

Imagine. **Build.** Succeed.

# Investors' Meeting

STAR CONFERENCE,  
MILAN

27 March 2018

## Presenters:

Roberto Siagri : CEO

Sandro Barazza : CFO

Andrea Barbaro : IRM

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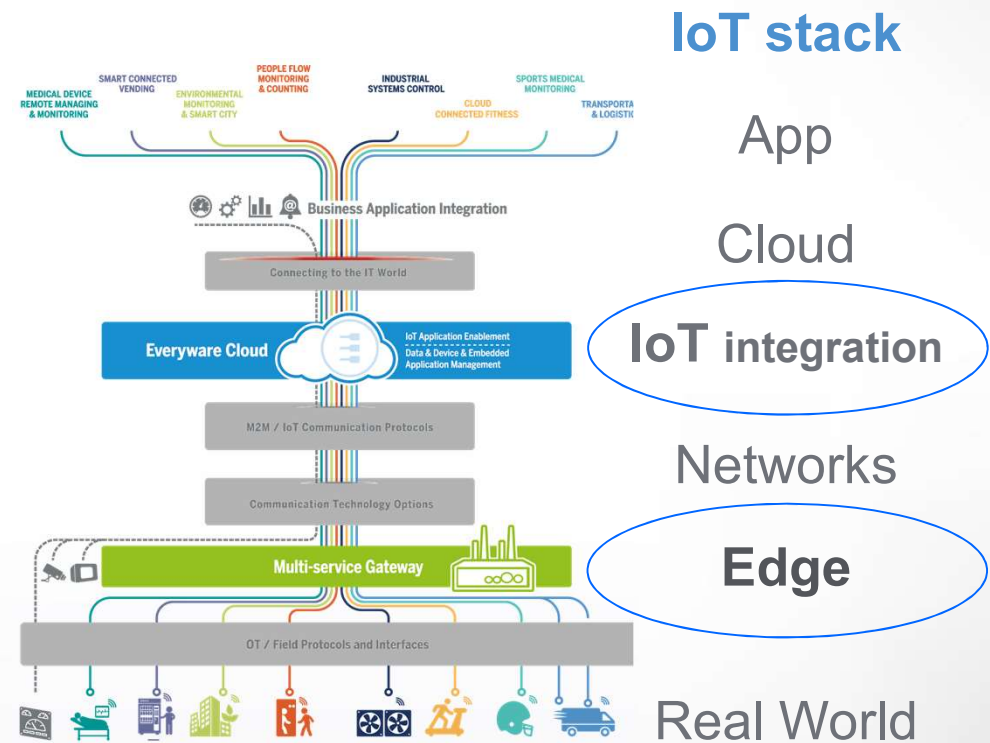
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# THE VISION: Pervasive & Ubiquitous Computing

**Computers will be increasingly miniaturised and interconnected**

They weave themselves into the fabric of everyday life until they are indistinguishable from it

**IoT**  
is how  
**Computer's Ubiquity**  
(Cloud Computing)  
and  
**Pervasiveness**  
(Embedded PCs)  
are merging to enter  
into the real world.

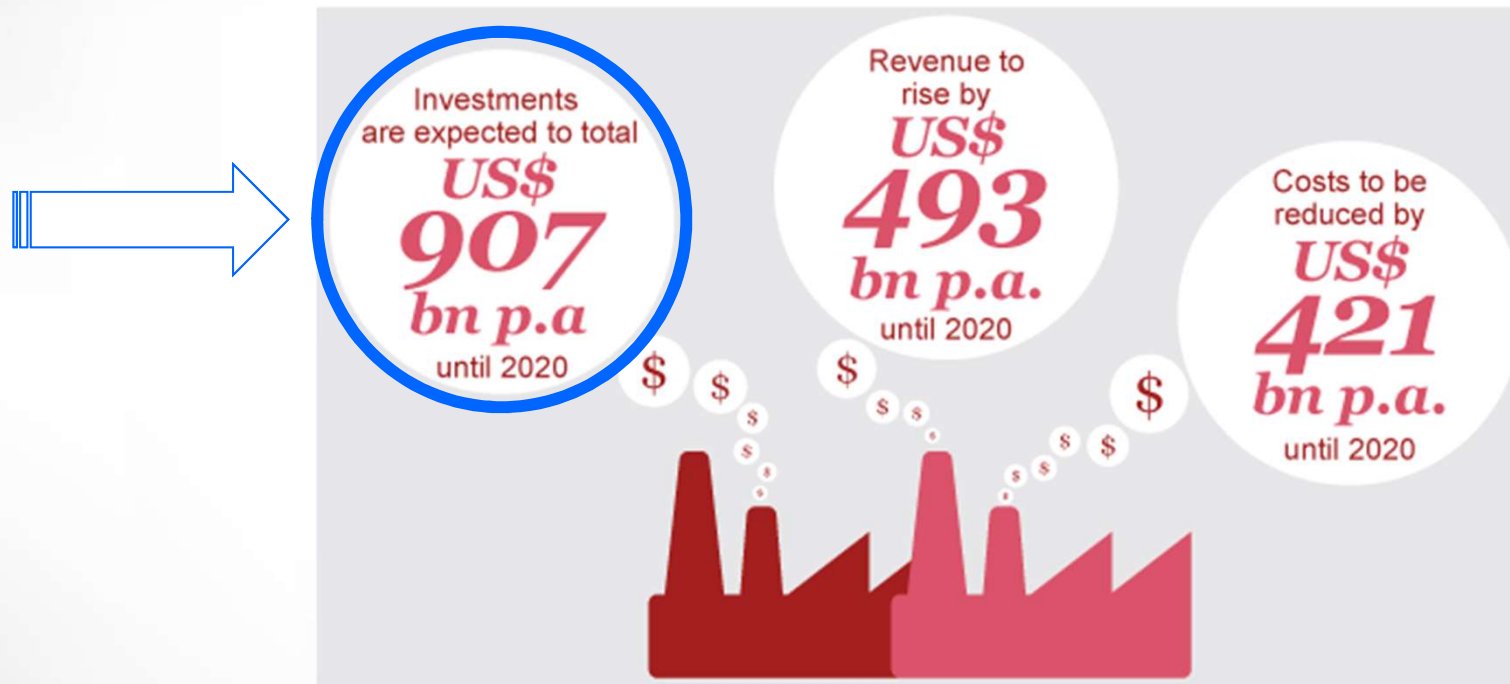


While cloud computing isn't going away, the first signs that it's becoming "yesterday's" technology are here. The next thing is called "edge computing,"

Peter Levine - partner at Andreessen Horowitz.

