

TXT e-Solutions

TXT

**Corporate Overview
February 2020**

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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 9 Months of 2019 ended 30 September 2019.

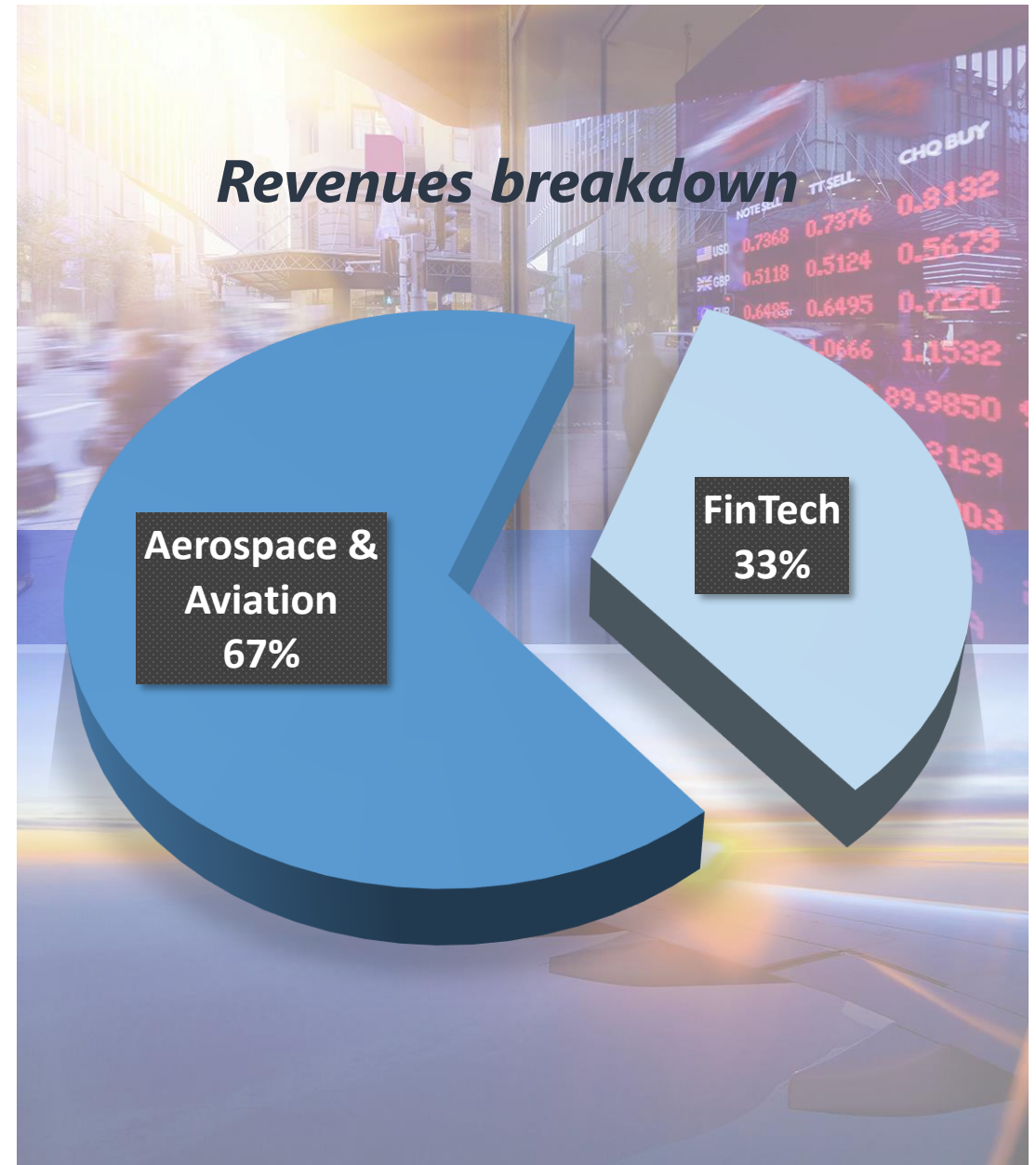
After **TXT has profitably divested its Retail Division in 2017** obtaining 85 m€ cash (19x EV/EBITDA)...

...**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**

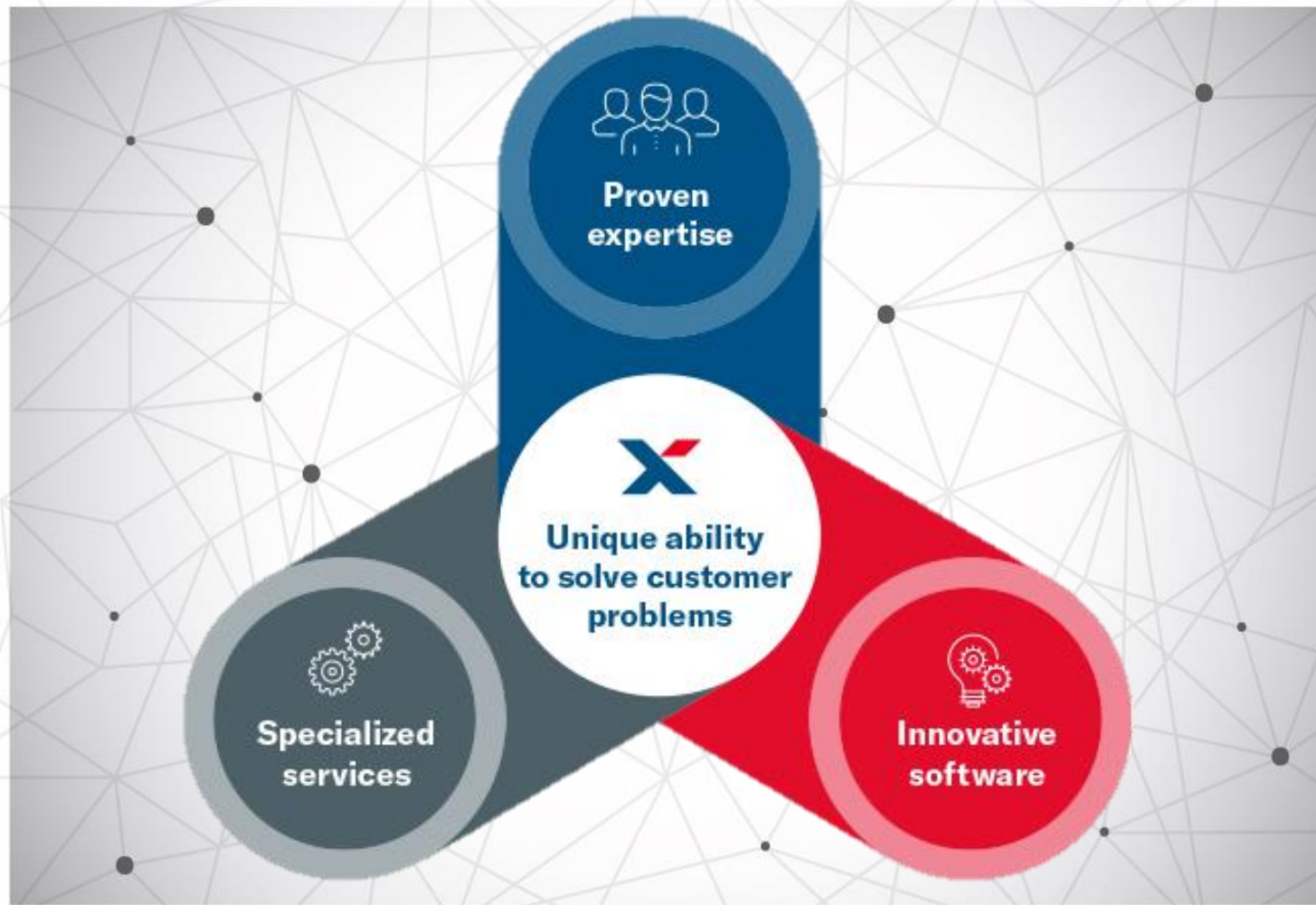
Key assets driving the international growth path:

