STRATEGIC PLAN 2018-2023

Milan, 12 July 2018

INCREASING POTENTIAL THROUGH SYNERGIES

Disclaimer

This document contains preliminary estimates that include information on the economic and financial performance of the Company and the performance of the reference markets.

The estimates are based on management assumptions which, at the current date, deem them reasonable and credible. As forecast estimates, they may be subject to changes and changes in the macroeconomic scenario.

The final results may also differ from the information presented here.

This document does not represent a solicitation to public savings nor does it represent indications of the purchase and sale of Exprivia shares and is addressed to the financial community.

This document is intended to be a Group Strategic Plan, focused on establishing a long-term plan to achieve a specified mission and with the principal scope to indicate and analyze targets, competitive environment, market and technical trends, and which is the Group's position in relation to competitors and partners.

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Exprivia Today

Exprivia Identity

Exprivia is specialized in **Information and Communication Technology (ICT)** , able to direct drivers of change for the business of its customers, thanks to digital technologies.

Exprivia's offer covers the entire range of digital transformation processes thanks to the plurality of skills and the wealth of experience on the various reference markets: **Banking, Finance & Insurance , Telco & Media, Energy & Utilities, Aerospace & Defense, Manufacturing & Distribution, Healthcare and Public Sector.**

Exprivia supports its customers in defining **new business models** through the conception, development and integration of solutions based on consolidated and emerging technologies.

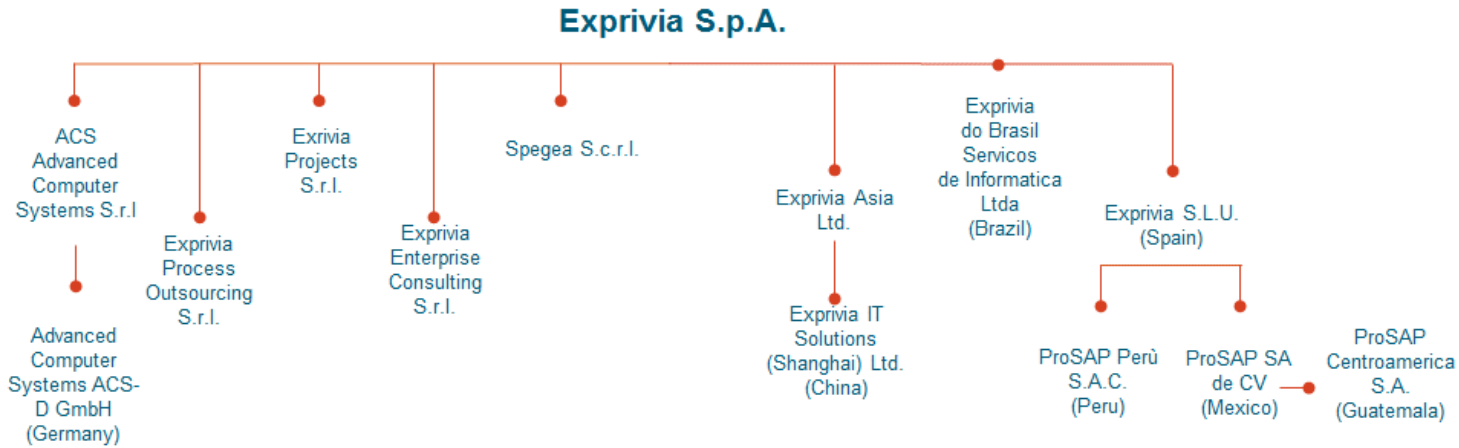
Exprivia Fact Sheet

- Born in 2005 through the merge between Abaco Software (1987) and AISoftw@re (1983)
- Group revenue 2017 of € 161.2 mln
- About 2000 professionals
- Listed on Italian Stock Exchange since 2000
- Presence in Europe, America and Asia

An international ICT specialist, the Exprivia group leverages digital technologies to steer the business drivers of change for its customers

Exprivia Group

Before 14/12/2017

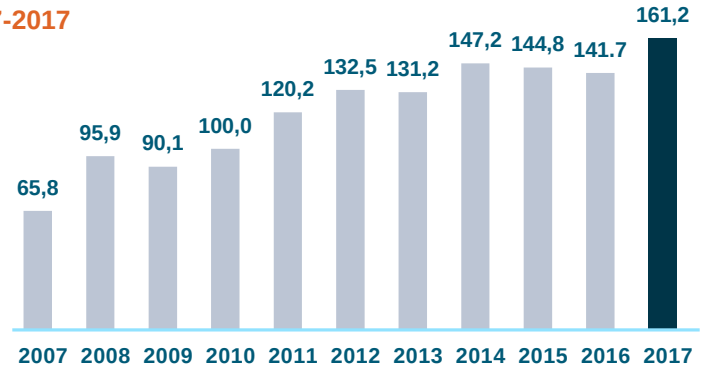


A story of growth

Revenues

CAGR 2007-2017
[9.37%]

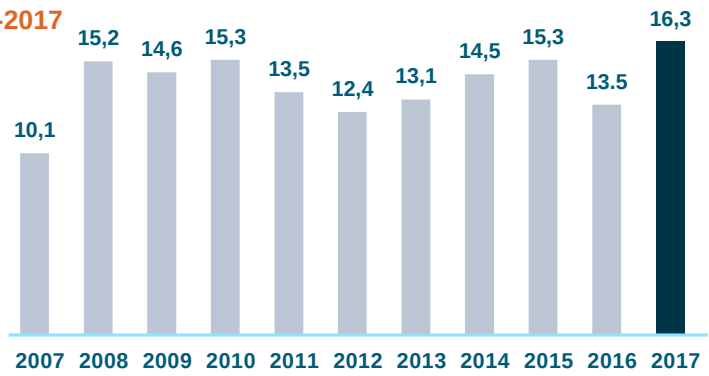
€ mln



EBITDA

CAGR 2007-2017
[4.90%]

€ mln



Net Result

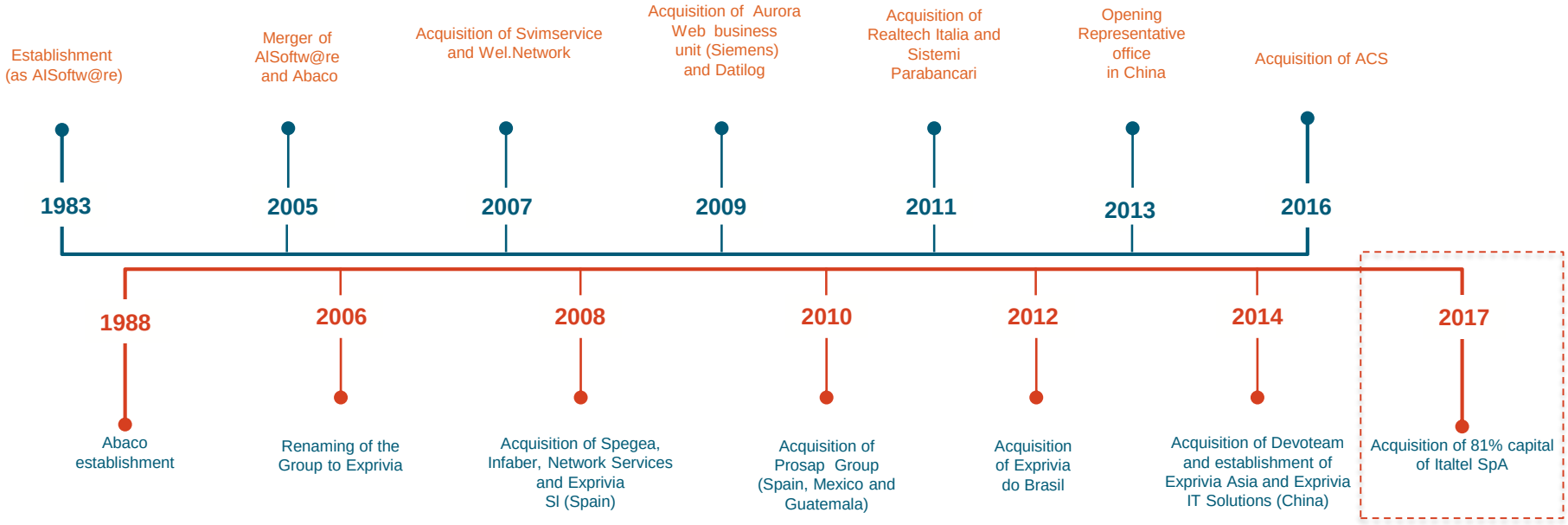
CAGR 2007-2017
[4.24%]

€ mln

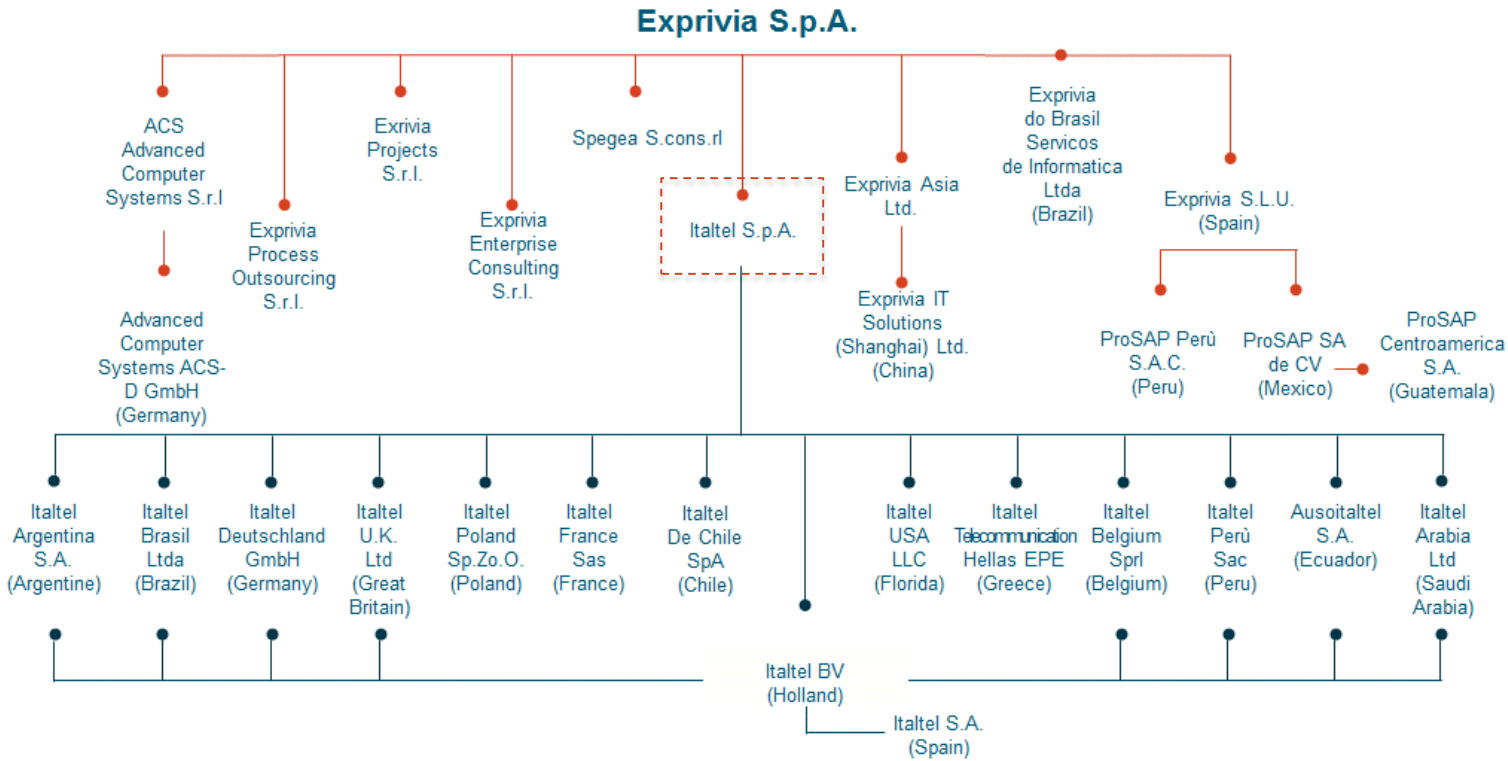
*The tables present adjusted EBITDA and Net Result for 2016 and 2017

exprivia | ITALTEL

Milestones


1983
Establishment (as AISoftw@re)
1988
Abaco establishment
2005
Merger of AISoftw@re and Abaco
2006
Renaming of the Group to Exprivia
2007
Acquisition of Svimservice and Wel.Network
2008
Acquisition of Spegea, Infaber, Network Services and Exprivia Sl (Spain)
2009
Acquisition of Aurora Web business unit (Siemens) and Datilog
2010
Acquisition of Prosap Group (Spain, Mexico and Guatemala)
2011
Acquisition of Realtech Italia and Sistemi Parabancari
2012
Acquisition of Exprivia do Brasil
2013
Opening Representative office in China
2014
Acquisition of Devoteam and establishment of Exprivia Asia and Exprivia IT Solutions (China)
2016
Acquisition of ACS
2017
Acquisition of 81% capital of Italtel SpA

Exprivia Today



Italtel fact sheet

- Born in 1921: a primary actor in the domestic telecommunication market history
- Target market are Telco Providers, Enterprises and the Public Sector
- Italtel revenues 2017 as of 430,2 ML€:
  - Domestic Market : 270,2 ML€
  - International Market : 160 ML€
- About ~ 1400 professionals
- Presence in EU4 & Latin America
- Strongly related with Cisco Systems (Cisco holds 19% of shares 2018)

Italtel is a Multinational System Integrator operating in Information and technology sector, with a strong focus on innovation

Italtel evolution path

A New Player in the Market

The Group Exprivia|Italtel intends to be one of the most important Italian industrial entities in the digital technologies. The group will provide a complete offering to meet the growing demand coming from the digital transformation and will manage **the whole ICT value chain**, from infrastructure components to applications and services.

exprivia

- Digital transformation processes enabler
- Presidium of various technological and fields domain: Capital Market, Credit & Risk Management, IT Governance, BPO, IT Security, Big Data, Cloud, IoT, Mobile, Customer Experience, Digital Channel, Social, e-Mobility
- Skills in the SAP area
- **Sectors**: focus on Banking & Insurance, Telco & Media, Energy & Utilities, Aerospace & Defense, Manufacturing & Distribution, Healthcare & Public Sector
- **Markets**: Italy, Europe, Central & South America and Asia

IT

SAP, ERP

BPO

Big Data & Analytics

ITALTEL

- Player strongly focused on Telecommunication Networks and their evolutionary process
- Design, development and installation of solutions for integrated network systems with proprietary & Cisco products, pioneer in the field of New Generation Technologies based on the IP protocol
- Products based on the Network Function Virtualization (NFV) logic, solutions in the areas of Unified Communication & Collaboration, Internet of Things, Quality of Experience and Analytics
- **Sectors**: Telecommunications, Public Administration, Health, Defense, Finance, Energy, Manufacturing
- **Markets**: Italy, South America, USA, Europe

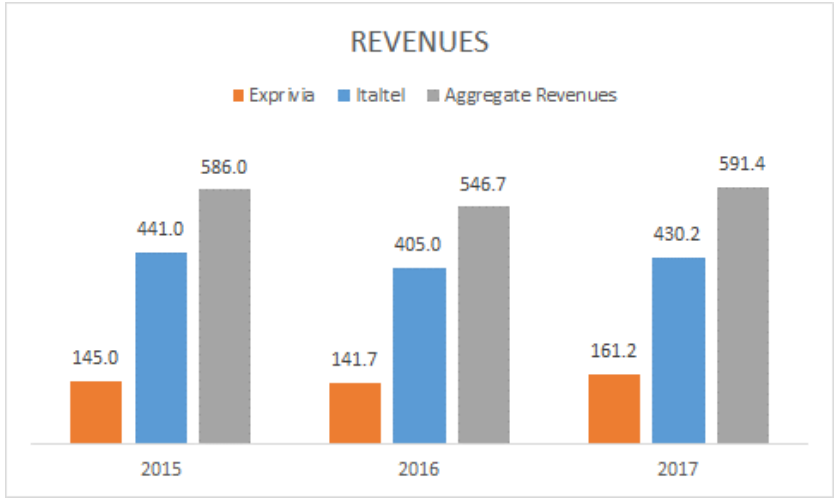
TLC

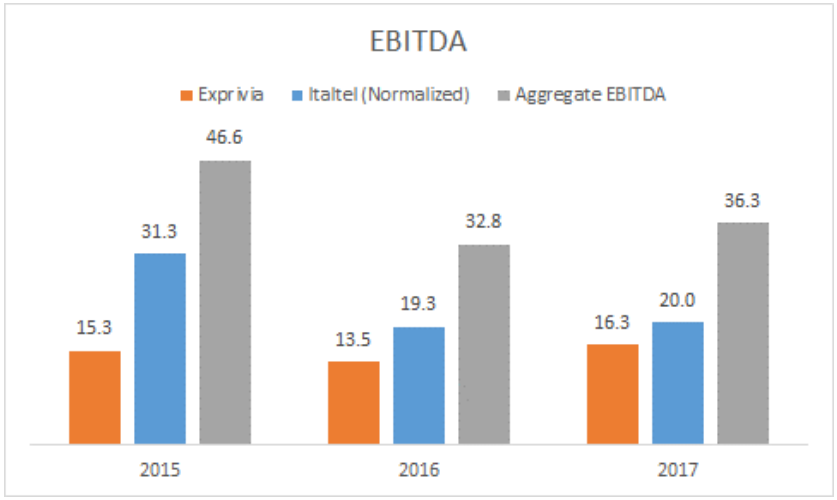
CISCO

SDN/NFV

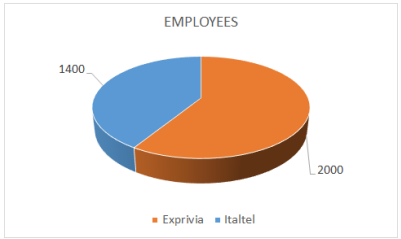
Cloud

Facts & Figures

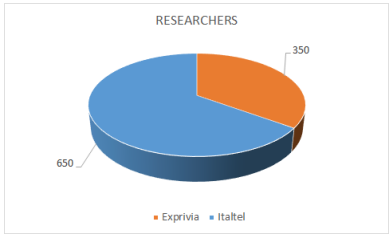




3.400 Employees



1.000 Researchers



Employees Distribution

Rest of the world: 400

Research Laboratories in Milan, Molfetta, Palermo

(*) Italtel EBITDA Normalized: without Labour Restructuring, Transaction Costs and others costs non recurring
The Exprivis's tables present adjusted EBITDA and Net Result for 2016 and 2017

