



2013-2015 Three Year Plan

September 27th, 2013

Agenda

- Group Overview
- 2013-2015 Three Year Plan
- Appendix

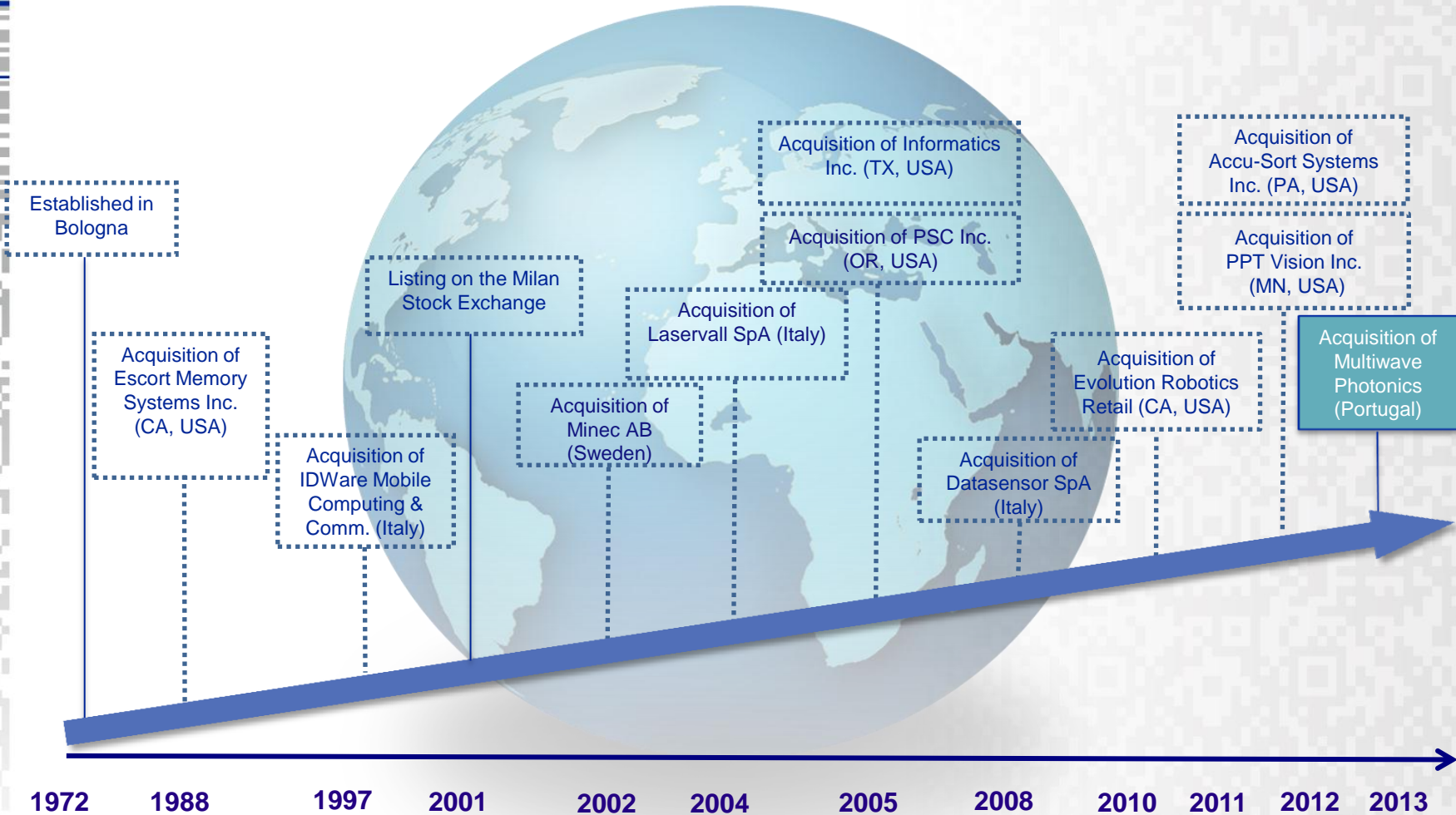
Group Overview

Datalogic at a glance



- Global leader in **Automatic Data Capture** and **Industrial Automation** markets
- World-class producer of barcode readers, mobile computers, sensors, vision systems and laser marking systems with innovative solutions in **retail, manufacturing, transportation & logistics and healthcare industries**
- 2012 **Revenues at 462.3 M Euro** of which 64.4% in the ADC Market and 28.2% in the Industrial Automation Market
- A large portfolio of **over 1,000 patents**
- **Founded in 1972 by Romano Volta** in Bologna, Italy and listed on the STAR Segment of the Italian Stock Exchange since 2001
- **About 2,400 employees**, of which 350 in R&D
- Direct presence in 30 countries worldwide selling to 120 countries
- +1,000 partners worldwide

