

THE BOARD OF DIRECTORS APPROVED THE QUARTERLY FINANCIAL REPORT AT 31 MARCH 2018

REVENUES AT €142.9 MILLION

EBITDA AT €22.0 MILLION, 15.4% ON REVENUES

NET PROFIT AT €11.2 MILLION, 7.8% ON REVENUES

NET FINANCIAL POSITION POSITIVE AT €32.3 MILLION

- Revenues at €142.9 million, up 1.0% (+7.8% at constant exchange rates) from €141.5 million in the first quarter of 2017.
- EBITDA [1] at €22 million an increase of 5.7% from €20.8 million in the first quarter of 2017. EBITDA margin increased from 14.7% to 15.4%.
- Net profit at €11.2 million compared to €11.9 million in the first quarter of 2017.
- Further improvement of the Net Financial Position positive at €32.3 million, compared to €31.5 million as at 31 December 2017.

Bologna, 9th May 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 today the Quarterly Financial Report as of 31 March 2018.

The Chief Executive Officer of the Datalogic Group, Valentina Volta, commented: *"In the first months of the year, Group revenues increased by 7.8% at constant exchange rates, reaching €143 million with double-digit growth at constant exchange rates in the main reference sectors of the Datalogic business, and, in particular, in the Retail sector which, after recording a negative performance in the last two quarters of 2017, experienced a recovery, growing by 4.9% at current exchange rates and by 12.6% at constant exchange rates, as a result of the acquisition of important projects on customers of primary importance in all geographical areas. Growth in the Manufacturing sector was driven by the acquisition of new customers in China, while in the Transportation & Logistics sector it was driven by the acquisition of orders from the main USA postal couriers, as well as by the acquisition of new customers in EMEA and in China. Growth in the main sectors was partially limited by the unfavourable performance of the Euro/US Dollar exchange rate and by the decline in distribution turnover as a result of a typical seasonal trend of stock reduction by the main distributors. All geographical areas grew at constant exchange rates, including North America, which benefited from important orders in Retail and in T&L. Double-digit growth continued in China and Korea. I am also satisfied with first quarter profitability, with the consolidation of the improvement in operating margin acquired in 2017. This allows the company to continue to accelerate its investments in R&D and in strengthening the sales organisations required for our growth to continue."*

Consolidated net revenues amounted to €142.9 million and, in spite of the unfavourable trend of the Euro/US Dollar exchange rate, they increased by 1%, versus €141.5 million as at 31 March 2017 (+7.1% at constant exchange rates).

The **gross operating margin**, at €69.8 million, grew by 5.5% versus €66.2 million realised in the period of the previous year (+11.2% at constant exchange rates) and its percentage of revenues improved 2 points, from 46.8% in 2017 to 48.8% in 2018 (+1.5 percentage points at constant exchange rates) improvement is mainly due to the improvement of the mix and to the efficiencies in the cost of material

The **operating costs**, equal to €51.9 million, increased by 4.6% (+13.7% at constant exchange rates) versus €49.6 million in the same period of 2017, and grew by 1.2 percentage points in terms of their percentage of revenues, from 35.1% to 36.3% (+1.9 percentage points at constant exchange rates). Particularly noteworthy were:

- an increase in Research and Development expenses, which grew by 10% to €14.5 million (+23.2% at constant exchange rates) and amounted to 10.2% of revenues (10.6% in the core business represented by the Datalogic division), as opposed to 9.3% in the same period of 2017,
- an increase in Distribution expenses, which grew by 5.4% to €25.8 million (+13.7% at constant exchange rates) and amounted to 18% of revenues, compared to 17.3% in the same period of 2017.

The **EBITDA** grew by 5.7%, from €20.8 million in the first quarter of 2017 to €22 million (+4.2% at constant exchange rates), while the EBITDA margin rose from 14.7% to 15.4%, mainly as a result of the improvement in gross operating margin.

The **EBIT** grew by 8.3% to €16.5 million versus €15.3 million in the previous quarter (+2.6% at constant exchange rates), and its percentage of revenues rose to 11.6% from 10.8% in the first quarter of 2017.

The non-recurring costs of €0.8 million (€0.3 million in the first quarter of 2017) related mainly to restructuring operations on some corporate functions.

Financial income was negative by €1.8 million, compared to a negative result of €1.1 million in the period of 2017, mainly by effect of the foreign exchange difference performance, negative by €0.8 million resulting from the depreciation of the US Dollar on the net balances of the Group. The increase in financial expenses by €0.4 million, compared to the first quarter of 2017, was due to the increase in indebtedness.

