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PRESS RELEASE

EUROTECH: THE BOD APPROVES THE CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2018, WHICH IS MADE AVAILABLE TO THE PUBLIC

Positive results with sales growth, EBITDA at 9.1% and net result equal to 3.5% of turnover

Amaro (UD), 14 May 2018

- Consolidated revenues: from €9.11 million to €17.89 million
- Consolidated gross profit: from €4.28 million to €8.73 million
- Consolidated EBITDA: from -€2.88 million to €1.62 million
- Consolidated EBIT: from -€4.09 million to €1.17 million
- Consolidated pre-tax result: from -€4.30 million to €0.79 million
- Group net result: from -€3.73 million to €0.62 million
- Net financial debt: €4.38 million
- Shareholders' equity pertaining to the Group: €92.54 million

The Board of Directors of Eurotech S.p.A. examined and approved the results of the first quarter of 2018 today.

2018 started off on a positive note, confirming the trend that marked the close of 2017.

Without a doubt, at constant exchange rates, this was the highest first quarter for five years and enabled a net positive result of €623 thousand to be reported for the period.

Looking at planned performance, the first three months of the year show a steady customer demand trend in all continents with orders up against the same period of last year. In geographical terms, based on the location of the subsidiaries, North America and Europe more than doubled their turnover, while the Asian market increased by over 50%.

The changes made to the organisation, the investments made in developing a wider range of innovative products and the Group's ability to create solutions that meet the needs of individual customers all contributed to these results, which thanks to the end of quarter backlog due by year's end, grant us not only peace of mind regarding the year, they allow us to dedicate more energy to increasing orders for 2019.

In the IoT sector, Eurotech continues to be a technology leader thanks to its product portfolio and to the creation and continuous implementation of an ecosystem of partners. POCs (Proof Of Concept) continue to rise, although the launches of the implementation stages on a large scale for IoT projects are still slow. Nevertheless, the management team are counting on IoT implementations for B2B and B2B2C to boost the Group's future growth.

Revenues earned by the Group in the first three months of 2018 amounted to €17.89 million compared to €9.11 million in the first three months of 2017, up 96.3%. At constant exchange rates, the increase would be higher still, at 115.5%. As we noted last year, commenting on the first three months of 2017, the low revenues of the quarter were atypical and reflected an intermediate phase that several of our most important customers were undergoing.

With reference to the localisation of the Group activities, the highest turnover in the quarter was generated in North America, accounting for 45.0% of the total (34.9% in the first quarter of 2017), followed by Japan with 33.5% (44.4% in the first quarter of 2017, representing the most important area at the time), while Europe covers the remaining 21.5% (first quarter of 2017: 20.7%).

Historically, the trend of the first quarter has always been the least significant, as it is generally the weakest of the year; in 2018, however, boosted by the increase of the order portfolio, as already highlighted at the end of the year, the first quarter maintained the pace of the previous two quarters (third and fourth quarter of 2017) and the trend is cause to look towards the current year with renewed optimism. The activities performed in the various geographical areas, and in particular the reorganisation of North American operations, which began in the Spring of last year and are still in progress, are generating the results we had hoped for, and the figures prove it. We are counting on being able to evolve our organisation in 2018 as well, making it fitter to pursue and accelerate revenue growth and therefore exploit operational leverage.

Gross profit in the first quarter of 2018 equalled €8.73 million, accounting for 48.8% of revenues, compared to 46.9% in the first quarter of 2017 and in line with the figure for 2017, which was 48.5%. Maintaining gross profit close to 50% in the various quarters shows the group's ability to develop and sell innovative products that met the needs of the market.

In the three months of reference, operating costs before adjustments decreased by €290 thousand, from €8.13 million in the first quarter of 2017 to €7.84 million in the first quarter of 2018.
The impact is even more evident if compared as a percentage of turnover; gross operating costs fell as a percentage of revenues, from 89.2% in the first quarter of 2017 to 43.8% in the first quarter of 2018.
This decrease, in absolute terms, in addition to the impact of exchange rates when converting the financial statements into non-Euro currencies, reflect cost cutting measures made in 2017, which were partly offset by higher variable costs generated by higher revenues. In reality, this quarter reflects the company's operating leverage, showing that the cost operating structure is mostly comprised by fixed costs and therefore there are only a few variable costs that are dependent on revenues.

EBITDA for the first three months totalled €1.62 million (9.1% of revenues) compared with €-2.88 million in 2017 (-31.6% of revenues), reflecting the trend of both gross profit and of operating costs and other revenues.

EBIT rose from €-4.09 million in the first three months of 2017 (-44.9% of revenues) to €1.17 million in the first three months of 2018 (6.5% of revenues). In addition to the above, this performance also reflects the depreciation and amortisation recognised in the income statement in the first quarter of 2018, deriving from operating assets becoming subject to depreciation until 31 March 2018. The amount of depreciation and amortisation recognised in 2017 included €0.61 million resulting from the impact of the price allocation relating to the purchase of Advanet Inc.. As the impact of the price allocation ended in 2017, it has no effect on 2018.

