

THE BOARD OF DIRECTORS APPROVED THE DRAFT AND THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

RESULTS AT THEIR HIGHEST IN DATALOGIC HISTORY:

REVENUES AT 606 MILLION

EBITDA AT 103.3 MILLION, 17% ON REVENUES

NET PROFIT AT 60.1 MILLION, 9.9% ON REVENUES

NET FINANCIAL POSITION POSITIVE AT 30.1 MILLION

- Consolidated revenues were 606 million, up 5.1% from 576.5 million in 2016 despite adverse Euro-Dollar exchange rate (+6% net of exchange rate effect).
- EBITDA at 103.3 million, an increase of 14.3% from 90.4 million in 2016 (+14.5% net of exchange rate effect); EBITDA margin at 17% compared to 15.7% in 2016.
- Strong growth of net profit standing at 60.1 million, up 31% from 45.8 million in the previous year.
- Positive net financial position markedly improved to 30.1 million, driven by strong cash generation compared to 3.5 million as of 31 December 2016.
- The Board of Directors proposes to the Shareholders' Meeting to pay a dividend, before withholdings, of 0.50 per share, an increase of about 67% over the dividend from last year.

Bologna, 21 March 2018 – The Board of Directors of Datalogic S.p.A. (Borsa Italiana S.p.A.: Datalogic company listed in the STAR Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. ("Datalogic") and global leader in the automatic data capture and process automation markets, approved yesterday the draft and the Consolidated Financial Statements as of 31 December 2017.

Results for FY2017 show an increase in all financial indicators. Driven by higher sales revenues, improved cost of goods sold and operating cost savings, EBITDA rose 14.3% to 103.3 million, with EBITDA margin climbing to 17%, EBIT grew 18% to 82.9 million and net profit improved 31% to 60.1 million.

The Chief Executive Officer of Datalogic Group, Valentina Volta, commented: "I am satisfied with the results achieved in the year just ended. 2017 was a year of significant changes for the Datalogic Group, both strategically and from an organizational standpoint, with the transition from a product-oriented to a customer-centric model and the reorganization into four divisions. In terms of revenues, profitability and financial position, we achieved the best results ever in our history. The new model, which is highly valued by our customers, has already shown tangible benefits on this year's performance, with soaring growth rates in the Chinese market, especially in the Manufacturing sector, double-digit increase in the Health and T&L segments in the USA and in the Retail segment in EMEA. North America, a strategic area for us, was penalized by the exchange rate effect and a negative performance in the Retail sector due to

launch of new dedicated products only late in the year. Starting from the current year, our investment in the commercial structure will focus on the US market to fully capitalize on the potential of our range of products and services in all main segments. One year after launching the new organization, I am confident about the company's growth prospects, the additional benefits we may reap from the business model and the management's ability to continue managing change and face ever-more ambitious challenges for profitable growth in a market that, though highly competitive, is driven by a strong increasing demand for products and solutions our Group can successfully provide".

PERFORMANCE IN THE FINANCIAL YEAR

The Group's results as at 31 December 2017 include data for the third and fourth quarter of Soredi T Systems GmbH, a company acquired on 6 July 2017.

€000	2017		2016		Change	Change %
TOTAL REVENUES	606.022	100.0%	576.482	100.0%	29.540	5.1%
EBITDA	103.299	17.0%	90.366	15.7%	12.933	14.3%
EBIT	82.879	13.7%	70.245	12.2%	12.634	18.0%

Consolidated net revenues were 606 million, up 5.1% from 576.5 million at 31 December 2016 (+6% constant Euro/Dollar exchange rate) despite an unfavourable performance in the Euro/Dollar exchange rate, especially in the second half of the year.

Booking for the year - i.e. orders already acquired - reached 626.6 million, up 6.9% YoY (586 million in 2016). New products accounted for 12.7% of turnover for the year (24.3% in 2016) and it is attributed to the time lapse between the removal from the index of new products and the inclusion of new products launched mainly in the second half of the year.

