

THE BOARD OF DIRECTORS APPROVED THE QUARTERLY REPORT AT 30TH SEPTEMBER 2017.

Quarter results

- Revenue up 8.2% to €151.4 million compared to €139.9 million in the third quarter of 2016.
- EBITDA grew 20.3% to €26.1 million compared to €21.7 million in the third quarter of 2016. EBITDA margin increased from 15.5% to 17.2%.
- Net profit up 7.3% to €15.8 million compared to €14.7 million in the third quarter of 2016.

Results of the nine-month period

- Revenue of €450.7 million, an increase of +6.9% over €421.8 million in the first nine months of 2017.
- EBITDA of €77.9 million, up 16.9% over €66.6 million in the first nine months of 2016 (EBITDA margin at 17.3% compared to 15.8%).
- Net profit improved by 10.2% to €45.1 million, compared to €40.9 million achieved in the first nine months of 2016.
- Negative net financial position of €15.2 million, compared to negative €37.6 million as at September 2016.

Bologna, 14th November 2017 - **Datalogic S.p.A.** (Borsa Italiana S.p.A.: **DAL**), a company listed in the STAR Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. ("**Datalogic**") and leader in the automatic data capture and process automation markets, approved yesterday Quarterly Financial Report at 30th September 2017.

Datalogic's CEO, Valentina Volta, commented: "We are very satisfied with the results of the quarter, which, despite the Euro/Dollar exchange rate reversing the trend of previous quarters and the seasonality typical for the period, reported both increased revenue and improved margins. Nine months since its launch, our new customer-centric organisation has generated double-digit growth, particularly in the Manufacturing and Healthcare sectors. Margins continued to improve due to the optimisation of production costs and in spite of significant investments in Research and Development, representing nearly nine percent of turnover and the basis of the Group's growth, which is also evidenced by the recent recruitment of 800 professionals, who have graduated or are about to graduate in engineering and/or other scientific fields around the world. Based on the results achieved and breakthrough, high-technology products launched at the end of the quarter, we expect the year to close in line with the trend of the first nine months."

Note that the Group's results as at 30 September 2017 include the data for the third quarter of Soredi Systems GmbH, acquired on 6 July 2017.

During the nine months, consolidated revenue is €450.7 million, an increase of 6.9% from €421.8 million in the first nine months of 2016 (+6.8% at constant Euro/Dollar exchange rate). The booking reached €450.7 million, up 9.2% compared to the same period in 2016.

The impact of new products on turnover for the nine months is 12.9% (25.6% in the same period of 2016) and does not yet include the benefits of the sale of new products announced at the end of the quarter.

Gross operating margin, equal to €212.5 million, represents an increase of 9.3% against €194.4 million reported in the same period of the previous year (+9.5% at constant Euro/Dollar exchange rate). Expressed as a proportion of revenues, gross operating margin increased by a percentage point, from 46.1% in the nine months of 2016 to 47.1% (47.3% at constant Euro/Dollar exchange rate), principally due to volumes, improvements in the sales mix, as well as efficiencies in the main components of cost of goods sold.

Operating costs, equal to €147.5 million, grew by 5.1% (+4.9% at constant Euro/Dollar exchange rate) compared to €140.4 million during the same period in 2016, however, they improved from 33.3% to 32.2% as a percentage of sales. This performance reflects an increase in costs for Research and Development, which grew 8.9% to €39.9 million, or 8.9% of revenues compared with the 8.7% in the first nine months of 2016.

EBITDA reports significant growth of 16.9%, from €66.6 million to €77.9 million (+17.7% at constant Euro/Dollar exchange rate), and the EBITDA margin rose to 17.3% (17.4% at constant Euro/Dollar exchange rate) compared to 15.8%, due to gross profit, containment of general and administrative expenses, and the different seasonal effect of distribution costs.

Operating profit (EBIT) increased 18.4% to €62.5 million from €52.8 million in the previous year (+18.4% at constant Euro/Dollar exchange rate).

Financial management was negative for €5.7 million compared to a negative €3.2 million in the same period of the previous year, principally as a result of the trend in exchange rates (losses of €2.3 million compared to losses of €0.5 million in the first nine months of 2016) associated with the effect on the Group's net balance of the depreciation of the Dollar and the increase of financial expenses for the increase in gross debt.

The **Group's net profit** is €45.1 million, an increase of 10.2% from €40.9 million in the first nine months of 2016.

