

TXT e-Solutions

TXT

Corporate Overview
April 2020

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Unless otherwise specified all data refers to FY 2019.

Leadership Team



Alvis Braga Illa

Chairman

Founder of TXT, Alvis 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



Misani Daniele

Managing Director

+ 20 years in TXT, strong international background in business development and delivery, since 2019 Managing Director, in charge of the Aerospace & Aviation division, with responsibilities at Group level in strategy definition and execution.



Eugenio Forcinito

Group CFO

+20 years experience in the Finance and Administration sector and a deep knowledge of managerial dynamics, in the last fifteen years Eugenio has always been focused and committed to the sustainable growth and development of TXT Group.



Company Overview

TXT



PIONEER OF SOFTWARE TECHNOLOGIES, we offer a mix of best-in-class proprietary products & specialized services



30+ YEARS OF EXPERIENCE IN AEROSPACE, defence and aviation sectors with high specialized services and products



15+ YEARS OF EXPERIENCE IN BANKING & FINANCE, first mover & Italian leader in Software Quality and Independent Verification & Validation Services



INTERNATIONAL FOOTPRINT, with presence in +10 countries, offices in Europe and North America



650+ SPECIALIZED PROFESSIONALS, software engineers and architects, project engineers and Subject Matter Experts in our core industries.

#WEARETXT



MARGIN EXPANSION

11.9% FY19 EBITDA margin, +2.4pp YoY



RECURRING REVENUE GROWTH

More than 80% of AR are recurring, thanks to strong contractual terms and consolidated relationships



R&D INVESTMENT (fully expensed)

€6mn in FY19, +103% YoY



CASH AVAILABLE FOR GROWTH

€41.4mn FY19 Net Cash



ACCRETIVE ACQUISITIONS

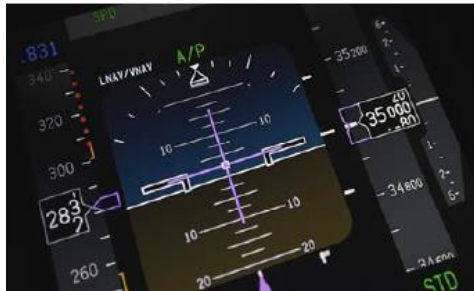
Assioma Group latest acquisition in FY19

VALUE CREATION

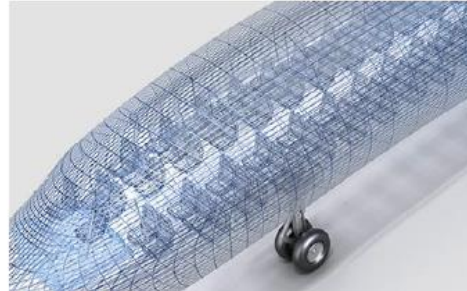
“

TXT Group is a specialized provider of *digital solutions* supporting customers globally in their mission- and business-critical core processes and throughout their products lifecycle.

TXT Group's technological excellence centres enable best-of-breed digital solutions:



