



# SPAFID CONNECT

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Societa' : TXT e-SOLUTIONS

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Regolamentata

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Oggetto : TXT approve results of H1 2019

*Testo del comunicato*

Vedi allegato.

**TXT e-solutions: first half of 2019**  
**Revenues € 27.0 million (+42%),**  
**EBITDA € 2.8 million (+35%),**  
**Net profit € 2.1 million (+140%).**

- Revenues € 27.0 million (+26.5%), of which € 18.6 million Aerospace (+22.7%) and € 8.4 million Fintech (+119.0%).
- EBITDA € 2.8 million (+34.8%) following increases in investment in research and development (+84.8%) and commercial investment (+37.2%).
- Net profit € 2.1 million (€ 0.9 million in the first half of 2018).
- Net Financial Position was positive at € 44,2 million (€ 60.4 million as at 31 December 2018) after dividends and acquisition of Assioma.

Milan, 1 August 2019

TXT e-solutions' Board of Directors chaired by Alvisè Braga Illa has approved today the half-year results as at 30 June 2019.

The main operating and financial results for the first half of 2019 were as follows:

**Revenues** amounted to € 27.0 million, up 42.0% compared to € 19.0 million in first half of 2018. Within the same consolidation scope, revenues increased by 21.8%, with a € 3.9 million contribution from Cheleo and Assioma. Revenues from software amounted to € 2.9 million in the first half of 2019, up +24.9% compared to the first half of 2018. Revenues from services amounted to € 24.1 million, up +44.5% compared to the first half of 2018.

The Aerospace, Aviation and Automotive Division reported revenues of € 18.6 million, up +22.7% compared to the first half of 2018, entirely owing to organic development, and the Fintech Division posted revenues of € 8.4 million, up +119.0% compared to the first half of 2018, of which € 3.9 million for the consolidation of Cheleo and Assioma and € 0.7 million from organic growth (+18.2%).

Net of direct costs, the **gross margin** rose from € 8.4 million to € 11.7 million, with a +38.9% increase. The gross margin amounted to 43.5% of revenues in the first half of 2019.

**EBITDA** was € 2.8 million, up +34.8% compared to the first half of 2018 (€ 2.1 million), following significant investments in research and development (+84.8%) and commercial investments (+37.2%). The impact of general and administrative costs on revenues decreased from 12.1% to 9.9% in the first half of 2019. The € 0.7 million increase in EBITDA includes € 0.2 million from growth (+10.2%) and € 0.5 million from the contribution of Cheleo and Assioma. The margin on revenues was 10.3% compared to

10.9% in the first half of 2018 due to the greater weight in the revenue mix of Fintech, which has an even lower profitability (3.0%) compared to Aerospace (13.6%).

**EBITA** (gross operating profit after depreciation of tangible assets) in the first half of 2019 was € 2.1 million, up by +50.4% compared to the first half of 2018 (€ 1.4 million), with depreciation basically in line with last year.

**EBIT** (operating profit) was € 1.2 million, essentially in line with the first half of 2018 (+4.0%). The € 0.7 million growth in EBIT was basically absorbed by the increase in amortisation of intangible assets for the acquisitions of Cheleo and TXT Risk Solutions (€ 0.3 million) and by reorganisation costs (€ 0.4 million).

**Financial income** in the first half of 2019 totalled € 1.8 million (negative for € 0.3 million in the first half of last year) because of the growth in the financial markets that allowed liquidity to be managed with a fully positive result.

**Net profit** was € 2.1 million, compared to € 0.9 million in the first half of 2018, with a 7.7% impact on revenues compared to 4.6% of last year. Taxes had a 31% impact on earnings before taxes in the first half of 2019, while the first half of 2018 a one-off benefit from "Patent Box" tax relief for the prior years basically offset the current tax expense.

The Consolidated **Net Financial Position** as at 30 June 2019 was positive for € 44,2 million, compared to € 60.4 million as at 31 December 2018, down by € 16.2 million mainly due to the dividend distribution (€ 5.8 million), the outlay to acquire Assioma (€ 5.6 million), purchase of treasury shares (€ 1.0 million), recognition of the payables for a new lease contract for offices according to IFRS 16 (€ 2.2 million) and other changes in net working capital (€ 1.4 million).