The **net financial position** as at 30 September 2017 is negative for €15.2 million, compared to positive €1.1 million as at 31 December 2016 and negative €37.6 million as at 30 September 2016.

As at 30 September 2017, **trade working capital** amounts to €89.8 million compared to €53.2 million as at 31 December 2016, and €76.3 million compared to the same period of the previous year. The increase in trade receivables, compared to 31 December 2016, is primarily attributable to the increase in customer trade receivables. Trade payables and inventories show improvement over the same period of the prior year, while the difference with respect to 31 December 2016 is instead purely due to seasonal effects.

QUARTER PERFORMANCE

Comparison between 3Q 2017 and 3Q 2016

€000	3Q 2017		3Q 2016		Chg.	% Ch
TOTAL REVENUE	151,403	100.0%	139,911	100.0%	11,492	8.2%
EBITDA	26,080	17.2%	21,682	15.5%	4,398	20.3%
EBIT	21,277	14.1%	17,437	12.5%	3,840	22.0%
NET PROFIT	15,774	10.4%	14,706	10.5%	1,068	7.3%

Total revenue in the third quarter of 2017 amounts to €151.4 million, up 8.2% compared to the third quarter of 2016 (+10.7% at constant Euro/Dollar exchange rate). Third quarter revenue continues to show a positive trend despite seasonal factors for the period, negative performance in the Euro/Dollar exchange rate, and a delay of certain significant new product launches to the fourth quarter. The booking for the third quarter of 2017 amounts to €142.0 million, up 2.9% over the third quarter of 2016, which did not benefit from new product launches announced at the end of the quarter.

Operating margins reported strong growth compared to the third quarter of 2016.

PERFORMANCE BY DIVISION

	Revenue			EBITDA		
€000	9M 2017	9M 2016(*)	% Chg.	9M 2017	9M 2016 (*)	% Chg.
Datalogic	417,745	390,962	6.9%	75,159	68,893	9.1%
Solution Net Systems	19,307	13,781	40.1%	2,840	(1,247)	n.a.
Informatics	16,366	18,559	(11.8%)	(115)	(938)	n.a.
Adjustments	(2,707)	(1,549)	74.8%	21	(69)	n.a.
Total Group	450,711	421,753	6.9%	77,905	66,639	16.6%

(*) The 2016 figures have been restated based on the new operating structure

In the third quarter of the year, the **Datalogic Division** recorded turnover of €138.6 million, up 5.9% (-1.3% at constant Euro/Dollar exchange rate) compared to the third quarter of 2016, with a very positive trend in EMEA and APAC, especially in China, which reported growth of more than 80%. During the quarter, the Division also benefited from the contribution provided by the acquisition of Soredi Touch Systems : €1.5 million. In the first nine months, turnover reached €417.7 million, up 6.9% (+6.7% at constant Euro/Dollar exchange rate) compared to the same period of 2016. EBITDA for the Division is up 9.1% to €75.2 million or 18% expressed as a proportion of sales.

- The **Retail** sector showed a slight decline (-1.3%) compared to last year mainly due to a slowdown in North America following the postponement of projects with major customers. EMEA and APAC confirmed the growth trend.

- The **Manufacturing** sector is expanding, with growth of 10.2% over the first nine months of last year. The increase was driven by China, where sales grew by over 70% compared to the previous year.

- After a difficult first quarter, the **Transportation & Logistics** sector posted double-digit growth subsequent quarters, driven mainly by North America and China. Over the first nine months, growth is compared to the same period in 2016.
- The **Healthcare** sector continues to have the strongest growth in percentage terms, or 42.5% over last year. This is mainly due to North America, where revenue has more than doubled.

Finally, sales through the distribution channel, particularly to small and medium-sized customers (SME) directly attributable to any of the 4 main sectors, reported extremely positive performance, with growth of 32.4% over the same period of 2016.

The **Solution Net Systems Division** posted excellent performance in the quarter, with turnover of €19.3 million, which was more than twice the figure of €3.8 million for the third quarter of 2016 (+124.7% at constant Euro/Dollar exchange rate), due to important orders as well as progress for the Mail order. Over the first nine months of 2017, this Division reported turnover of €19.3 million, up 41% compared to the first half of 2016 (+41% at constant Euro/Dollar exchange rate). EBITDA for the Division was €2.8 million (negative €1.2 million in the same period of 2016), or 14.7% of sales.

