

# Interim Report

31 July

# 2017

---

SESA SpA , Registered office: Via Piovola no. 138 –  
50053 Empoli (Province of Florence) - Share Capital:  
Euro 37,126,927; Fiscal Code, Florence Register of  
Companies and VAT no. 07116910964

**seSa** s.p.a

# Index

Governing and supervisory bodies of Sesa SpA	2
Highlights of group results	3
Main Financial Indicators	4
Structure of the Sesa Group at 31 July 2017	5
Foreword	6
Accounting policies and standards	6
Significant events in the period	7
Operating conditions and business development	8
Performance of operations	12
General economic and trend	12
Development of demand and performance of the sector in which th Group operates	13
Main income statement data of the Sesa Group	14
Main balance sheet data of the Sesa Group	17
Main income statement data of the VAD Sector	19
Main income statement data of the VAR Sector	20
Main income statement data of the Corporate Sector	21
Segment Reporting	22
Relations with subsidiaries, associates, controlling companies and related concerns	24
Significant events after the period-end	24
Outlook on operations	24
Annexes	25
Attestation pursuant to article 154 bis of of Italian Legislative Decree no. 58/98	30

# Governing and supervisory bodies of Sesa SpA

Board of Directors		Holding office until
Paolo Castellacci	Chairman	approval of the FS at 30.04.2018
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2018
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2018
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2018
Luigi Gola	Independent Director	approval of the FS at 30.04.2018
Giovanna Zanotti	Independent Director	approval of the FS at 30.04.2018
Angela Oggionni	Independent Director	approval of the FS at 30.04.2018
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2018

To the Chairman, Paolo Castellacci, were granted all powers of ord. management for the strategic management of relations with Vendors and suppliers, power to represent the company legally and institutional relations.

To the Executive Vice-Chairman, Moreno Gaini, were granted all the powers of ordinary administration with regard to the management of equity investments in the IT distribution Sector (VAD).

To the Executive Vice-Chairman, Giovanni Moriani, were granted all the powers of ordinary administration for the management of equity investments in the Software and System Integration Segment (VAR).

To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary management related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, management of human resources, carrying out banking transactions and the management of equity investments in Corporate & Services Segment.

Corporate Governance Committees		Holding office until
<b>Strategic Committee</b>		
Luigi Gola (Chairman), members Paolo Castellacci, Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari		approval of the FS at 30.04.2018
<b>Control and Risk Committee and Related parties Committee</b>		
Giovanna Zanotti (Chairman), members Luigi Gola, Angelica Pelizzari Director in charge Alessandro Fabbroni		approval of the FS at 30.04.2018 approval of the FS at 30.04.2018
<b>Remuneration Committee</b>		
Luigi Gola (Chairman), members Angelica Pelizzari and Giovanna Zanotti		approval of the FS at 30.04.2018

Board of Statutory Auditors		Holding office until
Sergio Menchini	Chairman	approval of the FS at 30.04.2018
Luca Parenti	Standing auditor	approval of the FS at 30.04.2018
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2018
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2018
Daria Dalle Luche	Alternate auditor	approval of the FS at 30.04.2018

Supervisory Board pursuant to Law 231/2011		Holding office until
Luca Parenti	Chairman	approval of the FS at 30.04.2018
Massimo Innocenti	Member	approval of the FS at 30.04.2018
Ilaria Nocentini	Member	approval of the FS at 30.04.2018

Michele Ferri, Internal Audit Manager

Independent Auditors		Holding office until
Independent Auditors in charge of statutory audit of accounts	PricewaterhouseCoopers SpA	approval of the FS at 30.04.2022

Francesco Billi, Controller and Manager of administrative processes

Listing Market	
Electronic stock market (MTA), Milan (Italy) (1)	STAR segment
Share Capital	37,126,927.50
Outstanding shares	15,494,590
Stake held by the controlling company ITH SpA	52.81%
Specialist operator	Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

## Highlights of Group results

### Consolidated income statement data at 31 July of each year (3 months)

(in thousands of euros)	2017	2016	2015	2014
Revenues	314,685	293,544	279,265	259,067
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	13,114	12,737	11,391	12,389
EBIT	10,185	9,163	8,317	8,729
EBT	9,114	7,998	7,177	7,122
Profit (loss) for the period	6,008	5,219	4,638	4,488
Profit (loss) for the period attributable to the Group	5,501	4,882	4,497	4,237
<i>Rate of growth</i>	<i>12.7%</i>	<i>8.6%</i>	<i>6.1%</i>	<i>8.8%</i>

### Consolidated balance-sheet data at 31 July of each year

(in thousands of euros)	2017	2016	2015	2014
Total Net Invested Capital	211,319	197,326	188,378	177,327
Total equity	204,738	184,667	165,415	148,529
- attributable to the Group	196,416	177,160	160,399	144,992
- attributable to non-controlling interests	8,322	7,507	5,016	3,537
Net Financial Position (Net Liquidity)	6,581	12,659	22,963	28,798
Total Equity and Net Financial Position	211,319	197,326	188,378	177,327

### Consolidated profitability ratio at 31 July of each year (3 months)

	2017	2016	2015	2014
EBITDA / Revenues	4.17%	4.23%	4.08%	4.78%
EBIT / Revenues (ROS) (1)	3.24%	2.98%	2.98%	3.37%
Profit attributable to the Group / Revenues	1.75%	1.67%	1.61%	1.64%

(1) For further details, please refer to Interim Report

### Human Resources, amount at period-end (1)

(unit or thousands of euros)	2017	2016	2015	2014
Number of employees at period-end	1,476	1,262	1,101	1,026
Average number of employees	1,451	1,182	1,030	1,000
Personnel costs	19,345	16,765	13,384	12,746

(1) Including fixed-term contracts, excluding internships

## Main Financial Indicators

### Financial indicators

<b>Sesa</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
(Euro)				
Trading stock Market (1)	MTA - Star	MTA - Star	MTA -Star	MTA
Stock price (31 July of each year)	24.65	14.50	15.54	13.12
Dividend per share (2) (*)	0.56	0.48	0.45	0.45
Dividend paid (in millions of euros)	8.677	7.513	7.043	6.984
Pay Out Ratio (3)	32%	30%	31%	32%
Outstanding shares (in millions at 31 July of each year)	15.49	15.65	15.65	14.85
Market capitalisation (in millions of euros at 31 July of each year)	381.9	226.9	143.2	194.8
Market to Book Value (**)	1.9	1.2	1.5	1.3
Dividend Yield (on Stock price at 31 July) (***)	2.3%	3.3%	2.9%	3.4%
<b>Gruppo Sesa</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
(Euro)				
Earnings per share at 30 April (base) EPS (****)	1.62	1.55	1.40	1.48
Earnings per share at 30 April (diluted) EPS diluted (*****)	1.62	1.54	1.39	1.40

(1) Listing on the MTA Market on October 2013. Transition on STAR segment completed on February 2015

(2) ) For the FY ended 30 April 30 2017 calculated according to the dividend resolutions submitted to the Shareholders Meeting of August 25, 2017

(3) Dividend / Consolidated Net Profit as of 30 April of every Fiscal Year

(\*) Dividend paid in the following year counting on the current year

(\*\*)(\*\*) Market Capitalisation as of July 31 of every Fiscal Year/Consolidated Group equity as of July 31 of every Fiscal Year

