

# EUROTECH

## Interim Management Statement at 31 March 2010

May 17<sup>th</sup>, 2010

DIGITAL TECHNOLOGIES FOR A BETTER WORLD  
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 **EUROTECH**

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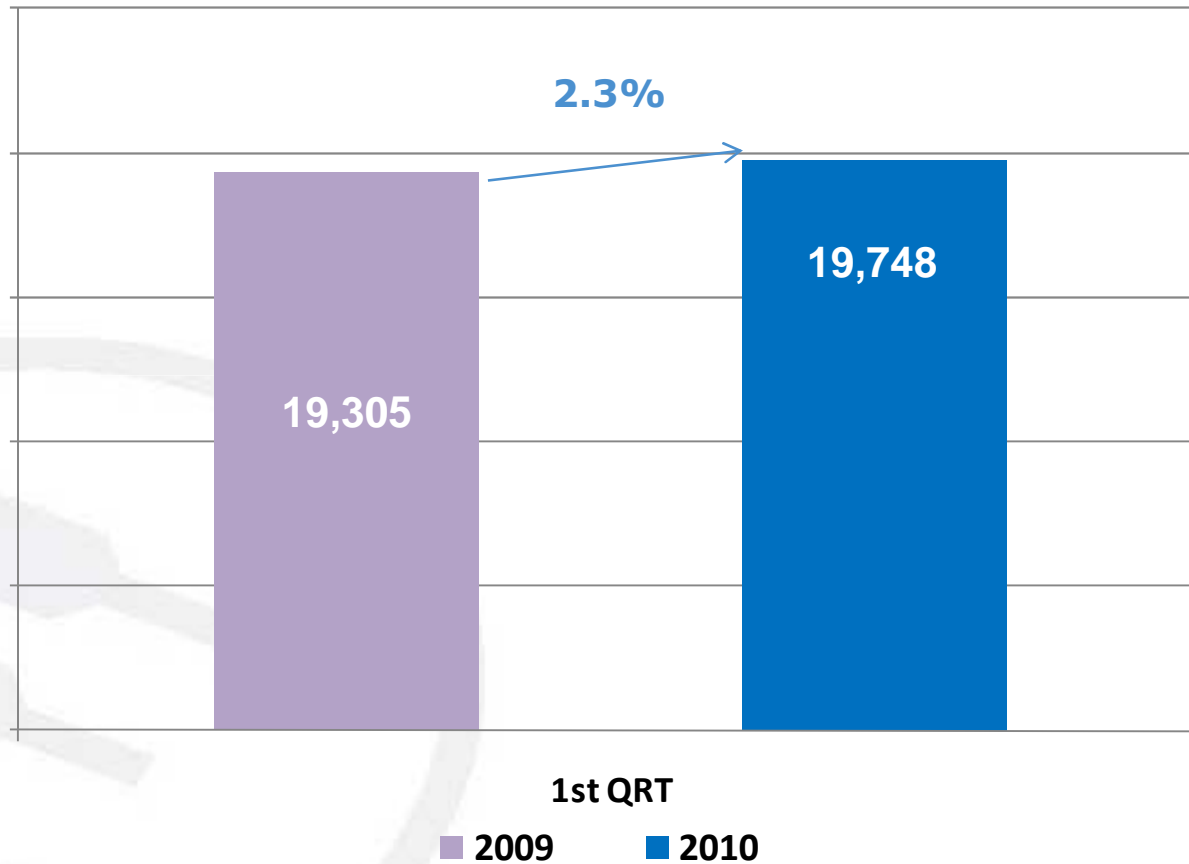
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# FINANCIAL HIGHLIGHTS