A history of growth through acquisitions

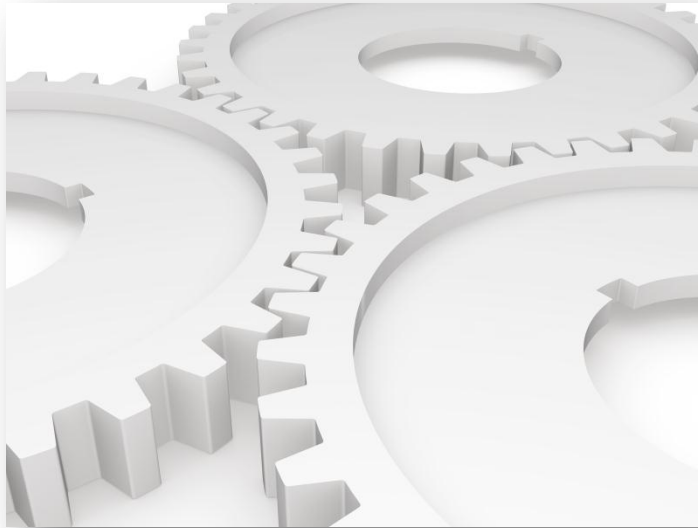


A wide geographical footprint



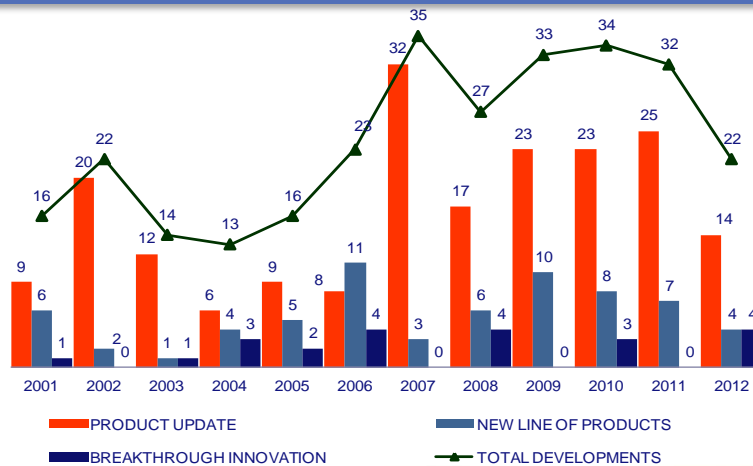
Note: Breakdown by area based on 2012 revenues

Relentless innovation



- **22 new products** in 2012
- A large and growing portfolio of over **1,000 patents**
- Over **100 patents** filed in 2012
- **12 Research & Development Centers**
- Over **350 R&D Engineers**
- **25% of sales** from new products

PRODUCT INNOVATION



PATENT PORTFOLIO

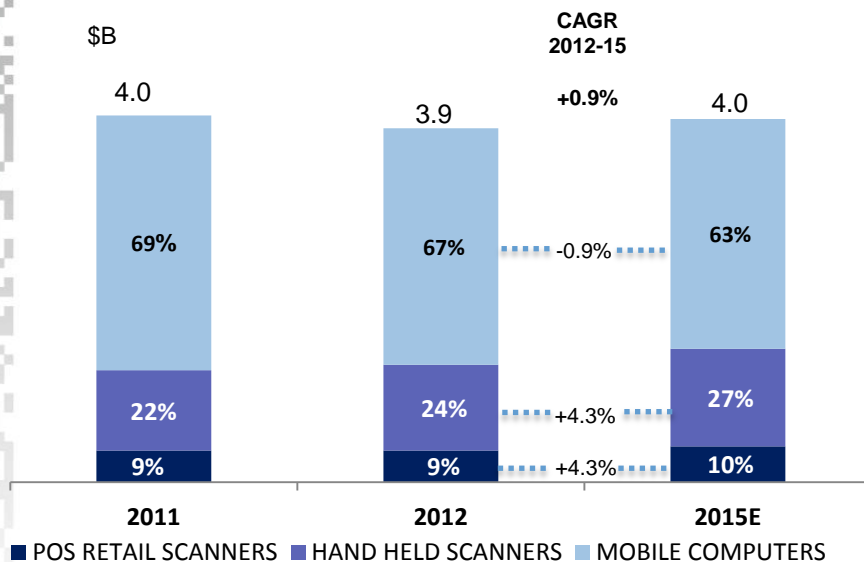


2013-2015 Three Year Plan

Worldwide market trend: two speeds for ADC and IA

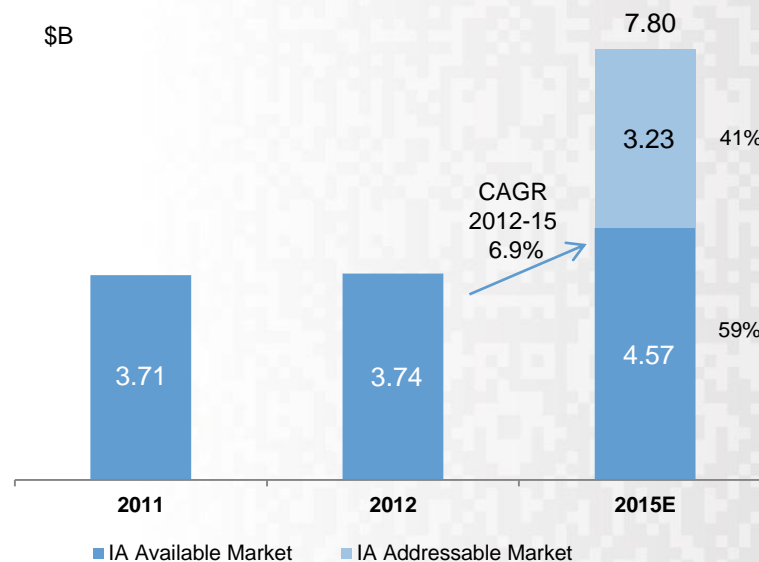
Automatic Data Capture

- ADC addressable market was down 3.5% in 2012 due to the economic crisis, forecast reviewed downward for the entire period CAGR 2012-2015 +0.9%
- Major improvements expected only in Asia Pacific with a CAGR 2012-2015 around 5%