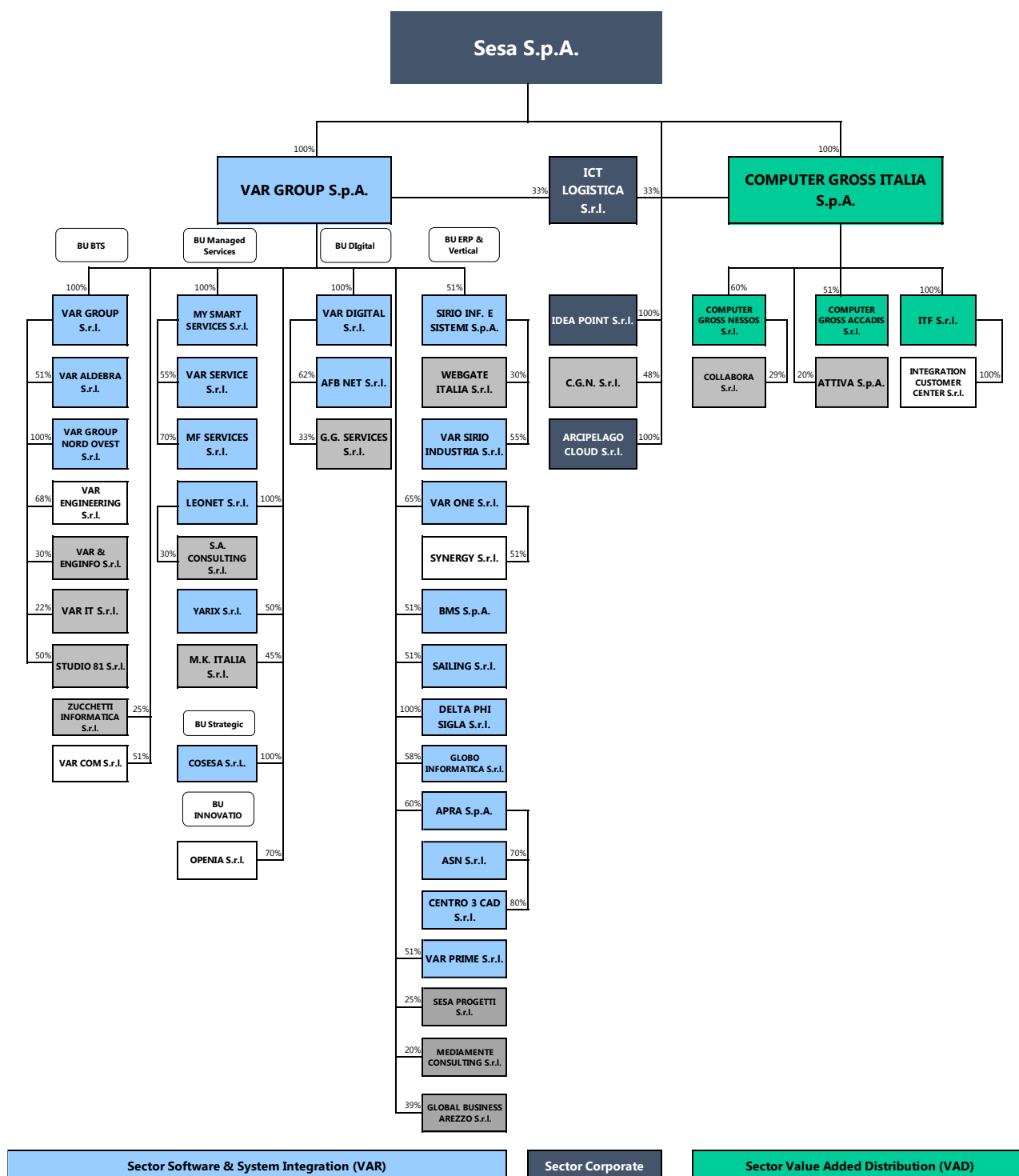
(\*\*\*) Dividend per share/market value per share as of July 31 of every Fiscal Year

(\*\*\*\*) Consolidated net profit at April 30/average number of ordinary shares net of treasury shares in portfolio at 30 April

(\*\*\*\*\* ) Consolidated net profits as of April 30/average number of ordinary shares as of April 30 net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grant Plans, warrants and/or convertible bonds. At the time of writing there are no warrants nor any kind of convertible bonds outstanding

## Structure of the Sesa Group at 31 July 2017

The Sesa Group is organised into three main divisions. The VAD segment (Value-Added ICT Distribution) managed through the subsidiary Computer Gross Italia SpA, ) operating in the IT distribution sector, the Software and System Integration segment (VAR), which offers through the subsidiary Var Group SpA value IT solutions to customers belonging to the SME and Enterprise segment, and the Corporate segment which manages corporate functions for all the group companies and the group's financial and operational platform through the parent company Sesa SpA.



Subsidiaries, consolidated on a line-by-line basis, are marked azure (companies belonging to the System and Software Integration segment), green (companies belonging to the Value-Added ICT Distribution segment) and blue (companies belonging to the Corporate segment). Associated companies are marked grey (share capital between 20% and 50%) and valued at equity, and subsidiaries, valued at cost inasmuch as they are not significant and/or not yet operational, are marked white.

For more details on the scope of consolidation and the investments held by Sesa SpA, please see the Notes to the Group' Consolidated Financial Statements and related Annex at 30 April 2017.

## Foreword

The information included in this Interim Report and the comments reported therein are intended to provide an overview of the patrimonial, financial and economic position of Sesa Group (hereinafter the "Group"), the relative changes that occurred during the period, as well as the significant events that have occurred affecting the result of the period.

The Interim Report at 31 July 2017 is referred to the first three months and represents the first quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2018.

For a better evaluation of the economic-financial trend of the Group, in this Report are presented the Reclassified Balance Sheet and Income Statement for the period ended at 31 July 2017 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 July 2017 has not been audited.

## Accounting policies and standards

The Interim Report of Sesa Group at 31 July 2017 (hereinafter the "Interim Report") has been prepared pursuant to art.154-bis, paragraph 5 of Legislative Decree no. 58/1998 and the provisions of Consob. The interim Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the time of approval of this Interim Report. Consolidated income statement, statements of financial position, statement of cash flows and statement of changes in at 31 July 2017 are set out in the attached annex.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 July 2017 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2017, taking into account those specifically applicable to interim reports. The Interim Report at 31 July 2017 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 July 2017. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

Regarding the scope of consolidation (on a line-by-line basis) no changes are reported compared to the Annual Financial Report at 30 April 2017.

Some estimates and assumptions have been made that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim report. They have been applied consistently to the periods and the comparative periods showed in this document. In addition to the financial measures envisaged by the IFRS, other measures deriving from the latter are also illustrated in the interim report, despite not being envisaged by the IFRS (Non-GAAP Measures). These measures are presented in order to allow a better assessment of the Group's operations and are not considered as alternative to those envisaged by IFRS.

## Significant events in the period

With reference to the first three months of the year the Group pursued its strategy of focusing on higher value added areas of the ICT market manned by Group companies.

In **VAD Sector**, Computer Gross Italia SpA strengthens its leadership in value-added IT distribution market thanks to over 300 qualified and specialized resources on products and solutions of major international IT Vendors and professional and training initiatives to support resellers channel. It continued in scouting and marketing activities on new Vendors in innovative market areas and corporate organizational adjustment, in order to provide additional services to our customers.

In the first three months of the fiscal year, **Software and System Integration (VAR) Sector** reinforced the development of value-added services and solutions already recorded in the previous year, showing a growth in turnover and margin, mainly thanks to ERP & Vertical Solutions, Managed Services, Cloud and Digital Solutions.

Among the corporate events, on 14 July 2017 was held the Board of Directors of Sesa SpA, which approved the Group's Consolidated financial statements and the statutory financial statements of Sesa SpA at 30 April 2017, proposing the distribution of a dividend of Euro 0.56 per share, with a 17% increase compared to Euro 0.48 per share in the previous year, with payment on 27 September 2017. During that meeting, the Board of Directors also adopted the following resolutions:

- Approval of Remuneration Report pursuant to art. 123-ter of Legislative Decree n. 58/1998 and Report on Corporate Governance and Ownership Structures pursuant to art. 123-bis of Legislative Decree n. 58/1998;
- Proposal to Shareholders' Meeting for the authorization for the purchase and disposal of treasury shares for an amount not exceeding 10% of share capital and however for a maximum amount of Euro 2,000,000 (2 million).

The shareholders' Meeting on 25 August 2017 approved the financial statements at 30 April 2017 and the related proposal for dividend distribution of Euro 0.56 per share.



## Operating conditions and business development

The Sesa Group is a major Italian operator in the value-added distribution (VAD) of the main *software* and *hardware* technologies on the market and in offering software, technology, services and consultancy with the specific aim of training and supporting businesses as its IT end users.

The Sesa Group, as a whole, is able to offer a wide range of software and hardware products in addition to the consultancy services necessary to ensure that the products are used and integrated, having a strong capacity to interact with its customers, also providing high quality customer service.

