

Conference Call Presentation

**Tecnoinvestimenti Group**  
**Digital Trust Strategic Partnership**  
**InfoCert & LuxTrust Joint Venture**

27 September 2018



**TECNOINVESTIMENTI**

# International growth strategy through InfoCert



TECNOINVESTIMENTI

*“Tecnoinvestimenti, via InfoCert, is creating **the leading Pan-European Trust Service Provider** through the acquisition of local champions to **deliver Trust services to customers and manage digital identities of European citizens in strict compliance with EU laws**”*

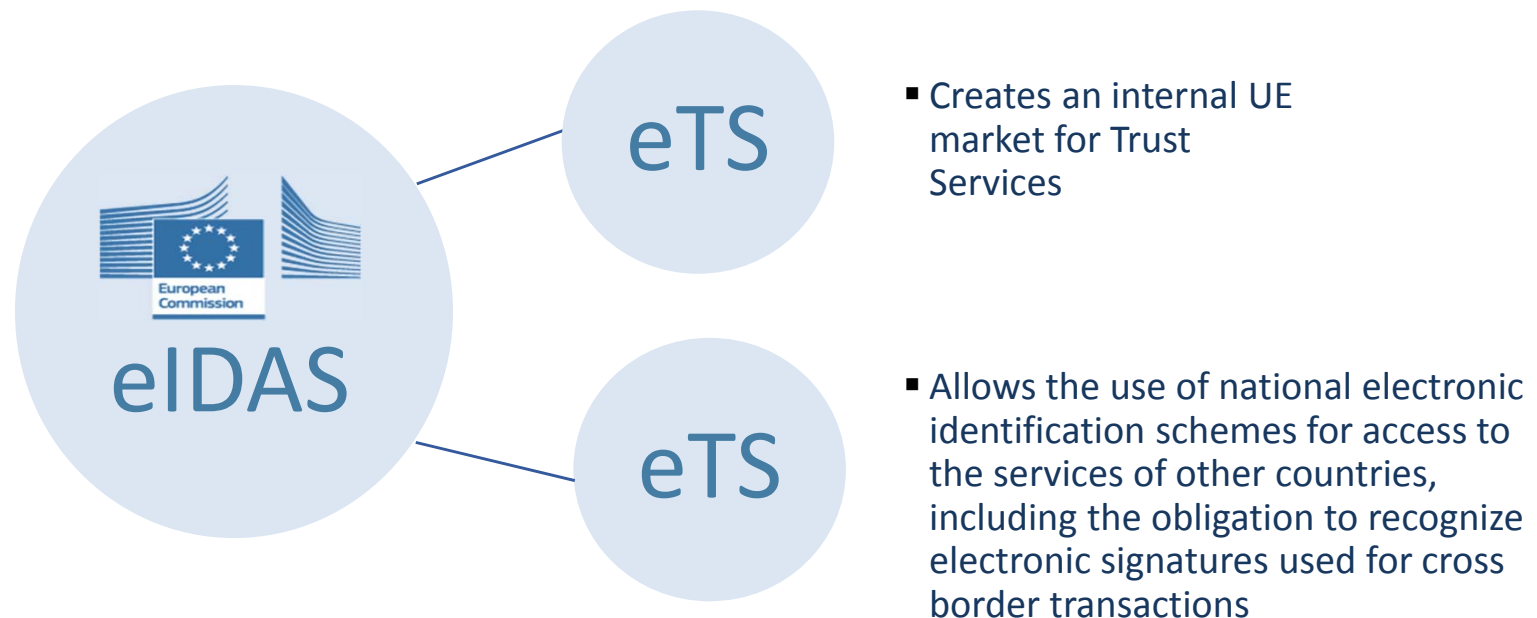


# eIDAS Regulation: the basis for Pan-European Trust Services

eIDAS regulation (the regulation on **electronic Identification And trust Services** for electronic transactions in the internet market) was adopted in 2014, but became effective in July 2016.

