

Bit Market Services

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PRESS RELEASE

The Board of Directors of Itway approves the Half-Year Consolidated Financial Statements as of June 30, 2016

**ITWAY GROUP: IN THE FIRST HALF OF 2016 REVENUES REACHED 41 MILLION EUROS (+1.4)
Growth in both EBIT (+ 28%) and EBITDA (+21%)**

In the first semester revenues rose in terms of volumes and profits also saw a solid growth.

While revenues increased from 40 million Euro in the first half of 2015 to 41 million Euros in 2016 (first half versus first half), EBITDA increased to over 1 million Euros (845 thousand at the end of June 2015) and EBIT totalled 816 thousand Euros (638 thousand Euros in the same year earlier period).

Net financial debt reached 20.4 million Euros from 19.7 million Euros at December 31, 2015 and 22.2 million Euros at June 30, 2015.

Valentino Bravi co-opted to the board as independent director

Ravenna, September 30, 2016 – 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 - met today under the chairmanship of G. Andrea Farina **approved today the Financial Statements as of June 30, 2016.**

This report was drafted conforming to article 154 ter (Financial Statements) of Legislative Decree 58/1998 (T.U.F. Testo Unico della Finanza) as well as Consob communication DEM/8041082 dated April 30, 2008.

Following are the main consolidated results achieved by the Itway Group at a Consolidated level in the first half of 2016, compared with those of the same period to June 30, 2015.

<i>Thousands of Euro</i>	30/06/2016 (6 months)	30/06/2015 (6 months)	Change %
Revenues	41.023	40.457	+ 1,4%
EBITDA	1.023	845	+ 21%
EBIT	816	638	+28%
Recurring result before taxes	(115)	(281)	+59%
Result before taxes	(505)	(407)	-24%
Net result	(648)	(440)	-47%

As of June 30, 2016, the Itway Group posted:

- **Consolidated Revenues of 41 million Euros**, up 1.4% from 40.4 million Euros in the same year earlier period ;
- **EBITDA of over 1 million Euros** compared with 845 thousand Euros in the same period of 2015 i **EBIT totalled 816 thousand Euros** compared with 638 thousand Euros in the same period of the earlier fiscal period ;
- **Recurring result before taxes of a negative 115 thousand Euros**, improving on the negative 281 thousand Euros in the same period of 2015 ;



- **Net Result** negative by **648 thousand Euros** including 390 thousand Euro of not recurrent expenses compared with the negative 440 thousand Euros in the same year earlier period (including 126 thousand Euro of not recurrent expenses).

The first semester of 2016 shows an increase in revenues (+1.4%), but more importantly growth in both EBIT (+ 28%) and EBITDA (+ 21%). The result before taxes (-505 thousand Euro compared with -407 thousand Euros in the same year earlier period) was weighed down by the greater incidence of non recurring financial charges due also to the revaluation of payables and receivables in USD of the Turkish subsidiary the local currency of which in the latest year devalued significantly, by some 14%, both against the Euro and against the US dollar. As of June 30, 2016 this is a non-realized loss.

With banks still not granting funding at sustainable levels and in the amount necessary for companies, the financial charges were also influenced by the need to support clients in a contracted credit situation with payments that are ever more delayed. All this while the main vendors are not inclined to take on the burden of the systemic crisis, especially on the Italian and Iberian markets and in some cases even demand advance payments. In this situation the Group is continuing to take measures to contain payment conditions and to use more nonrecourse factoring transactions and a progressive recourse to medium-term financing transaction.

Market context

After having suffered during the Great Crisis (2008), the ICT market seems to have reached a turnaround point and forecasts from experts and research institutes paint a timidly rosier picture. According to Assinform, in 2015 the sector grew 1% (-1.4% the earlier year), with the so-called "traditional ICT component" sector steady while the "additional and innovative ICT component" sector, essentially the sector where the Itway Group operates, was more lively.