Industrial Automation

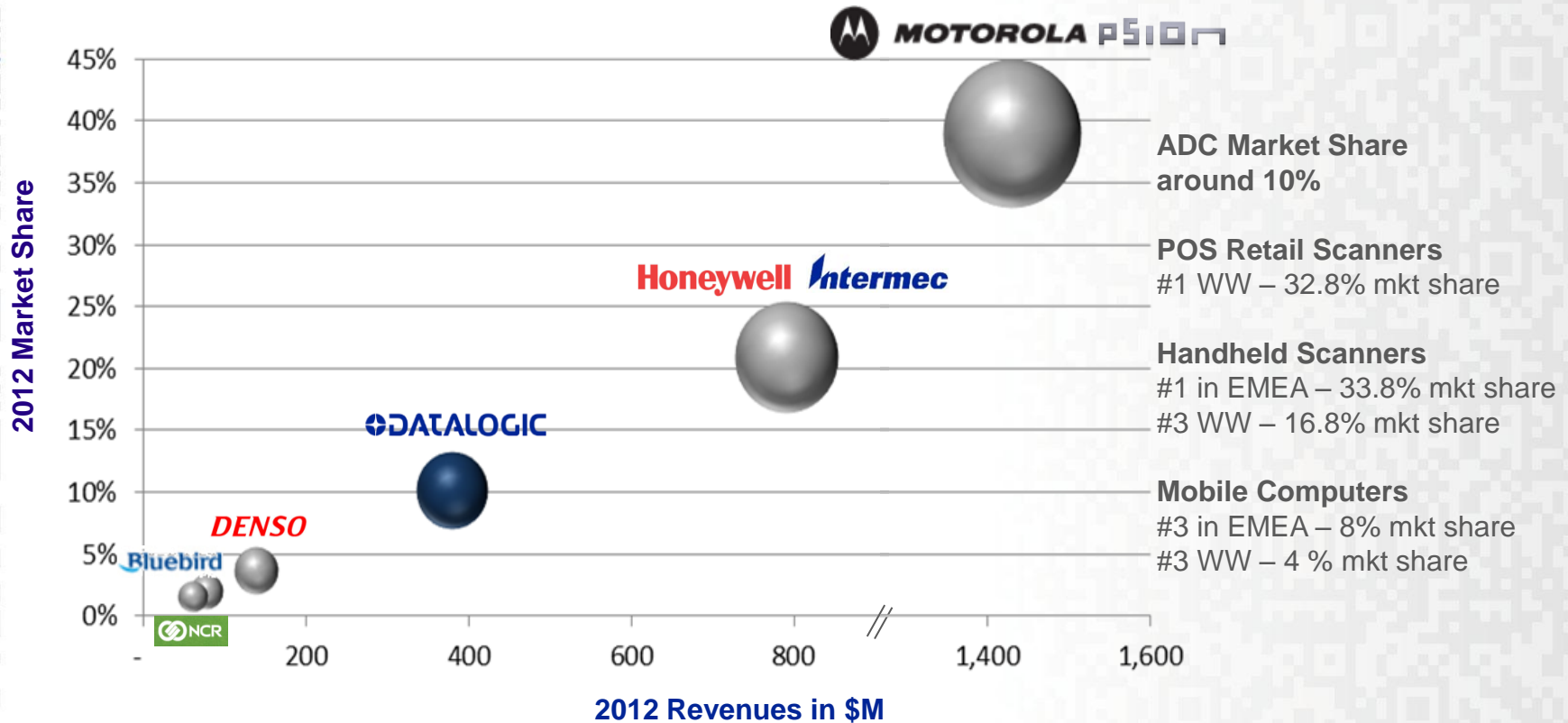
- Very fragmented IA industry with **potential addressable markets worth \$3B** in the Inductive Proximity and ASMV Systems
- IA market flat in 2012, expected to **recover from 2014**
- Growing **technology convergence (laser and vision based technology)**



Source VDC 2013 (base year 2012)

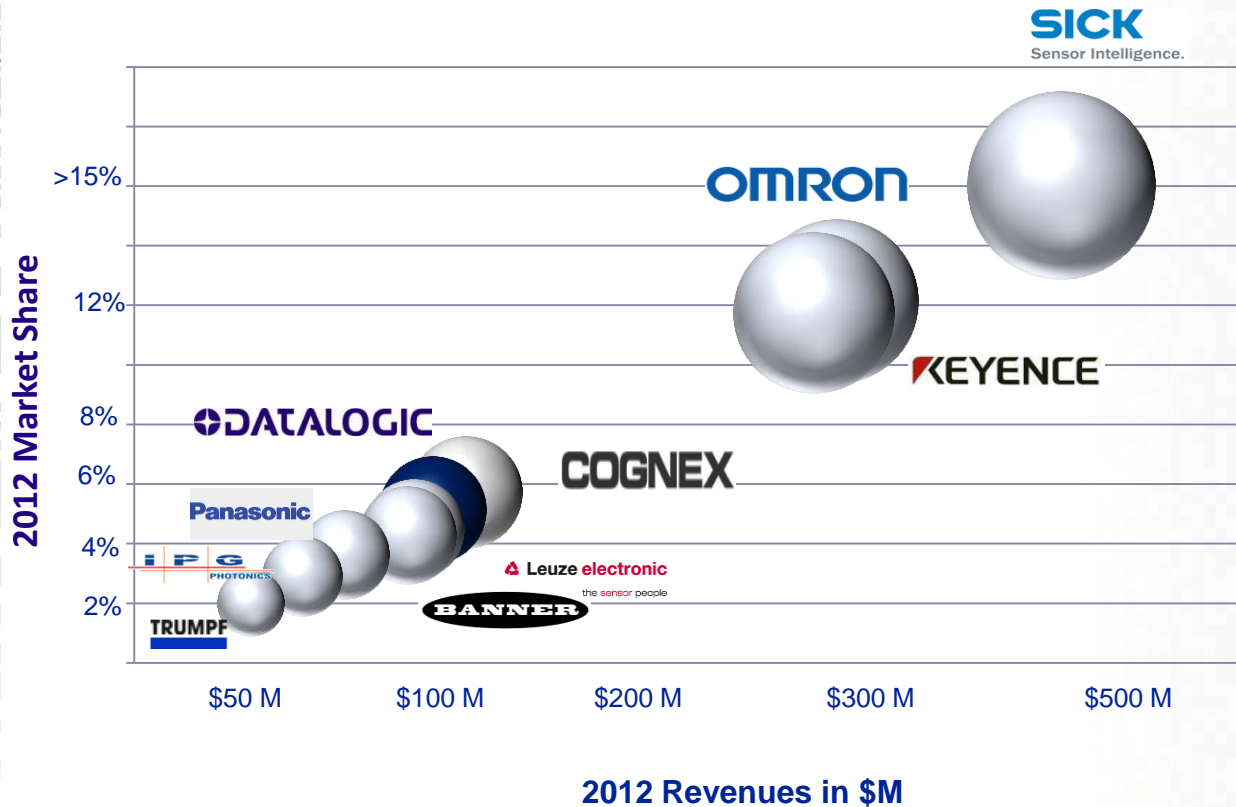
Source VDC 2013 (base year 2012) Preliminary Figures - Market Researches and Management's Best Estimate

