



# | DigiTouch Financial Results H1-2019

**Conf Call Meeting**

17th September 2019



# AGENDA

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- **1** Company Profile
- **2** Approval of Financial Statements at 30 June 2019
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# 1 • COMPANY PROFILE



ONE OF THE MAIN  
INDEPENDENT PLAYER  
IN ITALY SPECIALIZED  
IN DIGITAL MARKETING  
AND DIGITAL  
TRANSFORMATION

**Integrated Offer:**

- ✓ Technology & Data
- ✓ E-commerce & Content
- ✓ Digital Marketing

**2007**  
SET UP  
DIGITOUCH

**2015**  
WENT PUBLIC ON  
**AIM**Italia  
*Borsa Italiana*

~ **220**  
PROFESSIONALS

**2** Milan  
OFFICES Rome



# MILESTONES

In 12+ years of history

**2007**

SET UP

> **DigiTouch**

**2014**

ACQUISITION

> **Performedia**

**2015**

SET UP

> **Audiens**  
> **Digital Automotive Solutions**

ACQUISITION

> **TheBlogTv Communities**  
> **Back Office - MutuiperlaCasa.com**  
> **E3**

STOCK EXCHANGE  
on **AIM Italia** market

**2016**

ACQUISITION

> **Open Gate Italia's**  
shares

SALES AGREEMENT

> **MediaMob** to **Mobyt**

ACQUISITION

**Optimized Group**

LAUNCH

Of the agency trading  
desk **DAPCenter**

**2017**

LAUNCH

> **DigiTouch Consulting**

LAUNCH

> **Digital Automotive Solutions**

> Strategic and business  
PARTNERSHIP  
with **IPG**

SALES AGREEMENT

> **Audiens** to **Bango**

**2018**

ACQUISITION

> **Purple Ocean**

**2019**

ACQUISITION

> **Meware**

**From Digital Marketing Company to FULL DIGITAL PLATFORM COMPANY**



# Digital Transformation Market in Italy

Growth estimate: 10 billion € within 2020

**7,5**  
billion €  
in 2018

In Italy **the investments in Digital Transformation** of medium and large companies have exceeded **7,5 billion in 2018**

**10**  
billion €  
in 2020

in Italy **the investments in Digital Transformation** of medium and large companies will exceed **10 billion in 2020**

In 2019, **71% of Italian companies will invest in Digital Transformation.** In 2015 it was 52%.

**71%**  
in 2019

**WITH THE LAST TWO ACQUISITIONS (PURPLE OCEAN AND MEWARE),**

**DIGITOUCH HAS STEPPED INTO THE MARKET OF DIGITAL TRANSFORMATION AND HAS DOUBLED ITS ADDRESSABLE MARKET.**

# Digital Transformation Market worldwide

Growth estimate: >600 billion \$ within 2023

**600**  
**Billion \$**  
**Within 2023**

**Worldwide Digital Transformation market will double its turnover in 5 years**, overpassing 600 billion \$ in 2023 according to some forecasts

Estimated  
**Growth Rate**  
for the next  
4-5 years

**18%**

According to the forecasts of International Data Corporation (IDC), **within 2020 at least 55% of organizations will be digitized.**

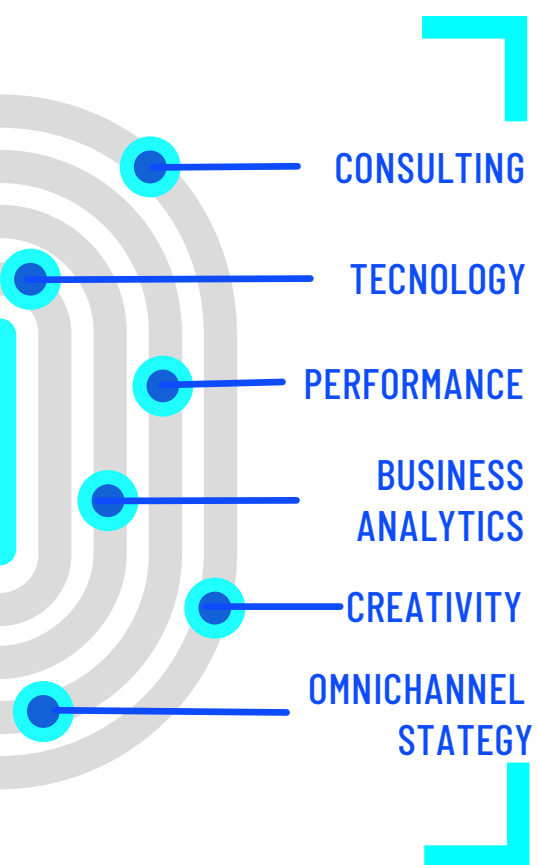
Moreover:

- **80%** of the world's top 2000 companies **will use data management and monetization functions**
- **30%** of them **will have implemented digital** twins of their **operating processes**
- **30%** will allocate around **10% of revenues for digital strategy design**
- **35%** of workers **will use** Bots or other **forms of artificial intelligence**

Source: Market Research Engine and Markets&Markets

# GRUPPO DIGITOUCH: FULL DIGITAL COMPANY PLATFORM

The pillars of our approach



| E3                        | DIGITOUCH AGENCY<br>perfoRMEDIA<br>planning with digital DNA | Optimized Group. | Purple Ocean        | Meware<br>MARKETING INTELLIGENCE |
|---------------------------|--|------------------|---------------------|----------------------------------|
| DIGITAL PR                | OMNICHANNEL STRATEGY   | SEO ONSITE       | PURPLE X            | BUSINESS ANALYTICS               |
| SOCIAL MEDIA              | MEDIA ADVERTISING  | SEO OFFSITE      | E-COMMERCE          | MACHINE LEARNING                 |
| VIDEO & CONTENT MARKETING | MOBILE MARKETING   | SEO VOICE SEARCH | MANAGED SERVICED    | PROCESS AUTOMATION               |
| SPECIAL PROJECTS          | ADDRESSABLE MEDIA  | CRO              | MOBILE APPLICATIONS | GAMIFICATION PLATFORM            |
| CHATBOT                   | OFFLINE  |                  | WEB SERVICES        | DIGITAL ANALYTICS                |
| EXPERIENCE DESIGN         |  |                  |                     | DASHBOARD                        |
| UX/UI                     |  |                  |                     |                                  |





# Our market offer in evolution

**DIGITAL  
MARKETING**

**E-COMMERCE  
& CONTENT**

**TECHNOLOGY  
& DATA**

## Focus on Data Driven Customer Experience

- 1) Strategy
- 2) Data Driven Media
- 3) Performance
- 4) Analysis Tracking
- 5) SEO & CRO
- 6) Omnichannel Communication

- 1) e-Commerce Solution
- 2) Experience Design
- 3) Social Content
- 4) Data Driven Creativity
- 5) Brand Experience
- 6) Cloud Solutions

- 1) Business Analytics
- 2) Artificial Intelligence
- 3) Integration Platforms
- 4) Business Process Automation
- 5) Gamification
- 6) System & Solutions Integration

# PARTNERSHIPS & TECHNOLOGIES

## To leverage on market competitiveness

### Strategic partnerships

adform

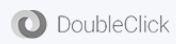


adverity

amazon



audiens



entando



Highstreet.io

iab.italia



ORACLE PARTNER

OSSERVATORI.NET digital innovation

Power BI



TIBCO

### Own technologies



Chatbot



Risk Management



Pac



Cognitive Platform



Cms Social



BPA



Cms Custom



Sviluppo UX/UI



Dealer Tab



Test Automation



Store Locator



Gamification Platform iEGP®



Analytics



## INTERNATIONAL POSITIONING

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Gruppo DigiTouch has partnered with independent international agencies to help brands expand and promote their business abroad.

**The Group is able to support national and international clients in digitization and marketing strategies at a global level**



# The differentiating factors



**FOCUS ON DATA-DRIVEN CUSTOMER EXPERIENCE**



**DATA APPROACH**



**STRATEGIC PARTNERSHIPS**



**MULTIDISCIPLINARIES TEAM**



**COMPETENCES AND CONSULTING MIX**



**R&D OF INNOVATIVE TECHNOLOGICAL SOLUTIONS**

# Client portfolio – Full diversification

## RETAIL & E-COMMERCE



## FINANCE & INSURANCE



## TELCO, UTILITIES, SERVICES & TECH



## FASHION



## PHARMA & HEALTHCARE



## TRAVEL, EDUCATION & ENTERTAINMENT



## FOOD & BEVERAGE, CONSUMER GOODS



## AUTOMOTIVE





## 2 • APPROVAL OF FINANCIAL STATEMENTS AT 30 JUNE 2019

# DigiTouch SpA



**DIGITAL  
MARKETING**

**E-COMMERCE  
& CONTENT**

**TECHNOLOGY  
& DATA**

**Equity method  
participation**

# Closing H1-2019

## Gruppo DigiTouch Profit & Loss



- Total **revenues** amounted to 16.6 million euros, **up 7%** compared to the same period in 18'. In particular, the Adv division and, in particular, the DGT unit suffered from the non-renewal of some customers and therefore saw a 20% decline in the market.



