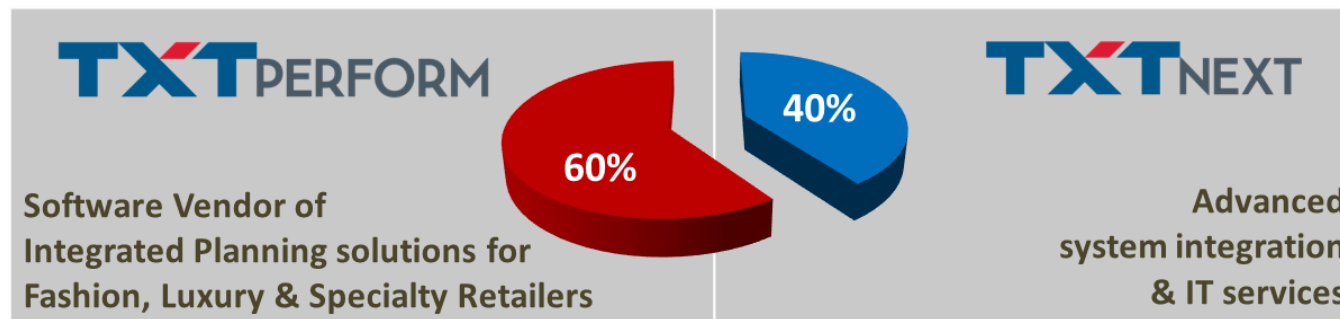


TXT e-solutions

STAR Conference London - 3 October 2014



	<u>FY 2013 (Actual)</u>	<u>H1 2014</u>
<ul style="list-style-type: none"> ▪ Revenues: <i>of which</i> 	52,6 m€ (+13%) <i>54% International</i>	29,0 m€ (+ 10,3%) <i>58% International</i>
<ul style="list-style-type: none"> ▪ EBIT 	5 m€ (vs. 4,3 m€)	3.4 m€
<ul style="list-style-type: none"> ▪ Free Cash Flow 	10% of Rev.	10% of Rev.
<ul style="list-style-type: none"> ▪ NFP: 	8,6 m€	6,6 m€ (after ~5 m€ dividends & bonuses)
<ul style="list-style-type: none"> ▪ Treasury Stock 	1.368.120 shares	1.386.430 shares

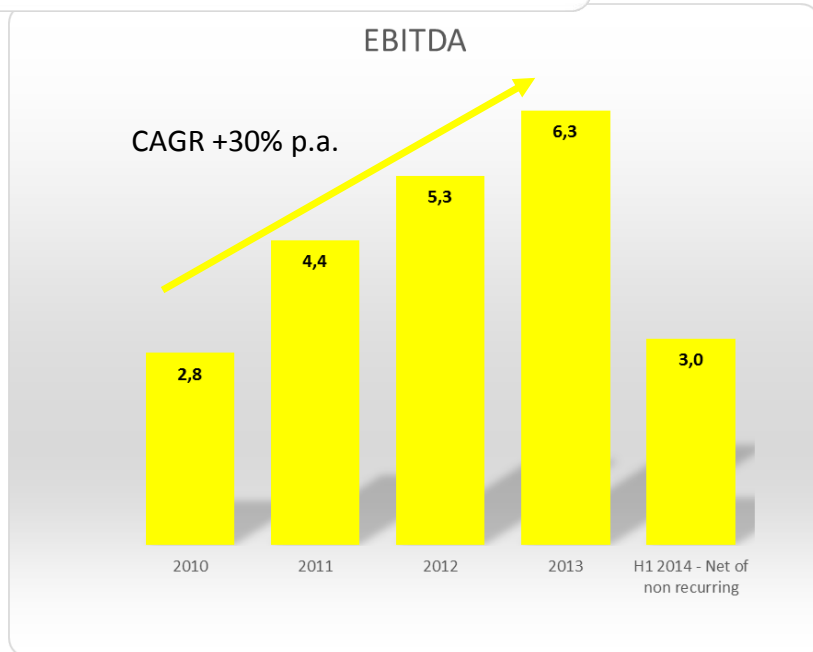
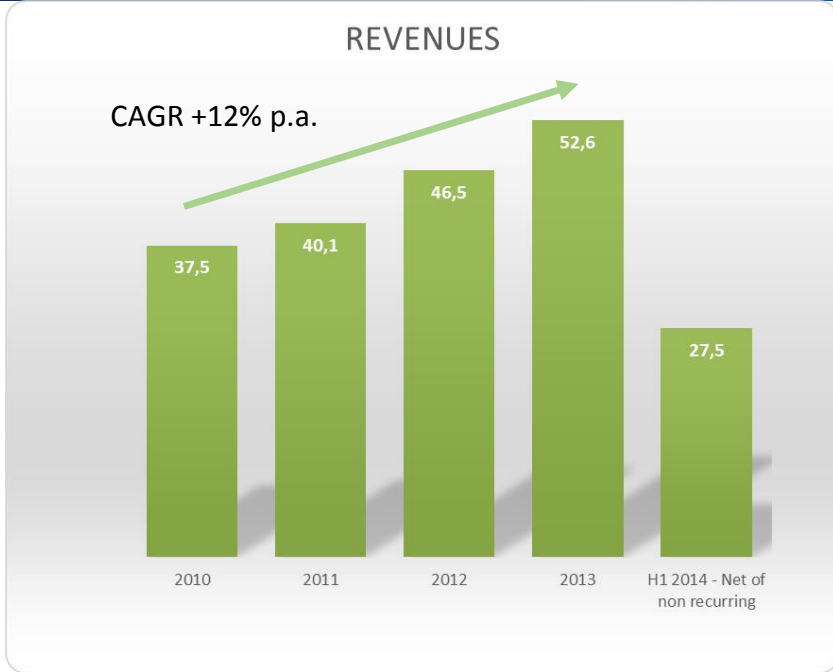


