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Oggetto	:	Adjusted net profit up 28.5% (+75.0% reported) in 2017

Testo del comunicato

Vedi allegato.

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The Board of Directors of Nice S.p.A. approves the draft financial statements as at 31 December 2017

Adjusted[1] net profit up 28.5% (+75.0% reported) in 2017

- **Consolidated turnover of Euro 325.0 million (+8.5% at current exchange rates compared to 2016 in the Home and Building Automation business)**
- **Adjusted[2] EBITDA of Euro 52.4 million (16.1% incidence on sales) up 14.7% compared to Euro 45.7 million (14.8% incidence on sales) in 2016**
- **Adjusted[1] net profit of Euro 24.8 million, up 28.5% compared to Euro 19.3 million in 2016**
- **Positive net financial position of Euro 1.4 million**
- **Net Working Capital: Historical record of lowest incidence on sales equal to 16,9% (19,4% at 31 December 2016)**
- **Dividend per share at Euro 0,1 (equal to approximately 50% of Group Net Profit)**

Oderzo (TV), 14 March 2018 – The Board of Directors of Nice S.p.A. – listed on the STAR segment of Borsa Italiana – approved the draft consolidated and statutory financial statements as at 31 December 2017

Lauro Buoro, Chairman of Nice, said: *The Nice Group closed the 2017 financial year very satisfactorily with numerous and significant feedback from our stakeholders confirming the validity of the strategic initiatives undertaken by the Group with the investment in plans for the development of new technologies, products, processes, systems and markets. The 2017 financial year closed with a considerable growth in revenues and an even more significant improvement in profitability at all levels of the income statement. In 2017, the Group's financial solidity is confirmed with the net financial position, which is positive, net of significant investments during the year and as a result of the extremely effective working capital management. Based on this performance we decided to reward our stakeholders with a dividend equal to the 50% of Nice Group's result. We continue with determination and enthusiasm in the implementation of the strategic directives undertaken with the aim of creating lasting and sustainable value for our shareholders.*

Consolidated Revenues

In 2017, revenues achieved by the Nice Group, in the Home and Building Automation business, increased by 8.5% at current exchange rates and by 8.0% at constant exchange rates compared to the previous year. Sales for the year amounted to Euro 325.0 million compared to Euro 299.5 million in 2016, highlighting a significant increase in emerging markets and in some historical markets.

Geographical Sales Breakdown – Home and Building Automation Business[3]

The following is an analysis of revenues in the Home and Building Automation Business in 2017 compared to the previous year.

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(Euro Million)	2017	%	2016	%	Δ %	Δ % (2)
France	43.1	13.3%	40.3	13.5%	7.0%	7.0%
Italy	32.2	9.9%	32.5	10.8%	-1.0%	-1.0%
Europe 15 (1)	87.3	26.9%	84.0	28.0%	4.0%	4.5%
Rest of Europe	58.1	17.9%	54.5	18.2%	6.5%	6.9%
Rest of the world	104.3	32.1%	88.3	29.5%	18.1%	15.7%
Total Revenues	**325.0**	**100.0%**	**299.5**	**100.0%**	**8.5%**	**8.0%**

(1) Excludes France and Italy
(2) At constant exchange rates

Sales in France in the 2017 financial year amounted to Euro 43.1 million, up 7.0% compared to 2016.

With reference to Italy, the turnover achieved in 2017 was Euro 32.2 million, down by 1.0% compared to 2016.

Revenues in Europe-15 in 2017 amounted to Euro 87.3 million, up 4.0% at current exchange rates and 4.5% at constant exchange rates compared to the previous year.

In 2017, sales in the Rest of Europe amounted to Euro 58.1 million, up 6.5% at current exchange rates and 6.9% at constant exchange rates, compared to the previous year.

Turnover achieved in the Rest of the world in 2017, with a share of 32.1% of the Group's turnover, is up 18.1% at current exchange rates and 15.7% at constant exchange rates compared to 2016, with a turnover of Euro 104.3 million.

Geographical Sales Breakdown

For completeness of information, below is the breakdown of revenues by geographical area in 2017 compared to the overall revenues of the Nice Group in 2016.

In 2017, the Nice Group achieved revenues of Euro 325.0 million, up 5.1% at current exchange rates and 4.6% at constant exchange rates compared to 2016.

