

TeamSystem FY 2015 Financial Information overview

Context overview and TeamSystem FY 2015 performance summary

Context overview

- Slight improvement of general macroeconomic context in the Italian market in Q4 2015 with positive outlook in 2016 and in 2017:
 - Italian GDP grew by 0.1% in Q4 2015 vs the previous quarter, 1.0% vs Q4 2014 and by 0.6% vs FY 2014¹
 - Improved unemployment rate (11.5%) in FY 2015 vs FY 2014 (12.7%)¹
 - SMEs' Level of Confidence increased in all customer segments in FY 2015 vs FY 2014 and is substantially stable vs Q3 2015¹
 - Investments in the Italian market are expected to grow by 2.6% in 2016 and by 3.0% in 2017¹
 - GDP is expected to grow by 1.4% in 2016 and by 1.4% in 2017¹
 - Unemployment rate is expected to remain stable at 11.5% in 2016 and decrease reaching 11.3% in 2017¹

(1) Source: ISTAT

(2) The amount stated in the 2015 annual consolidated financial statements (57M€) also includes TSS subsidiary Esa Napoli S.r.l. accounting for 1.1M€ revenues

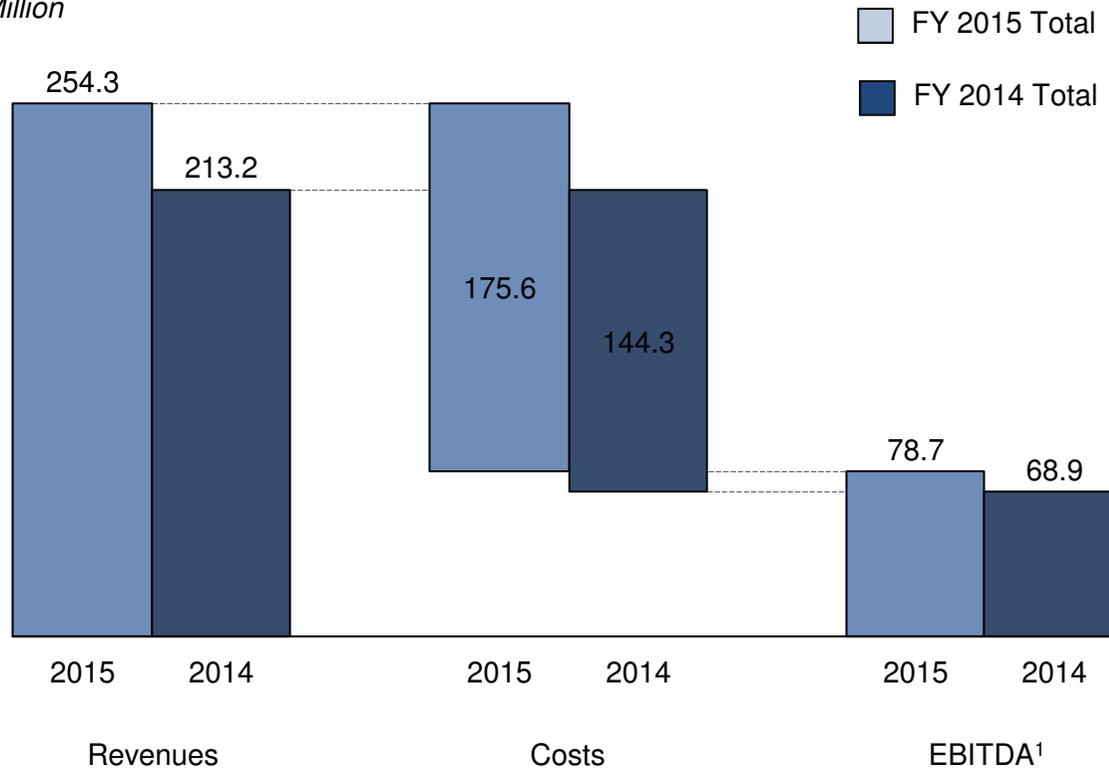
(3) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

