

# TXT e-Solutions

## Corporate Overview

September 2015



- **Revenues:**
- **EBIT**
- **Free Cash Flow**
- **NFP:**

## FY 2014 (Actual)

**55.9 m€ (+6.3%)**

**5.5 m€ (+10%)**

**9.3% of Rev.**

**8.5 m€**

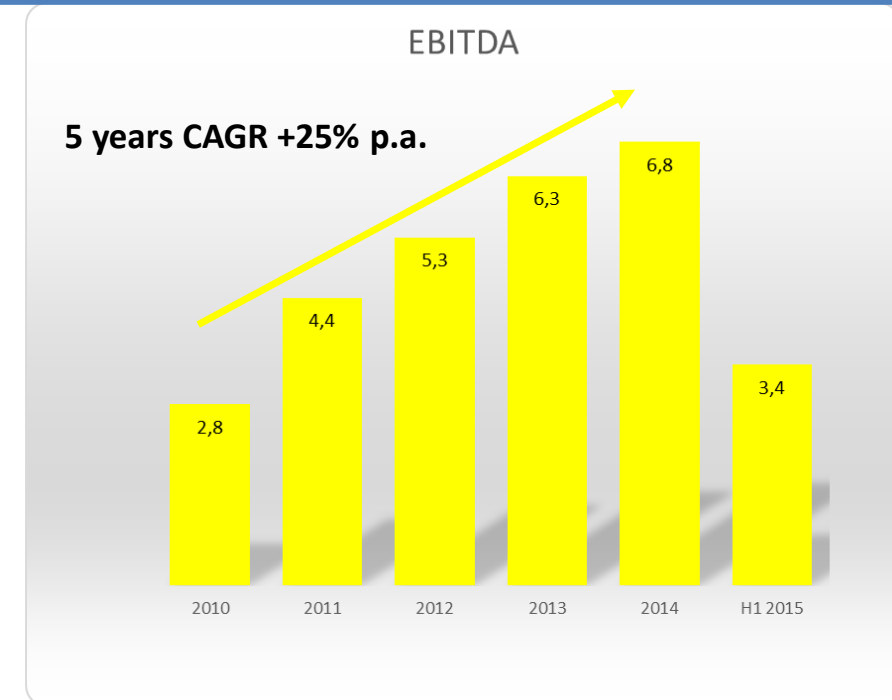
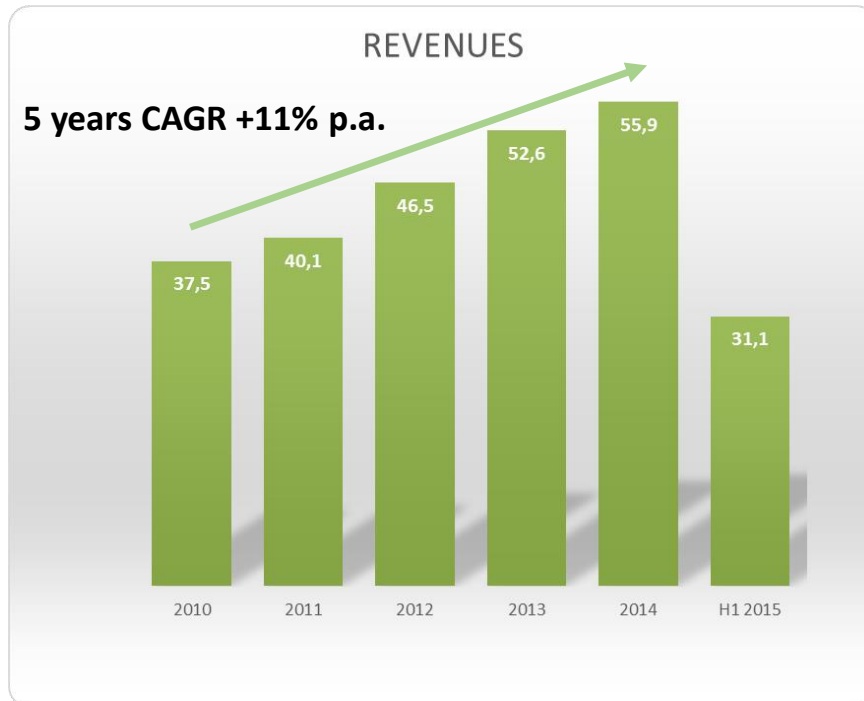
## H1 2015

