Italian Investment Conference
Milan
23rd May 2017

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◆DATALOGIC

Group Overview

⊕DATALOGIC

THE VISION IS YOURS

Datalogic at a glance

1972 Foundation   **2001** IPO

2,700 EMPLOYEES

- **48%** EMEA
- **25%** AMERICAS
- **27%** APAC
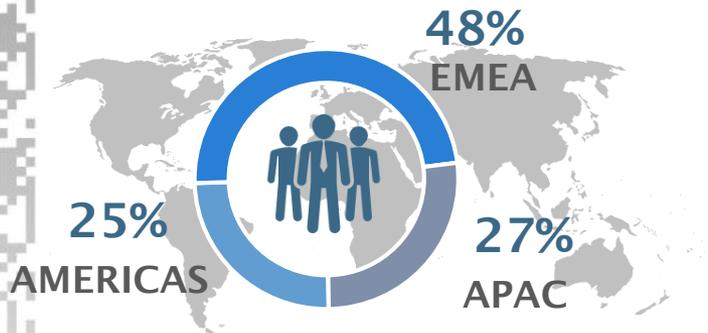
WORLD PRESENCE

30 Countries   **>1,200** Patents

- **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**

DATALOGIC THE VISION IS YOURS

Over 40 years of Technological Innovation

Year	Stage	Description
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**	Acquisition of Multiwave Photonics SA Partnership with CAEN RFID Srl
2017	**EXPANSION**	Set up new One Datalogic

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A continuous improving Strategy

1970	1980	1990	2000	2017

Pioneers	**New horizon**	**"Il punto di Volta"**	**Innovation to growth**	*ONE DATALOGIC*
Foundation: development and manufacturing of optic electronic equipment for automation Starting of international expansion with first branch in Germany	Focus on optical readers and barcodes Consolidation of international footprint	New organizational model to support the continuous international growth Unceasing international expansion	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	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.
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**

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A Wide Geographical Footprint

EUROPE 53%

NORTH AMERICA 29%

APAC 12%

ROW 6%

⊕ **Direct presence in 30 countries**

🏭 **8 Manufacturing Sites** 👤 **10 R&D Centers**
💡 **3 DL LABS**

Note: Breakdown by area based on 2016 revenues

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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 Retails Scanners: 55.6% ⬆
- Handheld Scanners: 38.1% ⬆
- Industrial Stationary Scanners: 25.6% ⬆

Source VDC 2016 (base year 2015)

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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 18th, 2017): 25.25 Euro

**Market Cap** (May 18th, 2017): 1.47 B Euro

Specialist: Intermonte SIM

Auditing Company: EY

DATALOGIC PRICE PERFORMANCE

Legend: DAL.MI — FTSEMIB.MI — ITSTAR.MI
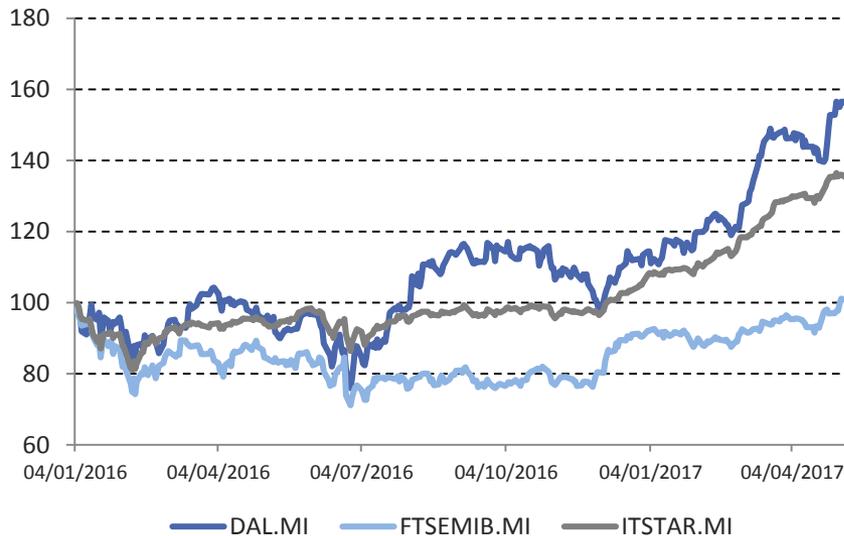
SHAREHOLDERS' STRUCTURE

