

EXPRIVIA APPROVES THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2019 AND ANNOUNCES THE REVISION OF ESTIMATES FOR 2019

- **Revenues:** 251.6 mln euro (286.9 mln in 2018)
- **EBITDA:** 10.4 mln euro (*) (8.0 mln in 2018)
- **EBIT:** -3.4 mln euro (*) (-1.5 mln in 2018)
- **Result before tax:** -9.5 mln euro (*) (-13.0 mln in 2018)
- **Net Financial Position:** -249.0 mln euro (*) (-214.6 mln at 31 December 2018)

(*) Results reflect the application of the new IFRS 16.

August, 6 2019. Exprivia - a company listed on the STAR segment of Borsa Italiana [XPR.MI] - approved today the half-year financial statements at 30 June 2019, prepared in accordance with International Accounting Standards (IAS / IFRS).

As already known, starting from 2019 the new IFRS 16, *Leases*, has been introduced. It describes the accounting treatment of leasing contracts for companies that adopt international accounting standards. The following paragraphs show the main differences caused by the adoption of the new principle.

The group closed the first half of the year with a reduction in total revenues, particularly due to the controlled company Italtel, which suffered the consequence of a significant decrease of investments by the TLC operators, mainly because of the continuing erosion of margins in the sector, resulting from a growing level of competition and the absorption of resources required for the acquisition of frequencies for the development of the fifth generation mobile network in Italy.

The TLC operating segment, within the perimeter of the Italtel subsidiary, closed the half year with revenues of 174.6 mln compared to 210.4 mln in 2018. EBITDA stands at 4.5 mln, compared to 1.9 mln in 2018 (with a positive effect from the application of the new IFRS 16 for 2.7 mln). EBIT is equal to -6.4 mln compared to -5.5 mln in 2018 (with a positive effect from the application of the new IFRS 16 for 0.3 mln) and a result before tax of -10.5 mln compared to -14.9 mln in 2018 (with no significant effect from the application of the new IFRS

16). The Net Financial Position is equal to -192.1 mln (-174.6 mln net of the effect of the new IFRS 16) compared to -168.9 mln at 31 December 2018 and -152.3 mln at 30 June 2018.

The reduction in revenues is attributable to the domestic market of the TLC operators, while the performance in the Private Sector (Enterprise, Banking, Industry) and in the Public Sector is slightly improving, with revenues doubling compared to the previous year. The International market, in particular thanks to the good results of Peru, Brazil and Spain, is growing compared to last year.

The IT operating segment has grown, in the group perimeter net of the subsidiary Italtel, which closed the first half of the year with revenues of 79.5 mln, compared to 78.9 mln in 2018, EBITDA at 6.2 mln (with a positive effect from the application of the new IFRS 16 for 1.2 mln), compared to 6.1 in 2018. EBIT is equal to 3.0 mln (with a positive effect from the application of the new IFRS 16 for 0.2 mln) compared to 4.0 mln in 2018 and result before tax at 1.1 mln (with no significant effect from the application of the new IFRS 16), a decrease compared to 1.9 mln in 2018. The Net Financial Position is equal to -57.6 mln (-50.7 net of the effect of the new IFRS 16) compared to -45.8 mln at 31 December 2018 and -59.0 mln at 30 June 2018.

The performance in the IT markets has been stable, particularly in the Banking & Finance, Industry, Aerospace & Defense sectors, the Energy & Utilities sectors are growing, the Healthcare and Public Sector reported a good performance.

Based on an analysis of the results of the TLC sector, as of June 30, and on the projection of the backlog at the end of the year, the company considers that this situation will persist in the second part of the year, as no sign of a fast recovery can be forecasted. As a result, the company estimates that the year-end revenues and EBITDA may be down compared to the Strategic Plan 2018-2023 issued to the market the 12nd July 2018.

