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Oggetto	:	Board approved 2016 results - Dividend €0,30

Testo del comunicato

Vedi allegato.

TXT e-solutions:

Revenues 2016 € 69.2 million (+12.4%),

EBITDA € 8.2 million (+38.8%),

Net Income € 5.6 million (+43.1%),

Proposed dividend € 0.30 (€ 0.25 in 2015).

- *Consolidated Revenues 60% from outside Italy.*
- *Net Financial Position: € 5.4 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 year (€ 8.8 million).*

- *Revenues Q4 2016: € 19.1 million (+18.1% compared to Q4 2015).*
- *EBITDA Q4 2016: € 2.5 million (€ 0.9 million in Q4 2015).*
- *Net income Q4 2016: € 1.9 million (€ 0.4 million in Q4 2015).*

Milan – March 8, 2017 - 18:35

The Board of Directors of TXT e-solutions Spa, chaired by Alvise Braga Illa, today approved the financial results as of December 31, 2016.

Year 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 part of 2016 both for contingent and structural slowdowns with delays in investments. Later in the year 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, the competitive position of TXT is strong in its main markets – aeronautics and retail – both showing mid-term global growth, with no correlation, which contributes to hedge corporate contingent risks.

Revenues were € 69.2 million in 2016, up +12.4% compared to 2015 (€ 61.5 million) and included € 6.6 million revenues from Pace GmbH. Software revenues from licences, subscriptions and maintenance were € 18.8 million, up +17.8% compared to 2015 (€ 16.0 million). Service revenues were € 50.3 million, up +10.5%.

TXT Retail, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (52.2% of group revenues) had € 36.1 million revenues, down -1.6% compared to 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 (47.8% of group revenues) had € 33.1 million revenues, up € 8.2 million compared to 2015 (+32.9%), due to Pace GmbH revenues (€ 6.6 million) and to organic growth (€ 1.6 million, or +6.5%).

International Revenues rose from € 33.9 million in 2015 to € 41.8 million (+23.4%) or 60% of total sales.

Net of direct costs, the **Gross Margin** came to € 37.1 million, up 14.7% over 2015, including the contribution of Pace GmbH. The margin on revenues was 53.7%, up compared to 52.6% in 2015.

EBITDA before Stock Grant was € 8.2 million, up +23.4% compared to 2015 (€ 6.7 million). This includes Pace GmbH EBITDA (€ 1.4 million) and non-recurring legal expenses and M&A fees (€ 0.5 million). Net of Pace acquisition and thus at constant consolidation perimeter, EBITDA was € 7.3 million, up +9.3% compared to 2015. R&D expenses rose +28.0% to € 6.6 million, or 9.5% of revenues.

EBITDA 2016 of € 8.2 million compares with € 5.9 million in 2015 which included € 0.7 million costs for Stock Grants.

Operating Income (EBIT) was € 6.9 million, up +44.0% compared to 2015 (€ 4.8 million), after expensing € 1.3 million in depreciation and amortization. Profitability on revenues rose from 7.8% to 10.0% in 2016.

Net Income was € 5.6 million (€ 3.9 million in 2015). Income tax charges were € 1.5 million (21% of pre-tax income) compared to € 0.8 million in 2015 which took advantage of tax losses in some countries. Profitability on revenues rose from 6.3% in 2015 to 8.0%.

Net Financial Position as at 31 December 2016 was positive by € 5.4 million, compared to € 8.3 million as at 31 December 2015. Cash generated by operations in 2016 entirely financed the acquisition of Pace (€ 6.8 million). In 2016 Net Financial Position decreased by € 2.9 million mainly due to payment of dividends (€ 2.9 million).

Shareholders' Equity as of December 31, 2016 was € 34.3 million (€ 33.6 million as of December 31, 2015), up € 0.7 million due to net income (€ 5.6 million), net of payment of dividends (€ 2.9 million), purchase of treasury shares (€ 0.8 million) and negative variances on equity of exchange rates (€ 1.2 million).

