

# Italian Investment Conference 2019 Kepler Cheuvreux

23 MAY 2019

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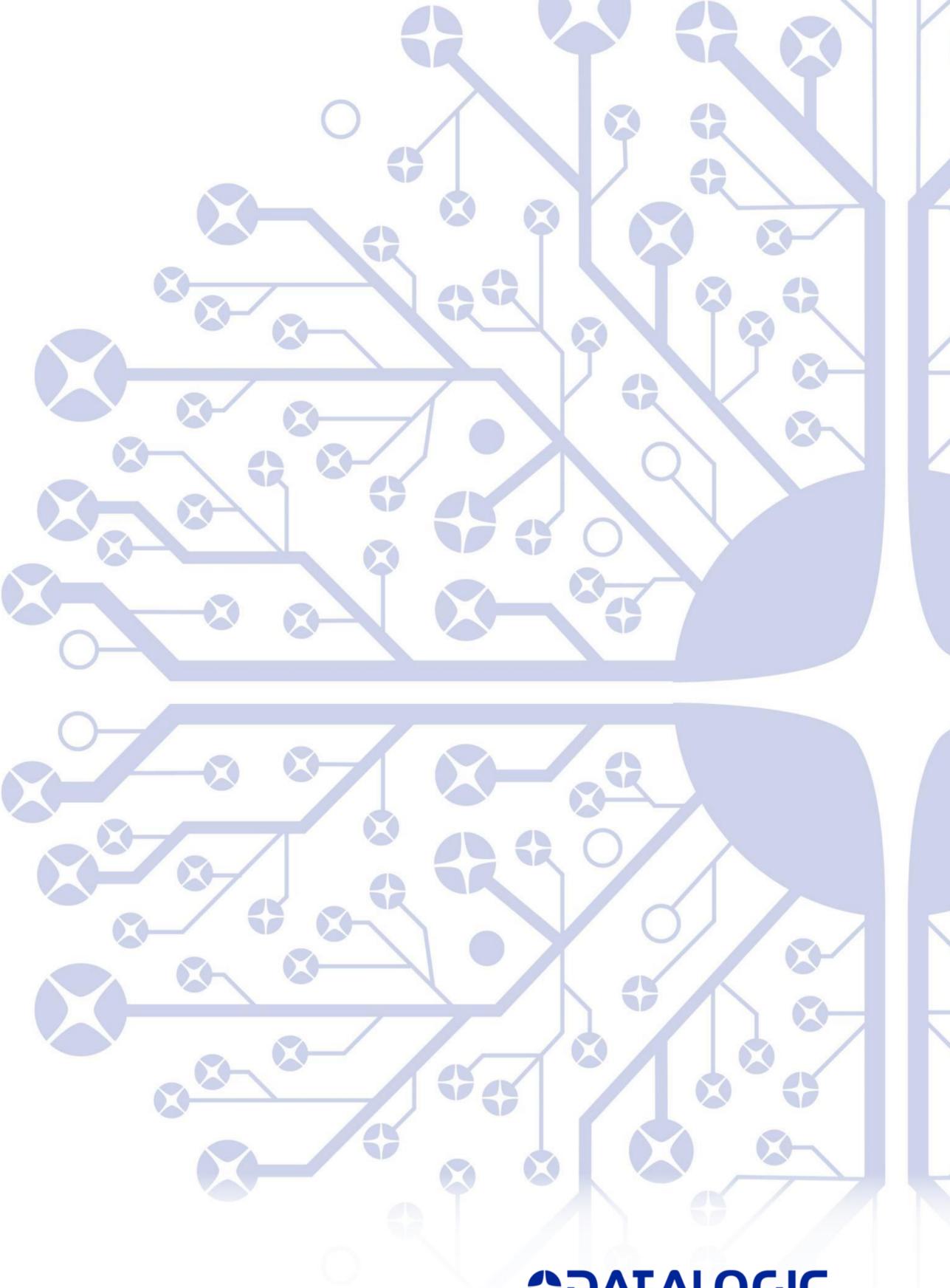
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# Corporate Overview

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# Datalogic at a glance



**EMPOWER YOUR VISION**

Global technology leader in the **automatic data capture** and **process automation** markets, in the **Retail, Manufacturing, Transportation & Logistics**, and **Healthcare** industries

Founded in **1972**, listed on the Italian Stock Exchange since **2001**



1,200 patents filed



500 engineers in 11 R&D centers and 3 DL Labs in: Italy, USA, Vietnam, China, and Germany

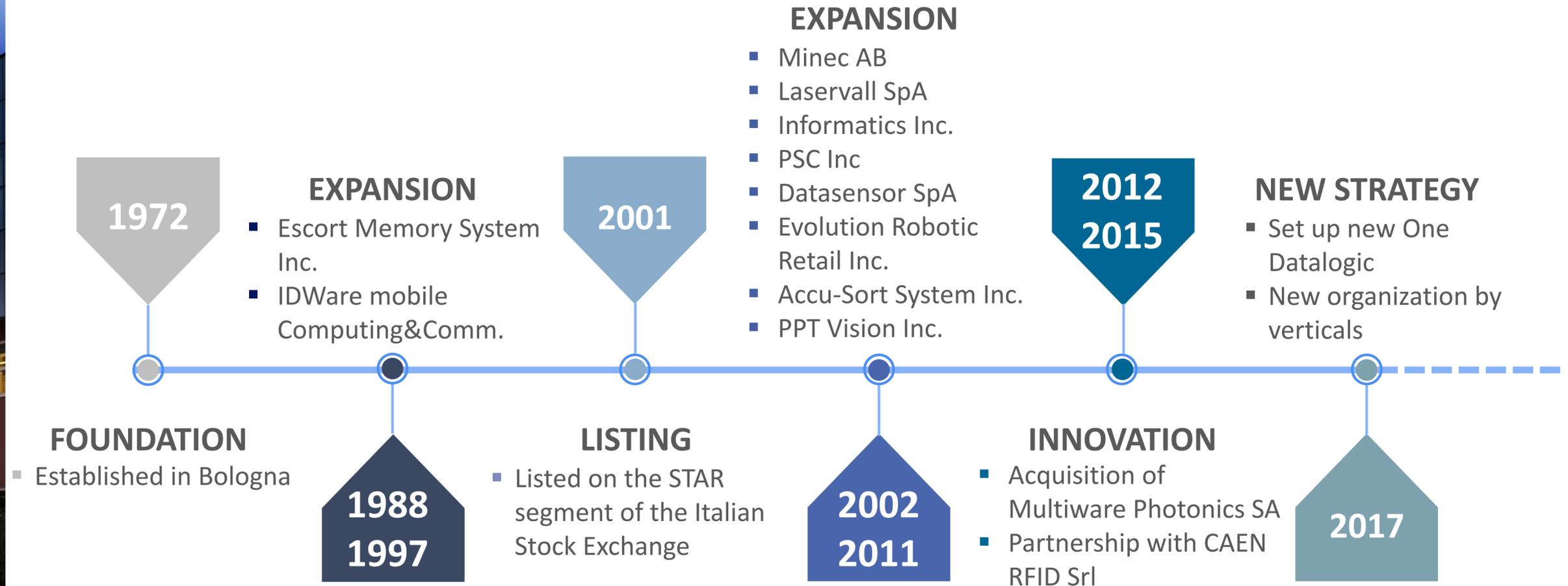
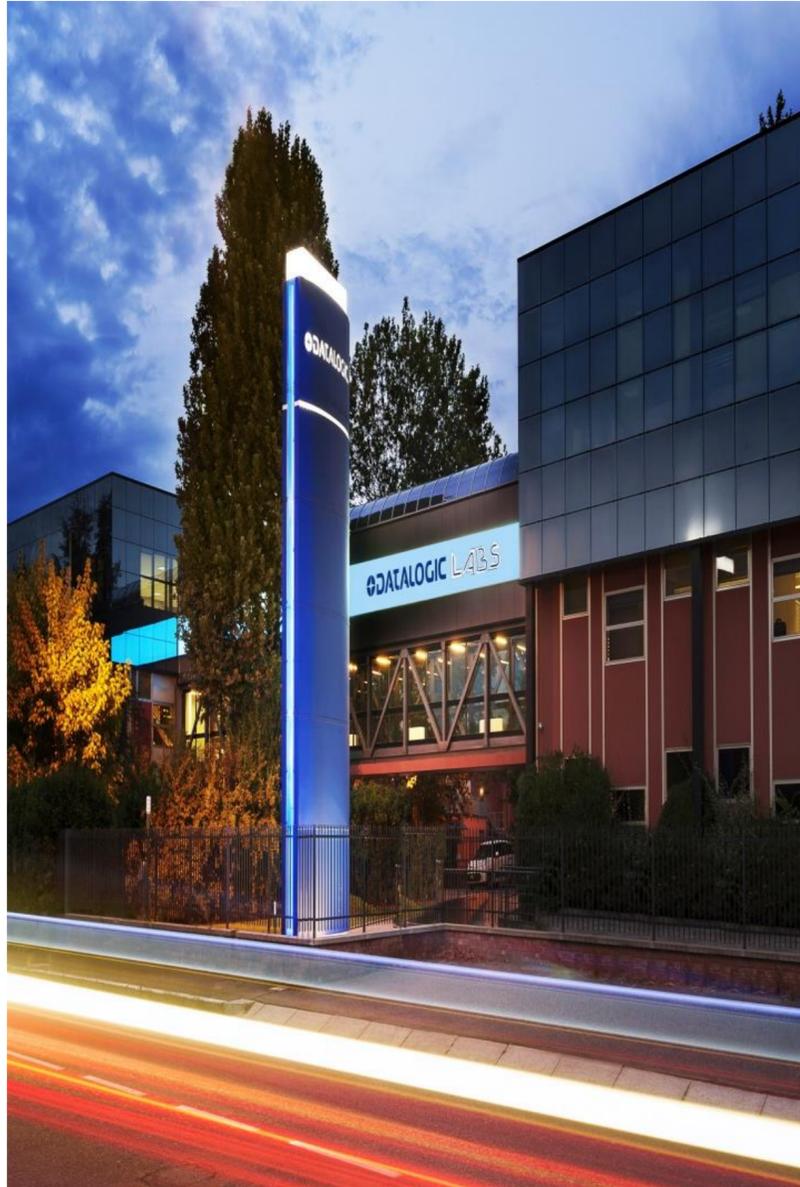


