



## HY 2018 Consolidated Results

AIM Italia Conference, London 2018

22<sup>nd</sup> October 2018

# Agenda

- **BUSINESS & TECHNICAL HIGHLIGHTS**
- **HY 2018 CONSOLIDATED RESULTS**

# HY 2018 business highlights

**New customers** in all verticals (Insurance, Finance, Intelligence and others) and countries and relevant upsells on new customers added in 2017

Key strategic wins in **Process Automation** and **information intelligence** scenarios fully leveraging **Cogito** depth and richness

Additions of **new partnerships** at global and local level: traditional system integrators, strategic consulting firms and vendors.

# HY 2018 technology highlights

Release of two products for the Insurance market:

- **Cogito for Claims**
- **Cogito for Underwriting**

Strong focus on **components**: enrichment of **vertical components** for **specific industries** and **use cases** to simplify the work of partners in implementing Cogito based solutions for their customers

New version of **Cogito Intelligence Platform**

Richer and deeper **coverage of languages**

# Market validation



**Gartner**

**FORRESTER**

**Gartner**

Magic Quadrant for Insight Engines - 2018

**Forrester Wave**

AI-based Text Analytics Platforms - Q2 2018

**Forrester Report**

Now Tech: AI-Based Text Analytics Platforms - Q2 2018

Now Tech: Social Listening Platforms - Q2 2018

Look to Four Use Case Categories to Push RPA and AI Convergence



## HY 2018 at a glance

The first semester of 2018 had very good results and shows:

- Revenues reached **€12.9m**, compared to €8.4m in 2017 (**+52.4%**)
- Positive EBITDA equal to **€0.1m** compared to a negative EBITDA of €4.0m in 2017 (**+€4.1m**); adjusted EBITDA after one-off costs is **€0.6m**
- Value of production equal to €15.9m, compared to €11.7m in 2017 (+€4.2m)
- Negative net result for €3.7m, which includes €3.6m of depreciations, compared to €7.6m in 2017 (+€3.9m)
- Net financial position for €10.0m with more than €9.4m in cash

## Financial Headlines HY 2018 vs HY 2017

Half Year - €/m	HY 2017	HY 2018	Δ
Revenues	8,4	12,9	52,4%
Value of Production	11,7	15,9	35,3%
EBITDA	(4,0)	0,1	101,8%
<i>Margin%</i>	-33,9%	0,4%	
EBIT	(7,3)	(3,6)	51,1%
<i>Margin%</i>	-62,1%	-22,5%	
Net Earning	(7,6)	(3,7)	-50,9%
Net Working Capital	1,4	5,0	3,6
Total Invested Capital	23,5	25,2	1,7
Net Financial Position	13,8	10,0	(3,9)
Total Equity	9,7	15,2	5,6
Investments	(2,5)	(2,4)	0,1
Sales abroad (%)	61%	54%	-7%

**Revenue increase of €4.4m mostly transferred to the EBITDA improvement €4.1m:** Growing sales with almost flat operating costs. The increase also reflects a better distribution of revenue throughout the year.

**Positive EBITDA €0.1m in HY 2018 compared to -4 of HY 2017**

**Adjusted EBITDA €0.6m considering one-off costs for restructuring of €0.5m**

**Improved financial position at €10.0m compared to the same period in 2017**

## Value of Production (VoP) breakdown

€m	HY 2017	HY 2018	Δ%
Sales	8,5	12,9	51,5%
Grant	0,4	0,6	32,5%
Capitalised Costs (R&D)	2,5	2,3	-7,3%
Other revenues	0,3	0,1	-66,9%
<b>Value of Production</b>	<b>11,7</b>	<b>15,9</b>	<b>35,3%</b>

