

**Stefano Beorchia, CFO**



# TBS Group Corporate presentation



Lugano, 23 September 2016



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## TBS Group: Health Technology Management

# THE INTERNATIONAL REFERENCE POINT IN HEALTH TECHNOLOGY MANAGEMENT

*Focus on technological and process innovation  
to reduce costs and maximize the quality of services  
and performances*

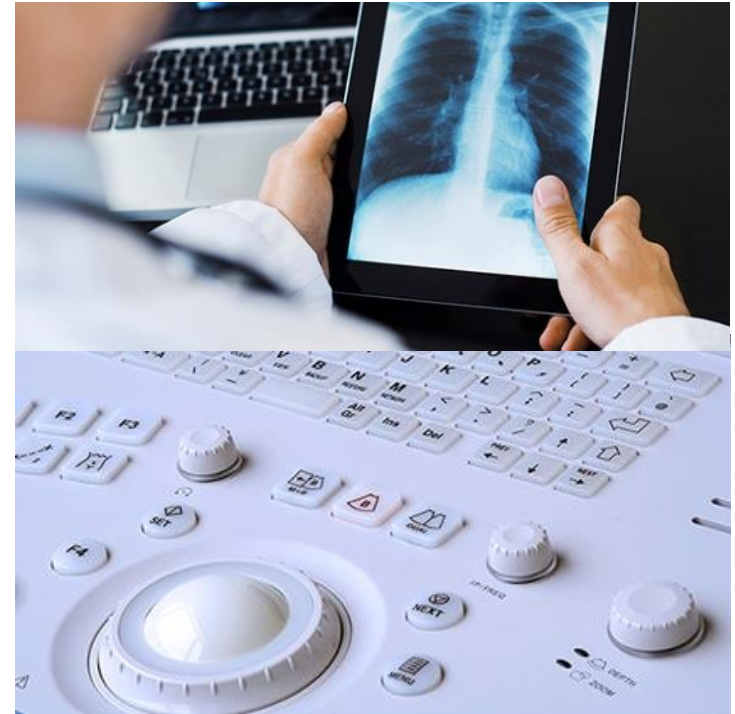
## A unique business model with few direct competitors



- The reference point for the management of the entire life cycle of biomedical equipment and ICT solutions in health care facilities and public administrations.
- An integrated offer, able to contain costs and increase services quality related to both medical and ICT technology solutions. The two most important expenditure items in health management organizations.

## A unique business model with few direct competitors

- A high level of efficiency and efficacy achieved in over **30 years** of proved experience in Italy and other key countries.
- Strong competences and know how thanks to **1,650** specialized clinical/IT engineers and biomedical & IT technicians; **200** telecare and telemedicine operators that cover yearly operations in more than **300** hospitals and **20** specialist centers.
- Ability to manage over 850,000 biomedical equipment, **145,000** ICT systems and solutions and over **32,000** tele-health systems.





## Timeline: key moments

1987

### Foundation

Spin off of a research project of the Italian Research Council (CNR)

Beginning

2002

### Acquisition of TeSAN

TBS Group broadens its range of services in the telemedicine and telecare sector

Move into tele-health market

2004  
2008

### Acquisition of GE Healthcare and EBM

Expansion out of Italy and leadership consolidation on the national market

European expansion and leadership in Italy



## Timeline: key moments

2009

### Listing on AIM at Italian Stock Exchange

A new boost for growth  
(more than € 6 mln collected)

A new approach  
to business

2010  
2013

### Expansion in new non European markets

TBS Group reaches China, India, Peru, Chile and Gabon

Global expansion  
in new markets

2014

### Development of new governance

A decision - making chain becomes leaner and more efficient

A new strategic  
guideline

2015  
2016

### M&A

Foundation of TBS Bohemia  
Acquisition of Ing. Burgatti, Crimo France and Tunemedix  
Merger of Tesan in EBM  
Merger of Delta X in TBS IMAGING

