



# SPAFID CONNECT

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Oggetto : CERVED GROUP: THE BOARD OF  
DIRECTORS APPROVES THE  
CONSOLIDATED RESULTS AS OF 30  
SEPTEMBER 2018; RESIGNATION OF A  
BOARD MEMBER AND COOPTATION OF  
A NEW

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

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### **CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED RESULTS AS OF 30 SEPTEMBER 2018; RESIGNATION OF A BOARD MEMBER AND COOPTATION OF A NEW DIRECTOR IN THE BOARD OF DIRECTORS; APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER**

#### **GROWTH IN REVENUES, ADJUSTED EBITDA, ADJUSTED NET INCOME AND OPERATING CASH FLOW <sup>1)</sup>:**

- **Revenues: Euro 323.6 million, +12,1% compared to Euro 288.7 million in the first nine months of 2017;**
- **Adjusted EBITDA<sup>1)</sup>: Euro 145.4 million, +10.1% compared to Euro 132.0 million in the first nine months of 2017, resulting in an Adjusted EBITDA margin of 44.9%;**
- **Adjusted Net Income: Euro 72.0 million, +5.3% compared to Euro 68.3 million in the first nine months of 2017;**
- **Operating Cash Flow <sup>4)</sup>: Euro 107.8 million, +8.9% compared to Euro 99.0 million in the first nine months of 2017;**
- **Consolidated Net Financial Position: Euro 542.7 million as of 30 September 2018, equating to 2.7x last twelve months Adjusted EBITDA.**

1) 2017 figures restated to reflect IFRS 15 and IFRS 9

2) Adjusted EBITDA excludes the impact of the Performance Share Plan 2019-2021.

3) Adjusted Net Income excludes non-recurring income and expenses, amortisation of capitalized financing fees, amortisation of the Purchase Price Allocation and non-recurring income taxes.

4) Based on Adjusted EBITDA.

**San Donato Milanese, 29 October 2018** – The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the “**Company**” and previously Cerved Information Solutions S.p.A.) – the largest information provider and credit servicer in Italy – today approved the First Nine Months Results as of 30 September 2018.

Gianandrea De Bernardis, Chief Executive Officer of the Group, commented:

*“I am very glad to have the opportunity to return to the helm of the group which I contributed to create in 2009 and which I led until 2016. I would also wish to thank Marco for the excellent work done in the last few years.”*

*In the first nine months of 2018 the Group achieved strong growth rates, with Revenues increasing +12.1%, Adjusted EBITDA +10.1% and Adjusted Net Income +5.3%. On an organic basis, the growth of 9.0% in Revenues and of 6.8% in Adjusted EBITDA remain by far higher than historic averages.*

*“At the divisional level, the Credit Management division continues to be the Group’s growth engine, growing Revenues by 45.7%, with organic growth driven by the onboarding of NPLs from the Atlante and REV funds, and the consolidation of the newly acquired credit servicing platforms from Banca MPS and Banca Popolare di Bari. The Credit Information division grows by 1.9% thanks to a positive contribution of the financial institutions segment, although impacted by some phasing and delays in Q3 with respect to large accounts in the Corporate segment”*

*“Based on year-to-date results and subject to performance in Q4, FY 2018 Adjusted EBITDA may be in line with or slightly below consensus. We also confirm the Investor Day strategic outlook as presented to the market on 25 June 2018.*



*“The results for the first nine months of 2018 confirm the financial solidity of the Group and its cash generation capabilities, with a leverage ratio of 2.7x last twelve month Adjusted EBITDA. This result allows us to support the execution of a share buyback program and other potential M&A activities.”*

Marco Nespolo, outgoing CEO of the Group commented:

*“I wish to thank Cerved’s Board of Directors, employees and shareholders for their trust and support during the last exciting and rewarding years for the Group. Leaving Cerved has been a very difficult decision. I continue to believe in Cerved and in its potential and I am convinced that Cerved will continue to thrive in the future”*

## Analysis of Consolidated Revenues

In the first nine months of 2018 the Group’s revenues increased by 12.1%, reaching Euro 323.6 million compared to Euro 288.7 million in the first nine months 2017.

