Exprivia

Italy/ Software & Computer Services

Company update

ESN

Investment Research

Reason: Fundamental Report

16 June 2015

Buy

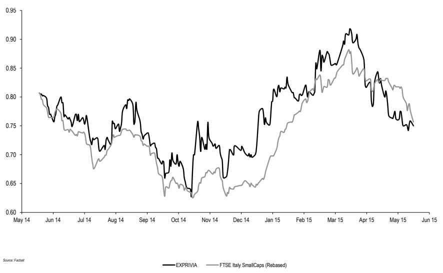
from Neutral

Share price: EUR	**0.75**
closing price as of 15/06/2015	
Target price: EUR	**0.95**
from Target Price: EUR	**0.82**
Reuters/Bloomberg	XPR.MI/XPR IM

Daily avg. no. trad. sh. 12 mth	29,615
Daily avg. trad. vol. 12 mth (m)	22.11
Price high 12 mth (EUR)	0.92
Price low 12 mth (EUR)	0.63
Abs. perf. 1 mth	-8.5%
Abs. perf. 3 mth	-11.7%
Abs. perf. 12 mth	-8.5%

Market capitalisation (EURm)	39
Current N° of shares (m)	52
Free float	43%

Key financials (EUR)	**12/14**	**12/15e**	**12/16e**
Sales (m)	147	155	159
EBITDA (m)	14	16	17
EBITDA margin	*9.8%*	*10.0%*	*10.6%*
EBIT (m)	10	11	12
EBIT margin	*6.7%*	*6.9%*	*7.4%*
Net Profit (adj.)(m)	4	5	5
ROCE	8.5%	9.0%	10.1%
Net debt/(cash) (m)	30	30	23
Net Debt Equity	*0.4*	*0.4*	*0.3*
Net Debt/EBITDA	2.1	1.9	1.4
Int. cover(EBITDA/Fin.int)	5.0	6.8	8.8
EV/Sales	0.6	0.6	0.5
EV/EBITDA	6.2	5.8	5.0
EV/EBITDA (adj.)	6.2	5.8	5.0
EV/EBIT	9.1	8.4	7.1
P/E (adj.)	10.6	8.6	7.2
P/BV	0.5	0.5	0.5
OpFCF yield	*7.4%*	*3.8%*	*21.9%*
Dividend yield	*0.0%*	*3.7%*	*4.0%*
EPS (adj.)	0.07	0.09	0.10
BVPS	1.44	1.50	1.57
DPS	0.00	0.03	0.03



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

For company description please see summary table footnote

An interesting entry point with a safer balance sheet

We upgrade Exprivia back to a positive recommendation (Buy from Neutral) with a new TP of EUR 0.95 (from EUR 0.82). We believe the risk/reward profile of the stock has improved in the past few quarters, with an organizational restructuring, selective M&A and consistent de-leveraging, leading to a dividend distribution on the FY 2014 profits. The lower financial risk and more favourable market conditions trigger an increase in the FV in spite of more cautious long-term margin assumption. A key focus remains the performance of int'l activities, as EXP is reviewing its current footprint and expanding in new geographies.

- ✓ **FY 2014 results** were broadly in line with our estimates at the revenue and EBITDA level. The main positive surprise was cash generation in Q4, which amounted to EUR 7.5m and allowed to close the year with a net debt below EUR 30m (2x the FY 2014 EBITDA). In the full-year, de-leveraging was EUR 7.7m also thanks to EUR 5.4m cash generated from working capital management. The top-line was supported by the consolidation of AuSystems, which added EUR12m, while the organic growth was EUR 4m (3%). Q4 trend improved in all the business lines, with finance and industry both back to positive growth Y/Y (full year trend flat and -12% respectively). Public Administration rebounded in Q4 and closed the year with +24%. The international segment improved to -2.9% in Q4 from -13% in 9m.
- ✓ **Q1 2015** was also basically in line with estimates and characterized by double-digit growth, driven by M&A, slightly improving profitability and modest cash generation. The EBITDA comparison was affected by EUR 0.4m exceptional items, still the Italian business increased Y/Y. The underlying performance was in line with our estimates. Int'l activities declined by 8% Y/Y, vs. -3% in Q4. We note the positive performance of Oil & Gas with +14% Y/Y (11% of the total) and aerospace/PA with +36% (8%), while energy/utilities (19%) were down 20% and finance (16%) was flat. Telco represents external growth and generated EUR 4.3m revenues (12.9% of the total). Accordingly, the underlying revenue performance is c -2%.
- ✓ **Stronger balance sheet**. In our Initiation coverage report ("Location and size matter", January 2014) we argued that a notable constraint for Exprivia's industrial evolution and perspectives, and a key issue for the investment case, was related to the balance sheet (solvency and covenants). We note that the management has definitely addressed and tackled the issue so that in the past few quarters the financial risk has been reduced in most dimensions.
- ✓ **Exprivia is preparing a new industrial plan**, likely to be presented following the release of H1 2015 results. The main guidelines that will shape the company's strategy until 2020 include three two-year phases; the first step which is currently ongoing is based on the past management actions to streamline the corporate structure), strengthen the balance sheet and improve profitability/ cash generation. Growth should be reinstated in phase 2 also on the back of selective M&A, likely in the already covered geographies. The 2020 ambitions would push Exprivia among the Italian top-5 (#21 in FY 2013) and project the group to a worldwide presence.
- ✓ The **DCF valuation** provides a FV in the range of EUR 0.9/1.0ps (g 1/2%, WACC 9/10%, terminal EBITDA mg 11.5%). **On a relative basis**, EXP trades at double-digit discount to Italian peers on forward EV/EBIT and P/E.

Analyst(s): Andrea Devita, CFA   +39 02 4344 4031   andrea.devita@bancaakros.it

For important disclosure information, please refer to the disclaimer page of this report

CONTENTS

Latest results

FY 2014 results were broadly in line with our estimates at the revenue and EBITDA level. The main positive surprise was cash generation in Q4, which amounted to EUR 7.5m and allowed to close the year with a net debt below EUR 30m (2x the FY 2014 EBITDA). In the full-year, de-leveraging was EUR 7.7m also thanks to EUR 5.4m cash generated from working capital management. The board proposed a DPS of EUR 2.8c (41% pay-out ratio and 3.3% yield) which was distributed on April 29. The top-line was supported by the consolidation of AuSystems, which added EUR12m, while the organic growth was EUR 4m (3%). Q4 trend improved in all the business lines, with finance and industry both back to positive growth Y/Y (full year trend flat and -12% at EUR 27.4m and EUR 14.5m respectively). Public administration rebounded in Q4 and closed the year with +24% (EUR6.4m). The international segment improved to -2.9% in Q4 from -13% in the 9m.

Q1 2015 results were also basically in line with estimates and characterized by double-digit growth, driven by M&A, slightly improving profitability and modest cash generation (EUR 1.3m vs. EUR 5m in Q1 last year). The EBITDA comparison was affected by EUR 0.4m exceptional items, still the Italian business increased by EUR 0.5m. The underlying performance was in line with our estimates of EUR 2.4m. The international activities declined by 8% Y/Y, vs. -3% in Q4. By vertical, we note the positive performance of Oil & Gas with +14% Y/Y (11% of the total at EUR 3.6m) and aerospace/PA with +36% (EUR 2.6m, 8%), while energy/utilities (19% with EUR 6.3m) was down 20% and finance (16% with EUR 5.5m) was flat. Telco represents external growth and generated EUR 4.3m revenues (12.9% of the total). Accordingly, the underlying revenue performance is c -2%.

FY 2014 and Q1 2015 results (EUR m)

	2013	2014a	Y/Y	Q1 2014	Q4 2014a	Y/Y	Q1 2015a	Y/Y
Sales Revenues	127.2	141.6	*11%*	29.4	35.5	*-4.1%*	33.5	*14%*
Total Turnover	131.1	147.2	*12%*	31.5	44.3	*20.4%*	34.9	*11%*
EBITDA	13.1	14.5	*10%*	1.74	5.65	*22.4%*	2.01	*15%*
Margin	*10.0%*	*9.8%*	*-0.2%*	*5.5%*	*12.7%*	*1.7%*	*5.7%*	*0.2%*
EBIT	8.71	9.86	*13%*	0.90	4.13	*26.7%*	0.87	*-4.0%*
Margin	*6.8%*	*7.0%*	*0.1%*	*3.1%*	*11.6%*	*32.1%*	*2.6%*	*-0.5%*
EBT	6.03	6.97	*15%*	0.20	3.07	*11.0%*	0.27	*40%*
Net Income	2.42	3.50	*45%*	-0.40	1.88	*38.0%*	-0.18	*-54%*
Net Debt (Cash)	37.4	29.7	*-20%*	32.1	29.7	*-20.5%*	28.4	*-12%*

Source: Company data, Banca Akros estimates

Capital structure and financial risk analysis

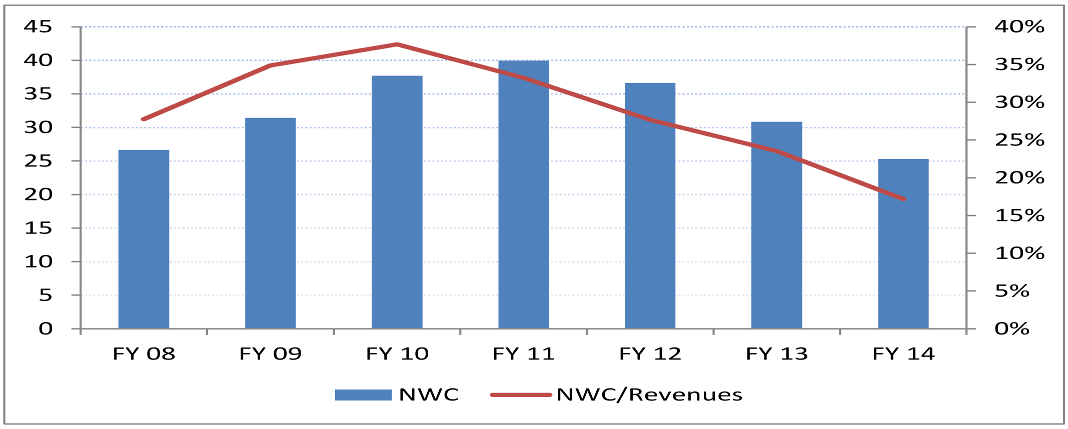
In our Initiation coverage report ("Location and size matter", January 2014) we argued that a notable constraint for Exprivia's industrial evolution and perspectives, and a key issue for the investment case, was related to the balance sheet (solvency and covenants). We note that the management has definitely addressed and tackled the issue so that in the past few quarters the financial risk has been reduced in most dimensions.

Solvency

Following a string of acquisitions and growth-related NWC inflation, net debt kept increasing in the 2008/2011 period. In absolute level, the NFP peaked at EUR 49m at the end of March 2012 (a EUR 14m increase vs. December 2008), as NWC rose by the same amount. In relative terms, although net debt slightly decreased during 2012 thanks to a tighter NWC management, the leverage ratio peaked at 3.5x due to the EBITDA decline.

The management has clearly focused on cash protection during the past couple of years, also using factoring and stopping dividend payment, with de-leveraging of EUR 6.6m and EUR 7.6m in FY 2013 and 2014 respectively. The working capital has been consistently reduced in relative (from 35% to 17% of sales) and absolute terms (EUR 25m at the end of 2014) as DSO dropped from 260 to below 180 days). As a result, net debt was just above 2x on December 31, 2014).

Exprivia NWC evolution (EUR m –left scale, and as % of revenues-right scale)



Source: Company Data, Banca Akros estimates

Exprivia: NFP (EUR m)

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14a
Net financial debt	35.4	39.3	39.8	44.4	44.0	37.4	29.7
Cash and mktbl securities	-6.23	-5.99	-7.28	-7.47	-5.34	-7.25	-14.2
Financial short term debt	21.9	26.5	24.0	38.1	39.8	36.1	31.2
Financial l/m term debt	19.6	18.8	23.0	13.8	9.55	8.53	12.8
EBITDA	15.2	14.6	15.3	13.5	12.4	13.1	14.5
ND/EBITDA	**2.32**	**2.69**	**2.61**	**3.29**	**3.55**	**2.86**	**2.06**

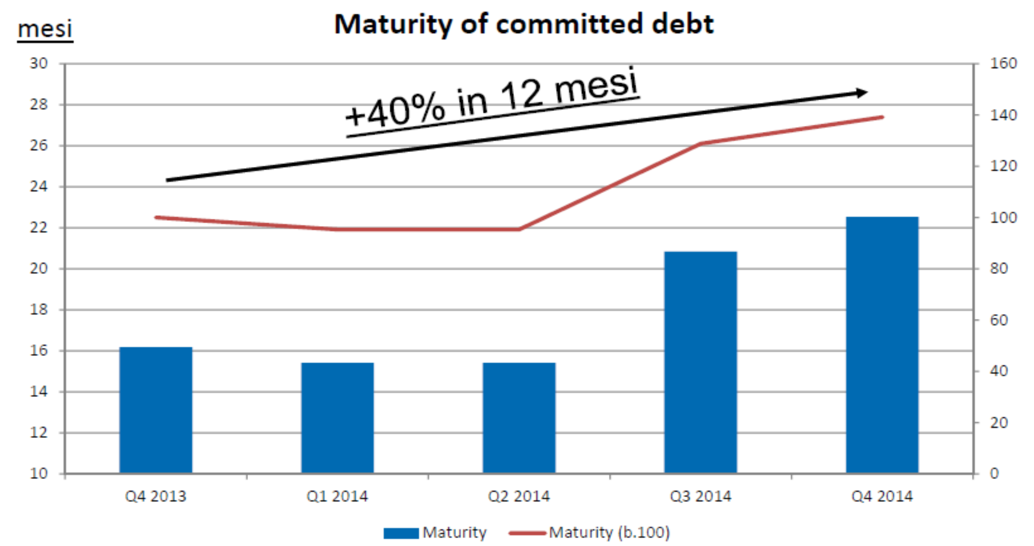
Source: Company data,

Liquidity

Exprivia gross debt stands at EUR 40.2m (as per March 31, 2014) involving 18 different counterparties including national and international (Deutsche Bank, Caja Madrid, Banco Popular, Banco De Santander) banks, factoring and leasing institutions and Italian Ministries. In May 2008, Exprivia secured a Medium-Term financing package from a pool of banks including BNL, Centrobanca, Unicredit and Banca Antonveneta, for a total amount of EUR 20.5m. The package, aimed at financing the acquisition of Svimservice and Wel.Network, had a duration of 90 months to November 30, 2015 and included EUR 2.5m revolving line which was completely repaid by December 2010. Within the financial strengthening action, Exprivia management renegotiated the covenants in January 2014, obtaining a threshold of 2.3x EBITDA, 0.556 Net debt/equity, FCF /Financial charges >1 and capex capped at EUR 6.4m. The covenants were met for the last fiscal year; the next check is on the H1 2015 accounts.

