

SIA: THE BOARD APPROVES THE 2016 FINANCIAL STATEMENTS GROWTH IN ECONOMIC RESULTS AND BUSINESS FIGURES

Economic- financial figures

- **Total consolidated revenues: €468.2 million (+4.2%)**
- **Consolidated Ebit: €104.2 million (+3.7%)**
- **Net consolidated profit: €70.3 million (+0.8%)**

Dividend

- **Proposed distribution of an ordinary dividend €44.55 million equal to €0.26 per share**

Business figures

- **Growth in all figures for electronic transactions managed:
4.3 billion card transactions (+9.4%)
2.8 billion payments (+1.7%)
12.2 billion clearing transactions (+24%)**
- **Also up trading and post-trading transactions:
47.4 billion (+13.7%)**
- **Increase in the data carried along the 160,000 km of the
SIAnet network: 654 terabytes (+82.7%)**

Milan, 23 March 2017 – The Board of Directors of SIA, meeting under the chairmanship of Giuliano Asperti, has examined and approved the Draft Financial Statements at 31 December 2016.

The results achieved by the **SIA Group** show an **improvement**, especially in terms of **revenues, Ebit and pre-tax result**, over those set out in the **Strategic Plan** and the results for the **2015 financial year**, thanks to an **increase in electronic payment transactions** and **volumes of traffic** on the SIAnet network, despite the extraordinary charges incurred for the M&A activity associated with the acquisitions completed in 2016.

These results were achieved thanks to the **quality of the solutions offered** and the **absolute reliability in the management of "mission-critical" infrastructures**, with **service availability levels** of the **highest standards on the market**.

"In the year that has just ended, SIA reported a growth for the fifth year in a row thanks to the increase in revenues, consolidated Ebit and the volumes of digital payments. 2016 also allowed the Company to lay the foundations, through an extraordinary transaction completed at year end, for further improving its presence on the European market, the first results being already visible in 2017" stated Massimo Arrighetti, Chief Executive Officer of SIA.

MAIN ECONOMIC-FINANCIAL RESULTS OF THE SIA GROUP

In 2016, **Group revenues** rose to **€468.2 million** with a growth of €18.8 million (**+4.2%**) over 2015. The **Cards segment** represents **51%** of revenues, **Payments segment 25%** and the **Institutional Services 24%**.

At geographic level, revenues in **Italy** totalled **€372.2 million**, up €16.5 million (**+4.6%**), while those from **abroad** reached **€96 million**, an increase of €2.3 million (**+2.5%**).

Operating costs amounted to €210.4 million compared to €193.4 million of 2015 (+8.8%). **Staff costs** were €136.4 million against €133.4 million of the previous year (+2.3%).

At year end the **SIA Group had 2,023 employees** – including the human resources that joined the Group as a result of the acquisition of the e-money business unit from Unicredit Business Integrated Solutions (UBIS) – **a 25.5% increase** over 2015.

In 2016 the **gross operating margin** increased to **€124.9 million**, up by €1 million (+0.8%) and **Ebit** rose to **€104.2 million**, up by €3.7 million compared to the previous year (+3.7%).

The **pre-tax result** was a profit of **€103.7 million**, up by €3.1 million (+3.1%). Also the **Group net profit** rose to **€70.3 million**, an increase of €0.5 million (+0.8%).

Consolidated normalised EBITDA, which does not take account of extraordinary events or transactions, amounts to **€142.6 million** compared to €130.4 million of the previous financial year (+9.4%).

At the 2016 year end, the **net financial position** was **€392.4 million** due to the acquisition from UBIS (Unicredit Group) for €500 million of the **processing activities of approximately 13.5 million payment cards** and the **management of 206,000 POS terminals and 12,000 ATMs in Italy, Germany and Austria**. The transaction, carried out on 31 December 2016, was funded by a loan granted to SIA by a pool of leading banks and partly by own funds.

The operating **investments** incurred in 2016 amount to **€21.9 million** as opposed to €20.7 million in 2015, up by €1.2 million (+5.7%).

