

# FY 2018 Results Conference Call

19 MARCH 2019



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# Revenues acceleration in Q4



## 2018 RESULTS

€ m



## Q4 RESULTS



**Net Cash position at €23.8**

# Vertical Results

FY 2018

| weight on Total | €m                         | FY 2018      | Var %       | Net Fx      |
|-----------------|----------------------------|--------------|-------------|-------------|
| 50.4%           | Retail                     | 295.4        | 5.4%        | 8.0%        |
| 29.8%           | Manufacturing              | 174.6        | 11.5%       | 13.1%       |
| 11.8%           | Transportations & Logistic | 69.2         | 13.6%       | 15.8%       |
| 3.5%            | Healthcare                 | 20.2         | (28.6%)     | (26.9%)     |
| 4.5%            | Channel (Unallocated)*     | 26.3         | (30.7%)     | (30.3%)     |
| <b>93%</b>      | <b>Datalogic</b>           | <b>585.7</b> | <b>3.9%</b> | <b>5.9%</b> |
| 4%              | Solution Net Systems       | 28.3         | 14.5%       | (0.5%)      |
| 3%              | Informatics                | 19.6         | (4.9%)      | 20.2%       |
| 0%              | Elimination                | (2.6)        |             |             |
| <b>100%</b>     | <b>Group</b>               | <b>631.0</b> | <b>4.1%</b> | <b>6.4%</b> |

Double digit growth in NA thanks to projects on Fixed Retail Scanners And Mobile Computers  
 Double digit growth in China & NA (Net FX) mainly driven by industrial barcode scanners  
 Double digit growth mainly driven by big project in NA with TIER1 parcel companies  
 Decrease due to big projects in NA in 2017

Q4

| weight on Total | €m                         | Q4 2018      | Var %       | Net Fx      |
|-----------------|----------------------------|--------------|-------------|-------------|
| 52.5%           | Retail                     | 81.3         | 9.4%        | 8.0%        |
| 28.3%           | Manufacturing              | 43.8         | 5.7%        | 5.4%        |
| 12.0%           | Transportations & Logistic | 18.6         | (7.7%)      | (8.7%)      |
| 4.2%            | Healthcare                 | 6.6          | (5.7%)      | (7.2%)      |
| 2.9%            | Channel (Unallocated)*     | 4.4          | 31.0%       | 31.3%       |
| <b>94%</b>      | <b>Datalogic</b>           | <b>154.7</b> | <b>5.8%</b> | <b>4.8%</b> |
| 4%              | Solution Net Systems       | 5.9          | 8.5%        | 5.1%        |
| 3%              | Informatics                | 5.0          | 17.9%       | 14.2%       |
| 0%              | Elimination                | (0.6)        |             |             |
| <b>100%</b>     | <b>Group</b>               | <b>164.9</b> | <b>6.2%</b> | <b>5.1%</b> |

Best quarter of the year driven by NA  
 Double digit growth in NA partially offset by slow down in APAC  
 Slow down in all region due to big project fasing  
 Best quarter of the year with signs of recovery thanks to new project in NA

\* Includes Revenues not directly allocated to the Verticals



# Group Revenues by geography

## FY 2018

| weight on Total | €m                    | FY 2018      | Var %       | constant FX |   |
|-----------------|-----------------------|--------------|-------------|-------------|---|
| 50.9%           | EMEA                  | 320.9        | (2.0%)      | (1.6%)      | Declining trend entirely due to Retail; positive growth for T&L and Manufacturing                   |
| 32.6%           | North America         | 205.6        | 13.8%       | 18.4%       | Stellar performance in 2019 driven by double digit growth in Retail, T&L and Manufacturing (Fx Net) |
| 13.8%           | Asia Pacific          | 87.3         | 9.7%        | 13.3%       | Entirely driven by China (+13,9%) thanks to Manufacturing (+29,7%)                                  |
| 2.7%            | Latin America         | 17.2         | (5.3%)      | 2.0%        |   |
| <b>100.0%</b>   | <b>Total Revenues</b> | <b>631.0</b> | <b>4.1%</b> | <b>6.4%</b> |   |