Having fixed the core loan, Exprivia management signed some 14 new financing agreements in the course of last year, in order to extend the maturity of its debt. At the end of 2014, the average maturity was above 22 months (see graph below). These loans were most at floating rates with spread from 2.2% to 4.8%.

Exprivia: evolution of debt maturity



Source: Company Presentation/Star Conference March 2015

Credit Risk. Exprivia has a diversified customer base, with the first ten clients accounting for less than 40% of revenues. The collection cycle is however a critical issue for the company, exacerbating a generalized issue of the industry. Public Administrations are in particular a late payer in most of the cases; the large increase in the overdue receivables affecting the Parent Co Exprivia Spa during 2010 can be probably related to the 40% increase in PA receivables. The international expansion has also absorbed capital. In any case, we note that the PA contribution is now limited to just 4.5% of revenues. Overdue receivables at the parent company Exprivia Spa remain relatively high, with the proportion exceeding 120 days now above 20% of the total (of which 13% above one year, the peak in the past four years). Collection time is still an issue to be dealt with by the management.

Exprivia: focus on receivables (EUR m)

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14a
Italian Clients	34.0	43.0	40.4	43.4	48.8	43.9	46.4
Foreign clients	2.2	0.9	1.6	4.7	5.4	7.4	8.4
Public Administration	**12.1**	**10.1**	**14.3**	**14.3**	**12.2**	**8.4**	**11.1**
Subtotal	48.2	54.0	56.3	62.4	66.3	59.7	65.9
Less risk fund	-3.4	-3.6	-4.3	-4.3	-3.7	-3.7	-3.6
Net Receivables	**44.9**	**50.4**	**52.0**	**58.2**	**62.6**	**56.0**	**62.3**
% of sales	***53%***	***59%***	***54%***	***54%***	***46%***	***46%***	***45%***
*Overdue Receivables **	*na*	*13.8%*	*26.7%*	*23.8%*	*27.5%*	*31.1%*	*27.8%*

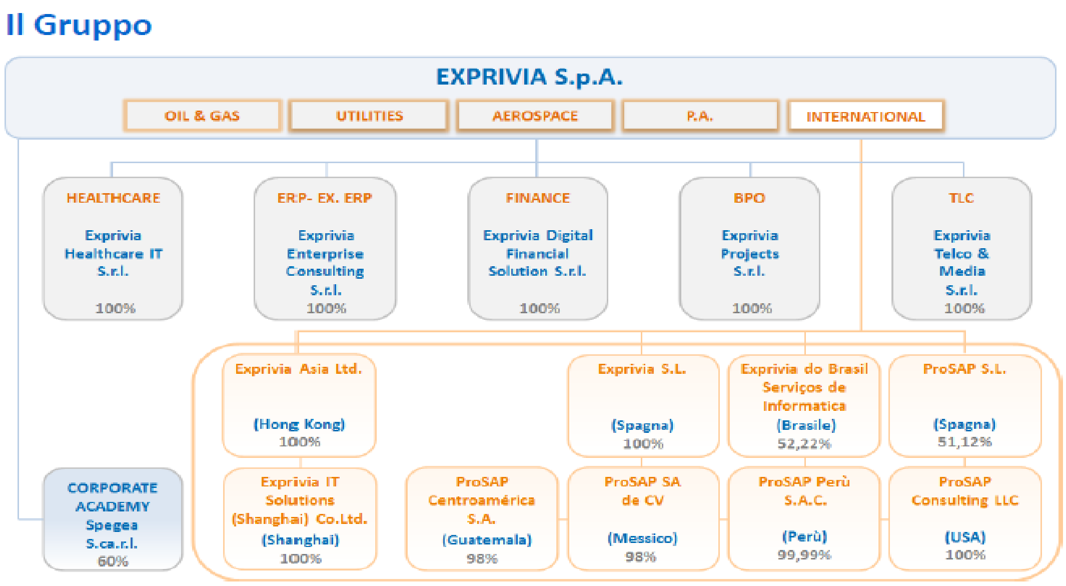
Source: Company data, Banca Akros estimates (*) Parent Company

Divisional performance/trends

The business model adopted by the Group is based on a wide set of solutions both proprietary "capabilities" and developed by third parties, according to a market segmentation (as depicted below) focussed on 6 main industry groups, which have been recently redefined and include Banks & Finance, Utilities, Healthcare, Oil & Gas, Telco & Media, Industrials (now includes Aerospace and public administrations). Exprivia also runs an international business in Spain and LatAm, mainly involving SAP consulting, which accounts for around 10% of consolidated turnover.

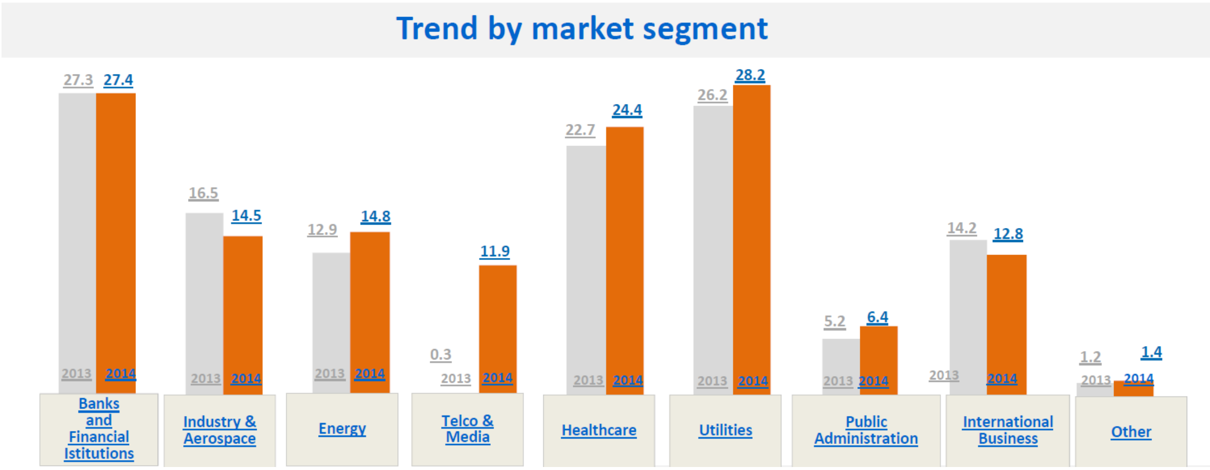
Exprivia is streamlining its organization and business structure, matching the legal entities with the main vertical segments in order to reduce administrative costs and improve decision-making and go-to-market process. The project was approved by a BoD in April 2013 and started the following June with the merger of Exprivia Solutions and Infaber, then in October 2013 by the merger of 3 companies (Realtech Italia Srl, Datilog Srl and Wel.Network Srl) and the creation of Exprivia Enterprise Consulting, specializing in SAP with above 200 active clients. In December 2013, the core of the healthcare business unit was created with the merger of two legal entities (GST and Svimservice) and the creation of the subsidiary "Exprivia Healthcare IT". At the end of May 2014, Exprivia transferred the rest of related activities to Exprivia Healthcare IT, based on a valuation of EUR 7.1m. The business unit now generates some EUR 24m revenues from 200 customers in Italy and abroad and counts 370 employees. In July 2014, Exprivia transferred the business unit banking and finance to the subsidiary Sistemi Parabancari), for a valuation of EUR 9m. The unit is now named "Exprivia Digital Financial Solution" and generated above EUR 27m turnover in FY 2014 with 90 clients and 200 employees. The business unit Exprivia Telco and Media is basically related to the Devoteam/auSystems branch acquired in April 2014. The international business unit is still constituted by several legal entities in which Exprivia controls the majority or the whole capital. With the publication of Q1 2015 results, Exprivia said that the Board decided a reorganization of the international presence, in line with the guidelines disclosed in April 2013.

Exprivia business model



Source: Company Report Q1 2015

Exprivia: divisional performance



Source: Company Presentation

Finance

The business unit contributed 18.6% of FY 2014 group revenues (from 21% the previous year, mainly due to the expansion in telcos) but has been consistently contributing around 35% of the consolidated EBITDA, given a structurally higher margin in the 17/22% range in the past few years. The unit has been restructured in H2 2014 in a new legal entity "Exprivia Digital Financial Solution" which entailed business reorganization and the rationalization of the commercial offering. We assume the reorganization process affected the revenue performance in Q3 (-7.6% Y/Y), while a clear recovery was visible in the following quarters, as Q4 increased by 3.8% (leading to flat performance in FY 2014) while Q1 increased modestly however on a very strong first quarter 2014. Exprivia said its 2014 results compared with a tight market still focused on core processes and compliance, while no meaningful investments were made in the start of 2015. Moreover, different sub-segments of the financial business had different performances in the -5/+5% range, with positive trend in innovative offers, international partnerships and factoring, while credit & risk management was down and digital transformation stable. Exprivia expects for the immediate future to benefit from the activity of business development of the past couple of quarters, subject to the state of the market.

We assume close to 3% growth based on industry projections and the evidence of a investment intentions of some large players. For example, Generali just disclosed a EUR 1.25bn IT-based transformation investment in 2015/18 which compares to EUR 240m cumulated savings on traditional IT infrastructures and services.

Utilities

The utilities segment (including electricity, postal services and transportation) was the top contributor to FY 2014 revenues (19%), following four years of growth (21.6% CAGR). The EBITDA margin has definitely improved in the past three years from 4.5% to 8.6%, however still below the group average. Exprivia said that the 2014 performance was 2% better than the original budget, driven by Business Process Outsourcing (one third of revenues, generated by customer care activities) which grew by almost 21% Y/Y. The 20% growth trend in BPO was maintained in Q1 2015 (to EUR 2.4m) mainly in the energy segment. Exprivia said the customer relationship is evolving towards a partnership model to manage a wider set of business processes. Exprivia said that the reported 20% drop in the division revenues for Q1 wars basically due to an HW/SW project-specific resale the previous year.

Going forward, we expect a positive performance in the next few quarters, driven by the customer acquisition and wider scope of the BPO activity, which is also extending to the industrial sector with Unilever (technical assistance) and to pharma within an e-commerce project. More in general, the industry trends and the evolution of Exprivia offering lead to interesting perspectives for the utilities segment. According to Assintel, the proportion of investments related to new projects is among the highest with c 30% of the total IT budget.

Healthcare

Following double-digit declines in 2011 to 2013, the segment swung back to growth in Q2 2014, closed the full year with +7% and has kept positive into Q1 2015. The unit has been re-organized under the legal entity of Exprivia Healthcare IT which manages the two different activities of the diagnostics area and healthcare IT systems. The company works with the public bodies on regional healthcare management systems based on the tenders that have been secured in the past few years and upselling new modules to the e4cure suite. The ongoing projects involve first of all the home region of Puglia, then Marche, Campania and Calabria. The latter contract was acquired in July 2014 and is worth EUR 13.3m in 4 years, with Exprivia and its partner Data processing taking a 50% each. This area however decreased by 9% in Q1, due to insourcing activities in Puglia not offset by business taking up in other regions. The hospital segment was on the other hand up by 13%, leading to a 3% growth for the division as a whole.

Telco/Media

The telco business unit was created with the acquisition of Devoteam/auSystems in April 2014; with three quarters consolidation in Exprivia accounts, it accounted for 8% of FY 2014 revenues (9.2% in Q4). The divisional EBITDA was below 4%. Exprivia provides system integration services in operations and business support, including network transformation, OSS and provisioning systems, connected devices and unified communication.

Exprivia said the underlying market of was tough in 2014 due to persisting contraction of operators' service revenues (-7.1%, according to Assinform), however the trend is due to improve in the current year (-2.8%) and new contracts have been secured by the unit including Huawei, Ericsson and Telecom Italia. Furthermore, Exprivia announced last May it entered a partnership with Italtel for a joint offer to telecom operators in the OSS/BSS and large enterprises sector. This agreement represents a valuable trigger, taking into account a) the consolidated relationship of Italtel with operators, b) the technological know-how in the All-IP domain and next generation networks; c) the geographical reach which already overlaps in some LatAm countries and in Turkey. The agreement is of commercial and industrial nature, as it involves the joint realization of innovative solutions; (network creation and inventory, workforce management, network management, service assurance and related professional services). Italtel generated EUR 400m revenues (+7% Y/Y) in FY 2014, with an EBITDA of EUR 33.8m (32.6m in 2013). International revenues were EUR 175m.

