BOARD OF DIRECTORS APPROVES INTERIM REPORT AT 31 MARCH 2019

REVENUES AT 144.6 MILLION

EBITDA AT 21.6 MILLION, 15.0% ON REVENUES

NET PROFIT AT 12.6 MILLION, UP 12.4%

- Revenues at 144.6 million, up 1.2% (-2.1% at constant exchange rates) from 142.9 million in the first quarter of 2018.
- EBITDA[1] at 21.6 million, down 1.4% on 22.0 million in the first quarter of 2018; EBITDA margin down from 15.4% to 15.0%.
- Net profit at 12.6 million, up 12.4% from 11.2 million in the first quarter of 2018.
- Negative Net Financial Position at 3.9 million vs a positive position of 23.8 million at 31 December 2018. The change is due to the effects, merely accounting, of the application of the new accounting standard IFRS 16-Leases, equal to 14.1 million, net of which it would have been positive by 10.2 million.

Bologna, 14 May 2019 - The Board of Directors of Datalogic S.p.A. (Borsa Italiana S.p.A.: DAL), a 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, has approved today its interim report on operations at 31 March 2019.

The Chief Executive Officer of the Datalogic Group, Valentina Volta, commented: “The results of the first quarter showed a double digit growth in the Transportation & Logistics segment and a positive recovery in the Healthcare segment, while in terms of geographic areas, we saw growth in North America and in EMEA, excluding Italy, and a negative performance in APAC area due to the slowdown in China.

The quarter thus ended with a marginal growth in turnover. Nonetheless, thanks to the reduction of production costs, though profitability was penalised by an unfavourable trend in exchange rates, it remained substantially in line with the first quarter of 2018.

We expect the elements of uncertainty in the macroeconomic scenario that gained shape in the first quarter may also impact the current quarter. Nonetheless, we are satisfied with the level of interest of our customers in new products, specifically mobile computers, and we expect a recovery in the second half which, if there are no significant changes in the economic trend, will allow us to record growth also for 2019.”

RESULTS OF THE FIRST QUARTER OF 2019

Euro/000	Q1 2019	% on rev.	Q1 2018	% on rev.	Change	% Change	% Chang Net FX
TOTAL REVENUES	144,647	100.0%	142,942	100.0%	1,705	1.2%	-2.1%
EBITDA	21,647	15.0%	21,952	15.4%	(305)	-1.4%	4.1%
Net Profit/(Loss)	12,567	8.7%	11,183	7.8%	1,384	12.4%	

Consolidated net revenues were 144.6 million, up 1.2% from 142.9 million in the first quarter of 2018 (-2.1% at constant exchange rates).

The gross operating margin, equal to 70.2 million, grew by 0.5% compared to 69.8 million of the same period of the previous year, also showing incidence on revenues substantially in line with the same quarter of the previous year, going from 48.8% in 2018 to 48.5% in 2019, due to the efficiencies in materials costs and the improvement of the mix, which offset the unfavourable trend in exchange rates.

Operating and other costs , equal to 53.9 million, were up 4.9% compared to 51.4 million of the same period of 2018 and increased by 1.3 percentage points in terms of incidence on turnover, going from 36.0% to 37.3%. In particular, distribution costs increased by 12.9% to 29.1 million, accounting for 20.1% of revenues as compared with the 18.0% recorded in the same period of 2018, attributable to the investments made in 2018 to strengthen the commercial organisations. Research and Development costs, amounting to around 14.3 million (14.5 million in the first quarter of 2018) were substantially in line with the previous period, with an incidence on turnover of 9.9%.

EBITDA decreased by 1.4%, going from 22.0 million in the first quarter of 2018 to 21.6 million, whilst the incidence on revenues (EBITDA margin) came to 15.0%, from 15.4% in 2018. The slight decrease was due to the increase in the incidence of operating costs and to the unfavourable trend in exchange rates, partially offset by the benefit deriving from the adoption of the new accounting standard IFRS 16 - Leases, which resulted in the recording of higher depreciation and lower costs for leases and rentals of 1.3 million.