The gross operating margin, of 288.4 million was up 8.8% from 265.1 million achieved in the same period of the previous year (+9.4% at constant Euro/Dollar exchange rate); as a percentage of revenue it improved by 1.6 percentage points, from 46% in 2016 to 47.6% in 2017. The improvement was mainly due to higher sales volumes, improved sales mix and greater efficiency in the main components of the core goods sold.

Operating costs, of 202.7 million, grew by 5.4% (+6.2% at constant Euro/Dollar exchange rate) compared to 192.3 million in 2016, in line with the previous year as a percentage of sales, from 33.4% to 33.7%. Particularly, the increase in Research and Development costs was noteworthy as it grew 9.6% to 103.3 million (+10.5% at constant Euro/Dollar exchange rate), accounting for 9.1% (9.5% in the core business represented by the Datalogic Division) of revenues compared to 8.7% in 2016.

EBITDA^[1] grew 14.3% from 90.4 million in the previous year to 103.3 million (+14.5% at constant Euro/Dollar exchange rate) with the EBITDA margin posting strong growth to 17% compared to 15.7% in 2016, mainly due to improved gross operating margin and containment of operating costs which remained essentially in line as a percentage of sales.

EBIT increased 18% to 82.9 million from 70.2 million in the previous year (+18.1% at constant Euro/E exchange rate).

The financial income was negative by 7.3 million, compared to a negative 3 million in 2016, mainly due to foreign exchange losses of 3 million, both as a result of a purely accounting effect from intercompany eliminations and the Dollar depreciation effect on the Group's net balances. The increase in financial charges is attributable to the increase in gross debt while the increase in bank fees was affected by the thousand release of up-front fees as a result of the early repayment of the long-term loan in the first part of the year.

The Group's net profit was 60.1 million, up 31% compared to the profit achieved in the same period of the previous year, amounting to 45.8 million.

At 31 December 2017, the net financial position^[2] was a positive 30.1 million, posting an improvement of 26.6 million compared to the prior year (positive by 3.5 million), attributable to continuous and robust cash generation, even after the dividend distribution.

At 31 December 2017, the trade working capital amounted to 61.5 million (or 10.1% of revenues), up 8.2 million YoY mainly as a result of the increase in trade receivables.

QUARTERLY PERFORMANCE

Comparison between Q4 2017 and Q4 2016

€000	Q4 2017		Q4 2016		Change	Change %
TOTAL REVENUES	155.311	100.0%	154.729	100.0%	582	0.4%
EBITDA	25.394	16.4%	23.727	15.3%	1.667	7.0%
EBIT	20.413	13.1%	17.495	11.3%	2.918	16.7%

Performance in the fourth quarter was especially affected by the negative performance of the Euro/E exchange rate that influenced revenue growth; revenues were 155.3 million, up 0.4% compared to the fourth quarter of 2016. At constant Euro/Dollar exchange rate, the growth recorded compared to the same period of 2016 is +3.7%.

The growth recorded is mainly due to the excellent performance in China and EMEA, which also benefited from the recent acquisition of Soredi Touch System, while there was a decline in North and Latin America.

EBITDA for the fourth quarter of 2017, at 25.4 million, was up 7% compared to the fourth quarter of 2016 and rose from 15.3% to 16.4% as a percentage of revenues.

PERFORMANCE BY DIVISION

€000	Revenues			EBITDA		
	2017	2016	% Chg.	2017	2016	% Chg.
Datalogic	563.980	534.240	5.6%	100.168	93.054	7.6%
Solution Net Systems	24.740	20.193	22.5%	2.854	(1.020)	n.s.
Informatics	20.595	24.366	(15.5%)	146	(1.532)	n.s.
Adjustments	(3.294)	(2.317)	42.2%	131	(136)	n.s.
Total Group	606.022	576.482	5.1%	103.299	90.366	14.3%

(*) Data for 2016 have been restated on the basis of the new operational structure

In 2017, the Datalogic Division recorded turnover of 564 million, up 5.6% (+6.3% at constant Euro/€ exchange rate) YoY. In the last quarter of the year, turnover grew 2.1% to 146.2 million compared to the same period of 2016 (+ 5.2% at constant Euro/Dollar exchange rate), with impressive performance in EMEA and APAC, especially in China which recorded growth in excess of 90%. EBITDA for the Division was up 7.6% to 100.2 million, or 17.8% as a percentage of sales (17.4% at 31 December 2016).

