



## 2020 Q3 Financial Review

November 27<sup>th</sup> 2020

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# TeamSystem Q3 2020 performance summary

## Q3 YTD 2020

- We experienced **significant Q3 YTD 2020 growth** on a Statutory basis, driven by a recovery on new sales across all businesses and a constant growth of Cloud products across all channels. The large number of customers (1.5m) brings a relevant increase in **recurring revenues (€250M vs €211M in 2019)**
- The key results are:
  - **Adjusted EBITDA up 36.7% vs Q3 YTD 2019** reached **€134.4M** on a reported basis
  - **Revenues up 14.3% vs Q3 YTD 2019** reached **€303M** on a reported basis
  - **Costs up only 1.1% vs Q3 YTD 2019** thanks to cost control measures during last two quarters
- **Leverage ratio decreases to 3.90x<sup>1</sup>** at the end of Q3 2020 driven by strong business performance and significant reduction of non operating costs. By the end of July 2020 the entire amount of RCF previously drawn was reimbursed.

## Sep 2020 LTM

- **Adjusted EBITDA and revenues LTM September 2020 vs LTM September 2019 performance, respectively: +9.2% and +20.1%.** More in details:
  - **Adjusted EBITDA in September 2020 LTM reached €188.8M** (vs €157.2M in Q3 2019)
  - **Revenues in September 2020 LTM reached €432.9M** (vs €396.4M in Q3 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 our bottom line performance.
- Additionally, Teamsystem is experiencing **limited impact on overdue receivables and cash in. Both metrics are showing an improvement vs last year**

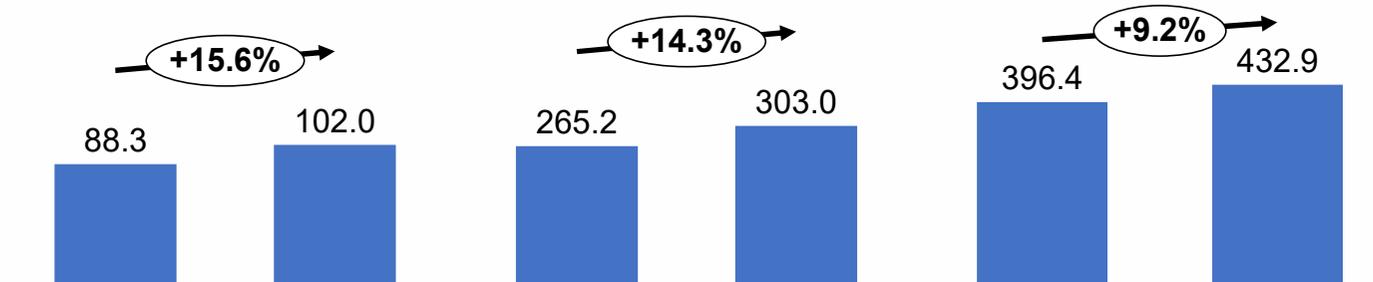
(1) Include IFRS 15 and 16 impact. At the end of Q3 2020 leverage ratio goes to 3.93x excluding those impacts.