35.35%

64.65%

Hydra SpA — Free Float

DATALOGIC

Strategy and Outlook
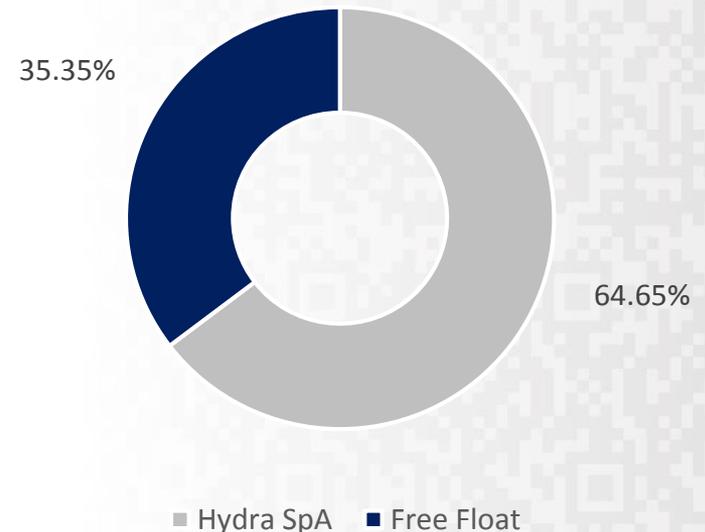
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Unique Player across IA and ADC Markets

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)

AUTOMATIC DATA CAPTURE

INDUSTRIAL AUTOMATION

ZEBRA

Honeywell

DATALOGIC

COGNEX

KEYENCE

SICK
Sensor Intelligence.

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A Unique Selling Proposition…

| Retail 50%* | Transportation & Logistics 9%* | Manufacturing 27%* | Healthcare 5%* |

| Americas | Emea | Apac |
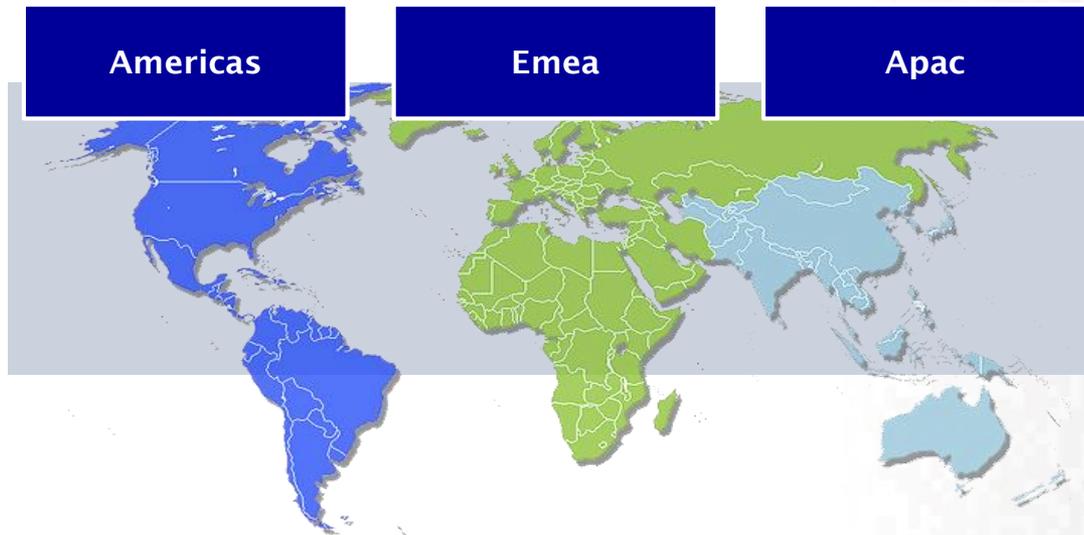
* 1Q2017 Datalogic Division revenues breakdown

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...with a Wide and Complementary Offer

Retail

T&L

Manufacturing

Healthcare

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A Customer-Centric Organization

From → **To**

Product-oriented company | *Customer-centric organization*
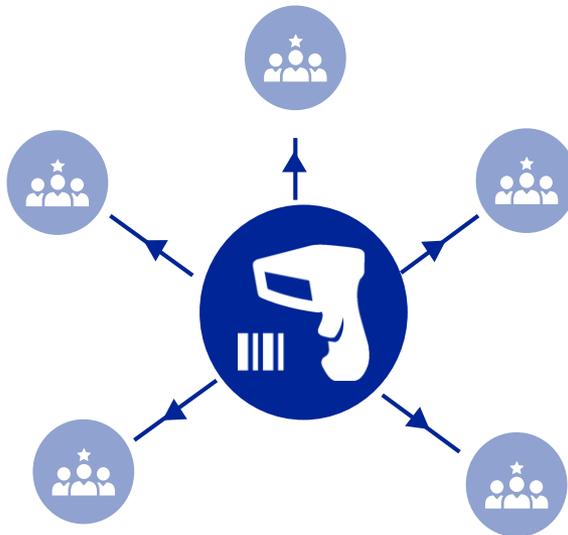
**Vendor:** proactive and reactive sales of products to meet contingent Customer needs
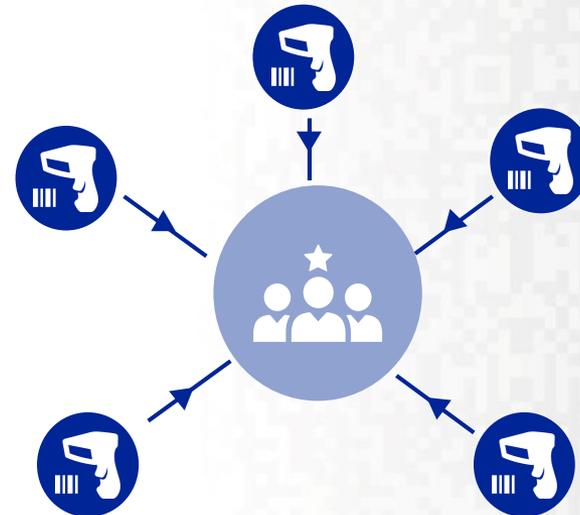
Partner: long term relationship with Customers to fulfill unexpressed needs and to achieve new endeavors

