

TXT e-Solutions

Corporate Overview

October 2016



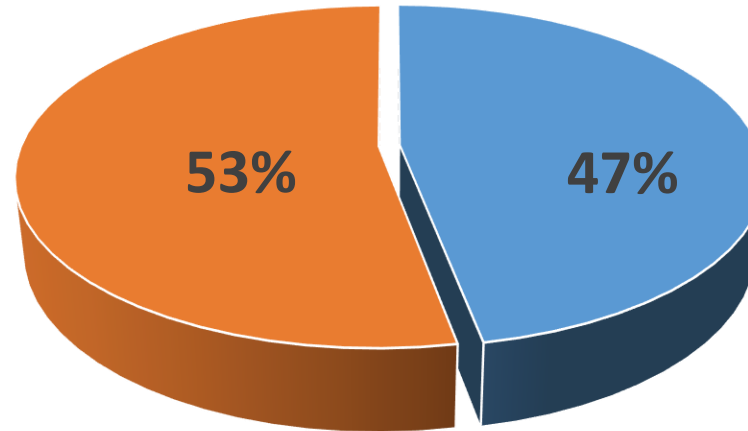
The material in this presentation has been prepared by TXT e-solutions (“TXT”) and is general background information about TXT’s activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to TXT’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. TXT does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside TXT’s control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is for the semester ended June 30th 2016.

TXT RETAIL

H1 2016: 18.8m€



TXT NEXT

H1 2016: 15.4m€

Fashion, Luxury & Specialty Retail

- Fashion/Luxury & Specialty Retail
- Omnichannel End-to-end Planning and Collection Development
- Global Leadership
- Global presence: Europe, North America & Asia Pacific

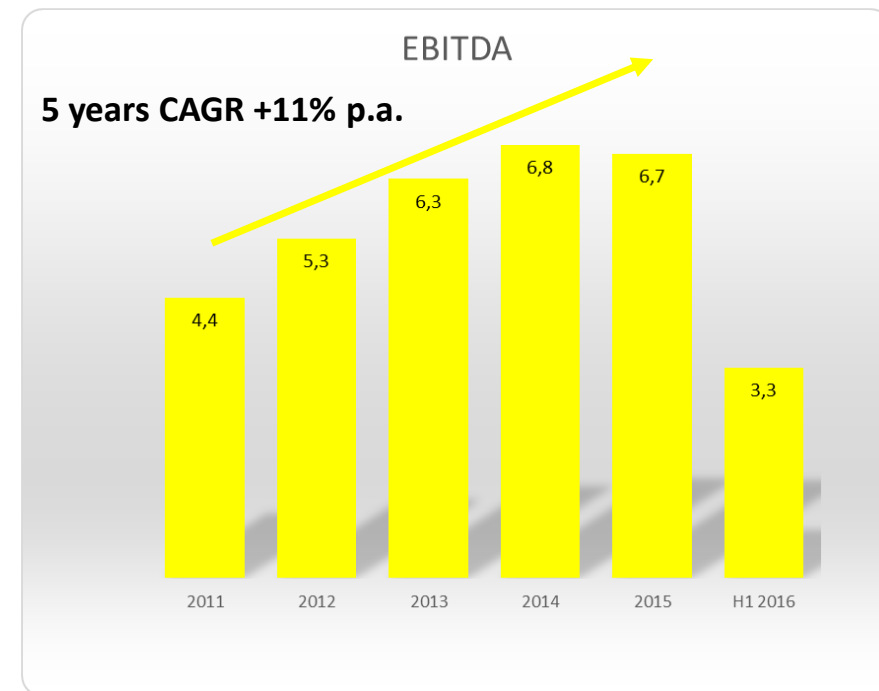
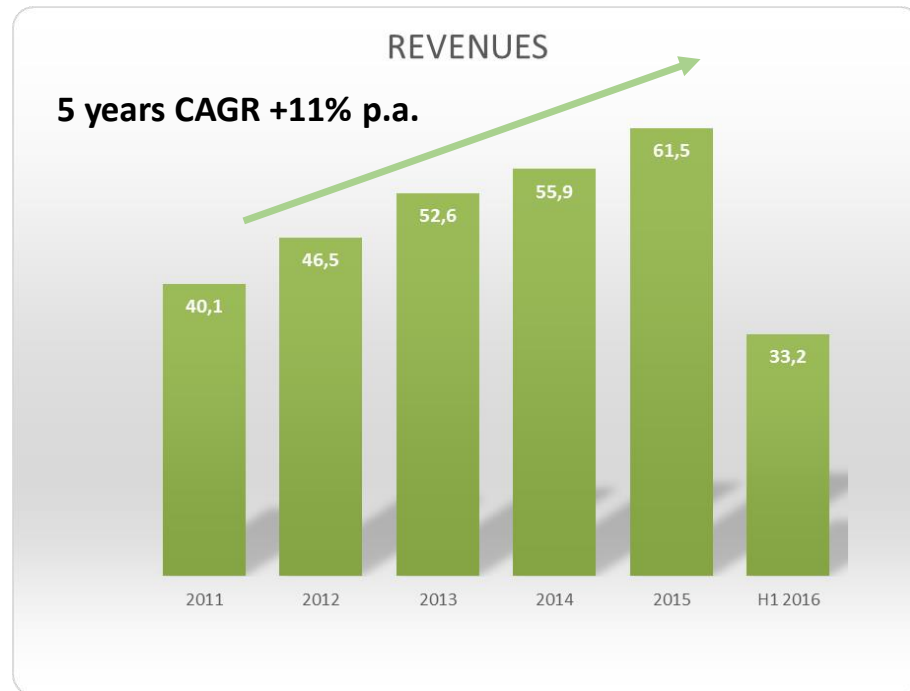
Aerospace & Aviation

- Engineering Solutions & Services across the Product Life-cycle
- Leadership in Italy
- Growing international presence

- **Revenues:** **61.5 m€ (+13.1%)**
- **Net Income** **3.9 m€**
- **Free Cash Flow** **8.4% of Rev.**
- **NFP:** **8.3 m€**

H1 2016

- 33.2 m€ (+6.6%)**
- 2.0 m€**
- 8.6% of Rev.**
- 0.5 m€**



The logo features the letters 'TXT' in a bold, blue, sans-serif font with a red diagonal bar between the 'X' and the second 'T'. To the right of 'TXT', the word 'RETAIL' is written in a bold, grey, sans-serif font.

Fashion, Luxury & Specialty Retail

Strategy - Global leader in:
Retail Planning solutions for Fashion, Luxury & Specialty Retailers: end-to-end, from collection to stores

