



| DigiTouch Financial Results H1-2019

Conf Call Meeting

17th September 2019



AGENDA

- **1** Company Profile
- **2** Approval of Financial Statements at 30 June 2019
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-
-
-
-
-
-
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1 • COMPANY PROFILE



ONE OF THE MAIN
INDEPENDENT PLAYER
IN ITALY SPECIALIZED
IN DIGITAL MARKETING
AND DIGITAL
TRANSFORMATION

Integrated Offer:

- ✓ Technology & Data
- ✓ E-commerce & Content
- ✓ Digital Marketing

2007
SET UP
DIGITOUCH

2015
WENT PUBLIC ON
AjM Italia
Borsa Italiana

~ **220**
PROFESSIONALS

2 Milan
OFFICES Rome



MILESTONES

In 12+ years of history

2007

SET UP

➤ **DigiTouch**

2014

ACQUISITION

➤ **Performedia**

2015

SET UP

➤ **Audiens**
➤ **Digital Automotive Solutions**

ACQUISITION

➤ **TheBlogTv Communities**
➤ **Back Office – MutuiperlaCasa.com**
➤ **E3**

STOCK EXCHANGE
on **AIM Italia** market

2016

ACQUISITION

➤ **Open Gate Italia's**
shares

SALES AGREEMENT

➤ **MediaMob** to **Mobyt**

ACQUISITION

Optimized Group

LAUNCH

Of the agency trading
desk **DAPCenter**

2017

LAUNCH

➤ **DigiTouch Consulting**

LAUNCH

➤ **Digital Automotive Solutions**

➤ Strategic and business
PARTNERSHIP
with **IPG**

SALES AGREEMENT

➤ **Audiens** to **Bango**

2018

ACQUISITION

➤ **Purple Ocean**

2019

ACQUISITION

➤ **Meware**

From Digital Marketing Company to FULL DIGITAL PLATFORM COMPANY



Digital Transformation Market in Italy

Growth estimate: 10 billion € within 2020

7,5
billion €
in 2018

In Italy **the investments in Digital Transformation** of medium and large companies have exceeded **7,5 billion** in 2018

10
billion €
in 2020

in Italy **the investments in Digital Transformation** of medium and large companies will exceed **10 billion** in 2020

In 2019, **71% of Italian companies will invest in Digital Transformation**. In 2015 it was 52%.

71%
in 2019

WITH THE LAST TWO ACQUISITIONS (PURPLE OCEAN AND MEWARE), **DIGITOUCH** HAS STEPPED INTO THE MARKET OF DIGITAL TRANSFORMATION AND **HAS DOUBLED ITS ADDRESSABLE MARKET.**



Digital Transformation Market worldwide

Growth estimate: >600 billion \$ within 2023

600
Billion \$
Within 2023

Worldwide Digital Transformation market will double its turnover in 5 years, overpassing 600 billion \$ in 2023 according to some forecasts

Estimated
Growth Rate
for the next
4-5 years

18%

According to the forecasts of International Data Corporation (IDC), **within 2020 at least 55% of organizations will be digitized.**

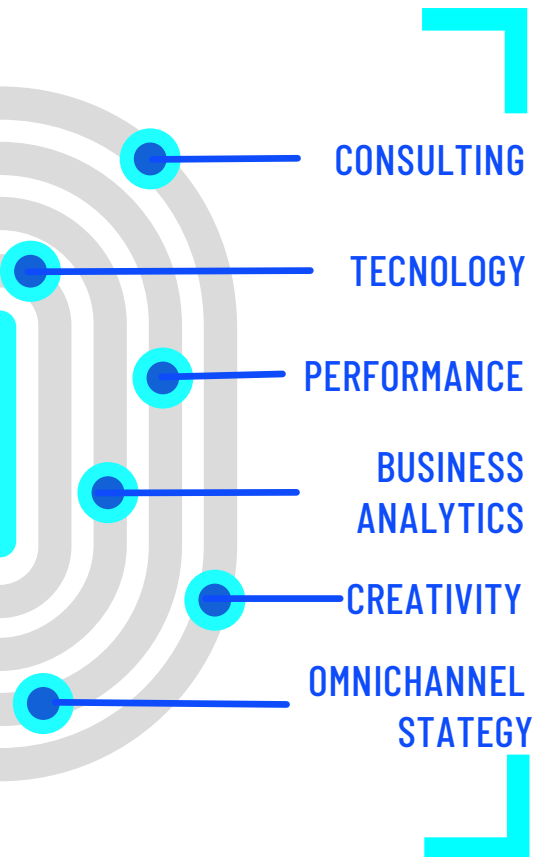
Moreover:

