

# TXT e-Solutions

## Corporate Overview

March 2017



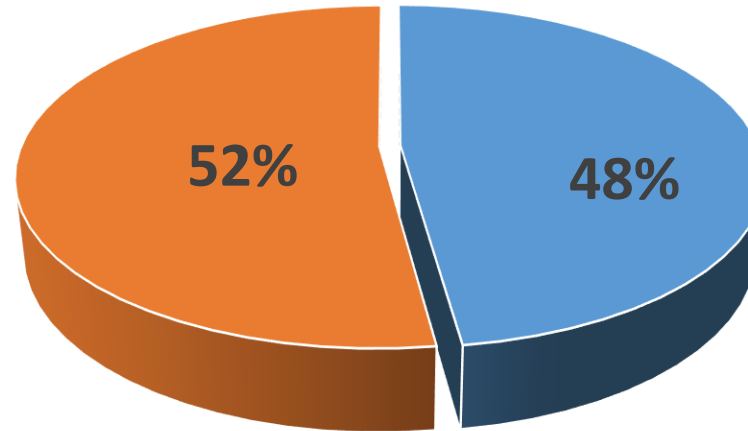
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This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to TXT’s businesses and operations, market conditions, results of operation and financial condition, capital 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 fiscal year ended 31 December 2016.

**TXT**RETAIL

2016: 36.1m€



**TXT**NEXT

2016: 33.1m€

## 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

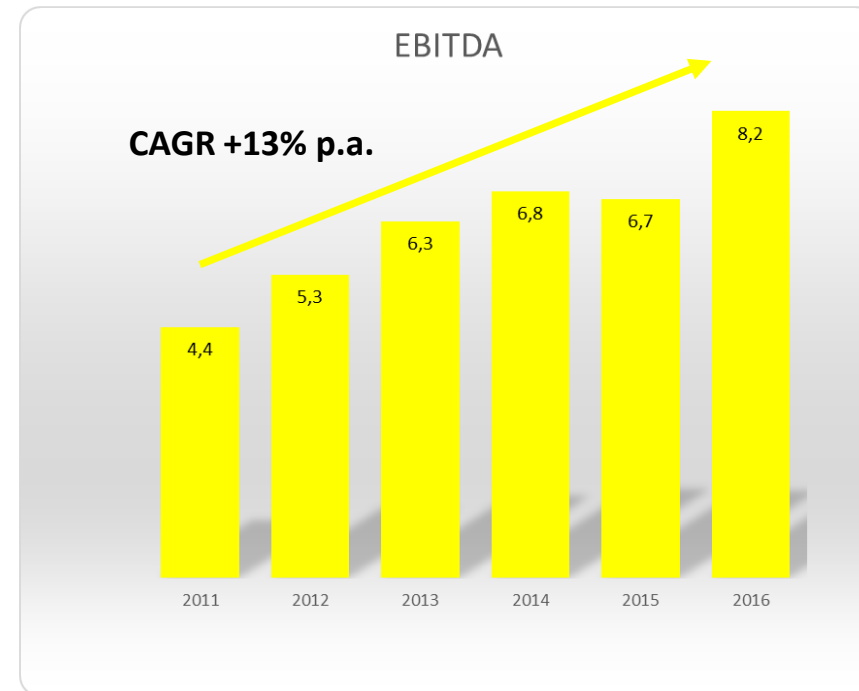
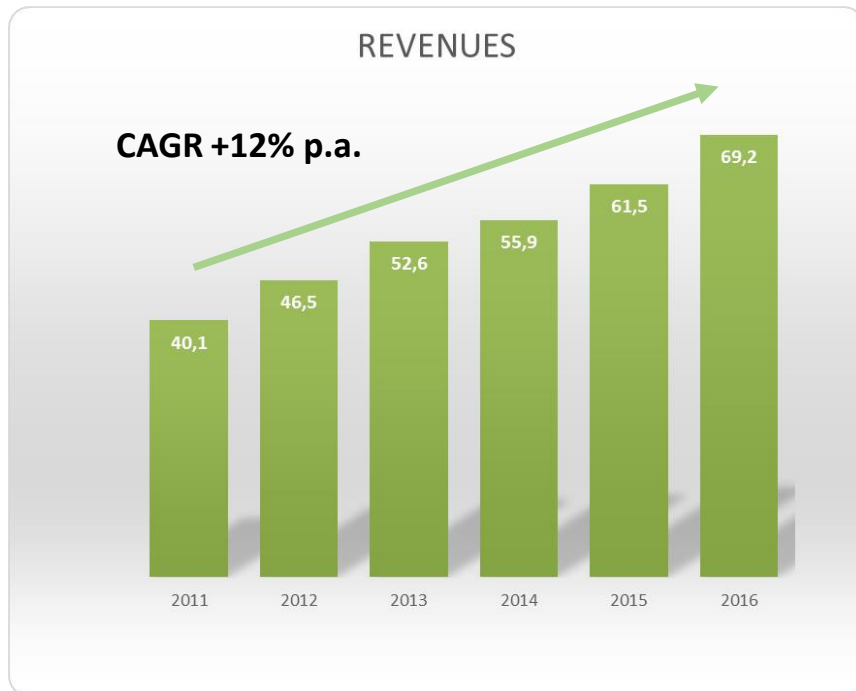
- Engineering Solutions & Services across the Product Life-cycle
- Leadership in Italy
- Growing international presence

## FY 2015

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

## FY 2016

- **69.2 m€ (+12.4%)**
- **5.6 m€**
- **12.7% of Rev.**
- **5.4m€**



The logo features the letters 'T', 'X', and 'T' in a bold, blue, sans-serif font, with a red diagonal bar between the two 'T's. To the right of this graphic, 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

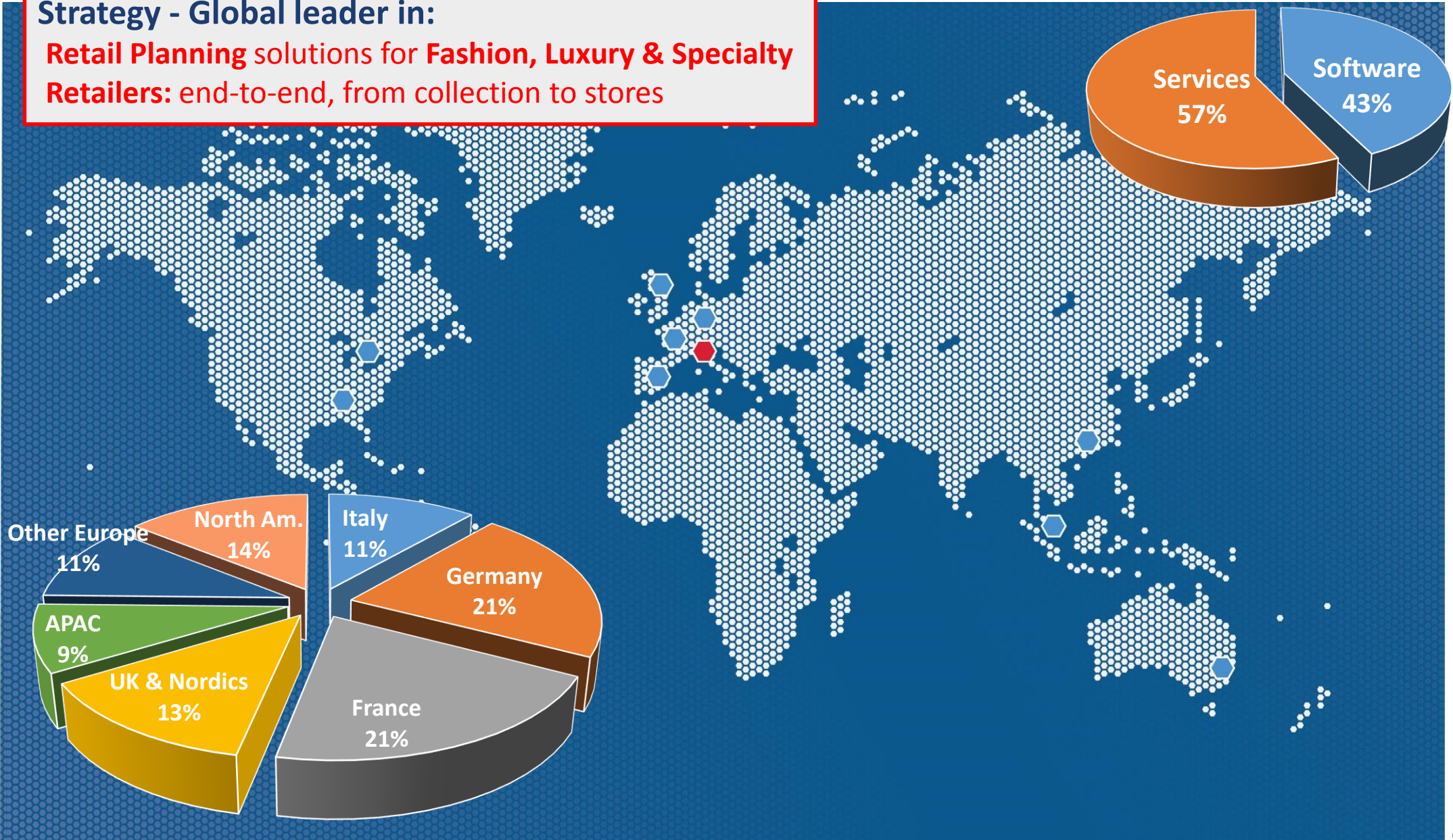
- Milano, IT - Head Office
- Barcelona, SP
- Bari, IT
- Chemnitz, DE
- Genova, IT
- Halle (Saale), DE
- Leicester, UK
- Lyon, FR
- Paris, FR
- Roma, IT
- Torino, IT
- Vicenza, IT
- Wynyard, UK

