Clinical Engineering & ICT outsourced Services with e-Health & e-Government Integrated Solutions

Diego Bravar, Chairman
Paolo Salotto, CEO

Milan, 20 November 2014
Table of Contents

- TBS Group
  - Markets and TBS Group’s positioning
  - Strategic pillars
  - Constant evolution of TBS Group offering
  - Financial results & Rating
  - Balance Sheet / Profit & Loss
TBS Group: Healthcare Technology Management

TBS Group’s vision
Support the Hospitals, the Healthcare Institutions and Public Administration. Providers to contain the cost and increase the quality of their services related to Medical and ICT Technology use.

TBS Group’s mission
develop outsourced integrated clinical engineering and ICT services with e-Health & e-Government solutions to ensure a safe, effective and efficient management of technology* in hospitals, healthcare, social institutions and homes.

* To this end, “technology” means biomedical equipment and ICT systems; tele-healthcare systems and other homecare technologies; e-Health & e-Government solutions
Medical Technology market in Europe

The European medical technology market is estimated at roughly €100 billion. Based upon manufacturer prices, the European medical technology market is estimated to comprise approximately 30% of the world market. It is the second largest medical technology market after US (~40%).

Source: MedTech Europe, 2014

The European medical technology market is growing around 4% per annum in the last 6 years.

Based upon manufacturer prices, for TBS Group, Medical Equipment Maintenance Service’s Market is estimated to cover over 5% of Medical Technology World Market.
Medical Technology Market in Europe: Relevant Market

Per capita spending on various fields, in €, latest year available

- Healthcare expenditure: €2,645
- Pharmaceuticals: €450
- MedTech: €195
- Defence: €385
- Environmental protection: €560
- Education: €1,600

Source: MedTech Europe, 2014
Medical Technology in Europe: High Tech Industry

Source: MedTech Europe, 2014
TBS Group: History and Strategy

Established in 1987 as a spin-off of a research project of the Italian research Council (CNR); started operations in 1992 with the first clinical engineering contract.

TBS grows as undisputed leader in Italy in the Clinical Engineering (CE) outsourcing market that rapidly develops, due to financial constraints and favorable regulatory environment (DRG system, a pay for performance hospital reimbursement scheme).

Move into e-Health through strategic acquisitions in 2000 (Telecare and Medical IT Companies).

Acquisition of European Clinical Services activities of GE in 2004 (UK, Spain, France, Germany, Belgium, Portugal). Followed by other acquisitions in Netherlands, Spain, Germany and Italy.

Acquisition from 2009 of Insiel Mercato in Italy, MNE Tech (now TBS India) in India, JV’s in China and acquisition of Agile’s branches (now TBS IT), REM DI and the majority of Burgatti’s shares in Italy.

TBS Group founded after identifying low level of efficiency and efficacy in the medical equipment multivendor maintenance and management in Italian hospitals, compared to a US benchmark.

Following the adoption of cost containment measures in Italian Public Hospitals, TBS quickly developed CE outsourcing services for medical equipment management, as Italian hospitals historically had weak internal technical teams.

Vision of technology and services “convergence” between: medical equipment; medical IT systems and solutions; telehealthcare systems and solutions and other homecare technology.

Leverage Italian experience and know-how in other key European countries.

Entry in Middle East and Asia: become the first global player in outsourcing medical equipment and IT systems and solutions integrated services to exploit economies of scale.

Create barriers to enter and competitive advantage by quick geographical expansion and by new high technologies managed (ie. Diagnostic imaging equipment, e-Health & e-Government solutions).
TBS Group: growth strategy in the last 15 years

Clinical Engineering
Initial phase
Expansion of activities in telehealthcare and e-Health services
European expansion in clinical engineering services
Global expansion in clinical engineering & ICT services with e-health & e-Government solutions

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<tbody>
<tr>
<td>Sales (€m)</td>
<td>9</td>
<td>13</td>
<td>24</td>
<td>42</td>
<td>45</td>
<td>70</td>
<td>88</td>
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<td>111</td>
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<td>158</td>
<td>190.7</td>
<td>197.5</td>
<td>216.9</td>
<td>218.5</td>
<td>169.9</td>
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</table>

2000-2014 Q3
TBS Group: growth strategy supported by generalist country companies represents the core business (clinical engineering and ICT services), whereas specialized companies are the driving force for other innovative services.
TBS Group: growth strategy supported by a network of clinical engineers and «specialized» technicians that develop technical operations on site

> 1,000 customers in healthcare centers and hospitals in Europe
TBS Group: competitive advantages

- **Strong competences in healthcare and social processes and domain**

- **IT platform for the management of services** and the sharing of **medical technology and ICT know-how** (more than **850,000 biomedical equipment**, **150,000 ICT systems and solutions**, **40,000 telecare and telemedicine systems** under management)

- **International network of over 1,650 clinical/IT graduated engineers and biomedical & IT technicians** and **200 telecare & telemedicine operators** that develop the operations in more than over 300 in-hospital workshops and 20 specialist centers