Europe

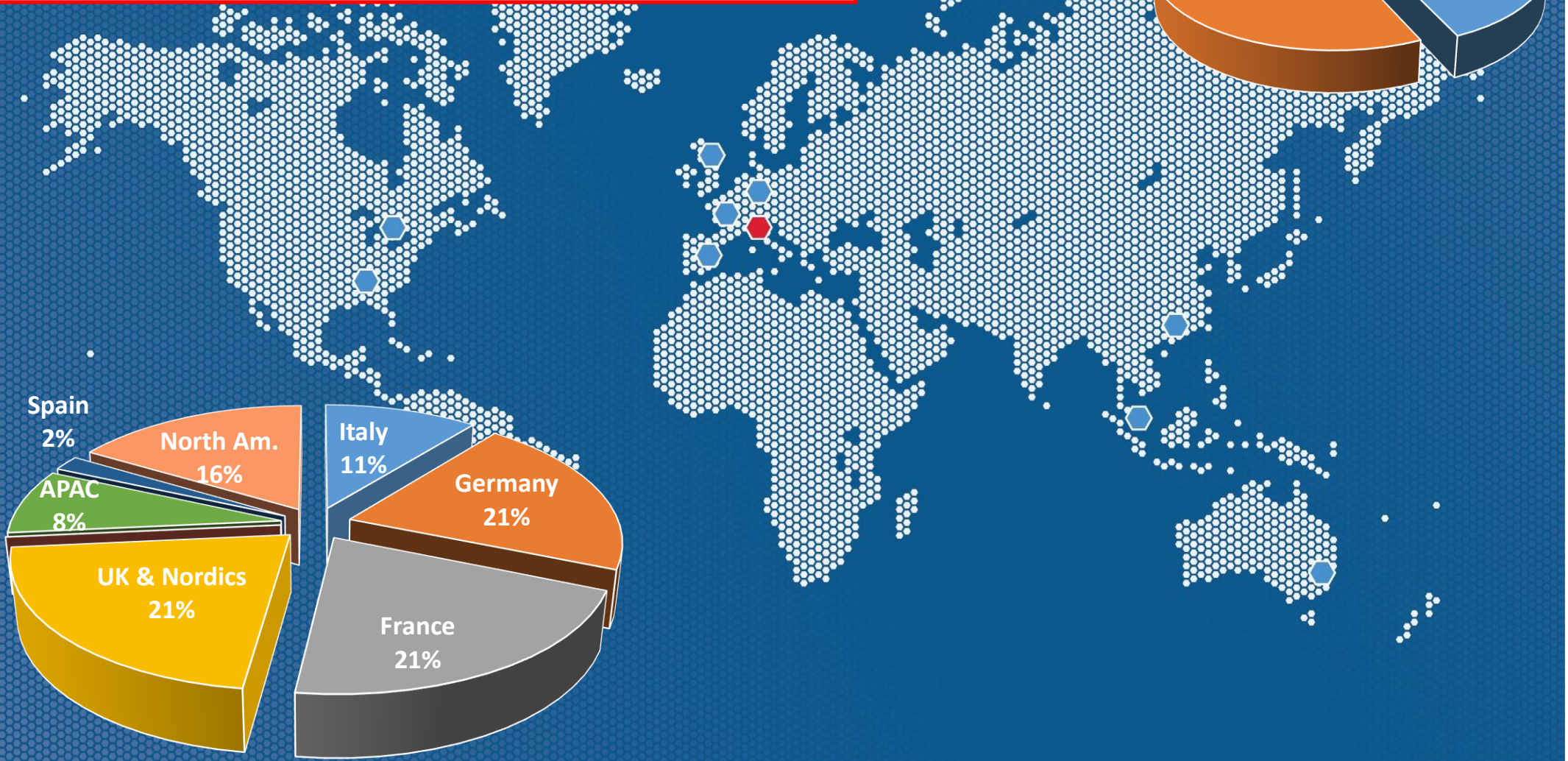
- Milano, IT - Head Office
- Barcelona, SP
- Bari, IT
- Chemnitz, DE
- Genova, IT
- Halle (Saale), DE
- Leicester, UK
- Lyon, FR
- Paris, FR
- Roma, IT
- Torino, IT
- Vicenza, IT
- Wynyard, UK

Americas

- Toronto, CA
- Atlanta, USA

Asia Pacific

- Sydney, AU
- Hong Kong



Unique Customer Base of 300+



- 15+ New Major Customers and 50+ Go-Lives of Major Projects, each Year ...
- ... across all Segments, Business Models & Geographies

Luxury



Global Brands



Fast Fashion



Specialty



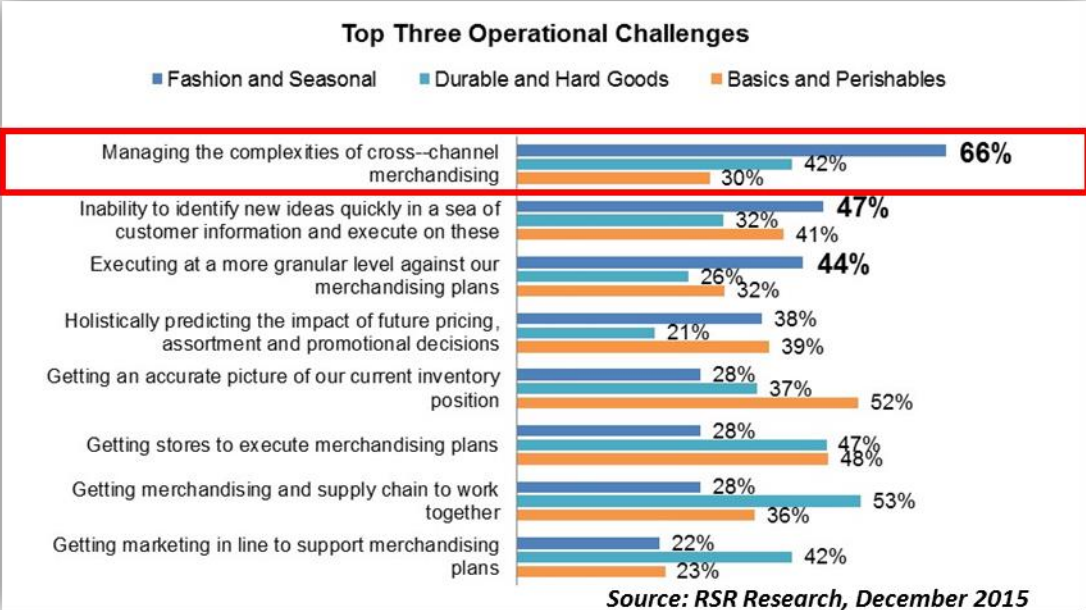
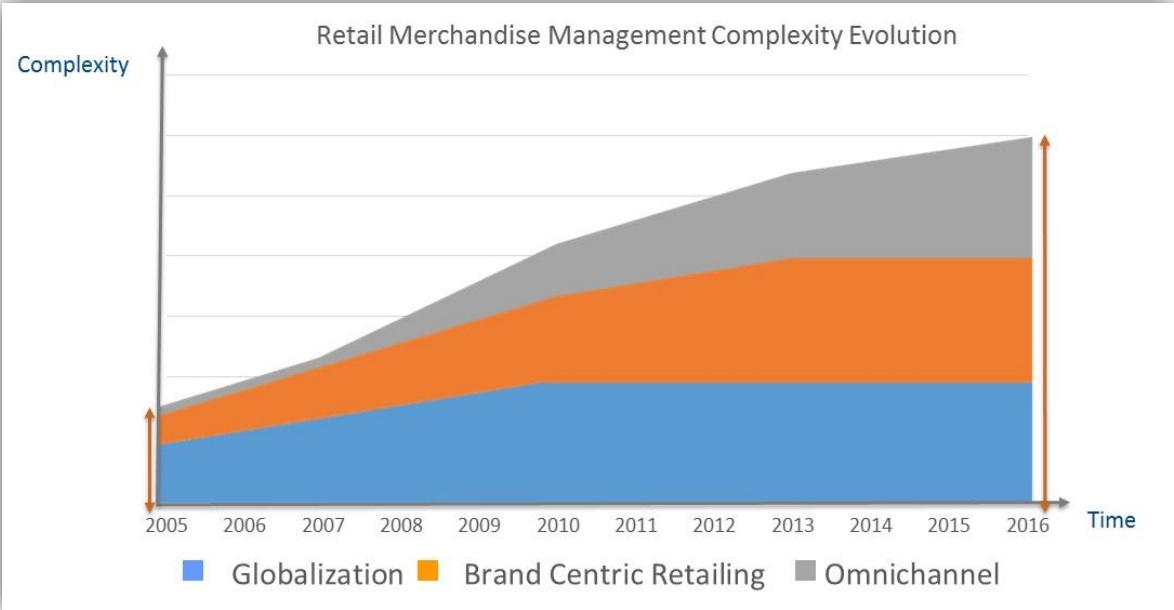
Department Store



