



PRESS RELEASE

SESA GROUP STRENGTHENS ITS POSITIONING IN *SOFTWARE AND SYSTEM INTEGRATION* SECTOR. SIGNING OF A BINDING AGREEMENT FOR THE PURCHASE OF 51% OF TECH-VALUE, LEADING COMPANY IN THE ITALIAN PLM AND CAD MARKET IN THE FIELD OF INDUSTRY 4.0 FOR THE “ENGINEERING INTENSIVE” MANUFACTURING SECTOR.

VAR GROUP, COMPANY FULLY OWNED BY SESA, WILL PURCHASE 51% OF THE CAPITAL OF A NEWCO WHERE TECH-VALUE FUNDERS WILL CONFER 78% OF TECH-VALUE CAPITAL FOR A TOTAL PRICE UP TO A MAXIMUM OF EURO 6.5 MILLION, OF WHICH EURO 3.7 MILLION AT THE CLOSING, AND THE REMAINDER SUBORDINATED TO BUSINESS CONTINUITY INCLUDING AN EARN OUT SUBJECT TO THE ACHIEVEMENT OF TRIENNIAL EBITDA TARGET 2019-2021.

TECH-VALUE, COMPANY LISTED ON THE AIM SEGMENT FROM 2014, RECORDED IN THE YEAR ENDING 31 DECEMBER 2016 CONSOLIDATED REVENUES FOR EURO 13.5 MILLION, AN EBITDA EQUAL TO EURO 2.14 MILLION AND A NET FINANCIAL POSITION ACTIVE (CASH) FOR APPROXIMATELY EURO 2.1 MILLION.

FOLLOWING THE CONTRIBUTION OF 78% OF TECH-VALUE CAPITAL, NEWCO WILL PROMOTE A TAKEOVER BID FOR THE REMAINING ABOUT 20% OF TECH-VALUE SHARES AND WARRANTS FOR EURO 4.15 PER SHARE AND EURO 0.13 PER WARRANT.

Empoli, 19 October 2017

Var Group S.p.A., fully controlled company by Sesa S.p.A., Italian Global Service Provider of Information Technology (“IT”) solutions for SME and Enterprise segments, with a turnover of Euro 1.271 billion at 30 April 2017, announces the signing of a binding agreement for the acquisition of the 51% of the capital of a Newco in which will be conferred 78% of the capital of Tech-Value S.p.A., a company with over 1,000 customers and over 120 resources in its branches in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (VI), Viareggio (LU) and Barcelona (Spain), specialized in IT services and PLM solutions towards “engineering intensive” companies in manufacturing sector.

Tech-Value S.p.A., company listed on the AIM segment of Borsa Italiana from August 2014, recorded in the last financial year ending 31 December 2016 consolidated revenues for Euro 13.5 million, an Ebitda (operating profit before amortization, financial charges and taxes) equal to Euro 2.14 million (Ebitda margin 16%), a net profit after taxes of approximately Euro 0.2 million and a Net Financial Position active (NFP) for approximately Euro 2 million.

The transaction will be completed by 31 January 2018 through the purchase by Var Group of 51% of the capital of a Newco formed by Tech-Value founders Mr. Elio Radice and Mr. Marco Mortali, and in which they will transfer 78% of Tech-Value capital.

Following the contribution of 78% of Tech-Value capital, Newco will promote a takeover bid for a price of Euro 4.15 per share, as well as all Tech-Value warrants for a unit price of Euro 0.13. The offer is scheduled in the second half of November.

More information about such offer will be disclosed to the market through a specific notice to be published within the terms of applicable law and regulations and Tech-Value's statute provisions.

It should be noted that a level of adherence to the offer that allows the bidder to hold - at the end of the offer itself - a number of ordinary shares representing a share capitale percentage at least of 95% will determine, pursuant art. 9 of the statute, the bidder's right to proceed with the purchase of the remaining shares at the same bid price, within the limits laid down by applicable law and regulations and by the statute provisions. Also, it should be noted that when the 90% threshold is reached, it will start the procedure for withdrawing of Tech-Value shares from the negotiations on AIM Italian market.

The total price for 51% of Newco capital was determined in Euro 5.3 million paid for Euro 3.7 million at the closing and for the remaining amount of Euro 1.6 million deposited in a escrow account (released in two equal tranches in the next 12 and 24 months), following the continuity in business management, plus an earn-out up to a maximum of Euro 1.2 million subject to the achievement of Tech-Value average consolidated Ebitda targets in the three-year period ending on 30 April 2019, 30 April 2020, 30 April 2021 net of the NFP at 30 April 2021, applying a multiple of 4.75x Ebitda.

