



SPAFID CONNECT

Informazione Regolamentata n. 0439-12-2017	Data/Ora Ricezione 08 Maggio 2017 19:25:09	MTA - Star
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Societa' : TXT e-SOLUTIONS

Identificativo : 89091

Informazione
Regolamentata

Nome utilizzatore : TXTN01 - Matarazzo

Tipologia : IRAG 03; AVVI 16

Data/Ora Ricezione : 08 Maggio 2017 19:25:09

Data/Ora Inizio : 08 Maggio 2017 19:25:10

Diffusione presunta

Oggetto : TXT approved Financial Results as of
March 31, 2017

Testo del comunicato

Vedi allegato.

TXT e-solutions: Q1 2017
Revenues € 18.0 million (+24.9%),
EBITDA before Stock Options € 1.6 million (+11.5%).

- *Revenues TXT Retail € 9.0 million (+14.2%) and TXT Next € 9.0 million (+38.0%).*
- *R&D expenses € 1.8 million (+46.0%) and Commercial expenses € 4.0 million (+48.2%) due to Pace and organic growth.*
- *Net Income € 0.6 million (€ 0.9 million in Q1 2016).*
- *Net Financial Position: € 8.8 million positive (€ 5.4 million as of December 31, 2016).*

Milan – May 8, 2017 – 19:25

The Board of Directors of TXT e-solutions Spa, chaired by Alvise Braga IIIa, today approved the first quarter financial results for the period ended as of March 31, 2017.

First Quarter 2017 was characterized by a good organic growth in both Divisions; the integration of German company Pace GmbH acquired and consolidated into TXT from 1 April 2016, which accelerates the promising international development of the aerospace business of TXT Next; important R&D and Commercial investments.

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 € 18.0 million in Q1 2017, up +24.9% compared to Q1 2016 (€ 14.4 million), due to revenues from Pace GmbH (€ 1.9 million) and organic growth (+11,4%).

Software revenues from licences, subscriptions and maintenance were € 4.4 million, up +42.7% compared to Q1 2016 (+18.9% organic growth). Service revenues were € 13.6 million, up +20.1% compared to Q1 2016 (+9.4% organic growth).

TXT Retail, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (50.2% of group revenues) had € 9.0 million revenues, up +14.2% compared to Q1 2016 (€ 7.9 million). TXT Next, the software specialist for Complex Operations & Manufacturing for Aerospace, High-Tech and Finance (49.8% of group revenues) had € 6.5 million revenues, up +38.0%. The € 2.5 million increase compared to

Q1 2016 is due to contribution of Pace GmbH revenues (€ 1.9 million) and to organic growth (€ 0.6 million, or +8.0%).

International Revenues rose from € 7.4 million in Q1 2016 to € 10.6 million (+43.3%) or 59.0% of total sales (51.5% in Q1 2016).

The first quarter closed with significant growth in orders from licences and subscriptions compared to 2016. In particular, with regard to TXT Retail, we highlight a major US order by The Finish Line (USA), sports footwear and athletic wear retailer with 600 owned stores, 600 points of sale in Macy's department stores and three specialised web sites. Just as important is the acquisition of another leading retailer with operations based in Hong Kong, which consolidates our growth in Asia. In Europe, s.Oliver (D), German brand and retailer, selected our Supply Chain Collaboration solution in subscription version, while we added a third customer in Russia.

Net of direct costs, the **Gross Margin** came to € 9.5 million, up +33.9% over Q1 2016, including the contribution of Pace GmbH (€ 1.3 million) and organic growth (€ 1.1 million, or +15.9%). The margin on revenues was 52.9%, up compared to 49.3% in Q1 2016.

EBITDA before Stock Options was € 1.6 million, up +11.5% compared to Q1 2016 (€ 1.4 million). R&D expenses rose +46.0% and Commercial expenses rose +48.2%.

EBITDA Q1 2017 was € 1.5 million and included € 0.1 million costs for Stock Options plan 2017-2019.

Operating Income (EBIT) was € 1.2 million, down -5.1% compared to Q1 2016, after expensing depreciation of Pace assets and amortization of Intellectual Property of Software and Customer List from Pace acquisition.

Net Income was € 0.6 million (€ 0.9 million in Q1 2016). Income tax charges were € 0.3 million (32% of pre-tax income) compared to € 0.2 million in Q1 2016 which took advantage of tax losses in some countries.

Net Financial Position as at 31 March 2017 was positive by € 8.8 million, compared to € 5.4 million as at 31 December 2016, up € 3.4 million due to cash generated by operations and decrease of capital employed.

