



## **PRESS RELEASE**

### **ACOTEL GROUP: Board approves interim report for Q1 2016**

#### **Consolidated results:**

- **Revenue €7 million (€9.8 million in Q1 2015)**
- **Negative EBITDA €1.7 million (negative €2.2 million in Q1 2015)**
- **Negative EBIT €2.2 million (negative €2.6 million in Q1 2015)**
- **Net loss €2.4 million (a loss of €0.9 million for Q1 2015)**

**Net funds €8.9 million (€11.6 million at 31 December 2015).**

Today's meeting of the Board of Directors of *Acotel Group SpA* has approved the interim report for the three months ended 31 March 2016<sup>1</sup>.

The Acotel Group reports consolidated revenue of approximately €7 million for the period, down 28% on the €9.8 million of the same period of the previous year. This essentially reflects reduced turnover at the **Acotel Interactive** business area.

As a result of the Group's current restructuring, from 2016, the accounts include a new business area named **Bucksense** with the aim of giving greater visibility to the web advertising services offered by the Group.

80% of revenue was generated by the Acotel Interactive business area, 11% by the Acotel TLC business area, 8% by the Acotel Net business area and 1% by the Bucksense business.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €4.6 million (€7.3 million in the first quarter of 2015) thanks to the contributions of *Acotel Interactive Inc.* and its direct subsidiaries and of *Acotel SpA*. Mobile Service revenue amounts to around €1 million (€1.7 million in the same period of 2015) and includes revenue generated by the subsidiaries, *Acotel do Brasil Ltda* and *Acotel SpA*.

Revenue generated by the **Acotel TLC** business area amounts to €0.8 million, up 191% on the €0.3 million of the same period of the previous year, reflecting higher turnover at the Mobile Virtual Network Aggregator (MVNA) segment of this business area.

Revenue generated by the **Acotel Net** business area, totalling approximately €0.6 million, is up 38% on the same period of 2015. Revenue of €354 thousand was generated by the Energy segment, with the remaining €230 thousand generated by the Security Systems segment.

Finally, turnover generated by the new business area, named **Bucksense**, amounts to €0.1 million.

The geographical revenue breakdown shows that 39% of revenue was generated in Latin America, 37% in Italy, 23% in India and the remaining 1% in other European countries.

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<sup>1</sup> *In accordance with IFRS 5, amounts for 2015 have been reclassified to take into account the cessation of Noverca's retail business, the current liquidation of Noverca Italia Srl and the sale of the subsidiaries, Flycell Telekomunikasyon Hizmetler AS and Info2cell.com FZ-LLC.*



In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €1.7 million (a loss of €2.2 million in the same period of 2015). After amortisation and depreciation (€0.5 million), the Group reports an operating loss (negative EBIT) of €2.2 million (a loss of €2.6 million for the previous first quarter).

After net finance income (€0.1 million), estimated tax expense for the period (€0.3 million) and the loss from assets held for sale and discontinued operations (€0.01 million), which reflects the impact of the costs and income resulting from the liquidation of *Noverca Italia Srl*, the loss attributable to owners of the Parent for the period amounts to approximately €2.4 million (a loss of €0.9 million for the same period of 2015).

The overall loss reported by the Group breaks down as follows:

(€000)	Q1 2016	Q1 2015	Increase/ (Decrease)
(a) NET business area:	(787)	(493)	(294)
(b) BUCKSENSE business area:	(784)	98	(882)
(c) TLC business area:	(542)	(2.432)	1.890
(d) INTERACTIVE business area:	100	(955)	1.055
(e) Taxation and adjustments:	(347)	1.189	(1.536)
(e) Net effect of "discontinued operations":	(8)	1.730	(1.738)
<b>Loss for the period</b>	<b>(2.368)</b>	<b>(863)</b>	<b>(1.505)</b>

This shows how the Group continues to experience operational difficulties, connected with the start-up of its new activities. This impact was partially mitigated by a narrowing of the loss incurred by the Acotel TLC business area in the quarter just ended, thanks to the performance of the Group's MVNA services, and by the return to profit of the Acotel Interactive business area, reflecting reduced promotional expenditure in the first quarter of 2016.