## Americas

- Toronto, CA
- Atlanta, USA

## Asia Pacific

- Sydney, AU
- Hong Kong



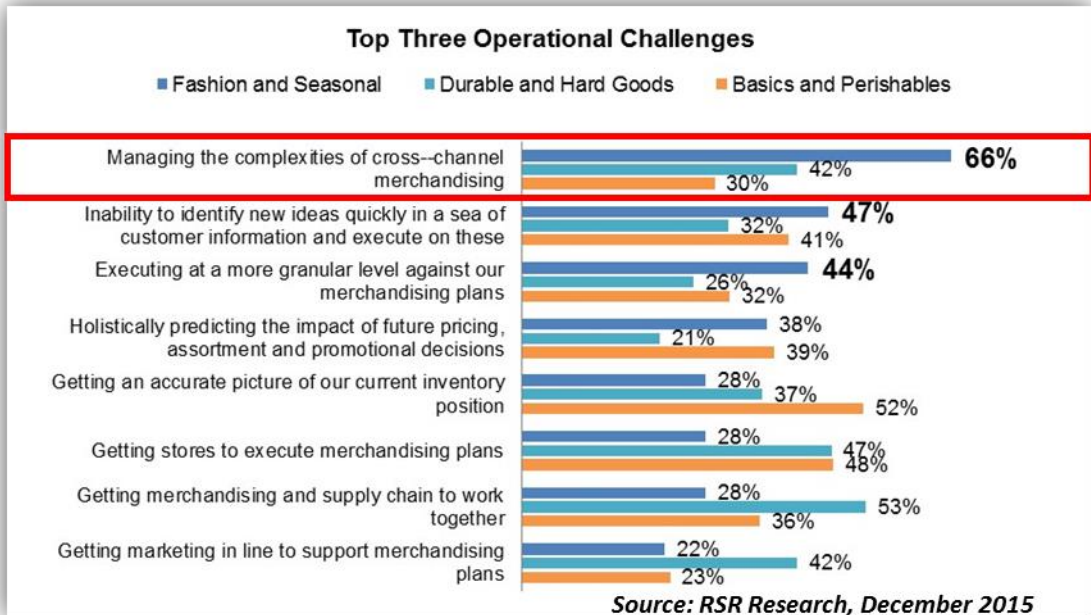
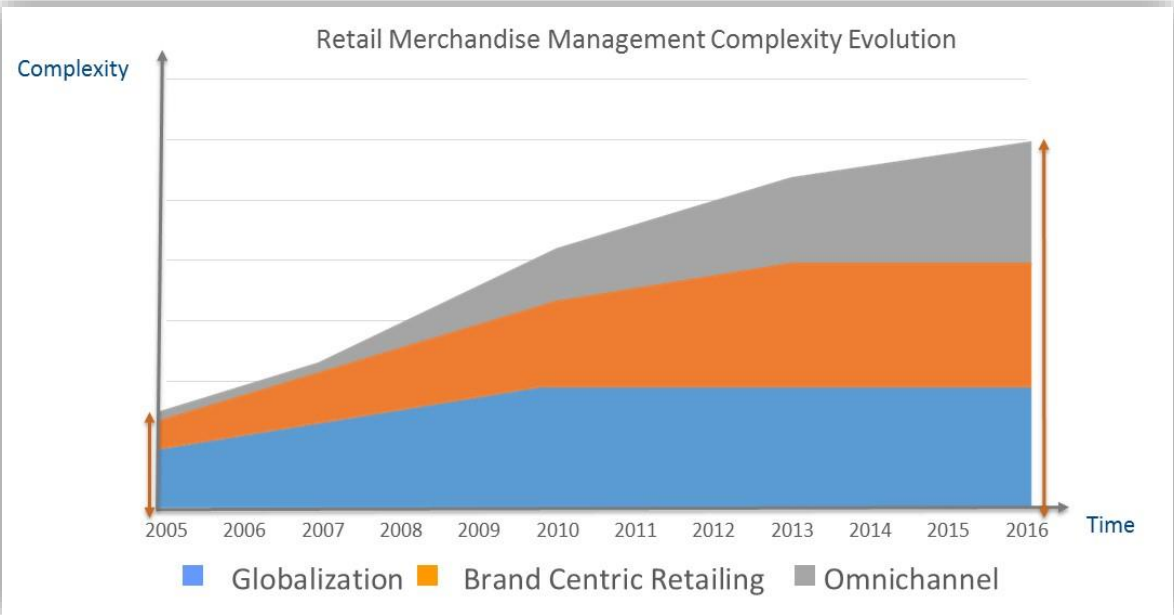
- 20 New Major Customers and 50+ Go-Lives of Major Projects in 2016...
- ... across all Segments, Business Models & Geographies

Luxury	Global Brands	Fast Fashion	Specialty	Department
<p>LOUIS VUITTON</p> <p>Dior</p> <p>CÉLINE</p> <p>LOEWE</p> <p>DONNA KARAN NEW YORK</p> <p>TAG Heuer SWISS MADE SINCE 1861</p> <p>LONGCHAMP PARIS</p> <p>BURBERRY</p> <p>MONCLER BRUNELLO CUCINELLI</p> <p>BOUCHERON PARIS</p> <p>LE TANNEUR</p> <p>TOD'S</p> <p>GIORGIO ARMANI</p>	<p>adidas GROUP</p> <p>Desigual</p> <p>GEOX</p> <p>LACOSTE</p> <p>GUESS U.S.A.</p> <p>Columbia</p> <p>eCCO</p> <p>CAMPER</p> <p>FURLA</p> <p>NYDJ LOS ANGELES</p> <p>TOM TAILOR</p> <p>fat face</p> <p>TED BAKER LONDON</p> <p>THE NORTH FACE</p> <p>VANS "OFF THE WALL"</p> <p>Timberland</p> <p>HOGAN</p>	<p>URBN ANTHROPOLOGIE</p> <p>TOPSHOP</p> <p>TAKKO FASHION</p> <p>WE</p> <p>orsay</p> <p>Bata</p> <p>Charles Vögele SWITZERLAND</p> <p>FOREVER 21</p> <p>STEVE MADDEN</p> <p>mötivi</p> <p>rue21</p> <p>Roots</p> <p>Delta</p> <p>destination maternity</p> <p>LINDEX</p> <p>AEROSOLES</p> <p>Jacques Vert</p> <p>HOBB'S</p> <p>White Stuff</p> <p>COTTON ON</p> <p>BONITA</p> <p>Kenworth Coce</p>	<p>SEPHORA</p> <p>PANDORA</p> <p>swatch</p> <p>BUILD-A-BEAR WORKSHOP</p> <p>orange</p> <p>Carphone Warehouse</p> <p>Safilo</p> <p>APOLLO OPTIK</p> <p>GAME</p> <p>UBISOFT</p> <p>Samsnite Ready for anywhere.</p> <p>DELSEY</p> <p>hanna Andersson</p> <p>Groupe Zannier</p> <p>Ulla Popken</p> <p>elena miro</p>	<p>TESCO</p> <p>Auchan</p> <p>SONAE</p> <p>DFS</p> <p>REI CO-OP</p> <p>GROUPE ROYER</p> <p>zalando</p> <p>Gifi des idées de Génie !</p> <p>RUSTA</p> <p>MONOPRIX</p> <p>AW LAB</p> <p>STARBOARD CRUISE SERVICES</p> <p>US travel retail NORTH AMERICA</p> <p>Peek &amp; Cloppenburg</p> <p>future group</p> <p>COAST GUARD EXCHANGE</p> <p>CGX</p> <p>HEMTEX</p> <p>THE WHITE COMPANY LONDON</p> <p>DAMART</p> <p>ellos DESIGNED IN SWEDEN</p> <p>LAKELAND</p> <p>thirty-one</p>

