

# Interim Report

31 January

# 2019

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Sesa SpA , Registered office: Via Piovola no. 138 – 50053 Empoli  
(Province of Florence) - Share Capital: Euro 37,126,927; Fiscal  
Code, Florence Register of Companies and VAT no. 07116910964

The logo for Sesa s.p.a. features the word "Sesa" in a stylized, blue, sans-serif font. The letter "S" is particularly large and has a unique, curved shape. To the right of "Sesa" is the text "s.p.a" in a smaller, standard sans-serif font.

# Content

Governing and supervisory bodies of Sesa SpA	2
Highlights of Group results	3
Main Financial Indicators	4
Structure of the Sesa Group at 31 January 2019	5
Foreword	6
Accounting policies and standards	6
Significant events in the period	7
Operating conditions and business development	9
Performance of operations	14
General economic and trend	14
Development of demand and performance of the sector in which the Group operates	15
Main income statement data of the Sesa Group	16
Main balance sheet data of the Sesa Group	19
Main income statement data of the VAD sector	21
Main income statement data of the SSI sector	22
Main income statement data of the Corporate sector	23
Segment Reporting	24
Relations with subsidiaries, associates, controlling companies and related concerns	26
Significant events after the period-end	26
Outlook on operations	26
Annexes	27
Attestation pursuant to article 154 bis of of Italian Legislative Decree no. 58/98	32

# Governing and supervisory bodies of Sesa SpA

## Board of Directors

### Holding office until

Paolo Castellacci	Chairman	approval of the FS at 30.04.2021
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2021
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2021
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2021
Angela Oggionni	Independent Director	approval of the FS at 30.04.2021
Luigi Gola	Independent Director	approval of the FS at 30.04.2021
Maria Chiara Mosca	Independent Director	approval of the FS at 30.04.2021
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2021

To the Chairman, Paolo Castellacci, were granted all powers of ord. management for the strategic management of relations with Vendors and suppliers, power to represent the company legally and institutional relations.

To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary management related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, management of human resources, carrying out banking transactions and the management of equity investments in Corporate & Services segment.

## Corporate Governance Committees

### Holding office until

#### Strategic Committee

Paolo Castellacci (Chairman), members Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari, Luigi Gola approval of the FS at 30.04.2021

#### Control and Risk Committee and Related parties Committee

Maria Chiara Mosca (Chairman), members Luigi Gola, Angela Oggionni approval of the FS at 30.04.2021  
Director in charge of internal control Alessandro Fabbroni approval of the FS at 30.04.2021

#### Remuneration Committee

Luigi Gola (Chairman), members Angela Oggionni, Maria Chiara Mosca approval of the FS at 30.04.2021

## Board of Statutory Auditors

### Holding office until

Cerati Giuseppe	Chairman	approval of the FS at 30.04.2021
Luca Parenti	Standing auditor	approval of the FS at 30.04.2021
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2021
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2021
Paola Carrara	Alternate auditor	approval of the FS at 30.04.2021

## Supervisory Board pursuant to Law 231/2011

### Holding office until

Luca Parenti	Chairman	approval of the FS at 30.04.2021
Cerati Giuseppe	Member	approval of the FS at 30.04.2021
Chiara Pieragnoli	Member	approval of the FS at 30.04.2021

Michele Ferri, Internal Audit Manager

## Independent Auditors

### Holding office until

Independent Auditors in charge of statutory audit of accounts	PricewaterhouseCoopers SpA	approval of the FS at 30.04.2022
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Francesco Billi, Controller and Manager of administrative processes

## Listing Market

Electronic stock market (MTA), Milan (Italy)	Segmento STAR
Share Capital (Euro)	37,126,927,50
Outstanding shares	15,494,590
Stake held by the controlling company ITH SpA	52.81%
Specialist operator	Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

## Highlights of Group results

### Consolidated income statement data at 31 January of each year (9 months)

(in thousand of Euros)	2019	2018	2017	2016	2015
Revenues	1,139,359	984,419	937,701	896,668	775,298
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	53,297	45,882	42,374	39,239	39,809
EBIT	38,370	34,347	33,581	32,141	30,500
EBT	36,016	32,611	30,585	28,498	26,017
Profit (loss) for the period	25,030	22,596	20,327	18,542	16,307
Profit (loss) for the period attributable to the Group	22,147	20,105	19,030	17,916	15,876

### Consolidated balance-sheet data at 31 January of each year

(in thousand of Euros)	2019	2018	2017	2016	2015
Total Net Invested Capital	237,189	229,091	221,500	208,900	200,893
Total equity	224,628	208,470	192,808	173,773	155,628
- attributable to the Group	213,132	198,244	184,604	166,276	151,940
- attributable to non-controlling interests	11,496	10,226	8,204	7,497	3,688
Net Financial Position (Net Liquidity)	12,561	20,621	28,692	35,127	45,265
Total Equity and Net Financial Position	237,189	229,091	221,500	208,900	200,893

### Consolidated profitability ratio at 31 January of each year (9 months)

	2019	2018	2017	2016	2015
EBITDA / Revenues (1)	4.68%	4.67%	4.52%	4.38%	5.13%
Profit attributable to the Group / Revenues	1.94%	2.04%	2.03%	2.00%	2.05%

(1) For further details, please refer to the Interim Report

### Human Resources, amount at period-end (2)

(units or thousand of Euros)	2019	2018	2017	2016	2015
Number of employees at period-end	1,793	1,657	1,385	1,201	962
Average number of employees	1,717	1,542	1,300	1,080	968

(2) Including fixed-term contracts, excluding internships

## Main Financial Indicators

### Financial indicators

<b>Sesa</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
(Euro)					
Trading stock Market	MTA - Star	MTA - Star	MTA - Star	MTA - Star	MTA
Stock price (31 January of each year)	26.25	26.80	18.68	14.42	13.28
Dividend per share (1) (*)	0.60	0.56	0.48	0.45	0.45
Dividend paid (in million of euros) ) (2)	9.297	8.677	7.408	6.964	6.984
Pay Out Ratio (3)	31%	32%	30%	31%	32%
Outstanding shares (in million of euros at 31 January of each year)	15.49	15.49	15.49	15.65	14.85
Market capitalisation (in million of euros at 31 January of each year)	406.7	415.3	289.4	225.7	197.2
Market to Book Value (**)	1.8	2.0	1.5	1.3	1.3
Dividend Yield (on Stock price at 31 January) (***)	2.3%	2.1%	2.6%	3.1%	3.4%
<b>Sesa</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
(Euro)					
Earnings per share (base) (****)	1.74	1.62	1.55	1.40	1.48
Earnings per share (diluted) (*****)	1.73	1.62	1.54	1.39	1.40

(1) For the FY ended 30 April 2018 calculated according to the resolution on dividends approved by the Shareholders' Meeting of 24 August 2018

(2) Dividend gross of treasury shares

(3) Dividend gross of treasury shares/Consolidated Net Profit

(\*) Dividends paid in the following year in respect of the profit accruing at 30 April each year

(\*\*) Market Capitalisation as of 31 January of every Fiscal Year/Consolidated Group equity at 31 January each year

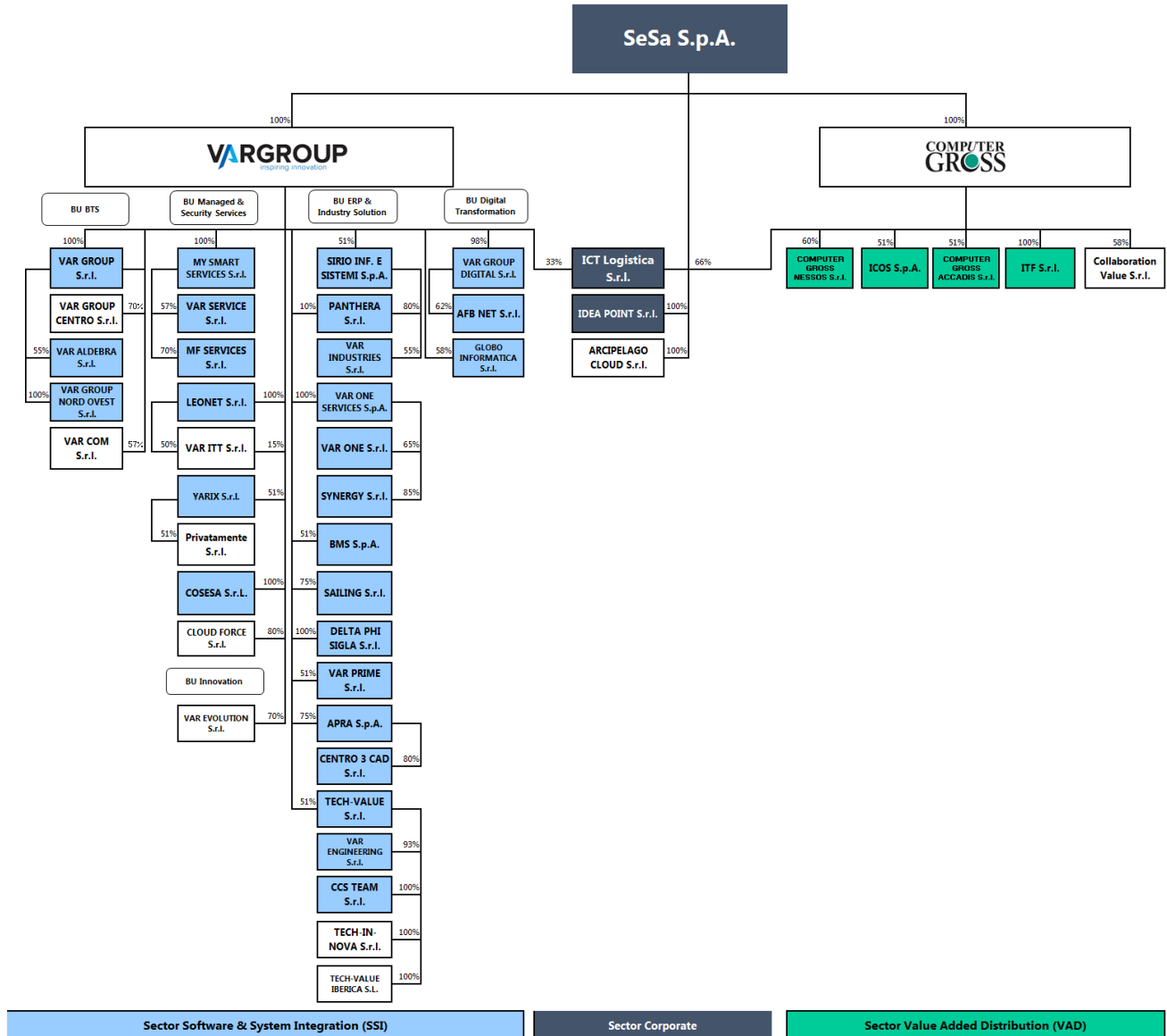
(\*\*\*) Dividend per share/market value per share as of 31 January of every Fiscal Year