3,157 Employees in 27 countries:  
21% Americas, 56% EMEA, 23% APAC



10 Manufacturing and Repair facilities in:  
US, Brazil, Hungary, Slovakia, Italy, China, Vietnam and Australia

# Over 45 years of Technological Innovation



# A Wide Geographical Footprint

 10 Manufacturing & Repair sites

 11 R&D Centers, 3 DL Labs

 Direct presence in 30 countries

 Percent on Q1 2019 Revenues

**North America**  
30%

Eugene, Oregon  
Pasadena, California  
Minneapolis, Minnesota  
Plano, Texas  
Telford, Pennsylvania

**Latin America**  
2%

EUROPE

München  
Donnas  
Bologna  
Quinto di Treviso

**EMEA1**  
58%

**APAC**  
10%

Ho Chi Minh City  
Shenzhen

# 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

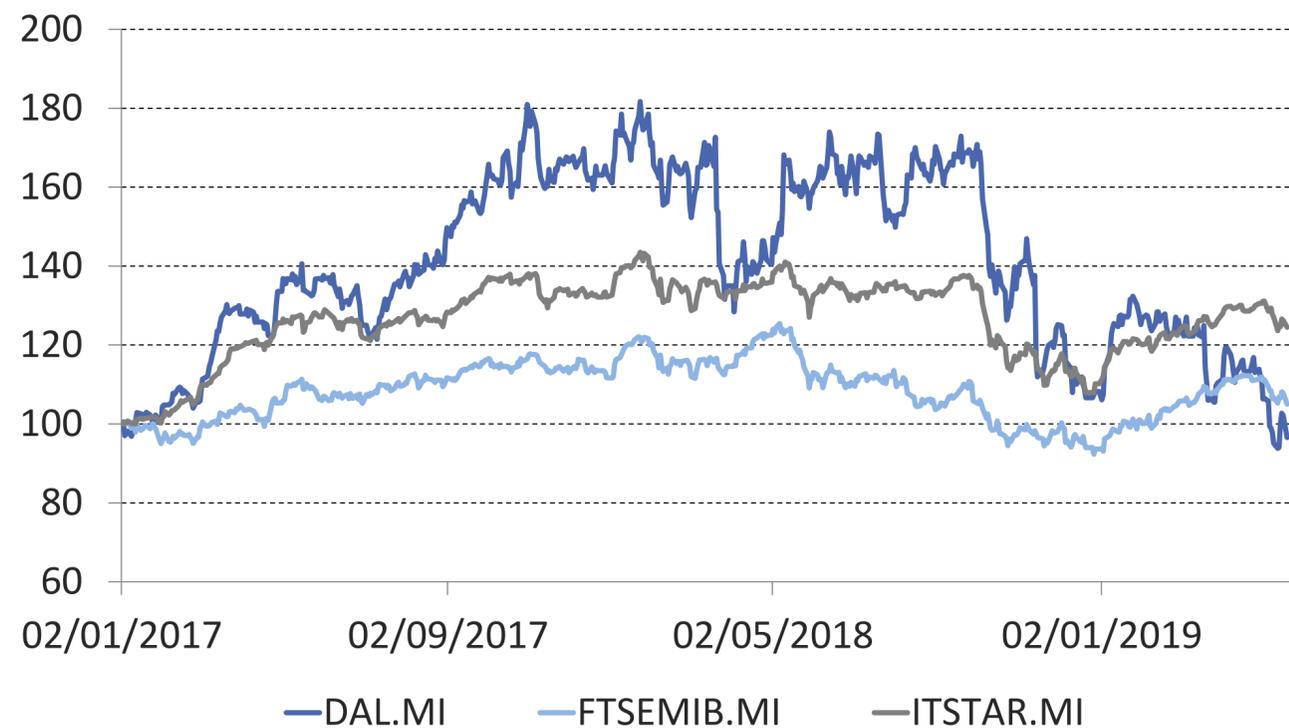
Ticker: DAL

Price (May 20, 2019): 18.20 Euro

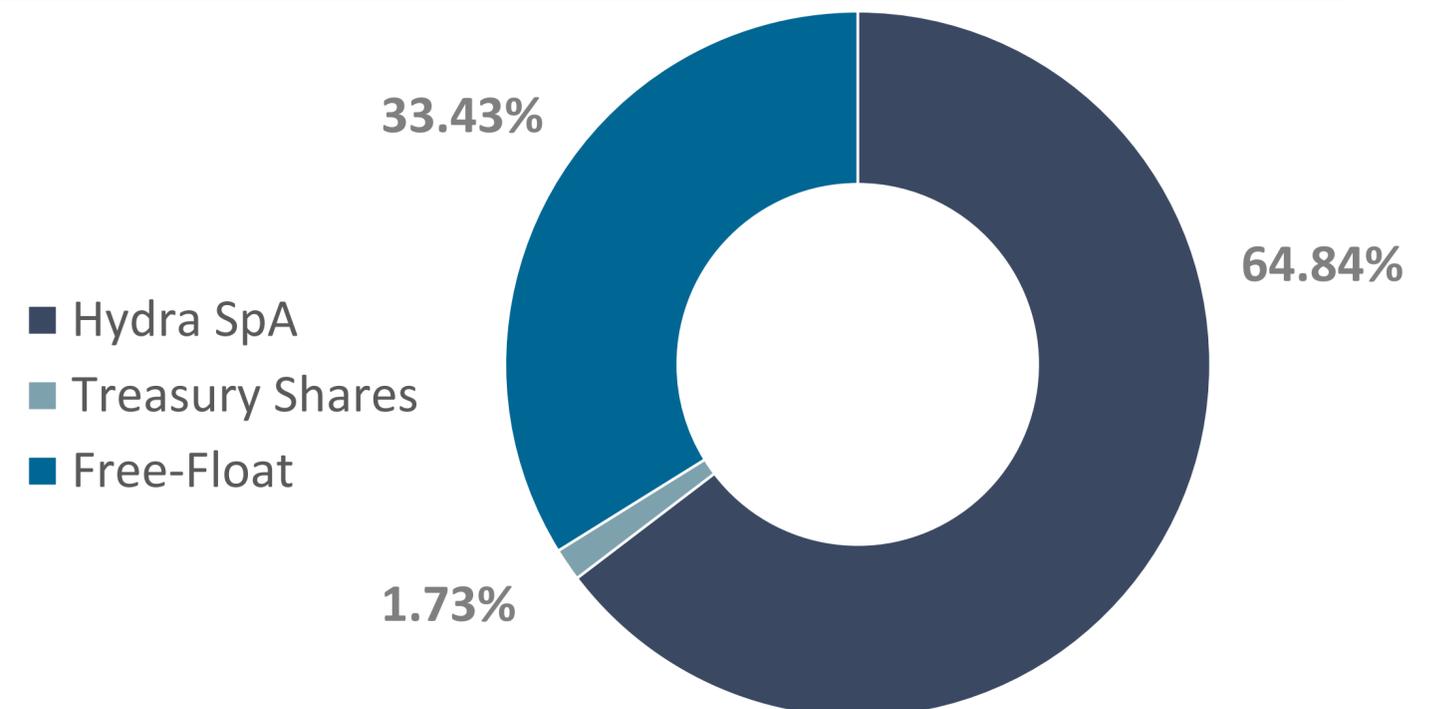
Market Cap (May 20, 2019): 1.06 B Euro

Auditing Company: EY

## DATALOGIC PRICE PERFORMANCE

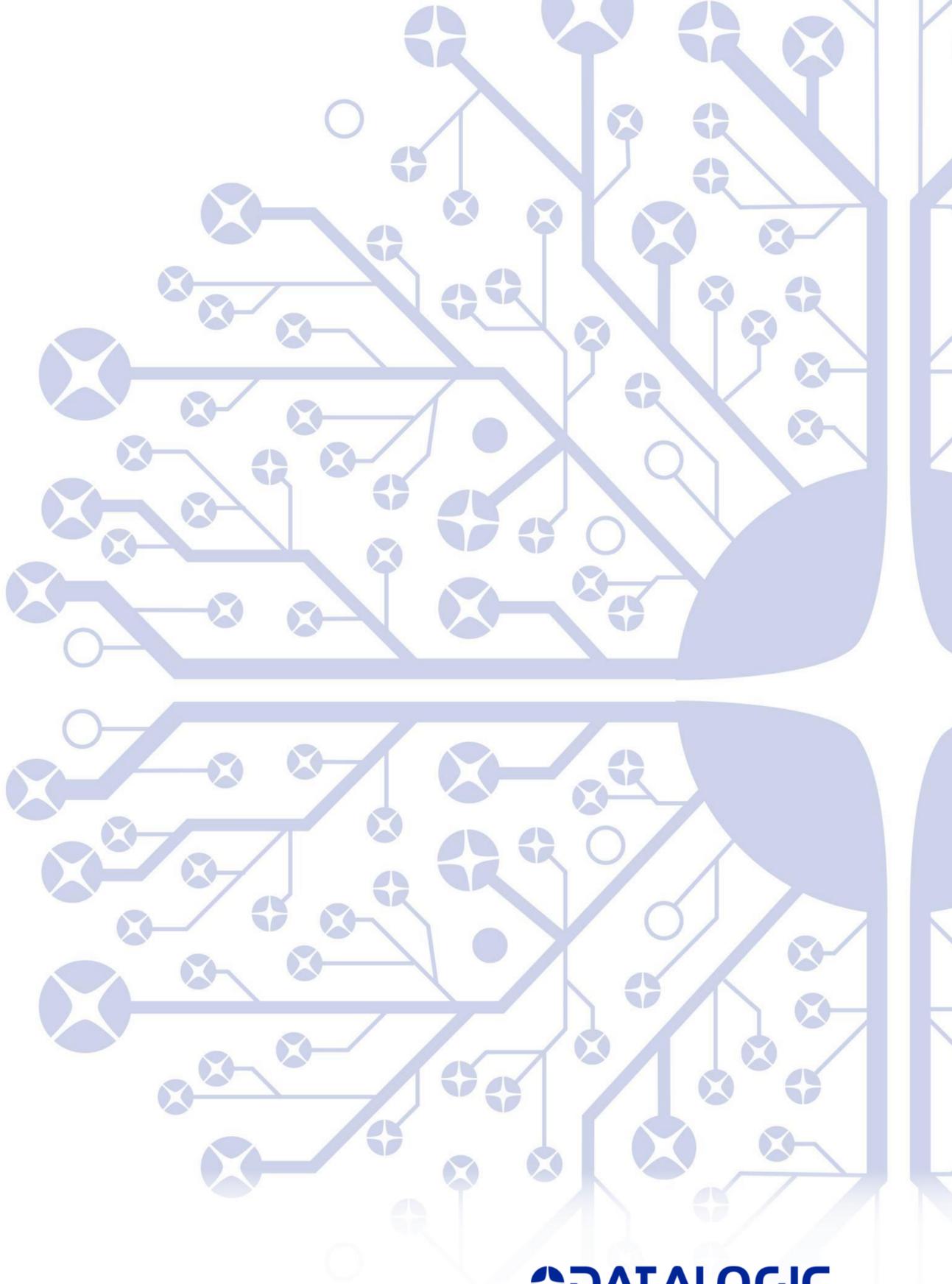


## SHAREHOLDERS' STRUCTURE



# Strategy

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# A Clear Strategy



# Unique Positioning

Uniquely positioned to address customers' needs in both **data capture** and **process automation** along their entire value chain.

