

PRESS RELEASE

DATALOGIC (Star: DAL)

THE BOARD OF DIRECTORS APPROVES DRAFT STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

- Revenues at €612.5 million (-2.9% YoY)
- Strong Growth in North America (+6.6%) and in Transportation & Logistics (+9.5%)
- Gross Operating Margin at €293.1 million, 47.9% on revenues
- EBITDA at €95.0 million, EBITDA margin at 15.5%
- Net Profit at €50.3 million, 8.2% on revenues
- Positive Net Financial Position at €13.4 million
- Board of Directors proposes the Shareholders' Meeting a dividend, gross of withholdings, of 30-euro cents per share

Bologna, 20 March 2020 - On March 19, 2020 the Board of Directors of 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 global leader in the automatic data capture and process automation markets, has approved the draft statutory and consolidated financial statements as of 31 December 2019.

The Chief Executive Officer of the Datalogic Group, Valentina Volta, commented: *"The positive performance of the Group in North America in all reference industries and the growth of the turnover from new products (20.1% in 2019 vs 15.0% in 2018) prove the sound strategy of Datalogic Group. Despite the economic environment underwent a progressive slowdown during 2019, Datalogic Group closed the year facing some decline in volumes, and to a lower extent in margins, in EMEA and APAC, but confirming market positioning and cash generation, while increasing R&D investments. The uncertain scenario recorded in the second half of 2019 will presumably also continue in 2020 due to Covid-19, whose impact on Group results will depend upon the widespread of the virus in the geographies in which the Group operates with sale, distribution and engineering. We believe that the diversified markets and geographies and a limited exposure to the Italian market, will mitigate the negative impacts of Covid-19 in certain geographies. Although in the aforementioned context of uncertainty, the Group will continue its growth strategy focused, among others, on the constant commitment to innovation and the development of new products, on maximizing profitability, also through a careful cost control policy, maintaining equity and financial stability."*

	31.12.2019	% on revenues	31.12.2018	% on revenues	Change	% Change	% Ch. Net FX
Revenues	612,486	100.0%	631,015	100.0%	(18,529)	-2.9%	-5.3%
EBITDA	94,990	15.5%	105,549	16.7%	(10,559)	-10.0%	-8.9%
Operating result (EBIT)	65,471	10.7%	83,517	13.2%	(18,046)	-21.6%	-19.7%
Profit/(loss)	50,281	8.2%	62,210	9.9%	(11,929)	-19.2%	-16.5%
Net financial position (NFP)	13,364		23,843		(10,479)		

Consolidated revenues amounted to €612.5 million, decreasing by 2.9% compared to the previous year.

Gross Operating Margin was €293.1 million, decreasing by 4.2% from €306.0 million reported in 2018. As a percentage of revenues, it decreased by 0.6 percentage points compared to 2018, going from 48.5% in 2018 to 47.9% in 2019. Net of the exchange rates, the percentage of gross operating margin over revenues remained unchanged at 48.5%, thanks to productivity and launch of new products which balanced the negative effect of volume decrease.

Operating expenses and others, equal to €220.0 million, increased by 2.1% compared to €215.6 million in 2018, +1.7 as a percentage of turnover, from 34.2% to 35.9%. **Distribution expenses** increased by 7.6%, to €120.8 million (19.7% of revenues compared to 17.8% in 2018), as result of the carryover of investments made in 2018 to strengthen commercial organizations.

Research and Development expenses, amounting to €59.3 million (€61.9 million in 2018) remained substantially unchanged in terms of percentage on revenues. In 2019, overall expenses in Research and Development, including investments, amounting at € 64.7 million, increased by 2.1% compared to the previous year. The percentage on turnover is around 10.6%, in line with the Group's strategic targets on innovation.

EBITDA was €95.0 million (€105.5 million in 2018) and showed 1.2% decrease as percentage on revenues (-0.6% at constant exchange rate), equal to 15.5% over 16.7% recorded in 2018. EBITDA recorded over the year reflects the increase in investments in commercial organization, partially offset by the effect of the adoption of the new accounting standard IFRS 16. This determined the accounting of higher depreciation and lower costs for rents and leases of €4.6 million and €4.6 million, respectively.