## Q4

| weight on Total | €m                    | Q4 2018      | Var %       | constant FX |  |
|-----------------|-----------------------|--------------|-------------|-------------|--|
| 50.2%           | EMEA                  | 82.9         | (7.7%)      | (7.9%)      | Results impacted by Retail (mainly Italy) and T&L project seasonality  |
| 32.1%           | North America         | 52.9         | 33.9%       | 29.7%       | Double digit growth driven by Retail                                   |
| 14.0%           | Asia Pacific          | 23.0         | 12.2%       | 11.7%       | Positive trend due to Retail in APAC, slow down Manufacturing in China |
| 3.7%            | Latin America         | 6.1          | 11.1%       | 14.7%       | Growth driven by Retail  |
| <b>100.0%</b>   | <b>Total Revenues</b> | <b>164.9</b> | <b>6.2%</b> | <b>5.1%</b> |  |

# 2018 New Product Launches and innovation

October



PowerScan PD9530 becomes PD9531

S3Z Miniature Sensor



November



Gryphon 41X0 Becomes 41X2



TL46 - WE



Matrix 220

AREX 400 family of Fiber Laser Marker



December



Gryphon 4500 Cordless

S5N Tubular Sensor



Laser Sentinel Master Slave Version



Memor 1



Memor 10

Rhino II Android version



- 24 New Product launched in 2018 (12 only in Q4).
- Main accomplishments:
  - **Memor™ 10, new PDA** validated for the **Google™**-led initiative “**Android Enterprise Recommended**” program for rugged devices.
  - R&D investments reaching 9.8% on Revenues (10.2% on DL Business)
  - New SLS launched
- Hired 90+ people in R&D, reaching 500 people
- Patents above 1.200 items; +53 IDs harvested in 2018

# Q4 2018 P&L

| € m                  | Q4 2018     | Q4 2017     | Var%         |
|----------------------|-------------|-------------|--------------|
| Revenues             | 164.9       | 155.3       | 6.2%         |
| Gross Margin         | 79.2        | 75.9        | 4.4%         |
| <i>%on Revenues</i>  | 48.0%       | 48.9%       |              |
| Operating expenses   | (55.2)      | (54.3)      | 1.8%         |
| <i>%on Revenues</i>  | (33.5%)     | (34.9%)     |              |
| <b>EBITDA</b>        | <b>28.0</b> | <b>25.4</b> | <b>10.3%</b> |
| <i>Ebitda margin</i> | 17.0%       | 16.4%       |              |
| <b>EBIT</b>          | <b>22.4</b> | <b>20.4</b> | <b>9.9%</b>  |
| <i>Ebit margin</i>   | 13.6%       | 13.1%       |              |
| <i>Exchange Rate</i> | 1.14        | 1.18        |              |

- Acceleration in Q4 driven by NA +33.9% vs LY (+29.7% vs Net FX)
- Revenues up 6.2% to €164.9m (+5.1% Net FX)
- Gross Margin up 4.4% to €79.2m.
- Operating expenses up by 1.8% to €55.2m.
- EBITDA margin from 16.4% to 17.0% thanks to higher volumes compensating Operating expenses increase.