Shareholders' Equity as of March 31, 2017 was € 34.8 million (€ 34.3 million as of December 31, 2016), up € 0.5 million mainly due to net income in the Quarter (€ 0.6 million).

As of March 31, 2017, TXT owned 1,354,133 treasury shares or 10.41% of issued shares, purchased at an average price of € 2.44.

Outlook and Subsequent Events

The Shareholders' Meeting held on April 21, 2017 examined and approved the financial statements as at 31 December 2016 and approved the distribution of a dividend of € 0.30 (compared to € 0.25 in 2016) for each outstanding share, excluding treasury shares, with payment from 17 May 2017, record date 16 May 2017 and ex-dividend date 15 May 2017. Total dividends will amount to € 3.5 million, paid to 11.7 million shares. The Shareholders renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital.

The Shareholders' appointed the members of the Board of Directors and Board of Statutory Auditors, who will hold office for three years until approval of the financial statements for the year ending 31 December 2019, along with their relative remuneration. The Board of Directors will comprise 7 directors: Alvise Braga Illa, Marco Edoardo Guida, Stefania Saviolo (independent), Fabienne Anne Dejean Schwalbe (independent) and Paolo Matarazzo belonging to the majority list and Andrea Casanova and Teresa Cristiana Naddeo (independent) belonging to the minority list. They elected the Board of Statutory Auditors, comprising the following individuals: Mario Basilico (Chairman) and Massimiliano Alberto Tonarini (alternate auditor), belonging to the minority list, and Luisa Cameretti (standing auditor), Giampaolo Vianello (standing auditor), Laura Grimi (alternate auditor) and Pietro Antonio Grignani (alternate auditor), belonging to the majority list.

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 in Q2 2017 a positive development of revenues and profits for both Divisions.

The Chairman Alvise Braga Illa has commented: *"The positive feed-back from customers to our innovative solutions continues in Q2 2017: the competitiveness of new software TXT Retail 8.0 has been confirmed by several "testimonials" of North America retailers at TXT Thinking Retail Summit few days ago in New York, following the one in Amsterdam in February 2017. The positive trend makes us confident for the rest of the year, despite the changes underway in Luxury and Retail industries"*.

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:

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Management Income Statement as of 31 March 2017

<i>€ thousand</i>	Q1 2017	%	Q1 2016	%	Var %
REVENUES	17.998	100,0	14.410	100,0	24,9
Direct costs	8.483	47,1	7.306	50,7	16,1
GROSS MARGIN	9.515	52,9	7.104	49,3	33,9
Research and Development costs	1.824	10,1	1.249	8,7	46,0
Commercial costs	3.969	22,1	2.679	18,6	48,2
General and Administrative costs	2.145	11,9	1.762	12,2	21,7
EBITDA before Stock Options	1.577	8,8	1.414	9,8	11,5
Stock Options	81	0,5	-	-	n.m.
EBITDA	1.496	8,3	1.414	9,8	5,8
Amortization, depreciation	344	1,9	200	1,4	72,0
OPERATING PROFIT (EBIT)	1.152	6,4	1.214	8,4	(5,1)
Financial income (charges)	(215)	(1,2)	(86)	(0,6)	n.m.
EARNINGS BEFORE TAXES (EBT)	937	5,2	1.128	7,8	(16,9)
Taxes	(299)	(1,7)	(245)	(1,7)	22,0
NET PROFIT	638	3,5	883	6,1	(27,7)

Income Statement as of 31 March 2017

Amounts in Euro	3M 2017	3M 2016
TOTAL REVENUES AND INCOME	17.998.422	14.410.339
Purchases of materials and services	(3.407.927)	(2.710.645)
Personnel costs	(12.502.299)	(9.795.080)
Other operating costs	(592.169)	(490.742)
Amortizations, depreciation and write downs	(344.448)	(200.128)
OPERATING RESULT	1.151.579	1.213.744
Financial income/charges	(214.083)	(85.322)
PRE-TAX RESULT	937.496	1.128.422
Income Taxes	(299.129)	(245.372)
NET RESULT CURRENT ACTIVITIES	638.368	883.050
PROFIT PER SHARE (Euro)	0,05	0,08
PROFIT PER SHARE DILUTED (Euro)	0,05	0,08

Net Financial Position as of 31 March 2016

€ thousand	31.3.2017	31.12.2016	Var	31.3.2016
Cash	10.433	7.570	2.863	14.598
Short term debt	(214)	(808)	594	(918)
Short term Financial Resources	10.219	6.762	3.457	13.680
Long term debt	(1.397)	(1.391)	(6)	-
Net Available Financial Resources	8.822	5.371	3.451	13.680