- **High market share** and few big competitors

- **Strong references** and **track record for bids**

- **Integrated Clinical Engineering and ICT outsourcing services portfolio**

- **Presence in all major European countries, India, China and Latin America.**

- **Provider to more than 1,000 hospitals / healthcare institutions** and over **200 other public and private organizations**
TBS Group: offer

✿ BU Medical Devices & ICT systems

*TBS Group provides to public and private healthcare institutions a full range of clinical engineering outsourced services for all medical equipment and ICT systems and solutions, on a high security level in multivendor mode and through a widespread network of biomedical and IT engineers and technicians on site and locally.*

*TBS Group provides also to offer tele-healthcare services (to favor diagnostic and therapeutic continuity between the hospital, social-healthcare and home care services) integrated with home care technology management services.*

✿ BU e-Health & e-Government integrated solutions

*TBS Group develops and sales IT solutions, provides related services, acts as a system integrator and offers specific expertise in the following fields:

✓ e-Health solutions (proprietary/third party) for the health, social and home care process (i.e. prevention, access, diagnosis, therapy monitoring and others).

✓ e-Government solutions (proprietary/third party) for the government process (i.e. demographic, social, tax, administration, finance and others).
TBS Group: value proposition for customers

- **Reduction of costs for medical technology and ICT management**
- **Improved safety for patients’ healthcare and social organizations related to medical technology and ICT use**
- **Medical technology and ICT technical reference point with multiple best practices**
- **Favour the continuity of care treatment by extending medical technology and ICT services from hospitals to patient’s homes**
Shareholders

- Founders and Managers Shareholders
  - Clinical Engineering & Information Technology
- High-profile financial shareholders.
  - Generali Group since 1999.
  - Fondo Italiano di Investimento since 2012.
- Free float, other Shareholders and own shares

- Governance and organizational practices of a public company already in place.
In December 2013 the Board of Directors approved the **new governance model**, aimed to **optimize the organizational structure**, increase the **efficiency of decision-making** and **operational processes** with the support of three specific Board Members’ Committees.

**Chairman**
Diego Bravar

**CEO**
Paolo Salotto

**BU MD & ICT Systems**
- **Italy Operations**: Fabio Faltoni
- **Foreign Operations**: Nicola Pangher

**Corporate Operations**
Paolo Salotto

**BU e-Health & e-Government Integrated Solutions**
Alberto Steindler

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**Strategic Committee**
- Responsible for monitoring the implementation of strategies, the evolution of markets and the competitive position of TBS Group, and for proposing new strategies

**Internal Control Committee**
- Responsible for monitoring the internal control system and proposing updates to this system; collaborates with the Board of Auditors, Internal Auditor and Risk Manager

**Appointments, Compensation and Governance Committee**
- Responsible for giving opinions and making proposals regarding appointments in the management bodies of the Group, the Group’s remuneration policies for directors, managers and employees, in terms of topics related to corporate governance of the Group.
- **€1.8 per share** was the price implied into the capital increase of €10M subscribed in 2012 by Fondo Italiano di Investimento while the stock price was €0.94 per share.

- **€2.3 per share** is the strike price of the 3-year convertible bond worth €10M subscribed by Fondo Italiano di Investimento.

- **1 Month** performance: +5.54%; **6 Months** performance: +27.64%; **1 Year** performance: +115.73%. **Year high**: 1,953 (03/06/2014) **(date: 29/9/2014)**
Table of Contents

- TBS Group
- Markets and TBS Group’s positioning
- Strategic pillars
- Constant evolution of TBS Group offering
- Financial results & Rating
- Balance Sheet / Profit & Loss
Medical Technology Outsourced Management Services Market – Potential Clinical Engineering Market for TBS in Europe, India and USA

Medical Equipment

- Medical Equipment Multivendor Maintenance Services: over € 5 bn estimated market potential for current TBS CE servivces.
- India and China already a sizeable market.
- DI: the largest new market opportunity for current TBS CE services.

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<thead>
<tr>
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<tbody>
<tr>
<td>EU Top 5</td>
<td>1,97</td>
<td>1,47</td>
<td>3,44</td>
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<tr>
<td>EU TBS current</td>
<td>2,25</td>
<td>1,68</td>
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<tr>
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<td>na</td>
<td>na</td>
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</tr>
<tr>
<td>India</td>
<td>na</td>
<td>na</td>
<td>0,15</td>
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<tr>
<td>China</td>
<td>na</td>
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<tr>
<td>Total TBS</td>
<td>na</td>
<td>na</td>
<td>5,23</td>
</tr>
<tr>
<td>USA</td>
<td>3,56</td>
<td>2,66</td>
<td>6,22</td>
</tr>
</tbody>
</table>

Other Medical Technology and ICT

- **Other Medical Technology**
  Multivendor Maintenance Services (i.e. Surgical Instrument), permits substantial delivery synergies with the current TBS CE services.
- **ICT System Integration Services** (still underdeveloped in the Healthcare Market) could permit further synergical deliveries with the current TBS CE services.
- **Home Care Technology Multivendor Maintenance Services**, integrated with Telehealthcare Services (still underdeveloped in the Healthcare Market) could permit further synergical deliveries with the current TBS CE services.