# FY 2018 P&L

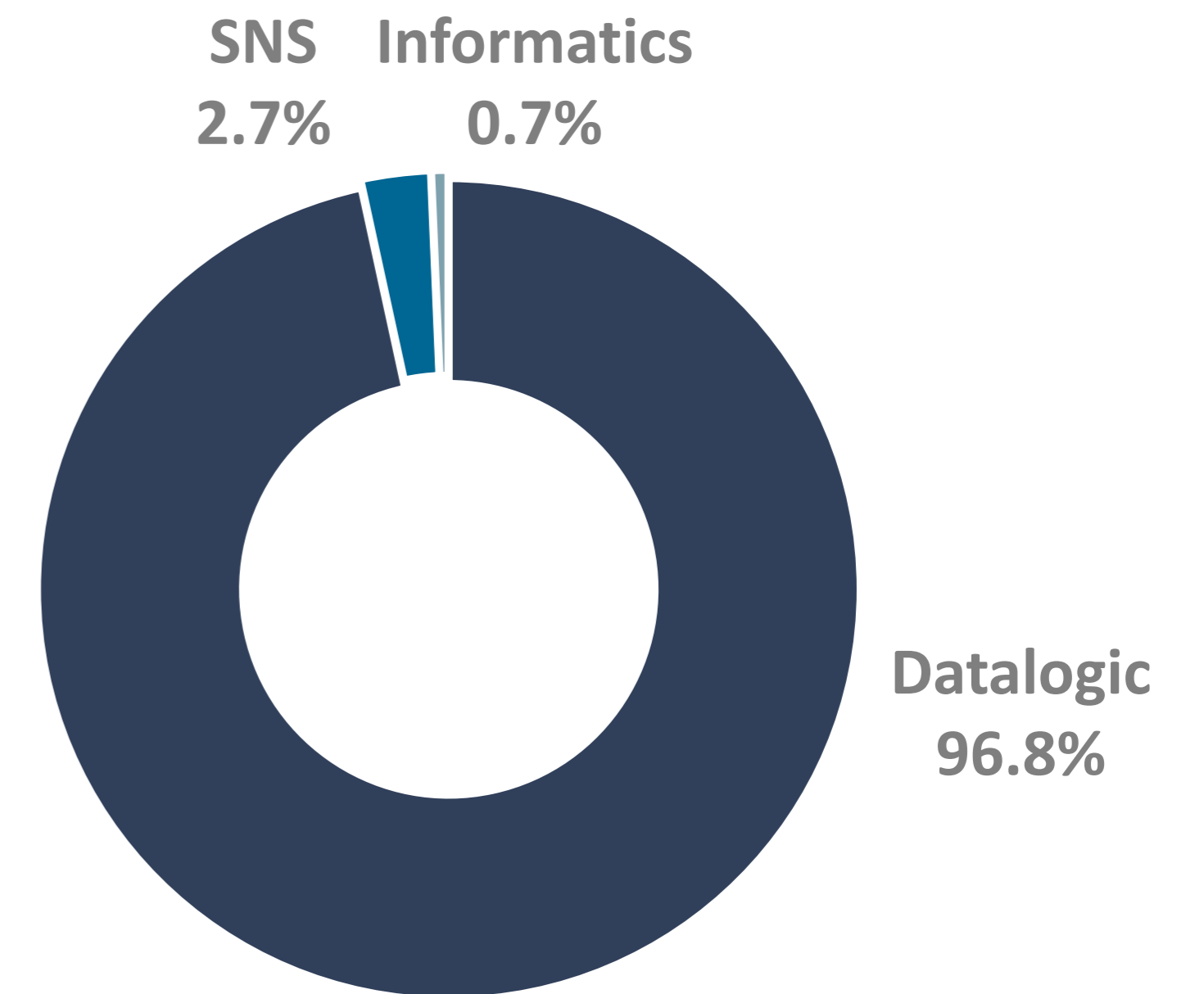
| € m                   | 2018         | 2017         | Var%        |
|-----------------------|--------------|--------------|-------------|
| <b>Revenues</b>       | <b>631.0</b> | <b>606.0</b> | <b>4.1%</b> |
| Gross Margin          | 306.0        | 288.4        | 6.1%        |
| <i>%on Revenues</i>   | 48.5%        | 47.6%        |             |
| Operating expenses    | (215.6)      | (199.8)      | 7.9%        |
| <i>%on Revenues</i>   | (34.2%)      | (33.0%)      |             |
| <b>EBITDA</b>         | <b>105.5</b> | <b>103.3</b> | <b>2.2%</b> |
| <i>%Ebitda margin</i> | 16.7%        | 17.0%        |             |
| <b>EBIT</b>           | <b>83.5</b>  | <b>82.9</b>  | <b>0.8%</b> |
| <i>%Ebit margin</i>   | 13.2%        | 13.7%        |             |
| <b>EBT</b>            | <b>77.8</b>  | <b>75.5</b>  | <b>3.2%</b> |
| Taxes                 | (15.6)       | (15.4)       |             |
| <b>Net Income</b>     | <b>62.2</b>  | <b>60.1</b>  | <b>3.5%</b> |
| <i>% on Revenues</i>  | 9.9%         | 9.9%         |             |
| <i>Exchange Rate</i>  | 1.18         | 1.13         |             |

