Q1 2019 Results
Conference Call

15 MAY 2019
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Net income grew faster than sales

Q1 2019 Results

- **REVENUES**
  - €144.6
  - +1.2% (-2.1% at constant FX)

- **EBITDA**
  - €21.6
  - -1.4%

- **GOM**
  - €70.2
  - +0.5%

- **NET INCOME**
  - €12.6
  - +12.4%

- **EBITDA MARGIN**
  - 15.0%
  - -0.4 p.p.

Net Debt position at €3.9

*Impacted by IFRS16*
## Group Revenues Breakdown

### Revenues by Verticals

**DL Business:** +2.3% and almost flat Net FX
- Retail: decline YoY due to Italy and China, positive growth for EMEAI (excluding Italy) and NA
- Manufacturing: Double digit growth in NA (Net FX) mainly driven by industrial barcode scanners; drop in China, mainly in the electronics market
- T&L: Double digit growth driven by NA
- Healthcare: Recovery driven by EMEAI and NA
- Channel: strong growth driven by stock creation of new products

### Revenues by Geography

**EMEAI:** excluding Italy grew by 5.7%. Positive trend mainly driven by T&L (+7.9%) and Healthcare (+44.3%)

**North America:** Datalogic Business revenues show positive growth +18.6% (+9.5% net forex) mainly driven by double digit growth in T&L (+44%) and Manufacturing (+19%)

**APAC:** Negative trend driven by China in all the sectors due to trade war

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### Table: Group Revenues Breakdown

<table>
<thead>
<tr>
<th>% weight on Total</th>
<th>€m</th>
<th>Q1 2019</th>
<th>Var % vs. Q1 2018</th>
<th>Constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>46,9% Retail</td>
<td>63,6</td>
<td>(2,2%)</td>
<td>(5,6%)</td>
<td></td>
</tr>
<tr>
<td>28,7% Manufacturing</td>
<td>38,9</td>
<td>(4,0%)</td>
<td>(5,9%)</td>
<td></td>
</tr>
<tr>
<td>10,9% Transportation &amp; Logistics</td>
<td>14,7</td>
<td>16,8%</td>
<td>12,5%</td>
<td></td>
</tr>
<tr>
<td>4,0% Healthcare</td>
<td>5,4</td>
<td>19,9%</td>
<td>15,6%</td>
<td></td>
</tr>
<tr>
<td>9,6% Channel (Unallocated)</td>
<td>13,0</td>
<td>30,9%</td>
<td>28,8%</td>
<td></td>
</tr>
<tr>
<td>100,0% Total DL Business</td>
<td>135,6</td>
<td>2,3%</td>
<td>-0,7%</td>
<td></td>
</tr>
<tr>
<td>93,8% DL Business</td>
<td>135,6</td>
<td>2,3%</td>
<td>(0,7%)</td>
<td></td>
</tr>
<tr>
<td>3,8% Solution Net Systems</td>
<td>5,5</td>
<td>(10,3%)</td>
<td>(17,2%)</td>
<td></td>
</tr>
<tr>
<td>3,0% Informatics</td>
<td>4,3</td>
<td>(10,1%)</td>
<td>(17,0%)</td>
<td></td>
</tr>
<tr>
<td>(0,5%) Intra division</td>
<td>(0,8)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,0% Total Datalogic</td>
<td>144,6</td>
<td>1,2%</td>
<td>-2,1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% weight on Total</th>
<th>€m</th>
<th>Q1 2019</th>
<th>Var % vs. Q1 2018</th>
<th>Constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>57,8% EMEAI</td>
<td>83,6</td>
<td>1,5%</td>
<td>0,7%</td>
<td></td>
</tr>
<tr>
<td>30,1% North America</td>
<td>43,5</td>
<td>10,2%</td>
<td>1,7%</td>
<td></td>
</tr>
<tr>
<td>10,2% APAC</td>
<td>14,8</td>
<td>(18,2%)</td>
<td>(21,5%)</td>
<td></td>
</tr>
<tr>
<td>1,9% Latin America</td>
<td>2,8</td>
<td>(9,5%)</td>
<td>(11,9%)</td>
<td></td>
</tr>
<tr>
<td>100,0% Total Revenues</td>
<td>144,6</td>
<td>1,2%</td>
<td>-2,1%</td>
<td></td>
</tr>
</tbody>
</table>
Q1 2019 New Product Launches and Innovation

**Mobile Computing**

- **Falcon X4 Auto Range**
  The new Auto Range scanning capability allows the Falcon X4 to scan up to 15.0 m / 49.2 ft while providing superior performance and user experience of Datalogic scanning technology.

- **Datalogic Shield**
  Datalogic Shield extends the lifecycle of Android mobile computers, offering our customers years of protection on their rugged device investment.

**Factory Automation**

- **Matrix 220 High Power and Blue Light Models**
  New High Power Illuminators and DPM Blue Light models double the image luminosity for higher application speed and further reading distances, providing the highest flexibility in reading DPM bar codes on any type of material background color.

