



INVESTOR PRESENTATION

September 2020

1H 2020 Results and Strategic Guidelines

AGENDA



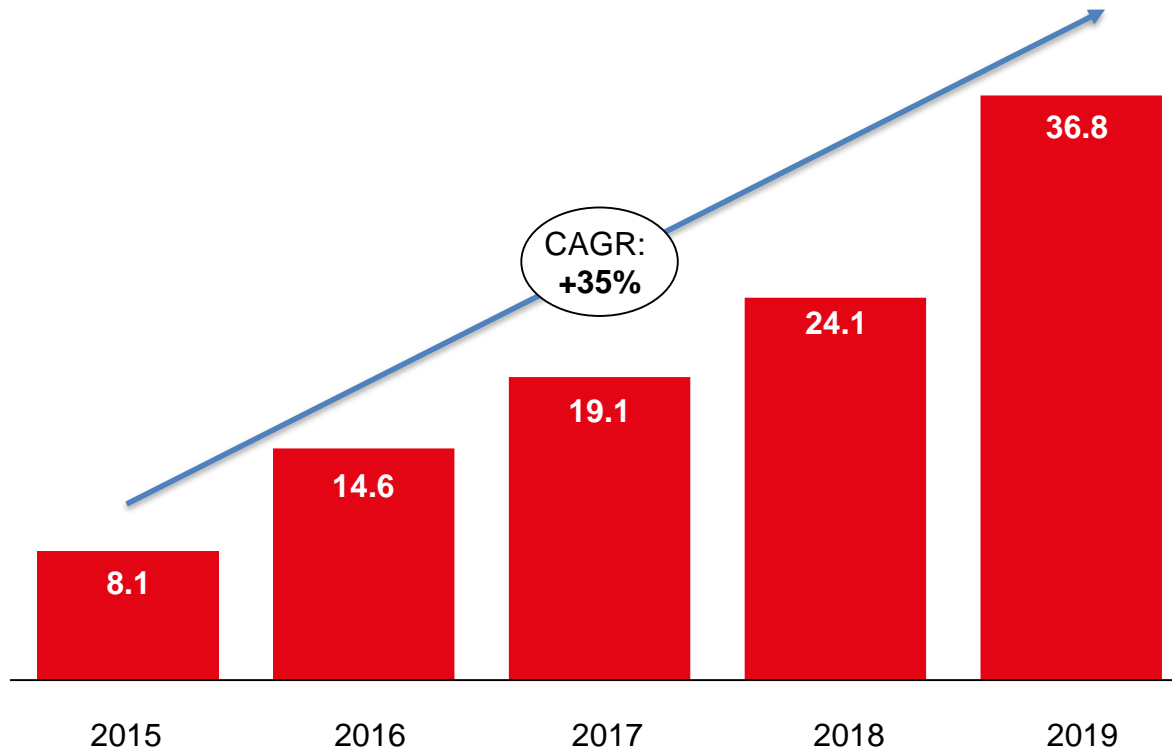
TPS Group

 Impact of COVID-19 pandemic

 1H 2020 milestones and results

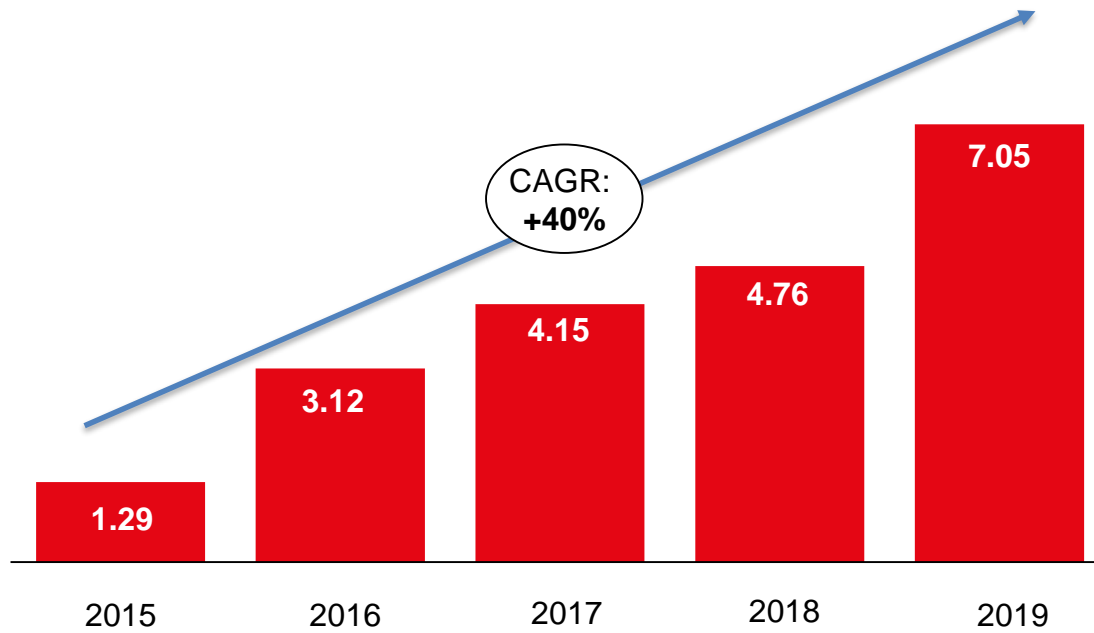
SOLID GROWTH PATH OVER THE YEARS

Consolidated Revenues, € m



SHARP FOCUS ON EBITDA AND BOTTOM LINE

Consolidated EBITDA, € m

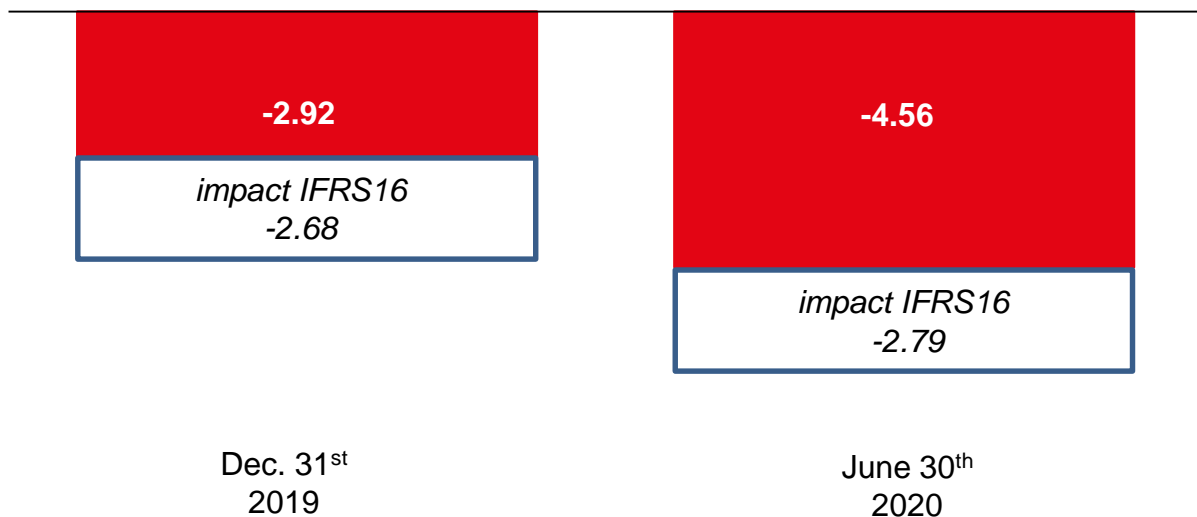


Consolidated Net Income
€ m



