

**TXT e-solutions: Q1 2014****Revenues € 14 million: consolidated +5.9%, TXT Perform +10.9%.****Growing profits: EBITDA +4.2%, Net Income +1.7%.**

- *Consolidated Revenues: € 14.0 million (+5.9%), 57% from outside Italy.*
- *EBITDA: € 1.5 million (+4.2% compared to Q1 2013).*
- *Net income: € 1.0 million (+1.7% compared to Q1 2013).*
- *Net Financial Position: € 11.3 million (€ 8.6 million as of December 31, 2013).*

Milan – May 8, 2014

The Board of Directors of TXT e-solutions, chaired by Alvisè Braga IIIa, today approved the first quarter financial results for the period ended as of March 31, 2014, slightly better than anticipation made last 16 April 2014.

First quarter 2014 recorded important commercial investments both in North America and in Europe focused on proprietary software TXT Perform for the end-to-end planning for large Luxury, Fashion and Retail companies.

Revenues grew by 5.9% (or +7,1% at constant exchange rates), from € 13.2 million in Q1 2013 to € 14.0 million. Sales of licences and maintenance totalled € 3.5 million (25% as a percentage of revenues), up +7.2% compared to Q1 2013.

TXT Perform (62% of group revenues) made a positive contribution to revenues (+10.9%); TXT Next (38% of group revenues) slightly decreased (-1.3%).

International Revenues rose from € 6.7 to € 8.0 million, up +18.6% (57% of total sales, almost entirely in TXT Perform).

EBITDA was € 1.5 million and grew by 4.2% compared to Q1 2013. Profitability on Revenues (10.9%) was substantially in line with Q1 2013 (11.0%). All research and development costs were expensed both in 2014 and in 2013.

Net Income amounted to € 1.0 million (7.1% of revenues) and grew by +1.7% compared to Q1 2013.

Net Financial Position has risen from € 8.6 million positive as of December 31, 2013 to € 11.3 million as of March 31, 2014, mainly due to good cash generation in the quarter and reduction of Working Capital.

Shareholders' Equity as of March 31, 2014 amounted to € 28.9 million, compared to € 27.9 million as of December 31, 2013 mainly due to net income of the first quarter.

As of March 31, 2014 TXT holds 1,355,780 treasury shares, or 11.47% of issued shares, purchased at an average price of € 2,55.

In Q1 TXT Perform gained important new customers, including Otto (D), La Halle (F) and The White Company (UK) and important extension of licences to existing customers, including Damartex (F), Cotton On (AUS), Lindex (FIN) and Greencore (UK).

On 7 February 2014 a new subsidiary, TXT USA Inc, has been incorporated in the United States, with the aim to accelerate the commercial development in North America and the commercial team has been strengthened by hiring several senior managers in sales and pre-sales.

The 2013 dividend of € 0.25 per share (up compared to € 0,20 in 2012) will be paid on 22 May 2014 (ex-dividend date 19 May 2014 and record date 21 May 2014). The total amount of dividends will be about € 2.6 million, distributed to an estimated number of 10.5 million shares outstanding on the ex-dividend date.

## **Outlook**

Economic environment is slightly improving, but it remains difficult and with several geopolitical issues. Nevertheless, the Company believes it will be able to outperform the market, thanks to its defined strategy, innovative products and international team of specialized consultants.

Ongoing negotiations for the sale of TXT Perform solutions are good and show a positive trend; however, revenues from licenses are always highly unpredictable and subject to the outcome of negotiations and delays in the decision process of customers. The order book for maintenance and services have a good visibility and allow envisaging a positive development of the business in the current quarter.

## **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 an international specialist in high-value, strategic software and solutions for large enterprises. The main business areas are: **Integrated & Collaborative Planning Solutions**, with the TXT Perform Division, especially for Luxury, Fashion, Retail and Consumer Goods; **Software for Complex Operations & Manufacturing**, with the TXT Next Division, for Aerospace, Defence, High-Tech and Finance. Listed in the Star Segment of Borsa Italiana (TXT.MI), TXT is based in Milan and has offices in Italy, France, UK, Germany, Spain, Canada and Australia.