- **80%** of the world's top 2000 companies **will use data management and monetization functions**
- **30%** of them **will have implemented digital** twins of their **operating processes**
- **30%** will allocate around **10% of revenues for digital strategy design**
- **35%** of workers **will use** Bots or other **forms of artificial intelligence**

Source: Market Research Engine and Markets&Markets

GRUPPO DIGITOUCH: FULL DIGITAL COMPANY PLATFORM

The pillars of our approach



				
DIGITAL PR	OMNICHANNEL STRATEGY	SEO ONSITE	PURPLE X	BUSINESS ANALYTICS
SOCIAL MEDIA	MEDIA ADVERTISING	SEO OFFSITE	E-COMMERCE	MACHINE LEARNING
VIDEO & CONTENT MARKETING	MOBILE MARKETING	SEO VOICE SEARCH	MANAGED SERVICED	PROCESS AUTOMATION
SPECIAL PROJECTS	ADDRESSABLE MEDIA	CRO	MOBILE APPLICATIONS	GAMIFICATION PLATFORM
CHATBOT	OFFLINE		WEB SERVICES	DIGITAL ANALYTICS
EXPERIENCE DESIGN				DASHBOARD
UX/UI				



Our market offer in evolution

DIGITAL MARKETING

- 1) Strategy
- 2) Data Driven Media
- 3) Performance
- 4) Analysis Tracking
- 5) SEO & CRO
- 6) Omnichannel Communication

E-COMMERCE & CONTENT

- 1) e-Commerce Solution
- 2) Experience Design
- 3) Social Content
- 4) Data Driven Creativity
- 5) Brand Experience
- 6) Cloud Solutions

TECHNOLOGY & DATA

- 1) Business Analytics
- 2) Artificial Intelligence
- 3) Integration Platforms
- 4) Business Process Automation
- 5) Gamification
- 6) System & Solutions Integration

Focus on Data Driven Customer Experience

PARTNERSHIPS & TECHNOLOGIES

To leverage on market competitiveness

Strategic partnerships

adform

Adobe

adverity

amazon

amazon
web services

ASSOFRANCHISING
ITALIANA

audiens

DoubleClick

entando

f

Google
Partner

Highstreet.io

iab.
italia

BUSINESS PARTNER
e
NETCOMM

ORACLE PARTNER

OSSERVATORI.NET
digital innovation

Power BI

redhat.
READY
BUSINESS PARTNER

sas
Gold
Partner

TIBCO

Own technologies



Chatbot



Risk Management



Pac



Cognitive Platform



Cms Social



BPA



Cms Custom



Sviluppo UX/UI



Dealer Tab



Test Automation



Store Locator



Gamification
Platform iEGP®



Analytics



INTERNATIONAL POSITIONING

Gruppo DigiTouch has partnered with independent international agencies to help brands expand and promote their business abroad.

The Group is able to support national and international clients in digitization and marketing strategies at a global level





