

## EXPRIVIA APPROVES THE INTERIM REPORT AT 30 SEPTEMBER 2018

**Stable revenues and growth in margin confirm the guidelines of the Exprivia|Italtel strategic plan presented last July**

- **Revenues: euro 433.4 mln (114.6 mln in 2017, 430.6 mln *pro-forma\**)**
- **EBITDA: euro 15.0 mln (5.8 mln in 2017, 7.8 mln *pro-forma\**)**
- **EBIT: euro 0.6 mln (2.2 mln in 2017, -4.3 mln *pro-forma\**)**
- **Profit Before Taxes: euro -15.6 mln (-0.7 mln in 2017, -1.6 mln *pro-forma\**)**
- **Net Financial Position: euro -236.2 mln (-222.8 mln at 31 December 2017)**

**November 14, 2018.** The Board of Directors of **Exprivia** - a company listed on the STAR segment of Borsa Italiana [XPR.MI] - approved today the interim report at 30 September 2018, prepared in accordance with International Accounting Standards (IAS / IFRS).

In the first nine months, consolidated revenues amounted to 433.4 million, +0.7% compared to the *pro-forma data\** of the same period of the previous year. Margin also increased, with EBITDA rising to 15.0 million, an increase of 93.1%, and with an impact on revenues which rose from 1.8% to 3.5% compared to the *pro-forma data\** of the previous year. EBIT stood at 0.6 million, +114.8% compared to the previous *pro-forma data\**.

Profit before taxes has been affected by foreign exchange losses -due to the strong monetary devaluations in the Argentinean and Brazilian markets- standing at -15.6 million, in line with the *pro-forma data\** for the third quarter of 2017.

The net financial position at September 30, 2018 stood at -236.2 mln compared to -222.8 mln at December 31, 2017.

The **Banking, Finance & Insurance** market grew, with an increase in revenues compared to the nine months of 2017, mainly due to the performance of the Digital Infrastructure segment. In the **Healthcare** sector, in a steady-state market environment, the group succeeded in achieving an increase in its market share by expanding the order book and, in the first three quarters, registering growth in revenues and slight increase in margins, even in a situation of containment of health expenditure. The macroeconomic conditions have prevented the Telco & Media business unit from replicating the increase in revenues recorded in 2017, but the group has nevertheless confirmed the positioning and the market share, with an increase in margins. During the period, the **Energy & Utilities** market held steady, with stable revenues, obtaining important synergies also with proposals addressed to foreign markets. Stable revenues for the **Aerospace & Defense** business



unit, in a market that continues to be characterized by an attention to the containment of spending by the main public administrations and industries in the sector. In the **Retail & Manufacturing** sector, the group reported stable margins but falling revenues, determined by the slowdown in investments on process innovation projects and application solutions, with the exception of the Industrial automation component which, thanks to the IoT, continues to register a good investment dynamism. The **Public Sector** market declined, again characterized by the containment of spending in public administration both at government and at regional level. On the **International Markets**, the group's activity showed a slight contraction in revenues during the first three quarters of 2018, mainly due to geopolitical factors, as well as economic and financial problems affecting the Latin American countries, especially in Argentina due to the strong devaluation of the local currency against the US dollar and the euro.

**Excluding Italtel**, and all its controlled companies, the Exprivia group closed the third quarter with revenues of 115.6 mln, a slight increase compared to 114.6 mln in the corresponding period of 2017; EBITDA at 8.9 mln compared to 10.1 mln *adjusted* in 2017; Profit Before Taxes at 3.0 mln compared to 4.5 mln *adjusted* in 2017. The net financial position is equal to - 61.6 mln compared to -58.4 mln at December 31, 2017.

**The group headed by Italtel** closed the third quarter with revenues of 321.1 mln, + 0.6% compared to 2017; EBITDA rose to 6.2 mln, a significant increase compared to 2.0 mln in 2017; Profit Before Tax negative at -18.6 mln compared to -14.8 mln in 2017. The net financial position for the amount to -174.6 mln, compared to -164.5 mln at December 31, 2017.

**Domenico Favuzzi**, president and CEO of Exprivia, said: "The first nine months of the year record a good trend in revenues and an increase in margins even in a highly volatile international context. Profitability is penalized, mainly due to the critical economic situation of some South American countries, which has led to a devaluation of local currencies, with inevitable consequences on the assets of our companies operating in those markets. The performance of the management, however, confirms the implementation of the synergies between the two fundamental branches of the group, represented by the Exprivia and Italtel activities, which proceed according to the lines indicated in the industrial plan, at the service of the demand for digital innovation in the sectors guarded by the group ".