Consolidated **shareholders' equity** as at 30 June 2019 amounted to € 83.5 million, down € 2.8 million compared to € 86.3 million as at 31 December 2018, mainly as a result of the dividend distribution (€ 5.8 million), the purchase of treasury shares (€ 1.0 million) and other changes in reserves (€ 0.5 million). The net shareholders' equity increased thanks also to the use of treasury shares for part of the price paid for the acquisition of Assioma (€ 2.4 million) and because of the net profit recorded in the first half (€ 2.1 million).

As at 30 June 2019 treasury shares amounted to 1,231,171, equal to 9.33% of the shares issued and were purchased at an average price of € 3.29 per share.

Acquisition of the Assioma Group ([www.assioma.net](http://www.assioma.net)) was completed on 30 April 2019. It is an Italian specialist in the governance of application software quality, with specialised skills consolidated by almost thirty years of experience. Its organisation comprises over 160 employees working at its offices in Turin, Milan and Bari. Assioma's customers include many banks, including Intesa San Paolo, Unicredit Leasing, UBI, ING Direct, Widiba, BPM Group and companies of primary importance in the Telecommunications, Industry and Services sectors.

The acquisition of Assioma allows TXT's activities for Bank and Finance customers to be strengthened and allows the range of services of the Fintech Division to be extended. Innovation and attention to customers are the basic values TXT shares with Assioma, with a highly competent team of staff, which share TXT's ethical and professional values in providing excellent services and software of the highest quality. Assioma's managers are deeply motivated to innovate and grow sustainably with profit. This transaction reinforces the Fintech Division as a future hub for growth and as a player that creates value for investors, alongside the increasingly growing international success of the Aeronautics Division.

## Second Quarter of 2019

**Net revenues** amounted to € 15.1 million, up 57.3% compared to the second quarter of 2018 (€ 9.6 million). Within the same consolidation scope, revenues increased by 26.1%, with a € 3.0 million contribution from Cheleo and Assioma. Software revenues from subscriptions and maintenance were € 1.4 million, up +18.4% compared to the second quarter of 2018 (€ 1.2 million) due to the consolidation of Cheleo. Revenues from services amounted to € 13.7 million, up 62.9% compared to the second quarter of 2018 (€ 8.4 million). Within the same consolidation scope, revenues increased by 29.9%, with a € 2.8 million contribution from Cheleo and Assioma.

**EBITDA** in the second quarter of 2019 was € 1.5 million, up +68.8% compared to the second quarter of 2018 (€ 0.9 million), following significant investments in research and development (+105.6%) and commercial investments (+44.4%). The impact of general and administrative costs on revenues decreased from 12.5% to 9.9%, and EBITDA margins on revenues improved by 9.2% in the second quarter of 2018 (9.9%). The € 0.6 million increase in EBITDA includes € 0.3 million from growth (+27.2%) and € 0.3 million from the contribution of Cheleo and Assioma.

**Net profit** was € 0.7 million, compared to € 0.3 million in the second quarter of 2018 (+101.2%). Net profit includes reorganisation costs of € 0.4 million, financial income of € 0.5 million and the ordinary tax burden (30% of the pre-tax profit). In the second quarter of 2018, it included financial charges of € 0.3 million and a tax income of € 0.2 million from prior "Patent Box" relief.

## Events after the reporting period and outlook

On 15 July 2019, the Board of Directors co-opted Daniele Misani and Alessandro Arrigoni as Directors. Daniele Misani has spent his entire career at TXT, significantly contributing to the growth of the Company's offer in the aeronautics sector and to its international development, up to the point of being appointed Manager of the Aerospace Division. Alessandro Arrigoni has a distinguished professional and university career in contract, business and finance law, and currently teaches Advanced Business Law at the University of Milan Bicocca.

The two directors replace Marco Guida and Paolo Matarazzo, both resigning directors, whom the Board has unanimously thanked and appreciated once again for the many years of service they have devoted to the Company.

In the third quarter of 2019, the Company expects further revenue growth, both in terms of organic growth and the contribution of the acquired companies Cheleo and Assioma. EBITA is expected to significantly improve compared to the third quarter of 2018, although continuing with major research and development and commercial investments to take advantage of market opportunities in both Aerospace, Aviation & Automotive and Fintech divisions.