In the third quarter, the **Informatics Division** recorded turnover of €5.1 million, down 11.7% (-7.5% at constant Euro/Dollar exchange rate) compared to the third quarter of 2016. Over the first nine months of 2017, this Division reported turnover of €16.4 million, down 11.8% compared to the first half of 2017 (-12.2% at constant Euro/Dollar exchange rate). EBITDA for the Division, while still negative for the quarter at -€0.3 million, shows substantial improvement over the same period of 2016 (negative €0.9 million).

PERFORMANCE BY GEOGRAPHIC AREA

In the first nine months of 2017, EMEA showed positive performance, with growth of 7.4% to €237.7 million, as well as a significant growth in APAC, driven by China. Moderately positive performance in North America, with 1.5% growth mainly due to the results for Solution Net Systems in the third quarter at T&L sector. Latin America continues to improve, showing double-digit growth (+16.1%) in the third quarter, although the 9-month figures still reflect the negative performance in the first quarter of the year.

REVENUE BY GEOGRAPHIC AREA	9M 2017	9M 2016	Change
(€000)			
Italy	41,589	39,926	4.2%
EMEA (EX Italy)	196,137	181,509	8.1%
Total EMEA (*)	237,726	221,435	7.4%
North America	133,772	131,754	1.5%
Latin America	20,106	20,517	(2.0%)
APAC	59,107	48,047	23.0%
TOTAL	450,711	421,753	6.9%

(*) EMEA: Europe, Middle East and Africa.

EVENTS IN THE QUARTER

On 6 June 2016, the acquisition of 100% share capital of the German company Soredi Touch Systems (C

was concluded, a leader in technologies for terminals, especially forklift terminals. This transaction envisaged a total maximum financial commitment for Datalogic of €10 million, of which €8 million cash and €2 million treasury shares.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The third quarter confirmed the trend of revenue growth compared to the previous year, which had already been noted in the first two quarters. The Group expects to continue investing in Research and Development and in commercial structures, consistent with the customer-oriented business model.

The positive feedback from customers on new products launched during the quarter, including the new Touch A6 Android terminal with wireless charging, the new Magellan fixed retail scanner, and the Quickscan Lite handheld reader for the Retail sector, as well as the new Powerscan 9100 industrial scanner with the innovative "scan engine" developed in-house, indicate positive performance for the remainder of the year.

For the last part of the year, in a substantially stable global macroeconomic scenario, the Group expects the growth trend in revenues recorded in the first nine months will be confirmed and it will continue to streamline production processes in order to achieve improved profitability over the prior year.

Please note that the Quarterly Report at 30th September 2017 will be available to anyone who requests it from the company headquarters, at the offices of Borsa Italiana S.p.A. (www.borsaitaliana.it), on the "eNOMINAZIONE" instrument, managed by Spafid Connect S.p.A. and may also be available on the company website www.datalogic.com (Investor Relations section).

The manager responsible for preparing the company's financial reports – Alessandro D'Aniello – declares, pursuant to paragraph 2 of Art. 154-bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Reclassified income statement at 30th September 2017 – Euro/1.000

	30.09.2017		30.09.2016		Change	Change %
Total Revenues	450.711	100,0%	421.753	100,0%	28.958	6,9%
Cost of goods sold	(238.201)	-52,9%	(227.381)	-53,9%	(10.820)	4,8%
Gross Operating Margin	212.510	47,1%	194.372	46,1%	18.138	9,3%
Other revenues	2.005	0,4%	2.321	0,6%	(316)	-13,6%
Research & Development	(39.889)	-8,9%	(36.636)	-8,7%	(3.253)	8,9%
Distribution costs	(73.225)	-16,2%	(72.259)	-17,1%	(966)	1,3%
Administrative expenses	(32.966)	-7,3%	(30.394)	-7,2%	(2.572)	8,5%
Other operating expenses	(1.450)	-0,3%	(1.147)	-0,3%	(303)	26,4%
Total operating expenses and others	(147.530)	-32,7%	(140.436)	-33,3%	(7.094)	5,1%
Non-recurring costs/revenues	(858)	-0,2%	149	0,0%	(1.007)	n.a.
Amort. intangible assets from acquisition	(3.661)	-0,8%	(3.656)	-0,9%	(5)	0,1%
Operating Profit (EBIT)	62.466	13,9%	52.750	12,5%	9.716	18,4%
Financial (costs)/revenues	(3.441)	-0,8%	(2.603)	-0,6%	(838)	32,2%
Result from equity investments	(1)	0,0%	(466)	-0,1%	465	-99,8%
Foreign exchange (costs)/revenues	(2.259)	-0,5%	(548)	-0,1%	(1.711)	312,2%
Profit/(Loss) before taxes (EBT)	56.765	12,6%	49.133	11,6%	7.632	15,5%
(Taxes)	(11.694)	-2,6%	(8.251)	-2,0%	(3.443)	41,7%
Net Income/(Loss)	45.071	10,0%	40.882	9,7%	4.189	10,2%
Depreciation	(7.649)	-1,7%	(6.629)	-1,6%	(1.020)	15,4%
Amortization	(3.271)	-0,7%	(3.753)	-0,9%	482	-12,8%
EBITDA (1)	77.905	17,3%	66.639	15,8%	11.266	16,9%

