Scandinavian Midcap Event
Copenhagen
18th May 2017
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Group Overview
Datalogic at a glance

- **Global leader** of barcode readers, mobile computers, sensors, vision systems and laser marking systems with **cutting-edge** solutions in verticals market: Retail, Transportation & Logistics, Manufacturing, 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 more than 1,200 patents

- **About 2,700 employees**, of which 470 in R&D

- Direct presence in 30 countries worldwide selling to **120 countries**, with more than **1,000 partners** worldwide
Over 40 years of Technological Innovation

1972  FOUNDATION  Established in Bologna
1988  EXPANSION  Escort Memory Systems Inc.
1997  EXPANSION  IDWare Mobile Computing&Comm
2001  LISTING  Listed on the STAR segment of Italian Stock Exchange
2002  EXPANSION  Minec AB
2011  EXPANSION  Laservall SpA
2012  INNOVATION  Informatics Inc.
2015  INNOVATION  PSC Inc.
2017  EXPANSION  Datasensor SpA

Acquisition of Multiwave Photonics SA
Partnership with CAEN RFID Srl
Set up new One Datalogic
A continuous improving Strategy

1970

- **Pioneers**
  - Foundation: development and manufacturing of optic electronic equipment for automation
  - Starting of international expansion with first branch in Germany

1980

- **New horizon**
  - Focus on optical readers and barcodes
  - Consolidation of international footprint

1990

- **“Il punto di Volta”**
  - New organizational model to support the continuous international growth
  - Unceasing international expansion

2000

- **Innovation to growth**
  - Listing at the Italian Stock Exchange
  - Acquisition of PSC
  - Consolidation of Datalogic as a true multinational company with presence in 30+ countries around the world

2017

- **ONE DATALOGIC**
  - From a product-oriented strategy to a customer-centric one. To ensure a distinguished customer service and a deeper knowledge of the target industries, the Company is organized in four Industry Units: Retail, Manufacturing, T&L and Healthcare.

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**Photoelectric control for automation**

**First application of barcode to airports**

**From entrepreneurial to managerial company**

**Two Divisions: ADC+IA & 7 Product lines**

**Customer-Centric organization**
A Wide Geographical Footprint

Note: Breakdown by area based on 2016 revenues

Direct presence in 30 countries
- 8 Manufacturing Sites
- 10 R&D Centers
- 3 DL LABS
### Leadership Overview

#### Worldwide Market
- **POS Retail Scanners:** 35.6%
- **Handheld Scanners:** 19.4%
- **Mobile Computers:** 4.3%
- **Industrial Stationary Scanners:** 23.5%

#### EMEA Market
- **POS Retail Scanners:** 55.6%
- **Handheld Scanners:** 38.1%
- **Industrial Stationary Scanners:** 25.6%

*Source VDC 2016 (base year 2015)*
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 (May 15th, 2017): 25.8 Euro
Market Cap (May 15th, 2017): 1.5 B Euro
Specialist: Intermonte SIM
Auditing Company: EY

DATALOGIC PRICE PERFORMANCE

SHAREHOLDERS’ STRUCTURE

67.2%
Hydra S.p.A.

32.8%
Free Float
Strategy and Outlook
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 Unique Selling Proposition…

Approximately split of One Datalogic revenues
...with a Wide and Complementary Offer

Retail

T&L

Manufacturing

Healthcare
A Customer-Centric Organization

From

**Product-oriented company**

To

**Customer-centric organization**

**Vendor:** proactive and reactive sales of products to meet contingent Customer needs

**Partner:** long term relationship with Customers to fulfill unexpressed needs and to achieve new endeavors
Datalogic’s offer along the value chain

Retail Flows and Applications

1. DISTRIBUTION CENTER
2. WAREHOUSE
3. STORE AUTOMATION
4. POINT OF SALES
5. HOME SHOPPING

T&L Flows and Applications

1. RECEIVING
2. WAREHOUSING
3. FULFILLMENT
4. SORTING MANIFESTING DELIVERY

Manufacturing Flows and Applications

QUALITY INSPECTION
PROCESSING
MARK & READ
INTEGRATED AND INTERCONNECTED DEVICES
SOLUTION PROVIDER

BUNDLING
PALETTEIZING
SINGLE UNIT CODING
CASE PACKING

Healthcare Flows and Applications

DISTRIBUTION CENTER WAREHOUSE TRANSPORTATION
PROCESSING MANUFACTURING
HOSPITAL DOCUMENTS
PHARMACY
LABORATORIES
BLOOD BANK
BEDSIDE CARE
New One DATALOGIC Group Organization

