



2020 H1 Financial Review

July 30th 2020

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TeamSystem H1 2020 performance summary

H1 YTD
2020

June
2020 LTM

Covid-19

- We experienced **significant H1 YTD 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 **recurring revenues (€164.4M vs €139M in 2019)**
- The key results are:
 - **Adjusted EBITDA up 32.6% vs H1 YTD 2019** reached **€83M** on a reported basis
 - **Revenues up 13.6% vs H1 YTD 2019** reached **€201M** on a reported basis
 - **Costs up only 3.2% vs H1 YTD 2019** thanks to cost control measures during last quarter
- **Leverage ratio decreases to 4.16x¹** at the end of H1 2020 driven by strong business performance and significant reduction of non operating costs. In June 2020 most of the RCF was reimbursed (€76.0M out of €86.0M previously drawn)
- In Q2 2020 we perform the acquisition of MBM highly complementary to us for Industry 4.0 and fashion industry business
- **Adjusted EBITDA and revenues LTM June 2020 vs LTM June 2019 performance, respectively: +16.4% and +11.9%.** More in details:
 - **Adjusted EBITDA in June 2020 LTM reached €179.5M** (vs €156.5M in H1 2019)
 - **Revenues in June 2020 LTM reached €424.1M** (vs €389.4M in H1 2019)
- 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**

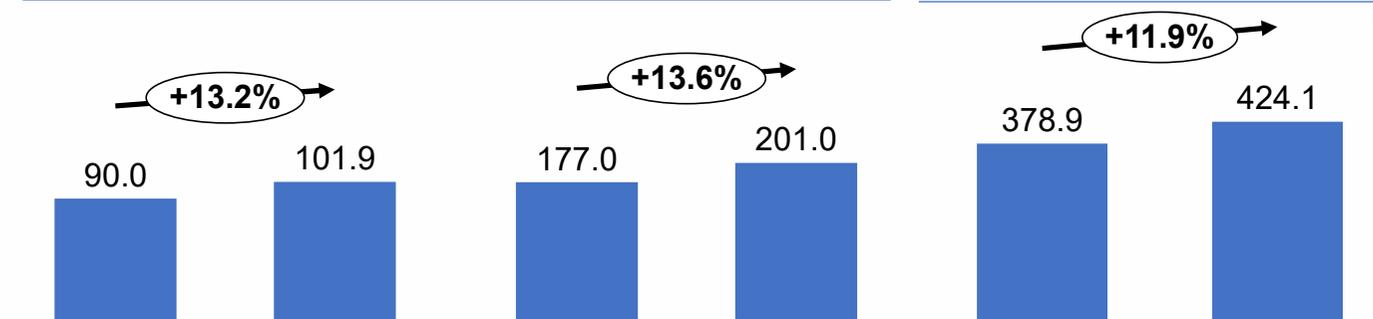
(1) Include IFRS 15 and 16 impact. At the end of H1 2020 leverage ratio goes to 4.20x excluding those impacts.

