

# TXT e-solutions CORPORATE PRESENTATION

April 16<sup>th</sup>, 2014

April 2014



- Founded by A.Braga Illa
- Until 2000: healthy, but very small «Italy-only» System Integrator
- July 2000: IPO Borsa Italiana with Market Cap 200 m€ (!), and a Project:
  - Become a «software vendor»
  - Become «International»
- Today:
  - Profitable International Software specialist: 2013 Revenues 53 m€, Market Cap ~100 m€
  - «First Mover» in Integrated End-to-End Retail for Fashion, Luxury & Specialty
  - Outstanding Stock performance since 2011, with expanding investor base
- ~25 m€ in Cash & Treasury Shares: we want, and can, to move to a higher level ...

- **Cash Dividends since 2011:**
  - 2011: 1 € /share (extraordinary, rebased)
  - 2013: 0,20 € /share (rebased)
  - 2014: Planned 0,25 € / share
- **Share Price Performance**
- **1:1 Free Share distributions in 2012 & 2014**

▪ <b>Revenues:</b>	<b>52,6m€</b>	<b>(+13% vs. 2012)</b>
<i>of which</i>	<i>54%</i>	<i>International</i>
▪ <b>Net Profit from Operations:</b>	<b>4,6 m€</b>	<b>(vs. 4,1 m€ in 2012)</b>
▪ <b>Free Cash Flow</b>	<b>10% of Revenues</b>	
▪ <b>NFP:</b>	<b>8,6 m€</b>	<b>(vs. 6,0 m€ on 31/12/2012)</b>
▪ <b>Treasury Stocks</b>	<b>1.368.120 shares</b>	<b>(avg. purchase price 2,61 €/share)</b>

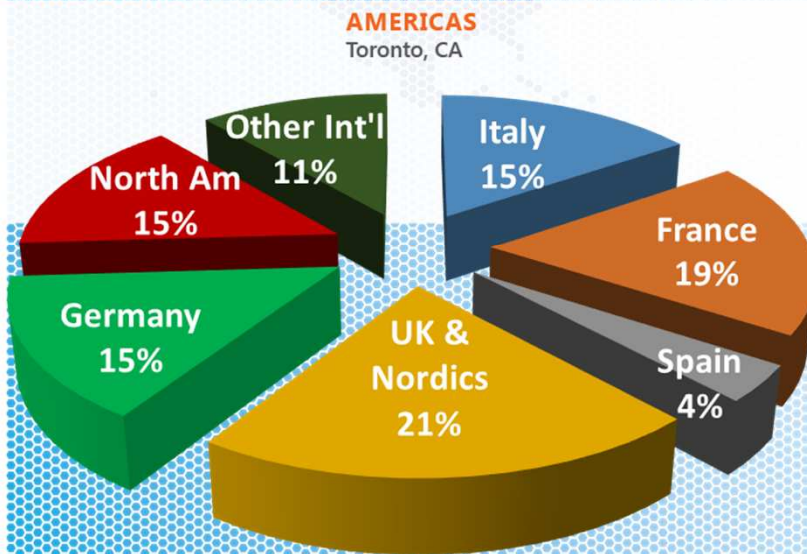
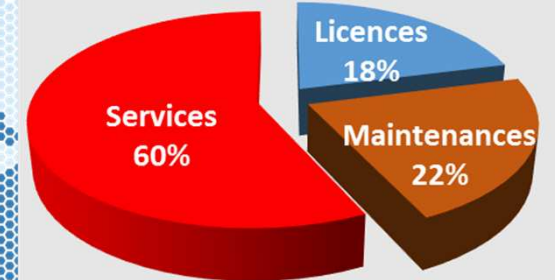


# TXT Perform - Major Growth & Profit opportunity for TXT Group



## Strategy - Global leader in:

**Integrated Retail Solutions for Fashion, Luxury & Specialty Retailers:** End-to-End, from collection design to stores



### AMERICAS

Toronto, CA

### EUROPE & AFRICA

Milan, IT - Head Office  
Barcelona, SP  
Bari, IT  
Chemnitz, DE  
Genova, IT  
Halle (Saale), DE  
Leicester, UK

Lyon, FR  
Paris, FR  
Roma, IT  
Torino, IT  
Vicenza, IT  
Wynyard, UK

### ASIA PACIFIC

Sydney, AU

Why the Opportunity is now?