*The newco Solution Net System Inc. is the result from the spin-off of the Systems Business Unit.*
A clear new 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
2017 Outlook

- **Further benefits** from the reorganization **expected mainly in the second half of 2017**

- **Major Industries drivers:**
  - **T&L:** strong booking in all Geo Areas, thanks to ecommerce & CEP
  - **Retail:** benefits from new products roll out for the check out, exploiting potential of non-food area
  - **HC:** enlarging customer base in North America
  - **Manufacturing:** strong demand from China

- **Keep on growing in revenues over market average,** with a major focus in NA and APAC

- **Increasing R&D investments to maintain leadership in the market**

- **Strong focus on all gross operating margin levers** to maintain a sound profitability

- **Maintain Cash Generation**
New products
Product Innovation and Development

- New product development process that starts from the Customers’ needs – 1st milestone of the new product development

- A large and growing portfolio of more than 1,200 patents and pending patent applications

- About 300 pending patent applications in all jurisdictions

- In 2016 24.3% of revenues from new products*

- 10 Research & Development Centers

- Around 470 people employed in R&D, of which more than 400 Engineers

* Are considered new products the products announced in the last 24 months
Market split by Technology

Datalogic can offer all the technologies available for products identification

**Data Capture Technology**

- **RFID**: 6.0%
- **Optical**: 94.0%

**Market Value**: $4.0 Bn

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

2016 (base year 2015)
## Q1 2017 New Products

<table>
<thead>
<tr>
<th>Picture</th>
<th>Product name</th>
<th>Launch date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image.png" alt="Image" /></td>
<td>PowerScan Retail</td>
<td>January 13th</td>
<td>The new PowerScan 9500 Retail series targets the most demanding POS checkout environments, where the handheld scanner is used to compliment fixed scanners, bottom-of-the-basket items, loyalty cards and capable of reading 2D bar codes from Smartphones. The outstanding robustness and higher depth of field create the ideal solution for Grocery, Hypermarket/ Superstore, Cash &amp; Carry, Wholesalers and Home Improvement stores.</td>
</tr>
</tbody>
</table>
| ![Image](image.png) | RFID solution | February 3rd | Datalogic enters the RFID market with a full range of products: Bluetooth® Reader, Desktop Reader, Temperature Logger for the following target markets:  
• **Retail non-food**: Product localization, real-time inventory and security checkout in apparel, footwear and accessories  
• **Transportation & Logistics**: Manual or automatic inventory restocking, Shipping/Receiving, Luggage sorting at airports  
• **Healthcare**: Pharmaceuticals and blood traceability  
• **Manufacturing**: Automatic detection on conveyor belts |
| ![Image](image.png) | Impact 11.10 release | March 9th | A new version of the powerful IMPACT software, version 11.10, that increases performance and capabilities of the Pattern Sorting Tool (PST), a unique machine vision tool able to recognize thousands of products.  
Product Identification in Manufacturing: Bar codes are not present or visible at every single stage of the production process. The PST provides identification without bar codes enabling full product traceability, quality and safety.  
Product Identification in Logistics: In automated warehouses and distribution centers, the PST enables the safe handling of hazardous materials and reduces incorrect shipment rates enabling HazMat label detection and cross-check applications |
| ![Image](image.png) | MATRIX 300N™ POLARIZED | March 23rd | MATRIX 300N™ POLARIZED, an ultra-compact 2D imager featuring a built-in polarizing filter.  
The Matrix 300N™ Polarized is ideal for Electronics, Automotive and Packaging industries. It is a top performing, compact 2D imager offering extreme reading performance at high speed and in DPM applications. |
NRF – Retail’s big show 2017

VISITORS
- 655 registered leads
  (more than doubled vs. 2016)