TeamSystem FY 2015 summary

- **Revenues in FY 2015 grew** from 213.2M€ to 254.3M€ or **+19.3%** vs. previous year, driven by core software business (216.0M€ growing **+21.5%**)
- Operating costs grew from 144.3M€ to 175.6M€ or **+21.7%** leading to EBITDA³ growth from 68.9M€ to 78.7M€ or **+14.2%**
- **Operating cash flow** increased from 37.4M€ to 50.8M€ or **+35.8%** mainly due to EBITDA increase and consolidation of TSS
- **Operating integration of ACG**, leading player in upper SME segment acquired in Dec. 2013, fully completed
- **Ongoing integration of 24Ore SW acquired in 2014 (renamed TSS S.p.A.)** in line with defined plan. TSS's revenues and EBITDA³ in FY 2015 were 55.9M€² and 12.4M€, respectively

FY 2015 TeamSystem results summary – continued revenue and EBITDA¹ growth

EUR Million



Δ vs. 2014:

▪ Total

19.3%

21.7%

14.2%

- 19.3% revenue growth driven by good performance of core business (Software and Services BU), with revenues growing by 21.5%
- Organic performance, consistent across distribution channels, is sustained by a mix of customer acquisitions, cross-selling and contracted price increases
- Good performance of CAD/CAM with revenues growing by 20.6%
- Good performance of Education business organic²
- TSS's revenues and EBITDA¹ in FY 2015 were 55.9M€³ and 12.4M€, respectively

(1) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

(2) Please note that Paradigma has been consolidated in 2015 for the period from 1 January to 30 September but not hereafter following the disposal of the equity investment in Q4 2015

(3) The amount stated in the 2015 annual consolidated financial statements (57M€) also includes TSS subsidiary Esa Napoli S.r.l. accounting for 1.1M€ revenues

Key Drivers of FY 2015 TeamSystem performance

<p>Software and Services</p> <p>Sales</p> <p>Customer trends</p>	<ul style="list-style-type: none"> ▪ Good performance in both direct and indirect channel sales; ▪ Good performance in both SMEs and Professionals segments <hr/> <ul style="list-style-type: none"> ▪ Stable net customer increase y-o-y¹ ▪ Stable churn rate in line with long-term historical rates ▪ Gross customer acquisition rate in line with 2014
<p>24Ore SW / TSS</p>	<ul style="list-style-type: none"> ▪ Economic performance in line with management 2015 budget ▪ Key indicators (customer trend, churn rate) in line with expectations (and budget assumptions) ▪ Carve out completed in May 2015 ▪ Synergies achieved in 2015 FY in line with business plan. Main integration streams were completed in line with operating plan. Implementation of business development initiatives is ongoing.
<p>ACG</p>	<ul style="list-style-type: none"> ▪ Economic performance above 2015 budget ▪ Key indicators (customer trend, churn rate) in line with expectations (and plan assumptions) ▪ All key business plan activities on track with plan
<p>Education</p>	<ul style="list-style-type: none"> ▪ Good performance of Euroconference in FY 2015 vs FY 2014 driven by new sales increase²
<p>CAD</p>	<ul style="list-style-type: none"> ▪ Good performance (above budget 2015) in FY 2015 vs FY 2014 driven by new sales increase and revenues from maintenance contracts

(1) Includes SMEs, Professional clients and Micro

(2) Please note that Paradigma has been consolidated in 2015 for the period from 1 January to 30 September and not thereafter following the disposal of the equity investment in Q4 201