(\*\*\*\*) Consolidated net profit as of 30 April/average number of ordinary shares net of treasury shares in portfolio as of 30 April

(\*\*\*\*\*) Consolidated net profit as of 30 April/average number of ordinary shares as of 30 April net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grants Plans, warrants and/or convertible bonds. At the reporting date there are no warrants nor any kind of convertible bonds outstanding

## Structure of the Sesa Group at 31 January 2019

The Sesa Group is organised into three main divisions. The VAD Segment (Value-Added IT Distribution) managed through the subsidiary Computer Gross Italia SpA, the Software and System Integration Segment (SSI), which offers through the subsidiary Var Group SpA value IT solutions to customers belonging to the SME and Enterprise segment and the Corporate segment, which manages corporate functions, financial and operational platform, human resources and strategies for all Group's companies through the parent company Sesa SpA.



Subsidiaries, consolidated on a line-by-line basis, are marked azure (companies belonging to the System and Software Integration Segment), green (companies belonging to the Value-Added ICT Distribution Segment) and blue (companies belonging to the Corporate Segment). Associated companies are marked grey (share capital between 20% and 50%) and valued at equity, and subsidiaries, valued at cost inasmuch as they are not significant and/or not yet operational, are marked white.

Among the changes in the scope of consolidation recorded in the period ended 31 January 2019, it should be noted the entry into the SSI sector of Panthera Srl since May 2018, operating in the ERP market for the SME and Enterprise customers. Icos SpA (VAD sector) and Tech-Value srl, and its subsidiaries, (SSI sector), entered in the scope of consolidation in the previous fiscal year, respectively, since November 2017 and January 2018.

For further details about the scope of consolidation and subsidiaries and associated companies please refer to the annexes to the Half-Year Financial Report at 31 October 2018.

## Foreword

The information included in this Interim Report and the comments reported therein are intended to provide an overview of the patrimonial, financial and economic position of Sesa Group (hereinafter the "Group"), the relative changes that occurred during the period, as well as the significant events that have occurred affecting the result of the period.

The Interim Report at 31 January 2019 is referred to the first nine months and represents the third quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2019.

For a better evaluation of the economic-financial trend of the Group, in this Report are presented the Reclassified Balance Sheet and Income Statement for the period ended at 31 January 2019 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 January 2019 has not been audited.

## Accounting policies and standards

The Interim Report of Sesa Group at 31 January 2019 (hereinafter the "Interim Report") has been prepared pursuant to art.154-bis, paragraph 5 of Legislative Decree no. 58/1998 and the provisions of Consob. The interim Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the time of approval of this Interim Report. Consolidated income statement, statements of financial position, statement of cash flows and statement of changes in equity at 31 January 2019 are set out in the attached annex.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 January 2019 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2018, taking into account those specifically applicable to interim reports. The Interim Report at 31 January 2019 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 January 2019. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

Some estimates and assumptions have been made that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim report. They have been applied consistently to the periods and the comparative periods showed in this document. In addition to the financial measures envisaged by the IFRS, other measures deriving from the latter are also illustrated in the interim report, despite not being envisaged by the IFRS (Non-GAAP Measures). These measures are presented in order to allow a better assessment of the Group's operations and are not considered as alternative to those envisaged by IFRS.

## Significant events in the period

During the period Sesa Group achieved a double digit growth in revenues and profitability, higher than the Group's long-term growth trend (2011-2018 revenues CAGR +9%, 2011-2018 Ebitda CAGR +9.1%), resulting from a favourable trend in digital transformation demand of the Italian economy and the success of the strategy of increasing focus on high value-added business areas. The positive results concerned both the Value Added Distribution (VAD) sector and the Software and System Integration (SSI) sector, benefiting from the integrating process of recent corporate acquisitions: external growth driver contributed to the development of the business in the period for about 30% in revenues and about 45% in Ebitda.

Total Revenues and Other income in the period amounted to Euro 1,146 million, with a 15.5% growth compared to 31 January 2018. The consolidated Ebitda is equal to Euro 53.3 million, up by 16.2% compared to the previous period. The consolidated Net profit after non-controlling interests (Net profit attributable to the Group) at 31 January 2019 reached a total of Euro 22.1 million with a 10.2% growth compared to 2018.

In the first nine months at 31 January 2019 the **VAD sector** showed an increase in revenues equal to 16.1% and in Ebitda of 14.6% compared to the previous year, achieved through commercial initiatives, the expansion of the portfolio of brands distributed, investments in human capital and increasing operating efficiency. The results at 31 January 2019 confirmed the sector's growth trend already achieved in the interim reports at 31 July 2018 and 31 October 2018 and strengthened Computer Gross Italia as the Italian market leader in the distribution of IT high value-added solutions with a further increasing market share (45.2%) compared to the previous year (Source Sirmi, January 2019). Business initiatives also included:

- the launch of the "Solution Up" portal, a market place dedicated to cloud solutions offered by Vendors that integrates the advantages of an innovative tool (catalog, Multicloud integrated solutions) with specialized support, IT consulting and training services;
- the creation of a specialized team and a portal dedicated to offering solutions of Conferencing, Digital Signage, Signal Management, Media Streaming and Webcasting for System integrator and corporate reseller markets;
- the widening of the offering in the Security and Analytics sector thanks to the increase in brands distributed and the development of technical and integration services supporting the channel;
- the set up of the subsidiary Collaboration Value Srl dedicated to offering of design services on the main technological trends, with over 30 specialized technicians certified in innovative technologies;
- the integration of the subsidiary Icos SpA for the whole period of 9 months at 31 January 2019, compared with only 3 months at 31 January 2018, contributing to the sector's growth in the period for about 15% of revenues and 10% of Ebitda.

The **SSI sector**, active in offering IT services and solutions to SME and Enterprise segments, reinforced the growth trend in revenues and profitability (up by 15.2% and 23.2% respectively at 31 January 2019 compared to the previous period), supported by the development of the most profitable business areas (ERP & Industry Solutions, Managed and Security Services, Digital Solutions). The double-digit growth in turnover and operating profitability, already recorded in the previous three-years and in the Half-year financial report at 31 October 2018, benefited significantly from the corporate acquisitions. In particular, the change in the scope of consolidation through acquisitions (including Tech-Value Srl, active in IT services and PLM solutions for "engineering intensive" customers, and Panthera Srl, active in the ERP market for SME and Enterprise customers) contributed for approximately 50% and 75% respectively to revenues and operating profitability growth at 31 January 2019.

In the first nine months of the year, it should be noted the following main business initiatives:

- the acquisition of the ERP Panthera branch on 7 May 2018 by the subsidiary Panthera Srl. The contribution of Panthera Srl to Sesa Group's results is recognized starting from May 2018;
- the reorganization and development of the offering of Var Engineering Srl, a competence center in the Digital Manufacturing sector, whose consolidation started in May 2018;
- the beginning of the reorganization process of SSI's shareholding structure aimed at simplifying the corporate governance and control chain;



- strengthening governance and control with reference to the controlling interests held in Sailing Srl, Synergy Srl and Yarix Srl.

Among the significant operations after the period end, it should be noted the acquisition in February 2019 of 60% of PBU CAD-Systeme GmbH ("PBU"), a company with over 20 years of experience in the design services and PLM (Product Lifecycle Management, Process Transformation) solutions and Digital & Virtual Manufacturing segments for manufacturing companies. PBU is based in Aichach (Bavaria) and branches in Filderstadt (Stuttgart) and Moers (Düsseldorf), a qualified staff of about 40 technical resources and a historic partnership with Siemens Industry Software, with a customer set of over 600 German manufacturing companies engineering intensive, with a strong focus on digital transformation.

For the acquisition, carried out through the subsidiary Tech-Value Srl specialized in the offer of IT and PLM solutions for manufacturing companies, an amount equal to Euro 3.84 million for 60% of PBU was paid at the purchase time, plus an Earn Out up to Euro 960 thousand on the basis of management and profit continuity in the period 2018-2021. The PBU founders will be involved and committed in the lead and management of PBU after the operation with the right to exercise a put option for the sale of the remaining 40% of PBU exercisable in January 2022 or January 2025 with liquidation mechanisms on a three-year basis following the exercise time and incentives based on the continuity of the profitability and business development.

PBU recorded in the last fiscal year at 31 December 2017 revenues of approximately Euro 8.5 million, an Ebitda of Euro 917 thousand, a Net profit of Euro 619 thousand and an annual average Net Financial Position ("PFN") positive for about Euro 2 million. The fiscal year 2018 recorded preliminary revenues equal to approximately Euro 8.5 million and an expected profitability in 2019 in line with 2017. PBU will entry in Sesa Group's scope of consolidation starting from February 2019.