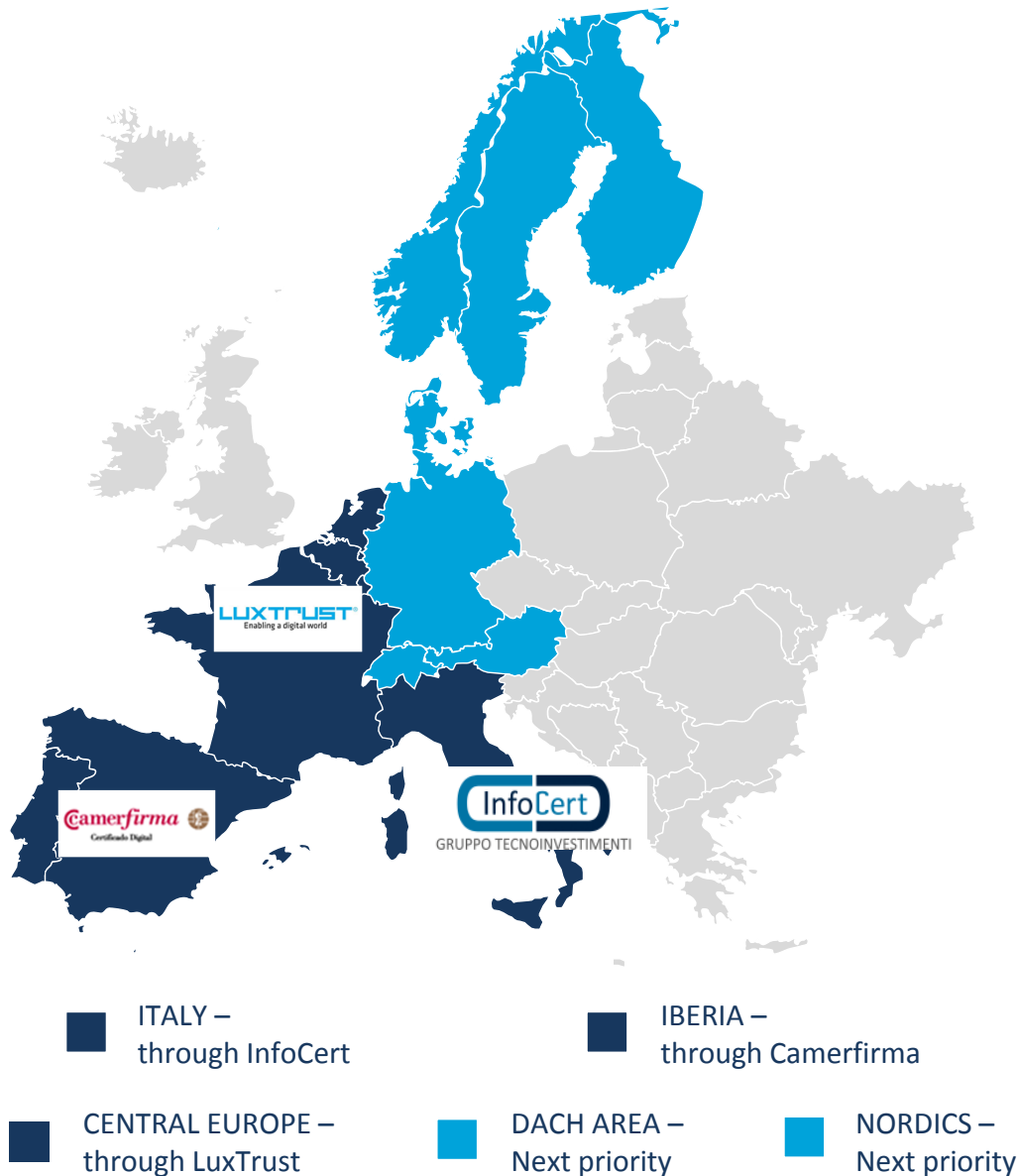
The result is that for the first time there is a consistent legal framework and a single market for the recognition of electronic signatures and digital identities across all the EU member states. **This provides the sector with a predictable regulatory environment to develop and expand the use of electronic signatures and transactions in the EU.**

