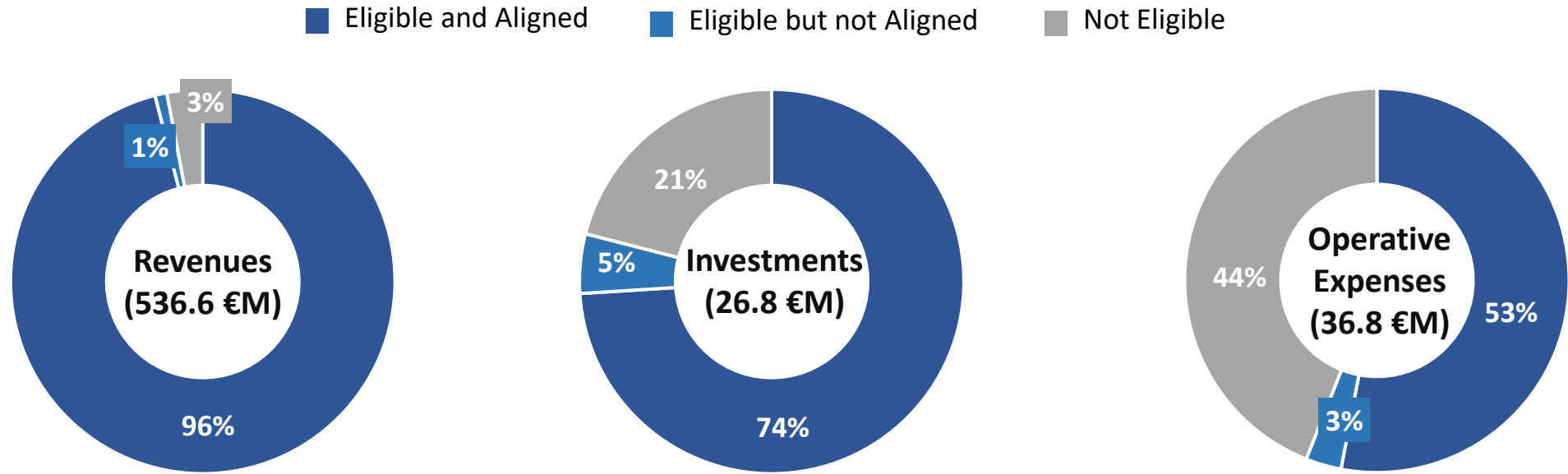
<ol style="list-style-type: none"> <li>1. Partner with «environmental conscious» suppliers</li> <li>2. Avoid use of high-impact materials</li> <li>3. Secure material circularity «at the source»</li> <li>4. Focus on batteries, improving the carbon footprint</li> </ol>	<ol style="list-style-type: none"> <li>5. Optimize incoming flow of raw materials</li> </ol>	<ol style="list-style-type: none"> <li>6. Green design: reduce number and size of electronic components, reduce power consumption, use recycled and/or recyclable materials as much as possible, etc</li> <li>7. Optimized manufacturing processes</li> </ol>	<ol style="list-style-type: none"> <li>8. Sustainable packaging (reduce plastic, volume, weight)</li> <li>9. Logistic/ distribution optimization</li> </ol>	<ol style="list-style-type: none"> <li>10. Extend product lifecycle</li> <li>11. Accessory standardization</li> <li>12. Ease of repair</li> </ol>	<ol style="list-style-type: none"> <li>13. Circular Economy               <ul style="list-style-type: none"> <li>- Refurbish</li> <li>- Buy-Back</li> <li>- Recycling service</li> </ul> </li> </ol>
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 Main Focus for 2024



# Anticipation of European Taxonomy alignment on a voluntary basis

Datalogic revenues, investments and operative expenses are considered «green» and deemed **eligible** mainly to the «Circular Economy Transition» objective




A «Taxonomy European sustainable activity» must:

- ⊕ Be **eligible** contributing to 1 of the **6 European Taxonomy Objectives**
- ⊕ Be **aligned** to the technical criteria for each eligible activity
- ⊕ Not cause significant harm (**DNSH**) to other objectives
- ⊕ Be carried out in compliance with the **international principles regarding the protection of work and human rights**