Why TXT is «unique» & the«first mover»?

Why can TXT beat the competition?



## A Major Opportunity: Why Now?

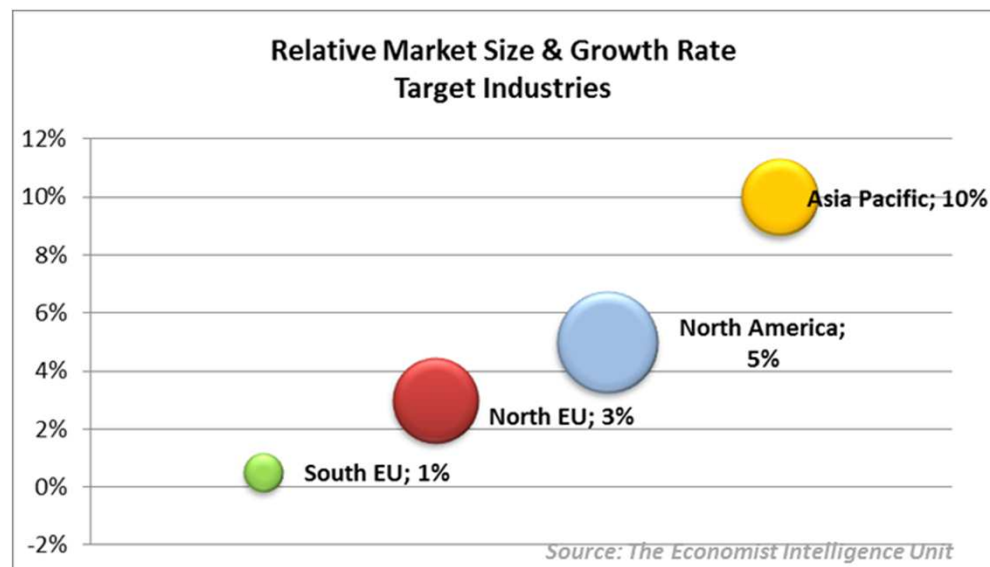


- Luxury, Fashion & Retail Brands: difficult future
  - Margins
  - Competition
  - E-commerce
  - Complexity: stores, channels, products, local/global, ...
- Until now: a hodgepodge of fragmented technology
  - High margins in Luxury & Fashion ...
  - Clever designers, very experienced buyers and strong brand loyalty ... have compensated for scattered & delayed information and fragmented technology
- Now: Brands need Integrated End-to-End Retail, from Collection design to Stores

## Fashion, Luxury & Specialty Retail: Large & Transforming Industry



- 80% of Retailers are based in Western EU & North America and operate world-wide:



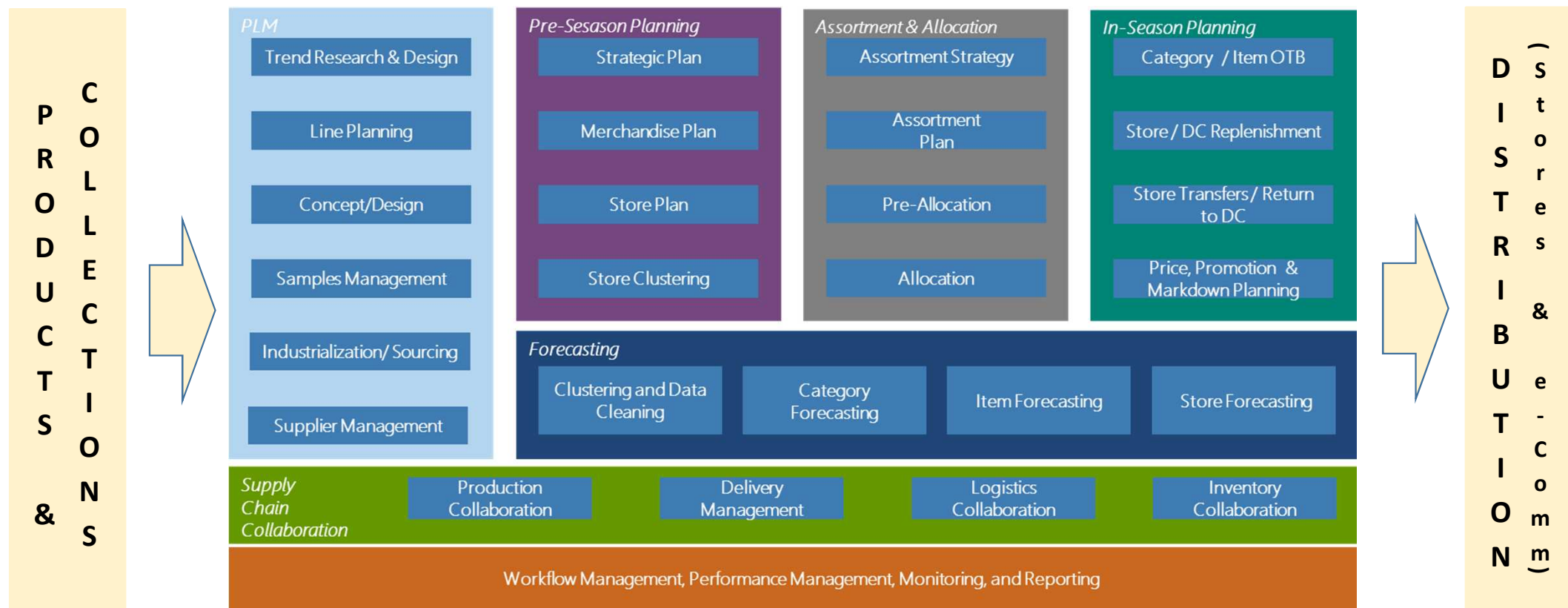
- Retailers are big IT spenders (>10% of the Global IT Industry)
- TXT focuses on **healthiest & best performing** segments:
  - Apparel, Footware, Fast Fashion, Accessories: growing & wealthier world population
  - Luxury: fastest growing (@10+%) & most profitable
  - ~1.000 Very Large & Large (> 300 m€) potential clients: larger deals; recurrent revenues; complex problems → higher prices



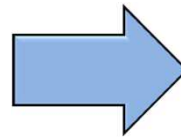
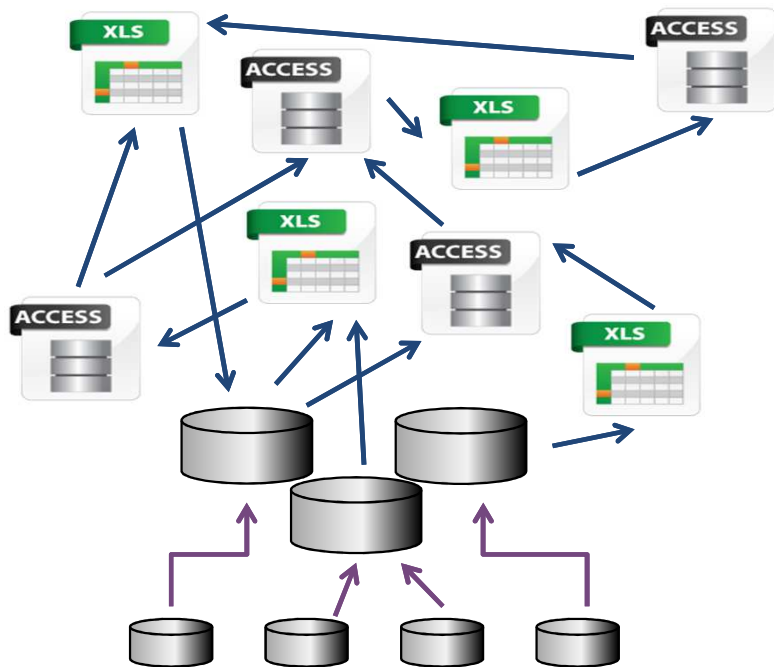
# TXT has a unique offering for Retail Planning: we call it “End-to-End Retail”