Profile

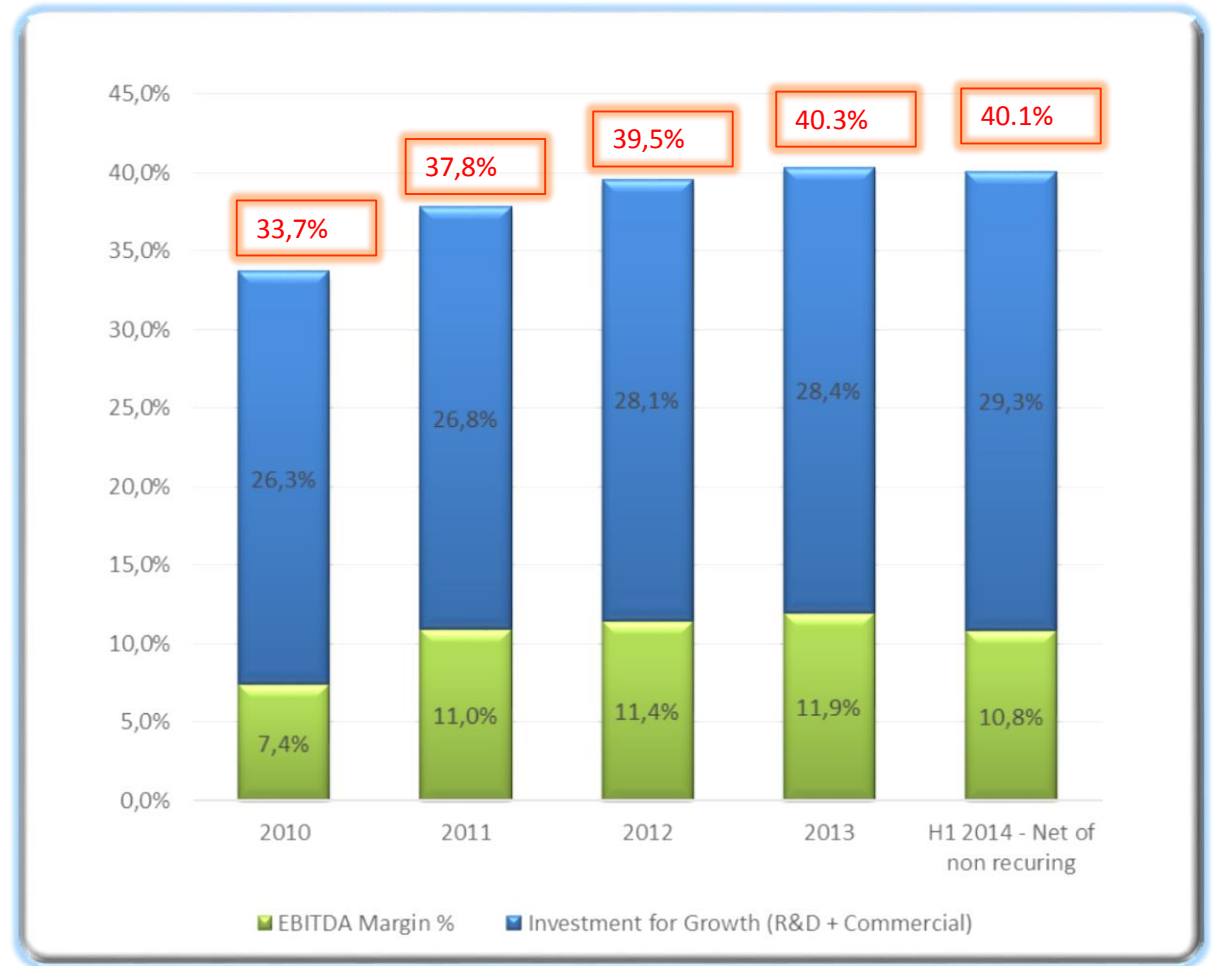
- Profitable International Software Specialist
- «First Mover» in Integrated End-to-End Retail for Fashion, Luxury & Specialty
- Multi-niches Positioning
- International profile (>58% of revenues)
- Large & fidelized customer base (350+ blue-chip customers)
- Stable & solid management team