Real-Time Software



Modelling & Simulation



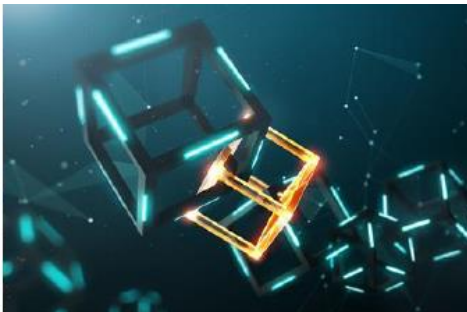
Cloud



AI / Machine Learning



Industrial IoT



Blockchain



Big Data Analytics

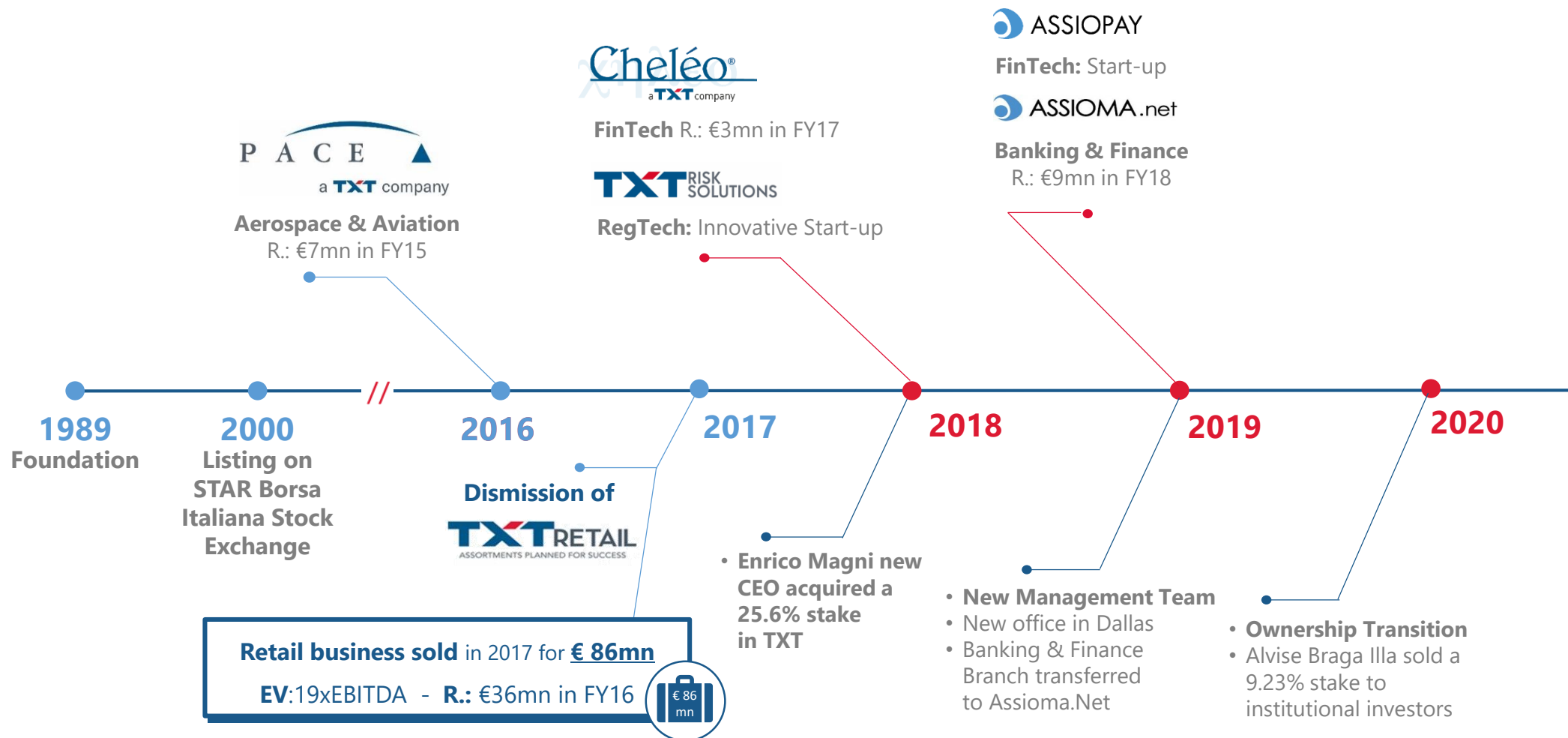


Extended Reality

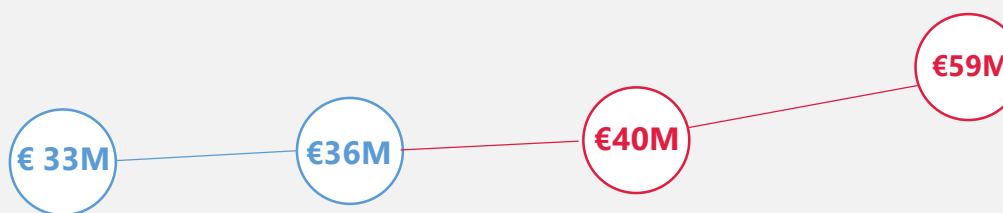
“ We are *leveraging our industry know-how* and *tech-capabilities to empower customers in their digital journey.*

