

EUROTECH: CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2015**Amaro (Italy), 13 November 2015**

- Consolidated revenues: from €45.95 million to €47.26 million
- Consolidated gross profit: from €22.15 million to €22.55 million
- Consolidated EBITDA: from €-2.57 million to €-3.34 million
- Consolidated EBIT: from €-6.45 million to €-7.50 million
- Consolidated pre-tax result: from €-5.37 million to €-7.11 million
- Net financial debt: €1.69 million
- Shareholders' equity pertaining to the Group: €102.31 million

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

FIRST NINE MONTHS OF 2015

The Eurotech Group continues to follow the strategical course plotted last year, in particular as with regard to the Internet of Things (IoT), the Machine-to-Machine (M2M) and the recurring revenues model, however without forgetting the current core business that is still concentrated on hardware and on a traditional sales model. Over the past year the challenge was also, in fact, that of finding the right balance between pushing the new M2M/IoT offering and continuing to cultivate the historical offering of embedded computers, which still makes up the largest portion of turnover. Investments in the structure and employees in the previous quarters impacted operating costs, and therefore the earnings for the period. However, they are the natural passage in order to create the conditions to increase future turnover.

The recognition that Eurotech is attaining on the market with regard to the new offer of M2M/IoT platforms is the result of the effort everyone within the Group has put forth and that lies at the foundation of the rising opportunities and pilot projects on which we have been working for the past quarters.

As always, if on the one hand we look to the new opportunities and growth, on the other controlling costs and a shrewd management of the working capital remain two of managements basic objectives.

Group revenues in the first nine months of the year totalled €47.26 million, compared to €45.95 million of the first nine months of last year. In a favourable scenario for the trend of the US dollar, which was the cause for this increase during the period, the US area is the one that generated the top performance, showing non-stop growth over the nine-month period. The Japanese area is still stable on a nine-month basis, but posted growth in the last quarter. The European economic situation on the other hand is still uncertain, with only short-term visibility and discontinuous generation of turnover for the core business of the Group.

The gross profit margin came in at 47.7%, slightly lower than expectations and what was reported in the half-year period, but in any case in line with what was reported at year-end 2014. This change in the gross profit margin is tied to the mix of products sold, and particularly to some sales of hardware products that have lower margins than average in the Asian area. The physiological nature of the fluctuation of the margin is detected from one quarter to the next. In analysing the order book, it is believed that the margin might return to the historic levels management has forecast.

In terms of people and services, the investments made in order to allow the Group structure to achieve the goals set for the upcoming quarters undoubtedly impacted the operating costs figure, which went up to €28.02 million (59.3% of revenues) in the first nine months of 2015. The increase compared to the €26.09 million of the nine-month period of 2014 (56.8% of revenues) is however also the result of the different translation exchange rate, which had an effect of about €1.8 million. Operating costs before adjustments rose a total of 7.4%, equal to €1.93 million.

Performance of the EBITDA, which amounted to €-3.34 million (-7.1% of revenues) in the first nine months compared to €-2.57 million for 2014 (-5.6% of revenues), is mainly due to the rise in operating costs and to the change in gross profit margin between the periods compared.

EBIT totalled €-7.50 million (-15.9% of revenues), while the first nine months of 2014 reported a value of €-6.45 million (-14.0% of revenues). EBIT as a percentage of revenues in the nine-month period reflects EBITDA performance.

The EBIT figure reflects the depreciation and amortisation charged to the income statement in the first nine months of 2015, which derive from both the operating assets becoming subject to depreciation in the period of reference and the non-momentary effects arising from price allocation, which in the first nine months of 2015 amounted to €1.90 million (compared to €1.80 million for 9M14).

A pre-tax loss of €7.11 million was registered for the nine months of reference (compared with a loss of €5.37 million in the same period a year previously). This performance was influenced by the factors outlined above and by the results of financial management, which significantly reflects the positive exchange rate differences due to the trend in foreign currencies (which in 9M15 had a positive effect of €0.63 million, compared to a net positive effect of €1.44 million in 9M14).

The Group's net result in the first nine months of 2015 amounted to €-6.80 (which was €-5.89 million in 9M14). Total PPA effects on the group net result in 9M15 amounted to €1.15 million (compared to €1.09 million in 9M14).

At 30 September 2015 the Group had net financial debt of €1.69 million, slightly improved compared to the figure of €1.85 million at 30 June 2015. Indeed, the trend reversed during the third quarter and changed from cash absorption to cash generation, albeit moderate. Cash and cash equivalents at the end of September 2015 amounted to €12.89 million, compared to €9.80 million at the end of June and €14.10 million at 31 December 2014.