TeamSystem H1 2020 results summary

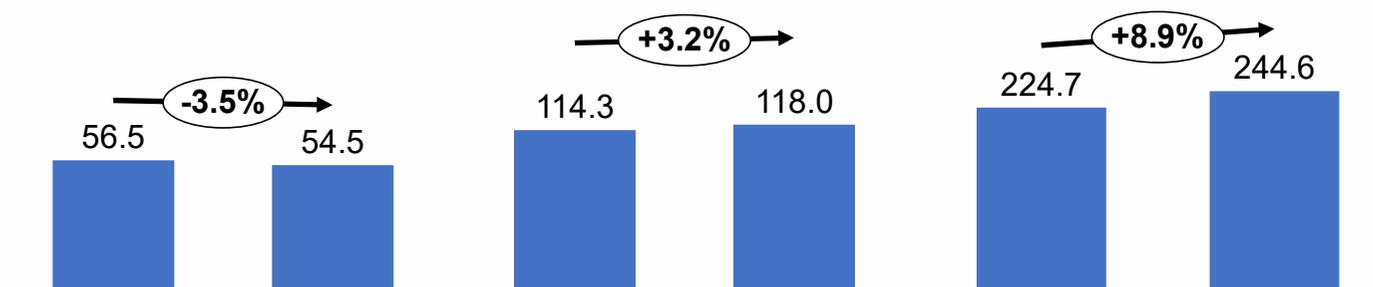
Reported figures

LTM PF

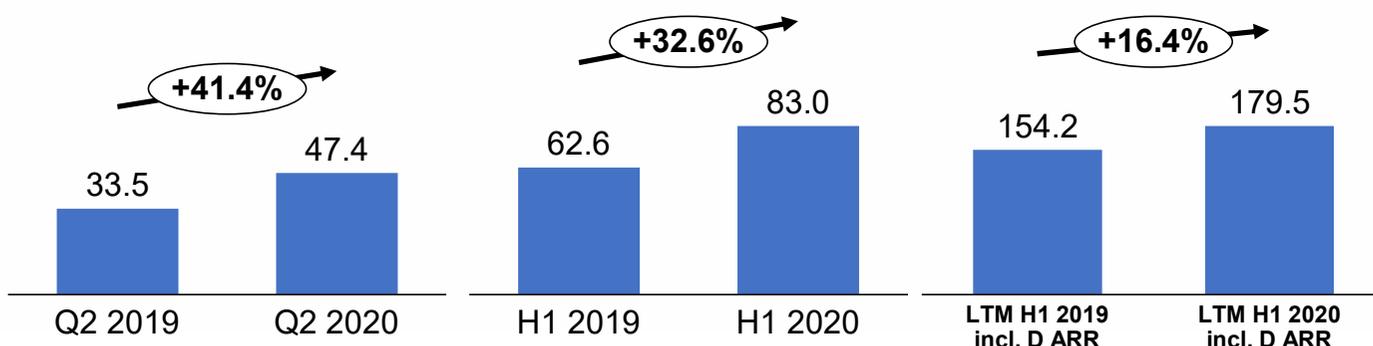
Revenues
€ mln



Operating
Costs
€ mln



EBITDA adj
€ mln



- **Significant 2020 H1 growth** (higher than 2019 by €24M) **due to the performance of Cloud products across all channels** (Micro/SMEs solutions and Main SW Cloud increased by €10.4M and €7M vs H1 2019, respectively)
- **Covid-19 effect has limited impact on June 2020**

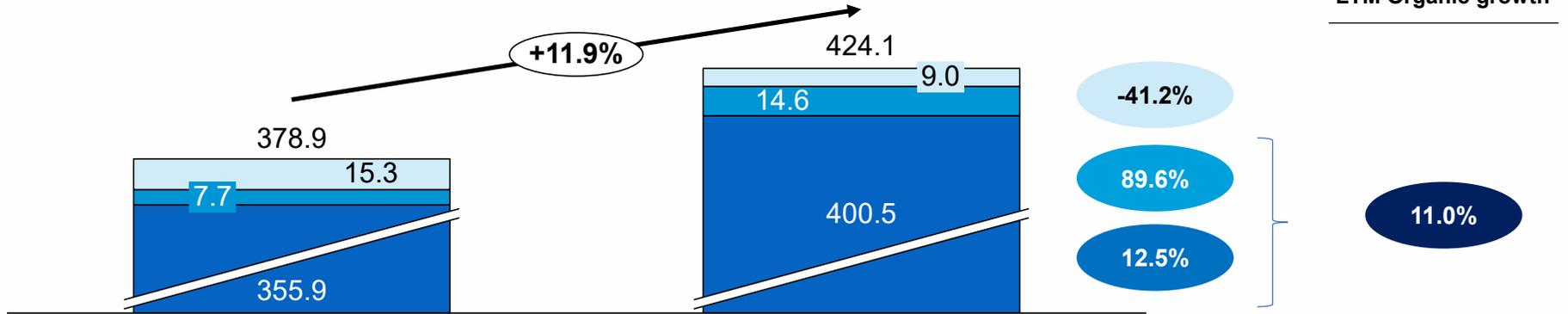
- Increase in the **Personnel cost** (investment on sales resources) and **cost of raw materials** due to Covid-19 and consolidations of New M&As
- **Cost control plan** linked to Covid-19 context is continuing to deliver benefits