EBIT was €65.5 million, compared to €83.5 million in the previous year, while its percentage on revenues decreased from 13.2% in 2018 to 10.7%.

Net Financial Income (Expenses), negative by €3.2 million, improved by €2.4 million, thanks to the favorable performance of foreign exchange differences, which recorded a loss of €1.3 million (compared with a loss of €2.7 million as at 31 December 2018) and to the positive result related to cash equivalents investments.

Net profit amounted to €50.3 million (€62.2 million as at 31 December 2018), recording 1.7% decrease in terms of percentage on revenues, from 9.9% to 8.2%.

The **Net Financial Position**, as at 31 December 2019, was positive by €13.4 million, decreasing by €10.5 million compared to 31 December 2018 (positive by €23.8 million). Net of the treasury share purchases, dividend distribution and IFRS 16 adoption, cash generation amounted to €32.6 million, with a cash generation decrease of € 6.9 million compared to 2018.

As at 31 December 2019, **Net Trade Working Capital** was €75.1 million (12.3% of revenues), increasing by €6 million compared to 31 December 2018. The change is mainly due to the increase in inventories, linked to seasonality, and the reorganization of the logistic hub in EMEA, which entailed a greater level of procurement in the cross-over phase, progressively reducing in the second half of 2019.

PERFORMANCE BY GEOGRAPHIC AREA

The following table shows the breakdown by **geographical area** of Group revenues achieved in 2019, compared with 2018:

	31.12.2019	%	31.12.2018 (**)	%	Change	%	% Ch. Net FX
Italy	47,955	7.8%	53,031	8.4%	(5,076)	-9.6%	-10.5%
EMEA (excluding Italy)	261,608	42.7%	271,755	43.1%	(10,146)	-3.7%	-5.0%
Total EMEA (*)	309,563	50.5%	324,786	51.5%	(15,223)	-4.7%	-5.9%
North America	219,420	35.8%	205,902	32.6%	13,518	6.6%	1.5%
Latin America	16,131	2.6%	16,545	2.6%	(414)	-2.5%	-4.3%
APAC (*)	67,371	11.0%	83,781	13.3%	(16,410)	-19.6%	-20.1%
Total Revenues	612,486	100.0%	631,015	100.0%	(18,529)	-2.9%	-5.3%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

During 2019, 6.6% growth was reported in North America, while a slowdown was recorded in the APAC area (down by 19.6%). The performance in the EMEA area decreased by an overall 4.7%.

PERFORMANCE BY DIVISION

	31.12.2019	%	31.12.2018	%	Change	% Change	% Ch. Net FX
Datalogic	568,128	92.8%	585,724	92.8%	(17,596)	-3.0%	-5.2%
Solution Net Systems	29,064	4.7%	28,320	4.5%	744	2.6%	-2.6%
Informatics	18,736	3.1%	19,586	3.1%	(850)	-4.3%	-9.3%
Adjustments	(3,442)		(2,615)		(827)		
Total Revenues	612,486	100.0%	631,015	100.0%	(18,529)	-2.9%	-5.3%

DATALOGIC DIVISION

In 2019, the **Datalogic Division** reported a turnover of €568.1 million, a slight decrease compared to the same period of 2018 (-3.0%), with a positive performance in North America, partially offsetting the decline in EMEA, APAC and Latin America.

Divisional **EBITDA** amounted to €90.6 million, decreasing by 11.3% compared to 2018, with 15.9% percentage on turnover (17.4% as at 31 December 2018). Net of exchange rate effect, EBITDA margin of the division was equal to 16.5%, a 0.9% decrease compared to the previous year.

