

# TXT e-Solutions

**TXT**

**Corporate Overview**  
**October 2019**

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This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to TXT’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. TXT does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside TXT’s control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is for the First Half ended 30 June 2019.

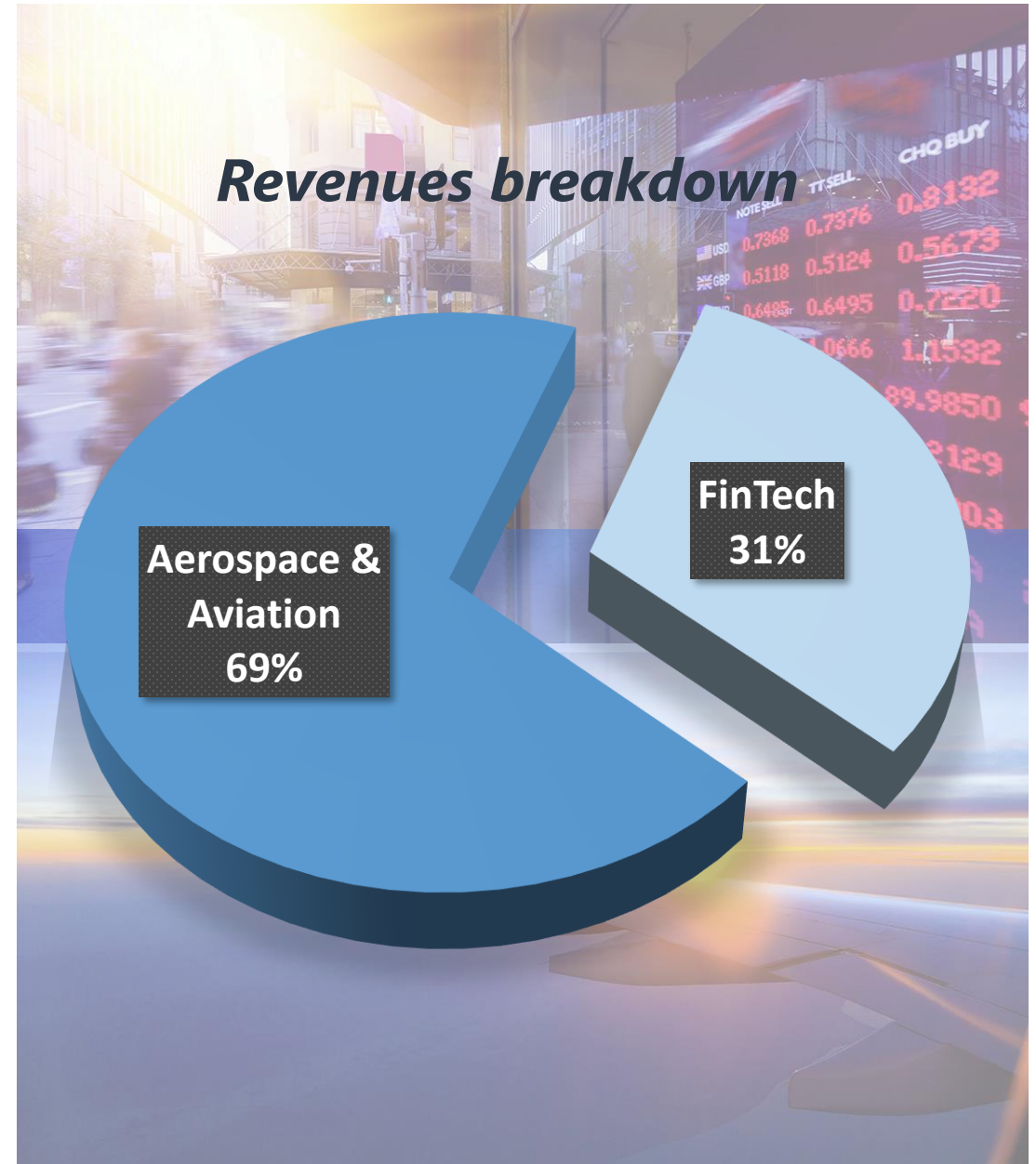
After **TXT has profitably divested its Retail Division in 2017** obtaining 85 m€ cash (19x EV/EBITDA)...

...**THE NEW TXT** started in 2018 is successfully pursuing the growth strategy designed by **THE NEW MANAGEMENT** that aims to **invest in higher growth areas**, starting from **solid foundations**:

**Aerospace & Aviation** and **FinTech**

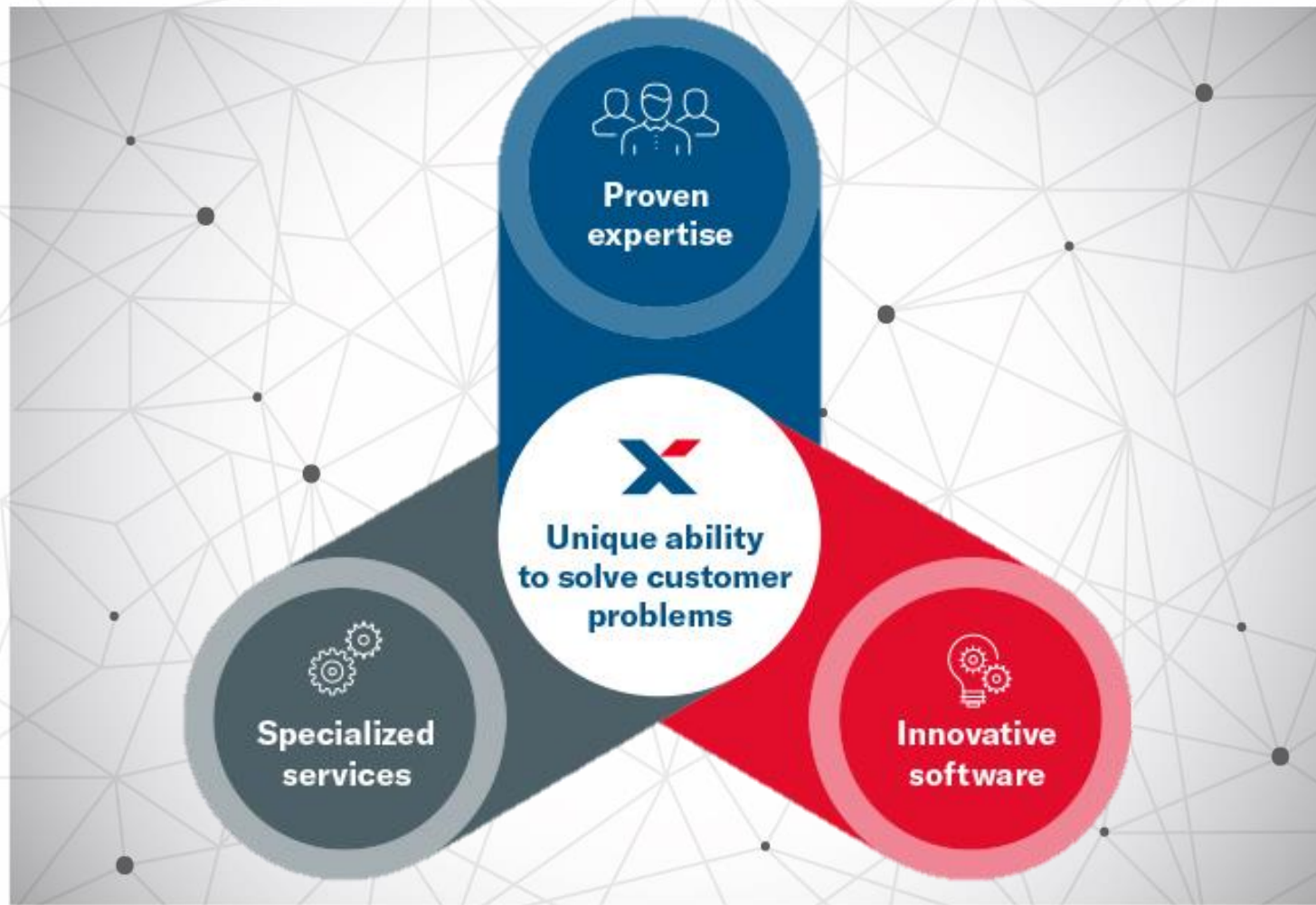
Key assets driving the international growth path:

- **New growth-oriented Management** driven by **ENRICO MAGNI**, relative majority Shareholder and Group CEO
- **100 M€ of cash available** for investments in the perfect mix of organic-inorganic growth
- **Aerospace & Aviation: accelerated organic growth** with new innovative solutions and new millionaire contracts
- **FinTech: revenues more than doubled YoY** with a mix of organic-inorganic growth



” TXT is an international, specialized provider of engineering software solutions supporting customers in high-tech markets in their mission and business-critical core processes and throughout their product lifecycles.