ADC positioning: competing with giants



2012 ADC Available Market including POS Retail Scanners, Handheld Scanners and Mobile Computers (Hand Held , PDA and Fork-Lift Vehicles Mounted Computer) segments
 Honeywell improved its positioning thanks to the acquisition of Intermec

IA positioning: 6% market share



Industrial Stationary Scanners

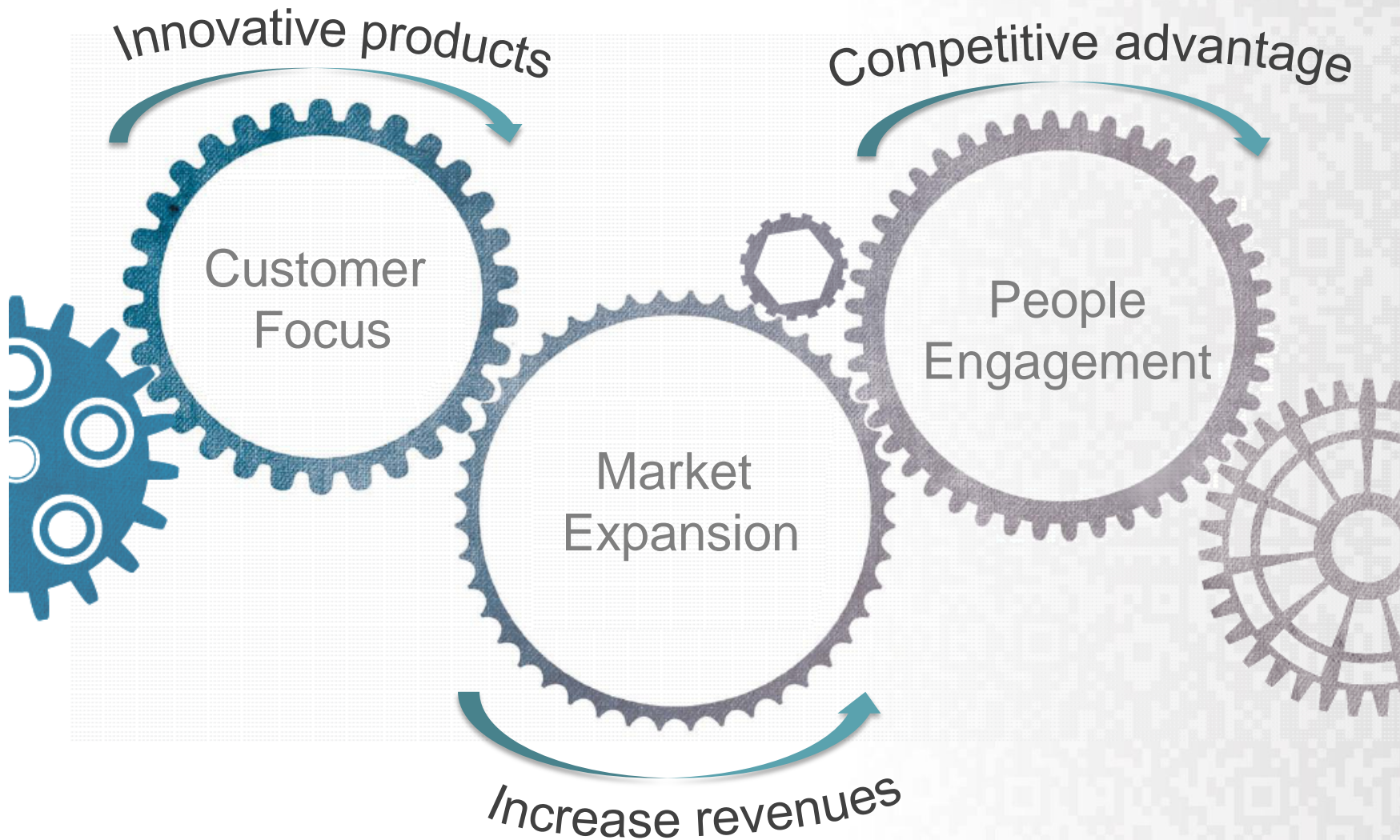
- #1 WW – 27.5% mkt share
- #1 in Americas – 31.3% mkt share
- #2 in EMEA – 29.1% mkt share

2012 IA Available Market including Industrial Barcode Scanners, Imagers, Photoelectric Sensors, Safety Light Curtains, Smart Cameras/Vision Sensors, Laser Marking segments (Postal Material Handling, Dimensioner and Integrated Solutions not included)



Source (*) VDC 2013 (base year 2012) Preliminary Figures - Market Researches and Management's Best Estimate

Three Year Plan: the new paradigm



Customer focus: invest in technology and develop excellent products

- Core Competences
- New Emerging Technologies
- Integration Office



- **New Business Development Division** to meet and anticipate current and future customer needs
- Focus on **Vision and Imaging technologies**
- Focus on **breakthrough innovations**
- Improve market shares
- Research & Development investments from current **7% to over 8% on sales** in the new plan

Retail: 41% of revenues*



Automatic Data Capture



Industrial Automation



* Figures as of 31 August 2013

Retail

POS

Maintain / upgrade customer base

Most innovative solutions
Multi-tier model



Store mngt

Increase customer penetration

New products
Tailored services



Leverage the great market share in POS checkout

Warehouse

Maximize customer coverage

New Products
Bundle solutions



Retail -Trends & Key to success

- **Trends**
 - Multi-modal retail format are gaining traction
 - Transition to data rich barcode is carefully evaluated by retailers
- **Strengths**
 - Industry leaders in Bi-Optic & Single-Plane products
 - Strong worldwide food retail relationships
 - Consolidated resellers network
 - Strong brand recognition
- **Key to success**
 - Increase depth in specialized mobile computers for retail
 - Increase the value of products and services for tier 1
 - Pursue growth opportunities following demographic expansion