Below is the breakdown by industry of the Datalogic Division's revenues:

	31.12.2019	%	31.12.2018 (*)	%	Change	%	% Ch. Net FX
Retail	265,672	46.8%	278,025	47.5%	(12,353)	-4.4%	-7.1%
Manufacturing	157,356	27.7%	169,876	29.0%	(12,519)	-7.4%	-8.6%
Transportation & Logistics	75,049	13.2%	68,565	11.7%	6,483	9.5%	6.6%
Healthcare	20,004	3.5%	20,093	3.4%	(90)	-0.3%	-3.2%
Channel (unallocated) (**)	50,047	8.8%	49,164	8.4%	883	1.8%	0.4%
Total Revenues	568,128	100%	585,724	100.0%	(17,596)	-3.0%	-5.2%

(*) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues to various operating segments.

(**) The Channel sector (unallocated) includes revenues not directly attributable to the 4 areas identified.

▪ RETAIL

The **Retail** segment decreased by 4.4% on last year, with a slowdown in the EMEAI due to significant roll-outs of fixed retail scanners occurred in the previous two years. Americas and APAC are instead growing.

▪ MANUFACTURING

The **Manufacturing** segment decreased by 7.4% compared to the previous year. The slowdown in the automotive market in EMEA and in consumer electronics in China was partially offset by the double-digit growth in the North American market.

▪ TRANSPORTATION & LOGISTICS

The **Transportation & Logistics** sector reported strong growth of 9.5% on 2018, driven by a very positive performance in North America and EMEAI.

▪ HEALTHCARE

The **Healthcare** sector remained substantially unchanged compared to 2018, driven by sales in North America and EMEAI.

Slight increase Distribution channel's revenues mainly towards small and medium-sized customers.

SOLUTION NET SYSTEMS DIVISION

In 2019 **Solution Net Systems Division** recorded revenues for €29.1 million, increasing by 2.6% on the same period of 2018, mainly due to the seasonality of some projects. EBITDA related to the division amounted to €2.9 million, 10.0% of turnover (10.4% in 2018).

INFORMATICS DIVISION

Informatics Division recorded a turnover of €18.7 million in 2019, decreasing by 4.3% compared to 2018. Divisional EBITDA was positive by €1.5 million (positive by €0.7 million in the same period of 2018), it improved thanks to the increase of Service and shift to the new business model 'Software as a Service'.

QUARTERLY PERFORMANCE

	4Q 2019	<i>% on revenues</i>	4Q 2018	<i>% on revenues</i>	Change	% Change	% Ch. Net FX
Revenues	151,114	100.0%	164,927	100.0%	(13,813)	-8.4%	-9.7%
EBITDA	21,690	14.4%	28,004	17.0%	(6,314)	-22.5%	-22.8%
Operating result (EBIT)	13,454	8.9%	22,441	13.6%	(8,987)	-40.0%	-40.2%
Profit/(loss) for the period	10,603	7.0%	18,632	11.3%	(8,029)	-43.1%	-43.2%

In the fourth quarter of 2019, revenues decreased by 8.4% to €151.1 million and EBITDA declined by 22.5% to €21.7 million, reducing the EBITDA margin to 14.4%, compared to 17.0% of 2018.

Quarterly net profit amounted to €10.6 million (€18.6 million in Q4 2018). The percentage on revenues decreased from 11.3% to 7.0%.

In the fourth quarter of 2019, Datalogic Division reported turnover of €139.6 million, down (-9.7%) compared to the same period of 2018, with a positive trend in North America.

EVENTS IN 2019

On 7 February 2019, after hearing the opinions of the Board of Statutory Auditors and the Audit and Risk Management Committee and the Remuneration and Appointments Committee, the Board of Directors of Datalogic S.p.A. resolved on appointing, with immediate effect, Mr. Marco Carnovale as Manager in charge of drawing up the Company's accounting statements, pursuant to Art 154-bis of the T.U.F..