Again with reference to 30 September 2015, net working capital amounted to €17.03 million, which also showed an improvement over the figure of €18.91 million recorded at 30 June. The figure is still higher than that recorded at 31 December 2014 (€14.07 million). In addition to the exchange rate effect, the change is particularly due to the increased value of inventories for €2.33 million by virtue of the building of the supercomputer prototype for the European project called DEEP (FP7-ICT-287530), coordinated by the German research centre Juelich, which was still undelivered, according to accounts, at 30 September 2015. The prototype was installed at the research centre and tested with a positive result, so it was invoiced after the third quarter closed as per the contract for 50% of the total value of €2.45 million not covered by the European contribution, which is scheduled for collection by the end of the year.

THIRD QUARTER 2015

The third quarter of 2015 showed considerable growth in turnover, which came to the comprehensive total of €17.08 million, driven by the American area. Attaining this amount brought about 14.5% growth over the same quarter of the previous year, which closed at €14.92 million. Turnover of the quarter corresponds to 36.1% of the turnover of the nine months, while the turnover of the same quarter of 2014 was 32.5% of the turnover of the nine-month period.

In 3Q15, the particular performance of the gross profit margin in Japan led to a clear worsening of the consolidated gross profit margin, which took the margin for the nine-month period to under 50%. The gross profit margin was 43.4% in 3Q15, compared with 46.9% in 3Q14. This trend is due to the spot sale of a particular type of product, hardware only. Group strategy continues to be that of supplying services supporting the customer and solutions consisting of a combination of hardware and software platforms, mostly sold as-a-service, where recurring revenues that will give turnover and margins greater visibility and stability can be expected.

The interim results are influenced by the trend in the gross profit margin, in addition to operating costs and in depreciation and amortisation charged in the quarter. EBITDA was €-0.79 million in the third quarter of 2015, with a margin of -4.6% on the quarter's revenues, while in the same quarter of 2014, EBITDA was €-1.22 million, with a -8.2% margin on revenues.

EBIT was particularly influenced by the margins described in the third quarter of 2015, totalling €-2.26 million (-13.2% as a percentage of revenues), from a negative EBIT of €2.52 million (-16.9% of revenues) in the same period of 2014. The negative effects on the EBIT of the PPA total €628 thousand in the third quarter of 2015 and amounted to €608 thousand in the same period a year previously.

Pursuant to the provisions set out by CONSOB, it is reported that the Consolidated Interim Management Statement at 30 September 2015 is at the disposal of whoever requests it at the company's registered office. The Report is also available on the Eurotech website at www.eurotech.com (investors section) and on the "1Info" Centralised Storage system at www.1info.it.

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, system integrators 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 smart devices. It is specialised in the industrial, transport, security, logistics and medical sectors. By making good use of specific expertise in wireless connectivity and communication protocols, Eurotech creates 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)	3rd Qtr 2015	%	3rd Qtr 2014	%	9M 2015 (b)	%	9M 2014 (a)	%	amount	%
Sales revenue	17,085	100.0%	14,918	100.0%	47,260	100.0%	45,946	100.0%	1,314	2.9%
Cost of material	(9,671)	-56.6%	(7,919)	-53.1%	(24,707)	-52.3%	(23,798)	-51.8%	(909)	3.8%
Gross profit	7,414	43.4%	6,999	46.9%	22,553	47.7%	22,148	48.2%	405	1.8%
Services costs	(3,277)	-19.2%	(3,516)	-23.6%	(10,094)	-21.4%	(10,154)	-22.1%	60	-0.6%
Lease & hire costs	(438)	-2.6%	(430)	-2.9%	(1,342)	-2.8%	(1,256)	-2.7%	(86)	6.8%
Payroll costs	(5,010)	-29.3%	(4,610)	-30.9%	(15,805)	-33.4%	(14,052)	-30.6%	(1,753)	12.5%
Other provisions and costs	(290)	-1.7%	(38)	-0.3%	(782)	-1.7%	(626)	-1.4%	(156)	24.9%
Other revenues	815	4.8%	374	2.5%	2,132	4.5%	1,370	3.0%	762	55.6%
EBITDA	(786)	-4.6%	(1,221)	-8.2%	(3,338)	-7.1%	(2,570)	-5.6%	(768)	29.9%
Depreciation & Amortization	(1,472)	-8.6%	(1,304)	-8.7%	(4,163)	-8.8%	(3,878)	-8.4%	(285)	7.3%
EBIT	(2,258)	-13.2%	(2,525)	-16.9%	(7,501)	-15.9%	(6,448)	-14.0%	(1,053)	16.3%
Share of associates' profit at equity	0	0.0%	(7)	0.0%	165	0.3%	43	0.1%	122	283.7%
Finance expense	(263)	-1.5%	(361)	-2.4%	(1,312)	-2.8%	(1,265)	-2.8%	(47)	3.7%
Finance income	277	1.6%	1,693	11.3%	1,542	3.3%	2,300	5.0%	(758)	-33.0%
Profit before tax	(2,244)	-13.1%	(1,200)	-8.0%	(7,106)	-15.0%	(5,370)	-11.7%	(1,736)	32.3%
Income tax	(56)	-0.3%	(27)	-0.2%	304	0.6%	(524)	-1.1%	828	-158.0%
Net profit before minority interest	(2,300)	-13.5%	(1,227)	-8.2%	(6,802)	-14.4%	(5,894)	-12.8%	(908)	15.4%
Minority interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	n/a
Group net profit (loss)	(2,300)	-13.5%	(1,227)	-8.2%	(6,802)	-14.4%	(5,894)	-12.8%	(908)	15.4%
Base earnings per share					(0.199)			(0.172)		
Diluted earnings per share					(0.199)			(0.172)		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(€'000)	at September 30, 2015	at December 31, 2014
ASSETS			
Intangible assets		88,333	83,735
Property, Plant and equipment		3,235	3,391
Investments in affiliate companies		939	730
Investments in other companies		304	286
Deferred tax assets		1,406	1,231
Other non-current assets		591	547
Total non-current assets		94,808	89,920
Inventories		19,993	15,295
Contracts in progress		0	79
Trade receivables		18,397	19,846
Income tax receivables		123	215
Other current assets		1,985	1,659
Other current financial assets		76	2,570
Cash & cash equivalents		12,893	14,104
Total current assets		53,467	53,768
Total assets		148,275	143,688
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(42,964)	(43,292)
Group shareholders' equity		102,315	101,987
Equity attributable to minority interest		0	0
Total shareholders' equity		102,315	101,987
Medium-/long-term borrow ing		5,365	2,756
Employee benefit obligations		2,129	1,924
Deferred tax liabilities		4,756	5,109
Other non-current liabilities		954	909
Total non-current liabilities		13,204	10,698
Trade payables		15,586	15,272
Short-term borrow ing		9,266	7,930
Derivative instruments		25	52
Income tax liabilities		400	507
Other current liabilities		7,479	7,242
Total current liabilities		32,756	31,003
Total liabilities		45,960	41,701
Total liabilities and equity		148,275	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	-	-	-
2015	-	-	-	-	-	-	-	-	-	(6,802)	(6,802)	-	(6,802)
<i>(loss)</i>													
- Hedge transactions	-	-	-	-	-	27	-	-	-	-	27	-	27
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	4,504	-	-	-	-	-	-	4,504	-	4,504
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	2,599	-	-	2,599	-	2,599
Comprehensive result	-	-	-	4,504	-	27	-	2,599	-	(6,802)	328	-	328
- Other changes and transfers	-	-	-	207	(207)	-	-	-	-	-	-	-	-
Balance as at September 30, 2015	8,879	1,200	136,400	9,124	(47,761)	(25)	(346)	4,743	(3,097)	(6,802)	102,315	-	102,315