**Grants** equal to €0.6m, showing an increase that depends on projects won and authorized by Public Entities.

**R&D** at €2.3m. Stable investments in Cogito and related products.

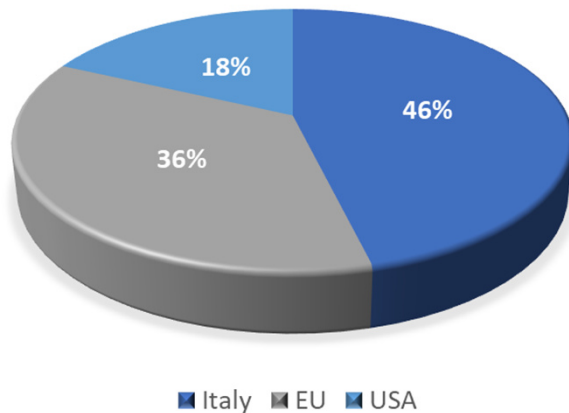
**VoP +35.3% vs HY 2017**, €4.4m higher turnover achieved

**License & Maintenance.** Commercial focus on major clients and recurring licences. Increase in revenue mainly for Banking & Insurance, Media, Intelligence & Government.



# Revenues by region

REVENUES HY 2018



**54% of sales are abroad, 36% in Europe and 18% in USA.**

Some growth highlights:

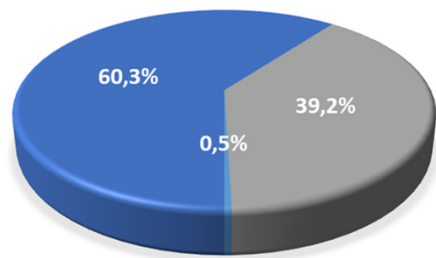
- Italy: **+81%**
- UK: **+434%** reaching **5%** of total revenues
- Spain: **+12%**
- Switzerland: **+186%**

Huge results in Italy due to some important new projects.

Very good results also in foreign markets like UK, Spain and Switzerland.

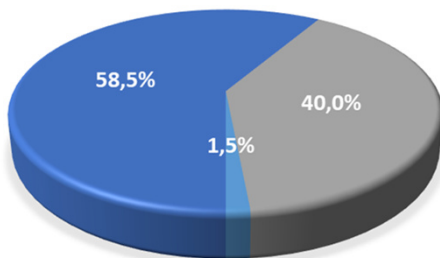
# Revenues by type HY 2018 vs HY 2017

REVENUES HY 2017



■ License (inc. maint.) ■ Professional Services ■ Other

REVENUES HY 2018



■ License (inc. maint.) ■ Professional Services ■ Other

Recurring licenses 33%  
Perpetual licenses 67%

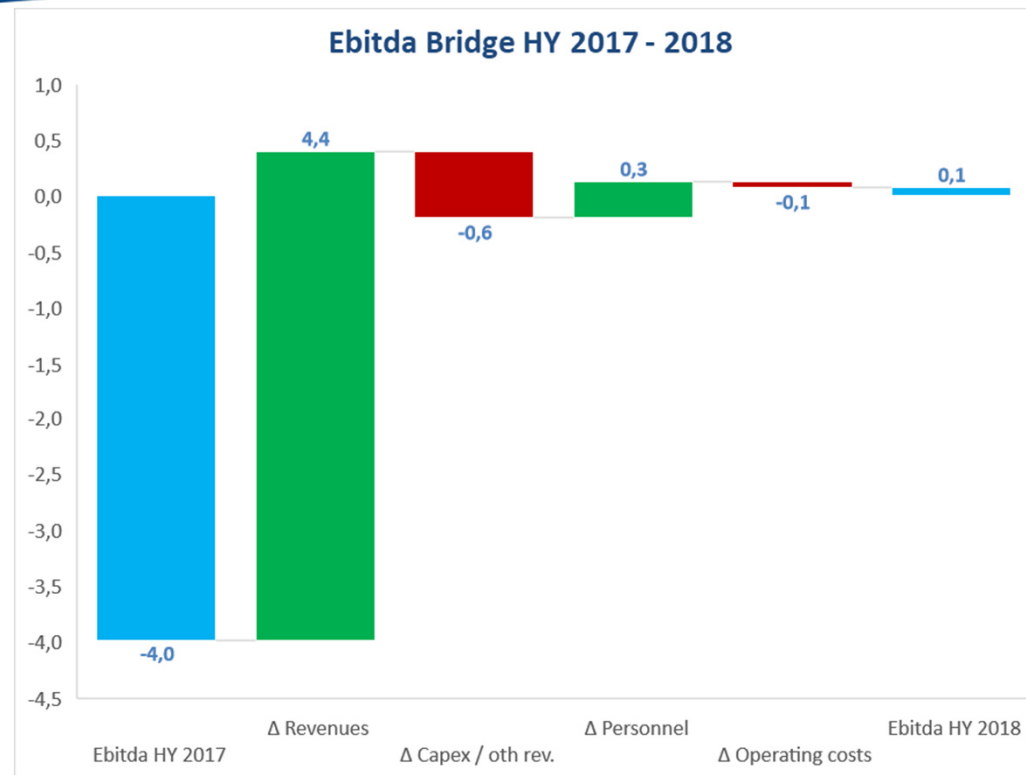
Recurring licenses 79%  
Perpetual licenses 21%