The differentiating factors



FOCUS ON DATA-DRIVEN CUSTOMER EXPERIENCE



DATA APPROACH



STRATEGIC PARTNERSHIPS



MULTIDISCIPLINARIES TEAM



COMPETENCES AND CONSULTING MIX



R&D OF INNOVATIVE TECHNOLOGICAL SOLUTIONS

Client portfolio – Full diversification

RETAIL & E-COMMERCE



FINANCE & INSURANCE



TELCO, UTILITIES, SERVICES & TECH



FASHION



PHARMA & HEALTHCARE



TRAVEL, EDUCATION & ENTERTAINMENT



FOOD & BEVERAGE, CONSUMER GOODS



AUTOMOTIVE





2 • APPROVAL OF FINANCIAL STATEMENTS AT 30 JUNE 2019

DigiTouch SpA



**DIGITAL
MARKETING**

**E-COMMERCE
& CONTENT**

**TECHNOLOGY
& DATA**

**Equity method
participation**

Closing H1-2019

Gruppo DigiTouch Profit & Loss

- Total **revenues** amounted to 16.6 million euros, **up 7%** compared to the same period in 18'. In particular, the Adv division and, in particular, the DGT unit suffered from the non-renewal of some customers and therefore saw a 20% decline in the market.
- **Operating costs** decreased by 4% compared to an increase in revenues of 8% but mainly due to a careful policy of increasing efficiency and internalising certain services
- **Personnel costs** increased by 52% essentially due to the enlargement of the scope of consolidation with the inclusion of Meware and Purple Ocean and partly due to the increase in the salaries of the more "top" figures in a logic of retention
- A slight increase in **amortization, depreciation and write-downs** mainly due to the amortization of goodwill of Meware and Purple Ocean to credit risk of around 100 thousand euros
- **Net result** showing a significant improvement compared to the same period of the previous year.

GRUPPO DIGITOUCH – RECLASSIFIED CONSOLIDATED INCOME STATEMENT							
(Million Euro)	H1 2019 [A]	%	H1 2018 [B]	%	Change [A]-[B]	%	
Operating Revenues	15.360	92,4	14.278	91,8	1.082,0	8	
Other Revenues	825	5,0	815	5,2	10,4	1	
Capitalized Costs	435	2,6	453	2,9	(17,9)	(4)	
Total revenues	16.621	100	15.546	100	1.074,5	7	
Operating Costs	10.949	65,9	11.395	73,3	(446,5)	(4)	
Labour Cost	3.108	18,7	2.047	13,2	1.060,6	52	
EBITDA Adjusted	2.564	15,4	2.104	13,5	460,4	22	
Non Recurring Costs	165	1,0	195	1,3	(30,0)	(15)	
EBITDA	2.399	14,4	1.908	12,3	490,4	26	
Depreciation, write-downs, Other provisions and charges	1.577	9,5	1.308	8,4	268,5	21	
EBIT	822	4,9	600	3,9	221,8	37	
Financial Income/(expense)	(212)	(1,3)	(161)	(1,0)	(51,4)	32	
Adjustments on Financial Assets	610	3,7	440	2,8	170,6	39	
Profit before Tax	610	3,7	440	2,8	170,6	39	
Taxes for the year	(209)	(1,3)	(155)	(1,0)	(54,7)	35	
Consolidated Net profit	401	2,4	285	1,8	115,9	41	
<i>Of competence:</i>							
Third-party equity interest	236	1,4	-	0,0	236,463		
n.a. not applicable							