CONCISE CASH FLOW STATEMENT

		at September 30, 2015	at December 31, 2014	at September 30, 2014
(€'000)				
Cash flow generated (used) in operations	A	(5,610)	(6,267)	(5,374)
Cash flow generated (used) in investment activities	B	385	(4,053)	(3,138)
Cash flow generated (absorbed) by financial assets	C	3,507	(4,362)	(6,156)
Net foreign exchange difference	D	508	791	176
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(1,210)	(13,891)	(14,492)
Opening amount in cash & cash equivalents		14,104	27,995	27,995
Cash & cash equivalents at end of period		12,894	14,104	13,503

NET FINANCIAL POSITION

(€'000)		at September 30, 2015	at December 31, 2014	at September 30, 2014
Cash & cash equivalents	A	(12,893)	(14,104)	(13,503)
Cash equivalent	B=A	(12,893)	(14,104)	(13,503)
Other current financial assets	C	(76)	(2,570)	(2,485)
Derivative instruments	D	25	52	101
Short-term borrowing	E	9,266	7,930	7,359
Other current financial liabilities	F	0	0	0
Short-term financial position	G=C+D+E+F	9,215	5,412	4,975
Short-term net financial position	H=B+G	(3,678)	(8,692)	(8,528)
Other non current financial liabilities	I	0	0	0
Medium/long term borrowing	J	5,365	2,756	1,533
Medium-/long-term net financial position	K=I+J	5,365	2,756	1,533
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	L=H+K	1,687	(5,936)	(6,995)
Other non current financial assets	M	0	0	0
(NET FINANCIAL POSITION) NET DEBT	N=L+M	1,687	(5,936)	(6,995)

NET WORKING CAPITAL

(€'000)		at September 30, 2015 (b)	at December 31, 2014 (a)	at September 30, 2014	Changes (b-a)
Inventories		19,993	15,295	15,258	4,698
Contracts in progress		0	79	425	(79)
Trade receivables		18,397	19,846	17,575	(1,449)
Income tax receivables		123	215	123	(92)
Other current assets		1,985	1,659	2,193	326
Current assets		40,498	37,094	35,574	3,404
Trade payables		(15,586)	(15,272)	(12,792)	(314)
Income tax liabilities		(400)	(507)	(582)	107
Other current liabilities		(7,479)	(7,242)	(7,380)	(237)
Current liabilities		(23,465)	(23,021)	(20,754)	(444)
Net working capital		17,033	14,073	14,820	2,960