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EXPRIVIA GROUP'S NEW 2013 INDUSTRIAL PLAN IS APPROVED.

DOUBLED REVENUES, INCREASED MARGINS AND REDUCED DEBT WILL STRENGTHEN THE POSITION OF THE EXPRIVIA GROUP AMONG THE LEADERS OF THE IT INDUSTRY.

The industrial plan will be presented to the financial community today at 11 am in Milan, at the Baglioni Hotel.

MAIN AIMS OF THE 2013 INDUSTRIAL PLAN:

- ✓ **Doubled revenues (revenues for 2013 expected at 200 million Euro), 10% obtained abroad**
 - ✓ **External line growth of about 60 million Euro of annual revenues**
 - ✓ **EBITDA margin kept at 15% of consolidated revenues**
 - ✓ **EBIT margin at the end of 2013 growing by 13.5% of consolidated revenues**
 - ✓ **25% reduction in debt, net of financing required for external growth**
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21 October 2010. The Board of Directors of Exprivia S.p.A. - *IT solution development and consultancy company listed in the STAR segment of the Italian Stock Exchange* – has approved the 2010-2013 Industrial plan.

Having analysed the reference market and its prospects, Exprivia has identified the following key market trends to define the Information Technology scenario in the coming three years:

- ✓ **The internet of things:** the availability of “connected and intelligent objects” (smart phones, video cameras, domotic systems etc.) is growing rapidly, and a soaring growth is expected in the coming years.
- ✓ **Cloud computing** will lead to the future industrialisation of IT: a profound transformation of today's Information Technology into an elastic Supply Chain will take place. Companies will supply services **“from the factory”** that are dynamically scalable and based on a heterogeneous and widespread set of resources.
- ✓ **Internationalisation** is the strategic lever that will be fundamental in the coming years for a competitive positioning in the reference markets.

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As part of this evolution, Exprivia has defined the strategic guidelines of the 2013 industrial plan on which to focus its actions, summarised as the “**3 Is**”:

- ✓ continuous **Innovation** of the range portfolio, with special attention paid to the strategic theme of “città digitale 2.0”, as a container of new interaction models (electronic healthcare, mobile payment, infomobility, ...) considered to be the first example of integration of mobile services for citizens.
- ✓ **Industrialisation**: the evolution towards cloud computing will mean that only those IT players who know how to industrialise their software development processes and service supply, while guaranteeing adequate quality (CMMI and ISO compliance), high specialisation, nearshoring and a continuous enhancement of their skills (competence centres) will be competitive. For these reasons, each Exprivia business line will focus on the implementation of **CMMI certified** “industrialised” processes with **nearshoring** supply methods through specialised **Competence Centres** and **Cloud Computing** platforms.
- ✓ **Internationalisation** of the Group as a fundamental strategic lever to develop: a) expansion by accompanying Italian customers in their foreign investments b) selection of local partners for the start-up of new initiatives c) acquisition of or joint ventures with small and medium-sized foreign enterprises.

The **economic aims** were estimated from the 2009 consolidated data and foresee an annual compound rate (cagr) of endogenous growth in revenues ranging **between 10% and 17%** in the various business areas; the external growth is expected to translate into an increase in revenues of 60 million Euro, once in operation.

The consolidated revenue aim for 2013 is therefore to reach **200 million Euro**, of which at least **10% obtained abroad** and 7.5% from the new business line for Business Process Outsourcing services started during this year and focusing on Customer Care.

The Plan estimates decreasing fixed overheads, in percentage terms with respect to the growing revenues, an increase in the pro capita added value to the tune of 3%, the rationalisation of some sites and the operating structure.

These actions, together with the investments planned also for external acquisitions, will allow the **EBITDA margin higher than 15% over consolidated revenues to be maintained**, and a growing EBIT of 13.5% of consolidated revenues.

In addition to recurrent investments (updating of proprietary software and the operating infrastructure) expected to remain constant for the entire period, the investments required for the external and scheduled growth operations included in the programme contract recently approved by the Puglia Regional Board were estimated; this project foresees an overall investment of 11 million Euro in the three year period 2011-2013, of which 5.8 for operating buildings and infrastructure, in light of a sinking fund contribution equal to about 3.2 million Euro.

The **Net working capital** is estimated **to constantly decrease up to 30%** with respect to revenues; this reduction will be achieved by shortening the average collection times and normalising the cash absorption for the development of long-term projects.

The **Net invested capital** is forecast at **154.6 million Euro** in 2013 after external line growth operations (net of these operations it is forecast at 113.4 million Euro).

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The **Net Financial Position will be reduced to below 30 million Euro** by 2013, with a net improvement in absolute terms and with respect to revenues, due to the reduction in the net working capital with respect to revenues, despite the cash commitments necessary to finance the external growth of the Group. A debt structure with prevailing medium-term financing is forecast.

According to the Plan, external growth operations will be fully financed by resorting to bank loans; this may lead to an increase in the negative net financial position up to 70 million Euro, corresponding to 2.3 times the consolidated EBITDA forecast at 2013.

Finally, the Plan provides for **maintaining the current dividend distribution policy** and therefore the ratio between the Net Financial Position and the Net Equity is expected to equal 0.35 in 2013 stand alone and 0.77 in 2013 considering the external line growth operations.

In devising the guidelines of the Industrial Plan, Exprivia was assisted by the consulting company NetConsulting Srl.

The Board of Directors, in the same meeting, approved the proposal to amend the company's articles of association and the meeting regulation in compliance with Legislative Decree no. 27 of 27 January 2010, and the new provisions concerning operations with correlated parties introduced by the regulation issued by the Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments and integrations. The Board entrusted the Chairman with calling an Extraordinary Meeting in the month of December to approve these amendments.

EXPRIVIA

Exprivia S.p.A specialises in designing and developing innovative software technologies and in providing IT services for sectors as varied as banking, industry, telecommunications, healthcare and public administration.

The company is currently listed in the MTA Star segment of the Italian Stock Exchange (XPR). The company has a total of around 1200 employees and associates, and offices in Molfetta (BA), Bari, Milan, Rome, Genoa, Piacenza, Trento, Vicenza, Bologna and Madrid.

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