EBIT decreased by 10.3% to 14.8 million from 16.5 million in the same period of previous year, whilst the incidence on revenues came to 10.2% from 11.6% in the first quarter of 2018.

Financial income was a positive 1.3 million, compared to a negative 1.8 million of the same period of 2018, mainly due to the trend in exchange rate gains and losses, positive for 1.5 million, and higher income from liquidity investments.

The Group's net profit was equal to 12.6 million, up 12.4% on the profit registered in the same period of the previous year, equal to 11.2 million.

At 31 March 2019, the Net Financial Position was negative for 3.9 million, booking a decrease of 36.3 million on 31 March 2018 (when it was positive for 32.3 million) and a decrease of 27.8 million on 31

December 2018 (when it was positive for 23.8 million). The change is mainly due to the accounting effects of the application of the new accounting standard IFRS 16 - Leases, which resulted in the booking of right of use assets for 14.3 million and financial liabilities for leases for 14.1 million. Net of treasury share purchases and the adoption of IFRS 16, period cash absorption deriving from the business came to 11.1 million (positive in the first quarter of 2018 for 2.2 million).

This performance was due to the increase in net investments of 6.1 million (2.7 million in the first quarter of 2018), to the negative change in net working capital for 18.3 million (11.3 million in the first quarter of 2018) and to the negative change in other assets and liabilities for 5.2 million (0.7 million in the first quarter of 2018), attributable to VAT credits.

At 31 March 2019 the Trade Working Capital was 87.4 million (13.8% of revenues), up by 18.3 million on 31 December 2018 and by 14.6 million on 31 March 2018. The change is attributable to the increase in inventories and the reduction in trade payables, partially offset by the improvement in trade receivables.

The Net Invested Capital, equal to roughly 394.4 million, booked an increase of 42.4 million compared to the previous year, due to the increase in net working capital of 24.2 million and net investments fixed assets of around 19.7 million, mainly represented by product development and tangible assets, of which around 14.3 million deriving from the adoption of IFRS 16.

PERFORMANCE IN THE QUARTER BY DIVISION

	Revenues			EBITDA		
Euro/000	Q1 2019	Q1 2018	% Change	Q1 2019	Q1 2018	% Change
Datalogic	135,647	132,567	2.3%	20,694	20,803	(0.5%)
Solution Net Systems	5,465	6,093	(10.3%)	985	957	2.9%
Informatics	4,292	4,773	(10.1%)	(73)	139	n.a.
Adjustments	(757)	(491)		41	53	
Total	144,647	142,942	1.2%	21,647	21,952	(1.4%)

In the first quarter, the Datalogic Division recorded turnover of 135.6 million, up 2.3% on 2018 (-0.7% at constant exchange rates), showing a positive performance in North America (+18.6%) and EMEAI (+1.5%).

Division EBITDA amounted to 20.7 million, down 0.5%, with an incidence on turnover of 15.3% (15.7% at 31 March 2018).

Euro/000	Q1 2019	%	Q1 2018*	%	Change	% Change	% Change Net FX
Retail	63,565	46.9%	64,969	49.0%	(1,404)	(2.2%)	(5.6%)
Manufacturing	38,885	28.7%	40,496	30.5%	(1,611)	(4.0%)	(5.9%)
Transportation & Logistic	14,744	10.9%	12,627	9.5%	2,117	16.8%	12.5%
Healthcare	5,427	4.0%	4,527	3.4%	900	19.9%	15.6%
Channel (Unallocated) (**)	13,026	9.6%	9,948	7.5%	3,078	30.9%	28.8%
Total revenues	**135,647**	**100.0%**	**132,567**	**100.0%**	**3,080**	**2.3%**	**(0.7%)**

(*) The comparative data for 2018 has been consistently restated as a result of the reallocation of revenues to the various operating segments.

(**) The Channel (Unallocated) segment includes revenues that cannot be directly attributed to the 4 identified segments.

The Retail segment decreased by 2.2% on the previous year (-5.6% at constant exchange rates) seeing a slowdown in all geographic areas except for North America, which grew by 5.3%.

The Manufacturing segment decreased by 4.0% on the previous year (-5.9% at constant exchange rates). The slowdowns in the EMEAI (-3.1%) and APAC (-17.4%) were only partially offset by the positive performance in North America, up by 19.4% (10.3% at constant exchange rates).

