

# HALF-YEAR REPORT AT 30TH JUNE 2016 APPROVED BY BOARD OF DIRECTORS. STRONG GROWTH IN REVENUES, OPERATING MARGIN AND NET PROFIT

- Sales revenues of €281.8 million, a 9.5% increase (€257.5 million in H1 2015), +9.5% at constant Euro/USD exchange rates
- Strong growth in EBITDA, +31%, at €45 million (€34.3 million in H1 2015), with EBITDA Margin now 16%, up from 13.3%
- Net profit of €26.2 million, a 22% increase, compared to €21.5 million in H1 2015
- Net financial debt equal to €27.5 million, compared to €21 million as at 31st December 2015

Bologna, 4th August 2016 - Datalogic S.p.A. (Borsa Italiana S.p.A.: DAL), a company listed in the Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. (“Datalogic”), a global leader in Automatic Data Capture and Industrial Automation markets, and world-class producer of bar code readers, mobile computers, sensors for detection, measurement and safety, vision systems and laser marking equipment, approved today the Half-Year Report at 30th June 2016.

The first half of the year saw substantial increases in all financial indicators, confirming the performance of the first quarter. Thanks to a substantial growth in sales revenues, EBITDA was up by approximately €45 million, EBIT by over 43% to €35.3 million and net profit by 22% to €26.2 million.

**The Chairman and CEO of the Datalogic Group, Romano Volta**, commented: “The results of the first half of the year show a very positive performance for the entire Group. Both divisions reported revenue growth above the market average thanks to constant product innovation, which has allowed us to offer innovative solutions to our clients and partners, and thanks to the investments we have made in our distribution network. In particular, I want to highlight the excellent results obtained in the North American market and in Europe. The performance in terms of profits was also very positive, with Group EBITDA margin reaching 16% - the highest level in the last ten years – which benefited in the first half from cost control actions of operating costs and the shift of some R&D expenses. This performance, supported by increased booking and the ongoing optimisation of production and operating costs, makes us confident that positive results will also be achieved in the second half of the year.”

Reflecting the favourable performance of the two divisions over the period, sales revenues reached €281.8 million, with a 9.5% increase compared to the €257.5 million recorded in the first half of 2015 (9.5% increase in percentage in the analysis at constant Euro/USD exchange rates). The booking reached €288.2 million, up 7.2% on the same period in 2015.

The incidence on revenues generated by new products was 27.4% in the second quarter, basically in line with the positive trend of the first quarter (27.6%) and up with respect to the same period of 2015 (26.4%).

**Gross Operating Margin** was €131 million, up by 7.9% with respect to €121.4 million in the same period of the previous year (the same percentage at constant Euro/USD exchange rates). As a percentage of revenues, Gross Operating Margin went from 47.2% in 2015 to 46.5% in 2016. This decrease is mainly due to a different mix of products sold.

The increase in **Operating costs** was less than 1%, to €94.9 million from €94.3 million in the first half of 2015. As a percentage of sales, operating costs were 33.7%, a considerable improvement with respect to the first half of 2015, when the ratio was 36.6%. This positive performance was the result of initiatives aimed at reducing general and administrative expenses, which were down by 5.8%. Research and Development increased by 3.7% to 24.3 million, 8.6% as a percentage of revenues, lower than in the same period of the previous year as a result of a rescheduling.

**EBITDA** increased significantly, by 31%, from €34.3 million to €45 million (+31.1% at constant Euro exchange rates), while as a percentage of revenues (EBITDA margin) it rose to 16% compared to 13.3% in the first half of 2015. EBITDA was not impacted by the Euro/USD exchange rate.

**EBIT** increased by 43.1%, from €24.7 million to €35.3 million (+43.2% at constant Euro/USD exchange rates).

After financial expenses of €1.9 million, down from €3.2 million in the first half of 2015, as a result of a new loan agreement obtained on February 2015 from a “pool” of banks, and exchange rate losses of €1.5 million compared to €3.4 million profits in the first half of 2015, Group net profit reached €26.2 million, up by 22% compared to the €21.5 million recorded in the first half of 2015.

Net financial debt as at 30th June 2016 was €27.5 million, compared to €21.0 million as at 31st Dec 2015, and €58.4 million as at 30th June 2015.

Trade working capital as at 30th June 2016 was €56.1 million, compared to €36.5 million as at 31st December 2015, and €54 million as at 30th June 2015. The increase with respect to December is mainly due to a regular increase in inventories in the first half of the year.

