



PRESS RELEASE

ACOTEL GROUP: Board approves interim report for Q1 2017

Consolidated results:

- **Revenue €4.9 million (€6.3 million in Q1 2016)**
- **Negative EBITDA €2.1 million (negative €1.4 million in Q1 2016)**
- **Negative EBIT €2.5 million (negative €1.7 million in Q1 2016)**
- **Net profit €2.8 million (a loss of €2.4 million for Q1 2016)**

Net funds €11.4 million (€8 million at 31 December 2016).

Today's meeting of the Board of Directors of *Acotel Group SpA* has approved the interim report for the three months ended 31 March 2017¹.

Significant events during the first quarter

During the first quarter of 2017, *Acotel Group SpA* concluded an agreement with *Intesa Sanpaolo SpA* that has resulted in a settlement of the dispute between the two companies relating to the lack of success of the virtual mobile operator, Noverca. The transaction, more fully described in the press release issued on 21 March when the agreement was signed, has resulted in a gain of approximately €5.3 million, recognised in profit or loss from discontinued operations for the three months ended 31 March 2017, in application of IFRS 5.

In the **Acotel Interactive** business area, *Acotel Group SpA* and *Flycell Italia Srl* signed an agreement with *Telecom Italia SpA* for the provision of services using Decade 4 premium-rate numbers assigned to *Telecom Italia SpA* and aimed at customers of TIM and those of other mobile operators.

Acotel Group SpA also extended its agreement with *Telecom Italia SpA* covering the supply of *ScipTIM* branded services.

These agreements will both be in effect from 1 January 2017 until 31 December 2018.

In February, **Bucksense** presented the latest SaaS (Software-as-a-Service) releases for its programmatic advertising services (Micro Bidding, Full Video Viewability and Campaign Planning Tool) at the Mobile World Congress in Barcelona.

These services enable marketers and media buyers to put together tailor-made bids aimed at different target markets within the same advertising campaign, to run cross-device video campaigns on mobiles and desktops, with their own or external ad servers and in all the available formats, and to better assess eCPM (the effective cost per mille) during both the pre-campaign planning phase and during the campaign itself.

In the **Acotel Net** business area, the Group began supplying its My Energy Meter (MEM) solution to the household customers of *Iren Mercato SpA*, a company that supplies, trades and

¹ In accordance with IFRS 5, revenue and cost items for 2017 and, for comparative purposes, for 2016, attributable to *Noverca Italia Srl* (in liquidation), have been classified in "Profit/(Loss) from assets held for sale and discontinued operations" in the income statement. Revenue and cost items for 2016 attributable to *Noverca Srl*, which was sold during the previous year, have also been classified in this item.



sells electricity, gas and heat. Approximately 800 devices were delivered to the energy company's customers during the quarter just ended.

During the same period, approximately 1,400 MEMs were supplied to *ENI's* SOHO and Small Business customers under the agreement with this company.

The Group also continued to supply its energy management services to *Poste Italiane SpA*.

At the date of preparation of this interim report, Acotel, through its partnership with *ENI*, has concluded a contract with a major insurance company for the supply of its energy management service to around 400 branch offices throughout Italy. Provision of the service will begin during the second quarter of 2017.

Results for Q1 2017

Compared with the results for the same period of 2016, the Acotel Group's results for the first quarter of 2017 show a reduction in revenue, a decline in earnings from continuing operations and a profit for the period as a result of the profit from discontinued operations.

The Acotel Group reports consolidated revenue of approximately €4.9 million for the period, down 22% on the €6.3 million of the same period of the previous year. This essentially reflects reduced turnover at the **Acotel Interactive** business area in Latin America, Italy and India.

57% of revenue was generated by the Acotel Interactive business area, 33% by the Bucksense business area and 10% by the Acotel Net business area.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €1.9 million (€4.6 million in the first quarter of 2016), whilst Mobile Service revenue amounts to around €0.8 million (€1 million in the same period of 2016).

In the **Bucksense** business area, revenue from programmatic advertising services amounts to approximately €1.6 million (€0.1 million in the first quarter of 2016). 70% of this revenue was generated in North America, 14% in Asia, 13% in Europe and the remainder in other geographical areas.

Revenue generated by the **Acotel Net** business area totals approximately €0.5 million (€0.6 million in the first quarter of 2016). €0.4 million was generated by the Energy segment and €0.1 million by the Security Systems segment.

The geographical revenue breakdown shows that 26% of revenue was generated in Latin America, 25% in Italy, 23% in North America, 17% in India and the remaining 9% in other geographical areas.

In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €2.1 million (a loss of €1.4 million in the same period of 2016). After amortisation and depreciation (€0.4 million), the Group reports an operating loss (negative EBIT) of €2.5 million (a loss of €1.7 million for the same period of 2016).

