http://www.oblible.com

AlmavivA S.p.A.

€250,000,000 7.25% Senior Secured Notes due 2022

Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscale* 08450891000 (the ''Company,'' the ''Issuer,'' ''we,'' ''us'' or ''our''), is offering €250 million aggregate principal amount of its Senior Secured Notes due 2022 (the ''Notes'').

We will pay interest on the Notes, in cash, semi-annually in arrears on each April 15 and October 15, commencing April 15, 2018. The Notes will bear interest at a rate per annum, reset quarterly, equal to 7.25%.

The Notes will mature on October 15, 2022. On or after October 15, 2019, we may on any one or more occasions redeem all or a part of the Notes at the redemption prices set out in this offering memorandum (the ''Offering Memorandum'') plus accrued and unpaid interest, on the Notes redeemed, and additional amounts, if any, to the applicable date of redemption. At any time prior to October 15, 2019, we may on any one or more occasions redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable ''make-whole'' premium as described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the date of redemption. At any time prior to October 15, 2019, we may, at our option, also redeem up to 40% of the aggregate principal amount of the Notes (including the principal amount of any additional notes, (the ''Additional Notes'')) with the net cash proceeds from certain equity offerings at a redemption price equal to 107.25% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, if at least 60% of the originally issued aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding.

In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes. Upon the occurrence of certain events defined as constituting a change of control, we may be required to make an offer to purchase all or a portion of the Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. See ''*Description of the Notes*'' for further information.

The Notes will be general senior obligations of the Company and will rank equal in right of payment to any existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including obligations of the Company incurred under the Revolving Credit Facility (as defined herein) and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes, will be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and will be structurally subordinated to any existing or future indebtedness of our subsidiaries that are not Guarantors (as defined hereafter).

The Notes will be guaranteed on a senior secured basis by Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.r.l. (together, the ''Guarantors''). The guarantee by each of the Guarantors (each a ''Guarantee'' and together the ''Guarantees'') is full and unconditional, subject to the Indenture, will be a general senior obligation of the relevant Guarantor, will, together with their respective obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), be secured by first-ranking liens over the assets securing the Notes, will rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral that is available to satisfy the obligations under such Guarantor's Guarantee, and will be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes.

Subject to certain limitations, the Notes will be secured on the Issue Date by a first-ranking pledge over our shares representing 95.11% of our share capital held by Almaviva Technologies S.r.l. (the ''PledgeCo''), a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informática S/A representing 87.9% of its share capital held by Almaviva Contact S.p.A. and Almawave S.r.l., a first-ranking pledge over all shares in Almaviva Contact S.p.A. held by us, an assignment by way of security of certain of our intra-group and trade receivables and any receivables owed by us to Almaviva Technologies, an assignment by way of security of certain intra-group receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A., a pledge over certain intra-group receivables owed to Almaviva do Brasil Telemarketing e Informática S/A, an assignment by way of security of certain trade receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A. and a pledge over certain bank accounts of Almaviva S.p.A., Almawave S.r.l., Almaviva Contact S.p.A. and Almaviva do Brasil Telemarketing e Informática S/A. The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests*'' for further information. Under the terms of the Intercreditor Agreement (as defined herein) in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility and certain hedging obligations have been repaid in full. The security interests and Guarantees will be subject to significant contractual and legal limitations. The security interests in the Collateral and the Guarantees may be released under certain circumstances.

There is currently no public market for the Notes. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg law dated 10 July 2005 on prospectus for securities, as amended, and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market nor that such listing will be maintained. The Euro MTF market is not a regulated market for purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Euro MTF market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse. No person has been authorized by the Issuer, the Guarantors or the Initial Purchasers to give any information or to make any representation which is not contained in or not consistent with this Offering Memorandum or any other document entered into in relation to this Offering Memorandum and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer, the Guarantors or the Initial Purchasers.

Investing in the Notes involves a high degree of risk. See ''*Risk Factors*'' beginning on page 29.

Issue price for the Notes: 100% plus accrued interest, if any, from the Issue Date.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ''U.S. Securities Act''), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the offering is being made only to ''qualified institutional buyers'' (as defined in Rule 144A under the U.S. Securities Act), or ''QIBs'' in reliance on Rule 144A under the U.S. Securities Act. Prospective purchasers that are QIBs are hereby notified that the Initial Purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, the offering is being made in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Notes are not transferable except in accordance with the restrictions described under ''*Notice to Investors in the United States.*''

The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and will be represented by one or more global notes in book-entry form. We expect that the Notes will be deposited and registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV (''Euroclear'') and Clearstream Banking, S.A. (''Clearstream'') on or about October 5, 2017 (the ''Issue Date'').

Sole Bookrunner

Goldman Sachs International

Co-Manager

Unione di Banche Italiane S.p.A.

The date of this Offering Memorandum is October 5, 2017.

http://www.oblible.com

IMPORTANT INFORMATION

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither we nor Goldman Sachs International or Unione di Banche Italiane S.p.A. (the ''Initial Purchasers'') are responsible for your compliance with these legal requirements. See ''*Notice to Investors in the European Economic Area*,'' ''*Notice to Investors in the United States*,'' ''*Plan of Distribution*'' and ''*Transfer Restrictions.*'' This Offering Memorandum is confidential and has been prepared by us solely for use in connection with the offering of the Notes to persons who are QIBs under Rule 144A and outside the United States under Regulation S under the U.S. Securities Act. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this Offering Memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of this offering of the Notes, including the merits and risks involved. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives or affiliates are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business, tax or other advice. You should consult your own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements.

This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. Neither the Initial Purchasers, nor the Trustee or any of the agents are making any representation or warranty, express or implied, that this information is accurate or complete and are not responsible for this information. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or the Trustee as to the past or future. In this Offering Memorandum, we have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding.

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. The Initial Purchasers do not accept any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with us, the Guarantors, the Collateral, the Notes or the Guarantees. The Initial Purchasers accordingly disclaim any and all liability whether arising in tort, contract or otherwise which it may otherwise have in respect of this Offering Memorandum or any such statement. The Initial Purchasers do not undertake to review the financial condition or affairs of the Company or any Guarantor during the life of the Notes or to advise any investor or prospective investor in the Notes of any information coming to the attention of the Initial Purchasers. By accepting delivery of this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchaser in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

The information contained in this Offering Memorandum is correct as of the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has

been no change in the information set forth in this Offering Memorandum or in our business since the date of this Offering Memorandum.

The information contained in this Offering Memorandum under the caption ''*Exchange Rate Information*'' includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect thereto.

None of the Issuer, the Guarantors or the Initial Purchasers have authorized anyone in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us, the Guarantors or the Initial Purchasers.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers, their directors, affiliates, agents or advisers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

We are offering the Notes and the Guarantees in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that do not involve a public offering. The Notes are subject to restrictions on transferability and resale, which are described under ''*Plan of Distribution*'' and ''*Transfer Restrictions.*'' By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Notes will be available initially only in book-entry form. We expect that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the indenture governing the Notes. See ''*Book entry, Delivery and Form*.''

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled ''*Book entry, Delivery and Form*,'' is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information. Euroclear and Clearstream are not under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by any of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

We reserve the right to withdraw the Offering of the Notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by them. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

We will apply to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF market, and will submit this Offering Memorandum to the competent authorities of the Luxembourg Stock Exchange in connection with the listing application. Comments by the competent authorities may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. We may also be required to update the information in this Offering Memorandum to reflect changes in its business, financial condition or results of operations and prospects. We cannot guarantee that the application we will make to the Luxembourg Stock Exchange for the Notes to be listed on the

Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditional on obtaining this listing. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg Act dated July 10, 2005 on prospectuses for securities, as amended (the ''Luxembourg Prospectus Law''). The Notes will not be offered to the public in Luxembourg.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under the section entitled ''*Transfer Restrictions.*''

STABILIZATION

IN CONNECTION WITH THE OFFERING OF THE NOTES, GOLDMAN SACHS INTERNATIONAL, ONE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE ''STABILIZING MANAGER''), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING OF THE NOTES IS MADE AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

European Economic Area

This Offering Memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (the ''EEA''), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this Offering Memorandum, should only do so in circumstances in which no obligation arises for us, the Guarantors or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a ''Relevant Member State''), and including each Relevant Member State that has implemented the 2010 PD Amending Directive (the ''Relevant Implementation Date'') it has not made and will not make an offer of Notes that are the subject of this Offering Memorandum to the public in that Relevant Member State prior to the publication of a prospectus in relation to Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) to ''qualified investors'' as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), in any Relevant Member State subject to obtaining our prior consent; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall result in a requirement for the publication by us or the Initial Purchasers of a prospectus in accordance with Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an ''offer of Notes to the public'' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression ''Prospectus Directive'' means Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression ''2010 PD Amending Directive'' means Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

Each subscriber for or purchaser of the Notes located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a ''qualified investor'' within the meaning of Article 2(1)(e) of the Prospectus Directive. We, the Guarantors, the Initial Purchasers, our/their affiliates and legal advisers and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes.

Notice to Investors in Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per la Società e la Borsa* (''CONSOB'') (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (''Regulation No. 16190''), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the ''Company Regulation''), implementing Article 100 of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the ''Italian Financial Act''); and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Company Regulation.

The Initial Purchasers have represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Act, Italian Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) (the ''Banking Act'') and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time;

(c) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy or any other relevant Italian authorities.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Notice to Investors in Luxembourg

The offering of the Notes should not be considered a public offering of securities in Luxembourg. This Offering Memorandum may not be reproduced or used for any other purpose than the offering of the Notes nor provided to any person other than the recipient thereof. The Notes are offered to a limited number of qualified investors as defined in the Prospectus Directive in all cases under circumstances designed to preclude a distribution, which would be other than a private placement. All public solicitations are banned and the sale may not be publicly advertised.

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier of Luxembourg* (the ''CSSF'') pursuant to Part II of the Luxembourg Prospectus Law, implementing the Prospectus Directive as amended, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law and the prospectus has been duly published; or

(b) if Luxembourg is not the home Member State, the CSSF and the European Securities and Markets Authority (the ''ESMA'') have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus and the prospectus has been duly published; or

(c) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

Notice to Investors in Portugal

Neither this offering, nor the Notes have been approved by the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*, the ''CMVM'') or by any other competent authority of another member state of the European Union and notified to the CMVM.

Neither we nor the Initial Purchasers have, directly or indirectly, offered or sold any Notes or distributed or published this Offering Memorandum, any prospectus, form of application, advertisement or other document or information in Portugal relating to the Notes and will not take any such actions in the future, except under circumstances that will not be considered as a public offering under Article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*, the ''Cód.VM'') approved by Decree Law 486/99 of November 13, 1999, as last amended by Law no. 15/2017, May 3, 2017.

As a result, this offering and any material relating to the Notes are addressed solely to, and may only be accepted by, any person or legal entity that is resident in Portugal or that will hold the Notes through a permanent establishment in Portugal (each a ''Portuguese Investor'') to the extent that such Portuguese Investor (i) is deemed a qualified investor (*investidor qualificado*) pursuant to paragraph 1 of Article 30 of the Cód.VM, (ii) is not treated by the relevant financial intermediary as a non-qualified investor (*investidor não qualificado*) pursuant to Article 317 of the Cód.VM and (iii) has not requested and entered into an agreement with the relevant financial intermediary to be treated as a non-qualified investor (*investidor não qualificado*) pursuant to Article 317-A of the Cód.VM.

Notice to Investors in Spain

Neither the Notes, the offering of the Notes nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*) (the ''CNMV''), and therefore it is not intended for the public offering of Notes in Spain. Therefore, the Notes may not be sold, offered or distributed to persons in Spain by any means, except in circumstances which do not qualify as a public offer (*oferta pública*) of securities in Spain in accordance with the consolidated text of the Spanish Securities Market approved by Royal Legislative Decree 4/2015, of October 23, (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) and Royal Decree 1310/2005, of November 4, on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), both as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time.

Notice to Investors in Switzerland

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus or a similar notice as such terms are understood pursuant to article 652a, art. 752 or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Notice to Investors in the United Kingdom

This issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the ''Financial Promotion Order'')); (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). Accordingly, by accepting delivery of this Offering Memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to persons reasonably believed to be QIBs. The Notes may be offered and sold outside the United States in offshore transactions in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see ''*Transfer Restrictions.*''

Neither the U.S. Securities and Exchange Commission (the ''SEC''), any U.S. state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

NOTICE TO INVESTORS WITHIN BRAZIL

The Notes (and the related Guarantee) have not been, and will not be, registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários—CVM*). The Notes (and the related

Guarantee) may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or unauthorized distribution under Brazilian laws and regulations. The Notes (and the related Guarantee) are not being offered in Brazil. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor be used in connection with any public offer for subscription or sale of the Notes to the public in Brazil.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains ''forward-looking statements'' within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words ''aim,'' ''anticipates,'' ''believes,'' ''continue,'' ''could,'' ''estimates,'' ''expects,'' ''forecast,'' ''intends,'' ''may,'' ''ongoing,'' ''plans,'' ''potential,'' ''predict,'' ''project,'' ''seek,'' ''should,'' ''target,'' ''will,'' or ''would'' or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements made by us with regards to our intentions, beliefs or current expectations concerning, among other things, the results of our operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions and our actual results of operations, including our financial condition and liquidity may differ materially from (and may be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum, including, but not limited to, the following:

- dependence on a limited number of large customers;
- damage or disruption to our technical infrastructure and facilities and breaches of our security systems and service interruptions;
- economic performance in the jurisdictions in which we operate;
- the competition in our industries;
- market trends and development;
- labor disputes and increases in employee benefit expenses, changes to labor law;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- failure to deliver timely and effective implementation of our services;
- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- failure to maintain effective internal controls;
- long sale cycles and delay in payments;
- dependence on a limited number of customers;
- our exposure to currency exchange rate movements;
- the effects of any merger, acquisitions and joint ventures by us;
- our dependence on third party providers and licenses;
- failure to protect and enforce our intellectual property right and liability from intellectual property claim;
- our ability to attract and retain necessary technical personnel;
- regulatory, economic, social and political uncertainties in Brazil;
- failure to comply with data protection regulations and privacy laws or any other laws and regulations;
- changes in tax or other laws and regulations;
- failure to have sufficient insurance coverage;

- risks related to our indebtedness, the Notes, Guarantee and Security; and
- the other risks and uncertainties detailed in the section titled ''*Risk Factors*.''

In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

These risks and others described under the caption ''*Risk Factors*'' are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate and we urge you to read those sections of this Offering Memorandum. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risk, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

We urge you to read carefully the sections of this Offering Memorandum entitled ''*Risk Factors*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations,*'' ''*Industry*'' and ''*Business*'' for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made. In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases, reports to its security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Any forward-looking statements are only made as of the date of this Offering Memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

INDUSTRY AND MARKET DATA

We operate in an industry in which it is difficult to obtain precise industry and market information. The market and competitive position data in the ''*Summary*,'' ''*Risk Factors,*'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*,'' ''*Industry*'' and ''*Business*'' sections are estimates based on industry publications, and from surveys or studies conducted by KPMG, Asstel and Assinform, as well as other third-party industry consultants that are generally believed to be reliable. However, the accuracy and completeness of the information based on industry publications and from surveys or studies conducted by third-party industry consultants is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. Some of the information herein has been extrapolated from such market data or reports using experience and internal estimates. Elsewhere in this Offering Memorandum, statements regarding the industry in which we operate and our position in this industry are based solely on experience, internal studies and estimates, and our own investigation of market conditions. We believe that the sources of such information in this Offering Memorandum are reliable, but there can be no assurance that any of these assumptions are accurate or correctly reflects our position in our industry, and none of our internal surveys or information has been verified by any independent sources. Industry and market data is based upon sampling and subjective judgments by both researchers and respondents, including judgments as to how to define a particular market. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading ''*Risk Factors.*'' As a result, neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Consolidated Financial Statements

This Offering Memorandum presents the following financial information:

(i) our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2017, which include comparatives for the six months ended June 30, 2016 (the ''Unaudited Interim Condensed Consolidated Financial Statements''), prepared in accordance with International Accounting Standards No. 34, as adopted by the European Union (''IAS 34''); and

(ii) our audited consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014, prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (''IASB'') as adopted by the European Union (''IFRS'') and audited by EY S.p.A. (the ''Audited Consolidated Financial Statements,'' together with the Unaudited Interim Condensed Consolidated Financial Statements, the ''Consolidated Financial Statements'').

In 2014, we changed our reporting date from September 30 to December 31. As a result, we prepared consolidated financial statements for the year ended September 30, 2014 and for the three-month period ended December 31, 2014. The Consolidated Financial Statements, including the consolidated financial statements for the year ended December 31, 2014, have been prepared solely for inclusion in this Offering Memorandum. The Consolidated Financial Statements are included from page F-1 onwards.

We also present in this Offering Memorandum certain financial information for the last twelve months (''LTM'') ended June 30, 2017, which has been calculated by adding together (i) the audited financial information for the year ended December 31, 2016 and (ii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2017 and then subtracting (iii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2016. We further present in this Offering Memorandum certain monthly financial information from January 2017 through July 2017. The financial information for the twelve months ended June 30, 2017 and the monthly financial information for the months of January 2017 through July 2017 has been prepared for illustrative purposes only and is not prepared in the ordinary course of our financial reporting and has not been audited. Such financial data is not necessarily indicative of the results that may be expected for the year ended December 31, 2017 or any other period and should not be used as the basis for or prediction of an annualized calculation.

Non-IFRS Financial Measures

We use certain financial and operating measures and related ratios to measure performance, including measures that are not determined in accordance with IFRS. These non-IFRS measures are not audited and are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Moreover, such measures, as defined by us, may not be comparable to other similarly titled measures used by other companies. These non-IFRS measures have limitations and should not be considered in isolation, or as substitutes for financial information as reported under IFRS. Accordingly, undue reliance should not be placed on the non-IFRS measures presented in this Offering Memorandum. We believe that these complementary measures provide investors with additional useful information that help investors evaluate the performance of our business or are measures commonly used by certain investors and securities analysts for evaluating performance.

We also present in this Offering Memorandum certain unaudited *as adjusted* financial information for the last twelve months ended June 30, 2017. The adjusted financial information gives effect to the offering of the Notes and the use of the proceeds as if they had occurred on July 1, 2016 for the *as adjusted* income statement data and on June 30, 2017 for the *as adjusted* balance sheet data. The unaudited *as adjusted* adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited *as adjusted* financial information is presented for informational purposes only. The unaudited *as adjusted* financial information does not purport to represent what our results of operations or financial condition would have been had the financing transactions described above actually occurred on the date indicated and they do not purport to project

the results of operations or financial condition for any future period or as of any future date. The unaudited *as adjusted* condensed consolidated financial information should be read in conjunction with the information contained in ''*Selected Historical Consolidated Financial and Other Data*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and the financial statements appearing elsewhere in this Offering Memorandum. The unaudited *as adjusted* financial information is not intended to represent *as adjusted* financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements.

Non-IFRS measures and ratios that are presented in, or derived from, measures that are presented in the Financial Statements consist of the following:

- **Adjusted EBITDA**, which represents EBITDA as adjusted for certain non-recurring items, either positive or negative, to the extent that they affected the Consolidated Financial Statements for such periods or the consolidated income statement for the LTM period ended June 30, 2017, as follows:

  (1) Extraordinary items, which represent one-off costs incurred in the year ended December 31, 2016 related to the closing of our CRM site in Rome, including the severance packages for employees who were made redundant, as reported in the Company's consolidated financial statements as of and for the year ended December 31, 2016; and

  (2) Savings on personnel, which represent (a) annualized cost savings of EUR 20.7 million due to personnel reductions related to the closing of our CRM site in Rome, of which EUR 10.3 million had not been incurred as of the date of the closing in December 2016 but have been adjusted for in the LTM period ended June 30, 2017; (b) annualized cost savings of EUR 3.6 million due to personnel reductions at our CRM site in Palermo, of which EUR 1.9 million had not been incurred as of the completion of the personnel reductions in December 2016 but have been adjusted for in the LTM period ended June 30, 2017; (c) annualized EUR 0.9 million of cost savings due to new labor agreements relating to our CRM site in Naples, of which EUR 0.9 million had not been incurred as the new labor agreements became effective in March 2017 but have been adjusted for in the LTM period ended June 30, 2017; and (d) annualized cost savings of EUR 4.4 million due to new labor agreements relating to our CRM site in Palermo, of which EUR 3.6 million had not been incurred as the agreement became effective in June 2017 but have been adjusted for in the LTM period ended June 30, 2017.

  For the purpose of Adjusted EBITDA for the year ended December 31, 2016, the adjustments under point (2) above are assumed to have occurred on January 1, 2016.

  For the purpose of Adjusted EBITDA for the LTM period as of June 30, 2017, the adjustments under point (2) above are assumed to have occurred on July 1, 2016.

- **Adjusted EBITDA Margin** is calculated as the ratio of Adjusted EBITDA to revenues;

- **Adjusted Free Cash Flow for Debt Service,** which is calculated by (i) deducting from the Adjusted Operating Cash Flow the non-recurring adjustments to EBITDA detailed in point (1) and (2) of the Adjusted EBITDA definition and income taxes paid; and (ii) by adding other items. For the purpose of calculation of this indicator, other items is the algebraic sum of acquisition of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, proceeds from non-controlling interests for payment of share capital of subsidiaries, dividends paid to non-controlling interests and change in non-current assets held for sale;

- **Adjusted Operating Cash Flow,** which is calculated as the algebraic sum of Adjusted EBITDA, capital expenditures and the increase or decrease in working capital further adjusted for the reversal of the change in overdue VAT. For the purpose of calculation of this indicator, the increase or decrease in working capital is calculated as the algebraic sum of the changes in inventories and amount due from customers, trade receivables, trade payables, other assets, other liabilities, deferred tax assets and liabilities, liabilities for employee benefits and provisions, including the related foreign exchange rate effect;

- ***As adjusted* gross debt** is calculated as the sum of non-current financial liabilities and current financial liabilities as shown in the unaudited interim condensed consolidated statement of financial position as of June 30, 2017, as adjusted to give effect to the offering of the Notes and the use of the proceeds;

- ***As adjusted* net debt**, which represents *As adjusted* gross debt less cash and cash equivalents as shown in the unaudited interim condensed consolidated statement of financial position as of June 30, 2017, current financial assets and non-current financial assets as adjusted to give effect to the offering of the Notes and the use of proceeds;
- ***As adjusted* cash interest expense*,*** which represents cash pay interest expense on our payables due to banks, payables due to other lenders, financial lease payables, accrued liabilities from financial expenses and other financial payables for the LTM period ended June 30, 2017, as adjusted to give effect to the offering of the Notes and the use of the proceeds;
- **Capital expenditures** is calculated as the sum of the line items investments in property, plant and equipment and investments in intangible assets as resulting from the statement of cash flows included in the Consolidated Financial Statements.
- **Direct margin** is calculated as the ratio of (i) total revenues for CRM Europe (excluding revenues from logistics) less the sum of (x) cost of personnel and (y) cost of contract workers to (ii) total revenues for CRM Europe (excluding revenues from logistics).
- **EBITDA** is calculated by adding back depreciation and amortization and losses/gains from sale of non-current assets to the operating profit/loss shown in the income statement for the relevant period;
- **EBITDA Margin** is calculated as the ratio of EBITDA to revenues. When presented with respect to an individual operating and reporting segment, EBITDA Margin is calculated as the ratio of EBITDA for that segment to total revenues, including both external revenues and intersegment revenues;
- **Gross debt**, represents the sum of non-current financial liabilities and current financial liabilities and current financial liabilities as of the stated date;
- **Net debt** represents the sum of non-current financial liabilities and current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets as of the stated date;
- **Recurring revenues** is an operating performance indicator of the IT Services Division which represents an estimate of the amount of revenues associated with ongoing long-term service contracts that provide recurring infrastructure management, application management and help-desk activities and for which revenues are billed to clients on a monthly or quarterly basis.
- **Total Free Cash Flow** is calculated as the sum of Adjusted Free Cash Flow and reversal of change in overdue VAT.

For a reconciliation of Operating profit/(loss) to EBITDA, EBITDA to Adjusted EBITDA, and Adjusted EBITDA to Adjusted Operating Cash Flow and to Adjusted Free Cash Flow for Debt Service, and for a calculation of EBITDA margin and Adjusted EBITDA margin, please see ''*Summary Historical Consolidated Financial Data.*''

Complementary measures and ratios that are not presented in or derived entirely from measures that are presented in the Consolidated Financial Statements and are not prepared in accordance with IFRS (and are subject to the qualifications described below) include the following:

- **FTE** is the average number of full time equivalent employees working for the stated operating segment or for the whole Group during a certain period of time, calculated as the mathematical average of the headcount at the beginning and at the end of the stated period for that referenced operating and reportable segment or for the Group;
- **Net FTE,** which represents FTEs as adjusted for the effect of social security measures, unpaid absenteeism, overtime, accruals and holidays.
- **Revenue** / **FTE** is an operating performance indicator for the CRM International segment which represents total revenues for the period indicated divided by FTE excluding team leaders, at constant currency using the 2016 BRL/EUR average exchange rate of 3.86 as calculated by the European Central Bank.
- **Revenue** / **Net FTE** is an operating performance indicator for the CRM Europe segment which represents revenues derived from inbound contact center activities in the stated period divided by Net FTE.

- **Cost / FTE** is an operating performance indicator for the CRM International segment which represents personnel cost for the period indicated divided by FTE excluding team leaders, at constant currency using the 2016 BRL/EUR average exchange rate of 3.86 as calculated by the European Central Bank.
- **Cost / Net FTE** is an operating performance indicator for the CRM Europe segment which represents personnel cost derived from inbound contact center activities in the stated period divided by Net FTE.
- **Revenue per customer** is an operational performance indicator of the CRM International segment calculated as the sum of the revenue derived from the CRM International Division's ten largest customers by revenue for the period specified, divided by 10, at constant currency using the 2016 BRL/EUR average exchange rate of 3.86 as calculated by the European Central Bank.
- **Percentage of FTE in Low Cost Countries** is an operating performance indicator of the CRM Europe operating segment and is calculated as FTE employed by AlmavivA Services S.r.l. in Romania as of the date stated.
- **Backlog** is an operating performance indicator of the IT Services segment that represents the total estimated revenue attributable to the uncompleted portion of our customer contracts in the IT Services segment, including framework agreements, as at a stated balance sheet date. To the extent work advances on these contracts, revenue is recognized in accordance with our revenue recognition policies and thereafter no longer constitutes backlog.

  Backlog is not a guarantee of future revenue and is not an indicator of operating profit, cash generation or future liquidity.

  Our backlog is affected by our clients' contractual right of early termination and additional cancellations or defaults by our clients with respect to our backlog orders. All of our contracts provide the client with a right of early termination within the contractual notice period and not all of our contracts provide us with the right to receive compensation in respect of such early termination. Contract terminations, non-renewals, variations, alternative interpretations and renegotiations may result in our backlog being realized later than anticipated or not at all, and may also result in unanticipated costs being borne by us. Further, we may not be able to realize the full amount of our revenues projected in our backlog due to contract cancellations and events substantially beyond our control, including nonpayment by customers, and, if realized, there can be no assurance that any such revenues will result in profit. If we fail to fully realize our backlog, our business, results of operations, financial condition and prospects may be adversely affected.

  You should exercise caution in comparing backlog as reported by us to backlog of other companies as it is a measure that is not required by, or presented in accordance with, IFRS. Other companies may calculate backlog differently than we do because backlog and similar measures are used by different companies for different purposes and on the basis of different assumptions, and are often calculated in ways that reflect the circumstances of those companies.

You should not consider the foregoing items as alternatives to comparable IFRS measures. Moreover, these measures and related ratios:

- have limitations as analytical tools and should not be considered in isolation;
- are not measures of financial performance or liquidity under IFRS;
- should not be considered as alternatives to net cash flow from operating activities or any other measure of liquidity derived in accordance with IFRS;
- should not be considered as alternatives to (loss)/profit for the period or any other performance measures derived in accordance with IFRS;
- may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited;
- may not be indicative of results of operations; and
- do not necessarily indicate whether cash flow will be sufficient or available for cash requirements.

In our discussion of revenues or cost of CRM International we have excluded, where expressly indicated, the impact of fluctuations in foreign currency exchange rates by providing and explaining changes in

constant currency, which is a non-IFRS financial measure. We believe changes in constant currency provides valuable supplemental information regarding the revenues or cost of CRM International. This calculation may differ from similarly titled measures used by other companies and, accordingly, the changes in constant currency are not meant to substitute for changes in recorded amounts presented in conformity with IFRS nor should such amounts be considered in isolation.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands or percentages and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' are calculated using the numerical data in the Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Currency Presentation

In this Offering Memorandum, all references to ''euro,'' ''EUR'' or ''€'' are to the single currency of the participating member states of the Economic and Monetary Union of the European Union; all references to ''U.S. dollars,'' ''US$'' and ''$'' are to the lawful currency of the United States of America; and all references to ''Brazilian real,'' ''BRL'' or ''R$'' are to the lawful currency of Brazil. The Financial Statements included in this Offering Memorandum are presented in euro.

EXCHANGE RATE INFORMATION

The following table sets forth, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00 for the periods indicated below. The Bloomberg Composite Rate is a ''best market'' calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Consolidated Financial Statements and other financial information appearing in this Offering Memorandum. Neither we nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate.

	U.S. dollars per €1.00			
Year	**High**	**Low**	**Average[(1)]**	**Period end**
2012	1.3458	1.2061	1.2860	1.3192
2013	1.3804	1.2780	1.3285	1.3743
2014	1.3932	1.2098	1.3285	1.2098
2015	1.2103	1.0497	1.1102	1.0856
2016	1.1532	1.0389	1.1069	1.0520
Month	**High**	**Low**	**Average[(2)]**	**Period end**
December 2016	1.0764	1.0389	1.0538	1.0520
January 2017	1.0797	1.0406	1.0632	1.0797
February 2017	1.0786	1.0537	1.0641	1.0576
March 2017	1.0864	1.0507	1.0687	1.0652
April 2017	1.0949	1.0599	1.0711	1.0901
May 2017	1.1237	1.0867	1.1055	1.1237
June 2017	1.1430	1.1125	1.1236	1.1413
July 2017	1.1811	1.1388	1.1522	1.1741
August 2017	1.2016	1.1702	1.1815	1.1881
September 2017 (through September 27, 2017)	1.2026	1.1752	1.1916	1.1752

(1) The average rate for a year means the average of the NY Bloomberg Composite Rates at the close of each business day during a year.

(2) The average rate for each month means the average of the NY Bloomberg Composite Rates at the close of each business day of such month.

The above rates differ from the actual rates used in the preparation of the Consolidated Financial Statements and other financial information appearing in this Offering Memorandum. Our inclusion of the exchange rate information set forth above is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

CERTAIN DEFINITIONS

The following terms used in this Offering Memorandum have the meanings assigned to them below (unless the context otherwise requires):

''*Brazilian Guarantor*'' means Almaviva do Brasil Telemarketing e Informática S/A.

''*Clearstream*'' means Clearstream Banking, S.A.

''*Collateral*'' means the rights, property and assets that are subject to the Security Interests securing our and the Guarantors' obligations under the Notes and the Guarantees.

''*Company*'' or ''Issuer'' means Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number 08450891000.

''*CRM*'' means customer relationship management.

''*EU*'' or ''*European Union*'' means the economic and political union of 28 European member states (as of the date hereof).

''*Euroclear*'' means Euroclear Bank SA/NV.

''*Group*'' means the Company together with its consolidated subsidiaries.

''*Guarantees*'' means the senior secured guarantees to be issued by the Guarantors. See ''*Description of the Notes—The Guarantees.*''

''*Guarantors*'' means, collectively, Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.R.L.

''*ICT*'' means information and communications technology.

''*IFRS*'' means the International Financial Reporting Standards, as adopted by the European Commission for use in the European Union.

''*Indenture*'' means the indenture governing the Notes, to be dated on the Issue Date and entered into by, *inter alios*, us, the Guarantors, the Trustee and the Security Agent.

''*Initial Purchasers*'' means Goldman Sachs International and Unione di Banche Italiane S.p.A.

''*Intercreditor Agreement*'' means the intercreditor agreement dated August 3, 2017 and entered into by, *inter alios*, the Company and Goldman Sachs International, as mandated lead arranger, and to which the Guarantors and The Law Debenture Trust Corporation p.l.c., as the senior secured notes trustee, will accede on or about the Issue Date, and which is described under ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

''*ISIN*'' means International Securities Identification Number.

''*IT*'' means information technology.

''*Italian Guarantors*'' means Almaviva Contact S.p.A. and Almawave S.R.L.

''*Member State*'' means a member state of the European Union.

''*Notes*'' means the €250 million aggregate principal amount of Senior Secured Notes due 2022 offered hereby.

''*OECD*'' means the Organization for Economic Co-operation and Development.

''*Person*'' means an individual, corporation (including a business trust), company, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

''*Prospectus Directive*'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU).

"*Refinancing*" means the use of proceeds from the offering of the Notes to repay outstanding indebtedness under the Term Facility and to pay the fees and expenses related for the offering of the Notes.

"*Qualified Institutional Buyer*" or "*QIB*" means a Qualified Institutional Buyer as defined in Rule 144A of the U.S. Securities Act.

"*Regulation S*" means Regulation S under the U.S. Securities Act.

"*Revolving Credit Facility*" or "*RCF*" means the revolving credit facility in an aggregate amount of €20 million made available to us under the Senior Facilities Agreement and which is described more fully under "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

"*Rule 144A*" means Rule 144A under the U.S. Securities Act.

"*Security Agent*" means GLAS Trust Corporation Limited, as security agent under the Indenture and the Intercreditor Agreement.

"*Security Documents*" means the security documents under which the security interests over the Collateral have been or will be created.

"*Senior Facilities Agreement*" means the senior secured term and revolving facilities agreement dated August 3, 2017 and entered into by, *inter alios*, the Company as borrower and Goldman Sachs International as mandated lead arranger which is described more fully under "*Description of Certain Financing Arrangements.*"

"*Term Facility*" means the senior secured term facility in an amount of €250 million, made available to us under the Senior Facilities Agreement.

"*Trustee*" means The Law Debenture Trust Corporation p.l.c., as the trustee under the Indenture.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*U.S.*" or "*United States*" means the United States of America.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this Offering Memorandum. You should carefully read the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the more detailed information in the Consolidated Financial Statements, and the related notes, included elsewhere in this Offering Memorandum, before making an investment decision. See ''Risk Factors'' for certain factors that you should consider before investing in the Notes and the section entitled ''Forward-Looking Statements'' for information relating to the statements contained in this Offering Memorandum that are not historical facts.

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management (''CRM'') outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration and banking and insurance sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for customers in the transportation and logistics sector, including Ferrovie dello Stato Italiane, the Italian railway system, for whom we have developed and manage a suite of planning and management platforms for some of its most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners; the human resources and payroll management systems of 32 Italian government agencies that together employ over a million public servants; and online enrolment systems for the Italian education system. We also manage Italy's farm subsidies payment system; information systems for Italy's organ transplant program; e-passport, e-ID and e-residency permit systems for the Italian homeland security department; and command and control systems for Italian law enforcement agencies and the armed forces.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets as well as our expertise in the latest technology trends, such as cloud computing, internet-of-things, mobile and mobility, data analytics and cyber security, in addition to enterprise resource planning and corporate solutions. In 2016 and the six-month period ended June 30, 2017, the IT Services Division accounted for 48% and 46% of our revenues, respectively, after intragroup eliminations. Our IT Services business was ranked sixth in Italy in 2015 measured by revenues (source: KPMG).

CRM

Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Brazil and our core language competencies in Italian, Portuguese and Spanish. Our CRM Europe

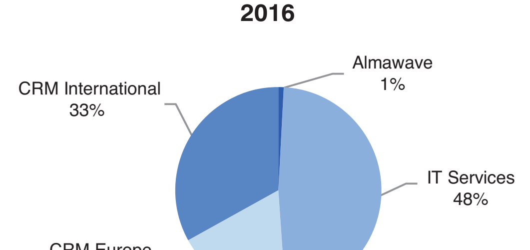
business was the second largest provider of CRM services in the Italian market in 2015, and our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 51% of our revenues in 2016 and 53% of our revenues in the six-month period ended June 30, 2017, after intragroup eliminations. Our CRM Europe subdivision accounted for 18% of our revenues in 2016 and 16% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations. Our CRM International subdivision accounted for 33% of our revenues in 2016 and 37% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations.

Almawave

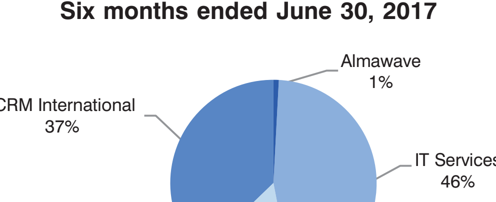
Our Almawave Division develops cutting-edge software applications and services in the areas of customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the developement of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. In both 2016 and the six-month period ended June 30, 2017, the Almawave Division accounted for 1% of our revenues, after intragroup eliminations.

The following diagram shows a breakdown of our revenues in 2016 and the six-month period ended June 30, 2017 by division and subdivision:

Revenues by Division and Subdivision 2016



Revenues by Division and Subdivision Six months ended June 30, 2017



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium. We serve our CRM Division customers from 21,019 workstations in Italy, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and one in Brazil, with a dedicated center of competence in Trento, Italy. As of June 30, 2017, we had 31,392 FTE employees.

We generated revenues of EUR 730.2 million in 2016 and EUR 371.7 million in the six-month period ended June 30, 2017. Our EBITDA in 2016 was EUR 35.8 million and EUR 33.3 million in the six-month period ended June 30, 2017 following a cost optimization program in our CRM Europe subdivision undertaken in 2016. Our Adjusted EBITDA for the LTM period ended June 30, 2017 was EUR 68.1 million.

Competitive Strengths

We believe that our competitive strengths are as follows:

Leading Market Position in a Strong and Stable Market

Our IT Services Division and our CRM Europe and CRM International subdivisions each have leading positions in their respective markets. We developed these leading positions over a number of years by working closely with our customers to manage the critical assets they rely on to deliver essential services to their own customers. We believe our leading positions are a result of our outstanding technical expertise and deep knowledge of our customers' vertical markets and core business processes.

We have a particularly strong market position as a provider of IT systems and solutions to the Italian government and the public sector in general (including at both the national and regional level), and we are one of the only Italian IT companies focused on developing systems and solutions for, and managing, national critical assets, such as the Italian railway network, the Italian pension system for

public administration and the Italian education system. We believe we are the leading provider of IT solutions for the Italian transportation and public administration sectors.

Our CRM Europe business is the second largest provider of CRM services in the Italian market, with an 8% share of the total market far ahead of the third largest provider at 5% (source: KPMG). Our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil, with an 7% share of the Brazilian market, behind the two largest providers in the market (Atento and Contax, with market shares of approximately 27% and 17% respectively in 2015 (source: KPMG)). We have achieved this result despite having only entered the market in 2006, with a single contract, and despite not having Brazilian or Latin American roots.

In addition, we operate in markets that have experienced limited volatility in recent years and which are supported by favorable long-term trends and a stable outlook.

The market for digital services in Italy, where our IT Services business operates, was estimated to be worth approximately EUR 66 billion in 2016 and is expected to grow at a CAGR of 1.9% between 2016 and 2018 (source: Assinform 2016). The Italian markets for ICT services, which is the reference market for the core activities in our IT Services and Almawave Divisions, is expected to grow at a faster rate, at a CAGR of 3.7% over this period (source: Assinform 2016). This projected growth is driven by a strong digitalization trend across the Italian public and private sectors, including the Italian government's ''Digitalization 4.0'' program, the growing adoption of new technologies, such as the cloud and big data, and a shift in outsourcing behavior towards more externally managed services. We expect that our key IT services and solutions, supported by our Almawave Division, will continue to benefit from these accelerating growth trends in the market as digitalization in Italy progresses.

We expect our CRM Europe business to benefit from the expected forecasted stable growth in the Italian call center market, driven by demand for technology solutions where we excel, such as automated customer care and non voice contact tools, as well as big data analytics and cloud-based solutions. Additional drivers of potential future growth in the Italian CRM market include Italy's 2017 Budget Law and the so-called ''Call Center Protocol'' measures implemented by the Italian government in 2017 to limit offshore outsourcing outside of the European Union, including increased penalties for non-compliance with existing disclosure and reporting requirements for such offshore outsourcing, and through an agreement with a number of large companies operating in Italy to limit such offshoring. See ''*Industry—Italian CRM Market*'' for more detail on these measures. We believe that these government measures will be positive for the Italian CRM market generally and, given that we conduct our CRM Europe business solely within the European Union, for us in particular.

We expect our CRM International subdivision based in Brazil to benefit from the expected forecasted growth of approximately 4.7% in the Brazilian call center market between 2015 and 2020 (source: KPMG), due to a combination of an increased trend towards outsourcing of these services away from Brazil's current, relatively unpenetrated level, and a growing middle class in Brazil. The Brazilian CRM market is particularly attractive due to the limited risk of offshoring or near-shoring competition resulting from Brazil's unique position as the only Portuguese-speaking country in Latin America.

Compelling Portfolio of Products and Services

We offer an attractive and integrated range of systems, solutions and services to our customers, including core business systems (such as passenger management systems for our transportation customers) as well as our expertise in cloud computing, internet-of-things, mobile and mobility, big data analytics, cyber security and other ICT services and solutions. Our Almawave Division plays a crucial role in supporting the product and service development of our CRM and IT Services Divisions and enhancing their portfolio through innovative software development. Together, our three divisions form a unique platform that offers our customers cutting-edge digital solutions that enhance their service offerings, are critical to their businesses and, we believe, make us an indispensable partner.

Our IT products and services power a wide and diverse range of critical IT solutions for the public administration, transportation and banking and insurance sectors, including, among many others:

- a suite of integrated planning and management solutions for the Italian railway network, including infomobility, multi-channel and integrated e-ticketing systems and sales, and fleet localization and monitoring, which enable interoperability and intermodailty throughout the network;

- management of the Italian National Agricultural Information System, which assists government entities in coordinating the management of the Italian agricultural sector, including more than two million farms;
- management of the Italian national education system platform and online enrolment systems for hundreds of thousands of teachers and millions of students for the Italian educational system;
- end-to-end systems for social security and pension payments, database management and personal data security for millions of pensioners in the Italian pension system; and
- financial services business process management systems, such as core banking services, secure payment solutions and services for loan and financial management.

In our CRM Division, we have implemented a suite of services and solutions based on an extended view of customer experience management. These services and solutions integrate CRM business process outsourcing, innovative CRM solutions and advanced analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. Our CRM Division's services are generally powered by our own technology developed by our Almawave Division. This includes our Iride Customer Centric Suite, which gathers on one platform capabilities for semantics, statistics, intelligent business process management and automatic speech recognition to enable the implementation of an interactive model that is designed to be more engaging to users. Enabled by this technology, our CRM services include inbound and outbound services delivered across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice, consulting and process re-engineering, back office and document management, market analysis and adaptive front-end technologies. We believe our compelling portfolio of CRM products and services provides a differentiated offering compared to traditional business process outsourcing operators who lack the technology focus that we have.

Track Record of Winning Contracts

We regard our technological capabilities as fundamental to our continued successful track record of winning new customers in the markets in which we operate. For some tenders in Italy, we are one of the few (and on occasion the only) service providers with the technological capability to completely fulfil the project requirements set out in the bid. Over the last three years (through December 2016), we won approximately 40% of the contracts we bid for, representing approximately 50% to 60% of the total contract value.

Our ability to win contract bids was demonstrated recently when we, together with several co-providers, were awarded two of four framework agreements, Lot 3 and Lot 4, with Italy's national procurement body. The purpose of the agreements is the implementation of Italy's Public Connectivity System. This was the largest government tender offer in Italy over the past several years, and any public entity purchasing digital services is required to do so through the purchasing channels set out in the framework agreements. Lot 3 has a maximum value of EUR 400 million over five years, and is focused on interoperability among public and private sector entities and third party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals, website and web applications and mobile, mobility and online services. As the lead contractor under a joint venture agreement with our co-providers, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues, making the framework agreements together potentially worth up to EUR 638 million to the Company.

Longstanding Relationships with Blue Chip Customers

We have longstanding relationships with many of our most important customers, with customers representing more than half of our total revenue in 2016 having been customers for more than a decade. Excluding our CRM International business, where we have only been active since 2006, our long-standing relationships are even stronger. In our IT Services Division and CRM Europe subdivision, customers representing more than 84% and 77% of our revenues, respectively, have been customers for more than a decade. In our IT Services Division, based on Company estimates, clients representing approximately 83% of our IT services revenues in 2016 have renewed at least two contracts with us, and in some cases as many as five or six contracts over the same period. Moreover, our clients include some of the most prominent and largest public and private sector entities in their respective sectors and markets. Our telecommunications and media customers include enterprises such as Vodafone, Vivo,

TIM Cellular and Telecom Italia. Our transportation customers include Ferrovie dello Stato Italiane and Genoa and Trieste ports. Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities and local government sectors. We also have long-standing relationships in the banking and insurance sector, where our customers include Intesa Sanpaolo and Poste Italiene.

We believe our record of developing strong, durable relationships with our blue chip client base is the result of our intimate knowledge of and familiarity with those customers' business processes as well as the fact that so many of our customers in both IT services and CRM trust us to manage core aspects of their operations, including entire networks and systems, that are integral to the smooth functioning of their businesses and, in some cases, national critical assets. For example, we believe that our IT services are vital to the daily operation of the Italian transportation system and to the millions of passengers who rely on it every day. Many customers are reluctant to undertake the risk of replacing us with a new provider which may not perform to the same standard, endangering these crucial business or public service functions.

Stable Business Model with a Solid Cash Conversion and a Robust Base of Recurring Revenues Likely to Grow Following Recent Contract Wins

As a consequence of our long-standing customer relationships and the important role we play in our customers' businesses, our historical revenues have been relatively stable for a number of years. Our revenues for 2014, 2015 and 2016 were EUR 695.4 million, 709.2 million and 730.2 million, respectively, and EUR 371.7 million for the six-month period ended June 30, 2017. We are also a cash generative business, with a cash conversion ratio, defined as adjusted operating cash flow relative to Adjusted EBITDA, of 62.9%, 35.4% and 72.5% in 2014, 2015 and 2016, respectively.

Our IT Services Division, in particular, is characterized by limited revenue volatility due to, among other things, the critical role its products and services have come to play in the operations of many of its customers, in some cases over many years. Many of our IT Service Division's customers are responsible for providing essential public services, and the difficulty for our customers of finding substitute services on the market has provided our IT Services business with a stable stream of recurring revenues. Our IT Services Division's total revenues for 2014, 2015, 2016 and the six-month period ended June 30, 2017 were EUR 323.7 million, EUR 332.0 million, EUR 356.3 million and EUR 172.4 million, respectively. We estimate that approximately 41.6% of our 2016 IT Services revenue, comprising revenues derived from application management (33%) and infrastructure management (8%) services, represented services that we provided pursuant to ongoing long-term contracts.

As noted above, we were recently awarded two of four framework agreements in a large public tender offer by the Italian government for the purpose of providing digital services to the public sector. We are entitled to a total of up to EUR 638 million in revenues over five years under the two agreements. This has contributed to a significant increase in our estimated backlog, which at EUR 1,371 million reached its highest level in our history as of June 30, 2017 and represented a multiple of approximately four times IT Services Division revenues for the LTM ended June 30, 2017.

Successful Cost Optimization Program Implemented

In 2016 and early 2017 we implemented and successfully completed a wide-ranging cost optimization program focused on our CRM business in Europe. The program included the closure of our Rome site in late 2016, agreements with trade unions regarding our Palermo and Naples sites, which were completed in February and May of 2017 and which are expected to result in lower labor costs, personnel reductions of approximately 2,000 employees in our Italian call center operations, and an increase in workers' productivity through a new performance control system. In order to further optimize our CRM operation, we also shifted a portion of our CRM activities to Romania, another EU Member state, a near-sourcing initiative that we expect to continue to grow. For the six-month period ended June 30, 2017, 5% of our CRM Europe revenues were generated in Romania. Our target is for our Romanian operations to contribute 20% to our segment revenues.

This cost optimization program, coupled with initiatives from the Italian government limiting the offshoring of call center services outside EU territories, has already started to yield positive results. See ''*Industry—CRM Market—Italian CRM Market*'' for more detail on these government measures. For example, monthly EBITDA for CRM Europe was positive in June 2017 for the first time since January

2016. Operating costs* for the six-month period ended June 30, 2017 decreased by 14%, from EUR 80.3 million for the six-month period ended June 30, 2016 to EUR 69.0 million for the six-month period ended June 30, 2017. As a result, our EBITDA for the six-month period ended June 30, 2017 for CRM Europe increased by EUR 5.6 million to EUR (3.7 million) compared to EUR (9.3 million) for the six-month period ended June 2016. In addition, cost per FTE has declined steadily since the beginning of 2017, from approximately EUR 32,100 as at and for the month ended January 31, 2017 to approximately EUR 30,000 as at and for the month ended July 30, 2017. The percentage of our CRM Europe FTE in low cost countries has increased over the same period, from 3% as at and for the month ended January 31, 2017 to 15% as at and for the month ended July 30, 2017. Overall we estimate that our cost optimization program has resulted in cost savings of EUR 29 million on an annualized basis. We expect that our cost optimization measures will also lead to cost savings and other benefits to CRM Europe's operations in future years.

Strong Management Team

We believe that a significant driver of our success is our strong leadership and management team, which has achieved both organic growth and the acquisition of strategically valuable companies in Italy and internationally to build our product and customer portfolios, establish our innovative software development capability, and achieve our leading positions in the IT services and CRM markets in which we operate. Our management has experience navigating through multiple economic cycles, and expertise across commercial, technical, financial and other functional management areas of our business. Our team is led by our Chairman Alberto Tripi, who founded the Company in 1983 after a long career in senior management at IBM in Europe, and Marco Tripi, our Chief Executive Officer, who joined our company in 1999 and became our CEO in 2001. Our management team is highly experienced, with a combined total of nearly 200 years' experience in the IT services industries and a combined total of 123 years' experience in our company.

Strategies

Our core strategic goal is to leverage our leading market position and compelling portfolio of products and services to expand to new clients and sectors in our existing markets and to selectively expand into new geographic markets where we anticipate strong demand for our digital solutions. The specific elements of our strategy include the following:

Maintain Leading Market Position by Driving Innovation Across all Divisions

We believe that our leading market position, strong customer relationships and the growth in market demand for digital services provide us with a unique opportunity to increase our market share and grow our revenue by driving innovation across our businesses.

IT Services Division

Our IT services business intends to leverage the wide range of technological capabilities we possess and our deep understanding of the industries in which our customers operate, resulting from our long-standing customer relationships, to expand those relationships and drive our revenue growth. We are focused on creating vertical market platforms and products, through our knowledge and experience regarding our customers' business processes, that address our customers' business needs.

In the near to medium term, we intend to utilize this strategy to expand our position in the transportation sector through continuing to develop of our Mobility Operation Platform, or ''MOP.'' MOP reflects the evolution of the key solutions we have developed and customized on a case-by-case basis for our transportation customers, and which have become critically important to the functioning of the Italian transportation system, including infomobility, multi-channel and integrated e-ticketing systems, fleet localization and monitoring, passenger information systems, network management and many others, into a platform with standardized technologies and business processes which can be marketed as an Almaviva product to a wider range of customers in the transportation sector. The goal of MOP is to further ''industrialize'' our transportation portfolio to gain further market share in Italy and expand internationally. We believe we are well-positioned to use MOP and associated innovations to grow our transportation and logistics revenues.

---

* Operating costs represent the sum of the income statement line items costs of raw materials and services, personnel expenses, losses/gains from sale of non-current assets and other expenses.

We plan to drive innovation in the financial services industry through the continuous development of our proprietary suite of products and solutions designed specifically for banks, insurance companies and other financial institutions, relying on our existing expertise and client relationships in core banking, payment, credit wealth management services and general ERP solutions. We believe these innovations will position us to increase our market share significantly among the leading Italian financial and corporate institutions.

We also intend to expand our already leading position as a service provider to the Italian government, including in the areas of defense and homeland security, administration and finance, healthcare and agriculture, welfare and education, to become the partner of choice for the government in supporting its ''Digitalization 4.0'' initiative and to become the go-to provider of digital services across the Italian public sector. The recent award of Lots 3 and 4 of the recent Italian government tender, as described in detail under ''*—Competitive Strengths,*'' provides us with the opportunity to refine and expand the suite of IT services we currently provide to the Italian public sector and represents significant potential revenue.

CRM Division

We believe our CRM business has a significant opportunity to continue to grow revenues by integrating CRM business process outsourcing and innovative CRM solutions such as multi-channel interaction and big data analytics and by leveraging further innovations in our proprietary technologies, such as our Iride Customer Centric Suite developed by Almawave. We believe that Almawave's technology, which enables our CRM business to provide customers with CRM real-time analysis and interpretation-based services, has the potential to enhance the operational efficiency of our CRM Business Process Outsourcing service delivery by, for example, enabling our call center employees to handle higher call volumes and deliver higher levels of customer service and by generating significant training cost reductions, driving revenue growth and improving margins. We believe these innovations position us well to increase our penetration with our existing customer base in Europe and Brazil by demonstrating the value to them in outsourcing more of their CRM functions to us.

Almawave Division

Our Almawave Division is critical to our innovation strategy, particularly for our CRM Division. Almawave focuses its technological development on process automation and simplification, which incorporates features such as natural language processing and speech recognition, that we consider to be crucial technologies for the further development of our CRM BPO business. In addition to its existing role supporting innovation in our CRM and IT Services Divisions, we intend for Almawave to focus going forward on the development and sale of proprietary products in order to increase its margins and become a profit center for the Company.

Leverage successful experience of expanding internationally to selectively enter new geographic markets

We believe that our success in Brazil has given us valuable experience of how to successfully expand into potentially profitable new international markets.

In our IT Services Division, we believe that our market-leading technologies in the transportation and logistics market, in particular, MOP, can be profitably exported beyond Italy to target markets, including to Northern and Eastern Europe. For example, we recently signed a sales contract with a seven year term with a customer in the Finnish transportation sector. We believe these regions include a number of countries where demand for digital solutions is growing, where transportation and logistics investment is a critical success factor in their overall economic development, and where our MOP and other transportation and logistics solutions can drive revenue growth.

We are focused on expanding our CRM International business into selected, fast-growing markets in order to (i) deploy on a wider scale its distinctive operational and technological model that we believe generates higher profitability than other global CRM competitors and (ii) gain access to a larger market for its services and proprietary technologies designed by Almawave. We have a start-up operation in Colombia to serve the Colombian market which we are considering expanding to serve as a near-shoring location servicing the United States and other Latin American markets. We are also in the process of setting up an Indonesian CRM operation with the goal of expanding into the APAC region, which is expected to be one of the world's fastest growing markets for CRM services in the future,

according to Global Industry Auditors. In our CRM Europe subdivision, we plan to expand our near-shoring presence in Romania over the near term.

We have implemented an expansion program for Almawave focused on leveraging our current success with Brazilian and Italian CRM customers to market Almawave's proprietary solutions in wider Latin America and Indonesia, with the goal of turning this business into a leading provider of innovative software solutions.

Pursue financial strategy of prudent deleveraging, strong liquidity management and limited shareholder distributions

Following completion of this offering of the Notes we intend to repay the Term Facility under the Senior Facilities Agreement. Going forward, we intend to prudently delever through steadily increasing our EBITDA and continuing our disciplined approach to cost control. We plan to make only limited shareholder distributions in the near-to-medium term. In addition, we intend to maintain robust liquidity through our Revolving Credit Facility, while maintaining an adequate liquidity cushion for working capital and the ongoing business needs of our company through our cost control and credit control management. We believe these measures will strengthen our financial profile while ensuring that we have sufficient cash resources to maintain our operations and execute our expansion strategies.

Recent Developments

Financing transactions

On August 3, 2017 we entered into a senior facilities agreement (the ''Senior Facilities Agreement'') with Goldman Sachs International Bank as original lender providing for a senior secured term facility in the amount of EUR 250 million (the ''Term Facility'') and a senior secured revolving credit facility in the amount of EUR 20 million (the ''Revolving Credit Facility''). See ''*Description of Certain Financing Arrangements.*'' We used the proceeds of the Term Facility to refinance existing indebtedness in the amount of EUR 116.5 million, to pay VAT taxes due in respect of the 2016 and 2017 tax years in the amount of EUR 66.5 million and to pay transaction costs and other items in the amount of EUR 16.9 million. We will use the proceeds from the offering of the Notes to repay outstanding indebtedness under the Term Facility and to pay the fees and expenses related to the offering of the Notes (the ''Refinancing''). See ''*Use of Proceeds*.''

Acquisitions

On August 29, 2017 we entered into an asset purchase agreement with a competitor for the acquisition of its CRM business unit in Romania for an aggregate consideration of EUR 1 million. This business unit has approximately 500 employees in Romania and approximately 50 in Italy. A strategic acquisition to expand our CRM Europe business' near-shore operations in low-cost jurisdictions, this transaction will double our headcount in Romania to approximately 1,100 FTE employees. As a result of the acquisition, we will also acquire a contract with a key customer. The transaction is expected to close by year-end 2017.

Material Contracts

On September 14, 2017, our longstanding customer Ferrovie dello Stato Italiane exercised its option to extend our framework agreement for the provision of IT services to the Italian railway system by two years. The extension is worth up to EUR 177 million to us under our joint venture agreement with our co-providers. See ''*Business—Contracts.*''

Recent trading

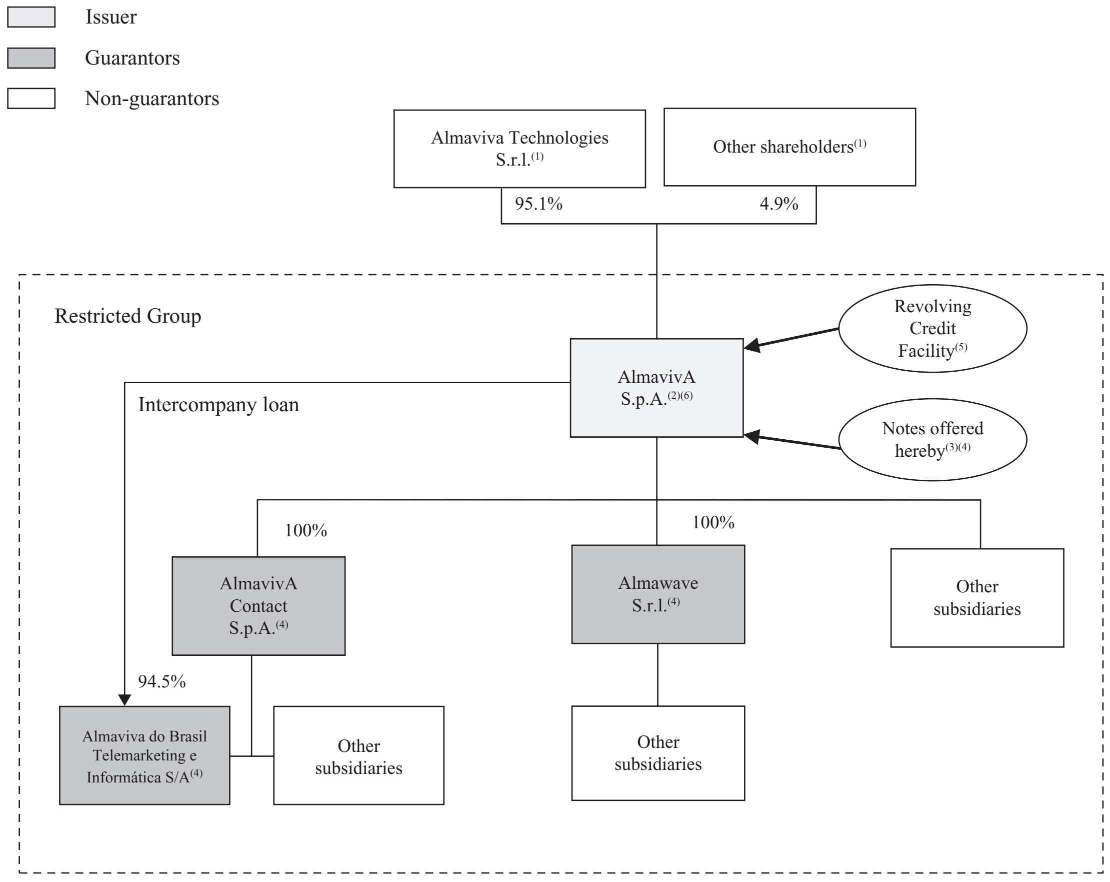
Revenues decreased by EUR 5.8 million from EUR 63.8 million for the month ended June 30, 2017 to EUR 58.0 million for the month ended July 31, 2017, mainly driven by a decline in IT Services revenues by EUR 3.9 million and a decline in the revenues of our CRM International subdivision by EUR 3.0 million over the same period. The decline in revenues in our IT Services Division and the CRM International subdivision over this period was mainly due to the impact of seasonality on our IT Services Division and, in the CRM International subdivision, price adjustments in June for the first six months of the year. The decline in total revenue was partially offset by continued revenue growth in our CRM Europe subdivision of EUR 0.6 million. The growth in total revenues for our CRM Europe subdivision was mainly driven by

the continued positive effect of Italian government initiatives to limit the offshoring of call center services outside EU territories.

EBITDA decreased by EUR 3.4 million from EUR 8.0 million for the month ended June 30, 2017 to EUR 4.6 million in the month ended July 31, 2017. The negative EBITDA evolution between June 2017 and July 2017 was mainly driven by the impact of seasonal factors on the revenues of the IT Services Division and the CRM International subdivision for the reasons mentioned above. EBITDA for the CRM Europe subdivision continued to be positive, reflecting the continued impact of our cost optimization program coupled with the positive effect of the government initiatives as described above and ramp up of operations in Romania.

CORPORATE AND FINANCING STRUCTURE

The diagram below provides a simplified overview of our corporate and financing structure as of the date of this Offering Memorandum. The diagram does not reflect all of our subsidiaries, nor does it show all of our or our subsidiaries' liabilities. For a summary of the material financing arrangements identified in this diagram, please refer to ''*Description of the Notes,*'' ''*Description of Certain Financing Arrangements*'' and ''*Capitalization.*'' For information on our management and governance structure, see ''*Management.*''



---

(1) The principal shareholder of the Company is Almaviva Technologies S.r.l., which owns 95.11% of the Company's share capital as of the date of this Offering Memorandum. The remaining share capital of the Company is owned by RAI—Radiotelevisione Italiana S.p.A., Ligestra Due S.r.l., Assicurazioni Generali S.p.A., Visualnet S.r.l., Confederazione Generale dell'Agriocultura Italiana, C.I.A. Confederazione Italiana Agricoltori and Confederazione Nazionale Coltivatori Diretti. See ''*Principal Shareholder.*''

(2) The Company is a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscale* 08450891000.

(3) On the Issue Date, the Company will issue €250 million aggregate principal amount of Senior Secured Notes due 2022 offered hereby. The proceeds from the offering of the Notes will be used to (i) repay outstanding indebtedness under the Term Facility of the Senior Facilities Agreement and (ii) to pay the fees and expenses related to the offering. See ''*Use of Proceeds.*'' The Notes will be general senior obligations of the Company and will rank equal in right of payment to any existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including obligations of the Company incurred under the Revolving Credit Facility (as defined herein) and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes, will be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and will be structurally subordinated to any existing or future indebtedness of our subsidiaries that are not Guarantors. See ''*Description of the Notes.*''

(4) The Notes will be guaranteed on a senior secured basis on the Issue Date by Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.r.l. For the year ended December 31, 2016 the Issuer and the Guarantors represented 94.5% of the Group's revenue after intersegment eliminations and 93.3% of the Group's Adjusted EBITDA and, as at December 31, 2016, represented 94.4% of the Group's consolidated total assets. The Guarantee by each of the Guarantors will be a general senior obligation of the relevant Guarantor, will, together with their respective obligations under

the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), be secured by first-ranking liens over the assets securing the Notes, will rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral that is available to satisfy the obligations under such Guarantor's Guarantee, and will be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes.

Subject to certain limitations, the Notes will be secured on the Issue Date by: (i) a first-ranking pledge over the shares in the Company representing 95.11% of its share capital held by Almaviva Technologies S.r.l., (ii) a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informática S/A representing 87.9% of its share capital held by Almaviva Contact S.p.A. and Almawave S.r.l., (iii) a first-ranking pledge over all shares in Almaviva Contact S.p.A. held by the Company, (iv) an assignment by way of security of certain of intra-group and trade receivables of the Company and any receivables owed by the Company to Almaviva Technologies, (v) an assignment by way of security of certain intra-group receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A., (vi) a pledge over certain intra-group receivables owed to Almaviva do Brasil Telemarketing e Informática S/A, (vii) an assignment by way of security of certain trade receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A. and (vii) a pledge over certain bank accounts of Almaviva S.p.A., Almawave S.r.l., Almaviva Contact S.p.A. and Almaviva do Brasil Telemarketing e Informática S/A. The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

(5) Pursuant to the Senior Facilities Agreement with the Lenders (as therein defined) the Issuer has available a Revolving Credit Facility for a committed amount of EUR 20 million. In addition, the Issuer has an additional uncommitted accordion revolving credit facility which it may request in the future to be made available thereunder up to a maximum principal amount of EUR 20 million and subject to certain further conditions set out in the Senior Facilities Agreement. If drawn, any amount of such accordion revolving credit facility shall form part of and shall have the same terms as the Revolving Credit Facility. The Revolving Credit Facility is available to be used to finance or refinance the working capital requirements and for general corporate purposes of the Issuer and its Restricted Subsidiaries. See ''*Description of Certain Financing Arrangements—Revolving Credit Facility.*''

(6) In September 2017, the Company used a portion of the proceeds of the Term Facility to grant an intercompany loan in the amount of EUR 65 million to Almaviva do Brasil Telemarketing e Informàtica. Cash flows are expected to be upstreamed to the Company through the payment of dividends and interest and principal on the loan.

THE OFFERING

The following summary of the offering contains basic information about the Notes, the Guarantees and the Security. It may not contain all the information that is important to you and is subject to limitations and exceptions. For additional information regarding the Notes, the Guarantees and the Security, please see ''Description of the Notes'' and ''Description of Certain Financing Arrangements—Intercreditor Agreement.''

Company . . . . Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated in Italy.

Notes Offered . . . . €250 million aggregate principal amount of 7.25% Senior Secured Notes due 2022.

Issue Date . . . . On or about October 5, 2017.

Issue Price . . . . 100%.

Maturity Date . . . . October 15, 2022.

Interest Rate . . . . 7.25% per annum.

Interest Payment Dates . . . . Semi-annually in arrears on each of April 15 and October 15, commencing April 15, 2018. Interest will accrue from the Issue Date of the Notes.

Form and Denomination . . . . We will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes . . . . The Notes will:

- be senior general obligations of the Company;
- be secured by first-ranking liens over the Collateral, but will receive proceeds from enforcement of the liens over the Collateral and certain distressed disposals only after any obligations under the Revolving Credit Facility, certain priority hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been paid in full;
- be effectively subordinated to any existing and future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations;
- be *pari passu* in right of payment with any existing and future obligations of the Company that are not expressly subordinated in right of payment to the Notes, including obligations of the Company under the Revolving Credit Facility and certain priority hedging obligations;
- be senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes; and
- be structurally subordinated to any existing and future indebtedness of our subsidiaries that are not Guarantors.

See ''*Description of the Notes.*''

Guarantees	The Notes will be guaranteed on a senior secured basis on the Issue Date by Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.R.L. For the year ended December 31, 2016 the Issuer and the Guarantors represented 94.5% of the Group's revenue after intersegment eliminations and 93.3% of the Group's Adjusted EBITDA and, as at December 31, 2016, represented 94.4% of the Group's consolidated total assets.
Ranking of the Guarantees	The Notes will be guaranteed by the Guarantors on the Issue Date. The Guarantee of each Guarantor: • will be a general senior obligation of that relevant Guarantor; • will be secured by first-ranking liens over the Collateral, but will receive proceeds from enforcement of the liens over the Collateral and certain distressed disposals only after any obligations under the Revolving Credit Facility, certain priority hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been paid in full; • will be effectively subordinated to any existing and future indebtedness (including obligations to trade creditors) of such Guarantor that is secured by property or assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such obligations; • will be *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Guarantee, including such Guarantor's obligations under the Revolving Credit Facility and certain priority hedging obligations; and • will be senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Guarantee. The Guarantees will be subject to the terms of the Intercreditor Agreement. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."
Security	On the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis with: • a pledge over our shares representing 95.11% the share capital of the Company; • a pledge over shares in Almaviva do Brasil Telemarketing e Informática S/A representing 87.9% of its share capital; • a pledge over all shares in Almaviva Contact S.p.A.; • an assignment by way of security of certain intra-group and trade receivables of Almaviva S.p.A. and any receivables owed by Almaviva S.p.A. to Almaviva Technologies; • an assignment by way of security of certain intra-group receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A.;

- a pledge over certain intra-group receivables owed to Almaviva do Brasil Telemarketing e Informática S/A;
- an assignment by way of security of certain trade receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A.; and
- a pledge over certain bank accounts of Almaviva S.p.A., Almawave S.r.l., Almaviva Contact S.p.A. and Almaviva do Brasil Telemarketing e Informática S/A,

(together, the ''Collateral'').

The Security Agent will enter into the Security Documents relating to the Collateral set out above with the other relevant parties thereto. The Collateral will secure the payment and performance when due of all of the obligations of the Company and the Guarantors under the Indenture, the Notes and the Guarantees as provided in the relevant Security Document. ''*Description of the Notes—Security*.''

Subject to the terms of the Security Documents, the Notes and the Guarantees will be secured by first-ranking liens on the same assets that will secure the obligations under the Revolving Credit Facility.

The Collateral securing the Notes may be released under certain circumstances. For further information, please see ''*Risk Factors—Risks relating to our Indebtedness, including the Notes, Guarantees and Security—There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Security will be released automatically without your consent or the consent of the Trustee*,'' ''*Description of Certain Financing Arrangements—Intercreditor Agreement*,'' and ''*Description of the Notes—Security—Release of Liens*.''

Intercreditor Agreement . . . . Each holder of a Note, by accepting such Note, will be deemed to have agreed to and be bound by the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement and the rights and benefits of the holders of the Notes will be limited accordingly. The Intercreditor Agreement contains provisions regarding the release of collateral and guarantees, turnover of receipts, application of proceeds and other terms in respect of the Notes. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*.''

Optional Redemption . . . . At any time prior to October 15, 2019, we may on any one or more occasions redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable ''make-whole'' premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the date of redemption.

On or after October 15, 2019, we may on any one or more occasions redeem all or a part of the Notes at the redemption prices set out under ''*Description of the Notes—Optional redemption*'' plus accrued and unpaid interest, on the Notes redeemed, and additional amounts, if any, to the applicable date of redemption.

See ''*Description of the Notes—Optional Redemption.*''

Additional Amounts; Tax Redemption	All payments in respect of the Notes or the Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes unless the withholding or deduction of such taxes is required by law. If any withholding or deduction is required by law, subject to certain exceptions, we (or the Guarantor, as appropriate) will pay additional amounts so that the net amounts each holder of the Notes receives is no less than the holder would have received in the absence of such withholding or deduction. For further information, please see ''*Description of the Notes—Withholding Taxes.*'' If certain changes in the law of any relevant taxing jurisdiction become effective on or after the date hereof that would impose withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at our discretion at any time, at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date fixed by us for redemption. For further information, please see ''*Description of the Notes—Redemption for Taxation Reasons*.''
Change of Control	Upon the occurrence of certain defined events constituting a ''change of control'', each holder of the Notes may require us to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. For further information, please see ''*Description of the Notes—Change of Control.*''
Certain Covenants	The Indenture will limit, among other things, our ability to: • incur or guarantee additional indebtedness and issue any shares of preferred stock; • create or permit to exist certain liens; • pay dividends on, redeem or repurchase our capital stock and make certain other restricted payments; • make certain investments; • create encumbrances on restrictions on the payment of dividends or other distribution, loans or advances to and on the transfer of assets to us or any of our Restricted Subsidiaries; • transfer or sell assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the holders of the Notes. Each of the covenants is subject to a number of important exceptions and qualifications. For further information, please see ''*Description of the Notes—Certain Covenants.*''
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. For further information, please see ''*Transfer Restrictions.*'' Holders of the Notes will not have the benefit of any exchange or registration rights.

No Established Market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to undertake limited market making activities, they are not obliged to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurance that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, nor that such listing will be maintained.
Use of Proceeds	The gross proceeds from the sale of the Notes will be used to repay outstanding indebtedness under the Term Facility of the Senior Facilities Agreement and to pay the fees and expenses related to the offering. See ''*Use of Proceeds.*''
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by the laws of Italy and Brazil.
Trustee	The Law Debenture Trust Corporation p.l.c.
Security Agent	GLAS Trust Corporation Limited.
Paying Agent and Transfer Agent .	The Bank of New York Mellon, London Branch.
Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Listing Agent	Linklaters LLP.
Risk Factors	Investing in the Notes involves substantial risks. Please see ''*Risk Factors*'' for a description of certain of the risks you should carefully consider before investing in the Notes.
Additional information	Our principal business address is Via di Casal Boccone 188/190, 00137 Rome, Italy.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables presents our summary financial and other information and should be read in conjunction with our Consolidated Financial Statements, which are reproduced elsewhere in this Offering Memorandum, and the sections entitled ''Presentation of Financial and Other Information'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations.'' The summary financial information provided below was primarily derived from the Consolidated Financial Statements. These financial statements were prepared in accordance with IFRS. Our consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014 were audited by EY S.p.A. which issued an unqualified audit opinion for each financial year. The information below is not necessarily indicative of the results of future operations.

Consolidated Income Statement

	Year ended December 31,			Six months ended June 30,		For the LTM period ended June 30,
	2014	2015	2016	2016	2017	2017
		(audited)		(unaudited)		(unaudited)
	(EUR in millions)					
Revenues	695.4	709.2	730.2	349.9	371.7	752.0
Other income	26.0	16.5	9.0	4.1	6.3	11.2
Total of revenues and other income	**721.4**	**725.7**	**739.2**	**354.0**	**378.0**	**763.2**
Cost of raw materials and services	(230.2)	(238.9)	(250.1)	(115.4)	(121.3)	(256.0)
Personnel expenses	(412.7)	(418.2)	(430.5)	(207.0)	(217.1)	(440.6)
Depreciation and amortization	(27.1)	(27.1)	(29.3)	(13.8)	(14.7)	(30.2)
(Losses)/Gains from sale of non-current assets	0	0	(0.1)	0	0	(0.1)
Other expenses	(17.1)	(12.3)	(22.8)	(5.4)	(6.3)	(23.7)
Operating profit	**34.3**	**29.2**	**6.4**	**12.4**	**18.6**	**12.6**
Financial income	0.7	0.7	1.6	0.7	0.4	1.3
Financial expenses	(24.4)	(28.0)	(27.6)	(14.4)	(15.4)	(28.6)
Exchange gains/(losses)	(0.2)	(0.6)	1.2	0.9	(0.9)	(0.6)
Profit/(Loss) from investments accounted for using equity method	(2.8)	(1.8)	(0.8)	0	0.2	(0.6)
Profit/(Loss) before taxes	**7.6**	**(0.5)**	**(19.2)**	**(0.4)**	**2.9**	**(15.9)**
Income taxes	(8.7)	(0.8)	3.1	(3.8)	(1.5)	5.4
Profit/(Loss) from continuing operations	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**	**(10.5)**
Profit /(Loss) for the year/period	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**	**(10.5)**

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,		LTM ended June 30,
	2014	2015	2016	2016	2017	2017
				(unaudited)		
			(EUR in millions)			
Profit/(Loss) for the year/period	(1.1)	(1.3)	(16.1)	(4.2)	1.4	(10.5)
Income Tax Adjustment[(1)]	(1.3)	(3.1)	(4.3)	3.4	0.9	(6.8)
Net Financial Income/(Expenses) Adjustment[(2)]	1.7	1.2	2.1	1.3	1.0	1.8
Depreciation and amortization	27.1	27.1	29.3	13.8	14.7	30.2
Adjustments for other non-monetary items[(3)]	3.2	1.4	(1.2)	0.9	(1.0)	(3.1)
Change in Working Capital[(4)]	12.3	31.3	12.5	(9.9)	16.3	38.7
Cash-flow generated from operating activities (A)	**41.9**	**56.6**	**22.3**	**5.3**	**33.3**	**50.3**
Capital Expenditures[(5)]	(49.0)	(35.2)	(27.4)	(11.0)	(10.0)	(26.4)
Other Investing Cash Flow Items[(6)]	0.9	0.3	12.3	1.2	5.3	16.4
Cash-flow used in investing activities (B)	**(48.1)**	**(34.9)**	**(15.1)**	**(9.8)**	**(4.7)**	**(10.0)**
Cash-flow generated from/(used in) financing activities (C)	**7.9**	**(4.6)**	**(12.1)**	**(7.4)**	**(34.6)**	**(39.3)**
Cash flow of the year/period (A+B+C)	**1.7**	**17.1**	**(4.9)**	**(11.9)**	**(6.0)**	**1.0**
Effect of foreign exchange rates on cash and cash equivalents	(0.3)	(2.9)	2.5	1.9	(0.3)	0.3
Cash and cash equivalents at beginning of the year/period	35.1	36.4	50.6	50.6	48.2	40.6
Cash and cash equivalents at end of the year/period	**36.4**	**50.6**	**48.2**	**40.6**	**41.9**	**41.9**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write-downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories and amount due from customers, change in trade payables, change in other assets, change in other liabilities, foreign exchange rate effect related to items of working capital, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current asset held for sale, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Consolidated Statement of Financial Position

	As of December 31,			As of June 30,
	2014	2015	2016	2017
		(audited)		(unaudited)
		(EUR in millions)		
ASSETS				
Non-current assets				
Intangible assets	49.6	51.8	54.4	54.8
Goodwill	33.2	33.1	33.2	33.1
Property, Plant and equipment	78.3	68.8	76.4	66.4
Investments accounted for using the equity method	23.5	1.8	1.7	1.9
Non-current financial assets	1.5	1.5	1.4	1.4
Deferred tax assets	11.9	11.0	10.8	11.1
Other non-current assets	3.7	2.6	1.4	1.4
Total non-current assets	**201.7**	**170.6**	**179.3**	**170.1**
Current assets				
Inventories and amounts due from customers	40.6	35.3	33.6	35.0
Trade receivables	293.9	284.9	297.8	290.0
Current financial assets	3.5	4.4	7.9	4.3
Other current assets	70.3	71.3	82.7	94.1
Cash and cash equivalents	36.4	50.6	48.2	41.9
Total current assets	**444.7**	**446.5**	**470.2**	**465.3**
Non-current assets held for sale	—	19.7	4.2	2.5
Total assets	**646.4**	**636.8**	**653.7**	**637.9**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital	154.9	154.9	154.9	154.9
Share premium reserve	17.8	17.8	17.8	17.8
Other reserves	(135.8)	(143.8)	(139.6)	(157.6)
Profit (loss) for the year	(0.4)	(1.7)	(16.9)	1.1
Total shareholders' equity	36.5	27.2	16.2	16.2
Non-controlling interests	3.9	3.9	5.1	4.1
Total Shareholders' Equity	**40.4**	**31.1**	**21.3**	**20.3**
Liabilities				
Non-current liabilities				
Liabilities for employee benefits	59.1	60.5	59.0	54.8
Non-current provisions	5.4	5.3	5.5	4.5
Non-current financial liabilities	62.9	15.3	25.5	13.7
Deferred tax liabilities	3.8	2.3	1.8	1.8
Other non-current liabilities	0.2	1.0	1.0	1.0
Total non-current liabilities	**131.4**	**84.4**	**92.8**	**75.8**
Current liabilities				
Current provisions	8.7	5.2	7.3	8.5
Trade payables	203.5	179.4	193.8	207.8
Current financial liabilities	135.7	167.7	150.9	128.8
Tax payables	62.2	95.7	99.3	107.3
Oher current liabilities	64.5	73.3	88.3	89.4
Total current liabilities	**474.6**	**521.3**	**539.6**	**541.8**
Total liabilities	**606.0**	**605.7**	**632.4**	**617.6**
Total equity and liabilities	**646.4**	**636.8**	**653.7**	**637.9**

Selected Financial Data by Divisions and Subdivisions

	For the year ended December 31,			For the six months ended June 30,		For the LTM ended June 30,
	2014	2015	2016	2016	2017	2017
	(unaudited unless stated otherwise) (EUR in millions, unless stated otherwise)					
Total Revenues						
IT Services	323.7	332.0	356.3	169.5	172.4	359.2
CRM Europe	169.3	152.9	136.8	70.7	64.2	130.3
CRM International	211.0	229.5	241.3	112.0	137.5	266.8
Almawave	10.4	12.9	13.0	6.2	6.7	13.5
Intragroup eliminations and other adjustments	(19.0)	(18.1)	(17.2)	(8.5)	(9.1)	(17.8)
Group Revenues	**695.4**[(1)]	**709.2**[(1)]	**730.2**[(1)]	**349.9**	**371.7**	**752.0**
EBITDA[(2)]	**61.4**	**56.3**	**35.8**	**26.2**	**33.3**	**42.9**
IT Services[(2)]	35.8	32.9	37.2	19.1	20.1	38.2
CRM Europe[(2)]	(4.4)	(9.4)	(32.6)	(9.3)	(3.7)	(27.0)
CRM International[(2)]	30.7	30.7	27.8	15.1	15.1	27.8
Almawave[(2)]	(0.8)	2.1	2.9	1.2	1.5	3.2
Other[(2)(3)]	(0.1)	0.0	0.5	0.1	0.3	0.7
EBITDA Margin[(2)] (%)	**8.8**	**7.9**	**4.9**	**7.5**	**9.0**	**5.7**
IT Services[(2)]	11.1	9.9	10.4	11.3	11.7	10.6
CRM Europe[(2)]	N/A	N/A	N/A	N/A	N/A	N/A
CRM International[(2)]	14.5	13.4	11.5	13.5	11.0	10.4
Almawave[(2)]	N/A	16.3	22.3	19.4	22.4	23.7
Capital Expenditure[(4)]	**(49.0)**	**(35.2)**	**(27.4)**	**(11.0)**	**(10.0)**	**(26.4)**
IT Services[(4)]	(13.9)	(13.9)	(14.4)	(6.1)	(6.8)	(15.1)
CRM Europe[(4)]	(3.2)	(1.9)	(1.3)	(0.2)	(0.2)	(1.3)
CRM International[(4)]	(29.0)	(16.8)	(9.1)	(3.5)	(1.5)	(7.1)
Almawave[(4)]	(2.9)	(2.6)	(2.6)	(1.2)	(1.5)	(2.9)

(1) Audited.

(2) The following table provides a reconcilation of EBITDA and EBITDA Margin for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30, 2017
	2014	2015	2016	2016	2017	
	(unaudited, unless stated otherwise) (EUR in millions)			(unaudited) (EUR in millions)		(unaudited) (EUR in millions)
Operating profit	**34.3**[(a)]	**29.2**[(a)]	**6.4**[(a)]	**12.4**	**18.6**	**12.6**
add-back:						
Depreciation and amortization	27.1[(a)]	27.1[(a)]	29.3[(a)]	13.8	14.7	30.2
(Losses)/Gains from sale of non-current assets	0.0[(a)]	0.0[(a)]	0.1[(a)]	0.0	0.0	0.1
EBITDA	**61.4**	**56.3**	**35.8**	**26.2**	**33.3**	**42.9**
Revenue	**695.4**[(a)]	**709.2**[(a)]	**730.2**[(a)]	**349.9**	**371.7**	**752.0**
EBITDA Margin	**8.8%**	**7.9%**	**4.9%**	**7.5%**	**9.0%**	**5.7%**

(a) Audited

For the year ended December 31, 2016	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**20.7**	**(35.1)**	**18.3**	**1.6**	**0.9**	**6.4**
add-back:						
Depreciation and amortization	16.5	2.4	9.5	1.3	(0.4)	29.3
(Losses)/Gains from sale of non-current assets	0.0	0.1	0.0	0.0	0.0	0.1
EBITDA	**37.2**	**(32.6)**	**27.8**	**2.9**	**0.5**	**35.8**
Revenue	**356.3**	**136.8**	**241.3**	**13.0**	**(17.2)**	**730.2**
EBITDA Margin	**10.4%**	**N/A**	**11.5%**	**22.3%**	**N/A**	**4.9%**

For the year ended December 31, 2015	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**18.0**	**(11.6)**	**21.2**	**1.1**	**0.5**	**29.2**
add-back:						
Depreciation and amortization	14.9	2.2	9.5	1.0	(0.5)	27.1
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**32.9**	**(9.4)**	**30.7**	**2.1**	**0.0**	**56.3**
Revenue	**332.0**	**152.9**	**229.5**	**12.9**	**(18.1)**	**709.2**
EBITDA Margin	**9.9%**	**N/A**	**13.4%**	**16.3%**	**0.0%**	**7.9%**

For the year ended December 31, 2014	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**19.6**	**(6.7)**	**22.7**	**(1.9)**	**0.6**	**34.3**
add-back:						
Depreciation and amortization	16.2	2.3	8.0	1.1	(0.5)	27.1
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**35.8**	**(4.4)**	**30.7**	**(0.8)**	**0.1**	**61.4**
Revenue	**323.7**	**169.3**	**211.0**	**10.4**	**(19.0)**	**695.4**
EBITDA Margin	**11.1%**	**N/A**	**14.5%**	**N/A**	**N/A**	**8.8%**

For the six months ended June 30, 2017	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**12.4**	**(4.8)**	**9.7**	**0.7**	**0.6**	**18.6**
add-back:						
Depreciation and amortization	7.6	1.1	5.4	0.8	(0.2)	14.7
(Losses)/Gains from sale of non-current assets	0.1	0.0	0.0	0.0	(0.1)	0.0
EBITDA	**20.1**	**(3.7)**	**15.1**	**1.5**	**0.3**	**33.3**
Revenue	**172.4**	**64.2**	**137.5**	**6.7**	**(9.1)**	**371.7**
EBITDA Margin	**11.7%**	**N/A**	**11.0%**	**22.4%**	**N/A**	**9.0%**

For the six months ended June 30, 2016	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**11.5**	**(10.3)**	**10.4**	**0.6**	**0.2**	**12.4**
add-back:						
Depreciation and amortization	7.6	1.0	4.7	0.6	(0.1)	13.8
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**19.1**	**(9.3)**	**15.1**	**1.2**	**0.1**	**26.2**
Revenue	**169.5**	**70.7**	**112.0**	**6.2**	**(8.5)**	**349.9**
EBITDA Margin	**11.3%**	**N/A**	**13.5%**	**19.4%**	**N/A**	**7.5%**

For the LTM period ended June 30, 2017	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**21.6**	**(29.6)**	**17.6**	**1.7**	**1.3**	**12.6**
add-back:						
Depreciation and amortization	16.5	2.5	10.2	1.5	(0.5)	30.2
(Losses)/Gains from sale of non-current assets	0.1	0.1	0.0	0.0	(0.1)	0.1
EBITDA	**38.2**	**(27.0)**	**27.8**	**3.2**	**0.7**	**42.9**
Revenue	**359.2**	**130.3**	**266.8**	**13.5**	**(17.8)**	**752.0**
EBITDA Margin	**10.6%**	**N/A**	**10.4%**	**23.7%**	**N/A**	**5.7%**

(3) Other represents consolidation adjustments and corporate costs.

(4) The following table provides a reconciliation of capital expenditure for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2014	2015	2016	2016	2017	2017
	(unaudited) (EUR in millions)			(unaudited) (EUR in millions)		(unaudited) (EUR in millions)
IT Services						
Investments in Property, plant and equipment	(7.4)	(4.4)	(4.5)	(1.1)	(0.9)	(4.3)
Investments in Intangible assets (including goodwill)	(6.5)	(9.5)	(9.9)	(5.0)	(5.9)	(10.8)
Capital expenditures	(13.9)	(13.9)	(14.4)	(6.1)	(6.8)	(15.1)
CRM Europe						
Investments in Property, plant and equipment	(0.4)	(0.8)	(1.3)	(0.2)	(0.1)	(1.2)
Investments in Intangible assets (including goodwill)	(2.8)	(1.1)	(0.0)	(0.0)	(0.1)	(0.1)
Capital expenditures	(3.2)	(1.9)	(1.3)	(0.2)	(0.2)	(1.3)
CRM International						
Investments in Property, plant and equipment	(26.9)	(14.3)	(7.9)	(3.4)	(1.0)	(5.5)
Investments in Intangible assets (including goodwill)	(2.1)	(2.5)	(1.2)	(0.1)	(0.5)	(1.6)
Capital expenditures	(29.0)	(16.8)	(9.1)	(3.5)	(1.5)	(7.1)
Almawave						
Investments in Property, plant and equipment	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
Investments in Intangible assets (including goodwill)	(2.8)	(2.6)	(2.5)	(1.1)	(1.5)	(2.9)
Capital expenditures	(2.9)	(2.6)	(2.6)	(1.2)	(1.5)	(2.9)
Total Group						
Investments in Property, plant and equipment	(34.8)	(19.5)	(13.8)	(4.8)	(2.0)	(11.0)
Investments in Intangible assets (including goodwill)	(14.2)	(15.7)	(13.6)	(6.2)	(8.0)	(15.4)
Capital expenditures	(49.0)	(35.2)	(27.4)	(11.0)	(10.0)	(26.4)

Selected Group Key Performance Indicators by Group and Segments

Group	For the year ended December 31, 2014	2015	2016
		(unaudited)	
FTE	26,322	31,509	33,338

IT Services	For the year ended December 31, 2014	2015	2016
		(unaudited)	
FTE	3,114	3,117	3,173
Recurring Revenues as a % of Total Revenues	42.5%	40.4%	41.6%

CRM Europe	For the year ended December 31, 2014	2015	2016
		(unaudited)	
FTE	5,340	5,052	4,887
Net FTE	3,586	3,244	3,243
Revenue / Net FTE (EUR in thousands / year)	34.9	35.5	31.5
Cost / Net FTE (EUR in thousands / year)	30.3	31.4	31.5
% of FTE in Low Cost Countries	0%	0%	2%

CRM International	For the year ended December 31, 2014	2015	2016
		(unaudited)	
FTE	17,674	23,166	25,114
Revenue / FTE (EUR in thousands / year, at constant currency)	9.7	9.5	9.6
Cost / FTE (EUR in thousands / year, at constant currency)	5.3	5.2	5.5
Revenue / Customer (EUR in millions / year, at constant currency)	16.6	21.4	23.4

Selected Monthly Financial and Other Data for 2017

	For the month ended January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017	Six months ended June 30, 2017	For the month ended July 31, 2017
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Total Revenues	**59.5**	**60.9**	**66.1**	**57.2**	**64.2**	**63.8**	**371.7**	**58.0**
IT Services	25.4	27.2	32.8	23.9	32.5	30.6	172.4	26.7
CRM Europe	10.2	10.1	10.8	10.3	11.7	11.1	64.2	11.7
CRM International	24.0	23.6	23.7	23.3	20.2	22.7	137.5	19.7
Almawave	0.7	0.9	1.1	1.1	1.1	1.8	6.7	1.1
Intragroup eliminations and other adjustments	(0.8)	(0.9)	(2.3)	(1.4)	(1.3)	(2.4)	(9.1)	(1.2)
EBITDA[(1)]	**3.3**	**3.3**	**8.1**	**1.9**	**8.7**	**8.0**	**33.3**	**4.6**
IT Services[(2)]	1.8	2.5	4.7	0.8	5.8	4.5	20.1	2.1
CRM Europe[(3)]	(1.2)	(1.3)	(0.3)	(0.9)	(0.2)	0.2	(3.7)	0.1
CRM International[(4)]	2.8	2.0	3.4	1.7	2.7	2.5	15.1	2.2
Almawave[(5)]	(0.2)	0.1	0.3	0.2	0.3	0.8	1.5	0.2
Other[(6)]	0.1	0.0	0.0	0.1	0.1	0.0	0.3	0.0

(1) The following table provides a reconcilation of EBITDA of the Group for the periods indicated:

	For the month ended						For the six months ended June 30, 2017	For the month ended July 31, 2017
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017		
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Operating profit/ (loss)	**0.8**	**0.9**	**5.6**	**(0.6)**	**6.3**	**5.6**	**18.6**	**2.2**
add-back:								
Depreciation and amortization	2.5	2.4	2.5	2.5	2.4	2.4	14.7	2.4
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**3.3**	**3.3**	**8.1**	**1.9**	**8.7**	**8.0**	**33.3**	**4.6**

(2) The following table provides a reconcilation of IT Service EBITDA for the periods indicated:

	For the month ended						For the six months ended June 30, 2017	For the month ended July 31, 2017
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017		
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Operating profit/ (loss)	**0.5**	**1.3**	**3.3**	**(0.5)**	**4.6**	**3.2**	**12.4**	**0.8**
add-back:								
Depreciation and amortization	1.3	1.2	1.3	1.3	1.2	1.3	7.6	1.3
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0
EBITDA	**1.8**	**2.5**	**4.7**	**0.8**	**5.8**	**4.5**	**20.1**	**2.1**

(3) The following table provides a reconcilation of CRM Europe EBITDA for the periods indicated:

	For the month ended						For the six months ended June 30, 2017	For the month ended July 31, 2017
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017		
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Operating profit/ (loss)	**(1.4)**	**(1.5)**	**(0.5)**	**(1.1)**	**(0.4)**	**0.1**	**(4.8)**	**(0.1)**
add-back:								
Depreciation and amortization	0.2	0.2	0.2	0.2	0.2	0.1	1.1	0.2
(Losses)/Gains from sale of non-current assets							0.0	0.0
EBITDA	**(1.2)**	**(1.3)**	**(0.3)**	**(0.9)**	**(0.2)**	**0.2**	**(3.7)**	**0.1**

(4) The following table provides a reconcilation of CRM International EBITDA for the periods indicated:

	For the month ended						For the six months ended June 30, 2017	For the month ended July 31, 2017
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017		
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Operating profit/ (loss)	**1.9**	**1.0**	**2.5**	**0.8**	**1.9**	**1.6**	**9.7**	**1.4**
add-back:								
Depreciation and amortization	0.9	1.0	0.9	0.9	0.8	0.9	5.4	0.8
(Losses)/Gains from sale of non-current assets							0.0	0.0
EBITDA	**2.8**	**2.0**	**3.4**	**1.7**	**2.7**	**2.5**	**15.1**	**2.2**

(5) The following table provides a reconcilation of Almawave EBITDA for the periods indicated:

	For the month ended						For the six months ended June 30, 2017	For the month ended July 31, 2017
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017		
	(unaudited) (EUR in millions)						(unaudited) (EUR in millions)	(unaudited) (EUR in millions)
Operating profit/ (loss)	**(0.3)**	**0.0**	**0.1**	**0.1**	**0.2**	**0.7**	**0.8**	**0.1**
add-back:								
Depreciation and amortization	0.1	0.1	0.2	0.1	0.1	0.1	0.7	0.1
(Losses)/Gains from sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**(0.2)**	**0.1**	**0.3**	**0.2**	**0.3**	**0.8**	**1.5**	**0.2**

(6) Other refers to consolidation adjustments and corporate costs.

Selected Monthly Group Key Performance Indicators for 2017

	As at and for the month ended						
	January 31, 2017	February 28, 2017	March 31, 2017	April 30, 2017	May 31, 2017	June 30, 2017	July 31, 2017
	(unaudited)						
CRM Europe							
FTE	3,776	3,941	4,007	4,036	4,094	4,119	4,193
Net FTE	2,654	2,608	2,675	2,588	2,708	2,701	2,844
Revenue / Net FTE (EUR in thousands / year)	34.7	32.5	36.3	33.0	34.8	33.5	34.5
Cost / Net FTE (EUR in thousands / year)	32.1	32.2	31.8	31.9	31.9	30.1	30.0
% of FTE in Low Cost Countries	3%	8%	10%	11%	12%	13%	15%

Adjusted Summarized Operating and Free Cash Flows

	As at and for the year ended December 31			For the LTM ended June 30
	2014	2015	2016	2017
	(unaudited, unless stated otherwise) (EUR in millions)			
Adjusted EBITDA[1]	**61.4**	**56.3**	**61.6**	**68.1**
Capital Expenditure[2]	(49.0)	(35.2)	(27.4)	(26.4)
(Increase) / Decrease in Normalised Working Capital[3]	26.1	(1.3)	10.5	32.9
Adjusted Operating Cash Flow	**38.5**	**19.8**	**44.6**	**74.6**
% Adjusted EBITDA	*62.9%*	*35.4%*	*72.5%*	*109.5%*
Non-Recurring Items	—	—	(25.8)	(25.2)
Income Taxes paid	(10.0)	(4.0)	(1.2)	(1.4)
Other Items[4]	0.6	1.9	15.5	16.9
Adjusted Free Cash Flow for Debt Service	**29.1**	**17.7**	**33.1**	**64.9**
Reversal of Change in Overdue VAT	(13.8)	32.6	2.0	5.8
Total Free Cash Flow	**15.3**	**50.3**	**35.1**	**70.7**

(1) The following Adjusted EBITDA represents EBITDA as adjusted for certain items, either positive or negative, that management considers to be non-operating or non-recurring in nature identified in the table below. In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. We present Adjusted EBITDA because we believe that it is widely used by certain investors as a supplemental measure of performance and liquidity. We believe that Adjusted EBITDA provides useful information to investors about our results of operations because it is among the measures used by our board of directors and management to evaluate our underlying operating performance, review business trends, identify strategies to improve results and make day-to-day operating decisions, and it allows a comparison of our results across periods on a consistent basis by removing the effects on our operating performance of our capital structure (such as the varying levels of interest expense), asset base and capital investment cycle (such as depreciation and amortization) and items largely outside the control of management (such as income taxes). In addition, you should be aware that we may incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or

non-recurring items. Adjusted EBITDA should not be considered in isolation or as a substitute for measures of our operating performance in accordance with IFRS. For a description of the limitations of Adjusted EBITDA as a financial measure, see "*Presentation of financial and other information—Non-IFRS financial measures*." The following table provides a reconciliation of Adjusted EBITDA for the periods indicated below:

Adjusted EBITDA and Adjusted EBITDA Margin	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2014	**2015**	**2016**	**2016**	**2017**	**2017**
	(unaudited) (EUR in millions)			**(unaudited) (EUR in millions)**		**(unaudited) (EUR in millions)**
EBITDA	**61.4**	**56.3**	**35.8**	**26.2**	**33.3**	**42.9**
Non-recurring items:						
Extraordinary items[a]	0.0	0.0	8.5	0.0	0.0	8.5
Savings on personnel[b]	0.0	0.0	17.3	0.0	(0.6)	16.7
	0.0	0.0	25.8	0.0	(0.6)	25.2
Adjusted EBITDA	**61.4[c]**	**56.3[c]**	**61.6**	**26.2**	**32.7**	**68.1**
Revenue	**695.4[c]**	**709.2[c]**	**730.2[c]**	**349.9**	**371.7**	**752.0**
Adjusted EBITDA Margin	**8.8%**	**7.9%**	**8.4%**	**7.5%**	**8.8%**	**9.1%**

(a) Extraordinary items, which represent one-off costs incurred in the year ended December 31, 2016 related to the closing of our CRM site in Rome, including the severance packages for employees who were made redundant, as reported in the Company's consolidated financial statements as of and for the year ended December 31, 2016; and

(b) Savings on personnel, which represent (a) annualized cost savings of EUR 20.7 million due to personnel reductions related to the closing of our CRM site in Rome, of which EUR 10.3 million had not been incurred as of the date of the closing in December 2016 but have been adjusted for in the LTM period ended June 30, 2017; (b) annualized cost savings of EUR 3.6 million due to personnel reductions at our CRM site in Palermo, of which EUR 1.9 million had not been incurred as of the completion of the personnel reductions in December 2016 but have been adjusted for in the LTM period ended June 30, 2017; (c) annualized EUR 0.9 million of cost savings due to new labor agreements relating to our CRM site in Naples, of which EUR 0.9 million had not been incurred as the new labor agreements became effective in March 2017 but have been adjusted for in the LTM period ended June 30, 2017; and (d) annualized cost savings of EUR 4.4 million due to new labor agreements relating to our CRM site in Palermo, of which EUR 3.6 million had not been incurred as the agreement became effective in June 2017 but have been adjusted for in the LTM period ended June 30, 2017.

For the purpose of Adjusted EBITDA for the year ended December 31, 2016, the adjustments under point (2) above are assumed to have occurred on January 1, 2016.

For the purpose of Adjusted EBITDA for the LTM period as of June 30, 2017, the adjustments under point (2) above are assumed to have occurred on July 1, 2016.

(c) Audited.

(2) The below table shows the calculation of capital expenditures for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2014	**2015**	**2016**	**2016**	**2017**	**2017**
	(unaudited) (EUR in millions)			**(unaudited) (EUR in millions)**		**(unaudited) (EUR in millions)**
Total Group						
Investments in Property, plant and equipment	(34.8)	(19.5)	(13.8)	(4.8)	(2.0)	(11.0)
Investments in Intangible assets (including goodwill)	(14.2)	(15.7)	(13.6)	(6.2)	(8.0)	(15.4)
Capital expenditures	(49.0)	(35.2)	(27.4)	(11.0)	(10.0)	(26.4)

(3) The following table provides a reconciliation of (Increase)/Decrease in Normalised Working Capital for the periods indicated:

	For the year ended December 31			For the six months ended June 30 ended		For the LTM ended June 30
	2014	2015	2016	2016	2017	2017
	(unaudited, unless stated otherwise) (EUR in millions)					
Change in inventories and amount due from customers	2.3	5.3	1.7	(2.0)	(1.4)	2.3
Change in trade receivables	18.6	9.1	(12.9)	(15.3)	7.7	10.1
Change in trade payables	3.3	(24.6)	14.2	10.5	13.8	17.5
Change in other assets	(18.0)	0.3	(10.3)	(11.6)	(11.4)	(10.1)
Change in other liabilities	3.8	46.3	22.9	5.7	8.1	25.3
Change in deferred tax assets/(liabilities)	3.1	(0.6)	(0.3)	(0.9)	(0.3)	0.3
Change in liabilities for employee benefits and provisions	(0.6)	(5.1)	0.7	4.6	(3.2)	(7.1)
Foreign exchange rate effect	(0.2)	0.6	(3.5)	(0.9)	3.0	0.4
Reversal of change in overdue VAT	13.8	(32.6)	(2.0)	(0.1)	(3.9)	(5.8)
(Increase) / Decrease in Normalised Working Capital	**26.1**	**(1.3)**	**10.5**	**(10.0)**	**12.4**	**32.9**

(4) The following table provides a reconciliation of Other items for the periods indicated:

	For the year ended December 31			For the six months ended June 30 ended		For the LTM ended June 30
	2014	2015	2016	2016	2017	2017
	(unaudited, unless stated otherwise) (EUR in millions)					
Acquisition of investments accounted for using the equity method	(0.5)	0.0	0.0	0.0	(0.1)	(0.1)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity mehod	1.0	1.2	0.2	0.0	0.0	0.2
Dividends paid to non-controlling interests	0.0	(0.1)	(0.3)	(0.4)	(1.0)	(0.9)
Proceeds from non-controlling interests for payment of share capital of subsidiaries	0.1	0.8	0.1	0.1	0.4	0.4
Change in non-current assets held for sale	0.0	0.0	15.5	0.0	1.8	17.3
Other Items	**0.6**	**1.9**	**15.5**	**(0.3)**	**1.1**	**16.9**

Summary of certain Financial Information

	For the year ended December 31,			For the LTM ended June 30,
	2014	2015	2016	2017
	(unaudited, unless stated otherwise) (EUR in millions)			
Revenues	695.4[(1)]	709.2[(1)]	730.2[(1)]	752.0
Adjusted EBITDA	61.4	56.3	61.6	68.1
Adjusted EBITDA margin	8.8%	7.9%	8.4%	9.1%
Capital Expenditures	(49.0)	(35.2)	(27.4)	(26.4)

(1) Audited.

Adjusted Financial Information[1]

	As at and for the LTM ended June 30, 2017
	(unaudited) (EUR in millions)
As Adjusted Gross debt[2]	276.1
As Adjusted Net debt[3]	185.0
Adjusted EBITDA	68.1
As Adjusted cash interest expense[4]	19.1
As Adjusted net debt / Adjusted EBITDA	2.7x
Adjusted EBITDA / *As Adjusted* cash interest expense	3.6x

(1) The unaudited as adjusted financial information gives effect to the offering of the Notes and the use of the proceeds, as if they had occurred at July 1, 2017 for the as adjusted income statement data and on June 30, 2017 for the as adjusted balance sheet data. The unaudited as adjusted adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited as adjusted financial information is presented for informational purposes only. The unaudited as adjusted financial information does not purport to represent what our results of operations or financial condition would have been had the financing transactions described above actually occurred on the date indicated and they do not purport to project the results of operations or financial condition for any future period or as of any future date. The unaudited as adjusted condensed consolidated financial information should be read in conjunction with the information contained in ''*Selected Historical Consolidated Financial and Other Data*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and the financial statements appearing elsewhere in this Offering Memorandum. The unaudited as adjusted financial information is not intended to represent as adjusted financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements. See ''*Presentation of Financial and Other Information*.''

(2) *As adjusted* gross debt represents the sum of our current and non-current payables due to banks, payables due to other lenders, financial lease payables, accrued liabilities from financial expenses and other financial payables as recorded in our unaudited interim condensed consolidated financial statements as of June 30, 2017, as adjusted to give effect to the offering of the Notes and the use of the proceeds.

(3) *As adjusted* net debt represents *as adjusted* gross debt less cash and cash equivalents as recorded in our unaudited interim condensed consolidated financial statements as of June 30, 2017, current financial assets and non-current financial assets, as adjusted to give effect to the offering of the Notes and the use of the proceeds.

(4) *As adjusted* cash interest expense represents estimated cash pay interest expense on our payables due to banks, payables due to other lenders, financial lease payables, accrued liabilities from financial expenses and other financial payables for the twelve months ended June 30, 2017, as adjusted to give effect to the offering of the Notes and the use of the proceeds.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information contained in this Offering Memorandum, before deciding whether to invest in the Notes. The occurrence of any of the events discussed below could have a material adverse effect on our business, prospects and financial condition. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or which are presently deemed immaterial may also adversely affect our business, results of operations, financial condition or our obligations under the Notes and the Guarantors' obligations under their Guarantees. The following risk factors must be read in conjunction with the information contained in the ''Business'' section of this Offering Memorandum.

This Offering Memorandum contains ''forward-looking statements'' that involve risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See ''Forward-Looking Statements.''

Risks Relating to our Business, Industry and Operations

We derive a large proportion of our revenues from a small number of large customers and the loss of certain customers or a decrease in business volume from such customers will have a significant negative impact on our business.

We rely on strategic long-term relationships with large private and public sector entities and as a result are dependent on a small number of customers for a significant percentage of our revenues. In 2016, our largest customer accounted for 23% of our revenues, whereas our five largest and our 10 largest customers represented 44% and 63%, respectively, of our revenues in the same period. Contracts that accounted for a significant portion of our revenues in 2016 are set to expire between 2017 and 2020, including the framework agreement with our largest customer, which expires in 2020.

Our customers have no obligation to renew their contracts with us upon their expiration, and even if they do, they may not renew with a similar contract period or with the same or a greater amount of committed revenues to us. Retention rates may decline or fluctuate as a result of a number of factors, including the level of our customers' satisfaction with our services, and our prices. In particular, our success also depends on relationships we develop with our customers that enable us to understand our customers' needs and deliver solutions and services that are tailored to meet those needs. If a customer is dissatisfied with the quality of our work or we fail to meet performance standards under our contracts, or if our services and solutions do not comply with the provisions of our contractual agreements or applicable regulatory requirements, we may be unable to sell additional services to the customer, lose business volume from the customer or lose the customer altogether. Moreover, most of our contracts, including our framework agreements with public sector entities, do not require the customer to commit a minimum amount of revenues.

In addition, there are a number of factors beyond our control that could cause a reduction in business volume from a customer or the loss of a customer, including changes in the customer's outsourcing strategy to moving more IT processes in-house, reduced technology spending in response to a challenging economic or competitive environment, consolidation, business or financial deterioration or failure and, in the case of public sector contracts, a decrease in public IT spending appropriations. The loss of a major customer, or a significant reduction in volume of business from our existing customers, would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to breaches of our security systems and service interruptions, which could expose us to liability or render us unable to fulfil our obligation to provide services under our customer contracts.

We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with our customers, partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the use of mobile technologies, social media and cloud-based services, the potential risk of security breaches and cyberattacks increases. Such breaches could lead to shutdowns or disruptions of our

systems and potential unauthorized disclosure of sensitive or confidential information, including personal data. Cybersecurity threats are constantly evolving, thereby increasing the difficulty of detecting and defending against them.

In providing services and solutions to customers, we often manage, utilize and store sensitive or confidential customer or company data, including personal data, and we expect these activities to increase, including through our data analytics services. Unauthorized disclosure of sensitive or confidential customer or company data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation, cause us to lose customers and could result in significant financial exposure. Similarly, unauthorized access to or through our information systems or those we develop for our customers, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses or other malicious software programs or social engineering attacks, could result in contractual and other legal liability, a loss of business or customers, damage to our reputation and government sanctions, and could have a material adverse effect on our results of operations.

We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.

Our revenues are derived almost entirely from customers located in Italy and Brazil. In 2014, 2015 and 2016, and the six-month period ended June 30, 2017, customers in Italy accounted for 70%, 68%, 67% and 63% of our revenues, respectively, whereas customers in Brazil represented 30%, 32%, 32% and 36% of our revenues, respectively, in the corresponding periods. As a result, our business is dependent on general economic conditions in Italy and Brazil.

