

**TXT e-solutions:**

**Revenues of € 55.9 million grew by +6.3% in 2014**

**EBITDA +8.4%, Net Income € 4.2 million**

**Proposed dividend € 0.25 per share**

**1 free share for every 10 shares held**

- *Consolidated Revenues: € 55.9 million (+6.3% compared to 2013), 57% from outside Italy.*
- *EBITDA: € 6.8 million, +8.4%.*
- *Pre-tax income: € 5.2 million, +15.4%.*
- *Net income: € 4.2 million (€ 4.6 million in 2013).*
- *Net Financial Position: € 8.5 million.*

Milan – March 4, 2015

The Board of Directors of TXT e-solutions, chaired by Alvisè Braga Illa, today approved the consolidated results as of December 31, 2014.

In 2014, TXT e-solutions continued its commercial investments both in North America and in Europe aimed at sale and implementation of software TXT Perform, the “end-to-end” planning for large international Apparel, Luxury, Fashion and Retail companies.

**Revenues** grew from € 52.6 million in 2013 to € 55.9 million (+6.3%). The increase of € 3.3 million in revenue is due for € 1.8 million to organic growth in both divisions (+3.4%) and includes non-recurring income of € 1.5 million, an indemnity from two sellers of Maple Lake.

TXT Perform, the Planning Specialist in End-to-End Retail for the Luxury and Fashion sector (61% of group revenues) grew revenues by +7.7%; TXT Next (39% of group revenues) grew by 4.2%.

**International revenues** rose from € 28.2 to € 31.8 million (57% of total sales, almost entirely in TXT Perform).

**Gross margin** grew from € 27.7 million to € 29.4 million. The increase in gross margin of € 1.7 million is due for € 1.1 million to non-recurring income and expenses and for € 0.6 million to improvement in operating profitability. Profitability on revenues is 52.7% (unchanged).

**EBITDA** amounted to € 6.8 million, compared to € 6.3 million in 2014 (+8.4%). Commercial investments grew by +9.0%.

**Pre-Tax Income** amounted to € 5.2 million (9.3% of revenues) and grew by 15.4%, compared to € 4.5 million in 2013.

**Net Income** amounted to € 4.2 million (7.5% of revenues) after income tax charges of € 1.0 million, or 20% of pre-tax income. In 2013, net profit benefited from € 0.1 million income tax revenues due to deferred tax assets on net operating losses of previous years.

**Net Financial Position** was € 8.5 million positive at December 31, 2014 (€ 8.6 million at December 31, 2013) after dividends (€ 2.6 million) and purchase of treasury shares (€ 0.6 million).

In 2014, Cash flows generated by operations before working capital was € 5.2 million, up +21.9% compared to € 4.3 million in 2013.

**Shareholders' Equity** as of December 31, 2014 amounted to € 29.0 million, compared to € 27.9 million as of December 31, 2013 mainly due to net income (€ 4.2 million), net of payment of dividends (€ 2.6 million), purchase of treasury shares (€ 0.6 million) and other equity movements.

As of December 31, 2014 TXT holds 1,427,850 treasury shares (1,368,120 as of December 31, 2013) or 12.08% of issued shares, purchased at an average price of € 2.84.

In 2014, TXT Perform acquired important new customers, including Otto (D), La Halle (F), Orsay (F), The White Company (UK), Pandora (DK), Krones (D), Constellium (D), Ellos (SE), PAS Group (AUS), Build-a-Bear Workshop (USA) and important extensions of licences to existing customers, including Damartex (F), Dior (F), Auchan (F), Starboard Cruise Services (USA), USCG Community (USA), Cotton On (AUS), Lindex (FIN) and Greencore (UK).

In 2014, End-to-End Retail Planning solutions – using for the first time AgileFit, an innovative methodology exclusively owned by TXT - were launched in Miroglio, Bata and Pandora; AgileFit accelerates installation and economic return of investment for TXT customers. In addition, new TXT solutions also became operational at about 40 customers, including Thirty-One Gifts (USA), Damartex (F), Lacoste (F), Fat Face (UK), Hamm Reno (D), Apollo Optik (D), Yamamay (I), Lavazza (I), Peek & Cloppenburg (D), La Halle (F), six projects for Louis Vuitton (F) and "roll out" in Europe, America and Asia for Burberry's (UK).

