



DigiTouch Financial Results H1-2019

IRTOP AIM INVESTOR DAY - 21 November 2019



01 COMPANY PROFILE



WHO WE ARE

One of the main independent player in Italy specialized in Digital Marketing and Digital Transformation

FROM DIGITAL MARKETING COMPANY TO
FULL DIGITAL PLATFORM COMPANY

BORN IN
2007



250+
professionals



2015

LISTED ON



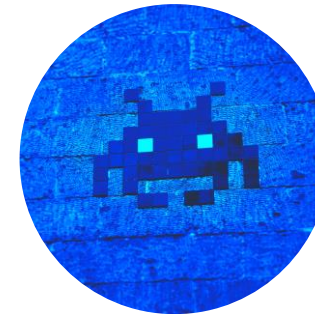
2 OFFICES Milan
& Rome



INTEGRATED OFFER



TECNOLOGY AND
BUSINESS
ANALYTICS



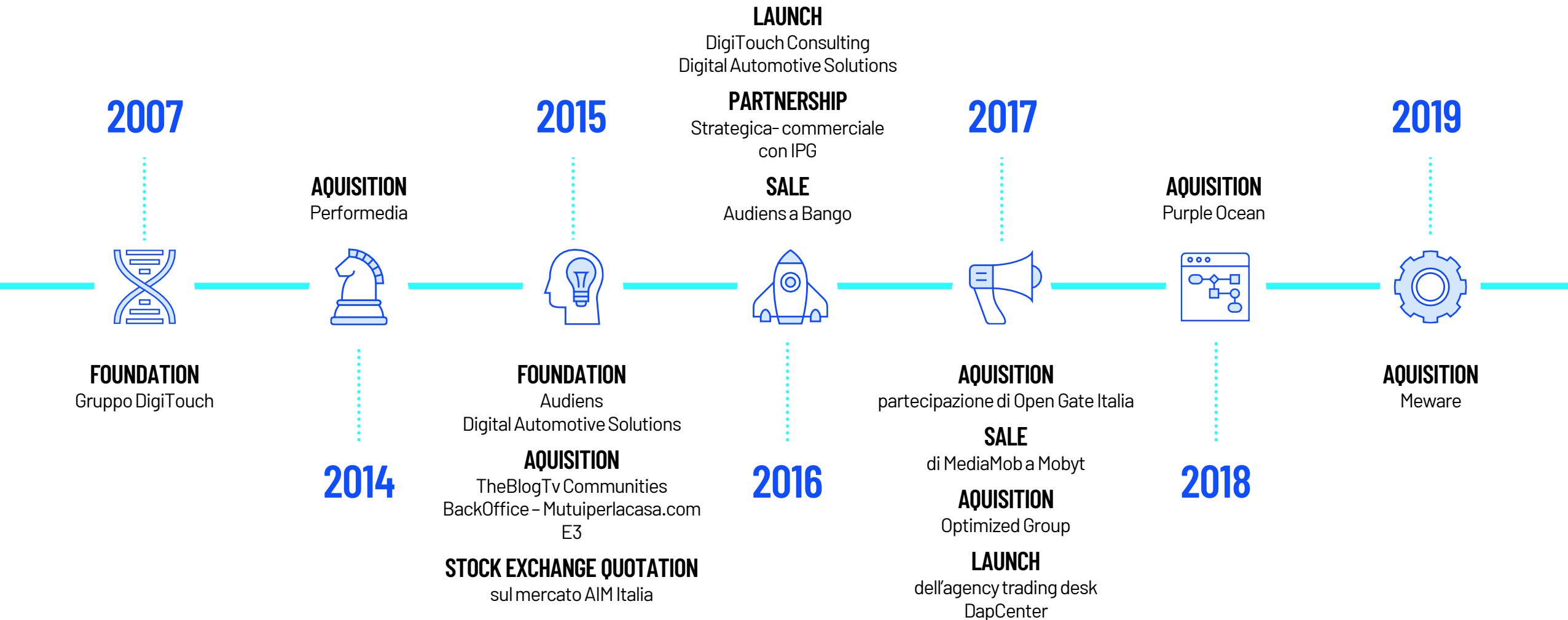
E-COMMERCE,
CONTENT AND
SERVICE DESIGN



DIGITAL AND
PERFORMANCE
MARKETING

MILESTONES

From Digital Marketing Company to Full Digital Platform Company





DIGITAL TRANSFORMATION MARKET IN ITALY

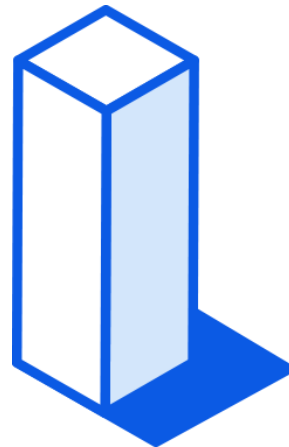
Growth estimates: 10 billion of € within 2020

€7,5 billion
2018



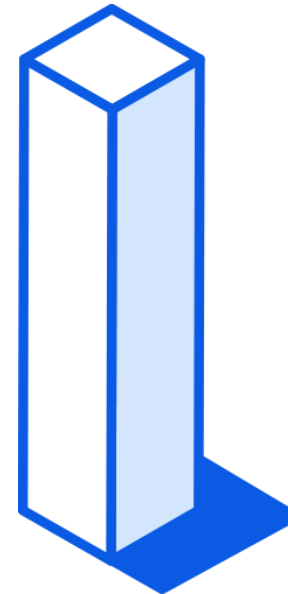
In Italy the **investments in Digital Transformation** of medium-big companies have exceeded **7,5 billion of € in 2018.**

