

THE BOARD OF DIRECTORS APPROVES THE INTERIM REPORT AT 31 MARCH 2018

The first quarter of the year consolidates the income statement of the new subsidiary Italtel Spa

- Revenues: Euro 113.1 mln (36.6 mln in 2017)
- EBITDA: Euro -4.2 mln (3.0 mln in 2017)
- EBIT: Euro -9.0 mln (1.9 mln in 2017)
- Profit Before Taxes: Euro -13.2 mln (1.5 mln nel 2017)
- Net Debt: Euro -238.8 mln (-42.0 mln in 2017)

The 2017 results, shown below, simulate the consolidation of Italtel at the first quarter of 2017:

- Revenues: Euro 126.2 mln
- EBITDA: Euro -4.8 mln
- EBIT: Euro -8.5 mln
- Profit Before Taxes: Euro -10.8 mln

May, 14 2018. The Board of Directors of **Exprivia** - a company listed on the STAR segment of Borsa Italiana [XPR.MI] - has today approved the interim report at 31 march 2017, prepared in accordance with International Accounting Standards (IAS / IFRS)

With the completion of the acquisition of Italtel Spa at the end of 2017, the income statement of the new subsidiary became part of the interim management report for Exprivia at March 31, 2018 (the balance sheet was already consolidated as of December 31, 2017). The results for the first quarter of 2018 are compared with the counterparts of the same period of the previous year both in the civil law and in the pro-forma method, which assumes the same perimeter of the group in the two years of comparison.

Net of the subsidiary Italtel, the Exprivia group closes the quarter with revenues of 37.1 mln, +1.3% compared to the 36.6 mln in 2017, EBITDA of 2.9 mln, stable compared to 3.0 mln in 2017, EBIT at 1.8 mln also stable compared to 1.9 mln in 2017 and Profit before taxes to 1.1 mln, down compared to 1.6 mln in 2017 due to higher financial charges related to the acquisition of Italtel. The net financial position will be negative by 64.5 mln, compared to 58.4 mln at 31 December 2017, at the same perimeter.



The **Banking, Finance & Insurance** market grew by 10.9% compared to last year, thanks also to the contribution of the line dedicated to system services for banks and financial companies acquired in the second half of 2017. The **Energy & Utilities** market closed with revenues in line with the corresponding period of 2017 and with an order book that projects growth starting from the following quarter. Also in line with the previous year are the **Retail & Manufacturing** and **Telco & Media** markets. Revenues from the **Healthcare** market are up, +3.5%, stable **Public Sector**. The **Aerospace & Defense** market is growing, +7.5%. The consolidation of **international activities** continues, which overall closes the quarter with revenues down by 11.3%, offset by an increase in margins. The **BPO** sector performed well, with revenues and margins growing (respectively 15.2% and 176.2%).

The group headed by Italtel closed the quarter with revenues of 76.9 mln compared to 90.5 mln in 2017, EBITDA negative of 7.2 mln, compared to -7.8 mln in 2017, EBIT negative of 10.8 mln compared to -10.3 mln in 2017 and Profit before tax negative of 14.3 mln compared to -12.3 mln in 2017. The net financial position will be negative of 174.3 mln, compared to -164.5 mln of 31 December 2017.

The Italtel Group's business has significant seasonal characteristics for both the Italian and international markets, related both to the type of projects managed and to customer spending budgets. This seasonality affects the annual and infra-annual distribution of revenues and margins, and provides for a strong recovery in the last quarter of the year.

The results achieved in the first quarter, however, are in line with the long-term Plan and with the annual budget of Italtel.

In the market segments in which the Italtel Group operates with proprietary products and solutions, revenues are recorded in VoIP (Voice over IP) and IMS (IP Multimedia Subsystem), growth is also recorded in new areas, such as the Internet of Things and Cyber Security, even with highly fragmented and heterogeneous competitive scenarios. The group is also involved in projects for the transformation of networks to ultra-broadband access networks (fixed and mobile), the evolution of Backbone IP networks and the simplification of legacy networks that will be progressively replaced by the ALL-IP networks. The revenues on TIM are down, while they are slightly increasing on other operators. The Public Administration and Industry market was stable, with a significant increase in revenues on the Open Fiber client, +400%, relating to the Ultra-Broadband Banda project for "white areas". Revenues grew in the EMEA markets, which recorded an increase of 15% compared to 2017, especially in the Spanish and German markets, which is offset by a slight decrease in the Latin American markets due to strong competitive pressure on prices.