- **Operating costs** decreased by 4% compared to an increase in revenues of 8% but mainly due to a careful policy of increasing efficiency and internalising certain services



- **Personnel costs** increased by 52% essentially due to the enlargement of the scope of consolidation with the inclusion of Meware and Purple Ocean and partly due to the increase in the salaries of the more "top" figures in a logic of retention



- A slight increase in **amortization, depreciation and write-downs** mainly due to the amortization of goodwill of Meware and Purple Ocean to credit risk of around 100 thousand euros



- **Net result** showing a significant improvement compared to the same period of the previous year.

### GRUPPO DIGITOUCH – RECLASSIFIED CONSOLIDATED INCOME STATEMENT

| (Million Euro)   | H1 2019 [A]   | %           | H1 2018 [B]   | %           | Change [A]-[B] | %         |
|--|---------------|-------------|---------------|-------------|----------------|-----------|
| Operating Revenues   | 15.360        | 92,4        | 14.278        | 91,8        | 1.082,0        | 8         |
| Other Revenues   | 825           | 5,0         | 815           | 5,2         | 10,4           | 1         |
| Capitalized Costs  | 435           | 2,6         | 453           | 2,9         | (17,9)         | (4)       |
| <b>Total revenues</b>                                      | <b>16.621</b> | <b>100</b>  | <b>15.546</b> | <b>100</b>  | <b>1.074,5</b> | <b>7</b>  |
| Operating Costs  | 10.949        | 65,9        | 11.395        | 73,3        | (446,5)        | (4)       |
| Labour Cost  | 3.108         | 18,7        | 2.047         | 13,2        | 1.060,6        | 52        |
| <b>EBITDA Adjusted</b>                                     | <b>2.564</b>  | <b>15,4</b> | <b>2.104</b>  | <b>13,5</b> | <b>460,4</b>   | <b>22</b> |
| Non Recurring Costs  | 165           | 1,0         | 195           | 1,3         | (30,0)         | (15)      |
| <b>EBITDA</b>  | <b>2.399</b>  | <b>14,4</b> | <b>1.908</b>  | <b>12,3</b> | <b>490,4</b>   | <b>26</b> |
| Depreciation, write-downs,<br>Other provisions and charges | 1.577         | 9,5         | 1.308         | 8,4         | 268,5          | 21        |
| <b>EBIT</b>  | <b>822</b>    | <b>4,9</b>  | <b>600</b>    | <b>3,9</b>  | <b>221,8</b>   | <b>37</b> |
| Financial Income/(expense)                                 | (212)         | (1,3)       | (161)         | (1,0)       | (51,4)         | 32        |
| Adjustments on Financial Assets                            | 610           | 3,7         | 440           | 2,8         | 170,6          | 39        |
| <b>Profit before Tax</b>                                   | <b>610</b>    | <b>3,7</b>  | <b>440</b>    | <b>2,8</b>  | <b>170,6</b>   | <b>39</b> |
| Taxes for the year   | (209)         | (1,3)       | (155)         | (1,0)       | (54,7)         | 35        |
| <b>Consolidated Net profit</b>                             | <b>401</b>    | <b>2,4</b>  | <b>285</b>    | <b>1,8</b>  | <b>115,9</b>   | <b>41</b> |
| <i>Of competence:</i>                                      |               |             |               |             |                |           |
| Third-party equity interest                                | 236           | 1,4         | -             | 0,0         | 236,463        |           |
| n.a. not applicable  |               |             |               |             |                |           |



# Closing H1-2019

## Gruppo DigiTouch Balance sheet



- The **fixed capital** of '19 is up by **0.9 million** net compared to the previous year for the following main reasons: (i) contribution of the newly acquired Meware (0.3 million); (ii) investments in Research and Development activities for 0.4 million; (iii) Meware goodwill accounting for 0.9 million, (v) PPA (Purchase Price Allocation) for 0.4 million (iv) depreciation for 1.3 million.



- The increase in working capital is attributable to the increase in **trade receivables** for a total of 1.9 million euros due to the increase in revenues.



