PRESS RELEASE
ACOTEL GROUP: interim report for three months ended 30 September 2015

Consolidated results for 9M 2015:
- **Revenue €29.5 million (€33.7 million in 9M 2014)**
- **Negative EBITDA €5.6 million (negative €3.5 million in 9M 2014)**
- **Negative EBIT €6.8 million (negative €5.6 million in 9M 2014)**
- **Loss for period €6.5 million (loss of €14 million in 9M 2014)**

Consolidated results for Q3 2015:
- **Revenue €9.8 million (€10.3 million in Q3 2014)**
- **Negative EBITDA €1.7 million (negative €1.6 million in Q3 2014)**
- **Negative EBIT €2.2 million (negative €2.3 million in Q3 2014)**
- **Loss for period €3.2 million (loss of €5.1 million in Q3 2014)**

Net funds total €13.9 million (€18.5 million at 30 June 2015, €23.1 million at 31 December 2014).

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's interim report for the three months ended 30 September 2015.

Results for 9M 2015[1]

The Acotel Group generated revenue of approximately €29.5 million in the first nine months of 2015, down 12% on the €33.7 of the same period of 2014. This reflects reduced turnover at the Acotel Interactive business area, hit by a slowdown in its Italian and South American markets and regulatory interventions that have altered the way in which the sector operates.

91.7% of revenue was generated by the Acotel Interactive business area (€27 million), 4.6% by the Acotel Net business area (€1.4 million) and the remaining 3.7% by the Acotel TLC business area (€1.1 million).

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of €22.2 million, down 14.6% on the €26 million of the same period of 2014. Mobile Service revenue amounts to €4.6 million, down 21.8% on the €6 million of the same period of 2014, whilst Interactive Advertising services generated revenue of €0.2 million.

Turnover generated by the **Acotel Net** business area, totalling €734 thousand, is down 13% on the €840 thousand of the same period of 2014, whilst the Energy segment generated turnover of €617 thousand, up on the €230 thousand of the first nine months of the previous year.

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[1] *In accordance with IFRS 5, revenue and cost items for the first nine months of 2015 and, for comparative purposes, for the same period of 2014, attributable to Nòverca's retail business, to Info2cell and to Flycell Telekomunikasyon Hizmetler AS have been classified in "Profit/(Loss) from discontinued operations" in the income statement. Cost and revenue items attributable to Jinny Software Ltd. and all its subsidiaries, which were sold in 2014, have also been classified in this line item.*

Finally, revenue generated by the **Acotel TLC** business area includes €740 thousand generated by the services provided in the Mobile Virtual Network Aggregator segment, where revenue has grown from the €210 thousand of the same period of 2014, and €358 thousand generated by the Mobile Communications segment (€447 thousand in the first nine months of 2014).

The geographical revenue breakdown shows how revenue sources remain well diversified, with 54% of revenue generated in Latin America, 30% in Italy, 15% in India and 1% in other European countries.

The consolidated gross operating loss (negative EBITDA) amounts to approximately €5.6 million (a loss of €3.5 million in the same period of 2014). This reflects:

- the absence of the **Acotel Interactive** business area's earlier contribution to operating profit, with this segment's results reflecting the advertising costs incurred during the launch of Digital Entertainment services in India, in addition to a slowdown in its Italian and South American markets;
- the losses registered by the **Acotel TLC** business area, in which the Group has focused its commercial efforts on its MVNA activities, seeking to take advantage of our investment, over the last few years, in development of a platform and of innovative technological solutions, currently offered to parties looking to operate in Italy as MVNOs;
- the losses registered by the **Acotel NET** business area as it embarks on its commercial launch.

After amortisation and depreciation (€1.2 million), the Group's operating loss (negative EBIT) is approximately €6.8 million, compared with a loss of €5.6 million for the same period of the previous year.

After net finance income of €0.3 million, estimated tax expense for the period (€1.7 million) and the profit from discontinued operations (€1.7 million), the loss attributable to owners of the Parent for the period amounts to approximately €6.5 million (a loss of €14 million in the first nine months of 2014).

Net funds at 30 September 2015 amount to €13.9 million, down from the €18.5 million of 30 June 2015 and the €23.1 million of 31 December 2014, reflecting the financial impact of the Group's transformation.