- **WIDE AND COMPLEMENTARY OFFER**

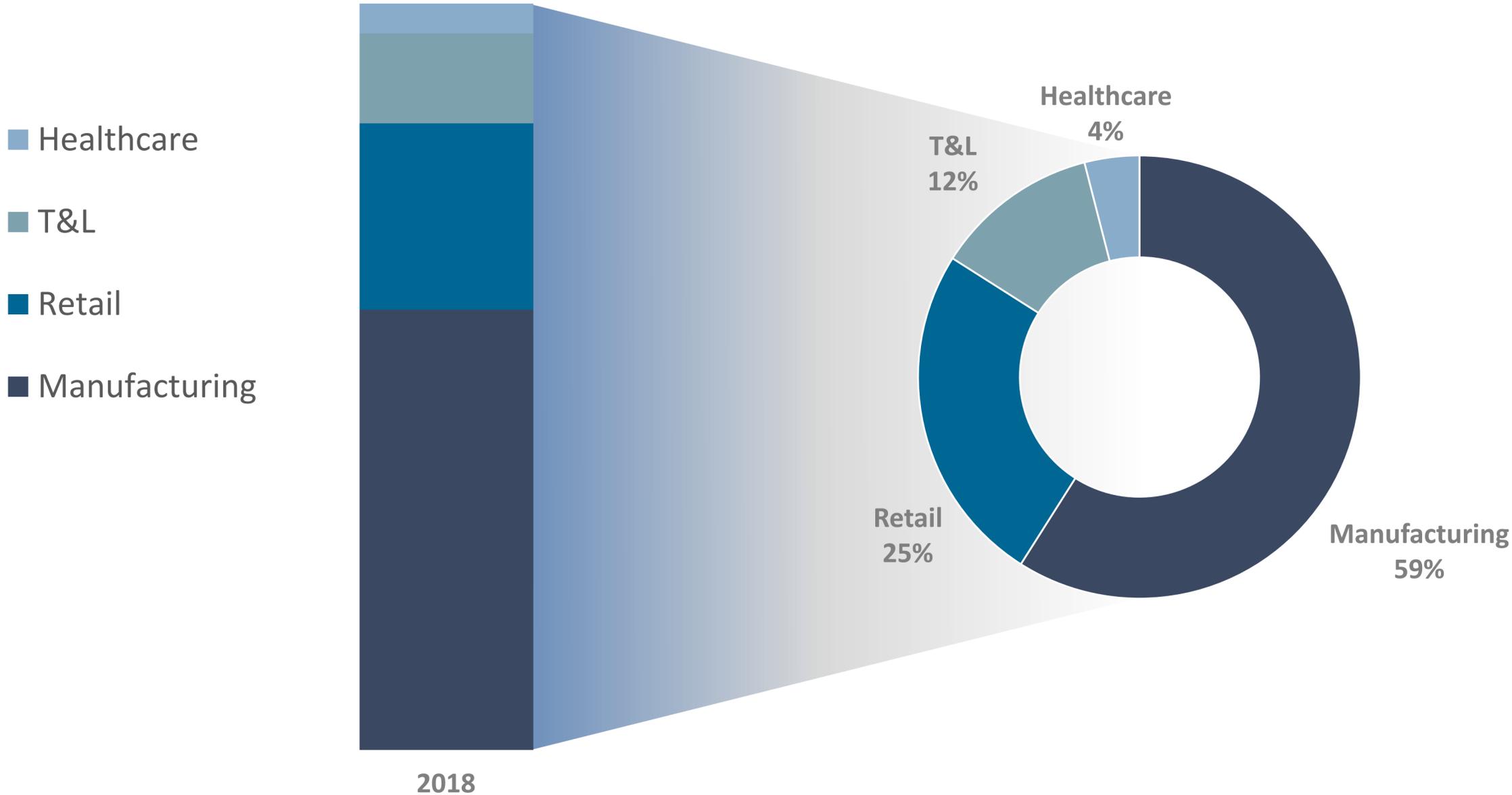


- **CUSTOMER CENTRIC ORGANIZATION BY VERTICALS**



# Total Addressable Market

TAM:  
~ 14 bln USD



## DATALOGIC MKT SHARE

- **Fixed retail scanners**  
#1 WW – 36.9% mkt share
- **Stationary industrial scanners**  
#1 WW – 24.1% market share
- **Handheld Scanners**  
#3 WW – 19.7% market share

Source: VDC, other market researches and Management estimates

# Retail

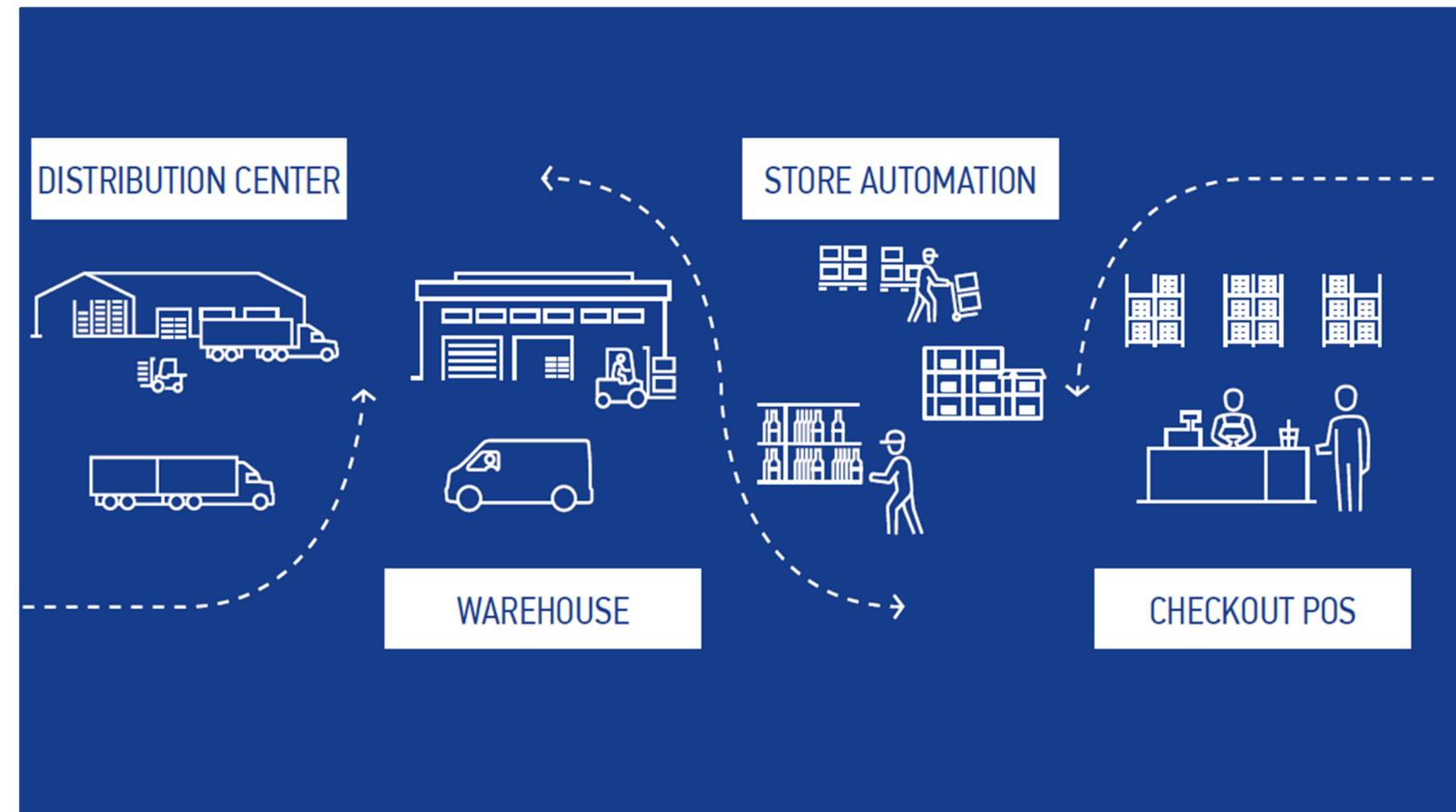
## Bringing offline and online together



### DATALOGIC PROPOSITION

- We satisfy globally the Retailers business needs, from Distribution Center to Check Out and Shoppers' Home
- **Market Leader** along the **Retail supply chain** from 1974 with the **first scanner** ever sold to a grocery store in Troy, Ohio up to now with **the innovative frictionless shopping solution** presented at the 2019 NRF exhibition in New York
- New Data capture products for E-commerce and multichannel

### APPLICATIONS



# Retail

## Bringing offline and online together



### MARKET OUTLOOK



- Online retailers are opening brick-and-mortar stores, while traditional retailers are converting physical store locations into semi-distribution hubs
- Retailers who collect customer data on every step of the journey are headed in the right direction
- Retail E-commerce sales worldwide posted solid gains in 2017, rising 23.2% to \$2.290 trillion \*, but 90% of transactions are still completed in-store
- Distribution Centers automatization increase
- Retailers are looking for advanced logistics solutions to be able to satisfy the needs of the E-commerce trend



\* Source: eMarketer



# Manufacturing

## The factory of the future



### MARKET OUTLOOK



- Market trends
  - Industry 4.0
  - Robotics / AGV
  - DPM / Extended Traceability and Quality Inspection
  - New segments due to new technology (i.e. Electric car)
- **Industry 4.0 is pushing for multi-technology adoption, product interoperability and enhancement self diagnostic capabilities**
- The adoption of key digital technologies shows a strong growth over the next 5 years
- 267 Billion USD investment in the next 5 years directed towards IoT\*
- The Industrial Robotics Market stands at 13.9 billion USD with an 11.8% growth \*\*