# Main ESG Accomplishments in 2023




**4**  
ISO for environment, worker safety, quality and information security



**65**  
NPS score  
(+10 points more than 2022)




**75%**  
of the new direct material suppliers evaluated also based on ESG criteria



**-11%**  
reduction in energy consumption with consequent reduction in emissions



**66%**  
of the value of the packaging (product box) is made up of 80% recycled material



**120**  
the estimated tons of virgin plastics replaced with plastics containing recycled material



**35%**  
of the new hires are young people under 30

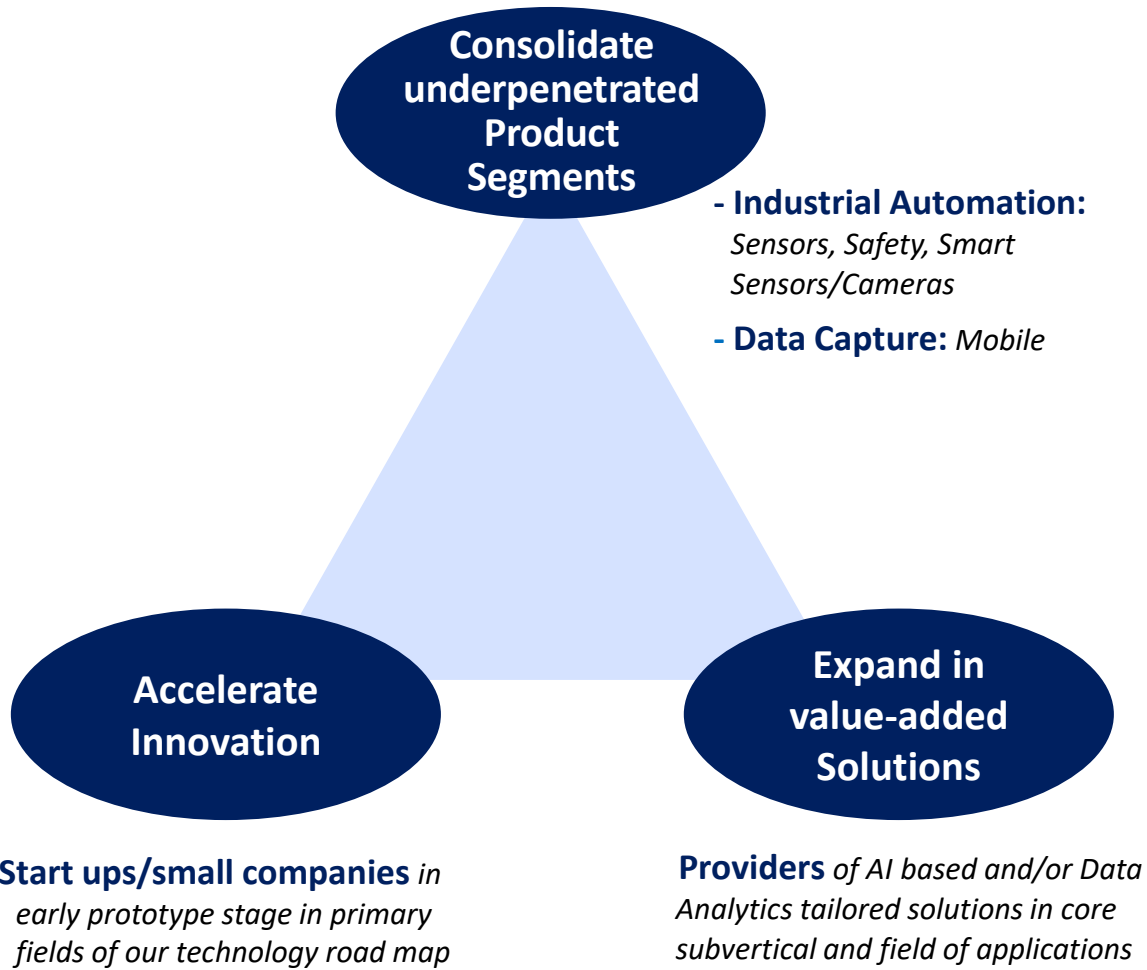
**58%**  
of internal promotions to senior management roles