International Presence: Subsidiaries

- **International expansion** continues to be one of the keys of the Industrial Plan
- **Exprivia** and **Italtel** together can better leverage scale factors and joint portfolio effects

- USA

- ARGENTINA
- BRASIL
- COLOMBIA
- ECUADOR
- PERU'
- CHILE
- MEXICO
- GUATEMALA

- ITALY
- SPAIN
- FRANCE
- GERMANY
- BELGIUM
- POLONIA
- UK

- CHINA

- **LATAM** and in general **AMERICAS** (including Central America and USA) will be an important growth driver

Presence of Exprivia

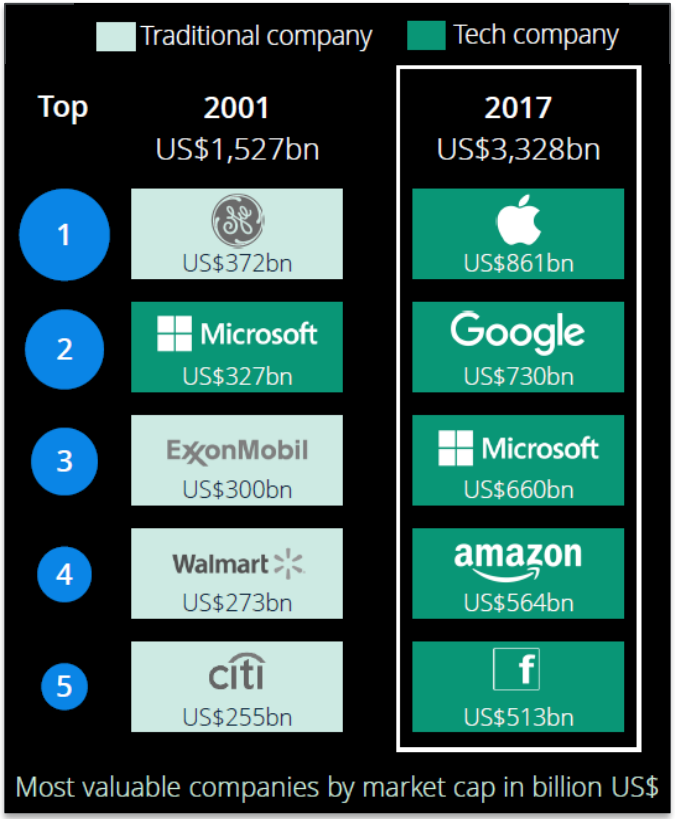
Presence of Italtel

Joint presence

exprivia | ITALTEL

Strategic Plan 2018-2023: an Introduction

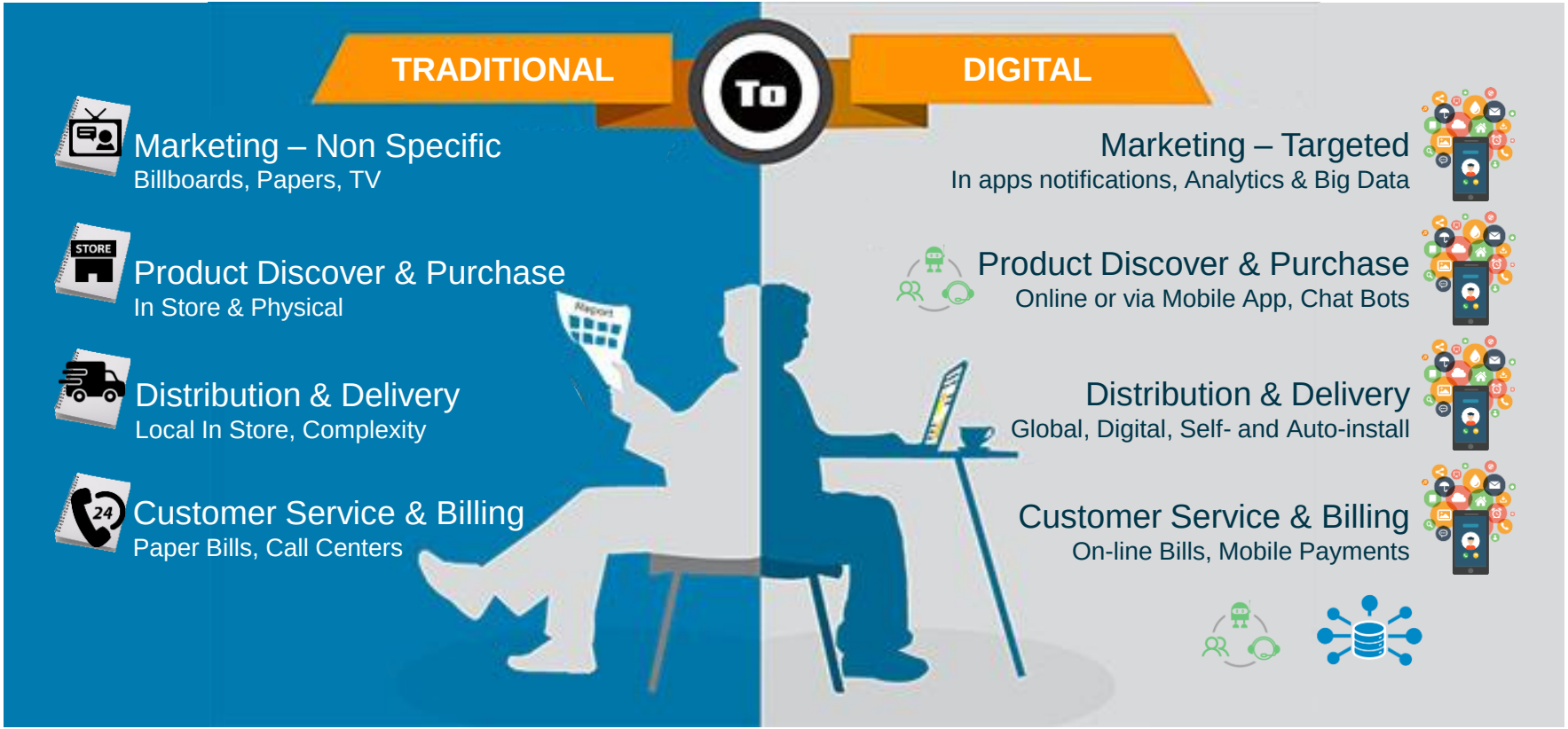
Tech companies take over the stock markets



- In 2001 the Top 5 at NYSE were valued at US$1,5 trillion. Only one digital company was among them. The others were Industrial, Oil, Retail, Banking companies.
- In 2017 the Top 5 were valued at US$3,3 trillion and all of them are Digital: Apple, Google, Microsoft, Amazon, Facebook.
- Despite of well-known controversies about data privacy, abuse of dominant position and labor laws, these Digital champions are shaping the way we work and live.

Source: Statista Research

Customer Journey: from traditional to digital



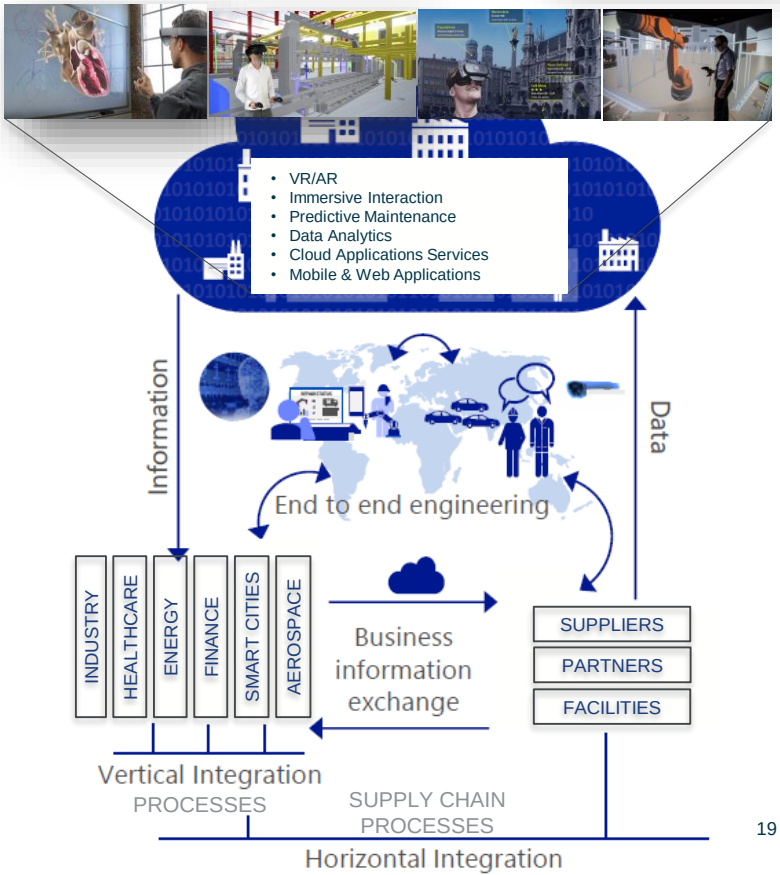
The Digital Transformation - Processes

It's clear that **Digital Transformation** is not about software or technology, it's about **innovating on Business Process Improvement** without being dependent on any technology constraints; technology only helps to accelerate the pace of transformation.

The world is experiencing a major transformation as **digital technologies** make real the design principles for the fourth industrial revolution: vertical and horizontal integration as well as end to end engineering.

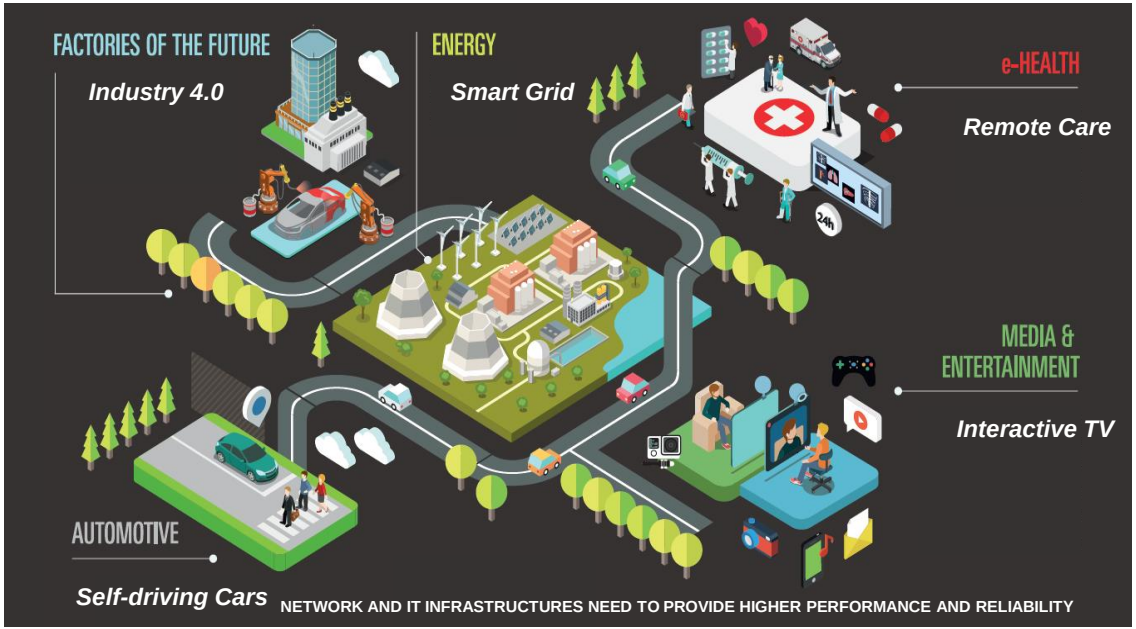
Industries can now excel at **digital** so they can achieve new levels of business excellence and **unlock innovative business models.**

Unlock Innovative Business Models with the **Digital Twins Strategy**



The Digital Transformation - Infrastructure

Information Technology needs more and more networks

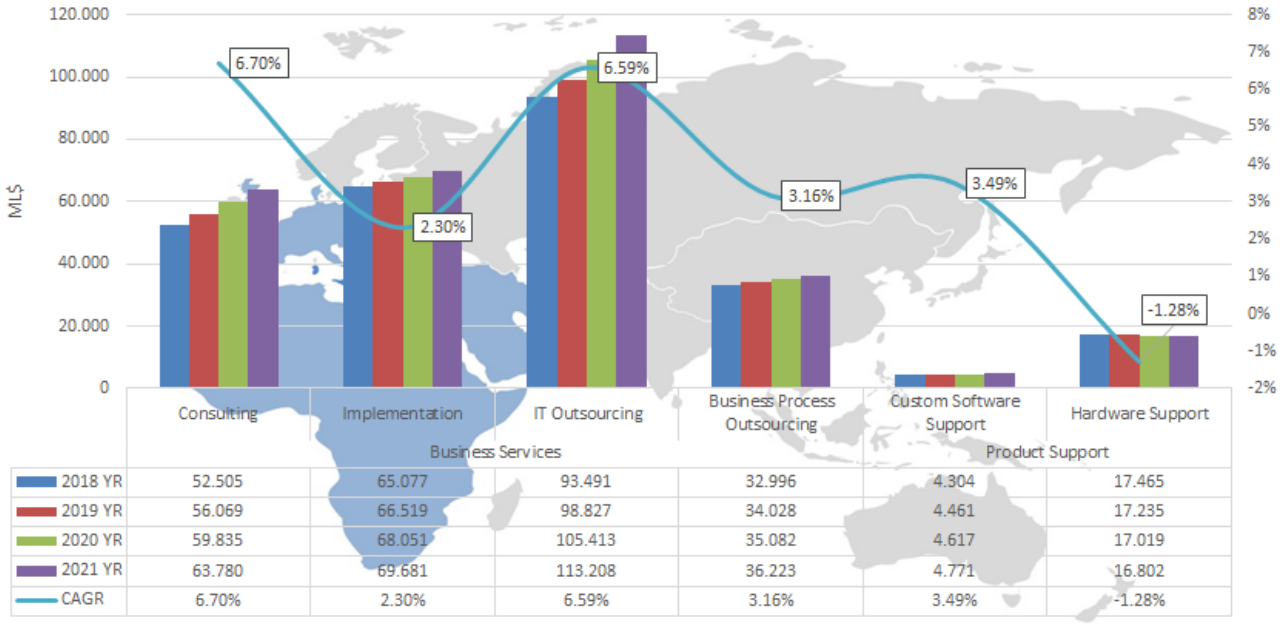


The Digital Transformation is changing our way of living and working and is the only possible means for the western economies to exit decades long stagnation, improving their competitiveness on the international markets. Many major impacts will occur in several sectors:

- the "**Industry 4.0**" initiatives, to revitalize manufacturing in the great industrialized countries;
- the terrific potential impact of **Smart Cities** on citizens' lives, starting from the mobility ecosystem and self-driving cars;
- the success of remote and digital cares needed by the **Healthcare System** to support the increasing average life duration and relevant chronical diseases;
- the evolution of the **Television and Media Ecosystem** towards growing quality and interactivity;
- the innovation of electric grids with the integration of renewable and discontinuous sources towards the so-called **Smart Grids**.

This Digital Transformation, based on the diffusion of **ultra-bandwidth networks** and on the **Internet of Things**, will be driven by innovative enterprises, that succeed in mixing competences typical of the Internet world together with IT application development competences.

