

Bit Market Services

Informazione Regolamentata n. 0439-95-2016	Data/Ora Ricezione 08 Novembre 2016 16:32:43	MTA - Star
--	--	------------

Societa' : TXT e-SOLUTIONS

Identificativo : 81082

Informazione
Regolamentata

Nome utilizzatore : TXTN01 - Matarazzo

Tipologia : IRAG 03

Data/Ora Ricezione : 08 Novembre 2016 16:32:43

Data/Ora Inizio : 08 Novembre 2016 16:47:44

Diffusione presunta

Oggetto : TXT approved Financial Results as of
September 30, 2016

Testo del comunicato

Vedi allegato.

TXT e-solutions first nine months 2016
Revenues € 50.1 million (+10.3%),
EBITDA € 5.7 million (+14.7%), Net Income € 3.6 million (+5.5%)
Strong Growth of Revenues and Profits in Q3

- *Consolidated Revenues 58% from outside Italy.*
- *Net Financial Position: € 2.7 million positive (€ 8.3 million as of December 31, 2015), after financing acquisition of Pace GmbH, payment of dividends (€ 2.9 million) and strong cash flow generated in the period (€ 4.1 million).*
- *Revenues Q3 2016: € 16.9 million (+18.5% compared to Q3 2015).*
- *EBITDA Q3 2016: € 2.4 million (+49.0% compared to Q3 2015).*
- *Net income Q3 2016: € 1.6 million (+46.9% compared to Q3 2015).*

Milan – November 8, 2016

The Board of Directors of TXT e-solutions Spa, chaired by Alvisè Braga Illa, today approved the financial results for the period ended as of September 30, 2016.

First nine months 2016 was characterized by the important acquisition of German company Pace GmbH consolidated into TXT from 1 April 2016, which accelerates the promising international development of the aerospace business of TXT Next.

The combined activities of TXT Next and Pace have a potential market of over 300 large customers worldwide. They leverage on an experienced team of 350 specialists; offer innovative expertise and products, difficult to get on the market; cover the entire life cycle of equipment and activities within the aeronautics industry, along its entire supply chains and across all segments: aircrafts, helicopters, civil transport, defence. PACE's offer of products and services fully integrates with expertise of TXT Next.

The retail market suffered in the first months 2016 both for contingent and structural slowdowns with delays in investments. Since Q2 we noted a recovery of demand of TXT products in all geographies, helping customers to improve assortment processes and margins. TXT Retail won important contracts in China and India and strengthened in USA, UK and Continental Europe.

Today, competitive position of TXT is strong in its main markets – aeronautic and retail – both showing mid-term global growth, with no correlation, which contributes to hedge corporate contingent risks.

Revenues were € 50.1 million in first nine months 2016, up +10.3% compared to 2015 (€ 45.4 million) and included € 3.6 million revenues from Pace GmbH. Software revenues from licences, subscriptions and maintenance were € 13.2 million, up +9.7% compared to first nine months 2015 (€ 12.1 million). Service revenues were € 36.9 million, up +10.6%.

TXT Retail, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (53.2% of group revenues) had € 26.6 million revenues, down -2.2% compared to first nine months 2015, which was a particularly strong period due to a single large contract. TXT Next, the software specialist for Complex Operations & Manufacturing for Aerospace, High-Tech and Finance (46.8% of group revenues) had € 23.5 million revenues, up € 5.3 million compared to 2015 (+29.3%), due to Pace GmbH revenues (€ 3.6 million) and to organic growth (€ 1.7 million, or +9.4%).

International Revenues rose from € 25.0 million in first nine months 2015 to € 29.9 million (+17.0%) or 58% of total sales.

EBITDA was € 5.7 million, up +14.7% compared to first nine months 2015 (€ 5.0 million). This includes Pace GmbH EBITDA (€ 0.4 million), which entirely compensated non-recurring legal expenses and fees for the acquisition (€ 0.3 million). Net of Pace acquisition and thus at constant consolidation perimeter EBITDA was € 5.6 million, up +12.5% compared to 2015.

R&D expenses rose +21.3% to € 4.7 million, or 9.3% of revenues. EBITDA profitability on revenues was 11.5% compared to 11.0% in 2015.

