

Hold

Recommendation unchanged

Share price: EUR 0.77

closing price as of 01/08/2014

Target price: EUR 0.81

from Target Price: EUR 0.93

Reuters/Bloomberg

XPR.MI/XPR IM

Market capitalisation (EURm)	40
Current N° of shares (m)	52
Free float	43%
Daily avg. no. trad. sh. 12 mth	79,498
Daily avg. trad. vol. 12 mth (m)	61
Price high 12 mth (EUR)	1.00
Price low 12 mth (EUR)	0.67
Abs. perf. 1 mth	0.26%
Abs. perf. 3 mth	-14.40%
Abs. perf. 12 mth	8.03%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	131	147	153
EBITDA (m)	13	15	16
EBITDA margin	10.0%	10.4%	10.7%
EBIT (m)	9	10	11
EBIT margin	6.6%	6.9%	7.2%
Net Profit (adj.)(m)	2	3	4
ROCE	7.5%	8.8%	9.3%
Net debt/(cash) (m)	37	34	33
Net Debt/Equity	0.5	0.4	0.4
Debt/EBITDA	2.9	2.2	2.0
Int. cover(EBITDA/Fin. int)	4.9	6.1	7.4
EV/Sales	1.0	0.8	0.8
EV/EBITDA	9.5	7.8	7.2
EV/EBITDA (adj.)	9.5	7.8	7.2
EV/EBIT	14.3	11.6	10.7
P/E (adj.)	17.8	14.2	11.2
P/BV	0.6	0.5	0.5
OpFCF yield	16.7%	9.0%	8.8%
Dividend yield	0.0%	0.0%	5.2%
EPS (adj.)	0.05	0.05	0.07
BVPS	1.37	1.42	1.45
DPS	0.00	0.00	0.04



Shareholders: Abaco Spa 49%; Merula Srl 5%; Data Management Spa 2%; Own Shares 1.83%;

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H1 2014 Post: issues in foreign operations

The facts: Publication of H1 2014 results. **PT cut to EUR 0.81 (from EUR 0.93).**

Our analysis: Q2 results were below our expectations on revenues and EBITDA, due to a drop in two business segments, namely industry and international operations. The reported double-digit Y/Y growth is driven by the consolidation of Devoteam since April, which adds around EUR 4.1m to the top-line; we estimate the underlying growth is around 3%. The industrial segment unexpectedly fell in Q2 leading to a 19% Y/Y drop in the semester; the tough underlying market is probably coupled with the loss or issues on specific contracts. International activities also dropped in Q2 (-24%), the management blames a persisting crisis in the local IT market in Spain along with commercial start-up in Brazil. These issues are said to be temporary. Banks (18% of revenues) and Energy (10%) were broadly stable. Utilities (23%) grew by 7.5% in Q2 vs. +13% in Q1. On the positive, healthcare (18% of revenues) and public administration (4%) sequentially improved in Q2 with +18% (from -4%) and +15% (from -20%).

Net Debt was in line with our expectations, up by EUR 4.8 in the last three months, taking into account the M&A cash-out (EUR 4.2m for the acquisition of Devoteam and EUR 1.04m for the buy-out of 40% minorities in Exprivia SL), while no dividend was paid on the FY 2013 result.

Exprivia H1 2014 results (EUR m)

	Q2 13	Q2 14e	Q2 14a	Y/Y	H1 13	H1 14a	Y/Y
Sales Revenues	30.7	39.7	35.8	17%	59.0	65.2	10%
Total Turnover	32.3	40.8	36.9	14%	63.4	68.4	7.9%
EBITDA	2.47	3.39	2.79	13%	4.95	4.54	-8.4%
Margin	7.7%	8.3%	7.6%	-0.1pp	7.8%	6.6%	-1.2pp
EBIT	1.47	2.29	1.64	11%	3.04	2.54	-16%
Margin	4.8%	6.0%	4.6%	-4.7%	5.1%	3.9%	-24%
EBT	0.67	1.89	1.19	77%	1.60	1.39	-13%
Net Income	0.23	na	0.77	240%	0.26	0.37	42%
Net Debt (Cash)	39.2	35.5	36.9	-5.9%	39.2	36.9	-5.9%

Source: Company data, BANCA AKROS estimates

Outlook the company does not provide a formal guidance. The consolidation of auSystems since mid-April should add c EUR 10m to the top-line. We cut our full-year revenues and EBITDA estimates by EUR 6m and EUR 3.5m respectively.

Conclusion & Action: the impact of earnings and cash flow revision is between 10/15% of earnings and cash flow 2014/16; the sector has also suffered in the recent market sell-off, justifying more cautious valuation parameters. We cut our Target Price to EUR 0.81. We maintain our neutral view on the stock.