



# SPAFID CONNECT

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Societa' : TXT e-SOLUTIONS

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Informazione  
Regolamentata

Nome utilizzatore : TXTN01 - Matarazzo

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Diffusione presunta

Oggetto : TXT approved Financial Results as of  
March 31, 2019

*Testo del comunicato*

Vedi allegato.

**TXT e-solutions: Q1 2019****Revenues € 11.9 million (+26.5%),****EBITDA € 1.3 million (+9.2%),****Net Income € 1.4 million (+162.9%).**

- *Revenues € 11.9 million (+26.5%), of which € 8.9 million Aerospace (+20.3%) and € 3.0 million Fintech (+49.2%).*
- *EBITDA € 1.3 million (+9.2%) with growing R&D (+63.3%) and commercial investments (+29.1%).*
- *Net Income € 1.4 million (€ 0.5 million in Q1 2018).*
- *Net Financial Position: € 61.1 million positive (€ 60.4 million as of December 31, 2018).*

Milan – March 13, 2019

The Board of Directors of TXT e-solutions Spa, chaired by Alvise Braga IIIa, today approved the first quarter financial results for the period ended as of March 31, 2019.

Key economic and financial results in first quarter 2019 were:

**Revenues** amounted to € 11.9 million, up 26.5% compared with € 9.4 million in Q1 2018. Within the same consolidation perimeter, revenues increased by 17.3%, with a € 0.9 million contribution from Cheleo. Revenues from software licenses, subscriptions and maintenance amounted to € 1.5 million, up by 31.8% compared with Q1 2018. Revenues from services amounted to € 10.4 million, up by 25.7% compared with Q1 2018.

Division Aerospace, Aviation & Automotive had € 8.9 million revenues, up +20.3% compared with Q1 2018 and Division Fintech had € 3.0 million revenues, up 49.2%, of which € 0.8 million due to consolidation of Cheleo and € 0.2 million to organic growth (+6.6%).

**Gross Margin** came to € 5.2 million, up by 23.1% compared with Q1 2018 (€ 4.2 million). The percentage impact on revenues in Q1 2019 was 43.9%.

**EBITDA** was € 1.3 million, up by 9.2% compared with Q1 2018 (€ 1.2 million), following significant investments in research and development (+63.3%) and commercial teams (+29.1%). General and administrative costs impact on revenues fell from 11.8% in Q1 2018 to 9.9% in Q1 2019.

**EBITA** (Earnings before Interest, Taxes & Amortization) was € 1.0 million, up by 13.7% compared with Q1 2018, with depreciation substantially in line with previous year.

**Operating profit** (EBIT) amounted to € 0.7 million, down compared to Q1 2018 (€ 0.8 million), due to amortization of intangible assets from acquisitions of Cheleo and TXT Risk Solutions.

**Financial Income** amounted to € 1.3 million in Q1 2019 (substantially zero in Q1 2018). The positive trend of financial markets in the first three months of 2019 allowed TXT to leverage on management of liquidity and achieve substantial gains which fully offset 2018 losses.

**Net profit** stood at € 1.4 million, up compared with € 0.5 million in Q1 2018. Tax rate in Q1 2019 was 29%, substantially in line with 30% in Q1 2018.

The consolidated **Net Financial Position** as at 31 March 2019 was positive for € 61.1 million (€ 60.4 million as at 31 December 2018), up € 0.7 million mainly due to Net Income (€ 1.4 million), net of purchase of treasury shares (€ 0.7 million).

Consolidated **Shareholders' Equity** as at 31 March 2019 amounted to € 86.9 million, up € 0.6 million compared to € 86.3 million as at 31 December 2018. The main reason for the increase is Net Income (€ 1.4 million), net of purchase of treasury shares (€ 0.7 million) and other changes in reserves (€ 0.1 million).

As of 31 March 2019, TXT owned 1,434,117 treasury shares or 11.0% of issued shares, purchased at an average price of € 4.09.

## Outlook and Subsequent Events

On 30 April 2019 TXT executed the agreement for the acquisition of Assioma Group, which in 2018 achieved pro-forma Consolidated results, pursuant to Italian accounting standards, with Revenues of € 9.4 million, EBITDA of € 1.3 million (13.9% of revenues) and Net Income of € 0.9 million.

At Closing TXT paid € 4.3 million in cash and within the end of May further payments are expected of € 0.3 million in cash and € 2.3 million in TXT shares into escrow accounts, using available cash and treasury shares. TXT will transfer 253,846 shares, at the agreed value by the parties of € 8.982 each.

The consideration shall be increased by further payments by cash based on the Net Financial Position of Assioma Group on Closing Date, as conventionally defined in the agreement (estimated positive by € 1.5 million) and by two Earn-outs estimated in a total amount of € 2.4 million, contingent upon achievement of specific operational goals, paid as part of the deferred price over a medium-term period.

The Company foresees in Q2 2019 an acceleration of revenues growth due to both organic development and contribution from acquisition of Cheleo and Assioma. EBITA is expected to substantially improve compared with Q2 2018, despite important R&D and commercial investment to support the organic development of both Division Aerospace, Aviation & Automotive and Fintech.