Among the events of the Corporate governance, on 12 July 2018 the Board of Directors of Sesa SpA approved the draft of the separate and consolidated financial statements of Sesa SpA at 30 April 2018, proposing the distribution of a dividend of Euro 0.60 per share, with a 7.1% increase compared to Euro 0.56 per share of the previous year, with dividend payment date on 24 September 2018.

The Shareholders' Meeting held on 24 August 2018 approved the Financial Statements as at 30 April 2018, the related proposal to distribute the dividend of Euro 0.60 per share.

The Shareholders' Meeting also approved the proposal to authorize the acquisition and disposal of ordinary treasury shares and provided for the renewal of the corporate bodies for the next three years.

The Chairman, Paolo Castellacci, the CEO, Alessandro Fabbroni, as well as the Executive Vice-Chairmen, Giovanni Moriani and Moreno Gaini. Furthermore Maria Chiara Mosca, as an independent director appointed by the minority shareholders on the basis of the statutory mechanism of the voting list, and Angela Oggioni and Luigi Gola, and Angelica Pelizzari as Non-Executive Directors, have been nominated.

## Operating conditions and business development

The Sesa Group is a major Italian operator in offering of value-added IT services and solutions and partner of the leading international software and hardware vendors for the enterprise segment. The Sesa Group is able to offer a wide range of software and hardware solutions in addition to the integration and specialised consultancy services in support of their own clients.

The Group's activities are divided into three segments:

- the Corporate segment includes the activities relating to the governance and management of the Group's operating machine and financial platform, centralized at the parent company Sesa SpA. In particular, for the main operating companies of the Group, the Administration, Finance and Control, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by the fully owned subsidiary ICT Logistica srl. The Corporate segment also includes Cloud Computing and marketing services supporting the ICT Channel provided by Arcipelago Cloud Srl and Idea Point Srl;
- the VAD segment includes the activities involved in the value-added distribution of the main software and hardware technologies focusing on datacentre, enterprise software and networking segment. The VAD division is managed by the subsidiary Computer Gross Italia SpA and focuses on value products (servers, storage, software enterprise, networking and systems);
- the Software and System Integration (SSI) segment, includes the activities involved in the supply of IT services and solutions, software solutions and to support the digital transformation, IT consultancy aimed at supporting customer companies, focusing on SME and Enterprise segments. The Software and System Integration division is managed by the fully owned subsidiary Var Group SpA;

Below is a summary of the companies belonging to the Sesa Group (consolidated on a line-by-line basis) divided by business segment:

### **Corporate Segment**

#### **Sesa SpA**

The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, corporate and legal affairs services for the main companies of the Group and also acts as a holding company. The shares of the Parent Company Sesa SpA are listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*), STAR Segment.

Sesa holds full control over Computer Gross Italia SpA and Var Group SpA, managing the functions of Administration, Finance and Control, Human Resources and Training, Organization, Information Technology, Investor Relations, Corporate Affairs and Corporate Governance, Legal and Audit for the main companies of the Group.

#### **ICT Logistica Srl**

The Company, which is 100% owned by Sesa SpA (of which 66.66% through Computer Gross Italia and 33.33% through Var Group SpA) provides logistics services (product storage, assembly, customisation and handling) applied to ITC on behalf of main Group's companies and other relevant customers operating in such sector.

#### **Arcipelago Cloud Srl**

The Company, which is wholly owned by Sesa SpA, is engaged in the provision of cloud computing services to support the ICT distribution channel. It designs, implements and develops cloud computing solutions.

### **Idea Point Srl**

The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel and operating companies of the Group.

### **Software and System Integration segment (SSI)**

#### Business Unit Business Technology Solutions ("BTS")

### **Var Group SpA**

The Company, which is 100% owned by Sesa SpA, is one of the reference system integrators of the Italian IT market for the SME and Enterprise segments with a turnover of around Euro 290 million at 30 April 2018 (including subsidiaries). Var Group has developed an integrated offer of IT solutions with a model based (also through its subsidiaries) on 4 business units: Business Technology Solutions, Managed and Security Services, ERP & Industry Solutions, Digital Solutions.

The Financial Solutions and Innovation business units also support the integration of the offer.

### **Var Group Srl**

The Company, which is wholly owned by Var Group SpA, provides IT services and solutions for the parent company Var Group SpA in central Italy.

### **Var Group Nord Ovest Srl**

The Company, which is wholly owned by Var Group Srl, provides IT services and solutions in the North-West of Italy (through the branches of Milan, Turin and Genoa).

### **Var Aldebra Srl**

The Company, which is 55% owned by Var Group srl, provides IT services and solutions in North-Eastern Italy (through the branches of Bologna, Verona, Treviso, Trento e Bolzano).

#### Business Unit Managed & Security Services

### **Leonet Srl**

The Company, which is wholly owned by Var Group SpA, operates in the telecommunications services sector, cloud computing and systems assistance sectors, with a portfolio of services that meets the requirements of business and professional customers.

### **My Smart Services Srl**

The Company, which is wholly owned by Var Group SpA, provides management, maintenance, technical assistance and repair services of computers and IT products on the Italian market.

### **Var Service Srl**

The Company, which is 57.4% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products on the Italian market.

### **MF Services Srl**

The Company, which is 70% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products, in central and northern Italy.

### **Yarix Srl**

The Company, 51% owned by Var Group SpA, provides digital security services towards the Enterprise market and Public Administration. Yarix Srl opened a R&D center in Tel Aviv for the development of innovative security systems.

### **Cosesa Srl**

The Company, which is 100% owned by Var Group SpA, provides Strategic Outsourcing services to the major

corporate customers.

#### Business Unit ERP & Industry solutions

##### **Sirio Informatica e Sistemi SpA**

The Company, which is 51% owned by Var Group SpA, develops and markets proprietary ERP software and proprietary applications for the SME and Enterprise market.

##### **Panthera Srl**

The Company, which is 80% owned by Sirio Informatica e Sistemi SpA and 10% owned by Var Group SpA, operates in the development and marketing of ERP software and proprietary applications for the SME and Enterprise market with customers operating in the main Italian production districts. The Company entered the scope of consolidation from May 2018.

##### **Var Industries Srl**

The Company, which is 55% owned by Sirio Informatica e Sistemi SpA, operates in the technological innovation sector (Industry 4.0), specialized in production, IoT and Energy.

##### **Var One Srl**

The Company, which is 65% owned by Var Group SpA, through Var One Service SpA, provides solutions and integrated services on the SAP Business One platform. Thanks to its network of qualified partners and a widespread presence on the territory it is one of the main SAP Business One expertise centres in Italy.

##### **Synergy Srl**

The Company, 85% owned by Var One Srl, operates in the solutions and integrated services sector on the SAP Business One platform for SME market. Synergy Srl provides consulting, business solutions and services to their customers concentrated in central Italy.

##### **BMS SpA**

The Company, 51% owned by Var Group SpA, is a leading consulting firm, focused on SAP ERP services. BMS SpA operates mainly in Northern Italy, with reference to Enterprise clients. In the period under review, BMS SpA began preparatory activities for the merger with Var One Services SpA aimed at creating a single center in the SAP S4 and SAP Business One services sector, benefiting from industrial and operational synergies.

##### **Apra SpA**

The Company, which is 75% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy that offers software solutions and specific ERP to many production sectors (Furniture, Wine, etc.).

##### **Centro 3Cad Srl**

80% owned by Apra SpA, it develops 3cad products in the furniture industry area.

##### **Sailing Srl**

The Company, which is 75% owned by Var Group SpA, operates in the production and marketing of software and IT services for the Retail sector, with large retailers as major customers.

##### **Var Prime Srl**

The Company, which is 51% owned by Var Group SpA, is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise through integrated solutions and project management.

**Tech-Value Srl**

The Company, 51% owned by Var Group SpA, is specialized in IT services and PLM solutions towards "engineering intensive" companies in manufacturing sector with over 1,000 customers and over 120 resources in its branches in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (VI), Viareggio (LU) and Barcelona (Spain). Tech-Value SpA fully owns the companies CCSTeam Srl, Tech.In-Nova Srl, Tech-Value IBERICA SI and through the latter Tech-Value dels Pirineus s.l., Tech-Value Srl and CCSTeam Srl entered the scope of consolidation starting from January 2018.

**Var Engineering Srl**

The Company, which is 93% owned by Tech-Value Srl, provides IT services and solutions for engineering intensive companies in mechanics sector.

**Delta Phi Sigla Srl**

The Company, which is wholly owned by Var Group SpA, develops and markets software and proprietary applications for the Small Business market. Specifically, it owns the SIGLA++ software platform, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

Business Unit Digital Solutions**Var Group Digital Srl**

The Company, which is 82% owned by Var Group SpA and 12% by Apra SpA, provides IT solutions for its business customers, with particular reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the business and finance segment.

It was completed the corporate merger of the company Agenzia senza Nome Srl, operating in the same sector.

**Globo Informatica Srl**

The Company, which is 58% owned by Var Group SpA, is an IT Consulting company specialized in Digital Transformation solutions enabled by Enterprise Content and Information Management platforms of Vendor's software OpenText, of which it is a key partner for the Documentum Family and point of reference in the Italian market.

**AFB Net Srl**

The Company, 62% owned by Var Digital Srl, is active in the digital transformation sector with specific expertise on digital marketing and social projects and BPM and IBM Asset Management Solutions.

## **Value Added Distribution (VAD) segment**

### **Computer Gross Italia SpA**

The Company, which is wholly owned by Sesa SpA, distributes value-added ICT products to dealers (software houses, system integrators and dealers) with a portfolio of about 12,000 active customers in Italy, which in turn are present and operate in the small and medium business, corporate and public administration markets. Computer Gross Italia SpA is a leading Italian operator in the marketing of products and solutions provided by the main international vendors, including Citrix, Cisco, Dell, EMC<sup>2</sup>, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, VMware. Computer Gross Italia SpA with about 300 employees is organized into Business Units with technical and sales personnel dedicated to market segments (software, networking, POS) and / or to strategic distributed brands.