- **New growth-oriented Management** driven by **ENRICO MAGNI**, relative majority Shareholder and Group CEO
- **More than 80 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

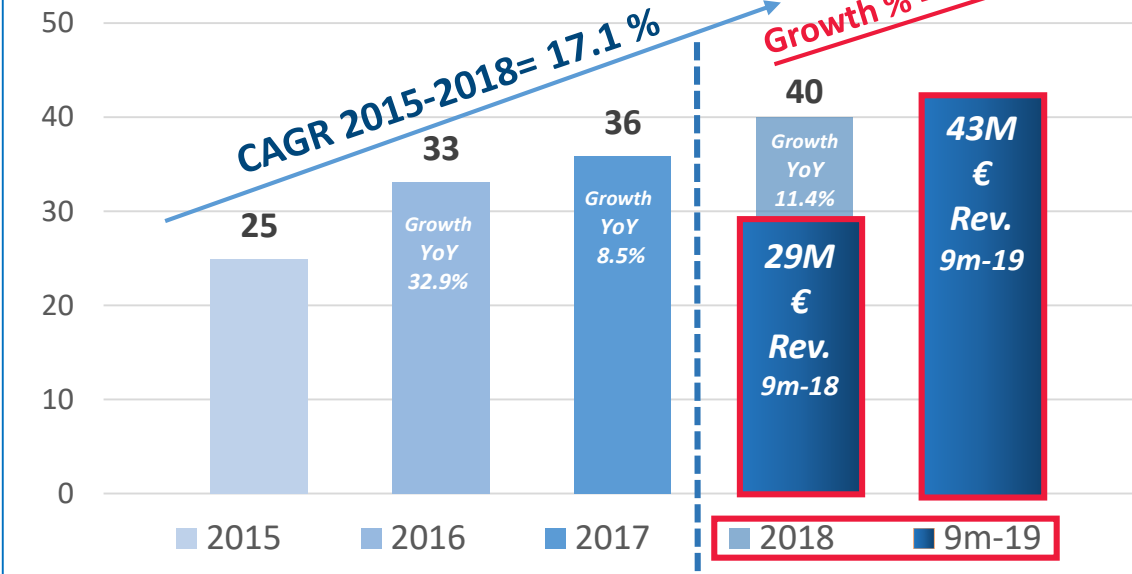
Daniele Misani - Managing Director

” 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

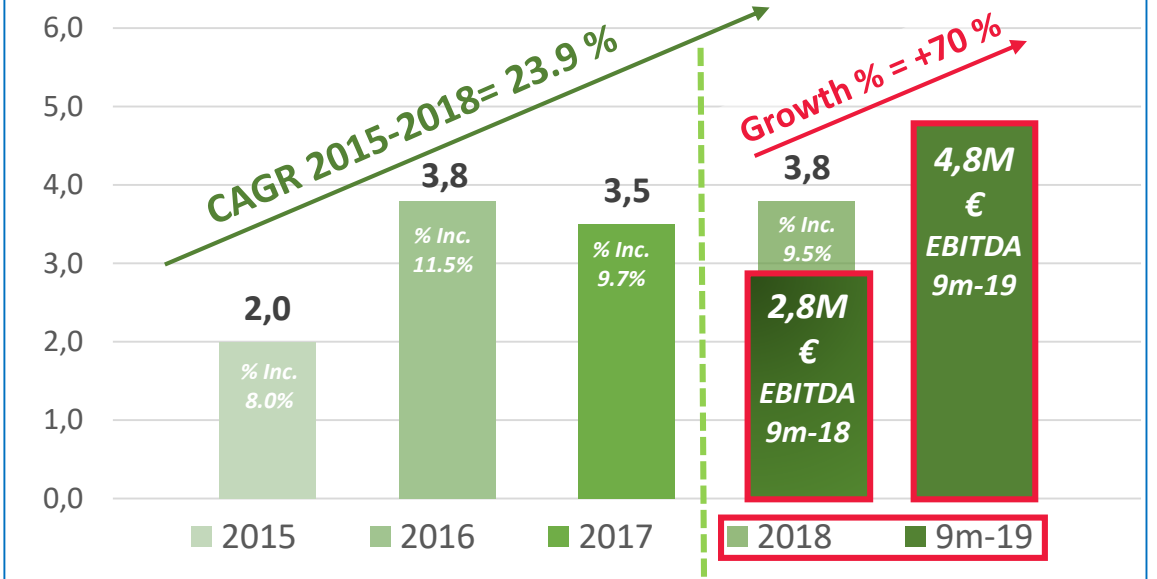
Historical Performance of TXT



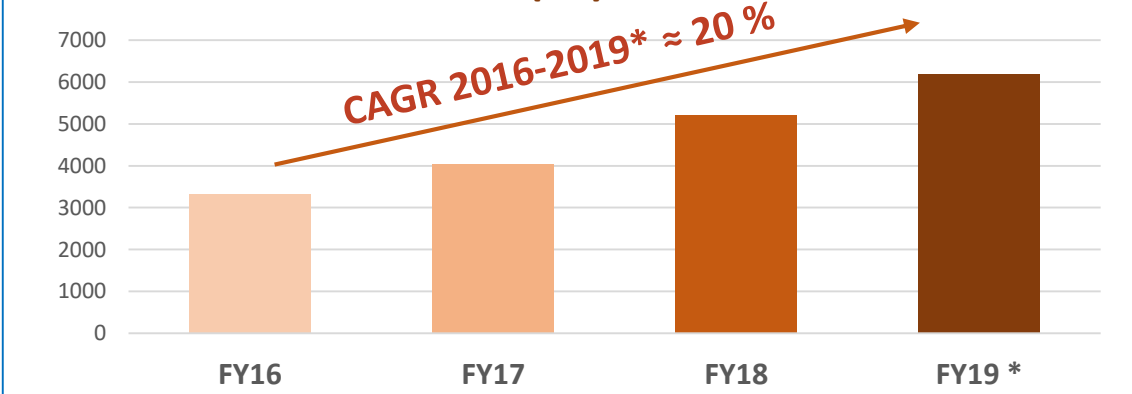
Revenues (m€)



EBITDA (m€)

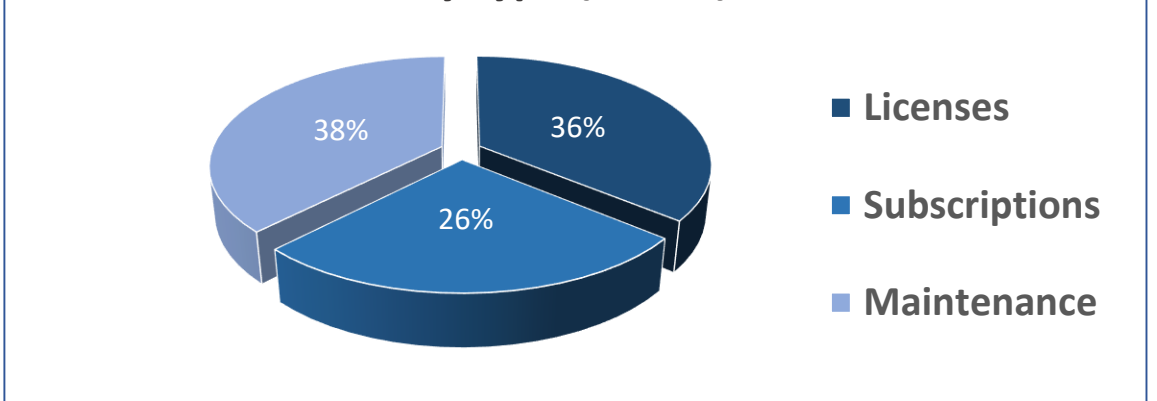


Revenues from software (k€)