# REVENUES

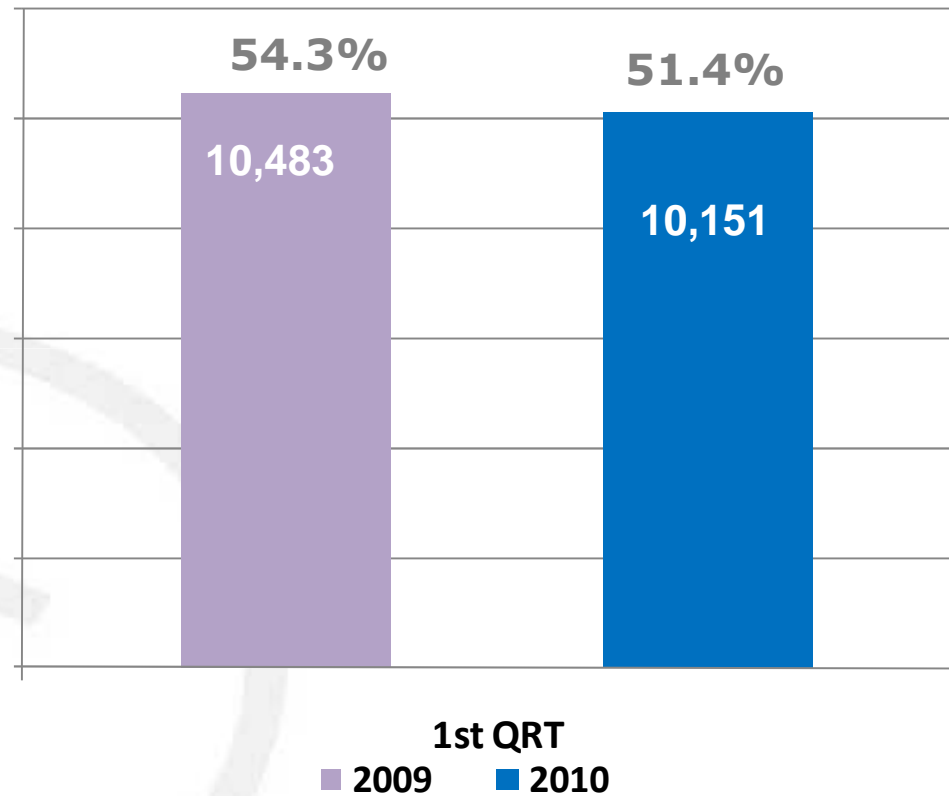
31 March 2009-2010 (€/000)



# GROSS PROFIT MARGIN

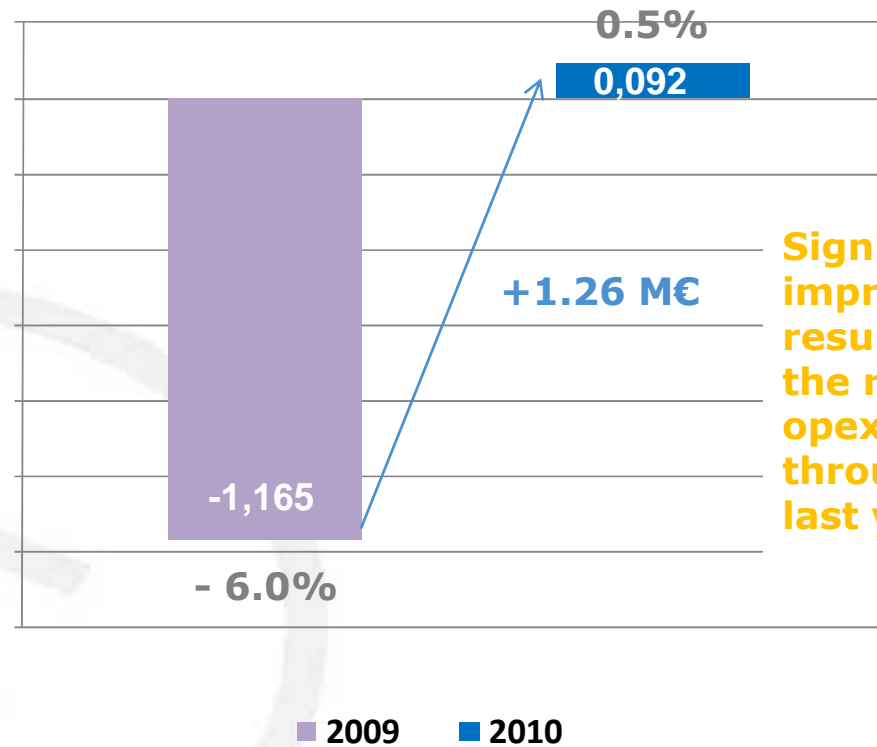
31 March 2009–2010 (€/000)

A change in the sales mix of first 3 months of 2010, compared with the same period of 2009, led to a different contribution to sales of products featuring higher margins.



