Italian Industrial Day
Borsa Italiana

4 SEPTEMBER 2019
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Corporate Overview
Global technology leader in the **automatic data capture** and **process automation** markets, in the **Retail**, **Manufacturing**, **Transportation & Logistics**, and **Healthcare** industries

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

- **More than 1,200 patents filed**
- **500 engineers in 11 R&D centers and 3 DL Labs**
  - in: Italy, USA, Vietnam, China, and Germany
- **3,157 Employees in 27 countries:***
  - 21% Americas, 56% EMEA, 23% APAC
- **10 Manufacturing and Repair facilities in:***
  - US, Brazil, Hungary, Slovakia, Italy, China, Vietnam and Australia

Figures at 31 December 2018
Over 45 years of Technological Innovation

- **FOUNDATION**
  - Established in Bologna

- **1972**
  - EXPANSION
    - Escort Memory System Inc.
    - IDWare mobile Computing&Comm.

- **1988**
  - LISTING
    - Listed on the STAR segment of the Italian Stock Exchange

- **1997**
  - EXPANSION
    - Listed on the STAR segment of the Italian Stock Exchange

- **2001**
  - EXPANSION
    - Minec AB
    - Laservall SpA
    - Informatics Inc.
    - PSC Inc
    - Datasensor SpA
    - Evolution Robotic Retail Inc.
    - Accu-Sort System Inc.
    - PPT Vision Inc.

- **2012**
  - NEW STRATEGY
    - Set up new One Datalogic

- **2015**
  - NEW STRATEGY
    - New organization by verticals

- **2017**
  - INNOVATION
    - Acquisition of Multiware Photonics SA
    - Partnership with CAEN RFID Srl
A Wide Geographical Footprint

- Direct presence in 30 countries
- Percent on H1 2019 Revenues

Revenues breakdown at H1 2019

North America 34%
- Eugene, Oregon
- Pasadena, California
- Minneapolis, Minnesota
- Plano, Texas
- Telford, Pennsylvania

Latin America 2%

Latin America
- Ho Chi Minh City
- Shenzhen

Europe
- München
- Bologna
- Quinto di Treviso

EMEA 53%

APAC 11%

10 Manufacturing & Repair sites
11 R&D Centers, 3 DL Labs

Percent on H1 2019 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 (September 2, 2019): 12.74 Euro
Market Cap (September 2, 2019): 0.74 B Euro
Auditing Company: Deloitte
Strategy
A Clear Strategy

**THE OBJECTIVE**
Keep constantly growing above market average, while significantly improving profitability.

**THE SCOPE**
Remain a product company with new emphasis on solutions satisfying the needs of the End-Users in the following industries: Retail, Manufacturing, Transportation & Logistics and Healthcare.

**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 Positioning

Uniquely positioned to address customers’ needs in both **data capture** and **process automation** along their entire value chain.

- **WIDE AND COMPLEMENTARY OFFER**
- **CUSTOMER CENTRIC ORGANIZATION BY VERTICALS**
Total Addressable Market

Source: VDC, other market researches and Management estimates
We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers’ Home

Market Leader along the Retail supply chain from 1974 with the first scanner ever sold to a grocery store in Troy, Ohio up to now with the innovative frictionless shopping solution presented at the 2019 NRF exhibition in New York

New Data capture products for E-commerce and multichannel
Retail
Bringing offline and online together

MARKET OUTLOOK

- Online retailers are opening brick-and-mortar stores, while traditional retailers are converting physical store locations into semi-distribution hubs
- Retailers who collect customer data on every step of the journey are headed in the right direction
- Retail E-commerce sales worldwide posted solid gains in 2017, rising 23.2% to $2.290 trillion *, but 90% of transactions are still completed in-store
- Distribution Centers automatization increase
- Retailers are looking for advanced logistics solutions to be able to satisfy the needs of the E-commerce trend

* Source: eMarketer
Manufacturing
The factory of the future

**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**

**APPLICATIONS**

- **AUTOMOTIVE**
- **ELECTRONICS**
- **INTRALOGISTICS**
- **PACKAGING**
- **TIRES**
MARKET OUTLOOK

- Market trends
  - Industry 4.0
  - Robotics / AGV
  - DPM / Extended Traceability and Quality Inspection
  - New segments due to new technology (i.e. Electric car)

- **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

- 267 Billion USD investment in the next 5 years directed towards IoT*

- The Industrial Robotics Market stands at 13.9 billion USD with an 11.8% growth **

* Source: IoT Analytics

** Source: International Federal of Robotics (IFR) data and Loup Ventures
Transportation & Logistics
End to end visibility and real time tracking

DATALOGIC PROPOSITION

- We ensure Data Collection to Courier-Express-Parcels, Airports and Logistics

- 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

- Datalogic’s proven capabilities are reflected by the recent “Platinum” supplier qualification granted by a world leader in the shipping and logistics sector
Transportation & Logistics
End to end visibility and real time tracking

