



INVESTOR PRESENTATION

MAY 2020

FY 2019 Results and Strategic Guidelines

AGENDA



TPS Group

 FY 2019 milestones and results

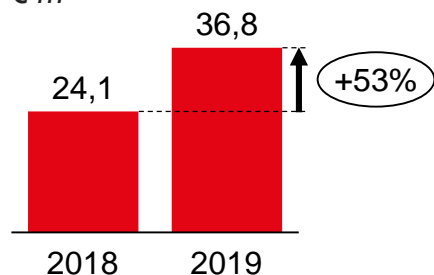
 Impact of COVID-19 pandemic

KEY FIGURES



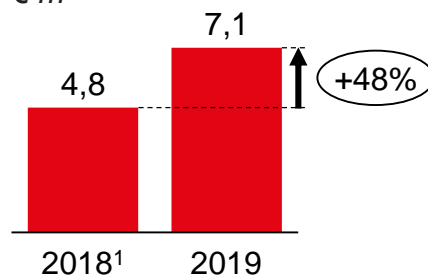
REVENUES

€ m



EBITDA

€ m



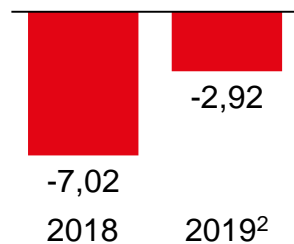
12 LOCATIONS IN ITALY

- **Gallarate** (headquarters)
- **Torino** (headquarters)
- Milano
- Firenze
- Roma
- La Spezia
- Bolzano
- Piacenza
- Monteprandone
- Nichelino
- Poirino
- Brindisi