Results for Q3 2015

The Acotel Group's revenue for the third quarter, amounting to €9.8 million, is down 5% on the €10.3 million of the third quarter of 2014.

Compared with a gross operating loss (negative EBITDA) of €1.6 million for the third quarter of 2014, the Group reports a gross operating loss (negative EBITDA) of €1.7 million for the third quarter just ended. After amortisation and depreciation, the operating loss (negative EBIT) amounts to €2.2 million (a loss of €2.3 million in the same period of 2014).
After net finance costs of €0.1 million, estimated taxation for the period of €0.7 million and the loss from discontinued operations, totalling €0.2 million, the loss attributable to owners of the Parent for the third quarter of 2015 amounts to €3.2 million, compared with the €5.1 million of the third quarter of 2014.

Significant events during the quarter

During the third quarter of 2015, the Acotel Group continued to implement its strategy aimed at ensuring a return to profit, the large-scale commercialisation of the Group's Smart Metering and Energy Management services, the consolidation of its existing businesses and the disposal of non-core assets.

With regard to the services offered by the **Acotel NET** business area, at the end of June, ENI launched its new *myEnergy* offering that uses the Energy Meter and the telematics platform developed entirely in-house by Acotel. The sales performance during the quarter recently ended, during which ENI completed the installation of the first devices to be purchased and activated the service that enables customers to check their consumption in real time and take the decisions needed to adopt energy saving initiatives, leads us to be optimistic about the future growth prospects for the Group's new business area.

The partnership agreement entered into in June with *Bartucci SpA*, one of the most respected and established names in the Italian energy efficiency market, accredited as an ESCo (Energy Service Company) by the country's energy market regulator, has resulted in the development necessary in order to release the ETA software to be used in issuing energy certificates in compliance with the requirements of Legislative Decree 102/2014.

Again with regard to the **Acotel NET** offering, in July *GEOX SpA* requested provision of the Energy Management service for an initial 8 of its approximately 600 retail outlets. Finally, in September, an agreement was signed with Piaggio & C. SpA for the supply of devices to be used in the provision of smart metering and energy management services, involving the monitoring of electricity, gas, compressed air and hot water consumption at the customer's Pontedera manufacturing plant.

In the **Acotel TLC** business area, where the Group is continuing to operate as a Mobile Virtual Network Aggregator, efforts designed to consolidate our existing businesses have led to the conclusion of two new contracts, adding to the number of Mobile Virtual Network Operators that have made use of Noverca's mobile virtual network enabler services.

In the **Acotel Interactive** business are, on the other hand, the disposal of non-core assets has resulted in completion of the sale of a 100% interest in the Middle Eastern subsidiary, *Info2cell*, and all its subsidiaries to the Indian company, *Altruist Technologies Pvt Ltd*. The consideration, which was paid in full at the reporting date for this interim report, was USD5.5 million (€4.9 million).
In the same business area, the subsidiary, *Bucksense Inc.*, an agency that creates performance-based advertising campaigns, has begun offering advertising services outside the Acotel Group, either directly or through partner companies.

Other information

For the third year running, Acotel took part in the Smart Energy Expo held at the Verona Exhibition Centre in October of this year, confirming its growing presence in the Italian energy management sector. The Group presented two major innovations:

- ETA, the energy assessment and audit software commercially launched on 15 October and which has attracted attention from a large number of Italian businesses and ESCos;

- aReader, the revolutionary sensor designed and produced by Acotel for obtaining readings for electricity, water and gas consumption from older-generation drum-type meters that cannot transmit the information stored on them.

Declaration by the manager responsible for financial reporting

The manager responsible for the Group's financial reporting, Luca De Rita, hereby declares, pursuant to article 154-*bis*, paragraph 2, of Legislative Decree 58/1998 (the Consolidated Law on Finance), that the accounting information contained in this press release is consistent with the underlying accounting records.

Availability of company documents

The interim report for the nine months ended 30 September 2015 will be available to the public, within the deadline established by art. 154-*ter* of Legislative Decree 58/1998 (the Consolidated Law on Finance), at the Company's registered office. A copy of the document is also available on the Company's website at www.acotel.com.

Rome, 13 November 2015

Note: the condensed income statement and statement of financial position included in the interim report for the nine months ended 30 September 2015 approved today by the Board of Directors are attached.