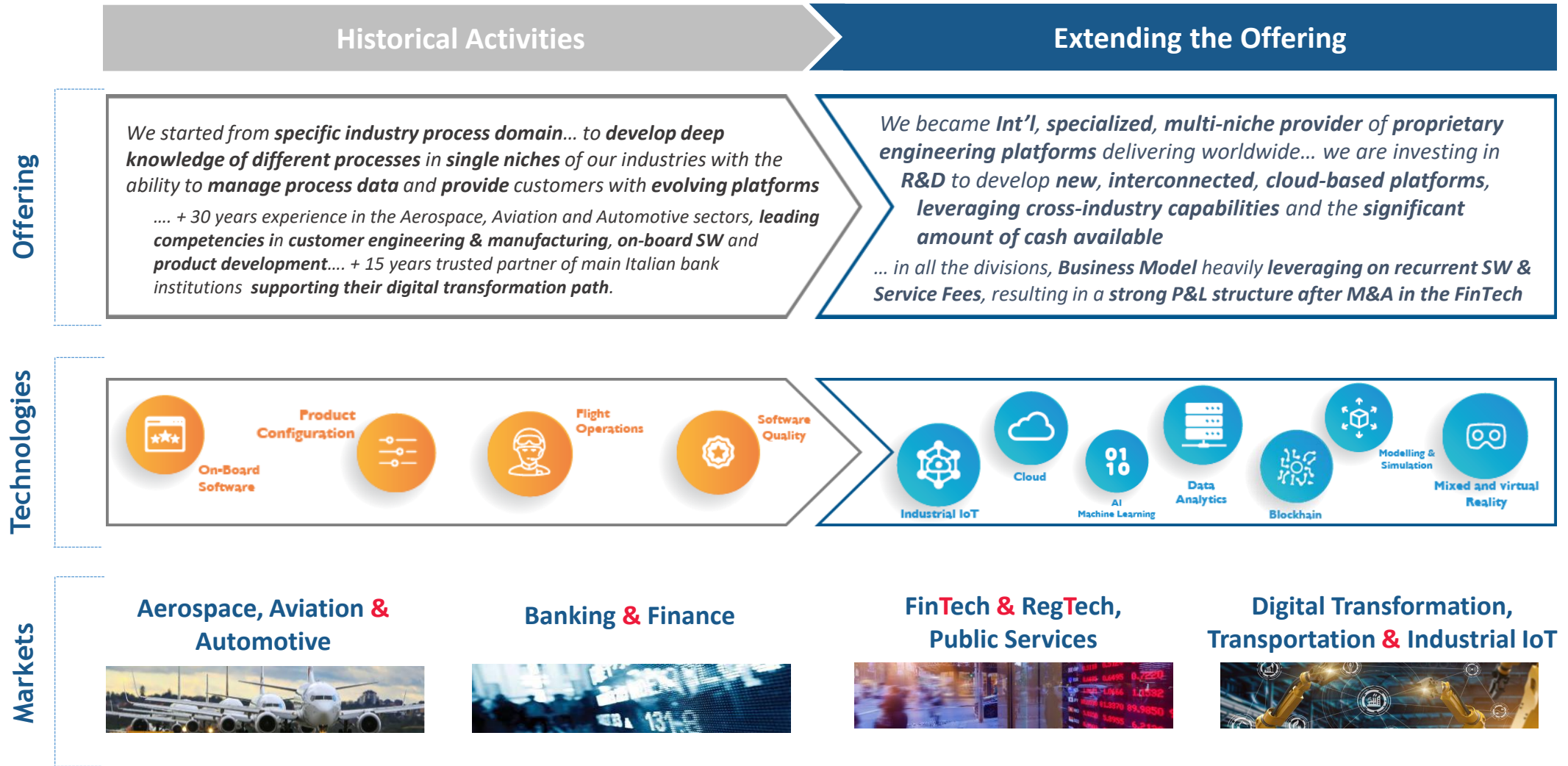
M&A

Other Corporate Events



Total Revenues *
* Excluded Retail business



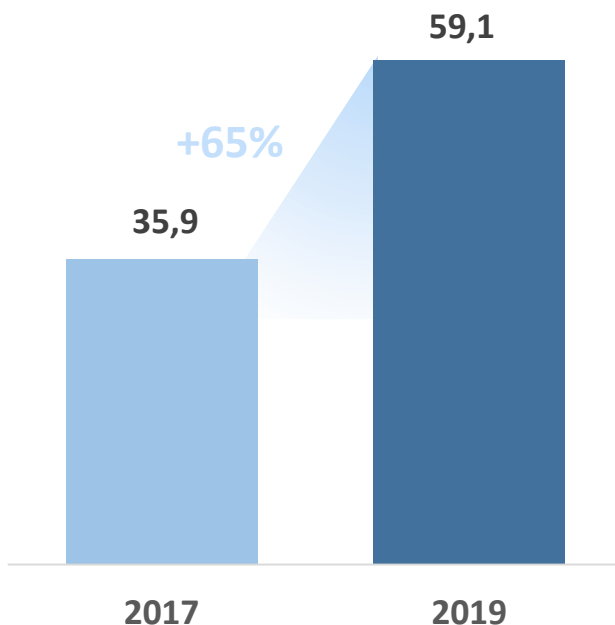


We started from specific industry process domain...

...to penetrate new markets by leveraging strong cross-industry capabilities & technologies recognized in the Aerospace and Banking & Finance industries

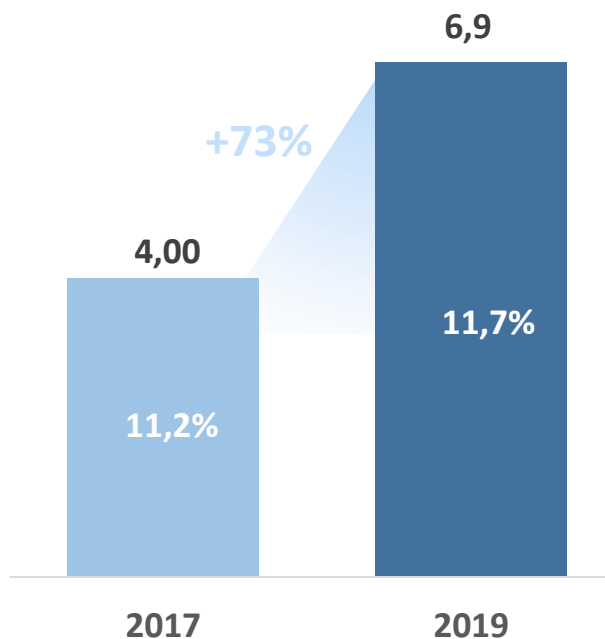
Strong Revenues from Software and Profitability Growth

Revenues (€mn)