# TeamSystem Q3 2020 results summary

Reported figures

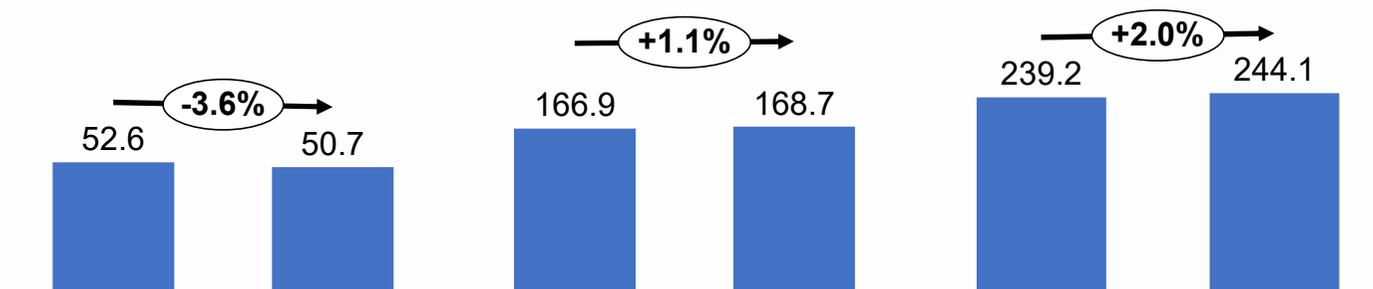
LTM PF

Revenues  
€ mln



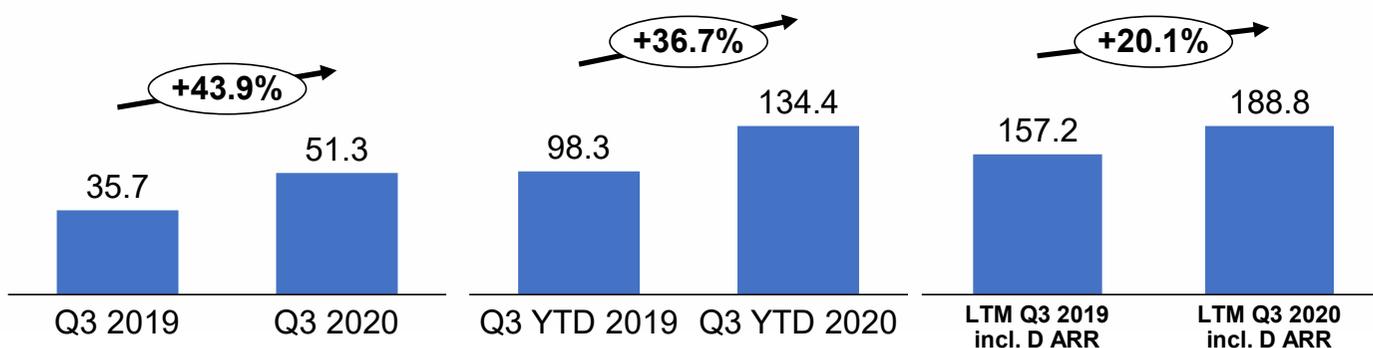
- **Significant 2020 Q3 YTD growth** (higher than 2019 by €37.8M) due to the **performance of Cloud products across all channels** (Micro/SMEs solutions and Main SW Cloud increased by €15.7M and €9.9M vs Q3 YTD 2019, respectively) and more in general a recovery in term of new sales

Operating Costs  
€ mln



- **Cost control plan** linked to Covid-19 context is continuing to deliver benefits maintaining cost close to flat YTD
- In particular cost control plan is **very effective on personnel cost and cost of services** across multiple categories

EBITDA adj  
€ mln

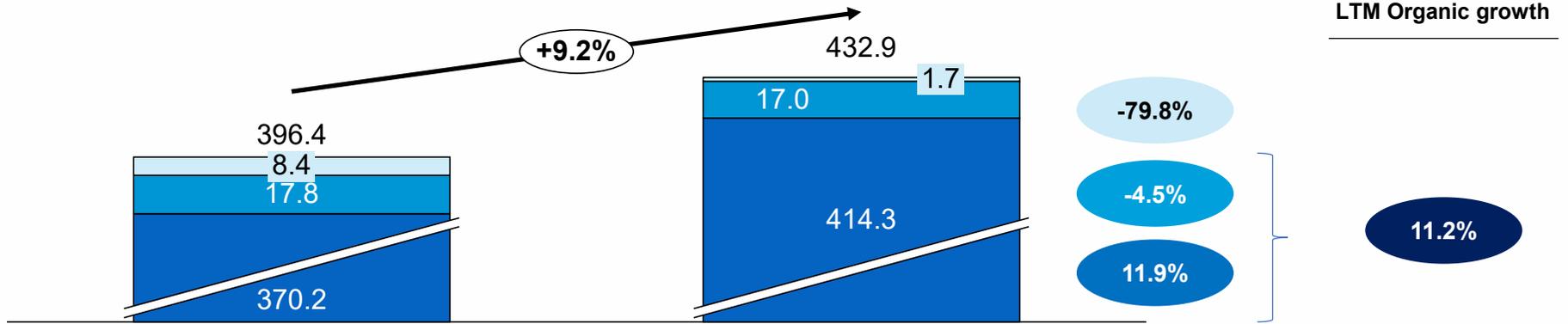


- **Q3 delivered significant scale at EBITDA** level with further acceleration vs previous quarter
- LTM PF EBITDA includes proforma of 2020 / 2019 acquisitions and the annualized recurring revenues of key cloud products