The regulation has standardized market access, allowed for interoperability and opened the European market. **The creation of a Digital Trust single market has also attracted the interest of big American players.**



# EU Coverage through local champions

Strategy



## Unified legal base: EIDAS

Access to all EU countries with the same solutions and legal framework

## Concentration process

The market is expected to evolve towards a scenario with a lower number of players and a larger average size

## Leverage InfoCert proposition

Demand growing for TOP, GoSign and other innovative products, such as MID PKI

## Increase geographic footprint

Enter new international markets while preserving market leadership in current markets

# Strategic rationale



Strong brand awareness and leadership position in Luxembourg where LuxTrust is the only QTSP



Strong institutional support: owned by the Luxembourg Government and main financial institutions



Complementary offering with InfoCert proposition  
2<sup>nd</sup> R&D center



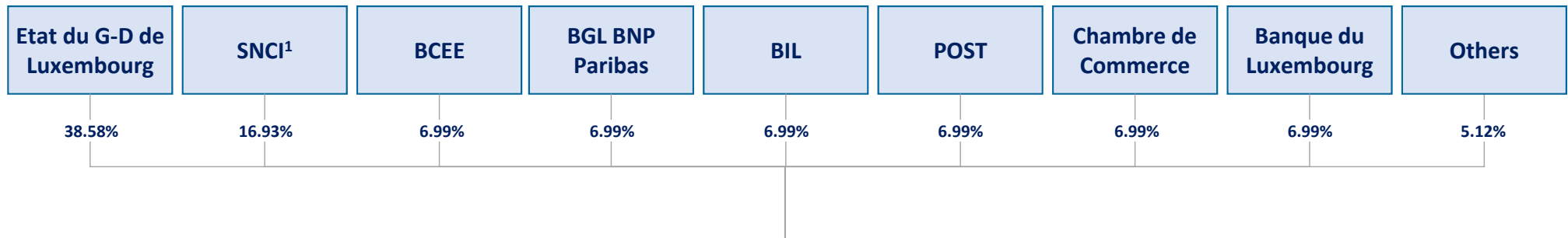
Prominent client base in the financial sector  
Entryway into Central Europe



LuxTrust's revenues expect to grow double-digit in the next 3Ys thanks to synergies with InfoCert

# The only Luxembourgish Qualified Trust Service Provider (QTSP)

- Founded in 2005 LuxTrust is **the only Luxembourgish Qualified Trust Service Provider (QTSP)**, with solid institutional background and full coverage of the electronic identities in Luxembourg
- The main shareholders are the **Government of Luxembourg** and the **Societe Nationale de Credit et d'Investissement - SNCI<sup>1</sup>**, the **Luxembourg Post**, the **Luxembourg Chamber of Commerce**, and the main **Luxembourgish banks**.
- LuxTrust offers **two main** lines of product:
  - i. **Trust services:** authentication and signature services (e.g. eIDAS compliant advanced and qualified electronic signature, electronic timestamp, electronic advanced or qualified seal);
  - ii. **ID services:** signature and authentication of natural or legal persons through digital certificates;