Strategy

- Expand internationally
- Baseline organic growth, accelerated through acquisitions
- Innovation in our DNA: sustain continuous investments in product & business process innovation.

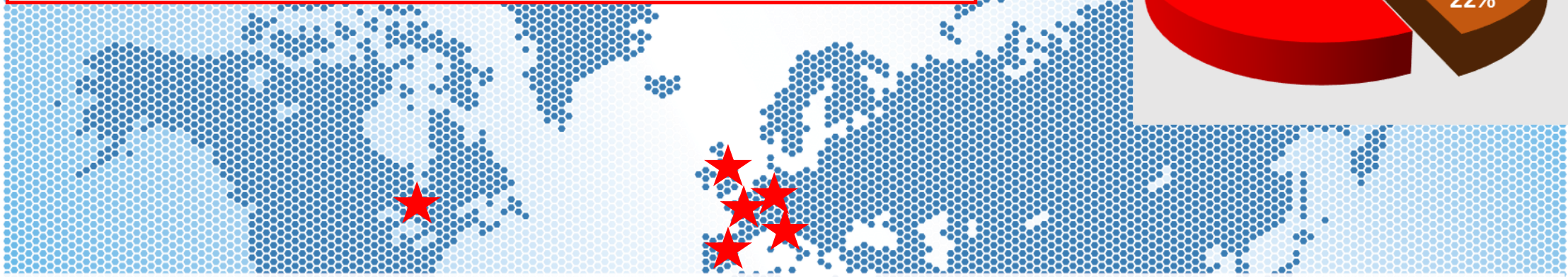
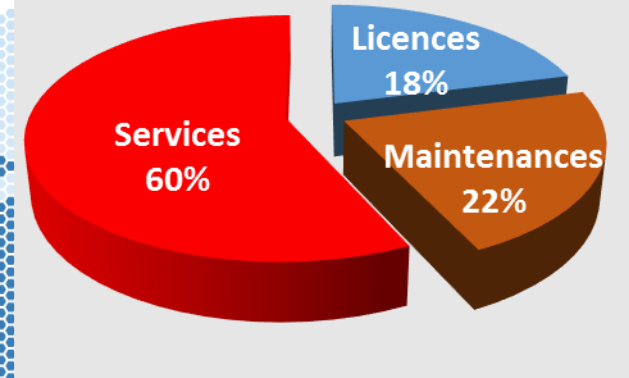


EBITDA Margin & Investment for Growth (R&D+Commercial)



Strategy - Global leader in:

Integrated Retail Planning solutions for Fashion, Luxury & Specialty Retailers: end-to-end, from collection to stores