TXT Next performed well in both businesses of Aerospace & High Tech Manufacturing and Banking & Finance and increased revenues by +4.2% to € 21.8 millions, with good operating profits.

Alvise Braga Illa, Chairman of TXT Group, stated: *"The Company in 2014 further strengthened its offering of high technology software and services, extended its international reach and invested in commercial teams in Europe and North America. We are moderately optimistic also in short and medium term, notwithstanding international economic environment has become more difficult since summer 2014"*.

## Q4 2014 Results

- Net revenues totalled € 14.2 million, up +9.6% compared to € 12.9 of Q4 2013, due to good performance of both TXT Perform (+6.6%) and TXT Next (+14.1%). Software revenues (Licenses and Maintenances) totalled € 3.3 million, up +23.6%, compared to € 2.7 million of Q4 2013, due to good licenses sales. Service revenues grew by 6.0% from € 10.3 million to € 10.9 million.
- Gross Margin in the fourth quarter was up +4.9% compared to prior-year period, from € 6.9 million to € 7.2 million.
- Gross Operating Margin (EBITDA) was € 1.2 million, compared to € 1.5 million in Q4 2013 due to higher R&D costs (+14.6%) and commercial costs (+13.4%). Profitability on revenues was 8.5%.
- Net profit amounted to € 0.6 million, compared with € 1.8 million in Q4 2013, a € 1.2 million decrease, of which € 1.0 million due to taxes.

## Dividend and Shareholders' Meeting

The Board of Directors proposes to the Shareholders' Meeting to distribute a dividend of € 0.25 (unchanged) for each share outstanding on May 18, 2015 (ex-dividend date).

Total dividends are about € 2.6 million, distributed to the 10.4 million outstanding shares (issued shares, net of treasury shares).

The Board of Directors proposes to the Shareholders' Meeting to approve a free capital increase through the issue of one new share for every 10 owned held. New shares will be distributed on May 18, 2015, after distribution of cash dividend. An amount of € 0.6 million of Equity reserves (€ 12.9 million) will be transferred to Subscribed and Paid-in Capital.

The Board of Directors resolved to call for a Shareholders' Meeting at Borsa Italiana, in Milano, Piazza Affari 6, on April 22, 2015 at 3.00 pm.

At 5.00 pm, TXT management will hold a presentation to Investors and Analysts.

## Significant events and Outlook after the reporting period

On February 26, 2015, TXT announced that TXT Retail AsiaPacific Ltd will be operating in Hong Kong at or near the end of the current quarter, to provide direct support to major international projects and customers in the Asia Pacific region.

The Hong Kong subsidiary shall support TXT's growth in the vibrant Asia Pacific market through local business managers, directly linked to TXT's Solution Center in Milano and to TXT's international organization in Europe, North America and Australia.

Year 2015 opened with increasing risks due to the international economic environment and the uncertainty in markets where TXT has a strong presence, including Fashion and Luxury. Nevertheless, the company believes it will be able to outperform the market, thanks to a strengthened presence in North America, and the development of the existing customer list, which is very wide and geographically located in different areas. The company is now also increasing its presence in selected areas of international manufacturing, which are gradually emerging from recession.

Ongoing negotiations for the sale of TXT Perform solutions are at a fair level but there is high uncertainty about timing of customers' decisions. The order book for services has good visibility and permits development of business in the current quarter in line with last year.

### **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**

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## Management Income Statement as at 31.12.2014