* Unaudited data for FY19 - latest Management forecast

Software revenues by type (FY19*)



* Unaudited data for FY19 - latest Management forecast



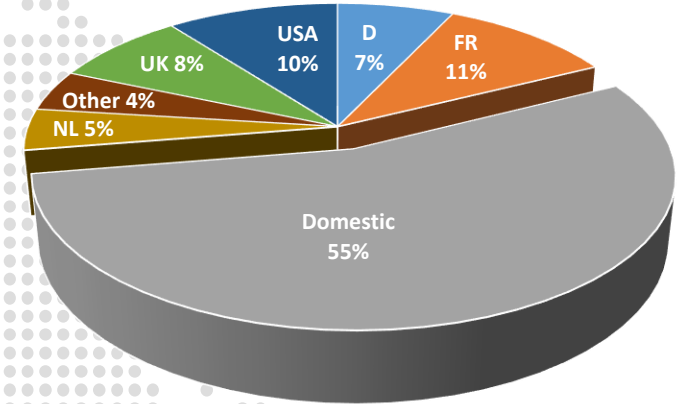
SPECIALIZED ENGINEERS

650+



11 LOCATIONS WORLDWIDE

Revenue by geography



30+ YEARS EXPERIENCE



€ 43 M

TURNOVER 9m-19

+ 49% YoY



15+ YEARS EXPERIENCE



SUSTAINABLE, ECONOMIC PROGRESS



Since 2018

NEW GROWTH-ORIENTED BOARD & MANAGEMENT



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

Aerospace
&
Aviation

Turnover
9m-2019



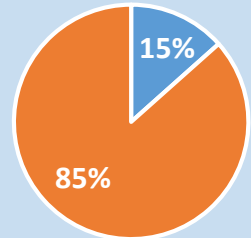
28.3M €
+25% YoY

EBITDA
9m-2019



3.5M €
% incidence 13%

Revenues
breakdown



■ SW ■ Service

Revenues
growth



boosted by new
proprietary SW
and specialized
services

TEAM
+350



Constantly
growing



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

FinTech

Turnover

9m-2019

+140% YoY



14.2M €

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

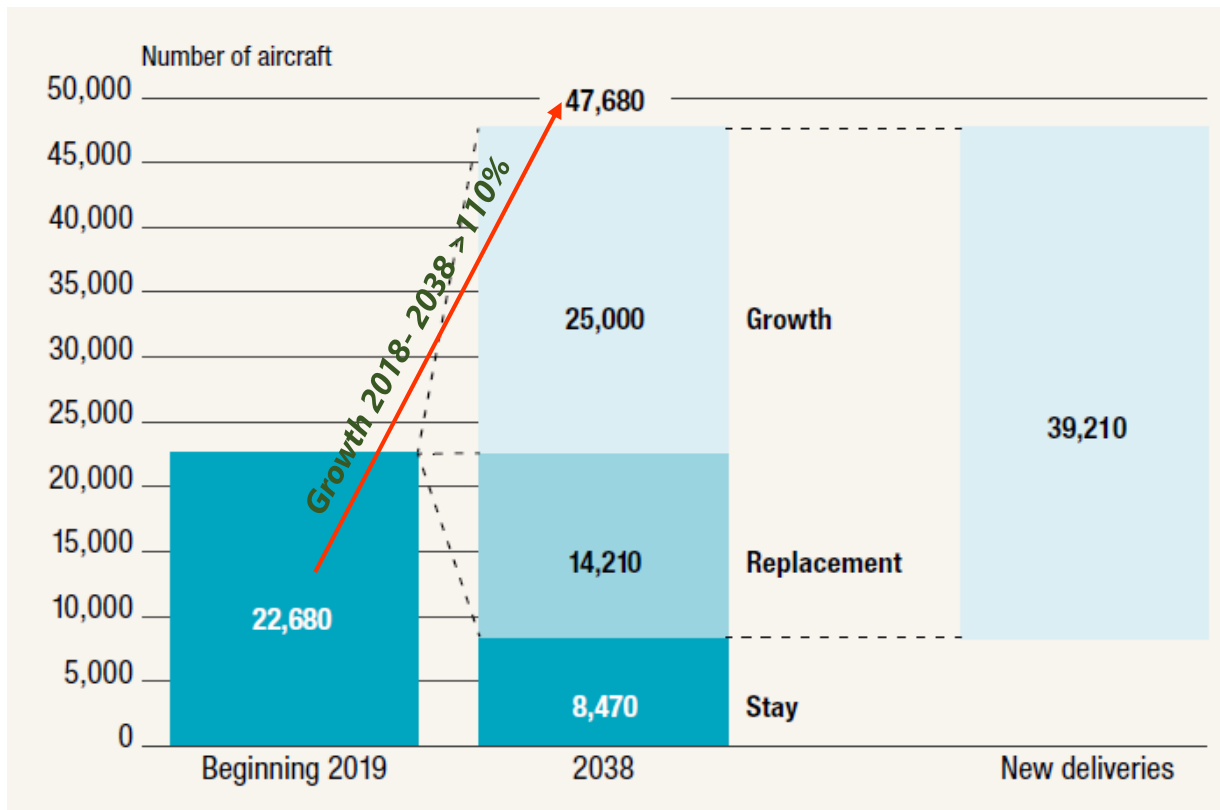
A Large Market with a Solid, Steady Growth over the Long Run



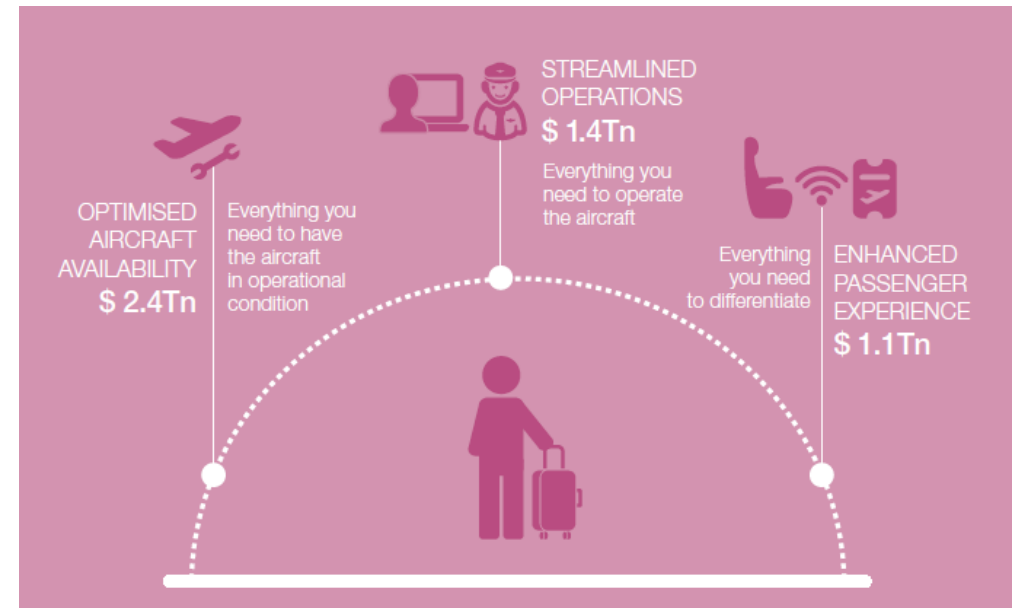
Our forecast confirms a 4.3% average traffic growth p.a. over the next 20 years... Demand for 39,210 passenger and freight aircraft over the next 20 years.....