We expect a positive underlying performance of the division in 2015 and onwards; this year the reported growth also benefits from one incremental quarter of consolidation. Exprivia said it is also reducing opex in the division, in order to offset the margin pressure coming from a more aggressive customer acquisition policy.

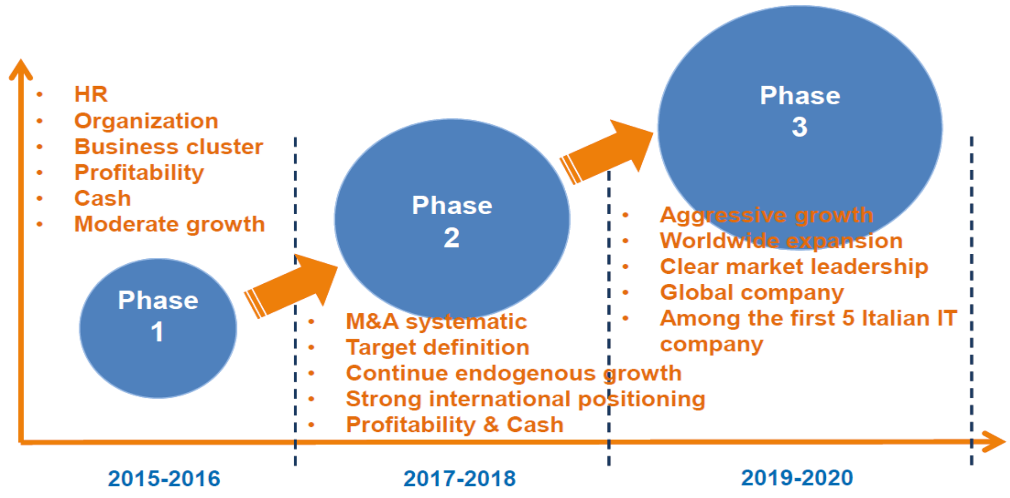
Industrial segment.

The industrial segment includes both large industrial groups and SMEs, however with a bias for the former. Until Q4 2014, Exprivia included in this segment the business generated in Aerospace/defence (mainly Finmeccanica group) which has now been moved with public administration. The industrial segment mainly involves mature products in the ERP (SAP) and CRM environments however now extending to more innovative areas of mobility and analytics. This segment is the one reflecting the most the weak Italian business climate; Exprivia said they experienced positive performances with domestic firms with international projections, willing to roll-out the software abroad. Q1 2015 was again slightly negative, as the decline of mature technologies more than offset the take-up of innovative solutions.

Industrial guidelines/Forecasts

Exprivia is preparing a new industrial plan, which is likely to be presented following the release of H1 2015 results. In the Star Conference, held last March by Borsa Italiana in Milan, the management mentioned the main guidelines that will shape the company's strategy until 2020. The plan consists of three two-year phases; the first step which is currently ongoing is based on the past management actions to streamline the corporate structure (alignment of legal entities with business lines), strengthen the balance sheet and improve profitability and cash generation. Growth should be reinstated in "phase 2" also on the back of "selective M&A", likely in the already covered geographies. The 2020 ambitions would push Exprivia among the Italian top-5 (it was number 21 in FY 2013 according to Data Manager ranking) and project the group to a worldwide presence. The underlying technological pillars are based on the most promising and already ongoing trends in the ICT world including big data, cloud and mobile, new devices and Internet of things.

Exprivia: strategic guidelines



Source: Company Presentation/Star Conference March 2015

The plan does not provide quantitative reference for short or explicit "ambition levels" for 2020. However, we just note that the 5-largest Italian IT company (Engineering) generated EUR0.7bn domestic revenues in the FY 2013, implying 5 times Exprivia FY 2014. Our estimates are based on the current business perimeter; in any case we would expect modest deal-making in the current year, as the focus is still the rationalization of the existing footprint and the endogenous growth in the newly established Chinese and US activities.

Post-Q1 publication, we have only fine-tuned our estimates, also taking into account that a EUR 0.4bn exceptional impact on the EBITDA. For the current year, we expect just above EUR 150m net revenues, including EUR 4m Y/Y residual inorganic growth related to AuSystems (as it was not consolidated in Q1 2014), on top of around 3% organic growth. The latter is mainly driven by the oil and gas, healthcare and a steady performance of the finance business unit. The international segment is expected to be down in H1, rebounding towards year end. The EBITDA should improve by around EUR 1m Y/Y taking into account the residual benefits from the corporate reorganization (saving in administrative costs), the streamlining of management and other efficiency actions. On the other hand, profitability could be diluted by the increasing contribution of the telecoms division (margin pressure to win new contracts) and the building of int'l operations. The bottom line should benefit from lower financial and fiscal charges (IRAP). Net debt is expected to remain below the EUR 30m threshold, (slightly down Y/Y in spite of EUR 1.5m dividend distribution) comfortably within the 2x forward EBITDA.

Based on a mix of top-down and bottom-up analysis, we forecast a low-single-digit revenue growth for the following next three years; again totally based on the underlying organic trend and at constant geographical footprint. We observe the Italian GDP projections for 2016 and 2017 remain rather modest, with +1.6% and +1.4% from the expected +0.7% in the current year. The key driver is again the international development, which should accelerate from 2016 onwards as all the operations are at full steam. We expect modest improvements in EBITDA margin, we see just above 11% in "phase two" of Exprivia development path. Assuming 10% DPS CAGR and no exceptional investments or M&A, de-leverage could exceed EUR5m per annum.

EXP: 2015/2018 estimates (EUR m)

	FY 13a	FY 14a	FY 15e	FY 16e	FY 17e	FY 18e
Total Turnover	131	147	155	159	164	167
Growth	*-1.0%*	*12.3%*	*5.6%*	*2.5%*	*2.6%*	*2.2%*
EBITDA	13.1	14.5	15.6	16.8	17.5	18.5
Margin	*10.0%*	*9.8%*	*10.0%*	*10.6%*	*10.7%*	*11.1%*
EBIT	8.7	9.9	10.7	11.7	12.2	12.7
Margin	*6.8%*	*7.0%*	*7.1%*	*7.6%*	*7.7%*	*7.8%*
EBT	6.0	7.0	8.4	9.8	11.0	11.8
Net Income	2.4	3.5	4.5	5.4	6.2	6.8
Capex	-4.9	-3.9	-6.3	-8.0	-8.5	-9.0
Net Debt (Cash)	37.4	29.7	29.6	23.1	17.2	10.2

Source: Company data, Banca Akros estimates

Valuation

We value Exprivia with a combination of DCF and Peers' Comparison analysis. We review our valuation parameters to take into account better financial conditions (lower cost of capital, lower tax rate) partially offset by more conservative long-term margin assumption.

DCF analysis

Our analysis is based on the following assumptions:

- Detail forecast period for the five years to 2020. Terminal EBITDA margin of 11.5% (from 12.5%) which is conservatively based on recent performance rather than on potential medium-term improvements.
- Terminal growth (g): 1/2.0%, o/w 1% real growth, 1% expected long-term inflation rate.
- WACC of 9% (from 9.5%). We consider the lower company-specific financial risk and the better credit market conditions. We assume in any case a leveraged terminal capital structure, which will provide a fiscal benefit, in presence of recurring positive profit.
- Minorities to add-up to EUR 3m (from EUR 5m), including 49% of Grupo ProSAP, 47% of Exprivia do Brazil, taking into account the cancellation of earn-outs and the acquisition of 40% of Exprivia SL. Associates (mainly ACS) are valued at EUR 1m.
- A normative tax rate of 40% (from 44%).
- We include, on a conservative basis, the severance indemnity funds (EUR 10m).

The Fair Value comes in the range of EUR 0.9/1.0ps

EXP valuation, DCF detail (EUR m)

CASH FLOW (EUR m)	2014	2015e	2016e	2017e	2018e	2019e
Net Sales	**141.6**	**150.5**	**154.8**	**159.0**	**162.7**	**165.3**
EBITDA	**14.5**	**15.6**	**16.8**	**17.5**	**18.5**	**18.8**
Margin	*10.2%*	*10.4%*	*10.9%*	*11.0%*	*11.4%*	*11.4%*
EBITA	**9.9**	**10.7**	**11.7**	**12.2**	**12.7**	**13.0**
Taxes	-3.9	-4.3	-4.7	-4.9	-5.1	-5.2
NOPLAT	**5.9**	**6.4**	**7.0**	**7.3**	**7.6**	**7.8**
Depreciation & other provisions	4.6	4.9	5.1	5.3	5.8	5.8
Gross Operating Cash Flow	**10.5**	**11.3**	**12.1**	**12.6**	**13.4**	**13.6**
Capex	-3.9	-4.9	-5.1	-5.3	-5.8	-5.8
Change in Net Working Capital	3.2	-1.6	0.8	-0.9	-0.7	-0.6
Cash Flow to be discounted	**9.8**	**4.9**	**7.9**	**6.4**	**7.0**	**7.2**

Cumulated DCF	21.8	**- Net financial position**	**(29.7)**
		- Minorities est. value (MTV)	(3.0)
Perpetual Growth Rate (g)	*1.5%*	+ Associates	1.0
Normalised Annual CF	7.3	- Severance Indemnity Fund	(10.2)
Terminal Value @ 12/2020	99.2	- Off-balance sheet items	-
Disc. Rate of Terminal Value	0.68		
Discounted Terminal Value	67.5	**Equity Value (EUR m)**	**49.5**
Financial assets	2.1	Number of shares (m)	51.9
Enterprise Value (EUR m)	**91.5**	**Fair Value per share (EUR)**	**0.95**

Source: Banca Akros estimates (*) sav shares taken at zero discount

Exprivia DCF valuation: sensitivity to WACC and terminal growth rate

WACC				***Perpetual growth rate (g)***			
	0.0%	***0.5%***	***1.0%***	***1.5%***	***2.0%***	***2.5%***	***3.0%***
7.5%	1.03	1.13	1.25	**1.40**	1.56	1.76	2.01
8.0%	0.91	1.00	1.11	**1.23**	1.36	1.53	1.72
8.5%	0.81	0.89	0.98	**1.08**	1.20	1.33	1.49
9.0%	**0.72**	**0.79**	**0.87**	**0.95**	**1.05**	**1.17**	**1.30**
9.5%	0.64	0.70	0.77	**0.84**	0.93	1.03	1.14
10.0%	0.57	0.62	0.68	**0.75**	0.82	0.91	1.00
10.5%	0.50	0.55	0.60	**0.66**	0.73	0.80	0.88

Exprivia DCF valuation: sensitivity to WACC and Normalised EBITDA Margin

WACC				***Normalised EBITDA Margin***			
	10.0%	***10.5%***	***11.0%***	***11.5%***	***12.0%***	***12.5%***	***13.0%***
7.5%	0.84	0.94	1.05	**1.15**	1.25	1.36	1.46
8.0%	0.78	0.88	0.98	**1.08**	1.18	1.28	1.38
8.5%	0.73	0.83	0.92	**1.01**	1.11	1.20	1.30
9.0%	**0.68**	**0.77**	**0.86**	**0.95**	**1.04**	**1.13**	**1.23**
9.5%	0.64	0.72	0.81	**0.90**	0.98	1.07	1.16
10.0%	0.59	0.68	0.76	**0.84**	0.93	1.01	1.09
10.5%	0.56	0.63	0.71	**0.79**	0.87	0.95	1.03

Source: Banca Akros estimates

Peers comparison

The IT sector is well represented in the Italian stock market with a dozen listed companies, whose business models include Software & IT Services and Value Added Distribution in several verticals. We note that a few listed pure distributors (CDC, Open Gate, TC Sistema and Tecnodiffusione) have suffered distress and exited the market a few years ago; a major software developer (Finmatica) also went bankrupt. The remaining players (Esprinet, Sesa) and Exprivia are hardly comparable as the underlying EBITDA margin is usually below 5%.

Italian IT players: KPIs scorecard

	Market	%	REVENUE BY TYPE		REVENUE BY VERTICAL (FY 2014)				
	Cap	Intl	% SW	%IT Svcs	Fin	PA/HC	Manufg	Tlc/Utl	Other
Exprivia	**39**	***8.7%***	***7%***	***93%***	***19%***	***21%***	***23%***	***27%***	***9%***
Engineering	749	*15%*	*0%*	*100%*	*17%*	*33%*	*23%*	*28%*	*0%*
Reply	828	*29%*	*0%*	*100%*	*26%*	*8.5%*	*29%*	*36%*	*0%*
TXT	95	*57%*	*33%*	*67%*	*15%*	*0%*	*48%*	*0%*	*37%*
Be	69	*19%*	*0%*	*100%*	*89%*	*1%*	*10%*	*0%*	*0%*
Cad.it	40	*0%*	*31%*	*69%*	*96%*	*0%*	*3%*	*0%*	*1%*
Noemalife	44	*43%*	*30%*	*70%*	*0%*	*100%*	*0%*	*0%*	*0%*
TAS	20	*20%*	*46%*	*54%*	*100%*	*0%*	*0%*	*0%*	*0%*

Source: BANCA AKROS estimates, Bloomberg, FactSet

We can compare EXP against its peers along a few dimensions, including international exposure; size; product mix (software, services) and industry exposure. In terms of economics, we consider the top-line growth rate reported and organic; underlying profitability and financial solidity as measured by debt/EBITDA ratio.