EMEA 2018-2021 ICT Services Market



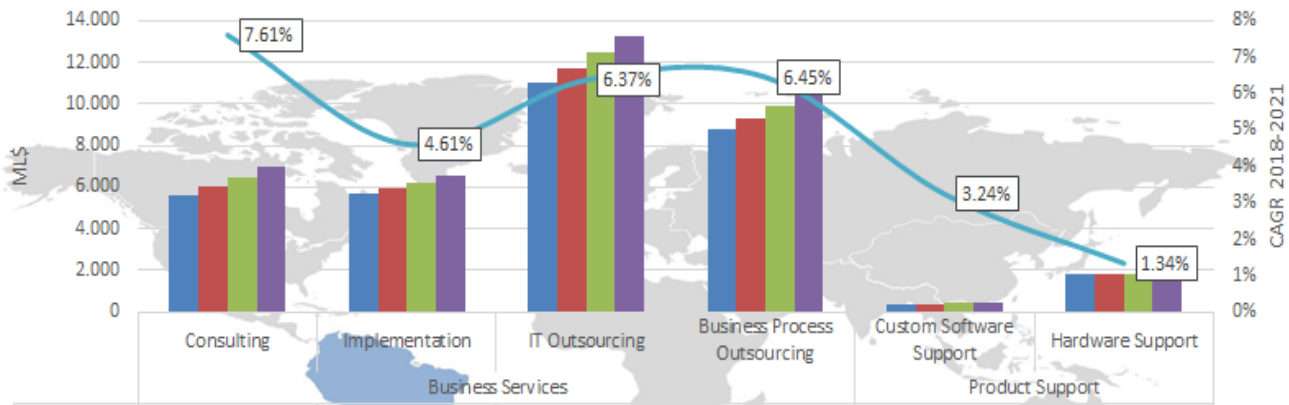
	Consulting	Implementation	IT Outsourcing	Business Process Outsourcing	Custom Software Support	Hardware Support
2018 YR	52.505	65.077	93.491	32.996	4.304	17.465
2019 YR	56.069	66.519	98.827	34.028	4.461	17.235
2020 YR	59.835	68.051	105.413	35.082	4.617	17.019
2021 YR	63.780	69.681	113.208	36.223	4.771	16.802
CAGR	6.70%	2.30%	6.59%	3.16%	3.49%	-1.28%

- **Consulting** are advisory services to help companies analyze and improve the efficacy of business and technology strategies and operations. Consulting services include two subsegments: business consulting and technology consulting.
- **Implementation** services provide project-based services to install, develop and customize IT solutions, assets and processes, and to integrate them with established application, infrastructure and processes.
- **IT Outsourcing** services provide day-to-day maintaining, enhancing, management and operation of computing and processes, including infrastructure and business applications through both traditional and cloud deployment models.

- **Business Process Outsourcing** is the delegation of one or more IT-enabled business processes to an external provider that, in turn, owns, administers and manages the processes and agreed-upon outcomes based on predefined performance metrics.
- **Custom Software Support** services provide support for software developed for individual buyers where that software is not sold as stand-alone commercial software and, therefore, is not included in maintenance contracts for commercial software.
- **Hardware Support** services contracts may include reactive support, preventive-based services, and proactive support.

Source: Gartner 2018 (Enterprises ICT Spending 4Q 2017)

LATAM 2018-2021 ICT Services Market



	Consulting	Implementation	IT Outsourcing	Business Process Outsourcing	Custom Software Support	Hardware Support
2018 YR	5.617	5.695	10.990	8.755	379	1.787
2019 YR	6.031	5.960	11.698	9.306	391	1.811
2020 YR	6.490	6.237	12.444	9.907	403	1.835
2021 YR	6.998	6.520	13.227	10.562	417	1.859
CAGR	7.61%	4.61%	6.37%	6.45%	3.24%	1.34%

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Source: Gartner 2018 (Enterprises ICT Spending 4Q 2017)

Strategic Guidelines

Strategic Guidelines

Digital Factories
Project delivery will be provided by Digital factories focused on specific products and services. They will address the needs of several different vertical markets and they will be based mainly in Italy, even if in the future a potential implementation of IT factories in foreign countries must be carefully evaluated.

Research and Open Innovation
Research efforts will drive to new original products, solutions and competences that can promptly address the needs of the upcoming digital market. Open Innovation initiatives will help to build up a rich catalogue by identifying innovative, promising partners.

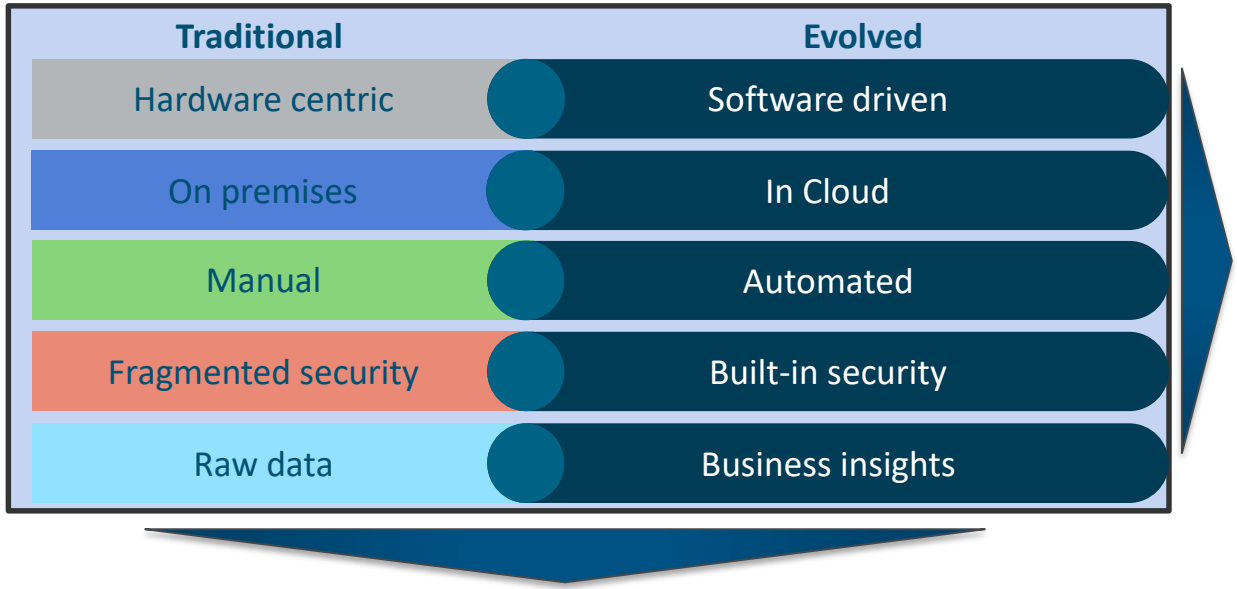
Vertical Markets
We will focus on 7 different markets: Industry, Energy, Aerospace, Healthcare, Smart Citizens, Telco & Media, Finance. Each of them will be addressed with joint technical solutions and will be served by dedicated sales teams.

New Business Models
The Exprivia|Italtel group need to evolve towards a business model more and more based on recurrent revenues (pay-per use), that rely on the integration of engineering, sw development and operations skills. Innovative hybrid organizational models have to be implemented.

Joint Offer
The Exprivia|Italtel group is born putting together skills, partners and customers. Many additional sales opportunities are disclosed by an integrated offering portfolio. The different competences and capabilities of the two enterprises provide our customers with distinctive, unique value.

More focus on International markets
A consistent international growth will be a key for the group success. Main focus areas will be: Western Europe and Latin America, where the relationship with key partners (Cisco, SAP, etc.) can help building additional opportunities.

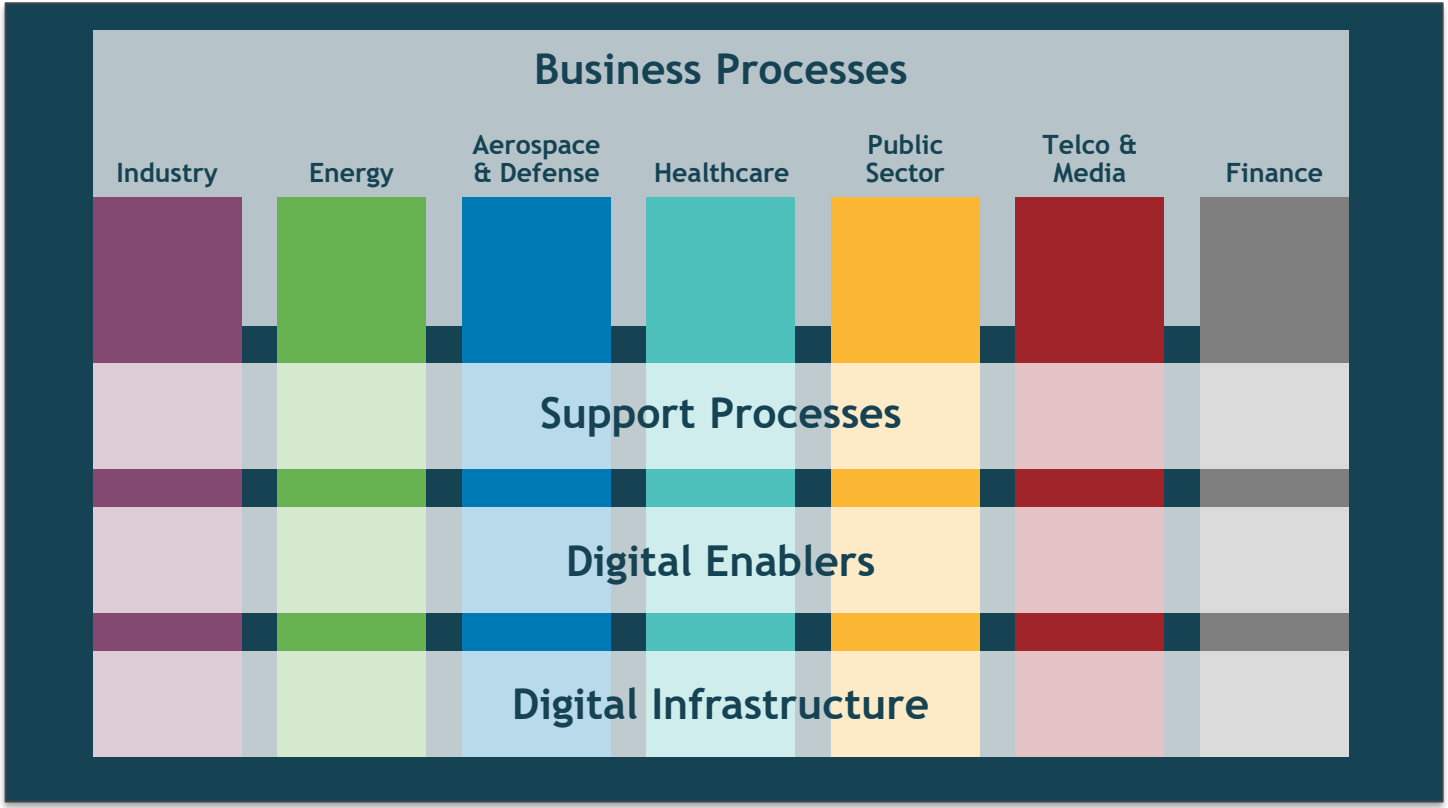
A new System Integrator



Traditional System integrator + Software Development = capability to address the new market requirements

- Networks and products are evolving to become software-driven → Flexibility and agility
- Applications built on top are the distinctive competitive advantage → Use case driven
- Digitization supports Process Automation → Efficiency
- Analytics and Security are foundational elements → Built-In

Exprivia|Italtel Group: Vertical Markets



Internationalization Guidelines

Internationalization is the result of a series of incremental decisions:

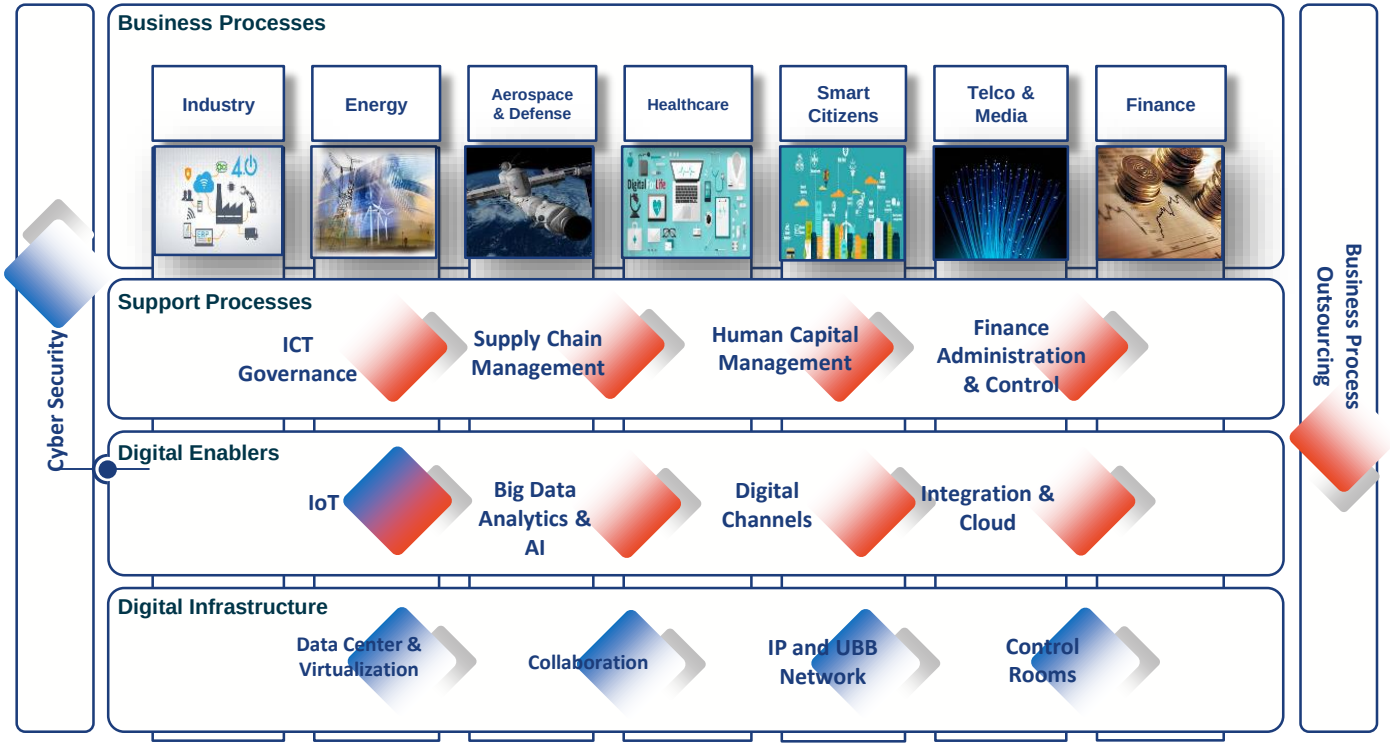
- Enlarge the focus from Telco to Enterprise and Public Sector, following the vertical offer approach
- Leverage on partners (e.g. Cisco, SAP, ...) offering and local strength, extending the “added-value System Integrator” model from Italy to other countries
- Leverage on big multi-national companies (e.g. ENEL, ENI, …) that are already our customers in Italy
- Provide local operations with a step-by step centralized support to help the transformation process:

1. Pre-sales and marketing support (sales kit, webinar, success stories, etc.) to fill up the skill gap
2. Key people local hiring (possibly leveraging the “Italian” brand): skilled account managers and delivery experts
3. Provide remote centralized SW factories support to develop re-usable assets following the local delivery team indications
4. Create local hub SW factories (e.g. to serve a specific geographical area)

Internationalization is a process that includes many incremental decisions and strategies. It involves various outward and inward products, service or resource transferring across national boundaries. Internationalization is influenced by a series of factors that come from Exprivia & Italtel and environments.

Offering Evolution and Vertical Markets

Exprivia|Italtel Group: Offer Lines Map



Exprivia|Italtel Joint Offer

- Skills for integrated governance of the entire **ICT value chain,** combining **horizontal** offerings common to all the different markets (**Digital infrastructure, Digital Enablers, Support Processes**) and **vertical** offerings dedicated to each single market with specific **Business Processes capabilities**.
- **Business Process Outsourcing** and **ICT Security** still apply to any vertical market and have a cross-identity also from the technical point of view.
- Offer Lines are bundled to the market as **Solutions**, that combine Exprivia|Italtel original products and partners' products with high quality professional services.
- The **Joint Offer** is ready to support Italian and International markets "digitization", enabling **Synergies** between the traditional Exprivia and Italtel offerings.

Industry: Mission

Mission

Industry 4.0 is a confluence of disruptive digital technologies that are set to change the manufacturing sector beyond recognition: driven by the astonishing rise in data volumes, computational power, and connectivity; by the emergence of advanced analytics and business intelligence capabilities; by new forms of human-machine interaction, such as touch interfaces and augmented-reality systems; by improvements in the transfer of digital instructions to the physical world, such as in advanced robotics and 3-D printing.

