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Group Overview
Datalogic at a glance

Over 40 years of Technological Innovation

1972  FOUNDATION  Established in Bologna

1988  EXPANSION  Escort Memory Systems Inc. IDWare Mobile Computing&Comm.

1997

2001  LISTING  Listed on the STAR segment of Italian Stock Exchange

2002  EXPANSION  Minec AB

2011

2012  EXPANSION  Laservall SpA

2015  INNOVATION  Informatics Inc.

2011  EXPANSION  PSC Inc.

2012  EXPANSION  Datasensor SpA

2015  EXPANSION  Evolution Robotics Retail Inc.

2017  EXPANSION  Accu-Sort Systems Inc.

2015  EXPANSION  PPT Vision Inc.

2017  EXPANSION  Acquisition of Multiwave Photonics SA

2015  INNOVATION  Partnership with CAEN RFID Srl

2017  EXPANSION  Set up new One Datalogic

2017  EXPANSION  Acquisition of Soredi Touch Systems GmbH
A Wide Geographical Footprint

Direct presence in 30 countries
- 8 Manufacturing Sites
- 11 R&D Centers
- 3 DL LABS

Note: Breakdown by area based on FY 2017 revenues
Stock and Governance

Market Segment: STAR MTA
Reuters Code: DAL.MI
Bloomberg Code: DAL IM
Outstanding Shares: 58,446,491
Share Par-Value: 0.52 Euro each

Ticker: DAL
Price (August 28, 2018): 30.80 Euro
Market Cap (August 28, 2018): 1.80 B Euro
Auditing Company: EY

DATALOGIC PRICE PERFORMANCE

SHAREHOLDERS’ STRUCTURE

Hydra SpA  Treasury Shares  Free Float
34.30%  1.05%  64.65%
Strategy and Outlook
A clear strategy

**THE OBJECTIVE**

Keep on constantly growing, above market average, while significantly improving profitability

**THE SCOPE**

Remain a product company with new emphasis on solutions to satisfy the needs of End Users in the following Industries: Retail, Healthcare, T&L and Manufacturing

Become a significant player in North America and further establish in APAC with a growing presence in China

Consolidate our position in EMEA

**THE ADVANTAGE**

Moving from a product to a Customer-centric Company, leveraging on our wide range of products that is able to fulfill our customers’ needs for both data collection and process automation and providing end-to-end solutions across the entire flow of operations.
Unique Player across IA and ADC Markets

DATALOGIC is the only player across the Global competitive landscape who can boast a wide and consolidated experience in both the two fields of:

- Industrial Automation (dating back to the foundation of the company)
- Automatic Data Capture (leadership deriving from the acquisition of PSC USA)
A New Organisation by Verticals…
…with a Wide and Complementary Offer
Total Addressable Market

Total Addressable Market @ $11 BN
CAGR 2017-2021 +5.4%

Healthcare 4%
T&L 11%
Retail 21%
Manufacturing 64%

Source: VDC 2017 and Management estimates
We play in a growing market

**RETAIL E-COMMERCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.86 trillion USD</td>
</tr>
<tr>
<td>2021</td>
<td>4.48 trillion USD</td>
</tr>
</tbody>
</table>

**WAREHOUSING AND LOGISTICS ROBOTICS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.9 billion USD</td>
</tr>
<tr>
<td>2021</td>
<td>22.4 billion USD</td>
</tr>
</tbody>
</table>

**IoT**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.9 trillion USD</td>
</tr>
<tr>
<td>2021</td>
<td>22.4 billion USD</td>
</tr>
<tr>
<td>2025</td>
<td>11.1 trillion USD</td>
</tr>
</tbody>
</table>

Datalogic products and solutions are essential for the e-commerce, the robotics and the IoT revolution.

There has never been a more exciting time as this to operate in the market we play in.
MARKET OUTLOOK

- 90% of transactions are still completed in-store
- E-commerce drives change towards an omnichannel experience (brick and mortar – online shopping)
- Distribution Centers automatization increase.