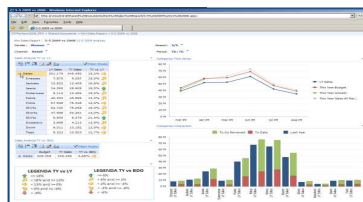
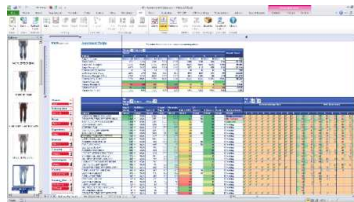
- **Depth:** focused on core processes in Retail Planning, from strategy to operations
- **Breadth:** sole vendor offering both Product Lifecycle Management & Retail Planning (end-to-end, from collection to stores and e-commerce)
- **Modular & Integrated:** customers can start small & scale up



# From hodgepodge to TXT's Integrated End-to-End Retail



- Continue facilitating & speeding-up adoption of our solutions
  - Usability & Scalability, leveraging on  Microsoft Global Technology Partnership



- TXT On-Cloud



- AgileFit deployment:
  - Expedite projects: step-by-step implementation, starting from a robust starting point
  - Joint ‘fitting’ to specialize TXT’s solutions to each Retailer’s specific needs & strategy

- New Modules:
  - Broaden the range of processes covered
  - TXT Mobile: widen & “mobilize” end-users



# A growing Customer Base of 350+ Clients in the Industry

- Unique by quality & quantity
- Retail Planning expertise spanning across product categories & channels

15 New Clients in 2013

## Luxury



## Global Brands



## Fast Fashion



## Mixed Goods



# Integrated End-to-end Retail will be Top Priority in Retailers' Budgets



- **Integrated Retail Processes** are «**THE**» enabler to ongoing Industry transformation, ensuring consistency of decisions:
  - From **Strategy** to **Execution**
  - **Across Functions**
  - Across the **extended Retailers' organisation**;
- End-to-End Retail **delivers direct & measurable ROI** on Sale, Profit, Cash & Working Capital
- End-to-End Retail processes will capture a growing share of Retailers' technology budgets
  - ~50% in North America
  - ~30% in Western Europe



Increase Sales:  
+8% same-store sales  
64% → 92% best-sellers  
in-store availability



Grow Margins:  
+ 1.2 %-points  
- 8% mark-down due to  
product obsolescence



Reduce Inventories:  
- 10% in-store invent.  
- 20 days overall



Improve Productivity:  
< data-crunching,  
> decision-making

- **Baseline organic growth:**
  - in **Europe** and **North America**
  - in the core market of **global Luxury, Fashion & Specialty** retailers
- Accelerated through **targeted acquisitions**
- Sustained by continuous investments in **product and business process innovation**
- **Self-financed**, through:
  - **Profit & Cash** generated by the business
  - Growing **Stock** value



### Grow

1. Extend **Geography**: short-/mid-term North America; in APAC now leveraging on our Customers' presence, longer-term native APAC Retailers.
2. Expand to other **Retail segments**, in addition to Fashion & Luxury; longer-term sell to smaller Retailers
3. Develop **Customer Base**: not only «net-new» Customers, but new Products & Services to existing Customers
4. Extend **Products**: deeper & broader, as Retailers mature & their requirements evolve
5. Expand & monetize **Services**, capitalising on Retail expertise

### Increase Profit

1. Expand **Revenues Mix**, growing both Software & Recurrent (Software & Services) revenues
2. Seek **Economies of scale** in **Direct** and **Indirect Costs**



- The **Market** for End-to-End Retail **is growing** from a small base
- TXT is the **sole vendor** covering the whole of it, **from Collection** design **to** distribution **to Stores & e-Commerce**
- TXT **ability & commitment to Innovate** will keep us ahead of competition
- It will be very hard for Competitors to replicate our **Customer Base** and our **Expertise**, spanning across a wide range of retailing business models (segments, product categories, channels, etc.)

