

9 Month Results at 30 September 2017

Conference Call with the Market
15 November 2017



TECNOINVESTIMENTI

Agenda

9 Month Results at 30 September Highlights

1. Consolidated Income Statement Highlights
2. Business Unit Revenues (excluding non-recurring items)
3. Business Unit EBITDA (excluding non-recurring items)
4. Balance Sheet Highlights
5. Cash Flow analysis (effects on NFP)

The Acquisition of Warrant Group

1. Services Offered
2. Warrant Group Key Financials
3. Clients type
4. The Strategic Rationale for the Transaction
5. Main contractual elements
6. Focus: the declination of Industry 4.0



Highlights: 9 Month Results at 30 September 2017



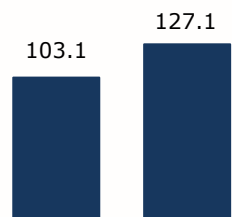
Results driven primarily by the impact of the acquisitions made in 2016 and 2017

The results also were impacted favourably by the extraordinary income encashed by Ribes in October, which a won a suit against the Italian Revenue Agency



Revenues

+23.3%

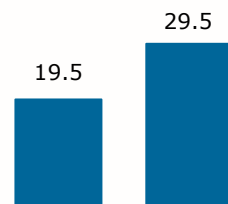


Sep-16 Sep-17



EBITDA

+51.0%

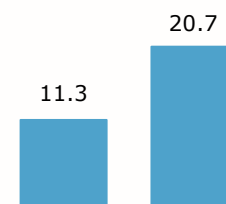


Sep-16 Sep-17



EBIT

+82.2%

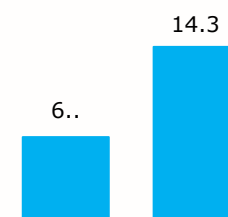


Sep-16 Sep-17



Consolidated
Net Result

+108.4%



Sep-16 Sep-17

The results of Sixtema s.p.A., acquired in April 2017, have been included from 1 April 2017, date in which it was consolidated in the Group accounts



Business Segment Revenues net of non-recurring items



| | 30/09/2017 | 30/09/2016 | Variation | Variation % | | |
|--|----------------|----------------|---------------|--------------|--------------|--------------|
| | | | | Total | Organic | Perimeter |
| <i>Business Unit</i> | | | | | | |
| <i>Digital Trust</i> | 56,569 | 39,280 | 17,289 | 44.0% | 5.7% | 38.3% |
| <i>Credit Information & Management</i> | 51,613 | 55,145 | -3,531 | -6.4% | -6.2% | -0.2% |
| <i>Sales & Marketing Solutions</i> | 12,685 | 8,495 | 4,189 | 49.3% | -5.6% | 54.9% |
| <i>Other (Holding Co. costs)</i> | 1 | 137 | -136 | -99.1% | -99.1% | 0.0% |
| Total Revenues | 120,868 | 103,057 | 17,811 | 17.3% | -1.7% | 19.0% |



Business Segment EBITDA net of non-recurring items



| | 30/09/2017 | | 30/09/2016 | | Δ | Δ% | | |
|---------------------------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | EBITDA | Margin | EBITDA | Margin | | Total | Organic | Perimeter |
| | | | | | | | | |
| Digital Trust | 13,290 | 23.5% | 9,490 | 24.2% | 3,800 | 40.0% | 1.6% | 38.4% |
| Credit Information & Management | 10,251 | 19.9% | 10,318 | 18.7% | -67 | -0.6% | -0.6% | 0.0% |
| Sales & Marketing Solutions | 4,742 | 37.4% | 3,434 | 40.4% | 1,308 | 38.1% | -13.6% | 51.7% |
| Other (Holding Co. costs) | -3,237 | n.a. | -2,342 | n.a. | -895 | -38.2% | -38.2% | 0.0% |
| EBITDA | 25,046 | 20.7% | 20,899 | 20.3% | 4,147 | 19.8% | -6.1% | 25.9% |

- **Digital Trust:** The reduction compared to the EBITDA margin for the first nine months of 2016 is due to the consolidation of Sixtema, which has a lower margin than the rest of the segment.
- **Credit Info & Mgmt:** Despite the decline in revenues, thanks to careful cost control policy and industrial synergies the Business Unit managed to increase its EBITDA margin from 18.7% in 2016 to 19.9% in the current period.
- **S&MS:** Revenues declined by 5.6% and EBITDA by 13.6% due to the delay in the trend of subscribing new contracts caused by the delay by the Ministry of Economic Development to publish the Decree for "Voucher for Internationalization" grants, which occurred at end of September.



