



## 2020 Q1 Financial Review

May 15<sup>th</sup> 2020

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# TeamSystem Q1 2020 performance summary

## Q1 2020

- We experienced **significant Q1 2020 growth** on a Statutory basis, driven by Cloud products across all channels. The large number of customers (1.5m) brings a relevant increase in additional **annualized recurring revenues** of cloud products (**€21.3M** vs €20.3M in 2019) generated because of the revenue recognition of Cloud subscriptions
- The key results are:
  - **Adjusted EBITDA up 22.7% vs Q1 2019** reached **€35.7M** on a reported basis
  - **Revenues up 14.0% vs Q1 2019** reached **€99.2M** on a reported basis
- **Leverage ratio moves down to 4.21x<sup>1</sup>** at the end of Q1 2020 driven by strong business performance and significant reduction of non operating costs

## March 2020 LTM

- **Adjusted EBITDA and revenues LTM March 2020 vs LTM March 2019** perform, respectively: **+15.0% at** and **+12.3%**. More in details:
  - **Adjusted EBITDA in March 2020 LTM** reached **€177.5M** (vs €154.3M in Q1 2019)
  - **Revenues in March 2020 LTM** reached **€425.8M** (vs €379.3M in Q1 2019)

## Covid-19

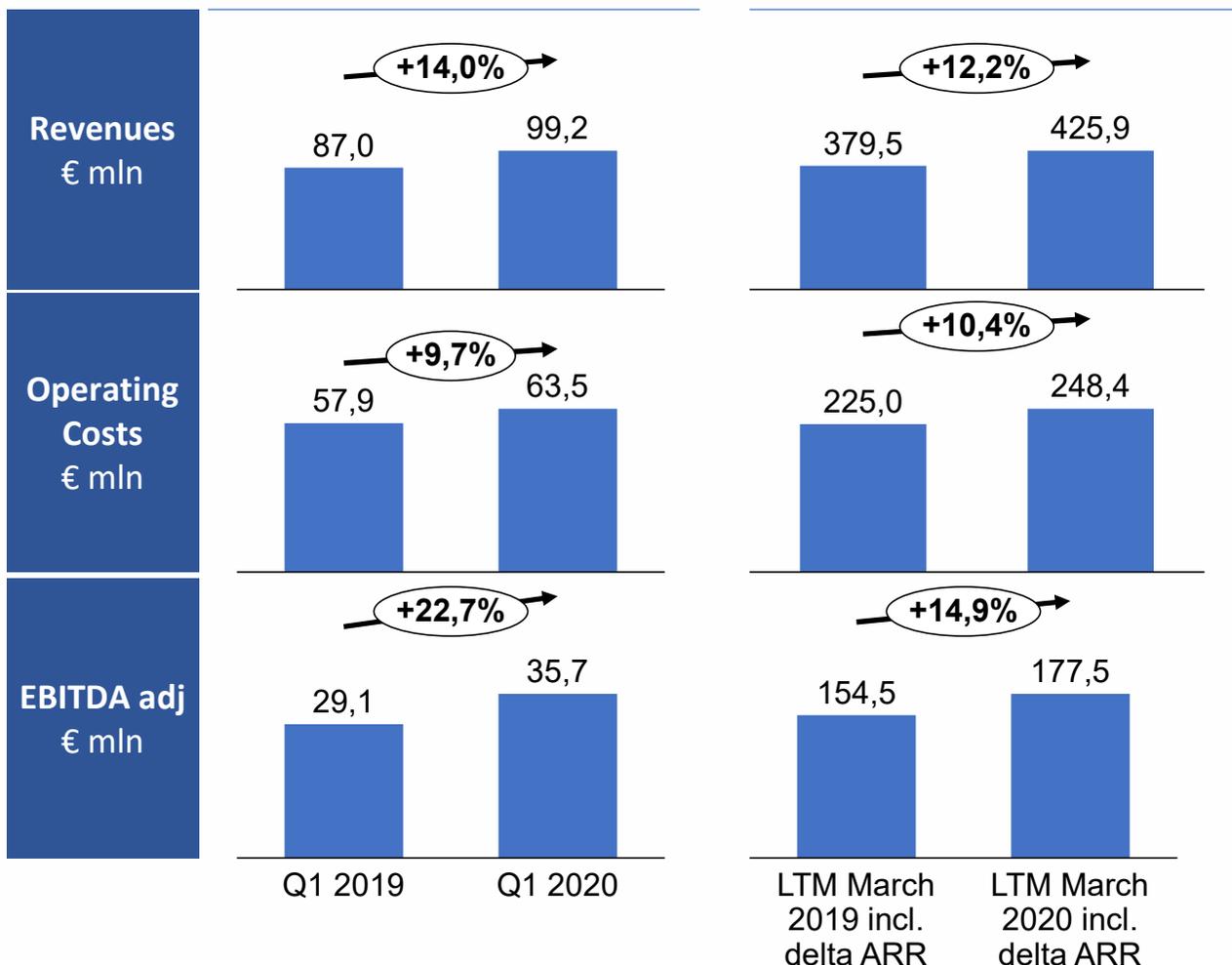
- We confirm that the **COVID-19 emergency is not affecting Teamsystem's operational capabilities** to serve our customers and deliver all our cloud services
- So far the **COVID-19 impact is limited on top line** due to the high resilience of the business and high level of recurring revenues; our **capability to control cost** is helping to sustain bottom line
- Additionally, Teamsystem is experiencing **limited impact on overdue receivables**