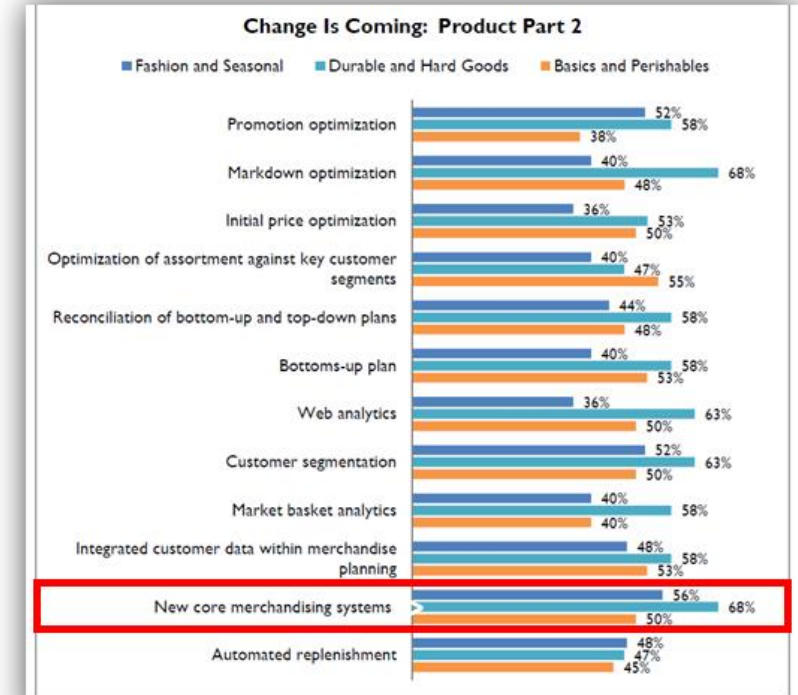
**1500 Tier-1 & Tier-2 Omnichannel Retailers across Europe, North America & APAC:
how industry transformation impact Key Business Processes?**

The Omnichannel Retailers' «Merchandise Lifecycle»:

A strategic & complex End-to-End process where many actors need to collaborate in real-time, to generate growth & profit by cost-effectively selling customer-focussed, compelling collections across multiple, interacting retail channels



- The Omni-channel transformation drives growing demand for a new generation of **Merchandise Lifecycle Management Software**:
 - Growing complexity: within each key process and in their interactions
 - Shorter lead-times and higher reactivity in all key processes
 - Consistency, across the «extended» organisation & from strategy to execution
 - Rapid deployment, in a faster world
 - Flexibility, to easily adapt in a context where Business Models and Process Best Practices are still in «evolution»



Source: RSR Research, December 2015

- The demand for IT solutions supporting the Omni-channel transformation of Retailers increasingly materialises as implementation of **End-to-End Integrated systems** (replacing either EXCEL, or 1°-generation best-of-breed solutions), often through step-by-step deployment, but as part of strategic, larger-scope *transformational initiatives*



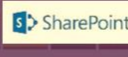
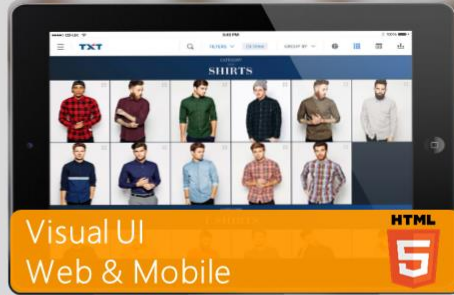
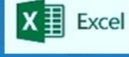
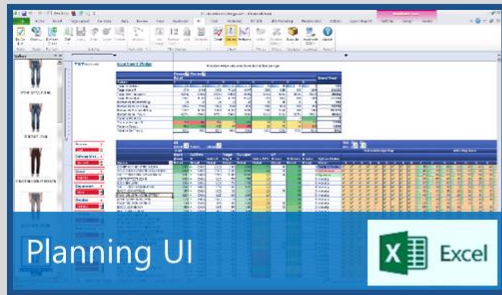
Source: RSR Research, December 2015



Core to Retailers' competitive differentiation is the **Merchandise Lifecycle**, the end-to-end process that encompasses:

- Understanding customer needs and opportunities,
- Devising a brand and product strategy,
- Developing and sourcing a compelling collection,
- Optimizing the assortment across markets and channels,
- Buying and delivering the products
- Managing the sell out to optimise the return on merchandise investment.

The 1st & only End-to-End Merchandise Lifecycle Management Software



Merchandise Lifecycle Process Services



TXT RETAIL 8.0

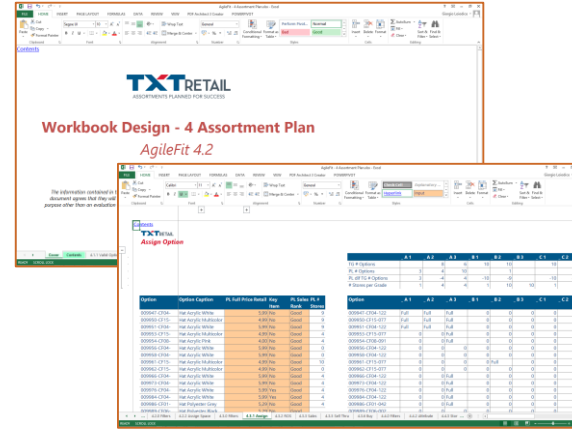
TXT Retail enables Customer-driven Merchandising Excellence through an **End-to-End Merchandise Lifecycle Management Software** featuring:

- A unified database that informs the End-to-End Merchandise processes
- In-Memory technology supporting Real-time integration across all Merchandise Lifecycle processes
- Collaboration across all actors in the Merchandise Lifecycle processes, blending art, science & mobility as appropriate
- Productivity enhancing UI: “2 hours adoption” thanks to the right UI for each User & Task.
- Flexible configuration: it helps you adopting business process best practices, and flexes as the market & your organization change

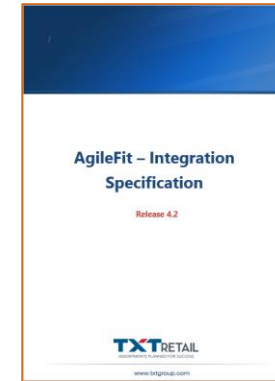
Solution Design



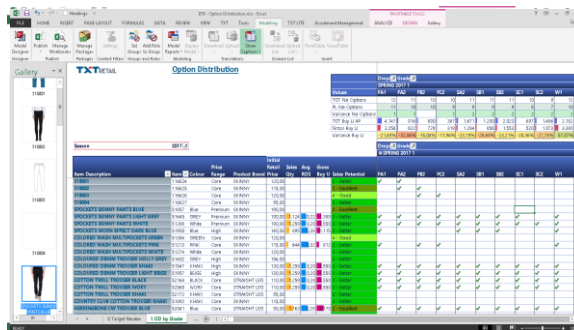
Workbook Design



Interface Specification



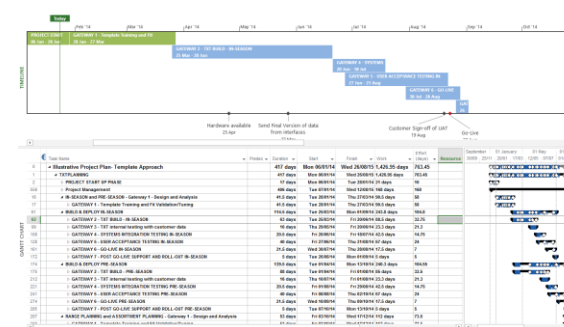
Reference Application



Performance Tests

	Monouser	# Open Workbook	Time (s)
		1	1,92
		2	1,68
OPEN WORKBOOK	1,54	3	1,44
REFRESH		4	1,44
AllBoys Half	0,94	5	1,51
AllBoys Month	0,89	6	1,41
Boys02 Month	0,73	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

Magic Quadrant for Merchandise Assortment Management Applications

Published: 1 September 2016



Source: Gartner (September 2016)