- **International tenders for medical equipment supply: market estimated around 1 billion USD** (should permit further synergies with the current TBS CE services)

- **Medical Technology Assessment and Planning consulting**: we estimate an average pricing for a 5 years Capital (renewal) Plan of € 120 per year per bed (in USA). EU market stand alone practically non existing now.

- **Financial/Operating Lease services**: Financial and Operating Lease Services widely adopted by hospitals to optimize capital deployment (high cost non movable equipment), worth several USD billions in the US and EU (should permit further synergies with the current TBS CE services).

- **Asset utilization tracking and optimization**: Operating short term lease of peak-need movable medical equipment is a market niche estimated around USD 900 m in USA. EU market practically non existent now.
TBS Group’s Clinical Engineering Services: Position & Potential Development in the EU Top 5.

### Position of TBS Group

<table>
<thead>
<tr>
<th>Country</th>
<th>TBS Group Position</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>1°</td>
<td>36%</td>
</tr>
<tr>
<td>France</td>
<td>1°</td>
<td>18%</td>
</tr>
<tr>
<td>UK</td>
<td>1°</td>
<td>33%</td>
</tr>
<tr>
<td>Spain</td>
<td>2°</td>
<td>14%</td>
</tr>
<tr>
<td>Germany</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td>Overall</td>
<td>1°</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Potential Development

- **Already outsourced**
  - Italy: €771m
  - France: €166m
  - UK: €78m
  - Spain: €60m
  - Germany: €41m

- **Potential market**
  - Italy: €996m
  - France: €675m
  - UK: €307m
  - Spain: €688m
  - Germany: €41m

- **Penetration Rate (%)**
  - Italy: 26%
  - France: 17%
  - UK: 12%
  - Spain: 20%
  - Germany: 6%

Source: A.T. Kearney – October 2009 (report commissioned by the Company, 2008 figures)

Note: The potential market includes the Clinical Engineering services managed both in house, by original equipment manufacturers (OEM) and by outsourcers.
Medical IT Market (services and products) in top spending countries (UK, France and Germany) is significantly higher than in Italy.

- Major Medical IT markets are UK, France and Germany.
  - Including sw, hw and services.
- Some EU Top 5 markets are 3-5 times larger than Italian market.
- Only Spanish market is smaller than Italian one.

Medical IT Market 2010 - € Mln

- Spain: 527
- Italy: 840
- Germany: 2,182
- France: 2,343
- UK: 4,007

Source: IDC 2011; elaborazione Ge.Co.
TBS Group Medical IT products and services: positioning in Europe

TBS has a significant presence in Italy and in Austria (market co-leader); develops marginal activities in Germany, UK, Slovenia and in The Netherlands.

- **Italy**
  - Medical Information System HIS: 250 customers
  - Public Administration: 200 customers

- **UK**
  - HIS: 1 customer (Strategic Sales Agreement with University Hospital)

- **The Netherlands**
  - Clinical HIS: 1 customer

- **Germany**
  - Clinical HIS: 20 customers

- **Austria**
  - Clinical HIS: 50 customers

- **Slovenia**
  - National Blood Bank System

Fonte: management IM, Caribel, Erreeffe; elaborazione Ge Co.
Telehealthcare scenario in Europe

- Current average market penetration of Telehealthcare in Europe is about 5% of population over 65 (> 20% of the population).

- The current total number users is approx. 4.2 mln. Analyst estimate a growth to 5.7 million users in 2015.

- Today: 93% of users are provided basic Social Alarms services.

- Tomorrow Social Alarm will represent only 40% of the whole service spectrum, while over 3m users will be recipient of advanced services:
  - Telecare with video
  - Telecare in Smart Homes
  - Remote Patient Monitoring and Telemedicine
  - Mobile Telecare.

Source: Etude téléassistance en Europe : marchés et évolutions – Cabinet Basic – 2009
Of the current 4.2m users of Telehealthcare services in Europe:

- UK represents by far the largest market today, with over 41% of the users of Telehealthcare.
- Other sizeable markets are Germany (14%), Spain and France (about 10% each), Netherland (5%) and Sweden (4%).
- Expected countries with highest growth rate are UK, Spain and Portugal, Sweden and the Netherland.
- Italy: just 3% of EU market today.

