

# Bit Market Services

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Oggetto : Itway Group: Interim Management Report  
as of Sept 30, 2015.

*Testo del comunicato*

Vedi allegato.



PRESS RELEASE

*The Board of Directors of Itway approves the Interim management report as of September 30, 2015*

**ITWAY GROUP:  
REVENUES UP (+10%) TO 63.3 MILION EUROS AS OF SEPTEMBER 30, 2015;  
IMPROVEMENT IN ALL PROFIT MARGINS**

**Results for the first nine months of 2015**

**Strong increase in revenues with a significant improvement in profitability: Ebitda increased to 896 thousand Euros from 702 thousand Euros in the same year-earlier period (+27.6%), Ebit rose from 363 thousand Euros to 577 thousand Euros (+59%), the pre-tax result, even though still negative, improved to -818 thousand Euros (-933 thousand Euro in the same period of 2014)**

**Results for the third quarter of 2015**

**Revenues rose 19%, while EBITDA was a positive 51 thousand Euros compared with -252 thousand Euros in the same year-earlier period. Ebit and the pre-tax results were still negative but with a marked improvement, reaching respectively -61 thousand Euros and -411 thousand Euros compared with -360 thousand Euros and -774 thousand euros in the same period of 2014**

**The net financial debt as of September 30, 2015 was of 21.9 million Euros compared with 17.9 million Euros as of December 31, 2014**

<b>CONSOLIDATED INCOME STATEMENT</b>						
	<b>Nine months to</b>			<b>Quarter ended</b>		
<i>(Thousands of Euro)</i>	<b>30/9/15</b>	<b>30/9/14</b>	<b>%</b>	<b>30/9/15</b>	<b>30/9/14</b>	<b>%</b>
<b>Revenues</b>	<b>63,596</b>	<b>57,495</b>	<b>+10.6%</b>	<b>23,139</b>	<b>19,396</b>	<b>+19.3%</b>
<b>EBITDA</b>	<b>896</b>	<b>702</b>	<b>+27.6%</b>	<b>51</b>	<b>(252)</b>	<b>+120.2%</b>
<b>EBIT</b>	<b>577</b>	<b>363</b>	<b>+59.0%</b>	<b>(61)</b>	<b>(360)</b>	<b>+83.6%</b>
<b>Pre-tax Result</b>	<b>(818)</b>	<b>(933)</b>	<b>+12.3%</b>	<b>(411)</b>	<b>(774)</b>	<b>+46.9%</b>

*Ravenna, November 13, 2015* – The **Board of Directors of Itway SpA** - a company listed on the Star segment of Borsa Italiana (IT0003057624) and parent company of Group that is market leader in the planning, production and distribution of e-business solutions - under the chairmanship of G. Andrea Farina, **approved today the Interim management Report as of September 30, 2015**. This report was prepared conforming to article 154-ter (Financial Reporting) of Decree 58/1998 (TUF or Consolidated Law on Finance), as well as Consob communication DEM/8041082 of April 30, 2008.

Following are the consolidated Income Statements of the Itway Group in the third quarter of the 2015 fiscal year compared with those of the same period of 2014:

- **Consolidated Revenues** of 23.1 million Euros (+ 19% compared with 19.4 million Euros in the same period of the previous fiscal year);
- **EBITDA** of 51 thousand Euros (negative 252 thousand Euros in the same period of 2014);
- **EBIT** negative 61 thousand Euros (negative 360 thousand Euros in the same period a year ago);
- **Pre-tax Result** negative 411 thousand Euros (- 774 thousand Euros in the same period of 2014).

In the face of a growth of some 19% in revenues in terms of volumes, Ebitda in the third quarter of 2015 came in at a positive 51 thousand Euros compared with the negative 252 thousand Euros in the same period of 2014. Ebit and the pre-tax results were still negative, but showed a marked improvement coming in, as of September 30, 2015, at -61 thousand Euros and -411 thousand Euros compared with -360 thousand Euros and -774 thousand Euros in the same period of the previous fiscal year.

### **RESULTS FOR THE FIRST NINE MONTHS OF THE 2015 FISCAL YEAR**

In the nine months that ended September 30, 2015 the Itway Group saw an increase in revenues of some 10% from the previous fiscal year while Ebitda came in at 896 thousand Euros compared with 792 thousand Euros in the same period of 2014 (+27%). The pre-tax result was a negative 818 thousand Euros, better than the negative 933 thousand Euros in the same period of the previous fiscal period. Some orders of products and the value of contracts that were booked in the budget and pipeline are being recorded in the second half of the year, as expected, and are enough not only for a recovery of the gross margin (as the third quarter results show) but also to improve the result compared with the previous year.

### **PERFORMANCE OF THE BUSINESS AREAS**

In terms of business areas, in the third quarter of the 2015 fiscal period the VAD SBU– the Value Added Distribution Strategic Business Unit and the core division of the Group for the distribution of specialized hardware and software products, certification services for technologies distributed and pre- and post-sales assistance services posted a significant improvement in all main economic indicators; in particular, revenues, of 18.55 million Euros , continued their growth path with an increase of 16% compared with the 15.99 million Euros posted in the same period of 2014. Profitability also recovered: EBITDA in the sector went from -115 thousand Euros in 2014 to - 4 thousand Euro in 2015, while EBIT in the quarter came in at - 98 thousand Euros compared with -204 thousand Euro in the same period of 2014. In terms of pre-tax result, in the third quarter for the VAD SBU it was a negative 410 thousand Euros compared with a negative 492 thousand Euros in the same period of 2014.

