STAR Conference

London

October 5th, 2015
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Agenda

- Group Overview
- Market Outlook
- Business & Strategy
- Financial Highlights
Group Overview
Datalogic at a glance

- **Global leader** of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in verticals market: Retail, Transportation & Logistics, Factory Automation, Healthcare Industries

- **Founded in 1972 by Romano Volta** in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001

- A large portfolio of **over 1,150 patents**

- **About 2,400 employees**, of which 400 in R&D:
  - 1,155 (48%) in Europe
  - 635 (26%) in US
  - 616 (26%) in APAC

- Direct presence in 30 countries worldwide selling to 120 countries, with more than 1,000 partners worldwide
Investing in Datalogic

1. STRONG POSITION
   - Unique player world wide with leadership in two markets: ADC and IA
   - High entry barriers granted by solid Intellectual Property Patents portfolio
   - Better time to market and more efficiency than competitors

2. PROVEN TRACK RECORD
   - History of profitable growth
   - Wise resources management to sustain a leadership position
   - Strong cash generation for growth

3. VALUATION & OPPORTUNITIES
   - Attractive valuation
   - Potential from further internal reorganization
   - Opportunities from expansion in Fast growing markets
Over 40 years of Technological Innovation

1972 **FOUNDATION**
- Established in Bologna

1988 - 1997 **EXPANSION**
- Escort Memory Systems Inc.
- IDWare Mobile Computing & Comm.

2001 **LISTING**
- Listed on the STAR segment of Italian Stock Exchange

2002 - 2011 **EXPANSION**
- Minec AB
- Laservall SpA
- Informatics Inc.
- PSC Inc.
- Datasensor SpA
- Evolution Robotics Retail Inc.
- Accu-Sort Systems Inc.
- PPT Vision Inc.

2012 - 2015 **INNOVATION**
- Set up Business Development Division
- Acquisition of Multiwave Photonics SA
A Wide Geographical Footprint

Direct presence in 30 countries
- 8 Manufacturing Sites
- 12 R&D Centers
- 2 DL LABS

Note: Breakdown by area based on 2014 revenues

- Europe 42.6%
- Italy 9.6%
- North America 28.9%
- ROW 6.6%
- APAC 12.3%
Customer Focus: Invest in Technology and Develop Excellent Products

- A large and growing portfolio of over 1,150 patents and patent applications

- About 300 pending patent applications in all jurisdictions

- 25% of sales from new products*

- 25 new products launched in 2014 and 7 in Q1 2015

- 12 Research & Development Centers

- Around 400 R&D Engineers

* Are considered new products the products announced in the last 24 months
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 25th, 2015): 14.1 Euro
Market Cap (September 25th, 2015): 824 M Euro
Specialist: Intermonte SIM
Auditing Company: Reconta Ernst & Young

DATALOGIC PRICE PERFORMANCE

SHAREHOLDERS’ STRUCTURE

Hydra S.p.A. 2.45%
Free Float 30.35%
Norges Bank 67.20%
Market Outlook
Market Outlook – ADC & IA

**ADC**
- CAGR + 5.1%
- 2014: 4.6 (54%)
- 2017e: 5.4 (CAGR + 2.7%)
- Segments:
  - Self Checkout Solutions: 18%
  - Hand Held Scanners: 21%
  - Mobile Computers: 7%

**IA**
- CAGR + 5.8%
- 2014: 3.5 (56%)
- 2017e: 4.2 (CAGR + 4.2%)
- Segments:
  - Identification: 11%
  - Vision: 15%
  - Lasermarking: 18%
  - Sensor & Safety: 7%
ADC Market Share jumped in 2014

ADC Market Share: 10.4% from 9.5% in 2013

POS Retail Scanners
#1 WW

Handheld Scanners
#1 in EMEA
#3 WW

Mobile Computers
#3 in EMEA
#3 WW

2014 ADC Available Market including POS Retail Scanners, Handheld Scanners and Mobile Computers (Handheld PDA and Fork-Lift Vehicles Mounted Computer) segments