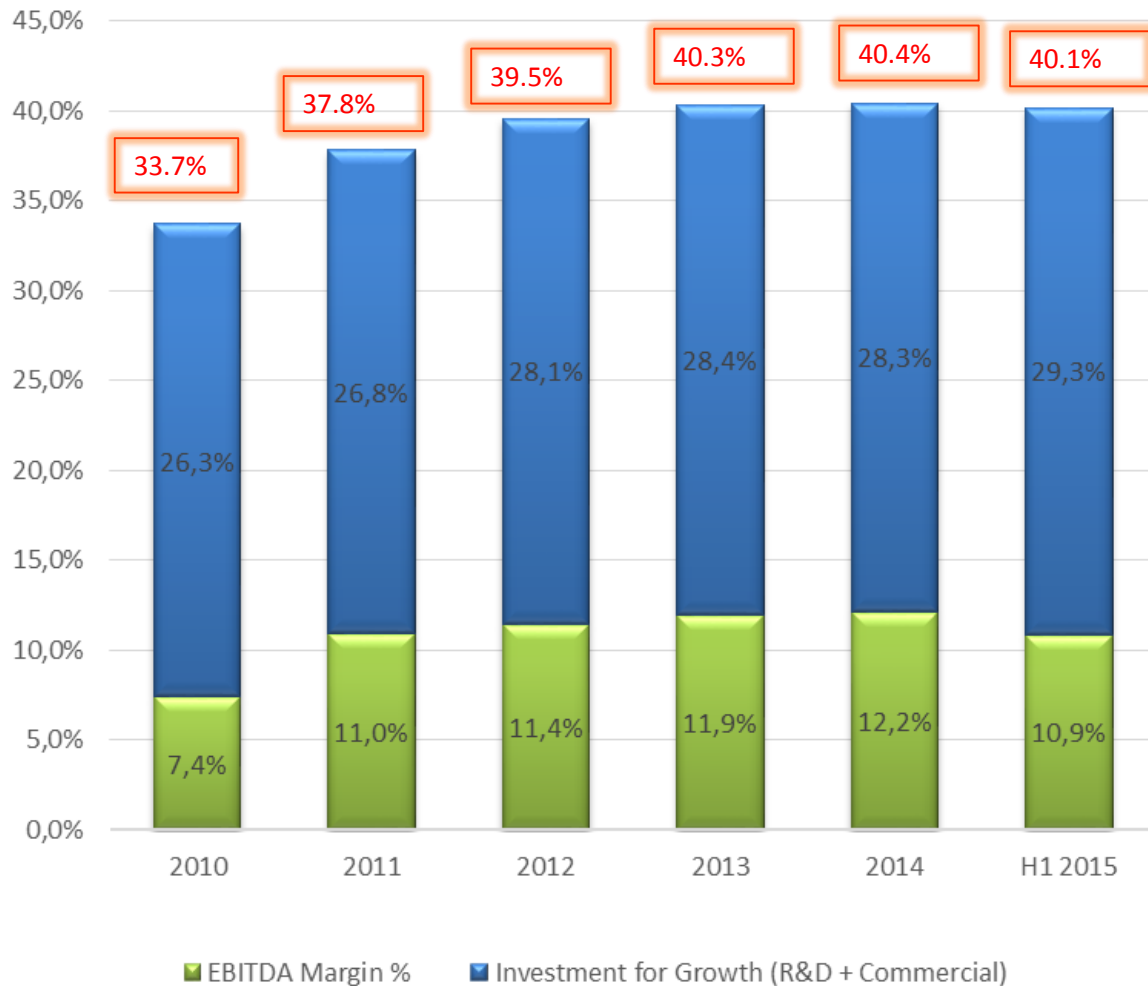
**31.1 m€ (+13.2%)**

**2.8 m€ (+22.8%)**

**10.2% of Rev.**

**9.5 m€**





### R&D Investments: strengthen leadership:

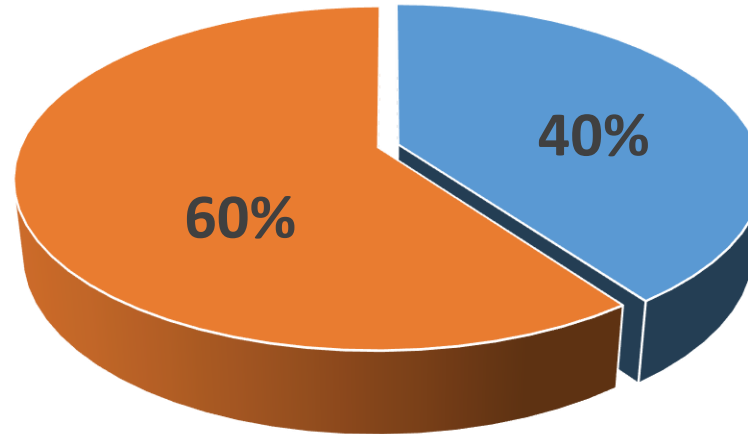
- 2010: 2.5 m€
- 2014: 4.7 m€

### Commercial Investments: foster Int'l growth:

- 2010: 7.4 m€
- 2014: 11.1 m€

**TXT**PERFORM

+13.0% vs. H1 2014



**TXT**NEXT

+13.4% vs. H1 2014

## International Software Vendor

Major Growth & Profit Opportunity, through direct investments & acquisitions: **Retail**

- Integrated Planning & Product Lifecycle Management Software ...
- ... for Fashion, Luxury & Specialty Retailers

Emerging Opportunity: **CPG & Manufacturing**

- Sales & Operation Planning and Supply Chain Collaboration Software ...
- ... for CPG & Manufacturing Industries

## Advanced System Integration

Mature Business, Int'l growth possible through acquisitions: **Aerospace & High-Tech**

