

Bit Market Services

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Management Report to Sept 30, 2016.

Testo del comunicato

Vedi allegato.



PRESS RELEASE

The Board of Directors of the Itway Group approves the Interim Management Report to September 30, 2016

ITWAY GROUP: AS OF SEPTEMBER 30, 2016 REVENUES REACHED 59.5 MILLION EUROS

The first nine months were weighed down by the third quarter, cyclically the weakest of the fiscal period for the ICT market which then recovers in the fourth quarter

Results for the first nine months of the 2016 fiscal period

Revenues fell in volume terms by 6.4% compared with the same year earlier period, while EBITDA is at 850 thousand Euros compared with 896 thousand Euros in the same period of 2015. EBIT and the Pre-tax result are respectively at 524 thousand Euros and 1,232 thousand Euros

Results of the third quarter of the 2016 fiscal period

In the quarter ended September 30, 2016 revenues and costs of the Itway group contracted some 20% while EBITDA is at -172 thousand Euros compared with 51 thousand Euros in the same period of 2015.

Net financial debt as of September 30, 2016 totals 22.6 million Euros compared with 19.7 million Euros as of December 31, 2016

Ravenna, November 11, 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 - under the chairmanship of G. Andrea Farina, **approved today the Interim management Report as of September 30, 2016.**

On October 20, 2016, Itway S.p.A. signed an agreement to transfer to the Esprinet Group its activities in Italy, Spain and Portugal in the sector of value added (VAD) Information Technology. The economic and financial effects will be reflected in the information document that will be made available within the terms provided by CONSOB regulation. In the tables of the Interim Management Report approved today the economic and financial data related to this transaction is reported separately, in the "VAD Italy and Iberia Transactions" column. The same table also reports a summary of the main economic results achieved by the Itway Group in the first nine months and in the third quarter of the 2016 fiscal period compared with those of the same periods of 2015.

CONSOLIDATED INCOME STATEMENT						
<i>(In thousands of Euros)</i>	Nine months to 30/9/2016			Nine months to 30/9/2015		
	Total Itway Group	VAD Italy and Iberica transactions	NET Itway Group	Total Itway Group	VAD Italy and Iberica transactions	NET Itway Group
Revenues	59,549	30,449	29,100	63,596	37,111	26,485
EBITDA	850	626	224	896	710	186
EBIT	524	622	(98)	577	718	(141)
Pre-tax result	(1,232)			(818)		
	Quarter ended 30/9/2016			Quarter ended 30/9/2015		
	Total Itway Group	VAD Italy and Iberica transactions	NET Itway Group	Total Itway Group	VAD Italy and Iberica transactions	NET Itway Group
Revenues	18,527	9,300	9,227	23,139	14,528	8,611
EBITDA	(172)	(29)	(143)	51	186	(135)
EBIT	(291)	(30)	(261)	(61)	188	(249)
Pre-tax result	(727)			(411)		

RESULTS FIRST NINE MONTHS OF THE 2016 FISCAL PERIOD

In the first nine months of 2016 the revenues of the Itway Group fell in volume terms by 6.4% compared with the same year earlier period while EBITDA totalled 850 thousand Euros compared with 896 thousand Euros in the same period of 2015. EBIT came in at 524 thousand Euros from 577 thousand Euros a year ago while the pre-tax totalled -1,232 thousand Euros against -818 thousand Euros in the same period of 2015.

Results for the third quarter of 2016

In the quarter ended September 30, 2016, revenues and operating costs of the Group contracted some 20% while EBITDA was -172 thousand Euros from 51 thousand Euros in the same period of 2015.

The result is weighed down by the seasonality of the third quarter, historically the weakest of the year while the 40% of revenues are generate in the fourth quarter.

The proceeds generated by the Group for the transfer of the business unit, of a maximum of 10.8 million Euros, will be allocated to strengthening the Group's capital and reducing short-term financial exposure. The revenues from the deal comprise:

- A fixed amount equal to Euro 5,000,000 (five million) in cash at closing;

- Up to Euro 5,000,000 (five million) at the end of the 12th month following the closing based on the goal of pre-determined economic-financial targets achieved by the business unit, also thanks to the operational support of ITWAY;
- Up to Euro 800,000 (eight hundred thousand) at the expiration of the 12th month following the closing related to profitability targets achieved by the companies of Esprinet Group

The transfer represents a milestone in the strategic reorientation of ITWAY, in the context of a plan that provides for the gradual disposal of the businesses in the Distribution (ASA VAD) sector and the strengthening of ITWAY within the high growth area of system integration (ASA VARs) and of value-added services (VAS ASA).