The **Industry** sector continues to invest in new emerging technologies, especially in Italy due to the Super-Amortization plan, which is helping propel a high level of interest and investment in technologies like Big Data & Analytics, Predictive Maintenance, IoT, Public Cloud ecc.

Exprivia|Italtel intends to help the **Industry** technology business unit leaders to respond effectively and capture opportunities as they arise with an international outlook

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
Manufacturing	Manufacturing of semiconductors, computers and peripheral printers and storage devices, communications equipment, radios, televisions and other consumer electronics, motor vehicles and parts, manufacturing of electrical and industrial machinery, train and shipbuilding, construction machinery and vehicles, electrical appliances, furniture; civil engineering, construction and subcontracting of industrial plants	Upper SME, LE with a revenue range from **100** to **700** ML€
Food & Beverages	Food producers, processing and products, beverage producers, processing and products	
Retail & Wholesale	Wholesale & Retail trade (durable and nondurable goods), household cleaning products	
Luxury & Fashion	Apparel and footwear, personal care items, fashion goods, sporting goods and miscellaneous durable goods	

Industry: Key Strategic Lines

Cross targets:

- Align to the initiatives that the different European governments are implementing to support the **Industry 4.0 spread**, in order to enhance the sector productivity and re-shore the goods production
- Completely change the group presentation for being perceived as a **Business Partner** for the «Digital Transformation»: leveraging on Feasibility Studies / POC, Project Realization, International RollOut
- Focus on **Applications development** with Intellectual Property Right in order to shift the business from a “Services are the Products” to “Services Lead Products” model and relative skills/organizations competences for moving **IT Applications** to the **Cloud**
- Focus on **Analytics** for helping enterprise to turn data into insights, into decisions, into business value.
- Close collaboration with **SAP** on **Innovative topics,** where we have a privileged position (S/4 Public Cloud and Leonardo), to focus on **Large Enterprises**.
- Focus on full wired and wireless infrastructure, suitable for industrial plants, using **Cisco Catalogue for Industry 4.0** and a complete set of professional services
- Focus on Cyber Security - **Solutions & Services for Infrastructure and Application protection**, providing system integration on best of breed security vendors and managed services through a SOC
- Close collaboration with **SedApta** Platform for SCM (Supply Chain Management) solutions

Key Strategic Lines

SEGMENTS	KSL
Manufacturing	Application Management Services, **S/4** Public Cloud e Leonardo, SedApta, IOT integration with SAP, Analytics, Cyber Security (SOC), Customer Engagement, Wireless and wired Digital Infrastructure
Food & Beverages	
Retail & Wholesale	
Luxury & Fashion	

Strategic Markets through Partnerships:

1. EU3
2. LATAM
3. China

China Market will be addressed with an “ad hoc” opportunity model.

Energy: Mission

Mission

In today's volatile **Energy** industry, it's vital for companies to leverage **data** when analyzing the effectiveness of their operations and strategy. However, inaccurate data and lack of expertise can make it difficult to gather, standardize, and analyze reliable data to drive strategic decision-making.

The use of IT can solve those problems and help to rationalize operating costs and to create service design and innovation for creating pockets of growth in the **Energy** industry.

Digital business transformation projects will progress unevenly through 2022 amid a landscape of shifting regulatory and competitive forces.

Exprivia|Italtel intends to help the CIO's **Energy** industry to respond effectively and capture opportunities as they arise with an international outlook.

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
Energy	Energy generation, transmission, distribution and retail	Energy Producers and Distributors, Public Utilities
Oil & Gas	Gas production, transports & Pipelines, local & regional distribution, retail	Gas Producers and Distributors, Public Utilities
Water	Water supply, sewerage and refuse systems, remediation services	Distributors, Public Utilities
Waste	Gather, transport, treatment and recycle	Public Utilities

Energy: Key Strategic Lines

Service Design & Innovation:

- Help Energy & Utilities to gain competitiveness looking at consumers' demand for **Innovative services**: Digital Interaction, Self-Service models, Mobile Adoption, Connected Home, IoT for Pipelines & Pylons etc.
- Help Energy & Utilities in their **Business Processes** for improving performance, reducing asset-management costs, capture value and re-focusing on core business with: Loyalty Programs, Churn Prevention, Credit Risk Profiling
- Help our customers to provide energy in a safe and sustainable manner through product and services for health and safety of their employees, contractors and members of the communities in which they operate.
- Support **Finance**, **Logistic & Procurement Digital Innovation process**, leveraging on ERP and BI expertise combined with disruptive capabilities such as **AI**
- Help Energy & Utilities to intelligently & remotely balance the energy generation and consumption with the integration of software for **SMART-GRID** needs
- From "**Cloud First**" to "**Cloud Only**": help them to migrate all ICT assets to public or private Cloud platforms
- Introduction of **SDN & Automation** concepts for network adaptation, helping them to develop pre-cabled packages configuration and automated activation
- Security of critical infrastructure: help them to secure the **SCADA** systems
- Improve **ADAM** (Applications Development & Maintenance) services & "win-win" Partnerships strategy with consultancy firms: leverage on the success case model in order to address others potential customers
- Leverage on **SOC** asset for a wide set of **Managed Services** focused on Cyber & Digital Security for Smart Grids and Networks

Key Strategic Lines

SEGMENTS	KSL
Energy	HSE Services & Innovation Services (Smart Safety, AR/VR, UAV, Smart Operator), Cloud, SDN, ERP & BI, HRO services, Service Desk, Web Portal, Document Management, Integration Factory, Digital Automation in Logistics & Procurements, IoT, 3D GIS, Cyber Security (SOC), Smart Grids
Oil & Gas	
Water	
Waste	

Strategic Markets through Int. Customers:

1. Spain
2. LATAM
3. Mexico

Maintain Base: traditional lines

Grow Base: new lines & targets

Finance: Mission

Mission

The digitization of business is dramatically altering existing industries and creating new ones, amplifying business issues, shifting value propositions within and across industries, and changing the nature and conduct of business.

In this context, **Finance** needs to be more agile, forward looking and decision centric, working side by side with new digital native operators exploiting new challenges. **Finance must** become Digital, riding trends like artificial intelligence and blockchain that become more and more crucial, as well as new opportunities given by *open banking*.

Exprivia|Italtel intends to help the **Finance** business and technology unit leaders to respond effectively and capture opportunities as they arise, with an international outlook, **leveraging on new challenging regulations (IFRS9, PSD2, etc).**

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
BANKS	Monetary authorities, depository credit intermediation, non depository credit intermediation and activities related to credit intermediation	Private Banks, Central Banks, Public Agencies, Factors
SECURITIES	Investment banking and securities dealing, securities brokerage, portfolio management, investment advice, trust, fiduciary and custody activities. Investment, private banks and other financial institutions that operate wealth management in the capital market space.	Asset Management Companies, Brokers
INSURANCES	Insurance and employee benefit funds, pension funds, health and welfare funds, other insurance funds. Health and medical insurers. Insurance, reinsurance and agencies, brokers, claims adjusting, and third-party administrators	Health Insurance, Brokers, Claim Insurances

Finance: Key Strategic Lines

- **Banks & Securities**

  Leading corporate and investment banks will re-design their organizations using technology as competitive advantage beyond “just adoption”, anticipating uncertainty and change. Our focus will then be driven by these directions:

  – **analytics** and business profiling with the adoption of **big-data** and **AI** techniques: goal is to create real-time views of client needs and behaviors, by expanding catalog of data captured and analyzed; this is mandatory both for business development and **Cybercrime** / fraud prevention,

  – machine intelligence to automate and simplify human intuition as well as repetitive tasks (**machine learning** techniques, **RPA**, etc.), used to evolve bank processes and improve our solutions for **automatic credit risk assessment** and evaluation, credit process lifecycle and **supply chain finance**

  – interact on all digital channels through a dynamic single view for enhanced **Customer Experience**, being agile, simple and homogenous, avoiding unnecessary complexity and friction across the organization, by using new light systems front-to-back

  – leverage on existing and future **regulation**, taking advantage of **Open APIs** and new capabilities to access open banking ecosystem

  – improve, enhance and develop new strategic **partnerships** with market leading software players specifically in **capital markets**, as well as **fintech/regtech**, to widen portfolio offering and always use cutting edge technology

  Insurances

  – Focus on "Corporate Welfare“ and “Telemedicine” leveraging **BPO** offer

  – Focus on Adjusted Price to Hydrogeological Real Risk for Retail & Sme

  – Focus on **SOC** for Cyber & Physical security

  – Focus on big data & analytics applied to **IoT** for user behavior profiling (smart homes, industry)

Key Strategic Lines

SEGMENTS	KSL
BANKS	Analytics, Big data, AI / ML, Cyber Security, RPA, regulation, Open API/ Open banking, Fintech scouting, capital markets partnerships, user experience, credit process improvement, supply chain finance development
SECURITIES	
INSURANCES	BPO, Environmental Risks, Cyber and Physical Security (SOC), Customer Experience, Digital Infrastructure, Open APIs, big data on IoT

Strategic Markets through Partnerships:

1. EU4
2. Peru
3. Colombia

Telco & Media: Mission

Mission

A slew of new technologies will disrupt **CSP** business models and the industry structure.

The telecom industry is not in a stable state. Indeed, due to the increasingly large strategic and technical option space, Telco operators will become more diverse. In the next years, the structure of operators will likely change significantly. This makes evaluating them and making strategic investment choices, much more difficult.

CSP are now asking themselves if digital is a threat or an opportunity to their existing business models. A strategy focused on operational efficiency is a clear no-regrets move in helping traditional Telcos remain competitive in a sea of newcomers.

Exprivia|Italtel through Telco & Media intends to help **CSPs**', TEM & Media Entertainment technology business unit leaders to respond effectively and capture opportunities as they arise with an international outlook.

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
CSP	**CSP** Includes all service providers offering telecommunication services, infrastructure, or some combination of information and media services, content, entertainment and applications services over networks, leveraging the network infrastructure as a rich, functional platform.	Tier1,2,3 – MVNO, FMVNO, MVNE, Cloud CSP, Tower Company
TEM	**Telecommunications equipment manufacturer** (**TEM**) refers to manufacturers of equipment and devices used in the telecommunications industry. TEM is also known as network equipment provider (NEP)	Cisco, Huawei, Ericsson, Nokia, ZTE, Alcatel Lucent
Media Entertainment	**Media/Entertainment** Radio, TV, cable broadcasting and distribution, satellite broadcasting	Broadcaster, Media Entertainment

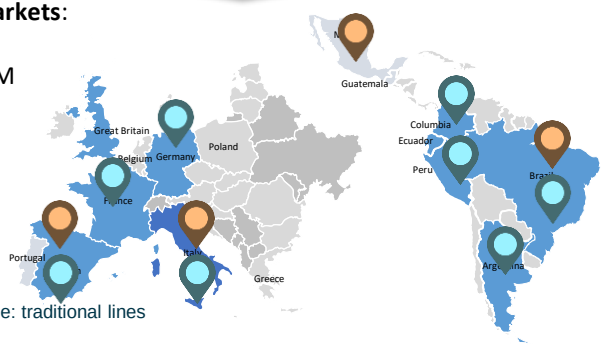
Telco & Media: Key Strategic Lines

- **CSP→ Simplification, Automation & Digitalization**
  - Improve the "**CSP as a Partner**" business model to reach the final customers: CSP's pure connectivity horizontal offering should be more and more changed into vertical offering, entering the business customer value chains with innovative solutions for Industry 4.0, E-Health, Security, Collaboration (also leveraging on Cisco Enterprise Offering). High value Cloud based solutions will be the basis of this offering. Co-Marketing & Co-Selling initiatives must be carefully followed.
  - Help CSP to change and transform themselves via **PSTN** and **Legacy decommissioning** (enabling energy and footprint savings) and **OSS** simplification and delayering (reducing complexity)
  - **Network Virtualization & Automation**: focusing on **NFV** paradigm: COTS hardware (cost reduction), **Automation** & **Network Agility** (efficiency, streamline processes), **Softwarization** (service and customer agility)
  - **Smart Operation and Automation**: leverage on our deep knowledge on Telco operation processes integrated with AI & ML Tools. Improve **business KPIs** aligning internal processes to automation technologies seeking for the **zero-touch operation model.**
  - **IP Network Evolution**: help CSP to evolve IP Based Networks towards Software Define Concepts enabling **network awareness** to provide differentiated qualities to different applications
  - Improve IMS suite of products towards **5G capabilities**. Focus on **Multi-Access Edge Computing:** helping CSP to store and process data locally at the edge of their network to provide fast reactions and efficient use of network resources
  - Enhance selling of **our products** (eg SBC) on internationalization markets
  - Help CSPs to improve Data Monetization by means of Big Data Analytics
- **TEM**
  - Partnership development on innovative areas with Huawei and ZTE (e.g. 5G)
- **Media & Entertainment**
  - Enhance the customer satisfaction and focus on new and innovative solutions based on AI and Data Analytics

Key Strategic Lines

SEGMENTS	KSL
CSP	NFV, SDN, 5G products, wireless edge computing, AI, IoT, Digital Security, Industry SAP, E-Health, BB Optical Design
TEM	Expand Multivendor Approach
Media/Entertainment	Artificial Intelligence & Analytics

Strategic Markets:
1. EU5
2. LATAM



Maintain Base: traditional lines

Grow Base: strategic lines

USA & China

USA & China Market will be addressed with an "ad hoc"opportunity model and leveraging on sell-through with Cisco US market leveraging on Cisco BU, China market has to be reached with a service-based approach

Aerospace & Defense: Mission

Mission

In recent years, though, **Aerospace & Defense** companies have been slower to implement analytics, automation, cloud services, the Internet of Things, and other cutting-edge digital technologies than companies in other industries, such as retail banking.

Digital technologies can make **A&D** operations more efficient, boost their revenues, enhance customer experiences, and help them navigate complex risk and regulatory environments.

Exprivia|Italtel intends to help **Space Agencies** and **Big Defense Industries** starting new partnerships to respond effectively and capture opportunities as they arise mainly in the EU market for Aerospace (Italy, Germany & Czech Republic) and in Italy for defense, participating to Italian tenders aiming to develop engineering activities in the context of industrial programs financed by large National and European projects.

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
Aerospace	Aerospace Equipment Manufacturing, Public administrations (central or local), Scientific and Research Institutions, Space Agencies, Commercial satellites' developers and operators, Intelligence Agencies, Earth Scientists, Climate change analysts	Aircraft, Airlines & Airport Operations, Space Agencies, Private Companies
Defense	Public administration and defense, Institutional customers (police, army, fire brigade…), Defense Equipment Manufacturing	Institutional Customers, Private Companies

Aerospace & Defense: Key Strategic Lines

Main **Strategic Driver** to be taken into account**:**

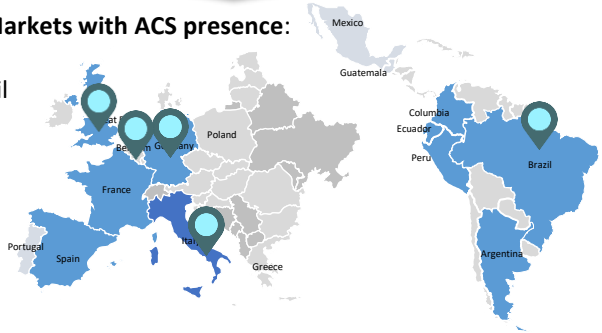
- Leverage on the larger size and stronger international presence of the Exprivia-Italtel group to benefit from the progressive shift from custom HW/SW developments to plurennial **Service Contracts based on SLAs**.
- In a context where consolidation is ongoing and the larger groups (Thales Alenia Space, Airbus, OHB, Leonardo) are behaving as winners-take-all, participate directly to the (few) **public tenders**, leveraging our larger size and strategic partnerships, in order to expand our engineering activities on industrial programs that are financed by the big European and National military and civilian contracts.
- Focalization on **German** Market for several compelling reasons: presence of relevant international Agencies (ESA, EUMETSAT); general positive trend of the German industry, with many “rich” public bids; new regulation support bigger enterprises in a market where many small companies play a role; already existing ACS-D company with active contracts.
- Market Development in **Czech Republic** (Europ. Comm. for Satellite Navigation)
- Focus on commercial **Satellite Imaging Market** whose CAGR is expected to be approx. 11% in the following years. The UK market is potentially of interest since the UK Space Agency has launched a program to expand globally and several smaller Satellite Supplier are active. Because of the **Brexit**, UK companies could find themselves locked out of bidding for EU-funded space programs. Both Galileo and Copernicus programs are open only to companies from EU member states.
- Opportunity to strengthen our position on the **Remote Sensing applications** market given: the broad availability of open and free remotely sensed data, the support initiatives started by the Space Agencies, the potential integration with our AR/VR technologies, the collaboration with European Research Institutes.
- Invest in the **Horizon 2020** European Program, in order to strengthen our competences on High Performance Computing, Big Data Analytics, GPUs, etc.