The Chairman Alvise Braga Illa said, *"Our initial acquisitions have been integrated rapidly, with cost-effective simplifications in the organization. These actions, whose merit goes to the whole team lead by the newly-appointed CEO Enrico Magni, have had strong positive impact on revenues and EBITDA, even after expensing all reorganization costs, already in the first semester of 2019. The full positive impact of these measures will be strongly felt in the second semester 2019 and in the following fiscal year.*

*Our historical Aerospace Division has accelerated growth, with important new contracts for software licenses and services, signed mainly in North America, which will further benefit results in the near term.*

*Our new Fintech Division, after acquiring Assioma, which has strong synergy with TXT's Banking & Finance activities, and three high-potential newco's (Cheleo, TXT Risk Solutions and Assiopay, the latter as yet controlled by Assioma), has now reached a dimension that permits significant cross-selling and up-selling. Our Fintech Division has thus acquired high strategic relevance in TXT's growth plans.*

*As stockholder in TXT, I have expressed to the Board of Directors and to the Board of Statutory Auditors deep appreciation and high expectations of future value creation for all stockholders."*

### **Statement of the manager responsible for preparing corporate accounting documents**

Pursuant to paragraph 2 of Article 154-bis of Legislative Decree 58 dated 24 February 1998, the Manager responsible for preparing corporate accounting documents certifies that the accounting information included in this press release corresponds to the accounting books and records.

Starting today this press release is also available on the website of the Company, [www.txtgroup.com](http://www.txtgroup.com).

**TXT e-solutions** is a world leader in the supply of software products and strategic solutions. It operates in dynamic markets that require high specialisation and the capacity to innovate. TXT is focused on software for the aerospace, aeronautical and automotive sector, where it offers specific products and specialist engineering services, and for the Fintech sector with services linked to testing and IT governance as well as products and solutions for managing loans, NPS and big risks of the financial system. Listed on the Italian Stock Market since 2000 in the Star segment (TXT.MI), TXT has its registered office in Milan and offices in Italy, France, the UK, Germany, Switzerland and the USA.

#### **For more information:**

Paolo Matarazzo

CFO

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**Management statement of income as at 30 June 2019**

<i>(€ thousand)</i>	H1 2019	%	H1 2018	%	% Change
<b>REVENUES</b>	<b>26,996</b>	<b>100.0</b>	<b>19,006</b>	<b>100.0</b>	<b>42.0</b>
Direct costs	15,264	56.5	10,560	55.6	44.5
<b>GROSS MARGIN</b>	<b>11,732</b>	<b>43.5</b>	<b>8,446</b>	<b>44.4</b>	<b>38.9</b>
Research and Development costs	2,674	9.9	1,447	7.6	84.8
Commercial costs	3,596	13.3	2,621	13.8	37.2
General and Administrative costs	2,674	9.9	2,309	12.1	15.8
<b>EBITDA</b>	<b>2,788</b>	<b>10.3</b>	<b>2,069</b>	<b>10.9</b>	<b>34.8</b>
Depreciation of tangible assets	723	2.7	696	3.7	3.9
<b>GROSS OPERATING PROFIT (EBIT)</b>	<b>2,065</b>	<b>7.6</b>	<b>1,373</b>	<b>7.2</b>	<b>50.4</b>
Amortisation of intangible assets	474	1.8	176	0.9	n.s.
Non-recurring reorganisation charges and (income)	346	1.3	-	-	n.s.
<b>OPERATING PROFIT (EBIT)</b>	<b>1,245</b>	<b>4.6</b>	<b>1,197</b>	<b>6.3</b>	<b>4.0</b>
Financial income (charges)	1,791	6.6	(287)	(1.5)	n.s.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>3,036</b>	<b>11.2</b>	<b>910</b>	<b>4.8</b>	<b>n.s.</b>
Taxes	(865)	(3.2)	(40)	(0.2)	n.s.
<b>NET PROFIT</b>	<b>2,171</b>	<b>8.0</b>	<b>870</b>	<b>4.6</b>	<b>n.s.</b>
Attributable to:					
Parent Company shareholders	2084		870		
Minority interest	87		-		