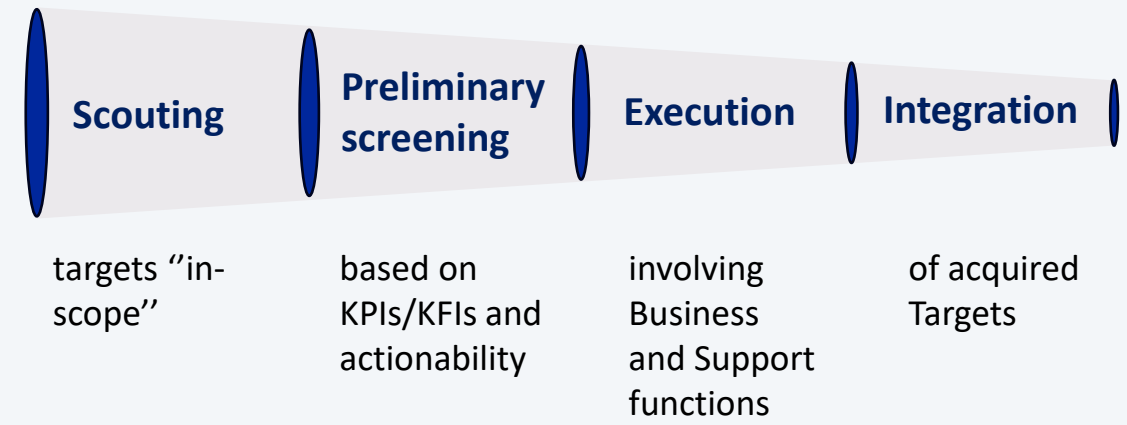
**SA8000**  
certifies respect for human rights and respect for labor law (extended to 2 additional Group companies in 2023)