# EBITDA

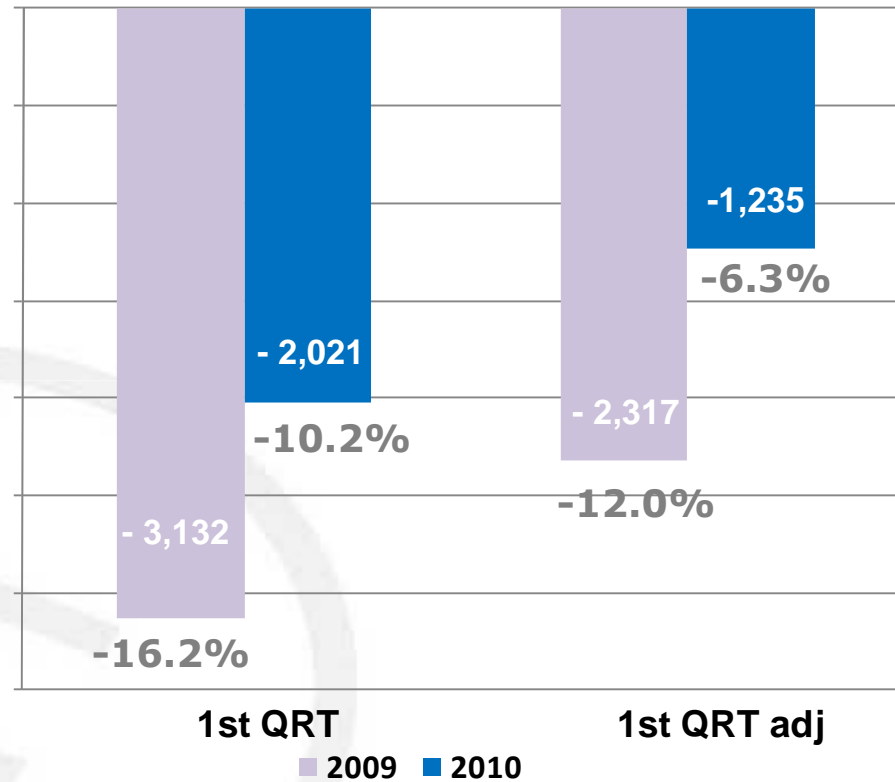
31 March 2009-2010 (€/'000)