The Company, with revenues equal to Euro 1,114 million and a net profit of Euro 20.3 million in the year ended 30 April 2018, is Sesa Group's main subsidiary.

Through its subsidiary Collaboration Value Srl, Computer Gross Italia SpA offers assistance services into the main technological trends (planning, installation, assistance, education).

### **Icos SpA**

Icos SpA, 51% owned by Computer Gross Italia SpA, is a value-added distributor of enterprise software and data center solutions on the Italian market with branches in Ferrara, Milan and Rome, with an historical partnership with the Vendor Oracle and furthermore distributor of NetApp, CommVault and other software's Vendor. Icos SpA entered in the scope of consolidation starting from November 2017.

### **Computer Gross Nessos Srl**

Computer Gross Nessos Srl, which is 60% owned by Computer Gross Italia SpA, employs the personnel dedicated to the management of Networking products and solutions, a sector in which it is the Italian market leader thanks to the completeness and added value range of the products offered. In particular, its brand portfolio includes Cisco which is a leading vendor at global level in the networking market.

### **ITF Srl**

The Company, which is wholly owned by Computer Gross Italia SpA, is the related Financial Services business unit, which provides financial services and solutions in support of the customer business partners.

### **Computer Gross Accadis Srl**

The Company, which is 51% owned by Computer Gross Italia SpA, provides Hitachi Data Systems solutions on behalf of its parent Company Computer Gross Italia SpA.

## Performance of operations

### General economic trend

The world economy continues its development trend with an expected GDP growth in the two years 2019-2020 (+3.5% in 2019 and +3.6% in 2020), in slight decrease compared to the two-year period 2017-2018 (+3.8% in 2017 and +3.6% in 2018). The world's future growth appears increasingly uneven among developed and emerging countries with a further rise of the gap in future projections. The reduction of growth in the Euro area and weaknesses of financial market affect on expectations of development of world economy (Source FMI-WEO, January 2019).

In the Euro area, after a two-year 2017-2018 with an average rise greater than 2.0%, the two-year 2019-2020 is expected with lower growth rates, equal to 1.6% in 2019 and 1.7% in 2020, following the impact of the international trade policies undertaken by the United States, the slowing down of the German economy and the weaknesses of the Italian economy (Source FMI-WEO, January 2019).

After last two-year with an average increase in Italian GDP greater than 1%, in two-years 2019-2020 is expected economic slowdown (+0.6% in 2019 and 0.9% in 2020), due to the reduction of domestic demand, export slowdown towards the developed economy and tensions on the national budget that could lead to a further contraction in growth expectations (Source FMI-WEO, January 2019).

The following table shows the final results for 2015, 2016, 2017 and 2018 forecast GDP trend for 2019 and 2020 (source: IMF - WEO, January 2019).

<b>GDP growth rate</b>	<b>Change GDP 2015 (actual)</b>	<b>Change GDP 2016 (actual)</b>	<b>Change GDP 2017 (actual)</b>	<b>Change GDP 2018 (actual)</b>	<b>Change GDP 2019 (expected)</b>	<b>Change GDP 2020 (expected)</b>
World	+3.2%	+3.2%	+3.8%	+3.7%	+3.5%	+3.6%
Advanced Economies	+2.1%	+1.7%	+2.4%	+2.3%	+2.0%	+1.7%
Emerging Market	+4.0%	+4.4%	+4.7%	+4.6%	+4.5%	+4.9%
USA	+2.6%	+1.5%	+2.2%	+2.9%	+2.5%	+1.8%
Japan	+0.5%	+1.0%	+1.9%	+0.9%	+1.1%	+0.5%
China	+6.9%	+6.7%	+6.9%	+6.6%	+6.2%	+6.2%
Great Britain	+2.2%	+1.8%	+1.8%	+1.4%	+1.5%	+1.6%
Euro Area	+2.0%	+1.8%	+2.4%	+1.8%	+1.6%	+1.7%
Italy	+0.8%	+0.9%	+1.6%	+1.0%	+0.6%	+0.9%

## Development of demand and performance of the sector in which the Group operates

The IT market consolidated a trend of progressive development driven by digital transformation of the economy and the development of value-added IT solutions and services: security services, cloud computing, collaboration, digital business, Big Data, Iot, IA/Cognitive.

Since 2015, the IT market in Italy has reversed its trend, showing increasing growth rates with values well above the Gross Domestic Product. The year 2018 closed with a further strengthening of growth (+ 2.3%), with a forecast of market development in 2019 of + 2.6%, due to the digitalisation process of the country and the need for Italian companies to invest in digital transformation (Source Sirmi, January 2019).

IT market growth was mainly favored by development of the segment Management Services, that includes IT services and solutions in the Information Technology's innovative areas and reflects the evolution of the use of technology (Source Sirmi, January 2019).

The following table shows the trend in IT demand in Italy in 2015-2018 and the forecasts for the years 2019 and 2020 (Source: Sirmi, January 2019).

<b>Italian IT Market</b> (in millions of euros)	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>Ch. 16/15</b>	<b>Ch. 17/16</b>	<b>Ch. 18/17</b>	<b>Ch. 19/18</b>	<b>Ch. 20/19</b>
Hardware	5,886	6,006	6,044	6,025	6,000	5,971	2.0%	0.6%	-0.3%	-0.4%	-0.4%
Software	3,857	3,848	3,833	3,845	3,860	3,869	-0.2%	-0.4%	0.3%	0.4%	0.2%
Project Services	3,475	3,423	3,436	3,500	3,560	3,608	-1.5%	0.4%	1.8%	1.7%	1.4%
Management Services	4,970	5,193	5,504	5,900	6,350	6,867	4.5%	6.0%	7.2%	7.6%	8.1%
<b>Total IT Market</b>	<b>18,188</b>	<b>18,470</b>	<b>18,817</b>	<b>19,270</b>	<b>19,770</b>	<b>20,315</b>	<b>1.6%</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.6%</b>	<b>2.8%</b>
<b>O/w Cloud Computing</b>	<b>1,128</b>	<b>1,510</b>	<b>1,862</b>	<b>2,296</b>	<b>2,800</b>	<b>3,397</b>	<b>23.0%</b>	<b>23.3%</b>	<b>23.3%</b>	<b>22.0%</b>	<b>21.35</b>
<i>% Cloud on total IT</i>	6.2%	8.2%	9.9%	11.8%	14.1%	16.7%					

The IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD sector), closed 2018 with a 5% growth, supported by networking, collaboration, enterprise software (analytics, security, ecc.), whose components are associated with the new digital paradigms (Source Sirmi, January 2019).

The SSI segment recorded an average growth of 5% in the two-year period 2017-2018, thanks to the requirements for digital transformation and technological innovation of companies and organizations.

The demand of innovation technology was supported by some emerging trends: Cloud Computing, CyberSecurity, Analytics, Big Data, AI/Cognitive, Blockchain, IoT, showing a double-digit growth (Source Sirmi, January 2019).



## Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 January 2019 is shown below (data in thousand of euros), compared with the reclassified consolidated income statement of the same period of the prior year.

<b>Reclassified income statement</b>	<b>31/01/2019 (9 months)</b>	<b>%</b>	<b>31/01/2018 (9 months)</b>	<b>%</b>	<b>Ch. 2019/18</b>
<b>Revenues</b>	<b>1,139,359</b>		<b>984,419</b>		<b>15.7%</b>
Other income	6,914		8,150		-15.2%
<b>Total Revenues and Other Income</b>	<b>1,146,273</b>	<b>100.0%</b>	<b>992,569</b>	<b>100.0%</b>	<b>15.5%</b>
Purchase of goods	931,203	81.2%	810,911	81.7%	14.8%
Costs for services and leased assets	89,689	7.8%	77,250	7.8%	16.1%
Personnel costs	69,597	6.1%	56,381	5.7%	23.4%
Other operating charges	2,487	0.2%	2,145	0.2%	15.9%
<b>Total Purchase of goods and Operating Costs</b>	<b>1,092,976</b>	<b>95.4%</b>	<b>946,687</b>	<b>95.4%</b>	<b>15.5%</b>
<b>EBITDA</b>	<b>53,297</b>	<b>4.65%</b>	<b>45,882</b>	<b>4.62%</b>	<b>16.2%</b>
Depreciation and Amortisation of tangible and intangible assets (software)	6,285		4,977		26.3%
Amortisation client lists and technological know-how	2,086		1,458		43.1%
Accruals to provision for bad debts and risks and other non-monetary costs	6,556		5,100		28.5%
<b>EBIT</b>	<b>38,370</b>	<b>3.35%</b>	<b>34,347</b>	<b>3.46%</b>	<b>11.7%</b>
Profit from companies valued at equity	610		514		18.7%
Financial income and charges	(2,964)		(2,250)		31.7%
<b>EBT</b>	<b>36,016</b>	<b>3.14%</b>	<b>32,611</b>	<b>3.29%</b>	<b>10.4%</b>
Income taxes	10,986		10,015		9.7%
<b>Net Profit</b>	<b>25,030</b>	<b>2.18%</b>	<b>22,596</b>	<b>2.28%</b>	<b>10.8%</b>
<i>Net profit attributable to the Group</i>	<i>22,147</i>		<i>20,105</i>		<i>10.2%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>2,883</i>		<i>2,491</i>		<i>15.7%</i>
<b>Adjusted EBIT<sup>1*</sup></b>	<b>40,456</b>	<b>3.53%</b>	<b>35,805</b>	<b>3.61%</b>	<b>13.0%</b>
<b>Adjusted EBT<sup>*</sup></b>	<b>38,102</b>	<b>3.32%</b>	<b>34,069</b>	<b>3.43%</b>	<b>11.8%</b>
<b>Adjusted Net Profit<sup>*</sup></b>	<b>26,515</b>	<b>2.31%</b>	<b>23,634</b>	<b>2.38%</b>	<b>12.2%</b>
<i>Adjusted Net Profit attributable to the Group<sup>*</sup></i>	<i>23,632</i>		<i>21,143</i>		<i>11.8%</i>

During the period Sesa Group achieved a growth in revenues and profitability higher than the Group's long-term growth trend (2011-2018 revenues CAGR +9%, 2011-2018 Ebitda CAGR +9.1%).

