

AISoftw@re Group H1 2001 results have been approved

Advance Software Systems area companies consolidation plan started

2001 budget update approved

Milan, 25<sup>th</sup> September 2001

Today the AISoftw@re Board of Directors approved the H1 report of the AISoftw@re and the consolidated Group figures., the Advance Software Systems area companies consolidation plan and the 2001 budget update

## **H1 highlights**

### AISoftw@re SpA

- 119% increase in AISoftw@re S.p.A. revenue, raised from 1.861.827 Euro during 2000 H1 to 4.078.977 Euro in the same period 2001;
- AISoftw@re S.p.A. EBITDA significant improvement from a negative value of 1.662.474 Euro of 2000 H1 to a positive value of 136.345 Euro of 2001 H1, with a 108% increase, equal to 1.798.819 Euro.

### AISoftw@re Group

- At consolidated level, 2001 H1 revenue grows by 17%, reaching 10.133.000 Euro compared to 8.641.873 Euro same period last year, which had been influenced by a significant contract (value of 1.652.662 Euro) signed during 2000 Q2;
- AISoftw@re Group consolidated EBITDA amounts to 175.595 Euro compared to 87.821 last year, with an increase of more than 100%;

### Main events

- Strong increase of the Banking & Insurance Business Area with a 123% growth in 2001 H1 compared to the same period last year;
- Strong increase of the Medical Solutions Business Area with a 158% growth in 2001 H1 compared to the same period last year;
- Significant increase in manpower gone from 255 to 327 headcounts;

## **Details**

### Structure

During 2001 H1, AISoftw@re s.p.a. has enhanced the consolidation effort and structure strengthening through development programs defined together with the controlled companies.

As planned, after an intensive acquisition activity, specific marketing operating plans have been implemented at Group level, together with costs optimisation.

The strong structural growth had positive effects on human resources growth increased by 30% going from 255 in December 2000 to 327 headcounts at June 2001 end.

The vast recruitment campaign has been successfully conducted using innovative and technological instruments owned at Group level by Mindmotion s.p.a.

## **Group Growth**

During 2001 H1, the Group continued its growth strategy particularly focussing on:

- 58,8% acquisition completion of GST, which has entered the Medical Solutions Business Area;
- Labornet Sistemi 60% acquisition closing through a share swap;

As far as Infusion, the Group financial and industrial accelerator, growth is concerned during 2001 H1 the following operations have been carried out:

- 19% acquisition of Mindmotion, a Company owning an innovative technological instrument for recruitment which has been successfully used for the Group recruitment campaign;
- increase from 15,8% to 23,8% in Geosim Systems capital stock with an 1.048.950 Euro investment to enhance research and development activity;
- 2,8% acquisition of GlobalNetFinancial.com (a portal focused in providing financial news and trading on-line services) which brought the Group total participation to 4,2%;
- Capital increase of 4.131.655 Euro in ACS s.p.a. which allowed Sviluppo Italia s.p.a. to enter the capital stock of the Company.

Following June 30, 2001, Infusion has developed a strong activity focused on the Group strategic strengthening in products and services for the international banking market with the acquisition of 40% of Stock Academy, an UK Company owning a multilevel platform for the integrated management of on-line financial services, which will allow AISoftw@re to achieve important goals: an offer enlargement, the access to a solid customer base and the opportunity to extend the platform distribution to the European financial institutions.

## **Business Area**

The remarkable performance obtained by the **Banking & Insurance Business Area** is a direct result of the sharp investment plan made during year 2000 and the new offer which has allowed the Company to release new application solutions in the Global Credit Management field.

Meanwhile, has been strengthened the overall position on the market through partnership agreements.

As far as **Medical Solutions Business Area** is concerned, the growing trend on reference markets has been fully confirmed, through a strong consolidation on Italian market and the opening to the European Market. The product offering has been considerably increased due to 58,8% acquisition of GST, a Company specialized in speech recognition systems, and the launch of Cardiosphere Applications (integrated solution for digital managing of cardio logical images).

Following the offer enlargement started at the beginning of this year the empowering and reorganization program related to **Advanced Software Systems**, which includes ODX s.r.l. (100% owned), Se Informatica s.r.l. (64%), Itaca s.p.a. (60%), and Farm s.r.l. (60%) has been successfully completed.

Starting from July 1st, Labornet Sistemi and KStones are also part of the consolidated of AISoftw@re Group.