**Significant improvement resulting from the reduction of opex achieved throughout last year**

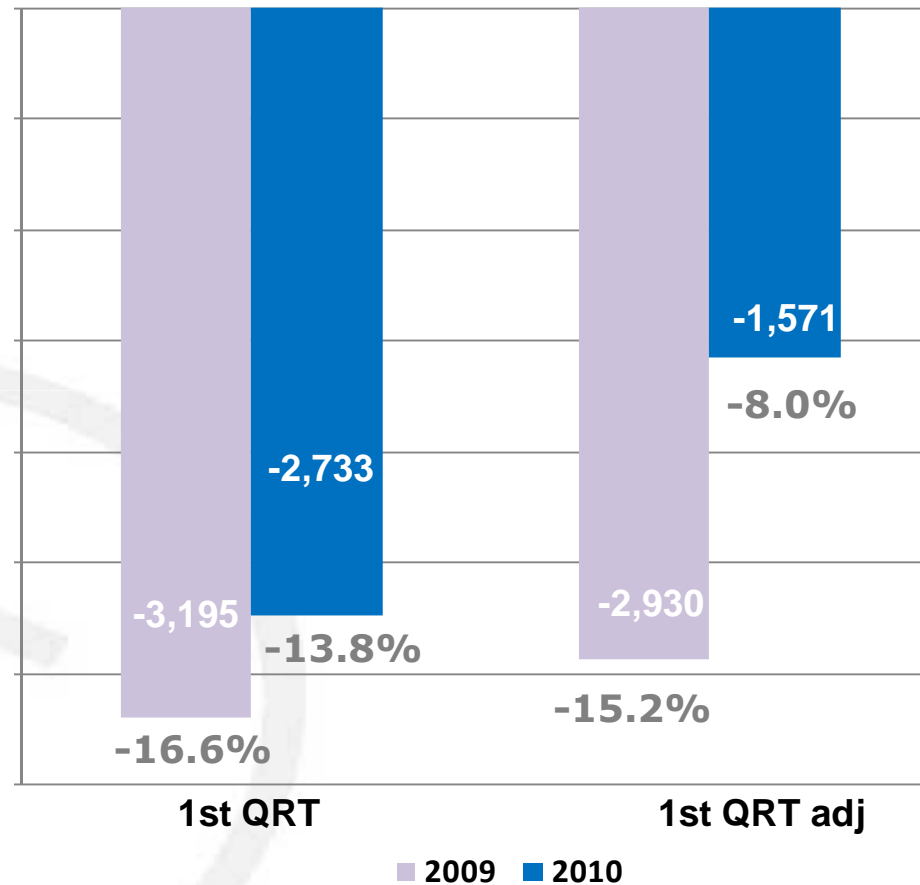
# EBIT

EBIT & EBIT adj , 31 March 2009-2010 (€/000)



# GROUP'S NET RESULT

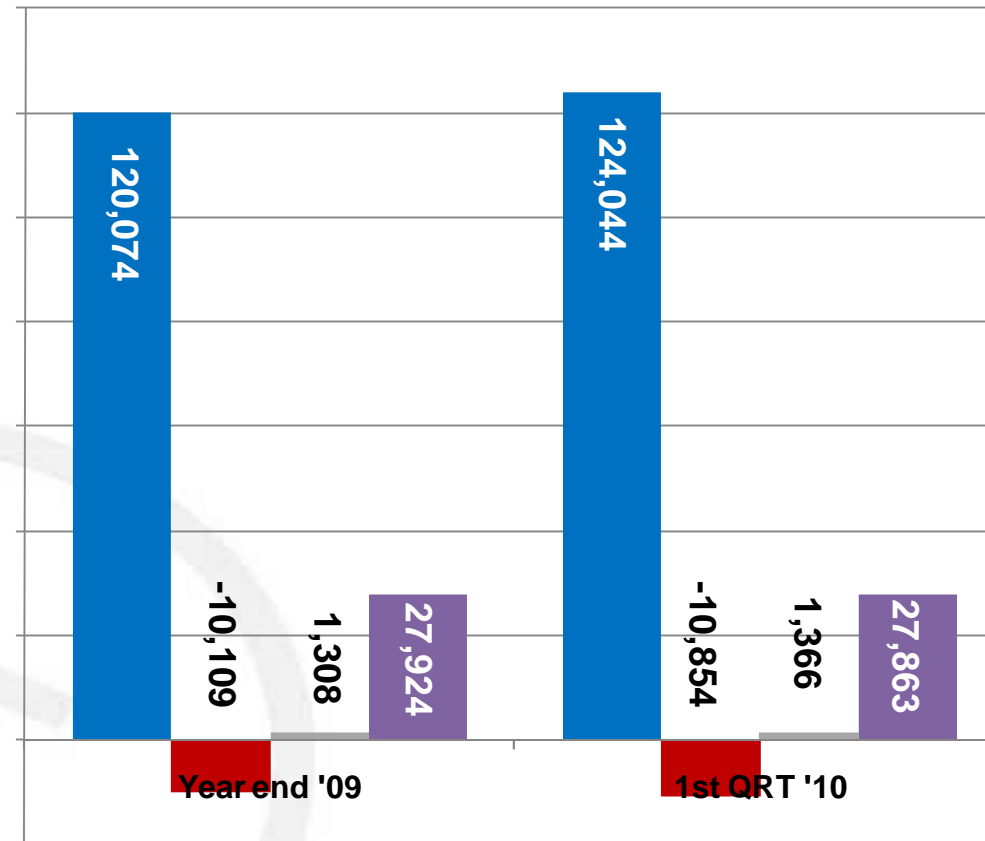
Group's net result & Group's net result adj, 31 March 2009-2010 (€/000)





