

TXT e-Solutions

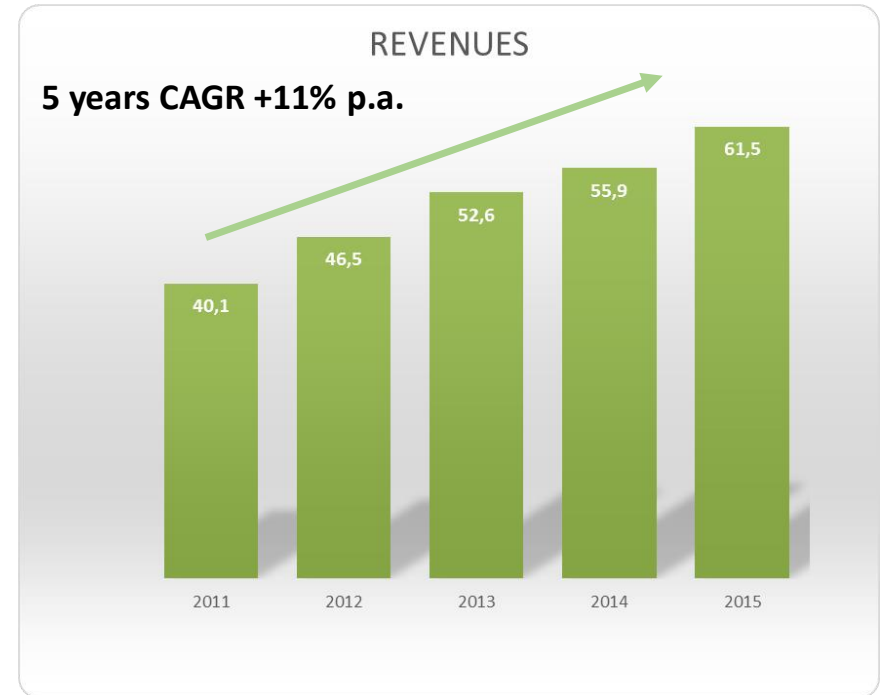
*Alla frontiera dell'innovazione:
Cloud Managed Services
nel Business Plan di TXT Retail e di TXT Next*

Borsa Italiana - April 2016



FY 2015

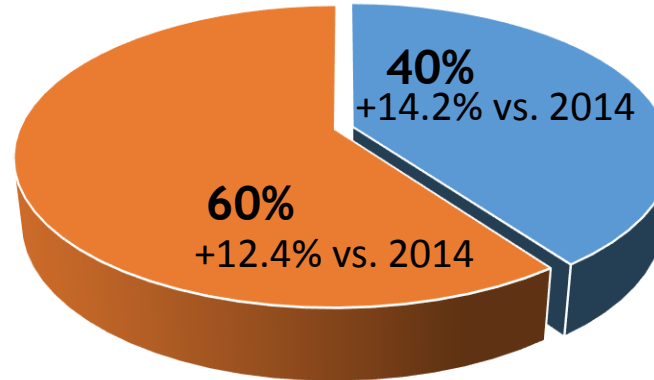
- **Revenues:** **61.5 m€ (+13.1%)**
- **Net Income (Norm.)** **3.9 m€ (+17.4%)**
- **Free Cash Flow** **8.4% of Rev.**
- **NFP:** **8.3 m€**



TXT RETAIL

Fashion, Luxury & Specialty Retail

- **1.000+ Tier 1 and Tier 2 Companies** World-wide;
- **2.500+ Tier 3**
- «Digital Transformation» of the Retail Industry is the driving force behind the **Omni-channel revolution**
- Omni-channel challenges drive a growing demand for **End-to-End Lifecycle Management Solutions**
- A global market opportunity of **1.2+ b€**, growing **8+% CAGR till 2020**



TXT NEXT

Aerospace, Automotive & Transport

- **200+ Global Aerospace & Aviation large Groups;**
- **200+ Automotive & Rail global Tier-1**
- A consolidated industry, posted for **long-term growth at 5% CAGR till 2033**, despite short-term fluctuations
- **High R&D and Engineering budgets**, under the pressure of products differentiation, emerging technologies and environmental & regulatory challenges
- **230+ b€ externalised R&D & Engineering services** across the entire Product Lifecycle, growing at **6% CAGR till 2020**



Aerospace & Aviation 5-Years Strategy



TXT e-solutions acquires PACE GmbH

29/02/2016 | An innovative software
specialist serving Aerospace and
Airline industries worldwide

[Read the full Press Release](#)

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25+ Years Working with Industry Leaders World-wide

OEMs – Fixed & Rotary Wings



1st Tier Suppliers & MROs



Airlines & Lessors



Academia & Research



Deep Knowledge of the Aerospace & Aviation Industry, spanning the entire Product Life-cycle