€10 billion
2020



In Italy the **investments in Digital Transformation** of medium-big companies have exceeded **10 billion of € in 2020.**

71%
2019

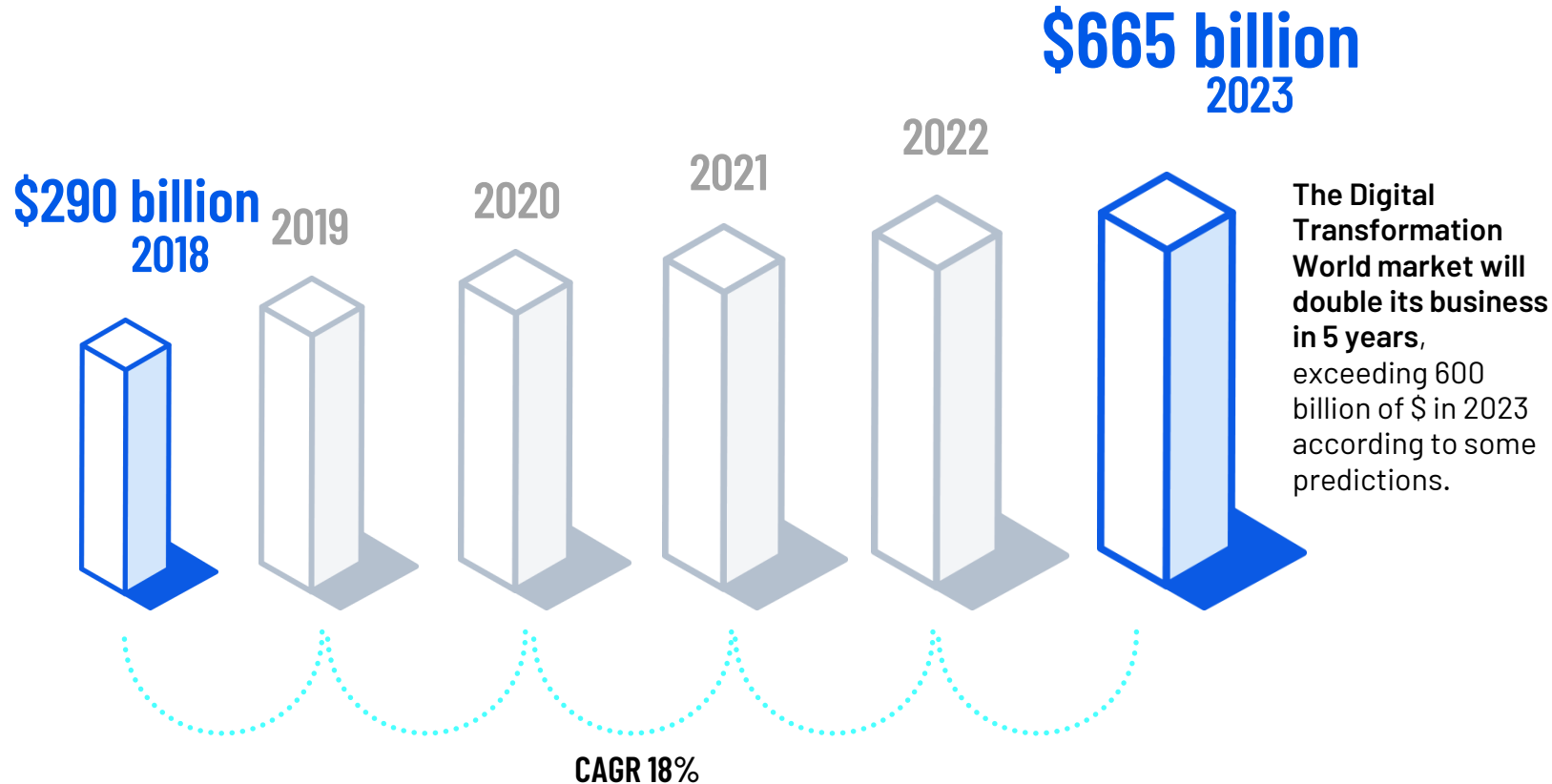


In 2019, **71% of Italian companies will invest in Digital Transformation.** In 2015 they were 52%.

WITH THE LAST TWO AQUISITIONS (PURPLE OCEAN E MEWARE), **DIGITOUCH** HAS ENTERED THE DIGITAL TRANSFORMATION MARKET AND **HAS DOUBLED ITS ADDRESSABLE MARKET.**

DIGITAL TRANSFORMATION MARKET IN THE WORLD

Growth estimates: 600+ billion of \$ before 2023



According to predictions from the International Data Corporation (IDC), before **2020 at least 55% of companies will be digitilised.**

- **80%** of 2000 top companies worldwide will utilise data management and the monetisation's functions.
- **30%** of these will implement virtual copies of their operational processes.
- **30%** will allocate around 10% of their revenue in the digital design strategy.
- **35%** of the professionals will utilise Bots or other forms of Artificial Intelligence.

