

TXT e-solutions

CORPORATE PRESENTATION

October 2013

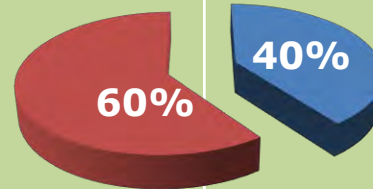
March 26, 2013



- Founded by A.Braga Illa in late '80s
- A healthy, small «Italian» System Integrator until 2000.
- July 2000: IPO (Italian Stock Exchange) with a Project:
 - From «system integrator» to «software vendor»
 - From «Italian» to «International»
- After 13 years: no longer «Italian» business, but truly «international»:
 - Recognized International leader in End-to-end Integrated Planning for Fashion, Luxury & Specialty Retailers
 - More than 350 Tier-1 & Upper Tier-2 customers in the Industry
 - Offices in I, F, D, UK, E, North America & Australia.

TXT PERFORM

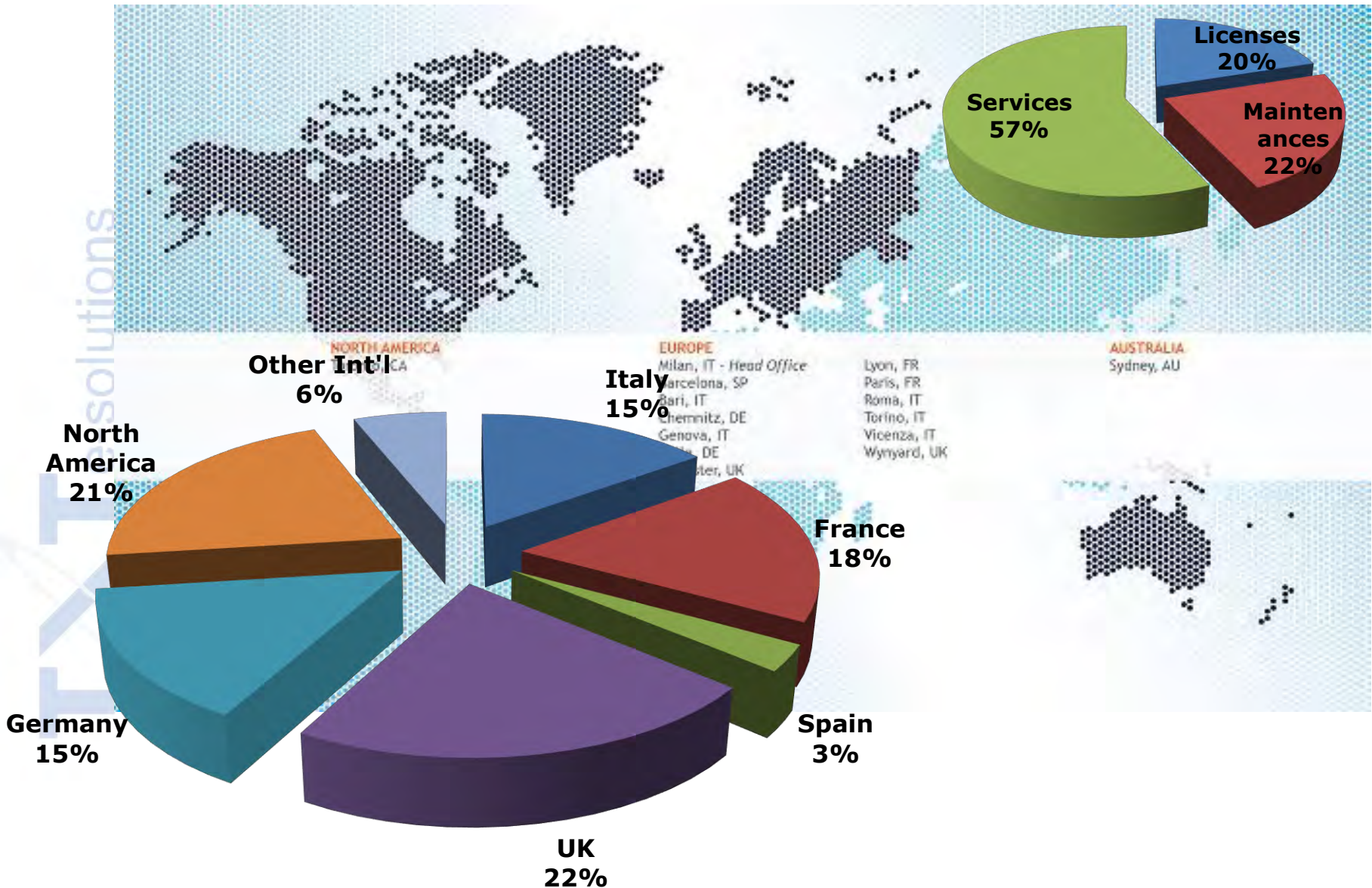
End-to-end Integrated Planning
Software for Fashion, Luxury
and Specialty Retailers