The price may be adjusted if Newco will hold a stake in Tech-Value capital less than 100% at the date of the sale.

Tech-Value founders, Ing. Elio Radice and Dr. Marco Mortali, will continue to hold the office of Executive Chairman and CEO of the company, continuing to direct the development of Tech-Value. The Agreement also reserves to the founders the possibility to exercise a put option for the sale of the entire remaining stake to Var Group, exercisable on September 2023 for a total price determined by applying a multiple of 4.5x the average three-year period Ebitda (30 April 2021-30 April 2023) of Tech-Value net of NFP at 30 April 2023, or on September 2025 for a total price determined by applying a multiple on a range between 4.75 and 5.5 x the average five-year Ebitda (30 April 2021 – 30 April 2025) of Tech-Value net of NFP at 30 April 2025.

The transaction is aimed at developing relevant commercial and operative synergies between Var Group and Tech-Value in IT solutions area for industrial planning through most innovative IT technology and the partnership with Siemens Industry Software, worldwide leader in the sector.

The business plan includes the integration of Tech-Value into Var Group's ERP segment, maintaining Tech-Value as a separate legal entity and management autonomy and leveraging the commercial and operative synergies with Var Group, with over 20 branches throughout Italy and over 10,000 SME and Enterprise customers. Mr. Radice will join Var Group's management team, contributing to the development of Sesa Group software and system integration sector.

Tech-Value will strengthen its growth path, which consider a future expansion also in foreign markets, enhancing competencies in high-tech areas with a large presence of "engineering intensive" companies, constituting an excellence center in ICT solutions for industry 4.0.

Sesa Group reinforces its positioning in high value-added areas of IT sector, with a double-digit Ebitda margin and growth rates higher than the Group average, with the aim of starting expansion even on foreign markets.

The parties were assisted by LMCR and Nctm as legal advisor, while Electa Italia Srl and UBI Banca - Corporate & Investment Banking operated as financial advisors.

"We join a great Italian IT Group, such as Sesa, with the aim of enhancing the skills and services for our customers by accessing high value-added IT services and through the market coverage of Var Group. The proven Tech-Value capability to understand and meet the needs of manufacturing customers enabled the company to develop a significant growth in the last years. Over 1,000 active customers, the opportunities offered by digital evolution in the industry 4.0 context require an even wider presence on in the territory and an ability to integrate ERP environments with PLM technologies. Our integration into Var Group strengthens the technological expertise towards Italian customers and promotes the growth on European markets, with benefits for customers, employees and technological partners, as well as a faster return on investment", stated Elio Radice, Chairman of Tech-Value.

"In an IT market showing a trend of deep technological evolution, we continue to invest in higher value-added areas, supporting Italian companies and leading international competence centers in the their innovation path. Tech-Value consulting and skills will be valued and integrated into Var Group's ERP & Managed Services offering, further contributing to increasing our know-how and our specialization in the most potential sectors of IT services market, supporting our industrial and manufacturing districts in their technological innovation path", stated Giovanni Moriani, Vice President of Sesa and Chairman of Var Group.

"Sesa Group continues its growth path consistent with its focus on high value added services and IT development areas, such as Managed Services and ERP solutions, covering the advanced industrial planning services for industry 4.0. With this operation we further reinforce our core business, in areas with high technological complexity which enable the generation of double-digit Ebitda by launching a development plan also on foreign markets in areas with engineering intensive customers and operating in high-tech niches", stated Alessandro Fabbroni, CEO of Sesa.

*Sesa S.p.A., based in Empoli (Florence) and activities throughout the Italian territory, is the head of a Group leader in Italy in the distribution of high value-added products and IT solutions to the business and professional segment, with Consolidated revenues equal to Euro 1.271 billion and 1,400 employees (source: last Consolidated Financial Statements at 30 April 2017). The Group has the mission of bring the most advanced technological solutions of international Vendors of ICT in the districts of the Italian economy, leading companies and entrepreneurs in the path of technological innovation, with particular reference to the SME and Enterprise segments. By partnering with the global leading brand in the industry, the skills of its human resources and investment in innovation, the Group offers ICT products and solutions (design, education, pre and post sales, Cloud Computing, Managed and Security Services) to support the competitiveness of enterprises customers.
Sesa is listed on the STAR (MTA) of the Italian Stock Exchange with a free float of about 47%.*

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