As of December 31, 2016, TXT owned 1,354,133 treasury shares or 10.41% of issued shares, purchased at an average price of € 2.44.

Fourth Quarter 2016

In Q4 2016 **Revenues** were € 19.1 million, up +18.1% compared to Q4 2015. TXT Retail had € 9.5 million revenues (+0.3%). TXT Next had € 9.6 million revenues, up € 2.9 million compared to Q4 2015 (+42.9%), mainly due to Pace GmbH revenues (€ 3.0 million).

EBITDA before Stock Grant was € 2.5 million, up +49.5% compared to Q4 2015. This includes Pace GmbH EBITDA (€ 0.8 million). R&D expenses rose +48.1% and commercial expenses +14.1%. Profitability on revenues grew from 10.3% to 13.0%.

Net Income was € 1.9 million, compared to € 0.4 million in Q4 2015. Income tax charges were € 0.3 million (€ 0.1 million in Q4 2015). Profitability on revenues was 10.1% compared to 2.8% in Q4 2015.

In Q4 2016 TXT Retail signed new software contracts and matured licences with many customers, including Not Your Daughter's Jeans - NYDJ Apparel (USA), a premium jeans company based in Los Angeles, whose products are available through department stores and boutiques in 30 countries worldwide; Group Royer (F) leader in footwear trading in France, with a strategy to significantly expand in Europe, China, India and Vietnam; Charles Vögele (CH), a fashion retailer with over 800 stores in Switzerland, Germany and several East European Countries; Rusta AB (SE), a retail company with a broad product range centred around home living, sold in over 100 stores in Sweden and Norway; Auchan China with over 230 hypermarkets and 45 shopping centres in China; Mizuno Europe (UK), a global corporation founded in Japan which develops a wide variety of sports equipment and sportswear; Dochki Sinochki (RU), a specialist retailer of products for parents, babies and children selling 500 brands through 145 stores across Russia; Stockmann (RU), a chain of department stores in Russia, recently acquired from Debenhams.

In 2016 TXT Next signed new licence and service contracts with several customers, including Boeing (USA); Pilatus (CH); Reiser Simulation & Training (D); Goodrich Control Systems (UK), part of UTC Aerospace Systems and the airline Icelandair.

Dividend and Shareholders' Meeting

The Board of Directors proposes to the Shareholders' Meeting to distribute a dividend of € 0.30 (€ 0.25 in 2015) for each share outstanding with payment date on May 17, 2017 (record date on May 16, ex-dividend date on May 15, 2017).

Total dividends are about € 3.5 million, distributed to the 11.7 million outstanding shares (issued shares, net of treasury shares).

The Board of Directors resolved to call for a Shareholders' Meeting at La Triennale di Milano, in Viale Emilio Alemagna 6, on April 21, 2017 at 10.00 am.

At 11.30 am, TXT management will hold a presentation to Investors and Analysts.

Outlook and Subsequent Events

The Company aims to grow in Europe, North America and Asia Pacific, and to develop its extensive and diversified customer portfolio in the retail sector. The TXT Next division also has solid medium-term growth prospects in the aeronautic market and new opportunities offered by the large, qualified customer portfolio acquired with Pace GmbH.

The Company foresees positive development of revenues and profits for both Divisions. Seasonality and weakness in the final markets could drive to lower profitability in first quarter 2017, along with acceleration in R&D investments and strengthen of international commercial teams.

The Chairman Alvise Braga Illa has commented: "*2016 ends with a satisfying net profit, equal to 8% of revenues. The Company financed without leveraging on debts the acquisition of PACE for € 6.8 million and the purchase of treasury shares for € 0.8 million. The growing dividend proves company confidence on strategic position in International markets and highly competitive proprietary products and services*".

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.