# EQUITY, CASH AND NET DEBT

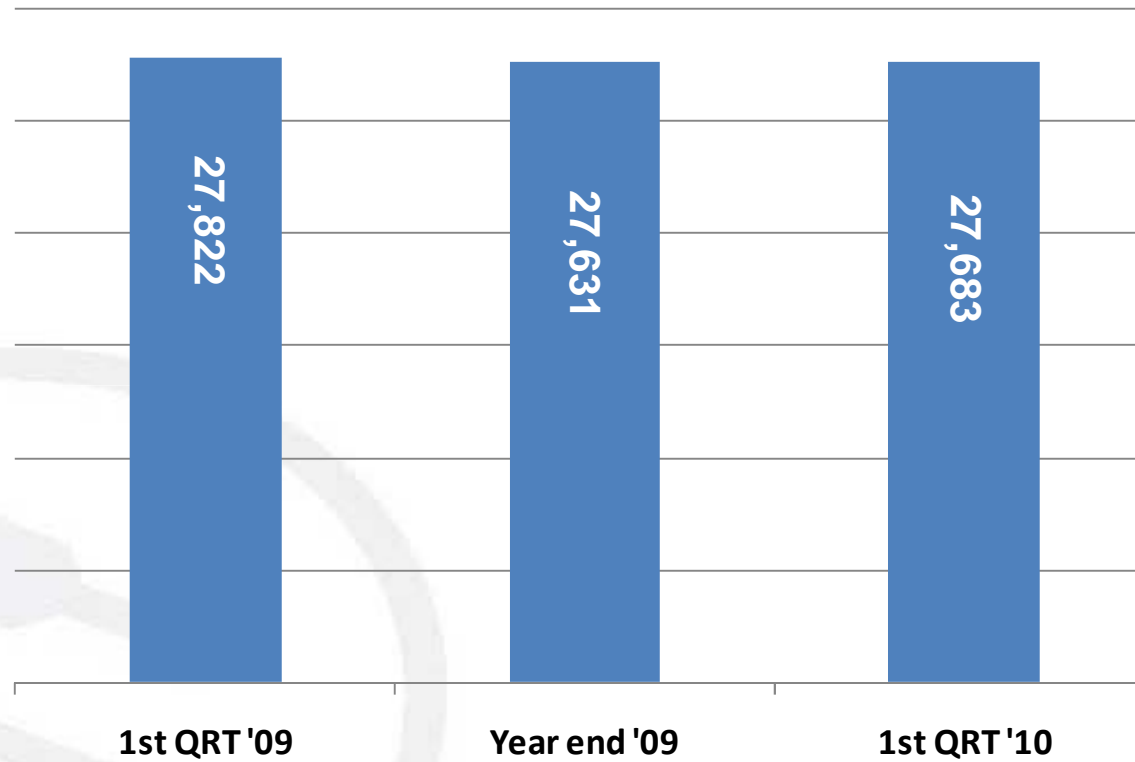
31 December 2009 - 31 March 2010 (€/'000)



- SHAREOLDERS' EQUITY
- NET DEBT
- NET DEBT adj (w/o Business aggregation liabilities)
- CASH & CASH EQUIVALENTS

