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Q1 2017 Highlights

NEW ORGANIZATION	▪ **New organization - Datalogic, Informatics and Solution Net Systems-** up and running since January 1st, without any repercussion on results
	▪ **4 Customer Centric Industries** – Retail, T&L, Manufacturing and Healthcare – within **ONE DATALOGIC DIVISION**
	▪ **Positive customer feedbacks drive** performance in all geographic areas, despite planned go-live shipment stop
FINANCIALS	▪ **Revenues up 4.6% YoY to 141.5 mln Euro; Datalogic Division up 6.3%**
	▪ **Bookings in the quarter at Euro 161 million, up by 14.8%** compared to the first quarter of 2016
	▪ **EBITDA: 20.8 mln Euro (+10.3% YoY) - EBITDA Margin at 14.7% vs 13.9%**
	▪ **Net Income: 11.9 mln Euro (+18.2%)**
	▪ **Net Debt at 10.5 mln Euro due to Q1 seasonality**
INNOVATION	▪ **R&D investments** continue to increase: **13.2 mln Euro (+9.1% YoY)**
	▪ New products on sales at 18,7%* due to strong pipeline of "breakthrough" cross industries products in H2, and the 2016 focus on industry specific products
	▪ Breakthrough innovation presented at the New York NRF
	▪ New solutions in RFID launched in Q1

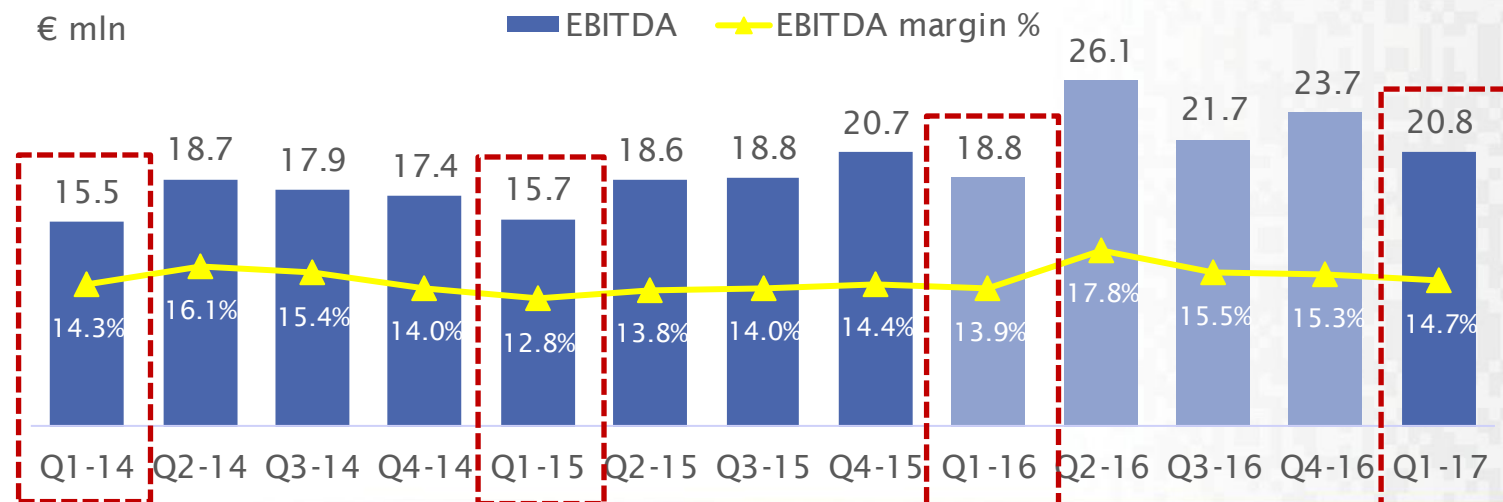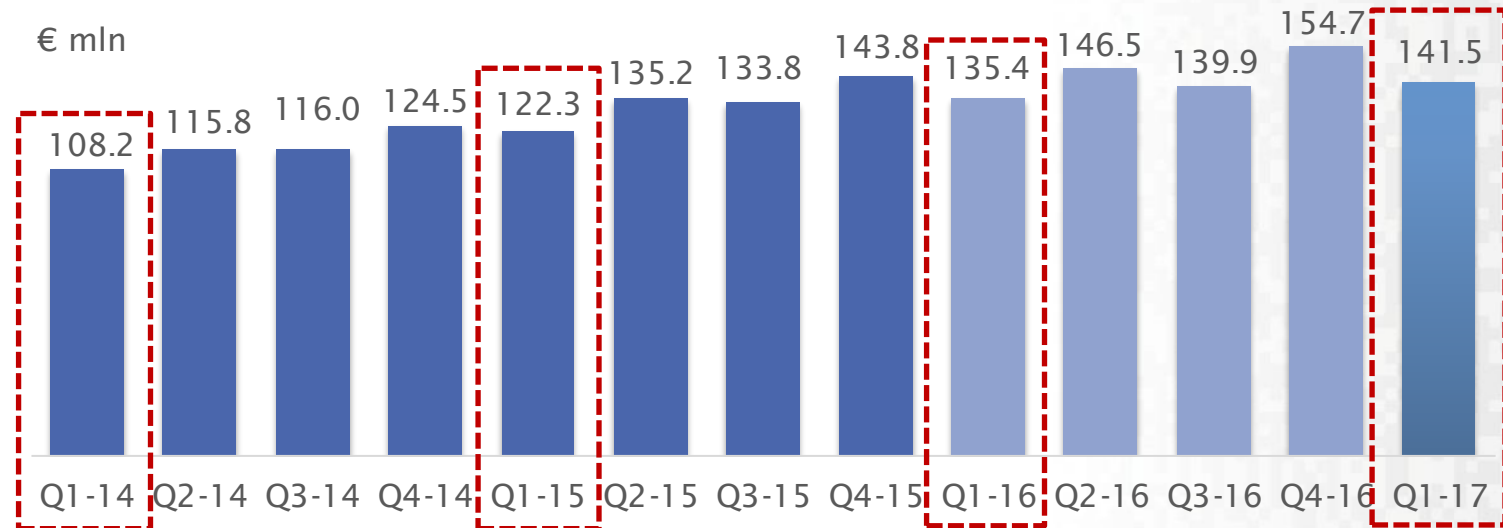** new products refer to products announced in the last 24 months*