## Group Offering:



## Leadership Team:

### Alvise Braga Illa - Group Chairman

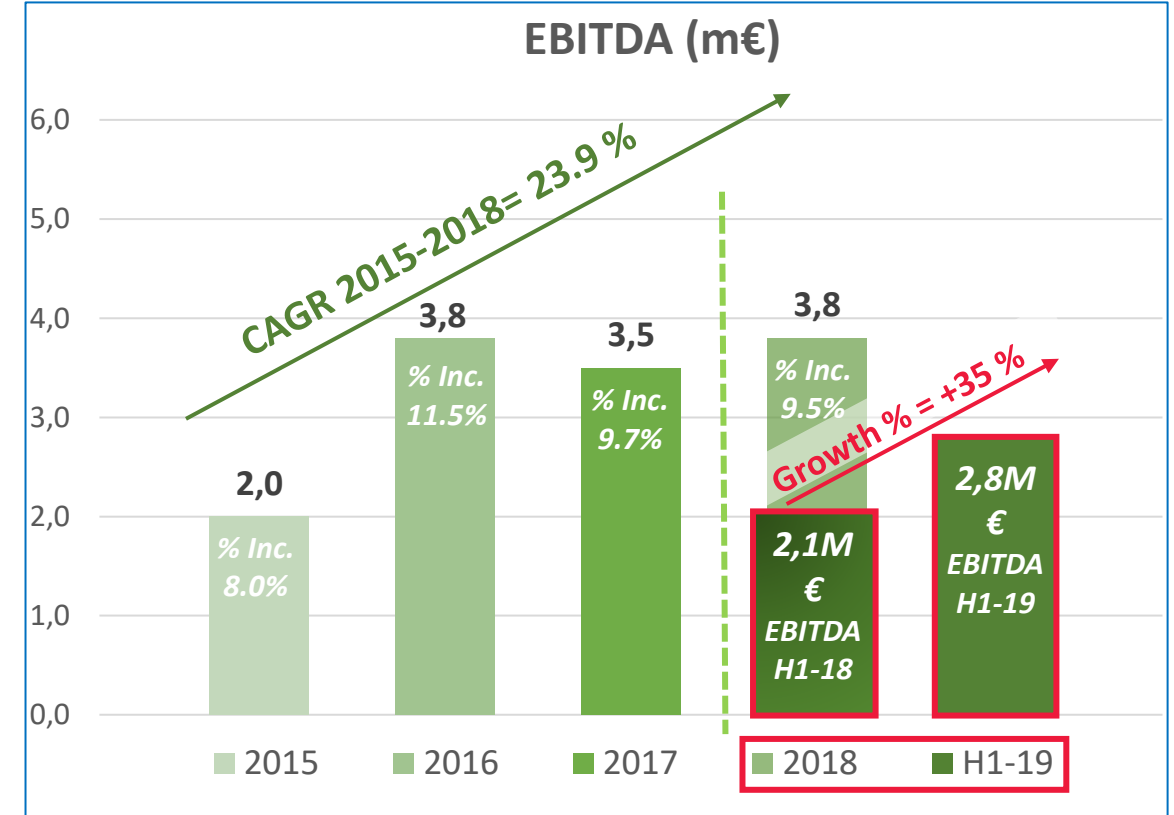
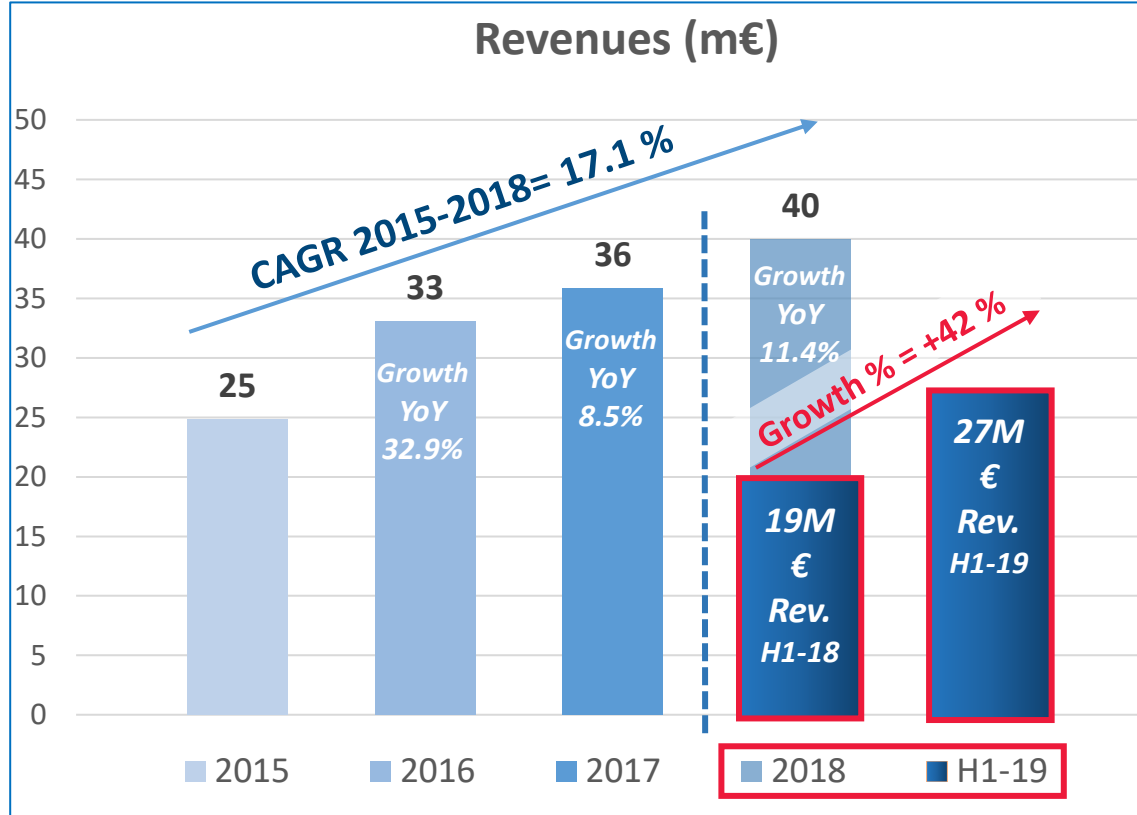
” Founder of TXT, Alvise has a clear vision of the future: no matter if it's planning software or onboard systems for the avionics, our solutions are business critical, they are at the heart of our customers most critical business processes

### Enrico Magni - Group CEO

” A seasoned entrepreneur with a solid track record in driving companies' growth, Enrico joined TXT as relative majority Shareholder and became CEO in 2018 with the goal to drive the international growth of TXT Group

### Daniele Misani - Managing Director

” Strong technical and sales background, + 20 years in TXT shaping current Aerospace & Aviation offering and organization, Daniele is a young and eager Manager committed to successfully execute the Group's growth strategy