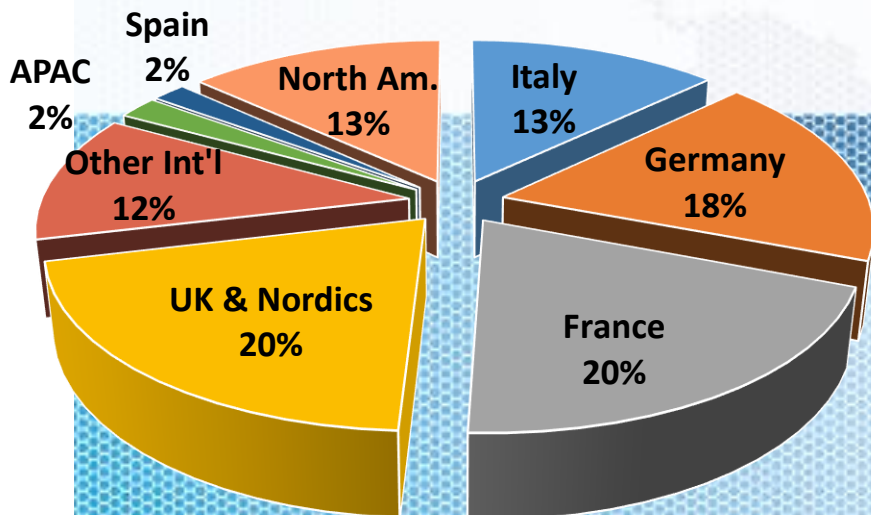
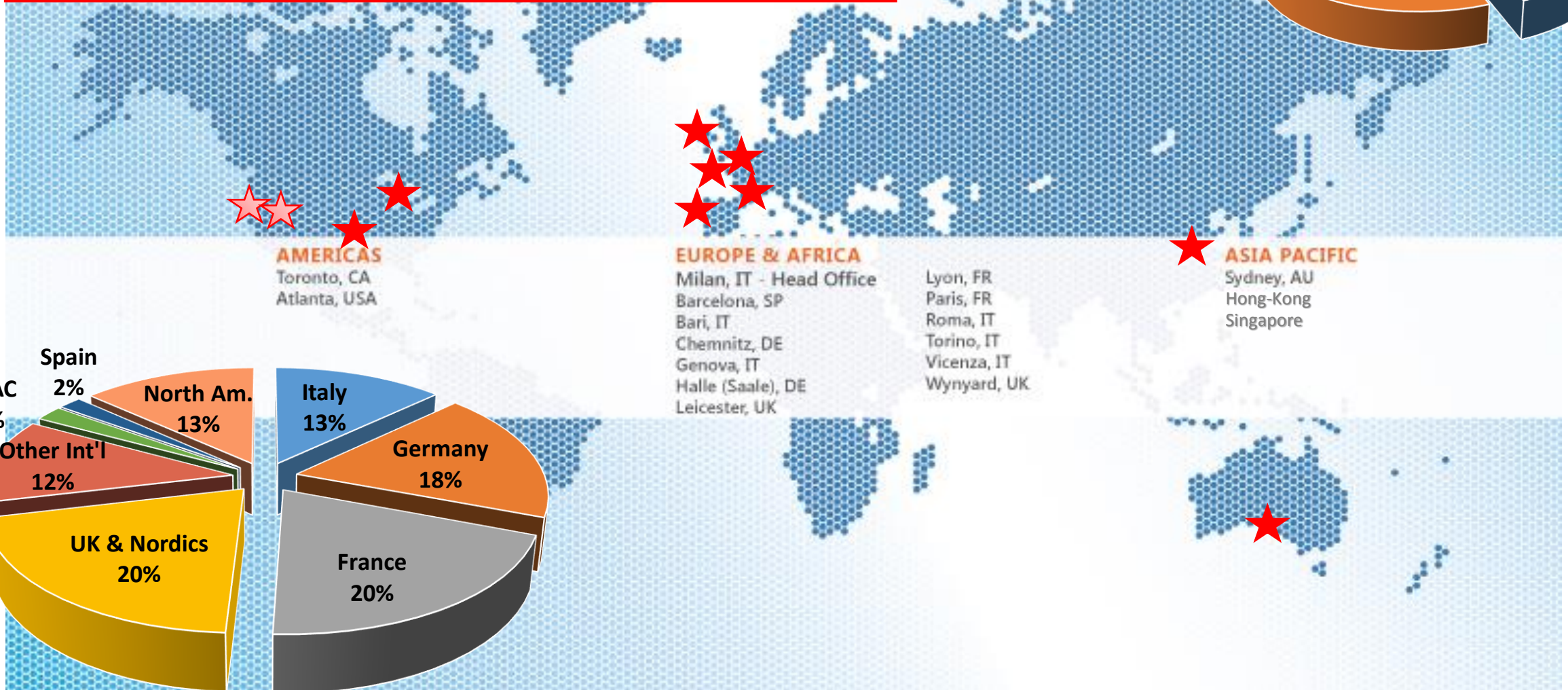
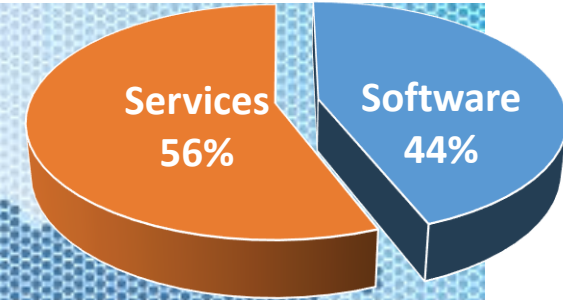
- Embedded Software & Simulation-based Training solutions ...
- ... for Aerospace, Automotive & Transport

Emerging Opportunity: **Banking & Finance**

- Independent Testing of Software ...
- ... for Banking & Finance organisations

## Strategy - Global leader in:

**Retail Planning solutions for Fashion, Luxury & Specialty Retailers: end-to-end, from collection to stores**





- 15 New Major Customers in last 12 months; 50+ Go-Lives of Major Projects ...
- ... across all Segments & Geographies

## Luxury



## Global Brands



## Fast Fashion



## Mixed Goods



**In-Season Planning:  
Allocation, Forecasting & Replenishment**

**Supply Chain  
Visibility & Collaboration**

**Pre-Season Planning:  
Merchandise & Assortment**

**Product Lifecycle Management:  
from Collections to Buying  
Sessions**



**Omni-Channel:  
Stores & E-commerce**



Workflow Management, Performance Management, Monitoring, and Reporting



## Recognised Leader in Fashion, Luxury & Specialty Retail

Figure 1. Magic Quadrant for Merchandise Assortment Management Applications



Milan, September 9<sup>th</sup> 2015

**TXT Retail receives highest product score given – 5 out of 5 – in all use cases in Gartner’s Critical Capabilities for Merchandise Assortment Management Applications Report**

More specifically, the report evaluated 12 providers against 15 critical capabilities in Retail - including item clustering, item analytics with visualization, item-level planning, and automated store/channel/item assignment - with 3 different use cases scenarios: CPG and Grocery Merchandising, Fashion Merchandising, and General Merchandising.