(Euro Million)	2017	%	2016	%	Δ %	Δ % (2)
France	43.1	13.3%	41.6	13.4%	3.8%	3.8%
Italy	32.2	9.9%	36.3	11.7%	-11.3%	-11.3%
Europe 15 (1)	87.3	26.9%	86.1	27.8%	1.5%	2.0%
Rest of Europe	58.1	17.9%	55.0	17.8%	5.5%	5.9%
Rest of the world	104.3	32.1%	90.2	29.2%	15.7%	13.2%
Total Revenues	**325.0**	**100.0%**	**309.1**	**100.0%**	**5.1%**	**4.6%**

(1) Excludes France and Italy
(2) At constant exchange rates

Profitability Indicators

In 2017, the gross profit (calculated as the difference between revenues and cost of sales) was Euro 172.9 million, up 5.3% compared to Euro 164.2 million in 2016 and with an incidence on turnover equal to 53.2% compared to 53.1% of the previous year.

As at 31 December 2017, adjusted[2] EBITDA amounted to Euro 52.4 million (Euro 50.5 million reported), with an incidence on sales of 16.1% compared to Euro 45.7 million in 2016 (Euro 44.5 million reported), with an incidence on sales of 14.8%.

The adjusted[1] Group net profit for 2017 was Euro 24.3 million (Euro 22.9 million reported) compared to Euro 19.0 million adjusted (Euro 13.1 million reported) of 2016.

Statement of Financial Position and Statement of Cash Flow

Net working capital as at 31 December 2017 amounted to Euro 54.9 million, compared to Euro 62.2 million as at 31 December 2016.

As at 31 December 2017, the Group's net financial position is positive by Euro 1.4 million compared to Euro 5.9 million as at 31 December 2016. In 2017 capex amounted to Euro 20.7 million.

Significant events after the reporting period

At the beginning of January 2018, the Nice Group completed the acquisition of 100% of the capital of Linear Equipamentos and Serviços Ltda for an amount equal to 35 million Brazilian Real. Moreover, an earn-out option is envisaged linked to the turnover that the acquired company will perform in 2018.

Dividends

The Board of Directors, considering the Group's strong financials and proven ability to generate cash flows, resolved to propose to the Shareholders' Meeting to be convened on 24 April 2018 on first call the distribution of Euro 0.1 dividend per share. The ex-date is 30 April 2018, the record date is 2 May 2018 and the payment date is 3 May 2018.

Proposal to renew the authorisation to buy and sell treasury shares

The Board of Directors resolved to submit to the Shareholders' Meeting the authorisation to renew the programme to buy and/or sell treasury shares, in order to:
(a) seize an attractive opportunity to invest and/or improve the Company's financial structure;
(b) contribute, in accordance with applicable laws and regulations, to stabilising the Company's share price in the face of market contingencies, improving the stock's liquidity;
(c) make use of Treasury shares: (i) for the purposes of stock option plans for executive directors and employees, including the executives and employees of the Company and its subsidiaries, (ii) for the purposes of acquisitions or the potential issue of bonds convertible into Company shares, (iii) to efficiently invest the Company's liquidity;
(d) have a crucial instrument providing operational and strategic flexibility.
The main characteristics of the proposed programme are: length of 18 months from the date of the relevant Shareholders' Meeting resolution; maximum number of ordinary shares whose total par value, including the shares held by the Company and its subsidiaries, shall not exceed one fifth of the share capital, to be purchased at a price that shall not be more than 20% lower or higher than the closing price for the day before any individual purchase. Purchases of Treasury shares will be made in compliance with current laws and regulations through various methods: (i) public tender or exchange offer, (ii) on regulated markets, (iii) purchase or sale of derivatives involving the physical delivery of the underlying shares, or (iv) attribution of sell options to shareholders or (iv) attribution to shareholders of sales options, (v) in the conduct of systematic internalisation activity in non-discriminatory manner and that imply automatic and non-discretionary execution of transactions based on pre-set parameters, (vi) in the manner established by the market practice permitted by Consob pursuant to article 13 of Regulation (EU) no. 596/2014 of the European Parliament of 16 April 2014, (vii) under the conditions indicated by article 5 of Regulation (EU) no. 596/2014 of the European Parliament of 16 April 2014. Each purchase and/or sale shall be for an amount not 20% lower or higher than the closing price per share recorded in the Stock Exchange during the day preceding every single transaction.
The Parent Company did not trade in either treasury shares or the shares of parent companies in 2018, and held 5.336.000 treasury shares as at the current date. The subsidiaries do not own any shares in the Parent Company.