EXP: Peers comparison

	Net Debt	Net Debt/EBITDA			Revenue growth			EBITDA margin			EBITA margin		
	Dec 2014	2013	2014a	2015e	2013	2014a	2015e	2013	2014a	2015e	2013	2014a	2015e
Exprivia	**29.7**	**2.9**	**2.1**	**1.9**	***-1.0%***	***12.3%***	***5.6%***	***10.0%***	***9.8%***	***10.0%***	***7.0%***	***7.1%***	***7.3%***
Engineering	(121)	-0.4	-1.1	-1.3	*7.0%*	*3.7%*	*1.1%*	*12.2%*	*12.9%*	*13.1%*	*9.7%*	*10.8%*	*11.2%*
Reply	(16.3)	-0.1	-0.2	-0.5	*13.2%*	*12.9%*	*9.2%*	*13.0%*	*13.5%*	*13.3%*	*11.5%*	*12.2%*	*12.1%*
TXT	(8.5)	-1.4	-1.2	-1.6	*13.0%*	*6.3%*	*4.0%*	*11.9%*	*12.2%*	*10.3%*	*9.4%*	*9.8%*	*8.8%*
Be	17.0	1.7	1.3	0.8	*2.7%*	*19.3%*	*7.4%*	*13.6%*	*13.1%*	*14.6%*	*5.2%*	*6.2%*	*8.3%*
Cad.it	(3.6)	0.5	-0.5	na	*-6.5%*	*9.7%*	*na*	*10.1%*	*14.0%*	*na*	*0.9%*	*4.5%*	*na*
Noemalife	19.5	2.6	1.7	1.1	*-1.1%*	*1.1%*	*11.4%*	*12.6%*	*16.5%*	*19.2%*	*-7.7%*	*3.2%*	*6.2%*
TAS	14.2	4.6	5.0	na	*4.8%*	*-0.3%*	*na*	*7.5%*	*6.6%*	*na*	*9.5%*	*9.6%*	*na*
Median	**nm**	**1.1**	**0.55**	**0.15**	***3.8%***	***8.0%***	***6.6%***	***12.1%***	***13.0%***	***13.2%***	***8.0%***	***8.0%***	***8.6%***

Source: Company data, Banca Akros estimates

EXP: Peers comparison

	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2014a	2015e	2016e	2014a	2015e	2016e	2014a	2015e	2016e	2014a	2015e	2016e
Engineering	0.5	0.7	0.7	3.6	5.6	5.5	4.3	6.5	6.3	11.2	15.3	14.6
Reply	0.9	1.2	1.1	7.0	9.0	7.8	7.7	9.9	8.6	11.9	16.9	15.7
TXT	1.3	1.5	1.4	11.6	14.8	11.4	12.4	17.4	12.8	20.5	21.7	16.8
Be	0.8	0.9	0.8	5.9	5.8	5.1	13.4	9.7	7.7	51.4	19.1	12.9
Cad.it	0.8	0.8	na	4.3	3.7	na	7.7	6.1	na	13.8	10.7	na
Noemalife	1.0	1.2	1.0	5.4	6.5	5.0	31.0	19.9	12.8	nm	22.2	14.0
Median	**0.8**	**1.0**	**1.0**	**5.6**	**6.2**	**5.6**	**12.4**	**9.9**	**8.7**	**13.8**	**17.4**	**14.8**
Exprivia	**0.6**	**0.6**	**0.5**	**6.2**	**5.8**	**5.0**	**9.1**	**8.4**	**7.2**	**10.6**	**8.7**	**7.3**

Source: BANCA AKROS estimates, Bloomberg, Datastream

EXP continues to trade at double-digit discount to the average ratios of Italian IT and SW providers on EV/EBIT and P/E. The stock is down by 7% on a 12month basis, v. +48% and +18% increase of Reply and Engineering respectively; on a 3m basis, the underperformance is c 30% on both.

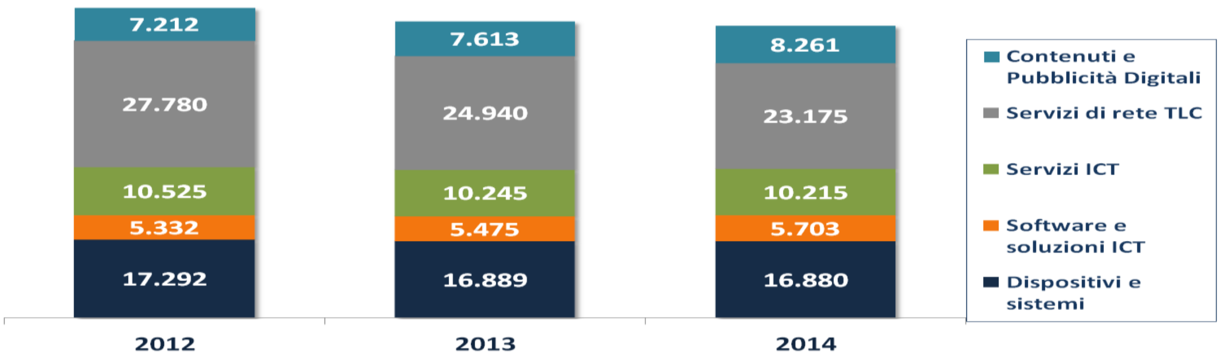
We believe the stock offers now an interesting entry level, taking into account the valuation gap and the reduced financial risk. We upgrade our recommendation from Neutral to Buy, with a new Target Price of EUR 0.95.

Appendix/The reference market

Exprivia operates in software and IT services market, with c 90% of its revenues still generated in Italy. XPR is ranked as the 21th domestic group in the 2013/14 Data Manager TOP 100 survey (24th in 2009/2010), and is the number 12 of the Italian-owned players.

The industry observers and trade organizations including Assinform and Assintel have generally redefined the scope of the markets, in order to account for the innovative business models and emerging revenue streams in a wider "global digital market" (GDM) including mobile applications, new devices, digital advertising, cloud computing and Software as a Service. In spite of these positive add-ons, the underlying trend of the GDM has been negative in the past three years, with H1 2014 at -3.1% and inverting the direction only in H2 (+0.2%) so that 2014 closed at -1.4% The negative performance of GDM is however mainly due to the Telecom sector, which fell by 7.1% last year after -10.2% in 2013.

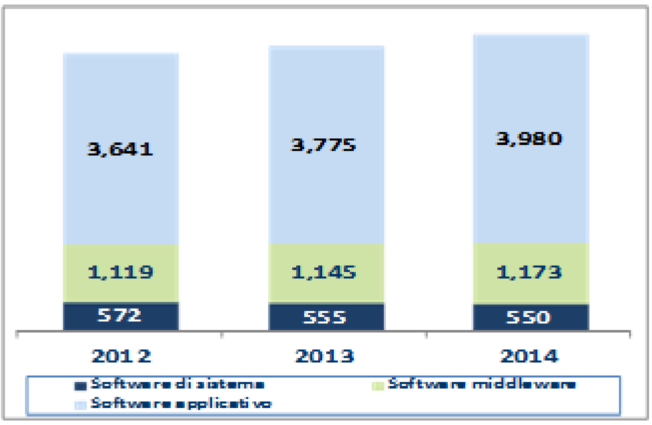
Italian Global Digital market (EUR m) 2012/2014



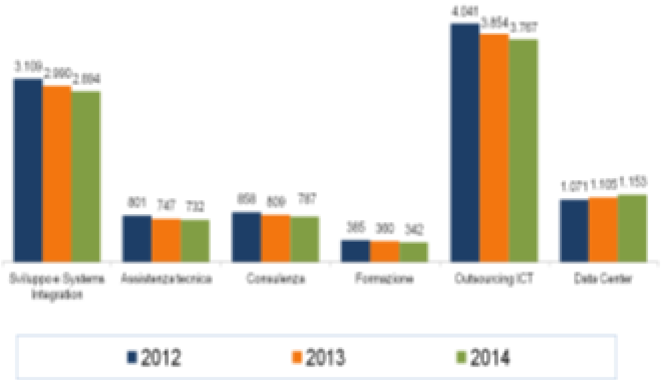
Source: Assinform

According to Assinform, the two segments of SW/IT Solutions and IT Services have experienced diverging trends, with the former on a positive and accelerating trend, the latter negative until H2 2014. The main drivers for SW are "Internet of Things" with +13% to EUR1.62bn and Web +14% to EUR 247m. In IT Services, the 37% growth in Cloud (to c EUR 1.03bn) hardly offsets the decline which affects all the other subs-segments.

SW and IT Solutions



IT Services

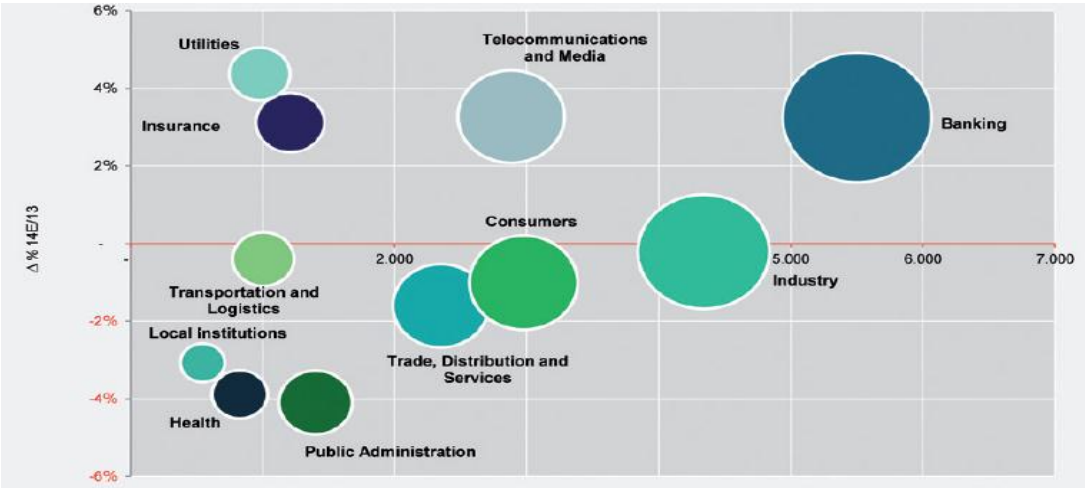


Source: Assinform

Segment dynamics

The last report from Assintel (Nov-2014) provides a detailed analysis of the IT industry by market segment, customer size (top, large, medium, medium/small, small), type of activity (maintenance, technological/regulatory compliance, development, extension/transformation of existing systems, new projects/investments in innovation) and macro area (IT Infrastructure, Application Software, IT Services and Information Security Management). The analysis of the segment breakdown represented below as well as the past dynamics and the new market definitions (larger perimeter since 2013) suggests the following:

Italian IT market by industries: 2014/13 Y/Y growth and market size



Source: Assintel (NextValue) October 2014

a) Following a 3.2% decline in the Italian IT sector in 2012, Assintel saw (old business perimeter) a further deterioration, in 2013 with -4.0% (broadly in line with Assinform predictions**). Assintel estimates that under the new perimeter, 2014 closed with +0.7%,** including -1.6% for HW and Technical Services (EUR 8.31bn), +1.1% for SW (EUR 4.89bn), -1.7% for IT Services (EUR 8.99bn) and +22% for Cloud (EUR 2.21bn).

b) The **larger business perimeter** added c EUR 5.9bn to the IT market definition for 2013, or +32%. The extent of the increase is c 25% for all the verticals, apart from the Consumer segment (incl. Smartphones and Apps) which was 117% larger (EUR 1.6bn increase). The main add-ons to the industry definition include extended Cloud Computing (EUR 1.0bn), Internet of Things (EUR 1.59bn o/w EUR 0.72bn in HW), Digital Marketing (EUR 0.11bn in Application SW, EUR 0.23bn in services). In all, the re-definition adds EUR 3.7bn in HW, EUR 0.69bn in SW and EUR 0.57bn in services.

c) **Per segment**, the largest vertical is represented by the financial industry, which accounts for 27% of the total including Banks (EUR 5.6bn) and Insurance (EUR 1.2bn). Network Services (Telco/Utilities/Transportations) account for 24%, Manufacturing 20%. Services represent around 11%, Public Administrations (local + central) around 4%. Healthcare is the smallest vertical with just EUR 530m size and 2.5% of the total.

d) The **performance across sectors** has been rather consistent in 2012 and 2013, while the inclusion of new categories in high-growth sub-segments has boosted growth rates. Under the old definitions, only consumer was up Y/Y (+1%), while we have now 4 segments turning positive, all the other decline rates more than halving. Strangely, the consumer segment turned negative (-1%) as a consequence of commoditization.