The Group's activities are divided into three different business areas:

- the *VAD (Value-Added Distribution) segment*, which includes the activities involved in the value-added distribution of the main *software* and *hardware* technologies on the market, covered by the VAD Division, which is managed by subsidiary Computer Gross Italia SpA and *focuses* on value products (*servers, storage, software enterprise, networking* and systems);
- the *Software and System Integration (VAR) segment*, which includes the activities involved in the supply of IT services and solutions, particularly the offer of *software, technology, services* and consultancy with the specific aim of training and supporting businesses as IT end users, which are managed by subsidiary Var Group SpA;
- the *Corporate segment*, which includes the activities carried out by the Group's head office (administration, finance and control, human resources, *information technology, organisation, investor relations*, institutional relations, training, general and legal affairs and *internal auditing*), managed by Sesa SpA, and the activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by subsidiary ICT Logistica Srl. Corporate segment includes also *Cloud computing* and services for the ICT channel provided by Arcipelago Cloud Srl and Idea Point Srl.

### Corporate Sector

#### Sesa SpA

The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, general, corporate and legal affairs services for the main companies of the Group and also acts as a holding company. The shares of the Parent Company Sesa SpA are listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*), STAR segment.

#### ICT Logistica Srl

The Company, which is 66.66% owned by Sesa SpA (of which 33.33% through Computer Gross Italia and 33.33% through Var Group SpA) is active in the sale of IT products and provides logistics services (product storage, assembly, customisation and handling) applied to ITC, on behalf of shareholders (Computer Gross Italia SpA, Var Group SpA and Bassilichi SpA) and other relevant customers operating in such Sector.

#### Arcipelago Cloud Srl

The Company, which is wholly owned by Sesa SpA, is engaged in the provision of *cloud computing* services to support the ICT distribution channel. It designs, implements and develops cloud computing solutions for the resellers of the ICT channel.

#### Idea Point Srl

The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel.

## **Software and System Integration segment (VAR)**

### **Var Group SpA**

Var Group SpA, which is wholly owned by Sesa SpA, markets software and IT products and services to end customers that mainly belong to the small and medium business segment.

Var Group serves the Italian system integration market, through its sub-holdings specialized in specific solutions and business lines, with a model based on 4 business unit (Business Technology Solutions, ERP & Verticals, Managed Services and Digital Solutions) and 3 cross functions (Outsourcing, Financial Solutions and R&D).

### **Var Group Srl**

The Company, which is wholly owned by Var Group SpA, markets hardware and software services and solutions for the parent company in central Italy.

### **Var Group Nord Ovest Srl**

The Company, which is wholly owned by Var Group Srl, develops and markets hardware, software and applications for the SME market in the North-West of Italy (through the branches of Milan, Turin and Genoa).

### **Leonet Srl**

The Company, which is wholly owned by Var Group SpA, operates in the telecommunications services sector and as an internet service provider, cloud computing and systems assistance sectors, with a portfolio of services that meets the requirements of business and professional customers.

### **Var Digital Srl**

The Company, which is wholly owned by Var Group SpA, provides IT solutions for its business customers, with particular reference to the digital area (web marketing, e-commerce and digital solutions) for the business and finance segment.

### **Cosesa Srl**

The Company, which is 100% owned by Var Group SpA, provides Strategic Outsourcing services to the major corporate customers.

### **My Smart Services Srl**

The Company, which is wholly owned by Var Group SpA, provides management, maintenance, technical assistance and repair services of computers and IT products on the Italian market.

### **Var Service Srl**

The Company, which is 55% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products.

### **MF Services Srl**

The Company, which is 70% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products, in central and northern Italy.

### **Var Aldebra Srl**

The Company, which is 51% owned by Var Group srl, markets ICT products and solutions and provides system integration services focused on the North-Eastern Italy.

### **Sirio Informatica e Sistemi SpA**

The Company, which is 51% owned by Var Group SpA, develops and markets proprietary ERP software and applications for small- and medium-sized businesses.

**Var Sirio Industria Srl**

The Company, which is 55% by Sirio Informatica e Sistemi SpA, offers innovative solutions to SME and Enterprise customers in the production planning and IoT sector.

**Var One Srl**

The Company, which is 65% owned by Var Group SpA, provides solutions and integrated services on the SAP Business One platform. Thanks to its network of qualified partners and a widespread presence on the territory it is one of the main SAP Business One expertise centres in Italy.

**BMS SpA**

The Company, 51% owned by Var Group SpA, is a leading consulting firm, focused on SAP ERP services. BMS SpA mainly operates in Northern Italy, with reference to Enterprise customers.

**Apra SpA**

The Company, which is 60% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy that offers software solutions and specific ERP to many production sectors (Furniture, Wine, etc).

**Agenzia senza nome Srl**

The Company, 75% owned by Apra SpA, offers digital agency services with specific skills in creating and implementing web sites/e-commerce and digital marketing.

**Centro 3Cad Srl**

80% owned by Apra SpA, it develops 3cad products in furniture industry area.

**Sailing Srl**

The company, which is 51% owned by Var Group SpA, operates in the production and marketing of software and IT services for the Retail sector, with large retailers as major customers.

**Globo Informatica Srl**

The Company, which is 58% owned by Var Group SpA, is an IT Consulting company specialized in Digital Transformation solutions enabled by Enterprise Content and Information Management platforms of Vendor's software OpenText, of which it is a key partner for the Documentum Family and point of reference in the Italian market. Globo Informatica Srl entered the scope of consolidation in March 2017.

**Var Prime Srl**

The Company, which is 51% owned by Var Group SpA, is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise through integrated solutions and project management for major industrial sectors. The company, which entered the scope of consolidation in June 2016, integrated the activities of the subsidiary Dynamics Fashion Group Srl and cloud activity on the Microsoft Dynamics platform of Porini Technologies Srl by means of the mergers implemented during the last fiscal year ended 30 April 2017.

**Delta Phi Sigla Srl**

The Company, which is wholly owned by Var Group SpA, develops and markets software and proprietary applications for the Small Business market. Specifically, it owns the SIGLA++ software, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

**AFB Net Srl**

The Company, 62% owned by Var Digital Srl, is active in the digital transformation sector with specific expertise on omnichannel projects, digital marketing, social, BPM and IBM Asset Management Solutions. The company is consolidated on a line-by-line basis from the last fiscal year.

**Yarix Srl**

The company, 50% owned by Var Group SpA, is active in the field of services and technology solutions for the IT security of private companies and public administrations.

Yarix Srl opened a R&D center in Tel Aviv for the development of innovative security systems.

Based on an additional agreement, the Company is consolidated on a line-by-line basis from the last fiscal year.

**Value Added Distribution (VAD) Segment****Computer Gross Italia SpA**

The Company, which is wholly owned by Sesa SpA, distributes value-added ICT products to dealers (software houses, system integrators and dealers) with a portfolio of about 10,000 active customers in Italy, which in turn are present and operate in the small and medium business, corporate and public administration markets. Computer Gross Italia SpA is a leading Italian operator in the marketing of products and solutions provided by the main international vendors, including Citrix, Cisco, Dell, EMC<sup>2</sup>, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, Vmware.

The company, with revenues equal to Euro 1,052 million and a net profit of Euro 19.8 million in the year ended 30 April 2017, is the main subsidiary of the Sesa Group. Computer Gross Italia SpA, with about 300 employees, is organized in business units with sales and technical staff dedicated to market segments (software, networking, POS) and/or distributed strategic brands.

**Computer Gross Nessos Srl**

Computer Gross Nessos Srl, which is 60% owned by Computer Gross Italia SpA, employs the personnel dedicated to the management of Networking products and solutions, a sector in which it is the Italian market leader thanks to the completeness and added value range of the products offered. In particular, its brand portfolio includes Cisco which is a leading vendor at global level in the networking market.

**ITF Srl**

The Company, which is wholly owned by Computer Gross Italia SpA, is the related Financial Services business unit, which provides financial services and solutions in support of the customer business partners.

ITF controls Integration Customer Center Srl.

**Computer Gross Accadis Srl**

The Company, which is 51% owned by Computer Gross Italy SpA, is the main Italian distributor of the vendor Hitachi Data Systems.

## Performance of operations

### General economic trend

After 2015 and 2016 with growth in global GDP of 3.4% and 3.2% respectively, in 2017 it expected a strengthening of global GDP growth (+3.5%) as a result of its greater diffusion and homogeneity worldwide (source FMI - WEO, July 2017).

The Gross Domestic Product in the Euro Zone, which grew 2.0% in 2015, (accelerating compared to +0.9% recorded in 2014), and a 2016 growth rate of 1.8%, is expected to grow by 1.9% in 2017 (source FMI - WEO, July 2017).