On 30 April 2019, the Ordinary Shareholders' Meeting of Datalogic S.p.A. resolved on confirming the appointment of the Company's Director, Mrs. Vera Negri Zamagni, up to the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2020, pursuant and by the effects of article 2386, subsection 1, of the Italian Civil Code. The Meeting also resolved that the number of the members of the Board of Directors should be nine and appointed Mr. Angelo Busani. The same Shareholders' Meeting defined the annual remuneration of the members of the Board of Directors, pursuant to art. 20 of the Articles of Association, appointed the Board of Statutory Auditors and determined the remuneration of the Chairman and Standing Auditors. Moreover, Deloitte & Touche S.p.A. was appointed Independent Auditor for the period from 2019 to 2027, pursuant to article 13 of Legislative Decree n. 39/2010.

The Shareholders' Meeting revoked, for the part not yet executed at the date of the Shareholders' Meeting, the authorisation to the Board of Directors to purchase treasury shares approved by the Shareholders' Meeting on 23 May 2018, and at the same time authorised the Board of Directors, pursuant to article 2357 et seq. of the Italian Civil Code and article 132 of Legislative Decree no. 58 of 24 February 1998, to perform transactions to purchase the Company's treasury shares, on one or more occasions, for a period not exceeding 18 months from the date of this resolution.

On 7 August 2019 the Board of Directors appointed Mrs. Laura Bernardelli, Group CFO, as Manager in charge of drawing up the Company's accounting statements, pursuant to Art. 154-bis of Legislative Decree no. 58/1998, as from 8 August 2019. As from 7 February 2019, the position had been held by Mr. Marco Carnovale.

On 1 October 2019, in implementation of the Shareholders' Meeting resolution of 30 April 2019 authorising the purchase and sale of treasury shares, Datalogic S.p.A. informed that it signed a buy-back agreement with a broker for the repurchase of treasury shares on the market.

SUBSEQUENT EVENTS

There were no events that occurred after year end closing, with the exception of the fact that since January 2020, the domestic and international scenario saw the widespread of Coronavirus and the consequent restrictions set by authorities of the affected countries to contain it. Following the recommendation of the European Securities and Markets Authority (ESMA) dated March 11, 2020, as noticed by CONSOB, the information, available to the date of the hereby Report, regarding potential impact of Covid-19 on Group are reported in the 'Business Outlook' paragraph.

BUSINESS OUTLOOK

The uncertain scenario recorded in the second half of 2019 will presumably also continue in 2020. Since January, the global macroeconomic situation has been aggravated by Covid-19, whose spread first impacted China and, in the

following weeks, other countries in the APAC area until reaching Europe and particularly Italy and subsequently Americas.

These circumstances, extraordinary in nature and extent, will presumably have direct and indirect effects on the economy and have created a context of general uncertainty, the evolution of which and the related consequences, are not foreseeable.

The impact of Covid-19 on Group financials will depend upon the extent to which the virus will widespread in the geographies in which the Group operates with sale, distribution and engineering and by the macroeconomic effects the virus will bring to the countries affected by it. We believe that the diversified markets and geographies and the limited exposure to the Italian market, will mitigate the negative impacts of Covid-19 in specific geographies.

Although in the aforementioned context of uncertainty, the Group will continue its growth strategy focused, among others, on the constant commitment to innovation and the development of new products, on maximizing profitability, also through a careful cost control policy, maintaining equity and financial stability.

At the Shareholders Meeting scheduled for 30 April 2020, the Board of Directors will propose to distribute an ordinary unit dividend, gross of legal withholdings, of €0.30 per share, for a maximum amount of approximately €17,533,947, with coupon detachment on 27 May 2020 (record date 28 May 2020) and payment from 29 May 2020.

The notice calling the Shareholders' Meeting and the related supporting documents will be made available in accordance with the legal terms and conditions.

The Board of Directors also approved the Annual Corporate Governance and Ownership Report and the Consolidated Non-Financial Declaration pursuant to Italian Legislative Decree no. 254/2016. A copy of the reports will be available to the public in accordance with applicable law.

Note that the auditing of the draft financial statements has not yet been completed and that the independent auditors' report will be made available within the deadlines set at law. The attached balance sheet and income statement are reclassified statements, and as such have not been subject to audit.