Our business in Italy has been adversely affected by the Italian economy's slow recovery from the economic crisis. Following a recession in 2012 and 2013, Italy's GDP grew 0.2% in 2014, 0.7% in 2015 and 1.0% in 2016 and is forecast to grow 1.0% in 2017 and 0.8% in 2018, which is below the growth forecast for the broader Eurozone for the same period (Source: OECD). In addition, confidence in the Italian economy has recently been undermined by political instability, including in connection with the resignation of the government following a failed constitutional referendum in December 2016.

Our business has also been adversely affected by weak economic conditions in Brazil. In 2015 and 2016, Brazil faced a severe recession, in which GDP declined by 3.8% in 2015 and 3.6% in 2016 (Source: OECD) and the Brazilian economy experienced significantly lower rates of industrial production, investment, and private consumption, and significantly higher rates of unemployment, inflation and budget deficits. In addition, the Brazilian real declined sharply in value against the euro in 2015. In response to these and similar trends, Brazil's sovereign credit rating was downgraded to below investment grade by Standard & Poor's and Moody's in 2015, and by Fitch in 2016. Political instability, including in connection with President Dilma Rousseff's impeachment and removal from office in 2016 and the ongoing *Lava Jato* corruption investigation, continues to affect the performance of the Brazilian economy. See ''—*A substantial portion of our operations are located in Brazil and are therefore subject to regulatory, economic, social and political uncertainties in this market.*''

Continuing economic stagnation or renewed deterioration of the Italian and Brazilian economies or the global economy pose a significant risk to us as businesses and public sector entities may postpone investment and spending, in turn reducing demand for our products and services. In addition, our access to financing could deteriorate in a strong recessionary environment. Under such circumstances, we might be unable to obtain additional financing on favorable terms or at all. The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

The industries in which we operate are highly competitive.

The IT services, CRM and new technologies industries in which we operate are highly competitive and subject to rapid change. We believe that the principal competitive factors in our markets are service quality, technical and industry expertise, price, innovation and the ability to add value to a customer's business. We compete for business with a variety of companies, including large multinational firms that provide consulting, technology, contact center and/or business process services, offshore business process service providers in low-cost locations like Albania, in-house captives of potential customers, software services companies that also provide business process services and accounting firms that also

provide consulting or outsourcing services. In addition, the trend toward offshore outsourcing, international expansion by foreign and domestic competitors and continued technological changes may result in new and different competitors entering our markets. These competitors may include entrants from the communications, software and data networking industries or entrants in geographical locations with lower costs than those in which we operate.

Some of our competitors have greater financial, marketing, technological or other resources, larger customer bases and more established reputations and customer relationships in our markets than we do. As a result, some of these competitors may be able to:

- develop superior services or solutions, gain greater market acceptance and expand their service offerings more efficiently or more rapidly;
- adapt to new or emerging technologies and changes in customer requirements more quickly;
- bundle services with other services they provide at reduced prices;
- adopt more aggressive pricing policies and devote greater resources to the promotion, marketing and sales of their services, which could cause us to have to lower prices for certain products or services to remain competitive in the market; and
- devote greater resources to the research and development of their services and solutions.

Further, consolidation trends in our industries and, in particular, among CRM competitors may result in new competitors with greater scale, a broader geographic footprint, better technologies and greater price efficiencies entering the market.

Increased competition may result in lower prices and volumes, higher costs for resources, especially personnel, and lower profitability. See ''—*Increases in wages and employee benefit expenses as well as changes to labor laws could reduce our profit margin.*'' We may not be able to supply customers with services that they deem superior and at competitive prices and may lose business to our competitors. Any inability to compete effectively would adversely affect our business, results of operation, financial condition and prospects.

Our business is dependent on continued demand for onshore contact center services in Italy and will be adversely affected should the trend toward offshore outsourcing of such services continue.

Within our CRM Europe subdivision, we primarily offer onshore contact center services to customers located in Italy and the success of our business depends on continued demand for such services. Our business in Italy has been adversely affected in recent years by an accelerating trend by certain competitors of ours to outsource contact center services to low-cost offshore locations outside of the European Union, in particular Albania, in some cases in breach of applicable laws and regulations. Our competitors who engage in such outsourcing have lower costs than we do, as a result of which some of them have been able to undercut us on pricing. While the government of Italy has recently taken measures to limit offshore outsourcing outside of the European Union through the 2017 Budget Law and the so-called ''Call Center Protocol'', including by increasing penalties for non-compliance with existing disclosure and reporting requirements with respect to offshore outsourcing operations and through an agreement with a number of large companies in Italy to limit the use of such operations, there can be no assurance that these measures will be effective in re-shoring call center operations to Italy or other EU countries or in reducing such offshore outsourcing in the future. See ''*Industry—CRM Market—Italian CRM Market.*'' Should the trend toward such offshore outsourcing of contact center operations continue in spite of these initiatives, or should favorable legislation be reversed, this would impair our ability to compete, reduce our profit margins and have a material adverse effect on our business, results of operations, financial position and prospects.

We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers.

Most of our employees in Italy and Brazil are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages have occurred in the past and are likely to continue to occur prior to or during negotiations for new collective bargaining agreements, wage negotiations and in connection with collective dismissal procedures. Prolonged strikes or work stoppages may affect the quality of our services to customers and lead to service disruptions, which may lead to a loss of business and have an adverse effect on our

reputation. We have previously been and are likely to continue to be involved in labor-related disputes with employees and unions. In Italy, we were recently subject to a number of labor disputes and litigation relating to involuntary headcount reductions, including in connection with a collective dismissal procedure relating to the closure of our contact center in Rome in 2016 as part of our restructuring. Although the competent labor court upheld the dismissals, we cannot guarantee that we will not face further litigation in relation to this matter and that we will not be subject to similar actions in the future.

In Brazil, we are also party to a large number of labor disputes relating to dismissals, overtime payments, dismissal notice payments, and employment conditions, among others. Any deterioration in our labor relations and disputes with our workforce or work stoppages as a result of labor disputes may have a material adverse effect on our performance and financial condition.

If we are unable to anticipate and develop new services, enhance existing services and keep pace with rapid changes in the technology services industries our business will be adversely affected.

The IT services, CRM and new technologies markets in which we operate are characterized by rapid technological change, evolving industry standards, changing customer preferences and new product and service introductions. Areas of significant change include mobility, cloud-based computing, artificial intelligence, digitization and the processing and analysis of large and unstructured data (big data analytics). Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet customer needs. We may fail to anticipate or respond to these advances on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace.

We have in the past made significant investments in research and development and will continue to make such investments as we strive to remain competitive. Investments in research and development may not result in significant design improvements, marketable products or features, or may result in products and services that are more expensive than anticipated. Additionally, we may not achieve the cost savings or the anticipated performance improvements we expect, and it may take longer to generate revenues, or we may generate less revenues than anticipated.

Failure by us to anticipate and effectively respond to changes in the markets in which we operate and develop new or enhanced technologies or processes that are competitive in the market could materially adversely affect our business, financial condition, results of operations and prospects.

Damage or disruptions to our technical infrastructure and facilities could adversely affect our customers' businesses, in turn having an adverse effect on our business.

Our success largely depends on the continued and uninterrupted performance of our technical infrastructure. In particular, we are dependent on the uninterrupted performance of our contact centers around the world and our three data centers in Italy, which are central to the IT infrastructure and services we offer to our customers and on which we rely for our own operations. Our infrastructure may be damaged in natural disasters such as earthquakes or fires, due to wars or terrorist attacks, or be subject to damage or compromise from human error, technical disruptions, unauthorized access, power failure, computer glitches and viruses, telecommunications failures, adverse weather conditions and other unforeseen events. Such events may cause disruptions to information systems, electrical power and telephone services for sustained periods. While we currently have property damage insurance in force, such insurance coverage may not be sufficient to cover the costs of repairing the damage caused from such disruptive events and such events may not be covered under our policies.

In addition, any significant failure, damage or destruction of our equipment or systems, or any major disruptions to basic infrastructure such as power and telecommunications systems in the locations in which we operate, could affect the quality of our services and cause service interruption and thus adversely affect our customers' businesses.

Because our services are critical to many of our customers' businesses, any significant disruption in our services could result in lost profits or other indirect or consequential damages to our customers. In particular, we may suffer significant adverse publicity, reputational harm and a loss of customers and future business if a significant service disruption occurs generally or if any disruption affects one of our high-profile customers, such as Ferrovie dello Stato Italiane, Italy's national railway network. Although we require our customers to sign agreements that contain provisions attempting to limit our liability for service interruptions, we cannot be assured that such contractual limitations on our liability will be

enforceable in the event that one of our customers brings proceedings against us as the result of a service interruption or other problems that they may ascribe to us. The outcome of any such action would depend on the specific facts of the case and any legal and policy considerations that we may not be able to mitigate. In such cases, we could be liable for substantial damage awards that may exceed our liability insurance coverage, which could have a material adverse effect on our results of operations and financial condition.

Our profitability will suffer if we are not able to obtain favorable pricing, manage our costs effectively, or if we underestimate the scope of work or the cost of performance of our contracts.

If we are not able to obtain favorable pricing for our services and solutions, our revenues and profitability could materially suffer. The rates we are able to charge for our services and solutions are affected by a number of factors, including:

- general economic, political and market conditions;
- customers' perceptions of our ability to add value through our services;
- our customers' desire to control or reduce their costs;
- the general competitive environment in our industry;
- the introduction of new services or products by us or our competitors;
- public appropriations for IT spending; and
- the procurement practices of customers and their use of third party advisors.

Our ability to improve or maintain our profitability is also dependent on our being able to successfully manage our costs, including personnel costs, which accounted for 58.7% of our total operating expenses* in 2016. Our cost management strategies include maintaining appropriate alignment between the demand for our services and solutions and our resource capacity, including staff utilization levels. In 2016 and 2017, we completed a substantial cost optimization program in our CRM Europe division, which included personnel reductions of approximately 2,000 employees and the realignment of portions of our workforce to Romania, agreements with trade unions expected to result in lower labor costs, and productivity increases through a new performance control system. These actions and our other cost-management efforts may not be successful, our efficiency may not be enhanced and we may not achieve desired levels of profitability. See ''—*Increases in wages and employee benefit expenses as well as changes to labor laws could reduce our profit margin.*''

Finally, our contract profitability is highly dependent on our forecasts regarding the effort and cost *necessary* to deliver our services and solutions, which are based on available data and could turn out to be materially inaccurate. If we do not accurately estimate the effort, costs or timing for meeting our contractual commitments and/or completing engagements to a customer's satisfaction, our contracts could yield lower profit margins than planned or be unprofitable.

If we are not able to obtain favorable prices for our services, manage our costs effectively, or accurately forecast the cost, risk and complexity of performing our work, this will have a material adverse effect on our business, results of operation, financial condition and prospects.

Our financial results depend on our capacity utilization and our ability to forecast demand and make timely decisions about staffing levels, investments and operating expenses.

Our profitability is dependent on the efficiency with which we utilize our service capacity against fluctuating and seasonal customer demands. Predicting customer demand and making timely staffing level decisions, investments and other operating expenditure commitments is key to our successful project execution and profitability maximization. Our capacity utilization is affected by a number of factors, including our ability to transition employees from completed projects to new assignments, hire and assimilate new employees, forecast demand for our services and thereby maintain an appropriate headcount and workforce, and manage attrition, and our need to devote time and resources to training, professional development and other typically non-chargeable activities. We can provide no assurance that we will continue to be able to achieve or maintain desired capacity utilization. If we fail to optimize

* Operating costs represent the sum of the income statement line items costs of raw materials and services, personnel expenses, losses/gains from sale of non-current assets and other expenses.

our capacity utilization , our high fixed costs of operation, particularly in our CRM business, could result in a negative impact on our margins, and our financial conditions and results of operations could be adversely affected.

Our operating results may fluctuate from one quarter to the next due to various factors including seasonality.

Our operating results may differ significantly from quarter to quarter and our business may be affected by factors such as client losses, the timing of new contracts and of new product or service offerings, termination of existing contracts, variations in the volume of business from clients resulting from changes in our clients' operations or the onset of certain times of the year, the business decisions of our clients regarding the use of our services, start-up costs, delays or difficulties in expanding our operational facilities and infrastructure, changes to our revenues mix or to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, currency fluctuation and seasonal changes in the operations of our clients.

In addition, the majority of our revenues are non-recurring. There is less predictability and certainty in the timing and amount of revenues generated by our non-recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non-recurring services.

We typically generate less revenues in the third quarter of the year due to the August holidays in Italy. These seasonal effects cause differences in our revenues among the various quarters of any financial year, which means that the individual quarters of a year should not be directly compared with each other or used to predict annual financial results.

In addition, the sales cycle in our IT Services division is typically long, with the time between the date a contract is entered into and the beginning of the provision of services ranging from an average of six months for private sector customers to one to two years for contracts awarded under public tenders. In addition, the internal budget and approval processes of our prospective clients make it difficult to predict the timing of new client engagements. Also, we recognize revenues only upon actual provision of the contracted services and when the criteria for recognition are achieved. The financial benefit of gaining a new client may not be realized at the intended time due to delays in the implementation of our services or due to an increase in the start-up costs required in building our infrastructure. These factors may make it difficult for us to prepare accurate internal financial forecasts or replace anticipated revenues that is not received as a result of these delays.

Failure to deliver timely and effective implementation of our services to our customers and maintain sufficient levels of support and maintenance services post-implementation could have a material adverse effect on our business.

Our services and solutions are typically required to be supported by timely implementation, integration with existing customer systems and, in some cases, post-deployment maintenance and support services. In general, system implementation, migrations and integrations can be impacted by unforeseen challenges in delivering solutions on time and to budget. Due to the length and complexity of some implementations and the ongoing evolution of product cycles, we may face unforeseen issues with service deliveries that can have an adverse impact on customer satisfaction and profitability.

Once our IT systems and solutions are implemented, our customers depend on our support and maintenance service. If we do not provide effective ongoing support, our ability to sell additional services to existing customers may be adversely affected and our reputation with potential customers could be damaged. In addition, to the extent that we are unsuccessful in hiring, training and retaining adequate support resources, our ability to provide adequate and timely support and maintenance services to our customers will be negatively impacted, and our customers' satisfaction with our services may be adversely affected. Our failure to provide and maintain high-quality support and maintenance services could materially adversely affect our business, financial condition and results of operations.

We face risks related to the services we provide to government and other public entities.

A substantial portion of our revenues is generated by sales to government entities. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- government entities typically fund projects through appropriated monies. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions or other debt constraints could result in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination, and result in adjustments to backlog;
- terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service-level penalties and other restrictive covenants;
- contractual non-compliance (including improper billing), failure to comply with procurement regulations and regulation regarding the protection of classified information, and other improper or illegal activities, may result in various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government;
- government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business and reputation;
- participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance;
- political and economic factors, such as pending elections, the outcome of recent elections, changes in leadership among key executive or legislative decision-makers, revisions to governmental tax or other policies and reduced tax revenues, can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that we bid for, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed; and
- government contracts may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance and reputation.

In addition, we are subject to anti-corruption and anti-bribery laws and regulations in various jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act 2010 and Italy's Legislative Decree 231/2000 which, among other things, prohibit giving or offering to give anything of value with the intent to influence the awarding of government contracts. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with these and other similar laws and regulations, we cannot rule out that some of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements, which may expose us to criminal or civil investigations and enforcement actions, including penalties and suspension or disqualification from procurement contracting. If we fail to comply with legal and regulatory requirements, our business and reputation may be harmed. The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments.

Many of our contracts are highly complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: the substantial cost and managerial time and effort that we spend to prepare

bids and proposals for contracts that may or may not be awarded to us; the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design and to consider such estimated resources and costs in the context of a competitive tender process in order to arrive at a price quote that is competitive but not so low as to be loss-making if we win the bid; and the opportunity cost of not bidding on and winning other contracts that we might otherwise pursue. In addition, competitors frequently challenge contracts awarded to us under competitive public tenders. Such challenges can result in our being required to resubmit bids or the termination, reduction or modification of the awarded contracts. The costs to defend contracts awarded under public tenders can be significant and involve subsequent litigation that could take years to resolve. See *''—Our business could be adversely affected if we incur legal liability.''*

Delays in payment for our services by customers who represent a large percentage of our accounts receivable balance could adversely affect our business.

Delays in payment for our services by customers who represent a large percentage of our accounts *receivable* balance could adversely affect our business. We often carry significant accounts receivable balances from a limited number of customers that generate a large portion of our revenues. We assess and monitor the creditworthiness of our customers and manage outstanding accounts receivable balances proactively, but we may not always accurately assess such creditworthiness. While we closely monitor timely payment of our accounts receivable, a customer may become unable or unwilling to pay its balance on time due to an economic weakness in its industry or the financial insolvency of its business. Delays in payments by our largest customers, requests for modifications to their contractual payment arrangements or defaults on their payment obligations to us could adversely impact our business, financial condition and results of operations.

We rely to a significant extent on third party providers.

Our ability to service our customers and deliver and implement solutions depends to a significant extent on third party providers such as subcontractors, equipment components, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if any of our third party providers do not meet their obligations or customer expectations, or if they terminate or refuse to renew their relationships with us or were to offer their products or services to us with less advantageous prices and other terms than we previously had.

In particular, large and complex projects in our IT Services Division often require that we utilize subcontractors or that our services and solutions incorporate or coordinate with the software, systems or infrastructure requirements of other vendors and service providers, including companies with which we have alliances. Our profitability depends on the ability of these subcontractors, vendors and service providers to deliver their products and services in a timely manner and in accordance with the project requirements, as well as on our effective oversight of their performance. In addition, our CRM Division is significantly dependent on telephone and data services provided by various local and long-distance telephone and data service providers. Accordingly, any disruption of these services, any inability to obtain telephone or data services at favorable rates, or a significant increase in the cost of telephone or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition.

Some of our products and services are developed using third party open source software components and any failure to comply with the terms of the underlying open source licenses could restrict our ability to sell our products or increase our operating expenses.

We use a limited amount of software licensed by our authors or other third parties under so-called ''open source'' licenses. Some open source licenses contain requirements that the licensee make available source code for modifications or derivative works created based upon the type of open source software used. If our proprietary software is combined with open source software, we could, in certain limited circumstances, be required to release some of our proprietary software to the public. In addition, usage of open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, the terms of many open source licenses have not been interpreted by courts and there is a risk that these

licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions.

Although we monitor our use of open source software, we cannot guarantee that our processes for controlling the use of open source software in our products will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties, continue offering products on terms that are not commercially viable, re-engineer products or discontinue the licensing of such products if re-engineering cannot be accomplished on a timely basis, or make generally available some of the source code of our proprietary software. The occurrence of any of the foregoing could materially adversely affect our business, financial condition and results of operations.

We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights.

The success of our business depends on our ability to protect and enforce our patents, trademarks, copyrights, trade secrets and other intellectual property rights. We attempt to protect our intellectual property under patent, trademark, copyright and trade secret laws, and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. Despite our best efforts to protect our intellectual property rights, unauthorized parties may not be deterred from misuse, theft or misappropriation of information that we regard as proprietary.

We have filed various applications for certain aspects of our intellectual property. Valid patents may not be issued from pending applications, and the claims eventually allowed on any patents may not be sufficiently broad to protect our technology or products. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Moreover, policing unauthorized use of our intellectual property is difficult, expensive and time-consuming. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or take unilateral steps to invalidate our intellectual property rights, which could result in a holding or official action that invalidates or narrows the scope of our rights, in whole or in part. If we are unable to protect our proprietary rights (including aspects of our software and technologies protected other than by patent rights), we may be at a competitive disadvantage compared to others who need not incur the additional expense, time and effort required to create the innovative products that have enabled us to be successful to date. Any of these events could materially adversely affect our financial condition, operating results and prospects.

If our applications or services are found to infringe the intellectual property rights or misuse the confidential information of others, we may become liable for damages and face invalidation of our intellectual property rights.

The technology services industry is characterized by frequent claims and related litigation regarding patents, copyrights and other intellectual property rights. These claims may be asserted by operating companies as well as companies which do not manufacture or sell products and whose sole purpose is to assert patent rights against third parties in an attempt to collect license fees. Third parties have in the past asserted, and may in the future assert, their intellectual property rights (including patents, copyright and trademarks) and rights in confidential information against us, our strategic partners or our customers and our customer contracts typically require us to indemnify customers against claims that our products infringe the intellectual property rights or misuse the confidential information of third parties. Such claims, whether with or without merit, are time-consuming, may result in costly litigation and may not be resolved on terms favorable to us. Successful claims of infringement, misuse or misappropriation by a third party against us or a third party that we indemnify could prevent us from distributing certain products or performing certain services or could require us to pay substantial damages, an accounting of profits, royalties or other fees. Such claims also could require us to cease making, licensing or using products that are alleged to infringe or misappropriate the intellectual property rights or misuse the confidential information of others, to expend additional development resources to attempt to redesign our products or services or otherwise to develop alternative technology that does not infringe, misuse or misappropriate, or to enter into potentially unfavorable royalty or license

agreements in order to obtain the right to use necessary technologies, confidential information or intellectual property rights.

Defending against claims of infringement or being deemed to be infringing the intellectual property rights or misusing the confidential information of others, or challenges to the validity of our intellectual property rights, could, in each case, impair our ability to innovate, develop, distribute and sell our current and planned products and services, which could materially impact our operations. In addition, even claims of infringement, misuse or misappropriation that ultimately are unsuccessful could cause reputational harm, result in expenditure of funds in litigation and divert management's time and other resources, any of which could materially adversely affect our business, financial condition and results of operations.

Failure to attract and retain skilled technical and contact center employees could harm our business.

We operate in a rapidly changing technological market and our success depends to a significant extent upon our ability to identify, attract, retain and motivate highly skilled and qualified technical personnel, contact center employees and management. Competition for suitably qualified individuals with the relevant technical expertise in our industry and in the locations in which we operate is intense and may increase as the demand for business process outsourcing services in jurisdictions in which we operate increases. In addition, we, like many of our competitors in the CRM industry, experience high employee turnover. If we are unable to identify, attract, develop, motivate, adequately compensate and retain well-qualified and engaged personnel, or if existing highly skilled and specialized personnel leave us and successors or adequate replacements are not readily available, we may not be able to manage our operations effectively, which could cause us to suffer delays in new product development, experience difficulty complying with applicable requirements or otherwise fail to satisfy our customers' demands, which would have an adverse effect on our business, financial condition and results of operations.

Increases in wages and employee benefit expenses as well as changes to labor laws could reduce our profit margin.

Personnel costs are our largest expense and accounted for 58.7% of our operating expenses* in 2016. We attempt to control costs associated with salaries and benefits as we continue to shift capacity to locations where we consider wage levels of skilled personnel to be more advantageous, including Romania, but we may not always be successful in doing so. For example, as competition for trained call center employees grows in historically low-cost jurisdictions, we may need to increase salaries more significantly and rapidly than in previous periods to remain competitive. In Italy and other EU jurisdictions, such as Romania, our cost of labor may increase as a result of increased competition for call center staff as Italian businesses re-shore call center operations as a result of anti-offshoring legislation and initiatives, including the 2017 Budget Law and the so-called ''Call Center Protocol'' that restrict the ability of companies to outsource business operations to non-EU offshore locations. See ''*Industry—CRM Market—CRM Market—Italian CRM Market.*'' In addition, our personnel cost may materially increase if we are unable to renew our current wage freeze agreements with the trade unions governing our CRM sites in Palermo and Naples. In addition, the wages of most of our call center workers in Brazil are subject to contractual inflation adjustment provisions. Should Brazil return to sustained high inflation, this will increase our labor costs in Brazil. Wage increases may reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, most of the countries in which we operate have labor protection laws, legislation that imposes financial obligations on employers and laws governing the employment of workers. These labor laws may be modified in the future in a way that is detrimental to our business. If such labor laws become more stringent, it may become more difficult for us to discharge employees, or cost-effectively downsize our operations as our level of activity fluctuates, both of which would likely have a material adverse effect on our business, financial condition, results of operations and prospects.

---

* Operating expenses represent the sum of the Income Statement items ''costs of raw materials and services'', ''personnel expenses'', ''depreciation and amortization'', ''losses/gains from sale of non-current assets'' and ''other expenses''.

We are exposed to currency exchange risk in the conduct of our business.

We operate internationally and are therefore exposed to risk from currency movements. Our reporting currency is the euro; however, we have significant costs and revenues denominated in the Brazilian real, which are translated into euros for reporting purposes. Consequently, any significant period-over-period variations in the Brazilian real against the euro may have an impact on our reported results. The Brazilian real/euro exchange rate has fluctuated significantly since 2014, ranging from BRL 3.2 per euro at the end of 2014 to BRL 4.3 at the end of 2015 and BRL 3.4 at the end of 2016, and continues to be volatile. In particular, the significant depreciation of the Brazilian real against the euro over the course of 2015 had a substantial adverse impact on our results of operations that year.

As we continue to expand geographically and shift our operations to low-cost jurisdictions, more of our expenses may be incurred in currencies other than those in which we bill for the related services. An increase in the value of certain currencies, such as the Colombian peso, against the currencies in which our revenues are recorded (primarily the euro and Brazilian real) could increase costs for delivery of services at offshore sites by increasing labor and other costs that are denominated in the local currency. Our contractual provisions or cost management efforts might not be able to offset their impact. Conversely, a decrease in the value of certain currencies against the currencies in which our revenues are recorded could place us at a competitive disadvantage compared to service providers that benefit to a greater degree from such a decrease and can, as a result, deliver services at a lower cost. We do not currently engage in foreign currency hedging to mitigate potential economic foreign exchange rate risk.

We will continue to be exposed to the risk of foreign exchange rate fluctuations, and if we are unable to manage this risk effectively, through hedging or otherwise, our business, results of operations, financial condition and prospects could be materially adversely affected.

We are subject to risks associated with our international business activities.

We currently have operations in Italy, Brazil, Colombia, Belgium, Romania, Tunisia, China and the United States. As a result, we are subject to numerous risks inherent in international business operations, including the following:

- difficulties in staffing, including works councils, labor unions and immigration laws and foreign operations;
- difficulties in recruiting and maintaining sales and implementation partners in markets in which we do not have a significant reach;
- the complexity of managing competing and overlapping tax regimes;
- unexpected or unfavorable changes in foreign laws, regulatory requirements and related interpretations;
- difficulty of conducting business in a country or region due to international economic sanctions regulations or action by the EU, the U.S., or other governments that may restrict our ability to transact business in a foreign country or with certain foreign individuals or entities;
- fluctuations in currency exchange rates and restrictions on the repatriation of capital;
- operational difficulties in countries with a high position in the corruption perception index;
- limited protection for intellectual property rights in some countries;
- difficulties enforcing intellectual property rights and contractual rights in certain jurisdictions;
- differing data protection and privacy laws;
- political and economic instability, outbreaks of hostilities, terrorist attacks, international embargoes, sanctions and boycotts; and
- longer accounts receivable payment cycles or bad debt.

We may expand our global footprint further to maintain an appropriate cost structure and meet our customers' delivery needs. This may involve expanding into countries other than those in which we currently operate and where we have less familiarity with local procedures. This may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries we may

encounter economic, regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries.

The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

A substantial portion of our operations are located in Brazil and are therefore subject to regulatory, economic, social and political uncertainties in this market.

We have significant operations in Brazil with over 22,000 FTE employees as of June 30, 2017 and derive a substantial portion of our revenues from Brazilian customers. In 2014, 2015 and 2016, and the six-month period ended June 30, 2017, revenues from our customers in Brazil accounted for 30%, 32%, 32% and 36%, respectively, of our revenues. As a consequence, we are subject to risks relating to regulatory, economic, social and political uncertainties in Brazil.

Historically, the political environment in Brazil has influenced, and continues to influence, the performance of the country's economy. In 2016, the Brazilian president, Dilma Rousseff, was impeached for violations of federal budgetary laws and removed from office, resulting in a further loss of confidence in and setback for the Brazilian economy. More recently, Brazilian markets have experienced a high level of volatility against the backdrop of the federal prosecutor's office's *Lava Jato* investigation, which uncovered widespread corruption, including kickbacks on government contracts, in which members of the Brazilian government and senior officers of large state-owned and private companies were implicated, some of whom were arrested or forced to resign. The outcome of these investigations is uncertain and further allegations could lead to further political and economic instability.

The Brazilian federal government frequently intervenes in the country's economy and occasionally makes significant changes in monetary, fiscal and regulatory policy. Our business, results of operations and financial condition may be adversely affected by changes in such policies, as well as fluctuations in the exchange rate of the Brazilian real against the euro, changes in interest rates, liquidity of the domestic markets for capital and loans; controls on foreign exchange and restrictions on remittances out of the country, limitations on international trade, and other political, diplomatic, social and economic developments which may affect Brazil or the international markets. Measures by the Brazilian federal government to maintain economic stability and speculation on any future acts of the Brazilian federal government may generate uncertainties in the Brazilian economy and adversely affect consumer confidence and investment which, in turn, may adversely affect our business, results of operations and financial condition.

Finally, inflation has had and may in the future have significant effects on the Brazilian economy and our business. The consumer price index in Brazil, as measured by the Amplified Consumer Price Index (''Índice de Preços ao Consumidor Amplo''), was 6.41%, 10.67% and 6.29% in 2014, 2015 and 2016, respectively, and is forecast to be 4.3% in 2017 and 4.5% in 2018. A return to high and sustained inflation could lead to market instability, a new financial crisis, reductions in consumer purchasing power and erosion of consumer and investor confidence. In addition, certain of our costs, including, in particular, personnel costs such as salaries and benefits, are sensitive to rises in inflation in Brazil. Due to competitive pressures, we may be unable to raise the prices of our services sufficiently to cover such cost increases, which could have a material adverse effect on our performance and financial condition.

Continuation or further worsening of political instability in Brazil and adverse regulatory, political and economic developments could materially adversely affect our business, results of operations and financial condition. See also ''—*We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.*''

We may not be successful in implementing any strategic transactions such as mergers, acquisitions and joint ventures, and integrating any acquired businesses.

As part of our business strategy, we may acquire or make investments in complementary companies, products or technologies. The identification of suitable acquisition candidates is difficult and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete future acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy, we may be subject to claims or liabilities assumed from an acquired company, product or technology, and any acquisitions we complete could be viewed negatively by our end customers and business partners. In addition, if we are unsuccessful at integrating past or future acquisitions, or the technologies

associated with such acquisitions, into our existing operations, the revenue and operating results of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our day-to-day business and divert management's attention, and we may not be able to manage the integration process successfully. We may not be successful in evaluating or utilizing the acquired technology or personnel, and we may not be able to realize anticipated synergies from the acquisition, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges. The materialization of any of the foregoing risks could materially adversely affect our business, results of operations, financial condition and prospects.

Our insurance coverage might not be sufficient and we might be subject to uninsured losses.

We maintain insurance coverage to protect ourselves against a broad range of risks, including in relation to property damage, business interruption, directors' and officers' liability and product liability, at levels we believe are appropriate and consistent with current industry practice. We also maintain general liability insurance coverage, for damage caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services to our customers in the event of a third party claim citing damages or financial loss. Our objective is to exclude or minimize risk of financial loss at a reasonable cost. However, we may incur losses that may be beyond the limits, or outside the scope, of coverage of our insurance and that may limit or prevent indemnification under our insurance policies. In addition, we might not be able to maintain adequate insurance coverage on commercially reasonable terms in the future. Further, certain categories of risks are currently not insurable at reasonable cost, which could have an adverse effect on our business, financial condition and results of operations. Finally, there can be no assurance of the financial abilities of the insurance companies to meet their claim payment obligations.

We are subject to risks relating to joint ventures.

We have joint ventures and certain subsidiaries that we do not fully own or control. Such investments may involve risks not present when operating a business without involvement of a third party, including the possibility that partners or co-investors might become bankrupt, fail to fund their required capital contributions, perform their obligations poorly or not at all, or that make us liable to our co-investors' creditors in respect of our partners' share of joint venture liabilities. Co-investors may have economic or other business interests or goals that are inconsistent or in conflict with our business interests or goals, and may be in a position to block action with respect to our investments or take actions contrary to our policies, objectives or interests. Disputes between us and our co-investors may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in the loss of business opportunities and growth. Furthermore, actions by our co-investors, which we may be unaware of, or unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage for us or result in adverse consequences to our investments, including incurring costs, damages, fines or penalties, reputational losses or the loss of key customer relationships. The above risks could have a material adverse effect on our performance, results of operations and financial condition.

Our results of operations could be adversely affected if we are unable to maintain effective internal controls.

Any internal and disclosure controls and procedures, no matter how well conceived and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by individuals acting alone or in collusion with others to override controls. Accordingly, because of the inherent limitations in the design of a cost-effective control system, misstatements due to error or fraud may occur and may not always be prevented or timely detected. If we are unable to assert that our internal controls over financial reporting are effective now or in the future, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

Legal, Regulatory and Tax Risks Relating to us

We and our customers are subject to a large number of regulations, non-compliance with which could result in fines, administrative sanctions, and liability claims against us.

We are required to comply with numerous, increasingly onerous and sometimes conflicting and uncertain laws and regulations, including on matters relating to taxation, consumer protection, data privacy and protection, anti-corruption, employment and labor relations and occupational safety. Our customers' business operations are also subject to numerous regulations in the jurisdiction in which they operate or that are applicable to their industry, and our customers may contractually require that we perform our services in compliance with regulations applicable to them or in a manner that will enable them to comply with such regulations. For example, our customers' business operations are subject to laws and regulations in the areas of banking, insurance, consumer protection, e-commerce and data protection, including the General Data Protection Regulation in the European Union, which will be effective from May 2018. See also ''—*Non-compliance with applicable data protection and privacy laws could lead to liability claims, civil liabilities and fines, as well as loss of customers and damage to our reputation.*''

Compliance with these laws and regulations imposes financial and administrative burdens and the violation of such laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement, including fines or penalties, breach of contract damages, disgorgement of profits and suspension or disqualification from work, any of which could materially and adversely affect our business, including our results of operations and our reputation.

Non-compliance with applicable data protection and privacy laws could lead to liability claims, civil liabilities and fines, as well as loss of customers and damage to our reputation.

We are subject to numerous laws and regulations designed to protect personal data information, including customer, vendor, and employee data. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, we expect potential risks related to data collection and use within our business to intensify. Our failure to comply with applicable laws and regulations, or to protect such data from breaches or misuse by employees, could result in enforcement action against us. Such enforcement could include fines, public censure, claims for damages by employees, customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing end customers and prospective customers) and, in some circumstances, the imprisonment of company officials. In addition, in some cases, if a customer is found to be in violation of applicable data protection laws and the breach is due to our products, we may, according to the terms of our contract with the customer, be liable to the customer for any fines levied as a result of the breach. Any of these developments could have a material adverse effect on our business, financial condition and operations.

Data protection requirements in the jurisdictions in which we operate are evolving. For example, from May 2018, organizations established and/or offering products or services in any EU Member State will be required to comply with the new General Data Protection Regulation from May 2018. The General Data Protection Regulation will bring a number of changes to current EU data protection legislation, such as increased fines of up to 4% of annual worldwide turnover or EUR 20 million, whichever is higher, and direct liability for breach by data processors. We are currently assessing the impact of the General Data Protection Regulation on our business and operations.

Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could greatly increase our cost of providing our services or even prevent us from offering certain of our services in jurisdictions in which we operate.

These and other applicable developments in data protection and privacy laws require us to continually review and monitor our business practices and policies to ensure that we are, and remain, compliant. Enforcement activities against us or our customers could require us to indemnify our customers and could lead to fines and civil liability. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit adoption of our services and solutions by current and future customers, which could have an adverse effect on our business, financial condition and results of operations.

Our business could be adversely affected if we incur legal liability.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. Our business is subject to the risk of litigation involving current and former employees, customers, partners, subcontractors, suppliers, competitors, government agencies or others through private actions, administrative proceedings, regulatory actions or other litigation. Regardless of the merits of the claims, the cost to defend current and future litigation may be significant, and such matters can be time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some or all of these legal disputes may result in substantial monetary damages, penalties and fines or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

For example, we could be subject to significant legal liability and litigation expenses if we fail to meet our contractual obligations (including with respect to service levels, the quality of our services and data protection requirements), contribute to internal control deficiencies of a customer or otherwise breach obligations to third parties, including customers, partners, employees and former employees, and other parties with whom we conduct business. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expenses and our results of operations could be materially adversely affected.

We are, and expect to continue to be, subject to a large number of labor disputes and litigation. For example, in Italy we recently faced litigation relating to involuntary headcount reductions, including a collective dismissal procedure in connection with the closure of our contact center in Rome in 2016 as part of the restructuring of our CRM Europe division. Although the competent labor court upheld the dismissals, we cannot guarantee that we will not face further litigation in relation to this matter and that we will not be subject to similar actions in the future. In Brazil, we are also party to a large number of labor disputes relating to dismissals, overtime payments, dismissal notice payments, and employment conditions, among others.

In addition, competitors frequently challenge contracts awarded to us under competitive public tenders, and we are currently subject to several such challenges. Such challenges can result in our being required to resubmit bids or the termination, reduction or modification of the awarded contracts. The costs to defend contracts awarded under public tenders can be significant and involve litigation that could take years to resolve. An unfavorable outcome in any litigation, administrative proceeding, or other material dispute could materially adversely affect our business, performance and financial condition.

Our tax burden could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits.

Due to the global nature of our business, we are subject to income taxes in multiple jurisdictions. Significant judgment and estimation is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are various transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination is uncertain or otherwise subject to interpretation. We are regularly audited by tax authorities. These authorities may become more aggressive in their interpretation of applicable laws, rules and regulations over time, whether as a result of economic pressures or otherwise. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. Although we believe that our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. Any additional tax liabilities resulting from a final determination could have a material adverse effect on our financial position, results of operations, or cash flows in the period or periods for which that determination is made.

Repatriation of funds held by subsidiaries in foreign jurisdictions may result in a higher effective tax rate and incremental cash tax payments. In addition, future changes in tax legislation could have a significant adverse effect on our tax rate, the carrying value of deferred tax assets or deferred tax liabilities. Any of these changes could affect our profitability. Our effective tax rate in the future could also be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing

statutory tax rates, changes in the valuation of deferred tax assets and liabilities and the discovery of new information in the course of our tax return preparation processes.

Risks Relating to our Indebtedness, including the Notes, Guarantees and Security

Our substantial leverage could adversely affect our business, financial position and results of operations and may limit our ability to take certain actions. Our debt also requires us to dedicate a large portion of our cash flow from operations to fund debt payments, reducing our ability to use such cash flows to fund working capital or capital expenditures.

We have a significant amount of debt and significant debt service obligations. As at June 30, 2017, on an as adjusted basis after giving effect to the Refinancing, we had gross debt of EUR 276 million, of which EUR 250 million represents the Notes. See ''*Capitalization*'' and ''*Description of Certain Financing Arrangements.*'' In addition, we will also have the ability to borrow up to EUR 20 million under the Revolving Credit Facility as well as incur other debt permitted under the indenture relating to the Notes. See ''*Description of the Notes*'' and ''*Description of Certain Financing Arrangements.*''

Our substantial debt could have important adverse consequences for us. For example, our substantial debt:

- will require us to dedicate a significant portion of our cash flows from operations to fund payment of principal of, and interest on, our debt, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate needs;
- could increase our vulnerability to, and limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment or the industry in which we operate or adverse general economic conditions;
- could limit our ability to raise additional debt or equity capital or increase the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt;
- could restrict us from making acquisitions, entering into joint ventures or exploiting business opportunities; and
- could place us at a competitive disadvantage compared to our competitors to the extent that they are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes, and would therefore have potentially harmful consequences for the development of our business and the implementation of our strategy.

The agreements and instruments governing our debt contain restrictions and limitations that could adversely affect our ability to operate our business.

The Indenture will contain a number of significant covenants or other provisions that could adversely affect our ability to operate our business. These covenants restrict our ability, and the ability of our subsidiaries, to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred shares;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- create or incur certain liens;
- repay or redeem subordinated debt or share capital;
- pay dividends or other amounts from certain companies within the Group;
- make certain investments or acquisitions, including participating in joint ventures, or make capital expenditures;
- sell, lease or transfer certain assets, including shares of any Restricted Subsidiary (as defined under ''*Description of the Notes—Certain Definitions*'');
- engage in certain transactions with affiliates; and

- effect a merger or consolidation of, or sell, all or substantially all of our assets or all of the assets of certain companies within the Group.

All of these limitations are subject to exceptions and qualifications which may be important, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. For further information, please see ''*Description of the Notes—Certain Covenants.*'' In addition, we will also be subject to the affirmative and negative covenants contained in the Senior Facilities Agreement.

The covenants in the Indenture, the Senior Facilities Agreement and any future debt instruments may significantly restrict our future operations or capital expenditures and ability to engage in other business activities that may be in our best interests. If there were an event of default under any of the agreements relating to our outstanding indebtedness, including, from the Issue Date, the Senior Facilities Agreement and the Indenture, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. In case of acceleration, we cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default.

Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the Collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Despite our current debt levels, we may be able to incur substantially more debt in the future which would increase our leverage risks.

The terms of the Indenture will restrict, but will not prohibit, us from incurring substantial additional indebtedness, including borrowings under any credit facility in a maximum aggregate principal amount not to exceed EUR 40 million plus certain refinancing costs (as defined in ''*Description of the Notes*''), and certain other secured debt that shares in the Collateral securing the Notes on a *pari passu* or, in the case of the Revolving Credit Facility on a super priority basis. We may increase our debt for various reasons which could include, among other things, financing acquisitions, funding the prepayment premiums, if any, on debt we refinance, funding distributions to our shareholders or for general corporate purposes. If new debt is added to our debt described above, the related risks that we now face will intensify.

As of the Issue Date, all of the Issuer's material operating subsidiaries will be Guarantors. However, the Indenture will allow any of our non-Guarantor subsidiaries to incur additional debt that would be structurally senior to the Notes. The Indenture will also not prevent us from incurring liabilities that do not constitute ''Indebtedness'' as defined thereunder. For further information, please see ''*Description of the Notes—Certain Definitions.*'' Furthermore, we will be permitted to designate our Restricted Subsidiaries under the Indenture as Unrestricted Subsidiaries (as defined under ''*Description of the Notes—Certain Definitions*''), and such Unrestricted Subsidiaries would be permitted to borrow beyond the limitations specified in the Indenture and engage in other activities in which Restricted Subsidiaries may not engage.

Our ability to generate cash depends on many factors beyond our control and we may not be able to generate sufficient cash to service our debt.

We are subject to the normal risks associated with debt financings, including the risk that our cash flow will be insufficient to meet required payments of principal and interest on debt and the risk that indebtedness will not be able to be renewed, repaid or refinanced when due, or that the terms of any renewal or refinancing will not be as favorable as the terms of such indebtedness.

We anticipate that operating cash flows from the Issuer and its subsidiaries will be sufficient to meet anticipated future operating expenses and to fund capital expenditures. However, we cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated revenue budgets and operating improvements will be realized, or that future borrowings will be available to us in amounts sufficient to enable us to pay our debt or to fund our other liquidity needs. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those described in these ''*Risk Factors*'', some of which are beyond our control.

In addition, our ability to borrow funds to make payments on our debt will depend on the satisfaction of the covenants in the Senior Facilities Agreement and our other debt agreements, including the Indenture, and other agreements we may enter into. Specifically, to the extent that we wish to borrow amounts in excess of 40% (subject to customary exclusions) of the total commitments under the Revolving Credit Facility we will be required to comply with an ongoing senior leverage covenant test. If we consider that we will not comply with such covenant test we may determine that we are unable to utilize amounts in excess of such level under the Revolving Credit Facility. In addition, prior to the repayment of the Notes, we will be required to refinance or repay certain other debt, including any debt outstanding under the Revolving Credit Facility.

We cannot assure you that we will be able to refinance or repay any of our debt, including the Notes and other debt, on commercially reasonable terms or at all. If we are unable to make payments or refinance our debt or obtain new financing, we would have to consider other options, which could materially and adversely affect our financial condition and results of operations, such as requiring us to:

- reduce or delay capital expenditures;
- limit our growth;
- sell assets;
- forego opportunities, such as joint ventures or acquisitions of other businesses;
- incur indebtedness under the Revolving Credit Facility;
- sell equity; and
- negotiate with our lenders to restructure or refinance the applicable debt.

We are exposed to interest rate risks. Shifts in such rates may adversely affect our debt service obligations.

Following the Issue Date, we expect that our primary floating rate debt obligations (excluding finance leases and other liabilities) will relate to the Revolving Credit Facility. An increase in the interest rates on such debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Although from time to time we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost, that our hedging strategies will adequately protect our operating results from the effects of changes in interest rates or that hedges will not limit any benefit that we might otherwise receive from favorable movements in interest rates.

The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy the Issuer's obligations under the Notes and the Guarantor's obligations under the Guarantees, and the Collateral securing the Notes and the Guarantees may be reduced or diluted in certain circumstances.

On the Issue Date, the Notes and the Guarantees will be secured by the Collateral described in this Offering Memorandum. For further information, please see ''*Description of the Notes—Collateral*.'' In the event of liquidation, insolvency, foreclosure, bankruptcy, reorganization or similar proceedings, the proceeds from the sale of the Collateral securing debt under the Notes and the Guarantees may not be sufficient to fully satisfy the Notes and the Guarantees. The value of the Collateral and the amount that may be received upon a sale of Collateral will depend upon many factors including, among others, the liquidity and condition of the Collateral, the ability to sell the Collateral in an orderly sale, market and economic conditions, whether the business is sold as a going concern and the availability of buyers.

No appraisal of the fair market value of the Collateral has been made in connection with this offering of Notes. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. The value of the Collateral could be impaired in the future as a result of changing economic and market conditions, our failure to successfully implement our business strategy, competition and other factors. The Collateral may include intangible or other illiquid assets that by their nature may not have a readily ascertainable market value or may not be readily saleable or, if saleable, there may be substantial delays in their liquidation. In addition, the value of the Collateral may decrease because of obsolescence or certain casualty events.

The proceeds from a sale of Collateral would be distributed to satisfy debt and all other obligations under any debt secured by a *pari passu* lien on the Collateral concurrently with the distribution of such proceeds in respect of the Notes. Pursuant to the Intercreditor Agreement, the creditors under the Revolving Credit Facility and certain hedge counterparties will have priority over the holders of Notes with respect to the proceeds from the Collateral. For further information, please see ''—*The ability of the holders of the Notes to recover under the Collateral may be limited. Before any amounts are available to repay the Notes, creditors under the Revolving Credit Facility and certain hedge counterparties will have a right to be repaid with the proceeds realized following the enforcement of all or part of the Collateral.*'' The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture (including additional Notes) and the agreements governing our other debt. Your rights to the Collateral would be diluted by any increase in the debt secured by the Collateral. To the extent that holders of other secured debt or third parties enjoy liens (including statutory liens), whether or not permitted by the Indenture or the Security Documents governing the Collateral, such holders or third parties may have rights and remedies with respect to the Collateral securing the Notes and the Guarantees that, if exercised, could further reduce the proceeds available to satisfy the obligations under the Notes and the Guarantees.

As a result of the foregoing, liquidating the Collateral securing the Notes and the Guarantees may not produce proceeds in an amount sufficient to fully pay any amounts due on the Notes and the Guarantees. We cannot assure you of the value of the Collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding would be sufficient to repay all amounts due on the Notes and the Guarantees. If the proceeds of the Collateral were not sufficient to repay amounts outstanding under the Notes and the Guarantees, then holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets. The Intercreditor Agreement will provide for detailed enforcement mechanisms with respect to the Collateral. For further information, please see ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

The ability of the holders of the Notes to recover under the Collateral may be limited. Before any amounts are available to repay the Notes, creditors under the Revolving Credit Facility and certain hedge counterparties will have a right to be repaid with the proceeds realized following the enforcement of all or part of the Collateral.

The obligations under the Notes and the Guarantees are secured by security interests over the Collateral, which also secures obligations under the Revolving Credit Facility and certain of our hedging obligations. Pursuant to the Intercreditor Agreement, the creditors under the Revolving Credit Facility and certain hedge counterparties will have priority over the holders of Notes with respect to the proceeds from the Collateral. In addition, the creditors under the Revolving Credit Facility and certain hedge counterparties will have priority over any amounts received from the sale of any assets of the Issuer or any of the Guarantors pursuant to an insolvency event or certain distressed disposals of the Collateral pursuant to the Intercreditor Agreement. As such, you may not be able to recover on the Collateral if the claims of the creditors under the Revolving Credit Facility and certain hedge counterparties under our hedging obligations are greater than or equal to the proceeds realized from any enforcement of the Collateral. Any proceeds from the enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility and certain hedging obligations in relation thereto have been paid from such recoveries, be applied pro rata in repayment of the Notes and any other debt secured by a *pari passu* lien.

In addition, the Collateral may also secure certain future indebtedness that is permitted to be incurred under the Indenture and our other debt agreements on a *pari passu* basis, and certain of that indebtedness may have similar priority to the proceeds of the enforcement of, or certain distressed disposals of, the Collateral. Any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility and certain hedging obligations have been paid from such recoveries, be applied pro rata in repayment of the Notes and other senior indebtedness secured on *a pari passu* basis on such Collateral. Our ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral. In addition, claims of any secured creditors which are secured by assets that do not also secure the Notes or the Guarantees will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will

be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

Subject to certain conditions, any security interest in the Collateral will be automatically released at the time of an enforcement sale of the pledged entity or of the pledged assets or shares of any direct or indirect parent entity of such subsidiary. Following such a sale, the Trustee and the holders of the Notes will have no claims in relation to such entity and its direct and indirect subsidiaries under the Notes or any Guarantee. For further information, please see ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

The rights of the holders of the Notes to enforce remedies with respect to the Collateral are subject to security sharing arrangements.

The security interest in our assets serving as Collateral for the Notes and the Guarantees thereof will also be granted as Collateral in favor of the creditors under the Revolving Credit Facility and certain hedging counterparties. The Intercreditor Agreement and the Indenture will also permit a security interest in such Collateral to be granted to lenders of additional debt and to hedging counterparties under certain of our hedging obligations. The Intercreditor Agreement provides that a common security agent (the ''Security Agent''), who will serve as the Security Agent for the creditors under the Revolving Credit Facility, certain hedge counterparties, the holders of the Notes and any additional secured debt, will act only as provided for in the Intercreditor Agreement. In general, the agent under the Revolving Credit Facility and the representatives of our hedging counterparties and any agent with respect to any future secured debt will have, subject to prior notification of the Trustee, the right to instruct the Security Agent to enforce the shared Collateral. The Intercreditor Agreement provides that the enforcement sale of any Collateral will be subject to, as a condition to the release of any claims of any other debt secured by such Collateral under the Intercreditor Agreement, certain protections intended to maximize the secured creditors' recovery from an enforcement sale.

Although enforcement instructions given by holders of the Notes alongside any other creditors secured on a *pari passu* basis with the Notes which together constitute a majority will initially prevail in the majority of circumstances, if (a) from the date that is three months after the date of the first such enforcement instructions (including any such instructions not to take enforcement steps) are issued, no steps have been taken in relation to the commencement of enforcement of Collateral or (b) an insolvency event is continuing in respect of the relevant guarantor, third party security provider or borrower, or (c) the liabilities owing to the Super Senior Creditors have not been fully discharged within six months of the date the first such enforcement instruction was issued, then enforcement instructions by the Super Senior Creditors will prevail. These arrangements could be disadvantageous to the holders of the Notes in a number of respects and may permit the Super Senior Creditors to control enforcement in circumstances in which their interests are different from those of the holders of the Notes. For further information, please see ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*'' The Super Senior Creditors or any other future class of debt secured by the Security may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when it would not be advantageous for the holders of the Notes to do so.

In addition, if the relevant Super Senior Creditors have instructed the Security Agent to sell either some or all of our subsidiaries or any direct or indirect parent entity of such subsidiary or other assets through an enforcement of their security interests in accordance with the terms of the Intercreditor Agreement, the borrowing liabilities, the Guarantees from any such Guarantor that are sold and any Guarantee issued and the security over any such assets securing the Notes and any Guarantee thereof will be automatically released. For further information, please see ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

Moreover, certain proceeds received by the holders of the Notes and the Super Senior Creditors must be turned over to the Security Agent pursuant to the Intercreditor Agreement for application in accordance with the Intercreditor Agreement.

The Issuer and the Guarantors will in most cases have control over the Collateral securing the Notes and the Guarantees, and the sale of particular assets could reduce the pool of assets securing the Notes and the Guarantees.

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the assets subject to the Security securing the Notes and the Guarantees. So long as no default or event of default or enforcement event (as appropriate) under the relevant Transaction Security Document would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the assets subject to the Collateral, such as selling, factoring or otherwise disposing of Security and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Security and consequently the amounts payable to you from proceeds of any sale of assets subject to the Collateral in the case of an enforcement of the Collateral. To the extent that additional indebtedness and obligations are secured by the Collateral, our control over the Collateral may be diminished.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Collateral will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Guarantees will be released and under various other circumstances, the Issuer and the Guarantors will be entitled to instruct the Security Agent to release the security interests in respect of the Collateral securing the Notes and the Guarantees. For further information, please see ''*Description of the Notes*'' and ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

Furthermore, we will be permitted to require the release and/or re-taking of any lien on any Collateral to the extent otherwise permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement or any additional intercreditor agreement. In Italy, such a release and retaking of collateral will give rise to the start of a new hardening periods in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity or enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respects of the Collateral and thus reduce your recovery under the Notes.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral, and the granting of the security interests in the Collateral may be subject to hardening periods for such security interests in accordance with the law.

We will be obliged, pursuant to the Security Documents, to take certain perfection steps as promptly as practicable in respect of the Collateral and as promptly as practicable following receipt of a request from the Security Agent in respect of such Collateral subject to the Security Documents. Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected and thus retain its priority if certain actions are undertaken by the secured party and/or the grantor of the security interest. The security interest in the Collateral may not be perfected with respect to the Notes and the Guarantees if we or the Security Agent are not able to or do not take the actions necessary to perfect any such security interest. Such failure may result in the invalidity of the relevant security interest securing the Notes and the Guarantees or adversely affect the priority of such security interest in favor of the Notes and the Guarantees against third parties, including a trustee in bankruptcy and other creditors who claim security interest in the same Collateral. Neither the Trustee nor the Security Agent will have an obligation to monitor the acquisition of additional property or rights that constitute Collateral or take any action in relation to the perfection of any such Collateral.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take actions that might improve the perfection or priority of the liens of the Security Agent in the Collateral. To the extent that the security interest created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

The granting of security interests in connection with the issuance of the Notes and the entry into the Revolving Credit Facility may be subject to hardening periods for such security interests. The applicable

hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated, depending on the applicable laws. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void, it may be deemed ineffective towards the bankruptcy estate and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods and the aforementioned limitations may apply.

For further information, please see ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

The interests of our principal shareholder may be inconsistent with the interests of the holders of the Notes.

Our largest shareholder is Almaviva Technologies S.r.l., which owns 95.11% of the Company's share capital as of the date of this Offering Memorandum. See ''*Principal Shareholder.*'' The interests of our principal shareholder could conflict with the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholder could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to the holders of the Notes. Finally, our principal shareholder may have strategic objectives or business interests that could conflict with our own strategies or interests. If the interests of our principal shareholder conflict with our interests or the interests of the holders of the Notes, or if our principal shareholder engages in activities or pursues strategic objectives that conflict with our interests or the interest of the holders of the Notes, we and you could be disadvantaged.

Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.

Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. The obligations of the Guarantors, the enforcement of each of their Guarantees and the obligations of the grantors of security and the ability of the Security Agent to enforce the Collateral will be limited to the maximum amount that can be guaranteed by such Guarantor or provided by the grantor of security under the applicable laws of Italy, including a limitation to the extent that the pledge of security is not in the relevant Guarantor's or pledgor's corporate interests. As a result of the applicable limitations under Italian law with respect to financial assistance and corporate benefit, each Guarantee and security interest granted in favor of the Notes may be limited. See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*'' Accordingly, enforcement of any such Guarantee or Collateral against the relevant Guarantor or pledgor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Guarantees or pledge of security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or pledgors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Guarantee or of a pledgor of the Collateral could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it.

In addition to the above, under Article 1938 of the Italian Civil Code, if a corporate guarantee is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In light of the above, pursuant to Article 1938 of the Italian Civil Code, the maximum amount that each of the Guarantors may be required to pay in respect of its obligations as Guarantor under the Indenture and the Revolving Credit Facility shall not exceed an amount equal to 120% of the aggregate principal amount of the Notes and the total commitments under the Revolving Credit Facility. Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the

benefit of that Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the relevant Guarantor or, in certain jurisdictions, when the granting of the relevant Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interests or for the corporate benefit of the relevant Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

It is possible that a Guarantor or a pledgor of security, or a creditor of a Guarantor or pledgor of security, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor or a pledgor of security, may contest the validity and enforceability of the Guarantor's Guarantee or pledgor's pledge of security on any of the aforementioned grounds and that the applicable court may determine that the Guarantee or pledge should be limited or voided. To the extent such limitations on the Guarantee or security obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor or pledgor, including trade payables of such Guarantor or pledgor to the extent of such limitations. Future pledges or guarantees may be subject to similar limitations.

Additionally, the grant of security interest in the Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified ''clawback'' period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors, even if such claims are secured claims. See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

Likewise, under Brazilian law, the Brazilian Guarantor's obligations under the Guarantee are subordinated to certain statutory preferences. In the event of a liquidation or bankruptcy liquidation, such statutory preferences, including post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference over any other claims, including claims by any holder of the Notes in respect of the Guarantee. In such a scenario, enforcement of the Guarantee under the Notes may be jeopardized, and holders of the Notes may lose some or all of their investment.

The ability of the Security Agent to enforce certain Collateral may be restricted by Italian law.

The ability of the Security Agent to enforce on the Collateral may be limited by mandatory provisions of Italian law and may be subject to certain statutory limitations and defenses or to limitations contained in the terms of the security documents designed to ensure compliance with applicable statutory requirements.

The security interests that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Code. The Indenture will provide (along with the Intercreditor Agreement) that to the extent permitted by the applicable laws, only

the Security Agent has the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the relevant Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement. See ''*Description of the Notes—Security*.''

The security interest in the Collateral will be created and perfected in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a representative (*rappresentante)* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Security Documents nor specifically identified therein or in the relevant share certificates and corporate documents or public registries. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors.

See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.''*

Risks relating to intercompany loans under Italian law.

Italian corporate law (Articles 2497-quinquies and 2467 of the Italian Civil Code) provides for rules to protect creditors against ''*undercapitalized companies*'' and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata,* will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan (''*undercapitalization*''). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans ''*made in any form*'' and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that Article 2467 of the Italian Civil Code also applies to companies incorporated as joint-stock companies (''*società per azioni*''), hence potentially to the borrowers under the intercompany loans that are joint-stock companies (''*società per azioni*'').

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship (or any Guarantor's relationship) with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer (and/or the relevant Guarantor) may not be able to recover any amounts under any intercompany loan granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes (and/or the relevant Guarantor's obligations under the Indenture).

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees granted by such Italian subsidiaries may be impaired or restricted.

We cannot assure you which standard a court would apply in determining whether a Guarantor was insolvent at a relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent at a relevant time, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or
- it cannot pay its debts as they become due.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee of a Guarantor may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

For a more detailed description of the standards that a court would apply in determining whether an Italian Guarantor was insolvent at a relevant time, please see ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

We may not be able to obtain the funds necessary to finance an offer to repurchase the Notes upon the occurrence of a Change of Control (as defined in the Indenture) as required by the Indenture.

Upon the occurrence of a Change of Control, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101%. of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of repurchase. If a Change of Control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price for all tendered Notes or that the restrictions in our Senior Facilities Agreement or other then existing contractual obligations of us or the Issuer would allow the Issuer to make such required repurchases. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the Change of Control itself does not. The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If a Change of Control occurs at a time when the Issuer is prohibited from repurchasing Notes under the Senior Facilities Agreement or other debt instruments, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which could, in turn, constitute a default under other agreements governing our debt. For further information, please see ''*Description of the Notes—Change of Control.*''

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions involving us that may adversely affect you, because such

corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a ''Change of Control'' as defined in the Indenture. Except as described under ''*Description of the Notes—Change of Control,*'' the Indenture does not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of ''Change of Control'' contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries taken as whole to any person other than one or more ''Permitted Holders'' as defined in the Indenture. Although there is a limited body of case law interpreting the phrase ''all or substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of ''all or substantially all'' of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Your right to receive payments under the Notes may be structurally subordinated to claims of certain of the Issuer's and its subsidiaries' existing and future creditors.

On the Issue Date, all of our material subsidiaries will guarantee the Notes. If, following the Issue Date, any of our existing subsidiaries or subsidiaries incorporated in the future do not guarantee the Notes, the Notes will be structurally subordinated to the obligations of such non-Guarantor subsidiaries. Generally, claims of creditors of the Issuer's subsidiaries that are not Guarantors, including trade creditors and claims of preference shareholders (if any) of each such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of an insolvency, liquidation or other reorganization of any of the Issuer's subsidiaries that are not Guarantors, holders of their debt and their trade creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer and its holding company subsidiaries as equity holders.

Any pledge of Collateral might be avoidable in bankruptcy.

Any pledge of Collateral in favor of the Security Agent, including pursuant to security documents delivered after the date of the Indenture, might be avoidable in certain jurisdictions by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, as prescribed by the applicable laws, including, among others, if (i) the pledgor is unable to pay its debts due at the time of the pledge, (ii) the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given, and (iii) a bankruptcy proceeding in respect of the pledgor is commenced within the period prescribed in applicable law following the pledge.

The Issuer is organized under the laws of Italy and the Guarantors are organized under the laws of Italy and Brazil. Consequently, in the event of an insolvency of the Issuer or any Guarantor, insolvency proceedings may be initiated in such entities' jurisdiction of organization and the laws of such jurisdiction would generally govern most aspects of such proceedings. For descriptions of the insolvency laws of Italy and Brazil and their risks, please see ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

It may be difficult to realize the value of the Collateral securing the Notes and the Guarantees.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections permitted under the Indenture, the Revolving Credit Facility and Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The Initial Purchases have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections.

The existence of any such exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections could adversely affect the value of the Collateral as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction

of perfection requirements, statutory liens, or re-characterization under the laws of certain jurisdictions (including the laws of Italy).

The security interests of the Security Agent may be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Furthermore, the enforcement of a security interest by the Security Agent may require the completion of judicial proceedings in the jurisdiction that is released for such security interest. There is no assurance that the Security Agent will successfully complete such judicial proceedings in a timely manner or that other practical problems relating to the foreclosure of Collateral will be overcome by the Security Agent at all or without a material delay. Accordingly, the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

Due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in Italy may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

Enforcing your rights as a holder of the Notes may prove difficult.

The Issuer is organized under the laws of Italy. The Guarantors are organized under, and the Security Documents will be governed by, the laws of Italy and Brazil. The Intercreditor Agreement will be governed by the laws of England and Wales. The Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Italy, Brazil, England and Wales, the United States or several of these jurisdictions. Any multi-jurisdictional proceeding is likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to such bankruptcy, insolvency and administrative laws, and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of Italy and Brazil may be materially different from, or be in conflict with those of the United States and other jurisdictions with which you may be familiar, including in the areas of the rights of creditors, the priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

The laws of Italy limit the ability of the Guarantors to guarantee debt of other companies. As a result, a court in this jurisdiction may deem the Guarantees to be invalid or reduce the amount of guaranteed obligations available to satisfy claims under the Notes.

Under Brazilian law, the Guarantees are subordinated to certain statutory preferences. In the event of bankruptcy, according to the Brazilian bankruptcy law, such statutory preferences, such as certain claims for salaries and wages to a certain limit, social security and other taxes, court fees and expenses, will have preference over any other claims, including claims in respect of the Guarantees. For further information, please see ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

The foreign exchange policy of Brazil may affect the ability to make money remittances outside Brazil in respect of the Guarantees.

Under existing regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees, such as to the holders of the Notes. We cannot assure you that these regulations will continue to be in force at the time when it is required to perform payment obligations under the Guarantees; provided that any remittances made by the Brazilian Guarantor, in U.S. dollars, as payments under the Guarantees are made in accordance with the procedures established in Resolution No. 3,568, issued by the Brazilian Monetary Council on

May 29, 2008, regulated by Circular No. 3,691, as issued by the Central Bank of Brazil on December 16, 2013.

If these regulations or their interpretation are modified and an authorization from the Central Bank is required, the Brazilian Guarantor would be required to seek an authorization from the Central Bank to transfer the amounts under the Guarantees out of Brazil or, alternatively, make such payments with funds held outside of Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available.

Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to our business.

The Brazilian government frequently implements changes to tax regimes that may adversely affect us and our customers. These changes include changes in prevailing tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. Some of these changes may result in increases in our tax payments, which could adversely affect our profitability and increase the prices of our services, restrict our ability to do business in our existing and target markets and cause our financial results to suffer. There can be no assurance that we will be able to maintain our projected cash flow and profitability following any increases in Brazilian taxes applicable to us and our operations.

We cannot assure you that a judgment of a court for liabilities under the securities laws of a jurisdiction outside Brazil would be enforceable in Brazil, or that an original action can be brought in Brazil against us for liabilities under applicable securities laws.

The Issuer and the Italian Guarantors are incorporated under the laws of Italy, and Almaviva do Brasil Telemarketing e Informática S/A is incorporated under the laws of Brazil. Substantially all of the Company and the Italian Guarantors assets are located in Italy and all of Brazilian Guarantor's assets are located in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon us or the Brazilian Guarantor, or its or our directors, executive officers and advisors, or to enforce against us, the Brazilian Guarantor or its or our directors, executive officers and advisors, in U.S. or Brazilian courts, any judgments predicated upon the civil liability provisions of applicable securities laws. In addition, it may not be possible to bring an original action in Brazil against us for liabilities under securities laws of the United States or other jurisdictions or to enforce the Guarantee of the Brazilian Guarantor if the Indenture or the Notes were to be declared void by a court applying the laws of the State of New York.

The obligations under the Guarantee are subordinated to certain statutory liabilities in Brazil.

Under Brazilian law, our obligations under the Notes, the Guarantee and the Indenture are subordinated to certain statutory preferences. In the event of Brazilian Guarantor's bankruptcy, according to the Brazilian bankruptcy law, such statutory preferences, such as certain claims for salaries and wages to a certain limit, will have preference over any other claims, including claims by any investor in respect of the Notes.

The insolvency laws of Italy and Brazil may not be as favorable to you as those of another jurisdiction with which you may be familiar.

The Issuer and certain of the Guarantors are incorporated under the laws of Italy. Therefore, any insolvency proceedings by or against the Issuer or such Guarantors would likely be based on Italian insolvency laws. The Brazilian Guarantor is incorporated in Brazil. Therefore, any insolvency proceedings by or against the Brazilian Guarantor would likely be based on Brazilian insolvency laws.

See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*'' for a description of the insolvency laws in Italy and Brazil, which could limit the enforceability of the Guarantees and the security interests.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of the Group's subsidiaries experienced financial difficulty (save for the Issuer and the Guarantors incorporated in Italy which are likely to have their ''*centres of main interests*'' under the laws of Italy and, therefore, in accordance with Council Regulation (EC) No. 848/2015 on insolvency proceedings, as amended), and the main insolvency proceedings are opened in the jurisdiction in which the debtor has its ''*centre of main interests,*'' insolvency proceedings with respect to these companies may proceed

under, and be governed by, Italian insolvency law. It is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this Offering Memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the security in these jurisdictions and limit any amounts that you may receive.

The insolvency laws of Italy may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. In particular, the Indenture could be limited in scope and effect by Italian courts to the extent its covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. As a consequence, enforcement of rights under the Notes, the Guarantees and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

Brazilian bankruptcy laws are significantly different from, and may be less favorable to creditors than, those of the United States. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the Notes or the Guarantee would be expressed in the real equivalent of the U.S. Dollar or Euro amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered or (3) on the date on which collection or enforcement proceedings are started against us. In the event of our bankruptcy liquidation, all of the debt obligations that are denominated in foreign currency, including the Guarantee, will be converted into *reais* at the prevailing exchange rate on the date of decree of our bankruptcy liquidation by the court. We cannot assure that this exchange rate and the outcome of any bankruptcy liquidation proceedings will afford you full compensation for the amount of the Notes. See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*''.

Because the Issuer and the Guarantors are entities incorporated under the laws of Italy and Brazil and substantially all of their assets are located outside the United States, you may be unable to recover in civil proceedings for U.S. securities laws violations, and enforcement of civil liabilities and U.S. judgments in such jurisdictions may be difficult.

The Issuer is organized under the laws of Italy and the Guarantors are organized under the laws of Italy and Brazil. Substantially all of the assets and all of the operations of the Issuer and the Guarantors are located, and all of their revenues are derived, outside the United States. In addition, all of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce against them judgments obtained in the U.S. courts, including judgments predicated upon the civil liability provisions of the United States federal or state securities laws.

A judgment rendered by a U.S. court obtained against the Issuer or a Guarantor will (due to the current absence of an applicable treaty for the mutual recognition and enforcement of judgments in civil and commercial matters) not automatically be recognized and enforced by the courts of Italy or Brazil. In order to enforce any such U.S. judgment in Italy or Brazil, proceedings must first be initiated before a court of competent jurisdiction in Italy or Brazil. In such an action, however, the Italian or Brazilian court would not generally reinvestigate the merits of the original matter decided by the U.S. court and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an Italian or Brazilian court in such an action is conditional upon a number of factors. For further information, please see ''*Enforcement of Civil Liabilities.*''

There is uncertainty as to whether the courts of Italy or Brazil would (i) recognize and enforce judgments of U.S. courts obtained against the Issuer, the Guarantors, the directors, controlling persons and

management who are not residents of the United States including those judgments predicated upon the civil liability provisions of the United States federal or state securities laws or (ii) accept jurisdiction and impose civil liability in original actions brought in Italy or Brazil and predicated solely upon the United States federal or state securities laws. There is also doubt that a court in Italy would have the requisite power or authority to grant remedies sought in an original action brought in Italy or Brazil on the basis of U.S. federal securities laws violations. See ''*Enforcement of Civil Liabilities.*''

If proceedings were brought in Brazil seeking to enforce our and the Brazilian Guarantor's obligations under the Notes, neither we nor the Brazilian Guarantor would be required to discharge our or its obligations in a currency other than *reais*. Any judgment obtained against us or the Brazilian Guarantor in Brazilian courts in respect of any payment obligations under the Notes will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate published by the Central Bank on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, in which case the amount would be subject to a monetary adjustment as determined by the relevant court. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the Notes plus accrued interest. For further information, see ''*Enforcement of Civil Liabilities*.''

You may face foreign currency exchange risks or adverse tax consequences by investing in the Notes.

The Notes will be denominated and payable in euro. If you measure your investment returns by reference to the U.S. dollar or other non-euro currencies, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the euro against the U.S. dollar or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign currency exchange gains or losses, if any. For further information, please see ''*Tax Considerations—Certain United States Federal Income Tax Considerations.*''

Despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro- denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Guarantees and the Collateral.

Under Italian law, in the event that the Issuer or a Guarantor enters into insolvency proceedings, the security interests granted to secure the Notes and the Guarantees could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the ''suspect period''). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the

declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the bankruptcy receiver must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action. See ''*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*''

Under Article 64 of the Italian Bankruptcy Law, all transactions without consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency. In addition, the EU Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

If challenged successfully, the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive any two of the following: (i) a rating of ''Baa3'' or better by Moody's and (ii) a rating of ''BBB – '' or better from S&P and (iii) a rating of ''BBB – '' or better from Fitch and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which the Notes cease to have such ratings, certain covenants will be suspended and cease to be applicable to the Notes. For further information, please see ''*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.*'' If these covenants were to be suspended and cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Changes in tax laws or regulations or in positions by the relevant tax authority regarding the application, administration or interpretation of tax laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our operating results, business and financial condition.

Tax laws are complex and subject to subjective evaluations and interpretative decisions, and we will be periodically subject to tax audits aimed at assessing our compliance with direct and indirect taxes. We are also subject to intercompany pricing laws and regulations, including those relating to the flow of funds among our subsidiaries pursuant to, for example, loan agreements. Adverse developments in laws or regulations, or any change in position by the tax authorities regarding the application, administration or interpretation of laws or regulations, could have a material adverse effect on our

business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, tax authorities may not agree with our interpretations of, or with the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and any extraordinary transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. In case of objections by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of higher taxes, interest, penalties or sanctions and have a material adverse effect on our operating results, business and financial condition or on our ability to service or otherwise make payments on the Notes and our other indebtedness. We may also inadvertently or for reasons beyond our control fail to comply with certain tax laws or regulations in connection with a particular transaction, including any of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. This may have a negative tax impact and may also result in the application of higher taxes, interest, penalties or sanctions. Tax audits and investigations by the competent Tax Authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Taxation laws in Italy may restrict the deductibility of all or a portion of the interest expenses on our indebtedness, including interest expenses in respect of the Notes.

Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated, generally outlines the rules on deductibility of interest expenses for Italian corporate income tax purposes. Specifically, the rules allow for the full tax deductibility of interest expenses incurred by an Italian tax resident company in each fiscal year up to the amount of the interest income incurred in the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expenses in excess of this amount is allowed up to a threshold of 30% of the EBITDA of an Italian tax resident company (i.e., *risultato operativo lordo della gestione caratteristica* or ''ROL'') as recorded in such company's profit and loss account. Starting from January 1, 2016, under certain conditions, dividends paid by non-resident companies to their Italian parent company may also be taken into account in order to determine the ROL of the parent company. The amount of ROL not used for the deduction of the amount of interest expenses that exceeds interest income can be carried forward, increasing the amount of ROL for the following fiscal years in certain cases. Interest expenses not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expenses that exceeds interest income of the year is lower than 30% of ROL. In the case of Italian tax resident companies participating in the same tax consolidated group, interest expenses not deducted by an entity at stand-alone level due to a lack of individual ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies in that tax consolidated group, in certain cases.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing do not relate to the business of the borrowing entity (as the relevant transaction is deemed to be ''anti-economic'' and as such not compliant with the ''inherence'' principle set out under Italian tax law).

Any future changes in Italian tax laws or in their interpretation (including any future limitation on the use of the ROL of the Issuer and its subsidiaries or changes in the tax treatment of interest expenses arising from any indebtedness incurred by the Issuer and its subsidiaries, including in respect of the Notes), the failure to satisfy the applicable Italian legal requirements relating to the deductibility of interest expenses incurred in respect of the Notes or the application by the Italian Tax Authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense in respect of the Notes, which may have an adverse impact on our financial condition.

We may not be able to list the Notes or maintain the listing of the Notes and the listing, once obtained, may not satisfy the listing requirement of Italian Legislative Decree No. 239 of April 1, 1996.

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, that such permission to deal in the Notes will be granted or that such listing will be maintained. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Luxembourg Stock Exchange, failure to be approved for listing or the delisting of the Notes, as applicable, may have a material effect on a holder's ability to resell the Notes in the secondary market and may give rise to withholding tax concerns.

The Italian Tax Authorities have issued an interpretive circular relating to, among other things, the listing requirement of Italian Legislative Decree No. 239 of April 1, 1996 in order for the Notes to be eligible to benefit from the exemption from withholding tax. According to a stringent interpretation of this circular, the Notes may not be eligible to benefit from such provisions if the listing of the Notes is not effective as of the Issue Date. In the event that the Notes are not listed as of the Issue Date or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*imposta sostitutiva*) currently at a rate of 26%, and we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax for which holders may not receive additional amounts.

Neither the Issuer nor any Guarantor will be liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Legislative Decree No. 239 of April 1, 1996 or pursuant to Legislative Decree No. 461 of November 21, 1997. In such circumstances, investors subject to Italian withholding tax or substitute tax will only receive the net proceeds of their investment in the Notes. In particular, neither the Issuer nor any Guarantor will be liable to pay any additional amounts in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy and otherwise in the circumstances as described in ''*Description of the Notes—Withholding Taxes.*'' Investors resident in such countries or investors that are resident in a country allowing for the satisfactory exchange of information with Italy but that do not satisfy the conditions set forth by Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented), as well as certain categories of holders of the Notes who are resident in Italy, will only receive the net proceeds of their investment in the Notes. The regime provided by Legislative Decree No. 239 of April 1, 1996 and in particular the exemption from withholding tax, which is in principle granted to holders of the Notes resident in countries that allow for satisfactory exchange of information with Italy, is also subject to certain procedural requirements being met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. Should the procedural requirements not be met, Italian withholding tax may apply on the payments made on the Notes to foreign investors resident in countries that allow for satisfactory exchange of information with Italy. See ''*Tax Considerations—Italian Tax Considerations*'' and ''*Description of the Notes—Withholding Taxes.*''

The European proposed financial transactions tax

On February 14, 2013 the European Commission published a new legislative proposal on the Financial Transaction Tax (the ''FTT''). The proposed FTT has a very broad scope and could apply under certain circumstances to certain dealings in the Notes. However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any

implementation. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Issuances of Additional Notes may not be fungible with the Notes, which may adversely affect the value of the Notes.

The Issuer may issue and sell Additional Notes having identical terms and conditions as the Notes if the conditions for such additional issuance are satisfied. Whether any Additional Notes would be fungible with the Notes for U.S. federal income tax purposes would depend on whether the issuance of such Additional Notes is treated as part of the same ''issue'' as the Notes for such purposes. This determination will depend on facts that cannot be determined at this time, including the date when the Additional Notes are issued, the yield of the Notes at that time (based on their fair market value), whether the Notes are issued with less than a statutorily defined de minimis amount of original issue discount for U.S. federal income tax purposes (''OID'') and whether such Notes are publicly traded or quoted at the time of the issuance of the Additional Notes. If the Additional Notes are not treated as part of the same ''issue'' as the Notes for U.S. federal income tax purposes and the Additional Notes are issued with at least a statutorily defined de minimis amount of OID for U.S. federal income tax purposes, the market value of the Notes may be adversely affected unless the Additional Notes can be distinguished from the Notes.

An active trading market may not develop for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new securities for which there currently is no market. Although we have submitted an application to list the Notes on the Official List of the Luxembourg Stock Exchange, an active market may not develop, in which case the market price and liquidity of the Notes may be adversely affected.

In addition, the liquidity of the trading market and the market price quoted for the Notes may be adversely affected by prevailing interest rates, changes in the overall market for these types of Notes, or changes in our financial performance or prospects or in the prospects of companies in our industry generally. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. There can be no assurance that if a market for the Notes were to develop, such a market would not be subject to similar disruptions.

The Initial Purchasers of the Notes advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obliged to do so, and may discontinue any market-making activities at any time without notice. In addition, market-making activity will be subject to limits imposed by applicable laws and regulations. As a result, we cannot assure you that an active trading market will develop for the Notes.

The Notes are subject to restrictions on transfer, which may adversely affect the value of the Notes.

The Notes and Guarantees are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws. The Notes and Guarantees have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Notes and the Indenture will contain provisions that restrict the Notes and Guarantees from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes and Guarantees, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes and Guarantees that it shall not transfer the Notes and Guarantees, as applicable, in an aggregate principal amount of less than EUR 100,000. Furthermore, the Issuer has not registered the Notes and Guarantees under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes and Guarantees comply with applicable law. For further information, please see ''*Notice to Investors in the United States.*''

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the global notes representing the Notes.

After payment to the Paying Agent, which will make payments to Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, you must rely on the procedures of the participant through which you own your interest, in each case, to exercise any rights and obligations of a holder under the Indenture. For further information, please see ''*Book Entry, Delivery and Form.*''

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be reliant on the common depositary to act on your instructions and/or you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear, Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. For further information, please see ''*Book Entry, Delivery and Form.*''

No assurance can be given that the listing of the Notes will satisfy certain listing requirements of Article 32 of Law Decree No. 83 of June 22, 2012 and Decree 239

No assurance can be given that the listing of the Notes on the Official List of the Luxembourg Stock Exchange will satisfy the listing requirement of Article 32 of Law Decree No. 83 of June 22, 2012 and Decree 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26%, and, subject to certain exceptions, see ''*Description of the Notes—Withholding Taxes*,'' we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The Issuer cannot assure you that the Italian tax authorities will not interpret the applicable legislation as requiring that the listing be effective at closing (upon issuance of the Notes) and we cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

USE OF PROCEEDS

We intend to use the proceeds from this offering of the Notes to repay outstanding indebtedness under the Term Facility of the Senior Facilities Agreement and to pay the fees and expenses related to the offering of the Notes.

The following table sets forth the estimated sources and uses of funds in connection with the offering of the Notes. Actual amounts will vary from estimated amounts depending on several factors, including timing of any distribution, differences from the estimate of fees and expenses and outstanding amounts upon repayment.

Sources	EUR in millions	Uses	EUR in millions
Notes offered hereby[1]	250.0	Refinancing of the Term Facility[2][3]	250.0
Cash on balance sheet	6.5	Transaction fees[4]	6.5
Total sources	**256.5**	**Total uses**	**256.5**

(1) Represents the aggregate principal amount of the Notes assuming no original issue discount.

(2) Represents the principal amount outstanding under the Term Facility of the Senior Facilities Agreement as of the date of this Offering Memorandum.

(3) We used the proceeds of the Term Facility in part to refinance existing indebtedness in the amount of EUR 116.5 million and to pay VAT taxes due in respect of the 2016 and 2017 tax years in the amount of EUR 66.5 million. For further details on the Term Facility please see "*Description of Certain Financing Arrangements*."

(4) Represents the estimated fees and expenses in relation to the offering, including fees and commissions payable to the Initial Purchasers, advisory fees and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth our unaudited consolidated capitalization as of June 30, 2017, on (i) an actual basis, (ii) as adjusted to give effect to the utilization of loans under the Senior Facilities Agreement executed on August 3, 2017 as if it had been made available and used as of June 30, 2017 to refinance existing indebtedness in the amount of EUR 116.5 million and to pay VAT taxes due in respect of the 2016 and 2017 tax years in the amount of EUR 66.5 million and transaction costs and other items for EUR 16.9 million; and (iii) as adjusted to give effect to the offering of the Notes and the Refinancing, as described in ''*Use of Proceeds*''. The *As adjusted* information below has been prepared for illustrative purposes only to show to what extent the Term Facility under the Senior Facilities Agreement has been used before it is repaid with the proceeds from the offering of Notes, and does not purport to be indicative of our capitalization following the completion of the offering of the Notes. Such information addresses a hypothetical situation and therefore does not represent our actual financial position or results. Consequently, such information may not be indicative of our total capitalization as of the date of this Offering Memorandum, or any other prior date. Investors are cautioned not to place undue reliance on this hypothetical information.

You should read this table together with the sections of this Offering Memorandum entitled ''*Use of Proceeds,*'' ''*Selected Historical Consolidated Financial and Other Data*'' and ''*Management's Discussion and Analysis of Financial Condition and Results of Operations,*'' as well as the Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum.

	As of June 30, 2017		
	Actual	**As adjusted for utilizations under the Senior Facilities Agreement**	**As adjusted for the offering of Notes and the Refinancing**
		(EUR in millions) (unaudited)	
Cash and cash equivalents[1] (A)	**41.9**	**91.9**	**85.4**
Short-term financial liabilities (B)	**128.9**	**12.4**	**12.4[4]**
Non-current financial liabilities			
Revolving Credit Facility	—	—	—
Term Facility	—	250.0	—
Non-current financial liabilities	13.7	13.7	13.7
Notes offered hereby[2]	—	—	250.0
Total Non-current financial liabilities (C)	**13.7**	**263.7**	**263.7**
Gross debt (D) = (B)+(C)	**142.6**	**276.1**	**276.1**
Non-current and current financial assets	5.7	5.7	5.7
Total non-current and current financial assets (E)	**5.7**	**5.7**	**5.7**
Net debt (F) = (D) − (E) − (A)	**95.0**	**178.5**	**185.0**
Equity[3] (G)	**20.3**	**20.3**	**20.3**
TOTAL CAPITALIZATION (H) = (D) + (G)	**162.9**	**296.4**	**296.4**

(1) Cash and cash equivalents refers to credit balances at banks in existence and the amounts held at the Group treasuries. Neither the actual nor the adjusted amounts reflects any cash or cash equivalents that the Group has generated or used since June 30, 2017, except as otherwise indicated herein.

(2) The Notes offered hereby have been reflected in the table at their aggregate principal amount not net of expenses.

(3) Assumes no net effect on equity of the Senior Facilities Financing and the offering of the Notes.

(4) Subsequently repaid after June 30, 2017.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables presents our selected historical financial information and should be read in conjunction with our Consolidated Financial Statements and the sections entitled ''Presentation of Financial and Other Information'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations.'' The summary financial information provided below was primarily derived from the Financial Statements. These financial statements were prepared in accordance with IFRS. Our consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014 were audited by EY S.p.A. which issued an unqualified audit opinion thereon. The information below is not necessarily indicative of the results of future operations.

Consolidated Income Statement

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
	(audited)			(unaudited)	
	(EUR in millions)				
Revenues	695.4	709.2	730.2	349.9	371.7
Other income	26.0	16.5	9.0	4.1	6.3
Total of revenues and other income	**721.4**	**725.7**	**739.2**	**354.0**	**378.0**
Cost of raw materials and services	(230.2)	(238.9)	(250.1)	(115.4)	(121.3)
Personnel expenses	(412.7)	(418.2)	(430.5)	(207.0)	(217.1)
Depreciation and amortization	(27.1)	(27.1)	(29.3)	(13.8)	(14.7)
(Losses)/Gains from sale of non-current assets	0	0	(0.1)	0	0
Other expenses	(17.1)	(12.3)	(22.8)	(5.4)	(6.3)
Operating profit	**34.3**	**29.2**	**6.4**	**12.4**	**18.6**
Financial income	0.7	0.7	1.6	0.7	0.4
Financial expenses	(24.4)	(28.0)	(27.6)	(14.4)	(15.4)
Exchange gains/(losses)	(0.2)	(0.6)	1.2	0.9	(0.9)
Profit/(loss) from investments accounted for using equity method	(2.8)	(1.8)	(0.8)	0	0.2
Profit/(Loss) before taxes	**7.6**	**(0.5)**	**(19.2)**	**(0.4)**	**2.9**
Income taxes	(8.7)	(0.8)	3.1	(3.8)	(1.5)
Profit/(Loss) from continuing operations	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**
Profit/(Loss) for the year/period	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
				(unaudited)	
	(EUR in millions)				
Profit/(Loss) for the year/period	(1.1)	(1.3)	(16.1)	(4.2)	1.4
Income Tax Adjustment[1]	(1.3)	(3.1)	(4.3)	3.4	0.9
Net Financial Income/(Expenses) Adjustment[2]	1.7	1.2	2.1	1.3	1.0
Depreciation and amortization	27.1	27.1	29.3	13.8	14.7
Adjustments for other non-monetary items[3]	3.2	1.4	(1.2)	0.9	(1.0)
Change in Working Capital[4]	12.3	31.3	12.5	(9.9)	16.3
Cash-flow generated from operating activities (A)	**41.9**	**56.6**	**22.3**	**5.3**	**33.3**
Capital Expenditures[5]	(49.0)	(35.2)	(27.4)	(11.0)	(10.0)
Other Investing Cash Flow Items[6]	0.9	0.3	12.3	1.2	5.3
Cash-flow used in investing activities (B)	**(48.1)**	**(34.9)**	**(15.1)**	**(9.8)**	**(4.7)**
Cash-flow generated from/(used in) financing activities (C)	**7.9**	**(4.6)**	**(12.1)**	**(7.4)**	**(34.6)**
Cash flow of the year/period (A+B+C)	**1.7**	**17.1**	**(4.9)**	**(11.9)**	**(6.0)**
Effect of foreign exchange rates on cash and cash equivalents	(0.3)	(2.9)	2.5	1.9	(0.3)
Cash and cash equivalents at beginning of the year/period	35.1	36.4	50.6	50.6	48.2
Cash and cash equivalents at end of the year/period	**36.4**	**50.6**	**48.2**	**40.6**	**41.9**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write-downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories and amount due from customers, change in trade payables, change in other assets, change in other liabilities, foreign exchange rate effect related to items of working capital, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current asset held for sale, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Consolidated Statement of Financial Position

	As of December 31,			As of June 30,
	2014	2015	2016	2017
		(audited)		(unaudited)
		(EUR in millions)		
ASSETS				
Non-current assets				
Intangible assets	49.6	51.8	54.4	54.8
Goodwill	33.2	33.1	33.2	33.1
Property, Plant and equipment	78.3	68.8	76.4	66.4
Investments accounted for using the equity method	23.5	1.8	1.7	1.9
Non-current financial assets	1.5	1.5	1.4	1.4
Deferred tax assets	11.9	11.0	10.8	11.1
Other non-current assets	3.7	2.6	1.4	1.4
Total non-current assets	**201.7**	**170.6**	**179.3**	**170.1**
Current assets				
Inventories and amounts due from customers	40.6	35.3	33.6	35.0
Trade receivables	293.9	284.9	297.8	290.0
Current financial assets	3.5	4.4	7.9	4.3
Other current assets	70.3	71.3	82.7	94.1
Cash and cash equivalents	36.4	50.6	48.2	41.9
Total current assets	**444.7**	**446.5**	**470.2**	**465.3**
Non-current assets held for sale	—	19.7	4.2	2.5
Total assets	**646.4**	**636.8**	**653.7**	**637.9**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital	154.9	154.9	154.9	154.9
Share premium reserve	17.8	17.8	17.8	17.8
Other reserves	(135.8)	(143.8)	(139.6)	(157.6)
Profit (loss) for the year	(0.4)	(1.7)	(16.9)	1.1
Total shareholders' equity	36.5	27.2	16.2	16.2
Non-controlling interests	3.9	3.9	5.1	4.1
Total Shareholders' Equity	**40.4**	**31.1**	**21.3**	**20.3**
Liabilities				
Non-current liabilities				
Liabilities for employee benefits	59.1	60.5	59.0	54.8
Non-current provisions	5.4	5.3	5.5	4.5
Non-current financial liabilities	62.9	15.3	25.5	13.7
Deferred tax liabilities	3.8	2.3	1.8	1.8
Other non-current liabilities	0.2	1.0	1.0	1.0
Total non-current liabilities	**131.4**	**84.4**	**92.8**	**75.8**
Current liabilities				
Current provisions	8.7	5.2	7.3	8.5
Trade payables	203.5	179.4	193.8	207.8
Current financial liabilities	135.7	167.7	150.9	128.8
Tax payables	62.2	95.7	99.3	107.3
Oher current liabilities	64.5	73.3	88.3	89.4
Total current liabilities	**474.6**	**521.3**	**539.6**	**541.8**
Total liabilities	**606.0**	**605.7**	**632.4**	**617.6**
Total equity and liabilities	**646.4**	**636.8**	**653.7**	**637.9**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion in conjunction with the sections entitled ''Presentation of Financial and Other Information,'' ''Summary Historical Consolidated Financial and other Data,'' and ''Selected Historical Consolidated Financial and Other Data'' as well as with the Financial Statements included in this Offering Memorandum. Our consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014 on which the following discussion is based have been prepared in accordance with IFRS. Our unaudited interim condensed consolidated financial information for the six months ended June 30, 2017 and 2016 has been prepared in accordance with IAS 34. The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, please refer to ''Forward-Looking Statements'' and ''Risk Factors.''

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management (''CRM'') outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration and banking and insurance sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for customers in the transportation and logistics sector, including Ferrovie dello Stato Italiane, the Italian railway system, for whom we have developed and manage a suite of planning and management platforms for some of its most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners; the human resources and payroll management systems of 32 Italian government agencies that together employ over a million public servants; and online enrolment systems for the Italian education system. We also manage Italy's farm subsidies payment system; information systems for Italy's organ transplant program; e-passport, e-ID and e-residency permit systems for the Italian homeland security department; and command and control systems for Italian law enforcement agencies and the armed forces.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets as well as our expertise in the latest technology trends, such as cloud computing, internet-of-things, mobile and mobility, data analytics and cyber security, in addition to enterprise resource planning and corporate solutions. In 2016 and the six-month period ended June 30, 2017, the IT Services Division accounted for 48% and 46% of our revenues, respectively, after intragroup eliminations. Our IT Services business was ranked sixth in Italy in 2015 measured by revenues (source: KPMG).

CRM

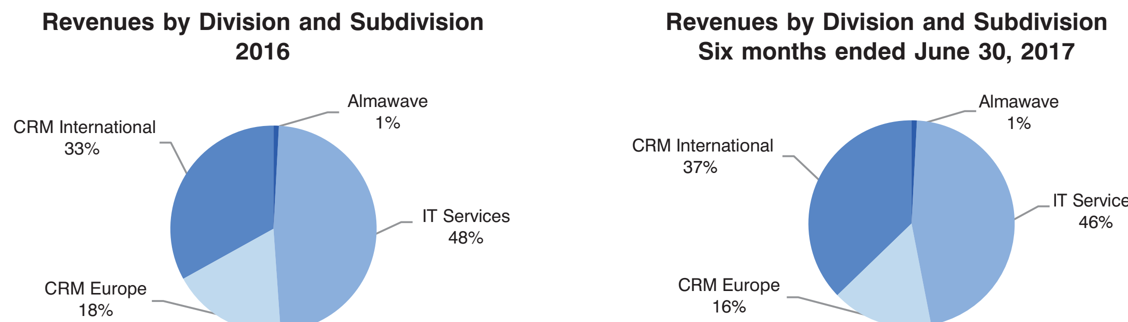
Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized

into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Brazil and our core language competencies in Italian, Portuguese and Spanish. Our CRM Europe business was the second largest provider of CRM services in the Italian market in 2015, and our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 51% of our revenues in 2016 and 53% of our revenues in the six-month period ended June 30, 2017, after intragroup eliminations. Our CRM Europe subdivision accounted for 18% of our revenues in 2016 and 16% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations. Our CRM International subdivision accounted for 33% of our revenues in 2016 and 37% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations.

Almawave

Our Almawave Division develops cutting-edge software applications and services in the areas of customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the developement of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. In both 2016 and the six-month period ended June 30, 2017, the Almawave Division accounted for 1% of our revenues, after intragroup eliminations.

The following diagram shows a breakdown of our revenues in 2016 and the six-month period ended June 30, 2017 by division and subdivision:



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium. We serve our CRM Division customers from 21,019 workstations in Italy, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and one in Brazil, with a dedicated center of competence in Trento, Italy. As of June 30, 2017, we had 31,392 FTE employees.

We generated revenues of EUR 730.2 million in 2016 and EUR 371.7 million in the six-month period ended June 30, 2017. Our EBITDA in 2016 was EUR 35.8 million and EUR 33.3 million in the six-month period ended June 30, 2017 following a cost optimization program in our CRM Europe subdivision undertaken in 2016. Our Adjusted EBITDA for the LTM period ended June 30, 2017 was EUR 68.1 million.

Operating and Reportable Segments

Our business comprises four operating segments: IT Services, CRM Europe, CRM International and Almawave.

- The **IT Services** segment comprises software development, upgrade and integration services primarily for public and private sector customers in Italy.
- The **CRM Europe** segment comprises CRM business process outsourcing services primarily for customers in Italy.
- The **CRM International** segment comprises CRM business process outsourcing services primarily for customers located in Brazil.

- The **Almawave** segment comprises software applications and services in the areas of customer interaction, big data analytics and speech and text recognition, sold in approximately equal parts to internal and external customers.

Key Factors Affecting Results of Operations

During the periods under review, our results of operations have been affected by, and we expect them to continue to be affected by, a number of external and internal factors, which are discussed below.

Key Customer Relationships

We derive a large proportion of our revenues from a limited number of large private and public sector customers with whom we have developed important, long-term, strategic relationships. Both our IT services and CRM customers have engaged us to manage some of the most important aspects of their operations, including entire systems and networks, which are integral to the smooth functioning of their businesses and, in some cases, of national critical importance. For example, we believe that our IT services are vital to the daily operation of the Italian transportation network. We believe that many of our customers may be reluctant to change service suppliers for these critical tasks, and we consider our record of customer retention to be very strong. See ''*Business—Competitive Strengths—Longstanding Relationships with Blue Chip Customers.*'' In 2016, our largest customer, with whom we have a relationship of more than 20 years, accounted for 23% of our revenues, whereas our five largest customers, with whom we have relationships averaging more than 12 years, and our 10 largest customers, with whom we have relationships averaging more than eight years, together represented 44% and 63%, respectively, of our revenues in the same period. Our success in retaining such customers depends on our ability to understand our customers' needs and deliver solutions and services that are tailored to meet their needs. We believe a key advantage we possess for successfully maintaining and renewing our contracts with such key customers is our intimate knowledge of, and familiarity with, our customers' industries and business processes.

Given the significant proportion of our revenues contributed by our largest customers, however, the loss of one or more of them, or a significant reduction in volume of business with such existing customers, would have a significant adverse impact on our results of operations. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We derive a large proportion of our revenues from a small number of large customers and the loss of certain customers or a decrease in business volume from such customers will have a significant negative impact on our business.*''

Ability to continue to win attractive public tenders and to execute them profitably

A substantial portion of our revenues, particularly within our IT Services Division, has been and will continue to be generated by sales to our longstanding public sector customers in Italy. In 2016, for example, public administration customers, including those in the transportation and logistics sectors, accounted for 82% of our IT Services revenues. In addition, substantially all of the services we provide to these customers were originally awarded through public tender. Given the significance of public sector customers and public tenders to our IT Services Division's results, the level of public spending on technological infrastructure and other technology-related investments is important to our business. In recent years, such spending in Italy has been relatively stable. According to the Italian government's official figures, government spending on Information and Communication Technology related expenses was EUR 5.6 billion, EUR 5.5 billion and 5.6 billion in 2013, 2014 and 2015, respectively. Any increase or decrease in such public spending could, however, have a corresponding effect on our financial position and results of operations.

We recently won two lots as part of a 2017 tender relating to the Italian government's ''Digitalization 4.0'' program. This was the largest government tender offer in Italy in the past three years, and our successful bid for Lot 3 and Lot 4 resulted in us entering into framework agreements with the Italian public procurement body. Lot 3 has a maximum value of EUR 400 million over five years, and is focused on interoperability among public and private sector entities and third party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals, website and web applications and mobile, mobility and online services. As the lead contractor under a joint venture agreement with our co-providers, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues, making the framework agreements together worth up to EUR 638 million to the

Company. See ''*Business—Competitive Strengths—Stable Business Model with a Solid Cash Conversion and a Robust Base of Recurring Revenues Likely to Grow Following Recent Contract Wins*.''

Our continued success in winning public tenders in this area depends among other things on the availability and quality of the contracts put out to tender by the government, which in turn is driven by Italian and EU government budgets and policies, as well as our ability to anticipate and effectively respond to changes in the technology services market and develop new or enhanced technologies or processes that are competitive in the market. The market for IT services and new technologies markets are characterized by rapid technological change, evolving industry standards, changing customer preferences and new product and service introductions. In addition, our success will depend on our ability to estimate resources and costs in the context of a competitive tender process in order to arrive at a price quote that is competitive but high enough to be profitable if we win the bid. Further, our success will depend on our ability to adapt to the stricter regulatory requirements required for participating in governmental contracts. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We face risks related to the services we provide to government and other public entities*'' and ''*Risk Factors—Risks Relating to our Business, Industry and Operations—A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments.*''

Macroeconomic and political developments in Italy and Brazil

Our results of operations are significantly affected by the general economic conditions and political developments in Italy, and our other core market, Brazil. In 2014, 2015 and 2016, and the six-month period ended June 30, 2017, customers in Italy accounted for 70%, 68%, 67% and 63% of our total revenues, respectively, whereas customers in Brazil represented 30%, 32%, 32% and 36% of our total revenues in the corresponding periods. Our results of operations are correlated to general economic conditions and political stability or instability in the markets in which we operate because they affect both private and public sector spending on, and investment in, IT and business process outsourcing services, including CRM.

The Italian economy has seen a slow recovery from the global economic crisis. Following a recession in 2012 and 2013, Italy's GDP grew 0.2% in 2014, 0.7% in 2015 and 1.0% in 2016 and is forecast to grow 1% in 2017 and 0.8% in 2018, below the growth forecast for the broader Eurozone for the same period (source: OECD). In addition, confidence in the Italian economy has recently been undermined by political instability, including in connection with the resignation of the government following a failed constitutional referendum in December 2016.

The economy of Brazil has faced difficult challenges in recent years. In 2015 and 2016, Brazil faced a severe recession, in which GDP declined by 3.8% in 2015 and 3.6% in 2016 (source: OECD) and the Brazilian economy experienced significantly lower rates of industrial production, investment, and private consumption, and significantly higher rates of unemployment, inflation and budget deficits. In addition, the Brazilian real declined sharply in value against the euro in 2015. In response to these and similar trends, Brazil's sovereign credit rating was downgraded to below investment grade by Standard & Poor's and Moody's in 2015, and by Fitch in 2016. Political instability, including in connection with President Dilma Rousseff's impeachment and removal from office in 2016 and the ongoing *Lava Jato* corruption investigation, continues to affect the performance of the Brazilian economy.

We expect general economic conditions and political developments in Italy and Brazil to continue to have a substantial effect on our results in the future. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.*''

Impact of our Cost Optimization Program of the CRM Europe Subdivision

In recent years, we have experienced strong competitive pressure in our CRM Europe subdivision, impacting demand for our services, our market share and our financial results, arising from a trend by some of our competitors to offshore CRM outsourcing services to low-cost locations outside of the European Union, in particular Albania. We chose not to follow this trend for many reasons, including the fact that non EU-countries like Albania are not covered by the EU's data protection laws. In response to these challenging market conditions, which had a detrimental effect on our profitability, we undertook a wide-ranging cost optimization program in 2016 to reduce the cost base of our European CRM operations and enhance the efficiency of our operating structure. Key elements of this program included

the closing of our contact center in Rome in December 2016 and a related headcount reduction of approximately 2,000 employees, including a reduction of headcount at our Palermo site which we effected by successfully arranging the transfer of 300 employees to one of our competitors. At the time they occurred, these reductions represented approximately 25% of our CRM Europe personnel and approximately 4% of our employees at the Group level. In 2017, we also entered into salary reductions and wage freeze agreements with the trade unions of our Palermo and Naples contact centers and established a new performance control system to increase workers' productivity. In order to further optimize the cost mix of our CRM Europe operations, we shifted a portion of our CRM operations serving the Italian market to two new contact centers in Romania, an EU member state, a near-sourcing arrangement that we expect to continue to grow through additional site openings in Romania over the course of 2017. In addition, we continue to focus on decreasing general and administrative costs.

The cost optimization measures and associated cost savings had a significant positive impact on the CRM Europe subdivision's results in the six-month period ended June 30, 2017, contributing to an increase in the segment's EBITDA for the six months ended June 30, 2017 of EUR 5.6 million, to EUR (3.7) million from EUR (9.3) million in the corresponding period in 2016. We expect that the cost optimization program will result in a recovery of margins and productivity in our CRM Europe subdivision, but there is no assurance that this will be the case. Direct Margin in our CRM Europe subdivision increased from approximately 12% for the six months ended June 30, 2016 to approximately 17% for the six months ended June 30, 2017. Over the same period, Direct Margin on the revenue generated by our Italian operations of the CRM Europe subdivision increased from approximately 12% for the six months ended June 30, 2016 to approximately 15% for the six months ended June 30, 2017. Our financial results in the next several years will be impacted by the extent to which we are able to realize the expected benefits of our cost optimization program.

Anti-Offshoring Regulation in the CRM Sector in Italy

Within our CRM Europe subdivision, we primarily offer contact center services to customers located in Italy and the success of our business depends on continued demand for such services. As noted above, our revenues in this area have been adversely affected in recent years by an accelerating trend by certain of our competitors to outsource CRM services to low-cost offshore locations outside of the European Union, in particular Albania. Our competitors who engage in such outsourcing have lower costs than we do, as a result of which some of them have been able to undercut us on pricing and gain market share at our expense, thereby adversely impacting our results.

In response to such widespread offshoring of CRM and other business activities, the Italian government has recently taken measures to limit offshore outsourcing outside of the European Union through the 2017 Budget Law and the so-called ''Call Center Protocol,'' including by increasing penalties for non-compliance with existing disclosure and reporting requirements with respect to offshore outsourcing operations and through an agreement with a number of large companies in Italy to limit the use of such operations. See ''*Industry—CRM Market—Italian CRM Market*'' for more detail on these government measures. We expect the enforcement of such measures to result in a reduction of such offshore outsourcing in the future and to the re-shoring of CRM services to Italy or other EU countries such as Romania, which we believe would generally favor our business model and have a positive impact on our revenues and margins, as well as our ability to compete. However, this is not assured. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—Our business is dependent on continued demand for onshore contact center services in Italy and will be adversely affected should the trend toward offshore outsourcing of such services continue.*''

Currency Fluctuations

Our reporting currency is the euro. However, the financial condition and results of operations of our CRM International subdivision are denominated in Brazilian Real and translated into euros for reporting purposes. Consequently, any significant period-over-period variations in the Brazilian Real against the Euro may have an impact on our reported results, including our revenues, operating profit and equity. The Brazilian real/euro exchange rate has fluctuated significantly since 2014, ranging from BRL 3.2 per euro at the end of 2014 to BRL 4.3 at the end of 2015 and BRL 3.4 at the end of 2016, and continues to be volatile. In particular, the significant depreciation of the Brazilian real against the euro over the course of 2015 had a substantial adverse impact on our results of operations that year. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We are exposed to currency exchange risk in the conduct of our business.''*

Description of Key Line Items from the Consolidated Income Statement

Revenues

Revenues are recognized to the extent that it is probable that the economic benefits will flow to us and revenues can be reliably measured, regardless of when the payment is received. Revenues are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Our revenues are derived primarily from sales and services and, to a lesser extent, from sales of goods and contracts work in progress through our four operating segments, IT Services, CRM Europe, CRM International and Almawave. Revenues from rendering of IT services and solutions, in the case of project contracts, are recognized based on the stage of completion throughout the life of the particular contract, measured by reference to labor and other direct costs incurred to date as a percentage of total estimated costs for each contract. When the contract outcome cannot be measured reliably, revenues are recognized only to the extent that the expenses incurred are eligible to be recovered.

In the case of recurring services for maintenance contracts in our IT Services Division, revenues are recognized proportionately over the term of the contract.

Revenues from CRM Services are recognized on an accrual basis, accounting for the related amounts as the services are provided to the client, when the teleoperation occurs or when certain contact center consulting work is carried out. Invoicing schemes may be fixed, variable, hybrid or outcome-based, with the tendency to follow models where invoices are issued based on customer business indicators. For those contracts that provide a revenue related to meeting quantitative targets, revenues are recognized only when the customer confirms that the specific target has been met.

Other income

Other income is primarily derived from recovery of costs for personnel on secondments to customers, which reflect the cost paid by our customers to us for such secondments, and recovery of costs for services incurred by us on behalf of our business partners for the portion attributable to them. Other income also includes operating grants from the government and the reversal of over-accruals of trade payables or provisions, which refer to situations where the costs actually incurred by us are different from their initial estimate at the time of the accrual.

Cost of raw materials and services

The cost of raw materials and services includes the cost of raw materials and the cost of services, including those relating to maintenance, consultancy and professional services, and distribution and warehousing. It also includes canteen expenses and meal vouchers for employees as well as legal and notary expenses, commissions and expenses for bank services, costs for corporate security services at our properties, and certain administrative costs incurred on behalf of group companies such as insurance policies and travel and transfer expenses.

Personnel expenses

Our personnel expenses consist mainly of salaries, social security contributions and employee benefit expenses net of a portion of personnel expenses capitalized for assets created internally. Personnel expenses consistently represent our most significant expense and have the most pronounced impact on our margins.

Depreciation and amortization

Depreciation and amortization includes amortization of industrial patent and intellectual property rights as well as concession, license and trademarks and other intangibles and depreciation of buildings, industrial and commercial equipment, plant and machinery and other assets.

Losses from sale of non-current assets

Losses from the sale of non-current assets relate to sales of assets at a lower price than their book value.

Other expenses

Other expenses mainly include provisions for risks and other charges. Provisions for risks mainly consists of penalties provided for in connection with customer contracts, and similar provisions, while other charges are mainly related to one-off costs that affect our operations from year to year and are mainly related to the Company's cost optimization program in 2016 and to the economic effects of the settlement of receivables in prior years.

Financial income

Finance income consists principally of interest on cash surpluses, income from long-term monetary investments and gains on adjustment for fair value of financial instruments.

Financial expenses

Financial expenses costs consist principally of interest and other expenses paid on short- and long-term loans and borrowings, as well as interest and expenses on current account overdrafts and losses on adjustment for fair value of financial instruments.

Exchange gains/(losses)

Exchange gains/(losses) consists of gains and losses originating from currency exchange differences related to assets and liabilities denominated in foreign currencies.

Profit/(loss) from investments accounted for using the equity method

Profit/(losses) from investments accounted for using the equity method relates to income or loss from investments in entities which are not consolidated into our results, such as joint ventures.

Profit/(loss) before taxes

Profit/(loss) for the period consists of total profit/(loss) for the period from continuing and discontinued operations prior to income tax.

Income taxes

Income taxes consists of the corporate income tax to be paid on our corporate profit and of the effects associated with deferred taxes.

