

EXPRIVIA APPROVES THE ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2018

Growing revenues and margins, group debts decrease Favuzzi: "Encouraging results in line with the strategic plan"

- Revenues: 623.2 mln compared with 614.1 mln of the 2017 pro-forma
- EBITDA: 41.8 mln euro (equal to 6.7% of revenues) compared to 26.0 million in the 2017 pro-forma
- EBIT: 21.0 mln euro (3.4% of revenues) compared to 8.7 million in the 2017 pro-forma
- Net result: -0,9 mln euro compared to -10 million in the 2017 pro-forma
- Net Financial Position improving to -214.6 million euro compared to -222.8 million in 2017
- Proposal of a new "2019-2021 Performance Share Plan"
- Appointed by co-opting Stefano Pileri as a director of the Board of Directors

March 14, 2019. The Board of Directors of Exprivia - a company listed on the STAR segment of Borsa Italiana [XPR.MI] - approved today the financial statements at 31 December 2018, prepared in accordance with International Accounting Standards (IAS / IFRS).

2018 was the first year with Italtel into the consolidation perimeter of the group, following the acquisition of 81% of the capital by Exprivia finalized at the end of December 2017. 2018 registers revenues at 623.2 mln compared with 614.1 mln of the 2017 pro-forma, EBITDA at 41.8 mln euro (equal to 6.7% of revenues) compared to 26.0 million in the 2017 pro-forma, EBIT at 21.0 mln euro (3.4% of revenues) compared to 8.7 million in the 2017 pro-forma, net result at -0,9 mln euro compared to -10 million in the 2017 pro-forma and Net Financial Position improving to -214.6 million euro compared to -222.8 million in 2017.

The net result, negative for just under a million, considers the effects of the economic instability of the Latin American countries and the recognition of losses on exchange rates of around 5 million euros.

The group has recorded a significant growth in the Industry sector which overall records a + 10% on 2017. In line with expectations, + 2%, the performance in the Healthcare sector, which registers an increase in private spending as a growth factor and the Public Sector for the rationalization of the public spending. In the Finance and Insurance sector the performance was recorded in line with that of last year, as envisaged by sector analysts, as well as in that of Telco & Media sector. Results in International Markets were stable compared to last year, characterized by the political-economic situation, not yet recovering, in some of the Latin American countries.

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Net of the subsidiary Italtel, Exprivia closed 2018 with revenues of 161.5 million euro, stable compared to 161.2 million in 2017, with EBITDA at 15.9 million (+31.4% compared to 12.1 million of 2017), EBIT at 11.8 million (+80.8% compared to 6.5 million in 2017), net result at 4.8 million compared to 50 thousand euro in 2017. The net financial position improved by 21.6%, to -45.8 million compared to -58.4 of 31 December 2017.

Italtel closed 2018 with revenues of 466.0 million euro, up +1% compared to 458.3 million in 2017; EBITDA at 26.1 million, almost doubled compared to 14.8 in 2017; EBIT at 10.4 million, more than quadrupled compared to 2.2 million in 2017; negative net result of 4.8 million, mainly influenced by exchange rate losses, and an improvement compared to -10.5 million in 2017. The net financial position slightly worsened -168.9 million compared to -164.5 mln of 31 December 2017.

In continuity with the "2018-2020 Performance Share Plan", prepared by the Board of Directors on 28 March 2018, and approved by the Shareholders' Meeting, on 27 April 2018, the Board today approved the new "Performance Share Plan" 2019-2021" which regulates the free allocation of ordinary shares of Exprivia reserved for directors, managers with strategic responsibilities, first line managers, country managers and persons who hold key roles in the Company and in subsidiaries of the Group based on the results that will be achieved in the three-year period 2019-2021.

For all the details, please refer to the Information Document which will be made available to shareholders and the public pursuant to art. 84-bis, third paragraph, of Consob Regulation n. 11971/1999.

"The positive results achieved by the group in 2018 - affirms Domenico Favuzzi, president and CEO of Exprivia - confirm the validity of the guidelines of the strategic plan based on the integration of skills between Exprivia and Italtel. Both have shown they can develop synergies in line with global technological trends, from the numerous variations of industrial robotics, to artificial intelligence now applied to all fields of private and public life, as experienced at the recent Mobile World Congress 2019 in Barcelona, where the group presented a wide range of solutions for the various business areas attended, built by combining skills and projects. Today we present ourselves on the national and international landscape with a force rich in 4000 qualified resources and a presence in 20 countries with an innovative offer to extract more and more value from the data collected and transmitted by the new smart grids".