Key Differentiators



End-to End Planning

Comprehensive & Complete



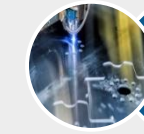
Flexibility

Omni-channel Ready – Change Proof



Adoption

2 Hours!, thanks to Excel UI & Mobility



Productivity

Collaborative, Integrated & In-Memory



Planners & Buyers together

Art & Science



Implementation Challenge

Manage Risk & Deploy Fast with AgileFit

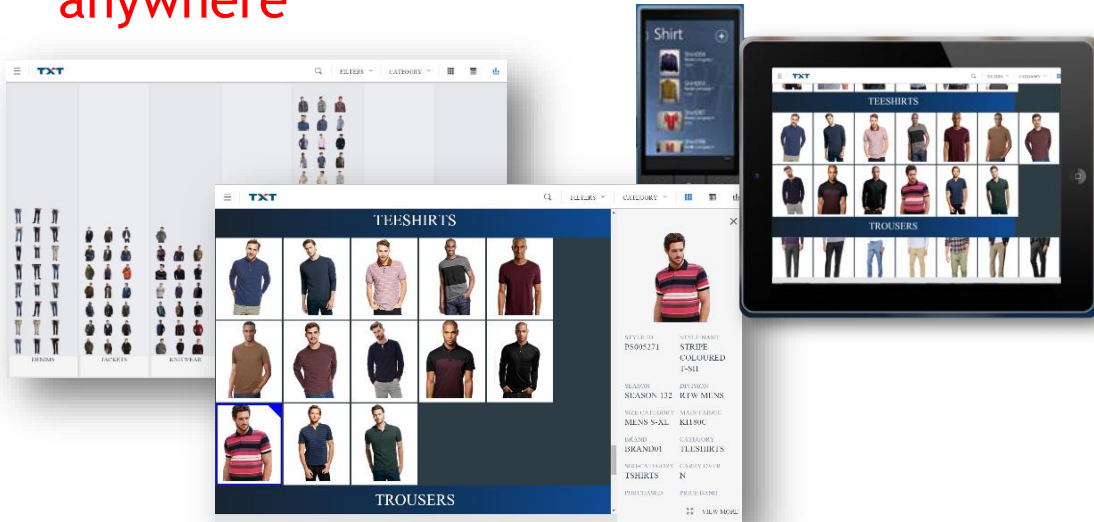
300+

Retail Professionals

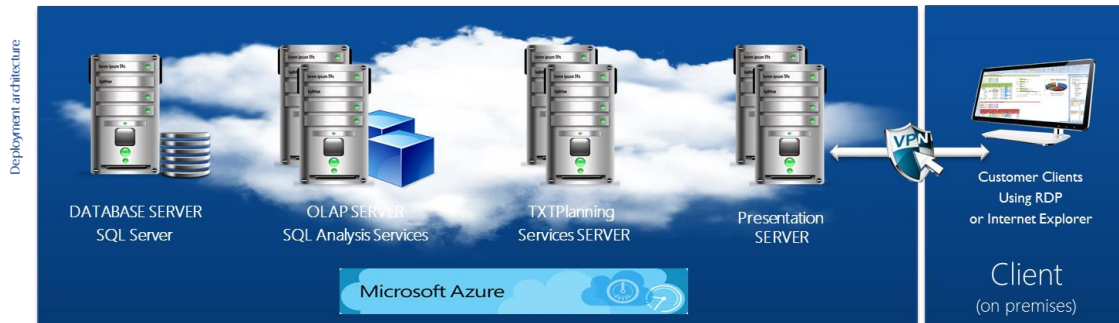
300+

Customers

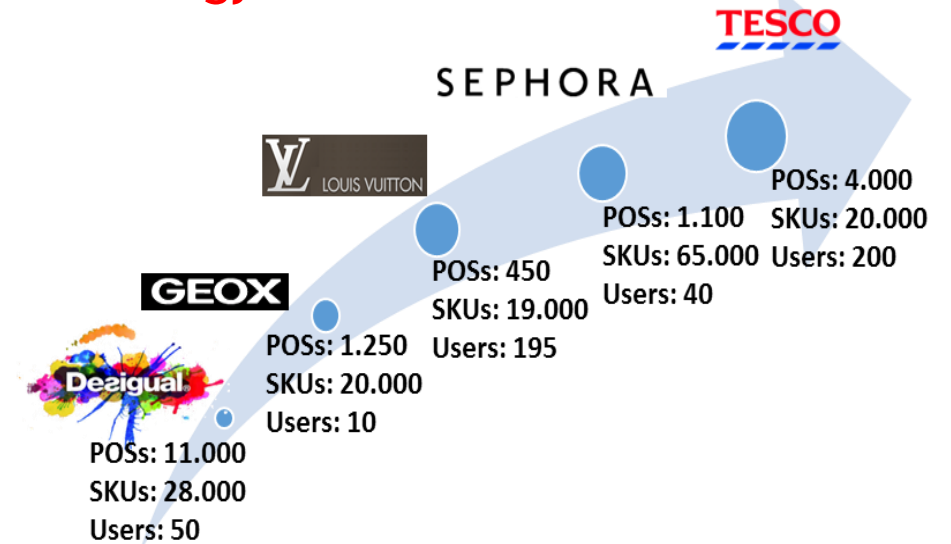
- **Mobility: PLM & Planning on any device, anywhere**



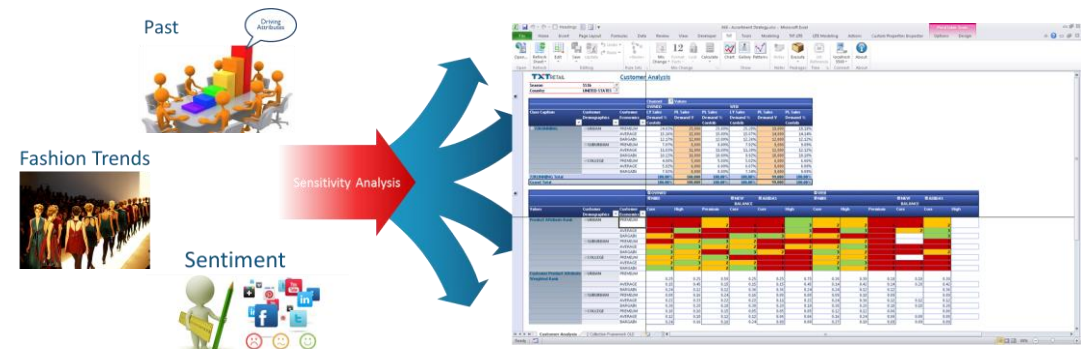
- **Total Cost of Ownership: TXT On-Cloud and Cloud-based Managed Services**



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



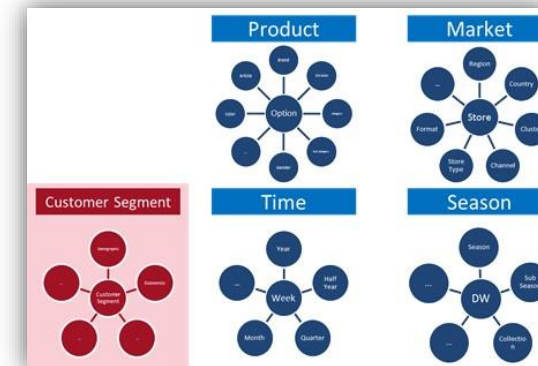
- **Assortments based on Consumer Insight**