**For information:**

**TXT e-solutions SpA**

Paolo Matarazzo

CFO

Tel. +39 02 25771.355

[paolo.matarazzo@txtgroup.com](mailto:paolo.matarazzo@txtgroup.com)

## Management Income Statement as of 31.03.2014

<i>Amounts in thousands of Euro</i>	Q1 2014	%	Q1 2013 (*)	%	Var %
<b>REVENUES</b>	<b>13.995</b>	<b>100</b>	<b>13.213</b>	<b>100</b>	<b>5,9</b>
Direct costs	6.607	47	6.271	47,5	5,4
<b>GROSS MARGIN</b>	<b>7.388</b>	<b>53</b>	<b>6.942</b>	<b>52,5</b>	<b>6,4</b>
R&D Costs	1.232	9	1.292	9,8	-4,6
Commercial Costs	2.891	21	2.512	19	15,1
G&A Costs	1.744	13	1.678	12,7	3,9
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>1.521</b>	<b>11</b>	<b>1.460</b>	<b>11</b>	<b>4,2</b>
Amortization, Depreciation	310	2	304	2,3	2
<b>OPERATING PROFIT (EBIT)</b>	<b>1.211</b>	<b>9</b>	<b>1.156</b>	<b>8,7</b>	<b>4,8</b>
Financial Income (Expenditure)	(68)	(1)	(27)	-0,2	n.m.
<b>PRE-TAX INCOME (EBT)</b>	<b>1.143</b>	<b>8</b>	<b>1.129</b>	<b>8,5</b>	<b>1,2</b>
Income Taxes	(150)	(1)	(153)	-1,2	-2
<b>NET INCOME</b>	<b>993</b>	<b>7</b>	<b>976</b>	<b>7,4</b>	<b>1,7</b>

(\*) The Consolidated Income Statement as of March 31, 2013 has been restated to reflect the retrospective effect of the final acquisition price of Maple Lake.

## Income Statement as of 31.03.2014

Amounts in Euro	31.03.2014	31.03.2013 (*)	Variance	%
Revenues	13.192.635	12.465.150	727.485	6%
Other income	802.447	748.319	54.128	7%
<b>TOTAL REVENUES AND INCOME</b>	<b>13.995.082</b>	<b>13.213.469</b>	<b>781.613</b>	<b>6%</b>
Purchases of materials and services	(3.185.976)	(3.247.028)	61.052	-2%
Personnel costs	(8.827.233)	(8.017.784)	(809.449)	10%
Other operating costs	(460.946)	(488.894)	27.948	-6%
Amortizations, depreciation and write downs	(309.430)	(303.623)	(5.807)	2%
<b>OPERATING RESULT</b>	<b>1.211.497</b>	<b>1.156.140</b>	<b>55.357</b>	<b>5%</b>
Net Financial income/charges	(68.192)	(26.629)	(41.563)	156%
<b>PRE-TAX RESULT</b>	<b>1.143.305</b>	<b>1.129.511</b>	<b>13.794</b>	<b>1%</b>
Income Taxes	(150.305)	(153.393)	3.088	-2%
<b>NET RESULT CURRENT ACTIVITIES</b>	<b>993.000</b>	<b>976.118</b>	<b>16.882</b>	<b>2%</b>

(\*) The Consolidated Income Statement as of March 31, 2013 has been restated to reflect the retrospective effect of the final acquisition price of Maple Lake.

## Net Financial Position as of 31.03.2014

Amounts in thousands of Euro	31.3.2014	31.12.2013	Var	31.3.2013 (*)
Cash	16.784	14.821	1.963	16.566
Short Term Debt	(2.797)	(3.352)	555	(1.968)
<b>Short Term Financial Resources</b>	<b>13.987</b>	<b>11.469</b>	<b>2.518</b>	<b>14.598</b>
Long Term Debt	(2.702)	(2.896)	194	(4.310)
<b>Net Available Financial Resources</b>	<b>11.285</b>	<b>8.573</b>	<b>2.712</b>	<b>10.288</b>

(\*) The Consolidated Balance Sheet as of March 31, 2013 has been restated to reflect the retrospective effect of the final acquisition price of Maple Lake.