### Income Statement as at 30 March 2019

	30/06/2019	30/06/2018
Revenues and other income	26,995,519	19,005,646
<b>TOTAL REVENUES AND INCOME</b>	<b>26,995,519</b>	<b>19,005,646</b>
Purchases of materials and services	(5,837,752)	(2,996,198)
Personnel costs	(18,081,331)	(13,818,456)
Other operating costs	288,842	122,373
Amortizations, depreciation and write downs	(1,542,318)	(871,251)
<b>OPERATING RESULT</b>	<b>1,245,276</b>	<b>1,197,368</b>
Financial income (charges)	1,800,012	(287,147)
Net result of associated companies	(9,196)	-
<b>PRE-TAX RESULT</b>	<b>3,036,092</b>	<b>910,221</b>
Income Taxes	(864,903)	(40,281)
<b>NET INCOME CONTINUING OPERATIONS</b>	<b>2,171,189</b>	<b>869,940</b>
Attributable to:		
Owners of the Parent	2,084,555	869,940
Non controlling interest	(86,634)	-
<b>PROFIT PER SHARE (EURO)</b>	<b>0.19</b>	<b>0.07</b>
<b>DILUTED PROFIT PER SHARE (EURO)</b>	<b>0.19</b>	<b>0.07</b>
<b>Number of Shares</b>	<b>11,656,499</b>	<b>11,706,755</b>

### Net Financial Position as at 30 June 2019

.000 Euro	30.6.2019	31.12.2018	Var
Cash	15,004	5,593	9,411
Trading securities at fair value	81,772	103,949	(22,177)
Other Short Term Financial Assets	-	5,000	(5,000)
Short term Financial Debts	(16,523)	(17,304)	781
<b>Short term Financial Resources</b>	<b>80,253</b>	<b>97,238</b>	<b>(16,985)</b>
Non current Financial Debts - Lessors IFRS 16	(4,859)	(2,055)	(2,804)
Other Non current Financial Debts	(31,237)	(34,827)	3,590
Non current Financial Debts	(36,096)	(36,882)	786
<b>Net Available Financial Resources</b>	<b>44,157</b>	<b>60,356</b>	<b>(16,199)</b>

**Consolidated statement of financial position as at 30 June 2019**

<b>ASSETS (Euro)</b>	<b>30.6.2019</b>	<b>31.12.2018</b>
<b>NON-CURRENT ASSETS</b>		
Goodwill	20,212,384	12,784,544
Definite life intangible assets	4,578,177	4,966,064
<b>Intangible Assets</b>	<b>24,790,561</b>	<b>17,750,608</b>
Buildings, plants and machinery	7,875,857	3,680,046
<b>Tangible Assets</b>	<b>7,875,857</b>	<b>3,680,046</b>
Investments in associates	0	9,196
Other non-current assets	253,941	73,780
Deferred tax assets	1,398,271	1,428,441
<b>Other non-current assets</b>	<b>1,652,212</b>	<b>1,511,417</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>34,318,630</b>	<b>22,942,071</b>
<b>CURRENT ASSETS</b>		
Inventories	5,580,895	3,140,913
Trade receivables	18,806,426	14,028,655
Other current assets	3,482,600	2,963,467
Other short term financial assets	0	5,000,000
Trading securities at fair value	76,974,514	103,948,873
Cash and other liquid equivalents	19,800,993	5,593,125
<b>TOTAL CURRENT ASSETS</b>	<b>124,645,428</b>	<b>134,675,033</b>
<b>TOTAL ASSETS</b>	<b>158,964,058</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	14,638,506	13,439,139
Retained earnings	60,298,917	65,840,063
Profit (Loss) for the period	2,084,554	564,947
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>83,525,102</b>	<b>86,347,274</b>
<b>NON CONTROLLING INTEREST</b>	<b>121,182</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	36,095,674	36,882,347
Severance and other personnel liabilities	3,370,700	2,956,922
Deferred tax liabilities	1,222,719	1,344,340
Provisions for future risks and charges	118,905	718,905
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>40,807,998</b>	<b>41,902,514</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	16,523,005	17,304,435
Trade payables	2,120,935	1,434,446
Tax payables	944,639	317,197
Other current liabilities	14,921,197	10,311,238
<b>TOTAL CURRENT LIABILITIES</b>	<b>34,509,776</b>	<b>29,367,315</b>
<b>TOTAL LIABILITIES</b>	<b>75,317,774</b>	<b>71,269,830</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>158,964,058</b>	<b>157,617,103</b>