SIA Group	2016	2015	Change	%
Revenues	468.2	449.4	18.8	4.2%
- Italy	372.2	355.7	16.5	4.6%
- Abroad	96.0	93.7	2.3	2.5%
Ebitda	124.9	123.9	1.0	0.8%
% on Revenues	26.7%	27.6%		
Ebit (operating result)	104.2	100.5	3.7	3.7%
% on Revenues	22.2%	22.4%		
Pre-tax result	103.7	100.6	3.1	3.1%
% on Revenues	22.2%	22.4%		
Net profit	70.3	69.8	0.5	0.8%
% on Revenues	15.0%	15.5%		
Net financial position	392.4	(108.7)	501.1	-461%

(million euros)

As regards the **main consolidated economic and financial ratios**, it is worth noting that both the ROE and the ROI are still greater than those of the reference market. The reduction – despite the improvement in the Company's revenues and profitability – is mainly attributable to the **extraordinary transaction involving the acquisition of the e-money activity of the Unicredit Group company**.

SIA Group	2016	2015
ROE	29.3%	31.4%
Net profit / Net worth		
ROI	12.1%	27.6%
Ebit/Invested Capital		
Cash and cash equivalents / Current liabilities	0.47	1.18

MAIN ECONOMIC- FINANCIAL RESULTS OF SIA S.P.A.

In 2016 **SIA's revenues** rose to **€390.8 million** with a growth of €2 million (**+0.5%**).

Ebitda also increased to **€118.6 million**, up by €2.1 million (**+1.8%**) and the **operating result** reached **€100.8 million** improving by €5.4 million (**+5.7%**).

Net profit fell to **€69.8 million**, down by €3.2 million (**-4.4%**) compared to the previous financial year as the dividends received from **TSP**, incorporated as of 1 January 2015, were accounted for on a cash basis.

Also SIA's **net financial position** was affected by the acquisition of the e-money business unit from UBIS mentioned earlier on.

SIA SpA	2016	2015	Change	%
Revenues	390.8	388.8	2.0	0.5%
Ebitda	118.6	116.5	2.1	1.8%
% on Revenues	30.4%	30.0%		
Ebit (operating result)	100.8	95.4	5.4	5.7%
% on Revenues	25.8%	24.5%		
Net profit	69.8	73.0	-3.2	-4.4%
% on Revenues	17.9%	18.8%		
Net financial position	404.5	(94.4)	498.9	-528%

(million euros)

BUSINESS TREND

In 2016 the SIA Group handled overall the **clearing of 12.2 billion transactions** (+24% compared to 2015), **4.3 billion card transactions** (+9.4%) and **2.8 billion payment transactions** (+1.7%) relating to **credit transfers and collections**.

On the **financial markets**, the number of **trading and post-trading transactions** rose to **47.4 billion** from 41.7 billion of 2015, an increase of 13.7%.

SIA handled a **volume of traffic of 654.3 terabytes of data on the 160,000 km of the SIANet network**, an increase of 82.7% on 2015, with total infrastructure availability and **100% service levels**.

SIA Group	2016	2015	Change
Card transactions	4.3 billion	3.9 billion	9.4%
Payment transactions	2.8 billion	2.7 billion	1.7%
Clearing of transactions	12.2 billion	9.9 billion	24%
Trading and post-trading transaction	47.4 billion	41.7 billion	13.7%
Data carried on the network	654.3 terabytes	358.2 terabytes	82.7%

(1 terabyte = 1,000 billion bytes)

Cards Segment

2016 witnessed the consolidation of changed trend in consumers' payment habits, with the **increasingly more frequent use of card and electronic payment instruments in place of cash**.

Following this evolution, despite the low growth in consumption and economic activity, last year SIA handled around **4.3 billion issuing and acquiring transactions** in the e-money sector, up by 9.4% on 2015, mainly due to the **growth in transactions in the Maestro and Visa Electron/Vpay international debit networks** (+23.1%).

Also on the **increase** (+3.1%) are **ATM withdrawals and POS purchases** made with **debit cards in the domestic Bancomat and PagoBancomat schemes** and operations by **credit cards** (+4.3%) and **prepaid cards** (+0.6%). SIA managed a **portfolio of over 65.8 million payment cards** (+1.2%).