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# Datalogic's offer along the value chain
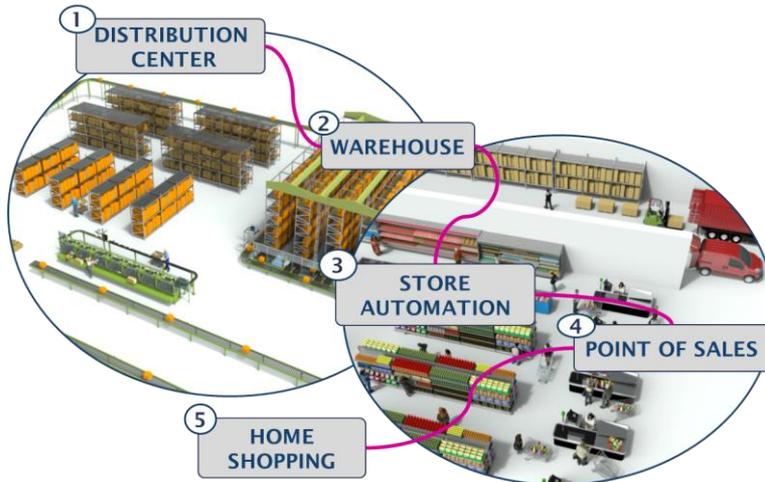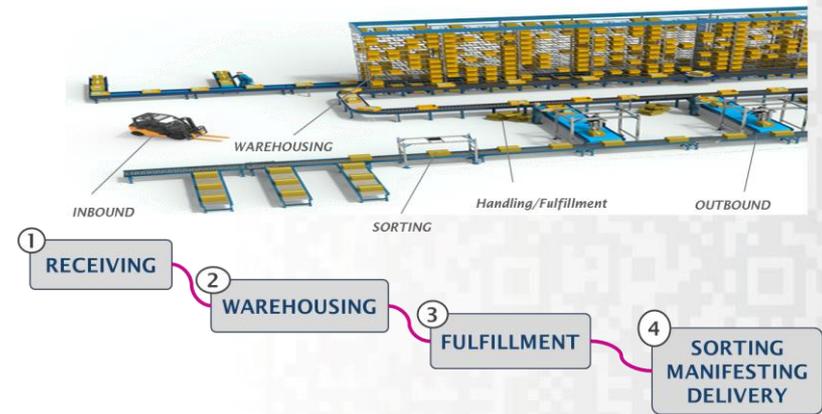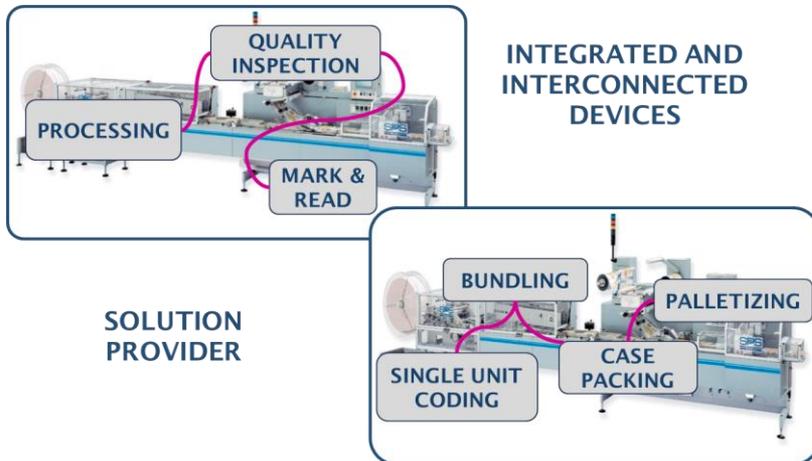
New One DATALOGIC Group Organization

```
                    Group CEO ──────────────┐──── Informatics
                         │                   │
  Operations            │         Finance    └──── Solution Net System
                         │                          Inc.*
  Human                 │         Business
  Resources            │         Development
                         │
  Customer Service      │         Quality
                         │
  Technology/Product    │         IT
  Innovation/R&D        │
                         │
  Group Marketing       │         Legal
                         │
```