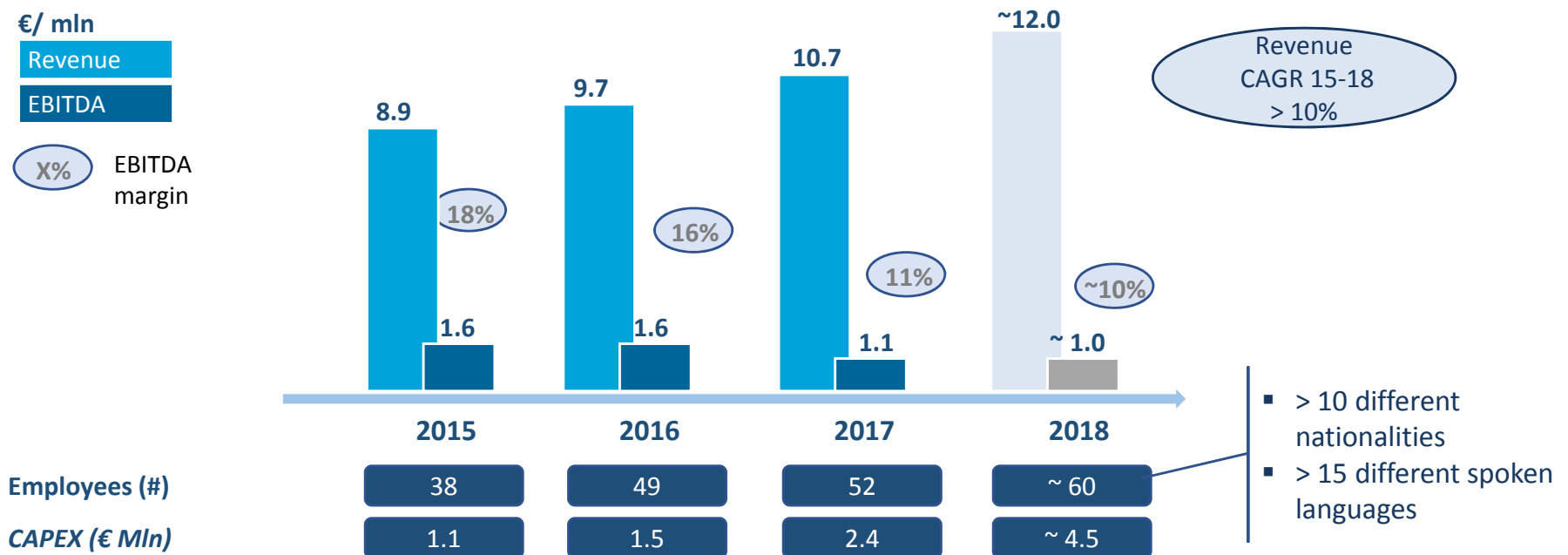


**LUXTRUST**<sup>®</sup>  
Enabling a digital world

<sup>1</sup> SNCI is a public-law banking institution specializing in the medium- and long-term financing of Luxembourgish companies . It provides loans for investment, innovation and export activities.

# Revenue increased over 10% in the last 3 years

- LuxTrust has concentrated on market expansion in 2015-2018: revenues have grown over 10% CAGR.
- In order to support further long term growth, with particular reference to its international presence, the company has invested consistently in new employees (+circa 50% from 2015 to 2018) and in the development of software applications and maintenance of IT infrastructure (2018 CAPEX ~ 2,5 times normalized level of previous years)
- EBITDA margin, consequently, decreased **from 18% to about 10% in 2018 (current forecast)**
- Following the transaction, **significant CAPEX and OPEX synergies are expected due to joint R&D investments, common international sales organization and increase bargaining power with key suppliers of technologies.**



# Transaction details



## 50% of capital acquired

Through the underwriting of € 12.0 mln capital increase  
Closing will take place by year-end



## Price Adjustment

Based on calculation of Net Debt at year-end 2018, a price adjustment will be paid up to a maximum of €4.0 mln



## Financing the Transaction

As per Group policy, the transaction will be funded partly by internal resources and partly by recourse to financial debt



## Accounting Treatment & Governance

The joint venture will be accounted on an equity method basis  
LuxTrust will be governed with a new Board of Directors equally shared between shareholders



# Take-aways

- **Important transaction** from a strategic point of view as LuxTrust provides an **entryway into the large French, Dutch and Belgian markets**
  - >>> **InfoCert's Enterprise products** will be **critical** in accessing these markets
- InfoCert acquires a significant stake in a **technological leader** in the **Francophone markets** and intends to **develop** further the **R&D** capabilities in **Luxembourg**
  - >>> Significant expertise in mobile signing technologies
- Second step in creating the **European Champion in Digital Trust**
  - >>> Further momentum towards the achievement of our **goal**