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

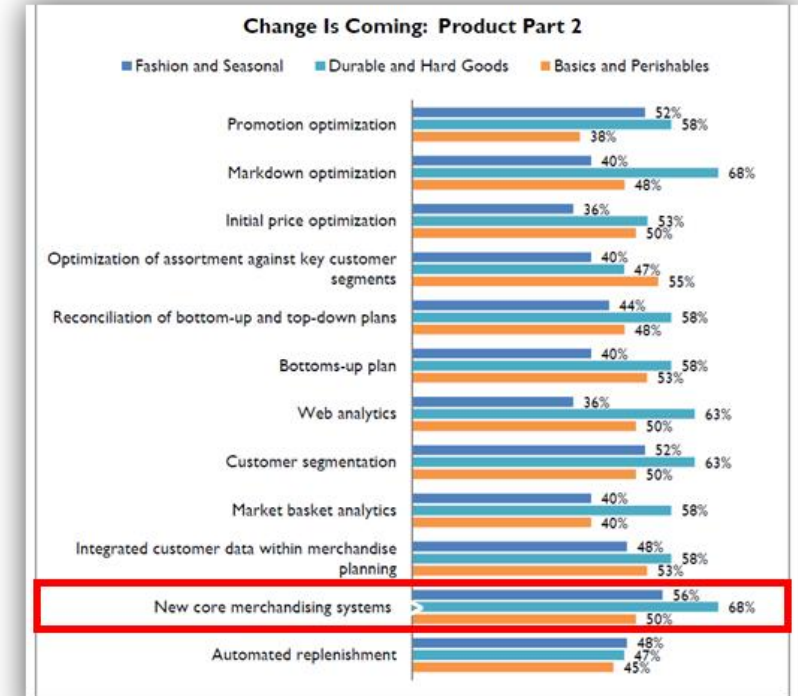
**The Omnichannel Retailers' «Merchandise Lifecycle»:**

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*



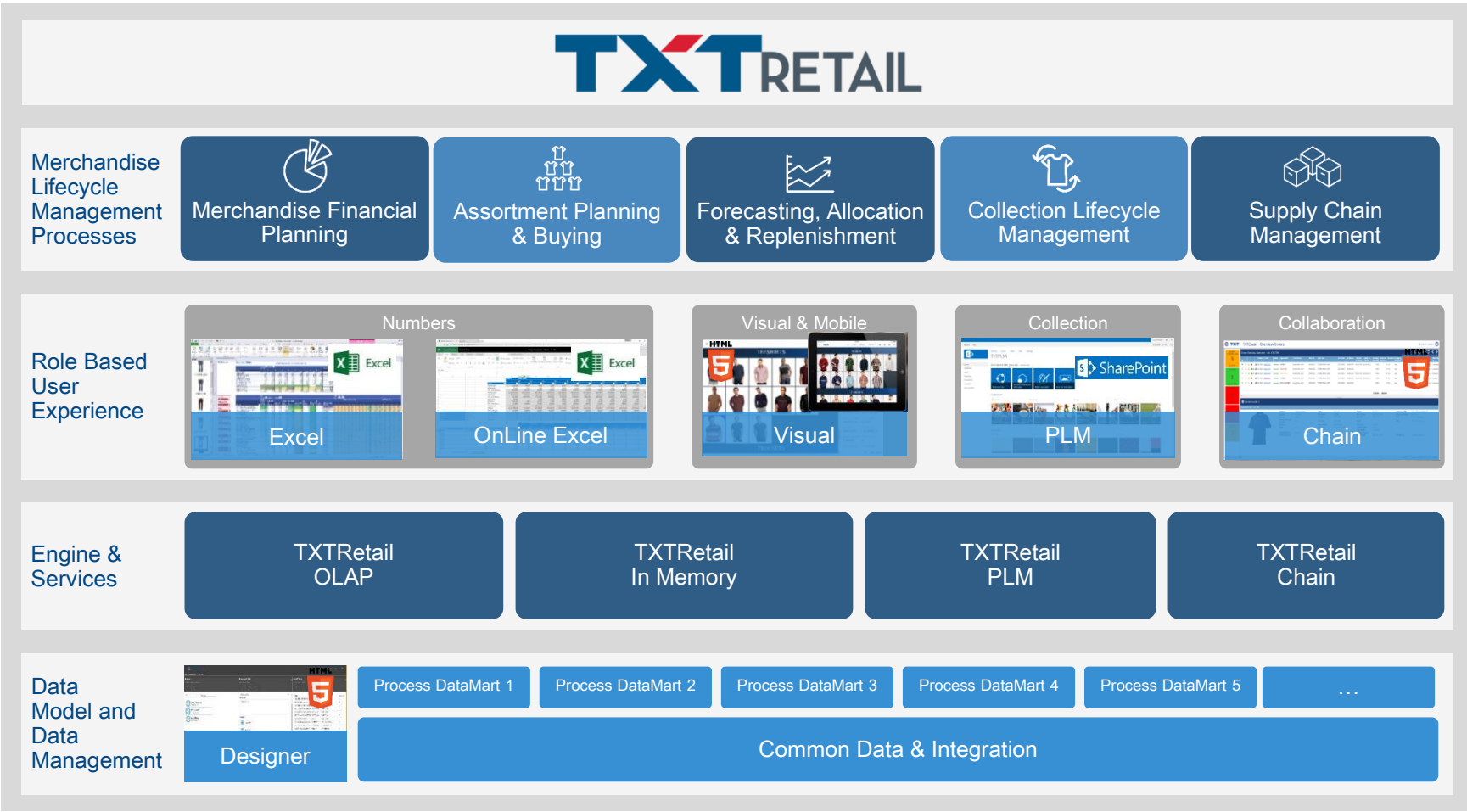
Source: RSR Research, December 2015



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 1<sup>st</sup> & only End-to-End Merchandise Lifecycle Management Software

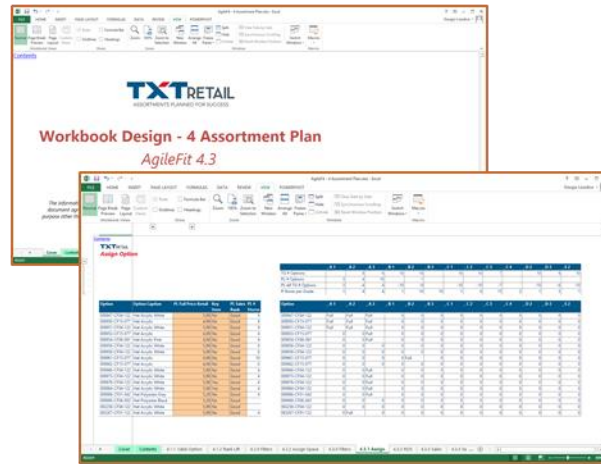


- TXT Retail enables Customer-driven Merchandising Excellence through an **End-to-End Merchandise Lifecycle Management Software** featuring:
- **A unified database** that informs the End-to-End Merchandise processes
  - **In-Memory** technology supporting **Real-time integration** across all Merchandise 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



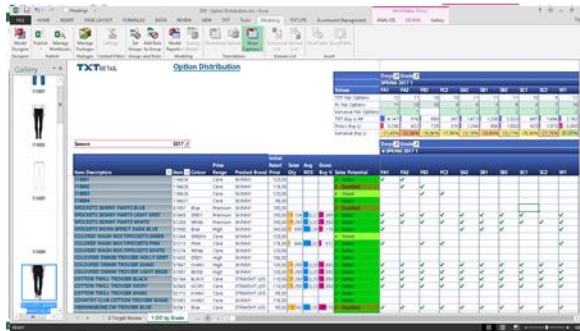
## Workbook Design



## Interface Specification



## Reference Application



## Performance Tests

	Monouser	# Open Workbook	Time (s)
		1	1,92
		2	1,68
		3	1,44
		4	1,44
OPEN WORKBOOK	1,54	5	1,51
REFRESH	0,94	6	1,41
AllBoys Half	0,89	7	1,45
AllBoys Month	0,73	8	1,65
Boys02 Month		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