- The Retail sector recorded a downturn of 1.6% compared to last year (-0.7% at constant Euro/€ exchange rate) mainly due to a slowdown in sales in North America following the postponement of projects with major customers and the launch of new key products for this segment that only took place late in the year. EMEA and China confirmed the growth trend.

- The Manufacturing sector continued to expand, with growth of 10.1% YoY (+10.6% at constant Euro/€ exchange rate) mainly driven by business developments in China.

- After difficulties in the early months of the year, the Transportation & Logistics segment posted double-digit growth in the subsequent quarters in all geographic areas, mainly driven by North America and China. In 2017, growth was 12.9% compared to 2016 (+14.3% at constant Euro/Dollar exchange rate).

- The Healthcare segment represented the sector with the highest percentage of growth in 2017, equal to 38.8%, compared to the previous year. Growth was mainly due to North America, despite the negative impact of the Euro/Dollar exchange rate (+39.8% at constant Euro/Dollar exchange rate).

Finally, sales through the distribution channel, especially to small and medium-sized customers not directly attributable to any of the 4 main segments, reported extremely positive performance, with growth of 11.5% YoY, concentrated in EMEA and North America.

The Solution Net Systems Division grew 22.5% YoY (+25% at constant Euro/Dollar exchange rate) to a turnover of 24.7 million, while it dropped 15.3% (9.3% decrease at constant Euro/Dollar exchange rate) in the fourth quarter, with turnover of 5.4 million due to the normal seasonality of projects.

EBITDA for the Division was 2.9 million (negative 1.0 million in the same period of 2016), or 11.5% as a percentage of sales.

In 2017 the Informatics Division recorded turnover of 20.6 million, down 15.5% YoY (-14.3% at constant Euro/Dollar exchange rate).

Euro/Dollar exchange rate); in the fourth quarter, turnover was 4.2 million, down 27.2% (-21.2% at constant Euro/Dollar exchange rate) compared to the fourth quarter of 2016. EBITDA for the Division was 0.1 million (negative 1.5 million in the same period of 2016).

PERFORMANCE BY GEOGRAPHIC AREA

In 2017, EMEA recorded growth of 7.5% to 327.5 million and significant growth was recorded in Africa (79.6 million, +25.1%) driven by China (+54.8%). The performance was negative both in North America with a 3.8% decrease (-2.2% at constant Euro/Dollar exchange rate) influenced by the adverse exchange rate effect, and in Latin America.

REVENUE BY GEOGRAPHIC AREA	2017	2016	Change
(€000)			
<i>Italy</i>	<i>58.944</i>	<i>51.184</i>	<i>15.2%</i>
<i>EMEA (EX Italy)</i>	<i>268.562</i>	<i>253.362</i>	<i>6.0%</i>
Total EMEA (*)	327.506	304.546	7.5%
North America	171.414	178.269	(3.8%)
Latin America	27.468	30.032	(8.5%)
APAC (*)	79.634	63.635	25.1%
TOTAL	606.022	576.482	5.1%

(*) EMEA: Europe, Middle East and Africa; APAC: Asia & Pacific

PERIOD EVENTS

On 13 April 2017, Datalogic S.p.A. signed an agreement for a new credit line of 250 million expiring in 2023. Part of the loan was used to early repay the already existing credit line for 126 million while the remaining part will be used to support the Group's ordinary business and development.

On 4 May 2017, the Extraordinary Shareholders' Meeting approved – among others - amendments to Articles 6 and 9 of the Company's Articles of Association aimed primarily at introducing the "increased right for long-term shareholders of the Company pursuant to article 127 quinquies of Italian Legislative Decree no. 58/1998 ("TUF" – Consolidation Finance Act) introduced by art. 20, paragraph 1 bis, of Decree Law no. 91/2014 converted into Law no. 116/2014 (the "Competitiveness Decree").