In Italy, after three consecutive years (2012-2014) of contraction, in 2015 and 2016, GDP started to grow again, albeit modestly (+0,7% in 2015 e +0,8% in 2016). In 2017 is expected a strengthening of GDP growth (+1.3%), thanks to a moderately expansive budget and monetary policy and growth in the first and second quarter 2017 higher than expected recorded in many EU countries (source FMI - WEO, July 2017).

The following table shows the final figures for 2015 and 2016 and the GDP forecast for 2017 (source FMI - WEO, July 2017).

<b>GDP growth rate</b>	<b>Change in GDP 2015 (actual)</b>	<b>Change in GDP 2016 (actual)</b>	<b>Change in GDP 2017 (expected)</b>
World	+3.4%	+3.2%	+3.5%
Advanced Economies	+2.1%	+1.7%	+2.0%
Emerging Market	+4.3%	+4.3%	+4.6%
USA	+2.6%	+1.6%	+2.1%
Japan	+1.1%	+1.0%	+1.3%
China	+6.9%	+6.7%	+6.7%
Great Britain	+2.2%	+1.8%	+1.7%
Euro Area	+2.0%	+1.8%	+1.9%
Italy	+0.8%	+0.9%	+1.3%

## Development of demand and performance of the sector in which the Group operates

The Italian Information Technology (IT) market is expected to grow in 2017 (+2.2%), after a 1.6% growth in 2016, compared to a 2.3% decrease in 2015. It's expected a progressive further growth in 2018 (+2.7%, source Sirmi, July 2017).

The progressive and constant increase of Managed Services segment (+4.5% in 2016 and +6.0% in 2017) contributed to 2016 and 2017 growth market. Within the IT market, the segment with the highest growth continues to be cloud computing services (annual growth rates over 20%) and Management Services (+4.5% in 2016 and +6.0% in 2017), sectors in which Sesa Group holds a significant presence (source Sirmi, July 2017).

The following table shows the trend in demand for IT in Italy in 2013-2016 and the forecasts for 2017 and 2018 (Source Sirmi, July 2017).

<b>Italian IT Market</b> (in millions of euros)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>	<b>Ch. 14/13</b>	<b>Ch. 15/14</b>	<b>Ch. 16/15</b>	<b>Ch. 17/16</b>	<b>Ch. 18/17</b>
Hardware	6,593	6,427	5,886	6,006	6,098	6,183	-2.5%	-8.4%	2.0%	1.5%	1.4%
Software	3,951	3,881	3,857	3,848	3,851	3,867	-1.8%	-0.6%	-0.2%	0.1%	0.4%
Project Services	3,711	3,557	3,475	3,423	3,417	3,430	-4.1%	-2.3%	-1.5%	-0.2%	0.4%
Management Services	4,764	4,751	4,970	5,193	5,506	5,900	-0.3%	4.6%	4.5%	6.0%	7.2%
<b>Total IT Market</b>	<b>19,019</b>	<b>18,616</b>	<b>18,188</b>	<b>18,470</b>	<b>18,872</b>	<b>19,360</b>	<b>-2.1%</b>	<b>-2.3%</b>	<b>1.6%</b>	<b>2.2%</b>	<b>2.7%</b>
<b>O/w Cloud Computing</b>	<b>789</b>	<b>954</b>	<b>1,128</b>	<b>1,510</b>	<b>1,839</b>	<b>2,202</b>	<b>20.9%</b>	<b>28.7%</b>	<b>23.0%</b>	<b>21.8%</b>	<b>19.8%</b>
<i>% Cloud on total IT</i>	<i>4.1%</i>	<i>5.1%</i>	<i>6.8%</i>	<i>8.2%</i>	<i>9.7%</i>	<i>11.4%</i>					

Within the Italian IT market, the IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD division), recorded a growth of 2.8% in 2016, decelerating compared to the +9% recorded in the previous year, as a result of a lower growth trend in the volume segments, including telephones, tablets and PCs. In 2017, the trend in the IT distribution market is expected to be in line with 2016 (Source Sirmi, July 2017).

The System Integrator segment, where the Group operates through Var Group SpA and its subsidiaries (VAR Division) closed 2016 with a 5% growth, reversing the negative trend recorded in 2014 and 2015. Growth is expected to slow down in 2017 (+1.7%) (source Sirmi, July 2017). The digital market is confirmed a growth driver System Integration segment thanks to the most innovative components of demand, with annual growth rates of approximately 20% (IoT, cloud, managed services, IT security).

## Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 July 2017 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the same period of the previous year.

<b>Reclassified income statement</b>	<b>31/07/2017 (3 months)</b>	<b>%</b>	<b>31/07/2016 (3 months)</b>	<b>%</b>	<b>Change 2017/16</b>
<b>Revenues</b>	<b>314,685</b>		<b>293,544</b>		<b>7.2%</b>
Other income	2,184		1,714		27.4%
<b>Total Revenues and Other Income</b>	<b>316,869</b>	<b>100.0%</b>	<b>295,258</b>	<b>100.0%</b>	<b>7.3%</b>
Purchase of goods	262,151	82.7%	245,502	83.1%	6.8%
Costs for services and leased assets	21,581	6.8%	19,301	6.5%	11.8%
Personnel costs	19,345	6.1%	16,765	5.7%	15.4%
Other operating charges	678	0.2%	953	0.3%	-28.9%
<b>Total Purchase of goods and Operating Costs</b>	<b>303,755</b>	<b>95.9%</b>	<b>282,521</b>	<b>95.7%</b>	<b>7.5%</b>
<b>EBITDA</b>	<b>13,114</b>	<b>4.14%</b>	<b>12,737</b>	<b>4.31%</b>	<b>3.0%</b>
Amortisation tangible and intangible assets (software)	1,487		1,177		26.3%
Amortisation client lists and technological know-how	485		352		37.8%
Accruals and other non-monetary costs	957		2,045		-53.2%
<b>EBIT</b>	<b>10,185</b>	<b>3.21%</b>	<b>9,163</b>	<b>3.10%</b>	<b>11.2%</b>
Profit from companies valued at equity	170		80		-312.5%
Financial income and charges	(1,241)		(1,245)		-0.3%
<b>EBT</b>	<b>9,114</b>	<b>2.88%</b>	<b>7,998</b>	<b>2.71%</b>	<b>14.0%</b>
Income taxes	3,106		2,779		11.8%
<b>Net profit</b>	<b>6,008</b>	<b>1.90%</b>	<b>5,219</b>	<b>1.77%</b>	<b>15.1%</b>
<i>Net profit attributable to the Group</i>	<i>5,501</i>		<i>4,882</i>		<i>12.7%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>507</i>		<i>337</i>		<i>50.4%</i>

The consolidated revenues showed an increase of 7.2% passing from Euro 293,544 thousand at 31 July 2016 to Euro 314,685 thousand at 31 July 2017, thanks to the positive performance of the Group's business sectors. Value Added Distribution (VAD) sector recorded a 4.1% growth compared to the same period of 2016, while revenues of Software and System Integration (VAR) sector increased by 18.4% compared to the same period of 2016.

Total Revenues and Other Income showed an increase of Euro 21,611 thousand (+7.3%), passing from Euro 295,298 thousand at 31 July 2016 to Euro 316,869 thousand at 31 July 2017.

Costs for the Purchase of goods rose from Euro 245,502 thousand at 31 July 2016 to Euro 262,151 thousand at 31 July 2017, with a percentage increase of 6.8%.

Gross Margin measured as the difference between Revenues and Other Income and costs for the Purchase of goods, recorded a growth of Euro 4,962 thousand (+10.0% compared to 31 July 2016) passing from Euro 49,756 thousand at 31 July 2016 to Euro 54,718 thousand at 31 July 2017, thanks to an higher value-added mix of products and solutions.

The ratio between Gross Margin and Total Revenues and Other Income, equal to 17.3% at 31 July 2017, rose by 40 basis points compared to 16.9% recorded at 31 July 2016, thanks to the higher incidence of VAR sector's revenues (characterised by an higher gross margin) and the growth in VAR sector's Gross Margin obtained in the period.