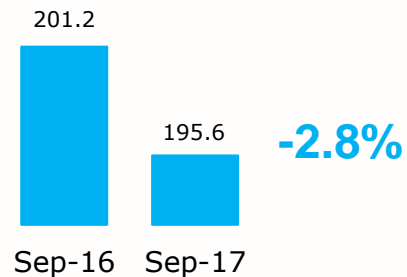
Balance Sheet Highlights (1/2)



At 30 September 2017:

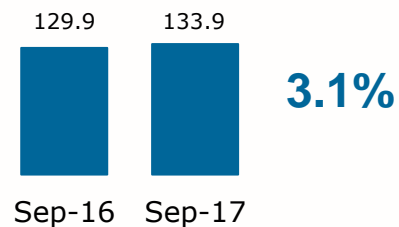
Net Invested Capital

€195.6
mn



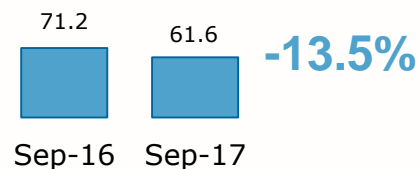
Total Equity

€133.9
mn



Net Financial Position

€61.6
mn

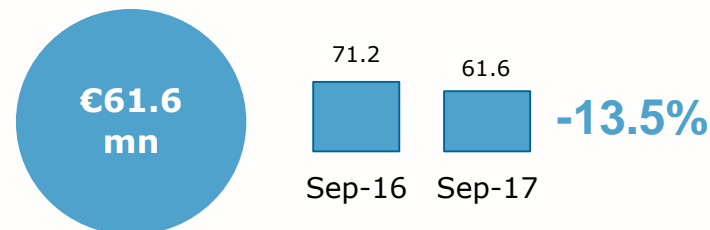


Balance Sheet Highlights (2/2)



Net Financial Position

| (€ m) | 30-Sep-17 | 31-Dec-16 |
|-----------------------------|-----------|-----------|
| Net Financial Debt | 61.6 | 71.2 |
| Gross Financial Debt | 100.2 | 138.0 |
| Bank debt | 30.8 | 33.0 |
| Debt vs. TecnoHolding S.p.A | 25.1 | 25.2 |
| Debt for acquisitions | 39.9 | 76.9 |
| <i>PUT & CALL</i> | 30.2 | 65.7 |
| <i>Earn Out</i> | 4.1 | 4.1 |
| <i>Co.Mark Vendor Loan</i> | 5.7 | 7.1 |
| Other ST & LT Debt | 4.3 | 3.0 |
| Cash & Other ST Assets | -38.6 | 66.8 |
| Cash | -33.2 | 60.4 |
| Other ST Financial Assets | -5.4 | 6.4 |