These are positive forecasts, therefore, that with the due proportions from Country to Country, are valid also for the other international markets where the Group operates.

In this macroeconomic and market context of a timid improvement, having maintained or increased market share in the recent dark years could now play in the Group's favour, especially on international markets.

Industrial Strategy

Also in the first half of 2016, the industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU.

During 2015 the joint venture constituted with Libanica, Itway MENA, started developing on th markets of the United Arab Emirates, Iran and Nigeria: the first results of these growth activities are expected to be seen from the second half of the current fiscal year.



Performance by Business Segment

In the first half, the **VAS SBU**, the Value Added Distribution sector, the Group's core activity, that operates in the distribution of specialized software and hardware products, certification products on the software technologies distributed, and pre- and post-sales technical assistance services, posted revenues of 29.9 million Euros compared with 31.3 million Euros in the same year earlier period. EBITDA went from 404 thousand Euros in the first semester of 2015 to 323 thousand Euros as of June 30, 2016 while EBIT in the first half of this year totalled 145 thousand Euros from 230 thousand Euros in the same period of 2015.

Volumes and profitability in the semester were weighed down by the delay to successive quarters of some orders that are expected to be booked

The first semester of 2016 posted different results depending on the Country where the Itway Group operates.

The **Italian market** is the most important one for the Group and, is the one where the negative impact from the "Country situation" is still ongoing posted results in line with the budget achieving improvements compared with the same period of the previous fiscal period both in terms of volumes and profitability. In the semester there was a significant increase in the security sectors where our role is ever more recognized by the market and the start-up of new product lines with higher margins.

The **Turkish subsidiary Itway Turkiye Ltd.** confirmed once again the development prospects of the country posting growth in the first semester. However, results are influenced by movements of the Turkish Lira in the first semester of 2016 that lost some 14% of its value compared with the same period of 2015. This prompted a significant increase in catalogue prices to the public with a resulting pressure on margins of the distribution channel. Results net of foreign exchange movements are largely in line with the previous fiscal period.

The **Greek subsidiary Itway Hellas S.A.** continues on its path of growth and its performance is in line with budget despite the Country's situation that is not easy. The structure is efficient and the subsidiary ended the semester with an improvement compared with the same period a year ago both in terms of volumes and profitability.

The **French subsidiary**, which was restructured in the previous fiscal period, significantly reduced losses. All business lines have been closed and to date the subsidiary has a series of non-recurring costs related to the significant restructuring carried out in the past fiscal periods

The **Iberian subsidiary** posted a non positive performance both in terms of volumes and profitability due to various factors: a first semester that is generally weak in Spain after the growth of the previous year, the delay of some negotiations to the subsequent quarter and lastly the only partial replacement of turnover/profits of discontinued product lines starting from 2016.

The **VAR strategic unit** that offers services and consultancy to train and support companies in the areas of e-business, e-security, Central Access Management, Interworking and Wireless, saw revenues rise from 9.1 million Euros in the first half of 2015 to 11.1 million as of June 30, 2016 while Ebitda increased to 700 thousand Euros from 441 thousand a year ago and Ebit increased to 671 thousand Euros from 408 thousand as of June 30, 2015.



During the period, Business-e, the unit of the group responsible for the VAR SBU, started producing Cyber Security Services: a suite of software products that allows to supply to its Clients Managed Security Services (MSS).

Also, Business-e won its first three multi-year orders (3 years) from important Italian clients, two of which are companies listed on the Milan Stock Exchange. The offer pipeline is increasing and the current semester is expected to show growth and is in line with the approved budget.

In 2013, the Itway Group entered into **other business areas** which are related to but do not coincide with the historical ones (VAD and VAR). These sectors still do not make a relevant contribution to the consolidated results and therefore are not reported in the reporting by sector, but they are important in terms of strategy to strengthen the business segments.