MARKET OUTLOOK

- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility. E-Commerce is driving the industry growth

- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage

- The baggage handling system market* is projected to reach USD 9.36 Billion by 2020, at a CAGR of 7.8% from 2015 to 2020

- Strong demand for solutions beyond barcode

- Robotics & Automation: collaborative robots and automatic solutions to get higher productivity, zero-defects, reducing manual operations

*Source: IATA*
Healthcare
Meet regulations and Higher Patient Safety

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
Healthcare
Meet regulations and Higher Patient Safety

MARKET OUTLOOK

- Drugs tracking to avoid counterfeit medications
- Bedside care: adopt technology to secure the correct drug administration to patients and real time saving with no mistakes of clinical data
- HC Emerging trends: Telemedicine/Telehealth. Health systems are more and more using digital health tools and telehealth platforms to better care for patients after they leave the hospital, as well as those most at risk of returning
Focus on Innovation

R&D Evolution (€ mln)

- R&D expenses up 3.2% to €31.4 million (€30.5 million in the first half of 2018).
- Total R&D spending, gross of capitalizations amounted to approximately 11% of turnover, in line with the Group's strategy on innovation.

Important Launches

<table>
<thead>
<tr>
<th>Fixed Retail Scanners</th>
<th>Hand Held Scanners</th>
<th>Mobile Computers</th>
<th>Stationary Industrial Scanners</th>
<th>Safety &amp; Sensors</th>
<th>Vision Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAGELLAN 3450VSi</td>
<td>QUICKSCAN LITE</td>
<td>JOYA TOUCH</td>
<td>MATRIX 120</td>
<td>SSN Sensors</td>
<td>MX-SERIES</td>
</tr>
<tr>
<td>MAGELLAN 3450HSI</td>
<td></td>
<td></td>
<td>Av7000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR '14-'18 + 9.5%
R&D Costs  Capitalized R&D Costs
H1 2019 New Product Launches

- First Half **New product** net sales account for **20.2%** of total sales improved from **13.5%** in H1 2018

- Positive acceptance of new products by our Customers

*New Products: products launched in the last 24 months*
Financials & Outlook
H1 2019 Key Facts

- North America and New products delivered resilient Financial performance despite slowdown in key reference market and geographies
- Vitality index improved from 13.5% in H1 2018 to 20.2% in H1 2019 mostly thanks to Mobile Computing
- Gross Margin at €147.9m improved by 0.9% Net of Forex
- EBITDA margin remained almost flat Net of Forex at 16.6%
- R&D investment reached 11%* in line with the Innovation priorities

* Including capitalization
Group Revenues Breakdown

<table>
<thead>
<tr>
<th>€m</th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>Var % vs. H1 2018</th>
<th>Constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>129.5</td>
<td>134.5</td>
<td>(3.7%)</td>
<td>(6.9%)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>79.0</td>
<td>86.5</td>
<td>(8.7%)</td>
<td>(10.3%)</td>
</tr>
<tr>
<td>Transportation &amp; Logistics</td>
<td>34.4</td>
<td>30.4</td>
<td>13.2%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10.0</td>
<td>8.8</td>
<td>13.7%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Channel (Unallocated)</td>
<td>29.7</td>
<td>24.1</td>
<td>23.3%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Total DL Business</td>
<td>282.6</td>
<td>284.3</td>
<td>-0.6%</td>
<td>-3.3%</td>
</tr>
</tbody>
</table>

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<td>DL Business</td>
<td>282.6</td>
<td>284.3</td>
<td>(0.6%)</td>
<td>(3.3%)</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>14.5</td>
<td>14.2</td>
<td>2.2%</td>
<td>(4.4%)</td>
</tr>
<tr>
<td>Informatics</td>
<td>9.3</td>
<td>9.7</td>
<td>(4.6%)</td>
<td>(10.9%)</td>
</tr>
<tr>
<td>Intra division</td>
<td>(1.9)</td>
<td>(1.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Datalogic</td>
<td>304.5</td>
<td>307.0</td>
<td>-0.8%</td>
<td>-3.8%</td>
</tr>
</tbody>
</table>

**DL Business**: Substantially in line with H1 2018 (-0.6%); double digit growth in NA and LA, partially offsetting the softness in EMEAI and APAC

**Retail**: Tough comparison with the previous year due to major rollouts with large clients in EMEAI in 2018

**Manufacturing**: Double digit growth in NA offset by slowdown in automotive and packaging markets in EMEAI and consumer electronics market in APAC

**T&L**: Double digit growth driven by a strong performance in NA and maintained position with largest parcel companies worldwide