Consolidated Revenues in the period recorded a 15.7% growth, from Euro 984,419 thousand at 31 January 2018 to Euro 1,139,359 thousand at 31 January 2019, thanks to double-digit growth recorded in both VAD and SSI sectors compared to 31 January 2018.

The positive results concerned both the Value Added Distribution (VAD) sector and the Software and System Integration (SSI) sector, benefiting from the organic growth supported by the investment and development strategy in higher value-added business areas and the integration process of recent corporate acquisitions which contributed to the development of the business in the period for about 30% in revenues and about 45% in Ebitda.

Total Revenues and Other Income in the period up by 15.5%, from Euro 992,569 thousand at 31 January 2018 to Euro 1,146,273 thousand at 31 January 2019.

\* Adjusted Ebit and Adjusted Ebt are gross of the amortization of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process. Adjusted Net profit and Adjusted Net profit attributable to the Group are gross of the amortization of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process, both net of the related tax effects.

In the period, the consolidated Gross Margin<sup>1</sup> showed a 18.4% growth compared to 31 January 2018, rising from Euro 181,658 thousand at 31 January 2018 to Euro 215,070 thousand at 31 January 2019. The ratio between consolidated Gross Margin and Total Revenues and Other Income, equal to 18.76% at 31 January 2019, recorded an increase of 46 basis points compared to 18.30% achieved at 31 January 2018.

The Operating Costs trend, which reflected the Group's increasing focus in high value-added services, showed a total of Euro 161,773 thousand at 31 January 2019 (14.1% of Total Revenues and Other Income) compared to Euro 139,747 thousand at 31 January 2018 (13.7% of Total Revenues and Other Income).

Consolidated Operating Costs are broken down as follows:

(in thousand of euros)	Period ended 31 January				
	2019	%	2018	%	Change
<b>Total Revenues and Other Income</b>	<b>1,146,273</b>	<b>100.0%</b>	<b>992,569</b>	<b>100.0%</b>	
<b>Consolidated Gross Margin</b>	<b>215,070</b>	<b>18.76%</b>	<b>181,658</b>	<b>18.30%</b>	<b>18.4%</b>
Costs for services and leased assets	89,689	7.8%	77,250	7.8%	16.1%
Personnel costs	69,597	6.1%	56,381	5.7%	23.4%
Other operating charges	2,487	0.2%	2,145	0.2%	15.9%
<b>Total Operating Costs</b>	<b>161,773</b>	<b>14.11%</b>	<b>135,776</b>	<b>13.68%</b>	<b>19.1%</b>

Personnel costs rose from Euro 56,381 thousand at 31 January 2018 to Euro 69,597 thousand at 31 January 2019, with a 23.4% growth deriving from the increase in the Group's average workforce following the recruitment of new resources and the entry of new companies in the scope of consolidation. The total Group workforce passed from 1,657 at 31 January 2018 to 1,793 at 31 January 2019 with an increase in the incidence of Personnel costs on Total Revenues and Other Income from 5.7% at 31 January 2018 to 6.1% at 31 January 2019.

Below is the average and actual number of the Group's employees:

(in units)	Average number of employees at 31 January		Actual number of employees at 31 January		Actual number of employees at 30 April 2018
	2019	2018	2019	2018	
Executives	18	17	18	18	18
Middle managers	145	111	168	122	122
Office workers	1,554	1,414	1,607	1,517	1,502
<b>Total</b>	<b>1,717</b>	<b>1,542</b>	<b>1,793</b>	<b>1,657</b>	<b>1,642</b>

The consolidated Ebitda amounted to Euro 53,297 thousand at 31 January 2019 (Ebitda margin 4.65%) with an increase of Euro 7,415 thousand (+16.2%) compared to Euro 45,882 thousand (Ebitda margin 4.62%) at 31 January 2018, thanks to the growth in marginality in both Group's main sectors. During the first nine months of the fiscal year, the SSI sector's contribution to the Group Ebitda increased from 34% at 31 January 2018 to 36% at 31 January 2019.

The consolidated Ebit, equal to Euro 38,370 thousand (Ebit margin 3.35%) up by 11.7% compared to Euro 34,347 thousand (Ebit margin 3.46%) at 31 January 2018, after amortisation equal to Euro 8,371 thousand (+30.0% compared to 31 January 2018) and Accruals to provision for bad debts and risks and other non-monetary costs equal to Euro 6,556 thousand (+28.5% compared to 31 January 2018). Such increase mainly reflects the above-mentioned growth in Ebitda, net of higher amortisation in tangible and intangible assets following investments in technology and software solutions carried out by the Group supporting the growth and the increase in the item Amortisation client lists and technological know-how related to the recent corporate acquisitions. The item Accruals to provision for bad debts and risks and other non-monetary costs, equal to Euro 6,556 thousand at

<sup>1</sup> Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

31 January 2019 included the accruals to the provision for bad debts and the provision for risks and figurative costs relating to the Stock Grant plan vesting at 30 April 2019 (the latter at 31 January 2019 equal to Euro 549 thousand).

The Adjusted Ebit (gross of the amortization of client lists and technological know-how recorded as a result of PPA process) is equal to Euro 40,456 thousand at 31 January 2019, up by 13.0% compared to Euro 35,805 thousand at 31 January 2018.

The consolidated Ebt at 31 January 2019 equal to Euro 36,016 thousand, up by 10.4% compared to Euro 32,611 thousand in 2018, after net financial income and charges negative for Euro 2,964 thousand (included the foreign exchange management negative for Euro 32 thousand), compared to Euro 2,250 thousand at 31 January 2018 (included the foreign exchange management positive for Euro 628 thousand).

The item Financial income and charges can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Period ended at 31 January</b>	
	<b>2019</b>	<b>2018</b>
Interest expense for assignments of receivables	(845)	(629)
Charges and commissions for assignments of receivables with recourse	(213)	(388)
Interest expense on bank accounts and loans	(196)	(307)
Other interest expense	(1,118)	(983)
Commissions and other financial charges	(1,019)	(1,479)
Financial charges relating to staff severance pay (TFR)	(224)	(176)
<b>Total financial charges</b>	<b>(3,615)</b>	<b>(3,962)</b>
Interest income on other short-term receivables	525	366
Other financial income	119	614
Interest income on bank deposits	19	25
Dividends from equity investments	20	69
<b>Total financial income</b>	<b>683</b>	<b>1,074</b>
<b>Net financial charges (a)</b>	<b>(2,932)</b>	<b>(2,888)</b>
Foreign exchange losses	(1,844)	(3,253)
Foreign exchange gains	1,812	3,891
<b>Total foreign exchange management (b)</b>	<b>(32)</b>	<b>638</b>
<b>Net financial management (a+b)</b>	<b>(2,964)</b>	<b>(2,250)</b>

The consolidated Net profit after taxes equal to Euro 25,030 thousand (Eat margin 2.18%) at 31 January 2019 up by 10.8% compared to Euro 22,596 thousand (Eat margin 2.28%) at 31 January 2018.

The consolidated Net profit after non-controlling interests (Net profit attributable to the Group) at 31 January 2019 equal to Euro 22,147 thousand, up by 10.2% compared to Euro 20,105 thousand at 31 January 2018.

The consolidated Adjusted Net profit after non-controlling interests (Net profit attributable to the Group, gross of the amortization of client lists and technological know-how recorded as a result of PPA process and related tax effects) at 31 January 2019 is equal to Euro 23,632 thousand, up by 11.8% compared to Euro 21,143 thousand at 31 January 2018.

## Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 January 2019 is shown below (in thousand of euros). The comparative figures relating to the period ended 30 April 2018 are shown together with the figures of the period ended 31 January 2019, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

<b>Reclassified Balance Sheet</b>	<b>31/01/2019</b>	<b>31/01/2018</b>	<b>30/04/2018</b>
Intangible assets	44,630	37,276	39,083
Property, plant and equipment	56,223	54,104	55,221
Investments valued at equity	9,325	9,316	9,179
Other non-current receivables and deferred tax assets	21,703	16,802	17,264
<b>Non-current assets</b>	<b>131,881</b>	<b>117,498</b>	<b>120,747</b>
Inventories	99,324	70,184	67,752
Current trade receivables	480,348	421,378	328,760
Other current assets	42,564	36,413	37,423
<b>Current operating assets</b>	<b>622,236</b>	<b>527,975</b>	<b>433,935</b>
Payables to suppliers	394,274	306,955	295,706
Other current payables	85,668	74,887	62,967
<b>Short-term operating liabilities</b>	<b>479,942</b>	<b>381,842</b>	<b>358,673</b>
<b>Net working capital</b>	<b>142,294</b>	<b>146,133</b>	<b>75,262</b>
Non-current provisions and deferred tax liabilities	15,721	13,782	14,175
Employee benefits	21,265	20,758	20,495
<b>Non-current liabilities</b>	<b>36,986</b>	<b>34,540</b>	<b>34,670</b>
<b>Net Invested Capital</b>	<b>237,189</b>	<b>229,091</b>	<b>161,339</b>
<b>Group equity</b>	<b>213,132</b>	<b>197,424</b>	<b>204,955</b>
<b>Equity attributable to non-controlling interests</b>	<b>11,496</b>	<b>11,046</b>	<b>11,046</b>
Medium-Term Net Financial Position	132,507	123,137	123,172
Short-Term Net Financial Position	(119,946)	(102,516)	(177,834)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>12,561</b>	<b>20,621</b>	<b>(54,662)</b>
<b>Equity and Net Financial Position</b>	<b>237,189</b>	<b>229,091</b>	<b>161,339</b>

The Balance Sheet at 31 January 2019 showed a growth in Net Invested Capital, which rose from Euro 229,091 thousand to Euro 237,189 thousand, essentially due to:

- increase in Non-current assets, equal to Euro 131,881 thousand at 31 January 2019 compared to Euro 117,498 thousand at 31 January 2018, generated by investments in corporate acquisitions and tangible assets in the last 12 months;
- improvement in Net working capital which fell to Euro 142,294 thousand (NWC/Revenue 9.4%) at 31 January 2019 from Euro 146,133 thousand (NWC/Revenue equal to 11.1%) at 31 January 2018.