(1) Include IFRS 15 and 16 impact. At the end of Q1 2020 leverage ratio goes to 4.23x excluding those impacts.

# TeamSystem Q1 2020 results summary

## Reported figures

## LTM PF

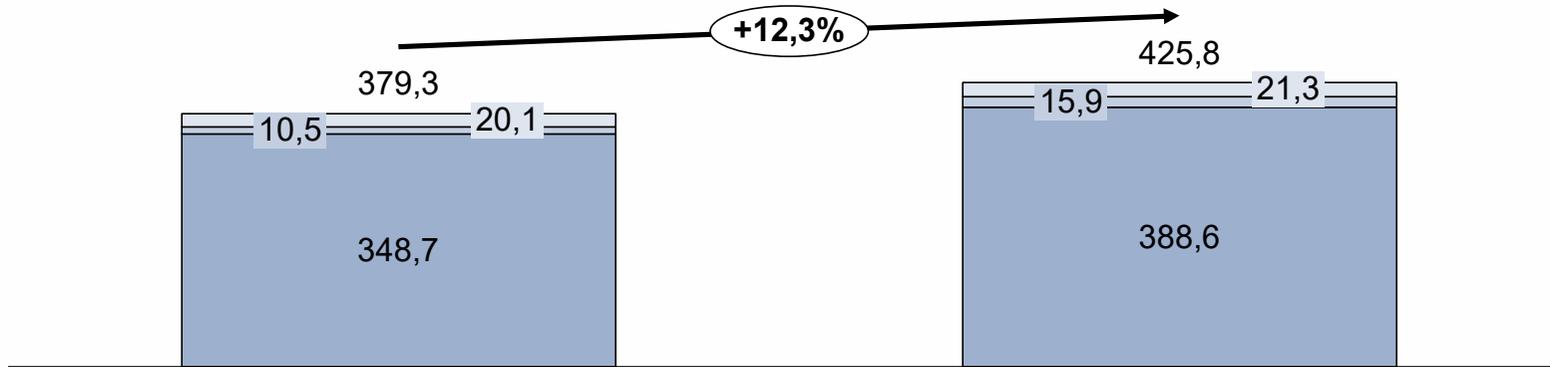


- **Significant 2020 Q1 growth** (higher than 2019 by €12.2M) due to the performance of **Cloud products across all channels** (Micro/SMEs solutions and Main SW Cloud increased by €7.6M and €3.5M vs Q1 2019, respectively)
- **Covid-19 effect has limited impact on March 2020**
- Increase in the **Personnel cost** (investment on sales resources) and **cost of services**, as expected, mainly due to admin & management consulting and cloud infrastructure costs
- **Cost control plan** linked to Covid-19 context started to deliver some benefit in the second half of March 2020
- **1Q delivered significant scale at EBITDA level** with further acceleration vs previous quarter
- LTM PF EBITDA includes proforma of 2018 / 2019 acquisitions and the annualized recurring revenues of key cloud products