Key Strategic Lines

SEGMENTS	KSL
Aerospace Agencies	Service Contracts based on SLAs, A&D public tenders, focus on Germany, benefit from Brexit, Satellite Imaging, Remote Sensing Applications, Horizon 2020 to improve know-how.
Defense	

Strategic Markets with ACS presence:

1. EU3
2. Brasil



Czech Republic & UK will be addressed with an opportunity model.

Healthcare: Mission

Mission

Digital technologies have the potential to improve both productivity and quality of care by extending care delivery to new modalities, making transactions more efficient, and supporting clinical operations.

The **Healthcare** market sees the creation of a new player able to combine a consolidated know-how on both the healthcare system and the next-generation communications networks, to face the new challenges of a sustainable healthcare system able to put the patient at the center of the treatment path leveraging on a technology-enabled, collaborative and secure approach.

Exprivia|Italtel together create this value through a unique offer on the Italian landscape, helping **Public** and **Private Health** agencies/providers to implement strong prevention policies to rationalize spending through a strong drive towards digitalization, focusing on cost reduction and value-based care while transforming to patient-centric organizations.

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
Public Health	Health Minister, Autonomous Regions, Local Health, Public Scientific Institutes of Hospitalization and Care, Public Hospitals	Central Entities, Regional Entities, Local Entities (ASL, AO, AOU, IRCCS, RSA)
Private Health	Private Scientific Institutes of Hospitalization and Care, nursing and residential care, university hospitals, specialist and outpatient assistance, rehabilitative and territorial assistance, Pharmacies	Nurses, RSA, Ambulatories, Doctors' offices, Pharmacies

Healthcare: Key Strategic Lines

The **New Healthcare** for Exprivia|Italtel are: the personal health record, the world of Telemedicine services, the advanced interaction services for Healthcare (CRM), and the Apps connected to the regional and hospitals information systems.

All of them will be reached towards the three main pillars: **Processes Digitalization, Integrated prevention Systems/Solutions** and **digital integration with Insurances**

Others main strategies will be:

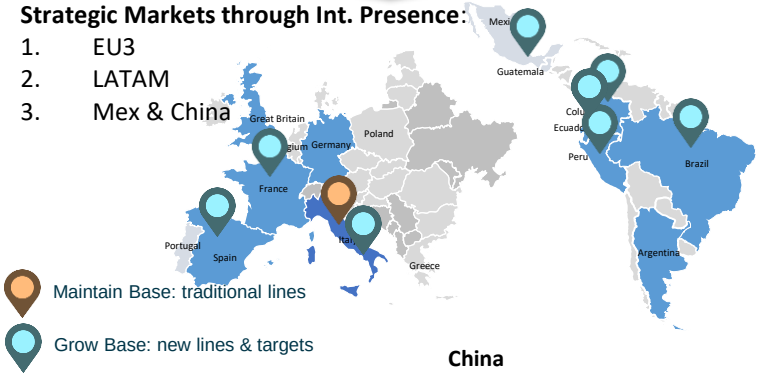
- **Integration of our products on Cloud Platforms** to enhance scalability and improve group's health skills: brings Exprivia|Italtel applications on Cloud SaaS based on open-source environment, following AGID rules
- Integration of **Machine Learning** future-proof technologies within Big Data solutions, while maximizing security with identity solutions: use of data analysis for epidemiologic scopes
- **Telemedicine & IoT:** enhance proprietary platforms capabilities and business models integration with health organizations in order to fulfil the new market needs and integrate IoT capabilities for new services such as: Teleconsultation, Tele monitoring, On-line Reporting Systems, Integrated Homecare Assistance, Remote medical examination, Man Down alerting ecc.
- **Integration with ERP Systems:** leveraging on partnership capabilities for enhancing Regional/hospital accounting and finance integration and digitalization
- **Service Center**: enhance the capabilities also for healthcare targets and needs for an integrated approach from security to collaboration, from patients to doctors

Key Strategic Lines

SEGMENTS	KSL
Public Health	Google Cloud, Telemedicine & IoT, Cyber Security, WebRTC Integration for (Tele Assistance, Teleconsult, Education & Training), HIS, EMR & Diagnostics Architecture, UC&C, Network Integration & Evolution Services, Service Center (NOC & SOC)
Private Health	

Strategic Markets through Int. Presence:

1. EU3
2. LATAM
3. Mex & China



Public Sector: Mission

Mission

Citizens and businesses now expect government information to be readily available online, easy to find and understand, and at low or no cost. **Governments** have many reasons to meet these expectations by investing in a comprehensive **public-sector digital transformation**.

Digital transformations require changes, to both processes and IT systems, that are more challenging to implement in the public sector than in the private sector**. The Public Sector** must cope with additional management issues, including multiple agencies, a range of organizational mandates and constituencies, longer appropriations timelines, and the challenge of maintaining strategic continuity even as political administrations change.

Smart Cities will transform our urban professional, recreational and living spaces through technological innovations and generate numerous business opportunities and possibilities for collaboration. The Smart City concept is a framing device, which is driving huge investment across a range of city services and infrastructure.

Exprivia|Italtel intends to help Central and Local Governments to respond effectively to this new wave of **Digital Opportunities** and capture them as they arise with an international outlook.

Commercial Perimeter

SEGMENTS	PERIMETER	TARGETS
National & International Government Entities	Public administration; health and human services; tax/revenue programs	Central Public Administration (Ministries, Authorities, Public Institutions), Local Public Administrations (Municipalities), Schools
Local & Regional Government Entities	Public administration of human resources, health, social services, tax/revenue, transportation; public works and safety programs	
Education	Primary and secondary education, Higher education	

Public Sector: Key Strategic Lines

Service Design & Innovation for Central & Local Entities:

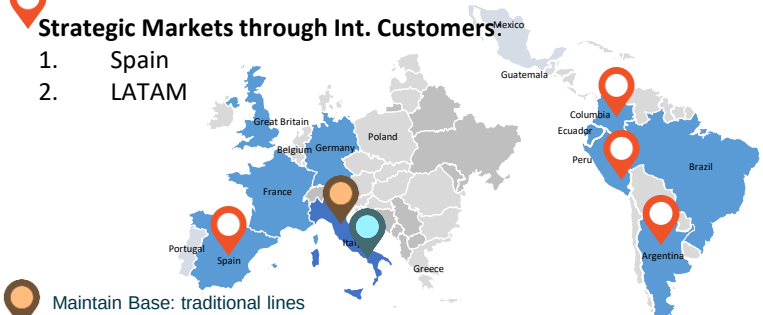
- Help Public Sector to **overcome the typical, legacy "silos" approach** favoring the creation of a real, comprehensive information system of the Public Administration. **Intangible infrastructures** (eg. for what concerns Italian PA, we refer to applications as SPID, PagoPA, NoiPA) encourage the **centralization** and rationalization of systems for the management of processes and data, reducing the fragmentation of interventions.
- Exprivia|Italtel intend to address primarily some of the **sectors or policy areas** in which the action of Public Administrations takes place: Taxes & Payments, Education, Welfare, Smart City, Safety & Security
- Provide integrated solutions for **Smart Cities** in order to gather and manage multi-source city data coming from sensors, cameras, devices or smartphones converting them into valuable information. Provide a single city dashboard for several different services (waste, safety, energy…)
- Support the transition to a new interoperability model based on the **API-first approach** and the use of different standards (REST, OpenAPI, …), in order to ensure the correct interaction between citizens, businesses and public administration and facilitate the transparent sharing of data, information, platforms and services.
- Leverage the new Exprivia|Italtel group identity to ensure the highest level of ICT & Applications **Security** also introducing blockchain technologies
- Focus on **Open Data** to provide advanced **Analytics** using **Machine Learning** and **Artificial Intelligence** capabilities

Key Strategic Lines

SEGMENTS	KSL
National & International Government Entities	Smart Cities, IoT, Big Data & Analytics, Web & Mobile Applications, Open API, City Control Rooms, Machine Learning, Blockchain, Open Data, Artificial Intelligence
Local & Regional Government Entities	

Strategic Markets through Int. Customers:

1. Spain
2. LATAM



Maintain Base: traditional lines

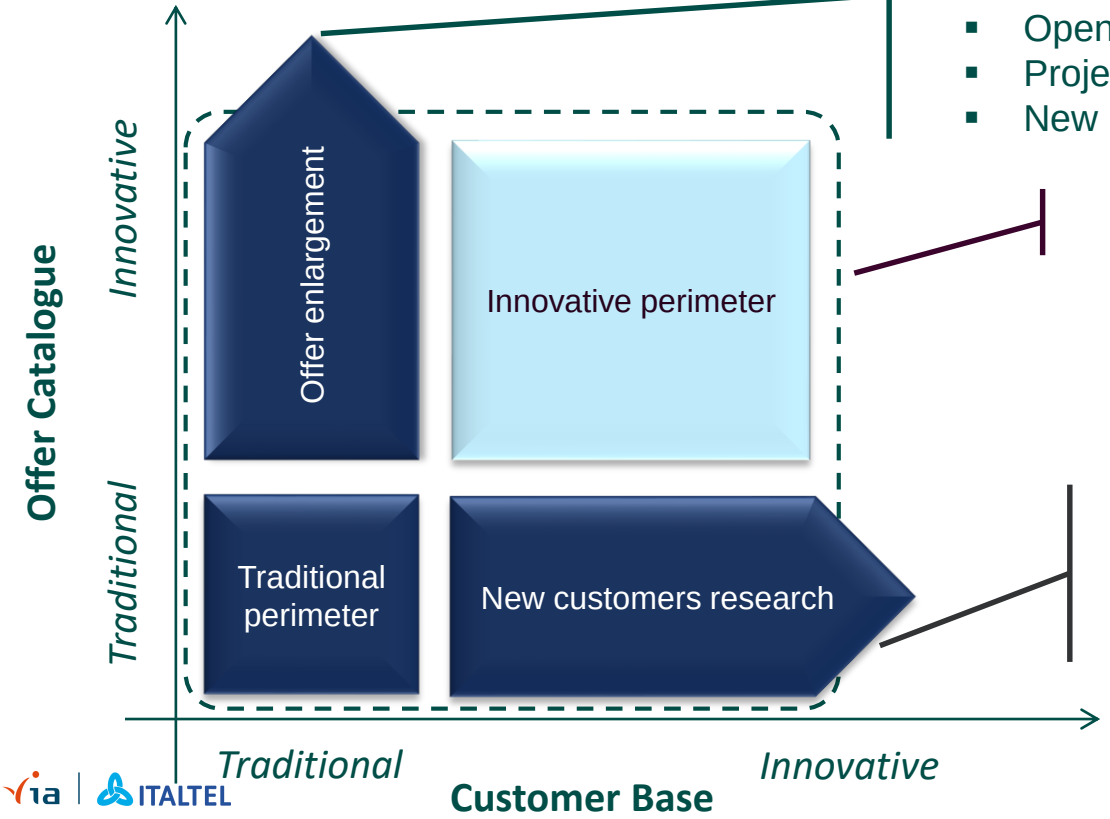
Grow Base: new lines & targets

Partners

- We always operate in an **ecosystem of partners**, that is required at this time of rapid transformation.
- The value of partner ecosystem is fundamental to face the **Digital Transformation** and to pursue **Open Innovation** targets. This is reached through a network that involves consolidated companies as well as startups.
- The way to **add value** to our customers requires to identify how the new business can fit into a **partner-centered ecosystem**. To benefit from this kind of opportunities we often need to look behind our traditional market.

Research & Innovation

Innovation Targets



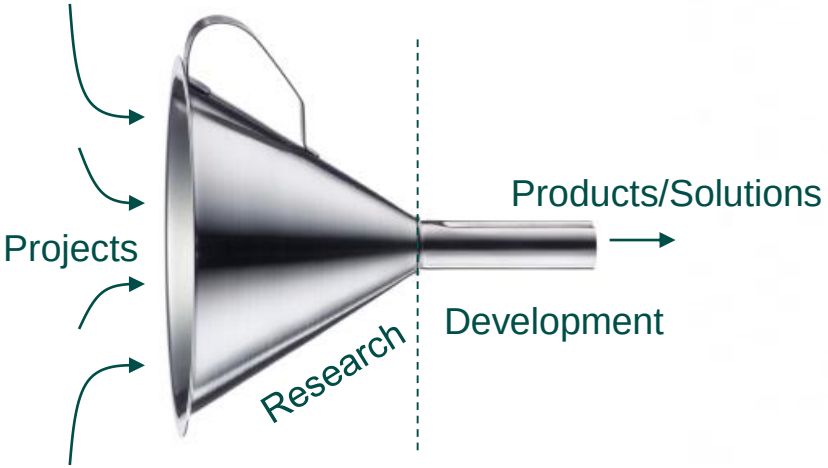
- Catalogue extension
- Open Innovation eco-system
- Project Financing
- New products/framework

New Competences

- New go-to-market models
- New partners
- New cannels
- New delivery models

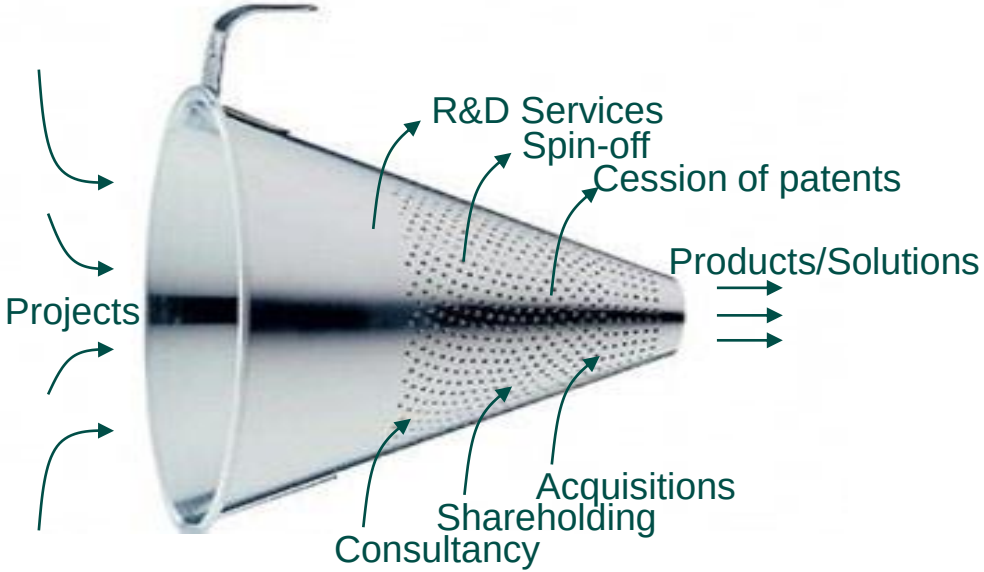
From traditional Research to Open Innovation

TRADITIONAL MODEL



- ✓ Internal Research & Development
- ✓ No permeability with the rest of the world

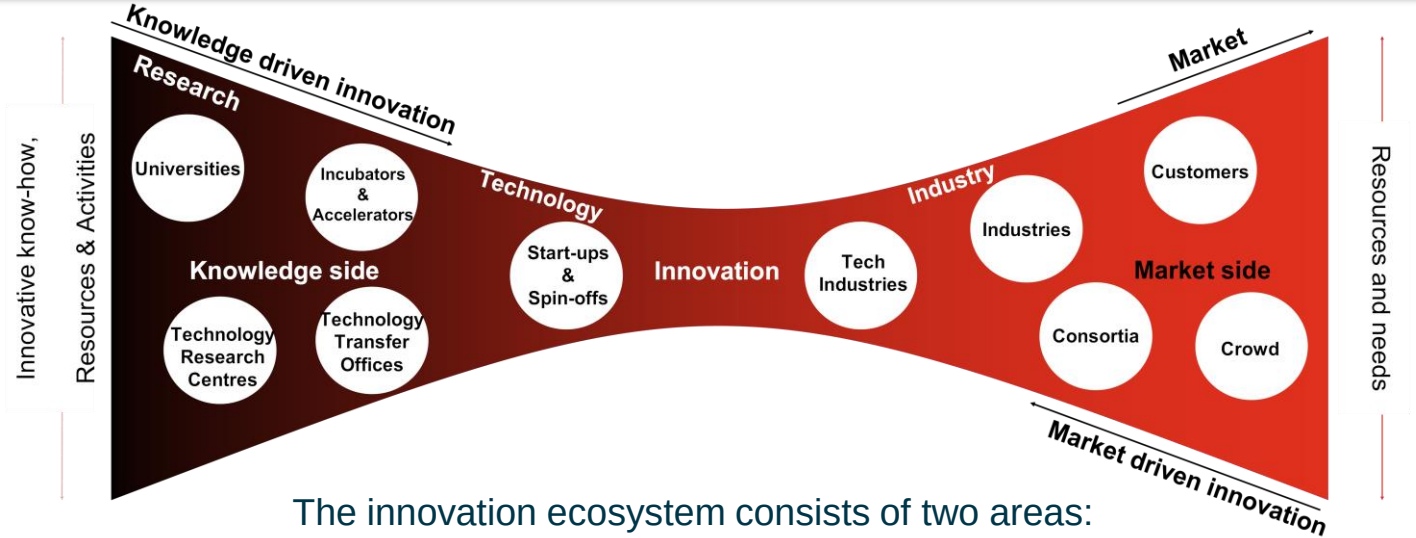
OPEN INNOVATION



- ✓ Internal and External Research & Development
- ✓ Rich permeability with the rest of the world