Inside our Customers' PRODUCTS

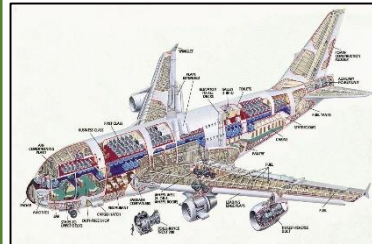
Inside our Customers' CORE PROCESSES



**AIRBORNE
SOFTWARE**



**FLIGHT
SIMULATION**



**DESIGN &
ENGINEERING**



**DIGITAL
MANUFACTURING**



**MARKETING &
PROCUREMENT**



**OPERATIONS
SUPPORT**

TXT Next

PACE

Selling Globally



Delivering Globally



70+
Customers



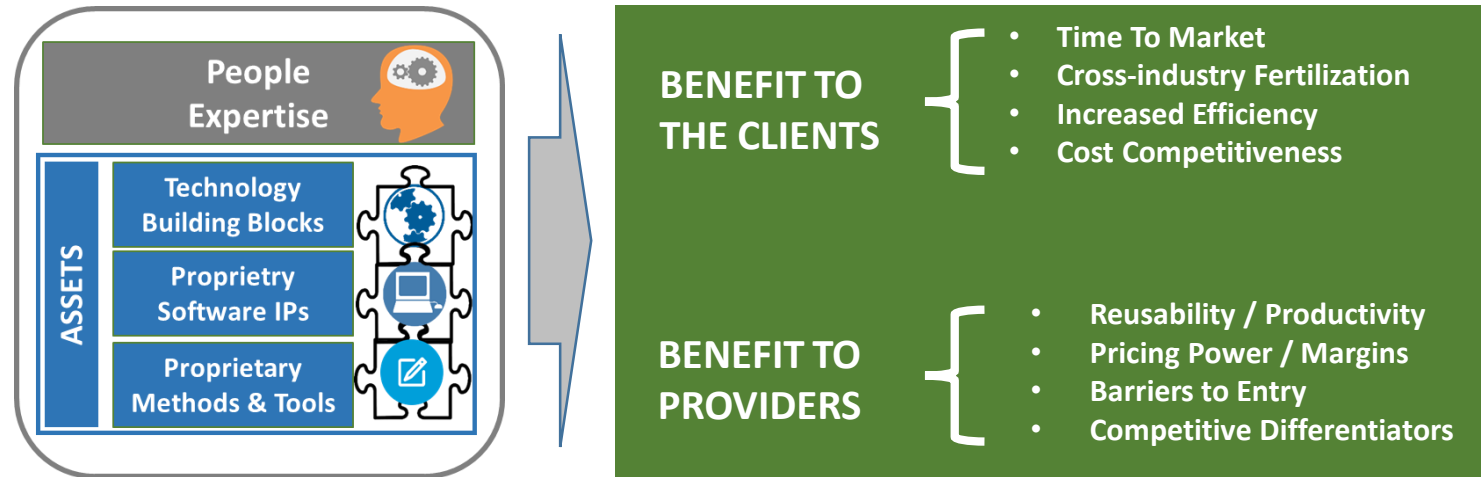
TEAMS:

- Milano (I)
- Torino, Genova (I)
- Berlin (D)
- Munich (D)
- Toulouse (F)
- Yeovil (UK)
- Sassenheim (NL)
- Seattle (USA)



300+
Engineers

- ... as «Engineering Solution» Partner, leveraging the «People + IP» paradigm:



- Exploiting complementary TXT-PACE domain knowledge, technology skills & software assets across a single, global Customer Base;
- Organically ...
- ... and through further **Acquisitions**

- ... Investing in innovative Software Products:

Design, Marketing & Operations Support

DESIGN PRELIMINARY DESIGN	MARKET AIRCRAFT MARKETING & ACQUISITION	OPERATE FLIGHT OPERATIONS
<div>PLS</div> <div>Pacelab Suite</div> <div>Generic KBE platform for preliminary product design</div>	<div>Cab</div> <div>Pacelab Cabin</div> <div>Sales configurator enables outstanding customer experience during the cabin definition phase</div>	<div>CI</div> <div>Pacelab CI OPS</div> <div>Cost index operations for regional aircraft</div>
<div>APD</div> <div>Pacelab APD</div> <div>Multi-level exploration of alternative aircraft designs</div>	<div>MS</div> <div>Pacelab Mission Suite</div> <div>The premier solution for route and aircraft economic analysis</div>	<div>FPO</div> <div>Pacelab Flight Profile Optimizer</div> <div>On-board economic decision-making support</div>
<div>Sys</div> <div>Pacelab SysArc</div> <div>Aircraft-level investigation of systems architectures</div>	<div>RNA</div> <div>Pacelab Route Network Analyzer</div> <div>Highly usable route analysis app for tablet computers and other mobile devices</div>	<div>FDR</div> <div>Pacelab EFB Flight Data Recorder</div> <div>Read out and storage of user-definable OPS data</div>
<div><div>DM</div><div>Pacelab Data Management</div><div>Workgroup support for Pacelab client applications</div></div>		

PACE

TXT Next

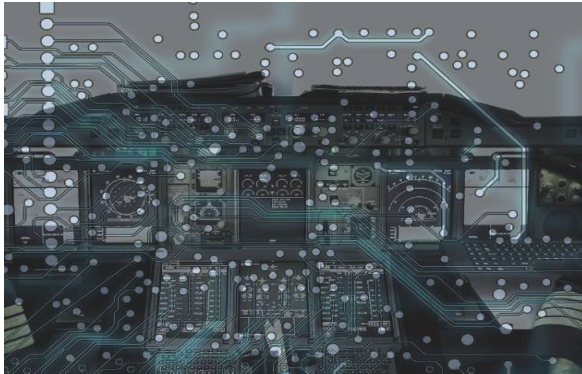
Airborne Software, Simulation & Operations Support

TOOLS	LIBRARIES & FRAMEWORKS		APPLICATIONS
	Virtual Display	Virtual Panels	
HARPS	Generic Models	Smart Gateway	Airdass
TestControlPlatform	SimRTI		FlightPlanner
QualificationTool	AeroMaps	AR/VR	LiOS
SmartTuning	Aircraft Performance Calculator	TXTFusion	SFms
D&US		TXTVirtualizer	VDesk
Hums4FlightSims		TXTEye	VTE

Digital Manufacturing

LIBRARIES & FRAMEWORKS	APPLICATIONS
TXT EXECUTE Manufacturing Execution System	FAST Final Assembly Solution by TXT
TXT MAKE Advanced Planning System	TXT PERFORM Sales & Operations Planning
BI for manufacturing - Framework	DBT Technological Data Base
BIG DATA for manufacturing - Framework	
FITMAN Suite for manufacturing	CAPP Computer Aided Process Planning

- ... investing in innovative **Cloud-based models** to deliver Solutions & **Managed Services**;
Some examples ...



Managed Services for Centralized Management (preparation, update, etc.) & Analysis of Airborne Systems Operational Data, according to DO200 regulations

**AIRBORNE
NAVDATA MANAGEMENT
MANAGED SERVICE**



Managed Services for Cloud-based post-flight analysis of flight performance “big data” to feedback flight planning and flight performance optimisation activities

**CLOSED-LOOP FLIGHT
PLANNING, FLIGHT OPTIM.
& DATA ANALYSIS SERVICE**



Managed Service for Software Maintenance of a Fleet of Simulators provided by means of a Cloud-Based Health Monitoring & Fix / Deploy System