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Financials

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Improvements across the whole P&L

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

- **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**

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Best first quarter over the last ten years

REVENUES

€ mln

Quarter	Revenue
Q1-14	108.2
Q2-14	115.8
Q3-14	116.0
Q4-14	124.5
Q1-15	122.3
Q2-15	135.2
Q3-15	133.8
Q4-15	143.8
Q1-16	135.4
Q2-16	146.5
Q3-16	139.9
Q4-16	154.7
Q1-17	141.5

€ mln

EBITDA — **EBITDA margin %**

Quarter	EBITDA	EBITDA margin %
Q1-14	15.5	14.3%
Q2-14	18.7	16.1%
Q3-14	17.9	15.4%
Q4-14	17.4	14.0%
Q1-15	15.7	12.8%
Q2-15	18.6	13.8%
Q3-15	18.8	14.0%
Q4-15	20.7	14.4%
Q1-16	18.8	13.9%
Q2-16	26.1	17.8%
Q3-16	21.7	15.5%
Q4-16	23.7	15.3%
Q1-17	20.8	14.7%

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Group Revenues by country

REVENUES BY GEOGRAPHIC AREA

€ mln	Q1 2017	Q1 2016	Var%
Europe	78.5	73.1	7.3%
North America	39.0	39.6	(1.5%)
Asia Pacific	17.0	14.9	14.6%
ROW	7.0	7.8	(9.9%)
Total Revenues	**141.5**	**135.4**	**4.6%**