According to Gartner the market for Merchandise Assortment Management applications continues to grow: “Now is the time for multichannel retailers to invest in assortment management applications that drive customer-centric assortments.” reports Gartner. “By 2019, 50% of Tier 1 multichannel retailers will have implemented retail assortment management applications.” \*

Source: Gartner (August 2015)

**Gartner Assessment across ALL types of merchandise**

## Solution Design



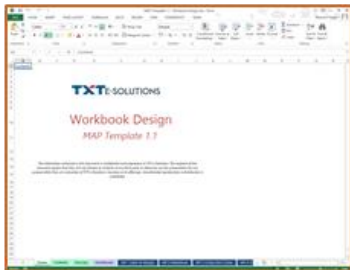
## Installation Guide



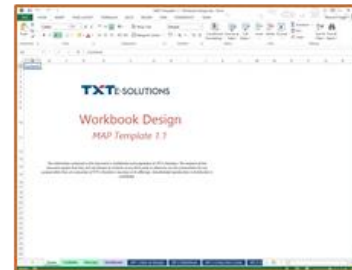
## Interface Specifications



## Workbook Design



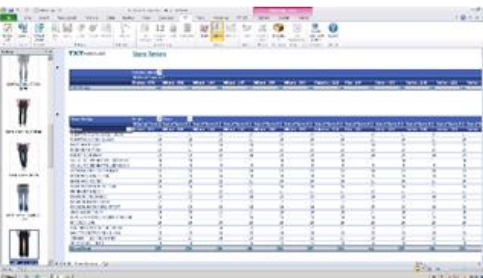
## Application Design



## Formula Master



## Reference Application



## Performance Tests

	# Open Workbook	Time (s)
Monouser	1	1,92
OPEN WORKBOOK	2	1,68
REFRESH	3	1,44
AllBoys Half	4	1,44
AllBoys Month	5	1,51
Boys02 Month	6	1,41
	7	1,45
	8	1,65
	9	1,53
	10	1,40
Average		1,54

## Project Deliverables



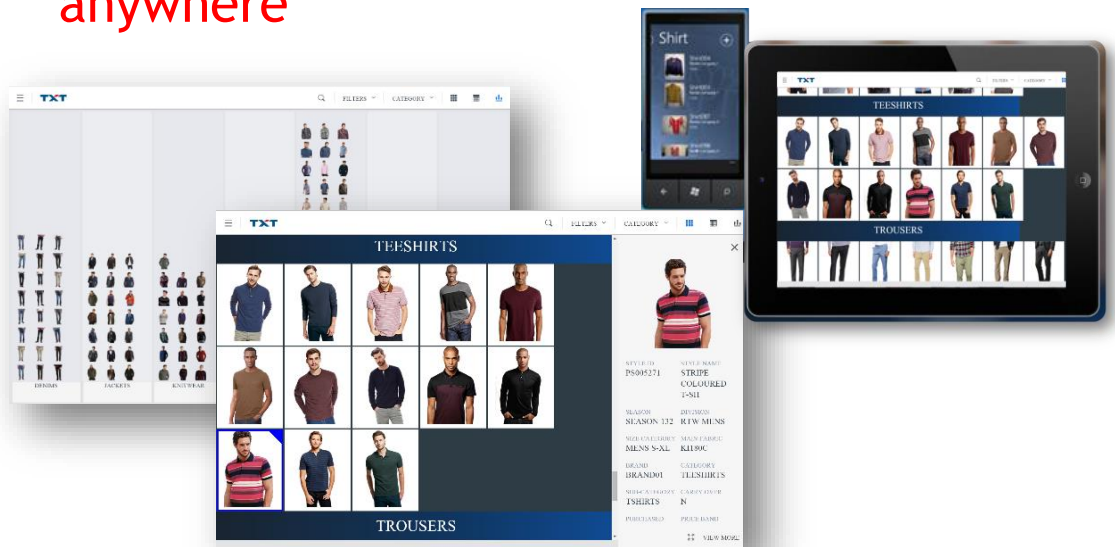
Mitigate Project Risk

Reduce Project Costs

Faster Time to Benefits

Higher ROI

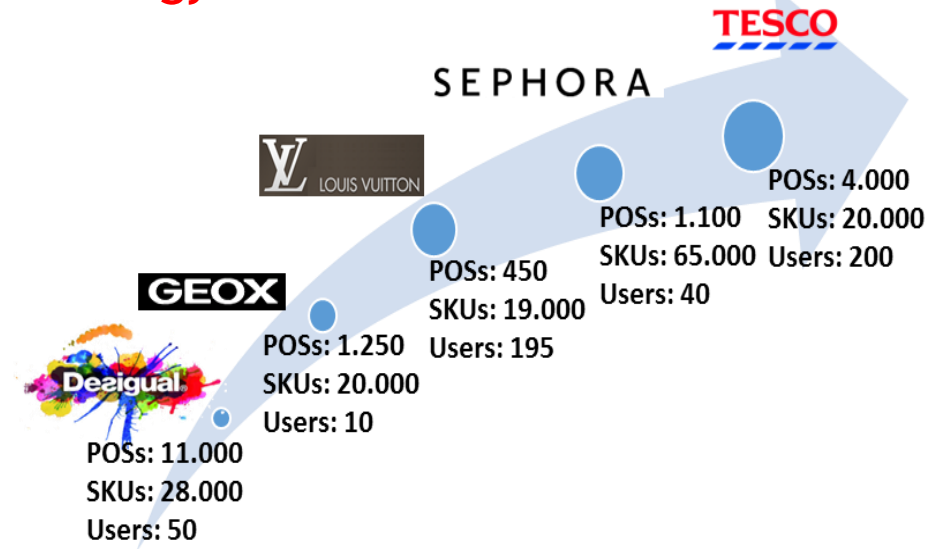
- **Mobility: PLM & Planning on any device, anywhere**