Group net profit amounted to €11.2 million, down by 6.1% compared to the profit realised in the period of the previous year, amounting to €11.9 million.

The **Net Financial Position**, as at 31 March 2018, was positive by €32.3 million, up by €42.8 million compared to 31 March 2017 (negative by €10.5 million) and up by 2.2 million compared to 31 December 2017 (positive by €30.1 million).

The **Trade Working Capital** as at 31 March 2018 amounted to €72.8 million, up by €11.3 million compared to 31 December 2017 and down by €8.4 million compared to 31 March 2017.

QUARTER PERFORMANCE BY DIVISION

	Revenues			EBITDA		
€000	Q1 2018	Q1 2017	% Chg.	Q1 2018	Q1 2017 (*)	%
Datalogic	132.567	131.523	0.8%	20.803	21.071	(1.3%)
Solution Net Systems	6.093	4.964	22.7%	957	90	963%
Informatics	4.773	5.966	(20.0%)	139	(446)	(131.7%)
Adjustments	(491)	(929)	(47.1%)	53	49	7.3%
Total Group	142.942	141.524	1.0%	21.952	20.764	5.7%

(*) It should be pointed out that starting from June 2017 some items of non-significant amounts were reallocated among the different divisions; the comparison data as at 31 March 2017 are stated accordingly.

In the first quarter, the **Datalogic Division** recorded turnover of €132.6 million, up by 0.8% compared to the same period of 2017 (+6.8% at constant exchange rates), with a positive trend in EMEA, Latin America and APAC, in particular in China and Korea, where growth above 15% was recorded (+25.9% at constant exchange rates). The division's EBITDA amounted to €20.8 million and decreased by 1.3%, representing 15.7% of turnover (16.0% as at 31 March 2017); this decrease was due to higher investments in Research and Development and to the increase in Distribution Expenses due to the launch of the commercial development plan, in accordance with the Group's strategy.

	Q1 2018	%	Q1 2017(**)	%	Change	Change in %
Retail	68.479	51.7%	65.271	49.6%	3.208	4.9%
Manufacturing	41.572	31.4%	36.543	27.8%	5.029	13.8%
Transportation & Logistic	12.797	9.7%	10.556	8.0%	2.241	21.2%
Healthcare	4.555	3.4%	7.081	5.4%	(2.526)	(35.7%)
Channel (Unallocated) (*)	5.164	3.9%	12.072	9.2%	(6.908)	(57.2%)
Total revenues	132.567	100.0%	131.523	100.0%	1.044	0.8%

(*) The Channel sector (Unallocated) includes the revenues which are not directly attributable to the sectors identified.

(**) Data for 2017 have been restated.

- The **Retail** sector increased by 4.9% compared to last year (+12.6% at constant exchange rates) mainly driven by EMEA (+11.1%) and Latin America (+12.5%), after recording a negative performance in the last quarters of 2017.
- The **Manufacturing** sector confirmed its expansion, growing by 13.8% compared to last year (+18.7% at constant exchange rates) driven mostly by growth in EMEA (+14.3%) and China and Korea (+42.1%).
- The **Transportation & Logistics** sector recorded an increase by 21.2% compared to the same period of 2017 (+29.6% at constant exchange rates) with double-digit growth in EMEA and North America.
- The **Healthcare** sector decreased by 35.7% (-30.2% at constant exchange rates) compared to the same quarter 2017, when exceptionally positive results had been recorded as a result of the acquisition, in the first half of 2017, of orders from some of the main hospital chains in the United States.

Sales through a distribution channel, above all to small and medium customers not directly included in the 4 main sectors, decreased by 57.2% by effect of a typical seasonal trend of stock reduction by the main distributors, as well as of the negative exchange rate effect in North America.

The **Solution Net Systems Division** had revenues of €6.1 million, up by 22.7% compared to the first quarter of 2017 (+32.9% at constant exchange rates) by effect of the acquisition of additional important orders, both in the postal and in the retail sector. EBITDA related to the Division amounted to €1 million and its percentage of sales was 15.7%, versus 1.8% in the first quarter of 2017.

In the first quarter, the **Informatics Division** recorded a turnover of €4.8 million, down 20% (-8.3% at constant exchange rates) compared to the first quarter of 2017. EBITDA related to the Division amounted to €0.1 million (negative by 0.4 million in the same period of 2017).