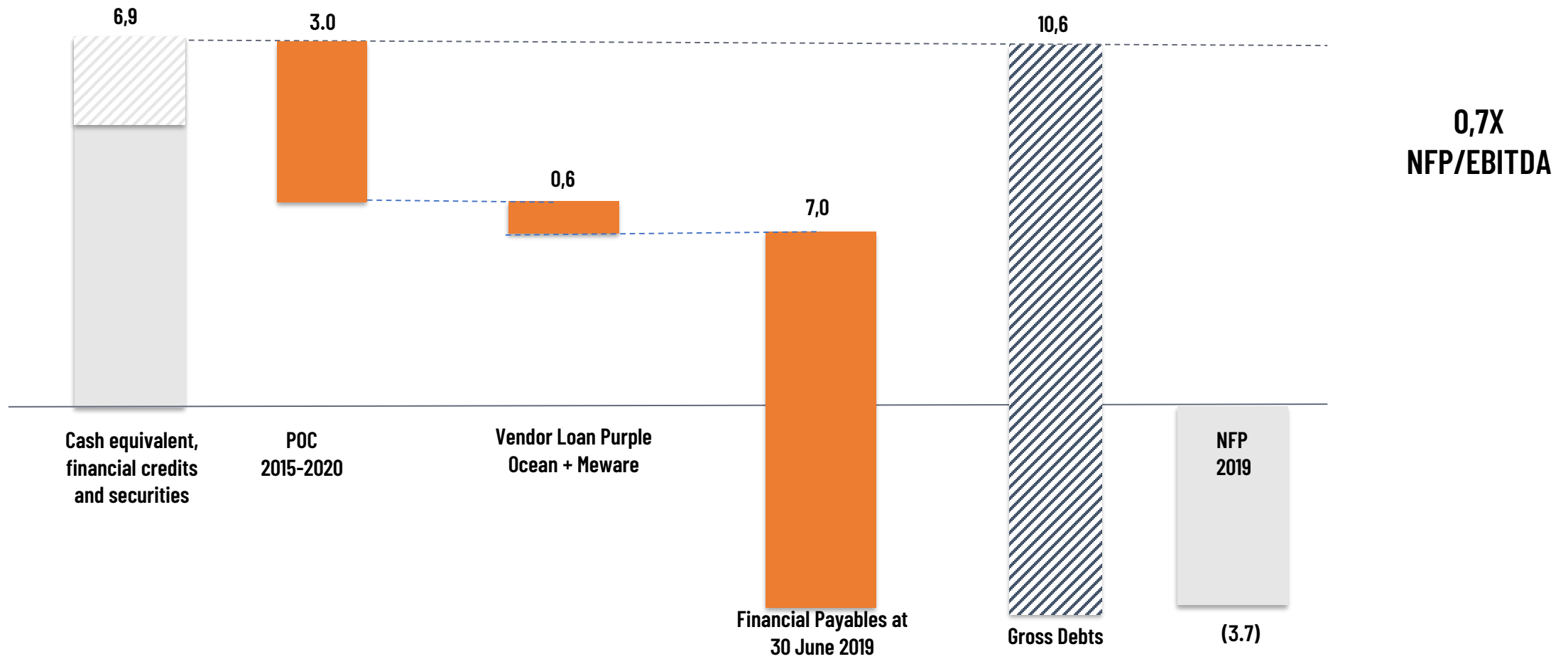
- Trade payables** show a reduction of 0.5 million as a result of the increasingly efficient management of the supplier base as well as the internalisation of some services previously outsourced



- Financial Position:** increase of approximately 2.3 million euros determined by the acquisition of Meware financial commitment for about 1.2 million purchase of equity (to which I refer a negative NFP for around 400 thousand euros) and the sharp increase in net working capital (+ 2.1 million euros). Compared to a conservative forecast of EBITDA of around 5 million euros on an annual basis the ratio **NFP/EBITDA = 0,74**