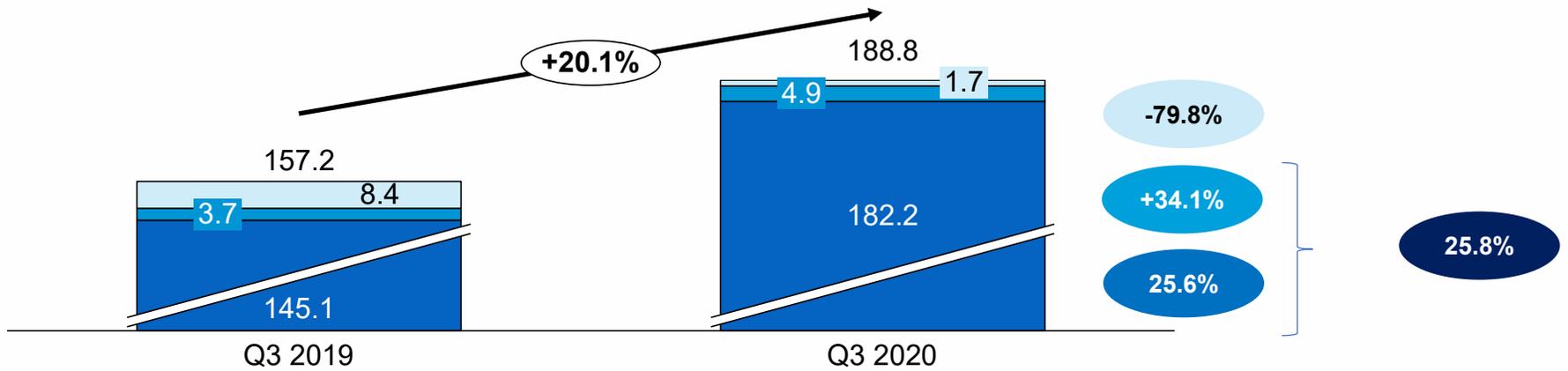
# LTM Revenues and ADJ EBITDA as of Q3

- Delta ARR
- M&A PF
- LTM statutory

Revenues  
€ mln



EBITDA adj  
€ mln



Note: M&A Proforma in 2020 include Gi.esse, TS 5, TS BK, Iperelle, Techmass, AF Soluzioni, Area 32, MBM, Habble, Beneficy, Team4you, TS 6

# Key drivers of TeamSystem Q3 2020 statutory Revenues

Euro mln

Euro Millions				
	30 set 20	30 set 19	Change	% Change
<b>Direct Channel</b>	<b>92.9</b>	<b>83.9</b>	<b>9.0</b>	<b>10.8%</b>
Recurring	77.0	68.2	8.9	13.0%
Licenses/Prof. Services	15.9	15.7	0.2	1.2%
<b>Indirect Channel</b>	<b>82.0</b>	<b>78.0</b>	<b>4.0</b>	<b>5.1%</b>
Recurring	77.7	74.0	3.6	4.9%
Licenses/Prof. Services	4.4	4.0	0.4	9.0%
<b>Micro and new Business Solutions</b>	<b>50.5</b>	<b>34.1</b>	<b>16.4</b>	<b>48.1%</b>
Recurring	46.8	31.3	15.6	49.8%
Licenses/Prof. Services	3.7	2.8	0.8	29.1%
<b>Vertical Solutions</b>	<b>78.3</b>	<b>67.5</b>	<b>10.8</b>	<b>16.0%</b>
Recurring	48.5	37.5	11.0	29.3%
Licenses/Prof. Services	29.9	30.0	-0.2	-0.6%
<b>Hardware</b>	<b>1.5</b>	<b>1.8</b>	<b>-0.4</b>	<b>-19.6%</b>
<b>Others</b>	<b>-2.2</b>	<b>-0.2</b>	<b>-2.1</b>	<b>1320.4%</b>
<b>TOTAL REVENUE</b>	<b>303.0</b>	<b>265.2</b>	<b>37.8</b>	<b>14.3%</b>

## Direct Channel

- **Significant increase in Recurring Revenues** driven by **Cloud Products**
- Licence and professional services Revenues slightly increase despite the Covid-19 situation

## Indirect Channel

- Increase in Recurring Revenues driven by **good performance of SaaS version of main software on professional and enterprise segment**