Optimisation of organizational  
structure



## International presence

**> 2,400** Personnel

**22** Specialized Centers

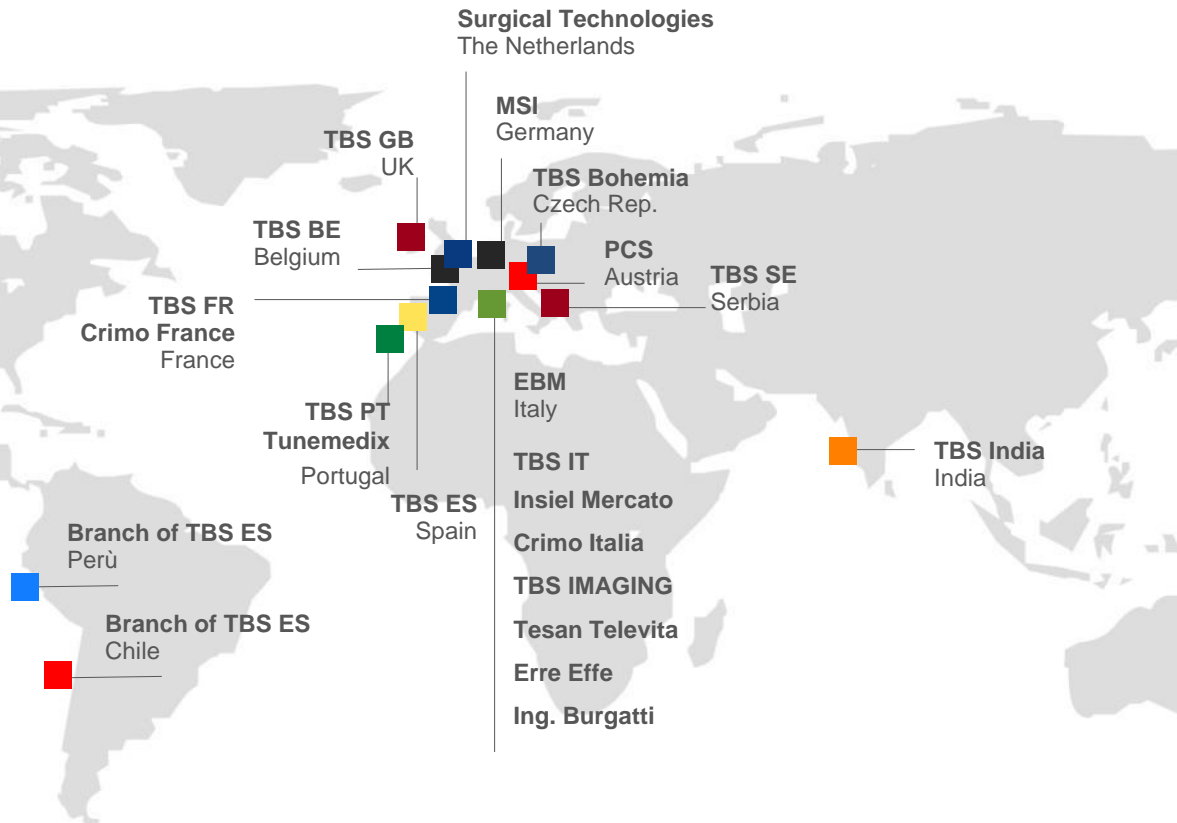
**320** Hospital Workshops

**1,000** Healthcare structures

**1,000,000** Medical equipment  
and ICT systems

**1,300,000** Maintenance  
activities

**32,000** Telecare  
& Telemedicine users







## Strong value proposition for its customers

Important reduction  
of costs for medical  
and ICT technology  
management

Improved safety  
for patients  
of healthcare  
and social  
organizations

Continuity of  
care treatment by  
extending medical  
technology  
and ICT services  
to patients' homes

Cutting edge  
innovations thanks to  
significant R&D  
investments  
and collaborations  
with leading universities  
and international  
research centers

## TBS as a strategic partner

MEDICAL DEVICES &  
ICT SYSTEMS

INTEGRATED SOLUTIONS  
OF E-HEALTH  
& E-GOVERNMENT

TBS GROUP AS A SINGLE PARTNER ABLE TO TAKE OVER  
THE MANAGEMENT OF ALL BIOMEDICAL AND ICT EQUIPMENT  
WITHIN HEALTH ORGANIZATIONS AND PUBLIC ADMINISTRATIONS.

### □ Key financials

Revenues: € 233.8 mln (+1.9%)

EBITDA: € 22.6 mln



...with a diversified model covering two main areas

MEDICAL  
DEVICES &  
ICT SYSTEM

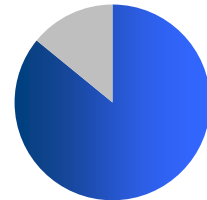
This area provides – to public and private healthcare organizations - a full range of clinical engineering outsourced services for all medical equipment and ict systems and solutions.

A HIGH SECURITY LEVEL IS ASSURED THANKS TO ON SITE SERVICES AND MULTIVENDOR OFFER.

□ Customers

**Over 1,000 Healthcare Organizations**

□ Revenue contribution



**85.4%**

□ Key financials

Revenues:  
**€ 199.8 mln (+1.5%)**

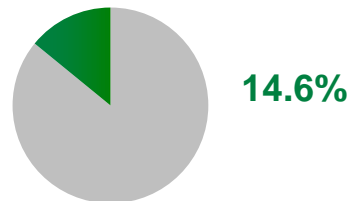
EBITDA:  
**€ 19.4 mln**

## ...with a diversified model covering two main areas

□ Customers

**200 public institutions**

□ Revenue contribution



□ Key financials

Revenues:  
**€ 34.1 mln (+4.1%)**

EBITDA:  
**€ 3.3 mln (+22.7%)**

INTEGRATED SOLUTIONS OF E-HEALTH & E-GOVERNMENT

DEVELOPMENT OF PRODUCTS AND SOLUTIONS, AND ITS RELATED SERVICES

- to be offered to health facilities and Public Institutions
- operating as system integrator with specific know how in:
  - e-Health solutions (proprietary/third party)
  - e-Government solutions (proprietary/third party)

## A market with still large growth potential

### DEMOGRAPHICS

- world population growth
- aging population in industrialized countries
- healthcare growth in developing countries

### NEW HEALTHCARE TECHNOLOGY DEVELOPMENT

### INFORMATION TECHNOLOGY DEVELOPMENT AND GROWTH

### PERSONAL CARE GROWTH





## Strategic approach

- SUPPORTING AND MANAGING** the most advanced markets in their evolution towards services (lifecycle, TAAS, etc.)
- POSITIONING** on the most interesting markets participating to the international tenders
- ENHANCING INTEGRATION** between ICT services and CE services
- REINFORCING IN THE FAR EAST SCENARIO** with a most structured approach
- OPENING UP TO THE EASTERN EUROPE MARKETS**
- IMPROVING** competences and technologies
- DEVELOPING AN ADVISORY APPROACH** to the clients
- CONSTANT MONITORING** of the processes



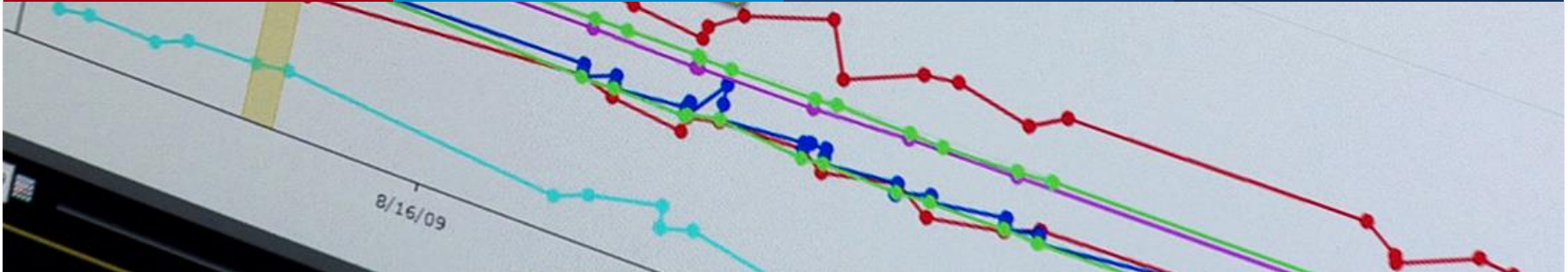
## A continuous competitiveness thanks to strategic pillars

PROFITABILITY

VALUE  
PROPOSITION

COMPETITIVE  
POSITIONING

EFFICIENCY





## A continuous competitiveness thanks to strategic pillars

### PROFITABILITY

Focus on businesses with a higher profitability such as endoscopy, DI, surgical instruments services.