**SPECIALIZED  
ENGINEERS**

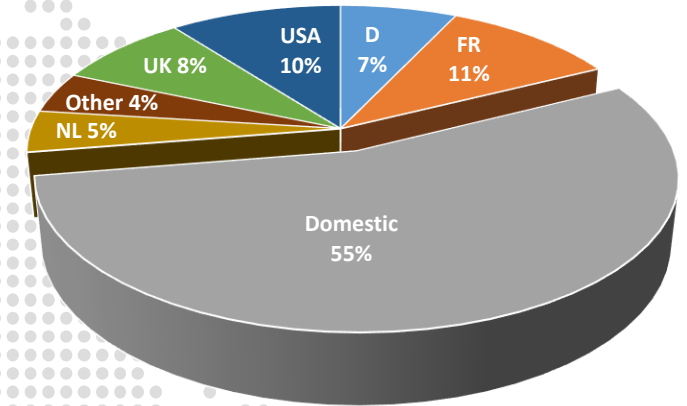
**650+**



**11**

**LOCATIONS  
WORLDWIDE**

Revenue by geography



**30+**

**YEARS  
EXPERIENCE**



**15+**

**YEARS  
EXPERIENCE**



**SUSTAINABLE,  
ECONOMIC  
PROGRESS**



**€ 27 M**

**TURNOVER H1-19**

**+ 42% YoY**



**Since 2018**

**NEW GROWTH-ORIENTED  
BOARD & MANAGEMENT**





## Aerospace & Aviation

International provider of High-tech Software Solutions & Services to Global Aerospace & Aviation Industry

Turnover  
H1-2019



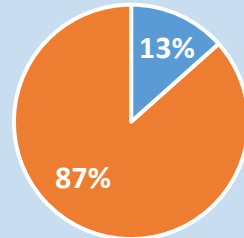
18.6M €  
+23% YoY

EBITDA  
H1-2019



2.5M €  
% incidence 14%

Revenues  
breakdown



■ SW ■ Service

Revenues  
growth



boosted by new  
proprietary SW  
and specialized  
services

TEAM  
+350



Constantly  
growing



## FinTech

First mover & Italian leader in SW Quality services for the Banking Industry, vendor of FinTech SW solutions

**Turnover**

**H1-2019**

**+119% YoY**



**8.4M €**

**EBITDA**

**massive growth**



achieved with the  
perfect mix of  
organic-inorganic  
growth

**New FinTech  
products**



tailored for  
Bank's Digital  
Transformation  
needs (e.g. RPA)

**Long-lasting  
business  
relationships**



with all the top  
Italian Banking  
institutions

**TEAM +300**

...more than doubled  
in the last year



for M&A and  
organic growth





# Aerospace & Aviation

**TXT**

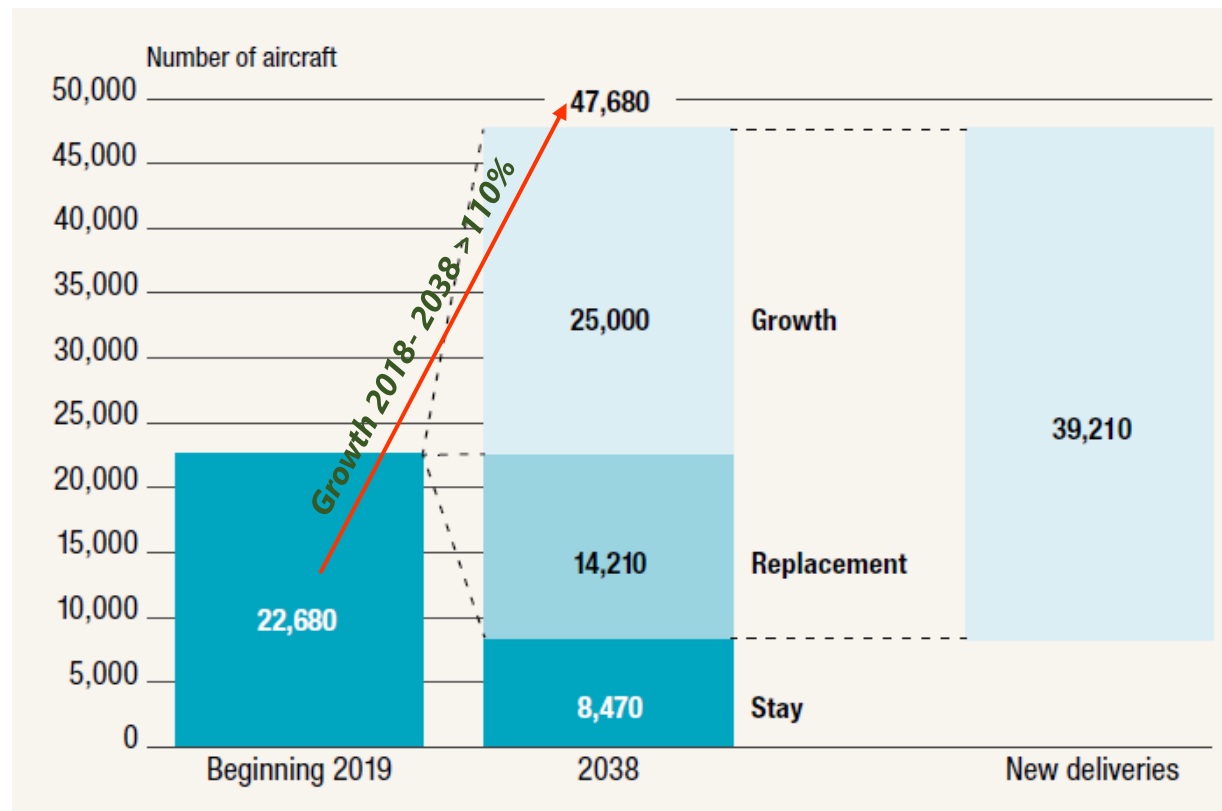
# A Large Market with a Solid, Steady Growth over the Long Run

”

Our forecast confirms a 4.3% average traffic growth p.a. over the next 20 years... Demand for 39,210 passenger and freight aircraft over the next 20 years.....

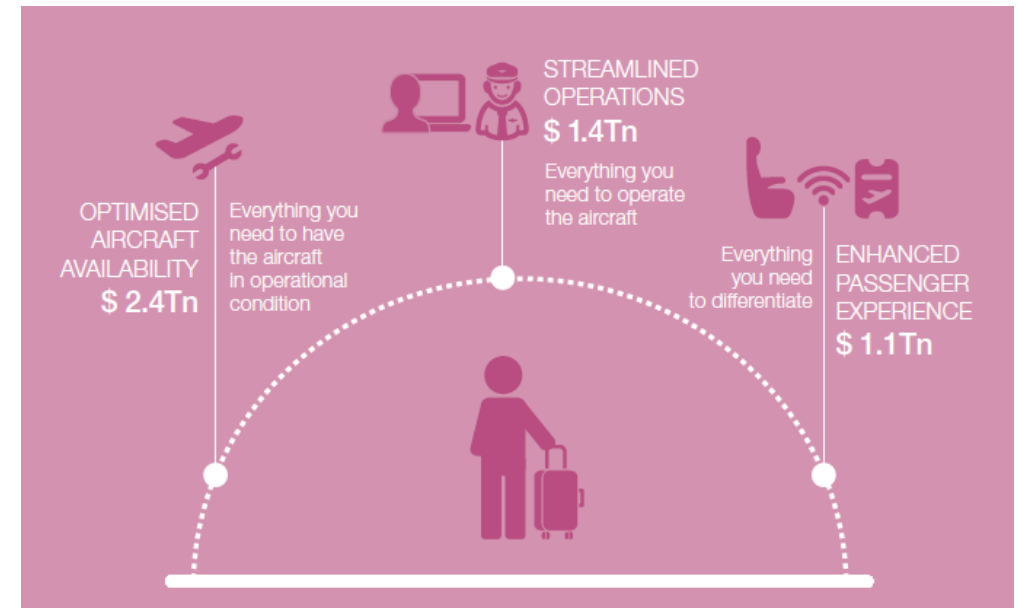
Source: Airbus GMF 2019-2038

## FLEET IN SERVICE EXPECTED TO MORE THAN DOUBLE OVER THE NEXT 20 YEARS...



(Source: AIRBUS GMF 2019)