## Micro and New Biz software solutions

- **Strong growth (+48.1%)** driven by micro-business that quickly recovers momentum
- **Extremely high level of recurring revenues makes this business particularly resilient** during Covid-19 emergency

## Software Solutions – Vertical solutions

- **Vertical solutions increased by 16.0%** driven by new acquisition in CAD/CAM industry

## Hardware

- Residual business after 2018 outsourcing

Note: 2019 and 2020 Statutory

## Key drivers of TeamSystem Q3 2020 statutory figures

Euro Millions				
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	YTD 30 Sep 2020	YTD 30 Sep 2019	Change	% Change
<b>TOTAL REVENUE</b>	<b>303.0</b>	<b>265.2</b>	<b>37.8</b>	<b>14.3%</b>
<b>A</b> Cost of raw and other materials	-24.7	-19.7	-4.9	25.0%
<b>B</b> Cost of services	-59.4	-62.3	2.8	-4.6%
<b>C</b> Personnel costs	-81.6	-80.5	-1.2	1.4%
Other operating costs	-2.9	-4.4	1.5	-34.4%
<b>ADJUSTED EBITDA</b>	<b>134.4</b>	<b>98.3</b>	<b>36.1</b>	<b>36.7%</b>

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

- **Cost of raw and other material increased by 25.0%** driven by revenue growth and consolidation of New M&As with a different revenues mix

### **B** Cost of services

- **Cost of services decreased by 4.6%**, driven by a slow down on new licences sold, delivery and other revenues. Furthermore the new working method is driving significant savings on travel & employee expenses, training, customer events, etc.

### **C** Personnel costs

- **Personnel costs increased by 1.4%** due to New M&A consolidations, partially compensated by a reduction on leave costs and limited adoption of Cassa Integrazione during August

## Net financial Position – Q3 2020

 Detailed next

Eur Millions	Maturity	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019	Sept 30, 2019
Cash and Bank balances		50.0 M€	43.4 M€	122.1 M€	36.4M€	20.4M€
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)		0.0 M€	-0.1 M€	-1.9 M€	-8.7 M€	2.3 M€
Guarantee ancillary facility		-2.8 M€	-2.9 M€	-2.9 M€	-2.9 M€	-2.9 M€
SSFRN Notes	2023/2025	-750.0 M€	-750.0 M€	-750.0 M€	-750.0 M€	-750.0 M€
RCF		0.0 M€	-10.0 M€	-86.0 M€	0.0 M€	0.0 M€
<b>Consolidated Senior Secured Net Leverage</b>		<b>-702.8M€</b>	<b>-719.6M€</b>	<b>-718.7M€</b>	<b>-725.2 M€</b>	<b>-730.2 M€</b>
Other financial assets		0.1 M€	0.1 M€	0.1 M€	0.1 M€	0.2 M€
Accrued interests on SSFRN Notes/RCF		-1.3 M€	-1.4 M€	-1.4 M€	-1.3 M€	-1.2 M€
Other financial liabilities		-0.4 M€	-0.5 M€	-0.4 M€	-0.3 M€	-0.4M€
Other financial liabilities new Acquisitions (not consolidated)		0.0 M€	0.0 M€	-0.2 M€	-0.2 M€	0.0 M€
<b>Net Financial Position</b>		<b>-704.4M€</b>	<b>-721.4M€</b>	<b>-720.6M€</b>	<b>-726.9 M€</b>	<b>-731.6 M€</b>
<b>Leverage ratio</b>		<b>3.93X<sup>1</sup></b>	<b>4.20X</b>	<b>4.23X</b>	<b>4.45X</b>	<b>4.91X</b>
Finance Leases Liabilities (IFRS16 impact)		-24.2 M€	-25.8 M€	-25.7 M€	-24.0 M€	-22.1 M€
<b>Net Financial Position (Including IFRS16 impact)</b>		<b>-728.6 M€</b>	<b>-747.2 M€</b>	<b>-746.3M€</b>	<b>-750.9 M€</b>	<b>-753.7 M€</b>
<b>Leverage ratio (Including IFRS16 impact)</b>		<b>3.90X<sup>1</sup></b>	<b>4.16X</b>	<b>4.21X</b>	<b>4.41X</b>	<b>4.86X</b>

(1) Leverage ratio based on LTM pro-forma adjusted ebitda according to statutory 2020 Q3 consolidation perimeter

## Cash flow Bridge – Q3 2020