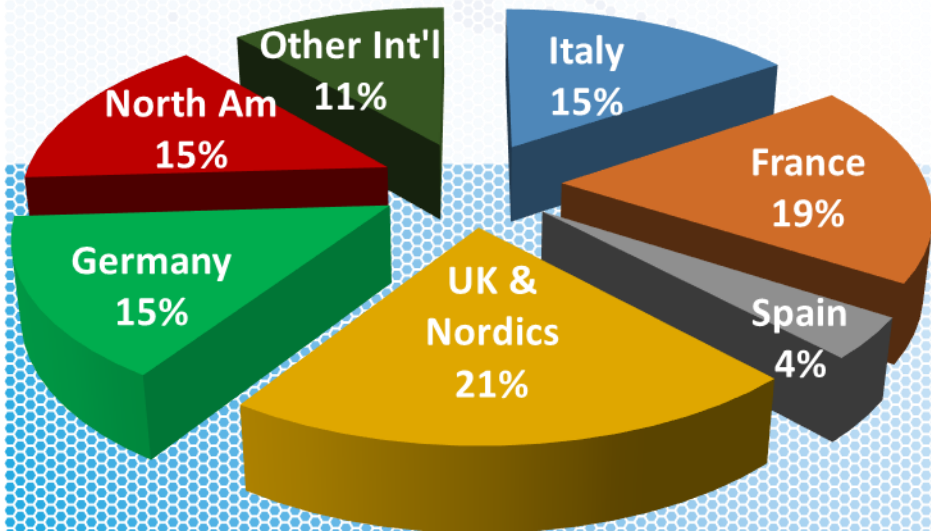
AMERICAS Toronto, CA

EUROPE & AFRICA

ASIA PACIFIC Sydney, AU

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



A growing Customer Base of 350+ Clients in the Industry

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

Some of the New 2013-14 Clients

Luxury



Global Brands



Fast Fashion



Mixed Goods



- **Planning Processes** are «THE» enabler to ongoing Industry transformation, ensuring consistency of decisions:
 - From **Strategy** to **Execution**
 - **Across Functions**
 - Across the **extended Retailers' organisation**;
- Planning Processes **deliver direct & measurable ROI** on Sale, Profit, Cash & Working Capital
- It is a **large (750+ m€), growing (@ 5-7% ave. CAGR) niche Market**:
 - ~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