# THE BUSINESS IDEA: FedEx-ing Data

Zillion of Data produced every day have to be collected at the Edge and made available, in real time, to Business Applications through IoT infrastructures



## Edge Computing is the New Black in Embedded Computing

“Edge Computing” is opening a new era of technology innovation and growth. It represents an amalgam of ‘field’ hardware, software, networking, security and IT integration

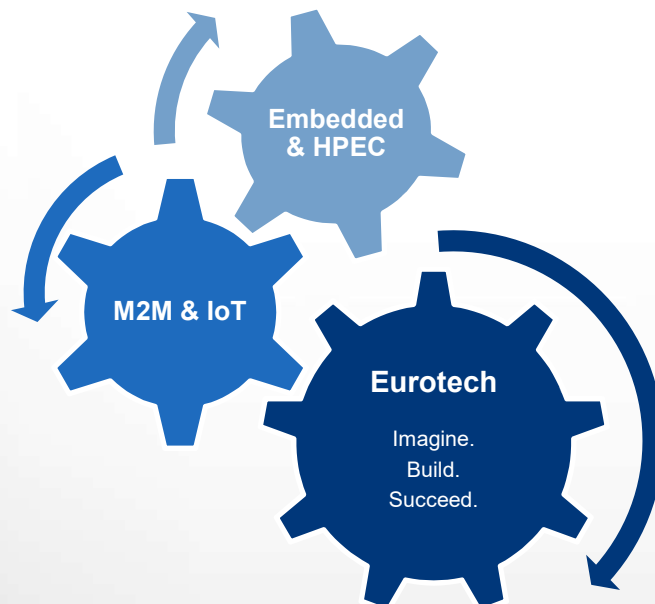
# THE MISSION

Addressing the needs  
of an Interconnected Planet

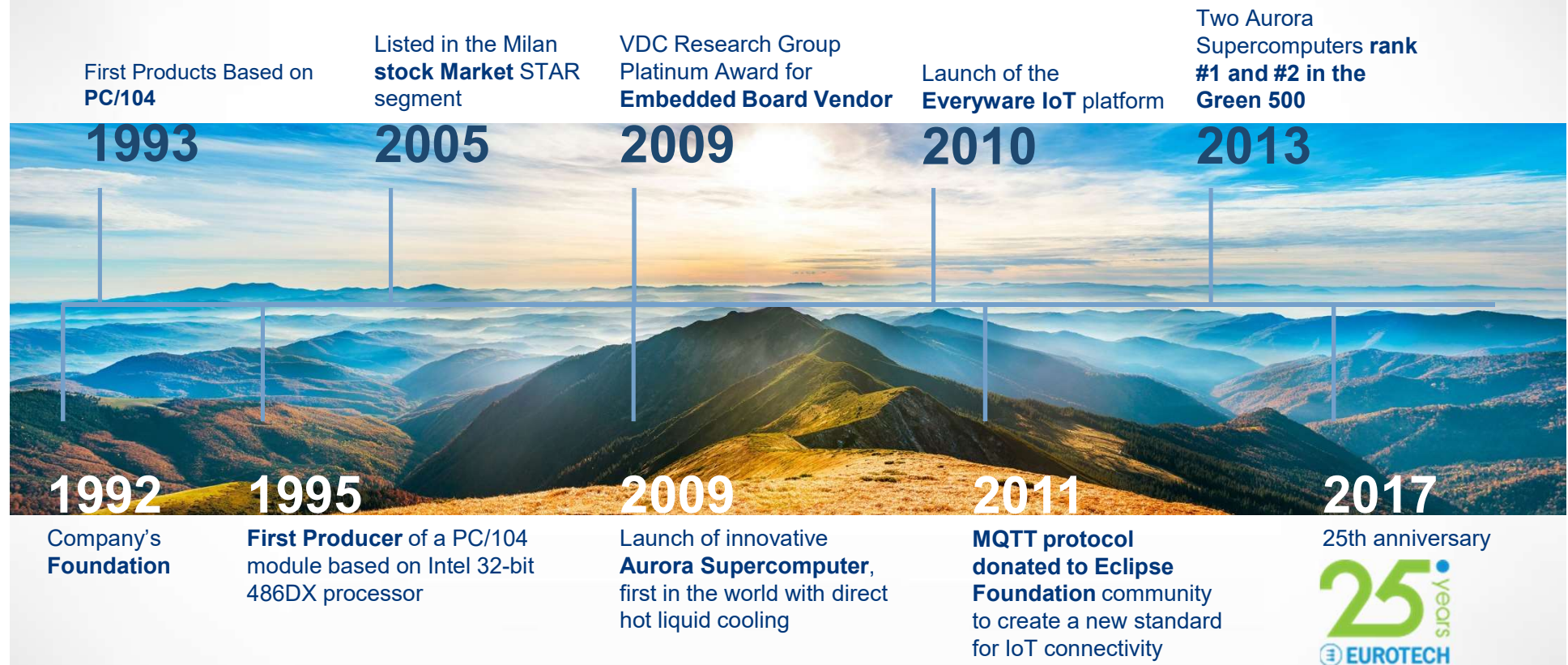
- Intelligent Autonomous Machines
- Machine to Machine
- Human to Machine

Enabling our customers to focus  
on their core competencies

- Faster Time to Market
- Lower Total Cost of Ownership



# Overview of Eurotech History



Proven experience and innovation in low power, high performance **Embedded Computers** and **IoT platform components**

# Quick Facts

**Trusted top player in the Embedded Computers market – Standard/COTS/Custom**

**Capable of merging HPC technology with Embedded to create High Performance Embedded Computers (HPECs)**

**Strong vertical market competencies**

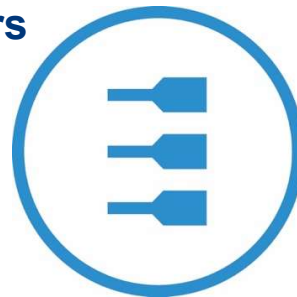
**Behind the products of more than 20 Global 500**