Competitive analysis

The IT sector in Italy is characterized by the presence of a little group of large international operators, which account for a big slice of the market, against almost 200 much smaller and mainly domestic players. From the analysis of the Data Manager top 100 rankings in Software and IT services, complete with the revenue split by segment and combined with the Assintel figures other company sources, we summarize the following points:

Italian SW and ICT services players: revenue break-down (FY 2013). Top 10 + Exprivia (21th)

Aziende	Total	Manuf.	Finance	PA	Distrib.	Services	% SW	% IT Svcs
Gruppo IBM Italia	1,498	319	553	406	25	195	*26%*	*74%*
Accenture	978	na	Na	na	Na	na	*0%*	*100%*
HP ITALIANA SRL	876	44	243	345	12	233	*8%*	*92%*
MICROSOFT	868	225	87	152	157	247	*93%*	*7%*
Engineering	740	na	Na	na	Na	na	*0%*	*100%*
SELEX ES	465	167	24	188	20	66	*8%*	*92%*
ORACLE ITALIA	433	82	17	177	27	130	*85%*	*15%*
Reply	411	101	88	51	Na	171	*0%*	*100%*
Gruppo SIA	380	na	272	42	Na	66	*0%*	*100%*
Gruppo Almaviva	371	na	58	154	149	10	*0%*	*100%*
Exprivia (21)	**113**	**30**	**27**	**29**	**Na**	**na**	***6%***	***94%***

Source: Company data, Banca Akros est. (*) Assintel

- **In all, the market is fragmented and is hardly concentrating;** the 2013 Herfindahl Index (HHI) was 0.043 (from 0.045 in 2012, 0.047 in 2011). The five largest players generated EUR4.9bn, (39.2% of the Top100 vs. previous 40.6%) turnover, the remaining 95 firms cumulate EUR 7.7bn, with 18 firms between EUR 100/500m and 77 at below EUR 100m turnover.
- **The software segment is more concentrated (HHI 0.103) than the IT services segment (0.051)**, as the 11 firms with a turnover >EUR 50m account for 77% of the total. In the latter, there are 31 firms which account for 82%. The Software Segment is also the one characterized by a higher competitive pressure, as the HHI was 0.13 in 2010; a key factor here is cloud computing redefined the perimeter of the business and lowered the barriers to entry.
- **The structure of the markets include**: a) Global IT Vendors (IBM, HP, EMC, NTT) and Global Software Companies (MS, Oracle, SAP), which account for 22% and 13% of the market serving all business segments; b) International IT Service Companies (Accenture, Cap Gemini, ATOS, Altran) with 11%, c) Large captive players (including SIA and Cedacri) with above 7% and d) Large Italian system integrators (among which Engineering, Selex, Reply) generating EUR1.9bn cumulated turnover (15%).
- **The specific market intercepted by the Top100 ranking was still growing in 2013** (+0.5%) although with a slower pace vs. the previous years' trend (+2.2% 2012, +4% 2011). 22 firms grew double-digit (16 in 2012), 8 from 5 to 10% (14), 39 below 5% (28) while 29 firms (40) posted declining revenues. Among the first ten, Reply grew by 10%, SIA +9%; the others were flattish to negative with IBM declining the most.
- The exposure to the different verticals includes: **In Finance** Cedacri (95% of revenues), Bassilichi (90%), SIA (76%), Iside, Wave, Phoenix (all w/100%), Cadit (48th, 96%), TAS (67st, 93%). **In Manufacturing,** we find the highest exposure with Siemens (44th, 100%), Elmec (37th, 70%), Cap Gemini (42%), and SAP (44%). The pure plays in **Public Administration** include Maggioli (33rd, 90%, Fiscal solutions), GPI Group (62nd, healthcare), Dedalus (39th, healthcare) Noemalife (52nd, healthcare). The companies more exposed to "**Commerce and distribution"** are Almaviva (40% of sales) and Zucchetti (37%), while in **Services** we mention Atos (85%) and Reply (42%).

FUTURE PERSPECTIVES

According to most industry observers, the trends for the Italian ICT market are due to further improve in 2015, however mainly due to lower declines (eg telecom services, IT services) rather than significant acceleration in the ongoing modest growth rates.

From the **Assintel** analysis and surveys, the main points:

a) The **attitude of IT managers** on the external budget is cautious but improving, as 2013 was in wait-and-see mode following a negative 2012. The proportion of expected budget decline was still 24% but compared with 36% in the previous survey and 43% in 2012. 47% of respondents see stability (from 35%), 29% (29%) an increase.

b) The **split of the IT budget** looks promising, with 20% of the total devoted to innovative projects (the same as in the previous survey), and 18% (21%) committed to expand and transform existing systems. From the survey, it emerges that 40% of IT managers have increased the budget for the former (from 48%), 34% (39%) for the latter destination.

c) **By industry**, we note that while the financial sector keeps its innovation drive, utilities telecom and media have increased the proportion devoted to new projects. On the other hand, Public Administrations have further reduced such commitment.

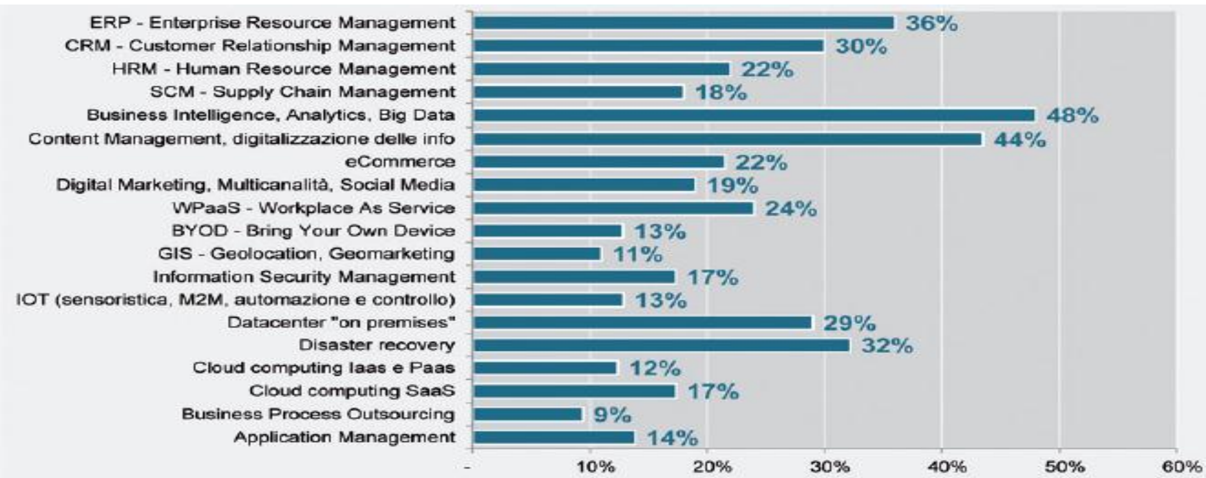
d) There are **a few, cross-industry innovative projects** that will shape and drive the IT sector in the next few years, exploiting the boom of smartphone, tablets, connected objects and the availability of huge amounts of data. Content management

Italian ICT industry: investment type and detail by industry/ 2014 vs. 2013 (in brackets)

	Size	Maintenance	Tec/Reg Compl.	Development Transform	New Projects	Innovation Projects in 2014/15 budget
Insurance	1,248	*23% (37)*	*17%(16)*	*28% (26)*	*32% (21)*	Content mgmt, BI/analytics/BigData, digital Mktg
Banks and Finance	5,681	*45% (38)*	*11% (20)*	*25% (18)*	*25% (24)*	Content mgmt, BI/analytics/BigData, digital Mktg
Commerce Distrib&Svcs	2,312	*37% (36)*	*19% (15)*	*22% (21)*	*22% (28)*	CRM, ERP, content mgmt, BI, ecommerce
Local Administrations	796	*62% (45)*	*18% (19)*	*11% (25)*	*9% (11)*	content mgmt, datacentres, WpaaS
Manufacturing	4,331	*47% (45)*	*18% (15)*	*17% (20)*	*18% (20)*	BI/analytics/BigData, CRM, ERP, datacentres
HealthCare	530	*23% (39)*	*43% (18)*	*14% (23)*	*20% (20)*	content mgmt, OpSys, datacentres, disaster rec
Telecom/Media	2,977	*48% (50)*	*14% (20)*	*14% (14)*	*24% (16)*	content mgmt, BI/analytics/BigData, Digital Mkt
Transport & Logistics	1,112	*40% (41)*	*12% (17)*	*18% (24)*	*30% (18)*	e-Comm, content mgmt, datacentres, CRM
Utilities	1,022	*34% (45)*	*17% (15)*	*20% (20)*	*29%(20)*	BI/analytics/BigData, IoT, content mgmt
Total	**21,354**	***42% (40%)***	***20% (19%)***	***18% (21%)***	***21% (20)***	Content mgmt, BI/analytics/BigData, IoT

Source: Assintel, Banca Akros est.

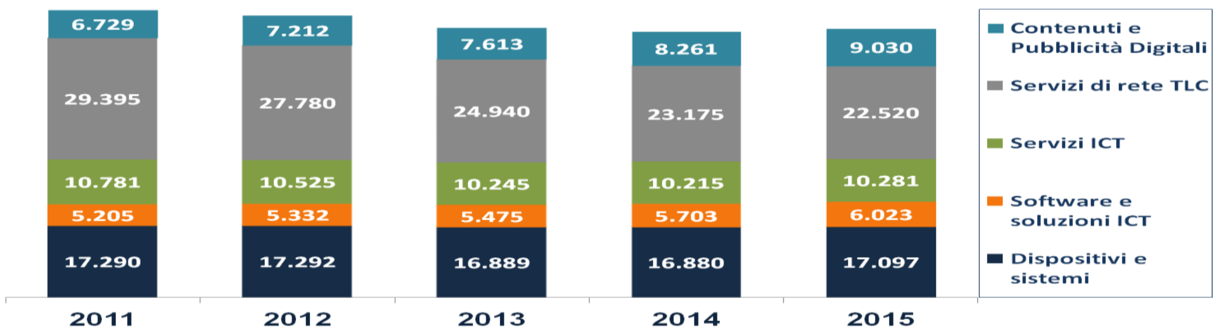
Innovation Projects already included in 2014/15 budgets



Source: Assintel

Assinform expects for the current year a 1.1% increase in the ICT market following the 1.4% decline in 2014. Telecom services should further improve with -2.8% Y/Y from -7.1%, software should accelerate by 1.4pp to 4.2% growth, while IT services should turn positive (+1.3%) again mainly thanks to Cloud Computing.

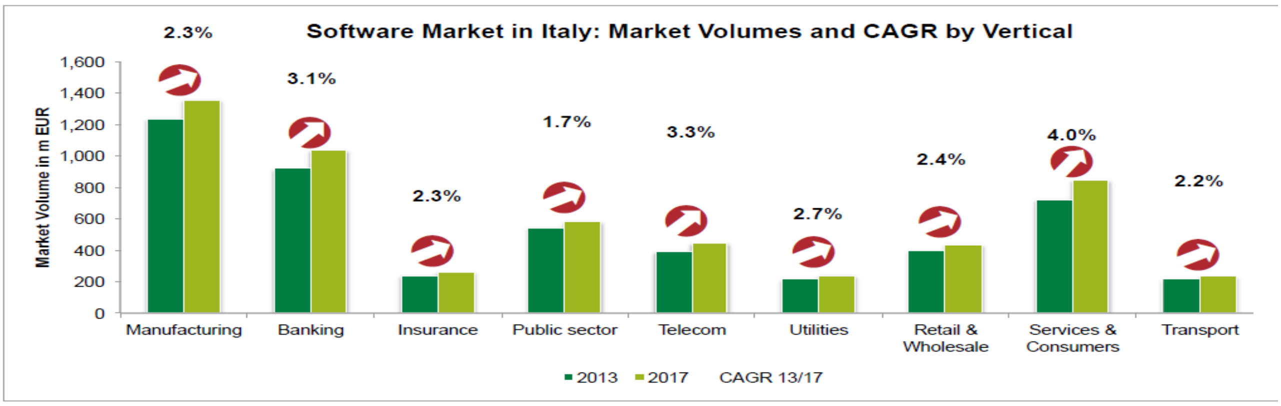
Italian ICT market trends and estimates (Assinform)



Source: Assinform

The consulting firm **PAC** sees on a three-year basis a modest growth in basically all verticals, with the strongest in services and the lowest in the Public Administration:

Italian 2013/17 ICT market forecasts: CAGR by vertical



Source: PAC (Pierre Audoin Consultants).

