

# ITALIAN INVESTMENT CONFERENCE 2023

**MAY 25, 2023**

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# Datalogic at a glance



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

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



A portfolio of about 1,200+ patents and patent applications



450+ engineers in 11 R&D centers and 3 DL Labs in: Italy, USA, Vietnam, Cech Republic and China



>3,000 Employees in 29 countries



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

# More than 50 years of Growth through Technological Innovation

- **Foundation of the Company, based on sensors product portfolio**
- **Expansion of the portfolio to barcode reading products, applications and technologies**
- **Pivoting from «laser» to «imaging» and becoming the technology leader of barcode reading**
- **Entering the space of «Mobile Computers» with the acquisition of «IDWare Mobile Computing»**
- **Listing at the Milan Stock Exchange**
- **Further expansions thanks to acquisitions (e.g. PSC, Laservall, Informatics, Accu-Sort)**
- **Footprint expansion: Vietnam, Slovakia, Hungary**
- **50th year anniversary**
- **Acquisition of MD Microdetectors**
- **Acquisition of Pekat**
- **Starting the path towards «Solutions»**
- **A new Operating Model to enhance strategy execution**

1972

1974

1988 - 1997

2001 - 2012

2021- 2023

Today

First baggage handling system based on barcode reading installed at Linate Airport (Milan) in 1984

First Fixed Retail Scanner based on imaging technology launched on the market in 2012

# A Wide Geographical Footprint

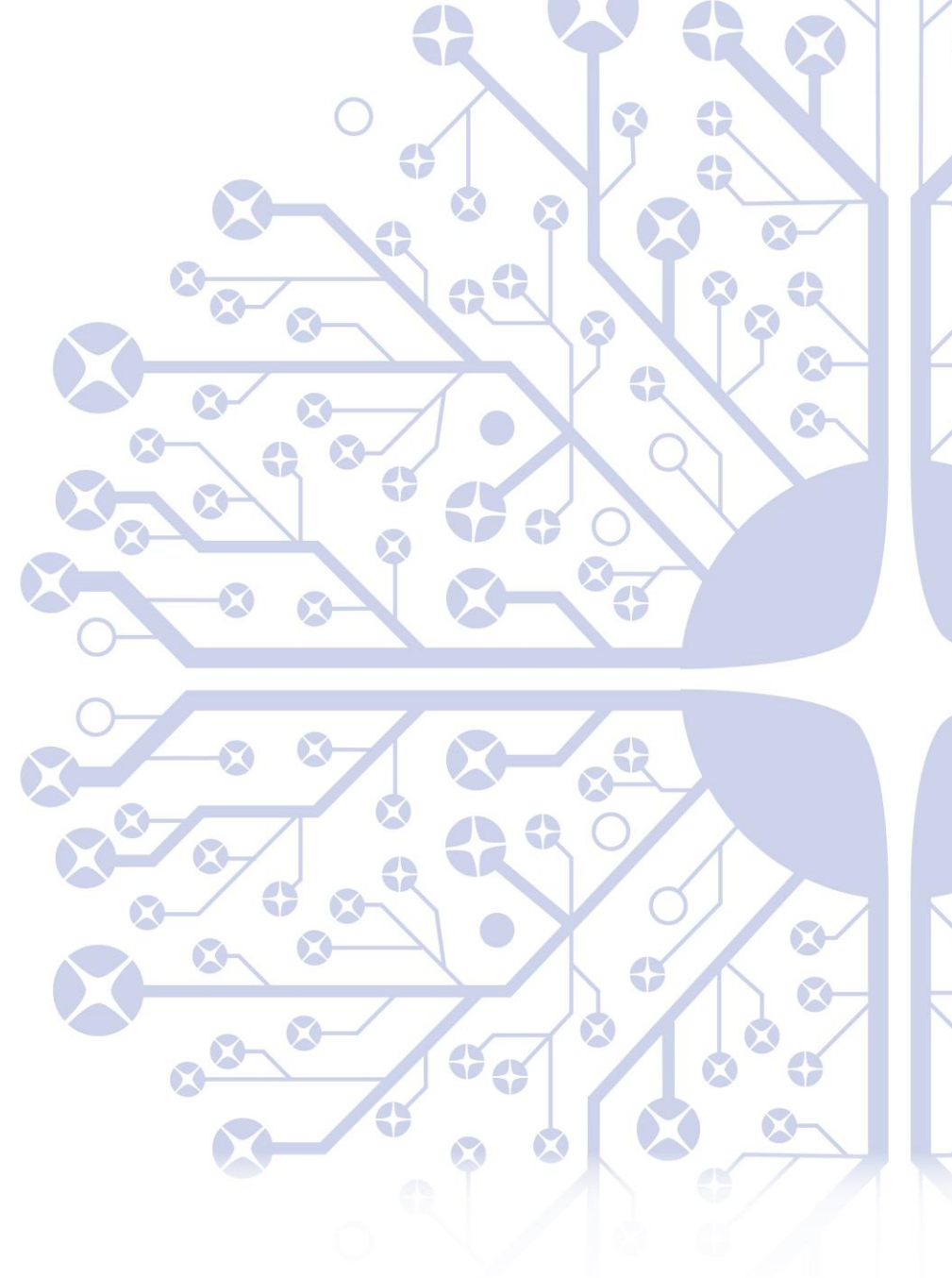


-  11 Manufacturing & Repair sites
-  11 R&D Centers, 3 DL Labs
-  48 Offices and Facilities in 29 countries