FULL DIGITAL PLATFORM COMPANY

The pillars of our approach

CONSULTING

TECHNOLOGY

PERFORMANCE

BUSINESS ANALYTICS

CREATIVITY

OMNICHANNEL STRATEGY



Digital PR
Social Media
Video and Content Marketing
Special Projects
Chatbot
Experience Design
UX/UI

Omnichannel Strategy
Media Advertising
Mobile Marketing
Addressable Media
Offline



Onsite/Offsite SEO
International SEO
Local SEO
Voice Search SEO
CRO

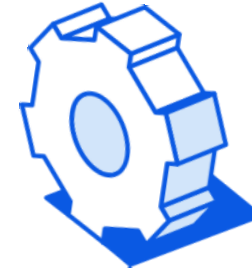
Purple X
E-commerce
Managed Service
Mobile Applications
Web Services

Business Analytics
Machine Learning
Process Automation
Gamification Platform
Digital Analytics
Dashboard



OUR OFFER IN EVOLUTION

Focus on Data-Driven Customer Experience



DIGITAL MARKETING

- Strategy
- Data Driven Media
- Performance
- Analysis Tracking
- SEO & CRO
- Omnichannel Communication

E-COMMERCE & CONTENT

- E-commerce Solution
- Experience Design
- Social Content
- Data-Driven Creativity
- Brand Experience
- Cloud Solutions

TECHNOLOGY & DATA

- Business Analytics
- Artificial Intelligence
- Cyber Security
- Business Process Automation
- Gamification
- System & Solution Integration