PERFORMANCE BY GEOGRAPHIC AREA

The following table shows the breakdown by geographical area of Group revenues achieved in the first quarter of 2018 compared with the same period of 2017:

	Q1 2018	%	Q1 2017(**)	%	Variazione	Var. %
Italy	14.379	10.1%	12.271	8.7%	2.108	17.2%
EMEA (EX Italy)	67.403	47.2%	66.355	46.9%	1.048	1.6%
Total EMEA (*)	81.782	57.2%	78.626	55.6%	3.156	4.0%
North America	39.642	27.7%	43.590	30.8%	(3.948)	(9.1%)
Latin America	2.897	2.0%	2.612	1.8%	285	10.9%
APAC (*) (incl. China)	18.621	13.0%	16.696	11.8%	1.925	11.5%
Total revenues	142.942	100.0%	141.524	100.0%	1.418	1.0%

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

(**) Starting in June 2017, data related to geographical areas have been disclosed to reflect the complete involvement of each area within the new commercial organisations of the Group; comparative data as of March 2017 are disclosed accordingly.

In the first quarter 2018, growth in EMEA amounted to 4% (+5.4% at constant exchange rates), double-digit growth in APAC, amounting to 11.5% (+22.6% at constant exchange rates), driven by China and Korea (+15.3% and +26% at constant exchange rates) and in Latin America, amounting to 10.9% (+27.7% at constant exchange rates). The performance in North America was negative, with a decrease of 9.1%, substantially due to the negative effect of the currency rates (+5.2% at constant exchange rates).

EVENTS IN THE QUARTER

There are no significant events to report.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On 3 April, Datalogic signed, with a primary broker, an agreement pertaining to the buy-back of treasury shares on the market, implementing the shareholders' meeting resolution authorising the purchase and disposal of treasury shares of 4 May 2017. The broker will make the purchases in complete independence and in compliance with the pre-established contractual parameters and criteria, as well as restrictions of applicable regulations and the Shareholders' Meeting resolution of 4 May 2017. The purchases will be made in such a manner as to comply with the equal treatment of shareholders pursuant to Art. 132 of the Consolidated Financial Statements Act.

Finance Act, as well as according to the operating procedures established in the organisation management regulations of Borsa Italiana S.p.A. In particular, the agreement provides for the buy-back to 500,000 shares and a duration of 7 months, starting from 3 April 2018.

On 23 April 2018, the Board of Directors of Datalogic S.p.A., following consultation with the Control, Remuneration and Appointments Committee, set the essential terms of the new “2018 - 2021 Remuneration Plan”, whose adoption shall be submitted for approval to the Shareholders' Meeting, already called for May 2018.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The results of the first quarter, albeit with a negative impact of the trend in the Euro/US Dollar exchange on sales, indicate that revenue growth will continue.

The Group is continuing with its strategy, directed at the continuous increase in Research & Development Investments, on the improvement of the levels of service offered to customers, on further strengthening the sales organisations in all main development areas with particular focus in North America and on continuous optimisation of production costs accompanied by strong control over operating costs and general expenses.

In the absence of significant changes in economic and sector trends, the Group expects to be able to pursue revenue growth objectives in the current year as well, maintaining profitability and financial soundness.

Please note that the Quarterly Report at 31 March 2018 is not audited and will be available to anyone who requests it at the company headquarters or at Borsa 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 March 2018 – Euro/1.000

	Quarter closed at					
	31.03.2018	% on Revenues	31.03.2017	% on Revenues	Change	Change %
Total Revenues	142.942	100,0%	141.524	100.0%	1.418	1.0%
Cost of goods sold	(73.136)	-51,2%	(75.329)	-53.2%	2.193	-2.9%
Gross Operating Margin	69.806	48,8%	66.195	46.8%	3.611	5.5%
Other revenues	457	0,3%	216	0.2%	241	111.6%
Research & Development	(14.519)	-10,2%	(13.202)	-9.3%	(1.317)	10.0%
Distribution costs	(25.771)	-18,0%	(24.458)	-17.3%	(1.313)	5.4%
Administrative expenses	(11.094)	-7,8%	(11.478)	-8.1%	384	-3.3%
Other operating expenses	(493)	-0,3%	(467)	-0.3%	(26)	5.6%
Total operating expenses and others	(51.877)	-36,3%	(49.605)	-35.1%	(2.272)	4.6%
Non-recurring costs/revenues	(760)	-0,5%	(274)	-0.2%	(486)	177.4%
Amort. intangible assets from	(1.106)	-0,8%	(1.277)	-0.9%	171	-13.4%
Operating Profit (EBIT)	16.520	11,6%	15.255	10.8%	1.265	8.3%
Financial (costs)/revenues	(1.065)	-0,7%	(773)	-0.5%	(292)	37.8%
Result from equity investments	0	0,0%	(140)	-0.1%	140	-100.0%
Foreign exchange (costs)/revenues	(779)	-0,5%	(356)	-0.3%	(423)	118.8%
Profit/(Loss) before taxes (EBT)	14.676	10,3%	13.986	9.9%	690	4.9%
(Taxes)	(3.493)	-2,4%	(2.080)	-1.5%	(1.413)	67.9%
Net Income/(Loss)	11.183	7,8%	11.906	8.4%	(723)	-6.1%
Non-recurring costs/revenues	(760)	-0,5%	(274)	-0.2%	(486)	177.4%
Depreciation	(2.535)	-1,8%	(2.829)	-2.0%	294	-10.4%
Amortization	(2.137)	-1,5%	(2.406)	-1.7%	269	-11.2%
EBITDA	21.952	15,4%	20.764	14.7%	1.188	5.7%