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### VALUE PROPOSITION

Concentrate on the introduction of high margin activities in all countries: both where already present (Spain, Portugal, India) as well as in new markets (China, United Arab Emirates and Latin America).

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### COMPETITIVE POSITIONING

Adoption of innovated and industrialized operating model focused on synergies and cost reduction.

### EFFICIENCY





## A continuous competitiveness thanks to strategic pillars

PROFITABILITY

VALUE  
PROPOSITION

COMPETITIVE  
POSITIONING

EFFICIENCY

From service organization model to a Global Technology Network.

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From maintenance services to technology management.

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Development of integrated DI offer to boost penetration in other markets.

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Leverage on the possibility to fully exploit the entire equipment lifecycle.



## A continuous competitiveness thanks to strategic pillars

PROFITABILITY

Gain market positions, overtaking OEMs barriers and internal CE services.

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VALUE  
PROPOSITION

Strengthen marketing and sales teams on an international level to better support the renovated offer.

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COMPETITIVE  
POSITIONING

Stimulate an operative model that promotes the sharing of resources and know how among all competence centers and subsidiaries.

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EFFICIENCY

Empower on site technicians and structures through dedicated training and know how sharing.



## A continuous competitiveness thanks to strategic pillars

### PROFITABILITY

Reorganization of specific non profitable activities.

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### VALUE PROPOSITION

Efficiency in procurement capabilities, centralizing purchasing activities and pursuing an overall cost saving.

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### COMPETITIVE POSITIONING

Straight cooperation between the headquarters and local subsidiaries, stimulating proactive approach, efficient support and communication.

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### EFFICIENCY

Reorganization and improvement of the corporate governance to strengthen management responsiveness, fasten decision making and improve internal process.

## A constant evolution of the offer

EXTENSION,  
MODERNISATION  
AND INTEGRATION  
OF THE OFFER



Diagnostic Imaging

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Equipment life cycle management

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Homecare technology management

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Global contractor in international trading  
and consultancy tenders

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ICT outsourcing services

EXPANSION  
WITHIN CURRENT  
AND NEW MARKETS



Acquisitions

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Joint Ventures

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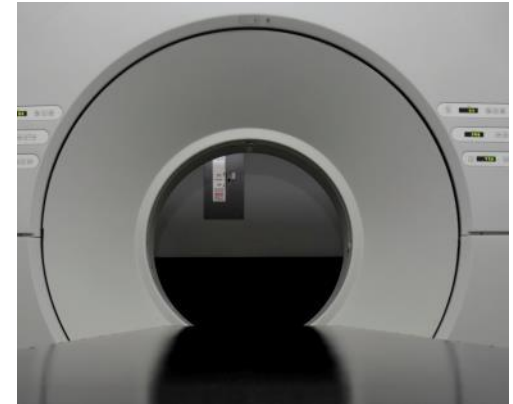
Strategic agreements

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Participation at local medical equipment supply  
and management tenders

## Diagnostic Imaging

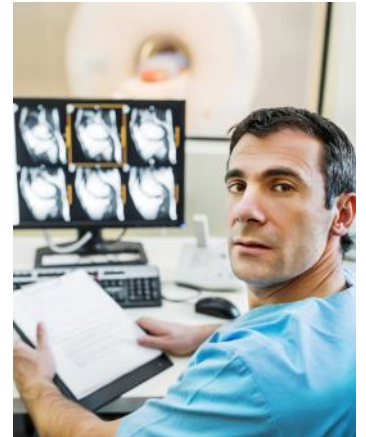
- Diagnostic Imaging represents a **development of clinical engineering towards a contiguous segment**, with more advanced technologies and higher profitability.
- The potential in the countries where TBS Group operates is estimated at **over € 5 bn**. Currently India and China are already a sizeable market.
  - **High level of technology**
  - **Greater added value**: need for more advanced and high-level assistance and maintenance
  - **Relevant devices' unit value**
  - **Attention from OEMs** due to the high added value





## Diagnostic Imaging

- **Three dedicated competence centers in Italy** – TBS Imaging (2) and Ing. Burgatti (1) - and **immediate availability of qualified technical resources.**
- This know-how allows to **leverage on the current customer portfolio** to access this contiguous offering segment.
- TBS Group aims to **leverage on the consolidated international presence and sales structure** in clinical engineering, through the widespread and qualified network of on site technicians.



## Equipment life cycle management

### □ EQUIPMENT LIBRARY

Specific devices (infusion pumps, ventilators, monitors, etc.) are offered to the hospital for short time usage, comprising their management and delivery.

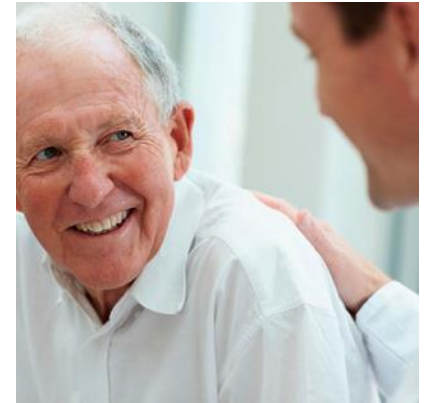
### □ TECHNOLOGY AS A SERVICE (TAAS)

Comprehensive outsourced management of the whole lifecycle of the inventory, from planning to procurement to final replacement.