The commercial action on the domestic market of banks and Financial Institutions mainly focused on the **development of new mobile payment solutions** – by reference to the Host Card Emulation (HCE) technology and the *Person to Person* (P2P) services - and "cross selling" towards already active customers.

In 2016 SIA **has consolidated and broadened its portfolio of innovative services and products** to strengthen the offer on the domestic and international market.

For example, the **"EasyShop"** initiative, that provides merchants with integrated fixed and mobile telephony tools, access to Internet and wi-fi, together with added-value functions to support the business and security was completed. A new app to find the location of stores with offers was also released.

Also worth noting is the launch by American Express of the **new, totally digital and paperless service**, that allows to apply for new credit cards, which uses the most advanced authentication and digital-signature systems.

The expansion to foreign markets continued in 2016, especially in **Western Europe**, by developing **already acquired customers, concentrating on target countries** like the **United Kingdom** and mainly **Germany** (where several opportunities arose) and **sales campaigns on specific services** such as compliance for financial markets.

In Eastern Europe, commercial actions were focused on target countries such as **Hungary, the Czech Republic and Poland** with cross-selling initiatives in the area of innovation and contactless payments. Among the most significant projects, worthy of notice in Hungary is the one with **Budapest Bank** to create and implement the new payment card management system and, in the Czech Republic, the launch by **ČSOB** of the **first mobile wallet for NFC payments at national level**, developed by SIA, that supports MasterCard and VISA schemes.

Payments Segment

In the area of payments, the **trend in migration from cash to electronic payments** was confirmed. In 2016, SIA recorded an **increase in transactions** (+1.7%) which reached 2.8 billion, mainly due to the **strong development of Mobile Payment** (+377%), **secure messaging** (+29%) and **payment factory** (+15%) **services**, mostly addressed to Corporates and Public Administration customers, which have offset the **slowdown in volumes on non-SEPA payment instruments** (-10%).

The development in Corporate and Public Administration clientele was mainly focused on **Instant Payments** and **dematerialization of cheques**, but also on **collection and payment services**. In 2016 companies, in particular, confirmed their orientation towards **international treasury solutions** to keep the “financial value chain” under control and ensure cash flows in line with operating needs. To meet these requirements, the **Multinetwork service** was further developed, permitting the **centralized management of inter-bank relations at domestic and cross-border level** and now **enables financial counterparts to be reached in 15 countries of the Euro zone**.

The growing interest in **B2B electronic billing** is confirmed, in the wake of the **regulatory evolutions in the B2G area**. Also in constant development are the services aimed at Payment Institutions in the domestic market, as confirmed by the increase in the customer portfolio.

Also **multichannel gateway services** between companies, banks and commercial channels are still growing, in terms of volumes handled, and were particularly appreciated by the utilities and the large-scale retail sectors. The activities supporting the cBILL initiative, promoted by the Consorzio CBI, also continued and led to the creation of new companies and entities.

As for **Jiffy**, the service developed by SIA to send and receive money in real time from a smartphone, **23 Italian banking groups have joined** since it was first launched on the market. Besides making donations to charity organizations through Jiffy, the pilot phase of the “Person to Business” (P2B) project was launched in Bergamo and Milan to allow customers to pay via app at participating merchants authorized by UBI Banca.

As far as the Smart City is concerned, at the end of the year an important initiative was launched allowing customers of **Trenord to pay for the ticket of the Malpensa Express airport connection**, thanks to the **technological infrastructure** developed by SIA, **by simply placing the contactless card** (credit, debit, prepaid) or the **smartphone using NFC technology** close to one of the dedicated turnstiles or totems at Milano Cadorna, Centrale, Porta Garibaldi and Malpensa T1 and T2 stations.

At present, in Europe, only Bratislava, Bucharest, London, Madrid and Saint Petersburg have launched contactless payments in the metropolitan transport area. **In Italy it is the very first example.**

Institutional Services Segment

2016 also confirmed the **growth trend in transactions in the Institutional Services segment** which reached **12.2 billion (+24%)**. An **increase was also reported in volumes handled by STEP2, EBA Clearing's pan-European technology platform for the clearing of SEPA payments**, to which **over 4,800 financial institutions in 34 countries** are connected: compared to 2015, **SEPA Credit Transfers grew by 4%**, while **SEPA Direct Debits** saw an increase of **+17%**.