■ Percent on Q1 2023 Revenues - Data refer to Q1 2023

# Strategy

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# Our strengths

**50 + years**  
of history

**Leading player**  
in both Data Capture  
and Industrial  
Automation markets



**Partner  
centric**

**Deep expertise**  
in every target  
industries



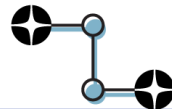
**Passionate  
innovator**



**Strong focus on  
sustainability**



**End-to-end  
solutions**  
to streamline any  
process



**Close to  
customers**  
worldwide presence  
with thoroughly tailored  
services



**Strong culture  
of high values**





# New Datalogic operating model: background

## Recalling Datalogic Strategy

### Objective

- Above the market long term growth with increasing profitability

### Scope

- Enhance **hardware** offer with **software**, driving efficiency in Client-facing, Supply Chain and Manufacturing applications in **Retail, T&L, Healthcare, Factory Automation** verticals
- **Consolidate position in EMEA** and become a **strong player in the United States**
- **Grow our presence in China**

### Advantage

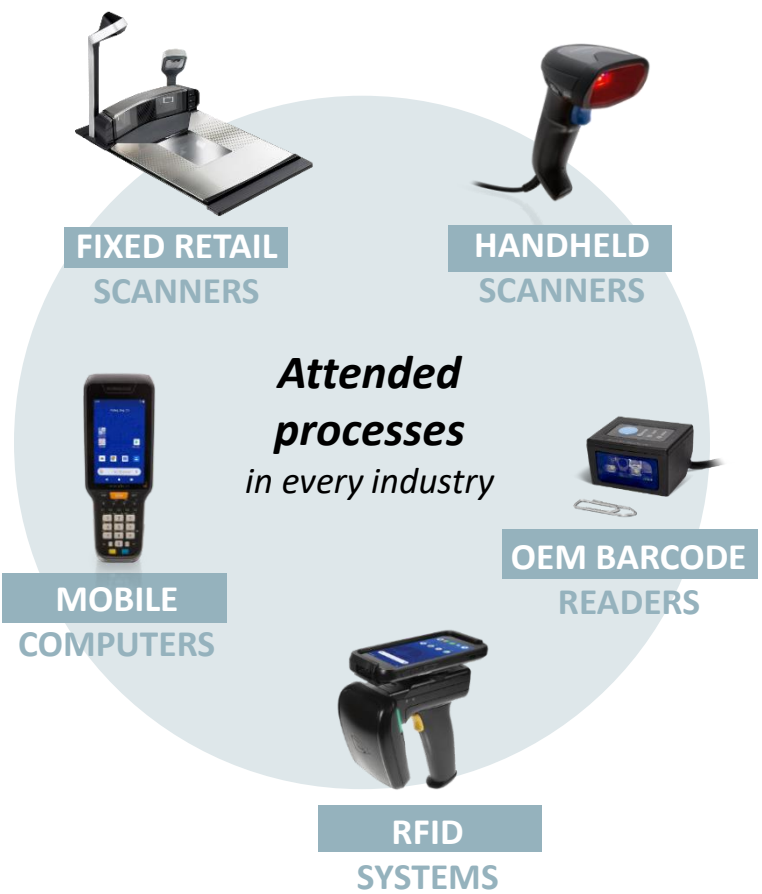
- Leverage a **wide portfolio of products and services** to provide Customers with **innovative and easy-to-integrate solutions** along the entire flow of operations