Innovation Vision: from Knowledge to Market

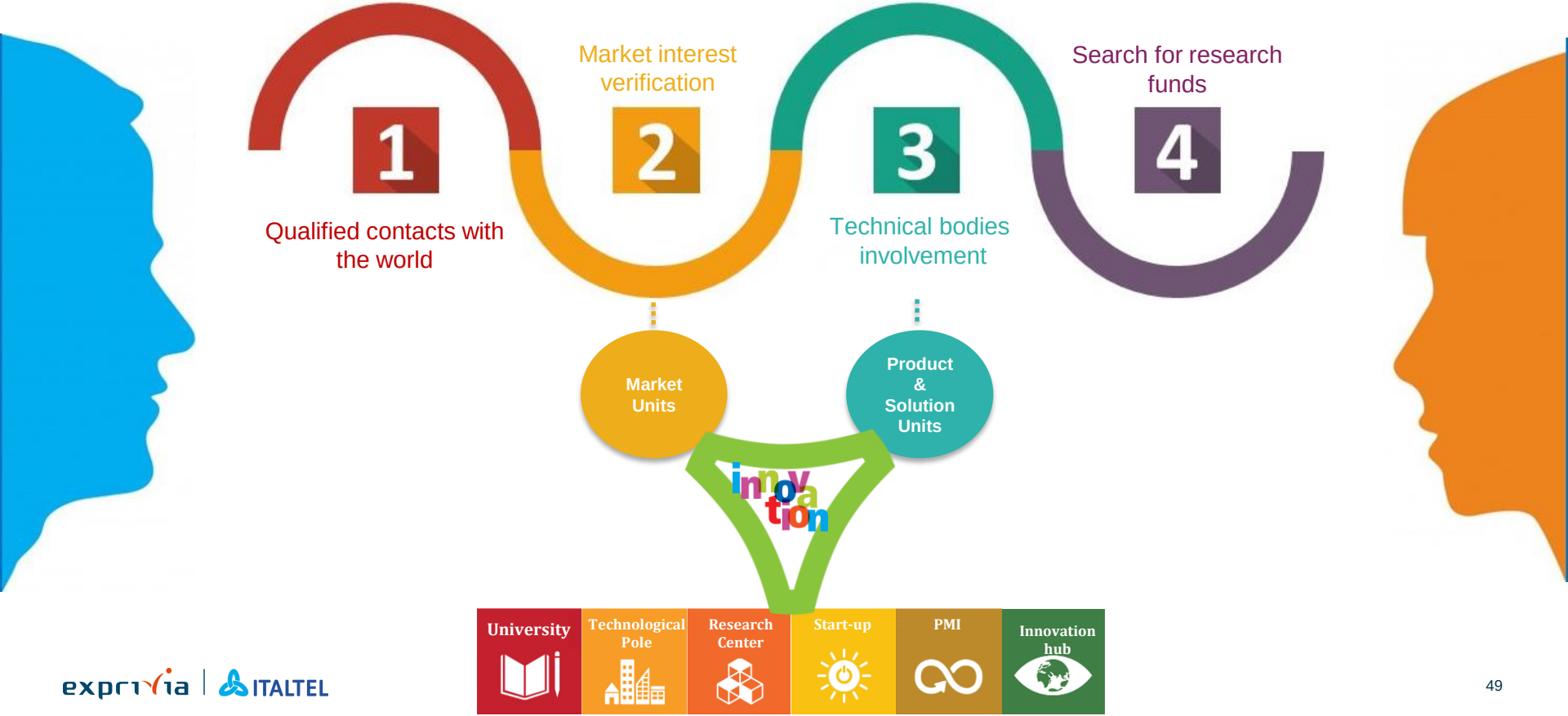
By innovation ecosystem we mean a network of stakeholders who can collaborate with the company along its path of innovation, from the idea generation to the launch of a new solution.



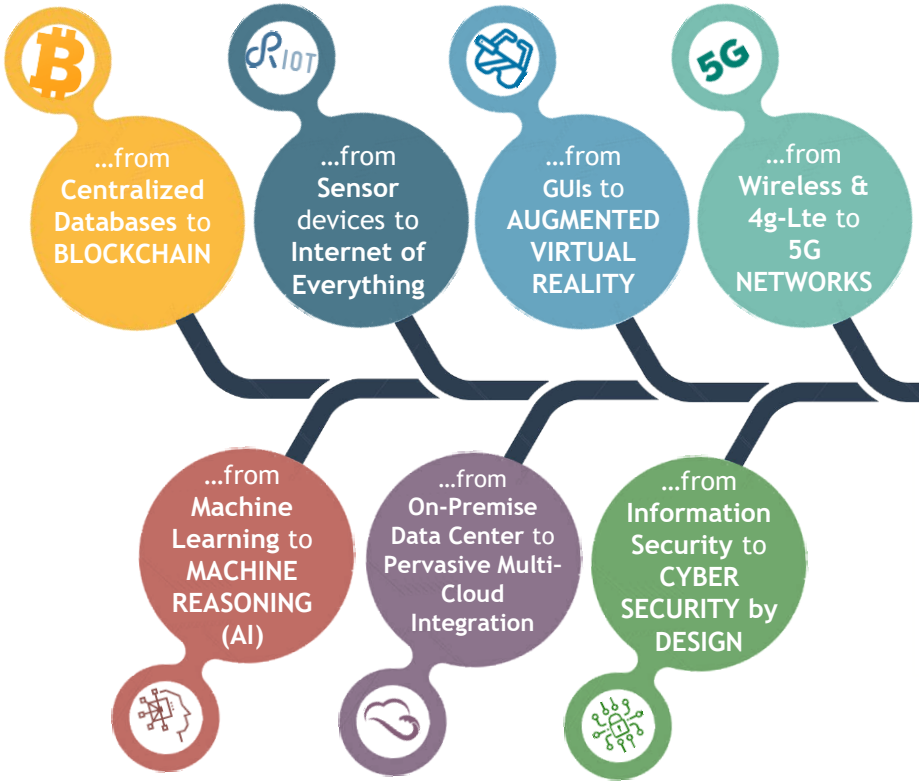
The innovation ecosystem consists of two areas:

- Those who traditionally generate knowledge and technological evolution (knowledge side), such as universities, research centers, technology transfer offices, incubators.
- Those who transform this evolution and progress into products and market solutions and those who express needs and benefit from the coming solutions (market side)

Exprivia|Italtel Innovation Thinking

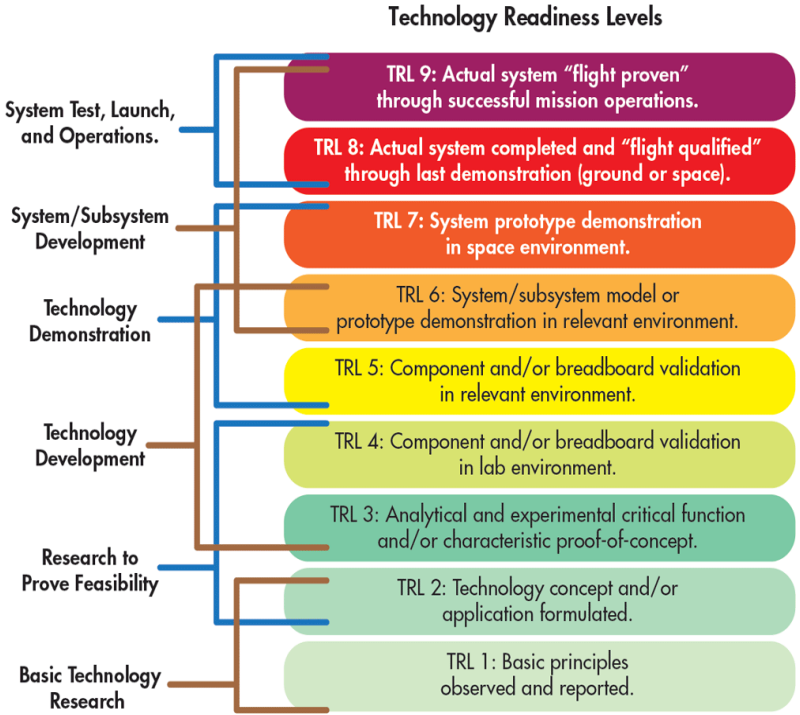


Innovation Topics Targets



- Industry
- Energy & Utilities
- Aerospace & Defense
- Healthcare
- Smart Citizens
- Telco & Media
- Finance

Research & Innovation Funding Opportunities



H2020-RIA
H2020-MSC
EU CLUSTER
MIUR-PON
POR

H2020-IA
MIUR-PCP

H2020-FTI
H2020-SME
EIT
MiSE-CdS
MiSE-ApI

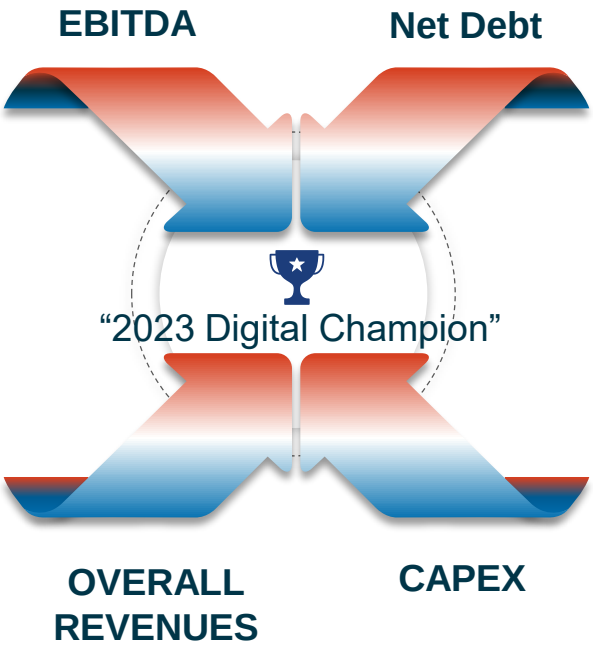
- Cloud
- NFV-SDN
- Big Data
- 5G
- Cybersec
- AR/VR
- AI
- Blockchain
- QKD

Economics – Financial Projections

Main Indicators of Future Growth

EBITDA is planned to reach Euro **76Ml** in FY2023BP with an increase of Euro **36Ml** from FY2017A (CAGR +13%)

OVERALL REVENUES are planned to reach nearly Euro **760Ml** in FY2023BP with an increase of more than Euro **150Ml** from FY2017A (CAGR +3,8%)

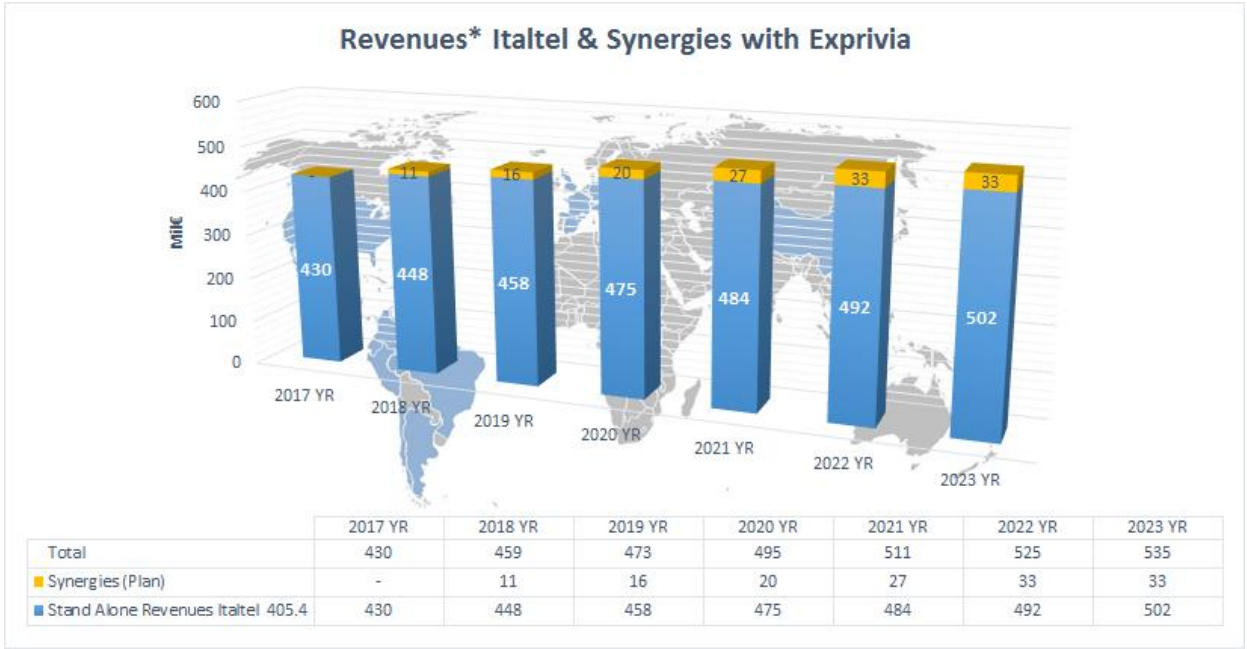


Net Debt is planned to decrease from 226 ml of 2017(A) to 119 ml of 2023(BP) (**-47%**)
Net Debt/EBITDA ratio is 6,2 in 2017(A) but it is planned to be reduced to 1,5 in 2023(BP)
The committed lines remain above 75% of total debt

Don’t taking into account extraordinary transactions in 2018-2023
Around 20ML€ per year

Italtel Revenues with Synergies

+2,6%
CAGR 2017-23



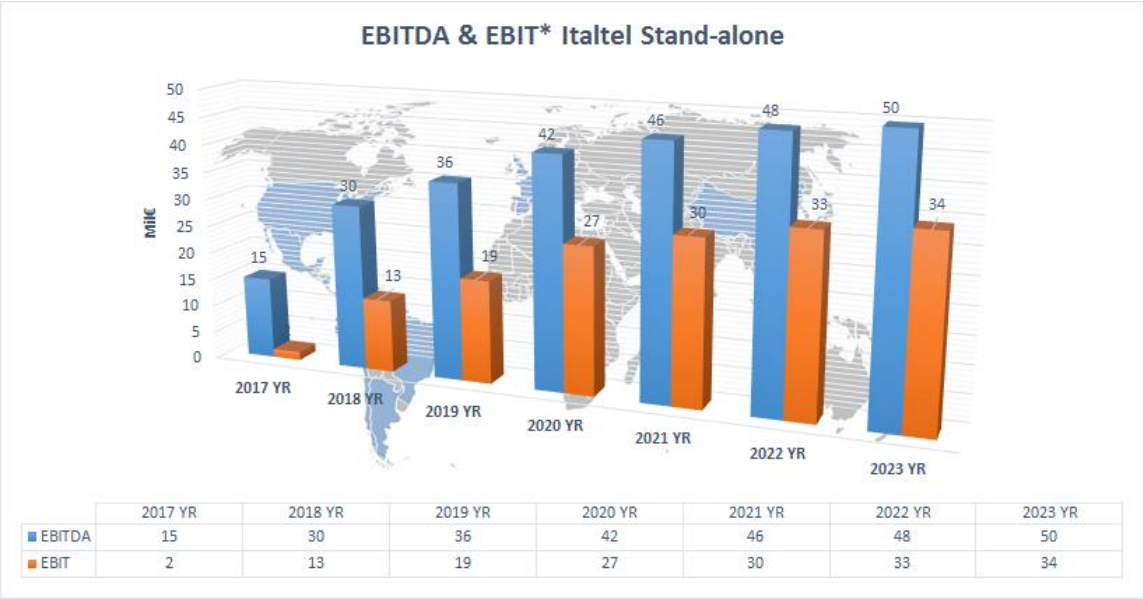
	2017 YR	2018 YR	2019 YR	2020 YR	2021 YR	2022 YR	2023 YR
Total	430	459	473	495	511	525	535
Synergies (Plan)	-	11	16	20	27	33	33
Stand Alone Revenues Italtel 405.4	430	448	458	475	484	492	502