The Board of Directors today has also reviewed and approved the Relazione degli Amministratori sul Governo Societario and the Relazione sulla Remunerazione in accordance with the Codice di Autodisciplina delle Società Quotate promoted by Borsa Italiana, the Dichiarazione Consolidata di Carattere Non Finanziario, pursuant to Legislative Decree 254/16, and approved the proposal to request the Shareholders' Meeting to grant a new authorization to purchase and dispose of treasury shares in accordance with Articles 2357 and 2357-ter of the Codice Civile Italiano.

The Company communicates that, today, the Board of Directors, with the favorable opinion of the Statutory Auditors, proceeded to appoint by cooptation Mr. Stefano Pileri as new director, replacing Mr. Filippo Giannelli, resigned from the office today for personal reasons, subject to positive verification of the requirements



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prescribed by the applicable laws and regulations and that will remain in office until the next shareholders' meeting of the Company.

The curriculum of the new Director is available on the Company's website in the Corporate Governance section.

Pursuant to Article 154-bis 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 will participate to the Star Conference, organized in Milan by Borsa Italiana, on March 20, 2019 and will meet investors in a plenary presentation in which the results and business performance of 2018 will be analyzed.

Holding Company Results

The results of the parent company are reported for 2017 in the pro-forma manner following the merger by incorporation of the subsidiaries Advanced Computer Systems Srl and Exprivia Enterprise Consulting Srl.

- **Revenues** are equal to Euro 142.4 mln, compared to pro-forma revenues 2017 at 142.6 mln.
- **EBITDA** amounts to Euro 16.2 mln, an increase of 33% (Euro 12.2 mln pro-forma in 2017).
- **EBIT** is equal to Euro 10.1 mln, an increase of 66% (6.1 mln pro-forma in 2017).
- **Profit before taxes** amounts to Euro 7.0 mln, compared to 2.8 mln pro-forma in 2017.
- **Net debt** at 31 December 2018 is Euro -45.4 mln compared to Euro -48.5 mln at 31 December 2017.
- **Shareholders' Equity** at 31 December 2018 is equal to Euro 80.4 mln compared to Euro 73.8 mln at 31 December 2017.

Exprivia

Exprivia is the parent company of 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 consolidated know-how and a long experience due to the constant presence on the market, the group 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, from networking to enterprise collaboration to SAP. The group supports its clients in the Banking & Finance, Telco & Media, Energy & Utilities, Aerospace & Defense, Manufacturing & Distribution, Healthcare and Public-Sector sectors. The group offering is made up of solutions that are composed of third-party products, engineering services and consultancy.

Following the acquisition of 81% of Italtel's share capital, an historic Italian company that today operates in the ICT market with a strong focus on the Telco & Media, Enterprises and Public-Sector markets, today the group has about 4,000 professionals distributed in over 20 countries worldwide.

Exprivia S.p.A. is listed on Borsa Italiana Stock Exchange since 2000 to the STAR MTA (XPR).

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

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Consolidated Balance Sheet and financial position as per 31 December 2018

Amount in thousand Euro

	31.12.2018	31.12.2017
Property, plant and machinery	27.667	28.209
Goodwill and other assets with an indefinite useful life	191.829	206.979
Other Intangible Assets	52.615	35.721
Shareholdings	466	589
Other financial assets	2.700	3.273
Other financial assets	1.673	4.436
Deferred tax assets	68.948	65.638
NON-CURRENT ASSETS	345.898	344.845
Trade receivables and other	155.643	148.487
Stock	33.946	41.007
Work in progress to order	63.975	36.821
Other Current Assets	44.629	34.847
Other Financial Assets	3.787	1.914
Cash resources	19.558	36.508
Other Financial Assets available for sale	327	455
CURRENT ASSETS	321.865	300.039
DISCONTINUED NON CURRENT ASSETS	106	215
TOTAL ASSETS	667.869	645.099

Amount in thousand Euro		
	31.12.2018	31.12.2017
Share capital	25.083	25.155
Share Premium Reserve	18.082	18.082
Revaluation reserve	2.907	2.907
Legal reserve	3.959	3.931
Other reserves	42.638	44.461
Profits (Losses) for the previous period	6.953	6.931
Profit (Loss) for the period	(852)	50
SHAREHOLDERS' EQUITY	98.770	101.517
Minority interest	26.508	27.125
GROUP SHAREHOLDERS' EQUITY	72.262	74.392
Non-current bond	22.550	22.413
Non-current bank debt	158.125	167.499
Other financial liabilities	49	173
Other no current liabilities	3.729	3.354
Provision for risks and charges	5.887	14.413
Employee provisions	25.783	30.025
Deferred tax liabilities	13.435	2.469
NON CURRENT LIABILITIES	229.558	240.346
Current bank debt	58.479	70.717
Trade payables	195.255	146.584
Advances payment on work in progress contracts	7.492	3.152
Other financial liabilities	4.502	6.739
Other current liabilities	73.427	75.655
CURRENT LIABILITIES	339.155	302.847
DISCONTINUED NON CURRENT LIABILITIES	386	389
TOTAL LIABILITIES	667.869	645.099