<i>Amounts in thousands of Euro</i>	2014	%	2013	%	Var %
<b>REVENUES</b>	<b>55.878</b>	<b>100,0</b>	<b>52.560</b>	<b>100,0</b>	<b>6,3</b>
Direct costs	26.455	47,3	24.854	47,3	6,4
<b>GROSS MARGIN</b>	<b>29.423</b>	<b>52,7</b>	<b>27.706</b>	<b>52,7</b>	<b>6,2</b>
R&D Costs	4.698	8,4	4.761	9,1	(1,3)
Commercial Costs	11.094	19,9	10.174	19,4	9,0
G&A Costs	6.839	12,2	6.508	12,4	5,1
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>6.792</b>	<b>12,2</b>	<b>6.263</b>	<b>11,9</b>	<b>8,4</b>
Amortization, Depreciation	1.325	2,4	1.307	2,5	1,4
<b>OPERATING PROFIT (EBIT)</b>	<b>5.467</b>	<b>9,8</b>	<b>4.956</b>	<b>9,4</b>	<b>10,3</b>
Financial Income (Expenditure)	(249)	(0,4)	(435)	(0,8)	(42,8)
<b>PRE-TAX INCOME (EBT)</b>	<b>5.218</b>	<b>9,3</b>	<b>4.521</b>	<b>8,6</b>	<b>15,4</b>
Income Taxes	(1.046)	(1,9)	121	0,2	n.m.
<b>NET INCOME</b>	<b>4.172</b>	<b>7,5</b>	<b>4.642</b>	<b>8,8</b>	<b>(10,1)</b>

## Income Statement as at 31.12.2014

Amounts in Euro	2014	2013
Revenues and other income	55.878.267	52.560.046
<b>TOTAL REVENUES AND INCOME</b>	<b>55.878.267</b>	<b>52.560.046</b>
Purchases of materials and services	(12.493.564)	(13.114.779)
Personnel costs	(34.083.703)	(31.346.993)
Other operating costs	(2.508.985)	(1.835.313)
Amortizations, depreciation and write downs	(1.325.395)	(1.307.076)
<b>OPERATING RESULT</b>	<b>5.466.620</b>	<b>4.955.885</b>
Financial income	1.298.742	1.227.977
Financial charges	(1.547.260)	(1.662.425)
<b>PRE-TAX RESULT</b>	<b>5.218.102</b>	<b>4.521.437</b>
Income Taxes	(1.045.722)	120.606
<b>NET RESULT</b>	<b>4.172.380</b>	<b>4.642.043</b>
<b>PROFIT PER SHARE (Euro)</b>	<b>0,40</b>	<b>0,44</b>
<b>PROFIT PER SHARE DILUTED (Euro)</b>	<b>0,39</b>	<b>0,43</b>

## Net Financial Position as at 31.12.2014

Amounts in thousands of Euro	31.12.2014	31.12.2013	Var
Cash	12.304	14.821	(2.517)
Short Term Debt	(2.154)	(3.352)	1.198
<b>Short Term Financial Resources</b>	<b>10.150</b>	<b>11.469</b>	<b>(1.319)</b>
Long Term Debt	(1.685)	(2.896)	1.211
<b>Total Net Financial Position</b>	<b>8.465</b>	<b>8.573</b>	<b>(108)</b>

## Consolidated Balance Sheet as at 31.12.2014

ASSETS (Amounts in Euro)	31.12.2014	31.12.2013
<b>NON-CURRENT ASSETS</b>		
Goodwill	12.993.445	12.481.045
Definite life intangible assets	2.085.369	2.888.814
<b>Intangible Assets</b>	<b>15.078.814</b>	<b>15.369.859</b>
Buildings, plants and machinery owned	1.248.845	1.107.372
Lease assets	-	11.093
<b>Tangible Assets</b>	<b>1.248.845</b>	<b>1.118.465</b>
Other non-current assets	136.068	128.741
Deferred tax assets	1.556.303	1.233.314
<b>Other non-current assets</b>	<b>1.692.371</b>	<b>1.362.055</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18.020.030</b>	<b>17.850.379</b>
<b>CURRENT ASSETS</b>		
Inventories	1.820.672	1.451.390
Trade receivables	18.570.928	16.840.120
Other current assets	2.196.824	1.802.252
Cash and other liquid equivalents	12.304.130	14.821.027
<b>TOTAL CURRENT ASSETS</b>	<b>34.892.554</b>	<b>34.914.789</b>
<b>TOTAL ASSETS</b>	<b>52.912.584</b>	<b>52.765.168</b>
<b>EQUITY AND LIABILITIES (Amounts in Euro)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	5.911.932	5.911.932
Reserves	12.867.534	13.875.881
Retained earnings	6.018.431	3.506.898
Profit (Loss) for the year	4.172.380	4.642.043
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>28.970.277</b>	<b>27.936.754</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	1.684.734	2.895.924
Severance and other personnel liabilities	3.841.200	3.299.049
Deferred tax liabilities	965.428	769.518
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6.491.362</b>	<b>6.964.491</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	2.153.926	3.352.069
Trade payables	1.540.108	1.504.522
Tax payables	150.971	73.182
Other current liabilities	13.605.940	12.934.150
<b>TOTAL CURRENT LIABILITIES</b>	<b>17.450.945</b>	<b>17.863.923</b>
<b>TOTAL LIABILITIES</b>	<b>23.942.307</b>	<b>24.828.414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52.912.584</b>	<b>52.765.168</b>