The Operating Costs trend, reflecting the largest share of the VAR sector over the period under review, also due to the change in the scope of consolidation that took place during the financial year as of 30 April 2017 (with the inclusion of the companies Var Prime Srl, Yarix Srl, AFB Net Srl, Globo Informatica Srl, specialized in the provision of IT services and solutions) is broken down as follows:

(in thousands of euros)	Period ended at 31 July				
	2017	%	2016	%	Change
<b>Total Revenues and Other Income</b>	<b>316,869</b>	<b>100.0%</b>	<b>295,258</b>	<b>100.0%</b>	
<b>Consolidated Gross Margin</b>	<b>54,718</b>	<b>17.3%</b>	<b>49,756</b>	<b>16.9%</b>	<b>10.0%</b>
Costs for services and leased assets	21,581	6.8%	19,301	6.5%	11.8%
Personnel costs	19,345	6.1%	16,765	5.7%	15.4%
Other operating charges	678	0.2%	953	0.3%	-28.9%
<b>Total Operating Costs</b>	<b>41,604</b>	<b>13.1%</b>	<b>37,019</b>	<b>12.5%</b>	<b>12.4%</b>

Personnel costs passed from Euro 16,765 thousand at 31 July 2016 to Euro 19,345 thousand at 31 July 2017, with a percentage growth of 15.4%, deriving from the increase in the Group's average workforce needed to cope with the growth in turnover and the inclusion in the scope of consolidation of recently acquired companies (VAR sector), after 31 July 2016. The total Group workforce passed from 1,262 units at 31 July 2016 to 1,476 units at 31 July 2017, with an higher incidence of Personnel costs on Total Revenues and Other Income from 5.7% at 31 July 2016 to 6.1% at 31 July 2017. Among the others, it should be noted the entry in the scope of consolidation of the companies Var Prime Srl, Yarix Srl, AFB Net Srl and Globo Informatica Srl, which overall have about 100 resources.

Below is the average and actual number of the Group's employees:

(in units)	Average number of employees at 31 July		Actual number of employees at 31 July		Actual number of employees at 30 April 2017
	2017	2016	2017	2016	
Executives	16	15	16	16	16
Middle managers	102	88	105	92	100
Office workers	1,333	1,079	1,355	1,154	1,311
<b>Total</b>	<b>1,451</b>	<b>1,182</b>	<b>1,476</b>	<b>1,262</b>	<b>1,427</b>

Consolidated Ebitda at 31 July 2017 is equal to Euro 13,114 thousand (Ebitda margin 4.14%) up Euro 377 thousand (+3.0%) compared to Euro 12,737 thousand (Ebitda margin 4.31%) at 31 July 2016, as a result of the growth in revenues in high value-added IT services and solutions area (VAR Sector), mainly Cloud computing, Managed services, Digital and ERP & Vertical Solutions.

Consolidated Ebit is equal to Euro 10,185 thousand (Ebit margin 3.21%) recording an increase of Euro 1,022 thousand (+11.2%) compared to Euro 9,163 thousand (Ebit margin 3.10%) at 31 July 2016, after amortisation and accruals to provision for bad debts and risks. Such increase mainly reflects the above-mentioned growth in Ebitda and the reduction in amortisation and accruals compared to the previous period, decreasing for a total of Euro 645 thousand, from Euro 3,574 thousand at 31 July 2016 to Euro 2,929 thousand at 31 July 2017.

Consolidated Ebt at 31 July 2017 is equal to Euro 9,114 thousand (Ebt margin 2.88%), with an increase of 14.0% compared to Euro 7,998 thousand (Ebt margin 2.71%) recorded in the previous period, benefiting from higher net profit of companies valued at equity which raised from Euro 80 thousand at 31 July 2016 to Euro 170 thousand at 31 July 2017. The net balance of financial and income charges also recorded a slight improvement (0.3%), from a negative balance of Euro 1,245 thousand at 31 July 2016 to a negative balance of Euros 1,241 thousand at 31 July 2017.



The item Financial income and charges can be broken down as follows:

<i>(in thousands of euros)</i>	Period ended 31 July	
	2017	2016
Interest expense for assignments of receivables	219	443
Charges and commissions for assignments of receivables with recourse	219	143
Interest expense on bank accounts and loans	152	122
Other interest expense	326	259
Commissions and other financial charges	528	543
Financial charges relating to staff severance pay (TFR)	56	56
Foreign exchange losses	1,337	439
<b>Total financial charges</b>	<b>2,837</b>	<b>2,005</b>
Interest income on other short-term receivables	112	287
Other financial income	19	32
Interest income on bank deposits	16	20
Dividends from equity investments	0	0
Foreign exchange gains	1,449	421
<b>Total financial income</b>	<b>1,596</b>	<b>760</b>
<b>Net financial charges</b>	<b>1,241</b>	<b>1,245</b>

Consolidated net profit after taxes amounted to Euro 6,008 thousand (Eat Margin 1.90%) as of 31 July 2017, recording an increase of 15.1% compared to Euro 5,219 thousand (Eat Margin 1.77%) at 31 July 2016, also benefiting from a lower income tax rate ("IRES"), which passed from 27.5% to 24%, applicable from the fiscal year ending on 30 April 2018.

After non-controlling interests, Consolidated net profit attributable to shareholders at 31 July 2017 is equal to Euro 5,501 thousand, with an increase of 12.7% compared to Euro 4,882 thousand at 31 July 2016.

## Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 July 2017 is shown below (in thousands of Euros). The comparative figures relating to the period ended 30 April 2017 are shown together with the figures of the period ended 31 July 2016, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

<b>Reclassified Balance Sheet</b>	<b>31/07/2017</b>	<b>31/07/2016</b>	<b>30/04/2017</b>
Intangible assets	23,281	18,111	21,848
Property, plant and equipment	51,198	45,464	49,736
Investments valued at equity	8,960	3,988	8,835
Other non-current receivables and deferred tax assets	15,858	16,362	13,998
<b>Non-current assets (a)</b>	<b>99,297</b>	<b>83,925</b>	<b>94,417</b>
Inventories	77,932	84,822	61,570
Current trade receivables	337,429	297,791	315,399
Other current assets	38,676	27,750	25,407
<b>Current operating assets (b)</b>	<b>454,037</b>	<b>410,363</b>	<b>402,376</b>
Payables to suppliers	246,769	232,168	270,984
Other current payables	68,823	42,588	52,847
<b>Short-term operating liabilities (c)</b>	<b>315,592</b>	<b>274,756</b>	<b>323,831</b>
<b>Net working capital (b-c)</b>	<b>138,445</b>	<b>135,607</b>	<b>78,545</b>
Non-current provisions and deferred tax liabilities	8,614	6,105	8,457
Employee benefits	17,809	16,101	17,427
<b>Non-current liabilities (d)</b>	<b>26,423</b>	<b>22,206</b>	<b>25,884</b>
<b>Net Invested Capital (a+b-c-d)</b>	<b>211,319</b>	<b>197,326</b>	<b>147,078</b>
<b>Group equity (f)</b>	<b>204,738</b>	<b>184,667</b>	<b>199,028</b>
Medium-Term Net Financial Position	123,249	79,956	81,118
Short-Term Net Financial Position	(116,668)	(67,297)	(133,068)
<b>Total Net Financial Position (Net Liquidity) (g)</b>	<b>6,581</b>	<b>12,659</b>	<b>(51,950)</b>
<b>Equity and Net Financial Position (f+g)</b>	<b>211,319</b>	<b>197,326</b>	<b>147,078</b>

Non-current assets at 31 July 2017 are equal to Euro 99,297 thousand with an increase of Euro 1,959 thousand compared at 30 April 2017, generated essentially by investments made during the period in question. In particular, the following main effects should be noted:

- a net increase in intangible assets of Euro 1,443 thousand, from Euro 21,848 thousand at 30 April 2017 to Euro 23,281 thousand at 31 July 2017. The increase is mainly attributable to the acquisition of the commercial business of Aldebra SpA by Var Emilia Romagna Srl, subsequently renamed Var Aldebra Srl;
- a net increase in property, plant and equipment of Euro 1,462 thousand, from Euro 49,736 thousand at 30 April 2017 to Euro 51,198 thousand at 31 July 2017 mainly due to the purchase by the subsidiary Var Group Nord Ovest Srl of the cloud computing and virtualization business of CDH Srl;
- a net increase in other non-current receivables and deferred tax assets of Euro 1,860 thousand, which also includes investments in other companies, mainly as a result of the purchase of a minority stake in Cabel Holding SpA, for a total of 3.86% held by Sesa SpA and Var Group SpA.