**SIMULATOR FLEETS
LONGTERM REMOTE
MAINTENANCE SERVICE**

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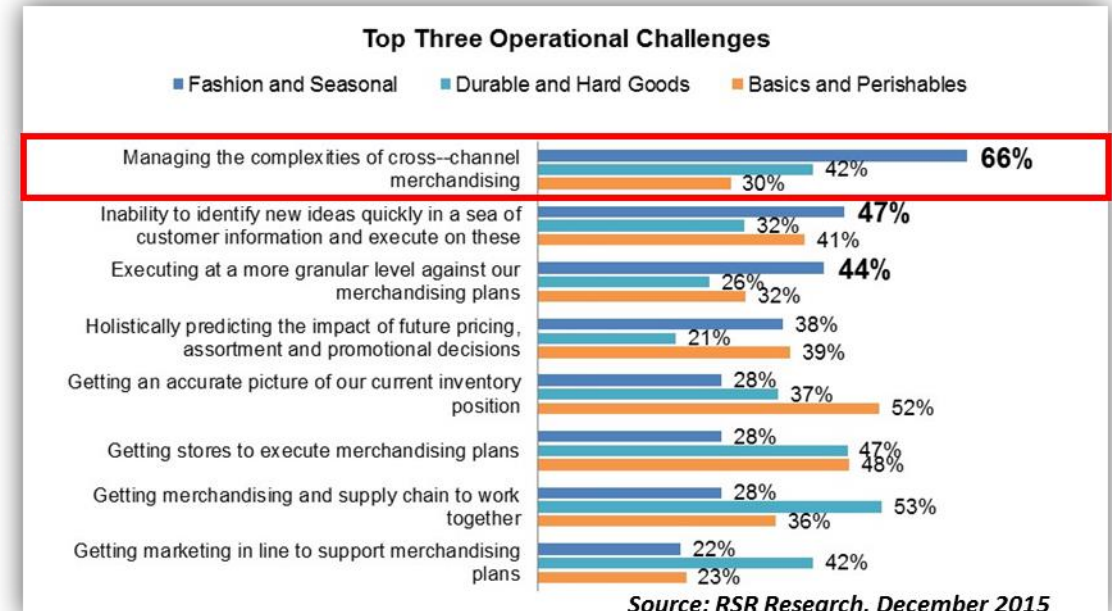
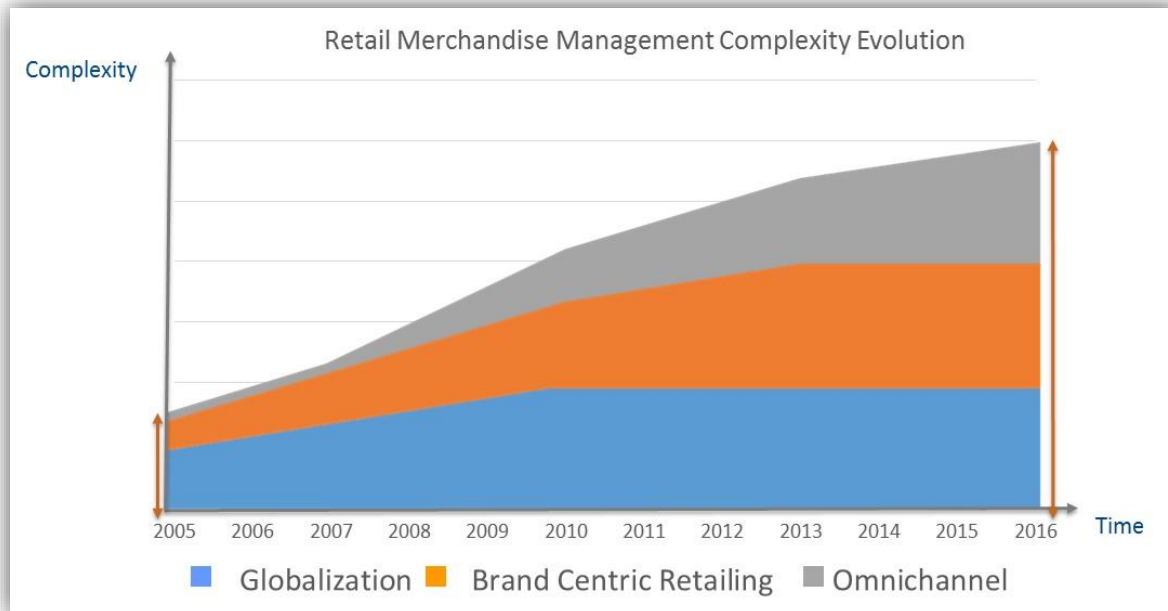


Fashion, Luxury & Specialty Retail 5-Years Strategy

How Industry Transformation impacts Omnichannel Retailers' Key Business Processes?

The Omnichannel Retailers' «Merchandise Lifecycle»:

A strategic & complex End-to-End process that involves many actors that real-time collaborate to generate growth & profit by cost-effectively selling compelling customer focused collections across multiple interacting retail channels



- 15+ New Major Customers and 50+ Go-Lives of Major Projects, each Year ...
- ... across all Segments, Business Models & Geographies

Luxury	Global Brands	Fast Fashion	Specialty	Department Store
           	               	                   	                 	             

End-to-end Merchandise Lifecycle Management



Core to Retailers' competitive differentiation is the **Merchandise Lifecycle**, the end-to-end process that encompasses:

- Understanding customer needs and opportunities,
- Devising a brand and product strategy,
- Developing and sourcing a compelling collection,
- Optimizing the assortment across markets and channels,
- Buying and delivering the products
- Managing the sell out to optimise the return on merchandise investment.