STRONG FINANCIAL POSITION

Consolidated Net Debt € m



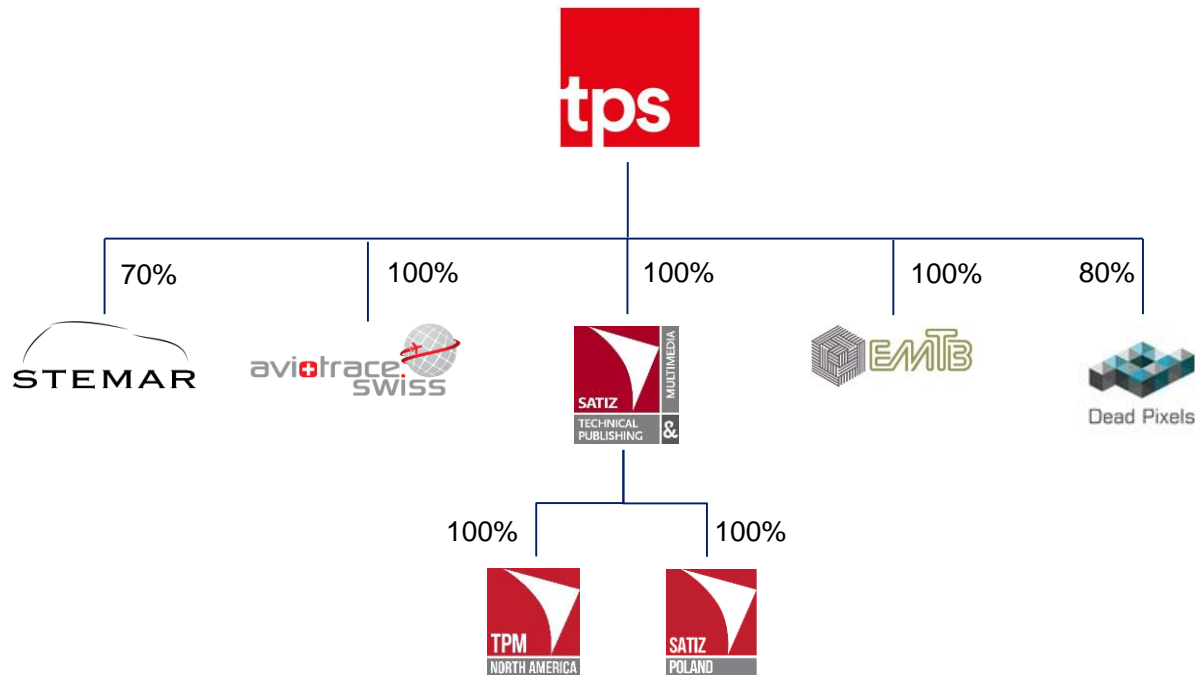
- TPS Group had a **net cash position of €4,60 m at the end of 1H 2020**, increased by ~€1.68 m vs. Dec. 31st 2019
- The effect of the **application of IAS / IFRS accounting standards**, and specifically IFRS 16 for the recognition of operating leases, had an impact of €2.79 m on the Net Debt (without IFRS16, the net cash position of TPS Group would be of €7.39 m)