| GRUPPO DIGITOUCH - RECLASSIFIED CONSOLIDATED BALANCE SHEET |                |               |                |              |
|--|----------------|---------------|----------------|--------------|
| (Million Euro)   | 30-Jun-19 [A]  | 31-Dec-18 [B] | Change [A]-[B] | %            |
| <b>Fixed Asset</b>   | <b>15.143</b>  | <b>14.269</b> | <b>874</b>     | <b>6,1</b>   |
| Goodwill   | 9.311          | 9.148         | 163            | 1,8          |
| Development Costs  | 335            | 266           | 68             | 25,5         |
| Other Intangible Assets                                    | 4.927          | 4.283         | 645            | 15,1         |
| Tangible Fixed Assets                                      | 368            | 370           | (2)            | (0,6)        |
| Financial Fixed Assets                                     | 202            | 202           | 0,00           |              |
| <b>Working Capital</b>                                     | <b>3.978</b>   | <b>1.877</b>  | <b>2.101</b>   | <b>111,9</b> |
| Commercial credits   | 14.343         | 12.392        | 1.951          | 15,7         |
| Commercial Debts   | (8.649)        | (9.166)       | 517            | 5,6          |
| Accrued and deferred income and charges                    | (192)          | (587)         | 395            | 67,3         |
| Other Assets and Liabilities                               | (1.523)        | (762)         | (761)          | 99,9         |
| <b>Severance Pay</b>                                       | <b>(1.128)</b> | <b>(594)</b>  | <b>(533)</b>   | <b>89,7</b>  |
| <b>NET INVESTED CAPITAL</b>                                | <b>17.994</b>  | <b>15.552</b> | <b>2.442</b>   | <b>15,7</b>  |
| Group Equity   | 13.917         | 13.793        | 124            | 0,9          |
| Third-party Equity   | 341            | 273           | 68             | 25,0         |
| <b>Net Assets</b>  | <b>14.258</b>  | <b>14.066</b> | <b>192</b>     | <b>1,4</b>   |
| Financial and bond debts                                   |                |               |                |              |
| - short term   | 6.792          | 2.560         | 4.233          | 165,4        |
| - long term  | 3.806          | 4.896         | (1.090)        | (22,3)       |
| Cash and Cash Equivalents                                  | (4.575)        | (4.070)       | (505)          | 12,4         |
| Securities non instrumental to the operational activity    | (1.551)        | (1.409)       | (142)          | 10,1         |
| Financial Receivables                                      | (737)          | (491)         | (246)          | 50,1         |
| <b>Net Financial Position</b>                              | <b>3.736</b>   | <b>1.486</b>  | <b>2.250</b>   | <b>151,4</b> |
| <b>COVERS</b>  | <b>17.994</b>  | <b>15.552</b> | <b>2.442</b>   | <b>15,7</b>  |
| <b>LEVERAGE</b>  | <b>0,26</b>    | <b>0,11</b>   |                |              |

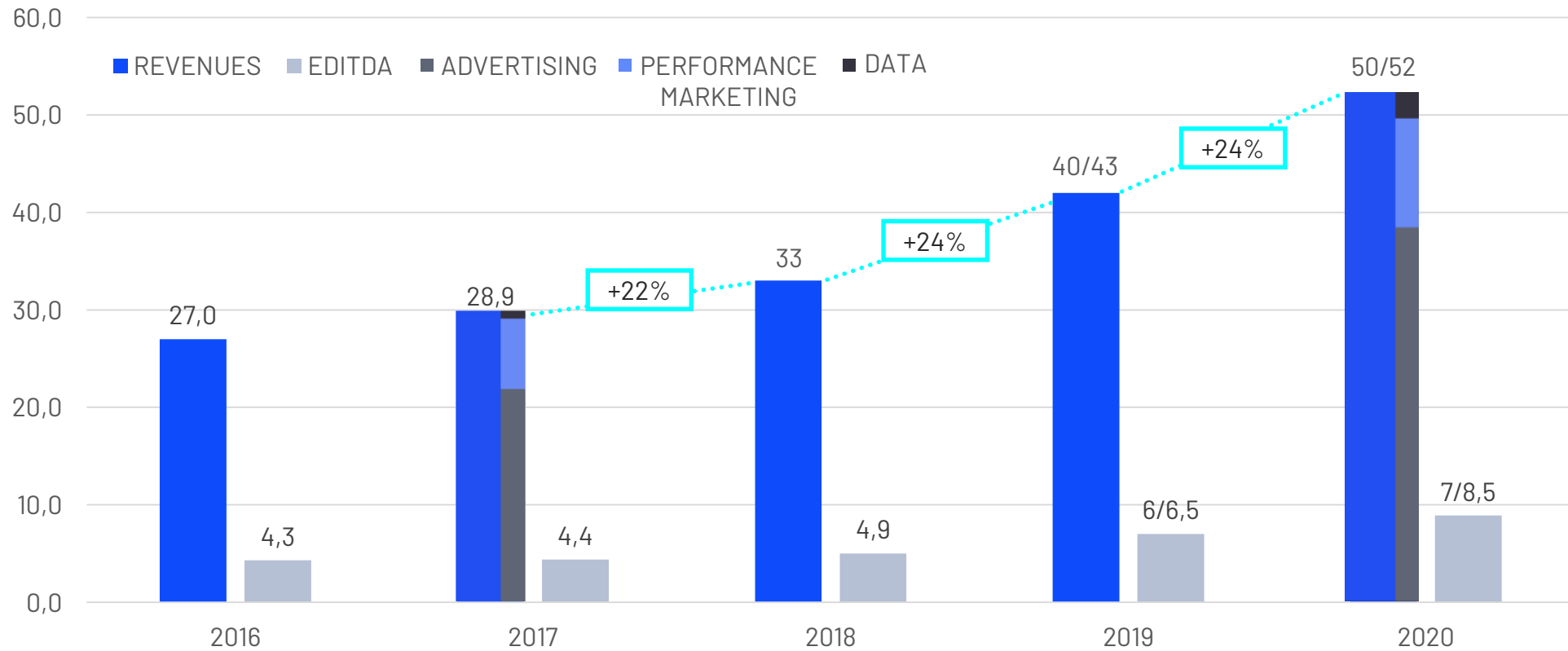
# Closing H1 2019 – Gruppo DigiTouch Net financial positions