### THREE-MONTH PERFORMANCE

Sales revenues in the second quarter of 2016 were €146.5 million, up by 8.4% compared to the second quarter of 2015 (+9.4% at constant Euro/USD exchange rates) and 8.2% compared to the first quarter of 2016. The booking in the quarter – the orders already acquired – was €147.7 million, up by 17.5% compared to the second quarter of 2015.

Operating margins increased significantly both compared to the second quarter of 2015 and to the first quarter of the current year.

#### Q2 2016 vs. Q2 2015

€000	Q2 2016		Q2 2015		Ch.	Ch.
	Value	%	Value	%		
TOTAL REVENUES	146,489	100.0%	135,169	100.0%	11,320	8.4%
EBITDA	26,137	17.8%	18,636	13.8%	7,501	40.3%
EBIT	21,103	14.4%	13,900	10.3%	7,203	51.9%

#### Q2 2016 vs. Q1 2016

€000	Q2 2016		Q1 2016		Ch.	Ch
TOTAL REVENUES	146,489	100.0%	135,353	100.0%	11,136	8.
EBITDA	26,137	17.8%	18,820	13.9%	7,317	38
EBIT	21,103	14.4%	14,210	10.5%	6,893	48

(\*) With the purpose to better report the operating sectors economic performances, it was appropriate to highlight the Divisional EBITDA as monitoring KPI.

## PERFORMANCE BY DIVISION

€000	Revenues			EBITDA*		
	H1 2016	H1 2015	Ch. %	H1 2016	H1 2015	
Datalogic ADC	194,834	177,420	9.8%	48,592	41,062	
Datalogic IA	75,701	66,556	13.7%	3,829	1,325	
Informatics	12,751	14,461	(11.8%)	(289)	110	
Datalogic S.p.A.	19,172	14,140	35.6%	6,245	(2,734)	
Adjustments	(20,616)	(15,092)	36.6%	(13,420)	(5,437)	
Total	281,842	257,485	9.5%	44,957	34,326	

The **ADC (Automatic Data Capture)** Division, specialized in the design and production of fixed scanners, professional handheld readers and mobile computers, recorded revenues of €194.8 million, 9.8% (same percentage at constant Euro/USD exchange rates) with respect to the first half of 2015 and second quarter revenues of €101.6 million up by 8.8% (+9.8% at constant Euro/USD exchange rates respect to the second quarter of 2015). The six-month performance was especially positive in North and America, with an increase of more than 20% led by the sale of the fixed retail scanners with in technology and mobile computers.

The profitability of the division was close to 25% in the first half of the year, a record in the history Group, thanks to improved operating leverage and containment of costs.

The **Industrial Automation Division**, specialized in the design and production of automatic identification systems, safety, detection and marking solutions for the Industrial Automation market, reported revenues of €75.7 million in the first half of the year, up by 13.7% on the first half of 2015 (same percentage at constant Euro/USD exchange rates) and €40.2 million in the second quarter, up by 15.5% on the second quarter of 2015 (+16.3% at constant Euro/USD exchange rates). Excluding the results of the Business Unit Systems which benefited, among other things, from the order received from Royal Mail (the UK mail service division increased revenues to €65.8 million, up by 8.9% (same percentage at constant Euro/USD exchange rates) in the six-month period, and to €35 million, up by 11.1% (+11.6% at constant Euro/USD exchange rates) over the quarter. With regard to revenues, an exceptional performance of the barcode readers in industrial applications was registered in all the geographies. The EBITDA Margin improved from 5.1% (7.1% excluding the results of BU Systems).

**Informatics** recorded sales of €12.8 million, compared to €14.5 million in the first half of 2015.

## PERFORMANCE BY GEOGRAPHIC AREA

With regard to geographic areas, in the first half of 2016 sales performance was positive both in the American market, with a 14.8% increase to €84.5 million, and in the European market with a 9.4% increase to €118 million.

REVENUES BY GEOGRAPHIC AREA	30.06.2016	30.06.2015	Change
Italy	26,556	25,181	5.5%
Europe	117,988	107,840	9.4%
North America	84,508	73,613	14.8%
Asia & Pacific	34,725	33,920	2.4%
ROW	18,065	16,931	6.7%
<b>TOTAL</b>	<b>281,842</b>	<b>257,485</b>	<b>9.5%</b>

## EVENTS IN THE SIX-MONTH PERIOD

On 4th March 2016, following the resignation of Sergio Borgheresi, Stefano Biordi was appointed i Datalogic Group CFO and Manager responsible for preparing the company's financial reports, Vincenza Colucci was appointed Investor Relator of Datalogic.

