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European Midcap event 2016

Corporate Presentation



Geneva, November 30th – December 1st 2016



Index

03	TBS Group: Health Technology Management	27	Corporate Governance
04	Business model	30	Shareholders
06	Timeline: key moments	31	Financial Data
08	International presence	36	Shares performance at AIM
09	Strong value proposition for its clients	37	TBS Group rating
10	TBS as a strategic partner	38	Non-convertible bond
15	Strategic approach	39	Highlights of TBS Group
16	Strategic pillars	40	Annex
21	Evolution of the offer		



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*

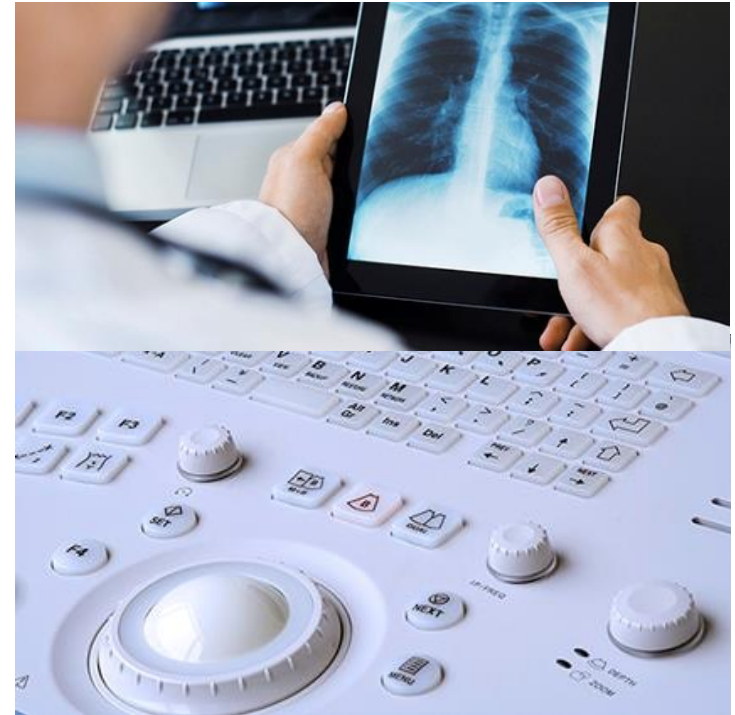
A unique business model with few direct competitors