The Chairman Alvisè Braga Illa has commented: *"The Company is delivering the announced business plan of internal and external growth. In Q1 2019 Revenues and Operating Results grew year on year, not only due to the positive contribute of recent acquisitions, but also at constant perimeter. We are confident this trend will continue for the rest of the year. I remind to our investors, sometimes impatient to see our important cash position quickly invested in a large acquisition, that it is wise to wait for the right opportunities, in line with our strategy of innovation in Fintech and Aerospace and acquired at favorable multiples to allow value creation for TXT and for the targets"*.

### **Declaration of the designated officer in charge of drafting the company's accounting documents**

The Designated Officer in charge of drafting the company's accounting documents, Paolo Matarazzo, herein declares, pursuant to Article 154-bis, Paragraph 2 of Legislative Decree no. 58 of 24 February 1998 that the accounting information contained in this press release corresponds to the documentary records, books and accounting entries.

As from today, this press release is available also on the company's website [www.txtgroup.com](http://www.txtgroup.com)

**TXT e-solutions** is a leading international provider of software products and strategic solutions. It operates in dynamic markets that require high specialization and innovation capacity. TXT is focused on software for the aerospace, aeronautics and automotive industries, where it offers specific products and specialized engineering services, and on the Fintech sector with services related to testing and IT governance and products and solutions for the management of loans, NPLs and large financial system risks. Listed on the stock exchange since 2000 and included in the Star segment (TXT.MI), TXT is headquartered in Milan and has offices in Italy, France, UK, Germany, Switzerland and the United States.

#### **For information:**

##### **TXT e-solutions SpA**

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## Management Income Statement as of 31 March 2019

<i>€ thousand</i>	Q1 2019	%	Q1 2018	%	Var %
<b>REVENUES</b>	<b>11.885</b>	<b>100,0</b>	<b>9.397</b>	<b>100,0</b>	<b>26,5</b>
Direct costs	6.671	56,1	5.163	54,9	29,2
<b>GROSS MARGIN</b>	<b>5.214</b>	<b>43,9</b>	<b>4.234</b>	<b>45,1</b>	<b>23,1</b>
Research and Development costs	1.163	9,8	712	7,6	63,3
Commercial costs	1.585	13,3	1.228	13,1	29,1
General and Administrative costs	1.174	9,9	1.111	11,8	5,7
<b>EBITDA</b>	<b>1.292</b>	<b>10,9</b>	<b>1.183</b>	<b>12,6</b>	<b>9,2</b>
Depreciation	331	2,8	338	3,6	(2,1)
<b>CURRENT OPERATING PROFIT (EBITA)</b>	<b>961</b>	<b>8,1</b>	<b>845</b>	<b>9,0</b>	<b>13,7</b>
Amortization	233	2,0	88	0,9	n.m.
<b>OPERATING PROFIT (EBIT)</b>	<b>728</b>	<b>6,1</b>	<b>757</b>	<b>8,1</b>	<b>(3,8)</b>
Financial income (charges)	1.278	10,8	17	0,2	n.m.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>2.006</b>	<b>16,9</b>	<b>774</b>	<b>8,2</b>	<b>n.m.</b>
Taxes	(581)	(4,9)	(232)	(2,5)	n.m.
<b>NET PROFIT</b>	<b>1.425</b>	<b>12,0</b>	<b>542</b>	<b>5,8</b>	<b>n.m.</b>

## Income Statement as of 31 March 2019

Euro	31.3.2019	31.03.2018
<b>TOTAL REVENUES AND INCOME</b>	<b>11.884.639</b>	<b>9.396.659</b>
Purchases of materials and services	(2.215.268)	(1.393.602)
Personnel costs	(8.267.111)	(6.799.232)
Other operating costs	(109.969)	(20.655)
Amortizations, depreciation and write downs	(564.629)	(426.656)
<b>OPERATING RESULT</b>	<b>727.662</b>	<b>756.514</b>
Financial income/charges	1.287.222	17.302
Net result of associated companies	(9.196)	-
<b>PRE-TAX RESULT</b>	<b>2.005.688</b>	<b>773.816</b>
Income Taxes	(581.014)	(231.364)
<b>NET INCOME CONTINUING OPERATIONS</b>	<b>1.424.674</b>	<b>542.452</b>
PROFIT PER SHARE (Euro)	0,12	0,05
DILUTED PROFIT PER SHARE (Euro)	0,12	0,05

## Net Financial Position as of 31 March 2019

<i>.000 Euro</i>	31.3.2019	31.12.2018	Var
Cash	8.521	5.593	2.928
Trading securities at fair value	100.343	103.949	(3.606)
Other Short Term Financial Assets	-	5.000	(5.000)
Short term Financial Debts	(12.837)	(17.304)	4.467
<b>Short term Financial Resources</b>	<b>96.027</b>	<b>97.238</b>	<b>(1.211)</b>
Non current Financial Debts - Lessors IFRS 16	(2.025)	(2.055)	30
Other Non current Financial Debts	(32.903)	(34.827)	1.924
Non current Financial Debts	(34.928)	(36.882)	1.954
<b>Net Available Financial Resources</b>	<b>61.099</b>	<b>60.356</b>	<b>743</b>