DATALOGIC RESULTS

- H1 2018 Revenues €141.6 mln (+2.5% YoY, +8.6% ex Forex), 50% of DL Division Revenues
- Double-digit growth in North America: 20% at constant forex. Steady growth in EMEA up +6% at constant Forex
- Big projects won in the US with Tier 1 Account related to check out and in store applications
- First roll out of our new Joya Android wireless charging mobile device
- Great success of our new check out retail scanner based on imaging technology on a global basis

DATALOGIC PROPOSITION

- We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers’ Home.
- New Data capture products for E-commerce and multichannel
- Data analytics for location based services, indoor navigation, customer tracking either for path and time spent in front of shelves
Example of how retailers are evolving

Walmart Digital Eco-System
Manufacturing
The factory of the future

DATALOGIC RESULTS

- **H1 2018 Revenues €90.0 mln (+16.3% YoY, 19.7% ex Forex), 32% of DL Division Revenues**
- **Positive performance in all Geo Areas lead by China and Korea (+56%), N. America (+13% and above 25% in Q2) and EMEA (+11%) at constant Forex**
- **China: revenues doubled compared to 2016**
- **Top 3 customers of H1 are a leading consumer electronic company in Asia and two automotive players in Emea**
- **Great customers’ feedback on the new SLS and double digit growth for our industrial bar code readers**

MARKET OUTLOOK

- **Industry 4.0 is pushing for multi-technology adoption, product interoperability and enhancement self diagnostic capabilities**
- **The adoption of key digital technologies shows a strong growth over the next 5 years**

DATALOGIC PROPOSITION

- **Unique portfolio provider of smart, interconnected devices able to protect, identify, sense, check and mark.**
- **Datalogic is providing multi-product portfolio to serve all the major manufacturing clients: Automotive, Food and Beverage, Automated Machinery and Electronics, and Intralogistics.**
- **Expanding into Intralogistic solutions and Robotic/AGV guidance**
Some numbers and trends: digital factory

Nine out of ten companies are investing in DIGITAL FACTORIES

Source: PwC
TRANSPORTATION & LOGISTICS
Visibility and interaction with the customer

**MARKET OUTLOOK**
- Growth is driven by e-commerce: high speed sorting, ability to manage any size of parcel, and high flexibility
- Strong demand for solutions beyond barcode

**DATALOGIC RESULTS**
- H1 2018 Revenues €31.1 mln (+21.0% YoY, 27.3% Ex Forex), 11% of DL Division’ Revenues
- Growing double digits in EMEA, North America, and China & Korea: +28%, +32%, and +35% at constant Forex, respectively
- Growth driven by big projects award in the US and in Europe
- Start leveraging the cross selling of our new organization with large projects won on mobility
- New opportunities with leading e-commerce companies next to CEP

**DATALOGIC PROPOSITION**
- We ensure Data Collection to Courier-Express-Parcels, Airports, warehouse operators and sorting processes.
- The first generations of self-driving vehicles used in controlled areas of the warehouse are being developed
- Datalogic is at the forefront of the development of airport systems, since 1984 with the first automatic reading station in Milan, to the recent contract with a main European hub in compliance with new IATA requirements.
Transportation & Logistics

- Baggage Handling Systems
- Baggage & Cargo Reconciliation
- Out Of Gauge
- Check-in and Baggage Drop-off Handling
- Access Control
Healthcare
Meet regulations and Higher Patient Safety

MARKET OUTLOOK

- Drugs tracking to avoid counterfeit medications
- Growing demand inside hospitals and clinical labs for traceability of people and surgical tools.

DATALOGIC RESULTS

- H1 2018 Revenues €8.9 mln (-45.5% YoY, -42.0% ex Forex), 3% of DL Division’ Revenues
- Decline in H1 due to the tough comparison with H1 2017, where major deals with 2 relevant US hospital chains occurred
- Strong expectation to recover by year end and next year thanks to the launch of dedicated products in Q4

DATALOGIC PROPOSITION

- We empower the entire Healthcare ecosystem from drug production to patient care.
- Datalogic is the sole company providing unique product features for the HC industry such as: Anti-microbial enclosures, Inductive charging technology for battery recharge, and Green spot good match to ensure positive medicine-patient identification
- LAB Analysis is also working to ensure the reliability of data based on the patient
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)
- Keeping an EBITDA margin substantially in line with 2017
- Maintain a Cash Generation profile from operations

- **Retail:** improving growth rates in all main geographies mainly through new products and expanding sales organization
- **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
- **T&L:** keep growing in main Geo Areas, through new projects and new clients’ acquisition
- **HC:** growth expectations mostly skewed toward H2
- **Channel:** strong recovery expected through the launch of new products particularly suitable for the channel

- Strong pipeline of new products to be launched in H2, ramp up of new products launched in the last 12 months in H2
Technologies and Products
Product Innovation and Development

- New product development process driven by customer needs
- A portfolio of more than 1,200 patents
- 9.1% of Revenues invested in R&D on a yearly basis, equal to over €55 million in 2017
- 11 Research & Development Centers
- 470 R&D resources, more than 450 Engineers, engaged in new product development and emerging technologies
Datalogic Technology Roadmap