The new managed sectors are:

- **Cloud information services:** *Managed Services* for SMEs in network and cloud environment in the areas of Security, Storage Management, Business Continuity, Green IT, Energy Recovery, intelligent analysis of video-surveillance flows, Internet of Things platform. During the semester further services were developed for more managerial aspects, thought for professional and accounting firms. This was made possible thanks to the introduction in iNebula of the specific know-how of some technical staff and professionals who came from the sector of cloud services for professionals with a significant experience acquired previously in specialized companies. This enabled the addition to the above mentioned services of Process Governance with proprietary and value added services and know-how;
- **Assisted services in N+SOC and MSSP** solutions to check networks.
- **Information Technology for Science:** ICT sector for Cultural Heritage and Data Curation, that is a start-up area.

Net Financial Position

The net financial indebtedness as of June 30, 2016 totals 20.4 million Euros compared with 19.7 million as of December 31, 2015 and down from 22.2 million Euros as of June 30, 2015.

The level of indebtedness is impacted both by factors that do not directly depend on the Company (like the timing of payments) and by the degree of non recourse factoring.

Subsequent events

On August 3, 2016 the CERVED Rating Agency S.p.a. affirmed the Company a B1.2 (solvent) rating, equivalent to BBB- from S&P and Baa3 from Moody's. Other than what has been previously indicated, to date, there are no further significant events that took place following the end of the period.



Foreseeable evolution of operations

In a sector context that shows timid positive signs, the Itway Group aims to strengthen and increase its market share in every Country where the Group operates also thanks to the introduction of new products and a recovery in margins. Thanks to the industrial policies carried out over the years the Itway Group is today a player that has been for some time well positioned in value added markets like Security of information systems, Virtualization (VAD SBU, VAR SBU) and the new emerging Cloud Computing (VAS SBU), aiming to operate in these sectors in a role of leading player in Southern Europe

Some markets like that of Cloud Computing, show constant and interesting growth rates and the Group plans to increase its presence as a start-up player and focus on initiatives underway through the growing **VAS SBU** (which boasts an important offer pipeline that should translate into orders)

In the **VAD SBU**, negotiations are underway with a possible Partner for a partnership that would give the division significant growth prospects and the Partner a material presence in the interesting and consolidated Value market.

The **VAR SBU** has a Pipeline of Offers that is undergoing significant growth compared with the same period of the previous year. The new Cyber Security Services product will reap important results already from 2016.

The development of new markets of the Middle East and Africa is continuing where there is a great opportunity for the VAR SBU and the VAS SBU. The MoU signed in April with Patsa Holding after the Company took part of the Renzi Government's Mission to Teheran, will start producing the first supply contracts in that Country.

Own Shares

The parent company at June 30, 2016 owned No. 962,159 own shares (equal to 12.17% of share capital) for a nominal value of 481,080 Euro and a cost of purchase booked to the financial statements of some 178 thousand Euro; During the period 123,645 own shares were purchased (equal to 1.56% of share capital) for a nominal value of 61,823 Euro, as authorized by the Shareholders meeting of Itway S.p.A.

To the date of the approval of the Half Year Financial Statements to June 30, 2016 the Parent Company had n 968,001 own shares (equal to 12.24% of share capital) for a nominal value of 484,000 Euros.

Independent board member co-opted

The Board of Directors today acknowledged the resignation of independent director Giuseppe Parrello. The Board would like to thank Mr. Parello for his prestigious contribution over these years. At today's board meeting, the board deliberated to co-opt pursuant to article 2386 Valentino Bravi, currently CEO of the TAS Group S.p.A., until the next shareholders' meeting.

Valentino Bravi declared to have the requisites of independence and honorability foreseen by the applicable law and by the Self Conduct Code for listed companies. On the basis of these statements and the information available to the company, the board of directors ascertained that he meets the above mentioned criteria.