## Consolidated Statement of Cash Flows as at 31.12.2014

Amounts in Euro	2014	2013
<b>Net Income</b>	<b>4.172.380</b>	<b>4.642.043</b>
Non cash costs	-	152.653
Paid taxes	(170.787)	(816.381)
Variance in deferred taxes	(127.079)	(920.093)
Amortization, depreciation and write-downs	1.325.395	1.208.271
<b>Cash flows generated by operations before working capital</b>	<b>5.199.909</b>	<b>4.266.493</b>
(Increase) / Decrease in trade receivables	(1.768.109)	1.112.252
(Increase) / Decrease in inventories	(369.282)	(62.904)
(Increase) / Decrease in trade payables	35.585	(295.225)
(Increase) / Decrease in severance and other personnel liabilities	195.212	11.133
(Increase) / Decrease in other current assets/liabilities	518.468	449.103
<b>Changes in working capital</b>	<b>(1.388.126)</b>	<b>1.214.359</b>
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>3.811.783</b>	<b>5.480.852</b>
Increase in tangible assets	(591.358)	(482.656)
Increase in intangible assets	(23.671)	19.182
<b>CASH FLOW GENERATED BY INVESTING ACTIVITIES</b>	<b>(615.029)</b>	<b>(463.474)</b>
Repayment of borrowings	(2.409.333)	(3.549.806)
Distribution of dividends	(2.614.596)	(2.106.906)
Purchase of treasury shares	(490.455)	(1.125.282)
Exercise of stock options	(105.407)	468.928
<b>CASH FLOW GENERETED BY FINANCIAL ACTIVITIES</b>	<b>(5.619.791)</b>	<b>(6.313.066)</b>
<b>INCREASE / (DECREASE) IN CASH</b>	<b>(2.423.037)</b>	<b>(1.295.688)</b>
Difference in Currency Translation	(93.860)	297.903
<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>12.304.130</b>	<b>14.821.027</b>



## Income Statement - Management Reporting Q4 2014

<i>Amounts in thousands of Euro</i>	Q4 2014	%	Q4 2013	%	Var %
<b>REVENUS</b>	<b>14.196</b>	<b>100,0</b>	<b>12.949</b>	<b>100,0</b>	<b>9,6</b>
Direct Costs	7.004	49,3	6.092	47,0	15
<b>GROSS MARGIN</b>	<b>7.192</b>	<b>50,7</b>	<b>6.857</b>	<b>53,0</b>	<b>4,9</b>
R&D Costs	1.310	9,2	1.143	8,8	14,6
Commercial Costs	2.901	20,4	2.558	19,8	13,4
G&A Costs	1.776	12,5	1.657	12,8	7,2
<b>GROSS OPERATING COST (EBITDA)</b>	<b>1.205</b>	<b>8,5</b>	<b>1.499</b>	<b>11,6</b>	<b>(19,6)</b>
Amortization, Depreciation	345	2,4	362	2,8	(4,7)
<b>OPERATING PROFIT (EBIT)</b>	<b>860</b>	<b>6,1</b>	<b>1.137</b>	<b>8,8</b>	<b>(24,4)</b>
Financial Income (Expenditure)	(57)	(0,4)	(119)	(0,9)	(52,1)
<b>PRE-TAX INCOME (EBT)</b>	<b>803</b>	<b>5,7</b>	<b>1.018</b>	<b>7,9</b>	<b>(21,1)</b>
Income Taxes	(239)	(1,7)	737	5,7	n.m.
<b>NET INCOME</b>	<b>564</b>	<b>4,0</b>	<b>1.755</b>	<b>13,6</b>	<b>(67,9)</b>