- **Revenues up 4.1% to €631.0 m (+6.4% at constant exchange rate)**
- **Gross Margin showing steady improving trend at 48.5%** (around +90 bps vs 2017)
- **Operating expenses up by 7.9% to €215.6m.**
  - ✓ **R&D on revenues** up to 9.8% (10.2% on DL Business)
  - ✓ **S&D on revenues** from 16.5% to 17.8% (+130 bps YoY) due to strengthening of commercial organization
  - ✓ **G&A on revenues decreased by 7.9%**, moving from 7.4% to 6.6% on revenues
- **EBITDA margin at 16.7%** improved Gross Margin and volumes partially offsets higher R&D and Distribution expenses
- **EBT up by 3.2%** thanks to financial charges decrease
- Tax Rate at 20.1% in line with previous year
- **Net income at €62.2m**



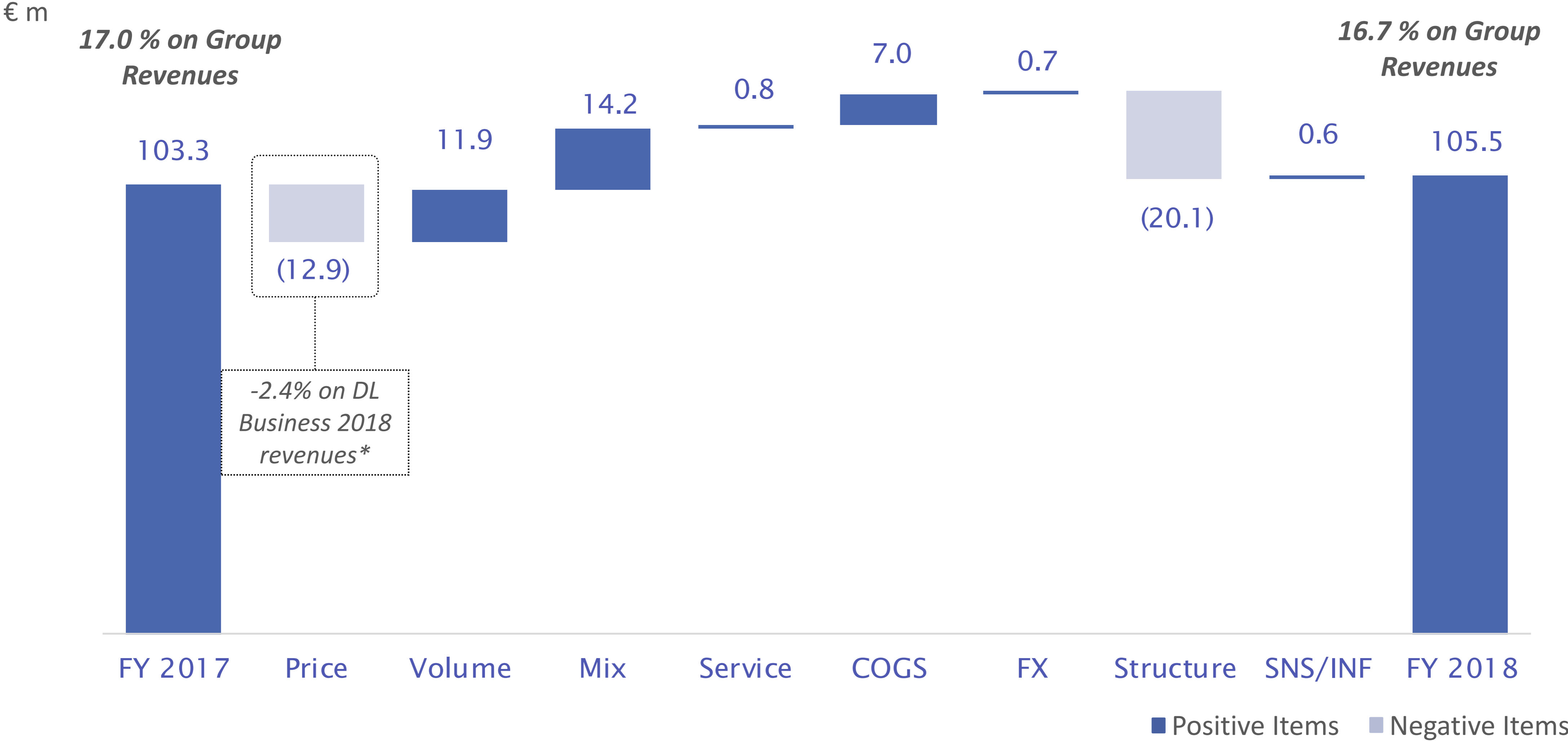
# Group EBITDA by division

| Division                                     | FY 2018               | Var %       |
|--|-----------------------|-------------|
| DL Business<br><i>% on Revenues</i>          | 102,1<br>17,4%        | 1,9%        |
| Solution Net Systems<br><i>% on Revenues</i> | 2,9<br>10,4%          | 3,0%        |
| Informatics<br><i>% on Revenues</i>          | 0,7<br>3,4%           | 358,2%      |
| Adjustments                                  | (0,2)                 |             |
| <b>Group</b><br><i>% on Revenues</i>         | <b>105,5</b><br>16,7% | <b>2,2%</b> |



- **Datalogic** EBITDA increasing by 2.2% vs 2017.
- **Solution Net Systems** EBITDA substantially in line with 2017 (2.9 m€); EBITDA margin decreased by 110 bps due to Royal mail big Postal projects.
- **Informatics** EBITDA improvement thanks to cost control and mix

