

TXT e-solutions H1 2016
Revenues € 33.2 million (+6.6%),
EBITDA € 3.3 million, Net Income € 2.0 million.

- *Consolidated Revenues 57% from outside Italy.*
- *EBITDA € 3.3 million (€ 3.4 million in H1 2015).*
- *Net income: € 2.0 million (€ 2.3 million in H1 2015).*
- *Net Financial Position: € 0.5 million positive, after financing acquisition of Pace GmbH (€ 8.3 million as of December 31, 2015).*

Milan – August 10, 2016

The Board of Directors of TXT e-solutions Spa, chaired by Alvisè Braga Illa, today approved the first half-financial results for the period ended as of June 30, 2016.

First semester 2016 was characterized by two milestones: the important acquisition of German company Pace GmbH consolidated into TXT from 1 April 2016, which accelerates the promising international development of the aerospace business of TXT Next; the recovery in Q2 2016 of TXT Retail software revenues, which regained almost entirely delays suffered in Q1 (software revenues rose +41% Q/Q from € 3.1 million in Q1 2016 to € 4.3 million in Q2 2016), signed important contracts in China and India and strengthened in USA, UK and Continental Europe.

The combined activities of TXT Next and Pace have a potential market of over 300 large customers worldwide. They leverage on an experienced team of 350 specialists; offer innovative expertise and products, difficult to get on the market; cover the entire life cycle of equipment and activities within the aeronautics industry, along its entire supply chains and across all segments: aircrafts, helicopters, civil transport, defence. PACE's offer of products and services fully integrates with expertise of TXT Next.

The retail market suffered in the first semester both for contingent and structural slowdowns with delays in investments. From Q2 TXT offering recovered in all geographies, helping customers to improve assortment processes and margins.

In April 2016 Shareholders' Meeting, TXT presented a business plan of accelerated development of its TXT Perform business targeting specialized retail and fashion industry on a global basis. As a consequence the division is renamed into TXT Retail.

Today, competitive position of TXT is strong in its main markets – aeronautic and retail – both showing mid-term global growth, with no correlation, which contributes to hedge corporate contingent risks.

Revenues were € 33.2 million, up +6,6% compared to H1 2015 (€ 31.1 million) and included € 2.0 million revenues from Pace GmbH. Software revenues from licences, subscriptions and maintenance were € 8.4 million, substantially in line with H1 2015. Service revenues were € 24.8 million, up € 2.1 million compared to H1 2015, of which € 1.1 million due to the organic growth (+5.0%) and € 1.1 million to Pace GmbH.

TXT Retail, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (53.5% of group revenues) had € 17.8 million revenues, down -5.5% compared to H1 2015, which was a particularly strong semester due to a single large contract. TXT Next, the software specialist for Complex Operations & Manufacturing for Aerospace, High-Tech and Finance (46.5% of group revenues) had € 15.4 million revenues, up € 3.1 million compared to H1 2015 (+25.2%), due to Pace GmbH revenues (€ 2.0 million) and to organic growth (€ 1.1 million, or +9.0%).

International Revenues rose from € 17.5 million to € 18.8 million (+7.8% compared to H1 2015) or 57% of total sales.

EBITDA was € 3.3 million, substantially in line with H1 2015 (€ 3.4 million). This includes Pace GmbH EBITDA (€ 0.2 million), which almost entirely compensated non-recurring legal expenses and fees for the acquisition (€ 0.3 million). R&D expenses rose +15.8% to € 3.1 million, or 9.5% of revenues.

Operating Income (EBIT) was € 2.8 million, down -2.6% compared to € 2.9 million in H1 2015, after expensing € 0.5 million in depreciation and amortization. Profitability on revenues was 8.4% compared to 9.2% in 2015.

Net Income was € 2.0 million (€ 2.3 million in H1 2015). Income tax charges were € 0.6 million (23% of pre-tax income) compared to € 0.4 million in H1 2015 which took advantage of tax losses in some countries. Profitability on revenues was 6.1%.

Net Financial Position as at 30 June 2016 was positive by € 0.5 million, compared to € 8.3 million as at 31 December 2015, a variance of € 7.8 million mainly due to acquisition of Pace GmbH (€ 6.8 million), payment of dividends (€ 2.9 million), partially offset by positive cash generated by operations in the semester (€ 1.9 million).

