

# Tecnoinvestimenti Group

1H 2018 Results

3 August 2018



**TECNOINVESTIMENTI**

# Disclaimer

- This document was prepared by Tecnoinvestimenti Spa (the “Company”) for the sole purpose of presenting the performance and the activities of the Company. The information provided with this document does not contain nor constitute an offer of securities for sale, or the solicitation of an offer to purchase securities, in the United States, in Australia, in Canada or in Japan or in any other jurisdictions where this offer or solicitation would require the approval of local authorities or be otherwise unlawful (the Other countries). This document or any parts thereof, or its distribution, may not constitute the basis for, or be invoked in association with, any agreements or decisions about investments related thereto.
- The shares of Tecnoinvestimenti Spa (the “shares”), as referred to in this document, have not been registered and will not be registered pursuant to the USA Securities Act of 1933, as amended (the Securities Act) or pursuant to the corresponding regulations in force in the other countries, and they may not be offered or sold in the United States or to US citizens unless these securities are registered in compliance with the Securities Act, or if an exemption from the requirements of Registration by the Securities Act is set forth.
- The content of this document is of an informative nature and must not be interpreted as investment advice. This document does not constitute a prospectus, an offering circular, an offering memorandum or an offering for the purchase of shares and must not be considered as a recommendation to underwrite or purchase Tecnoinvestimenti shares. This presentation or any other documentation or information (or part of it) provided, shall not be considered as an offer or an invitation by or on behalf of the Company.
- The information herein does not intend to be comprehensive or to include all the information that a potential or existing investor may wish to have. In all cases, the interested parties must carry out their own investigations and analyses of the Company which may include an analysis of the data of this document, but they must also include an analysis of other documents, including the financial statements for the period.
- The statements herein have not been verified by any entity or independent auditor. No statement or guarantee, expressed or implicit, is made with respect to, and one must not rely on, the accuracy, completeness, correctness or reliability of the information contained in this document. Neither the Company nor any of its representatives shall bear any responsibility (for negligence or other reasons) that may arise in any way in relation with such information or in relation with any loss resulting from its use or deriving in any way in connection with this presentation.
- The information contained in this document, unless otherwise specified, is updated as at the date of this document only. Unless otherwise specified in this document, this information is based on the Company’s financial reports, management reports and estimates. Please refer to the end of the year financial statements, published by the Company or to the half-year reports, prepared in Italian, and for a transparency purpose, translated also into English. The Italian version of these materials shall be considered, according to Italian law, as the official and legal version of said reports.
- The information contained in this presentation is subject to changes without obligation of a prior notice, and past performance is not indicative of future results. The Company may modify, edit or in other ways amend the content of this document, without any obligation to render notification about any revisions or changes. This document may not be copied or disseminated in any way.
- The distribution of this document and any related presentation in jurisdictions other than Italy, may be limited by the law and any person in possession of this document or any other related presentation must be properly informed and comply with the set forth restrictions. Any non-compliance with such restrictions may constitute a breach of the law in effect in these other jurisdictions.
- By accepting this presentation or accessing these materials, the reader accepts to be bound by the above mentioned limitations.
- This presentation includes some forecast statements, projections, objectives and estimates that reflect the current opinions of the Company’s management in relation to the changes occurring in the markets where the Company operates, as well as to future developments. Forecast statements, projections, objectives, estimates and outlooks are generally identifiable through the use of verbs/nouns such as “could”, “will”, “should”, “plan”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, and “project”, “objective” or “purpose” or the opposite of all these verbs/nouns or variations thereof or any comparable terminology. These statements include, but are not limited to, all statements other than those regarding historical events, including, inter alia, those concerning transaction results, financial position, strategy, plans, objectives, purposes and objectives of the Company and future developments in the markets in which the Company operates or it is trying to operate.
- Because of these uncertainties and risks, the readers are advised not to rely excessively on these statements as a prediction of the actual results. The ability of the Group to achieve its objectives or expected results depends on many factors outside of Management’s control. The actual results may differ materially from (or be more negative than) those projected or implicit in the declarations contained herein. Therefore, any prospective information contained in this document involves risks and uncertainties, which may significantly affect the expected results, and is based on some key assumptions. All statements included in this document are based on information available to the Company as at the date of this document. The Company does not incur an obligation to provide a public update or revision of any statements, both as a result of new information, future events or other circumstances, unless required by the applicable laws. All the following statements, written, verbal or oral made by the Company or by parties acting on its behalf are expressly qualified in their entirety by these cautionary statements.

# Agenda

I.	1H 2018 Results	4
II.	Looking Forward	14
III.	Appendix	16

# Premise

From 1st January 2018 the Group has adopted the IFRS 15 Accounting Principle “Revenue from Contracts with Customers” and the Accounting Principle IFRS 9 “Financial Instruments”, which required modifications of the accounting policies and changes to the amounts reported. The comparative 2017 data have not been restated. As a result the Income Statement variations evidenced on the following page are prejudiced, even if not in a material manner, as a result of the different accounting treatment bases.