**Strategic Sales:** The focus is moving more and more to bigger, strategic deals with multinational companies in selected markets.

**Annual Licences:** The huge shift from perpetual license to recurring, annual fees is accelerating. This is an important indicator that shows that we are pursuing and achieving one of our strategic goals.

**Professional services margin:** The global PS team has been reorganized during 2017 to better balance the workload in different markets and verticals and to increase its efficiency.

# EBITDA bridge HY 2017 → HY 2018



## From EBITDA to Net Result HY 2017 vs HY 2018

Half Year - €/m	HY 2017	HY 2018	Δ
<b>EBITDA</b>	<b>(4,0)</b>	<b>0,1</b>	<b>4,1</b>
Amortization of Intangible Assets	(3,2)	(3,5)	(0,4)
Amortization of Tangible Assets	(0,1)	(0,1)	0,0
Depreciation	(0,0)	0,0	0,0
<b>EBIT</b>	<b>(7,3)</b>	<b>(3,6)</b>	<b>3,7</b>
Financial Income/(Expense)	(0,2)	(0,2)	0,0
Exchange Losses unrealized	(1,1)	0,3	1,5
<b>Result before taxes</b>	<b>(8,7)</b>	<b>(3,5)</b>	<b>5,2</b>
Taxes	1,0	(0,3)	(1,3)
<b>Net Result</b>	<b>(7,6)</b>	<b>(3,7)</b>	<b>3,9</b>