**Stefano Pileri**, CEO of Italtel, said: "The Italtel group records an increase in revenues and margins as a whole. In particular, thanks to the contribution of the contract with Open Fiber started in the last part of 2017 and continued in 2018 throughout the year. The synergies of the portfolio of Exprivia and Italtel that are underway are important and may lead to an increase in volumes and margins, especially abroad, thanks in particular to the spread of smart grids and their integration into the most advanced sectors, among which e-Health and Advanced Manufacturing "

## Holding Company result

At September 30, 2018 the revenues of Exprivia S.p.A. amounted to 95.0 mln, an increase of 0.3% (\*\*) compared to the same period of 2017 equal to 94.7 mln, EBITDA at 8.0 mln compared to 9.4 mln (\*\*) in 2017. EBIT at 6.1 mln, equal to 6.4% of revenues, compared to 3.2 mln (\*\*) of the previous year. The Profit Before Tax at 4.4 mln, 4.7% of revenues, compared to 2.1 mln (\*\*) for the same period of 2017. The Net Financial Position at September 30, 2018 is negative at -50.4 mln with compared to -48.5 mln (\*\*) as at 31 December 2017.

(\*) The *pro-forma data* simulate the consolidation of Italtel at 30 September 2017.

(\*\*) 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 September 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](http://www.exprivia.it/en)

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## CONSOLIDATED STATEMENT OF ASSET AND LIABILITIES

Amount in thousand Euro		
	30.09.2018	31.12.2017
Property, plant and machinery	27,306	28,209
Goodwill	206,949	206,979
Other Intangible Assets	34,258	35,721
Shareholdings	468	589
Other non- current financial assets	2,723	3,273
Other non- current assets	2,248	4,436
Deferred tax assets	64,483	65,638
<b>NON-CURRENT ASSETS</b>	<b>338,435</b>	<b>344,845</b>
Trade receivables and other	117,761	148,487
Stock	52,940	41,007
Work in progress to order	63,934	36,821
Other Current Assets	43,778	34,847
Other Financial Assets	1,881	1,914
Cash and cash equivalents available	14,813	36,508
Other Financial Assets available for sale	455	455
<b>CURRENT ASSETS</b>	<b>295,563</b>	<b>300,039</b>
<b>DISCONTINUED NON CURRENT ASSETS</b>	<b>112</b>	<b>215</b>
<b>ASSETS</b>	<b>634,110</b>	<b>645,099</b>

Amount in thousand Euro		
	30.09.2018	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	42,041	44,461
Profits (Losses) for the previous period	7,142	6,931
Profit (Loss) for the period	(16,480)	50
<b>SHAREHOLDERS' EQUITY</b>	<b>82,806</b>	<b>101,517</b>
Minority interest	16,924	27,125
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>65,882</b>	<b>74,392</b>
Non-current bond	22,852	22,413
Non-current bank debt	165,914	167,499
Other financial liabilities	63	173
Other no current liabilities	4,808	3,354
Provision for risks and charges	7,256	14,413
Employee provisions	27,105	30,025
Deferred tax liabilities	3,103	2,469
<b>NON CURRENT LIABILITIES</b>	<b>231,099</b>	<b>240,346</b>
Current bond		
Current bank debt	63,850	70,717
Trade payables	172,887	146,584
Advances payment on work in progress contracts	3,956	3,152
Other financial liabilities	5,909	6,739
Other current liabilities	73,218	75,655
<b>CURRENT LIABILITIES</b>	<b>319,819</b>	<b>302,847</b>
<b>DISCONTINUED NON CURRENT LIABILITIES</b>	<b>387</b>	<b>389</b>
<b>TOTAL LIABILITIES</b>	<b>634,110</b>	<b>645,099</b>