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ACOTEL GROUP
Reclassified consolidated income statement (*)

(€000)	Q3			9M		
	2015	**2014**	**Increase/ (Decrease)**	**2015**	**2014**	**Increase/ (Decrease)**
Revenue	9,798	10,290	(492)	29,491	33,702	(4,211)
Other income	33	97	(64)	104	143	(39)
Total	**9,831**	**10,387**	**(556)**	**29,595**	**33,845**	**(4,250)**
Change in work in progress, semi-finished and finished goods	85	20	65	46	147	(101)
Raw materials, semi-finished and finished goods	(146)	(118)	(28)	(281)	(396)	115
External services	(8,251)	(8,770)	519	(24,963)	(26,808)	1,845
Rentals and leases	(302)	(309)	7	(913)	(904)	(9)
Staff costs	(2,916)	(2,858)	(58)	(9,044)	(9,235)	191
Internal capitalised costs	196	159	37	680	481	199
Other costs	(238)	(98)	(140)	(768)	(643)	(125)
Gross operating profit/(loss)	**(1,741)**	**(1,587)**	**(154)**	**(5,648)**	**(3,513)**	**(2,135)**
Amortisation and depreciation	(452)	(724)	272	(1,184)	(2,039)	855
Operating profit/(loss)	**(2,193)**	**(2,311)**	**118**	**(6,832)**	**(5,552)**	**(1,280)**
Net finance income/(costs)	(99)	80	(179)	322	328	(6)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(2,292)**	**(2,231)**	**(61)**	**(6,510)**	**(5,224)**	**(1,286)**
Taxation	(690)	(676)	(14)	(1,726)	(804)	(922)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(2,982)**	**(2,907)**	**(75)**	**(8,236)**	**(6,028)**	**(2,208)**
Profit/(Loss) from discontinued operations	(184)	(2,208)	2,024	1,736	(7,944)	9,680
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	**(3,166)**	**(5,115)**	**1,949**	**(6,500)**	**(13,972)**	**7,472**
Earnings per share	(0.77)	(1.24)		(1.58)	(3.40)	
Diluted earnings per share	(0.77)	(1.24)		(1.58)	(3.40)	

(*): As required by IFRS 5, amounts for 2014 have been reclassified.

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Reclassified consolidated statement of financial position

(€000)	30 September 2015	31 December 2014	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	5,551	7,881	(2,330)
Intangible assets	1,347	3,759	(2,412)
Other assets	4,226	4,198	28
TOTAL NON-CURRENT ASSETS	**11,124**	**15,838**	**(4,714)**
Net current assets:			
Inventories	612	442	170
Trade receivables	5,975	19,278	(13,303)
Other current assets	2,591	3,091	(500)
Trade payables	(8,412)	(24,767)	16,355
Other current liabilites	(3,841)	(5,459)	1,618
TOTAL NET CURRENT ASSETS	**(3,075)**	**(7,415)**	**4,340**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(3,465)**	**(3,665)**	**200**
NON-CURRENT PROVISIONS	**(441)**	**(519)**	**78**
NET INVESTED CAPITAL	**4,143**	**4,239**	**(96)**
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	23,430	45,396	(21,966)
Profit/(Loss) for the period	(6,501)	(19,347)	12,846
Non-controlling interests	30	170	(140)
TOTAL EQUITY	**18,043**	**27,303**	**(9,260)**
Net cash and cash equivalents:			
Current financial assets	(10,824)	(17,063)	6,239
Cash and cash equivalents	(8,935)	(11,548)	2,613
Current financial liabilities	5,859	5,547	312
	(13,900)	**(23,064)**	**9,164**
NET FUNDS	**(13,900)**	**(23,064)**	**9,164**
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	**4,143**	**4,239**	**(96)**

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Analysis of consolidated net funds

(€000)

	30 September 2015	30 June 2015	31 December 2014
A. Cash and cash equivalents	8.935	12.028	11.548
B. Assets held for trading	9.224	10.667	15.463
C. Liquidity (A + B)	**18.159**	**22.695**	**27.011**
D. Other current financial receivables	1.600	1.600	1.600
E. Current financial assets (D)	**1.600**	**1.600**	**1.600**
F. Current bank borrowings	(5.859)	(5.754)	(5.547)
G. Current financial liabilities (F)	**(5.859)**	**(5.754)**	**(5.547)**
H. Net funds (C+E+G)	**13.900**	**18.541**	**23.064**