## Homecare technology management

- This offer is the result of a trend for the **progressive decentralization** of healthcare and prevention services **from the hospital to home**, which led to **reduce costs** by decreasing **healthcare services** and to support the **increase of social required services**. Tele-healthcare and dedicated H24 TBS Group Call Center become more and more relevant to:
  - Manage plenty of homecare technology (medical devices, RPM, technical aids & disability supports, domotics, breathing aids, etc.)
  - Support the management of **healthcare and social services** through patients' integrated medical records
  
- TBS Group aims therefore to expand its value proposition from telecare and telemedicine services to **a global offer** consisting in the **integrated management of homecare medical technology, tele-healthcare services with Call Centers, IT systems and medical solutions with Data Centers**.







## Global contractor in international tenders

- Participation in **increasing international tenders** called by the Italian Foreign Ministry, the World Bank and other authorities **for «global» supply of medical equipment.**
- This business line meets customers' requests for financial optimization.
  - **Main contractor** for the customer
  - Possibility to play a role in **selection of equipment**
  - **Relationship with OEMs**
  - **Financial management**
- TBS Group participates in many **international tenders** promoted by national and international institutions in emerging markets, mostly for the supply on healthcare technology and within last few years has been awarded different tenders for a total amount of about **€ 14 M** in Cina, Honduras, Chile and Belize.

## ICT outsourcing services

- The outsourcing of ICT services represents a synergic segment of clinical engineering services, with the objective of leveraging the final market to provide an integrated offer:
  - **Management of all the healthcare processes**
  - **High barrier** to change (from the supplier)
  - Need for **broader expertise**
  - Potential **high margins**





## ICT outsourcing services

- TBS Group goal is to be recognized as a «**system integrator**» and **global ICT outsourcing** supplier for the healthcare.
- In the segment of ICT systems management, TBS Group acquired specific know-how and now **takes advantage of the fragmentation of the ICT market** by offering an optimized, superior-quality solution.
- TBS Group model also enhances a **full exploitation of synergies** between ICT services and already consolidated expertise in e-Health & e-Government integrated solutions.



## Corporate Governance

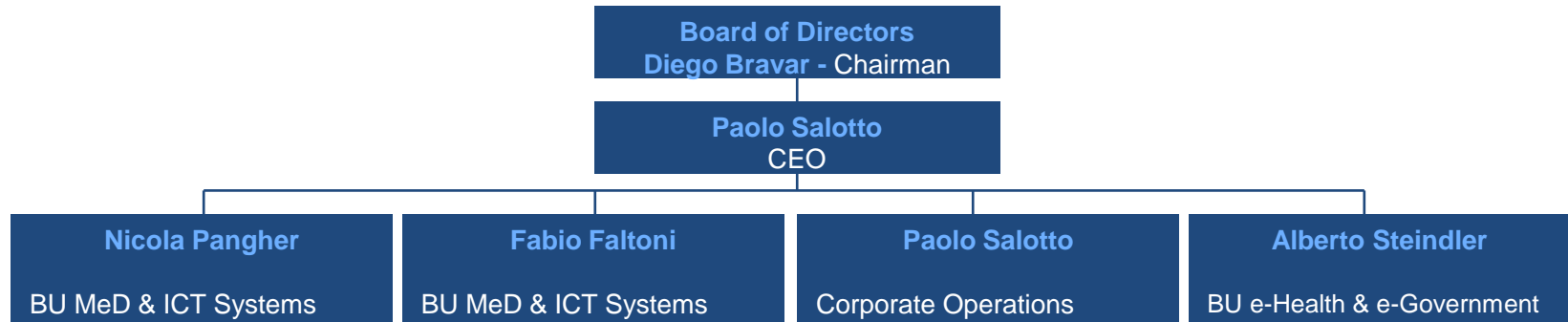
Based on the main Group's pillar – Clinical Engineering – and its integration due to:





## Corporate Governance

- In December 2013 the Board of Directors approved the new governance model, aimed to optimize the organizational structure, increase the efficiency of decision-making and operational processes with the support of three specific Board Members' Committees.
- In May 2016 the BoD has resolved to redefine the two current BUs based on business sectors, into two Business Units based on the geographical location of their operations: Clinical Engineering Services and Integrated ICT Solutions Italy BU and Clinical Engineering Services and Integrated ICT Solutions Foreign BU. The economic and financial responsibilities related to the new structure take effect after approval of the half-year 2016 Financial Report. As a result, the performance in the third quarter of the year will be the first to refer to the new organisational structure.





# Corporate Governance

## Internal Audit Committee and Risks

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responsible for monitoring the internal control system and proposing updates to this system; collaborates with the Board of Auditors, Internal Auditor and Risk Manager

## Committee for the Appointments, Remunerations and Governance

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responsible for giving opinions and makings proposals regarding appointments in the management bodies of the Group, the Group's remuneration policies for directors, managers and employees, in terms of topics related to corporate governance of the Group

## Management Committee

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monitoring the implementation of strategies, evolution of markets and competitive position of TBS Group, and proposing new strategies to grasp potential opportunities



## Shareholders

### TBS Group

**Clinical Engineering  
& Information Technology Spa**

**Allegro Sarl  
on behalf of Generali  
Financial Holdings  
FCP-FIS Sub-Fund 1**

**Fondo Italiano  
di Investimento SGR**

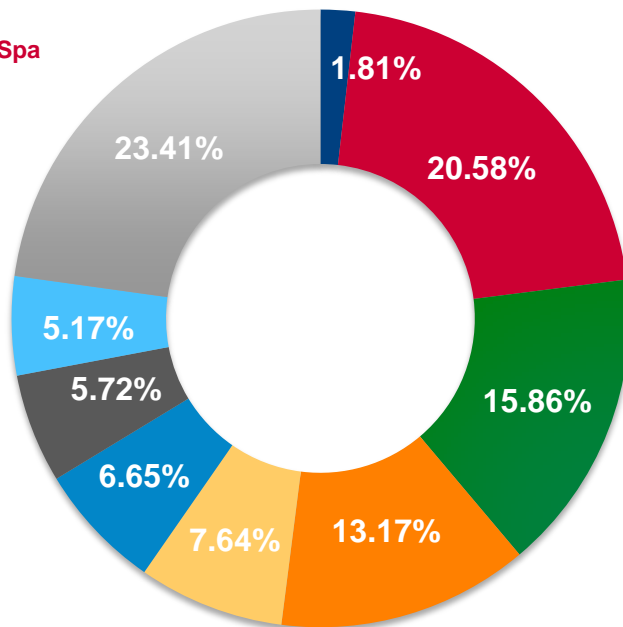
**Servizi Integrati  
per la Sanità -  
SIS Srl**