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## APPENDIX – FINANCIAL DETAILS

## 2013 - Revenues' Growth & Investments

€ thousand	2013		2012 restated		Var %
		%		%	
<b>REVENUES</b>	<b>52.560</b>	<b>100,0</b>	<b>46.499</b>	<b>100,0</b>	<b>13,0</b>
Direct costs	24.854	47,3	22.351	48,1	11,2
<b>GROSS MARGIN</b>	<b>27.706</b>	<b>52,7</b>	<b>24.148</b>	<b>51,9</b>	<b>14,7</b>
Research and Development costs	4.761	9,1	4.091	8,8	16,4
Commercial costs	10.174	19,4	8.976	19,3	13,3
General and Administrative costs	6.508	12,4	5.759	12,4	13,0
<b>EBITDA</b>	<b>6.263</b>	<b>11,9</b>	<b>5.322</b>	<b>11,4</b>	<b>17,7</b>
Amortization, depreciation	1.307	2,5	1.039	2,2	25,8
<b>OPERATING PROFIT (EBIT)</b>	<b>4.956</b>	<b>9,4</b>	<b>4.283</b>	<b>9,2</b>	<b>15,7</b>
Financial income (charges)	(435)	(0,8)	(37)	(0,1)	n.m.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>4.521</b>	<b>8,6</b>	<b>4.246</b>	<b>9,1</b>	<b>6,5</b>
Taxes	121	0,2	(188)	(0,4)	n.m.
<b>NET PROFIT FROM OPERATIONS</b>	<b>4.642</b>	<b>8,8</b>	<b>4.058</b>	<b>8,7</b>	<b>14,4</b>
Non recurring profit	-	-	939	2,0	n.m.
<b>NET PROFIT</b>	<b>4.642</b>	<b>8,8</b>	<b>4.997</b>	<b>10,7</b>	<b>(7,1)</b>

In 2013:

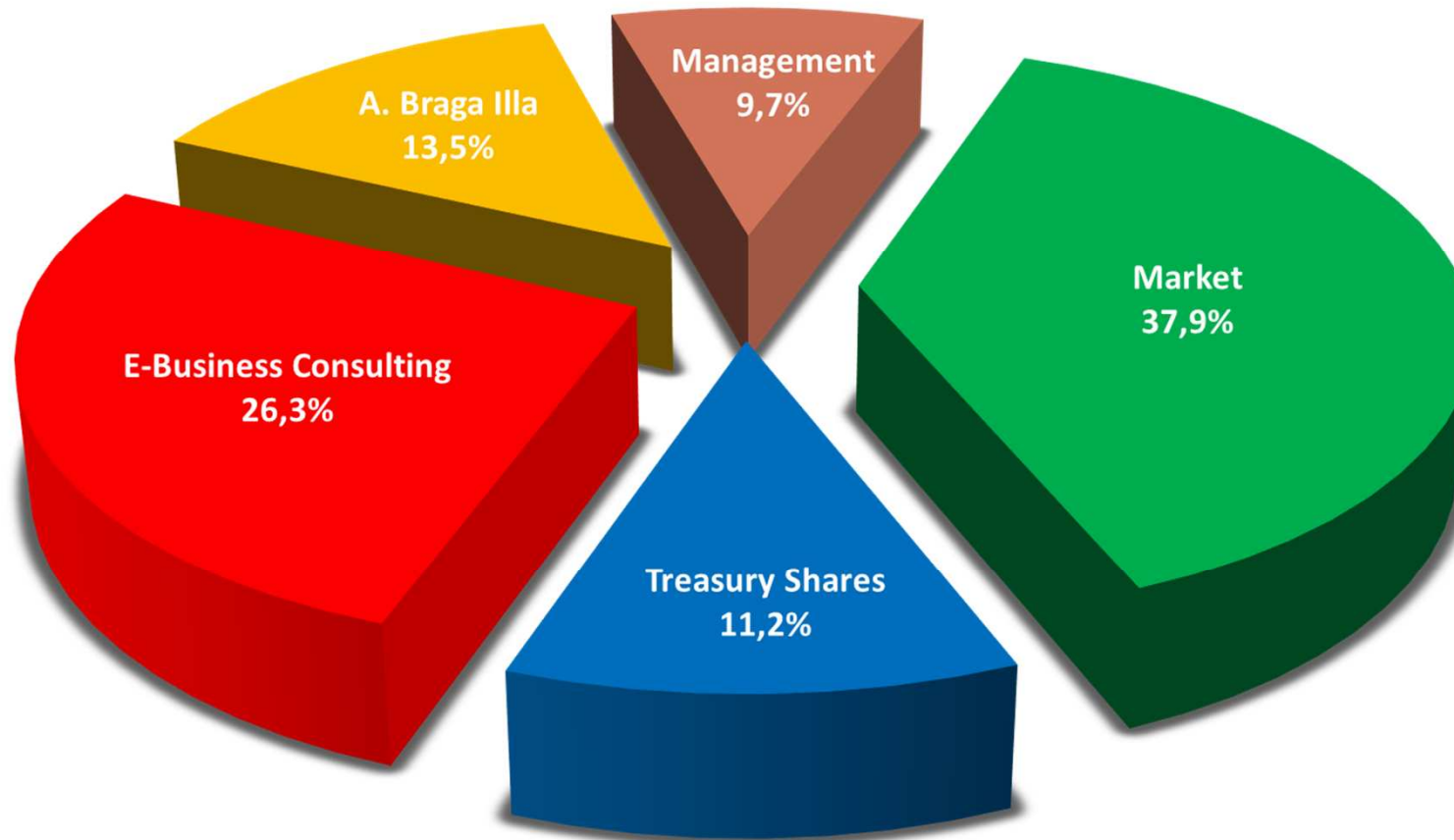
- Revenues grew +13.0% (+20.1% TXT Perform) and international revenues now stand at 54%
- Gross margin grew +14.7%
- EBITDA grew +17.7% after R&D and commercial investments in USA;
- Net profit from operations at 8.8% of Revenues.

# Strong Balance Structure



€ thousand	31.12.2013	31.12.2012 Restated(*)	Var
Intangible assets	15.370	16.621	(1.251)
Tangible assets	1.118	1.154	(36)
Other fixed assets	1.362	795	567
<b>Fixed Assets</b>	<b>17.850</b>	<b>18.570</b>	<b>(720)</b>
Inventories	1.451	1.388	63
Trade receivables	16.840	17.274	(434)
Other short term assets	1.802	2.288	(486)
Trade payables	(1.504)	(1.800)	296
Tax payables	(842)	(1.838)	996
Other payables and short term liabilities	(12.934)	(12.465)	(469)
<b>Net working capital</b>	<b>4.813</b>	<b>4.847</b>	<b>(34)</b>
<b>Severance and other non current liabilities</b>	<b>(3.299)</b>	<b>(3.415)</b>	<b>116</b>
<b>Capital employed</b>	<b>19.364</b>	<b>20.002</b>	<b>(638)</b>
Shareholders' equity	27.937	26.023	1.914
Net financial debt	(8.573)	(6.021)	(2.552)
<b>Financing of capital employed</b>	<b>19.364</b>	<b>20.002</b>	<b>(638)</b>

\* Capital Employed as at 31 December 2012 was restated in order to retrospectively include the effects of the final purchase price allocation (PPA) in relation to the Maple Lake acquisition.



# 2012-2014: Strong Stock Performance

