



Technical Publications Service S.p.A.

• PRESS RELEASE •

## TPS GROUP: EARNINGS UP BY +10% IN THE FIRST SEMESTER OF 2018

*Revenue: Euro 9.8 million, +10% (1H2017: Euro 8.9 million)  
EBITDA: Euro 2.0 million, +3% (1H2017: Euro 1.96 million)  
Net profit: Euro 1.0 million, +4% (1H2017: Euro 0.96 million)  
Net financial position: Euro -1.5 million (FY2017: Euro 0.1 million)*

**Gallarate (VA), 17 September 2018** – 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 2018.

**Alessandro Rosso**, CEO of TPS Group had this to say: *“The first six months of 2018 show significant growth at consolidated levels and strengthens the TPS Group’s competitive position, also because thanks to strategic acquisitions made in 2017, the group not only operates in its core business of technical and engineering services for the aeronautical industry, but also in avionics and cost engineering, both with extremely interesting growth prospects. This position has allowed us to be involved in new and extremely important projects that may strengthen and further develop the TPS Group. The new business and organisational framework will also allow us to look to new M&A operations that will further extend our value chain, continuing with an expansion process along external lines that has to date 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 2018<sup>1</sup>**

**Revenue** is around Euro 9.8 million, which is 10% up on the first two quarters of 2017 (Euro 8.9 million): there has been growth in turnover in the technical document sector and in avionics, and the effects of the consolidation of Stemar Consulting, acquired in June 2017 were therefore not reflected by the consolidated statement for 30 June 2017.

**EBITDA** is Euro 2.0 million, which is a growth of 3% compared to Euro 1.96 million at 30 June 2017, for a **margin EBITDA margin** of 20.4% (21.9% at 30 June 2017). There has been an increase in staff costs, which can be attributed to resources acquired with the shareholding in Stemar Consulting and the resources added at the start of the year to deal with business orders and operational requirements for the second six-month period of 2018.

The **EBIT** is Euro 1.5 million (Euro 1.8 million as at 30 June 2017), due to the increased weight of depreciation deriving from investments made in 2017.

The **pre-tax result** of Euro 1.5 million is in line with the first two quarters of 2017 (Euro 1.5 million).

**Net profit** of Euro 1.0 million, represents an increase of 4.4% (Euro 0.96 million as at 30 June 2017), after tax, for Euro 0.5 million. The **pre-tax result for the Group** of Euro 0.95 million, shows a 2.9% compared to 30 June 2017 (0.92 million Euro).

The **net financial position** is Euro -1,5 million, a clear improvement on the Euro 0.1 million of 31 December 2017 due to the effect of the results for the period and the partial return of credit positions with regard to main customers. There is a net reduction in use of invoice advances at credit instituted (also due to the establishment in 2017 of a

<sup>1</sup> The consolidated six-monthly report, as at 30 June 2018, was drawn up on the base of the financial statements ending on 30.06.2-18 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.

*cash pooling* account between members of the Group) and an increase in liquidity due to the effect of cash flow generation.

The **net worth** is Euro 9.1 million, which is an increase on the Euro 8.0 million as at 31 December 2017 due to the effect of the positive economic result of the six-month period and the allocation of 12,550 newly issued shares in TPS S.p.A., resulting from the exercise of 125,500 warrants during the first period of exercising TPS warrants for 2017-2020.

In the first two quarters of 2018, **investments in development** were made for a total amount of Euro 0.3 million.

### **Important events in the six-month period**

The first six months of 2018 have been characterised by consolidation and reorganisation activities for the group, after a 2017 dedicated to listing on AIM Italia and to the subsequent extraordinary operations, of which major focus is placed on the acquisition of shares in ICB S.r.l. and in Stemar Consulting S.r.l. during June 2017. The entry of two companies into the Group has required organisational and management interventions to obtain expected synergies and start up new business strategies.

