

# Star Conference 2013

Marco Guida, CEO

March 26, 2013





**TXT**  
... a successful  
international  
specialist ...

- **TXT Perform**  
A unique offering - “Integrated Planning”  
for Fashion Retail - in a large, int’l market
- **TXT Next**  
Innovative capabilities in niche markets:  
seeds for tomorrow’s growth
- Profitable growth in a tough market
- Outstanding stock performance since 2011... and still a way to go
- Transparent governance
- Expanding investor roster

## Business Plan 2012-2014: 3 «Streams»



### Profitable Organic Growth

#### Goals:

- Grow at higher-than-market rates
  - FOCUS on «core» markets
  - EXPAND to «near» markets (Geographies, Footprint, Industries), with «low hanging fruits» approach
- Strengthen bottom-line profitability

### Innovation

#### Identify & develop new initiatives to:

- Secure & Expand TXT's long-term competitive advantage
- Provide our clients with additional strategic & innovative solutions

### Acquisitions

#### Search for opportunities:

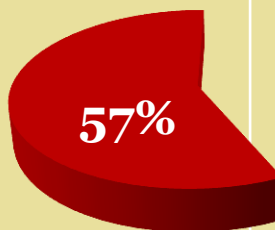
- Focus on mid/small-sized, specialised, innovative Companies
- Priority to TXT Perform-related opportunities

## ***FY 2012 - In line with Business Plan Targets***

■ Revenues:	46,5 m€	(+16% vs. 2011)
• of which	24,6 m€	International
■ EBITDA:	5,3 m€	
■ EBIT from Operations:	4,2 m€	(vs. 0,9 m€ in 2011)
■ NFP:	3,2 m€	(Net Fin. Avail.: 6 m€)