Following is an analysis of the performance in the different Countries where the Itway Group operates:

The **Italian** market, the most important one for the Group, is the one where the negative impact from the "Country situation" and from the reorganization of the distribution activities of some vendors; however the countermeasures put in place have allowed a solid growth in revenues.

The **Turkish subsidiary** achieved significant increases in volumes and margins, both in percentage terms and in absolute terms, maintaining a leadership in the IT security segment on the Turkish market that, being out of the Euro area, confirms having significant development prospects.

The **Greek subsidiary** continues on its path of slow growth and its performance is in line with budget despite the Country's situation that is not easy.

The **French subsidiary**, which was restructured in the previous fiscal period, significantly reduced losses. All business lines have been closed and to date no further costs were incurred beyond those already booked in the first semester as a series of charges are non-recurring and related to the significant restructuring carried out in 2014.

The **Iberian subsidiary** after the restructuring that was completed in the past fiscal years ended the period with a marked increase in revenues compared with the same period of last year and an Ebitda that is significantly better (about +74%).

The **VAR SBU**, which offers services and consultancy aimed to train and support companies in the e-business, e-security, Central Access Management, Interworking and Wireless sectors, in the third quarter of 2015 posted revenues of 4.59 million Euros, sharply higher than the 3.41 million Euros in the third quarter of 2014. As of September 30, 2015 revenues totaled 13.74 million Euros (11.44 million in the same period of 2014) with a moderate increase in profitability (Ebitda up 8%, Ebit up 9.6%, pre-tax result up 2.5%). While at the beginning of 2015 Business-e, the unit of the Itway Group that controls the VAR SBU strategic area, sealed contracts with higher volumes but lower profitability, the third quarter showed a recovery and an improvement in the contribution margin that is now in line with that posted a year ago. The Group counts on continuing with this recovery also in the last quarter of the current year.

The Group also operates in **Other Sectors** that are related to but do not coincide with the historical ones. These sectors do not yet make a relevant contribution to the consolidated results and therefore are not reported in the reporting by sector. These divisions, important as evidence of the strategy to broaden the business lines, include: **Gaming, Cloud Information Services and Assisted services in N+SOC and MSSP solutions**

## **NET FINANCIAL POSITION**

The net financial debt as of September 30, 2015 is of 21.9 million Euros compared with 17.91 million Euros as of December 31, 2014.

The punctual level of indebtedness at the end of the period is related to the working capital performance in the same period that is in turn impacted both by factors that do not directly depend on the Group (like the timing of payments) and by the degree of non recourse factoring.

In particular, on September 10, 2015 Itway RE S.r.l. purchased 100% of the stakes owned by the current Crimar S.r.l., which owns the property of the legal headquarters of Itway S.p.A., by underwriting a 10 year 800,000 Euro financing.

On April 27, 2015, the placement of up to a cumulative 1 million Euro of commercial paper with a six month maturity began. It was completed in May 2015. This transaction is part of a broader plan to diversify the sources of liquidity procurement.

The commercial paper program foresees issuance of up to Euro 10 million over the next 3/5 years and will allow the Itway Group to raise short term capital from institutional and professional investors. The financial instruments will be traded on the Professional Segment ExtraMOT Pro, managed by Borsa Italiana.

On August 5, 2015, rating agency CERVED Rating Agency S.p.a. renewed the Company's B1.2 (solvent) rating, equivalent to a BBB- by S&P and Baa3 by Moody's.

### **FORESEEABLE EVOLUTION OF OPERATIONS**

There are no substantial changes compared with what was forecast in August 2015, when the half-year consolidated results to June 30, 2015 were drafted.

### **OWN SHARES**

The parent company at September 30, 2015 owned No. 766.324 own shares (equal to 9.69% of share capital) for a nominal value of 383,162 Euro and a cost (booked in the balance sheet as a reduction in net equity) of purchase of some 100 thousand Euro. During the first 9 months 2015 63,249,249 own shares were purchased (equal to 0.80% of share capital) for a nominal value of 31,625 Euro, as authorized by the Shareholders meeting of Itway S.p.A.

After the end of the quarter to the date of the approval of the current report, the parent company purchased No. 38,772 own shares (equal to 0.49% of share capital) for a nominal value of 19,386 Euro, so at the date of the approval of the current report the parent company owns No. 805,096 own shares equal to 10.18% of share capital.

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*As foreseen by paragraph 2, art. 154-bis of Legislative Decree No. 58/1998 (T.U.F.), the Administrative manager of the Group, Sonia Passatempi, declares that the corporate accounting information in this press release corresponds to the documental evidence, financial books and accounting records.*

## **Itway**

Founded in Ravenna on July 4, 1996, listed on Borsa Italiana since July 4, 2001 (AllStar segment), and Itway SpA today heads a Group that operates in the Information Technology sector by planning, producing and distributing of e-business solutions. The Itway Group operates as Value Added Distributor (VAD) of software technologies for e-business in Italy, France, Greece, Spain, Portugal and Turkey and is, in these business areas, a market leader. The clients of Itway VAD are "system integrators" and "value added reseller", who sell products to end users. Among the major products distributed by Itway VAD in Italy are: Acronis, Bluecoat, Check Point, Citrix, Cordys, Ctera, Extreme, Fortinet, IBM, Ipswitch, Kaspersky, Novell, Red Hat, SonicWALL, Sourcefire, Stonesoft, Symantec, Trend Micro, Vasco, Vidyo,VMware.

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