# Structured M&A Activity to Foster Group Strategy

## M&A Priorities



## M&A Process



## M&A Governance

### Yearly Master Plan

Inorganic growth guidelines included in the Company Master Plan

- Chairman
- CEO
- Executives
- Business Leaders

### Monthly M&A Round-Table

Decide on M&A opportunities / define Integration process

- Chairman
- CEO
- Top Executives

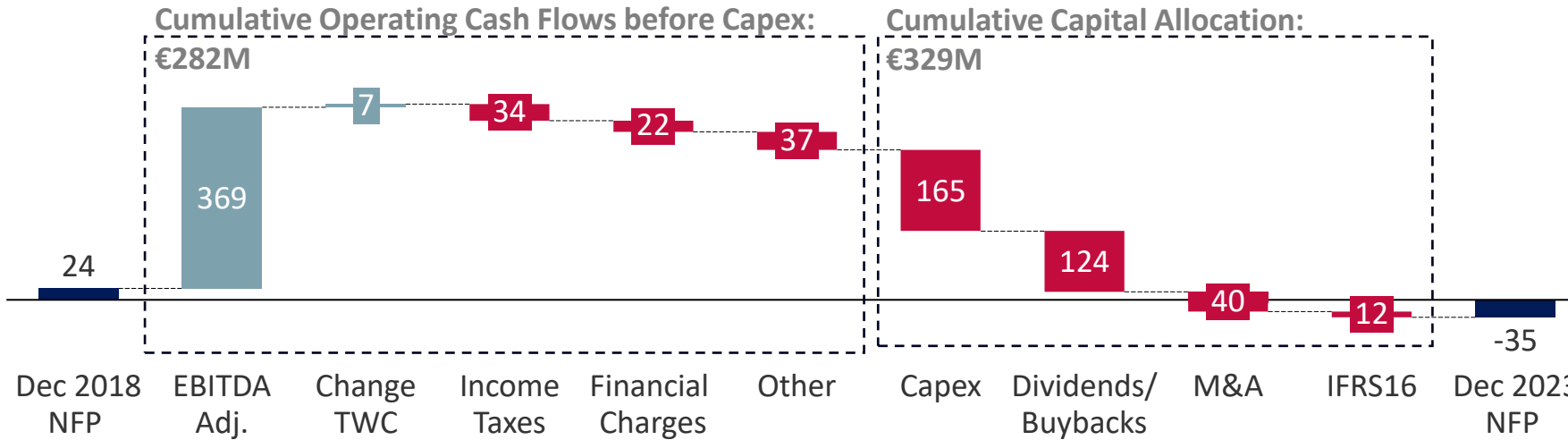
### Bi-Monthly Top-Level M&A Steer-Co

to track M&A progress

- Chairman
- CEO
- CFO

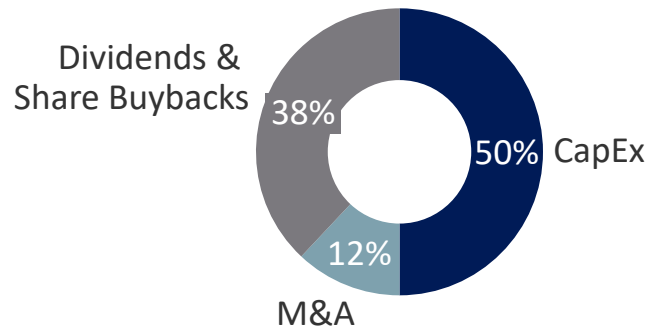
# Sound balance sheet and structural cash generation profile to leverage growth

## Cash Flows – Last 5 years cumulated

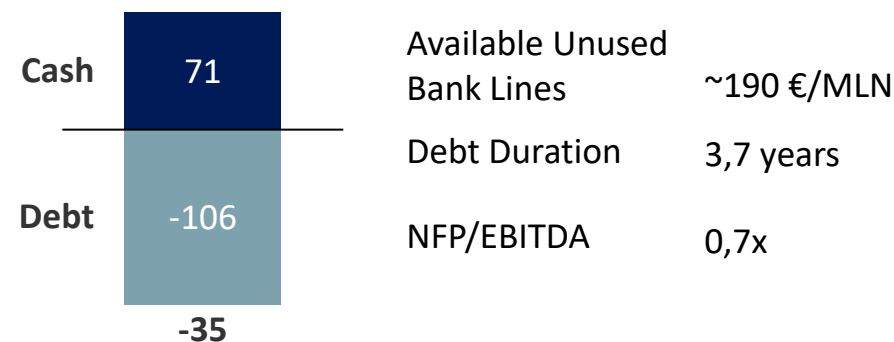


- Structural operating **cash flow generation** year after year
- **+ €280m** Cumulative Cash Flow before Capex generated **in last 5 years**
- A **well-balanced** capital allocation to maximize value creation
- **Solid Balance Sheet** with a conservative **leverage below 1x** and **debt duration >3.5 years**
- Approx **200M** of unused available bank **credit lines**

## Capital allocation breakdown – Last 5 years



## Balance Sheet at 31/12/2023

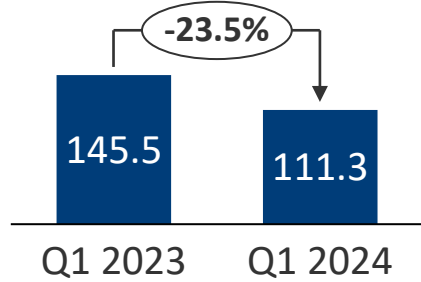


# FINANCIALS

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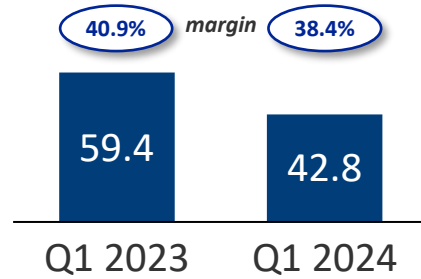
# Q1 2024 Highlights: positive progression in DC booking trends whilst quarter revenues still down as expected

