



TPS GROUP

INVESTOR PRESENTATION

LONDON

OCTOBER 2019

H1 2019 Results and Strategic Guidelines

AGENDA



 **TPS Group**

 H1 2019 results

 Dead Pixels acquisition

 EMTB acquisition

TPS GROUP AT A GLANCE

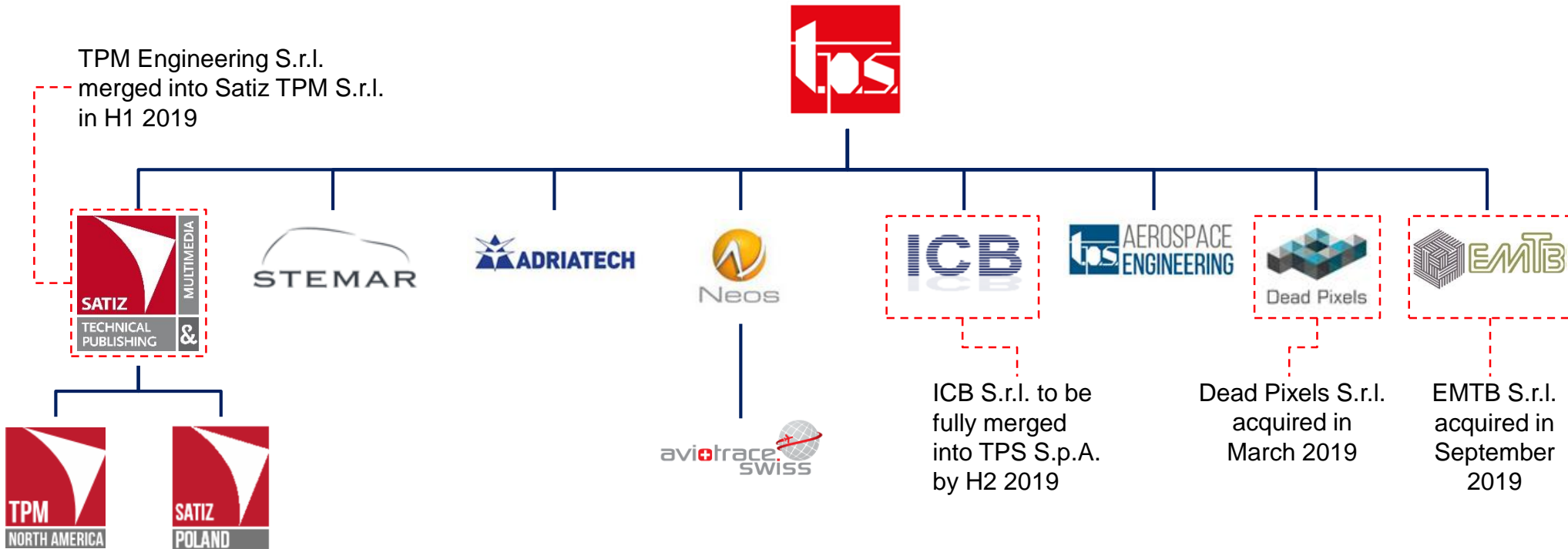
With more than 50 years of experience, **TPS Group** stands among the most important companies in the field of **technical and engineering services for the aerospace and automotive industries.**

Main capabilities include:

- Technical publishing
- ILS - Integrated Logistic Support
- Maintenance training and certification
- Electrical and Structural engineering
- Process engineering
- Software development and testing
- System integration
- Cost engineering
- Design and production of aeronautical medical and industrial systems
- Digital Content Management
- Virtual Reality and Augmented Reality technical applications
- Design, structural analysis and numerical Simulation for military & other specialty vehicles