On 6 June 2017 a binding agreement was signed, and then concluded on 6 July, for the acquisition of 10% of the share capital of the German company Soredi Touch Systems GmbH, a leader in technology terminals, especially forklift terminals. The transaction envisaged a total maximum financial commitment of Datalogic of 10 million by 2021, of which 8 million cash and 2 million treasury shares.

On 23 November 2017, the director Pier Paolo Caruso resigned from his office as a member of the Datalogic Board of Directors. The non-independent and non-executive resigning Director was not a member of any of the board committees.

EVENTS AFTER YEAR-END

There are no significant events to report.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The global macroeconomic scenario points to continuation of the economic recovery already underway in the main areas of the Group's operations.

In all reference segments, the Group continues to record constant growth, driven by the ever-increasing demand for industrial and business process automation aimed at improving productivity, increasing efficiency and meeting ever higher quality standards in production process control. Private initiatives and government plans designed to boost investments in technological transformation (Industry Plan 4.0), robotics development in the Manufacturing sector, accelerated growth of e-commerce, development of multi-channel distribution and data collection and analysis of consumer habits that improve customer experience in the Retail sector, constant evolution of the regulatory framework towards higher standards in the more regulated sectors such as Healthcare and airport systems in the Transportation and Logistics segment are the main development trends that the Group will have to seize and satisfy through its products and services in the coming years.

As part of its growth strategy, the Group plans to steadily increase its investment in Research and Development, improve customer service levels, further strengthen its commercial structures in all the development areas with special focus in North America and to continue streamlining production costs with strong monitoring of operating costs and overheads.

Unless significant changes occur in the current economic and sector trends, the Group expects to be able to pursue revenue and profitability growth also in 2018, while maintaining a sound financial position and continuing to generate cash.

At the Shareholders Meeting planned to take place on 23 May 2018 the Board of Directors will propose to distribute an ordinary unit dividend, gross of legal withholdings, of 0.50 per share (about +67% compared to 0.30 per share paid for 2017), for a maximum amount of approximately 29.3 million Euro, with detachment on 28 May 2018 (record date 29 May 2018) and payment from 30 May 2018.

The Board of Directors also approved the Annual Corporate Governance Report. A copy of the report will be available to the public in accordance with applicable law.

Note that the auditing of the draft financial statements has not yet been completed and that the independent auditors' report will be made available within the deadlines set at law. The attached balance sheet and income statement are reclassified statements, and as such have not been subject to audit.

Finally, the Annual Financial Report (pursuant to article 154-ter of the Testo Unico della Finanza - TU della Finanza) of Datalogic S.p.A. will be available to anyone who requests it at the company headquarters or at Euronext Italiana SpA, on the "eMarket STORAGE" instrument, managed by Spafid Connect S.p.A., and may also be consulted on the company's website www.datalogic.com (Investor Relations section), in accordance with the law and applicable regulations.

The manager responsible for preparing the company's financial reports – Alessandro D'Aniello – 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 31 December 2017 – Euro/1.000

	2017	% on Revenues	2016	% on Revenues	Change	Change
Total Revenues	606.022	100,0%	576.482	100,0%	29.540	
Cost of goods sold	(317.629)	-52,4%	(311.346)	-54,0%	(6.283)	
Gross Operating Margin	288.393	47,6%	265.136	46,0%	23.257	
Other revenues	2.964	0,5%	3.278	0,6%	(314)	
Research & Development	(55.275)	-9,1%	(50.421)	-8,7%	(4.854)	
Distribution costs	(99.701)	-16,5%	(97.456)	-16,9%	(2.245)	
Administrative expenses	(44.804)	-7,4%	(41.372)	-7,2%	(3.432)	
Other operating expenses	(2.959)	-0,5%	(3.027)	-0,5%	68	
Total operating expenses and others	(202.739)	-33,5%	(192.276)	-33,4%	(10.463)	
Non-recurring costs/revenues	(924)	-0,2%	(979)	-0,2%	55	
Amort. intangible assets from acquisition	(4.815)	-0,8%	(4.914)	-0,9%	99	
Operating Profit (EBIT)	82.879	13,7%	70.245	12,2%	12.634	
Financial (costs)/revenues	(4.330)	-0,7%	(3.055)	-0,5%	(1.275)	
Result from equity investments	(85)	0,0%	(318)	-0,1%	233	
Foreign exchange (costs)/revenues	(3.010)	-0,5%	20	0,0%	(3.030)	
Profit/(Loss) before taxes (EBT)	75.454	12,5%	66.892	11,6%	8.562	
(Taxes)	(15.374)	-2,5%	(21.046)	-3,7%	5.672	
Net Income/(Loss)	60.080	9,9%	45.846	8,0%	14.234	
Non-recurring costs/revenues	(924)	-0,2%	(979)	-0,2%	55	
Depreciation	(10.273)	-1,7%	(9.363)	-1,6%	(910)	
Amortization	(9.223)	-1,5%	(9.779)	-1,7%	556	
EBITDA	103.299	17,0%	90.366	15,7%	12.933	