Manufacturing: 35% of revenues*



Automatic Data Capture



Industrial Automation



* Figures as of 31 August 2013

Manufacturing

Warehouse

Maintain / upgrade customer base

Packaged solutions
Tailored services



Shop floor

Increase customer penetration

Replicate EMEA channel model



Automation

Maximize customer coverage

Geographical expansion
Leverage barcode, marking and inspection



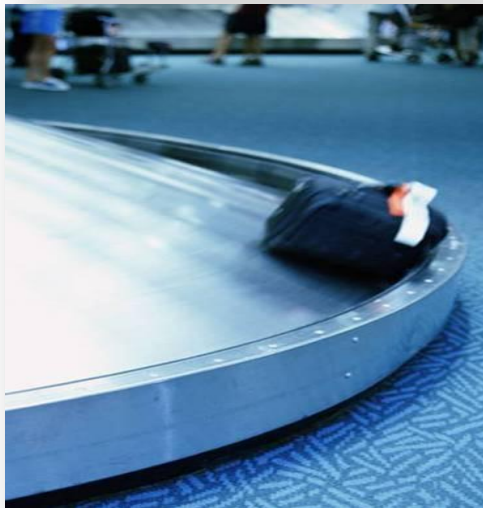
Leverage the product breadth and distribution channel

Manufacturing-Trends & Key to success

- **Trends**
 - Both traditional and emerging markets are endorsing unprecedented level of automation
- **Focus on:**
 - Food and Pharma Automatic Machines
 - Electronics including Third Party Manufacturer
 - Automotive (Cars, Tires and other parts)
- **Key to success**
 - Expand the geographical presence and replicate the EMEA channel model
 - Leverage machine vision investment to increase the value of sensors
 - Provide packaged solutions bundling laser marking and machine vision



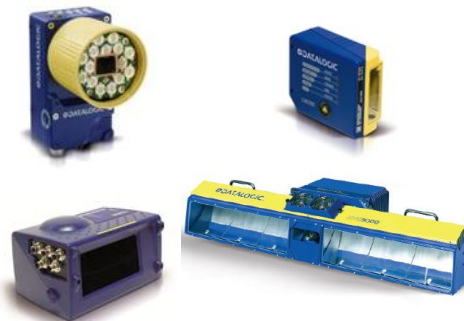
Transportation & Logistic: 17% of revenues*



Automatic Data Capture



Industrial Automation



* Figures as of 31 August 2013

Transportation & Logistics

Data Collection

Increase customer penetration

New products
Data fusion



Sorting

Maintain / upgrade customer base
Product refinement
Aggressive sales



Leverage leadership in sorting applications

Delivery

Selective expansion

New products
Tailored services



T&L - Trends & Key to success

- **Trends**
 - Increasing importance of “Big Data”, the fusion of barcode, dimensions and image
- **Focus on:**
 - Couriers, Postal, e-Commerce, Distribution Centers
- **Key to success**
 - Continue integration of readers, dimensioning system, image data base management
 - Expand MC offering to match / outperform competition in Data Collection
 - Pursue a selective development / sale strategy in the highly competitive proof of delivery application



Healthcare: 5% of revenues*



Automatic Data Capture



Industrial Automation



* Figures as of 31 August 2013 – Other industries (Government and Hospitality) account for 3% of revenues

Healthcare

Manufacturing

Maximize customer coverage

Expand geography
Mark and Verify solutions



Inventory mngt

Increase customer penetration

Tailored services
Channel program



Bed side care

Maximize customer coverage

Most innovative solutions
New Products



*Anticipate new regulatory
E-pedigree
European Medicines Verification System*

Healthcare - Trends & Key to success

- **Trends**
 - Major regulatory changes are underway
 - US with e-pedigree
 - Europe with EMVS
- **Key to success**
 - Continue expansion of specialized products
 - Expand mark and verify solutions
 - Increase penetration of MC in hospital stock management



Market expansion – Exploit fast growing markets



- Increase **penetration in large regions and fast growing geographies: CAGR 2012-2015 +12%**
- Large potential in all key industries for **automation investments** (focus on Sensors & Vision in BRICS)
- **Boost growth in under served countries** like China, Korea, Turkey, Africa, India and Brazil
- **Strengthen sales force and establish new local offices**
- **Ad hoc products** that fit with local needs and habits
- Scouting new opportunities for **external growth** (not included in the plan)

Invest in people management and motivation

Datalogic Human Resources key strategic pillar:

Differentiated performance through our people!



- A new strengthened Human Resources leadership to enable Datalogic business strategy & agenda by ensuring:
 - the design and delivery of a high performance organization
 - the selection and retention of top talent
 - the development and rewarding of people by fostering a culture of engagement and results oriented

Three Year Plan: leveraging on our strengths ...

Financial

- Consistent **history of profitable** growth
- Consistent resource management to **sustain a leadership position**
- **Strong cash generation** to reduce Net Debt (Net Debt/Equity ratio at 0.6x at 1H 2013) and to sustain growth
- Continuous **improvement of Net Working Capital**
- Potential from further **internal reorganization**

Processes

- Address the customers' needs with a **flexible, but structured process**
- Perfect the **new product development** process continuously
- Improve **operational efficiency** with structured plans
- **Adopt state of the art supply chain in both division** to gain efficiency and leverage the industrial global footprint