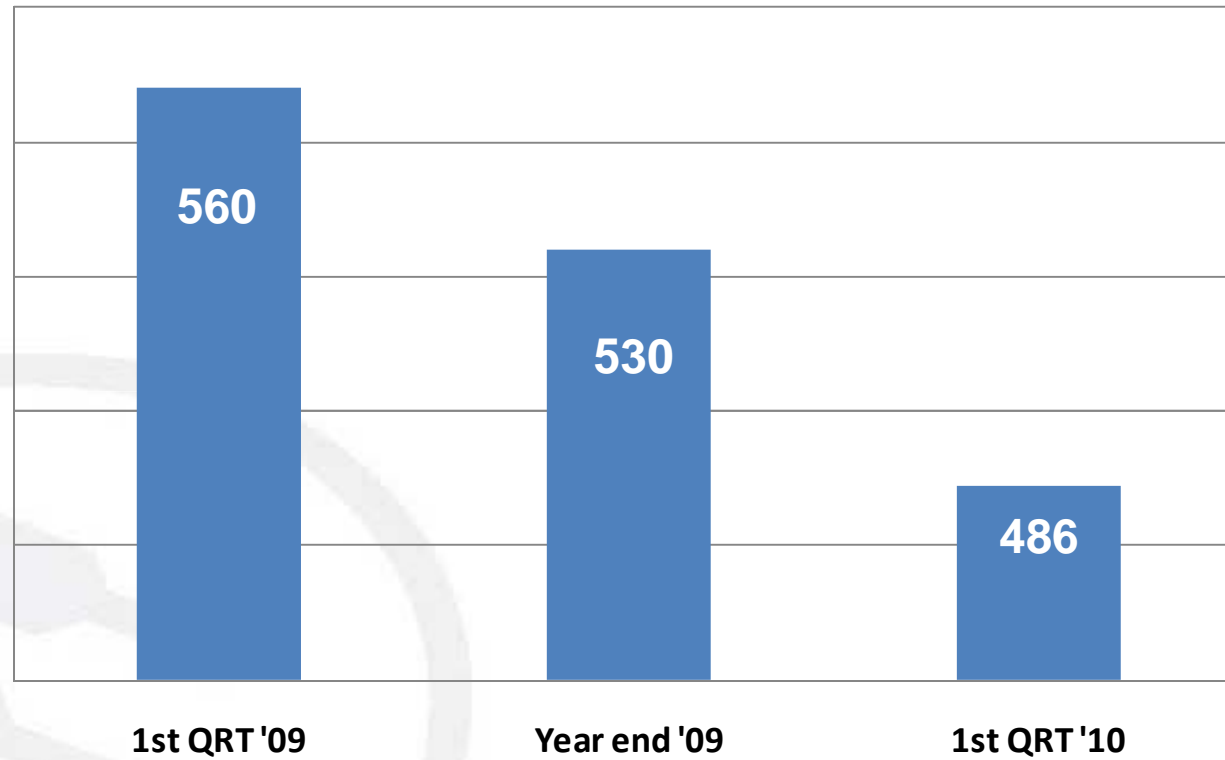
# NET WORKING CAPITAL

31 March 2009 – 31 December 2009 – 31 March 2010 (€/'000)



# EMPLOYEES

Headcount at the end of each period



# CONSOLIDATED INCOME STATEMENT

OPERATING RESULTS €'000	31 March '10	%	31 March '09	%	31 December '10 adjuste	%	31 December '09 adjuste	%
SALES REVENUES	19.748	100,0%	19.305	100,0%	19.748	100,0%	19.305	100,0%
GROSS PROFIT	10.151	51,4%	10.483	54,3%	10.151	51,4%	10.483	54,3%
EBITDA	92	0,5%	(1.165)	-6,0%	92	0,5%	(1.165)	-6,0%
EBIT	(2.021)	-10,2%	(3.132)	-16,2%	(1.235)	-6,3%	(2.317)	-12,0%
PROFIT (LOSS) BEFORE TAXES	(2.378)	-12,0%	(2.967)	-15,4%	(858)	-4,3%	(2.338)	-12,1%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(2.733)	-13,8%	(3.195)	-16,6%	(1.571)	-8,0%	(2.930)	-15,2%

# CONSOLIDATED BALANCE SHEET

(€'000)	at March 31, 2010	at December 31, 2009
<b>ASSETS</b>		
Intangible assets	111.029	106.170
Property, Plant and equipment	6.810	6.858
Investments in affiliates companies	1.503	1.381
Investments in other companies	255	243
Deferred tax assets	1.316	1.172
Other non current financial assets	236	236
Medium/long term borrow ing allow ed to affiliates companies	518	511
Other non-current assets	826	791
<b>Total non-current assets</b>	<b>122.493</b>	<b>117.362</b>
Inventories	19.072	17.060
Contracts in progress	1.124	819
Trade receivables	22.526	23.035
Income tax receivables	4.571	5.627
Other current assets	2.467	1.882
Cash & cash equivalents	27.863	27.924
<b>Total current assets</b>	<b>77.623</b>	<b>76.347</b>
<b>Total assets</b>	<b>200.116</b>	<b>193.709</b>