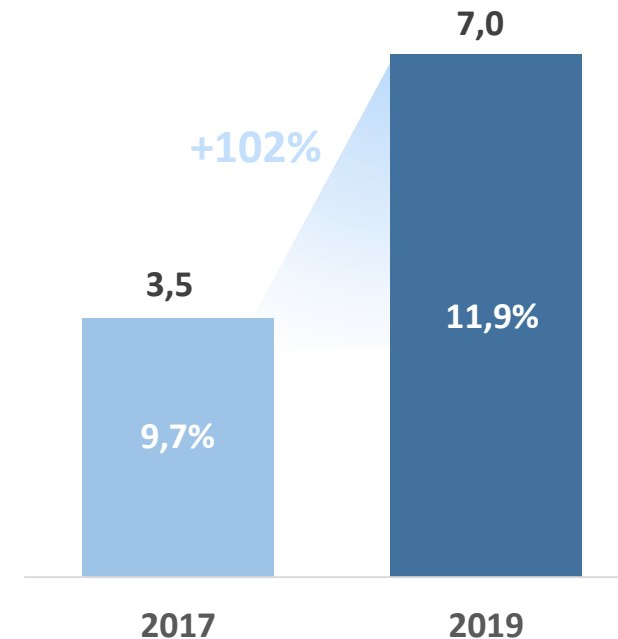
The perfect mix of organic-inorganic growth to achieve an accelerated and profitable growth... and still more than € 70 mn cash available for investments in the international growth

Revenues from Software * (€mn, % on total revenues)



** Figures do not include revenues from advanced services around proprietary SW equal to € 11,1 mn in FY19, +136% compared to 2017.*

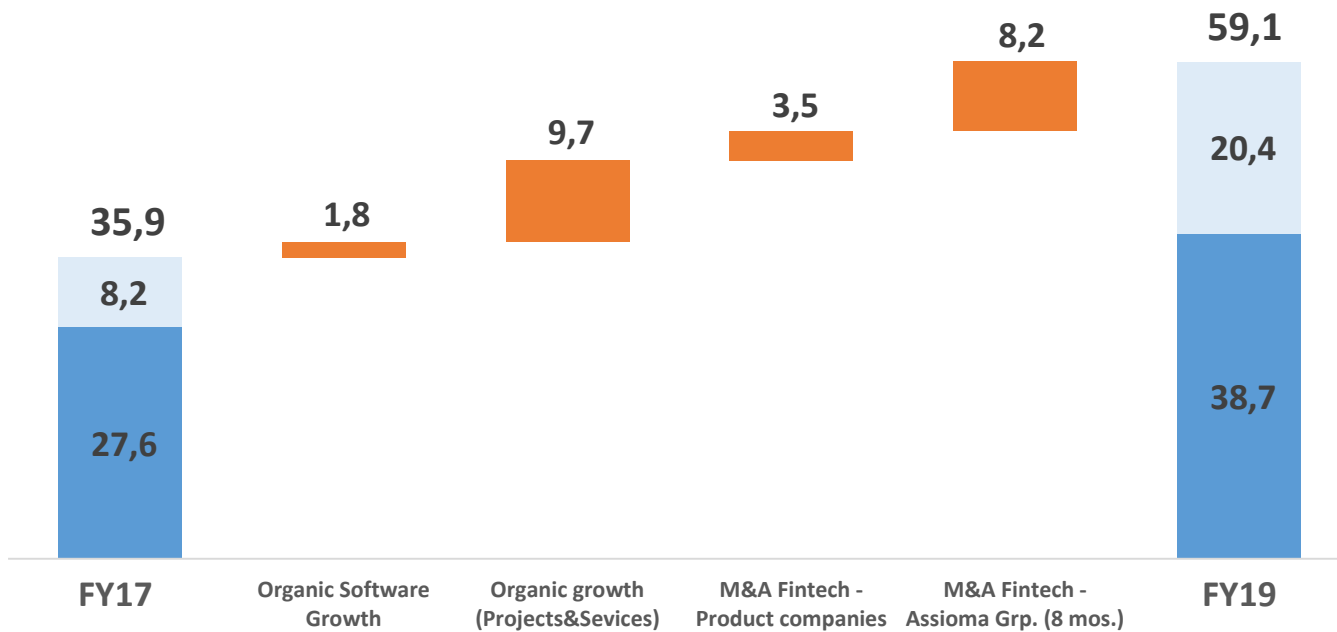
EBITDA (€mn, % on total revenues)



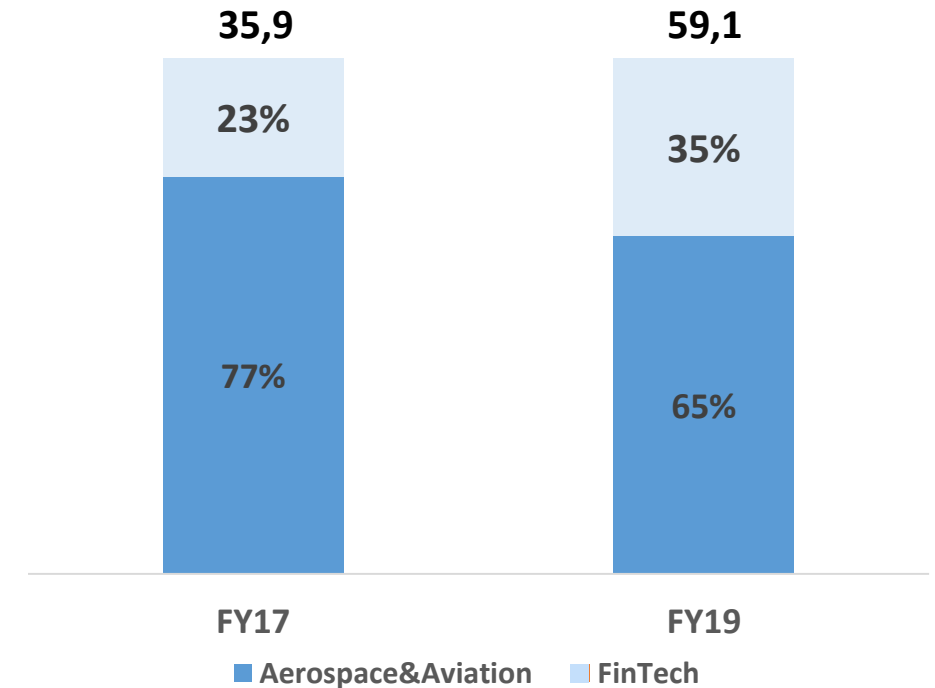
EBITDA growth at an accelerated rate thanks to the positive contribution of proprietary software and advanced services around them