**Capitol Health  
Special Fund, L.P.**

**Emmepi Srl**

**Terra Nova Capital Srl**

**Market**



### Founders and Managers

- **Clinical Engineering & Information Technology**

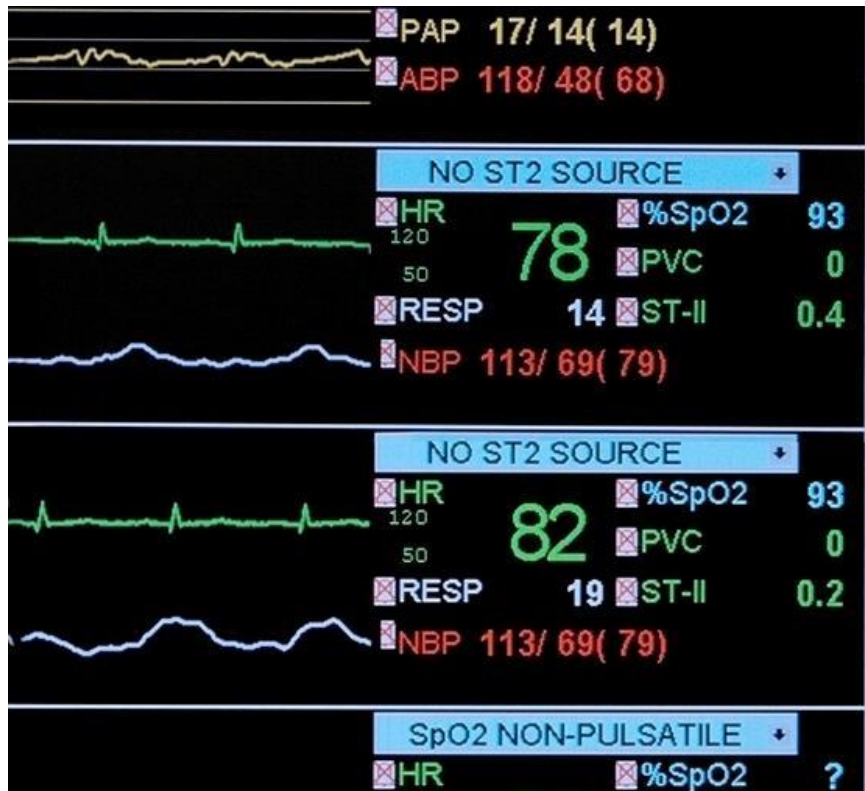
### High-profile shareholders

- **Generali Group** since 1999
- **Fondo Italiano di Investimento** since 2012

Other shareholders <5% (totally 400)

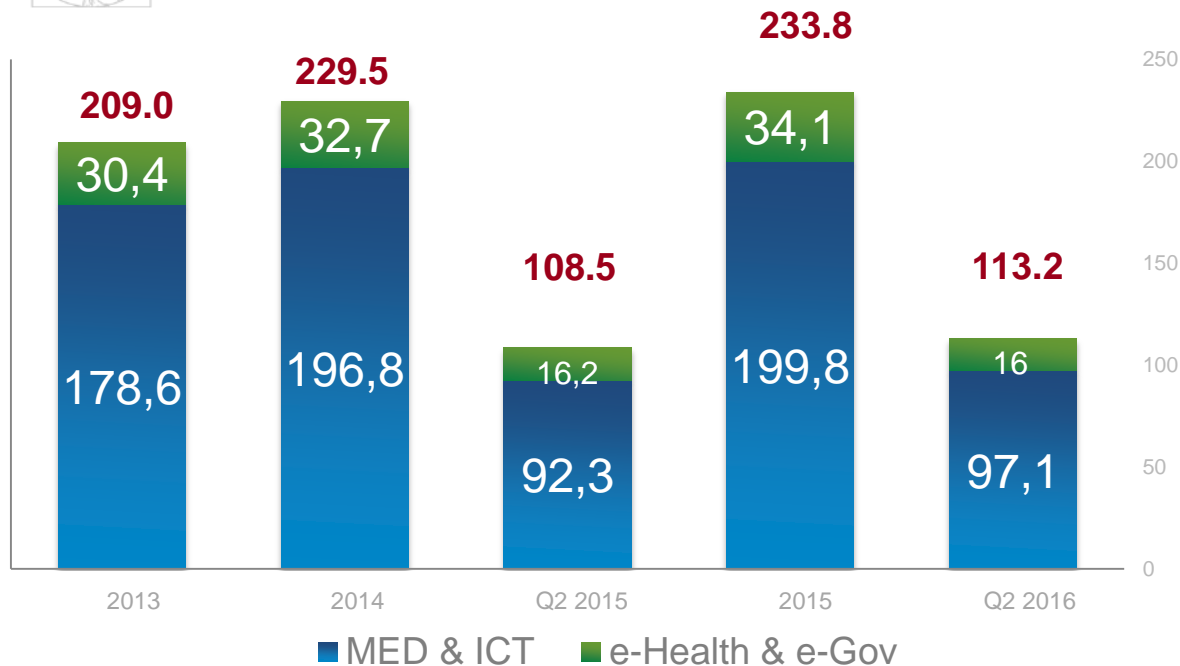
**Governance and organizational practices** of a public company already in place to join a regulated market.

## Financial Data





## Revenues (m€)



### 2015 VS. 2014

- Increase of Euro 4.3 million over the 229.5 million of the previous year, up +1.9%
- Geographical area confirms that Europe is the main market for the Group: Italy represents 68.8% of turnover (68.3% in 2014), other European countries 29.3% (compared to 26.6% in 2014), while non- EU countries has fallen as a result of the reduced contribution from international supply tenders from 5.1% in 2014 to 1.9% in 2015.