- 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
2014

Expansion in new non European markets
TBS Group reaches China, and India

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

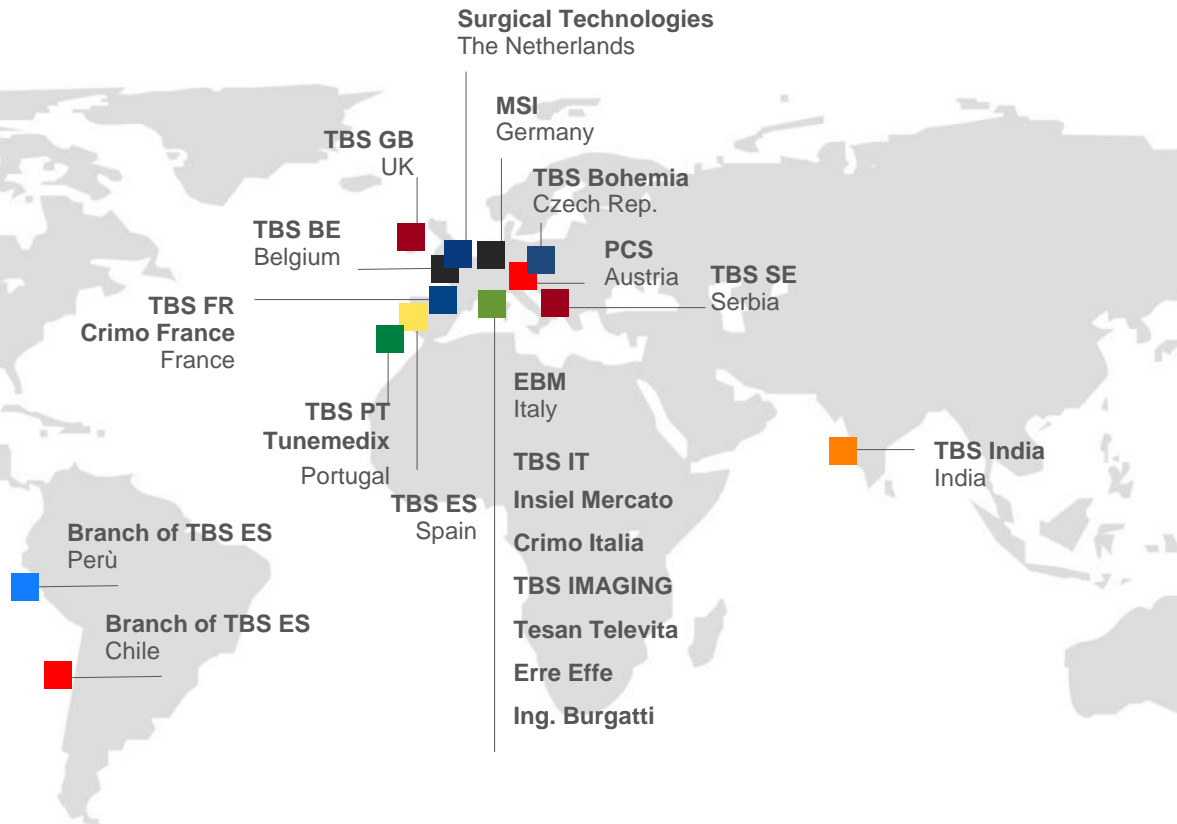
320 Hospital Workshops

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



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 (2015)** Revenues: € 233.8 mln (+1.9%)
EBITDA: € 22.6 mln



...with a main focus on Health Technology Management

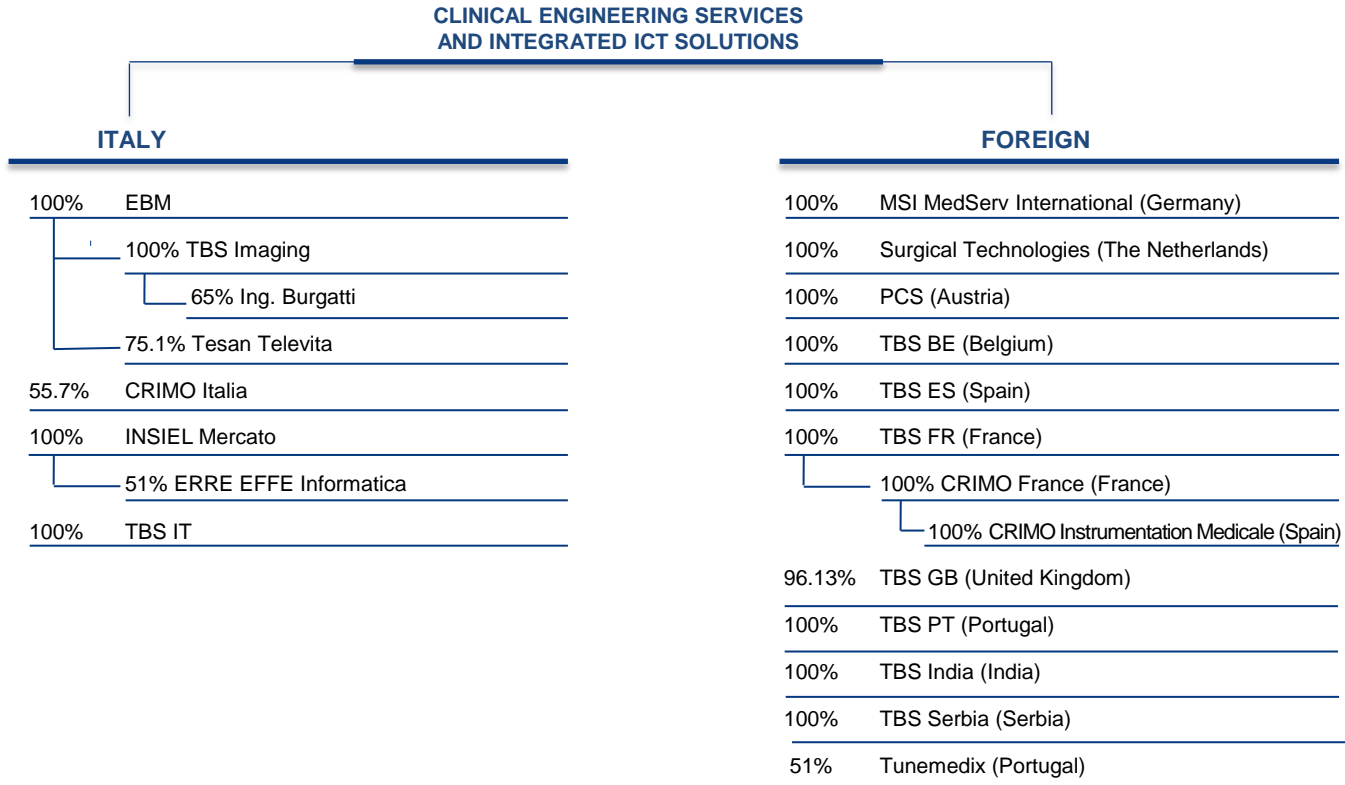
**CLINICAL
ENGINEERING SERVICES
AND INTEGRATED
ICT SOLUTIONS**

- ❑ Innovative and integrated solutions for the outsourced management of the whole technological equipment, both biomedical and IT, within social and healthcare facilities as well as in Public Bodies
- ❑ TBS Group offers a complete range of technical and management services for clinical engineering, ICT, telecare and telemedicine solutions.