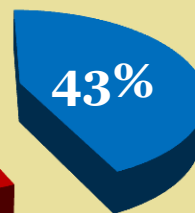
**TXT**PERFORM

Integrated Planning &  
PLM Software  
for Retail and CPG

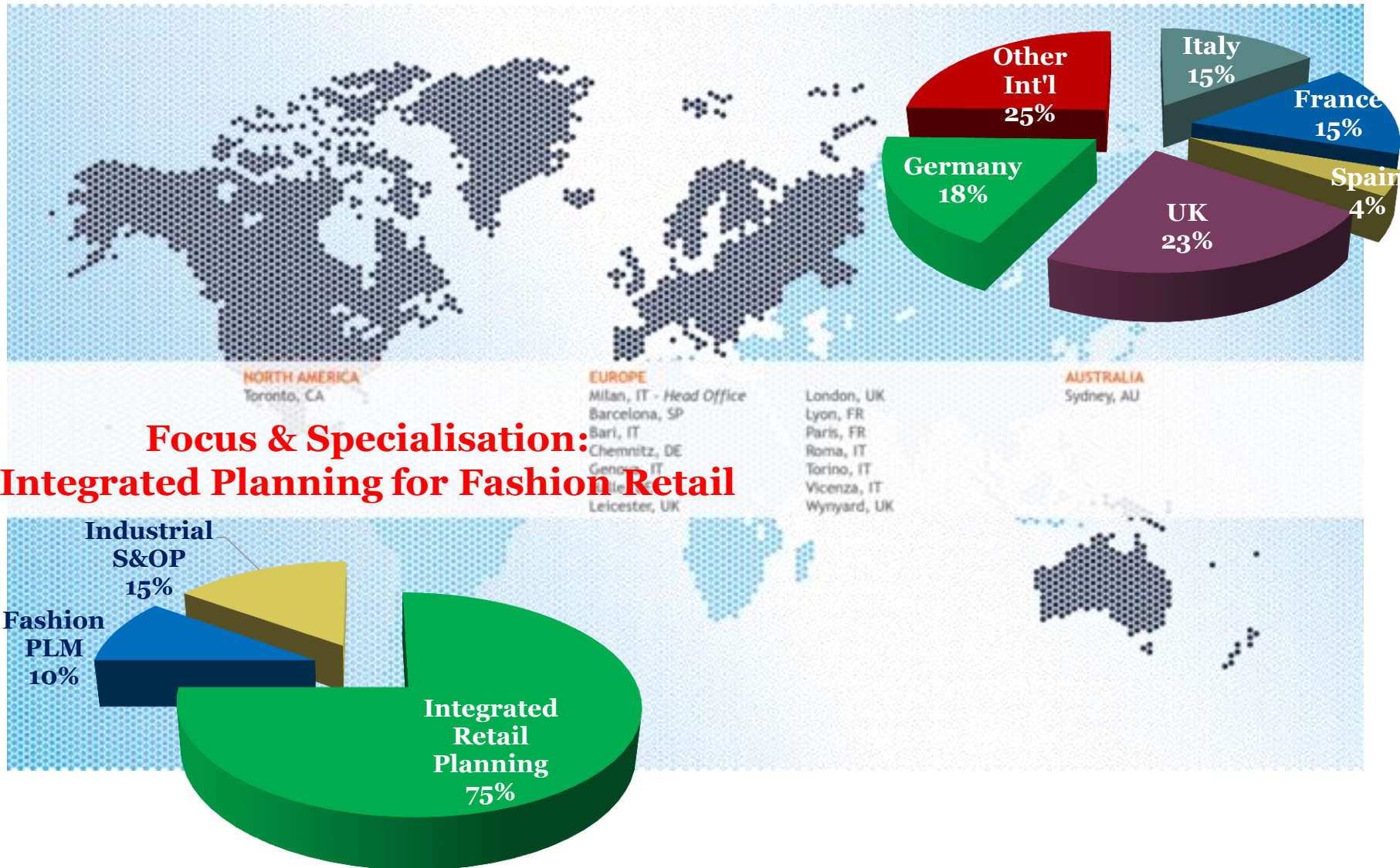


**TXT**NEXT

Advanced  
system integration  
& IT services



## Internationalisation





## Non-Food Retail across Product Categories & Channels

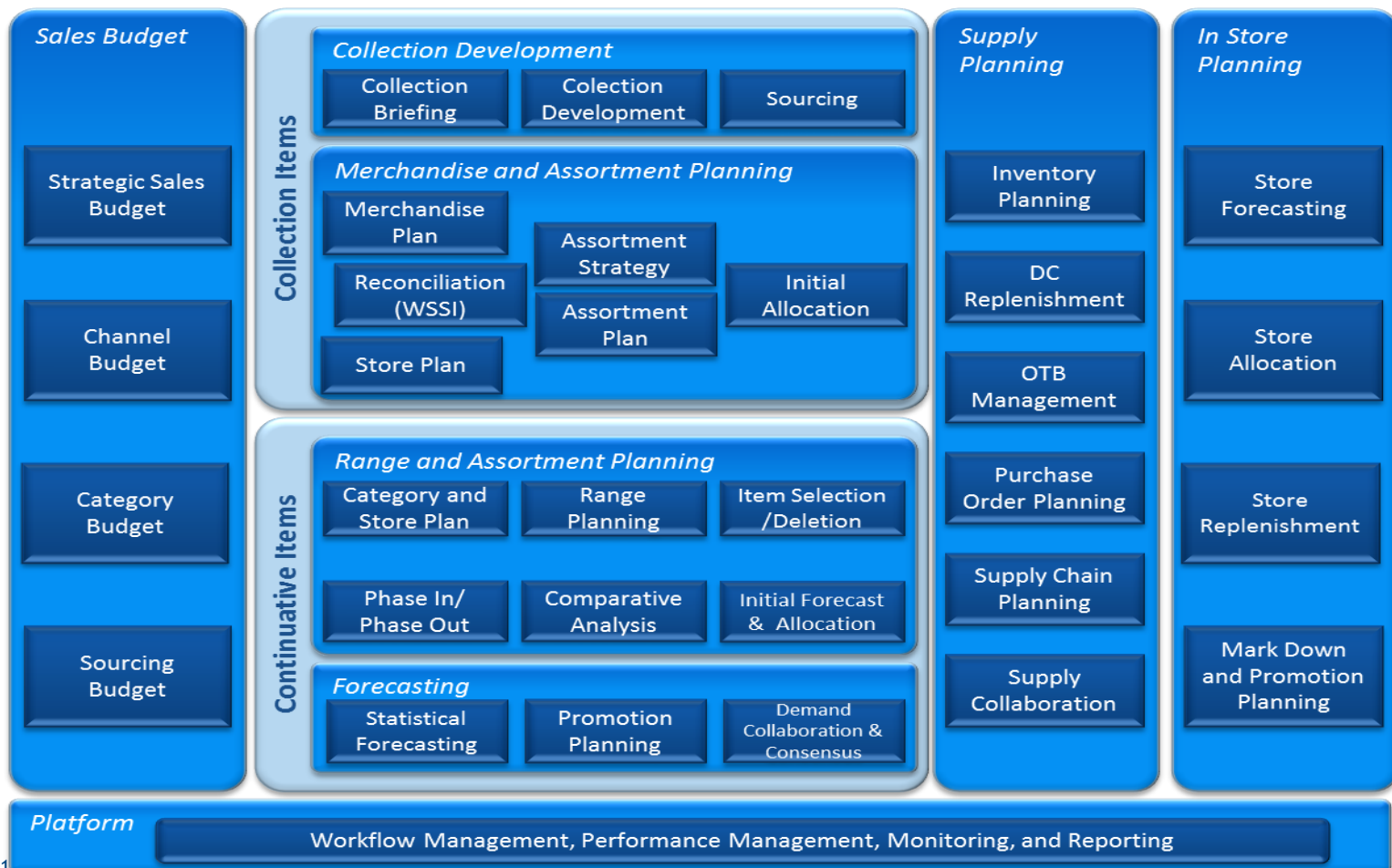
- Fashion, Luxury & Specialty Retail: well performing despite crisis
- Tier-1 Clients: larger deals; recurrent revenues streams
- Complex problems & «mature» clients: higher prices



# TXT Perform - Footprint Focus & Specialisation

## A unique offering: End-to-End Integrated Planning

- Customers' planning core processes
- Broader & Deeper in our core verticals
- Modular & Integrated: start small & upscale



# 2012: Growing Int'l Customer Base



## 20+ New Wins across Segments & Regions

### FASHION



Company: global footwear brand and retailer. HQ in Spain.

Solution (TXT):

- Merchandise and Assortment Planning
- In-Season Management



Company: Fashion. HQ in UK.

Solution (Maple Lake):

- Merchandise and Assortment Planning
- In-Season Management



Company: Fashion. HQ in NY.

Solution (Maple Lake):

- Merchandise and Assortment Planning
- In-Season Management

### LUXURY



Company: London HQ, luxury brand with operations throughout the world.

Solution (TXT):

- Multi Channel Planning
- Merchandise Planning
- Assortment Planning
- Allocation, Store & DC Replenishment
- In-Season Management



Company: NY HQ, global luxury brand with operations throughout the world

Solution (TXT), extended relationship to:

- Store and Assortment Planning
- In-Season Management

### MIXED



Company: HQ in France, All Fashion segments. Multichannel Retailer (Store, Catalogue, e-commerce)

Solution (TXT):

- Multi Channel Planning
- Assortment Planning
- Forecasting
- Open to Buy and Replenishment



Company: HQ in Miami, The world's largest and leading onboard retailer.

Solution (TXT):

- OTB and Assortment Planning
- Forecasting and Replenishment

### HARDLINES



Largest optical retailer in Germany, part of GrandVision B.V., leading worldwide optical retailer

Solution (TXT):

Merchandise Planning  
Assortment Planning  
Forecasting  
Replenishment



Company: Homewear. HQ in Sweden.