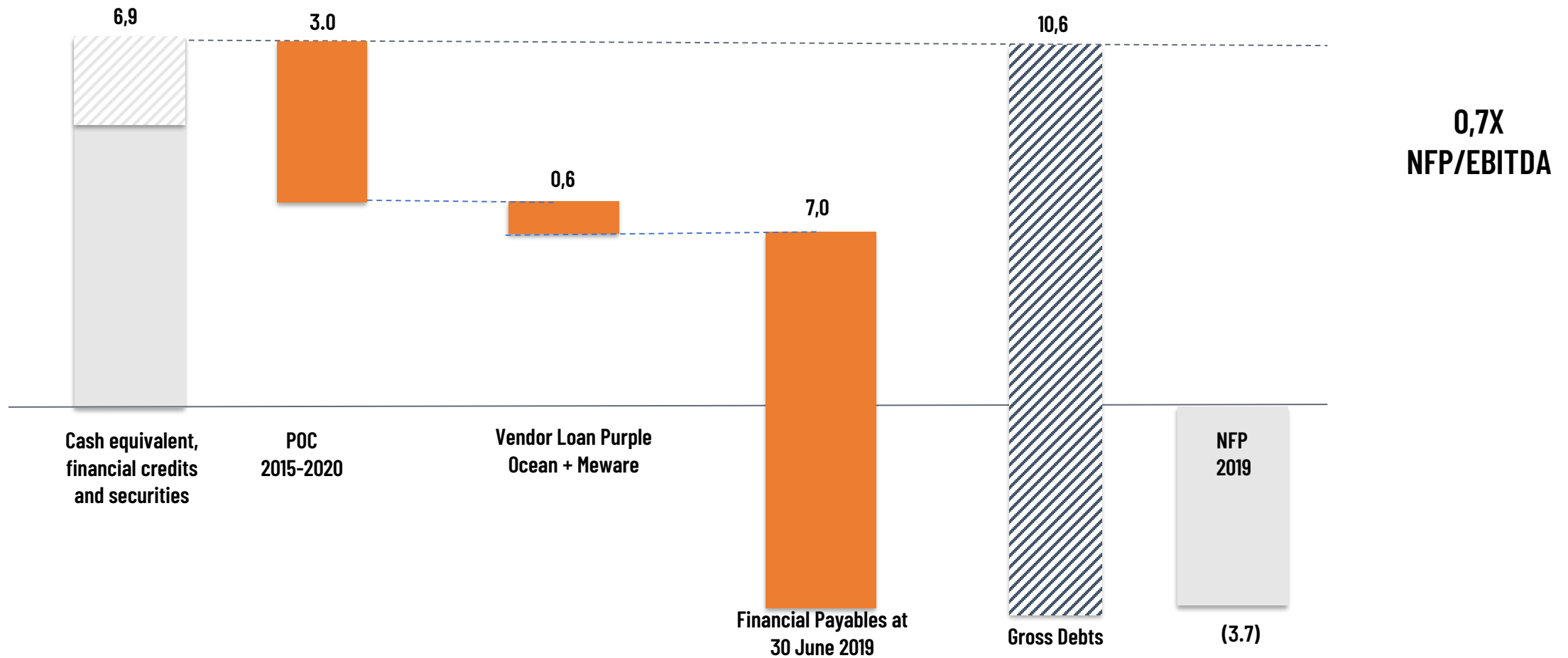
Closing H1-2019

Gruppo DigiTouch Balance sheet

- The **fixed capital** of '19 is up by **0.9 million** net compared to the previous year for the following main reasons: (i) contribution of the newly acquired Meware (0.3 million); (ii) investments in Research and Development activities for 0.4 million; (iii) Meware goodwill accounting for 0.9 million, (v) PPA (Purchase Price Allocation) for 0.4 million (iv) depreciation for 1.3 million.
- The increase in working capital is attributable to the increase in **trade receivables** for a total of 1.9 million euros due to the increase in revenues.
- **Trade payables** show a reduction of 0.5 million as a result of the increasingly efficient management of the supplier base as well as the internalisation of some services previously outsourced
- **Financial Position:** increase of approximately 2.3 million euros determined by the acquisition of Meware financial commitment for about 1.2 million purchase of equity (to which I refer a negative NFP for around 400 thousand euros) and the sharp increase in net working capital (+ 2.1 million euros). Compared to a conservative forecast of EBITDA of around 5 million euros on an annual basis the ratio **NFP/EBITDA = 0,74**

