

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).*

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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

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:

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Management Income Statement as of 31 March 2019

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

Income Statement as of 31 March 2019

Euro	31.3.2019	31.03.2018
TOTAL REVENUES AND INCOME	11.884.639	9.396.659
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)
OPERATING RESULT	727.662	756.514
Financial income/charges	1.287.222	17.302
Net result of associated companies	(9.196)	-
PRE-TAX RESULT	2.005.688	773.816
Income Taxes	(581.014)	(231.364)
NET INCOME CONTINUING OPERATIONS	1.424.674	542.452
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
Short term Financial Resources	96.027	97.238	(1.211)
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
Net Available Financial Resources	61.099	60.356	743

Consolidated Balance Sheet as of 31 March 2019

ASSETS (Euro)	31.3.2019	31.12.2018
NON-CURRENT ASSETS		
Goodwill	12.784.544	12.784.544
Definite life intangible assets	4.733.759	4.966.064
Intangible Assets	17.518.303	17.750.608
Buildings, plants and machinery	3.817.000	3.680.046
Tangible Assets	3.817.000	3.680.046
Investments in associates	-	9.196
Other non-current assets	78.230	73.780
Deferred tax assets	1.482.196	1.428.441
Other non-current assets	1.560.426	1.511.417
TOTAL NON-CURRENT ASSETS	22.895.729	22.942.071
CURRENT ASSETS		
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
TOTAL CURRENT ASSETS	130.629.534	134.675.033
TOTAL ASSETS	153.525.263	157.617.103
EQUITY AND LIABILITIES (Euro)		
SHAREHOLDERS' EQUITY		
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
TOTAL SHAREHOLDERS' EQUITY	86.924.896	86.347.274
NON-CURRENT LIABILITIES		
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
TOTAL NON-CURRENT LIABILITIES	39.831.540	41.902.514
CURRENT LIABILITIES		
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
TOTAL CURRENT LIABILITIES	26.768.827	29.367.315
TOTAL LIABILITIES	66.600.367	71.269.830
TOTAL EQUITY AND LIABILITIES	153.525.263	157.617.103

Consolidated Statement of Cash Flows as of 31 March 2019

Euro	31.3.2019	31.3.2018
Net Income	1.424.674	542.452
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	-
Cash flows generated by operations before working capital	1.011.215	1.190.814
(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
Changes in working capital	(269.323)	4.474.217
CASH FLOW GENERATED BY OPERATIONS	741.892	5.665.031
Increase in tangible assets	(260.650)	(1.465.287)
Increase in intangible assets	(1.037)	(1.630)
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(261.687)	(1.466.917)
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)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	2.450.336	140.673
INCREASE / (DECREASE) IN CASH	2.930.541	4.338.787
Difference in Currency Translation	(2.890)	12.352
Cash at beginning of the period	5.593.125	86.527.488
Cash at the end of the period	8.520.776	90.878.627