Net funds at 31 March 2016 amount to approximately €8.9 million, down on the €11.6 million of 31 December 2015. This reflects the financial impact of the losses incurred by the Group's subsidiaries during the quarter.

### Significant events during the first quarter

In addition to the commercialisation of existing products and services in the relevant markets, during the first quarter of 2016, the Group focused on the development of its energy management products and services and programmatic advertising services, as well on its participation in the relevant trade events in order to publicise the Group's new commercial offerings.

In the **Acotel Interactive** business area, the Group continued to commercialise its "traditional" VAS services and with initiatives designed to expand its customer base in India.

In the **ACOTEL TLC** business area, the Group continued with its commercial strategy designed to acquire new customers, in addition to proceeding to enable existing customers and providing services to previously enabled MVNOs.



In addition to continuing with the development of products and services for managing the consumption of electricity, water and gas, the **Acotel Net** business area focused on concluding ongoing talks with a number of major commercial partners.

In the same period, ENI continued to market its myEnergy service to its SOHO and Small Business customers, supplied in partnership with Acotel. Approximately 6,400 of ENI's customers have chosen the service at 31 March 2016 (around 2,700 in the first three months of 2016), including approximately 2,900 (around 1,900 in the first three months of 2016) to whom Acotel has shipped its My Energy Meter (MEM), which enables the customer to access the platform in order to use the service.

In March, Acotel took part, with its own stand, in the National Facilities Management and Technology Conference & Exposition (NFMT) held in Baltimore. After participating in other major events in the sector, the NFMT provided an opportunity to show off the versatility and benefits provided by Acotel Net's products and services to an international audience.

The Group presented the programmatic advertising services offered by the new business area, named **Bucksense**, at the Affiliate Summit West in Las Vegas in January 2016 and at the Mobile World Congress in Barcelona in February. A significant number of contacts resulted from the work carried out at the two fairs and around a hundred of the contacts have been converted into customers who are already using the services offered by the Group.

#### **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 information in this press release is consistent with the underlying accounting records.

#### **Availability of company documents**

The interim report for the three months ended 31 March 2016 will be made available to the public for inspection at the Company's registered office, within the deadline indicated in article 2.2.3, paragraph 3 of the Regulations for Markets organised and managed by Borsa Italiana SpA. A copy of the document is also available on the Company's website at [www.acotel.com](http://www.acotel.com).

*Note: the condensed income statement and statement of financial position and the analysis of net funds included in the interim report for the three months ended 31 March 2016 approved by the Board of Directors are attached.*

Rome, 13 May 2016

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## **ACOTEL GROUP**

### **Reclassified consolidated income statement (\*)**

<i>(€000)</i>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Increase/ (Decrease)</b>
Revenues	7.017	9.795	(2.778)
Other income	24	36	(12)
<b>Total</b>	<b>7.041</b>	<b>9.831</b>	<b>(2.790)</b>
Movements in work in progress, semi-finished and finished goods	(18)	(26)	8
Raw materials	(126)	(70)	(56)
External services	(5.611)	(8.594)	2.983
Rentals and leases	(244)	(306)	62
Staff costs	(3.100)	(3.059)	(41)
Internal capitalised costs	508	226	282
Other costs	(135)	(251)	116
<b>Gross operating profit/(loss)</b>	<b>(1.685)</b>	<b>(2.249)</b>	<b>564</b>
Amortisation and depreciation	(504)	(365)	(139)
<b>Operating profit/(loss)</b>	<b>(2.189)</b>	<b>(2.614)</b>	<b>425</b>
Net finance income/(costs)	126	451	(325)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(2.063)</b>	<b>(2.163)</b>	<b>100</b>
Taxation	(297)	(512)	215
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(2.360)</b>	<b>(2.675)</b>	<b>315</b>
Profit/(Loss) from assets held for sale and discontinued operations	(8)	1.730	(1.738)
<b>PROFIT/(LOSS) FOR THE PERIOD BEFORE NON-CONTROLLING INTERESTS</b>	<b>(2.368)</b>	<b>(945)</b>	<b>(1.423)</b>
Profit/(Loss) attributable to non-controlling interests	-	(82)	82
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(2.368)</b>	<b>(863)</b>	<b>(1.505)</b>
Earnings per share	(0,58)	(0,21)	
Diluted earnings per share	(0,58)	(0,21)	