Exprivia: Summary tables

PROFIT & LOSS (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Sales	**132**	**131**	**147**	**155**	**159**	**164**
Cost of Sales & Operating Costs	-120	-118	-133	-140	-143	-146
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**12.4**	**13.1**	**14.5**	**15.6**	**16.8**	**17.5**
EBITDA (adj.)*	**12.4**	**13.1**	**14.5**	**15.6**	**16.8**	**17.5**
Depreciation	-4.3	-3.9	-3.9	-4.3	-4.5	-4.7
EBITA	**8.1**	**9.2**	**10.5**	**11.3**	**12.3**	**12.8**
EBITA (adj)*	**8.1**	**9.2**	**10.5**	**11.3**	**12.3**	**12.8**
Amortisations and Write Downs	-0.9	-0.5	-0.7	-0.6	-0.6	-0.6
EBIT	**7.2**	**8.7**	**9.9**	**10.7**	**11.7**	**12.2**
EBIT (adj.)*	**7.2**	**8.7**	**9.9**	**10.7**	**11.7**	**12.2**
Net Financial Interest	-3.0	-2.7	-2.9	-2.3	-1.9	-1.3
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**4.2**	**6.0**	**7.0**	**8.4**	**9.8**	**11.0**
Tax	-1.8	-3.2	-3.9	-3.9	-4.5	-4.8
Tax rate	*42.6%*	*52.7%*	*56.4%*	*46.4%*	*45.3%*	*43.3%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.3	-0.4	0.5	0.0	0.0	0.0
Net Profit (reported)	**2.2**	**2.4**	**3.5**	**4.5**	**5.4**	**6.2**
Net Profit (adj.)	**2.2**	**2.4**	**3.5**	**4.5**	**5.4**	**6.2**

CASH FLOW (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Cash Flow from Operations before change in NWC	7.6	7.3	7.6	9.4	10.4	11.5
Change in Net Working Capital	2.5	5.1	3.2	-1.6	0.8	-0.9
Cash Flow from Operations	**10.1**	**12.3**	**10.8**	**7.8**	**11.2**	**10.6**
Capex	-4.1	-4.9	-8.1	-6.3	-2.7	-2.7
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	**6.0**	**7.4**	**2.7**	**1.5**	**8.5**	**7.9**
Dividends	-1.6	0.0	0.0	-1.5	-1.6	-1.7
Other (incl. Capital Increase & share buy backs)	-4.1	-0.8	4.9	0.1	-0.4	-0.3
Change in Net Debt	**0.3**	**6.6**	**7.6**	**0.1**	**6.6**	**5.9**
NOPLAT	7.2	8.7	9.9	10.7	11.7	12.2

BALANCE SHEET & OTHER ITEMS (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Tangible Assets	11.7	13.1	17.3	19.3	17.6	15.6
Net Intangible Assets (incl.Goodwill)	74.1	74.3	72.3	72.3	72.3	72.3
Net Financial Assets & Other	4.5	4.3	2.1	2.1	2.1	2.1
Total Fixed Assets	**90.3**	**91.7**	**91.7**	**93.7**	**92.0**	**90.0**
Inventories	0.2	0.2	0.1	0.2	0.2	0.2
Trade receivables	62.6	56.2	62.3	66.2	68.2	70.0
Other current assets	28.7	29.3	22.7	22.6	21.7	21.9
Cash (-)	-5.3	-7.3	-12.5	-12.5	-14.0	-15.6
Total Current Assets	**96.8**	**93.0**	**97.6**	**101**	**104**	**108**
Total Assets	**187**	**185**	**189**	**195**	**196**	**198**
Shareholders Equity	68.7	71.2	74.6	77.7	81.5	86.0
Minority	1.5	1.9	1.6	1.6	1.6	1.6
Total Equity	70.2	73.1	76.2	79.3	83.1	87.7
Long term interest bearing debt	9.6	8.5	11.0	11.0	9.7	8.5
Provisions	8.7	8.7	10.2	10.9	11.0	11.3
Other long term liabilities	1.6	1.6	1.4	1.5	1.5	1.6
Total Long Term Liabilities	**19.9**	**18.8**	**22.6**	**23.3**	**22.2**	**21.4**
Short term interest bearing debt	39.8	36.1	31.2	31.1	27.4	24.2
Trade payables	18.3	20.5	22.5	23.4	24.1	24.5
Other current liabilities	39.0	36.1	36.7	38.1	39.2	39.9
Total Current Liabilities	**97.1**	**92.7**	**90.4**	**92.5**	**90.6**	**88.6**
Total Liabilities and Shareholders' Equity	**187**	**185**	**189**	**195**	**196**	**198**
Net Capital Employed	**125**	**121**	**118**	**121**	**119**	**118**
Net Working Capital	**34.2**	**29.1**	**25.9**	**27.5**	**26.7**	**27.7**

GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Sales growth	*10.2%*	*-1.0%*	*12.3%*	*5.6%*	*2.5%*	*2.6%*
EBITDA (adj.)* growth	***-8.0%***	***5.6%***	***10.3%***	***7.9%***	***7.8%***	***4.3%***
EBITA (adj.) growth*	*-23.6%*	*12.9%*	*14.6%*	*7.8%*	*8.8%*	*4.0%*
*EBIT (adj)*growth*	*-31.0%*	*20.2%*	*13.3%*	*9.0%*	*9.3%*	*4.2%*

Exprivia: Summary tables

GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Profit growth	*-36.6%*	*12.3%*	*44.8%*	*29.4%*	*18.9%*	*15.7%*
EPS adj. growth	*-36.6%*	*12.3%*	*44.8%*	*29.4%*	*18.9%*	*15.7%*
DPS adj. growth	*-22.5%*	*n.m.*		*n.m.*	*7.1%*	*10.0%*
EBITDA (adj) margin*	*9.4%*	*10.0%*	*9.8%*	*10.0%*	*10.6%*	*10.7%*
EBITA (adj) margin*	*6.1%*	*7.0%*	*7.1%*	*7.3%*	*7.8%*	*7.9%*
EBIT (adj) margin*	*5.5%*	*6.6%*	*6.7%*	*6.9%*	*7.4%*	*7.5%*

RATIOS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Debt/Equity	0.6	0.5	0.4	0.4	0.3	0.2
Net Debt/EBITDA	3.5	2.9	2.1	1.9	1.4	1.0
Interest cover (EBITDA/Fin.interest)	4.1	4.9	5.0	6.8	8.8	14.0
Capex/D&A	78.4%	110.9%	176.8%	129.9%	53.5%	51.1%
Capex/Sales	3.1%	3.7%	5.5%	4.1%	1.7%	1.7%
NWC/Sales	25.8%	22.2%	17.6%	17.7%	16.8%	16.9%
ROE (average)	3.1%	3.5%	4.8%	6.0%	6.8%	7.4%
ROCE (adj.)	6.0%	7.5%	8.5%	9.0%	10.1%	10.6%
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
ROCE (adj.)/WACC	0.7	0.8	0.9	1.0	1.1	1.2

PER SHARE DATA (EUR)***	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Average diluted number of shares	51.9	51.9	51.9	51.9	51.9	51.9
EPS (reported)	0.04	0.05	0.07	0.09	0.10	0.12
EPS (adj.)	0.04	0.05	0.07	0.09	0.10	0.12
BVPS	1.32	1.37	1.44	1.50	1.57	1.66
DPS	0.03	0.00	0.00	0.03	0.03	0.03

VALUATION	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
EV/Sales	0.7	0.8	0.6	0.6	0.5	0.5
EV/EBITDA	7.7	7.6	6.2	5.8	5.0	4.5
EV/EBITDA (adj.)*	**7.7**	**7.6**	**6.2**	**5.8**	**5.0**	**4.5**
EV/EBITA	11.7	10.9	8.5	8.0	6.8	6.1
EV/EBITA (adj.)*	**11.7**	**10.9**	**8.5**	**8.0**	**6.8**	**6.1**
EV/EBIT	13.2	11.5	9.1	8.4	7.1	6.4
EV/EBIT (adj.)*	**13.2**	**11.5**	**9.1**	**8.4**	**7.1**	**6.4**
P/E (adj.)	**15.0**	**17.8**	**10.6**	**8.6**	**7.2**	**6.2**
P/BV	0.5	0.6	0.5	0.5	0.5	0.5
Total Yield Ratio	0.0%	0.0%	3.7%	4.0%	4.4%	
EV/CE	0.8	0.9	0.8	0.8	0.7	0.7
OpFCF yield	18.7%	17.3%	7.4%	3.8%	21.9%	20.2%
OpFCF/EV	6.3%	7.4%	3.0%	1.6%	10.2%	10.1%
Payout ratio	74.7%	0.0%	0.0%	32.1%	28.9%	27.5%
Dividend yield (gross)	5.0%	0.0%	0.0%	3.7%	4.0%	4.4%

EV AND MKT CAP (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Price** (EUR)	0.62	0.83	0.71	0.75	0.75	0.75
Outstanding number of shares for main stock	51.9	51.9	51.9	51.9	51.9	51.9
Total Market Cap	**32**	**43**	**37**	**39**	**39**	**39**
Net Debt	**44**	**37**	**30**	**30**	**23**	**17**
o/w Cash & Marketable Securities (-)	*-5*	*-7*	*-12*	*-12*	*-14*	*-16*
o/w Gross Debt (+)	*49*	*45*	*42*	*42*	*37*	*33*
Other EV components	**19**	**19**	**23**	**22**	**22**	**22**
Enterprise Value (EV adj.)	**96**	**100**	**90**	**90**	**84**	**78**

Source: Company, Banca Akros estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

Sector: Software & Computer Services/Software

Company Description: Exprivia is an Italian player in the IT sector, created in 2005 through the merger of a listed SW vendor (AISoftware) with a IT service provider (Abaco). The Group employes almost 2,000 peope, is headquartered in the South of Italy, has 10 offices across the country and has started an international expansion (foreign activities account for above 10% of sales). The group operates in several verticals including Finance (22% of FY 2013e sales), Utilities (20%), Healthcare (18%), Manufaturing (13%), Telecoms and Energy (10%) and Public Administrations (5%).

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)
Airbus Group	CIC
Bae Systems Plc	CIC
Carbures Europe Sa	BKF
Dassault Aviation	CIC
Finmeccanica	BAK
Latecoere	CIC
Lisi	CIC
Mtu	EQB
Rheinmetall	EQB
Rolls Royce	CIC
Safran	CIC
Thales	CIC
Zodiac Aerospace	CIC

Airlines	Mem(*)
Air France Klm	CIC
Finnair	POH
Lufthansa	EQB

Automobiles & Parts	Mem(*)
Bmw	EQB
Brembo	BAK
Continental	EQB
Daimler Ag	EQB
Elektrobit Group	POH
Elringklinger	EQB
Faurecia	CIC
Fiat Chrysler Automobiles	BAK
Landi Renzo	BAK
Leoni	EQB
Michelin	CIC
Nokian Tyres	POH
Piaggio	BAK
Pirelli & C.	BAK
Plastic Omnium	CIC
Porsche	EQB
Psa Peugeot Citroen	CIC
Renault	CIC
Sogefi	BAK
Stern Groep	SNS
Valeo	CIC
Volkswagen	EQB

Banks	Mem(*)
Aareal Bank	EQB
Aktia	POH
Alpha Bank	IBG
Banca Carige	BAK
Banca Etruria	BAK
Banca Mps	BAK
Banco Bradesco	CBI
Banco Popolare	BAK
Banco Popular	BKF
Banco Sabadell	BKF
Banco Santander	BKF
Bankia	BKF
Bankinter	BKF
Bbva	BKF
Bcp	CBI
Bnp Paribas	CIC
Bper	BAK
Bpi	CBI
Caixabank	BKF
Commerzbank	EQB
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Deutsche Bank	EQB
Eurobank	IBG
Ing Group	SNS
Intesa Sanpaolo	BAK
Kbc Group	BDG
Mediobanca	BAK
National Bank Of Greece	IBG
Natixis	CIC
Nordea	POH
Piraeus Bank	IBG
Postbank	EQB
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK

Basic Resources	Mem(*)
Acerinox	BKF
Altri	CBI
Arcelormittal	BKF
Crown Van Gelder	SNS
Ence	BKF
Europac	BKF
Metka	IBG
Metsä Board	POH
Mytilineos	IBG
Nyrstar	BDG
Outokumpu	POH
Portucel	CBI
Semapa	CBI
Stora Enso	POH
Surteco	EQB
Tubacex	BKF
Upm-Kymmene	POH

Biotechnology	Mem(*)
4Sc	EQB
Crossject	CIC
Cytotools Ag	EQB
Epigenomics Ag	EQB
Fermentalg	CIC
Genfit	CIC
Metabolic Explorer	CIC
Neovacs	CIC
Oncodesign	CIC
Onxeo	CIC
Transgene	CIC
Wilex	EQB
Zeltia	BKF

Chemicals	Mem(*)
Air Liquide	CIC
Basf	EQB
Evonik	EQB
Fuchs Petrolub	EQB
Henkel	EQB
Holland Colours	SNS
K+S Ag	EQB
Kemira	POH
Lanxess	EQB
Linde	EQB
Nanogate Ag	EQB
Recticel	BDG
Solvay	BDG
Symrise Ag	EQB
Tessenderlo	BDG
Tikkurila	POH
Umicore	BDG
Wacker Chemie	EQB

Electronic & Electrical Equipme	Mem(*)
Alstom	CIC
Areva	CIC
Barco	BDG
Euromicron Ag	EQB
Evs	BDG
Gemalto	CIC
Ingenico	CIC
Jenoptik	EQB
Kontron	EQB
Legrand	CIC
Neways Electronics	SNS
Nexans	CIC
Pkc Group	POH
Rexel	CIC
Schneider Electric Sa	CIC
Vacon	POH
Vaisala	POH
Viscom	EQB

Financial Services	Mem(*)
Ackermans & Van Haaren	BDG
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK
Bb Biotech	EQB
Binckbank	SNS
Bois Sauvage	BDG
Bolsas Y Mercados Espanoles Sa	BKF
Capman	POH
Cir	BAK
Comdirect	EQB
Corp. Financiera Alba	BKF
Deutsche Boerse	EQB
Deutsche Forfait	EQB
Euronext	CIC
Financiere De Tubize	BDG
Gbl	BDG
Gimv	BDG
Grenkeleasing Ag	EQB
Hellenic Exchanges	IBG
Kbc Ancora	BDG
Luxempart	BDG
Mlp	EQB
Patrizia Ag	EQB

Food & Beverage	Mem(*)
Acomo	SNS
Anheuser-Busch Inbev	BDG
Atria	POH
Baywa	EQB
Berentzen	EQB
Bonduelle	CIC
Campari	BAK
Coca Cola Hbc Ag	IBG
Corbion	SNS
Danone	CIC
Ebro Foods	BKF
Enervit	BAK
Fleury Michon	CIC
Forfarmers	SNS
Greenyard Foods	BDG
Heineken	SNS
Hkscan	POH
Ktg Agrar	EQB
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lotus Bakeries	BDG
Naturex	CIC
Nutreco	SNS
Olvi	POH
Parmalat	BAK
Pernod-Ricard	CIC
Raisio	POH
Remy Cointreau	CIC
Sipef	BDG
Ter Beke	BDG
Unilever	SNS
Vidrala	BKF
Vilmorin	CIC
Viscofan	BKF
Vranken Pommery Monopole	CIC
Wessanen	SNS