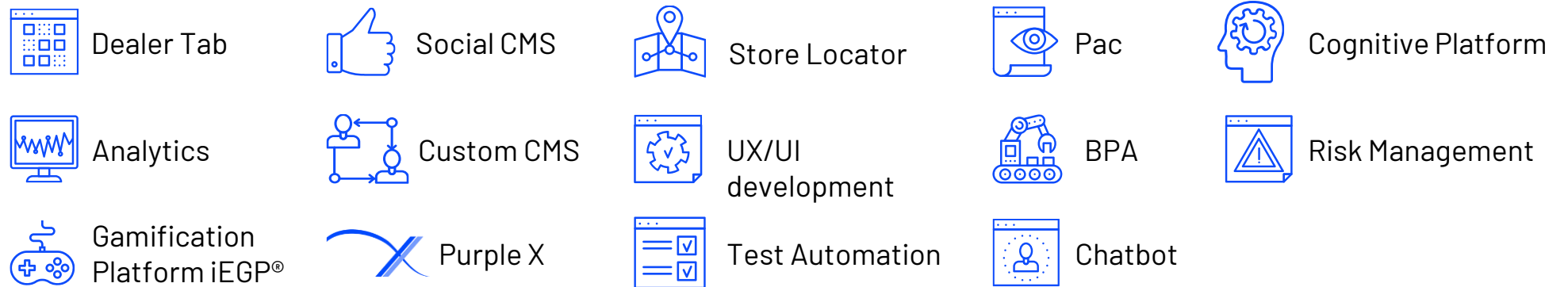
PARTNERSHIP & TECHNOLOGIES

Designed to Increase competitiveness on the market

STRATEGIC PARTNERSHIPS



OWNED TECHNOLOGIES



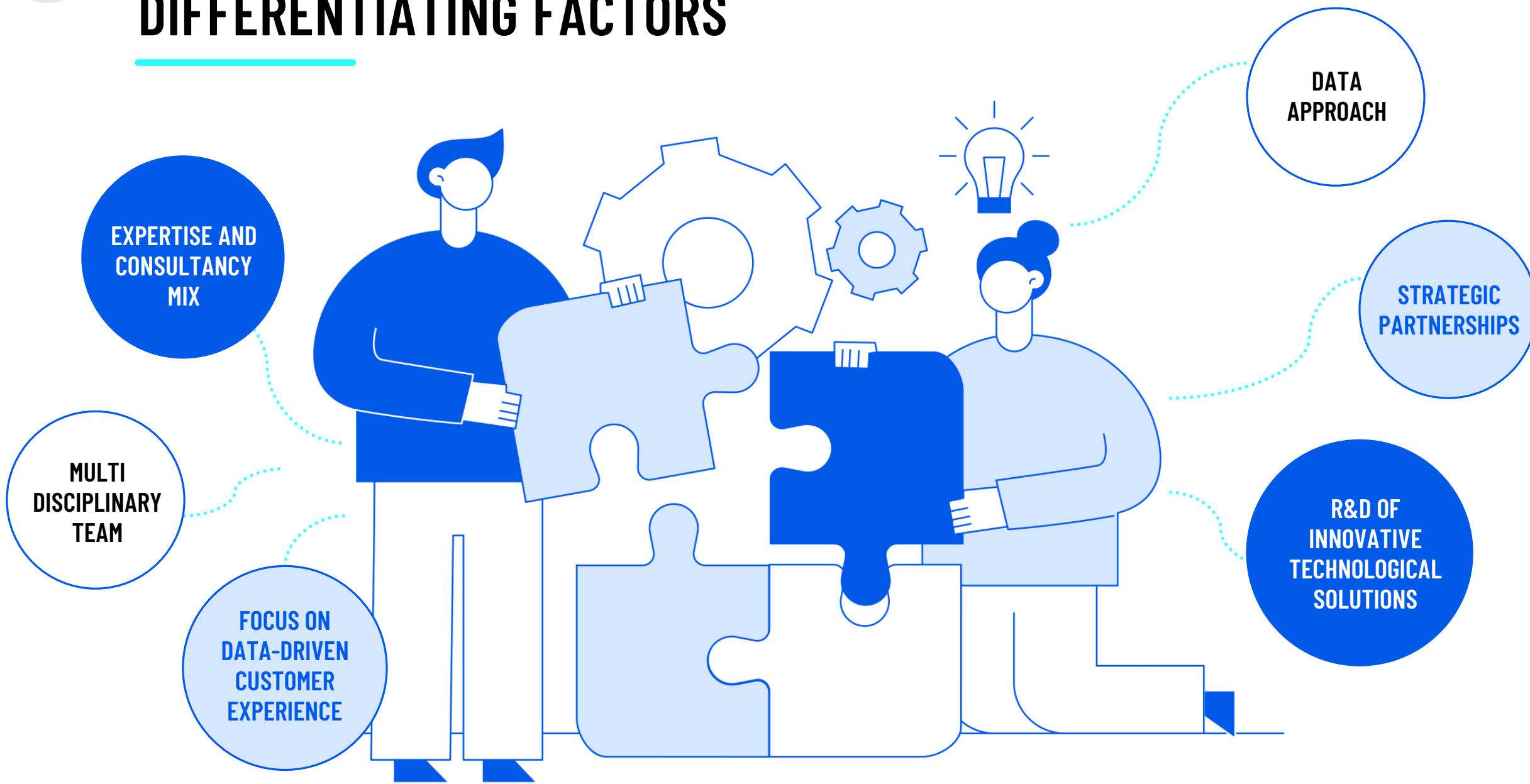
INTERNATIONAL POSITIONING

DigiTouch Group has tightened collaborations with independent international agencies to help the brands expand and advertise their activity abroad.

The Group is able to assist national and international clients in strategies of digitalisation and marketing at a global level.