- 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%

ROW 5%
Asia Pacific 12%
Europe 56%
North America 27%
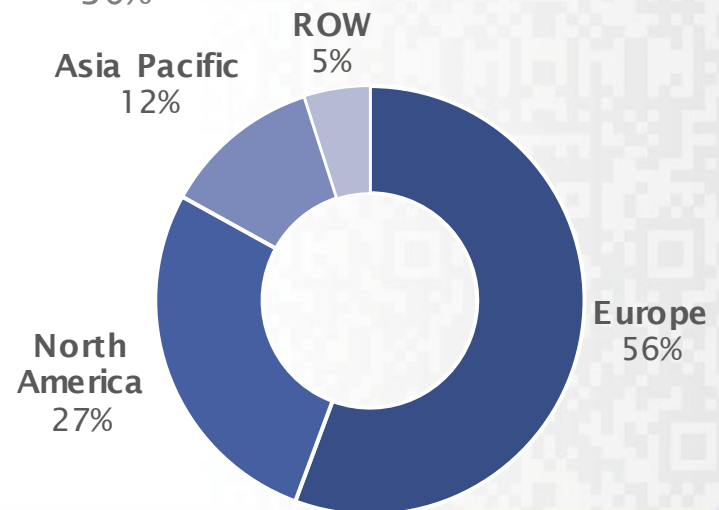
* IA excluding BU Systems

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Group Revenues & EBITDA by division

€ mln	Q12017	Q12016	Var%
Datalogic	131.5	123.7	6.3%
Solution Net Systems	5.0	4.7	5.5%
Informatics	6.0	7.4	(19.1%)
Adjustments	(0.9)	(0.4)	108.3%
Total Revenues	**141.5**	**135.4**	**4.6%**

Informatics 4%
Solution Net Systems 3%
Datalogic 93%
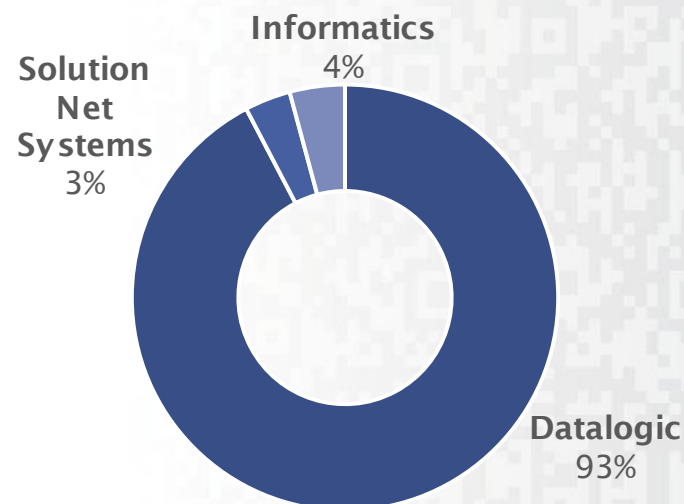
- **Datalogic Division**, the group's stronghold with positive performances in Europe, North America and - particularly - China

- **Solution Net Systems**, + 5,5% continuing to benefit from Royal Mail's order

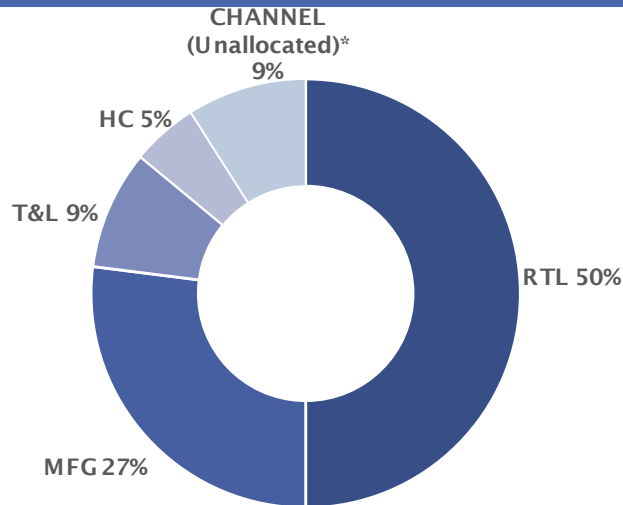- **Informatics** still in a downward trend due to the change in the business model