The analysis of the Business Units which follows utilized, instead, 2018 data that does not reflect the application of IFRS 15 and IFRS 9. The analysis therefore compares 2018 1H data and 2017 1H data on a “2017 IFRS” basis, and therefore they have been compiled on a comparable basis.

# 1H 2018 Results Highlights

€ mn	1H 2018 <i>IFRS 2018</i>	1H 2018 <sup>1</sup> <i>IFRS 2017</i>	1H 2017 <sup>2</sup> <i>IFRS 2017</i>	Change <sup>3</sup> <i>IFRS 2017</i>	Δ% <i>IFRS 2017</i>
Revenues	114.5	114.3	85.4	28.9	33.9%
EBITDA	28.9	28.5	18.4	10.1	55.1%
Operating Profit	21.8	21.5	12.4	9.1	73.2%
Net Profit	14.6	14.4	8.6	5.8	67.5%
Adjusted Net Profit	16.3	16.1	10.3	5.8	56.4%

€ mn	30-06-18 <i>IFRS 2018</i>	31-12-17	Change	Δ%
Net Financial Indebtedness	96.3	104.6	-8.2	-7.9%

<sup>1</sup> 2018 data without the application of accounting principles IFRS15 and IFRS 9, which were adopted from 1 January 2018. By utilizing the same accounting standards in force in First Quarter 2017 these data are provided in order to allow comparability with 2017 data.

<sup>2</sup> The comparative data of 1H 2017 have been restated as a consequence of the completion in Second Half 2017 of the activities to identify the fair value of the assets and liabilities of the Sixtema S.p.A., which was fully consolidated starting from 1 April 2017

<sup>3</sup> It is noted that with the objective of providing a basis for a meaningful comparison, the variations of the economic results, except where otherwise indicated, refer to 1H 2018 data that were prepared without the application of the accounting principles IFRS 9 and IFRS 15 ("IFRS 2017"), compared to the data for 1H 2017, also prepared without the application of these principles.

# Results by Business Segment

## Net of Non-recurring items

Summary Income Statement by Business Segment (€ '000)	1H 2018	EBITDA%	1H 2018	EBITDA%	1H 2017	EBITDA%	Change	Change IFRS 2017%		
	IFRS 2018	1H 2018	IFRS 2017	1H 2018	IFRS 2017	1H 2017		IFRS 2017	Total	Organic
<b>Revenues</b>										
Digital Trust	45,503		45,341		39,184		6,157	15.7%	5.5%	10.2%
Credit Information & Management	37,170		37,170		36,813		358	1.0%	1.1%	-0.2%
Innovation & Marketing Services	31,656		31,656		9,407		22,250	236.5%	3.5%	233.1%
Other (Holding Co. costs)	-		-		1		(1)	-60.1%	-60.1%	0.0%
<b>Total Revenues</b>	<b>114,330</b>		<b>114,168</b>		<b>85,404</b>		<b>28,764</b>	<b>33.7%</b>	<b>3.4%</b>	<b>30.3%</b>
<b>EBITDA</b>										
Digital Trust	11,505	25.3%	11,183	24.7%	10,039	25.6%	1,144	11.4%	6.5%	4.9%
Credit Information & Management	7,814	21.0%	7,814	21.0%	7,992	21.7%	(178)	-2.2%	-2.4%	0.1%
Innovation & Marketing Services	13,012	41.1%	12,986	41.0%	3,677	39.1%	9,309	253.2%	-0.4%	253.6%
Other (Holding Co. costs)	(3,102)	n.a.	(3,102)	n.a.	(2,186)	n.a.	(917)	-41.9%	-41.9%	0.0%
<b>Total EBITDA</b>	<b>29,229</b>	<b>25.6%</b>	<b>28,881</b>	<b>25.3%</b>	<b>19,523</b>	<b>22.9%</b>	<b>9,358</b>	<b>47.9%</b>	<b>-2.4%</b>	<b>50.3%</b>

This table exhibits the economic results of the Business Units excluding non-recurring components.

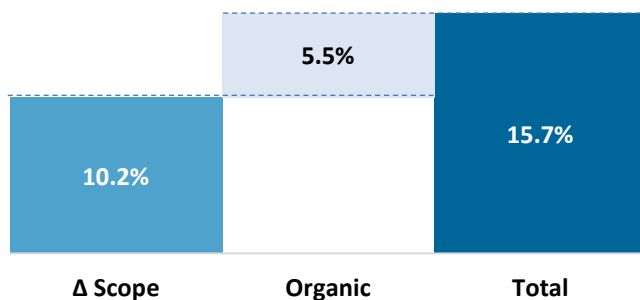
During 1H 2018 the Group realized €179,000 from the sale of a building. Non-recurring costs totaled € 535,000, of which €401,000 relate primarily to legal and consultancy costs for M&A operations and € 134,000 relating to personnel reorganization costs.