Results of Operations

The following table sets forth our historical revenues and expense items for each of the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(EUR in millions)		
Revenues	695.4	709.2	730.2	349.9	371.7
Other income	26.0	16.5	9.0	4.1	6.3
Total of revenues and other income	**721.4**	**725.7**	**739.2**	**354.0**	**378.0**
Cost of raw materials and services	(230.2)	(238.9)	(250.1)	(115.4)	(121.3)
Personnel expenses	(412.7)	(418.2)	(430.5)	(207.0)	(217.1)
Depreciation and amortization	(27.1)	(27.1)	(29.3)	(13.8)	(14.7)
(Losses)/Gains from sale of non-current assets	0	0	(0.1)	0	0
Other expenses	(17.1)	(12.3)	(22.8)	(5.4)	(6.3)
Operating profit	**34.3**	**29.2**	**6.4**	**12.4**	**18.6**
Financial income	0.7	0.7	1.6	0.7	0.4
Financial expenses	(24.4)	(28.0)	(27.6)	(14.4)	(15.4)
Exchange gains/(losses)	(0.2)	(0.6)	1.2	0.9	(0.9)
Profit/(loss) from investments accounted for using the equity method	(2.8)	(1.8)	(0.8)	0	0.2
Profit/(Loss) before taxes	**7.6**	**(0.5)**	**(19.2)**	**(0.4)**	**2.9**
Income taxes	(8.7)	(0.8)	3.1	(3.8)	(1.5)
Profit/(Loss) from continuing operations	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**
Profit/(Loss) for the year/period	**(1.1)**	**(1.3)**	**(16.1)**	**(4.2)**	**1.4**
of which:					
Profit/(loss) pertaining to the Group	(0.4)	(1.7)	(16.9)	(4.5)	1.1
Profit/(loss) pertaining to non-controlling interests	(0.7)	0.4	0.8	0.3	0.3
EBITDA	**61.4**[(a)]	**56.3**[(a)]	**35.8**[(a)]	**26.2**	**33.3**
EBITDA margin	**8.8%**[(a)]	**7.9%**[(a)]	**4.9%**[(a)]	**7.5%**	**9.0%**
Adjusted EBITDA	**61.4**[(a)]	**56.3**[(a)]	**61.6**[(a)]	**26.2**	**32.7**
Adjusted EBITDA margin	**8.8%**[(a)]	**7.9%**[(a)]	**8.4%**[(a)]	**7.5%**	**8.8%**

(a) Unaudited

Comparison of the Six Months Ended June 30, 2016 and 2017

Group

Revenues

Our revenues increased by EUR 21.8 million, or 6.2%, from EUR 349.9 million in the six months ended June 30, 2016 to EUR 371.7 million in the six months ended June 30, 2017. This increase was primarily due to a growth in revenues in our CRM International segment, which increased by EUR 25.5 million primarily due to growth in revenues from customers in all of our key industry sectors in each of our markets in Brazil and Colombia, as further described below, and our IT Services segment, which increased by EUR 2.9 million primarily due to growth in demand for our services from customers in the transportation and logistics sector and the banking and insurance sector, as further described below. The increase was partially offset by revenue declines in our CRM Europe segment, which decreased by EUR 6.5 million due to a decline in demand for our services across our key industry sectors, but in particular the telecommunications sector.

Other income

Other income increased by EUR 2.2 million, or 53.7%, from EUR 4.1 million in the six months ended June 30, 2016 to EUR 6.3 million in the six months ended June 30, 2017. This increase was primarily due

to increases in the recovery of costs of service provision, and income from operating grants in the form of government funding of projects.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 5.9 million, or 5.1%, from EUR 115.4 million in the six months ended June 30, 2016 to EUR 121.3 million in the six months ended June 30, 2017. As a percentage of revenue, costs of raw materials and services constituted 33.0% of revenues in the six months ended June 30, 2016 and 32.6% of revenues in the six months ended June 30, 2017.

Personnel expenses

Personnel expenses increased by EUR 10.1 million, or 4.9%, from EUR 207.0 million in the six months ended June 30, 2016 to EUR 217.1 million in the six months ended June 30, 2017. As discussed in more detail below, this increase was primarily due to the increase of personnel expenses in our CRM International segment, which increased by EUR 19.0 million, or 30.6%, from EUR 62.1 million in the six months ended June 30, 2016 to EUR 81.1 million in the six months ended June 30, 2017, as a consequence of increased headcount in our sales force in Brazil, certain inflation adjustments to salaries and social security payments as required by Brazilian law, and an increase in headcount in Colombia. Such increases in personnel costs were partially offset by a decline in personnel expenses at our CRM Europe Division, as discussed below. As a percentage of revenue, personnel expenses constituted 59.2% of revenues in the six months ended June 30, 2016 and 58.4% of revenues in the six months ended June 30, 2017.

Depreciation and amortization

Depreciation and amortization increased by EUR 0.9 million, or 6.5% from EUR 13.8 million in the six months ended June 30, 2016 to EUR 14.7 million in the six months ended June 30, 2017, and are mainly attributable to higher amortization charges associated with additional investments in industrial patents and intellectual property rights made in 2016.

Losses from sale of non-current assets

Losses from sale of non-current assets increased by EUR 0.1 million from EUR 0 million in the six months ended June 30, 2016 to EUR 0.1 million in the six months ended June 30, 2017.

Other expenses

Other expenses increased by EUR 0.9 million, or 16.7%, from EUR 5.4 million in the six months ended June 30, 2016 to EUR 6.3 million in the six months ended June 30, 2017. This increase was primarily due to the settlement of receivables in the previous period.

Operating profit

Operating profit increased by EUR 6.2 million, or 50.0%, from EUR 12.4 million in the six months ended June 30, 2016 to EUR 18.6 million in the six months ended June 30, 2017. The reduction in operating loss at our CRM Europe segment in response to our cost optimization program had a significant positive impact on operating profit.

Financial income

Financial income decreased by EUR 0.3 million, or 42.9%, from EUR 0.7 million in the six months ended June 30, 2016 to EUR 0.4 million in the six months ended June 30, 2017.

Financial expenses

Financial expenses increased by EUR 1.0 million, or 6.9%, from EUR 14.4 million in the six months ended June 30, 2016 to EUR 15.4 million in the six months ended June 30, 2017. This increase resulted primarily from higher interest payments in connection with the financial indebtedness of our Brazilian subsidiaries.

Exchange gains/(losses)

Exchange gains decreased by EUR 1.8 million from a EUR 0.9 million gain in the six months ended June 30, 2016 to a EUR 0.9 million loss in the six months ended June 30, 2017. The difference was primarily due to losses in conversion of the Brazilian real to the euro.

Income taxes

Income taxes decreased by EUR 2.3 million, or 60.5%, from EUR 3.8 million in the six months ended June 30, 2016 to EUR 1.5 million in the six months ended June 30, 2017. This decrease was primarily due to tax benefits from the recovery of fiscal losses carried forward at a consolidated level in Italy.

Profit/(loss) for the year

Operating profit increased by EUR 5.6 million from a EUR 4.2 million loss in the six months ended June 30, 2016 to a EUR 1.4 million profit in the six months ended June 30, 2017 due to the factors described above.

EBITDA and EBITDA margin

EBITDA increased by EUR 7.1 million, or 27.1%, from EUR 26.2 million in the six months ended June 30, 2016 to EUR 33.3 million in the six months ended June 30, 2017. This increase was mainly driven by the increase in EBITDA contributed by our CRM Europe segment mainly because of a decrease in personnel costs, as further described below, and by the increase in EBITDA at our IT Services segment. EBITDA margin increased from 7.5%, in the six months ended June 30, 2016 to 9.0% in the six months ended June 30, 2017.

Segments

IT Services

The following table sets forth certain key line items for our IT Services Division for each of the periods indicated.

	Six months ended June 30,	
	2016	**2017**
	(unaudited) (EUR in millions)	
Revenues		
External customers	167.3	170.5
Intragroup	2.2	1.9
Total revenues	**169.5**	**172.4**
Other income	6.1	6.8
Total revenues and other income	**175.6**	**179.2**
Operating expenses		
Cost of raw materials and services	(70.7)	(73.7)
Personnel expenses	(81.5)	(82.1)
Depreciation and amortization	(7.6)	(7.6)
Losses from sale of non-current assets	0.0	(0.1)
Other expenses	(4.3)	(3.3)
Operating profit	**11.5**	**12.4**
EBITDA	**19.1**	**20.1**
EBITDA margin	**11.3%**	**11.7%**

Revenues

Total revenues of our IT Services segment increased by EUR 2.9 million, or 1.7%, from EUR 169.5 million in the six months ended June 30, 2016 to EUR 172.4 million in the six months ended June 30, 2017. This increase was primarily due to growth in demand for our services from customers in the transportation and logistics sector and the banking and insurance sector, due to an increase in special projects from customers in those sectors. The growth in revenues from customers in these sectors was partially offset

by a decline in revenues from certain customers in the public administration sector, mainly ministries and local governments.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 3.0 million, or 4.2%, from EUR 70.7 million in the six months ended June 30, 2016 to EUR 73.7 million in the six months ended June 30, 2017. As a percentage of total revenues, costs of raw materials and services constituted 41.7% of total revenues in the six months ended June 30, 2016 and 42.7% of total revenues in the six months ended June 30, 2017.

Personnel expenses

Personnel expenses remained flat at EUR 81.5 million in the six months ended June 30, 2016 and EUR 82.1 million in the six months ended June 30, 2017. As a percentage of total revenues, personnel expenses constituted 48.1% of IT Services total revenues in the six months ended June 30, 2016 and 47.6% of total revenues in the six months ended June 30, 2017.

EBITDA and EBITDA margin

EBITDA increased by EUR 1.0 million, or 5.2%, from EUR 19.1 million in the six months ended June 30, 2016 to EUR 20.1 million in the six months ended June 30, 2017. EBITDA margin increased from 11.3% in the six months ended June 30, 2016 to 11.7% in the six months ended June 30, 2017.

CRM Europe

The following table sets forth certain key line items for our CRM Europe Division for each of the periods indicated.

	Six months ended June 30,	
	2016	**2017**
	(unaudited) (EUR in millions)	
Revenues		
External customers	67.3	60.9
Intragroup	3.4	3.3
Total revenues	**70.7**	**64.2**
Other income	0.3	1.1
Total revenues and other income	**71.0**	**65.3**
Operating expenses		
Cost of raw materials and services	(19.2)	(17.1)
Personnel expenses	(60.0)	(50.6)
Depreciation and amortization	(1.0)	(1.1)
Losses from sale of non-current assets	0.0	0.0
Other expenses	(1.1)	(1.3)
Operating loss	**(10.3)**	**(4.8)**
EBITDA	**(9.3)**	**(3.7)**
EBITDA margin	N/A	N/A

Revenues

Total revenues of our CRM Europe segment decreased by EUR 6.5 million, or 9.2%, from EUR 70.7 million in the six months ended June 30, 2016 to EUR 64.2 million in the six months ended June 30, 2017. This decrease was due to a decline in demand for our services across our key industry sectors, but in particular the telecommunications sector, resulting from strong competitive pressure in the market for CRM services in Italy related to an ongoing trend by some of our competitors to offshore CRM outsourcing services to low-cost locations outside of the European Union, in particular Albania. Regulatory action to address this trend, as it was only implemented in May 2017, as described above, did not have a discernible impact in the first six months of 2017. See ''—*Key Factors Affecting our Results of Operations—Anti-Offshoring Regulation in the CRM Sector in Italy*.''

Cost of raw materials and services

Cost of raw materials and services decreased by EUR 2.1 million, or 10.9%, from EUR 19.2 million in the six months ended June 30, 2016 to EUR 17.1 million in the six months ended June 30, 2017. As a percentage of total revenues, costs of raw materials and services constituted 27.2% of CRM Europe total revenues in the six months ended June 30, 2016 and 26.6% of CRM Europe total revenues in the six months ended June 30, 2017.

Personnel expenses

Personnel expenses decreased by EUR 9.4 million, or 15.7%, from EUR 60.0 million in the six months ended June 30, 2016 to EUR 50.6 million in the six months ended June 30, 2017. As a percentage of total revenues, personnel expenses decreased from 84.9% of CRM Europe total revenues in the six months ended June 30, 2016 to 78.8% of CRM Europe total revenues in the six months ended June 30, 2017. The decrease of personnel costs resulted from a reduction of employees at our sites in Rome and Palermo as a result of our cost optimization program undertaken in the second half of 2016.

EBITDA

EBITDA increased by EUR 5.6 million, from EUR (9.3) million in the six months ended June 30, 2016 to EUR (3.7) million in the six months ended June 30, 2017. This increase was mainly driven by the decrease in personnel costs, as described above.

CRM International

The following table sets forth certain key line items for our CRM International Division for each of the periods indicated.

	Six months ended June 30,	
	2016	**2017**
	(unaudited) (EUR in millions)	
Revenues		
External customers	111.9	137.4
Intragroup	0.1	0.1
Total revenues	**112.0**	**137.5**
Other income	0.0	0.1
Total revenues and other income	**112.0**	**137.6**
Operating expenses		
Cost of raw materials and services	(34.8)	(39.4)
Personnel expenses	(62.1)	(81.1)
Depreciation and amortization	(4.7)	(5.4)
Losses from sale of non-current assets	0.0	0.0
Other expenses	0.0	(2.0)
Operating profit	**10.4**	**9.7**
EBITDA	**15.1**	**15.1**
EBITDA margin	**13.5%**	**11.0%**

Revenues

Total revenues of CRM International increased by EUR 25.5 million, or 22.8%, from EUR 112.0 million in the six months ended June 30, 2016 to EUR 137.5 million in the six months ended June 30, 2017. This increase was primarily due to growth in revenues from customers in all of our key industry sectors in Brazil and Colombia as a result of increasing customer demand.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 4.6 million, or 13.2%, from EUR 34.8 million in the six months ended June 30, 2016 to EUR 39.4 in the six months ended June 30, 2017, in particular as a consequence of costs for trainee consultants and agency costs driven by higher business volumes. As a percentage of total revenue, costs of raw materials and services decreased from 31.1% of

CRM International total revenues in the six months ended June 30, 2016 to 28.7% of CRM International total revenues in the six months ended June 30, 2017 as a result of operational efficiency measures.

Personnel expenses

Personnel expenses increased by EUR 19.0 million, or 30.6%, from EUR 62.1 million in the six months ended June 30, 2016 to EUR 81.1 million in the six months ended June 30, 2017. As a percentage of total revenue, personnel expenses increased from 55.4% of CRM International total revenues in the six months ended June 30, 2016 to 59.0% of CRM International total revenues in the six months ended June 30, 2017. This increase was a consequence of increased headcount related to ongoing investments we made in our sales force in Brazil in order to expand our market share and in anticipation of higher volume growth, certain inflation adjustments to salaries as required by Brazilian labor law and an increase in headcount in Colombia as we expanded our business there.

EBITDA and EBITDA margin

EBITDA remained flat at EUR 15.1 million both in the six months ended June 30, 2016 and in the six months ended June 30, 2017. EBITDA margin decreased from 13.5% in the six months ended June 30, 2016 to 11.0% in the six months ended June 30, 2017 as a result of increased personnel expenses we incurred for the reasons discussed above.

Almawave

The following table sets forth certain key line items for our Almawave Division for each of the periods indicated.

	Six months ended June 30,	
	2016	**2017**
	(unaudited) **(EUR in millions)**	
Revenues		
External customers	3.3	2.9
Intragroup	2.9	3.8
Total revenues	**6.2**	**6.7**
Other income	0.1	0.1
Total revenues and other income	**6.3**	**6.8**
Operating expenses		
Cost of raw materials and services	(1.6)	(1.8)
Personnel expenses	(3.5)	(3.5)
Depreciation and amortization	(0.6)	(0.8)
Losses from sale of non-current assets	0.0	(0.0)
Other expenses	0.0	(0.0)
Operating profit	**0.6**	**0.7**
EBITDA	**1.2**	**1.5**
EBITDA margin	**19.4%**	**22.4%**

Revenues

Total revenues of Almawave increased by EUR 0.5 million, or 8.1% from EUR 6.2 million in the six months ended June 30, 2016 to EUR 6.7 million in the six months ended June 30, 2017.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 0.2 million from EUR 1.6 million in the six months ended June 30, 2016 to EUR 1.8 million in the six months ended June 30, 2017.

Personnel expenses

Personnel expenses remained flat at EUR 3.5 million in the six months ended June 30, 2016 and in the six months ended June 30, 2017.

EBITDA and EBITDA margin

EBITDA increased by EUR 0.3 million, or 25.0%, from EUR 1.2 million in the six months ended June 30, 2016 to EUR 1.5 million in the six months ended June 30, 2017. EBITDA margin increased from 19.4% in the six months ended June 30, 2016 to 22.4% in the six months ended June 30, 2017.

Comparison of the Financial Years Ended December 31, 2015 and 2016

Group

Revenues

Our Group revenues increased by EUR 21.0 million, or 3.0%, from EUR 709.2 million in the year ended December 31, 2015 to EUR 730.2 million in the year ended December 31, 2016. This increase was primarily due to increases in revenues in our IT Services segment, which increased by EUR 24.3 million primarily due to growth in demand for services from our customers in the transportation and logistics and the banking and insurance sectors, as further described below, and CRM International segments, which increased by EUR 11.8 million primarily due to growth in revenues from our customers in the telecommunications and media sector, as further described below. This increase was partially offset by a decrease of revenues by EUR 16.1 million in our CRM Europe segment due to a decline in demand for our services from customers across key industry sectors, as further described below. Revenues at Almawave remained stable over the period.

Other income

Other income decreased by EUR 7.5 million, or 45.5%, from EUR 16.5 million in the financial year ended December 31, 2015 to EUR 9.0 million in the financial year ended December 31, 2016. This decrease, which primarily occurred within the IT Services Division, resulted from reductions in the reversal of over-accrual of trade payables by EUR 5.4 million, from EUR 6.7 million to EUR 1.3 million, reduced recoveries of personnel costs in connection with employees seconded to customers by EUR 1.2 million, from EUR 3.1 million in 2015 to EUR 1.9 million in 2016, and reduced income from operating grants in the form of governmental funding of projects by EUR 0.6 million, from EUR 1.7 million to EUR 1.1 million.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 11.2 million, or 4.7%, from EUR 238.9 million in the financial year ended December 31, 2015 to EUR 250.1 million in the financial year ended December 31, 2016. As a percentage of revenue, costs of raw materials and services constituted 33.7% of revenues in the financial year ended December 31, 2015 and 34.3% of revenues in the financial year ended December 31, 2016. The increase was mainly a consequence of increased costs for consultancy and professional services in our IT Services Division, which increased by EUR 9.9 million, from EUR 78.8 million in 2015 to EUR 88.7 million in 2016 due to an increase in special projects from customers in our transportation and logistics and banking and insurance sectors.

Personnel expenses

Personnel expenses increased by EUR 12.3 million, or 2.9%, from EUR 418.2 million in the financial year ended December 31, 2015 to EUR 430.5 million in the financial year ended December 31, 2016. As a percentage of revenue, personnel expenses constituted 59.0% of revenues in the financial year ended December 31, 2015 and 2016. Personnel costs over this period were mainly impacted by increased personnel costs in our CRM International segment as a consequence of increased headcount in our sales force in Brazil, certain inflation adjustments to salaries and social security payments as required by Brazilian law, and an increase in headcount in Colombia.

Depreciation and amortization

Depreciation and amortization increased by EUR 2.2 million, or 8.1%, from EUR 27.1 million in the financial year ended December 31, 2015 to EUR 29.3 million in the financial year ended December 31, 2016. This increase was primarily due to an increase in the amortization of industrial patents and intellectual property rights.

Other expenses

Other expenses increased by EUR 10.5 million, or 85.4%, from EUR 12.3 million in the financial year ended December 31, 2015 to EUR 22.8 million in the financial year ended December 31, 2016. This increase was primarily due to expenses relating to the closure of the site in Rome in 2016 as part of the cost optimization program of our CRM Europe Division.

Operating profit

Operating profit decreased by EUR 22.8 million, or 78.1%, from EUR 29.2 million in the financial year ended December 31, 2015 to EUR 6.4 million in the financial year ended December 31, 2016, due primarily to the losses incurred by CRM Europe, the decline in other income and the increase in other expenses.

Financial income

Financial income increased by EUR 0.9 million, from EUR 0.7 million in the financial year ended December 31, 2015 to EUR 1.6 million in the financial year ended December 31, 2016. This increase was primarily due to interest received from cash deposits in Brazil.

Financial expenses

Financial expenses decreased by EUR 0.4 million, or 1.4%, from EUR 28.0 million in the financial year ended December 31, 2015 to EUR 27.6 million in the financial year ended December 31, 2016. This decrease was primarily due to lower interest payments in connection with the financial indebtedness of our Brazilian subsidiaries.

Exchange gains/(losses)

Exchange gains increased by EUR 1.8 million, from a loss of EUR 0.6 million in the financial year ended December 31, 2015 to a gain of EUR 1.2 million in the financial year ended December 31, 2016. The difference was primarily due to gains in conversion of the Brazilian real to the euro.

Income taxes

Income taxes amounted to EUR 0.8 million in the financial year ended December 31, 2015. In the financial year ended December 31, 2016, we received a EUR 3.1 million tax benefit from the recovery of fiscal losses carried forward at consolidated level in Italy.

Profit/(loss) for the year

Losses for the year increased by EUR 14.8 million, from EUR 1.3 million in the financial year ended December 31, 2015 to EUR 16.1 million in the financial year ended December 31, 2016 as a result of the factors described above.

EBITDA and EBITDA margin

EBITDA decreased by EUR 20.5 million, or 36.4%, from EUR 56.3 million in the year ended December 31, 2015 to EUR 35.8 million in the year ended December 31, 2016. This decrease was mainly driven by the decreases in EBITDA at our CRM Europe segment, mainly resulting from the decrease of revenues as described below, and in addition by the decrease in EBITDA at our CRM International segment. The decrease in EBITDA was partially offset by an increase of EBITDA contributed by our IT Services segment. EBITDA margin decreased from 7.9% in the year ended December 31, 2015 to 4.9% in the year ended December 31, 2016.

Adjusted EBITDA and Adjusted EBITDA margin

Our Adjusted EBITDA increased by EUR 5.3 million, or 9.4%, from EUR 56.3 million in the year ended December 31, 2015 to EUR 61.6 million in the year ended December 31, 2016. Adjusted EBITDA margin increased from 7.9% in the year ended December 31, 2015 to 8.4% in the year ended December 31, 2016.

Segments

IT Services

The following table sets forth certain key line items for our IT Services Division for each of the periods indicated.

	Year ended December 31,	
	2015	**2016**
	(unaudited)	
	(EUR in millions)	
Revenues		
External customers	327.8	352.1
Intragroup	4.2	4.2
Total revenues	**332.0**	**356.3**
Other income	18.5	12.7
Total revenues and other income	**350.5**	**369.0**
Operating expenses		
Cost of raw materials and services	(142.4)	(155.1)
Personnel expense	(165.7)	(163.9)
Depreciation and amortization	(14.9)	(16.5)
Losses from sale of non-current assets	(0.0)	0.0
Other expenses	(9.5)	(12.8)
Operating profit	**18.0**	**20.7**
EBITDA	**32.9**	**37.2**
EBITDA margin	**9.9%**	**10.4%**

Revenues

Total revenues of our IT Services segment increased by EUR 24.3 million, or 7.3%, from EUR 332.0 million in the year ended December 31, 2015 to EUR 356.3 million in the year ended December 31, 2016. This increase was primarily due to growth in demand from our customers in the transportation and logistics and the banking and insurance sectors, relating to several initiatives for one of our transportation and logistics customers in connection with the CCR Golden Jubilee in 2016 in Rome, which caused a surge in travel-related activity, as well as several projects with one-off public funding in 2016. The growth in revenues in these sectors was partially offset by a decline in revenues from customers in the public administration sector, partly as a result of a decline in revenues from our public welfare customers as a result of a merger in 2012 between two of our customers and the gradual expiration of our contract with these customers, due to spending review policies implemented by the Italian government, as well as a decline in the homeland security sector due to a temporary redirection of resources as a consequence of political developments.

Other income

Other income decreased by EUR 5.8 million, from EUR 18.5 million in the financial year ended December 31, 2015 to EUR 12.7 million in the financial year ended December 31, 2016 due to decreased reversal of over-accruals of trade payables and decreased recoveries of personnel costs resulting from a decline in customer secondments.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 12.7 million, or 8.9%, from EUR 142.4 million in the financial year ended December 31, 2015 to EUR 155.1 million in the financial year ended December 31, 2016. As a percentage of total revenue, costs of raw materials and services constituted 42.9% of total revenues in the financial year ended December 31, 2015 and 43.5% of total revenues in the financial year ended December 31, 2016. This increase was mainly a consequence of increased costs for consultancy and professional services, which increased by EUR 9.9 million, from EUR 78.8 million in 2015 to EUR 88.7 million in 2016 due to an increase in special projects from customers in our transportation and logistics and banking and insurance sectors.

Personnel expenses

Personnel expenses decreased by EUR 1.8 million, or 1.1%, from EUR 165.7 million in the financial year ended December 31, 2015 to EUR 163.9 million in the financial year ended December 31, 2016. As a percentage of total revenue, personnel expenses decreased from 49.9% of total revenues in the financial year ended December 31, 2015 to 46.0% of total revenues in the financial year ended December 31, 2016 due to a high number of retirements of senior employees resulting in lower average salary costs.

EBITDA and EBITDA margin

EBITDA increased by EUR 4.3 million, or 13.1%, from EUR 32.9 million in the year ended December 31, 2015 to EUR 37.2 million in the year ended December 31, 2016. This increase was mainly driven by the strong growth in revenues and the decrease of personnel costs. EBITDA margin increased from 9.9%, in the year ended December 31, 2015 to 10.4% in the year ended December 31, 2016.

CRM Europe

The following table sets forth certain key line items for our CRM Europe Division for each of the periods indicated.

	Year ended December 31,	
	2015	**2016**
	(unaudited) (EUR in millions)	
Revenues		
External customers	145.3	130.1
Intragroup	7.6	6.7
Total revenues	**152.9**	**136.8**
Other income	2.9	0.8
Total revenues and other income	**155.8**	**137.6**
Operating expenses		
Cost of raw materials and services	(42.8)	(38.1)
Personnel expenses	(119.6)	(122.1)
Depreciation and amortization	(2.2)	(2.4)
Losses from sale of non-current assets	0.0	(0.1)
Other expenses	(2.8)	(10.0)
Operating loss	**(11.6)**	**(35.1)**
EBITDA	**(9.4)**	**(32.6)**
EBITDA margin	N/A	N/A
Adjusted EBITDA[(1)]	**(9.4)**	**(6.8)**

(1) The following table shows the adjustments made to arrive at Adjusted EBITDA:

CRM Europe Adjusted EBITDA

	Year ended December 31,	
	2015	**2016**
	(unaudited) (EUR in millions)	
EBITDA	**(9.4)**	**(32.6)**
Non-recurring items		
Extraordinary items	0.0	8.5
Savings on personnel	0.0	17.3
	0.0	25.8
Adjusted EBITDA	**(9.4)**	**(6.8)**

Revenues

Total revenues of our CRM Europe segment decreased by EUR 16.1 million, or 10.5%, from EUR 152.9 million in the year ended December 31, 2015 to EUR 136.8 million in the year ended December 31, 2016. This decrease was due to a decline in demand for our services from customers across key industry sectors resulting from strong competitive pressure relating to an increasing trend by some of our customers to offshore CRM outsourcing activities outside of the EU, as described above, as well as the impact of publicity surrounding our announcement of the cost optimization program.

Cost of raw materials and services

Cost of raw materials and services decreased by EUR 4.7 million, or 11.0%, from EUR 42.8 million in the financial year ended December 31, 2015 to EUR 38.1 million in the financial year ended December 31, 2016. As a percentage of total revenue, costs of raw materials and services constituted 28.0% of total revenues in the financial year ended December 31, 2015 and 27.9% of total revenues in the financial year ended December 31, 2016.

Personnel expenses

Personnel expenses increased by EUR 2.5 million, or 2.1%, from EUR 119.6 million in the financial year ended December 31, 2015 to EUR 122.1 million in the financial year ended December 31, 2016. This increase in personnel costs was mainly driven by certain of the extraordinary costs related to the cost optimization program, which were recorded in personnel costs in connection with the closure of our CRM Europe site in Rome and related social security contributions. As a percentage of total revenue, personnel expenses increased from 78.2% of total revenues in the financial year ended December 31, 2015 to 89.3% of total revenues in the financial year ended December 31, 2016 due to the decline in revenue.

Other expenses

Other expenses increased by EUR 7.2 million from EUR 2.8 million in the financial year ended December 31, 2015 to EUR 10.0 million in the financial year ended December 31, 2016 due to extraordinary costs related to the cost optimization program as described above.

EBITDA

EBITDA decreased by EUR 23.2 million, from EUR (9.4) million in the year ended December 31, 2015 to EUR (32.6) million in the year ended December 31, 2016. This decrease was mainly driven by the decrease in revenues for the reasons described above.

Adjusted EBITDA

Our Adjusted EBITDA increased by EUR 2.6 million, or 27.7%, from EUR (9.4) million in the year ended December 31, 2015 to EUR (6.8) million in the year ended December 31, 2016.

CRM International

The following table sets forth certain key line items for our CRM International Division for each of the periods indicated.

	Year ended December 31,	
	2015	**2016**
	(unaudited) (EUR in millions)	
Revenues		
External customers	229.3	241.3
Intragroup	0.2	0.0
Total revenues	**229.5**	**241.3**
Other income	0.0	0.2
Total revenues and other income	**229.5**	**241.5**
Operating expenses		
Cost of raw materials and services	(72.4)	(75.9)
Personnel expenses	(126.3)	(137.8)
Depreciation and amortization	(9.5)	(9.5)
Losses from sale of non-current assets	0.0	0.0
Other expenses	(0.1)	0.0
Operating profit	**21.2**	**18.3**
EBITDA	**30.7**	**27.8**
EBITDA margin	**13.4%**	**11.5%**

Revenues

Total revenues of our CRM International segment increased by EUR 11.8 million, or 5.1%, from EUR 229.5 million in the financial year ended December 31, 2015 to EUR 241.3 million in the financial year ended December 31, 2016. This increase was primarily due to growth in revenues from our customers in the telecommunications and media sector, mainly in Brazil, but also as a consequence of our geographic expansion into Colombia. The growth in revenues was partially offset by negative exchange rate trends as the Brazilian real weakened against the euro.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 3.5 million, or 4.8%, from EUR 72.4 million in the financial year ended December 31, 2015 to EUR 75.9 million in the financial year ended December 31, 2016. As a percentage of total revenue, costs of raw materials and services constituted 31.5% of revenues in both the financial year ended December 31, 2015 and the financial year ended December 31, 2016.

Personnel expenses

Personnel expenses increased by EUR 11.5 million, or 9.1%, from EUR 126.3 million in the financial year ended December 31, 2015 to EUR 137.8 million in the financial year ended December 31, 2016 as a consequence of increased headcount related to ongoing investments we made in our sales force in Brazil in order to expand our market share, certain inflation adjustments to salaries as required by Brazilian labor law, an increase in social security contributions in Brazil, which were raised in 2015, and an increase in headcount in Colombia as we expanded our business there. As a percentage of total revenue, personnel expenses increased from 55.0% of total revenues in the financial year ended December 31, 2015 to 57.1% of total revenues in the financial year ended December 31, 2016.

EBITDA and EBITDA margin

EBITDA decreased by EUR 2.9 million, or 9.4%, from EUR 30.7 million in the year ended December 31, 2015 to EUR 27.8 million in the year ended December 31, 2016. This decrease was mainly driven by the increase in personnel costs as described above. EBITDA margin decreased from 13.4% in the year ended December 31, 2015 to 11.5% in the year ended December 31, 2016.

Almawave

The following table sets forth certain key line items for our Almawave Division for each of the periods indicated.

	Year ended December 31,	
	2015	**2016**
	(unaudited) **(EUR in millions)**	
Revenues		
External customers	6.8	6.7
Intragroup	6.1	6.3
Total revenues	**12.9**	**13.0**
Other income	0.6	0.3
Total revenues and other income	**13.5**	**13.3**
Operating expenses		
Cost of raw materials and services	(3.9)	(3.6)
Personnel expenses	(7.4)	(6.8)
Depreciation and amortization	(1.0)	(1.3)
Losses from sale of non-current assets	0.0	0.0
Other expenses	(0.1)	(0.0)
Operating profit	**1.1**	**1.6**
EBITDA	**2.1**	**2.9**
EBITDA margin	**16.3%**	**22.3%**

Revenues

Total revenues of our Almawave segment remained flat at EUR 12.9 million in the financial year ended December 31, 2015 and EUR 13.0 million in the financial year ended December 31, 2016 as demand for Almawave products and services was stable.

Cost of raw materials and services

Cost of raw materials and services slightly decreased by EUR 0.3 million from EUR 3.9 million in the financial year ended December 31, 2015 to EUR 3.6 million in the financial year ended December 31, 2016.

Personnel expenses

Personnel expenses decreased by EUR 0.6 million from EUR 7.4 million in the financial year ended December 31, 2015 to EUR 6.8 million in the financial year ended December 31, 2016.

EBITDA and EBITDA margin

EBITDA increased by EUR 0.8 million, or 38.1%, from EUR 2.1 million in the year ended December 31, 2015 to EUR 2.9 million in the year ended December 31, 2016. EBITDA margin increased from 16.3% in the year ended December 31, 2015 to 22.3% in the year ended December 31, 2016.

Comparison of the Financial Years Ended December 31, 2014 and 2015

Group

Revenues

Revenues increased by EUR 13.8 million, or 2.0%, from EUR 695.4 million in the financial year ended December 31, 2014 to EUR 709.2 million in the financial year ended December 31, 2015. This increase was primarily due to increases in revenues in our IT Services segment, which increased by EUR 8.3 million, primarily due to growth in revenues from customers in our key industry sectors of transportation and logistics and banking and insurance as well as certain local government customers, as further described below; in our CRM International segment, which increased by EUR 18.5 million primarily due to growth in revenues from our customers in the telecommunications and media sector and in the finance sector as further described below; and in our Almawave segment. These increases were offset by a decrease in revenues at our CRM Europe segment by EUR 16.4 million due to a decline in demand for our services from customers across key industry sectors as further described below.

Other income

Other income decreased by EUR 9.5 million, or 36.5%, from EUR 26.0 million in the financial year ended December 31, 2014 to EUR 16.5 million in the financial year ended December 31, 2015. This decrease resulted in particular from a lower recovery of costs incurred on behalf of the Group's business partners for the portion attributable to them, from a reduction in reversal of provisions and from reduced reversal of over-accruals of trade payables.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 8.7 million, or 3.8%, from EUR 230.2 million in the financial year ended December 31, 2014 to EUR 238.9 million in the financial year ended December 31, 2015. As a percentage of revenue, costs of raw materials and services constituted 33.1% of revenues in the financial year ended December 31, 2014 and 33.7% of revenues in the financial year ended December 31, 2015.

Personnel expenses

Personnel expenses increased by EUR 5.5 million, or 1.3%, from EUR 412.7 million in the financial year ended December 31, 2014 to EUR 418.2 million in the financial year ended December 31, 2015. As a percentage of revenue, personnel expenses constituted 59.3% of revenues in the financial year ended December 31, 2014 and 59% of revenues in the financial year ended December 31, 2015. As discussed in more detail below, this increase was primarily due to the increase of personnel expenses in our CRM International segment.

Depreciation and amortization

Depreciation and amortization were stable and amounted to EUR 27.1 million in the financial year ended December 31, 2014 and EUR 27.1 million in the financial year ended December 31, 2015. Increases in the depreciation of plant and machinery were offset by decreases in the amortization of start-up and expansion costs and industrial patent and intellectual property rights.

Other expenses

Other expenses decreased by EUR 4.8 million, or 28.1%, from EUR 17.1 million in the financial year ended December 31, 2014 to EUR 12.3 million in the financial year ended December 31, 2015. This decrease was primarily due to a write-down of receivables and a decline in accrual of provisions.

Operating profit/(losses)

Operating profit decreased by EUR 5.1 million, or 14.9%, from EUR 34.3 million in the financial year ended December 31, 2014 to EUR 29.2 million in the financial year ended December 31, 2015 due primarily to the losses incurred by CRM Europe and the decline in other income.

Financial income

Financial income was stable and amounted to EUR 0.7 million in the financial year ended December 31, 2014 and EUR 0.7 million in the financial year ended December 31, 2015.

Financial expenses

Financial expenses increased by EUR 3.6 million, or 14.8%, from EUR 24.4 million in the financial year ended December 31, 2014 to EUR 28.0 million in the financial year ended December 31, 2015. This increase was primarily due to interest payments in connection with the financial indebtedness of our Brazilian subsidiaries.

Exchange gains/(losses)

Exchange losses increased by EUR 0.4 million, from EUR 0.2 million in the financial year ended December 31, 2014 to EUR 0.6 million in the financial year ended December 31, 2015. The difference was primarily due to losses on conversion of the Brazilian real to the euro.

Income taxes

Income taxes decreased by EUR 7.9 million, or 90.8%, from EUR 8.7 million in the financial year ended December 31, 2014 to EUR 0.8 million in the financial year ended December 31, 2015. This decrease was primarily due to a decrease in taxable income over the period.

Profit/(loss) for the year

Losses for the year increased by EUR 0.2 million, or 18.2%, from EUR 1.1 million in the financial year ended December 31, 2014 to EUR 1.3 million in the financial year ended December 31, 2015. This increase of losses at the Group level was primarily due to losses in our CRM Europe business and for the other reasons described above. Losses by CRM Europe were partially offset by the profits generated by our IT Services, CRM International and Almawave segments.

EBITDA and EBITDA margin

EBITDA decreased by EUR 5.1 million, or 8.3%, from EUR 61.4 million in the year ended December 31, 2014 to EUR 56.3 million in the year ended December 31, 2015. This decrease resulted mainly from the decrease in EBITDA contributed by the CRM Europe segment and the IT Services segment, partially offset by the increase in EBITDA contributed by Almawave. EBITDA margin decreased from 8.8% in the year ended December 31, 2014 to 7.9% in the year ended December 31, 2015.

Segments

IT Services

The following table sets forth certain key line items for our IT Services Division for each of the periods indicated.

	Year ended December 31,	
	2014	2015
	(unaudited) (EUR in millions)	
Revenues		
External customers	318.5	327.8
Intragroup	5.2	4.2
Total revenues	**323.7**	**332.0**
Other income	27.9	18.5
Total revenues and other income	**351.6**	**350.5**
Operating expenses		
Cost of raw materials and services	(143.1)	(142.4)
Personnel expenses	(161.4)	(165.7)
Depreciation and amortization	(16.2)	(14.9)
Losses from sale of non-current assets	0.0	(0.0)
Other expenses	(11.3)	(9.5)
Operating profit	**19.6**	**18.0**
EBITDA	**35.8**	**32.9**
EBITDA margin	**11.1%**	**9.9%**

Revenues

Total revenues of our IT Services segment increased by EUR 8.3 million, or 2.6%, from EUR 323.7 million in the year ended December 31, 2014 to EUR 332.0 million in the year ended December 31, 2015. This increase was primarily due to growth in revenues from customers in our key industry sectors of transportation and logistics and banking and insurance as well as certain local government customers driven by demand for certain services, in particular in connection with crew management and passenger information systems in the transportation and logistics sector and a project relating to a voluntary disclosure initiative undertaken by the Italian fiscal authorities which resulted in demand for our services from certain of our banking customers. The growth in revenues was partially offset by a decline in revenues attributable to our welfare customers as a result of a merger in 2012 between two of our customers and the gradual expiration of our contract with these customers and due to spending review policies implemented by the Italian government in the public welfare and public finance sector.

Other income

Other income decreased by EUR 9.4 million, from EUR 27.9 million in the financial year ended December 31, 2014 to EUR 18.5 million in the financial year ended December 31, 2015 due to decreased recoveries of costs of service provisions, reversals of provisions and reversals of over-accruals of trade payables.

Cost of raw materials and services

Cost of raw materials and services decreased by EUR 0.7 million, or 0.5%, from EUR 143.1 million in the financial year ended December 31, 2014 to EUR 142.4 million in the financial year ended December 31, 2015. As a percentage of total revenue, costs of raw materials and services decreased from 44.2% of total revenues in the financial year ended December 31, 2014 to 42.9% of total revenues in the financial year ended December 31, 2015 due to the fact that in 2015, we used more internal employees instead of third party consultants, reflecting a focus on increased efficiency in our cost management.

Personnel expenses

Personnel expenses increased by EUR 4.3 million, or 2.7%, from EUR 161.4 million in the financial year ended December 31, 2014 to EUR 165.7 million in the financial year ended December 31, 2015 due to an

increase in headcount in line with revenue growth. As a percentage of total revenue, personnel expenses constituted 49.9% of total revenues for both financial years ended December 31, 2014 and December 31, 2015.

EBITDA and EBITDA margin

EBITDA decreased by EUR 2.9 million, or 8.1%, from EUR 35.8 million in the year ended December 31, 2014 to EUR 32.9 million in the year ended December 31, 2015. This decrease was mainly driven by the decrease in other income and the increase in personnel costs. EBITDA margin decreased from 11.1% in the year ended December 31, 2014 to 9.9% in the year ended December 31, 2015.

CRM Europe

The following table sets forth certain key line items for our CRM Europe Division for each of the periods indicated.

	Year ended December 31,	
	2014	**2015**
	(unaudited) (EUR in millions)	
Revenues		
External customers	162.8	145.3
Intragroup	6.5	7.6
Total revenues	**169.3**	**152.9**
Other income	4.3	2.9
Total revenues and other income	**173.6**	**155.8**
Operating expenses		
Cost of raw materials and services	(42.2)	(42.8)
Personnel expenses	(130.5)	(119.6)
Depreciation and amortization	(2.3)	(2.2)
Losses from sale of non-current assets	(0.0)	0.0
Other expenses	(5.3)	(2.8)
Operating loss	**(6.7)**	**11.6**
EBITDA	**(4.4)**	**(9.4)**
EBITDA margin	N/A	N/A
Adjusted EBITDA[1]	**(4.4)**	**(9.4)**

(1) The following table shows the adjustments made to arrive at Adjusted EBITDA:

CRM Europe Adjusted EBITDA

	Year ended December 31,	
	2014	**2015**
	(unaudited) (EUR in millions)	
EBITDA	**(4.4)**	**(9.4)**
Non-recurring items		
Extraordinary items	0.0	0.0
Savings on personnel	0.0	0.0
	0.0	0.0
Adjusted EBITDA	**(4.4)**	**(9.4)**

Revenues

Total revenues of our CRM Europe segment decreased by EUR 16.4 million, or 9.7%, from EUR 169.3 million in the year ended December 31, 2014 to EUR 152.9 million in the year ended December 31, 2015. This decrease was due to a decline in demand for our services from customers across key industry sectors resulting from strong competitive pressure relating to an increasing trend by some of our customers to offshore CRM outsourcing activities outside of the EU, as described above.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 0.6 million, or 1.4%, from EUR 42.2 million in the financial year ended December 31, 2014 to EUR 42.8 million in the financial year ended December 31, 2015. As a percentage of total revenue, costs of raw materials and services increased from 24.9% of total revenues in the financial year ended December 31, 2014 to 28.0% of total revenues in the financial year ended December 31, 2015.

Personnel expenses

Personnel expenses decreased by EUR 10.9 million, or 8.4%, from EUR 130.5 million in the financial year ended December 31, 2014 to EUR 119.6 million in the financial year ended December 31, 2015. As a percentage of total revenue, personnel expenses slightly increased from 77.1% of total revenues in the financial year ended December 31, 2014 to 78.2% of total revenues in the financial year ended December 31, 2015. The decrease of personnel costs resulted from participation in the Italian state's work share program, pursuant to which the government provides certain wage subsidies to avoid redundancies, and a reduction of headcount.

EBITDA

EBITDA decreased by EUR 5.0 million, from EUR (4.4) million in the year ended December 31, 2014 to EUR (9.4) million in the year ended December 31, 2015. This decrease was mainly driven by the decrease in revenues.

Adjusted EBITDA

Our Adjusted EBITDA increased by EUR 5.0 million, from EUR (4.4) million in the year ended December 31, 2014 to EUR (9.4) million in the year ended December 31, 2015.

CRM International

The following table sets forth certain key line items for our CRM International Division for each of the periods indicated.

	Year ended December 31,	
	2014	2015
	(unaudited) (EUR in millions)	
Revenues		
External customers	211.0	229.3
Intragroup	0.0	0.2
Total revenues	**211.0**	**229.5**
Other income	1.5	0.0
Total revenues and other income	**212.5**	**229.5**
Operating expenses		
Cost of raw materials and services	(66.8)	(72.4)
Personnel expenses	(114.5)	(126.3)
Depreciation and amortization	(8.0)	(9.5)
Losses from sale of non-current assets	0.0	0.0
Other expenses	(0.5)	(0.1)
Operating profit	**22.7**	**21.2**
EBITDA	**30.7**	**30.7**
EBITDA margin	**N/A**	**13.4%**

Revenues

Total revenues of our CRM International segment increased by EUR 18.5 million, or 8.8%, from EUR 211.0 million in the financial year ended December 31, 2014 to EUR 229.5 million in the financial year ended December 31, 2015. This increase was primarily due to growth in revenues from our customers in the telecommunications and media sector, as well as in the finance sector, despite the weak

development of the Brazilian economy and negative exchange rate impact related to the Brazilian real against the euro.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 5.6 million, or 8.4%, from EUR 66.8 million in the financial year ended December 31, 2014 to EUR 72.4 million in the financial year ended December 31, 2015. As a percentage of total revenue, costs of raw materials and services constituted 31.7% of total revenues in the financial year ended December 31, 2014 and 31.5% of total revenues in the financial year ended December 31, 2015.

Personnel expenses

Personnel expenses increased by EUR 11.8 million, or 10.3%, from EUR 114.5 million in the financial year ended December 31, 2014 to EUR 126.3 million in the financial year ended December 31, 2015 as a consequence of increased headcount related to ongoing investments we made in our sales force in Brazil in order to expand our market share, certain annual inflation adjustments to salaries as required by Brazilian labor law and a mandatory increase in social security contributions in Brazil, which was implemented in 2015. As a percentage of total revenue, personnel expenses increased from 54.3% of total revenues in the financial year ended December 31, 2014 to 55.0% of total revenues in the financial year ended December 31, 2015.

EBITDA and EBITDA margin

EBITDA remained flat at EUR 30.7 million in the year ended December 31, 2014 and 2015. EBITDA margin decreased from 14.5% in the year ended December 31, 2014 to 13.4% in the year ended December 31, 2015.

Almawave

The following table sets forth certain key line items for our Almawave Division for each of the periods indicated.

	Year ended December 31,	
	2014	2015
	(unaudited) (EUR in millions)	
Revenues		
External customers	3.1	6.8
Intragroup	7.3	6.1
Total revenues	**10.4**	**12.9**
Other income	0.4	0.6
Total revenues and other income	**10.8**	**13.5**
Operating expenses		
Cost of raw materials and services	(3.3)	(3.9)
Personnel expenses	(8.1)	(7.4)
Depreciation and amortization	(1.1)	(1.0)
Losses from sale of non-current assets	0.0	0.0
Other expenses	(0.2)	(0.1)
Operating profit/(loss)	**(1.9)**	**1.1**
EBITDA	**(0.8)**	**2.1**
EBITDA margin	**N/A**	**16.3%**

Revenues

Total revenues of Almawave increased by EUR 2.5 million from EUR 10.4 million in the financial year ended December 31, 2014 to EUR 12.9 million in the financial year ended December 31, 2015, which resulted primarily from increased revenues from sales of its proprietary software technology to customers in the telecommunications and media sector and services to central and public local government clients in the public administration sector.

Cost of raw materials and services

Cost of raw materials and services slightly increased by EUR 0.6 million from EUR 3.3 million in the financial year ended December 31, 2014 to EUR 3.9 million in the financial year ended December 31, 2015.

Personnel expenses

Personnel expenses decreased by EUR 0.7 million from EUR 8.1 million in the financial year ended December 31, 2014 to EUR 7.4 million in the financial year ended December 31, 2015, due to certain operational measures.

EBITDA

EBITDA increased by EUR 2.9 million from EUR (0.8) million in the year ended December 31, 2014 to EUR 2.1 million in the year ended December 31, 2015.

Liquidity and Capital Resources

Our liquidity requirements consist mainly of cash for operating costs, interest costs on indebtedness, funding of working capital and capital expenditures. Our principal sources of liquidity are our net cash generated from operating activities. Going forward, we expect to fund our liquidity needs from operating activities and funds available under our Revolving Credit Facility. For a description of the terms of the Revolving Credit Facility, see ''*Description of Certain Financing Arrangements*.'' In addition, we plan to fund liquidity needs for certain projects through other financings in compliance with our indebtedness covenants. See ''*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—Our ability to generate cash depends on many factors beyond our control and we may not be able to generate sufficient cash to service our debt*.''

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section titled ''*Risk Factors*.''

Our cash and cash equivalents amounted to EUR 41.9 million as at June 30, 2017 compared to EUR 48.2 million as at December 31, 2016.

We believe that our operating cash flows, together with the available liquidity under the Revolving Credit Facility will be sufficient to maintain our ongoing operations, anticipated capital expenditures and debt service requirements for the next 12 months.

Cash Flows

The following table sets forth certain consolidated cash flow information for the financial years ended December 31, 2014, 2015 and 2016 and for the six months ended June 30, 2016 and 2017:

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
				(unaudited)	
	(EUR in millions)				
Profit/(Loss) for the year/period	(1.1)	(1.3)	(16.1)	(4.2)	1.4
Income Tax Adjustment[(1)]	(1.3)	(3.1)	(4.3)	3.4	0.9
Net Financial Income/(Expenses) Adjustment[(2)]	1.7	1.2	2.1	1.3	1.0
Depreciation and amortization	27.1	27.1	29.3	13.8	14.7
Adjustments for other non-monetary items[(3)]	3.2	1.4	(1.2)	0.9	(1.0)
Change in Working Capital[(4)]	12.3	31.3	12.5	(9.9)	16.3
Cash-flow generated from operating activities (A)	**41.9**	**56.6**	**22.3**	**5.3**	**33.3**
Capital Expenditures[(5)]	(49.0)	(35.2)	(27.4)	(11.0)	(10.0)
Other Investing Cash Flow Items[(6)]	0.9	0.3	12.3	1.2	5.3
Cash-flow used in investing activities (B)	**(48.1)**	**(34.9)**	**(15.1)**	**(9.8)**	**(4.7)**
Cash-flow generated from/(used in) financing activities (C)	**7.9**	**(4.6)**	**(12.1)**	**(7.4)**	**(34.6)**
Cash flow of the year/period (A+B+C)	**1.7**	**17.1**	**(4.9)**	**(11.9)**	**(6.0)**
Effect of foreign exchange rates on cash and cash equivalents	(0.3)	(2.9)	2.5	1.9	(0.3)
Cash and cash equivalents at beginning of the year/period	35.1	36.4	50.6	50.6	48.2
Cash and cash equivalents at end of the year/period	**36.4**	**50.6**	**48.2**	**40.6**	**41.9**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write-downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories and amount due from customers, change in trade payables, change in other assets, change in other liabilities, foreign exchange rate effect related to items of working capital, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current asset held for sale, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Operating Activities

Cash flow from operating activities increased by EUR 28.0 million, from a EUR 5.3 million cash inflow in the six months ended June 30, 2016 to a EUR 33.3 million cash inflow in the six months ended June 30,

2017. This increase was primarily due to an increase in trade receivables from a EUR 15.3 million cash outflow in the six months ended June 30, 2016 to a EUR 7.7 million cash inflow in the six months ended June 30, 2017 due to a consistent improvement in trade receivables resulting from enhanced credit management, as well as several large invoices being paid in early 2017, an increase in relation to foreign exchange rate effects related to items of working capital from a EUR 0.9 million cash outflow in the six months ended June 30, 2016 to a EUR 3.0 million cash inflow in the six months ended June 30, 2017 and an increase in relation to trade payables from a EUR 10.5 million cash inflow in the six months ended June 30, 2016 to a EUR 13.8 million cash inflow in the six months ended June 30, 2017 due to improved management of trade payables. Such inflows were partially offset by changes in liabilities for employee benefits and provisions from a EUR 4.6 million cash inflow in the six months ended June 30, 2016 to a EUR 3.2 million cash outflow in the six months ended June 30, 2017.

Cash flow from operating activities decreased by EUR 34.3 million, from a EUR 56.6 million cash inflow in the financial year ended December 31, 2015 to a EUR 22.3 million cash inflow in the financial year ended December 31, 2016. This decrease resulted primarily from payments made in connection with reductions in headcount, a change in relation to trade receivables from a EUR 9.1 million cash inflow in 2015 to a EUR 12.9 million cash outflow in 2016 due to several large projects completing in the last quarter of 2016 for which we were paid in early 2017, cash outflows due to an increase in restricted cash deposits and cash outflows relating to our decision in 2015 to shift costs for the establishment of new sites in Brazil from cash flow expenditures to operational expenditures. These outflows were partially offset by a change in relation to trade payables from a EUR 24.6 million cash outflow in 2015 to a EUR 14.2 million cash inflow in 2016 due to improved management of trade payables.

Cash flow from operating activities increased by EUR 14.7 million, from a EUR 41.9 million cash inflow in the financial year ended December 31, 2014 to a EUR 56.6 million cash inflow in the financial year ended December 31, 2015. This increase resulted primarily from an increase in VAT liabilities in 2015, which were not paid until the second half of 2017, partially offset by a change in relation to trade payables from a EUR 3.3 million cash inflow in 2014 to a EUR 24.6 million cash outflow in 2015 due to improved payment terms resulting in certain large payables invoiced in 2014 being paid in 2015.

Investing Activities

Cash flow used in investing activities decreased by EUR 5.1 million, from a EUR 9.8 million cash outflow in the six months ended June 30, 2016 to a EUR 4.7 million cash outflow in the six months ended June 30, 2017. This decrease was primarily due to lower investments in property, plant and equipment and our receipt of the payment of the second tranche of proceeds from the 2016 sale of an investment in an associated company.

Cash flow used in investing activities decreased by EUR 19.8 million, from a EUR 34.9 million cash outflow in the financial year ended December 31, 2015 to a EUR 15.1 million cash outflow in the financial year ended December 31, 2016. This decrease of cash outflow resulted primarily from our receipt of the first tranche of preceeds from the sale in 2016 of an investment in an associated company, and a decline in investments in property, plant and equipment due to our decision to shift costs for the establishment of new sites in Brazil from capital expenditures, which are recorded under investing activities, to operational expenditures.

Cash flow used in investing activities decreased by EUR 13.2 million, from a EUR 48.1 million cash outflow in the financial year ended December 31, 2014 to a EUR 34.9 million cash outflow in the financial year ended December 31, 2015. This decrease of cash outflow resulted primarily from a decline in investments in property, plant and equipment due to significant investments in new sites in Brazil in 2014, followed by our decision in 2015 to shift such costs from capital expenditures to operational expenditures.

Financing Activities

Cash outflow from financing activities increased by EUR 27.2 million, from a EUR 7.4 million cash outflow in the six months ended June 30, 2016 to a EUR 34.6 million cash outflow in the six months ended June 30, 2017. Cash outflow from financing activities increased by EUR 7.5 million, from a EUR 4.6 million cash outflow in the financial year ended December 31, 2015 to a EUR 12.1 million cash outflow in the financial year ended December 31, 2016. Cash outflow from financing activities changed by EUR 12.5 million, from a EUR 7.9 million cash inflow in the financial year ended December 31, 2014 to a EUR 4.6 million cash outflow in the financial year ended December 31, 2015.

Financial Debt and Financing Sources

As of December 31, 2016 and June 30, 2017 we had financial debt and bank borrowings outstanding in the amount of EUR 176.4 million and EUR 142.5 million, respectively. In August and September 2017, outstanding financial indebtedness in the amount of EUR 116.5 million was repaid with funds incurred under the Term Facility of the Senior Facilities Agreement. In addition, existing financial indebtedness in the amount of EUR 12.4 million was repaid with funds from operating activities. For a more detailed description of the Term Facility, see ''*Description of Certain Financing Arrangements*.'' The proceeds from the sale of the Notes will be used to repay outstanding indebtedness under the Term Facility and to pay the fees and expenses related to the offering of the Notes. See ''*Use of Proceeds*.''

Capital Expenditures

We have made significant investments in the past several years, accounted for as investments in property, plant and equipment and investments in intangible assets, primarily pursuant to payments for our capital expenditures replacement and maintenance of our servers, software licenses, expansion of our offices space and work stations and other similar property, plant and equipment investments. The following tables report a summary of our historical capital expenditure for the financial years ended December 31, 2014, 2015 and 2016 and for the six months ended June 30, 2016 and 2017 broken down by category of expenditures and by operating segment, respectively.

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
				(unaudited)	
	(EUR in millions)				
Total Capital Expenditures	**(49.0)**	**(35.2)**	**(27.4)**	**(11.0)**	**(10.0)**
—in property, plant and equipment	(34.8)	(19.5)	(13.8)	(4.8)	(2.0)
—in intangible assets (including goodwill)	(14.2)	(15.7)	(13.6)	(6.2)	(8.0)

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
				(unaudited)	
	(EUR in millions)				
Total Capital Expenditures	**(49.0)**	**(35.2)**	**(27.4)**	**(11.0)**	**(10.0)**
IT Services	(13.9)	(13.9)	(14.4)	(6.1)	(6.8)
CRM Europe	(3.2)	(1.9)	(1.3)	(0.2)	(0.2)
CRM International	(29.0)	(16.8)	(9.1)	(3.5)	(1.5)
Almawave	(2.9)	(2.6)	(2.6)	(1.2)	(1.5)

Capital expenditure amounted to EUR 10.0 million in the six months ended June 30, 2017 (six months ended June 30, 2016: EUR 11.0 million) and related mainly to investments by our IT Services segment in software and new projects.

Capital expenditure amounted to EUR 27.4 million in the financial year ended December 31, 2016 (2015: EUR 35.2 million) and related mainly to investments by IT Services in software, new projects and hardware and by CRM International in existing and new sites.

Capital expenditure amounted to EUR 35.2 million in the financial year ended December 31, 2015 (2014: EUR 49.0 million) and related mainly to investments by CRM International in existing and new sites and by IT Services in software, new projects and hardware.

Capital expenditure amounted to EUR 49.0 million in the financial year ended December 31, 2014 and related mainly to investments by CRM International in the buildup of two new sites in Brazil in order to increase operational capacity in that market.

As of June 30, 2017, we had committed capital expenditures of approximately EUR 3.0 million for the period until December 2017.

Contractual Commitments

The table below shows our main contractual commitments as of June 30, 2017, with an indication of the maturity. The values indicated include only the medium-to-long term financial liabilities, excluding the related current portions, which are classified as current financial liabilities.

	Due between 1 to 5 years	Due in over 5 years	Total
	(unaudited) (EUR in millions)		
Banks	0.0	0.0	0.0
Amounts due to other lenders	2.7	11.0[(1)]	13.7
Maturity of Non-current financial liabilities as at June 30, 2017	**2.7**	**11.0**	**13.7**

(1) This refers to an option agreement which provides for, inter alia, the irrevocable obligation of the parent company of AlmavivA Contact S.p.A. to acquire from SIMEST (which is committed to sell) certain shares in AlmavivA Contact S.p.A by June 30, 2023. There are several conditions that can trigger an early exercise of this option, but in no event can it be exercised before June 30, 2019. See Note 20 of the Unaudited Interim Condensed Consolidated Financial Statements.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Contingent Liabilities and Commitments

We are involved, from time to time, in lawsuits, claims, investigations and proceedings, arising in the ordinary course of business. Except for potential liabilities for which we have accrued sufficient provisions, as at the date of this Offering Memorandum, there are no such matters pending that our management expects to be material in relation to our business, consolidated financial position, results of operations or cash flows.

Our determination of the treatment of contingent liabilities in the financial statements is based on a view of the expected outcome of the applicable contingency. We consult legal counsel on matters related to litigation. We also consult with experts both within and outside our Company with respect to other matters that arise in the ordinary course of business. Examples of such matters that are based on assumptions, judgments and estimates are the amount to be paid to settle certain other liabilities. A liability is accrued if the likelihood of an adverse outcome is probable, or if both its occurrence and the amount it will cost are estimable.

Quantitative and Qualitative Disclosures about Market Risk

See Note 38 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum for additional information on our exposure to credit risk, financial leasing and redemption commitments, liquidity risk, exchange rate risk and interest rate risk.

Credit risk

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate bad debt provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by the Company requires trade positions to be subject to an individual write-down based on the age of the receivable, the reliability of the individual debtor and the progress of debt management and collection procedures.

Financial leasing and redemption commitments

The Group has entered into financial leases and redemption commitments for various plants and machinery. The Group's obligation deriving from these contracts is guaranteed by the property deed of the lessor on the leased assets. The contracts can be renewed at the option of the lessee.

Liquidity risk

Liquidity risk represents the risk of the available financial resources being insufficient to cover the obligations falling due. We believe we have access to sufficient sources of financing to meet out planned financial requirements, taking into account our capacity to generate cash flows, the diversification of the sources of financing and the availability of credit lines.

Exchange rate risk

Exposure to the risk of changing exchange rates derives from the Company's transactions in non-euro currencies (mainly the Brazilian real) and affects the Consolidated Financial Statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currencies other than the euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currencies is not usually subject to hedging, barring another specific assessment.

Interest rate risk

The Group uses interest rate derivatives, with the objective of mitigating, under financially acceptable conditions, the potential impact of interest rate variability on the economic result. As regards financial indebtedness, the loans issued by banks and described elsewhere in this Offering Memorandum were hedged until 2019 through an interest rate swap in euro. The characteristics of this derivative instrument are described in Note 20 of our Audited Consolidated Financial Statements.

Critical Accounting Judgments and Estimates

Critical accounting policies are those that often require the application of difficult, subjective or complex judgments as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from current judgments.

The preparation of our Financial Statements required the application of accounting methods and policies that are based on judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. However, the actual results that will ultimately be recognized may be different from the estimates.

Management judgment mainly refers to aspects such as:

- the evaluation of existence of control, joint control or significant influence over group entities, as further described in Note 2.2 of the Notes to the Audited Consolidated Financial Statements;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in Note 3.1 of the Notes to the Audited Consolidated Financial Statements;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reporting segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 3.1 of the Notes to the Audited Consolidated Financial Statements; and
- the identification of cash-generating units as the smallest groups of assets that generate largely independent cash inflows and to which goodwill is also allocated.

Estimates are mainly related to critical valuation processes and key assumptions used by the Group for IFRS purposes, which could have a material impact on the data presented in the Consolidated Financial Statements or which entail the risk that there may be material differences compared with the future carrying amounts of assets and liabilities. Estimates are mainly used to recognize:

- any non-recoverable value of non-current assets, including goodwill, deferred tax assets, additions to the allowances for doubtful accounts and additions to provisions;

- the estimate at completion of the costs related to works in progress, which represents one of the main assumptions for the application of the ''percentage of completion'' method of accounting;
- liabilities for post-employment benefits qualified as defined-benefit obligations; and
- fair value measurements, including that of derivative contracts and the market value of assets and liabilities recognized in connection with business combinations or related to non-current assets held for sale.

We review estimates and assumptions on a regular basis and the impact of any change in the estimates is reflected in the result for the period during which the change was made.

For further information about our critical accounting judgments and estimates, please see Note 3.1 to the Audited Consolidated Financial Statements.

New Adopted Accounting Standards, Interpretations and Amendments

See Note 3.3 of the Notes to the Audited Consolidated Financial Statements.

INDUSTRY

Market data in this section is based on publicly available information and on a report prepared for the Company by KPMG. Management believes that the overall estimates have not materially changed since the analysis was conducted. KPMG has based its analysis on other sources, such as surveys and publications, which we believe to be reliable, but the accuracy and completeness of the information contained in these industry publications is not guaranteed. None of the Issuer, the Initial Purchasers or any of their respective advisors has independently verified this market data. While we are not aware of any misstatements regarding any industry or similar data presented in this Offering Memorandum, our estimates, particularly as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors." We do, however, accept responsibility for the correct reproduction of this information, and, as far as we are aware and are able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

Overview

We are a leading IT services provider in Italy and a leading provider of customer relationship management, or CRM, outsourcing services in Italy and Brazil. We mainly operate in the Information and Communication Technologies, or ICT, services sub-segment of the IT Services market in Italy and the CRM market in Italy and Brazil. The Italian IT services market, the Italian CRM market and the Brazilian CRM market are distinct markets, subject to different market dynamics, trends and a different competitive environment and are therefore presented separately below.

IT Services Market

The Italian IT services market can be divided into five sub-segments: (i) digital content and advertising, (ii) telecommunication, or TLC, network services, (iii) ICT services, (iv) software and ICT solutions and (v) devices and systems. Our IT Services and Almawave divisions mainly operate in the ICT services sub-segment of the IT services market, the ICT services market is therefore the reference market for the core activities in our IT Services and Almawave divisions.

The following diagram shows the breakdown of the Italian IT services market by sub-segment, based on value for the periods indicated.

The Italian IT services market 2014-2018 (billion EUR)

CAGR 2014-2016: 1.3%
CAGR 2016-2018: 1.9%

	2014A	2014-16 CAGR	2016E	2016-18 CAGR	2018E
Total	64.2		65.9		68.4
Devices and System	16.9	0.6%	17.1	0.9%	17.4
Software and ICT Solution	5.7	4.3%	6.2	4.7%	6.8
ICT Services	10.2	2.4%	10.7	3.7%	11.5
TLC Network Services	23.2	(2.2)%	22.2	(0.5)%	22.0
Digital Content and Advertising	8.2	8.8%	9.7	5.0%	10.7

Source: Assinform 2016.

Assinform estimates that the Italian IT services market was worth approximately EUR 66 billion in 2016, and expects the overall Italian IT services market to grow at a CAGR of 1.9% from 2016 through 2018, following a period of stable performance that was in line with the wider European market. We believe that this expected growth will be due to a combination of a number of different trends including, but not limited to, (i) enterprise digital transformation, (ii) cloud adoption and (iii) outsourcing behavior.

- ***Enterprise Digital Transformation:*** Businesses across geographies are increasingly using digital transformation to accelerate their online presence, enrich products, deepen customer relationships, and boost their brands, thereby increasing revenue opportunities for IT services providers such as us.
- ***Cloud Adoption:*** We believe the ongoing focus towards the adoption of cloud based technologies will further drive demand for cloud services, which in turn allows providers such as us to increase their client base and their percentage of recurring services.
- ***Outsourcing Behavior:*** An increasing focus on cost efficiencies is driving companies to outsource an increasing portion of their IT services to providers such as us.

We believe that the these trends—while being applicable to the market as a whole—especially apply to the Italian public sector. Italian public entities have been focused on achieving efficiencies and updating legacy systems with new technologies.

According to Assinform, the Italian market for ICT services, was worth approximately EUR 10.7 billion in 2016 and is expected to grow at an even higher rate than the overall Italian IT services market, with a CAGR of 3.7% over the same period.

The following diagram shows our percentage share of the IT services market compared to those of our principal competitors, of December 31, 2015 and based on revenue.

2015 Market Share – IT Services

	%	Ranking
IBM	12%	1
accenture High performance. Delivered.	12%	2
ENGINEERING	9%	3
Reply	6%	4
Hewlett Packard Enterprise	4%	5
AlmavivA	4%	6
Capgemini	3%	10
Others	50%	

Source: KPMG analysis based on publicly available information.

CRM Market

Our CRM Division operates mainly in the Italian and Brazilian CRM markets. Globally, CRM is a large and growing market. In recent years there has been a marked increase in demand by customers for more significant and frequent interaction with suppliers of goods and services generally, and that such interaction be available through multiple communication channels such as SMS, e-mail, chats, social media and apps, twitter and Facebook rather than only through the traditional means of communicating

by mail or over the telephone. This increase in demand for more significant and frequent interaction and in the means of achieving it is, we believe, driving an exponential increase in demand for the more sophisticated, value-added type of CRM services we provide.

CRM services are also broadening in scope and application, with the evolution of CRM offerings primarily driven by (i) the concept of multichannel interaction and trade marketing services in business process outsourcing (''BPO'') CRM, (ii) the rising interest in big data analytics and digital marketing, and (iii) new disruptive technologies changing customer engagement and analytics.

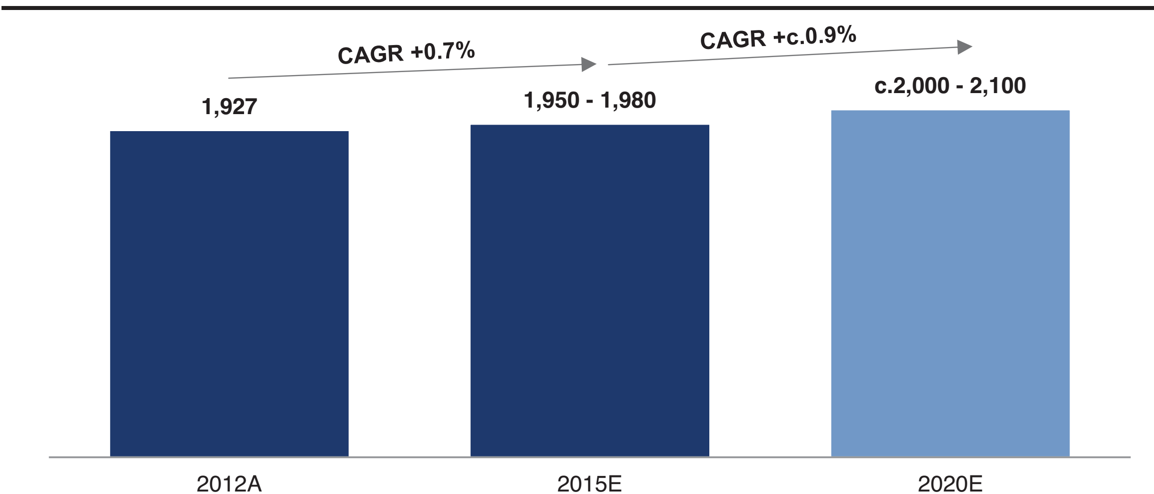
Italian CRM Market

Overview

Our CRM Europe division serves the Italian CRM market from our offices in Italy and Romania. Italy, Romania and Albania (the latter of which is outside the-EU) are the only three countries where we believe there is a sufficiently large population of proficient Italian speakers where CRM services providers can base their operations to address the Italian market. The Italian CRM market was estimated to be worth approximately between EUR 1.95 billion and 1.98 billion in 2015, with an estimated employed workforce of approximately 80,000 people (Source: Stime ASSTEL-Politecnico di Milano, 2016). The Italian CRM market is dominated by inbound services (customer care and sales), which represent approximately 80% of the total market value based on management estimates.

The following diagram shows the historical and expected market size of the Italian CRM market for the periods indicated, based on value.

Italian CRM Market Trend: Estimates 2012-2020 (million EUR)

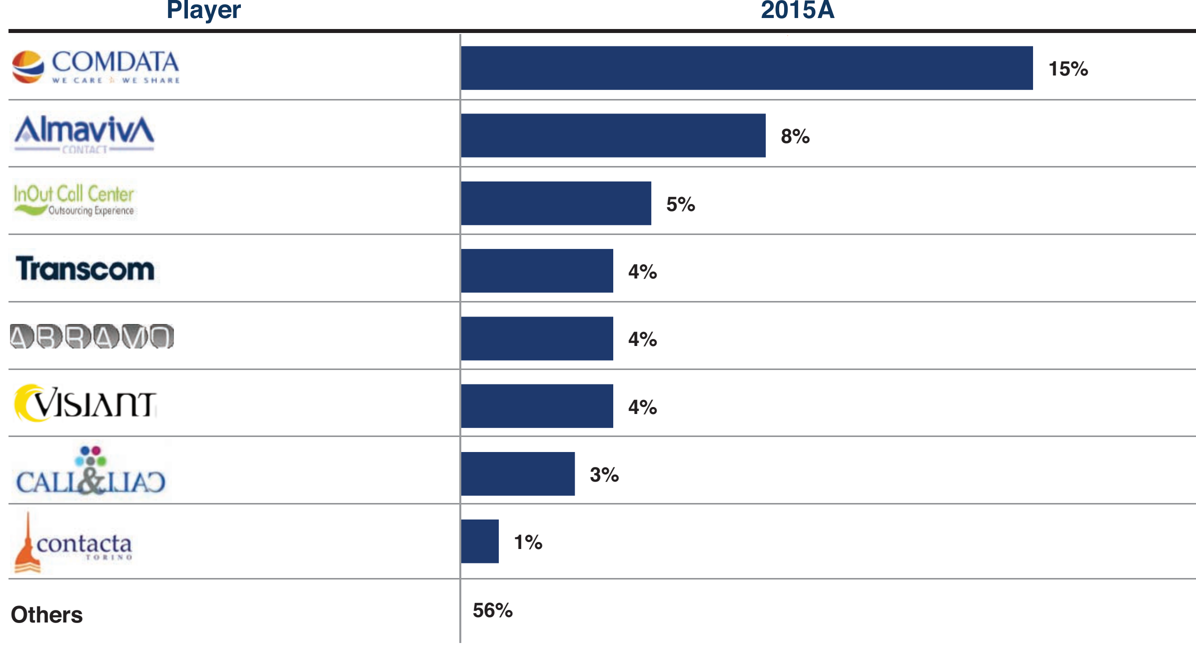


Source: Asstel 2015/2016.

According to Asstel, the Italian CRM market grew at a CAGR of 0.7% from 2012 to 2015. Asstel expects this to increase to 0.9% between 2015 and 2020.

The Italian CRM market is highly fragmented. According to KPMG, in 2015 the top eight players held 44% of the market, with the total market consisting of over 200 players. We and Comdata are the top two players in this market, holding a combined market share of roughly 23% by revenue, and are the only players that generate revenue exceeding EUR 150 million.

The following diagram shows our percentage share of the Italian CRM market compared to those of our competitors, as of December 31, 2015 and based on revenue:



Source: KPMG analysis based on publicly available information.

We expect the Italian CRM market to grow primarily as a result of (i) Italian GDP growth, driven by the country's economic recovery, (ii) an expected increase in private consumer spending and (iii) an expected reduction in unemployment in Italy.

In addition, we believe the Italian CRM market will benefit from certain initiatives implemented by the Italian government in 2017. In the past few years, it has become common for certain operators to omit to inform authorities and callers of the location of the operators handling their calls. This usually occurs when such operators are located in countries with a lower cost of labor than Italy, mainly outside the European Union such as Albania. A lack of supervision from Italian authorities and low penalties in case of breaches have resulted in such operators being able to offer their services at a lower cost than Italian operators, whose employees are subject to the Italian laws or legal minimum wage. In the past this has put us at a competitive disadvantage compared to such lower cost operators, given that our workforce is mostly based in Italy. The difficulties of the past few years in the broader CRM market have resulted in increased scrutiny from the Italian government, which in 2017 implemented a number of initiatives aimed at regulating offshoring and preserving the rights of Italian workers. These initiatives include the new ''Budget Law'' and the ''Call Center Protocol.''

The 2017 Italian Budget Law

Call center activities are regulated in Italy by, *inter alia,* Law No. 232 of 2016 (the ''2017 Italian Budget Law'') which sets out various provisions applicable to call centers in Italy. The 2017 Italian Budget Law imposes new obligations and restrictions to businesses conducting call center activities in Italy, including, among others:

- If using Italian numbers, businesses must enroll with the Italian register of operators in communications within 60 days from the date the 2017 Italian Budget Law entered into force.
- They must inform the Ministry of Employment (''ME''), the Ministry for Economic Development (''MED'') and the Italian Data Protection Authority (''DPA''), within 10 days of any request, of the location of their call centers.
- They must notify their intention and provide certain information to the ME, the MED and to DPA at least 30 days in advance (or within 60 days starting from the day in which the 2017 Italian Budget Law entered into force, if the business already conducts call center activities), when locating or re-locating call center activities to a non-EU country (whether directly or through outsourcing).

- Government benefits (including tax or social security benefits) can no longer be disbursed to businesses which, after the date of enforcement of the 2017 Italian Budget Law, relocate call center activities to a non-EU country.
- Customers must be immediately informed of where the call center worker is physically located and, if located outside the EU, must be offered to have their call transferred to another call center worker physically located in Italy or in another EU country.

Failure to comply with the above obligations may result in a fine between EUR 10,000 and EUR 150,000 per day of non-compliance for each violation depending on the nature of the breach. The 2017 Italian Budget Law provides for joint liability of the call center service provider and the entity that outsourced the call center services in case of non-compliance with the above provisions. Following the enactment of the 2017 Budget Law, monitoring and sanctioning of call center providers has increased notably. Sanctions imposed on companies that omitted being located outside of Italy in the first four months of 2017 were four times as high as all sanctions imposed in the full year 2016 (with 34 sanctions in 2016 vs 120 sanctions from January 2017 to April 2017, as mentioned by Mr Calenda when announcing the Call Center Protocol).

The Call Center Protocol

On May 4, 2017, the Italian government entered into an agreement with the thirteen largest customer service companies, representing approximately 65% of the market by revenue as of 2015 (Eni, Enel, Sky, Intesa Sanpaolo, Tim, Fastweb, Poste Italiane, Trenitialia, NTV, Unicredit, Wind Tre, Mediaset and Vodafone (the ''Parties'')), with an 18-month duration (the ''Call Center Protocol.'')

The aim of the Call Center Protocol is to increase the quality of call center services, prevent offshoring services outside Italy and enhance the protection of call center employees. The Call Center Protocol imposes certain obligations to ensure the quality of the call center services, including, *among other things*, that the information provided by the call centers must be clear, transparent, in easily understandable Italian language and carried out promptly. In addition, the privacy regulation also applies to offshore services, which is not the case in, for example, Albania. In order to discourage the offshoring of call center services, the agreement ensures that at least 80% of outsourced call center activities are delivered from Italian territories and a maximum of 20% from other countries within the EU. We believe that this requirement favors our CRM business and expect this to result in our non-compliant competitors being pushed out of the market. Additionally, internal call centers must ensure that at least 95% of call center activities are delivered from Italian territories, which we also expect will benefit outsourcers such as us, who operate mainly out of Italy.

Furthermore, according to the Call Center Protocol the Parties are prohibited from accepting offers from service providers where the hourly labor cost of the service provider is lower than the hourly labor cost calculated on the basis of (i) prescribed wages set forth in tables provided by the Ministry of Labor, (ii) agreements with most representative trade unions or (iii) in case such agreements are not available, on the basis of the national collective labor agreements applicable to call center operators. Finally, in order to improve employees' protection, the signatories of the protocol undertake to establish protection provisions comparable with the so-called ''Social Clause'' (*clausola sociale*), which represents a commitment to introduce protection for employees in instances of contract transfers to a new call center provider.

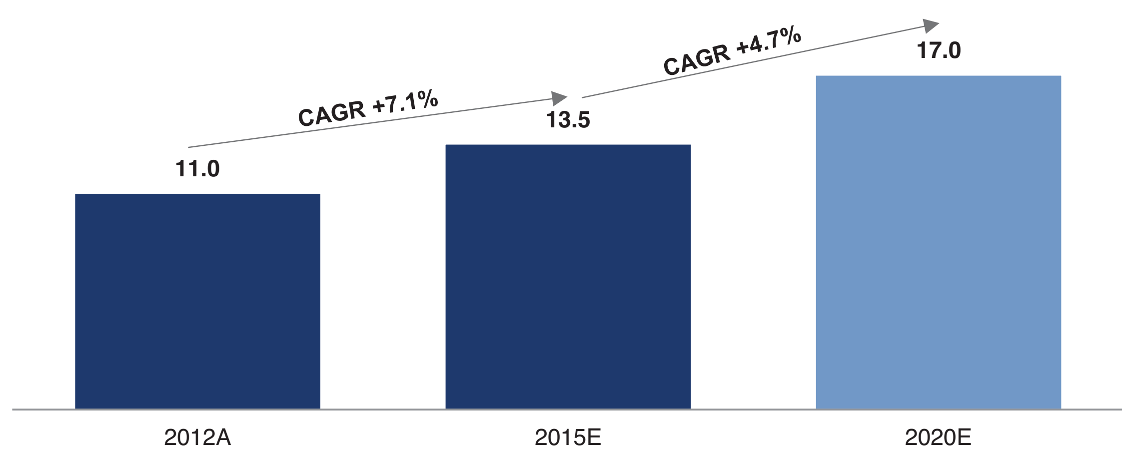
Brazilian CRM Market

Our CRM International division mainly operates within the Brazilian CRM market. According to KMPG, the Brazilian CRM market was estimated to be worth approximately BRL 13.5 billion in 2015. The market is concentrated in the telecommunication and finance segments, which together comprise roughly 90% of the market. The market's growth prospects are mostly expected to come from the healthcare, retail and IT segments. The market is mainly dominated by inbound customer care and technical assistance services and outbound sales services.

KPMG estimates that the Brazilian CRM market will grow at a CAGR of 4.7% between 2015 and 2020.

The following diagram shows the historical and expected market size of the Brazilian CRM market for the periods indicated, based on value.

Brazilian Market Trend Estimates (billion BRL)



Source: KPMG analysis based on publicly available information.

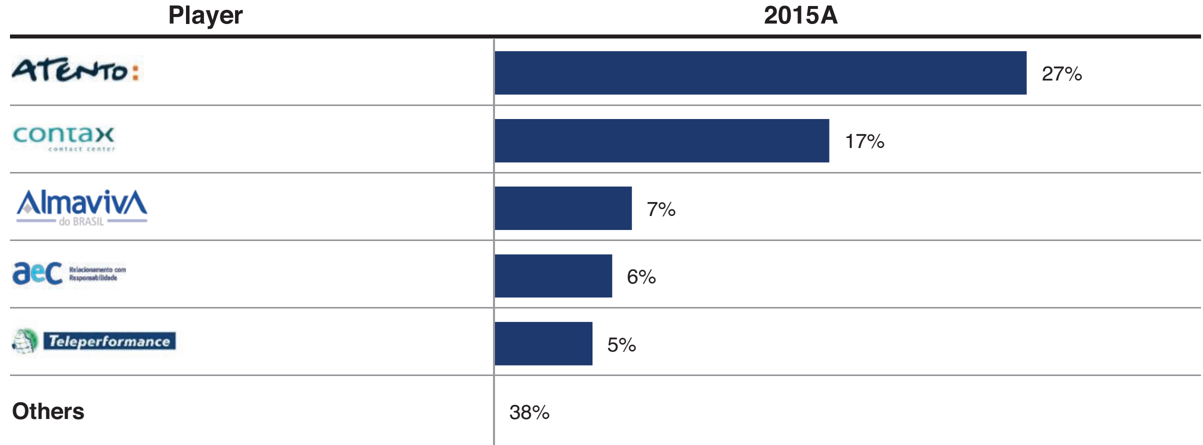
We expect the Brazilian CRM market to grow until at least 2020 mainly due to macroeconomic factors, including: (i) GDP growth, (ii) an increase in private consumption and (iii) a reduction in unemployment.

We expect market volume growth over the next few years to be driven by customers outsourcing more of their business and general economic growth, as the middle class continues to expand.

The CRM market in Brazil is protected against offshoring risks due to the lack of Portuguese speakers in other Latin American countries and its being a low cost jurisdiction. The Brazilian market is also characterized by a high degree of sophistication and digital development. Additionally, CRM operators in Brazil benefit from the ''Lei Brazil Maior,'' introduced by the Brazilian government in 2011 to boost the country's competitiveness, which guarantees fiscal incentives for companies linked to labour costs.

The Brazilian CRM market is concentrated, with the top five players comprising approximately 62% of the market in 2015, according to KPMG. We are the number three player with a market share of approximately 7%, according to KPMG, despite having entered the market only in 2006. The two leading players are Atento and Contax and represent a combined market share of approximately 44%.

The following table shows our percentage share of the Brazilian CRM market compared to those of our competitors, as of December 31, 2015 and based on revenue:



Player	2015A
Atento	27%
contax	17%
AlmavivA do BRASIL	7%
aec	6%
Teleperformance	5%
Others	38%

Source: KPMG analysis based on publicly available information.

BUSINESS

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management (''CRM'') outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration and banking and insurance sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for customers in the transportation and logistics sector, including Ferrovie dello Stato Italiane, the Italian railway system, for whom we have developed and manage a suite of planning and management platforms for some of its most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners; the human resources and payroll management systems of 32 Italian government agencies that together employ over a million public servants; and online enrolment systems for the Italian education system. We also manage Italy's farm subsidies payment system; information systems for Italy's organ transplant program; e-passport, e-ID and e-residency permit systems for the Italian homeland security department; and command and control systems for Italian law enforcement agencies and the armed forces.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets as well as our expertise in the latest technology trends, such as cloud computing, internet-of-things, mobile and mobility, data analytics and cyber security, in addition to enterprise resource planning and corporate solutions. In 2016 and the six-month period ended June 30, 2017, the IT Services Division accounted for 48% and 46% of our revenues, respectively, after intragroup eliminations. Our IT Services business was ranked sixth in Italy in 2015 measured by revenues (source: KPMG).

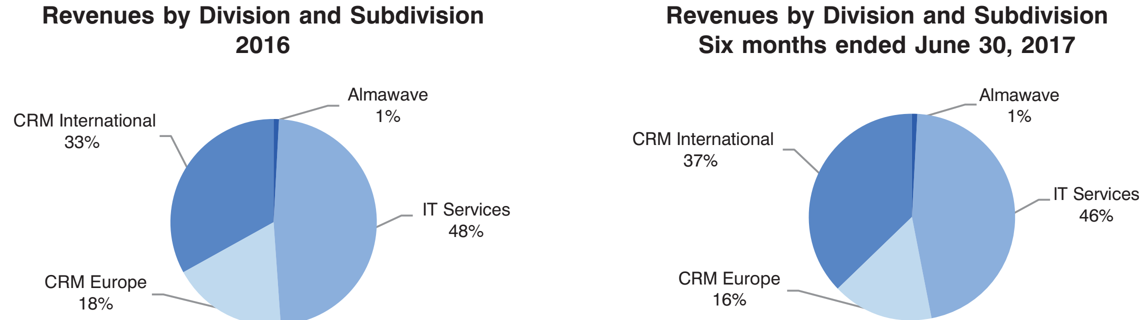
CRM

Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Brazil and our core language competencies in Italian, Portuguese and Spanish. Our CRM Europe business was the second largest provider of CRM services in the Italian market in 2015, and our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 51% of our revenues in 2016 and 53% of our revenues in the six-month period ended June 30, 2017, after intragroup eliminations. Our CRM Europe subdivision accounted for 18% of our revenues in 2016 and 16% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations. Our CRM International subdivision accounted for 33% of our revenues in 2016 and 37% of our revenues in the six-month period ended June 30, 2017 after intragroup eliminations.

Almawave

Our Almawave Division develops cutting-edge software applications and services in the areas of customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the developement of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. In both 2016 and the six-month period ended June 30, 2017, the Almawave Division accounted for 1% of our revenues, after intragroup eliminations.

The following diagram shows a breakdown of our revenues in 2016 and the six-month period ended June 30, 2017 by division and subdivision:



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium. We serve our CRM Division customers from 21,019 workstations in Italy, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and one in Brazil, with a dedicated center of competence in Trento, Italy. As of June 30, 2017, we had 31,392 FTE employees.

We generated revenues of EUR 730.2 million in 2016 and EUR 371.7 million in the six-month period ended June 30, 2017. Our EBITDA in 2016 was EUR 35.8 million and EUR 33.3 million in the six-month period ended June 30, 2017 following a cost optimization program in our CRM Europe subdivision undertaken in 2016. Our Adjusted EBITDA for the LTM period ended June 30, 2017 was EUR 68.1 million.

Competitive Strengths

We believe that our competitive strengths are as follows:

Leading Market Position in a Strong and Stable Market

Our IT Services Division and our CRM Europe and CRM International subdivisions each have leading positions in their respective markets. We developed these leading positions over a number of years by working closely with our customers to manage the critical assets they rely on to deliver essential services to their own customers. We believe our leading positions are a result of our outstanding technical expertise and deep knowledge of our customers’ vertical markets and core business processes.

We have a particularly strong market position as a provider of IT systems and solutions to the Italian government and the public sector in general (including at both the national and regional level), and we are one of the only Italian IT companies focused on developing systems and solutions for, and managing, national critical assets, such as the Italian railway network, the Italian pension system for public administration and the Italian education system. We believe we are the leading provider of IT solutions for the Italian transportation and public administration sectors.

Our CRM Europe business is the second largest provider of CRM services in the Italian market, with an 8% share of the total market far ahead of the third largest provider at 5% (source: KPMG). Our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil, with an 7% share of the Brazilian market, behind the two largest providers in the market (Atento and Contax, with market shares of approximately 27% and 17% respectively in 2015 (source: KPMG)). We have achieved this result despite having only entered the market in 2006, with a single contract, and despite not having Brazilian or Latin American roots.

In addition, we operate in markets that have experienced limited volatility in recent years and which are supported by favorable long-term trends and a stable outlook.

The market for digital services in Italy, where our IT Services business operates, was estimated to be worth approximately EUR 66 billion in 2016 and is expected to grow at a CAGR of 1.9% between 2016 and 2018 (source: Assinform 2016). The Italian markets for ICT services, which is the reference market for the core activities in our IT Services and Almawave Divisions, is expected to grow at a faster rate, at a CAGR of 3.7% over this period (source: Assinform 2016). This projected growth is driven by a strong digitalization trend across the Italian public and private sectors, including the Italian government's ''Digitalization 4.0'' program, the growing adoption of new technologies, such as the cloud and big data, and a shift in outsourcing behavior towards more externally managed services. We expect that our key IT services and solutions, supported by our Almawave Division, will continue to benefit from these accelerating growth trends in the market as digitalization in Italy progresses.

We expect our CRM Europe business to benefit from the expected forecasted stable growth in the Italian call center market, driven by demand for technology solutions where we excel, such as automated customer care and non voice contact tools, as well as big data analytics and cloud-based solutions. Additional drivers of potential future growth in the Italian CRM market include Italy's 2017 Budget Law and the so-called ''Call Center Protocol'' measures implemented by the Italian government in 2017 to limit offshore outsourcing outside of the European Union, including increased penalties for non-compliance with existing disclosure and reporting requirements for such offshore outsourcing, and through an agreement with a number of large companies operating in Italy to limit such offshoring. See ''*Industry—Italian CRM Market*'' for more detail on these measures. We believe that these government measures will be positive for the Italian CRM market generally and, given that we conduct our CRM Europe business solely within the European Union, for us in particular.

We expect our CRM International subdivision based in Brazil to benefit from the expected forecasted growth of approximately 4.7% in the Brazilian call center market between 2015 and 2020 (source: KPMG), due to a combination of an increased trend towards outsourcing of these services away from Brazil's current, relatively unpenetrated level, and a growing middle class in Brazil. The Brazilian CRM market is particularly attractive due to the limited risk of offshoring or near-shoring competition resulting from Brazil's unique position as the only Portuguese-speaking country in Latin America.

Compelling Portfolio of Products and Services

We offer an attractive and integrated range of systems, solutions and services to our customers, including core business systems (such as passenger management systems for our transportation customers) as well as our expertise in cloud computing, internet-of-things, mobile and mobility, big data analytics, cyber security and other ICT services and solutions. Our Almawave Division plays a crucial role in supporting the product and service development of our CRM and IT Services Divisions and enhancing their portfolio through innovative software development. Together, our three divisions form a unique platform that offers our customers cutting-edge digital solutions that enhance their service offerings, are critical to their businesses and, we believe, make us an indispensable partner.

Our IT products and services power a wide and diverse range of critical IT solutions for the public administration, transportation and banking and insurance sectors, including, among many others:

- a suite of integrated planning and management solutions for the Italian railway network, including infomobility, multi-channel and integrated e-ticketing systems and sales, and fleet localization and monitoring, which enable interoperability and intermodailty throughout the network;
- management of the Italian National Agricultural Information System, which assists government entities in coordinating the management of the Italian agricultural sector, including more than two million farms;
- management of the Italian national education system platform and online enrolment systems for hundreds of thousands of teachers and millions of students for the Italian educational system;
- end-to-end systems for social security and pension payments, database management and personal data security for millions of pensioners in the Italian pension system; and
- financial services business process management systems, such as core banking services, secure payment solutions and services for loan and financial management.

In our CRM Division, we have implemented a suite of services and solutions based on an extended view of customer experience management. These services and solutions integrate CRM business process outsourcing, innovative CRM solutions and advanced analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. Our CRM Division's services are generally powered by our own technology developed by our Almawave Division. This includes our Iride Customer Centric Suite, which gathers on one platform capabilities for semantics, statistics, intelligent business process management and automatic speech recognition to enable the implementation of an interactive model that is designed to be more engaging to users. Enabled by this technology, our CRM services include inbound and outbound services delivered across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice, consulting and process re-engineering, back office and document management, market analysis and adaptive front-end technologies. We believe our compelling portfolio of CRM products and services provides a differentiated offering compared to traditional business process outsourcing operators who lack the technology focus that we have.

Track Record of Winning Contracts

We regard our technological capabilities as fundamental to our continued successful track record of winning new customers in the markets in which we operate. For some tenders in Italy, we are one of the few (and on occasion the only) service providers with the technological capability to completely fulfil the project requirements set out in the bid. Over the last three years (through December 2016), we won approximately 40% of the contracts we bid for, representing approximately 50% to 60% of the total contract value.

Our ability to win contract bids was demonstrated recently when we, together with several co-providers, were awarded two of four framework agreements, Lot 3 and Lot 4, with Italy's national procurement body. The purpose of the agreements is the implementation of Italy's Public Connectivity System. This was the largest government tender offer in Italy over the past several years, and any public entity purchasing digital services is required to do so through the purchasing channels set out in the framework agreements. Lot 3 has a maximum value of EUR 400 million over five years, and is focused on interoperability among public and private sector entities and third party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals, website and web applications and mobile, mobility and online services. As the lead contractor under a joint venture agreement with our co-providers, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues, making the framework agreements together potentially worth up to EUR 638 million to the Company.

Longstanding Relationships with Blue Chip Customers

We have longstanding relationships with many of our most important customers, with customers representing more than half of our total revenue in 2016 having been customers for more than a decade. Excluding our CRM International business, where we have only been active since 2006, our long-standing relationships are even stronger. In our IT Services Division and CRM Europe subdivision, customers representing more than 84% and 77% of our revenues, respectively, have been customers for more than a decade. In our IT Services Division, based on Company estimates, clients representing approximately 83% of our IT services revenues in 2016 have renewed at least two contracts with us, and in some cases as many as five or six contracts over the same period. Moreover, our clients include some of the most prominent and largest public and private sector entities in their respective sectors and markets. Our telecommunications and media customers include enterprises such as Vodafone, Vivo, TIM Cellular and Telecom Italia. Our transportation customers include Ferrovie dello Stato Italiane and Genoa and Trieste ports. Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities and local government sectors. We also have long-standing relationships in the banking and insurance sector, where our customers include Intesa Sanpaolo and Poste Italiene.

We believe our record of developing strong, durable relationships with our blue chip client base is the result of our intimate knowledge of and familiarity with those customers' business processes as well as the fact that so many of our customers in both IT services and CRM trust us to manage core aspects of their operations, including entire networks and systems, that are integral to the smooth functioning of their businesses and, in some cases, national critical assets. For example, we believe that our IT services are vital to the daily operation of the Italian transportation system and to the millions of passengers who

rely on it every day. Many customers are reluctant to undertake the risk of replacing us with a new provider which may not perform to the same standard, endangering these crucial business or public service functions.

Stable Business Model with a Solid Cash Conversion and a Robust Base of Recurring Revenues Likely to Grow Following Recent Contract Wins

As a consequence of our long-standing customer relationships and the important role we play in our customers' businesses, our historical revenues have been relatively stable for a number of years. Our revenues for 2014, 2015 and 2016 were EUR 695.4 million, 709.2 million and 730.2 million, respectively, and EUR 371.7 million for the six-month period ended June 30, 2017. We are also a cash generative business, with a cash conversion ratio, defined as adjusted operating cash flow relative to Adjusted EBITDA, of 62.9%, 35.4% and 72.5% in 2014, 2015 and 2016, respectively.

Our IT Services Division, in particular, is characterized by limited revenue volatility due to, among other things, the critical role its products and services have come to play in the operations of many of its customers, in some cases over many years. Many of our IT Service Division's customers are responsible for providing essential public services, and the difficulty for our customers of finding substitute services on the market has provided our IT Services business with a stable stream of recurring revenues. Our IT Services Division's total revenues for 2014, 2015, 2016 and the six-month period ended June 30, 2017 were EUR 323.7 million, EUR 332.0 million, EUR 356.3 million and EUR 172.4 million, respectively. We estimate that approximately 41.6% of our 2016 IT Services revenue, comprising revenues derived from application management (33%) and infrastructure management (8%) services, represented services that we provided pursuant to ongoing long-term contracts.

As noted above, we were recently awarded two of four framework agreements in a large public tender offer by the Italian government for the purpose of providing digital services to the public sector. We are entitled to a total of up to EUR 638 million in revenues over five years under the two agreements. This has contributed to a significant increase in our estimated backlog, which at EUR 1,371 million reached its highest level in our history as of June 30, 2017 and represented a multiple of approximately four times IT Services Division revenues for the LTM ended June 30, 2017.

Successful Cost Optimization Program Implemented

In 2016 and early 2017 we implemented and successfully completed a wide-ranging cost optimization program focused on our CRM business in Europe. The program included the closure of our Rome site in late 2016, agreements with trade unions regarding our Palermo and Naples sites, which were completed in February and May of 2017 and which are expected to result in lower labor costs, personnel reductions of approximately 2,000 employees in our Italian call center operations, and an increase in workers' productivity through a new performance control system. In order to further optimize our CRM operation, we also shifted a portion of our CRM activities to Romania, another EU Member state, a near-sourcing initiative that we expect to continue to grow. For the six-month period ended June 30, 2017, 5% of our CRM Europe revenues were generated in Romania. Our target is for our Romanian operations to contribute 20% to our segment revenues.

This cost optimization program, coupled with initiatives from the Italian government limiting the offshoring of call center services outside EU territories, has already started to yield positive results. See ''*Industry—CRM Market—Italian CRM Market*'' for more detail on these government measures. For example, monthly EBITDA for CRM Europe was positive in June 2017 for the first time since January 2016. Operating costs* for the six-month period ended June 30, 2017 decreased by 14%, from EUR 80.3 million for the six-month period ended June 30, 2016 to EUR 69.0 million for the six-month period ended June 30, 2017. As a result, our EBITDA for the six-month period ended June 30, 2017 for CRM Europe increased by EUR 5.6 million to EUR (3.7 million) compared to EUR (9.3 million) for the six-month period ended June 2016. In addition, cost per FTE has declined steadily since the beginning of 2017, from approximately EUR 32,100 as at and for the month ended January 31, 2017 to approximately EUR 30,000 as at and for the month ended July 30, 2017. The percentage of our CRM Europe FTE in low cost countries has increased over the same period, from 3% as at and for the month ended January 31, 2017 to 15% as at and for the month ended July 30, 2017. Overall we estimate that our cost optimization program has resulted in cost savings of EUR 29 million on an annualized basis. We

* Operating costs represent the sum of the income statement line items costs of raw materials and services, personnel expenses, losses/gains from sale of non-current assets and other expenses.

expect that our cost optimization measures will also lead to cost savings and other benefits to CRM Europe's operations in future years.

Strong Management Team

We believe that a significant driver of our success is our strong leadership and management team, which has achieved both organic growth and the acquisition of strategically valuable companies in Italy and internationally to build our product and customer portfolios, establish our innovative software development capability, and achieve our leading positions in the IT services and CRM markets in which we operate. Our management has experience navigating through multiple economic cycles, and expertise across commercial, technical, financial and other functional management areas of our business. Our team is led by our Chairman Alberto Tripi, who founded the Company in 1983 after a long career in senior management at IBM in Europe, and Marco Tripi, our Chief Executive Officer, who joined our company in 1999 and became our CEO in 2001. Our management team is highly experienced, with a combined total of nearly 200 years' experience in the IT services industries and a combined total of 123 years' experience in our company.

Strategies

Our core strategic goal is to leverage our leading market position and compelling portfolio of products and services to expand to new clients and sectors in our existing markets and to selectively expand into new geographic markets where we anticipate strong demand for our digital solutions. The specific elements of our strategy include the following:

Maintain Leading Market Position by Driving Innovation Across all Divisions

We believe that our leading market position, strong customer relationships and the growth in market demand for digital services provide us with a unique opportunity to increase our market share and grow our revenue by driving innovation across our businesses.

IT Services Division

Our IT services business intends to leverage the wide range of technological capabilities we possess and our deep understanding of the industries in which our customers operate, resulting from our long-standing customer relationships, to expand those relationships and drive our revenue growth. We are focused on creating vertical market platforms and products, through our knowledge and experience regarding our customers' business processes, that address our customers' business needs.

In the near to medium term, we intend to utilize this strategy to expand our position in the transportation sector through continuing to develop of our Mobility Operation Platform, or ''MOP.'' MOP reflects the evolution of the key solutions we have developed and customized on a case-by-case basis for our transportation customers, and which have become critically important to the functioning of the Italian transportation system, including infomobility, multi-channel and integrated e-ticketing systems, fleet localization and monitoring, passenger information systems, network management and many others, into a platform with standardized technologies and business processes which can be marketed as an Almaviva product to a wider range of customers in the transportation sector. The goal of MOP is to further ''industrialize'' our transportation portfolio to gain further market share in Italy and expand internationally. We believe we are well-positioned to use MOP and associated innovations to grow our transportation and logistics revenues.

We plan to drive innovation in the financial services industry through the continuous development of our proprietary suite of products and solutions designed specifically for banks, insurance companies and other financial institutions, relying on our existing expertise and client relationships in core banking, payment, credit wealth management services and general ERP solutions. We believe these innovations will position us to increase our market share significantly among the leading Italian financial and corporate institutions.

We also intend to expand our already leading position as a service provider to the Italian government, including in the areas of defense and homeland security, administration and finance, healthcare and agriculture, welfare and education, to become the partner of choice for the government in supporting its ''Digitalization 4.0'' initiative and to become the go-to provider of digital services across the Italian public sector. The recent award of Lots 3 and 4 of the recent Italian government tender, as described in detail under ''—*Competitive Strengths,*'' provides us with the opportunity to refine and expand the suite of IT services we currently provide to the Italian public sector and represents significant potential revenue.

CRM Division

We believe our CRM business has a significant opportunity to continue to grow revenues by integrating CRM business process outsourcing and innovative CRM solutions such as multi-channel interaction and big data analytics and by leveraging further innovations in our proprietary technologies, such as our Iride Customer Centric Suite developed by Almawave. We believe that Almawave's technology, which enables our CRM business to provide customers with CRM real-time analysis and interpretation-based services, has the potential to enhance the operational efficiency of our CRM Business Process Outsourcing service delivery by, for example, enabling our call center employees to handle higher call volumes and deliver higher levels of customer service and by generating significant training cost reductions, driving revenue growth and improving margins. We believe these innovations position us well to increase our penetration with our existing customer base in Europe and Brazil by demonstrating the value to them in outsourcing more of their CRM functions to us.

Almawave Division

Our Almawave Division is critical to our innovation strategy, particularly for our CRM Division. Almawave focuses its technological development on process automation and simplification, which incorporates features such as natural language processing and speech recognition, that we consider to be crucial technologies for the further development of our CRM BPO business. In addition to its existing role supporting innovation in our CRM and IT Services Divisions, we intend for Almawave to focus going forward on the development and sale of proprietary products in order to increase its margins and become a profit center for the Company.

Leverage successful experience of expanding internationally to selectively enter new geographic markets

We believe that our success in Brazil has given us valuable experience of how to successfully expand into potentially profitable new international markets.

In our IT Services Division, we believe that our market-leading technologies in the transportation and logistics market, in particular, MOP, can be profitably exported beyond Italy to target markets, including to Northern and Eastern Europe. For example, we recently signed a sales contract with a seven year term with a customer in the Finnish transportation sector. We believe these regions include a number of countries where demand for digital solutions is growing, where transportation and logistics investment is a critical success factor in their overall economic development, and where our MOP and other transportation and logistics solutions can drive revenue growth.

We are focused on expanding our CRM International business into selected, fast-growing markets in order to (i) deploy on a wider scale its distinctive operational and technological model that we believe generates higher profitability than other global CRM competitors and (ii) gain access to a larger market for its services and proprietary technologies designed by Almawave. We have a start-up operation in Colombia to serve the Colombian market which we are considering expanding to serve as a near-shoring location servicing the United States and other Latin American markets. We are also in the process of setting up an Indonesian CRM operation with the goal of expanding into the APAC region, which is expected to be one of the world's fastest growing markets for CRM services in the future, according to Global Industry Auditors. In our CRM Europe subdivision, we plan to expand our near-shoring presence in Romania over the near term.

We have implemented an expansion program for Almawave focused on leveraging our current success with Brazilian and Italian CRM customers to market Almawave's proprietary solutions in wider Latin America and Indonesia, with the goal of turning this business into a leading provider of innovative software solutions.

Pursue financial strategy of prudent deleveraging, strong liquidity management and limited shareholder distributions

Following completion of this offering of the Notes we intend to repay the Term Facility under the Senior Facilities Agreement. Going forward, we intend to prudently delever through steadily increasing our EBITDA and continuing our disciplined approach to cost control. We plan to make only limited shareholder distributions in the near-to-medium term. In addition, we intend to maintain robust liquidity through our Revolving Credit Facility, while maintaining an adequate liquidity cushion for working capital

and the ongoing business needs of our company through our cost control and credit control management. We believe these measures will strengthen our financial profile while ensuring that we have sufficient cash resources to maintain our operations and execute our expansion strategies.

History

We were founded by our current Chairman, Alberto Tripi, in 1983 in Rome. From a small IT services provider with 30 employees named CoS/ISI Italsistemi per l'Informatica, we have grown organically and through acquisitions to become one of the leading IT services providers in Italy and a leading CRM services provider in Italy and Brazil. We entered the CRM market in Italy in 1998, and in 2002 took the first step in the expansion of our CRM business internationally with the launch of Almaviva Tunisie in Tunisia. In 2005, we reached a further milestone with the strategic acquisition of the IT services company Finsiel Group from Telecom Italia, which established us as a leading IT services provider for the public sector and the banking and transportation and logistics industries in Italy. We were renamed Almaviva following the Finsiel acquisition. In 2006, we expanded our CRM operations to Latin America with the launch of our Brazilian subsidiary, Almaviva do Brasil Telemarketing e Informática S/A, and in 2009 entered the market in China through Live Information Technology, our joint venture with the Chinese government. In 2008, we also launched our innovation company, Almawave, and in 2013 Almawave acquired PerVoice S.p.A., entering the speech recognition market. In 2014, we further expanded our geographic footprint by establishing IT services operations in Belgium and a sales office for Almawave in the United States. In 2015, we entered the Spanish language CRM market in Latin America with the launch of contact centers in Colombia, and in 2016 started near-shore operations from contact centers in Romania.

Divisions

Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies division.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration and banking and insurance sectors. The solutions and services we provide our customers draw on our deep knowledge of industry and customer-specific business processes and our expertise in emerging technology trends, such as cloud computing, internet-of-things, mobile and mobility, big data analytics and cyber security, as well as enterprise resource planning and corporate solutions. Our systems, services and solutions are based upon and underpinned by the proprietary technologies developed by the Almawave Division.

Our IT Services Division reported total revenues of EUR 356.3 million in 2016 and EUR 172.4 million in the six-month period ended June 30, 2017, accounting for 48% and 46% of our Group revenues after intragroup eliminations, respectively. In 2015, we were the sixth largest provider of IT services in Italy in terms of revenues (source: KPMG). We believe we are the leading provider of IT solutions for the transportation and public administration sectors in Italy. The IT Services Division had 3,303 FTE employees as of June 30, 2017.

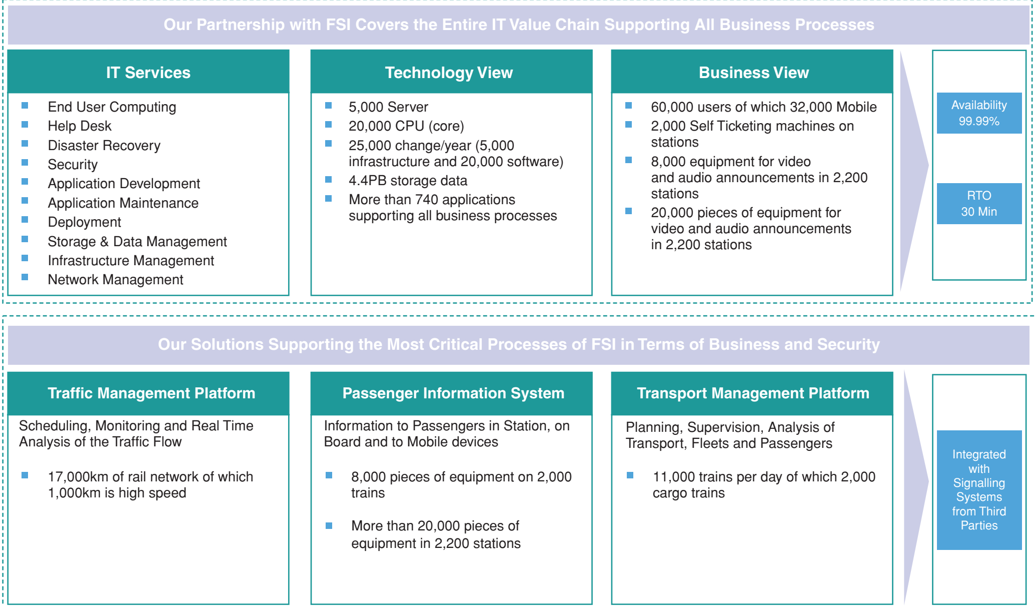
Industries

Our IT Services Division primarily serves customers in the following industries:

Transportation and Logistics

We work with passenger and freight transport operators, infrastructure managers, port authorities and local authorities to develop and manage integrated passenger mobility systems and services across all transportation modalities. We have particular expertise in railway transportation networks and logistics management and have a long-standing partnership with Ferrovie dello Stato Italiane, for whom we develop and manage mission-critical software systems and integrated ICT infrastructure management across the Italian railway system. For example, we have jointly developed and manage a suite of planning and management platforms for critical business processes across the Ferrovie dello Stato Italiane group companies, including the command and control functions, passenger travel information (both aboard trains and in train stations), as well as traffic management. We also manage the enterprise resource planning and corporate solutions system for Ferrovie dello Stato Italiane.