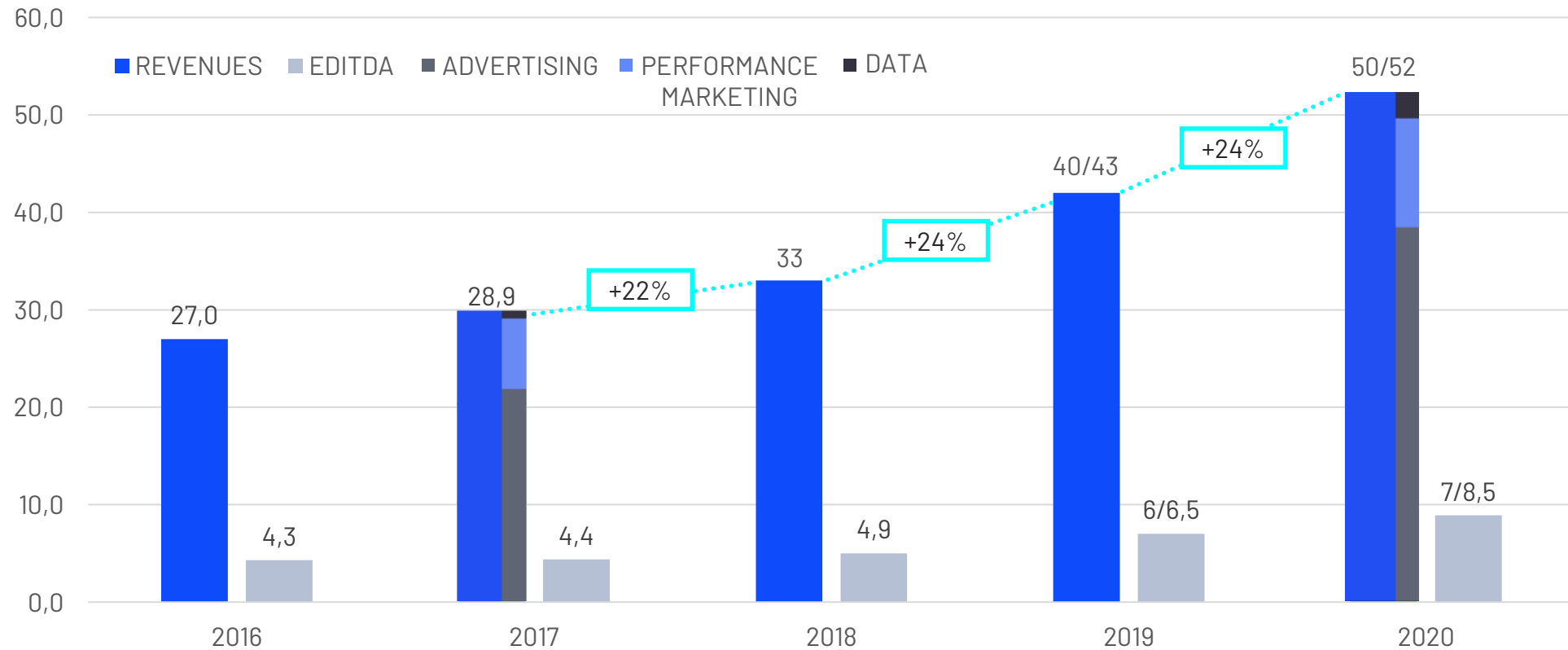
GRUPPO DIGITOUCH - RECLASSIFIED CONSOLIDATED BALANCE SHEET				
(Million Euro)	30-Jun-19 [A]	31-Dec-18 [B]	Change [A]-[B]	%
Fixed Asset	15.143	14.269	874	6,1
Goodwill	9.311	9.148	163	1,8
Development Costs	335	266	68	25,5
Other Intangible Assets	4.927	4.283	645	15,1
Tangible Fixed Assets	368	370	(2)	(0,6)
Financial Fixed Assets	202	202	0,00	
Working Capital	3.978	1.877	2.101	111,9
Commercial credits	14.343	12.392	1.951	15,7
Commercial Debts	(8.649)	(9.166)	517	5,6
Accrued and deferred income and charges	(192)	(587)	395	67,3
Other Assets and Liabilities	(1.523)	(762)	(761)	99,9
Severance Pay	(1.128)	(594)	(533)	89,7
NET INVESTED CAPITAL	17.994	15.552	2.442	15,7
Group Equity	13.917	13.793	124	0,9
Third-party Equity	341	273	68	25,0
Net Assets	14.258	14.066	192	1,4
Financial and bond debts				
- short term	6.792	2.560	4.233	165,4
- long term	3.806	4.896	(1.090)	(22,3)
Cash and Cash Equivalents	(4.575)	(4.070)	(505)	12,4
Securities non instrumental to the operational activity	(1.551)	(1.409)	(142)	10,1
Financial Receivables	(737)	(491)	(246)	50,1
Net Financial Position	3.736	1.486	2.250	151,4
COVERS	17.994	15.552	2.442	15,7
LEVERAGE	0,26	0,11		

