

EUROTECH: BOD APPROVES CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2015

Amaro (Italy), 14 May 2015

- Consolidated revenues: from €14.21 million to €14.75 million
- Consolidated gross profit: from €7.37 million to €7.22 million
- Consolidated EBITDA: from -€749 thousand to -€1.53 million
- Consolidated EBIT: from -€2.03 million to -€2.89 million
- Consolidated pre-tax result: from -€2.06 million to -€1.98 million
- Group net result: from -€2.40 million to -€1.91 million
- Net cash: €2.28 million
- Shareholders' equity pertaining to the Group: €111.10 million

The Board of Directors of Eurotech S.p.A. examined and approved the results of the first quarter of 2015 today.

The turnover generated in the first quarter of 2015 is basically in line with what was achieved last year, and also with what was forecast in the plan. Group investments continued as planned during the quarter, and this affected operating costs in absolute terms and consequently the result of the period. However, as already pointed out in the previous quarters, investments fall within a strategic course that aims at creating the conditions for an increase in medium-/long-term turnover.

In this situation, and with the hope to break even as soon as possible, while one part of the operational structure continues to look after the positioning of our new Machine to Machine / Internet of things (M2M/IoT) technologies in the market, another part of the operational structure is devoting itself to analysing operating costs and product costs in a perspective of ongoing improvement.

In analysing the figures more in detail, during the first three months of the year Group revenues grew by 3.8% - rising from €14.21 million to €14.75 million - driven by stronger foreign currencies at the time the financial statements were converted. Historically, the performance of the first quarter is not very significant because it is the weakest of the year. However, the prospects in terms of negotiations in the M2M/IoT business line and the positive signals received particularly from the USA area lead us to believe that the direction taken is the right one.

In analysing the performance of the individual geographical areas in which the Group operates, in the first quarter of 2015 the USA area returned to being the one that generated the highest turnover, posting 37.4% of the total (first quarter 2014: 24.0%), followed by the Japanese area with 34.8% (first quarter 2014: 42.2%), while the European area represented the remaining 27.8% (first quarter 2014: 33.8%).

One positive indicator for the quarter is the partial recovery of the gross profit margin, which went up again compared to the year-end figures and came back to more consistent values to get the margins necessary to continue the scheduled investments.

The gross profit margin of the first quarter 2015 amounted to €7.22 million, with a percentage of sales of 49.0%, compared to the percentage of 48.1% at the end of 2014 and of 51.9% of the first quarter 2014.

If it is generally true that the periodic changes in the gross profit margin are also due to the different mix of products sold and to the different contribution to turnover made by the geographic areas where Eurotech operates, gross profit margin performance in this first quarter was also affected by the good control of product costs and is an indicator that the pressure on selling prices, although present, is only moderately noticed.

In analysing operating costs, the investments - mainly in the marketing and sales area and to a lesser extent to support research and development activities - brought about a €839 thousand increase in costs before adjustments to rise from €8.43 million of the first quarter of 2014 to €9.27 million of the first quarter of 2015.

EBITDA totalled -€1.53 million for the first three months of the year, compared with -€749 thousand for 2014.

EBIT came to -€2.89 million in the first quarter of 2015, reflecting the performance of the gross profit margin and operating costs. This result also reflects the effects of the depreciation and amortisation charged to the income statement in the first quarter 2015, which derive from both the operating assets becoming subject to depreciation up to 31 March 2015 and the effects arising from price allocation relating to the acquisition of Dynatem Inc. and Advantet Inc. The effect on EBIT of the PPA amounts in 3M15 was €0.63 million, versus €0.59 million in 3M14.

The pre-tax result in the three months under review was negative for €1.98 million (negative for €2.06 million in the first three months of 2014) and was influenced not only by the considerations made above with regard to the EBIT, but also by a more positive financial management compared to the previous quarter of reference due to the positive differences on exchange rates. The effects of price allocation on the pre-tax result amounted to €0.63 million in 3M15 (€0.59 million in 3M14).

Group net loss was €1.91 million for the quarter, marking an improvement compared to that of €2.40 million in the first three months of 2014), and is in line with the pre-tax loss result just described.

At 31 March 2015 the Group recorded cash and cash equivalents totalling €11.28 million and net cash amounting to €2.28 million.