Consolidated Profit and Loss as per 31 December 2018

Amount in thousand Euro		
	31.12.2018	31.12.2017
Revenues	590.964	157.122
Other income	32.246	4.082
PRODUCTION REVENUES	623.210	161.204
Costs of raw, subsid. & consumable mat. and goods	210.669	9.516
Salaries	192.805	101.358
Costs for services	157.326	29.496
Costs for leased assets	7.486	3.811
Sundry operating expenses	5.567	5.544
Change in inventories of raw materials and finished products	6.223	32
Provisions	1.312	(648)
TOTAL PRODUCTION COSTS	581.388	149.109
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	41.822	12.095
Amortisation, depreciation and write-downs	20.824	5.591
OPERATIVE RESULT	20.998	6.504
Financial income and charges	(19.218)	(3.860)
PRE-TAX RESULT	1.780	2.644
Income tax	2.596	2.594
PROFIT OR LOSS FOR THE YEAR DERIVING FROM ACTIVITIES IN OPERATION	(816)	50

Consolidated Financial Statement as per 31 December 2018

Amount in thousand Euro

		31.12.2018	31.12.2017
Operating activities:			
Profit (loss) for the year		(852)	50
Amortisation, depreciation and provisions		22.316	4.943
Provision for Severance Pay Fund		8.374	4.739
Advances/Payments Severance Pay		(11.961)	(4.549)
Adjustment of value of financial assets		2.331	14
Cash flow generated (absorbed) from operating activities	a	20.208	5.197
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(15.758)	(352)
Variation in receivables to customers		(9.576)	(234)
Variation in receivables to parent/subsidiary/associated company		19	828
Variation in other accounts receivable		(9.810)	1.517
Variation in payables to suppliers		48.776	5.710
Variation in payables to parent/subsidiary/associated company		(105)	(2.151)
Variation in tax and social security liabilities		(1.675)	(2.270)
Variation in other accounts payable		(763)	1.074
Cash flow generated (absorbed) from current assets and liabilities	b	11.108	4.122
Cash flow generated (absorbed) from current activities	a+b	31.316	9.319
Investment activities:			
Variation in tangible assets		(3.529)	(700)
Variation in intangible assets		(12.956)	(3.035)
Variation in financial assets		(216)	163
Purchase of minority interests			(1)
Purchase of majority interests			(1.850)
Purchase of majority shares			(25.000)
Liquidity acquired company			23.215
Cash flow generated (absorbed) from the investment activity	c	(16.701)	(7.209)
Financial assets and liabilities			
New loans		21.297	17.344
Reimbursement loan		(41.851)	(16.449)
Net variation in other financial debts		(4.715)	21.016
Net variation in other financial receivables		(1.129)	1.455
Changes in other non-current liabilities and use of risk provisions		(3.494)	(1.056)
Changes in the fair value of derivative products			(2)
Purchase) / Sale of own shares		(144)	
Paid dividends			(55)
Change in equity		(1.529)	(351)
Cash flow generated (absorbed) from financing activities	d	(31.565)	21.903
Increase (decrease) in cash and cash equivalent	a+b+c+d	(16.950)	24.013
Cash and cash equivalent at the beginning of the year		36.508	12.495
Cash and cash equivalent at end of year		19.558	36.508

Exprivia SPA - Balance Sheet and financial position as per 31 December 2018

Amount in thousand Euro		
	31/12/18	31/12/17
Property, plant and machinery	14.608.649	11.468.570
Goodwill and other assets with an indefinite useful life	66.791.188	54.072.211
Other Intangible Assets	11.010.531	3.219.723
Shareholdings	35.854.870	42.039.447
Other financial assets	2.691.909	4.177.126
Other financial assets	52.736	1.661.051
Deferred tax assets	1.701.485	1.024.163
NON-CURRENT ASSETS	132.711.368	117.662.291
Trade receivables and other	45.424.999	51.074.549
Stock	754.546	149.924
Work in progress to order	19.145.370	12.259.211
Other Current Assets	9.649.524	6.817.576
Other Financial Assets	3.566.476	8.229.458
Cash resources	3.806.809	10.465.631
Other Financial Assets available for sale	326.740	455.336
CURRENT ASSETS	82.674.464	89.451.685
TOTAL ASSETS	215.385.832	207.113.976