# Highlights – Digital Trust

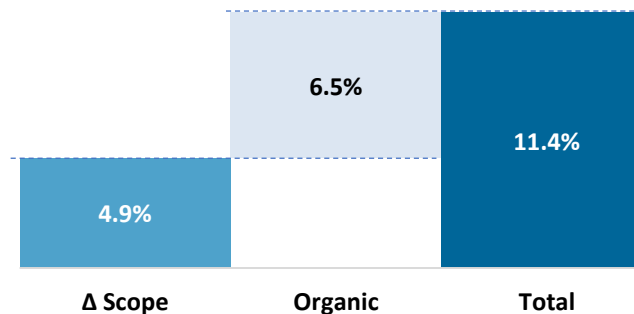
## Net of Non-recurring items

€ mn	1H 2018 <i>IFRS 2018</i>	1H 2018 <i>IFRS 2017</i>	1H 2017 <i>IFRS 2017</i>	Change <i>IFRS 2017</i>	Δ% <i>IFRS 2017</i>
Revenues	45.5	45.3	39.2	6.2	15.7%
EBITDA	11.5	11.2	10.0	1.1	11.4%
EBITDA Margin	25.3%	24.7%	25.6%	-1.0 pp	

Revenue Growth%



EBITDA Growth%



Revenues from the Digital Trust Business Unit amounted to €45,341 thousand, up 6,157 thousand euros compared to First Half 2017 (+15.7%), consisting of organic growth of 5.5% and an increase in the scope change of 10.2%.

EBITDA for the segment amounted to €11,183 thousand in First Half 2018 (+ 11.4% compared to 2017). Organic growth amounted to 6.5% while the aforementioned perimeter change accounted for an increase of 4.9%. The EBITDA margin of 24.7% is slightly down compared to First Half 2017. The decrease is attributable to the consolidation of Sixtema which has lower margins relative to other companies in the segment.

# Highlights – Credit Information & Management

## Net of Non-recurring items

€ mn	1H 2018 <i>IFRS 2018</i>	1H 2018 <i>IFRS 2017</i>	1H 2017 <i>IFRS 2017</i>	Change <i>IFRS 2017</i>	Δ% <i>IFRS 2017</i>
Revenues	37.2	37.2	36.8	0.4	1.0%
EBITDA	7.8	7.8	8.0	-0.2	-2.2%
EBITDA Margin	21.0%	21.0%	21.7%	-0.7 pp	

In the Credit Information & Management segment revenues amounted to €37,170 thousand. Compared to First Half 2017 there was a slight increase of 1.0%, consisting of organic growth of 1.1% and a decrease of -0.2% for effect of the deconsolidation from June 2018 of Creditreform Assicom Ticino SA.

EBITDA decreased slightly (-2.2%) compared to the same period of the previous year. The EBITDA margin is equal to 21.0% compared to 21.7% in First Half 2017.

These results partly reflect the process of integration of the two companies Assicom and Ribes not yet fully completed, which resulted in Innolva SpA.

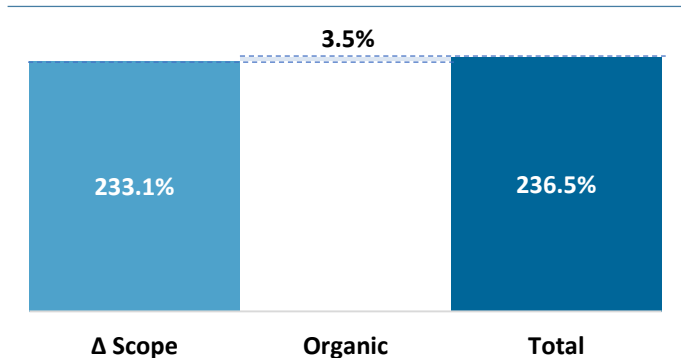


# Highlights – Innovation & Marketing Services

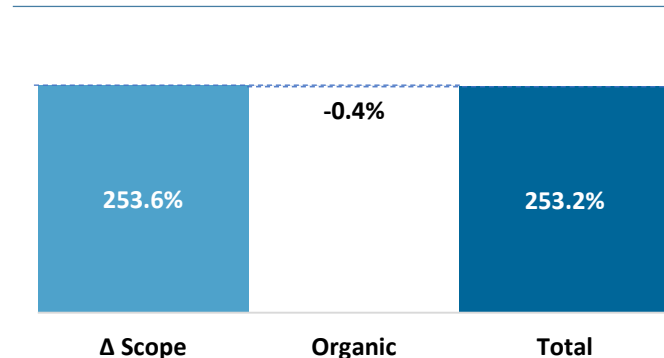
## Net of Non-recurring items

€ mn	1H 2018 <i>IFRS 2018</i>	1H 2018 <i>IFRS 2017</i>	1H 2017 <i>IFRS 2017</i>	Change <i>IFRS 2017</i>	Δ% <i>IFRS 2017</i>
Revenues	31.7	31.7	9.4	22.2	236.5%
EBITDA	13.0	13.0	3.7	9.3	253.2%
EBITDA Margin	41.1%	41.0%	39.1%	+1.9 pp	