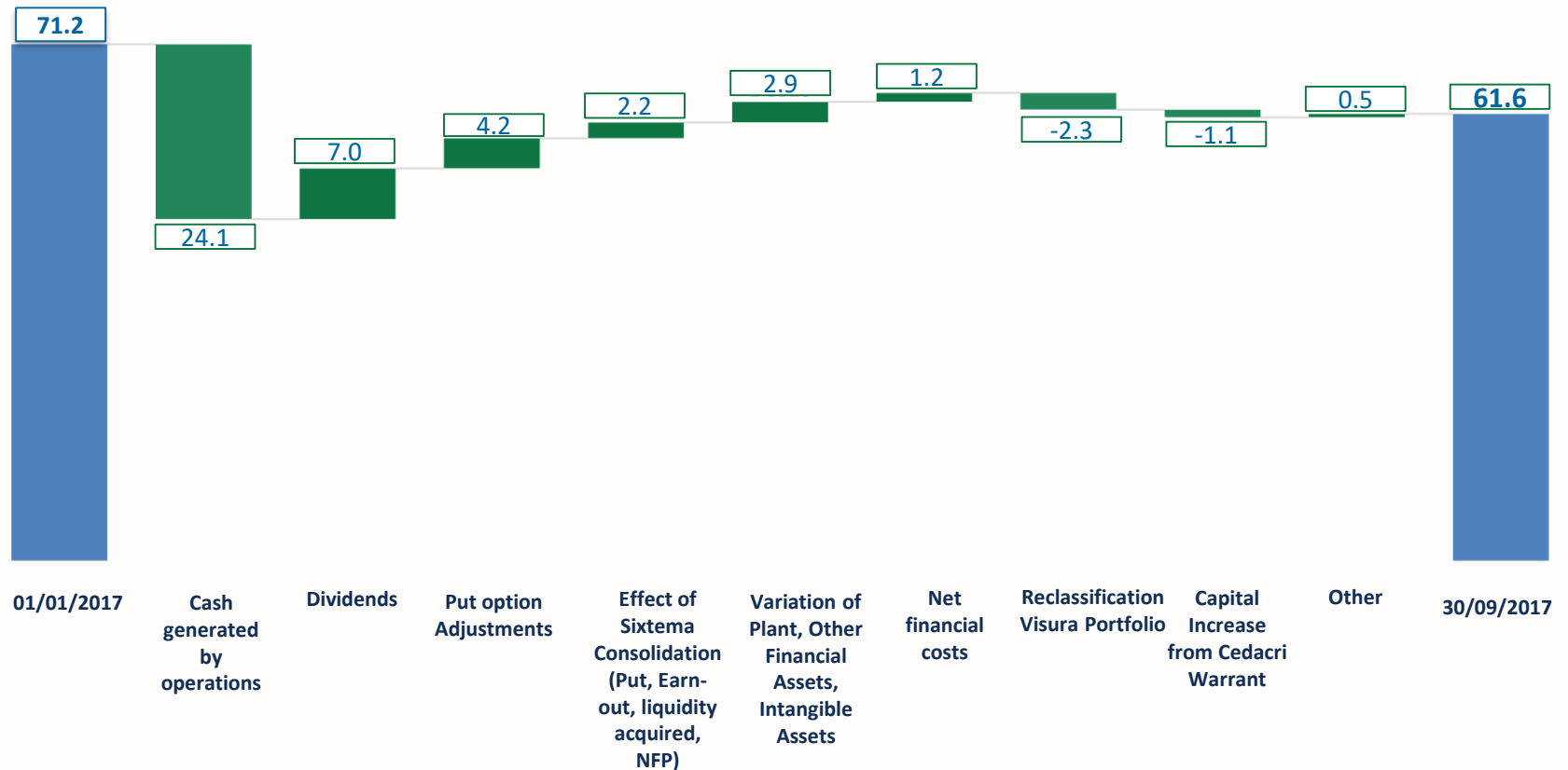
- NFP (Net Debt) fell to **€61.6 mn**: a reduction with respect to YE 2016 of €9.6 mn
- Of Gross Financial Debt of €100.2 mn, the debt for acquisitions equals €39.9 mn, of which €30.2 mn of Put/Call Options and €4.1mn of Earn Out (neither of which is interest bearing)
 - The significant reduction in Debt for minorities acquisitions relates to the purchase of the minorities of Assicom, Ribes announced in March and to the 10% of Co.Mark purchased on July 6 as contractually foreseen



NFP Analysis



Movement that impacted NFP in the first 9 Months of 2017 (mn)



The Warrant Group Acquisition



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The Warrant Group: services offered



1. Automatic subsidized finance consultancy: assistance to companies to obtain contributions which are paid in the form of tax credits (see appendix for details).



2. Finance from regional, national and European tenders: supporting businesses in participating in regional, national and European tenders, finance is available for both drafting and reporting.



3. Patent Box: support for companies in assessing access to the instrument, preparing documentation and approval process with the Revenue Agency for the determination of income from the use of works of art, industrial patents, drawings, processes, formulas, etc.

