

2019 Q1 Financial Review

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TeamSystem Q1 2019 performance summary

Q1 2019

- **Q1 2019 performance is very strongly driven by Cloud SW Solutions** that more than offset other transitory phenomenae like transition to subscription on professional segments or enterprise professional services outsourcing
- The key results are:
 - **Adjusted EBITDA up 28,2% vs Q1 2018** reached **€29,1M** on a reported basis
 - **Revenues up 16,6% vs Q1 2018** reached **€87,0M** on a reported basis
- At **revenues** level we are getting the **benefit of a larger customer base** (1,3M customers) with the tailwind of e-Invoice that is pushing further digitalization needs.
- On **cost** side we are **keeping on investing on marketing and cloud infrastructure** to sustain the business but we are also benefiting from **long cue of efficiency initiatives** implemented in the last couple of years
- **Leverage ratio moves down to 4.80x¹** at the end of Q1 2019 driven by strong business performance (**CNWC +€11,8M²**) and significant reduction of non operating costs

March 2019 LTM

- March 2019 LTM performance further accelerate vis-à-vis FY 2018 reaching a consistent **up 20,2% at adjusted EBITDA** level (vs 13,2% FY 2018) and **up 14,6% at revenues** level (vs 10,5% FY 2018). More in details:
 - **Adjusted EBITDA in March 2019 LTM** reached **€153,2M**
 - **Revenues in March 2019 LTM** reached **€375,4M**
- These figures includes **two new M&A deals** and **additional annualized recurring revenues** of cloud products at end of March.

(1) Include IFRS 15 and 16 impact. At the end of Q1 2019 leverage ratio goes to 4.84x excluding those impacts. Both ratios include Riba normalization due to week end effect

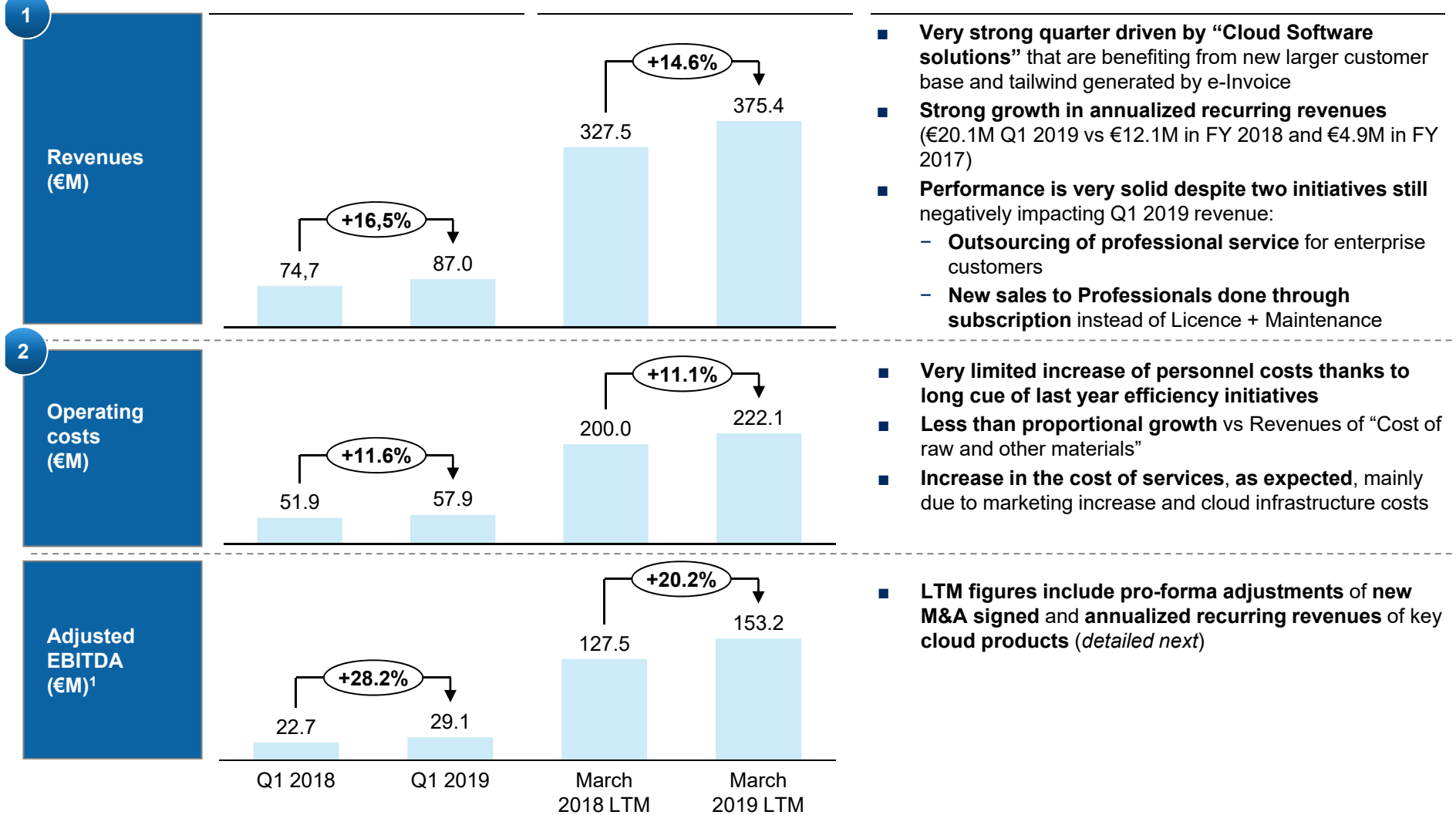
(2) Including Riba normalization due to week end effect