Food & Drug Retailers	Mem(*)
Ahold	SNS
Bim	IBG
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Colruyt	BDG
Delhaize	BDG
Dia	BKF
Jeronimo Martins	CBI
Kesko	POH
Marr	BAK
Metro	CIC
Rallye	CIC
Sligro	SNS
Sonae	CBI

General Industrials	Mem(*)
2G Energy	EQB
Accell Group	SNS
Ahlstrom	POH
Analytik Jena	EQB
Arcadis	SNS
Aspo	POH
Bekaert	BDG
Evolis	CIC
Frigoglass	IBG
Huhtamäki	POH
Kendrion	SNS
Martifer	CBI
Mifa	EQB
Nedap	SNS
Neopost	CIC
Pöyry	POH
Prelios	BAK
Saf-Holland	EQB
Saft	CIC
Serge Ferrari Group	CIC
Siegfried Holding Ag	EQB
Wendel	CIC

General Retailers	**Mem(*)**
Beter Bed Holding	SNS
D'Ieteren	BDG
Fielmann	EQB
Folli Follie Group	IBG
Fourlis Holdings	IBG
Inditex	BKF
Jumbo	IBG
Macintosh	SNS
Rapala	POH
Stockmann	POH
Healthcare	**Mem(*)**
Ab-Biotics	BKF
Almirall	BKF
Amplifon	BAK
Bayer	EQB
Biomerieux	CIC
Biotest	EQB
Celesio	EQB
Diasorin	BAK
Draegerwerk	EQB
Espirito Santo Saude	CBI
Faes Farma	BKF
Fresenius	EQB
Fresenius Medical Care	EQB
Gerresheimer Ag	EQB
Grifols Sa	BKF
Korian-Medica	CIC
Laboratorios Rovi	BKF
Merck	EQB
Novartis	CIC
Oriola-Kd	POH
Orion	POH
Orpea	CIC
Recordati	BAK
Rhoen-Klinikum	EQB
Roche	CIC
Sanofi	CIC
Sorin	BAK
Stallergènes	CIC
Ucb	BDG
Hotels, Travel & Tourism	**Mem(*)**
Accor	CIC
Autogrill	BAK
Beneteau	CIC
Gtech	BAK
I Grandi Viaggi	BAK
Ibersol	CBI
Intralot	IBG
Melia Hotels International	BKF
Nh Hotel Group	BKF
Opap	IBG
Snowworld	SNS
Sonae Capital	CBI
Trigano	CIC
Tui	EQB
Wdf	BAK
Household Goods	**Mem(*)**
Bic	CIC
De Longhi	BAK
Seb Sa	CIC
Industrial Engineering	**Mem(*)**
Accsys Technologies	SNS
Aixtron	EQB
Ansaldo Sts	BAK
Bauer Ag	EQB
Biesse	BAK
Cargotec Corp	POH
Cnh Industrial	BAK
Danieli	BAK
Datalogic	BAK
Delclima	BAK
Deutz Ag	EQB
Dmg Mori Seiki Ag	EQB
Duro Felguera	BKF
Emak	BAK
Exel Composites	POH
Faiveley	CIC
Gea Group	EQB
Gesco	EQB
Haulotte Group	CIC
Heidelberger Druck	EQB
Ima	BAK
Interpump	BAK
Kone	POH
Konecranes	POH
Krones Ag	EQB
Kuka	EQB
Man	EQB
Manitou	CIC
Max Automation Ag	EQB
Metso	POH
Outotec	POH
Pfeiffer Vacuum	EQB
Ponsse	POH
Prima Industrie	BAK
Prysmian	BAK
Reesink	SNS
Sabaf	BAK
Singulus Technologies	EQB
Smt Scharf Ag	EQB
Valmet	POH
Vossloh	EQB
Wärtsilä	POH
Zardoya Otis	BKF
Industrial Transportation	**Mem(*)**
Bollore	CIC
Bpost	BDG
Caf	BKF
Ctt	CBI
Deutsche Post	EQB
Hhla	EQB
Logwin	EQB
Insurance	**Mem(*)**
Aegon	SNS
Ageas	BDG
Allianz	EQB
Axa	CIC
Delta Lloyd	SNS
Generali	BAK
Hannover Re	EQB
Mapfre Sa	BKF
Mediolanum	BAK
Munich Re	EQB
Sampo	POH
Talanx Group	EQB
Unipol	BAK
Unipolsai	BAK
Materials, Construction & Infrastructure	**Mem(*)**
Abertis	BKF
Acs	BKF
Adp	CIC
Astaldi	BAK
Atlantia	BAK
Ballast Nedam	SNS
Bilfinger Se	EQB
Boskalis Westminster	SNS
Buzzi Unicem	BAK
Caverion	POH
Cfe	BDG
Cramo	POH
Deceuninck	BDG
Eiffage	CIC
Ellaktor	IBG
Ezentis	BKF
Fcc	BKF
Ferrovial	BKF
Fraport	EQB
Grontmij	SNS
Heijmans	SNS
Hochtief	EQB
Holcim Ltd	CIC
Imerys	CIC
Italcementi	BAK
Joyou Ag	EQB
Lafarge	CIC
Lemminkäinen	POH
Maire Tecnimont	BAK
Mota Engil	CBI
Mota Engil Africa	CBI
Obrascon Huarte Lain	BKF
Ramirent	POH
Royal Bam Group	SNS
Sacyr	BKF
Saint Gobain	CIC
Salini Impregilo	BAK
Sias	BAK
Sonae Industria	CBI
Srv	POH
Sto Se & Co. Kgaa	EQB
Thermador Groupe	CIC
Titan Cement	IBG
Trevi	BAK
Uponor	POH
Uzin Utz	EQB
Vbh Holding	EQB
Vicat	CIC
Vinci	CIC
Yit	POH
Media	**Mem(*)**
Ad Pepper	EQB
Alma Media	POH
Axel Springer	EQB
Brill	SNS
Cofina	CBI
Editoriale L'Espresso	BAK
Gl Events	CIC
Havas	CIC
Impresa	CBI
Ipsos	CIC
Jcdecaux	CIC
Kinepolis	BDG
Lagardere	CIC
M6-Metropole Television	CIC
Mediaset	BAK
Nextradiotv	CIC
Notorious Pictures	BAK
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Reed Elsevier N.V.	SNS
Sanoma	POH
Solocal Group	CIC
Spir Communication	CIC
Syzygy Ag	EQB
Talentum	POH
Telegraaf Media Groep	SNS
Teleperformance	CIC
Tf1	CIC
Ti Media	BAK
Ubisoft	CIC
Vivendi	CIC
Wolters Kluwer	SNS
Heijmans	SNS
Hochtief	EQB
Holcim Ltd	CIC
Imerys	CIC
Italcementi	BAK
Joyou Ag	EQB
Lafarge	CIC
Lemminkäinen	POH
Maire Tecnimont	BAK
Mota Engil	CBI
Mota Engil Africa	CBI
Mediaset	BAK
Nextradiotv	CIC
Notorious Pictures	BAK
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Reed Elsevier N.V.	SNS
Sanoma	POH
Solocal Group	CIC
Spir Communication	CIC
Syzygy Ag	EQB
Talentum	POH
Telegraaf Media Groep	SNS
Teleperformance	CIC
Tf1	CIC
Ti Media	BAK

Oil & Gas Producers	Mem(*)
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Hellenic Petroleum	IBG
Maurel Et Prom	CIC
Motor Oil	IBG
Neste Oil	POH
Petrobras	CBI
Qgep	CBI
Repsol	BKF
Total	CIC

Oil Services	Mem(*)
Bourbon	CIC
Cgg	CIC
Fugro	SNS
Saipem	BAK
Technip	CIC
Tecnicas Reunidas	BKF
Tenaris	BAK
Vallourec	CIC
Vopak	SNS

Personal Goods	Mem(*)
Adidas	EQB
Adler Modemaerkte	EQB
Amer Sports	POH
Basic Net	BAK
Beiersdorf	EQB
Christian Dior	CIC
Cie Fin. Richemont	CIC
Geox	BAK
Gerry Weber	EQB
Hermes Intl.	CIC
Hugo Boss	EQB
Interparfums	CIC
Kering	CIC
Luxottica	BAK
Lvmh	CIC
Marimekko	POH
Moncler	BAK
Puma	EQB
Safilo	BAK
Salvatore Ferragamo	BAK
Sarantis	IBG
Swatch Group	CIC
Tod'S	BAK
Zucchi	BAK

Real Estate	Mem(*)
Aedifica	BDG
Ascencio	BDG
Atenor	BDG
Banimmo	BDG
Befimmo	BDG
Beni Stabili	BAK
Citycon	POH
Cofinimmo	BDG
Corio	BDG
Deutsche Euroshop	EQB
Grand City Properties	EQB
Home Invest Belgium	BDG
Igd	BAK
Intervest Offices & Warehouses	BDG
Leasinvest Real Estate	BDG
Montea	BDG
Realia	BKF
Retail Estates	BDG
Sponda	POH
Technopolis	POH
Unibail-Rodamco	BDG
Vastned Retail	BDG
Vastned Retail Belgium	BDG
Vib Vermoegen	EQB
Wdp	BDG
Wereldhave Belgium	BDG
Wereldhave Nv	BDG

Renewable Energy	Mem(*)
Daldrup & Soehne	EQB
Enel Green Power	BAK
Gamesa	BKF

Software & Computer Services	Mem(*)
Affecto	POH
Akka Technologies	CIC
Alten	CIC
Altran	CIC
Amadeus	BKF
Atos	CIC
Basware	POH
Cenit	EQB
Comptel	POH
Digia	POH
Docdata	SNS
Ekinops	CIC
Engineering	BAK
Esi Group	CIC
Exact Holding Nv	SNS
Exprivia	BAK
F-Secure	POH
Gameloft	CIC
Gft Technologies	EQB
Guillemot Corporation	CIC
I:Fao Ag	EQB
Ict Automatisering	SNS
Indra Sistemas	BKF
Novabase	CBI
Ordina	SNS
Psi	EQB
Reply	BAK
Rib Software	EQB
Seven Principles Ag	EQB
Tie Kinetix	SNS
Tieto	POH
Tomtom	SNS
Visiativ	CIC
Wincor Nixdorf	EQB

Support Services	Mem(*)
Batenburg	SNS
Bureau Veritas S.A.	CIC
Dpa	SNS
Edenred	CIC
Ei Towers	BAK
Fiera Milano	BAK
Imtech	SNS
Lassila & Tikanoja	POH

Technology Hardware & Equipment	Mem(*)
Alcatel-Lucent	CIC
Asm International	SNS
Asml	SNS
Besi	SNS
Elmos Semiconductor	EQB
Ericsson	POH
Gigaset	EQB
Nokia	POH
Okmetic	POH
Roodmicrotec	SNS
Slm Solutions	EQB
Stmicroelectronics	BAK
Suess Microtec	EQB
Teleste	POH

Telecommunications	Mem(*)
Acotel	BAK
Belgacom	BDG
Bouygues	CIC
Deutsche Telekom	EQB
Drillisch	EQB
Elisa	POH
Eutelsat Communications Sa	CIC
Freenet	EQB
Iliad	CIC
Jazztel	BKF
Kpn Telecom	SNS
Mobistar	BDG
Nos	CBI
Numericable-Sfr	CIC
Orange	CIC
Ote	IBG
Ses	CIC
Telecom Italia	BAK
Telefonica	BKF
Telenet Group	BDG
Teliasonera	POH
Tiscali	BAK
Turkcell	IBG
United Internet	EQB
Vodafone	BAK

Utilities	Mem(*)
A2A	BAK
Acciona	BKF
Acea	BAK
Albioma	CIC
Direct Energie	CIC
E.On	EQB
Edp	CBI
Edp Renováveis	CBI
Elia	BDG
Enagas	BKF
Endesa	BKF
Enel	BAK
Falck Renewables	BAK
Fluxys Belgium	BDG
Fortum	POH
Gas Natural Fenosa	BKF
Hera	BAK
Iberdrola	BKF
Iren	BAK
Public Power Corp	IBG
Red Electrica De Espana	BKF
Ren	CBI
Rwe	EQB
Snam	BAK
Terna	BAK

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BKF: Beka Finance; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece, POH: Pohjola Bank; SNS: SNS Securities as of 2nd January 2015

List of ESN Analysts (**)