EBITDA BY DIVISION

	Q12017	Q12016	Var%
Datalogic	21.15	18.76	12.7%
Solution Net Systems	0.09	(0.22)	140.7%
Informatics	(0.45)	0.30	(250.7%)
Adjustments	(0.03)	(0.01)	(78.6%)
Total Group	**20.76**	**18.82**	**10.3%**

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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%
- North America 24%
- Asia Pacific 13%
- ROW 5%
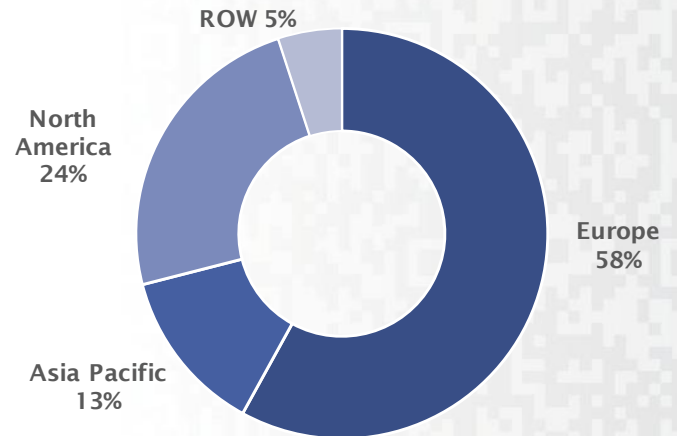
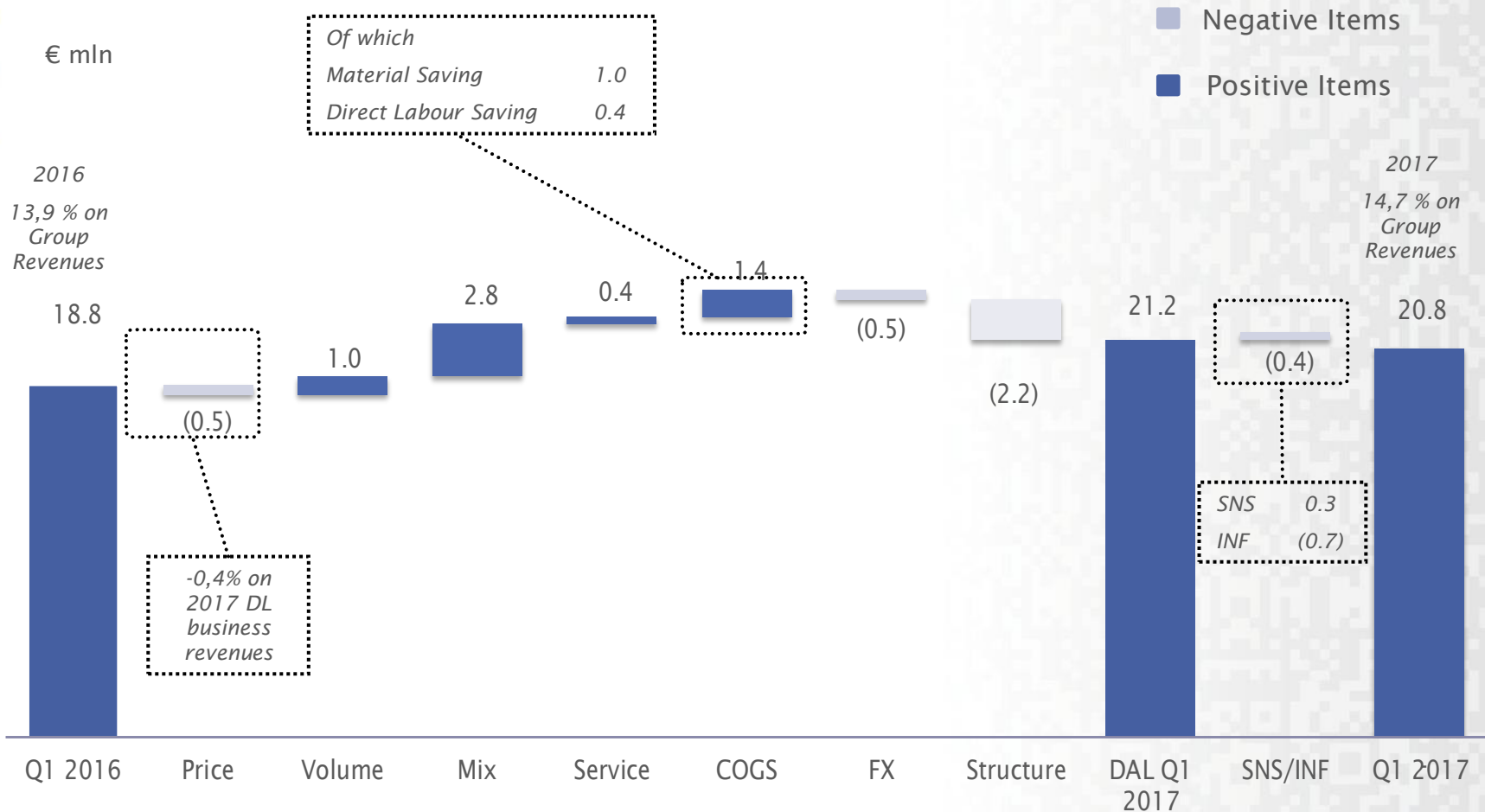| Retail	Manufacturing	T&L	Healthcare
• € 65.5 mln (-1.5%)	• € 35.0 mln (+10.8%)	• € 11.3 mln (-4.1%)	• € 7.2 mln (+68.9%)
• Shift of some large orders in Q2	• The highest growth in absolute terms driven by China and North America	• Positive growth in China and North America due to large projects	• The fastest growing sector driven by large projects with a US top hospital chain

