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TPS GROUP: REVENUES UP BY +68% IN THE FIRST SEMESTER OF 2019

Revenue: euro 16.5 million, **+68%** (1H2018: euro 9.8 million)

EBITDA: euro 2.7 million, **+33%** (1H2018: euro 2.0 million)

Adjusted net profit: euro 1.1 million, **+10%** (Net profit 1H18: euro 1.0 million)

Net Financial Position: euro -7.9 million, **+263%** (FY2018: euro -7.0 million)

Gallarate (VA), 17 September 2019 – 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, and innovative SME on AIM Italia, today approved the six-monthly report consolidated as at 30 June 2019.

Alessandro Rosso, CEO of the TPS Group had this to say: “*After the extraordinary operations and the capital increase from the latter part of last year, the first six months of 2019 show signs of significant growth within the company and its operating and financial results. Contributing factors to this growth come from the companies that have joined the Group in this latter period and from the organic growth recorded by the TPS Group.*

Due to the effects of continued investments in technology and human resources, during the first six months of 2019, TPS has continued to consolidate its competitive position, both in the aeronautical and automotive sectors. The new business and organisational framework now allows us to look to new M&A operations that will further extend our value chain in technical and engineering services, continuing with an expansion process along external lines that, to date, has proven its worth through the ability to quickly and efficiently integrate new concerns into the organisational and operational control fabric of the group.”

Main consolidated results as at 30 June 2019¹

Revenue has settled at euro 16.5 million, which is 68% up on the same period (1st six-month period) in 2018 (euro 9.8 million). This increase is the result of the consolidation of the company Satiz Technical Publishing & Multimedia S.r.l. and its subsidiaries (companies that in the first six months of 2018 were not part of the TPS Group) and of the organic growth (approx. 12%) compared to the previous scope of company activities.

The **EBITDA** is euro 2.7 million, which is up 33% compared to the euro 2.0 million as at 30 June 2018, corresponding to a margin **EBITDA** of 16.1% (20.4% at 30 June 2018). The percentage difference is partly the result of lower average earnings in the industrial sector, which the Group is approaching and in part, it concern the preparatory activities for the acquisition of new orders in the second part of the financial period.

EBIT is euro 1.6 million (euro 1.5 million at 30 June 2018).

The **Adjusted Net Profit**, considered net of extraordinary charges linked to the reorganisation of the Group and to the exit of some figures who were no longer necessary to the industrial project of the TPS Group, is euro 1.1 million, a 10% growth compared to earnings in the same period in 2018.

The **Net profit** is euro 0.8 million, of which 776 thousand euro from the Group.

The **Net Financial Position** is euro -7.9 million (available cash flow), a further improvement compared to the euro -7.0 million as at 31 December 2018, in spite of distribution of the dividend from the parent company (euro 361 thousand).

¹ The consolidated six-monthly report, as at 30 June 2019, was drawn up on the basis of the financial statements ending on 30.06.2019 for the companies TPS S.p.A., Adriatech S.r.l., Aviotrace Swiss SA, Neos S.r.l., ICB S.r.l., Stemar Consulting S.r.l. and TPS Aerospace Engineering S.r.l., all falling within the scope of consolidation.

The **Generation of Cash Flow** (*Cash flow from income management*) for the six-month period was euro 1.6 mln.

As confirmation of the TPS Group's tendency towards innovation and new technologies, in the first six-month period of 2018, approximately 0.5 mln euro were **invested in development**.

The **Net Worth** is euro 18.6 million, which is an increase on the euro 18.0 million as at 31 December 2018 due to the effect of the positive economic result of the six-month period and the allocation of 25,350 newly issued shares in TPS S.p.A., resulting from the exercise of 253,500 warrants during the first period of exercising TPS warrants for 2017-2020.

Important events in the six-month period

The first six months of 2019 were mainly dedicated to the consolidation and reorganisation of the Group after its recent acquisition of the company Satiz Technical Publishing & Multimedia S.r.l., which included subsidiary companies TPM Engineering S.r.l. and Satiz Poland sp.zoo. Given the size of the companies acquired, the entry of these companies in the Group has required organisational and management interventions to obtain expected synergies and start up new business strategies.

The operation at the end of 2018 allowed the TPS Group to grow significantly in size and above all, to diversify into automotive and rail industries. TPS' growth strategies have in fact been directed towards technical design services for the aeronautical industry, which is the traditional core business of the Group, as well as the differentiation of the industrial areas in which it operates, in order to provide technical and engineering services to a larger number of customers.

The investment from the early part of 2019 needs to be addressed in this context, with the opening of a new operational headquarters in Florence, which will have the task of providing services for engineering, technical documentation and certification for plants and systems in Oil&Gas.

The first six months of 2019 also saw the first results for the restructuring of the company, which the Group intends to progress in order to cut costs and slim down its organisation. The merger between TPM Engineering S.r.l. (specialised in automotive design and engineering) with Satiz TPM, holder of the entire stock in the company, has been completed. The operation for the merger by incorporation with ICB S.r.l. (avionic services and aeronautical software) into the parent company TPS S.p.A. is currently ongoing.