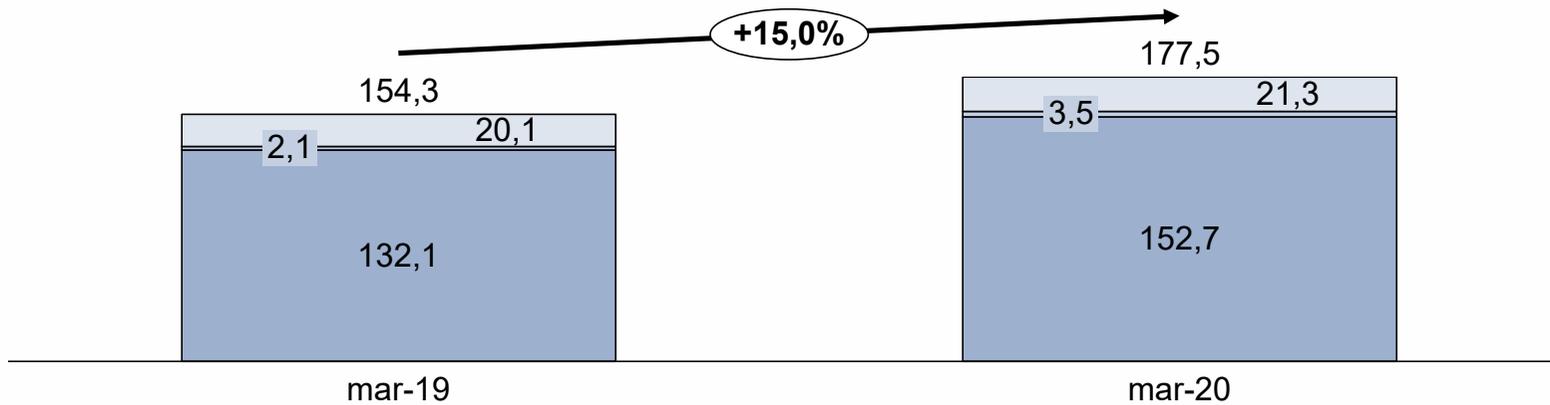
# LTM Revenues and ADJ EBITDA as of Q1

- Delta ARR
- M&A 2018/2019
- LTM statutory

Revenues  
€ mln



EBITDA adj  
€ mln



# Key drivers of TeamSystem Q1 2020 statutory Revenues

Euro mln

Euro Millions				
	31 Mar 2020	31 Mar 2019	Change	% Change
<b>Direct Channel</b>	<b>30,9</b>	<b>28,8</b>	<b>2,1</b>	<b>7,3%</b>
Recurring	25,3	23,1	2,3	9,8%
Licenses/Prof. Services	5,6	5,7	(0,2)	-3,0%
<b>Indirect Channel</b>	<b>27,7</b>	<b>26,8</b>	<b>0,9</b>	<b>3,5%</b>
Recurring	26,3	25,3	1,0	4,1%
Licenses/Prof. Services	1,3	1,5	(0,1)	-7,5%
<b>Micro and new Business Solutions</b>	<b>16,3</b>	<b>9,6</b>	<b>6,7</b>	<b>70,3%</b>
Recurring	14,9	8,6	6,3	72,6%
Licenses/Prof. Services	1,4	0,9	0,5	49,4%
<b>Vertical Solutions</b>	<b>24,3</b>	<b>21,3</b>	<b>2,9</b>	<b>13,8%</b>
Recurring	13,8	11,4	2,4	21,4%
Licenses/Prof. Services	10,5	10,0	0,5	5,1%
<b>Hardware</b>	<b>0,5</b>	<b>0,6</b>	<b>(0,1)</b>	<b>-22,2%</b>
<b>Others</b>	<b>(0,5)</b>	<b>(0,1)</b>	<b>(0,3)</b>	<b>258,9%</b>
<b>TOTAL REVENUE</b>	<b>99,2</b>	<b>87,0</b>	<b>12,2</b>	<b>14,0%</b>

## Direct Channel

- **Significant increase on Recurring Revenues** driven by **Cloud Products** (+€3.4M vs Q1 2019)
- Non recurring Revenues slightly decrease due to **delivery services** (-€0.1M vs Q1 2019) and limited slow down on new sales due to Covid-19 in March

## Indirect Channel

- Increase on Recurring Revenues driven by **Micro/SME solutions** (+€0.7M vs Q1 2019) and **e-invoicing** (+€0.3M vs Q1 2019)