The following diagram illustrates the comprehensive services and solutions that we provide to Ferrovie dello Stato Italiane:



In addition, we have several other ongoing projects to support our customers in the transport and logistics sector, including Smart Station, a smart city oriented digital platform used by 2,000 Rete Ferroviaria Italiana train stations that provides, among other things, free connectivity and information on station services for travellers, smart energy management solutions that monitor energy consumption and enhance the energy efficiency of trains and train stations, ticket barriers with contactless and chip card technology, and virtual support for disabled travelers. For various customers, including Trenitalia, Hitachi and Alstom, we are developing context-aware audio-visual passenger information systems for trains and train stations.

We are also supporting Trenitalia with the design and implementation of an innovative digital platform to facilitate Trenitalia's transformation from a transportation operator to a mobility provider that offers an extended, door-to-door customer experience drawing on the concepts of context awareness, mobile connectivity, intermodal mobility and shared travelling.

We increasingly pursue business opportunities with transport and logistics customers outside of Italy and have recently secured a contract with the Finnish railway system for the development of passenger information systems.

Public Administration

We work with a broad range of government entities to help them assure the delivery of some of their most important public services in the areas of agriculture and environment, healthcare, education, treasury and public finance, local municipalities, and utilities. For example, we have developed and currently manage end-to-end systems for social security benefit payments to millions of Italian pensioners; the human resources and payroll management systems of 32 Italian government agencies that together employ over a million public servants; and online enrolment systems for teachers and students throughout the Italian educational system. We also manage Italy's farm subsidies payment system; the information system for Italy's organ transplant program; e-passport, e-ID and e-residency permit systems for the Italian homeland security department; and command and control systems for Italian law enforcement agencies and the armed forces.

Banking and Insurance

We offer services and solutions designed to help our banking and insurance customers increase cost efficiency, grow their customer base and manage risk. Our core offerings in this area include payment solutions for banking customers and the Italian postal system, process management solutions for insurance and banking customers, front and back office management for capital markets customers, products and services for regulatory and tax compliance management, platforms and services for loan

management and real estate asset analysis and evaluation, as well as business process outsourcing and fraud management solutions.

Services and Solutions

Our broad, end-to-end process expertise spans a number of technology trends, including cloud computing, internet-of-things, mobile and mobility, big data and cyber security, as well as enterprise resource planning and corporate solutions.

Cloud Computing

We work with our customers to create cloud strategies tailored to their needs. We have particularly strong experience in designing and implementing both private and hybrid cloud solutions for large enterprises, where security, reliability, scalability and performance are critical. Our customizable blueprint for cloud solutions is able to host sensitive data and applications across public and on-premise private clouds. Our core platform includes a private cloud for enterprise infrastructure capable of supporting cloud migration of large organizations, a private cloud infrastructure that offers best-in-class performance in terms of automatization and standardization and a hybrid cloud infrastructure in partnership with Amazon Web Services, Microsoft and Virtustream. Using our proprietary methodology, we also offer a selection of services designed to transform our customers' existing information technology infrastructure into a dynamic private or hybrid cloud solution that better meets their needs. For example, we have transitioned the Italian railway system's legacy IT landscape to a hybrid solution, including public cloud elements and have also upgraded the legacy infrastructure of Italy's ministries of education and healthcare to visualized and automated private cloud solutions.

Internet-of-Things and Blockchain

We develop and integrate solutions that enable customers to seamlessly connect the applications and devices that drive their businesses to each other and to the Internet. Our core offering in this area is GIoTTO, a proprietary platform based on open source components which provides a toolkit for the development and integration of IoT-based applications. Through GIoTTO, we have recently developed applications for the automation of the test drive process for a car manufacturer, the centralized command and control of train station facilities and supply chain monitoring and certification of a wine maker. Our IoT offerings also include a proprietary energy saving management system that integrates, matches and analyzes energy use data from various sources. For example, this application is currently used by the Italian railway system to optimize the energy consumption at Italian railway stations.

Mobile

We leverage our expertise in connectivity to develop and integrate secure mobile and mobility solutions. We believe our mobile technology and Wi-Fi location services give end users a more personal and convenient experience that provides them with the right information at the right time, on innovative, context-aware mobile apps with augmented reality features. For example, we developed a mobile application for the Italian railway system that helps travelers navigate train stations. We also provide mobile payment systems for customers in the postal and transportation sectors. Our mobile and mobility expertise also helps customers better understand those they serve by providing them with Wi-Fi location-based analytics, including context-aware access to a wealth of geo-tagged content.

Big Data

We develop and maintain a range of complex back-end systems that address a range of customer needs, in the area of big data. Our big data services rely on several technologies, such as SAP HANA for transportation sector solutions and our proprietary Iride Customer Centric Suite for CRM developed by Almawave, as well as SAS for Public Administration. These services are seamlessly integrated with our cloud services to enable our customers to engage their customers in a more tailored manner. Our systems provide consistent, personalized, omnichannel customer experiences and enable our customers to understand the needs of those they serve and predict their behavior in real time. Leveraging our engineering expertise, we are able to integrate data from various sources, such as social media, to optimize the performance of our customers' data systems, solve critical business problems and turn the volumes of big data into valuable and actionable insights for our customers. Our data

analytics services also help customers in sensitive industries optimize fraud prevention, anomaly prediction and change detection tasks.

Cyber Security

We design, implement and monitor cyber security solutions that give customers insight into their security management with assessments of sensitive data, critical infrastructures and applications. We work with customers to define and implement the right strategy with the aim to ensure that a customer's security design and operations support their strategic objectives and business continuity. Our services include identity and access management, advanced cyber security threat management, mobile security, data protection, fraud and transaction management and cyber forensics that leverage our big data advanced analytics systems. We also offer cyber defense services, command and control and video surveillance systems, tactical radars, and biometrical identification technologies that find application in some of the most sensitive industries, such as homeland security agencies.

Enterprise Resource Planning and Corporate Solutions

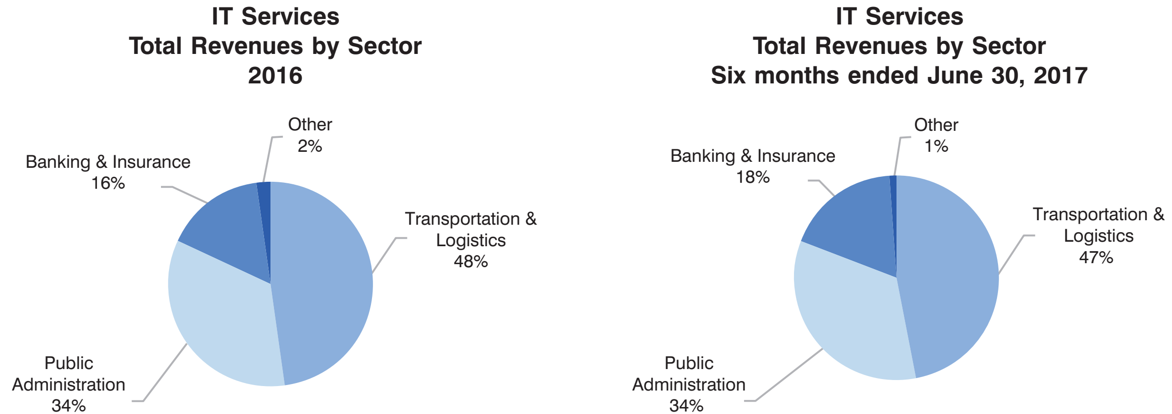
We draw on our longstanding experience in the management of business processes and the expertise of our certified professionals to design and implement enterprise resource planning and corporate solutions. Our core offerings in this area are SAP platform and technology services, including hosting, cloud services, SAP HANA, infrastructure operation services, and application management services. For example, we implemented and manage SAP for the Italian railway system. Our data management services help our customers ensure the availability, conservation and integrity of business data in the areas of enterprise data management, corporate data quality management, and master data management. Taking an ''agile'' approach and utilizing cutting-edge technology like data visualization, our services ensure a seamless transition from data to valuable information for the business.

Customers

Our IT Services Division serves customers across the transportation and logistics, public administration and banking and insurance sectors.

Our transportation and logistics, public administration, banking and insurance and other customers accounted for 48%, 34%, 16% and 2% of our IT Services Division revenues in 2016, respectively and 47%, 34%, 18% and 1%, respectively, in the six-month period ended June 30, 2017.

The following diagrams show a breakdown of total revenues of the IT Services Division by sector for 2016 and the six-month period ended June 30, 2017:



In transportation and logistics, we primarily serve customers in the public sector. Our largest customer is Ferrovie dello Stato Italiane, the holding company of Italy's national railway system, whom we have served since 2005 and with whom we maintain a close collaborative partnership. The Ferrovie dello Stato Italiane group consists of more than 40 companies spanning the transport, infrastructure, freight, and other industries, including Trenitalia, Italy's primary train operator, Rete Ferroviaria, the national railway network, and BusItalia Nord, a local transportation provider. We treat transportation and logistics as separate from the public administration sector because of its significant contribution to our revenues and the differentiated vertical expertise required in this sector.

Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities, and local government sectors, including SIN (the national agricultural information system), Lombardia Informatica (the IT services arm of Italy's Lombardy region), INPS (the administrator of the Italian pension system), Sogei (the information system arm of the ministry of economy and finance), and the ministry of education and research. We also have longstanding relationships in the banking and insurance sector, where our customers include Intesa Sanpaolo and Poste Italiane.

We seek to create long-term, strategic relationships with our clients, and to be viewed as an integral part of their business. We strive to offer services and solutions that cover our customers' value chain, which we believe offers better value to them and leads to a longer, mutually beneficial relationship. As of December 31, 2016, the majority of our IT services customers had been in our customer portfolio for at least one decade, including our top three customers in terms of revenue in 2016.

Delivery

Within our IT Services Division, our services and solutions are delivered to customers through our network of seven competence centers, six business practice areas, and two ''software factories'' across Italy.

Our competence centers assemble integrated expert teams across a broad range of technologies to assure technical competence. These teams work in close collaboration with other parts of our business, including the specialists in our managed services and software engineering ''factories,'' which provide the back-end production capacity for our solutions and services. Our business practice areas are clustered by solution verticals and have primary responsibility for business development, building and sustaining long-term client relationships, granting management and consulting services to the delivery process and ensuring client satisfaction.

In order to better tailor services to our customers' needs, our delivery teams also maintain partner status with a large number of best-in-class technology vendors, including Microsoft, Oracle, Cisco, Dell-EMC, SAP, Google, IMG and VMWare.

CRM

Our CRM Division offers a wide variety of customer relationship management services and solutions to help our customers grow their businesses. We believe cutting-edge CRM operations have become a top priority for companies given the high level of engagement their customers increasingly expect, combined with the proliferation of multiple communication channels other than voice. The services and solutions we offer reflect our holistic approach to CRM, which integrates business process outsourcing, innovative CRM solutions and advanced data analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. They are designed to offer our customers a competitive advantage based on the time, cost and experience needed to develop a comparable set of resources to those we offer. The services and solutions offered by the CRM Division leverage the proprietary technology developed in-house in our Almawave Division.

Our CRM Division is organized into the CRM Europe and CRM International subdivisions. The subdivisions reflect our geographic focus that is tailored to our core language competencies in Italian, Portuguese and Spanish. In addition, our geographic focus is aimed at markets in which we expect to see a growth in CRM outsourcing.

Our CRM Division had total revenues of EUR 378.1 million in 2016 and EUR 201.7 million in the six-month period ended June 30, 2017, accounting for 52% and 54% of our Group revenues after intragroup eliminations, respectively. The CRM Division had 27,910 FTE employees as of June 30, 2017. Our CRM Europe business was the second largest provider of CRM services in the Italian market in 2015 and our CRM International business has grown quickly to establish itself as the third largest provider of CRM services in Brazil in 2015 (source: KPMG).

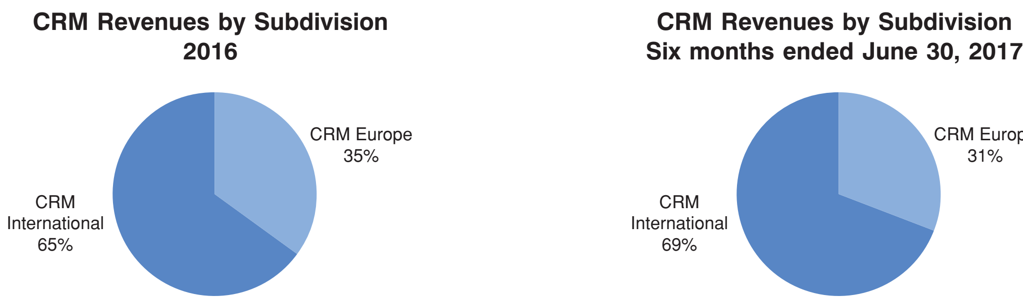
Subdivisions

Our CRM Europe subdivision serves customers in Italy from seven contact centers located throughout Italy and two in Romania, with a total of 3,991 operative workstations and 4,119 FTE employees as of June 30, 2017. It leverages our Italian language expertise to offer CRM services to our customers in the language they prefer and in accordance with the Italian law that requires CRM operators to give users the

choice to be served by a contact center agent located in Italy. The CRM Europe subdivision had total revenues of EUR 136.8 million in 2016, accounting for 35% of the CRM Division's revenues for 2016 and 18% of Group revenues after intragroup eliminations. In the six-month period ended June 30, 2017, the CRM Europe subdivision had total revenues of EUR 64.2 million, accounting for 31% of the CRM Division's revenues and 16% of Group revenues after intragroup eliminations.

Our CRM International subdivision serves customers from 14 contact centers in Brazil, one in Colombia and two in Tunisia, with a total of 17,315 workstations and 23,791 FTE employees as of June 30, 2017. Our centers in Brazil and Colombia aim to leverage their Portuguese and Spanish language expertise to serve customers across Latin America. We serve customers in Tunisia and France from our center in Tunisia. The CRM International subdivision had total revenues of EUR 241.3 million in 2016, accounting for 65% of the CRM Division's total revenues and 33% of Group revenues in 2016 after intragroup eliminations. In the six-month period ended June 30, 2017, the CRM International subdivision had total revenues of EUR 137.5 million, accounting for 69% of the CRM Division's total revenue and 37% of Group revenues after intragroup eliminations.

The following diagrams show the revenues of our CRM Division by subdivision for 2016 and for the six-month period ended June 30, 2017.



Services and Solutions

We offer a comprehensive set of services across both subdivisions to help our customers tailor a successful approach to engaging their own customers. Each of our services can be combined into customized solutions tailored to specific needs that further deepen our customers' ability to build stronger relationships with their customers while focusing on their core competencies. We are able to deliver our services and solutions across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice.

Our CRM services and solutions are underpinned by the technology developed by our Almawave Division, including our Iride Customer Centric Suite, which gathers on one platform capabilities that give call center operators a smooth link to the systems of our customers while enabling them to provide tailored responses to the contact center users.

Inbound and Outbound Services

We own and operate contact centers with operators who are trained in our customers' processes to engage those who our customers serve as a seamless extension of their businesses. Our operators are trained to engage with those they support using multiple channels, such as phone support, e-mail support, live chat and social media. We primarily provide inbound contact center services, including customer care, technical support, sales and ticketing. We also offer limited outbound services, including telemarketing, market research, and statistical services, such as census surveys for the Italian government. In Brazil, we also provide debt collection services.

Consulting and Process Re-engineering

We help customers formulate a unified vision and strategy that enables them to optimize long-term customer experience management processes and workflows based on their specific needs and our expertise in a wide variety of industries. Our industry experts work with our customers to define current business processes, and then re-engineer these business processes to improve the overall efficiency, productivity, and quality of our customers' operations. Our services also cover business process outsourcing modelling, contact center infrastructure design, and the development of customer experience strategies.

Back Office and Document Management

We offer and run applications that automate the processing of high-volume transactional content in the back office in order to promote the efficiency and productivity of our customers. Our applications provide customers with support in a range of activities, including accounts payable and invoice processing, purchase order matching and inventory management. Our staff is also trained in case management relating to our customers' financial reimbursement of their customers and quality monitoring across the lifecycle of back office activities.

Market Analysis

Leveraging our big data expertise, we conduct market research and synthesize data to provide our customers with actionable insights that help them in their fundamental decision-making. Our industry experts synthesize a range of data points, including industry trends and population size within target demographics and key competitors to provide our customers with an in-depth understanding of their customers' needs, requirements, psychographics and purchasing behavior.

Adaptive Front-End

Drawing on the proprietary technologies developed by the Almawave Division, we engineer adaptive CRM platform interfaces that respond to the environment in which content is being viewed, including voice. Adaptive front-end solutions allow contact center operators to draw the information necessary to process a caller request from a single, intuitive platform, which in turn reduces both the time necessary to complete caller queries and training costs.

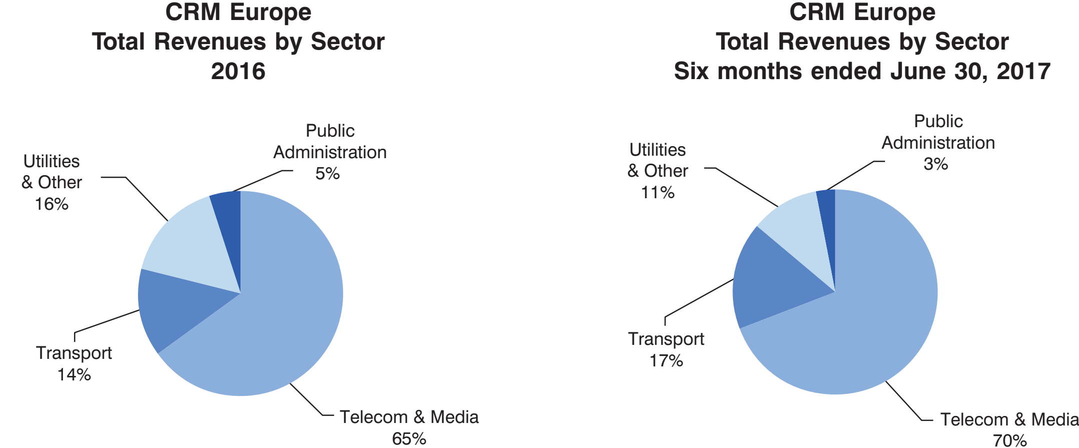
Customers

Our CRM Division serves customers across a broad range of industries, such as telecommunications and media, transport, utilities and financial services, as well as public administration.

Our telecommunications and media customers include large enterprises, such as Vodafone, Vivo, TIM Cellular, Net Servicios, Claro, WIND, Sky and Telecom Italia. Our transportation and logistics customers include Ferrovie dello Stato Italiane and the Genoa and Trieste ports. Utilities customers include ENI and Enel, and our financial services customers include Itau.

In our CRM Europe subdivision 65% of our revenues in 2016 were derived from sales to the telecommunications and media industry, 14% from transport, 16% from utilities and other industries, and 5% from public administration. In the six-month period ended June 30, 2017, 70% of our CRM Europe revenues were derived from sales to the telecommunications and media industry, 17% from transport, 11% from utilities and other industries, and 3% from public administration.

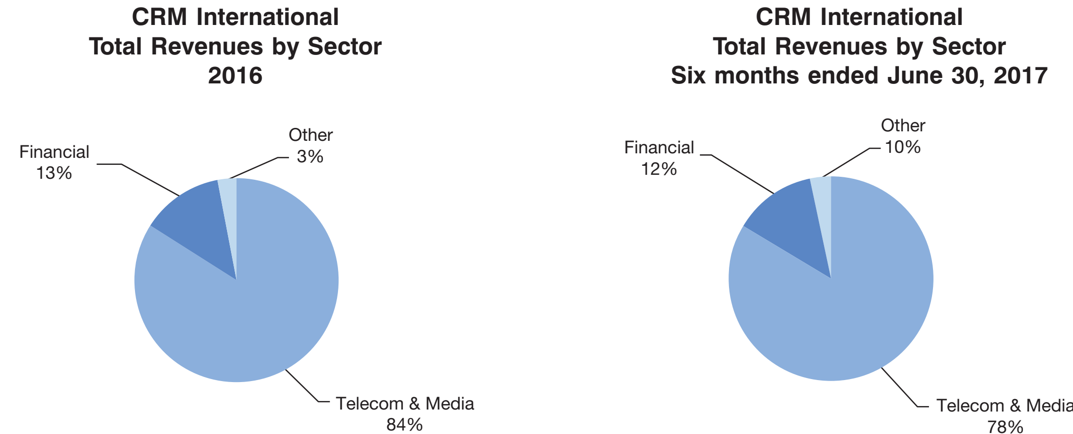
The following diagrams show a breakdown of the revenues of our CRM Europe subdivision by sector for 2016 and the six-month period ended June 30, 2017:



In our CRM International subdivision, 84% of our total revenues in 2016 were derived from sales to the telecommunications and media industry, 13% from financial services, and 3% from customers in other sectors, including the public sector. In the six-month period ended June 30, 2017, 78% of our CRM

International revenues were derived from sales to the telecommunications and media industry, 12% from financial services, and 10% from other customers.

The following diagrams show a breakdown of the revenues of our CRM International subdivision by sector for 2016 and the six-month period ended June 30, 2017:



Almawave

Our Almawave Division develops a wide variety of cutting-edge software applications and solutions that focus on data analytics and speech and text recognition technologies and enable our customers to better engage the consumers of their products. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide to customers, in addition to being offered as standalone services.

Our Almawave Division total revenues of EUR 13.0 million in 2016 and EUR 6.7 million in the six-month period ended June 30, 2017, which accounted for 1% of the Group's revenues in both periods after intragroup eliminations. The technology developed by the Almawave Division is critical to the success of our two other divisions and we believe that Almawave is a leading Italian provider of speech and text recognition technology applied to customer experience management and advanced analytics. As of June 30, 2017, the Almawave Division had 179 FTE employees.

Services and Solutions

At the core of our Almawave offering is our proprietary Iride Customer Centric Suite, designed to enhance and simplify CRM services. The Iride Customer Centric Suite gathers on one platform capabilities that enable call center operators to provide tailored responses to contact center users. The Iride Customer Centric Suite includes a state of the art multi-channel natural language-driven unified front-end interface for contact center operators available in 29 languages. The Iride Customer Centric Suite automates certain processes, simplifies user interaction through voice and text and combines technological features, such as natural language processing and speech recognition, knowledge management, spoken and written dialogue management systems, meaning-based process driven applications and content-based unified routing technologies. The Iride Customer Centric Suite also has the ability to harvest data across multiple channels and deliver new business and operational insights from access to a data analysis that can be tailored to specific needs.

The Iride Customer Centric Suite includes the following modules from which customers can select a bespoke package to meet their needs:

- The Iride One Natural Interface is designed for multi-channel front-end interactions with users, while reducing the complexity of the interface and providing intuitive management of phone, e-mail, live chat and social media experiences of those who our customers serve.
- Iride Text Analytics provides an advanced method to classify inbound contacts, carry out address analysis of contacts and optimize processes to handle contacts. It improves the effectiveness and quality of contact management across multiple channels with the aim of increasing the satisfaction of those who our customers serve.

- Iride Call is a tool for marketing campaign automation, including direct e-mail marketing, data collection and satisfaction analysis.
- Iride Voice analyzes speech to identify a user's needs and optimize how best to engage with the user in order to improve service quality.
- Iride KM is a search engine that optimizes the search for content while providing customers with insight into the relationship between search patterns, by processing structured and unstructured data and ontological domain models and statistical knowledge extraction algorithms.
- Iride Aware is a tool that enables the analysis of information retrieved from public sources by interpreting non-structured content.

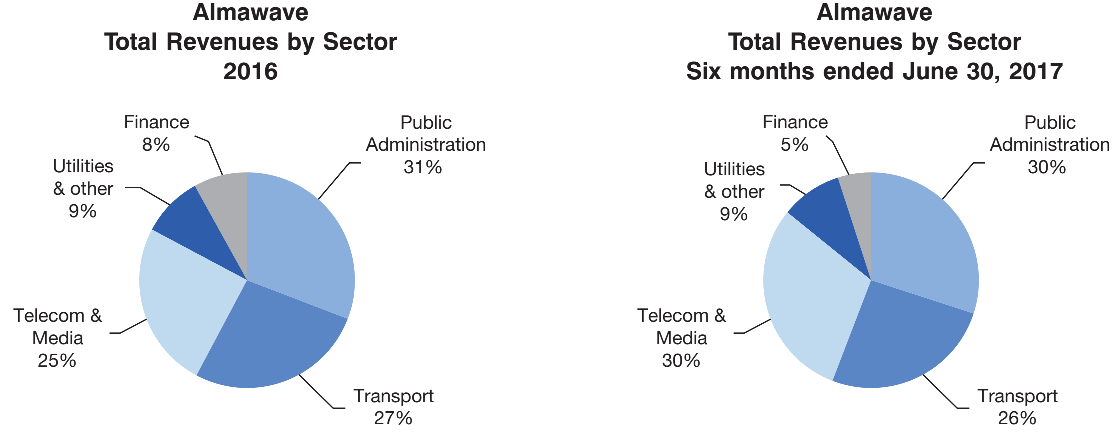
Our application development focuses on the creation of innovative, easy-to-use solutions based on natural language understanding and interpretation.

Customers

Our Almawave Division serves customers across a broad range of sectors, including public administration, telecommunications and media, transportation and logistics, finance and utilities. The applications developed in the Almawave Division are embedded in many of the services that our other divisions provide, in addition to being offered as stand-alone services.

Public administration, transport, telecom and media, utilities and other industries and finance customers accounted for 31%, 27%, 25%, 9% and 8% of our Almawave Division revenues in 2016, respectively and 30%, 26%, 30%, 9% and 5%, respectively, in the six-month period ended June 30, 2017.

The following diagrams show a breakdown of the revenues of our Almawave Division by sector for 2016 and the six-month period ended June 30, 2017:



Delivery

Our Almawave solutions and products are delivered from technology labs and centers of excellence in four locations in Italy and two in Brazil, in addition to a dedicated "software factory" in our center of competence in Trento, Italy.

The drivers of research and development in our Almawave Division are the technology labs and centers of excellence. It is here that our industry experts, with extensive knowledge of business processes, monitor industry trends in process management and respond to these trends by experimenting and developing technologies to meet the evolving needs of industry participants.

Our language technology lab develops proprietary Iride technology-based products for text and knowledge analysis designed to manage and turn data into valuable information. It develops semantics-driven intelligent business process management products. Our speech solutions lab engineers have developed products based on proprietary Iride and PerVoice speech recognition technologies designed to manage and turn data into valuable voice information.

Sales and Marketing

We market our solutions and services to both potential and existing clients directly through our divisional and industry-based business development teams.

Our sales and marketing strategy targets markets by industry to deliver key industry-specific and multi-industry service offerings to our clients. We focus on developing new prospects through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. We leverage our broad, multi-industry service offerings to package solutions through enterprise selling, while maintaining a disciplined approach to pricing and contracting. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to winning new business. Our sales force is salaried and generally does not receive commissions.

We have designated relationship managers for each of our strategic relationships. The relationship manager is supported by our competence centers to ensure the best possible solution is provided to our clients. Our sales force is primarily organized by industry-specific teams that are supported by horizontal service offerings.

Significant new business opportunities are reviewed by business and sales leaders from the applicable industry vertical, operations personnel, and members of our finance department. If they determine that the new business is aligned with our strategic objectives and a good use of our resources, then our business development team is authorized to pursue the opportunity.

Contracts

The following is an overview of the typical structures of our public sector and private sector customer contracts, along with summaries of some of our key contracts.

Public Sector Contracts

Our contracts with public sector customers are typically governed by framework agreements awarded by public procurement bodies pursuant to competitive public tenders. Framework agreements are granted to one or more suppliers, or a consortium of suppliers, based on an economic and technical evaluation of bids. The agreements set forth a catalogue of services to be provided by the supplier(s), the terms governing contracts to be awarded during the framework agreement period, and the maximum allowed quantity and value of services to be purchased. Contracts for specific services are then issued in the form of purchase orders under the framework agreement.

The duration of framework agreements typically ranges from two to five years with an option for the customer to extend the agreement by an additional year at the end of the framework period. We are party to a number of framework agreements, including the following:

Ferrovie dello Stato Italiane

Together with Ansaldo STS S.p.A., Telecom Italia S.p.A. and Engineering S.p.A. as co-providers, we have a non-exclusive framework agreement with Ferrovie dello Stato Italiane, entered into in 2011, for the provision of up to EUR 1,363 million in IT services to Ferrovie dello Stato Italiane group companies over the course of a seven-year period. The framework agreement has recently been extended for two years. Under the joint venture agreement with our co-providers we have a 63% share in revenues earned under the framework agreement.

Public Connectivity System—Lots 3 and 4

In 2017, we, together with PwC and the technology consultancy Indra Sistemas S.A. as co-providers, were awarded two of four framework agreements with Consip, Italy's national public procurement body, to implement Italy's Public Connectivity System. Developed by AgID, the Agency for a Digital Italy, the Public Connectivity System is a large-scale digital transformation project with the objective of facilitating the interoperability of the IT systems of Italy's central, local and regional public administrations to improve citizens' access to information and integrated services. Lot 3 has a maximum value of EUR 400 million over five years and is focused on interoperability among administrations, private companies and third party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals and online services, including access from mobile devices, to offer citizens digital services. As lead contractor under a joint venture agreement with PwC

and Indra, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues, making the framework agreements worth up to EUR 638 million to Almaviva. As these framework agreements were only recently awarded, we have not yet entered into any purchase orders with customers under such agreements.

Consip System Management

In 2015, we, together with Lutech, T.D. Group, Atos Italia and Reason That, were awarded a two-year framework agreement with Consip to provide up to EUR 300 million of system management services to Italy's national public administration agencies. Our joint venture contract with our co-providers entitles us to 51% of the revenues earned under the framework agreement.

SISTRI

In 2017, we, together with Telecom Italia and Agriconsulting as co-providers were awarded a framework agreement with SISTRI, the ministry of environment's national waste tracking system, for the provision of up to EUR 260 million in IT services over a five-year period, renewable by SISTRI for a further two years. Under this agreement, we will manage Italy's national tracking system for special waste and the urban waste tracking system of the Campania region. As lead contractor under a joint venture agreement with Telecom Italia and Agriconsulting, we are contractually entitled to 45.0% of revenues, making the framework agreements worth up to EUR 117 million to Almaviva. The framework agreement is expected to go into effect in 2018.

See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We face risks related to the services we provide to government and other public entities*'' and ''*Risk Factors—Risks Relating to our Business, Industry and Operations—A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments*.''

Private Sector Contracts

In the private sector, our contracts are sometimes but not always awarded based on competitive bidding, with key terms varying depending on the services rendered.

In the IT Services area, the typical contract duration is between one and three years, with fee structures ranging from daily fees and as-a-service fees to on-premises license fees. Typical KPIs in our IT Services contracts include response, delivery and troubleshooting times and service availability.

The typical contract duration in our CRM Division is one to two years, with an option for the customer to renew the contract at the end of the initial term. Pricing is typically based on the duration of calls (per minute), number of calls, location (e.g. Italy or Romania) and type of service (e.g. help desk services, sales). In Brazil, contracts include an annual inflation adjustment mechanism. KPIs in our CRM contracts include response times, ratio of answered to received calls, average call times, one-call-resolutions, churn rate after contact, next best action, and brand reputation. Our CRM contracts generally do not include minimum revenue commitments.

Research and Innovation

We are committed to developing cutting-edge technological solutions for our customers. Research and innovation, which is a component of our overall investment in our business, have been major factors in our success, and we believe they will help us continue to grow in the future. We use our investment in research and development to help create and commercialize innovative technology solutions. We spend a significant portion of our research and development investment on developing solutions for our customers that are capable of interacting efficiently with a range of interfaces.

Our research and innovation program is designed to generate early insights into how data can be harnessed to create innovative technology solutions for our customers across a variety of industries. Our innovation capabilities include research and thought leadership to identify market and technology trends. We also partner with research organizations, universities, and companies that create innovative enterprise technologies. Our technology labs and centers of excellence incubate and prototype new concepts through applied research and development projects. In addition, our innovation experts and datacenters build and scale the delivery of our innovations.

We also regularly participate in competitive tenders for publicly funded research grants and subsidized loans for research and innovation projects of strategic importance to our business. Current projects for which we have been awarded tenders, and public funding, include the following:

- ***Mobility Operations Platform.*** The Mobility Operations Platform aims to repackage the key solutions we have developed and customized for individual transportation customers into a platform with standardized technologies and business processes which can be marketed to a wide range of customers in the transportation sector. The goal of the Mobility Operations Platform is to ''industrialize'' our transportation portfolio and to gain further market share in Italy and expand internationally. We have committed EUR 16 million on this project, EUR 10.2 million of which was funded through a research grant (EUR 2.2 million) and interest-free and subsidized loans (EUR 8 million), each awarded under a public tender held by MISE, Italy's ministry for economic development.
- ***La Città Educante—The Educating City.*** La Città Educante is a publicly funded multi-stakeholder project that aims to create a technology-enabled culture of information sharing in education. As the leading partner among a group of 14 industry participants, research organizations and universities, we develop ICT platforms, services and applications for this project. We have committed EUR 3.9 million to this initiative, EUR 3.5 million of which is funded through a research grant (EUR 1.3 million) and interest-free and subsidized loans (EUR 2.2 million), each awarded under a public tender held by MIUR, Italy's ministry for education, university and research.
- ***Open City Platform.*** The Open City Platform is a publicly funded ''smart government'' initiative to develop technology-enabled, sustainable organizational models for the provision of citizen services by government entities based on cloud computing solutions and interoperability. We have committed EUR 2.7 million on this project, EUR 2.5 million of which is funded through a research grant (EUR 1.6 million) and interest-free and subsidized loans (EUR 0.8 million), each awarded under a public tender held by MIUR.

We have a dedicated special projects team of four FTE employees responsible for the coordination and development of research and innovation opportunities. The special project team maintains relationships with a broad range of public entities in Italy and at the European Union level to identify project opportunities and to coordinate the development and submission of bids with industry and technology specialists from across our business.

Intellectual Property

We provide value to our customers based in part on a differentiated range of proprietary inventions, methodologies, software, reusable knowledge capital and other intellectual property. We recognize the increasing value of intellectual property in the marketplace and create, harvest, and protect this intellectual property. We leverage trade secret, copyright, trademark and patent laws, as well as contractual arrangements to protect our intellectual property. We have also established policies to ensure our compliance with the intellectual property rights of third parties, such as our clients, partners and others.

We seek patent protection for those inventions likely to be incorporated into our products and services, or where obtaining such proprietary rights is possible and will improve our competitive position. We own a number of patents worldwide and have pending patent applications. Our patent portfolio evolves constantly as new patents are awarded to us and as older patents expire.

Our business relies on software. With respect to internally developed software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to ensure our market competitiveness. We use third party intellectual property. We have acquired all material licenses for such software and any other third party intellectual property. We observe the terms and conditions of these licenses and have not faced any material claims in relation to the breach of any third party copyrights. See ''*Risk Factors—Risks Relating to our Business, Industry and Operations—We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights*'' and ''*Risk Factors—Risks Relating to our Business, Industry and Operations—If our applications or services are found to infringe the intellectual property rights or misuse the confidential information of others, we may become liable for damages and face invalidation of our intellectual property rights.*''

Properties

Real Estate

Our principal office is located in Rome, Italy. As of June 30, 2017 we maintained call centers in Italy, Brazil, Colombia, Tunisia, Romania and Brazil and other office space in Italy, Brazil, Belgium and the United States. With the exception of an office building in Rome, Italy and a call center in Brazil, which we own, all of our facilities are located in leased premises. Individual office leases vary as to their terms, rental provisions and expiration dates.

Datacenters

The services we offer in our IT Services Division rely on three datacenter facilities located in Italy. We own a state-of-the-art datacenter facility of approximately 11,000m^2 in Rome which is designed to offer the high level of availability and resiliency required by mission-critical IT assets. We also lease a datacenter facility of approximately 104m^2 near Rome that was purpose-built as a business continuity site for customers and our internal IT operations and another of approximately 141m^2 near Milan designed for proximity services in Milan and long-distance disaster recovery services.

Employees

As of June 30, 2017, we employed 31,392 FTE employees in eight countries. The table below details the number of our FTE employees as of June 30, 2017 by location:

	As at June 30, 2017
Italy	7,028
Brazil	22,801
Other	1,563
Total	**31,392**

The following table details the number of our FTE employees as of June 30, 2017 by division:

	As at June 30, 2017
IT Services	3,303
CRM	27,910
Almawave	179
Total	**31,392**

The majority of our Italian and Brazilian workforce is unionized. In general, the collective bargaining agreements include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability.

In 2016 and early 2017 we successfully completed a wide-ranging cost optimization program in our CRM Europe subdivision. The key elements of this program included personnel reductions of approximately 2,000 employees in December 2016 in connection with the closure of our CRM site in Rome, approximately 1,665 of which were terminated under a collective dismissal procedure approved by the ministries for economic development and labor and the remainder of whom were transferred by a customer to another contact center vendor. As a further element of the cost optimization program we in early 2017 entered into wage freeze agreements with the trade union governing our relationship with employees at our CRM sites in Palermo and Naples. These agreements freeze salary and benefit increases for a duration of three years or until the relevant site has achieved profitability, among other measures, including the development of a company welfare plan and a performance control system. Each agreement also created a joint committee of workers, local trade unions and the Company charged with monitoring the site's economic performance and the implementation of the agreement, including with respect to the performance control measures and the development of the Company's welfare plan. An innovative measure based on the principle of shared responsibility for management, the joint committees are unprecedented in Italy.

We have experienced some strikes due to negotiations of collective agreements and collective dismissal procedures and have been subject to a number of labor disputes, most recently in connection with the closure of our Rome facility. However, we believe that our relationships with our employees are generally

good. See "*Risk Factors—Legal, Regulatory and Tax Risks Relating to us—We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers.*"

Quality Assurance

We believe that providing a consistent high-quality service is critical in our customers' decision to retain our services and for us to build long-term relationships with them. Our quality assurance framework is based on the certification of our operations and processes and regular process audits by our internal compliance team and independent external quality assurance providers to ensure continued compliance with pre-defined operational metrics and requirements under our certifications.

Our operations and processes are certified to the following internationally recognized standards:

- EN UNI 15838—Call Centers
- ISO 9001—Quality Management Systems
- ISO 27001 (2013)—Information Security Management systems
- ISO 20000—IT Service Management Systems
- ISO 22301—Business Continuity Management Systems
- ISO 14001—Environmental Management Systems
- ISO 50001—Energy Management Systems
- AQAP 2110/AQAP 160—NATO Allied Quality Assurance for IT Systems for military use
- SA—Social Accountability 8000

We are also one of the first Italian ICT companies to adopt an integrated quality management system according to BS PAS 99:2012, an internationally recognized best practice certification. All our employees are required to comply with our company-wide Code of Ethics.

Insurance

As an integral part of our risk management program, we maintain insurance coverage for property damage, business interruption, product liability, professional indemnity, general third party liability, directors' and officers' liability and employers' liability. Insurance cover for these risks is provided through a combination of self-insured deductibles and annual aggregates. Our insurance coverage is reviewed on an annual basis. We believe the levels of risks insured, risks retained and the limits of insurance indemnity are broadly in line with similar companies in the same industry sector. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—Our insurance coverage might not be sufficient and we might be subject to uninsured losses.*"

Legal Proceedings

We may from time to time be involved in claims and legal proceedings that arise in the ordinary course of business. For example, we are currently party to numerous labor and employment litigations both in Italy and in Brazil and certain actions by competitors to challenge contracts awarded to us under public tenders. However, we are not currently involved in any governmental, legal or arbitration proceedings relating to claims or amounts which are material in the context of the offering of the Notes. So far as the Company is aware, no such governmental, legal or arbitration proceedings is pending or threatened. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—Our business could be adversely affected if we incur legal liability.*"

MANAGEMENT

We are a joint stock company (*società per azioni*), organized under the laws of the Republic of Italy, having our registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) with registered number and *codice fiscale* 08450891000.

Board of Directors

The Company is managed by a board of directors (*consiglio di amminsitrazione*), which pursuant to the Company's by-laws shall be composed of three to fifteen members, is vested with the broadest powers of ordinary and extraordinary administration and has the power to resolve upon any act which may be appropriate to implement and achieve the Company's corporate purpose, except for those expressly reserved by law or by the Company's by-laws to the shareholders' meeting. Within the limits prescribed by law and the Company's by-laws, the board of directors may grant the chairman of the board of directors, one managing director and the executive committee with the ordinary and extraordinary powers to administrate the Company, determining the ways and limits to the exercise of such powers.

There are currently thirteen members of the board of directors, who were all elected at the shareholders' meeting held on March 24, 2015 and whose office will expire on the date of the shareholders' meeting called to approve the financial statements for the year ending on December 31, 2017.

The persons set forth below are the current members of the board of directors of the Company together with the other roles they hold within the Group.

Name	Age	Position	Principal Activity
Alberto Tripi	77	Chairman	President
Marco Tripi	47	Member	Chief Executive Officer
Antonio Amati	59	Member	General Manager, IT Division
Fabrizio Capponi	48	Member	Director
Paolo Ciccarelli	58	Member	Director
Giuseppe Cuneo	71	Member	Strategy Manager
Christian De Felice	47	Member	Chief Financial Officer
Sabrina Nobili	54	Member	Manager of Corporate Affairs
Alessandro Maria Ovi	73	Member	Director
Mariantonietta Perri	46	Member	Director of Legal Affairs
Francesco Renzetti	54	Member	Chief Executive Officer, Almaviva do Brasil
Vittoria Tolotti	76	Member	Director, Almaviva Technologies S.r.l.
Valeria Tripi	50	Member	Logistic and General Service Manager

The business address for the directors of the Company is at Via di Casal Boccone 188/190, 00137, Rome, Italy.

Alberto Tripi. Mr. Tripi became a director of the Company in 2005. In 1983, Mr. Tripi founded COS and ISI Italsistemi per l'Informatica, which was the beginning of the Group. Mr Tripi has held the position of president in several of the companies in the Group and he is the majority shareholder and president of AlmavivA S.p.A and Almaviva Technologies S.r.l. Mr. Tripi is a member of the general board of Confindustria, the main association representing manufacturing and service companies in Italy and in February 2017 he was appointed delegate for cyber security. Mr. Tripi is a member of the general board of Confindustria Digitale and deputy vice president of Assinform, the association of Italian companies operating in the IT sector. He is also partner and member of the general board of ASPHI Onlus. He has 17 years of experience holding important management positions in Italy and abroad at IBM and holds a degree in electronic engineering from ''La Sapienza'' University of Rome.

Marco Tripi. Mr. Tripi became a director of the Company in 2005. Mr. Tripi joined the Group in 1999 as marketing director and became chief executive officer in 2001. Mr. Tripi holds the position of member of the board of director in several companies within the Group. In addition, he holds the position of president of Almawave and Almaviva do Brasil Telemarketing e Informatica S/A. Previously, he served as vice president at Unindustria Lazio and was responsible for developing digital agenda and simplification of digital transformation. Mr Tripi also served as vice president of Assotelecomunicazioni-Asstel and in 2016 he was elected member of the governing board. Mr. Tripi holds a degree in economics and business from ''La Sapienza'' University of Rome.

Antonio Amati. Mr. Amati became a director of the Company in September 2008. Mr. Amati is also president of Lombardia Gestione S.r.l. and has been vice president of Almawave S.r.l. since 2013. He is a member of the board of directors of SIN S.p.A. and vice president of the information technology section of Unindustria. Previously, he served five years as director of the public sector at Finsiel, two years as chief executive officer of Voinoi (Acea Group) and two years as chief executive officer of EDS-PA. Mr. Amati holds a master's degree in strategic planning from the Business Management School of Bocconi University, among other advanced degrees.

Fabrizio Capponi. Mr. Capponi became a director of the Company in 2015. Mr. Capponi is also president of the board of auditors of L'Autre Chose S.p.A., Cellular Italia S.p.A. and Ginetta S.p.A. Previously, he was the sole director of Immobiliare Stelvio S.r.l. and served as president and member of the board of auditors of many other companies. Mr. Capponi holds a degree in economics and business from ''La Sapienza'' University of Rome and a master's degree in tax law from the Management School of LUISS University and is a member of the register of certified public accountants in Rome.

Paolo Ciccarelli. Mr. Ciccarelli became a director of the Company in December 2012. Mr. Ciccarelli is also a director of Lombardia Gestione S.r.l and chairman and chief executive officer at Schmid S.p.A. He previously held the positions of chief financial officer of Retail Banking Italy at Barclays Bank, chairman at Barclays Family S.p.A, chief financial officer at Borsa Italiana S.p.A, and finance director at London Stock Exchange Group Plc. Mr. Ciccarelli holds a degree in business administration from the University of Venice and is a member of the register in of certified public accountants in Milan.

Giuseppe Cuneo. Mr. Cuneo became a director of the Company in 2005. Until the end of 2004 he served as chief executive officer of Elsag (Finmeccanica Group), a company he joined in 1992 as general manager. Previously, he worked at Olivetti, where he held various management positions, including manager of Olivetti Personal Computer. Mr. Cuneo holds a degree in engineering.

Christian De Felice. Mr. De Felice became a director of the Company in 2012. Mr. De Felice is the chief financial officer of Almaviva S.p.A and is a member of the board of directors for several of the companies in the Group. Mr. De Felice was a trader at Banca di Roma, treasurer at Omnitel (now Vodafone), head of finance and treasury for three years at Biscom (now Fastweb) and held the position of finance director of Safilo for seven years. Mr. De Felice holds a degree in statistical and actuarial sciences from ''La Sapienza'' University of Rome.

Sabrina Nobili. Mrs. Nobili became a director of the Company in 2012. Mrs. Nobili has been the manager of corporate affairs of the Group since 2009. She has been member of the board of directors in several companies of the Group. Previously, Mrs. Nobili held the position of director of corporate affairs in Alitalia. Since 1999, she served as member of the board of directors and member of the board of auditors of several companies. She holds a degree in economics and business from ''La Sapienza'' University of Rome and is a member of the register of certified public accountants in Rome.

Alessandro Maria Ovi. Mr. Ovi became a director of the Company in 2006. Mr. Ovi is also executive vice president of Foundation for World Wide Cooperation, publisher and editor of MIT Technology Review, Italian Edition, a member of the board of directors of Carnegie Bosh Institute and president of the Conservatory of Reggio Emilia. Previously, Mr. Ovi was member of the board of directors in STMicroelectronics NV, vice president of Public Affairs Roche Italy and vice president at International IRI (the former major Italian state holding) as well as member of the board of Alitalia, Finmeccanica, STET, Telecom Italia and Italstat. Mr. Ovi holds a doctoral degree in nuclear engineering from Politecnico di Milano and a graduate degree in operation research and nuclear engineering from the Massachusetts Institute of Technology.

Mariantonietta Perri. Ms. Perri became a director of the Company in 2015. Ms. Perri has been director of legal affairs of the Group since 2009. She joined the Group in 2002 and has held different positions within the Group including serving as member of the board in several subsidiaries of the Group. Ms. Perri was previously working as a lawyer at Sandulli Law Firm and has also carried out several academic activities. She holds a law degree as well as Ph.D. in civil law and civil procedural law from ''La Sapienza'' University of Rome.

Francesco Renzetti. Mr. Renzetti became a director of the Company in 2008. Mr. Renzetti is chief executive officer of Almaviva do Brasil Telemarketing e Informática S/A and is also general manager staff of the Company. Furthermore, Mr. Renzetti is a member of the board of directors of Almaviva

Contact S.p.A. Mr. Renzetti joined the Group in 2000 and was appointed director of legal and corporate affairs and has held various positions within the Group over the years. Previously, he was a partner at the law firm of Persiani & Associates for 10 years and held an assistant position at the Institute of Procedural Law at ''La Sapienza'' University of Rome. Mr. Renzetti holds a law degree from ''La Sapienza'' University of Rome.

Vittoria Tolotti. Mrs. Tolotti became a director of the Company in 2005. Mrs. Tolotti joined the Group in 1983 where she held the position of sole director and later vice president of Almaviva Contact S.p.A. (formerly COS Communication Services S.p.A.) and is a member of the board of director of Almaviva Technologies S.r.l. Mrs. Tolotti has also held the position of director in several other companies within the Group.

Valeria Tripi. Mrs. Tripi became a director of the Company in 2005. Mrs Tripi currently holds the position of director of Almaviva Technologies S.r.l. and of Almaviva S.p.A. Between 2002 to 2009 she served as purchasing manager of Almaviva S.p.A., and in 2009 she was appointed logistic and general service manager of the Company. Previously, she worked at Assonime and IBM. Mrs. Tripi holds a degree in business and economics ''La Sapienza'' University of Rome.

Senior Management

The persons set forth below are the current members of the Company's senior management.

Name	Age	Position
Alberto Tripi	77	Chairman
Marco Tripi	47	Chief Executive Officer
Antonio Amati	59	General Manager, IT Division
Christian De Felice	47	Chief Financial Officer
Sabrina Nobili	54	Manager of Corporate Affairs
Mariantonietta Perri	46	Director of Legal Affairs
Andrea Antonelli	63	President and Chief Executive Officer, AlmavivA Contact S.p.A.
Francesco Renzetti	54	Chief Executive Officer, Almaviva do Brasil
Smeraldo Fiorentini	56	General Manager, Almaviva Transportation and Logistics Division
Valeria Sandei	41	Strategic Marketing Director
Gianfranco Previtera	58	Director of International Business

Smeraldo Fiorentini. Mr. Fiorentini was appointed deputy general manager of the Transportation Division in 2013. Mr. Fiorentini also sits on the board of directors of Almawave. Previously, he held a senior managerial position at Arthur Andersen for four years, was a director at Ernst & Young for two years and a partner at Deloitte for five years. Mr. Fiorentini holds a degree in computer science from the University of Salerno.

Andrea Antonelli. Mr. Antonelli joined the Company in 2006. Mr. Antonelli is president and chief executive officer of Almaviva Contact S.p.A. sole director of Almaviva Services S.R.L. and member of the board of directors in several other companies of the Group. Previously, he held the position of director of operations at BT Albacom for two years and was head of customers and billing at WIBD for two years. Mr. Antonelli holds a degree in electrical engineering from ''La Sapienza'' University of Rome.

Valeria Sandei. Mrs. Sandei joined the Group in 2004, where she initially assisted in marketing and business development and supported management in a strategic acquisition. Between 2005 and 2007 she led the strategic marketing department and in 2013 she became strategic marketing director. Mrs. Sandei is also chief executive officer of Almawave S.r.l., chairman and chief executive officer in Almawave do Brasil Informatica Ltda, board member in Almaviva do Brasil Telemarketing e Informática S/A and vice president in Pervoice S.p.A. Mrs. Sandei started her career at JP Morgan Private Banking and at Consulting Company Accenture. Mrs. Sandei holds a degree in economics and financial markets from Bocconi University in Milan.

Gianfranco Previtera. Mr. Previtera joined the Company in September 2012. He is director of international business and chairman of the board of directors of Almaviva Tunisie, Almaviva de Belgique and Almaviva CCID, our joint venture in China. Mr. Previtera has 27 years of experience working for IBM,

having held various vice president positions around Europe through 2012. Mr. Previtera holds a master's degree in statistics from the University of Palermo.

See ''—*Board of Directors of the Company*'' for the biographies of the members of senior management who are also members of the board of directors.

Board of Statutory Auditors

Pursuant to applicable Italian law, the Company has appointed a board of statutory auditors (*Collegio Sindacale*) whose purpose is to oversee the Company's compliance with the law and with its by-laws, to verify the Company's compliance with best practices in administration of its business, and to assess the adequacy of the Company's internal controls and accounting reporting systems.

The board of statutory auditors shall be composed of three auditors and two alternate auditors to be appointed by the shareholders of the Company at the ordinary shareholders' meetings for a three-year-term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Pursuant to Italian law, members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court.

Currently, there are three auditors and two alternate auditors on the Company's board of statutory auditors, who were appointed on March 24, 2016 and who will remain in office until approval by the shareholders of the financial statements for the year ending on December 31, 2018.

The persons set forth below are the current members of the board of statutory auditors of the Company together with their age and title.

Name	Age	Position
Marco Spadacini	79	Auditor and Chairman of the Board of Statutory Auditors
Ermanno Zigiotti	54	Auditor
Francesco Martinelli	74	Auditor
Roberto Fracassi	47	Alternate auditor
Fulvia De Bernardis	33	Alternate auditor

PRINCIPAL SHAREHOLDER

As of the date of this Offering Memorandum, 95.11% of the Company's share capital was directly owned by Almaviva Technologies S.r.l. Almaviva Technologies S.r.L. is owned by our founder and Chairman, Alberto Tripi, our CEO Marco Tripi, and Vittoria Tolotti and Valeria Tripi, both members of our board of directors. The remaining 4.89% of the share capital of the Company is owned by RAI—Radiotelevisione Italiana S.p.A., Ligestra Due S.r.l., Assicurazioni Generali S.p.A., Visualnet S.r.l., Confederazione Generale dell'Agriocultura Italiana, C.I.A. Confederazione Italiana Agricoltori and Confederazione Nazionale Coltivatori Diretti.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than set out in notes 41 of the Consolidated Financial Statements included herein, we have not entered into any material related party transactions as of the date of this Offering Memorandum.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context otherwise requires, terms defined in the Senior Facilities Agreement and the Intercreditor Agreement shall have the same meanings when used in this section.

Term Facility

Pursuant to the Senior Facilities Agreement entered into by, among others, the Lenders, the Issuer as original borrower, and Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent, originally on August 3, 2017 (as subsequently from time to time amended and restated), the Lenders made available to the Issuer a Term Facility for a committed amount of EUR 250 million. The Term Facility was available to be used to, inter alia: (i) refinance (directly or indirectly) the Existing Indebtedness of the Issuer and its Restricted Subsidiaries and to pay any breakage costs, redemption premium, interest and other costs payable in connection with such refinancing; and/or (ii) pay value added tax or other Taxes due by it or any of the Restricted Subsidiaries; and/or (iii) pay or distribute dividends or distribute reserves in each case to its shareholders; and/or (iv) pay, directly or indirectly, the costs, fees and expenses, stamp, registration and other Tax incurred in connection with the transactions contemplated by the Finance Documents and/or para-graphs (i), (ii) and (iii); and/or (iv) finance or refinance the general corporate indebtedness and working capital of the Issuer and its Restricted Subsidiaries. It is expected that the Term Facility will be repaid on the Issue Date with the proceeds of the Notes. See ''*Use of Proceeds*.''

Revolving Credit Facility

The following is a summary of the provisions of the Revolving Credit Facility provided under the Senior Facilities Agreement entered into with, among others, the Issuer as original borrower, and Global Loan Agency Services Limited as agent (the ''Agent'') and GLAS Trust Corporation Limited as security agent (the ''Security Agent''), originally dated August 3, 2017 (as subsequently from time to time amended and restated on or about the Issue Date (the ''Amendment and Restatement Agreement'')). The Issuer and certain of its subsidiaries are guarantors under the Senior Facilities Agreement, each guaranteeing, subject to certain limitations, the obligations of the Issuer as borrower and other guarantors, as further described below.

On or about the Issue Date, the amendments to the Senior Facilities Agreement under the Amendment and Restatement Agreement will become effective and the Senior Facilities Agreement will govern only the Revolving Credit Facility since the financial indebtedness under the Term Facility will be repaid in full with the proceeds of the Notes, as described in ''*Use of Proceeds.*''

The following summary refers to the provisions of the Revolving Credit Facility as from time to time amended and restated pursuant to the Amendment and Restatement Agreement, assuming that the Effective Date (as therein defined) has occurred.

The Revolving Credit Facility will be available to the Issuer for a committed amount of EUR 20 million. In addition, the Issuer has an additional uncommitted accordion revolving credit facility contained in the Senior Facilities Agreement which it may request in the future to be made available thereunder up to a maximum principal amount of EUR 20 million and subject to certain further conditions set out in the Senior Facilities Agreement. If drawn, any amount of such accordion revolving credit facility shall form part of and shall have the same terms as, the Revolving Credit Facility. The Issuer is negotiating with certain financial institutions the possibility to increase the Revolving Facility Commitments up to EUR 20 million through the implementation of an Accordion Increase. It is expected that the Additional Revolving Facility Commitments shall be available on or about the Issue Date.

The Revolving Credit Facility is available to be used to finance or refinance the working capital requirements and the general corporate purposes of the Issuer and its Restricted Subsidiaries (the ''Restricted Group.'')

Utilization

The Revolving Credit Facility may be utilized by the Issuer.

The Revolving Credit Facility may be utilized for loans in euro or any other currency agreed by the Lenders (an ''Optional Currency''). The Senior Facilities Agreement contains various conditions that must be satisfied in order for the Lenders to make a loan under the Revolving Credit Facility, including the requirement that no actual or potential default under the Senior Facilities Agreement is then continuing or would result from the proposed loan (in case of a rollover loan no enforcement event has occurred) and that certain representations are true.

In addition, the Revolving Credit Facility may be utilized by way of the issue of letters of credit (subject to the conditions set out in the Senior Facilities Agreement, including the appointment of an issuing bank for such purpose) and the Lenders may also allocate their commitments by way of bilateral ancillary facilities, in each case, on standard market terms for such matters.

Availability Period

The Revolving Credit Facility may be utilized from and including the Closing Date to and including the business day falling one month prior to its termination date as set out under the caption ''—*Repayments*'' below.

Interest and Fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR (or, in relation to a loan in an Optional Currency, LIBOR) (as each such term is defined in the Senior Facilities Agreement) plus a margin of 4.50% per annum.

If at any time the rate of interest payable by the Issuer in respect of a loan under the Revolving Credit Facility exceeds the maximum rate of interest permitted by Italian Law No. 108 of March 7, 1996 as amended or supplemented (the ''Italian Usury Legislation'') at that time and that would constitute a breach of Italian Usury Legislation, then the rate of interest payable by the Issuer in respect of the relevant loan will be capped, for the shortest possible period, at the maximum rate permitted under the Italian Usury Legislation.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Closing Date to the end of the availability period for the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. The accrued commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date on which the Revolving Credit Facility is cancelled in full or on the date on which a Lender cancels its commitment.

Default interest will be calculated as an additional 1% per annum on the overdue amount.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Senior Facilities Agreement.

Repayments

Loans under the Revolving Credit Facility must be repaid in full on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date which currently is the date falling 4 years and 180 days from the Closing Date. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during its availability period, subject to certain conditions.

Prepayments and Cancellation

The Senior Facilities Agreement will allow for voluntary prepayment and cancellation of commitments (in each case, subject to *de minimis* amounts) of the Revolving Credit Facility.

The Revolving Credit Facility provides for each Lender thereunder to have the option to require prepayment and cancellation (in accordance with the mechanics set out in the Senior Facilities Agreement) of all amounts (including under any ancillary facilities) due to that Lender under the Revolving Credit Facility upon a ''change of control,'' which term is defined in a manner consistent with the equivalent term in the Notes, or on the sale of all or substantially all of the assets of the Restricted Group. Certain other customary prepayment and cancellation events are included in the Senior Facilities Agreement, including for an individual Lender on illegality, as well as allowing the Issuer to repay and

cancel the commitments of an individual Lender in certain circumstances, including following claims made by a Lender under the tax gross-up and increased costs provisions or if the relevant Lender becomes a ''*Defaulting Lender*'' or a ''*Non-Consenting Lender*'' as each such term is defined in the Senior Facilities Agreement.

Notes Purchase Condition

The Senior Facilities Agreement requires that if more than EUR 125 million in aggregate, of Notes are prepaid, purchased, defeased, redeemed or otherwise retired for value (a ''*Repurchase*'') during the term of the Revolving Credit Facility, then simultaneously with such Repurchase a pro rata amount of the Revolving Credit Facility will be automatically cancelled (and to the extent necessary utilizations of the Revolving Credit Facility must be prepaid).

Guarantees

Each of the Guarantors currently provides a guarantee of all amounts payable to the Agent (each, an ''RCF Guarantee'' and together, the ''RCF Guarantees''), the Security Agent, the mandated lead arrangers and the RCF Lenders under the Revolving Credit Facility, as well as the counterparties to certain hedging agreements, subject to agreed limitations.

Subject to the Agreed Security Principles, the Issuer must ensure that, subject to certain exceptions,

(a) on the date which is 90 days after the Closing Date, and

(b) on the date on which the annual financial statements are required to be delivered to the Agent in each financial year, starting from the delivery of the annual financial statements relating to the Financial Year ending on December 31, 2017,

the following conditions are met:

(i) EBITDA (as defined in the Senior Facilities Agreement) of the Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries) represents not less than 85% of Consolidated EBITDA (as defined in the Senior Facilities Agreement); and

(ii) the gross assets of the Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries) represents not less than 85% of the consolidated gross assets of the Group,

(the ''Guarantor Coverage Test'').

If the Guarantor Coverage Test is not satisfied, the Issuer shall ensure that within 90 days of such test date, such other members of the Group (as the Company may elect in its sole discretion) shall, subject to and on terms consistent with the Agreed Security Principles, accede as Additional Guarantors to ensure that the Guarantor Coverage Test is satisfied.

In addition, subject to the Agreed Security Principles, the Issuer must ensure that subject to certain exceptions:

(a) on or before the date which is 90 days after the Closing Date; and

(b) on or before the date falling 90 days after the delivery of each set of Annual Financial Statements required to be delivered by the Senior Facilities Agreement:

    (i) each Restricted Subsidiary which has EBITDA (as defined in the Senior Facilities Agreement) representing 5% or more of Consolidated EBITDA (as defined in the Senior Facilities Agreement) or has gross assets, (excluding intra-group items and investments in Subsidiaries) representing 5% or more of the gross assets of the Group, calculated on a consolidated basis (each a ''Material Company'') (in the case of paragraph (b) above) by reference to the most recent Annual Financial Statements delivered to the Agent in accordance with the Senior Facilities Agreement; and

    (ii) each Restricted Subsidiary that is a direct Holding Company of a Material Company (provided such Holding Company is also a member of the Group),

has acceded as an Additional Guarantor to the Senior Facilities Agreement in accordance with its terms.

Security

The Revolving Credit Facility will benefit from the same Security Interests that secure the Notes, subject to the terms of the Intercreditor Agreement.

The Security Documents and the Intercreditor Agreement provide for the release of the Security Interests and the RCF Guarantees under certain circumstances, including certain permitted disposals and permitted refinancing. Under certain circumstances, it is envisaged that the Security Agent shall effect the release of such security interests without requiring the consent of the Lenders.

Representations and Warranties

The Senior Facilities Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status, binding obligations, non-conflict with constitutional documents, applicable laws or regulations or other obligations, power and authority, authorizations for carrying on business and for the validity and admissibility into evidence of the Finance Documents (as such term is defined in the Senior Facilities Agreement), governing law and enforcement of the Finance Documents, absence of insolvency events, no filing or stamp taxes with respect to the Finance Documents, accuracy of certain information and the most recent financial statements delivered, no default, litigation, compliance with laws, title to assets, intellectual property, pensions, center of main interests and establishments and sanctions.

Covenants

The Senior Facilities Agreement contains customary high-yield style incurrence covenants and related definitions (with certain adjustments) that are set forth in the section entitled ''*Description of the Notes—Certain Covenants*.''

The Senior Facilities Agreement also requires certain members of the Restricted Group to observe certain affirmative covenants, including covenants (subject to certain carve-outs and materiality thresholds) relating to:

- maintenance of authorizations;
- compliance with laws (including environmental laws and permits);
- payment of taxes;
- preservation of assets;
- maintenance of *pari passu* ranking of the Revolving Credit Facility;
- compliance with the ''Guarantor Coverage Test''; and
- further assurance with respect to security interests granted under the Senior Facilities Agreement.

The Senior Facilities Agreement also requires certain members of the Restricted Group to observe certain negative covenants, including covenants relating to changing the center of main interests of certain obligors party to the Senior Facilities Agreement in such capacity.

The Senior Facilities Agreement also contains an information covenant under which, among other things, the Issuer is required to deliver to the Agent annual financial statements, quarterly financial statements, annual and quarterly compliance certificates.

Financial covenant

The Senior Facilities Agreement contains a springing leverage ratio covenant, requiring that the ratio of consolidated net debt to consolidated EBITDA (as such term is defined in the Senior Facilities Agreement) as at the end of each quarter will not exceed 4.00:1.00. The first testing date is December 31, 2017. The leverage ratio covenant is required to be satisfied if, at 5 p.m. Milan time on the day falling at the end of the relevant quarter, the aggregate amount of: (a) all revolving facility loans; (b) all letters of credit under the Revolving Credit Facility to the extent cash cover has not been provided; and (c) all letters of credit and loans provided under the ancillary facilities, exceed 40% of the total commitments under the Revolving Credit Facility.

In the event of a breach of such financial ratio test, the Senior Facilities Agreement contains equity cure rights whereby, within 20 business days of the delivery of the compliance certificate evidencing the relevant breach, the Issuer may receive cash proceeds from its shareholders by way of new equity or subordinated shareholder debt and recalculate compliance with the relevant test with the relevant cash proceeds being deemed to reduce total debt for the relevant testing period. Such cure rights can only be exercised up to four times over the life of the Revolving Credit Facility and not on consecutive testing dates. There is no obligation to apply any amount so injected in prepayment or cancellation of the Revolving Credit Facility.

There are no other financial maintenance covenants under the Senior Facilities Agreement.

Events of Default

The Senior Facilities Agreement contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled ''Events of Default.'' In addition, the Senior Facilities Agreement contains certain other events of default (subject, where applicable, to certain materiality thresholds).

Governing Law

The Senior Facilities Agreement is governed by English law.

Miscellaneous

The Senior Facilities Agreement contains certain other customary provisions, including with respect to the rights of the Lenders to transfer their interests thereunder (which in certain circumstances will require the consent of the Issuer), the rights and obligations of the Agent and certain other finance parties, sharing of receipts by the finance parties, and the requirements for amendments and waivers under the Senior Facilities Agreement.

Intercreditor Agreement

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Issuer and certain of its subsidiaries (together, the ''Group'') in respect of (a) RCF Liabilities (as defined below), (b) Senior Secured Notes Liabilities (as defined below), (c) Super Senior Hedging Liabilities (as defined below), (d) Pari Passu Hedging Liabilities (as defined below), (e) Intra-Group Liabilities (as defined below) and (f) Shareholder Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined above);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) (''Enforcement Action'') can be taken in respect of certain security granted by certain members of the Group;
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of certain security and guarantees issued by certain members of the Group and certain other recoveries in relation to certain members of the Group;
- when security and guarantee(s) issued by certain members of the Group will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and

- the order for applying proceeds from the enforcement of certain security, certain guarantees and other amounts received by the Security Agent.

The Intercreditor Agreement contains customary provisions regulating certain additional indebtedness permitted to be incurred by members of the Group and which is contemplated to be secured by the documents creating security (the ''Transaction Security'') granted by certain members of the Group (together, the ''Transaction Security Documents'').

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the holders of Notes.

Hedging Transactions

The Intercreditor Agreement contains provisions that permit certain members of the Group to enter into interest rate hedging agreements with certain hedge counterparties, which may also be secured by the Transaction Security.

The hedging agreements may either, with respect to the Transaction Security (and the proceeds thereof): (a) be secured on a senior basis to the liabilities in respect of the Notes, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the Revolving Credit Facility (such hedging agreements, the ''Super Senior Hedging Agreements'' and, the hedge counterparties in respect thereof, the ''Super Senior Hedge Counterparties''); or (b) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes (such hedging agreements, the ''Pari Passu Hedging Agreements'' and, the hedge counterparties in respect thereof, the ''Pari Passu Hedge Counterparties'').

Intra-Group Debt and Shareholder Debt

Customary subordination provisions are also included in the Intercreditor Agreement in respect of (a) receivables owing from a member of the Group to Almaviva Technologies (the ''Shareholder Debt Liabilities'' and, Almaviva Technologies, the ''Shareholder Subordinated Lender'') and (b) certain intra-Group loans made between certain members of the Group (the ''Intra-Group Liabilities'', and, each lender of such intra-Group loan, an ''Intragroup Lender''). See ''*—Ranking and Priority—Intra-Group Liabilities and Shareholder Debt Liabilities*'' below.

Security Agent

There is a single security agent appointed to act at all times on behalf of (a) the lenders under the Revolving Credit Facility (the ''RCF Lenders'') and the Super Senior Hedge Counterparties (together, the ''Super Senior Creditors'') and (b) the holders of the Notes and the Pari Passu Hedge Counterparties (collectively, the ''Senior Secured Creditors'' and, together with the Super Senior Creditors, the ''Senior Secured Parties'').

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Debtors and Almaviva Technologies S.r.l. (''Almaviva Technologies''), as the case may be, in respect of the Revolving Credit Facility (the ''RCF Liabilities''), the Notes (the ''Senior Secured Notes Liabilities''), the amounts owing to the Super Senior Hedge Counterparties under the Super Senior Hedging Agreements (the ''Super Senior Hedging Liabilities'' and, together with the RCF Liabilities, the ''Super Senior Liabilities''), the amounts owing to the Pari Passu Hedge Counterparties under the Pari Passu Hedging Agreements (the ''Pari Passu Hedging Liabilities'' and, together with the RCF Liabilities, the Senior Secured Notes Liabilities and the Super Senior Hedging Liabilities, the ''Senior Secured Liabilities''), certain fees, costs and expenses owing to the Trustee (the ''Senior Secured Notes Trustee Amounts''), the amounts owing to the Agent

under the Debt Documents (the ''Agent Liabilities''), the Intra-Group Liabilities and the Shareholder Debt Liabilities, respectively, shall rank in the following order:

- first, the RCF Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Agent Liabilities and the Senior Secured Notes Trustee Amounts *pari passu* between themselves and without any preference between them;
- secondly, the Intra-Group Liabilities *pari passu* between themselves and without any preference between them; and
- thirdly, the Shareholder Debt Liabilities *pari passu* between themselves and without any preference between them.

The Intercreditor Agreement does not purport to rank the Intra-Group Liabilities or the Shareholder Debt Liabilities as between themselves.

Priority of Transaction Security

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the RCF Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Agent Liabilities (in each case, only to the extent such Transaction Security is expressed to secure those liabilities) *pari passu* and without any preference between them.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under ''*—Turnover—Waterfall—Recoveries.*''

Intra-Group Liabilities and Shareholder Debt Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities and the Shareholder Debt Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Senior Secured Parties.

Restrictions on payments

The Intercreditor Agreement provides that the Debtors may make payments in respect of the RCF Liabilities and the Senior Secured Notes Liabilities, respectively, at any time in accordance with their respective terms, but includes certain provisions regulating payments in respect of Super Senior Hedging Liabilities and Pari Passu Hedging Liabilities.

The Intercreditor Agreement also permits payments of Intra-Group Liabilities to be made from time to time unless an acceleration event has occurred in relation to the RCF Liabilities or the Senior Secured Notes Liabilities (together, an ''Acceleration Event''). However, payments of Intra-Group Liabilities may nonetheless be made after an Acceleration Event has occurred if:

(a) prior to the Senior Secured Discharge Date, the Majority Super Senior Creditors and the Senior Secured Notes Trustees have consented to such payment; or

(b) the payment is made to facilitate the making of a payment of Senior Secured Liabilities or Senior Secured Notes Trustee Amounts.

The Intercreditor Agreement furthermore permits payments of the Shareholder Debt Liabilities if:

(i) such payment is (if prior to the Super Senior Discharge Date) expressly permitted by the Senior Facilities Agreement; and

(ii) such payment is (if prior to the Senior Secured Notes Discharge Date) not prohibited by the Senior Secured Notes Indenture(s) pursuant to which any Senior Secured Notes remain outstanding (as applicable); or

(iii) prior to the Super Senior Discharge Date, the Majority Super Senior Creditors and Majority Pari Passu Creditors gives written consent to that payment being made or after the Super Senior Discharge Date the Majority Pari Passu Creditors gives written consent to that payment being made.

Enforcement actions

Enforcement of Transaction Security

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by the Instructing Group.

Subject to the Transaction Security having become enforceable in accordance with its terms the Instructing Group may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as it sees fit, provided that any such instructions given are consistent with the security enforcement principles set forth below under the caption ''—*Security Enforcement Principles.*''

The secured parties shall not have any independent power to enforce or have recourse to any Transaction Security or to exercise any right, power, authority or discretion arising under the Transaction Security Documents except through the Security Agent.

Composition of the enforcing creditor groups

The ''Instructing Group'', in relation to any instructions with respect to enforcement, shall comprise:

(a) the ''Majority Pari Passu Creditors'' comprising, generally, the holders of the Notes and the Pari Passu Hedge Counterparties whose credit participations, together, represent more than 50% of the aggregate *pari passu* credit participations of all holders of the Notes and Pari Passu Hedge Counterparties; and

(b) the ''Majority Super Senior Creditors'', comprising, generally, RCF Lenders and Super Senior Hedge Counterparties whose credit participations, together, represent more than 66⅔% of the aggregate super senior credit participations of all RCF Lenders and Super Senior Hedge Counterparties,

provided that, if the Majority Super Senior Creditors or the Majority Pari Passu Creditors or their agent representative send such enforcement instructions (an ''Initial Enforcement Notice'') to the Security Agent, the Security Agent shall promptly inform each agent or hedge counterparty which did not deliver such enforcement instructions.

The Security Agent will act in accordance with the enforcement instructions received from the Majority Pari Passu Creditors, provided that:

(a) if:

    (i) the Majority Pari Passu Creditors have not either:

        I. made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

        II. appointed a Financial Advisor to assist them in making such a determination,

    within three months of the date of the Initial Enforcement Notice; or

    (ii) the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice,

    then the Security Agent will act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred;

(b) if an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of a Super Senior Creditor) is continuing with respect to a Debtor or Almaviva Technologies, then the Security Agent will, to the extent that the Majority Super Senior Creditors elects to provide such enforcement instructions, act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred; and

(c) if the Majority Pari Passu Creditors have not either:

    (i) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

    (ii) appointed a Financial Advisor to assist them in making such a determination,

and the Majority Super Senior Creditors:

I. determine in good faith (and notify the other agents, the Hedge Counterparties and the Security Agent) that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal or on the expected realization proceeds of any enforcement; and

II. deliver enforcement instructions which they reasonably believe to be consistent with the Enforcement Principles and necessary or advisable to enhance the prospects of achieving the Enforcement Objective before the Security Agent has received any enforcement instructions from the Majority Pari Passu Creditors,

then the Security Agent will act in accordance with the enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

The ''Super Senior Discharge Date'' means the first date on which all Super Senior Liabilities have been fully and finally discharged to the satisfaction of the Agent (in the case of the RCF Liabilities) and each Super Senior Hedge Counterparty (in the case of its Super Senior Hedging Liabilities), whether or not as the result of an enforcement, and the Super Senior Creditors (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under the Debt Documents.

Security Enforcement Principles

The Intercreditor Agreement provides that enforcement of the Transaction Security must be conducted in accordance with the ''Security Enforcement Principles,'' which principles shall include the following:

- it shall be the primary and overriding aim of any enforcement to achieve the ''Enforcement Objective,'' being maximizing, to the extent consistent with a prompt and expeditious realization of value, the value realized from enforcement;
- without prejudice to the Enforcement Objective, the Transaction Security will be enforced and other action as to enforcement will be taken such that either:
  - (a) to the extent the Instructing Group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the payment waterfall described below under the caption ''—*Turnover—Waterfall—Recoveries*;'' or
  - (b) to the extent the Instructing Group is the Majority Pari Passu Creditors, either:
    - (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the payment waterfall described below under the caption ''—*Turnover—Waterfall—Recoveries*;'' or
    - (ii) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that, when the proceeds are applied in accordance with the payment waterfall described below under the caption ''—*Turnover—Waterfall—Recoveries*,'' the Super Senior Discharge Date will occur (unless the Majority Super Senior Creditors agrees otherwise);
- on:
  - (a) a proposed enforcement of Transaction Security other than shares in a member of the Group, where the aggregate book value of such assets exceeds EUR 7.5 million (or its equivalent in any other currency or currencies); or
  - (b) a proposed enforcement in relation to Transaction Security comprising some or all of the shares in a member of the Group,

  the Security Agent shall (unless such enforcement is made pursuant to a public auction or process supervised by a court of law which makes a determination as to value), if requested by the Majority Super Senior Creditors or the Majority Pari Passu Creditors, obtain a Fairness Opinion (as defined below) from an independent internationally recognized investment bank or accountancy firm or other independent internationally recognized professional services firm which is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sales processes (a ''Financial Advisor'') in relation to that enforcement, provided that

the Security Agent shall not be required to appoint a Financial Advisor nor obtain a Fairness Opinion if a proposed enforcement:

(i) would result in the receipt of sufficient enforcement proceeds in cash by the Security Agent to ensure that, after application in accordance with the waterfall described below under the caption ''—*Turnover—Waterfall—Recoveries*'':

I. in the case of an enforcement requested by the Majority Super Senior Creditors, the Senior Secured Discharge Date would occur; or

II. in the case of an Enforcement requested by the Majority Pari Passu Creditors, the Super Senior Discharge Date would occur;

(ii) is in accordance with any applicable law; and

(iii) complies with the Distressed Disposal as described below under the caption ''—*Turnover—Disposals—Distressed Disposal*'';

- the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor unless expressly required to do so under the Intercreditor Agreement; and
- the ''Fairness Opinion,'' being, in respect of any enforcement, an opinion from a Financial Advisor that the proceeds received or recovered in connection with that enforcement are fair from a financial point of view taking into account all relevant circumstances, will be conclusive evidence that the Enforcement Objective has been met.

Manner of enforcement

If the Transaction Security is being enforced as set forth above under the caption ''—*Security Enforcement Principles*,'' the Security Agent shall enforce the Transaction Security in such manner as the Instructing Group shall instruct (in a manner consistent with the Enforcement Principles) or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with the Enforcement Principles.

Turnover

The Intercreditor Agreement also provides that, subject to certain exceptions, if any Shareholder Subordinated Creditor, Intra-Group Lender or Senior Secured Party: (a) receives or recovers the proceeds of any enforcement of any Transaction Security other than as set out below under the caption ''—*Waterfall—Recoveries*''; (b) receives any payment of liabilities (including by way of set-off) other than in accordance with the Intercreditor Agreement or as set out below under the caption ''—*Waterfall—Recoveries*,'' or (c) receives certain other amounts or makes certain other recoveries other than as set out below under the caption ''*Waterfall—Recoveries*,'' it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Waterfall

Recoveries

Subject to certain exceptions, proceeds of enforcement (or any transaction in lieu thereof) of Transaction Security, any other amounts received by the Security Agent from time to time pursuant to certain provisions of the Intercreditor Agreement and any other amounts received by the Security Agent for such application as explicitly required by the Intercreditor Agreement (in addition to certain other amounts)

(the ''Recoveries'') shall be held by the Security Agent on trust and applied in the following order of priority:

(a) first, in discharging any sums owing to the Senior Agent (in respect of the Senior Agent Liabilities), Security Agent, any receiver or any delegate and any Senior Secured Notes Trustee Amounts on a *pari passu* basis;

(b) secondly, in payment of all costs and expenses incurred by any Agent or Senior Secured Parties in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) thirdly, in payment to:

   (i) the Agent on its own behalf and on behalf of the RCF Lenders; and

   (ii) the Super Senior Hedge Counterparties,

   for application towards the discharge of:

   I. the RCF Liabilities; and

   II. the Super Senior Hedging Liabilities (on a pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty),

   on a pro rata basis and ranking *pari passu* between paragraphs I and II above;

(d) fourthly, if the distributions have been made under paragraph (c) above, in payment to:

   (i) the Agent on its own behalf and on behalf of the Arrangers;

   (ii) each other Senior Secured Notes Trustee on its own behalf and on behalf of the other Senior Secured Note Creditors; and

   (iii) the Pari Passu Hedge Counterparties,

   for application towards the discharge of:

   I. the Senior Arranger Liabilities;

   II. the Senior Secured Notes Liabilities; and

   III. the Pari Passu Hedging Liabilities (on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty),

   on a pro rata basis and ranking *pari passu* between paragraphs I to III (inclusive) above;

(e) fifthly, if none of the Debtors, or as the case may be, Almaviva Technologies are under any further actual or contingent liability under any secured Debt Document, in payment to any other person to whom the Security Agent is obliged to pay in priority to any Debtor or Almaviva Technologies; and

(f) sixthly, the balance, if any, in payment to the relevant Debtor or Almaviva Technologies (as applicable).

Disposals

Non-distressed disposals

In circumstances where a disposal of an asset of a member of the Group to a person or persons outside the Group is not being effected pursuant to acceleration of secured debt or enforcement of Transaction Security (such event, a ''Distress Event,'' and such disposal effected pursuant to a Distress Event being a ''Distressed Disposal'') and is otherwise permitted or not prohibited, the Intercreditor Agreement provides that the Security Agent shall be authorized (a) to release the Transaction Security, (b) if the relevant asset being disposed of consists of shares in the capital of a member of the Restricted Group, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries, and (c) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (a) and (b) above and issue any certificate of non-crystallization or any consent to dealing considered necessary or desirable.

Distressed Disposals

In relation to the disposal of any assets which are or are expressed to be subject to the Transaction Security, which, in each case, are (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable, (b) being effected by the enforcement of the Transaction Security or (c) in the case of a disposal by a Debtor or Almaviva Technologies to a person which is not a member of the Group) following an acceleration of Senior Secured Liabilities (other than any Hedging Liabilities) or the enforcement of Transaction Security (a ''Distressed Disposal''), the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or Almaviva Technologies and without any consent, sanction, authority or further confirmation from any Creditor, Subordinated Creditor, Almaviva Technologies or Debtor) to:

(i) release the Transaction Security, or any other claim over that asset and execute, deliver and enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable; and

(ii)(I) if the asset which is disposed of consists of shares in the capital of a Debtor, to release:

(A) that Debtor and any Subsidiary of that Debtor from all or any part of:

(1) its Borrowing Liabilities;

(2) its Guarantee Liabilities; and

(3) its Other Liabilities;

(B) any Transaction Security granted by Almaviva Technologies, that Debtor or any Subsidiary of that Debtor over any of its assets; and

(C) any other claim of a Subordinated Creditor, or another Debtor over that Debtor's assets or over the assets of any Subsidiary of that Debtor,

on behalf of the relevant Creditors, Debtors, Arrangers, Almaviva Technologies, Senior Agent and Senior Secured Notes Trustees;

(II) if the asset which is disposed of consists of shares in the capital of any Holding Company of a Debtor, to release:

(A) The Holding Company and any Subsidiary of that Holding Company from all or any part of:

(1) its Borrowing Liabilities;

(2) its Guarantee Liabilities; and

(3) its Other Liabilities;

(B) any Transaction Security granted by that Holding Company and any Subsidiary of that Holding Company over any of its assets; and

(C) any other claim of a Subordinated Creditor, or another Debtor over that Holding Company's assets and the assets of any Subsidiary of that Holding Company;

(III) if the asset which is disposed of consists of shares in the capital of a Debtor or the Holding Company of a Debtor, to dispose of all or any part of:

(A) the Liabilities; or

(B) the Debtor Liabilities,

owed by that Debtor or holding Company or any Subsidiary of that Debtor or Holding Company:

(1) (if the Security Agent does not intend that any transferee of those Liabilities or Debtor Liabilities (the ''Transferee'') will be treated as a Senior Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtor Liabilities, provided that the transferee shall not be treated as a Senior Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(2) (if the Security Agent does intend that any transferee will be treated as Senior Secured Creditor or as a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of:

(i) all (and not part only) of the Liabilities owed to the Senior Secured Creditors; and

(ii) all or part of any other Liabilities and the Debtor Liabilities,

on behalf of, in each case, the relevant Creditors and Debtors and, as the case may be, Almaviva Technologies; and

(IV) if the asset which is disposed of consists of shares in the capital of a Debtor or the Holding Company of a Debtor (the ''Disposed Entity'') and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to transfer to another Debtor (the ''Receiving Entity'') all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of:

(A) the Intra-Group Liabilities; or

(B) the Debtor Liabilities;

to execute and deliver or enter into any agreement to:

(1) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders or Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(2) (provided the Receiving Entity is a Holding Company of the Disposed Entity) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in paragraph (ii)(III)(2)) effected by or at the request of the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (without being obliged to postpone the transaction to achieve a higher price).

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of Liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under ''—*Waterfall*'' above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Liabilities has occurred, as if the disposal of Liabilities had not occurred.

Governing law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

Almaviva S.p.A. (the ''Issuer'') will issue €250 million in aggregate principal amount of senior secured notes due 2022 (the ''Notes'') under an indenture to be dated as of 2017 (the ''Indenture''), between, inter alios, itself, Almaviva Technologies S.r.l. (''Holdco''), Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.R.L. (collectively, the ''Guarantors''), The Law Debenture Trust Corporation p.l.c., as trustee, common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code and representative (''*rappresentante*'') pursuant to article 2414-bis, 3rd paragraph of the Italian Civil Code (the ''Trustee''), and GLAS Trust Corporation Limited., as security agent (the ''Security Agent'').

The proceeds of the Notes sold on the Issue Date are expected to be used to repay outstanding indebtedness under the Senior Facilities Agreement and to pay the fees and expenses related to the Offering. See ''*Use of Proceeds*''. For purposes of this ''*Description of the Notes*,'' references to the ''Issue Date'' shall be to the date on which the Notes are first issued.

For purposes of this ''*Description of the Notes*,'' ''Issuer'' means Almaviva S.p.A. (not including any of its Subsidiaries) and any and all successors thereto.

The Indenture will be unlimited in aggregate principal amount, of which €250 million aggregate principal amount of Notes will be issued on the Issue Date. After the Issue Date, the Issuer may issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the ''Additional Notes'').

We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under ''*—Certain Covenants—Limitation on Indebtedness*''). The Notes issued on the Issue Date and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this ''*Description of the Notes*,'' references to the ''Notes'' include the Notes issued on the Issue Date and any Additional Notes that are actually issued from time to time.

This ''*Description of the Notes*'' is intended to be an overview of the material provisions of the Notes, the Guarantees and the Indenture. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Guarantees and the Indenture for complete descriptions of the obligations of the Issuer and your rights. In addition, the following description refers to the Security Documents and the Intercreditor Agreement. Copies of such documents are available from us upon request.

The Indenture and the Guarantees thereunder will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes and the Guarantees. Please see ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' for a description of the material terms of the Intercreditor Agreement.

The registered holder (a ''Holder'') of a Note will be treated as the owner of it for all purposes. Only Holders will have rights under the Indenture. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions. In addition, the Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

General

The Notes

The Notes will, on the Issue Date:

- be general senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under the Senior Facilities Agreement and certain Hedging Obligations, if any);
- rank senior in right of payment to any existing or future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be secured as set forth below under ''*—Security*'';
- be guaranteed by the Guarantors as described under ''*—The Guarantees*'';

- be effectively subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of Subsidiaries of the Issuer that do not guarantee the Notes; and
- be represented by one or more Notes in registered global form, which in certain circumstances may be represented by Definitive Registered Notes (see ''*Book-Entry*, *Delivery and Form*'').

The Guarantees

The Notes will be guaranteed, as of the Issue Date, by Almaviva do Brasil Telemarketing e Informática S/A, Almaviva Contact S.p.A. and Almawave S.R.L.

The Guarantees are full and unconditional, subject to the terms of the Indenture.

Each Guarantee of the Notes will, at the time a Guarantor grants such Guarantee:

- be a general senior obligation of the relevant Guarantor;
- rank *pari passu* in right of payment with any existing or future Indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee (including the senior guarantee given in favor of the Revolving Credit Facility and certain Hedging Obligations, if any);
- rank senior in right of payment to any existing or future Indebtedness of that Guarantor that is expressly subordinated in right of payment to the Notes;
- be secured as set forth below under ''*—Security*'';
- be effectively subordinated to any existing or future Indebtedness of that Guarantor that is secured with property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of such Guarantor that do not guarantee the Notes.

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be guaranteed by reference to the net assets and legal capital of the relevant Guarantor. Additionally, the Guarantees will be subject to certain corporate law procedures being complied with. See ''*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*.'' The Guarantees will be further limited as required under the Agreed Security Principles that will apply to, and restrict the granting of guarantees and security in favor of obligations under the Senior Facilities Agreement and the Notes, which will provide, among other things, that no guarantees or security will be required if any such grant would be restricted by general statutory or other legal limitations or requirements. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

Not all Subsidiaries of the Issuer will guarantee the Notes. For the year ended December 31, 2016 the Issuer and the Guarantors represented 94.5% of the Group's revenue after intersegment eliminations and 93.3% of the Group's Adjusted EBITDA and, as at December 31, 2016, represented 94.4% of the Group's consolidated total assets.

Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of non-Guarantor Restricted Subsidiaries (if any) generally will have structural priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted

Subsidiaries of the Issuer (other than the Guarantors) and minority stockholders of non-Guarantor Restricted Subsidiaries (if any). As of June 30, 2017, after giving pro forma effect to the Refinancing, the Issuer and its consolidated Subsidiaries would have had €276 million of gross debt (as well as €20 million of availability under the Revolving Credit Facility). Although the Indenture will limit the Incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See ''—*Certain Covenants—Limitation on Indebtedness*.''

Principal, Maturity and Interest

The Issuer will issue €250 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on October 15, 2022. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at the rate of 7.25% per annum and will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest on the Notes will be payable in cash semi-annually in arrears on April 15 and October 15, commencing on April 15, 2018. The Issuer will make each interest payment to holders of record of such Notes on April 1 and October 1 immediately preceding the related interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of Holders to receive payments of interest on the Notes will be subject to applicable procedures of Euroclear Bank S.A./N.V. (''Euroclear'') and Clearstream Banking, *société anonyme* (''Clearstream''). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof (being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest, premium and Additional Amounts, if any, on any certificated securities (''Definitive Registered Notes'') will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See ''—*Paying Agent and Registrar for the Notes*.''

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each a ''Paying Agent'') for the Notes in the City of London. The initial Paying Agent will be The Bank of New York Mellon, London Branch.

The Issuer will also maintain a registrar (the ''Registrar'') and a transfer agent (the ''Transfer Agent''). The initial Registrar will be The Bank of New York Mellon, London Branch and the initial Transfer Agent will be The Bank of New York Mellon, London Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and, together with the Transfer Agent, will facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. Such notice of the change in a Paying Agent, Registrar or Transfer Agent may instead be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the

Luxemburger Wort). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Releases of the Guarantees

The Guarantee of a Guarantor will terminate and release:

- upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted or not prohibited by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon payment in full of principal, interest and all other obligations under the Notes Documents or upon defeasance or discharge of the Notes and the Indenture, as provided in ''—*Defeasance*'' and ''—*Satisfaction and Discharge*'';
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under ''—*Amendments and Waivers*'';
- so long as no Default or Event of Default has occurred and is continuing, to the extent that such Guarantor is not a Significant Subsidiary and (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility *provided that* Indebtedness will remain outstanding under the Revolving Credit Facility after such release and discharge and (ii) such Guarantor would not otherwise be required at the time of such release to provide a Guarantee pursuant to the covenant described under ''—*Certain Covenants—Additional Guarantees*'';
- as described in the first paragraph of the covenant described below under ''—*Certain Covenants—Additional Guarantees*''; or
- as a result of a transaction permitted by ''—*Certain Covenants—Merger and Consolidation*.''

Upon the Issuer's request, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders or any action on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the ''144A Global Notes''). The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the ''Regulation S Global Notes'' and, together with the 144A Global Notes, the ''Global Notes'').

The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (''Book-Entry Interests'') will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under ''*Transfer Restrictions*.'' In addition, transfers of Book-Entry Interests between participants in Euroclear or

participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the ''144A Book-Entry Interests'') may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the ''Regulation S Book-Entry Interests'') denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a ''qualified institutional buyer'' within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under ''*Transfer Restrictions*'' and in accordance with any applicable securities law of the United States and any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under ''*Transfer Restrictions*.''

Subject to the restrictions on transfer referred to above, the Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and Transfer Agent are not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes and upon the occurrence of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries.

However, in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

On the Issue Date, the Notes and the Guarantees will be secured by first-ranking Liens over (i) shares in the Issuer representing 95.11% of its share capital, (ii) shares in Almaviva do Brasil Telemarketing e Informática S/A representing 87.9% of its share capital; (iii) all shares in Almaviva Contact S.p.A.; (iv) certain intra-group and trade receivables of the Issuer and any receivables owed by the Issuer to Almaviva Technologies; (v) certain intra-group receivables owed to Almawave S.r.l., Almaviva Contact S.p.A. and Almaviva do Brasil Telemarketing e Informática S/A; (vi) certain trade receivables owed to Almawave S.r.l. and Almaviva Contact S.p.A. and (vii) certain bank accounts of the Issuert, Almawave S.r.l., Almaviva Contact S.p.A. and Almaviva do Brasil Telemarketing e Informática S/A (collectively, the "Collateral"). The security interests in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Guarantees and the Indenture are herein referred to as "Security Interests."

Subject to certain Permitted Collateral Liens, the Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including on a first-priority basis, the Holders, the lenders under the Revolving Credit Facilities and the counterparties under certain Hedging Obligations, if any.

Subject to certain conditions, including compliance with the covenants described under "*—Impairment of Security Interests*" and "*—Liens*," the Issuer is permitted to pledge the Collateral in connection with future issuances of its Indebtedness (including any additional Notes, additional commitments under the Revolving Credit Facilities, and certain Hedging Obligations, in each case, as permitted under the Indenture and Intercreditor Agreement). Any such additional Security Interests that are in the future pledged to secure obligations under the Notes, the Guarantees and the Indenture will also constitute "Collateral."

The Collateral will be contractually limited to reflect limitations under applicable law with respect to fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be secured by reference to the net assets and legal capital of the relevant Guarantor. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Guarantees and Security Interest and Certain Insolvency Law Considerations*." In addition, and notwithstanding the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles.

As described above, the Collateral will also secure the liabilities under the Revolving Credit Facilities, certain Hedging Obligations and any Additional Notes and may also secure certain other future Indebtedness. The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes and the creditors of other obligations secured thereby. No appraisals of the Collateral have been made in connection with the Transactions. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The value of the Security securing the Notes and the Guarantees may not be sufficient to satisfy the Issuer's obligations under the Notes and the Guarantor's obligations under the Guarantees, and the Security securing the Notes and the Guarantees may be reduced or diluted in certain circumstances*."

Priority

The relative priority among the lenders under the Revolving Credit Facilities, counterparties under certain Hedging Obligations, if any, secured by the Collateral, the Trustee, the Security Agent and the Holders of the Notes with respect to Security Interests is or will be established by the terms of the

Intercreditor Agreement, the Indenture and the Security Documents, which provide, among other things, that the obligations under the Notes, the Revolving Credit Facilities and such Hedging Obligations will be secured equally and ratably by first-priority Security Interests in the Collateral provided, however, that the holders of the Notes will receive proceeds from the enforcement of the Collateral only after the lenders under the Revolving Credit Facilities, counterparties to certain Hedging Obligations and certain amounts owing to the Security Agent, any receiver and certain creditor representatives have been repaid and discharged in full.

See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*,'' ''*Description of Certain Financing Arrangements—Revolving Facilities Agreement*.'' In addition, in connection with the Incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer may enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See ''*—Certain Covenants—Impairment of Security Interests*'' and ''*—Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound*.''

Security Documents

The Security Documents will be entered into, *inter alios*, the relevant security provider, the Security Agent, and the Trustee acting for itself and in its capacity as the Trustee under the Indenture, as Security Representative (as defined herein) and additionally as common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code.

Under the Security Documents, Almaviva Technologhies S.r.l., the Issuer and the Guarantors will grant security over the Collateral to secure the payment when due of the Issuer's and each of the Guarantor's payment obligations under the Notes, the Guarantees and the Indenture. The Security Documents will be entered into by, among others, the relevant security provider and the Security Agent and the Trustee acting for itself and in its capacity as the Trustee under the Indenture, as Security Representative (as defined herein) pursuant to article 2414-bis, 3rd paragraph of the Italian Civil Code. When entering into the Security Documents, the Security Agent will act in its own name but for the benefit of the Holders from time to time and, as far as the Security Documents governed by Italian law are concerned, also in the name and on behalf of the relevant secured creditors The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee (including in its role as Security Representative) and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee (including in its role as Security Representative) under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the enforcement of security over the Collateral. The Security Agent will also act on behalf of the lenders under the Revolving Credit Facilities and the counterparties under certain Hedging Obligations in relation to the Security Interests in favor of such parties.

The security interests to be granted under each Italian Security Document and that will secure, among others, the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Trustee acting in its capacity as representative (rappresentante) of the Holders pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by the Security Interest in the Collateral until all obligations under the Notes, the Guarantees and the Indenture have been discharged. However, the Security Interests with respect to the Notes may be released under certain circumstances as provided under ''*—Release of Liens*.'' The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations described in ''*Limitations on Validity and Enforceability of the Guarantees and Security Interest and Certain Insolvency Law Considerations*.'' The Security Documents will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent. The Holders may only act through the Trustee (including in its role as Security Representative), who will instruct the Security Agent in accordance with the terms of the Indenture.

The Security Documents will provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders

may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee, who will instruct the Security Agent in accordance with the terms of the Indenture.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see ''*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security*.''

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Security Agent to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders of the Revolving Credit Facilities and counterparties under certain Hedging Obligations. These limitations are described under ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Limitations on Validity and Enforceability of the Guarantees and the Collateral*.'' The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured by the Collateral in compliance with the Indenture and the Intercreditor Agreement.

As a result of the voting provisions set forth in the Intercreditor Agreement, the holders of the Notes, together with any other creditors secured on a pari passu basis with the Notes will initially have effective control of whether to enforce the Collateral. Subject to certain limited exceptions, the Security Agent will act with respect to Collateral only at the direction of a simple majority of the senior secured creditors (including, for this purpose, both drawn and undrawn uncanceled commitments under the Hedging Obligations and Indebtedness under the Indenture). The Holders of the Notes will not have separate rights to enforce the Collateral. As a result, the Holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, so long as any amounts under any other senior secured debt (including, for this purpose, both drawn and undrawn uncanceled commitments under Hedging Obligations and Indebtedness under the Notes) remain outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total senior secured debt. However, if (a) from the date that is three months after the date of the first enforcement instructions issued at the direction of majority senior secured creditors (including any such instructions not to take enforcement steps) are issued, no steps have been taken in relation to the commencement of enforcement of Security; (b) there is an insolvency event in relation to a Borrower, a third party security provider or a Guarantor; or (c) the liabilities owing to the Super Senior Creditors have not been fully discharged within six months of the date the first such enforcement instruction was issued, then enforcement instructions by a simple majority of the Super Senior Creditors (comprising the lenders under the Revolving Credit Facilities and the counterparties of certain Hedging Obligations) will prevail.''

The creditors under the Revolving Credit Facilities, the holders of Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee (including in its role as Security Representative) have, and by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 of the Italian Civil Code (''*mandato con rappresentanza*'') the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facilities, the holders of Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute

each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

The Indenture will provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) consented and agreed to be bound by the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under ''*—Additional Intercreditor Agreements*'' (including, without limitation, the provisions providing for foreclosure and release of the Guarantees and the Security Interests, including upon an enforcement);

(2) authorized the Trustee and the Security Agent, as applicable, to act on its behalf to enter into the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under ''*—Additional Intercreditor Agreements*'' and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

(3) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentate comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code;

(4) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as representative (*rappresentante*) of the Holders for the purposes of Article 2414-*bis*, third paragraph of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent and the Trustee will administer the Collateral in accordance with the Intercreditor Agreement; and

(6) appointed and authorized the Trustee and the Security Agent to give effect to, and to act on its behalf in accordance with, to the provisions in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into in compliance with the provisions described under ''*—Additional Intercreditor Agreements*.''

Release of Liens

Security Interests in respect of the Collateral will be released under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than the Security Interests in respect of the shares of Capital Stock of the Issuer (the ''Issuer Collateral'')) to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to ''*Certain Covenants—Merger and Consolidation*''), if such sale or other disposition does not violate the covenant described under ''*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*'' or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary provided that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable to a Restricted Subsidiary (other than in connection with a Qualified Receivables Financing) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal; provided that, nothing in this clause (1)(b) shall restrict the release of Security Interests in respect of the Issuer Collateral to the extent substantially concurrently with such release, Liens over the Issuer Collateral having equivalent ranking as prior to such release are granted for the benefit of the Holders of the Notes;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under ''*—Amendments and Waivers*'';

(4) upon payment in full of principal, interest and all other obligations under the Notes Documents or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture, as provided in ''*—Defeasance*'' and ''*—Satisfaction and Discharge*'';

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) as permitted by "—*Certain Covenants—Impairment of Security Interests*" or "—*Merger and Consolidation*";

(7) in the case of the Security Interest in respect of the Issuer Collateral, in the event of an IPO Security Release as described below; or

(8) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released in accordance with the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement.

At the request of the Issuer, the Security Agent will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

If requested by the Issuer at any time in order to facilitate an Initial Public Offering of the Issuer (including, without limitation, to permit a declaration to be made to a competent authority that any share capital of the Issuer to be offered pursuant to such Initial Public Offering is free from any Liens (the "IPO Shares"), the Security Agent (for itself and on behalf of the other Noteholders) shall, at the cost and request of the Issuer (each such request an "IPO Security Release Request"), promptly release the Liens (the "IPO Security Release") on such IPO Shares, or not create a Lien over the IPO Shares (without further instructions or authority from the Noteholders), provided that if such Initial Public Offering of the share capital of the Issuer is not completed in accordance with the time periods specified (from time to time and/or as may be extended by the Issuer in its discretion) in the relevant documents relating to the Initial Public Offering, Holdco (or any subsequent shareholder of the Issuer) will create a Lien in a form substantially equivalent to the Security Interest in the share capital of the Issuer released (where any new or restarted hardening periods shall be disregarded for the purpose of determining whether such Security Interest is in a form substantially equivalent) over the IPO Shares no later than 10 Business Days after the expiry of such time periods (as confirmed by the Issuer) but without prejudice to the Issuer's ability to make further IPO Security Release Requests.

Optional Redemption

Except as described below and except as described under "*Redemption for Taxation Reasons*," the Notes are not redeemable until October 15, 2019.

On and after October 15, 2019, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on October 15 of the years indicated below:

Year	Price
2019	103.6250%
2020	101.8125%
2021 and thereafter	100.0000%

Prior to October 15, 2019, the Issuer may on any one or more occasions redeem the Notes up to 40% of the original principal amount of the Notes (including the principal amount of any Additional Note), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount (the "Redemption Amount") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 107.25% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided that*:

(1) at least 60% of the original principal amount of the Notes (including the original principal amount of any Additional Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to October 15, 2019, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal

amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

We may repurchase the Notes at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under ''*Selection and Notice*'' below.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On October 15, 2022, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the selection of the Notes for redemption will be made by the Paying Agent on a pro rata basis (or, in the case of Notes issued in global form), in accordance with the applicable procedures of Euroclear and Clearstream (as applicable), unless otherwise required by law or applicable stock exchange or depository requirements; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. The Trustee and Registrar will not be liable for any selections made by it in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in accordance with the prevailing rules of the Luxembourg Stock Exchange and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be delivered in accordance with the rules and procedures of Euroclear or Clearstream, as applicable, in lieu of the aforesaid mailing.

If the Notes are to be redeemed in part only, the notice of redemption that relates to such Notes shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (with the copy to the Trustee and the Paying Agent) of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a ''Tax Redemption Date'') (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under ''Withholding Taxes''), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Board of Directors or a member of Senior Management determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, protocols, or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in position regarding the official application, administration or written interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a ''Change in Tax Law''),

the Issuer or any Guarantor (including, in each case, any successor entity) with respect to any Note or Guarantee, as the case may be, is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts (but in the case of any Guarantor, only if such amount payable cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be announced and become effective (or, in the case of an amount or change described in clause (2) above, become effective or be promulgated, as applicable) on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply mutatis mutandis to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under ''Selection and Notice.'' Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer or a successor Person, where applicable, will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the relevant Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Issuer or Guarantor, as the case may be, has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any of the Guarantors or a successor of the Issuer or Guarantor (each, a ''Payor'') on or in respect of the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Guarantee is made by or on behalf of a Payor (including the jurisdiction of the Paying Agent), or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident, or have a permanent establishment, for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a ''Relevant Taxing Jurisdiction''),

will at any time be required from any payments made by or on behalf of the Payor with respect to any Note or Guarantee, including payments of principal, purchase price, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the ''Additional Amounts'') as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of the Note (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over, the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business for tax purposes or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor or any other person through whom payment can be made addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction is payable to the Relevant Taxing Jurisdiction), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in the rate of deduction or withholding of all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on or with respect to the Notes or any Guarantee;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes withheld or deducted pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations thereunder, official interpretations thereof or agreements (including any intergovernmental agreement or any laws, rules or practices implementing such intergovernmental agreement) entered into in connection therewith;

(6) any Taxes to the extent such Taxes are on account of imposta sostitutiva (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time (''Decree No. 239'')) and any related implementing regulations, and/or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (''Decree No. 461''); provided that:

    (a) Additional Amounts shall be payable in circumstances where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption from imposta sostitutiva have not been complied with due to the actions or omissions of the Payor or their agents; and

    (b) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to imposta sostitutiva by reason of not being

resident in a country which allows for a satisfactory exchange of information with Italy (the ''white list'') and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of imposta sostitutiva if the Holder becomes subject to imposta sostitutiva after the Issue Date by reason of the approval of any decree or regulation that will be issued pursuant to Article 11(4)(c) of Decree No. 239 which may amend the list of the countries which allow for a satisfactory exchange of information with Italy, whereby such holder's country of residence does not appear on the new list; or

(7) any combination of the items (1) through (6) above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

The Payor will (i) make or cause to be made any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request. The Payor will attach to each such certified copy or other evidence of such payments a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy or other evidence was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

If requested by the Trustee, the Payor will provide to the Trustee such information if in the possession of the Payor (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on or in respect of any Note or any Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agents shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary without independent investigation or verification. Wherever in the Indenture, the Notes or this ''*Description of the Notes*'' there is mentioned, in any context:

(1) the payment of principal,

(2) redemption prices or purchase prices in connection with a redemption or purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies or any other excise, property or similar taxes or similar charges or levies (including penalties, interest and any other reasonable expenses related thereto) that arise in any jurisdiction from the execution, delivery, issuance, registration or enforcement of any Notes, any Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after the offering of the Notes other than the initial resale by the

Initial Purchasers of the Notes) or the receipt of any payments with respect thereto (limited solely in the case of the receipt of any payments with respect thereto, to Taxes that are not excluded under clauses (1) through (2) or (4) through (6) above, or any combination thereof), or any such Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes, any Guarantee or any other document referred to herein. The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes or any Guarantee is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading ''*Change of Control*,'' each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; *provided that* Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this heading, ''*Change of Control*,'' in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under ''*—Optional Redemption*'' or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under ''*—Optional Redemption*'' or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the ''Change of Control Offer'') to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the ''Change of Control Payment'');

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the ''Change of Control Payment Date'');

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar or Paying Agent for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided that* each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer or repurchase any Notes as described under this heading ''Change of Control'' upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given pursuant to the Indenture as defined above under the caption ''*—Optional Redemption*,'' unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Senior Facilities Agreement. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources, including financial resources of its Restricted Subsidiaries. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See ''*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—We may not be able to obtain enough funds necessary to finance an offer to repurchase the Notes upon the occurrence of a Change of Control (as defined in the Indenture) as required by the Indenture*.''

The definition of ''Change of Control'' includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase ''substantially all,'' there is no precise established definition of the phrase ''substantially all'' under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of ''all or substantially all'' of the property or assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that, the Issuer and any of the Guarantors may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including pro forma application of the proceeds thereof) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is Incurred, (1) the Fixed Charge Coverage Ratio for the Issuer and the Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 3.75 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (''Permitted Debt''):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding (A) €40.0 million, plus (B) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) (a) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness being guaranteed is permitted to be Incurred by another provision of this covenant; provided that, if the Indebtedness being guaranteed is subordinated to the Notes or a Guarantee, then the guarantee must be subordinated to the Notes or such Guarantee to the same extent as the Indebtedness being guaranteed; provided further that no guarantee may be provided pursuant to this clause (2)(a) in respect of Indebtedness incurred under clause (5)(a) of this paragraph by any Restricted Subsidiary that is not a Guarantor; or

(b) without limiting the covenant described under ''—*Limitation on Liens*,'' Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however, that*:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the creditor is neither the Issuer nor a Restricted Subsidiary that is a Guarantor, such Indebtedness is unsecured and, if the aggregate principal amount of such Indebtedness of the Issuer or such Guarantor exceeds €5.0 million ((i) except in respect of intercompany current liabilities Incurred in the ordinary course of business in connection with the cash management operations of the Issuer and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and the

Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)), expressly subordinated to the prior payment in full in cash of all obligations under the Indenture, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(c) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and the related Guarantees existing on the Issue Date; (b) any Indebtedness (other than Indebtedness Incurred under the Senior Facilities Agreement or pursuant to clause (3) and clause (4)(a) of this paragraph, outstanding on the Issue Date, after giving *pro forma* effect to the Refinancing on such date; (c) Refinancing Indebtedness Incurred in respect of any Indebtedness Incurred pursuant to clauses (4)(a), (4)(b) or (5) of this paragraph, or Incurred pursuant to the first paragraph of this covenant; and (d) Management Advances;

(5) Indebtedness (a) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary; or (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary, *provided, however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5), or (y) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such acquisition or other transaction and Incurrence of Indebtedness pursuant to this clause (5); *provided further* that, the aggregate outstanding principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to clause (5)(b) will not exceed at any time outstanding an amount of €10.0 million;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business; or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding €10.0 million; so long as the Indebtedness exists on the date of such purchase, lease, rental, construction or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (A) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted

Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement; (B) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, provided, however, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (C) the financing of insurance premiums in the ordinary course of business; and (D) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided that*, in connection with such disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed €25.0 million;

(12) Indebtedness Incurred in a Qualified Receivables Financing in an aggregate principal amount at any time outstanding not to exceed €50.0 million;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under ''*Certain Covenants—Limitation on Restricted Payments*'' to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon; and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment

under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" in reliance thereon; and

(14) Indebtedness under local Credit Facilities in an aggregate principal amount not to exceed, at any one time outstanding, €15.0 million.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Facility shall be deemed initially Incurred on the Issue Date under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(c) of the second paragraph of this covenant, and may not be reclassified;

(3) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (13) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness (a) issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and (b) shall be the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*", such Incurrence shall constitute a Default).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided that* (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have

been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under ''—*Limitation on Indebtedness*'');

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in Sections 2(a)(i) to 2(a)(v) (inclusive) are referred to herein as a ''Restricted Payment''), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

  (a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11) and (12) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

  (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal financial statements are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

  (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1), (6) or (15) of the next succeeding paragraph and (y) Excluded Contributions);

  (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1), (6) or (15) of the next succeeding paragraph, (y) Excluded Contributions and (z) the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities distributed or paid by the Issuer or any Restricted Subsidiary upon such conversion or exchange;

  (iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the

definition of ''Permitted Investment,'' or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value (as determined in accordance with the last paragraph of this covenant) of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to paragraph (11) of the definition of ''Permitted Investment''; and

(vi) 100%. of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income for such purpose, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of ''Permitted Investment'',

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clauses (iv), (v) or (vi).