INDUSTRY UNITS

Retail   Manufacturing   T&L   HealthCare

Group Channel
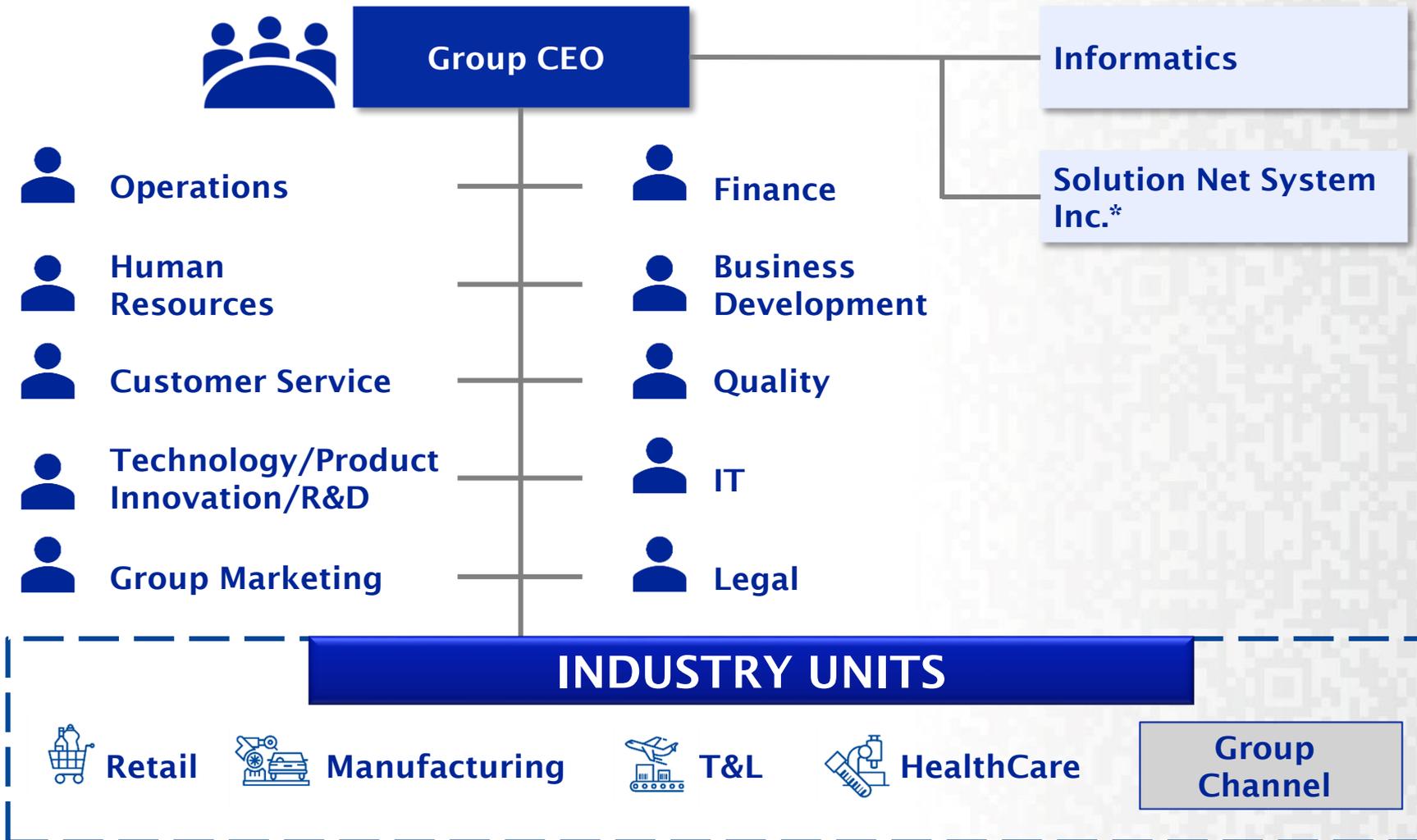
The newco Solution Net System Inc. is the result from the spin-off of the Systems Business Unit.