- **Q2 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

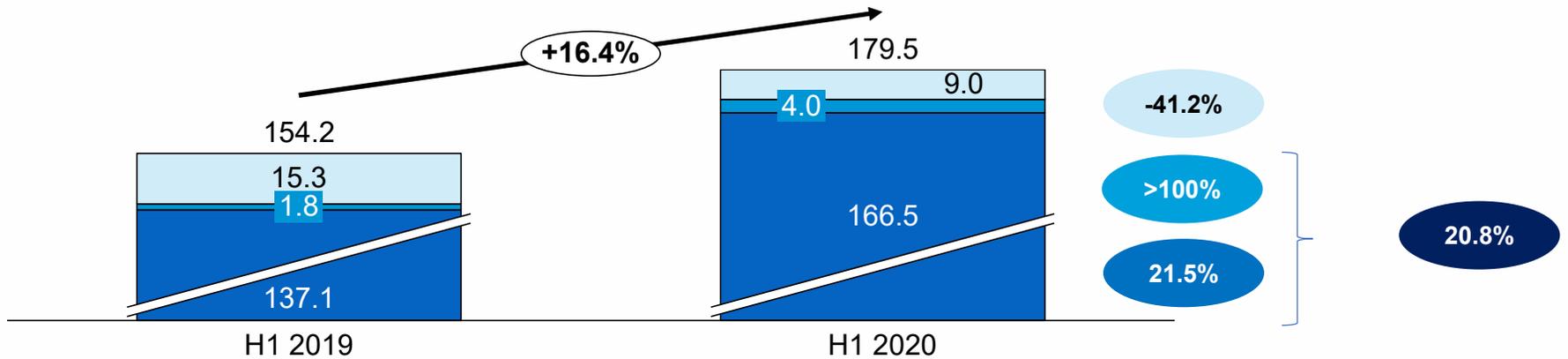
LTM Revenues and ADJ EBITDA as of H1

- Delta ARR
- M&A PF
- LTM statutory

Revenues
€ mln



EBITDA adj
€ mln



Note: M&A Proforma in 2020 include Skylab, Gi.esse, TS Finance, TS Pay, TS 4, TS 5, TS BK, Iperelle, Techmass, AF Soluzioni, Area 32, MBM

Key drivers of TeamSystem H1 2020 statutory Revenues

Euro mln

Euro Millions

	30 Jun 2020	30 Jun 2019	Change	% Change
Direct Channel	61.6	56.0	5.6	10.0%
Recurring	50.8	44.8	6.0	13.3%
Licenses/Prof. Services	10.8	11.1	(0.4)	(3.4%)
Indirect Channel	55.2	52.9	2.2	4.2%
Recurring	52.1	50.2	1.9	3.9%
Licenses/Prof. Services	3.0	2.7	0.3	10.9%
Micro and new Business Solutions	33.0	19.9	13.0	65.4%
Recurring	30.5	18.9	11.6	61.5%
Licenses/Prof. Services	2.5	1.1	1.4	134.0%
Vertical Solutions	52.0	47.1	4.9	10.3%
Recurring	31.0	25.1	5.8	23.2%
Licenses/Prof. Services	21.0	22.0	(1.0)	(4.5%)
Hardware	1.0	1.2	(0.3)	(21.4%)
Others	(1.6)	(0.2)	(1.4)	667.9%
TOTAL REVENUE	201.0	177.0	24.0	13.6%

Direct Channel

- **Significant increase in Recurring Revenues** driven by **Cloud Products**
- Non recurring Revenues slightly decrease due to limited slow down on new sales due to Covid-19

Indirect Channel

- Increase in Recurring Revenues driven by **Micro/SME solutions** and **e-invoicing**

Micro and New Biz software solutions

- **Strong growth (+65.4%)** driven by micro-business that quickly recover momentum in last 2 months of the quarter
- Extremely **high level of recurring revenues** makes this business particularly **resilient** during Covid-19 emergency

Software Solutions – Vertical solutions

- **Vertical solutions increased by 10.3%** driven by new acquisition in CAD/CAM industry