After net finance income (€0.2 million), estimated tax expense for the period (€0.1 million) and the profit from assets held for sale and discontinued operations (€5.3 million), reflecting the gain generated by *Noverca Italia Srl (in liquidation)* as a result of the above-mentioned agreement between *Acotel Group SpA* and *Intesa Sanpaolo SpA*, the profit attributable to owners of the Parent for the period amounts to approximately €2.8 million (a loss of €2.4 million for the same period of 2016).



Net funds at 31 March 2017 amount to approximately €11.4 million, up on the €8 million of 31 December 2016 as a result of the above agreement with *Intesa Sanpaolo SpA*.

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 2017 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 will also be available in the authorised storage mechanism managed by 1info and on the Company's website at www.acotel.com.

Rome, 15 May 2017

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 2017 approved by the Board of Directors are attached.

For further information contact:

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Reclassified consolidated income statement (*)

<i>(€000)</i>	Q1 2017	Q1 2016	Increase/ (Decrease)
Revenue	4,897	6,287	(1,390)
Other income	280	21	259
Total revenue	5,177	6,308	(1,131)
Change in work in progress, semi-finished and finished goods	3	(18)	21
Raw materials	(79)	(90)	11
External services	(4,219)	(5,016)	797
Rentals and leases	(277)	(242)	(35)
Staff costs	(2,668)	(2,677)	9
Internal capitalised costs	276	439	(163)
Other costs	(330)	(128)	(202)
Gross operating profit/(loss) (EBITDA)	(2,117)	(1,424)	(693)
Amortisation and depreciation	(433)	(274)	(159)
Operating profit/(loss) (EBIT)	(2,550)	(1,698)	(852)
Net finance income/(costs)	192	145	47
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(2,358)	(1,553)	(805)
Taxation	(70)	(297)	227
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(2,428)	(1,850)	(578)
Profit/(Loss) from assets held for sale and discontinued operations	5,273	(518)	5,791
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	2,845	(2,368)	5,213
Earnings per share	0.69	(0.58)	
Diluted earnings per share	0.69	(0.58)	

(*): In accordance with IFRS 5, revenue and cost items for 2017 and, for comparative purposes, for 2016, attributable to Noverca Italia Srl (in liquidation) have been classified in "Profit/(Loss) from assets held for sale and discontinued operations" in the income statement. Revenue and cost items for 2016 attributable to Noverca Srl, which was sold during the previous year, have also been classified in this item.



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Reclassified consolidated statement of financial position

(€000)	31 March 2017	31 December 2016	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	4,919	5,014	(95)
Intangible assets	2,324	2,332	(8)
Other assets	1,180	1,381	(201)
TOTAL NON-CURRENT ASSETS	8,423	8,727	(304)
Net current assets:			
Inventories	462	461	1
Trade receivables	3,580	3,813	(233)
Other current assets	1,141	1,144	(3)
Trade payables	(3,198)	(3,369)	171
Other current liabilities	(2,990)	(2,978)	(12)
TOTAL NET CURRENT ASSETS	(1,005)	(929)	(76)
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	(1,095)	(1,107)	12
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(3,717)	(3,638)	(79)
NON-CURRENT PROVISIONS	(150)	(160)	10
NET INVESTED CAPITAL	2,456	2,893	(437)
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	9,927	15,337	(5,410)
Profit/(Loss) for the period	2,845	(5,479)	8,324
TOTAL EQUITY	13,856	10,942	2,914
Net cash and cash equivalents:			
Current financial assets	(3,912)	(4,505)	593
Cash and cash equivalents	(7,880)	(9,810)	1,929
Cash and cash equivalents held for sale and included in discontinued operations	(78)	(121)	44
Current financial liabilities	110	-	110
Current financial liabilities held for sale and included in discontinued operations	-	6,387	(6,387)
	(11,760)	(8,049)	(3,711)
NET FUNDS	(11,400)	(8,049)	(3,351)
TOTAL EQUITY AND NET FUNDS	2,456	2,893	(437)

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Analysis of consolidated net funds

(€000)

	31 March 2017	31 December 2016	Increase/ (Decrease)
A. Cash and cash equivalents	7.958	9.931	(1.973)
B. Assets held for trading	2.312	2.905	(594)
C. Liquidity (A + B)	10.270	12.836	(2.567)
D. Other current financial receivables	1.600	1.600	-
E. Current financial assets (D)	1.600	1.600	-
F. Current bank borrowings	(110)	(6.387)	6.277
G. Current financial liabilities (F)	(110)	(6.387)	6.277
H. Non-current bank borrowings	(360)	-	(360)
I. Non-current debt (H)	(360)	-	(360)
H. Net funds (C+E+G)	11.400	8.049	3.710