In the first six months of 2018, the Group set out new operational and management procedures for the 5 *Strategic Business Units*:

- *Technical Publishing & Training*: technical activities for post-sales support for customers;
- *Engineering & Consulting*: engineering activities to support new and existing models in cases of re-engineering aircraft configuration;
- *Design, Certification and Production of Parts and Components* (TPS Aerospace Engineering): design, certification, and if necessary, production of parts and components for existing aircraft, specifically in the medical field;
- *Avionics* (ICB): development of aeronautical software;
- *Cost Engineering* (Stemar Consulting): activities developed in the aeronautical and *automotive* fields.

The first part of the financial period of 2018 was dedicated to obtaining ISO 9100:2016 certification (specifically for the aeronautical industry), an activity that required a full review of operating procedures, allowing the TPS Group to further improve its control processes.

There has also been training activity, prepared with the support of specialist external facilities to prepare young engineers for their entry into the Group, an area in which TPS Group is showing a reactivity and capacity for design that makes it stand out compared to its competitors.

Thanks to the specific investments of 2017, parent company TPS S.p.A. has confirmed its status as Innovative SME, recognition for its propensity got technological innovation in applying its own business model.

### **Business outlook**

In 2018, the TPS Group intends to continue its growth path, both in organic terms and its external lines. New acquisitions in 2017 us 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 intention of the TPS Group is therefore to broaden these skills, continuing to develop its IT systems to support the technical services supplied to customers and to benefit from the growth opportunities linked to a wider customer base.

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.

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



**TPS S.p.A.** is an operational holding company 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 among its client base.

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

For more information:

• **IR Top Consulting** •

Investor Relations

Maria Antonietta Pireddu

email: [m.pireddu@irtop.com](mailto:m.pireddu@irtop.com)

Media Relations

Domenico Gentile, Antonio Buoizzi

email: [ufficiostampa@irtop.com](mailto:ufficiostampa@irtop.com)

tel: +39 02/45473884

Via C. Cantù, 1 - 20123 Milan

• **Integrae SIM S.p.A.** •

Nominated Adviser

tel: +39 02/87208720

e.mail: [info@integraesim.it](mailto:info@integraesim.it)

## RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(data in euro)	30/06/2018	30/06/2017
<b>Production value</b>	<b>9,846,354</b>	<b>8,918,925</b>
External costs for material and services	(2,888,190)	(2,805,632)
<b>Added value</b>	<b>6,958,164</b>	<b>6,113,293</b>
Personnel costs	(4,911,203)	(4,109,359)
Other operating income (charges)	(39,134)	(48,721)
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>2,007,827</b>	<b>1,955,213</b>
<b>EBITDA margin %</b>	<b>20.4%</b>	<b>21.9%</b>
Amortizations / depreciations	(474,134)	(197,221)
<b>EBIT</b>	<b>1,533,693</b>	<b>1,757,992</b>
<b>EBIT margin %</b>	<b>15.6%</b>	<b>19.7%</b>
(charges) / operating income	(47,080)	(40,915)
(charges) / extraordinary income	(13,668)	(232,318)
<b>Results before tax</b>	<b>1,472,945</b>	<b>1,484,758</b>
Current and deferred tax	(470,190)	(523,903)
<b>Net earnings</b>	<b>1,002,754</b>	<b>960,854</b>
attributable to the Group	951,457	924,253
attributable to third parties	51,297	36,601