STEADY M&A AND INTEGRATION MACHINE

Year	Acquisitions	Mergers by incorporation
2013		
2015		
2017		
2018	   	
2019	 	 →   → 
2020 ongoing		 →   → 

- 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 (expected at year-end 2020)



Group structure streamlining ongoing in H2 2020:

- **Adriatech S.r.l.** merged by incorporation into TPS S.p.A.
- **NEOS S.r.l.** merged by incorporation into TPS S.p.A.
- **TPS Aerospace Engineering S.r.l.** merged by incorporation into TPS S.p.A.

AGENDA



TPS Group



Impact of COVID-19 pandemic



1H 2020 milestones and results

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 was then partially lifted on May 4th but restrictions remained till middle June.
- **Italy's GDP** had been contracted by **~5.5% in 1st quarter 2020** compared with 1st quarter 2019 and about **18% in 2nd quarter 2020¹** compared with second quarter 2019. The magnitude of the contraction is **unprecedented in the history of the Italian Republic** (1946-today)

¹ ISTAT estimate

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 DCPM² 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, a **decline in revenues** has been recorded since March.

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 President of the Council of Ministers' Decrees 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	89%
Client 2	Automotive	13%		53%
Client 3	Automotive	4%	 Only selected activities	50%
Client 4	Cable transport	4%	 Closed from mid-April	85%
Client 5	Commercial vehicles	3%	 Reopened in late April	35%
Other clients		37%		~87%
TOTAL		100%		~80%

During the lockdown (March & April 2020), TPS Group registered revenues approximately equal to ~80% of the pre-Covid-19 expectations (budget)

● COVID-19 IMPACT ON TPS GROUP'S OPERATIONS

- Thanks to **immediate reaction to the effect of the crisis**, the reduction in revenues over the first semester of the year has been relatively low (~7%), as well as the reduction in margins (~15%)
- TPS Group showed **resilience** to the market conditions, being able to reorganize swiftly its activities in "smart working" and maintaining most of its projects operational. **Industry diversification** (in terms of clients) has been a key factor to the results of the period
- To manage resources temporarily unable to work (projects stopped by customers, impossibility to work at home,...), accordingly with the Italian government deliberations, most of the companies of TPS Group applied for **Wages Guarantee Fund (CIG Covid-19)** for a portion of their employees
- During first semester 2020, **TPS Group postponed nearly all investments** in new technologies and projects
- TPS succeeds to keep **working capital under** control and the **net financial position** (Consolidated Net Debt) resulted even improved compared with end 2019.
- The end of Covid-19 crisis could open **new opportunities** for TPS Group: some players in the technical services industry appear to be in serious trouble and OEMs are trying to avoid working with distressed suppliers