Reclassified Balance Sheet at 31 March 2018 [2] – Euro/1.000

	31.03.2018	31.12.2017	31.03.2017
Intangible fixed assets	39.678	41.980	49.445
Goodwill	169.239	174.343	186.319
Tangible fixed assets	68.779	69.733	71.316
Equity investments in associates	11.660	11.757	8.515
Other fixed assets	50.383	50.058	55.467
Total Fixed Assets	339.739	347.871	371.062
Net trade account receivables	73.878	83.195	82.344
ST account payables	(91.294)	(107.651)	(90.800)
Inventory	90.226	85.938	89.658
Trade Working Capital	72.810	61.482	81.202
Other current receivables	33.525	31.121	35.622
Assets Held for Sale	508	1.021	0
Other ST payables and provision for risk & future	(77.115)	(71.621)	(81.806)
Net Working Capital	29.728	22.003	35.018
Other LT payables	(25.365)	(26.747)	(30.141)
Employees' deferred compensation / TFR	(6.566)	(6.633)	(6.743)
LT provision for risk & future charges	(14.256)	(13.602)	(11.888)
Net Invested Capital	323.280	322.892	357.308
Equity	(355.628)	(353.029)	(346.839)
Net Financial Position	32.348	30.137	(10.469)

Net Financial Position at 31 March 2018 – Euro/1.000

	31.03.2018	31.12.2017	31.03.2017
A. Cash and bank deposits	259.771	256.201	123.686
B. Other liquidity	11	11	49
<i>b1. Restricted cash</i>	11	11	49
C. Securities held for trading	0	0	0
<i>c1. Short Term</i>	0	0	0
<i>c2. Long Term</i>			
D. Cash and Cash equivalents (A) + (B) + (C)	259.782	256.212	123.735
E. Current financial receivables	0	0	0
F. Other current financial assets	0	0	0
<i>f1. Hedging instruments</i>	0	0	0
G. Current bank overdrafts	278	92	257
H. Current portion of non-current debt	48.717	48.108	34.380
I. Other current financial liabilities	4.214	2.913	2.424
<i>i1. Hedging instruments</i>	0	0	718
<i>i2. Leasing payables</i>	0	0	173
<i>i3. Current financial liabilities</i>	4.214	2.913	1.533
J. Current financial debt, net (G) + (H) + (I)	53.209	51.113	37.061
K. Current financial debt, net (J) – (D) – (E) – (F)	(206.573)	(205.099)	(86.674)
L. Non-current bank borrowing	205.717	205.656	128.163
M. Other financial assets	31.492	31.444	31.020
N. Other non-current liabilities	0	750	0
<i>n1. Hedging instruments</i>		0	
<i>n2. Leasing payables</i>	0	0	0
<i>n3. Non-current financial payables</i>	0	750	0
O. Non-current financial debt (L) – (M) + (N)	174.225	174.962	97.143
P. Net financial debt (K) + (O)	(32.348)	(30.137)	10.469

[1] *EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)* is an economic indicator which is not defined in the IFRSs, but is used by the management of the company to monitor and assess economic performance, as it is not influenced by the volatility which is due to the various criteria used to determine the taxable income, amounts and characteristics of the capital employed and the revaluation/amortization/depreciation policies implemented. Datalogic defines this indicator as the profit/loss for the period, gross of amortisation of intangible and depreciation of tangible assets, non-recurring financial income and expenses and income tax.

[2] *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.*