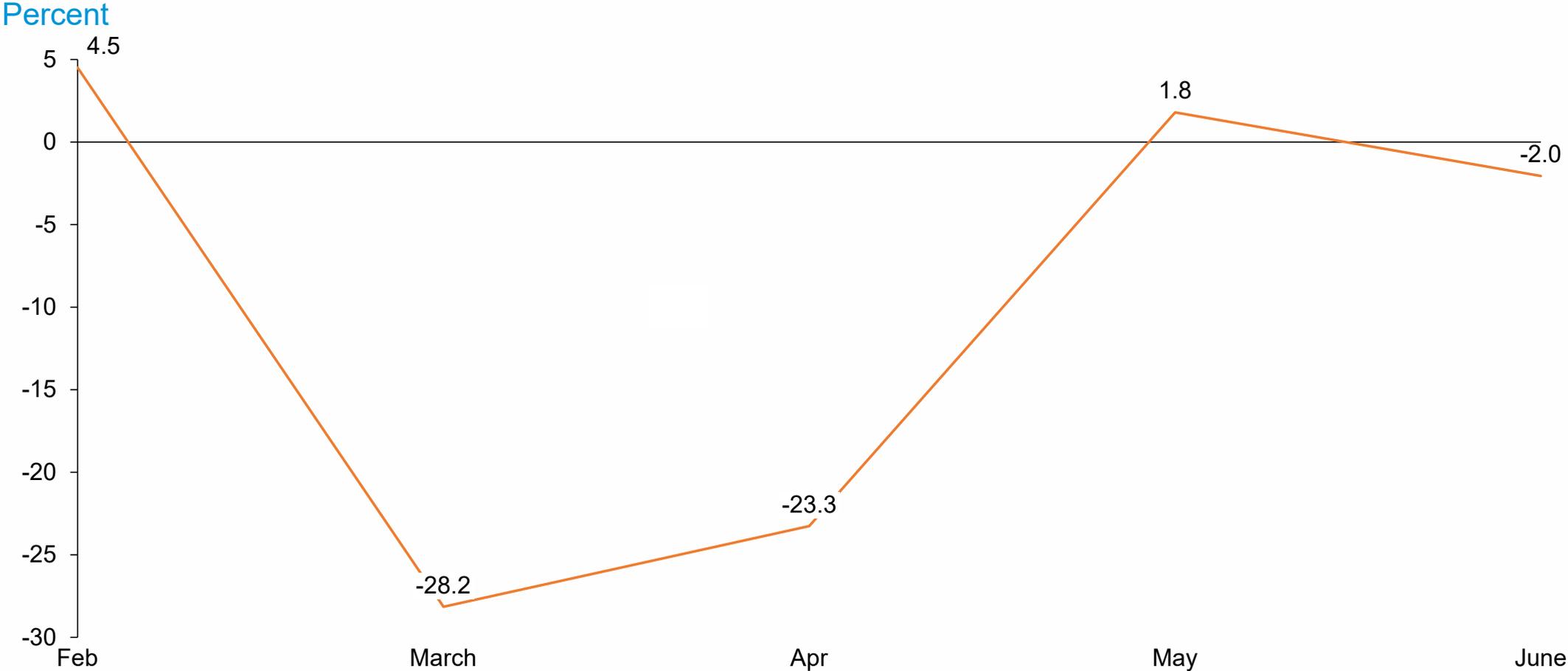
Hardware

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

Note: 2019 and 2020 Statutory

New Sales Monthly Booking Delta 2020 vs 2019

— Excl. e-invoicing effect



Key drivers of TeamSystem H1 2020 statutory figures

Euro Millions				
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	YTD 30 Jun 2020	YTD 30 Jun 2019	Change	% Change
TOTAL REVENUE	201.0	177.0	24.0	13.6%
A Cost of raw and other materials	(16.4)	(13.4)	(3.0)	22.7%
B Cost of services	(42.1)	(43.6)	1.5	(3.5%)
C Personnel costs	(57.0)	(54.6)	(2.4)	4.3%
Other operating costs	(2.4)	(2.7)	0.3	(9.4%)
ADJUSTED EBITDA	83.0	62.6	20.4	32.6%

A Cost of raw and other materials

- **Cost of raw and other material increased by 22.7%** driven by revenue growth and consolidation of New M&As with a different revenues mix

B Cost of services

- **Cost of services decreased by 3.5%**, driven by a slow down on new licences sold, delivery and other non recurring revenues. Furthermore, travel & employee expenses decreased due to Covid situation

C Personnel costs

- **Personnel costs increased by 4.3%** due to New M&A consolidations, partially compensated by a reduction on leave costs linked to Covid cost control plan.

Net financial Position – H1 2020

 Detailed next

Eur Millions	Maturity	June 30, 2020	March 31, 2020	Dec 31, 2019	June 30, 2019
Cash and Bank balances		43.4 M€	122.1 M€	36.4M€	48.5M€ ¹
Cash out net of Cash and Bank balances new Acquisitions (not consolidated)		-0.1 M€	-1.9 M€	-8.7 M€	4.3 M€
Guarantee ancillary facility		-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€
RCF		-10.0 M€	-86.0 M€	0.0 M€	0.0 M€
Consolidated Senior Secured Net Leverage		-719.6M€	-718.7M€	-725.2 M€	-700.1 M€
Other financial assets		0.1 M€	0.1 M€	0.1 M€	3.8M€
Accrued interests on SSFRN Notes/RCF		-1.4 M€	-1.4 M€	-1.3 M€	-1.2 M€
Other financial liabilities		-0.5 M€	-0.4 M€	-0.3 M€	-0.4M€
Other financial liabilities new Acquisitions (not consolidated)		0.0 M€	-0.2 M€	-0.2 M€	0.0 M€
Net Financial Position		-721.4M€	-720.6M€	-726.9 M€	-697.9 M€
Leverage ratio		4.20X	4.23X	4.45X	4.64X²
Finance Leases Liabilities (IFRS16 impact)		-25.8 M€	-25.7 M€	-24.0 M€	-21.6 M€
Net Financial Position (Including IFRS16 impact)		-747.2 M€	-746.3M€	-750.9 M€	-719.5 M€
Leverage ratio (Including IFRS16 impact)		4.16X	4.21X	4.41X	4.60X²

(1) Cash Balance June 19: equal to 58.2 M€ after +9.7M€ of WE Effect Riba Normalization (NFP -688.2 M€ after normalization; -709.8 M€ after IFRS16 impact)

(2) Leverage ratio June 19 including 9.7 M€ additional cash balance due to Riba WE Effect. Excl. Riba normalization is equal to 4.70X pre-IFRS (4.67X after IFRS16 impact).

Cash flow Bridge – H1 2020

