



SPAFID CONNECT

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Oggetto : WIIT S.p.A. BoD approves Q1 2019 Group results and launches the Buy Back plan

Testo del comunicato

Vedi allegato.



PRESS RELEASE

WIIT S.p.A. BoD approves Q1 2019 Group results¹

Sales growth accelerates to +44,1% with net profit up over 200%

WIIT joins STAR segment of Italian Stock Exchange organised and managed by Borsa Italiana S.p.A. from April 2019

The BoD launches the Buy Back plan

For Q1 2019, the company reports:

- Consolidated revenues of Euro 7.5 million (Euro 5.2 million in Q1 2018), +44.1% on previous year - mainly driven by organic growth and ongoing market expansion;
- Consolidated Adjusted EBITDA of Euro 2.9 million (Euro 2.2 million in Q1 2018), +31.7% on Q1 2018; 38.2% revenue margin highlights significant operating process and services optimisation;
- Consolidated Adjusted EBIT of Euro 1.5 million (Euro 1 million in Q1 2018), +50.6% on Q1 2018, with margin growth of 19.8%;
- Adjusted net profit of Euro 2.3 million (Euro 0.7 million in Q1 2018), +205.7% on Q1 2018;
- Net financial position excluding IFRS 16 effect: debt of Euro 1.4 million (Euro 3.3 million at December 31, 2018);
- A tax benefit from “Patent Box” agreement signed for 2015-2019 tax years extendable for an additional 5 years. The tax benefit for WIIT over the period will be fully reflected in the 2019 results and quantified on preparing the relative financial statements. Categorisable income in the first period of 2015/2018 is estimated at approx. Euro 7.7 million

Milan, May 13, 2019 – The Board of Directors of WIIT S.p.A (ISIN code IT0004922826), a leading Italian player in the Cloud Computing market of enterprises demanding uninterrupted Hybrid Cloud and Hosted Private Cloud services for critical applications, listed since April 2, 2019 on the MTA-STAR market of the Italian Stock Exchange and led by CEO Alessandro Cozzi, has approved the Q1 2019 results drawn up in accordance with IFRS 16.

¹ For the definitions of *EBITDA Adjusted*, *EBITDA Reported*, *EBIT Adjusted*, *Net Profit Adjusted*, *net financial debt* and *total net financial debt*, reference should be made to “Alternative performance measures” in this press release.



The Chief Executive Officer Alessandro Cozzi observed:

"We are particularly satisfied with the Q1 results, which demonstrate sustained organic growth and the strong performance of Adelante, a company acquired in 2018 which has delivered upon its set objectives. The hybrid and hosted private cloud market continues to grow in line with sector analyst expectations, with our Group reaping the benefits of its excellent positioning both in terms of our offer and the market, in addition to the relationship which we have developed with our customers and the standing which we have established as the keys to our future success.

Visibility for the Q2 results is excellent, also in view of the new contracts signed in the second half of the year which gives a high level of confidence for the 2019 results. The Net financial position, gross of the IFRS 16 effect, has significantly improved and stems from the increased cash generated by the company through a business model which creates major economies of scale and does not demand CAPEX proportional to business growth. Finally, the usage level of our data centers (currently at around 40%) enables us to support development without additional investment. Our strategy also focuses on acquisition-led growth and, following on from the Adelante acquisition, we are continuing to assess consolidation opportunities both in Italy and overseas".

Q1 2019 Consolidated results

WIIT **consolidated revenues** for Q1 2019 totalled Euro 7.5 million, significantly up (+44.1%) on Euro 5.2 million for Q1 2018. This progress was mainly driven by organic growth, with the acquisition of new contracts, the extension of existing contracts and the contribution of Adelante in line with expectations.

Consolidated **Adjusted EBITDA** was Euro 2.9 million, +31.7% on Euro 2.2 million in Q1 2018, with a margin of 38.2%.

The Q1 2019 **EBITDA** adjustment concerns the non-recurring costs incurred for the STAR segment listing of approx. Euro 0.7 million.