The foregoing provisions will not prohibit any of the following (collectively, ''Permitted Payments''):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under ''*—Limitation on Indebtedness*'' above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary (other than to the Issuer or any Restricted Subsidiary), as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under ''*—Limitation on Indebtedness*'' above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (other than Subordinated Shareholder Funding):

(a) (i) from Net Available Cash to the extent permitted under ''*—Limitation on Sales of Assets and Subsidiary Stock*'' below but only if the Issuer shall have first complied with the terms described under ''*—Limitation on Sales of Assets and Subsidiary Stock*'' and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness; and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a ''change of control''), but only (i) if the Issuer shall have first complied with the terms described under ''Change of Control'' and purchased all Notes tendered pursuant to the offer to

repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness; and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions); and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent or any Special Purpose Vehicle to permit any Parent or any Special Purpose Vehicle to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided that* such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a) €2.0 million per calendar year, plus (b) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this sub-clause (b), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (5)(c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under ''—*Limitation on Indebtedness*'' above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances, repayments or distributions to any Parent or any Special Purpose Vehicle, or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses incurred in connection with the Refinancing or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under ''—*Limitation on Affiliate Transactions*'';

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or

Designated Preference Shares or through an Excluded Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, and (b) following the Public Offering, an amount equal to 7% of the Market Capitalization; provided that in the case of this clause (b) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.50 to 1.00;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed €12.0 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, provided, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of cash Excluded Contributions, or an amount equal to the fair market value of non-cash Excluded Contributions, or Restricted Payments in exchange for or using as consideration Restricted Payments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of receivables and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (b) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided, however*, that, in the case of clauses (a) and (b), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries; and

(17) Restricted Payments in an aggregate amount of €11.0 million.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the assets or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or an Officer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the ''Initial Lien''), except:

(1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) Liens on property or assets that are not Permitted Liens if the obligations under the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured, equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured; and

(2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created in favor of the Notes pursuant to clause (1)(b) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock, or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock; and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), any other agreement or instrument, in each case, in effect at or entered into on the Issue Date (including the Indenture and the Notes, the Intercreditor Agreement and the Security Documents), or (b) any other agreement or instrument with respect to the Issuer and its Subsidiaries, in each case, in effect at or entered into on the Issue Date.

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or was designated as a Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; provided that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under ''—*Merger and Consolidation*''), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an ''Initial Agreement'') or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management);

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

   (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the

Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (C) of the first paragraph of this covenant, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under ''—*Limitation on Indebtedness*'' if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors) or (B) the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to meet its principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or a member of Senior Management, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any Lien permitted under ''—*Limitation on Liens*.''

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Board of Directors or an Officer); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(i) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(ii) Cash Equivalents;

(iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness or Indebtedness owed to the Issuer or a Restricted Subsidiary), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obliged in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(iv) Replacement Assets;

(v) any Capital Stock or assets of the kind referred to in clause (4) or (6) of the second paragraph of this covenant;

(vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (x) has been extinguished by the Issuer or the applicable Guarantor and (y) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed €7.5 million (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) of the later of (x) the date of the consummation of such Asset Disposition and (y) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under ''—*Limitation on Indebtedness*'' or any Refinancing Indebtedness in respect thereof; provided, however, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; (ii) unless included in clause (i) above, prepay, repay, purchase or redeem *Pari Passu* Indebtedness of the Issuer or any Guarantor that is secured by a Lien on the Collateral on a senior or *pari passu* basis with the Notes at a price of no more than 100% of the principal amount of such Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem (x) any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or (y) any Indebtedness of the Issuer or a Restricted Subsidiary that is secured on assets which do not constitute Collateral; *provided that*, the Issuer shall prepay, repay, purchase or redeem *Pari Passu* Indebtedness that is Public Debt pursuant to clause (ii) above only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of the Notes outstanding bears to (y) the sum total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *Pari Passu* Indebtedness (other than the Notes);

(2) (A) purchase the Notes pursuant to an offer to all Holders of the Notes in an amount in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (B) redeem the Notes in accordance with the redemption provisions of the Indenture;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clause (1), (3), (4), (5) or (6) of this paragraph (or any combination of the foregoing); *provided that*, a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment if consummated and (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date,

provided, however, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, subject to the Agreed Security Principles, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Issue Date) referred to in this covenant secured in favor of the Security Agent on behalf of the secured parties on a first-ranking basis.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes ''Excess Proceeds''. Pending the final application of any such Net Available Cash, the Issuer or any Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition (or the 546th day if a binding commitment as described in clause (8) above has been entered into), or such earlier time as the Issuer elects, if the aggregate amount of Excess Proceeds exceeds €15.0 million, the Issuer will be required within 15 Business Days thereof to make an offer (''Asset Disposition Offer'') to all Holders and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any such *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such *Pari Passu* Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and such *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for any other purpose, subject to other covenants contained in the Indenture. If the aggregate principal amount of Notes surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be repaid or repurchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the ''Asset Disposition Offer Period''). No later than five Business Days after the termination of the Asset Disposition Offer Period (the ''Asset Disposition Purchase Date''), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased by it pursuant to this covenant (the ''Asset Disposition Offer Amount'') or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof *in the case of the Notes*. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; provided that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an ''Affiliate Transaction'') involving aggregate value in excess of €2.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €10.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the Board of Directors resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate value in excess of €15.0 million, the Issuer delivers to the Trustee an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*", any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the second paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in clauses (1)(b), (2), (11) and (14) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors, in each case in the ordinary course of business;

(3) any Management Advances or Parent Expenses and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (a) the Refinancing; (b) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect; and (c) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement or payment pursuant to which the Issuer or any Affiliate of the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated or combined tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; provided that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with

respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (a) fair to the Issuer or such Restricted Subsidiary from a financial point of view; or (b) that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate;

(12) investments by any of the Investors in securities of any of the Issuer's Restricted Subsidiaries (and the payment of reasonable out-of-pocket expenses of the Investors in connection therewith) so long as (i) the investment complies with clause (1) of the first paragraph of this covenant, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities;

(13) pledges of Capital Stock of Unrestricted Subsidiaries; and

(14) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ended December 31, 2017, annual reports containing, to the extent applicable: (i) an operating and financial review of the audited financial statements, including a discussion of the financial condition and results of operations, and a discussion of liquidity and capital resources, material commitments and contingencies and critical accounting policies of the Issuer; (ii) unaudited pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such pro forma information has been provided in a previous report pursuant to clause (2) or (3) below); *provided that* such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year with comparative balance sheet information as at the end of the prior fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years with comparative income statement and cash flow statement information for the applicable prior fiscal year, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material risk factors and material subsequent events; and (vi) consolidated EBITDA; *provided that* the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first and third fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ending September 30, 2017, and within 75 days for the second fiscal quarter in each second fiscal quarter in each financial year, beginning with the quarter ending June 30, 2018, quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter end year-to-date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; provided that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, consolidated EBITDA and material changes in liquidity and

capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report, *provided that* the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, to the extent not satisfied by the foregoing, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not ''affiliates'' under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the listing agent in Luxembourg.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; provided, however, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, would (if it were restricted) constitute a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this ''*Reports*'' covenant will include (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

All reports provided pursuant to this ''*Reports*'' covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the ''Successor Company'') will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four quarter period, either (a) the Issuer or the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under ''—*Limitation on Indebtedness*'' or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving *pro forma* effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any is required in connection with such transaction) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company under the supplemental indenture (in each case, reasonably satisfactory to the Trustee), provided that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under ''—*Limitation on Indebtedness*.''

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this ''—*Merger and Consolidation*'' covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under ''—*Limitation on Sales of Assets and Subsidiary Stock*'' or (ii) the creation of a new Subsidiary as a Restricted Subsidiary of the Issuer.

The Guarantors

None of the Guarantors (other than a Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of that Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, *however*, that the prohibition in clauses (1), (2) and (3) above of this covenant shall not apply to the extent that compliance with clauses (A) and (B)(1) above could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

The provisions set forth in this ''*Merger and Consolidation*'' covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Restricted Subsidiary that is a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Restricted Subsidiary that is a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Restricted Subsidiary that is a Guarantor; (iii) any consolidation or merger of the Issuer into any Restricted Subsidiary that is a Guarantor; *provided that*, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, if any, to which it is a party, and clauses (1) and (4) under the heading ''*—The Issuer*'' shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2) and (4) under the heading ''*—The Issuer*'' and clause (3) (other than clause (3)(B)(2)) under the heading ''*—The Guarantors*'' shall apply to any such transaction.

There is no precise established *definition* of the phrase ''substantially all'' under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve ''all or substantially all'' of the property or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a ''Suspension Event''), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the ''Reversion Date''), the provisions of the Indenture summarized under the following captions will not apply to the Notes (collectively, the ''Suspended Covenants''): ''*Certain Covenants—Limitation on Indebtedness*,'' ''*—Limitation on Restricted Payments,*'' ''*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*,'' ''*—Limitation on Affiliate Transactions*,'' ''*—Limitation on Sales of Assets and Subsidiary Stock*,'' the provisions of clause (3) of the first paragraph of the covenant described under ''*—Merger and Consolidation*'' and ''*—Impairment of Security Interests*'' and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. The Suspended Covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. The Suspended Covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The ''*Limitation on Restricted Payments*'' covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under ''*—Limitation on Indebtedness*.'' In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the continuance of a Suspension Event and not in anticipation of the Notes no longer having Investment Grade Status.

The Issuer shall notify the Trustee that the conditions set forth under the first paragraph of this caption have been satisfied; *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify holders of such event or, if applicable, upon the occurrence of a Reversion Date.

Impairment of Security Interests

Holdco and the Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral), and Holdco and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (1) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens; (2) the Collateral may be discharged or released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement; and (3) the applicable Security Documents may be amended from time to time (i) to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein, (ii) to comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iii) to add Collateral, (iv) to evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, in each case, including in accordance with the covenant described under ''*Merger and Consolidation*,'' (v) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent or (vi) in any manner that does not adversely affect the Holders in any material respect; *provided, however*, that, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement (including for the avoidance of doubt, clause (3) above), the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (i) a solvency opinion reasonably satisfactory to the Trustee from an Independent Financial

Advisor confirming the solvency of the relevant Person and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (ii) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (iii) an Opinion of Counsel reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer or the relevant Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall guarantee the Indebtedness of the Issuer or a Guarantor outstanding under any Credit Facility or Public Debt, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which such guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to Agreed Security Principles.

At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees granted pursuant to this provision shall be released as set forth under "—*Releases of the Guarantees.*" A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. At the request of the Issuer, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "Additional Intercreditor Agreement") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of Security Interests; provided that (1) such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement and (2) if more than one

such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict.

The Indenture will also provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement or any Additional Intercreditor Agreement to (i) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (ii) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (iii) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (iv) further secure the Notes (including Additional Notes), (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (vi) implement any Permitted Collateral Liens, (vii) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; or (viii) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under ''*Amendments and Waivers*'', and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or the Security Agent, as applicable, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under ''*—Limitation on Restricted Payments*''.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices, or the offices of the Trustee.

Limitation on Holding Company Activities

Holdco may not carry on any business activity, hold any assets or Incur any Indebtedness other than:

(1) providing administrative services, strategy, legal, accounting and management services to its Affiliates of a type customarily provided by a holding company (including entering into and performing any rights or obligations under any Tax Sharing Agreements and acting as the head of a tax group) and the ownership of assets necessary to provide such services;

(2) (i) making available any Subordinated Shareholder Funding permitted to be incurred by the Issuer under the Indenture provided that at all times none of the Issuer or any of its Restricted Subsidiaries shall owe any Indebtedness to any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof other than Subordinated Shareholder Funding, which shall at all times (x) be contributed, funded or loaned via the direct Parent of the Issuer to the Issuer; (y) be subordinated pursuant to the terms of the Intercreditor Agreement; and (z) be secured in favor of the Security Agent on behalf of the Secured Parties; (ii) conducting any activities reasonably incidental to the Incurrence of such Indebtedness or Subordinated Shareholder Funding, including the performance of the terms and conditions thereof; and (iii) the granting of Liens to secure Indebtedness, in compliance with the provisions of the Indenture;

(3) activities undertaken with the purpose of fulfilling its obligations or exercising its rights under the Indenture, the Senior Facilities Agreement, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Security Documents, any finance document relating to Indebtedness

not prohibited to be Incurred under the Indenture and any related finance documents or security documents;

(4) the ownership of (i) cash, Cash Equivalents, Temporary Cash Investments, credit balances in bank accounts, (ii) shares of its respective Subsidiaries, (iii) any investment under clauses (3), (5), (6), (7), (9), (10), (12), (15) and (16) of the definition of ''Permitted Investments'', and (iv) other property and assets for the purpose of transferring such property and asset to any Parent or other Person;

(5) management of Holdco, the Issuer's and their respective Subsidiaries' assets, and conducting activities and entering into transactions related or reasonably incidental to the establishment and/or maintenance of its or its respective Subsidiaries' corporate existence and any other transaction of a type customarily entered into by holding companies and their subsidiaries (including the payment of wages and the incurrence of obligations and liabilities arising by operation of law or that are typical or incidental to the activities of a holding company);

(6) any activity reasonably relating to the servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Notes or other Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) not prohibited to be Incurred under the Indenture;

(7) entering into and performing any rights or obligations in respect of (i) contracts and agreements with its officers, directors and employees, (ii) subscription or purchase agreements for securities or preferred equity certificates, public offering rights agreements, voting and other shareholder agreements, engagement letters, underwriting agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof and (iii) engagement letters and reliance letters in respect of legal, accounting and other advice or reports received or commissioned by it, in each case, in relation to transactions which are not prohibited under the Indenture;

(8) listing its Capital Stock and the issuance, offering and sale of its Capital Stock or Indebtedness, including compliance with applicable regulatory and other obligations in connection therewith;

(9) the transactions and steps contemplated by the Acquisition Agreement (including, in each case, entering into any transactions or documents contemplated thereby or required, desirable or beneficial in connection with or for the purpose of the transactions and steps referred to therein);

(10) Incurring liabilities under the Notes Documents or as a result of operation of law;

(11) incurring liabilities to pay Taxes; and

(12) undertaking any other activities which are not specifically listed in this covenant and which are (i) ancillary to or related to those listed in this covenant or (ii) *de minimis* in nature.

Share Security

Subject to a release in accordance with ''*—Security—Release of Liens*'', Holdco shall procure that at all times at least 95.11 per cent. of the shares (representing at least 92.96 per cent. of the voting and administrative rights) in the share capital of the Issuer are part of the Collateral.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to cause the Notes to be admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange; *provided*, *however*, that if the Issuer is unable to list the Notes on the Luxembourg Stock Exchange, it will use its commercially reasonable efforts to list and maintain a listing of such Notes on another internationally recognized stock exchange. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and the Issuer determines that it will not maintain such listing, it will, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange, list the Notes on another internationally recognized stock exchange.

Events of Default

Each of the following is an ''Event of Default'' under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, which continues for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by Holdco, the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its agreements contained in the Indenture (other than a default in performance or breach of a covenant or agreement which is specifically dealt with in clauses (1) or (2) above);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (''payment default''); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the ''cross acceleration provision''),

    and, in each case (a) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €20.0 million or more or (b) to the extent any such Indebtedness is incurred pursuant to clause (1) or (6) of the second paragraph of the covenant described under ''*—Limitation on Indebtedness*'' and secured by the Collateral upon any instruction by an instructing group to commence enforcement of the Collateral in accordance with the terms thereof;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer, Holdco, any Guarantor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the ''bankruptcy provisions'');

(6) failure by Holdco, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €10.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the ''judgment default provision'');

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than (i) in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture or (ii) caused by the action or inaction of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days.

However, a Default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the Default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such Default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under ''*Events of Default*'' has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the applicable Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any, which shall require the consent of each Holder affected thereby unless Holders of not less than 90% in then outstanding principal amount waives such Default or Event of Default) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity and/or pre-funding satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security and/or pre-funding satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default or Event of Default occurs and is continuing and the Trustee is

informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Trustee will not be responsible for monitoring any of the covenants or restrictions or obligations contained in the Notes or the Indenture or the Intercreditor Agreement. The Issuer is required under the Indenture to deliver to the Trustee annually a certificate regarding compliance with the Indenture. In all instances under the Indenture and the Intercreditor Agreement, the Trustee will be entitled to rely on any certificates, statements or opinions delivered pursuant to the Indenture or the Intercreditor Agreement absolutely (without liability to any person) and will not be obliged to enquire further as regards the circumstances then existing and will not be responsible to the Holders for any other person for so relying.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an ''Initial Default'') then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled ''—*Reports*'' or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture provides for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of such Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes). Without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes then outstanding (or, alternatively, the consent of each Holder affected thereby), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case, as described above under ''—*Optional Redemption*;''

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to receive payment of principal of, and interest or Additional Amounts, if any, on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all of the Security Interest granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on such Notes (except pursuant to a rescission of acceleration of such Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release all or substantially all of the Guarantors from any of their obligations under their respective Guarantees or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, any Guarantor, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Guarantees, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, a Guarantee, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Lien in favor of the Security Agent for the benefit of the Holders or parties to the Senior Facilities Agreement, in any property which is required by the Security Documents or the Senior Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Lien is required to be granted to the Security Agent, or to the extent necessary to grant a Lien in the Collateral for the

benefit of any Person; *provided that* the granting of such Lien is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under ''*Certain Covenants—Impairment of Security Interests*'' is complied with; or

(10) as provided in ''Certain Covenants—Additional Intercreditor Agreements'' or ''Certain Covenants—Impairment of Security Interests.''

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Meeting of Holders of Notes

Without prejudice to the provisions described above under the caption ''*—Amendments and waivers*'', in accordance with the provisions set forth under the Italian Civil Code, the Indenture includes provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened by the directors of the Issuer and/or the Noteholders' Representative (as defined below under the caption ''*—Noteholders' Representative*'') and shall be convened upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two thirds of the aggregate principal amount of the Notes so present or represented at such meeting that will be validly held if there are one or more persons present that hold or represent Holders of more than one third of the aggregate principal amount of the outstanding Notes; *provided, however*, that (a) the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law) and (b) certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under ''*—Amendments and waivers*'', and to the extent permitted under Italian law, the Indenture contractually increases the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 90%. Any extraordinary resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such extraordinary resolution.

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of The Law Debenture Trust Corporation p.l.c., as representative (''*rappresentante*'') pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code (the ''Security Representative'') in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the ''Noteholders' Representative'') may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Noteholders in order to represent the interests of the holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more holders of the Notes and/or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture (''legal defeasance'') and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the rights of the Trustee and the Holders under the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under ''Certain Covenants'' (other than clauses (1) and (2) of ''*Certain Covenants—Merger and Consolidation—The Issuer*'') and ''*Change of Control*'' and the default provisions relating to such covenants described under ''*Events of Default*'' above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions (other than with respect to the Issuer and Significant Subsidiaries), the judgment default provision, the guarantee provision and the security default provision described under ''*Events of Default*'' above (''covenant defeasance'').

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under ''*Certain Covenants—Merger and Consolidation—The Issuer*''), (4), (5) (other than with respect to the Issuer and Significant Subsidiaries), (6), (7) or (8) under ''*Events of Default*'' above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the ''defeasance trust'') with the Trustee (or another entity designated by the Trustee for this purpose) money in euros or euro-denominated European Government Obligations or a combination thereof in an amount sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption

or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all such Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all such Notes not previously delivered to the Paying Agent or Registrar for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent or Registrar for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of such Notes at Stated Maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the ''*Satisfaction and Discharge*'' section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided that* any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)). If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided*, however, that the Holders shall have received at least five (5) Business Days' notice from the Issuer of such earlier payment date (which may be included in the notice of redemption).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, and Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under or any Guarantor the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee is informed in writing, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee, the Paying Agent or any other such Agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries. If the Trustee or any Agent becomes the Holder, beneficial owner or pledgee of any Notes, it may deal with the Issuer with the same rights it would have if it were not the Trustee, Paying Agent or any other such Agent.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes of the Issuer will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, such notices will be posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer in accordance with the rules and procedures of Euroclear and Clearstream, as applicable, in lieu of the aforesaid mailing.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided that*, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent) or made, as the case may be.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. The Indenture will provide that the Issuer and each Guarantor will appoint Law Debenture Corporate Services Inc., 801 2nd Avenue, Suite 403, New York, NY 10017, as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantees brought in any U.S. Federal or New York State court located in the City of New York.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Guarantees, the Issuer, Holdco and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the Notes and the Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales. The Security Documents will be governed by the applicable local laws of the jurisdiction under which the Liens over the Collateral are granted.

Certain Definitions

''*Acquired Indebtedness*'' means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of

assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

''*Acquisition Agreement*'' means the acquisition agreement entered into between Holdco, as purchaser, and Interbanca S.p.A., as seller, dated August 9, 2017 and relating to the sale and purchase of 20,584,400 ordinary shares and 32,331,764 Class A Shares in the Issuer.

''*Additional Notes*'' means the additional Notes having identical terms and conditions as the Notes and issued under the Indenture.

''*Affiliate*'' of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, ''control'' when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms ''controlling'' and ''controlled'' have meanings correlative to the foregoing.

''*Agreed Security Principles*'' the agreed security principles appended to the Senior Facilities Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

''*Applicable Premium*'' means, with respect to any Note the greater of:

(1) 1% of the principal amount of such Note and

(2) as of any redemption date, the excess (to the extent positive) of:

 (A) the present value at such redemption date of (1) the redemption price of such Note at October 15, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under ''—*Optional Redemption*'' (excluding accrued and unpaid interest to the redemption date)), plus (2) all required interest payments due on such Note to and including October 15, 2019 (excluding accrued but unpaid interest to the redemption date), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

 (B) the outstanding principal amount of such Note, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

The calculation of the Applicable Premium shall be performed by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

''*Asset Disposition*'' means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a ''disposition'') by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under ''*Certain Covenants—Merger and Consolidation*'' or a transaction that constitutes a Change of Control;

(6) an issuance or transfer of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer) of less than €5.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under ''*Certain Covenants—Limitation on Restricted Payments*'' and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (2) of the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,'' asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption ''*—Certain Covenants—Limitation on Liens*'';

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing, sub-licensing or assignment of intellectual property or other general intangibles, licenses, sub-licenses, leases, subleases or assignments of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables and related assets in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors or a member of Senior Management shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed €8.5 million;

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by the covenant described above under ''*—Limitation on Indebtedness*'' or an

issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided that* any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the ''*—Limitation on Sales of Assets and Subsidiary Stock*'' covenant; and

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

''*Associate*'' means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

''*Board of Directors*'' means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of this Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). References to ''Board of Directors'' shall be construed to mean ''Board of Directors'' of the Issuer.

''*Bund Rate*'' as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Board of Directors or a member of Senior Management in good faith)) most nearly equal to the period from the redemption date to October 15, 2019; *provided*, *however*, that if the period from the redemption date to October 15, 2019, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to October 15, 2019, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

''*Business Day*'' means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, London, United Kingdom, or New York, New York, United States are authorized or required by law to close.

''*Capital Stock*'' of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

''*Capitalized Lease Obligations*'' means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

''*Cash Equivalents*'' means:

(1) securities issued or directly and fully guaranteed or insured by the United Kingdom, the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or,

in each case, any agency or instrumentality thereof (*provided that* the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Senior Facilities Agreement or by any bank or trust company (a) whose commercial paper is rated at least ''A-2'' or the equivalent thereof by S&P or at least ''P-2'' or the equivalent thereof by Moody's or at least ''F-2'' or an equivalent thereof by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least ''A-2'' or the equivalent thereof by S&P, at least ''P-2'' or the equivalent thereof by Moody's or at least ''F-2'' or an equivalent by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if each of the three named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United Kingdom, the United States, any state of the United States of America, Canada or any province of Canada, any member state of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of ''BBB−'' or higher from S&P, ''Baa3'' or higher from Moody's or ''BBB−'' or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United Kingdom, the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (8) above; and

(10) for purposes of clause (2) of the definition of ''Asset Disposition,'' the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

''*Change of Control*'' means:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any ''person'' or ''group'' of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or being or becoming the ''beneficial owner'' (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided that*

for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

''*Clearstream*'' means Clearstream Banking, a *société anonyme*, or any successor securities clearing agency.

''*Collateral*'' means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Guarantee.

''*Commodity Hedging Agreement*'' means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

''*Consolidated EBITDA*'' for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense including goodwill, or provisions for bad debt;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments, including earn-outs), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Refinancing (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under ''*Certain Covenants—Limitation on Affiliate Transactions*'';

(8) other non-cash charges, expenses, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items and the amount of any restructuring charges, accruals, or reserves and any integration costs, less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by the Issuer in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing or any other receivables financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

''*Consolidated Income Taxes*'' means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

''*Consolidated Interest Expense*'' means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings;

(5) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any guarantee of Indebtedness or other obligation of any other Person;

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Indebtedness (including, without limitation, under any Credit Facility), which is included in interest expenses under IFRS, (iv) any payments on any operating leases, including without limitation any payment on any lease, sublease, rental or license of property (or guarantee thereof) which would be considered an operating lease under IFRS in effect as of the Issue Date and (v) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding).

''*Consolidated Leverage*'' means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries.

''*Consolidated Leverage Ratio*'' means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Senior Secured Leverage Ratio below;

''*Consolidated Net Income*'' means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Restricted Payments*,'' any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer or a Guarantor that holds the equity interests in such Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture and the Senior Facilities Agreement, (c) contractual restrictions in effect on the Issue Date (including pursuant to the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions permitted under the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*''), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary (including by way of a loan) during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or loan to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of Senior Management);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Refinancing or any investments), acquisition costs, business optimization costs, system establishment, software or information technology implementation or development costs (for the avoidance of doubt, such system establishment, software or information technology implementation or development costs shall relate to general operating expenses of the business and shall not relate to costs associated with the development or provision of products), costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under ''*Certain Covenants—Limitation on Restricted Payments*'';

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the

functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Refinancing or any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

''*Consolidated Net Leverage*'' means Consolidated Leverage less the amount of cash and Cash Equivalents that is stated on the consolidated balance sheet of the Issuer as of such date in accordance with IFRS.

''*Consolidated Net Leverage Ratio*'' means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Senior Secured Leverage Ratio below.

''*Consolidated Senior Secured Leverage*'' means the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries.

''*Consolidated Senior Secured Leverage Ratio*'' means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available. If the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the ''Calculation Date''), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under ''*—Certain Covenants—Limitation on Indebtedness*'' or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under ''*—Certain Covenants—Limitation on Indebtedness*'' (in each case other than for the purposes of calculating the Consolidated Senior Secured Leverage Ratio under clause (5) of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*''). Whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations shall be as determined in good faith by a responsible accounting or financial officer of the Issuer, including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Issuer or any Restricted Subsidiary, including, without limitation, in connection with any transaction, Investment, acquisition, disposition, restructuring, corporate reorganization or otherwise.

In addition, for purposes of calculating the Consolidated Senior Secured Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries

which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period.

''*Contingent Obligations*'' means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (''primary obligations'') of any other Person (the ''primary obligor''), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(3) for the purchase or payment of any such primary obligation; or

(4) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(5) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

''*Credit Facility*'' means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term ''Credit Facility'' shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

''*Currency Agreement*'' means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

''*Default*'' means any event which is, or after notice or passage of time or both would be, an Event of Default.

''*Designated Non-Cash Consideration*'' means the fair market value (as determined in good faith by the Board of Directors or an Officer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under ''*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*.''

''*Designated Preference Shares*'' means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as ''Designated Preference Shares'' pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Restricted Payments*.''

''*Disqualified Stock*'' means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption ''*—Certain Covenants—Limitation on Restricted Payments*.'' For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

''*Equity Offering*'' means (x) a sale of Capital Stock of the Issuer or a Restricted Subsidiary (other than to the Issuer or its Subsidiaries) (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person (other than to the Issuer or its Subsidiaries), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

''*Escrowed Proceeds*'' means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term ''Escrowed Proceeds'' shall include any interest earned on the amounts held in escrow.

''*Euro Equivalent*'' means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The *Financial Times* in the ''Currency Rates'' section (or, if The *Financial Times* is no longer published, or if such information is no longer available in The *Financial Times*, such source as may be selected in good faith by the Board of Directors or a member of Senior Management) on the date of such determination.

"*Euroclear*" means Euroclear Bank S.A./N.V. or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means the European Union as of the Issue Date, consisting of Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means the Net Cash Proceeds or fair market value of property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available (y) the Consolidated Interest Expense for the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness and Indebtedness Incurred under any revolving credit facility (unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four quarter reference period; *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*." Whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations shall be as determined in good faith by a responsible accounting or financial officer of the Issuer, including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial

steps have been taken, by the Issuer or any Restricted Subsidiary, including, without limitation, in connection with any transaction, Investment, acquisition, disposition, restructuring, corporate reorganization or otherwise.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by an Officer of the Issuer responsible for accounting or financial reporting to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

''*guarantee*'' means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term ''guarantee'' will not include endorsements for collection or deposit in the ordinary course of business. The term ''guarantee'' used as a verb has a corresponding meaning.

''*Guarantee*'' means the guarantee by each Guarantor of any obligations of the Issuer under the Notes and the Indenture.

''*Guarantor*'' means each Restricted Subsidiary that Guarantees the Notes.

‘‘*Hedging Obligations*’’ of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

‘‘*Holder*’’ means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

‘‘*Holding Company*’’ means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

‘‘*IFRS*’’ means International Financial Reporting Standards (formerly International Accounting Standards) (‘‘IFRS’’) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. All ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date.

‘‘*Incur*’’ means issue, create, assume, enter into any guarantee of, Incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms ‘‘Incurred’’ and ‘‘Incurrence’’ have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be ‘‘Incurred’’ at the time any funds are borrowed thereunder.

‘‘*Indebtedness*’’ means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (the amount of such Indebtedness being equal to the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer) and (b) the amount of such Indebtedness of such other Persons);

(8) guarantees by such Person of the principal component of Indebtedness of other Persons to the extent guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term ‘‘Indebtedness’’ shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or guarantee thereof) which would be considered an operating lease

under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business (iv) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or (v) any Qualified Receivables Financing on a non-recourse basis.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) (a) Contingent Obligations Incurred in the ordinary course of business and (b) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement.

''*Independent Financial Advisor*'' means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

''*Initial Public Offering*'' means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the ''IPO Entity'') following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

''*Intercreditor Agreement*'' means the Intercreditor Agreement dated August 3, 2017 by and among, *inter alios*, the Issuer, Holdco, the Security Agent and the Trustee, as amended from time to time.

''*Interest Rate Agreement*'' means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

''*Investment*'' means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such

Subsidiary not sold or disposed of in an amount determined as provided in the last paragraph of the covenant described above under the caption ''*Certain Covenants—Limitation on Restricted Payments*.''

For purposes of ''*Certain Covenants—Limitation on Restricted Payments*'':

(1) ''Investment'' will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

''*Investment Grade Securities*'' means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of ''BBB–'' or higher from S&P or ''Baa3'' or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

''*Investment Grade Status*'' shall occur when all of the Notes receive any two of the following:

(1) a rating of ''BBB–'' or higher from S&P;

(2) a rating of ''Baa3'' or higher from Moody's; and

(3) a rating of ''BBB–'' or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

''*Investors*'' means Alberto Tripi, Vittoria Tolotti, Marco Tripi and Valeria Tripi.

''*IPO Market Capitalization*'' means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

''*Italian Civil Code*'' means the Italian civil code (*codice civile*), enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

''*Lien*'' means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

''*Management Advances*'' means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €1.0 million in the aggregate outstanding at any time.

''*Management Investors*'' means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

''*Market Capitalization*'' means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

''*Moody's*'' means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

''*Nationally Recognized Statistical Rating Organization*'' means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(2)(vi)(F) under the Exchange Act.

''*Net Available Cash*'' from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

''*Net Cash Proceeds*'' means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

''*Notes Documents*'' means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

''*Offering Memorandum*'' means the offering memorandum relating to the issuance of the Notes.

''*Officer*'' means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity,

or (2) any other individual designated as an ''Officer for the purposes of the Indenture by the Board of Directors of such Person.

''*Officer's Certificate*'' means, with respect to any Person, a certificate signed by one Officer of such Person.

''*Opinion of Counsel*'' means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

''*Parent*'' means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

''*Parent Expenses*'' means:

(1) costs (including all professional fees and expenses, audit and accounting costs) incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person or applicable law to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Refinancing;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to any litigation or other dispute relating to the Refinancing or the ownership, directly or indirectly, by any Parent, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating expenses, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, directors, officers and employees of such Parent, (d) customary salary, bonus, severance and other benefits payable to current or former directors, officers, members of management, managers, employees or consultants (or any immediate family member thereof) of any Parent *plus* any reasonable and customary indemnification claims made by current or former directors, officers, members of management, managers, employees or consultants of any Parent, to the extent such salary, bonuses, severance and other benefits or claims in respect of any of the foregoing are directly attributable and reasonably allocated to the ownership or operations of such Parent, (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent and (f) insurance premiums to the extent relating to such Parent, the Notes or any of its Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Refinancing or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €0.5 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries;

(8) expenses incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness: (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary, (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall

cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) costs and expenses equivalent to those set out in clauses (1) to (8) above with respect to a Special Purpose Vehicle.

''*Pari Passu Indebtedness*'' means Indebtedness of the Issuer or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Indebtedness.

''*Paying Agent*'' means any Person authorized by the Issuer to pay the principal of (and premium and Additional Amounts, if any) or interest on any Note on behalf of the Issuer.

''*Permitted Collateral Liens*'' means:

(1) Liens on the Collateral that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (13), (14), (17), (18), (19), (20), (21), (23) and (24) of the definition of ''Permitted Liens'' and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(2) Liens on the Collateral to secure (a) any Notes (excluding any Additional Notes) and any related Guarantees, (b) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*''; (c) Indebtedness permitted to be Incurred by the Issuer or a Guarantor under clause (5) of the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*''; *provided that*, after giving *pro forma* effect to such Incurrence at the time of the acquisition or other transaction pursuant to which such Indebtedness was Incurred, (i) the Issuer would have been able to Incur €1.00 of Senior Secured Indebtedness pursuant to clause (2) of the first paragraph of the covenant described under ''*—Limitation on Indebtedness*'' or (ii) the Consolidated Senior Secured Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or transaction on a *pro forma* basis; (d) Indebtedness that is permitted to be Incurred under clause (1) of the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*'' which Indebtedness may have super senior priority status not materially less favorable to the Holders of Notes than that accorded to the Revolving Credit Facility pursuant to the Intercreditor Agreement and which may rank *pari passu* with the Revolving Credit Facility with respect to the distribution of proceeds of enforcement of the Collateral on the terms of the Intercreditor Agreement; (e) Indebtedness that is permitted to be Incurred under clause (2) of the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*'' to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens); (f) Indebtedness that is permitted to be Incurred under clauses (4)(b), (6) (which Indebtedness may have super senior priority status) or (11) of the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*''; and (g) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (a), (b), (c), (d), (e) or (f); *provided that* any such Lien incurred under this clause (2) shall rank *pari passu* with, or junior to, the Liens securing the Notes or the Guarantees, except to the extent provided in sub-clauses (d) and (f) above and each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

''*Permitted Holders*'' means, collectively, (1) the Investors, (2) Management Investors, (3) any Related Person of any Persons specified in clause (1) or (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided that*, in the case of such group and without giving effect to the existence of such group or any other group, the Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables made in connection with any Qualified Receivables Financing, including Investments held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary' course of business;

(6) Management Advances;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided that* the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed €15.0 million; *provided that*, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8), (9) and (11) of that paragraph);

(15) guarantees not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(16) Investments in loans under the Senior Facilities Agreement, the Notes and any Additional Notes and any other Indebtedness of the Issuer and/or its Restricted Subsidiaries.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided that* appropriate reserves or provisions required pursuant to IFRS have been made in respect thereof;

(5) Liens (a) in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business and (b) securing obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments permitted to be Incurred pursuant to the second paragraph of the covenant entitled "*—Certain Covenants—Limitations on Indebtedness*";

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided that* (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any

Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, Incurred or assumed in connection with, or in contemplation of such acquisition or transaction; provided, that such Liens are limited to the assets, property or shares of stock acquired (including those of a Person that becomes a Restricted Subsidiary) plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Guarantor;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided that* any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on receivables and other assets of the type described in the definition of ''Qualified Receivables Financing'' Incurred in connection with a Qualified Receivables Financing;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash to prefund any interest or other costs associated with such Indebtedness;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or Liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of ''Cash Equivalents'' in connection with the disposal thereof to a third party;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Guarantees; (b) Liens granted pursuant to and subject to the Intercreditor Agreement and the Security Documents; (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement; (d) Liens securing Indebtedness Incurred under clause (14) of the second paragraph of the covenant entitled ''*—Limitation on Indebtedness*; and (e) Liens securing Indebtedness Incurred under clause (1) of the second paragraph of the covenant entitled ''*—Limitation on Indebtedness*'' to the extent the Agreed Security Principles would not prohibit such Lien to be granted to such Indebtedness and not to the Notes;

(31) Liens *provided that* the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed €10.0 million; and

(32) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (31) (other than Liens described in clause (31) of this definition); *provided that* any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

''*Person*'' means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

''*Preferred Stock*,'' as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

''*Public Debt*'' means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

''*Public Market*'' means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

''*Public Offering*'' means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

''*Purchase Money Obligations*'' means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including

Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

''*Qualified Receivables Financing*'' means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations, receivable sale facilities, factoring facilities or invoice discounting facilities involving receivables.

''*Receivables Fees*'' means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

''*Receivables Repurchase Obligation*'' means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

''*Receivables Subsidiary*'' means a wholly owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (c) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

''*refinance*'' means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms ''refinances,'' ''refinanced'' and ''refinancing'' as used for any purpose in the Indenture shall have a correlative meaning.

''*Refinancing*'' shall have the meaning assigned to such term in the Offering Memorandum under the caption ''*Summary—The Refinancing*.''

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced, or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle controlled, directly or indirectly, managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

    (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

    (b) issuing or holding Subordinated Shareholder Funding;

    (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to ''*Certain Covenants—Limitation on Restricted Payments*''; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the sum of the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries and the amount actually received in cash from its Unrestricted Subsidiaries.

''*Replacement Assets*'' means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or Senior Management are reasonably related.

''*Representative*'' means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

''*Restricted Investment*'' means any Investment other than a Permitted Investment.

''*Restricted Subsidiary*'' means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

''*Revolving Credit Facility*'' means the revolving credit facility made available under the Senior Facilities Agreement.

''*S&P*'' means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

''*SEC*'' means the U.S. Securities and Exchange Commission.

''*Securities Act*'' means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

''*Security Documents*'' means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, confirmed, supplemented or otherwise modified from time to time, creating the Security Interest in the Collateral as contemplated by the Indenture.

''*Security Interest*'' means the interest in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Guarantees and the Indenture.

''*Senior Facilities Agreement*'' means the €270.0 million senior secured term and revolving facilities agreement dated August 3, 2017, between, among others, the Issuer as borrower and the lenders named therein, as the same may be amended from time to time.

''*Senior Management*'' means the officers, directors, and other members of senior management of the Issuer.

''*Senior Secured Indebtedness*'' means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is (i) Incurred under the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*'' or clauses (1), (4)(a), 4(c), (5), (11), or (13) of the second paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*'' (and any Refinancing Indebtedness in respect thereof), that is secured by a Lien on the Collateral, (ii) is secured by any Lien on assets other than the Collateral or (iii) Incurred by a Restricted Subsidiary that is not a Guarantor.

''*Significant Subsidiary*'' means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

''*Similar Business*'' means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) the business management software business and (c) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

''*Special Purpose Vehicle*'' means an entity established by any Parent for the purposes of maintaining an equity incentive or compensation plan for Management Investors.

''*Standard Securitization Undertakings*'' means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Qualified Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

''*Stated Maturity*'' means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in ''*—Change of Control*'' and the covenant under ''*—Limitation on Sales of Assets and Subsidiary Stock*,'' to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

''*Subordinated Indebtedness*'' means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any guarantee pursuant to a written agreement.

''*Subordinated Shareholder Funding*'' means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes

pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the ''Investor Liabilities'' (as defined therein).

''*Subsidiary*'' means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

''*Successor Parent*'' with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, ''beneficially owned'' (as defined below) by one or more Persons that ''beneficially owned'' (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, ''beneficially own'' has the meaning correlative to the term ''beneficial owner,'' as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

''*Tax Sharing Agreement*'' means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

''*Taxes*'' means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

''*Temporary Cash Investments*'' means any of the following:

(1) any investment in

  (a) direct obligations of, or obligations guaranteed by, (i) the United Kingdom, the United States or Canada, (ii) any other European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

  (b) direct obligations of any country recognized by the United States of America rated at least ''A'' by S&P, ''A-1'' or ''A'' by Fitch or by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

  (a) any lender that is an institution authorized to operate as a bank under the Senior Facilities Agreement,

  (b) any lender that is an institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (7) below, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least ''A – '' by S&P, ''A-3'' or ''A'' by Fitch or by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of or ''A'' by Fitch, Moody's or S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clause (2) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(5) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of ''P-2'' (or higher) according to Moody's or ''A-2'' (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United Kingdom, United States, Canada, any other European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least ''BBB – '' by S&P or ''Baa3'' by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least ''A'' by S&P, ''A2'' by Moody's or ''A'' by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(9) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (8) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(10) investments in money market funds (a) complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended or (b) rated ''AAA'' by S&P, ''Aaa'' by Moody's or ''AAA'' by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

''*Total Assets*'' means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of the Issuer prepared on the basis of IFRS.

''*Uniform Commercial Code*'' means the New York Uniform Commercial Code.

''*Unrestricted Subsidiary*'' means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with ''*Certain Covenants—Limitation on Restricted Payments*.''

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under ''*Certain Covenants—Limitation on Indebtedness*'' or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

''*Voting Stock*'' of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to QIBs in reliance on Rule 144A (the ''Rule 144A Notes'') under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the ''Rule 144A Global Notes''). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the ''Common Depositary'') for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system (''Euroclear''), and Clearstream Banking, *société anonyme* (''Clearstream'') and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the ''Regulation S Notes'') under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the ''Regulation S Global Notes'' and, together with the Rule 144A Global Notes, the ''Global Notes''). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary for the accounts of Euroclear and Clearstream.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the ''Restricted Book-Entry Interests'') and in the Regulation S Global Notes (the ''Regulation S Book-Entry Interests'' and, together with the Restricted Book-Entry Interests, the ''Book-Entry Interests'') will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or ''holders'' of Notes under the Indenture for any purpose (other than for certain tax purposes).

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither we, the Trustee, any Paying Agent, Registrar or Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion

thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided, however, that* no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under ''*Description of the Notes—Withholding Taxes*.'' If any such deduction or withholding is required to be made, then, to the extent described under ''*Description of the Notes—Withholding Taxes*,'' we will pay additional amounts as may be necessary in order that the net amounts received after such deduction or withholding will equal the net amounts that would have been otherwise received absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holders of the Global Notes (i.e., the Common Depositary Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Trustee nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency and payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither we nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the ''Definitive Registered Notes''), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in ''*Transfer Restrictions.*'' Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in ''*Transfer Restrictions.*''

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in ''*Transfer Restrictions.*''

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A under the Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. We, the Trustee, the Paying Agent or any of our/their respective agents will not have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and we fail to appoint a successor within 120 days;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised us that upon request by an owner of a Book-Entry Interest, its current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in ''*Transfer Restrictions*,'' unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents, the Registrars and the Transfer Agents will be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided that* no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of the Trustee and us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See ''*Transfer Restrictions.*''

So long as the Notes are listed on the Official List of and the rules of the Luxembourg Stock Exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

TAX CONSIDERATIONS

If you are a prospective investor, you should consult your tax adviser as to the possible tax consequences of buying, holding or selling any Notes, including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The discussions that follow do not purport to be a comprehensive description of the tax law and practice currently applicable in the European Union, Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules. In particular, these discussions do not consider any specific facts or circumstances that may apply to you.

The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Offering Memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to EU, Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws in force in the Republic of Italy and on published practices of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. The following is a summary of certain material Italian tax consequences of the purchase, ownership, redemption and disposition of Notes for Italian resident and non-Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes and is structured and conducts its business in the manner outlined in this Offering Memorandum. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. This summary also assumes that the Notes are listed from their issue and traded on a regulated market or on a multi-lateral trading platform of EU Member States or EEA Member States which allow a satisfactory exchange of information with Italy, as identified by (i) the Italian tax authorities in Italian Ministerial Decree of September 4, 1996 as subsequently amended, supplemented and replaced or (ii) once effective, in any other decree that will be issued in the future under Art. 11(4)(c) of Italian Legislative Decree No. 239 of April 1, 1996 to provide the list of such countries. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian law. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

Tax treatment of interest

Italian Legislative Decree No. 239 of April 1, 1996, as subsequently amended (''Decree 239'') sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as ''Interest'') deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (*titoli similari alle obbligazioni*), pursuant to Article 44 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented (''Decree 917''), issued, *inter alia*, by:

a) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the EEA Agreement allowing a

satisfactory exchange of information with the Italian tax authorities as included in (i) the decree of the ministry of Economy and Finance of September 4, 1996 as subsequently amended and supplemented or (ii) once effective, any other decree that will be issued in the future under Article 11 paragraph 4 letter c) of Decree No. 239 (any of such decrees, the ''White List''); or

b) companies resident in Italy for tax purposes whose shares are not listed, issuing bonds and similar securities traded (negoziati) upon their issuance in one of the regulated markets or multilateral trading platforms mentioned sub a); or

c) if not traded on the aforementioned markets or multilateral trading platforms, when such bonds and similar securities are subscribed and held solely by ''qualified investors'' (''*investitori qualificati*'') pursuant to article 100 of the Italian Financial Act.

For this purpose, pursuant to Article 44(2)(c)(2) of Decree 917, securities similar to bonds (''*titoli similari alle obbligazioni*'') are securities that incorporate an unconditional obligation of the Issuer to pay, at maturity (or at any earlier redemption), an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer or of the business in connection with which they are issued.

Italian resident noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident beneficial owner of the Notes (a ''Noteholder'') is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*) or a professional association;
- a non-commercial private or public institution (other than Italian undertaking for collective investments); or
- an investor exempt from Italian corporate income taxation,

(A) then Interest derived from the Notes, and paid during the relevant holding period, is subject to a withholding tax, referred to as ''*imposta sostitutiva*,'' levied at the rate of 26%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the ''*risparmio gestito regime''* under Article 7 of Legislative Decree No. 461 of November 21, 1997 (''Decree 461''). (see also ''*Tax treatment of capital gains—Discretionary investment portfolio regime (Risparmio gestito regime)*'' below); and

(B) subject to certain conditions (including a minimum holding period requirement) and several limitations, Interest on the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from income taxation if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of December 11, 2016 (''Finance Act 2017.'')

Noteholders engaged in an entrepreneurial activity

Where an Italian resident Noteholder is a company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the ''status'' of the Noteholder, may also be subject to the Italian regional tax on productive activities (''IRAP.'') In case the Notes are held by, *inter alia,* an individual engaged in an entrepreneurial activity and are effectively connected with the same entrepreneurial activity, Interest will be subject to *imposta sostitutiva* and will be included in the relevant income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostituiva* may be recovered as a deduction from the income tax due.

Real estate investment funds and real estate SICAFs

Interest on the Notes accrued during the relevant holding period in the hands of Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or ''SICAFs'') is subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF, provided that, *inter alia,* the Notes, together with the coupons relating thereto, are promptly deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-resident intermediary). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders of such real estate investment funds or real estate SICAFs in the event of distributions, redemption or sale of the units or shares. Moreover, in certain circumstances, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders or shareholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Where an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund (a ''Fund''), or an open-ended investment company (*Società di Investimento a Capitale Variabile,* or ''SICAV'') or an a non-real estate SICAF (*Società di Investimento a Capitale Fisso non Immobiliere* or ''non-real estate SICAF'') established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorized intermediary, Interest on the Notes accrued during the relevant holding period will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax at a rate of 26% will instead apply, in certain circumstances, to distributions made in favour of unitholders or shareholders of the Fund, the SICAV or the non-real estate SICAF.

Pension funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree of December 5, 2005, No. 252) and, *inter alia,* the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the relevant holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period, which will be subject to a 20% substitute tax.

Enforcement of imposta sostitutiva

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (''SIM''), fiduciary companies, *società di gestione del risparmio* (''SGR''), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an ''Intermediary.'')

An Intermediary must:

- be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and
- intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary or a permanent establishment in Italy of a non-Italian resident financial intermediary paying interest to a Noteholder, or absent that, by the Issuer, and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected are entitled to deduct the *imposta sostitutiva* payable from income taxes due.

Pursuant to article 9 of Decree No. 239, certain non-Italian resident entities or companies acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance intermerdiary are treated as equivalent to an intermediary for the purposes of Decree No. 239 if certain specific conditions are met.

Non-Italian resident noteholders

Where the Noteholder is a non-Italian tax resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian tax resident Noteholder is:

a) a beneficial owner of the Interest and resident, for tax purposes, in a State or territory included in the White List; or

b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

c) an ''institutional investor,'' whether or not subject to tax, which is established in a State or territory included in the White List; or

d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must promptly deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

1. an Italian or non-Italian resident bank or financial institution (the ''First Level Bank''), acting as intermediary in the deposit of the Notes held directly or indirectly by the Noteholder with a Second Level Bank (as defined below); or

2. an Italian resident bank or certain other specific financial institutions, or a permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the ''Second Level Bank''). Organizations and companies that are not resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance are treated as Second Level Banks, provided that they appoint an Italian fiscal representative (an Italian resident bank or certain other specific financial institutions, or the permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-resident Noteholders is conditional upon:

(i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank (as the case may be), concurrently with the deposit of the Notes, of a statement of the relevant Noteholder (*autocertificazione*), in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by the Italian Ministerial Decree of December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point d) above. Additional requirements are provided for ''institutional investors'' referred to in point c) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

Failure of a non-Italian resident Noteholder to comply promptly with the aforementioned procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

The *imposta sostitutiva* will be applicable at the rate of 26% to Interest paid to Noteholders who do not qualify for the foregoing exemption or do not promptly and properly satisfy the requested contiditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). Non-Italian resident Notehholders who are subject to *imposta sostitutiva* might nevertheless be eligible

for full or partial relief under an applicable tax treaty subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Payments made by an Italian resident guarantor

According to a certain interpretation, payments on the Notes made by an Italian resident guarantor under a guarantee should be treated, in certain circumstances, as payment by the relevant Issuer and should be subject to the tax regime described above. However, there are no public guidelines issued by the Italian tax authorities dealing with the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, if any future Italian resident guarantor makes any payments in respect of interest on the Notes (or any other amounts due under the Notes other than the repayment of principal) it is possible that such payments may be subject to withholding tax at the applicable rate of 26% pursuant to Presidential Decree No. 600 of September 29, 1973, subject to such relief as may be available under the provisions of any applicable double taxation treaty.

Tax treatment of capital gains

Italian resident noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gains tax (*imposta sostitutiva*, or ''CGT'') levied at the rate of 26%. Noteholders may set off any capital losses with their capital gains subject to certain conditions. In respect of the application of *imposta sostitutiva*, taxpayers may opt, under certain conditions, for any of the three regimes described below.

Tax declaration regime

Under the ''tax declaration regime'' (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual holding the Notes during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same nature, in their annual tax return and pay the CGT on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realized in any of the four following tax years.

Non-discretionary investment portfolio regime (Risparmio amministrato regime)

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:

(i) the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries (including permanent establishment in Italy of foreign intermediaries); and

(ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital

gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up and until to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Discretionary Investment Portfolio Regime (*Risparmio gestito regime*)

In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized in its annual tax return.

Subject to certain conditions (including minimum holding period requirement) and several limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the sale or redemption of the Notes would be treated as part of taxable business income (and, in certain circumstances, depending on the ''status'' of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected), a commercial partnership, or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds and real estate SICAFs

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF to which the provisions of Decree 351 as subsequently amended apply will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders of such real estate investment funds or real estate SICAFs in the event of distributions, redemption or sale of the units or shares. Moreover, in certain circumstances, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder which is an Italian Fund, an Italian SICAV or an Italian non-real estate SICAF will not be subject to CGT but will be included in the results of the relevant portfolio accrued at the end of the relevant fiscal year. Such results will not be taxed at the level of the Fund, the SICAV or the non-real estate SICAF, but subsequent distributions in favour of unithholders or shareholders may be subject to a withholding tax at 26% rate.

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree of December 5, 2005, n. 252) will be included in the results of the relevant portfolio accrued at the end of the relevant tax period, and subject to a 20% substitute tax.

Non-Italian resident noteholders

A 26% CGT on capital gains may be payable in Italy on capital gains realized on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the CGT, subject to the timely filing of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this offering memorandum, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if the Notes are not traded on regulated markets, are not subject to the CGT, provided that the beneficial owner is:

a) a resident, for tax purposes, of a state or territory included in the White List; or

b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

c) an ''institutional investor,'' whether or not subject to tax, which is established in a State or territory included in the White List; or

d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy conditions similar to those set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree No. 239 (see ''*Certain Italian tax considerations—Tax Treatment of Interest*.'')

If none of the above exemptions apply, capital gains realized by non-resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the CGT at the current rate of 26%. However, Noteholders might benefit from an applicable tax treaty with Italy, which may provide that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-Italian resident entities without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato regime* or elect for the *risparmio gestito regime*, exemption from Italian taxation on capital gains will apply upon the condition that the non-Italian resident Noteholders file in time with the authorized financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato regime* is the ordinary regime automatically applicable to non-Italian residents holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian resident Noteholders

Pursuant to Italian Law Decree No. 167 of June 28, 1990, converted by Law No. 227 of August 4, 1990, as amended and supplemented (''Decree 167''), individuals, non-commercial institutions and non-commercial partnerships resident in Italy which, at the end of the fiscal year, hold investments abroad or have foreign financial assets (including Notes held abroad and/or Notes issued by a non-Italian resident Issuer) must, in certain circumstances, disclose the aforesaid assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The reporting obligation also applies where the persons above, not being the direct holders of the financial assets, are the actual economic owners thereof for the purposes of the Italian anti-money laundering legislation. This obligation does not exist if the overall value of deposits and current accounts held abroad at any time during the fiscal year does not exceed €15,000 thorughout the year. No disclosure requirements exist for investment and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- 4% on the value of the inheritance or the gift for transfers in favour of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;
- 6% on the value of the inheritance or the gift for transfers in favour of brothers/sisters exceeding, for each beneficiary, a threshold of €0.1 million;
- 6% on the value of the inheritance or the gift for transfers in favour of relatives (*parenti*) up to the fourth degree and to all relatives in law in direct line (*affini in linea retta*) and to other relatives in law (*affini in linea collaterale*) up to the third degree; and
- 8% on the value of the inheritance or the gift for transfers in favour of any other person or entity.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on other certain elements as set out by the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth tax (financial instruments directly held abroad)

According to Article 19(18) of Decree of December 6, 2011, No. 201 (''Decree 201''), Italian resident individuals holding financial assets—including the Notes—outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax at the rate of 0.20% (the tax being determined in proportion to the period of ownership). The wealth tax applies on the market value of the Notes at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties (financial instruments held through Italian financial intermediaries)

According to Tariff Article 13(2*bis,2ter*) of Presidential Decree No. 642 of October 26, 1972, a 0.2% stamp duty generally applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such Italian resident financial intermediary. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports. The Notes are included in the notion of financial products for these purposes. The stamp duty applies on a yearly basis at the rate of 0.20%, calculated on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot exceed €14,000 for taxpayers different from individuals. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on May 24, 2012, the 0.2% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as ''clients'' according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors should be subject to the ordinary €2.00 stamp duty for each copy. Stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

Registration tax

Contracts relating to the transfer of the Notes are subject to the Italian registration tax as follows:

- public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to a fixed registration tax of € 200.00, and
- non-notarized private deeds (*scritture private non autenticate*) are subject to a fixed registration tax of €200.00 only in case of use or voluntary registration or if the so-called ''*caso d'uso*'' or ''*enunciazione*'' occurs.

If the contracts relating to the transfer of the Notes also include other clauses or provisions with economic content, additional Italian registration tax may be due, normally ranging from EUR 200.00 to 3%.

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the ''issue price'' (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term ''U.S. Holder'' means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterization of the Notes

U.S. Treasury regulations provide that, subject to certain exceptions, a debt instrument that provides for one or more contingent payments is a ''contingent payment debt instrument'' (''CPDI''). In certain circumstances, we may be obligated to make additional payments on the Notes in excess of the stated interest and principal amount (e.g., as described under ''*Description of the Notes—Withholding Taxes*,'' ''*Description of the Notes—Optional Redemption*'' and ''*Description of the Notes—Change of Control.*'') These payments could be viewed by the U.S. Internal Revenue Service (the ''IRS'') as causing the Notes to be treated as CPDIs. If the Notes were treated as CPDIs, U.S. Holders would be required to recognize income for U.S. federal income tax purposes at different times and in significantly different amounts than described below, to treat any income realized on the sale or retirement of a Note as ordinary income rather than capital gain, and to suffer additional adverse U.S. federal income tax consequences. To the extent we are required to take a position, we intend to take the position that the Notes are not CPDIs for U.S. federal income tax purposes. Our determination is binding on a U.S. Holder unless such holder expressly discloses that it is adopting a contrary position on its income tax return. No assurance, however, can be given that this characterization will be accepted by the IRS or a court. Prospective purchasers of the Notes should consult their tax advisers regarding the possible treatment of the Notes as CPDIs. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes. For these purposes, interest on the Notes includes any Italian tax withheld from the interest payments you receive and any Additional Amounts paid in respect of such withholding tax. Interest paid by us on the Notes constitutes income from sources outside the United States.

Euro Denominated Interest. The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in euro, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Italian income taxes withheld by the Issuer. Interest generally will constitute ''passive category income'' for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Italian withholding taxes.

Sale and Retirement of the Notes

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost. The amount realized on a sale or retirement for an amount in euro will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of a cash basis U.S. Holder or, if the Notes are treated as traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, an accrual basis U.S. Holder that so elects. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement. Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any Italian withholding tax imposed on the sale or disposition. See ''*Tax Considerations—Italian Tax Considerations*.'' Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Backup Withholding and Information Reporting

Payments of principal, interest on, and the proceeds of the sale or other disposition of Notes paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes.

Brazilian Tax Considerations

The following discussion is a general description of certain Brazilian tax considerations relating to the ownership and sale of the Notes by a holder resident or domiciled outside Brazil for tax purposes (the ''Non-Resident Holder''). The discussion is based on the tax laws of Brazil as in effect on the date hereof and is subject to any change in the Brazilian law that may come into effect after such date as well as to the possibility that the effect of such change in the Brazilian law may be retroactive and apply to rights created on or prior to the date hereof. The information set forth below is intended to be a general description only, it does not purport to address all of the Brazilian tax considerations relating to the acquisition, ownership and disposition of the notes applicable to any Non-Resident Holder. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the Brazilian tax consequences in respect of the Notes.

Investors should note that, as to the discussion below, other income tax rates or treatment may be provided for in any applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled. Investors should also note that there is no tax treaty between Brazil and the United States. This summary does not address any tax issues that affect solely our company, such as deductibility of expenses.

Interest or Principal Payments

Generally, a Non-Resident Holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the issuer is considered for tax purposes as domiciled abroad, any income (including accrued interest, fees, commissions, expenses, and any other income payable by the issuer in respect of the Notes in favor of Non-Resident

Holders), should not be subject to withholding or deduction in respect of Brazilian income tax or any other tax duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the issuer outside of Brazil.

Gains Realized from Sale or Disposition of the Notes

Capital gains realized on the sale or disposition of assets located in Brazil by a Non-Resident Holder are subject to taxation in Brazil regardless of whether the acquirer is resident or domiciled in Brazil, according to Article 26 of Law No. 10,833, enacted on December 29, 2003. Based on the fact that the Notes are issued and registered abroad, the Notes should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833. Hence, gains arising from the sale or other disposition of the Notes (which for the purposes of this paragraph includes any deemed income on the difference between the issue price of the Notes and the price at which the Notes are redeemed, or original discount) made outside Brazil by a Non-Resident Holder to another non-Brazilian resident should not be subject to Brazilian taxes.

However, considering the general and unclear scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that such interpretation will prevail in the courts of Brazil.

If income tax is deemed to be due, the gains may be subject to income tax in Brazil. For Non-Resident Holders that are not in Favorable Tax Jurisdictions (as defined below), income tax on gains realized on the sale or disposition of assets located in Brazil will be subject to rates ranging from 15% to 22.5%, according to the amount of the gain. A rate lower than 15% may be provided for in an applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled.

In case the Non-Resident Holder making the sale or disposition is located in a jurisdiction that does not impose any income tax or which imposes it at a maximum rate lower than 20% (or Low or Nil Taxation Jurisdiction), or in a country or location where laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the beneficial owner of income attributed to non-residents (or the Favorable Tax Jurisdiction (as defined below)), the gains will be subject to a flat 25% rate.

In certain circumstances, if income tax is not paid, the amount of tax charged could be subject to an upward adjustment, as if the amount received by the non-resident holder was net of taxes in Brazil (gross-up).

Payments made by the Guarantor

If the Brazilian Guarantor is required, as a Guarantor, to assume the obligation to pay any amount in connection with the Notes to a Non-Resident Holder (including principal, interest or any other amount that may be due and payable in respect of the notes), Brazilian tax authorities could attempt to impose withholding income tax upon such payments.

Should the Brazilian Guarantor be obliged to pay interest and fees to a Non-Resident Holder in connection with the Notes, withholding income tax at the rate of 15% may apply (or 25% if the Non-Resident Holder is located in a Favorable Tax Jurisdiction(as defined below)). There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by a Guarantor to a Non-Resident Holder. However, there are arguments to sustain that payments made under the Guarantee should be subject to imposition of the Brazilian income tax according to the nature of the guaranteed payment, in which case only interest and fees paid by the guarantors should be subject to withholding income tax as previously described. However, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such argument would prevail in court.

Please note that different rates may apply if the tax treaty between the country of residence of the Non-Resident Holder and Brazil sets forth a lower withholding income tax rate.

Discussion on Favorable Tax Jurisdiction and Privileged Tax Regimes

On June 4, 2010, Brazilian tax authorities enacted Normative Instruction No. 1,037 listing (1) favorable tax jurisdictions (the ''Favorable Tax Jurisdictions'') and (2) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008 as follows: a jurisdiction will be considered a ''Privileged Tax Regime'' if it (i) does not tax income or taxes it at a maximum rate lower than 20%; (ii) grants tax

advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or territory or (b) conditioned upon the non-exercise of a substantial economic activity in the country or territory; (iii) does not tax proceeds generated abroad or taxes them at a maximum rate lower than 20%; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. On December 12, 2014, the Ministry of Finance issued Rule No. 488 narrowing the concept of Favorable Tax Jurisdictions and privileged tax regimes to those that impose taxation on income at a maximum rate lower than 17% (as opposed to 20%), if the relevant jurisdiction is committed to adopt international standards on tax transparency. Under Brazilian Law, the aforementioned commitment is present if the relevant jurisdiction (i) has entered into (or concluded the negotiation of) an agreement or convention authorizing the exchange of information for tax purposes with Brazil and (ii) is committed to the actions discussed in international forums on tax evasion in which Brazil has been participating, such as the Global Forum on Transparency and Exchange of Information. Nevertheless, until now, there has been no amendment to Normative Ruling No. 1,037 to reflect such threshold modification.

Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned Privileged Tax Regime concept should apply solely for purposes of Brazilian tax rules related to transfer pricing and thin capitalization, we cannot assure you whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a Privileged Tax Regime provided by Law No. 9,430, which was amended by Law No. 11,727 will also apply for purposes of the imposition of Brazilian withholding income tax on payments of interest to a Non -Resident Holder. If Brazilian tax authorities determine that payments made to a Non-Resident Holder under a Privileged Tax Regime are subject to the same rules applicable to payments made to Non-Resident Holders located in a Favorable Tax Jurisdiction, the withholding income tax applicable to such payments could be assessed at a rate up to 25%.

We recommend prospective investors consult their own tax advisors from time to time to verify any possible tax consequences arising of Normative Ruling No. 1,037, as amended, and Law No. 11,727.

Other Brazilian Tax Considerations

Pursuant to Decree No. 6,306, of December 14, 2007, as amended, conversions of foreign currency into Brazilian currency or *vice versa* are subject to the tax on foreign exchange transactions, or the IOF/Exchange, including foreign exchange transactions in connection with payments made by a Guarantor under the Guarantee to Non-Resident Holders. Currently, the IOF/Exchange rate is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under the Guarantee by a Brazilian Guarantor to Non-Resident Holders.

Despite the above, in any case, the Brazilian Government is allowed to reduce the IOF/Exchange rate at any time down to 0% or increase the IOF/Exchange rate at any time up to 25%, but only with respect to future foreign exchange transactions.

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by a Non-Resident Holder to individuals or entities domiciled or residing within such Brazilian states.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL BRAZILIAN TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES. PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATION.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Guarantees and the security interests being provided for the Notes, and a summary of certain insolvency law considerations in each of the jurisdictions in which we and the Guarantors are incorporated or organized. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantees or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

In the event that we or any one or more of the Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

We and several of the Guarantors are incorporated or organized under the laws of the Member States of the European Union.

Center of Main Interests

On June 5, 2015, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the ''Recast EU Insolvency Regulation'') was published in the Official Gazette of the European Union. The Recast EU Insolvency Regulation will be applicable to insolvency proceedings opened after June 26, 2017. Insolvency proceedings opened before June 26, 2017 will be subject to the EU Insolvency Regulation. The Recast EU Insolvency Regulation will apply to insolvency proceedings opened in respect of a company whose center of main interests is located in a Member State (other than Denmark).

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast EU Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) within which the center of a debtor's main interests is situated. The ''center of main interests'' is defined as ''the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties.'' Article 3(1), paragraph 2, provides for a rebuttable presumption, whereby in the case of a company, it is assumed that its center of main interests is in the jurisdiction of the place of its registered office. In order to prevent fraudulent or abusive forum shopping, such presumption only applies if the registered office has not been moved to another Member State within the three-month period prior to the request of the opening of insolvency proceedings. Otherwise, the presumption shall not apply and the court which shall have jurisdiction to open insolvency proceedings in relation to a company will be the court of the Member State (other than Denmark) within which the company had its registered office before moving it.

If the ''center of main interests'' of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. Pursuant to Preamble 10, Annex A has been extended to include insolvency proceedings previously not falling within the scope of the EU Insolvency Regulation (such as, with respect to Italian insolvency proceedings, *accordi di ristrutturazione*, *procedure di composizione della crisi da sovraindebitamento del consumatore* and *liquidazione dei beni*) in order to promote the rescue of economically viable but financially distressed businesses.

Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in other Member States. If the ''center of main interests'' of a debtor is in one Member State (other than Denmark), under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open ''secondary'' or ''territorial'' insolvency proceedings only in the event that such debtor has an ''establishment'' in the territory of such other Member State. ''Establishment'' is defined as any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a nontransitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State.

However, under Article 36 of the Recast EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may prevent the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose the insolvency practitioner must undertake to comply with the distribution and priority rights under the relevant national law and from which the local creditors would benefit if the insolvency proceeding was opened in the Member State where the assets are located. Such undertaking must be made in writing and is subject to approval by a majority of local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvent estate and if a court is requested to open secondary insolvency proceedings, it should refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Pursuant to Article 4 of the Recast EU Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3; such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Insolvency proceedings involving members of a group of companies

The Recast EU Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are opened. Insolvency practitioners appointed in proceedings concerning a member of the group shall cooperate with any insolvency practitioner appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings shall also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. In this respect, the courts may, where appropriate, appoint a third party, provided that this is not incompatible with the rules applicable to them.

Applicability

In the event that we, any one or more of our Guarantors or any of our/their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of our and the Guarantors' obligations.

Republic of Italy

Limitations on Granting Security Interests and Guarantees under Italian Law

Under Italian law, entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its laws (*statuto sociele*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company granting a security interest must receive a real and adequate benefit in exchange for the security interest. The concept of real and adequate benefit is not defined in the applicable legislation and its existence is purely a business decision to the directors and the statutory auditors, if any.

As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for down-stream security or guarantee (*i.e.*, security or a guarantee granted to secure financial obligations of directly or indirectly owned subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of upstream or cross-stream security (*i.e.*, security granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest or guarantee granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream and down-stream guarantees granted by Italian companies.

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotes or those of its direct or indirect parent company would also be a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void.

The Collateral will be created and perfected in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct party to the Indenture, there is the risk that the appointment of the Trustee in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes.

Insolvency laws

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent significant reform has been approved by the Italian Government on June 23, 2015 through a law-decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the ''Decree''). The Decree entered into force on June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by the Law No. 132/2015 (''Law 132''). Law 132 entered into force on August 21, 2015 (the date after its publication in the *Gazzetta Ufficiale*).

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the ''Italian Bankruptcy Law''), are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the ''*Prodi-bis*'' procedure or ''*Marzano*'' procedure, to maintain employment. These competing aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status of insolvency in order for a court to hold that a company is insolvent.

In addition, the following forms of debt restructuring and bankruptcy are available under Italian law for companies in a state of crisis and for insolvent companies.

Restructuring outside of a judicial process (concordati stragiudiziali)

Restructuring generally takes place through a formal judicial process due to several reasons, including the fact that it is more favorable to the indebtedness as the court tries to safeguard the existence of the debtor. In addition, if an informal arrangement is put in place as a result of an out-of-court restructuring and the debtor becomes insolvent after its implementation, such informal arrangement may be potentially subject to a court review, and possibly challenged as voidable transaction. However, in cases where a company is solvent, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (Piani di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business and accounting data provided by the company. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

The terms and conditions of these plans are freely negotiable, provided that they aim at restructuring the debtor's indebtedness and at rebalancing its capital structure. Unlike in-court prebankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor subsequently declared bankrupt, the payments

and/or acts carried out for the implementation of the reorganization plan, are, subject to certain conditions: (i) not subject to clawback action; and (ii) exempted from certain potentially applicable criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although publication in the companies' register is possible upon a debtor's request and would allow for certain tax benefits) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the company's outstanding debts can be ratified by the court. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within a 120-day term from: (i) the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a state of crisis (i.e. facing financial distress which does not yet amount to insolvent) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to preexisting debts. The moratorium can be requested, pursuant to Article182-bis, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication.

The Decree, as amended by Law 132, modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

Pursuant to the new Article 182-*septies* of the Decree, as amended by Law 132, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so called ''cram down''), subject to certain conditions being met, including that treatment of dissenting creditors is not worse than under any other available alternative. If the abovementioned conditions are met, then the remaining 25% of

nonparticipating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind the non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. The purpose is to prevent banks with modest credits from effectively having the power to block restructuring operations involving more exposed bank creditors, resulting in the failure of the overall restructuring and the opening of a procedure. Financial creditors who did not participate in the agreement may oppose to it (within 30 days of receipt of the application).

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (*e.g.* trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised Pre-Bankruptcy Composition with Creditors) enjoys priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted ''in view of'' (*i.e.*, before) presentation of a petition for a debt restructuring agreement or a court-supervised Pre-Bankruptcy Composition with Creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement.

Pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to Article 182-*bis*, paragraph 1, or after the filing of the petition pursuant to Article 182-bis, paragraph 6, or a petition for a *concordato preventivo* also pursuant to Article 161, paragraph 6, may authorize the debtor to: (i) incur new pre-deductible indebtedness subject to authorization by the court and if an expert certifies that such financing is functional to the overall restructuring process, (ii) secure such indebtedness via in rem securities (''*garanzie reali*''), provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares the aim of the new financial indebtedness results in a better satisfaction of the creditors; and (iii) pay debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree, as amended by Law 132, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinques* of the Italian Bankruptcy Law applies to both debt restructuring agreements and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 1 of the Decree, as amended by Law 132, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called pre-deductible) indebtedness, aimed at supporting urgent financial needs related to the company's business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds; and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis, (i.e. facing financial distress which does not yet amount to insolvency), has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for

the three preceding fiscal years, and (iii) total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, *inter alia*, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement precautionary actions and interim measures sought by the creditors, whose title arose beforehand are stayed pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it shall ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuita' aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law), including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Law Decree No. 69/2013 as converted into Law No. 98/2013 (''Law Decree 69/2013''). The debtor company may file such petition along with (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (*e.g.*, concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the above-mentioned period.

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent. Claims arising from acts lawfully carried out by the distressed company and new super senior

indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Decree, as amended by Law 132, are treated as super-senior (so called *pre-deducibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the clawback action provided under Article 67 of the Italian Bankruptcy Law. Law No. 9/2014 specified that the super-seniority of the claims—which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di preconcordato*)—is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenues that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented.

Furthermore, the going concern-based arrangements with creditors can provide for, *inter alia*, the winding-up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who shall authorize all transactions that exceed the ordinary course of business.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of: (a) the creditors representing the majority of the receivables admitted to vote and, in the event that the plan provides for more classes of creditors; and (b) the majority of the classes. The composition with creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even *via* e-mail) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in the case there are different classes of creditors by a creditor belonging to a dissenting class entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree, as amended by Law 132, introduced the possibility for creditors (except for individuals or entities controlled by, controlling or under common control of, the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in

particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuita' aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, Law 132 sets forth that a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e. a prebankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuita' aziendale*).

To the extent the alternative plan is approved by the creditors and ratified (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree, as amended by Law 132, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy (fallimento)

A request to declare a debtor company bankrupt and to commence bankruptcy proceedings (*fallimento*) and the judicial liquidation of the debtor company's assets can be filed by the debtor company itself, any of its creditors and, in certain cases, by the public prosecutor. Insolvency, as defined under the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (attivo patrimoniale) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) has gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for the last three fiscal years and has total indebtedness in excess of €0.5 million).

Upon the commencement of bankruptcy proceedings, among other things:

- all actions of creditors are stayed and creditors must file any claims for their debts within a prescribed period. However, in certain circumstances and subject to certain procedures, some security interests can continue to be enforced, *i.e.* secured claims are paid out of the proceeds of liquidation of the secured assets, along with the applicable interest and subject to any relevant expenses. Any outstanding balance will be considered unsecured and will rank *pari passu* with all of the bankrupt's other unsecured debt;
- the administration of the debtor company and the management of its assets pass from the debtor company to the bankruptcy receiver (*curatore fallimentare*);
- any act of the debtor company done after a declaration of bankruptcy (including payments made) is ineffective against the creditors;

- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for by the Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. In this respect, Law 132 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requisite? applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is provided under mandatory provisions of Italian law (and, as a consequence, it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by applicable law).

Bankruptcy composition with creditors (concordato fallimentare).

A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Statutory priorities

The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of ''pre-deductible'' claims (*i.e.* claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including, *inter alia*, a claim whose priority is legally acquired (*i.e.*, repayment of

rescue or interim financing, mentioned above), the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority claims are those of ''privileged'' creditors (*creditori privilegiati*; a priority in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*).

Avoidance powers in insolvency

Under Italian law, there are ''clawback'' or avoidance provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are limited to, transactions made below market value, preferential transactions and transactions made with a view to defrauding creditors. Clawback rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy, compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months (noting that in the context of extraordinary administration procedures (as discussed below) in relation to certain transactions, the clawback period, can be extended to five and three years respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions that are ineffective by operation of law and acts or transactions that are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

(a) *Acts ineffective by operation of law*

(i) Under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective as against creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and

(ii) under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective as against creditors if made by the debtor in the two-year period prior to the insolvency declaration.

(b) *Acts that could be declared ineffective at the request of the bankruptcy receiver/court commissioner*

(i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the bankruptcy as provided for by article 67 of the above referenced Royal Decree and be declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

I. the onerous transactions entered into in the year preceding the insolvency declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;

II. payments of debts, due and payable, made by the debtor, which were not paid in cash or by other customary means of payment in the year preceding the insolvency declaration;

III. pledges and mortgages granted by the bankrupt entity in the year preceding the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and

IV. pledges and mortgages, granted by the bankrupt entity in the six months preceding the insolvency declaration, in order to secure debts which had fallen due.

(ii) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

I. the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and

II. the granting of security interests securing debts (even those of third parties) and made in the six months preceding the insolvency declaration.

(iii) The following transactions are exempt from clawback actions:

I. a payment for goods or services made in the ordinary course of business and in accordance with market practice;

II. a remittance on a bank account, provided that it does not reduce the bankrupt entity's debt towards the bank in a material and lasting manner;

III. a sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as of the date of the insolvency declaration, such activity is actually exercised or the investments for the start of such activity have been carried out;

IV. transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see ''—Out-of-court reorganization plans (*Piani di risanamento*) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law'' above);

V. a transaction entered into, payment made or security interest granted to implement a *concordato preventivo* (see ''—Court-supervised pre-bankruptcy composition with creditors (*concordato preventivo*)'' above) or an *accordo di ristrutturazione dei debiti* under Article 182-*bis* of the Italian Bankruptcy Law (see ''—Debt Restructuring Agreements with Creditors (*accordi di ristrutturazione dei debiti*) pursuant to Article 182-*bis* of the Italian Bankruptcy Law'' above) and transactions entered into, payments made and security interests granted after the filing of the application for a *concordato preventivo* (see above);

VI. remuneration payments to the bankrupt entity's employees and consultants; and

VII. a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect vis-à-vis the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment to a creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the claim originated, that such transaction was fraudulently entered into by the debtor to its own detriment) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (and, if the transaction was entered into prior to the date on which the claim originated, such third person participated in the fraudulent scheme). The burden of proof lies entirely with the receiver.

Law 132 also introduced new Article 2929-*bis* of the Italian Civil Code, providing for a ''simplified'' claw back action for the creditor in respect of certain type of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors.

In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out for no consideration (e.g. gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale*—''family trust''). In case

of gratuitous transfers, the enforcement action can be carried out by the creditor also against the third party purchaser.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the ''*Prodi-bis*'' procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year.

Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings. There are two main phases—a ''judicial'' phase and an ''administrative'' phase.

Judicial phase

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within 10 days from such filing, the Italian Productive Activities Minister (the ''Ministry'') may issue an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

Administrative phase

Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is/are appointed by the Ministry. The extraordinary commissioner(s), prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the ''Disposal Plan'') or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the ''Recovery Plan''). The plan may also include an arrangement with creditors (*e.g.* a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner(s) draw(s) up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the ''Marzano procedure.'' It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including, *inter alia*, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (*e.g.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditor's claims largely apply to extraordinary administration proceedings.

Interim financing

The Decree, as amended by Law 132, introduced the possibility for debtors to also obtain authorization for urgent interim financing and to continue to use existing ''*linee di credito autoliquidanti*'' (trade receivables credit lines) necessary for their business needs before a court's approval of a pre-bankruptcy composition with creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, *inter alia*, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a pre-bankruptcy composition with creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert has certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court has approved such priority status.

Limitations on Enforcement

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Italian law, in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, agreement or any other act by which it disposes of any of its assets, in order to seek a clawback action (*azione revocatoria*) pursuant to Article 2901 of the Italian Civil Code in respect (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, agreement or other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke said guarantee,

agreement or other act only if it, in addition to ascertaining the prejudice (as outline above), was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and
- that, in the case of a non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Brazil

The Brazilian Insolvency Law

One of the Guarantors of the Notes, Almaviva do Brasil Telemarketing e Informática S/A, is a company organized under the laws of Brazil (the ''Brazilian Guarantor''). Accordingly, insolvency proceedings with respect to the Brazilian Guarantor will proceed under, and be governed by, Brazilian insolvency law.

Brazilian Federal Law 11,101, dated February 9, 2005, (the ''Brazilian Insolvency Law'') provides the legal regime applicable to judicial and extrajudicial (out of court) reorganization and bankruptcy liquidation in Brazil.

Judicial reorganization under Brazilian Insolvency Law

Among the various key provisions of Brazilian Insolvency Law relating to judicial reorganization, the most significant are those providing more control over the judicial reorganization process to the general creditor's meeting. All existing credits prior to the filing for judicial reorganization are subject to the proceeding, even if not yet due at the date of filing of the judicial reorganization (pursuant to Article 49 of Brazilian Insolvency Law). However, there are certain credits, which are not subject to the effects of the judicial reorganization proceedings, such as credits secured by fiduciary assignment/transfer (*cessão/ alienação fiduciária*) and tax debts.

The judicial reorganization request must be filed by the debtor along with an analysis of the debtor's financial and economic condition and some other documents established in the Brazilian Insolvency Law. After the processing of the judicial reorganization proceeding is accepted by the court and the respective decision is published, the debtor must present a recovery plan to creditors within 60 days (according to Article 53 of Brazilian Insolvency Law).

Under Brazilian Insolvency Law, the decision that authorizes the processing of the judicial reorganization proceeding suspends the course of all lawsuits filed against the debtor for a maximum period of 180 days, counted from the date of acceptance of the processing of the judicial reorganization request (the ''Stand Still Period'') (pursuant to §4 of Article 6 of the Brazilian Insolvency Law), with exception to those demanding illiquid amounts. During the Stand Still Period, foreclosure of collateral may be subject to certain restrictions, even in relation to creditors that are not subject to the judicial reorganization proceeding. For instance, (a) Article 49, §3 restricts the foreclosure of assets that are deemed to be essential to carry out the debtor's activities. Also, Article 49, §5 establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the Stand Still Period, if not renovated or substituted.

During a judicial reorganization proceeding, the general principle is that shareholders maintain their voting and political powers and participation in the company. Also, managers of a debtor typically retain their positions, although under the supervision of the judicial administrator.

The judicial reorganization plan must be approved by the following classes of creditors during a general creditors' meeting: (i) labor creditors (considering the majority of voting creditors present at the meeting); (ii) secured creditors (considering the majority of both credit amount and voting creditors present at the meeting); (iii) unsecured, subordinated creditors (as defined in Article 83, VIII ''a)'' and ''b)'' of Brazilian Insolvency Law, as determined by law or contract or the credits held by the stakeholders and managers of the debtor) and special and general privilege creditors (considering a majority of both credit amount and voting creditors present at the meeting); (iv) microenterprises, small-sized companies creditors (considering the majority of voting creditors present at the meeting). However, the plan may be approved in a ''cram down'' proceeding (pursuant to Article 58, §1 of Brazilian Insolvency Law) even though it was rejected in the general meeting of creditors if it: (i) was approved by the vote of creditors

that represent more than 50% of the total amount of the claims present in the creditors' meeting, regardless of the class of creditors; (ii) was approved by at least two classes of creditors; and (iii) received a favorable vote of more than one-third of the creditors in the class in which it was rejected. The cram down will only be possible if the plan does not provide differentiated treatment for creditors that belong to the class that has rejected the plan in the general creditors meeting.

The approval of a recovery plan is considered a novation and it is mandatory for the debtor and all creditors subject to it. The parties are free to negotiate how the restructuring of the company is to be implemented, including, for instance, the reduction of liability (haircuts), debt rescheduling and priority of repayment. Debtors may also carry out corporate actions as provided in the judicial reorganization plan to facilitate recovery. Examples include spin-offs, mergers, transfers or leases, conclusion of collective labor agreements, sale of assets, issuance of debentures and other analogous measures (according to Article 50 of Brazilian Insolvency Law). In addition, under the Brazilian Insolvency Law, the acquirer of assets of the debtor will not be held liable for any liabilities (including tax and labor liabilities) of the debtor selling the assets, as long as the sale takes the form of an auction or if carried out through proposals submitted in sealed envelopes (or a combination of both methods). This rule is only applicable in a case of the sale of branches or isolated production units and does not apply to the sale of the whole business (according to Article 60, sole paragraph of Brazilian Insolvency Law).

Out of court reorganization under Brazilian Insolvency Law

The out of court reorganization may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the out-of-court reorganization plan and such plan is duly signed by creditors representing at least three-fifths (⅗) of each class of claims treated therein. Claims arising from labor, occupational accidents, tax matters, certain post-petition credits (such as the ones mentioned in Article 49, §3º) and those resulting from an advance on an export exchange agreement are not subject to reorganization plans. Once ratified by the court, the plan will apply to all creditors who adhered to it and will be binding on all creditors included within its scope, whether or not such creditors executed the out of court reorganization plan, exclusively with respect to claims constituted up to the date of the filing for ratification.

Bankruptcy Liquidation under Brazilian Insolvency Law

Bankruptcy liquidation is a procedure carried out in the collective interest of the creditors of a certain debtor and culminates with a court liquidation, in which the main purpose is to wind up and sell the assets of the debtor in order to satisfy the credits held by each creditor.

In the event of bankruptcy liquidation of the Brazilian Guarantor, all of its debt obligations, including any Guarantee for the Notes, which are denominated in foreign currency, will be converted into Brazilian *reais* at the prevailing exchange rate on the date of decree of the bankruptcy liquidation by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the Notes plus any accrued interest. In addition, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

In addition, if the value of the Brazilian Guarantor's assets is insufficient to pay all creditors, no interest accrues on claims after the decree of bankruptcy liquidation, except interest on debentures and secured claims, which can be paid with the proceeds resulting from the sale of the underlying security.

Moreover, if the Brazilian Guarantor is declared bankrupt, its obligations under any Guarantee will be subordinated to the statutory preferences established by the Brazilian Insolvency Law. According to Brazilian Insolvency Law, in case of bankruptcy, payments of any amounts due by the debtor shall follow the following priority ranking:

(a) labor-related claims up to 150 minimum monthly wages (as determined by the Federal Government of Brazil) per creditor plus claims for damages arising from labor-related accidents;

(b) secured credits (up to the value of the collateral), such as credits secured by pledges and mortgages;

(c) tax claims (except for fines);

(d) special privileged claims;

(e) general privileged claims;

(f) unsecured credits (including labor-related claims in excess of the amount mentioned in clause (ii) above and claims of secured creditors with a value exceeding that of the collateral);

(g) contractual penalties and fines for breach of criminal or administrative law (including tax-related fines); and

(h) subordinated credits, as defined by law or pursuant to the relevant agreement.

The foregoing priority is established by law and may not be modified by a court.

There are certain credits that are senior to and are excluded from the priority order above, such as (a) costs of the proceedings (including the judicial administrator's fees) and claims by creditors that granted credit or maintained business with the debtor during the judicial reorganization, (b) credits secured by fiduciary assignment/transfer (*cessão/alienacão fiduciária*) up to the amount of such security (Article 49, §3º of the Brazilian Insolvency Law, and (c) credits arising from advance on export exchange agreements.

Creditors secured by fiduciary assignment/transfer (cessão/alienacão fiduciária), for instance, may claim for restitution of the asset over which the security has been constituted, pursuant to Article 85of the Brazilian Insolvency Law; as well as credits arising from an advance against exchange contracts pursuant to Article 86, II.

Also, obligations assumed before any clearings systems pursuant to Article 193 § 3 of Brazilian Insolvency Law, amongst other specific cases established in Brazilian Insolvency Law, are not affected by the bankruptcy liquidation.

Enforceability of the Guarantee

Under Brazilian law, if not characterized as a credit instrument (like promissory notes governed by Brazilian law), which could be enforced independently from the main obligation, any Guarantee is considered supplementary to the underlying or principal obligation and the nullity of the principal obligation results in the invalidity of the accessory obligation. Therefore, should our obligations under the Notes or the Indenture be rendered invalid, any Guarantee would, under Brazilian law, also be deemed invalid.

Hardening Period / Clawback and Fraudulent Transfer

The validity and enforceability of any Guarantee granted by the Brazilian Guarantor of our obligations under the Notes depends upon the best interests of such Brazilian Guarantor and whether the Brazilian Guarantor receives fair and adequate consideration for the granting of any Guarantee. In the event the Brazilian Guarantor has its bankruptcy liquidation decreed under Brazilian Insolvency Law, the relevant security will be deemed null and void if granted within the so called suspect period in relation to an already existent debt, under the argument that the transaction could have harmed other creditors, pursuant to Article 129, III, of Brazilian Insolvency Law and the Guarantee may be deemed to have been fraudulent and declared void, under the argument that the Brazilian Guarantor has not received fair consideration in exchange for such Guarantee, pursuant to Article 129, IV, of Brazilian Insolvency Law .

Perfection of Security Interests

Under Brazilian law, the perfection of security interests over assets depends on certain registration requirements to be considered existent, valid and/or binding against third parties, as applicable. Depending on the assets over which the security interest is to be created, the relevant security agreement (translated into Portuguese by a sworn translator, if executed in a foreign language and executed abroad must be either duly legalized by a Brazilian Consulate or, for countries that are party to the Hague convention of 1961 (''Apostille Convention''), duly apostilled) must be registered with the Registry of Titles and Deeds or with the Registry of Real Estate, as applicable. In addition, the perfection of security interests over certain assets may require additional formalities. This is the case for the perfection of security interests created over shares issued by a Brazilian company, which depends on the registration of the relevant liens in the company's shares registration books, with the relevant shares registration agent (if that is the case) or in the company's articles of incorporation (in the case of limited liability companies).

Until such registrations occur, the security agreement is binding upon the parties but not binding against third parties. In the case of security interests which are required to be registered with the Registry of Titles and Deeds, if the relevant security agreement is registered within 20 days from its execution date, the security interest created thereby shall be deemed effective against third parties as of the date of execution of such security agreement; otherwise, it shall be deemed effective against third parties as of the date of the relevant security agreement is submitted for registration at the Registry of Titles and Deeds.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the ''Purchase Agreement'') to be dated as of the date of this Offering Memorandum, we have agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase the Notes from us.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to customary closing conditions.

During the period from the date of this Offering Memorandum through and including the date that is 90 days thereafter, neither we nor any of our subsidiaries or other controlled affiliates will, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, issue or otherwise dispose of any debt securities, issued or guaranteed by us or any of the Guarantors and having a tenor of more than one year (other than the Notes and the Guarantees).

The Initial Purchasers propose to offer the Notes initially at the offering price set forth on the cover page of this Offering Memorandum and may include selling group members who might be granted a selling concession. After the initial offering, the offering price and other selling terms of the Notes may from time to time be changed by the Initial Purchasers without notice. The Initial Purchasers may make offers and sales in the United States through their qualified U.S. broker dealer affiliates under applicable law.

The Purchase Agreement provides that we have agreed, jointly and severally, to indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that they may be required to make in that respect.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given them by Regulation S under the U.S. Securities Act. Resale of the Notes is restricted as described under ''*Transfer Restrictions*.'' Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under ''*Transfer Restrictions*.''

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by a broker dealer (whether or not it is participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A under the U.S. Securities Act and in connection with any applicable state securities laws.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price of the Notes set forth on the cover page of this Offering Memorandum.

No action has been taken in any jurisdiction, including the United States, by us, any of the Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Guarantors or the Notes in any jurisdiction where action for this purpose is required. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Memorandum and resale of Notes. See ''*Notice to Investors in the European Economic Area*,'' ''*Notice to Investors in the United States*'' and ''*Transfer Restrictions*.''

We and each Guarantor have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We will make an application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF market of the Luxembourg Stock Exchange. However, we cannot assure you that the Notes will be admitted to trading or that such admission to trading will be maintained. The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obliged, however, to make a market in the Notes, and any

market making activity may be discontinued at any time at the Initial Purchasers' sole discretion without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the US Exchange Act.

Over-allotment involves sales in excess of the relevant offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker dealer when the Notes originally sold by that broker dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The Initial Purchasers have represented and agreed that:

- they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by them in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to us or any Guarantor; and
- they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes, in from or otherwise involving the United Kingdom.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be the fifth business day (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as ''T + 5''). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next three succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

We have agreed to pay the Initial Purchasers certain customary fees for their services in connection with the offering and to reimburse them for certain out-of-pocket expenses.

From time to time, the Initial Purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, financial advisory and other services to us and our affiliates for which they have received or may receive customary fees and commissions. The Initial Purchasers or their affiliates are arrangers and lenders under the Senior Facilities Agreement and the Revolving Credit Facility Agreement and have received customary fees in connection therewith. The proceeds of the offering of the Notes will be used to, among other things, repay in full all outstanding amounts under the Term Facility of the Senior Facilities Agreement, all of which are owed to the Initial Purchasers. The Initial Purchasers or their affiliates also may enter into hedging arrangements with the Group in connection with the offering of the Notes. See also ''*Use of Proceeds.*''

In the ordinary course of their various business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company or any of the Guarantors, including the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(1) in the United States, to ''qualified institutional buyers,'' commonly referred to as ''QIBs,'' as defined in Rule 144A in compliance with Rule 144A; and

(2) outside the United States, in offshore transactions in accordance with Regulation S.

We use the terms ''offshore transaction'' and ''United States'' with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in clauses (4) and (5) below.

(2) It is neither our ''affiliate'' (as defined in Rule 144), nor acting on our behalf and that it is either:

    (a) a person in the United States who is a QIBs and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or

    (b) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that neither we nor the Initial Purchasers, nor any person representing any of us/them, has made any representation to it with respect to us and our subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which this Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning us and our subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the ''Resale Restriction Termination Date'') that is, in the case of the Rule 144A Notes, one year after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any

predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date and the last date on which the Notes were first offered to persons other than Distributors (as defined in Rule 902 of Regulation S), only (i) to us; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE ''U.S. SECURITIES ACT''), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT (''RULE 144A'')) OR (B) IS ACQUIRING THIS NOTE IN AN ''OFFSHORE TRANSACTION'' PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF THE REGULATION S)] [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH WE OR ANY OF OUR AFFILIATES WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY),] ONLY (A) TO US, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO OUR AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

Each Note will also contain a legend substantially to the following effect:

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN

THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (''ERISA''), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE ''CODE'') OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (''SIMILAR LAWS''), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE ''PLAN ASSETS'' OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS. A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

Each Note issued with original issue discount for U.S. federal income tax purposes will contain a legend substantially to the following effect:

THIS NOTE HAS BEEN ISSUED WITH ''ORIGINAL ISSUE DISCOUNT'' (WITHIN THE MEANING OF SECTIONS 1272 THROUGH 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON REQUEST, WE WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD CONTACT THE CHIEF FINANCIAL OFFICER OF THE COMPANY AT VIA DI CASAL BOCCONE 188/190, 00137 ROME, ITALY.

(6) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(7) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(8) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(9) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set out therein have been complied with.

(10) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it will promptly notify us and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under ''*Notice to Investors in the European Economic Area*'', ''*Notice to Investors in the United States*'' and ''*Plan of Distribution.*''

(12) Either (a) no portion of the assets used to acquire or hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to any Similar Laws or entity whose underlying assets are considered to include ''plan assets'' of any such Plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Memorandum and resale of the Notes. See ''*Notice to Investors in the European Economic Area*'', ''*Notice to Investors in the United States*'' and ''*Plan of Distribution.*''

ENFORCEMENT OF CIVIL LIABILITIES

Italy

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy. The Guarantors are organized or incorporated (as applicable) under the laws of Brazil and the laws of the Republic of Italy. Substantially all of our directors and executive officers and of each of the Guarantors are non-residents of the United States. Substantially all of our assets and each of the Guarantors, and our and their directors and executive officers, are located outside the United States. As a result, any judgment obtained in the United States against us or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although we and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Note Guarantees and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. If a judgment is obtained in a U.S. court against us, any Guarantor, or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Italy, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

We have been advised by counsel in Italy that the recognition and enforcement of a judgment rendered by a U.S. federal or New York state court in Italy is governed by Article 64 of the Private International Law Act (i.e. Law 218 of May 31, 1995) (the ''PIL Act'') (and certain other provisions of the PIL Act).

Pursuant to the PIL Act, any judgment issued by a U.S. federal or New York state court should automatically be recognized in Italy provided that the following requirements are met:

- the relevant U.S. federal or New York state court had appropriate jurisdiction to pass judgment upon the matter (in accordance with the Italian rules on jurisdiction);
- the defendant had received the summons in accordance with the laws of the state in which the proceedings have taken place, and the defendant had not been deprived of his fundamental right to a defense;
- the parties had appeared in the proceedings in accordance with the local procedural law, or the proceedings were conducted *in absentia* (*in contumacia*) in accordance with such local procedural law;
- the judgment rendered by the U.S. federal or New York state court must be final and binding (*passato in giudicato*) according to the law of the state in which it was issued;
- the judgment rendered by the U.S. federal or New York state court is not in conflict with any earlier final and binding judgment issued by an Italian court;
- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the commencement of the proceedings before the relevant U.S. federal or New York state court; and
- the judgment rendered by the U.S. federal or New York state court is not contrary to Italian public policy.

In addition, according to Article 67 of the PIL Act, if the judgment rendered by the U.S. federal or New York state court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

Brazil

The Brazilian Guarantor is incorporated under the laws of Brazil. All, or substantially all, of its directors and officers reside outside the United States. Substantially all of the assets of the Brazilian Guarantor are located outside of the United States. As a result, it may not be possible (or it may be difficult) for you to effect service of process upon the Brazilian Guarantor or these other persons within the United States or to enforce judgments obtained in United States courts against us or them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

Under Brazilian law, a judgment of a United States court for the payment of money, including for civil liabilities predicated upon the federal securities laws of the United States, may be enforced in Brazil, subject to certain requirements described below. A judgment against the Brazilian Guarantor, its directors and officers thereof, or certain advisors named herein obtained in the United States would be enforceable in Brazil without retrial or re-examination of the merits of the original action including, without limitation, any final judgment for payment of a sum certain of money rendered by any such court, provided that such judgment has been previously recognized by the Superior Court of Justice (*Superior Tribunal de Justiça*), or ''STJ''.

In this sense, the general provision is that there will be no retrial or re-examination of the merits of the original action. However, there are cases in which there is re-examination of the merits, especially if the original action violates Brazilian public policy, as mentioned below. The recognition by the Brazilian Superior Court of Justice will be available only if the U.S. judgment:

- is issued by a competent court;
- was preceded by proper service of process is made on the parties, as required under applicable law;
- is effective in the country where it was issued and it complies with all formalities necessary for its recognition as an enforcement instrument under the laws of the jurisdiction where it was issued;
- does not violate a final and unappealable decision issued by a Brazilian Court;
- has been duly authenticated by a competent Brazilian consulate, or has been apostilled in accordance with the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated as of October 5, 1961, and is accompanied by a sworn translation in Portuguese (*tradução pública juramentada*) except if such procedure was exempted by an international treaty to which Brazil is signatory;
- does not violate Brazilian public policy, national sovereignty or good morals;
- is final and therefore not subject to appeal; and
- does not violate the exclusive jurisdiction of the Brazilian Judiciary.

Furthermore, Brazilian law admits the exequatur of interlocutory decisions via letter rogatory. It is possible to confirm a final and unappealable judicial decision, as well as a non-judicial decision that would have a jurisdictional nature under the Brazilian law. The foreign decision may be partially confirmed.

The recognition process may be time-consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that recognition would be obtained, that the recognition process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment, including for violation of the securities laws of countries other than Brazil, including the federal securities laws of the United States.

We have been further advised that original actions may be brought in connection with this offering memorandum predicated solely on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against the Brazilian Guarantor or its directors and officers thereof and certain advisors named herein, provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, national sovereignty or equitable principles and provided further that Brazilian courts can assert jurisdiction over such actions.

In addition, a plaintiff (whether Brazilian or non-Brazilian) who resides outside Brazil or is during the course of the litigation in Brazil and who does not own real estate property in Brazil must provide a bond

to guarantee the payment of the defendant's legal fees and court expenses in connection with court procedures for the collection of payments under the Notes and the Guarantee by the Brazilian Guarantor. This bond must have a value sufficient to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian judge, except in such instances involving (i) enforcement of foreign judgments that have been duly recognized by the STJ; (ii) collection of claims based on instruments that may be enforced in Brazil without review of merit (*título executivo extrajudicial*), which does not include the Notes, (iii) counterclaims (*reconvenção*); or (iv) when this bond was exempted by an international treaty to which Brazil is a signatory. Notwithstanding the foregoing, we cannot assure you that recognition of any judgment will be obtained, that the process described above can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the Notes.

Under Brazilian law, if the Notes or the Indenture were to be declared void by a court applying the laws of the State of New York, a judgment obtained outside Brazil seeking to enforce the Guarantee of the Brazilian Guarantor may not be ratified by the Superior Tribunal of Justice in Brazil.

LEGAL MATTERS

The validity of the Notes, the Guarantees and certain other legal matters are being passed upon for us and the Guarantors by Linklaters LLP with respect to matters of U.S. federal and New York state law, English law and the laws of the Republic of Italy and by TozziniFreire Advogados with respect to matters of Brazilian law.

Certain legal matters in connection with the offering will be passed upon for the Initial Purchasers by Freshfields Bruckhaus Deringer LLP with respect to matters of U.S. federal and New York state law, English law and the laws of the Republic of Italy and by Machado Meyer Sendacz e Opice Advogados with respect to matters of Brazilian law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as of and for the years ended December 31, 2016, 2015 and 2014 included in this Offering Memorandum have been audited by EY S.p.A., independent auditors, as stated in their audit report included herein.

EY S.p.A.'s registered address is Via Po, 32-00198, Rome, Italy.

AVAILABLE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See ''*Description of the Notes—Certain Covenants—Reports*'', and ''*Listing and General Information—Listing Information.*''

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(a) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(b) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(c) except as provided pursuant to clause (a) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes remain outstanding and are ''restricted securities'' within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of a Note or to any prospective purchaser of a Note designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to us at Via di Casal Boccone 188/190, 00137, Rome, Italy.

LISTING AND GENERAL INFORMATION

Listing

We intend to apply to list the Notes on the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, each Issuer will publish notices (including financial notices) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the organizational documents of the Company and each of the Guarantors;
- the financial statements including those set out in this Offering Memorandum;
- the Indenture relating to the Notes (which includes the form of the Notes);
- the Intercreditor Agreement;
- the Security Documents; and
- other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available.

We will maintain a paying agent, registrar and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

We accept responsibility for the information contained in this Offering Memorandum. We declare that, to the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	Notes	
	ISIN	Common Code
Rule 144A	XS1694630424	169463042
Regulation S	XS1694628287	169462828

Company's Legal information

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy on March 23, 2005. As of June 30, 2017, the Issuer had a total share capital of €154,899,065.00, fully subscribed and paid up, comprising 154,899,065.00 shares of a nominal value of €1.00 each. As of the date of this Offering Memorandum, the share capital of the Issuer has not changed since June 30, 2017. The Issuer's corporate seat and principal executive offices are located at Via di Casal Boccone 188/190, 00137, Rome, Italy. The Issuer is registered with the Companies' Register of Rome (*Registro Imprese di* Roma) with registered number and *codice fiscale* 08450891000.

Pursuant to Article 3 of its articles of incorporation, the corporate purpose of the Issuer is, among other things, to directly or indirectly undertake and carry out projects as well as provide industrial services in the information technologies sector, to design and create software and information systems and to implement the related logistic infrastructures, hardware systems and machineries, and to provide

technical assistance in order to efficiently organize and manage the implementation of information technologies systems by enterprises, persons and other administrations and public entities. The Issuer's financial year is from January 1 to December 31. It prepares and publishes annual audited consolidated financial statements.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on September 15, 2017.

Guarantors' legal information

The Group companies that are also expected to become Guarantors have the following corporate information:

Almaviva do Brasil Telemarketing e Informática S/A is a joint stock company which was originally organized as a corporation on July 6, 2006 under the laws of the Federative Republic of Brazil. It is registered with the Taxpayers' Registry of the Brazilian Ministry of Finance (CNPJ/MF) under No. 08.174.089/0001-14 and registered in the Board of Trade of the State of Minas Gerais (JUCEMG) under NIRE No. 31.3.0010053-7. It is headquartered in Av. Solferina Ricci Pace, no. 779, Jatoba, Belo Horizonte—Minas Gerais, CEP. 30.664-000.

Almaviva Contact S.p.A.is a joint stock company (*società per azioni*) which was incorporated on September 20, 2000 under the laws of Italy. It is registered with the Companies' Register of Rome under No. 04914190824. It is headquartered in Via di Casal Boccone 188/190, 00137, Rome, Italy.

Almawave S.r.l.is a limited liability company (*società a responsabilità limitata*) which was incorporated on October 31, 2006 under the laws of Italy. It is registered with the Companies' Register of Rome under No. 05481840964. It is headquartered in Via di Casal Boccone 188/190, 00137, Rome, Italy.

Financial year and accounts

Except as otherwise disclosed in this Offering Memorandum:

- there has been no material adverse change in our consolidated financial and trading position since June 30, 2017; and
- neither we nor any of the Guarantors nor any of our/their respective subsidiaries is involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as we and each of the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

INDEX TO FINANCIAL STATEMENTS

	Page
Almaviva S.p.A. and Subsidiaries—Unaudited Interim Condensed Consolidated Financial Statements for six months ended June 30, 2017 and 2016	F-2
Condensed Consolidated Statement of Financial Position	F-3
Condensed Consolidated Income Statement	F-4
Condensed Consolidated Statement of Other Comprehensive Income	F-5
Condensed Consolidated Statement of Changes in Shareholders' Equity	F-6
Condensed Consolidated Statement of Cash Flows	F-7
Explanatory Notes	F-8
Almaviva S.p.A. and Subsidiaries—Consolidated Financial Statements for the years ended December 31, 2016, 2015 and 2014	F-74
Report of Independent Auditors	F-75
Consolidated Statement of Financial Position	F-76
Consolidated Income Statement	F-77
Consolidated Statement of Other Comprehensive Income	F-78
Consolidated Statement of Changes in Shareholders' Equity	F-79
Consolidated Statement of Cash Flows	F-80
Explanatory Notes	F-81

ALMAVIVA S.P.A. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

ALMAVIVA S.P.A. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Note	At June 30, 2017	At December 31, 2016
Intangible assets	5	54,821	54,419
Goodwill	5	33,117	33,166
Property, plant and equipment	6	66,363	76,386
Investments accounted for using the equity method	7	1,926	1,717
Non-current financial assets	8	1,392	1,449
Deferred tax assets	9	11,053	10,777
Other non-current assets	10	1,393	1,400
Total non-current assets		**170,065**	**179,314**
Inventories and amount due from customers	11	34,990	33,626
Trade receivables	12	290,043	297,767
Current financial assets	13	4,328	7,870
Other current assets	14	94,165	82,719
Cash and cash equivalents	15	41,852	48,181
Total current assets		**465,378**	**470,163**
Non-current assets held for sale	16	2,459	4,249
Total assets		**637,902**	**653,726**
Share capital		154,899	154,899
Share premium reserve		17,788	17,788
Other reserves		(157,552)	(139,563)
Profit/(loss) for the period		1,094	(16,907)
Total group shareholders' equity		*16,229*	*16,217*
Non-controlling interests		*4,068*	*5,055*
Total shareholders' equity	17	**20,297**	**21,272**
Non-current liabilities for employee benefits	18	54,834	59,043
Non-current provisions	19	4,541	5,466
Non-current financial liabilities	20	13,683	25,478
Deferred tax liabilities	21	1,796	1,794
Other non-current liabilities	22	961	1,030
Total non-current liabilities		**75,815**	**92,811**
Current provisions	19	8,465	7,285
Trade payables	23	207,823	193,897
Current financial liabilities	24	128,818	150,873
Current tax liabilities	25	107,284	99,274
Other current liabilities	26	89,400	88,314
Total current liabilities		**541,790**	**539,643**
Total liabilities		**617,605**	**632,454**
Total equity and liabilities		**637,902**	**653,726**

ALMAVIVA S.P.A. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Note	For the six months ended June 30, 2017	2016
Revenues	27	371,709	349,861
Other Income	28	6,382	4,146
Total revenues and other income		**378,091**	**354,007**
Cost of raw materials and services	29	(121,299)	(115,436)
Personnel expenses	30	(217,133)	(206,976)
Depreciation and amortization	31	(14,677)	(13,799)
Losses from sale of non-current assets		(62)	0
Other expenses	32	(6,312)	(5,424)
Operating profit		**18,608**	**12,372**
Financial income	33	414	663
Financial expenses	33	(15,418)	(14,360)
Exchange gains/(losses)	33	(899)	945
Profit from investments accounted for using equity method	34	173	0
Profit/(loss) before taxes		**2,878**	**(380)**
Income taxes	35	(1,515)	(3,808)
Profit/(loss) from continuing operations		**1,363**	**(4,188)**
Profit/(loss) for the period		**1,363**	**(4,188)**
of which:			
Profit/(loss) pertaining to the group		1,094	(4,526)
Profit/(loss) pertaining to non-controlling interests		269	338
Earning/(loss) per-share (in Euro)	**36**		
Basic, profit/(loss) per-share for the period attributable to ordinary equity holders of the parent		0.01	−0.04
Diluted, profit/(loss) per-share for the period attributable to ordinary equity holders of the parent		0.01	−0.03

ALMAVIVA S.P.A. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	Note	For the six months ended June 30, 2017	2016
Profit/(loss) for the period		**1,363**	**(4,188)**
Other components of other comprehensive income that may be subsequently reclassified to profit or loss, after taxes:			
Exchange differences on translation of foreign operations		(3,168)	3,801
Losses on cash flow hedging instruments	20	(27)	(75)
Total		**(3,195)**	**3,726**
Other components of other comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	18	1,462	(1,577)
Total		**1,462**	**(1,577)**
Other comprehensive loss for the period		**(370)**	**(2,039)**
of which:			
Other comprehensive loss pertaining to the group		(362)	(2,546)
Other comprehensive income/(loss) pertaining to non-controlling interests		(8)	507

ALMAVIVA S.P.A. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SH

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the period	Total group shareholders' equity	Re per to
Shareholders' Equity at December 31, 2015	**154,899**	**17,788**	**(143,704)**	**(1,715)**	**27,268**	**3**
Profit/(loss) for the period				**(4,526)**	**(4,526)**	
Exchange differences on translation of foreign operations (**Note 17**)			3,632		3,632	
Gains/(losses) on cash flow hedging instruments			(75)		(75)	
Actuarial gains/(losses) on valuation of liabilities for employee benefits (**Note 18**)			(1,577)		(1,577)	
Comprehensive income/(loss) for the period	**0**	**0**	**1,980**	**(4,526)**	**(2,546)**	
Allocation of prior year's profit/(loss)			(1,715)	1,715	0	
Other movements			(8)		(8)	
Shareholders' Equity at June 30, 2016	**154,899**	**17,788**	**(143,447)**	**(4,526)**	**24,714**	**4**
Shareholders' Equity at December 31, 2016	**154,899**	**17,788**	**(139,563)**	**(16,907)**	**16,217**	**4**
Profit/(loss) for the period				**1,094**	**1,094**	
Exchange differences on translation of foreign operations (**Note 17**)			(2,891)		(2,891)	
Gains/(losses) on cash flow hedging instruments			(27)		(27)	
Actuarial gains/(losses) on valuation of liabilities for employee benefits (**Note 18**)			1,462		1,462	
Other comprehensive income/(loss) for the period	**0**	**0**	**(1,456)**	**1,094**	**(362)**	
Allocation of prior year's profit/(loss)			(16,907)	16,907	0	
Other movements			374		374	
Shareholders' Equity at June 30, 2017	**154,899**	**17,788**	**(157,552)**	**1,094**	**16,229**	**3**

ALMAVIVA S.P.A. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	Note	For the six months ended June 30, 2017	2016
Profit/(loss) for the period		**1,363**	**(4,188)**
Adjustments to reconcile profit before tax to net cash flows:			
Income Taxes	35	1,515	3,808
Financial income	33	(414)	(663)
Financial expenses	33	15,418	14,360
Exchange (gains)/losses	33	(899)	945
Depreciation and amortization	31	14,677	13,799
Write-downs/(revaluations) of non-current financial assets and equity investments		(160)	(20)
Losses from sale of non-current assets		62	0
Interest received		414	663
Interest paid		(14,380)	(13,054)
Income taxes paid		(578)	(434)
Cash flows generated from operating activities before changes in working capital		*17,018*	*15,216*
Change in trade receivables	12	7,724	(15,265)
Change in inventories and amount due from customers	11	(1,364)	(1,955)
Change in trade payables	23	13,837	10,545
Change in other assets	10-14	(11,439)	(11,646)
Change in other liabilities	22-26	8,089	5,673
Foreign exchange rate effect related to items of working capital		2,922	(970)
Change in liabilities for employee benefits and provisions	18-19	(3,186)	4,612
Change in deferred tax assets (liabilities)	9-21	(274)	(900)
Cash-flow generated from operating activities (A)		**33,327**	**5,310**
Investments in property, plant and equipment	6	(1,974)	(4,807)
Investments in intangible assets	5	(8,046)	(6,161)
Acquisition of investments accounted for using the equity method		(61)	(2)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method		0	34
Change in non-current asset held for sale	16	1,790	0
Change in non-current financial assets		57	3
Change in current financial assets		3,491	1,098
Cash-flow absorbed by investing activities (B)		**(4,743)**	**(9,835)**
Proceeds from non-controlling interests for payment of share capital of subsidiaries		368	55
Dividends paid to non-controlling interests		(973)	(343)
Proceeds from borrowings		27,728	42,251
Repayment of borrowings		(45,523)	(20,449)
Other change in current and non-current financial liabilities		(16,177)	(28,871)
Cash-flow absorbed by financing activities (C)		**(34,577)**	**(7,357)**
Cash flow of the period (A+B+C)		**(5,993)**	**(11,882)**
Effect of foreign exchange rates on cash and cash equivalents		(336)	1,877
Cash and cash equivalents at beginning of the period	**15**	48,181	50,645
Cash and cash equivalents at end of the period	**15**	41,852	40,640

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter ''AlmavivA'' or the ''Company'') is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 29,000 employees and several offices around Italy and abroad.