As a result of the transfer, the business and organizational structure of Itway Group will therefore focus on the development of ASA VAR and ASA VAS, through an integrated offer of consulting and engineering services in the ICT segments with a higher added value, in Italy and other high-growth countries where the group is present.

PERFORMANCE OF THE BUSINESS AREAS

The table that follows reports the main income data of the VAD SBU (Value Added Distribution: the distribution of specialized hardware and software products, certification services for technologies distributed and pre- and post-sales assistance services) in the first nine months of the year and the third quarter compared with the same period of the previous fiscal period. The effects of the previously reported transfer transaction are reported in the VAD Italy, Iberia Transactions column.

<i>(In thousands of Euros)</i>	9 month to 30/9/2016			9 months to 30/9/2015		
	Total Itway VAD	VAD Italy, Iberia Transactions	NET Itway VAD	Total Itway VAD	VAD Italy, Iberia Transactions	NET Itway VAD
Revenues	44,166	30,449	13,717	49,856	37,111	12,745
EBITDA	84	626	(542)	400	710	(310)
EBIT	(189)	622	(811)	132	718	(586)
	Quarter ended 30/9/2016			Quarter ended 30/9/2015		
	Total Itway VAD	VAD Italy, Iberia Transactions	NET Itway VAD	Total Itway VAD	VAD Italy, Iberia Transactions	NET Itway VAD
Revenues	14,265	9,300	4,965	18,551	14,528	4,023
EBITDA	(238)	(29)	(209)	(4)	186	(190)
EBIT	(337)	(30)	(307)	(98)	188	(286)

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

In **Italy** there continue to be the negative effects of the "Country situation"; however, despite a drop in volumes, results were in line with the previous fiscal period. In the first nine months of 2016 there was growth in the security sector where the role of Itway is growing thanks to the new higher margin product lines.

The **Iberian subsidiary** posted a non positive performance both in terms of volumes and profitability due to factor related to the market ad to the only partially successful replacement of turnover/profits of discontinued product lines starting from 2016.

The **Turkish subsidiary Itway Turkiye Ltd** confirmed once again the development prospects of the country but ended the third quarter broadly in line with the previous year. However, results are influenced by movements of the Turkish Lira that in the first nine months of 2016 lost some 10% 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 period 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, posting in the first nine months of 2016 a tail of non-recurring costs related to the significant restructuring carried out in the past fiscal periods

In the first nine months of 2016, **the VAR SBU**, which offers targeted consultancy services to train and support companies in the areas of e-business, e-security, Central Access Management, Internetworking and Wireless, posted a growth in revenues from 13.7 million Euros in the first nine months of 2015 to 15.4 million Euros as of September 30, 2016. Profitability also improved with EBITDA reaching 766 thousand Euros from 496 thousand Euros the earlier year and EBIT rising to 713 thousand Euros from 445 thousand as of September 30, 2015.

The positioning towards security products "branded" Itway and their availability for sale is starting to produce the first positive results. In particular, production started of the new Cybers Security Services, a suite of software products owned by Business-e (the company that controls the VAR SBU) that allows to supply to its Clients Managed Security Services (MSS). Also, important Italian clients placed the first three multi-year orders (3 years), two of which are from companies listed on the Milan Stock Exchange. The offer pipeline is increasing and the last quarter of 2016 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 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

These new 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 first nine months further services were developed for more managerial aspects, thought for professional and accounting firms. This was made possible thanks to the introduction in iNebula (the company that heads the "in the cloud services" 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 network.

- **Information Technology for Science:** ICT for Cultural Heritage and Data Curation, in the start-up phase.

NET FINANCIAL POSITION

The net financial debt as of September 30, 2016 was of 22.6 million Euros compared with 19.7 million Euros as of December 31, 2015.

The punctual level of indebtedness at the end of the period is related to the punctual working capital performance at the end of the period that is in turn 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.

The proceeds deriving from the transfer of the VAD SBU in Italy, Spain and Portugal, of up 10.8 million Euros, will be allocated to strengthening the capital of the Group and reducing the short-term financial exposure.