Our transformation path...

Over the period 2017-2019, M&A contribution was outmatched by Organic and Software Growth



FinTech incidence increased thanks to M&A and Organic Growth



Legend:

- **Aviation&Aerospace** Accelerated organic growth (CAGR 2017-2019 +18.4%) achieved with the positive contribution of new proprietary platforms and new international customers with a significant increase in the North America market (new office in Dallas in 2019);
- **Fintech** Revenues more than doubled in the period thanks to the positive contribution of M&A. In 2020 and with the same consolidation perimeter, division's performance further increase for the full consolidation of Assioma group (acquired in FY19) and the benefits from its integration.



Business Overview

TXT



Aerospace & Aviation

65% of FY19's revenues



Industrial, Manufacturing, Automotive & Transportation <10%

FinTech

35% of FY19's revenues



Public Sector, Treasury <5%

Core markets

Diversification



Aerospace & Aviation

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

Turnover
FY19



38.7M €
+25% YoY

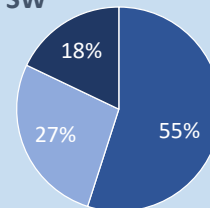
EBITDA
FY19



5.1M €
% incidence 13%

Revenues
breakdown

■ Projects
■ Advanced services
■ SW



Revenues
growth



boosted by new
proprietary SW
and specialized
services

TEAM
+350



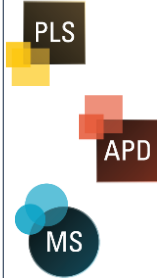
Constantly
growing

Aerospace & Aviation:

Proprietary products, Solutions and Specialized services



Product Development



On-board Software 28%

Preliminary Design & Evaluation 7%



Customer Engineering & Manufacturing



Product Configuration 21%

Digital Manufacturing 10%



Aircraft Operations



Training & Simulation 25%

Flight Operations 9%



TOP CUSTOMERS



International specialized provider of software solutions (software Products + engineering Services)



FinTech

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

Turnover
FY19



20.4M €
+131% YoY

EBITDA
FY19



1.9M €
% incidence 10%
+ 4.2 pp YoY

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

Software Quality Services

Best-in class solutions for: test strategy, development, execution, automation, and for test environments administration.

Strong technological partnership with main international SW providers: Syncsort, Oracle Gold Partner,

First mover & Italian leader in Software Quality services for Italian Banking Industry

75%



Financing, Credit & NPL Management products



FinTech solutions for: Leasing, Loan, Salary-backed loan, Personal loans, Basic system, Factoring and Non-performing loans management

Suite of proprietary software modules for Financing, Credit & NPL Management

18%



Risk management & AML solutions



Proprietary RegTech platform for: Anti-Money Laundering (AML), Anti-Corruption (AC) and Anti-Terrorism (AT)

RegTech innovative start-up for Risk management

2%



Treasury & Digital Payments



Proprietary SaaS solution



New start-up specialized in the digitization of payments and loyalty programs for the large-scale distribution market

5%



TOP CUSTOMERS

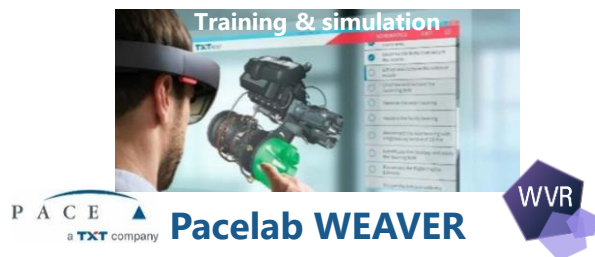


Organic growth to develop new services around Bank's Digital Transformation needs and to strengthen the SW Quality Services

+

M&A activity to strengthen both Service and Product offering

Virtual, Augmented & Extended Reality in Aerospace & Aviation



More effective training, faster & at lower costs

Our new platform is the best-in-class for rapid development & deployment of **Virtual Training** and **Operations Support** applications



Evolution of existing **product capabilities** with **real-time Augmented Reality visualization**

New generation of smart, connected aircraft configuration tools encourages aircraft manufacturers and suppliers to re-invent their business processes and to eliminate time and distance as obstacles to effective communication

Fully committed to ESG agenda

On-board flight profile optimization (FPO)

Pacelab FPO is a **key contributor** to greater **operational efficiency** which can **significantly affect** the airline bottom line as **fuel consumption**. It **provides reliable decision-making support** which enables flight crews to respond effectively to unforeseen changes along the route and to navigate the cost penalties of sub-optimum operations.