Revenue Growth%



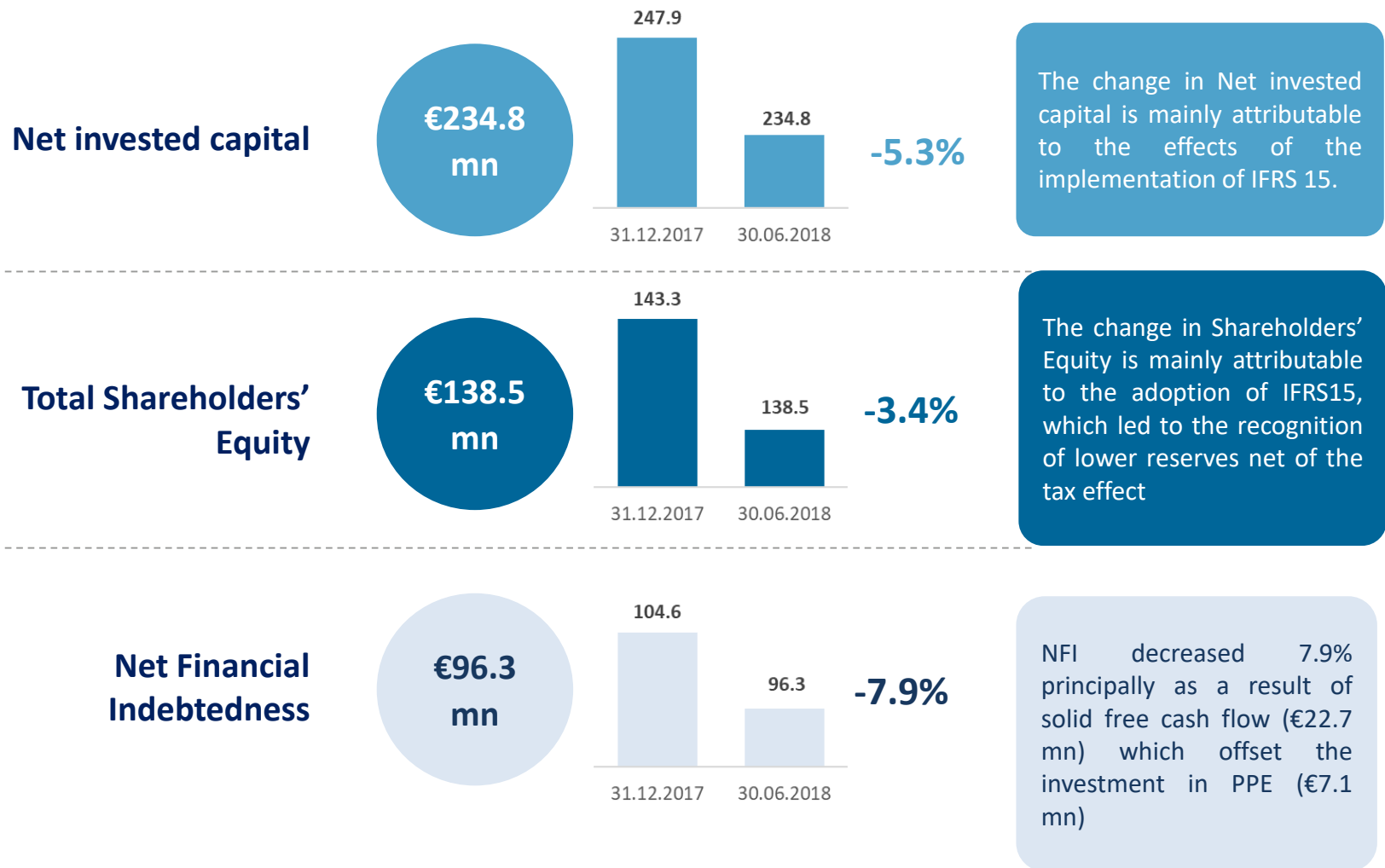
EBITDA Growth%



In First Half 2018, segment revenues amounted to €31,656 thousand, +236.5% compared to First Half 2017. Of this latter, organic growth registered an increase of 3.5% while the change in scope accounted for 233.1%.

EBITDA amounted to €12,986 thousand, up €9,309 thousand compared to First Half 2017 (+253.2%) due entirely to the change in scope. The EBITDA margin for the period stands at 41.0% versus 39.1% as at 30 June 2017.