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16

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A clear new strategy

THE OBJECTIVE

THE SCOPE

THE ADVANTAGE

Keep on constantly growing, above market average, **while significantly improving profitability**

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**

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

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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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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**

Portal Scanning

Digital Watermarking

Joya Touch

RIDA

DL-Axist

Are considered new products the products announced in the last 24 months

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Market split by Technology

Datalogic can offer all the technologies available for products identification

Data Capture Technology

6.0%

94.0%

- ■ RFID
- ■ Optical

Market Value: $4.0 Bn

30%

17%

53%

- ■ Laser Scanner
- ■ Linear Imager
- ■ 2D Imager
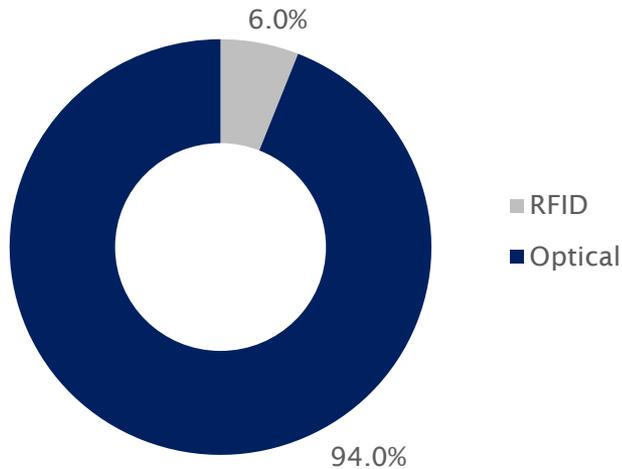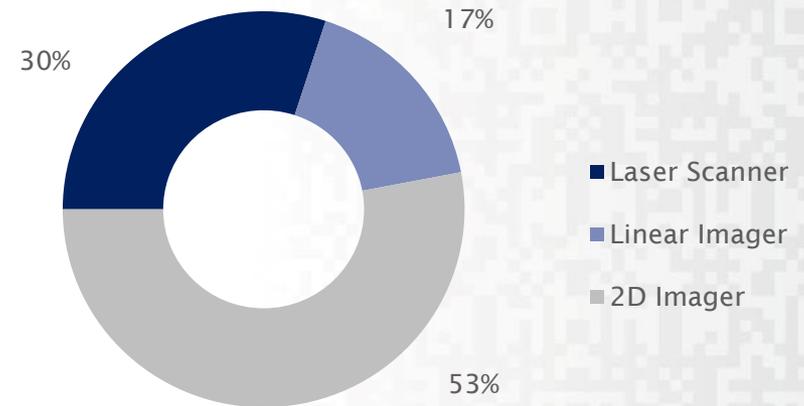
includes only Hand Held Scanners, Industrial Stationary Scanners and Point of Sale Check Out

VDC research 2016 (base year 2015)

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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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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

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Financials

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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Improvements across the whole P&L

€mln	FY2016	Q12017	Q12016	Var%
Revenues	**576.5**	**141.5**	**135.4**	*4.6%*
Gross Operating Margin	265.3	66.2	62.1	6.6%
%on Revenues	*46.0%*	*46.8%*	*45.9%*	
Operating expenses	192.4	(49.6)	(47.0)	5.5%
%on Revenues	*33.4%*	*(35.1%)*	*(34.7%)*	
EBITDA	**90.4**	**20.8**	**18.8**	*10.3%*
Ebitda margin	*15.7%*	*14.7%*	*13.9%*	
EBIT	**70.2**	**15.3**	**14.2**	*7.4%*
Ebit margin	*12.2%*	*10.8%*	*10.5%*	
EBT	**66.9**	**14.0**	**12.3**	*14.1%*
Taxes	21.0	(2.1)	(2.2)	
Net Income	**45.8**	**11.9**	**10.1**	*18.2%*
% on Revenues	*8.0%*	*8.4%*	*7.4%*	
Exchange Rate	*1.1069*	*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

	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
Revenues	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

€ mln

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
EBITDA	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
EBITDA margin %	14.3%	16.1%	15.4%	14.0%	12.8%	13.8%	14.0%	14.4%	13.9%	17.8%	15.5%	15.3%	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%**
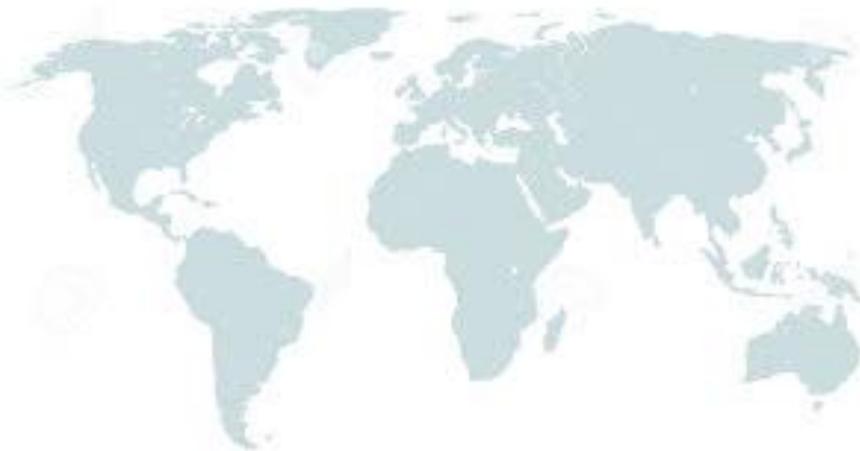
- Europe continues to generate robust growth with a +7.3% increase vs Q1 2016. Italy accounting for 8.9% of revenues globally