TXT NEXT

Advanced
system integration
& IT services

€ million	2011	2012	Var%
REVENUES	40,1	46,5	15,8
- TXT Perform	22,1	26,4	19,4
- TXT Next	18,1	20,1	11,5
EBITDA	4,4	5,3	21,0
EBIT	0,9	4,2	387,4
NET PROFIT FROM OPERATIONS	0,4	4,2	n.m.
Non recurring profit	13,8	0,9	n.m.
NET PROFIT	14,2	5,1	n.m.
Net Cash	12,5	3,2	



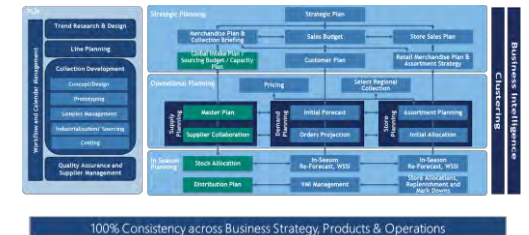
■ Focused Go-To-Market: Fashion, Luxury & Specialty Retail

- Tier-1 / Upper Tier-2
- Larger deals & recurrent revenues streams
- Complex problems & «mature» clients: higher prices



■ Footprint: End-to-end Integrated Planning

- Customers' planning core processes
- Broader & Deeper in our core verticals
- Modular & Integrated: start small & upscale
- Sole Vendor offering Planning **AND** Product Lifecycle Management (PLM)



■ Product Innovation:

- Microsoft Technology Stack (Global Microsoft Partner)
- Outstanding Usability & Scalability
- Riding technology innovation in Cloud, Mobile, Social & Big Data



350+ Customer Base, constantly growing:
Many new clients each year; one new “go-live” each week