Ari Agopyan	CIC	+33 1 53 48 80 63	ari.agopyan@cmcics.com
Artur Amaro	CBI	+351 213 89 6822	artur.amaro@caixabi.pt
Christian Auzanneau	CIC	+33 4 78 92 01 85	christian.auzanneau@cmcics.com
Helena Barbosa	CBI	+351 21 389 6831	helena.barbosa@caixabi.pt
Christoph Bast	EQB	+49 69 58997 413	christoph.bast@equinet-ag.de
Javier Bernat	BKF	+34 91 436 7816	javierbernat@bekafinance.com
Dimitris Birbos	IBG	+30 210 81 73 392	dbirbos@ibg.gr
Agnès Blazy	CIC	+33 1 53 48 80 67	agnes.blazy@cmcics.com
Louise Boyer	CIC	+33 1 53 48 80 68	louise.boyer@cmcics.com
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Arnaud Cadart	CIC	+33 1 53 48 80 86	arnaud.cadart@cmcics.com
Niclas Catani	POH	+358 10 252 8780	niclas.catani@pohjola.com
Jean-Marie Caucheteux	BDG	+32 2 287 99 20	jeanmarie.caucheteux@degroof.be
Pierre Chedeville	CIC	+33 1 53 48 80 97	pierre.chedeville@cmcics.com
Emmanuel Chevalier	CIC	+33 1 53 48 80 72	emmanuel.chevalier@cmcics.com
Edwin de Jong	SNS	+312 0 5508569	edwin.dejong@snssecurities.nl
Nadeshda Demidova	EQB	+49 69 58997 434	nadeshda.demidova@equinet-ag.de
Martijn den Drijver	SNS	+312 0 5508636	martijn.dendrijver@snssecurities.nl
Christian Devismes	CIC	+33 1 53 48 80 85	christian.devismes@cmcics.com
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Hans D'Haese	BDG	+32 (0) 2 287 9223	hans.dhaese@degroof.be
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it
Ingbert Faust, CEFA	EQB	+49 69 58997 410	ingbert.faust@equinet-ag.de
Rafael Fernández de Heredia	BKF	+34 91 436 78 08	rfernandez@bekafinance.com
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Alexandre Gérard	CIC	+33 1 53 48 80 93	gerardae@cmcics.com
Claudio Giacomiello, CFA	BAK	+39 02 4344 4269	claudio.giacomiello@bancaakros.it
Ana Isabel González García CIIA	BKF	+34 91 436 78 09	anagonzalez@bekafinance.com
Arsène Guekam	CIC	+33 1 53 48 80 87	arsene.guekam@cmcics.com
Bernard Hanssens	BDG	+32 (0) 2 287 9689	bernard.hanssens@degroof.be
Philipp Häßler, CFA	EQB	+49 69 58997 414	philipp.haessler@equinet-ag.de
Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Bart Jooris, CFA	BDG	+32 2 287 92 79	bart.jooris@degroof.be
Jean-Michel Köster	CIC	+33 1 53 48 80 92	jeanmichel.koster@cmcics.com
Jean-Christophe Lefèvre-Moulenq	CIC	+33 1 53 48 80 65	jeanchristophe.lefevremoulenq@cmcics.com
Sébastien Liagre	CIC	+33 1 53 48 80 70	sebastien.liagre@cmcics.com
Konrad Lieder	EQB	+49 69 5899 7436	konrad.lieder@equinet-ag.de
Konstantinos Manolopoulos	IBG	+30 210 817 3388	kmanolopoulos@ibg.gr
Dario Michi	BAK	+39 02 4344 4237	dario.michi@bancaakros.it
Marietta Miemietz CFA	EQB	+49-69-58997-439	marietta.miemietz@equinet-ag.de
José Mota Freitas, CFA	CBI	+351 22 607 09 31	mota.freitas@caixabi.pt
Henri Parkkinen	POH	+358 10 252 4409	henri.parkkinen@pohjola.fi
Dirk Peeters	BDG	+32 2 287 97 16	dirk.peeters@degroof.be
Adrian Pehl, CFA	EQB	+49 69 58997 438	adrian.pehl@equinet-ag.de
Victor Peiro Pérez	BKF	+34 91 436 7812	vpeiro@bekafinance.com
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cmcics.com
Francesco Previtera	BAK	+39 02 4344 4033	francesco.previtera@bancaakros.it
Jari Raisanen	POH	+358 10 252 4504	jari.raisanen@pohjola.fi
Hannu Rauhala	POH	+358 10 252 4392	hannu.rauhala@pohjola.fi
Matias Rautionmaa	POH	+358 10 252 4408	matias.rautionmaa@pohjola.fi
Eric Ravary	CIC	+33 1 53 48 80 71	eric.ravary@cmcics.com
Iñigo Recio Pascual	BKF	+34 91 436 7814	irecio@bekafinance.com
Gerard Rijk	SNS	+ 31 (0)20 550 8572	Gerard.Rijk@snssecurities.nl
André Rodrigues	CBI	+351 21 389 68 39	andre.rodrigues@caixabi.pt
Jean-Luc Romain	CIC	+33 1 53 48 80 66	jeanluc.romain@cmcics.com
Jochen Rothenbacher, CEFA	EQB	+49 69 58997 415	jochen.rothenbacher@equinet-ag.de
Vassilis Roumantzis	IBG	+30 2108173394	vroumantzis@ibg.gr
Sonia Ruiz De Garibay	BKF	+34 91 436 7841	sgaribay@bekafinance.com
Antti Saari	POH	+358 10 252 4359	antti.saari@pohjola.fi
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Lemer Salah	SNS	'+312 0 5508516	Lemer.salah@snssecurities.nl
Michael Schaefer	EQB	+49 69 58997 419	michael.schaefer@equinet-ag.de
Holger Schmidt, CEFA	EQB	+49 69 58 99 74 32	holger.schmidt@equinet-ag.de
Tim Schuldt, CFA	EQB	+49 69 5899 7433	tim.schuldt@equinet-ag.de
Pekka Spolander	POH	+358 10 252 4351	pekka.spolander@pohjola.fi
Kimmo Stenvall	POH	+358 10 252 4561	kimmo.stenvall@pohjola.fi
Natalia Svyrou-Svyriadi	IBG	+30 210 81 73 384	nsviriadi@ibg.gr
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it
Johan van den Hooven	SNS	+312 0 5508518	johan.vandenhooven@snssecurities.nl
Robert-Jan van der Horst	EQB	+4969-58997-437	robert-jan.vanderhorst@equinet-ag.de
Kévin Woringer	CIC	+33 1 53 48 80 69	kevin.woringer@cmcics.com

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

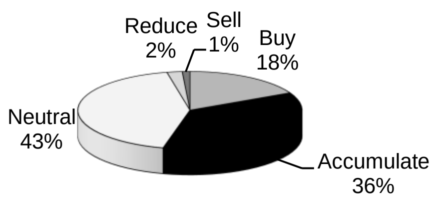
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold**: the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce**: the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a capital operation (take-over bid, SPO, …) where the issuer of the document (a member of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer of the document (a member of ESN) or a related party of the issuer

Banca Akros Ratings Breakdown

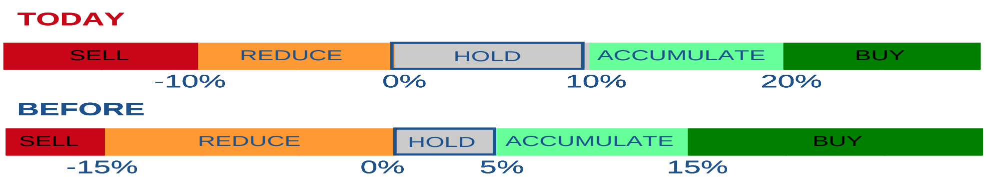


History of ESN Recommendation System

Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since 4 August 2008, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



Il presente documento è stato redatto da Andrea Devita (socio AIAF) che svolgen funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso.

Banca Akros è una banca autorizzata anche alla prestazione di servizi di investimento appartenente al Gruppo Bipiemme Banca Popolare di Milano (il “Gruppo”), ed è soggetta all’attività di direzione e coordinamento di Banca Popolare di Milano (la “Capogruppo”). La banca è iscritta all’albo delle Banche al n. 5328 ed è soggetta alla regolamentazione e alla vigilanza di Banca d’Italia e Consob. La banca ha prodotto il presente documento solo per i propri clienti professionali ai sensi della Direttiva 2004/39/CE e dell’Allegato 3 del Regolamento Intermediari Consob. **Esso è distribuito dal giorno 16 giugno 2015.**

Banca Akros, ai sensi degli artt. 69 quater e quinquies del Regolamento Consob in materia di Emittenti (“comunicazione al pubblico di interessi e di conflitti di interessi”), dichiara di avere un proprio specifico interesse riguardo all’emittente, agli strumenti finanziari e alle operazioni oggetto del documento, in quanto **specialista del titolo Exprivia, quotato sul segmento Star/MTA.**

L’analista di Banca Akros Andrea Devita (socio AIAF), che ha redatto il presente documento, ha maturato una significativa esperienza presso Banca Akros e altri intermediari. L’analista e i suoi familiari non detengono Strumenti Finanziari emessi dagli Emittenti oggetto di analisi, né svolgono ruoli di amministrazione, direzione o consulenza per gli Emittenti, né l’analista riceve bonus, stipendi o altre forme di retribuzione correlate, direttamente o indirettamente, al successo di operazioni di investment banking.

Banca Akros, nell’ultimo anno, ha pubblicato sulla società oggetto di analisi uno/tre studi in data 12e15 maggio, 5 giugno 2015.

La Banca rende disponibili ulteriori informazioni, ai sensi delle disposizioni Consob di attuazione dell’art. 114, comma 8 del D.Lgs 58/98 (TUF) ed in particolare ai sensi dell’art. 69 quinquies, comma 2, del Regolamento Emittenti, presso il proprio sito internet, si veda: http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx.

Le informazioni e le opinioni contenute in questo documento si basano su fonti ritenute attendibili. La provenienza di dette informazioni e il fatto che si tratti di informazioni già rese note al pubblico è stata oggetto di ogni ragionevole verifica da parte di Banca Akros. Banca Akros tuttavia, nonostante le suddette verifiche, non può garantire in alcun modo né potrà in nessun caso essere ritenuta responsabile qualora le informazioni alla stessa fornite, riprodotte nel presente documento, ovvero sulla base delle quali è stato redatto il presente documento, si rivelino non accurate, complete, veritiere ovvero corrette.

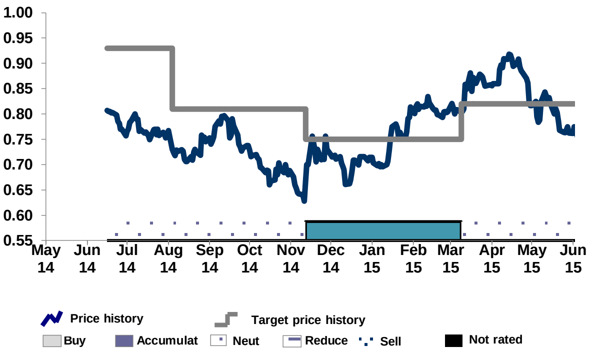
Il documento è fornito a solo scopo informativo; esso non costituisce proposta contrattuale, offerta o sollecitazione all’acquisto e/o alla vendita di strumenti finanziari o, in genere, all’investimento, né costituisce consulenza in materia di investimenti. Banca Akros non fornisce alcuna garanzia di raggiungimento di qualunque previsione e/o stima contenuto nel documento stesso. Inoltre Banca Akros non assume alcuna responsabilità in merito a qualsivoglia conseguenza e/o danno derivante dall’utilizzo del presente documento e/o delle informazioni in esso contenute. Le informazioni o le opinioni ivi contenute possono variare senza alcun conseguente obbligo di comunicazione in capo a Banca Akros, fermi restando eventuali obblighi di legge o regolamentari.

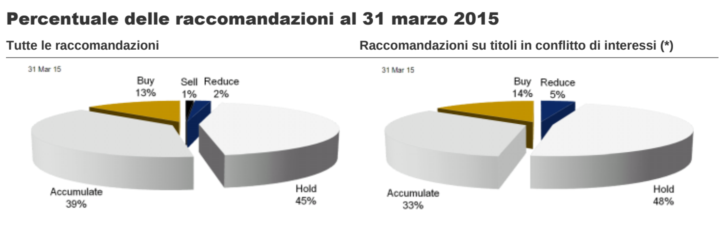
E’ vietata la riproduzione e/o la ridistribuzione, in tutto o in parte, direttamente o indirettamente, del presente documento, non espressamente autorizzata.

Recommendation history for EXPRIVIA

Date	Recommendation	Target price	Price at change date
15-Jun-15	Buy	0.95	0.75
09-Mar-15	Neutral	0.82	0.80
12-Nov-14	Accumulate	0.75	0.67
04-Aug-14	Neutral	0.81	0.73
09-Jan-14	Neutral	0.93	0.85

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Andrea Devita, CFA (since 09/01/2014)





(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 23% del totale degli emittenti oggetto di copertura

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ('ESN'). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ('related investments'). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk.

ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability For further details about the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note. Research is available through your sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members and on each "company recommendation history", please visit the ESN website (www.esnpartnership.eu) **For additional information and individual disclaimer please refer to www.esnpartnership.eu and to each ESN Member websites:**

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.bekafinance.com regulated by CNMV - Comisión Nacional del Mercado de Valores

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cgdsecurities.com.br regulated by the CVM – Comissão de Valores Mobiliários

www.cmcics.com regulated by the AMF - Autorité des marchés financiers

www.degroof.be regulated by the FSMA - Financial Services and Markets Authority

www.equinet-ag.de regulated by the BaFin - Bundesanstalt für Finanzdienstleistungsaufsicht

www.ibg.gr regulated by the HCMC - Hellenic Capital Market Commission

www.pohjola.com regulated by the Financial Supervision Authority

www.snssecurities.nl regulated by the AFM - Autoriteit Financiële Markten

Members of ESN (European Securities Network LLP)

Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302

Equinet Bank AG
Gräfstraße 97
60487 Frankfurt am Main
Germany
Phone:+49 69 – 58997 – 410
Fax:+49 69 – 58997 – 299

Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04

Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Tel: +30 210 81 73 383

BEKA Finance
C/ Marques de Villamagna 3
28001 Madrid
Spain
Phone: +34 91 436 7813

Pohjola Bank plc
P.O.Box 308
FI- 00013 Pohjola
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703

Caixa-Banco de Investimento
Rua Barata Salgueiro, nº 33
1269-057 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98

SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064

CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 53 48 80 78
Fax: +33 1 53 48 82 25