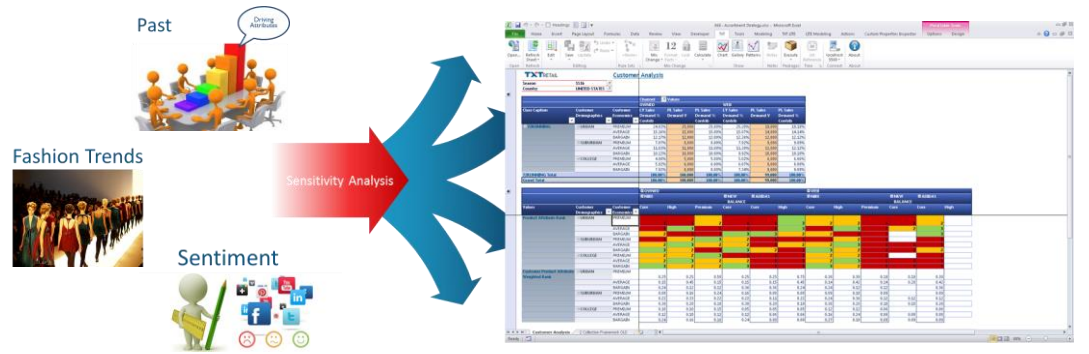
- **Total Cost of ownership: TXT On-Cloud**



- **Scalability & Performance with In-memory Technology**



- **Assortments based on Consumer Analytics**





Baseline **organic growth**, accelerated through **targeted acquisitions**, sustained by continuous investments in **product & business process innovation**, self-financed through **Profit & Cash** generated by the business & growing **Stock value**

## Italian Leadership



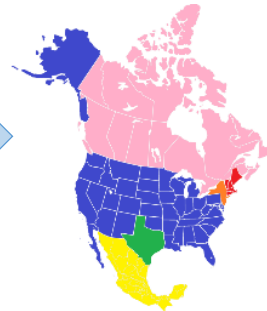
2000-2012

## European Leadership



2012-2014

## Growing North America



2015 → ...  
Global Leadership

## Start-up APAC



### Europe

Milano, IT - Head Office  
 Barcelona, SP  
 Bari, IT  
 Chemnitz, DE  
 Genova, IT  
 Halle (Saale), DE  
 Leicester, UK  
 Lyon, FR  
 Paris, FR  
 Roma, IT  
 Torino, IT  
 Vicenza, IT  
 Wynyrd, UK

### Americas

Toronto, CA  
 Atlanta, USA  
 West-Coast, USA

### Asia Pacific

Sydney, AU  
 Hong Kong





Baseline **organic growth**, accelerated through **targeted acquisitions**, sustained by continuous investments in **product & business process innovation**, self-financed through **Profit & Cash** generated by the business & growing **Stock value**



**Fashion & Luxury Brands;  
Larger Retailers**

2000-2014



**Specialty Retailers;  
Larger Retailers**

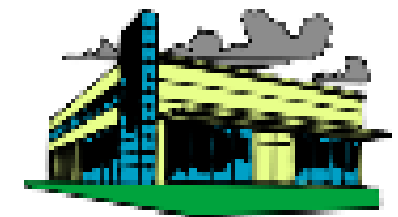


**Multichannel & On-Line  
Larger Retailers**

2015 → ...



**Growing Range of Specialty Retailers  
Smaller, Lower-Tier Retailers**



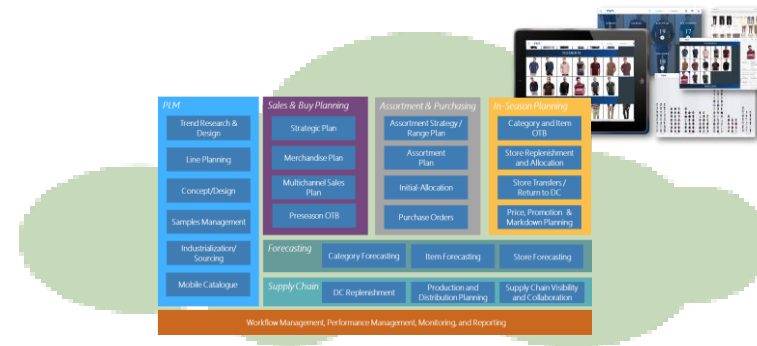
**More Specialty Retail Formats  
(e.g. Department Stores, Malls, etc.)**

Baseline organic growth, accelerated through targeted acquisitions, sustained by continuous investments in product & business process innovation, self-financed through Profit & Cash generated by the business & growing Stock value

SOFTWARE



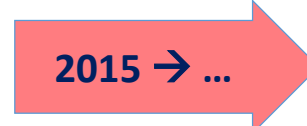
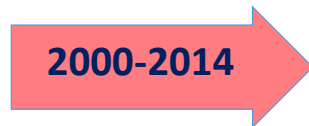
From Planning ...



... to «End-to-End Retail» Vision



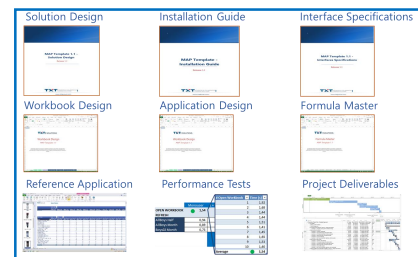
Customer-Driven Assortment Management



SERVICES



«Traditional» Services for Delivery & Support



AgileFit Delivery Services



Post Go-Live Managed Services

- Approx. 7 m€ in 2014;
- ~100 Key References across Europe

**Food And Beverage** TXT



**Manufacturing & Distribution** TXT



- Value Proposition:
  - Sales & Operations Planning
  - Supply Chain Collaboration