M&A update

- TeamSystem's main aim is to **focus on organic growth** and **ongoing business integration of TSS S.p.A. (former 24Ore SW) and ACG S.r.l.**
- In line with its traditional M&A strategy, TeamSystem considers **bolt-on acquisitions that allow the expansion of its core offering** through:
 - Products to be cross sold to existing / new customers
 - Specific vertical acquisitions
- In this context, latest updates include:
 - on 11th March 2016 TeamSystem **acquired Euresys**. Acquired stake was **60%**. **In 2015**, Euresys generated **total revenue of approximately 2M€**. Euresys products allow a complete and efficient management of human capital. This acquisition is a key pillar in the Group's product strategy, adding very valuable HR solutions to TeamSystem product offering. Euresys will also bring a consolidated experience in HR sector with more than 2,300 clients.
 - on 11th March 2016 TeamSystem **acquired 100% of Lira**. Lira was a Teamsystem's reseller generating **in 2015 total revenue of approximately 2.4M€**. Lira is based in Turin and focused on professionals segment. We believe this acquisition will bring additional know-how and more control on existing customer base in order to take advantage of more commercial opportunities

FY 2015 TeamSystem results summary - details

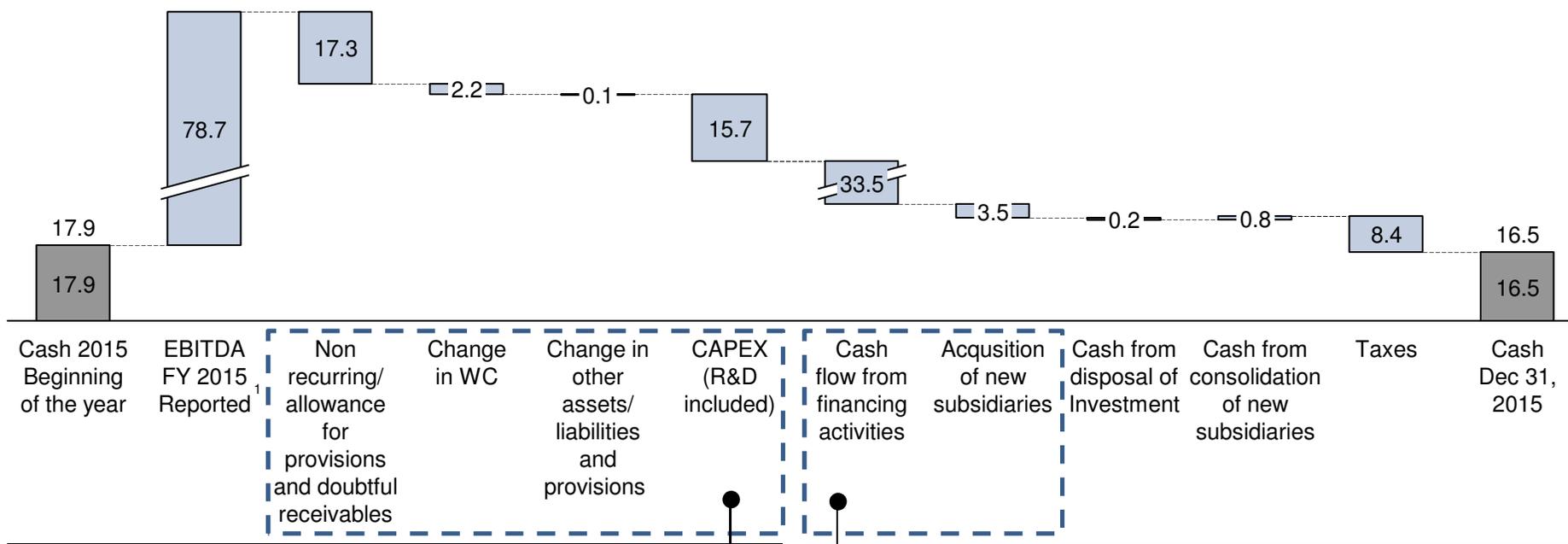
'000 EUR

OPERATING SEGMENTS	31 Dec 2015	31 Dec 2014	Change	% Change
Software and Services	216.048	177.812	38.236	21,5%
Education	11.896	13.445	(1.549)	-11,5%
CAD / CAM	27.475	22.790	4.685	20,6%
Intercompany Reconciliation	(1.109)	(886)	(223)	
TOTAL REVENUE	254.310	213.162	41.149	19,3%
Software and Services	72.352	63.648	8.704	13,7%
Education	2.381	2.733	(353)	-12,9%
CAD / CAM	3.987	2.489	1.497	60,2%
Intercompany Reconciliation	(23)	(1)	(22)	
ADJUSTED EBITDA¹	78.696	68.870	9.827	14,3%