Consolidated Balance Sheet as of 31 March 2017

ASSETS (Amounts in Euro)	31.3.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill	17.820.600	17.830.693
Definite life intangible assets	3.375.814	3.465.058
Intangible Assets	21.196.413	21.295.751
Buildings, plants and machinery owned	1.513.720	1.598.260
Tangible Assets	1.513.720	1.598.260
Other non-current assets	225.264	160.498
Deferred tax assets	2.613.579	2.373.623
Other non-current assets	2.838.842	2.534.121
TOTAL NON-CURRENT ASSETS	25.548.975	25.428.132
CURRENT ASSETS		
Inventories	3.292.102	3.146.362
Trade receivables	22.514.159	23.739.800
Other current assets	3.554.183	2.629.183
Cash and other liquid equivalents	10.433.092	7.570.479
TOTAL CURRENT ASSETS	39.793.537	37.085.825
TOTAL ASSETS	65.342.512	62.513.957
EQUITY AND LIABILITIES (Amounts in Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.016.700	14.091.119
Retained earnings	13.688.513	8.133.150
Profit (Loss) for the year	638.368	5.555.363
TOTAL SHAREHOLDERS' EQUITY	34.846.706	34.282.757
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1.397.200	1.391.140
Severance and other personnel liabilities	3.927.866	3.945.640
Deferred tax liabilities	1.820.973	1.843.436
TOTAL NON-CURRENT LIABILITIES	7.146.039	7.180.216
CURRENT LIABILITIES		
Current financial liabilities	213.782	808.225
Trade payables	1.234.395	1.625.740
Tax payables	926.252	688.428
Other current liabilities	20.975.338	17.928.590
TOTAL CURRENT LIABILITIES	23.349.767	21.050.983
TOTAL LIABILITIES	30.495.806	28.231.199
TOTAL EQUITY AND LIABILITIES	65.342.512	62.513.957

Consolidated Statement of Cash Flows as of 31 March 2017

Amounts in Euro	31.03.2017	31.03.2016
Net Income	638.368	883.050
Non cash costs	80.963	-
Paid taxes	237.824	467.620
Variance in deferred taxes	(262.419)	(70.723)
Amortization, depreciation and write-downs	344.448	200.127
Cash flows generated by operations before working capital	1.039.184	1.480.074
(Increase) / Decrease in trade receivables	1.218.394	4.181.073
(Increase) / Decrease in inventories	(145.740)	(340.294)
(Increase) / Decrease in trade payables	(391.345)	(297.801)
(Increase) / Decrease in severance and other personnel liabilities	(17.774)	(85.365)
(Increase) / Decrease in other current assets/liabilities	2.056.982	1.096.138
Changes in working capital	2.720.517	4.553.751
CASH FLOW GENERATED BY OPERATIONS	3.759.701	6.033.825
Increase in tangible assets	(124.058)	(215.398)
Increase in intangible assets	(39.359)	(271)
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(163.417)	(215.669)
Repayment of borrowings	(588.383)	97.165
CASH FLOW GENERETED BY FINANCIAL ACTIVITIES	(588.383)	(178.407)
INCREASE / (DECREASE) IN CASH	3.007.901	5.639.749
Difference in Currency Translation	(145.289)	(121.227)
Cash at beginning of the period	7.570.479	9.079.975
Cash at the end of the period	10.433.092	14.598.497

Segment Information - Income Statement as at 31 March 2017

<i>€ thousand</i>	TXT Retail	TXT Next	TOTAL TXT
Software	3.640	740	4.380
Services	5.399	8.219	13.618
REVENUES	9.039	8.959	17.998
Direct costs	3.539	4.944	8.483
GROSS MARGIN	5.500	4.015	9.515
<i>as % of Revenues</i>	<i>60,8%</i>	<i>44,8%</i>	<i>52,9%</i>
Research and Development costs	1.209	615	1.824
Commercial costs	2.792	1.177	3.969
General and Administrative costs	1.056	1.089	2.145
EBITDA before Stock Options	443	1.134	1.577
<i>as % of Revenues</i>	<i>4,9%</i>	<i>12,7%</i>	<i>8,8%</i>
Stock Options	58	23	81
EBITDA	385	1.111	1.496
Amortization, depreciation	165	179	344
OPERATING PROFIT (EBIT)	220	932	1.152
Financial income (charges)	(41)	(174)	(215)
EARNINGS BEFORE TAXES (EBT)	179	758	937
Taxes	(57)	(242)	(299)
NET PROFIT	122	516	638

Fine Comunicato n.0439-12

Numero di Pagine: 11