DIFFERENTIATING FACTORS



CLIENT PORTFOLIO

Full diversification

RETAIL & E-COMMERCE



FINANCE & INSURANCE



TELCO, UTILITIES, SERVICES & TECH



FASHION



PHARMA & HEALTHCARE



TRAVEL, EDUCATION & ENTERTAINMENT



FOOD & BEVERAGE, CONSUMER GOODS



AUTOMOTIVE

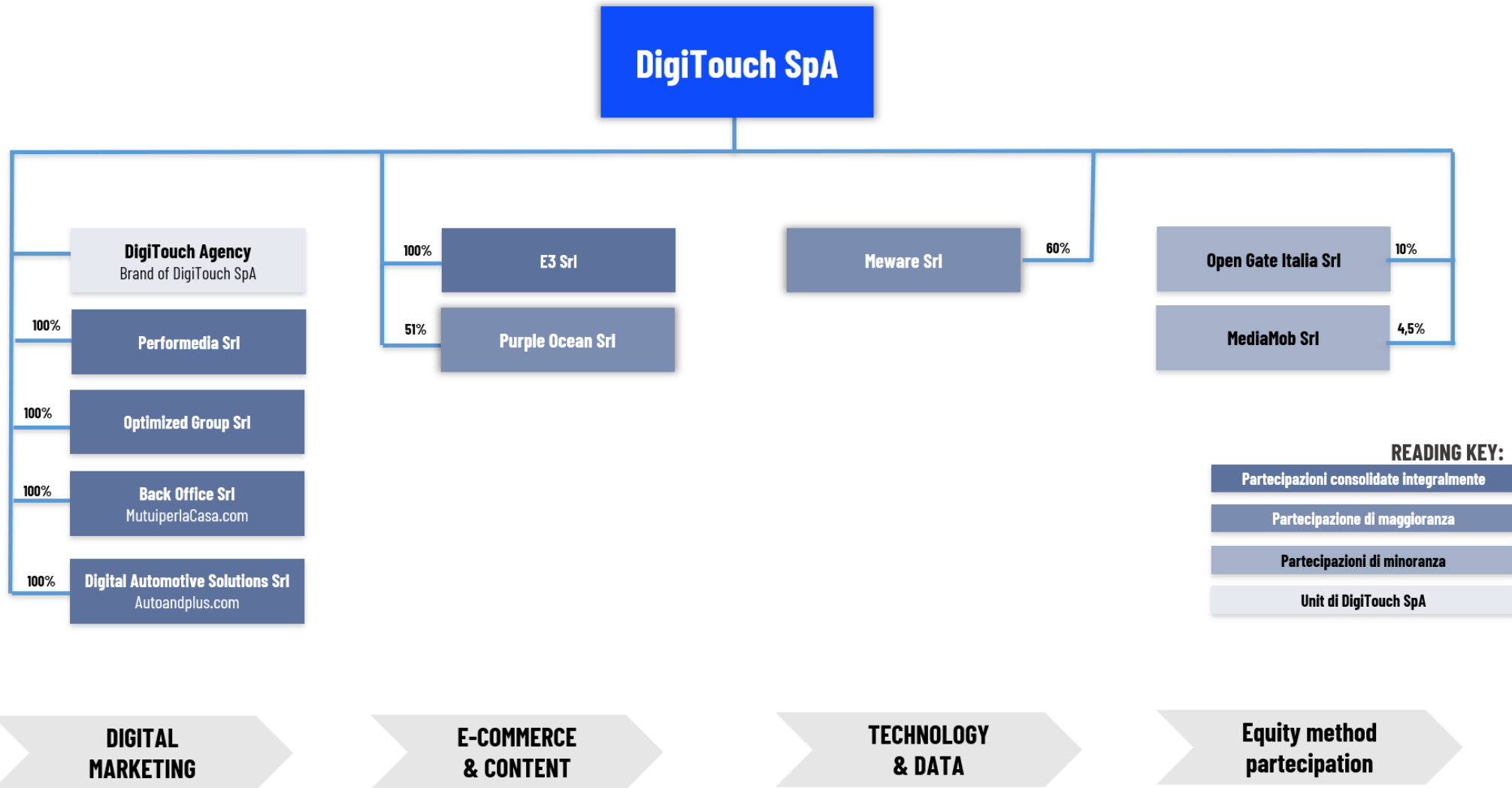




02 DIGITOUCH FINANCIAL RESULTS H1-2019



THE GROUP PERIMETER



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)	
Total revenues	16.621	100	15.546	100	1.074,5	7	
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	
EBITDA Adjusted	2.564	15,4	2.104	13,5	460,4	22	
Non Recurring Costs	165	1,0	195	1,3	(30,0)	(15)	
EBITDA	2.399	14,4	1.908	12,3	490,4	26	
Depreciation, write-downs, Other provisions and charges	1.577	9,5	1.308	8,4	268,5	21	
EBIT	822	4,9	600	3,9	221,8	37	
Financial Income/(expense)	(212)	(1,3)	(161)	(1,0)	(51,4)	32	
Adjustments on Financial Assets							
Profit before Tax	610	3,7	440	2,8	170,6	39	