# Balance sheet highlights



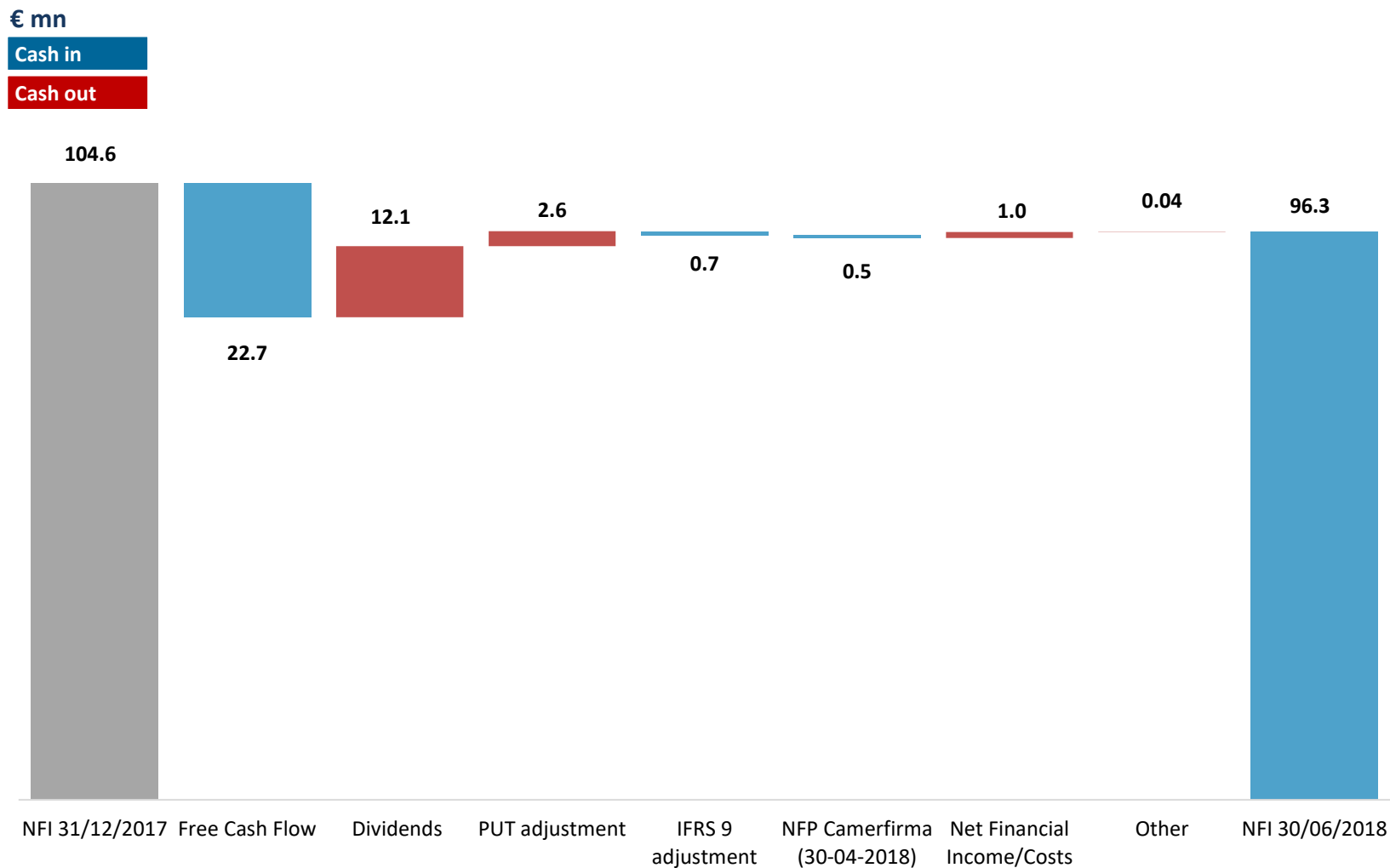
# Net Financial Indebtedness

€ mn	31/12/2017	30/06/2018
<b>Net Financial Indebtedness</b>	<b>104.6</b>	<b>96.3</b>
<b>Gross Financial Indebtedness</b>	<b>145.9</b>	<b>143.8</b>
Bank Debt	51.7	46.8
Loan from Tecno Holding S.p.A.	25.3	25.2
Debt associated w/acquisitions	65.7	66.4
PUT & CALL	50.6	53.1
Earn Out	4.0	3.7
Vendor loans (Co.Mark/Warrant)	11.1	9.5
Other Debt	3.2	5.4
<b>Cash &amp; Other ST Assets</b>	<b>(41.3)</b>	<b>(47.5)</b>
Cash	(37.0)	(43.4)
Other financial assets	(4.3)	(4.1)

Net Financial Indebtedness («NFI») at 30 June 2018 equaled €96.3 million, a reduction of 7.9% versus the YE 2017 figure of €104.6 million. The decline was principally caused by the strong cash generation recorded during the period. Net Free Cash Flow generated in the six month period equaled €22.7 million, that reflects €29.9 million of cash from operations and €7.1 million absorbed by investments in fixed assets (property, plant and machinery) and intangible assets.