Operating Income (EBIT) was € 4.9 million, up +16.6% compared to first nine months 2015 (€ 4.2 million), after expensing € 0.9 million in depreciation and amortization. Profitability on revenues rose from 9.2% to 9.7% in first nine months 2016.

Net Income was € 3.6 million (€ 3.4 million in first nine months 2015). Income tax charges were € 1.2 million (24% of pre-tax income) compared to € 0.6 million in 2015 which took advantage of tax losses in some countries. Profitability on revenues was 7.2%.

Net Financial Position as at 30 September 2016 was positive by € 2.7 million, compared to € 8.3 million as at 31 December 2015, a decrease of € 5.6 million mainly due to acquisition of Pace GmbH (€ 6.8 million), payment of dividends (€ 2.9 million), partially offset by positive cash generated by operations in the period (€ 4.1 million).

Shareholders' Equity as of September 30, 2016 was € 32.7 million (€ 33.6 million as of December 31, 2015), down € 0.9 million due to payment of dividends (€ 2.9 million), purchase of treasury shares (€ 0.5 million), partially offset by net income (€ 3.6 million). Volatility of exchanges caused a negative variance on equity (€ 1.1 million) due to consolidation of international subsidiaries, while risk exposure in income statement is naturally hedged by revenues and costs denominated in the same currencies.

As of September 30, 2016 TXT owned 1,314,183 treasury shares or 10.10% of issued shares, purchased at an average price of € 2.28.

Third Quarter 2016

In Q3 2016 **Revenues** were € 16.9 million, up +18.5% compared to Q3 2015. TXT Retail, had € 8.9 million revenues (+5.1%). TXT Next had € 8.0 million revenues, up € 2.2 million compared to Q3 2015 (+37.9%), due to Pace GmbH revenues (€ 1.6 million) and to organic growth (€ 0.6 million, or +10.3%).

EBITDA was € 2.4 million, up +49.0% compared to Q3 2015. This includes Pace GmbH EBITDA (€ 0.2 million) and organic growth (€ 0.6 million) Profitability on revenues grew from 11.4% to 14.3%.

Net Income was € 1.6 million, up +46,9% compared to Q3 2015 (€ 1.1 million). Income tax charges were € 0.6 million (26% of pre-tax income). Profitability on revenues was 9.5% compared to 7.7% in Q3 2015.

In Q3 2016 TXT Retail signed important new software contracts with many customers, including GiFi (F), a retailer for the home and family with over 400 stores and several e-commerce channels and m-commerce through apps; WE Fashion (NL) a fashion retailer which sells clothing, shoes, bags and other accessories with over 240 shops and 3,000 employees mainly in the Netherlands, Germany, France; Brunello Cucinelli (I) an Italian fashion brand which sells luxury cashmere menswear, women's wear and accessories in proprietary boutiques in all continents; Christian Dior (F) a French luxury-goods company which designs and retails ready-to-wear, leather goods, accessories, footwear, jewellery, timepieces, fragrance, make-up, and skincare products throughout its portfolio of stores worldwide, as well as through its online store; Cotton-on (AUS), dynamic fashion retailer based in Australia with 1,200 stores, of which about 500 in USA, South Africa and Asia.

In first nine months 2016 TXT Next signed contracts with new customers, including Pilatus (CH), Reiser Simulation & Training (D) and Goodrich Control Systems (UK, part of UTC Aerospace Systems) and most recently the airline Icelandair selected Pace to equip its entire fleet with the fuel efficiency software Pacelab Flight Profile Optimizer.

Outlook and Subsequent Events

The Company anticipate a positive business development in fourth quarter 2016 in both Divisions, but short term growth rates are difficult to forecast, particularly in TXT Retail.

The Chairman Alvisè Braga Illa has commented: *"The very good results in Q3 in both Divisions give us confidence for a positive development of TXT in 2016, despite almost daily worsening of geopolitical environment in most of the countries of our customers. The general uncertainty of outcomes and consequences of current and recent events could*

nevertheless delay consumptions and investment decisions at year end, particularly in retail market, which is very sensitive to short term trends".