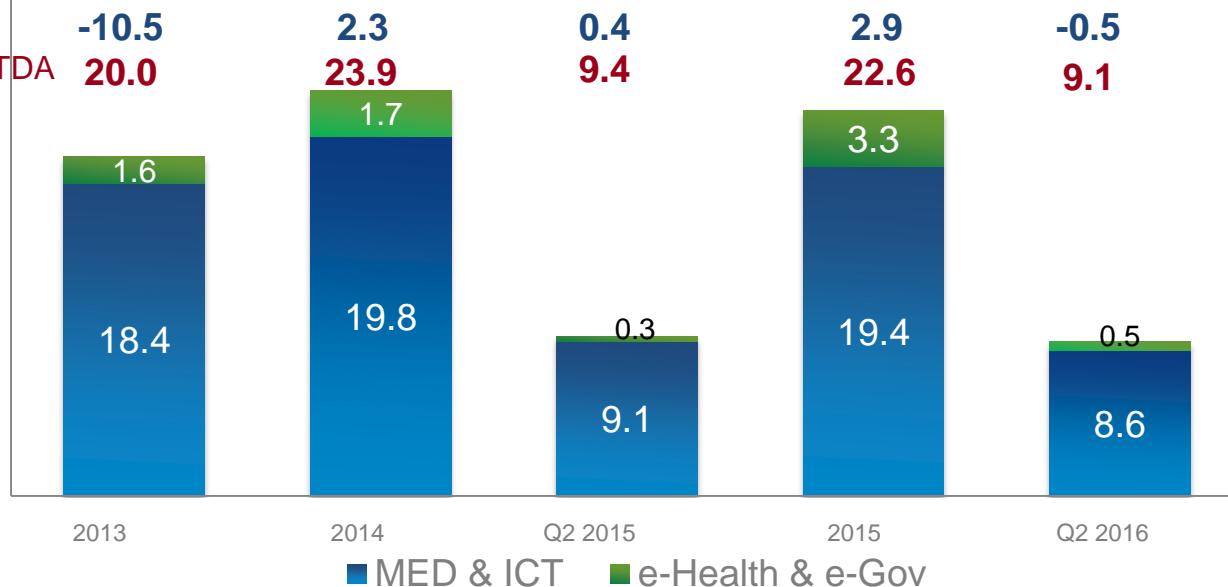
### Q2 2016 VS. Q2 2015

- Increase of Euro 4.7 million over the 113.2 million of the previous year, up +4.3%
- Geographical area confirms Europe as the main market for the Group: it generated 32.2% of turnover (29.6% in 2015), while non- EU countries reported an increase pushed by the income from TBS India .

## EBITDA and Net Result (€M)

Net Result

EBITDA



\* EBITDA adjusted due to non-recurrent costs

### 2015 VS. 2014

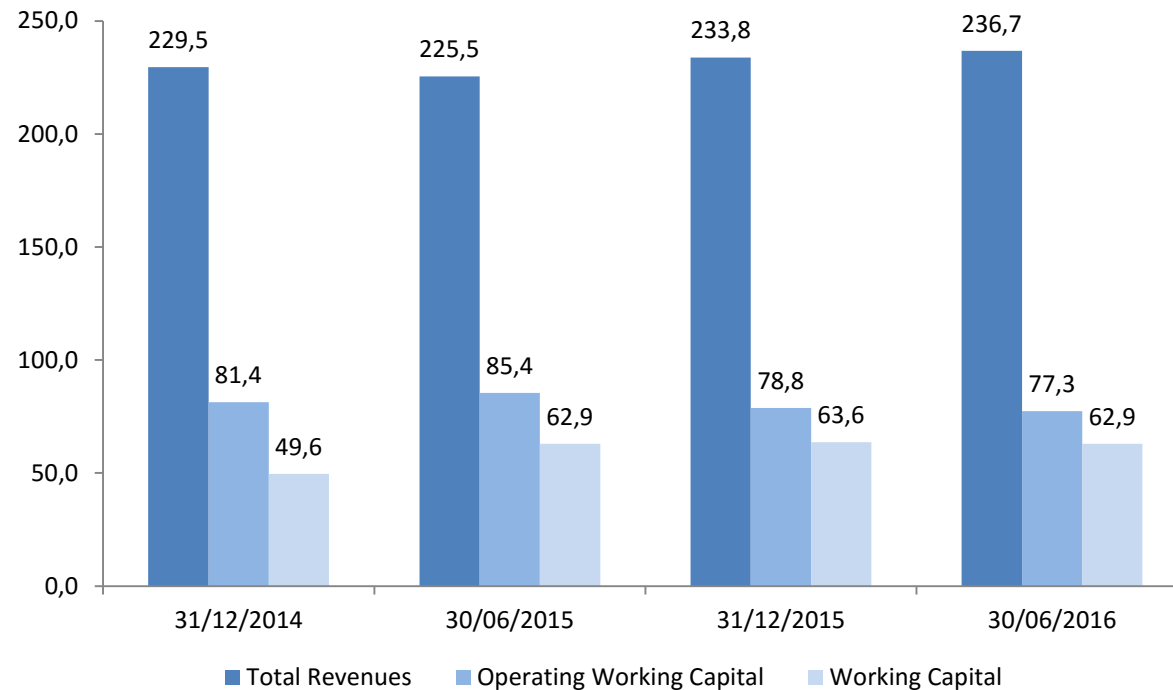
A drop with respect to the € 23.9 million of 2014 (- € 1.2 million, a drop of 5.2 %) due to:

- the reduction in prices of services associated with “spending review” policies
- non-recurrent costs associated with company merger operations and new acquisitions
- the non-contribution from the business line of international tenders
- the postponement to 2016 of the activation of several contracts already awarded in Italy
- start-up costs relating to the management of high-tech service contracts and those pertaining to the restructuring of the specialist DI centre
- other non-recurrent costs incurred during the period (€ 1.5 million)

### Q2 2016 VS. Q2 2015

- The consolidated EBITDA amounted to € 9.1 million, reporting a small decrease of €0.3 million.
- Q2 2016 reported a negative net result of €0.5 million, which is €0.9 million less versus the same period of 2015.