Adjusted EBIT was Euro 1.5 million (Euro 1.0 million in Q1 2018), with a 19.8% margin improving 90bp on the first quarter of the previous year.

Adjusted Net Profit of Euro 2.3 million compared to Euro 0.75 million in Q1 2018, with the substantial growth of 205.7% mainly owing to the operating results and also the "Patent Box" tax benefit, estimated following the agreement signed by the parent company WIIT S.p.A. with the Tax Agency, which generated a positive income tax balance in Q1 2019 of Euro 0.8 million.

The **Net Financial position** considering the IFRS 16 impact of approx. Euro 2.2 million in the period increased from a debt of Euro 4.4 million at December 31, 2018 to Euro 4.5 million at March 31, 2019.

Strong cash flows were generated from operating activities in the first quarter of the year. Cash and cash equivalents were in line with the preceding period, despite CAPEX of approx. Euro 1.9 million in IT infrastructure related to new orders signed in the first quarter, and in part related to improvements at the new Headquarters.

Significant events in the period and subsequent events

On March 25, 2019, WIIT S.p.A. was listed on the on the STAR segment ("MTA"), organised and managed by Borsa Italiana S.p.A., concluding a process begun in November 2018, with trading from April 2, 2019.

With this listing, the Group can attract a broader and more diversified range of investors with advantages - in addition to those concerning value enhancement and visibility - with regards to the



Group's positioning against its competitors and its strategic partners, further to improved market liquidity than that available usually on a multi-lateral trading system. The main market listing, considering the requirements imposed on the companies listed, supports the further professional growth of the management team and of the Group more widely, bringing all of the associated knock-on benefits.

In March 2019, the parent company WIIT S.p.A. signed a multi-year contract worth approx. Euro 5.3 million with F.I.L.A. S.p.A., a consumer goods leader, for a new project to manage the increasing complexity of the business and to safeguard security - key elements of the Hybrid Cloud and Hosted Private Cloud service provided by WIIT. This project mainly targets the establishment of solid control over all business processes (productive, inventory, logistics etc.), while guaranteeing the usability and user friendliness of the new systems for an extensive user base, constructing a solid infrastructure based on an evolved Hybrid Cloud model which guarantees rapid and safe future growth and which develops perfectly in harmony with increased business complexity.

In April 2019, the parent company WIIT S.p.A. signed with the Tax Agency a preliminary agreement for the application of the "Patent Box" tax break for the five-year period 2015-2019, with the option to extend this benefit to the following five-year period 2020-2024.

The Patent Box supports enterprises producing income through the direct and indirect use of intellectual property, patents, software and other intangible assets; the tax break for 2015 was calculated by excluding from the assessable base 30% of the income relating to the use of qualifying intangible assets, for 2016 the exclusion percentage is 40%, while amounting to 50% for the 2017-2019 three-year period. This taxation system is renewable.

The tax benefit for WIIT over the 2015-2019 period will be fully reflected in the 2019 results and quantified on preparing the relative financial statements. Categorisable income in the first period of 2015/2018 is estimated at approx. Euro 7.7 million

* * *

Means to purchase and dispose of treasury shares

Following the motion passed by the Shareholders' Meeting of November 30, 2018, which authorised the company to purchase and dispose of treasury shares to provide the company with a stock of treasury shares to be used as consideration for any corporate transactions and/or other uses of financial-operating and/or strategic interest for the company, also for exchanges of investments with others to support operations of interest to the company, the Board of Directors of WIIT has passed the necessary motions to undertake buy-backs as per the terms and conditions established by the Shareholders' Meeting.

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Declaration pursuant to Article 154-bis, paragraph two, of the Consolidated Finance Act

The Corporate Financial Reporting Manager, Mr. Stefano Pasotto, declares, pursuant to Article 154-bis, second paragraph of Legs. Decree No. 58/98, that this press release corresponds to the underlying accounting documents, records and accounting entries.

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WIIT S.p.A.