\* Source: IoT Analytics

\*\* Source: International Federal of Robotics (IFR) data and Loup Ventures

# Transportation & Logistics

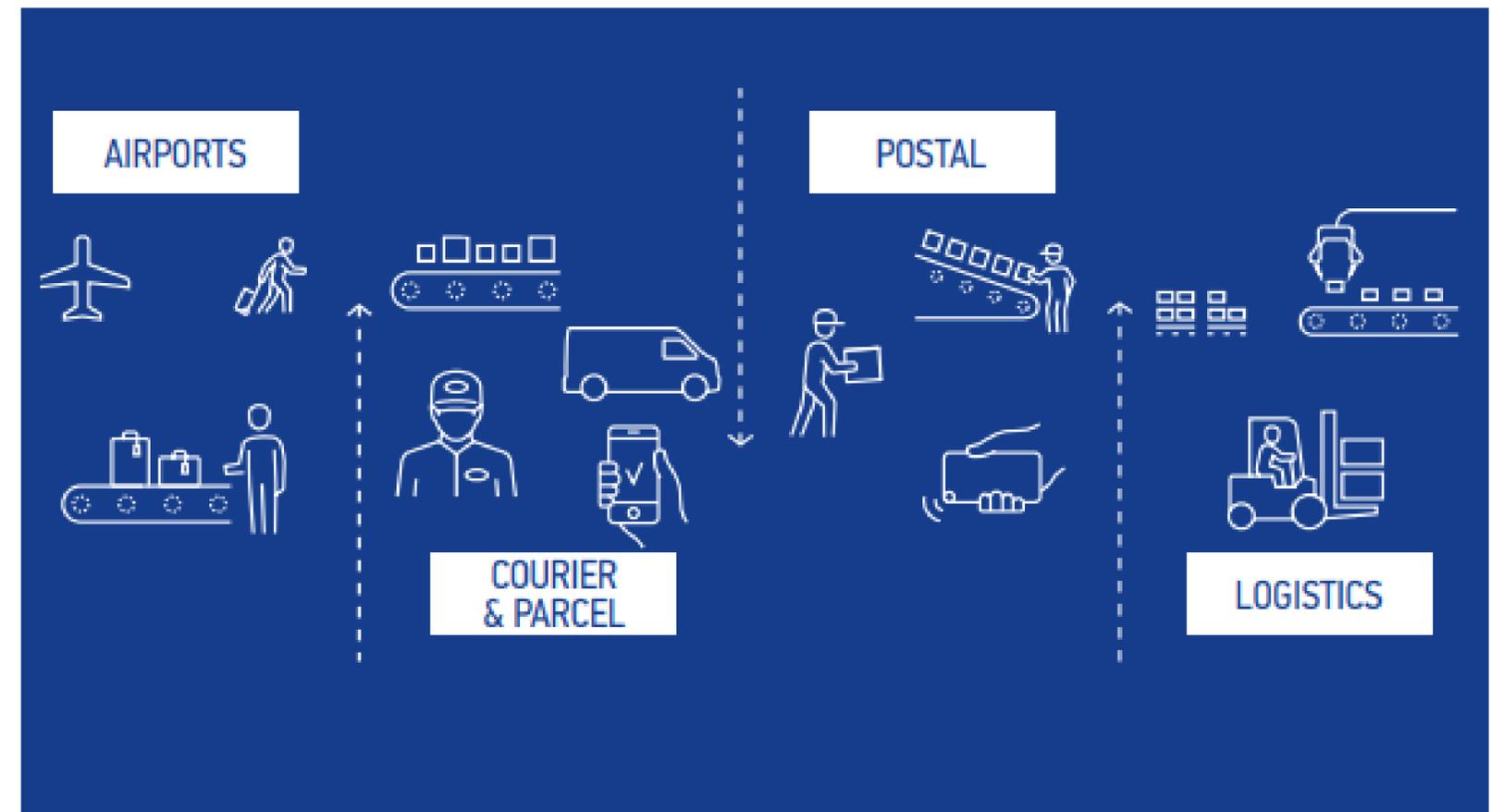
## End to end visibility and real time tracking



### DATALOGIC PROPOSITION

- We ensure Data Collection to **Courier-Express-Parcels, Airports and Logistics**
- Datalogic is at the **forefront** of the development of **airport systems**, since 1984 with the **first automatic reading station** in Milan, to the recent contract with a main European hub in compliance with new IATA requirements
- Datalogic's proven capabilities are reflected by the recent **"Platinum" supplier** qualification granted by a world leader in the shipping and logistics sector

### APPLICATIONS



# Transportation & Logistics

## End to end visibility and real time tracking



### MARKET OUTLOOK



- Growth is **driven by E-commerce**: high speed sorting, ability to manage any size of parcel, and high flexibility. E-Commerce is driving the industry growth
- **Resolution 753** requires (from June 2018) IATA members to maintain an accurate inventory of baggage by monitoring the acquisition and delivery of baggage
- The baggage handling system market\* is projected to reach USD 9.36 Billion by 2020, at a CAGR of 7.8% from 2015 to 2020
- Strong demand for solutions beyond barcode
- Robotics & Automation: collaborative robots and automatic solutions to get higher productivity, zero-defects, reducing manual operations



\*Source: IATA

# Healthcare

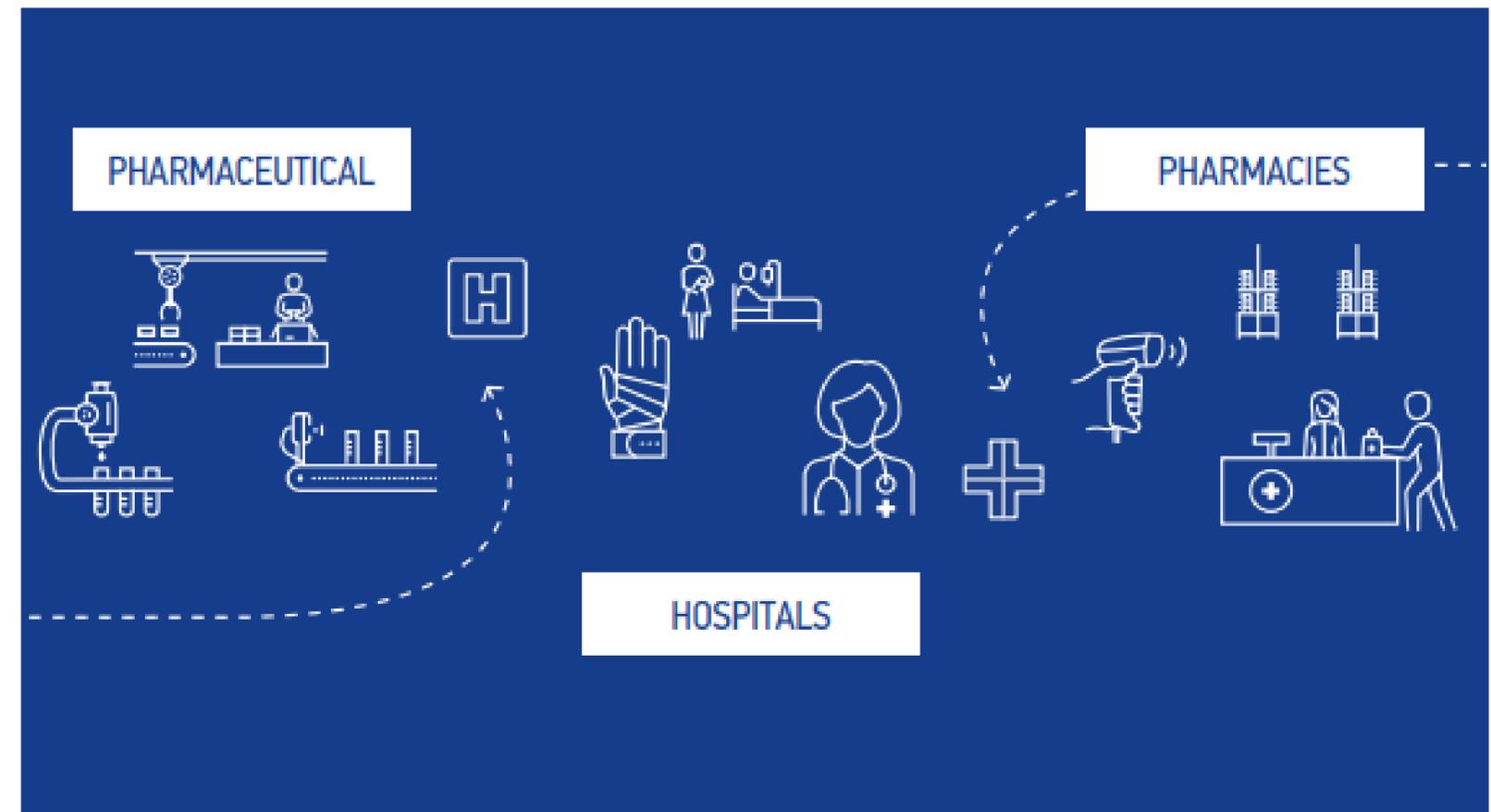
## Meet regulations and Higher Patient Safety