Solution (Maple Lake):

- Merchandise and Assortment Planning
- In-Season Management



## Fashion, Luxury & Retail

#1 in Core Functional Scope

#3 Overall (Functionality & Market Presence)

**Table 1:** Assortment vendor assessment details

Vendor	Aggregated Score	Functional Score	Market Impact	Consumer Centricity
Oracle	7.600	7.680	7.350	8.000
JDA	7.557	7.650	8.750	6.500
<b>TXT e-solutions</b>	<b>7.475</b>	<b>8.900</b>	<b>6.750</b>	<b>7.000</b>
Torex	7.458	7.850	6.750	8.000
Soft Solutions	7.442	8.900	6.950	6.700
SAS	7.425	8.500	7.000	7.000
Predictix	7.300	8.420	7.200	6.500
TCS	7.277	7.800	7.750	6.500
i2	7.046	7.350	6.000	8.000
MID Retail	7.029	7.300	8.000	6.000
AIS	6.801	6.660	6.200	7.750
ITR Software	6.329	6.980	6.450	5.750
Lawson	6.270	8.050	5.200	5.750
Epicor	6.204	8.550	5.750	4.500
Galleria	6.006	6.750	5.950	5.500
Just Enough	5.924	6.750	5.450	5.750
Island Pacific	5.683	6.220	5.000	6.000
Manhattan Associates	5.660	6.400	5.000	5.750
7thOnline	5.643	6.900	5.450	4.750
Quantum Retail	5.409	6.990	4.650	4.750
ANT USA	5.264	5.750	6.450	3.750
SAP	5.247	6.950	5.950	3.000
Maple Lake	5.181	5.700	6.250	3.750
DemandTec	4.851	3.250	4.950	6.500
Silk Oak Solutions	4.660	6.170	5.450	2.500

Vendor rating for each area:

10	Superior	1	Basic
5	Good	0	Lacking

Source: AMR Research, 2010

TXT Market share in core markets:

- ~ 15% in Europe
- ~ 5% "W-wide"

**Figure 2:** Assortment vendorevaluation diamond

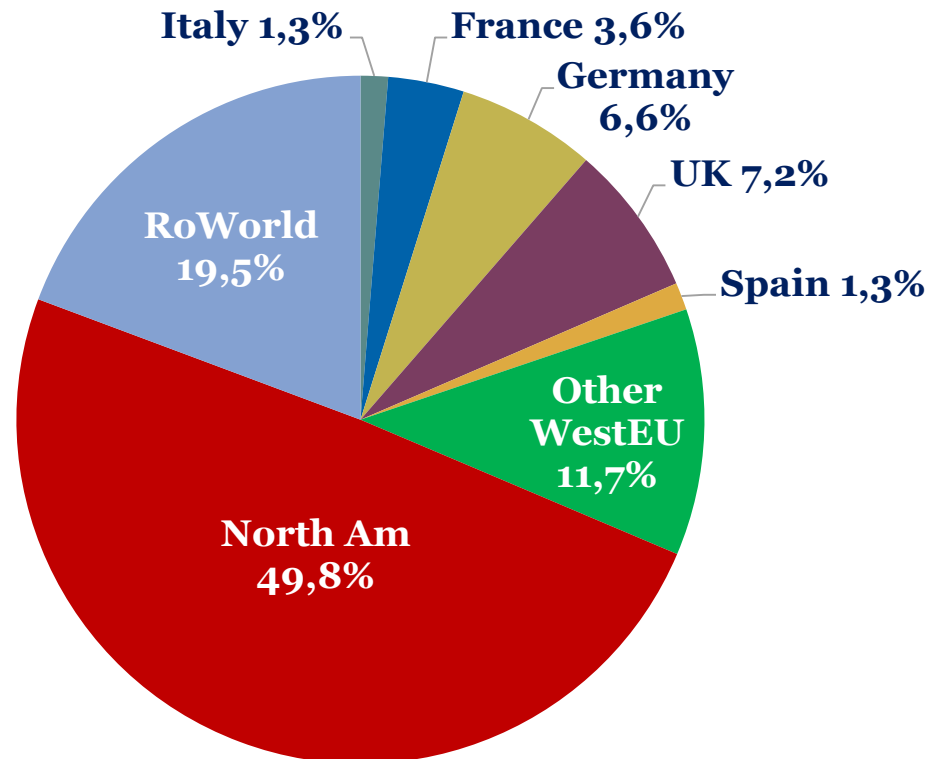


Retail Strategies | February 2010

Source: AMR Research, 2010  
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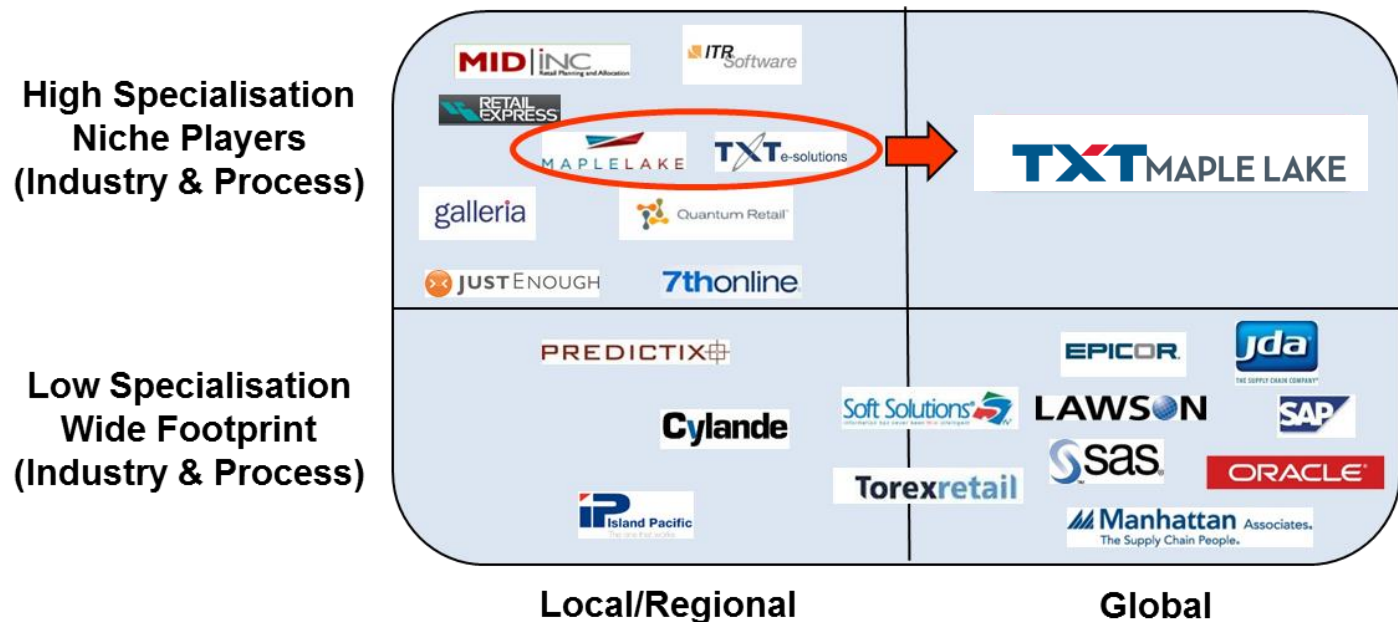
## Integrated Retail Planning – A large, growing Market