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



...and operational model based on geographic area

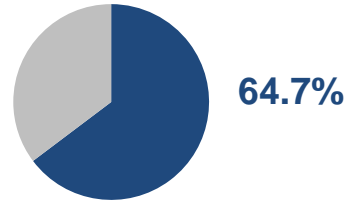


...and operational model based on geographic area

□ Revenue contribution

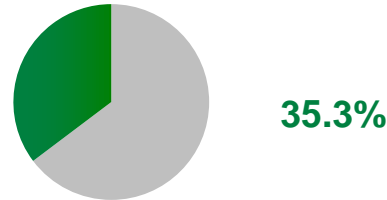
□ Key financials*

CLINICAL
ENGINEERING SERVICES
AND INTEGRATED
ICT SOLUTIONS
ITALY



Revenues:
€ 108.6 mln
EBITDA:
€ 8.6 mln

CLINICAL
ENGINEERING SERVICES
AND INTEGRATED
ICT SOLUTIONS
FOREIGN



Revenues:
€ 59.2 mln
EBITDA
€6.5 mln

* All financials are referred to Q3 2016

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



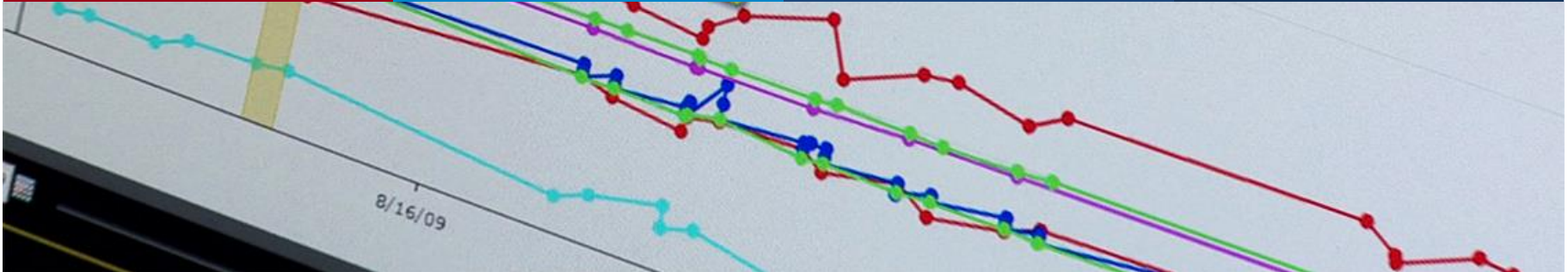
A continuous competitiveness thanks to strategic pillars

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.

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).

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.

From maintenance services to technology management.

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

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.

VALUE
PROPOSITION

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

COMPETITIVE
POSITIONING

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

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.

VALUE PROPOSITION

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

COMPETITIVE POSITIONING

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

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

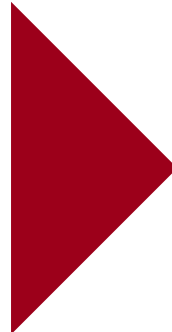
Equipment life cycle management

Homecare technology management

Global contractor in international trading
and consultancy tenders

ICT outsourcing services

EXPANSION
WITHIN CURRENT
AND NEW MARKETS



Acquisitions

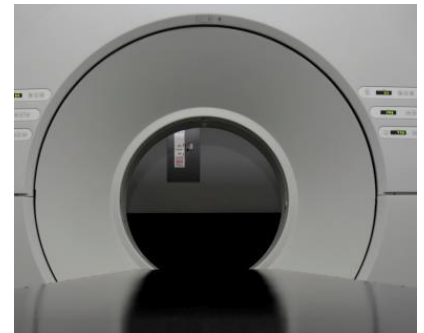
Joint Ventures

Strategic agreements

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.
- **Three dedicated competence centers in Italy** and **immediate availability of qualified technical resources**.
- 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)

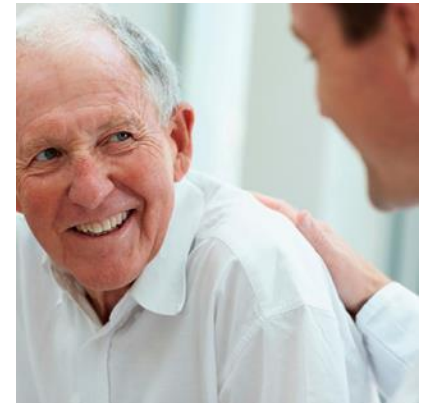
Comprehensive outsourced management of the whole lifecycle of the inventory, from planning to procurement to final replacement.