(\*): In accordance with IFRS 5, amounts for 2015 have been reclassified to take into account the cessation of Noverca's retail business, the current liquidation of Noverca Italia Srl and the sale of the subsidiaries, Flycell Telekomunikasyon Hizmetler AS and Info2cell.com FZ-LLC.



## **ACOTEL GROUP**

### **Reclassified consolidated statement of financial position**

<i>(€000)</i>	<b>31 March 2016</b>	<b>31 December 2015</b>	<b>Increase/ (Decrease)</b>
<b>Non-current assets:</b>			
Property, plant and equipment	5,167	5,281	(114)
Intangible assets	2,245	2,027	218
Other assets	2,620	2,590	30
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,032</b>	<b>9,898</b>	<b>134</b>
<b>Net current assets:</b>			
Inventories	521	585	(64)
Trade receivables	4,636	5,554	(918)
Other current assets	1,633	2,036	(403)
Trade payables	(5,205)	(6,778)	1,573
Other current liabilities	(3,862)	(4,120)	258
<b>TOTAL NET CURRENT ASSETS</b>	<b>(2,277)</b>	<b>(2,723)</b>	<b>446</b>
<b>TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES</b>	<b>(699)</b>	<b>(807)</b>	<b>108</b>
<b>PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS</b>	<b>(3,671)</b>	<b>(3,321)</b>	<b>(350)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(226)</b>	<b>(240)</b>	<b>14</b>
<b>NET INVESTED CAPITAL</b>	<b>3,159</b>	<b>2,807</b>	<b>352</b>
<b>Equity:</b>			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	13,301	24,000	(10,699)
Profit/(Loss) for the period	(2,368)	(10,671)	8,303
Non-controlling interests	30	30	-
<b>TOTAL EQUITY</b>	<b>12,047</b>	<b>14,443</b>	<b>(2,396)</b>
<b>Net cash and cash equivalents:</b>			
Current financial assets	(10,444)	(11,034)	590
Cash and cash equivalents	(4,338)	(6,172)	1,834
Cash and cash equivalents held for sale and included in discontinued operations	(171)	(395)	224
Current financial liabilities held for sale and included in discontinued operations	6,065	5,965	100
	<b>(8,888)</b>	<b>(11,636)</b>	<b>2,748</b>
<b>NET FUNDS</b>	<b>(8,888)</b>	<b>(11,636)</b>	<b>2,748</b>
<b>TOTAL EQUITY AND NET FUNDS</b>	<b>3,159</b>	<b>2,807</b>	<b>352</b>



**ACOTEL GROUP**  
**Analysis of consolidated net funds**

(€000)

	31 March 2016	31 December 2015	Increase/ (Decrease)
A. Cash and cash equivalents	4,509	6,567	(2,058)
B. Assets held for trading	8,844	9,434	(590)
<b>C. Liquidity (A + B)</b>	<b>13,353</b>	<b>16,001</b>	<b>(2,648)</b>
D. Other current financial receivables	1,600	1,600	-
<b>E. Current financial assets (D)</b>	<b>1,600</b>	<b>1,600</b>	-
F. Current bank borrowings	(6,065)	(5,965)	(100)
<b>G. Current financial liabilities (F)</b>	<b>(6,065)</b>	<b>(5,965)</b>	<b>(100)</b>
<b>H. Net funds (C+E+G)</b>	<b>8,888</b>	<b>11,636</b>	<b>(2,748)</b>