
ISMO Milan 2018
Company Overview

26 September 2018

Presenters:

Roberto Siagri  : CEO
Andrea Barbaro : IRM
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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

- Development & Engineering
- Production
- Marketing & Sales

1 HQ Based in Italy
5 R&D Hubs Worldwide
6 Time Zones Presence
25 Years of Experience
~300 Employees

~300 Employees

EUROTECH USA
EUROTECH FRANCE
EUROTECH UK
EUROTECH ITALY
ADVANET JAPAN
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 TODAY (since 2008):
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 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
Eurotech Positioning in the 4\textsuperscript{th} Industrial Revolution

The most OT centric of IT players

The most IT centric of Embedded Computer players
Bridging between OT and IT

IT

Apps

IT tools (IT integration)

IoT Platform

Everyware Cloud

EUROTECH

IoT Gateway

Everyware Software Framework

OT

Real World Interfaces (OT integration)
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

Contributed by Eurotech

Contributed jointly by Eurotech and Red Hat
Ecosystem Strategy
Selected Partnerships with Key Players

“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
Price/Volume Landscape & Revenue model

The Layers Model: HPEC, Embedded PC and IoT enablement

Eurotech positioning in the Computer Landscape

- **High Performance Computers**
  - HPEC
- **Embedded Computers**
  - Embedded PC
- **Entry Level Embedded Comp.**
  - Roll Your Own

<table>
<thead>
<tr>
<th>Offer</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>HW &amp; Services</td>
<td>mainly Non Recurrent-Revenues</td>
</tr>
<tr>
<td>HW, SW, Services &amp; IoT Subscriptions</td>
<td>Non-Recurrent-Revenues &amp; Recurrent-Revenues</td>
</tr>
<tr>
<td>SW, Services &amp; IoT Subscription Services</td>
<td>mainly Recurrent-Revenues</td>
</tr>
</tbody>
</table>

€/unit vs. Volume

Non Recurrent-Revenues

Recurrent-Revenues
COTS Embedded PC and IoT TAM

SAM is 20% of the TAM $\rightarrow$ SOM is 4% of the SAM

2018

- Embedded Boards ~$8B
- Embedded Systems ~$22.5B
- Integration Services ~$10.5B

2017

- Embedded Boards ~$7B
- Embedded Systems ~$21B
- Integration Services ~$10B

Source: VDC – Global Revenue Shipments of IoT & Embedded Hardware
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)

Thank You!
Connected Product

Application:
• End users to remote control their own thermo-devices
• For technical assistance operators to perform remote diagnostics
• Valuable data for R&D, Service, Marketing departments to develop & sell new products and services

Key Success Factors:
• Service-oriented business model
• Open and industry standards based
• ESF hardware abstraction, Java/OSGi
• Remote device & embedded app. mgmt.
• Real time data
• M2M / IoT know how in Eurotech
• Eurotech worldwide footprint
Remote Maintenance and Services

Application:
- Connect machines to the internet in a nonintrusive way
- Provide nurses with access to machine status
- Provide manufacturers access to machine logs
- Enable remote maintenance with less field visits

Key Success Factors:
- Open Standard Connectivity
- Device Provisioning
- Remote Access VPN
- Onboarding and Data Acquisition App
- Port/IP Forwarding
- Cellular Connectivity
Real Time Asset Monitoring

**Application:**
- On board diagnostics
- Data collection for optimization and predictive maintenance
- Remote access and maintenance
- Railway certified hardware with MVB interface
- On premise device management and data integration

**Key Success Factors:**
- Open Standard Connectivity
- Modular Field Access Drivers
- Data Flow Programming
- Portable IoT Edge Middleware
- On-premise IoT Cloud Platform
**REVENUES BY GEOGRAPHIC AREA**

30 June 2018-2017 (€/000)

<table>
<thead>
<tr>
<th>BREAKDOWN BY GEOGRAPHIC AREA</th>
<th>1H 2018</th>
<th>%</th>
<th>1H 2017</th>
<th>%</th>
<th>var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>8,327</td>
<td>22.3%</td>
<td>3,367</td>
<td>15.3%</td>
<td>147.3%</td>
</tr>
<tr>
<td>United States</td>
<td>15,511</td>
<td>41.6%</td>
<td>8,536</td>
<td>38.8%</td>
<td>81.7%</td>
</tr>
<tr>
<td>Japan</td>
<td>12,446</td>
<td>33.3%</td>
<td>9,638</td>
<td>43.8%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Other</td>
<td>1,038</td>
<td>2.8%</td>
<td>462</td>
<td>2.1%</td>
<td>124.7%</td>
</tr>
</tbody>
</table>