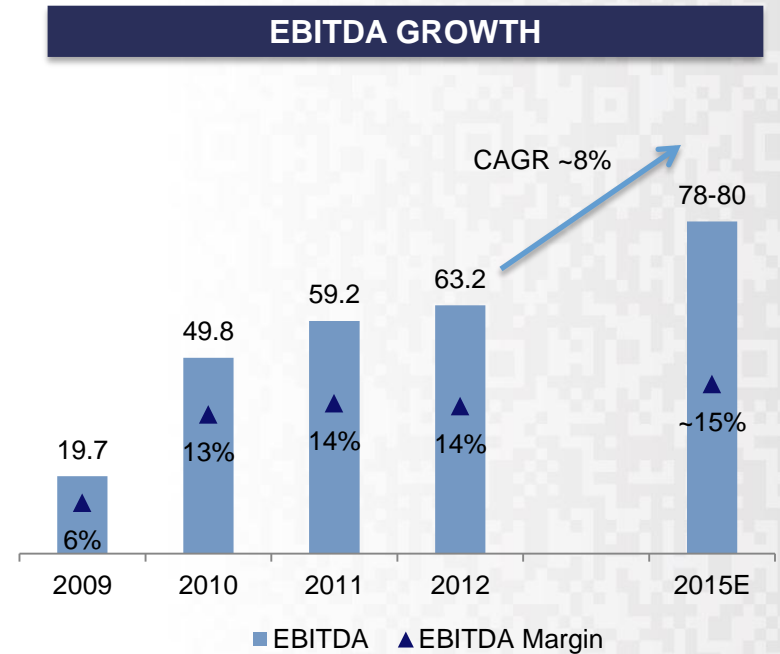
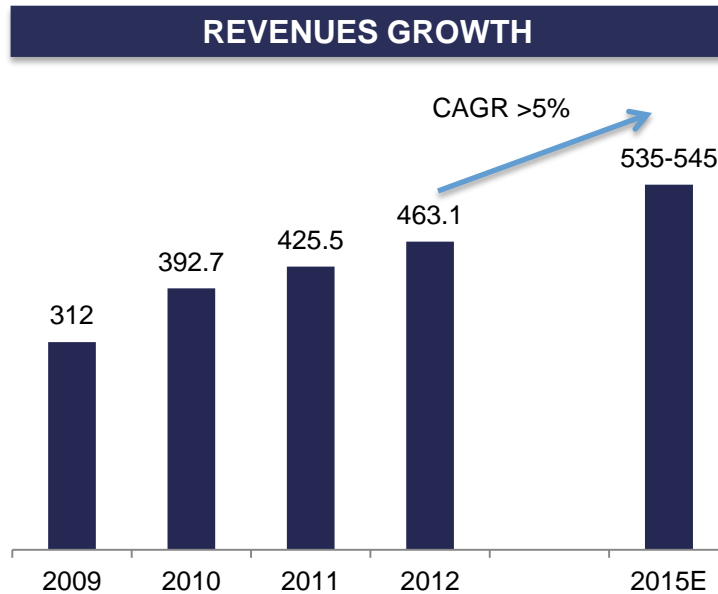
...in a more difficult market scenario

- Refresh the Datalogic Three Year rolling plan to extend targets to 2015
- Three Year Plan based on organic growth without acquisitions

New market situation

- **ADC 2012-2015: flat trend** expected vs previous forecasted CAGR of 5.7%
- **Industrial Automation 2012-2015: expected CAGR of 6.9%** vs a previous forecast of 5.4%

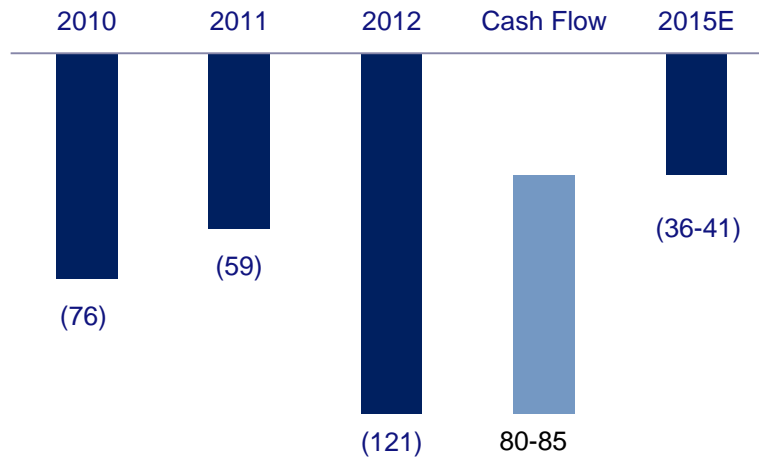
Three Year Plan 2013-2015



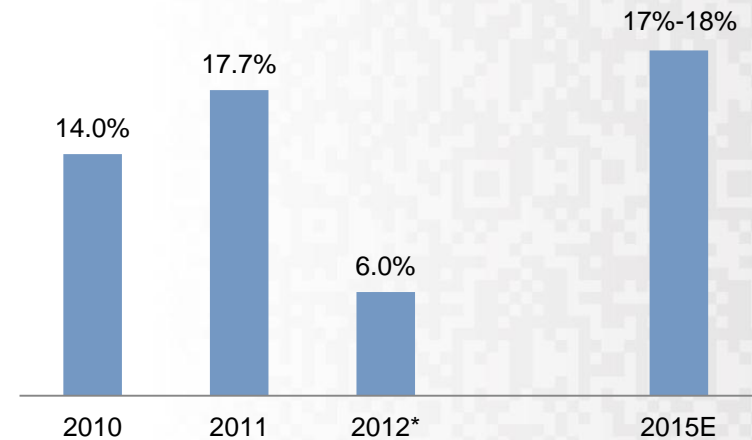
- Revenues 2012-2015 CAGR over 5% above market average driven by:
 - ADC CAGR over +4% vs +1% of market
 - IA CAGR over +10% vs + 6.9% of market
 - Recovery expected from 2014
- Improvement of EBITDA, CAGR 2012-2015 of around 8% expected in a range of 78-80 M Euro (EBITDA margin to ~ 15% in 2015)

Three Year Plan 2013-2015

Net Financial Position **



ROE GROWTH



- Strong cash generation: Net Debt/Equity ratio < 20% and Net Debt/EBITDA around 0.5X
- Investment in CAPEX stable at around 2% of revenues per year
- 2015 ROE target around 17%-18%

