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TPS GROUP CONCLUDES 2016 ON A HIGH LEVEL OF GROWTH: REVENUE +80%, EBITDA MARGIN 21,3%

Safe: Euro 14.6 million, +80% (FY2015: Euro 8.1 million)
EBITDA: Euro 3.1 million, +142% (FY2015: Euro 1.3 million)
EBIT: Euro 3.0 million, +150% (FY2015: Euro 1.2 million)
Net profit: Euro 1.9 million, +263% (FY2015: Euro 0.5 million)
Net financial position: Euro 0.3 million, +263% (FY2015: Euro 1.4 million)

Gallarate (VA), 7 April 2017 – The Board of Directors of TPS (TPS: IM) operational *holding* of the TPS Group, *leading* company in technical services and engineering for the aeronautical industry, today approved the draft separate financial statements and the Consolidated Financial Statement as at 31 December 2016.

Alessandro Rosso, CEO of TPS had this to say:

“The excellent economic results for the financial period are not only better than those for the previous year, but are also up on our budget forecasts. We achieved this result thanks to the significant growth in business volume, and with a careful organisation of industrial activities. The development of new expertise, together with the use of dedicated computer-based technologies has allowed us to extend our technical services to new customers and new markets, meaning an overall improvement to productivity for our industrial system.”

Main consolidated results as at 31 December 2016

The consolidated financial statement was drawn up based on the financial statements as at 31/12/2016 for the companies TPS S.p.A, Neos S.r.l., TPS Aerospace Engineering S.r.l., Adriatech S.r.l. and Aviotrace Swiss SA, falling within the scope of consolidation and is the first consolidated financial statement for the TPS Group. Annual figures for comparison purposes, as at 31/12/2015 are pro forma consolidated data and are included to provide better information.

Revenue is Euro 14.6 million, which is 80% up on the Euro 8.1 million of 2015; this significant increase reflects the good results from all companies within the Group and can be attributed to a more effective business action, due to a new model based on three *business* lines: the first dedicated to activities in the aeronautical industry, in support of *Post Sales* for customers, the second to engineering in support of new models, as well as existing ones in case of re-engineering aircraft configurations, and the third coincides with controlled company, TPS Aerospace Engineering, which designs, certifies and if necessary, manufactures parts and components for existing aircraft, specifically in the medical field.

EBITDA is Euro 3.1 million, which is a growth of 142% compared to Euro 1.3 million in 2015, for a **margin EBITDA** of 21.3% (15.8% in 2015). **EBIT**, which is Euro 3.0 million, saw a 150% increase compared to the Euro 1.2 million in 2015.

The **pre-tax result** of Euro 2.7 million, shows a 186% increase on the Euro 0.9 million in 2015. **Net profit** of Euro 1.9 million, represents an increase of 263% compared to the Euro 0.5 million of 2015 after tax, for Euro 0.8 million.

The net improvement on economic results for 2016 is a result of the growth in turnover, also obtained from the arrival of new customers and reduced operating costs as a result of the integrated management of operating resources by the TPS Group.

The **Net financial position** is Euro 0.3 million (Euro 1.4 million at 31 December 2015).

Main results of TPS SpA at 31 December 2016

Revenue is Euro 3.9 million (Euro 3.3 million in 2015); **EBITDA** is Euro 1.0 million, which is double the result for 2015 (Euro 0.5 million) with an **EBITDA margin** of 26.3%. **EBIT** is Euro 1.0 million (Euro 0.5 million in 2015).

The **pre-tax result** of Euro 1.0 million, shows a 100% increase on the Euro 0.5 million in 2015. **Net profit** of Euro 0.7 million, is an increase on the Euro 0.3 million in 2015.

The **Net financial position** is Euro 0.1 million (Euro 0.7 million at 31 December 2015).

The Board of Directors has decided to submit the proposal to allocate the whole net profit to the statutory and extraordinary reserve to the Shareholders' Meeting.

Important facts subsequent to closure of the business year

On 24 March 2017, the company shares and Warrant "TPS 2017-2020" were admitted for trading on the AIM Italia market by Borsa Italiana. The commencement of trading was 28 March. The overall exchange value of resources received through the IPO operation, destined to finance the development plans of the company, is Euro 2.87 million. Listing occurred following placement of 898,500 newly issued ordinary shares free of face value. The unit price of the shares derived from the placement was set at Euro 3.20 each (of which Euro 0.50 face value and the remainder from additional paid-in capital).

Business outlook

The strategy adopted by TPS over the last few years, with the extension of its skills to *training* and multimedia content (through stock in NEOS and Aviotrace), engineering and technical design to support customers (through stock in Adriatech) and with the establishment of TPS Aerospace Engineering (EASA certified design), has allowed the company to become established as a primary *player* in technical aeronautical services at national level. This position has allowed us to be involved in new and extremely important projects that may strengthen and further develop the TPS Group on a significant level.