TXT Retail: Well Positioned to Capture the Global Market Opportunity



Europe

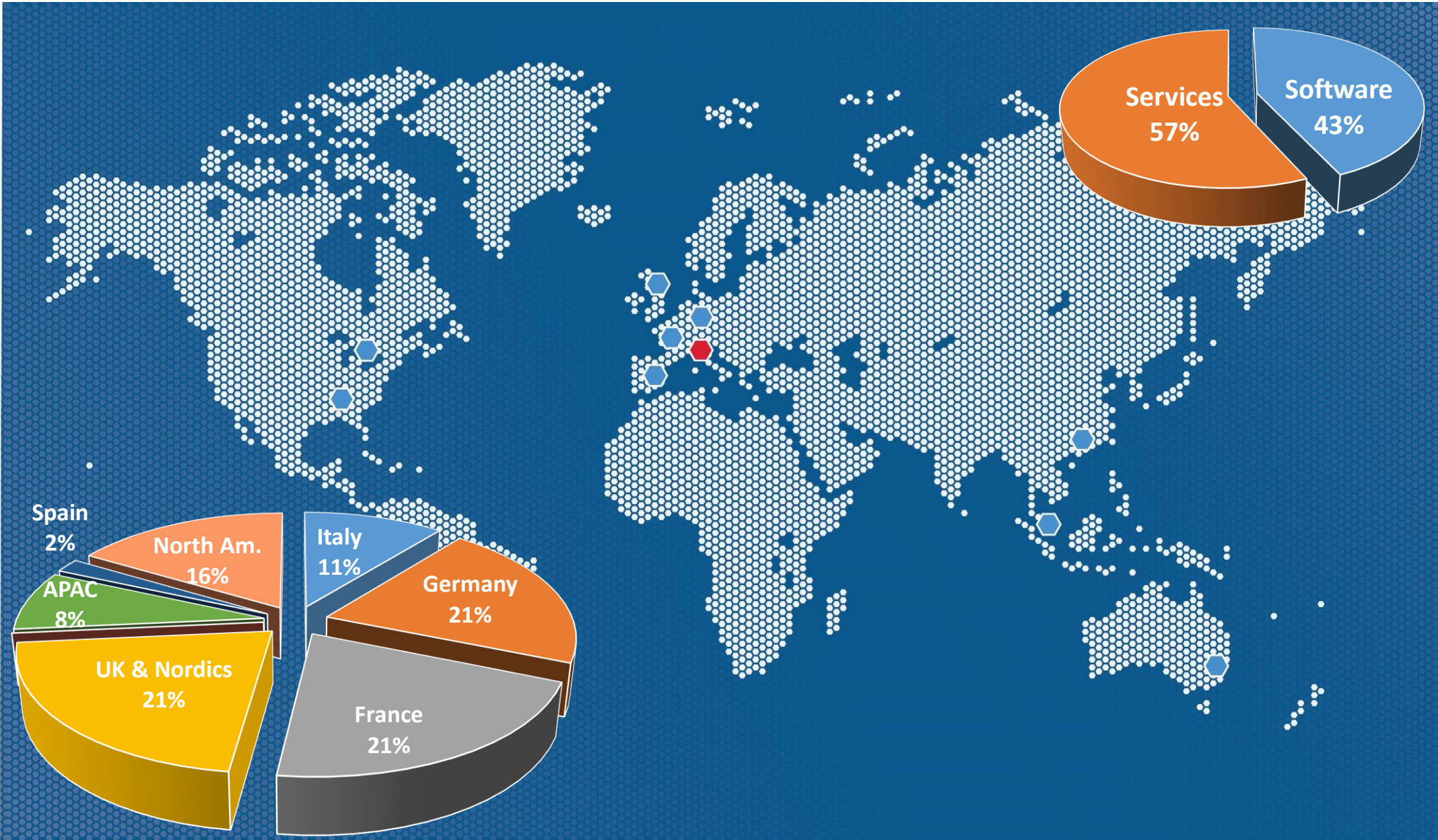
Milano, IT - Head Office
Barcelona, SP
Bari, IT
Chemnitz, DE
Genova, IT
Halle (Saale), DE
Leicester, UK
Lyon, FR
Paris, FR
Roma, IT
Torino, IT
Vicenza, IT
Wynyard, UK

Americas

Toronto, CA
Atlanta, USA

Asia Pacific

Sydney, AU
Hong Kong



Execution

- **Geography: Global Leadership**
 - Consolidate Europe
 - Expand in North America
 - Start-up Asia-Pacific
- **Industry: from mainly Lower Tier-1 and Upper Tier-2, Fashion & Luxury, to:**
 - A growing range of Retail Segments
 - Super Tier 1 and Lower-Tier 2 and Tier 3 Retailers

Figure 1. Magic Quadrant for Merchandise Assortment Management Applications

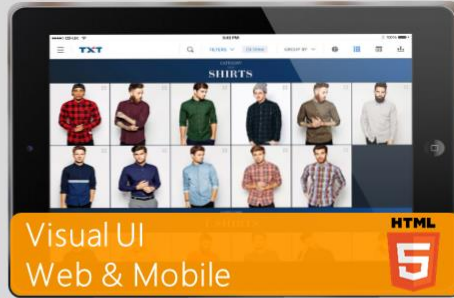
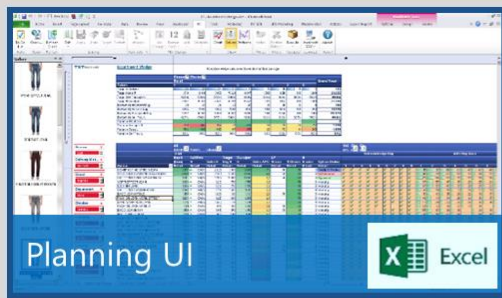


**From Software Vendor
To Transformational Enabler
in the Omni-channel Journey
of Global Retailers**

Vision & Innovation

- **The Offering:** Cloud-based **Managed Services** & Cloud Deployment
- **Customer Dimension:** Capturing wider & deeper customer attributes in Merchandise Lifecycle Management
- **The Software:** Another leapfrog jump ahead of competitors in **Technology**
- **AgileFit:** Extending **breadth** of process coverage & **depth** of verticalisation

The 1st & only End-to-End Merchandise Lifecycle Management Software



Merchandise Lifecycle Process Services



TXT
RETAIL 8.0

TXT Retail enables Customer-driven Merchandising Excellence through an **End-to-End Merchandise Lifecycle Management Software** featuring:

- **A unified database** that informs the End-to-End Merchandise processes
- **Real-time integration** across all Merchandise Lifecycle processes
- **Collaboration** across all actors in the Merchandise Lifecycle processes, blending art, science & mobility as appropriate
- **Productivity enhancing UI**: “2 hours adoption” thanks to the right UI for each User & Task.
- **Flexible configuration**: it helps you adopting business process best practices, and flexes as the market & your organization change