Closing H1 2019 – Gruppo DigiTouch Net financial positions



Revenues & MOL progression

DigiTouch business plan 2018-2020

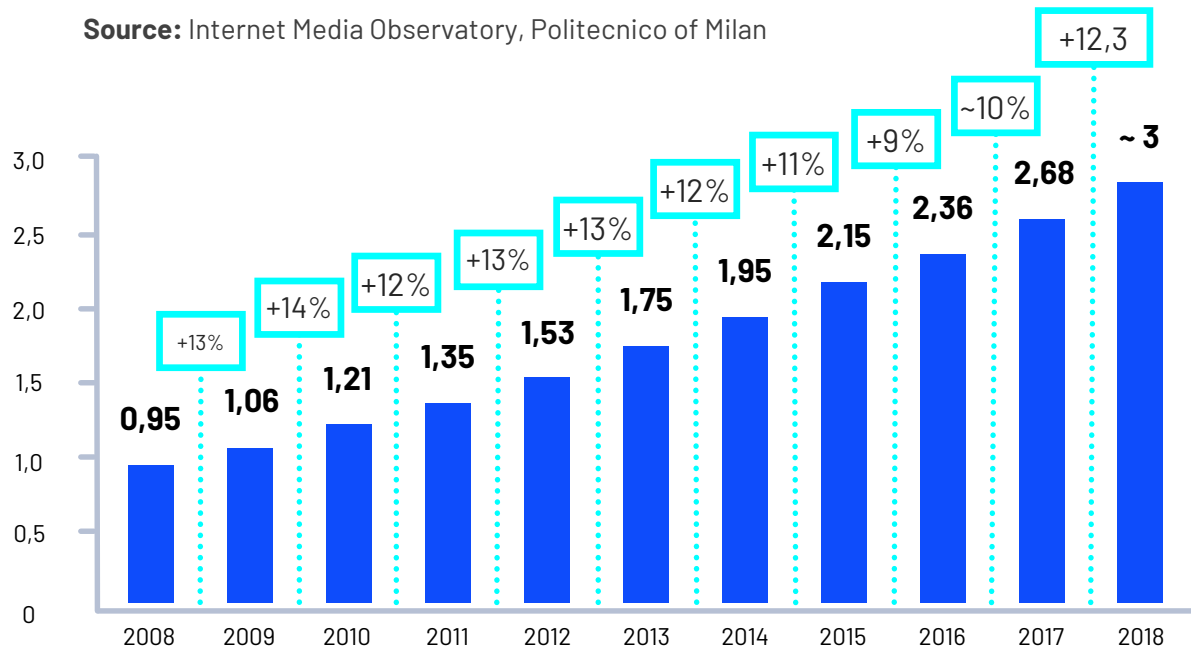


Value in Million Euro

PROGRESSIVE DIVERSIFICATION OF REVENUE STREAMS ON SBUs

Growing primary target market, with potential much larger

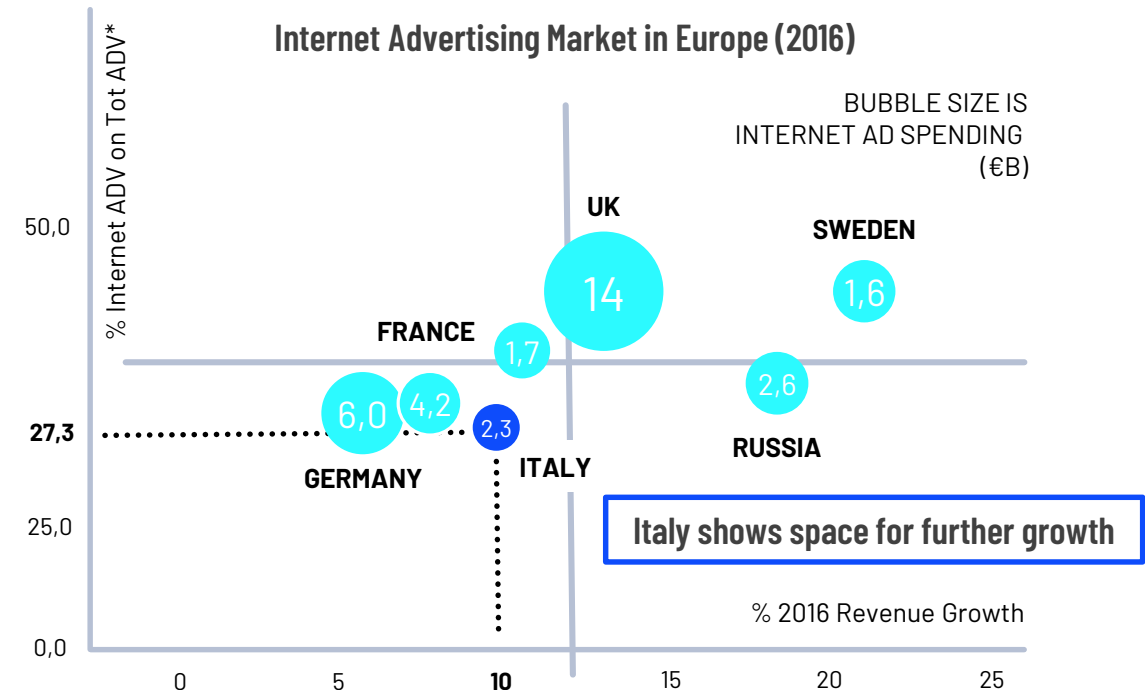
Source: Internet Media Observatory, Politecnico of Milan