## CONSOLIDATED PROFIT AND LOSS

Amount in thousand Euro				
	Q3 2018	Q3 2017	30.09.2018	30.09.2017
Revenues	139,203	37,747	411,002	111,614
Other income	7,411	1,219	22,429	3,017
<b>PRODUCTION REVENUES</b>	<b>146,615</b>	<b>38,966</b>	<b>433,431</b>	<b>114,631</b>
Costs of raw, subsid. & consumable mat. and goods	52,380	2,681	161,285	5,344
Salaries	44,813	23,966	144,264	74,395
Costs for services	42,766	7,643	117,610	21,558
Costs for leased assets	1,871	878	5,583	2,889
Sundry operating expenses	1,192	3,072	3,907	5,267
Change in inventories of raw materials and finished products	(3,745)	(172)	(14,657)	(61)
Provisions	241	(7)	390	(586)
<b>TOTAL PRODUCTION COSTS</b>	<b>139,519</b>	<b>38,060</b>	<b>418,383</b>	<b>108,807</b>
<b>DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES</b>	<b>7,096</b>	<b>906</b>	<b>15,048</b>	<b>5,824</b>
Amortisation, depreciation and write-downs	4,968	1,222	14,409	3,587
<b>OPERATIVE RESULT</b>	<b>2,128</b>	<b>(316)</b>	<b>639</b>	<b>2,237</b>
Financial income and charges	(4,723)	(1,206)	(16,265)	(2,950)
<b>PRE-TAX RESULT</b>	<b>(2,595)</b>	<b>(1,522)</b>	<b>(15,626)</b>	<b>(713)</b>
Income tax	569	(321)	819	622
<b>PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM OPERATING ACTIVITIES</b>	<b>(9)</b>		<b>(35)</b>	
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>(3,173)</b>	<b>(1,201)</b>	<b>(16,480)</b>	<b>(1,335)</b>
Attributable to:				
Shareholders of holding company	1,113	(1,205)	(6,159)	(1,366)
Minority interest	(4,286)	4	(10,322)	30
<b>Earnings per share losses</b>				
Basic earnings per share	0.0230	(0.0282)	(0.1273)	(0.0033)
Basic earnings diluted	0.0230	(0.0282)	(0.1273)	(0.0033)

## CONSOLIDATED FINANCIAL STATEMENT

Amount in thousand Euro

	30.09.2018	30.09.2017
<b>Operating activities:</b>		
Profit (loss)	(16,480)	(1,335)
Amortisation, depreciation and provisions	14,799	3,001
Provision for Severance Pay Fund	3,955	3,289
Advances/Payments Severance Pay	(6,508)	(2,877)
Adjustment of value of financial assets	(2,310)	
<b>Cash flow arising from operating activities</b>	<b>(6,543)</b>	<b>2,079</b>
<b>Increase/Decrease in net working capital:</b>		
Variation in stock and payments on account	(38,167)	(3,198)
Variation in receivables to customers	30,124	(403)
Variation in receivables to parent/subsidiary/associated company	(7)	0
Variation in other accounts receivable	(8,959)	(1,264)
Variation in payables to suppliers	26,408	3,970
Variation in payables to parent/subsidiary/associated company	(105)	0
Variation in tax and social security liabilities	(5,724)	(1,124)
Variation in other accounts payable	3,955	5,738
<b>Cash flow arising (used) from current assets and liabilities</b>	<b>7,525</b>	<b>3,719</b>
<b>Cash flow arising (used) from current activities</b>	<b>982</b>	<b>5,798</b>
<b>Investment activities:</b>		
Variation in tangible assets	(2,170)	(621)
Variation in intangible assets	(10,002)	(4,059)
Variation in financial assets	3,634	155
Purchase of minority interests		
<b>Cash flow deriving (used) from the investment activity</b>	<b>(8,538)</b>	<b>(4,524)</b>
<b>Financial assets and liabilities</b>		
New loans	10,286	13,750
Reimbursement loan	(26,724)	(12,829)
Net variation in other financial debts	10,676	(3,438)
Net variation in other financial receivables	768	967
Changes in other non-current liabilities and use of risk provisions	(6,570)	(1,213)
Paid dividends		
Change in equity	(2,573)	(374)
<b>Cash flow deriving (used) from financing activities</b>	<b>(14,137)</b>	<b>(3,137)</b>
<b>Increase (decrease) in cash</b>	<b>(21,695)</b>	<b>(1,865)</b>
Cash and cash equivalent at the beginning of the year	36,508	12,495
Cash and cash equivalent at end of period	14,813	10,630
<b>Increase (decrease) in liquidity</b>	<b>(21,695)</b>	<b>(1,865)</b>