Source VDC 2015 (base year 2014)
Datalogic positioning in the IA market

2014 Revenues in $M

2014 Market Share

Datalogic positioning in the IA market

Source: VDC 2015 (base year 2014) Preliminary Figures - Market Researches and Management’s Best Estimate

2014 IA Available Market including Industrial Barcode Scanners, Imagers, Photoelectric Sensors, Safety Light Curtains, Smart Cameras/Vision Sensors, Laser Marking segments (Postal Material Handling, Dimensioner and Integrated Solutions not included)
A Unique Selling Proposition

- Retail
- Transportation & Logistics
- Factory Automation
- Healthcare

- Americas
- Emea
- Apac
Datalogic by Verticals

Group revenues by verticals

- Retail: 49%
- Factory Automation: 29%
- T&L: 13%
- Healthcare: 5%
- Other: 4%

ADC
- Factory Automation: 16%
- Retail: 65%
- T&L: 6%
- Healthcare: 7%

IA
- Factory Automation: 58%
- Retail: 12%
- T&L: 29%
- Healthcare: 1%
Wide and Complementary Offer

INDUSTRIAL AUTOMATION

AUTOMATIC DATA CAPTURE

Retail

T&L

Factory Automation

Healthcare
Retail Flows and Applications

Customer expectations

- Provide Better Customer Experience
- Reduce Checkout Queues
- Stock Control
- Control Cost & Stock Efficiency
Jade and System examples

- 60 Jades installed in 27 stores and 3 warehouse/logistic centers throughout Europe and U.S.
- Proven performance in pilots worldwide over the last 2 years
- Proven reliability over 3 years of testing and usage
- Several retailers in rollouts
- Expanding into backroom warehouse and order fulfillment applications
- Integration support materials and tools are very complete and refined
- Datalogic integration support team is very experienced
- Extremely simple integration to checkstand

Payment and bagging is key to take advantage of Jade and provide the needed ROI
T&L Flows and Applications

Customer expectations

Ensure On-Time & Zero-mistakes results
Reduce delivery Times
Improve Delivery Accuracy
Manage Large Inventories & Items Variety
Control Cost & Efficiency
The Royal Mail – LPSS Opportunity

- Royal Mail needs to automate the sortation of the smaller parcels and packets because of the continued growth with e-commerce shipping

- The LPSS program is the first step in automating the handling of these products within the RM network. The goal is to develop a solution that is scalable enough to be installed in their smaller facilities in the future

- Base Contract Value 16 systems with initial spares – around 29 M Euro
Factory Automation

AUTOMOTIVE

PACKAGING

ELECTRONICS
Automotive Flows and Applications

Customer expectations

Pervasive Parts Traceability
Accurate Vision Inspection & Measurement
Tires Traceability
Operators Safety
Electronics Flows and Applications

Customer expectations

- Traceability
- Assembling Control
- Product Personalization/Branding
Packaging Flows and Applications

Customer expectations

ID/Traceability  Quality Inspection  Object/Parts Detection  Operator Safety  Warehouse Management
Healthcare Flows and Applications

Customer expectations

- Reducing Errors
- Preventing Infections
- Increase Staff Productivity
- Realtime Tracking & Tracing
- Accurate Asset Management
## Our Advantage

<table>
<thead>
<tr>
<th>Products</th>
<th>Retail Market</th>
<th>HC Market</th>
<th>T&amp;L Market</th>
<th>FA Market</th>
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<tbody>
<tr>
<td></td>
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<td>Packaging</td>
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<tr>
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<tr>
<td>LM</td>
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<tr>
<td>Vision</td>
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Outlook for 2015

- H1 results confirm the **positive trend** of the Group in the European Market

- Positive trend in revenue booking in H1 at 271.5 M Euro, +16.8% compared to the same period of 2014