INTERNET ADVERTISING MARKET: TRENDS OF GROWTH

50-55% of the turnover is generated by performance advertising activities

Data expressed in billion of Euros



POTENTIAL MARKET

Italy digital marketing market is expected to grow additional 1,5 billions in 5 years

Digital Marketing Competitive Map

LARGE 5 INTERNATIONAL GROUPS

- More than 100 million Euros turnover in Digital
- Complete Product Offer
- Major Large Clients
- Business Development based on tenders

MEDIUM AGENCIES & DIGITAL GROUPS

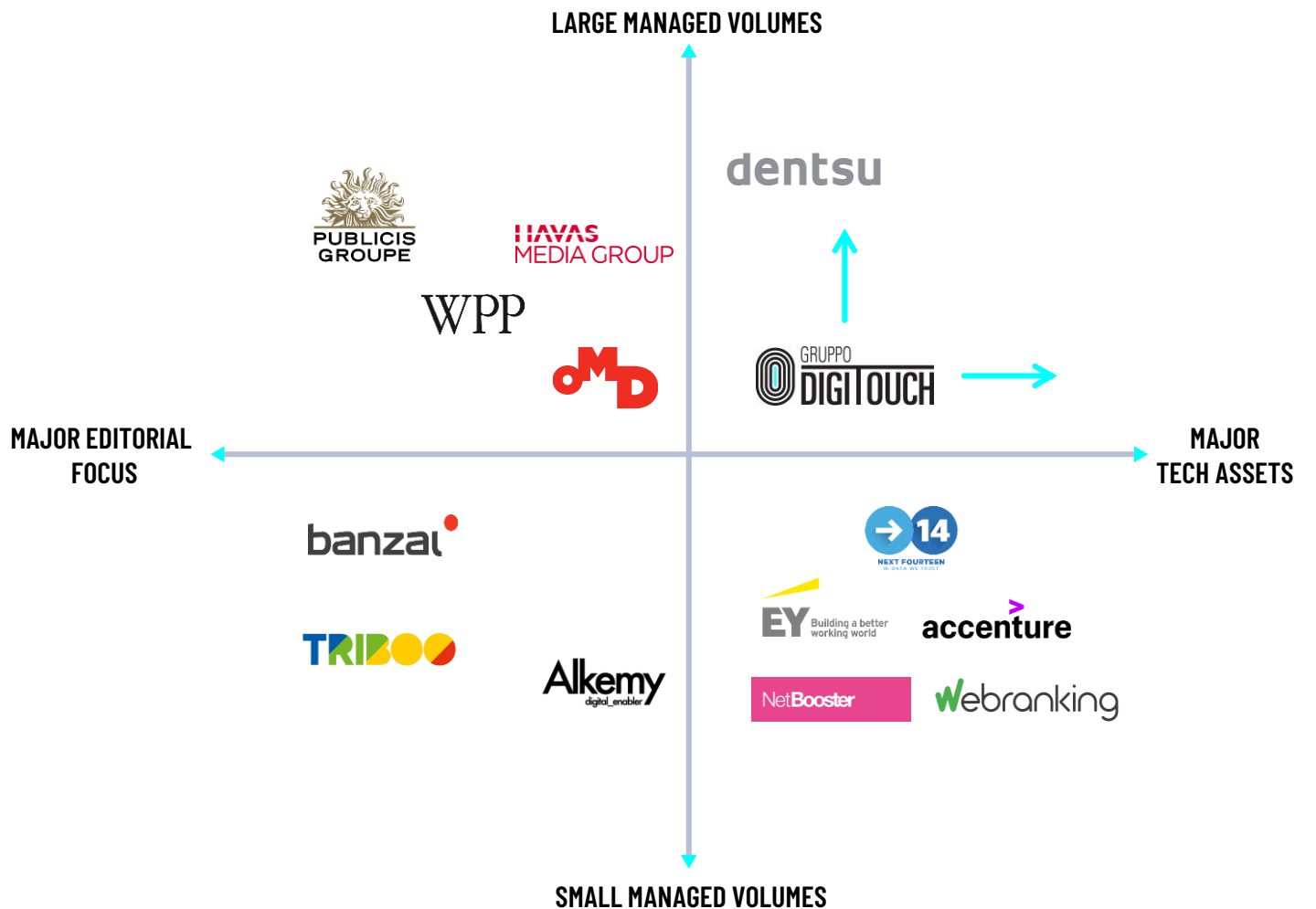
- Between 25 and 50 million Euros turnover
- Complete Product Offer
- Medium Large Clients
- Business Development partially based on tenders