Taxes for the year	(209)	(1,3)	(155)	(1,0)	(54,7)	35	
Consolidated Net profit	401	2,4	285	1,8	115,9	41	
<i>Of competence:</i>							
Third-party equity interest	236	1,4	-	0,0	236,463		
n.a. not applicable							



CLOSING H1-2019

GRUPPO DIGITOUCH

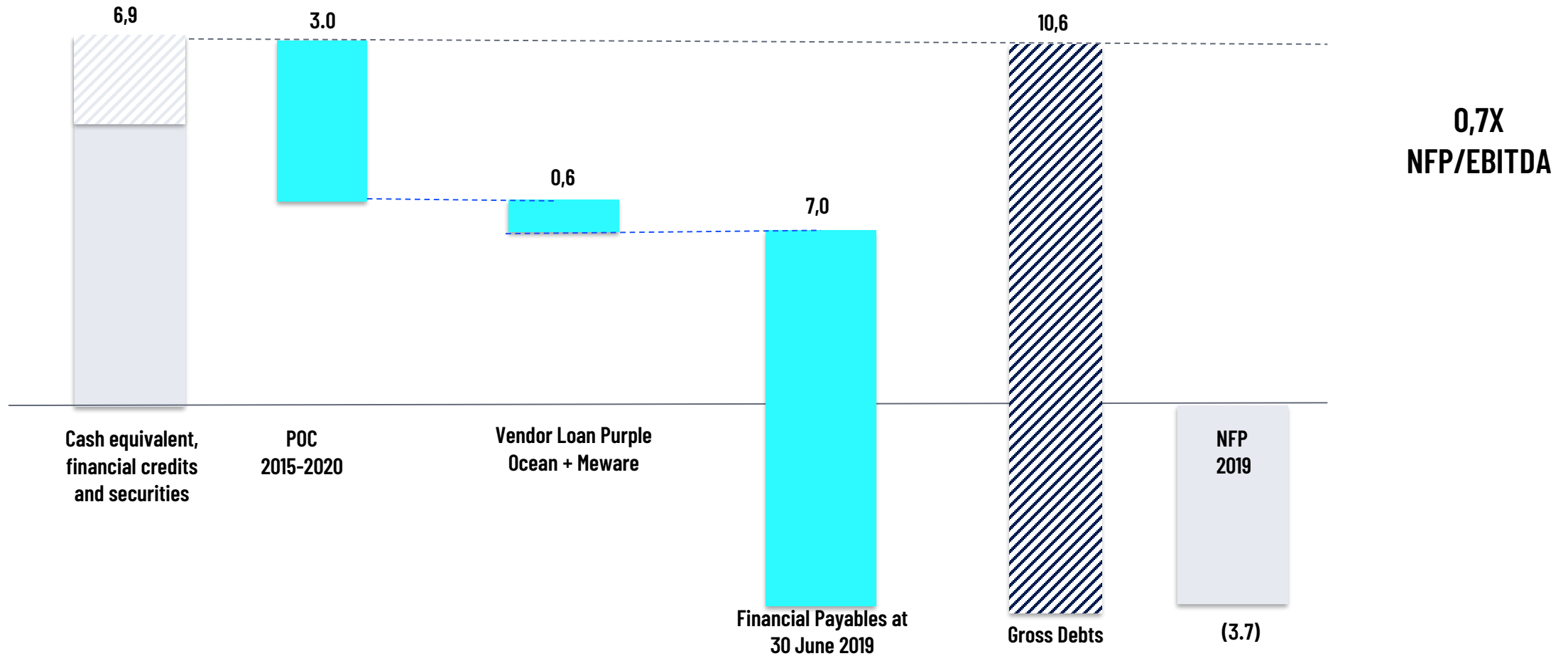
BALANCE SHEET

- 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]	%
Fixed Asset	15.143	14.269	874	6,1
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	
Working Capital	3.978	1.877	2.101	111,9
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
Severance Pay	(1.128)	(594)	(533)	89,7
NET INVESTED CAPITAL	17.994	15.552	2.442	15,7
Group Equity	13.917	13.793	124	0,9
Third-party Equity	341	273	68	25,0
Net Assets	14.258	14.066	192	1,4
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
Net Financial Position	3.736	1.486	2.250	151,4
COVERS	17.994	15.552	2.442	15,7
LEVERAGE	0,26	0,11		