- **Integrated Planning for Retail**
  - A Large Market: 300+ m€ Lic.
  - 5% CAGR in next few years
  - Fragmented: specialised / niche vendors have 50+% share, growing
- **Tier-1 / Tier-2 Retailers:**
  - I, F, D, UK, E: ~ 500
  - Rest of West-EU + East-EU: ~ 250
  - North America: > 750



# The Strategic Opportunity for TXT Perform

- An «empty space» in the Market for a mid-sized (50→100 m€), Highly Specialized, yet **Global & Self-financed software vendor**
  - Few, very large (>500 M\$), global but generalist players: can «buy» specialization, but it rapidly dilutes & disappears!
  - Very small (<20 M\$), specialised, but local/regional players: need external capital to scale, but Private Equity perspective destroys value in the longer run!



# From European to Global Leadership

PRESS RELEASE  
Milan, 19 July 2012

**TXT makes another step to become global Integrated Retail Planning leader with Maple Lake acquisition**

**7,2 m€ Revenues, 65 people, with Operations in North America, Australia & UK;  
1,2 m€ Net Income; No Debts; 50 Global Customers**

**“50+ customers, covering 87 retail brands, with over 1,300 users and over 20,000 stores”**

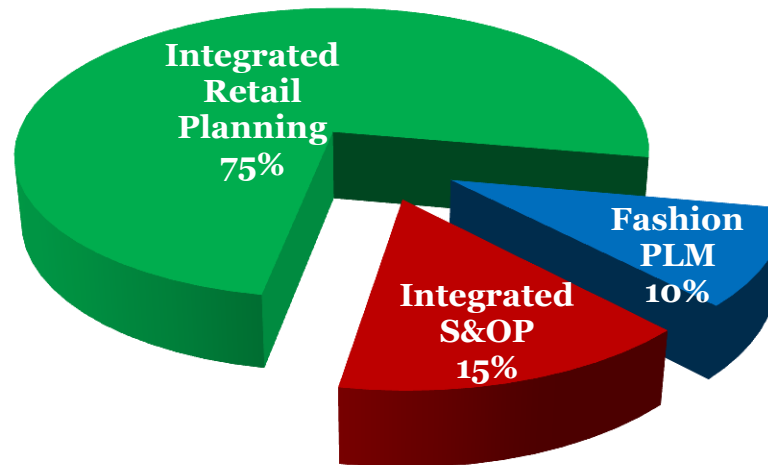


## MAPLE LAKE

- **A leapfrog qualitative jump in positioning, filling the «Empty Space» in the Market**
  - Highly specialised Retail Planning software vendor
  - Innovative
  - Global, with additional offices in Toronto, Sydney and Leicester (UK) a «3+ times» larger market reach
  - Self-financed
  
- **Becomes the leading Retail Planning practice:**
  - The largest group of Retail Planning experts among all SW vendors
  - The largest, global Customer Base in the Industry
  - The strongest portfolio of Integrated Retail Planning solutions:
    - «TXT» wider footprint in Planning & PLM
    - «MapleLake» valuable IPRs in Merchandising, Assortment & Allocation

