

EXPRIVIA APPROVES THE INTERIM REPORT AT 31 MARCH 2019

- **Revenues:** 107.1 mln euro (113.1 mln in 2018)
- **EBITDA:** -3.8 mln euro (*) (-4.2 mln in 2018)
- **EBIT:** -10.6 mln euro (*) (-9.0 mln in 2018)
- **Net result:** -13.2 mln euro (*) (-13.2 mln in 2018)
- **Net Financial Position** to -245.0 mln euro (*) (-214.6 mln at 31 December 2018)

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

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

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 introduction of the new accounting standard has had effects on the marginality and on the NFP of the group. The following are the figures of the group net of the effects of IFRS 16, for a better comparison with the previous year:

- **Revenues:** 107.1 mln euro (113.1 mln in 2018)
- **EBITDA:** -5.5 mln euro (-4.2 mln in 2018)
- **EBIT:** -10.8 mln euro (-9.0 mln in 2018)
- **Net result:** -13.2 mln euro (-13.2 mln in 2018)
- **Net Financial Position** to -221.7 mln euro (-214.6 mln at 31 December 2018)

The first quarter of the year reflects the usual seasonality of the group's business, and particularly of Italtel, influencing the interim distribution of revenues and margins.

The Energy & Utilities, Healthcare and Public Sector markets are growing, while the Retail & Manufacturing, Banking, Finance & Insurance, Telco & Media and Aerospace & Defense markets are declining. Specifically, the slowdown of sales in the Telco & Media market is characterized by the telecommunication system sector, which has suffered from the slowdown in the investments of the operators.

The international markets reported a positive performance which, despite being characterized by the political and economic situation not yet recovered in some of the Latin American countries, closed with a +25% in revenue compared to last year.

The IT operating segment grew. Gruppo Exprivia, net of the subsidiary Italtel, closed the quarter with revenues of 38.3 mln, compared to 37.1 mln in 2018, EBITDA at 2.9 mln (with a positive effect from application of the new IFRS 16 for 0.6 mln) compared to 2.9 in 2018. EBIT is equal to 1.3 mln compared to 1.8 mln in 2018 and a pre-tax result of 0.4 mln, down from 1.1 mln in 2018, a result that has benefited from exchange rate gains of



0.2 mln. The net financial position is equal to -57.9 mln (-51.8 net of the effect of the new IFRS 16) compared to -45.8 mln at 31 December 2018 and -64.5 mln at 31 March 2018.

The results of the TLC operating sector are decreasing. It closed the quarter with revenues of 69.5 mln compared to 76.9 mln in 2018, including the companies headed by the subsidiary Italtel. This delay, generated by the slowdown in investments of the operators, shall be recovered over the coming quarters. EBITDA stands at -6.6 mln, compared to -7.2 mln in 2018 (with a positive effect from the application of the new IFRS 16 for approximately 1.2 mln). EBIT is equal to -11.7 mln compared to -10.8 mln in 2018 and pre-tax result at -13.5 mln compared to -14.3 mln in 2018. The net financial position is equal to -188.1 mln (-170.0 mln net of the effect of the new IFRS 16) with respect to -169.2 mln at 31 December 2018 and -174.3 mln at 31 March 2018.

"On the basis of the positive results recorded at the end of 2018 - declares Domenico Favuzzi, president and CEO of Exprivia - the figures are almost in line with the values of last year. Our performance in the domestic market, and specifically for the telecommunication system sector, has been affected by the slowdown of the investments of operators; at the same time we note an important recovery in foreign markets. In the coming months we will remain concentrated in the development of synergies between the two groups, Exprivia and Italtel, and in the integration of production and delivery structures, toward the innovation of networks and services with growing adoption of 5G, AI, Blockchain, Cybersecurity."

Holding Company Results

The revenues of Exprivia S.p.A., as at 31 March 2019, are equal to 33.5 mln euro, up 4.6% ^(*) compared to 32.1 mln in the same quarter of 2018, EBITDA to 2.8 mln (with a positive effect from the application of the new IFRS 16 for 0.6 mln) compared to 2.4 mln ^(*) in 2018. EBIT stands at 1.3 mln compared to 1.4 mln ^(*) in the previous year, the pre-tax result stands at 743 thousand euros compared to 1.0 mln ^(*) in 2018. The Net Financial Position at 31 March 2019 is negative by 54.9 mln (-49.5 net of the effect of the new IFRS 16) compared to -45.4 mln at 31 December 2018 and -57.0 mln ^(*) at 31 March 2018.