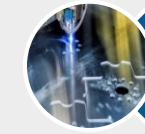
### Flexibility

Omni-channel Ready – Change Proof



### Adoption

2 Hours!, thanks to Excel UI & Mobility



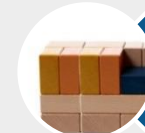
### Productivity

Collaborative, Integrated & In-Memory



### Planners & Buyers together

Art & Science



### Implementation Challenge

Manage Risk & Deploy Fast with AgileFit

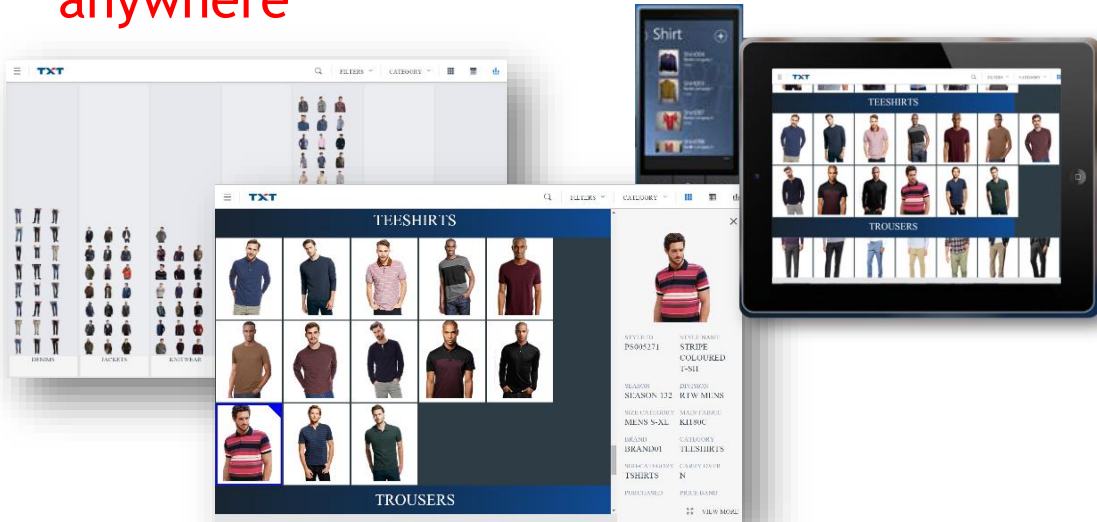
# 300+

Retail Professionals

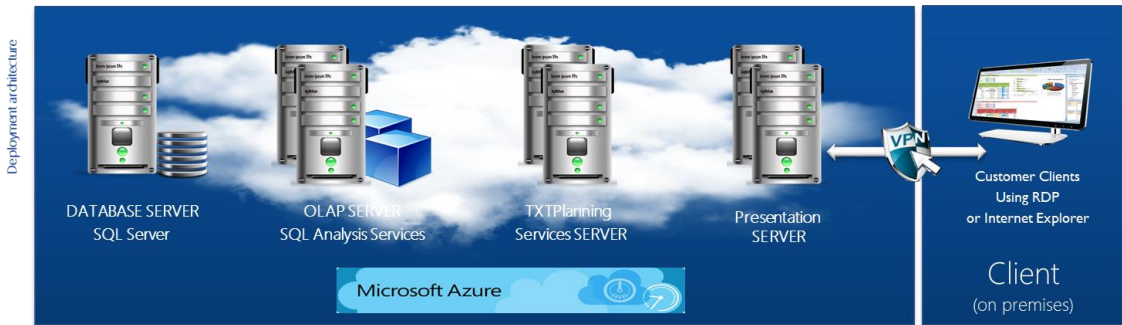
# 300+

Customers

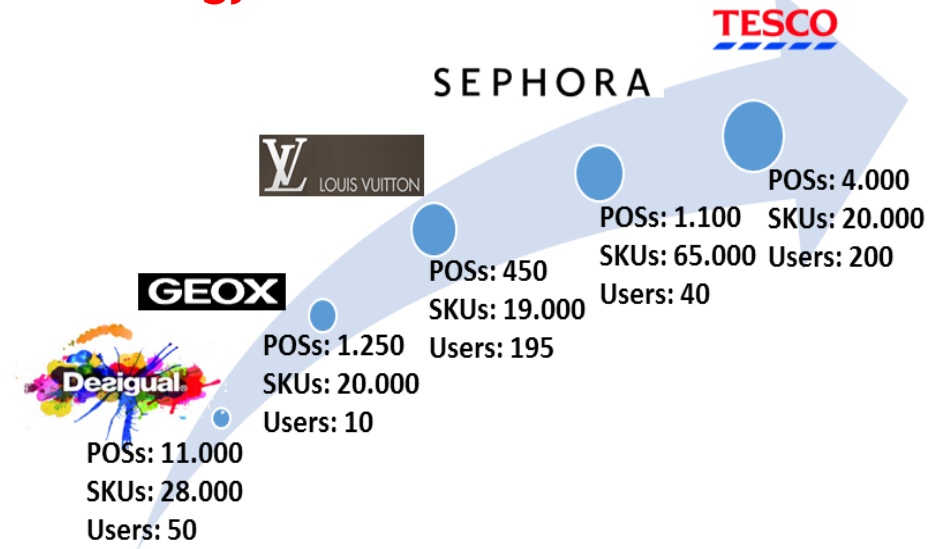
- **Mobility: PLM & Planning on any device, anywhere**



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



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



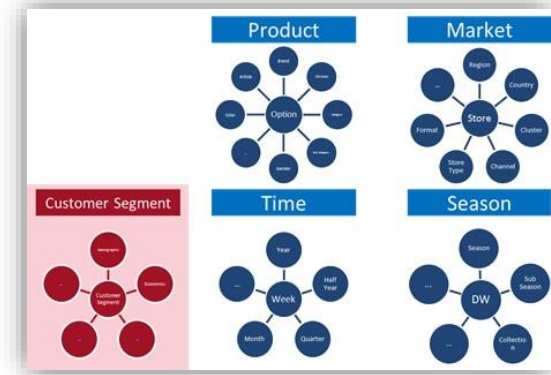
- **Fitting & Planning by images with Augmented Reality**



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

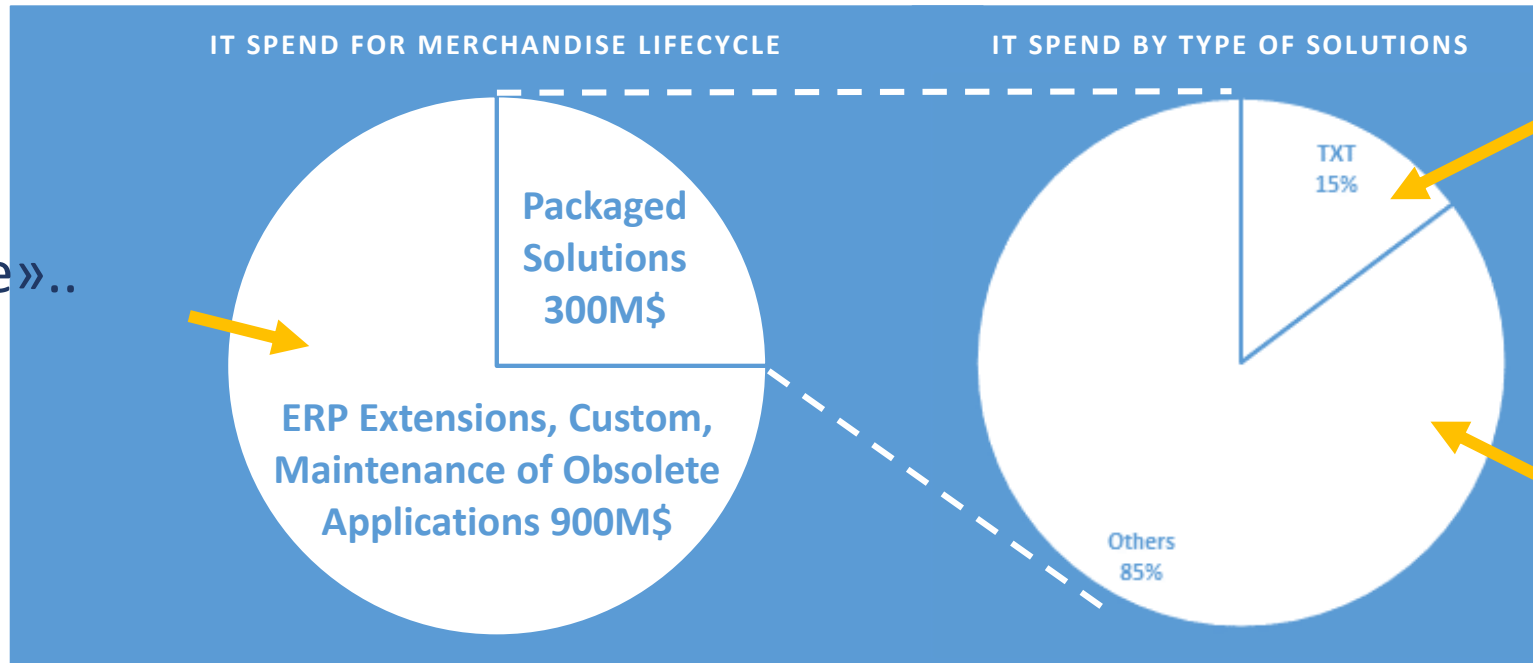


## End-to-end Merchandise Lifecycle Management



**Competitive Differentiation: We engage in Customer Success !!!**

...conquer the «Green Prairie»..