Finally, the first six-months of the current financial period has seen the company Dead Pixels S.r.l. has joined TPS Group, after the purchase of 80% of its stock. Dead Pixels is a cutting-edge start-up that grew within the enterprise incubator of the Polytechnic University of Turin, and it has a high degree of know-how in operational applications of digital technically for augmented and virtual reality. The aim of this investment is to strengthen TPS' presence in digital services as well as to support customers' technical and maintenance processes with innovative tech approaches.

During the early part of 2019, the Group therefore redefined new operational and management processes for its Strategic Business Units (SBU) to divide technical services offered to the marketplace, extending the expertise and the organisation of automotive and rail activities, which are the main reference sectors for Satiz TPM. Since 2019, the operating structure of the TPS Group has therefore been divided into four Strategic Business Units:

SBU 1. Technical Publishing & Training

This SBU covers activities of technical documentation, integrated logistics support and training for the TPS group, both in the aeronautical and rail sectors. Technical training by the Group's Training Academy (Swiss company Aviotrace Swiss SA) is also a part of this SBU.

SBU 2. Engineering & Cost Engineering

The second SBU is responsible for all design and engineering activities, as well as those regarding aeronautical certification (TPS Aerospace Engineering S.r.l.). This SBU includes automotive design activities, focused in the subsidiary company Satiz TPM (which incorporated the subsidiary TPM Engineering S.r.l. in the early part of 2019), and cost engineering activities, which fall under Stemar Consulting S.r.l.

SBU 3. Avionic Services & Informative Technologies

This SBU is responsible for avionic software, test software and the integration of systems by the subsidiary ICB S.r.l. with excellent know-how regarding the IT developments at Satiz TPM and in other companies of the TPS Group.

SBU 4. Digital Content Management

The fourth SBU covers the activities concerning the generation and management of multimedia content for the sale of products and delivery of training programmes on electronic media. With the acquisition of shares in Dead Pixels S.r.l. this SBU will see a strong boost in 2019 in the direction of augmented and virtual reality applications, orientated towards technical developments within the industrial spheres in which the TPS Group operates.

As in the past, TPS continues to aim for an organisational model of overarching management for its operating and technological resources, optimising the use of same based on workloads and the professional skills needed to deal with individual projects.

In this context, to deal with the problems linked to the Group's rapid growth in size, also obtained through the acquisitions of the last few years, in early 2019 TPS has made significant investments in human resources and specifically, on staff with greater qualifications. This activity involves measuring the potential and definition of management strategies for human resources which has also involved operational positions at higher levels (directors, executives and key people) from the different companies within the Group.

In spite of the specific investments made in 2018 towards technological innovation and the development of new IT solutions to support the technical services offered to the markets, in 2019, the parent company, TPS S.p.A. has not been able to confirm its status as Innovative SME, having reached a consolidated level above that established for SME classification.

Business outlook

Recent acquisitions in 2017 and 2018 have allowed TPS to achieve a highly qualified, competitive position on the technical services market, whether in the aeronautical or other industrial sectors, such as the automotive industry, for example. The Group intends to extend these competencies, continuing to develop technologically innovative technical solutions in support of the services we provide our customers.

In parallel, TPS will also be looking at new opportunities for growth along external lines, through the acquisition of stock in companies that can bring new skills to the chain of value and therefore, boost the TPS Group. These M&A opportunities will however follow a strict assessment criterion, based on economic and financial elements of prospective opportunities, as well as on the sharing of values and management set-up of the TPS Group, an aspect that is now one of the distinctive elements of the Company.

This press release is available to read on line at www.1info.it and www.tps-group.it in the Investors/Press Release section.



TPS S.p.A. is an operational holding company of the 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, TPS has been working in the aeronautical, automotive, defence, rail and ship industries, providing Technical Publishing & Training services, Engineering, Design and Cost Engineering, as well as Avionic Software Development, System Integration, and Digital Content Management. The TPS Group can include leaders in the field of aircraft design and production, as well as the manufacture of aeronautical parts, as well as leading automotive and rail manufacturers among its client base.

ISIN code ordinary shares: IT0005246142 – Ticker ordinary shares: TPS – ISIN Warrant: IT0005246225 – Ticker Warrant: WTPS20

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RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>RECLASSIFIED PROFIT AND LOSS ACCOUNT</i>	Statement at 30.06.2019	Statement at 30.06.2018
Production value	16,511,422	9,846,354
External costs for material and services	(4,146,325)	(2,888,190)
Added value	12,365,097	6,958,164
Personnel costs	(9,649,520)	(4,911,203)
Other operating income (charges)	(49,704)	(39,134)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,665,874	2,007,827
Amortizations	(1,032,867)	(474,134)
EBIT	1,633,007	1,533,693
Operating income (charges)	(77,991)	(47,080)
Extraordinary operating income (charges)	(307,293)	(13,668)
Results before tax	1,247,723	1,472,945
Current and deferred tax	(445,946)	(470,190)
Adjusted net result:	1,109,070	
Net earnings	801,777	1,002,755
Group net earnings	776,481	951,457