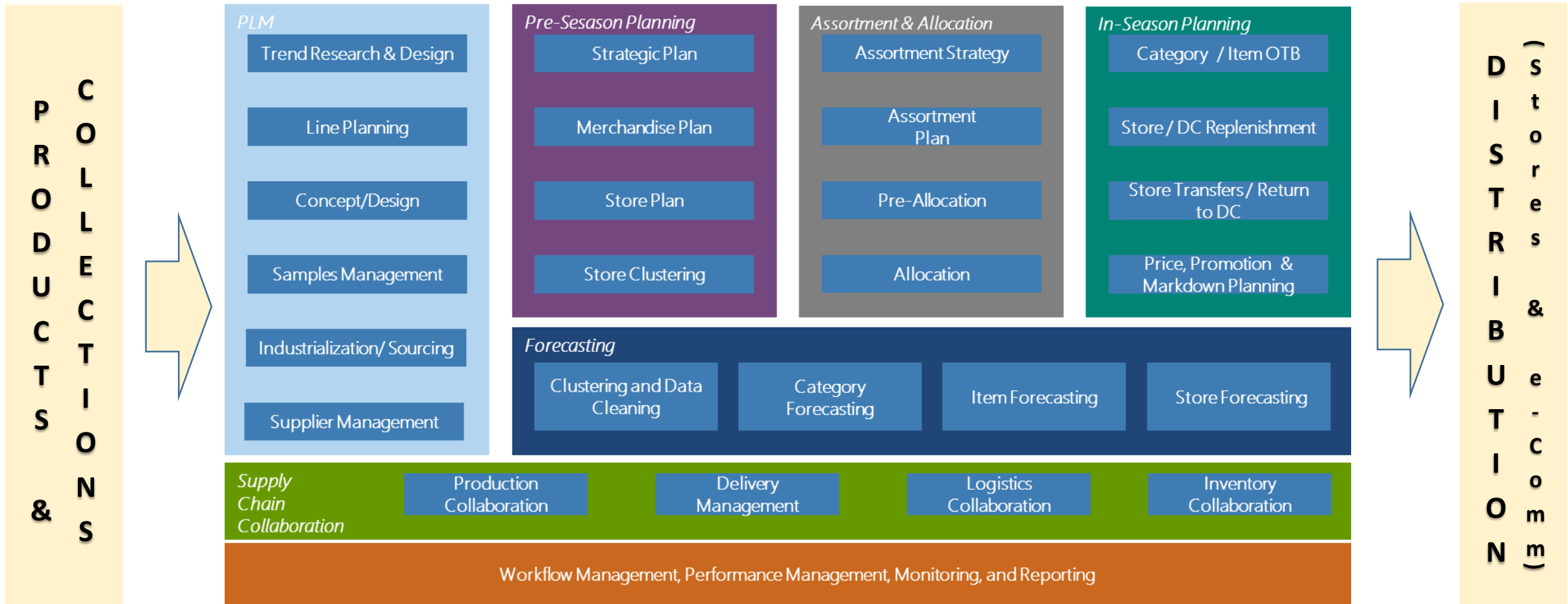


Improve Productivity:
< data-crunching,
> decision-making

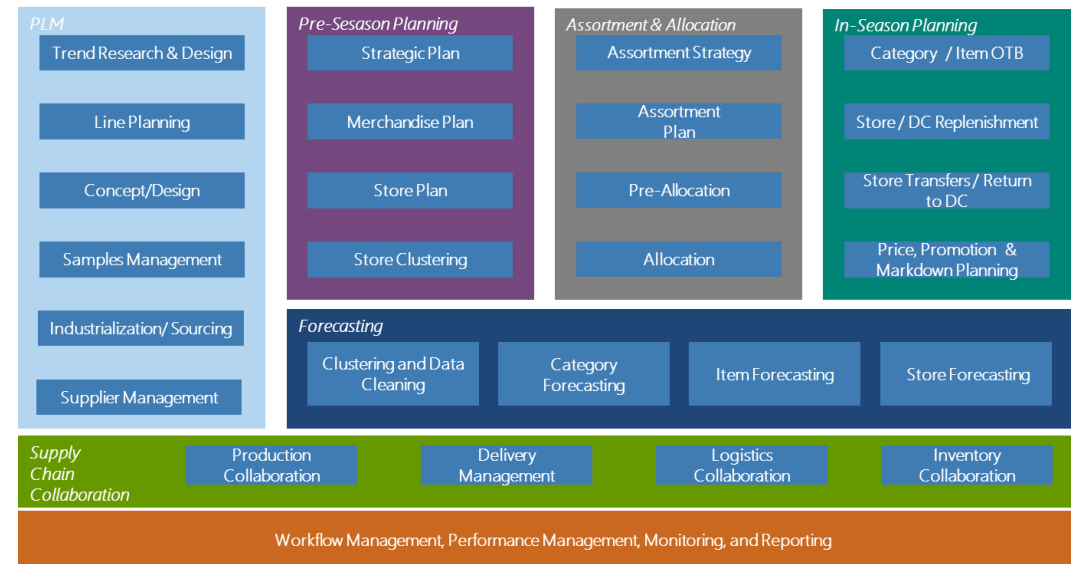
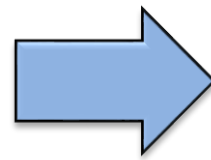
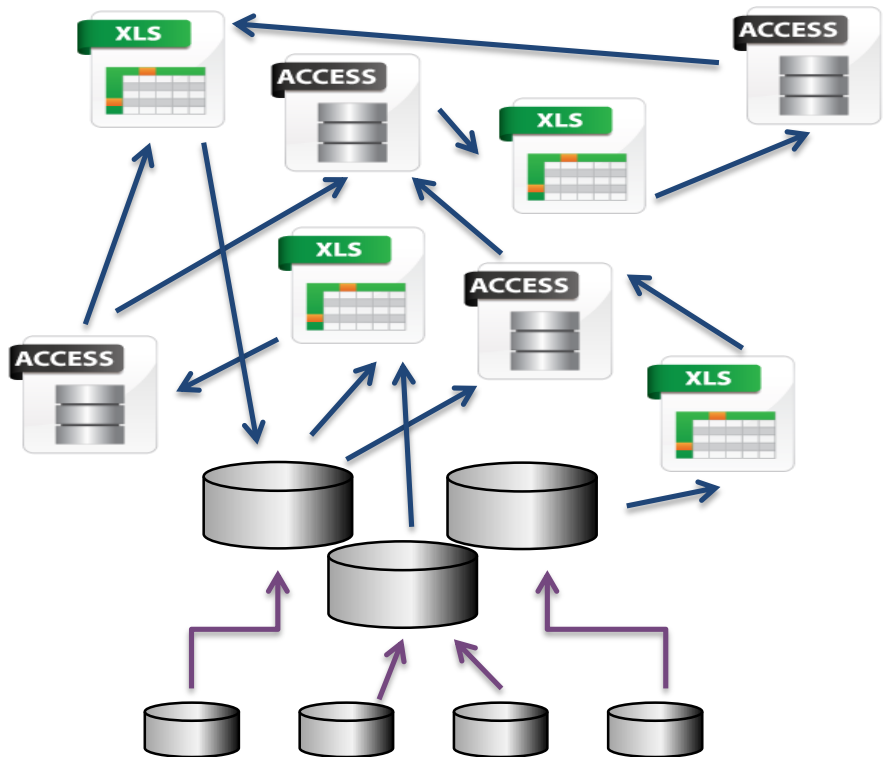
TXT has a unique offering for Retail Planning: we call it “End-to-End Retail”