Shareholders' Equity as of June 30, 2016 was € 31.4 million (€ 33.6 million as of December 31, 2015), down € 2.2 million due to payment of dividends (€ 2.9 million), purchase of treasury shares (€ 0.4 million), negative foreign currency effects (€ 0.9 million), partially offset by net income (€ 2.0 million).

As of June 30, 2016 TXT owned 1,289,882 treasury shares or 9.92% of issued shares, purchased at an average price of € 2.19.

The retail market suffered in the first semester with results down in many major companies. Most recent months improved and we signed important software contracts with many new customers, including: REI - Recreational Equipment Inc. (USA), leading retailer of outdoor equipment; Zalando (D), pure-play e-commerce apparel and footwear retailer; Future Group (India) a large, fast growing retailer that operates around 18.5 million square feet of retail space in over 250 cities and towns across India; Auchan China, with its 230 hypermarkets and 45 shopping centres in China; Arcadia Group (UK), an international retailer with 2,500 stores and a number of leading brands in its portfolio (among which Burton, Dorothy Perkins, Evans, Miss Selfridge, Topman, Topshop, Wallis); ECG fashion brand (B), the first TXT client in Belgium.

Outlook and Subsequent Events

The Chairman Alvise Braga IIIa has commented: *"From Q2 2016 we started to recover in a still weak market and are more and more getting customers keen to growth and efficiency. This is the right time to improve further our solutions and announce the success stories of many customers, including adidas, Sephora and Moncler".*

The Company anticipate a positive business development in third quarter 2016 in both Divisions.

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 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 Retail 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 Australia, Canada, France, Germany, Hong Kong, Italy, Singapore, Spain, Switzerland, United Kingdom and United States.

For information:

TXT e-solutions SpA
Paolo Matarazzo
CFO
Tel. +39 02 25771.355
paolo.matarazzo@txtgroup.com

Management Income Statement as of 30 June 2016

<i>€ thousand</i>	I SEM. 2016	%	I SEM. 2015	%	Var %
REVENUES	33.183	100,0	31.126	100,0	6,6
Direct costs	15.847	47,8	14.878	47,8	6,5
GROSS MARGIN	17.336	52,2	16.248	52,2	6,7
Research and Development costs	3.144	9,5	2.716	8,7	15,8
Commercial costs	6.532	19,7	6.392	20,5	2,2
General and Administrative costs	4.346	13,1	3.764	12,1	15,5
EBITDA	3.314	10,0	3.376	10,8	(1,8)
Amortization, depreciation	532	1,6	519	1,7	2,5
OPERATING PROFIT (EBIT)	2.782	8,4	2.857	9,2	(2,6)
Financial income (charges)	(158)	(0,5)	(112)	(0,4)	41,1
EARNINGS BEFORE TAXES (EBT)	2.624	7,9	2.745	8,8	(4,4)
Taxes	(609)	(1,8)	(405)	(1,3)	50,4
NET PROFIT	2.015	6,1	2.340	7,5	(13,9)

Income Statement as of 30 June 2016

Amounts in Euro	30.06.2016	30.06.2015
TOTAL REVENUES AND INCOME	33.182.516	31.125.549
Purchases of materials and services	(6.520.922)	(6.099.884)
Personnel costs	(22.397.604)	(20.681.182)
Other operating costs	(950.048)	(968.088)
Amortizations, depreciation and write downs	(532.298)	(519.623)
OPERATING RESULT	2.781.644	2.856.772
Financial income/charges	(158.041)	(111.414)
PRE-TAX RESULT	2.623.603	2.745.358
Income Taxes	(609.046)	(405.571)
NET RESULT CURRENT ACTIVITIES	2.014.556	2.339.787
PROFIT PER SHARE (Euro)	0,17	0,20
PROFIT PER SHARE DILUTED (Euro)	0,17	0,20

Net Financial Position as of 30 June 2016

€ thousand	30.6.2016	31.12.2015	Var	30.6.2015
Cash	6.176	9.080	(2.904)	10.423
Short term debt	(4.336)	(821)	(3.515)	(960)
Short term Financial Resources	1.840	8.259	(6.419)	9.463
Long term debt	(1.379)	-	(1.379)	-
Net Available Financial Resources	461	8.259	(7.798)	9.463