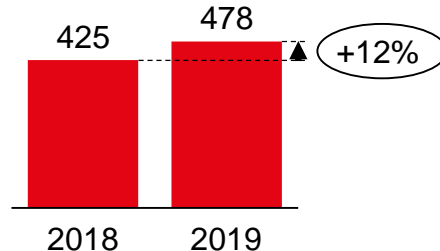
NET DEBT

€ m at Dec. 31st



EMPLOYEES

Headcount at Dec. 31st



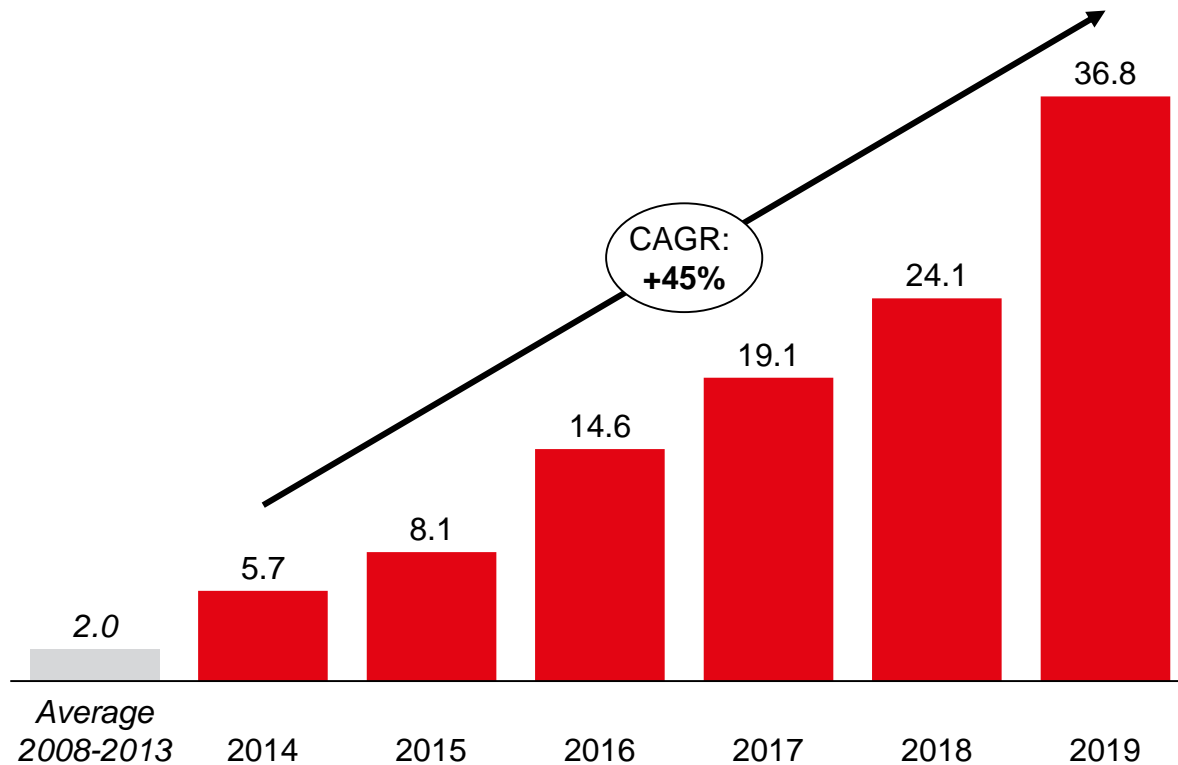
4 LOCATIONS ABROAD

- Mendrisio, Switzerland
- Bielsko-Biała, Poland
- Lansing, MI, USA
- Philadelphia, PA, USA

¹ EBITDA 2018 restated to include impact of IFRS16 accounting standard
² Net Debt 2019 includes impact of ~€2.68 m due to the application of IFRS16 accounting standard

SOLID GROWTH PATH OVER THE LAST YEARS

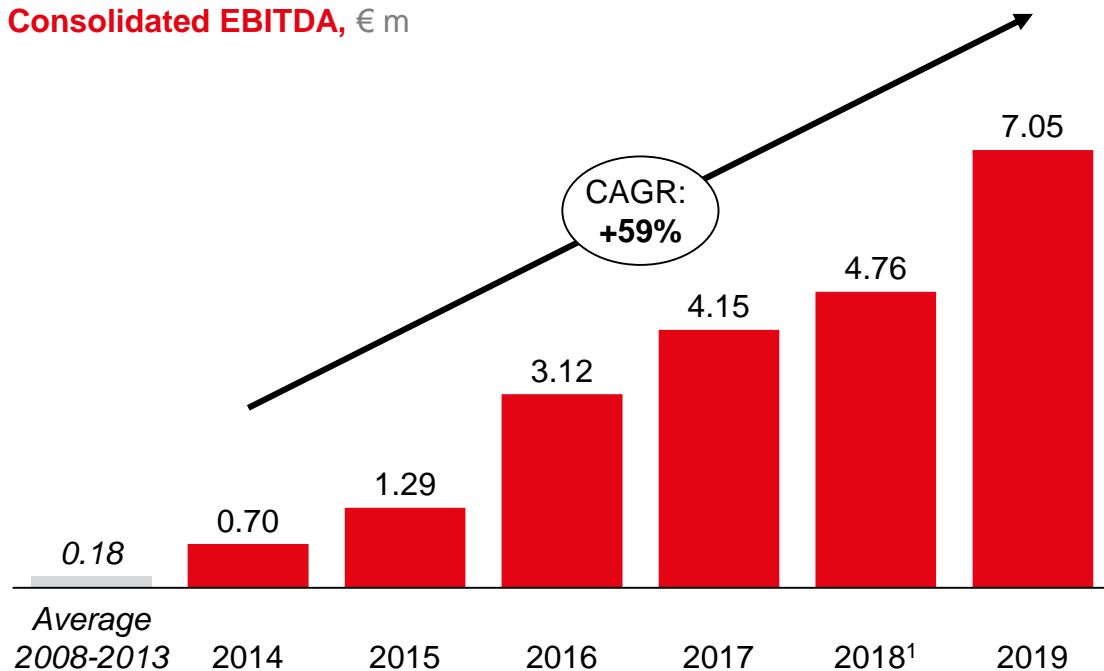
Consolidated Revenues, € m



- In order to support its growth path, **TPS Group** listed on the Italian stock exchange in 2017
- In 2018 TPS acquired **Satiz TPM Group**, specialized in technical services and engineering support for the automotive industry
- During H1 2019, TPS Group bought a majority stake in **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**
- During H2 2019, TPS Group also acquired **EMTB S.r.l.**, a company based in Bolzano and Piacenza focused on the design and engineering of **defense vehicles, transportation systems** and **agricultural machinery**