Mitigate
Project
Risk

Reduce
Project
Costs

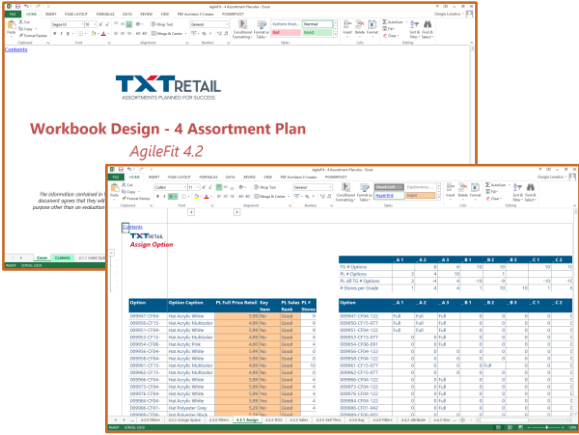
Faster
Time to
Benefits

Higher
ROI

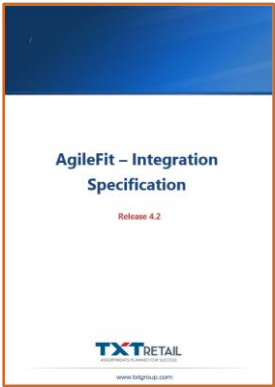
Solution Design



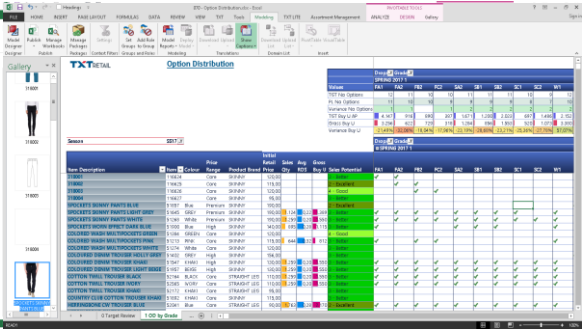
Workbook Design



Interface Specification



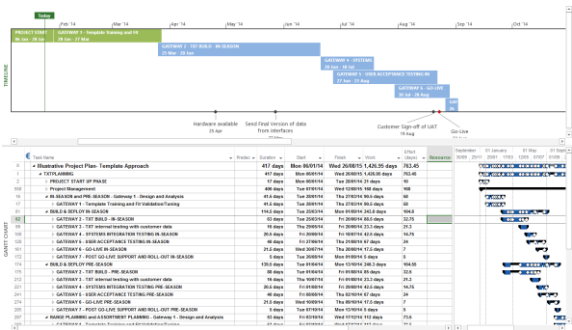
Reference Application



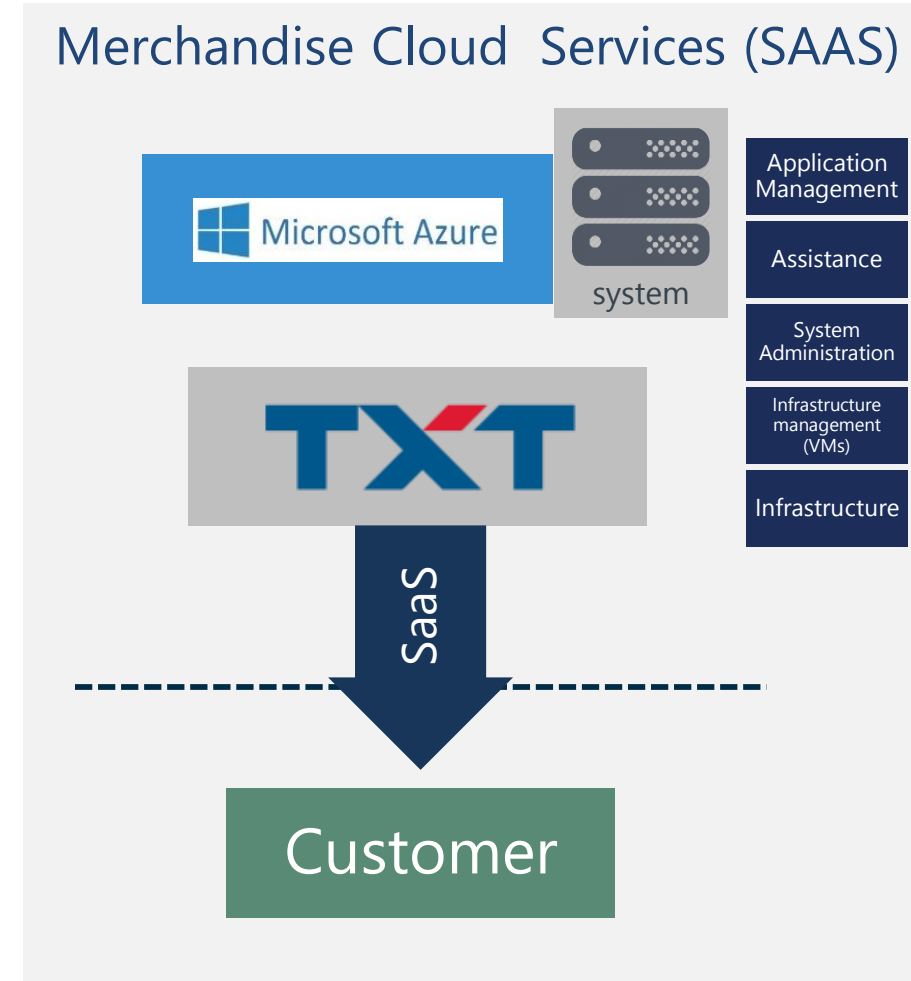
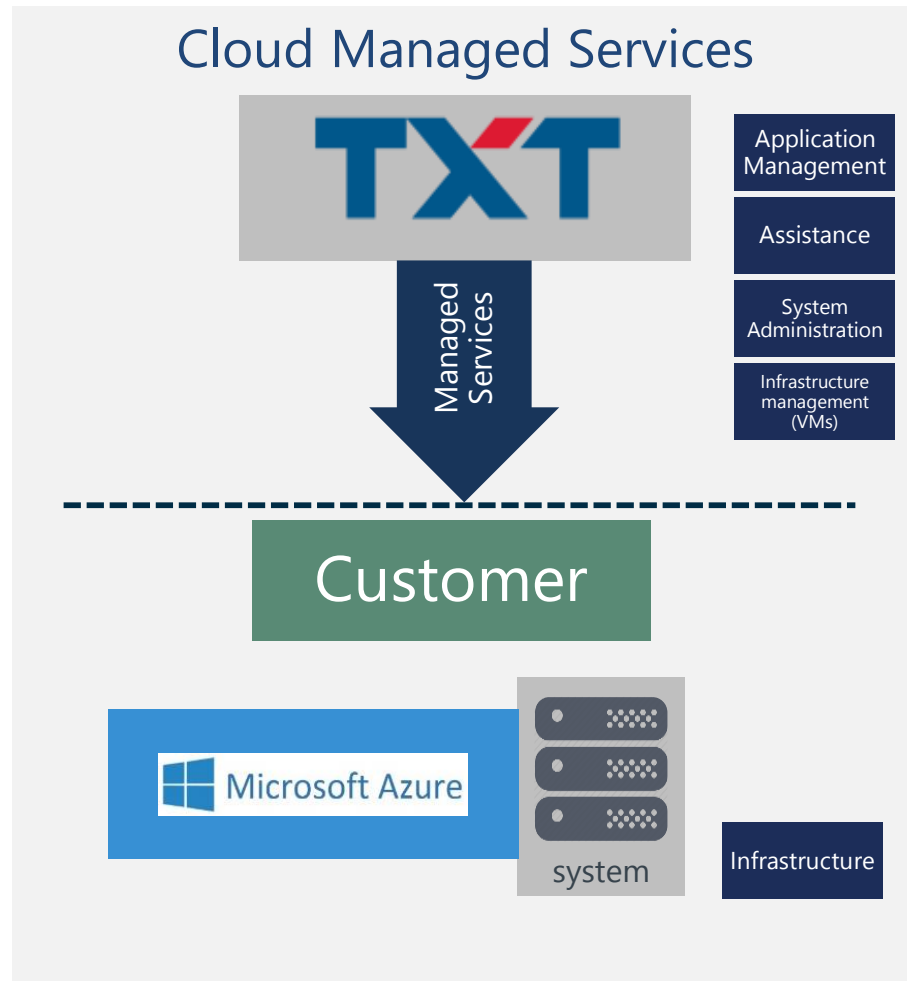
Performance Tests