TXT

Retail Planning Expertise across Product Categories & Channels

LUXURY



BRANDS



FAST FASHION



MULTI CATEGORY



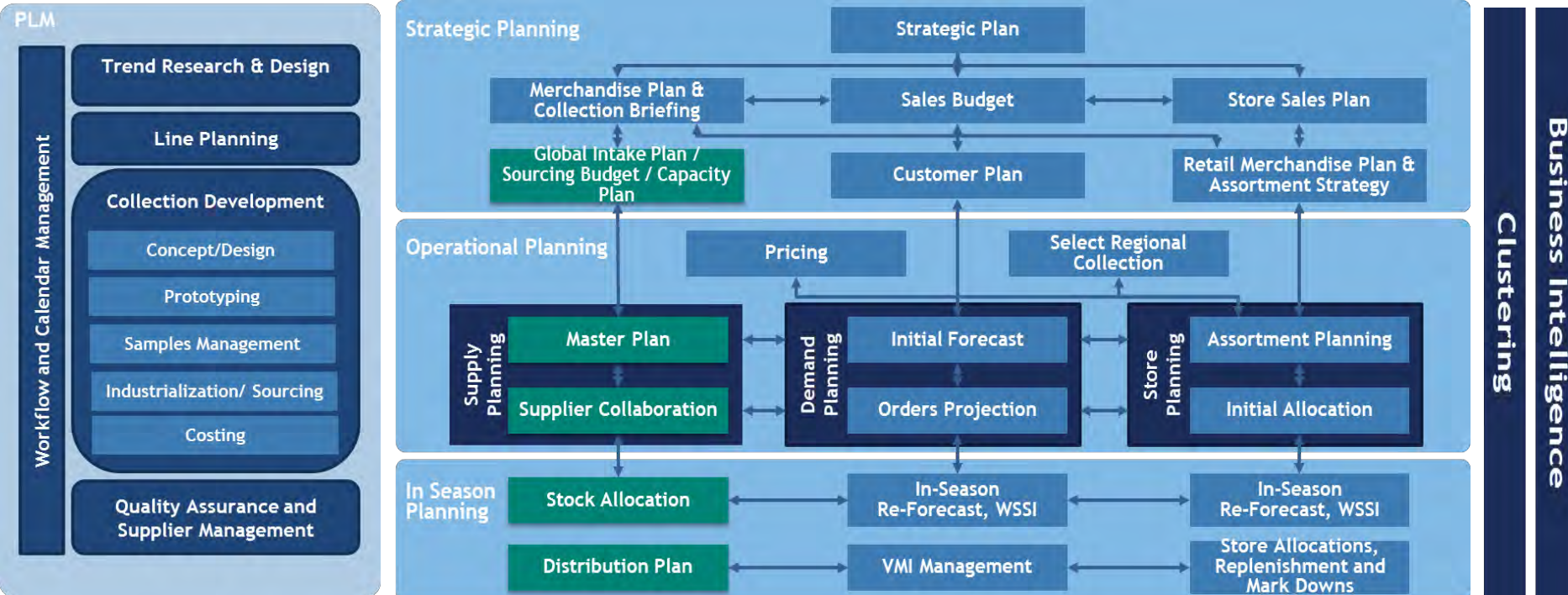
End-to-end Integrated Planning: Breadth & Depth

Sole Vendor offering Planning AND PLM for Retailers



Product Lifecycle Management

End-to-end Integrated Planning



100% Consistency across Business Strategy, Products & Operations

Key Benefits of End-to-end Integrated Planning



Increase Sales



Grow Margins



Reduce Inventories
& Invested Capital



Improve Productivity

- Better products & better assortments: right product, right place, right time, right price
- Reduce "slow-sellers" & unproductive SKUs; higher focus on "winners"
- Faster response to in-season availability needs & reduce "out of stock".

- Improve sell-through by planning better
- Smarter buying = less cancellations
- Better markdown management

- Smarter distribution first time, across the entire distribution network
- Tighter management of store inventories
- Reduce time to market

- Less time crunching data, more time analyzing.
- Faster what-if scenarios
- Improve understanding of how changes in product mix affect sales, profit & inventory performance
- "One version of the truth" simplify communications