**Key Points**

- **4 New Products launched** in Q1 2019

- **New product net sales account for 19.5%** of total sales for the quarter compared to just 13.5% in Q1 2018 and 17.3% in Q4 2018
## Q1 2019 P&L

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q1 2019</th>
<th>Q1 2018</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>144.6</td>
<td>142.9</td>
<td>1.2%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>70.2</td>
<td>69.8</td>
<td>0.5%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>48.5%</td>
<td>48.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(53.9)</td>
<td>(51.4)</td>
<td>4.9%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(37.3%)</td>
<td>(36.0%)</td>
<td>4.9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>21.6</td>
<td>22.0</td>
<td>(1.4%)</td>
</tr>
<tr>
<td>%Ebitda margin</td>
<td>15.0%</td>
<td>15.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>14.8</td>
<td>16.5</td>
<td>(10.3%)</td>
</tr>
<tr>
<td>%Ebit margin</td>
<td>10.2%</td>
<td>11.6%</td>
<td>9.8%</td>
</tr>
<tr>
<td>EBT</td>
<td>16.1</td>
<td>14.7</td>
<td>9.8%</td>
</tr>
<tr>
<td>Taxes</td>
<td>(3.5)</td>
<td>(3.5)</td>
<td>0.0%</td>
</tr>
<tr>
<td>Net Income</td>
<td>12.6</td>
<td>11.2</td>
<td>12.4%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>8.7%</td>
<td>7.8%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>1.14</td>
<td>1.23</td>
<td>12.4%</td>
</tr>
</tbody>
</table>

- **Revenues** up 1.2% to €144.6 m (-2.1% at constant exchange rate); **DAL Business revenues** at €135.6 m (+2.3%, -0.7% Net Fx)
- **Gross Margin** almost flat at 48.5%
- **Operating expenses** up by 4.9% to €53.9 m:
  - ✓ **R&D on revenues** down from 10.2% to 9.9% (10.1% on DL Business)
  - ✓ **S&D on revenues** from 18.0% to 20.1% due to carry over of last year’s commercial organization investments
  - ✓ **G&A** almost in line with previous year, moving from 7.8% to 7.3% on revenues
- **Net income at €12.6m** up by 12.4% thanks to positive exchange rate differences and higher incomes from liquidity investments.
EBITDA: actual vs last year

€ m

Q1 2018

Price: 22.0

Volume: 3.3

Mix: 0.1

Service: 2.5

COGS: (1.2)

FX: (0.8)

Structure: (0.1)

SNS/INF: Q1 2019

21.6

15.4 % on Group Revenues

15.0 % on Group Revenues

-3.3% on DL Business 2018 revenues*

* Excluding Service and other non significant items
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>€ m</th>
<th>Mar-19</th>
<th>Dec-18</th>
<th></th>
<th>€ m</th>
<th>Mar-19</th>
<th>Dec-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>389.4</td>
<td>369.7</td>
<td></td>
<td><strong>Net Financial Position</strong></td>
<td>3.9</td>
<td></td>
<td>(23.8)</td>
</tr>
<tr>
<td><strong>Trade receivables</strong></td>
<td>78.8</td>
<td>90.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>12.5%</td>
<td>14.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>107.7</td>
<td>95.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>17.0%</td>
<td>15.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade payables</strong></td>
<td>(99.2)</td>
<td>(117.1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>(15.7%)</td>
<td>(18.6%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade Working Capital</strong></td>
<td>87.4</td>
<td>69.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>13.8%</td>
<td>11.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other assets/liabilities</strong></td>
<td>(82.3)</td>
<td>(86.9)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Invested Capital</strong></td>
<td>394.4</td>
<td>352.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>390.5</td>
<td>375.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>394.4</td>
<td>352.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Net Debt & Cash Flow Analysis : Dec’18 – Mar’19

- Net Debt
  - Dec 18: 23.8
  - Mar 19: 21.6
- EBITDA
- Ch TWC
- Capex
- Taxes
- Net Financial Charges
  - Purchase Own Shares
  - Other
- Net Debt Mar 19 excl. IFRS 16
- IFRS 16 NFP Impact
- Net Debt Mar 19

**Acc. Receivable**: + 11.6
**Inventor**: - 11.9
**Acc. Payable**: - 18.0

-4.2% on revenues

Of which:
- Machineries, equipment and moulds: - 2.4
- Office Renovation: - 1.3
- R&D Capitalization: - 1.2
- Electronics machineries: - 0.5
- Software: - 0.8

-4.2% on revenues of revenues
2019 Outlook

Market

- Industry trends are confirmed and remain positive
- Q2 macro economic scenario remains uncertain due to US-China trade war

Verticals

- Retail: expected recovery in EMEAI and APAC thanks to new products
- Manufacturing: NA as growth engine of 2019 thanks to last year strengthening of sales organization
- T&L: outlook remains highly positive mainly driven by NA
- HC: keep growing driven by EMEAI and NA thanks to new dedicated products
- Channel: Expected growth in SMB driven by new products particularly suitable for the channel

Financials

- Top line recovery expected thanks to a stronger second half confirming growth trend on revenues and profitability almost in line with last year
- Growth in 2H driven by ramp up of new products launched in the last 12 months
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NEXT EVENTS

August 7, 2019
6M Results

November 13, 2019
9M Results

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