The curriculum vitae of Mr. Bravi can be consulted on the company's web site at the following link:

https://www.itway.com/staff_trusted/valentino-bravi/



As foreseen by paragraph 2, art. 154-bis of the 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 record

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, Alcatel, Array Networks, Arcsight, Bluecoat, Check Point, Extreme, F5, HP Security, Ipswitch, Lenovo, Kaspersky, Kemp, McAfee, Microfocus/Novell, Red Hat, SonicWALL, Vidy, VMware.
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CONSOLIDATED INCOME STATEMENT

Thousands of Euro

	Total	Half year to		June 2015, 30		
		June 2016, 30 not recurrent	recurrent	Total	not recurrent	recurrent
Revenues	40,314		40,314	39,616	39,616	
Other operating revenues	709		709	841	841	
Products	(30,950)		(30,950)	(31,185)	(31,185)	
Costs for services	(2,896)		(2,896)	(2,753)	(2,753)	
Personnel costs	(5,323)	(36)	(5,287)	(4,935)	(51)	(4,884)
Other operating expenses	(1,221)	(354)	(867)	(865)	(75)	(790)
EBITDA	633	(390)	1,023	719	(126)	845
Depreciation and amortisation	(207)		(207)	(207)		(207)
EBIT	426	(390)	816	512	(126)	638
Financial proceeds	28		28	74		74
Net financial charges	(959)		(959)	(993)		(993)
Result before taxes	(505)	(390)	(115)	(407)	(126)	(281)
Taxes for the period	(143)		(143)	(33)		(33)
Result for the period from operations	(648)	(390)	(258)	(440)	(126)	(314)
Attributable to:						
Shareholders of the Parent Company	(618)			(428)		
Minority Interests	(30)			(12)		
Result per share						
From operations:						
Base	(0.09)			(0.06)		
Diluted	(0.09)			(0.06)		



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Thousands of Euro</i>	30/06/16	30/06/15
Result for the period	(648)	(440)
Components classified in the Income Statement:		
Profit/Loss from the conversion of balance sheets of foreign subsidiary	(17)	(120)
Components not classified in the Income Statement:		
Gains / (losses) on employee benefit plans	-	-
Comprehensive result	(665)	(560)
Attributable to:		
Shareholders of the Parent Company	(635)	(548)
Minority Interests	(30)	(12)



CONSOLIDATED BALANCE SHEET

<i>Thousand of Euro</i>	30/06/16	31/12/15
ASSETS		
Non current assets		
Property, plants and equipment	4,396	4,208
Goodwill	8,294	8,294
Other intangible assets	3,414	2,387
Investments	1,594	1,594
Deferred tax assets	2,188	2,020
Other non current assets	126	99
Total	20,012	18,602
Current assets		
Inventories	2,844	3,725
Account receivables - Trade	45,613	56,243
Other current assets	2,468	2,698
Financial receivables toward subsidiaries	66	-
Cash on hand	2,205	5,237
Financial assets	3,064	414
Total	56,260	68,317
Total assets	76,272	86,919
NET EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital and reserves	9,812	9,979
Result for the period	(618)	25
Total Net Equity of the Group	9,194	10,004
Minority Interest	(27)	3
Total Net Equity	9,167	10,007
Non current liabilities		
Severance indemnity	946	981
Provisions for risks and charges	237	169
Deferred taxes liabilities	902	903
Non current financial liabilities	4,182	5,191
Total	6,267	7,244
Current liabilities		
Bank overdraft	21,472	20,167
Account payable – Trade	27,520	40,273
Tax payable	8,398	6,210
Other current liabilities	3,448	3,018
Total	60,838	69,668
Total liabilities	67,105	76,912
Total Net Equity and liabilities	76,272	86,919