Reclassified Balance Sheet at 31 December 2017 ([\[3\]](#)) – Euro/1.000

	31.12.2017	31.12.2016	cha
Intangible fixed assets	41.980	51.997	(10.0)
Goodwill	174.343	188.934	(14.5)
Tangible fixed assets	69.733	72.082	(2.3)
Equity investments in associates	11.757	6.928	4.8
Other fixed assets	50.058	51.807	(1.7)
Total Fixed Assets	347.871	371.748	(23.8)
Net trade account receivables	83.195	75.477	7.7
ST account payables	(107.651)	(104.585)	(3.0)
Inventory	85.938	82.344	3.6
Trade Working Capital	61.482	53.236	8.2
Other current receivables	31.121	34.184	(3.0)
Assets Held for Sale	1.021	0	1.0
Other ST payables and provision for risk & future charges	(71.621)	(77.625)	6.0
Net Working Capital	22.003	9.795	12.2
Other LT payables	(26.747)	(30.836)	4.0
Employees' deferred compensation / TFR	(6.633)	(6.647)	0.0
LT provision for risk & future charges	(13.602)	(11.169)	(2.4)
Net Invested Capital	322.892	332.891	(9.9)
Equity	(353.029)	(336.394)	(16.6)
Net Financial Position	30.137	3.503	26.6

Net Financial Position at 31 December 2017 – Euro/1.000

	31.12.2017	31.12.2016	cha
A. Cash and bank deposits	256.201	146.930	109.
B. Other liquidity	11	47	
<i>b1. Restricted cash</i>	11	47	
C. Securities held for trading	0	0	
<i>c1. Short Term</i>	0	0	
<i>c2. Long Term</i>		0	
D. Cash and Cash equivalents (A) + (B) + (C)	256.212	146.977	109.
E. Current financial receivables	0	0	
F. Other current financial assets	0	0	
<i>f1. Hedging instruments</i>	0	0	
G. Current bank overdrafts	92	212	(1)
H. Current portion of non-current debt	48.108	30.180	17.
I. Other current financial liabilities	2.913	5.878	(2.9)
<i>i1. Hedging instruments</i>	0	37	
<i>i2. Leasing payables</i>	0	248	(2)
<i>i3. Current financial liabilities</i>	2.913	5.593	(2.6)
J. Current financial debt, net (G) + (H) + (I)	51.113	36.270	14.
K. Current financial debt, net (J) – (D) – (E) – (F)	(205.099)	(110.707)	(94.3)
L. Non-current bank borrowing	205.656	139.321	66.
M. Other financial assets	31.444	32.117	(6)
N. Other non-current liabilities	750	0	
<i>n1. Hedging instruments</i>		0	
<i>n2. Leasing payables</i>	0	0	
<i>n3. Non-current financial payables</i>	750	0	
O. Non-current financial debt (L) – (M) + (N)	174.962	107.204	67.
P. Net financial debt (K) + (O)	(30.137)	(3.503)	(26.6)

[1] EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): this indicator is defined as Profit/Loss for the period before depreciation/amortization of tangible and intangible assets, non-recurring costs/revenues, financial income and expense and income taxes;

[2] Net Financial Position or Net Financial Debt: this indicator is calculated in compliance with Communication no. 15519 of 28 July 2006, also including other financial assets consisting of temporary liquidity investments.

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