## Need for change in our Operating Model

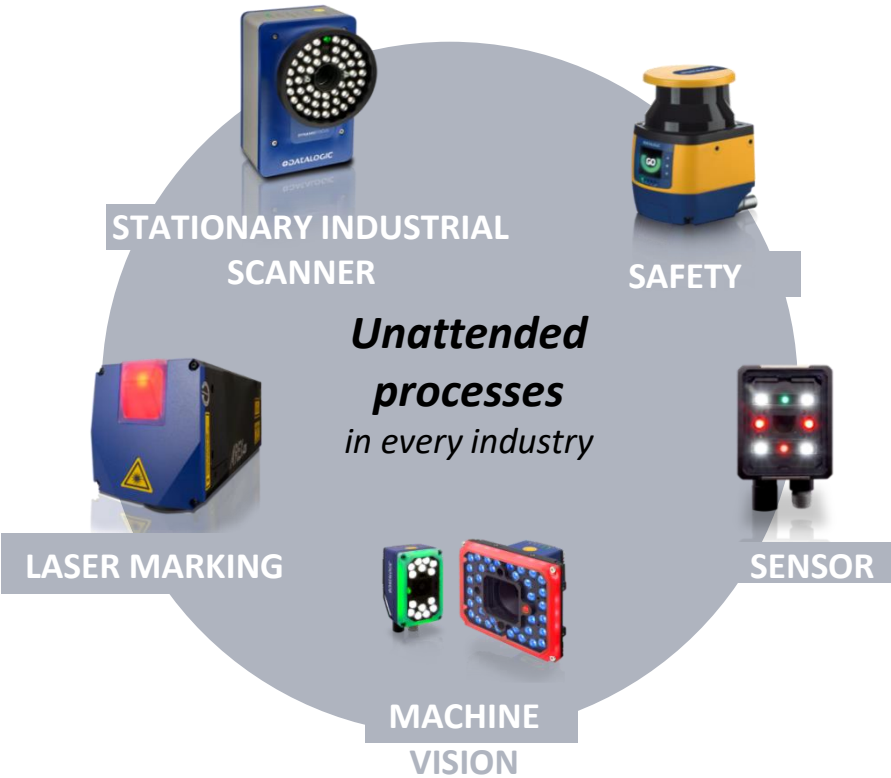
- Industry knowledge, **focus on end-users** and our main 4 **Verticals** keep on being the **core of our strategy**
- **Industry focused organization only, not enough** to properly and effectively execute strategy due to evolution of the market and of customer's needs
- **Enhancement to our operating model** across verticals implemented to effectively address:
  - a higher **focus on Product Groups**
  - different **go to market models, buying criteria** priorities and **client's point of contacts by Market segments**
  - **specialized expertise** of the sales force **by Application**, required to **push towards Solutions**

# New Datalogic operating model: two major products platforms to better address different market segments

## DATA CAPTURE





## INDUSTRIAL AUTOMATION





# A consistent review in Datalogic accounting reporting

Area	From	To	
<b>Division</b>	<ul style="list-style-type: none"><li>• <b>2 CGUs:</b><ul style="list-style-type: none"><li>• <i>Datalogic Business</i></li><li>• <i>Informatics</i></li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>2 CGUs:</b><ul style="list-style-type: none"><li>• <i>Datalogic Business</i></li><li>• <i>Informatics</i></li></ul></li></ul>	
<b>Geo Area</b>	<ul style="list-style-type: none"><li>• <b>3 Geo Areas:</b><ul style="list-style-type: none"><li>• <i>EMEAI</i></li><li>• <i>Americas</i></li><li>• <i>APAC</i></li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>3 Geo Areas:</b><ul style="list-style-type: none"><li>• <i>EMEAI</i></li><li>• <i>Americas</i></li><li>• <i>APAC</i></li></ul></li></ul>	
<b>Sector in DL business</b>	<ul style="list-style-type: none"><li>• <b>4 Main Verticals:</b><ul style="list-style-type: none"><li>• <i>Retail</i></li><li>• <i>Manufacturing</i></li><li>• <i>T&amp;L</i></li><li>• <i>Healthcare</i></li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>2 Main Market Segment:</b><ul style="list-style-type: none"><li>• <i>Data Capture</i></li><li>• <i>Industrial Automation</i></li></ul></li></ul>	

# Key Drivers for a Long Term Profitable Growth

## Market

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- Keep **focus on all of our verticals**, catching the profitable **opportunities coming from needs of digitalization** and artificial intelligence
- Consolidate **position in EMEA**, become a **strong player in the United States** and keep growing our **presence in China**

## Portfolio

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- Protect our **leadership in FRS, HHS and SIS**
- Enhance our offer through a **software ecosystem** to provide innovative solutions
- **Increase MOB market share** completing and widening our offer
- Intensify cost optimization to **fight hardware commoditization**

## M&A

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- Technology: **acquire IP**, skills, products and concepts to **boost both portfolio and capabilities**
- Expansion: **acquire customers** to boost penetration