AGENDA



TPS Group



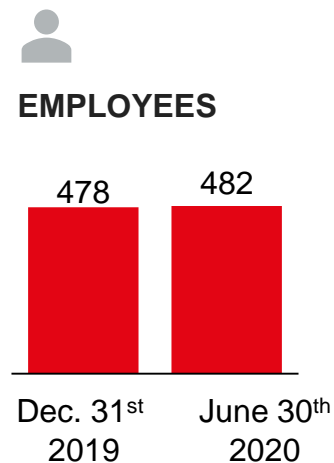
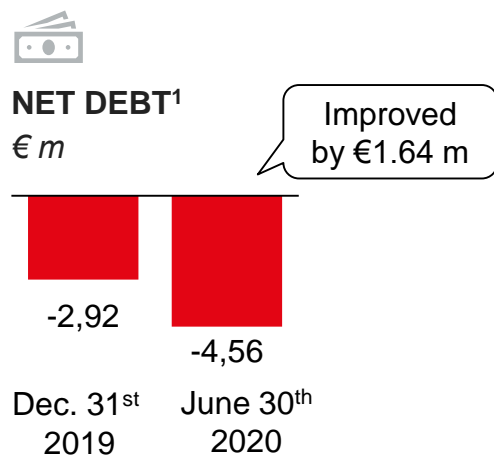
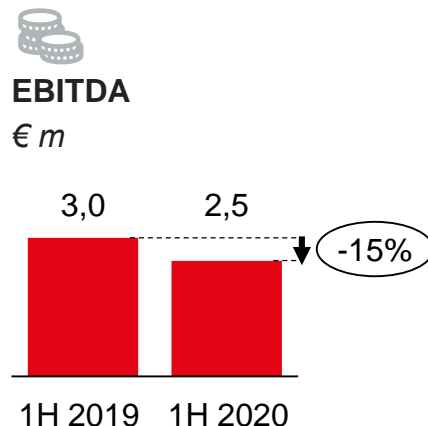
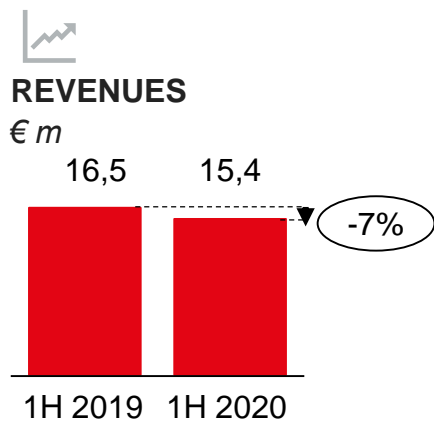
COVID-19 pandemic



1H 2020 milestones and results

1H 2020 MILESTONES AND RESULTS

KEY FIGURES 1H 2020 vs. 1H 2019



12 LOCATIONS IN ITALY

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



4 LOCATIONS ABROAD

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

¹ Net Debt includes impact of the application of IFRS16 accounting standard

1H 2020 MILESTONES AND RESULTS

INCOME STATEMENT HIGHLIGHTS

- **Consolidated revenues: €15.4 m**
 - ✓ -7% vs. 1H 2019 (*1H 2019 does not consolidate EMTB results*)
 - ✓ Strong resilience in both **technical publishing** and **engineering services**, especially in the **aerospace industry**

- **EBITDA: €2.5 m**
 - ✓ -15% vs. 1H 2019 (*1H 2019 does not consolidate EMTB results*)
 - ✓ EBITDA Margin: ~17%

- **Net income: €0.6 m**
 - ✓ -36% vs. 1H 2019

1H 2020 MILESTONES AND RESULTS

BALANCE SHEET HIGHLIGHTS

- **Consolidated Net Debt / (Net Cash): €(4.56) m**
 - ✓ **+ €1.68 m** vs. Dec. 31st, 2019
 - ✓ Includes €2.79 m impact of **IFRS 16**
 - ✓ **Cash & cash equivalents** on hand : **€8.5 m**
- **Net Working Capital: €13.59 m**
 - ✓ **Stable** in comparison with Dec 31st, 2019 (€13.35 m)
- **Book value of equity: €20.0 m**

1H 2020 MILESTONES AND RESULTS

● H2 2020 update

- During first semester 2020 TPS Group has been fully concentrated on the **crisis management** and on the continuous reorganization of the work activity
- Some of the strategic projects (among them, the startup of our aerospace activities in USA) has been postponed to 2021
- 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 expected 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
- TPS Group has been **resilient to past economic downturns**
- During second half 2020 TPS Group will continue the **reorganization of the company structure** in order to increase efficiency and reduce costs. In particular, the Group expects to close the mergers by incorporation into TPS of the 100%-controlled companies TPS Aerospace Engineering S.r.l., NEOS S.r.l. and Adriatech S.r.l. in TPS S.p.A.

1H 2020 MILESTONES AND RESULTS

Strategic Outlook

- In light of its solid financial and operational fundamentals, TPS Group will not change the **medium/long-term growth strategy**, that is based on:
 - **Geographical diversification** (EU and USA)
 - **A proven M&A** organization
 - **Further expansion in adjacent industries** 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 and value-added services.
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