- **Italtel** enjoyed a positive year in 2017 in terms of commercial results, with increases in revenues to Euro **430** million (+6% compared with 2016) and in margin to Euro 113 million (+4%), with an EBITDA of Euro **20** million, fully meeting the target set in the Business Plan, for an increase of 4% compared with 2016
- Between FY17A and FY23BP revenues are forecasted to increase by **€72m (CAGR +2.6%)** comparable with the Italian ICT Market trend of +2,8% of CAGR
- The expected synergies with Exprivia will start to generate revenues for Italtel in FY18 (only traditional offering). Such revenues are forecasted to reach **€33m** in FY23 with an increase equal to **€22m** compared to FY18 (CAGR +25,4%)
- In terms of Italtel market units and countries, Italy (i.e. OLO and EPS) represents ca. 50% of the revenues each year. The other key areas are EMEA (Spain, France, Germany) and LATAM (Peru and Brazil, the latter where Exprivia has already a team composed by 30 people and it has already worked as sub-supplier for Italtel, and Argentina and Colombia)

exprivia | ITALTEL

(*) Revenues from Customers, Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) - Year

Italtel EBITDA & EBIT

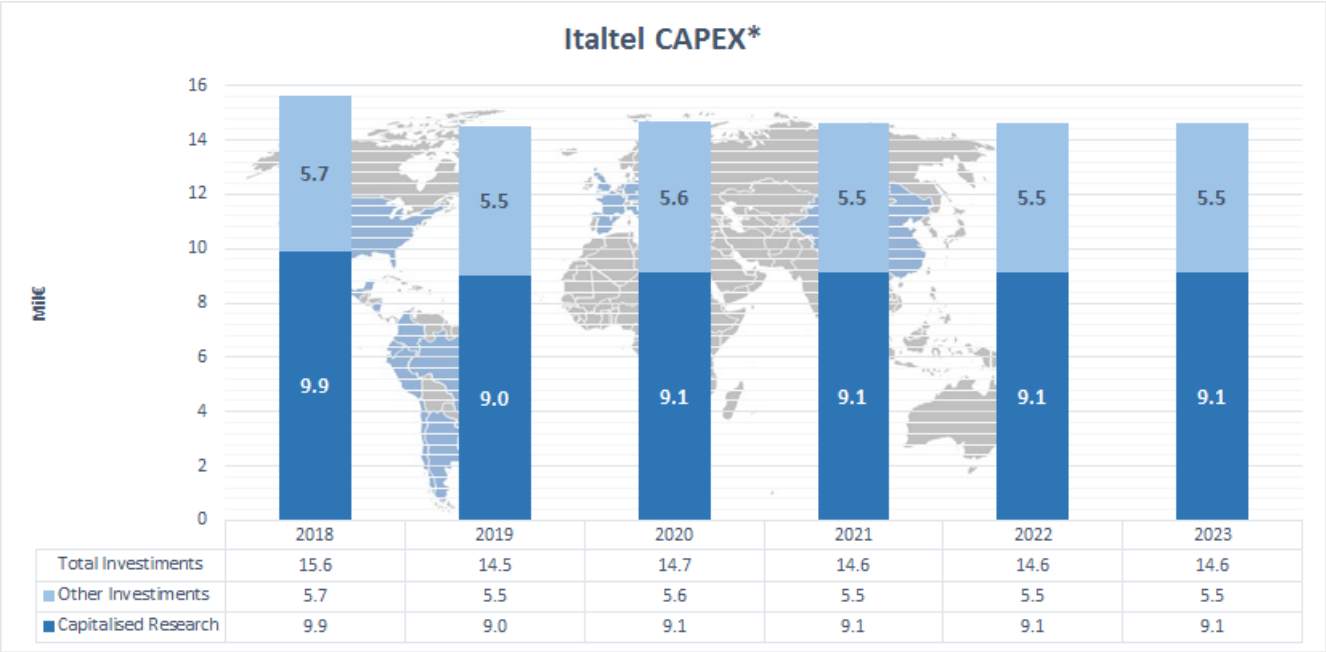


	2017 YR	2018 YR	2019 YR	2020 YR	2021 YR	2022 YR	2023 YR
EBITDA	15	30	36	42	46	48	50
EBIT	2	13	19	27	30	33	34

- EBITDA margin from FY17(A) to FY23BP is expected to grow from a 3,5% to a 9,3% on revenues
- The growth is mainly driven by the increase in volumes and profitability on the international market, the weight of which is equal to 51% of total revenues in 2023
- As for the Italian market it is forecasted an increase in terms of volume and profitability in the Enterprise and the Public Sector market.
- It should also be noted that the 2017 EBITDA was penalized by 5 million transaction costs.
- EBIT from FY2017(A) to FY23BP is expected to grow from a 0,4% to a 6,4% on revenues

(*) Revenues from Customers, Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) - Year

Italtel CAPEX

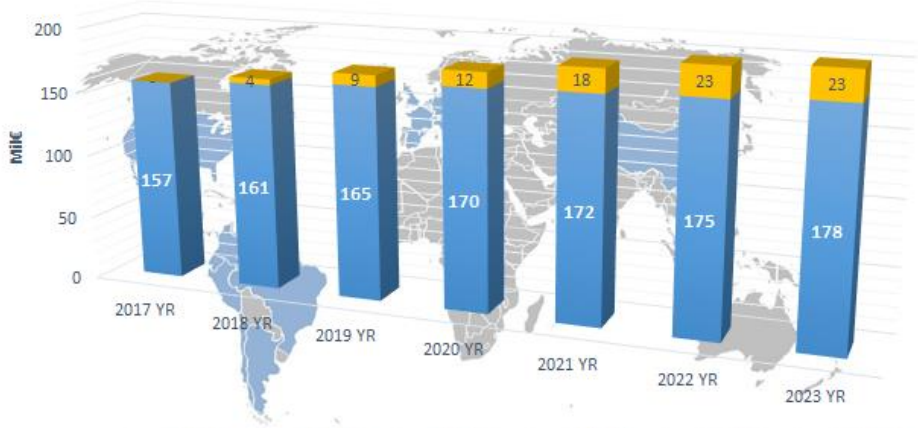


	2018	2019	2020	2021	2022	2023
Total Investiments	15.6	14.5	14.7	14.6	14.6	14.6
Other Investiments	5.7	5.5	5.6	5.5	5.5	5.5
Capitalised Research	9.9	9.0	9.1	9.1	9.1	9.1

(*) CAPEX (Capitalised development costs and all the other investments)

Exprivia Revenues with Synergies

+3,9%
CAGR 2017-23



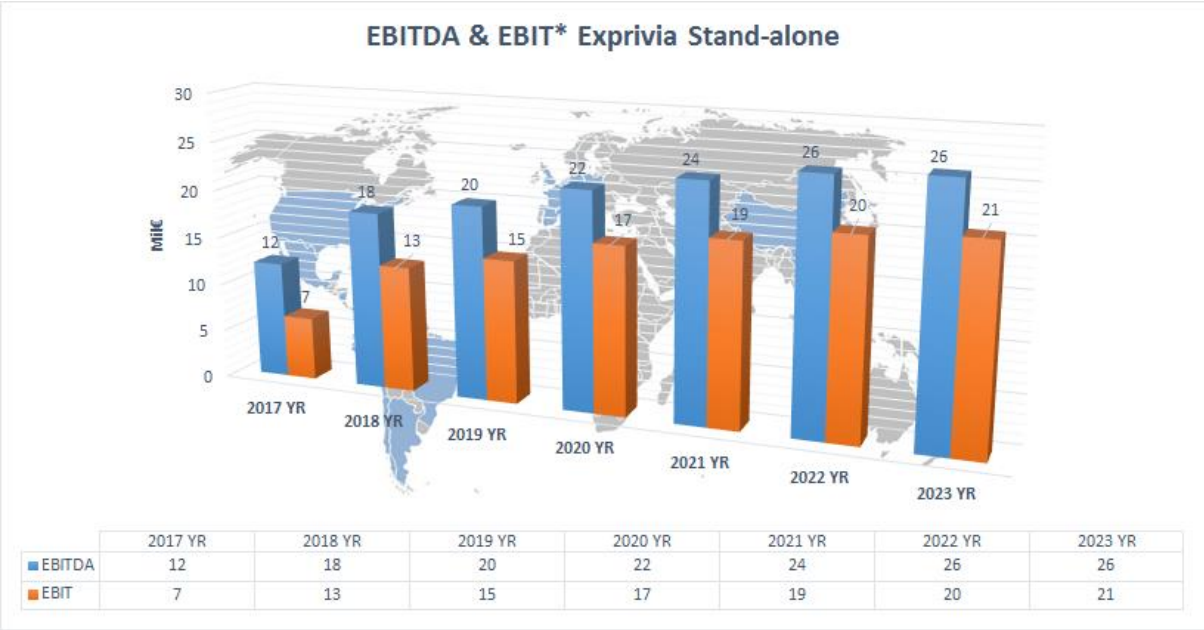
	2017 YR	2018 YR	2019 YR	2020 YR	2021 YR	2022 YR	2023 YR
Totale	157	165	174	182	190	197	201
Synergies (Plan)	-	4	9	12	18	23	23
Stand Alone Revenues Exprivia	157	161	165	170	172	175	178

- FY 2017 has brought good result for **Exprivia** both in terms of volumes and profitability. Revenues grew up to **€157m** (increase of 14% YoY) and Adjusted EBTDA grew up to **€16,4m** (increase of 21% YoY).
- Between FY17A and FY23BP revenues are forecasted to increase by **€44m (CAGR +3,9%)** comparable with the Italian ICT Market trend of +2,8% of CAGR
- The expected synergies with Italtel will start to generate revenues for Exprivia in FY18 (only traditional offering). Such revenues are forecasted to reach **€23m** in FY23 with an increase equal to **€19m** compared to FY18 (CAGR +41,9%)
- In terms of Exprivia market units and countries, Italy (i.e. Finance, Healthcare, etc.) represents ca. the 95% of the revenues in 2017 and the foreign market the 5%. Prevision are to reach the 10,3% in FY 2023 in the foreign market. The key areas are EMEA (Spain). LATAM (Messico and Guatemala) and ASIA.

exprivia | ITALTEL

(*) Revenues from Customers, Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) - Year

Exprivia EBITDA & EBIT

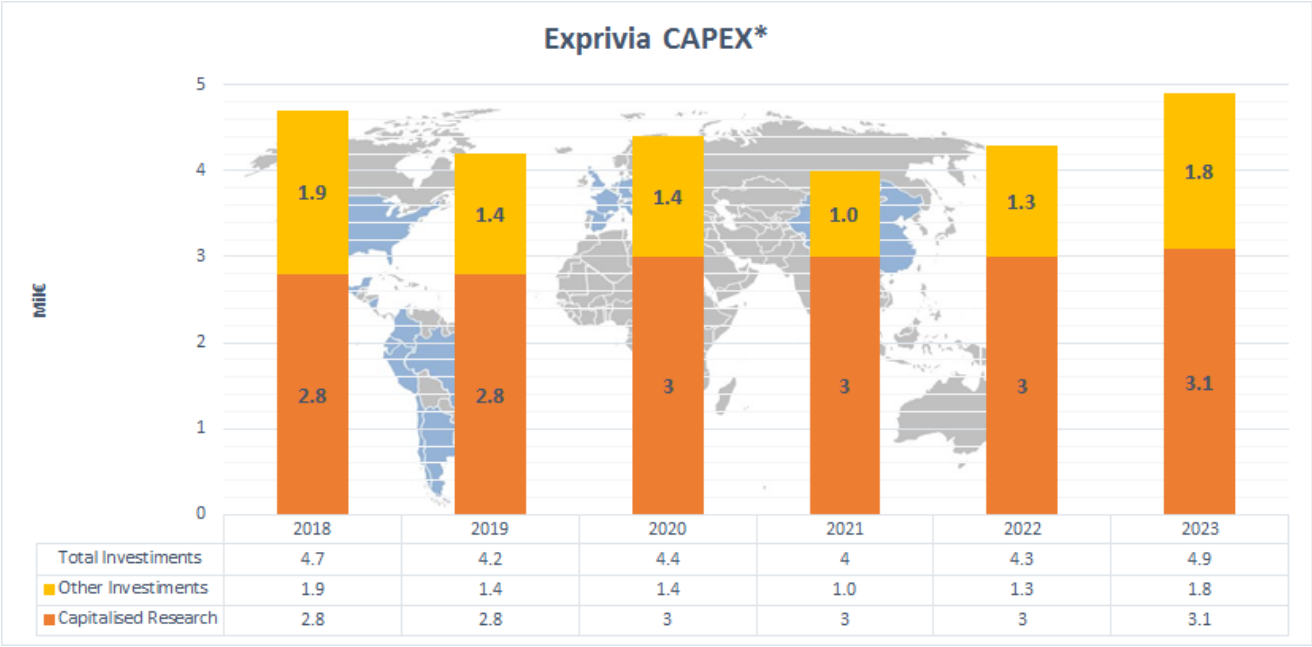


	2017 YR	2018 YR	2019 YR	2020 YR	2021 YR	2022 YR	2023 YR
EBITDA	12	18	20	22	24	26	26
EBIT	7	13	15	17	19	20	21

- EBTDA margin is in 2017 at 7,5% of total revenues (10,1% the normalized EBTDA). The plan foresees an increase to 12,6% in 2023.
- EBIT starts from 4% in 2017 (6,7% the normalized EBIT) and is aimed to reach 10,1% in 2023.
- EBITDA and EBIT are in line with the current plan

(*) Revenues from Customers, Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) - Year

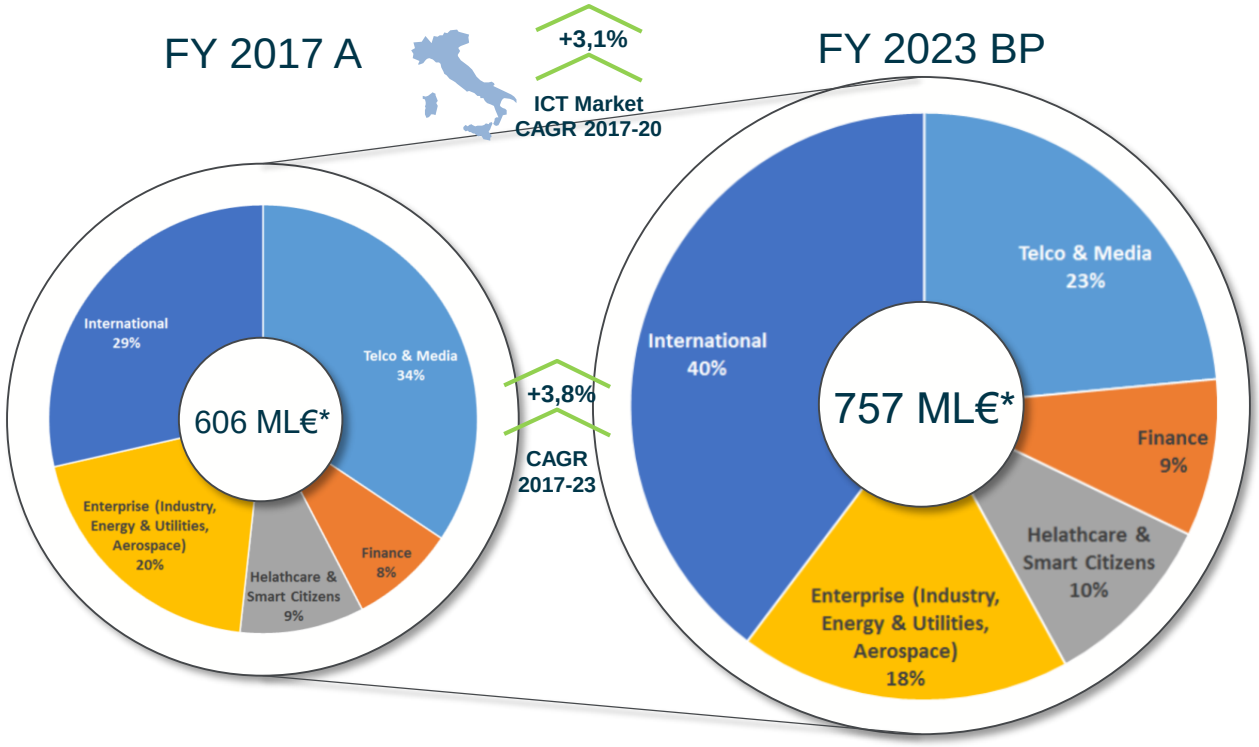
Exprivia CAPEX



	2018	2019	2020	2021	2022	2023
Total Investiments	4.7	4.2	4.4	4	4.3	4.9
Other Investiments	1.9	1.4	1.4	1.0	1.3	1.8
Capitalised Research	2.8	2.8	3	3	3	3.1

(*) CAPEX (Capitalised development costs and all the other investments)