The Transportation & Logistics segment recorded a strong growth, equal to 16.8% on the same period of 2018 (+12.5% at constant exchange rates), driven by exceptionally positive performance in North America, which grew by 44% (+33.1% at constant exchange rates).

The Healthcare segment recorded a growth of 19.9% (+15.6% at constant exchange rates) on the first quarter of 2018, driven by sales in the EMEAI.

Sales through the distribution channel, above all to small and medium customers not directly attributable to any of the 4 main sectors, recorded an increase of 30.9% (+28.8% at constant exchange rates).

The Solution Net Systems Division recorded revenues of 5.5 million, down 10.3% on the first quarter of 2018 (-17.2% at constant exchange rates), mainly due to the seasonality of the progress of orders. Division EBITDA amounted to 1 million, with an incidence on turnover of 18.0%, compared to 15.7% in the first quarter of 2018.

In the first quarter, the Informatics Division recorded revenues of 4.3 million, down 10.1% (-17.0% at constant exchange rates) on the first quarter of 2018. Division EBITDA was negative for 0.1 million (positive for 0.1 million in the same period of 2018).

PERFORMANCE BY GEOGRAPHIC AREA

The table below shows Group revenue by geographic area, as achieved in the first quarter of 2019 vs the same period of 2018:

Euro/000	Q1 2019	%	Q1 2018**	%	Change	% Change	% Change Net FX
Italy	11,765	8.1%	14,407	10.1%	(2,642)	(18.3%)	
EMEAI (excluding Italy)	71,850	49.7%	67,961	47.5%	3,889	5.7%	
Total EMEAI (*)	83,615	57.8%	82,368	**57.6%**	1,247	1.5%	0.7%
North America	43,516	30.1%	39,490	27.6%	4,026	10.2%	1.7%
Latin America	2,756	1.9%	3,047	2.1%	(291)	(9.5%)	(11.9%)
APAC (*)	14,760	10.2%	18,037	12.6%	(3,277)	(18.2%)	(21.5%)
Total revenues	**144,647**	**100.0%**	**142,942**	**100.0%**	**1,705**	**1.2%**	**(2.1%)**

(*) EMEAI: Europe, Middle East, India and Africa; APAC: Asia & Pacific including China.

(**) The comparative data has been consistently restated to reflect the new allocations of revenues.

During the first quarter of 2019 growth reached 10.2% in North America, primarily due to the favourable trend in exchange rates, while there was a slowdown in the APAC area, down by 18.2%. Performance in the EMEAI area, which grew overall by 1.5%, was penalised by the negative performance in Italy, while significant growth was recorded in the rest of the area, specifically in DACH countries (Germany, Austria and Switzerland).

SIGNIFICANT EVENTS DURING THE QUARTER

There are no significant events to report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On 30 April 2019, the Shareholders' Meeting approved the distribution of an ordinary unit dividend, gross of legal withholdings, of 0.50 per share, with coupon detachment on 27 May 2019 (record date 28 May 2019) and payment from 29 May 2019, for a total maximum amount of 29,223,245. The above-mentioned Shareholders' Meeting also resolved:

- to revoke the authorisation of the Board of Directors to purchase treasury shares, decided by the Shareholders' Meeting on 23 May 2018, and to concurrently authorise the Board of Directors, pursuant to and in accordance with Art. 2357 et seq. of the Italian Civil Code and Art. 132 of Italian Legislative Decree no. 58 of 24 February 1998, to make purchases of treasury shares of the Company (which, at 30 April 2019, amounted to 1,013,787 treasury shares, equal to around 1.7% of the share capital), in one or more steps, for a period of no more than 18 months, starting from the date of the resolution;
- to approve, pursuant to and in accordance with Art. 114-bis of Italian Legislative Decree no. 58 of 24 February 1998, the adoption of the plan to assign performance shares 2019 – 2021 named

the “2019-2021 Performance Shares Plan”.