Net working capital amounted to Euro 138,445 thousand at 31 July 2017 and showed a 2.1% increase compared to Euro 135,607 thousand recorded in the period ended at 31 July 2016 less than proportional to the growth in turnover. In particular, it should be noted a 8.1% reduction in Inventories compared to the period ended 31 July 2016, reversing the growth in turnover of both sectors.

The item non-current liabilities, equal to Euro 26,423 thousand at 31 July 2017, recorded an increase of Euro 539 thousand, compared to Euro 25,884 thousand at 30 April 2017.

Details of the Group's Net Financial Position at 31 July 2017 are shown below (with figures in thousands of euros). Together with the comparative figures for the year ended 30 April 2017 are also included those for the period ended 31 July 2016, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and consequently financial management during the year.

<b>Net Financial Position</b>	<b>31/07/2017</b>	<b>31/07/2016</b>	<b>30/04/2017</b>
Liquidity	(170,582)	(113,669)	(191,951)
Current financial receivables	1,901	1,295	1,995
Current financial debt	55,815	47,667	60,878
<b>Net current financial debt</b>	<b>(116,668)</b>	<b>(67,297)</b>	<b>(133,068)</b>
Non-current financial debt	123,249	79,956	81,118
<b>Net non-current financial debt</b>	<b>123,249</b>	<b>79,956</b>	<b>81,118</b>
<b>Net Financial Position</b>	<b>6,581</b>	<b>12,659</b>	<b>(51,950)</b>

Consolidated Net Financial Position at 31 July 2017 (net debt) is equal to Euro 6,581 thousand, with an improvement of Euro 6,078 thousand compared to the amount of Euro 12,659 thousand recorded in the period ended 31 July 2016. The positive trend of Net Financial Position compared to the same period of the previous year is due to the growing efficiency in working capital management, especially in the management of inventories and trade receivables and payables, together with the self-financing of the period.

The change in Net Financial Position at 31 July 2017 compared to 30 April 2017, which showed a net liquidity equal to Euro 51,950 thousand, mainly reflects the seasonality of the business which is characterized by a greater absorption of working capital at 31 July compared to 30 April of every year.

Consolidated Group's equity at 31 July 2017 amounted to Euro 204,738 thousand. The change compared to 30 April 2017 reflects essentially the profit for the current period at 31 July 2017 for Euro 6,008 thousand.

## Main income statement data of the VAD Sector

The reclassified income statement of VAD Sector at 31 July 2017 is shown below (data in thousands of euros), compared with the previous period ended at 31 July 2016.

<b>VAD Sector</b> <i>(in thousands of euros)</i>	<b>2017</b>	<b>31 July</b> <b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>252,097</b>		<b>240,745</b>		<b>4.7%</b>
Inter segment revenues	17,727		18,557		-4.5%
<b>Revenues</b>	<b>269,824</b>		<b>259,302</b>		<b>4.1%</b>
Other income	1,290		1,195		7.9%
<b>Total Revenues and other income</b>	<b>271,114</b>	<b>100.0%</b>	<b>260,497</b>	<b>100.0%</b>	<b>4.1%</b>
Purchase of goods	(250,759)	-92.5%	(239,645)	-92.0%	4.6%
Costs for services and rent, leasing and similar costs	(7,280)	-2.7%	(6,735)	-2.6%	8.1%
Personnel costs	(3,627)	-1.3%	(3,534)	-1.4%	2.6%
Other operating costs	(450)	-0.2%	(579)	-0.2%	-22.3%
<b>Ebitda</b>	<b>8,998</b>	<b>3.3%</b>	<b>10,004</b>	<b>3.8%</b>	<b>-10.1%</b>
Amortisation, depreciation and write-downs	(1,357)		(2,213)	-0.8%	-38.7%
<b>Ebit</b>	<b>7,641</b>	<b>2.8%</b>	<b>7,791</b>	<b>3.0%</b>	<b>-1.9%</b>
Profit from companies valued at equity	153				n.s.
Net financial income and charges	(791)		(818)		-3.3%
<b>Profit before taxes</b>	<b>7,003</b>		<b>6,973</b>		<b>0.4%</b>
Income taxes	(2,118)		(2,169)		-2.4%
<b>Profit for the period</b>	<b>4,885</b>	<b>1.8%</b>	<b>4,804</b>	<b>1.8%</b>	<b>1.7%</b>
Net profit attributable to non-controlling interests	10		2		400.0%
<b>Net profit attributable to the Group</b>	<b>4,875</b>		<b>4,802</b>		<b>1.5%</b>

The VAD Sector showed a 4.7% increase in revenues compared to the previous year ended 31 July 2016, thanks to the development of sales mainly in the Enterprise Software, Networking and Collaboration areas.

Ebitda in the period under review is equal to Euro 8,998 thousand, up by 10.1% compared to 31 July 2016 as a result of a decrease of gross margin due to a less favorable margin mix. The Ebitda margin, measured as the ratio between Ebitda and Total Revenues and Other Income, passed from 3.8% to 31 July 2016 to 3.3% as of 31 July 2017.

Ebit is equal to Euro 7,641 at 31 July 2017, with a decrease of 1.9% compared to 31 July 2016 due to the above-mentioned Ebitda contraction partially offset by the decrease in amortisation and accruals equal to Euro 1,357 thousand at 31 July 2017 compared to Euro 2,213 thousand at 31 July 2016.

Net profit amounted to Euro 4,885 thousand, recorded an increase of 1.7% thanks to improved financial and tax management (tax benefit relative to the lower income tax rate, IRES, from 27.5% to 24%).

At 31 July 2017 the incidence of Net profit on Total Revenues and Other Income remained stable at 1.8%.

## Main income statement data of the VAR Sector

The reclassified income statement of VAR Sector at 31 July 2017 is shown below (data in thousands of euros), compared with the previous period ended at 31 July 2016.

<b>VAR Sector</b> <i>(in thousands of euros)</i>	<b>31 July</b>				
	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>62,143</b>		<b>52,251</b>		<b>18.9%</b>
Inter segment revenues	688		835		-17.6%
<b>Revenues</b>	<b>62,831</b>		<b>53,086</b>		<b>18.4%</b>
Other income	1,275		807		58.0%
<b>Total Revenues and other income</b>	<b>64,106</b>	<b>100.0%</b>	<b>53,893</b>	<b>100.0%</b>	<b>19.0%</b>
Purchase of goods	(29,110)	-45.4%	(23,949)	-44.4%	21.5%
Costs for services and rent, leasing and similar costs	(16,435)	-25.6%	(14,966)	-27.8%	9.8%
Personnel costs	(14,268)	-22.3%	(11,848)	-22.0%	20.4%
Other operating costs	(205)	-0.3%	(345)	-0.6%	-40.6%
<b>Ebitda</b>	<b>4,088</b>	<b>6.4%</b>	<b>2,785</b>	<b>5.2%</b>	<b>46.8%</b>
Amortisation, depreciation and write-downs	(1,527)		(1,340)	-2.5%	14.0%
<b>Ebit</b>	<b>2,561</b>	<b>4.0%</b>	<b>1,445</b>	<b>2.7%</b>	<b>77.2%</b>
Profit from companies valued at equity	17		80		-78.8%
Net financial income and charges	(454)		(435)		4.4%
<b>Profit before taxes</b>	<b>2,124</b>		<b>1,090</b>		<b>94.9%</b>
Income taxes	(967)		(607)		59.3%
<b>Profit for the period</b>	<b>1,157</b>	<b>1.8%</b>	<b>483</b>	<b>0.9%</b>	<b>139.5%</b>
Net profit attributable to non-controlling interests	509		349		45.8%
<b>Net profit attributable to the Group</b>	<b>648</b>		<b>134</b>		<b>383.6%</b>

VAR Sector's revenues recorded an increase of 18.9%, from Euro 52,251 thousand at 31 July 2016 to Euro 62,143 thousand at 31 July 2017. The development of revenues of Var Group SpA and its subsidiaries operating in Managed Service, Digital and ERP & Vertical Solutions areas contributed to the growth revenues, also thanks to the recent corporate acquisitions carried out during the year ended 30 April 2017 (Var Prime Srl, Yarix Srl, Globo Informatica Srl).