- In H2 2015 growth in the European and Asian markets and a market recovery in the United States is expected

- The **Industrial Automation** division would enjoy the benefit of revenue from projects in the Transportation, Logistics and Postal segments (contribution of Royal Mail Order) as well as the **Factory Automation** sector thanks to the launching of **new top of the range products** in Q3

- Strong investments in innovation continue, expected at over 9% on revenues
Financial Highlights
Highlights 1H 2015

- Revenues growth driven by ADC in Europe, North America and fast growing markets thanks to robust investments by retailers and the launch of technologically advanced products

- Signs of recovery of Industrial Automation in Europe and APAC while North America still affected by the BU Systems

- Order from Royal Mail to implement a new Parcel Sorting System in UK. The total value of the deal is around 29 M Euro

- Investment in R&D continues to be crucial for the development of the Group

- EBITDA margin affected by forex

- Strong improvement of financial costs thanks to a cheaper financing contract

- Robust growth of net income
## Profit and Loss

<table>
<thead>
<tr>
<th></th>
<th>1H2015</th>
<th>1H2014</th>
<th>Var %</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>257,485</td>
<td>224,028</td>
<td>14.9%</td>
<td>464,546</td>
</tr>
<tr>
<td>COGS</td>
<td>(137,699)</td>
<td>(114,950)</td>
<td>(51.3%)</td>
<td>(238,987)</td>
</tr>
<tr>
<td>Gross Operating Margin</td>
<td>119,786</td>
<td>109,078</td>
<td>9.8%</td>
<td>225,559</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,209</td>
<td>760</td>
<td>0.3%</td>
<td>2,239</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(23,449)</td>
<td>(19,848)</td>
<td>(8.9%)</td>
<td>(43,108)</td>
</tr>
<tr>
<td>Distribution Costs</td>
<td>(48,479)</td>
<td>(40,350)</td>
<td>(18.0%)</td>
<td>(85,319)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(19,691)</td>
<td>(19,961)</td>
<td>(8.9%)</td>
<td>(39,146)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(1,042)</td>
<td>(1,058)</td>
<td>(0.5%)</td>
<td>(2,206)</td>
</tr>
<tr>
<td>Total operating expenses and others</td>
<td>(92,661)</td>
<td>(81,217)</td>
<td>(36.3%)</td>
<td>(169,779)</td>
</tr>
<tr>
<td>Non recurring costs/rev</td>
<td>(750)</td>
<td>(2,392)</td>
<td>(1.1%)</td>
<td>58,019</td>
</tr>
<tr>
<td>Amort. Intang. Assets from acquis.</td>
<td>(2,899)</td>
<td>(2,775)</td>
<td>(1.2%)</td>
<td>(5,618)</td>
</tr>
<tr>
<td>Operating Profit (EBIT)</td>
<td>24,685</td>
<td>23,454</td>
<td>5.2%</td>
<td>(5,493)</td>
</tr>
<tr>
<td>Financial (costs)/rev.</td>
<td>(3,162)</td>
<td>(4,835)</td>
<td>(2.2%)</td>
<td>46,908</td>
</tr>
<tr>
<td>Results from equity investments</td>
<td>97</td>
<td>(58)</td>
<td>0.0%</td>
<td>(8,111)</td>
</tr>
<tr>
<td>Foreign exchange (costs)/rev.</td>
<td>3,390</td>
<td>203</td>
<td>0.1%</td>
<td>25</td>
</tr>
<tr>
<td>EBT</td>
<td>25,010</td>
<td>18,764</td>
<td>33.3%</td>
<td>357</td>
</tr>
<tr>
<td>Taxes</td>
<td>(3,559)</td>
<td>(3,520)</td>
<td>(1.6%)</td>
<td>39,179</td>
</tr>
<tr>
<td>Net Income</td>
<td>21,451</td>
<td>15,244</td>
<td>40.7%</td>
<td>(8,322)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(3,694)</td>
<td>(3,471)</td>
<td>(1.5%)</td>
<td>30,857</td>
</tr>
<tr>
<td>Amortization</td>
<td>(2,298)</td>
<td>(2,061)</td>
<td>(0.9%)</td>
<td>(7,199)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>34,326</td>
<td>34,153</td>
<td>0.5%</td>
<td>(4,225)</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>1.1158</td>
<td>1.3703</td>
<td></td>
<td>69,443</td>
</tr>
</tbody>
</table>
Strong Revenues Growth