Source: Airbus GMF 2019-2038

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



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

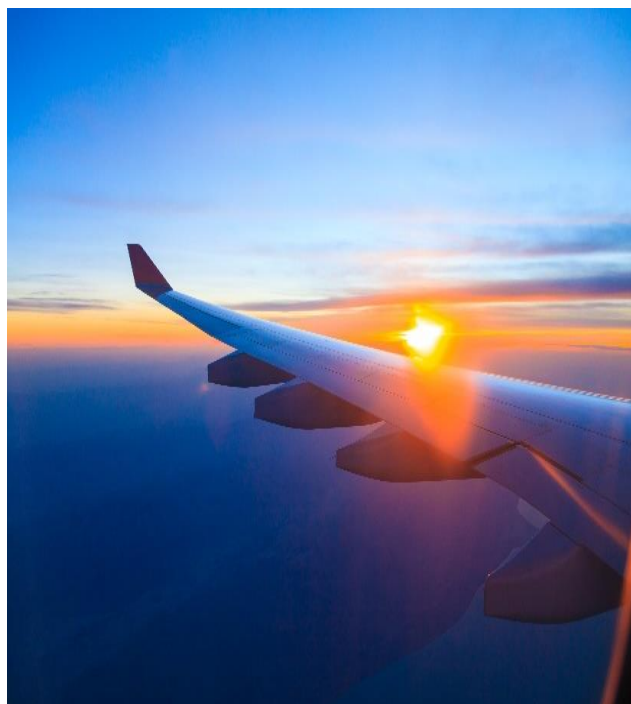


(Source: AIRBUS GMF 2019)

(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



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

A suite of products for an accelerated and green growth

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

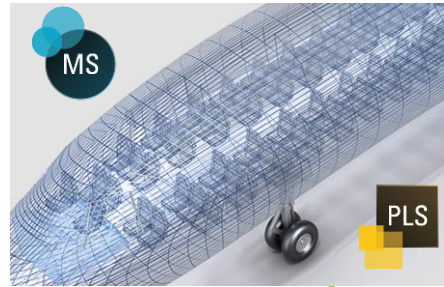
Training solutions based on VR/AR/MR



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....





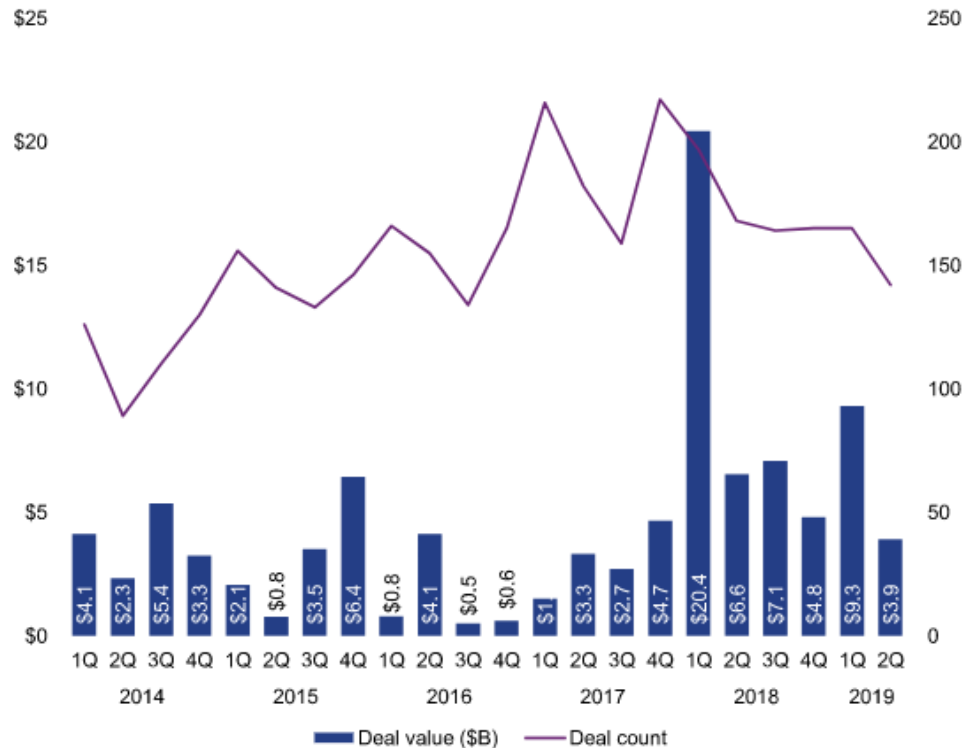
FinTech

TXT

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

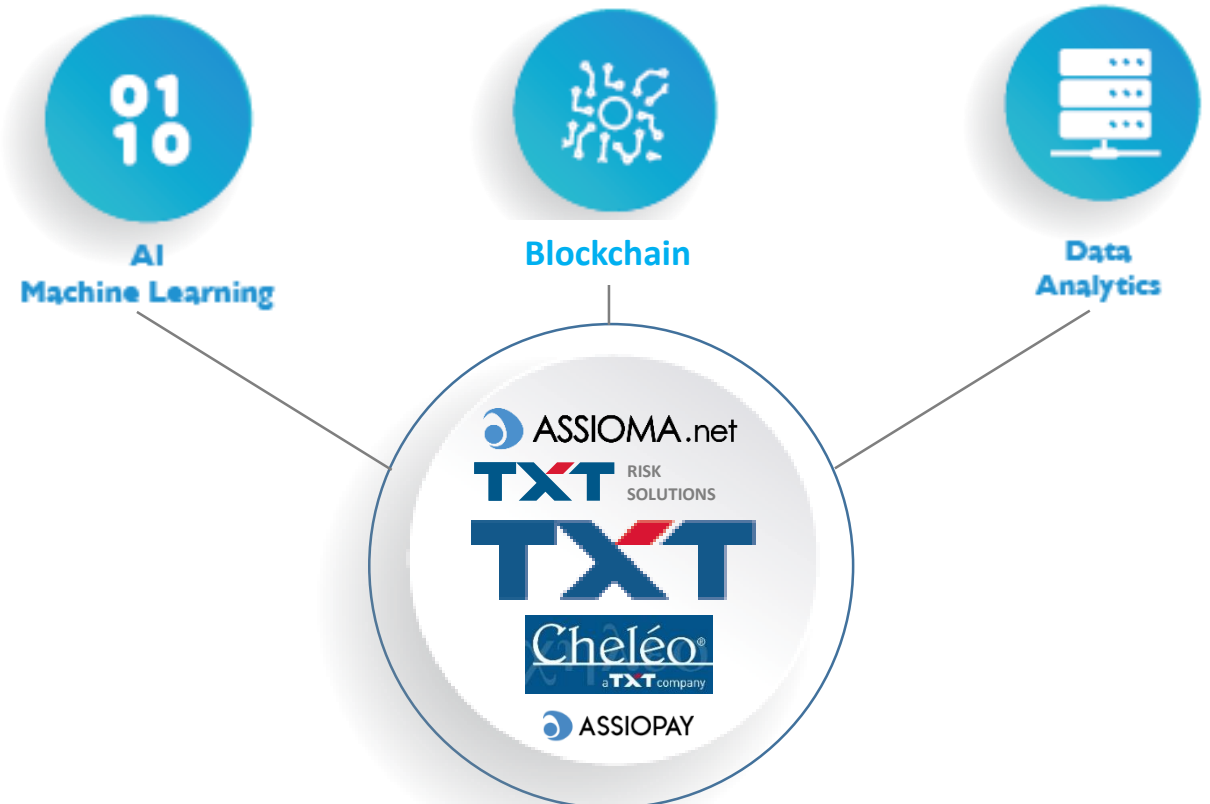


(Source: KPMG - Pulse of Fintech H1'19 – Europe)

” **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 Services:

75%

SW Quality and Independent Testing, Verification & Validation of software

- **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%

Comprehensive & competitive suite of proprietary software modules:



- ACE** – Leasing
- KING** – Loan
- QUEEN** – Salary-backed loan
- JACK** – Personal loans
- JOKER** – Basic system
- TEN** – Factoring
- NINE** – Non-performing loans (NPL)

Financing, Credit & NPL Management products

RegTech innovative start-up for Risk management:

2%



Faraday AML

Anti-Money Laundering Platform



Faraday AC

Anti-Corruption Platform



Faraday AT

Anti-Terrorism Platform

Risk management & AML solutions

Treasury & Digital Payments:

5%

New start-up specialized in loyalties and payments for the large-scale distribution market

ASSIOPAY



Treasury & Payments



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



NEW CUSTOMER

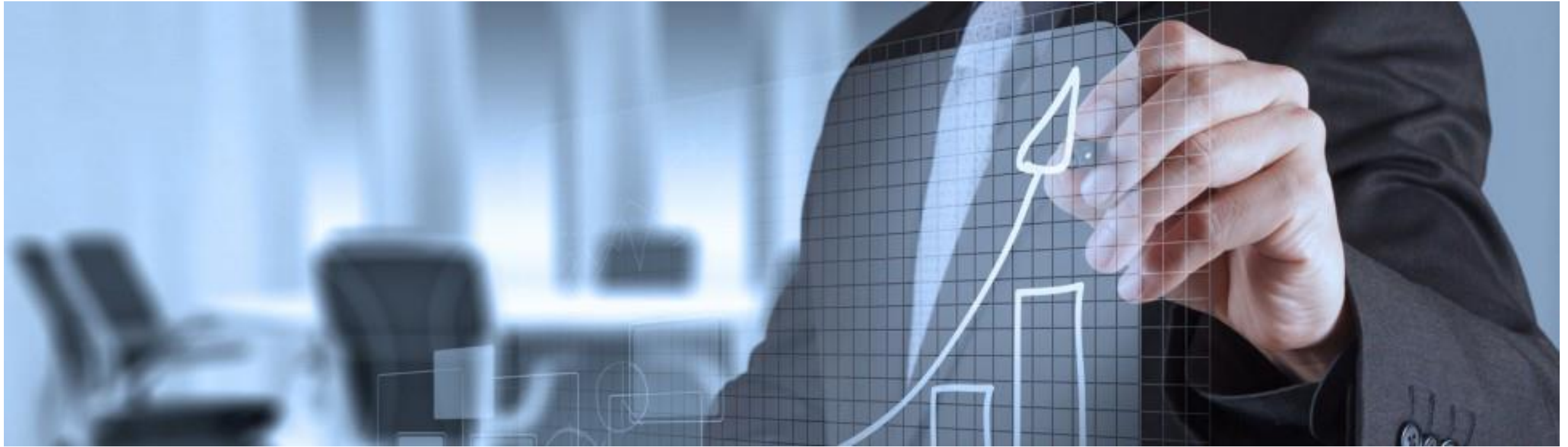
Faraday AML
Anti-Money Laundering Platform

Faraday AT
Anti-Terrorism Platform



Faraday AC
Anti-Corruption Platform





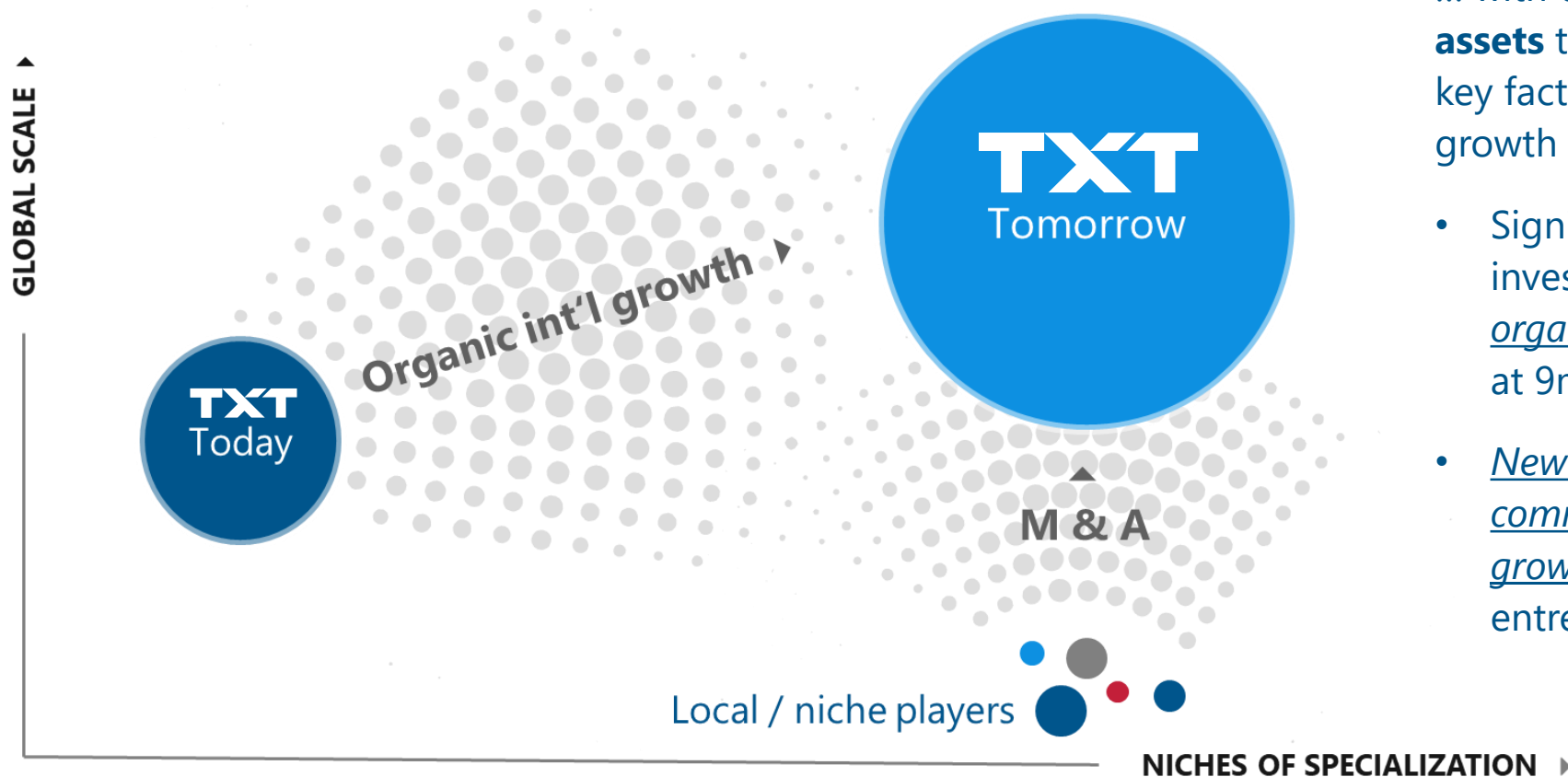
Growth **s**trategies

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 9m-2019 was equal to 43m €.
- New Board and Management committed to the international growth and with a successful entrepreneurial background