## Revenues (€ mln)



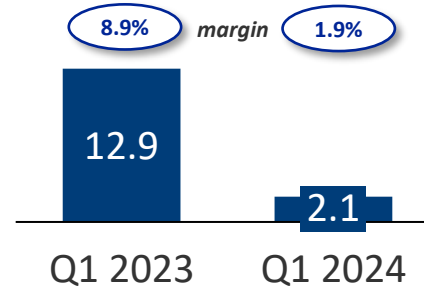
- Revenues decreased by 23.5% vs Q1 '23 as expected, due to market softness across all main verticals, particularly the Industrial Automation segment
- Booking improvement in the Data Capture segment at the end of Q1 '24 should drive positive revenue progression QoQ

## GOM (€ mln)



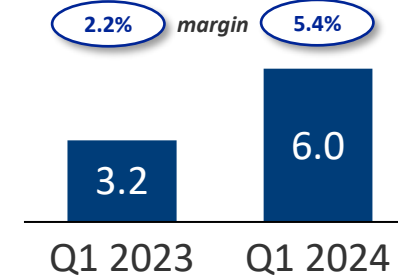
- Gross Operating Margin, at 38.4% slightly higher than Q4 '24 but still down compared to Q1 '23 (-2.4 pp) due to heavy volumes contraction and lower cost absorption, whilst productivity keeps improving

## Adj. EBITDA (€ mln)



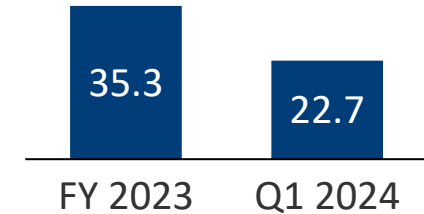
- R&D Cash Out at €15.1M, at 13.6% on revenues (10.6% in Q1 '23), maintaining solid levels of R&D investments
- Adj EBITDA margin at 1.9% (8.9% in Q1 '23), mainly due to volume effect

## Net Result (€ mln)



- Positive Net Income benefitting from the capital gain of the sale of Informatics

## Net Debt (€ mln)



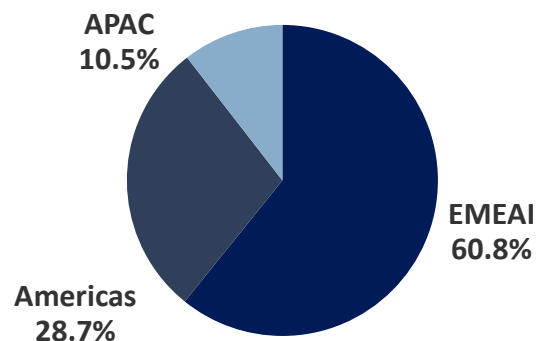
- Net Debt in Q1 '24 below EoY '23 at €22.7M (€35.3M in FY23) thanks to the sale of 100% share capital of the non "core" subsidiary Informatics Holdings, Inc.

Note: Q1 2023 Restated with (i) some commercial costs reclassified from S&D expenses to Revenues reduction and (ii) without INFX results – INFX Net Income reported as «Net Result from discontinued operations»

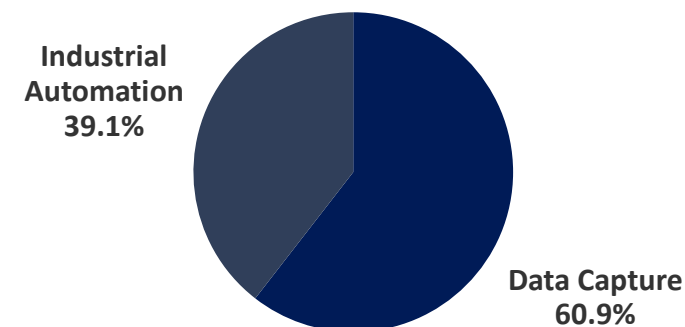
# Group Revenues by Geography and Market Segment