Pursuant to the provisions set out by CONSOB, it is reported that the Consolidated Interim Management Statement at 31 March 2015 is at the disposal of whoever requests it at the company's registered office. The Statement is also available on the Eurotech website at www.eurotech.com

Pursuant to Art. 154 bis , paragraph 2 of the Italian Consolidated Law on Finance (TUF), the Corporate Financial Reporting Manager of Eurotech S.p.A., Sandro Barazza, declares that the information on accounts disclosed in this press release corresponds to the documentable results, books and accounting records of the company.

THE EUROTECH GROUP

Eurotech (ETH:IM) is a global company that combines hardware, software, services and expertise to supply computing platforms, M2M integration platforms and IoT solutions to OEMs, integrators of systems and leading corporate clients so that they can effectively and efficiently implement their products and services. Drawing on the concept of "minimalist computing", Eurotech reduces power consumption, minimises the physical sizes and decreases the complexity of SW programming to bring the market embedded platforms, subsystems and ready for use devices. It is specialised in the industrial, transport, security, logistics and medical sectors. By leveraging on specific expertise in wireless connectivity and communication protocols, Eurotech designs integrated solutions that simplify the acquisition, processing and transfer of data through global communication networks. For more information about Eurotech, visit the website www.eurotech.com.

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ANNEXES - FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT				change (b-a)		
(€ '000)	1Q 2015 (b)	%	1Q 2014 (a)	%	amount	%
Sales revenue	14,750	100.0%	14,209	100.0%	541	3.8%
Cost of material	(7,528)	-51.0%	(6,841)	-48.1%	687	10.0%
Gross profit	7,222	49.0%	7,368	51.9%	(146)	-2.0%
Services costs	(3,198)	-21.7%	(3,191)	-22.5%	7	-0.2%
Lease & hire costs	(450)	-3.1%	(412)	-2.9%	38	9.2%
Payroll costs	(5,284)	-35.8%	(4,612)	-32.5%	672	14.6%
Other provisions and costs	(335)	-2.3%	(213)	-1.5%	122	57.3%
Other revenues	512	3.5%	311	2.2%	201	64.6%
EBITDA	(1,533)	-10.4%	(749)	-5.3%	(784)	-104.7%
Depreciation & Amortization	(1,355)	-9.2%	(1,277)	-9.0%	78	-6.1%
EBIT	(2,888)	-19.6%	(2,026)	-14.3%	(862)	42.5%
Share of associates' profit of equity	0	0.0%	0	0.0%	0	n/a
Finance expense	(432)	-2.9%	(345)	-2.4%	87	-25.2%
Finance income	1,339	9.1%	308	2.2%	1,031	334.7%
Profit before tax	(1,981)	-13.4%	(2,063)	-14.5%	82	4.0%
Income tax	71	0.5%	(334)	-2.4%	(405)	121.3%
Net profit before minority interest	(1,910)	-12.9%	(2,397)	-16.9%	487	20.3%
Minority interest	0	0.0%	0	0.0%	0	n/a
Group net profit (loss)	(1,910)	-12.9%	(2,397)	-16.9%	487	20.3%
Base earnings per share	(0.056)		(0.070)			
Diluted earnings per share	(0.056)		(0.070)			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at March 31, 2015	at December 31, 2014
ASSETS		
Intangible assets	92,966	83,735
Property, Plant and equipment	3,551	3,391
Investments in affiliate companies	802	730
Investments in other companies	314	286
Deferred tax assets	1,367	1,231
Other non-current assets	609	547
Total non-current assets	99,609	89,920
Inventories	17,798	15,295
Contracts in progress	85	79
Trade receivables	18,370	19,846
Income tax receivables	302	215
Other current assets	2,438	1,659
Other current financial assets	2,889	2,570
Cash & cash equivalents	11,279	14,104
Total current assets	53,161	53,768
Total assets	152,770	143,688
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(34,174)	(43,292)
Group shareholders' equity	111,105	101,987
Equity attributable to minority interest	0	0
Total shareholders' equity	111,105	101,987
Medium-/long-term borrowing	2,662	2,756
Employee benefit obligations	2,153	1,924
Deferred tax liabilities	5,485	5,109
Other non-current liabilities	982	909
Total non-current liabilities	11,282	10,698
Trade payables	13,435	15,272
Short-term borrowing	9,172	7,930
Derivative instruments	52	52
Income tax liabilities	434	507
Other current liabilities	7,290	7,242
Total current liabilities	30,383	31,003
Total liabilities	41,665	41,701
Total liabilities and equity	152,770	143,688