### DATALOGIC PROPOSITION

- We empower the entire Healthcare ecosystem from drug production to patient care
- Datalogic is the sole company providing **unique product features** for the HC industry such as: **Anti-microbial enclosures**, **Inductive charging technology** for battery recharge, and **Green spot good match** to ensure positive medicine-patient identification

### APPLICATIONS



# Healthcare

## Meet regulations and Higher Patient Safety



### MARKET OUTLOOK



- Drugs tracking to avoid counterfeit medications
- RTLS (Real Time Location System) - System used to provide immediate or real-time tracking and management of medical equipment, staff and patients within all types of patient care environments
  - Real-Time Location Systems market will be worth \$3.070 Billion by 2020 \*
  - RTLS healthcare market generated revenue of \$717.8 Million in 2015 and is projected to grow at 19.2% CAGR through 2021 \*\*
- HC Emerging trends: Telemedicine/Telehealth. Health systems are more and more using digital health tools and telehealth platforms to better care for patients after they leave the hospital, as well as those most at risk of returning



\* Source: RFID Global Solution, Inc

\*\* Source: PR Newswire

# New Product Launches and Innovation



- Net sales of new products launched in the last 24 months account for €25m, 19.5% of total Q1 2019 sales compared to just 13.5% in Q1 2018

# Q1 2019 New Product Launches

## Mobile Computing



### Taskbook

The new TaskBook is a rugged tablet expressly designed for industrial applications



### Falcon X4 Auto Range

The new Auto Range scanning capability allows the Falcon X4 to scan up to 15.0 m / 49.2 ft while providing superior performance and user experience of Datalogic scanning technology



### Datalogic Shield

Datalogic Shield extends the lifecycle of Android mobile computers, offering our customers years of protection on their rugged device investment

## Factory Automation



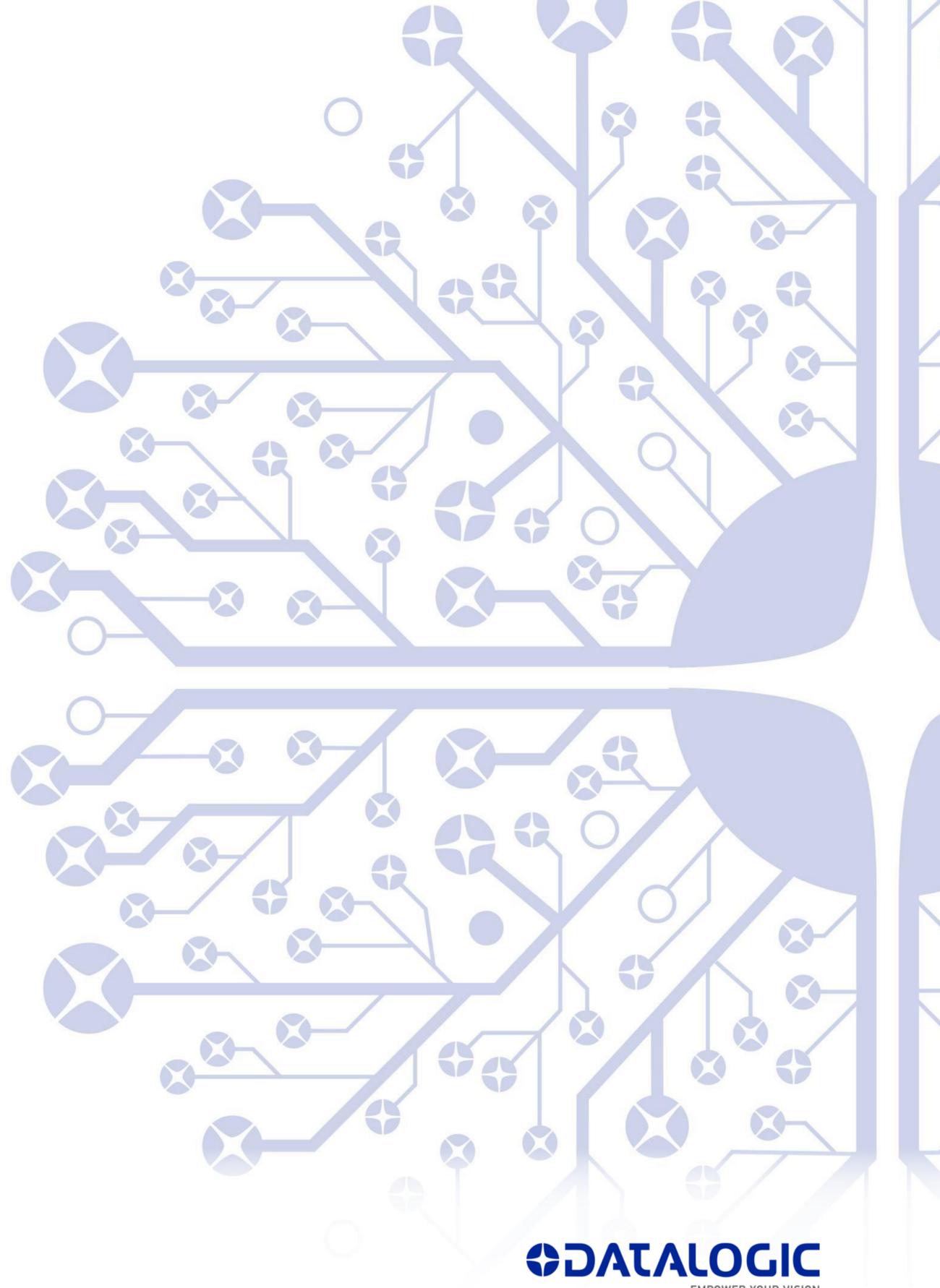
### Matrix 220 High Power and Blue Light Models

New High Power Illuminators and DPM Blue Light models double the image luminosity for higher application speed and further reading distances, providing the highest flexibility in reading DPM bar codes on any type of material background color

- 4 New Products launched in Q1 2019 mainly in mobility

# Financials & Outlook

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# Group Revenues Breakdown

% weight on Total	€m	Q1 2019	Var % vs. Q1 2018	Constant FX
46.9%	Retail	63.6	(2.2%)	(5.6%)
28.7%	Manufacturing	38.9	(4.0%)	(5.9%)
10.9%	Transportation & Logistics	14.7	16.8%	12.5%
4.0%	Healthcare	5.4	19.9%	15.6%
9.6%	Channel (Unallocated)	13.0	30.9%	28.8%
<b>100.0%</b>	<b>Total DL Business</b>	<b>135.6</b>	<b>2.3%</b>	<b>-0.7%</b>
93.8%	DL Business	135.6	2.3%	(0.7%)
3.8%	Solution Net Systems	5.5	(10.3%)	(17.2%)
3.0%	Informatics	4.3	(10.1%)	(17.0%)
(0.5%)	Intra division	(0.8)		
<b>100.0%</b>	<b>Total Datalogic</b>	<b>144.6</b>	<b>1.2%</b>	<b>-2.1%</b>

% weight on Total	€m	Q1 2019	Var % vs. Q1 2018	Constant FX
57.8%	EMEA	83.6	1.5%	0.7%
30.1%	North America	43.5	10.2%	1.7%
10.2%	APAC	14.8	(18.2%)	(21.5%)
1.9%	Latin America	2.8	(9.5%)	(11.9%)
<b>100.0%</b>	<b>Total Revenues</b>	<b>144.6</b>	<b>1.2%</b>	<b>-2.1%</b>