TeamSystem Q1 2019 results summary

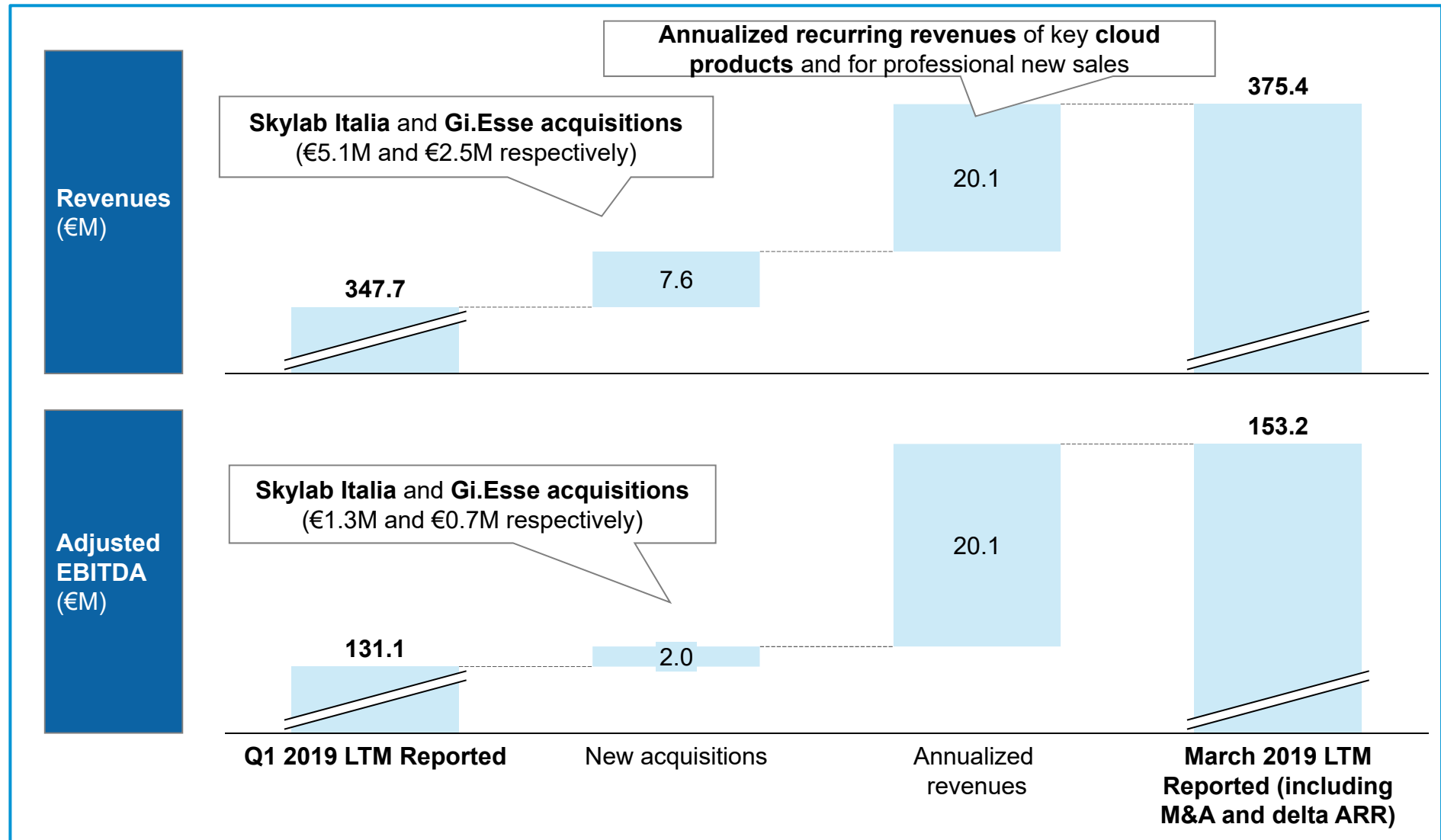
Reported figures

March LTM incl. ARR and PF for M&A

Comments



Bridge between Revenues and adj. EBITDA March 2019 LTM Reported vs. March 2019 LTM including M&A and delta ARR



1 Key drivers of TeamSystem Q1 2019 reported revenues

Reported revenues				
Euro Millions				
OPERATING SEGMENTS	31 Mar 2019	31 Mar 2018	Change	% Change
Assistance and Maintenance	14,1	15,2	(1,1)	-7,2%
Licences	2,2	4,0	(1,8)	-44,6%
Services and Other	3,4	5,9	(2,5)	-42,1%
Direct Channel	19,8	25,1	(5,4)	-21,3%
Assistance and Maintenance and Licences	21,8	21,6	0,2	0,8%
Services and Other	0,6	0,5	0,1	16,4%
Indirect Channel	22,4	22,1	0,3	1,2%
A ERP AND BUSINESS MANAGEMENT SOFTWARE	42,2	47,3	(5,1)	-10,8%
Assistance and Maintenance	8,1	7,3	0,8	10,3%
Licences	3,8	3,9	(0,1)	-3,3%
Services and Other	8,4	8,0	0,4	4,6%
B Verticals channel	20,3	19,3	1,0	5,1%
SOFTWARE SOLUTION RECONCILIATION	(0,6)	(0,8)	0,2	-30,0%
SOFTWARE SOLUTIONS	61,9	65,7	(3,9)	-5,9%
C CLOUD SOFTWARE SOLUTIONS	24,7	8,0	16,7	208,6%
D HARDWARE	0,4	0,9	(0,5)	-59,1%
TOTAL REVENUE	87,0	74,7	12,3	16,5%

Comments

A Software Solutions - ERP and Professionals SW

- **Reduction of Direct channel revenues mainly due to 2 factors:**
 - Long tail of Enterprise professional services outsourcing
 - Switch from on premises SW to Cloud SW solution of professionals
- **Little growth of indirect channel despite strong trend of cloud conversion in place**