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
(€'000)													
Balance as at December 31, 2014	8,879	1,037	136,400	4,413	(38,469)	(52)	(346)	2,144	(3,097)	(8,922)	101,987	-	101,987
2014 Result allocation	-	163	-	-	(9,085)	-	-	-	-	8,922	-	-	-
Profit (loss) as at Marzo 31, 2015	-	-	-	-	-	-	-	-	-	(1,910)	(1,910)	-	(1,910)
<i>(loss)</i>													
- Hedge transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	7,042	-	-	-	-	-	-	7,042	-	7,042
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	3,986	-	-	3,986	-	3,986
Comprehensive result	-	-	-	7,042	-	-	-	3,986	-	(1,910)	9,118	-	9,118
- Other changes and transfers	-	-	-	204	(204)	-	-	-	-	-	-	-	-
Balance as at March 31, 2015	8,879	1,200	136,400	11,659	(47,758)	(52)	(346)	6,130	(3,097)	(1,910)	111,105	-	111,105

CONCISE CASH FLOW STATEMENT

	at March 31, at December 31, at March 31,		
(€'000)	2015	2014	2014
Cash flow generated (used) in operations	(3,778)	(6,267)	(5,096)
Cash flow generated (used) in investment activities	(1,129)	(4,053)	(1,180)
Cash flow generated (absorbed) by financial assets	1,148	(4,362)	(1,346)
Net foreign exchange difference	934	791	84
Increases (decreases) in cash & cash equivalents	(2,825)	(13,891)	(7,538)
Opening amount in cash & cash equivalents	14,104	27,995	27,995
Cash & cash equivalents at end of period	11,279	14,104	20,457

NET FINANCIAL POSITION

(€'000)		at March 31, 2015	at December 31, 2014	at March 31, 2014
Cash & cash equivalents	A	(11,279)	(14,104)	(20,457)
Cash equivalent	B=A	(11,279)	(14,104)	(20,457)
Short term borrow ing allow ed to affiliates companies		0	0	0
Other current financial assets	C	(2,889)	(2,570)	(101)
Derivative instruments	D	52	52	160
Short-term borrow ing	E	9,172	7,930	10,995
Other current financial liabilities	F	0	0	0
Business aggregation liabilities		0	0	0
Short-term financial position	G=C+D+E+F	6,335	5,412	11,054
Short-term net financial position	H=B+G	(4,944)	(8,692)	(9,403)
Convertible bond loan		0	0	0
Medium/long term borrow ing allow ed to affiliates companies		0	0	0
Business aggregation liabilities		0	0	0
Other non current financial liabilities	I	0	0	40
Medium/long term borrow ing	J	2,662	2,756	2,707
Medium-/long-term net financial position	K=I+J	2,662	2,756	2,747
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	L=H+K	(2,282)	(5,936)	(6,656)
Other non current financial assets	M	0	0	(2,176)
(NET FINANCIAL POSITION) NET DEBT	N=L+M	(2,282)	(5,936)	(8,832)

NET WORKING CAPITAL

(€'000)	at March 31, 2015 (b)	at December 31, 2014 (a)	at March 31, 2014	Changes (b-a)
Inventories	17,798	15,295	14,004	2,503
Contracts in progress	85	79	0	6
Trade receivables	18,370	19,846	17,768	(1,476)
Income tax receivables	302	215	146	87
Other current assets	2,438	1,659	2,877	779
Current assets	38,993	37,094	34,795	1,899
Trade payables	(13,435)	(15,272)	(11,873)	1,837
Income tax liabilities	(434)	(507)	(1,059)	73
Other current liabilities	(7,290)	(7,242)	(6,105)	(48)
Current liabilities	(21,159)	(23,021)	(19,037)	1,862
Net working capital	17,834	14,073	15,758	3,761