TOP VISITED PRODUCTS
- Jade
- Joya Touch

NEW CONCEPT AND PRODUCTS
- Joya Touch Android 6
- Powerscan Retail
- Rida – companion scanner
- RFID indoor Geo-Location
- Digital Tailor – 3D imaging body scanner
- New Single Plane scanners
- New LaneHawk – loss prevention
Financials
## Improvements across the whole P&L

<table>
<thead>
<tr>
<th>€000</th>
<th>Q12017</th>
<th>Q12016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>141,524</td>
<td>135,353</td>
<td>4.6%</td>
</tr>
<tr>
<td>Gross Operating Margin</td>
<td>66,195</td>
<td>62,090</td>
<td>6.6%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>46.8%</td>
<td>45.9%</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(49,605)</td>
<td>(47,018)</td>
<td>5.5%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>(35.1%)</td>
<td>(34.7%)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>20,764</td>
<td>18,820</td>
<td>10.3%</td>
</tr>
<tr>
<td>Ebitda margin</td>
<td>14.7%</td>
<td>13.9%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>15,255</td>
<td>14,210</td>
<td>7.4%</td>
</tr>
<tr>
<td>Ebit margin</td>
<td>10.8%</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>EBT</td>
<td>13,986</td>
<td>12,259</td>
<td>14.1%</td>
</tr>
<tr>
<td>Taxes</td>
<td>(2,080)</td>
<td>(2,186)</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>11,906</td>
<td>10,073</td>
<td>18.2%</td>
</tr>
<tr>
<td>% on Revenues</td>
<td>8.4%</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>1.0648</td>
<td>1.1020</td>
<td></td>
</tr>
</tbody>
</table>

- **Sales up by 4.6% to 141.5 mln Euro**
- **Booking confirming its strong growth**: +14.8% at 161 mln Euro
- **R&D increasing** at 13.2 mln Euro (9.3% on sales)
- Robust growth of **EBITDA** by +10.3% to 20.8 mln Euro
- **EBITDA margin** to 14.7% from 13.9%, notwithstanding Negative EUR USD Exch. rates
- **Net Income** +18.2% to 11.9 mln Euro
Best first quarter over the last ten years

REVENUES

€ mln

Q1-14  Q2-14  Q3-14  Q4-14  Q1-15  Q2-15  Q3-15  Q4-15  Q1-16  Q2-16  Q3-16  Q4-16  Q1-17

108.2  115.8  116.0  124.5  122.3  135.2  133.8  143.8  135.4  146.5  139.9  154.7  141.5

EBITDA  EBITDA margin %

Q1-14  Q2-14  Q3-14  Q4-14  Q1-15  Q2-15  Q3-15  Q4-15  Q1-16  Q2-16  Q3-16  Q4-16  Q1-17

15.5  18.7  17.9  17.4  15.7  18.6  18.8  20.7  18.8  26.1  21.7  23.7  20.8

14.3%  16.1%  15.4%  14.0%  12.8%  13.8%  14.0%  14.4%  13.9%  7.8%  15.5%  15.3%  14.7%
Europe continues to generate robust growth with a +7.3% increase vs Q1 2016. Italy accounting for 8.9% of revenues globally

North America down only due to Informatics Division

North America ex Informatics and Solution Net Systems, + 9%

Asia Pacific the fastest growing region entirely driven by China growing above 30%

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Group Revenues by country

<table>
<thead>
<tr>
<th>REVENUES BY GEOGRAPHIC AREA</th>
<th>€ mln</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>78.5</td>
<td>73.1</td>
<td></td>
<td>7.3%</td>
</tr>
<tr>
<td>North America</td>
<td>39.0</td>
<td>39.6</td>
<td></td>
<td>(1.5%)</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>17.0</td>
<td>14.9</td>
<td></td>
<td>14.6%</td>
</tr>
<tr>
<td>ROW</td>
<td>7.0</td>
<td>7.8</td>
<td></td>
<td>(9.9%)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>141.5</td>
<td>135.4</td>
<td></td>
<td>4.6%</td>
</tr>
</tbody>
</table>