SHARP FOCUS ON EBITDA AND BOTTOM LINE

Consolidated EBITDA, € m



- FY 2019 is the first to consolidate 12 months of operations of **Satiz TPM** and its subsidiaries Satiz Poland and TPM North America, while in FY 2018 only the last quarter was consolidated into TPS Group's results
- FY 2019 also consolidates the full-year results of **Dead Pixels S.r.l.** and **EMTB S.r.l.**
- **EBITDA Margin in 2019: ~19%**, in line with 2018
- Return on sales down ~4 p.p.² vs. 2018 mainly due to **higher amortization costs** (€3.0 m in 2019 vs. €1.2 m in 2018) related to the 2018 and 2019 acquisitions
- **Cumulative consolidated net income of ~€10 m** since 2008

Consolidated Net Income, € m

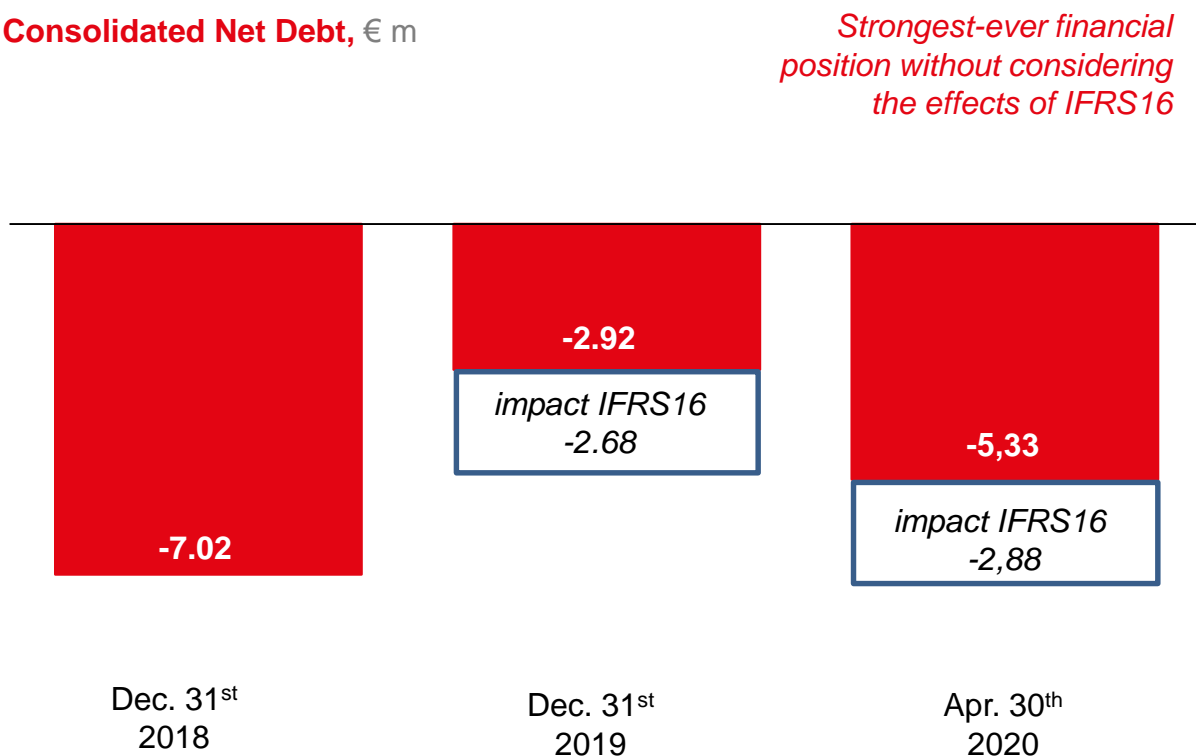


¹ EBITDA 2018 restated to include impact of IFRS16 accounting rules

² Defined as Consolidated net income / Consolidated revenues from sales. Return on sales 2018: ~15%; Return on sales 2019: ~11%

