WIIT S.p.A., listed on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A (WIIT.MI) is a leading Italian Cloud Computing market player, focused particularly on the Hybrid Cloud and Hosted Private Cloud for enterprises market. This company specialises in Hosted Private and Hybrid Cloud services for enterprises requiring critical application and business continuity management, with all the main international application platforms managed (SAP, Oracle and Microsoft) using an end-to-end approach. WIIT manages proprietary data centers, with the main center "Tier IV" certified by the Uptime Institute LLC of Seattle (United States), the highest reliability level attainable, while also among the most certified SAP partners globally. For further details, reference should be made to the company website (wiit.cloud).

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The Private Cloud

The following tables have been prepared in accordance with IAS/IFRS.

CONSOLIDATED BALANCE SHEET

In Euro	Reported 31.03.19	Reported 31.12.18	Adjusted 31.03.19	Adjusted 31.12.18
ASSETS				
Other intangible assets	3,329	2,723	3,329	2,723
Goodwill	9,736	9,736	9,736	9,736
Usage rights	3,347	1,327	3,347	1,327
Property, plant and equipment	3,906	3,955	3,906	3,955
Other tangible assets	10,257	9,868	10,257	9,868
		0	0	0
Equity investments and other non-current financial assets	68	68	68	68
Other non-current assets deriving from contracts	642	710	642	710
Other non-current assets	334	334	334	334
NON-CURRENT ASSETS	31,619	28,720	31,619	28,720
Inventories	0	0	0	0
Trade receivables	4,279	4,699	4,279	4,699
Trade receivables from group companies	376	461	376	461
Current financial assets	0	0	0	0
Deferred tax assets	662	685	662	685
Current assets deriving from contracts	315	330	315	330
Other receivables and other current assets	2,470	1,404	2,470	1,404
Cash and cash equivalents	18,885	17,930	18,885	17,930
CURRENT ASSETS	26,988	25,510	26,988	25,510
TOTAL ASSETS	58,607	54,231	58,607	54,231



	Reported 31.03.19	Reported 31.12.18	Adjusted 31.03.19	Adjusted 31.12.18
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share Capital	2,652	2,652	2,652	2,652
Share premium reserve	19,249	19,249	19,249	19,249
Legal reserve	530	513	530	513
Other reserves	(4,922)	(4,922)	(4,922)	(4,922)
Reserves and retained earnings (accumulated losses)	2,377	1,241	2,377	1,241
Translation reserve	25	14	25	14
Net profit for the period	1,610	3,496	1,610	3,496
<i>Total Shareholders' Equity</i>	21,520	22,243	21,520	22,243
SHAREHOLDERS' EQUITY				
Payables to other lenders	6,736	4,802	6,736	4,802
Bank payables	4,902	6,144	4,902	6,144
Other non-current financial liabilities	2,550	2,550	2,550	2,550
Employee benefits	1,304	1,259	1,304	1,259
Deferred tax liabilities	214	214	214	214
Non-current liabilities deriving from contracts	1,217	1,340	1,217	1,340
Other payables and non-current liabilities	0	0	0	0
NON-CURRENT LIABILITIES	16,924	16,309	16,924	16,309
Payables to other lenders	4,353	3,923	4,353	3,923
Current bank payables	4,223	3,818	4,223	3,818
Current income tax liabilities	391	669	391	669
Other current financial liabilities	950	1,410	950	1,410
Trade payables	5,669	3,802	5,669	3,802
Payables to group companies	36	0	36	0
Current liabilities deriving from contracts	696	766	696	766
Other payables and current liabilities	3,846	1,290	3,846	1,290
CURRENT LIABILITIES	20,164	15,678	20,164	15,678
LIABILITIES HELD-FOR-SALE	0	0	0	0
TOTAL LIABILITIES	58,607	54,231	58,607	54,231