# Revenues & MOL progression

## DigiTouch business plan 2018-2020

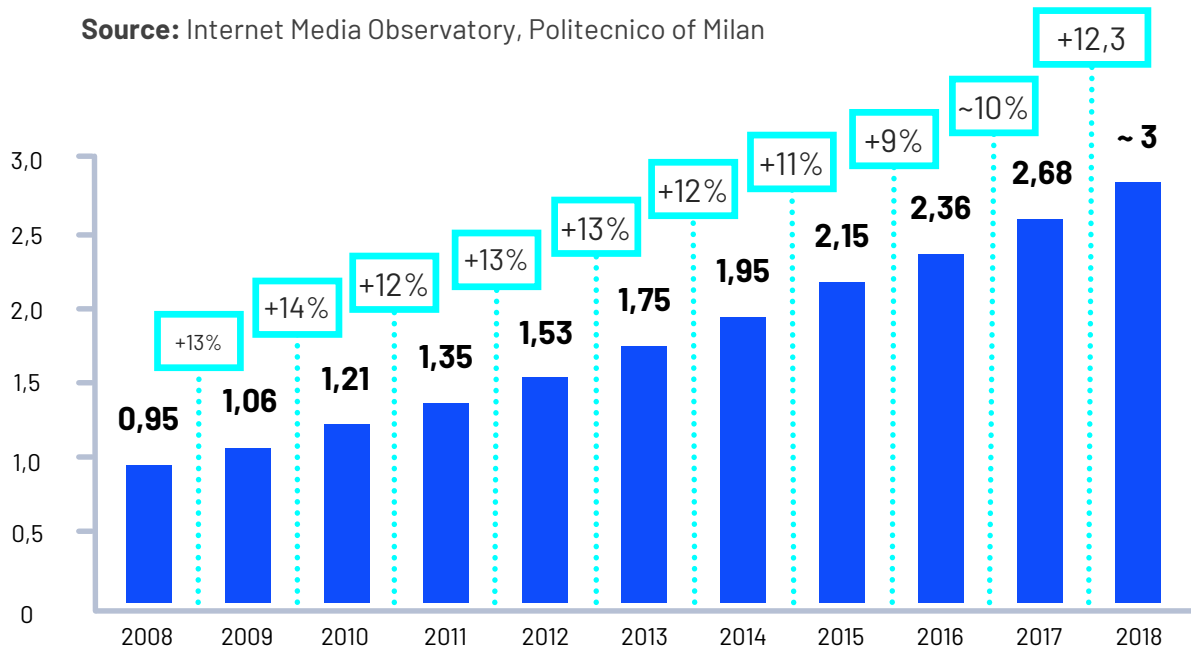


Value in Million Euro

**PROGRESSIVE DIVERSIFICATION OF REVENUE STREAMS ON SBUs**

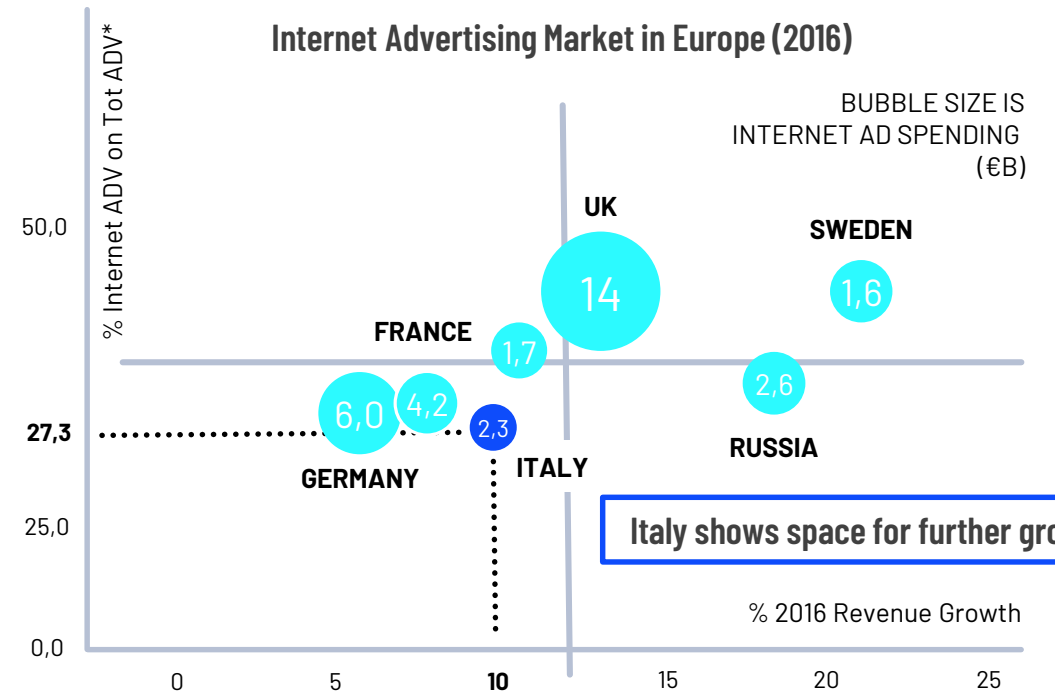
# Growing primary target market, with potential much larger