Organic international growth - from processes to evolving innovative products



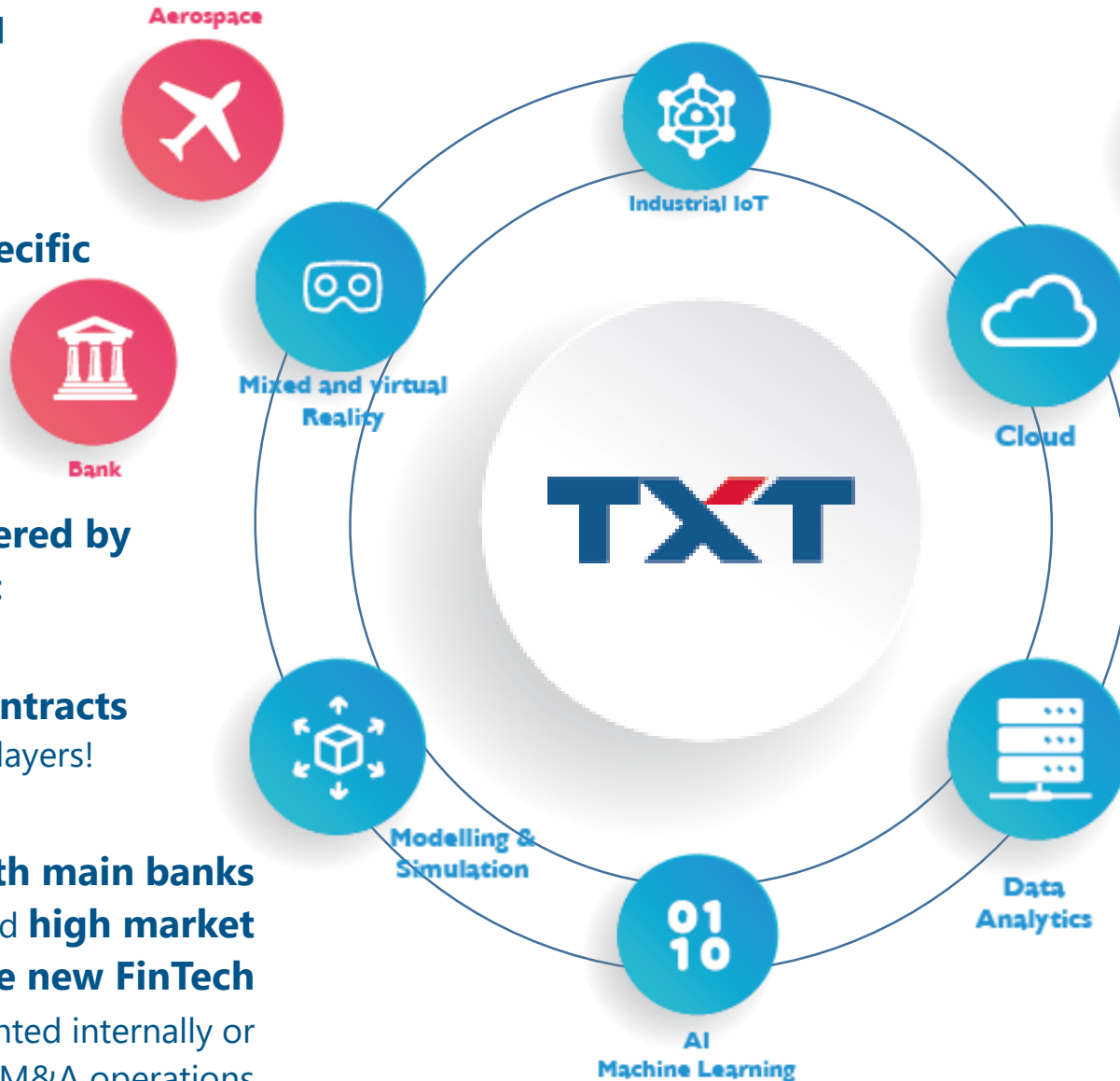
TXT TODAY

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 9m-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

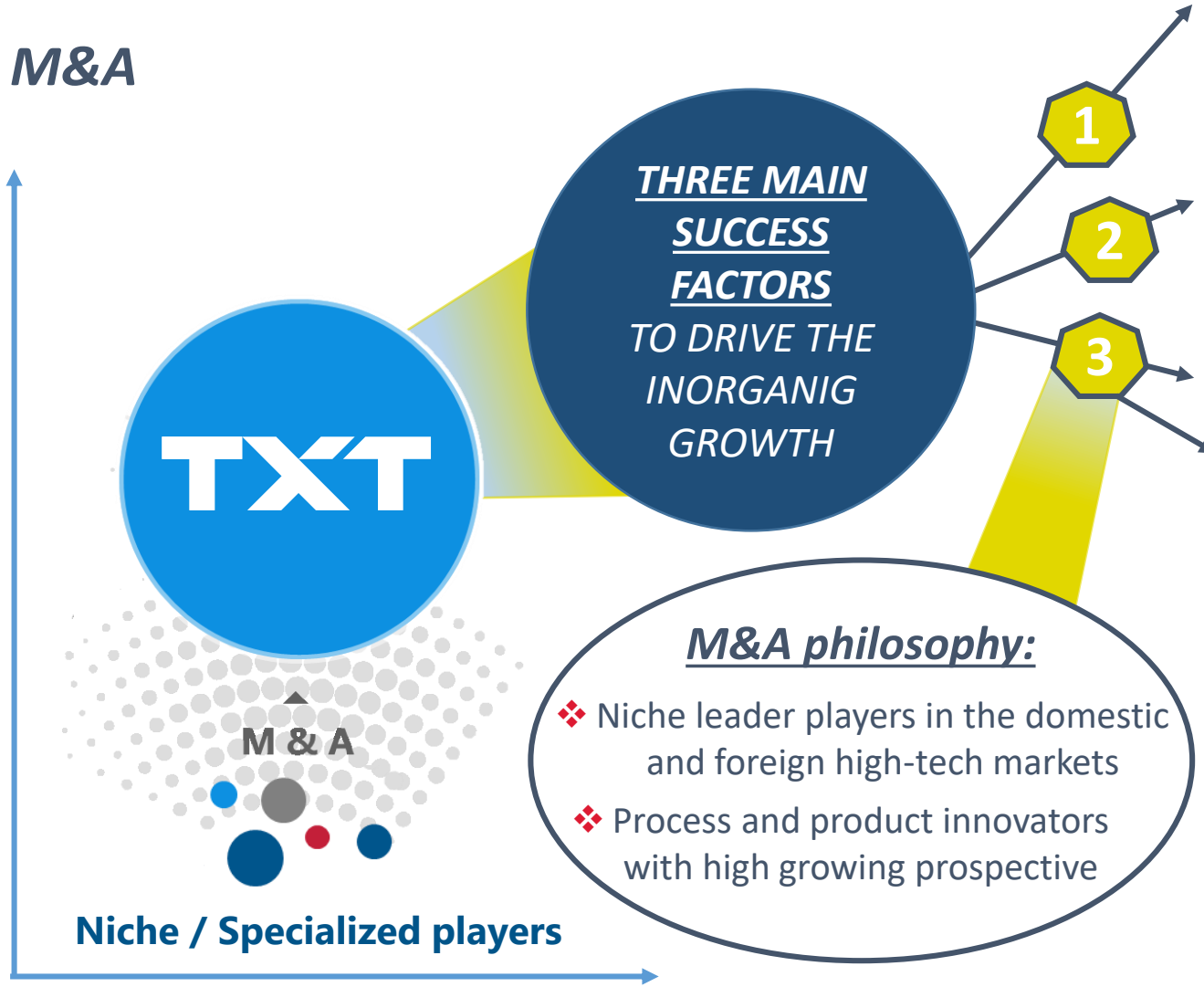
We are mastering processes to exploit data usage...