## Revenues by Vertical

**DL Business: +2.3% and almost flat Net FX**

**Retail:** decline YoY due to Italy and China , positive growth for EMEA (excluding Italy) and NA

**Manufacturing:** Double digit growth in NA (Net FX) mainly driven by industrial barcode scanners; drop in China, mainly in the electronics market

**T&L:** Double digit growth driven by NA

**Healthcare:** Recovery driven by EMEA and NA

**Channel:** strong growth driven by stock creation of new products

## Revenues by Geography

**EMEA:** excluding Italy grew by 5.7%. Positive trend mainly driven by T&L (+7.9%) and Healthcare (+44.3%)

**North America:** Datalogic Business revenues show positive growth +18.6% (+9.5% net forex) mainly driven by double digit growth in T&L (+44%) and Manufacturing (+19%)

**APAC:** Negative trend driven by China in all the sectors due to trade war

# Q1 2019 P&L

€ m	Q1 2019	Q1 2018	Var%
<b>Revenues</b>	<b>144.6</b>	<b>142.9</b>	<b>1.2%</b>
Gross Margin	70.2	69.8	0.5%
<i>%on Revenues</i>	48.5%	48.8%	
Operating expenses	(53.9)	(51.4)	4.9%
<i>%on Revenues</i>	(37.3%)	(36.0%)	
<b>EBITDA</b>	<b>21.6</b>	<b>22.0</b>	<b>(1.4%)</b>
<i>%Ebitda margin</i>	15.0%	15.4%	
<b>EBIT</b>	<b>14.8</b>	<b>16.5</b>	<b>(10.3%)</b>
<i>%Ebit margin</i>	10.2%	11.6%	
<b>EBT</b>	<b>16.1</b>	<b>14.7</b>	<b>9.8%</b>
Taxes	(3.5)	(3.5)	
<b>Net Income</b>	<b>12.6</b>	<b>11.2</b>	<b>12.4%</b>
<i>% on Revenues</i>	8.7%	7.8%	
<i>Exchange Rate</i>	1.14	1.23	

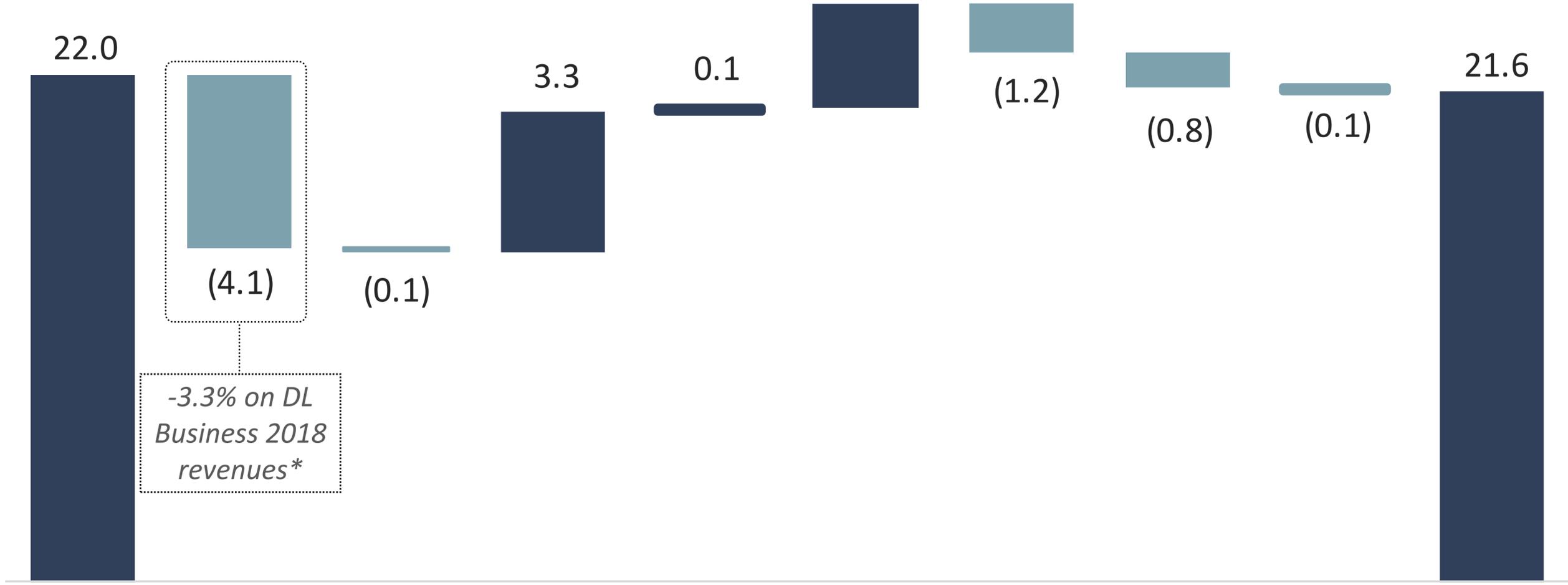
- **Revenues** up 1.2% to €144.6 m (-2.1% at constant exchange rate); **DAL Business revenues** at €135.6 m (+2.3%, -0,7% Net Fx)
- **Gross Margin almost flat at 48.5%**
- **Operating expenses up by 4.9%** to €53.9m:
  - ✓ **R&D on revenues** down from 10.2% to 9.9% (10.1% on DL Business)
  - ✓ **S&D on revenues** from 18.0% to 20.1% due to carry over of last year's commercial organization investments
  - ✓ **G&A almost in line with previous year**, moving from 7.8% to 7.3% on revenues
- **Net income at €12.6m** up by 12.4% thanks to positive exchange rate differences and higher incomes from liquidity investments

# EBITDA: actual vs last year

€ m

15.4 % on Group Revenues

15.0 % on Group Revenues



-3.3% on DL Business 2018 revenues\*

■ Positive Items    ■ Negative Items

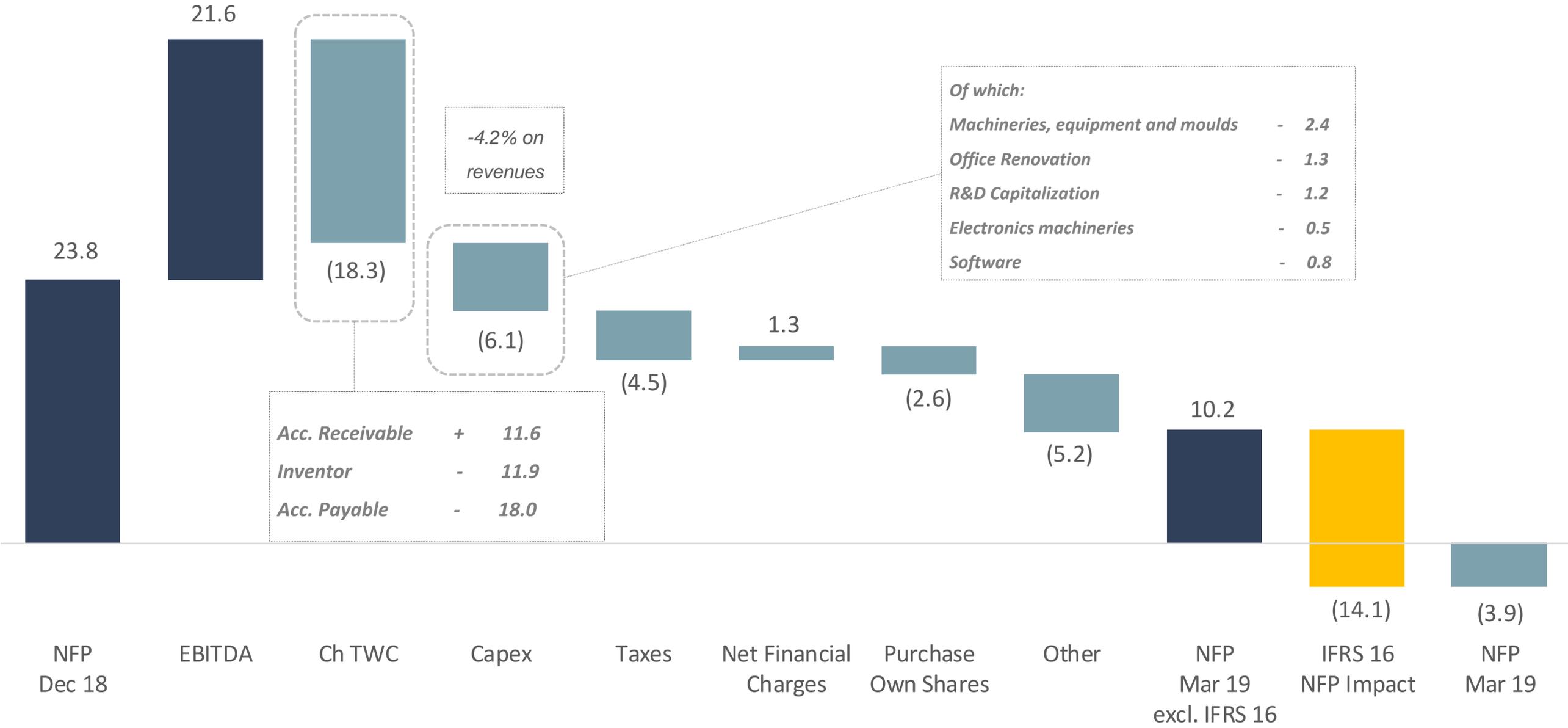
\* Excluding Service and other non significant items