The Company has its registered office in Via di Casal Boccone, 188/190, Rome and it is governed by the Italian law.

The Unaudited Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on September 15, 2017.

When used in these explanatory notes, unless otherwise specified or the context otherwise indicates, all references to the terms ''AlmavivA Group'', ''Group'', ''we'', ''us'', ''our'' and the ''Company'' refer to AlmavivA S.p.A., the parent company, and all entities included in the Consolidated Financial Statements.

2. BASIS OF PREPARATION

The Unaudited Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis. In this respect, despite reporting a net loss for each of the last three years, AlmavivA Board of Directors' assessment, presented below in paragraph 2.1, is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about the AlmavivA Group ability to continue as a going concern.

The unadited interim condensed consolidated financial statements of the Company and its subsidiaries (the ''AlmavivA Group'') as of and for the six months ended June 30, 2017 and 2016 (hereinafter collectively referred to as the ''Unaudited Interim Condensed Consolidated Financial Statements'') included in this Offering Memorandum are prepared in accordance with the International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board (''IASB'') as adopted by the European Union and comprise the unaudited interim condensed consolidated statement of financial position as at June 30, 2017 and the related unaudited interim condensed consolidated income statement, unaudited interim condensed consolidated statement of other comprehensive income, unaudited interim condensed consolidated statement of changes in shareholders' equity and unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2017 and 2016, together with the related explanatory notes thereto.

The designation ''IFRS'' also includes all valid International Accounting Standards (''IAS''), as well as all interpretations of the IFRS Interpretations Committee, formerly the Standing Interpretations Committee (''SIC'') and then the International Financial Reporting Interpretations Committee (''IFRIC''). IFRS have been applied consistently to all of the periods presented.

The Unaudited Interim Condensed Consolidated Financial Statements were prepared on the basis of IAS 34 ''Interim financial reporting''. The Unaudited Interim Condensed Consolidated Financial Statements do not contain all the information required in the preparation of the annual consolidated financial statements. For this reason, the Unadited Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2017 must be read together with the consolidated financial statements as at December 31, 2016.

The layouts adopted for the preparation of the Unaudited Interim Condensed Consolidated Financial Statements are consistent with those used in the annual consolidated financial statements pursuant to IAS 1, as follows:

- the **unaudited interim condensed consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial period. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial period;

2. BASIS OF PREPARATION (Continued)

- the **unaudited interim condensed consolidated income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropiate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice;
- the **unaudited interim condensed consolidated statement of other comprehensive income** presents the profit/(loss) for the period and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **unaudited interim condensed consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;
- the **unaudited interim condensed consolidated statement of cash flows** is prepared according to the ''indirect method'' as permitted by IAS 7 and presents the cash flows generated by operating activities, investing activities and financing activities.

The Euro is the functional currency of the Group. All amounts are stated in thousands of Euro, except when otherwise indicated.

2.1 Going Concern

The Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2017 and for the six months then ended of AlmavivA Group show a net profit of Euro 1,363 thousands and a net equity of Euro 20,297 thousands. The net financial indebtedness amounted to Euro 94,964 thousands. These results are clearly better than those recorded in the first half of 2016: compared to the first half of 2016, revenues increased by Euro 21,848 thousands (from Euro 349,861 thousands to Euro 371,709 thousands), Operating Profit increased by Euro 6,236 thousands (from Euro 12,372 thousands to Euro 18,608 thousands) and the net result went from a loss of Euro 4,188 thousands to a profit of Euro 1,363 thousands.

Management keep carrying out some actions with the greatest attention, aiming in particular to:

- contain structure costs;
- implement stricter purchasing policies;
- reduce external costs by balancing direct and indirect resources and optimizing production and management processes;
- pursue an optimization of working capital management, with particular attention to trade receivables and contract work in progress;
- redesign the corporate and organizational structure with the objective to improve management and production efficiency through the development of technical and managerial skills.

From a financial point of view, as also disclosed in Note 42, a complete restructuring of the financial position of the AlmavivA Group was completed after the reporting date with the subscription of a new borrowing from Goldman Sachs International intended to:

- repay of the old Senior Loan granted by a pool of banks;
- redeem all the expired VAT debt of AlmavivA SpA and AlmavivA Contact SpA;
- repay of factoring lines by without recourse;
- repay AlmavivA do Brasil's financial debts;
- support the working capital and the ordinary operations of the AlmavivA Group; and
- pay the transaction's costs.

2. BASIS OF PREPARATION (Continued)

Considering that the budget for the year 2017 showed an improvement in the Group's financial situation compared to the prior year and before the effect of any restructuring, this transaction will provide further momentum to the Group's financial management. It should also be noted that, thanks to this new financing operation, the average duration of the overall debt has increased considerably resulting in an improved protection for the Group from roll-over risks associated with short-term loans.

In the IT Service segment, there is good vitality in the financial market area (banks and insurance first of all) and signs of recovery are also visible in the public administration market area. AlmavivA SpA has also won important public biddings (SPC Lotto 3 and Lot 4, etc), which will certainly have a positive impact from the second half of 2017 and for the upcoming years. In line with what was foreseen in the Budget for 2017 in terms of efficiency and marginal recovery, there is also a need to activate of the Ordinary Equity Integration Fund and Employee Solidarity Contracts for AlmavivA S.p.A. (July 2017 CIGO Agreement and subsequent Solidarity Contracts until December 2017), with average usage on the various operating areas.

Regarding the transportation market area, there is a constant growth and the presence of the Group is highlighted in highly strategic areas both in Italy and in particular in connection with the new Industrial Plan of the State Railways Group and at international level.

For the CRM Europe segment, it should be noted that AlmavivA Contact, following the closing of the operating site of Rome in December 2016 and the consequent redundancy of 1,666 resources, specific agreements were signed in the first half of 2017 (February and May 2017) with the employees of Naples and Palermo operating sites, which include among others:

- Possibility to use social shock absorbers (CIGS) to compensate activity losses;
- Failure to pay seniority increases already matured;
- Suspension of maturing further increases in seniority;
- Exclusion of the indemnity leave (TFR) treatment base for the minimum contractual and former contingency allowance.

Moreover, the roll-out of tools aimed to measure productivity and quality at the individual level are expected to be implemented in the Naples site. In the meantime, AlmavivA Services (incorporated on June 27, 2016), which only started its operations in 2016, has already reached the break-even as at June 30, 2017.

Actions on Italian sites and the on-going activities of AlmavivA Services, with regards to the CRM Europe segment, confirm the efficiency of the operating structure for 2017, a stabilization of revenues, a significant reduction in annual losses and a substantial economic equilibrium since last months.

The actions for the development in international markets continues to be based on Brazil where the local CRM market continues to grow significantly, despite the delicate moment that is going through the country both from a political point of view and financial markets. In fact, in recent times, there is a significant strengthening of the local currency and a renewed optimism in the stock market. AlmavivA do Brasil has an increasingly important role and leadership in the market and its presence on the market itself is expected to continue on growing. However, CRM market complexity continues with reference to the economic and financial situation of some customers.

In the Brazilian market, the AlmavivA do Brasil Group highlighted a growth in sales with slightly reduced margins for the six months ended June 30, 2017 compared to the corresponding period of the prior year. At the net profit level, the AlmavivA do Brasil Group recorded a loss of Euro 1,517 thousands partly due to the start-up in the Colombian market of the subisidiary Almacontact.

For the six months ended June 30, 2017, AlmavivA Tunisie shows results in line with the same period of the previous year.

2. BASIS OF PREPARATION (Continued)

In view of the above, in particular with reference to the developments in the CRM Europe segment, the Directors have prepared the AlmavivA Group's interim financial statements on a going concern basis, also taking into account the expected positive effects on the recovery of the financial and economic equilibrium in the medium term arising from the actions taken by management in the CRM Europe sector (specifically referred to Almaviva Contact), considering also the further improvements that will be generated by the new financial operation made.

2.2 Basis of consolidation

The Unaudited Interim Condensed Consolidated Financial Statements comprise the financial statements of AlmavivA S.p.A. and its Italian and foreign subsidiaries.

Determination of the existence of control over a subsidiary

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Unaudited Interim Condensed Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. BASIS OF PREPARATION (Continued)

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

- items of assets, liabilities, income and expenses of entities consolidated line by line are fully included in the Consolidated Financial Statements;
- the carrying amount of the parent's investment in the subsidiary is netted against the parent's portion of equity of investees. Any difference existing at the date when control is acquired is allocated to items of assets and liabilities;
- whenever required, the financial statements of subsidiaries are adjusted to align them to the accounting criteria adopted by the Group;
- minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's ownership interests in them;
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the period by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under ''retained earnings''.

Translation of financial statements prepared in a currency other than the group's functional currency

All assets and liabilities of foreign companies that prepare their financial statements in a currency other than the group's functional currency (the Euro) and are included in the consolidation area, are translated by using the exchange rates at the reporting date (current exchange rate method). The related revenue and costs are translated at average exchange rates for the period. Exchange differences, resulting from the application of this method, are recorded as an equity reserve until the equity investment is entirely transferred, or when the investee is no longer qualified as subsidiary. Upon partial transfer, without change on control, the portion of exchange difference related to the portion of investment acquired or sold is attributed to the shareholders' equity of the group or of the non-controlling interests, respectively. Goodwill and adjustments at fair value, generated when allocating the purchase price of a foreign operation as part of a business combination, are recognized in the related currency and then translated at period-end exchange rate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration paid, measured at fair value at the acquisition date, and the amount of the non-controlling interest of the acquired entity. For each single business combination, the Group determined whether the non-controlling interest in the acquired entity should be measured at fair value or on a pro rata basis in relation to the portion of non-controlling interest in the identifiable net assets of the acquired entity. Acquisition costs are charged in the period and stated under administrative expenses. When the Group acquires a business, it classifies or determines the acquired financial assets or liabilities undertaken in compliance with contract terms and conditions, as well as economic conditions and other pertaining terms and conditions at the acquisition date.

If the business combination is carried out in more than one step, the equity investment previously held is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in the income statement. Any possible consideration to be recognized is measured by the acquiring entity at fair value, at the acquisition date. The fair value change in the contingent consideration classified as an asset or liability, that is a financial instrument and within the scope of *IAS 39 Financial instruments: recognition*

2. BASIS OF PREPARATION (Continued)

and measurement, must be recorded in the income statement or other comprehensive income components. If the potential consideration does not fall within the scope of IAS 39, this amount is measured according to the appropriate IFRS standard. If the potential consideration is classified in equity, its value shall not be re-determined and its subsequent payment shall be recognised in shareholders' equity.

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. After the initial recognition, goodwill is measured at cost, excluding any accumulated impairment loss and tested for impairment.

Determination of existence of significant influence over an associate or joint control over a joint arrangement

An associated company is an entity on which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint control means the shared control of an entity, on a contract basis, which is exercised solely when decisions on relevant activities require the unanimous approval of all the parties in the joint arrangement. A joint arrangement can be configured as a joint venture or as a joint operation. A joint venture is a joint control agreement in which the parties holding the joint control have rights on the net assets of the agreement. A joint operation is a joint control agreement in which the parties have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgement and assess its rights and obligations arising from the arrangement, considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and , when relevant, other facts and circumstances. As a result of its assessment, management has not qualified any of its joint arrangements as a joint operation.

Equity investments in associated companies and joint ventures are accounted for in the Unaudited Interim Condensed Consolidated Financial Statements using the equity method, as envisaged, respectively, by IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint arrangements). Associated companies and joint ventures are included in the Unaudited Interim Condensed Consolidated Financial Statements when the significant influence or the joint control begins, until the date in which this joint control or significant influence cease.

Recognition and measurement criteria adopted for associates and joint arrangements: investments accounted for using the equity method

In application of the equity method, the equity investment in an associated company, or in a joint venture, is initially recognised at cost. The carrying amount of the equity investment is increased or decreased to recognise the portion, pertaining to the investor, of the profits and losses of the investee realised after the acquisition date. The goodwill related to the associated company or the joint venture is included in the carrying amount of the equity investment and it is neither amortised nor mandatorily tested for impairment on an annual basis. The aggregate portion pertaining to the Group and related to the profit or loss for the period of associated companies and joint ventures is recognised in the income statement for the period, after the operating result, and is the profit or loss excluding taxes and quotas pertaining to other shareholders of the associated company or joint venture. After applying the equity method, the Group evaluates whether the impairment of its investment in the associated companies or joint ventures is to be recognised. At each single reporting date, the Group evaluates whether there are impairment indicators which require its investments in associated companies or joint ventures to be tested for impairment. In this case, the Group calculates the recoverable value of the associated company or joint venture and records any difference (if negative) between the recoverable amount and the book value of the same in the Consolidated Financial Statements. This difference is recognised in the

2. BASIS OF PREPARATION (Continued)

income statement for the period. When the significant influence on an associated company or the joint control of a joint venture is lost, the Group remeasures the investment retained at fair value and recognises in the income statement the difference between the carrying amount of the investment and the fair value of both the residual investment and the amount received.

Consolidation Area

The consolidated companies as at June 30, 2017 are listed below:

Companies and method of consolidation	Currency	Share held[1]	For the six months ended June 30, 2017	For the year ended December 31, 2016
AlmavivA S.p.A. (Parent Company) Rome, Italy	Euro	—	Full	Full
Lombardia Gestione S.r.l. Milan, Italy	Euro	51.00%	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100.00%	Full	Full
AlmavivA Contact S.p.A. Rome, Italy	Euro	100.00%	Full	Full
AlmavivA do Brasil S.A. Belo Horizonte, Brazil	Brazilian Real	94.50%	Full	Full
AlmavivA Participações Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full
AlmavivA Credit Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full
Almacontact (AlmavivA del Colombia) Bogotà, Colombia	Colombian Peso	100.00%	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100.00%	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56.25%	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100.00%	Full	Full
Almawave S.r.l. Rome, Italy	Euro	100.00%	Full	Full
Almawave SA (Pty) Ltd Johannesburg, Republic of South Africa	South-African Zar	100.00%	—	Full
Almawave do Brasil Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	50.90%	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	100.00%	Full	Full
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full
Sin S.p.A. Rome, Italy	Euro	20.02%	—	Equity
CCID—AlmavivA Inform. Technol. Co. Ltd Shangai, People's Republic of China	Chinese Yuan	50.00%	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49.99%	Equity	Equity
TVEyes L.T. S.r.l. Trento, Italy	Euro	20.00%	Equity	Equity

(1) At June 30, 2017

2. BASIS OF PREPARATION (Continued)

Compared to the Consolidated Financial Statements as of December 31, 2016, consolidation area of the Unaudited Interim Condensed Consolidated Financial Statements as at June 30, 2017 and for the six months then ended changed following the liquidation of Almawave SA (Pty) Ltd. The latter was 100% controlled by Almawave S.r.l..

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Lombardia Gestione S.r.l.	Italy	49%	49%
AlmavivA Tunisie S.A.	Tunisie	43,75%	43,75%

Accumulated balances of material non-controlling interest:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Lombardia Gestione S.r.l.	699	1,114
AlmavivA Tunisie S.A.	1,037	1,095

Profit allocated to material non-controlling interest:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Lombardia Gestione S.r.l.	224	217
AlmavivA Tunisie S.A.	26	17

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized income statement and statement of other comprehensive income for the six months ended June 30, 2017

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Revenues	9,249	1,104
Cost of raw materials and services	(7,152)	(306)
Personnel expenses	(1,288)	(632)
Depreciation and amortization	(23)	(88)
Financial expenses	(9)	(5)
Profit before taxes	**614**	**72**
Income taxes	(179)	(13)
Profit from continuing operations	**435**	**59**
Other comprehensive income for the period	**454**	**59**
Other comprehensive income pertaining to the group	224	26
Other comprehensive income/(loss) pertaining to non-controlling interests	483	0

2. BASIS OF PREPARATION (Continued)

Summarized income statement and statement of other comprehensive income the six months ended June 30, for 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Revenues	9,380	1,102
Cost of raw materials and services	(7,194)	(306)
Personnel expenses	(1,439)	(674)
Depreciation and amortization	(3)	(70)
Financial expenses	(10)	(7)
Profit before taxes	**604**	**45**
Income taxes	(183)	(5)
Profit from continuing operations	421	40
Other comprehensive income for the period	**399**	**40**
Other comprehensive income pertaining to the group	217	17
Other comprehensive income pertaining to non-controlling interests	343	0

Summarized statement of financial position for June 30, 2017

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Non-current assets	0	11
Trade receivables	5,703	1,526
Current liabilities	(8,180)	(541)
Non-current liabilities	(762)	0
Equity	**1,718**	**2,144**
Pertaining to the group	876	1,206
Pertaining to non-controlling interests	842	938

Summarized statement of financial position for the year ended December 31, 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Non-current assets	0	12
Trade receivables	7,209	1,933
Current liabilities	(7,566)	(681)
Non-current liabilities	(784)	(10)
Equity	**3,249**	**2,367**
Pertaining to the group	1,657	1,331
Pertaining to non-controlling interests	1,592	1,036

Summarized statement of cash flow for June 30, 2017

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Cash-flow generated from operating activities	1,994	415
Cash-flow generated from/(absorbed by) investing activities	0	19
Cash-flow absorbed by financing activities	(1,966)	(283)
Cash flow of the period	**28**	**151**

2. BASIS OF PREPARATION (Continued)

Summarized statement of cash flow for June 30, 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Cash-flow generated from operating activities	375	134
Cash-flow generated from/(absorbed by) investing activities	0	(5)
Cash-flow absorbed by financing activities	(723)	(245)
Cash flow of the period	**(348)**	**(116)**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The main accounting policies and measurement criteria used in the preparation of the Unaudited Interim Condensed Consolidated Financial Statements are described hereunder.

Intangible assets

Intangible assets are identifiable assets lacking physical substance, controlled by the group and able to produce future economic benefits, as well as goodwill deriving from business combinations. Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill. This requirement is normally satisfied when: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset is separable, i.e. can be sold, transferred, leased or exchanged independently or as an integral part of other assets. Company's control consists of the power to obtain future economic benefits from the asset or the possibility of restricting others' access to those benefits.

As part of the transition to IFRS, the AlmavivA group decided not to retroactively apply *IFRS 3—Business combinations* to acquisitions made prior to October 1, 2012; consequently, for these acquisitions, the carrying amounts of the intangible assets as at said date were maintained, calculated on the basis of the previous accounting standards.

Intangible assets are booked at historical cost, inclusive of any directly attributable accessory charges. No revaluations are permitted, even in application of specific laws.

Intangible assets with a definite useful life are amortised systematically over their useful life, understood as the estimate of the period in which the assets will be used by the company; amortization is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

- Industrial patents and intellectual property rights: 10-33%;
- Concessions, licences, trademarks and similar rights: 25%
- Other intangible assets: 20%

The costs relating to technological development activities are recorded under balance sheet assets when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical capacity to render the asset available for use or sale; (iii) it can be demonstrated that the asset is able to produce future economic benefits.

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Intangible assets with a definite useful life, these are subject to impairment testing, as described in the specific section.

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization; the recoverability of their book values is verified at least annually and, in any case, when events occur that indicate impairment. With reference to goodwill, the test is performed at the smallest aggregate level (cash generating unit) to which goodwill can be attributed on a reasonable and consistent basis; this aggregate represents the basis on which Company Management directly or indirectly assesses the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

investment return. When the book value of the cash generating unit inclusive of the goodwill attributed to it is higher than the recoverable value, the difference is subject to a write-down which is allocated, on a priority basis, to the goodwill up to the relevant amount; any excess of the write-down with respect to goodwill is charged on a pro-rata basis to the book value of the assets that comprise the cash generating unit.

Property, plant and equipment

Property, plant and equipment, comprising investment property, are booked at historical cost, inclusive of any directly attributable accessory charges. The cost of Property, plant and equipment, whose use is limited over time, is systematically depreciated each year on a straight-line basis in relation to the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Depreciation is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

- Buildings: 3%;
- Plant and machinery: from 15% to 40%;
- Industrial and commercial equipment: from 15% to 30%;
- Other assets: from 12% to 40%.

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Property, plant and equipment, these are subject to impairment testing, as described in the specific section.

Property, plant and equipment are no longer stated in the financial statements following their transfer or when no future economic benefits are expected from their use, and any resulting profit or loss (calculated as the difference between the sale value, less costs to sell, and the carrying amount) is booked to the income statement in the period of disposal. Any ordinary maintenance costs are charged to the income statement.

Leasehold improvements are classified in property, plant and equipment, depending on the nature of the cost incurred. The depreciation period corresponds to the lower of the residual useful life of the material immobilization and the residual term of the lease.

Equity investments classified as financial instruments available-for-sale

Equity investments in other companies, which can be classified under available-for-sale financial instruments, as envisaged by IAS 39, are initially recognised at fair value that normally is the purchase cost, inclusive of directly attributable transaction costs.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss—is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

value after impairment are recognised in OCI. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Amount due from/(owed to) customers

Contracts relating to works in progress are valued on the basis of the contractual considerations accrued with reasonable certainty in relation to the progress of works, using the percentage of completion criterion, determined through the ''cost to cost'' method, so as to allocate the revenues and economic result of the contract to the individual financial periods in proportion to the progress status of works. The difference between the contract completion value and that of the advances already received by the customer is booked in the statement of financial position as an asset (if positive) or as a liability (if negative), respectively. In the event that a loss is expected from the completion of the contract activities, this is immediately booked in full to the financial statements, regardless of the progress status of the contract.

Inventories

Inventories are valued at the lower of the purchase or production cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Receivables and Payables

Receivables are initially recognised at fair value and, subsequently valued at amortised cost, using the effective interest rate method, net of any impairment loss.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment losses are reversed in subsequent years where impairment indicators no longer exist. In this case, the reversal is accounted for in the income statement and cannot, in any case, exceed the amortised cost that the receivable would have had in the absence of the previous adjustments.

Payables are initially recognised at cost, corresponding to the fair value of the liabilities, net of any directly attributable transaction costs. Following initial recognition, payables are measured based on the amortised cost criterion, by using the effective interest rate method.

Trade receivables and payables, whose maturity falls within the normal commercial terms, are not discounted.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Derivatives

All derivatives are measured in the balance sheet at their fair value, determined at the period-end date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented at inception and the periodically verified effectiveness of the hedge falls within the 80%-125% range indicated by IAS 39.

For derivatives that hedge the risk of fluctuation of cash flows of assets and/or liabilities subject to hedging (cash flow hedges), fair value changes are recognised in the statement of other comprehensive income, net of the related deferred tax effect, with any ineffective portion recognised directly in the income statement.

Derivatives that are designated as hedging instruments or that do not meet the requirements dictated by IAS 39 to qualify for hedging instruments are recorded at fair value through income statement.

Fair value measurements

The fair value is the price that would be received for the sale of an asset or would be paid to transfer a liability in a regular market transaction (i.e. not in a forced liquidation or a below-cost sale) at the valuation date (exit price). The fair value of an asset or a liability is determined by adopting the valuation techniques that market operators would use in determining the price of the asset or liability. The fair value measurement also presumes that the asset or liability is exchanged in the principal market or, in its absence, in the most advantageous market the company has accessed. In calculating the fair value of a financial asset, it is necessary to include a fair value adjustment factor relating to counterparty risk defined as CVA—Credit Valuation Adjustment. This credit risk must be quantified in the same way in which a market operator would determine it in defining the purchase price of a financial asset. As for the determination of the fair value of a financial liability, as more expressly set forth in IFRS 13, it is necessary to quantify a fair value adjustment factor relating to own credit risk, i.e. DVA—Debit Valuation Adjustment. In determining the fair value, a hierarchy of criteria is defined based on the origin, type and quality of information used in the calculation. This classification aims to establish a hierarchy in terms of fair value reliability, prioritising the use of parameters observable on the market that reflect the assumptions that market investors would use in valuing assets/liabilities. The fair value hierarchy provides for the following levels: (i) level 1: inputs represented by prices quoted (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date; (ii) level 2: inputs other than quoted prices included in level 1, that are directly or indirectly observable for the asset or liability to be measured; (iii) level 3: unobservable inputs for the asset or liability.

Leasing

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

Provisions are periodically updated to reflect changes in the estimates of costs, the expected timing of occurrence and discounting rate; changes in estimates are accounted for in the same item of the income statement where previously had been recognised the expense .

Employee benefits

The cost related to short-term benefits granted to employees is mainly related to salaries and wages and is recognized by the Group during the course of the employment relationship based on the contractual arrangements in force with each employee.

Costs and related liabilities to employee benefits also include post-employment benefits such as the employee severance indemnities. The provision for employee severance indemnities, which is mandatory for Italian companies, is considered:

- a defined-benefit plan with respect to the benefits that vested up to December 31, 2006, as well as with respect to benefits vesting from January 1, 2007 (or, where applicable, until the subsequent date of subscription to the supplementary pension fund);
- a defined-contribution plan with respect to benefits vesting from January 1, 2007 on for employees who opted for alternative pension plans and, in the case of companies with more than 50 employees, employees who chose to leave their vested benefits with the company.

The provision for employee severance indemnities, which can be construed as a defined-benefit plan, is valued by the Projected Unit Credit Method, based on actuarial and financial assumptions (actuarial assumptions: mortality, turnover, disability of the population included in the plan; financial assumptions: discount rate, rate of wage increases, capitalization rate) and is presented net of advances paid. The valuation of liabilities is performed by independent actuaries.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The increase in the present value of the provision for employee severance indemnities is recognized as personnel expense except for the revaluation of the net liability related to actuarial gains and losses which are recorded in the statement of other comprehensive income and are not subsequently booked to the income statement; the cost for interest is recognised in the income statement, under the line item Financial expenses.

Grants

Capital grants are recognised when there is reasonable assurance that the conditions required by the granting government bodies to obtain them will be satisfied, and are recorded on an accrual basis through the gradual recognition to the income statement based on the process of amortisation of the assets to which they refer.

Operating grants are recognised in the income statement on an accrual basis, consistent with the costs incurred to which they are related.

Impairment test of assets and corresponding reversal

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Rendering of services

Revenue from rendering of IT services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour and other direct costs incurred to date as a percentage of total estimated costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue recognition by reference to stage of completion requires use of estimation related to several terms of contracts (e.g. contract costs, project period, etc.). The estimates are determined by the judgement of management of the Group, supplemented by past experience and by specific indicators and considering specific circumstances concerning speficic clients and agreements. In case of events that could affect revenues, costs or stage of completion, the estimates will be reviewed as consequence. The variation may lead to an increase or decrease in contract revenues or contract costs.

Revenue related to services rendered on time-consuming basis is recognized by reference to actual time. In case of contract revenues based on amount of calls managed or based on workstation number and assigned staff, the revenue is recognized by reference to effective quantity provided to client. Revenue related to quantitative targets is recognized only when a specific target is met. Revenue related to qualitative target is recognized when the client communicates to be satisfied.

Revenues related to recurring services is recognized over the term of the contract to which they refer.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Costs

Costs are recognized when the related goods and services are sold or consumed during the period, when they are allocated on a systematic basis or when their future economic benefits can not be identified.

Operating lease fees are booked to the income statement over the duration of the lease.

Costs incurred for the acquisition of new know-how, the study of alternative products or processes, of new techniques or models, for the design and construction of prototypes or, nonetheless, incurred for other scientific research or technological development activities that do not meet the conditions for recognition in balance sheet assets are considered current costs and booked to the income statement in the period they are incurred.

Income taxes

Current income taxes are calculated on the basis of the estimate of taxable income in accordance with the applicable tax regulations; the expected payable is booked to the item ‘‘current tax liabilities’’. Tax payables and receivables for current income taxes are booked at the value that is expected to be paid/ recovered to/from the tax authorities, by applying the applicable tax rates and regulations or essentially approved at the end of the reporting period.

Deferred income taxes are calculated on the temporary differences between the values of assets and liabilities booked to the financial statements and the corresponding values recognised for tax purposes on the basis of the rates and regulations in force. Deferred tax assets are recognised when their recovery

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

is considered likely; the recoverability of deferred tax assets is considered likely when taxable income is expected to be available, in the year in which the temporary difference will be cancelled, such as to allow the tax deduction to be carried out. Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability.

Deferred taxes are booked to the income statement, with the exception of those related to items recognised directly in shareholders' equity; based on said assumption, also the associated deferred taxes are booked to shareholders' equity.

Tax consolidation

AlmavivA S.p.A. and its Italian subsidiaries exercised the option of participating to the Italian tax consolidation mechanism under the ultimate parent company AlmavivA Technologies S.r.l..

The option for the tax consolidation will expire with the filing of the consolidated tax declaration for the year ending December 31, 2018 and the related financial settlement.

The economic and financial relations arising from the participation in the tax consolidation are governed by a single contract.

Given that the tax basis of the tax consolidation is the sum of the taxable amounts and the tax losses that the individual entities assign to the consolidating company, any loss transferred to the tax consolidation is recognised under the consolidating company and based on the reasonable certainty of recovery assessed on a consolidated basis.

The agreements also provide the option of assigning to the consolidating company any excess taxes against which the consolidating company and the consolidated companies recognise reciprocal equity balances.

Recognition in equity requires the replacement of the tax payables and receivables with payables and receivables among consolidated entities. In particular, the recognition is made as follows:

Consolidating company

Only recognitions in equity (Tax Authorities and the consolidated company) are made against the taxable amounts acquired, with the deferred tax assets recognised only if the requirements above are satisfied.

Consolidated company

Recognises current tax expenses (income from participation in the tax consolidation) against taxable amounts (losses) concerning a payable (receivable) to the consolidating company.

Where provided for pursuant to specific consolidation agreements, any retrocession of tax losses transferred during the consolidation period requires the adjustment of the payable to the consolidating company against an expense for participation in the tax consolidation.

Operating and reportable segments

From an IFRS 8 perspective, management identified its reportable segments based on the criteria stated in the standard, which requires the identification of those segments whose reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments. As a result of that, the following three major reportable segments were identified: (a) *IT Services*; (b) *CRM Europe*; and (c) *CRM International*.

In addition to the above, management identified a fourth segment, *Almawave—New Technology*, that it is considered to provide important information to the stakeholders and investors in terms of significant investments made by the Group in new technology sector in recent years, regardless the fact that it does not exceed the quantitative threshold outlined in IFRS 8.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The operating segment information based on the above four reportable segments is consistent with that used by the top management in its collective role as Chief Operating Decision Maker, as they monitor the operating results of these operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

The Group's financing strategy (including finance costs and finance income) is managed on a Group basis and therefore is not allocated to operating and reportable segments. As a result of that, income taxes remain also unallocated.

3.2 Use of Estimates and Management Judgement

The preparation of the Unaudited Interim Condensed Consolidated Financial Statements in accordance with IFRS requires the adoption of judgement by management as well as the formulation of estimates and assumptions that have an impact on the amounts of assets and liabilities and on revenues and expenses. These estimates were based on past experience and on other factors that were deemed to be reasonable under the relevant circumstances. However, the actual results that will ultimately be recognized may be different from the estimates.

Management judgement mainly refers to aspects such as:

- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in paragraph 3.1 above;
- the identification of cash-generating units as the smallest groups of assets that generate largely independent cash inflows and to which goodwill is also allocated.

Critical management judgement that are not covered in other parts of this document are commented here below.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for immediate sale. Managements evaluates as to whether such conditions are met to qualify the non-current asset (or disposal group) as Non-current assets held for sale in accordance with IFRS 5.

Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement.

The corresponding values for the previous period are not reclassified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Gains or losses on discontinued operations—whether disposed of or classified as held for sale—are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

Management applies judgement to assess whether the non-current assets held for sale or the disposal group qualify as discontinued operations.

Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

- the book value before the asset (or disposal group) was classified as held for sale, adjusted for depreciation, amortization, write-downs or write-backs that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

Identification of cash-generating units (CGUs)

In application of IAS 36, the goodwill recognized in the Unaudited Interim Condensed Consolidated Financial Statements of the Group as a result of business combinations has been allocated to individual CGUs or groups of CGUs that will benefit from the combination.

In identifying such CGUs, management took account of the specific nature of the assets and the business acquired through the business combination that originated the goodwill (e.g. geographical area and business area), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets). The assets allocated to each CGU were also identified in a way consistent with the manner in which management manages and monitors those assets within the business model adopted.

As a result of this process, the following CGUs were identified where goodwill was allocated: AlmavivA Contact S.p.A.; Alicos; AlmavivA do Brasil S.A.; In Action; AlmavivA Finance; Pervoice; Gempliss; Atesia.

Estimates are mainly related to critical valuation processes and key assumptions used by the Group for IFRS purposes, which could have a material impact on the data presented in the Unaudited Interim Condensed Consolidated Financial Statements or which entail the risk that there may be material differences compared with the future carrying amounts of assets and liabilities. Estimates are mainly used to recognize:

- any non-recoverable value of non-current assets, including goodwill, deferred tax assets, additions to the allowances for doubtful accounts, additions to provisions;
- the estimate at completion of the costs related to works in progress, which represents one of the main assumptions for the application of the ''percentage of completion'' method of accounting;
- liabilities for post-employment benefits qualified as defined-benefit obligations, with particular reference to the actuarial assumptions used when applying the *Projected Unit Credit Method*;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- fair value measurements, including that of derivative contracts and the market value of assets and liabilities recognized in connection with business combinations or related to non-current assets held for sale.

Estimates and assumptions are reviewed on a regular basis and the impact of any change in the estimates is reflected in the result for the period during which the change was made.

Please refer to paragraph 3.1 ''Accounting policy and measurement criteria'' above, for more details on each relevant financial item included in each category of estimates.

3.3 Seasonality of operations

The Group's revenues and results are not significantly affected by the seasonality of the activities carried out in the different operating sectors in which it operates. The Group's performance tends to be consistent throughout the year, also thanks to the distribution of operating activities in the two hemispheres, which allows to compensate for the periods of reduced operational activity of the Brazilian and European subsidiaries during the summer and winter. Given the limited economic impact of these trends no additional financial information (required by IAS 34.21) is therefore provided with reference to the performance of the Group for the six months ended June 30, 2017.

3.4 Standard issued but not yet in force

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects relating to the project for the accounting of financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for years starting on or after January 1, 2018; early application is permitted. Except for hedge accounting, the standard shall be applied retrospectively, although the supply of comparative information is not mandatory. As regards hedge accounting, the standard generally applied prospectively, with some limited exceptions.

The Group will adopt the new standard at the date of entry into force.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduces a new 5-step model that will apply to revenue from contracts with customers. IFRS 15 envisages the recognition of revenues for the amount that reflects the consideration the entity expects to be entitled in exchange for the transfer of goods and services to the customer.

The new standard will replace all current requirements present in the IFRS regarding the recognition of revenues. The standard is effective for years starting on or after January 1, 2018, with full retrospective or modified application. Early application is permitted.

The Group expects to apply the new standard from the mandatory date of effectiveness, by using the method of modified retrospective application.

In order to follow up on the Public Statements ''Enforcement Priorities for 2016 financial statements'' issued on October 28, 2016 by ESMA, the AlmavivA Group started an activity finalized to identify potential impacts arising from the application, as of 1 January 2018, of the above mentioned new accounting standards IFRS 9—Financial Instruments and IFRS 15—Revenues from cotnracts with customers. In particular, in relation to IFRS 15, the mapping activity of the potentially impacted principles was initiated in order to subsequently identify and analize the accounting effects associated with the application of the new rules. Also with regard to IFRS 9, the Group started in the first half of 2017 a project aimed to identify potential impacts in terms of (i) Classification and evaluation, (ii) Impairment loss and (iii) Hedge accounting for assets, liabilities and financial statements included in the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the second half the Group will continue the assessment activities of the possible impact of the application of IFRS 15 and IFRS 9 on the Group's net assets, as well as those aimed to identify the how to represent on consolidated financial statements the effects on first-time adoption of the new principles, also taking into account the options provided.

IAS 7 Disclosure Initiative—Amendments to IAS 7

Amendments to IAS 7 Statement of Cash Flows are part of the disclosure initiative of IASB and require an entity to provide additional information that allows users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes related to cash flows and non-monetary changes. Entities need not provide comparative information when they first apply the amendments. The amendments are effective for years starting on or after January 1, 2017; early application is permitted. Applying the changes will result in the Company being required to provide additional information.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses—Amendments to IAS 12

The amendments clarify that an entity must consider whether tax laws limit the sources of taxable income against which it may make deductions related to the reversal of deductible temporary differences. Moreover, the amendment provides guidelines on how an entity should determine future taxable income and explains the circumstances in which taxable income could include the recovery of some assets for a value greater than their carrying value.

Entities must apply these amendments retrospectively. However, when they first apply the amendments, the amendment in the net opening equity of the first comparative period could be recognised among retained earnings at the opening (or in another equity item, as the case may be, without allocating the change as retained earnings at the opening and other shareholders' equity items. Entities that apply this facility must disclose it. The amendments are effective for years starting on or after January 1, 2017; early application is permitted. An entity that applies these amendments earlier should disclose this fact in its relevant financial statements. The Group does not expect any impact due to the application of these amendments.

IFRS 2 Classification and Measurement of Share-based Payment Transactions—Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based payments that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments are effective for years starting on or after January 1, 2018; early application is permitted. The Company is considering the effects of these amendments on its own separate financial statements.

IFRS 16 Leases

IFRS 16 was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases and requires lessees to recognise assets and liabilities for all leases based on a single lessee accounting model similar to that used to recognise financial leases pursuant to IAS 17. The standard envisages two recognition exemptions for the lessee—leases where the underlying asset has a ''low value'' when new (such as personal computers) and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

short-term leases (such as leases with a lease term of 12 months or less). Upon lease commencement, a lessee recognises a lease liability and a right-of-use asset. The lessees will have to recognise separately interest expenses on a lease liability and the amortisation of a right-of-use asset.

The lessees will also have to re-measure the lease liability when certain events occur (e.g.: change in the lease term, change in future lease payments resulting from a change in an index or a rate used to determine those payments). The lessee will recognise generally the re-measurements of the lease liability as adjustments to the right-of-use asset.

The accounting by lessors envisaged by IFRS 16 is essentially unchanged from the current accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same classification principle provided by IAS 17 and distinguishing two types of leases: operating lease and finance lease IFRS 16 requires lessees and lessors more extended disclosure compared to IAS 17.

IFRS 16 is effective for years starting on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply the standard with full retrospective effect or modified retrospective effect. The transitional provisions envisaged by the standard allow for some benefits.

In 2017, the Company expects to define the potential impact of IFRS 16 on its Consolidated Financial Statements.

IFRIC 23 Uncertainty over Income Tax Treatments

In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 uncertaintyover Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition: Full retrospective approach—Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors. Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements.

4. OPERATING AND REPORTABLE SEGMENTS

For management purposes, the Group is organised into business units based on its products and services and on geographic area. The Group has four reportable segments, as follows:

e) IT Services, which the following entities or business lines: AlmavivA, Lombardia Gestione, AlmavivA de Belgique and Agrisian and comprises activities such as software development, upgrade and integration services for public and private sector customers in Italy;

f) CRM Europe, which includes the following entities or business lines: AlmavivA Contact, Italy Call and AlmavivA Services;

g) CRM International, which includes the following entities or business lines: AlmavivA do Brasil, AlmavivA Partecipações, AlmavivA de Colombia and AlmavivA Tunisie;

h) Almawave—New Technology which includes the following entities or business lines: Almawave, Pervoice, Almawave do Brasil and Almawave USA and comprises activities such as software

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

applications in the areas of big data analytics and speech text recognition, sold in approximately equal parts to internal and external customers.

No operating segments have been aggregated to form the above reportable segments.

Management has identified the operating and reportable segments that meet the quantitative requirements described in the IFRS 8 accounting principle, with particular reference to the percentage of the sector's revenues compared to the Group's total revenues (provided by the accounting principle of at least 10%). In this regard, it is noted that despite the Almawave—New Technology segment does not meet the aforementioned quantitative requirements set out in IFRS 8, management believes that sector information are useful for the stakeholders. Almawave, in fact, is the result of significant investments made in recent years by the Group in the new technologies business.

The top management monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Unadited Iterim Condesed Consolidated Financial Statements for the six months ended June 30, 2017. The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating and reportable segments. The price of transactions between entities belonging to different operating and reportable segments are determined on an arm's length basis in a manner similar to transactions with third parties.

Inter-segments revenues, income and expenses are eliminated or adjusted upon consolidation and reflected in ''Adjustments, eliminations and other'' column.

Finance income and costs as well as gains and losses from equity investments are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

For the six months ended June 30, 2017

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave—New Technology	Adjustments eliminations and other	Consolidated
Revenues						
External customers	170,472	60,896	137,415	2,926	0	371,709
Inter-segment	1,941	3,347	108	3,782	(9,178)	0
Total revenues	**172,413**	**64,243**	**137,523**	**6,708**	**(9,178)**	**371,709**
Income/(Expenses)						
Cost of raw materials and services	(73,676)	(17,124)	(39,421)	(1,784)	10,706	(121,300)
Personnel expenses	(82,139)	(50,623)	(81,050)	(3,481)	161	(217,132)
Depreciation and amortization	(7,621)	(1,106)	(5,370)	(789)	209	(14,677)
Losses from sale of non-current assets	(52)	0	0	(10)	0	(62)
Other operating income	6,770	1,078	0	133	(1,599)	6,382
Other operating expenses	(3,332)	(1,265)	(1,916)	(2)	203	(6,312)
Operating Profit	**12,362**	**(4,797)**	**9,766**	**775**	**502**	**18,608**
At June 30, 2017						
Total assets related to reportable Operating Segments	**383,437**	**126,128**	**165,073**	**27,528**	**(83,497)**	**618,670**
Total liabilities related to reportable Operating Segments	**266,463**	**84,455**	**46,248**	**12,279**	**(43,421)**	**366,024**

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

For the six months ended June 30, 2016

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave—New Technology	Adjustments eliminations and other	Consolidated
Revenues						
External customers	167,346	67,296	111,911	3,308	0	349,861
Inter-segment	2,177	3,395	96	2,949	(8,617)	0
Total revenues	**169,523**	**70,691**	**112,007**	**6,257**	**(8,617)**	**349,861**
Income/(Expenses)						
Cost of raw materials and services	(70,676)	(19,151)	(34,860)	(1,697)	10,947	(115,437)
Personnel expenses	(81,538)	(60,010)	(62,059)	(3,493)	125	(206,975)
Depreciation and amortization	(7,630)	(1,030)	(4,665)	(610)	135	(13,800)
Losses from sale of non-current assets	0	0	0	0	0	0
Other operating income	6,120	347	0	92	(2,413)	4,146
Other operating expenses	(4,320)	(1,210)	0	1	106	(5,423)
Operating Profit	**11,479**	**(10,363)**	**10,423**	**550**	**283**	**12,372**
At December 31, 2016						
Total assets related to reportable Operating Segments	**387,718**	**121,663**	**172,000**	**26,657**	**(78,658)**	**629,381**
Total liabilities related to reportable Operating Segments	**254,028**	**90,974**	**40,409**	**11,725**	**(42,100)**	**355,035**

Reconciliation of Operating profit

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Operating profit	**18,608**	**12,372**
Finance income	414	663
Finance costs	(15,418)	(14,360)
Exchange gains/(losses)	(899)	945
Gains/(losses) on equity investments	0	0
Profit from investments accounted for using equity method	173	0
Profit/(loss) before taxes	**2,878**	**(380)**

Reconciliation of Total assets

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Segment operating assets	**618,670**	**629,381**
Deferred tax assets	11,053	10,777
Current financial assets	4,328	7,870
Non-current financial assets	1,392	1,449
Non-current assets held for sale	2,459	4,249
Total assets	**637,902**	**653,726**

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

Reconciliation of Total liabilities

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Segment operating liabilities	**366,024**	**355,035**
Non-current financial liabilities	13,683	25,478
Current financial liabilities	128,818	150,873
Current tax liabilities	107,284	99,274
Deferred tax liabilities	1,796	1,794
Total liabilities	**617,605**	**632,454**

Geographic information

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Revenues from external customers		
Italy	232,341	237,441
Brazil	133,108	111,221
Tunisia	1,104	1,102
Colombia	3,346	97
Romania	1,810	0
Total	**371,709**	**349,861**
Of which:		
Rendering of services	370,243	346,726
Sales of goods	1,466	3,135

5. INTANGIBLE ASSETS AND GOODWILL

The table below shows for each component of Intangible assets the changes in net carrying value that occurred in 2017 and 2016:

(in thousands of Euro)	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At December 31, 2016	**33,166**	**28,548**	**236**	**14,659**	**10,976**	**87,585**
Additions		730	4	2	42	778
Capitalisation for internal projects		47	4		7,217	7,268
Amortization		(3,651)	(35)	(3,126)		(6,812)
Disposals						0
Reclassifications and other		2,145		2,253	(4,388)	10
Foreign exchange differences	(49)	(824)	(17)	(1)		(891)
At June 30, 2017	**33,117**	**26,995**	**192**	**13,787**	**13,847**	**87,938**

Group's investments at June 30, 2017 amount to Euro 8,046 thousands and comprise of capitalization for internal projects for Euro 7,268 thousands and other additions for Euro 778 thousands.

Capitalization for internal projects are related to the realization and internal development of assets (software and software applications) used across the operating sector in which the Group operates for in the realization and management of the services offered.

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

Other additions are mainly referred to ''Industrial patents and intellectual property rights''. These are related to the acquisitions made in the period of software licenses and to costs incurred for software development mainly used in the IT Services and Almawave—New Technology operating and reportable segments. The change occurred in the period compared to the previous is also due to reclassifications from ''Asset under construction'' for assets that whose development has been completed; other changes are mainly due to the amortization portion of the period calculated on a straight-line basis in relation to the residual utilization of the assets.

At the completion of these activities, the investments made mainly referred to ''Industrial patents and intellectual property rights'', which totaled Euro 26,995 thousands as at June 30, 2017 and therefore highlights the Group's assets of software and applications both developed internally and for evolutionary maintenance carried out on the same. The Group, in relation to such assets, periodically conducts an analysis to find its recoverable amount as compared to that recognized in the financial statements on the basis of the expected future economic benefits associated with them (portfolio contracts and expected acquisition). At the end of the period, based on the analyzes carried out, no impairment losses were reported.

Amortization of intangible assets amounted to Euro 6,812 thousands determined according to the rates described in the accounting policies adopted by the Group.

Foreign exchange differences on translation of financial statements of subsidiaries outside the euro zone for negative Euro 891 thousands mainly relates to companies that prepare financial statements in Brazilian Real.

Goodwill and Impairment testing

Detailed information of the movements affecting the Goodwill during the six months ended June 30, 2017 is provided below. The majority of the goodwill recorded in the Unaudited Interim Condensed Consolidated Financial Statements arose from business combinations that took place before the Group first applied IFRS on October 1, 2012. We remind that at first time application, the Group opted for the exemption for business combinations provided for by IFRS 1 that allowed the adopter to use the net book value resulting from the consolidated financial statements prepared under Italian accounting standards on the date of transition as the entry value under IFRS.

(in thousands of Euro)	At December 31, 2016	Additions	Exchange differences	At June 30, 2017
AlmavivA Contact	**26,533**			**26,533**
AlmavivA do Brasil	**2,308**		(49)	**2,259**
Alicos	**2,007**			**2,007**
In Action	**1,017**			**1,017**
AlmavivA Finance	**745**			**745**
Pervoice	**314**			**314**
Gempliss	**198**			**198**
Atesia	**44**			**44**
Total	**33,166**		(49)	**33,117**

The goodwill recognised following business combinations was attributed to the cash generating units (CGU) that benefit from the synergies that emerged from the acquisition. The recoverable value is determined by discounting the expected cash flows coming from use of the CGUs and applying the perpetuity method to estimate the terminal value. The cash flows are determined on the basis of the information available at the time of the estimate, deducible: (i) for the first five years of the estimate, from the business plan approved by Company Management and containing the forecasts on volumes, investments, operating costs, and the margins and industrial and commercial structures; (ii) for the years after the fifth, cash flow projections based on the perpetuity method of the last year of the business plan are taken.

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

AlmavivA Group verifies the recoverability of Goodwill at least once a year at year-end, or more frequently if impairment indicators are detected. As at June 30, 2017, the Directors, taking into account the new approved industrial plan, deemed it appropriate to carry out a new verification of the recoverability of the book values even if the tests performed at December 31, 2016 had demonstrated the full recoverability of such values. The results of the impairment tests carried out as at June 30, 2017 in the light of the changed context of reference, confirmed the existence of an headroom against the book values for all the goodwill recorded in the Unaudited Interim Condensed Consolidated Financial Statements, including that of the CGU CRM Europe (attributable to the goodwill arising from Atesia SpA, Alicos SpA, AlmavivA Contact SpA, AlmavivA do Brasil SA and In Action Srl), IT Services sector (resulting from the launch of AlmavivA Finance SpA), Almawave—New Technology segment (resulting from the launch of Pervoice and Gempliss) and CRM International segment. The sensitivity analysis performed by the management also confirms this result in case of shock-down and shock-up on the financial assumption considered. At the close of the financial year 2017, the Management will re-evaluate the need to proceed with the verification of the recoverability of goodwill in lieu of any impairment indicators.

The discount rate corresponding to the weighted average cost of capital (WACC) for the *CRM business* (attributable to the goodwill coming from Atesia, Alicos, AlmavivA Contact, AlmavivA do Brasil and In Action) was determined for each period using the following assumptions:

	At June 30, 2017		
CRM Business	**Brazil**	**Colombia**	**Others**
Beta	1	1	1
Risk Free Rate	10.00%	7,5%	1,5%
Expected Market Return	4.00%	4.00%	4.00%
Average Cost of Debt	17.00%	15.00%	5.60%
Debt/Equity Ratio (%)	70-30	30-70	30-70
Gordon Growth Rate	7.50%	8.00%	0.00%
Taxes	34%	33%	24%
WACC	**13.9%**	**11.9%**	**6.0%**

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. The impairment tests revealed a recoverable value relating to the CRM business CGUs higher than the relevant book values. The difference of the value in use of the CRM business CGUs compared to the book values, including the goodwill referring to it, remains positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

The discount rate corresponding to the weighted average cost of capital (WACC) of the *Finance business* (attributable to the goodwill coming from AlmavivA Finance) was determined for each period using the following assumptions:

Finance Business	**At June 30, 2017**
Beta	1
Risk Free Rate	1.46%
Expected Market Return	4.00%
Average Cost of Debt	5.60%
Debt/Equity Ratio (%)	30-70
Gordon Growth Rate	0.00%
Taxes	24%
WACC	**6.00%**

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. Please note that the impairment test revealed a recoverable value relating to the Finance sector CGU higher than the relevant book values. The surplus of the value in use of the Finance Sector CGU compared to the book value, including the goodwill referring to it, is positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

The discount rate corresponding to the weighted average cost of capital (WACC) of Almawave (attributable to the goodwill coming from Gempliss and Pervoice) was determined for each period using the following assumptions:

Almawave	At June 30, 2017
Beta	1
Risk Free Rate	1.46%
Expected Market Return	4.00%
Average Cost of Debt	5.60%
Debt/Equity Ratio (%)	30-70
Gordon Growth Rate	0.00%
Taxes	24%
WACC	**6.00%**

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. Please note that the impairment test revealed a recoverable value relating to the Almawave S.r.l. CGU higher than the relative book values. The surplus of the value in use of the Almawave S.r.l. CGU compared to the book value, including the goodwill referring to it, is positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

6. PROPERTY, PLANT AND EQUIPMENT

The table below shows for each component of Property, plant and equipment the changes in net carrying value that occurred in 2017 and 2016:

(in thousands of Euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost	19,004	221,796	3,022	159,193	401	**403,416**
Accumulated decpreciation	(8,593)	(198,592)	(2,570)	(117,276)	0	**(327,031)**
At December 31, 2016	**10,411**	**23,204**	**453**	**41,917**	**401**	**76,386**
Additions	23	722		391	838	1,974
Capitalisation for internal projects						0
Depreciation	(390)	(3,273)	(72)	(4,132)		(7,867)
Disposals						0
Reclassifications and other		(2)	2		(10)	(10)
Foreign exchange differences		(1,635)		(2,485)		(4,120)
Historical cost	19,027	218,931	3,024	155,529	1,229	**397,739**
Accumulated depreciation	(8,983)	(199,915)	(2,641)	(119,838)	0	**(331,376)**
At June 30, 2017	**10,044**	**19,016**	**383**	**35,691**	**1,229**	**66,363**

Property, plant and equipment amount to Euro 66,363 thousands as at June 30, 2017 compared to an amount of Euro 76,386 thousands as at December 31, 2016. Investments of the period in Property, Plan and Equipment amounts to Euro 1,974 thousands at June, 30 2017. They are mainly referred to plant and machinery for the acquisition of hardware, network equipment and plant engineering adjustments in the IT Services, CRM International and, to a lesser extent, other operating and reportable segments. Assets under construction highlights an increase of Euro 838 thousands mainly related to ongoing investments made in the period in the IT Services segment and to a lesser extent in the CRM Europe segment.

No write-downs or write-backs were made during the period.

Foreign exchange differences on translation of financial statements of subsidiaries outside the euro zone for negative Euro 4,120 thousands, mainly relates to companies that prepare financial statements in Brazilian Real.

The amount recorded as land and buildings almost exclusevily consists of the book value of the building located in Rome at Via dello Scalo Prenestino, owned by AlmavivA. The book value amounted to Euro 10,044 thousands, Euro 10,548 thousands at June 30, 2016. The property is depreciated at a rate of 3%.

Plant and machinery also include assets under a finance lease. The amount of plant and machinery under a finance lease at June 30, 2017 and at December 31, 2016 is reported in the following table and is mostly related to plants and machinery leased by AlmavivA.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Property, plant and equipment under a finance lease	300	449

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The table below shows the balance of the Investments accounted for using the equity method as at June 30, 2017 and as at December 31, 2016 as well as the related changes occurred in the line item during period:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
CCID—AlmavivA Inform. Technol. Co. Ltd	1,823	1,614
Consorzio Hypertix	99	99
TVEyes L.T. S.r.l.	4	4
Total	**1,926**	**1,717**

The table below shows the related changes occurred in the line item during the period for the investments other than those classified as asset held for sale:

(in thousands of Euro)	At December 31, 2016	Income Statement effect	At June 30, 2017
CCID—AlmavivA Inform. Technol. Co. Ltd	1,614	209	1,823
Consorzio Hypertix	99		99
TVEyes L.T. S.r.l.	4		4
SIN S.p.A.	0		0
Total	**1,717**	**209**	**1,926**

Equity investments accounted for using the equity method amount to Euro 1,926 thousands as at June 30, 2017 compared to an amount of Euro 1,717 thousands as at December 31, 2016.

The changes recorded in the period related to Income statement effects associated with the registration of the profit or loss for each year corresponding to the share of net result of the equity investment. In details, the joint venture CCID—AlmavivA Inform. Technol. Co. Ltd recorded a Euro 209 thousands gain in the period, while the net results of Consorzio Hypertix and TVEyes L.T. S.r.l. have been immaterial.

Equity investments measured with the equity method as at June 30, 2017 are listed below:

	Registered office	Share Capital	Shares held (%)	Investor
CCID—AlmavivA Inform. Technol. Co. Ltd	Shangai, China	Euro 4,000,000.00	50.00	AlmavivA S.p.A.
Consorzio Hypertix	Rome, Italy	Euro 198,000.00	49,99	AlmavivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	Euro 20,000.00	20.00	Pervoice S.p.A.

None of the above-mentioned companies is listed.

8. NON-CURRENT FINANCIAL ASSETS

The table below shows the balance and composition of the Non-current financial assets as at June 30, 2017 and as at December 31, 2016:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Non-current financial receivables	1,358	1,364
Equity investments classified as available for sale	34	85
Non-current financial assets	**1,392**	**1,449**

8. NON-CURRENT FINANCIAL ASSETS (Continued)

Non-current financial receivables

At June 30, 2017, non-current financial receivables amount to Euro 1,358 thousands compared to Euro 1,364 thousands as at December 31, 2016. The line item shows a decrease of Euro 6 thousands in the period, corresponding to a fall of 0.4%.

Non-current financial receivables are not interest bearing and relates entirely to Almaviva SpA.

The following table reports the portions of the long-term loans due within or over twelve months:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Amount failling due within 12 months	148	148
Amount failling due between 1-5 years	1,210	1,216
Non-current financial receivables	**1,358**	**1,364**

Equity investments classified as available for sale

The Equity investments classified as available for sale are investments held in other entities over which the Group has neither control nor joint control or significant influence.

Such equity investments are classified as available-for-sale financial instruments in accordance with IAS 39, and—as such—are accounted for at the cost recognised at the payment date provided that the fair value cannot be reliably determined, as such companies have not shares listed in stock exchange market.

The following table provides the breakdown of the line item by investment as at June 30, 2017 and as at December 31, 2016:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Technapoli	0	52
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Semantic Valley	2	2
CONAI	1	1
Altre	12	12
Equity investments classified as available for sale	**34**	**85**

9. DEFERRED TAX ASSETS

The tables below show the amount of AlmavivA Group's Deferred tax assets as at June 30, 2017 and 2016 (as at December 31, 2016):

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Deferred tax assets	**11,053**	**10,777**

9. DEFERRED TAX ASSETS (Continued)

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries for the six months ended June 30, 2017 and for the year ended December 31, 2016:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Italian subsidiaries	8,273	8,329
Foreign subsidiaries	2,780	2,448
Total Deferred Tax Assets	**11,053**	**10,777**

Deferred tax assets amount to Euro 11,053 thousands as at June 30, 2017 compared to Euro 10,777 thousands as at December 31, 2016. The Group recognize deferred tax assets within the limits of the amounts expected to be recovered in future years on the basis of the expected taxable income. The amount recognized as at June 30, 2017 mainly referred to deductible temporary differences for provision and other deferred charges and partly as a residual in relation to past tax losses. In particular the Deferred tax assets related to Italian subsidiaries do not include tax losses due to inclusion in tax consolidation of parent company AlmavivA Technologies. Therefore, the nature of deferred tax assets related to Italian and foreign subsidiaries are mainly related to temporary differences between tax and book value of assets and liabilities (i.e. provisions, directors' remuneration).

(in thousands of Euro)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance at the beginning of the period	**10,777**	**10,995**
Increases	555	627
Decreases	(14)	(408)
Effect of currency translation	(267)	511
Other changes	2	(948)
Balance at the end of the period	**11,053**	**10,777**

The line item increased by Euro 276 thousands in the period, from an amount of Euro 10,777 thousands at December 31, 2016 to an amount of Euro 11,053 thousands at June 30, 2017.

The Group assessed the recoverability of deferred tax assets recognized in estimates of future taxable income based on the forecasts of the industrial plan approved by the Board of Directors and in the light of which the management concluded that the capacity of taxable income will allow the use of assets for deferred taxes in comment.

10. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,393 thousands as at June 30, 2017 compared to an amount of Euro 1,400 December 31, 2016 as illustrated in the table below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Security deposits	636	576
Prepaid expenses	753	820
Other receivables	4	4
Other non-current assets	**1,393**	**1,400**

Prepaid expenses prepaid expenses are mainly related to sign-in bonus with client Alitalia CAI (Euro 347 thousands).

11. INVENTORIES AND AMOUNT DUE FROM CUSTOMERS

The Amount due from customer refer to the contract work in progress of AlmavivA and are measured on the basis of the criteria stated in paragraph 3.1 above.

The amount is also presented net of the bad debt provision and advances received.

The table below shows the composition for the six months ended June 30, 2017 and for the year ended December 31, 2016 between gross work in progress and write-down provision.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Amount due from customers (gross)	34,971	33,607
Write-down provision	(676)	(676)
Inventories	695	695
Inventories and Amount due from customers	**34,990**	**33,626**

The gross Amount due from customer increased by Euro 1,364 thousands in the period, corresponding to an increase of 4.1%. The increase refers to the contract work in progress of the parent company evaluated on the basis of the criteria outlined in the accounting policies section.

The amount of work in progress under way is shown net of write-down provision quantified by the Group in Euro 676 thousands (unchanged compared to the comparison period) and advances received for Euro 204 thousands.

12. TRADE RECEIVABLES

The below table show the amount of AlmavivA Group's Trade receivables as at June 30, 2017 and as at December 31, 2016 together with the related gross amount, the amount retained as a guarantee and the bad debt provision.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Trade receivables, gross amount	306,707	315,204
Trade receivables, amount retained as a guarantee	3,784	3,011
Bad debt provision	(20,448)	(20,448)
Trade receivables	**290,043**	**297,767**

Trade receivables decreased by Euro 7,724 thousands in the period, from an amount of Euro 297,767 thousands as at December 31, 2016 to an amount of Euro 290,043 thousands as at June 30, 2017. This trend is essentially related to the gross amount of trade receivables, which decreased by Euro 8,497 thousands in the period partially compensated by the amounts of trade receivables retained as a guarantee that show an increase in the period for Euro 773 thousands.

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at June 30, 2017 and as at December 31, 2016:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Amount not yet due	233,720	248,380
Amount due by less than 30 days	30,165	30,177
Amount due between 30-60 days	8,052	2,702
Amount due between 61-90 days	3,770	2,756
Amount due between 91-120 days	1,716	1,719
Amount due by more than 120 days	29,284	29,470
Trade receivables, gross amount	**306,707**	**315,204**

12. TRADE RECEIVABLES (Continued)

The following table shows the changes in the bad debt provision for the six months ended ended June 30, 2017 and for the year ended December 31, 2016:

(in thousands of Euro)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance at the beginning of the period	**20,448**	**20,446**
Provisions	0	93
Uses	0	(91)
Balance at the end of the period	**20,448**	**20,448**

13. CURRENT FINANCIAL ASSETS

The following table shows the amount of the Current financial assets as at June 30, 2017 and as at December 31, 2016. The line item shows a decrease of Euro 3,542 thousands in 2017.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Current financial assets	**4,328**	**7,870**

Current financial assets as at June 30, 2017, amount to Euro 4,328 thousands compared to Euro 7,870 thousands as at December 31, 2016. The line item refers to Almaviva SpA for Euro 3,750 thousands for financial receivables related to ''Guardia di Finanza'' customer, for Euro 15 thousands for accruals and for Euro 563 thousands towards other lenders for factored receivables of Almaviva Contact. There are no financial assets that are either expired or write-downs.

14. OTHER CURRENT ASSETS

Other current assets amount to Euro 94,165 thousands as at June 30, 2017 compared to Euro 82,719 thousands as at December 31, 2016.

The amount is composed as follows:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Receivables due from personnel	437	1,102
Receivables due from social security institutions	6,264	6,759
Receivables due from tax autorithies	12,059	11,470
Receivables related to tax consolidation	18,896	19,884
Prepaid expenses	7,695	3,692
Advances to suppliers	3,411	2,957
Sundry items	45,403	36,855
Other current assets	**94,165**	**82,719**

Other current assets increase by Euro 11,446 thousands in the period, corresponding to a 13.8% growth rate.

In particular, the line item ''Receivables due from social security institutions'', amounting to Euro 6,264 thousands, includes receivables from INPS, mainly related to:

- contribution reduction arising from the adoption by AlmavivA Contact of the industry sector ''solidarity contract'';
- recovery of the solidarity cheque paid in advance to the AlmavivA Contact employees;
- recovery of the solidarity cheque paid in advance to the AlmavivA employees;

14. OTHER CURRENT ASSETS (Continued)

- recovery of the employee severance indemnity accrued during the period that AlmavivA adopted the solidarity contract.

Receivables related to tax consolidation for Euro 18,896 thousands arises from the transfer to the parent company Almaviva Technologies S.r.l. of the tax positions of the companies belonging to the institute in question. The decrease of Euro 988 thousands compared to the amount as at December 31, 2016 is related to lower intra-group tax receivables related to the IRES national tax consolidation.

Prepaid expenses amounts to Euro 7,695 thousands includes costs incurred mainly by Almaviva S.p.A. (Euro 5,751 thousands), Lombardia Gestione (Euro 976 thousands), Almaviva Contact (Euro 852 thousands) and to a lesser extent by other Group companies.

Receivables due from tax authorities are referred to tax receivables related to Almaviva S.p.A. for Euro 4,327 thousands, to Almaviva Contact fo Euro 2,049 thousands and to a lesser extent by other Group companies for Euro 1,520 thousands. These receivables comprises also indirect tax credits for Euro 7,732 thousands mainly referred to Brazilian companies (Euro 5,431 thousands).

Sundry items, amounting to Euro 45,403 thousands as at June 30, 2017 (Euro 36,855 thousands as at December 31, 2016), mainly include the receivables of the Brazilian companies for deposits for outstanding litigation with employees, receivables due from the Government and public entities and receivables for reimbursements. The receivables for reimbursements refer to amounts paid for settling disputes with temporary workers and contributions paid for stabilising temporary workers subject to reimbursement by the seller due to a hold harmless clause set forth in the purchase agreement of a Group company.

Sundry items also included the receivable of Euro 4,051 thousands as at June 30, 2017 (Euro 4,134 thousands as at December 31, 2016) pertaining to the request for reimbursement of the legal expenses incurred for the dispute initiated by Loop AI Labs Inc. against AlmavivA S.p.A., Almawave S.r.l. and Almawave USA as well as third parties, explained in details in the Note 40 Legal issues and litigations. In respect of this litigation, the AlmavivA companies summoned before the court an insurance company that had underwritten a policy named ''Civil Liability Insurance for Directors'', requesting that it be sentenced to reimburse expenses and defence costs that they have incurred and will incur in the dispute, in addition to providing compensation for damages caused by the failure to provide an advance for such expenses.

The insurance company appeared before the court to request the rejection of the demands submitted by the AlmavivA companies. After the parties filed their preliminary briefs, the judge invited the insurance company to submit a settlement proposal. In the meantime, the dispute concluded in the first instance with the rejection of all demands of Loop AI Labs Inc.. The lawyers hired by the AlmavivA companies for the defence believe that, also considering the above decision of the judge, the justification of the action lodged against the insurance company and the self-serving nature of the procedural position, reservations and objections of the latter are confirmed.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 41,852 thousands as at June 30, 2017 compared to Euro 48,181 thousands as at December 31, 2016. The line item refers to credit balances at banks in existence at the end of the period and the amounts held at the Group treasuries.

16. NON-CURRENT ASSETS HELD FOR SALE

The balance of Euro 2,459 thousands of Non-current assets held for sale as at June 30, 2017 (Euro 4,249 thousands as at December 31, 2016) refers to the carrying value of the 20.02% equity investment in the associated company SIN S.p.A. whose sale, based on the ''Sale of shares'' contract signed on September 19, 2007 between AGEA—Agenzia per le Erogazioni in Agricoltura and the private Shareholders, is expected to become effective on September 19, 2016. The contract of sale explained the method of calculation to apply to determine the price of the sale.

16. NON-CURRENT ASSETS HELD FOR SALE (Continued)

This method considers two components: the first, called ''base value'', basically corresponding to the amount of SIN's shareholders' equity as at the buy-back date; and the second, called ''surplus value'', which considers the current value of the contracts receivable still under execution held by SIN in the time range prior to the buy-back date.

The value of the assets held for sale was recognised on the basis of the lower value between the book value or the fair value less costs to sell. The latter resulted from the simulation of the above described pricing formula as at December 31, 2016 and 2015. As set out in the contract, the sale of the equity investment was expected to be finalized in 2016, and this is the reason why it was reclassified as an assets held for sale. Although the sale was originally scheduled for September 19, 2016, it will be postponed until the completion by Consip S.p.A. of the public procedure and the handover to the new supplier.

The line item decreased by Euro 1,790 thousand as a consequence of the collection of the second tranche of payment made by SIN S.p.A. on april 18, 2017 through the distribution of reserves.

17. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 20,297 thousands as at June 30, 2017 compared to Euro 21,272 as at December 31, 2016. The composition of the Shareholders' equity is as follows:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Other reserves:		
legal reserve	*3,951*	*3,951*
FTA reserve	*4,493*	*4,493*
OCI reserve	*(94)*	*(1,556)*
CFH reserve	*(172)*	*(145)*
translation reserve	*(4,061)*	*(1,170)*
other reserves	*(161,669)*	*(145,136)*
	(157,552)	(139,563)
Profit/(loss) for the year/period	1,094	(16,907)
Total group shareholders' equity	***16,229***	***16,217***
Reserves pertaining to NCIs:		
translation reserve	*(90)*	*187*
other reserves	*3,889*	*4,104*
	3,799	4,291
Profit for the year/period pertaining to NCIs	269	764
Total non-controlling interests	***4,068***	***5,055***
Total Shareholders' equity	**20,297**	**21,272**

The Share capital as at June 30, 2017 amounted to Euro 154,899 thousands and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

- no. 107,567,301 ordinary shares;
- no. 32,331,764 special Class A shares;
- no. 15,000,000 special Class B shares.

17. SHAREHOLDERS' EQUITY (Continued)

The shares, all of which have a nominal value of Euro 1.00 each, are held by:

number of shares	Ordinary shares	"Class A" special shares	"Class B" special shares	Total shares	% of Total shares
GBL Fiduciaria S.p.A.	79,415,600		15,000,000	94,415,600	60.95%
GBL Fiduciaria S.p.A.	20,584,400	32,331,764		52,916,164	34.16%
RAI S.p.A.	1,291,522			1,291,522	0.83%
Ligestra Due S.r.l.	1,119,894			1,119,894	0.72%
Confagricoltura	1,093,172			1,093,172	0.71%
Conf. Italiana Agricoltori	1,093,172			1,093,172	0.71%
Coldiretti	1,093,172			1,093,172	0.71%
Assicurazioni Generali S.p.A.	1,056,490			1,056,490	0.68%
Visualnet S.r.l.	819,879			819,879	0.53%
Share capital	**107,567,301**	**32,331,764**	**15,000,000**	**154,899,065**	**100.00%**

The special Class A and Class B shares have the following differences compared to the ordinary shares:

- Class A shares allow holders to receive a profit increased by 10% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10%;
- Class B shares allow holders to receive a profit increased by 10.1% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10.1%.

GBL Fiduciaria S.p.A., is an italian trust company and is the accountholder of shares owned by AlmavivA Technologies S.r.l. and Interbanca S.p.A.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousands as at June 30, 2017 and remained unchanged compared to December 31, 2016.

Legal reserve

The Legal reserve amounted to Euro 3,951 thousands as at June 30, 2017 and remained unchanged compared to December 31, 2016.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousands as at June 30, 2017, as detailed below, and remained unchanged compared to December 31, 2016:

- AlmavivA for Euro 4,782 thousands;
- AlmavivA Contact for negative Euro 141 thousands;
- Almawave for negative Euro 270 thousands;
- AlmavivA do Brasil for Euro 122 thousands.

17. SHAREHOLDERS' EQUITY (Continued)

OCI reserve

The OCI reserve totalled negative Euro 94 as at June 30, 2017 (compared to negative Euro 1,556 thousands as at December 31, 2016) and includes the actuarial valuation of TFR (employee severance indemnity) of the Group companies.

CFH reserve

The Cash flow hedge reserve amounted to negative Euro 172 thousands as at June 30, 2017 (compared to negative Euro 145 thousands as at December 31, 2016) and pertains to AlmavivA S.p.A..

The changes during the period are related to the difference in the fair value valuation of derivative contracts entered into for hedging purposes.

Translation reserve

The Translation reserve concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-euro areas.

As at June 30, 2017, it was a negative Euro 4,151 thousands (of which the Group's share was a negative Euro 4,061 thousands and the portion pertaining to non-controlling interests amounted to Euro 90 thousands).

Other reserves

The Other reserves equalled to a negative Euro 157,780 thousands as at June 30, 2017 (Euro −141,032 thousands and Euro as at December 31, 2016) and are represented by consolidation reserves and by undistributed profits or losses brought forward. Out of this amount, the portion pertaining to the Group is a negative Euro 161,669 thousands (Euro −145,136 thousands as at December 31, 2016), while the portion attributable to non-controlling interests is Euro 3,889 (Euro 4,104 thousands as at December 31, 2016).

Capital management

The objectives identified by the Group in capital management are to safeguard the going concern, value creation for stakeholders and support for the Group's development. In particular, the Group pursues an adequate level of capitalization that can enable development goals to be achieved and access to external financing sources. In this context, the Group manages its capital structure and makes adjustments to it, when changes in economic conditions so require. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at June 30, 2017 and December 31, 2016 is summarized in the following table.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Non current Net Financial Position	(13,683)	(25,478)
Current Net Financial Position	(82,639)	(94,822)
Non current financial receivables	1,358	1,364
Financial indebtness ("Debt")	**(94,964)**	**(118,936)**
Total Group Shareholder Equity	16,229	16,217
Non Controlling Interests	4,068	5,055
Total Shareholders' Equity ("Equity")	**20,297**	**21,272**
Debt/Equity ratio	**(4.68)**	**(5.59)**

18. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits as at June 30, 2017 and December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Liabilities for employee benefits	54,834	59,043

The liability for employee severance indemnity, governed by Art. 2120 of the Italian Civil Code, includes the estimate of the obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to the employees of Italian companies when their employment is terminated.

The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with less than 50 employees, may be retained in the company. This means that a significant portion of the employee severance indemnity accruing is classified as a defined contribution plan, given that the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability related to employee severance indemnity prior to January 1, 2007 continues to represent a defined benefit plan to be evaluated according to actuarial techniques.

Liabilities for employee benefits valued on the basis of actuarial techniques are analysed as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance at the beginning of the period	**59,043**	**60,400**
Service cost	91	270
Interest cost	693	1,468
Payments / Utilizations	(3,532)	(2,134)
Actuarial gains/(losses) recognized in OCI	(1,461)	(961)
Balance at the end of the period	**54,834**	**59,043**
of which:		
Non-current portion	54,694	56,533
Current portion	140	2,510

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at June 30, 2017 and December 31, 2016:

Financial Assumptions	For the six months ended June 30, 2017	For the year ended December 31, 2016
Discount rate	2.65%	2.36%
Inflation rate	2.00%	2.00%
Annual rate of TFR increase	3.00%	3.00%
Annual rate of salary increase	1.01%	1.01%
Annual turnover rate	14.29%	14.29%
Annual rate of disbursement of advances	6.00%	6.00%

It should be noted that the discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 78 of IAS 19, with reference to the average return curve deriving

18. LIABILITIES FOR EMPLOYEE BENEFITS (Continued)

from the IBoxx Overall 10+ index, commensurate with the average length of the collective agreement subject to valuation.

Demographic Assumptions	For six months eneded June 30, 2017 and June 20, 2016 and for the year ended December 31, 2016
Mortality	Table RG 48 State General Accounting Office
Disability	INPS Table—Commerce Sector
Retirement	General Mandatory Insurance requirements

In order to represent the effects on the employee severance indemnity caused by a reasonably possible change in the actuarial assumptions, the change in the discount rate was considered, as shown below:

	Discount Rate	
Financial Assumptions	0.5% Increase	0.5% Decrease
June 30, 2017 effect on DBO	(2,007)	2,134
December 31, 2016 effect on DBO	(2,204)	2,354

19. PROVISIONS

Provisions as at June 30, 2017 and as at December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Non-current portion of provisions	4,541	5,466
Current portion of provisions	8,465	7,285
Provisions	**13,006**	**12,751**

The line item increased by Euro 255 thousands in 2017, from Euro 12,751 thousands as at December 31, 2016 to Euro 13,006 thousands as at June 30, 2017.

19. PROVISIONS (Continued)

The movements in ''Provisions'' compared to December 31, 2016 are as follows:

(in thousands of Euro)	Provision for taxes	Provision for redundacy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Provisions for mobility	Other provisions for risks and charges	Total
Balance as at January 1, 2016	**1,459**	**22**	**134**	**0**	**2,116**	**0**	**6,821**	**10,552**
Accruals					662		4,616	5,278
Utilizations	(374)				(229)		(831)	(1,434)
Decreases					(350)		(1,574)	(1,924)
Other changes not recorded through income statement					134		145	279
Balance as at December 31, 2016	**1,085**	**22**	**134**	**0**	**2,333**	**0**	**9,177**	**12,751**
of which:								
Non-current portion	1,085	22	134				4,225	5,466
Current portion					2,333		4,952	7,285
Balance as at January 1, 2017	**1,085**	**22**	**134**	**0**	**2,333**	**0**	**9,177**	**12,751**
Accruals	848				253		1,317	2,418
Utilizations							(1,214)	(1,214)
Decreases					(179)		(768)	(947)
Other changes not recorded through income statement					(57)		55	(2)
Balance as at June 30, 2017	**1,933**	**22**	**134**	**0**	**2,350**	**0**	**8,567**	**13,006**
of which:								
Non-current portion	1,085	22	134				3,300	4,541
Current portion	848				2,350		5,267	8,465

Tax, administrative, civil and labour disputes are handled by the AlmavivA Group's legal departments that provided, for the preparation of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the Company carries out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented in this paragraph. For those proceedings whose negative outcome, owing to the different case law positions, is only considered possible, no specific provision is recorded in accordance with the regulations governing the preparation of the financial statements.

Provisions for taxes

The line item amounts to Euro 1,933 thousands as at June 30, 2017, (Euro 1,085 thousands as at December 31, 2016) and include provisions for taxes. The is related to the effect of income taxes of the period;

- for Euro 362 thousands (unchainged from 2016) pertaining to AlmavivA for an eventual notice of assessment relative to the 1999 tax period;
- for Euro 68 thousands (unchanged from 2016) pertaining to AlmavivA and originating from the incorporated company AlmavivA Sud;
- for Euro 65 thousands (unchanged from 2016) pertaining to AlmavivA and originating from the incorporated company AlmavivA Finance S.p.A.;

19. PROVISIONS (Continued)

- for Euro 16 thousands (unchanged from 2016) pertaining to AlmavivA and referring to a tax assessment made by the Italian Tax Police—Customs and Intracommunity VAT originating from the incorporated company AlmavivA Tsf S.p.A.;
- for Euro 8 thousands (unchanged from 2016) pertaining to AlmavivA;
- for Euro 500 thousands (unchanged from 2016) pertaining to AlmavivA Contact and originating from incorporated company Atesia S.p.A. for allocation regarding the ongoing dispute with the Inland Revenue Agency relative to the tax credits pursuant to law 388/2000;
- for Euro 66 thousands (unchanged from 2016) pertaining to AlmavivA Contact and established in connection with the risks associated to the deduction of costs considered by the Tax Authorities to be non-deductible following a tax audit that took place in 2004 with respect to the fiscal year 2002;

Provisions for redundancy incentives

The Provision for redundancy incentives relates to additional restructuring expenses, in line with the Business plan, for the reorganisation of the personnel that began in 2007.

Provisions for guarantees granted

The Provision for guarantees granted is related to provisions recorded by the parent company AlmavivA. The balance of the line item has remained unchanged from 2016.

Provisions for contractual and commercial risks

The Provision for contractual and commercial risks was related to provisions recorded by the parent company AlmavivA. The balance recorded in previous years was fully absorbed in 2015.

Provisions for legal disputes

The Provision for legal disputes amounts to Euro 2,350 thousands as at June 30, 2017 (Euro 2,333 thousands as at December 31, 2016) mainly recorded by AlmavivA for Euro 914 thousands (Euro 923 thousands as at December 31, 2016), AlmavivA Contact for Euro 771 thousands (Euro 688 thousands as at December 31, 2016), AlmavivA do Brasil for Euro 593 thousands (Euro 650 thousands as at December 31, 2016) and to a smaller extent by other group companies.

Other provisions

The line items, including non-current and current portion, amount to Euro 8,567 thousands as at June 30, 2017 (Euro 9,177 thousands as at December 31, 2016). The amount includes other current and non-current provisions for contingencies on commercial risks pertains to AlmavivA for Euro 3,730 thousands, for Euro 513 thousands to Almaviva Contact and for Euro 174 thousands to Lombardia Gestione. It includes als contingenses for risk related to employees of AlmavivA Contact for Euro 850 thousands and provision for others risks for Euro 3,300 thousands recorded by AlmavivA.

20. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities as at June 30, 2017 and as at December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Banks	1	9,940
Amounts due to other lenders	13,682	15,538
Non-current financial liabilities	**13,683**	**25,478**

20. NON-CURRENT FINANCIAL LIABILITIES (Continued)

Followings the tables of proceeds, repayements and reclassifications of borrowings occurred in the period:

(in thousands of Euro)	As at January 1, 2017	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	As at June 30, 2017
Almaviva S.p.A.	2,001	118	(6,449)	6,000	1,670
Almaviva do Brasil	12,477	27,512	(38,976)		1,013
SIMEST Operation	11,000	98	(98)		11,000
Non-current financial liabilities	**25,478**	**27,728**	**(45,523)**	**6,000**	**13,683**

(in thousands of Euro)	At January 1, 2016	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2016
Almaviva S.p.A.	1,068	933	(12,000)	12,000	2,001
Almaviva do Brasil	14,211	38,762	(40,496)		12,477
SIMEST Operation	0	11,404	(404)		11,000
Non-current financial liabilities	**15,279**	**51,099**	**(52,900)**	**12,000**	**25,478**

The long-term debt as at December 31, 2016, arising from AlmavivA S.p.A. and the subsidiary AlmavivA do Brasil, had been classified into short-term financial liabilities due to non-compliance with financial covenants. In the current period, as a result of waivers obtained during the first two months of 2017 by both companies, the outstanding amount of long term loans should have been classified as non-current liabilities. This was not the case since, as reported in subsequent events paragraph, in the first half of 2017 the Group carried out a restructuring of its financial structure. The new financing operation involves the extinguishing of the Senior Loan financing with AlmavivA SpA's pool of banks and extinguishing most of the indebtedness, including the medium and long-term positions of Almaviva do Brasil as explained in the Note 42.

Non-current financial liabilities to other lenders include the reclassification of the share capital and the premium of AlmavivA do Brasil, which is subscribed by SIMEST, for Euro 11,000. This transaction includes, amongst other things, the irrevocable obligation of the subsidiary AlmavivA Contact to purchase by SIMEST (which is obliged to sell) the shares subscribed by the latter by June 30, 2023. There are certain conditions that may anticipate the exercise date of the options that can not fall before June 30, 2019. Therefore, ascertaining the terms of IAS 32 ''Financial Instruments: Exposure to the Financial Statements'', therefore, the entire amount subscribed by Simest has been classified among the financial liabilities and valued in accordance with the provisions of IAS 39 ''Financial instruments: recognition and measurement''.

The tables below provide an analysis of the main loans (in Italy and Brazil), with an indication of the maturity. The values indicated include only the medium-long term financial liabilities, excluding the related current portions, which are classified as current financial liabilities.

(in thousands of Euro)	Due between 1 to 5 years	Due over 5 years	Total
Banks	1		1
Amounts due to other lenders	2,682	11,000*	13,682
Maturity of Non-current financial liabilities as at June 30, 2017	**2,683**	**11,000**	**13,683**

* The amount is classified ''Due over 5 years'' but, as indicated above, the exercise of the options between AlmavivA Contact and SIMEST could be anticipated but in any case it cannot fall before June 30, 2019.

21. DEFERRED TAX LIABILITIES

The tables below show the amount of AlmavivA Group's Deferred tax liabilities as at June 30, 2017 and as at December 31, 2016 and the related changes occurred in the period.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Deferred tax liabilities	**1,796**	**1,794**

The movements in ''Deferred Tax Liabilities'' compared to December 31, 2016 are as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance at the beginning of the period	**1,794**	**2,345**
Increases	2	285
Decreases		(836)
Effect of currency translation		
Other changes		
Balance at the end of the period	**1,796**	**1,794**

Deferred tax liabilities refer exclusively to AlmavivA S.p.A. and mainly concern fiscal impact of fair value as deemed cost option applied (as definied in and allowed by IFRS 1) to land and buildings owned by above mentioned entity.

22. OTHER NON-CURRENT LIABILITES

Other non-current liabilities amount to Euro 961 thousands as at June 30, 2017 compared to an amount of Euro 1,030 thousands as at December 31, 2016, as illustrated in the table below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Deferred income on capital grants	961	1,030
Other non-current liabilities	**961**	**1,030**

The amount fully refers to deferred income on capital grants.

23. TRADE PAYABLES

Trade payables amount to Euro 207,823 thousands as at June 30, 2017 compared to an amount of Euro 193,897 thousands as at December 31, 2016, as illustrated in the table below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Trade payables	**207,823**	**193,897**

The line item increased by Euro 13,926 thousands in the period, from an amount of Euro 193,897 thousands at December 31, 2016 to an amount of Euro 207,823 thousands at June 30, 2017. The DPO level was stable in the period and the effect of currency translation was not significant.

Please note that the trade-related payables do not generate interest expenses and are regulated based on the contractual conditions and specific agreements with the Group's suppliers.

24. CURRENT FINANCIAL LIABILITIES

Current financial liabilities as at June 30, 2017 and as at December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Payables due to banks	93,842	112,396
Payables due to other lenders	31,192	34,872
Financial lease payables	3,471	3,482
Accrued liabilities from financial expenses	305	115
Other financial payables	8	8
Current financial liabilities	**128,818**	**150,873**

Current financial liabilities amounted to Euro 128,818 thousands and referred to payables due to banks mainly related to long-term lonas classified as current liabilities as explained in previous Note 20. The line item also includes payables due to other lenders relating mainly to the payables contracted for the assignment of receivables of AlmavivA, the finance lease payables primarily of AlmavivA do Brasil, financial accruals and sundry short-term payables.

The line item also includes the fair value of interest rate derivatives, whose amount was negative Euro 172 thousands as at June 30, 2017, negative Euro 145 thousands as at December 31, 2016. At June 30, 2017 the fair value of derivative instruments was classified as current financial liabilities as well as the loan whose they refer, having regard to what is described in Note 20 above. At December 31, 2016, however, the fair value of derivative instruments was classified as non-current financial liabilities.

The disclosure below provide an analysis of the main short-term financial liabilities (in Italy and Brazil).

Current financial liabilities: Italian companies

(in thousands of Euro)	Currency	Initial amount granted	Outstanding	Duration	Expiry date
Credit line ''A''	Euro	80,599	23,980	7 years	June 30, 2019
Revolving line	Euro	9,407	9,407	7 years	December 31, 2019
Generic loan	Euro	5,500	5,500	180 days	August 7, 2017
Current financial liabilities Italian companies		**95,506**	**38,887**		

In relation to the payable to the pool of banks, it is hereby noted that on August 13, 2012 AlmavivA concluded a medium/long term loan agreement with BNL BNP Paribas S.p.A, Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Monte dei Paschi S.p.A, Banco Popolare S.p.A., Banca Popolare di Vicenza Soc. Coop. per Azioni for Euro 90,006 thousands broken down as follows:

- a credit facility denominated Credit line ''A'' of Euro 80,599 thousands, expiring on June 30, 2017, whose repayment schedule involves half-yearly instalments, the first falling due on December 31, 2012 and the last on June 30, 2017. The interest rate applied to Credit line ''A'' is equal to Euribor plus a margin that can be changed based on the Leverage Ratio (net financial indebtedness/ EBITDA) that has been reached. In July 2014, an amending agreement was concluded which provides for the expiration of Credit line ''A'' on June 30, 2019 instead of on June 30, 2017, therefore requiring that its repayment plan be amended, beginning from the instalment for the month of June 2014;
- a ''Revolving'' credit facility for a maximum amount of Euro 9,407 thousands with maturity date June 30, 2017. The interest rate applied to the Revolving line is equal to Euribor plus a margin that can be changed based on the Leverage Ratio (net financial indebtedness/EBITDA) that has been reached. In July 2014, the maturity of the Revolving Credit Facility was also changed, from June 30, 2017 to December 31, 2019.

24. CURRENT FINANCIAL LIABILITIES (Continued)

The loan agreement, also as a result of the July 2014 amendments, requires, among other things, compliance with the financial covenants which originate from the AlmavivA Group Unaudited Interim Condensed Consolidated Financial Statements based on the application of accounting conventions defined between the counterparties, in relation to which information can be found in the section ''Guarantees, commitments, risks and other information'' of these explanatory notes, which also detail the collateral granted by AlmavivA on medium/long-term liabilities.

Guarantees and Covenants

The medium/long term loan taken out by AlmavivA classified as current liabilities as explained in Note 20, is secured by:

- a pledge agreement referring to shares held by the Shareholders of AlmavivA Technologies S.r.l and GE Capital S.p.A. in AlmavivA S.p.A. and to the AlmavivA Contact S.p.A. shares;
- a pledge agreement on certain AlmavivA S.p.A. current accounts, which are very closely related to the above loan and their credit balances;
- guarantee agreement on the assignment of Ferrovie dello Stato receivables.

Among other things, the loan agreement provides for compliance with the following ''Financial Covenants'' which originate from the AlmavivA Group Unaudited Interim Condensed Consolidated Financial Statements based on the application of accounting conventions defined between the counterparties:

- Leverage ratio (Net Financial Indebtedness/EBITDA) of no more than specific contractually provided for amounts;
- Consolidated shareholders' equity of no less than specific contractually provided for amounts;
- Ratio of Significant debts due/Net trade-related payables of no more than specific contractually provided for amounts.

These indices are checked every six months until the conclusion of the loan. Failure to fulfil even one of the ''Financial Covenants'' will result in an ''acceleration event'' such as the termination or withdrawal from the loan agreement.

With the Amendment Deed to the loan agreement signed in July 2016 after the waiver was granted in May 2016, the definition of ''Financial Parameters'' was amended and, where amended, the thresholds and reference dates of the individual parameters were specified. The main changes are noted below:

- The definition of ''Financial Parameters'' refers to, jointly:
  - f) the Leverage Ratio;
  - g) Shareholders' Equity;
  - h) the ratio between Significant Debts Due and Net Trade-Related Payables;
  - i) the financial parameter Aggregate past due VAT payables, Other past due tax payables and Significant Debts Due; and
  - j) the financial parameter Aggregate past due VAT payables and Other past due tax payables.
- as regards the Ratio between Significant Debts Due and Net Trade-related payables, the verifications at June 30 and December 31, 2016 as well as at June 30, 2017, were eliminated;
- with respect to the Aggregate past due VAT payables, Other past due tax payables and Significant Debts Due, the value of which should not exceed specific values set forth in the contract, the verifications at June 30, 2016, at December 31, 2016 and at June 30, 2017 were defined;

24. CURRENT FINANCIAL LIABILITIES (Continued)

with respect to the Aggregate past due VAT payables and Other past due tax payables, the value of which should not exceed specific values set forth in the contract, the verifications for the financial statements and for the half-yearly reports starting from December 31, 2017 and until June 30, 2020 were defined.

Interest rate derivatives

AlmavivA uses interest rate swaps to manage its exposure to unfavourable changes in the market interest rates. On December 18, 2012 interest rate swap contracts were concluded with BNL BNP Paribas, Intesa Sanpaolo and Unicredit in order to protect the Company and the Group from risks of fluctuations in interest rates relative to the aforementioned loan. The original contracts, concluded at a total nominal value of Euro 23,431 thousands, expire on June 30, 2017.

Following the amendments to the loan contract made on July 9, 2014, which resulted in the repayment date being extended for both the amortizing line and the revolving line, the original contracts were extinguished. On May 28, 2015, new hedge contracts lined up with the new due date of the amortizing line and with a more advantageous rate than the previous one (from 0.66% to 0.30%) were entered into and went into effect on June 30, 2015. A summary of the characteristics of the Company's derivative contract in place as at June 30, 2017 is reported below:

Grantor:	pool of banks
Risk covered:	interest rate
Instrument:	interest rate swap (IRS)
Type of hedging:	cash flow
Subscription date:	May 28, 2015
Expiry date:	June 30, 2019
Notional value:	Euro 9,294 thousands
Received:	6-month Euribor/360
Paid:	0.30%

The fair value of this derivative instrument as at June 30, 2017 was negative Euro 172 thousands compared to negative Euro 145 thousands as at December 31, 2016. The change in fair value was recorded through OCI with a negative effect of Euro 27 thousands for the six months ended June 30, 2017, compared to a negative effect of Euro 75 thousands for the six months ended June 30, 2016.

Please refer to the section ''Risks and other information'' for the valuation techniques and the inputs used to calculate the fair value of the derivative financial instruments.

24. CURRENT FINANCIAL LIABILITIES (Continued)

Current financial liabilities: Brazilian companies

The Current financial liabilities of the Brazilian companies are reported below:

(in thousands of Euro)	Currency	Initial amount granted	Outstanding	Duration	Expiry date
Capital de Giro	BRL	8,016	3,697	36 Months	November 5, 2018
Capital de Giro	BRL	2,926	667	78 Months	February 13, 2017
Capital de Giro	BRL	12,704	10,844	36 Months	September 2, 2017
Capital de Giro	BRL	17,367	12,800	60 Months	November 4, 2020
Capital de Giro	BRL	11,968	9,009	60 Months	November 4, 2020
Capital de Giro	BRL	5,883	3,193	20 Months	May 4, 2018
Capital de Giro	BRL	2,660	2,660	6 Months	May 31, 2017
Capital de Giro	BRL	1,330	190	12 Months	July 4, 2017
Capital de Giro	BRL	2,128	1,562	24 Months	December 27, 2016
Capital de Giro	BRL	3,989	2,421	18 Months	February 5, 2018
Capital de Giro	BRL	2,926	1,219	18 Months	August 20, 2018
Capital de Giro	BRL	2,660	1,334	12 Months	December 13, 2017
Capital de Giro	BRL	3,664	4,282	7 Months	October 10, 2017
Capital de Giro	BRL	3,191	3,199	1 Month	July 25, 2017
Current financial liabilities Brazilian companies		**81,412**	**57,077**		

25. TAX PAYABLES

Tax payables as at June 30, 2017 and as at December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Income taxes	5,326	6,327
Other taxes	101,958	92,947
Tax payables	**107,284**	**99,274**

Tax payables amount to Euro 107,284 thousands as at June 30, 2017 compared to Euro 99,274 thousands as at December 31, 2016. The line item mainly refer to: IRPEF (personal income tax) and IRAP payable for Euro 5,100 thousands, amounts payable for suspended VAT and amounts payable for VAT of Euro 65,310 thousands, of which Euro 60,171 thousands also includes includes penalties and interest with reference to the part overdue. More specifically, this latter amount, including penalties and accrued interest, refers to the parent company Almaviva S.p.A. for Euro 28,283 thousands and to the subsidiary Almaviva Contact for Euro 31,888 thousands.

In this regard it is noted that during the month of August 2017, following the new financial operation made, the parent company and the subsidiary Almaviva Contact have provided for the full settlement of the debt. For further details, please refer to Note 42.

26. OTHER CURRENT LIABILITIES

Other current liabilities as at June 30, 2017 and as at December 31, 2016 are reported below:

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Payments on account	523	1,435
Payables due to social security institutions	20,859	24,197
Payables due to personnel	45,323	40,558
Miscellaneous payables	14,175	11,875
Deferred income	8,520	10,249
Other current liabilities	**89,400**	**88,314**

The line item increased by Euro 1,086 thousands in the period, from an amount of Euro 88,314 thousands at December 31, 2016 to an amount of Euro 89,400 thousands at June 30, 2017.

Payables due to social security institutions of Euro 20,859 thousands refers to social contributions accrued to be paid and to debts expired for which Almaviva Contact request and obtained the option for deferred payment from the competent authorities (INPS).

Payables due to personnel relate mainly to accrued holiday and leave expensed not yet paid, well as with regard to the subsidiary Almaviva Contact SpA, the monthly salary for June, which was paid in the first days of July, as from ordinary payroll management.

27. REVENUES

Revenue for the six months ended June 30, 2017 and 2016 are reported in the following table:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Revenues from services	368,879	344,771
Revenues from sale of goods	1,466	3,135
Revenues from contract work in progress	1,364	1,955
Revenues	**371,709**	**349,861**

Revenues increased by Euro 21,848 thousands compared to the previous period, from Euro 349,861 thousands for the six months ended June 30, 2016 to Euro 371,709 thousands for the six months ended June 30, 2017.

The table below shows a breakdown of revenues by operating and reportable segments for the six months ended June 30, 2017 and 2016, net of effect of inter-segment revenues.

(in thousands of Euro)	For the six months ended June 30, 2017	2016
IT Services	170,472	167,346
CRM Europe	60,896	67,296
CRM International	137,415	111,911
Almawave—New Technology	2,926	3,308
Revenues	**371,709**	**349,861**

Revenues in IT Services segment in the six months ended June 30, 2017 are increased by Euro 3,126 thousands, or 1.9% compared to previous period. This increase was primarily due to growth in revenues from customers in key industry sectors of transportation and banking and insurance and to a

27. REVENUES (Continued)

lesser extent to the growth of revenues pertaining to certain others sector customers. The growth has been primarily driven by an increase in demand for services from customers in the transportation and banking and insurance sectors in connection with strategic initiatives of several customers in those segments. This growth was partially offset by a decrease in revenue attributable to local government and ministries sectors due to spending review policies implemented by Italian Government since last years.

Revenues in CRM Europe segment show a decrease for the six month ended June 30, 2017 compared to the previous period by Euro 6,400 thousands equal to −9.5%. The decrease involved all sectors of segment (−47.3% in utilities sector, −48.9% in government sector, −1,1% in telecommunication sector) except for transportation sector where revenues of the period recorded a growth of Euro 1,289 thousands, or 13.7% compared to the previous period. Overall, this decrease confirmed the decline in demand for our services already experienced in previous years, resulting from the strong competitive pressure in the market for CRM services in Italy related to an increasing trend by some of our competitors to offshore CRM outsourcing services to low-cost locations outside of the European Union, such as Albania.

To the opposite, revenues in CRM International sector shows an increase of Euro 25,504 thousands, or 22.8%, in the six months ended June 30, 2017 in comparison with the previous period. The increase was primarily driven by the growth in revenue from customers in the telecommunications and media sector (Euro 13,101 thousands compared to the previous year), as well as in the government sector (Euro 10,545 thousands compared to the previous year), despite the political and economic instability that the country is experiencing, but which in recent times shows some improvement. In the period observed. the increase of revenues in the CRM Internatinal sector increased also as a consequence of geographic expansion into Colombia.

Revenues in Almawave—New technology decreased by 382 thousands, −11,5%, compared to the previous period, but the total revenues, included inter-segment revenues, increased by 451 thousands, 7,2%, compared the previous period. This increase resulted primarily from increased revenues from sales of its proprietary software technology to customers (included other segments) in the telecommunications and media sector and local government clients in the public administration sector.

The Group basically operates in multiple sectors of operations, as further described in Note 4 above.

Revenues from works include the contractual revenues deriving from production recorded in the year, determined according to the percentage of completion method.

AlmavivA Group revenues are mainly realised in Italy. Revenues produced abroad regard primarily Brazil and to a lesser extent Tunisia (for any further details please refer to Note 4—Geographic information).

28. OTHER INCOME

Other income for the six months ended June 30, 2017 and 2016 are reported in the following table:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Recovery of personnel costs	820	981
Recovery of costs of service provision	2,277	1,484
Recovery of costs of use of assets	183	5
Absorption of provisions	1,282	708
Other income	857	446
Operating grants	620	468
Reversal of over-accruals of trade payables	343	54
Other income	**6,382**	**4,146**

28. OTHER INCOME (Continued)

The line item increased by Euro 2,236 thousands from an amount of Euro 4,146 thousands for the six months ended June 30,2016 to an amount of Euro 6,382 thousands for six months ended June 30, 2017. This increase resulted mainly from increased recoveries costs recovered by the Group and incurred on behalf of their business partners for the portion attributable to them by Euro 810 thousands, increased income from operating grants in the form of governmental funding of projects by Euro 152 thousands and increased reversal of provisions and of over-accruals of trade payables by Euro 574 thousands and Euro 289 thousands respectively.

29. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services for the six months ended June 30, 2017 and 2016 are reported in the following table:

	For the six months ended June 30,	
(in thousands of Euro)	2017	2016
Raw materials, consumables, supplies and goods	7,055	9,123
Costs for services	103,543	96,957
Costs for services capitalised for assets created internally	(1,180)	(1,307)
Costs of use of third party assets	11,881	10,663
Changes in inventories		
Cost of raw materials and services	**121,299**	**115,436**

The line item increased in the period by Euro 5,863 thousands from an amount of Euro 115,436 thousands for six months ended June 30, 2016 to an amount of Euro 121,299 thousands for the six months ended June 30, 2017. The increase is broadly in line with revenue trends, in particular the increased revenues in the IT Services segment, resulting primarily in an increased cost of services (in IT Services increased by Euro 3,001 thousands from an amount of Euro 70,676 thousands in 2016 to an amount of Euro 73,677 thousands in 2017) as well as in the CRM International segment (in which cost of services increased by Euro 4,561 thousands from Euro 34,860 thousands in 2016 to Euro 39,421 thousands in 2017). This effect was partially offsetted by the decreased revenues in CRM Europe resulting primarily in a decrease of cost of services related to this segment (decreased by Euro 2,027 thousands from an amount of Euro 19,151 thousands in 2016 to an amount of Euro 17,124 thousands in 2017). It also be noted that the increase of these costs was partially offsetted by Euro 1,180 thousands of capitalized costs for assets created internally related to IT Services segments and Almawave—New Technology segments.

The overall increase in the line item was mainly a consequence of increased costs for maintenance, which increased by Euro 1.577 thousands, from Euro 9,521 thousands in 2016 to Euro 11,098 thousands in 2017, and consultancy and professional services expense, which increased by Euro 2.233 thousands from Euro 38,019 thousands in 2016 to Euro 40,252 thousands in 2017 in response to demand for services from our transportation and logistics and banking and insurance customers.

29. COST OF RAW MATERIALS AND SERVICES (Continued)

The table below shows, in more details, the disaggregation ot cost of services for the periods ended June 30, 2016 and 2017:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Maintenance	11,098	9,521
Insurance	1,026	1,005
Consultancy and professional services	40,252	38,019
Advertising, promotion and entertainment	297	255
Telephone expenses	3,387	3,135
Travel and stays	2,366	2,213
Energy and fluids	5,022	5,514
Distribution and warehousing	3,579	4,500
Other costs for services	36,516	32,735
Costs for mobility		60
Costs for services	**103,543**	**96,957**

The item Other costs for services includes the operating expenses and various services such as corporate protection expenses, canteen expenses and meal vouchers for employees, legal and notary expenses, commissions and expenses for bank services, training course expenses, cleaning expenses and costs incurred on behalf of group companies that basically refer to charges for insurance policies and travel and transfer expenses. The line item includes also the expenses for remuneration of Directors amounted to Euro 651 thousands, of the Board of Statutory Auditors for Euro 125 thousands and for the Auditing Firm for Euro 71 thousands.

30. PERSONNEL EXPENSES

Personnel expenses for the six months ended June 30, 2017 and 2016 are broken down as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Salaries	179,873	169,591
Social security contributions	30,770	33,351
Employee benefit expenses	6,381	6,284
Other costs	1,207	1,071
Agency work	4,990	592
Costs of seconded personnel	0	11
Expenses for redundancy incentives	0	307
Personnel expenses capitalised for assets created internally	(6,088)	(4,231)
Personnel expenses	**217,133**	**206,976**

Personnel expenses increased by Euro 10,157 thousands, or 4.9%, from Euro 206,976 thousands in the six months ended June 30, 2016 to Euro 217,133 thousands in the six months ended June 30, 2017. This increase, as well as cost for raw materials and services, was in line with the overall revenue trend and resulted primarily from increased expense for salaries and wages, which increased by Euro 10,282 thousands from Euro 169,591 thousands in 2016 to Euro 179,873 thousands in 2017 and from agency work expenses, which increased by Euro 4,398 thousands compared to the previous period. These increases were a consequence of the policies of personnel adopted by CRM International, this effect was partially offset by the decreased of personnel expenses in CRM Europe. The increase in these costs was partially offset by an increase by Euro 1,857 thousands in personal expenses

30. PERSONNEL EXPENSES (Continued)

capitalized for assets created internally related to IT Services segments and Almawave—New Technology segments.

The average number of employees of companies included in the consolidation area, broken down by category, for the six months ended June 30, 2017 and 2016 is as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Executives	200.3	213.0
Middle managers	743.8	697.3
White-collar employees	40,454.3	41,675.8
Total in Group companies' employee register	***41,398.4***	***42,586.1***
Agency workers	580.8	104.7
Total workforce	**41,979.2**	**42,690.8**

31. DEPRECIATION AND AMORTIZATION

Depreciation, amortization and write-downs for the six months ended June 30, 2017 and 2016 are broken down as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Industrial patent and intellectual property rights	3,651	2,522
Concession, licence and trademarks	35	842
Other	3,126	2,932
Total Amortization	***6,812***	***6,296***
Civil and industrial buildings	390	384
Industrial and commercial equipment	71	79
Plants and machinery owned and leased	3,273	3,020
Other assets owned and leased	4,131	4,020
Capital (gains) from disposals of fixed assets	0	0
Total Depreciation	***7,865***	***7,503***
Total Depreciation and amortization	**14,677**	**13,799**

32. OTHER EXPENSES

Other expenses for the six months ended June 30, 2017 and 2016 are broken down as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Provisions for risks	1,215	2,026
Other provisions	0	0
Taxes and duties	91	83
Membership fees	295	332
Other expenses	4,176	2,527
Accruals to provisions	102	149
Reversal of over-accruals of trade receivables	433	307
Other expenses	**6,312**	**5,424**

32. OTHER EXPENSES (Continued)

The line item increased in the period by Euro 888 thousands, or 16%, from an amount of Euro 5,424 thousands for the six months ended June 30, 2016 to an amount of Euro 6,312 thousands for the six months ended June 30, 2017.

The increase in the period is mainly due to other non-recurring items almost related to unrecognized receivable of previous periods. For the disclosure on provisions refer to Note 19.