Source: Etude Teleassistance en Europe : marché et evolutions – Cabinet Basics - 2009
TBS Group’s Telecare and Telemedicine services: positioning in Europe

- The Italian Telehealthcare market was worth approximately € 26,5 mn in 2008, of which 60% was services and 40% was sale of homecare medical technology;
- The Telehealthcare services market in Italy was projected in 2008 to grow at a compounded annual growth rate of 13,6% between 2008 and 2014. Lack of national support programs and spending review reduced such growth.
- TBS Group in 2013 remains the Italian leader (for both number of assisted citizens and revenues) in the integrated Telecare and Telemedicine services with homecare technology management
- TBS Group started telecare and telemedicine services in UK in 2013

Telecare: share of assisted citizens 2008
- 100% = 61,000 -

<table>
<thead>
<tr>
<th>Local cooperatives</th>
<th>Beghelli</th>
<th>Telbios</th>
<th>TBS</th>
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<tr>
<td>21,1%</td>
<td>6,5%</td>
<td>10,6%</td>
<td></td>
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Telemedicine: revenues market share 2008
- 100% = € 3,5 mln -

- TBS Group
- RPM revenues: € 0,5 mn

Others

Revenues* - € mn -
- Telbios 1,5
- Medic4all 1,0
- HTN 0,5

* RPM revenues only
Table of Contents

- TBS Group
- Markets and TBS Group’s positioning
- **Strategic pillars**
  - Constant evolution of TBS Group offering
  - Financial results & Rating
  - Balance Sheet / Profit & Loss
Strategic pillars

- Profitability
- Value Proposition
- Competitive positioning
- Efficiency
Strategic pillars

- Increase the weight of the most profitable lines of business on total revenues, while reducing incidence of less profitable lines:
  - 1) Most profitable segments include endoscopy and surgical instruments services and TBS Group will enhance the penetration of these segments to increase overall profitability.
  - 2) The penetration in these segments will be driven by synergies with core business CE and DI. The focus will be on the proposition of this synergic, high-margin offering to the customers already served in core services.
  - 3) From a geographical point of view, the focus will be on the introduction of high-margin activities in all countries: both in the markets where the group already operates, sustaining the group’s performance and profitability (e.g. Spain, Portugal, India), as well as an entry point in new markets (e.g. China, United Arab Emirates and Latin America).
- Adoption of an innovated and more industrialized operating model, open to synergies and cost reduction: lighter on-site teams for first level assistance, supported and integrated by remote desks for second level assistance and high profile technical assistance.
Strategic pillars

Value Proposition

- Renovated proposition to customers: from a service organization model to a Global Technology Network, moving from maintenance services to technology management.
- Development of an integrated DI offer to boost penetration in DI markets: focus on the integration of traditional maintenance with higher value added services.
- Leverage on possibilities to fully profit from the entire life cycle of equipment: after renewal in richer markets, second hand equipment could be distributed in emerging markets.

Competitive positioning

- Gain market positions, overtaking OEM barriers and internal CE services, differentiating the offering and the value proposition.
- Strengthen marketing and sales teams on an international level, with renewed marketing strategies to support the renovated value proposition.
- Stimulate an operative model which promotes the sharing of resources and know-how among centers and subsidiaries.
- Empowering on-site technicians and structures through dedicated training and know-how sharing, in order to extend their service portfolio and increase capabilities and competitive positioning of the overall group offering.
During 2013 TBS Group has adopted a long-term, structural program aimed at reduce costs, increase efficiency and simplify internal processes. This program is being implemented in 2014.

**Strategic pillars**

- **Reorganization of specific non profitable activities:** endoscopy operations in Germany have been concentrated into one entity (MSI), achieving cost reductions. Furthermore the making losses activity into the Biomedical services field in Germany has been progressively reduced with a process that will finish by the end of 2014.
- **Efficiency in procurement capabilities,** centralizing purchasing activities and pursuing cost savings from management of suppliers and vendors.
- **Personnel productivity:** adoption of best practices, sharing of know-how, definition of productivity KPIs in order to monitor performance.
- **Reduction of corporate overhead costs,** focusing on rationalization of the expenses, duplication avoidance.
- **Corporate structure more oriented to efficient cooperation between central offices and local subsidiaries and management,** stimulating the proactive approach of local management and the efficient support of central structures.
- **Reorganization and improvement of corporate governance,** to strengthen management responsiveness and capabilities, fasten and optimize decision-making, improve processes.

**Efficiency**
Table of Contents

- TBS Group
- Markets and TBS Group’s positioning
- Strategic pillars
- **Constant evolution of TBS Group offering**
- Financial results & Rating
- Balance Sheet / Profit & Loss
TBS Group has been able to anticipate the strategic trend of progressive convergence between different service lines, developing an integrated approach to medical technology services.

The focus on the company will remain a complete and constant attention to innovation, in order to respond promptly and efficiently to market developments, catch new opportunities and exploit new trends. Innovation in technology, solutions, processes, and markets.

In particular, TBS Group has identified the following key-segments for further expansion and growth:

1. Diagnostic Imaging
2. Equipment life cycle management
3. Global contractor in international trading and consultancy tenders
4. ICT Outsourcing Services
5. Homecare Technology Management
1. Diagnostic Imaging

Diagnostic Imaging represents a development of clinical engineering towards a contiguous segment, with more advanced technologies and higher profitability.

The potential in the countries where TBS Group operates is estimated at over €5 bn. Currently India and China are already a sizeable market.