Convocation of the Shareholders' Meeting

The Board of Directors decided to call the Ordinary Shareholders' Meeting of TPS on 10 May 2017 at 10.00 at first call, and the 11th May 2017, same place and date, at second call, to discuss and decide on the following:

Agenda:

1. Approval of the financial statement and presentation of the consolidated balance sheet for the group as at 31 December 2016: and consequent deliberations

The following section contains reclassified data for the Income Statement, Balance Sheet and Cash flow Statement as at 31 December 2016 (both consolidated and from the accounting period for TPS S.p.A.). The data are currently undergoing certification by the Auditors.

This press release is available to read on line at www.tps-group.it in the *Investors/Press Release* section.



TPS S.p.A., is an operational holding of TPS Group, leader in the technical services field for the aeronautical industry, with specific focus on helicopters. TPS is a Borsa Italiana "Elite" company. Founded in 1964, Technical Publications Service was one of the first Italian businesses to offer an outside service to analyse and edit technical publications for the aeronautical industry, working with the main national companies since the mid-1960s, publishing technical documents and on-board unit user manuals. The TPS Group can include leaders in the field of aircraft design and production, as well as the manufacture of aeronautical parts.

ISIN code ordinary shares: IT0005246142 – Ticker ordinary shares: TPS

ISIN Code Warrant: IT0005246225 – Ticker Warrant: WTPS20

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• Consolidated operations, net assets and financial data •

Consolidated income statement (data in euro)	31/12/2016	31/12/2015 pro-forma
Production value	14,601,255	8,123,341
External costs for material and services	(6,051,002)	(3,539,070)
Added value	8,550,253	4,584,271
Personnel costs	(5,375,416)	(3,211,579)
Other operating income (charges)	(61,249)	(86,136)
EBITDA	3,115,360	1,286,556
EBITDA margin %	21.3 %	15.8 %
Depreciation, amortization provisions and write-downs	(101,546)	(81,939)
EBIT	3,016,984	1,204,617
EBIT margin %	20.7 %	14.8 %
Financial management	(134,064)	(174,048)
Extraordinary management	(198,742)	(91,780)
Pre-tax income	2,684,178	938,789
Income tax	(767,411)	(412,231)
Income for the year	1,911,824	526,559

Consolidated assets (data in euro)	31/12/2016	31/12/2015 Pro-forma
Receivables from shareholders for payments still due	-	2,250
Intangible assets	221,117	134,375
Tangible assets	729,454	763,502
Financial assets	18,897	17,472
Total financial fixed assets	969,468	915,349
Trade receivables	5,532,668	3,883,694
Trade payables	(1,609,410)	(983,602)
Working capital	3,923,258	2,900,092
Other assets	1,148,411	432,953
Other liabilities	(1,601,385)	(1,285,156)
Other assets and liabilities	(452,974)	(852,203)
Reserves for contingent liabilities	(482,000)	(19,886)
Severance fund	(414,323)	(247,578)
Total fund	(896,323)	(267,464)
NET CAPITAL INVESTED	3,543,429	2,698,024

Consolidated liabilities	31/12/2016	31/12/2015 Pro-forma
Group's net equity	867,581	447,888
Minority interest in shareholders' equity	436,842	333,613
Result for the period	1,638,563	422,124
Minority interest in income for the period	273,262	104,435
Consolidated net assets	3,216,248	1,308,060
Net financial debt (PFN)	327,181	1,389,965
Total liabilities	3,543,429	2,698,024

Consolidated PFN (data in euro)	31/12/2016	31/12/2015 pro-forma
Liquid assets	(1,198,308)	(403,356)
Loans and bank debts	1,148,607	1,376,118
Financial lease payable (IAS 17)	22,162	21,026
Payables for purchase of Neos S.r.l.	36,670	36,666
Credit for the sale of Aviotrace Swiss SA stock	(96,625)	(113,996)
Current net financial position	(87,494)	916,458
Payables for the purchase of Neos S.r.l.	-	36,670
Financial lease payable (IAS 17)	414,675	436,837
Non-current financial position	414,675	473,507
Net financial position	327,181	1,389,965

Cash flow statement (data in euro)	31/12/2016
A) Cash flows from income management	
Profit (loss)	1,911,824
Income tax	731,441
Interest income/(earned)	134,064
(Dividends)	-
(Capital gains)/Losses from disposals	-
1) Earnings (losses) before taxes, interest, dividends and gains/losses from disposals	2,777,329
Corrections for non-monetary items with no entry in net circulating capital	
Provisions for risks	-
Amortisation and depreciation	93,330
Write-downs for lasting losses in value	8,216
Other corrections for non-monetary items with no entry in net circulating capital	372,015
Total corrections for non-monetary items with no entry in net circulating capital	473,561
2) Cash flow before variations in net circulating capital	
Variations in net circulating capital	
Decrease / (Increase) in remainder	-
Decrease / (Increase) in remainder in customer receivables	(1,648,974)
Increase / (Decrease) in payables to suppliers	625,808
Decrease / (Increase) in accrued income and prepayments	(481,820)
Increase / (Decrease) in accrued income and prepayments	124,424
Other decreases / (Other increases) in net circulating capital	(82,154)
Total variations to net circulating capital	(1,462,716)
3) Cash flow after variations to net circulating capital	
Other corrections	
Interest amounts collected/(or paid)	(134,064)
(Income tax paid)	(459,198)
Dividends received	-
(Use of funds)	-
Other collections/(payments)	-
Total other corrections	(593,262)
Cash flow from financial management (A)	1,194,912