The Credit Information division grew by 1.9% thanks to the positive contribution of the Financial Institutions segment, growing by 2.3% compared to first nine months of 2017, mainly driven by the strong demand for appraisals in the real estate segment. The Corporate segment grew by 1.6% compared to the first nine months of 2017, mainly thanks to the positive performance of the field sales network and the positive contribution of new product launches, although impacted by project phasing delays for large accounts.

The Credit Management division grew by 45.7%. Such growth is mainly related to the underlying organic growth of the business, with the balance deriving from the contribution of the special servicing contracts for NPLs under the industrial partnership with Banca Popolare di Bari (finalized at the end of 2017), and also the partnership with Banca MPS for the servicing of future flows of non-performing loans.

The Marketing Solutions division contracted by 1.4% in the first nine months of 2018 due to temporary delays in selected projects, and despite growth in the backlog generated by the field sales network.

Consolidated revenues €m	First nine months 2018	First nine months 2017 (restated)	% Growth
Credit Information – Corporates	113.2	111.5	1.6%
Credit Information – Financial Institutions	97.1	94.9	2.3%
Credit Information	210.3	206.4	1.9%
Credit Management	99.2	68.1	45.7%
Marketing Solutions	16.7	17.0	(1.4%)
Eliminations	(2.7)	(2.8)	
<b>Consolidated revenues</b>	<b>323.6</b>	<b>288.7</b>	<b>12.1%</b>

## Analysis of Quarterly Revenues

With reference to the third quarter of 2018, total growth of Revenues was +11.6% compared to the third quarter of 2017.

The Credit Information division contracted by -0.5%, including a reduction of -2.9% in the corporate segment, and an increase of 2.2% in the financial institutions segment. The Credit Management division grew by 47.9%, while the Marketing Solutions division grew by 2.3%.

Quarterly revenues €m	Third Quarter 2018	Third Quarter 2017 (restated)	% Growth
Credit Information – Corporates	32.0	33.0	(2.9%)
Credit Information – Financial Institutions	31.4	30.7	2.2%
Credit Information	63.4	63.7	(0.5%)
Credit Management	32.9	22.2	47.9%
Marketing Solutions	5.1	5.0	2.3%
Eliminations	(0.8)	(0.9)	
<b>Consolidated revenues</b>	<b>100.6</b>	<b>90.1</b>	<b>11.6%</b>

### Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 145.4 million in the first nine months of 2018 grows by 10.1% with respect to the first nine months of 2017. The Adjusted EBITDA margin of the Group was 44.9%, in line with the prior year. This result excludes costs related to the attribution of grants for the long term incentive plan *Performance Share Plan 2019-2021* for Euro 5.5 million. The Consolidated EBITDA – which includes such costs – was Euro 139.9 million, representing growth of +6.8% with respect to the first nine months of 2017, resulting in a Group EBITDA margin of 43.2%.

The Credit Information division reached an Adjusted EBITDA margin of 52.0%, slightly lower than the 52.6% achieved in the first nine months of 2017. The Credit Management division reached an Adjusted EBITDA margin of 31.1%, higher than 26.4% achieved in the first nine months 2017, mainly due to the positive contribution of the newly acquired platforms of Banca MPS and Banca Popolare di Bari. The Marketing Solutions division reached an Adjusted EBITDA margin of 31.3%, lower than 32.0% in the first nine months 2017.

Consolidated Adjusted EBITDA €m	First nine months 2018	First nine months 2017 (restated)	% Growth
Credit Information	109.3	108.6	0.6%
Credit Management	30.9	18.0	71.9%
Marketing Solutions	5.2	5.4	(3.4%)
<b>Adjusted EBITDA</b>	<b>145.4</b>	<b>132.0</b>	<b>10.1%</b>
EBITDA Margin Adjusted	44.9%	45.7%	

### Analysis of Quarterly Adjusted EBITDA

In the third quarter 2018 the Group's Adjusted EBITDA stood at Euro 43.0 million, a growth of 6.1% compared to the third quarter 2017.

In the same period the Adjusted EBITDA of the Credit Information division contracted by 1.5% with respect to 2017, whereas the Adjusted EBITDA of the Credit Management division increased by 51.5%, the latter due to the reasons illustrated above in the analysis of Consolidated Adjusted EBITDA. The Adjusted EBITDA of the Marketing Solutions division decreased by 12.8%.