*Below the **official data** of **fuel saving** for different aircrafts:*



Preliminary Design & Evaluation

Pacelab SysArc



Aircraft systems are **key drivers of innovation** in aircraft **design** and **heavily influence** overall mass, fuel consumption, operating costs and reliability;

Our Systems Architecture (SysArc) design software supports investigations at the aircraft level, which **minimizes the risk of design inconsistencies** or unforeseen behavior.

Faraday for Anti Money Laundry, Anti-Corruption, Anti-Terrorism



Modular software solutions for **risk assessment, compliance** with the latest European directives and based on **predictive probabilistic models**.

Faraday **guarantees** to customers an increased efficiency and productivity with a **reduction of compliance costs (up to 30%)** and timing.

Digitisation of daily transactions



Thanks to our **deep knowledges in software** for **digital payments**, we have **developed a platform** for the management of **ticketing, meal vouchers** and **loyalty program**.... our platform is **real-time connected** with servers and treasury systems of our clients and their users, to **guarantee real-time checks** on cash flows and to prevent frauds.



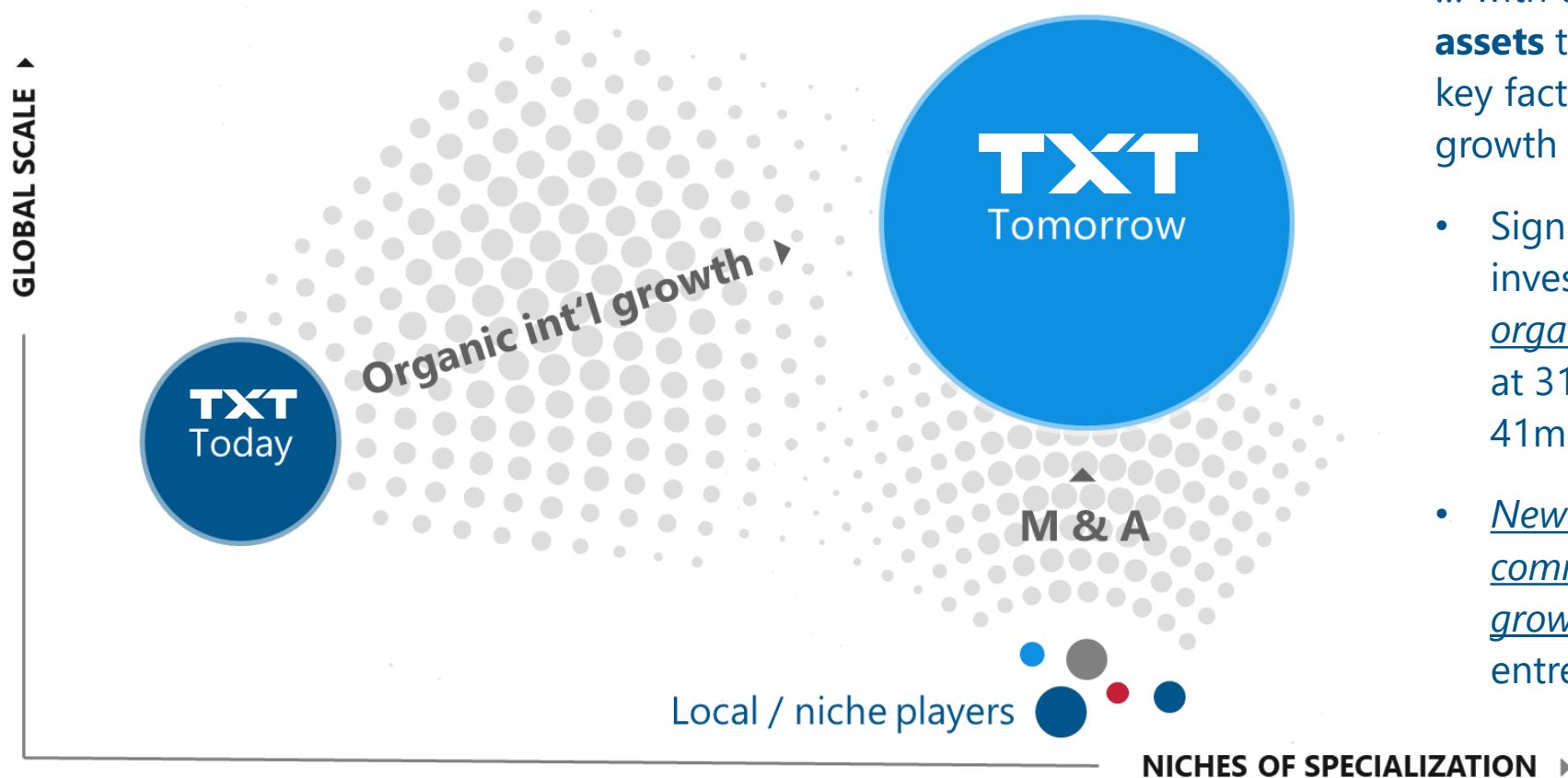
Growth **S**trategies

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



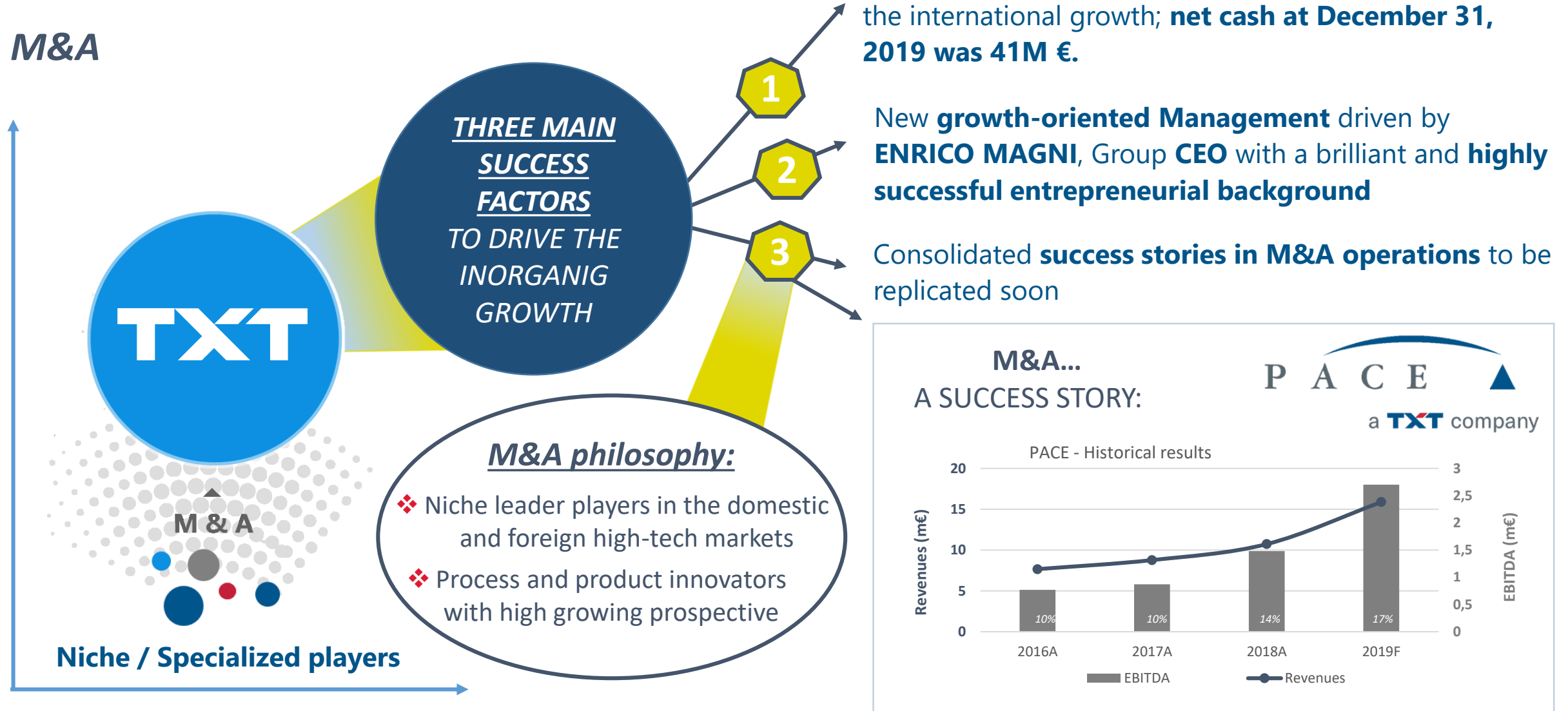
... with **two important strategic assets** to be considered as success key factors in the international growth path:

- Significant amount of cash to be invested in a strategic and fast organic-inorganic growth. Net cash at 31 December 2019 was equal to 41m €.
- New Board and Management committed to the international growth and with a successful entrepreneurial background

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

INORGANIC GROWTH:

M&A





Summary & Financial Details

TXT

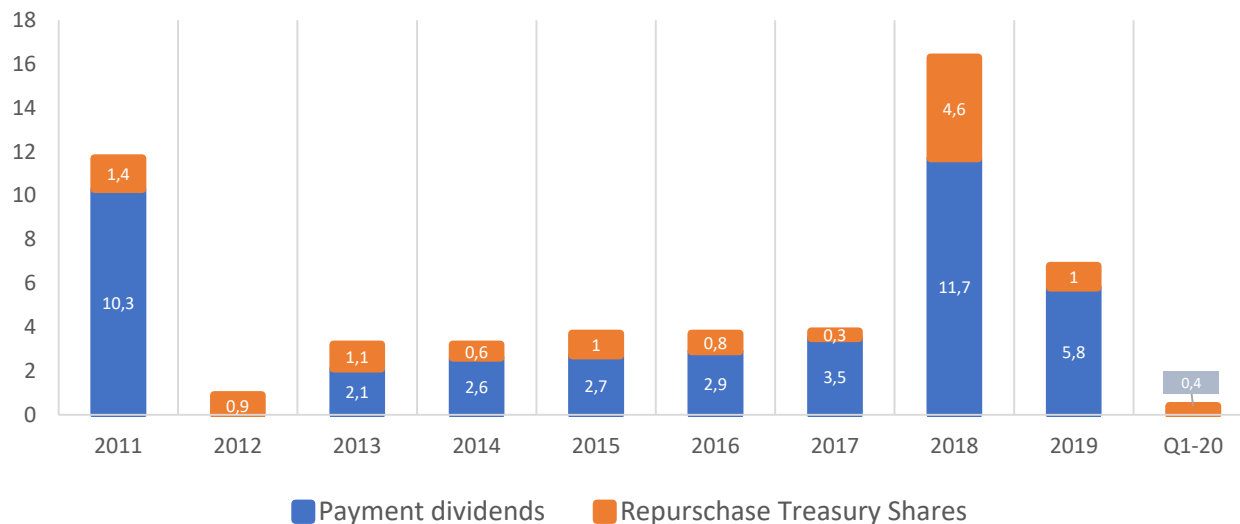
Increasing and solid trading results - Full Year 2019

