

BOARD OF DIRECTORS AND CONTROLLING BODIES

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Daniele Angelucci

Claudio Bombonato

Oscar Pepino

Filippo Rizzante

Fausto Forti ⁽¹⁾ ⁽²⁾ ⁽³⁾

Maria Letizia Jaccheri ⁽¹⁾ ⁽²⁾

Enrico Macii ⁽¹⁾ ⁽²⁾

Board of Statutory Auditors**President**

Cristiano Antonelli

Statutory Auditors

Paolo Claretta Assandri

Ada Alessandra Garzino Demo

Auditing firm

EY S.p.A.

(1) Amministratori non investiti di deleghe operative.

(2) Amministratori indipendenti ai sensi del Codice di Autodisciplina elaborato dal Comitato per la Corporate Governance

(3) Lead independent Director

This report has been translated into English from the original Italian version, in case of doubt the Italian version shall prevail.

THE GROUP'S FINANCIAL HIGHLIGHTS

ECONOMIC FIGURES (THSD EUROS)	2017	%	2016	%	2015	%
Revenue	884,434	100.0	780,739	100.0	705,601	100.0
Gross operating income	123,244	13.9	106,417	13.6	98,736	14.0
Operating income	113,873	12.9	99,594	12.8	90,558	12.8
Income before taxes	110,310	12.5	97,405	12.5	88,930	12.6
Group net income	77,871	8.8	67,544	8.7	56,748	8.0

FINANCIAL FIGURES (THSD EUROS)	2017	2016	2015
Group shareholders' equity	401,404	337,017	295,425
Non controlling interest	668	520	653
Total assets	871,154	770,575	700,745
Net working capital	167,870	160,404	162,566
Net invested capital	345,041	308,779	267,893
Cash flow	73,202	79,497	44,334
Net financial position	57,030	28,758	28,186

DATA PER SHARE (EUROS) ⁽¹⁾	2017	2016	2015
Number of shares	37,411,428	37,411,428	37,411,428
Operating income per share	3.04	2.66	2.42
Net income per share	2.08	1.81	1.52
Cash flow per share	1.96	2.12	1.19
Shareholders' equity per share	10.73	9.00	7.90

OTHER INFORMATION	2017	2016	2015
Number of employees	6,456	6,015	5,245

⁽¹⁾ For 2016 and 2015 the number of shares were redetermined following the Stock split resolved by the Extraordinary Meeting held on 13 September 2017, through the allotment of four (4) new ordinary shares per each ordinary shares owned.

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

2017 was the year during which the digital revolution firmly asserted itself.

Widespread network access; the diffusion of mobile technology and “smart” devices; the resulting availability of huge amounts of information; the sharing economy; the digitisation of production processes, including 3D-printing; and cloud-based solutions drove the rapid and continuous redefinition of productive and distributive maps. This was all made possible by overcoming entry barriers and the emergence of new collaborative and innovative ecosystems.

This is an evolution that can no longer be stopped, leading to the inevitable crisis of those sectors that are unable to evolve and adapt, find new and different competitive approaches or open themselves up to new business or service models.

Reply worked effectively in this new environment during 2017. We quickly positioned ourselves amongst the leading players in this transformation,

offering a complete portfolio of products and services aligned to the evolving needs of companies that increasingly focused on the digitisation of all services and physical goods.

Today, thanks to the investments made in previous years, Reply is one of the leaders in this evolution, both in terms of its portfolio of partnerships and because of our customer ecosystem. In recent months, few companies operating in our industry have received as much recognition from the market as Reply.

In fact, our expertise consolidated in the “core” processes of leading industrial and media sectors allows us to transform technology into relevant and innovative solutions for our customers. At the same time, we support them in the constant search for competitiveness that today’s markets demand.

We enjoy leading partner status with all of the major global technology vendors. We also have investment projects under way in research and development, with a focus on emerging technologies, including virtual reality, blockchain and artificial intelligence - areas in which we

are already active with specific expertise and a dedicated portfolio of products and services.

The implications of what can be referred to as the industrial revolution of the 21st century appear, however, to be extremely profound, even and especially in our sector.

Digital innovation will, in fact, increasingly stem from the fusion between business and technology, which does not readily fit traditional models: smart cities; connected vehicles and products; digital currencies and e-health are just a few examples of these new hybrid scenarios.

Agility and speed will be our key assets in this environment, whilst the ability to be competitive will be closely linked with the capacity to experiment and innovate quickly, learning rapidly from our company's experience, and then just as swiftly bringing new products and services to the market.

Now more than ever, it is imperative that we continue to move forward. Our competitive advantage, reflected in the results recorded in 2017, combined with our financial strength, make Reply's products

and services portfolio increasingly better aligned to the demands of a new world. A world, in which innovation linked to technology shifts from an enabler to a strategic lever for corporate success.

Our commitment is and continues to be stronger than ever, ensuring that we can capitalise on this moment of strong disruption, translating it into new value for Reply's shareholders, its employees and its customers.

Chairman of the Board
Mario Rizzante