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**
- 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

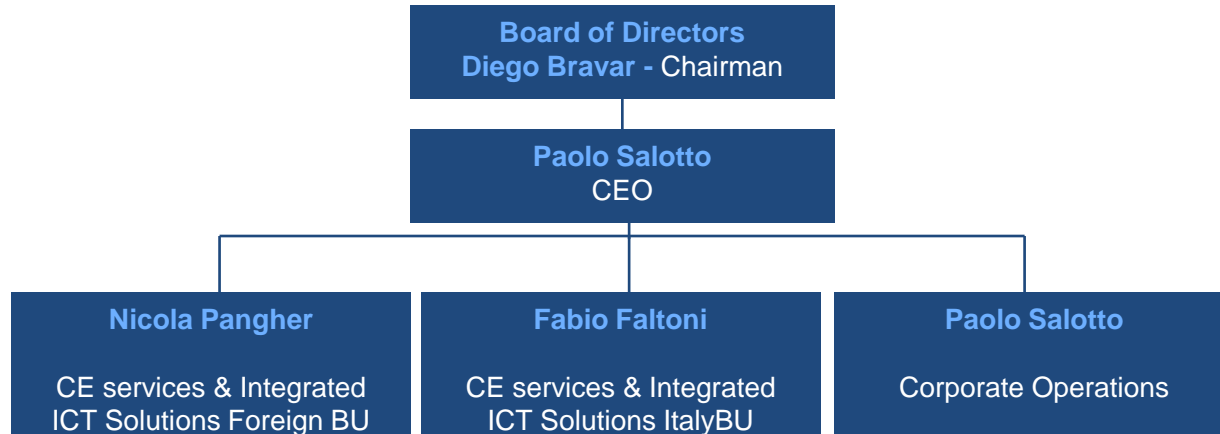
Based on the main Group's pillar – Clinical Engineering – and its integration due to:





Corporate Governance

- ❑ In May 2016 the BoD has resolved to redefine the two current BUs based on business sectors, into two Business Units based on the geographic location of their operations: Clinical Engineering Services and Integrated ICT Solutions Italy BU and Clinical Engineering Services and Integrated ICT Solutions Foreign BU.
- ❑ Economic and financial information for the third quarter 2016 is the first that refers to the new organisational structure. To ensure appropriate comparability, the figures for the third quarter of 2015 were reclassified.





Corporate Governance

Internal Audit Committee and Risks

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

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

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**

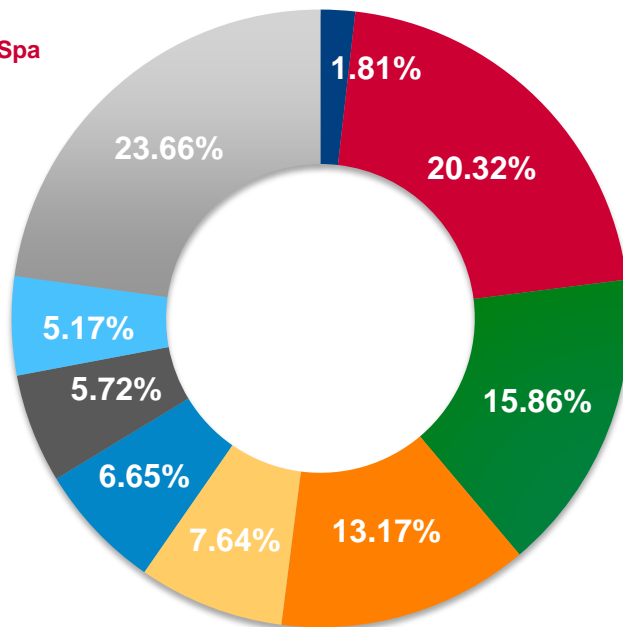
**Servizi Integrati
per la Sanità -
SIS Srl**