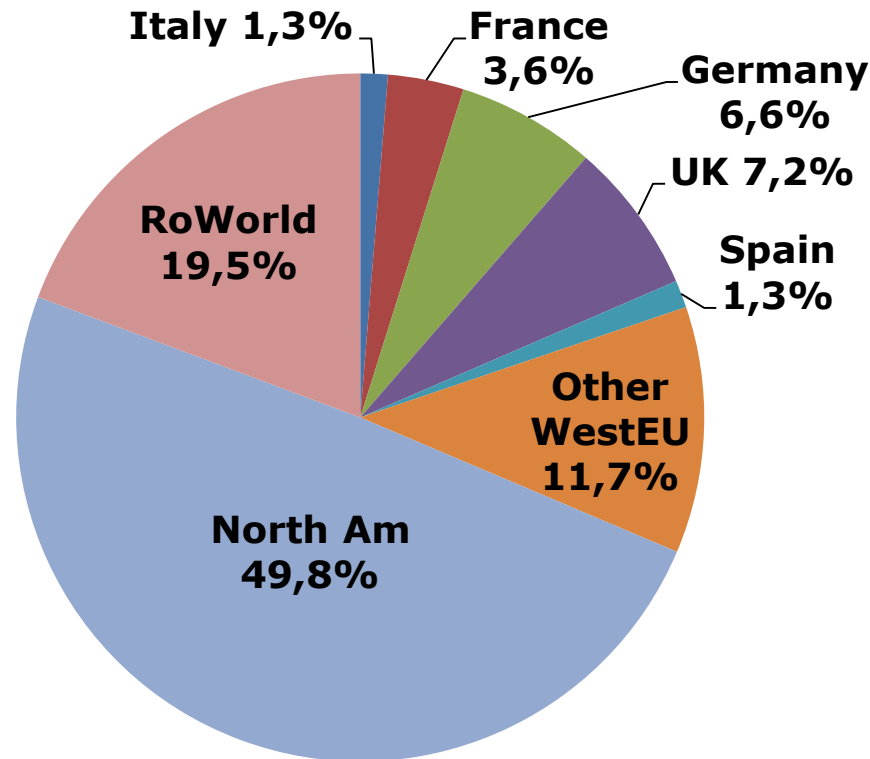
- One of the largest retailers world-wide:
 - 8% sales increase
 - 20 days reduction of inventories
- A French specialty retailer with 450 stores:
 - Increased best sellers availability in stores from 65% to 94%.
 - Best sellers further drive increase of store visits
 - Increase of margin by 1.2%
- Leading UK specialty retailer
 - 10% reduction of in-store inventories
 - 3% improvement in sales efficiency
 - 8% reduction of returns and significant reduction of stock obsolescence

From European to Global leadership

A Large, Growing Market Opportunity



- End-to-end Integrated Planning
 - A Large Market: 300+ m€ Licences
 - 5% CAGR in next few years
 - Fragmented: specialised / niche vendors have 50+% share, growing
- Retail Industry growing at +4-5% p.a.
- Tier-1 / Tier-2 Specialty Retailers:
 - Europe ~ 500
 - North America: ~ 750



From European to Global leadership

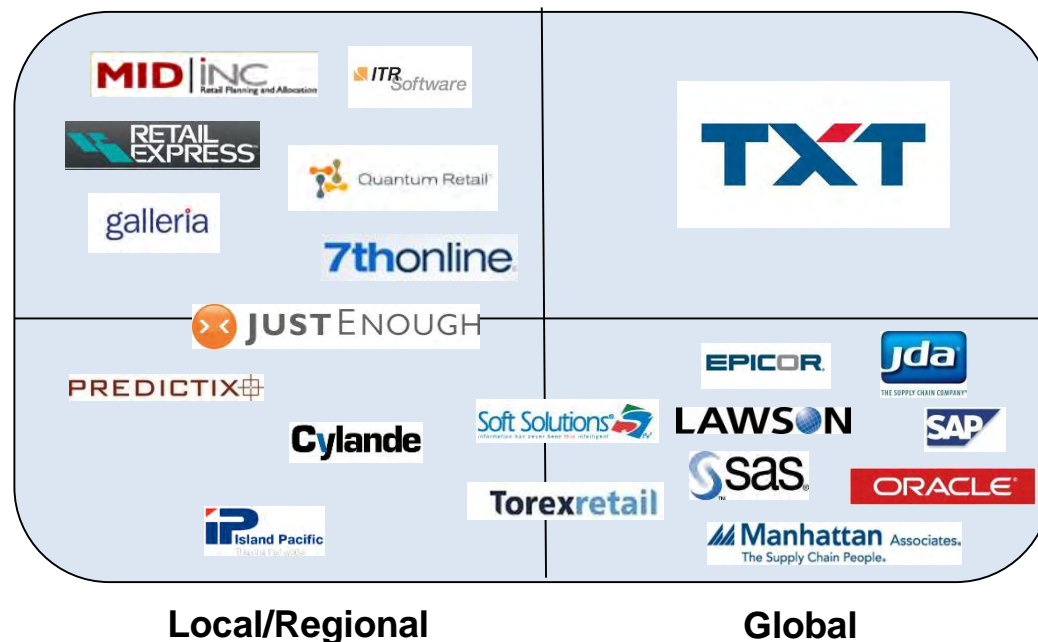
A Strategic Opportunity



- TXT opportunity: an «empty space» in the Market for a **mid-sized (50→100 m€), Highly Specialized, yet Global & Self-financed**
 - Few, very large (>500 M\$), global but generalist players
 - Small (<20 M\$), specialised, but local/regional players