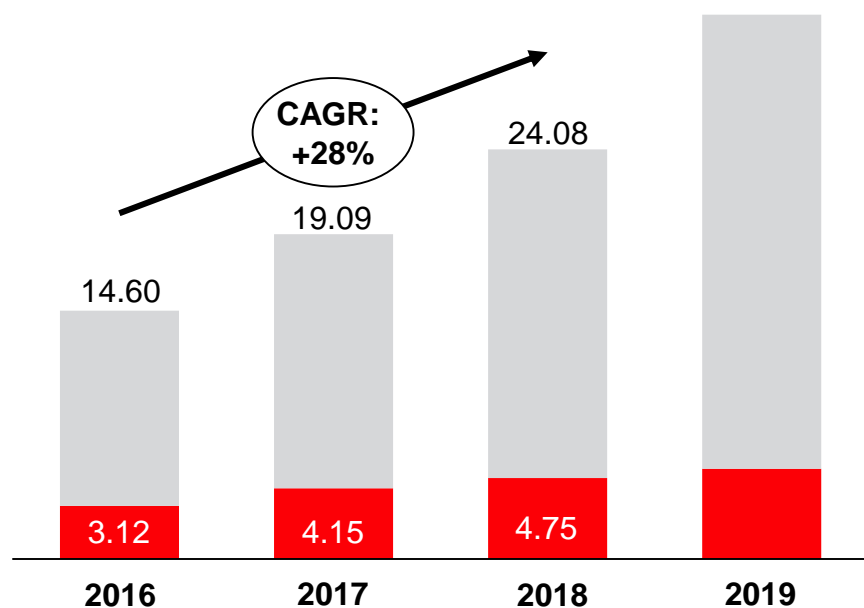
New in 2019

GROUP STRUCTURE AS OF OCTOBER 2019



A STRONG GROWTH JOURNEY

TPS Group Consolidated Revenues, € m



Consolidated EBITDA, € millions

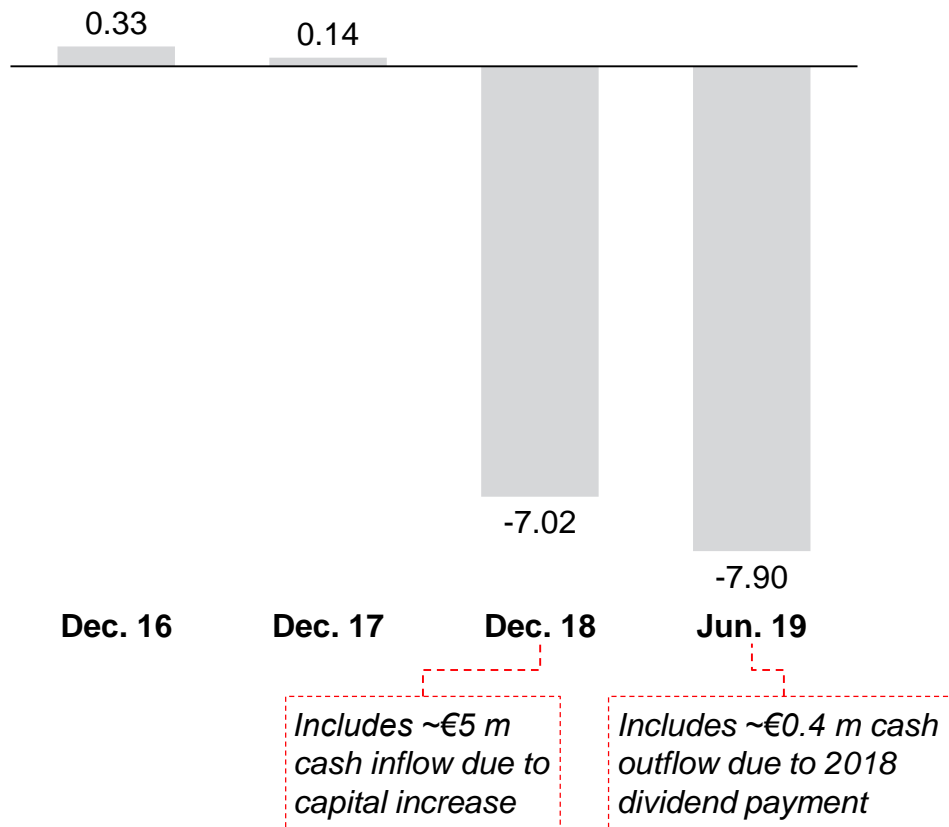
H1 2019 Actual:

- **Revenues: €16.5 m** (+68% vs. H1 2018)
- **EBITDA: €2.7 m** (+32% vs. H1 2018)