SUBSEQUENT EVENTS

With the exception of the previously commented transfer of the VAD SBU to Esprinet on October 20, 2016 there were no other significant events that took place after the close of the period and to date.

FORESEEABLE EVOLUTION OF OPERATIONS

The transfer to the Esprinet Group of the value added Information Technology distribution activities in Italy, Spain and Portugal makes even clearer the positioning of the Group, which since 1998 has undertaken an investment path in those market sectors that bring it close to the so-called "last mile" of the chain, that is the end Client.

The group is structured in Strategic business units (SBUs) and over the past five years important investments were made in Business-e S.p.A. (VAR SBU) and iNebula S.r.l. (VAS SBU). Furthermore, since March the 4Science S.r.l unit is operational and has made important investments and products and has realized services and consultancy. The VAD activities in Greece and Turkey are ongoing with their positioning as leader in the security services in their respective Countries, continuing with the forecast growth rates. In addition, the development undertaken and underway in the Middle East Africa (MEA) region regards the VAR and VAS SBUs.

Following the foreseeable evolution of operations divided by each SBU:

ASA VAR

Business-e S.p.A. recently announced the launch of the Cerbero Cyber Security Services product that is expected to bring over the next three years revenues of 5 million Euros in high value-added activities. Business-e continues to focus, as it has over the past 20 years, on Cyber Security, IT Security, Infrastructure and Data Centres that are seen posting a CAGR of +8.2% in the 2015-2020 period (Gartner). Business-e is across the board to the other companies of the Group (iNebula and 4Science), creating strong synergies.

4Science S.r.l. has been operational since March aims to become the reference point in the emerging Big Data (Data Curation) market and the Digitalization of Cultural Heritage (Digital Library) The industrial plan foresees two products that are expected to be ready for their first use (Version 1.0) in the last quarter of 2016.

- DSpace 4S, a distribution of Open Source DSpace, an information retrieval software for scientific and traditional Big Data;
- Codex 4S, an application to manage ancient libraries that become digital. Some important and famous libraries, the pride of our Country, are users of Codex 4S

The Big Data market is seen growing on average 22% in the 2015/2016 period (Assinform 10-2016) and 48% of companies expect to invest in the future in this sector.

VAS SBU

For iNebula we expect a slight growth by the end of the year compared with 2015 but during 2016 it added to its portfolio some product lines that in the Industrial Plan will have an important impact. These product lines are:

iNebula Connect: a totally Made in Italy platform to manage in the Cloud Internet of Things (IoT) devices. This is a sensor application that connects to the Internet with an infinite number of advantages in many industrial sectors and/or commodities. We have a pipeline with some Clients of some 10 Proof of Concept (POC) that go from companies that manage heat/cooling to anti-pollution control units.

iNebula RECO: a SaaS platform to manage active and passive cycle accounting documents for accounting firms and private companies with an automatic registration of the first invoice. The accounting market is the main target and during 2016 there were the first deliveries. We expect an important growth in this line of business.

Thanks to the investment in the Lepida Data Center in Ravenna, iNebula will be able to turn to the market offering its clients also IaaS and PaaS type services. Exploiting all of the know-how of Itway in the field of security, iNebula presents itself to its clients with a high value added offer, targeting both the enterprise segment and the mid-market where the demand for such services is posting the highest growth rates.

VAD SBU

The agreement with Esprinet provides for further subscription at the closing of an agreement to transfer know how and operational support related to the Business Line for a period of two years starting from the closing date of the deal. It also provides for a commercial partnership pursuant to which the companies mutually undertake for a period of 5 years from the closing to promote their own business peculiarities. In

addition to this, the VAD SBU continues to position its activities in Greece and Turkey with the addition of products and Services. These activities are seen growing.

OWN SHARES

The parent company at September 30, 2016 owned No. 968.380 own shares (equal to 12.25% of share capital) for a nominal value of 484.190 Euro and a cost (booked in the financial statements as a reduction in net equity) in the period of some 187 thousand Euros. During the period, 129.866 own shares were purchased (equal to 1.64% of share capital) for a nominal value of 64.933 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. 686 own shares (equal to 0.01% of share capital) for a nominal value of 343 Euro and sold No. 750 own shares (equal to 0.01% of share capital) for a nominal value of 375 Euro, so at the date of the approval of the current report the parent company owns No. 968,316 own shares equal to 12.25% of share capital.

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), 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. The major products distributed by Itway VAD in Italy include: 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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