- High level of technology
- Greater added value: need for more advanced and high-level assistance and maintenance
- Relevant devices’ unit value
- Attention from OEMs due to the high added value

TBS Group has three dedicated Competence Centers in Italy - REM DI, Delta X and Burgatti - and immediate availability of qualified technical resources (as well as structures like internal Help Desk units).

This know-how will allow to leverage on the current customer portfolio to access this contiguous offering segment.

TBS Group will have the possibility to leverage on the consolidated international presence and sales structure in clinical engineering, through the widespread and qualified network of on site technicians.
2. Equipment lifecycle management

Based on our long experience in technology management, TBS Group is able to support the renewal of medical equipment through:

- **Leasing/leaseback/rental**: solution through which the hospital can use the equipment for a defined period of time.

- **Equipment library**: service through which specific devices (infusion pumps, ventilators, monitors, etc.) are offered to the hospital, usually for short periods of time, comprising maintenance and repairs, as well as management and delivery from a central warehouse.

- **Technology As A Service**: comprehensive outsourced management of the whole lifecycle of the inventory of the hospital, from planning to procurement and installation, maintenance and final replacement.
2. Equipment lifecycle management - goals

• Covering entire value chain of the biomedical equipment for frequent technological renewal to advanced healthcare organizations, refurbishing old equipment and re-installing in the less advanced hospitals, thus extending the lifecycle of the equipment.

• Meeting the customers’ requests for financial optimization
  ▪ Main contractor for the customer
  ▪ Option to play a role in the selection of equipment
  ▪ Relationship with OEMs
2. Equipment lifecycle management: Technology as a Service

**Target**
- Planning of equipment
- Procurement
- Consumables
- Maintenance
- Residual value management
- Multiple Life Cycles Management
- Clinical Staff training
- Asset Productivity monitoring and improvement

**Advantages**
- Shifting the expenditures from CAPEX to OPEX
- Integrating the service (maintenance, safety check, updates, etc.) in the financial package
- Reduction of equipment costs
- Reduction of consumables costs
- Risk reduction
- Improving patient care
- Multiple lifecycles of equipment (residual value advantages)

**Savings**
- Between 10% and 20% can be obtained on the whole technology lifecycle with a proper TAAS implementation
3. Global contractor in international tenders

This service is based on the participation in increasing international tenders called by the Italian Foreign Ministry, the World Bank and other authorities for «global» supplies of medical equipment.

This business line would also meet customers’ requests for financial optimization.

- **Main contractor** for the customer
- Possibility to play a role in **selection of equipment**
- **Relationship with OEMs**
- **Financial management**

Recently TBS Group has started to participate in many international tenders, mostly for the supply of biomedical devices and equipment. These tenders are usually promoted by national and international institutions - like the Italian Ministry for Foreign Affairs and the World Bank - in emerging economies.

- In 2013, TBS Group has been awarded **two tenders in China**, for a total amount of about €9.4M. During 2014 TBS Group has been awarded with another important tender in China for a total amount of €1.8M, and, through TBS ES, awarded a tender of about €100K in Chile.

- The agreements with the contractors have entrusted to TBS Group the responsibility for the **supply of biomedical equipment** and the **supervision of other suppliers**, in 11 hospitals located in the Sichuan and Peng Zhou province.

- In 2014 TBS Group has been awarded a tender in China and another one in Honduras for a total amount of about €4.4M.

- TBS Group aims to develop this business, participating in other international tenders through an integrated service of supply, consultancy and turn key hospitals approach.
The outsourcing of ICT services represents a synergic segment of clinical engineering services, with the objective of leveraging the final market to provide an integrated offer.

- **Management of all the health center processes**
- **High barrier** to change (from the supplier)
- Need for **broader expertise**
- Potential **high margins**

TBS Group goal is to be recognized as a «*system integrator*» and **global ICT outsourcing** supplier for the healthcare.

In the segment of ICT systems management, TBS Group – through an acquisition - acquired specific know-how and now **takes advantage of the fragmentation of the ICT market** by offering an optimized, superior-quality solution.

The TBS Group model also enhances a **full exploitation of synergies** between ICT services and already consolidated expertise in e-Health & e-Government integrated solutions and related services.
This offer is the result of a trend for the **progressive decentralization** of healthcare and prevention services **from the hospital to home**, which led to **reduce costs** by decreasing **healthcare services** and to support the **increase of social required services**. Tele-healthcare and dedicated H24 TBS Group Call Center and Data Center become more and more relevant to:

- Manage plenty of homecare technology (medical devices, RPM, technical aids & disability supports, domotics, breathing aids, etc.)

- Support the management of **healthcare and social services** through patients’ **integrated medical records**.