(€'000)	at March 31, 2010	at December 31, 2009
<b>LIABILITIES AND EQUITY</b>		
Share capital	8.879	8.879
Reserves	111.904	108.017
<b>Group shareholders' equity</b>	<b>120.783</b>	<b>116.896</b>
<b>Equity attributable to minority interest</b>	<b>3.261</b>	<b>3.178</b>
<b>Total shareholders' equity</b>	<b>124.044</b>	<b>120.074</b>
Medium-/long-term borrow ing	2.391	2.417
Employee benefit obligations	1.697	1.609
Deferred tax liabilities	11.223	10.854
Other non-current liabilities	1.604	1.600
Business combination liabilities	0	989
<b>Total non-current liabilities</b>	<b>16.915</b>	<b>17.469</b>
Trade payables	15.951	14.171
Short-term borrow ing	24.274	24.488
Derivative instruments	586	458
Income tax liabilities	637	1.766
Other current liabilities	5.489	4.855
Business combination liabilities	12.220	10.428
<b>Total current liabilities</b>	<b>59.157</b>	<b>56.166</b>
<b>Total liabilities</b>	<b>76.072</b>	<b>73.635</b>
<b>Total liabilities and equity</b>	<b>200.116</b>	<b>193.709</b>

# GROWTH DRIVERS FOR 2010



## Defence market

- The area of unmanned vehicles is getting more and more attention, not only in the US.
- We are already active in both UGVs and UAVs (e.g.: Parvus' involvement in the UAV Excalibur made by Aurora Flight Sciences)
- On the other side, the net-centric approach to military and non-military operations requires all units on-field needs to be able to communicate each other and with the control center: this is driving the demand of Mobile Access Routers (MARs), that is one of our specialties.

# Transportation market

- Our experience in MARs can be applied also to the transportation market
- Movement in US to increase the use of public transportation:
  - investments to add value to bus trips & train trips
  - we have all HW&SW platforms to build up a wireless connectivity within a vehicle
  - we have already done this: more than 1 million US commuters connected to internet thanks to our platforms
- Installed on a bus, a MAR can enable also wireless communication with diverse on-board systems, such as vehicle diagnostics, GPS, and fare collection. In this way a bus becomes a monitored asset.



# Industrial market

- Some segments of the industrial market are showing clear signs of recovery
- Capex in the semiconductor industry will grow about 20-25% in 2010 and the same will happen in 2011, according to all major market studies plus most of big players' forecasts
- Revamping of buildings to make them more “green” through injection of digital technologies will benefit in USA of government investment valued at about \$7 billion – and we are already a supplier of the biggest player in this market.

# Medical & Healthcare market

- The whole healthcare system is evolving
- A lot of investments are being injected into initiatives to reduce costs while improving the quality of the service
- More and more money will be spent to cure patients in their homes
- In this scenario, Eurotech can offer:
  - a) the computing engine of low-power, robust and reliable mobile devices to keep patients' status under control
  - b) specific HW&SW like our Helios product line to build communication platforms to connect the center with the periphery and viceversa.

# Energy market

- Communication platforms to connect the center with a lot of devices spread within an area can be used also in Smart Grid application to:
  - provide automatic meter reading without a visit to the local property
  - enhance the ability to respond promptly to meter service requests
  - allow customers to access online tooling to monitor energy use
  - offer innovative rate options that meet the clients' lifestyle to better manage their energy usage and bill.

## Upsides expected from the HPC market

- Another area of business in which we expect to grow is HPCs (High Performance Computers)
- Last year Aurora achieved a big success at the International Supercomputer Conference (ISC) held in Hamburg in June, and again at the Supercomputer Conference held in Portland in November
- This year we should be well positioned to gain traction, at least on the order intake
- Also a single blade of the Aurora supercomputing architecture is a product itself: it can be used as a high-end SBC to be applied in image processing (e.g. in medical diagnostic equipment, data fusion etc) or in high speed communications.