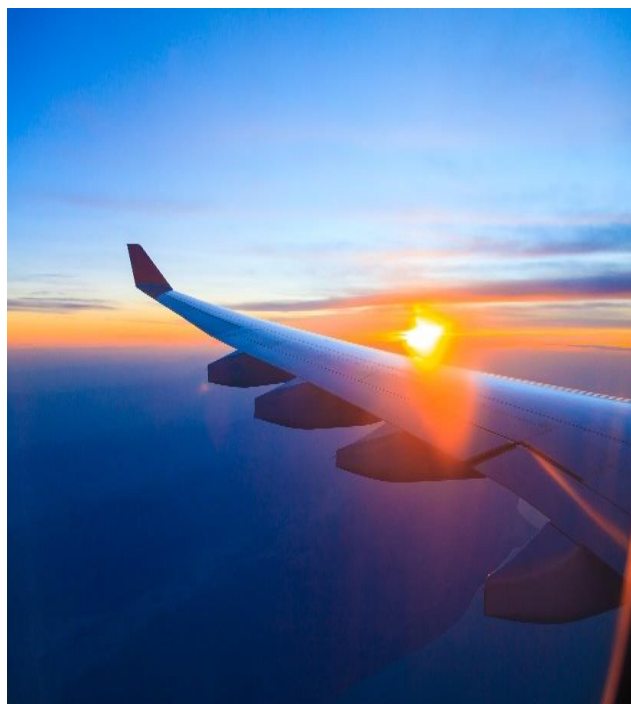
**Services forecasts: huge spending** in New Optimized Aircraft Availability, Streamlined Operations and Enhance Passenger Experience **in the next 20 years:**



(Source: AIRBUS GMF 2019)

” An **international, specialized provider of software solutions** (software Products and engineering Services) supporting customers in their **mission-critical core processes** and **throughout their product lifecycles**. ”

## Aerospace & Aviation



### Proprietary products, Solutions and Specialized services:

Preliminary Design & Evaluation **7%**



On-board Software **28%**



Product Configuration **21%**



Digital Manufacturing **10%**



Training & Simulation **25%**



Flight Operations **9%**



Product Development

Customer Engineering & Manufacturing

Aircraft Operations

TOP CUSTOMERS ...



Rolls-Royce



Lufthansa



AIRBUS



BOEING



EMBRAER



American Airlines





A steady growth of technologies and customer portfolio for a sustainable progress



FPO

Operational efficiency management in support of **Air France**'s sustainability efforts

NEW CUSTOMER



” TXT is recognized by the aerospace and aviation market as a leading and specialized provider of innovative products and solution in all the phase of aircraft lifecycle... **key success factors** are the **enhanced efficiency in terms of time and cost saving** provided to OEMs and airlines, **and the strong focus for the green economy** ”

## On-board flight profile optimization (FPO)



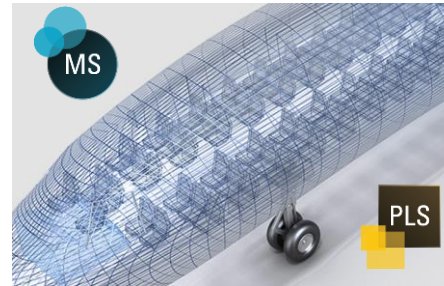
FPO is a key contributor to greater operational efficiency, which can significantly affect the airline fuel consumption

## Training solutions based on VR/AR/MR

for pilots, cabin crews, and maintenance technicians



## Route and aircraft economic analysis (Pacelab Suite | Pacelab Mission Suite)



Accurately project aircraft performance on specific routes; Fully explore the extension or optimization potential of route networks; Trade off technical, operational and economic parameters.

Fuel saving data for Pacelab Suite to be published soon....

## Fuel saving with FPO



Fuel saving data for virtual training to be published soon....





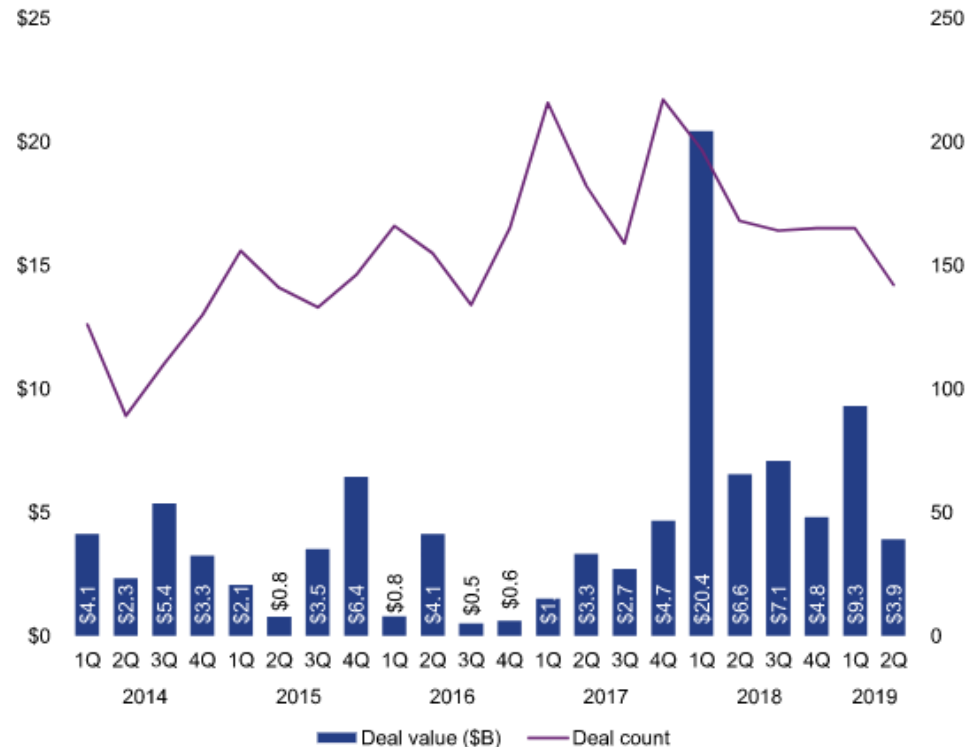
# FinTech



# A solid growth of FinTech market as an opportunity of fast development

” The **global fintech** ecosystem continued to mature at an accelerated pace over the course of 2018. With big developments ranging from the rise of open banking, increasing regulatory clarity and maturation of AI and blockchain, **2019 promises to be another big year for fintech.** ”

Total investment activity (VC, PE and M&A) in fintech in Europe 2014–Q2'19

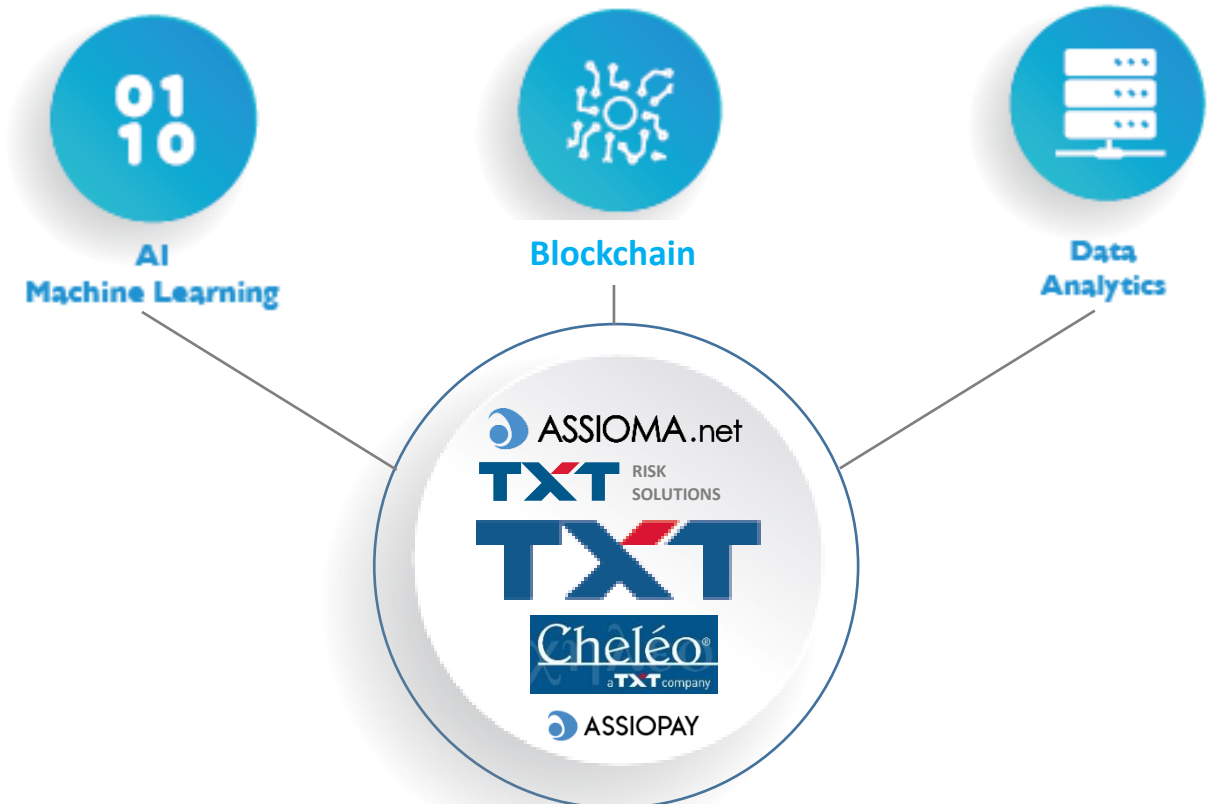


(Source: KPMG - Pulse of Fintech H1'19 – Europe)