# Consolidated Balance Sheet

€ m	Mar-19	Dec-18
<b>Total Fixed Assets</b>	<b>389.4</b>	<b>369.7</b>
<hr/>		
<b>Trade receivables</b>	<b>78.8</b>	<b>90.4</b>
<i>% on 12m rolling sales</i>	<i>12.5%</i>	<i>14.3%</i>
<b>Inventories</b>	<b>107.7</b>	<b>95.8</b>
<i>% on 12m rolling sales</i>	<i>17.0%</i>	<i>15.2%</i>
<b>Trade payables</b>	<b>(99.2)</b>	<b>(117.1)</b>
<i>% on 12m rolling sales</i>	<i>(15.7%)</i>	<i>(18.6%)</i>
<b>Trade Working Capital</b>	<b>87.4</b>	<b>69.1</b>
<i>% on 12m rolling sales</i>	<i>13.8%</i>	<i>11.0%</i>
<b>Other assets/liabilities</b>	<b>(82.3)</b>	<b>(86.9)</b>
<hr/>		
<b>Net Invested Capital</b>	<b>394.4</b>	<b>352.0</b>

€ m	Mar-19	Dec-18
<b>Net Financial Position</b>	<b>3.9</b>	<b>(23.8)</b>
<hr/>		
<b>Net Equity</b>	<b>390.5</b>	<b>375.8</b>
<hr/>		
<b>Total Sources</b>	<b>394.4</b>	<b>352.0</b>

# Net Debt & Cash Flow Analysis: Dec'18 – Mar'19



# 2019 Outlook

## Market

- **Industry trends are confirmed and remain positive**
- **Q2 macro economic scenario remains uncertain** due to US-China trade war

## Verticals

- **Retail:** expected recovery in EMEA and APAC thanks to new products
- **Manufacturing:** NA as growth engine of 2019 thanks to last year strengthening of sales organization
- **T&L:** outlook remains highly positive mainly driven by NA
- **HC:** keep growing driven by EMEA and NA thanks to new dedicated products
- **Channel:** Expected growth in SMB driven by new products particularly suitable for the channel

## Financials

- **Top line recovery** expected thanks to a **stronger second half** confirming growth trend on revenues and profitability almost in line with last year
- **Growth in 2H driven by ramp up of new products** launched in the last 12 months

# Contact

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## NEXT EVENTS

**August 7, 2019**

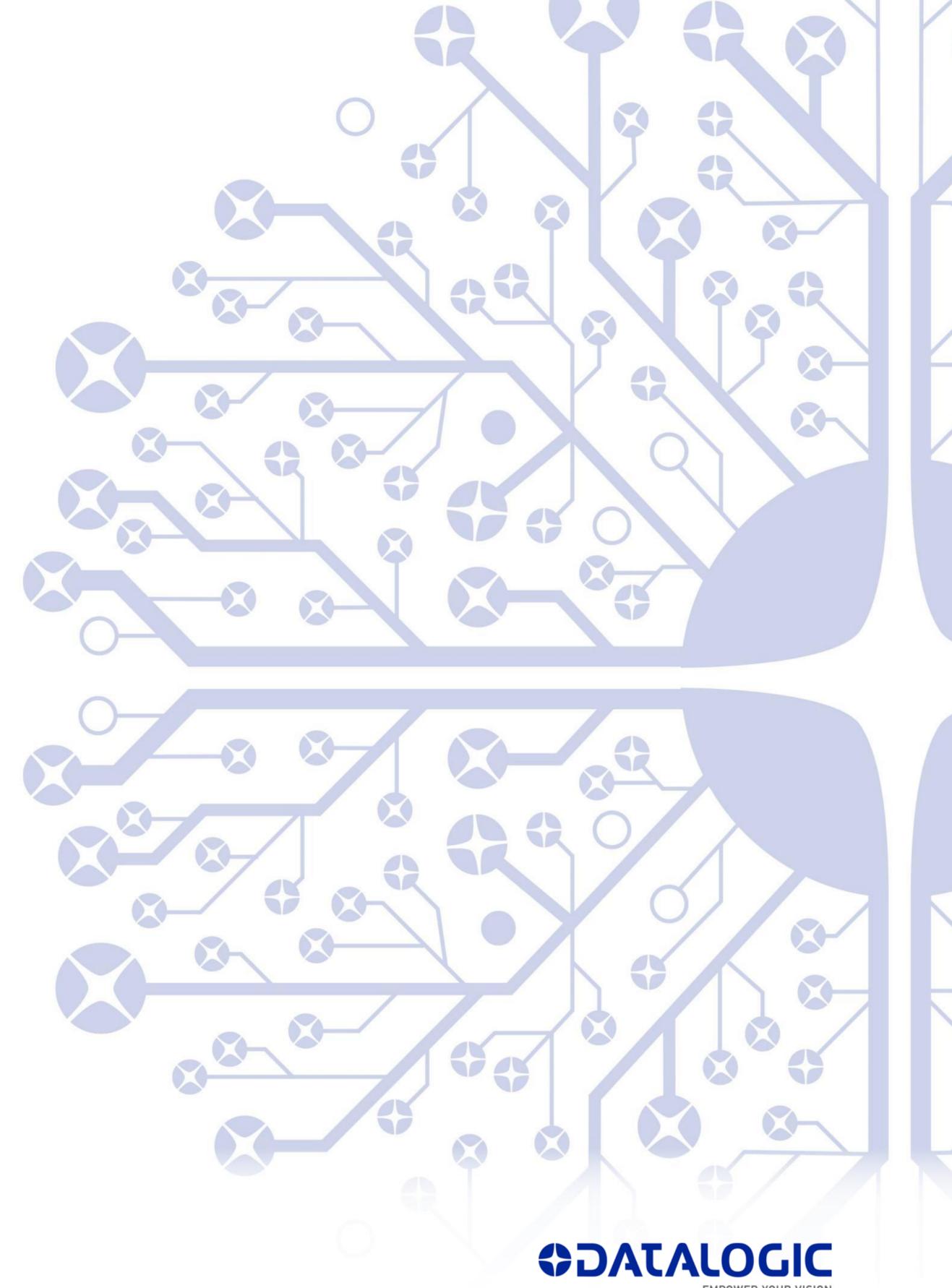
6M Results

**November 13, 2019**

9M Results

## DATALOGIC ON LINE

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



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