**REVENUES BY COUNTRY (%)**

- Europe: 6.6%
- North America: 13.1%
- Asia Pacific: 29.0%
- ROW: 51.3%

**REVENUES BY DIVISION (%)**

- ADC: 69%
- IA: 26%
- Informatics: 5%

**REVENUES BY GEOGRAPHIC AREA**

<table>
<thead>
<tr>
<th>€M</th>
<th>1H2015</th>
<th>1H2014</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>132.0</td>
<td>117.7</td>
<td>12.1%</td>
</tr>
<tr>
<td>North America</td>
<td>74.8</td>
<td>64.6</td>
<td>15.7%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>33.8</td>
<td>26.0</td>
<td>30.1%</td>
</tr>
<tr>
<td>ROW</td>
<td>16.9</td>
<td>15.7</td>
<td>7.6%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>257.5</td>
<td>224.0</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

**REVENUES BY DIVISION**

<table>
<thead>
<tr>
<th>€M</th>
<th>1H2015</th>
<th>1H2014</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>177.4</td>
<td>149.1</td>
<td>19.0%</td>
</tr>
<tr>
<td>IA</td>
<td>66.6</td>
<td>62.7</td>
<td>6.2%</td>
</tr>
<tr>
<td>- IA excluding BU Systems</td>
<td>60.4</td>
<td>54.4</td>
<td>11.0%</td>
</tr>
<tr>
<td>Informatics</td>
<td>14.5</td>
<td>13.1</td>
<td>10.7%</td>
</tr>
<tr>
<td>Corporate and Adjustments</td>
<td>(1.0)</td>
<td>(0.8)</td>
<td>n.m.</td>
</tr>
<tr>
<td>Total revenues</td>
<td>257.5</td>
<td>224.0</td>
<td>14.9%</td>
</tr>
</tbody>
</table>
## 1H Segment Reporting

<table>
<thead>
<tr>
<th>Gross Operating Margin</th>
<th>1H2015</th>
<th>1H2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>48.6%</td>
<td>51.0%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>42.0%</td>
<td>43.4%</td>
</tr>
<tr>
<td>Informatics</td>
<td>44.8%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Total Group</td>
<td>46.5%</td>
<td>48.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITDA Margin</th>
<th>1H2015</th>
<th>1H2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>20.5%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>1.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Informatics</td>
<td>0.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Total Group</td>
<td>13.3%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R&amp;D/Revenues</th>
<th>1H2015</th>
<th>1H2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>8.7%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>12.7%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Informatics</td>
<td>3.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total Group</td>
<td>9.1%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TWC/Annualized Revenues</th>
<th>1H2015</th>
<th>1H2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>10.7%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>12.8%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Informatics</td>
<td>10.4%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Total Group</td>
<td>12.3%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
Consolidated Balance Sheet at 30.06.2015

**TOTAL ASSETS**

- **Total Fixed Assets**: €347.1
- **Trade Working Capital**: €54.0
- **Other Assets**: €36.7

**EQUITY AND LIABILITIES**

- **Net Financial Position**: €58.4
- **Other Liabilities**: €106.8
- **Equity**: €272.6
Contacts

**IR CONTACTS**

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**NEXT EVENTS**

**October 5-6th, 2015**
London Star Conference

**November 5th, 2015**
Approval 3Q results

**DATALOGIC ON LINE**

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