NFI at 30 June 2018 includes €66.4 million of debt associated with acquisitions. Of this, €53.1 million related to Put/Call options on the outstanding minority shares, €3.7 million of Earn Out and €9.5 million of vendor loans (i.e. the financial impact of delayed payments).

# Free Cash Flow Effect on NFI



# Agenda

I.	1H 2018 Results	4
II.	Looking Forward	14
III.	Appendix	16

# Looking forward

## 2018 Full Year Results

Tecnoinvestimenti will continue its strategy to integrate the Group companies to maximize internal growth opportunities and synergies as well as to pursue inorganic opportunities, which remains a central element in the Group's development.

The solid results achieved in the first six months of the year, the positive trend of the business and the consolidation of the companies recently acquired permit the confirmation that the growth targets for the current year communicated to the market with the 2018-2020 Business Plan presentation will be amply achieved.

# Agenda

I.	1H 2018 Results	4
II.	Looking Forward	14
III.	Appendix	16

# Adjusted Net Profit

Summary Income Statement (€ '000)	1H 2018 <i>IFRS 2018</i>	1H 2018 <i>IFRS 2017</i>	1H 2017 <i>IFRS 2017</i>	Change <i>IFRS 2017</i>	Δ% <i>IFRS 2017</i>
<b>Net Profit</b>	<b>14,603</b>	<b>14,434</b>	<b>8,617</b>	<b>5,818</b>	<b>67.5%</b>
Non-recurring Revenues	(179)	(179)		(179)	
Non-recurring Service Costs	401	401	757	(356)	
Non-recurring Personnel Costs	134	134	380	(246)	
Amortisation of Intangibles recognised upon cost allocation (PPA)	1,984	1,984	2,227	(242)	
Non-recurring Financial Income			(747)	747	
Tax Effect	(674)	(674)	(937)	263	
<b>Adjusted Net Profit</b>	<b>16,269</b>	<b>16,100</b>	<b>10,296</b>	<b>5,804</b>	<b>56.4%</b>