	Monouser	# Open Workbook	Time (s)
OPEN WORKBOOK	1,54	1	1,92
REFRESH		2	1,68
AllBoys Half	0,94	3	1,44
AllBoys Month	0,89	4	1,44
Boys02 Month	0,73	5	1,51
		6	1,41
		7	1,45
		8	1,65
		9	1,53
		10	1,40
Average			1,54

Project Deliverables



- Extend Value Proposition to include **Cloud-based Managed Services** and **Merchandise Lifecycle Management Cloud Services (SAAS)**
- This reduces TCO of TXT Retail & strengthens TXT Retail's position as "Transformational Enabler" for its Customers



Merchandise Lifecycle Management Cloud Strategy

Industry Segment Fashion, Luxury and Apparel

Solution Areas Potential

Customer Tier	N. of Companies*	Cloud Strategy	Target Revenue Model	Supply Chain Collaboration	Collection Lifecycle Management	Store Forecasting and Replenishment	Merchandise Financial Planning	Assortment Planning and Buying
Tier1	23	Cloud Managed Services	License, Maintenance, Services					
Tier2	233	Cloud Managed Services	License, Maintenance, Services					
Tier3	1500	Merchandise Lifecycle SAAS	Set Up plus Recurring Fees					



Market Mature, TXT Ready



Early Adopters, TXT Ready for Pilot Customers



Market Maturing, TXT Preparing for Pilots

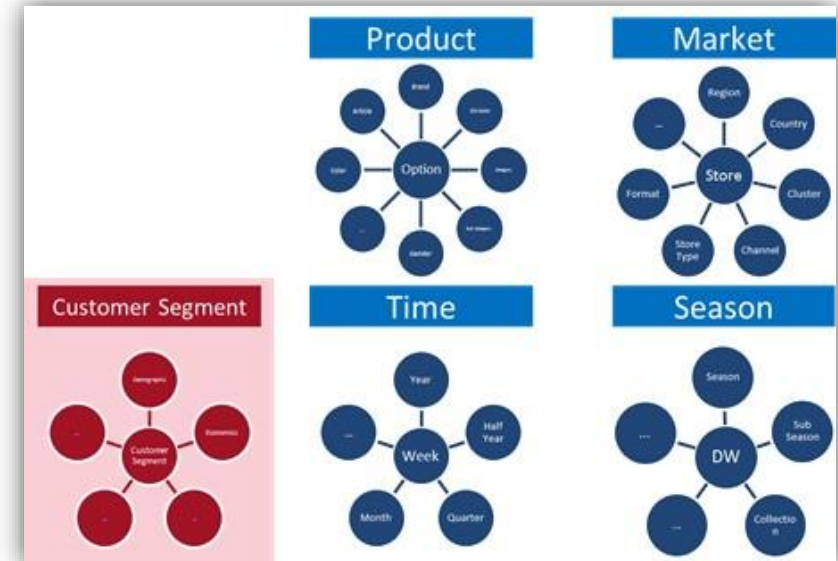


Market Not Ready

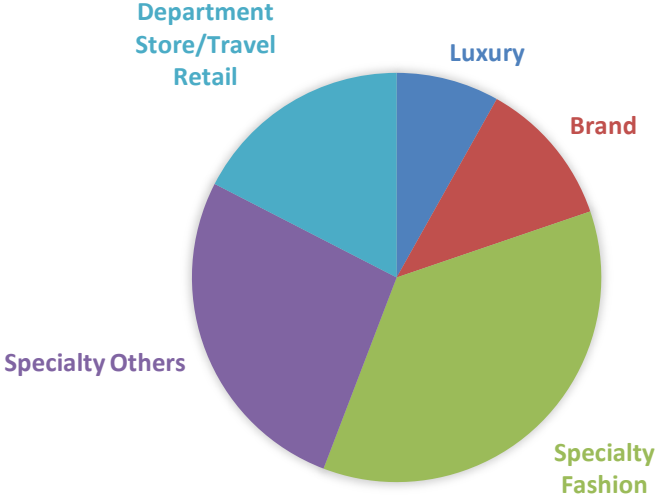
*TXT Management Estimates



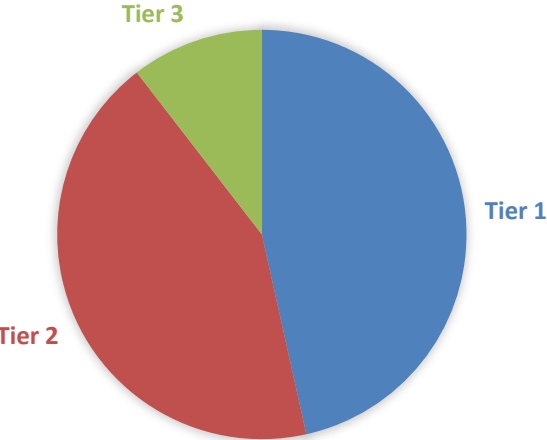
- Partnerships, e.g. FirstInsight for Consumer Collaboration on Product Evaluation
- Customer Projects, e.g. Starboard to drive better Assortments using Consumer Demographic Information
- Customer-driven Pilots, to experiment new ideas and approaches