TBS Group aims therefore to expand its value proposition from telecare and telemedicine services to an **integrated offer** consisting in the **integrated management of homecare medical technology, tele-healthcare services with Call Centers, IT systems and medical solutions with Data Centers**.
Table of Contents

- TBS Group
- Markets and TBS Group’s positioning
- Strategic pillars
- Constant evolution of TBS Group offering
- **Financial results & Rating**
- Balance Sheet / Profit & Loss
Q3 2014

€ 169.9M shows a growth of 8.8% compared to Q3 2013 €156.2M.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
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<td>MED&amp;ICT</td>
<td>178,6</td>
<td>136,1</td>
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<tr>
<td>e-Health&amp;e-Gov</td>
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<td>20,1</td>
<td>29,8</td>
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<tr>
<td>Total revenues</td>
<td>209,0</td>
<td>156,2</td>
<td>218,5</td>
<td>169,9</td>
</tr>
</tbody>
</table>

Analysis of business line revenues for Q3 2014 shows the following:

- MED & ICT Systems BU increased of € 11.2M, from € 136.1M in Q3 2013 to € 147.3M in Q3 2014 (+8.2%).
- Integrated Solutions of e-Health & e-Government BU increased of € 2.5M from € 20.1M in Q3 2013 to € 22.6M in Q3 2014 (+12.4%).

Analysis of country revenues for Q3 2014 shows the following:
EBITDA

Q3 2014

€ 15.7M shows a growth of 30.9% compared to Q3 2013 € 11.9M.

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<thead>
<tr>
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<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
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<td>MED&amp;ICT</td>
<td>21,2</td>
<td>13,0</td>
<td>18,4</td>
<td>14,7</td>
</tr>
<tr>
<td>e-Health&amp;e-Gov</td>
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<td>-1.0</td>
<td>1,6</td>
<td>1,0</td>
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<tr>
<td>Total Ebitda</td>
<td>23,1</td>
<td>12,0</td>
<td>20,0</td>
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on Revenues 11,1% 7,7% 9,2% 9,2%
of which
MED&ICT 11,9% 9,6% 9,8% 10,0%
e-Health&e-Gov 6,3% -5,0% 5,4% 4,4%
**EBIT and Net Result**

**Q3 2014 EBIT**

€ 8.3M shows a growth of 79.6% compared to Q3 2013 € 4.6M.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>MED&amp;ICT</td>
<td>13,4</td>
<td>7,2</td>
<td>10,3</td>
<td>9,1</td>
</tr>
<tr>
<td>e-Health&amp;e-Gov</td>
<td>-0,3</td>
<td>-2,6</td>
<td>-4,1</td>
<td>-0,8</td>
</tr>
<tr>
<td>Total Ebit</td>
<td>13,1</td>
<td>4,6</td>
<td>6,2</td>
<td>8,3</td>
</tr>
</tbody>
</table>

- on Revenues 6,3% 2,9% 2,8% 4,9%
  - of which MED&ICT 7,5% 5,3% 5,5% 6,2%
  - e-Health&e-Gov -1,0% -12,9% -13,8% -3,5%

**Q3 2014 NET RESULT**

€ 1.2M shows a growth of € 7.0M compared to Q3 2013 loss of € 5.8M.

- on Revenues -0,7% -3,7% -4,8% 0,7%
**Operating Working Capital (OWC)**

**OWC at Q3 2014:**

€ **86.5M** shows a reduction of € 4.9M compared to 30/09/2013

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>7,3</td>
<td>7,4</td>
<td>9,3</td>
<td>9,4</td>
</tr>
<tr>
<td>Accounts receivables</td>
<td>125,3</td>
<td>133,1</td>
<td>117,0</td>
<td>120,6</td>
</tr>
<tr>
<td>Accounts payables</td>
<td>-43,9</td>
<td>-49,1</td>
<td>-48,1</td>
<td>-43,5</td>
</tr>
<tr>
<td>Total OWC</td>
<td>88,7</td>
<td>91,4</td>
<td>78,2</td>
<td>86,5</td>
</tr>
</tbody>
</table>

For an optimized management of the OWC, TBS Group periodically carried out factoring operations which over the last years have been:

- € 78.7M in 2012
- € 53.9M in Q3 2013
- € 89.8M in 2013
- € **64.1M in Q3 2014**
Capital Structure and NFD

Capital Structure
Capital Structure at Q3 2014 (€M):

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group shareholders’ Equity</td>
<td>59.4</td>
<td>52.8</td>
<td>47.8</td>
<td>48.6</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>67.0</td>
<td>68.5</td>
<td>60.0</td>
<td>67.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage</td>
<td>1,13</td>
<td>1,30</td>
<td>1,26</td>
<td>1,40</td>
</tr>
<tr>
<td>Net financial debt/Ebitda</td>
<td>2.90</td>
<td>3.11</td>
<td>3.00</td>
<td>2.86</td>
</tr>
</tbody>
</table>

Net Financial Debt
breakdown at Q3 2014 (€M):

<table>
<thead>
<tr>
<th></th>
<th>Net ST liab.</th>
<th>Net LT liab.</th>
<th>Net financial debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2014</td>
<td>49.3</td>
<td>18.6</td>
<td>67.9</td>
</tr>
</tbody>
</table>
# Q3 2014 Consolidated Results