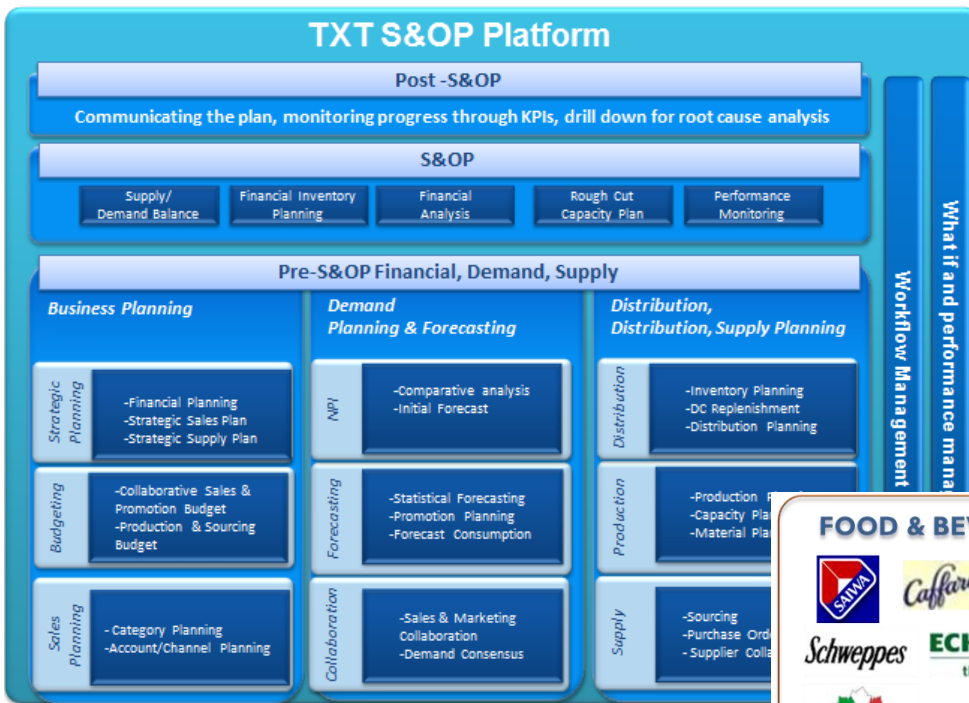


## Current TXT Perform Revenue Split



- Integrated Sales & Operations Planning
  - Many industry segments increasingly «fashionable»
  - A very large, rapidly maturing, cross-industry market
  - Fastest growing segment in Planning: 27% CAGR 2011-2015 (Gartner)
  - TXT Perform well positioned to catch the opportunity as market matures

## Food, Beverage, Cosmetics & “consumerizing” industry segments



- Integrated Planning footprint from the most challenging Retail industry segments:
  - Fragmented
  - Global
  - Fast

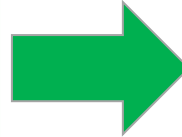
- A 50+ Int’l customer base
- 4 New global wins in 2012



## From 2012 Presentations ...

### ▪ Launch of «Innovation Lab», with 4 «innovation streams»

- User Experience:  
Visual Human-Computer Interfaces
- Mobile:  
PLM & Planning everywhere
- Cloud:  
Collaborative Planning over the Cloud
- Social Media



### • 2012

- 4,1 m€ invested in R&D
- 8 Product Releases  
(Planning & PLM)

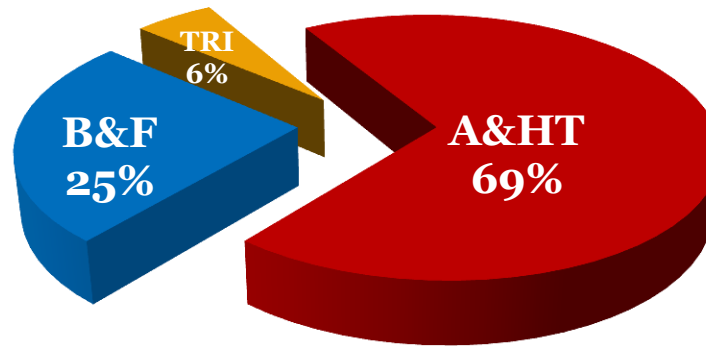
- 3 new product launches at the «Thinking Retail!» (London, March 21st 2013)
  - «TXT on Cloud»: TXT's Planning & PLM solutions deployed on Cloud
  - «TXT Mobile Platform»: enriched PLM & Planning, everywhere, down to in-store visibility
  - «TXTPlanning Lite Client»: integrated on-line/off-line planning in highly distributed & collaborative contexts (e.g. buying sessions; buyer's applications).

# TXT Next: Consistently Profitable & Cash Positive



- 2 Markets:
  - Aerospace & High-Tech Manufacturing since 1985
  - Banking & Finance since 1995

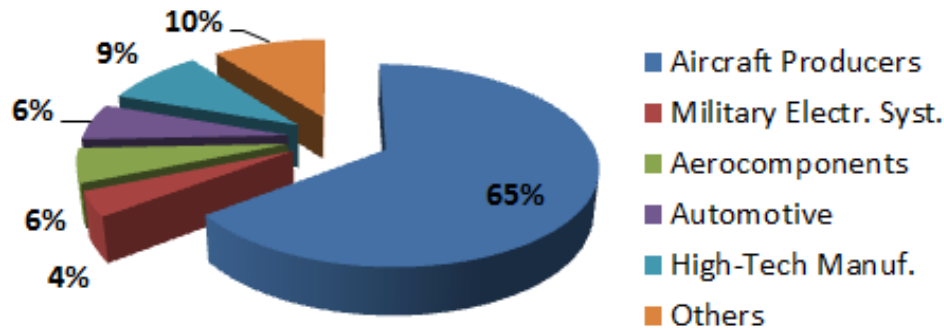
**Total TXT Next: 20,2 m€**



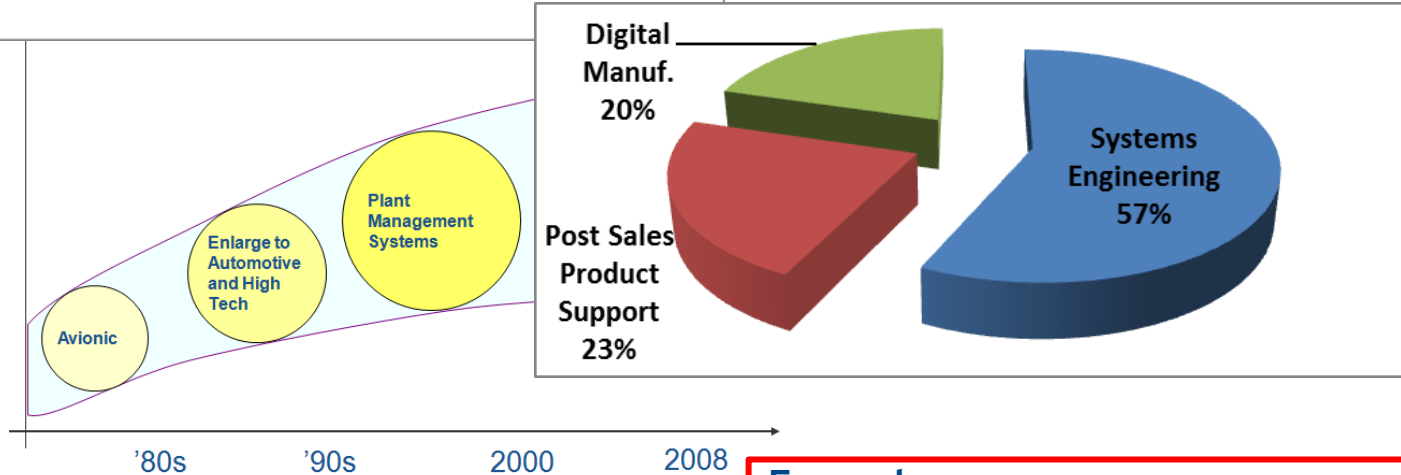
- An “**Engineering**” Company, with a sustainable competitive advantage:
  - Specialized, value-added IT, consulting and R&D Services
  - Deep domain knowledge on specific, mission & business critical areas
- Customer base: 30+ **blue-chip** customers, with **international exposure**, and **long-lasting recurrent relationships**
- Senior, experienced Management
- Consistently growing & generating cash, year after year