Goal:
Identification – selection – protection - development, of technologies needed to maintain the business performance in accordance with the company’s objectives for the next 5 years

Methodology:
Define the technology stack, divided by:
- Core technologies: Not available on the market
- Product driven technologies: Used heavily in our products
- Solution driven technologies: Contribute to the consumer’s experience
Market split by Technology

Datalogic can offer all the technologies available for products identification

Data Capture Technology

- **OPTICAL** 95%
- **Laser Scanner** 28%
- **2D Imager** 57%
- **Linear Imager** 16%
- **RFID** 5%

Market Value: $4.3 Bn

includes only Hand Held Scanners, Industrial Stationary Scanners and Point of Sale Check Out

2017 (base year 2016)
H1 2018 Product Launches

LANEHAWK
LH5000 - SEAHAWK

MARVIS MARK READ VERIFY INTEGRATED SOLUTION

SG4 FIELDBUS - ADVANCED MODEL

STATIONARY LASER SCANNER

2D DECODER SCAN ENGINE

JOYA TOUCH WITH ANDROID 7.1

SH15 / SH21 BLACKLINE COMPUTERS

STAR DONGLE - BOBTAIL

FALCON X4

SOTI MOBICONTROL ENTERPRISE MOBILITY MANAGEMENT

JOYATOUCH WITH ANDROID 7.1
Financials
H1 2018 Highlights

GROUP
- Best-ever Revenues despite Forex impact
- Keeping on strengthening of commercial & R&D organizations
  ✓ hiring of skilled salespeople, in key markets and verticals
  ✓ Increasing investment in R&D people & projects to stay at the forefront of cutting-edge technologies

VERTICALS
- Main industries keeping on growing despite forex, whilst Channel & HC negatively affected by seasonality in the first part of the year
- Manufacturing confirming strong growth, +18.6% in Q2, growing in all main geographies
- T&L above 20% in both Q2 and H1, at double digits in all main geographies
- Retail: double digit growth in the US in Q2, whilst projects timing is pushing a high backlog in Q3 for EMEA

FINANCIALS
- H1 Revenues up 8% at constant forex to €307.0 m
- Consolidating GOM improvements vs 2017, capitalizing on improvements from previous year
- Increasing investments in R&D - from 9.1% to 10.4% on revenues on Datalogic business - and in distribution
- Net Cash position at €13.3 m after dividends and buyback
Investing R&D and S&D, whilst maintaining sound profitability

<table>
<thead>
<tr>
<th>€ m</th>
<th>1H2018</th>
<th>1H2017</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>307.0</td>
<td>299.3</td>
<td>2.6%</td>
</tr>
<tr>
<td>Gross Operating Margin</td>
<td>149.4</td>
<td>142.3</td>
<td>5.1%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>48.7%</td>
<td>47.5%</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(105.9)</td>
<td>(97.8)</td>
<td>8.3%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(34.5%)</td>
<td>(32.7%)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>50.8</td>
<td>51.8</td>
<td>(1.9%)</td>
</tr>
<tr>
<td>Ebitda margin</td>
<td>16.6%</td>
<td>17.3%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>40.3</td>
<td>41.2</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Ebit margin</td>
<td>13.1%</td>
<td>13.8%</td>
<td></td>
</tr>
<tr>
<td>EBT</td>
<td>37.2</td>
<td>37.2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Taxes</td>
<td>(8.2)</td>
<td>(7.9)</td>
<td>4.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>29.0</td>
<td>29.3</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>9.4%</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>1.2104</td>
<td>1.0830</td>
<td></td>
</tr>
</tbody>
</table>

- **Revenues** up 2.6% to €307.0 m (+7.9% at constant exchange rate)
- **GOM** showing steady improving trend at 48.7% (around +120 bps vs 1H 2017)
- **R&D on revenues** from 8.8% to 9.9% (from 9.1% to 10.4% Datalogic Business)
- **S&D on revenues** from 16.4% to 17.4% (+9.1% YoY) due to strengthening of commercial organization
- EBITDA margin at 16.6%, where improved GOM offset by higher R&D and distribution expenses
- One off positive effects on financial expenses more than offsetting negative forex in financial charges
- **Tax rate** at ~ 22%
- **Net income** at €29.0 m almost in line with 1H 2017
## Group Revenues by country

### Revenues by Geographic Area

<table>
<thead>
<tr>
<th>€ m</th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>Var%</th>
<th>Var% Ex forex</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>164.5</td>
<td>158.7</td>
<td>3.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>North America</td>
<td>91.8</td>
<td>95.0</td>
<td>(3.4%)</td>
<td>7.7%</td>
</tr>
<tr>
<td>Latin America</td>
<td>6.6</td>
<td>7.3</td>
<td>(10.6%)</td>
<td>0.9%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>44.2</td>
<td>38.3</td>
<td>15.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>307.0</td>
<td>299.3</td>
<td>2.6%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