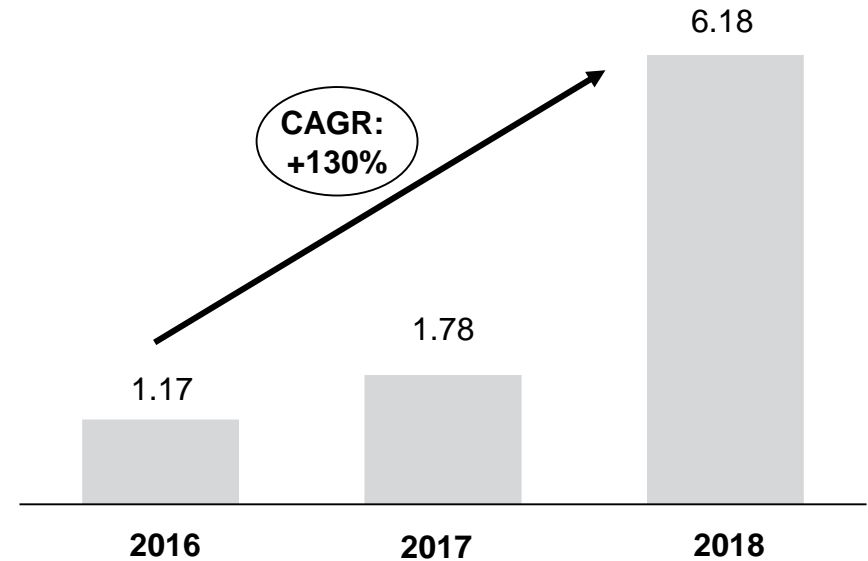
- In order to support organic and inorganic business growth, **TPS Group listed on the Italian stock exchange** in March 2017
- The proceeds of the listing also supported in 2017 the acquisitions of **ICB S.r.l.**, an avionic software producer and aircraft system integrator, and **Stemar Consulting S.r.l.**, focused on cost engineering in the automotive industry
- In order to diversify its presence in aerospace industry, in 2018 TPS acquired **Satiz TPM Group**, specialized in technical services and engineering support for the automotive industry
 - In the same year, a **capital increase** was launched and successfully completed, **increasing the free-float** and further strengthening the **financial position** of the Group
- In H1 2019, TPS Group took on board **Dead Pixels S.r.l.**, an innovative start-up incubated by the Polytechnic University of Turin. The company is specialized in **virtual reality** and **augmented reality technical applications**
- TPS Group relies on a highly experienced **management team** and is supported by an **advanced industrial management control systems**, allowing for a **smooth** and **efficient integration** of acquired companies within the Group

SOLID AND SUSTAINABLE FINANCIAL POSITION

TPS Group Consolidated Net Debt, € m





TPS Group Consolidated Operating Cash Flows, € m



A solid balance sheet supported by healthy operating cash flows enables potential future M&A opportunities

THE INTEGRATION OF SATIZ TPM GROUP

	Revenues <i>proforma</i> 2018	EBITDA <i>proforma</i> 2018	Aerospace sector revenue concentration	Main customer revenue concentration
 Standalone	~€ 21.1 m	~€ 4.3 m	>85%	>60%
	~€ 32.1 m	~€ 5.7 m	<60%	<40%

A greater, stronger and more diversified TPS Group with huge industrial and operational synergies potential

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H1 2019 results



Dead Pixels acquisition



EMTB acquisition

H1 2019 RESULTS

H1 2019 MILESTONES

✓ **Satiz TPM Group integration:**

- New competences in the **automotive industry**
- Integration of people and processes within TPS Group organization structure
- Integration of IT systems and **group-wide digitalization push**

✓ **Strategic review of organizational structure into 4 business units:**

- Technical Publishing & Training
- Engineering & Cost Engineering
- Avionic Services & Information Technologies
- Digital Content Management

✓ **Oil & Gas expansion effort:**

- Provide engineering and technical documentation services to **Oil & Gas equipment manufacturers**
- Set-up of a dedicated **new facility in Florence (Italy)**

✓ **Virtual Reality / Augmented Reality expansion effort:**

- Provide **VR/AR-based training experiences** to aerospace and automotive clients
- Acquisition of **Dead Pixels S.r.l.**, an innovative start-up that focuses on the technical applications of VR and AR (e.g., Industry 4.0)