RECLASSIFIED CONSOLIDATED BALANCE SHEET

<i>RECLASSIFIED BALANCE SHEET</i>	TPS Group 30.06.2019	TPS Group 31.12.2018
Receivables from shareholders for payments not yet due	0	0
Intangible assets	4,815,787	4,699,423
Tangible assets	850,727	864,927
Financial assets	152,957	145,629
Total financial fixed assets	5,819,471	5,709,979
Trade receivables	12,853,339	11,686,038
Trade payables	(2,607,763)	(1,888,886)
Working capital	10,245,576	9,797,152
Other assets	1,724,536	2,093,084
Other liabilities	(4,407,140)	(3,980,322)
Other assets and liabilities	(2,682,604)	(1,887,238)
Reserves for contingent liabilities	(18,543)	(49,303)
Severance fund	(2,714,815)	(2,595,221)
Total fund	(2,733,358)	(2,644,524)
Net invested capital (NIC)	10,649,085	10,975,370
Group net assets	17,371,784	15,586,903
Minority interest in shareholders' equity	378,173	266,867
Group result for the period	776,481	2,032,224
Minority interest in income for the period	25,296	108,364
CONSOLIDATED NET ASSETS	18,551,734	17,994,358
Net financial debt (NFP)	(7,902,649)	(7,018,989)
To cover NIC	10,649,085	10,975,370

CONSOLIDATED NET FINANCIAL POSITION

NFP Detail for TPS Group	30.06.2019	31.12.2018
Payables to credit institutions	230,604	338,529
Debts to other lenders	1,520,803	2,170,496
Liquid assets	(10,024,688)	(9,918,715)
Payables for Leasing	396,688	416,758
Other financial receivables	(26,056)	(26,056)
Totale	(7,902,649)	(7,018,989)

CONSOLIDATED FINANCIAL STATEMENT

	30.06.2019	31.12.2018
A. Cash flows from income management (indirect method)		
Profit (loss) for the period	801,777	2,140,586
Income tax	445,946	867,369
Interest payments/(interest income)	77,991	157,439
(Capital gains)/Losses from disposals	15,370	(9,954)
1. Earnings (losses) before taxes, interest, dividends and gains/losses from disposals	1,341,084	3,155,440
<i>Corrections for non-monetary items with no entry in net circulating capital</i>		
Provisions for risks	436,565	605,559
Amortisation and depreciation	1,032,867	1,576,495
Write-downs for lasting losses in value	0	747
Corrections for non-monetary items:	(648,114)	(942,614)
2. Cash flow before variations in net circulating capital	2,162,402	4,395,627
<i>Variations in net circulating capital</i>		
Decrease / (Increase) in inventory	0	0
Decrease / (Increase) in customer receivables	(1,171,981)	3,167,617
Increase / (Decrease) in payables to suppliers	732,768	(430,156)
Decrease / (Increase) in prepaid and accrued expenses	(267,677)	26,044
Increase / (Decrease) in accrued expenses and deferred income	8,319	(204,025)
Total variations to net circulating capital	585,505	(253,005)
3. Cash flow after variations to net circulating capital	2,049,337	6,702,103
<i>Other corrections</i>		
Interest amounts collected/(or paid)	(77,991)	(157,439)
(Income tax paid)	0	(761,969)
Dividends received	0	0
(Use of funds)	(347,812)	(542,447)
4. Cash flows after other corrections	1,623,534	5,240,248
Cash flow from financial management (A)	1,623,534	5,240,248
B. Cash flow from investment		
<i>Tangible assets</i>		
(Investments):	(72,382)	(123,629)
Divestment realisation price	982	15,423
<i>Intangible assets</i>		
(Investments):	(417,876)	(1,268,863)
Divestment realisation price		
<i>Financial assets</i>		
(Investments):	(7,328)	(62,209)
Divestment realisation price		
<i>Non fixed financial assets</i>		
(Investments):		
Divestment realisation price		
Cash flow from investment activities (B)	(496,604)	(1,439,277)
C. Cash flow from financing activities		
<i>Outside funding</i>		
Increase / (Decrease) in short-term payables to bank	(757,618)	(1,633,582)
Opening of loans	0	0
Repayment of loans	0	0
<i>Own resources</i>		
Paid capital increase	95,265	5,329,415
Disposal / (Purchase) of treasury shares	0	0
Dividends and advance payments on paid dividends	(361,617)	0
Cash flow from financing activities (B)	(1,023,970)	3,695,833
Increase (decrease) in liquid assets (A ± B ± C)	102,960	7,496,804
Liquid assets at the start of the period	9,918,715	1,569,125
Liquid assets of acquired companies as at 1 January	3,013	852,786
Liquid assets at the end of the period	10,024,688	9,918,715