TXT Retail: The End-to-End Merchandise Lifecycle Opportunity

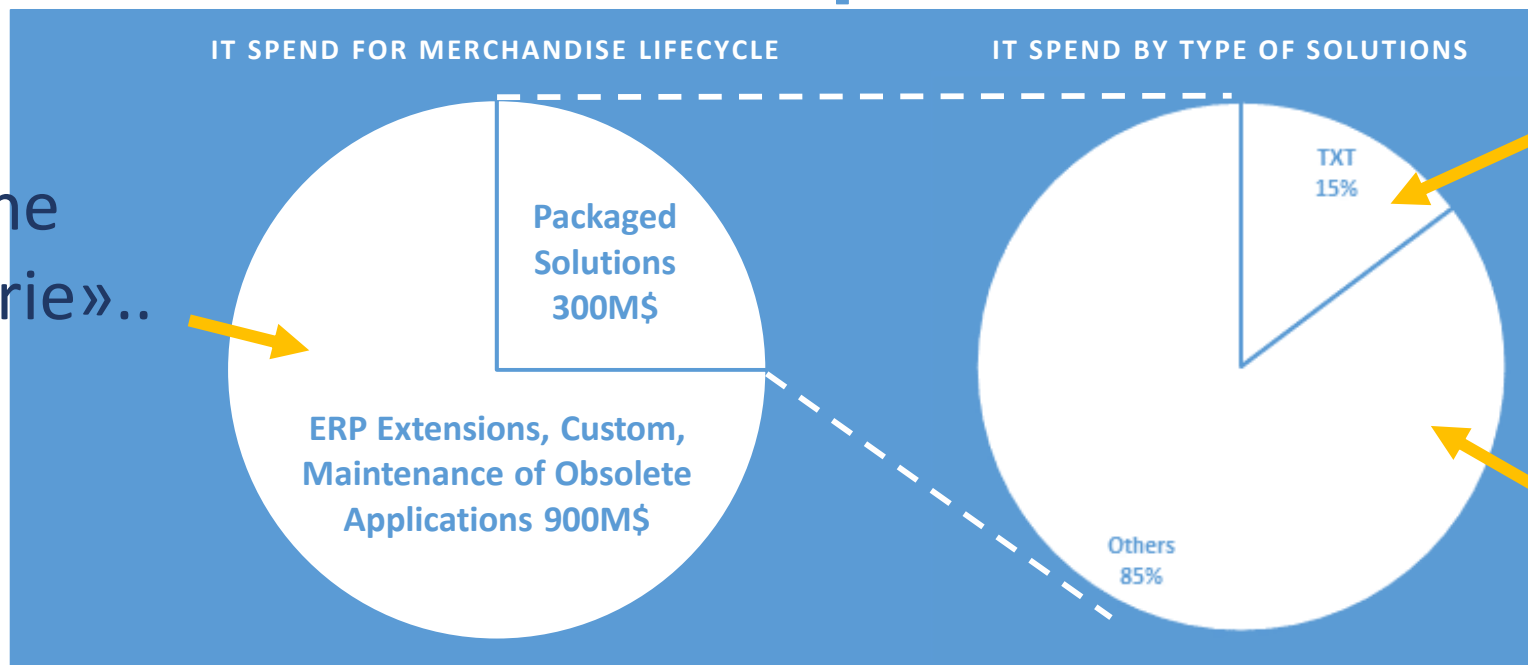


End-to-end Merchandise Lifecycle Management



Competitive Differentiation: We engage in Customer Success !!!

...conquer the «Green Prairie»..

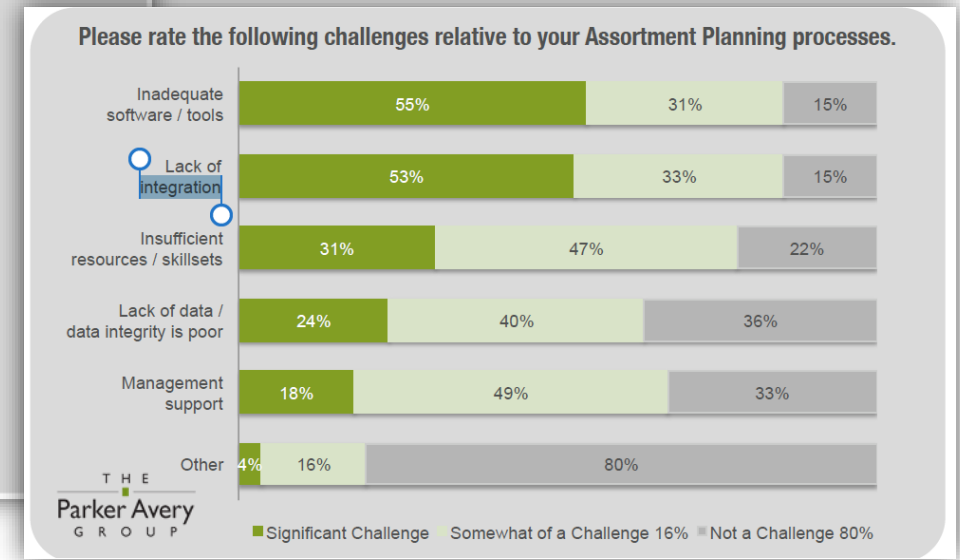
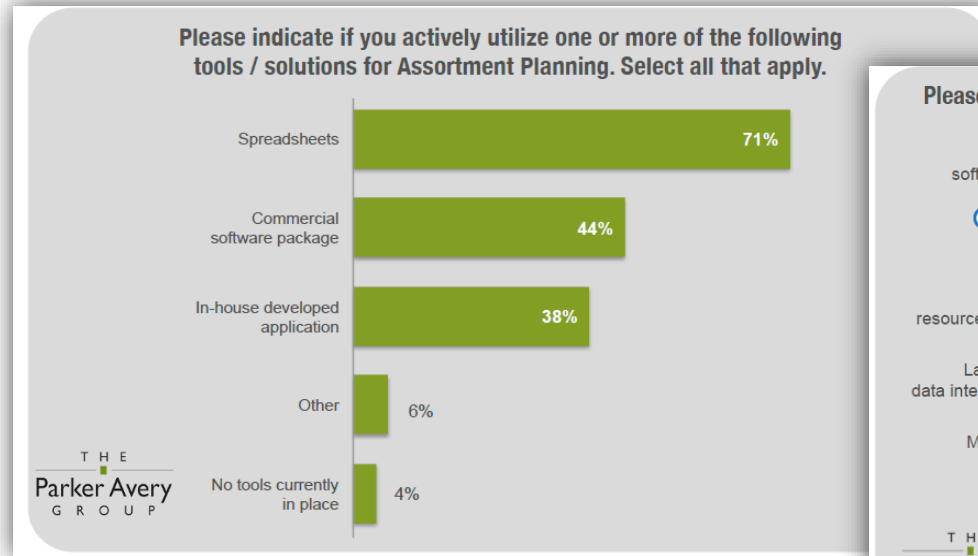


Keep & Grow Customers !!

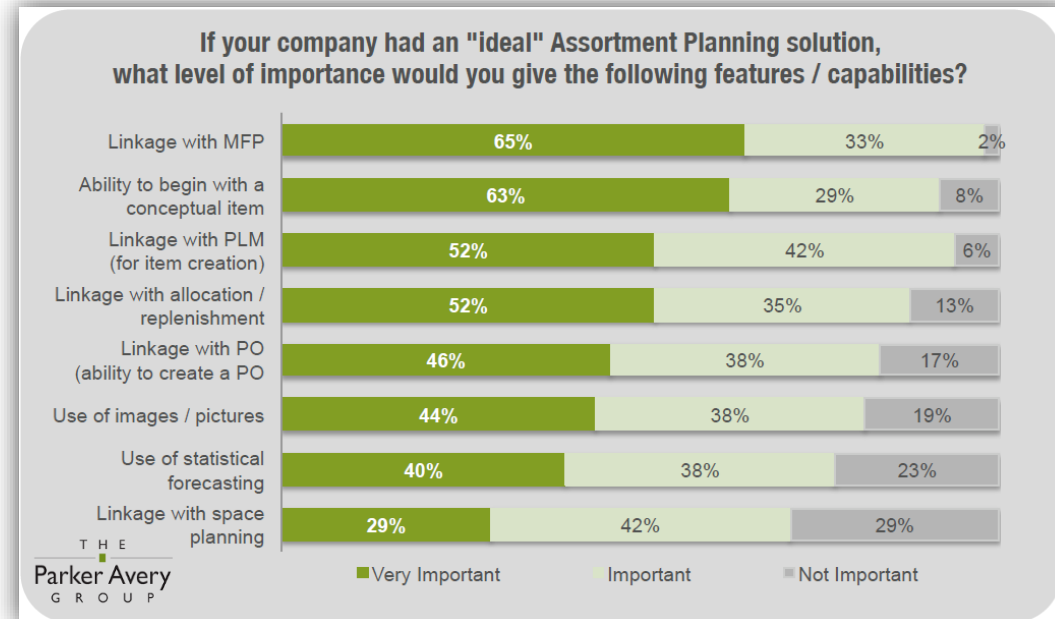
Win Marketshare!!