**20+ Years of experience in distributed systems and M2M**

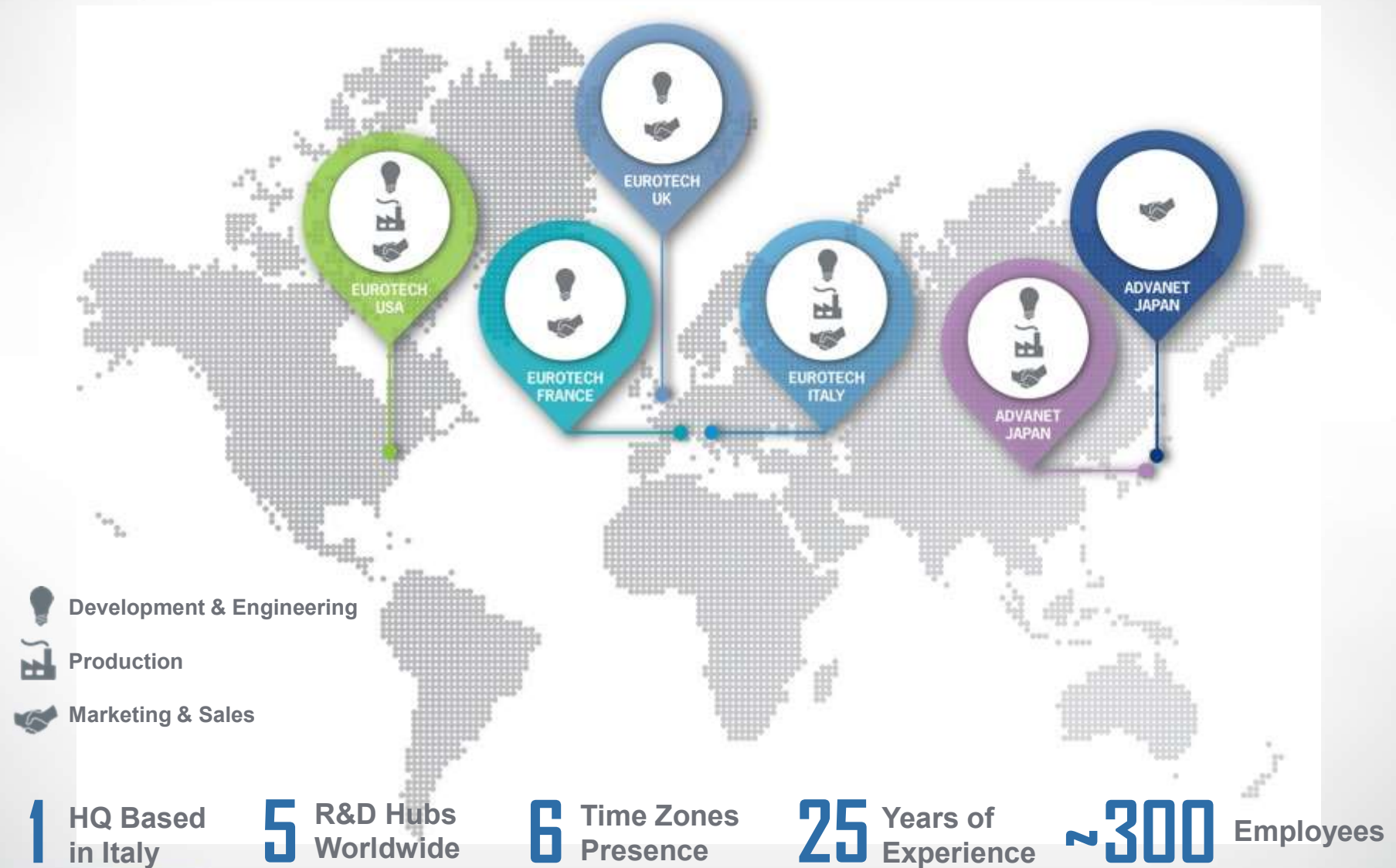
**Leading innovator in OT-to-IT integration: Industrial IoT gateways, High Performance Edge-computers, Device Management SW framework and IoT integration SW platform**

**Public Company, in the STAR segment of Borsa Italiana (Bloomberg: ETH:IM; Reuters: E5T.MI)**

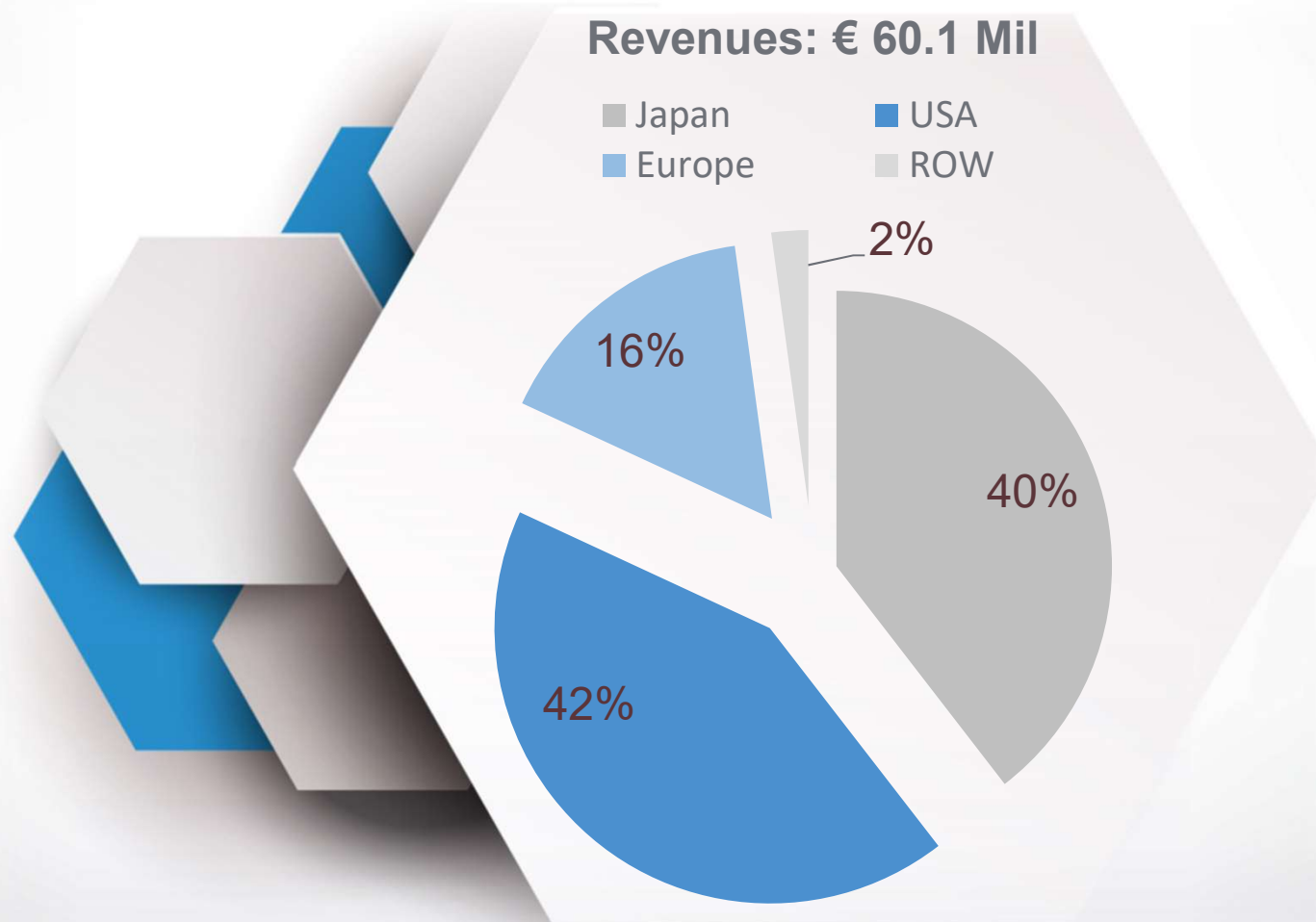
**Member of the UN Global Compact**



# Global Footprint



# 2017 Revenues by Geography



# The Essence of Eurotech's Offering

## PROVEN



- Broad standard products portfolio
- Ready-to-use building blocks
- Integrated hardware / software
- Proven vertical references
- Optimized development cycle
- Committed to Open Standards

## GLOBAL



- Ready for global deployment
- Pre-certified for industry verticals
- Compliant with regional norms
- Global operations and shipment
- Worldwide service and support