*2012 figures include impairment on Accu-Sort

** Figures gross of dividends

Appendix

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

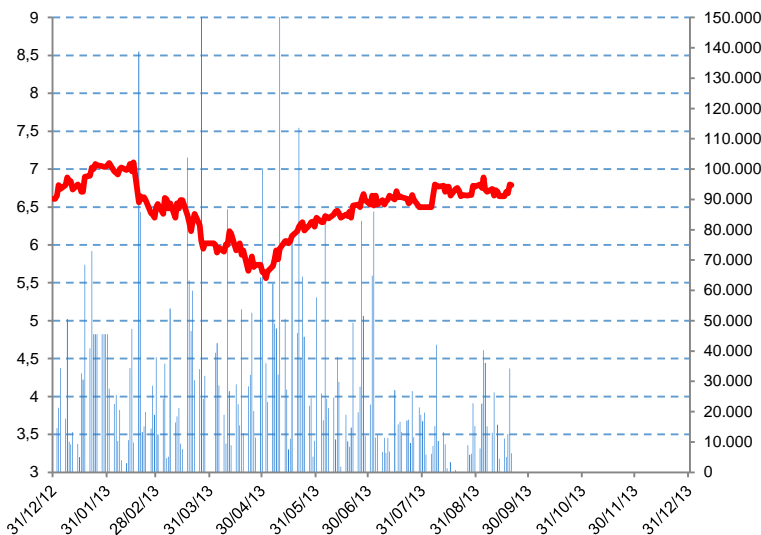
Price (September 24th, 2013): 6.83 Euro

Market Cap (September 24th, 2013): 399.2 M Euro

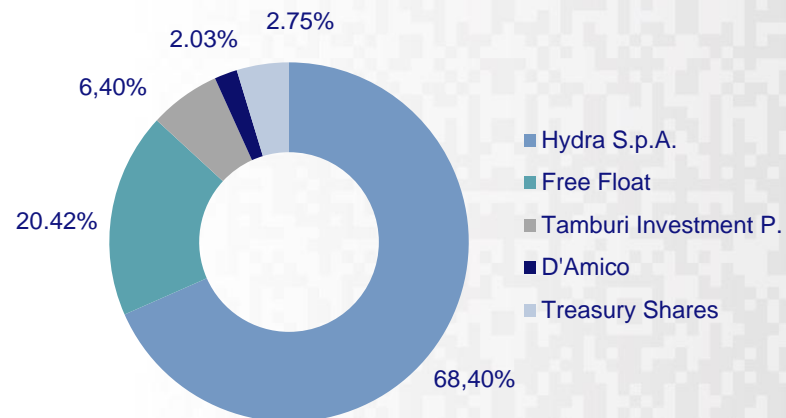
Specialist: Intermonte SIM

Auditing Company: Reconta Ernst & Young

DATALOGIC PRICE PERFORMANCE



SHAREHOLDERS' STRUCTURE

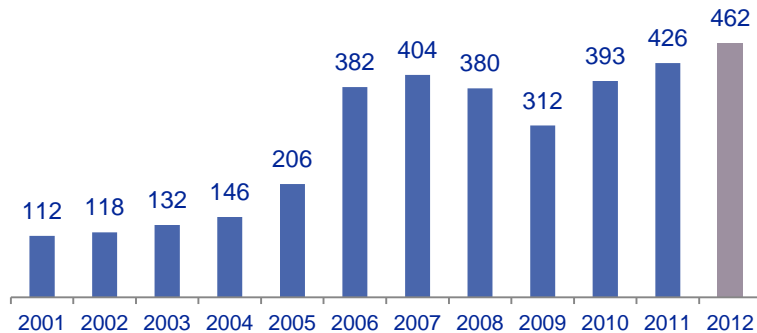


Management

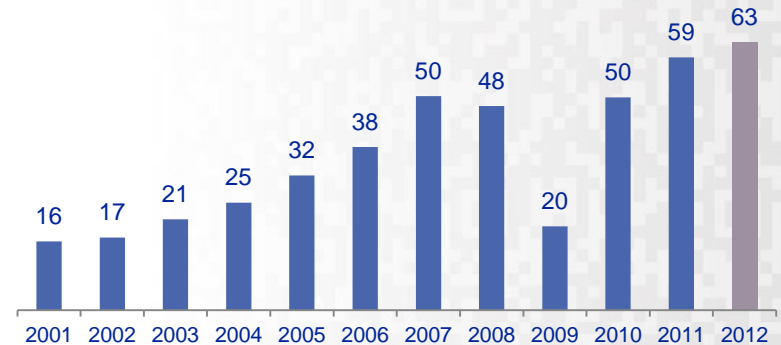


Consistent growth in 2001-2012

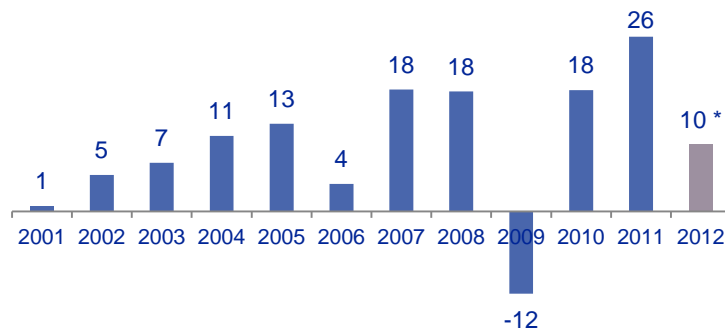
SALES CAGR 2001-2012 +14%



EBITDA CAGR 2001-2012 +13%



NET INCOME CAGR 2001-2012 +26%



- **Strong consistent growth across key indicators** reflecting investments in innovation, M&A and improvements in efficiency and productivity