Amount in thousand Euro		
	31/12/18	31/12/17
Share capital	25.082.911	25.154.899
Share Premium Reserve	18.081.738	18.081.738
Revaluation reserve	2.907.138	2.907.138
Legal reserve	3.958.799	3.931.382
Other reserves	26.115.276	23.142.758
Profit (Loss) for the period	4.234.366	548.350
SHAREHOLDERS' EQUITY	80.380.228	73.766.265
Non-current bond	22.550.163	22.413.056
Non-current bank debt	15.071.317	19.443.788
Other financial liabilities	41.559	49.852
Other no current liabilities	3.285.607	163.388
Provision for risks and charges	233.820	114.874
Employee provisions	9.708.411	8.627.001
Deferred tax liabilities	2.074.945	785.478
NON CURRENT LIABILITIES	52.965.822	51.597.437
Current bank debt	20.141.892	30.238.523
Trade payables	26.932.736	23.438.059
Advances payment on work in progress contracts	4.905.593	1.948.507
Other financial liabilities	718.790	2.274.628
Other current liabilities	29.340.771	23.850.557
CURRENT LIABILITIES	82.039.782	81.750.274
TOTAL LIABILITIES	215.385.832	207.113.976

Exprivia SPA - Profit and Loss as per 31 December 2018

Amount in thousand Euro

	31/12/18	31/12/17
Revenues	137.535.824	130.742.530
Other income	4.866.576	2.490.794
PRODUCTION REVENUES	142.402.400	133.233.324
Costs of raw, subsid. & consumable mat. and goods	4.179.181	8.760.845
Salaries	88.888.618	77.583.644
Costs for services	29.505.775	28.536.901
Costs for leased assets	2.564.963	2.881.021
Sundry operating expenses	747.648	447.510
Change in inventories of raw materials and finished produc	42.401	32.436
Provisions	323.974	20.002
TOTAL PRODUCTION COSTS	126.252.560	118.262.359
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	16.149.840	14.970.965
Amortisation, depreciation and write-downs	6.008.776	10.056.200
OPERATIVE RESULT	10.141.064	4.914.765
Financial income and charges	(3.102.959)	(1.812.015)
PRE-TAX RESULT	7.038.105	3.102.750
Income tax	2.803.739	2.554.400
PROFIT OR LOSS FOR YEAR	4.234.366	548.350

Exprivia SPA - Financial Statement as per 31 December 2018

Amount in Euro

		31.12.2018	31.12.2017
Operating activities:			
Profit (loss) for the year		4.234.366	548.350
Amortisation, depreciation and provisions		6.413.788	10.076.202
Provision for Severance Pay Fund		4.387.702	3.699.481
Advances/Payments Severance Pay		(4.887.583)	1.787.880
Adjustment of value of financial assets		23.908	14.797
Cash flow generated (absorbed) from operating activities	a	10.172.181	16.126.711
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(999.650)	(2.548.574)
Variation in receivables to customers		7.931.433	(28.788.093)
Variation in receivables to parent/subsidiary/associated company		(356.032)	2.743.701
Variation in other accounts receivable		(783.883)	(1.061.037)
Variation in payables to suppliers		(1.119.834)	12.137.895
Variation in payables to parent/subsidiary/associated company		4.425.328	(1.198.133)
Variation in tax and social security liabilities		(2.990.922)	5.187.247
Variation in other accounts payable		(559.042)	7.968.967
Cash flow generated (absorbed) from current assets and liabilities	b	5.547.398	(5.558.028)
Cash flow generated (absorbed) from current activities	a+b	15.719.579	10.568.683
Investment activities:			
Variation in tangible assets		(925.061)	(766.156)
Variation in intangible assets		(2.481.543)	(46.402.794)
Variation in financial assets		2.200.780	36.353.404
Cash and cash equivalents arising from corporate transactions		519.419	
Purchase of major shares		(74.250)	(25.000.000)
Cash flow generated (absorbed) from the investment activity	c	(760.655)	(35.815.546)
Financial assets and liabilities			
New loans		12.405.611	17.000.000
Reimbursement loan		(28.065.190)	(15.118.878)
Net variation in other financial debts		(2.880.304)	28.199.963
Net variation in other financial receivables		(2.823.882)	(2.386.700)
Changes in the fair value of derivative products			(14.797)
Changes in other non-current liabilities and use of risk provisions		(110.117)	(901.948)
(Purchase) / Sale of own shares		(143.864)	
Change in equity		0	4.716.574
Cash flow generated (absorbed) from financing activities	d	(21.617.746)	31.494.214
Increase (decrease) in cash and cash equivalent	a+b+c+d	(6.658.822)	6.247.351
Cash and cash equivalent at the beginning of the year		10.465.631	4.218.280
Cash and cash equivalent at end of year		3.806.809	10.465.631