Declaration of the designated officer in charge of drafting the company's accounting documents

The Designated Officer in charge of drafting the company's accounting documents, Paolo Matarazzo, herein declares, pursuant to Article 154-bis, Paragraph 2 of Legislative Decree no. 58 of 24 February 1998 that the accounting information contained in this press release corresponds to the documentary records, books and accounting entries.

As from today, this press release is available also on the company's website www.txtgroup.com

TXT e-solutions is an international specialist in high-value, strategic software and solutions for large enterprises. The main business areas are: **Integrated & Collaborative Planning Solutions**, with the TXT Retail Division, especially for Luxury, Fashion, Retail and Consumer Goods; **Software for Complex Operations & Manufacturing**, with the TXT Next Division, for Aerospace, Defence, High-Tech and Finance. Listed in the Star Segment of Borsa Italiana (TXT.MI), TXT is based in Milan and has offices in Australia, Canada, France, Germany, Hong Kong, Italy, Singapore, Spain, Switzerland, United Kingdom and United States.

For information:

TXT e-solutions SpA

Paolo Matarazzo

CFO

Tel. +39 02 25771.355

paolo.matarazzo@txtgroup.com

Management Income Statement as of 30 September 2016

<i>€ thousand</i>	9m 2016	%	9m 2015	%	Var %
REVENUES	50.102	100,0	45.403	100,0	10,3
Direct costs	23.595	47,1	21.659	47,7	8,9
GROSS MARGIN	26.507	52,9	23.744	52,3	11,6
Research and Development costs	4.654	9,3	3.838	8,5	21,3
Commercial costs	9.739	19,4	9.319	20,5	4,5
General and Administrative costs	6.374	12,7	5.583	12,3	14,2
EBITDA	5.740	11,5	5.004	11,0	14,7
Amortization, depreciation	870	1,7	826	1,8	5,3
OPERATING PROFIT (EBIT)	4.870	9,7	4.178	9,2	16,6
Financial income (charges)	(73)	(0,1)	(128)	(0,3)	(43,0)
EARNINGS BEFORE TAXES (EBT)	4.797	9,6	4.050	8,9	18,4
Taxes	(1.173)	(2,3)	(615)	(1,4)	90,7
NET PROFIT	3.624	7,2	3.435	7,6	5,5

Income Statement as of 30 September 2016

Amounts in Euro	30.09.2016	30.09.2015
TOTAL REVENUES AND INCOME	50.102.450	45.403.225
Purchases of materials and services	(9.357.733)	(8.669.911)
Personnel costs	(33.548.486)	(30.277.215)
Other operating costs	(1.456.042)	(1.452.102)
Amortizations, depreciation and write downs	(869.896)	(826.000)
OPERATING RESULT	4.870.294	4.177.997
Financial income/charges	(73.050)	(128.117)
PRE-TAX RESULT	4.797.243	4.049.880
Income Taxes	(1.172.873)	(615.275)
NET RESULT CURRENT ACTIVITIES	3.624.371	3.434.605
PROFIT PER SHARE (Euro)	0,31	0,29
PROFIT PER SHARE DILUTED (Euro)	0,31	0,29

Net Financial Position as of 30 September 2016

€ thousand	30.9.2016	31.12.2015	Var	30.9.2015
Cash	6.628	9.080	(2.452)	11.862
Short term debt	(2.582)	(821)	(1.761)	(2.467)
Short term Financial Resources	4.046	8.259	(4.213)	9.395
Long term debt	(1.385)	-	(1.385)	-
Net Available Financial Resources	2.661	8.259	(5.598)	9.395