**High Specialisation
Niche Players
(Industry & Process)**

**Low Specialisation
Wide Footprint
(Industry & Process)**



■ A strong market position

- Highly specialised Retail Planning software vendor
- Innovative
- Global: presence in both Europe & North Am. (together 80% of the market)
- Sound Financial structure

● A leading Retail Planning practice

- The largest group of Retail Planning experts among all software vendors
- The largest, global Customer Base in the Industry
- The strongest portfolio of End-to-end Integrated Planning. The sole vendor offering retailers BOTH Planning AND PLM
- Leadership recognized by International Analyst

Int'l leadership recognised by Market Analysts



1 in Functionality

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
TXT e-solutions	7.475	8.900	6.750	7.000
Torax	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 Strategist | February 2010

Source: AMR Research, 2010
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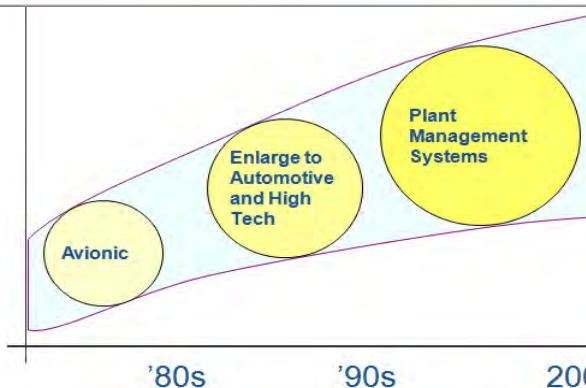
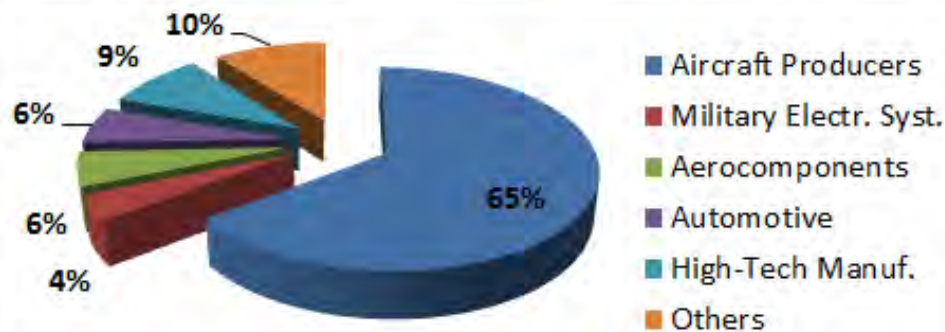
From European to Global leadership

What's next in our Journey



- Baseline **organic growth**:
 - in **Europe & North America**
 - in the core market of **global Luxury, Fashion & Specialty retailers**
- Accelerated through **targeted acquisitions**
- Enabled by:
 - Highly competitive **software Products**,
 - A strong, experienced & passionate **Team**
 - A large, fidelised **Customer base** of leading Int'l brands
- Sustained by continuous investments in **product innovation**
- **Self-financed** as much as possible, through:
 - Profit & **Cash** generated by the business
 - Growing **Stock** value

- Since 25 years:
 - Deep domain knowledge
 - Senior, experienced team
 - Consistently growing & generating cash, year after year
 - 30+ blue-chip customers, International leaders in their business