This increase was primarily due to the economic effect recorded due to settlement of previous receivables. Net allocations to the provisions related to the six months ended June 30, 2017 mainly refer to the to IT Services segment. For further information on provisions refer to Note 19.

33. FINANCIAL INCOME/(EXPENSES) AND EXCHANGE GAINS/(LOSSES)

Financial income, Financial expenses and Exchange gains/(losses) for the six months ended June 30, 2017 and 2016 are reported below:

	For the six months ended June 30,	
(in thousands of Euro)	2017	2016
Financial income	**414**	**663**
Financial expenses	**(15,418)**	**(14,360)**
Exchange gains/(losses)	**(899)**	**945**
Net financial result	**(15,903)**	**(12,752)**

As shown in the table above, the Net financial result is negative for the six month ended June 30, 2017 for Euro 15,903, compared to a negative results of Euro 12,752 thousands for the six months ended June 30, 2016, with a worsening of Euro 3,151 thousands.

The increase of financial expenses occurred in the period is related to the increase of financial indebtness of Brazilian entities. The difference in exchange gains/(losses) recorded in the period compared to the previous is related to fluctuations in conversion of the Brazilian Real to the Euro.

34. PROFIT FROM INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Profit from investments accounted for using equity method for the six months ended June 30, 2017 and 2016 are reported below:

	For the six months ended June 30,	
(in thousands of Euro)	2017	2016
Share of income from investments accounted for using equity method	173	0
Profit from investments accounted for using equity method	**173**	**0**

The valuation effect of the equity method shows a positive balance of Euro 173 thousands and relates to the CCID-AlmavivA Information Technology Shanghai co. The related disclosure is reported in the Note 7.

35. INCOME TAXES

Income taxes for each of the six months ended June 30, 2017 and 2016 are broken down as follows:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Italian Companies		
IRAP (Regional business tax)	650	511
IRES (Corporate income tax)	2,691	2,963
Income (expenses) from compliance with tax consolidation	(1,505)	0
	1,836	3,474
Foreign companies		
Other current taxes	215	854
	215	854
Current Taxes	**2,051**	**4,328**
Italian Companies		
IRAP (Regional business tax)	14	(50)
IRES (Corporate income tax)	(41)	(540)
	(27)	(590)
Foreign companies		
Other deferred taxes	(514)	130
	(514)	130
Deferred taxes	**(541)**	**(460)**
Income taxes for the year—non recurring portion	**5**	**(60)**
Total Income taxes	**1,515**	**3,808**

Reconciliation of tax expense and the accounting profit multiplied by Group Almaviva's domestic tax rate for the six months ended June 30, 2017 and 2016 is presented below:

	For the six months ended June 30, 2017	2016
Income before taxes	2,878	(379)
Theoretical taxe rate	24%	27.5%
Theoretical taxes	**691**	**(104)**
Effect of different foreign tax rates	(107)	(148)
Non-deductible expenses	2,295	3,969
Tax losses previous years / consolidated tax revenues	(1,505)	0
Effect of writedowns for deferred tax assets and redetermination of tax rates	0	0
Effect on deferred taxation of changes in tax rates	636	561
IRAP (Italian regional business tax)	(500)	(410)
Other differences and minor items	5	(60)
Total	**1,515**	**3,808**

36. EARNINGS/(LOSS) PER SHARE

Basic earning/(loss) per-share (''EPS'') amounts are calculated by dividing the profit (or loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

36. EARNINGS/(LOSS) PER SHARE (Continued)

Diluted EPS amounts are calculated by dividing the profit (or loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (special shares) into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

(in thousands of Euro)	For the six months ended June 30, 2017	2016
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	1,363	(4,188)
Discontinued operations	0	0
Profit attributable to ordinary equity holders of the parent for basic earnings	**1,363**	**(4,188)**

(in thousands of shares)	For the six months ended June 30, 2017	2016
Weighted average number of ordinary shares for basic EPS	107,567	107,567
Effects of dilution from special shares	47,332	47,332
Weighted average number of ordinary shares adjusted for the effect of dilution	**154,899**	**154,899**

Earning/(Loss) per-share	For the half year ended June 30, 2017	2016
Basic profit/(loss) for the period attributable to ordinary equity holders of the parent (in Euro)	**€0.01**	**€ – 0.04**
Diluted profit/(loss) for the period attributable to ordinary equity holders of the parent (in Euro)	**€0.01**	**€ – 0.03**
Basic profit/(loss) for the period attributable to ordinary equity holders of the parent (in percentage)	**1.27%**	**– 3.89%**
Diluted profit/(loss) for the period attributable to ordinary equity holders of the parent (in percentage)	**0.88%**	**– 2.70%**

There have been no transactions involving ordinary shares during last three years so the wighted average number or ordinary shares used for basic EPS is the same throughout the whole period in question.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

37. GUARANTEES AND COMMITTMENTS

The Group granted the following guarantees as at June 30, 2017.

- personal guarantees of Euro 235,659 thousands (Euro 250,138 thousands as at December 31, 2016), which are ''in favour of subsidiaries'' recorded by AlmavivA for co-obligations issued to various insurance companies in the interest of Agrisian in Liquidation amounting to Euro 206.358 and relative to the contract with the Ministry of Agricultural and Forest Resources; ''in favour of other parties'' in the amount of Euro 29,076 thousands for sureties signed by Lombardy Gestione for Euro 12,611 thousands relative to the execution of the service contract of 6 years with the customer Lombardia Informatica and from AlmavivA Contact S.p.A for Euro 16,465 thousands;

37. GUARANTEES AND COMMITTMENTS (Continued)

- collateral given of Euro 3,004 thousands refers to 100% pledges of shares held by AlmavivA S.p.A. in AlmavivA Contact as collateral for the loan extended by a pool of banks. With regard to said loan, current accounts of Euro 2,945 thousands were pledged to guarantee fulfilment of the guaranteed loans. To further secure this loan, the shares held by AlmavivA Technologies S.r.l. and Interbanca S.p.A. in AlmavivA were also pledged.

38. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for AlmavivA S.p.A. as at June 30, 2017 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate bad debt provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmavivA S.p.A. requires trade positions to be subject to an individual write-down based on the age of the receivable, the reliability of the individual debtor and the progress of debt management and collection procedures.

The following table shows the overall exposure of AlmavivA Group's receivables, together with a breakdown by amounts falling due and past due. For more detailed information, please refer to Note 12 above.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Trade receivables, net of Bad debt provion	290,043	294,756
of which:		
—Amount falling due	217,056	248,380
—Past due	72,987	46,376

Financial leasing and redemption commitments

The Group signed financial leases and redemption commitments for various plants and machinery. The Group's obligation deriving from these contracts is guaranteed by the property deed of the lessor on the leased assets. The renewal can be effected, if desired by the lessee company.

The following table details the amount of the future fees of AlmavivA S.p.A. and AlmavivA do Brasil S.A. deriving from the financial leases and rental contracts and the present value of these fees:

(in thousands of Euro)	Residual debt as at June 30, 2017	Residual debt as at December 31, 2016
Within 1 year	4,219	4,737
Between 1 and 5 years	1,045	2,998
After 5 years	0	0
Total minimum payments	5,264	7,735
less: Interest expenses	(780)	(1,715)
Present value of leasing payments	**4,484**	**6,020**

Liquidity risk

Liquidity risk represents the risk of the available financial resources being insufficient to cover the obligations falling due. AlmavivA S.p.A. believes it has access to sufficient sources of financing to meet its planned financial requirements, taking into account its capacity to generate cash flows, the diversification of the sources of financing and the availability of credit lines.

38. RISKS AND OTHER INFORMATION (Continued)

The tables below detail the payments contractually due, relating to financial and trade liabilities, including interest payments.

(in thousands of Euro)	At June 30, 2017	At December 31, 2016
Within 1 year	43,845	66,056
Between 1 and 3 years	17,678	12,476
Between 3 and 5 years	0	0
After 5 years	0	0
Total Contractual flows of medium/long term loans	**61,523**	**78,532**

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the Group's transactions in non-euro currencies (mainly the Brazilian Real) and affects the Unaudited Interim Condensed Consolidated Financial Statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment.

Interest rate risk

The AlmavivA Group uses interest rate derivatives, with the objective of mitigating, under financially acceptable conditions, the potential impact of interest rate variability on the economic result.

As regards financial indebtedness, the medium/long-term loan issued by the banks, already cited in this note, was hedged until 2019 through an interest rate swap in Euro. The characteristics of this derivative instrument are described in Note 24 above.

Sensitivity analysis

The sensitivity analysis is performed to provide indications of the Group's exposure to any changes in certain parameters that impact the valuation of financial liabilities and of derivative financial instruments. In this regard, it is worth pointing out that the new version of IFRS 13 introduced clarifications with reference to the measurement of non-performance risk in determining the fair value of derivative financial instruments. This risk includes both changes in counterparty creditworthiness and changes in the creditworthiness of the issuer itself (own credit risk).

In order to meet the requirements of the new standard, the AlmavivA Group adopted the appropriate calculation models which value not only the effects of changes in counterparty creditworthiness (Credit Valuation Adjustment), but also variations in own creditworthiness (Debt Valuation Adjustment—DVA). Through these models, the determination of the fair value of the derivative financial instruments in place and of the effects a change in non-performance risk has on said fair value was therefore carried out by considering:

- CVA (negative) which incorporates scenarios in which the bank goes bankrupt before the counterparty and the latter presents a positive exposure towards the bank. In these scenarios, the counterparty suffers a loss for an amount equal to the cost of replacing said derivative;
- the DVA (positive), takes into consideration scenarios in which the counterparty goes bankrupt before the bank and presents a negative exposure towards the bank. In these scenarios, the counterparty benefits from income for an amount equal to the cost of replacing said derivative.

38. RISKS AND OTHER INFORMATION (Continued)

The main sources of exposure of AlmavivA to interest rate risk relate to short- and medium/long-term financing and derivative instruments in place. In particular, the potential impacts on the income statement for six months ended June 30, 2017 attributable to interest rate risks are:

- potential change in financial charges and spreads relating to derivative instruments in place;
- potential change in the fair value of derivative instruments in place.

The Company prepared an estimate of the potential impacts on the income statement generated by a shock to the interest rate market, through the use of internal valuation models, based on generally accepted procedures. In particular:

- *for variable rate loans, the following was hypothesised: a parallel shift of +100 basis points (+0.1%) and −5 basis point (−0.05%) in the term structure of interest rates;*
- *for derivative instruments, the following was simulated: a parallel shift of +100 basis points (+0.1%) and −5 basis point (−0.05%) in the term structure of interest rates.*

The table shows the variation, in particular, with respect to the base scenario, that would be generated in shareholders' equity and the income statement in the assumption of Up and Down Shocks in the different market data.

	Sensitivity analysis as at June 30, 2017				
		Income statement		OCI	
(in thousands of Euro)	Fair value measurement	shock-up	shock-down	shock-up	shock-down
Floating rate financial liability	(23,980)	240	(12)		
Derivative subject to cash flow hedge accounting	(172)	74	(4)	55	(3)
Total	**(24,152)**	**314**	**(16)**	**55**	**(3)**

39. INFORMATION ON FAIR VALUE MEASUREMENT

The fair value measurement at the close of the year is shown below, together with the classification, according to the fair value hierarchy, of the assets and liabilities measured at fair value on a recurring basis:

(in thousands of Euro)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Hedging derivatives:		
Level 1		
Level 2	(172)	(145)
Level 3		
Total	**(172)**	**(145)**

The only AlmavivA S.p.A. financial instruments measured at fair value are composed of derivative instruments, described in the explanatory notes. These derivative instruments fall under ''level 2'' of the ''fair value hierarchy'' defined by IFRS 7, i.e. the fair value is measured on the basis of valuation techniques which take parameters observable on the market as a reference, other than the price of the financial instrument.

In the six months ended June 20, 2017, there were no transfers between fair value hierarchy levels.

40. LEGAL ISSUES AND LITIGATIONS

It is first of all noted that the expenses and liabilities that are considered to be probable, including those which are currently being decided upon in court, are covered in the provisions. Below is a detailed description of the main lawsuits relative to companies belonging to the AlmavivA Group.

Almaviva S.p.A.

Aubay Research & Technologies S.p.A./Sogei S.p.A./AlmavivA S.p.A. (as the agent of RTI with Bit Media S.p.A.)

Aubay S.p.A. requested, upon suspension of effectiveness, the annulment of the communication of its exclusion from the open procedure for the assignment of the support service for usage of the ETL product ''*Informatica Power Centre. Call for Tenders E 901*'', proclaimed by Sogei S.p.A. At the council chambers on October 14, 2009, Aubay S.p.A. asked for postponement of the precautionary claim in order to bring forth additional reasons against the final award which had taken place in the meantime. On November 20, 2009, Aubay S.p.A. notified RTI AlmavivA of the additional reasons. RTI AlmavivA completed the activities as required by the contract. The relative hearing date has not been set yet. The outcome of the risk valuation did not lead to the need to write provisions.

Eustema S.p.A./FAPI-Fondo Formazione Piccole Medie Imprese/AlmavivA TSF S.p.A., currently AlmavivA S.p.A.

Eustema S.p.A. requested the annulment, upon suspension of effectiveness, of the call for tenders and the resolution of the Board of Directors of FAPI reached on November 9, 2010, in relation to the appointment of the Awarding Committee for the call for tenders initiated by FAPI, for the creation of a new IT system and the relative activities in support of the automation of the flows relating to funding for training. The Lazio Tar rejected the precautionary application. The relative hearing date has not been set yet. The outcome of the risk valuation did not lead to the need to write provisions.

RTI Datacontact S.r.l. (as the agent of RTI with Exprivia S.p.A.) / RTI AlmavivA Contact S.p.A.— AlmavivA S.p.A. (principal) / GSE S.p.A.

RTI Datacontact requested the cancellation, subsequent to the adoption of precautionary measures, of the measure whereby GSE cancelled the final award to RTI Datacontact of the tender for ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'', as well as the subsequent decision announcing the final award of the tender in favour of RTI AlmavivA Contact/AlmavivA based on the order of the ranking. The Lazio Tar rejected the precautionary application and, with judgement of March 18, 2016, the appeal. RTI Datacontact lodged an appeal. The hearing to discuss the appeal was held on May 18, 2017, and a decision in this case is pending. We are awaiting the judgment. The outcome of the risk valuation did not lead to the need to write provisions.

RTI Exitone S.p.A. (as the agent of RTI with Dedalus S.p.A. and Lutech S.p.A.) / Consip S.p.A. / RTI AlmavivA S.p.A. (as the agent of RTI formed with Telecom Italia S.p.A. and Agriconsulting S.r.l.)

RTI Exitone requested the cancellation, upon the adoption of precautionary measures, of the measure of August 4, 2016, announcing the final award in favour of RTI AlmavivA of the ''*Restricted procedure tender for the award of the concession for the SISTRI waste tracking system for the Ministry of the Environment and Protection of the Land and the Sea—ID 1642*'' announced by the sole shareholder company Consip S.p.A. The precautionary claim was rejected. By resolution of November 30, 2016, Consip S.p.A. cancelled by its own determination the award measure of August 4, 2016. By judgement of January 25, 2017, the appeal of RTI Exitone was as a result declared barred to further proceedings. Consip S.p.A., after once again conducting the procedure to verify the anomaly of RTI AlmavivA, awarded the tender to the same RTI by measure dated February 1, 2017. RTI Exitone requested the annulment, following the adoption of precautionary measures, of the measure of February 1, 2017. RTI AlmavivA has made a

40. LEGAL ISSUES AND LITIGATIONS (Continued)

counter-appeal. Subsequently, RTI Exitone waived the precautionary measure. The hearing on the merits was held on June 7, 2017, and a decision in this case is pending. We are awaiting the judgment. The outcome of the risk valuation did not lead to the need to write provisions.

RTI Datacontact S.r.l. (as the agent of RTI with Lucana Sistemi S.r.l. and Gruppo Servizi informatici S.r.l.) / Regione Basilicata / Televita S.p.A. (as the agent of RTI formed with Publisis S.p.A. and Almaviva S.p.A.).

RTI Datacontact requested the cancellation, subsequent to the adoption of precautionary measures, of the measure of final award to RTI Televita (Almaviva S.p.A. as agent) of the tender for ''*Open procedure for the evolution of advanced solutions and services in support of the Digital Agenda for the period 2016-2020—CIG: 6515399557*''. At the hearing in the Chamber of Advocates for the Pre-trial Case, held on 23 March 2017, RTI requested Datacontact to deal with the pre-trial hearing and the administrative court of Basilicata established the hearing for 20 April 2017. Following this hearing, the case was held in the decision. Almaviva S.p.A. is awaiting for the judgment. The outcome of the risk valuation did not lead to the need to write provisions.

RTI Capgemini Italia (as the agent of RTI with Aruba S.p.A., Sirti S.p.A. and Maggioli S.p.A.) / Consip S.p.A. / RTI Almaviva S.p.A. (as the agent of RTI formed with Almawave S.r.l., Indra Italia S.p.A. and PricewaterhouseCoopers Advisory S.p.A.).

RTI Capgemini Italia requested the cancellation, subsequent to the adoption of precautionary measures, of the measure of final award to RTI AlmavivA of Lot 4 of the tender *''Restricted Procedure, subdivided into 4 lots, for relying on cloud computing, security, portal and on-line services and application for public administration (ID SIGEF 1403) services''*, banned by Consip S.p.A.. RTI AlmavivA has filed for interim relief. Following the retirement of RTI Capgemini to the precautionary proceedings, the hearing was scheduled for 21 June 2017. Subsequently to that hearing, by judgment of 26 June 2017, the administrative court dismissed the appeal brought by RTI Capgemini and the contract was consequently the assigned to RTI Almaviva on August 4, 2017. The outcome of the risk valuation did not lead to the need to write provisions.

AlmavivA S.p.A., Almawave S.r.l. and Almawave USA Inc.

Loop AI Labs Inc./AlmavivA S.p.A + others

In 2014, Loop AI Labs, Inc. filed suit in the United States District Court for the Northern District of California against a former senior manager of Almawave USA, Inc., Almawave USA, Inc., Almawave S.r.l., Almaviva S.p.A. and other third parties. Loop asserted claims for, among other things, trade secret misappropriation, fraud, and interference with actual and prospective contractual relations. On March 9, 2017, the District Court dismissed all of Loop's claims with prejudice. Loop has appealed the dismissal to the United States Court of Appeals for the Ninth Circuit; the AlmavivA Group companies also have appealed the District Court's order denying them fees and costs incurred in defending the litigation. The appeals are pending. We believe we have strong arguments on appeal, that Loop's appeal will be unsuccessful, and the judgment of dismissal affirmed. The risk assessment carried out also with the support of the lawyer in charge, did not lead to any provisions.

AlmavivA S.p.A. + others/ Lloyd's Insurers (at the General Representative for Italy of Lloyd's)

AlmavivA S.p.A. and the other Group companies, as the insured parties, requested the Lloyd's Insurers to be sentenced to reimburse expenses and the legal defence costs that they incurred and will be incurred as part of the dispute pending in the USA (described above), in addition to compensation for damages. At the preliminary hearing on May 16, 2017, the judge invited the Insurers to submit a proposal for the settlement of the dispute and postponed the discussion of the case to the hearing on June 28, 2017. At that hearing, the judge, having acknowledged the failure to reach an agreement between the parties and, having dissolved the reserve, postponed the case for clarification of the findings at the hearing of 27 February 2019. The outcome of the risk valuation did not lead to the need to write provisions.

40. LEGAL ISSUES AND LITIGATIONS (Continued)

AlmavivA Contact S.p.A.

3G S.p.A. / Consip S.p.A. /AlmavivA Contact S.p.A.

3G S.p.A. requested annulment, upon suspension, of the ruling based on which Consip S.p.A. excluded it from the call for tenders for a ''*Framework Agreement with several operators based on which several specific tenders will be awarded, pursuant to art. 2, par. 225 of Law no. 191/2009 for the provision of Contact Centre services''.* In its meeting in the council chambers of January 22, 2014, the TAR of Lazio rejected the application for an injunction. The relative hearing date has not been set yet. The outcome of the risk valuation did not lead to the need to write provisions.

Alicos S.p.A., currently Almaviva Contact S.p.A./Alitalia Linee Aeree Italiane S.p.A. under E.A.

On November 14, 2008, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Linee Aeree Italiane S.p.A. under E.A., requesting recognition as a secured creditor for the call centre services it provided. Alicos S.p.A., admitted as an unsecured creditor, appealed in accordance with art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then rejected. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk valuation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debts.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Airport S.p.A. under E.A.

On January 23, 2009, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Airport S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then barred to further proceedings. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The Court dismissed the appeal. The outcome of the risk valuation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debts.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Servizi S.p.A. under E.A.

On January 19, 2009, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Servizi S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, rejected later on. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk valuation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debts.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Volare S.p.A. under E.A.

Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Volare S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then abandoned. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk valuation

40. LEGAL ISSUES AND LITIGATIONS (Continued)

did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debts.

RTI Datacontact S.r.l. (as the agent of RTI with Exprivia S.p.A.) / RTI AlmavivA Contact S.p.A. (agent)—AlmavivA S.p.A. / GSE S.p.A.

RTI Datacontact requested the cancellation, subsequent to the adoption of precautionary measures, of the measure whereby GSE cancelled the final award to RTI Datacontact of the tender for ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'', as well as the subsequent decision announcing the final award of the tender in favour of RTI AlmavivA Contact/AlmavivA based on the order of the ranking. The Lazio Tar rejected the precautionary application and, with judgement of March 18, 2016, the appeal. RTI Datacontact lodged an appeal. The hearing to discuss the appeal was held on May 18, and a decision in this case is pending. We are awaiting the judgment. The outcome of the risk valuation did not lead to the need to write provisions.

Gruppo Distribuzione S.p.A. on its own and as the agent of RTI formed with the Youtility Center S.r.l. and Distribuzione Italia S.r.l. / GSE S.p.A. / Almaviva Contact S.p.A. in his own and as the agent of RTI formed with AlmavivA S.p.A.

RTI Gruppo Distribuzione requested the cancellation, subsequent to the adoption of precautionary measures, of the measure by which the GSE assigned, following the ranking of the list, the final award to RTI Almaviva Contact of the ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'' and the note by which the GSE rejected the request of RTI Gruppo Distribuzione of the assignement of the tender in favor of RTI Almaviva Contact. At the hearing of May 10, 2017, RTI Gruppo Distribuzione withdrew the request for interim relief and the administrative court will decide the merits of the judgment on October 11, 2017. The contract was assigned by GSE in June, 23 2017 to RTI Almaviva Contact. The outcome of the risk valuation did not lead to the need to write provisions.

AlmavivA Contact Labour Disputes

During 2016, AlmavivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement envisaged, for what concerns the headquarters of Naples, the continuation of the confrontation, until March 31, 2017, and for what concerns the headquarters of Rome, the company's right to dismiss. Then, the Company notified the dismissals to the redundant staff (with the exception of subjects protected by law). With reference to the financial year under examination, this procedure did not give rise to litigations.

On another front, as already shown in the report accompanying the financial statements from January to December 2015, based on the ASSTEL-ASSOCONTACT/OO.SS collective labour contract of August 1, 2013, which regulated the project-based work in the call centres pursuant to art. 24 bis of Italian Law Decree 83/12 as amended,—during the period from January to June 2015, conciliation agreements with project-based associates were renewed, already signed in the previous year, in order to ensure the inclusion of these associates in the scope of pre-emption for the signing of new contracts.

Therefore, AlmavivA Contact S.p.A continued to apply the aforementioned collective agreement to project-based collaborations, also renewing the aforementioned priority list in agreement with the interested associates.

40. LEGAL ISSUES AND LITIGATIONS (Continued)

The level of participation of contracted associates in the conciliation procedure was high in the headquarters involved, so that no counter-actions were received in the last half of 2016.

With reference to the residual dispute initiated by former temporary workers of the company of the headquarters of Catania and Palermo, we must point out that the Court of Appeal of Palermo confirmed the line favourable to AlmavivA Contact whereas the position of the Court of Catania is still to be cleared.

With reference to the described dispute, it should be noted that in 2016 the Company carried out a series of settlements before the court that resulted in a significant reduction in the pending dispute by assigning the workers conciliating amounts less than the corresponding allocations to the financial statements.

With regard to the temporary employees subject-matter of a stabilisation offer during 2007-2008 by the company Atesia SpA (then merged into AlmavivA Contact SpA), there were no new court appeals concerning the qualification of the relation during the year, whereas some appeals relating to the quantification of salary differences that are being defined were notified by subjects who were already reinstated by virtue of the judgement.

In this case as in the case of further disputes, the risks based on the individual cases were assessed, and where necessary, the appropriate provisions for risks were made in the financial statements.

41. TRANSACTIONS WITH RELATED PARTIES

The transactions carried out by the group with related parties basically concerned:

(c) the exchange of goods, the supply of services, the funding and use of financial means with the companies under joint control, associated companies and the subsidiaries outside the consolidation area, as better described hereunder;

(d) the exchange of goods and the supply of services with other subsidiaries in of the Italian State, as better described hereunder.

All transactions were carried out in the Group's interest and, except for the transactions with the entities that pursue humanitarian, cultural and scientific initiatives, they are usually carried out on an arm's length basis, i.e. under conditions that would be applied between two independent parties. The amounts

41. TRANSACTIONS WITH RELATED PARTIES (Continued)

of all the relationships initiated with the related parties are reported in the following tables, together with the nature of the most significant transactions.

	As at June 30, 2017		For the six months ended June 30, 2017			
	Receivables	Payables	Costs for Services	Other Costs	Revenues for Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	19,066	15	150			
Relationships with associate companies valued at equity method						
Consorzio Hypertix	510				165	
Sin Srl	14,056	948	172		12,428	
TVEyes L.T.	3	7	22		8	
AlmavivA CCID	1					
Other:						
Dentons Europe Studio Legale e Tributario		5	5			
Elvit Consultoria e Partcipacoes LTDA		22	37			
Total	**33,636**	**997**	**386**	**0**	**12,601**	**0**

	As at December 31, 2016		For the six months ended June 30, 2016			
	Receivables	Payables	Costs for Services	Other Costs	Revenues for Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	20,084	45	150			
Relationships with associate companies valued at equity method						
Consorzio Hypertix	1,564				1,366	
Sin Srl	13,440	776				
TVEyes L.T.	3		10			5
Relationships with other investments at cost						
Consorzio Technapoli		52				
Other:						
DLA Piper		143	68			
Elvit Consultoria e Partcipacoes LTDA			38			
Total	**35,091**	**1,016**	**266**	**0**	**1,366**	**5**

42. SUBSEQUENT EVENTS

On July 5, 2017, the Ordinary Shareholders' Meeting of AlmavivA SpA, convened for approval of the financial statements for the year ended December 31, 2016, and resolved to allocate a 4,433 Euro share of the profit as of December 31, 2016, to Shareholders as a dividend.

On July 21, 2017 AlmavivA S.p.A. has acquired a holding of 15% of the share capital of a company which controls the share capital of a supplier of AlmavivA S.p.A..

42. SUBSEQUENT EVENTS (Continued)

On July 28, 2017, the Board of Directors of AlmavivA S.p.A. approved a Financing Transaction under which the banks involved will make available to the company two lines of financing, the first, called ''Facility B'', and the second one, called ''Revolving Facility''. The Financing Transaction provides for some real guarantees such as the pledge on the company's shares, the pledge on the shares of subsidiaries and other types of collateral guarantess. The Financing Transaction is intended to find the financial resources needed to repay:

- the financial indebtedness of AlvavivA SpA resulting from the loan agreement signed on 13 August 2012 with the pool of banks, composed by Banca Nazionale del Lavoro SpA (as agent), Intesa Sanpaolo SpA, Unicredit SpA, Banca Monte dei Paschi di Siena SpA, Banco BPM SpA, Banca Popolare di Vicenza Scpa, together in the form of financing banks;
- some factoring contracts by pro-solving;
- the financial indebtedness, including the long-term loans of the subsidiary AlmavivA do Brasil;
- the expired VAT debt of AlvavivA SpA and of the subsidiary AlmavivA Contact;
- the Transaction's costs.

In addition, the funding will be used to support the working capital and the ordinary operations of the AlmavivA Group.

On August 3, 2017, was signed the senior secured bridge and revolving Grant Agreement between AlmavivA S.p.A. and Goldman Sachs International for a total funding of Euro 270,000 thousands, consisting of the following two lines:

3. Facility B of Euro 250,000 thousands;
4. Revolving Facility of Euro 20,000 thousands.

The use of the Financing is conditioned both by the resolution of the trust agreements existing between AlmavivA Technologies S.r.l., Interbanca S.p.A. and G.B.L. Fiduciaria S.p.A. and to the pledge granted by AlmavivA Technologies S.r.l. of its shares in Almaviva S.p.A. at the date of use, equal to 95,11%. In addition, the loan agreement provides for the possibility of refinancing the Financing by issuing a bond for this purpose. AlmavivA S.p.A. and the lending bank were therefore initiating the preparatory activities in the process of issuing a bond loan.

On August 9, 2017, the parent company AlmavivA Technologies S.r.l. and Interbanca S.p.A. have signed a contract for the sale of 20,584,400 ordinary shares and 32,331,764 Class A Shares of Almaviva S.p.A. As a result of this transfer of ownership, the shareholding in Almaaviva S.p.A. held by the parent company AlmavivA Technologies S.r.l. has reached to 95.11%, while Interbanca S.p.A. is completely out of the share capital of AlvavivA S.p.A.. At the same time, it has been revocated the trustee contract with GBL Fiduciaria S.p.A. for the Almaviva S.p.A.'s shares.

On 9 August 2017, a senior secured bridge and revolving financial contract was signed. Consequently the provision of the Facility B was made by Goldman Sachs International in several tranches. The new financial sources have been used for the payement of debts related to AlmavivA S.p.A. arising from the loan agreement entered into on August 13, 2012 with the pool of banks above mentioned, the payement of the expired VAT debt of AlmavivA S.p.A. and Almaviva Contact S.p.A., amounting respectively to Euro 32,766 thousands and Euro 33,758 thousands, including penalties and interests, as well as other purposes for which the new funding is intended.

On August 9, 2017, took place the capital increase of Almacontact SAS. As a result, this amounted to COP 6,885,661,000. This increase was due to the conversion of advances made by partner AlmavivA do Brasil Telemarketing and Informatica SA in 2016.

On August 11, 2017, the legal headquarters of Almaviva do Brasil Telemarketing and Informatica SA was transferred to Sao Paulo, in Rua Bela Cintra, 1149, Sobreloja, Consolação, São Paulo / SP, CEP 01415-000.

ALMAVIVA S.P.A. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
AlmavivA The Italian Innovation Company S.p.A.

We have audited the accompanying consolidated financial statements of AlmavivA The Italian Innovation Company S.p.A. and its subsidiaries (the ''AlmavivA Group''), which comprise the consolidated statement of financial position as of December 31, 2016, 2015 and 2014, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows for the years then ended and the related explanatory notes (the ''Consolidated Financial Statements'').

Directors' responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (''IASB'') as adopted by the European Union. The Directors have prepared the Consolidated Financial Statements solely for their inclusion in the Offering Memorandum for the offering of notes to certain institutional investors outside the United States of America in reliance upon Regulation S of the US Securities Act of 1933, as amended (the ''Act''), and to qualified institutional investors in the United States of America in reliance on the exemption from registration provided by Rule 144A under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the AlmavivA Group as of December 31, 2016, 2015 and 2014, and of its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (''IASB'') as adopted by the European Union.

Other matter

As indicated in the explanatory notes, the Consolidated Financial Statements have been prepared solely for their inclusion in the Offering Memorandum for the offering of notes to certain institutional investors outside the United States of America in reliance upon Regulation S of the Act or to qualified institutional investors in the United States of America in reliance on the exemption from registration provided by Rule 144A under the Act.

/s/EY S.p.A.

Rome, Italy
September 15, 2017

ALMAVIVA S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Note	At December 31, 2016	2015	2014
Intangible assets	5	54,419	51,803	49,553
Goodwill	5	33,166	33,051	33,202
Property, plant and equipment	6	76,386	68,808	78,328
Investments accounted for using the equity method	7	1,717	1,807	23,510
Non-current financial assets	8	1,449	1,476	1,460
Deferred tax assets	9	10,777	10,995	11,863
Other non-current assets	10	1,400	2,578	3,794
Total non-current assets		**179,314**	**170,518**	**201,710**
Inventories and amount due from customers	11	33,626	35,300	40,569
Trade receivables	12	297,767	284,903	293,910
Current financial assets	13	7,870	4,421	3,505
Other current assets	14	82,719	71,237	70,281
Cash and cash equivalents	15	48,181	50,645	36,407
Total current assets		**470,163**	**446,506**	**444,672**
Non-current assets held for sale	16	4,249	19,759	0
Total assets		**653,726**	**636,783**	**646,382**
Share capital		154,899	154,899	154,899
Share premium reserve		17,788	17,788	17,788
Other reserves		(139,563)	(143,704)	(135,881)
Profit (loss) for the year		(16,907)	(1,715)	(381)
Total group shareholders' equity		*16,217*	*27,268*	*36,425*
Non-controlling interests		*5,055*	*3,855*	*3,948*
Total shareholders' equity	**17**	**21,272**	**31,123**	**40,373**
Non-current liabilities for employee benefits	18	59,043	60,400	59,146
Non-current provisions	19	5,466	5,338	5,365
Non-current financial liabilities	20	25,478	15,279	62,902
Deferred tax liabilities	21	1,794	2,345	3,839
Other non-current liabilities	22	1,030	1,037	155
Total non-current liabilities		**92,811**	**84,399**	**131,407**
Current provisions	19	7,285	5,214	8,670
Trade payables	23	193,897	179,302	203,522
Current financial liabilities	24	150,873	167,730	135,730
Tax payables	25	99,274	95,692	62,172
Other current liabilities	26	88,314	73,323	64,508
Total current liabilities		**539,643**	**521,261**	**474,602**
Total liabilities		**632,454**	**605,660**	**606,009**
Total equity and liabilities		**653,726**	**636,783**	**646,382**

ALMAVIVA S.P.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Note	For the year ended December 31, 2016	2015	2014
Revenues	27	730,163	709,194	695,430
Other income	28	9,073	16,495	25,938
Total revenues and other income		**739,236**	**725,689**	**721,368**
Cost of raw materials and services	29	(250,056)	(238,853)	(230,240)
Personnel expenses	30	(430,532)	(418,212)	(412,741)
Depreciation and amortization	31	(29,292)	(27,101)	(27,128)
(Losses)/Gains from sale of non-current assets		(75)	(5)	40
Other expenses	32	(22,917)	(12,295)	(16,965)
Operating profit/(loss)		**6,364**	**29,224**	**34,334**
Financial income	33	1,643	724	713
Financial expenses	33	(27,600)	(27,966)	(24,413)
Exchange gains/(losses)	33	1,153	(620)	(201)
Loss from investments accounted for using equity method	34	(838)	(1,811)	(2,797)
Profit/(Loss) before taxes		**(19,278)**	**(449)**	**7,636**
Income taxes	35	3,135	(885)	(8,694)
Loss from continuing operations		**(16,143)**	**(1,334)**	**(1,058)**
Loss for the year		**(16,143)**	**(1,334)**	**(1,058)**
of which:				
Loss pertaining to the group		(16,907)	(1,715)	(381)
Profit /(Loss) pertaining to non-controlling interests		764	381	(677)
Loss per share (in Euro)	**36**			
Basic, profit for the year attributable to ordinary equity holders of the parent		**−0.15**	**−0.01**	**−0.01**
Diluted, profit for the year attributable to ordinary equity holders of the parent		**−0.10**	**−0.01**	**−0.01**

ALMAVIVA S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	Note	For the year ended December 31, 2016	2015	2014
Profit/(Loss) for the year		**(16,143)**	**(1,334)**	**(1,058)**
Other components of other comprehensive income that may be subsequently reclassified to profit or loss, after taxes:				
Exchange differences on translation of foreign operations		5,522	(5,586)	(160)
Gains/(Losses) on cash flow hedging instruments	20	(28)	(48)	(41)
Total		**5,494**	**(5,634)**	**(201)**
Other components of other comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:				
Actuarial gains/(losses) on valuation of liabilities for employee benefits	18	961	(1,594)	(1,677)
Total		**961**	**(1,594)**	**(1,677)**
Other comprehensive income/(loss) for the year		**(9,688)**	**(8,562)**	**(2,936)**
of which:				
Other comprehensive income/(loss) pertaining to the group		(10,645)	(8,968)	(2,259)
Other comprehensive income/(loss) pertaining to non-controlling interests		957	406	(677)

ALMAVIVA S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQ

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(Loss) for the year	Total group shareholders' equity
Shareholders' Equity at January 1, 2014	**154,899**	**17,788**	**(128,318)**	**(5,405)**	**38,964**
Profit/(loss) for the year				**(381)**	**(381)**
Exchange differences on translation of foreign operations (**Note 17**)			(160)		(160)
Gains/(losses) on cash flow hedging instruments			(41)		(41)
Actuarial gains/(losses) on valuation of liabilities for employee benefits (**Note 18**)			(1,677)		(1,677)
Comprehensive income/(loss) for the year			**(1,878)**	**(381)**	**(2,259)**
Allocation of prior year's profit/(loss)			(5,405)	5,405	0
Other movements			(280)		(280)
Shareholders' Equity at December 31, 2014	**154,899**	**17,788**	**(135,881)**	**(381)**	**36,425**
Profit/(loss) for the year				**(1,715)**	**(1,715)**
Exchange differences on translation of foreign operations (**Note 17**)			(5,611)		(5,611)
Gains/(losses) on cash flow hedging instruments			(48)		(48)
Actuarial gains/(losses) on valuation of liabilities for employee benefits (**Note 18**)			(1,594)		(1,594)
Other comprehensive income/(loss) for the year	**0**	**0**	**(7,253)**	**(1,715)**	**(8,968)**
Allocation of prior year's profit/(loss)			(381)	381	0
Other movements			(189)		(189)
Shareholders' Equity at December 31, 2015	**154,899**	**17,788**	**(143,704)**	**(1,715)**	**27,268**
Profit/(loss) for the year				**(16,907)**	**(16,907)**
Exchange differences on translation of foreign operations (**Note 17**)			5,330		5,330
Gains/(losses) on cash flow hedging instruments			(28)		(28)
Actuarial gains/(losses) on valuation of liabilities for employee benefits (**Note 18**)			961		961
Other comprehensive income/(loss) for the year	**0**	**0**	**6,263**	**(16,907)**	**(10,644)**
Allocation of prior year's profit/(loss)			(1,715)	1,715	0
Other movements			(407)		(407)
Shareholders' Equity at December 31, 2016	**154,899**	**17,788**	**(139,563)**	**(16,907)**	**16,217**

ALMAVIVA S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	Note	For the year ended December 31, 2016	2015	2014
Profit/(Loss) for the year		**(16,143)**	**(1,334)**	**(1,058)**
Adjustments to reconcile profit before tax to net cash flows:				
Income Taxes	35	(3,135)	885	8,694
Financial income	33	(1,643)	(723)	(713)
Financial expenses	33	27,601	27,966	24,413
Exchange (gains)/losses	33	(1,153)	620	201
Depreciation and amortization	31	29,292	27,101	27,128
Write-downs/(revaluations) of non-current financial assets and equity investments		(108)	783	2,989
Losses from sale of non-current assets		75	5	32
Interest received		1,641	350	713
Interest paid		(25,453)	(26,352)	(22,753)
Income taxes paid		(1,176)	(3,972)	(10,036)
Cash flows generated from operating activities before changes in working capital		*9,798*	*25,329*	*29,610*
Change in trade receivables	12	(12,860)	9,085	18,610
Change in inventories and amount due from customers	11	1,674	5,269	2,284
Change in trade payables	23	14,244	(24,560)	3,318
Change in other assets	8-14	(10,303)	260	(18,048)
Change in other liabilities	22-26	22,878	46,304	3,796
Foreign exchange rate effect related to items of working capital		(3,502)	705	(149)
Change in liabilities for employee benefits and provisions		670	(5,097)	(624)
Change in deferred tax assets (liabilities)		(333)	(626)	3,081
Cash-flow generated from/(absorbed by) operating activities (A)		**22,264**	**56,669**	**41,877**
Investments in property, plant and equipment	6	(13,796)	(19,529)	(34,858)
Investments in intangible assets	5	(13,551)	(15,654)	(14,169)
Acquisition of investments accounted for using the equity method		(17)	(13)	(481)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity mehod		162	1,203	1,042
Change in non-current asset held for sale	16	15,510	0	0
Change in non-current financial assets		27	(15)	133
Change in current financial assets		(3,449)	(915)	177
Cash-flow generated from/(absorbed by) investing activities (B)		**(15,114)**	**(34,921)**	**(48,157)**
Proceeds from non-controlling interests for payment of share capital of subsidiaries		55	804	140
Dividends paid to non-controlling interests		(343)	(147)	0
Proceeds from borrowings	20	51,099	71,181	29,560
Repayment of borrowings	20	(52,900)	(90,409)	(27,803)
Other change in current and non-current financial liabilities		(10,000)	13,929	6,048
Cash-flow generated from/(absorbed by) financing activities (C)		**(12,089)**	**(4,642)**	**7,945**
Cash flow of the year (A+B+C)		**(4,939)**	**17,103**	**1,666**
Effect of foreign exchange rates on cash and cash equivalents		2,475	(2,865)	(344)
Cash and cash equivalents at beginning of the year	15	50,645	36,407	35,085
Cash and cash equivalents at end of the year	15	48,181	50,645	36,407

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter ''AlmavivA'' or the ''Company'') is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 29,000 employees and several offices around Italy and abroad.

The Company has its registered office in Via di Casal Boccone, 188/190, Rome and it is governed by the Italian law.

The consolidated financial statements of the Company and its subsidiaries (the ''AlmavivA Group'') included in this Offering Memorandum are prepared in accordance with the International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board (''IASB'') as adopted by the European Union and comprise the consolidated statement of financial position as at December 31, 2016, 2015 and 2014 and the related consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the years ended December 31, 2016, 2015 and 2014, together with the related explanatory notes thereto (hereinafter collectively as the ''Consolidated Financial Statements'').

The designation ''IFRS'' also includes all valid International Accounting Standards (''IAS''), as well as all interpretations of the IFRS Interpretations Committee, formerly the Standing Interpretations Committee (''SIC'') and then the International Financial Reporting Interpretations Committee (''IFRIC''). IFRS have been applied consistently to all of the periods presented.

During 2014, the Company changed its reporting date from September 30 to December 31. As a result, in 2014 for Italian legal requirements the Company prepared its consolidated financial statements for the year ended September 30, 2014 and then prepared a consolidated financial statements for the three-month period ended December 31, 2014. Solely for the purposes of inclusion in the Offering Memorandum, the Company prepared a set of consolidated financial statements in accordance with IFRS for the year ended December 31, 2014 and included in the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared solely for inclusion in this Offering Memorandum prepared for the offering of notes to certain institutional investors outside the United States of America, in reliance upon Regulation S under the US Securities Act of 1933, as amended (the ''Act''), and to qualified institutional buyers in the United States of America in reliance on the exemption from registration provided by Rule 144A under the Act and are not intended to replace the historical consolidated financial statements.

The Consolidated Financial Statements were approved by the Company's Board of Directors on September 15, 2017.

When used in these explanatory notes, unless otherwise specified or the context otherwise indicates, all references to the terms ''AlmavivA Group'', ''Group'', ''we'', ''us'', ''our'' and the ''Company'' refer to AlmavivA S.p.A., the parent company, and all entities included in the Consolidated Financial Statements.

2. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on a going concern basis. In this respect, despite reporting a net loss for each of the last three years, AlmavivA Board of Directors' assessment, presented below in paragraph 2.1, is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about the AlmavivA Group ability to continue as a going concern.

The Consolidated Financial Statements of the AlmavivA Group were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002. The Consolidated Financial Statements are composed of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows

2. BASIS OF PREPARATION (Continued)

and the explanatory notes thereto, and are prepared by applying the general historical cost principle, with the exception of the financial statement items that, based on IFRS, are measured at fair value, as indicated in the relevant accounting policies and measurement criteria for each item.

IFRS were applied in accordance with the guidelines provided in the ''Framework for the Preparation and Presentation of Financial Statements'', and no critical aspects that required the use of the exceptions set forth in IAS 1 were identified.

The layouts adopted for the preparation of the Consolidated financial statement are consistent with those in IAS 1, as follows:

- the **consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial year. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial year;
- the **consolidated income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropiate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice;
- the **consolidated statement of other comprehensive income** presents the profit/(loss) for the year and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;
- the **consolidated statement** of **cash flows** is prepared according to the ''indirect method'' as permitted by IAS 7 and presents the cash flows generated by operating activities, investing activities and financing activities.

The Euro is the functional currency of the Group. All amounts are stated in thousands of Euro, except when otherwise indicated.

2.1 Going Concern

As indicated above, the Board of Directors of AlmavivA assessed that no material uncertainties exist that cast doubts about the AlmavivA Group ability to continue as a going concern. The reasons that support this conclusion are illustrated in details here below.

During 2016, the AlmavivA Group reinforced its growth trends in revenues achieved during the prior years. The result as at December 31, 2016 shows a profit at operating profit/(loss) level and a loss at the consolidated net result level.

The negative net result is exclusively related to the subsidiary AlmavivA Contact S.p.A. (hereinafter ''AlmavivA Contact''), which during the year contributed to the consolidated net result with a loss of around Euro 28 million. The results of Italy within the CRM Europe operating segment, to which AlmavivA Contact belongs, were also negatively impacted in 2016 by the extended negotiations with employees, the social parties and the competent ministries in relation to the corporate reorganisation procedure launched by the subsidiary with a view to its economic and financial rebalancing, resulting in a collective dismissal procedure concluded in December 2016 with the dismissal of 1,666 employees at the Rome site and with the continuation of discussions for the Naples site. This situation, along with a further decline in the volume of turnover of the subsidiary during the year and an additional negative effect due to costs connected to the dismissal procedure definitively significantly impacted the net result of the subsidiary and also that of the AlmavivA Group.

2. BASIS OF PREPARATION (Continued)

In addition, the CRM International operating segment suffered from unfavourable exchange rate trends (in particular the Euro-Brazilian Real exchange rate as the AlmavivA do Brasil Group weighs heavily on that operating segment and on the whole AlmavivA Group in terms of revenues, operating profit and equity).

In March 2017, the Board of Directors of AlmavivA approved the Budget for the year 2017 which envisages a revenues growth of +6.8%, with a recovery of the IT market (in particular the Central PA, Finance and Almawave product sales on the IRIDE platform) and an increase in volumes in the international market; average margins are expected to be up, in particular in the CRM Europe operating segment, mainly attributable to the recovery of competitiveness and the increase in efficiency of the operating structure connected to the effects of AlmavivA Contact agreements and the beginning of the regular AlmavivA Services activities, and in CRM International operating segment.

Additionally, management is committed to continue certain cost-cutting and optimization actions, with particular reference to:

- overhead costs
- procurement policies
- reduction of external costs through correct balancing of direct and indirect resources and optimization of productive processes and management;
- management of working capital, with particular attention to trade receivables and work in progress;
- redesign of the corporate and organizational structure, in order to improve productive and operational efficiency, with particular focus on technical and managerial skills.

These actions go together with other budget guidelines aimed to reduce the cost of labour for the company AlmavivA.

With regards to AlmavivA Contact, negotiations continued for the Naples site, where on February 28, 2017, a specific agreement was ratified which includes, *inter alia*:

- activation of tools for measuring the productivity and quality at the individual level;
- non-payment of accrued seniority increases;
- interruption of the accrual of additional seniority increases;
- exclusion of the basis of calculation of the accrued employee severance indemnities by way of minimum contractual remuneration and ex cost-of-living allowance;
- possibility to use CIGS (Cassa Integrazione Guadagni Straordinaria, extraordinary income support fund) for an average 70% suspension rate.

In relation to the Palermo site, on the other hand, strategies were launched (inbound, outbound, nearshore), which aim for overall balance at the individual customer level, and in May 2017 an agreement was ratified here as well with the trade unions and the workers, which envisages a package of measures ranging from social safety nets to new company welfare initiatives, from boosting production quality and efficiency, to temporary changes, for 12 months, in remuneration conditions.

It is also necessary to mention the recent government actions that resulted in the introduction of significant new legislation and regulations in the CRM sector (very heavy sanctions for lack of/ inadequate reporting of delocalisation to the Authority and Institutions; sanctions due to the impossibility for customers to be able to choose whether to accept a response from outside Italy and/or for the failure to provide an alternative operator in Italy), which could result in significant improvements in market conditions and guarantee competition based on well-defined rules. In addition, on May 4, 2017, a dozen of large companies that rely on call centre services (including Eni, Enel, Poste Italiane, Unicredit, Mediaset, Intesa Sanpaolo and Telecom Italia) entered into an agreement, with the support of the Italian Government, to combat delocalisation and the reduction of worker's wages. The memorandum

2. BASIS OF PREPARATION (Continued)

envisages the commitment by large client companies to limit delocalisation outside Italy, guaranteeing that at least 80% of outsourcing services will be carried out inbound (and at least 95% of the activities managed directly). The signatories have also committed to excluding call centres with a cost of labour per hour lower than the reference parameters and to including the ''social clause'', to seek out solutions to support workers in the event of a change in service providers.

In terms of revenues, the 2017 Budget was developed in consideration of the ''historical'' clients which the Group has been working with for many years with the position of absolute leadership. The development in new market areas and the continuous and punctual consolidation of new clients that are acquired were also taken into consideration as assumptions.

The development on international markets is expected to continue mainly in Brazil. The CRM market continues to develop and grow in leaps and bounds, despite the profound changes and uncertainties plaguing the country from both a political and a financial market viewpoint. AlmavivA do Brasil's role is ever more important and of leadership within the market, and its presence on the market is therefore continuously growing, primarily for customers already present in the portfolio and, to a more limited extent, for the customers already acquired. From a financial perspective, in March 2017 the lending banks granted AlmavivA do Brasil a waiver in line with the requests submitted with respect to its failure to meet certain financial parameters.

Growth on the international market will also be based on the development of the Colombian CRM market owing to the activities of Almacontact (development aimed both at covering the domestic market and at offering nearshoring services to the other Latin American countries and the USA), and growth in IT activities for the public administration of the European community and for the European Union (growth of the company AlmavivA de Belgique); in addition, the first foreign Transportation activities are being developed (tender awarded to AlmavivA S.p.A. for the management of Customer Information System activities in railway stations for the Finnish transport agency).

From a financial point of view, the targets for the year 2017 are basically, as regards the domestic area, the total repayment of the VAT payable that fell due in 2016, maintaining the VAT payable due in 2017 lower than that as at December 31, 2016, and settling the trade payables and payables due to banks. In relation to activities abroad, particularly in Brazil, the Budget for the year 2017 points to a reduction in the net financial position with the payment of several medium/long-term financial liabilities and lower recourse to factoring lines, which are moreover more costly than other short-term credit lines.

The residual debt on the Loan Agreement signed on August 13, 2012 amounts to at Euro 39.4 million as at December 31, 2016, of which the Tranche A (amortising credit line) amounts to Euro 29.1 million and the Tranche B (revolving credit line) totals Euro 9.4 million.

In consideration of the atual results as at December 31, 2016, which showed failure to meet two of the financial parameters regarding the signed Loan Agreement, and the assumptions underlying the Budget for the year 2017, on March 17, 2017 AlmavivA sent a request for derogations and contractual amendments to adapt some financial parameters of reference as at December 31, 2016 and December 31, 2017 to the pool banks. Discussions continued with the above-mentioned pool of banks with various meetings and analyses, and they have now been completed.

AlmavivA was informed by the Agent Bank BNL-BNP Paribas that the majority of the above-mentioned pool accepted the Company's requests with respect to the above-mentioned parameters.

Based on the above and on the positive results achieved by the AlmavivA Group companies, apart from AlmavivA Contact, the Directors prepared the Consolidated Financial Statements of the AlmavivA Group on a going concern basis, taking into account the positive results of the other Group companies and the expected positive effects in terms of overhead costs resulting from the success of the actions undertaken by the Management, particularly with reference to CRM Italy.

2. BASIS OF PREPARATION (Continued)

2.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of AlmavivA S.p.A. and its Italian and foreign subsidiaries.

Determination of the existence of control over a subsidiary

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

- items of assets, liabilities, income and expenses of entities consolidated line by line are fully included in the Consolidated Financial Statements;
- the carrying amount of the parent's investment in the subsidiary is netted against the parent's portion of equity of investees. Any difference existing at the date when control is acquired is allocated to items of assets and liabilities;

2. BASIS OF PREPARATION (Continued)

- whenever required, the financial statements of subsidiaries are adjusted to align them to the accounting criteria adopted by the Group;
- minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's ownership interests in them;
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the year by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under ''retained earnings''.

Translation of financial statements prepared in a currency other than the group's functional currency

All assets and liabilities of foreign companies that prepare their financial statements in a currency other than the group's functional currency (the Euro) and are included in the consolidation area, are translated by using the exchange rates at the reporting date (current exchange rate method). The related revenue and costs are translated at average exchange rates for the year. Exchange differences, resulting from the application of this method, are recorded as an equity reserve until the equity investment is entirely transferred, or when the investee is no longer qualified as subsidiary. Upon partial transfer, without change on control, the portion of exchange difference related to the portion of investment acquired or sold is attributed to the shareholders' equity of the group or of the non-controlling interests, respectively. Goodwill and adjustments at fair value, generated when allocating the purchase price of a foreign operation as part of a business combination, are recognized in the related currency and then translated at year-end exchange rate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration paid, measured at fair value at the acquisition date, and the amount of the non-controlling interest of the acquired entity. For each single business combination, the Group determined whether the non-controlling interest in the acquired entity should be measured at fair value or on a pro rata basis in relation to the portion of non-controlling interest in the identifiable net assets of the acquired entity. Acquisition costs are charged in the year and stated under administrative expenses. When the Group acquires a business, it classifies or determines the acquired financial assets or liabilities undertaken in compliance with contract terms and conditions, as well as economic conditions and other pertaining terms and conditions at the acquisition date.

If the business combination is carried out in more than one step, the equity investment previously held is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in the income statement. Any possible consideration to be recognized is measured by the acquiring entity at fair value, at the acquisition date. The fair value change in the contingent consideration classified as an asset or liability, that is a financial instrument and within the scope of *IAS 39 Financial instruments: recognition and measurement*, must be recorded in the income statement or other comprehensive income components. If the potential consideration does not fall within the scope of IAS 39, this amount is measured according to the appropriate IFRS standard. If the potential consideration is classified in equity, its value shall not be re-determined and its subsequent payment shall be recognised in shareholders' equity.

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. After the initial recognition, goodwill is measured at cost, excluding any accumulated impairment loss and tested for impairment.

2. BASIS OF PREPARATION (Continued)

Determination of existence of significant influence over an associate or joint control over a joint arrangement

An associated company is an entity on which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint control means the shared control of an entity, on a contract basis, which is exercised solely when decisions on relevant activities require the unanimous approval of all the parties in the joint arrangement. A joint arrangement can be configured as a joint venture or as a joint operation. A joint venture is a joint control agreement in which the parties holding the joint control have rights on the net assets of the agreement. A joint operation is a joint control agreement in which the parties have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgement and assess its rights and obligations arising from the arrangement, considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and , when relevant, other facts and circumstances. As a result of its assessment, management has not qualified any of its joint arrangements as a joint operation.

Equity investments in associated companies and joint ventures are accounted for in the Consolidated Financial Statements using the equity method, as envisaged, respectively, by IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint arrangements). Associated companies and joint ventures are included in the Consolidated Financial Statements when the significant influence or the joint control begins, until the date in which this joint control or significant influence cease.

Recognition and measurement criteria adopted for associates and joint arrangements: investments accounted for using the equity method

In application of the equity method, the equity investment in an associated company, or in a joint venture, is initially recognised at cost. The carrying amount of the equity investment is increased or decreased to recognise the portion, pertaining to the investor, of the profits and losses of the investee realised after the acquisition date. The goodwill related to the associated company or the joint venture is included in the carrying amount of the equity investment and it is neither amortised nor mandatorily tested for impairment on an annual basis. The aggregate portion pertaining to the Group and related to the profit or loss for the year of associated companies and joint ventures is recognised in the income statement for the year, after the operating result, and is the profit or loss excluding taxes and quotas pertaining to other shareholders of the associated company or joint venture. After applying the equity method, the Group evaluates whether the impairment of its investment in the associated companies or joint ventures is to be recognised. At each single reporting date, the Group evaluates whether there are impairment indicators which require its investments in associated companies or joint ventures to be tested for impairment. In this case, the Group calculates the recoverable value of the associated company or joint venture and records any difference (if negative) between the recoverable amount and the book value of the same in the Consolidated Financial Statements. This difference is recognised in the income statement for the year. When the significant influence on an associated company or the joint control of a joint venture is lost, the Group remeasures the investment retained at fair value and recognises in the income statement the difference between the carrying amount of the investment and the fair value of both the residual investment and the amount received.

2. BASIS OF PREPARATION (Continued)

Consolidation Area

The consolidated companies as at December 31, 2016, 2015 and 2014 are listed below:

Companies and method of consolidation	Currency	Share held[(1)]	For the year ended December 31, 2016	2015	2014
AlmavivA S.p.A. (Parent Company) Rome, Italy	Euro	—	Full	Full	Full
Lombardia Gestione S.r.l. Milan, Italy	Euro	51.00%	Full	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100.00%	Full	Full	Full
AlmavivA Contact S.p.A. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA do Brasil S.A. Belo Horizonte, Brazil	Brazilian Real	94.50%	Full	Full	Full
AlmavivA Participações Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full	Full
AlmavivA Credit Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full	Full
Almacontact (AlmavivA del Colombia) Bogotà, Colombia	Colombian Peso	100.00%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56.25%	Full	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100.00%	Full	—	—
Almawave S.r.l. Rome, Italy	Euro	100.00%	Full	Full	Full
Almawave SA (Pty) Ltd Johannesburg, Republic of South Africa	South-African Zar	100.00%	Full	Full	—
Almawave do Brasil Ltda. Belo Horizonte, Brazil	Brazilian Real	100.00%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	50.90%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	100.00%	Full	Full	Full
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full	Full
Xcos in liquidazione Rome, Italy	Euro	100.00%	—	—	Full
TSF DM in liquidazione Rome, Italy	Euro	100.00%	—	—	Full
Sin S.p.A.[(2)] Rome, Italy	Euro	20.02%	Equity	Equity	Equity
CCID—AlmavivA Inform. Technol. Co. Ltd Shangai, People's Republic of China	Chinese Yuan	50.00%	Equity	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49.99%	Equity	Equity	—
TVEyes L.T. S.r.l. Trento, Italy	Euro	20.00%	Equity	Equity	—

(1) At December 31, 2016

(2) Presented as Non-current assets held for sale in the Consolidated Financial Statements as at December 31, 2016 and 2015 and for the years then ended.

2. BASIS OF PREPARATION (Continued)

The changes that affected the consolidation area during the three years December 31, 2016, 2015 and 2014, as well as any change in the share held in each consolidated company are reported here below:

In 2015:

- on January 9, 2015, Almawave SA (Pty) Ltd was established with registered office in Johannesburg (South Africa). Its entire share capital was subscribed by Almawave S.r.l.;
- the liquidation process of the former subsidiaries Xcos in liquidazione and TSF DM in liquidazione concluded;
- AlmavivA S.p.A. acquired a 33% stake in Consorzio Hypertix, a company operating in the IT business which has the aim to develop services for Public Administrations, regarding the implementation, management and maintenance of IT Infrastructure.

In 2016:

- on March 21, 2016, the share capital of the controlled entity AlmavivA do Brasil S.A. was increased to BZR 44,223,065 and, as outcome of the above-mentioned operation, a third party company, Simest S.p.A. subscribed a portion of the capital increase that led to the acquisition of a 5.5% total interest in the company. Accordingly, the share held by the group in the company went from 100% down to 94.50%;
- on June 27, AlmavivA Services S.r.l. was established in Romania with a share capital fully subscribed by AlmavivA Contact S.p.A.;
- the share held by the group in the associate Consorzio Hypertix lifted from 33% up to 49.99% as a result of an acquisition by AlmavivA S.p.A. of an additional 16.99% interest in the company.

The following table shows currency rates used to convert functional currency of each subsidiary to EURO.

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	For the year ended December 31,		
		2016	2015	2014
Lombardia Gestione S.r.l.	Italy	49%	49%	49%
AlmavivA Tunisie S.A.	Tunisie	43,25%	43,25%	43,25%

Accumulated balances of material non-controlling interest:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Lombardia Gestione S.r.l.	1,592	1,420	1,316
AlmavivA Tunisie S.A.	1,036	1,095	1,012

Profit allocated to material non-controlling interest:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Lombardia Gestione S.r.l.	515	251	253
AlmavivA Tunisie S.A.	50	61	76

2. BASIS OF PREPARATION (Continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized income statement for 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Revenues	19,731	2,234
Cost of raw materials and services	(15,279)	(666)
Personnel expenses	(2,717)	(1,321)
Depreciation and amortization	(26)	(189)
Financial expenses	(21)	(1)
Profit before taxes	**1,519**	**130**
Income taxes	(480)	(16)
Profit from continuing operations	**1,039**	**114**
Other comprehensive income for the year	**1,051**	**114**
Other comprehensive income pertaining to the group	515	50
Other comprehensive income pertaining to non-controlling interests	343	0

Summarized income statement for 2015

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Revenues	17,390	3,000
Cost of raw materials and services	(13,143)	(911)
Personnel expenses	(3,085)	(1,727)
Depreciation and amortization	(7)	(147)
Financial expenses	(23)	(0)
Profit before taxes	**787**	**165**
Income taxes	(257)	(26)
Profit from continuing operations	**530**	**139**
Other comprehensive income for the year	**513**	**139**
Other comprehensive income pertaining to the group	251	61
Other comprehensive income pertaining to non-controlling interests	147	0

2. BASIS OF PREPARATION (Continued)

Summarized income statement for 2014

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Revenues	15,929	2,153
Cost of raw materials and services	(11,263)	(591)
Personnel expenses	(3,472)	(1,213)
Depreciation and amortization	(9)	(111)
Financial expenses	(26)	(48)
Profit before taxes	**775**	**197**
Income taxes	(355)	(23)
Profit from continuing operations	**420**	**174**
Other comprehensive income for the year	**517**	**174**
Other comprehensive income pertaining to the group	253	76
Other comprehensive income/(loss) pertaining to non-controlling interests	0	0

Summarized statement of financial position for 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Non-current assets	327	12
Trade receivables	7,209	1,933
Current liabilities	(7,566)	(681)
Non-current liabilities	(784)	(10)
Equity	**3,249**	**2,367**
Pertaining to the group	1,657	1,331
Pertaining to non-controlling interests	1,592	1,036

Summarized statement of financial position for 2015

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Non-current assets	115	648
Trade receivables	6,287	1,640
Current liabilities	(6,844)	(629)
Non-current liabilities	(841)	(52)
Equity	**2,898**	**2,502**
Pertaining to the group	1,478	1,407
Pertaining to non-controlling interests	1,420	1,095

2. BASIS OF PREPARATION (Continued)

Summarized statement of financial position for 2014

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Non-current assets	195	408
Trade receivables	6,761	1,566
Current liabilities	(7,183)	(428)
Non-current liabilities	(1,139)	(20)
Equity	**2,686**	**2,313**
Pertaining to the group	1,370	1,301
Pertaining to non-controlling interests	1,316	1,012

Summarized statement of cash flow for 2016

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Cash-flow generated from operating activities	867	54
Cash-flow absorbed by investing activities	(240)	(143)
Cash-flow absorbed by financing activities	(686)	(249)
Cash flow of the year	**(59)**	**(339)**

Summarized statement of cash flow for 2015

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Cash-flow generated from operating activities	1,144	352
Cash-flow generated from/(absorbed by) investing activities	0	(387)
Cash-flow generated from/(absorbed by) financing activities	(317)	50
Cash flow of the year	**827**	**15**

Summarized statement of cash flow for 2014

(in thousands of Euro)	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
Cash-flow generated from/(absorbed by) operating activities	863	(178)
Cash-flow absorbed by investing activities	(18)	(273)
Cash-flow generated from financing activities	152	5
Cash flow of the year	**997**	**(446)**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The main accounting policies and measurement criteria used in the preparation of the Consolidated Financial Statements are described hereunder. Such accounting policies and measurement criteria have been consistently applied during the three-years period 2016, 2015 and 2014.

Intangible assets

Intangible assets are identifiable assets lacking physical substance, controlled by the group and able to produce future economic benefits, as well as goodwill deriving from business combinations. Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill. This requirement is normally satisfied when: (i) the intangible asset arises from a legal or

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

contractual right, or (ii) the asset is separable, i.e. can be sold, transferred, leased or exchanged independently or as an integral part of other assets. Company's control consists of the power to obtain future economic benefits from the asset or the possibility of restricting others' access to those benefits.

As part of the transition to IFRS, the AlmavivA group decided not to retroactively apply *IFRS 3—Business combinations* to acquisitions made prior to October 1, 2012; consequently, for these acquisitions, the carrying amounts of the intangible assets as at said date were maintained, calculated on the basis of the previous accounting standards.

Intangible assets are booked at historical cost, inclusive of any directly attributable accessory charges. No revaluations are permitted, even in application of specific laws.

Intangible assets with a definite useful life are amortised systematically over their useful life, understood as the estimate of the period in which the assets will be used by the company; amortization is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

- Industrial patents and intellectual property rights: 10-33%;
- Concessions, licences, trademarks and similar rights: 25%
- Other intangible assets: 20%

The costs relating to technological development activities are recorded under balance sheet assets when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical capacity to render the asset available for use or sale; (iii) it can be demonstrated that the asset is able to produce future economic benefits.

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Intangible assets with a definite useful life, these are subject to impairment testing, as described in the specific section.

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization; the recoverability of their book values is verified at least annually and, in any case, when events occur that indicate impairment. With reference to goodwill, the test is performed at the smallest aggregate level (cash generating unit) to which goodwill can be attributed on a reasonable and consistent basis; this aggregate represents the basis on which Company Management directly or indirectly assesses the investment return. When the book value of the cash generating unit inclusive of the goodwill attributed to it is higher than the recoverable value, the difference is subject to a write-down which is allocated, on a priority basis, to the goodwill up to the relevant amount; any excess of the write-down with respect to goodwill is charged on a pro-rata basis to the book value of the assets that comprise the cash generating unit.

Property, plant and equipment

Property, plant and equipment, comprising investment property, are booked at historical cost, inclusive of any directly attributable accessory charges. The cost of Property, plant and equipment, whose use is limited over time, is systematically depreciated each year on a straight-line basis in relation to the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Depreciation is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

- Buildings: 3%;
- Plant and machinery: from 15% to 40%;
- Industrial and commercial equipment: from 15% to 30%;
- Other assets: from 12% to 40%.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Property, plant and equipment, these are subject to impairment testing, as described in the specific section.

Property, plant and equipment are no longer stated in the financial statements following their transfer or when no future economic benefits are expected from their use, and any resulting profit or loss (calculated as the difference between the sale value, less costs to sell, and the carrying amount) is booked to the income statement in the year of disposal. Any ordinary maintenance costs are charged to the income statement.

Assets under a financial lease, or relating to agreements that, although not taking on the explicit form of a financial lease, provide for the substantial transfer of risks and rewards of ownership, are booked at fair value, net of contributions due from the lessee, or if lower, at the present value of minimum lease payments, under Property, plant and equipment as a contra-item to the financial liability due to the lessor and depreciated according to the criteria indicated below. When there is no reasonable certainty of exercising the right of redemption, the depreciation is charged in the shorter period between the duration of the lease and the useful life of the asset.

Equity investments classified as financial instruments available-for-sale

Equity investments in other companies, which can be classified under available-for-sale financial instruments, as envisaged by IAS 39, are initially recognised at fair value that normally is the purchase cost, inclusive of directly attributable transaction costs.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement in finance costs.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement—is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Amount due from/(owed to) customers

Contracts relating to works in progress are valued on the basis of the contractual considerations accrued with reasonable certainty in relation to the progress of works, using the percentage of completion criterion, determined through the ''cost to cost'' method, so as to allocate the revenues and economic result of the contract to the individual financial years in proportion to the progress status of works. The difference between the contract completion value and that of the advances already received by the customer is booked in the statement of financial position as an asset (if positive) or as a liability (if negative), respectively. In the event that a loss is expected from the completion of the contract activities, this is immediately booked in full to the financial statements, regardless of the progress status of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of the purchase or production cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Receivables and Payables

Receivables are initially recognised at fair value and, subsequently valued at amortised cost, using the effective interest rate method, net of any impairment loss.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment losses are reversed in subsequent years where impairment indicators no longer exist. In this case, the reversal is accounted for in the income statement and cannot, in any case, exceed the amortised cost that the receivable would have had in the absence of the previous adjustments.

Payables are initially recognised at cost, corresponding to the fair value of the liabilities, net of any directly attributable transaction costs. Following initial recognition, payables are measured based on the amortised cost criterion, by using the effective interest rate method.

Trade receivables and payables, whose maturity falls within the normal commercial terms, are not discounted.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Derivatives

All derivatives are measured in the balance sheet at their fair value, determined at the year-end date.

Derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented at inception and the periodically verified effectiveness of the hedge falls within the 80%-125% range indicated by IAS 39.

For derivatives that hedge the risk of fluctuation of cash flows of assets and/or liabilities subject to hedging (cash flow hedges), fair value changes are recognised in the statement of other comprehensive income, net of the related deferred tax effect, with any ineffective portion recognised directly in the income statement.

Derivatives that are designated as hedging instruments or that do not meet the requirements dictated by IAS 39 to qualify for hedging instruments are recorded at fair value through income statement.

Fair value measurements

The fair value is the price that would be received for the sale of an asset or would be paid to transfer a liability in a regular market transaction (i.e. not in a forced liquidation or a below-cost sale) at the valuation date (exit price). The fair value of an asset or a liability is determined by adopting the valuation

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

techniques that market operators would use in determining the price of the asset or liability. The fair value measurement also presumes that the asset or liability is exchanged in the principal market or, in its absence, in the most advantageous market the company has accessed. In calculating the fair value of a financial asset, it is necessary to include a fair value adjustment factor relating to counterparty risk defined as CVA—Credit Valuation Adjustment. This credit risk must be quantified in the same way in which a market operator would determine it in defining the purchase price of a financial asset. As for the determination of the fair value of a financial liability, as more expressly set forth in IFRS 13, it is necessary to quantify a fair value adjustment factor relating to own credit risk, i.e. DVA—Debit Valuation Adjustment. In determining the fair value, a hierarchy of criteria is defined based on the origin, type and quality of information used in the calculation. This classification aims to establish a hierarchy in terms of fair value reliability, prioritising the use of parameters observable on the market that reflect the assumptions that market investors would use in valuing assets/liabilities. The fair value hierarchy provides for the following levels: (i) level 1: inputs represented by prices quoted (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date; (ii) level 2: inputs other than quoted prices included in level 1, that are directly or indirectly observable for the asset or liability to be measured; (iii) level 3: unobservable inputs for the asset or liability.

Leasing

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

Provisions are periodically updated to reflect changes in the estimates of costs, the expected timing of occurrence and discounting rate; changes in estimates are accounted for in the same item of the income statement where previously had been recognised the expense .

Employee benefits

The cost related to short-term benefits granted to employees is mainly related to salaries and wages and is recognized by the Group during the course of the employment relationship based on the contractual arrangements in force with each employee.

Costs and related liabilities to employee benefits also include post-employment benefits such as the employee severance indemnities. The provision for employee severance indemnities, which is mandatory for Italian companies, is considered:

- a defined-benefit plan with respect to the benefits that vested up to December 31, 2006, as well as with respect to benefits vesting from January 1, 2007 (or, where applicable, until the subsequent date of subscription to the supplementary pension fund);
- a defined-contribution plan with respect to benefits vesting from January 1, 2007 on for employees who opted for alternative pension plans and, in the case of companies with more than 50 employees, employees who chose to leave their vested benefits with the company.

The provision for employee severance indemnities, which can be construed as a defined-benefit plan, is valued by the Projected Unit Credit Method, based on actuarial and financial assumptions (actuarial assumptions: mortality, turnover, disability of the population included in the plan; financial assumptions: discount rate, rate of wage increases, capitalization rate) and is presented net of advances paid. The valuation of liabilities is performed by independent actuaries.

The increase in the present value of the provision for employee severance indemnities is recognized as personnel expense except for the revaluation of the net liability related to actuarial gains and losses which are recorded in the statement of other comprehensive income and are not subsequently booked to the income statement; the cost for interest is recognised in the income statement, under the line item Financial expenses.

Grants

Capital grants are recognised when there is reasonable assurance that the conditions required by the granting government bodies to obtain them will be satisfied, and are recorded on an accrual basis through the gradual recognition to the income statement based on the process of amortisation of the assets to which they refer.

Operating grants are recognised in the income statement on an accrual basis, consistent with the costs incurred to which they are related.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment test of assets and corresponding reversal

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Rendering of services

Revenue from rendering of IT services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour and other direct costs incurred to date as a percentage of total estimated costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue recognition by reference to stage of completion requires use of estimation related to several terms of contracts (e.g. contract costs, project period, etc.). The estimates are determined by the judgement of management of the Group, supplemented by past experience and by specific indicators and considering specific circumstances concerning speficic clients and agreements. In case of events that could affect revenues, costs or stage of completion, the estimates will be reviewed as consequence. The variation may lead to an increase or decrease in contract revenues or contract costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the case of recurring services for maintenance contracts, revenue is recognized proportionately over the term of the contract to which they refer.

Revenue related to services rendered on time-consuming basis is recognized by reference to actual time. In case of contract revenues based on amount of calls managed or based on workstation number and assigned staff, the revenue is recognized by reference to effective quantity provided to client. Revenue related to quantitative targets is recognized only when a specific target is met. Revenue related to qualitative target is recognized when the client communicates to be satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Costs

Costs are recognized when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits can not be identified.

Operating lease fees are booked to the income statement over the duration of the lease.

Costs incurred for the acquisition of new know-how, the study of alternative products or processes, of new techniques or models, for the design and construction of prototypes or, nonetheless, incurred for other scientific research or technological development activities that do not meet the conditions for recognition in balance sheet assets are considered current costs and booked to the income statement in the year they are incurred.

Income taxes

Current income taxes are calculated on the basis of the estimate of taxable income; the expected payable is booked to the item ''current tax liabilities''. Tax payables and receivables for current income taxes are booked at the value that is expected to be paid/recovered to/from the tax authorities, by applying the applicable tax rates and regulations or essentially approved at the end of the reporting period.

Deferred income taxes are calculated on the temporary differences between the values of assets and liabilities booked to the financial statements and the corresponding values recognised for tax purposes on the basis of the rates and regulations in force. Deferred tax assets are recognised when their recovery is considered likely; the recoverability of deferred tax assets is considered likely when taxable income is expected to be available, in the year in which the temporary difference will be cancelled, such as to allow the tax deduction to be carried out. Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability.

Deferred taxes are booked to the income statement, with the exception of those related to items recognised directly in shareholders' equity; based on said assumption, also the associated deferred taxes are booked to shareholders' equity.

Tax consolidation

AlmavivA S.p.A. and its Italian subsidiaries exercised the option of participating to the Italian tax consolidation mechanism under the ultimate parent company AlmavivA Technologies S.r.l..

The previous option covered the two years 2015 and 2014, under which the Company filed consolidated tax returns for the fiscal year ended September 30, 2014, for the three months ended December 31, 2014 and for the year ended December 31, 2015 when the option ultimately expired. In 2016 the option was further renewed for an additional period of three-years expiring with the filing of the consolidated tax declaration for the year ending December 31, 2018 and the related financial settlement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The economic and financial relations arising from the participation in the tax consolidation are governed by a single contract.

Given that the tax basis of the tax consolidation is the sum of the taxable amounts and the tax losses that the individual entities assign to the consolidating company, any loss transferred to the tax consolidation is recognised under the consolidating company and based on the reasonable certainty of recovery assessed on a consolidated basis.

The agreements also provide the option of assigning to the consolidating company any excess taxes against which the consolidating company and the consolidated companies recognise reciprocal equity balances.

Recognition in equity requires the replacement of the tax payables and receivables with payables and receivables among consolidated entities. In particular, the recognition is made as follows:

Consolidating company

Only recognitions in equity (Tax Authorities and the consolidated company) are made against the taxable amounts acquired, with the deferred tax assets recognised only if the requirements above are satisfied.

Consolidated company

Recognises current tax expenses (income from participation in the tax consolidation) against taxable amounts (losses) concerning a payable (receivable) to the consolidating company.

Where provided for pursuant to specific consolidation agreements, any retrocession of tax losses transferred during the consolidation period requires the adjustment of the payable to the consolidating company against an expense for participation in the tax consolidation.

Operating and reportable segments

From an IFRS 8 perspective, management identified its Operating and reportable segments based on the criteria stated in the standard, which requires the identification of those segments whose reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all Operating and reportable segments. As a result of that, the following three major Operating and reportable segments were identified: (a) *IT Services*; (b) *CRM Europe*; and (c) *CRM International*.

In addition to the above, management identified a fourth operating segment, *Almawave—New Technology*, that it is considered to provide important information to the stakeholders and investors in terms of significant investments made by the Group in new technology sector in recent years, regardless the fact that it does not exceed the quantitative threshold outlined in IFRS 8.

The operating segment information based on the above four Operating and reportable segments is consistent with that used by the top management in its collective role as Chief Operating Decision Maker, as they monitor the operating results of these Operating and reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

The Group’s financing strategy (including finance costs and finance income) is managed on a Group basis and therefore is not allocated to Operating and reportable segments. As a result of that, income taxes remain also unallocated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Use of Estimates and Management Judgement

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the adoption of judgement by management as well as the formulation of estimates and assumptions that have an impact on the amounts of assets and liabilities and on revenues and expenses. These estimates were based on past experience and on other factors that were deemed to be reasonable under the relevant circumstances. However, the actual results that will ultimately be recognized may be different from the estimates.

Management judgement mainly refers to aspects such as:

- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in paragraph 3.1 above;
- the identification of cash-generating units as the smallest groups of assets that generate largely independent cash inflows and to which goodwill is also allocated.

Critical management judgement that are not covered in other parts of this document are commented here below.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for immediate sale. Managements evaluates as to whether such conditions are met to qualify the non-current asset (or disposal group) as Non-current assets held for sale in accordance with IFRS 5.

Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement.

The corresponding values for the previous period are not reclassified.

A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gains or losses on discontinued operations—whether disposed of or classified as held for sale—are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

Management applies judgement to assess whether the non-current assets held for sale or the disposal group qualify as discontinued operations.

Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

- the book value before the asset (or disposal group) was classified as held for sale, adjusted for depreciation, amortization, write-downs or write-backs that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

Identification of cash-generating units (CGUs)

In application of IAS 36, the goodwill recognized in the Consolidated Financial Statements of the Group as a result of business combinations has been allocated to individual CGUs or groups of CGUs that will benefit from the combination.

In identifying such CGUs, management took account of the specific nature of the assets and the business acquired through the business combination that originated the goodwill (e.g. geographical area and business area), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets). The assets allocated to each CGU were also identified in a way consistent with the manner in which management manages and monitors those assets within the business model adopted.

As a result of this process, the following CGUs were identified where goodwill was allocated: AlmavivA Contact S.p.A.; Alicos; AlmavivA do Brasil S.A.; In Action; AlmavivA Finance; Pervoice; Gempliss; Atesia.

Estimates are mainly related to critical valuation processes and key assumptions used by the Group for IFRS purposes, which could have a material impact on the data presented in the Consolidated Financial Statements or which entail the risk that there may be material differences compared with the future carrying amounts of assets and liabilities. Estimates are mainly used to recognize:

- any non-recoverable value of non-current assets, including goodwill, deferred tax assets, additions to the allowances for doubtful accounts, additions to provisions;
- the estimate at completion of the costs related to works in progress, which represents one of the main assumptions for the application of the ''percentage of completion'' method of accounting;
- liabilities for post-employment benefits qualified as defined-benefit obligations, with particular reference to the actuarial assumptions used when applying the *Projected Unit Credit Method*;
- share-based payments;
- fair value measurements, including that of derivative contracts and the market value of assets and liabilities recognized in connection with business combinations or related to non-current assets held for sale.

Estimates and assumptions are reviewed on a regular basis and the impact of any change in the estimates is reflected in the result for the period during which the change was made.

Please refer to paragraph 3.1 ''Accounting policy and measurement criteria'' above, for more details on each relevant financial item included in each category of estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New accounting standards, interpretations and amendments adopted by the Group

The Company has not opted for an early adoption of any standard, interpretation or amendment issued, but not yet in effect.

3.4 Standard issued but not yet in force

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects relating to the project for the accounting of financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for years starting on or after January 1, 2018; early application is permitted. Except for hedge accounting, the standard shall be applied retrospectively, although the supply of comparative information is not mandatory. As regards hedge accounting, the standard generally applied prospectively, with some limited exceptions.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduces a new 5-step model that will apply to revenue from contracts with customers. IFRS 15 envisages the recognition of revenues for the amount that reflects the consideration the entity expects to be entitled in exchange for the transfer of goods and services to the customer.

The new standard will replace all current requirements present in the IFRS regarding the recognition of revenues. The standard is effective for years starting on or after January 1, 2018, with full retrospective or modified application. Early application is permitted.

The Group expects to apply the new standard from the mandatory date of effectiveness, by using the method of modified retrospective application.

In order to follow up on the Public Statements ''Enforcement Priorities for 2016 financial statements'' issued on October 28, 2016 by ESMA, the AlmavivA Group started an activity finalized to identify potential impacts arising from the application, as of 1 January 2018, of the above mentioned new accounting standards IFRS 9—Financial Instruments and IFRS 15—Revenues from cotnracts with customers. In particular, in relation to IFRS 15, the mapping activity of the potentially impacted principles was initiated in order to subsequently identify and analize the accounting effects associated with the application of the new rules. Also with regard to IFRS 9, the Group started in the first half of 2017 a project aimed to identify potential impacts in terms of (i) Classification and evaluation, (ii) Impairment loss and (iii) Hedge accounting for assets, liabilities and financial statements included in the consolidated financial statements of the Group.

In the second half the Group will continue the assessment activities of the possible impact of the application of IFRS 15 and IFRS 9 on the Group's net assets, as well as those aimed to identify the how to represent on consolidated financial statements the effects on first-time adoption of the new principles, also taking into account the options provided.

Amendments to IFRS 10 and to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments deal with the conflict between IFRS 10 and IAS 28, with reference to the loss in control of a subsidiary that is sold or transferred to an associated company or joint venture. The amendments clarify that the profit or loss resulting from the sale or transfer of assets embodied in a business, as defined by IFRS 3, between an investor and its associated company or joint venture, must be fully recognised. Any profit or loss resulting from the sale or transfer of assets not embodied in a business will be therefore recognised only for the portion held by third-party investors in the associated company or joint venture. These amendments must be applied prospectively and are in force for years

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

starting on or after January 1, 2016; early application is permitted. No impact is expected for these amendments.

IAS 7 Disclosure Initiative—Amendments to IAS 7

Amendments to IAS 7 Statement of Cash Flows are part of the disclosure initiative of IASB and require an entity to provide additional information that allows users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes related to cash flows and non-monetary changes. Entities need not provide comparative information when they first apply the amendments. The amendments are effective for years starting on or after January 1, 2017; early application is permitted. Applying the changes will result in the Company being required to provide additional information.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses—Amendments to IAS 12

The amendments clarify that an entity must consider whether tax laws limit the sources of taxable income against which it may make deductions related to the reversal of deductible temporary differences. Moreover, the amendment provides guidelines on how an entity should determine future taxable income and explains the circumstances in which taxable income could include the recovery of some assets for a value greater than their carrying value.

Entities must apply these amendments retrospectively. However, when they first apply the amendments, the amendment in the net opening equity of the first comparative period could be recognised among retained earnings at the opening (or in another equity item, as the case may be, without allocating the change as retained earnings at the opening and other shareholders' equity items. Entities that apply this facility must disclose it. The amendments are effective for years starting on or after January 1, 2017; early application is permitted. An entity that applies these amendments earlier should disclose this fact in its relevant financial statements. The Group does not expect any impact due to the application of these amendments.

IFRS 2 Classification and Measurement of Share-based Payment Transactions—Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based payments that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments are effective for years starting on or after January 1, 2018; early application is permitted. The Company is considering the effects of these amendments on its own separate financial statements.

IFRS 16 Leases

IFRS 16 was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases and requires lessees to recognise assets and liabilities for all leases based on a single lessee accounting model similar to that used to recognise financial leases pursuant to IAS 17. The standard envisages two recognition exemptions for the lessee— leases where the underlying asset has a ''low value'' when new (such as personal computers) and short-term leases (such as leases with a lease term of 12 months or less). Upon lease commencement, a lessee recognises a lease liability and a right-of-use asset. The lessees will have to recognise separately interest expenses on a lease liability and the amortisation of a right-of-use asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The lessees will also have to re-measure the lease liability when certain events occur (e.g.: change in the lease term, change in future lease payments resulting from a change in an index or a rate used to determine those payments). The lessee will recognise generally the re-measurements of the lease liability as adjustments to the right-of-use asset.

The accounting by lessors envisaged by IFRS 16 is essentially unchanged from the current accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same classification principle provided by IAS 17 and distinguishing two types of leases: operating lease and finance lease IFRS 16 requires lessees and lessors more extended disclosure compared to IAS 17.

IFRS 16 is effective for years starting on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply the standard with full retrospective effect or modified retrospective effect. The transitional provisions envisaged by the standard allow for some benefits.

In 2017, the Company expects to define the potential impact of IFRS 16 on its Consolidated Financial Statements.

IFRIC 23 Uncertainty over Income Tax Treatments

In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition: Full retrospective approach—Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors. Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements

4. OPERATING AND REPORTABLE SEGMENTS

For management purposes, the Group is organised into business units based on its products and services and on geographic area. The Group has four Operating and reportable segments, as follows:

a) IT Services, which includes the following entities or business lines: AlmavivA, Lombardia Gestione, AlmavivA de Belgique, Agrisian;

b) CRM Europe, which includes the following entities or business lines: AlmavivA Contact, Italy Call, AlmavivA Services;

c) CRM International, which includes the following entities or business lines: AlmavivA do Brasil, AlmavivA Partecipações, AlmavivA de Colombia, AlmavivA Tunisie

d) Almawave—New Technology which includes the following entities or business lines: Almawave, Pervoice, Almawave do Brasil, Almawave USA.

No Operating and reportable segments have been aggregated to form the above reportable Operating and reportable segments.

The top management monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements. The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to Operating and reportable segments. The price of transactions between entities belonging to different Operating and reportable segments are determined on an arm's length basis in a manner similar to transactions with third parties.

Inter-segments revenues, income and expenses are eliminated or adjusted upon consolidation and reflected in ''Adjustments, eliminations and other'' column.

Finance income and costs as well as gains and losses from equity investments are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

For the year ended December 31, 2016

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave— New Technology	Adjustments, eliminations and other	Consolidated
Revenue						
External customers	352,112	130,057	241,297	6,697	0	730,163
Inter-segment	4,210	6,706	0	6,287	(17,203)	0
Total revenue	**356,322**	**136,763**	**241,297**	**12,984**	**(17,203)**	**730,163**
Income/(expenses)						
Cost of raw materials and services	(155,093)	(38,051)	(75,870)	(3,484)	22,442	(250,056)
Personnel expense	(163,925)	(122,096)	(137,864)	(6,820)	173	(430,532)
Depreciation and amortization	(16,513)	(2,389)	(9,501)	(1,306)	417	(29,292)
Losses from sale of non-current assets	0	(75)	0	0	0	(75)
Other income	12,745	791	205	257	(4,925)	9,073
Other expenses	(12,884)	(9,979)	0	(11)	(43)	(22,917)
Operating profit/(loss)	**20,652**	**(35,035)**	**18,267**	**1,620**	**861**	**6,364**
At December 31, 2016						
Total assets related to operating segments	**387,718**	**121,663**	**172,000**	**26,657**	**(78,658)**	**629,380**
Total liabilities related to operating segments	**254,028**	**90,974**	**40,409**	**11,725**	**(42,100)**	**355,035**

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

For the year ended December 31, 2015

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave— New Technology	Adjustments, eliminations and other	Consolidated
Revenue						
External customers	327,829	145,313	229,289	6,763		709,194
Inter-segment	4,165	7,581	242	6,144	(18,132)	0
Total revenue	**331,994**	**152,894**	**229,531**	**12,907**	**(18,132)**	**709,194**
Income/(expenses)						
Cost of raw materials and services	(142,448)	(42,767)	(72,422)	(3,889)	22,673	(238,853)
Personnel expense	(165,678)	(119,554)	(126,316)	(7,398)	735	(418,212)
Depreciation and amortization	(14,860)	(2,151)	(9,494)	(1,033)	438	(27,101)
Losses from sale of non-current assets	(5)				0	(5)
Other income	18,469	2,878	0	625	(5,477)	16,495
Other expenses	(9,466)	(2,845)	(51)	(136)	203	(12,295)
Operating profit/(loss)	**18,006**	**(11,545)**	**21,248**	**1,076**	**439**	**29,224**
At December 31, 2015						
Total assets related to operating segments	**352,839**	**152,368**	**123,299**	**22,379**	**(50,753)**	**600,132**
Total liabilities related to operating segments	**244,172**	**77,723**	**27,953**	**10,568**	**(35,802)**	**324,614**

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

For the year ended December 31, 2014

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave— New Technology	Adjustments, eliminations and other	Consolidated
Revenue						
External customers	318,522	162,835	210,997	3,076	0	695,430
Inter-segment	5,207	6,515	24	7,269	(19,015)	0
Total revenue	**323,729**	**169,350**	**211,021**	**10,345**	**(19,015)**	**695,430**
Income/(expenses)						
Cost of raw materials and services	(143,130)	(42,196)	(66,807)	(3,259)	25,152	(230,240)
Personnel expense	(161,391)	(130,518)	(114,471)	(8,153)	1,792	(412,741)
Depreciation and amortization	(16,197)	(2,258)	(7,975)	(1,155)	457	(27,128)
Losses from sale of non-current assets	47	(9)	0	2	0	40
Other income	27,904	4,279	1,547	354	(8,146)	25,938
Other expenses	(11,332)	(5,303)	(472)	(75)	217	(16,965)
Operating profit/(loss)	**19,630**	**(6,655)**	**22,843**	**(1,941)**	**457**	**34,334**
At December 31, 2014						
Total assets related to operating segments	**383,028**	**154,095**	**117,165**	**22,304**	**(47,038)**	**629,554**
Total liabilities related to operating segments	**258,744**	**75,286**	**32,570**	**7,643**	**(32,877)**	**341,366**

Reconciliation of Operating profit/(loss)

(in thousands of Euro)	2016	2015	2014
Operating profit/(loss)	**6,364**	**29,224**	**34,334**
Finance income	1,643	724	713
Finance costs	(27,600)	(27,966)	(24,413)
Exchange gains/(losses)	1,153	(620)	(201)
Gains/(losses) on equity investments	94	0	0
Loss from investments accounted for using equity method	(932)	(1,811)	(2,797)
Profit/(loss) before taxes	**(19,279)**	**(450)**	**7,636**

Reconciliation of Total assets

(in thousands of Euro)	2016	2015	2014
Total assets related to Operating segments	**629,380**	**600,132**	**629,554**
Deferred tax assets	10,777	10,995	11,863
Current financial assets	7,870	4,421	3,505
Non-current financial assets	1,449	1,476	1,460
Non-current assets held for sale	4,249	19,759	0
Total assets	**653,726**	**636,783**	**646,382**

4. OPERATING AND REPORTABLE SEGMENTS (Continued)

Reconciliation of Total liabilities

(in thousands of Euro)	2016	2015	2014
Total liabilities related to Operating segments	**355,035**	**324,614**	**341,366**
Non-current financial liabilities	25,478	15,279	62,902
Current financial liabilities	150,873	167,730	135,730
Current tax liabilities	99,274	95,692	62,172
Deferred tax liabilities	1,794	2,345	3,839
Total liabilities	**632,454**	**605,660**	**606,009**

Geographic information

(in thousands of Euro)	2016	2015	2014
Revenue from external customers			
Italy	487,589	478,934	484,063
Brazil	237,031	227,166	209,410
Tunisia	2,234	3,000	1,957
Colombia(1)	2,495	94	—
Romania(2)	814	—	—
Total	**730,163**	**709,194**	**695,430**
Of which:			
Revenues of services	726,136	705,263	684,022
Revenues from sale of goods	4,027	3,931	11,408

(1) Almacontact, a company which operates in Colombia, was established in late 2015;

(2) AlmavivA Services, Romanian company, was established in early 2016

The revenue information above is based on the locations of the customers.

5. INTANGIBLE ASSETS AND GOODWILL

The table below shows for each component of Intangible assets the changes in net carrying value that occurred in 2016, 2015 and 2014:

(in thousands of Euro)	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At January 1, 2014	**33,196**	**15,042**	**31**	**12,150**	**19,147**	**79,566**
Additions		130		57	658	845
Capitalisation for internal projects		304		3,145	9,875	13,324
Amortization		(5,481)	(6)	(6,231)		(11,718)
Disposals						0
Reclassifications and other		12,237	(1)	10,433	(22,031)	638
Foreign exchange differences	6	96		(2)		100
At December 31, 2014	**33,202**	**22,328**	**24**	**19,552**	**7,649**	**82,755**
Additions		4,438		16	323	4,777
Capitalisation for internal projects		42			10,835	10,877
Amortization		(5,166)	(6)	(5,909)		(11,081)
Disposals						0
Reclassifications and other		4,106	1	2,778	(6,625)	260
Foreign exchange differences	(151)	(2,581)		(2)		(2,734)
At December 31, 2015	**33,051**	**23,167**	**19**	**16,435**	**12,182**	**84,854**
Additions		2,133	250	4		2,387
Capitalisation for internal projects		807		49	10,307	11,163
Amortization		(6,802)	(47)	(6,122)		(12,971)
Disposals				(12)		(12)
Reclassifications and other		7,219		4,305	(11,513)	11
Foreign exchange differences	115	2,024	14			2,153
At December 31, 2016	**33,166**	**28,548**	**236**	**14,659**	**10,976**	**87,585**

Intangible assets amount to Euro 87,585 thousands as at December 31, 2016 compared to an amount of Euro 84,854 thousands as at December 31, 2015 and to an amount of Euro 82,755 thousands as at December 31, 2014.

The main changes occurred in 2016 are referred to internal capitalizations charged on Assets under construction for a total amount of Euro 11,163 thousands and to total additions for Euro 2,387 thousands, basically referred to industrial patent rights and, more specifically, to the costs for the acquisition of open-ended and proprietary user licenses and software development costs incurred mainly by AlmavivA and Almawave.

Amortization for the period were calculated based on the amortization rates disclosed in paragraph 3.1 above and totalled Euro 12,971 thousands.

The exchange differences from the translation to Euro of the financial statements of companies operating in non-euro areas, amounting to Euro 2,153 thousands, mainly relate to the Brazilian companies that prepare their financial statements in Brazilian Real.

In addition to the above, Assets under construction of AlmavivA, Pervoice, Almawave. and AlmavivA Contact for a total amount of Euro 11,513 thousands became ready for use during the year and were

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

reclassified to the appropriate categories of Intangibles assets. The amortization process for such intangibles started accordingly.

The main changes occurred in 2015 also refer to internal capitalizations charged on Assets under construction for a total amount of Euro 10,835 thousands and to total additions for Euro 4,777 thousands, mainly related to the acquisition of open-ended and proprietary user licenses and software development costs incurred by AlmavivA do Brasil and AlmavivA. Amortization for the period totalled Euro 11,081 thousands, while exchange differences were negative for Euro 2,734 thousands.

In addition to the above, Assets under construction of AlmavivA, Pervoice, Almawave, AlmavivA Contact and AlmavivA do Brasil for a total amount of Euro 6,625 thousands were deployed in the year and were reclassified to the appropriate categories of Intangibles assets with the start of the related amortization process.

The main changes occurred in 2014 refer to internal capitalization related to Asset under construction for Euro 13,324 thousands and to total addition for Euro 845 related to the acquisition of open-endend user licenses costs incurred by AlmavivA do Brasil and AlmavivA SpA. Furhtermore, asset under constructions of AlmavivA SpA, Almawave and AlmavivA Contact for a total amount of Euro 22,031 thousands were deployed in the year and were reclassifiec to appropriate categories of Intangible assets; the related amortization process started as consequence. For all these reasons and according to amortization rates, the amortization for the period totaled Euro 11,718 thousands.

Goodwill and Impairment testing

Detailed information of the movements affecting the Goodwill during the three-year period 2016, 2015 and 2014 is provided below. The majority of the goodwill recorded in the Consolidated Financial Statements arose from business combinations that took place before the Group first applied IFRS on October 1, 2012. We remind that at first time application, the Group opted for the exemption for business combinations provided for by IFRS 1 that allowed the adopter to use the net book value resulting from the Consolidated Financial Statements prepared under Italian accounting standards on the date of transition as the entry value under IFRS.

(in thousands of Euro)	At December 31, 2014	Additions	Exchange differences	At December 31, 2015	Additions	Exchange differences	At December 31, 2016
AlmavivA Contact	**26,533**			**26,533**			**26,533**
AlmavivA do Brasil	**2,344**		(151)	**2,193**		115	**2,308**
Alicos	**2,007**			**2,007**			**2,007**
In Action	**1,017**			**1,017**			**1,017**
AlmavivA Finance	**745**			**745**			**745**
Pervoice	**314**			**314**			**314**
Gempliss	**198**			**198**			**198**
Atesia	**44**			**44**			**44**
Total	**33,202**	**0**	**(151)**	**33,051**	**0**	**115**	**33,166**

The goodwill recognised following business combinations was attributed to the cash generating units (CGU) that benefit from the synergies that emerged from the acquisition. The recoverable value is determined by discounting the expected cash flows coming from use of the CGUs and applying the perpetuity method to estimate the terminal value. The cash flows are determined on the basis of the information available at the time of the estimate, deducible: (i) for the first five years of the estimate, from the business plan approved by Company Management and containing the forecasts on volumes, investments, operating costs, and the margins and industrial and commercial structures; (ii) for the years after the fifth, cash flow projections based on the perpetuity method of the last year of the business plan are taken, and a zero growth rate is used.

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

The discount rate corresponding to the weighted average cost of capital (WACC) for the *CRM business* (attributable to the goodwill coming from Atesia, Alicos, AlmavivA Contact, AlmavivA do Brasil and In Action) was determined for each period using the following assumptions:

	At December 31, 2016			At December 31, 2015			At December 31, 2014		
CRM Business	**Brazil**	**Colombia**	**Others**	**Brazil**	**Colombia**	**Others**	**Brazil**	**Colombia**	**Others**
Beta	1	1	1	1	1	1	1	1	1
Risk Free Rate	1.46%	1.46%	1.46%	1.74%	1.74%	1.74%	3.06%	3.06%	3.06%
Expected Market Return	4.0%	4.0%	4.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Average Cost of Debt	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	6.5%	6.5%	6.5%
Debt/Equity Ratio (%)	70-30	30-70	30-70	30-70	30-70	30-70	30-70	30-70	30-70
Gordon Growth Rate	7.5%	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes	34%	33%	24%	24%	24%	24%	27.5%	27.5%	27.5%
WACC	**13.9%**	**11.9%**	**6.0%**	**7.4%**	**7.4%**	**7.4%**	**8.6%**	**8.6%**	**8.6%**

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. The impairment tests revealed a recoverable value relating to the CRM business CGUs higher than the relevant book values. The difference of the value in use of the CRM business CGUs compared to the book values, including the goodwill referring to it, remains positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

The discount rate corresponding to the weighted average cost of capital (WACC) of the *Finance business* (attributable to the goodwill coming from AlmavivA Finance) was determined for each period using the following assumptions:

	At December 31,		
Finance Business	**2016**	**2015**	**2014**
Beta	1	1	1
Risk Free Rate	1.46%	1.74%	3.06%
Expected Market Return	4.0%	5.0%	5.0%
Average Cost of Debt	5.6%	5.6%	6.5%
Debt/Equity Ratio (%)	30-70	30-70	30-70
Gordon Growth Rate	0.0%	0.0%	0.0%
Taxes	24%	24%	27.5%
WACC	**6.0%**	**7.1%**	**8.1%**

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. Please note that the impairment test revealed a recoverable value relating to the Finance sector CGU higher than the relevant book values. The surplus of the value in use of the Finance Sector CGU compared to the book value, including the goodwill referring to it, is positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

5. INTANGIBLE ASSETS AND GOODWILL (Continued)

The discount rate corresponding to the weighted average cost of capital (WACC) of Almawave (attributable to the goodwill coming from Gempliss and Pervoice) was determined for each period using the following assumptions:

	At December 31,		
Almawave	**2016**	**2015**	**2014**
Beta	1	1	1
Risk Free Rate	1.46%	1.74%	3.06%
Expected Market Return	4.0%	5.0%	5.0%
Average Cost of Debt	5.6%	5.6%	6.5%
Debt/Equity Ratio (%)	30-70	30-70	30-70
Gordon Growth Rate	0.0%	0.0%	0.0%
Taxes	24%	24%	27.5%
WACC	**6.0%**	**7.1%**	**8.1%**

The reference to cash flows and discount rates after taxes is adopted because it gives results basically equivalent to those coming from a pre-tax evaluation. Please note that the impairment test revealed a recoverable value relating to the Almawave S.r.l. CGU higher than the relative book values. The surplus of the value in use of the Almawave S.r.l. CGU compared to the book value, including the goodwill referring to it, is positive also when the following events occur, alternatively:

- average 20% decrease of the margins expected on the terminal value; or
- increase of 2 percentage points of the discount rate.

6. PROPERTY, PLANT AND EQUIPMENT

The table below shows for each component of Property, plant and equipment the changes in net carrying value that occurred in 2016, 2015 and 2014:

(in thousands of Euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost	18,531	195,541	2,715	124,755	946	342,488
Accumulated depreciation	(6,284)	(178,653)	(2,027)	(92,389)	0	(279,353)
At January 1, 2014	**12,247**	**16,888**	**688**	**32,366**	**946**	**63,135**
Additions	81	11,008	60	21,574	2,135	34,858
Capitalisation for internal projects						0
Depreciation	(765)	(6,499)	(193)	(7,961)		(15,418)
Disposals		(10)				(10)
Reclassifications and other	7	6,412	(11)	(8,389)	(2,052)	(4,033)
Foreign exchange differences		(360)		156		(204)
Historical cost	18,619	212,591	2,764	138,096	1,029	**373,099**
Accumulated depreciation	(7,049)	(185,152)	(2,220)	(100,350)	0	**(294,771)**
At December 31, 2014	**11,570**	**27,439**	**544**	**37,746**	**1,029**	**78,328**
Additions	129	7,846	152	11,226	176	19,529
Capitalisation for internal projects						0
Depreciation	(769)	(6,552)	(182)	(8,515)		(16,018)
Disposals						0
Reclassifications and other		(4,409)	(2)	5,062	(948)	(297)
Foreign exchange differences		(5,580)		(7,154)		(12,734)
Historical cost	18,748	206,759	2,914	144,963	257	**373,641**
Accumulated depreciation	(7,818)	(188,015)	(2,402)	(106,598)	0	**(304,833)**
At December 31, 2015	**10,930**	**18,744**	**512**	**38,365**	**257**	**68,808**
Additions	252	7,341	109	5,614	400	13,716
Capitalisation for internal projects				80		80
Depreciation	(775)	(7,101)	(167)	(8,279)		(16,322)
Disposals		(12)				(12)
Reclassifications and other	4	133	(1)	110	(256)	(10)
Foreign exchange differences		4,099		6,027		10,126
Historical cost	19,004	221,796	3,022	159,193	401	**403,416**
Accumulated depreciation	(8,593)	(198,592)	(2,570)	(117,276)	0	**(327,031)**
At December 31, 2016	**10,411**	**23,204**	**453**	**41,917**	**401**	**76,386**

Property, plant and equipment amount to Euro 76,386 thousands as at December 31, 2016 compared to an amount of Euro 68,808 thousands as at December 31, 2015 and to an amount of Euro 78,328 thousands as at December 31, 2014.

In 2016, the line item increased by Euro 7,578 thousands compared to the preceding year, with a 1.1% growth-rate in percentage, while in 2015 the balance of Property, plant and equipment showed a

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

decrease of Euro 9,520 thousands compared to the preceding year, corresponding to a 12.2% reduction on a year-on-year basis.

The main changes occurred in 2016 that led to the increase of Euro 7,578 thousands compared to the preceding year are attributable to: (i) additions for Euro 13,716 thousands in connection with the purchase of plant and machinery (Euro 7,341 thousands) such as hardware, network and plant upgrades of AlmavivA, AlmavivA do Brasil and, to a lesser extent, other Group companies, with the purchase of other assets (Euro 5,614 thousands) and with costs incurred for the installation, still in progress, of equipment and systems for mass storage, filing and management of data, classified as assets under construction (Euro 400 thousands); (ii) a positive foreign exchange difference of Euro 10,126 thousands; net of (iii) depreciations for Euro 16,322 thousands calculated in accordance with the depreciation rates disclosed in paragraph 3.1 above.

Conversely, in 2015 the reduction of Euro 9,520 thousands compared to the preceding year was mainly due to the combined effect of negative foreign exchange difference for Euro 12,734 thousands, essentially related to the Brazilian entities of the Group, and depreciation for Euro 16,018 thousands, only partly offset by additions for the year totalling Euro 19,529 thousands and basically related to the same categories of expenses also incurred in 2016.

The main changes occurred in 2014 lead to an increase of Euro 15,192 thousands and are referred to total acquisition of PP&E for Euro 34,858 thousands: a) purchases of Plant and machinery owned and leased such as hardware, network of AlmavivA SpA, AlmavivA do Brasil and, in minor extent to other Group companies for Euro 11,008 thousands, b) purchases of Other assets owned and leased for Euro 21,574 thousands occurred in AlmavivA do Brasil, AlmavivA SpA and AlmavivA Partecipações. The increase of assets under constructions for Euro 2,135 thousands are essentially related to costs incurred for the construction, not yed completed, of equipment for mass storage, filing and data management.

The depreciation of the period totalled Euro 15,418 thousands on amortization rates basis showed in significant account policies paragraph.

The amount recorded as Land and buildings almost exclusevily consists of the book value of the building located in Rome at Via dello Scalo Prenestino, owned by AlmavivA. The book value amounted to Euro 10,411 thousands, Euro 10,930 thousands and Euro 11,570 thousands at December 31, 2016, 2015 and 2014, respectively. The property is depreciated at a rate of 3%.

Plant and machinery also include assets under a finance lease. The amount of Plant and machinery under a finance lease at December 31, 2016, 2015 and 2014 is reported in the following table and is mostly related to plants and machinery leased by AlmavivA.

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Property, plant and equipment under a finance lease	449	568	13,069

The decrease of Euro 12,501 thousands in 2015 is referred to the purchase by AlmavivA do Brasil of plant and machinery previously held under financial lease contract which has led to a reclassification from assets under a financial lease to assets directly owned.

EuroEuroEuro

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The table below shows the balance of the Investments accounted for using the equity method and related changes occurred as at December 31, 2016, 2015 and 2014.

(in thousands of Euro)	At December 31, 2014	Income Statement effect	Reclassification to Non-current assets held for sale	At December 31, 2015	Income Statement effect	At December 31, 2016
CCID—AlmavivA Inform. Technol. Co. Ltd	419	1,285		1,704	(90)	1,614
Consorzio Hypertix	99			99		99
TVEyes L.T. S.r.l.	4			4		4
SIN S.p.A.	22,988	(2,526)	(20,462)	0		0
Total	**23,510**	**(1,241)**	**(20,462)**	**1,807**	**(90)**	**1,717**

Equity investments accounted for using the equity method amount to Euro 1,717 thousands as at December 31, 2016, compared to an amount of Euro 1,807 thousands as at December 31, 2015 and to an amount of Euro 23,510 as at December 31, 2014.

The main change related to the three-year period is represented by the reclassification to Non-current assets held for sale of the 20.02% investment held in the associate SIN S.p.A. by the parent company AlmavivA, occurred in 2015 for a total amount of Euro 20,462 thousands.

The reclassification was made as a result of a clause set forth in the agreement entered into with AGEA—Agenzia per le Erogazioni in Agricoltura (Agency for Agricultural Disbursements), which called for the disposal of the shareholding in the associate by the end of 2016.

As required by IFRS 5, the investment was valued at equity method prior to its reclassification to Non-current assets held for sale, leading to the registration of a loss of Euro 2,526 thousands corresponding to the share of the net loss recorded by the associate for the year pertaining to AlmavivA.

The other changes recorded in 2015 and 2016 related to Income statement effects associated with the registration of the profit or loss for each year corresponding to the share of net result of the equity investment.

In details, the joint venture CCID—AlmavivA Inform. Technol. Co. Ltd recorded a Euro 1,285 thousands gain in 2015 and a Euro 90 thousands loss in 2016, while the net results of Consorzio Hypertix and TVEyes L.T. S.r.l. have been immaterial both in 2015 and 2016.

Equity investments measured with the equity method as at December 31, 2016 are listed below:

	Registered office	Share Capital	Shares held (%)	Investor
CCID—AlmavivA Inform. Technol. Co. Ltd	Shangai, China	Euro 4,000,000.00	50.00	AlmavivA S.p.A.
Consorzio Hypertix	Rome, Italy	Euro 198,000.00	49,99	AlmavivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	Euro 20,000.00	20.00	Pervoice S.p.A.

None of the above-mentioned companies is listed.

8. NON-CURRENT FINANCIAL ASSETS

The table below shows the balance and composition of the Non-current financial assets as at December 31, 2016, 2015 and 2014:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Non-current financial receivables	1,364	1,391	1,377
Equity investments classified as available for sale	85	85	83
Non-current financial assets	**1,449**	**1,476**	**1,460**

Non-current financial receivables

The Non-current financial receivables fully regard long-term loans instrumental to operating activities. The line item shows a decrease of Euro 27 thousands in 2016, corresponding to a fall of 1.8%, and an increase of Euro 14 thousands in 2015, corresponding to a growth of 1.0%.