"During the first quarter of 2018, the consolidation of the Italtel Group's economic data occurred for the first time. - Affirms **Domenico Favuzzi**, president and CEO of Exprivia - The Group as a whole records results in line with the Italtel plan and with Exprivia's expectations, which are influenced by the seasonality typical of revenues in the Telecommunications sector. At the same time, today Exprivia is a group that operates in around 30 countries, with a significant international presence, from which we will derive the synergies at the base of the integration project between the two Italian groups. Integration processes have been launched

aimed at the best use of the potential of the two groups, offering a wider portfolio of innovative solutions. We look - concludes Favuzzi - with optimism to 2018 and to the development of ever-broader paths of digital transformation."

The telecommunications market in Italy continues to grow slightly, - says **Stefano Pileri**, CEO of Italtel - reversing the trend of the past few quarters, despite continuing strong competition with Over The Top solutions that are characteristic of the Internet world. The development of the Ultra Wide Band and the update of mobile networks to 4.5G, with the consequent impacts on the growth of capacity needs, is continuing and accelerating in the coming quarters, despite some episodic slowdowns recorded in this first quarter. We are more than convinced that the processes of digital transformation will give an acceleration to the investments of the final customers that will push the Operators to speed up the innovation of the networks and services and the start of the first 5G experiments ".

Holding company results

At March 31, 2018, revenues of Exprivia S.p.A. amounted to 29.9 mln, an increase of 1.3% (*) compared to the same quarter of 2017; EBITDA of 2.3 mln compared to 2.5 mln (*) in 2017. EBIT at 1.7 mln, equal to 5.6% of revenues, compared to the 1.8 mln (*) of the previous year. The pre-tax result set at 1.4 mln, 4.6% of revenues, compared to the same period of 2017 equal to 1.7 mln (*). The Net Financial Position at 31 March 2018 is negative by 51.4 mln compared to -48.5 mln (*) at December 31, 2017.

(*) Data for the year 2017 of the Parent Company are provided on a pro-forma basis, projecting the effects of the merger of the major subsidiaries into the parent company, which took place last November 30th, on the financial statements as at 31 March 2017.

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 an international group, today composed of about 3400 professionals, able to enable digital transformation processes through solutions that involve the entire value chain.

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 domain, from the Capital Market and Credit & Risk Management, to IT Governance, from BPO to IT Security, from Big Data to Cloud, from IoT to Mobile, to the SAP world. Since December 2017, Exprivia has acquired 81% of the share capital of Italtel, a Multinational System Integrator operating in the ICT market with a strong focus on the Telco & Media, Enterprises and Public Sector markets. Today, Exprivia is a Group present in around 30 countries worldwide.

Listed in the MTA STAR segment of the Borsa Italiana Stock Exchange (XPR) since 2000, Exprivia works alongside its customers in the Banking, Finance & Insurance, Telco & Media, Energy & Utilities, Aerospace & Defence, Manufacturing & Distribution, Healthcare and Public Sector.

The company is subject to the control and coordination of Abaco Innovazione S.p.A..

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CONSOLIDATED STATEMENT OF ASSET AND LIABILITIES

Amount in thousand Euro

	31.03.2018	31.12.2017
Property, plant and machinery	27,837	28,209
Goodwill and other assets with an indefinite useful life	206,963	206,979
Other Intangible Assets	35,948	35,721
Shareholdings	586	589
Other financial assets	2,633	3,273
Other financial assets	4,824	4,436
Deferred tax assets	65,753	65,638
NON-CURRENT ASSETS	344,544	344,845
Trade receivables and other	127,745	148,487
Stock	61,466	41,007
Work in progress to order	47,306	36,821
Other Current Assets	39,725	34,847
Other Financial Assets	2,133	1,914
Cash resources	16,950	36,508
Other Financial Assets available for sale	455	455
CURRENT ASSETS	295,781	300,039
DISCONTINUED NON CURRENT ASSETS	121	215
ASSETS	640,447	645,099