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- MED&amp;ICT</td>
<td>147.3</td>
<td>136.1</td>
</tr>
<tr>
<td>- e-Health &amp; e-Gov</td>
<td>22.7</td>
<td>20.1</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>15.7</td>
<td>12.0</td>
</tr>
<tr>
<td>% of revenue</td>
<td>7.7%</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>8.3</td>
<td>4.6</td>
</tr>
<tr>
<td>% of revenue</td>
<td>4.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>1.2</td>
<td>-5.8</td>
</tr>
<tr>
<td><strong>Operating Working Capital</strong></td>
<td>86.5</td>
<td>91.4</td>
</tr>
<tr>
<td><strong>NFP</strong></td>
<td>-67.9</td>
<td>-68.5</td>
</tr>
</tbody>
</table>

- The consolidated revenue ended on 30 September 2014 amounted €169.9M, up €13.7M in respect to €156.2M of the same period of 2013, equal to a 8.8% rise.
- **MED&ICT BU** have increased by €11.2M, from €136.1M to €147.3M (+8.2%).
- **e-Health & e-Government BU** recorded a rise of revenue, from €20.1M to €22.6M (+12.4%).
- The consolidated EBITDA reached €15.7M, with an improvement of €3.7M (+30.9%).
- The improvement in EBIT and the Net Result is the consequence of the increase reported in EBITDA.
Rating B1.1 – Cerved Rating Agency

Cerved Rating Agency S.p.A. gave the following rating:

B1.1

WITH PROBABILITY OF INSOLVENCY (AT 12 MONTHS) 1.14%

to TBS GROUP - S.p.A

The issued rating is based on the detailed analysis of several key elements. In this specific case, the historicity of the activity, its gradual affirmation in its sector of activity, the progressive diversification of its business areas were taken into consideration. As TBS GROUP is a company listed in the segment AIM Italia, its performances in this field and the trust showed by the operators were also taken into account. The strategies developed by the management, aimed at improving its efficiency in all the fields of activity of the subject, gave their contributions to the evaluation too. The implementation of these measures will give the company and the group the chance to go on with its expansion process (both in terms of business and geographic positioning), solving and limiting the difficulties that have been affecting its developing over the last few years.

The used method is published in Cerved Group web-site and can be seen in the following link http://www.cervedgroup.com/cra_eea:

Analysis team: Mara Cassinari - mara.cassinari@cervedgroup.com

President of the Rating Committee:
Cristina Zuddas - cristina.zuddas@cervedgroup.com

The rating of Cerved Rating Agency, issued following EC Rule 1060/2009 and following modifications and integrations, is an opinion on the credit worthiness that summarizes the reliability or the insolvency probability of the subject. The issued rating was requested by the subject itself, that took part in the process supply all necessary information requested by the analysis team. The rating was communicated to the evaluated subject within the terms provided for by the Rules for the double check of possible mistakes.

The issued rating is subject to an on-going monitoring until 18/05/2015. Up to this date Cerved Rating Agency guarantees the update of official information and of unofficial data gathered on the evaluated subject and, if necessary, an immediate communication to the evaluated subject of the would-by modification of the given rating. The rating issued by Cerved Rating Agency is not an investment advice, nor a form of financial consultancy; it is not a recommendation for the purchase or sale of shares or for making particular investments, nor gives it any advice to a particular investor to make a particular investment.

Cerved Rating Agency S.p.a. s.u.s.
Via San Vigilio, 1 - 20142 Milano
Tel. 02 775 41
www.cervedratingagency.com
Email: info@cervedratingagency.com
P. IVA 0267853 - C.F. e P. 00446940961
Società diretta e coordinata da Cerved Information Solutions S.p.a. s.u.s.
Table of Contents

- TBS Group
- Markets and TBS group’s positioning
- Strategic pillars
- Constant evolution of TBS Group offering
- Financial results & Rating
- **Balance Sheet / Profit & Loss**
### TBS Group: Summary Profit & Loss