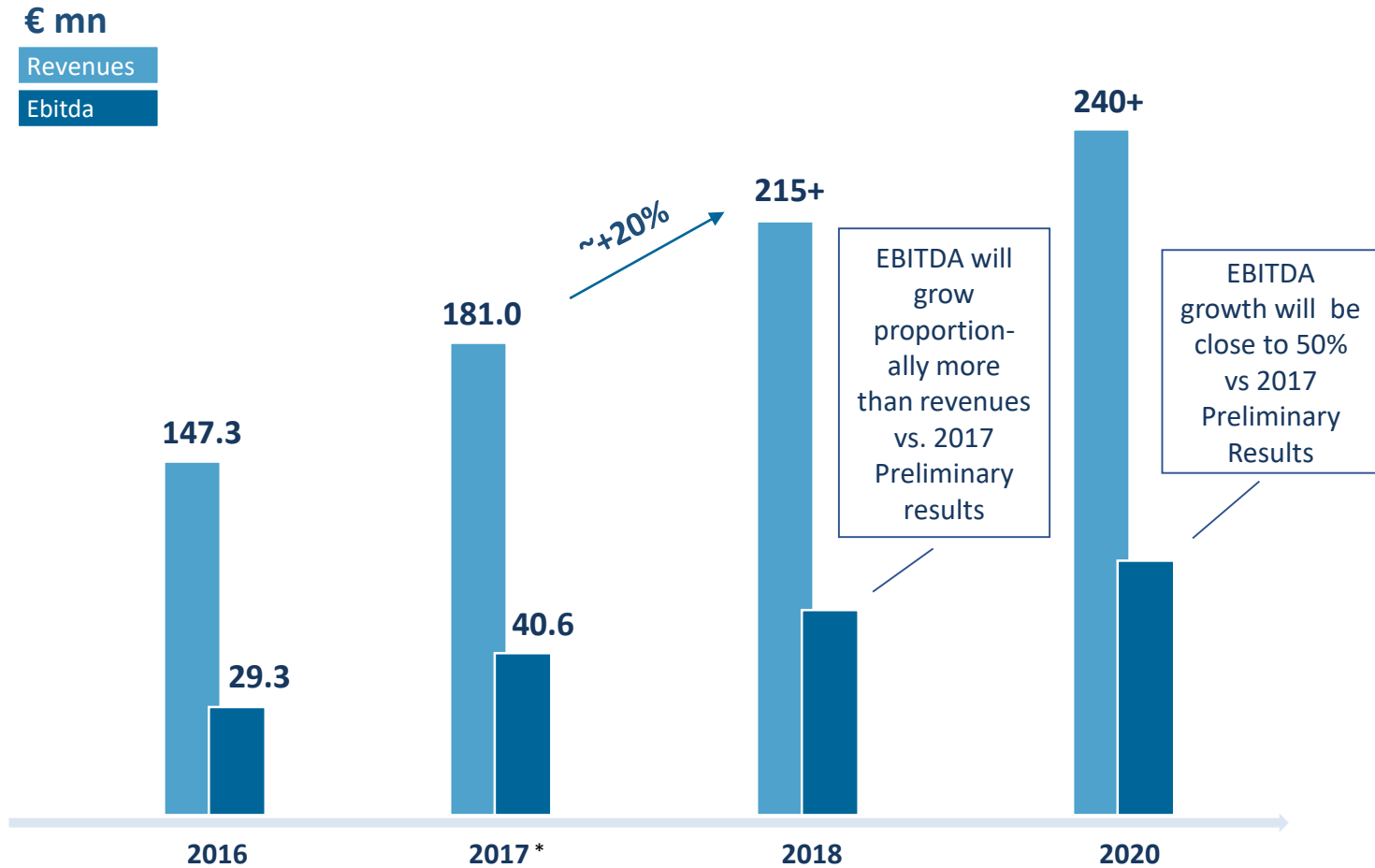
# Results by Business Segment

## Including non-recurring items

Summary Income Statement by Business Segment (€ '000)	1H 2018	EBITDA% 1H 2018	1H 2018	EBITDA% 1H 2018	1H 2017	EBITDA% 1H 2017	Change	Change IFRS 2017%		
	<i>IFRS 2018</i>	<i>IFRS 2018</i>	<i>IFRS 2017</i>	<i>IFRS 2017</i>	<i>IFRS 2017</i>	<i>IFRS 2017</i>	<i>IFRS 2017</i>	Total	Organic	Perimeter
<b>Revenues</b>										
Digital Trust	45,682		45,520		39,184		6,336	16.2%	5.9%	10.2%
Credit Information & Management	37,170		37,170		36,813		358	1.0%	1.1%	-0.2%
Innovation & Marketing Services	31,656		31,656		9,407		22,250	236.5%	3.5%	233.1%
Other (Holding Co. costs)	-		-		1		(1)	-60.1%	-60.1%	0.0%
<b>Total Revenues</b>	<b>114,510</b>		<b>114,347</b>		<b>85,404</b>		<b>28,943</b>	<b>33.9%</b>	<b>3.6%</b>	<b>30.3%</b>
<b>EBITDA</b>										
Digital Trust	11,642	25.5%	11,319	24.9%	10,039	25.6%	1,280	12.7%	7.9%	4.9%
Credit Information & Management	7,554	20.3%	7,554	20.3%	7,462	20.3%	92	1.1%	1.1%	0.1%
Innovation & Marketing Services	13,012	41.1%	12,986	41.0%	3,677	39.1%	9,309	253.2%	-0.4%	253.6%
Other (Holding Co. costs)	(3,335)	n.a.	(3,335)	n.a.	(2,793)	n.a.	(542)	-19.4%	-19.4%	0.0%
<b>Total EBITDA</b>	<b>28,873</b>	<b>25.2%</b>	<b>28,525</b>	<b>24.9%</b>	<b>18,386</b>	<b>21.5%</b>	<b>10,139</b>	<b>55.1%</b>	<b>1.7%</b>	<b>53.4%</b>