# Leader in Aerospace & High-Tech Manufacturing

**TXT**



Since **25+ years**,  
**One-stop-shop** for  
**Aerospace & High-Tech**



Leader in Italy:  
**5-7% Market Share** in  
**System Engineering**

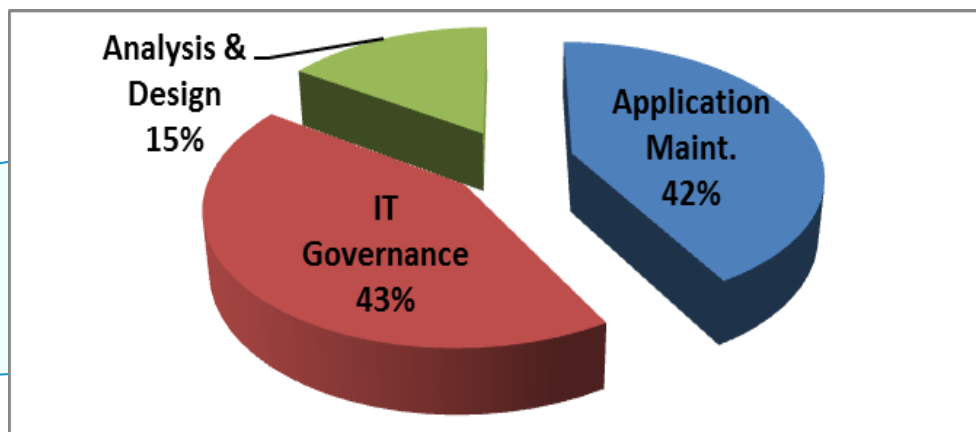
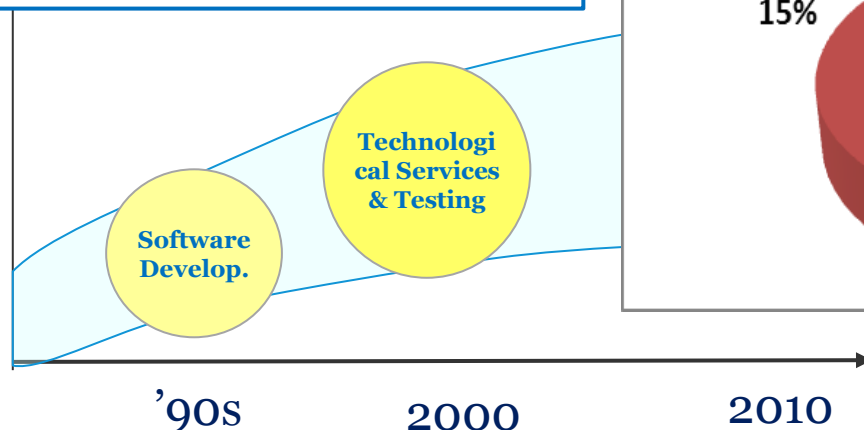
## Examples

-  AgustaWestland EH101 On-Board SW: since 1985
-  MAGNET MARELL In-car MM Devices: since 2000
-  **Wayne** Control Systems: since 1994
-  AleniaAermacchi Digital Manufacturing: since 2000
-  **SIEMENS** Automation Software: since 2000
-  **bucino** IT Governance since: 1997



## ■ Target Market: Italy

- Mid-Large Banks
- On-line Banks
- Financial Institutions



## Examples

-  **ING DIRECT**  
Save Your Money®  
IT Governance: «Test Factory» since 2011
-  **Webank.it**  
ONLINE DAL 1999  
Analysis & Design of Front-End apps. since 1999
-  **BANCA MEDIOLANUM**  
GRUPPO BANCARIO MEDIOLANUM  
IT Governance: Software IV&V since 2004
-  **BPM** **BANCA POPOLARE DI MILANO**  
Analysis & Design for Systems Compliance since 1993
-  **BANCO POPOLARE**  
GRUPPO BANCARIO  
Intranet: Development & App. Maintenance since 2006
-  **Credito Valtellinese**  
Intranet: Development & App. Maintenance since 2010