Consolidated Balance Sheet as of 30 September 2016

ASSETS (Amounts in Euro)	30.09.2016	31.12.2015
NON-CURRENT ASSETS		
Goodwill	18.315.303	13.160.091
Definite life intangible assets	3.628.263	1.531.601
Intangible Assets	21.943.566	14.691.692
Buildings, plants and machinery owned	1.461.832	1.361.299
Tangible Assets	1.461.832	1.361.299
Other non-current assets	131.508	141.671
Deferred tax assets	1.993.695	1.936.976
Other non-current assets	2.125.202	2.078.647
TOTAL NON-CURRENT ASSETS	25.530.601	18.131.638
CURRENT ASSETS		
Inventories	3.403.264	2.074.935
Trade receivables	22.299.592	25.031.799
Other current assets	3.158.435	2.759.371
Cash and other liquid equivalents	6.628.433	9.079.975
TOTAL CURRENT ASSETS	35.489.724	38.946.080
TOTAL ASSETS	61.020.324	57.077.718
EQUITY AND LIABILITIES (Amounts in Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.418.917	15.826.568
Retained earnings	8.133.146	7.412.155
Profit (Loss) for the year	3.624.371	3.882.489
TOTAL SHAREHOLDERS' EQUITY	32.679.558	33.624.337
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1.385.079	-
Severance and other personnel liabilities	3.896.899	3.830.292
Deferred tax liabilities	1.839.769	1.274.631
TOTAL NON-CURRENT LIABILITIES	7.121.747	5.104.923
CURRENT LIABILITIES		
Current financial liabilities	2.582.414	820.586
Trade payables	791.908	1.422.360
Tax payables	1.201.105	15.544
Other current liabilities	16.643.592	16.089.968
TOTAL CURRENT LIABILITIES	21.219.019	18.348.458
TOTAL LIABILITIES	28.340.766	23.453.381
TOTAL EQUITY AND LIABILITIES	61.020.324	57.077.718

Consolidated Statement of Cash Flows as of 30 September 2016

Amounts in Euro	30.09.2016	30.09.2015
Net Income	3.624.371	3.434.605
Non cash costs	6.455	-
Paid taxes	907.349	(78.666)
Variance in deferred taxes	(187.711)	(25.218)
Amortization, depreciation and write-downs	869.896	826.000
Cash flows generated by operations before working capital	5.220.360	4.156.721
(Increase) / Decrease in trade receivables	3.410.670	(1.508.365)
(Increase) / Decrease in inventories	(1.328.329)	(946.381)
(Increase) / Decrease in trade payables	(684.272)	(285.902)
(Increase) / Decrease in severance and other personnel liabilities	41.169	12.190
(Increase) / Decrease in other current assets/liabilities	(1.331.764)	156.140
Changes in working capital	107.474	(2.572.318)
CASH FLOW GENERATED BY OPERATIONS	5.327.834	1.584.403
Increase in tangible assets	(384.753)	(512.495)
Increase in intangible assets	-	(29.047)
Net cash flow due to PACE acquisition	(5.442.817)	-
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(5.827.570)	(541.542)
Repayment of borrowings	1.767.888	(1.371.214)
Distribution of dividends	(2.931.492)	(2.678.079)
(Purchase) / Sale of treasury shares	(529.858)	2.378.634
CASH FLOW GENERETED BY FINANCIAL ACTIVITIES	(1.693.462)	(1.670.659)
INCREASE / (DECREASE) IN CASH	(2.193.198)	(627.798)
Difference in Currency Translation	(258.344)	186.059
Cash at beginning of the period	9.079.975	12.304.130
Cash at the end of the period	6.628.433	11.862.391

Income Statement - Management Reporting Third Quarter as at 30 September 2016

<i>€ thousand</i>	Q3 2016	%	Q3 2015	%	Var %
REVENUES	16.919	100,0	14.277	100,0	18,5
Direct costs	7.748	45,8	6.781	47,5	14,3
GROSS MARGIN	9.171	54,2	7.496	52,5	22,3
Research and Development costs	1.510	8,9	1.122	7,9	34,6
Commercial costs	3.207	19,0	2.927	20,5	9,6
General and Administrative costs	2.028	12,0	1.819	12,7	11,5
EBITDA	2.426	14,3	1.628	11,4	49,0
Amortization, depreciation	338	2,0	307	2,2	10,1
OPERATING PROFIT (EBIT)	2.088	12,3	1.321	9,3	58,1
Financial income (charges)	85	0,5	(16)	(0,1)	n.m.
EARNINGS BEFORE TAXES (EBT)	2.173	12,8	1.305	9,1	66,5
Taxes	(564)	(3,3)	(210)	(1,5)	n.m.
NET PROFIT	1.609	9,5	1.095	7,7	46,9

Fine Comunicato n.0439-95

Numero di Pagine: 11