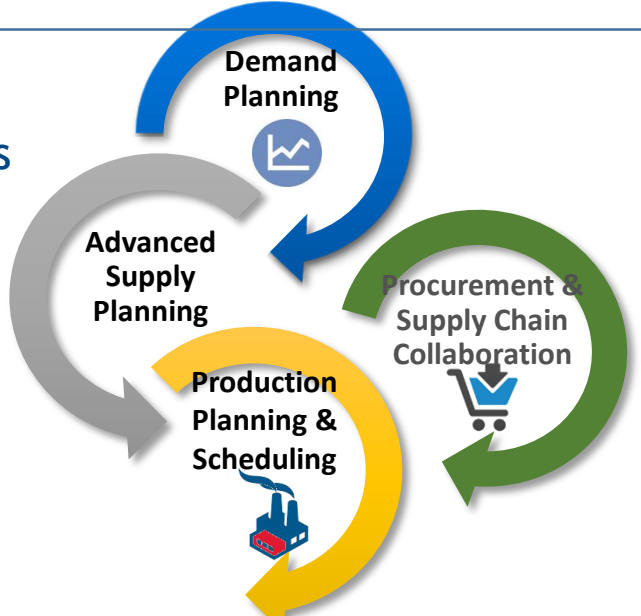


Figure 1. Magic Quadrant for Supply Chain Planning System of Record



- A solid position in a still maturing & fragmented market

## In-depth Industry Know-how:

Since 30 years

Partner for our clients to boost their engineering capabilities



### AEROSPACE



### AUTOMOTIVE & TRANSPORTATION

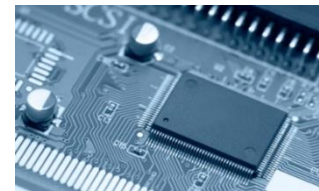


### HIGH TECH



« **TXT**NEXT Inside!»

## THROUGHOUT THE ENTIRE VALUE CHAIN



### EMBEDDED SYSTEMS



### TRAINING & OPERATIONAL SUPPORT SYSTEMS

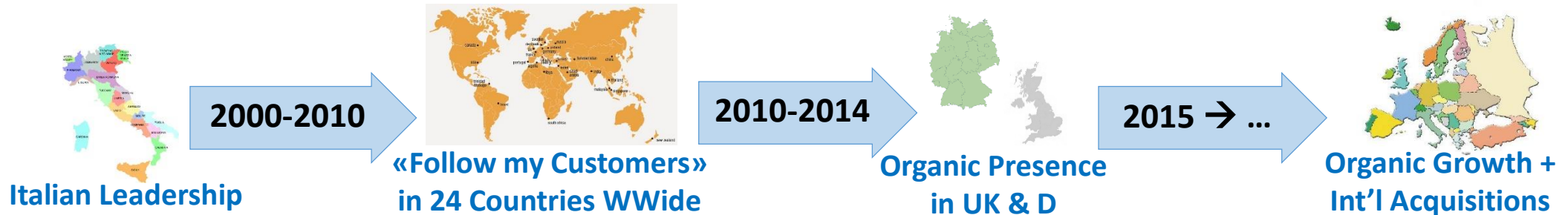


### DIGITAL MANUFACTURING

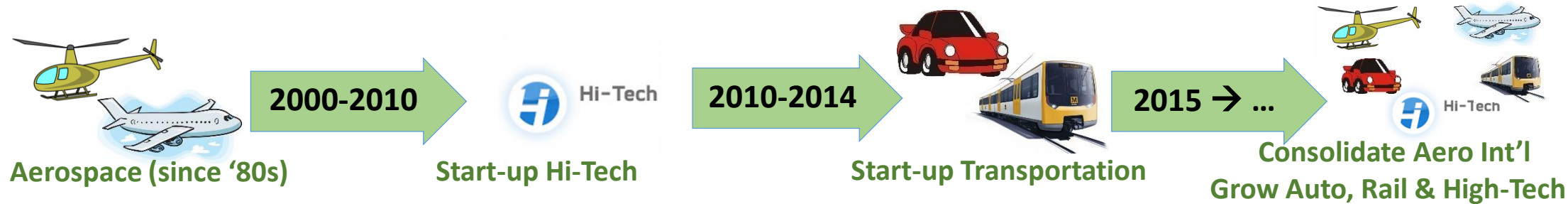


Healthy & profitable growth around the «as-is» perimeter, building on a baseline revenues stream from long-lasting relationships with core clients, and targeting International opportunities, both organically & through Acquisitions.

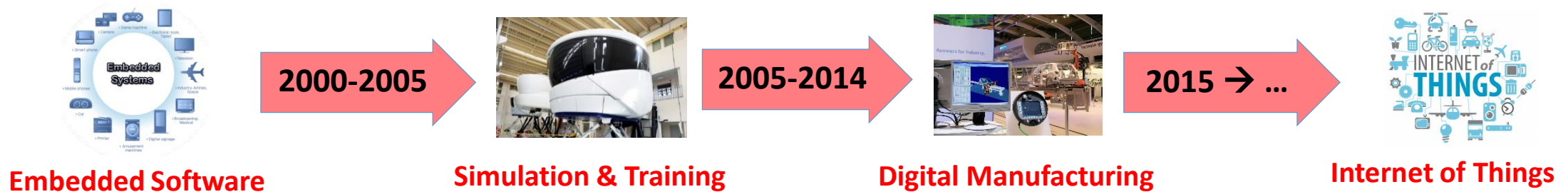
## Geographical Expansion



## Industry Segments



## Offering



- Approx. 6 m€ in 2014; market focus: Italy
- A growing customer base of mid-large Banks
- Long-lasting relationships with healthy clients



- Core Offering: Italian leadership in
  - Independent Testing of Software: from functional & performance testing to mobile & security testing, under the push of Italian & EU regulatory requirements