CONSOLIDATED INCOME STATEMENT

	Reported Q1 19	Reported Q1 18	Adjusted Q1 19	Adjusted Q1 18	Cge %
REVENUES AND OPERATING INCOME					
Revenues from sales and services	7,466	5,174	7,466	5,174	
Other revenues and income	8	14	8	14	
Total revenues and operating income	7,474	5,188	7,474	5,188	44.1%
OPERATING COSTS					
Purchases and services	(4,071)	(1,878)	(3,278)	(1,878)	
Personnel costs	(1,245)	(1,137)	(1,245)	(1,066)	
Amortisation, depreciation & write-downs	(1,376)	(1,185)	(1,376)	(1,185)	
Provisions	0	0	0	0	
Other costs and operating charges	(94)	(74)	(94)	(74)	
Change in Inventories of raw mat., consum. & goods	0	0	0	0	
Total operating costs	(6,785)	(4,274)	(5,992)	(4,203)	
EBIT	689	913	1,482	984	50.6%
Write-down of equity investments	0	0	0	0	
Financial income	129	1	129	1	
Financial expenses	(56)	(44)	(56)	(44)	
Exchange gains/(losses)	0	3	0	3	
PROFIT BEFORE TAXES	761	873	1,555	944	
Income taxes	848	(184)	725	(198)	
NET PROFIT	1,610	689	2,280	746	205.7%
EBITDA	2,064	2,099	2,857	2,169	31.7%
	27.6%	40.5%	38.2%	41.8%	
EBIT	689	913	1,482	984	50.6%
	9.2%	17.6%	19.8%	19.0%	

CASH FLOW STATEMENT

In Euro	31.03.2019 Consolidated Financial Statements	31.12.2018 Consolidated Financial Statements	31.03.2018 Consolidated Financial Statements
Net profit from continuing operations	1,610	3,496	689
Adjustments for non-cash items	629	6,749	1,438
Cash flow generated from operating activities before changes	2,239	10,245	2,127
Changes in current assets and liabilities	4,451	1,404	(101)
Cash flow generated from operating activities	(83)	(1,437)	(44)
Net cash flow generated from operating activities (a)	6,607	10,212	1,982
Net cash flow used in investment activities (b)	(4,263)	(17,374)	(5,138)
Net cash flow from financing activities (c)	(1,388)	3,577	1,615
Net increase/(decrease) in cash and cash equivalents (a+b+c)	955	(3,584)	(1,540)
Cash and cash equivalents at end of period	18,885	17,930	19,974
Cash and cash equivalents at beginning of period	17,930	21,514	21,514
Net increase/(decrease) in cash and cash equivalents	955	(3,584)	(1,540)

Alternative performance indicators

Adjusted EBITDA - A non-GAAP measure used by the Group to measure performance. It equates to EBITDA gross of the following accounts: "IPO process costs", merger & acquisition costs and personnel costs as per IFRS 2 regarding performance shares. Adjusted EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

EBITDA - A non-GAAP measure used by the Group to measure performance. EBITDA is calculated as the sum of the net profit for the period gross of taxes, income (including exchange gains and losses), financial expenses and amortisation, depreciation and write-downs. EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

EBITDA margin - Ratio in percentage terms between EBITDA and total revenues and income.

EBIT - A non-GAAP measure used by the Group to measure performance. EBIT is the sum of the net profit for the period, gross of taxes, income (including exchange gains) and losses and financial expenses. EBIT is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

Adjusted EBIT - Adjusted EBIT is Adjusted EBITDA, net of amortisation, depreciation and write-downs.

EBIT margin - Ratio in percentage terms between EBIT and total revenues and income.



Adjusted Net profit is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items. Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations, as is the case for impairments, disputes considered atypical in terms of frequency and amount.

Net Financial Position (or net financial debt): this is a valid measure of the financial structure of the Group. It is calculated as current and non-current financial payables less cash and cash equivalents, and current and non-current financial assets recognized for derivatives, excluding financial liabilities (current and non-current) relating to operating leases recorded in the financial statements in accordance with IFRS 16.

Total net financial position (or net financial debt): also includes financial liabilities from leases previously classified as operating leases and recorded in the financial statements pursuant to IFRS 16.

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