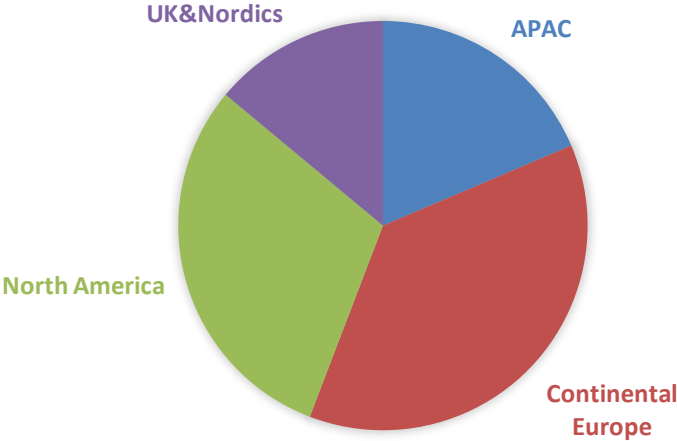
REVENUE BY INDUSTRY SEGMENT



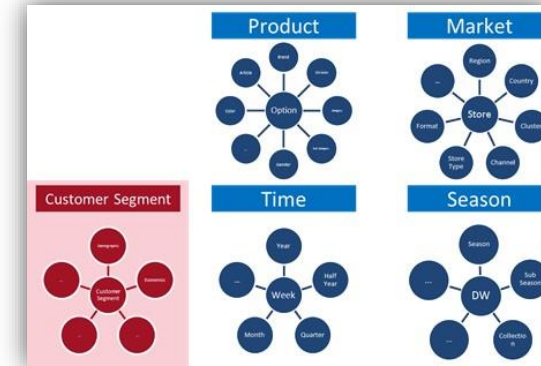
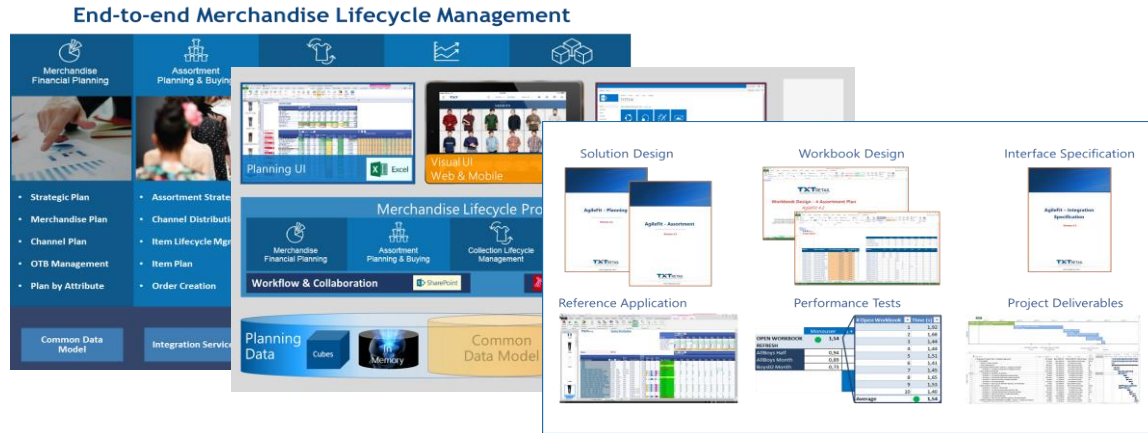
REVENUE BY CUSTOMER TIER