### Amortization +€0.4m.

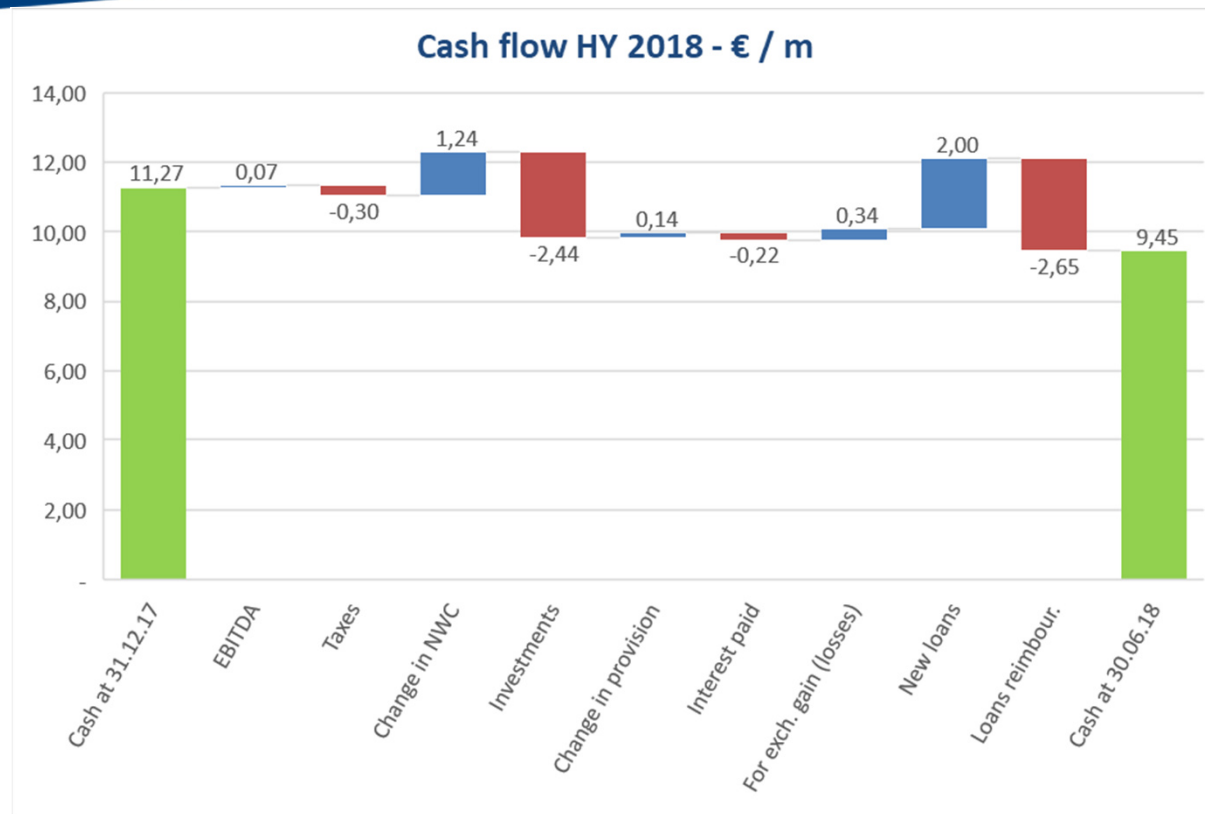
Higher amortization for intangible assets connected to investments in R&D.

**Financial Costs €0.2m** are under control with a low interest rate.

**Not realized exchange profit for €0.3m.** Mostly referred to €/€ rate mainly due to intercompany exposure.

**Taxes** refer to the result of the holding company.

# Cash Flow bridge



# Financial highlights 2018-2019

Year ended 31 December - €/m	2017	HY 2018	2018	2019
Revenues	25,6	12,9	28,5 - 30	33 - 34,5
Value of Production	32,8	15,9	35,5 - 37	39,8 - 41,3
EBITDA	1,0	0,1	4,0 - 5,0	7,0 - 8,0
<i>Margin%</i>	3,2%	0,4%	11,3% - 13,5%	17,6% - 19,4%
EBIT	(6,5)	(3,6)	(3,7) - (2,7)	(1,1) - (0,1)
<i>Margin%</i>	-19,8%	-22,5%	-10,4% - 7,3%	-2,8% - 0,2%
Net Earning	(8,3)	(3,7)	(4,6) - (3,9)	(2,3) - (1,6)
Net Financial Position	8,8	10,0	13,6 - 12,9	13,0 - 12,0

**We confirm the guidelines presented on March 2018;** we are confident to achieve our goals considering:

- Actual results of the first semester 2018
- The new and more efficient organizational structure and commercial offer that allows us to leverage existing resources

# Strategic guidelines 2018-2019

Key directions:

- **Grow market penetration** in existing markets with the current offering, in particular in **USA, Germany and France**
- Scale marketing activities on a **global level**
- Speed up the creation of the structured **indirect channel**
- **Productize Cogito solutions** for specific vertical markets (like insurance) for both direct and indirect
- Target **large multinational customers**, with a strong focus on the finance and insurance sectors
- **Increase recurring licenses** vs perpetual licenses
- Leverage the skilled professional service team (mainly based in Italy) to **increase margins and profitability of projects**

Contacts

Q&A

Thank you!

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