## Consolidated Balance Sheet as of 31.03.2014

<b>ASSETS (Amounts in Euro)</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
<b>NON-CURRENT ASSETS</b>		
Goodwill	12.419.353	12.481.045
Definite life intangible assets	2.683.822	2.888.814
<b>Intangible Assets</b>	<b>15.103.175</b>	<b>15.369.859</b>
Buildings, plants and machinery owned	1.063.557	1.107.372
Lease assets	8.320	11.093
<b>Tangible Assets</b>	<b>1.071.877</b>	<b>1.118.465</b>
Other non-current assets	128.603	128.741
Deferred tax assets	1.251.943	1.233.314
<b>Other non-current assets</b>	<b>1.380.546</b>	<b>1.362.055</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>17.555.598</b>	<b>17.850.379</b>
<b>CURRENT ASSETS</b>		
Inventories	1.980.071	1.451.390
Trade receivables	17.954.195	16.840.120
Other current assets	1.830.166	1.802.252
Cash and other liquid equivalents	16.783.847	14.821.027
<b>TOTAL CURRENT ASSETS</b>	<b>38.548.279</b>	<b>34.914.789</b>
<b>TOTAL ASSETS</b>	<b>56.103.877</b>	<b>52.765.168</b>
<b>EQUITY AND LIABILITIES (Amounts in Euro)</b>		
	<b>31.03.2014</b>	<b>31.12.2013</b>
Share capital	5.911.932	5.911.932
Reserves	13.384.030	13.875.881
Retained earnings	8.633.026	3.506.898
Profit (Loss) for the year	993.000	4.642.043
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>28.921.988</b>	<b>27.936.754</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	2.702.175	2.895.924
Severance and other personnel liabilities	3.308.345	3.299.049
Deferred tax liabilities	747.107	769.518
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6.757.627</b>	<b>6.964.491</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	2.797.242	3.352.069
Trade payables	1.389.534	1.504.522
Tax payables	218.344	73.182
Other current liabilities	16.019.142	12.934.150
<b>TOTAL CURRENT LIABILITIES</b>	<b>20.424.262</b>	<b>17.863.923</b>
<b>TOTAL LIABILITIES</b>	<b>27.181.889</b>	<b>24.828.414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56.103.877</b>	<b>52.765.168</b>

## Consolidated Statement of Cash Flows as of 31.03.2014

Amounts in Euro	31.03.2014	31.03.2013 (*)
<b>Net Income</b>	<b>993.000</b>	<b>976.118</b>
Non cash costs	24.287	197.633
Paid taxes	145.162	(313.618)
Variance in deferred taxes	(41.040)	(43.499)
Amortization, depreciation and write-downs	302.704	302.466
<b>Cash flows generated by operations before working capital</b>	<b>1.424.113</b>	<b>1.119.100</b>
(Increase) / Decrease in trade receivables	(1.114.075)	1.336.390
(Increase) / Decrease in inventories	(528.682)	(218.837)
(Increase) / Decrease in trade payables	(114.988)	(270.035)
(Increase) / Decrease in severance and other personnel liabilities	9.297	33.974
(Increase) / Decrease in other current assets/liabilities	3.057.216	2.442.406
<b>Changes in working capital</b>	<b>1.308.768</b>	<b>3.323.898</b>
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>2.732.881</b>	<b>4.442.998</b>
Increase in tangible assets	(75.410)	(64.535)
Increase in intangible assets		(585)
<b>CASH FLOW GENERATED BY INVESTING ACTIVITIES</b>	<b>(75.410)</b>	<b>(65.120)</b>
Repayment of borrowings	(748.576)	(3.520.054)
Increase / (Decrease) in financial debts		
Distribution of dividends		
Purchase of treasury shares		(586.058)
Exercise of stock options		445.011
<b>CASH FLOW GENERATED BY FINANCIAL ACTIVITIES</b>	<b>(748.576)</b>	<b>(3.661.101)</b>
<b>INCREASE / (DECREASE) IN CASH</b>	<b>1.908.895</b>	<b>716.777</b>
Difference in Currency Translation	53.925	30.351
<b>Cash at beginning of the period</b>	<b>14.821.027</b>	<b>15.818.812</b>
<b>Cash at the end of the period</b>	<b>16.783.847</b>	<b>16.565.940</b>

(\*) The Consolidated Statement of Cash Flow as of March 31, 2013 has been restated to reflect the retrospective effect of the final acquisition price of Maple Lake.