Consolidated Balance Sheet as of 30 June 2016

ASSETS (Amounts in Euro)	30.06.2016	31.12.2015
NON-CURRENT ASSETS		
Goodwill	18.582.618	13.160.091
Definite life intangible assets	3.790.183	1.531.601
Intangible Assets	22.372.801	14.691.692
Buildings, plants and machinery owned	1.573.679	1.361.299
Tangible Assets	1.573.679	1.361.299
Other non-current assets	126.429	141.671
Deferred tax assets	2.006.451	1.936.976
Other non-current assets	2.132.880	2.078.647
TOTAL NON-CURRENT ASSETS	26.079.360	18.131.638
CURRENT ASSETS		
Inventories	3.255.742	2.074.935
Trade receivables	23.758.036	25.031.799
Other current assets	3.271.636	2.759.371
Cash and other liquid equivalents	6.176.497	9.079.975
TOTAL CURRENT ASSETS	36.461.911	38.946.080
TOTAL ASSETS	62.541.271	57.077.718
EQUITY AND LIABILITIES (Amounts in Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.750.734	15.826.568
Retained earnings	8.133.150	7.412.155
Profit (Loss) for the year	2.014.556	3.882.489
TOTAL SHAREHOLDERS' EQUITY	31.401.566	33.624.337
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1.379.019	-
Severance and other personnel liabilities	4.024.385	3.830.292
Deferred tax liabilities	1.937.598	1.274.631
TOTAL NON-CURRENT LIABILITIES	7.341.002	5.104.923
CURRENT LIABILITIES		
Current financial liabilities	4.336.759	820.586
Trade payables	1.410.018	1.422.360
Tax payables	709.066	15.544
Other current liabilities	17.342.859	16.089.968
TOTAL CURRENT LIABILITIES	23.798.703	18.348.458
TOTAL LIABILITIES	31.139.705	23.453.381
TOTAL EQUITY AND LIABILITIES	62.541.271	57.077.718

Consolidated Statement of Cash Flows as of 30 June 2016

Amounts in Euro	30.06.2016	30.06.2015
Net Income	2.014.556	2.339.787
Non cash costs	-	42.558
Current taxes	415.310	283.976
Variance in deferred taxes	(102.639)	(22.719)
Amortization, depreciation and write-downs	532.298	519.623
Cash flows generated by operations before working capital	2.859.525	3.163.225
(Increase) / Decrease in trade receivables	1.972.131	(2.439.505)
(Increase) / Decrease in inventories	(1.180.807)	(639.842)
(Increase) / Decrease in trade payables	(66.162)	147.116
(Increase) / Decrease in severance and other personnel liabilities	50.762	13.403
(Increase) / Decrease in other current assets/liabilities	(740.618)	1.169.228
Changes in working capital	35.306	(1.749.600)
CASH FLOW GENERATED BY OPERATIONS	2.894.831	1.413.625
Increase in tangible assets	(334.373)	(399.302)
Increase in intangible assets	(39.341)	(10.104)
Net cash flow due to PACE acquisition	(5.403.476)	-
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(5.777.190)	(409.406)
Repayment of borrowings	3.516.173	(2.877.966)
(Purchase) / Sale of treasury shares	(353.645)	2.668.948
Distribution of dividends	(2.931.492)	(2.678.079)
CASH FLOW GENERETED BY FINANCIAL ACTIVITIES	231.036	(2.887.097)
INCREASE / (DECREASE) IN CASH	(2.651.323)	(1.882.878)
Difference in Currency Translation	(252.155)	2.034
Cash at beginning of the period	9.079.975	12.304.130
Cash at the end of the period	6.176.497	10.423.286

Income Statement - Management Reporting Second Quarter as at 30 June 2016

<i>€ thousand</i>	Q2 2016	%	Q2 2015	%	Var %
REVENUES	18.773	100,0	16.442	100,0	14,2
Direct costs	8.541	45,5	7.770	47,3	9,9
GROSS MARGIN	10.232	54,5	8.672	52,7	18,0
Research and Development costs	1.895	10,1	1.354	8,2	40,0
Commercial costs	3.853	20,5	3.470	21,1	11,0
General and Administrative costs	2.584	13,8	1.963	11,9	31,6
EBITDA	1.900	10,1	1.885	11,5	0,8
Amortization, depreciation	332	1,8	266	1,6	24,8
OPERATING PROFIT (EBIT)	1.568	8,4	1.619	9,8	(3,2)
Financial income (charges)	(72)	(0,4)	(42)	(0,3)	71,4
EARNINGS BEFORE TAXES (EBT)	1.496	8,0	1.577	9,6	(5,1)
Taxes	(364)	(1,9)	(213)	(1,3)	70,9
NET PROFIT	1.132	6,0	1.364	8,3	(17,0)