Net finance expense was negative for €377 thousand in the first three months of 2018, just like in the first three months of 2017 for €209 thousand. This performance was affected by the different trend in exchange rates, in terms of average value in the periods under review, which led to unrealised exchange rate differences of €287 thousand being recorded.

The Group booked a pre-tax profit in the three months under review of €0.79 million, versus a loss of €4.30 million in the first three months of 2017. The improvement of the pre-tax result of €5.09 million reflects the combined effect of the higher EBIT for €5.26 million and the negative net financial position performance for €0.17 million due to the different trend in exchange rates.

The effects of price allocation on the pre-tax result amounted to €0.61 million only for the first three months of 2017.

In terms of Group net result, the tax burden on the Group's various units led to a profit of €0.62 million in the quarter (-€3.73 million in the first three months of 2017). In addition to reflecting the changes in the pre-tax result, the performance derives from the different tax burden recorded overall on the Group's units.

The achievement of the positive result in connection with the trend of working capital made possible to highlight positive operating cash flows to the full advantage of the increase in cash and cash equivalents. At 31 March 2018 the Group recorded cash and cash equivalents totaling €8.97 million and net financial debt amounting to €4,38 million, down compared to 31.12.2017.

Filing of consolidated interim management statement at 31 March 2018

Pursuant to Art. 154-ter of Italian Legislative Decree 58/1998 as amended, it is hereby notified that the consolidated interim management statement at 31 March 2018, approved by the Board of Directors, has been filed and is at the disposal of whoever should request it within the time limits and following the procedures of law at the Company's registered office in Amaro, via Fratelli Solari 3/A, and on the website 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 multinational that designs, develops and supplies Internet of Things solutions, complete with services, software and hardware, to the leading system integrators and to large and small companies. By adopting Eurotech's solutions, customers gain access to the most recent open-source software stacks and standards, flexible and sturdy multiservice gateways and sophisticated sensors in order to collect data from the field and make them usable for corporate processes. In collaboration with a large number of partners of a world ecosystem, Eurotech contributes toward building the vision of the Internet of Things by supplying complete solutions or single "best-in-class" blocks, from managing devices and data to the connectivity and communication platform as well as from the smart peripheral devices to the smart objects, with business models appropriate for the world of modern enterprise. For more information on Eurotech, please visit www.eurotech.com.

Company contacts:

Investor Relations
Andrea Barbaro
Tel. +39 0433 485411
e-mail: andrea.barbaro@eurotech.com

Corporate Communication
Giuliana Vidoni
Tel. +39 0433 485411
e-mail: giuliana.vidoni@eurotech.com

ANNEXES - FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	1Q 2018 (b)	of which related parties	%	1Q 2017 (a)	of which related parties	%	change (b-a) amount	change (b-a) %
Sales revenue	17,894	71	100.0%	9,114	266	100.0%	8,780	96.3%
Cost of material	(9,161)		-51.2%	(4,836)	(292)	-53.1%	4,325	-89.4%
Gross profit	**8,733**		**48.8%**	**4,278**		**46.9%**	**4,455**	**104.1%**
Services costs	(2,923)		-16.3%	(2,636)	(1)	-28.9%	287	-10.9%
Lease & hire costs	(422)		-2.4%	(450)		-4.9%	(28)	6.2%
Payroll costs	(4,263)		-23.8%	(4,823)		-52.9%	(560)	11.6%
Other provisions and costs	(231)		-1.3%	(220)		-2.4%	11	5.0%
Other revenues	727		4.1%	975		10.7%	(248)	-25.4%
EBITDA	**1,621**		**9.1%**	**(2,876)**		**-31.6%**	**4,497**	**-156.4%**
Depreciation & Amortization	(449)		-2.5%	(1,215)		-13.3%	(766)	-63.0%
EBIT	**1,172**		**6.5%**	**(4,091)**		**-44.9%**	**5,263**	**128.6%**
Finance expense	(674)		-3.8%	(388)		-4.3%	286	-73.7%
Finance income	297	6	1.7%	179		2.0%	118	65.9%
Profit before tax	**795**		**4.4%**	**(4,300)**		**-47.2%**	**5,095**	**118.5%**
Income tax	(172)		-1.0%	567		6.2%	739	130.3%
Net profit (loss) of continuing operations before minority interest	**623**		**3.5%**	**(3,733)**		**-41.0%**	**4,356**	**116.7%**
Minority interest	**0**		**0.0%**	**0**		**0.0%**	**0**	**n/a**
Group net profit (loss) for period	**623**		**3.5%**	**(3,733)**		**-41.0%**	**4,356**	**116.7%**
Base earnings per share	**0.018**			**(0.109)**				
Diluted earnings per share	**0.018**			**(0.109)**				