Statement of Changes in the Consolidated Net Equity

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss)			Translation reserve	Result for the period	Net Equity of Group	Minority interest	Total Net Equity
				Legal reserve	Voluntary reserve	Other reserves					
Balance at January 1, 2015	3,953	(1,131)	17,584	450	4,792	(14,022)	(621)	(510)	10,495	(13)	10,482
Own shares	-	(41)	-	-	-	-	-	-	(41)	-	(41)
Total operations with shareholders	-	(41)	-	-	-	-	-	-	(41)	-	(41)
Allocation of the result for the year	-	-	-	-	-	(525)	-	525	-	-	-
Result of the period	-	-	-	-	-	-	-	(428)	(428)	(12)	(440)
<i>Other components of Comprehensive Result at 30 June 2015:</i>											
Gains / (losses) on employee benefits	-	-	-	-	-	-	-	-	-	-	-
Overall result	-	-	-	-	-	-	(120)	-	(120)	-	(120)
Comprehensive result	-	-	-	-	-	-	(120)	(428)	(548)	(12)	(560)
Balance at June 30, 2015 Note 21	3,953	(1,172)	17,584	450	4,792	(14,022)	(741)	(938)	9,906	(25)	9,881

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss)			Translation reserve	Result for the period	Net Equity of Group	Minority interest	Total Net Equity
				Legal reserve	Voluntary reserve	Other reserves					
Balance at January 1, 2016	3,953	(1,345)	17,584	456	4,792	(14,603)	(858)	25	10,004	3	10,007
Own shares	-	(178)	-	-	-	-	-	-	(178)	-	(178)
Total operations with shareholders	-	(178)	-	-	-	-	-	-	(178)	-	(178)
Allocation of the result for the year	-	-	-	29	-	(4)	-	(25)	-	-	-
Result of the period	-	-	-	-	-	-	-	(618)	(618)	(30)	(648)
<i>Other components of Comprehensive Result at 30 June 2016:</i>											
Gains / (losses) on employee benefits	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	3	-	-	3	-	3
Overall result	-	-	-	-	-	-	(17)	-	(17)	-	(17)
Comprehensive result	-	-	-	-	-	3	(17)	(618)	(632)	(30)	(662)
Balance at June 30, 2016 Note 21	3,953	(1,523)	17,584	485	4,792	(14,604)	(875)	(618)	9,194	(27)	9,167

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Consolidated Cash Flow Statement

<i>Thousands of Euro</i>	30-giu-16	30-giu-15
Result for the period	(648)	(440)
<u>Adjustments of items not affecting liquidity</u>		
Depreciation of tangible assets	109	90
Amortization of intangible assets	98	117
Provision for doubtful accounts	220	167
Accrual for severance indemnity and other net of payments to social security bodies	195	187
Change in non-current assets/liabilities	(127)	(243)
<u>Cash flow from operating activities, gross of the variation in capital of the fiscal period</u>	(153)	(122)
Payments of severance indemnity	(230)	(204)
Change in trade receivables and other current assets	10,575	4,212
Change in inventories	881	23
Change in trade payables and other current liabilities	(10,134)	(7,064)
<u>Cash flow from operations generated (absorbed) by changes in NWC</u>	1,092	(3,033)
<u>Cash flow from operations (A)</u>	939	(3,155)
Purchase of tangible assets (net of assets sold)	(297)	(82)
Investments in fixed assets (net of divestments)	(1,125)	(864)
<u>Cash flow from investing activities (B)</u>	(1,422)	(946)
Purchase of own shares	(178)	(41)
Variation of financial non current liabilities	(1,009)	3,355
<u>Cash flow from financing activities (C)</u>	(1,187)	3,314
Net effect of foreign Exchange Variation	(17)	(120)
<u>Increase/(Decrease) of cash available and cash equivalents (A+B+C)</u>	(1,687)	(907)
Bank overdraft net of cash on hand at the beginning of the period	(14,516)	(15,421)
Bank overdraft net of cash on hand at the end of the period	(16,203)	(16,328)



Fine Comunicato n.0524-78

Numero di Pagine: 13