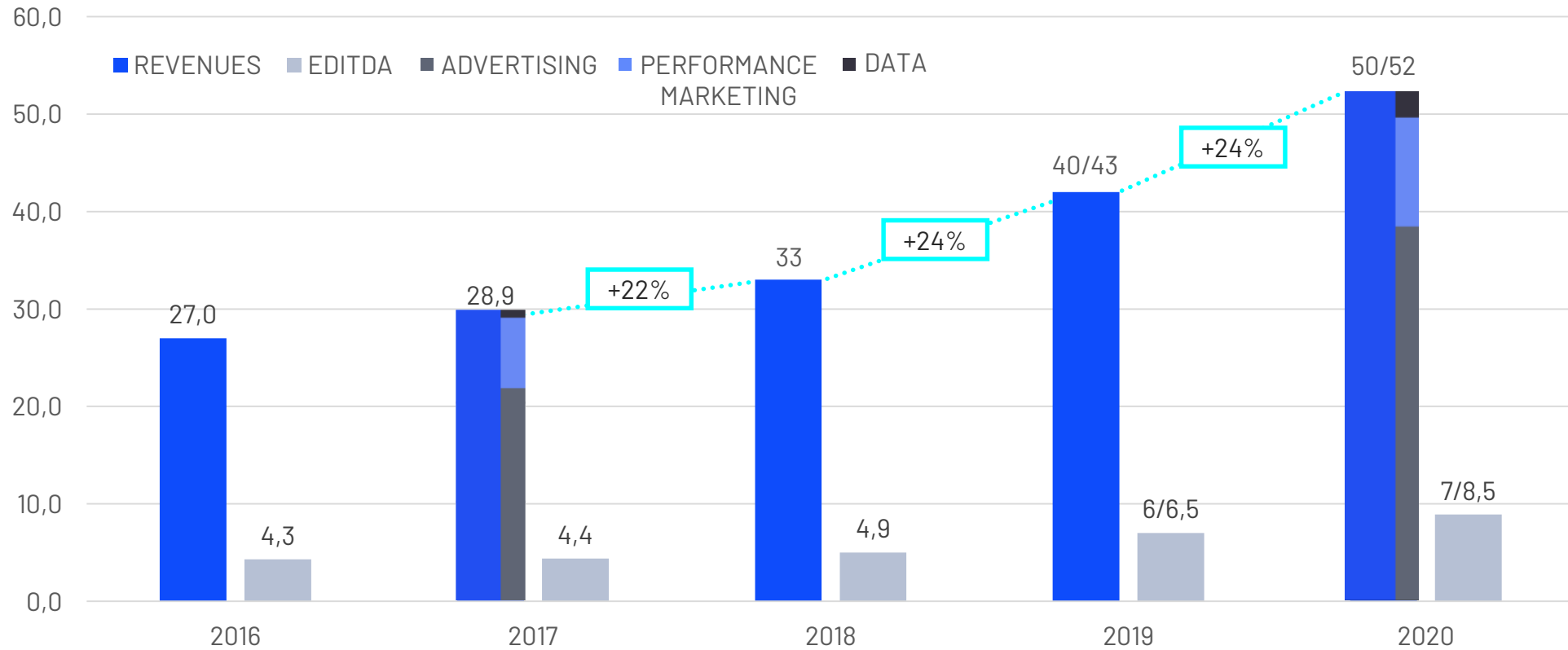
CLOSING H1 2019 – GRUPPO DIGITOUCH NET FINANCIAL POSITIONS





DIGITOUCH BUSINESS PLAN 2018-2020

Revenues & MOL progression



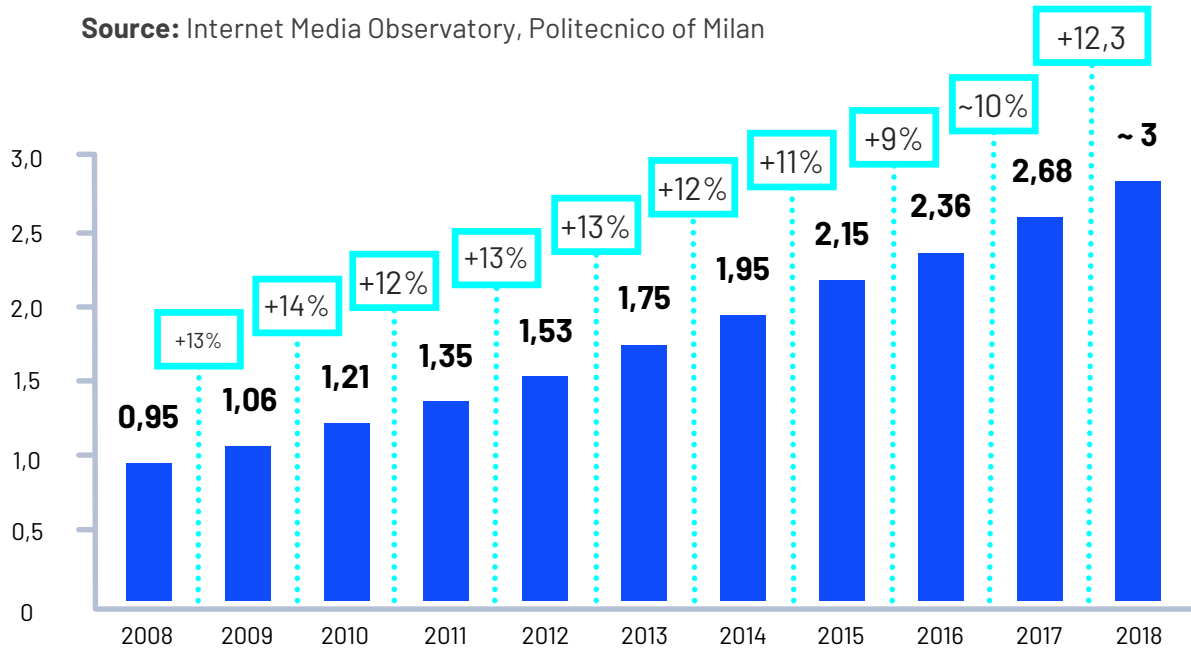
Value in Million Euro

PROGRESSIVE DIVERSIFICATION OF REVENUE STREAMS ON SBUs

GROWING PRIMARY TARGET MARKET

With potential much larger

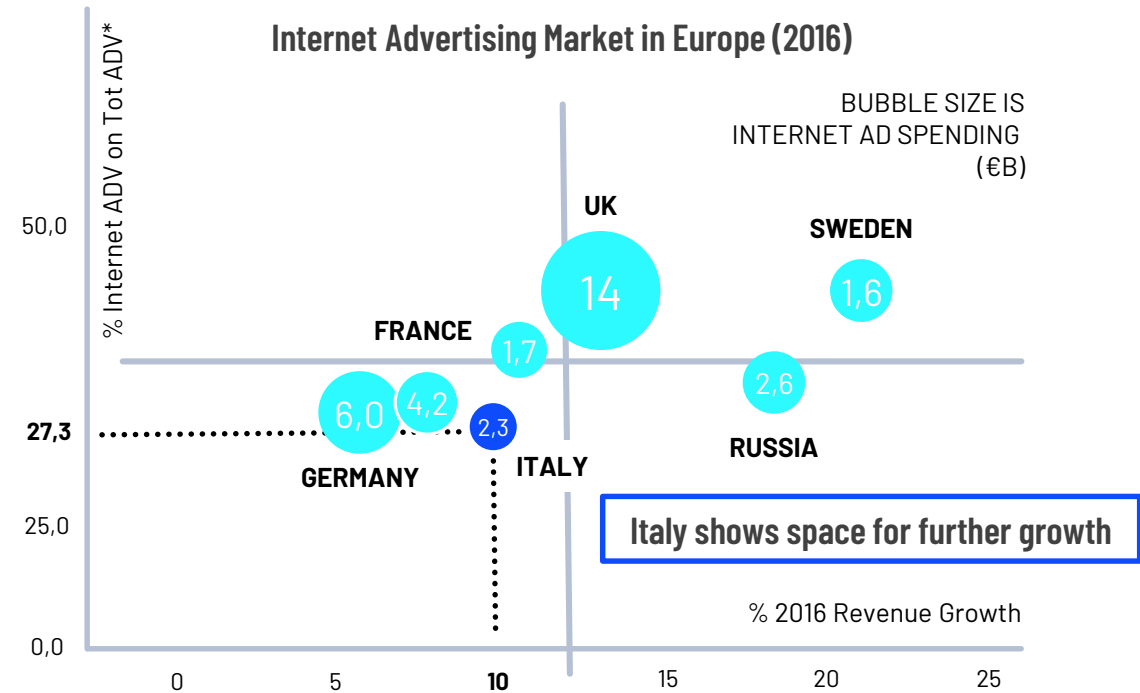
Source: Internet Media Observatory, Politecnico of Milan



INTERNET ADVERTISING MARKET: TRENDS OF GROWTH

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

Internet Advertising Market in Europe (2016)