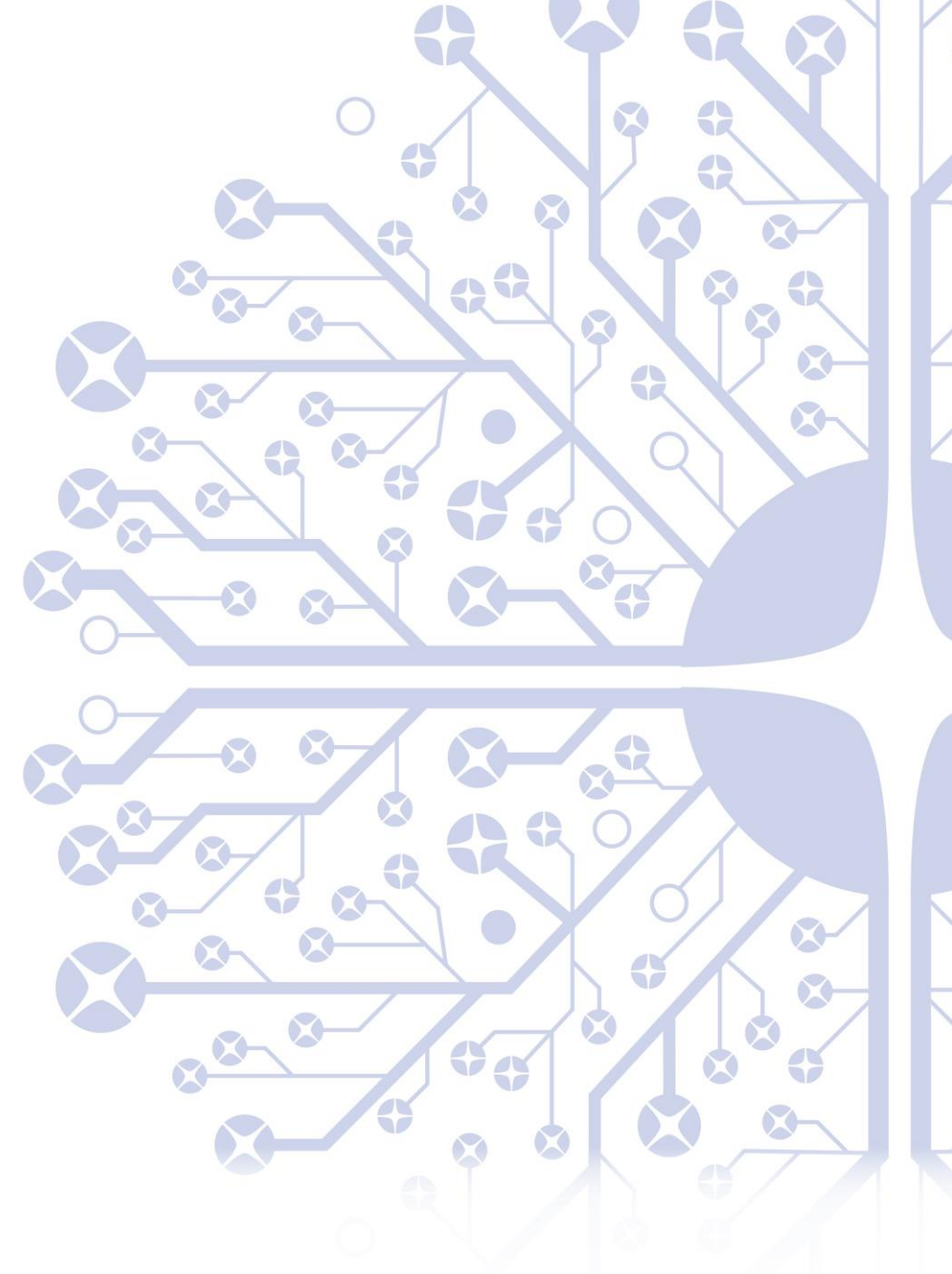
## Innovation

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- Nurture **MV-based SW and Deep Learning** technology to tackle key emerging trends
- Dominate key technology trends (e.g. 5G, Wifi-6, Cybersecurity) to prepare for **next generation of HW products**

# Financials

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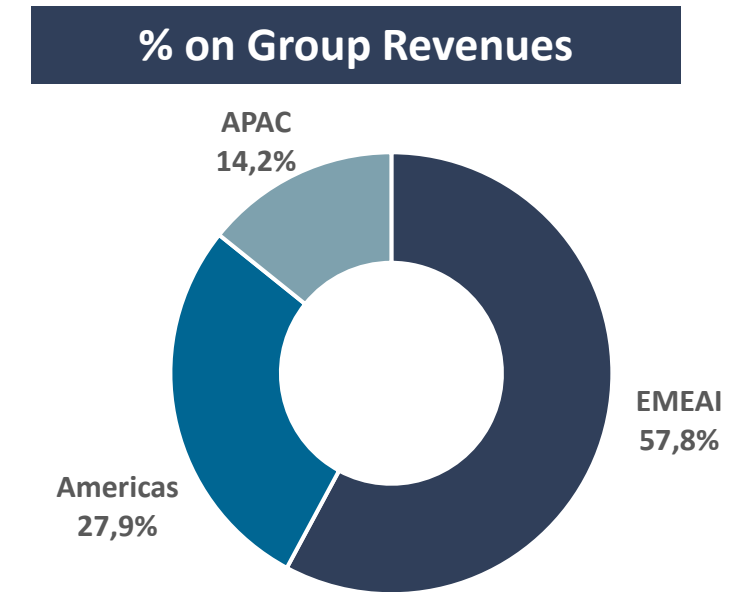


# Q1 2023 Highlights: Revenue growth, whilst improving profitability and cash flow generation

- ❑ **Revenue growth** at high single digit (+8.5%) with strong performance of EMEA
- ❑ **A new Operating Model with two new Market Segments**, to enhance strategy execution
- ❑ **Gross Operating Margin** at **41.7%** compared to 40.2% in Q1 2022 (**+1.5 pp**) mainly thanks to price/mix offsetting decline in volumes, in an eased environments on the procurement side
- ❑ **R&D Cash Out** at **€15.8M**, steady at around 10.6% on revenues, **executing technological roadmap**
- ❑ **Adj EBITDA margin** at **9.0%** (8.5% in Q1 2022), mainly due to improving Gross Margin
- ❑ **Net Debt down** at **€31.7M**, thanks to operating cash generation in the quarter, fueled by tight control on Net Working Capital