- 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%
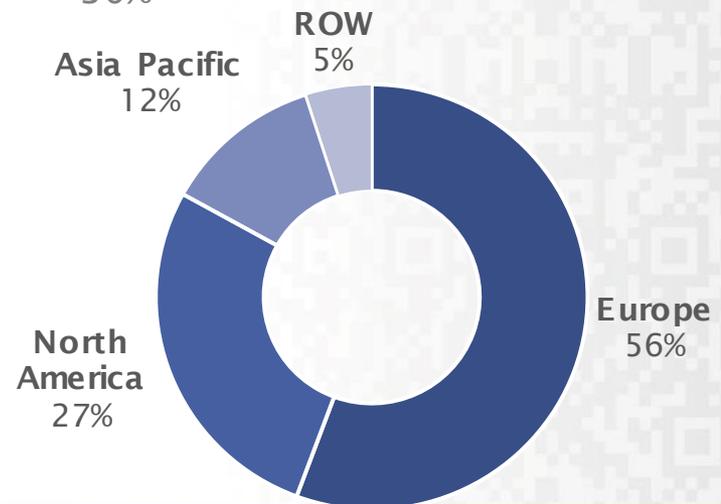
* IA excluding BU Systems

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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%**

Solution Net Systems 3%

Informatics 4%
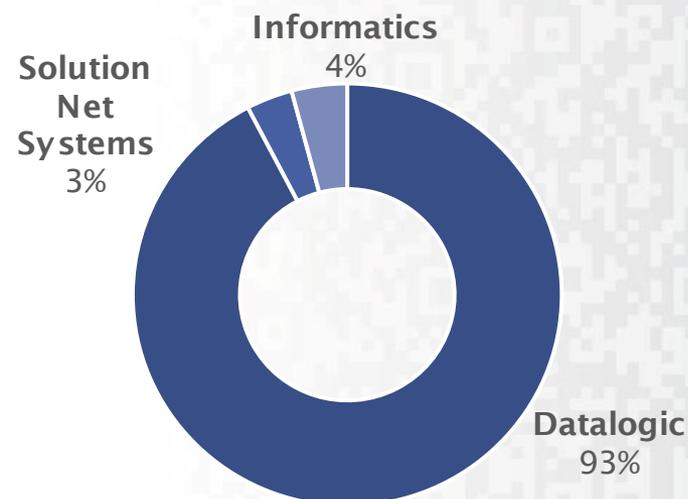
Datalogic 93%

- **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

CHANNEL (Unallocated)* 9%
HC 5%
T&L 9%
RTL 50%
MFG 27%
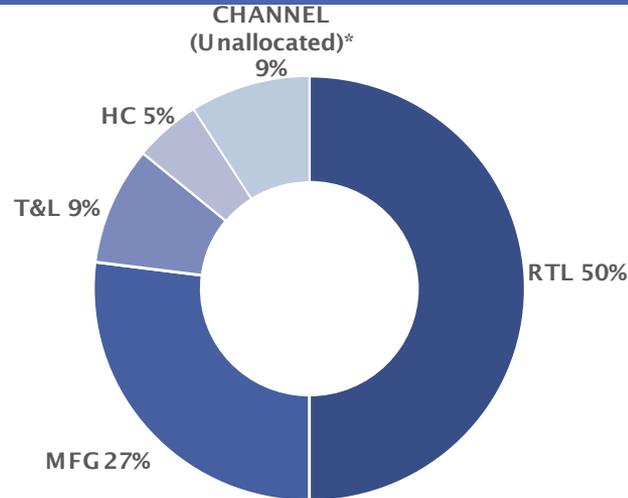
DL Revenues Breakdown by Geo Area