# EBITDA: actual vs last year



\* Excluding Service and other non significant items

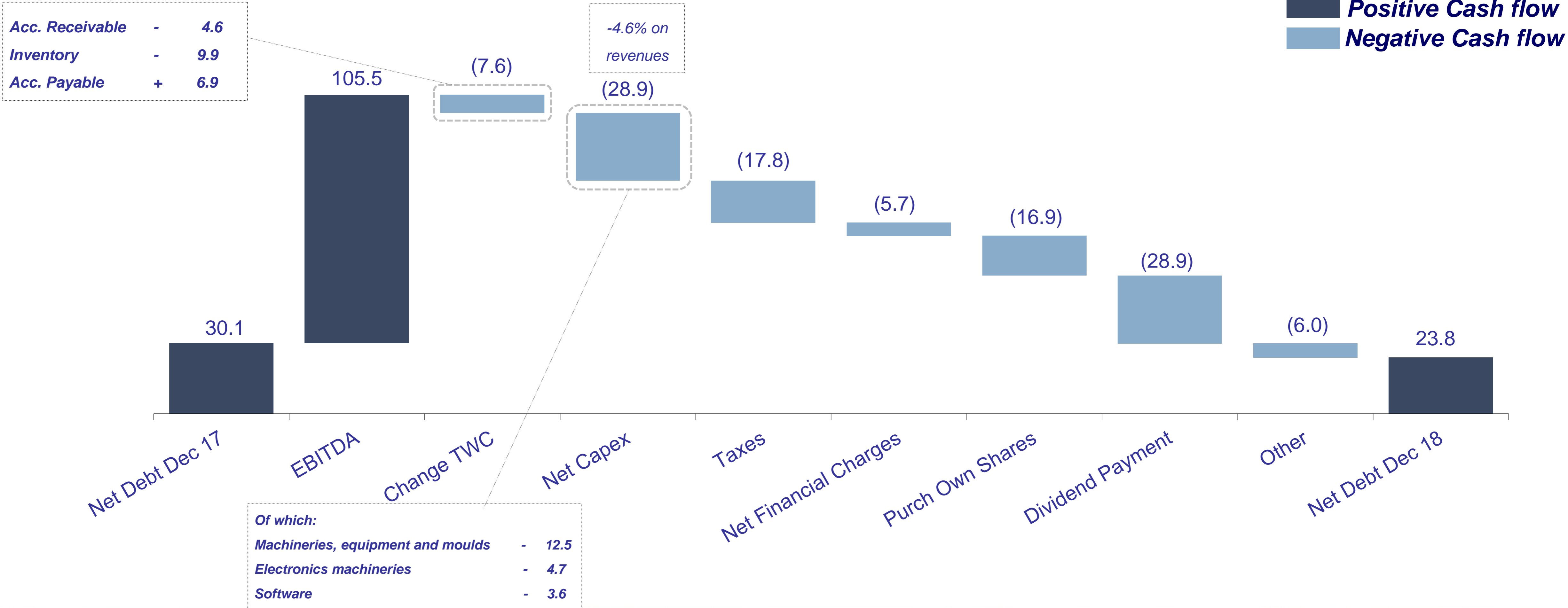


# Consolidated Balance Sheet

| €m                              | 2018           | 2017           |
|---------------------------------|----------------|----------------|
| <b>Total Fixed Assets</b>       | <b>369.7</b>   | <b>347.9</b>   |
| <b>Trade receivables</b>        | <b>90.4</b>    | <b>85.8</b>    |
| <i>% on 12m rolling sales</i>   | <i>14.3%</i>   | <i>14.2%</i>   |
| <b>Inventories</b>              | <b>95.8</b>    | <b>85.9</b>    |
| <i>% on 12m rolling sales</i>   | <i>15.2%</i>   | <i>14.2%</i>   |
| <b>Trade payables</b>           | <b>(117.1)</b> | <b>(110.3)</b> |
| <i>% on 12m rolling sales</i>   | <i>-18.6%</i>  | <i>-18.2%</i>  |
| <b>Trade Working Capital</b>    | <b>69.1</b>    | <b>61.5</b>    |
| <i>% on 12m rolling sales</i>   | <i>11.0%</i>   | <i>10.1%</i>   |
| <b>Other assets/liabilities</b> | <b>(86.9)</b>  | <b>(86.5)</b>  |
| <b>Net Invested Capital</b>     | <b>352.0</b>   | <b>322.9</b>   |

| €m                            | 2018          | 2017          |
|-------------------------------|---------------|---------------|
| <b>Net Financial Position</b> | <b>(23.8)</b> | <b>(30.1)</b> |
| <b>Net Equity</b>             | <b>375.8</b>  | <b>353.0</b>  |
| <b>Total Sources</b>          | <b>352.0</b>  | <b>322.9</b>  |

# Net Debt & Cash Flow Analysis : Dec'17 – Dec'18



# 2019 Outlook

## Group

- **Focus on Innovation:** increase R&D investment.
- **Commercial organization:** Selective hiring in key areas NA and APAC.
- **Ramp up of new products** launched in the last 12 months (ie: Shift to Android OS).
- **Strong new products pipeline.**

## Verticals

- **Retail:** outlook remain very positive in NA; expected recovery in EMEA and APAC along the year thanks to new products.
- **Manufacturing:** NA as growth engine of 2019 thanks to increase coverage.
- **T&L:** keep the pace in NA and leveraging cross selling thanks to new products.
- **HC:** back to growth.
- **Channel:** SMB expected recovery thanks to new products particularly suitable for the channel.

## Financials

- Keep growth trend **on Revenues.**
- Substantially stable **EBITDA margin.**
- Maintain a **strong Cash Generation** from operations .