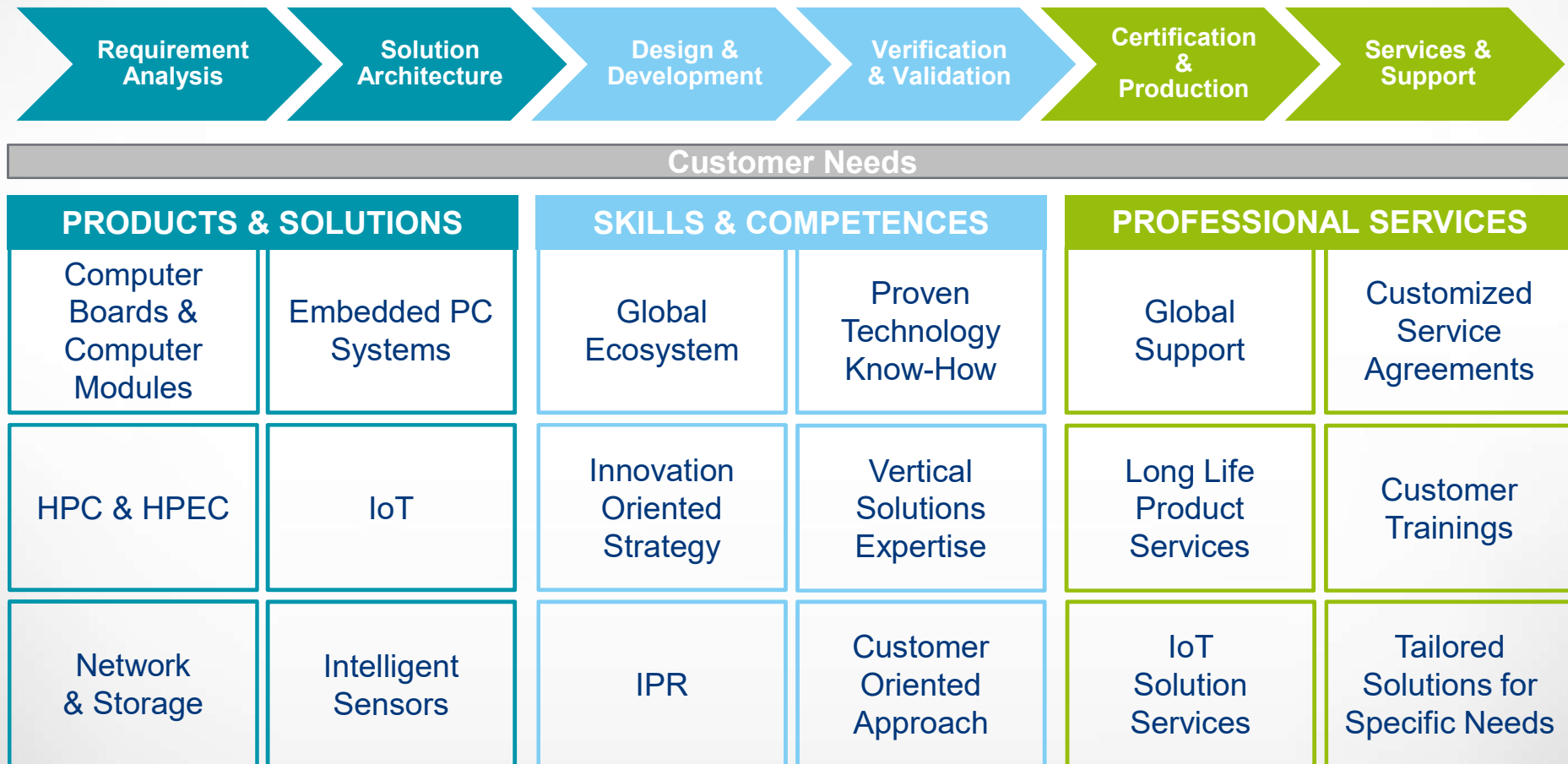
## LONG-LIFE



- Long life cycle product services
- Designed for extended reliability
- Obsolescence management
- End-of-life management
- Form/fit/function replacements/upgrades

# The Unique Eurotech's Value Proposition

We help Customers to focus on their core competencies



# Product Portfolio



**Boards & Modules**



**Systems**



**Networking & Storage**



**HPEC**

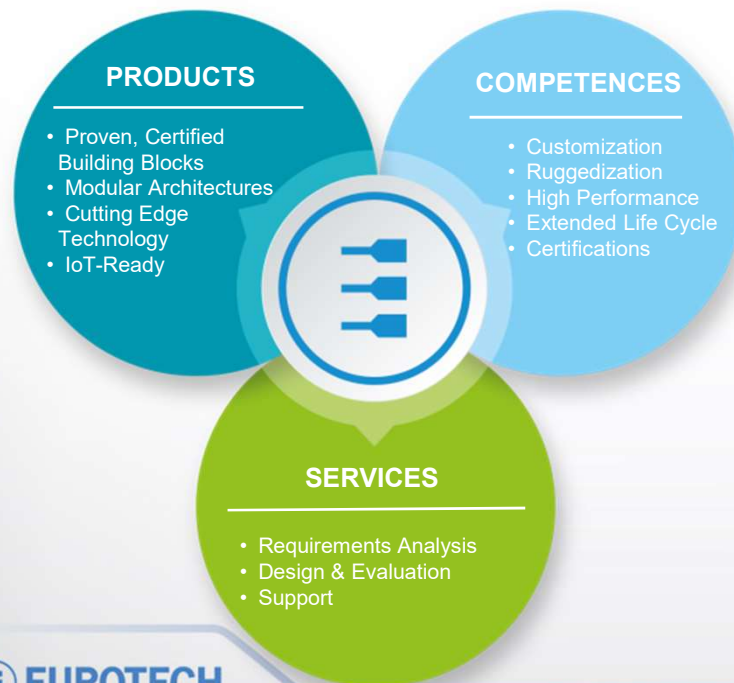


**Intelligent Sensors**

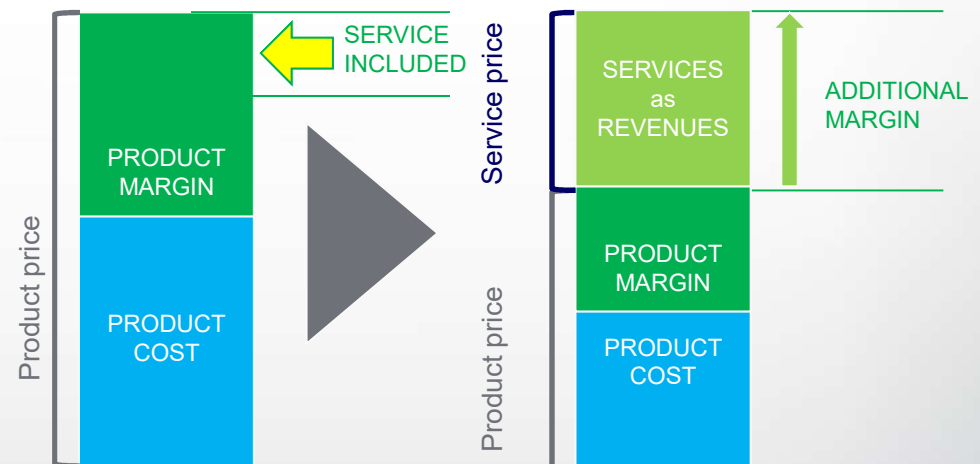


**IoT**

a Unique Value Proposition



From:  
Service Included in the Products  
To:  
Service as Revenues and Products as Commodities