* 2012 net profit impacted by the write off of Accu-Sort goodwill

1H 2013 Profit and Loss

000€	1H2013		1H2012		Var %
Revenues	218,769	100.0%	236,860	100.0%	-7.6%
COGS	(115,337)	-52.7%	(123,719)	-52.2%	-6.8%
Gross Operating Margin	103,432	47.3%	113,141	47.8%	-8.6%
Other revenues	617	0.3%	6,109	2.6%	-89.9%
R&D	(17,397)	-8.0%	(15,893)	-6.7%	9.5%
Distribution Costs	(41,763)	-19.1%	(43,509)	-18.4%	-4.0%
Administrative expenses	(22,801)	-10.4%	(22,882)	-9.7%	-0.4%
Other operating expenses	(847)	-0.4%	(1,337)	-0.6%	-36.6%
Total operating expenses and others	(82,808)	-37.9%	(83,621)	-35.3%	-1.0%
EBITANR	21,241	9.7%	35,629	15.0%	-40.4%
Non recurring costs/rev	1,059	0.5%	(1,570)	-0.7%	n.a.
Amort. Intang. Assets from acquis.	(2,913)	-1.3%	(2,731)	-1.2%	6.7%
Operating Profit (EBIT)	19,387	8.9%	31,328	13.2%	-38.1%
Financial (costs)/rev.	(4,157)	-1.9%	(3,992)	-1.7%	4.1%
Results from equity investments	102	0.0%	116	0.0%	-12.1%
Foreign exchange (costs)/rev.	(1,108)	-0.5%	4,544	1.9%	n.a.
EBT	14,224	6.5%	31,996	13.5%	-55.5%
Taxes	(3,987)	-1.8%	(5,432)	-2.3%	-26.6%
Net Income	10,237	4.7%	26,564	11.2%	-61.5%
Depreciation	(3,886)	-1.8%	(3,807)	-1.6%	2.1%
Amortization	(1,105)	-0.5%	(1,213)	-0.5%	-8.9%
EBITDA	26,232	12.0%	40,649	17.2%	-35.5%
Exchange rate	1.3134		1.2965		

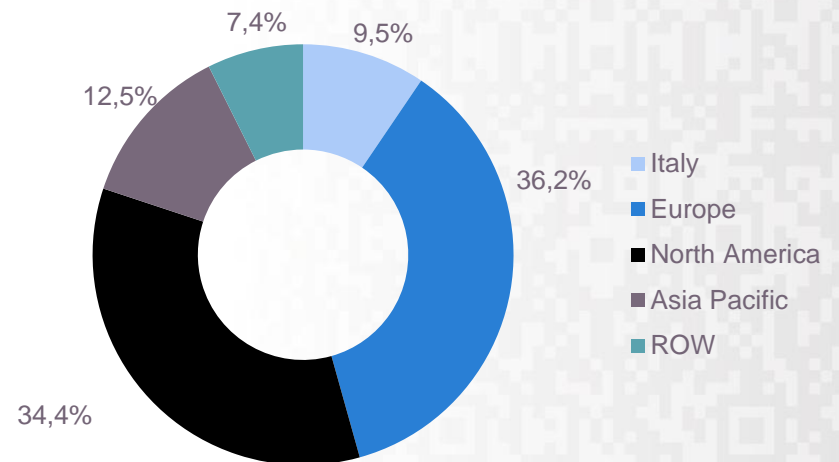
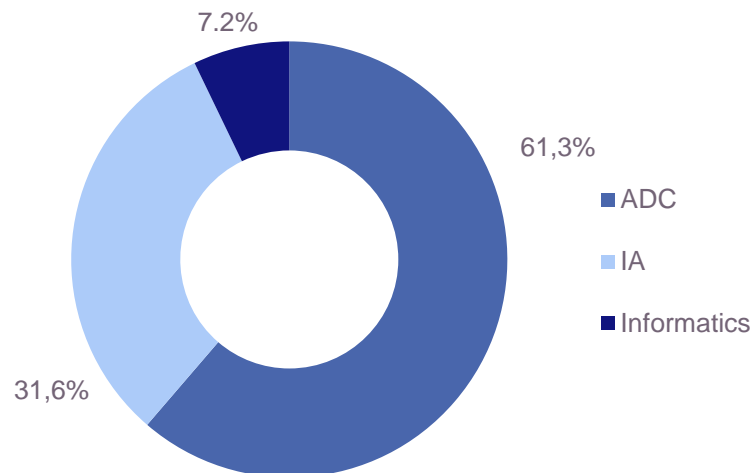
Consolidated Balance Sheet

€000	At 31/12/2012	At 30/06/2013
Intangible fixed assets	60,262	58,826
Goodwill	151,134	152,821
Tangible fixed assets	51,621	50,429
Non Consolidated investments	3,936	3,887
Other fixed assets	46,602	42,517
Total Fixed Assets	313,555	308,480
Net trade account receivables	82,552	72,059
ST account payables	(71,102)	(73,526)
Inventory	49,153	54,041
Trade Working Capital	60,603	52,574
Other current receivables	25,577	27,766
Other ST payables and provision for risk & future charges	(71,566)	(62,415)
Net Working Capital	14,614	17,925
Other LT payables	(22,513)	(23,537)
Employees' severance Indemnity	(7,367)	(7,348)
LT provision for risk & future charges	(3,768)	(5,178)
Net Invested Capital	294,521	290,342
Equity	173,403	176,903
Net Financial Position	(121,118)	(113,439)
<i>Exchange rate</i>	1.3194	1.3080

Revenues trend

REVENUES BY DIVISION			
€000	1H2012	1H2013	Var %
Datalogic ADC	148,628	134,151	-9.7%
Datalogic Automation	70,079	69,041	-1.5%
Informatics	18,477	15,655	-15.3%
Datalogic S.p.A.	10,359	11,162	7.8%
Adjustments	(10,683)	(11,240)	5.2%
Total revenues	236,860	218,769	-7.6%

REVENUES BY AREA			
€000	1H2012	1H2013	Var %
Italy	20,845	20,752	-0.4%
Europe	92,887	79,129	-14.8%
North America	83,218	75,334	-9.5%
Asia Pacific	25,999	27,389	5.3%
ROW	13,911	16,165	16.2%
Total revenues	236,860	218,769	-7.6%



Contacts

IR CONTACTS

CFO and IR Manager

Marco Rondelli

E-mail investor@datalogic.com

IR Assistant

Daniela Giglioli

Tel. +39 051 3147109

Fax +39 051 3147205

E-mail daniela.giglioli@datalogic.com

Via Candini, 2
40012 Lippo di Calderara di Reno
Bologna – Italy

IR Consultant

Vincenza Colucci

CDR Communication Srl

Tel. +39 335 6909547

vincenza.colucci@cdr-communication.it

NEXT EVENTS

October 2nd, 2013

STAR Conference London

November 7th, 2013

Approval of the Consolidated Financial
Report as of September 30, 2013

DATALOGIC ON LINE

www.datalogic.com

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