**TOTAL SALES AND SERVICE REVENUES**

|                           | 37,322       | 100.0% | 22,003       | 100.0% | 69.6%   |

![Pie charts comparing revenues by geographic area for 1H 2018 and 1H 2017.](chart)
## CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th>OPERATING RESULTS €'000</th>
<th>1H 2018</th>
<th>%</th>
<th>1H 2017</th>
<th>%</th>
<th>1H 2018 adjusted</th>
<th>%</th>
<th>1H 2017 adjusted</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES REVENUES</td>
<td>37,322</td>
<td>100.0%</td>
<td>22,003</td>
<td>100.0%</td>
<td>37,322</td>
<td>100.0%</td>
<td>22,003</td>
<td>100.0%</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>18,034</td>
<td>48.3%</td>
<td>9,873</td>
<td>44.9%</td>
<td>18,034</td>
<td>48.3%</td>
<td>9,873</td>
<td>44.9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,629</td>
<td>9.7%</td>
<td>(4,398)</td>
<td>-20.0%</td>
<td>3,629</td>
<td>9.7%</td>
<td>(4,398)</td>
<td>-20.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>2,681</td>
<td>7.2%</td>
<td>(6,854)</td>
<td>-31.2%</td>
<td>2,681</td>
<td>7.2%</td>
<td>(5,637)</td>
<td>-25.6%</td>
</tr>
<tr>
<td>PROFIT (LOSS) BEFORE TAXES</td>
<td>2,610</td>
<td>7.0%</td>
<td>(7,876)</td>
<td>-35.8%</td>
<td>2,610</td>
<td>7.0%</td>
<td>(6,661)</td>
<td>-30.3%</td>
</tr>
<tr>
<td>GROUP NET PROFIT (LOSS) FOR THE PERIOD</td>
<td>1,913</td>
<td>5.1%</td>
<td>(7,017)</td>
<td>-31.9%</td>
<td>1,913</td>
<td>5.1%</td>
<td>(6,226)</td>
<td>-28.3%</td>
</tr>
</tbody>
</table>
## CONSOLIDATED BALANCE SHEET

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>at Jun 30, 2018</th>
<th>at Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>83,356</td>
<td>79,968</td>
</tr>
<tr>
<td>Property, Plant and equipment</td>
<td>2,368</td>
<td>2,436</td>
</tr>
<tr>
<td>Investments in affiliates companies</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investments in other companies</td>
<td>131</td>
<td>144</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,335</td>
<td>1,283</td>
</tr>
<tr>
<td>Medium/long term borrowing allowed to affiliates companies and other Group companies</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>630</td>
<td>618</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>87,906</strong></td>
<td><strong>84,532</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>20,301</td>
<td>17,821</td>
</tr>
<tr>
<td>Contracts in progress</td>
<td>816</td>
<td>412</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>14,177</td>
<td>15,623</td>
</tr>
<tr>
<td>Income tax receivables</td>
<td>217</td>
<td>204</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,845</td>
<td>1,782</td>
</tr>
<tr>
<td>Other current financial assets</td>
<td>97</td>
<td>95</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>8,333</td>
<td>6,745</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>45,786</strong></td>
<td><strong>42,682</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>133,711</strong></td>
<td><strong>127,242</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th></th>
<th>at Jun 30, 2018</th>
<th>at Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>8,879</td>
<td>8,879</td>
</tr>
<tr>
<td>Share premium reserve</td>
<td>136,400</td>
<td>136,400</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(49,174)</td>
<td>(54,582)</td>
</tr>
<tr>
<td><strong>Group shareholders’ equity</strong></td>
<td><strong>96,105</strong></td>
<td><strong>90,697</strong></td>
</tr>
<tr>
<td>Equity attributable to minority interest</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>96,105</strong></td>
<td><strong>90,697</strong></td>
</tr>
<tr>
<td>Medium-/long-term borrowing</td>
<td>1,848</td>
<td>1,844</td>
</tr>
<tr>
<td>Employee benefit obligations</td>
<td>2,385</td>
<td>2,343</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>2,974</td>
<td>2,816</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>739</td>
<td>688</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>7,946</strong></td>
<td><strong>7,691</strong></td>
</tr>
<tr>
<td>Trade payables</td>
<td>13,451</td>
<td>13,088</td>
</tr>
<tr>
<td>Short-term borrowing</td>
<td>9,507</td>
<td>10,720</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Income tax liabilities</td>
<td>704</td>
<td>262</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>5,992</td>
<td>4,775</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>29,660</strong></td>
<td><strong>28,854</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>37,606</strong></td>
<td><strong>36,545</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>133,711</strong></td>
<td><strong>127,242</strong></td>
</tr>
</tbody>
</table>