Source: Internet Media Observatory, Politecnico of Milan



## INTERNET ADVERTISING MARKET: TRENDS OF GROWTH

50-55% of the turnover is generated by performance advertising activities



## POTENTIAL MARKET

Italy digital marketing market is expected to grow additional 1,5 billions in 5 years

# Digital Marketing Competitive Map

## LARGE 5 INTERNATIONAL GROUPS

- More than 100 million Euros turnover in Digital
- Complete Product Offer
- Major Large Clients
- Business Development based on tenders

## MEDIUM AGENCIES & DIGITAL GROUPS

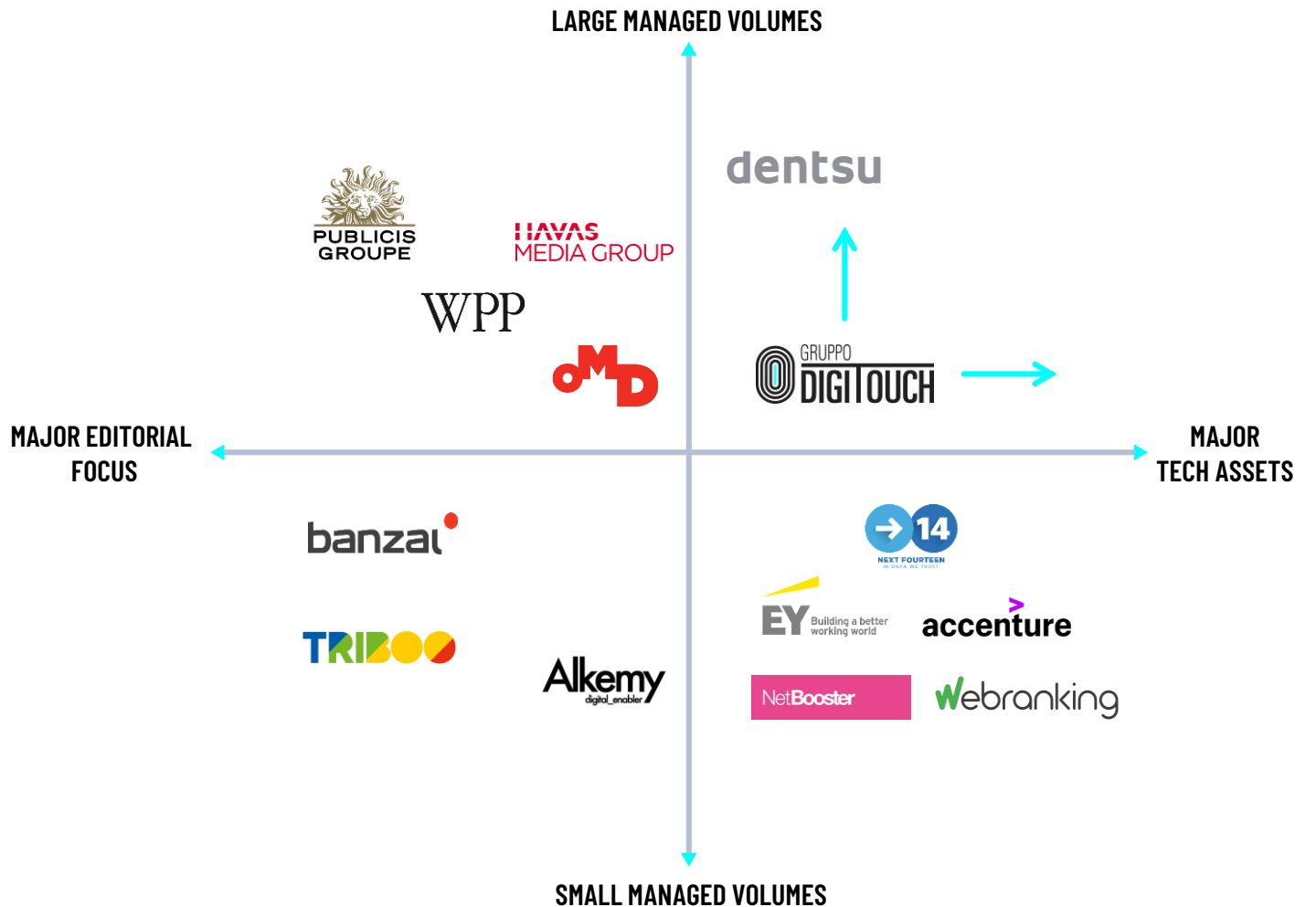
- Between 25 and 50 million Euros turnover
- Complete Product Offer
- Medium Large Clients
- Business Development partially based on tenders

