

EXPRIVIA APPROVES THE HALF YEAR FINANCIAL REPORT AT JUNE 30, 2018

- **Integration and the synergic activities started in the markets in which Exprivia and Italtel operate**
 - **The first half of the year confirms the trends of the strategic plan of Exprivia and Italtel**
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- **Revenues: euro 286.8 mln (75.7 mln in 2017, 290.2 mln *pro-forma**)**
 - **EBITDA: euro 8.0 mln (4.9 mln in 2017, 4.5 mln *pro-forma**)**
 - **EBIT: euro -1.5 mln (2.6 mln in 2017, -3.1 mln *pro-forma**)**
 - **Profit before tax: euro -13.0 mln (0.8 mln in 2017, -10.4 mln *pro-forma**)**
 - **Net Financial Position: euro -211.3 mln (-222.8 mln at 31 December 2017)**

August 3, 2018. The Board of Directors of Exprivia - a company listed on the STAR segment of Borsa Italiana [XPR.MI] - approved today the half year financial statements at 30 June 2018, prepared in accordance with International Accounting Standards (IAS / IFRS).

Banking, Finance & Insurance market grew, up 26.4%, thanks to the contribution of the branch dedicated to system services for banks and financial companies acquired in the second half of 2017, and to the contribution of Italtel's Digital Infrastructure component. **Telco & Media** market declined, -9.0%, due to the slowdown in the Service Provider market in Italy and to the temporary slowdown of the renewal project of the TIM Optical Packet Metro (OPM) network. **Energy & Utilities** market held up, + 3.2%, and recorded revenues in line with the corresponding period of 2017. **Aerospace & Defense** market declined, by -16.0%, in the context of reorganization and strong attention to the reduction of the spending by the main corporations and industries in the sector. **Retail & Manufacturing** market grew significantly, + 35.2%, driven by the success of Cloud solutions and the boost of Industry 4.0. Revenues from the **Healthcare** sector increased, + 14.8%, despite a context of healthcare expenditure restraint. **Public Sector** market declined, 6.5%, due to the cycles of the public procurement proceedings. Revenues from **International Markets** remained stable, despite of political and macroeconomic context with some stress in Latin American countries, especially in Argentina, where the climate of general uncertainty caused a delay in many of the planned investments and the currency devaluation of the Argentine currency led to exchange losses of 2.4 million euros, which affect the group's profit before tax.



Excluding the subsidiary Italtel, the Exprivia group closed the first half at 30 June 2018 with revenues of 78.9 mln, + 4.2% compared to 75.7 mln in 2017; EBITDA at 6.1 mln compared to 6.3 mln *adjusted* in 2017; EBIT at 4.0 mln compared to 3.9 million mln *adjusted* in 2017; Profit before tax at 1.9 mln compared to the 2.7 mln *adjusted* in 2017. The net financial position, with the same consolidation perimeter, is equal to -58.9 mln, compared to -58.4 mln at 31 December 2017.

The group headed by Italtel closed the first half with revenues of 210.4 mln compared to 216.6 mln in 2017; EBITDA at 1.9 mln, compared to -1.3 mln in 2017; EBIT negative at -5.5 mln compared to -6.6 mln in 2017; Profit Before Tax negative at -14.9 mln compared to -11.8 mln in 2017. The Net Financial Position is improving at -152.7 mln, compared to -164.5 mln as at 31 December 2017.

Domenico Favuzzi, president and CEO of Exprivia declared: " We close the first half of the year with the first results of the boost to integration and synergies in the markets in which Exprivia and Italtel operate, as we announced last 12 July, with the presentation to the financial community of the Strategic Plan, based on the ability to evolve the digital business model of companies to help define new business strategies. The financials of the first half of the year record results in line with the plans, but above all confirm the start of the path designed for the next few years, which is already directed towards the synergical convergence of cultures and approaches. For this reason, despite some signs of volatility in the global macroeconomic situation, we continue to look with optimism at the second part of 2018".

Stefano Pileri, CEO of Italtel, declared: "In the first half of 2018 the spread of our proprietary products and of our solutions in the markets in which we operate continued, with promising dynamics in particular in sectors such as Cyber Security. The policy aimed at spreading the digitization of companies, has also recorded an excellent performance in the Enterprise market and a significant acceleration of the Ultra Broadband projects for the so-called 'white areas'. We believed that the continuous stimulus in favor of digital transformation processes can give a further acceleration to investments, with certain benefits for the entire production of the country".