... 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:

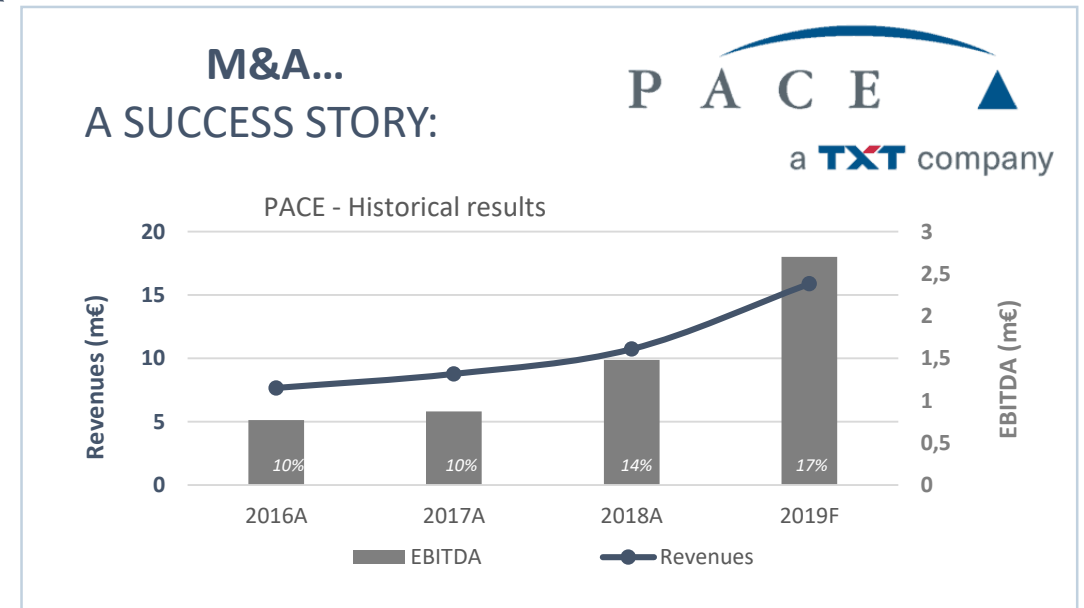
M&A



Significant amount of cash available to be invested in the international growth; **net cash at September 30, 2019 was 43M €.**

New **growth-oriented Management** driven by **ENRICO MAGNI**, Group **CEO** with a brilliant and **highly successful entrepreneurial background**

Consolidated **success stories in M&A operations** to be replicated soon





Summary & Financial Details



Increasing and solid trading results - First 9 months 2019

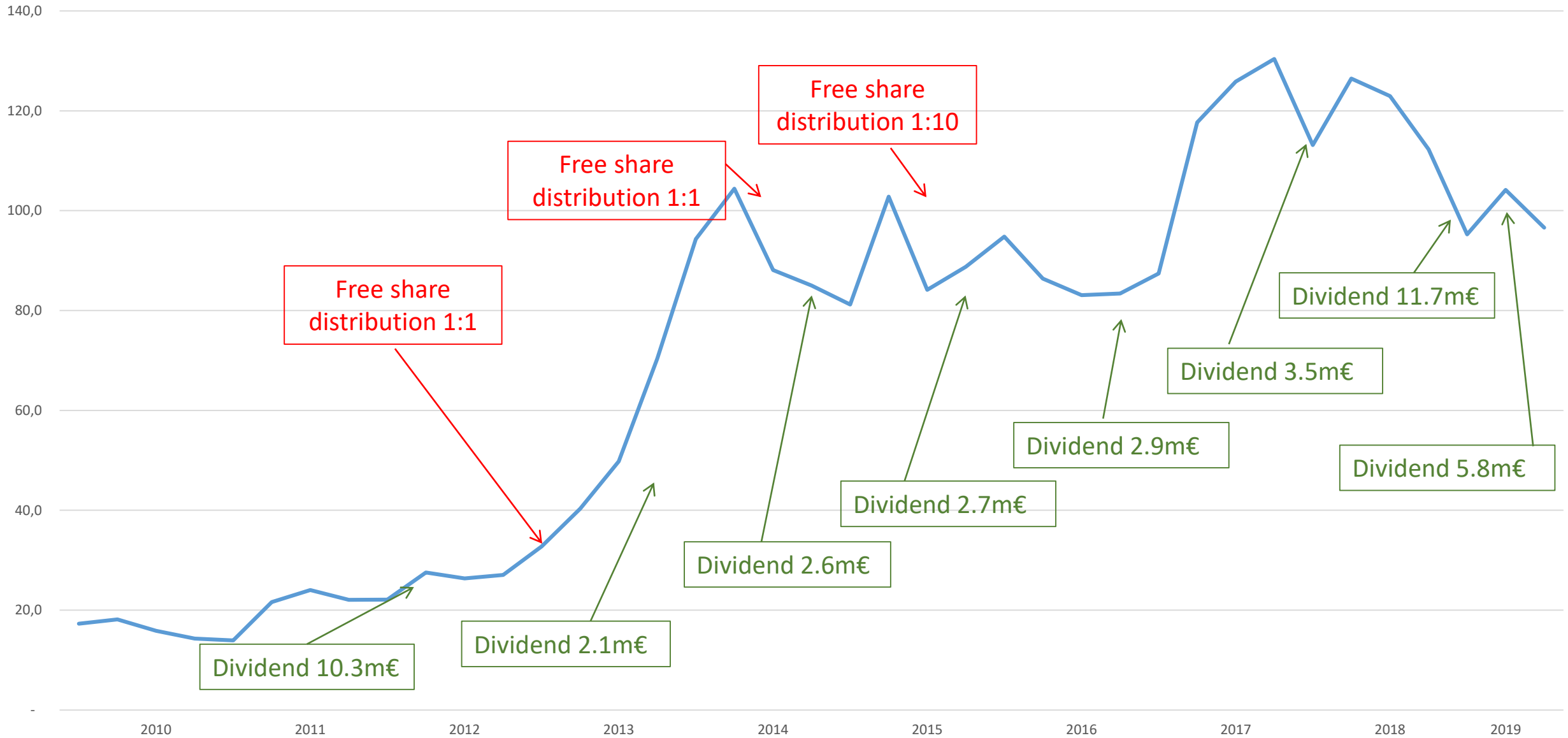
<i>€ thousand</i>	9m 2019	%	9m 2018	%	Var %
REVENUES	42.534	100,0	28.627	100,0	48,6
Direct costs	23.560	55,4	15.942	55,7	47,8
GROSS MARGIN	18.974	44,6	12.685	44,3	49,6
Research and Development costs	4.455	10,5	2.154	7,5	106,8
Commercial costs	5.860	13,8	3.884	13,6	50,9
General and Administrative costs	3.860	9,1	3.818	13,3	1,1
EBITDA	4.799	11,3	2.829	9,9	69,6
Depreciation	1.145	2,7	992	3,5	15,4
CURRENT OPERATING PROFIT (EBITA)	3.654	8,6	1.837	6,4	98,9
Amortization	718	1,7	373	1,3	n.s.
Riorganization and Non Recurrent Costs	705	1,7	-	-	n.s.
OPERATING PROFIT (EBIT)	2.231	5,2	1.464	5,1	52,4
Financial income (charges)	2.137	5,0	(385)	(1,3)	n.s.
EARNINGS BEFORE TAXES (EBT)	4.368	10,3	1.079	3,8	n.s.
Taxes	(1.221)	(2,9)	(80)	(0,3)	n.s.
NET PROFIT	3.147	7,4	999	3,5	215,0