# Group Revenues by Geography

€m	Q1 2023	Q1 2022	Var %
EMEAI	86.6	75.6	14.5%
Americas	41.8	40.6	2.9%
APAC	21.3	21.7	(1.9%)
<b>Total Datalogic</b>	<b>149.7</b>	<b>137.9</b>	<b>8.5%</b>

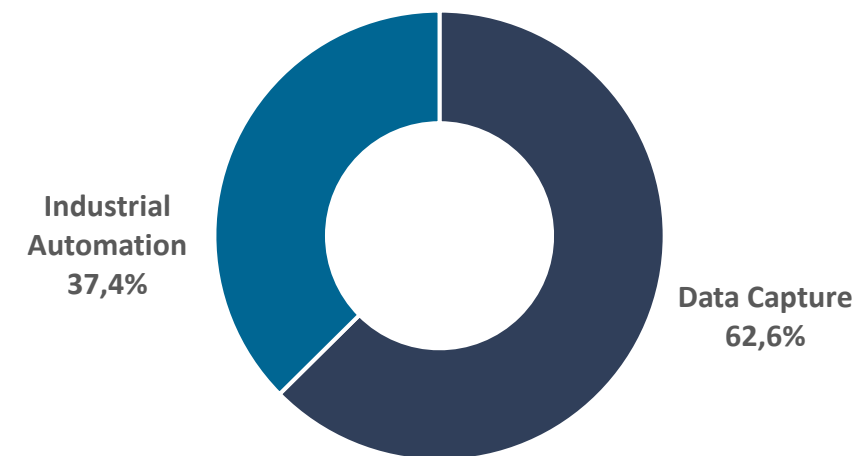


- ❑ **EMEAI: Group's first market up by 14.5%**, led by DACH, Italy & Middle East
- ❑ **AMERICAS:** Group's second-largest market with an **overall growth at +2.9%**, driven by double digit growth in logistic and manufacturing applications
- ❑ **APAC: -1.9% YoY**, despite double-digit growth in China

# Group Revenues by Market Segment\*

€m	Q1 2023	Q1 2022	Var %
Data Capture	91.3	83.5	9.3%
Industrial Automation	54.5	50.6	7.7%
<b>Total DL Business</b>	<b>145.7</b>	<b>134.0</b>	<b>8.7%</b>
Informatics	4.1	4.1	(0.3%)
Intra division	(0.1)	(0.2)	
<b>Total Datalogic</b>	<b>149.7</b>	<b>137.9</b>	<b>8.5%</b>

% on DL Business Revenues



- ❑ **Data Capture: +9.3%**, led by a double digit EMEA growth (+20.3%)
- ❑ **Industrial Automation: growth across all geographical areas:** double digit growth in Americas and APAC

\* With the aim of better aligning the operating model with its strategic goals and prioritizing product and solution offerings, Datalogic introduced two new Market Segments which operate with distinct sales models, and liaise with different representatives and purchasing needs of the client: Data Capture and Industrial Automation. Consistently with that, starting from 2023 revenue breakdown for the Datalogic Division is presented by Market Segment, which replaces previous breakdown by Industries



# New Product Launches and Innovation

## Mobile Computer



Memory 11 Family

## Hand Held Scanners



Powerscan 9600 Bluetooth



Quickscan 2200 Series

## Sensors, Safety & Machine Vision



SVS-Vistek Cameras



S3N-T

❑ R&D Cash Out\* at 10.6% in line with the Q1 2022 (10.5%). Commitment to Product Development Roadmap continues