### Highlights

- **Sound growth net of forex**
- **Continuous growth in APAC** driven by China and Korea (+27.3 and +34.3% net of forex)
- **Keeping on growing in EMEA** in all the main verticals
- **NA positive net of forex**, lead by double digit growth in T&L, Manufacturing and Retail
- **Strong performance of Solution Net Systems**, whilst Informatics still negative
- **Latam slightly positive net of forex**
### REVENUES BY DIVISION

<table>
<thead>
<tr>
<th>Division</th>
<th>€ m 1H2018</th>
<th>€ m 1H2017</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic Business</td>
<td>284.3</td>
<td>279.2</td>
<td>1.8%</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>14.2</td>
<td>10.6</td>
<td>34.5%</td>
</tr>
<tr>
<td>Informatics</td>
<td>9.7</td>
<td>11.2</td>
<td>(13.3%)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(1.3)</td>
<td>(1.7)</td>
<td>24.3%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>307.0</strong></td>
<td><strong>299.3</strong></td>
<td><strong>2.6%</strong></td>
</tr>
</tbody>
</table>

### EBITDA BY DIVISION

<table>
<thead>
<tr>
<th>Division</th>
<th>€ m 1H2018</th>
<th>€ m 1H2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic</td>
<td>48.7</td>
<td>51.3</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>1.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Informatics</td>
<td>0.3</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td><strong>50.8</strong></td>
<td><strong>51.8</strong></td>
</tr>
</tbody>
</table>

- **Datalogic** driven at constant forex by growth of Fixed Retail and Stationary Industrial Scanners and Safety products, Scan Engines
- **Solution Net Systems** strong top line growth (+34.5%) thanks to new projects in postal and retail industries, and sound improvement in profitability
- **Informatics** top line still on downward trend but profitability turnaround continuing
EBITDA: actual vs last year

€ m

17.3 % on Group Revenues

16.6% on Group Revenues

-2.4% on DL Business 2018 revenues*

1H 2017

Price

Volume

Mix

Service

COGS

FX

Structure

SNS/INF

1H 2018

Positive Items

Negative Items

* Excluding GCO and Service
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fixed Assets</td>
<td>347.9</td>
<td>351.3</td>
<td>(30.1)</td>
<td>(13.3)</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>85.8</td>
<td>95.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>14.2%</td>
<td>15.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>85.9</td>
<td>102.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>14.2%</td>
<td>16.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>(110.3)</td>
<td>(126.1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>-18.2%</td>
<td>-20.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Working Capital</td>
<td>61.5</td>
<td>72.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>10.1%</td>
<td>11.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets/liabilities</td>
<td>(86.5)</td>
<td>(88.4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Invested Capital</td>
<td>322.9</td>
<td>334.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td>322.9</td>
<td>334.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Net Debt Analysis: Dec’17 – Jun’18

<table>
<thead>
<tr>
<th>Category</th>
<th>€ m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt Dec 17</td>
<td>30.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>50.8</td>
</tr>
<tr>
<td>Ch TWC</td>
<td>(10.6)</td>
</tr>
<tr>
<td>Capex</td>
<td>(7.2)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Net Financial Charges</td>
<td>(3.1)</td>
</tr>
<tr>
<td>Purchase Own Shares</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Dividend Payment</td>
<td>0.1</td>
</tr>
<tr>
<td>Other</td>
<td>13.3</td>
</tr>
<tr>
<td>Net Debt Jun 18</td>
<td></td>
</tr>
</tbody>
</table>

Of which:

- Machinery, equipment and moulds: (2.3)
- Electronics machineries / Software: (2.0)
- Offices refurbishment: (1.1)

### Negative Items
- Acc. Receivable: (10.0)
- Inventory: (16.4)
- Acc. Payable: 15.8

### Positive Items
- -2.4% on Revenues
- € m

### Notes
- Of the net debt change from Dec 17 to Jun 18, the significant items are:
  - Machinery, equipment and moulds: €2.3m
  - Electronics machineries / Software: €2.0m
  - Offices refurbishment: €1.1m

- Overall, the net debt has decreased by 13.3%.
Contact

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**NEXT EVENTS**

**October 23-24, 2018**
STAR Conference, London

**November 13th, 2018**
9M results

**DATALOGIC ON LINE**

www.datalogic.com