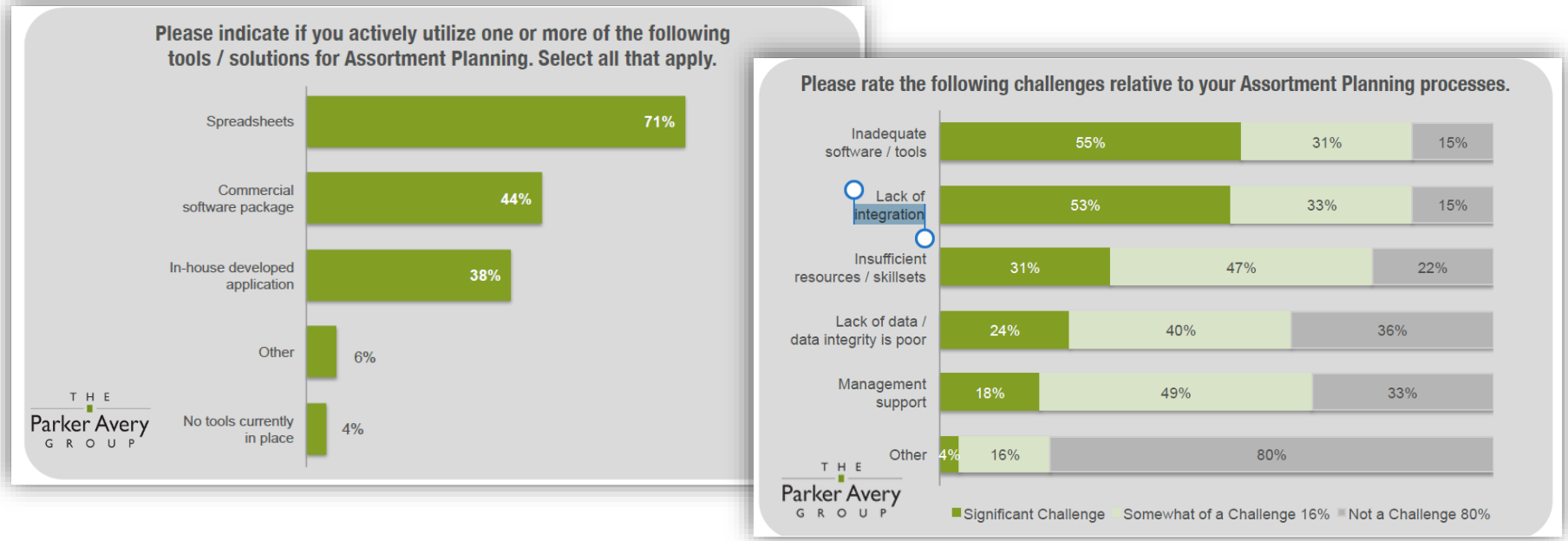


Keep & Grow Customers !!

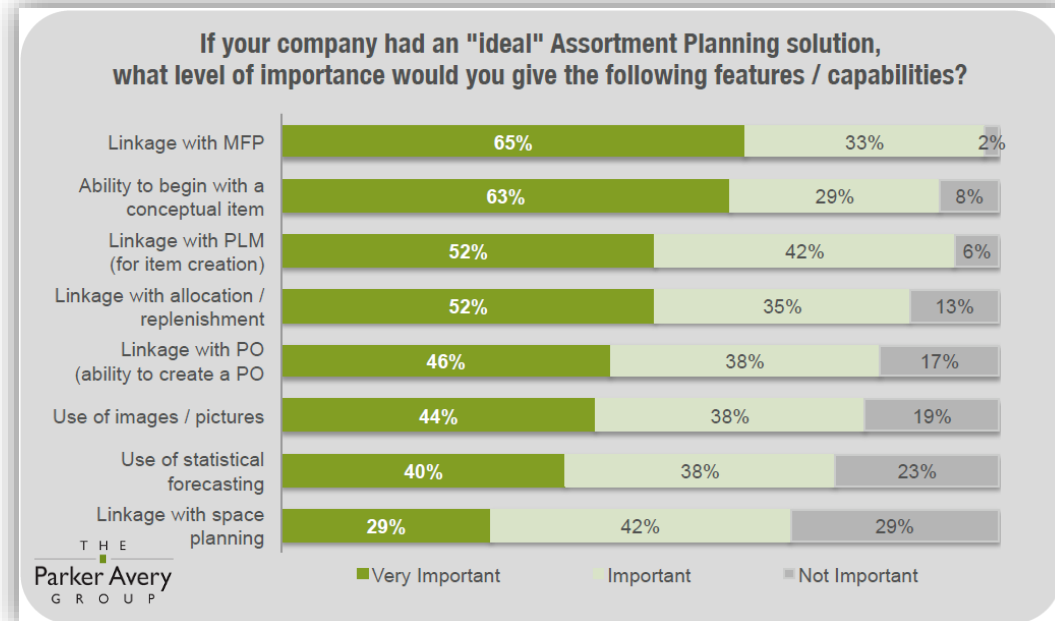
Win Marketshare!!

## A largely untapped market:

- Spreadsheets
- Inadequate Software



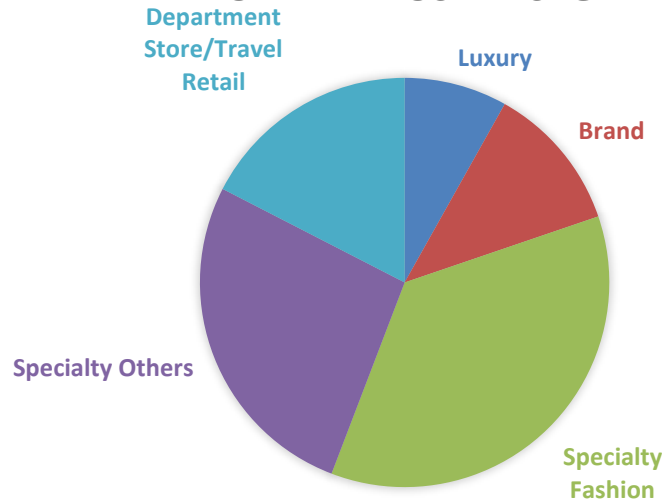
## TXT Retail: the long-awaited answer to Retailers' needs and priorities



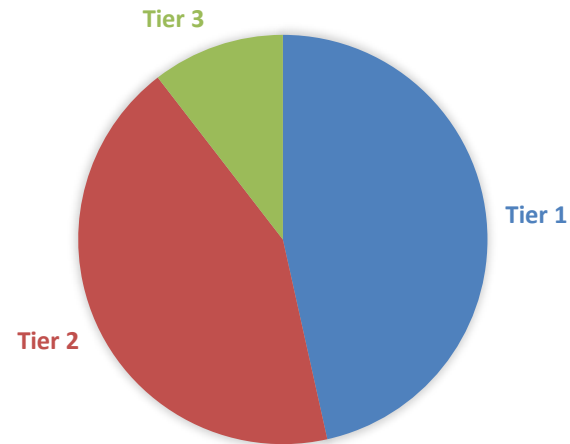


Organic growth, targeted acquisitions, innovation in product & business process, self-financed through Profit & Cash generated by the business

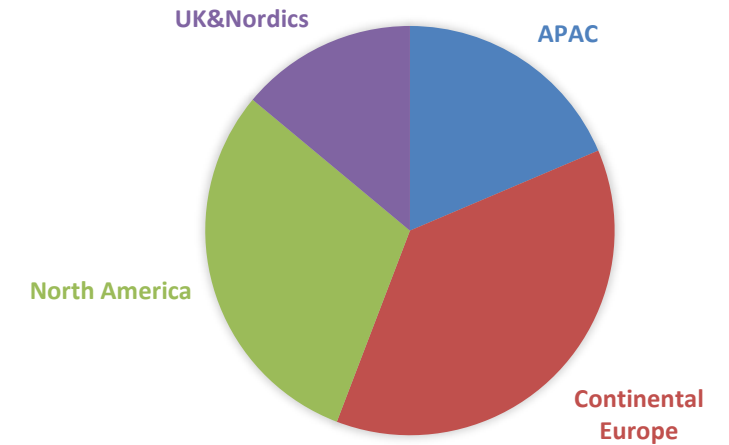
### REVENUE BY INDUSTRY SEGMENT



### REVENUE BY CUSTOMER TIER



### REVENUE BY REGION



The logo for TXTNEXT. The 'TXT' part is in a bold, blue, sans-serif font with a red diagonal bar between the two 'T's. The 'NEXT' part is in a grey, sans-serif font.