B) Cash flow from investment	
Tangible assets	
(Cash flows from investments)	(13,609)
Cash flow from disposals	-
Intangible assets	
(Cash flows from investments)	(132,415)
Cash flow from disposals	-
Financial assets	
(Cash flows from investments)	(26,425)
Cash flow from disposals	-
Non fixed financial assets	
(Cash flows from investments)	-
Cash flow from disposals	-
Purchase or disposal of investments in subsidiary companies or company branches, net of liquidity	-
Cash flow from investment activities (B)	(172,449)
C) Cash flow from financing activities	
Outside funding	
Increase / (Decrease) short-term payables to bank	(227,511)
Opening of loans	-
(Repayment of loans)	-
Own resources	
Paid capital increase	-
Repayment	-
Disposal / (Purchase) of own shares	-
Dividends and advance payments on paid dividends	-
Cash flow from financing activities (B)	(227,511)
Increase (decrease) in liquid assets (A ± B ± C)	794,952
Liquid assets at beginning of period	403,356
Liquid assets at end of period	1,198,308

• Consolidated operations, net assets and financial data of TPS S.p.A. •

Income statement (data in euro)	31/12/2016	31/12/2015
Production value	3,888,360	3,285,234
External costs for material and services	(1,791,728)	(1,870,756)
Added value	2,096,632	1,414,478
Personnel costs	(1,069,191)	(844,865)
Other operating income (charges)	(6,079)	(22,225)
EBITDA	1,021,362	547,388
EBITDA margin %	26.3%	16.7 %
Depreciation, amortization provisions and write-downs	(19,530)	(8,485)
EBIT	1,001,832	538,903
EBIT margin %	25.7%	16.4 %
Financial management	(23,152)	(36,298)
Extraordinary management	36,273	13,694
Pre-tax income	1,014,953	516,299
Income tax	(332,598)	(191,733)
Income for the year	682,355	324,566

Assets (data in euro)	31/12/2016	31/12/2015
Intangible assets	91,784	2,617
Tangible assets	8,945	12,626
Financial assets	451,521	226,521
Total financial fixed assets	552,250	241,764
Trade receivables	1,817,209	1,777,776
Trade payables	(533,168)	(466,453)
Working capital	1,284,041	1,311,323
Other assets	450,597	420,642
Other liabilities	(563,898)	(428,038)
Other assets and liabilities	(113,301)	(7,396)
Reserves for contingent liabilities	-	-
Severance fund	(218,690)	(184,763)
Total fund	(218,690)	(184,763)
NET CAPITAL INVESTED	1,504,300	1,360,928

Liabilities	31/12/2016	31/12/2015
Net assets	686,302	361,736
Result for the period	682,355	324,566
Net assets	1,368,657	686,302
Net financial debt (PFN)	135,644	674,626
Total liabilities	1,504,300	1,360,928

Detailed PFN (data in euro)	31/12/2016	31/12/2015
Liquid assets	249,420	100,752
Financial receivables from subsidiaries	231,111	126,111
Liabilities to banks	(579,505)	(828,153)
Other short-term financial liabilities	(36,670)	(36,666)
Current net financial position	(135,644)	(637,956)
Other non-current financial debts	-	(36,670)
Non-current financial position	-	(36,670)
Net financial position	(135,644)	(674,626)

Cash flow statement (data in euro)	31/12/2016	31/12/2015
Profit (loss)	978,984	493,691
Corrections for non-monetary items:		
Variations in the remainder	-	-
Devaluation/(revaluation) net of fixed assets	-	-
Provisions (utilizations)	13,619	22,607
Amortisations	19,530	8,485
Pre-tax profit (loss)	1,012,133	524,783
Liquid assets generated by operations		
- Income tax	(332,598)	(191,733)
- Other financial (income) / chances without money flows	23,152	36,298
Total	(309,446)	(155,435)
Variations in net circulating capital		
Decrease / (Increase) in customer receivables	(105,489)	(1,103,798)
(Decrease) / Increase in payables to suppliers	164,599	(23,756)
Decrease / (Increase) in other assets/liabilities	(68,372)	212,825
Variation in severance and other funds	33,927	22,923
Total	24,665	(891,806)
Cash flow from operating activities (1)	727,352	(522,458)
Investments:		
- Materials	(1,550)	-
- Intangible	(103,487)	(2,775)
- Financial	(225,000)	(26,590)
Cash flow from investments (2)	(330,037)	(29,365)
Financial activities		
Increase/(decrease) in financial debts	(248,648)	525,122
Expenditure on capital operations	-	-
Other variations for net assets	-	-
Cash flow from financing activities (3)	(248,648)	525,122
Cash flow from financing activities	148,667	(26,701)
Increase (decrease) in liquid assets (1 ± 2 ± 3)	148,667	(26,701)

Liquid assets at beginning of period	100,752	127,454
Liquid assets at end of period	249,420	100,752