(1) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

Cash bridge: 2015 BoY – December 31, 2015

EUR Million



▪ **Non recurring/ allowance for provisions and doubtful receivables mainly attributable to:**

- Non recurring items (12.0M€)
- Allowance to doubtful receivables (5.1M€)

▪ **Change in WC is primarily attributable to:**

- increase in trade receivables and other liabilities due to billing seasonality
- increase in trade payables
- Increase in other receivables

▪ **CAPEX is sum of:**

- capital expenditures on tangible and intangible assets (4.8M€)
- capitalized development costs (10.9M€)

▪ **Cash flow from financing activities mainly attributable to:**

- Payment of bond coupon (31.7M€)
- Bank commissions (1.4M€)
- Vendor loan (2.4 M€)
- Minorities dividends (1.5 M€)
- RCF draw down (-3 M€)

- **Acquisition of new subsidiaries:** MADBIT (1.4M€), ULISSE (1.9M€) and TS3 (0.1M€)

(1) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

Debt capitalisation and leverage

EUR Million

	Dec 31, 2015	Maturity
Total Cash and bank balances	16.5	
Senior Secured Global Notes	(300.0)	May 2020
Tap Senior Secured Global Notes	(130.0)	May 2020
Senior Secured Global Notes interest	(4.0)	
RCF drawdown	(3.0)	
Premium on Bond issuance	(5.4)	
Other (financial fees included)	(15.7)	
<hr/>		
Net Debt TeamSystem Holding S.p.A.	(441.6) ¹	
Adjusted EBITDA ²	78.7	
Net Debt / Adjusted EBITDA ²	5.6x	

(1) As reported in TeamSystem Group December 2015 consolidated financial statement

(2) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

Acquisition and New Financing

- On March 1, 2016, Barolo BidCo S.p.A. (**Bidco**) (an entity controlled indirectly by Hellman & Friedman LLC and funds advised by it) acquired the entire issued share capital of TeamSystem Holding S.p.A. (the **Acquisition**)
- In connection with the Acquisition, we repaid our existing RCF and Bidco entered into a new €65,000,000 RCF
- The parent company of Bidco, Barolo MidCo S.p.A. (**Midco**), issued €150,000,000 in aggregate principal amount of Senior Floating Rate Notes due 2023 (the **Senior Notes**)
- Bidco also committed to issue €450,000,000 in aggregate principal amount of Senior Secured Floating Rate Notes due 2022 (the **Senior Secured Notes**, and together with the Senior Notes, the **Notes**)
- The Senior Secured Notes will be issued on or before May 31, 2016 and proceeds from the issuance, together with cash on hand, will be used to refinance the Existing Notes
- The Notes were placed by means of a private placement with certain institutional investors

Q&A

Appendix

TeamSystem Group¹ consolidated income statement

Euro thousands		
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Dec 2015	31 Dec 2014
Revenue	251.359	210.806
Other operating income	2.952	2.356
TOTAL REVENUE	254.310	213.162
Cost of raw and other materials	(23.719)	(20.738)
Cost of services	(56.075)	(43.659)
Personnel costs	(93.882)	(75.633)
-of which non recurring	(3.960)	(1.558)
Other operating costs	(5.899)	(5.820)
Non recurring expenses	(8.067)	(12.313)
Depreciation and amortization of non current assets	(39.149)	(34.821)
Allowance for bad debts	(5.071)	(7.400)
Other provisions for risks and charges	(174)	(200)
Impairment of non current assets	(0)	(3.330)
OPERATING RESULT	22.277	9.248
Gain (Loss) on disposal of subsidiaries	(3.512)	0
Share of Profit (Loss) of associates	(79)	0
Finance income	1.238	1.279
Finance cost	(42.073)	(39.272)
PROFIT (LOSS) BEFORE INCOME TAXES	(22.150)	(28.745)
Current income tax	(10.691)	(6.878)
-of which non recurring	0	1.031
Deferred income tax	14.660	3.725
-of which non recurring	7.138	(935)
TOTAL INCOME TAX	3.968	(3.153)
PROFIT (LOSS) FOR THE YEAR	(18.182)	(31.898)
(Profit) Loss for the year - Non controlling interests	(234)	(139)
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(18.415)	(32.036)
EBITDA	73.626	61.469
ADJUSTED EBITDA ²	78.696	68.870