” **Slowdown of FinTech worldwide and in the European market in H1-2019:** both the number of global fintech deals and the total global investment in fintech dropped in H1'19, raising \$37.9 billion across 962 deals, driven by the lack of mega deals seen in 2018. **That said, the fintech market in most areas of the world remained relatively strong and well poised for growth...** ”

... as we move into the 2020s and beyond, financial technology solutions will become integrated into the fabric of modern life. The old world is quickly giving way to a digital age that is disrupting whole industries and moving them in completely new directions. ”

(Source: KPMG - The Pulse of Fintech H1 2019)





” Provider of **specialized Services** and **Software supporting customers** in Banking & Finance market along their **business-critical processes** and their **Digital Transformation journey**. ”

## FinTech



Organic growth to strengthen the Service offering by expanding current core offering of SW Quality Services and by developing new Services around Bank's Digital Transformation needs (e.g. RPA)

M&A aiming to strengthen both Service and Product offering

TOP CUSTOMERS ...

### Software Quality Service: 75%

TXT since 15 years focused on SW Quality and Independent Testing, Verification & Validation of software, to ensure IT system functioning, functional fit, and compliance:

- Test Strategy and Development;
- Test Execution and Automation, Crowd Testing;
- Defect Management & Reporting;
- Test Environments Administration;
- Release management.

Software Quality Services

### Products for Financing, Credit & NPL Management: 18%

**Cheléo** a TXT company The new acquired company, Cheléo, offers a comprehensive & competitive suite of proprietary software modules supporting the management of financing products across their entire life-cycle:

- Issuing (Leasing, Loans, Factoring, Personal & salary-based Financing);
- Credit Collection;
- Non-Performing Loans.

Financing, Credit & NPL Management products

### Risk management, Treasury & Payments: 2%+5%

**TXT** RISK SOLUTIONS **ASSIOPAY**  
TXT Risk Solutions, an innovative RegTech start-up acquired by TXT in 2018, designs and markets proprietary solutions for risk assessment, based on predictive probabilistic models:

- Faraday AML (Anti-Money Laundering);
- Faraday AC (Anticorruption);
- Faraday AT (Anti-Terrorism).

ASSIOPAY is a start-up specialized in loyalties and payments for the large-scale distribution

Risk management & AML solutions, Treasury & Payments

ING



widiba

ERGO  
Assicurazioni



ZENITH SERVICE

nexi  
every day, every pay

sia

INTESA



SANPAOLO

BANCA IFIS



UniCredit

mediolanum  
BANCA



# Faraday - an AI based and compliance responsive platform for Banks, P.A. and Financial Institutions



NEW CUSTOMER

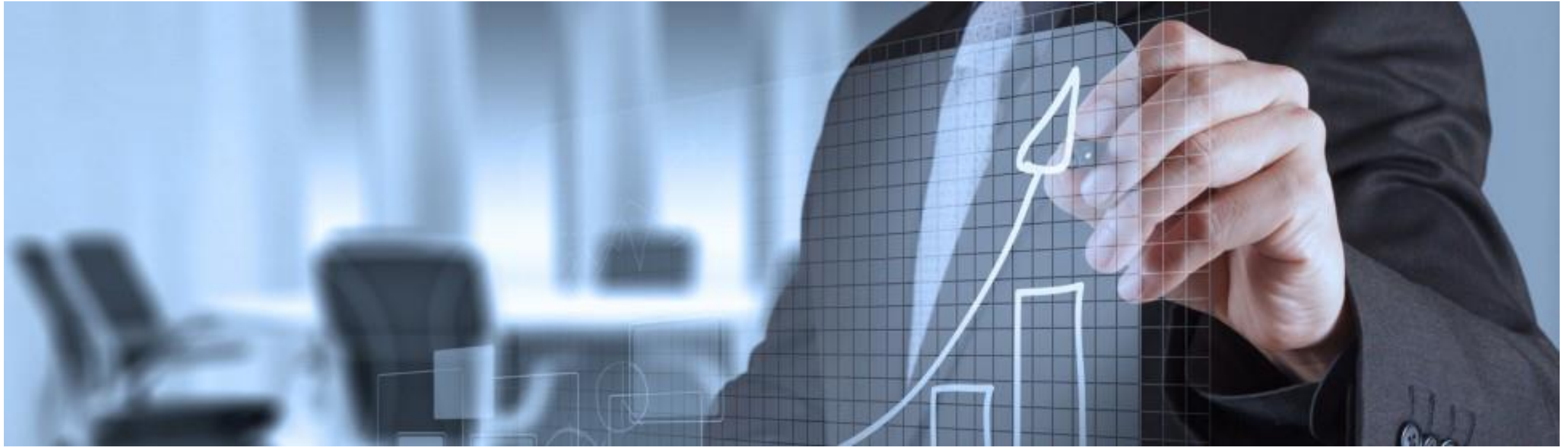
**Faraday AML**  
Anti-Money Laundering Platform