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at March 31, 2018	of which related parties	at December 31, 2017	of which related parties
ASSETS				
Intangible assets	81,116		79,968	
Property, Plant and equipment	2,352		2,436	
Investments in other companies	140		144	
Deferred tax assets	1,365		1,283	
Medium/long term borrowing allowed to affiliates companies and other Group companies	81	81	83	83
Other non-current assets	634		618	
Total non-current assets	**85,688**		**84,532**	
Inventories	20,056		17,821	
Contracts in progress	455	455	412	412
Trade receivables	13,311	134	15,623	252
Income tax receivables	207		204	
Other current assets	2,757		1,782	
Other current financial assets	102	6	95	5
Cash & cash equivalents	8,974		6,745	
Total current assets	**45,862**		**42,682**	
Non-current assets classified as held for sale	**28**		**28**	
Total assets	**131,578**		**127,242**	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(52,740)		(54,582)	
Group shareholders' equity	**92,539**		**90,697**	
Equity attributable to minority interest	**0**		**0**	
Total shareholders' equity	**92,539**		**90,697**	
Medium-/long-term borrowing	2,142		1,844	
Employee benefit obligations	2,362		2,343	
Deferred tax liabilities	2,997		2,816	
Other non-current liabilities	708		688	
Total non-current liabilities	**8,209**		**7,691**	
Trade payables	14,166	161	13,088	149
Short-term borrowing	11,386		10,720	
Derivative instruments	7		9	
Income tax liabilities	331		262	
Other current liabilities	4,940		4,775	
Total current liabilities	**30,830**		**28,854**	
Total liabilities	**39,039**		**36,545**	
Total liabilities and equity	**131,578**		**127,242**	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'000)	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
Balance as at December 31, 2017	8,879	1,385	136,400	8,817	(58,830)	(9)	(456)	2,280	(3,097)	(4,672)	90,697	-	90,697
2017 Result allocation	-	-	-	-	(4,672)	-	-	-	-	4,672	-	-	-
Profit (loss) as at March 31, 2018	-	-	-	-	-	-	-	-	-	623	623	-	623
- Performance Share Plan	-	-	-	-	153	-	-	-	-	-	153	-	153
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		2	-	-	-	-	2	-	2
Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
- Foreign balance sheets conversion difference	-	-	-	1,989	-			-	-	-	1,989	-	1,989
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(924)	-	-	(924)	-	(924)
Comprehensive result	-	-	-	*1,989*	-	*2*	*(1)*	*(924)*	-	*623*	1,689	-	1,689
Balance as at March 31, 2018	8,879	1,385	136,400	10,806	(63,349)	(7)	(457)	1,356	(3,097)	623	92,539	-	92,539

CONCISE CASH FLOW STATEMENT

(€'000)		at March 31, 2018	at December 31, 2017	at March 31, 2017
Cash flow generated (used) in operations	A	1,839	(788)	(481)
Cash flow generated (used) in investment activities	B	(563)	(1,625)	(482)
Cash flow generated (absorbed) by financial assets	C	832	896	(390)
Net foreign exchange difference	D	121	(924)	92
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	2,229	(2,441)	(1,261)
Opening amount in cash & cash equivalents		6,745	9,186	9,186
Cash & cash equivalents at end of period		8,974	6,745	7,925

NET FINANCIAL POSITION

(€'000)		at March 31, 2018	at December 31, 2017	at March 31, 2017
Cash & cash equivalents	A	(8,974)	(6,745)	(7,925)
Cash equivalent	**B=A**	**(8,974)**	**(6,745)**	**(7,925)**
Other current financial assets	C	(102)	(95)	(76)
Derivative instruments	D	7	9	9
Short-term borrowing	E	11,386	10,720	8,571
Short-term financial position	**F=C+D+E**	**11,291**	**10,634**	**8,504**
Short-term net financial position	**G=B+F**	**2,317**	**3,889**	**579**
Medium/long term borrowing	H	2,142	1,844	2,824
Medium-/long-term net financial position	**I=H**	**2,142**	**1,844**	**2,824**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**4,459**	**5,733**	**3,403**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(81)	(83)	(94)
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**4,378**	**5,650**	**3,309**

NET WORKING CAPITAL

(€'000)	at March 31, 2018 (b)	at December 31, 2017 (a)	at March 31, 2017	Changes (b-a)
Inventories	20,056	17,821	20,545	2,235
Contracts in progress	455	412	0	43
Trade receivables	13,311	15,623	8,826	(2,312)
Income tax receivables	207	204	338	3
Other current assets	2,757	1,782	2,000	975
Current assets	*36,786*	*35,842*	*31,709*	*944*
Trade payables	(14,166)	(13,088)	(11,135)	(1,078)
Income tax liabilities	(331)	(262)	(403)	(69)
Other current liabilities	(4,940)	(4,775)	(5,379)	(165)
Current liabilities	*(19,437)*	*(18,125)*	*(16,917)*	*(1,312)*
Net working capital	**17,349**	**17,717**	**14,792**	**(368)**