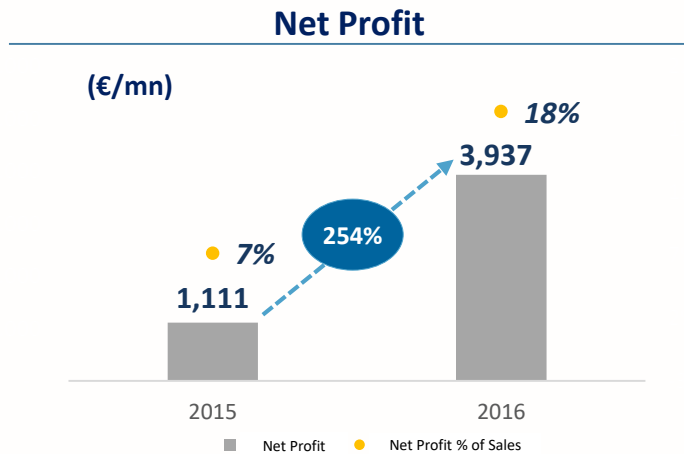
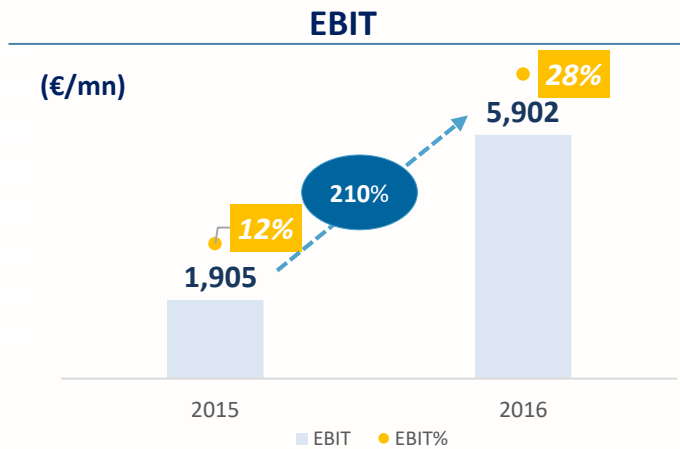
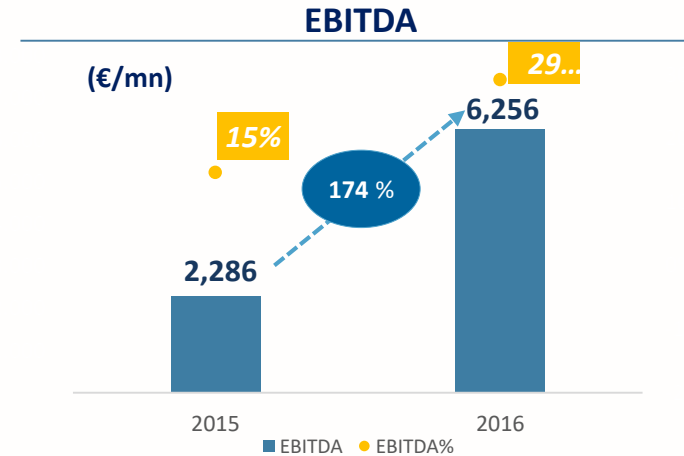
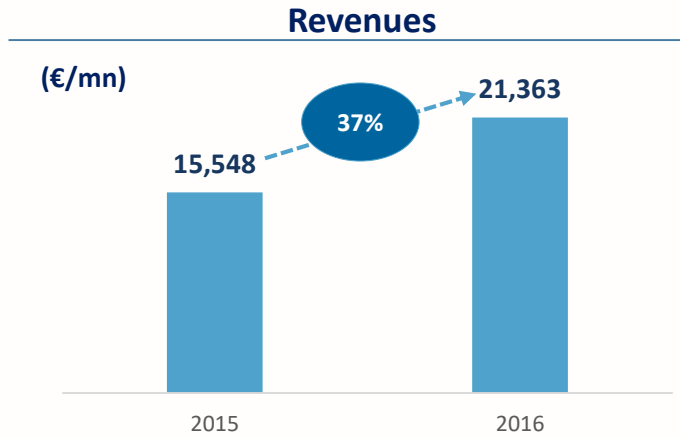


4. Corporate Finance: management of outsourcing with some banks to prepare dossiers to obtain guarantees from the Central Guarantee Fund.



5. Internationalization: support companies in obtaining voucher promotional tools promoted by the Regions and the Ministry of Foreign Affairs.