(1) TeamSystem Holding S.p.A. and its Subsidiaries (included ACG and TSS)

(2) Adjusted EBITDA, equal to operating result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortization of non-current assets (iv) non-recurring expenses and non-recurring cost of personnel and (v) allowance for doubtful receivables

TeamSystem Group¹ consolidated statement of financial position - assets

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
ASSETS	31 Dec 2015	31 Dec 2014
Tangible assets	11.554	11.501
Intangible assets	280.001	303.568
Goodwill	364.363	360.004
Other Investments	433	403
Investments in associates	445	486
Deferred tax assets	13.739	15.380
Financing fees prepayments - non current	1.429	2.007
Other financial assets - non current	350	0
TOTAL NON CURRENT ASSETS	672.314	693.350
Inventories	1.463	1.411
Trade receivables	89.850	81.312
Tax receivables	5.394	4.437
Other receivables - current	13.252	10.212
Financing Fees prepayments - current	498	518
Other financial assets - current	101	7
Cash and bank balances	16.534	17.888
TOTAL CURRENT ASSETS	127.093	115.785
TOTAL ASSETS	799.407	809.135

(1) TeamSystem Holding S.p.A. and its Subsidiaries (included ACG and TSS)

TeamSystem Group¹ consolidated statement of financial position – equity and liabilities

Euro thousands		
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
EQUITY AND LIABILITIES	31 Dec 2015	31 Dec 2014
Share capital	3.214	3.214
Other reserves	179.401	211.108
Retained earnings (accumulated losses)	(11.389)	(11.389)
Profit (Loss) attributable to Owners of the Company	(18.415)	(32.036)
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	152.810	170.897
Non controlling interests - Capital and reserves	565	568
Non controlling interests - Profit (Loss)	234	139
TOTAL NON CONTROLLING INTERESTS	799	707
TOTAL EQUITY	153.610	171.604
Financial liabilities with banks and other institutions - non current	434.169	435.567
Financing Fees - non current	(9.172)	(11.767)
Other financial liabilities - non current	19.832	20.585
Staff leaving indemnity	15.931	16.358
Provisions for risks and charges	2.868	2.483
Deferred tax liabilities	76.739	92.967
Other liabilities - non current	760	823
TOTAL NON CURRENT LIABILITIES	541.127	557.016
Financial liabilities with banks and other institutions - current	8.854	6.323
Financing Fees - current	(2.732)	(2.689)
Other financial liabilities - current	9.586	924
Trade payables	32.099	28.403
Tax liabilities - current	8.625	4.970
Other liabilities - current	48.240	42.585
TOTAL CURRENT LIABILITIES	104.671	80.516
TOTAL LIABILITIES	645.797	637.532
TOTAL EQUITY AND LIABILITIES	799.407	809.135

(1) TeamSystem Holding S.p.A. and its Subsidiaries (included ACG and TSS)

TeamSystem Group¹ consolidated cash flow statement

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2015	31 Dec 2014	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	50.805	37.377	13.429	35,9%
CASH FLOWS FROM INVESTING ACTIVITIES	(18.633)	(94.609)	75.976	-80,3%
CASH FLOWS FROM FINANCING ACTIVITIES	(33.526)	57.586	(91.112)	n.s.
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(1.353)	354	(1.707)	n.s.
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	17.888	17.534	354	2,0%
CASH AND BANK BALANCES - END OF THE YEAR	16.534	17.888	(1.354)	-7,6%

(1) TeamSystem Holding S.p.A. and its Subsidiaries (included ACG and TSS)