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## NEXT EVENTS

**April 30, 2019**  
Shareholders' meeting

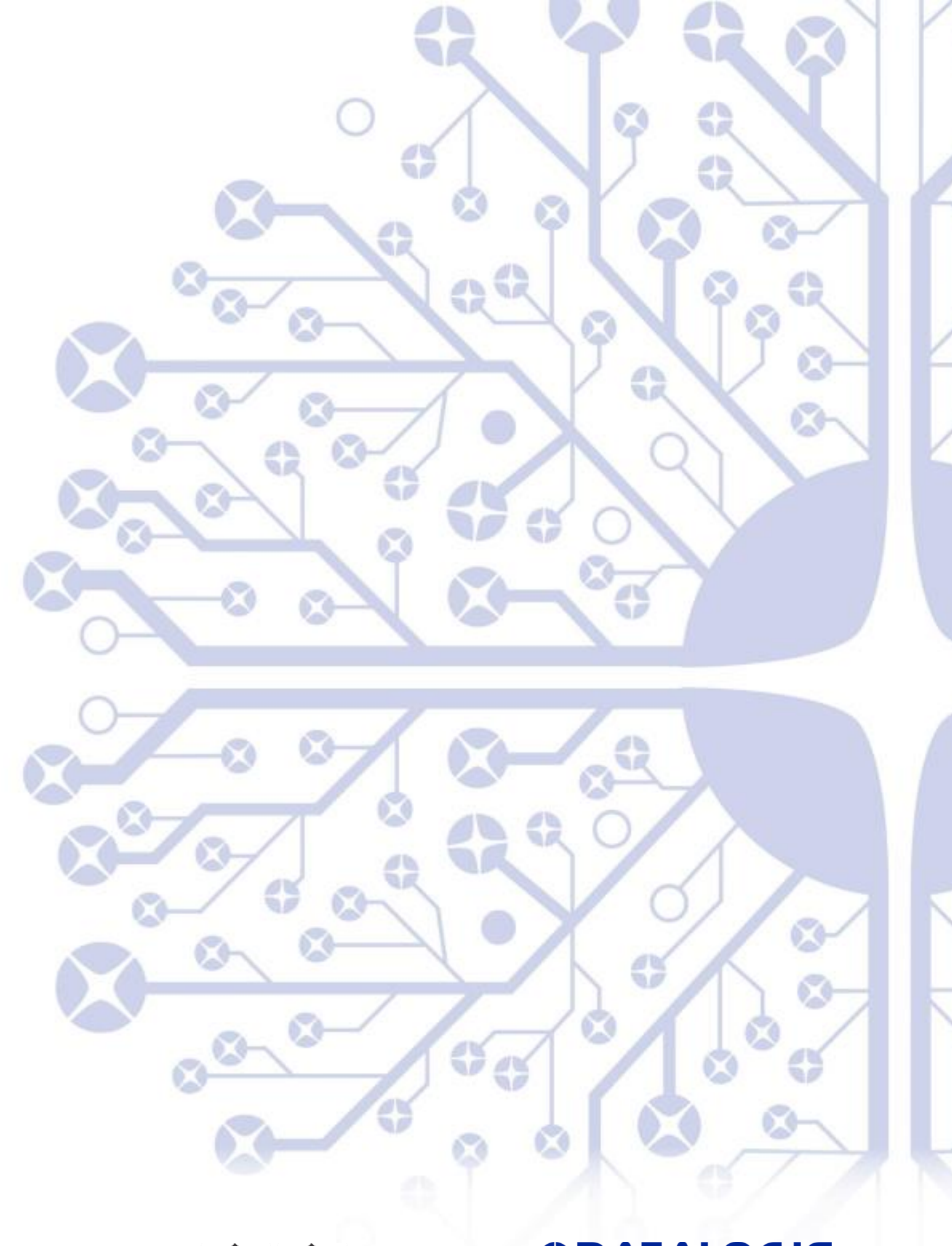
**May 14, 2019**  
1Q 2019 Results

**August 7, 2019**  
6M Results

**November 13, 2019**  
9M Results

## DATALOGIC ON LINE

[www.datalogic.com](http://www.datalogic.com)



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