Please note that certain costs starting from 2017 have been reclassified into different P&L line therefore comparative data as at 30th June 2016 have been restated accordingly.

[1] **EBITDA** - Earnings before interest, taxes, depreciation and amortization. EBITDA as defined alternative performance indicator that Management used to monitor and assess its economic perform and it is not defined under IFRS, consequently it is not subject to Auditors review.

Reclassified Balance Sheet at 30th September 2017 () – Euro/1.000

	30.09.2017	31.12.2016	30.09.2016
Intangible fixed assets	43.464	51.997	50.777
Goodwill	176.937	188.934	178.597
Tangible fixed assets	68.108	72.082	67.488
Non-consolidated investments	12.013	6.928	6.088
Other fixed assets	54.892	51.807	51.766
Total Fixed Assets	355.414	371.748	354.716
Net trade account receivables	93.141	75.477	72.626
ST account payables	(90.846)	(104.585)	(86.714)
Inventory	87.521	82.344	90.399
Trade Working Capital	89.816	53.236	76.311
Other current receivables	37.570	34.184	36.147
Other ST payables and provision for risk & future charges	(76.299)	(77.625)	(68.763)
Net Working Capital	51.087	9.795	43.695
Other LT payables	(30.387)	(30.836)	(26.055)
Employees' deferred compensation / TFR	(6.745)	(6.647)	(6.661)
LT provision for risk & future charges	(13.674)	(11.169)	(10.469)
Net Invested Capital	355.695	332.891	355.226
Equity	(340.519)	(336.394)	(317.649)
Net Financial Position	(15.176)	3.503	(37.577)

[2]The reclassified Balance Sheet shows measures used by the Management to monitor and assess financial performances of the Group. Given that the composition of these measures is not regulated, reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are subject to any audit procedure by the Independent Auditors.

Net Financial Position at 30th September 2017 – Euro/1.000

	30.09.2017	31.12.2016	30.09.2016
A. Cash and bank deposits	238.716	146.930	76.499
B. Other liquidity	12	47	46
<i>b1. Restricted cash</i>	12	47	46
C. Securities held for trading	0	0	0
<i>c1. Short Term</i>	0	0	0
<i>c2. Long Term</i>		0	0
D. Cash and Cash equivalents (A) + (B) + (C)	238.728	146.977	76.545
E. Current financial receivables	0	0	0
F. Other current financial assets	0	0	0
<i>f1. Hedging instruments</i>	0	0	0
G. Current bank overdrafts	151	212	193
H. Current portion of non-current debt	51.463	30.180	24.196
I. Other current financial liabilities	2.956	5.878	2.992
<i>i1. Hedging instruments</i>	5	37	0
<i>i2. Leasing payables</i>	22	248	269
<i>i3. Current financial liabilities</i>	2.929	5.593	2.723
J. Current financial debt (G) + (H) + (I)	54.570	36.270	27.381
K. Current financial debt, net (J) – (D) – (E) – (F)	(184.158)	(110.707)	(49.164)
L. Non-current bank borrowing	229.755	139.321	118.349
M. Other non-current financial assets	31.171	32.117	31.716
N. Other non-current liabilities	750	0	108
<i>n1. Hedging instruments</i>		0	56
<i>n2. Leasing payables</i>	0	0	52
<i>n3. No- current financial payables</i>	750	0	0
O. Non – current financial debt (L) – (M) + (N)	199.334	107.204	86.741
P. Net financial debt (K) + (O)	15.176	(3.503)	37.577