Aerospace & Aviation

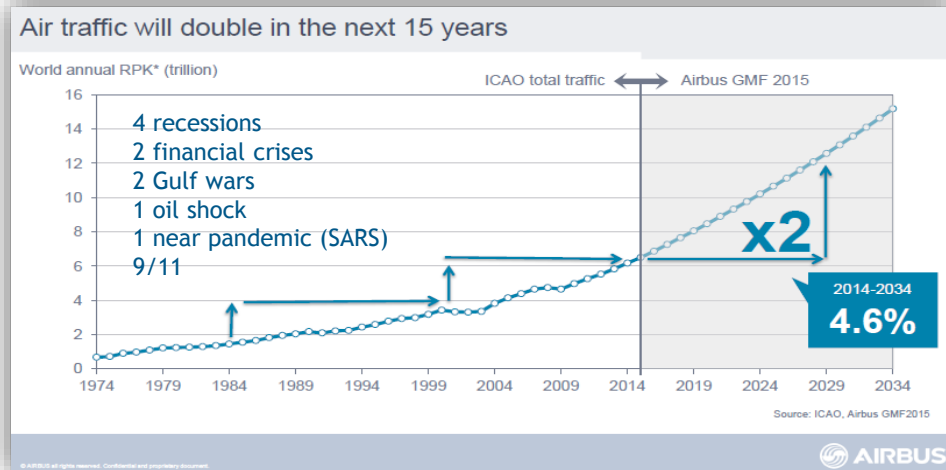
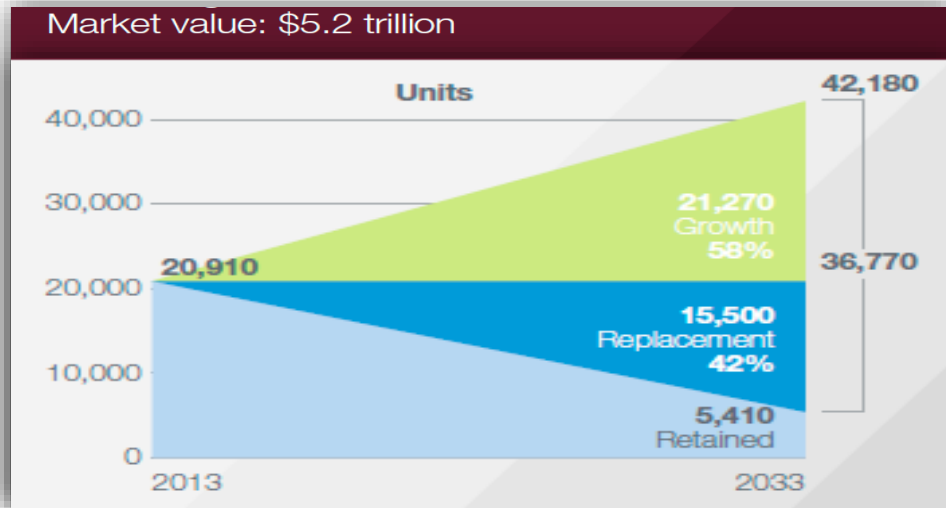
## TXT Next: since 30 years Partner for our Clients to boost their Engineering Capabilities

Products & core Processes are highly complex ...

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



## Long-term positive trends, despite short-term fluctuations



## 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; )

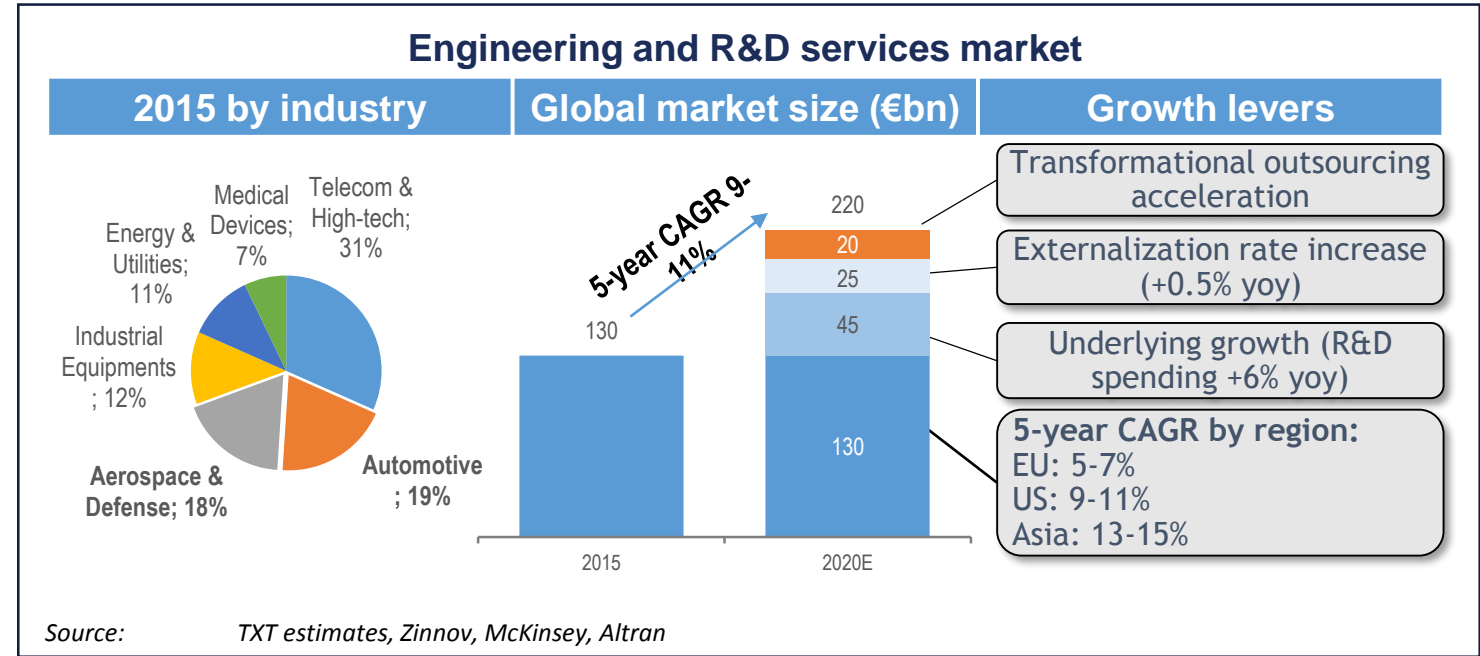
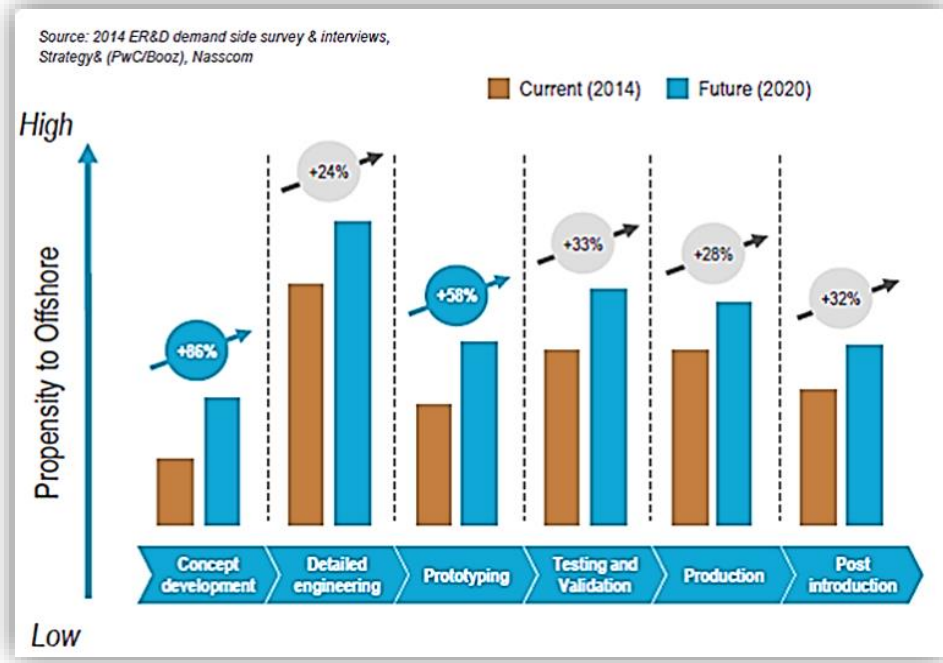


NEW & STRONGER REGULATIONS (ENVIRONMENT, SAFETY, ..)