STRONG FINANCIAL POSITION

Consolidated Net Debt, € m



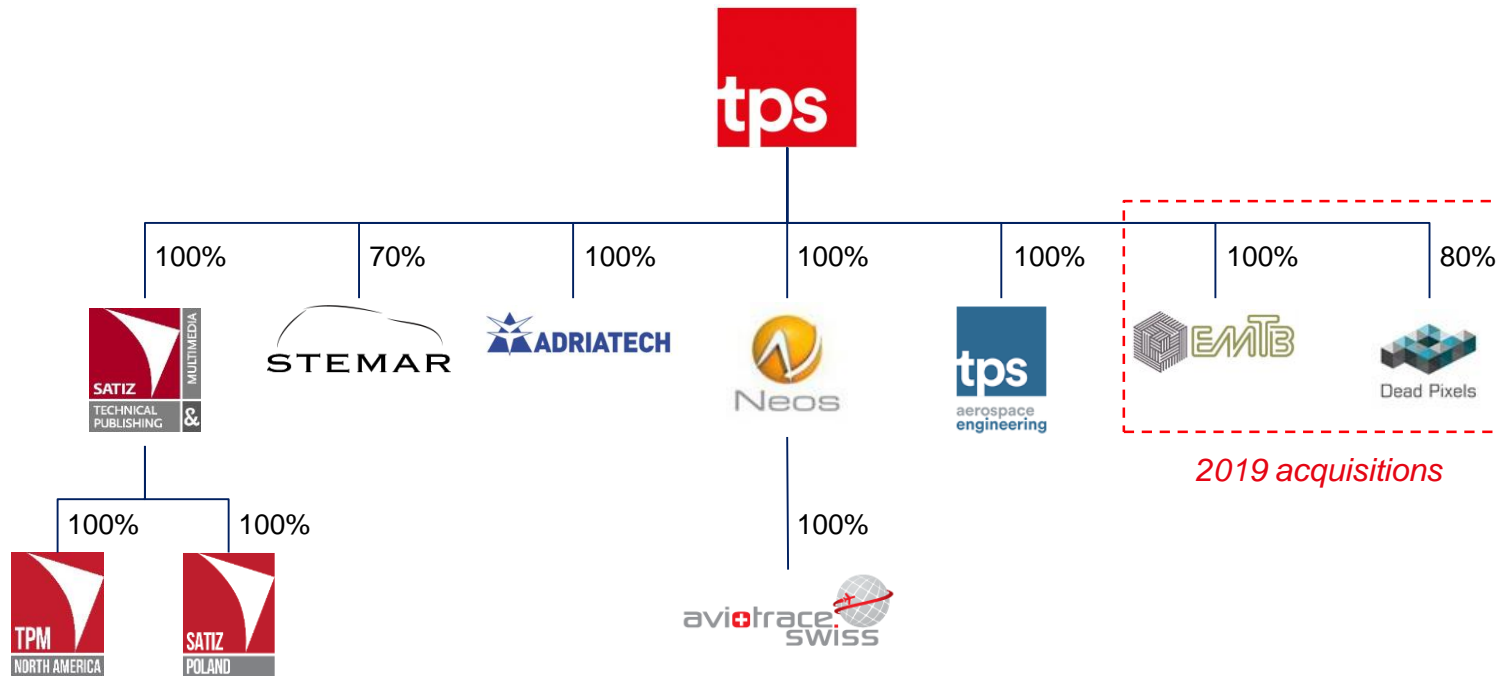
- TPS Group had a **net cash position of €2.92 m at the end of 2019**, lower vs. 2018 due to:
 - Acquisition-related cash outflows** (impact: approx. €1.50 m)
 - Increase in working capital** due to the shift in payments from major clients from late 2019 to early 2020
 - Application of IAS / IFRS accounting standards**, and specifically IFRS 16 for the recognition of operating leases (impact: €2.68 m)
- TPS Group paid out the **2018 dividend** (€0.36 m) in H1 2019
- The **net financial position improved in the first months of 2020** due to a decrease in working capital and resulted in **net financial position of €5.33 m** as of April 30th, 2020
- Without considering the impact of IFRS16, **the net cash position of the group today would be even stronger than in December 2018** (i.e., €8.21 m vs € 7.02 m)

STEADY M&A AND INTEGRATION MACHINE

Year	Acquisitions	Mergers by incorporation
2013		
2015		 <i>Establishment of the Company</i>
2017		
2018	   	
2019		  →   → 