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Management Income Statement as of 31 December 2016

€ thousand	2016	%	2015	%	Var %
REVENUES	**69.152**	**100,0**	**61.540**	**100,0**	**12,4**
Direct costs	32.039	46,3	29.189	47,4	9,8
GROSS MARGIN	**37.113**	**53,7**	**32.351**	**52,6**	**14,7**
Research and Development costs	6.550	9,5	5.118	8,3	28,0
Commercial costs	13.574	19,6	12.681	20,6	7,0
General and Administrative costs	8.774	12,7	7.893	12,8	11,2
EBITDA before Stock Grant	**8.215**	**11,9**	**6.659**	**10,8**	**23,4**
Stock Grant	-	-	740	2,3	n.m.
EBITDA	**8.215**	**11,9**	**5.919**	**9,6**	**38,8**
Amortization, depreciation	1.309	1,9	1.124	1,8	16,5
OPERATING PROFIT (EBIT)	**6.906**	**10,0**	**4.795**	**7,8**	**44,0**
Financial income (charges)	105	0,2	(151)	(0,2)	n.m.
EARNINGS BEFORE TAXES (EBT)	**7.011**	**10,1**	**4.644**	**7,5**	**51,0**
Taxes	(1.456)	(2,1)	(762)	(1,2)	91,1
NET PROFIT	**5.555**	**8,0**	**3.882**	**6,3**	**43,1**

Income Statement as of 31 December 2016

Amounts in Euro	2016	2015
TOTAL REVENUES AND INCOME	**69.152.215**	**61.539.525**
Purchases of materials and services	(13.273.389)	(11.775.716)
Personnel costs	(45.660.700)	(41.844.280)
Other operating costs	(2.002.696)	(2.000.305)
Amortizations, depreciation and write downs	(1.309.174)	(1.124.000)
OPERATING RESULT	**6.906.256**	**4.795.224**
Financial income/charges	104.851	(151.051)
PRE-TAX RESULT	**7.011.107**	**4.644.173**
Income Taxes	(1.455.744)	(761.684)
NET RESULT CURRENT ACTIVITIES	**5.555.363**	**3.882.489**
PROFIT PER SHARE (Euro)	0,48	0,33
PROFIT PER SHARE DILUTED (Euro)	0,48	0,33

Net Financial Position as of 31 December 2016

€ thousand	31.12.2016	31.12.2015	Var
Cash	7.570	9.080	(1.510)
Short term debt	(808)	(821)	13
Short term Financial Resources	**6.762**	**8.259**	**(1.497)**
Long term debt	(1.391)	-	(1.391)
Net Available Financial Resources	**5.371**	**8.259**	**(2.888)**

Consolidated Balance Sheet as of 31 December 2016

ASSETS (Amounts in Euro)	31.12.2016	31.12.2015
NON-CURRENT ASSETS		
Goodwill	17.830.693	13.160.091
Definite life intangible assets	3.465.058	1.531.601
Intangible Assets	**21.295.751**	**14.691.692**
Buildings, plants and machinery owned	1.598.260	1.361.299
Tangible Assets	**1.598.260**	**1.361.299**
Other non-current assets	160.498	141.671
Deferred tax assets	2.373.623	1.936.976
Other non-current assets	**2.534.121**	**2.078.647**
TOTAL NON-CURRENT ASSETS	**25.428.132**	**18.131.638**
CURRENT ASSETS		
Inventories	3.146.362	2.074.935
Trade receivables	23.739.800	25.031.799
Other current assets	2.629.183	2.759.371
Cash and other liquid equivalents	7.570.479	9.079.975
TOTAL CURRENT ASSETS	**37.085.825**	**38.946.080**
TOTAL ASSETS	**62.513.957**	**57.077.718**