The Board of Directors has deemed it necessary to carry out an in-depth analysis of the main assumptions of the Strategic Plan 2018-2023, which could lead to its review in the coming months, also with the aim of reviewing and strengthening the IT (Exprivia) and TLC (Italtel) integration project, as a consequence of the market context thus established.

"We recognize and carefully evaluate the results achieved in the first half of the year, being convinced of the goodness of the integration project between the two components of our group, IT, represented by Exprivia, and TLC, represented by Italtel - declares Domenico Favuzzi, president and CEO of Exprivia.- The TLC market, especially in Italy, is experimenting, in a context of increased attention to the importance of digital infrastructures, the effect of the investments concentration on the purchase of new generation networks frequencies (5G). Our group reacts with a strong focus on the main technologies enabling digital transformation, in the reference sectors, to better exploiting these technologies as drivers of its own development, and, at the same time, with a review of the Strategic Plan, particularly with a view on focus and integration that will have to reflect the new market context."

Holding Company Results

The revenues of Exprivia S.p.A., as at 30 June 2019, are equal to 69.3 mln, up 1.2% compared to the same half of 2018 equal to 68.6 mln (*), EBITDA to 6.2 mln (with a positive effect from the application of the new IFRS 16 for 1.1 mln) compared to 5.6 mln (*) in 2018. EBIT at 3.2 mln (with a positive effect from the application of the new IFRS 16 for 0.2 mln) compared to 3.6 mln (*) of the previous year. The pre-tax result stands at 1.6 mln (with no effect from the application of the new IFRS 16), compared to 2.3 mln (*) in the same period of 2018. The Net Financial Position is negative for 56.4 mln (-50.2 net of the effect of the new IFRS 16) compared to -45.4 mln at 31 December 2018 and -54.8 mln (*) at 30 June 2018.

(*) The Parent Company's results for the year 2018 are reported in a pro-forma manner as they reflect from the 1st January 2018 the merger by incorporation of the subsidiaries Advanced Computer Systems Srl and Exprivia Enterprise Consulting Srl, which took place in December 2018.

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

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 STATEMENT OF ASSET AND LIABILITIES

Amount in thousand Euro		
	30.06.2019	31.12.2018
Property, plant and machinery	49,226	27,667
Goodwill and other assets with an indefinite useful life	191,844	191,829
Other Intangible Assets	49,078	52,615
Shareholdings	512	466
Other financial assets	2,140	2,700
Other financial assets	1,632	1,673
Deferred tax assets	68,698	68,948
NON-CURRENT ASSETS	363,130	345,898
Trade receivables and other	141,639	155,643
Stock	50,326	33,946
Work in progress to order	73,828	63,975
Other Current Assets	40,889	44,629
Other Financial Assets	3,846	3,787
Cash resources	16,651	19,558
Other Financial Assets available for sale	327	327
CURRENT ASSETS	327,506	321,865
DISCONTINUED NON CURRENT ASSETS	12	106
TOTAL ASSETS	690,648	667,869

Amount in thousand Euro		
	30.06.2019	31.12.2018
Share capital	25,083	25,083
Share Premium Reserve	18,082	18,082
Revaluation reserve	2,907	2,907
Legal reserve	4,171	3,959
Other reserves	39,828	42,638
Profits (Losses) for the previous period	6,953	6,953
Profit (Loss) for the period	(11,023)	(852)
SHAREHOLDERS' EQUITY	86,001	98,770
Minority interest	18,570	26,508
GROUP SHAREHOLDERS' EQUITY	67,431	72,262
Non-current bond	20,399	22,550
Non-current bank debt	153,887	158,125
Other financial liabilities	18,306	49
Other no current liabilities	2,974	3,729
Provision for risks and charges	1,389	5,887
Employee provisions	26,748	25,783
Deferred tax liabilities	13,211	13,435
NON CURRENT LIABILITIES	236,914	229,558
Current bond	2,215	
Current bank debt	69,945	58,479
Trade payables	200,823	195,255
Advances payment on work in progress contracts	6,529	7,492
Other financial liabilities	9,933	4,502
Other current liabilities	77,902	73,427
CURRENT LIABILITIES	367,347	339,155
DISCONTINUED NON CURRENT LIABILITIES	386	386
TOTAL LIABILITIES	690,648	667,869