- **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



- Luxury, Fashion & Retail Brands: difficult future
- Until now: a hodgepodge of fragmented technology
- Now: Brands need Integrated End-to-End Retail, from Collection design to Stores



Innovation leader in a static and obsolete competitive landscape, with high barriers to entry

#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
Torox	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	6.000
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
Dem andTec	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:

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

Source: Management's estimate based on Gartner's Data

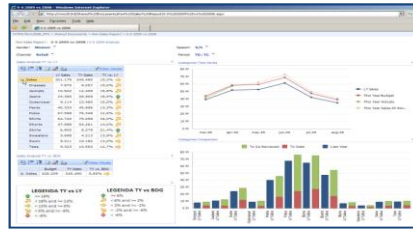
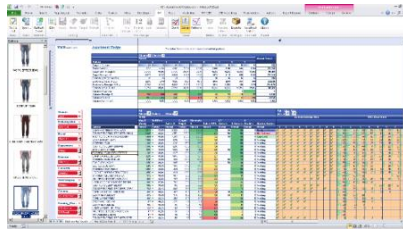
Figure 1. Magic Quadrant for Merchandise Assortment Management Applications



Source: Gartner (July 2014)

- **Continue facilitating & speeding-up adoption**

- Usability & Scalability, leveraging on  Microsoft Global Technology Partnership



- TXT On-Cloud



- AgileFit deployment:

- Expedite projects, 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



- **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**

Healthy (+12% in 2011-13) & profitable; opportunity to keep growing organically:

- Around the «as-is» perimeter & preserving the current good margins
- Building on a baseline revenue stream from solid, long-lasting relationships with core customers
- Leveraging on highly specialised industry know-how & outstanding technical capabilities
- Expanding the customer base in the target markets

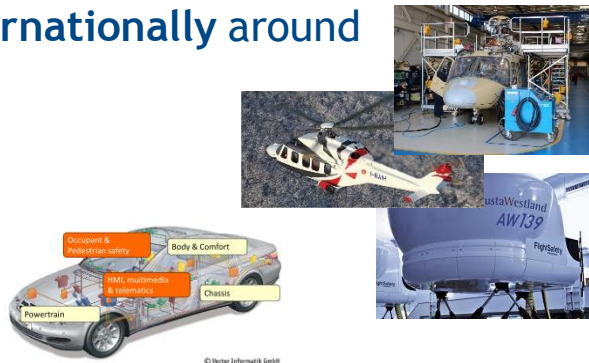
Aerospace & High-Tech

• **Aeronautics: expand internationally around**

- Embedded Electronics
- Simulation & Training
- Digital Manufacturing

• **Automotive & Rail:**

- Embedded Electronics



Banking & Finance

• **Italian mid-large Banks**

• **A niche player, focused on:**

- IT Governance & Software Quality
- Intranets



«Exploring» new domains, together with Customers

Growing Int'l exposure, following our Customers



- ▶ Model-based Design for Embedded SW
- ▶ Augmented Reality for Simulation & Training
- ▶ Tablet-based Training & Support Solutions
- ▶ Internet of Things & related industrial applications



- ▶ Followed our Customers in 24 Countries worldwide
- ▶ 2013: 9 Simulators in 5 Countries;
- ▶ 2013: 3 Int'l deals