SIA guaranteed excellent service levels, offering EBA Clearing and subscribing banks 100% availability for the fourth consecutive year.

Over the course of the year, interest intensified amongst a wide number of players in solutions that guarantee real time clearing of retail payments (so-called "**Instant Payments**"), which represent an important support to the increasingly widespread use of payment instruments on mobile platforms and to the development of e-commerce.

In this respect, **EBA Clearing** entrusted **SIA** with the **development of the pan-European infrastructure to support the new Instant Payment services, that will start operating in November 2017**. The project has already been launched and the first acceptance tests have been performed on the infrastructure, that complies with the "SCT Inst Scheme" of the European Payments Council (EPC) and in line with the international real-time payment message standards (ISO 20022).

To meet the different needs of **Central Institutions**, more solutions were added to the offer portfolio, such as the CSD Equities for central depositories, and ad hoc Business Intelligence and Enterprise Messaging products. It is worth noting that, in 2016, SIA was selected by the **Reserve Bank of New Zealand (RBNZ)**, the central New Zealand bank, to develop the **new Real Time Gross Settlement System (RTGS) for significant transactions**.

In 2016, SIA confirmed its role as the **technological reference partner of the London Stock Exchange Group**, thanks to the excellent services provided and the development of new functionalities for **the fixed-income trading (MTS) and post-trading (Monte Titoli) service platforms**.

SIA's "**Financial Ring**" was further strengthened. This enables financial intermediaries to access, via a single high-speed, low-latency network infrastructure, the main international stock markets using hubs in Milan, London, Frankfurt, Budapest and New York. At the end of 2016, **31 trading venues operating in Europe and the United States were connected** (2 more compared to 2015) and **578 customers**.

In total, the **active nodes** of the SIA net network were **579** (of which **421 in Italy and 157 in the rest of Europe**).

For the seventh year in a row, the service level of *network services* was **100%**, thereby ensuring the **full availability of the infrastructure 24 hours a day, 365 days a year**, supporting the supply of SIA's services.

PROPOSED DIVIDEND DISTRIBUTION AND CONVENING OF THE SHAREHOLDERS' MEETING

Thanks to the results achieved in 2016, with a net profit of €69.8 million, and in the light of the objectives of growth and stabilization of profitability in the timescale set out in the three-year Strategic Plan, also taking account of the loans taken out to carry out the corporate transactions completed last year, the Board of Directors will propose to the Shareholders' Meeting – called on 18 April at 12.00 noon at SIA's headquarters on via Gonin 36, Milan - the **distribution of an ordinary dividend for the 2016 financial year of €44.55 million corresponding to €0.26** per share (total 171,343,227 shares). Once approved by the Shareholders' Meeting, the abovementioned dividend will be paid as of 24 April 2017.

Last year, the shareholders received an ordinary dividend of €46.69 million corresponding to €0.29 per share (total 171,343,227 shares).

SIA is European leader in the design, creation and management of technology infrastructures and services for Financial Institutions, Central Banks, Corporates and Public Administration bodies, in the areas of payments, cards, network services and capital markets. SIA Group provides its services in 46 countries, and also operates through its subsidiaries in Austria, Germany, Romania, Hungary and South Africa. The company also has branches in Belgium and the Netherlands, and representation offices in the UK and Poland.

In 2016, SIA managed 12.2 billion clearing transactions, 4.3 billion card transactions, 2.8 billion payments, 47.4 billion financial transactions and carried 654.3 terabytes of data on the network.

The Group is made up of nine companies: the parent **SIA**, the Italian companies **Emmecom** (innovative network applications), **P4cards** (card processing), **Pi4Pay** (advanced collection and payment services), **TSP** (front-end services), and **Ubiq** (innovative technology solutions for marketing), **Perago** in South Africa, **PforCards** in Austria and **SIA Central Europe** in Hungary.


The Group, which currently has over 2,000 employees, closed 2016 with revenues of €468.2 million.

For more information, go to: www.sia.eu/en

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