**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

(data in euro)	30/06/2018	31/12/2017
<b>Receivables from shareholders for payments still due</b>	<b>0</b>	<b>0</b>
Intangible assets	3,202,142	3,173,314
Tangible assets	826,256	818,208
Financial assets	28,953	21,296
<b>Total financial fixed assets</b>	<b>4,057,351</b>	<b>4,012,818</b>
Trade receivables	8,715,217	10,565,495
Trade payables	(1,526,233)	(2,803,969)
<b>Working capital</b>	<b>7,188,984</b>	<b>7,761,526</b>
Other assets	971,495	1,311,355
Other liabilities	(2,370,016)	(2,589,541)
<b>Other assets and liabilities</b>	<b>(1,398,521)</b>	<b>(1,278,186)</b>
Reserves for contingent liabilities	(15,000)	(215,000)
Severance fund	(2,194,492)	(2,106,927)
<b>Total fund</b>	<b>(2,209,492)</b>	<b>(2,321,927)</b>
<b>Net invested capital (NIC)</b>	<b>7,638,321</b>	<b>8,174,230</b>
Group net assets	7,822,519	5,750,479
Minority interest in shareholders' equity	266,867	169,645
Group result for the period	951,457	2,016,315
Minority interest in income for the period	51,297	97,222
<b>CONSOLIDATED NET ASSETS</b>	<b>9,092,141</b>	<b>8,033,661</b>
<b>Net financial debt (NFP)</b>	<b>(1,453,820)</b>	<b>140,570</b>
<b>To cover NIC</b>	<b>7,638,321</b>	<b>8,174,230</b>

**CONSOLIDATED NET FINANCIAL POSITION**

(data in euro)	30/06/2018	31/12/2017
Debts to credit institutions	38,590	1,108,681
Debts to other lenders	207,752	212,400
Liquid assets	(2,108,330)	(1,569,125)
Payables for Leasing	434,224	414,670
Receivables for sale of Aviotrace stock	(26,056)	(26,056)
<b>Group total NFP</b>	<b>(1,453,820)</b>	<b>140,570</b>

## CONSOLIDATED FINANCIAL STATEMENT

<i>Amounts in euro</i>		
	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Pre-tax profit (loss)</b>	<b>1,472,945</b>	<b>3,066,541</b>
Corrections for:		
- non-monetary items - Change in inventories		
- non-monetary items - Net writedown (revaluation) of assets		-
- non-monetary items - accruals / releases		(14,797)
- non-monetary items - amortisations	474,134	786,898
<b>Pre-tax profit (loss) for the period</b>	<b>1,947,079</b>	<b>3,838,642</b>
<b>Liquid assets generated by operations</b>		
- Income tax	(470,190)	(973,843)
Other financial (income) / charges without money flows	47,080	38,094
<b>Total</b>	<b>(423,110)</b>	<b>(935,749)</b>
<b>Variations in net circulating capital</b>		
Variations to receivables from commercial customers (increase)/decrease	1,850,278	(2,417,252)
Variation in liabilities to suppliers	(1,277,736)	1,102,188
Variations in other assets and liabilities		
Other variations	104,359	215,442
Variation in severance and other funds		-
Variations in other reserves and deferred taxes	(112,435)	(28,629)
<b>Total</b>	<b>564,466</b>	<b>(1,128,251)</b>
<b>Cash flow from operating activities (1)</b>	<b>2,088,435</b>	<b>1,774,642</b>
<b>Investments:</b>		
- Tangible	(59,087)	(54,363)
- Intangible	(301,923)	(1,931,124)
- Acquisition of company stock	(150,000)	(2,517,853)
- Financial	(7,657)	5,144
<b>Cash flow from investments (2)</b>	<b>(518,667)</b>	<b>(4,498,196)</b>
<b>Financial activities</b>		
Increase/(decrease) in financial liabilities	(1,074,739)	(29,813)
Increases in company capital of a monetary nature		-
Expenditure on capital operations		
Other variations for net assets	44,176	2,875,200
<b>Cash flow from financing activities (3)</b>	<b>(1,030,563)</b>	<b>2,845,387</b>
<b>Cash flow from continuing operations</b>	<b>539,205</b>	<b>121,833</b>
<b>Variations in liquid assets (1+2+3)</b>	<b>539,205</b>	<b>121,833</b>
<b>Liquid assets from the start of the financial period</b>	<b>1,569,125</b>	<b>1,198,308</b>
<b>Liquid assets from the start of the financial period for acquired companies</b>	<b>-</b>	<b>248,984</b>
<b>Liquid assets at the end of the period</b>	<b>2,108,330</b>	<b>1,569,125</b>