Finally, the Annual Financial Report (pursuant to article 154-ter of the Consolidated Finance Act) of Datalogic S.p.A. will be available to anyone who requests it at the company headquarters or at Borsa Italiana SpA, on the "eMarket STORAGE" instrument, managed by Spafid Connect S.p.A., and may also be consulted on the company's website www.datalogic.com (Investor Relations section), in accordance with the law and applicable regulations.

The manager responsible for preparing the company's financial reports – Laura Bernardelli – declares, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

This press release contains forward-looking statements about the Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of the Group's operations and strategies. Readers of the present press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group's control.

Please note that the original version of this press release is in Italian and in case of doubts the Italian version prevails.

Datalogic Group

Datalogic is a global leader in the automatic data capture and process automation markets, specializing in the design and production of bar code readers, mobile computers, sensors for detection, measurement and safety, RFID vision, and laser marking systems. Datalogic solutions help increase the efficiency and quality of processes in the retail, manufacturing, transportation and logistics, and healthcare industries along the entire value chain.

The world's leading players in these industries use Datalogic products, certain of the attention to the customer and of the quality of the products that the Group has been offering for 47 years. Today Datalogic Group, headquartered in Bologna (Italy), employs approximately 3,074 staff worldwide, distributed in 30 countries, with manufacturing and repair facilities in the U.S.A, Brazil, Italy, Slovakia, Hungary, Vietnam. In 2019, Datalogic had a turnover of 612.5 million Euros and invested over 62 million Euros in research and development, with an asset of more than 1,200 patents in multiple jurisdictions.

Datalogic S.p.A. is listed in the STAR segment of the Italian Stock Exchange since 2001 as DAL.MI. Find more information about Datalogic at www.datalogic.com.

Datalogic and the Datalogic logo are registered trademarks of Datalogic S.p.A. in many countries, including the U.S.A. and the E.U.

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RECLASSIFIED INCOME STATEMENT AT 31 DECEMBER 2019 – EURO/000 ⁽¹⁾

	31.12.2019		31.12.2018		Change	% Change
Revenues	612,486	100.0%	631,015	100.0%	(18,529)	-2.9%
Cost of good sold	(319,366)	-52.1%	(325,064)	-51.5%	5,698	-1.8%
Gross Operating Margin	293,120	47.9%	305,951	48.5%	(12,831)	-4.2%
Research and development expenses	(59,272)	-9.7%	(61,920)	-9.8%	2,648	-4.3%
Distribution expenses	(120,789)	-19.7%	(112,225)	-17.8%	(8,564)	7.6%
General and administrative expenses	(44,149)	-7.2%	(43,156)	-6.8%	(993)	2.3%
Other operating income/(expenses)	4,177	0.7%	1,732	0.3%	2,445	141.2%
Total Operating expenses and others	(220,033)	-35.9%	(215,569)	-34.2%	(4,464)	2.1%
Non-recurring costs/revenues and write-downs	(2,759)	-0.5%	(2,260)	-0.4%	(499)	22.1%
Amortisation and depreciation from acquisitions	(4,857)	-0.8%	(4,605)	-0.7%	(252)	5.5%
Operating result (EBIT)	65,471	10.7%	83,517	13.2%	(18,046)	-21.6%
Financial Income/(Expenses)	(1,890)	-0.3%	(2,938)	-0.5%	1,048	-35.7%
Foreign exchange gains/(losses)	(1,347)	-0.2%	(2,730)	-0.4%	1,383	-50.7%
Profit/(Loss) before taxes (EBT)	62,234	10.2%	77,849	12.3%	(15,615)	-20.1%
Taxes	(11,953)	-2.0%	(15,639)	-2.5%	3,686	-23.6%
Profit/(loss) for the period	50,281	8.2%	62,210	9.9%	(11,929)	-19.2%
Non-recurring costs/revenues and write-downs	(2,759)	-0.5%	(2,260)	-0.4%	(499)	22.1%
Depreciation and write-downs of tangible assets	(16,756)	-2.7%	(10,580)	-1.7%	(6,176)	58.4%
Amortisation and write-downs of intangible assets	(10,004)	-1.6%	(9,192)	-1.5%	(812)	8.8%
EBITDA	94,990	15.5%	105,549	16.7%	(10,559)	-10.0%

(1) EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is an alternative performance indicator not defined under IFRS but used by company management to monitor and assess the operating performance as not impacted by the effects of differing criteria in determining taxable income, the amount and types of capital employed, in addition to the relative amortisation and depreciation policies. This indicator is defined by Datalogic as Profit/Loss for the period before depreciation/amortization of tangible and intangible assets, non-recurring costs/revenues, financial income and expense and income taxes.