Strong Balance Structure as at September 30, 2019

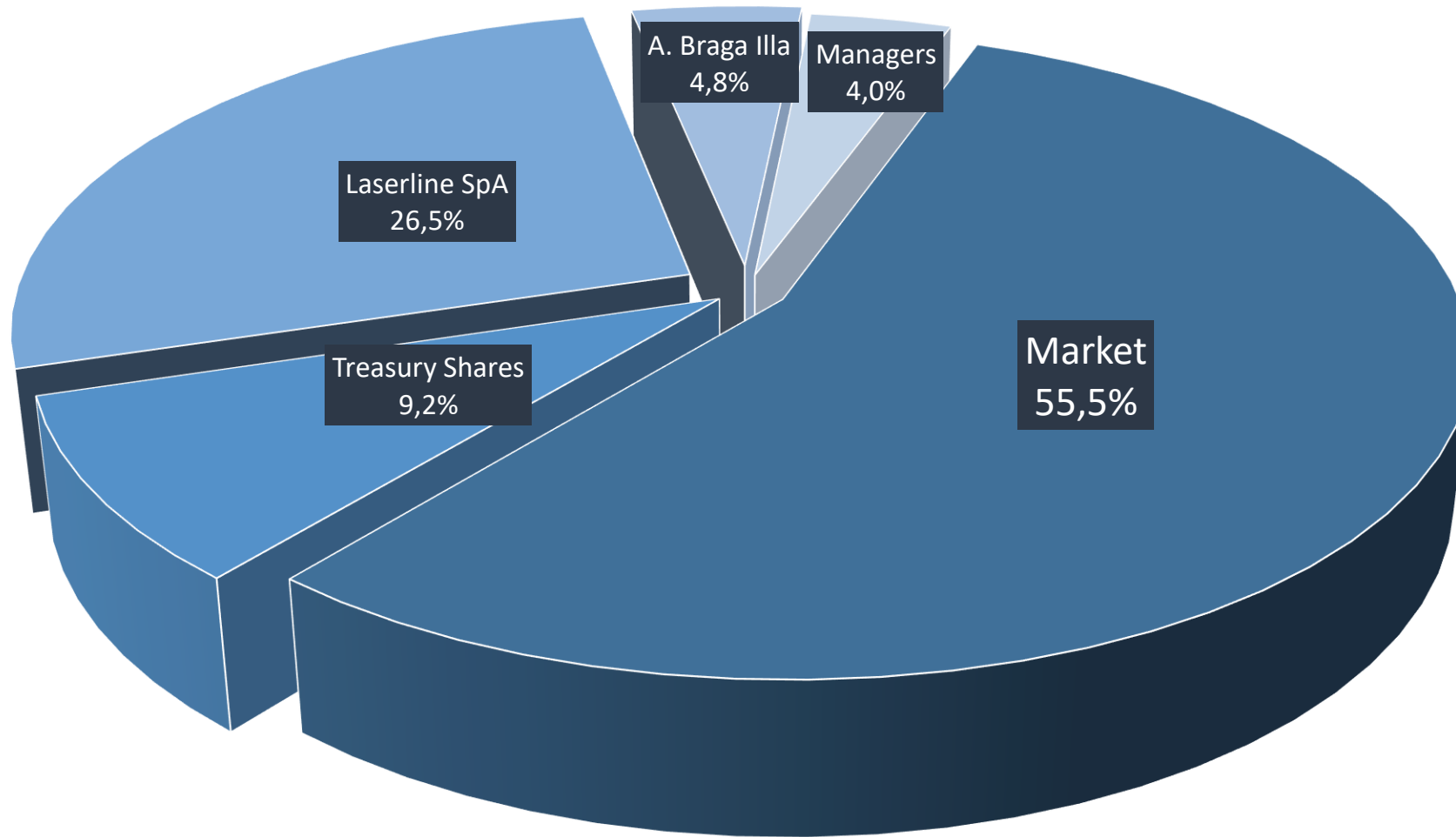


<i>€ thousand</i>	30.9.2019	31.12.2018	Var.
Intangible assets	24.573	17.751	6.822
Tangible assets	7.679	3.680	3.999
Other fixed assets	1.622	1.511	111
Fixed Assets	33.874	22.942	10.932
Inventories	5.455	3.141	2.314
Trade receivables	18.444	14.029	4.415
Other short term assets	4.631	2.963	1.668
Trade payables	(1.787)	(1.434)	(353)
Tax payables	(2.592)	(1.662)	(930)
Other payables and short term liabilities	(13.468)	(11.031)	(2.437)
Net working capital	10.683	6.006	4.677
Severance and other non current liabilities	(3.181)	(2.957)	(224)
Capital employed - Continuing Operations	41.376	25.991	15.385
Shareholders' equity	84.366	86.347	(1.981)
Shareholders' equity	162	-	162
Net financial debt	(43.152)	(60.356)	17.204
Financing of capital employed	41.376	25.991	15.385

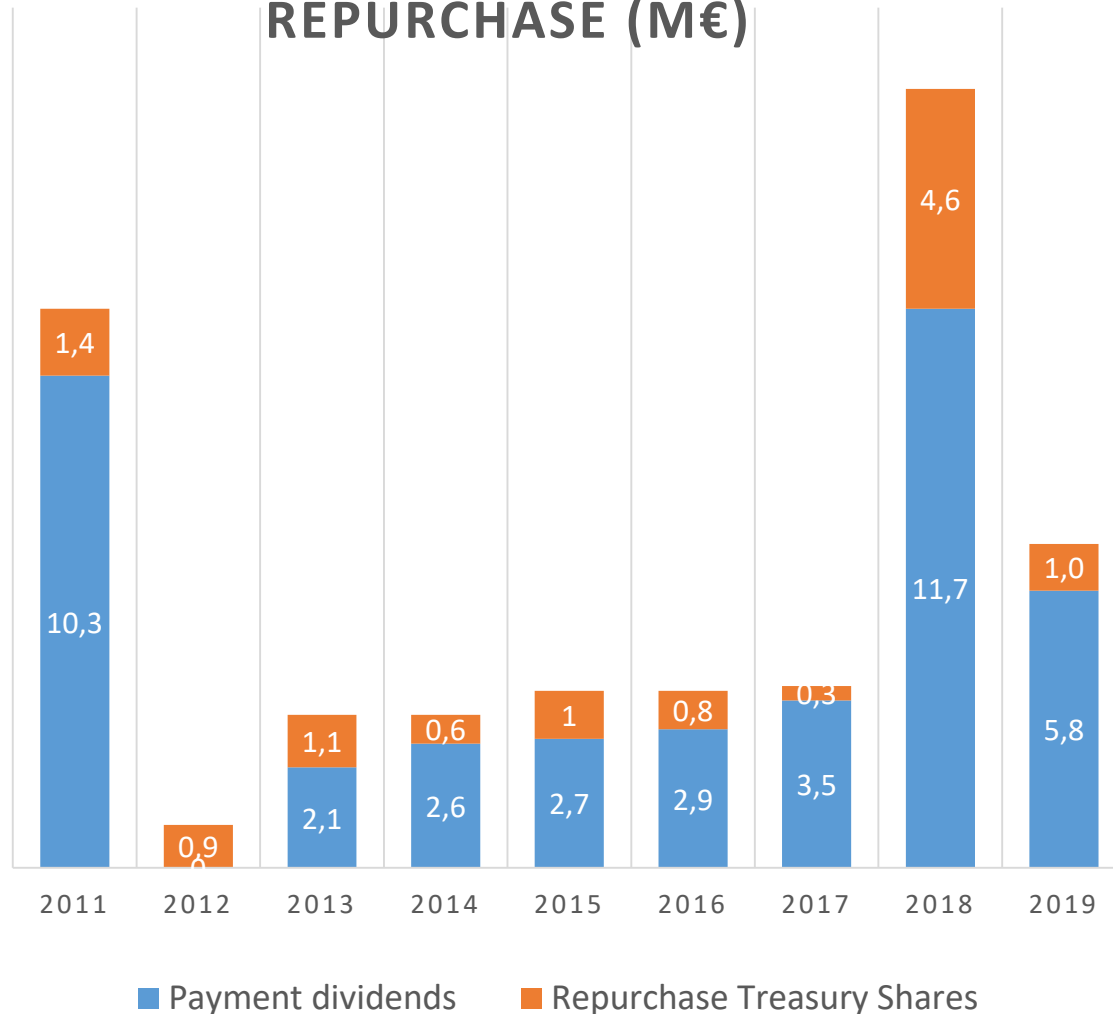
TXT Market Capitalization (m€)



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

The logo for TXT, consisting of the letters 'T', 'X', and 'T' in a bold, white, sans-serif font. The 'X' is formed by two overlapping 'V' shapes.

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