On 16th April 2016, a new production plant of 7,000 square meters was opened in Balatonboglar in Hungary focused mainly on the production of Factory Automation equipment. This investment, equal to more than 10 million over the 2014-2016 period, has two objectives: on one hand, to expand production capacity according to the development plans of the Group, on the other to ensure greater flexibility and top quality production process, thanks to the introduction of three new SMT lines.

On 2nd May 2016, the Shareholders' Meeting, among other things, appointed – for the three-year period 2016/2018 – the “new” Board of Statutory Auditors of the Company, consisting of:

- Fiorenza Salvatore Marco Andrea – Chairman;
- Santagostino Roberto – Standing Auditor;
- Lancellotti Elena – Standing Auditor.

On 28th June 2016, the Company announced the launch of the treasury shares purchase program pursuant to the resolution adopted by the shareholders' meeting held on May 2nd 2016.

## EVENTS AFTER THE END OF THE SIX-MONTH PERIOD AND OTHER INFORMATION

At today's meeting, the Board of Directors also decided to start a project focusing on all business processes of the Datalogic Group in the Customer's view in order to make the Company more and more “Customer Driven”.

Consequently, all customers will be able to further benefit from the highest quality in terms of production efficiency of the offered services.

This project – being defined – will be able to increase the effectiveness of the company structure of the Datalogic Group by enhancing “Customer Satisfaction”.

In the light of recent regulatory changes introduced by the EU legislator, on proposal of the Chairman and Chief Executive Officer, the Board of Directors also decided, at today's meeting, to change the “Privacy Information Management Procedure”, available - in its updated version – on the website of the Company at [www.datalogic.com](http://www.datalogic.com) (Investor Relations section).

Finally, following the appointment of the new COO of the Group – Carol Couch – at today's meeting the Board of Directors considered successfully completed the responsibilities (i.e. board delegation) conferred in interim, last 7th May 2015, to Carlo Aversa on the coordination, supervision and management of operations of the Datalogic Group.

The Board of Directors thanks Aversa for the work done for the benefit of the Group. Carlo Aversa remains the non-executive director of the Company.

## **BUSINESS OUTLOOK FOR THE CURRENT YEAR**

The results of the first half of the year confirm the positive performance of the Group especially in the European and North American market, with a significant increase with respect to the first half of 2015 (respectively +8% and +15.1% at constant Euro/USD exchange rates). This growth illustrates the market appreciation for technological solutions arising from intensive research and development work and a targeted response, with a specific focus on the range of applications aimed at the retail, transportation, logistics, manufacturing industry and health sectors.

The Group will continue to carry out significant R&D investments and expects to benefit, starting in the second half of the year, from the positive effects that are expected from the streamlining of production and operating costs resulting from the reorganisation and centralisation projects of Group activities and functions.

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Please note that the half-year report at 30th June 2016 will be available to anyone who requests it at the company headquarters, at the offices of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), on the “Stato” instrument, managed by BIt Market Services and may also be available on the company’s website [www.datalogic.com](http://www.datalogic.com) (Investor Relations section).

The manager responsible for preparing the company’s financial reports – Stefano Biordi – declares, pursuant to paragraph 2 of Art. 154-bis of the “Testo Unico della Finanza”, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

## **Reclassified income statement at 30th June 2016 – Euro/1.000**

Datalogic Group	30/06/2016		30/06/2015		Change	Change%
Total Revenues	281.842	100,0%	257.485	100,0%	24.357	9,5%
Cost of goods sold	(150.822)	-53,5%	(136.046)	-52,8%	(14.776)	10,9%
Gross Operating Margin	131.020	46,5%	121.439	47,2%	9.581	7,9%
Other revenues	2.038	0,7%	1.209	0,5%	829	68,6%
Research & Development	(24.317)	-8,6%	(23.449)	-9,1%	(868)	3,7%
Distribution costs	(51.189)	-18,2%	(50.132)	-19,5%	(1.057)	2,1%
Administrative expenses	(18.541)	-6,6%	(19.691)	-7,6%	1.150	-5,8%
Other operating expenses	(891)	-0,3%	(1.042)	-0,4%	151	-14,5%
Total operating expenses and others	(94.938)	-33,7%	(94.314)	-36,6%	(624)	0,7%
Non-recurring costs/revenues	(370)	-0,1%	(750)	-0,3%	380	-50,7%
Amort. intangible assets from acquisition	(2.437)	-0,9%	(2.899)	-1,1%	462	-15,9%
Operating Profit (EBIT)	35.313	12,5%	24.685	9,6%	10.628	43,1%
Financial (costs)/revenues	(1.877)	-0,7%	(3.162)	-1,2%	1.285	-40,6%
Result from equity investments	(402)	-0,1%	97	0,0%	(499)	n.a.
Foreign exchange (costs)/revenues	(283)	-0,1%	3.390	1,3%	(3.673)	n.a.
Profit/(Loss) before taxes (EBT)	32.751	11,6%	25.010	9,7%	7.741	31,0%
(Taxes)	(6.575)	-2,3%	(3.559)	-1,4%	(3.016)	84,7%
Net Income/(Loss)	26.176	9,3%	21.451	8,3%	4.725	22,0%
Depreciation	(4.357)	-1,5%	(3.694)	-1,4%	(663)	17,9%
Amortization	(2.480)	-0,9%	(2.298)	-0,9%	(182)	7,9%
EBITDA <sup>1</sup>	44.957	16,0%	34.326	13,3%	10.631	31,0%