CONSOLIDATED PROFIT AND LOSS

Amount in thousand Euro	for the six	for the six
	months closed at	months closed at
	30.06.2019	30.06.2018
Revenues	237,847	271,798
Other income	13,741	15,104
PRODUCTION REVENUES	251,588	286,902
Costs of raw, subsid. & consumable mat. and goods	89,390	108,905
Salaries	98,109	99,451
Costs for services	67,244	74,844
Costs for leased assets	536	3,798
Sundry operating expenses	2,197	2,714
Change in inventories of raw materials and finished product	(16,380)	(10,912)
Provisions	58	150
TOTAL PRODUCTION COSTS	241,154	278,950
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	10,434	7,952
Amortisation, depreciation and write-downs	13,882	9,441
OPERATIVE RESULT	(3,448)	(1,489)
Financial income and (charges) and other investments	(6,010)	(11,542)
PRE-TAX RESULT	(9,458)	(13,031)
Income tax	1,565	250
PROFIT OR LOSS FOR THE YEAR DERIVING FROM ACTIVITIES IN OPERATION	(11,023)	(13,281)
PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM DISCONTINUED ASSETS		(26)
PROFIT OR LOSS FOR THE YEAR	(11,023)	(13,307)
Attributable to:		
Shareholders of holding company	(3,290)	(7,272)
Minority interest	(7,733)	(6,035)
Earnings per share losses		
Basic earnings per share	(0.0682)	(0.1503)
Basic earnings diluted	(0.0682)	(0.1503)

CONSOLIDATED FINANCIAL STATEMENT

Amount in thousand Euro		for the six months closed at	for the six months closed at
		30.06.2019	30.06.2018
Operating activities:			
Profit (loss) for the period		(11,023)	(13,307)
Amortisation, depreciation, provisions and other not monetary items		11,174	9,590
Provision for Severance Pay Fund		3,752	3,955
Advances/Payments Severance Pay		(4,337)	(5,518)
Adjustment of value of financial assets		0	(2,530)
Cash flow generated (absorbed) from operating activities	a	(434)	(7,811)
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(27,499)	(22,613)
Variation in receivables to customers		14,024	27,704
Variation in receivables to parent/subsidiary/associated company		0	43
Variation in other accounts receivable		3,263	(6,224)
Variation in payables to suppliers		6,235	26,032
Variation in payables to parent/subsidiary/associated company		0	(19)
Variation in tax and social security liabilities		(5,390)	(5,134)
Variation in other accounts payable		8,940	4,693
Cash flow generated (absorbed) from current assets and liabilities	b	(427)	24,482
Cash flow generated (absorbed) from current activities	a+b	(861)	16,671
Investment activities:			
Purchases of tangible fixed assets net of payments for sales		(2,240)	(1,036)
Variation in intangible assets		(5,238)	(6,966)
Variation in financial assets		(285)	1,093
Cash flow generated (absorbed) from the investment activity	c	(7,763)	(6,909)
Financial assets and liabilities			
New loans		16,221	3,000
Reimbursement loan		(13,038)	(23,749)
Net variation in other financial debts		2,541	7,385
Net variation in other financial receivables		500	992
Changes in other non-current liabilities and use of risk provisions		(1,070)	211
Change in equity		564	(1,849)
Cash flow generated (absorbed) from financing activities	d	5,718	(14,011)
Increase (decrease) in cash and cash equivalent	a+b+c+d	(2,907)	(4,249)
Cash and cash equivalent at the beginning of the period		19,558	36,508
Cash and cash equivalent at end of period		16,651	32,259