IATA Target: +1.5%/year Fuel Efficiency

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

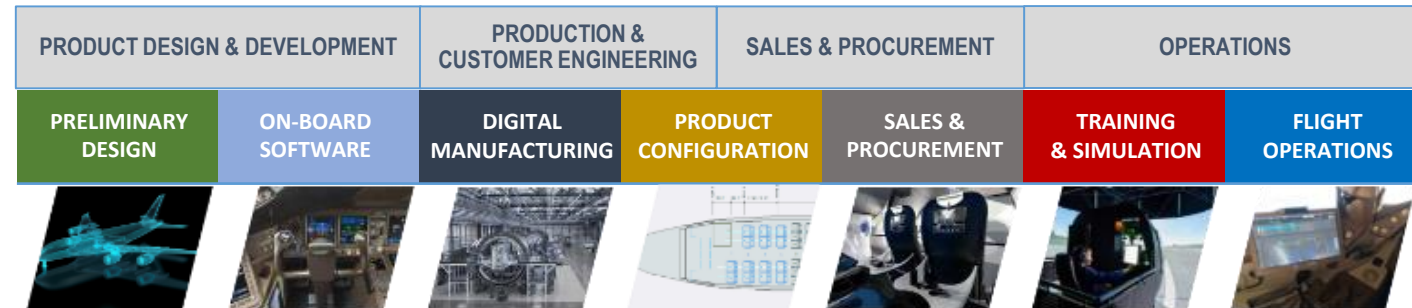
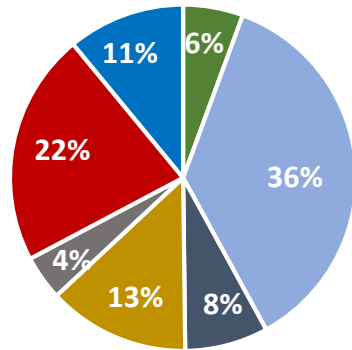
- A growing portion of R&D/Engineering Budgets, and a growing range of value-adding activities, are externalised to highly specialised Solutions providers like TXT Next
- On-board Software accounts for a large portion of externalized engineering services
- The Market of externalised R&D/Engineering Services is set to grow at **CAGR 9+%** in the next 5 years:
  - Growth of underlying R&D spending (CAGR +6%)
  - Growth of the rate of externalisation



- A diversified Customer Base of Industry Leaders
- Long-term partnership underpinning stable and repeatable revenues streams
- A significant up-selling opportunity

Aircraft OEMs (Fixed & Rotary Wings)	1 <sup>st</sup> Tier Suppliers & MROs	Airlines & Lessors
<b>Academia &amp; Research</b>		

- **Breadth and Depth:** focus on high-value niches, but understand the whole picture
- **Technology and Industry expertise, backed by Software Assets**



		MARKETS						
Strategic Focus: > 90% of Revenues	 OEMS & 1ST TIER SUPPLIERS	■	▲	▲	■	■	▲	▲
	 AIRLINES					■		■
Upside Opportunity	 AUTOMOTIVE		▲					

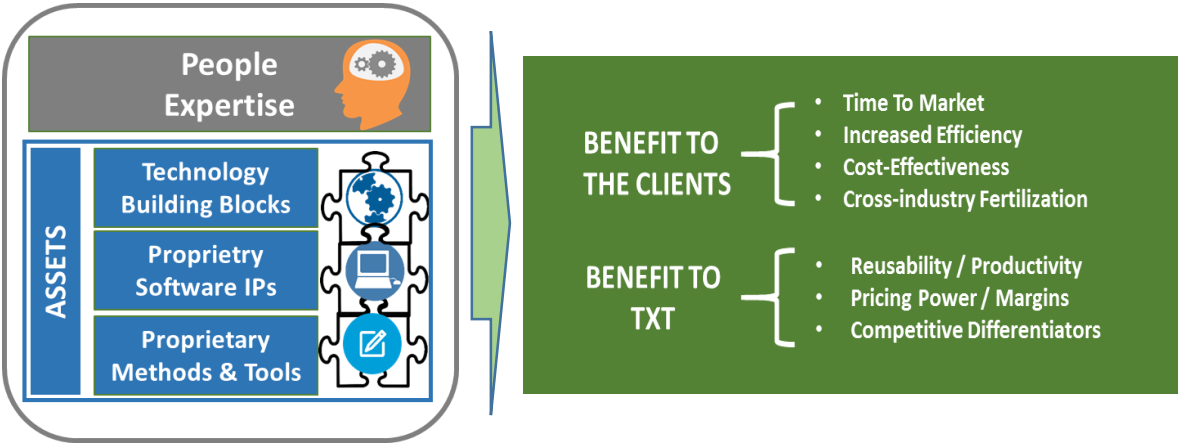
▲ Services & exploitable software assets      ■ Fully packaged software assets & related services

# Engineering Solutions

People experience

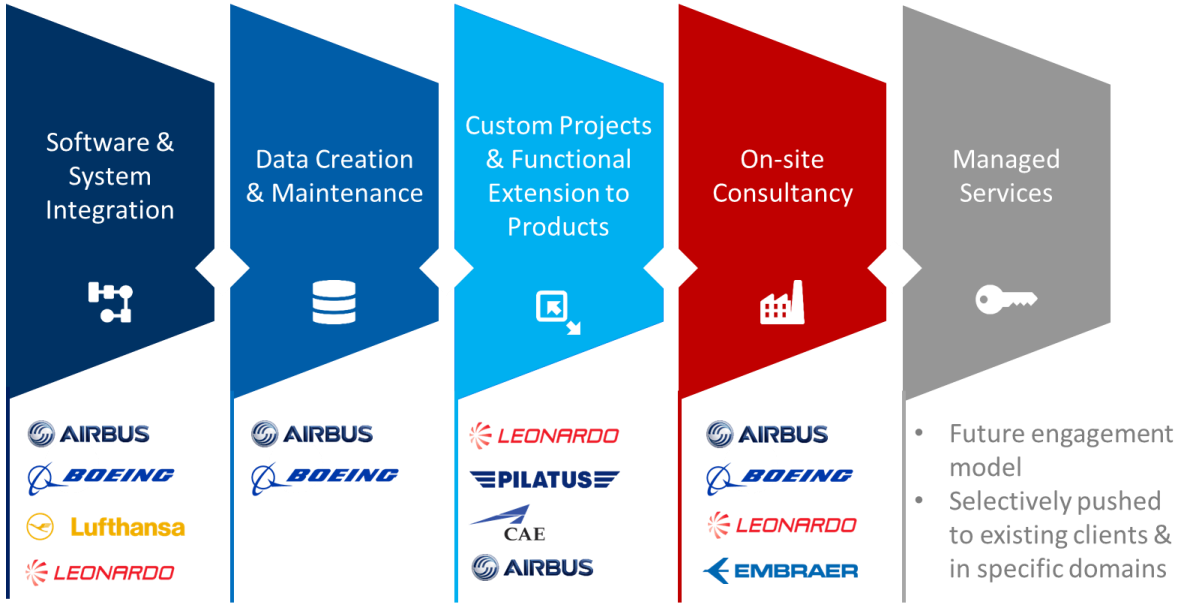
AND

Differentiating software assets



# Flexible Engagement Models

From more traditional to innovative ones, with Turn-Key engagements weighting 3/4 of the total





A responsive and agile team: local presence, to provide best-in-class on-site support to key customers, backed by corporate competence centers, capable of delivering & supporting customers across 30+ Countries world-wide



- (1) In Shanghai TXT is present through Pera Global, system integrator and local distributor of Pace products
- (2) Corporate Headquarters of TXT (Milan) and Pace (Berlin)