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

Emmepi Srl

Terra Nova Capital Srl

Market



Founders and Managers

- **Clinical Engineering & Information Technology**

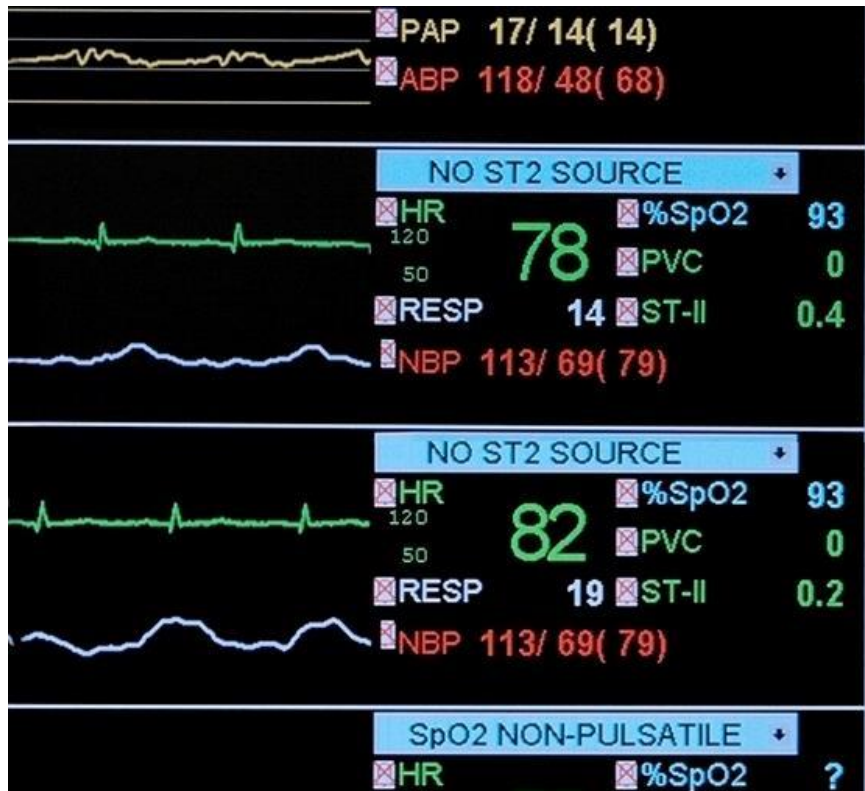
High-profile shareholders

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

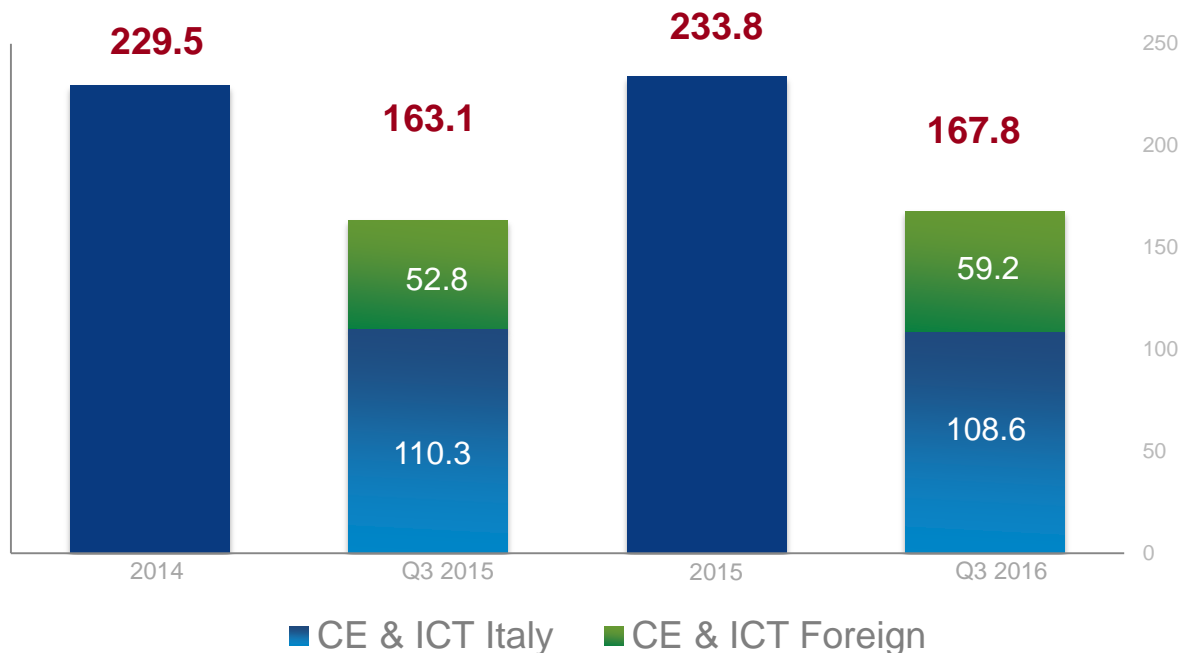
Other shareholders <5% (totally 400)

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

Financial Data



Revenues (€m)