## Consolidated Balance Sheet as of 31 March 2019

<b>ASSETS (Euro)</b>	<b>31.3.2019</b>	<b>31.12.2018</b>
<b>NON-CURRENT ASSETS</b>		
Goodwill	12.784.544	12.784.544
Definite life intangible assets	4.733.759	4.966.064
<b>Intangible Assets</b>	<b>17.518.303</b>	<b>17.750.608</b>
Buildings, plants and machinery	3.817.000	3.680.046
<b>Tangible Assets</b>	<b>3.817.000</b>	<b>3.680.046</b>
Investments in associates	-	9.196
Other non-current assets	78.230	73.780
Deferred tax assets	1.482.196	1.428.441
<b>Other non-current assets</b>	<b>1.560.426</b>	<b>1.511.417</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>22.895.729</b>	<b>22.942.071</b>
<b>CURRENT ASSETS</b>		
Inventories	5.126.227	3.140.913
Trade receivables	13.360.043	14.028.655
Other current assets	3.279.798	2.963.467
Other short term financial assets	-	5.000.000
Trading securities at fair value	100.342.689	103.948.873
Cash and other liquid equivalents	8.520.777	5.593.125
<b>TOTAL CURRENT ASSETS</b>	<b>130.629.534</b>	<b>134.675.033</b>
<b>TOTAL ASSETS</b>	<b>153.525.263</b>	<b>157.617.103</b>
<b>EQUITY AND LIABILITIES (Euro)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	6.503.125	6.503.125
Reserves	12.592.088	13.439.139
Retained earnings	66.405.009	65.840.063
Profit (Loss) for the period	1.424.674	564.947
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>86.924.896</b>	<b>86.347.274</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	34.927.810	36.882.347
Severance and other personnel liabilities	2.901.295	2.956.922
Deferred tax liabilities	1.283.530	1.344.340
Provisions for future risks and charges	718.905	718.905
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>39.831.540</b>	<b>41.902.514</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	12.837.013	17.304.435
Trade payables	1.090.714	1.434.446
Tax payables	771.539	317.197
Other current liabilities	12.069.561	10.311.238
<b>TOTAL CURRENT LIABILITIES</b>	<b>26.768.827</b>	<b>29.367.315</b>
<b>TOTAL LIABILITIES</b>	<b>66.600.367</b>	<b>71.269.830</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>153.525.263</b>	<b>157.617.103</b>

## Consolidated Statement of Cash Flows as of 31 March 2019

Euro	31.3.2019	31.3.2018
<b>Net Income</b>	<b>1.424.674</b>	<b>542.452</b>
Financial interest paid	42.054	-
Variance Fair Value Financial Assets	(1.393.814)	-
Current income taxes	454.342	243.061
Variance in deferred taxes	(114.566)	(21.451)
Amortization, depreciation and write-downs	564.721	426.752
Other non cash costs	33.804	-
<b>Cash flows generated by operations before working capital</b>	<b>1.011.215</b>	<b>1.190.814</b>
(Increase) / Decrease in trade receivables	352.281	2.596.236
(Increase) / Decrease in inventories	(1.985.314)	66.811
Increase / (Decrease) in trade payables	(343.732)	(918.399)
Increase / (Decrease) in other current assets/liabilities	1.763.069	2.685.489
Increase / (Decrease) in severance and other personnel liabilities	(55.627)	44.080
<b>Changes in working capital</b>	<b>(269.323)</b>	<b>4.474.217</b>
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>741.892</b>	<b>5.665.031</b>
Increase in tangible assets	(260.650)	(1.465.287)
Increase in intangible assets	(1.037)	(1.630)
<b>CASH FLOW GENERATED BY INVESTING ACTIVITIES</b>	<b>(261.687)</b>	<b>(1.466.917)</b>
Proceeds from borrowings	429.582	-
(Repayment) of borrowings	(7.055.867)	-
(Repayment) of Leasing liabilities	(238.989)	(240.851)
(Increase) / Decrease in other financial credits	9.966.194	-
Increase / (Decrease) in other financial liabilities	53.754	823.686
Dividends paid	-	-
Financial interests paid	(30.401)	-
(Purchase)/Sale of Treasury Shares	(673.937)	(442.162)
<b>CASH FLOW GENERATED BY FINANCIAL ACTIVITIES</b>	<b>2.450.336</b>	<b>140.673</b>
<b>INCREASE / (DECREASE) IN CASH</b>	<b>2.930.541</b>	<b>4.338.787</b>
Difference in Currency Translation	(2.890)	12.352
<b>Cash at beginning of the period</b>	<b>5.593.125</b>	<b>86.527.488</b>
<b>Cash at the end of the period</b>	<b>8.520.776</b>	<b>90.878.627</b>



Fine Comunicato n.0439-54

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