OUTLOOK

Some of the elements of political uncertainty and of the expected global macroeconomic scenario took shape in the first quarter of 2019, resulting in a slowdown in the economic trend in several geographic areas, specifically in China and Italy, while North America was the market with the highest growth for the Group.

The expectations for the main long-term development trends in all the main reference industries are confirmed, despite the signs of slowdown: industrial automation and robotics development in the Manufacturing sector; investments in technology to reduce costs and improve the customer experience of Retail sector customers; increased volumes of deliveries following the development of e-commerce and consequent rise in investments in technologies aiming to minimise errors and reduce delivery terms in the Transportation & Logistics sector; the evolution of the regulatory framework towards higher safety standards in the Healthcare sector.

The macroeconomic scenario that penalised Group revenues, primarily in China and Italy, continues to show several elements of uncertainty, which could also impact the current quarter. Despite this economic outlook, due to new products and the investments made in the commercial organisations, the Group expects to be able to achieve an improvement in the second half of the year, and to close the year pursuing its trend of growth in revenues and recovery in profitability to levels substantially in line with 2018.

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Based on the declarations by the Directors and the information available to the company, the Board of Directors verified that the new directors Vera Negri Zamagni and Angelo Busani met the requirements of honourability and independence, and that there were no reasons for ineligibility or incompatibility, as required by the current regulations and the Self-Governance Code.

The Board of Statutory Auditors verified the correct application of the criteria and procedures of verification adopted by the Board to assess the independence of the new directors.

The Board of Directors also verified, based on the audits conducted by the Board of Statutory Auditors, that there were no reasons for ineligibility or incompatibility and that the requirements of professionalism and honourability pursuant to Ministerial Decree no. 162 of 30 March 2000, as well as the requirements of independence set out by law, were met by the new Statutory Auditors, listed below:

Salvatore Fiorenza, Chairman
Elena Lancellotti, Standing Auditor
Roberto Santagostino, Standing Auditor
Ines Gandini, Alternate Auditor
Eugenio Burani, Alternate Auditor

Patrizia Cornale, Alternate Auditor

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Finally, the interim report on operations at 31 march 2019 is not subject to auditing, and will be available to anyone who requests it at the company headquarters or at Borsa Italiana S.p.A. (www.borsaitaliana.it), 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 terms set out by law.

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The manager responsible for preparing the company’s financial reports – Marco Carnovale – declares, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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The hereby document contains forward-looking statements related to future events and operating, economic and financial results of the Group. These forward-looking statements include risks and uncertainties, since they may depend by future events and developments. Final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group’s control.

Reclassified Income Statement at 31 March 2019 – Euro/000

	Quarter					
	31.03.2019		31.03.2018		Change	% Change
Total Revenues	**144,647**	**100.0%**	**142,942**	**100.0%**	**1,705**	**1.2%**
Cost of goods sold	(74,496)	-51.5%	(73,136)	-51.2%	(1,360)	1.9%
Gross Operating Margin	**70,151**	**48.5%**	**69,806**	**48.8%**	**345**	**0.5%**
Research & Development costs	(14,304)	-9.9%	(14,519)	-10.2%	215	-1.5%
Distribution costs	(29,102)	-20.1%	(25,771)	-18.0%	(3,331)	12.9%
Administrative expenses	(11,107)	-7.7%	(11,094)	-7.8%	(13)	0.1%
Other operating incomes /(expenses)	580	0.4%	(36)	0.0%	616	n.a.
Total operating expenses and others	**(53,933)**	**-37.3%**	**(51,420)**	**-36.0%**	**(2,513)**	**4.9%**
Non-recurring costs/revenues	(199)	-0.1%	(760)	-0.5%	561	-73.8%
Amort. intangible assets from acquisition	(1,197)	-0.8%	(1,106)	-0.8%	(91)	8.2%
Operating Profit (EBIT)	**14,822**	**10.2%**	**16,520**	**11.6%**	**(1,698)**	**-10.3%**
Financial incomes/(expenses)	(215)	-0.1%	(1,065)	-0.7%	850	-79.8%
Result from equity investments	0	0.0%	0	0.0%	0	n.a.
Foreign exchange (losses)/gains	1,504	1.0%	(779)	-0.5%	2,283	n.a.
Profit/(Loss) before taxes (EBT)	**16,111**	**11.1%**	**14,676**	**10.3%**	**1,435**	**9.8%**
(Taxes)	(3,544)	-2.5%	(3,493)	-2.4%	(51)	1.5%
Net Income/(Loss)	**12,567**	**8.7%**	**11,183**	**7.8%**	**1,384**	**12.4%**
Non-recurring costs/revenues	(199)	-0.1%	(760)	-0.5%	561	-73.8%
Depreciation	(4,158)	-2.9%	(2,535)	-1.8%	(1,623)	64.0%
Amortization	(2,468)	-1.7%	(2,137)	-1.5%	(331)	15.5%
EBITDA	**21,647**	**15.0%**	**21,952**	**15.4%**	**(305)**	**-1.4%**