A largely untapped market:

- Spreadsheets
- Inadequate Software

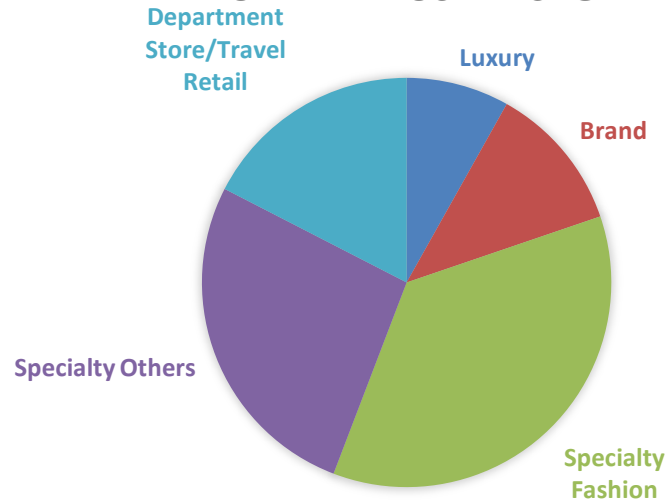


TXT Retail: the long-awaited answer to Retailers' needs and priorities

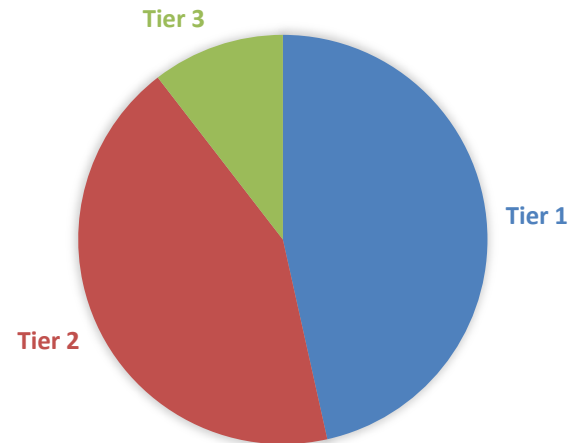


Organic growth, targeted acquisitions, innovation in product & business process, self-financed through Profit & Cash generated by the business

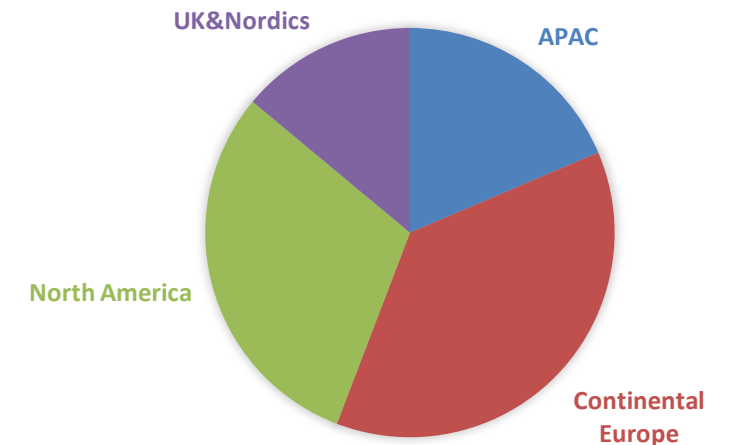
REVENUE BY INDUSTRY SEGMENT



REVENUE BY CUSTOMER TIER



REVENUE BY REGION



The logo for TXTNEXT. The letters 'T', 'X', and 'T' are in a bold, blue, sans-serif font, with a red diagonal bar between the two 'T's. The word 'NEXT' is in a grey, sans-serif font.

Aerospace & Aviation

TXT Next: since 30 years Partner for our Clients to boost their Engineering Capabilities

Products & core Processes are highly complex ...

... calling for cooperation across an extensive network of Specialised Partners

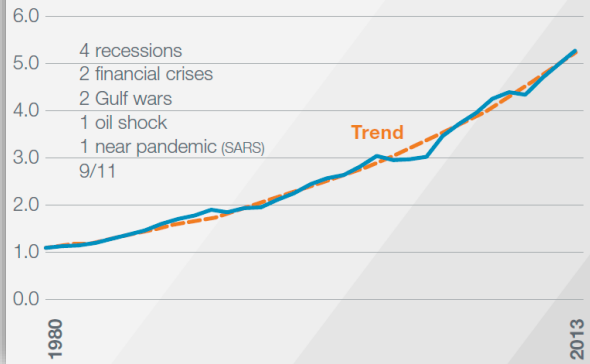


Long-term positive trends, despite short-term fluctuations

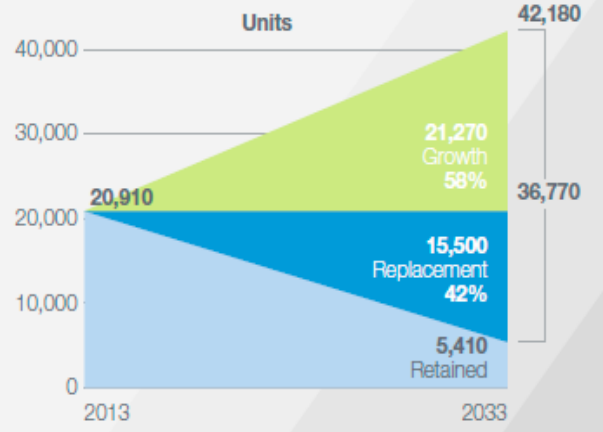
Traffic and market outlook
World air travel has grown 5% per year since 1980

Source: ICAO skd. traffic

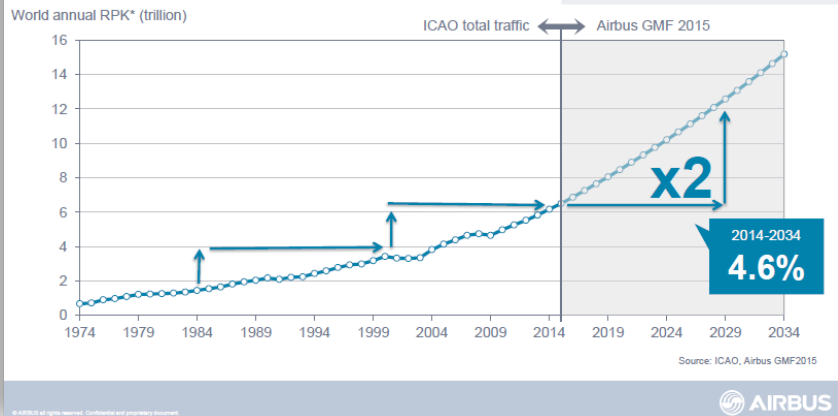
Revenue Passenger Kilometers RPKs (trillions)



Market value: \$5.2 trillion



Air traffic will double in the next 15 years



Product Innovation is a must: Large & steadily growing R&D (Product Development & Engineering) investment Budgets

NEED FOR DIFFERENTIATION: MORE PRODUCTS & TIME-TO-MARKET PRESSURE

DISRUPTIONS & OPPORTUNITIES BY EMERGING TECHNOLOGIES (ICT, MATERIALS; PROPULSION;)

NEW & STRONGER REGULATIONS (ENVIRONMENT, SAFETY, ..)

From 1.6 to 18 tons Helicopters, across 20 Product Families

LEONARDO

ICT: The Connected Aircraft

Maintenance	Passenger	Crew	Cockpit
<ul style="list-style-type: none"> Sensors monitor aircraft health Measurement of speed, altitude and fuel consumption Alert ground crew to repairs 	<ul style="list-style-type: none"> Broadband internet Cellular service Streaming video 	<ul style="list-style-type: none"> Verify on-board purchases Access passenger info Realtime flight status alerts 	<ul style="list-style-type: none"> Electronic Flight Bag Dynamic charting Weather updates Navigation tools