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Other resolutions of the Board of Directors and the Shareholders' Meeting

The Board of Directors of Nice S.p.A. has approved the Report on Corporate Governance and Ownership Structure for the year 2017 as well as the 2018 Report on Remuneration.

The Board of Directors of Nice S.p.A. has also resolved to convene the Ordinary Shareholders' Meeting at the Company's registered office on 24 April 2018 at 17:00 on first call, and 26 April 2018 on second call at the same time and place, if required. The notice of meeting with the items on the agenda will be published in accordance with applicable laws and regulations.

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Nice S.p.A.

Established in the early 1990s and listed on the STAR Segment of Borsa Italiana, Nice S.p.A. is international reference Group in the Home and Building Automation business, with a comprehensive offering of integrated automation systems for gates, garage doors, parking systems, wireless alarm systems and solar screens, for residential, commercial and industrial buildings.

The Nice Group has proceeded with strategic plans of geographical expansion and strengthening in markets with high growth potential; extension, completion and integration of the product lines in the different business units; branding actions to compete in new market segments. Nice exports its products, which combine technological innovation and design, to over 100 countries, generating more than 85% of the Group's consolidated revenues abroad.

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Statement of the Financial Reporting Manager

Under article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the Assigned Manager in charge of the editing of corporate accounting documents, Ms Denise Cimolai, states that the accounting information contained in this press release complies with all documentary evidence, books and accounting records.

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This Press release is available on the Company's website www.thenicegroup.com and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

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Annexes:

Nice Consolidated Report[4]

Profit and Loss

(Euro Million)	2017	%	2016[5]	%	Δ %
Revenues	**325.0**	**100.0%**	**309.1**	**100.0%**	**5.1%**
Cost of goods sold	(152.1)	-46.8%	(144.9)	-46.9%	
Gross Profit	**172.9**	**53.2%**	**164.2**	**53.1%**	**5.3%**
Industrial costs	(9.6)	-3.0%	(9.7)	-3.1%	
Marketing costs	(10.8)	-3.3%	(9.5)	-3.1%	
Trade costs	(14.4)	-4.4%	(15.1)	-4.9%	
General costs	(23.0)	-7.1%	(23.8)	-7.7%	
Personnel costs	(64.5)	-19.9%	(61.5)	-19.9%	
Total Operating Costs	**(122.4)**	**-37.7%**	**(119.7)**	**-38.7%**	
EBITDA	**50.5**	**15.5%**	**44.5**	**14.4%**	
EBITDA adjusted [2]	***52.4***	***16.1%***	***45.7***	***14.8%***	***14.7%***
Depreciation and amortisation	(10.3)	-3.2%	(16.2)	-5.2%	
EBIT	**40.2**	**12.4%**	**28.3**	**9.2%**	
EBIT adjusted [6]	***42.1***	***13.0%***	***36.6***	***11.8%***	***15.2%***
Financial management and other costs	(4.5)	-1.4%	(2.7)	-0.9%	
Pre-tax profit/loss	**35.7**	**11.0%**	**25.6**	**8.3%**	
Taxes	(12.3)	-3.8%	(12.2)	-4.0%	
Net profit/loss	**23.4**	**7.2%**	**13.4**	**4.3%**	
Net profit/loss adjusted [1]	***24.8***	***7.6%***	***19.3***	***6.2%***	***28.5%***
Profit/Loss attributable to non-controlling interests	0.5	0.2%	0.2	0.1%	
Group net profit/loss	**22.9**	**7.1%**	**13.1**	**4.3%**	
Group net profit/loss adjusted [1]	***24.3***	***7.5%***	***19.0***	***6.2%***	***27.6%***

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Statement of Financial Position