## Working Capital



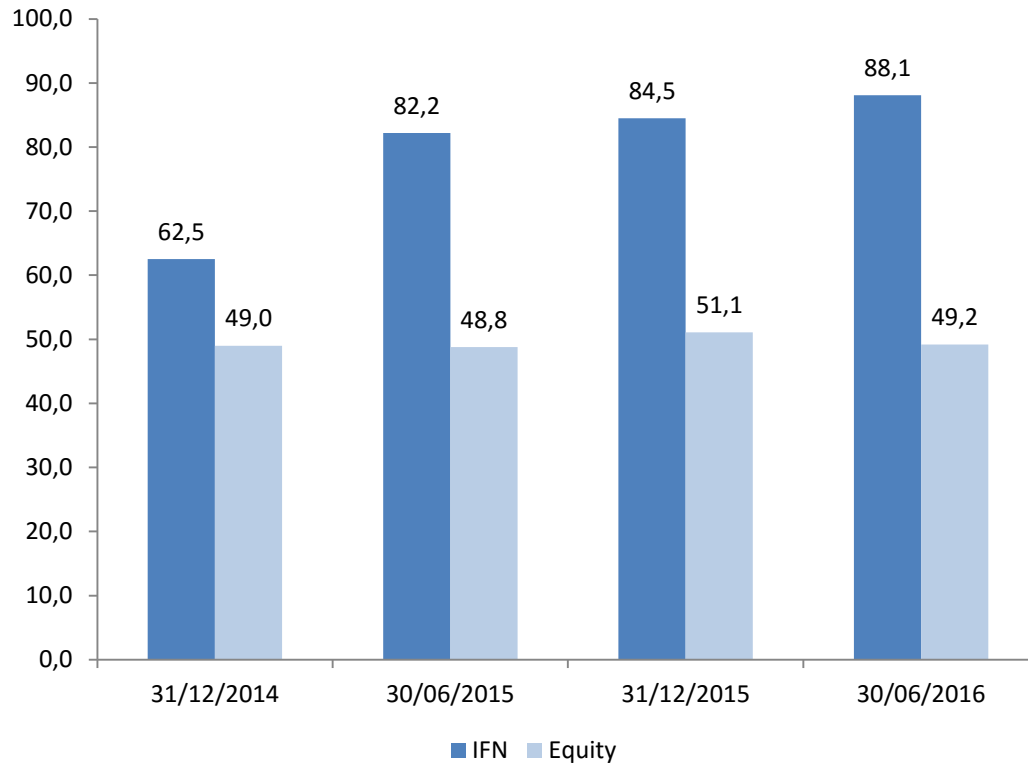
### 2015 VS. 2014

The sizeable increase in net working capital with respect to the previous year, amounting to € 14.0 million, can be traced to the regulations regarding split payments, which had a significant impact on other current assets and liabilities, which fell by €12.8 million; operating working capital fell from € 81.4 million at the end of 2014 (35.5% of revenues) to € 78.8 million at 31 December 2015 (33.7% of revenues).

### Q2 2016 VS. Q2 2015

- The net working capital went down by €1.5 million; in comparison with the first half of 2015, the reduction is even more significant, with a change of €8.1 million.
- Such variation is also due to the effect of the assignments of receivables without recourse, which were €3.1 million higher than in the previous fiscal year, having reached an amount of €47.8 million versus 44.7 million in the first half of 2015.
- The net financial debt, amounted to €88.1, with an increase of €3.6 million versus €84.5 million at the end of 2015.

## Net Financial Position & Equity



### 2015 VS. 2014

At the end of the year, net financial debt stood at € 84.5 million, an increase of € 22 million compared to the € 62.5 million reported at the end of 2014. This increase can mainly be ascribed to the price of to acquire Crimo France and 51% of the company Ing. Burgatti as well as the appreciation in the relevant put & call under the contract and the incorporation of the company's financial debt and change in the net working capital at the Group level.

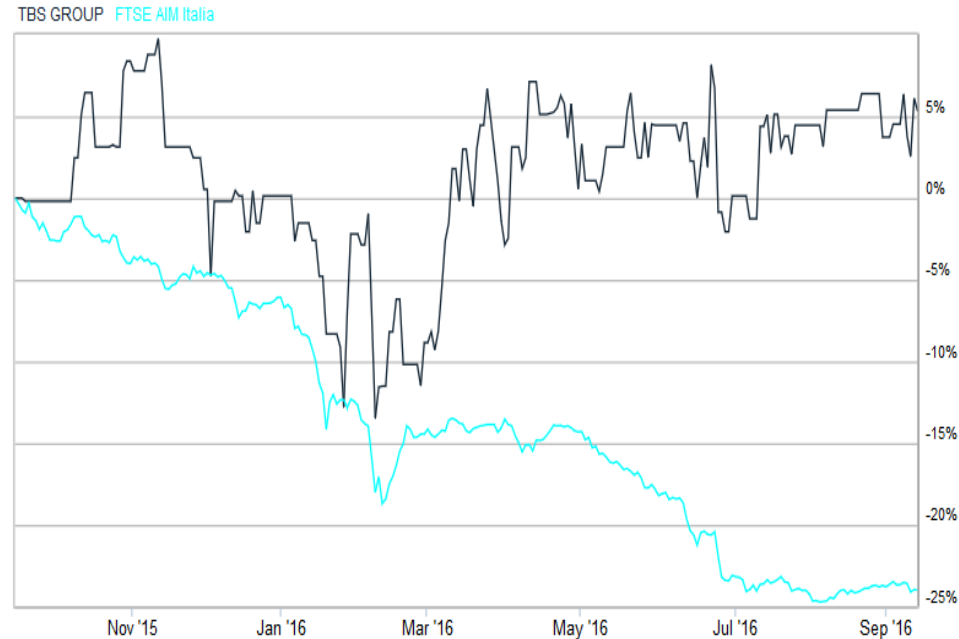
### 2Q2016 VS. 2Q2015

- The financial charges went down despite an increase in the net financial position. This is due to the lower cost of non-recourse transactions and the reduction in the spreads for medium-long term operations.
- Taxes went down by €0.3 million, mainly because of the lower earnings before taxes.