**Consolidated cash flow statement as at 30 June 2019**

	30 giugno 2019	31 dicembre 2018
<b>Net Income</b>	<b>2,171,189</b>	<b>564,947</b>
Non monetary costs for Stock Options	3,399	-
Financial interest paid	43,597	278,642
Variance Fair Value Financial Assets	(2,025,329)	971,127
Current income taxes	-	274,663
Variance in deferred taxes	(91,452)	(367,373)
Amortization, depreciation and write-downs	596,786	1,911,442
Other non cash costs	-	2,280
<b>Cash flows generated by operations before working capital</b>	<b>698,190</b>	<b>3,635,728</b>
(Increase) / Decrease in trade receivables	(2,105,623)	1,234,849
(Increase) / Decrease in inventories	(2,420,284)	(318,406)
Increase / (Decrease) in trade payables	(112,798)	(90,425)
Increase / (Decrease) in other current assets/liabilities	1,613,011	(2,562,347)
Increase / (Decrease) in severance and other personnel liabilities	(68,661)	51,147
<b>Changes in working capital</b>	<b>(3,094,355)</b>	<b>(1,685,182)</b>
	-	(535,626)
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>(2,396,165)</b>	<b>1,414,920</b>
Increase in tangible assets	(433,317)	(439,737)
Increase in intangible assets	(2,170)	(85,805)
Decrease tangible and intangible assets	30,492	-
Net cash flow from acquisition/assignment	(1,783,708)	1,314,141
Increases)/decreases in financial investments	30,197,205	(110,010,118)
<b>CASH FLOW GENERATED BY INVESTING ACTIVITIES</b>	<b>28,008,502</b>	<b>(109,221,519)</b>
Proceeds from borrowings	857,052	42,979,140
(Repayment) of borrowings	(9,213,523)	(2,172,541)
(Repayment) of Leasing liabilities	(594,124)	(963,404)
(Increase) / Decrease in other financial credits	-	3,156,172
Increase / (Decrease) in other financial liabilities	32,439	19,807
Dividends paid	(5,780,767)	(11,709,799)
Financial interests paid	(125,698)	(35,013)
Others variations	(450,000)	-
(Purchase)/Sale of Treasury Shares	(930,962)	(4,377,109)
<b>CASH FLOW GENERETED BY FINANCIAL ACTIVITIES</b>	<b>(16,205,583)</b>	<b>26,897,253</b>
<b>INCREASE / (DECREASE) IN CASH</b>	<b>9,406,754</b>	<b>(80,909,346)</b>
Difference in Currency Translation	3,459	(25,017)
<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>15,003,338</b>	<b>5,593,125</b>
Assets acquired that did not generate cash flows (initial recognition IFRS 16)	(2,495,754)	(3,751,131)
Liabilities acquired that did not generate cash flows (initial recognition IFRS 16)	2,495,754	3,751,131

## Management statement of income of Second Quarter of 2019

(€ thousand)	Q2 2019	%	Q2 2018	%	% Change
<b>REVENUES</b>	<b>15,111</b>	<b>100.0</b>	<b>9,609</b>	<b>100.0</b>	<b>57.3</b>
Direct costs	8,593	56.9	5,397	56.2	59.2
<b>GROSS MARGIN</b>	<b>6,518</b>	<b>43.1</b>	<b>4,212</b>	<b>43.8</b>	<b>54.7</b>
Research and Development costs	1,511	10.0	735	7.6	105.6
Commercial costs	2,011	13.3	1,393	14.5	44.4
General and Administrative costs	1,500	9.9	1,198	12.5	25.2
<b>EBITDA</b>	<b>1,496</b>	<b>9.9</b>	<b>886</b>	<b>9.2</b>	<b>68.8</b>
Depreciation of tangible assets	392	2.6	358	3.7	9.5
<b>GROSS OPERATING PROFIT (EBITA)</b>	<b>1,104</b>	<b>7.3</b>	<b>528</b>	<b>5.5</b>	<b>109.1</b>
Amortisation of intangible assets	241	1.6	88	0.9	n.s.
Non-recurring reorganisation charges and (income)	346	2.3	-	-	n.s.
<b>OPERATING PROFIT (EBIT)</b>	<b>517</b>	<b>3.4</b>	<b>440</b>	<b>4.6</b>	<b>17.5</b>
Financial income (charges)	513	3.4	(304)	(3.2)	n.s.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>1,030</b>	<b>6.8</b>	<b>136</b>	<b>1.4</b>	<b>n.s.</b>
Taxes	(284)	(1.9)	192	2.0	n.s.
<b>NET PROFIT</b>	<b>746</b>	<b>4.9</b>	<b>328</b>	<b>3.4</b>	<b>101.2</b>
Attributable to:					
Parent Company shareholders	659		328		
Minority interest	87		-		

Fine Comunicato n.0439-85

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