(Euro million)	31/12/2017	31/12/2016
Intangible assets	114.6	114.0
Tangible assets	56.1	51.2
Other fixed assets	9.8	13.0
Fixed assets	**180.5**	**178.2**
Trade receivables	54.1	56.7
Inventory	62.6	62.6
Trade payables	(54.8)	(49.9)
Other current assets/(liabilities)	(7.1)	(7.2)
Net Working Capital	**54.9**	**62.2**
% on sales (12 months)	16.9%	19.4%
Severance and other funds	**(17.7)**	**(28.1)**
Net Invested Capital	**217.8**	**212.3**
Group equity	220.0	219.4
Equity attributable to non-controlling interests	(0.8)	(1.2)
Total shareholders' equity	**219.2**	**218.2**
Cash and cash equivalents	(55.7)	(70.6)
Financial assets	(2.8)	(4.8)
Total debt	57.1	69.4
Net Debt	**(1.4)**	**(5.9)**
Net Invested Capital	**217.8**	**212.3**

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Statement of cash flows

(Euro million)	2017	2016
Net profit/loss	23.4	13.4
Amortisation, depreciation and other non-monetary changes	13.8	16.0
Change in Net working capital	3.9	12.1
Cash flow from operating activities	**41.1**	**41.5**
Investments	(20.7)	(22.8)
Operating free cash flow	**20.4**	**18.6**
Acquisitions and Dismissals	(12.7)	(9.7)
Free cash flow	**7.7**	**8.9**
Net Financial Position of the acquired companies	0.0	(0.3)
Dividend paid out	(11.1)	(7.8)
Other changes	(1.1)	4.6
Subtotal	**(12.2)**	**(3.5)**
Changes in the net financial position	**(4.5)**	**5.4**
Initial net financial position	**5.9**	**0.5**
Final net financial position	**1.4**	**5.9**

[1] The 2017 results have been redefined considering the non-recurring expenses related to the move of the production plant in Germany for about Euro 1 million and about Euro 0.9 million for the restructuring of activities in Italy and the USA. The tax effect associated with these adjustments is approximately Euro 0.5 million. At 31 December 2016, the adjustment referred to the exclusion of expenses incurred for the redefinition of the US operating structures and costs related to the M&A transactions for a total of Euro 1.1 million and the impairment effect on the FontanaArte brand and the property used as the FontanaArte premises, following fair value measurements, written down respectively by Euro 4.8 million and Euro 2.0 million, with a related tax effect amounting to Euro 2.3 million.

[2] The 2017 results have been redefined considering the non-recurring expenses related to the move of the production plant in Germany for about Euro 1 million and about Euro 0.9 million for the restructuring of activities in Italy and the USA. At 31 December 2016, the adjustment referred to the exclusion of expenses incurred for the redefinition of the US operating structures and costs related to the M&A transactions for a total of Euro 1.1 million.

[3] The 2016 results have been restated pro-forma excluding sales from the FontanaArte operating unit.

[4] Results as at 31 December 2017 and 31 December 2016 have been fully audited.
This press release includes some non-IFRS Alternative Performance Measures in order to provide a better understanding of the Group's financial performance and financial position. Here below are the alternative performance measures:

- "Gross Profit" is defined as the difference between revenue and the cost of goods sold (consisting of the sub-items "Purchase of basic components", "Outsourced processing" and "Change in inventories").
- "EBITDA" represents net profit before depreciation & amortisation, impairment, finance income & expenses, and taxes.
- "Net working capital" is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (due within 12 months) and other current liabilities when related to ordinary operations.
- "Net capital invested" is defined as the algebraic sum of Net working capital (as defined above), fixed assets, other non-current assets and non-current liabilities (the latter net of medium/long-term loans).
- "Net financial debt" or "Net financial position" is a measure of the Company's financial structure and is defined as current and non-current financial debts less cash and cash equivalents.
- "Free Cash Flow" is defined as the sum of cash flows from/(used in) operating activities and cash flows from/(used in) investing activities.

[5] Some items of the Income Statement at 31 December 2016 were reclassified for comparability with figures at 31 December 2017

[6] At 31 December 2017, the adjustment referred to as outlined in note (2). At 31 December 2016, the adjustment referred to as outlined in note (2). and the impairment effect on the FontanaArte brand and the property used as the FontanaArte premises, following fair value measurements, written down respectively by Euro 4.8 million and Euro 2.0 million.

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