2015 VS. 2014

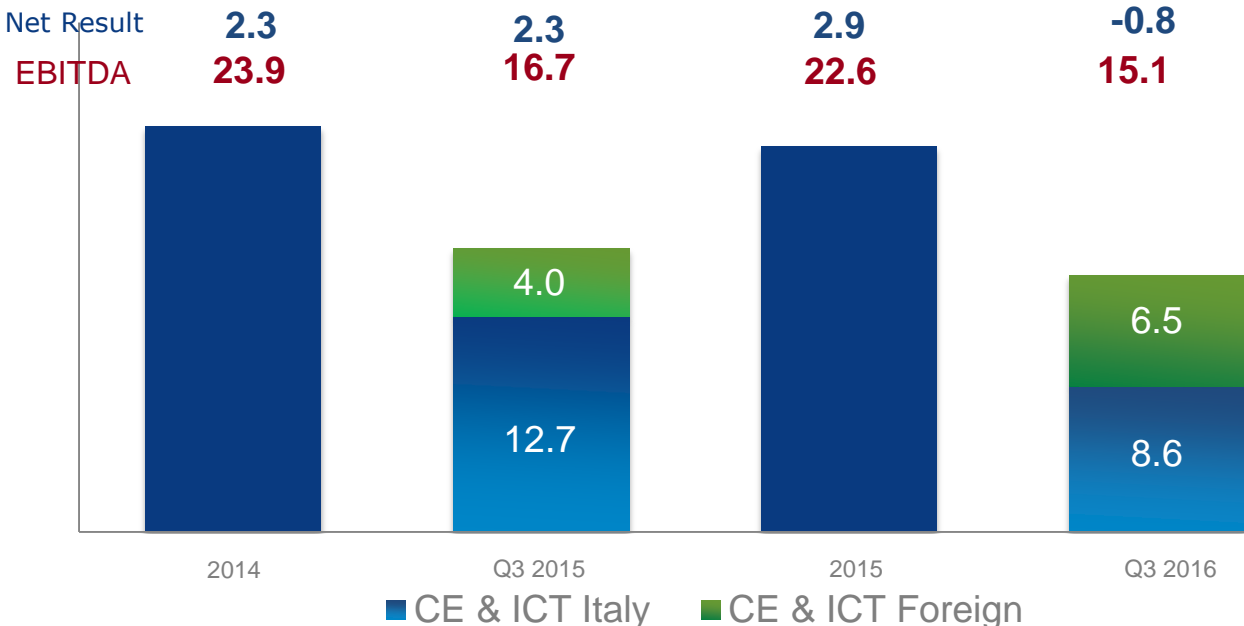
- Increase of Euro 4.3 million over the 229.5 million of the previous year, up +1.9%
- Geographical area confirms that Europe is the main market for the Group: Italy represents 68.8% of turnover (68.3% in 2014), other European countries 29.3% (compared to 26.6% in 2014)

Q3 2016 VS. Q3 2015 (*)

- Increase of € 4.7 million over the 167.1 million of the previous year, up +2.9%
- Geographical area confirms Europe as the main market for the Group: it generated 31.9% of turnover (30.5% in 2015), while non-EU countries reported an increase pushed by the income from TBS India.

(*) Data restated as a result of the application of IFRS 5

EBITDA and Net Result (€m)



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

Q3 2016 VS. Q3 2015 (*)

- The consolidated EBITDA amounted to € 15.1 million, reporting a decrease of €1.6 million. The improvement in profitability for Clinical Engineering and Integrated ICT Solutions Foreign was not sufficient to compensate for the drop in activities in Italy.
- Q3 2016 reported a negative net result of €0.8 million, which is €3.2 million less versus the same period of 2015.