Regarding financing sources it should be noted:

- an improvement in Net Financial Position, equal to a negative balance of Euro 12,561 thousand at 31 January 2019 compared to Euro 20,621 thousand at 31 January 2018 thanks to the self-financing of the period;
- the increase in Total Equity amounted to Euro 224,628 thousand at 31 January 2019 compared to Euro 208,470 thousand at 31 January 2018 thanks to the Net profit for the period equal to Euro 25,030 thousand, net of the dividend of Euro 9,290 thousand paid by the parent company Sesa SpA in September 2018.

Non-current assets at 31 January 2019 amounted to Euro 131,881 thousand with an increase of Euro 14,384 thousand compared to 31 January 2018, generated essentially by the investments carried out in the period supporting the growth and in particular by:

- increase of intangible assets rising from Euro 37,276 thousand at 31 January 2018 to Euro 44,630 thousand at 31 January 2019, mainly following the purchase of ERP Panthera branch through the company Panthera Srl;
- increase of property, plant and equipment, rising from Euro 54,104 thousand at 31 January 2018 to Euro

56,223 thousand at 31 January 2019, following Group's investments in solutions as a service towards customers, including cloud computing;

- Increase in the item Other non-current receivables and deferred tax assets from Euro 16,802 thousand at 31 January 2018 to Euro 21,703 migliaia at 31 January 2019, mainly following the investment for Euro 4 million in a 6% stake in the company Digital Value Holding SpA, which holds 74% of the capital of Digital Value SpA. Digital Value SpA with a turnover of approximately Euro 300 million is a key player in the IT sector for the Large Accounts segment, born from the aggregation of leading operators in the sector and listed from November 2018 on the AIM market of Borsa Italiana, with a current market capitalization of about Euro 100 million. At the same time, a long-term industrial agreement was signed with the Sesa Group.

The consolidated NFP at 31 January 2019 is passive (net debt) by Euro 12,561 thousand, with an improvement of 39.1% compared to 31 January 2018, due to the operating cash flow in the period, net of investments for corporate acquisitions and technological infrastructures for about Euro 20 million and dividends paid equal to about Euro 10 million.

The change in the NFP at 31 January 2019 compared to 30 April 2018, which showed a net liquidity equal to Euro 54,662 thousand, mainly reflects the seasonality of the business, characterized by a greater absorption of net working capital at 31 January compared to 30 April of each year.

Details of the Group's Net Financial Position at 31 January 2019 are shown below (with figures in thousand of euros). Together with the comparative figures for the year ended 30 April 2018 are also included those for the period ended 31 January 2018, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and consequently financial management during the year.

<b>Net Financial Position</b>	<b>31/01/2019</b>	<b>31/01/2018</b>	<b>30/04/2018</b>
Liquidity	(211,871)	(173,3839)	(247,194)
Current financial receivables	(681)	(1,765)	(3,344)
Current financial debt	92,606	72,632	72,704
<b>Net current financial debt</b>	<b>(119,946)</b>	<b>(102,516)</b>	<b>(177,834)</b>
Current financial debt	132,507	123,137	123,172
<b>Net non-current financial debt</b>	<b>132,507</b>	<b>123,137</b>	<b>123,172</b>
<b>Net Financial Position</b>	<b>12,561</b>	<b>20,621</b>	<b>(54,662)</b>

## Main income statement data of the VAD sector

Below is shown the reclassified income statement of the VAD sector (Euro thousand) as of 31 January 2019, compared with the previous year ended 31 January 2018.

VAD Segment <i>(in thousand of euros)</i>	31 January				Change
	2019	%	2018	%	
<b>Revenues from third parties</b>	<b>891,028</b>	<b>%</b>	<b>769,198</b>	<b>%</b>	<b>15.8%</b>
Inter segment revenues	70,327		59,179		
<b>Total Revenues</b>	<b>961,355</b>		<b>828,377</b>		<b>16.1%</b>
Other income	4,080		4,936		-17.3%
<b>Total Revenues and other income</b>	<b>965,435</b>	<b>100,0%</b>	<b>833,313</b>	<b>100,0%</b>	<b>15.9%</b>
Consumables and goods for resale	(896,960)	-92,9%	(768,794)	-92,3%	16.7%
Costs for services and rent, leasing and similar costs	(22,341)	-2,3%	(23,447)	-2,8%	-4.7%
Personnel costs	(11,075)	-1,1%	(10,600)	-1,3%	4.5%
Other operating costs	(1,730)	-0,2%	(1,399)	-0,2%	23.7%
<b>Ebitda</b>	<b>33,329</b>	<b>3,5%</b>	<b>29,073</b>	<b>3,5%</b>	<b>14.6%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(7,272)		(5,050)		44.0%
<b>Ebit</b>	<b>26,057</b>	<b>2,7%</b>	<b>24,023</b>	<b>2,9%</b>	<b>8.5%</b>
Share of profits of equity-accounted companies	550		765		-28.1%
Net financial income and charges	(1,914)		(1,535)		24.7%
<b>Profit before taxes</b>	<b>24,693</b>		<b>23,253</b>		<b>6.2%</b>
Income taxes	(6,948)		(6,443)		7.8%
<b>Profit for the period</b>	<b>17,745</b>	<b>1,8%</b>	<b>16,810</b>	<b>2,0%</b>	<b>5.6%</b>
Net profit attributable to non-controlling interests	106	0,0%	(31)	0,0%	-441.9%
<b>Net profit attributable to the Group</b>	<b>17,639</b>	<b>1,8%</b>	<b>16,841</b>	<b>2,0%</b>	<b>4.7%</b>

The VAD sector further strengthened the positive trend already achieved in the first half of the year, confirming double-digit growth rates both in revenues and profitability compared to 31 January 2018. The VAD sector trend confirmed the efficacy of strategy and investments, with results much higher than the reference market which recorded an average annual growth in the 2017-2018 period of around 5% (Source Sirmi, January 2019).

The VAD sector at 31 January 2019 recorded Total Revenues and Other Income equal to Euro 965,435 thousand with an increase of 15.9% compared to 31 January 2018, thanks to the organic development of sales of Computer Gross Italia SpA supported by a positive dynamic of revenues in all the main business areas and the increase of the portfolio of brands distributed in the most innovative areas of digital transformation (Security, Data Management, Analytics, Collaboration).

In the period, the Gross Margin<sup>2</sup> of VAD sector up by 6.1% from Euro 64,519 thousand at 31 January 2018 to Euro 68,475 thousand at 31 January 2019 thanks to the increase in turnover.

Operating costs at 31 January 2019 amounted to Euro 35,147 thousand compared to Euro 35,446 thousand at 31 January 2018, substantially in line thanks to the efficiency actions carried out during the year. The Ebitda in the period is equal to Euro 33,329 thousand (Ebitda margin 3.5%), up by 14.6% compared to Euro 29,073 thousand (Ebitda margin 3.5%) at 31 January 2018, achieved thanks to the development of the Gross Margin and the lower incidence of operating costs, including logistics costs.

The Net profit for the period amounted to Euro 17,745, up by 5.6% compared to Euro 16,810 thousand at 31 January 2018, thanks to the positive evolution of operating profitability net of higher amortisation, depreciation and other non monetary-costs which rose from Euro 5,050 thousand at 31 January 2018 to Euro 7,272 thousand at 31 January 2019 following, among other things, the amortisation for the 9-month period of the technological know-how and client lists relating to the subsidiary Icos SpA acquired in November 2017 and higher accruals to provision for bad debts and risks.

<sup>2</sup>Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

## Main income statement data of the SSI sector

The reclassified income statement of the SSI sector at 31 January 2019 is shown below (data in thousand of euros), compared with the previous period ended at 31 January 2018.

SSI Segment <i>(in thousands of euros)</i>	31 January				Change
	2019	%	2018	%	
<b>Revenues from third parties</b>	<b>247,394</b>		<b>213,785</b>		<b>15.7%</b>
Inter segment revenues	1,932		1,968		
<b>Total Revenues</b>	<b>249,326</b>		<b>215,753</b>		<b>15.6%</b>
Other income	4,381		4,448		-1.5%
<b>Total Revenues and other income</b>	<b>253,707</b>	<b>100.0%</b>	<b>220,201</b>	<b>100.0%</b>	<b>15.2%</b>
Consumables and goods for resale	(96,734)	-38.1%	(95,038)	-43.2%	1.8%
Costs for services and rent, leasing and similar costs	(83,266)	-32.8%	(67,415)	-30.6%	23.5%
Personnel costs	(53,830)	-21.2%	(41,517)	-18.9%	29.7%
Other operating costs	(675)	-0.3%	(653)	-0.3%	3.4%
<b>Ebitda</b>	<b>19,202</b>	<b>7.6%</b>	<b>15,578</b>	<b>7.1%</b>	<b>23.3%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(6,954)		(5,459)		27.4%
<b>Ebit</b>	<b>12,248</b>	<b>4.8%</b>	<b>10,119</b>	<b>4.6%</b>	<b>21.0%</b>
Share of profits of equity-accounted companies	90		(274)		132.8%
Net financial income and charges	(1,053)		(722)		45.8%
<b>Profit before taxes</b>	<b>11,285</b>		<b>9,123</b>		<b>23.7%</b>
Income taxes	(3,748)		(3,323)		12.8%
<b>Profit for the period</b>	<b>7,537</b>	<b>3.0%</b>	<b>5,800</b>	<b>2.6%</b>	<b>29.9%</b>
Other income	2,789	1.1%	2,463	1.1%	13.2%
<b>Total Revenues and other income</b>	<b>4,748</b>	<b>1.9%</b>	<b>3,337</b>	<b>1.5%</b>	<b>42.3%</b>

The SSI sector confirmed the growth trend in revenues and profitability (up by 15.2% and 23.2% respectively at 31 January 2019 compared to the previous year), supported by the development of the most profitable business areas (ERP & Industry Solutions, Managed and Security Services, Digital Solutions).