- TPS Group has successfully **acquired and integrated 12 companies** over the last 7 years
- The **expansion strategy** is focused on the following pillars:
 - Strengthen the **leadership position in aerospace**
 - Grow in **adjacent industries** (e.g., automotive, agricultural, specialty and defense vehicles)
 - Become a leader in providing **design and engineering solutions** across sectors
- TPS Group has transformed itself from a pure technical publishing player in the aerospace sector to a **multi-industry provider of design, engineering and training solutions**

GROUP STRUCTURE



Group structure streamlining during 2019:

- **TPM Engineering S.r.l.** (formerly owned by Satiz TPM S.r.l.) merged by incorporation into Satiz TPM S.r.l.
- **ICB S.r.l.** (formerly owned by TPS S.p.A.) merged by incorporation into TPS S.p.A.

Reduction of minority interest underway since 2017:

- **Neos S.r.l.** ownership increased from 51% to 100% (2017)
- **Aviotrace Swiss S.A.** ownership increased from 70.4% to 90.2% (2017) and from 90.2% to 100% (2019)
- **TPS Aerospace Engineering S.r.l.** ownership increased from 70% to 100% (2017)

AGENDA



TPS Group



FY 2019 milestones and results



Impact of COVID-19 pandemic

FY 2019 MILESTONES AND RESULTS

● MILESTONES OF 2019

- ✓ **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
 - Avionics Services & Information Technology
 - Digital Content Management
- ✓ **Diversification efforts:**
 - Acquisition of **EMTB S.r.l.**, specialized in the design, engineering and prototyping of **agricultural, defence and other specialty vehicles**
 - Set-up of a new facility in Florence focused on the **Oil & Gas engineering sector**
- ✓ **Virtual Reality / Augmented Reality expansion:**
 - 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)



DEAD PIXELS ACQUISITION

- **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 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 and interact with virtual environments
 - **Systems architecture**: 3D models of objects and 3D navigable applications
- 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 Reality and Virtual Reality technologies**
- 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

● EMTB ACQUISITION

- **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 equipment, cable transport systems)
- **Two strategically important locations** in Italy:
 - **Bolzano**, focused on defense vehicles and on cable transport systems. Could serve as a potential expansion base towards the **German and Austrian markets**
 - **Piacenza**, focused on agricultural machinery and heavy trucks. Could potentially become **TPS Group "headquarter" in the Italian Motor Valley** due to geographic 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**

FY 2019 MILESTONES AND RESULTS

INCOME STATEMENT HIGHLIGHTS

- **Consolidated revenues: €36.8 m**
 - ✓ **+53% vs. 2018** (2019 does fully consolidate Satiz TPM Group, Dead Pixels and EMTB results)
 - ✓ **Organic growth: +7% vs. 2018** (on TPS Group 2018 perimeter, excluding acquisitions of Satiz TPM Group, Dead Pixels and EMTB)
 - ✓ Strong performance in both **technical publishing** and **engineering services**
- **EBITDA: €7.05 m**
 - ✓ **+48% vs. 2018** (2019 does fully consolidate Satiz TPM Group, Dead Pixels and EMTB results)
 - ✓ **EBITDA Margin: ~19%**
- **Net income: €2.44 m**
 - ✓ **Stable vs. 2018** due to higher amortization costs (related to acquisitions and to IFRS 16 application) and to Satiz TPM Group integration costs

FY 2019 MILESTONES AND RESULTS

BALANCE SHEET HIGHLIGHTS

- **Consolidated Net Debt at year-end: €(2.92) m**
 - ✓ Includes €2.68 m impact of **IFRS 16**
 - ✓ **Cash & cash equivalents** on hand : **€8.3 m** (increased to €9.3 m as of Apr. 30th, 2020)

- **Net Working Capital: €13.35 m**
 - ✓ +36% vs. 2018 (*but consolidated revenues up 54%*)
 - ✓ Increased **accounts receivable** due to the shift in payment terms of selected clients / projects (*already reabsorbed in the first months of 2020*)

- **Book value of equity: €19.38 m**
 - ✓ Tangible Book value of equity: **€14.79 m**