Quarterly Adjusted EBITDA €m	Third Quarter 2018	Third Quarter 2017 (restated)	% Growth
Credit Information	32.2	32.7	(1.5%)
Credit Management	9.3	6.2	51.5%
Marketing Solutions	1.5	1.7	(12.8%)
<b>Adjusted EBITDA</b>	<b>43.0</b>	<b>40.5</b>	<b>6.1%</b>
EBITDA Margin <i>Adjusted</i>	42.7%	45.0%	

### Analysis of Consolidated Net Income

With respect to Consolidated Net Income, in the first nine months 2018 the profit was Euro 49.3 million, improving by Euro 11.2 million compared to Euro 38.1 million in the first nine months 2017.

Adjusted Net Income – which excludes non-recurring income and expenses, amortization of capitalized financing fees, amortization of the Purchase Price Allocation and non-recurring income taxes – reached Euro 72.0 million, yielding an increase of 5.3% compared to Euro 68.3 million in the first nine months of 2017.

### Analysis of Consolidated Net Financial Position

As of 30 September 2018 the Net Financial Position of the Group, which includes Euro 52.2 million of dividends paid out in May 2018, was Euro 542.7 million, compared to Euro 504.8 million as of 30 September 2017 and Euro 474.2 million as of 31 December 2017. The ratio of Net Financial Position to last twelve month EBITDA was 2.7x as of 30 September 2018.

Consolidated Net Financial Position €m	As of 30 September 2018	As of 31 December 2017 (restated)	As of 30 September 2017 (restated)
Net Financial Position	542.7	474.2	504.8
LTM Adjusted EBITDA Multiple <sup>1)</sup>	2.7x	2.6x	n.a.

<sup>1)</sup> Adjusted to include the EBITDA of the M&A transactions in the 12 months before the selected period

### Business Outlook

Insofar as the progress of the Group's business operations is concerned, the Group's scenario for 2018 calls for gains in Revenues and EBITDA based on the contribution of all divisions (Credit Information, Credit Management and Marketing Solutions), leveraging on the consolidation of the Quaestio, Banca MPS and BP Bari partnerships, and an improvement of the integration, rationalization and efficiency of processes, with the target to improve both the profitability and the Operating Cash Flow generation of the Group.

### Resignation of a board member, cooptation of a new board member and appointment of a new CEO

Following the resignation of Marco Nespolo from his role as CEO and Board Member, the Board of Directors has appointed Gianandrea De Bernardis, who already holds the role of Vice Chairman, as new CEO.

Moreover, upon indication of the Remuneration and Nominations Committee and favourable opinion of the Board of Auditors, the Board of Directors appointed by cooptation, pursuant to article 2386 of the Italian



Civil Code and article 13.11 of the by-laws, Paolo Chiaverini as new board member, effective as of October 31<sup>st</sup> 2018.

Paolo Chiaverini, a Company employee, has been indicated as executive member - pursuant to criterion 2.C.1 of Borsa Italiana Code of Self-Governance adopted by the Company – due to his role as Chief Operating Officer. Based on information available to the Company, Paolo Chiaverini holds n. 4,000 shares in the Company.

The Company also announces that the curriculum vitae of Paolo Chiaverini is available for consultation at the company's registered offices and on the corporate website (<http://company.cerved.com>) in the Governance section.

In accordance with Article 2386 of the Italian Civil Code, Paolo Chiaverini will remain in office until the next Shareholders' Meeting.

As a result of Marco Nespolo's resignation from his role as Board member and CEO, the Company will correspond to him i.) a fixed pro-rata compensation related to his role as CEO, noting that Marco Nespolo had waived his compensation as Board member; ii.) a pro-rata variable compensation based on the achieved results as defined at the beginning of the year (Short Term Incentive), equal to Euro 250,000 that will be paid within 30 days from the termination of his roles.

Furthermore, following his resignation, Marco Nespolo no longer possesses any rights with respect to the 2019-2021 Performance Share Plan previously assigned to him (total number of rights amounting to 475,054 including all three tranches), while based on the information available to the Company Marco Nespolo owns n. 130,000 shares in the Company.

To protect the Company against contingent competitive risks, a non-competition agreement, already evaluated by the Company Related Parties Committee, shall be put in place upon resignation of the outgoing Chief Executive Officer. The outgoing Chief Executive Officer undertakes, *inter alia*, not to engage in any form, on Italian territory as well as the territory of San Marino and Vatican City, for three years after the date of execution of such non-compete agreement, any activity in full or in part carried out by the Company, and therefore the activity of providing financial and economic information.