❑ Vitality Index at 6.3%

\*Including capitalized R&D expenses and excluding D&A

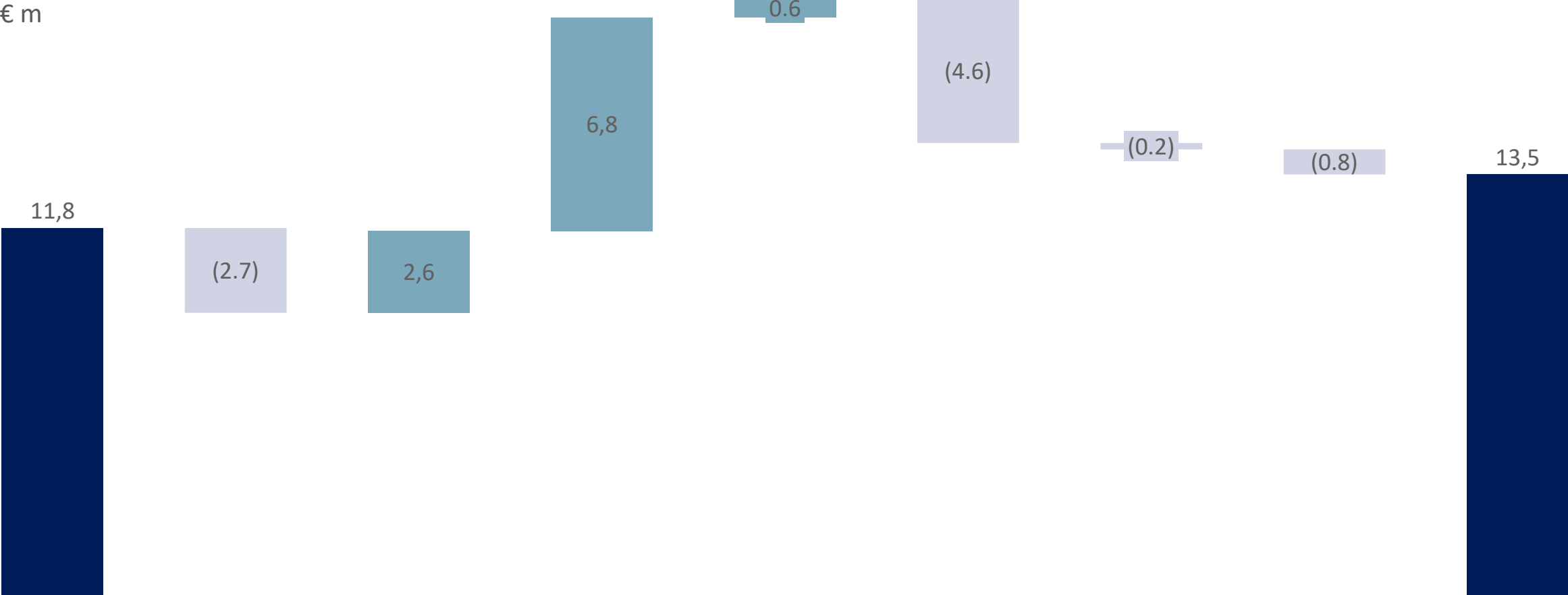
# Q1 2023 P&L

€ m	Q1 2023	Q1 2022 restated*	Var %
<b>Revenues</b>	<b>149.7</b>	<b>137.9</b>	<b>8.5%</b>
Gross Margin	62.4	55.4	
<i>% on Revenues</i>	41.7%	40.2%	+1.5 pp
Operating expenses	(57.0)	(50.9)	
<i>% on Revenues</i>	(38.1%)	(36.9%)	-1.2 pp
<b>Adjusted EBITDA</b>	<b>13.5</b>	<b>11.8</b>	
<i>% Adj. Ebitda margin</i>	9.0%	8.5%	+0.5 pp
<b>Adjusted EBIT</b>	<b>5.4</b>	<b>4.5</b>	
<i>% Adj. Ebit margin</i>	3.6%	3.2%	+0.3 pp
<b>EBIT</b>	<b>3.9</b>	<b>2.3</b>	
<i>% Ebit margin</i>	2.6%	1.7%	+1.0 pp
<b>Net Result</b>	<b>3.2</b>	<b>1.3</b>	
<i>% on Revenues</i>	2.1%	1.0%	+1.2 pp

- **Gross Margin at 41.7%: +1.5 pp YoY** . Improvement in Q1 compared to previous year thanks to **positive pricing** and **mix** offset by volumes' decrease
- **Operating expenses at €57.0m**, mainly due to an increase in R&D and personnel costs, normalized marketing and commercial activities
- **Adj EBITDA margin at 9.0%** (+0.5 pp YoY), mainly due to improved industrial profitability, partially offset by higher operating expenses
- **Net Result at €3.2m vs €1.3m** in Q1 2022

\*Restatement mainly due to reclassification of some installation costs from S&D to COGS. GOM 2023 before reclassification equal to 43.8%, GOM 2022 before restatement equal to 42.0%.