**Healthcare**: Returned to positive growth driven by EMEAI and NA

**Channel**: Strong growth driven by small and medium customers
**Group Revenues by Geography**

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>Var % vs. H1 2018</th>
<th>Constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEAI</td>
<td>159.9</td>
<td>165.9</td>
<td>(3.7%)</td>
<td>(4.4%)</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>104.4</td>
<td>91.8</td>
<td>13.7%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>33.1</td>
<td>42.7</td>
<td>(22.5%)</td>
<td>(24.6%)</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>7.2</td>
<td>6.5</td>
<td>10.2%</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>304.5</strong></td>
<td><strong>307.0</strong></td>
<td><strong>-0.8%</strong></td>
<td><strong>-3.8%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**EMEAI**: decreased 3.7% due to a market slowdown particularly in Automotive sector, partially offset by growth in HC and in the Small Medium Business

**North America**: Datalogic Business revenues show positive growth +19% mainly driven by double digit growth in T&L and Manufacturing

**APAC**: Negative trend driven by China in all the sectors due to trade war.
# 1H 2019 P&L

<table>
<thead>
<tr>
<th>€ m</th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>Variance Reported</th>
<th>Constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>304.5</td>
<td>307.0</td>
<td>(0.8%)</td>
<td>(3.8%)</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>147.9</td>
<td>149.4</td>
<td>-0.1 pp</td>
<td>+0.9 pp</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>48.5%</td>
<td>48.7%</td>
<td>-0.1 pp</td>
<td>+0.9 pp</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(110.8)</td>
<td>(105.9)</td>
<td>-1.9 pp</td>
<td>-2.0 pp</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(36.4%)</td>
<td>(34.5%)</td>
<td>-1.9 pp</td>
<td>-2.0 pp</td>
</tr>
<tr>
<td>EBITDA *</td>
<td>47.7</td>
<td>50.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Ebitda margin</td>
<td>15.7%</td>
<td>16.6%</td>
<td>-0.9 pp</td>
<td>+0.0 pp</td>
</tr>
<tr>
<td>EBIT</td>
<td>33.9</td>
<td>40.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Ebit margin</td>
<td>11.1%</td>
<td>13.1%</td>
<td>-2.0 pp</td>
<td>-1.1 pp</td>
</tr>
<tr>
<td>Net Income</td>
<td>25.3</td>
<td>29.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on Revenues</td>
<td>8.3%</td>
<td>9.4%</td>
<td>-1.1 pp</td>
<td>-0.4 pp</td>
</tr>
<tr>
<td>EUR/USD FX Exchange Rate</td>
<td>1.13</td>
<td>1.21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Revenues** down 0.8% to €304.5 m (-3.8% Net FX); **DL Business revenues** at €282.6 m (-0.6%, -3.3% Net FX)
- **Gross Margin** almost flat at 48.5%, improved by 0.9% net of FX
- **Operating expenses** to €110.8 m:
  - R&D on revenues increased from 9.9% to 10.3%;
  - S&D on revenues from 17.4% to 19.4% due to investment in commercial organization
  - G&A and other items decreased from 7.1% to 6.6% on revenues
- **Net income** at €25.3 m at 8.3% (-0.4% at Net FX)

* Impacted by IFRS 16: Positive impact of €2.3 million on EBITDA
EBITDA: actual vs last year

€ m

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>Price</th>
<th>Volume</th>
<th>Mix</th>
<th>Productivity</th>
<th>FX</th>
<th>Structure</th>
<th>SNS/INF</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>50.8</td>
<td>(8.3)</td>
<td>(0.8)</td>
<td>5.2</td>
<td>3.5</td>
<td>(1.2)</td>
<td>(1.6)</td>
<td>0.1</td>
<td>47.7</td>
</tr>
<tr>
<td></td>
<td>16.6% on Group Revenues</td>
<td>(2.7%)</td>
<td>(0.3%)</td>
<td>1.7%</td>
<td>1.1%</td>
<td>(0.4%)</td>
<td>(0.5%)</td>
<td>0.0%</td>
<td>15.7% on Group Revenues</td>
</tr>
</tbody>
</table>

* Excluding Service and other non significant items
<table>
<thead>
<tr>
<th></th>
<th>NFP Dec 18</th>
<th>EBITDA</th>
<th>Ch TWC</th>
<th>Capex</th>
<th>Taxes</th>
<th>Purchase Own Shares</th>
<th>Dividend Payment</th>
<th>Other</th>
<th>NFP Jun 19 excl. IFRS 16</th>
<th>NFP Jun 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFP at 30 June 2018 equal to €13.3 million</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
2019 Outlook

In light of the continuing uncertainty in the macroeconomic scenario, we expect to close the year in line with the performance recorded in the first half.

However, robust growth was seen in North America, and the new products launched during the half-year, as a result of increased investments in R&D, were positively received – indicators that confirm the Group's growth potential in a less uncertain and more uniform macroeconomic scenario across its various markets of operation.
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NEXT EVENTS

November 13, 2019
9M Results

DATALOGIC ON LINE

www.datalogic.com
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