REVENUE BY REGION

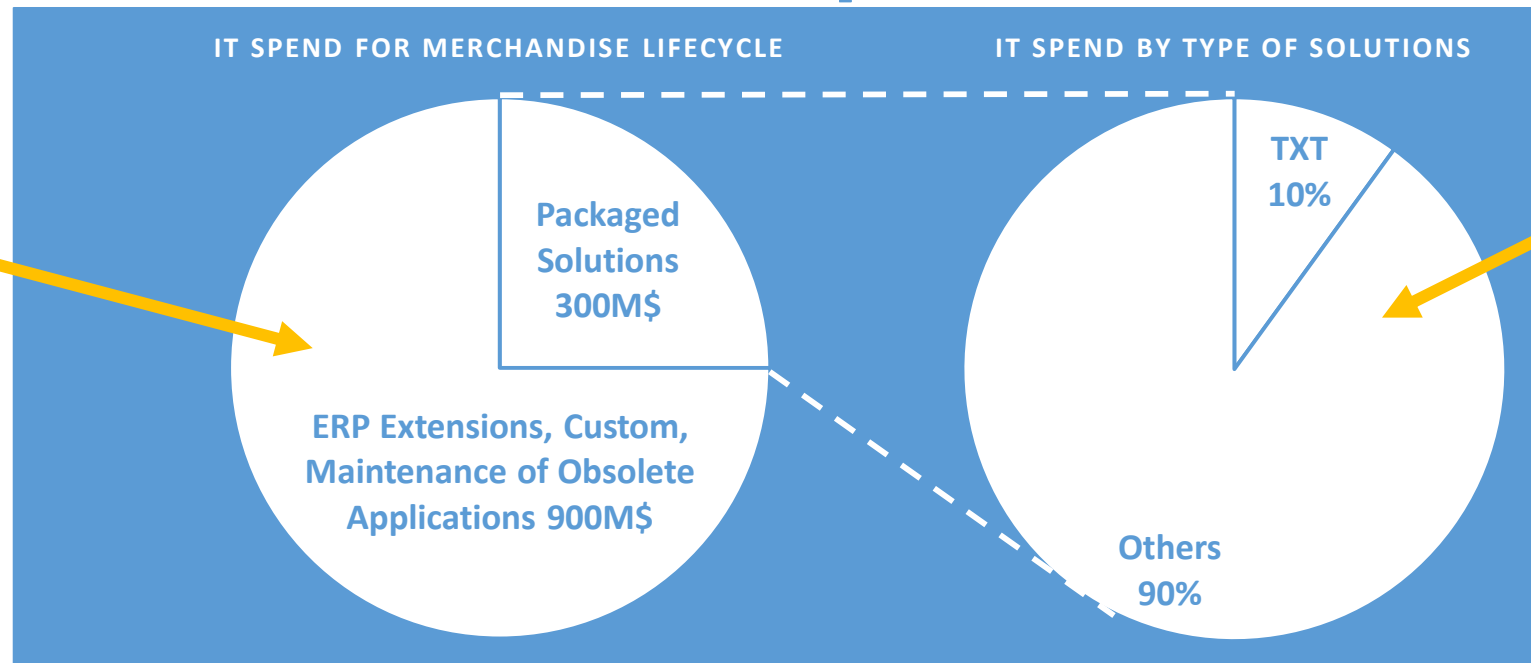


TXT Retail: The End-to-End Merchandise Lifecycle Opportunity



Competitive Differentiation and Enablers for Customer Success

Expand Market



Gain Marketshare



Summary & Financial Details



Alvis Braga Illa – Chairman

After graduating at the Polytechnic Institute in Milan, Mr Braga Illa was for 10 years in research and teaching at the Lincoln Laboratory and Massachusetts Institute of Technology, innovating in satellite technology, optical communication and network systems. He directed the R&D Labs at Italtel, founded Zeltron S.p.A. and managed the restructuring of Ducati Energia as General Manager. Mr. Braga Illa founded TXT Automation Systems, later sold to ABB (1997), and TXT e-solutions (1989).



Marco Guida – CEO

Graduated in Electronic Engineering, Marco Guida managed innovative IT projects in various areas of the manufacturing operations of Pirelli Group until 1994, when he joined TXT e-solutions. Initially responsible for Advanced Information Systems, in January 2000 promoted to Vice President. As Director of International Operations he successfully led the transformation of TXT e-solutions from an Italian to an International Group. Since 2009 he is Chief Executive Officer of TXT Group.



Paolo Matarazzo – CFO

After graduating from Milan's Bocconi University and majoring in business administration at the University of San Diego (California), has had significant experience in the financial world. He was initially an analyst in London for three years and then worked for the Recordati Group for seven years, with responsibility for treasury management. In the following seven years he was Head of Finance, Administration & Control in Europe for Eurand, a company listed on NASDAQ. He joined TXT in May 2007 as Group CFO.

- TXT Retail
 - 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** and a **solid competitive position**, sustained by **constant innovation**
 - Large, world-wide base of **happy global customers**.
 - **Global presence** with the opportunity to further expand in **North America** and **APAC** markets.
- TXT Next + PACE
 - Large, innovative & healthy target markets, with long-term positive trends
 - Highly fidelised **customer base**
 - **Solid team** with 30+ years of **domain expertise**
 - **Specialised** know-how consolidated in **Sw assets**: differentiation, competitive advantage and margins
 - **Leader** with the opportunity to continue **growing in Europe**, both **organically** and through **targeted acquisition**, and to accelerate international development

- **International** profile: >55% 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**
- **Upside growth potential:** opportunity to capitalize existing product & know how in other industries
- **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
- Financially solid and self-sustainable

2015 - Growth of Revenues and development investments

€ thousand	2015	%	2014 (1)	2014 non recurring	2014 Normalized (2)	%	Var % vs 2014	Var % vs 2014 Normalized
REVENUES	61.540	100,0	55.878	(1.468)	54.410	100,0	10,1	13,1
Direct costs	29.189	47,4	26.455	(407)	26.048	47,9	10,3	12,1
GROSS MARGIN	32.351	52,6	29.423	(1.061)	28.362	52,1	10,0	14,1
Research and Development costs	5.118	8,3	4.698		4.698	8,6	8,9	8,9
Commercial costs	12.681	20,6	11.094		11.094	20,4	14,3	14,3
General and Administrative costs	7.893	12,8	6.839		6.839	12,6	15,4	15,4
EBITDA before Stock Grant	6.659	10,8	6.792	(1.061)	5.731	10,5	(2,0)	16,2
Stock Grant	740	1,2						
EBITDA	5.919	9,6	6.792	(1.061)	5.731	10,5	(12,9)	3,3
Amortization, depreciation	1.124	1,8	1.325		1.325	2,4	(15,2)	(15,2)
OPERATING PROFIT (EBIT)	4.795	7,8	5.467	(1.061)	4.406	8,1	(12,3)	8,8
Financial income (charges)	(151)	(0,2)	(249)		(249)	(0,5)	(39,4)	(39,4)
EARNINGS BEFORE TAXES (EBT)	4.644	7,5	5.218	(1.061)	4.157	7,6	(11,0)	11,7
Taxes	(762)	(1,2)	(1.046)	197	(849)	(1,6)	(27,2)	(10,2)
NET PROFIT	3.882	6,3	4.172	(864)	3.308	6,1	(7,0)	17,4

(1) Official Financial Reporting.

(2) Income Statement 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results 2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata.

€ thousand	31.12.2015	31.12.2014	Var
Intangible assets	14.692	15.079	(387)
Tangible assets	1.361	1.249	112
Other fixed assets	2.079	1.692	387
Fixed Assets	18.132	18.020	112
Inventories	2.075	1.821	254
Trade receivables	25.032	18.571	6.461
Other short term assets	2.759	2.197	562
Trade payables	(1.422)	(1.540)	118
Tax payables	(1.291)	(1.117)	(174)
Other payables and short term liabilities	(16.090)	(13.606)	(2.484)
Net working capital	11.063	6.326	4.737
Severance and other non current liabilities	(3.830)	(3.841)	11
Capital employed	25.365	20.505	4.860
Shareholders' equity	33.624	28.970	4.654
Net financial debt	(8.259)	(8.465)	206
Financing of capital employed	25.365	20.505	4.860

• Share Price

- 31.12.2010: 1.51€/share (rebased for free share distribution)
- 29.2.2016: 7.76€ /share

• 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

Dividends + Treasury Shares Repurchase (m€)