- Intranet Portal & Smart Working Solutions

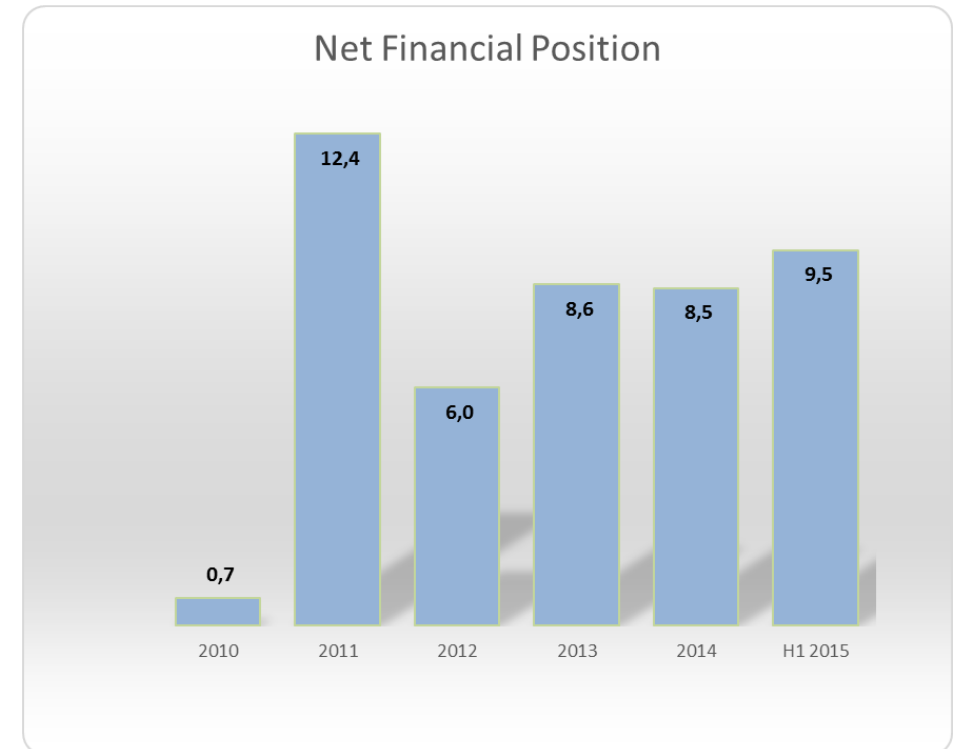


- **TXT Retail**
  - A dynamic, **large & growing Global Market**, a sustainable **leadership position** (Products, Team & Customer Base), **multiple drivers** of growth
  - 2014: further consolidated Europe, significantly **strengthened North America** (Brand recognition, Team & Customer Base) and **major Product evolution** (performance & scalability, usability, AgileFit)
  - 2015 (and beyond) - the next step in our Global leadership journey: **start-up APAC** market, **Cloud services**, **Customer Analytics**, continue searching for further targeted acquisitions
- **TXT Next - Aerospace & High-Tech**
  - Highly **fidelised customer base**, partner of choice of all key Italian players, **solid team** and specialised know-how
  - 2014: refined Value Proposition, **grown Customer Base** in Italy and consolidated operations in **UK & D**, started searching for **acquisition** targets in Europe
  - 2015: continue developing **organically** and searching for **targeted acquisition** opportunities to accelerate **international** growth
- **TXT Group: 2 opportunities to drive, from a solid starting point, upside longer-term growth**
  - **TXT Perform: S&OP and Supply Chain Collaboration software for CPG & Manufacturing Industries**
  - **TXT Next - Banking & Finance: Independent Testing of Software for Banking & Finance organisations**

# APPENDIX – FINANCIAL DETAILS



- Revenues: € 31.1 million (+ 13.2% compared to normalized H1 2014)
  - TXT Perform grew +13.0%; TXT Next +13.4%,
  - Software revenues +36.6%; Service revenues +6.4%.
  - 56% of revenues from outside Italy.
- EBITDA: € 3.4 million (+13.7% compared to normalized H1 2014).
  - R&D investments (+14.1%)
  - Commercial investments (+12.8%)
- EBIT: € 2.9 million (+22.8%).
- Net income: € 2.3 million, or 7.5% of revenues
- Net Financial Position at 30.6.2015: € 9.5 million



<i>€ thousand</i>	I SEM. 2015	%	I SEM. 2014 (1)	2014 non-recurring	I SEM. 2014 "Normalized"(2)	%	Var % vs 2014	Var % vs 2014 "Normalized"
<b>REVENUES</b>	<b>31.126</b>	<b>100,0</b>	<b>28.972</b>	<b>(1.468)</b>	<b>27.504</b>	<b>100,0</b>	<b>7,4</b>	<b>13,2</b>
Direct costs	14.878	47,8	13.464	(407)	13.057	47,5	10,5	13,9
<b>GROSS MARGIN</b>	<b>16.248</b>	<b>52,2</b>	<b>15.508</b>	<b>(1.061)</b>	<b>14.447</b>	<b>52,5</b>	<b>4,8</b>	<b>12,5</b>
Research and Development costs	2.716	8,7	2.380		2.380	8,7	14,1	14,1
Commercial costs	6.392	20,5	5.666		5.666	20,6	12,8	12,8
General and Administrative costs	3.764	12,1	3.431		3.431	12,5	9,7	9,7
<b>EBITDA</b>	<b>3.376</b>	<b>10,8</b>	<b>4.031</b>	<b>(1.061)</b>	<b>2.970</b>	<b>10,8</b>	<b>(16,2)</b>	<b>13,7</b>
Amortization, depreciation	519	1,7	643		643	2,3	(19,3)	(19,3)
<b>OPERATING PROFIT (EBIT)</b>	<b>2.857</b>	<b>9,2</b>	<b>3.388</b>	<b>(1.061)</b>	<b>2.327</b>	<b>8,5</b>	<b>(15,7)</b>	<b>22,8</b>
Financial income (charges)	(112)	(0,4)	(124)		(124)	(0,5)	(9,7)	(9,7)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>2.745</b>	<b>8,8</b>	<b>3.264</b>	<b>(1.061)</b>	<b>2.203</b>	<b>8,0</b>	<b>(15,9)</b>	<b>24,6</b>
Taxes	(405)	(1,3)	(607)	197	(410)	(1,5)	(33,3)	(1,1)
<b>NET PROFIT</b>	<b>2.340</b>	<b>7,5</b>	<b>2.657</b>	<b>(864)</b>	<b>1.793</b>	<b>6,5</b>	<b>(11,9)</b>	<b>30,5</b>

(1) Official Financial Reporting.