## Shares performance at AIM Stock Exchange Market

- **€ 1.80 per share** was the price implied into the capital increase of €10M subscribed in 2012 by Fondo Italiano di Investimento while the stock price was € 0.94 per share.
- **€ 2.20 per share** is the target price of Intermonte research dated April 13, 2016
- 1 year performance +5.32%



## TBS Group rating: upgrade from B1.1 to A3.1



- ❑ Finally on 01 June 2015, the **Cerved Rating Agency** – an Italian rating agency specialising in assessing the creditworthiness of non-financial companies – updated its rating of the TBS Group, which had originally voluntarily submitted to an evaluation on 25 June 2014.
- ❑ A new rating of **A3.1** was assigned, confirming an improvement compared to the previous B1.1. level; this evaluation represents the sixth level in the Cerved risk scale that covers 13 classes (from A1.1, representing the first level to the least risk at C2.1).
- ❑ The relevant statement defines the TBS Group as a **“company with solid fundamentals and a good ability to meet its financial commitments. Its credit risk is low.”**

## Non-convertible five-years bond placement at Extramot Pro

(the new market dedicated to listing of bonds)

Issue date	29 October 2014
Expiry date	October 2019
Amount	EUR 15,000,000
Interest rate	6.50%
Status	Senior UNSECURED
Reimbursement	Bullet
Minimum stock	EUR 100,000
Segment	ExtraMot Pro (Borsa Italiana)
Payment	Trim. ACT/ACT Unadj
Callable	From January 2017
ISIN Code	IT0005058372





## Highlights of TBS

Revenues  
**€ 233.8 M**

in 2015

Personnel  
**2,400**

Healthcare  
Structures  
**Over 1,000**

Medical  
equipment  
managed  
**850,000**

Maintenance  
activities  
**1,300,000**

Countries  
**20**

Public  
Institutions  
**200**

ICT systems  
**145,000**

Telecare and  
RPM users  
**Over 32,000**

Companies  
**Over 20**

Workshops  
**320**



## Annex: Q2 2016 vs Q2 2015 Financial Report – P&L

(amounts in thousands of Euro)	30/06/2016	31/12/2015	30/06/2015	31/12/2014
Sale of goods and rendering of services	112.587	232.556	107.876	228.340
Other revenue	621	1.292	677	1.192
<b>Total revenue</b>	<b>113.208</b>	<b>233.848</b>	<b>108.553</b>	<b>229.532</b>
Cost of materials	18.123	30.727	15.582	31.309
Service costs	38.314	82.113	38.127	80.218
Personnel costs	46.185	95.697	44.054	92.970
Other operating costs	2.233	5.597	2.017	3.995
Cost adjustments for in-house generation of non-current assets	- 932	- 3.317	- 870	- 2.998
Other provisions	181	384	199	161
<b>Total costs</b>	<b>104.104</b>	<b>211.201</b>	<b>99.109</b>	<b>205.655</b>
<b>EBITDA</b>	<b>9.104</b>	<b>22.647</b>	<b>9.444</b>	<b>23.877</b>
<b>EBITDA %</b>	<b>8.0%</b>	<b>9.7%</b>	<b>8.7%</b>	<b>10.4%</b>
Amortisation, depreciation and write-downs	5.962	11.828	5.429	10.499
<b>EBIT (operating profit)</b>	<b>3.142</b>	<b>10.819</b>	<b>4.015</b>	<b>13.378</b>
<b>EBIT %</b>	<b>2.8%</b>	<b>4.6%</b>	<b>3.7%</b>	<b>5.8%</b>
Gains (losses) from investments	0	- 28	- 63	- 47
Financial income	326	827	550	372
Financial expenses	- 2.827	- 6.391	- 3.149	- 6.953
<b>PROFIT BEFORE TAX</b>	<b>641</b>	<b>5.227</b>	<b>1.353</b>	<b>6.750</b>
Income taxes	-357	- 2.908	- 664	- 4.524
<b>NET PROFIT FOR THE PERIOD</b>	<b>284</b>	<b>2.319</b>	<b>689</b>	<b>2.226</b>
Result from assets held for sale	-799	551	- 313	122
<b>NET PROFIT FOR THE PERIOD</b>	<b>- 515</b>	<b>2.870</b>	<b>376</b>	<b>2.348</b>
<i>attributable to the Group</i>	<i>- 703</i>	<i>2.410</i>	<i>45</i>	<i>1.896</i>
<i>to minority interests</i>	<i>188</i>	<i>460</i>	<i>331</i>	<i>452</i>

## Annex: Q2 2016 vs Q2 2015 Financial Report – A&L

(amounts in thousands of euro)	30/06/2016	31/12/2015	30/06/2015	31/12/2014
Intangible assets	59.458	62.871	60.076	54.481
Property, plant and equipment	23.275	22.858	20.975	19.899
Other non-current assets	11.338	11.484	10.230	9.941
Non-current assets	94.071	97.213	91.281	84.321
Current assets	168.052	167.962	181.131	167.816
Assets held for sale	8.614	333		0
<b>TOTAL ASSETS</b>	<b>270.737</b>	<b>265.508</b>	<b>272.412</b>	<b>252.137</b>
Group shareholders' equity	49.236	51.083	48.759	49.038
Equity attributable to minority interests	2.310	2.392	2.596	2.616
Shareholders' equity	51.546	53.475	51.355	51.654
Non-current liabilities	72.953	71.608	64.596	52.633
Current liabilities	141.056	140.425	156.461	147.851
Liabilities held for sale	5.182	0	0	0
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>270.738</b>	<b>265.508</b>	<b>272.412</b>	<b>252.137</b>



Thank you for the attention