Ebitda in the period under review is equal to Euro 4,088 thousand, with an increase of 46.8% compared to 31 July 2016, with an Ebitda margin rising to 6.4% at 31 July 2017 from 5.2% at 31 July 2016.

The growth in Ebitda is attributable, among other things, to the positive performance of ERP & Vertical Solutions and Managed and Security Services areas.

Net profit is equal to Euro 1,157 thousand, recorded an increase of 139.5% thanks to improved operating profitability and fiscal management (tax benefit relative to the lower income tax rate, IRES, from 27.5% to 24%). At 31 July 2017 the incidence of Net profit on Total Revenues and Other Income increased to 1.8% compared to 0.9% in the same period ended at 31 July 2016.

## Main income statement data of the Corporate Sector

The reclassified income statement of Corporate Sector at 31 July 2017 is shown below (data in thousands of euros), compared with the previous period ended at 31 July 2016.

<b>Corporate Sector</b> <i>(in thousands of euros)</i>	<b>31 July</b>				
	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>445</b>		<b>548</b>		<b>-18.8%</b>
Inter segment revenues	2,575		2,523		2.1%
<b>Revenues</b>	<b>3,020</b>		<b>3,071</b>		<b>-1.7%</b>
Other income	540		504		7.1%
<b>Total Revenues and other income</b>	<b>3,560</b>	<b>100.0%</b>	<b>3,575</b>	<b>100.0%</b>	<b>-0.4%</b>
Purchase of goods	(181)	-5.1%	(293)	-8.2%	-38.2%
Costs for services and rent, leasing and similar costs	(1,870)	-52.5%	(1,841)	-51.5%	1.6%
Personnel costs	(1,450)	-40.7%	(1,383)	-38.7%	4.8%
Other operating costs	(32)	-0.9%	(40)	-1.1%	-20.0%
<b>Ebitda</b>	<b>27</b>	<b>0.8%</b>	<b>18</b>	<b>0.5%</b>	<b>50.0%</b>
Amortisation, depreciation and write-downs	(45)		(21)	-0.6%	114.3%
<b>Ebit</b>	<b>(18)</b>	<b>-0.5%</b>	<b>(3)</b>	<b>-0.1%</b>	<b>500.0%</b>
Profit from companies valued at equity	-		-		-
Net financial income and charges	4		8		-50.0%
<b>Profit before taxes</b>	<b>(14)</b>		<b>5</b>		<b>-380.0%</b>
Income taxes	(21)		(25)		-16.0%
<b>Profit for the period</b>	<b>(35)</b>	<b>-1.0%</b>	<b>(20)</b>	<b>-0.6%</b>	<b>75.0%</b>
Net profit attributable to non-controlling interests	(13)		(14)		-7.1%
<b>Net profit attributable to the Group</b>	<b>(22)</b>		<b>(6)</b>		<b>266.7%</b>

The economic indicators of Corporate Sector showed a substantially stable in revenues and operating results compared to the previous period ended at 31 July 2016. The result for the period is negative for Euro 35 thousand compared to a negative result of Euro 20 thousand at 31 July 2016.

## Segment Reporting

The criteria applied to identify the business segments being reported are in line with the procedures through which the management runs the Group. In particular, the organisation of the business segments being reported corresponds to the structure of the reports that are periodically analysed by the board of directors for the purposes of the management of the Group's business. Specifically, the main scope of operational analysis used by the Group is that relating to the following operating segments:

- *Value Added Distribution*, which includes the value-added distribution, through the subsidiary Computer Gross SpA, of complex IT products and solutions in the categories of servers, storage, software and networking to the operators in the Enterprise and small/medium Enterprise segment. The Group's VAD offer integrated to software houses and integrators of technology addressed the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *Software and System Integration* (VAR), which includes the offer of software, technology, services and consultancy, through the subsidiary Var Group SpA, aimed at training and supporting businesses as end users of IT. The Group provides services for the design, consultancy, development and installation of software and complex technology, pre- and after-sales assistance and strategic outsourcing.
- the *Corporate Segment*, which includes the activities carried out by the parent company Sesa SpA (administration, finance, organisation, planning and control, information technology, human resources, general and legal affairs), and logistics services (product storage, assembly, customisation and handling) managed by the company ICT Logistica Srl.

The operating segments of Value-Added Distribution and Software and System Integration are vertically integrated through the sale of IT products and solutions from Computer Gross SpA to Var Group SpA.

The Group's management assesses the performance of the different operating segments, using the following indicators:

- revenues from non-controlling interests by operating segment;
- Ebitda defined as the profit for the year before depreciation, provisions for bad debts and risks, accruals to provisions for risks, financial income and charges, of the figurative costs relating to the stock grant plans allocated to the executive directors, of the profit (loss) of companies valued at equity and taxes;
- Profit for the year.

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group. The criteria in determining the Ebitda reported above and applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

The segment reporting for the period ended at 31 July 2017 and 31 July 2016 is broken down as follows:

<i>(in thousands of euros)</i>	Value Added Distribution	Software e System Integration	Corporate	Eliminations		Value Added Distribution	Software e System Integration	Corporate	Eliminations	
<b>Revenues from third parties</b>	<b>252,097</b>	<b>62,143</b>	<b>445</b>	<b>-</b>	<b>314,685</b>	<b>240,745</b>	<b>52,251</b>	<b>548</b>	<b>-</b>	<b>293,544</b>
Inter segment revenues	17,727	688	2,575	-	20,990	18,557	835	2,523	-	21,915
<b>Revenues</b>	<b>269,824</b>	<b>62,831</b>	<b>3,020</b>	<b>(20,990)</b>	<b>314,685</b>	<b>259,302</b>	<b>53,086</b>	<b>3,071</b>	<b>(21,915)</b>	<b>293,544</b>
Other income	1,290	1,275	540	(921)	2,184	1,195	807	504	(792)	1,714
<b>Total Revenues and other income</b>	<b>271,114</b>	<b>64,106</b>	<b>3,560</b>	<b>(21,911)</b>	<b>316,869</b>	<b>260,497</b>	<b>53,893</b>	<b>3,575</b>	<b>(22,707)</b>	<b>295,258</b>
Purchase of goods	(250,759)	(29,110)	(181)	17,899	(262,151)	(239,645)	(23,949)	(293)	18,385	(245,502)
Costs for services and rent, leasing and similar costs	(7,280)	(16,435)	(1,870)	4,004	(21,581)	(6,735)	(14,966)	(1,841)	4,241	(19,301)
Personnel costs	(3,627)	(14,268)	(1,450)	-	(19,345)	(3,534)	(11,848)	(1,383)	-	(16,765)
Other operating costs	(450)	(205)	(32)	9	(678)	(579)	(345)	(40)	11	(953)
<b>Ebitda</b>	<b>8,998</b>	<b>4,088</b>	<b>27</b>	<b>1</b>	<b>13,114</b>	<b>10,004</b>	<b>2,785</b>	<b>18</b>	<b>(70)</b>	<b>12,737</b>
Amortisation, depreciation and write-downs	(1,357)	(1,527)	(45)	-	(2,929)	(2,213)	(1,340)	(21)	-	(3,574)
<b>Ebit</b>	<b>7,641</b>	<b>2,561</b>	<b>(18)</b>	<b>1</b>	<b>10,185</b>	<b>7,791</b>	<b>1,445</b>	<b>(3)</b>	<b>(70)</b>	<b>9,163</b>
Profit from companies valued at equity	153	17	-	-	170	-	80	-	-	80
Net financial income and charges	(791)	(454)	4	-	(1,241)	(818)	(435)	8	-	(1,245)
<b>Profit before taxes</b>	<b>7,003</b>	<b>2,124</b>	<b>(14)</b>	<b>1</b>	<b>9,114</b>	<b>6,973</b>	<b>1,090</b>	<b>5</b>	<b>(70)</b>	<b>7,998</b>
Income taxes	(2,118)	(967)	(21)	-	(3,106)	(2,169)	(607)	(25)	22	(2,779)
<b>Profit for the period</b>	<b>4,885</b>	<b>1,157</b>	<b>(35)</b>	<b>1</b>	<b>6,008</b>	<b>4,804</b>	<b>483</b>	<b>(20)</b>	<b>(48)</b>	<b>5,219</b>
Net profit attributable to non-controlling interests	10	509	(13)	1	507	2	349	(14)	0	337
<b>Net profit attributable to the Group</b>	<b>4,875</b>	<b>648</b>	<b>(22)</b>	<b>-</b>	<b>5,501</b>	<b>4,802</b>	<b>134</b>	<b>(6)</b>	<b>(48)</b>	<b>4,882</b>



## Relations with related parties and Group's companies

As regards disclosures of relations with related parties it should be noted that any transactions carried out with related parties in ordinary operations were entered into at arm's length and on conditions that were to the parties' reciprocal financial benefit.