(2) Income Statement H1 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results as of 30.6.2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated

<i>€ thousand</i>	30.6.2015	31.12.2014	Var
Intangible assets	15.414	15.079	335
Tangible assets	1.377	1.249	128
Other fixed assets	1.766	1.692	74
<b>Fixed Assets</b>	<b>18.557</b>	<b>18.020</b>	<b>537</b>
Inventories	2.461	1.821	640
Trade receivables	21.008	18.571	2.437
Other short term assets	2.265	2.197	68
Trade payables	(1.687)	(1.540)	(147)
Tax payables	(1.337)	(1.117)	(220)
Other payables and short term liabilities	(14.959)	(13.606)	(1.353)
<b>Net working capital</b>	<b>7.751</b>	<b>6.326</b>	<b>1.425</b>
<b>Severance and other non current liabilities</b>	<b>(3.799)</b>	<b>(3.841)</b>	<b>42</b>
<b>Capital employed</b>	<b>22.509</b>	<b>20.505</b>	<b>2.004</b>
Shareholders' equity	31.972	28.970	3.002
Net financial debt	(9.463)	(8.465)	(998)
<b>Financing of capital employed</b>	<b>22.509</b>	<b>20.505</b>	<b>2.004</b>

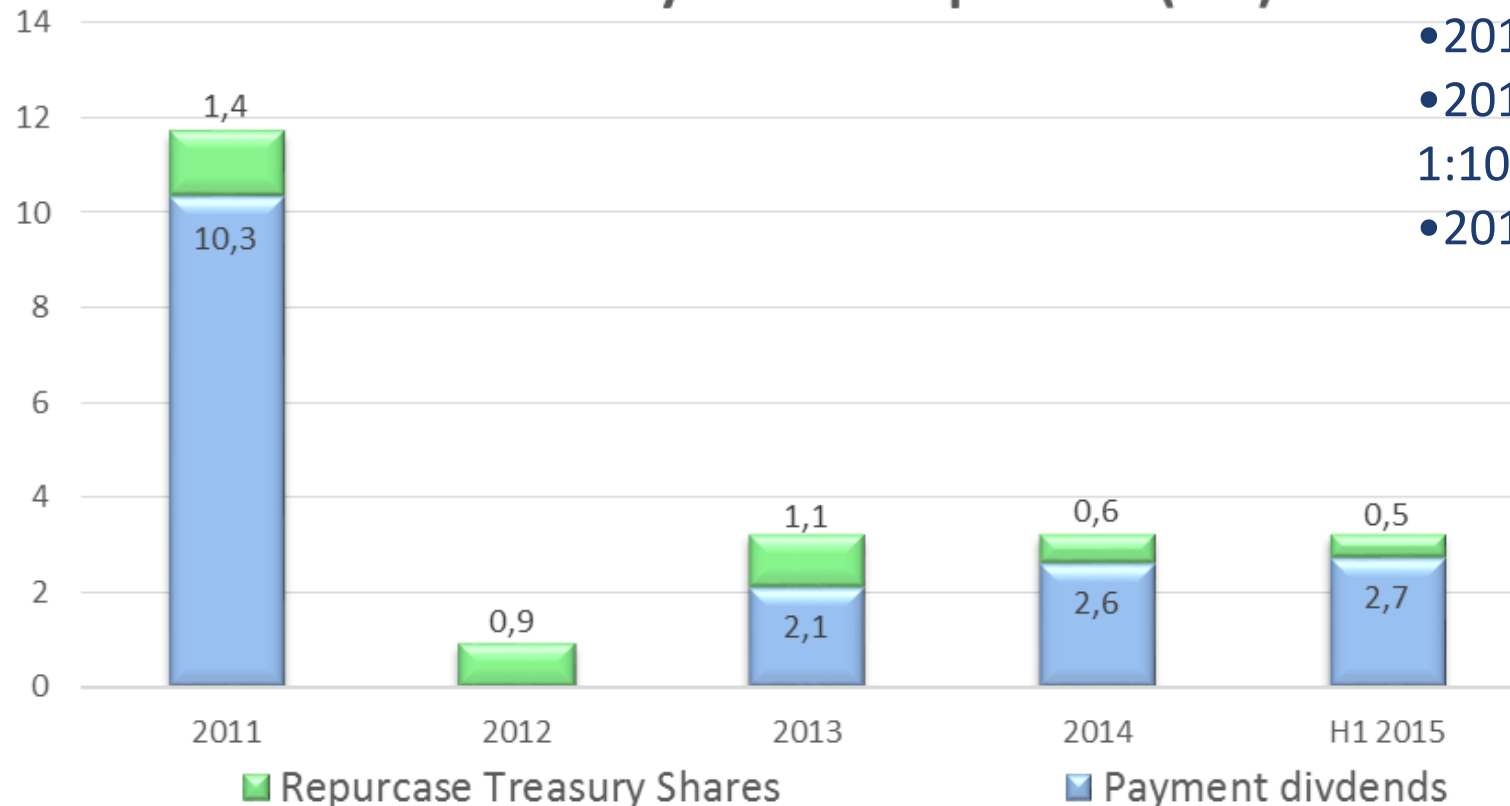
## • Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 17.9.2015: 7.64€ /share

## • Dividends

- 2011: 1 € /share (extraordinary, rebased)
- 2012: Free Share Distribution 1:1
- 2013: 0.20 € /share (rebased)
- 2014: Free Share Distribution 1:1
- 2014: 0.25 € / share
- 2015: Free Share Distribution 1:10
- 2015: 0.25 € / share

**Dividends + Treasury Shares Repurchase (m€)**





# TXT Market Capitalization (m€)