(*) Data restated as a result of the application of IFRS 5

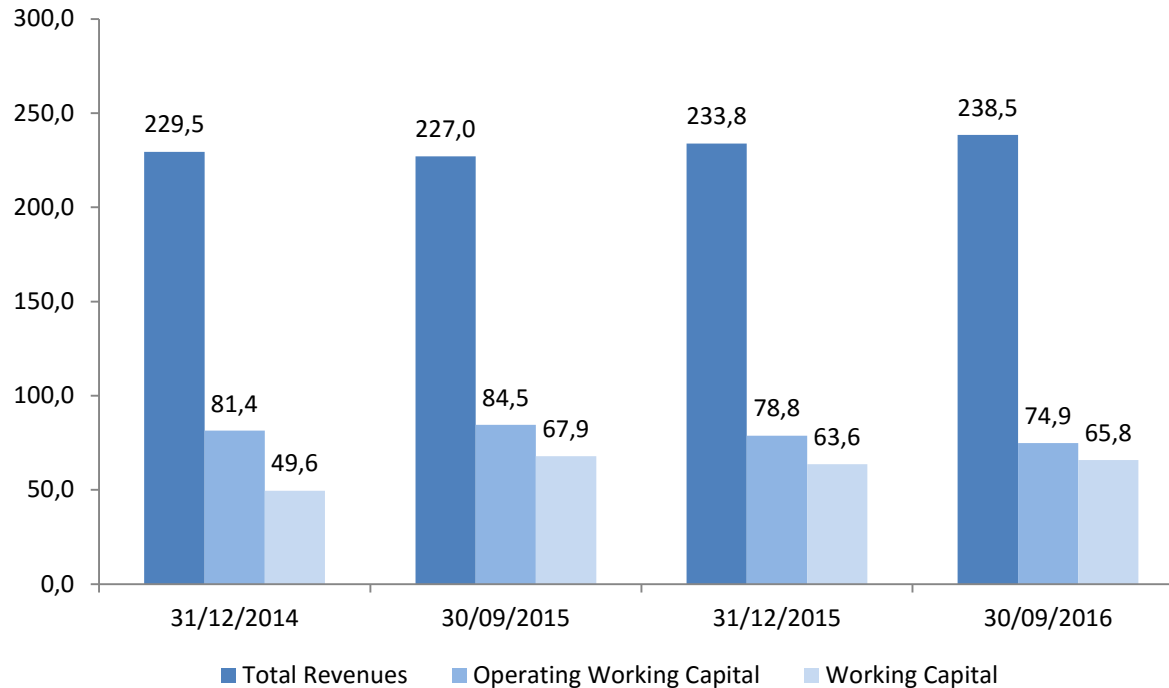
Working Capital

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).

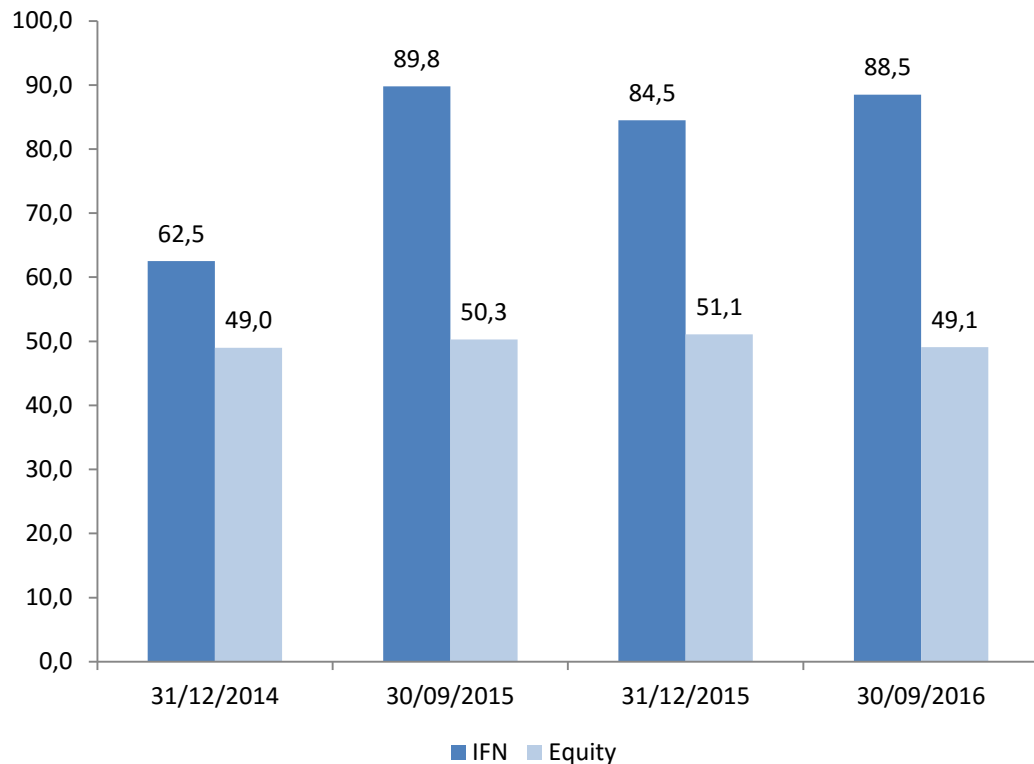
Q3 2016 VS. Q3 2015 (*)

- ❑ Net working capital increased by around € 2.3 million, but its impact with respect to revenues remained the same.
- ❑ Operating working capital fell, going from € 81.4 million (33.7% of revenues) at the end of 2015 to € 74.9 million at 30 September 2016 (31.4% of revenues).
- ❑ The recourse to factoring is slightly higher than in the previous period (€ 69.1 million at 30 September 2016 against € 64.2 million during the same period the previous year).



(*) Data restated as a result of the application of IFRS 5

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.