**Faraday AT**  
Anti-Terrorism Platform



**Faraday AC**  
Anti-Corruption Platform





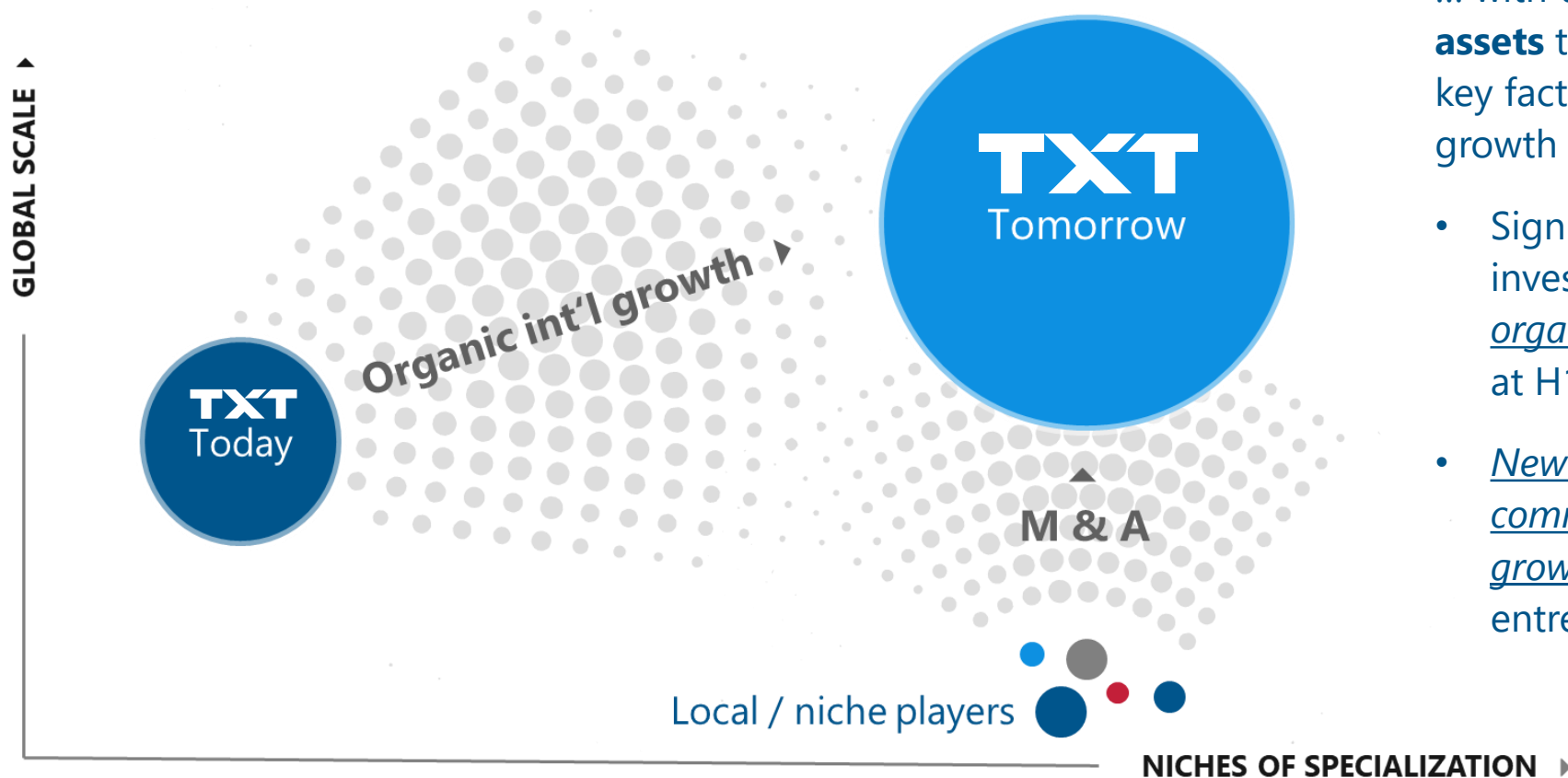
# Growth **s**trategies

**TXT**



A perfect mix of organic-inorganic growth to achieve:

- Specialization in **Processes**, Increasing knowledge and leverage capabilities cross-industry
- Ability to serve customers locally, yet on a global scale



... with **two important strategic assets** to be considered as success key factors in the international growth path:

- Significant amount of cash to be invested in a strategic and fast organic-inorganic growth. Net cash at H1-2019 was equal to 44m €.
- New Board and Management committed to the international growth and with a successful entrepreneurial background

# Organic international growth - from processes to evolving innovative products

**TXT**

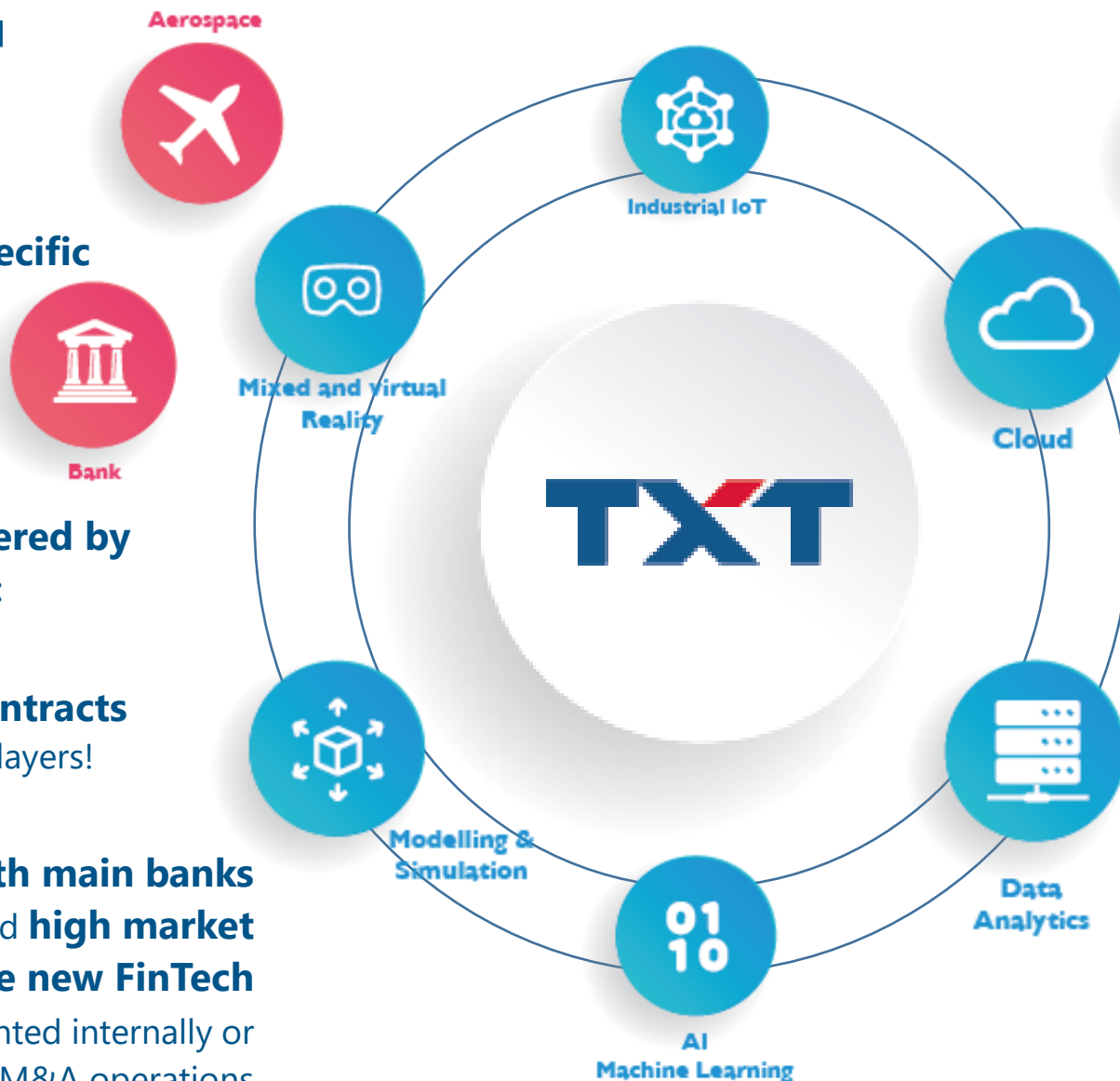
**TXT**  
**TODAY**

We started from specific industry process domain...

... to provide platforms powered by our capabilities:

New millionaire contracts with main aerospace players!

New contracts with main banks signed in H1-19 and **high market prospective for the new FinTech solutions** implemented internally or internalized through M&A operations



**TXT**  
**TOMORROW**

Replicate the growth path recorded in the last 12 months...

New markets penetration by leveraging the in-house competencies recognized in the Aerospace and FinTech

We are **mastering processes** to **exploit data usage**...

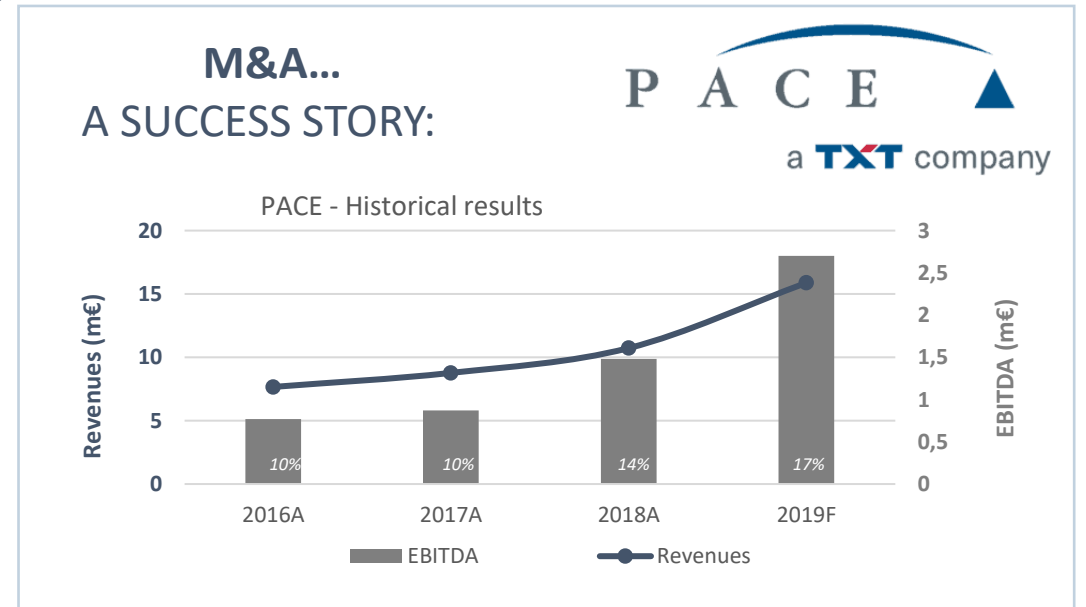
... we are **leveraging capabilities** to **improve processes, certify** and **secure data** to be exchanged among suppliers and customers