As a consequence of the business re-organization the Advanced Software Systems Business Area recorded a slight decrease in revenue, going from 7.047.054 Euro during 2000 H1 to 6.267.721 Euro in 2001 H1. The Business Area revenue of 2001 first half at consolidated level, which is influenced by the seasonality of the offering of some sister companies characterized by revenue skew in Q4, are as follows:

<b>Value in Euro (K/Euro)</b>	<b>H1 2000</b>	<b>H1 2001</b>	<b>Var.% 2001/2000</b>
Banking	701	1.562	123%
Medical Solutions	893	2.304	158%
Advanced Software Systems	7.047	6.268	-11%
<b>Total</b>	<b>8.641</b>	<b>10.134</b>	<b>17%</b>

### **Financial data integration notes**

As far as AISoftw@re s.p.a. EBIT is concerned, a 64% improvement reaching a negative value of 928.073 Euro in 2001 H1 compared to the 2000 H1 negative value of 2.610.173 Euro, has been recorded. The 2001 H1 EBIT at Group consolidated level, remains nearly unchanged at a 1.354.150 Euro negative value compared to 1.311.801 Euro negative value of 2000 H1.

Group Net Before Taxes decreases by 113% compared to the same period last year, recording a 3.883.755 Euro loss in 2001 H1.

This result has been negatively impacted by the Euro vast fluctuation vs. US\$ exchange rate, which weights for 303.677 Euro and by the GlobalNetFinancial.com operation conducted in August 2001 which has implied a loss of 1.583.973 Euro for AISoftw@re. Please consider that Infusion, a fully owned sister company, ownership in GlobalNetFinancial.com has grown from 2.82% up to 11.9% and therefore the Group consent to NewMedia SPARK Public Tender Offer (which brought to a 0.45\$ and 0.045\$ valorisation of the common and Class A shares respectively) will imply for Infusion, in 2001 Q3, a capital gain of approx. 250.000 Euro.

The Group net cash position at June end is 8.081.001 Euro.

### **Consolidation Plan Started**

The Board of directors has approved to proceed further with the consolidation plan of the company's Advanced Software Solutions Business Area.

This integration, started in H1 2001, is expected to be concluded during H1 2002, nine months earlier than the original plan. These are the main events:

Human resources, skills and commercial offer rationalization through the new Company Knowledge Stones S.p.a. This new company has acquired the line business of K@work from AISoftw@re and KeyNMedia from Itaca and now it can operate in the international markets through technological and commercial agreements.

The creation of a centralized Business Area commercial entity with the specific task to introduce the new service and commercial offer in the market.

The creation of centralized resource management entity to allow the acquisition of large projects and orders increasing the offer in terms of competences with high level skills.

The creation of a centralized Business Area commercial and technical entity for the distribution in the Italian market of specific technological products (Data Base – Development Platforms – Web Systems).

The labour productivity increase and a reduction of indirect costs through the concentration of five companies and two branches in two locations in Rome.

### **Budget update**

The Board has approved the 2001 budget update as follows:

- **Banking & Insurance Business Area** – higher increase compared to year 2000 revenue, from 23% originally forecasted to 30%, with an 11,4% EBIT. This better forecast reflects the positive trend of products sell in this field;
- **Medical Solutions Business Area** – the strong growth forecasted in the previous budget is confirmed (60% more than year 2000) with a 8,1% EBIT. This forecast confirms the offering validity in this fast expanding market;
- **Advanced Software Systems Business Area** – today forecasted growth compared to year 2000 is about 30%, instead of 80% previously forecasted. This downsizing is due to the delay of some acquisitions in the first half which delayed the year revenue. Moreover, it is forecasted that this Business Area could be affected by a prudential and generalized market slowdown (mainly in second quarter) which, in particular, negatively effects the externalised Resource management. Moreover, its EBIT is updated and is forecasted close to zero. Beyond the revenue slowdown, the main reason for this is the offer and structure reorganization which, limited to year 2001, determines specific direct and indirect costs increase.
- At Group level, the updated budget forecasts a 31.000.000 Euro revenue instead of 36.000.000 Euro and a 2% EBIT instead of 5,5%.

#### Remarks of Mr. Francesco Gardin

*"The first half of 2001" - said Mr. Francesco Gardin, President and Ceo of AISoftw@re Group - "confirms the expansion of the Group through the contribution of Medical Solutions and Banking & Insurance Business Areas that should exceed the original forecast. The downsizing of the Advanced Software System Business Area is due to the delay of some acquisitions, the large investments to implement the new companies consolidation plan, and the performance could be affected by a generalized market slowdown".*

#### **AISoftw@re**

AISoftw@re S.p.A, founded in 1983 and with consolidated group sales in 2000 of 23,727,743 Euros (\$21.6 million), specializes in the development of technologically advanced software products for decision-support, knowledge-processing, data-mining and Internet and Intranet solutions. Its proprietary products target the financial and healthcare industries. AISoftw@re's solutions hold a leading position in these dynamic vertical markets in Europe. AISoftw@re has been listed on Nasdaq Europe since November 1999 and on the Italian Nuovo Mercato since August 2000. The company is pursuing a program of growth based on international expansion, aggressive recruitment, acquisitions and equity investments in software companies working in the area of Internet applications development.

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