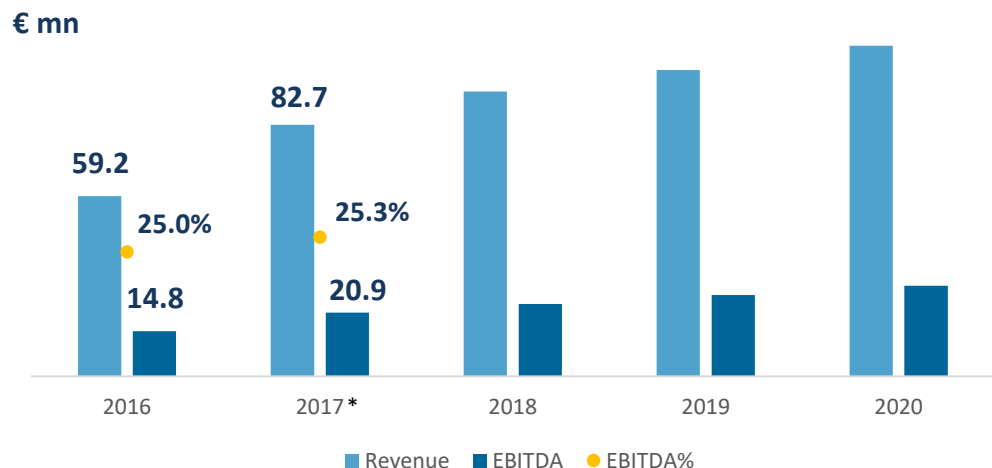
# Tecnoinvestimenti Group

## Business Plan 2018-2020 approved by the BoD



# SBU Digital Trust (2/2)

## 2018-2020 Business Plan



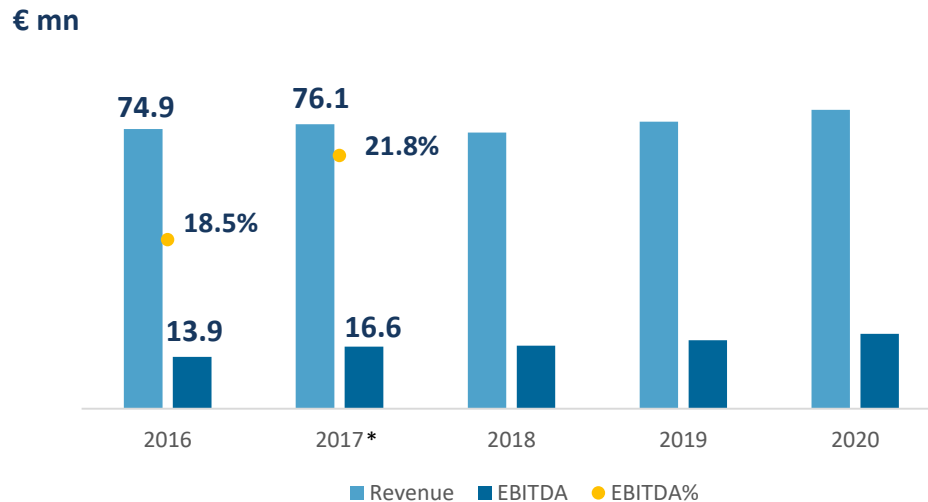
- Revenues will grow at almost double figures
- The EBITDA will increase more rapidly

- The InfoCert Group targets significant growth in revenues (almost double-digit), in line with the trend of recent years. Enterprise Solutions (DTS) aims for double-digit growth.
- Sixtema, revenues are expected to grow moderately, on average
- Visura 2018-2020 Plan characterized by a substantial stability, compared to 2017

\*Note: 2017 data reflect definitive results.

# SBU Credit Information & Management (2/2)

## 2018-2020 Business Plan



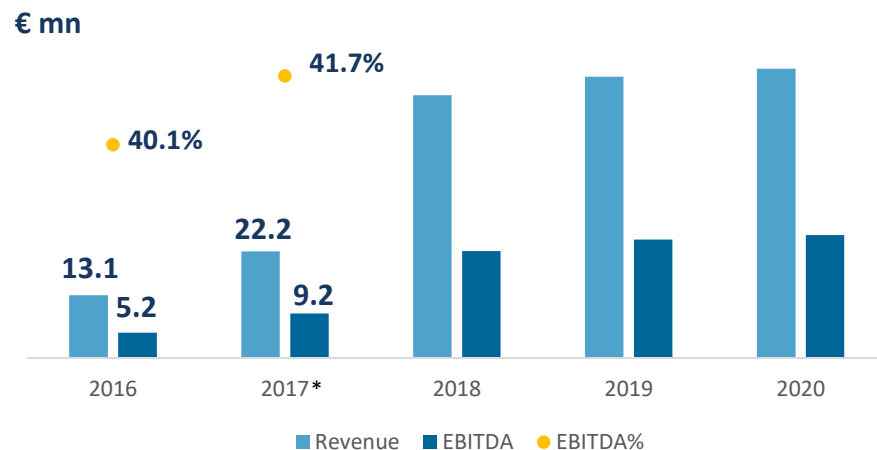
- Revenues: recurring business revenues will be almost stable in 2018 and subsequently will grow slightly
- EBITDA: slight growth in the EBITDA margin

\*Note: 2017 data reflect definitive results.

- **The 2018-2020 Plan for the AssicomRibes Group** is based on the following assumptions:
  - Modest growth in revenues is assumed after 2018.
  - assume a decrease in the incidence on revenues for data acquisition and legal advisory
  - Labor costs, marketing costs and costs related to the IT structure are assumed to increase.
  - Governance costs decrease significantly.
- **REValuta's 2018-2020 Plan** is characterized by:
  - sustained growth in revenues in 2018 due to a successful marketing campaign in 2017
  - By 2020, a more modest growth in revenues is assumed
  - No change in margins

# SBU Innovation & Marketing Services (2/2)

## 2018-2020 Business Plan



- Revenues: 2018 revenues will grow with the scope of consolidation and the consolidation of the 12 month results of Warrant Group, as well as due to sustained growth of Co.Mark's business
- EBITDA will follow the trend of revenues

\*Note: 2017 data reflect definitive results.

### Co.Mark Group:

- revenue growth of 10+%, w/growth concentrated in 2018 and 2019 driven by an increase in the number of orders managed on average during the year. ~46% contracts refer to non-MISE (Ministry of Economic Development) projects, <10% from incentive policies of the MISE;
- Circa 30% of the 2018 and 2019 revenues refer to backlog
- Operating costs remain stable or proportional to revenues, with the exception of personnel costs (up in 2018)

### Warrant Group:

- 2017 Revenues pro-forma demonstrated an increase 50+%
- Relative to Pro forma 2017 moderate growth expected in 2018-2020



**TECNOINVESTIMENTI**