Holding Company result

At June 30, 2018 the revenues of Exprivia S.p.A. amounted to 64.3 mln, an increase of 3.8% (**) compared to the same period of 2017 equal to 61.9 mln, EBITDA at 5.1 mln compared to 5.7 mln (*) in 2017. EBIT at 3.8 mln, equal to 6.0% of revenues, compared to 2.5 mln (**) of the previous year. The Profit Before Tax at 2.6 mln, 4.1% of revenues, compared to 1.7 mln (**) for the same period of 2017. The Net Financial Position at June 30, 2018 is negative at -48,0 mln compared to -48.5 mln (**) as at 31 December 2017.



PRESS RELEASE

(*) The pro-forma data that simulate the consolidation of Italtel at 30 June 2017 are taken from the information document relating to the acquisition of the investment in Italtel, to which reference is made for the description of the principles adopted.

(**) Data for the year 2017 of the parent company are provided pro-forma by projecting the effects of the merger into the parent company of the major subsidiaries, which took place last 30 November, on the financial statements as at 30 June 2017.

Pursuant to Article 154 bis, second paragraph, of Testo Unico della Finanza, the executive manager responsible for preparing the corporate accounts, Mr. Valerio Stea, states that the financial report in this press release contains and matches the documentary records, books and accounting records.



Exprivia

Exprivia is an international group specialized in Information and Communication Technology able to direct drivers of change in the business of its customers thanks to digital technologies. With a know-how and experience gained in over 30 years of constant presence on the market, Exprivia has a team of experts specializing in various fields of technology and in the main areas within this sector, from the Capital Market, Credit & Risk Management to IT Governance, from BPO to IT Security, from Big Data to Cloud, from IoT to Mobile, to SAP.

Listed on Borsa Italiana Stock Exchange since 2000 to the STAR MTA (XPR) segment, Exprivia supports its clients in the Banking & Finance, Telco & Media, Energy & Utilities, Aerospace & Defense, Manufacturing & Distribution, Healthcare and Public-Sector sectors.

In 2017 Exprivia acquired 81% of the share capital of Italtel, a historic Italian company that today operates in the ICT market with a strong focus on the Telco & Media, Enterprises and Public-Sector markets. The Italtel offer includes solutions for networks, data centers, business collaboration, digital security, internet of things. The solutions are made up of own and third-party products, engineering services and consultancy.

Today the group Exprivia and Italtel has about 3,400 professionals distributed in over 20 countries worldwide.

Exprivia is subject to the direction and coordination of Abaco Innovazione S.p.A.

www.exprivia.it/en

Contacts

Exprivia SpA

Investor Relations

Gianni Sebastiano

gianni.sebastiano@exprivia.it

T. + 39 0803382070 - F. +39 0803382077

Press office

Sec Mediterranea

T. +39 080/5289670

Teresa Marmo

marmo@segrp.com - Cell. +39 335/6718211

Gianluigi Conese

conese@segrp.com - Cell. +39 335/7846403

Sec and Partners

T. +39 06/3222712

Giancarlo Frè

fre@segrp.com - Cell. +39 329/4205000

Andrea Lijoi

lijoi@segrp.com - Cell. +39 329/2605000



CONSOLIDATED STATEMENT OF ASSET AND LIABILITIES

Amount in thousand Euro		
	30.06.2018	31.12.2017
Property, plant and machinery	27,206	28,209
Goodwill and other assets with an indefinite useful life	206,861	206,979
Other Intangible Assets	35,244	35,721
Shareholdings	586	589
Other financial assets	2,682	3,273
Other financial assets	3,680	4,436
Deferred tax assets	65,466	65,638
NON-CURRENT ASSETS	341,725	344,845
Trade receivables and other	120,339	148,487
Stock	50,256	41,007
Work in progress to order	49,460	36,821
Other Current Assets	41,000	34,847
Other Financial Assets	1,699	1,914
Cash resources	32,259	36,508
Other Financial Assets available for sale	455	455
CURRENT ASSETS	295,468	300,039
DISCONTINUED NON CURRENT ASSETS	120	215
ASSETS	637,313	645,099