The following table reports the portions of the long-term loans due within or over twelve months:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Amount failling due within 12 months	148	150	137
Amount failling due between 1–5 years	1,216	1,241	1,240
Non-current financial receivables	**1,364**	**1,391**	**1,377**

Equity investments classified as available for sale

The Equity investments classified as available for sale are investments held in other entities over which the Group has neither control nor joint control or significant influence.

Such equity investments are classified as available-for-sale financial instruments in accordance with IAS 39, and—as such—are accounted for at the cost recognised at the payment date provided that the fair value cannot be reliably determined, as such companies have not shares listed in stock exchange market.

The following table provides the breakdown of the line item by investment at December 31, 2016, 2015 and 2014:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Technapoli	52	52	52
Calpark	5	5	5
Banca Brutia	5	5	5
Uirnet	5	5	5
Consorzio Namex	3	3	3
Semantic Valley	2	2	2
CONAI	1	1	1
Others	12	12	10
Equity investments classified as available for sale	**85**	**85**	**83**

9. DEFERRED TAX ASSETS

The tables below show the amount of AlmavivA Group's Deferred tax assets as at December 31, 2016, 2015 and 2014.

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Deferred tax assets	**10,777**	**10,995**	**11,863**

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries for years ended December 31, 2016, 2015 and 2014:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Italian subsidiaries	8,329	8,691	9,582
Foreign subsidiaries	2,448	2,304	2,281
Total Deferred Tax Assets	**10,777**	**10,995**	**11,863**

The Deferred tax assets related to Italian subsidiaries do not include tax losses due to inclusion in tax consolidation of parent company AlmavivA Technologies. The nature of deferred tax assets related to Italian and foreign subsidiaries are mainly related to tax increases (i.e. provisions, remuneration to the BoD members)

The table below shows the changes occurred in deferred tax assets in each of the three years:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Balance at the beginning of the year	**10,995**	**11,863**	**14,404**
Increases	627		
Decreases	(408)	(204)	(2,606)
Effect of currency translation	511	(674)	67
Other changes	(948)	10	(2)
Balance at the end of the year	**10,777**	**10,995**	**11,863**

The line item decreased by Euro 868 thousands in 2015, from an amount of Euro 11,863 thousands at December 31, 2014 to an amount of Euro 10,995 thousands at December 31, 2015 and further reduced by Euro 218 thousands in 2016 to an amount of Euro 10,777 thousands.

The overall reduction also reflects the drop of the tax rate in Italy from 27.5% to 24.0% effective from January 1, 2017, although already enacted before the end of 2015. In compliance with the provisions of IAS 12, par. 46, the effects of the lower rate were already reflected in the financial statements as at December 31, 2015 when measuring the Deferred tax assets that were expected to reverse in fiscal years falling after December 31, 2016.

10. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,400 thousands as at December 31, 2016 compared to an amount of Euro 2,578 thousands as at December 31, 2015 and to an amount of Euro 3,794 thousands as at December 31, 2014, as illustrated in the table below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Security deposits	576	748	753
Prepaid expenses	820	1,827	3,037
Other receivables	4	3	4
Other non-current assets	**1,400**	**2,578**	**3,794**

The overall decrease recorded in 2016 amounts to Euro 1,178 thousands, corresponding to a 45.7% fall in percentage, is mainly related to a reduction of Euro 1,007 thousands in Prepaid expenses together with a reduction of Euro 172 thousands in Security deposits.

The decrease recorded in 2015 amounts to Euro 1,216 thousands, corresponding to a 32.1% fall in percentage, is mainly related to the reduction of prepaid expenses related to signing bonus with client Alitalia CAI.

11. INVENTORIES AND AMOUNT DUE FROM CUSTOMERS

Inventories mainly refer to amount due from customer and related to the contract work in progress of AlmavivA, which are measured on the basis of the criteria stated in paragraph 3.1 above and, to a lesser extent, to other inventories.

The amount due from customer is presented net of advances received.

The table below shows the composition for each of the three years ended December 31, 2016, 2015 and 2014 between the gross amount due from customers for contract work in progress, the related write-down provision and other inventories.

(in thousands of Euro)	As at December 31, 2016	2015	2014
Amount due from customers (gross)	33,607	35,281	40,550
Write-down provision	(676)	(676)	(676)
Other inventorie	695	695	695
Inventories and amount due from customers	**33,626**	**35,300**	**40,569**

The gross Amount due from customer decreased by Euro 1,674 thousands in 2016 and by Euro 5,269 thousands in 2015, corresponding to a reduction of 4.8% and 13.2%, respectively.

The reduction refers to the contract work in progress of the parent company.

12. TRADE RECEIVABLES

The below table show the amount of AlmavivA Group's Trade receivables as at December 31, 2016, 2015 and 2014 together with the related gross amount, the amount retained as a guarantee and the bad debt provision.

(in thousands of Euro)	As at December 31, 2016	2015	2014
Trade receivables, gross amount	315,204	303,271	313,074
Trade receivables, amount retained as a guarantee	3,011	2,078	1,211
Bad debt provision	(20,448)	(20,446)	(20,375)
Trade receivables	**297,767**	**284,903**	**293,910**

Trade receivables increased by Euro 12,864 thousands in 2016, from an amount of Euro 284,903 thousands as at December 31, 2015 to an amount of Euro 297,767 thousands as at December 31, 2015, while recorded a decrease of Euro 9,007 thousands in 2015, from an amount of Euro 293,910 thousands as at December 31, 2014.

This trend is essentially related to the gross amount of trade receivables, which decreased by Euro 9,803 thousands in 2015 and then increased by Euro 11,933 thousands in 2016.

The amounts of trade receivables retained as a guarantee show a different trend as they rise both in 2015 and 2016 by Euro 867 thousands and Euro 933 thousands, respectively.

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at December 31, 2016, 2015 and 2014:

(in thousands of Euro)	As at December 31, 2016	2015	2014
Amount not yet due	248,380	240,652	244,253
Amount due by less than 30 days	30,177	25,192	29,848
Amount due between 30-60 days	2,702	14,029	14,154
Amount due between 61-90 days	2,756	4,320	4,987
Amount due between 91-120 days	1,719	4,387	4,286
Amount due by more than 120 days	29,470	14,691	15,546
Trade receivables, gross amount	**315,204**	**303,271**	**313,074**

The following table shows the changes in the bad debt provision for each of the three years ended December 31, 2016, 2015 and 2014:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Balance at the beginning of the year	**20,446**	**20,375**	**19,103**
Provisions	93	71	1,841
Uses	(91)		(569)
Balance at the end of the year	**20,448**	**20,446**	**20,375**

13. CURRENT FINANCIAL ASSETS

The following table shows the amount of the Current financial assets as at December 31, 2016, 2015 and 2014. The line item shows an increase of Euro 3,449 thousands in 2016, corresponding to a 78.0% growth, and an increase of Euro 916 thousands in 2015, corresponding to a 26.1% growth.

(in thousands of Euro)	As at December 31, 2016	2015	2014
Current financial assets	**7,870**	**4,421**	**3,505**

14. OTHER CURRENT ASSETS

Other current assets amount to Euro 82,719 thousands as at December 31, 2016, compared to Euro 71,237 thousands as at December 31, 2015 and to Euro 70,281 thousands as at December 31, 2014.

The amount is composed as follows:

(in thousands of Euro)	As at December 31, 2016	2015	2014
Receivables due from personnel	1,102	349	360
Receivables due from social security institutions	6,759	13,873	9,947
Receivables due from tax authorities	11,470	11,660	9,966
Receivables related to tax consolidation	19,884	15,222	16,189
Prepaid expenses	3,692	6,148	6,659
Advances to suppliers	2,957	2,337	7,936
Sundry items	36,855	21,648	19,224
Other current assets	**82,719**	**71,237**	**70,281**

Other current assets increase by Euro 11,482 thousands in 2016, corresponding to a 16.1% growth rate, and by Euro 956 thousands in 2015, corresponding to a 1.4% growth rate. The increase in mainly associated with that of the Sundry items.

Sundry items, amounting to Euro 36,855 thousands as at December 31, 2016 (Euro 21,648 thousands and Euro 19,224 thousands as at December 31, 2015 and 2014, respectively), mainly include the receivables of the Brazilian companies for deposits for outstanding litigation with employees, receivables due from the Government and public entities and receivables for reimbursements. The receivables for reimbursements refer to amounts paid for settling disputes with temporary workers and contributions paid for stabilising temporary workers subject to reimbursement by the seller due to a hold harmless clause set forth in the purchase agreement of a Group company.

Sundry items also included the receivable of Euro 4,134 thousands as at December 31, 2016 (Euro 1,498 thousands as at December 31, 2015) pertaining to the request for reimbursement of the legal expenses incurred for the dispute initiated by Loop AI Labs Inc. against AlmavivA S.p.A., Almawave S.r.l. and Almawave USA as well as third parties, explained in details in the Note 39 Legal issues and litigations. In respect of this litigation, the AlmavivA companies summoned before the court an insurance company that had underwritten a policy named ''Civil Liability Insurance for Directors'', requesting that it be sentenced to reimburse expenses and defence costs that they have incurred and will incur in the dispute, in addition to providing compensation for damages caused by the failure to provide an advance for such expenses.

The insurance company appeared before the court to request the rejection of the demands submitted by the AlmavivA companies. After the parties filed their preliminary briefs, the judge invited the insurance company to submit a settlement proposal. In the meantime, the dispute concluded in the first instance with the rejection of all demands of Loop AI Labs Inc.. The lawyers hired by the AlmavivA companies for the defence believe that, also considering the above decision of the judge, the justification of the action

14. OTHER CURRENT ASSETS (Continued)

lodged against the insurance company and the self-serving nature of the procedural position, reservations and objections of the latter are confirmed.

In addition to the above, we also point out that, with the Other current assets, the line item Receivables due from social security institutions, which amounted to Euro 6,759 thousands as at December 31, 2016 (Euro 13,873 thousands and Euro 9,947 thousands as at December 31, 2015 and 2014, respectively) includes almost all the receivables due by INPS but not yet collected regarding mainly the following:

- contribution reduction arising from the adoption by AlmavivA Contact of the industry sector ‘‘solidarity contract’’;
- recovery of the solidarity cheque paid in advance to the AlmavivA Contact employees;
- recovery of the solidarity cheque paid in advance to the AlmavivA employees;
- recovery of the employee severance indemnity accrued during the period that AlmavivA adopted the solidarity contract.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 48,181 thousands as at December 31, 2016 compared to Euro 50,645 as at December 31, 2015 and to Euro 36,407 thousands as at December 31, 2014. The line item refers to credit balances at banks in existence at the end of the period and the amounts held at the Group treasuries.

16. NON-CURRENT ASSETS HELD FOR SALE

The balance of Non-current assets held for sale as at December 31, 2016 and 2015 refers to the carrying value of the 20.02% equity investment in the associated company SIN S.p.A. whose sale, based on the ‘‘Sale of shares’’ contract signed on September 19, 2007 between AGEA—Agenzia per le Erogazioni in Agricoltura and the private Shareholders, is expected to become effective on September 19, 2016.

The contract of sale explained the method of calculation to apply to determine the price of the sale.

This method considers two components: the first, called ‘‘base value’’, basically corresponding to the amount of SIN’s shareholders’ equity as at the buy-back date; and the second, called ‘‘surplus value’’, which considers the current value of the contracts receivable still under execution held by SIN in the time range prior to the buy-back date.

The value of the assets held for sale was recognised on the basis of the lower value between the book value or the fair value less costs to sell. The latter resulted from the simulation of the above described pricing formula as at December 31, 2016 and 2015.

As set out in the contract, the sale of the equity investment was expected to be finalized in 2016, and this is the reason why it was reclassified as an assets held for resale.

Although the sale was originally scheduled for September 19, 2016, it will be postponed until the completion by Consip S.p.A. of the public procedure and the handover to the new supplier.

The difference of Euro 15,510 thousands resulting the amount of the line item recorded in the Consolidated Financial Statements as at December 31, 2015 (Euro 19,759 thousands) and the corresponding amount recorded as at December 31, 2016 (Euro 4,249 thousands) is due, on one hand, to the collection of an amount of Euro 14,456 thousands in 2016 in and, on the other hand, to a decrease by Euro 964 thousands resulting from an updated calculation using the pricing formula due to costs deriving from an amendment deed for the sale of the shareholding signed on October 27, 2016.

The collection of Euro 14,456 thousands took place in the amount of Euro 8,008 thousands through the distribution of reserves by SIN S.p.A. on September 19, 2016 and, with respect to the remaining Euro 6,538 thousands, through the payment of a first tranche on October 28, 2016 as set forth in the agreement. Once deducted the collections and decreases described above, the outstanding value of the Non-current asset held for sale fell to Euro 4,249 thousands.

No liabilities are associated to the Non-current assets held for sale for each of the three years presented in the Consolidated Financial Statements.

17. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 21,272 thousands as at December 31, 2016 compared to Euro 31,123 thousands as at December 31, 2015 and to Euro 40,373 thousands as at December 31, 2014.

The composition of the Shareholders' equity is as follows:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Share capital	154,899	154,899	154,899
Share premium reserve	17,788	17,788	17,788
Other reserves:			
legal reserve	*3,951*	*3,951*	*3,951*
FTA reserve	*4,493*	*4,493*	*4,493*
OCI reserve	*(1,556)*	*(2,517)*	*(923)*
CFH reserve	*(145)*	*(117)*	*(69)*
translation reserve	*(1,170)*	*(6,500)*	*(889)*
other reserves	*(145,136)*	*(143,014)*	*(142,444)*
	(139,563)	(143,704)	(135,881)
Lloss for the year	(16,907)	(1,715)	(381)
Total group shareholders' equity	***16,217***	***27,268***	***36,425***
Reserves pertaining to NCIs:			
translation reserve	*186*	*(5)*	*(83)*
other reserves	*4,104*	*3,479*	*4,708*
	4,291	3,474	4,625
Profit/(loss) for the year pertaining to NCIs	764	381	(677)
Total non-controlling interests	***5,055***	***3,855***	***3,948***
Total Shareholders' equity	**21,272**	**31,123**	**40,373**

The Share capital as at December 31, 2016 amounted to Euro 154,899 thousands and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

- no. 107,567,301 ordinary shares;
- no. 32,331,764 special Class A shares;
- no. 15,000,000 special Class B shares.

The shares, all of which have a nominal value of Euro 1.00 each, are held by:

number of shares	Ordinary shares	"Class A" special shares	"Class B" special shares	Total shares	% of Total shares
GBL Fiduciaria S.p.A.	79,415,600		15,000,000	94,415,600	60.95%
GBL Fiduciaria S.p.A.	20,584,400	32,331,764		52,916,164	34.16%
RAI S.p.A.	1,291,522			1,291,522	0.83%
Ligestra Due S.r.l.	1,119,894			1,119,894	0.72%
Confagricoltura	1,093,172			1,093,172	0.71%
Conf. Italiana Agricoltori	1,093,172			1,093,172	0.71%
Coldiretti	1,093,172			1,093,172	0.71%
Assicurazioni Generali S.p.A.	1,056,490			1,056,490	0.68%
Visualnet S.r.l.	819,879			819,879	0.53%
Share capital	**107,567,301**	**32,331,764**	**15,000,000**	**154,899,065**	**100.00%**

17. SHAREHOLDERS' EQUITY (Continued)

The special Class A and Class B shares have the following differences compared to the ordinary shares:

- Class A shares allow holders to receive a profit increased by 10% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10%;
- Class B shares allow holders to receive a profit increased by 10.1% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10.1%.

GBL Fiduciaria S.p.A., is an italian trust company and is the accountholder of shares owned by AlmavivA Technologies S.r.l. and Interbanca S.p.A.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousands as at December 31, 2016 and remained unchanged compared to December 31, 2015 and 2014.

Legal reserve

The Legal reserve amounted to Euro 3,951 thousands as at December 31, 2016 and remained unchanged compared to December 31, 2015 and 2014.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousands as at December 31, 2016, as detailed below, and remained unchanged compared to December 31, 2015 and 2014:

- AlmavivA for Euro 4,782 thousands;
- AlmavivA Contact for negative Euro 141 thousands;
- Almawave for negative Euro 270 thousands;
- AlmavivA do Brasil for Euro 122 thousands.

OCI reserve

The OCI reserve totalled negative Euro 1,556 as at December 31, 2016 (compared to negative Euro 2,517 thousands as at December 31, 2015 and negative Euro 923 thousands as at December 31, 2014) and includes the actuarial valuation of TFR (employee severance indemnity) of the Group companies.

CFH reserve

The Cash flow hedge reserve amounted to negative Euro 145 thousands as at December 31, 2016 (compared to negative Euro 117 thousands as at December 31, 2015 and negative Euro 69 thousands as at December 31, 2014) and pertains to AlmavivA.

The changes during the three-year period are related to the difference in the fair value valuation of derivative contracts entered into for hedging purposes.

17. SHAREHOLDERS' EQUITY (Continued)

Translation reserve

The Translation reserve concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-euro areas.

As at December 31, 2016, it was a negative Euro 983 thousands (of which the Group's share was a negative Euro 1,170 thousands and the portion pertaining to non-controlling interests amounted to Euro 187 thousands).

As at December 31, 2015, it totalled negative Euro 6,505 thousands (of which the Group's share was a negative Euro 6,500 thousands and the portion pertaining to non-controlling interests amounted to negative Euro 5 thousands).

As at December 31, 2014, it totalled negative Euro 972 thousands (of which the Group's share was a negative Euro 889 thousands and the portion pertaining to non-controlling interests amounted to negative Euro 83 thousands).

Other reserves

The Other reserves equalled to a negative Euro 141,032 thousands as at December 31, 2016 (Euro −139,535 thousands and Euro −137,736 thousands as at December 31, 2015 and 2014, respectively) and are represented by consolidation reserves and by undistributed profits or losses brought forward. Out of this amount, the portion pertaining to the Group is a negative Euro 145,136 thousands (Euro −143,014 thousands and Euro −142,444 thousands as at December 31, 2015 and 2014, respectively), while the portion attributable to non-controlling interests is Euro 4,104 thousands (Euro 3,479 thousands and Euro 4,708 thousands as at December 31, 2015 and 2014, respectively).

Capital management

The objectives identified by the Group in capital management are to safeguard the going concern, value creation for stakeholders and support for the Group's development. In particular, the Group pursues an adequate level of capitalization that can enable development goals to be achieved and access to external financing sources. In this context, the Group manages its capital structure and makes adjustments to it, when changes in economic conditions so require. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity. The table below shoews abovementioned datas for all three years period.

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Non current Net Financial Position	(25,478)	(15,279)	(61,381)
Current Net Financial Position	(94,822)	(112,664)	(69,052)
Non current financial receivables	1,364	1,391	0
Financial indebtness ("Debt")	**(118,936)**	**(126,552)**	**(130,433)**
Total Group Shareholder Equity	16,217	27,268	36,425
Non Controlling Interests	5,055	3,855	3,948
Total Shareholders' Equity ("Equity")	**21,272**	**31,123**	**40,373**
Debt/Equity ratio	**(5.59)**	**(4.07)**	**(3.23)**

18. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Liabilities for employee benefits	**59,043**	**60,400**	**59,146**

18. LIABILITIES FOR EMPLOYEE BENEFITS (Continued)

The line item increased by Euro 1,254 thousands in 2014, from Euro 59,146 thousands as at December 31, 2014 to Euro 60,400 thousands as at December 31, 2015 and then decreased by Euro 1,357 thousands in 2016 to Euro 59,043 thousands.

The liability for employee severance indemnity, governed by Art. 2120 of the Italian Civil Code, includes the estimate of the obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to the employees of Italian companies when their employment is terminated.

The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with less than 50 employees, may be retained in the company. This means that a significant portion of the employee severance indemnity accruing is classified as a defined contribution plan, given that the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability related to employee severance indemnity prior to January 1, 2007 continues to represent a defined benefit plan to be evaluated according to actuarial techniques.

Liabilities for employee benefits valued on the basis of actuarial techniques are analysed as follows:

	For the year ended December 31,		
(in thousands of Euro)	2016	2015	2014
Balance at the beginning of the year	**60,400**	**59,146**	**56,926**
Service cost	270	265	309
Interest cost	1,468	1,573	1,720
Payments / Utilizations	(2,134)	(2,178)	(1,486)
Actuarial gains/(losses) recognized in OCI	(961)	1,594	1,677
Balance at the end of the year	**59,043**	**60,400**	**59,146**
of which:			
Non-current portion	56,533	60,266	58,768
Current portion	2,510	134	378

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at December 31, 2016, 2015 and 2014 are summarised below:

	For the year ended December 31,		
Financial Assumptions	2016	2015	2014
Discount rate	2.36%	2.43%	2.66%
Inflation rate	2.00%	2.00%	2.00%
Annual rate of TFR increase	3.00%	3.00%	3.00%
Annual rate of salary increase	1.01%	1.01%	1.01%
Annual turnover rate	14.29%	14.29%	14.29%
Annual rate of disbursement of advances	6.00%	6.00%	6.00%

18. LIABILITIES FOR EMPLOYEE BENEFITS (Continued)

The table below shows sensitivity analysis (+0.5% and −0.5%) over discount rate applied in calculation of DBO as at December 31, 2016, 2015 and 2014:

Financial Assumptions	Discount rate	
	+50bps	−50bps
December 31, 2016 effect on DBO	(2,204)	2,354
December 31, 2015 effect on DBO	(2,547)	2,729
December 31, 2014 effect on DBO	(4,443)	810

It should be noted that the discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 78 of IAS 19, with reference to the average return curve deriving from the IBoxx Overall 10+ index (with BBB rating for 2016 and 2015), commensurate with the average length of the collective agreement subject to valuation.

Demographic Assumptions	For each of the years ended December 31, 2016, 2015 and 2014
Mortality	Table RG 48 State General Accounting Office
Disability	INPS Table—Commerce Sector
Retirement	General Mandatory Insurance requirements

No payments of contributions on defined benefit plans to employees are envisaged for the next year.

19. PROVISIONS

Provisions as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Non-current portion of provisions	5,466	5,338	5,365
Current portion of provisions	7,285	5,214	8,670
Provisions	**12,751**	**10,552**	**14,035**

The line item decreased by Euro 3,483 thousands in 2015, from Euro 14,035 thousands as at December 31, 2014 to Euro 10,552 thousands as at December 31, 2015 and then increased by Euro 2,199 thousands in 2016 to Euro 12,751 thousands.

(in thousands of Euro)	Provision for taxes	Provision for redundacy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Provisions for mobility	Other provisions	Total
At January 1, 2014	**3,586**	**22**	**134**	**0**	**2,926**	**3,620**	**7,562**	**17,850**
Accruals				57	1,642		4,446	6,145
Utilizations	(2,127)						(3,401)	(5,528)
Decreases					(1,317)	(3,200)	(2,572)	(7,089)
Other changes						151	2,506	2,657
At December 31, 2014	**1,459**	**22**	**134**	**57**	**3,251**	**571**	**8,541**	**14,035**
of which:								
Non-current portion	1,459	22	134	57			3,693	5,365
Current portion					3,251	571	4,848	8,670

19. PROVISIONS (Continued)

(in thousands of Euro)	Provision for taxes	Provision for redundacy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Provisions for mobility	Other provisions	Total
At January 1, 2015	**1,459**	**22**	**134**	**57**	**3,251**	**571**	**8,541**	**14,035**
Accruals					696		2,567	3,263
Utilizations							(1,325)	(1,325)
Decreases				(57)	(1,645)	(571)	(3,630)	(5,903)
Other changes					(186)		668	482
At December 31, 2015	**1,459**	**22**	**134**	**0**	**2,116**	**0**	**6,821**	**10,552**
of which:								
Non-current portion	1,459	22	134				3,723	5,338
Current portion					2,116		3,098	5,214
At January 1, 2016	**1,459**	**22**	**134**	**0**	**2,116**	**0**	**6,821**	**10,552**
Accruals					662		4,616	5,278
Utilizations	(374)				(229)		(831)	(1,434)
Decreases					(350)		(1,574)	(1,924)
Other changes					134		145	279
At December 31, 2016	**1,085**	**22**	**134**	**0**	**2,333**	**0**	**9,177**	**12,751**
of which:								
Non-current portion	1,085	22	134				4,225	5,466
Current portion					2,333		4,952	7,285

Tax, administrative, civil and labour disputes are handled by the AlmavivA Group's legal departments that provided, for the preparation of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the Company carries out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in this paragraph, under ''Provisions for risks and charges''. For those proceedings whose negative outcome, owing to the different case law positions, is only considered possible, no specific provision is recorded in accordance with the regulations governing the preparation of the financial statements.

Provisions for taxes

The line item amounts to Euro 1,085 thousands as at December 31, 2016 (Euro 1,459 thousands as at December 31, 2015 and 2014) and include provisions for taxes:

- for Euro 362 thousands (Euro 736 thousands as at December 31, 2015 and 2014) pertaining to AlmavivA for an eventual notice of assessment relative to the 1999 tax period;
- for Euro 68 thousands (unchanged from 2014) pertaining to AlmavivA and originating from the incorporated company AlmavivA Sud;
- for Euro 65 thousands (unchanged from 2014) pertaining to AlmavivA and originating from the incorporated company AlmavivA Finance S.p.A.;
- for Euro 16 thousands (unchanged from 2014) pertaining to AlmavivA and referring to a tax assessment made by the Italian Tax Police—Customs and Intracommunity VAT originating from the incorporated company AlmavivA Tsf S.p.A.;

19. PROVISIONS (Continued)

- for Euro 8 thousands (unchanged from 2014) pertaining to AlmavivA;
- for Euro 500 thousands (unchanged from 2014) pertaining to AlmavivA Contact and originating from incorporated company Atesia S.p.A. for allocation regarding the ongoing dispute with the Inland Revenue Agency relative to the tax credits pursuant to law 388/2000;
- for Euro 66 thousands (unchanged from 2014) pertaining to AlmavivA Contact and established in connection with the risks associated to the deduction of costs considered by the Tax Authorities to be non-deductible following a tax audit that took place in 2004 with respect to the fiscal year 2002;

Provisions for redundancy incentives

The Provision for redundancy incentives relates to additional restructuring expenses, in line with the Business plan, for the reorganisation of the personnel that began in 2007.

Provisions for guarantees granted

The Provision for guarantees granted is related to provisions recorded by the parent company AlmavivA. The balance of the line item has remained unchanged from 2014.

Provisions for contractual and commercial risks

The Provision for contractual and commercial risks was related to provisions recorded by the parent company AlmavivA. The balance recorded in previous years was fully absorbed in 2015.

Provisions for legal disputes

The Provision for legal disputes amounts to Euro 2,333 thousands as at December 31, 2016 (compared to Euro 2,116 thousands and Euro 3,251 thousands as at December 31, 2015 and 2014, respectively) mainly recorded by AlmavivA for Euro 923 thousands (Euro 769 thousands and Euro1,242 thousands as at December 31, 2015 and 2014, respectively), AlmavivA Contact for Euro 688 thousands (Euro 679 thousands and Euro 796 thousands as at December 31, 2015 and 2014, respectively), AlmavivA do Brasil for Euro 650 thousands (Euro 517 thousands and Euro 800 thousands as at December 31, 2015 and 2014, respectively) and to a smaller extent by other group companies.

Provisions for mobility

The Provision for guarantees granted is related to provisions recorded by the parent company AlmavivA. The balance of The balance recorded in previous years was fully absorbed in 2015.

Other provisions

The line items, including non-current and current portion, amount to Euro 9,177 thousands as at December 31, 2016, with an increase of Euro 2,356 thousands in 2016, corresponding to a 34.5% growth, and a decrease by Euro 1,720 thousands in 2015, corresponding to a 20.1% fall.

The amount includes other provisions for risks recorded by AlmavivA for Euro 5,021 thousands as at December 31, 2016 (Euro 2,773 thousands and Euro 3,260 thousands as at December 31, 2015 and 2014, respectively), AlmavivA Contact for Euro 1,724 thousands as at December 31, 2016 (Euro 1,567 thousands and Euro 2,509 thousands as at December 31, 2015 and 2014, respectively), Lombardia Gestione for Euro 82 thousands as at December 31, 2016 (Euro 113 thousands and Euro 336 thousands as at December 31, 2015 and 2014, respectively), Agrisian in Liquidation for Euro 2,340 thousands as at December 31, 2016 (Euro 2,316 thousands and Euro 1,697 thousands as at December 31, 2015 and 2014, respectively)by other group companies.

20. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Banks	9,940	9,910	53,327
Amounts due to other lenders	15,538	5,369	9,575
Non-current financial liabilities	**25,478**	**15,279**	**62,902**

The line item Non-current financial liabilities also includes the fair value of interest rate derivatives at any year-end, whose amount was negative Euro 145 thousands as at December 31, 2016, negative Euro 117 thousands as at December 31, 2015 and negative Euro 69 thousands as at December 31, 2014.

Followings the tables of proceeds, repayements and reclassifications of borrowings occurred in the period:

(in thousands of Euro)	At January 1, 2016	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2016
AlmavivA S.p.A	1,068	933	(12,000)	12,000	2,001
AlmavivA do Brasil	14,211	38,762	(40,496)		12,477
SIMEST Operation	0	11,404	(404)		11,000
Balance of the period	**15,279**	**51,099**	**(52,900)**	**12,000**	**25,478**

(in thousands of Euro)	At January 1, 2015	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2015
AlmavivA S.p.A.	42,250		(12,787)	(28,395)	1,068
AlmavivA do Brasil	20,652	71,181	(77,622)		14,211
Balance of the period	**62,902**	**71,181**	**(90,409)**	**(28,395)**	**15,279**

(in thousands of Euro)	At January 1, 2014	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2014
AlmavivA S.p.A.	42,939	7,969	(8,658)		42,250
AlmavivA do Brasil	18,206	21,591	(19,145)		20,652
Balance of the period	**61,145**	**29,560**	**(27,803)**	**0**	**62,902**

The balance of the line item as at December 31, 2016 is Euro 25,478 thousands, with an increase of Euro 10,199 thousands compared to the prior year, corresponding to a 66.8% growth. The line item shows a decrease of Euro 47,623 thousands in 2015, when the balance fall from Euro 62,902 thousands as at December 31, 2014 to Euro 15,279 thousands as at December 31, 2015.

The main reason of the decrease occurred as at December 31, 2015 compared to December 31, 2014 is related to the reclassification to Current financial liabilities due by AlmavivA and AlmavivA do Brasil.

In this respect, in application of IAS 1, paragraphs 69 and 74, the outstanding amount due under the loan agreements of AlmavivA and AlmavivA do Brasil, for which several financial parameters had not been complied with as at the verification date of December 31, 2016, and one parameter was not complied with as at the verification date of December 31, 2015, was reclassified to current financial liabilities.

In March 2017, the lending banks granted AlmavivA do Brasil a waiver in line with the requests submitted. Likewise, on March 17, 2017, AlmavivA requested a waiver from the pool of banks that had granted its loan with respect to the levels of certain financial parameters as at December 31, 2016 and

20. NON-CURRENT FINANCIAL LIABILITIES (Continued)

December 31, 2017. Discussions continued with the above-mentioned pool of banks with various meetings and analyses, and they have now been completed.

AlmavivA was informed by the Agent Bank BNL-BNP Paribas that the majority of the above-mentioned pool accepted the Company's requests with respect to the above-mentioned parameters. It is specified that AlmavivA and AlmavivA do Brasil have always honoured payment of the portions of amortisation according to what is established in the Loan Arrangement.

On the other hand, the main change occurred in 2016 which explains the increase of the line item compared to December 31, 2015 is related to the registration of Amounts due to other lenders for total Euro 11,000 thousands.

This amount represents the portion of share capital and the share premium of AlmavivA do Brasil subscribed by SIMEST during the year. This transaction envisages, *inter alia*, the irrevocable obligation of the parent company AlmavivA Contact to acquire from SIMEST (which is committed to sell) the shares subscribed by the latter by June 30, 2023. There are several conditions that can anticipate the date of exercise of the options, which in any case cannot fall before June 30, 2019. As the conditions laid out in IAS 32 ''Financial instruments: presentation'' were met, the entire amount subscribed by SIMEST was classified under financial liabilities and measured in accordance with the dictates laid out in IAS 39 ''Financial instruments: recognition and measurement''.

The tables below provide an analysis of the main loans (in Italy and Brazil), with an indication of the maturity. The values indicated include only the medium-long term financial liabilities, excluding the related current portions, which are classified as current financial liabilities.

(in thousands of Euro)	Due between 1 to 5 years	Due over 5 years	Total
Banks	9,940		9,940
Amounts due to other lenders	4,538	11,000*	15,538
Maturity of Non-current financial liabilities as at December 31, 2016	**14,478**	**11,000**	**25,478**

* The amount is classified ''Due over 5 years'' but, as indicated above, the exercise of the options between AlmavivA Contact and SIMEST could be anticipated but in any case it cannot fall before June 30, 2019.

Non.current financial liabilities: Italian companies

The Non-current financial liabilities of the Italian companies are reported below:

(in thousands of Euro)	Currency	Initial amount granted	Outstanding(*)	Outstanding (presented as non-current)(**)	Duration	Expiry date
Credit line ''A''	Euro	80,599	17,980	0	7 years	June 30, 2019
SIMEST Operation	Euro	11,000	11,000	11,000	7 years	June 30, 2023
Concessional funding related to operating grants	Euro	2,001	2,001	2,001	Various	Various
Non-current financial liabilities as at December 31, 2016: Italian companies		**90,006**	**30,981**	**13,001**		

(*) The column ''Outstanding'' comprises Non-current financial liabilities which are due over the short-term based on the contractual expiry date and regardless the fact that a portion of such liabilities is presented as Current in the Consolidated Financial Statements as a result of the non-compliance with contractual covenants as described above. In addition, the amount does not include the amortized cost effect associated to such financial liabilities.

20. NON-CURRENT FINANCIAL LIABILITIES (Continued)

(**) The amount reported as ''Outstanding (presented as non-current)'' does not include the amortized cost effect associated to such financial liabilities.

In relation to the payable to the pool of banks, it is hereby noted that on August 13, 2012 AlmavivA concluded a medium/long term loan agreement with BNL BNP Paribas S.p.A, Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Monte dei Paschi S.p.A, Banco Popolare S.p.A., Banca Popolare di Vicenza Soc. Coop. per Azioni for Euro 90,007 thousands broken down as follows:

- a credit facility denominated Credit line ''A'' of Euro 80,599 thousands, expiring on June 30, 2017, whose repayment schedule involves half-yearly instalments, the first falling due on December 31, 2012 and the last on June 30, 2017. The interest rate applied to Credit line ''A'' is equal to Euribor plus a margin that can be changed based on the Leverage Ratio (net financial indebtedness/ EBITDA) that has been reached. In July 2014, an amending agreement was concluded which provides for the expiration of Credit line ''A'' on June 30, 2019 instead of on June 30, 2017, therefore requiring that its repayment plan be amended, beginning from the instalment for the month of June 2014;
- a ''Revolving'' credit facility for a maximum amount of Euro 9,407 thousands with maturity date June 30, 2017. The interest rate applied to the Revolving line is equal to Euribor plus a margin that can be changed based on the Leverage Ratio (net financial indebtedness/EBITDA) that has been reached. In July 2014, the maturity of the Revolving Credit Facility was also changed, from June 30, 2017 to December 31, 2019.

The loan agreement, also as a result of the July 2014 amendments, requires, among other things, compliance with the financial covenants which originate from the AlmavivA Group Consolidated Financial Statements based on the application of accounting conventions defined between the counterparties, in relation to which information can be found in the section ''Guarantees, commitments, risks and other information'' of these notes, which also detail the collateral granted by AlmavivA on medium/long-term liabilities.

Non.current financial liabilities: Brazilian companies

The Non-current financial liabilities of the Brazilian companies are reported below:

(in thousands of Euro)	Currency	Initial amount granted	Outstanding(*)	Outstanding (presented as non-current)(**)	Duration	Expiry date
Conta Garantida/ Capital de Giro	BRL	10,973	8,958	1,399	36 Months	November 5, 2018
Capital de Giro	BRL	3,206	1,161	290	78 Months	February 13, 2018
Conta Garantida/ Capital de Giro	BRL	11,444	8,442	3,011	36 Months	September 2, 2017
Capital de Giro	BRL	19,907	17,031	2,390	60 Months	November 4, 2020
Capital de Giro	BRL	13,116	11,365	0	60 Months	November 4, 2020
Capital de Giro	BRL	6,447	5,272	1,241	20 Months	May 4, 2018
Capital de Giro	BRL	2,332	2,182	886	24 Months	December 27, 2016
Capital de Giro	BRL	6,529	5,902	594	18 Months	February 5, 2018
Capital de Giro	BRL	2,332	1,750	127	15 Months	March 8, 2018
Non-current financial liabilities as at December 31, 2016: Brazilian companies		**67,425**	**62,063**	**9,940**		

(*) The column ''Outstanding'' comprises Non-current financial liabilities which are due over the short-term based on the contractual expiry date and regardless the fact that a portion of such liabilities is presented as Current in the Consolidated

20. NON-CURRENT FINANCIAL LIABILITIES (Continued)

Financial Statements as a result of the non-compliance with contractual covenants as described above. In addition, the amount does not include the amortized cost effect associated to such financial liabilities.

(**) The amount reported as ''Outstanding (presented as non-current)'' does not include the amortized cost effect associated to such financial liabilities.

The fair value of medium/long-term loans is indicated in the following table:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Credit line ''A''	(29,730)	(41,832)	(53,397)
Capital de Giro	(4,642)	(9,910)	(1,115)
Conta Garantida	(5,296)	—	—
SIMEST Operation	(11,000)	—	—

Guarantees and Covenants

The medium/long term loan taken out by AlmavivA is secured by:

- a pledge agreement referring to shares held by the Shareholders of AlmavivA Technologies S.r.l and GE Capital S.p.A. in AlmavivA S.p.A. and to the AlmavivA Contact S.p.A. shares;
- a pledge agreement on certain AlmavivA S.p.A. current accounts, which are very closely related to the above loan and their credit balances;
- guarantee agreement on the assignment of Ferrovie dello Stato receivables.

Among other things, the loan agreement provides for compliance with the following ''Financial Covenants'' which originate from the AlmavivA Group Consolidated Financial Statements based on the application of accounting conventions defined between the counterparties:

- Leverage ratio (Net Financial Indebtedness/EBITDA) of no more than specific contractually provided for amounts;
- Consolidated shareholders' equity of no less than specific contractually provided for amounts;
- Ratio of Significant debts due/Net trade-related payables of no more than specific contractually provided for amounts.

These indices are checked every six months until the conclusion of the loan. Failure to fulfil even one of the ''Financial Covenants'' will result in an ''acceleration event'' such as the termination or withdrawal from the loan agreement.

With the Amendment Deed to the loan agreement signed in July 2016 after the waiver was granted in May 2016, the definition of ''Financial Parameters'' was amended and, where amended, the thresholds and reference dates of the individual parameters were specified. The main changes are noted below:

- The definition of ''Financial Parameters'' refers to, jointly:
  a) the Leverage Ratio;
  b) Shareholders' Equity;
  c) the ratio between Significant Debts Due and Net Trade-Related Payables;
  d) the financial parameter Aggregate past due VAT payables, Other past due tax payables and Significant Debts Due; and
  e) the financial parameter Aggregate past due VAT payables and Other past due tax payables.
- as regards the Ratio between Significant Debts Due and Net Trade-related payables, the verifications at June 30 and December 31, 2016 as well as at June 30, 2017, were eliminated;

20. NON-CURRENT FINANCIAL LIABILITIES (Continued)

- with respect to the Aggregate past due VAT payables, Other past due tax payables and Significant Debts Due, the value of which should not exceed specific values set forth in the contract, the verifications at June 30, 2016, at December 31, 2016 and at June 30, 2017 were defined;

with respect to the Aggregate past due VAT payables and Other past due tax payables, the value of which should not exceed specific values set forth in the contract, the verifications for the financial statements and for the half-yearly reports starting from December 31, 2017 and until June 30, 2020 were defined.

Interest rate derivatives

AlmavivA uses interest rate swaps to manage its exposure to unfavourable changes in the market interest rates. On December 18, 2012 interest rate swap contracts were concluded with BNL BNP Paribas, Intesa Sanpaolo and Unicredit in order to protect the company and the Group from risks of fluctuations in interest rates relative to the aforementioned loan. The original contracts, concluded at a total nominal value of Euro 23,431 thousands, expire on June 30, 2017.

Following the amendments to the loan contract made on July 9, 2014, which resulted in the repayment date being extended for both the amortizing line and the revolving line, the original contracts were extinguished. On May 28, 2015, new hedge contracts lined up with the new due date of the amortizing line and with a more advantageous rate than the previous one (from 0.66% to 0.30%) were entered into and went into effect on June 30, 2015. A summary of the characteristics of the company's derivative contract in place as at December 31, 2016 is reported below:

Grantor:	pool of banks
Risk covered:	interest rate
Instrument:	interest rate swap (IRS)
Type of hedging:	cash flow
Subscription date:	May 28, 2015
Expiry date:	June 30, 2019
Notional value:	Euro 9,294 thousands
Received:	6-month Euribor/360
Paid:	0.30%

The fair value of this derivative instrument as at December 31, 2016 was negative Euro 145 thousands, compared to negative Euro 117 thousands and negative Euro 69 thousands as at Dec 31, 2015 and 2014, respectively.

The change in fair value for each year was recorded through OCI with a negative effect of Euro 28 thousands for the year ended Dec 31, 2016 and a negative effect of Euro 48 thousands for the year ended Dec 31, 2015.

Please refer to the section ''Risks and other information'' for the valuation techniques and the inputs used to calculate the fair value of the derivative financial instruments.

21. DEFERRED TAX LIABILITIES

The tables below show the amount of AlmavivA Group's Deferred tax liabilities as at December 31, 2016, 2015 and 2014 and the related changes occurred in each of the three years.

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Deferred tax liabilities	**1,794**	**2,345**	**3,839**

21. DEFERRED TAX LIABILITIES (Continued)

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Balance at the beginning of the year	**2,345**	**3,839**	**4,379**
Increases	285		
Decreases	(836)	(1,494)	(540)
Effect of currency translation			
Other changes			
Balance at the end of the year	**1,794**	**2,345**	**3,839**

Deferred tax liabilities refer exclusively to AlmavivA S.p.A. and mainly concern fiscal impact of fair value as deemed cost applied (as definied in and allowed by IFRS 1) to land and buildings owned by abovementioned enity.

The line item decreased by Euro 1,494 thousands in 2015, from an amount of Euro 3,839 thousands at December 31, 2014 to an amount of Euro 2,345 thousands at December 31, 2015 and further reduced by Euro 551 thousands in 2016 to an amount of Euro 1,794 thousands.

The overall reduction also reflects the drop of the tax rate in Italy from 27.5% to 24.0% effective from January 1, 2017, although already enacted before the end of 2015. In compliance with the provisions of IAS 12, par. 46, the effects of the lower rate were already reflected in the financial statements as at December 31, 2015 when measuring the Deferred tax liabilities that were expected to reverse in fiscal years falling after December 31, 2016.

22. OTHER NON-CURRENT LIABILITES

Other non-current liabilities amount to Euro 1,030 thousands as at December 31, 2016 compared to an amount of Euro 1,037 thousands as at December 31, 2015 and to an amount of Euro 155 thousands as at December 31, 2014, as illustrated in the table below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Deferred income on capital grants	1,030	1,037	155
Other non-current liabilities	**1,030**	**1,037**	**155**

The amount fully refers to deferred income on capital grants. The increase occurred in fiscal year 2015 is related to several project granted by Italian government to parent company AlmavivA SpA and Pervoice. These projects are still in progress and are mainly referred to application of new technology such as smart city and voice recording systems.

23. TRADE PAYABLES

Trade payables amount to Euro 193,897 thousands as at December 31, 2016 compared to an amount of Euro 179,302 thousands as at December 31, 2015 and to an amount of Euro 203,522 thousands as at December 31, 2014, as illustrated in the table below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Trade payables	**193,897**	**179,302**	**203,522**

Please note that the trade-related payables do not generate interest expenses and are regulated based on the contractual conditions and specific agreements with the Group's suppliers.

23. TRADE PAYABLES (Continued)

During the three years' period there is a fluctuation of trade payables. The decrease occurred in fiscal year 2015 (−24,220 thousands) shows an improvement in terms of DPO of the Group. Despite the increase of the cost of raw material and services at consolidated level, the Group recorded a significant decrease of trade payables in all Operating and reportable segments: −9% in IT Services; −11% in CRM Europe and −16% in CRM International partially off-set by an increase in Almawave—New Technology. The DPO level was stable in fiscal year 2016 where cost of raw materials and trade payables grow proportionally. The effect of currency translation, which impact CRM International, was nil during the observed period (+2.5 million of Euros in fiscal year 2015 and −2.5million of Euros in fiscal year 2016).

24. CURRENT FINANCIAL LIABILITIES

Current financial liabilities as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Payables due to banks	112,396	103,296	62,607
Payables due to other lenders	34,872	61,699	69,110
Financial lease payables	3,482	2,406	3,722
Accrued liabilities from financial expenses	115	216	284
Other financial payables	8	113	7
Current financial liabilities	**150,873**	**167,730**	**135,730**

Short-term financial liabilities amounted to Euro 150,873 thousands and referred to payables due to banks, payables due to other lenders relating mainly to the payables contracted for the assignment of receivables of AlmavivA, the finance lease payables primarily of AlmavivA do Brasil, financial accruals and sundry short-term payables. In connection with the existing loan agreements of AlmavivA and AlmavivA do Brasil, several financial parameters for each of the two loans had not been complied with as at the verification date of December 31, 2016 and, as a result, the entire amount of the residual debt regarding said loans (for a total of Euro 34,380 thousands) was reclassified to current financial liabilities. Also in the previous year, due to failure to comply with just one financial parameter on the loan taken out by AlmavivA and just one financial parameter on the loan taken out by AlmavivA do Brasil, the residual debt (equal to Euro 46,776 thousands) was reclassified to current financial liabilities for both loans.

In March 2017, the lending banks granted AlmavivA do Brasil a waiver in line with the requests submitted. Likewise, on March 17, 2017, AlmavivA requested a waiver from the pool of banks that had granted its loan with respect to the levels of certain financial parameters as at December 31, 2016 and December 31, 2017. Discussions continued with the above-mentioned pool of banks with various meetings and analyses, and they have now been completed.

AlmavivA was informed by the Agent Bank BNL-BNP Paribas that the majority of the above-mentioned pool positively accepted the Company's requests with respect to the above-mentioned parameters. All instalments that fell due in financial year 2016 referring to the above-mentioned loans were duly paid.

The tables below provide an analysis of the main short-term financial liabilities (in Italy and Brazil).

24. CURRENT FINANCIAL LIABILITIES (Continued)

Non.current financial liabilities: Italian companies

The Current financial liabilities of the Italian companies are reported below:

(in thousands of Euro)	Currency	Initial amount granted	Outstanding	Duration	Expiry date
Generic loan	Euro	1,000	1,000	1 year	February 7, 2017
Generic loan	Euro	4,500	4,500	1 year	February 7, 2017
Generic loan	Euro	1,800	1,800	1 year	June 9, 2017
Generic loan	Euro	3,000	3,000	1 year	March 17, 2017
Generic loan	Euro	400	400	1 year	June 25, 2017
Current financial liabilities Italian companies		**10,700**	**10,700**		

Non.current financial liabilities: Brazilian companies

The Current financial liabilities of the Brazilian companies are reported below:

(in thousands of Euro)	Currency	Initial amount granted	Outstanding	Duration	Expiry date
Conta Garantida/Capital de Giro	BRL	10,973	7,559	36 Months	November 5, 2018
Capital de Giro	BRL	9,377	939	23 Months	February 28, 2017
Capital de Giro	BRL	3,206	870	78 Months	February 13, 2018
Conta Garantida/Capital de Giro	BRL	11,444	8,442	36 Months	September 2, 2017
Capital de Giro	BRL	19,907	14,642	60 Months	November 4, 2020
Capital de Giro	BRL	13,116	11,365	60 Months	November 4, 2020
Capital de Giro	BRL	2,332	681	7 Months	March 2, 2017
Capital de Giro	BRL	6,447	4,032	20 Months	May 4, 2018
Capital de Giro	BRL	2,915	2,951	6 Months	May 31, 2017
Capital de Giro	BRL	1,457	1,480	12 Months	July 4, 2017
Capital de Giro	BRL	2,332	2,182	24 Months	December 27, 2016
Capital de Giro	BRL	6,529	5,308	18 Months	February 5, 2018
Capital de Giro	BRL	2,332	1,623	15 Months	March 8, 2018
Capital de Giro	BRL	2,915	2,945	12 Months	December 13, 2017
Current financial liabilities Brazilian companies		**95,282**	**65,019**		

25. TAX PAYABLES

Tax payables as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Income taxes	6,327	6,009	7,305
Other taxes	92,947	89,683	54,867
Tax payables	**99,274**	**95,692**	**62,172**

Tax payables amount to Euro 99,274 thousands as at December 31, 2016 compared to Euro 95,692 thousands as at December 31, 2015 and to Euro 62,172 thousands as at December 31,

25. TAX PAYABLES (Continued)

2014, thus recording an increase of Euro 33,520 thousands in 2015 and of Euro 3,582 thousands in 2016.

The line item mainly refers to: IRPEF (personal income tax) payable, amounts payable for suspended VAT and amounts payable for VAT of Euro 62,447 thousands (Euro 60,296 thousands as at December 31, 2015), of which Euro 56,210 thousands (Euro 54,214 thousands as at December 31, 2015) also includes penalties and interest with reference to the part overdue of AlmavivA (Euro 32,143 thousands as at December 31, 2016 compared to Euro 28,548 thousands as at December 31, 2015) and AlmavivA Contact (Euro 24,067 thousands as at December 31, 2016 compared to Euro 25,666 thousands as at December 31, 2015), and direct IRAP (regional business tax) payable of Euro 6,327 thousands (Euro 6,009 thousands as at December 31, 2015) of which Euro 2,003 thousands (Euro 5,864 thousands as at December 31, 2016) related to late payments for tax periods 2013 and 2014, including interest and penalties.

In the early months of 2016, AlmavivA Contact received two ''Notifications of irregularities'' from the Inland Revenue Agency, with relevant instalment plan proposals. The company accepted the proposal to pay in instalments and paid the instalments required.

26. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Payments on account	1,435	1,300	5,774
Payables due to social security institutions	24,197	19,649	19,142
Payables due to personnel	40,558	31,751	23,903
Miscellaneous payables	11,875	12,247	13,172
Deferred income	10,249	8,376	2,517
Other current liabilities	**88,314**	**73,323**	**64,508**

The line item increased by Euro 8,815 thousands in 2015, from an amount of Euro 64,508 thousands at December 31, 2014 to an amount of Euro 73,323 thousands at December 31, 2015 and further rose by Euro 14,991 thousands in 2016 to an amount of Euro 88,314 thousands. The increase of fiscal year 2016 (+20,4% compared to fiscal year 2015 and +13.7% compared to FY 2014) is mainly referred to accruals related to costs for mobility procedures started in AlmavivA Contact and booked in Payables due to personnel and payables due to social security institutions for more or less Euro8 milion. The accrual includes also vacation and leave not retributed.

27. REVENUES

Revenue for each of the three years ended December 31, 2016, 2015 and 2014 are reported in the following table:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Revenues from sales and services	727,810	712,022	690,344
Revenues from sale of goods	4,027	3,931	11,408
Revenues from contract work in progress	(1,674)	(6,759)	(6,322)
Revenues	**730,163**	**709,194**	**695,430**

Revenues increased by Euro 13,764 thousands from Euro 695,430 thousands for the year ended December 31, 2014 to Euro 709,194 thousands for the year ended December 31, 2015 and further grew by Euro 20,969 thousands to Euro 730,163 thousands for the year ended December 31, 2016.

27. REVENUES (Continued)

The table below shows a breakdown of revenues by Operating and reportable segments for years endend December 31, 2014, 2015 and 2016. Inter-segment elimination have not been considered and elimitated.

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
IT Services	352,112	327,829	318,522
CRM Europe	130,057	145,313	169,350
CRM International	241,297	229,289	210,997
Almawave—New Technology	6,697	6,763	3,076
Consolidated revenues	**730,163**	**709,194**	**695,430**

Revenues in IT Services in fiscal year 2015 are increased by 9,307 thousands, or 2.9%. This increase was primarily due to growth in revenue from customers in key industry sectors of transportation and banking and insurance as well as certain local government customers. However, the growth in revenue was partially offset by a decline in revenue attributable to public welfare sector due to spending review policies implemented by Italian Government and delay in new tenders' award procedures. The growth in revenues occurred in fiscal year 2016 is higher compared to previous year (+7.4% equal to an increase in absolute values of 24,283 thousands). The mentioned growth has been primarly driven by an increase in demand for services from customers in the transportation and the banking and insurance sectors in connection with strategic initiatives of several customers in those segments. The growth in revenues in these sectors was partially offset by a decline in revenue from customers in the public administration sector in connection to abovementioned spending review policies which unavoidably impact on our segment revenues.

Revenues in CRM Europe show a significant decrease during three years' period: −32,587 thousands, or −19.2%, from December 31, 2014 to December 31, 2016. The decrease is almost linear over the observed period. Furthermore the decrease have impacted all sectors of segment (−10.5% in telecommunication sector, −40% in utilities, −60% in government sector) except for transportation sector where revenues are stable over three years' period. This decrease was due to a decline in demand for our services resulting from strong competitive pressure in the market for CRM services in Italy related to an increasing trend by some of our competitors to offshore CRM outsourcing services to low-cost locations outside of the European Union, such as Albania.

As opposed to just commented revenues in CRM Europe, the sales in CRM International are increased by 30,300 thousands, or 14.4%, during three years' period. The increase was 18,292 thousands, or 8.7%, in fiscal year 2015 due to growth in revenue from customers in the telecommunications and media sector, as well as in the finance sector, despite the weak development of the Brazilian economy and negative exchange rate impact related to the Brazilian Real against the Euro. In fiscal year 2016, the increase of revenues was equal to 12,008 thousands, or 5.2%, primarly due again to growth in revenue from customers in the telecommunications and media sector, including as a consequence of geographic expansion into Colombia. The growth in revenue was partially offset by negative exchange rate trends as the Brazilian Real weakened against the Euro.

Revenues in Almawave—New Technology sector was significantly increased during fiscal year 2015 by 3,687 thousands, >100%, resulted primarily from increased revenues from sales of its proprietary software technology to customers in the telecommunications and media sector and local government clients in the public administration sector. During fiscal year 2016, revenues segment remained flat as demand for Almawave products and services was stable. Furthermore, the inter-segment revenues of Almawave-New Tehnology was stable during fiscal year 2016 and was decreased by euro 1,125 thousands, from euro 7,269 thousands as at December 31, 2014 to 6,144 thousands as at December 31, 2015. For all comments above, total revenues of Almawave—New Technology was significantly increased during fiscal year 2015 by euro 2,562 thousands and increased during fiscal year 2016 by euro 77 thousands.

27. REVENUES (Continued)

The Group basically operates in multiple sectors of operations, as further described in Note 4 above.

Revenues from works include the contractual revenues deriving from production recorded in the year, determined according to the percentage of completion method.

AlmavivA Group revenues are mainly realised in Italy. Revenues produced abroad regard primarily Brazil and to a lesser extent Tunisia (for any further details please refer to Note 4—Geographic information).

28. OTHER INCOME

Other income for each of the three years ended December 31, 2016, 2015 and 2014 are reported in the following table:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Recovery of personnel costs	1,873	3,078	3,972
Recovery of costs of service provision	2,566	2,714	5,823
Recovery of costs of use of assets	21	22	10
Reversal of provisions	1,202	1,381	3,451
Other income	1,021	912	2,735
Operating grants	1,074	1,684	1,864
Reversal of over-accruals of trade payables	1,316	6,704	8,083
Other income	**9,073**	**16,495**	**25,938**

The line item decreased by Euro 9,443 thousands from an amount of Euro 25,938 thousands for the year ended December 31, 2014 to an amount of Euro 16,495 thousands for the year ended December 31, 2015. This decrease resulted from a reduction in the reversal of over-accruals of trade payables by 5,388 thousands, reduced recoveries of personnel costs in connection with employees seconded to customers by Euro 1,205 thousands and reduced income from operating grants in the form of governmental funding of projects by Euro 610 thousands. In fiscal year 2015, the total other income decreased by Euro 7,422 thousands resulted in particular from a lower amount of costs recovered by the Group and incurred on behalf of their business partners for the portion attributable to them, from a reduction in reversal of provisions and from reduced reversal of over-accruals of trade payables.

29. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services for each of the three years ended December 31, 2016, 2015 and 2014 are reported in the following table:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Raw materials, consumables, supplies and goods	19,279	17,450	18,296
Costs for services	212,676	203,923	193,319
Costs for services capitalised for assets created internally	(3,722)	(3,775)	(4,589)
Costs of use of third party assets	21,823	21,255	21,127
Changes in inventories			2,087
Cost of raw materials and services	**250,056**	**238,853**	**230,240**

The line item increased by Euro 8,613 thousands from an amount of Euro 230,240 thousands for the year ended December 31, 2014 to an amount of Euro 238,853 thousands for the year ended December 31, 2015 and further increased by Euro 11,203 thousands to an amount of Euro 250,056 thousands for the year ended December 31, 2016. The increase occurred in fiscal year 2016 was broadly in line with revenue trends, in particular the increased revenues in IT Services resulting

29. COST OF RAW MATERIALS AND SERVICES (Continued)

primarily in an increased cost of services (in IT Services increased by Euro 12,645 thousands from an amount of Euro 142,448 thousands to an amount of Euro 155,093 thousands) and the decreased revenues in CRM Europe resulting primarily in a decrease of cost of services related to this segment (decreased by Euro 4,716 thousands from an amount of Euro 42,767 thousands to an amount of Euro 38,051 thousands). This increase was mainly a consequence of increased costs for consultancy and professional services, which increased by Euro 9.851 thousands, from Euro 78,805 thousands in 2015 to Euro 88.656 thousands in 2016 in response to demand for services from our transportation and logistics and banking and insurance customers, and maintenance costs, which increased by Euro 2.957 thousands from Euro 17.095 thousands in 2015 to Euro 20,052 thousands in 2016. This increase was partially offset by reduced costs for distribution and warehousing in the amount of Euro 3,540 thousands, which declined from Euro 11,838 thousands in 2015 to Euro 8,298 thousands in 2016 because of successful implementation of cost efficiency measures. The increase in these costs also include the stable effect in services expenses capitalised for assets created internally related to IT Services segments and Almawave—New Technology segments.

Also the increase occurred in fiscal year 2015 (as commented above) was in line with the positive revenue trend. Furthermore, these increase resulting mainly from costs for consultancy and professional services which increased by Euro 10,502 thousands from Euro 68,303 thousands in 2014 to Euro 78,805 thousands in 2015 and maintenance costs which increased by Euro 1,329 thousands from Euro 15,766 thousands in 2014 to Euro 17,095 thousands in 2015. These increases were partially offset by reduced costs for distribution and warehousing in the amount of Euro 2,018 thousands which declined from Euro 13,856 thousands to Euro 11,838 thousands because or successful implementation of cost efficiency measures. The increase in these costs was also effected by a decrease of Euro 814 thousands in services expenses capitalized for assets created internally related to IT Services segments and Almawave—New Technology segments.

The table below shows, in more details, the disaggregation ot cost of services for all three years' period:

	For the year ended December 31,		
(in thousands of Euro)	2016	2015	2014
Maintenance	20,052	17,095	15,766
Insurance	2,038	1,841	1,851
Consultancy and professional services	88,656	78,805	68,303
Advertising, promotion and entertainment	650	560	1,381
Telephone expenses	6,449	6,292	6,417
Travel and stays	4,937	5,167	5,021
Energy and fluids	10,678	10,473	10,222
Distribution and warehousing	8,298	11,838	13,856
Other costs for services	70,918	71,852	69,525
Costs for mobility			977
Costs for services	**212,676**	**203,923**	**193,319**

The item Other costs for services includes the operating expenses and various services such as corporate protection expenses, canteen expenses and meal vouchers for employees, legal and notary expenses, commissions and expenses for bank services, training course expenses, cleaning expenses and costs incurred on behalf of group companies that basically refer to charges for insurance policies and travel and transfer expenses.

In addition, in 2016, they include the fees due to Directors totalling Euro 1,823 thousands, fees due to the Board of Statutory Auditors for Euro 251 thousands and fees due to the independent auditors for Euro 519 thousands.

Costs for services amount to Euro 212,676 thousands in 2016 compared to Euro 203,923 thousands in 2015 and to Euro 193,319 thousands in 2014 and contribute to the aggregate amount of Cost of raw materials and services for 85.1% in 2016, compared to a contribution of 85.4% in 2015 and of 84.0% in 2014.

30. PERSONNEL EXPENSES

Personnel expenses for each of the three years ended December 31, 2016, 2015 and 2014 are broken down as follows:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Salaries and wages	352,437	345,393	334,901
Social security contributions	65,972	61,961	62,989
Employee benefit expenses	13,950	15,320	15,929
Other costs	2,086	2,239	6,471
Agency work	3,191	34	
Costs of seconded personnel	39	21	21
Expenses for redundancy incentives	378	364	1,352
Personnel expenses capitalised for assets created internally	(7,521)	(7,120)	(8,922)
Personnel expenses	**430,532**	**418,212**	**412,741**

Personnel expenses increased by Euro 12,320 thousands, or 2.9%, from Euro 418,212 thousands in the financial year ended December 31, 2015 to Euro 430,532 thousands in the financial year ended December 31, 2016. This increase, as well as cost for raw materials and services, was in line with the overall revenue trend and resulted primarily from increased expense for salaries and wages, which increased by Euro 7,044 thousands from Euro 345,393 thousands in 2015 to Euro 352,437 thousands in 2016. This increase was a consequence of higher workforce and restructuring costs in connection with the closure of our CRM Europe site in Rome and social security contributions, which increased by Euro 4,011 thousands from Euro 61,961 thousands to Euro 65,972 thousands. The increase in these costs was partially offset by an increase by Euro 401 thousands in personal expenses capitalized for assets created internally related to IT Services segments and Almawave—New Technology segments.

Personnel expenses increased by Euro 5,471 thousands, or 1.3%, from Euro 412,741 thousands in the financial year ended December 31, 2014 to Euro 418,212 thousands in the financial year ended December 31, 2015. This increase was broadly in line with the revenue trend and primarily due to an increase of personnel costs mainly within the CRM International segment due to an increase in headcount as well as, to a lesser extent, headcount increases in the IT Services segment. Theses increase were partially offset by a reduction of personnel expenses within the CRM Europe segment resulting from participation in the Italian State's work share program, pursuant to which the government provides certain wage subsidies.

The average number of employees of companies included in the consolidation area, broken down by category, for each of the three years ended December 31, 2016, 2015 and 2014 is as follows:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Executives	204.0	210.0	202.0
Middle managers	716.3	693.5	685.0
White-collar employees	42,127.3	40,524.9	37621.0
Total in Group companies' employee register	***43,047.6***	***41,428.4***	***38,508.0***
Agency workers	456.8	22.8	12.0
Total workforce	**43,504.4**	**41,451.2**	**38,520.0**

The costs of seconded personnel relate to the chargeback of costs for personnel seconded to AlmavivA Contact by AlmavivA.

31. DEPRECIATION AND AMORTIZATION

Depreciation and amortization for each of the three years ended December 31, 2016, 2015 and 2014 are broken down as follows:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Industrial patent and intellectual property rights	6,802	5,166	5,481
Concession, licence and trademarks	47	6	6
Other	6,122	5,909	6,221
Total Amortization	***12,971***	***11,081***	***11,708***
Civil and industrial buildings	775	769	765
Industrial and commercial equipment	167	182	193
Plants and machinery owned and leased	7,101	6,552	6,495
Other assets owned and leased	8,279	8,515	7,967
Total Depreciation	***16,322***	***16,019***	***15,419***
Total Depreciation and amortization	**29,292**	**27,101**	**27,128**

32. OTHER EXPENSES

Other operating expenses for each of the three years ended December 31, 2016, 2015 and 2014 are broken down as follows:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Write-down of receivables	93	71	1,845
Provisions for risks	4,222	2,045	1,628
Other provisions	0	0	36
Taxes and duties	166	13	15
Membership fees	700	734	933
Other expenses	14,922	7,230	5,629
Accruals to provisions	394	522	2,839
Reversal of over-accruals of trade receivables	2,420	1,680	4,040
Other expenses	**22,917**	**12,295**	**16,965**

Other operating expenses increased by Euro 10,622 thousands, or 86%, from Euro 12,295 thusands in the financial year ended December 31, 2015 to Euro 22,917 thousands in the financial year ended December 31, 2016. This increase was primarily due to expenses relating to the closure of the site in Rome in 2016 as part of the restructuring of our CRM Europe Division. Furthermore, the amount of Other expenses for the year ended December 31, 2016, which totals Euro 14,922 thousands, is basically balanced between aforementioned costs relating to the company restructuring plan and the economic effect recorded due to settlement of previous receivables.

Net allocations to the provisions related to the year ended December 31, 2016 were referred mainly to IT Services segment (Euro 3,725 for the year ended December 31, 2016 and Euro 1,949 thousands for the year ended December 31, 2015). For any further Information on the provisions refer to Note 19.

Other operating expenses decreased by Euro 4,670 thousands, or 27.6%, from Euro 16,965 thousands in the financial year ended December 31, 2014 to Euro 12,295 thousands the financial year ended December 31, 2015. This decrease was primarily due to write-down of receivables, to a decline in accruals of provisions as well as a decrease in reversal of over-accruals of trade receivables.

33. FINANCIAL INCOME/(EXPENSES) AND EXCHANGE GAINS/(LOSSES)

Financial income, Financial expenses and Exchange gains/(losses) for each of the three years ended December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Financial income	**1,643**	**724**	**713**
Financial expenses	**(27,600)**	**(27,966)**	**(24,413)**
Exchange gains/(losses)	**1,153**	**(620)**	**(201)**
Net financial result	**(24,804)**	**(27,862)**	**(23,901)**

As shown in the table above, the Net financial result worsened by Euro 3,961 thousands in 2015 from an amount of negative Euro 23,901 thousands for the year ended December 31, 2014 to an amount of negative Euro 27,862 thousands for the year ended December 31, 2015 and improved by Euro 3,058 thousands in 2016 to an amount of Euro 24,804 thousands for the year ended December 31, 2016.

The increase of financial expenses occurred in year ended at December 31, 2015 by Euro 3,553 thousands was broadly in line with increase of group indebtness, which was stable during 2016. The difference in exchange gains/(losses) recorder over three years'period is strictly related to fluctuations in conversion of the Brazilian Real to the Euro.

34. GAINS/(LOSSES) ON EQUITY INVESTMENTS INCLUDING THOSE RESULTING FROM VALUATION AT EQUITY METHOD

Gains/(losses) on equity investments and loss from investments accounted for using equity method for each of the three years ended December 31, 2016, 2015 and 2014 are reported below:

(in thousands of Euro)	For the year ended December 31,		
	2016	2015	2014
Share of losses from investments accounted for using equity method	(932)	(1,811)	(2,797)
Other gains on equity investments	94	0	0
Loss from investments accounted for using equity method	**(838)**	**(1,811)**	**(2,797)**

As shown in the table above, the Net result from equity investments improved by Euro 986 thousands in 2015 from an amount of negative Euro 2,797 thousands for the year ended December 31, 2014 to an amount of negative Euro 1,811 thousands for the year ended December 31, 2015 and further improved by Euro 973 thousands in 2016 to an amount of Euro 838 thousands for the year ended December 31, 2016.

Gains on equity investments for the year ended December 31, 2016 amount to Euro 94 thousands and refer to dividends recognised by AlmavivA in connection with the investment in SIN. The amount was recognized as a dividend in the year 2016 as a result of the fact that the effect of the related share of income of 2015 was basically written-down in the Consolidated Financial Statements as at December 31, 2015 when the investment in SIN was reclassified as Non-current asset held for sale and valued at fair value less cost of disposal accordingly.

35. INCOME TAXES

Income taxes for each of the three years ended December 31, 2016, 2015 and 2014 are broken down as follows:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Italian Companies			
IRAP (Regional business tax)	1,338	855	8,197
IRES (Corporate income tax)	4,341	3,354	385
Income (expenses) from compliance with tax consolidation	(8,787)	(2,353)	(2,522)
	(3,108)	1,856	6,060
Foreign companies			
Other current taxes	1,420	1,014	386
	1,420	1,014	386
Current Taxes	**(1,688)**	**2,870**	**6,446**
Italian Companies			
IRAP (Regional business tax)	(210)	(409)	(3)
IRES (Corporate income tax)	(173)	(498)	780
	(383)	(907)	777
Foreign companies			
Other deferred taxes	(388)	(501)	1,285
	(388)	(501)	1,285
Deferred taxes	**(771)**	**(1,408)**	**2,062**
Income taxes for the year—non recurring portion	**(676)**	**(577)**	**186**
Total Income taxes	**(3,135)**	**885**	**8,694**

Reconciliation of tax expense and the accounting profit multiplied by Group Almaviva's domestic tax rate for 2014, 2015 and 2016:

(In Thousands of Euro)	For the year ended December 31, 2016	2015	2014
Income before taxes	(19,278)	(449)	7,636
Theoretical taxe rate	27.5%	27.5%	27.5%
Theoretical taxes	**(5,301)**	**(123)**	**2,100**
Effect of different foreign tax rates	(300)	(50)	(335)
Non-deductible expenses	502	2,697	(994)
Tax losses previous years / consolidated tax revenues	0	(509)	(2,522)
Effect of writedowns for deferred tax assets and redetermination of tax rates	2,073	0	0
Effect on deferred taxation of changes in tax rates	1,128	446	8,194
IRAP (Italian regional business tax)	(561)	(999)	2,065
Other differences and minor items	(676)	(577)	186
Total	**(3,135)**	**885**	**8,694**

36. LOSS PER SHARE

Basic earnings (loss) per-share amounts are calculated by dividing the profit (or loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per-share amounts are calculated by dividing the profit (or loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (special shares) into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings (loss) per-share computations:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Profit attributable to ordinary equity holders of the parent:			
Continuing operations	(16,143)	(1,334)	(1,058)
	(16,143)	**(1,334)**	**(1,058)**

(thousands of shares)	For the year ended December 31, 2016	2015	2014
Weighted average number of ordinary shares for basic EPS	107,567	107,567	107,567
Effects of dilution from special shares	47,332	47,332	47,332
Weighted average number of ordinary shares adjusted for the effect of dilution	**154,899**	**154,899**	**154,899**

Loss per-share	For the year ended December 31, 2016	2015	2014
Basic loss for the year attributable to ordinary equity holders of the parent *(in Euro)*	€ −0.15	€ −0.01	€ −0.01
Diluted, loss for the year attributable to ordinary equity holders of the parent *(in Euro)*	€ −0.10	€ −0.01	€ −0.01
Basic, loss for the year attributable to ordinary equity holders of the parent (in percentage)	−15.01%	−1.24%	−0.98%
Diluted, loss for the year attributable to ordinary equity holders of the parent (in percentage)	−10.42%	−0.86%	−0.68%

There have been no transactions involving ordinary shares during last three years so the wighted average number or ordinary shares used for basic EPS is the same throughout the whole period in question.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

37. GUARANTEES AND COMMITTMENTS

The Group granted the following guarantees as at December 31, 2016, 2015 and 2014.

- personal guarantees of Euro 250,138 thousands (Euro 247,909 thousands and Euro 249,565 thousands as at December 31, 2015 and 2014, respectively)), which are ''in favour of subsidiaries'' recorded by AlmavivA for co-obligations issued to various insurance companies in the interest of Agrisian in Liquidation amounting to Euro 221,107 (unchanged from December 31, 2014) thousands and relative to the contract with the Ministry of Agricultural and Forest Resources; ''in favour of other parties'' in the amount of Euro 29,031 thousands (Euro 26,802 thousands and Euro 28,458 thousands as at December 31, 2015 and 2014, respectively), including

37. GUARANTEES AND COMMITTMENTS (Continued)

Euro 516 thousands (unchanged from December 31, 2014) which is the AlmavivA guarantee (inherited from Finsiel which was merged by incorporation into AlmavivA S.p.A.) in the interest of LS Lottomatica to guarantee the agreement for the sale of the CEZ business unit, Lombardia Gestione guarantees of Euro 12,611 thousands (unchanged as at December 31, 2015 and amounting to Euro 17,228 thousands as at December 31, 2014) for the execution of the 6-year service agreement and AlmavivA Contact in the amount of Euro 15,904 thousands (Euro 13,664 thousands and Euro 10,703 thousands as at December 31, 2015 and 2014, respectively);

- collateral given of Euro 3,004 thousands (Euro 3,009 thousands and Euro 3,005 thousands as at December 31, 2015 and 2014), respectively refers to 100% pledges of shares held by AlmavivA Sin AlmavivA Contact as collateral for the new loan extended by a pool of banks (Euro 3,000 thousands). With regard to said loan, current accounts of Euro 2,945 thousands (unchanged from December 31, 2014) were pledged to guarantee fulfilment of the guaranteed loans. To further secure this loan, the shares held by AlmavivA Technologies S.r.l. and Ge.Capital (formerly Interbanca) in AlmavivA were also pledged.

Other Group's commitments refer to third party assets held by AlmavivA S.p.A. and amount to Euro 8,642 thousands as at December 31, 2016 (compared to Euro 8,649 thousands and Euro 8,733 thousands as at December 31, 2015 and 2014, respectively).

38. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for AlmavivA S.p.A. as at December 31, 2016 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate bad debt provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmavivA S.p.A. requires trade positions to be subject to an individual write-down based on the age of the receivable, the reliability of the individual debtor and the progress of debt management and collection procedures.

The following table shows the overall exposure of AlmavivA Group's receivables, together with a breakdown by amounts falling due and past due. For more detailed information, please refer to Note 12 above.

(in thousands of Euro)	At December 31, 2016	At December 31, 2015	At December 31, 2014
Trade receivables(*), net of Bad debt provion	294,756	282,825	292,699
of which:			
—Amount falling due	248,380	240,652	244,253
—Past due	46,376	42,173	48,446

Financial leasing and redemption commitments

The Group signed financial leases and redemption commitments for various plants and machinery. The Group's obligation deriving from these contracts is guaranteed by the property deed of the lessor on the leased assets. The renewal can be effected, if desired by the lessee company.

38. RISKS AND OTHER INFORMATION (Continued)

The following table details the amount of the future fees of AlmavivA S.p.A. and AlmavivA do Brasil S.A. deriving from the financial leases and rental contracts and the present value of these fees:

	Residual debt as at December 31,		
(in thousands of Euro)	**2016**	**2015**	**2014**
Within 1 year	4,737	3,954	4,003
Between 1 and 5 years	2,998	5,736	10,027
After 5 years	0	0	0
Total minimum payments	*7,735*	*9,690*	*14,030*
less: Interest expenses	*(1,715)*	*(2,983)*	*(4,905)*
Present value of leasing payments	**6,020**	**6,707**	**9,125**

Liquidity risk

Liquidity risk represents the risk of the available financial resources being insufficient to cover the obligations falling due. AlmavivA S.p.A. believes it has access to sufficient sources of financing to meet its planned financial requirements, taking into account its capacity to generate cash flows, the diversification of the sources of financing and the availability of credit lines.

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the Consolidated Financial Statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment.

Interest rate risk

The AlmavivA Group uses interest rate derivatives, with the objective of mitigating, under financially acceptable conditions, the potential impact of interest rate variability on the economic result.

As regards financial indebtedness, the medium/long-term loan issued by the banks, already cited in this note, was hedged until 2019 through an interest rate swap in Euro. The characteristics of this derivative instrument are described in Note 21 above.

Sensitivity analysis

The sensitivity analysis is performed to provide indications of the Group's exposure to any changes in certain parameters that impact the valuation of financial liabilities and of derivative financial instruments. In this regard, it is worth pointing out that the new version of IFRS 13 introduced clarifications with reference to the measurement of non-performance risk in determining the fair value of derivative financial instruments. This risk includes both changes in counterparty creditworthiness and changes in the creditworthiness of the issuer itself (own credit risk).

In order to meet the requirements of the new standard, the AlmavivA Group adopted the appropriate calculation models which value not only the effects of changes in counterparty creditworthiness (Credit Valuation Adjustment), but also variations in own creditworthiness (Debt Valuation Adjustment—DVA). Through these models, the determination of the fair value of the derivative financial instruments in place

38. RISKS AND OTHER INFORMATION (Continued)

and of the effects a change in non-performance risk has on said fair value was therefore carried out by considering:

- CVA (negative) which incorporates scenarios in which the bank goes bankrupt before the counterparty and the latter presents a positive exposure towards the bank. In these scenarios, the counterparty suffers a loss for an amount equal to the cost of replacing said derivative;
- the DVA (positive), takes into consideration scenarios in which the counterparty goes bankrupt before the bank and presents a negative exposure towards the bank. In these scenarios, the counterparty benefits from income for an amount equal to the cost of replacing said derivative.

The main sources of exposure of AlmavivA to interest rate risk relate to short- and medium/long-term financing and derivative instruments in place. In particular, the potential impacts on the income statement for the financial year 2016 (2015 for comparative purposes) attributable to interest rate risks are:

- potential change in financial charges and spreads relating to derivative instruments in place;
- potential change in the fair value of derivative instruments in place.

The company prepared an estimate of the potential impacts on the income statement generated by a shock to the interest rate market, through the use of internal valuation models, based on generally accepted procedures. In particular:

- *for variable rate loans, the following was hypothesised: a parallel shift of +100 basis points (+1%) and −5 basis point (−0.05%) in the term structure of interest rates;*
- *for derivative instruments, the following was simulated: a parallel shift of +100 basis points (+1%) and −5 basis point (−0.05%) in the term structure of interest rates.*

The table shows the variation, in particular, with respect to the base scenario, that would be generated in shareholders' equity and the income statement in the assumption of Up and Down Shocks in the different market data.

	Sensitivity analysis as at December 31, 2016				
		Statement of profi or loss		OCI	
(in thousands of Euro)	Fair value measurement	shock-up	shock-down	shock-up	shock-down
Floating rate financial liability	(29,730)	300	(15)		
Derivative subject to cash flow hedge accounting	(65)	(34)	(7)	6	33
Total	**(29,795)**	**266**	**(22)**	**6**	**33**

	Sensitivity analysis as at December 31, 2015				
		Statement of profi or loss		OCI	
(in thousands of Euro)	Fair value measurement	shock-up	shock-down	shock-up	shock-down
Floating rate financial liability	(41,832)	417	(21)		
Derivative subject to cash flow hedge accounting	(72)	(54)	(4)	(12)	37
Total	**(41,904)**	**363**	**(25)**	**(12)**	**37**

38. RISKS AND OTHER INFORMATION (Continued)

(in thousands of Euro)	Sensitivity analysis as at December 31, 2014				
	Fair value measurement	Statement of profi or loss		OCI	
		shock-up	shock-down	shock-up	shock-down
Floating rate financial liability	(53,397)	523	(26)		
Derivative subject to cash flow hedge accounting	(83)	4	0	18	(84)
Total	**(53,480)**	**527**	**(26)**	**18**	**(84)**

39. INFORMATION ON FAIR VALUE MEASUREMENT

The fair value measurement at the close of the year is shown below, together with the classification, according to the fair value hierarchy, of the assets and liabilities measured at fair value on a recurring basis:

(in thousands of Euro)	For the year ended December 31, 2016	2015	2014
Hedging derivatives:			
Level 1			
Level 2	(145)	(117)	(69)
Level 3			
Total	**(145)**	**(117)**	**(69)**

The only AlmavivA S.p.A. financial instruments measured at fair value are composed of derivative instruments, described in the notes. These derivative instruments fall under ''level 2'' of the ''fair value hierarchy'' defined by IFRS 7, i.e. the fair value is measured on the basis of valuation techniques which take parameters observable on the market as a reference, other than the price of the financial instrument.

In the year as at December 31, 2016, there were no transfers between fair value hierarchy levels.

40. LEGAL ISSUES AND LITIGATIONS

It is first of all noted that the expenses and liabilities that are considered to be probable, including those which are currently being decided upon in court, are covered in the provisions. Below is a detailed description of the main lawsuits relative to companies belonging to the AlmavivA Group.

AlmavivA S.p.A

Aubay Research & Technologies S.p.A./Sogei S.p.A./AlmavivA S.p.A. (as the agent of RTI with Bit Media S.p.A.)

Aubay S.p.A. requested, upon suspension of effectiveness, the annulment of the communication of its exclusion from the open procedure for the assignment of the support service for usage of the ETL product ''*Informatica Power Centre. Call for Tenders E 901*'', proclaimed by Sogei S.p.A. At the council chambers on October 14, 2009, Aubay S.p.A. asked for postponement of the precautionary claim in order to bring forth additional reasons against the final award which had taken place in the meantime. On November 20, 2009, Aubay S.p.A. notified RTI AlmavivA of the additional reasons. RTI AlmavivA completed the activities as required by the contract. The relative hearing date has not been set yet.

40. LEGAL ISSUES AND LITIGATIONS (Continued)

Eustema S.p.A./FAPI-Fondo Formazione Piccole Medie Imprese/AlmavivA TSF S.p.A., currently AlmavivA S.p.A.

Eustema S.p.A. requested the annulment, upon suspension of effectiveness, of the call for tenders and the resolution of the Board of Directors of FAPI reached on November 9, 2010, in relation to the appointment of the Awarding Committee for the call for tenders initiated by FAPI, for the creation of a new IT system and the relative activities in support of the automation of the flows relating to funding for training. The Lazio Tar rejected the precautionary application. The relative hearing date has not been set yet.

GPI S.p.A. (principal of RTI with Exprivia S.p.A.—Data Processing S.p.A.-Var Group S.p.A.) /ASP Palermo / RTI Dedalus S.p.A.—Telecom Italia S.p.A—AlmavivA S.p.A. (principal) + SEPI S.p.A. (principal of RTI Fastweb S.p.A.—Olomedia S.r.l.—Consorzio CBIM) /ASP Palermo / RTI Dedalus S.p.A.—Telecom Italia S.p.A—AlmavivA S.p.A. (principal)

Via separate appeals, GPI S.p.A. and Sepi S.p.A. requested the cancellation, subsequent to the adoption of precautionary measures, of the award to RTI Dedalus S.p.A./Telecom Italia S.p.A./ AlmavivA S.p.A. (principal) of the tender for the ''*construction, management and full risk maintenance of the information system of the Provincial Health Service of Palermo*''. Telecom Italia S.p.A. and AlmavivA S.p.A. filed a counter-appeal against Sepi S.p.A. With the judgment of December 29, 2015, the Sicily TAR rejected the appeal lodged by GPI S.p.A. and, subsequently, with the judgement of December 29, 2016, that lodged by Sepi S.p.A.

RTI Datacontact S.r.l. (as the agent of RTI with Exprivia S.p.A.) / RTI AlmavivA Contact S.p.A.—AlmavivA S.p.A. (principal) / GSE S.p.A.

RTI Datacontact requested the cancellation, subsequent to the adoption of precautionary measures, of the measure whereby GSE cancelled the final award to RTI Datacontact of the tender for ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'', as well as the subsequent decision announcing the final award of the tender in favour of RTI AlmavivA Contact/AlmavivA based on the order of the ranking. The Lazio Tar rejected the precautionary application and, with judgement of March 18, 2016, the appeal. RTI Datacontact lodged an appeal. The hearing to discuss the appeal was held on May 18, 2017, and a decision in this case is pending. We are awaiting the judgment.

RTI Exitone S.p.A. (as the agent of RTI with Dedalus S.p.A. and Lutech S.p.A.) / Consip S.p.A. / RTI AlmavivA S.p.A. (as the agent of RTI formed with Telecom Italia S.p.A. and Agriconsulting S.r.l.)

RTI Exitone requested the cancellation, upon the adoption of precautionary measures, of the measure of August 4, 2016, announcing the final award in favour of RTI AlmavivA of the ''*Restricted procedure tender for the award of the concession for the SISTRI waste tracking system for the Ministry of the Environment and Protection of the Land and the Sea—ID 1642*'' announced by the sole shareholder company Consip S.p.A. The precautionary claim was rejected. By resolution of November 30, 2016, Consip S.p.A. cancelled by its own determination the award measure of August 4, 2016. By judgement of January 25, 2017, the appeal of RTI Exitone was as a result declared barred to further proceedings. Consip S.p.A., after once again conducting the procedure to verify the anomaly of RTI AlmavivA, awarded the tender to the same RTI by measure dated February 1, 2017. RTI Exitone requested the annulment, following the adoption of precautionary measures, of the measure of February 1, 2017. RTI AlmavivA has made a counter-appeal. Subsequently, RTI Exitone waived the precautionary measure. The hearing on the merits was held on June 7, 2017, and a decision in this case is pending. We are awaiting the judgment.

40. LEGAL ISSUES AND LITIGATIONS (Continued)

AlmavivA S.p.A., Almawave S.r.l. and Almawave USA Inc.

Loop AI Labs Inc./AlmavivA S.p.A + others

A Californian start-up subpoenaed a former senior manager of Almawave USA Inc. together with Almawave S.r.l., AlmavivA S.p.A. and third parties before a U.S. court regarding the alleged conduct of the senior manager of Almawave USA Inc. Those summoned appeared before the court and contested the claim. With a decision of March 9, 2017, the U.S. court rejected the demands of *Loop AI Labs Inc.,* which appealed the decision. The AlmavivA Group companies lodged an action for the recovery of legal costs, and any further procedural initiatives are currently under assessment.

AlmavivA S.p.A. + others/ Lloyd's Insurers (at the General Representative for Italy of Lloyd's)

AlmavivA S.p.A. and the other Group companies, as the insured parties, requested the Lloyd's Insurers to be sentenced to reimburse expenses and the legal defence costs that they incurred and will be incurred as part of the dispute pending in the USA (described above), in addition to compensation for damages. At the preliminary hearing on May 16, 2017, the judge invited the Insurers to submit a proposal for the settlement of the dispute and postponed the discussion of the case to the hearing on June 28, 2017.

AlmavivA Contact S.p.A.

AlmavivA Contact S.p.A., formerly Cos Communication Services S.p.A./ACEA S.p.A./RTI Aci Global S.p.A. (representative of RTI with B2Win S.p.A.)

AlmavivA Contact S.p.A. requested annulment, subject to the adoption of precautionary measures, of the measure with which RTI Aci Global is awarded the tender for the management of overflowing calls to the call centre and toll free numbers belonging to Acea group companies, as well as all connected and consequent contracts, including the tender contract. With decree of September 20, 2016, the TAR (tribunale amministrativo regionale) regional administrative court of Lazio declared the appeal statute-barred.

3G S.p.A. / Consip S.p.A. /AlmavivA Contact S.p.A.

3G S.p.A. requested annulment, upon suspension, of the ruling based on which Consip S.p.A. excluded it from the call for tenders for a ''*Framework Agreement with several operators based on which several specific tenders will be awarded, pursuant to art. 2, par. 225 of Law no. 191/2009 for the provision of Contact Centre services''.* In its meeting in the council chambers of January 22, 2014, the TAR of Lazio rejected the application for an injunction. The relative hearing date has not been set yet.

Alicos S.p.A., currently Almaviva Contact S.p.A./Alitalia Linee Aeree Italiane S.p.A. under E.A.

On November 14, 2008, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Linee Aeree Italiane S.p.A. under E.A., requesting recognition as a secured creditor for the call centre services it provided. Alicos S.p.A., admitted as an unsecured creditor, appealed in accordance with art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then rejected. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk evaluation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debt.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Airport S.p.A. under E.A.

On January 23, 2009, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Airport S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against

40. LEGAL ISSUES AND LITIGATIONS (Continued)

this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then barred to further proceedings. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The Court dismissed the appeal. The outcome of the risk evaluation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debt.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Servizi S.p.A. under E.A.

On January 19, 2009, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Servizi S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, rejected later on. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk evaluation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debt.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Volare S.p.A. under E.A.

Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Volare S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then abandoned. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The outcome of the risk evaluation did not lead to the need to write provisions while it was considered prudent to accrue a provision for bad debt.

RTI Datacontact S.r.l. (as the agent of RTI with Exprivia S.p.A.) / RTI AlmavivA Contact S.p.A. (agent)—AlmavivA S.p.A. / GSE S.p.A.

RTI Datacontact requested the cancellation, subsequent to the adoption of precautionary measures, of the measure whereby GSE cancelled the final award to RTI Datacontact of the tender for ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'', as well as the subsequent decision announcing the final award of the tender in favour of RTI AlmavivA Contact/AlmavivA based on the order of the ranking. The Lazio Tar rejected the precautionary application and, with judgement of March 18, 2016, the appeal. RTI Datacontact lodged an appeal. The hearing to discuss the appeal was held on May 18, and a decision in this case is pending. We are awaiting the judgment.

AlmavivA Contact Labour Disputes

During 2016, AlmavivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement envisaged, for what concerns the headquarters of Naples, the continuation of the confrontation, until March 31, 2017, and for what concerns the headquarters of Rome, the company's right to dismiss. Then, the Company notified the dismissals to the redundant staff (with the exception of subjects protected by law). With reference to the financial year under examination, this procedure did not give rise to litigations.

40. LEGAL ISSUES AND LITIGATIONS (Continued)

On another front, as already shown in the report accompanying the financial statements from January to December 2015, based on the ASSTEL-ASSOCONTACT/OO.SS collective labour contract of August 1, 2013, which regulated the project-based work in the call centres pursuant to art. 24 bis of Italian Law Decree 83/12 as amended,—during the period from January to June 2015, conciliation agreements with project-based associates were renewed, already signed in the previous year, in order to ensure the inclusion of these associates in the scope of pre-emption for the signing of new contracts.

Therefore, AlmavivA Contact S.p.A continued to apply the aforementioned collective agreement to project-based collaborations, also renewing the aforementioned priority list in agreement with the interested associates.

The level of participation of contracted associates in the conciliation procedure was high in the headquarters involved, so that no counter-actions were received in the last half of 2016.

With reference to the residual dispute initiated by former temporary workers of the company of the headquarters of Catania and Palermo, we must point out that the Court of Appeal of Palermo confirmed the line favourable to AlmavivA Contact whereas the position of the Court of Catania is still to be cleared.

With reference to the described dispute, it should be noted that in 2016 the Company carried out a series of settlements before the court that resulted in a significant reduction in the pending dispute by assigning the workers conciliating amounts less than the corresponding allocations to the financial statements.

With regard to the temporary employees subject-matter of a stabilisation offer during 2007-2008 by the company Atesia SpA (then merged into AlmavivA Contact SpA), there were no new court appeals concerning the qualification of the relation during the year, whereas some appeals relating to the quantification of salary differences that are being defined were notified by subjects who were already reinstated by virtue of the judgement.

In this case as in the case of further disputes, the risks based on the individual cases were assessed, and where necessary, the appropriate provisions for risks were made in the financial statements.

41. TRANSACTIONS WITH RELATED PARTIES

The transactions carried out by the group with related parties basically concerned:

(a) the exchange of goods, the supply of services, the funding and use of financial means with the companies under joint control, associated companies and the subsidiaries outside the consolidation area, as better described hereunder;

(b) the exchange of goods and the supply of services with other subsidiaries in of the Italian State, as better described hereunder.

All transactions were carried out in the company's interest and, except for the transactions with the entities that pursue humanitarian, cultural and scientific initiatives, they are usually carried out on an arm's length basis, i.e. under conditions that would be applied between two independent parties.

The jointly controlled companies, associated companies and subsidiaries outside the consolidation area are listed in the attachment ''Significant companies and equity investments as at December 31, 2014'', considered an integral part of these notes.

41. TRANSACTIONS WITH RELATED PARTIES (Continued)

The amounts of all the relationships initiated with the related parties are reported in the following tables, together with the nature of the most significant transactions.

	As at December 31, 2016		For the year ended December 31, 2016			
	Receivables	Payables	Costs for Services	Other Costs	Revenues for Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	20,084	45	317	55	10	
Relationships with associate companies valued at equity method						
Consorzio Hypertix	1,564				1,823	
Sin Srl	13,440	776	237	280	26,902	1,177
TVEyes L.T.	3		21			11
Relationships with other investments at cost						
Consorzio Technapoli		52				
Other:						
Elvit Consultoria e Partecipacoes LTDA			74			
DLA Piper		143	113			
Total	**35,091**	**1,016**	**762**	**335**	**28,735**	**1,188**

	As at December 31, 2015		For the year ended December 31, 2015			
	Receivables	Payables	Costs for Services	Other Costs	Revenues for Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	15,372	15		300	10	
Relationships with associate companies valued at equity method						
Consorzio Hypertix	2,622				3,564	
Sin Srl	9,738	552	302		31,904	
TVEyes L.T.	3	7	28		11	
Relationships with other investments at cost						
Consorzio Technapoli		52				
Other:						
DLA Piper		86	122			
Elvit Consultoria e Partecipacoes LTDA			54			
Total	**27,735**	**682**	**506**	**300**	**35,489**	**—**

41. TRANSACTIONS WITH RELATED PARTIES (Continued)

	As at December 31, 2014		For the year ended December 31, 2014			
	Receivables	Payables	Costs for Services	Other Costs	Revenues for Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	16,282	15	325			1
Relationships with associate companies valued at equity method						
Consorzio Hypertix	1,963				2,382	
Sin Srl	6,544	423	176	550	34,466	1,561
Ferst					514	197
TVEyes L.T.	3					2
AlmavivA CCID	1					
Relationships with other investments at cost						
Consorzio Technapoli		52				
Total	**24,803**	**490**	**501**	**550**	**37,362**	**1,761**

42. SUBSEQUENT EVENTS

AlmavivA S.p.A.

RTI Capgemini Italia S.p.A. (as the agent of RTI with Aruba S.p.A., Sirti S.p.A. and Maggioli S.p.A.) / Consip S.p.A. / RTI AlmavivA S.p.A. (as the agent of RTI with Almawave S.r.l., Indra Italia S.p.A. and PricewaterhouseCoopers Advisory S.p.A.)

RTI Capgemini Italia requested the cancellation, upon the adoption of precautionary measures, of the measure for the final award to RTI AlmavivA of lot 4 of the ''*Restricted procedure, broken down into 4 Lots, for the assignment of Cloud Computing, Security, Portal and Online Service Creation and Application Cooperation services for Public Administrations* (ID SIGEF 1403)'', announced by the sole shareholder company Consip S.p.A. RTI AlmavivA has made a counter-appeal. After RTI Capgemini's waiver of the precautionary measure, the hearing on the merits was scheduled for June 21, 2017.

On April 18, 2017, AlmavivA SpA collected Euro 1,790 thousands of the remaining receivable recognised in these financial statements in the amount of Euro 4,249 thousands relating to the disposal of the equity investment held in Sin SpA. The remaining portion of the receivable had not yet been collected at date on which this document was drafted.

RTI Datacontact S.r.l. (as agent of RTI with Lucana Sistemi S.r.l. and Gruppo Servizi Informatici S.r.l.) / Regione Basilicata / Televita S.p.A. (as agent of RTI formed with Publysis S.p.A. and AlmavivA S.p.A.)

RTI Datacontact requested the cancellation, upon the adoption of precautionary measures, of the measure for the final award to RTI Televita (with AlmavivA S.p.A. as principal) of the ''*Open procedure for the contract for the evolution of advanced solutions and services supporting the Digital Agenda for the period 2016-2020—Cig: 6515399557*''.

At the hearing in the council chambers for the discussion of the precautionary claim, held on March 23, 2017, RTI Datacontact requested that the precautionary claim be dealt with during the hearing on the merits and the Basilicata Tar scheduled the hearing for April 20, 2017. The hearing was held, and a decision in this case is pending. We are awaiting the judgment.

42. SUBSEQUENT EVENTS (Continued)

RTI AlmavivA S.p.A. (as agent of RTI formed with Atos Italia S.p.A., Lutech S.p.A., Reason That S.r.l. and TD Group S.p.A.) / Ministry of Foreign Affairs and International Cooperation / RTI Leonardo S.p.A. (as agent of RTI formed with Fastweb S.p.A. and Kairos—AQS Consortium).

RTI AlmavivA requested the cancellation, upon the adoption of precautionary measures, of the measure for the final award to RTI Leonardo of the ''*Specific Tender for the assignment of System Management Services for the Ministry of Foreign Affairs and International Cooperation data centre. CIG 6860669329*''. The hearing in the council chambers for the discussion of the precautionary claim, held on April 12, 2017, was postponed first to April 28, 2017 and then to May 24, 2017. In the meantime, RTI Leonardo made a counter-appeal. After RTI AlmavivA's waiver of the precautionary measure, the hearing on the merits was scheduled for June 28, 2017.

On March 17, 2017, AlmavivA SpA requested a waiver from the pool of banks that had granted the loan with respect to the levels of certain financial parameters as at December 31, 2016 and December 31, 2017. Discussions continued with the above-mentioned pool of banks with various meetings and analyses, and they have now been completed.

AlmavivA SpA was informed by the Agent Bank BNL-BNP Paribas that the majority of the above-mentioned pool positively accepted the Company's requests with respect to the above-mentioned parameters.

AlmavivA Contact S.p.A.

On February 28, 2017, the agreement between AlmavivA Contact, the trade-union representations and territorial trade union organisations in the presence of the Ministry of Economic Development, the Ministry of Labour and Social Policies, of the Campania Region and of the Municipality of Naples was signed with the purpose of overcoming the crisis, protecting the occupational area, relaunching the production of the Naples site, with the first goal of economic balance.

In the framework of the agreement, which opened a new stage for Naples, a set of measures ranging from social buffers to the company welfare, from quality and efficiency check, supported by ongoing training initiatives, to temporary interventions on salary were identified.

A new method for the recovery of previously interrupted wages and later on for the redistribution among the workers of the site of positive margins achieved is introduced—once the economic balance has been reached—at the heart of the commitments envisaged by the agreement.

The agreement establishes a shared principle of management liability, through the creation of a Joint Committee composed of the workers' representatives (trade-union representations), the territorial trade union organisations and the Company, with the task of monitoring the implementation of the agreement and the production trend and economic performance of the site. The Joint Committee will also be responsible for checking the terms and effects of the measures on production efficiency and development of the company's welfare plan.

The temporary interventions on salary—specified in a temporary suspension of accrued and accruing rises due to seniority and in a change in the TFR calculation base—will have a real average initial impact in payroll of approximately 5%, on the overall population and of 3% for what concerns 4-hour part-time.

With regard to innovative contents and solution balancing, also in terms of protection of workers, this is the most advanced agreement among those achieved for the sector over the past 12 months.

In order to raise the competitiveness and productivity of the Naples site, a condition necessary to achieve the objective of economic balance in the shortest possible time, the commitment of the Campania Region—an integral part of the agreement—to activate training courses aimed at strengthening the professional skills of site workers is fundamental.

With regard to the dismissal procedure of the 1666 employees of Rome of AlmavivA Contact, in April 2017 the Civil Court of Rome, labour division, rejected an appeal lodged by Slc-CGIL—Rome and Lazio

42. SUBSEQUENT EVENTS (Continued)

region—with which the trade-union organisation requested the conviction of the company for anti-union behaviour and, basically, the declaration of unlawfulness of the dismissal procedure (Italian decree of April 22, 2017, GR no. 2342/2017). The Court of Rome widely argued pointing out the correctness of the company's behaviour and the lawfulness of the procedure.

On May 2, 2017, the Ministry of Economic Development ordered by decree the admission of Alitalia—Società Aerea Italiana S.p.A. to the extraordinary administration based on the Marzano law decree. A board of commissioners composed by Luigi Gubitosi, Enrico Laghi and Stefano Paleari was appointed with the same decree. The Directors of AlmavivA Contact are examining and assessing all the actions to be undertaken to protect the interests of the Company.

On May 4, 2017, a dozen of big companies commissioning call centre services (including Eni, Enel, Poste Italiane, Unicredit, Mediaset, Intesa Sanpaolo, Telecom Italia) signed an agreement backed by the Italian Government to counter the delocalisation and reduction in the wages of the workers. The protocol envisaged a commitment of the big commissioning companies to limit delocalisation outside Italy, by ensuring that at least 80% of the services in outsourcing are carried out on the national territory (and at least 95% of the activities are managed directly). The signers also undertake to exclude call centres with an hourly cost of labour less than the reference parameters and to envisage the so-called ''social clause'' to find supporting solutions for the workers if the service provider changes.

Gruppo Distribuzione S.p.A. (as agent of RTI formed with Youtility Center S.r.l. and Distribuzione Italia S.r.l.) / GSE S.p.A. / AlmavivA Contact S.p.A. (as agent of RTI formed with the principal AlmavivA S.p.A.)

RTI Gruppo Distribuzione requested the cancellation, subsequent to the adoption of precautionary measures, of the measure whereby GSE decided, based on the order of the ranking, on the final award to RTI AlmavivA Contact of the tender for ''*Inbound and outbound Contact Centre Services supporting the institutional activities assigned to GSE for the promotion and development of the production of energy from renewable sources and energy efficiency and IT Technical Support*'', as well as the memorandum whereby GSE rejected the request of RTI Gruppo Distribuzione to revoke the tender award to RTI AlmavivA Contact.

RTI AlmavivA Contact was notified of the appeal on April 6, 2017. At the hearing on May 10, 2017, RTI Gruppo Distribuzione waived the precautionary measure and the hearing on the merits was scheduled for October 11, 2017.

With regard to the site of Palermo, on May 23, 2017, an agreement was reached between the company and Trade-Union Representations of the site. The agreement envisages a package of measures ranging from social buffers to the company welfare, from the relaunching of production quality and efficiency, supported by training courses aimed at strengthening the professional skills, to temporary interventions, for a period of 12 months, on salary.

The agreement also envisages the creation of a Joint Committee composed of the workers' representatives (trade-union representations), the territorial trade union organisations and the Company, with the task of monitoring the implementation of the measures agreed and analysing their trend on the performance of the site.

The aim of the agreement is to define the initial bases for dealing with the critical phase, safeguarding employment, recovering competitiveness and attempting to bring the headquarter of Palermo to the essential economic balance.

On June 12, 2017, receivables from INPS are still uncollected for what concerns the advance, made by AlmavivA Contact, to its own employees on behalf of INPS, of the refund related to the application of the Solidarity Contract. This receivable recognised as at December 31, 2016 of Euro 5,271 thousands amounts to Euro 4,074 thousands on the above-mentioned date.

42. SUBSEQUENT EVENTS (Continued)

AlmavivA do Brasil Telemarketing e Informatica S.A.

In March 2017, following the requests made by AlmavivA do Brasil to Itau and Santander banks, the waiver was granted on the non-fulfilment as at December 31, 2016 of some covenants set out in the loan agreement with the aforesaid banks.

Almacontact SAS

On April 7, 2017, at the outcome of the increase in share capital, this amounted to COP 5,885,661,000.

Lombardia Gestione S.r.l.

On April 27, 2017 the Shareholders' Meeting approved the share capital reduction from Euro 2 million to Euro 1 million.

Other events

On July 5, 2017, the Ordinary Shareholders' Meeting of AlmavivA SpA, convened for approval of the financial statements for the year ended December 31, 2016, and resolved to allocate a 4,433 Euro share of the profit as of December 31, 2016, to Shareholders as a dividend.

On 21 July 2017 AlmavivA S.p.A. has acquired a holding of 15% of a society which controls a supplier of AlmavivA S.p.A..

On July 28, 2017, the Board of Directors of AlmavivA S.p.A. approved a Financing Transaction under which the bank involved will make available to the company two lines of financing, the first, called ''Facility B'', and the second one, called ''Revolving Facility''. The Financing Transaction provides for some real guarantees such as the pledge on the company's shares, the pledge on the shares of subsidiaries and other types of collateral guarantess. The Financing Transaction is intended to find the financial resources needed to repay:

- the financial indebtedness of AlvavivA SpA resulting from the loan agreement signed on 13 August 2012 with the pool of banks, composed by Banca Nazionale del Lavoro SpA (as agent), Intesa Sanpaolo SpA, Unicredit SpA, Banca Monte dei Paschi di Siena SpA, Banco BPM SpA, Banca Popolare di Vicenza Scpa, together in the form of financing banks;
- some factoring contracts by pro-solving;
- the financial indebtedness of the subsidiary AlmavivA do Brasil;
- the expired VAT debt of AlvavivA SpA and of the subsidiary AlmavivA Contact;
- the Transaction's costs.

In addition, the funding will be used to support the working capital and the ordinary operations of the AlmavivA Group.

On August 3, 2017, was signed the senior secured bridge and revolving Grant Agreement between AlmavivA S.p.A. and Goldman Sachs International for a total funding of Euro 270,000 thousands, consisting of the following two lines:

1. Facility B of Euro 250,000 thousands;
2. Revolving Facility of Euro 20,000 thousands.

The use of the Financing is conditioned both by the resolution of the trust agreements existing between AlmavivA Technologies S.r.l., Interbanca S.p.A. and G.B.L. Fiduciaria S.p.A. and to the pledge granted by AlmavivA Technologies S.r.l. of its shares in Almaviva S.p.A. at the date of use, equal to 95,11%. In addition, the loan agreement provides for the possibility of refinancing the Financing by issuing a bond for this purpose. AlmavivA S.p.A. and the lending bank were therefore initiating the preparatory activities in the process of issuing a bond loan.

42. SUBSEQUENT EVENTS (Continued)

On August 9, 2017, the parent company AlmavivA Technologies S.r.l. and Interbanca S.p.A. have signed a contract for the sale of 20,584,400 ordinary shares and 32,331,764 Class A Shares of Almaviva S.p.A. As a result of this transfer of ownership, the shareholding in Almaaviva S.p.A. held by the parent company AlmavivA Technologies S.r.l. has reached to 95.11%, while Interbanca S.p.A. is completely out of the share capital of AlvavivA S.p.A.. At the same time, it has been revocated the trustee contract with GBL Fiduciaria S.p.A. for the Almaviva S.p.A.'s shares.

On 9 August 2017, the senior secured bridge and revolving financial contract was signed. Consequently the provision of the Facility B was made by Goldman Sachs International in several tranches. The new financial sources have been used for the payement of debts related to AlmavivA S.p.A. arising from the loan agreement entered into on August 13, 2012 with the pool of banks above mentioned, the payement of the expired VAT debt of AlmavivA S.p.A. and Almaviva Contact S.p.A., amounting respectively to Euro 32,766 thousands and Euro 33,758 thousands, including penalties and interests, as well as other purposes for which the new funding is intended.

On August 9, 2017, took place the capital increase of Almacontact SAS. As a result, this amounted to COP 6,885,661,000. This increase was due to the conversion of advances made by partner AlmavivA do Brasil Telemarketing and Informatica SA in 2016.

On August 11, 2017, the legal headquarters of Almaviva do Brasil Telemarketing and Informatica SA was transferred to Sao Paulo, in Rua Bela Cintra, 1149, Sobreloja, Consolação, São Paulo / SP, CEP 01415-000.

THE ISSUER

Almaviva S.p.A.
Via di Casal Boccone 188/190
00137 Rome
Italy

LEGAL ADVISERS TO THE ISSUER

As to matters of U.S. federal, New York, English and Italian law
Linklaters LLP
Via Broletto 9
20121 Milan
Italy

As to matters of Brazilian law
TozziniFreire Advogados
Rua Buenos Aires, 15,70 andar
20070-021
Rio de Janeiro/RJ
Brazil

LEGAL ADVISERS TO THE INITIAL PURCHASERS

As to matters of U.S. federal, New York, English and Italian law
Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London, EC4Y 1HT
United Kingdom

As to matters of Brazilian law
Machado Meyer Sendacs e Opice Advogados
Avenida Brigadeiro Faria Lima 3144
01451-000 Sao Paulo
Brazil

INDEPENDENT AUDITORS
EY S.p.A.
Via Po, 32
00198 Rome
Italy

TRUSTEE
The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V7EX
United Kingdom

SECURITY AGENT
GLAS Trust Corporation Limited
45 Ludgate Hill
London EC4M 7JU
United Kingdom

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon, London Branch
One Canada Square
Canary Wharf
London, E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building—Polaris
2-3 rue Eugene Rupert
L-2453 Luxembourg

LUXEMBOURG LISTING AGENT

Linklaters LLP
35 Avenue John F. Kennedy
L-1855 Luxembourg

LEGAL ADVISER TO THE TRUSTEE

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom

No person has been authorized to give any information or to make any representations other than those contained in this offering memorandum. This offering memorandum does not offer to sell or solicit offers to buy any Notes in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the Notes.

TABLE OF CONTENTS

IMPORTANT INFORMATION	i
FORWARD-LOOKING STATEMENTS	viii
INDUSTRY AND MARKET DATA	x
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	xi
EXCHANGE RATE INFORMATION	xvi
CERTAIN DEFINITIONS	xvii
SUMMARY	1
CORPORATE AND FINANCING STRUCTURE	10
THE OFFERING	12
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA	17
RISK FACTORS	29
USE OF PROCEEDS	64
CAPITALIZATION	65
SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA	66
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	69
INDUSTRY	101
BUSINESS	107
MANAGEMENT	128
PRINCIPAL SHAREHOLDER	132
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	133
DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS	134
DESCRIPTION OF THE NOTES	147
BOOK ENTRY, DELIVERY AND FORM	224
TAX CONSIDERATIONS	228
LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS	241
PLAN OF DISTRIBUTION	259
TRANSFER RESTRICTIONS	261
ENFORCEMENT OF CIVIL LIABILITIES	264
LEGAL MATTERS	267
INDEPENDENT AUDITORS	268
AVAILABLE INFORMATION	269
LISTING AND GENERAL INFORMATION	270
INDEX TO FINANCIAL STATEMENTS	F-1

€250,000,000 7.25%
Senior Secured Notes due 2022

AlmavivA S.p.A.

Sole Bookrunner

Goldman Sachs International

Co-Manager

Unione di Banche Italiane S.p.A.

OFFERING MEMORANDUM