ROW 5%
North America 24%
Asia Pacific 13%
Europe 58%
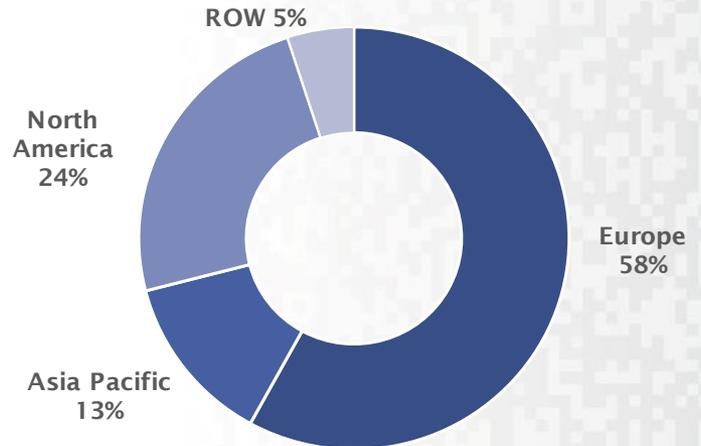
| Retail	Manufacturing	T&L	Healthcare
• € 65.5 mln (-1.5%)	• € 35.0 mln (+10.8%)	• € 11.3 mln (-4.1%)	• € 7.2 mln (+68.9%)
• Shift of some large orders in Q2	• The highest growth in absolute terms driven by China and North America	• Positive growth in China and North America due to large projects	• The 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

2016
13,9 % on Group Revenues

2017
14,7 % on Group Revenues

18.8

(0.5)

1.0

2.8

0.4

1.4

(0.5)

(2.2)

21.2

(0.4)

20.8

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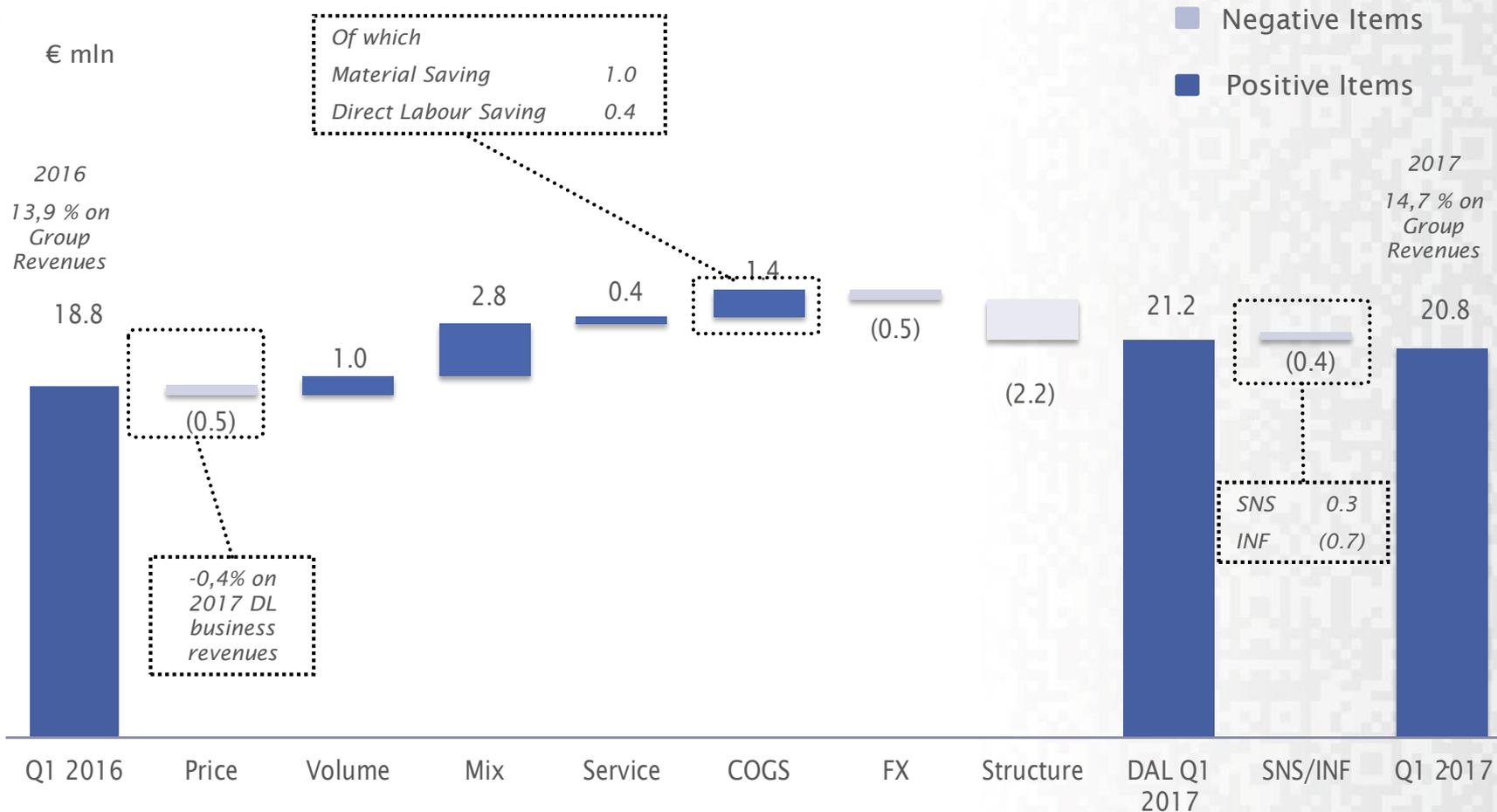
(*) Ordinary Operating: Profit before non recurring costs/revenues and depreciation & amortization (EBITDA)