## MORE THAN 1.000 SMALL AGENCIES

- Between 1 and 5 million Euros Turnover
- Partial Product Offer
- Small medium Clients
- Business Development based on relationships

## MAJOR CONSULTANCY COMPANIES

- Entering the market gradually directly or with M&A



# Business priorities

## INNOVATE AND UPGRADE THE OFFER!



Omnichannel approach



Data-driven marketing & analytics



Technology services

## AGGREGATE!



Increase customer base



Empower SW development capabilities



International expansion

## Last deal: Meware

The acquisition of Meware Srl is **the largest deal in DigiTouch's history since the listing date** by size of the acquired company (6,6 million Euro in turnover in 2018 and 90 specialists in big data and business analytics)

Investments in Digital Transformation  
in Italy in 2018

**> 7,5 billions Euro**

Forecast 2020

**10 billions Euro**

- Source Assintel -

### Operation Details:

- Purchase of 60% of the share capital for an equity value of 1,2 million euros
- Cash payment in the next month upon completion of certain conditions precedent through bank lines available to the Company.
- The remaining 40% will be purchased in two tranches by 2021 and 2022 respectively, the valuation of which is based on a multiplier of four times the Gross Operating Margin with the limits set by contract.

### Advantages for the Group:

- Strengthening of the integrated offer and positioning as Full Digital Platform Company;
- Expansion of the customer portfolio with the entry of medium-large brands in the field of financial services, utilities and energy, telecommunications and the Public Administration;
- Activation of important opportunities for commercial and operational synergies in the development of Digital Transformation solutions.



# Investment highlights

Winning competitive advantages developed all over the years



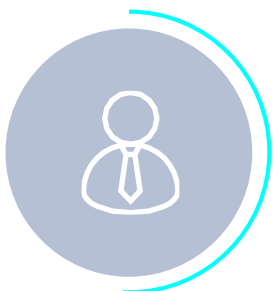
## SIGNIFICANT INTERNAL INVESTMENT IN TECHNOLOGY AND BIG DATA

1,0 million on yearly base to 2020



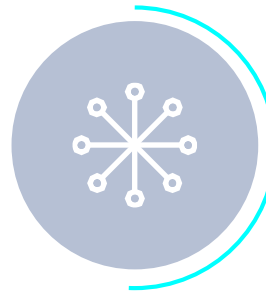
## PROGRESSIVE BUSINESS GROWTH

A clients portfolio made of relevant medium and big size clients, with long term relationship  
~ 200 clients expected in 2020



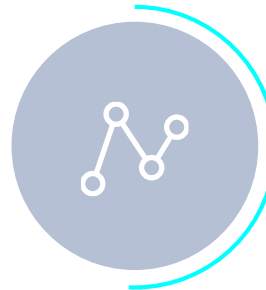
## SENIOR TEAM

Top management with outstanding track records in digital marketing, tech services, M&A



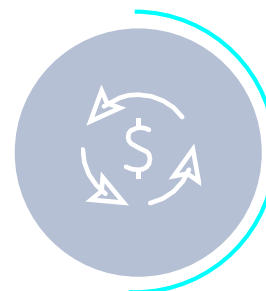
## AGGREGATION ROLE

Continuous effort on aggregating marketing potential and market share



## MARKET GROWTH, RELEVANCE & POTENTIAL

Expected 3 billions industry only in Italy



## MARKET UNDER FAST CONSOLIDATION

Around 70 acquisitions done in Western Europe in H1-2018



# THANKS

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