# Vertical Markets



## Industrial & Automation

Industry 4.0

Machine  
Diagnostics

Real-time  
Equipment  
Monitoring

Industrial  
Automation  
Control

Supply Chain  
Management



## Transportation & Mobility

Automotive/  
Autonomous  
Driving

Smart  
Agricultural

Driverless  
Tractor

Public Transport

Rolling Stock

Fleet  
Management



## Energy & Utilities

Smart Grid

Energy  
Automation

Intelligent  
Buildings

Power  
Distribution

Electric Mobility



## Defense & Aerospace

Armored  
Vehicles  
Monitoring

Unmanned  
Ground Vehicles  
Monitoring

Helicopters and  
Aircrafts  
Monitoring  
Building Blocks



## Medical & Healthcare

Home HealthCare  
Monitoring

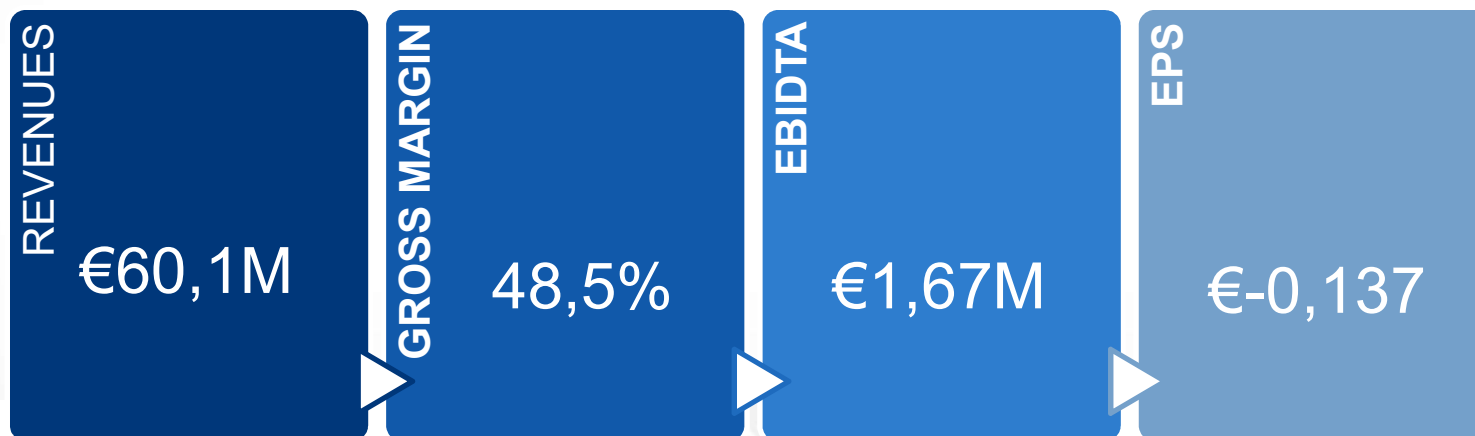