€ thousand	2019	%	2018	%	Var %
REVENUES	59,091	100.0	39,957	100.0	47.9
Direct costs	31,824	53.9	22,289	55.8	42.8
GROSS MARGIN	27,267	46.1	17,668	44.2	54.3
Research and Development costs	6,071	10.3	2,990	7.5	103.0
Commercial costs	8,610	14.6	5,603	14.0	53.7
General and Administrative costs	5,582	9.4	5,277	13.2	5.8
EBITDA	7,004	11.9	3,798	9.5	84.4
Amortization, depreciation	2,734	4.6	1,953	4.9	40.0
Reorganisation and non-recurring costs	717	2.3	0		n.m.
OPERATING PROFIT (EBIT)	3,553	6.0	1,845	4.6	92.6
Financial income (charges)	2,194	3.7	(1,284)	(3.2)	n.m.
Non-recurring income (charges)	(3,432)	(5.8)	0		n.m.
EARNINGS BEFORE TAXES (EBT)	2,315	3.9	561	1.4	312.7
Taxes	(1,867)	(3.2)	4	0.0	n.m.
NET PROFIT	448	0.8	565	1.4	(20.7)
Attributable to:					
Owners of the Parent	314		565		
Non controlling interest	134		-		

Strong Balance Structure as at December 31, 2019

€ thousand	31.12.2019	31.12.2018	Var.
Intangible assets	24,380	17,751	6,629
Tangible assets	7,929	3,680	4,249
Other fixed assets	2,325	1,511	814
Fixed Assets	34,634	22,942	11,692
Inventories	4,156	3,141	1,015
Trade receivables	19,371	14,029	5,342
Other short term assets	4,779	2,963	1,816
Trade payables	(2,122)	(1,434)	(688)
Tax payables	(4,292)	(1,662)	(2,630)
Other payables and short term liabilities	(12,808)	(11,031)	(1,777)
Net working capital	9,084	6,006	3,078
Severance and other non current liabilities	(3,110)	(2,957)	(153)
Capital employed - Continuing Operations	40,608	25,991	14,617
Shareholders' equity	81,852	86,347	(4,495)
Shareholders' equity	168		168
Net financial debt	(41,412)	(60,356)	18,944
Financing of capital employed	40,608	25,991	14,617

Dividends + Treasury Shares Repurchase (m€)



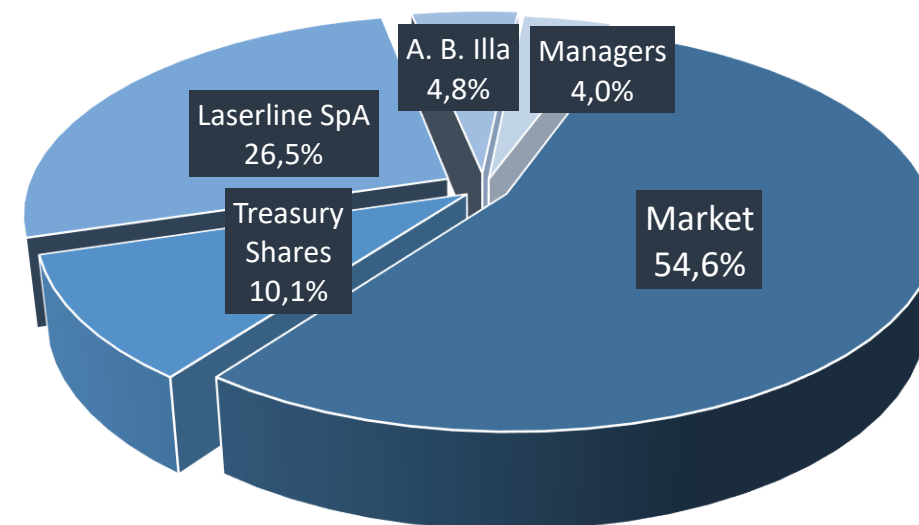
• Dividends

- 2011: 1 € /share (extraordinary, rebased)
- 2012: Free Share Distribution 1:1
- 2017: 0.30 € / share
- 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
- 2018: 1.00 € / share
- 2019: 0.50 € / share

• Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 09.04.2020: 6.68€ /share
- Market Cap: 80m€

• Shareholding Structure:



Thank you for your attention!

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