Amount in thousand Euro		
	30.06.2018	31.12.2017
Share capital	25,155	25,155
Share Premium Reserve	18,082	18,082
Revaluation reserve	2,907	2,907
Legal reserve	3,959	3,931
Other reserves	42,697	44,461
Profits (Losses) for the previous period	7,052	6,931
Profit (Loss) for the period	(13,307)	50
SHAREHOLDERS' EQUITY	86,544	101,517
Minority interest	21,147	27,125
GROUP SHAREHOLDERS' EQUITY	65,397	74,392
Non-current bond	22,480	22,413
Non-current bank debt	161,331	167,499
Other financial liabilities	102	173
Other no current liabilities	3,673	3,354
Provision for risks and charges	8,244	14,413
Employee provisions	28,094	30,025
Deferred tax liabilities	3,069	2,469
NON CURRENT LIABILITIES	226,993	240,346
Current bond		
Current bank debt	60,319	70,717
Trade payables	172,617	146,584
Advances payment on work in progress contracts	2,330	3,152
Other financial liabilities	6,739	6,739
Other current liabilities	81,385	75,655
CURRENT LIABILITIES	323,390	302,847
DISCONTINUED NON CURRENT LIABILITIES	386	389
TOTAL LIABILITIES	637,313	645,099



CONSOLIDATED PROFIT AND LOSS

Amount in thousand Euro		
	30.06.2018	30.06.2017
Revenues	271,798	73,867
Other income	15,018	1,798
PRODUCTION REVENUES	286,816	75,665
Costs of raw, subsid. & consumable mat. and goods	108,905	2,663
Salaries	99,451	50,429
Costs for services	74,844	13,916
Costs for leased assets	3,712	2,012
Sundry operating expenses	2,714	2,195
Change in inventories of raw materials and finished products	(10,912)	111
Provisions	150	(579)
TOTAL PRODUCTION COSTS	278,864	70,748
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	7,952	4,917
Amortisation, depreciation and write-downs	9,441	2,365
OPERATIVE RESULT	(1,489)	2,552
Financial income and charges	(11,542)	(1,744)
PRE-TAX RESULT	(13,031)	808
Income tax	250	943
PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM OPERATING ACTIVITIES	(26)	
PROFIT OR LOSS FOR THE PERIOD	(13,307)	(135)
Attributable to:		
Shareholders of holding company	(7,272)	(161)
Minority interest	(6,035)	26
Earnings per share losses		
Basic earnings per share	(0.1503)	(0.0033)
Basic earnings diluted	(0.1503)	(0.0033)



CONSOLIDATED FINANCIAL STATEMENT

Amount in thousand Euro	30.06.2018	30.06.2017
Operating activities:		
Profit (loss)	(13,307)	(135)
Amortisation, depreciation and provisions	9,590	1,785
Provision for Severance Pay Fund	3,955	2,122
Advances/Payments Severance Pay	(5,518)	(2,494)
Adjustment of value of financial assets	(2,530)	
Cash flow arising from operating activities	(7,811)	1,279
Increase/Decrease in net working capital:		
Variation in stock and payments on account	(22,613)	(3,161)
Variation in receivables to customers	27,704	(1,135)
Variation in receivables to parent/subsidiary/associated company	43	0
Variation in other accounts receivable	(6,224)	943
Variation in payables to suppliers	26,032	1,304
Variation in payables to parent/subsidiary/associated company	(19)	0
Variation in tax and social security liabilities	(5,134)	(654)
Variation in other accounts payable	4,693	5,608
Cash flow arising (used) from current assets and liabilities	24,482	2,905
Cash flow arising (used) from current activities	16,671	4,184
Investment activities:		
Variation in tangible assets	(1,036)	(390)
Variation in intangible assets	(6,966)	(1,547)
Variation in financial assets	1,093	(9)
Purchase of minority interests		(1)
Cash flow deriving (used) from the investment activity	(6,909)	(1,947)
Financial assets and liabilities		
New loans	3,000	15,027
Reimbursement loan	(23,749)	(10,657)
Net variation in other financial debts	7,385	(6,377)
Net variation in other financial recivables	992	1,433
Changes in other non-current liabilities and use of risk provisions	211	20
Paid dividends		(55)
Change in equity	(1,849)	(244)
Cash flow deriving (used) from financing activities	(14,011)	(851)
Increase (decrease) in cash	(4,248)	1,386
Cash and cash equivalent at the beginning of the year	36,508	12,495
Cash and cash equivalent at end of period	32,259	13,881
Increase (decrease) in liquidity	(4,249)	1,386