Exprivia|Italtel - Consolidated Overall Revenues

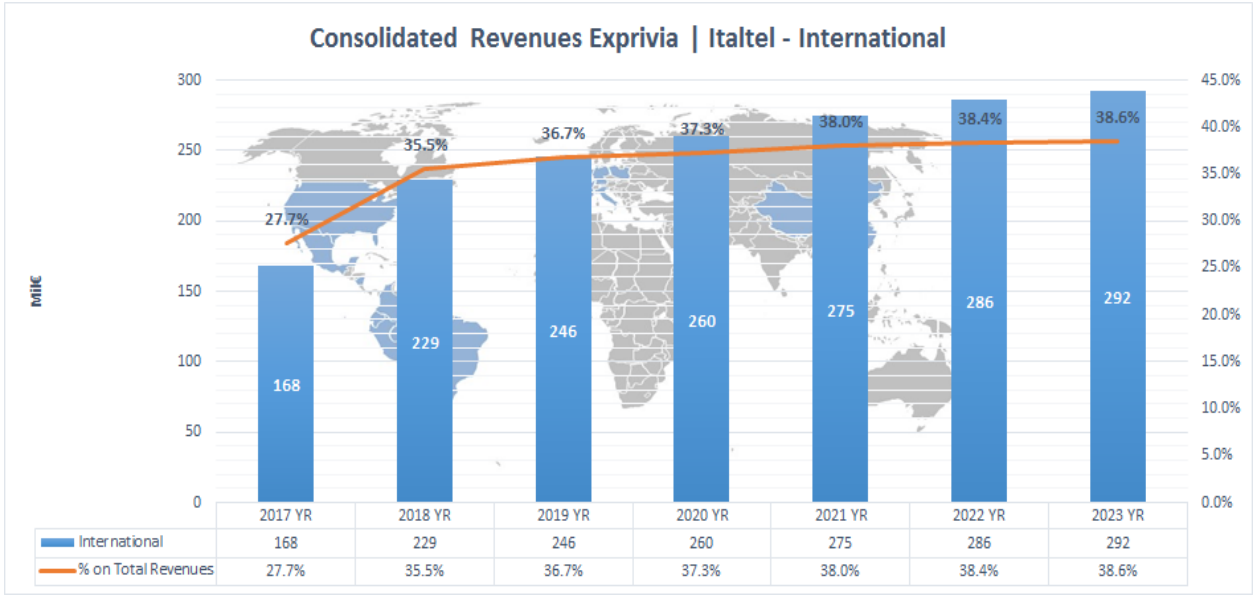


- Exprivia|Italtel revenues are planned to reach Euro **757Ml** in FY2023BP with an increase of Euro **152Ml** from FY2017A (CAGR +3,8%)
- The revenues growth is higher than ICT Italian market growth forecasted by NetConsulting (CAGR +2,8)
- The revenues mix per Market Area is planned to change with a significant increase of the **International Market**, whose relevant weight is expected to grow from the **29%** to the **40%** of total revenues
- On the other hand, the **Italian Telco & Media** Market area will reduce its relevant weight from **34%** to **23%** upon the overall revenues, while being relatively stable in absolute value
- Diversification on the others verticals and cross-selling capabilities will be enhanced with the scope of shifting revenues in higher margins markets and mostly in international countries

(*) Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) – Year, Reference ICT Market Assinform / NetConsulting cube, May 2018

International – Revenues*

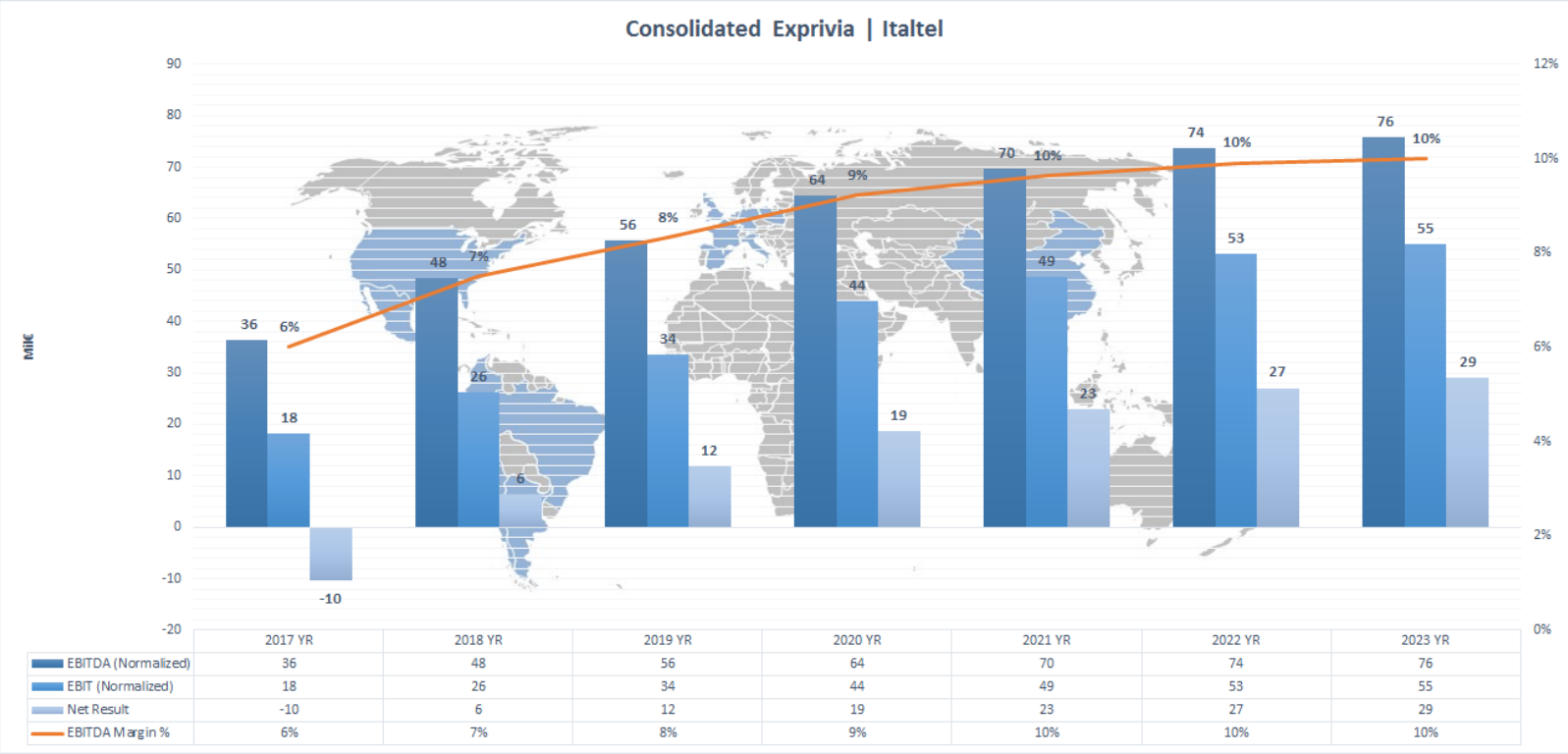
+9,7%
CAGR 2017-23



- The overall **International** activities of the group are here highlighted as a unique, comprehensive, Market Area
- **International** % weight on Total Revenues will highly increase from a 27,7% (2017A) to a 38,6% (2023BP) due to a sensible overall vertical revenues increase in the foreign markets, supported by a strong “Internationalization” strategy
- Revenues will grow from FY2017A - **168**ML€ to FY2023BP - **292**ML€ **(CAGR +9,7%)**

(*) Revenues from Customers, Values in ML€, (A) – Accounted , (BP) – Business Plan, (FY) – Fiscal Year, (YR) - Year

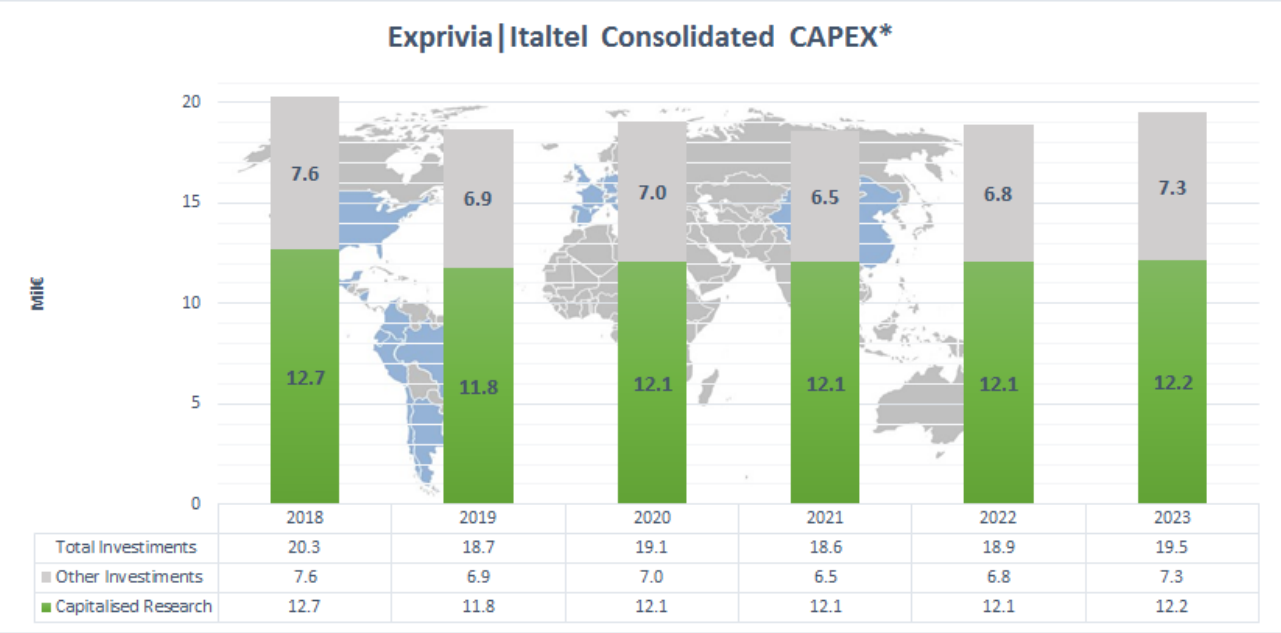
Exprivia|Italtel – Consolidated Results



	2017 YR	2018 YR	2019 YR	2020 YR	2021 YR	2022 YR	2023 YR
EBITDA (Normalized)	36	48	56	64	70	74	76
EBIT (Normalized)	18	26	34	44	49	53	55
Net Result	-10	6	12	19	23	27	29
EBITDA Margin %	6%	7%	8%	9%	10%	10%	10%

(*) EBITDA Margin % on VDP, EBITDA & EBIT are normalized

Exprivia|Italtel - Consolidated CAPEX*

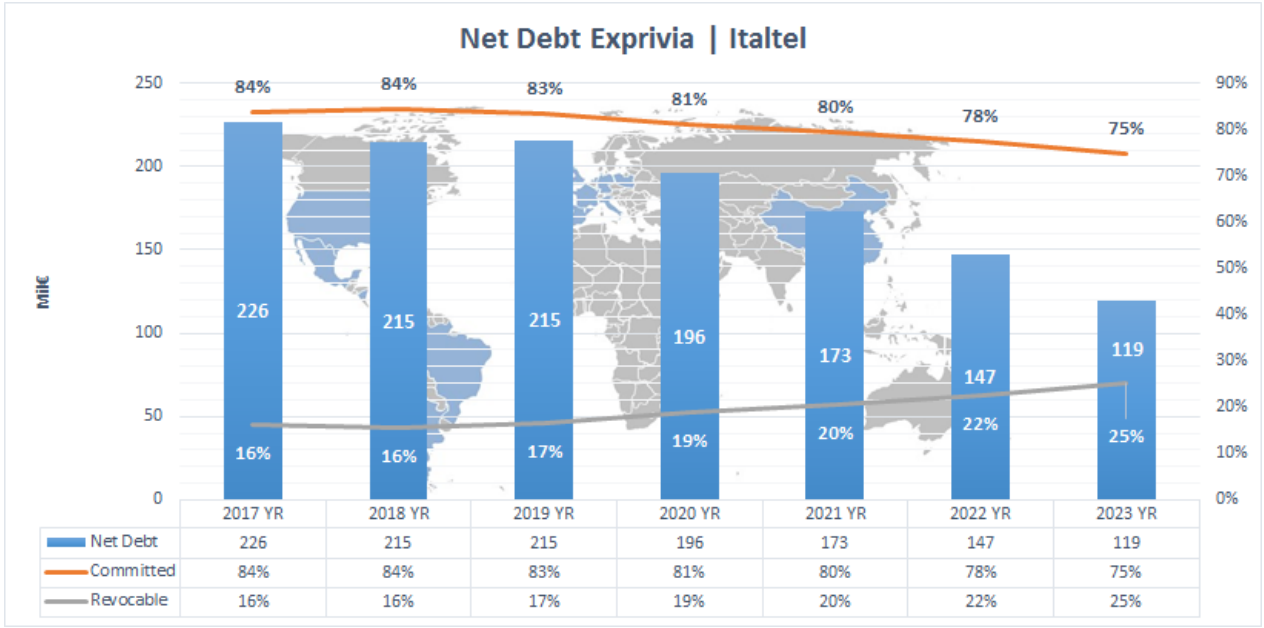


	2018	2019	2020	2021	2022	2023
Total Investiments	20.3	18.7	19.1	18.6	18.9	19.5
Other Investiments	7.6	6.9	7.0	6.5	6.8	7.3
Capitalised Research	12.7	11.8	12.1	12.1	12.1	12.2

(*) CAPEX (Capitalised development costs and all the other investments)

Exprivia|Italtel – Net Debt*

Maturity Value: 4 (Years)

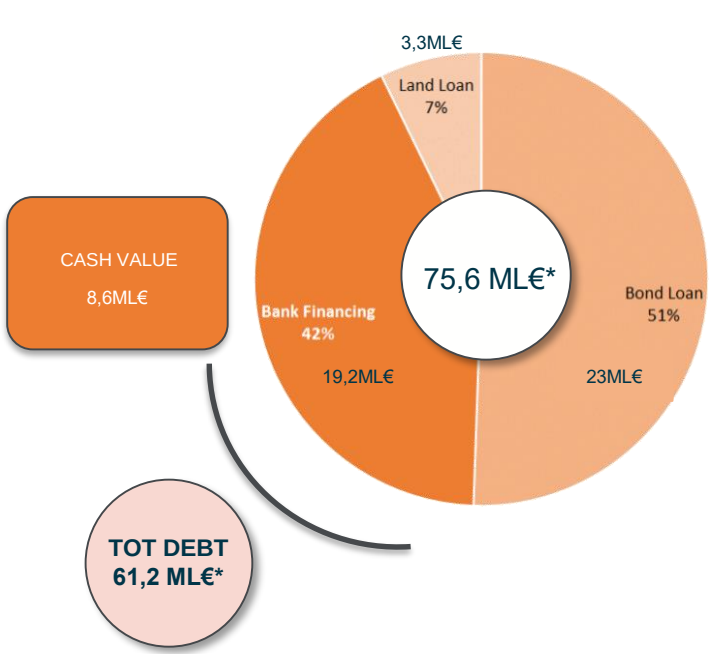


- **Net Debt is planned to decrease** from 226 ml of 2017(A) to 119 ml of 2023(BP) (**-47%**).
- The maturity of the entire debt is currently close to 4 years
- The committed lines, which are more solid for the company, remain above 75% of total debt

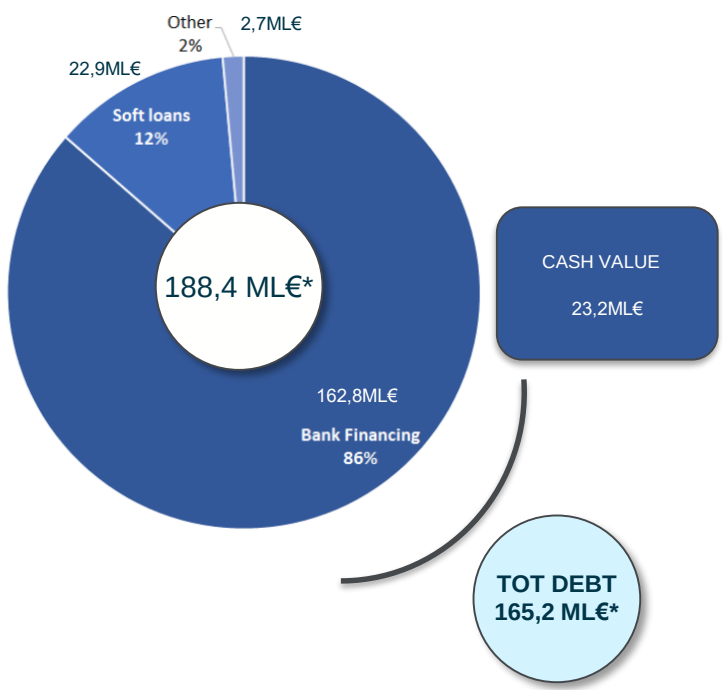
(*) Net Debt is not NFP Debt minus Cash Value

Exprivia & Italtel – Net Debt* Structure

Exprivia Net Debt Composition – 31/12/2017



Italtel Net Debt Composition – 31/12/2017 (1)



(*) Net Debt is not NFP. Net Debt is calculated as all the Financial Debts minus Cash Value, all the data are calculated at 31/12/2017
(1) Italtel Net Debt main conditions in Italy are: E+250/350 BPS

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INCREASING POTENTIAL THROUGH SYNERGIES