Amount in thousand Euro

	31.03.2018	31.12.2017
Share capital	25,155	25,155
Share Premium Reserve	18,082	18,082
Revaluation reserve	2,907	2,907
Legal reserve	3,931	3,931
Other reserves	43,342	44,461
Profits (Losses) for the previous period	6,981	6,931
Profit (Loss) for the period	(13,605)	50
SHAREHOLDERS' EQUITY	86,792	101,517
Minority interest	21,726	27,125
GROUP SHAREHOLDERS' EQUITY	65,066	74,392
NON-CURRENT LIABILITIES		
Non-current bond	22,777	22,413
Non-current bank debt	167,302	167,499
Other financial liabilities	128	173
Other no current liabilities	4,139	3,354
Provision for risks and charges	13,650	14,413
Employee provisions	28,643	30,025
Deferred tax liabilities	2,966	2,469
NON CURRENT LIABILITIES	239,603	240,346
Current bond		
Current bank debt	67,993	70,717
Trade payables	165,636	146,584
Advances payment on work in progress contracts	3,467	3,152
Other financial liabilities	5,315	6,739
Other current liabilities	71,255	75,655
CURRENT LIABILITIES	313,666	302,847
DISCONTINUED NON CURRENT LIABILITIES	386	389
TOTAL LIABILITIES	640,447	645,099



CONSOLIDATED PROFIT AND LOSS

Amount in thousand Euro

	31.03.2018	31.03.2017
Revenues	107,065	35,872
Other revenues and income	1,850	11
Grants related to income	1,248	136
Increase in capitalised expenses for intenal projects	2,971	621
Other income	6,069	768
PRODUCTION REVENUES	113,134	36,640
Costs of raw, subsid. & consumable mat. and goods	46,435	1,107
Salaries	48,451	24,988
Costs for services	40,528	6,336
Costs for leased assets	1,793	999
Sundry operating expenses	1,023	115
Change in inventories of raw materials and finished products	(20,846)	(17)
Provisions	(2)	79
TOTAL PRODUCTION COSTS	117,380	33,607
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	(4,245)	3,033

Amount in thousand Euro

	31.03.2018	31.03.2017
Amortisation, depreciation and write-downs	4,784	1,160
OPERATIVE RESULT	(9,029)	1,872
Financial income and charges	(4,204)	(321)
PRE-TAX RESULT	(13,233)	1,551
Income tax	347	620
PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM OPERATING ACTIVITIES	(25)	
PROFIT OR LOSS FOR THE PERIOD	(13,605)	932
Attributable to:		
Shareholders of holding company	(10,946)	894
Minority interest	(2,659)	37
Earnings per share losses		
Basic earnings per share	(0.0002)	0.0192
Basic earnings diluted	(0.0002)	0.0192

CONSOLIDATED FINANCIAL STATEMENT

Amount in thousand Euro

	31.03.2018	31.12.2017
Financial Statement		
Operating activities:		
Profit (loss)	(13,605)	50
Amortisation, depreciation and provisions	4,782	4,943
Provision for Severance Pay Fund	2,103	4,739
Advances/Payments Severance Pay	(3,485)	(4,549)
Adjustment of value of financial assets		14
Cash flow arising from operating activities	(10,205)	5,197
Increase/Decrease in net working capital:		
Variation in stock and payments on account	(30,629)	(352)
Variation in receivables to customers	20,761	(234)
Variation in receivables to parent/subsidiary/associated company	-	828
Variation in other accounts receivable	(4,879)	1,517
Variation in payables to suppliers	19,052	5,710
Variation in payables to parent/subsidiary/associated company	-	(2,151)
Variation in tax and social security liabilities	(5,570)	(2,270)
Variation in other accounts payable	1,167	1,074
Cash flow arising (used) from current assets and liabilities	(98)	4,122
Cash flow arising (used) from current activities	(10,304)	9,319
Investment activities:		
Variation in tangible assets	(633)	(700)
Variation in intangible assets	(3,902)	(3,035)
Variation in financial assets	(514)	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 deriving (used) from the investment activity	(5,049)	(7,209)
Financial assets and liabilities		
Changes in financial liabilities	(4,028)	21,912
Changes in financial assets	421	1,455
Changes in fair value of derivatives	520	(1,056)
Capital increase		(2)
Variation shareholders' equity		(55)
Differenza riserve per variazione perimetro di consolidamento	(1,120)	(351)
Cash flow deriving (used) from financing activities	(4,206)	21,903
Increase (decrease) in cash	(19,558)	24,013
Cash and cash equivalent at the beginning of the year	36,508	12,495
Cash and cash equivalent at end of period	16,950	36,508
Increase (decrease) in liquidity	(19,558)	24,013