Warrant Group key financials¹



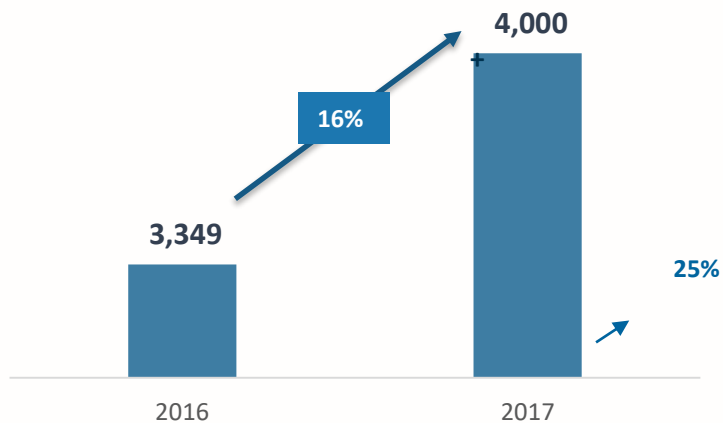
¹ These data refer to Warrant Group srl only, which accounts for c. 95% of group results.

Source: Tecnoinvestimenti restatement of company data

**For 2017: Revenues over €30 mn (+ 50% vs. 2016)
EBITDA: will increase even more**

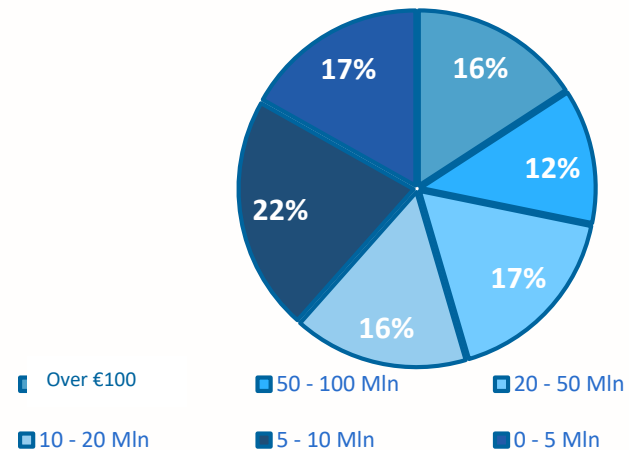
Clients type: over 50% are PMI

Over 4,000 clients in 2017



Over 50% of clients are SME

Sales by customers (2016)



Strategic rationale of the operation

- **Extend the range of services** offered by Tecnoinvestimenti Group to companies (mainly SMEs)
- **Take advantage of the dimension of and complementary aspects of the customer base with other Group companies**, in particular with Co.Mark and Assicom-Ribes, where cross-selling strategies will be implemented
- **Enter a market** characterized by **good visibility and positive growth rates** over the next few years. The incentive measures contained in the 2016-2017 Budget Law are pluriannual
- **Acquire a solid and growing business** by following the set policy in terms of price paid and balance sheet/financial impact.



Main contractual elements

The total compensation for 70% of the capital of WG, which will have a Net Financial Position equal (or close) to zero upon closing, foreseen by the end of the year, has been set at a maximum of **€33.9 million**, which will be paid as follows:

- €25.7 million at closing;
- A maximum €2.9 million within 30 days of the approval of the 2017 financial results of WG, if these meet the forecast;
- €5.3 million paid in instalments in 5 years.

The other 30% of capital will be subject to **put & call options** and will be paid upon the approval of the 2018 and 2019 financial results, respectively. Such amounts will be subject to the achievement of agreed upon objectives relating to WG's EBITDA.

Tecnoinvestimenti intends to finance the acquisition through the use of a MT banking facility of between **€ 15** and **€20 mn**; the attainment of such financing is considered a **condition precedent** to the **closing**.



Focus: the declination of Industry 4.0

The **National Plan for Industry 4.0 foresees** various fiscal incentives, the most important of which are the following:

1. Tax credit R&D

- Finances the activities of basic research, industrial research and experimental development
- 50% of incremental additional spend, vs. the average, is eligible
- In vigor until 2020

2. Hyper and Super amortization

- Finances the investments of the companies for new instrumental assets, material assets and non-tangible assets functional to technological and digital transformation of production processes.
- Super-valuation of between 140% and 250% of the assets that meet Industry 4.0 standards
- In vigor until al 2018

3. Patent Box:

- Exclusion of taxes on income arising from the use of copyrighted software, industrial patents, trademarks e designs, etc.
- 30% of taxes due for 2015 and 40% for 2016 will be eligible. From the fiscal year 2017, the percentage of tax credit excluded will be 50%
- Patent Box benefits are part of the fiscal structure and will be in place for the for the foreseeable future