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COVID-19 pandemic

COVID-19 IMPACT ON ITALY

- Italy has been hit by the spread of the Covid-19 **before** and **more than** other European countries
- To stop the spread of the virus, the national government decided to put the Lombardy region (where TPS Group's Gallarate HQ is located) in **lockdown since March 8th**, and the rest of the country from the following day
- On March 21st **non-essential businesses and industries were ordered to shut down** and to manage operations remotely if possible. The shutdown has been **partially lifted on May 4th**, and other restrictions will be phased out in the coming weeks
- **Italy's GDP** could contract by **~15% in H1 2020¹** and by 8-10% over the entire year². The magnitude of the contraction is **unprecedented in the history of the Italian Republic** (1946-today)

¹ Estimate by the Italian parliamentary budget office (*UBP – Ufficio Parlamentare di Bilancio*)

² Various estimates. Fitch Rating's latest estimate: -8% (April 22nd, 2020)

COVID-19 IMPACT ON TPS GROUP







- TPS S.p.A. and most of the Group's Italian subsidiaries **did not have to shut down** because were included among the **essential services**¹ as defined by the Prime Minister's Decree² of March 22nd and following
- Nevertheless, to protect as much as possible the health and safety of all employees, TPS Group acted **in early March** to set-up hardware, systems and protocols for remote working. By the end of March, **~75% of TPS Group's employees were able to work from home**
- Other teams, particularly the ones working closely with our aerospace clients' production lines, continued to **work on-site at the clients' premises**. TPS Group has been able since the early stages of the virus spread to secure the supply of **protection equipment and face masks for all employees working on-site**
- Even if TPS Group has been classified as an essential service, **not all of our clients** and partners were. Some projects were cancelled or postponed, and some clients stopped their operations completely. Therefore, quite a **significant decline in revenues** has been recorded in March and April
- The ability of TPS Group's sales teams to reach current and perspective customers was also severely impacted by the lockdown. Therefore, **lower revenues are also expected in the next months** even after the gradual reopening of factories and businesses

¹ TPS S.p.A. and most of the Group's Italian subsidiaries are classified as "Professional, scientific and technical activities" and identified by the business classification code 74 (ATECO code). The business classification code 74 was exempted by the shutdown order in the Prime Minister's Decree of March 22nd and following

² Decreto del Presidente del Consiglio dei ministri of March 22nd, 2020

COVID-19 PANDEMIC

COVID-19 IMPACT ON TPS GROUP'S REVENUES

Client	Sector	TPS Group revenue exposure % on TPS Group revenues 2019	Open during lockdown	TPS Group revenues during lockdown (March & April 2020) % on expected within the period
Client 1	Aerospace	39%	 With delays in projects	85%
Client 2	Automotive	13%		50%
Client 3	Automotive	4%	 Only selected activities	50%
Client 4	Cable transport	4%	 Closed from mid-April	80%
Client 5	Commercial vehicles	3%	 Reopened in late April	35%
Other clients		37%		~65%
TOTAL		100%		~70%

During the lockdown (March & April 2020), TPS Group registered revenues approximately equal to ~70% of the pre-Covid-19 expectations

COVID-19 PANDEMIC

● SUMMARY AND OUTLOOK

- TPS Group has significantly reduced operations in March and April 2020, but **did not shut down**; lower revenues vs. pre-Covid-19 expectations are also probable in the next months
- TPS Group has a **solid balance sheet** that will mitigate the difficulties of H1 2020 and **enable the recovery** as soon as it is feasible
 - Available **cash on hand as of April 30th, 2020: €9.3 m** (increasing by +€1.1 m vs. December 31st, 2019)
 - **Negative net debt of €(5.3) m**
- TPS Group has been **resilient to economic downturns in the past**, and is increasing the share of revenues generated outside of Italy
- In light of its solid financial and operational fundamentals, TPS Group will not change the **medium / long-term growth strategy**, that is based on:
 - **A proven M&A** organization (12 companies acquired and integrated over the last 7 years)
 - **Further expansion in adjacent industries** (e.g., automotive, rail, naval) where the Group's competences constitute a competitive advantage and / or there is a substantial potential for synergies
 - **Expansion of the services offered** to existing clients, with a specific focus on cutting edge technologies (e.g., virtual reality applications for Industry 4.0) and value-added services (e.g., cost engineering, avionics software development)