^(*) The Parent Company's results for the year 2018 are reported in a pro-forma manner following 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

	31.03.2019	31.12.2018
Property, plant and machinery	49,434	27,667
Goodwill and other assets with an indefinite useful life	191,829	191,829
Other Intangible Assets	50,761	52,615
Shareholdings	470	466
Other financial assets	2,707	2,700
Other financial assets	681	1,673
Deferred tax assets	69,190	68,948
NON-CURRENT ASSETS	365,072	345,898
Trade receivables and other	132,174	155,643
Stock	51,963	33,946
Work in progress to order	64,726	63,975
Other Current Assets	38,716	44,629
Other Financial Assets	5,718	3,787
Cash resources	15,257	19,558
Other Financial Assets available for sale	327	327
CURRENT ASSETS	308,881	321,865
DISCONTINUED NON CURRENT ASSETS	12	106
TOTAL ASSETS	673,965	667,869

Amount in thousand Euro

	31.03.2019	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	40,972	42,638
Profits (Losses) for the previous period	6,937	6,953
Profit (Loss) for the period	(13,294)	(852)
SHAREHOLDERS' EQUITY	84,859	98,770
Minority interest	16,694	26,508
GROUP SHAREHOLDERS' EQUITY	68,165	72,262
Non-current bond	22,885	22,550
Non-current bank debt	158,350	158,125
Other financial liabilities	18,624	49
Other no current liabilities	3,716	3,729
Provision for risks and charges	5,535	5,887
Employee provisions	25,490	25,783
Deferred tax liabilities	13,308	13,435
NON CURRENT LIABILITIES	247,908	229,558
Current bond		
Current bank debt	65,707	58,479
Trade payables	187,087	195,255
Advances payment on work in progress contracts	8,838	7,492
Other financial liabilities	6,087	4,502
Other current liabilities	73,091	73,427
CURRENT LIABILITIES	340,810	339,155
DISCONTINUED NON CURRENT LIABILITIES	386	386
TOTAL LIABILITIES	673,965	667,869

CONSOLIDATED PROFIT AND LOSS

Amount in thousand Euro		
	31.03.2019	31.03.2018
Revenues	101,173	107,065
Other income	5,908	6,070
PRODUCTION REVENUES	107,081	113,135
Costs of raw, subsid. & consumable mat. and goods	40,527	46,435
Salaries	50,890	48,451
Costs for services	35,994	40,528
Costs for leased assets	311	1,793
Sundry operating expenses	1,148	1,023
Change in inventories of raw materials and finished products	(18,077)	(20,846)
Provisions	47	(2)
TOTAL PRODUCTION COSTS	110,840	117,380
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	(3,759)	(4,245)
Amortisation, depreciation and write-downs	6,834	4,784
OPERATIVE RESULT	(10,593)	(9,029)
Financial income and charges	(2,615)	(4,204)
PRE-TAX RESULT	(13,208)	(13,233)
Income tax	86	347
PROFIT OR LOSS FOR THE YEAR DERIVING FROM ACTIVITIES IN OPERATION	(13,294)	(13,580)
PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM DISCONTINUED ASSETS		(25)
PROFIT OR LOSS FOR THE YEAR	(13,294)	(13,605)
Attributable to:		
Shareholders of holding company	(3,535)	(10,946)
Minority interest	(9,758)	(2,659)
Earnings per share losses		
Basic earnings per share	(0.0733)	(0.0002)
Basic earnings diluted	(0.0733)	(0.0002)

CONSOLIDATED FINANCIAL STATEMENT

Amount in thousand Euro

31.03.2019 31.03.2018

		31.03.2019	31.03.2018
Operating activities:			
Profit (loss) for the year		(13,294)	(13,605)
Amortisation, depreciation and provisions		6,940	4,782
Provision for Severance Pay Fund		1,965	2,103
Advances/Payments Severance Pay		(2,258)	(3,485)
Cash flow generated (absorbed) from operating activities	a	(6,647)	(10,205)
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(17,447)	(30,629)
Variation in receivables to customers		23,469	20,761
Variation in receivables to parent/subsidiary/associated company		0	-
Variation in other accounts receivable		4,956	(4,879)
Variation in payables to suppliers		(7,901)	19,052
Variation in payables to parent/subsidiary/associated company		0	-
Variation in tax and social security liabilities		(5,473)	(5,570)
Variation in other accounts payable		5,137	1,167
Cash flow generated (absorbed) from current assets and liabilities	b	2,740	(98)
Cash flow generated (absorbed) from current activities	a+b	(3,907)	(10,304)
Investment activities:			
Variation in tangible assets		(118)	(633)
Variation in intangible assets		(2,522)	(3,902)
Variation in financial assets		1,005	(514)
Cash flow generated (absorbed) from the investment activity	c	(1,635)	(5,049)
Financial assets and liabilities			
New loans		8,872	2,118
Reimbursement loan		(5,049)	(8,164)
Net variation in other financial debts		(401)	2,019
Net variation in other financial receivables		(1,939)	421
Changes in other non-current liabilities and use of risk provisions		(509)	520
Change in equity		268	(1,120)
Cash flow generated (absorbed) from financing activities	d	1,241	(4,206)
Increase (decrease) in cash and cash equivalent	a+b+c+d	(4,301)	(19,559)
Cash and cash equivalent at the beginning of the year		19,558	36,508
Cash and cash equivalent at end of year		15,257	16,950