# EBITDA Adj: actual vs last year



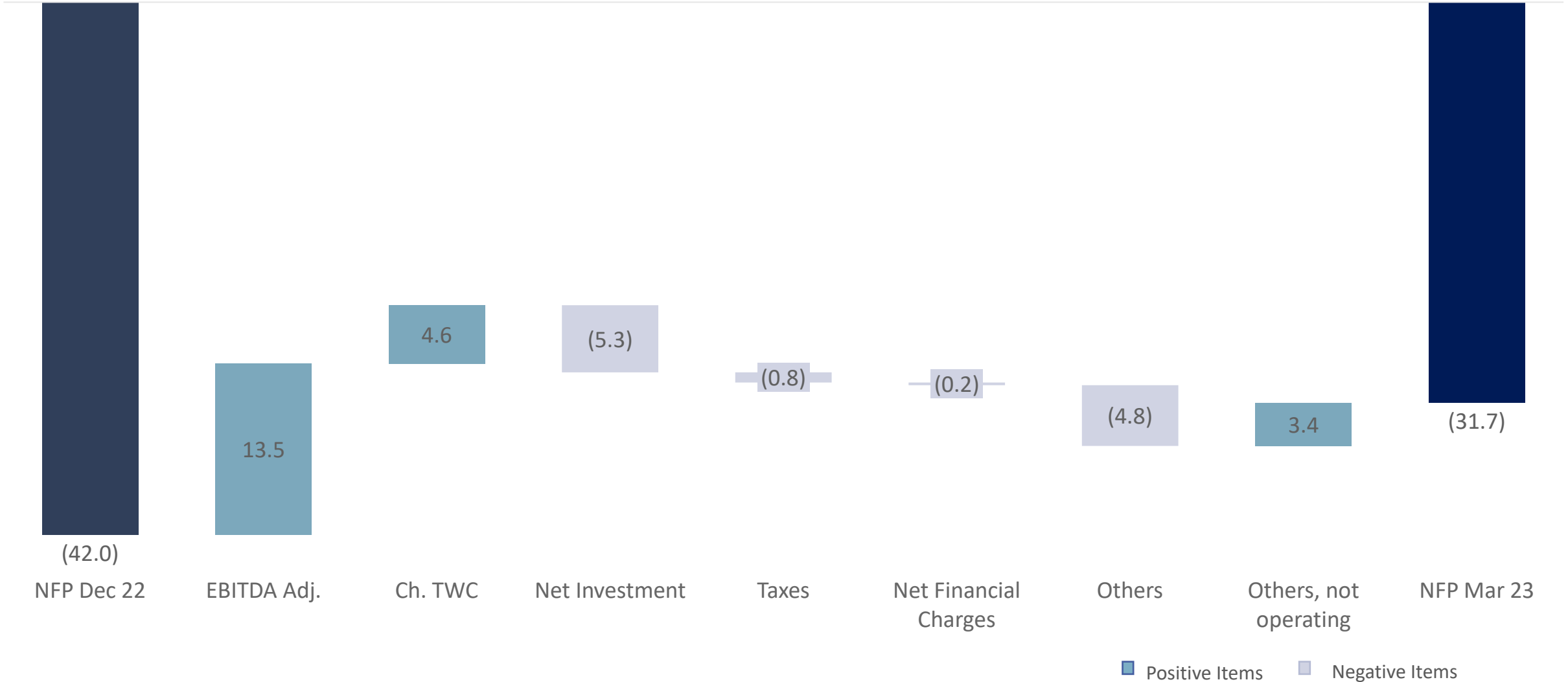
**8.5% on Group Revenues**

**9.0% on Group Revenues**

■ Positive Items   ■ Negative Items

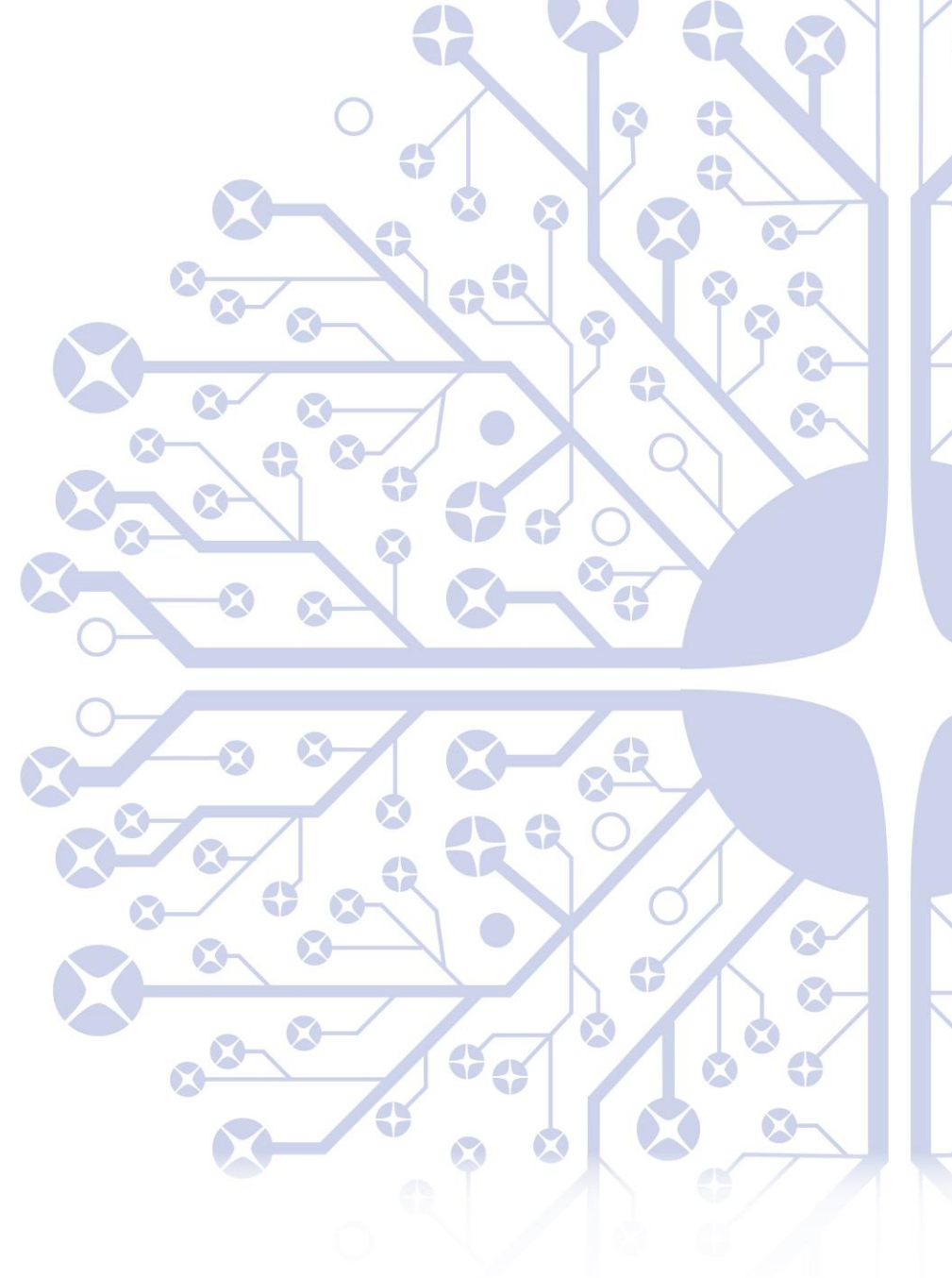
# Net Debt & Cash Flow Analysis : Dec'22 – Mar'23