€m	EMEAI			AMERICAS			APAC			Total Datalogic		
	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %	Q1 2024	Q1 2023 restated*	Var %
Data Capture	38.5	55.3	(30.3%)	22.8	26.4	(13.6%)	6.5	9.3	(29.8%)	67.8	90.9	(25.4%)
Industrial Automation	29.1	31.1	(6.3%)	9.2	11.5	(19.9%)	5.2	12.0	(56.6%)	43.5	54.5	(20.2%)
<b>Total Datalogic</b>	<b>67.7</b>	<b>86.4</b>	<b>(21.7%)</b>	<b>32.0</b>	<b>37.8</b>	<b>(15.5%)</b>	<b>11.7</b>	<b>21.3</b>	<b>(44.9%)</b>	<b>111.3</b>	<b>145.5</b>	<b>(23.5%)</b>

% on Datalogic Revenues



% on Datalogic Revenues



\* Restatement with some commercial costs reclassified from S&D expenses to Revenues reduction

# Q1 2024 P&L

€ m	Q1 2024	Q1 2023 restated*	Var %
<b>Revenues</b>	<b>111.3</b>	<b>145.5</b>	<b>(23.5%)</b>
<b>Gross Margin</b>	<b>42.8</b>	<b>59.4</b>	
% on Revenues	38.4%	40.9%	-2.4 pp
<b>Operating expenses</b>	<b>(48.2)</b>	<b>(54.5)</b>	
% on Revenues	(43.3%)	(37.5%)	-5.8 pp
<b>Adjusted EBITDA</b>	<b>2.1</b>	<b>12.9</b>	
% Adj. Ebitda margin	1.9%	8.9%	-7.0 pp
<b>Adjusted EBIT</b>	<b>(5.5)</b>	<b>4.9</b>	
% Adj. Ebit margin	(4.9%)	3.4%	-8.3 pp
<b>EBIT</b>	<b>(7.2)</b>	<b>3.4</b>	
% Ebit margin	(6.5%)	2.4%	-8.8 pp
<b>Net Result</b>	<b>6.0</b>	<b>3.2</b>	
% on Revenues	5.4%	2.2%	+3.2 pp