# Inorganic growth - three key factors to achieve the ambitious growth path

## INORGANIC GROWTH:

### M&A





# Summary & Financial Details

**TXT**

# Increasing and solid trading results - H1 2019

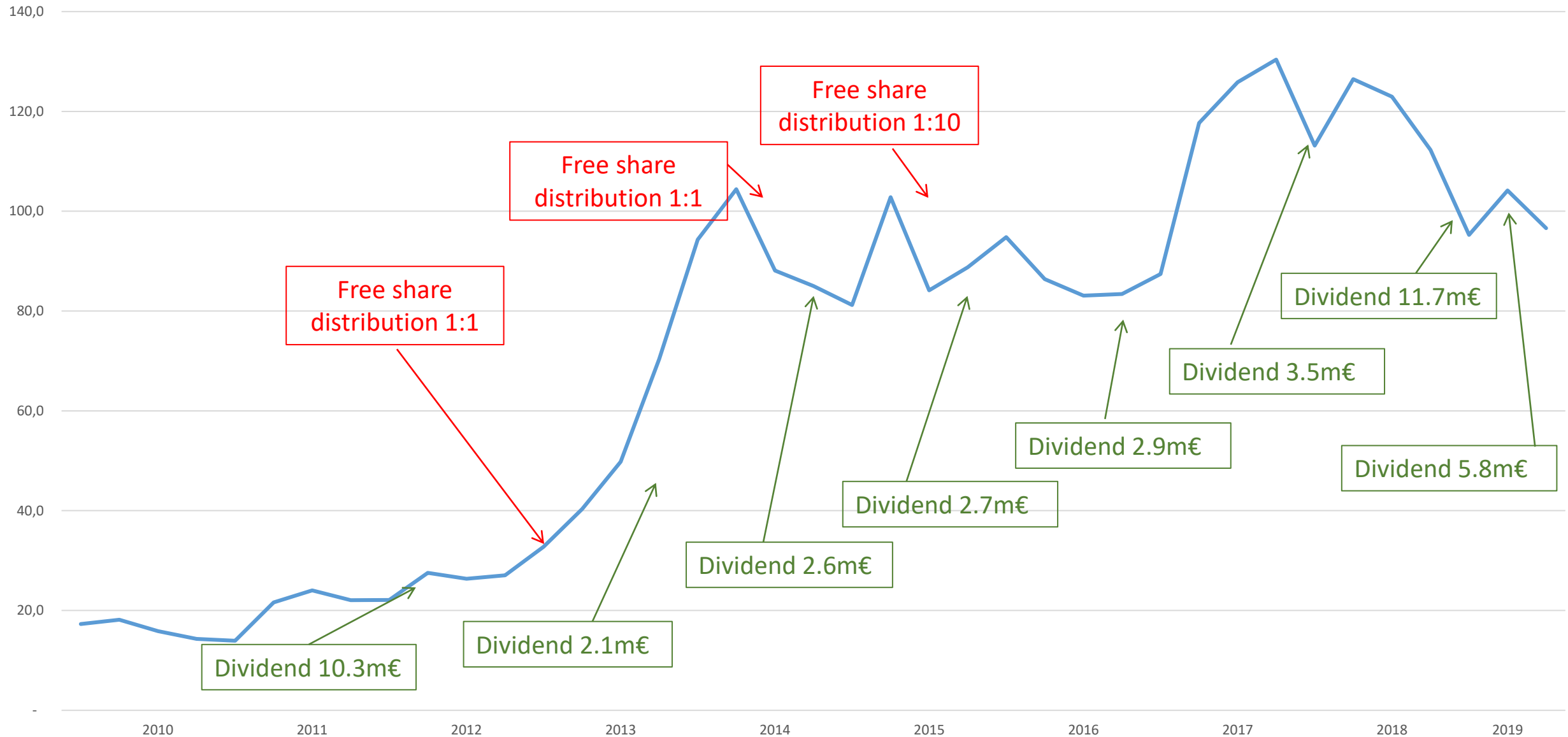
<i>€ thousand</i>	I SEM 2019	%	I SEM 2018	%	Var %
<b>REVENUES</b>	<b>26.996</b>	<b>100,0</b>	<b>19.006</b>	<b>100,0</b>	<b>42,0</b>
Direct costs	15.264	56,5	10.560	55,6	44,5
<b>GROSS MARGIN</b>	<b>11.732</b>	<b>43,5</b>	<b>8.446</b>	<b>44,4</b>	<b>38,9</b>
Research and Development costs	2.674	9,9	1.447	7,6	84,8
Commercial costs	3.596	13,3	2.621	13,8	37,2
General and Administrative costs	2.674	9,9	2.309	12,1	15,8
<b>EBITDA</b>	<b>2.788</b>	<b>10,3</b>	<b>2.069</b>	<b>10,9</b>	<b>34,8</b>
Depreciation	723	2,7	696	3,7	3,9
<b>CURRENT OPERATING PROFIT (EBITA)</b>	<b>2.065</b>	<b>7,6</b>	<b>1.373</b>	<b>7,2</b>	<b>50,4</b>
Amortization	474	1,8	176	0,9	n.s.
Riorganization and Non Recurrent Costs	346	1,3	-	-	n.s.
<b>OPERATING PROFIT (EBIT)</b>	<b>1.245</b>	<b>4,6</b>	<b>1.197</b>	<b>6,3</b>	<b>4,0</b>
Financial income (charges)	1.791	6,6	(287)	(1,5)	n.s.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>3.036</b>	<b>11,2</b>	<b>910</b>	<b>4,8</b>	<b>n.s.</b>
Taxes	(865)	(3,2)	(40)	(0,2)	n.s.
<b>NET PROFIT</b>	<b>2.171</b>	<b>8,0</b>	<b>870</b>	<b>4,6</b>	<b>149,5</b>