(*)The *Channel (Unallocated)* includes revenues not directly attributable to the 4 identified industries.

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EBITDA*: actual vs last year

€ mln

Of which
Material Saving   1.0
Direct Labour Saving   0.4

Negative Items
Positive Items

2016
13,9 % on Group Revenues

2017
14,7 % on Group Revenues

1.4

2.8

0.4

(0.5)

(0.4)

18.8

1.0

21.2

20.8

(0.5)

(2.2)

-0,4% on 2017 DL business revenues

SNS   0.3
INF   (0.7)

| Q1 2016 | Price | Volume | Mix | Service | COGS | FX | Structure | DAL Q1 2017 | SNS/INF | Q1 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.
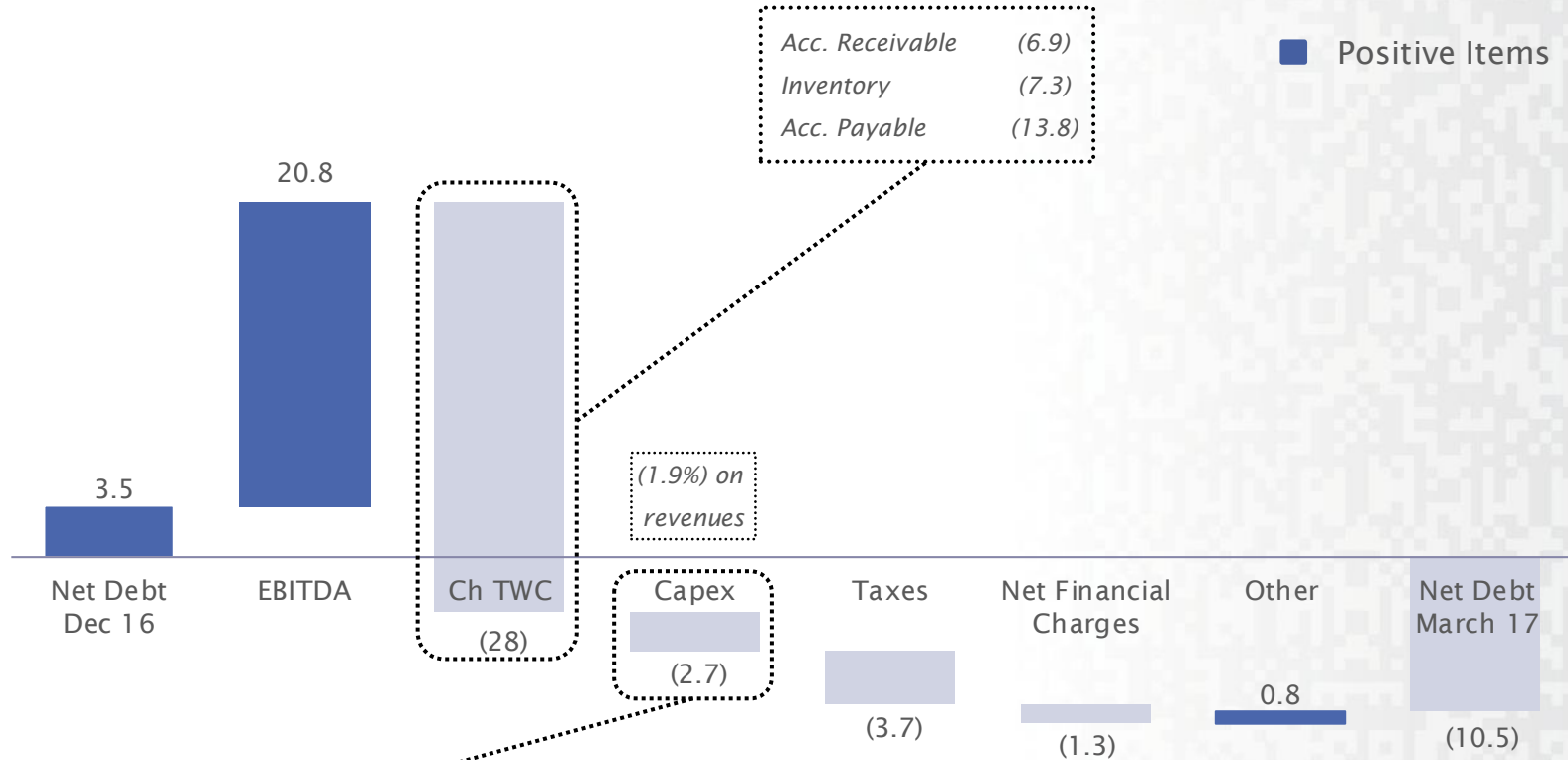
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Consolidated Balance Sheet

	Dec 2016	Mar 2017		Dec 2016	Mar 2017
Total Fixed Assets	371.7	371.1	Net Financial Position	(3.5)	10.5
Trade receivables	75.5	82.3			
% on 12m rolling sales	*13.1%*	*14.1%*			
Inventories	82.3	89.7			
% on 12m rolling sales	*14.3%*	*15.4%*			
Trade payables	(104.6)	(90.8)	Net Equity	336.4	346.8
% on 12m rolling sales	*-18.1%*	*-15.6%*			
Trade Working Capital	53.2	81,.2			
% on 12m rolling sales	*9.2%*	*13.9%*			
Other assets/liabilities	(92.1)	(95.0)			
Net Invested Capital	332.9	357.3	Total Sources	332.9	357.3

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Net Debt Analysis: December'16 – March'17

€ mln

Negative Items

Positive Items

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

20.8

3.5

(28)

(1.9%) on revenues

Net Debt Dec 16

EBITDA

Ch TWC

Capex

(2.7)

Taxes

(3.7)

Net Financial Charges

(1.3)

Other

0.8

Net Debt March 17

(10.5)

Of which:
Electronics machineries / Software	(1.4)
Machineries and equipment	(1.1)
Offices refurbishment	(0.3)
Real estate asset disposal (Germany)	0,9

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New products

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Q1 2017 New Products

Picture	Product name	Launch date	Description
	PowerScan Retail	January 13th	The new PowerScan 9500 Retail series targets the most demanding POS check-out 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 & Carry, Wholesalers and Home Improvement stores
	RFID solution	February 3rd	Datalogic enters the RFID market with a full range of products: Buetooth® 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
	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
	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.

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Outlook

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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**

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NEXT EVENTS

August 3rd, 2017
6M results

November 13th, 2017
9M results

DATALOGIC ON LINE

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