## Micro and New Biz software solutions

- **Strong growth (+70.3%)** still driven by the e-invoicing regulation which is acting as a catalyst for **microbusiness** to embrace cloud and for accountants to digitise their interactions with Micro/SMEs
- Extremely **high level of recurring revenues** makes this business particularly **resilient** during Covid-19 emergency

## Software Solutions – Vertical solutions

- **Vertical solutions increased by 13.8%** driven by new acquisition in CAD/CAM industry (Iperelle and Gi.Esse at €2.5M and €0.5M in Q1 2020, respectively)

## Hardware

- Almost completed **outsourcing** of hardware business started in 2018

## Key drivers of TeamSystem Q1 2020 statutory Costs

Euro thousands				
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	YTD 31 Mar 2020	YTD 31 Mar 2019	Change	% Change
<b>TOTAL REVENUE</b>	<b>99.165</b>	<b>86.975</b>	<b>12.191</b>	<b>14,0%</b>
<b>A</b> Cost of raw and other materials	(8.133)	(6.542)	(1.591)	24,3%
<b>B</b> Cost of services	(23.719)	(22.554)	(1.165)	5,2%
<b>C</b> Personnel costs	(30.060)	(27.449)	(2.612)	9,5%
Other operating costs	(1.599)	(1.308)	(291)	22,2%
<b>ADJUSTED EBITDA</b>	<b>35.654</b>	<b>29.123</b>	<b>6.532</b>	<b>22,4%</b>

### **A** Cost of raw and other materials

- **Cost of raw and other material increased by 24.3%** driven by revenue growth partially compensated by minor costs related to outsourced perimeter

### **B** Cost of services

- **Cost of services increased by 5.2%**, mainly due to admin & management consulting (€0.5M increase) and cloud infrastructure cost (€1.5M increase)

### **C** Personnel costs

- **Personnel costs increased by 9.5%** due to new hires to support the business growth

## Net financial Position – Q1 2020

 Detailed next

Eur Millions	Maturity	March 31, 2020	Dec 31, 2019	March 31, 2019
Cash and Bank balances		122.1 M€	36.4 M€	17.1 M€ <sup>1</sup>
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)		-1.9 M€	-8.7 M€	-7.0 M€
Guarantee ancillary facility		-2.9 M€	-2.9 M€	-2.9 M€
SSFRN Notes	2023/2025	-750.0 M€	-750.0 M€	-750.0 M€
RCF		-86.0 M€	0.0 M€	0.0 M€
<b>Consolidated Senior Secured Net Leverage</b>		<b>-718.7 M€</b>	<b>-725.2 M€</b>	<b>-742.8 M€</b>
Other financial assets		0.1 M€	0.1 M€	0.2 M€
Accrued interests on SSFRN Notes/RCF		-1.4 M€	-1.3 M€	-1.4 M€
Other financial liabilities		-0.4 M€	-0.3 M€	-1.4 M€
Other financial liabilities new Acquisitions (not consolidated)		-0.2 M€	-0.2 M€	0.0 M€
<b>Net Financial Position</b>		<b>-720.6 M€</b>	<b>-726.9 M€</b>	<b>-745.4 M€</b>
<b>Leverage ratio</b>		<b>4.23X</b>	<b>4.45X</b>	<b>4.87X<sup>2</sup></b>
Finance Leases Liabilities (IFRS16 impact)		-25.7 M€	-24.0 M€	-23.0 M€
<b>Net Financial Position (Including IFRS16 impact)</b>		<b>-746.3 M€</b>	<b>-750.9 M€</b>	<b>-768.4 M€</b>
<b>Leverage ratio (Including IFRS16 impact)</b>		<b>4.21X</b>	<b>4.41X</b>	<b>4.83X<sup>2</sup></b>

(1) Cash Balance March 19: equal to 40.4 M€ after +23.3 M€ of WE Effect Riba Normalization (NFP -722.1 M€ after normalization; -745.1 M€ after IFRS16 impact)

(2) Leverage ratio March 19 including 23.3 M€ additional cash balance due to Riba WE Effect. Excl. Riba normalization is equal to 5.03X pre-IFRS (4.98X after IFRS16 impact).

# Cash flow Bridge – Q1 2020