# Appendix

## Financial Details

March 26, 2013



# 2012 Revenues and Margins improvement

	2012	%	2011*	%	Var 12/11%
<i>€ thousand</i>					
<b>REVENUES</b>	<b>46.499</b>	<b>100,0</b>	<b>40.138</b>	<b>100,0</b>	<b>15,8</b>
Direct costs	22.351	48,1	19.522	48,6	14,5
<b>GROSS MARGIN</b>	<b>24.148</b>	<b>51,9</b>	<b>20.616</b>	<b>51,4</b>	<b>17,1</b>
R & D costs	4.091	8,8	2.802	7,0	46,0
Commercial costs	8.976	19,3	7.972	19,9	12,6
G & A costs	5.759	12,4	5.445	13,6	5,8
<b>EBITDA</b>	<b>5.322</b>	<b>11,4</b>	<b>4.397</b>	<b>11,0</b>	<b>21,0</b>
Amortization, depreciation	1.077	2,3	3.526	8,8	(69,5)
<b>OPERATING PROFIT (EBIT)</b>	<b>4.245</b>	<b>9,1</b>	<b>871</b>	<b>2,2</b>	<b>387,4</b>
Financial income (expenditure)	130	0,3	72	0,2	n.m.
<b>PRE-TAX RESULT (EBT)</b>	<b>4.375</b>	<b>9,4</b>	<b>943</b>	<b>2,3</b>	<b>363,9</b>
Taxes	(176)	(0,4)	(591)	(1,5)	n.m.
<b>NET INCOME FROM OPERATIONS</b>	<b>4.199</b>	<b>9,0</b>	<b>352</b>	<b>0,9</b>	<b>n.m.</b>
Non recurring profit *	939	2,0	13.832	34,5	n.m.
<b>NET INCOME</b>	<b>5.138</b>	<b>11,0</b>	<b>14.184</b>	<b>35,3</b>	<b>n.m.</b>

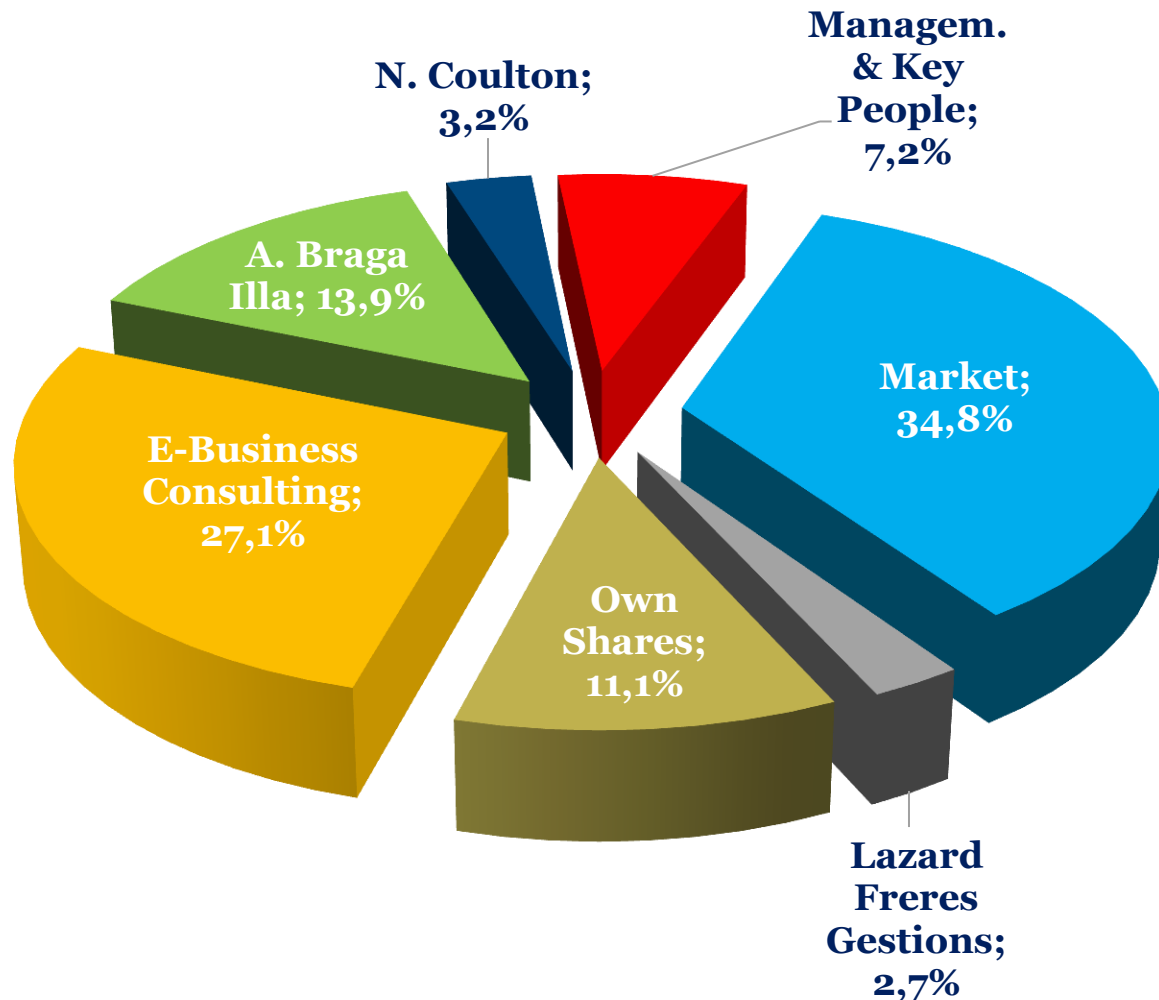
## In 2012:

- Revenues: **+15.8%** (+12.5% organic)
- Int'l Revenues stand at **53%**
- EBITDA: **+21.0%** after expensing entirely R&D
- EBIT: **+387%** to **4.2m€**
- Net income from operations at **9.0% of Revenues.**

\* Results for 2011 have been stated pursuant to IFRS 5, net of discontinued operations. All revenues and costs relating to Polymedia have been reclassified for 2011 as "Non-