The Group's related parties have been identified in accordance with IAS 24. No significant related party transactions are reported in the period.

## Significant events after the period-end

No significant events happened subsequent to 31 July 2017.

## Outlook on operations

The three month-period at 31 July 2017 showed an economic environment characterized by a weak growth of European and Italian economy, and of IT Sector, where our Group operates.

For the remaining part of the year, the aim of the management is to confirm and consolidate the growth trend in revenues and profitability reached in the first quarter of the financial year, strengthening its market leadership and developing the portfolio of products and services offered to customers.

*The Chairman*  
Paolo Castellacci

## Annexes

## Consolidated Income Statement

<i>(in thousand of euros)</i>	Period ended 31 July	
	2017	2016
Revenues	314,685	293,544
Other income	2,184	1,714
Consumables and goods for resale	(262,151)	(245,502)
Costs for services and rent, leasing and similar costs	(21,581)	(19,301)
Personnel costs	(19,345)	(16,765)
Other operating costs	(1,635)	(3,068)
Amortisation and depreciation	(1,972)	(1,459)
<b>EBIT</b>	<b>10,185</b>	<b>9,163</b>
Profit from companies valued at equity	170	80
Financial income	1,597	760
Financial charges	(2,838)	(2,005)
<b>Profit before taxes</b>	<b>9,114</b>	<b>7,998</b>
Income taxes	(3,106)	(2,779)
<b>Profit for the period</b>	<b>6,008</b>	<b>5,219</b>
<i>of which:</i>		
Net profit attributable to non-controlling interests	507	337
Net profit attributable to the Group	5,501	4,882

From the income statement as of 31 January 2017 cash discount granted by the suppliers are reclassified to reduce the purchase cost of the goods since the commercial component is considered prevalent, as practiced in the distribution sector. For purposes of comparison the financial discounts have been reclassified from Financial income item to the cost of Consumables also in the income statement at 31 July 2016.

## Consolidated Statement of Financial Position

<i>(in thousand of euros)</i>	<b>At 31 July 2017</b>	<b>At 30 April 2017</b>
Intangible assets	23,281	21,848
Property, plant and equipment	51,198	49,736
Investment property	290	290
Equity investments valued at equity	8,960	8,835
Deferred tax assets	5,540	5,548
Other non-current receivables and assets	10,028	8,160
<b>Total non-current assets</b>	<b>99,297</b>	<b>94,417</b>
Inventories	77,932	61,570
Current trade receivables	337,429	315,399
Current tax receivables	4,536	4,687
Other current receivables and assets	36,041	22,715
Cash and cash equivalents	170,582	191,951
<b>Total current assets</b>	<b>626,520</b>	<b>596,322</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>725,817</b>	<b>690,739</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	6,217	6,587
Profits carried forward	119,928	114,427
<b>Total Group equity</b>	<b>196,416</b>	<b>191,285</b>
Equity attributable to non-controlling interests	8,322	7,743
<b>Total equity</b>	<b>204,738</b>	<b>199,028</b>
Non-current loans	123,249	81,118
Employee benefits	17,809	17,427
Non-current provisions	1,742	1,746
Deferred tax liabilities	6,872	6,711
<b>Total non-current liabilities</b>	<b>149,672</b>	<b>107,002</b>
Current loans	55,815	60,878
Payables to suppliers	246,769	270,984
Current tax payables	6,181	3,241
Other current liabilities	62,642	49,606
<b>Total current liabilities</b>	<b>371,407</b>	<b>384,709</b>
<b>Total liabilities</b>	<b>521,079</b>	<b>491,711</b>
<b>Total equity and liabilities</b>	<b>725,817</b>	<b>690,739</b>

## Consolidated Statement of Changes in Equity

<i>(in thousand of euros)</i>	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Other reserves</b>	<b>Profit for the year and Profits carried forward</b>	<b>Group equity</b>	<b>Equity attributable to non-controlling interests</b>	<b>Total equity</b>
<b>At 30 April 2017</b>	<b>37,127</b>	<b>33,144</b>	<b>6,587</b>	<b>114,427</b>	<b>191,285</b>	<b>7,743</b>	<b>199,028</b>
Profit for the period				5,501	5,501	507	6,008
Actuarial Profit/ Loss for employee benefits					-		-
<b>Comprehensive income for the period</b>			-	<b>5,501</b>	<b>5,501</b>	<b>507</b>	<b>6,008</b>
Purchase of treasury shares			(199)		(199)		(199)
Dividends distribution					-		-
Allocation of Net profit					-		-
Changes in the scope of consolidation and other changes			(171)		(171)	72	(99)
<b>At 31 July 2017</b>	<b>37,127</b>	<b>33,144</b>	<b>6,217</b>	<b>119,928</b>	<b>196,416</b>	<b>8,322</b>	<b>204,738</b>

## Consolidated Statement of Cash Flows

<i>(in thousands of euros)</i>	<b>Period ended 31 July</b>	
	<b>2017</b>	<b>2016</b>
<b>Profit before taxes</b>	<b>9,114</b>	<b>7,998</b>
<b>Adjustments for:</b>		
Amortisation and depreciation	1,972	1,529
Provisions for personnel and other provisions	1,825	2,222
Net financial (income)/charges	606	886
Profit from companies valued at equity	(170)	(80)
Other non-monetary items	248	-
<b>Cash flows generated from operating activities before changes in net working capital</b>	<b>13,595</b>	<b>12,555</b>
Change in inventories	(16,362)	(25,563)
Change in trade receivables	(23,477)	7,019
Change in payables to suppliers	(24,215)	(29,872)
Change in other assets	(15,297)	(4,150)
Change in other liabilities	12,788	(9,908)
Use of provisions for risks	(44)	92
Payment of employee benefits	(12)	(159)
Change in deferred taxes	169	(556)
Change in current tax payables and receivables	(15)	(4)
Interest paid	(697)	(2,005)
Taxes paid	-	-
<b>Net cash flow generated from operating activities</b>	<b>(53,567)</b>	<b>(52,551)</b>
Investments in companies, net of acquired cash	-	(352)
Investments in property, plant and equipment	(2,713)	(1,875)
Investments in intangible assets	(2,154)	(899)
Disposals of property, plant and equipment and intangible assets	-	-
Disposal of assets held for sale	-	-
Investments in associated companies	-	-
Disposals of other non-current investments	-	30
Disbursement of loans	-	-
Investments in non-current financial assets	-	-
Collection of non-current financial assets	108	122
Dividends collected	45	-
Interest collected	147	1,175
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(4,567)</b>	<b>(1,799)</b>
New disbursements of long-term loans and financial leasings	57,000	32,500
Repayments of long-term loans	(24,715)	(2,428)
(Decrease)/increase in short-term loans	4,783	(8,102)
Investments/disinvestments in financial assets	(5)	-
Change in Group equity	(171)	(19)
Change in equity attributable to non-controlling interests	72	(59)
Purchase of treasury shares	(199)	(42)
Dividends distribution	-	-
<b>Net cash flow generated from/(used in) financing activities</b>	<b>36,765</b>	<b>21,850</b>
Translation difference on cash and cash equivalents	-	-
<b>Change in cash and cash equivalents</b>	<b>(21,369)</b>	<b>(32,500)</b>
Cash and cash equivalents at the beginning of the year	191,951	146,168
<b>Cash and cash equivalents at the end of the year</b>	<b>170,582</b>	<b>113,668</b>

Attestation pursuant to article 154 bis paragraph 2 of Legislative Decree n. 58 of 24 February 1998, "Consolidated Law on Finance" and subsequent amendments

The Director responsible for drawing up Sesa SpA's financial statements and accounting documents, pursuant to the provisions of article 154-bis, paragraph 2 of Consolidated Law on Finance hereby attests that the accounting information contained in the Interim Report at 31 July 2017 corresponds to the document results, books and accounting records,

Empoli, 13 September 2017

Alessandro Fabbroni

(Director responsible for drawing up accounting documents)