H1 2019 RESULTS

● H1 2019 INCOME STATEMENT HIGHLIGHTS

- **Consolidated revenues: ~€16.5 m**
 - ✓ **+68% vs. H1 2018** (*H1 2019 does consolidate Satiz TPM Group results, acquired in October 2018*)
 - ✓ **Organic growth: +13% vs. H1 2019** (*on TPS Group perimeter ex-Satiz TPM Group acquisition*)
 - ✓ Strong performance in both **technical publishing** and **engineering services**
- **EBITDA: ~€2.7 m**
 - ✓ **+32% vs H1 2018** (*H1 2019 does consolidate Satiz TPM Group results, acquired in October 2018*)
 - ✓ **EBITDA Margin: 16.1%**
- **Net income: ~€0.8 m**
 - ✓ Decreasing by ~€0.2 m vs. H1 2018 due to **extraordinary reorganization** and **Satiz TPM Group integration costs**

● H1 2019 BALANCE SHEET HIGHLIGHTS

- **Consolidated Net Debt: ~€(7.9) m**
 - ✓ Improved by ~€0.9 m vs. December 2018, despite cash outflows of ~€0.4 m due to distribution of 2018 dividend
 - ✓ Cash & cash equivalents on hand: ~€10.1 m (+1% vs. December 2018)
 - ✓ Gross financial debt: ~€2.2 m (-27% vs. December 2018)
- **Net Working Capital: ~€10.2 m**
 - ✓ Increasing by **only +4.5%** vs. December 2018, despite **organic revenue growth of +13%** over the same period
- **Consolidated equity: ~€18.6 m**

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H1 2019 results



Dead Pixels acquisition



EMTB acquisition



DEAD PIXELS AT A GLANCE

- **Dead Pixels S.r.l** is an innovative start-up established in 2017 and incubated by the **Turin Polytechnic University's I3P** (*Incubatore Imprese Innovative*), one of Italy's largest and best business incubators
- The 4 co-founders approached the **Virtual Reality** space when developing a **videogame concept** that was **accelerated by WCAP**, Telecom Italia's open innovation hub
- The company pivoted towards **industrial applications of Virtual Reality and Augmented Reality** from 2018, after a collaboration with **TPS Group** for the design of a helicopter training and configuration program
- The portfolio of Dead Pixels today includes projects developed in the following areas:
 - **Industry 4.0**: VR/AR experiences to enable safe training and remote maintenance
 - **Marketing applications**: immersive VR/AR tours enabling users to explore the environment that surrounds them and to interact with it
 - **Systems architecture**: 3D models of objects and 3D navigable applications



ACQUISITION HIGHLIGHTS

- **TPS Group** acquired Dead Pixels in March 2019
- **80% of the share capital** of Dead Pixels has been acquired, ensuring a **continuing participation in the company of the 4 co-founders** as shareholders (each with a 5% share) and aligning the Group interests with the co-founders'
- Dead Pixels operations have been **moved to TPS Group Turin HQs**
- The acquisition will help TPS Group boosting its presence in **digital services** and supporting the technical and maintenance processes of its clients using **new Augmented and Virtual Reality technology**
- The extensive and favorable **media coverage of the acquisition** will strengthen further the positioning of **TPS Group as an aggregation platform** for innovative start-ups in the field of Industry 4.0 and digital applications

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EMTB AT A GLANCE

- **EMTB – Engineering Machinery Tooling Bolzano S.r.l.** is an engineering company established in 1973 in Bolzano (Italy) and operating in the fields of:
 - Design, engineering services and prototyping of **defence vehicles**
 - Design and engineering of **transportation vehicles** (e.g., trucks), **agricultural machinery** and **other specialty vehicles** (e.g., mining equipments, cableways)
- **Two strategically important locations** in Italy:
 - **Bolzano**, focused on defence and civilian transportation vehicles. Could serve as a potential base for expansion in the **Austrian and German markets**
 - **Piacenza**, focused on specialty vehicles, agricultural machinery and heavy trucks. Could potentially become **TPS Group "headquarter" in the Italian Motor Valley** due to geographical proximity to the provinces of Modena and Bologna
- EMTB has a long-lasting experience in **engineering innovation**, as demonstrated by a recently **patented concept of gearbox for agricultural machines**

ACQUISITION KEY FIGURES

- EMTB consolidated revenues 2018: **~€3.2 m**
- EMTB consolidated EBITDA margin 2018: **~18%**
- EMTB employees as of June 2019: **32** (*complemented by 15+ external collaborators*)
- EMTB consolidated net debt as of July 31st, 2019: **~€0.0 m**
- Acquisition consideration: **~€1.32 m**, settled fully in cash



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