- TXT Perform: Six Pillars of Profitable Growth
 - Global Retail Industry is **large, growing & dynamic** : e-commerce, new business models, new players
 - Planning is a «**big niche**» & a **growing investment area** for Retailers
 - TXT has a **unique offering**: end-to-end Integrated Retail Planning, from collection design to distribution to stores & e-commerce
 - TXT ability & commitment to **innovate** and a **top-quality team** will keep us ahead of competition
 - A **large, world-wide base** of **happy global customers** spanning across a wide range of retailing business models (segments, product categories, channels, etc.): very hard for competitors to replicate our **Customer Base** and our **expertise**,
 - **Opportunities to expand** into adjacent retail segments & retail processes
- TXT Next:
 - **Leader** in Italy & «**partner of choice**» for key players in Aerospace & High-Tech
 - **Highly-fidelised** customer base
 - Solid, well referenced **know-how**, deep **expertise** in target industries & **top-quality team**
 - **Opportunity to expand** Internationally & in other industries

- **International** profile: >58% of Revenues from Int'l markets, and growing
- Growth in **Revenue, Profit & Cash**
- **Large fidelised customer base** of 350+ blue-chip customers: a key asset in good & bad times, hard to replicate for new competitors
- **Solid** presence in **large, healthy markets** with very high **growth potential**
- **Access to North America** and, longer-term, Asia-Pacific retail markets
- **Diversified** business: industries, geographies & business models
- **Innovation** is in our DNA: historically a «1° mover» in many markets
- **Solid & stable management** team, who are shareholders of TXT
- **Cash & Stock Dividend policy**
- **Expanding Shareholder base**: co-workers & management; private & retail; institutional investors
- ... with **25 m€** of cash & treasury shares **at hand**, we will not stand still!

APPENDIX – FINANCIAL DETAILS

- Revenues: € 29.0 million (+10.3%)
 - +4.7% net of non-recurring revenues of € 1.5m
 - TXT Perform grew +8.1%, net of non-recurring revenues
 - 58% of revenues from outside Italy.
- EBITDA: € 4.0 million (+28.2% compared to H1 2013).
 - Almost flat, net of non-recurring revenues/costs of € 1.1m
 - Commercial investments (+15,7% compared to H1 2013) for headcount and events North America
- Net income: € 2.7 million, or 9.2% of revenues (+25.9% compared to H1 2013)
- Net Financial Position at 30.6.2014: € 6.6 million

<i>€ thousand</i>	I SEM. 2014		I SEM. 2013 Restated (*)		Var %
		%		%	
REVENUES	28.972	100,0	26.265	100,0	10,3
Direct costs	13.464	46,5	12.394	47,2	8,6
GROSS MARGIN	15.508	53,5	13.871	52,8	11,8
Research and Development costs	2.380	8,2	2.559	9,7	(7,0)
Commercial costs	5.666	19,6	4.896	18,6	15,7
General and Administrative costs	3.431	11,8	3.272	12,5	4,9
EBITDA	4.031	13,9	3.144	12,0	28,2
Amortization, depreciation	643	2,2	624	2,4	3,0
OPERATING PROFIT (EBIT)	3.388	11,7	2.520	9,6	34,4
Financial income (charges)	(124)	(0,4)	(109)	(0,4)	n.m.
EARNINGS BEFORE TAXES (EBT)	3.264	11,3	2.411	9,2	35,4
Taxes	(607)	(2,1)	(300)	(1,1)	n.m.
NET PROFIT	2.657	9,2	2.111	8,0	25,9

* Income Statement H1 2013 was restated in order to retrospectively include the effects of the final purchase price allocation (PPA) in relation to the Maple Lake acquisition.

<i>€ thousand</i>	30.6.2014	31.12.2013	Var
Intangible assets	15.217	15.370	(153)
Tangible assets	1.232	1.118	114
Other fixed assets	1.348	1.362	(14)
Fixed Assets	17.797	17.850	(53)
Inventories	2.409	1.451	958
Trade receivables	19.155	16.840	2.315
Other short term assets	3.404	1.802	1.602
Trade payables	(1.971)	(1.504)	(467)
Tax payables	(1.543)	(842)	(701)
Other payables and short term liabilities	(14.558)	(12.934)	(1.624)
Net working capital	6.896	4.813	2.083
Severance and other non current liabilities	(3.599)	(3.299)	(300)
Capital employed	21.094	19.364	1.730
Shareholders' equity	27.689	27.937	(248)
Net financial debt	(6.595)	(8.573)	1.978
Financing of capital employed	21.094	19.364	1.730

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

Share Price

- 31.12.2010: 1.66€/share (rebased for free share distribution)
- 30.6.2014: 8.48€ /share