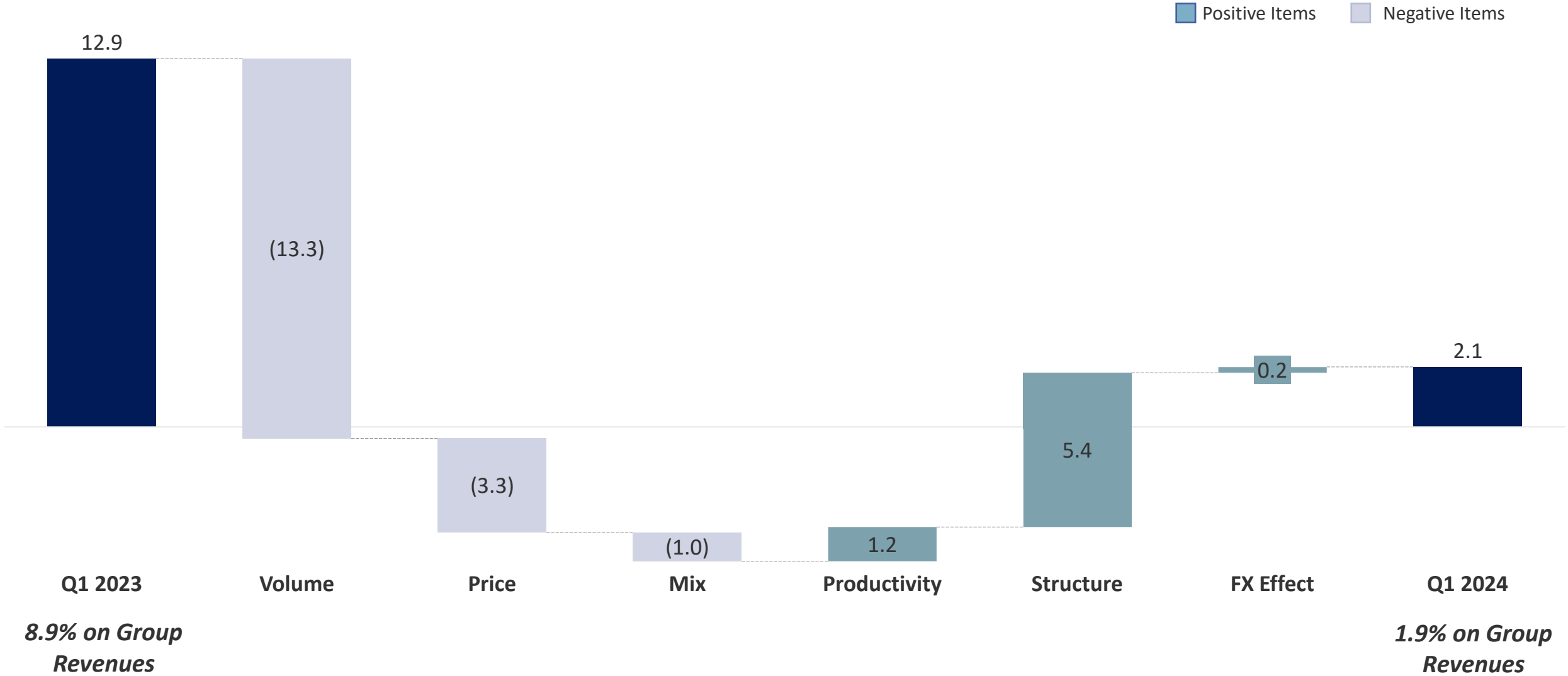
- **Gross Margin at 38.4% (-2.4 pp YoY)** affected by volumes reduction and lower cost absorption, partially offset by positive productivity
- **Operating expenses at €48.2m**, preserving substantial investments in R&D and S&D, whilst tightening control over discretionary
- **Adj EBITDA margin at 1.9% (-7.0 pp YoY)**, due to highly negative volume impact on operating expenses, partially offset by productivity improvement and costs savings
- **Net Result at €6.0m** vs €3.2m in Q1 23 thanks to the capital gain of €17.2m from the sale of 100% stake in Informatics

\* Restatement with (i) some commercial costs reclassified from S&D expenses to Revenues reduction and (ii) without INFX results – INFX Net Income reported as «Net Result from discontinued operations»