# Strong Balance Structure as at June 30, 2019

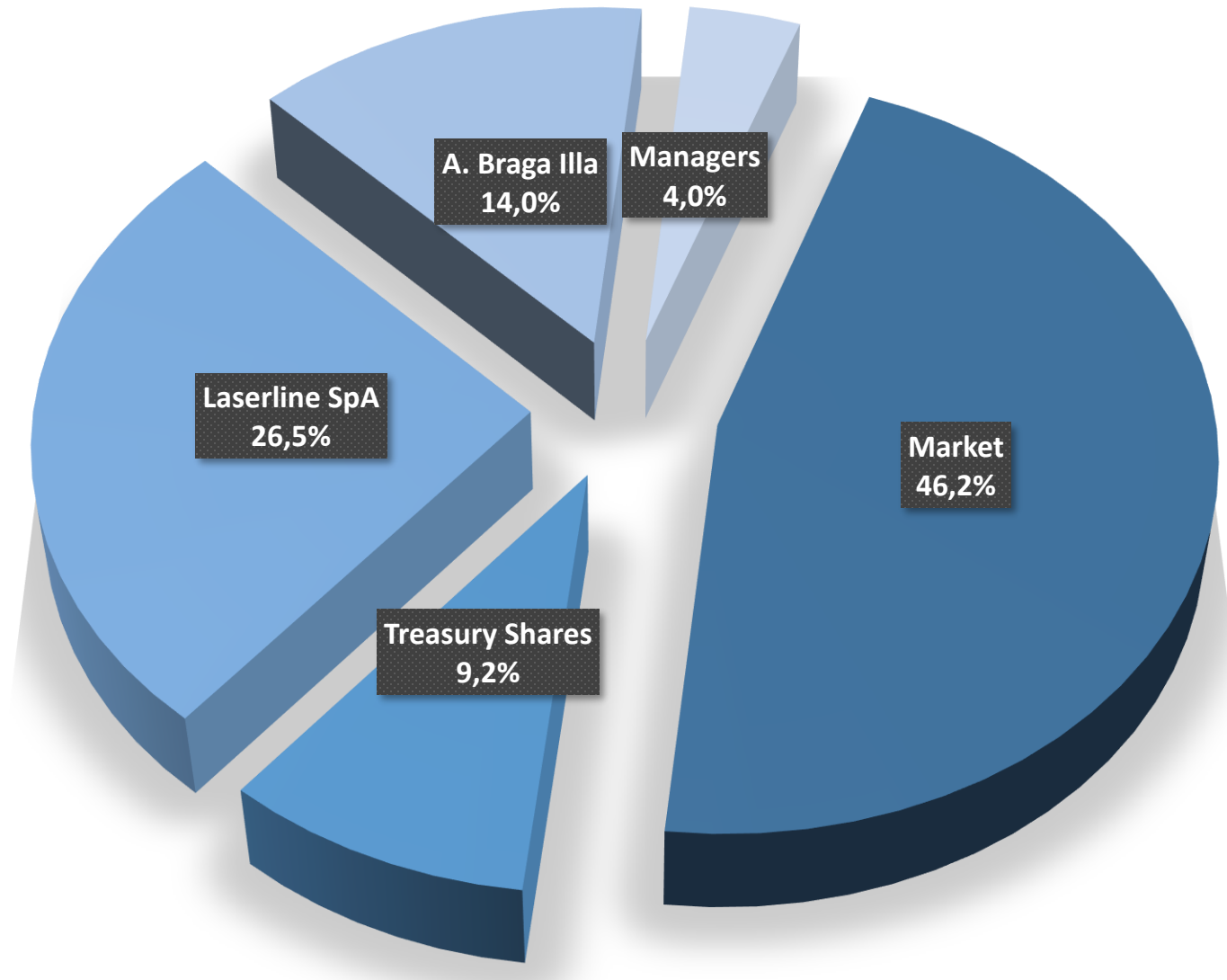
<i>€ thousand</i>	30.6.2019	31.12.2018	Var.
Intangible assets	24.791	17.751	7.040
Tangible assets	7.876	3.680	4.196
Other fixed assets	1.652	1.511	141
<b>Fixed Assets</b>	<b>34.319</b>	<b>22.942</b>	<b>11.377</b>
Inventories	5.581	3.141	2.440
Trade receivables	18.806	14.029	4.777
Other short term assets	3.481	2.963	518
Trade payables	(2.121)	(1.434)	(687)
Tax payables	(2.167)	(1.662)	(505)
Other payables and short term liabilities	(15.040)	(11.031)	(4.009)
<b>Net working capital</b>	<b>8.540</b>	<b>6.006</b>	<b>2.534</b>
<b>Severance and other non current liabilities</b>	<b>(3.371)</b>	<b>(2.957)</b>	<b>(414)</b>
<b>Capital employed - Continuing Operations</b>	<b>39.488</b>	<b>25.991</b>	<b>13.497</b>
Shareholders' equity	83.525	86.347	(2.822)
Shareholders' equity	121	-	121
Net financial debt	(44.157)	(60.356)	16.199
<b>Financing of capital employed</b>	<b>39.489</b>	<b>25.991</b>	<b>13.498</b>



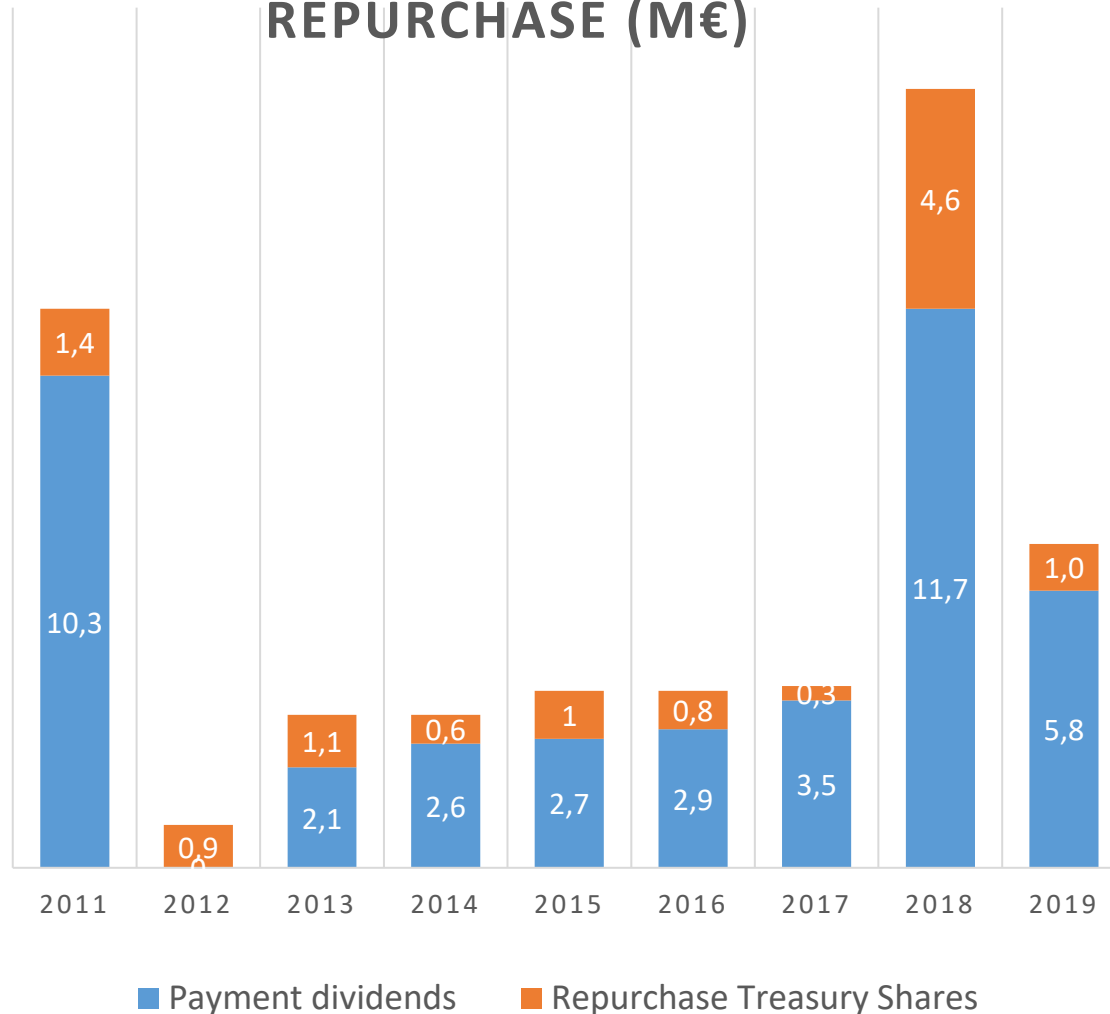
# TXT Market Capitalization (m€)



Updated to June 2019



## DIVIDENDS + TREASURY SHARES REPURCHASE (M€)



### • Dividends

- 2011: 1 € /share (extraordinary, rebased)
- 2012: Free Share Distribution 1:1
- 2013: 0.20 € /share (rebased)
- 2014: Free Share Distribution 1:1
- 2014: 0.25 € / share
- 2015: Free Share Distribution 1:10
- 2015: 0.25 € / share
- 2016: 0.25 € / share
- 2017: 0.30 € / share
- 2018: 1.00 € / share
- 2019: 0.50 € / share

### • Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 30.6.2019: 8.19€ /share
- Market Cap: 97m€

# Thank you for your attention!

[www.txtgroup.com](http://www.txtgroup.com)



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