The Ebitda in the period is equal to Euro 19,202 thousand, up by 23.3% compared to 31 January 2018, with an Ebitda margin growth (+50 basis points) which rose from 7.1% at 31 January 2018 to 7.6% at 31 January 2019, supported especially by the growing incidence of revenues in the Managed and Security Services, ERP & Industry Solutions, Digital Solutions areas.

The double-digit growth in turnover and operating profitability, already recorded in the previous three-year period and in the Half-year financial report on 31 October 2018, benefited significantly from the corporate acquisitions carried out recently. At 31 January 2019 Tech-Value Srl (operating in IT services and PLM solutions for engineering intensive companies) and Panthera Srl (operating in the ERP market for SME and Enterprise), contributed in the period for approximately 50% and 75% respectively to revenues and operating profitability growth.

The Net profit before non-controlling interests in the period is equal to Euro 7,537 thousand, up by 29.9% thanks to the positive trend in operating profitability, net of higher amortisation and provisions rose from Euro 5,459 thousand at 31 January 2018 to Euro 6,954 thousand at 31 January 2019.

After non-controlling interests, the Net profit attributable to the Group is equal to Euro 4,748 thousand compared to Euro 3,337 thousand at 31 January 2018, with a 42.3% growth.

## Main income statement data of the Corporate sector

The reclassified income statement of the Corporate sector at 31 January 2019 is shown below (data in thousand of euros), compared with the previous period ended at 31 January 2018.

<b>Corporate Segment</b> <i>(in thousands of euros)</i>	<b>2019</b>	<b>31 January</b> <b>%</b>	<b>2018</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>937</b>		<b>1,436</b>		<b>-34.7%</b>
Inter segment revenues	9,867		8,762		
<b>Total Revenues</b>	<b>10,804</b>		<b>10,198</b>		<b>5.9%</b>
Other income	1,639		1,720		-4.7%
<b>Total Revenues and other income</b>	<b>12,443</b>	<b>100.0%</b>	<b>11,918</b>	<b>100.0%</b>	<b>4.4%</b>
Consumables and goods for resale	(158)	-1.3%	(337)	-2.8%	-53.1%
Costs for services and rent, leasing and similar costs	(6,404)	-51.5%	(5,878)	-49.3%	8.9%
Personnel costs	(4,692)	-37.7%	(4,264)	-35.8%	10.0%
Other operating costs	(141)	-1.1%	(166)	-1.4%	-15.1%
<b>Ebitda</b>	<b>1,048</b>	<b>8.4%</b>	<b>1,273</b>	<b>10.7%</b>	<b>-17.7%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(701)		(1,026)		-31.7%
<b>Ebit</b>	<b>347</b>	<b>2.8%</b>	<b>247</b>	<b>2.1%</b>	<b>40.5%</b>
Share of profits of equity-accounted companies	(30)		23		-230.4%
Net financial income and charges	3		7		-57.1%
<b>Profit before taxes</b>	<b>320</b>		<b>277</b>		<b>15.5%</b>
Income taxes	(317)		(262)		21.0%
<b>Profit for the period</b>	<b>3</b>	<b>0.0%</b>	<b>15</b>	<b>0.1%</b>	<b>-80.0%</b>
Net profit attributable to non-controlling interests	-	-	(15)	-0.1%	-100.0%
<b>Net profit attributable to the Group</b>	<b>3</b>	<b>0.0%</b>	<b>30</b>	<b>0.3%</b>	<b>-90.0%</b>

The Corporate sector showed a 4.4% increase in revenues mainly attributable to the development of the professional services provided by the parent company Sesa SpA towards the subsidiaries.

The Ebit equal to of Euro 347 thousand, at 31 January 2019, increased by +40.5% compared to Euro 247 thousand at 31 January 2018 also due to lower non-monetary costs for Stock Grant towards Executive Directors of the parent company.

After financial management and taxes, the sector's Net profit in the period is equal to Euro 3 thousand.



## Segment Reporting

The criteria applied to identify the business segments being reported are in line with the procedures through which the management runs the Group. In particular, the organisation of the business segments being reported corresponds to the structure of the reports that are periodically analysed by the Board of Directors for the purposes of the management of the Group's business. Specifically, the main scope of operational analysis used by the Group is that relating to the following operating segments:

- *Value-Added Distribution*, which includes the value-added distribution, through the subsidiary Computer Gross SpA, of IT products and solutions in the categories of servers, storage, software and networking to the operators in the Enterprise and Small/Medium enterprise segment. The Group's VAD offer, integrated to software houses and integrators of technology for the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *Software and System Integration (SSI)*, which includes the offer of software, technology, services and consultancy, through the subsidiary Var Group SpA, aimed at training and supporting businesses as end users of IT. The Group provides services for the design, consultancy, development and installation of software and complex technology, pre- and after-sales assistance and strategic outsourcing.
- *Corporate*, which includes services such as administrative and finance management, organisation, planning and control, management of IT systems, human resources, general, corporate and legal affairs of the main Group companies carried out by the parent company Sesa SpA and also logistics services, (storage, assembly, customisation and handling of products) through Ict Logistica Srl.

The operating segments of Value Added Distribution and Software and System Integration are vertically integrated through the sale of IT products and solutions from Computer Gross SpA to Var Group SpA. Computer Gross SpA and Var Group SpA use the logistics services included in the Corporate segment.

The Group's management assesses the performance of the different operating segments, using the following indicators:

- revenues from third parties by operating segment;
- Ebitda defined as the profit for the period before depreciation, provisions for bad debts, accruals to provision for risks, non monetary costs related to Stock Grant Plans assigned to executive directors, financial income and charges, the profit (loss) of companies valued at equity and taxes;
- profit for the period.

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group. The criteria in determining the Ebitda reported above and applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

The segment reporting for the period ended at 31 January 2019 and 31 January 2018 is broken down as follows:

	Period ended at 31 January 2019					Period ended at 31 January 2018				
<i>(in thousands of euros)</i>	Value Added Distribution	Software and System Integration	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations	
<b>Revenues from third parties</b>	<b>891,028</b>	<b>247,394</b>	<b>937</b>		<b>1,139,359</b>	<b>769,198</b>	<b>213,785</b>	<b>1,436</b>		<b>984,419</b>
Inter segment revenues	70,327	1,932	9,867		82,126	59,179	1,968	8,762		69,909
<b>Revenues</b>	<b>961,355</b>	<b>249,326</b>	<b>10,804</b>	<b>(82,126)</b>	<b>1,139,359</b>	<b>828,377</b>	<b>215,753</b>	<b>10,198</b>	<b>(69,909)</b>	<b>984,419</b>
Other income	4,080	4,381	1,639	(3,186)	6,914	4,936	4,448	1,720	(2,954)	8,150
<b>Total Revenues and Other Income</b>	<b>965,435</b>	<b>253,707</b>	<b>12,443</b>	<b>(85,312)</b>	<b>1,146,273</b>	<b>833,313</b>	<b>220,201</b>	<b>11,918</b>	<b>(72,863)</b>	<b>992,569</b>
Purchase of goods	(896,960)	(96,734)	(158)	62,649	(931,203)	(768,794)	(95,038)	(337)	53,258	(810,911)
Costs for services and rent, leasing and similar costs	(22,341)	(83,266)	(6,404)	22,322	(89,689)	(23,447)	(67,415)	(5,878)	19,490	(77,250)
Personnel costs	(11,075)	(53,830)	(4,692)		(69,597)	(10,600)	(41,517)	(4,264)	-	(56,381)
Other operating costs	(1,730)	(675)	(141)	59	(2,487)	(1,399)	(653)	(166)	73	(2,145)
<b>Ebitda</b>	<b>33,329</b>	<b>19,202</b>	<b>1,048</b>	<b>(282)</b>	<b>53,297</b>	<b>29,073</b>	<b>15,578</b>	<b>1,273</b>	<b>(42)</b>	<b>45,882</b>
Amortisation, depreciation and write-downs	(7,272)	(6,954)	(701)	-	(14,927)	(5,050)	(5,459)	(1,026)	-	(11,535)
<b>Ebit</b>	<b>26,057</b>	<b>12,248</b>	<b>347</b>	<b>(282)</b>	<b>38,370</b>	<b>24,023</b>	<b>10,119</b>	<b>247</b>	<b>(42)</b>	<b>34,347</b>
Profit from companies valued at equity	550	90	(30)	-	610	765	(274)	23	-	514
Net financial income and charges	(1,914)	(1,053)	3	-	(2,964)	(1,535)	(722)	7	-	(2,250)
<b>Profit before taxes</b>	<b>24,693</b>	<b>11,285</b>	<b>320</b>	<b>(282)</b>	<b>36,016</b>	<b>23,253</b>	<b>9,123</b>	<b>277</b>	<b>(42)</b>	<b>32,611</b>
Income taxes	(6,948)	(3,748)	(317)	27	(10,986)	(6,443)	(3,323)	(262)	13	(10,015)
<b>Profit for the period</b>	<b>17,745</b>	<b>7,537</b>	<b>3</b>	<b>(255)</b>	<b>25,030</b>	<b>16,810</b>	<b>5,800</b>	<b>15</b>	<b>(29)</b>	<b>22,596</b>
Net profit attributable to minority interests	106	2,789		(12)	2,883	(31)	2,463	(15)	74	2,491
<b>Net profit attributable to the Group</b>	<b>17,639</b>	<b>4,748</b>	<b>3</b>	<b>(243)</b>	<b>22,147</b>	<b>16,841</b>	<b>3,337</b>	<b>30</b>	<b>(103)</b>	<b>20,105</b>

## Relations with related parties and Group's companies

Economic relations between Group's companies are carried out at market prices and are eliminated in the consolidation process. The operations carried out by Group's companies with related parties were entered into at arm's length and on conditions that were to the parties' reciprocal financial benefit, pursuant IAS 24.