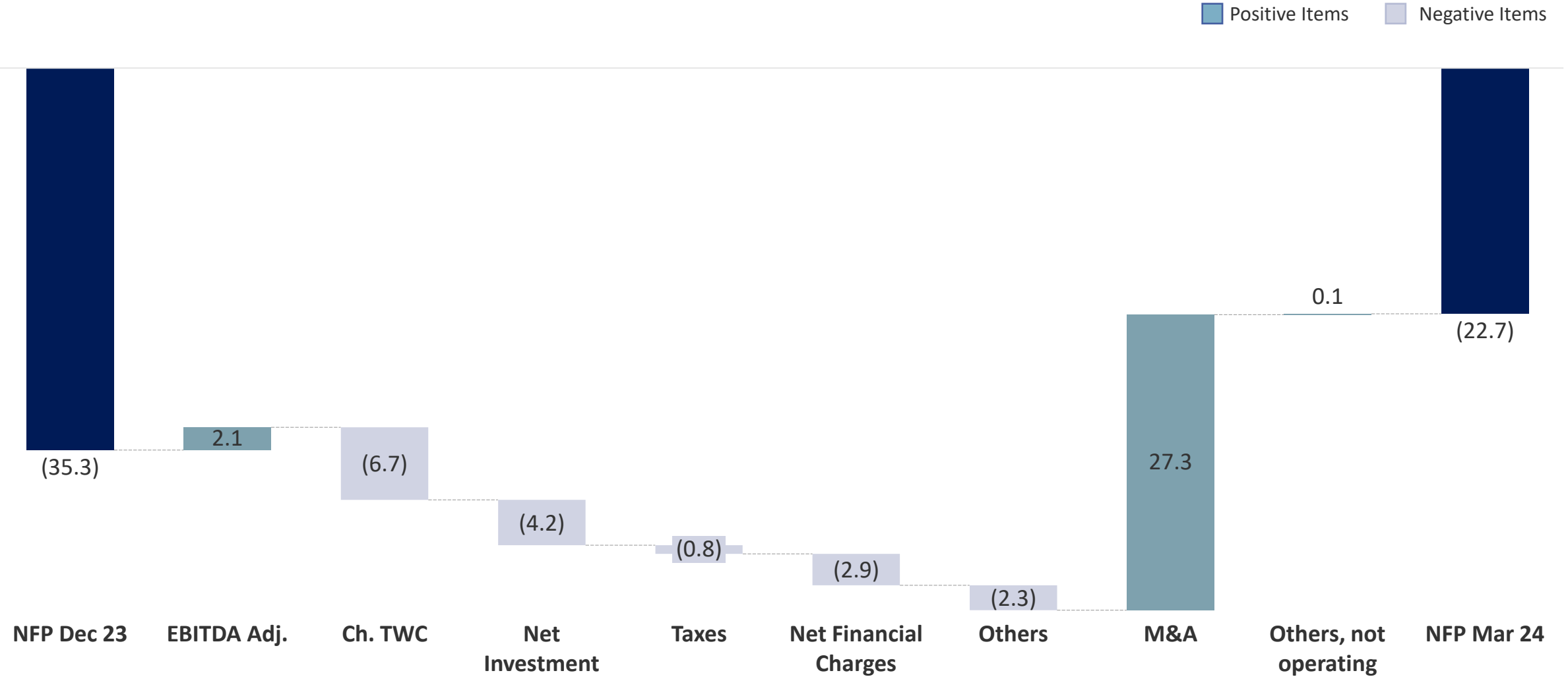
# EBITDA Adj: actual vs last year

€ m



# Net Debt & Cash Flow Analysis : Dec'23 – Mar'24

€ m



# BACKUP

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# Sale of 100% share capital in Informatics Holdings, Inc.

Informatics is a stand-alone company actively engaged in the non-core business of marketing and distributing software products and solutions tailored for small and medium-sized companies mainly in the US. The company was acquired in 2005 and it is based in Plano, Texas.

## Buyer



On March 7, 2024, Datalogic S.p.A. sold its **100% stake in Informatics** to an affiliate of the U.S. private equity firm **Renovo Capital LLC**.

## Transaction



- The **disposal value** was agreed upon at USD 34 million
- **EV/EBITDA adj 2023** at around **10x**

## Rationale



- Divestment of a **non-core asset** to **focus** on the **core business IA & DC**
- **Additional financial resources** to support **growth**, both **organically** and through **M&A**

# Sustainability: the 10 material topics and relevant existing KPIs

Research, development and innovation	Patents number; New Prod % Rev; R&D cash-out % on Rev; R&D employees
Product quality and safety	% defects on products; Nr. of non-conformities associated to products
Responsible Supply Chain	Nr. audited suppliers; Nr. certified suppliers
Responsible Business Conduct	Nr. Corruption incidents; Nr. Law-non-conformity; Board gender diversity
Customer centricity	NPS; Customer survey results; Customer average time resp and resolution
Materials sustainability	Average prod life; % Materials purchased from ESG suppliers; % recycled
Workers health and safety	Nr. accidents; accident frequency index; % safety training per employees
Energy and emissions	GJ consumed; % energy from renewable source; Scope 1, 2 (and 3) emissions
People well-being	% employee with health-insurance; % evaluated-employee; internal promotion
Waste and packaging	Waste tons; Packaging tons; % recyclable packaging

# Contacts

## IR CONTACTS

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## NEXT EVENTS

**August 02, 2024**

1H 2024 Results

## DATALOGIC ON LINE

[www.datalogic.com](http://www.datalogic.com)

# THANK YOU



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