Hospital Equipment  
Monitoring

Portable Medical  
Devices

Home Medical  
Gateways

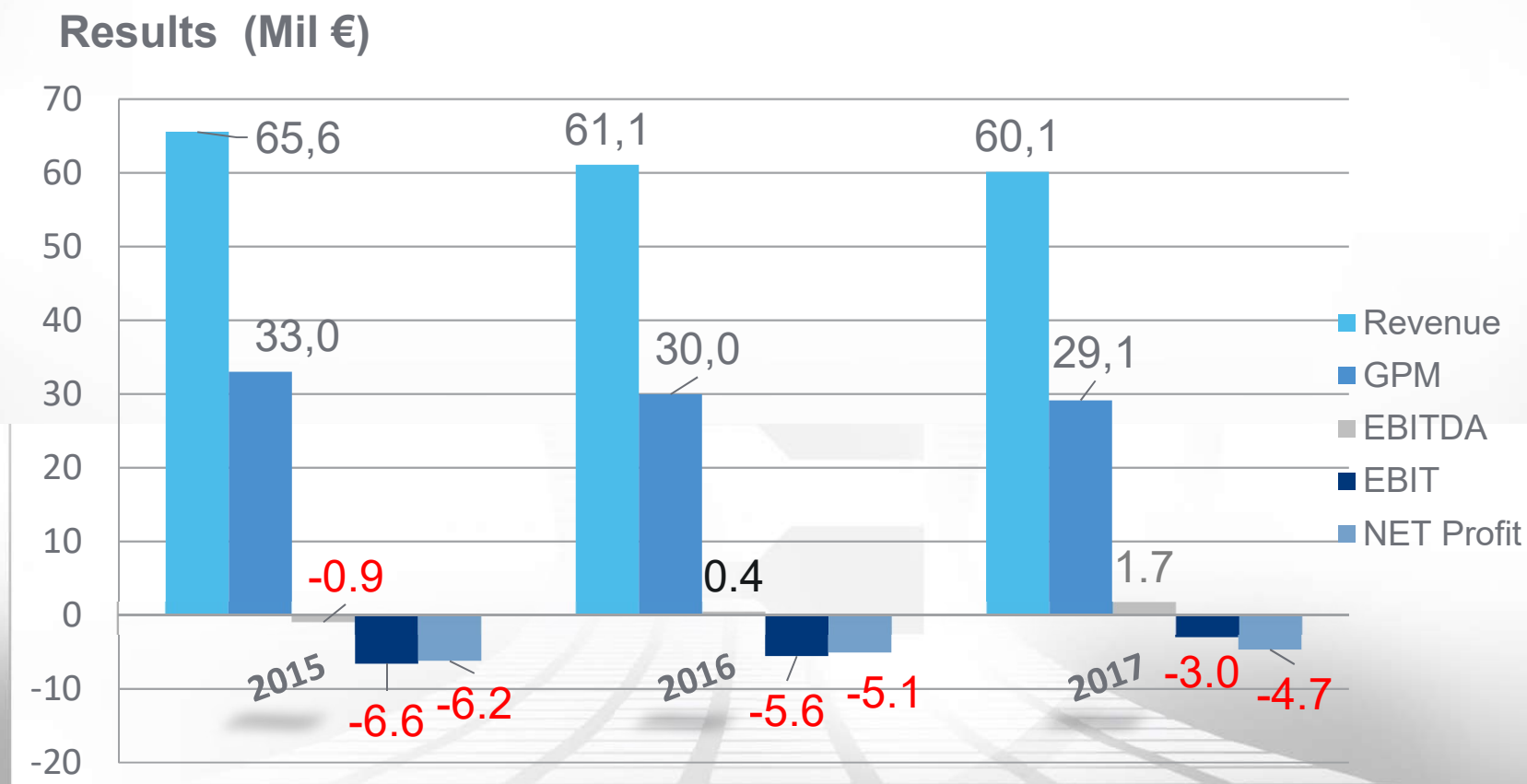
Device Remote  
Management

# 2017 Income Statement highlights

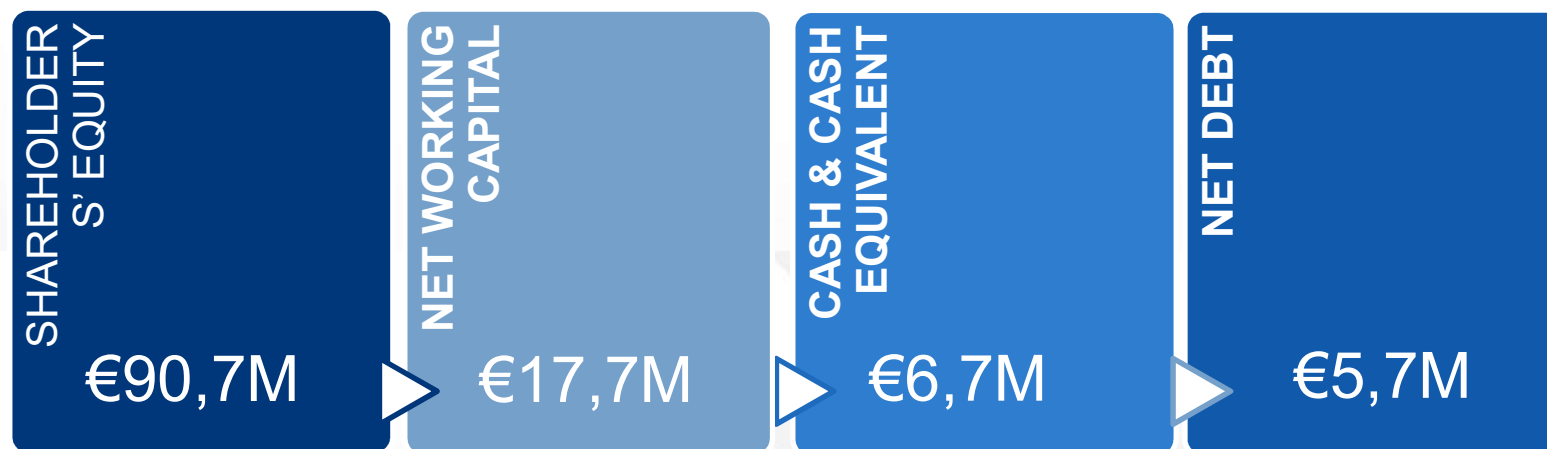


Order's Backlog at the end of 2017 is 30% higher than 2016

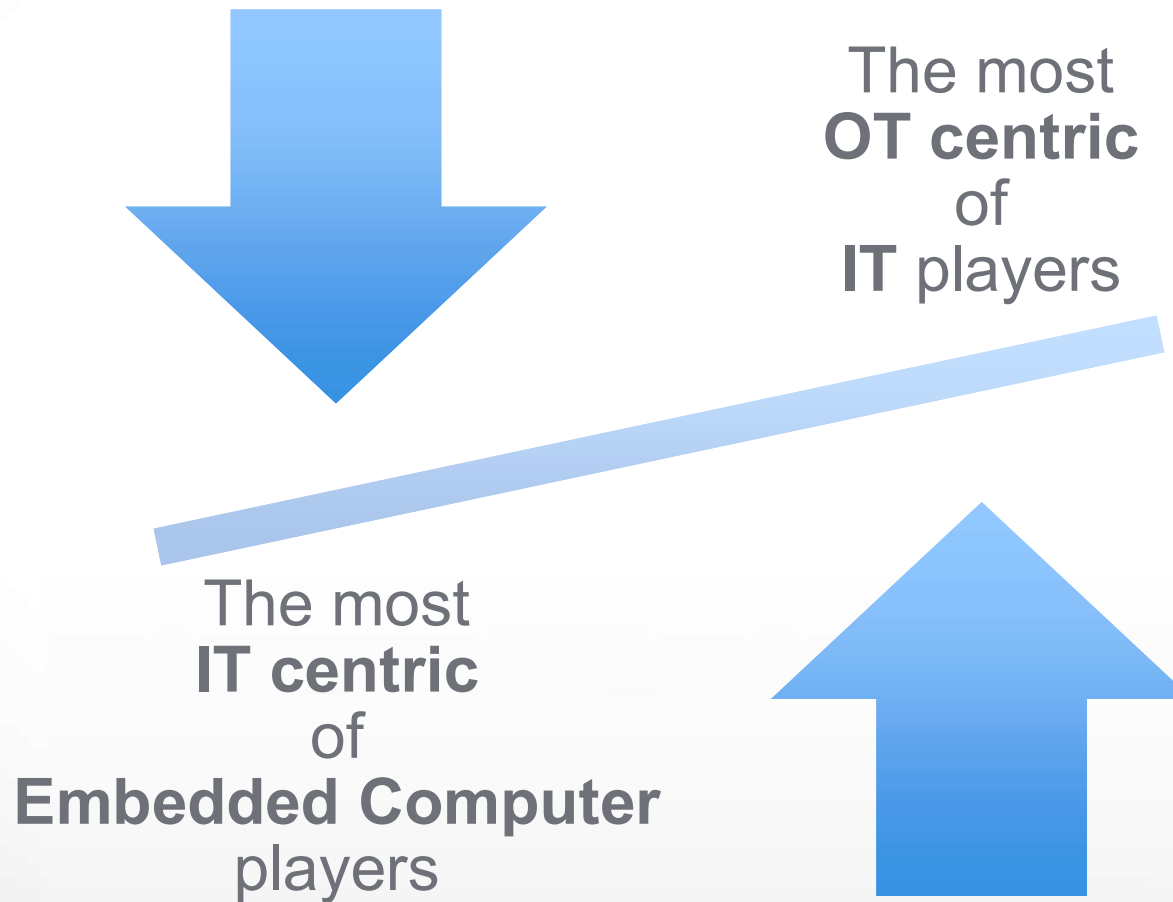
# Last 3 Years Financial Results



# 2017 Balance Sheet highlights



# Eurotech Positioning in the 4<sup>th</sup> Industrial Revolution



# Bridging between OT and IT

IT

Apps

IT tools (IT integration)

Everyware Cloud™

IoT Platform

Everyware Software Framework

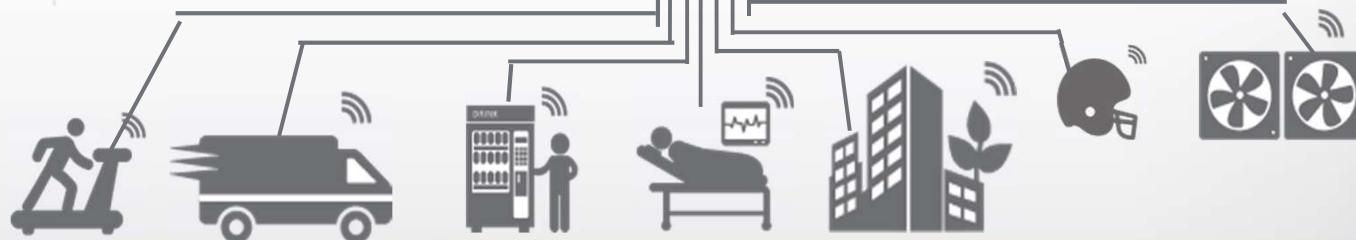
IoT Gateway

Real World Interfaces (OT integration)