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

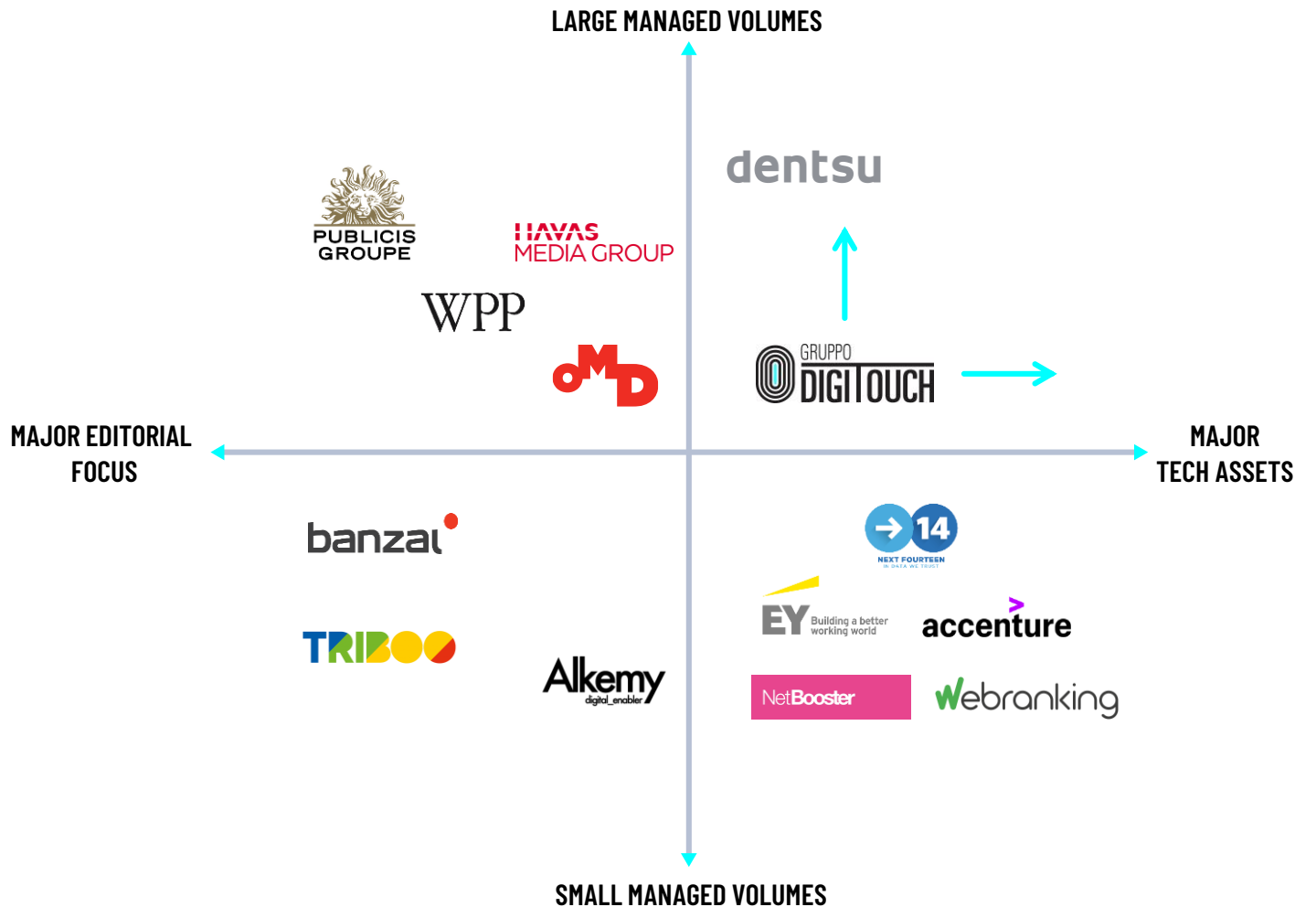
- Between 25 and 50 million Euros turnover
- Complete Product Offer
- Medium Large Clients
- Business Development partially based on tenders

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 -

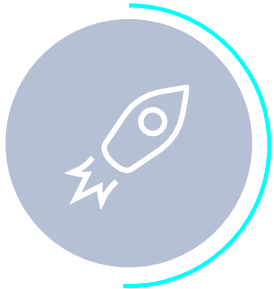
Operation Details:

- 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:

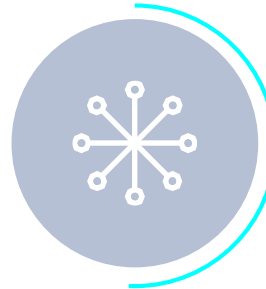
- Strengthening of the integrated offer and positioning as Full Digital Platform Company;
- Expansion of the customer portfolio with the entry of medium-large brands in the field of financial services, utilities and energy, telecommunications and the Public Administration;
- Activation of important opportunities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

WINNING COMPETITIVE ADVANTAGES DEVELOPED ALL OVER THE YEARS - INVESTMENT HIGHLIGHTS



SIGNIFICANT INTERNAL INVESTMENT IN TECHNOLOGY AND BIG DATA

1,0 million on yearly base to 2020



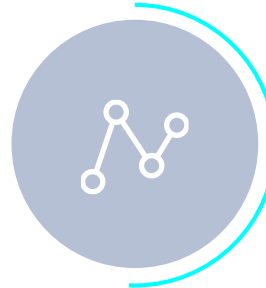
AGGREGATION ROLE

Continuous effort on aggregating marketing potential and market share



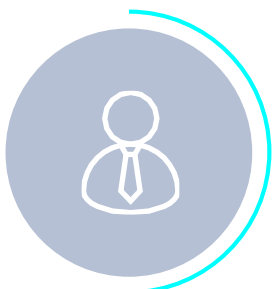
PROGRESSIVE BUSINESS GROWTH

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



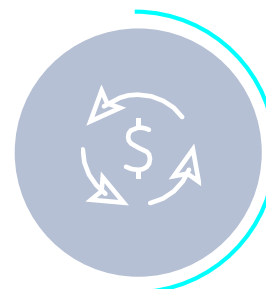
MARKET GROWTH, RELEVANCE & POTENTIAL

Expected 3 billions industry only in Italy



SENIOR TEAM

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



MARKET UNDER FAST CONSOLIDATION

Around 70 acquisitions done in Western Europe in H1-2018

THANK YOU



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