\* IA excluding BU Systems
### Group Revenues & EBITDA by division

**REVENUES BY DIVISION**

<table>
<thead>
<tr>
<th>Division</th>
<th>Q12017</th>
<th>Q12016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic</td>
<td>131.5</td>
<td>123.7</td>
<td>6.3%</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>5.0</td>
<td>4.7</td>
<td>5.5%</td>
</tr>
<tr>
<td>Informatics</td>
<td>6.0</td>
<td>7.4</td>
<td>(19.1%)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(0.9)</td>
<td>(0.4)</td>
<td>108.3%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>141.5</td>
<td>135.4</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

- **Datalogic Division**, the group’s stronghold with positive performances in Europe, North America and particularly - China

- **Solution Net Systems**, + 5.5% continuing to benefit from Royal Mail’s order

- **Informatics** still in a downward trend due to the change in the business model

**EBITDA BY DIVISION**

<table>
<thead>
<tr>
<th>Division</th>
<th>Q12017</th>
<th>Q12016</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datalogic</td>
<td>21.15</td>
<td>18.76</td>
<td>12.7%</td>
</tr>
<tr>
<td>Solution Net Systems</td>
<td>0.09</td>
<td>(0.22)</td>
<td>140.7%</td>
</tr>
<tr>
<td>Informatics</td>
<td>(0.45)</td>
<td>0.30</td>
<td>(250.7%)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(0.03)</td>
<td>(0.01)</td>
<td>(78.6%)</td>
</tr>
<tr>
<td>Total Group</td>
<td>20.76</td>
<td>18.82</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

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**www.datalogic.com**

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Focus on Datalogic Division

**DL Revenues Breakdown by Industry**

- RTL 50%
- MFG 27%
- T&L 9%
- HC 5%
- CHANNEL (Unallocated)* 9%

**DL Revenues Breakdown by Geo Area**

- Europe 58%
- Asia Pacific 13%
- North America 24%
- ROW 5%

**Retail**

- € 65.5 mln (-1.5%)
- The highest growth in absolute terms driven by China and North America
- Shift of some large orders in Q2

**Manufacturing**

- € 35.0 mln (+10.8%)
- The fastest growing sector driven by large projects with a US top hospital chain

**T&L**

- € 11.3 mln (-4.1%)
- Positive growth in China and North America due to large projects

**Healthcare**

- € 7.2 mln (+68.9%)
- (*) The Channel (Unallocated) includes revenues not directly attributable to the 4 identified industries.
EBITDA*: actual vs last year

- Of which
  Material Saving 1.0
  Direct Labour Saving 0.4

-0.4% on 2017 DL business revenues

13.9% on Group Revenues 2016
14.7% on Group Revenues 2017

Ordinary Operating: Profit before non recurring costs/revenues and depreciation & amortization (EBITDA)

Note:
The Exchange rate variance is the result of the difference between March’17 YTD Actual (1.0648) and March’16 YTD Actual (1.1020) €/USD exchange rates.
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Dec 2016</th>
<th>Mar 2017</th>
<th>Dec 2016</th>
<th>Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>371.7</td>
<td>371.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td></td>
<td></td>
<td>(3.5)</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Trade receivables</strong></td>
<td>75.5</td>
<td>82.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>13.1%</td>
<td>14.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>82.3</td>
<td>89.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>14.3%</td>
<td>15.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade payables</strong></td>
<td>(104.6)</td>
<td>(90.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>-18.1%</td>
<td>-15.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade Working Capital</strong></td>
<td>53.2</td>
<td>81.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% on 12m rolling sales</td>
<td>9.2%</td>
<td>13.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other assets/liabilities</strong></td>
<td>(92.1)</td>
<td>(95.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Invested Capital</strong></td>
<td>332.9</td>
<td>357.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Equity</strong></td>
<td></td>
<td></td>
<td>336.4</td>
<td>346.8</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>332.9</td>
<td>357.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Net Debt Analysis: December’16 – March’17

€ mln

Of which:
- Electronics machineries / Software $(1.4)$
- Machineries and equipment $(1.1)$
- Offices refurbishment $(0.3)$
- Real estate asset disposal (Germany) $0.9$

Acc. Receivable $(-6.9)$
Inventory $(-7.3)$
Acc. Payable $(-13.8)$

(1.9%) on revenues
Contact

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NEXT EVENTS

August 3rd, 2017
H1 results

November 13th, 2017
9M results

DATALOGIC ON LINE

www.datalogic.com