€ m



# Appendix

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# Stock and Governance

**Market Segment:** EURONEXT STAR MILAN

**Reuters Code:** DAL.MI

**Bloomberg Code:** DAL IM

**Outstanding Shares:** 58,446,491

**Share Par-Value:** 0.52 Euro each

**Ticker:** DAL

**Market Cap** (December 30, 2022): 500 mln Euro

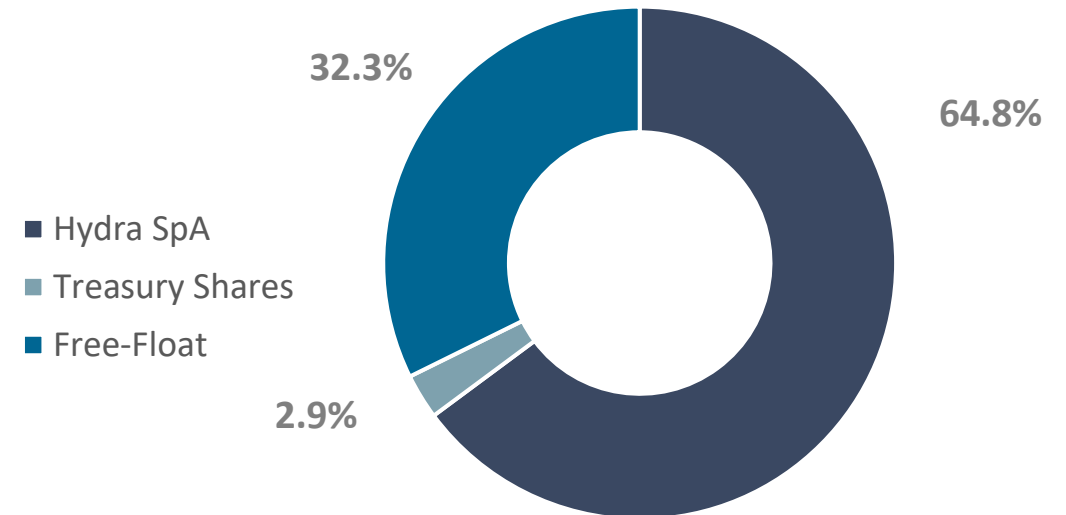
**Volumes** : 3 months average ~ 100K

**Auditing Company:** Deloitte

## DATALOGIC SHARE PERFORMANCE vs. INDICES



## SHAREHOLDERS' STRUCTURE





# Sustainability Policy



# Acquisition of Pekat Vision

Pekat is a software start up who has developed and owns proprietary algorithms of Machine Learning and Deep Learning for applications in the fields of supply chain and industrial automation.

## Company Description

- Based in Brno, Pekat's core competitive advantage resides in its deep learning and machine learning algorithms
- Those algorithms and related software are a perfect match to Datalogic hardware products line, allowing for flexible solutions in a wider set of applications across manufacturing, T&L and potentially retail.
- Applications in which Pekat's software is used currently include object detection, classifier, defect detection, product sorting, camera-based robot guidance, optical character recognition and video, among others
- The team at Pekat comprises 15 employees, engineers, software developers mainly
- Purchase price of € 16.0m for 100% of the share capital

## Types of licenses offered by Pekat

### Software



Software for industrial visual inspection and quality assurance. Effectively finds anomalies, detects and classifies defects and checks surface on materials and objects. Thanks to AI and focused-learning algorithms, it has a unique feature of detecting even previously unseen defects

### Smart Camera



Ready to use AI solution for defect detection running on smaller cameras

### Vision System



AI-enabled industrial visual inspection system for quality assurance

# Contact

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## NEXT EVENTS

**August 03, 2023**

1H 2023 Results

## DATALOGIC ON LINE

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

# THANK YOU

This presentation contains statements that are neither reported financial results nor other historical information. These statements are forward-looking statements. These forward-looking statements rely on a number of assumptions and are subject to a number of risks and uncertainties, many of which are outside the control of Datalogic S.p.A., that could cause actual results to differ materially from those expressed in or implied by such statements, such as future market conditions, currency fluctuations, the behavior of other market participants and the actions of governmental and state regulators

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