No significant related party transactions are reported in the period.

## Significant events after the period-end

It should be noted that on 19 February 2019 the Group, through the subsidiary Tech-Value, acquired 60% of PBU CAD-Systeme GmbH, a company based in Aichach (Bavaria) with a turnover of approximately Euro 8.5 million active in the design services and PLM (Product Lifecycle Management, Process Transformation) solutions and Digital & Virtual Manufacturing segments for manufacturing companies. Such operation represents a first abroad expansion of skills and activities, with the strategic aim to enlarge the industrial project on a European basis in high value-added specialization areas, with reference to industrial districts close to Italian ones.

There are no significant events occurring after the end of the period at 31 January 2019.

## Outlook on operations

During a phase of market transformation in which the way of technological fruition is evolving and the demand for digital transformation is growing, the Group evolves its offer by expanding the technical skills supporting the customers, backing them in the path of technological innovation.

In the first nine months of the fiscal year, the Group overperformed the reference market and the Group's long-term trend, benefiting from the success of the recent investments in human capital and technological innovation. The corporate acquisitions contributed to the growth (carried out in strategic development areas during the last three years) and successfully integrated by the Group.

Bearing in mind the positive performance of the first nine months of the year, the Group confirms a favorable outlook for the full year ending on 30 April 2019, with a growth in revenues and profitability of about 10% compared to the previous year.

The Group will continue to operate by pursuing long-term investments and sustainable growth policies, towards all stakeholders.

*The Chairman*  
Paolo Castellacci

## Annexes

## Consolidated Income Statement

<i>(in thousand of euros)</i>	<b>Period ended at 31 January</b>	
	<b>2019</b>	<b>2018</b>
Revenues	1,139,359	984,419
Other income	6,914	8,150
Consumables and goods for resale	(931,203)	(810,911)
Costs for services and rent, leasing and similar costs	(90,238)	(77,250)
Personnel costs	(69,597)	(56,381)
Other operating costs	(8,494)	(6,363)
Amortisation and depreciation	(8,371)	(6,435)
<b>EBIT</b>	<b>38,370</b>	<b>34,347</b>
Profit from companies valued at equity	610	514
Financial income	2,495	4,965
Financial charges	(5,459)	(7,215)
<b>Profit before taxes</b>	<b>36,016</b>	<b>32,611</b>
Income taxes	(10,986)	(10,015)
<b>Profit for the period</b>	<b>25,030</b>	<b>22,596</b>
<i>of which:</i>		
Net profit attributable to minority interests	2,883	2,491
Net profit attributable to the Group	22,147	20,105

For a better comparison of the previous period ended on 31 January 2018, Euro 3,971 thousand were reclassified from the item Costs for services and rent, leasing and similar costs to the item Consumables and goods for resale.

## Consolidated Statement of Financial Position

<i>(in thousand of euros)</i>	<b>At 31 January 2019</b>	<b>At 30 April 2018</b>
Intangible assets	44,630	39,083
Property, plant and equipment	56,223	55,221
Investment property	290	290
Equity investments valued at equity	9,325	9,179
Deferred tax assets	6,963	6,532
Other non-current receivables and assets	14,450	10,442
<b>Total non-current assets</b>	<b>131,881</b>	<b>120,747</b>
Inventories	99,324	67,752
Current trade receivables	480,348	328,760
Current tax receivables	7,905	7,452
Other current receivables and assets	35,340	33,315
Cash and cash equivalents	211,871	247,194
<b>Total current assets</b>	<b>834,788</b>	<b>684,473</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>966,669</b>	<b>805,220</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(4,421)	1,723
Profits carried forward	147,282	132,961
<b>Total Group equity</b>	<b>213,132</b>	<b>204,955</b>
Equity attributable to minority interests	11,496	11,046
<b>Total equity</b>	<b>224,628</b>	<b>216,001</b>
Non-current loans	132,507	123,172
Employee benefits	21,265	20,495
Non-current provisions	4,123	2,836
Deferred tax liabilities	11,598	11,339
<b>Total non-current liabilities</b>	<b>169,493</b>	<b>157,842</b>
Current loans	92,606	72,704
Payables to suppliers	394,274	295,706
Current tax payables	11,890	2,187
Other current liabilities	73,778	60,780
<b>Total current liabilities</b>	<b>572,548</b>	<b>431,377</b>
<b>Total liabilities</b>	<b>742,041</b>	<b>589,219</b>
<b>Total equity and liabilities</b>	<b>966,669</b>	<b>805,220</b>

## Consolidated Statement of Changes in Equity

*(in thousand of euros)*

	Share capital	Share premium reserve	Other reserves	Profit for the period and Profits carried forward	Equity attributable to the Group	Equity attributable to non-controlling interests	Total Equity
<b>At 30 April 2018</b>	<b>37,127</b>	<b>33,144</b>	<b>1,723</b>	<b>132,961</b>	<b>204,955</b>	<b>11,046</b>	<b>216,001</b>
Profit for the period				22,147	22,147	2,883	25,030
Actuarial gain/(loss) for employees benefits - gross			554		554	(81)	473
<b>Comprehensive income for the period</b>			<b>554</b>	<b>22,147</b>	<b>22,701</b>	<b>2,802</b>	<b>25,503</b>
Purchase of treasury shares			(1,726)		(1,726)		<b>(1,726)</b>
Reduction of shares in execution Stock Grant plan			1,060		1,060		<b>1,060</b>
Dividends distribution			(544)	(8,746)	(9,290)	(828)	<b>(10,118)</b>
Stock Grant plan – shares vesting in the period			511		511		<b>511</b>
Assignment of shares in execution of Stock Grant plan			(1,022)		(1,022)		<b>(1,022)</b>
Allocation of profit for the period			461	(461)	-		-
Changes in the scope of consolidation and other changes			(5,438)	1,381	(4,057)	(1,524)	<b>(5,581)</b>
<b>At 31 January 2019</b>	<b>37,127</b>	<b>33,144</b>	<b>(4,421)</b>	<b>147,282</b>	<b>213,132</b>	<b>11,496</b>	<b>224,628</b>

## Consolidated Statement of Cash Flows

<i>(in thousand of euros)</i>	Period ended 31 January	
	2019	2018
<b>Profit before taxes</b>	<b>36,016</b>	<b>32,611</b>
<b>Adjustments to:</b>		
Amortisation and depreciation	8,371	6,435
Provisions for personnel and other provisions	6,086	6,401
Net financial (income)/charges	1,819	1,704
Profit from companies valued at equity	(610)	(514)
Other non-monetary items	651	935
<b>Cash flows generated from operating activities before changes in net working capital</b>	<b>52,333</b>	<b>47,572</b>
Change in inventories	(31,412)	(8,090)
Change in trade receivables	(153,609)	(93,453)
Change in payables to suppliers	98,066	24,613
Change in other assets	(2,864)	4,226
Change in other liabilities	2,195	11,138
Use of provisions for risks	982	823
Payment of employee benefits	(1,338)	(72)
Change in deferred tax assets and liabilities	(172)	(105)
Change in current tax payables and tax receivables	9,250	(4,192)
Interest paid	(2,160)	(1,919)
Taxes paid	(3,982)	(3,405)
<b>Net cash flow generated from operating activities</b>	<b>(32,711)</b>	<b>(22,864)</b>
Investments in companies net of cash	(7,291)	(15,572)
Investments in property, plant and equipment	(6,303)	(8,174)
Investments in intangible assets	(3,227)	(3,556)
Disposals of property, plant and equipment and intangible assets	462	158
Disposal of assets held for sale		
Investments in associated companies	(755)	(544)
Investments in non-current financial assets	(4,000)	
Collection of non-current financial assets	1,242	246
Dividends collected	222	249
Interest collected	544	391
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(19,106)</b>	<b>(26,802)</b>
New disbursements of long-term loans and finance leases	75,000	63,500
Repayments of long-term loans	(56,129)	(46,726)
(Decrease)/increase in short-term loans	7,881	28,060
Financial investments/disinvestments	1,586	(32)
Change in Group equity	-	(3,982)
Change in equity attributable to minority interests	-	570
Treasury shares	(1,726)	(1,153)
Dividends distributed	(10,118)	(9,139)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>16,494</b>	<b>31,098</b>
Translation difference on cash and cash equivalents		
<b>Change in cash and cash equivalents</b>	<b>(35,323)</b>	<b>(18,568)</b>
Cash and cash equivalents at the beginning of the period	247,194	191,951
<b>Cash and cash equivalents at the end of the period</b>	<b>211,871</b>	<b>173,383</b>



Attestation pursuant to article 154 bis paragraph 2 of Legislative Decree n. 58 of 24 February 1998, "Consolidated Law on Finance" and subsequent amendments

The Director responsible for drawing up Sesa SpA's financial statements and accounting documents, pursuant to the provisions of article 154-bis, paragraph 2 of Consolidated Law on Finance hereby attests that the accounting information contained in the Interim Report at 31 January 2019 corresponds to the document results, books and accounting records.

Empoli, 12 March 2019

Alessandro Fabbroni

(Director responsible for drawing up accounting documents)