Examples

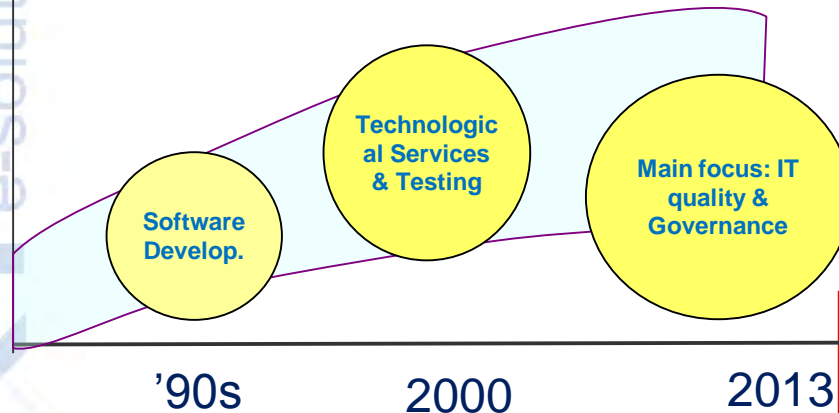
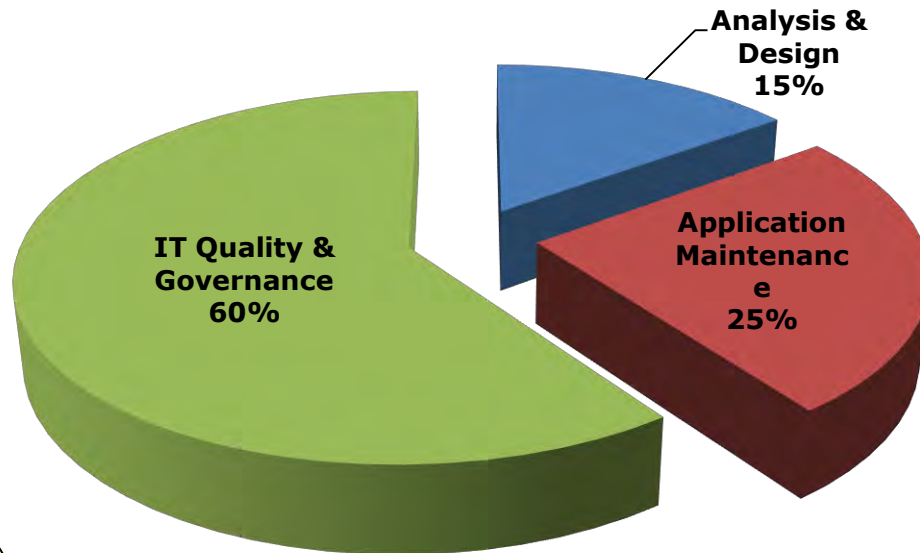
- AgustaWestland On-Board SW & Flight Simul.: since 1985
- MAGNETI MARELLI In-car MM Devices: since 2000
- DRESSER Wayne Control Systems: since 1994
- AleniaAermacchi Digital Manufacturing: since 2000
- SIEMENS Automation Software: since 2000
- bucino IT Governance since: 1997

TXT Next - Banking & Finance: a niche player



■ Target Market: Italy

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



Some Customers...



- **International** profile:
 - 50+% of Revenues from Int'l Markets
 - 90% of Revenues from Customers international leaders in their businesses
- Strong **Revenues, Profit & Cash growth** in 2011, 2012 & 2013
- **Large fidelised customer base** of 300+ blue-chip fashion & luxury retailers: a key asset in «bad times»!
- **Solid** presence in **large markets** with very high **growth potential**
- **Open access to Global Market.**
- **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
- Regular **dividend** policy