B Software Solutions - Vertical solutions

- **Vertical solutions increased by 5,1% driven from A&M along all business (mainly CAD/CAM, construction and education)**

C Cloud software solutions

- **Strong tailwind from e-Invoice and microbusiness keep on to sustain cloud performance (increased by 208%)**

D Hardware

- **Almost completed transition linked to outsourcing of hardware business in place since beginning of 2018**

2 Key drivers of TeamSystem Q1 2019 reported costs

Reported operating costs				
Euro million				
	YTD 31 Mar 2019	YTD 31 Mar 2018	Change	% Change
A Cost of raw and other materials	(6,5)	(6,0)	(0,6)	9,6%
B Cost of services	(22,6)	(17,9)	(4,7)	26,3%
C Personnel costs	(27,4)	(26,9)	(0,5)	1,9%
Other operating costs	(1,3)	(1,2)	(0,1)	12,9%
Total Operating costs	(57,9)	(51,9)	(5,9)	11,4%

Comments

A Cost of raw and other materials

- **Cost of raw and other material growth by 9,6%** driven by revenues growth partially compensated by minor costs linked to outsourced perimeter

B Cost of services

- **Cost of services increased by 26,3%**, mainly due to marketing (2,1M increase vs 2018) and cloud infrastructure costs

C Personnel costs

- **Personnel costs increase by 1,9%** benefiting of long cue of last efficiency initiatives

Net financial Position – Q1 2019

 Detailed
 next

Eur Millions	Maturity	Mar. 31, 2019	Dec. 31, 2018	Apr. 04, 2018 Refinancing ⁴
Cash and Bank balances		17.1 M€ ¹	24.6 M€	27.4 M€
Financial Assets		0.2 M€	0.2 M€	0.9 M€
SSFRN Notes ³	2023/2025	-751.4M€	-751.2M€	-750 M€
RCF		0 M€	0 M€	0 M€
Other financial liabilities		-1.4 M€	-0.4 M€	-0.8 M€
Net Financial Position		-735.5 M€	-726.8 M€	-722.5 M€
Leverage ratio		4,84X²	5.44X	5.39X
Finance Leases Liabilities (IFRS16 impact)		-23.0 M€	-24.3 M€	
Net Financial Position (Including IFRS16 impact)		-758.5 M€	-751.1 M€	
Leverage ratio (Including IFRS16 impact)		4.80X²	5.37X	

(1) Cash Balance March 19: equal to 40.4 M€ after +23.3 M€ of WE Effect Riba Normalization (NFP -712.2 M€ after normalization; -735.2 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 5.00X pre IFRS (4.95X after IFRS16 impact)

(3) *Accrued interests included*

(4) *Refinancing: 750 M€ After Refinancing closing dated 04.04.2018. (550 M€ maturity 2023, 200 M€ maturity 2025)*

Cash flow Bridge – Q1 2019

Eur Millions	Description	
Cash Balance Dec18	24,6	
Adj. Ebitda	29,1	
Bad debt	-1,2	
Change of Net Working Capital	-11,5	+11,8M€ considering end Mar'19 week-end effect.
Capex	-7,3	Tangible and intangible assets (-3.7M€) Capitalized development costs (-3.6M€)
Non operating costs	-0,6	
Change in Provision	-2,7	Restructuring costs accrued in 2018 and staff leaving indemnity
M&A Contingent Liabilities to Non-Contr. Shareholder of Subs	-3,8	New M&A and other equity interest acquisitions from minorities
Other financial items	-9,4	Interest on bond, commissions and finance leases reimbursement (IFRS16 impact)
Income tax	-0,1	
Cash Balance Mar19	17,1	40.4M€ considering end Mar'19 week-end effect: as Mar'19 ended on a week-end, bank orders due end March 2019 were shifted to Apr'19 (23.3M €).

Q&A