RECLASSIFIED BALANCE SHEET AT 31 DECEMBER 2019 – EURO/000 ⁽²⁾

	31.12.2019	31.12.2018	Change	% Ch
Intangible assets	50,471	44,506	5,965	13.4%
Goodwill	186,126	181,149	4,977	2.7%
Tangible assets	99,355	77,995	21,360	27.4%
Financial assets and equity investments in associates	10,241	9,397	844	9.0%
Other non-current assets	44,906	56,665	(11,759)	-20.8%
Total Fixed Assets	391,099	369,712	21,387	5.8%
Trade receivables	78,203	90,439	(12,236)	-13.5%
Trade payables	(106,029)	(117,139)	11,110	-9.5%
Inventories	102,921	95,826	7,095	7.4%
Net Trade Working Capital	75,095	69,126	5,969	8.6%
Other current assets	49,345	41,855	7,490	17.9%
Other current liabilities and provisions for risks shorth term	(78,219)	(78,037)	(182)	0.2%
Net Working Capital	46,221	32,944	13,277	40.3%
Other non-current liabilities	(34,571)	(37,829)	3,258	-8.6%
Employee severance indemnity	(7,026)	(6,541)	(485)	7.4%
Provisions for risks long term	(4,916)	(6,320)	1,404	-22.2%
Net Invested Capital	390,807	351,966	38,841	11.0%
Shareholders' Equity	(404,171)	(375,809)	(28,362)	7.5%
Net financial position (NFP)	13,364	23,843	(10,479)	-44.0%

(2) The reclassified balance sheet and financial analysis shows aggregations used by management to assess the Group's financial performance. These measures are generally adopted in the practice of financial communication, they are immediately referable to the accounting data of the primary financial statements, however they are not identified as accounting measures under the IFRS.

NET FINANCIAL POSITION AT 31 DECEMBER 2019 – EURO/000 ⁽³⁾

	31.12.2019	31.12.2018
A. Cash and bank deposits	151,829	181,418
B. Other cash equivalents	12	12
<i>b1. Restricted cash</i>	12	12
C. Securities held for trading		
<i>c1. Short term</i>		
<i>c2. Long term</i>		
D. Cash and Cash equivalents (A) + (B) + (C)	151,841	181,430
E. Current financial receivables	31,200	50,896
<i>e1. Other current financial receivables</i>	31,200	50,896
F. Bank overdrafts	221	29
G. Current portion of non-current debt	47,421	47,314
H. Other current financial liabilities	6,457	3,733
<i>h1. Hedging instruments</i>		
<i>h2. Leasing payables</i>	4,589	
<i>h3. Current financial liabilities</i>	1,868	3,733
I. Current financial debt (F) + (G) + (H)	54,099	51,076
J. Current net financial debt / (Current net financial position) (I) - (E) - (D)	(128,942)	(181,250)
K. Non-current bank borrowing	110,106	157,407
L. Bond		
M. Other non-current liabilities	5,472	
<i>m1. Hedging instruments</i>		
<i>m2. Leasing payables</i>	5,472	
<i>m3. Non-current financial payables</i>		
N. Non-current financial debt (K) + (L) + (M)	115,578	157,407
O. Net financial debt / (Net financial position) (J) + (N)	(13,364)	(23,843)

(3) Net Financial Position or Net Financial Debt: this indicator is calculated in compliance with Consob Communication no. 15519 of 28 July 2006, also including other financial assets consisting of temporary liquidity investments and financial liabilities for operating leases arising following IFRS 16 adoption.