## Solid Foundations



- **30+ years** in the Industry
- **50+ Customers**, industry leaders
- **Breadth AND depth** across the Product Lifecycle, with focus on software
- **330+ specialised engineers**, with **global delivery & support** capability
- **«People»'s Technology AND** Industry expertise, backed by a growing portfolio of **software «IPs»**
- Track record in **risk-sharing & results-based** engagements
- Solid **Management Team** with a track record in **self-sustainable organic growth AND acquisitions**

## Identified Growth Initiatives

**Our Vision:** to become an **Int'l, specialized, multi-niche, mid-sized (100 m€)** provider of **Engineering «Solutions»** serving the **global Aerospace & Aviation Industry**

Inorganic Growth	<ul style="list-style-type: none"> <li>• Be a platform to aggregate niche engineering software solution providers</li> <li>• Selectively target mid-sized acquisitions</li> </ul>
Organic International Expansion	<ul style="list-style-type: none"> <li>• Grow the share of wallet in current customers: focus on higher-value activities and risk-sharing engagement models</li> <li>• Capture new Int'l customers, leveraging on the combination of software assets and specialized service capabilities</li> </ul>
Offering Innovation	<ul style="list-style-type: none"> <li>• Product innovation: extend the capabilities and the range of the offering of Sw assets</li> <li>• Service innovation: expand the offering with Managed Services</li> </ul>
Opportunistic approach in Automotive	<ul style="list-style-type: none"> <li>• Mid-term diversification opportunity</li> </ul>



# 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 – Group 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.



## Simone Pozzi – CEO TXT Retail

Simone Pozzi joined TXT in 2009 as VP Sales and Marketing, in 2014 Simone became Managing Director of TXT Retail and since May 2016 he has been named CEO TXT Retail. Simone has previously held various international leadership roles at Geox, global brand and retailer, Oracle (Oracle Retail Business Unit), SAS (Marketmax), i2 Technologies (now part of JDA). Simone holds a degree in Industrial Engineering from the University of Padua, Italy.



## 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: >58% 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>	2016	%	2015	%	Var %
<b>REVENUES</b>	<b>69.152</b>	<b>100,0</b>	<b>61.540</b>	<b>100,0</b>	<b>12,4</b>
Direct costs	32.039	46,3	29.189	47,4	9,8
<b>GROSS MARGIN</b>	<b>37.113</b>	<b>53,7</b>	<b>32.351</b>	<b>52,6</b>	<b>14,7</b>
Research and Development costs	6.550	9,5	5.118	8,3	28,0
Commercial costs	13.574	19,6	12.681	20,6	7,0
General and Administrative costs	8.774	12,7	7.893	12,8	11,2
<b>EBITDA before Stock Grant</b>	<b>8.215</b>	<b>11,9</b>	<b>6.659</b>	<b>10,8</b>	<b>23,4</b>
Stock Grant	-	-	740	2,3	n.m.
<b>EBITDA</b>	<b>8.215</b>	<b>11,9</b>	<b>5.919</b>	<b>9,6</b>	<b>38,8</b>
Amortization, depreciation	1.309	1,9	1.124	1,8	16,5
<b>OPERATING PROFIT (EBIT)</b>	<b>6.906</b>	<b>10,0</b>	<b>4.795</b>	<b>7,8</b>	<b>44,0</b>
Financial income (charges)	105	0,2	(151)	(0,2)	n.m.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>7.011</b>	<b>10,1</b>	<b>4.644</b>	<b>7,5</b>	<b>51,0</b>
Taxes	(1.456)	(2,1)	(762)	(1,2)	91,1
<b>NET PROFIT</b>	<b>5.555</b>	<b>8,0</b>	<b>3.882</b>	<b>6,3</b>	<b>43,1</b>

<i>€ thousand</i>	31.12.2016	31.12.2015	Total variance	of which Pace GmbH	of which TXT
Intangible assets	21.296	14.692	6.604	7.871	(1.267)
Tangible assets	1.598	1.361	237	168	69
Other fixed assets	2.534	2.079	455	610	(155)
<b>Fixed Assets</b>	<b>25.428</b>	<b>18.132</b>	<b>7.296</b>	<b>8.649</b>	<b>(1.353)</b>
Inventories	3.146	2.075	1.071	-	1.071
Trade receivables	23.740	25.032	(1.292)	698	(1.990)
Other short term assets	2.629	2.759	(130)	229	(359)
Trade payables	(1.626)	(1.422)	(204)	(54)	(150)
Tax payables	(2.532)	(1.291)	(1.241)	(974)	(267)
Other payables and short term liabilities	(17.928)	(16.090)	(1.838)	(1.726)	(112)
<b>Net working capital</b>	<b>7.429</b>	<b>11.063</b>	<b>(3.634)</b>	<b>(1.827)</b>	<b>(1.807)</b>
<b>Severance and other non current liabilities</b>	<b>(3.945)</b>	<b>(3.830)</b>	<b>(115)</b>	<b>-</b>	<b>(115)</b>
<b>Capital employed</b>	<b>28.912</b>	<b>25.365</b>	<b>3.547</b>	<b>6.822</b>	<b>(3.275)</b>
Shareholders' equity	34.283	33.624	659	-	659
Net financial debt	(5.371)	(8.259)	2.888	6.822	(3.934)
<b>Financing of capital employed</b>	<b>28.912</b>	<b>25.365</b>	<b>3.547</b>	<b>6.822</b>	<b>(3.275)</b>



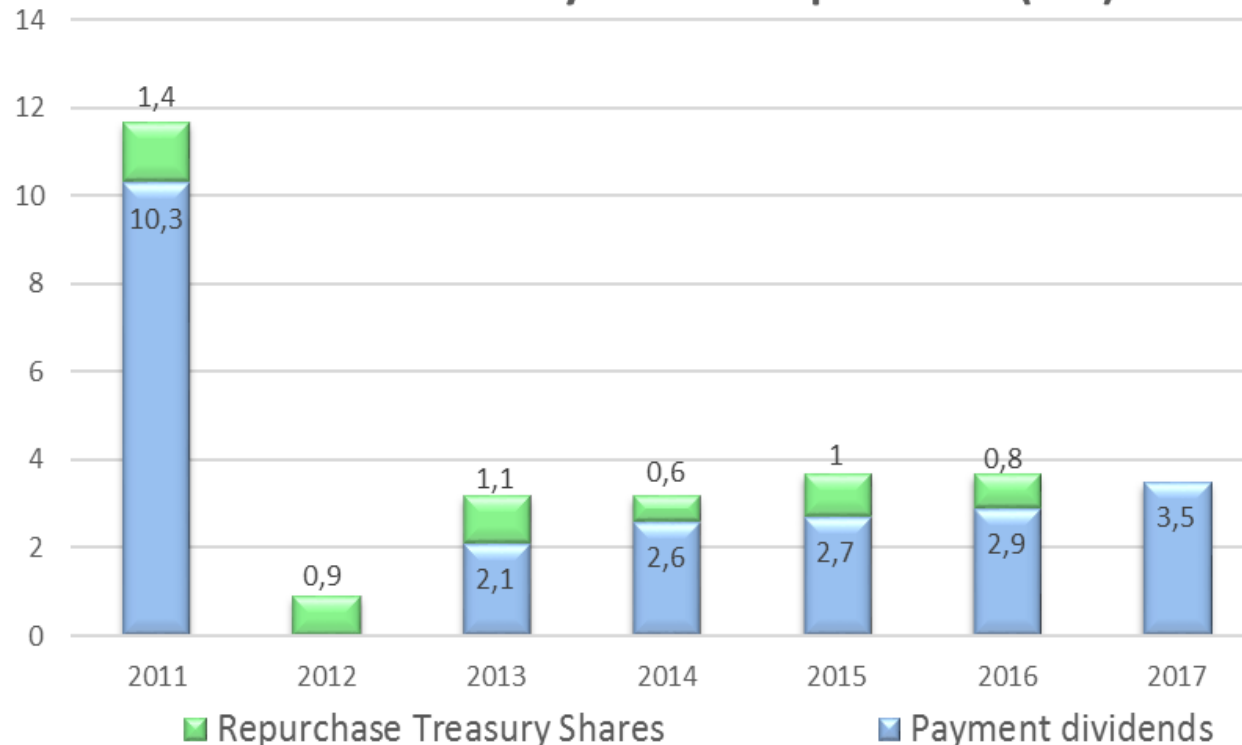
## • Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 15.3.2017: 9.66€ /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
- 2017: 0.30 € / share

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



# TXT Market Capitalization (m€)