Reclassified Balance Sheet at 31 March 2019 () – Euro/000

	31.03.2019	31.12.2018	Var.
Intangible fixed assets	44,150	44,506	(356)
Goodwill	183,460	181,149	2,311
Tangible fixed assets	94,449	77,995	16,454
Equity investments in associates	9,659	9,397	262
Other fixed assets	57,647	56,665	982
Total Fixed Assets	**389,365**	**369,712**	**19,653**
Net trade account receivables	78,836	90,439	(11,603)
ST account payables	(99,181)	(117,139)	17,958
Inventory	107,735	95,826	11,909
Trade Working Capital	**87,390**	**69,126**	**18,264**
Other current receivables	51,940	41,855	10,085
Assets Held for Sale	0	0	0
Other ST payables and provision for risk & future charges	(82,138)	(78,037)	(4,101)
Net Working Capital	**57,192**	**32,944**	**24,248**
Other LT payables	(39,593)	(37,829)	(1,764)
Employees' deferred compensation(TFR)	(6,640)	(6,541)	(99)
LT provision for risk & future charges	(5,914)	(6,320)	406
Net Invested Capital	**394,410**	**351,966**	**42,444**
Equity	**(390,485)**	**(375,809)**	**(14,676)**
Net Financial Position	**(3,925)**	**23,843**	**(27,768)**

Net Financial Position at 31 March 2019 – Euro/000

	31.03.2019	31.12.2018
A. Cash and bank deposits	165,770	181.418
B. Other cash equivalents	12	12
b1, Restricted cash	*12*	*12*
C. Securities held for trading	0	0
D. Cash and Cash equivalents (A) + (B) + (C)	**165,782**	**181.430**
E. Current financial receivables	0	0
F. Other current financial assets	51,630	50.896
f1. Hedging instruments	*0*	*0*
G. Current bank overdrafts	756	29
H. Current portion of non-current debt	47,705	47.314
I. Other current financial liabilities	6,021	3.733
i1. Hedging instruments	*0*	*0*
i2. Leasing payables	*4,818*	*0*
i3. Current financial liabilities	*1,203*	*3.733*
J. Current financial debt, net (G) + (H) + (I)	**54,482**	**51.076**
K. Current financial debt, net (J) - (D) - (E) - (F)	**(162,930)**	**(181.250)**
L. Non-current bank borrowing	157,563	157.407
M. Other financial assets	0	0
N. Other non-current liabilities	9,292	0
n1. Hedging instruments	*0*	*0*
n2. Leasing payables	*9,292*	*0*
n3. Non- current financial payables	*0*	*0*
O. Non - current financial debt (L) - (M) + (N)	**166,855**	**157,407**
P. Net financial debt (K) + (O)	**3,925**	**(23,843)**

[1] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): this is an economic indicator that is not defined in the IFRSs, but used by the company's management to monitor and assess its operating performance, as this indicator is not influenced by the volatility deriving from the effects of the different criteria for determining taxable income, the amount and characteristics of capital employed, as well as the related amortisation and depreciation policies. This indicator is defined by Datalogic as Profit/Loss for the period before depreciation/amortisation of tangible and intangible assets, non-recurring costs, financial income and expense and income taxes.

[2] The reclassified Income Statement and Balance Sheet show 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 the reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are not subject to any audit procedure by the Independent Auditors.