<table>
<thead>
<tr>
<th></th>
<th>€K</th>
<th>2012</th>
<th>Q3 2013</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenues</strong></td>
<td></td>
<td>207.367</td>
<td>155.043</td>
<td>216.885</td>
<td>168.999</td>
</tr>
<tr>
<td><strong>Other revenues and income</strong></td>
<td></td>
<td>1.635</td>
<td>1.166</td>
<td>1.608</td>
<td>936</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td></td>
<td>209.002</td>
<td>156.209</td>
<td>218.493</td>
<td>169.935</td>
</tr>
<tr>
<td><strong>Cost for services</strong></td>
<td></td>
<td>-76.024</td>
<td>-57.068</td>
<td>-79.736</td>
<td>-59.310</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td></td>
<td>-85.451</td>
<td>-66.939</td>
<td>-90.317</td>
<td>-69.734</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td></td>
<td>-415</td>
<td>65</td>
<td>895</td>
<td>-502</td>
</tr>
<tr>
<td><strong>Accruals</strong></td>
<td></td>
<td>-316</td>
<td>-90</td>
<td>-362</td>
<td>-176</td>
</tr>
<tr>
<td><strong>Gross operating profit (EBITDA)</strong></td>
<td></td>
<td>23.140</td>
<td>11.972</td>
<td>20.048</td>
<td>15.669</td>
</tr>
<tr>
<td><strong>Amortization, depreciation and impairment losses</strong></td>
<td></td>
<td>-10.007</td>
<td>-7.366</td>
<td>-13.830</td>
<td>-7.397</td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td></td>
<td>13.133</td>
<td>4.606</td>
<td>6.218</td>
<td>8.272</td>
</tr>
<tr>
<td><strong>Associates</strong></td>
<td></td>
<td>-2.014</td>
<td>-74</td>
<td>-8</td>
<td>-48</td>
</tr>
<tr>
<td><strong>Net financial expenses</strong></td>
<td></td>
<td>-4.975</td>
<td>-4.163</td>
<td>-6.711</td>
<td>-4.295</td>
</tr>
<tr>
<td><strong>Proventi finanziari</strong></td>
<td></td>
<td>1.389</td>
<td>391</td>
<td>484</td>
<td>305</td>
</tr>
<tr>
<td><strong>Oneri finanziari</strong></td>
<td></td>
<td>6.364</td>
<td>4.554</td>
<td>7.195</td>
<td>4.600</td>
</tr>
<tr>
<td><strong>Pretax income</strong></td>
<td></td>
<td>6.144</td>
<td>369</td>
<td>-501</td>
<td>3.929</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td>-3.491</td>
<td>-2.772</td>
<td>-3.906</td>
<td>-2.728</td>
</tr>
<tr>
<td><strong>Net income (before minorities)</strong></td>
<td></td>
<td>2.653</td>
<td>-2.403</td>
<td>-4.407</td>
<td>1.201</td>
</tr>
<tr>
<td><strong>Result of assets held for sale</strong></td>
<td></td>
<td>-4.097</td>
<td>-3.418</td>
<td>-6.088</td>
<td></td>
</tr>
<tr>
<td><strong>Minorities</strong></td>
<td></td>
<td>-498</td>
<td>-299</td>
<td>-460</td>
<td>-332</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td>-1.942</td>
<td>-6.120</td>
<td>-10.955</td>
<td>869</td>
</tr>
</tbody>
</table>
### TBS Group: Summary Balance Sheet

<table>
<thead>
<tr>
<th>€K</th>
<th>2012</th>
<th>2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets and goodwill</td>
<td>60.091</td>
<td>55.770</td>
<td>54.620</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>17.180</td>
<td>17.138</td>
<td>18.237</td>
</tr>
<tr>
<td>Financial assets</td>
<td>9.287</td>
<td>9.009</td>
<td>8.647</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td><strong>86.558</strong></td>
<td><strong>81.917</strong></td>
<td><strong>81.504</strong></td>
</tr>
<tr>
<td>Inventory</td>
<td>7.302</td>
<td>9.342</td>
<td>9.371</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>125.311</td>
<td>116.957</td>
<td>120.553</td>
</tr>
<tr>
<td>Trade payables</td>
<td>43.864</td>
<td>48.127</td>
<td>43.548</td>
</tr>
<tr>
<td><strong>Operating working capital</strong></td>
<td><strong>88.749</strong></td>
<td><strong>78.172</strong></td>
<td><strong>86.376</strong></td>
</tr>
<tr>
<td>Other current assets</td>
<td>11.087</td>
<td>11.408</td>
<td>12.862</td>
</tr>
<tr>
<td>Other current payables</td>
<td>38.791</td>
<td>41.487</td>
<td>43.380</td>
</tr>
<tr>
<td><strong>Total working capital</strong></td>
<td><strong>61.045</strong></td>
<td><strong>48.093</strong></td>
<td><strong>55.858</strong></td>
</tr>
<tr>
<td>Severance indemnities</td>
<td>7.255</td>
<td>7.835</td>
<td>8.025</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>11.176</td>
<td>11.093</td>
<td>10.426</td>
</tr>
<tr>
<td><strong>Total net capital employed</strong></td>
<td><strong>129.172</strong></td>
<td><strong>111.082</strong></td>
<td><strong>118.911</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>17.355</td>
<td>27.655</td>
<td>20.422</td>
</tr>
<tr>
<td>Current financial assets</td>
<td>76</td>
<td>3.472</td>
<td>1.524</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>386</td>
<td>392</td>
<td>279</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>61.626</td>
<td>68.932</td>
<td>71.357</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>23.155</td>
<td>19.968</td>
<td>18.649</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>66.964</strong></td>
<td><strong>57.381</strong></td>
<td><strong>67.781</strong></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>62.208</strong></td>
<td><strong>50.585</strong></td>
<td><strong>51.184</strong></td>
</tr>
<tr>
<td>Equity/Liabilities held for sale</td>
<td>3.116</td>
<td>-54</td>
<td></td>
</tr>
<tr>
<td><strong>Total sources</strong></td>
<td><strong>129.172</strong></td>
<td><strong>111.082</strong></td>
<td><strong>118.911</strong></td>
</tr>
</tbody>
</table>
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Health Technology Management