Appendix

Financial Details

H1 2013 Revenues growth & investments



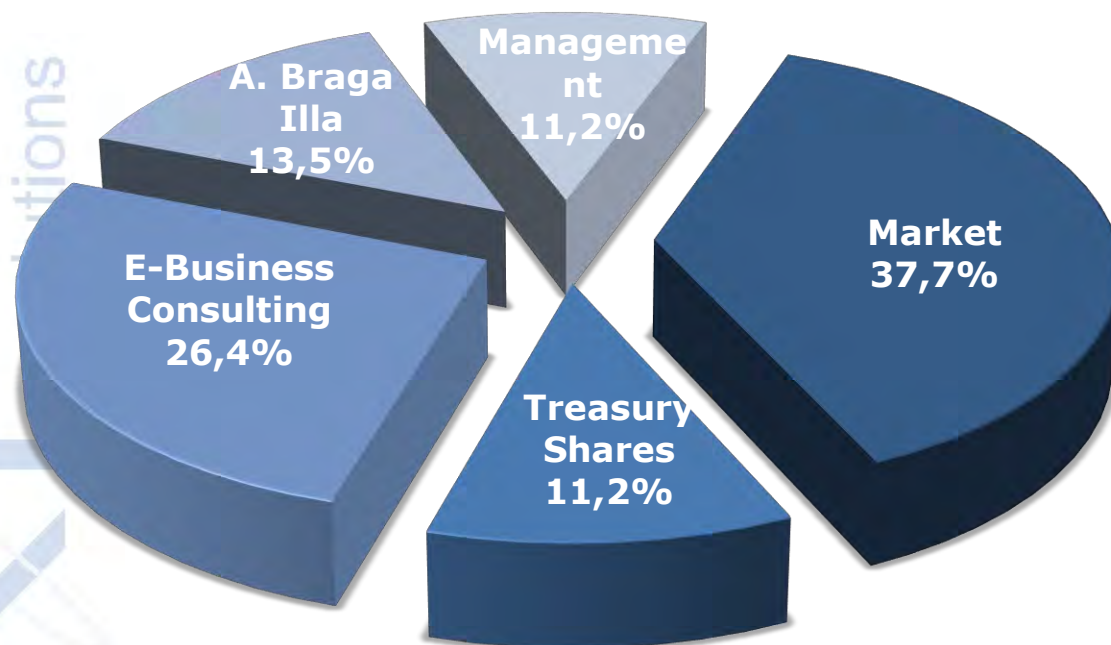
	I Half 2013	%	I Half 2012	%	Var 13/12%
<i>€ thousand</i>					
REVENUES	26.265	100,0	23.454	100,0	12,0
Direct costs	12.394	47,2	11.181	47,7	10,8
GROSS MARGIN	13.871	52,8	12.273	52,3	13,0
Research and Development costs	2.559	9,7	2.026	8,6	26,3
Commercial costs	4.896	18,6	4.317	18,4	13,4
General and Administrative costs	3.272	12,5	2.810	12,0	16,4
EBITDA	3.144	12,0	3.120	13,3	0,8
Amortization, depreciation	699	2,7	479	2,0	45,9
OPERATING PROFIT (EBIT)	2.445	9,3	2.641	11,3	(7,4)
Financial income (charges)	(156)	(0,6)	180	0,8	n.m.
EARNINGS BEFORE TAXES (EBT)	2.289	8,7	2.821	12,0	(18,9)
Taxes	(277)	(1,1)	(530)	(2,3)	n.m.
NET PROFIT FROM OPERATIONS	2.012	7,7	2.291	9,8	(12,2)
Non recurring profit	-	-	604	2,6	n.m.
NET PROFIT	2.012	7,7	2.895	12,3	n.m.

In H1 2013:

- Revenues grow +12.0% (+20.1% TXT Perform) and international revenues stand at 52%
- Gross margin grows +13.0%
- EBITDA unchanged after R&D and commercial investments in USA;
- Net income from operations at 7.7% of Revenues.

Strong balance structure

<i>€ thousand</i>	30/06/2013	31/12/2012	Var.
Intangible assets	18.996	19.866	(870)
Tangible assets	1.210	1.154	56
Other fixed assets	767	795	(28)
Fixed Assets	20.973	21.815	(842)
Inventories	1.669	1.388	281
Trade receivables	16.516	17.274	(758)
Other short term assets	2.252	2.288	(36)
Trade payables	(1.723)	(1.800)	77
Tax payables	(1.835)	(2.158)	323
Other payables and short term liabilities	(12.725)	(12.465)	(260)
Net working capital	4.154	4.527	(373)
Severance and other non current liabilities	(3.357)	(3.415)	58
Capital employed	21.770	22.927	(1.157)
Shareholders' equity	25.834	26.164	(330)
Net Cash Position	4.064	3.237	827



- 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

2012-2013: Strong Stock Performance