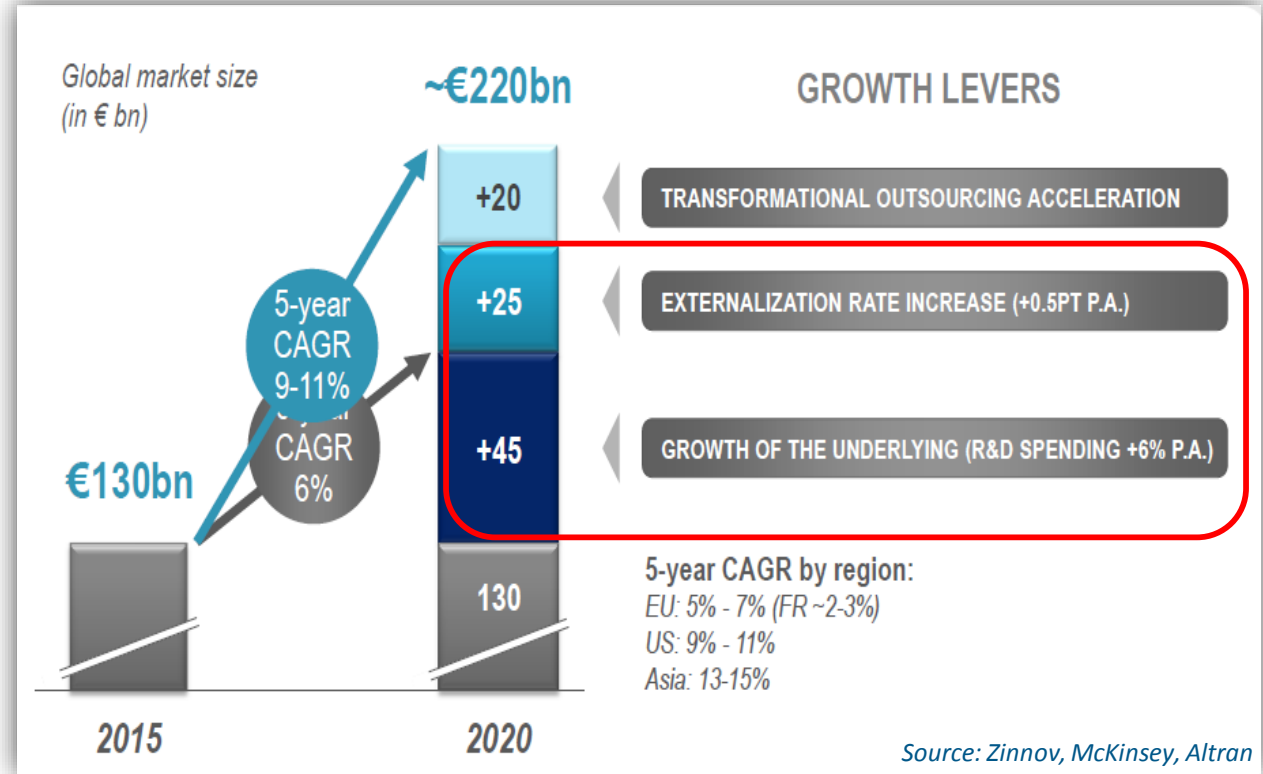
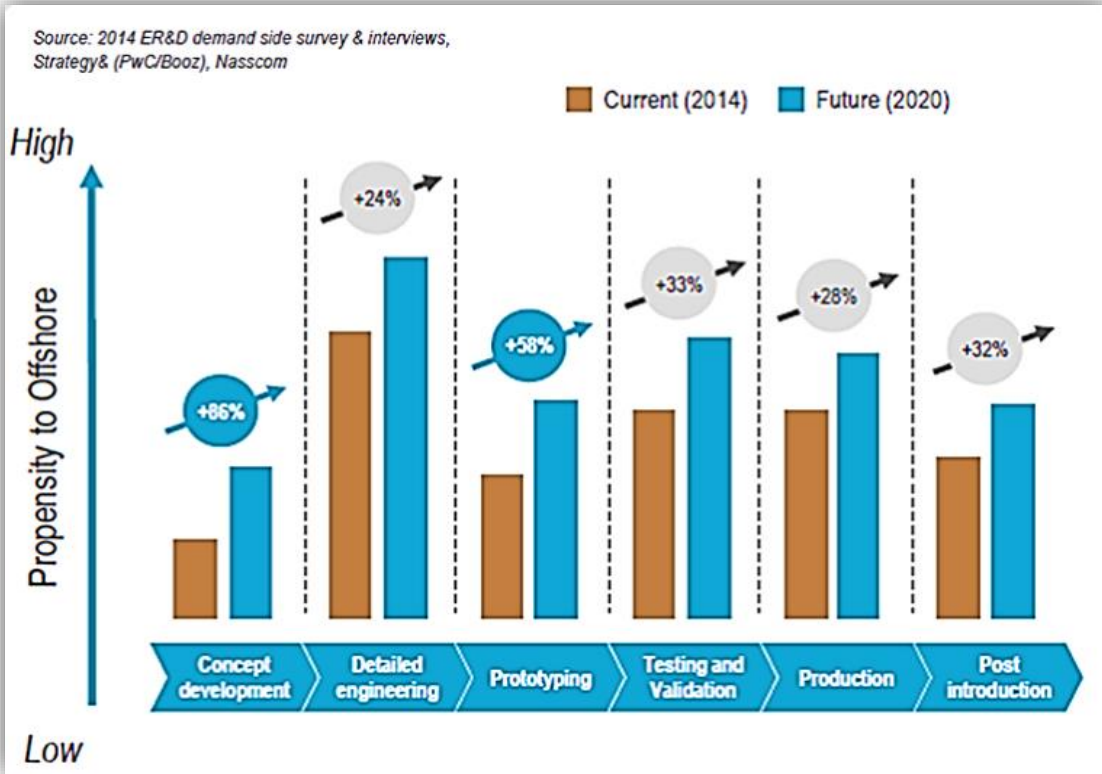
IATA Target: +1.5%/year Fuel Efficiency

<p>FOR EACH 10KG WEIGHT REDUCTION, ABOUT 4 TONS OF CO2 CAN BE AVOIDED IN ONE YEAR</p>	<p>THE WEIGHT OF A TEBAG</p> <p>1KG OF CO2</p>	<p>WINGTIP DEVICES</p> <p>CAN REDUCE CO2 EMISSIONS BY UP TO 6%</p>
<p>REPLACING PAPER MANUALS WITH TABLETS</p> <p>LIGHTWEIGHT SEATS AND TROLLEYS</p> <p>LIGHTWEIGHT PAINTS</p>	<p>USER PREFERRED ROUTES</p> <p>INITIATIVES HAVE BEEN TAKEN WHERE THE AIRLINE CAN SELECT THE MOST EFFICIENT ROUTE BASED ON AIRCRAFT AND WEATHER CONDITIONS.</p>	<p>USER-PREFERRED ROUTES CAN SAVE MORE THAN 30 TONS OF CO2 ON A SINGLE TRANSPACIFIC FLIGHT</p>

A Trend To Externalise a Growing Portion of Value-adding Engineering Services

- A growing portion of R&D/Engineering Budgets, and a growing range of value-adding activities, are externalised to highly specialised Solutions providers like TXT Next
- On-board Software accounts for a large portion of externalized engineering services

- The Market of externalised R&D/Engineering Services is expected to grow at **CAGR 9+%** in the next 5 years thanks to:
 - Growth of underlying R&D spending (CAGR +6%)
 - Growth of the rate of externalisation



Source: Zinnov, McKinsey, Altran

Aircraft OEMs

Fixed & Rotary Wings



1st Tier Suppliers & MROs



Operators, Lessors & Consultants



Academia & Research



Deep technology AND industry knowledge in multiple niches across the Product Lifecycle