EQUITY AND LIABILITIES (Amounts in Euro)	31.12.2016	31.12.2015
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.091.119	15.826.568
Retained earnings	8.133.150	7.412.155
Profit (Loss) for the year	5.555.363	3.882.489
TOTAL SHAREHOLDERS' EQUITY	**34.282.757**	**33.624.337**
NON-CURRENT LIABILITIES		
Non-current fiancial liabilities	1.391.140	-
Severance and other personnel liabilities	3.945.640	3.830.292
Deferred tax liabilities	1.843.436	1.274.631
TOTAL NON-CURRENT LIABILITIES	**7.180.216**	**5.104.923**
CURRENT LIABILITIES		
Current financial liabilities	808.225	820.586
Trade payables	1.625.740	1.422.360
Tax payables	688.428	15.544
Other current liabilities	17.928.590	16.089.968
TOTAL CURRENT LIABILITIES	**21.050.983**	**18.348.458**
TOTAL LIABILITIES	**28.231.199**	**23.453.381**
TOTAL EQUITY AND LIABILITIES	**62.513.957**	**57.077.718**

Consolidated Statement of Cash Flows as of 31 December 2016

Amounts in Euro	2016	2015
Net Income	**5.555.363**	**3.882.489**
Non cash costs	10.564	878.394
Paid taxes	(631.767)	(627.870)
Variance in deferred taxes	66.027	(71.470)
Amortization, depreciation and write-downs	1.309.174	1.124.000
Cash flows generated by operations before working capital	**6.309.361**	**5.185.543**
(Increase) / Decrease in trade receivables	1.868.207	(6.518.776)
(Increase) / Decrease in inventories	(1.071.427)	(254.263)
(Increase) / Decrease in trade payables	149.560	(117.747)
(Increase) / Decrease in severance and other personnel liabilities	23.076	98.458
(Increase) / Decrease in other current assets/liabilities	1.479.935	2.408.320
Changes in working capital	2.449.351	(4.384.008)
CASH FLOW GENERATED BY OPERATIONS	**8.758.712**	**801.535**
Increase in tangible assets	(715.044)	(734.138)
Increase in intangible assets	(23.406)	(29.037)
Net cash flow due to PACE acquisition	(5.403.476)	-
CASH FLOW GENERATED BY INVESTING ACTIVITIES	**(6.141.926)**	**(763.175)**
Repayment of borrowings	(240)	(3.018.074)
Distribution of dividends	(2.931.492)	(2.678.079)
(Purchase) / Sale of treasury shares	(827.756)	2.215.431
CASH FLOW GENERETED BY FINANCIAL ACTIVITIES	**(3.759.488)**	**(3.480.722)**
INCREASE / (DECREASE) IN CASH	**(1.142.702)**	**(3.442.362)**
Difference in Currency Translation	(366.794)	218.207
Cash at beginning of the period	**9.079.975**	**12.304.130**
Cash at the end of the period	**7.570.479**	**9.079.975**

Income Statement - Management Reporting
Fourth Quarter as at 31 December 2016

€ thousand	Q4 2016	%	Q4 2015	%	Var %
REVENUES	**19.050**	**100,0**	**16.137**	**100,0**	**18,1**
Direct costs	8.444	44,3	7.530	46,7	12,1
GROSS MARGIN	**10.606**	**55,7**	**8.607**	**53,3**	**23,2**
Research and Development costs	1.896	10,0	1.280	7,9	48,1
Commercial costs	3.835	20,1	3.362	20,8	14,1
General and Administrative costs	2.400	12,6	2.310	14,3	3,9
EBITDA before Stock Grant	**2.475**	**13,0**	**1.655**	**10,3**	**49,5**
Stock Grant	-	-	740	8,6	n.m.
EBITDA	**2.475**	**13,0**	**915**	**5,7**	**n.m.**
Amortization, depreciation	439	2,3	298	1,8	47,3
OPERATING PROFIT (EBIT)	**2.036**	**10,7**	**617**	**3,8**	**n.m.**
Financial income (charges)	178	0,9	(23)	(0,1)	n.m.
EARNINGS BEFORE TAXES (EBT)	**2.214**	**11,6**	**594**	**3,7**	**n.m.**
Taxes	(283)	(1,5)	(147)	(0,9)	n.m.
NET PROFIT	**1.931**	**10,1**	**447**	**2,8**	**n.m.**

Fine Comunicato n.0439-5	Numero di Pagine: 11