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

€ mln	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	Taxes	Net Financial Charges	Other	Net Debt March 17

(2.7)

(3.7)

(1.3)

0.8

(10.5)
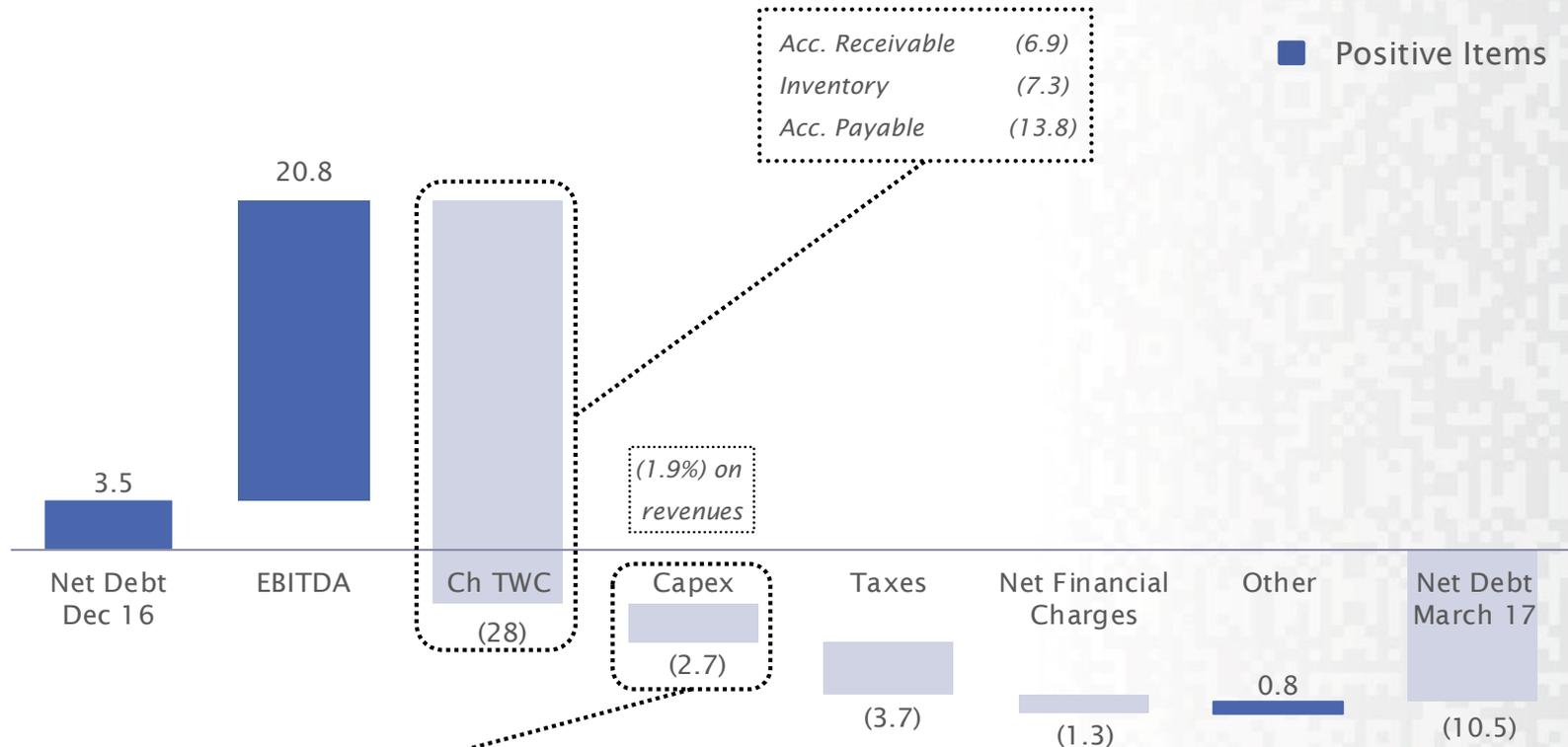
Of which:
Electronics machineries / Software   (1.4)
Machineries and equipment   (1.1)
Offices refurbishment   (0.3)
Real estate asset disposal (Germany)   0,9

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Contact

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NEXT EVENTS

August 3rd, 2017
H1 results

November 13th, 2017
9M results

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