Preliminary Design



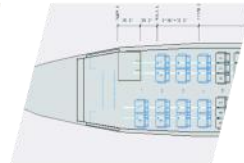
Airborne Software



Flight Simulators



Customer Engineering



Digital Manufacturing



Sales & Marketing



Training Systems



Flight Operations



MRO & Retrofit



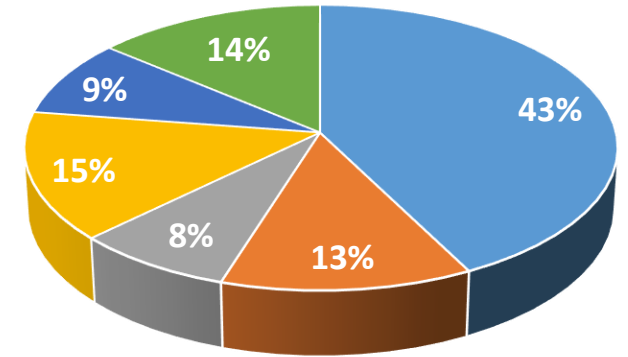
PRODUCT DEVELOPMENT & ENGINEERING

PRODUCTION

SALES & AFTER-SALES

OPERATIONS & MAINTENANCE

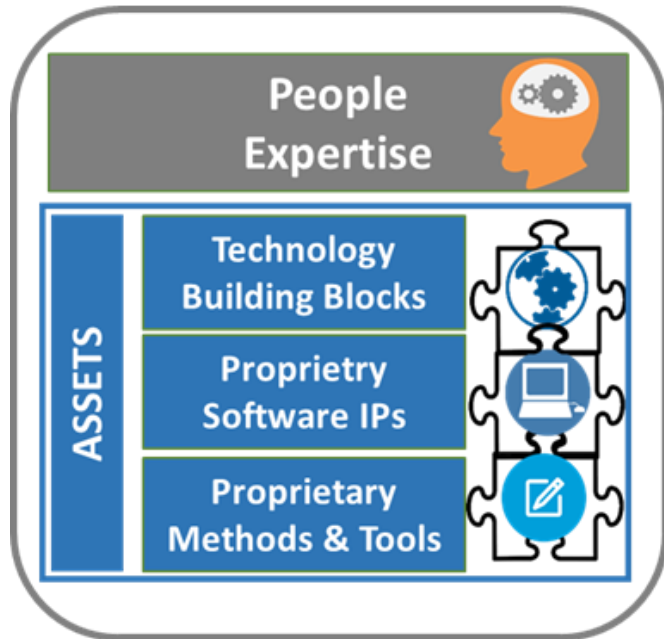
CUSTOMER PRODUCT LIFECYCLE	TXT ROLE	90% of Business		
		MARKETS	AIR TRANSPORT OEMs & 1 st Tier Suppliers	AIR TRANSPORT Airlines
		PRACTICES		
R&D & Product Development	« TXTNEXT Inside! » We develop Software that is “inside” our Customer’s Products	ON-BOARD SOFTWARE		
Design & Engineering	We provide Software Tools & Software Services to support Customers’ core Processes	FLIGHT SIMULATORS		
Sales & Customer Engineering		PRELIMINARY DESIGN		
Manufacturing		PRODUCT CONFIG.		
Support to Customers’ Operations		DIGITAL MANUF.		
		TRAINING & FLIGHT OPERATIONS		



- On-Board Sw
- Flight Simulators
- Preliminary Design
- Product Config.
- Digital Manufacturing
- Training & Flight Operations



«Engineering Solutions» that leverage on the «People + IP» paradigm



BENEFIT TO THE CLIENTS

- Time To Market
- Cross-industry Fertilization
- Increased Efficiency
- Cost Competitiveness

BENEFIT TO PROVIDERS

- Reusability / Productivity
- Pricing Power / Margins
- Barriers to Entry
- Competitive Differentiators



To become ...

- a **specialized, multi-niche**
- **mid-sized (100 m€)**
- **International** provider
- of **Engineering “Solutions”**
(Software + Services)
- in **Aerospace & Aviation**
- via **Organic Growth**
- AND **International Acquisitions**

Leveraging on

- **30+ years** of history in the Industry
- **350+ specialised engineers**
- Both «**People**» AND a growing portfolio of «**IPs**»
- Multi-niche: **breadth AND depth** across the entire Product Lifecycle, with focus on software
- Mastering **technology AND industry expertise**: hard-to-find mix in the market
- Flexible relationships: track record in **risk-sharing, co-innovation & results-based** engagements,
- **70+ global Customers**, industry leaders
- **Global delivery & support** capability
- Solid **Management Team**: track record in **Self-sustainable Organic Growth AND Acquisitions**



Summary & Financial Details



Alvis Braga Illa – Chairman

After graduating at the Polytechnic Institute in Milan, Mr Braga Illa was for 10 years in research and teaching at the Lincoln Laboratory and Massachusetts Institute of Technology, innovating in satellite technology, optical communication and network systems. He directed the R&D Labs at Italtel, founded Zeltron S.p.A. and managed the restructuring of Ducati Energia as General Manager. Mr. Braga Illa founded TXT Automation Systems, later sold to ABB (1997), and TXT e-solutions (1989).



Marco Guida – CEO

Graduated in Electronic Engineering, Marco Guida managed innovative IT projects in various areas of the manufacturing operations of Pirelli Group until 1994, when he joined TXT e-solutions. Initially responsible for Advanced Information Systems, in January 2000 promoted to Vice President. As Director of International Operations he successfully led the transformation of TXT e-solutions from an Italian to an International Group. Since 2009 he is Chief Executive Officer of TXT Group.



Paolo Matarazzo – CFO

After graduating from Milan's Bocconi University and majoring in business administration at the University of San Diego (California), has had significant experience in the financial world. He was initially an analyst in London for three years and then worked for the Recordati Group for seven years, with responsibility for treasury management. In the following seven years he was Head of Finance, Administration & Control in Europe for Eurand, a company listed on NASDAQ. He joined TXT in November 2007 as Group CFO.

- TXT Retail
 - Global Retail Industry is **large, growing & dynamic**: e-commerce, new business models, new players
 - Planning is a «**big niche**» & a growing investment area for Retailers
 - TXT has a **unique offering** and a **solid competitive position**, sustained by **constant innovation**
 - Large, world-wide base of **happy global customers**.
 - **Global presence** with the opportunity to further expand in **North America** and **APAC** markets.

- TXT Next + PACE
 - Aerospace & Aviation is a **large, innovative & healthy** industry, with long-term positive trends
 - Highly fidelised **customer base** of Industry Leaders
 - **Solid team** with 30+ years of **domain expertise**
 - **Specialised** know-how consolidated in **Sw assets**: differentiation, competitive advantage and margins
 - **Leader** with the opportunity to continue **growing in Europe**, both **organically** and through **targeted acquisition**, and to accelerate international development

- **International** profile: >55% of Revenues from Int'l markets, and growing
- Growth in **Revenue, Profit & Cash**
- **Large fidelised customer base** of 350+ blue-chip customers: a key asset in good & bad times, hard to replicate for new competitors
- **Solid** presence in **large, healthy markets** with very high **growth potential**
- **Upside growth potential**: opportunity to capitalize existing product & know how in other industries
- **Innovation** is in our DNA: historically a «1° mover» in many markets
- **Solid & stable management** team, who are shareholders of TXT
- **Cash & Stock Dividend policy**
- **Expanding Shareholder base**: co-workers & management; private & retail; institutional investors
- Financially solid and self-sustainable

<i>€ thousand</i>	I SEM. 2016	%	I SEM. 2015	%	Var %
REVENUES	33.183	100,0	31.126	100,0	6,6
Direct costs	15.847	47,8	14.878	47,8	6,5
GROSS MARGIN	17.336	52,2	16.248	52,2	6,7
Research and Development costs	3.144	9,5	2.716	8,7	15,8
Commercial costs	6.532	19,7	6.392	20,5	2,2
General and Administrative costs	4.346	13,1	3.764	12,1	15,5
EBITDA	3.314	10,0	3.376	10,8	(1,8)
Amortization, depreciation	532	1,6	519	1,7	2,5
OPERATING PROFIT (EBIT)	2.782	8,4	2.857	9,2	(2,6)
Financial income (charges)	(158)	(0,5)	(112)	(0,4)	41,1
EARNINGS BEFORE TAXES (EBT)	2.624	7,9	2.745	8,8	(4,4)
Taxes	(609)	(1,8)	(405)	(1,3)	50,4
NET PROFIT	2.015	6,1	2.340	7,5	(13,9)

Strong Balance Structure

<i>€ thousand</i>	30.6.2016	31.12.2015	Total variance	of which Pace GmbH	of which TXT
Intangible assets	22.373	14.692	7.681	8.481	(800)
Tangible assets	1.574	1.361	213	168	45
Other fixed assets	2.132	2.079	53	-	53
Fixed Assets	26.079	18.132	7.947	8.649	(702)
Inventories	3.256	2.075	1.181	-	1.181
Trade receivables	23.758	25.032	(1.274)	698	(1.972)
Other short term assets	3.272	2.759	513	229	284
Trade payables	(1.410)	(1.422)	12	(54)	66
Tax payables	(2.647)	(1.291)	(1.356)	(974)	(382)
Other payables and short term liabilities	(17.343)	(16.090)	(1.253)	(1.726)	473
Net working capital	8.886	11.063	(2.177)	(1.827)	(350)
Severance and other non current liabilities	(4.024)	(3.830)	(194)	-	(194)
Capital employed	30.941	25.365	5.576	6.822	(1.246)
Shareholders' equity	31.402	33.624	(2.222)		(2.222)
Net financial debt	(461)	(8.259)	7.798	6.822	976
Financing of capital employed	30.941	25.365	5.576	6.822	(1.246)

• Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 26.9.2016: 7.13€ /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
- 2016: 0.25 € / share

Dividends + Treasury Shares Repurchase (m€)