[1] **EBITDA** - Earnings before interest, taxes, depreciation and amortization. The EBITDA is used Management to monitor and assess the operational performance of the Group and is not identified accounting item within IFRS. Given that the composition of this measure is not regulated by the ref accounting standards, it is not subject to any audit procedure by the Independent Auditors.

## Reclassified Balance Sheet at 30th June 2016 [2]– Euro/1.000

Datalogic Group	30/06/2016	31/12/2015	30/06/2015
Intangible fixed assets	52.438	56.547	57.735
Goodwill	179.539	183.020	178.156
Tangible fixed assets	66.286	68.384	59.111
Non-consolidated investments	5.989	6.607	5.828
Other fixed assets	52.209	49.288	46.249
<b>Total Fixed Assets</b>	<b>356.461</b>	<b>363.846</b>	<b>347.079</b>
Net trade account receivables	75.763	68.765	67.344
ST account payables	(108.268)	(101.711)	(86.050)
Inventory	88.565	69.477	72.702
Trade Working Capital	56.060	36.531	53.996
Other current receivables	34.210	28.643	36.670
Other ST payables and provision for risk & future charges	(72.373)	(61.025)	(60.384)
<b>Net Working Capital</b>	<b>17.897</b>	<b>4.149</b>	<b>30.282</b>
Other LT payables	(26.009)	(26.773)	(26.924)
Employees' deferred compensation / TFR	(6.488)	(6.814)	(6.867)
LT provision for risk & future charges	(10.143)	(15.187)	(12.560)
<b>Net Invested Capital</b>	<b>331.718</b>	<b>319.221</b>	<b>331.010</b>
<i>Equity</i>	<i>(304.258)</i>	<i>(298.260)</i>	<i>(272.607)</i>
<b>Net Financial Position</b>	<b>(27.460)</b>	<b>(20.961)</b>	<b>(58.403)</b>

[2] The reclassified Balance Sheet shows measures used by the Management to monitor and assess financial performances of the Group. Given that the composition of these measures is not regulated reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are subject to any audit procedure by the Independent Auditors.

#### Net Financial Position at 30th June 2016 – Euro/1.000

Datalogic Group	30/06/2016	31/12/2015	30/06/2015
A. Cash and bank deposits	93.747	126.166	96.500
B. Other liquidity	45	46	46
<i>b1. Restricted cash</i>	45	46	46
C. Securities held for trading	361	361	361
<i>c1. Short Term</i>	0	0	0
<i>c2. Long Term</i>	361	361	361
D. Cash and Cash equivalents (A) + (B) + (C)	94.153	126.573	96.907
E. Current financial receivables	0	0	2.612
F. Other current financial assets	0	0	0
<i>f1. Hedging instruments</i>	0	0	0
G. Current bank overdrafts	43	45	99
H. Current portion of non-current debt	19.963	32.973	25.951
I. Other current financial liabilities	3.327	6.355	2.558
<i>i1. Hedging instruments</i>	0	6	26
<i>i2. Leasing payables</i>	267	260	254
<i>i3. Current financial liabilities</i>	3.060	6.089	2.278
J. Current financial debt (G) + (H) + (I)	23.333	39.373	28.608
K. Current financial debt, net (J) - (D) - (E) - (F)	(70.820)	(87.200)	(70.911)
L. Non-current bank borrowing	129.692	139.639	149.696
M. Other non-current financial assets	31.616	31.872	20.957
N. Other non-current liabilities	204	394	575
<i>n1. Hedging instruments</i>	76	115	150
<i>n2. Leasing payables</i>	128	279	425
O. Non - current financial debt (L) - (M) + (N)	98.280	108.161	129.314
P. Net financial debt (K) + (O)	27.460	20.961	58.403