EUROTECH

OT

EUROTECH



# Why Eurotech can succeed

## Becoming one of the major player in the I-IoT

- We have understood the essence of this Industrial Revolution
- We have the critical components for the success of an I-IoT implementation
- We have created an ecosystem using open-innovation
- We have a flexible freemium revenues model
- We have design wins with major players that prove the technology
- We have partnerships with leading IT and OT vendors

# Open Source Strategy

To be a de-facto standard → Market Acceptance and Recognition

The Freemium Model → Subscription



**2.5**

million  
lines of code



**30\***

projects



**290+**

developers



**1.5M**

annual  
visitors

Contributed by Eurotech



Middleware for IoT Gateways



ORACLE®



Microsoft

Contributed jointly by Eurotech and Red Hat



Modular IoT Integration Platform



**BOSCH**



# Ecosystem Strategy

## Selected Partnerships with Key Players

cloudera

vmware®

 redhat.

**A4EON**®  
an ASUS® assoc. co.

*Hitachi High-Tech*  
**HITACHI**

“No single company can build the IoT itself...We believe in openness for the internet of things – open ecosystems and open collaboration and partnership.”

Volkmar Denner, CEO Bosch

# IoT product offering: HW, SW, Subscriptions

Modular offer that enable an ecosystem play



- Hardware + Software
- One time revenue
- Consulting services and NRE



Everyware  
Cloud™

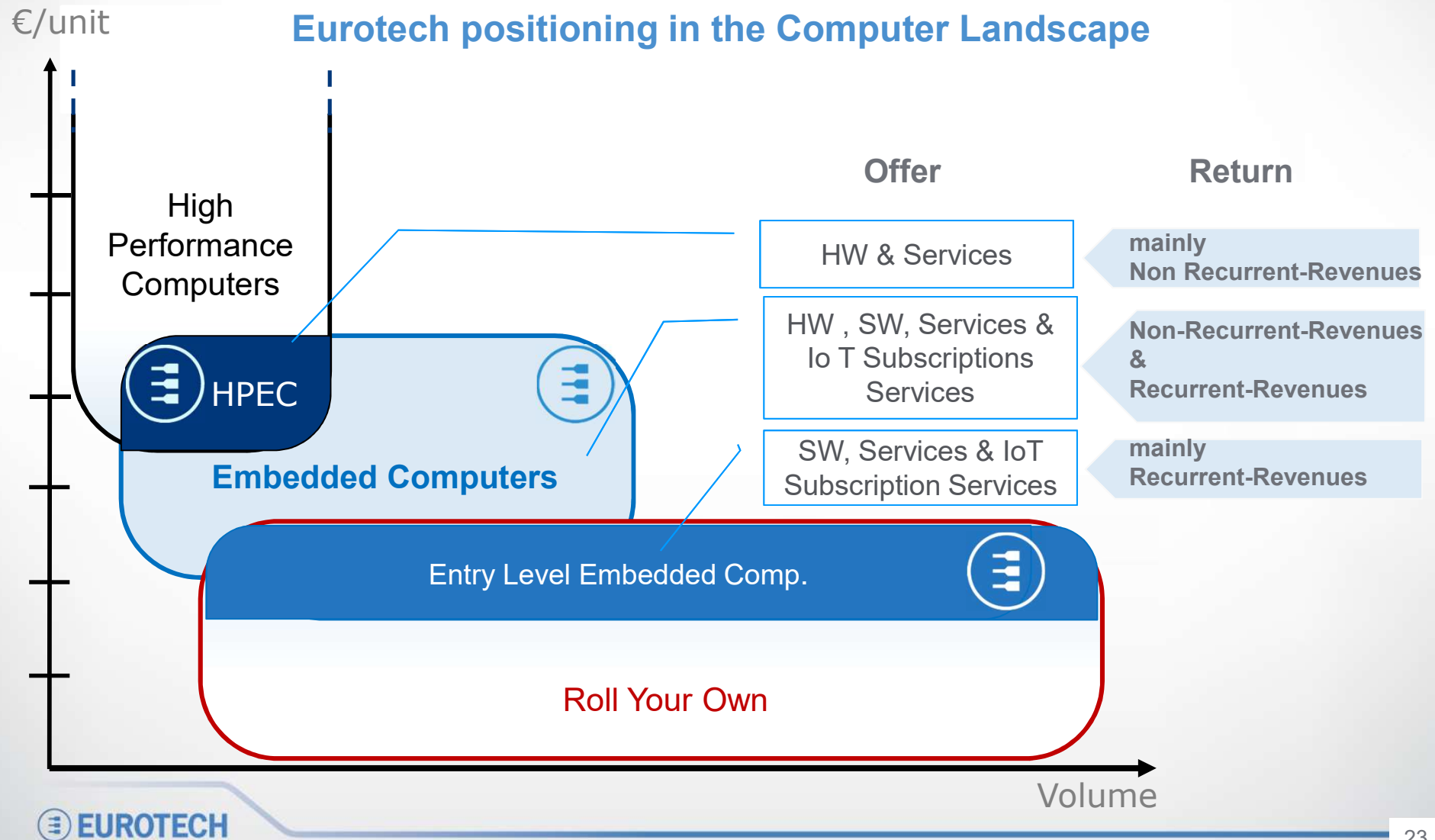


- Hardware, Software and/or Cloud services
- One time revenue + monthly subscription
- Consulting services and NRE



# Price/Volume Landscape & Revenue model

## The Layers Model: HPEC, Embedded PC and IoT enablement



# COTS Embedded PC and IoT TAM

SAM is 20% of the TAM → SOM is 4% of the SAM

2018



2017



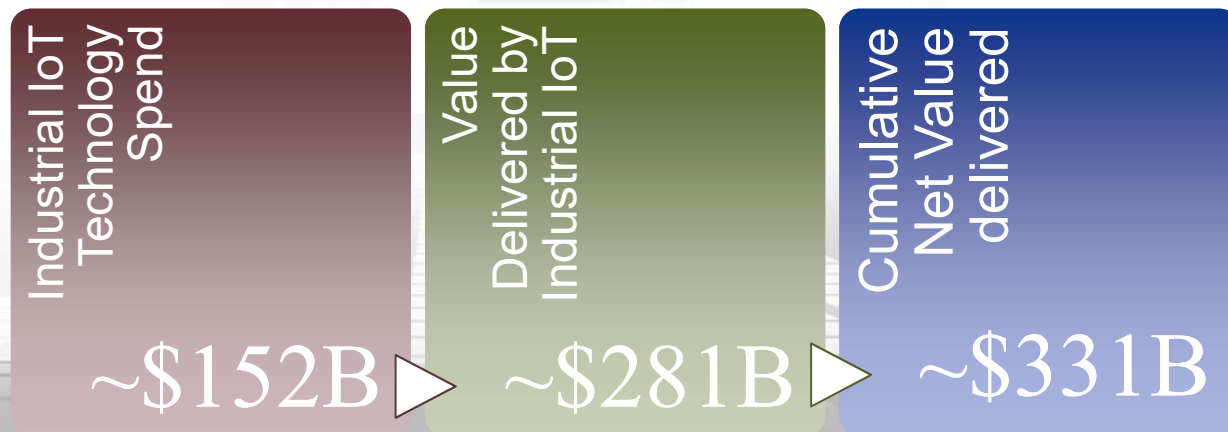
# Industrial IoT TAM : ~500 B\$ in 2020

80% of the Market is not for us! of the remaining 20% (SAM), 80% is not for us, that point to a SOM of 4% (20B\$ in 2020)