# Strong balance structure

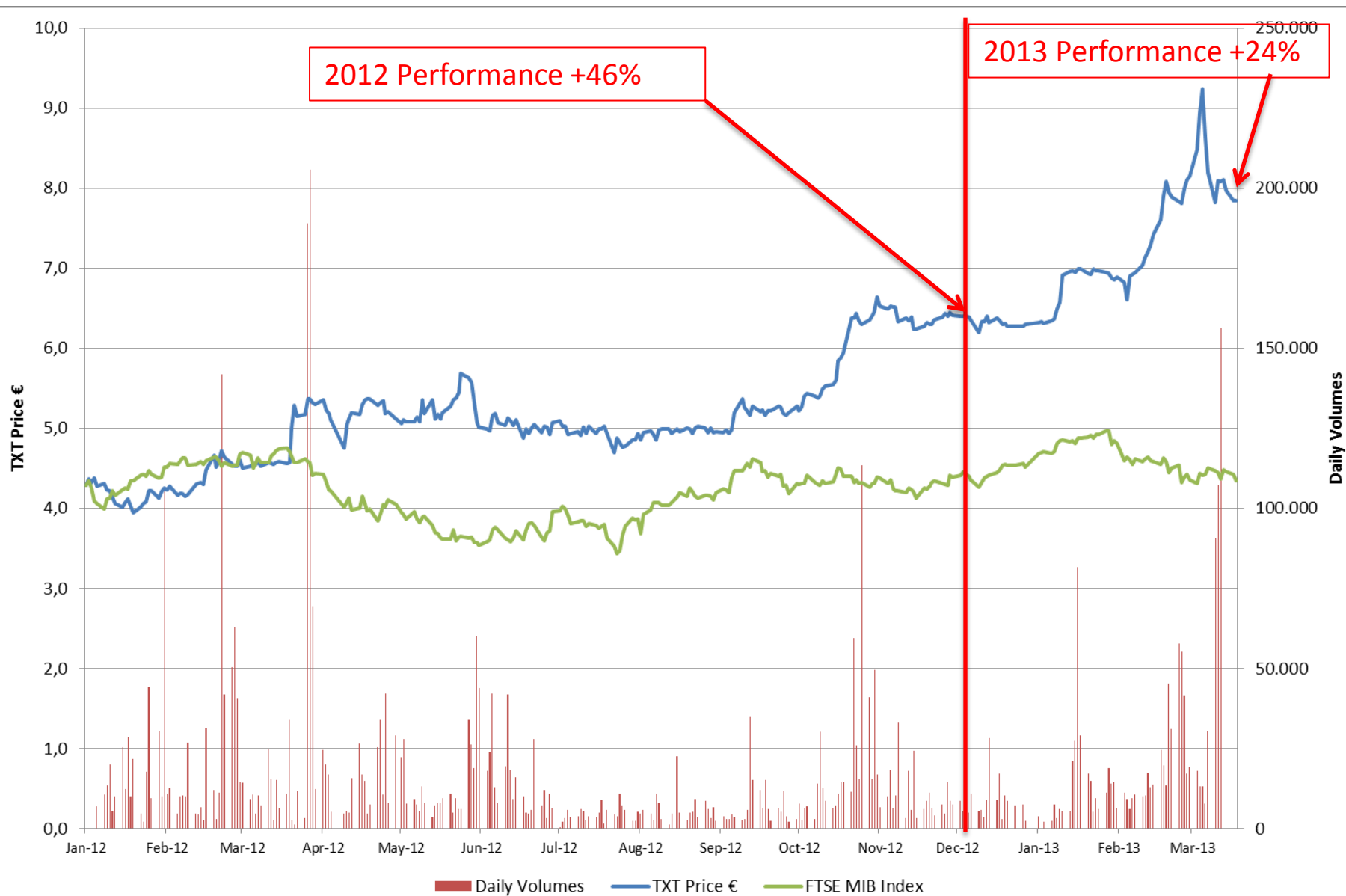
<i>€ thousand</i>	<b>31/12/2012</b>	<b>31/12/2011</b>	Total variance	of which Maple Lake	of which TXT
Intangible assets	19.866	6.561	13.305	13.973	(668)
Tangible assets	1.154	819	335	241	94
Other fixed assets	795	355	440	117	323
<b>Non current Assets</b>	<b>21.815</b>	<b>7.735</b>	<b>14.080</b>	<b>14.331</b>	<b>(251)</b>
Inventories	1.388	1.457	(69)	132	(201)
Trade receivables	17.274	12.273	5.001	1.521	3.480
Other short term assets	2.288	2.812	(524)	192	(716)
Trade payables	(1.800)	(3.087)	1.287	(521)	1.808
Tax payables	(2.158)	(574)	(1.584)	(1.648)	64
Other payables and short term liabilities	(12.465)	(9.624)	(2.841)	(904)	(1.937)
<b>Net working capital</b>	<b>4.527</b>	<b>3.257</b>	<b>1.270</b>	<b>(1.228)</b>	<b>2.498</b>
Severance and other non current liabilities	(3.415)	(3.216)	(199)	-	(199)
<b>Capital employed</b>	<b>22.927</b>	<b>7.776</b>	<b>15.151</b>	<b>13.103</b>	<b>2.048</b>
Shareholders' equity	26.164	20.265	5.899	1.512	4.387
Net financial debt	(3.237)	(12.489)	9.252	11.591	(2.339)
<b>Financing of capital employed</b>	<b>22.927</b>	<b>7.776</b>	<b>15.151</b>	<b>13.103</b>	<b>2.048</b>



- Support of Treasury Stock Purchase Plan, authorised up to 20%
- Dividend 2012 (0,40€ /share):
  - 30% of Net Income from operations
  - 100% of Non Recurring Income
- Dividend yield of approx. 4%



# TXT - Share Performance



- **International** profile: 50+% of Revenues from Int'l markets
- **Strong Revenues, Profit & Cash growth** in 2011 & 2012
- **Large fidelised customer base** of 350+ blue-chip fashion & luxury retailers: a key asset in «bad times»!
- **Solid** presence in **large markets** with very high **growth potential**
- **Open access** to **North Am. & Asia-pacific retail markets**, thanks to acquisition of healthy & retail-focused Maple-Lake.
- **Diversified** business: industries, geographies & business models
- **Innovation** in our DNA: historically a «1° mover» in many markets
- **Cash-at-hand** to self-finance organic & further external growth
- **Stable & solid management** team, shareholder of TXT
- Currently trading at **highly discounted multiples** ...