MORE THAN 1.000 SMALL AGENCIES

- Between 1 and 5 million Euros Turnover
- Partial Product Offer
- Small medium Clients
- Business Development based on relationships

MAJOR CONSULTANCY COMPANIES

- Entering the market gradually directly or with M&A





Business priorities

INNOVATE AND UPGRADE THE OFFER!



Omnichannel approach



Data-driven marketing & analytics



Technology services

AGGREGATE!



Increase customer base



Empower SW development capabilities



International expansion



Last deal: Meware

The acquisition of Meware Srl is **the largest deal in DigiTouch's history since the listing date** by size of the acquired company (6,6 million Euro in turnover in 2018 and 90 specialists in big data and business analytics)

Investments in Digital Transformation
in Italy in 2018

> 7,5 billions Euro

Forecast 2020

10 billions Euro

- Source Assintel -

Operation Details:

- Purchase of 60% of the share capital for an equity value of 1,2 million euros
- Cash payment in the next month upon completion of certain conditions precedent through bank lines available to the Company.
- The remaining 40% will be purchased in two tranches by 2021 and 2022 respectively, the valuation of which is based on a multiplier of four times the Gross Operating Margin with the limits set by contract.

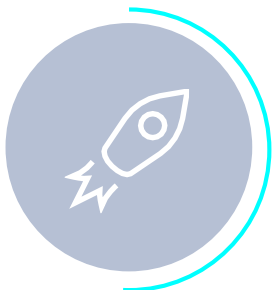
Advantages for the Group:

- Strengthening of the integrated offer and positioning as Full Digital Platform Company;
- Expansion of the customer portfolio with the entry of medium-large brands in the field of financial services, utilities and energy, telecommunications and the Public Administration;
- Activation of important opportunities for commercial and operational synergies in the development of Digital Transformation solutions.



Investment highlights

Winning competitive advantages developed all over the years



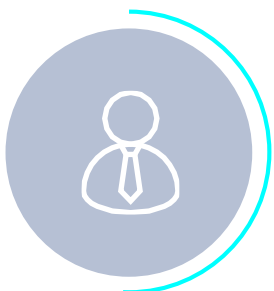
SIGNIFICANT INTERNAL INVESTMENT IN TECHNOLOGY AND BIG DATA

1,0 million on yearly base to 2020



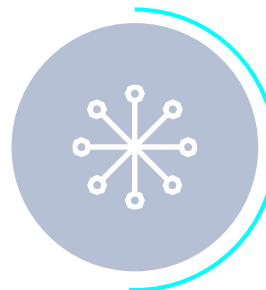
PROGRESSIVE BUSINESS GROWTH

A clients portfolio made of relevant medium and big size clients, with long term relationship
~ 200 clients expected in 2020



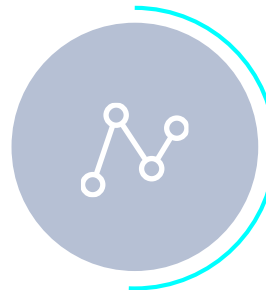
SENIOR TEAM

Top management with outstanding track records in digital marketing, tech services, M&A



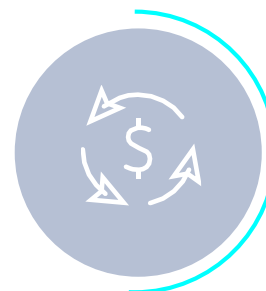
AGGREGATION ROLE

Continuous effort on aggregating marketing potential and market share



MARKET GROWTH, RELEVANCE & POTENTIAL

Expected 3 billions industry only in Italy



MARKET UNDER FAST CONSOLIDATION

Around 70 acquisitions done in Western Europe in H1-2018

THANKS



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