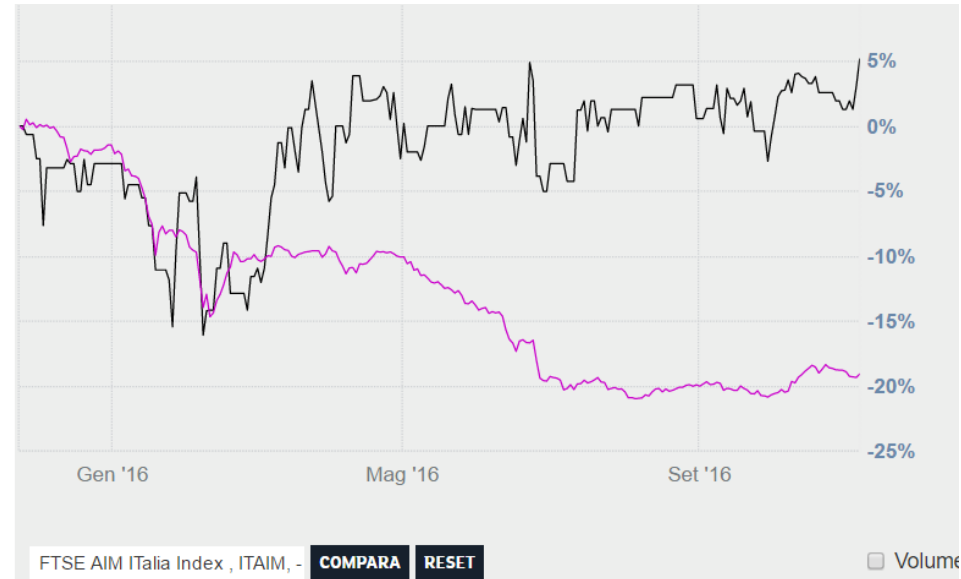
Q3 2016 VS. Q3 2015 (*)

- Net financial debt at 30 September 2016 amounted to € 88.5 million, with an increase of Euro 4.0 million compared to the € 84.5 million at the end of 2015, but lower compare to 89.8 million at 30 September 2015.

(*) Data restated as a result of the application of IFRS 5

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.
- **€ 2.10 per share** is the target price of Intermonete research dated September 22, 2016
- 1 year performance +5%



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: Q3 2016 vs Q3 2015 Financial Report – P&L

(amounts in thousands of Euro)	30/09/2016	31/12/2015	30/09/2015	31/12/2014
Sale of goods and rendering of services	166,654	232,556	162,392	228,340
Other revenue	1,146	1,292	712	1,192
Total revenue	167,800	233,848	163,104	229,532
Cost of materials	26,364	30,727	22,418	31,309
Service costs	57,642	82,113	57,917	80,218
Personnel costs	67,092	95,697	64,204	92,970
Other operating costs	3,243	5,597	3,157	3,995
Cost adjustments for in-house generation of non-current assets	-1,719	-3,317	-1,313	-2,998
Other provisions	71	384	57	161
Total costs	152,693	211,201	146,440	205,655
EBITDA	15,107	22,647	16,664	23,877
EBITDA %	9.0%	9.7%	10.2%	10.4%
Amortisation, depreciation and write-downs	8,916	11,828	8,170	10,499
EBIT (operating profit)	6,191	10,819	8,494	13,378
EBIT %	3.7%	4.6%	5.2%	5.8%
Gains (losses) from investments	0	-28	-63	-47
Financial income	365	827	611	372
Financial expenses	-4,165	-6,391	-4,517	-6,953
PROFIT BEFORE TAX	2,391	5,227	4,525	6,750
Income taxes	-1,506	-2,908	-2,074	-4,524
NET PROFIT FOR THE PERIOD	885	2,319	2,451	2,226
Result from assets held for sale	-1,687	551	-93	122
NET PROFIT FOR THE PERIOD	-802	2,870	2,358	2,348
<i>attributable to the Group</i>	<i>-1,069</i>	<i>2,410</i>	<i>1,955</i>	<i>1,896</i>
<i>to minority interests</i>	<i>267</i>	<i>460</i>	<i>404</i>	<i>452</i>

Annex: Q3 2016 vs Q3 2015 Financial Report – A&L

(amounts in thousands of euro)	30/09/2016	31/12/2015	30/09/2015	31/12/2014
Intangible assets	58,738	62,871	62,871	54,481
Property, plant and equipment	23,033	22,858	22,859	19,899
Other non-current assets	10,493	11,484	11,484	9,941
Non-current assets	92,264	97,213	97,214	84,321
Current assets	168,052	167,962	1167,961	167,816
Assets held for sale	8,155	333	333	0
TOTAL ASSETS	272,527	265,508	265,508	252,137
Group shareholders' equity	49,086	51,083	51,083	49,038
Equity attributable to minority interests	2,389	2,392	2,392	2,616
Shareholders' equity	51,475	53,475	53,475	51,654
Non-current liabilities	73,078	71,608	71,608	52,633
Current liabilities	143,228	140,425	140,425	147,851
Liabilities held for sale	4,746	0	0	0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	272,527	265,508	265,508	252,137

Thank you for the attention