2018



2017



Source.: Eurotech elaboration on Gartner, Forecast Analysis: Internet of Things — Services, Worldwide, 2016 Update, Gartner IoT Global Forecast & Analysis 2015-25  
WikiBon – Projected Value Delivered by Industrial Internet 2012-20



**Thank  
You!**

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**ANNEX**

# **FINANCIAL HIGHLIGHTS FY2017**

# CONSOLIDATED INCOME STATEMENT

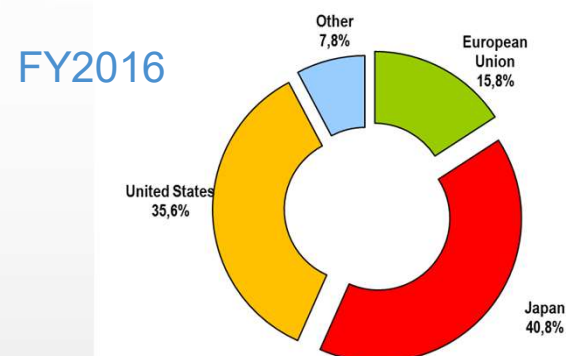
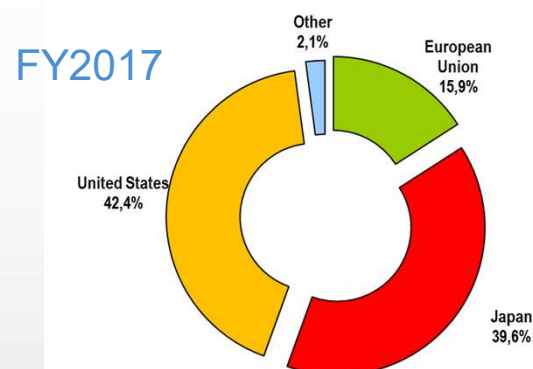
(€'000)	FY 2017	%	FY 2016	%	FY 2015	%	% change
<b>OPERATING RESULTS</b>							
SALES REVENUES	60,120	100.0%	61,103	100.0%	65,551	100.0%	-16%
GROSS PROFIT MARGIN	29,135	48.5%	29,959	49.0%	32,983	50.3%	-2.8%
EBITDA	1,672	2.8%	443	0.7%	(948)	-14%	277.4%
EBIT	(2,985)	-5.0%	(5,565)	-9.1%	(6,602)	-10.1%	46.4%
PROFIT (LOSS) BEFORE TAXES	(4,561)	-7.6%	(5,125)	-8.4%	(6,163)	-9.4%	11.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(4,672)	-7.8%	(5,069)	-8.3%	(6,223)	-9.5%	7.8%

# 2017 BY SEMESTER

(€'000)	1H 2017	%	2H 2017	%	FY 2017	%
<b>OPERATING RESULTS</b>						
SALES REVENUES	22,003	100.0%	38,117	100.0%	60,120	100.0%
GROSS PROFIT MARGIN	9,873	44.9%	19,262	50.5%	29,135	48.5%
EBITDA	(4,398)	-20.0%	6,070	15.9%	1,672	2.8%
EBIT	(6,854)	-31.2%	3,869	10.2%	(2,985)	-5.0%
PROFIT (LOSS) BEFORE TAXES	(7,878)	-35.8%	3,317	8.7%	(4,561)	-7.6%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(7,017)	-31.9%	2,345	6.2%	(4,672)	-7.8%

# REVENUES BY GEOGRAPHIC AREA

BREAKDOWN BY GEOGRAPHIC AREA	FY 2017	%	FY 2016	%	var. %
European Union	9,559	15.9%	9,682	15.8%	-1.3%
United States	25,489	42.4%	21,743	35.6%	17.2%
Japan	23,814	39.6%	24,937	40.8%	-4.5%
Other	1,258	2.1%	4,741	7.8%	-73.5%
<b>TOTAL SALES AND SERVICE REVENUES</b>	<b>60,120</b>	<b>100.0%</b>	<b>61,103</b>	<b>100.0%</b>	<b>-1.6%</b>



# CONSOLIDATED BALANCE SHEET

(€'000)	at December 31, 2017	at December 31, 2016
<b>ASSETS</b>		
Intangible assets	79,968	89,715
Property, Plant and equipment	2,436	2,993
Investments in affiliate companies	0	11
Investments in other companies	144	301
Deferred tax assets	1,283	1,465
Medium/long term borrowing allowed to affiliates companies and other Group companies	83	95
Other non-current assets	618	640
<b>Total non-current assets</b>	<b>84,532</b>	<b>95,220</b>
Inventories	17,821	19,337
Contracts in progress	412	0
Trade receivables	15,623	15,813
Income tax receivables	204	155
Other current assets	1,782	1,414
Other current financial assets	95	76
Cash & cash equivalents	6,745	9,186
<b>Total current assets</b>	<b>42,682</b>	<b>45,981</b>
<b>Non-current assets classified as held for sale</b>	<b>28</b>	<b>769</b>
<b>Total assets</b>	<b>127,242</b>	<b>141,970</b>

(€'000)	at December 31, 2017	at December 31, 2016
<b>LIABILITIES AND EQUITY</b>		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(54,582)	(41,722)
<b>Group shareholders' equity</b>	<b>90,697</b>	<b>103,557</b>
<b>Equity attributable to minority interest</b>	<b>0</b>	<b>0</b>
<b>Total shareholders' equity</b>	<b>90,697</b>	<b>103,557</b>
Medium-/long-term borrowing	1,844	3,475
Employee benefit obligations	2,343	2,437
Deferred tax liabilities	2,816	3,767
Other non-current liabilities	688	869
<b>Total non-current liabilities</b>	<b>7,691</b>	<b>10,548</b>
Trade payables	13,088	13,459
Short-term borrowing	10,720	8,210
Derivative instruments	9	12
Income tax liabilities	262	642
Other current liabilities	4,775	5,542
<b>Total current liabilities</b>	<b>28,854</b>	<b>27,865</b>
<b>Total liabilities</b>	<b>36,545</b>	<b>38,413</b>
<b>Total liabilities and equity</b>	<b>127,242</b>	<b>141,970</b>