As consideration for the overall commitments relevant to the non-competition agreement, a gross amount equal to Euro 285,000 will be paid in one instalment by January 31, 2019.

### **Conference call to comment results as of 30<sup>th</sup> September 2018**

The conference call with institutional investors and financial analysts to comment the results as of 30 September 2018 will take place this afternoon, 29 October 2018, at 18:00 (Milan time). For further details visit the website of the Company (<http://company.cerved.com>, *Investor Relations* section, *Financial Calendar* area).

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The Interim Report on Operations at September 30, 2018, will be made available, in accordance with terms imposed by current law, at the registered office of the Company (Via dell'Unione Europea n. 6A/6B – 20097, San Donato Milanese), on the authorised storage system eMarketSTORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company website (<http://company.cerved.com>, *Investor Relations* area, *Financial Statements*).

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According to paragraph 2 of article 154-bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Mr. Giovanni Sartor, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

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*Thanks to a unique asset of data, evaluation models, innovative technological solutions and a team of experts and analysts, Cerved Group every day helps about 30,000 companies, public administrations and financial institutions to manage the opportunities and risks of their business relationships. Cerved Group supports customers in the planning and implementation of commercial and marketing strategies. It is one of the most important independent operators in the evaluation and management of loans - both performing and problematic - and of connected assets, supporting customers in each phase of credit life. Finally, Cerved owns, within the group, one of the most important Rating Agencies in Europe.*

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**CONSOLIDATED INCOME STATEMENT**

<i>€m</i>	As of 30 September 2018	As of 30 September 2017 <i>Restated</i>
Revenues	323.2	288.5
Other income	0.4	0.2
<b>Total Revenues and Other Income</b>	<b>323.6</b>	<b>288.7</b>
Cost of raw material and other materials	2.7	6.6
Cost of Services	84.2	69.7
Personnel costs	81.0	70.9
Other operating costs	7.8	6.5
Impairment of receivables and other provisions	2.5	3.0
<b>Total Operative costs</b>	<b>178.2</b>	<b>156.7</b>
<b>Adjusted EBITDA</b>	<b>145.4</b>	<b>132.0</b>
Performance Share Plan	5.5	1.0
<b>EBITDA</b>	<b>139.9</b>	<b>131.0</b>
Depreciation and amortization	50.7	50.8
<b>Operating profit before non recurring items</b>	<b>89.2</b>	<b>80.2</b>
Non recurring items	4.8	4.6
<b>Operating profit</b>	<b>84.3</b>	<b>75.6</b>
Financial income	0.5	0.5
Financial charges	(14.0)	(20.6)
Non recurring financial income (charges)	(0.6)	(0.2)
Taxes	(21.0)	(17.2)
<b>Net Income</b>	<b>49.3</b>	<b>38.1</b>



**CONSOLIDATED BALANCE SHEET**

<i>€m</i>	As of September 30 2018	As of December 31 2017 Restated
Intangible assets	374.5	395.9
Goodwill	806.2	750.4
Tangible assets	20.5	20.6
Financial assets	8.4	10.5
<b>Fixed Assets</b>	<b>1,209.6</b>	<b>1,177.4</b>
Inventories	0.3	2.0
Trade receivables	149.5	160.0
Trade payables	(47.1)	(46.0)
Deferred revenues	(64.5)	(85.5)
<b>Net working capital</b>	<b>38.2</b>	<b>30.5</b>
Other receivables	8.3	7.3
Other payables	(60.2)	(85.9)
Net corporate income tax items	(13.3)	(7.3)
Employees Leaving Indemnity	(13.4)	(13.3)
Provisions	(5.3)	(6.0)
Deferred taxes	(82.4)	(85.1)
<b>Net Invested Capital</b>	<b>1,081.5</b>	<b>1,017.6</b>
IFRS Net Debt	542.7	474.2
Group Equity	538.8	543.3
<b>Total sources</b>	<b>1,081.5</b>	<b>1,017.6</b>

**CONSOLIDATED NET FINANCIAL POSITION**

<b>€/000</b>	<b>As of 30 September 2018</b>	<b>As of 31 December 2017 Restated</b>	<b>As of 30 September 2017 Restated</b>
A. Cash	132	28	24
B. Cash equivalent	42.665	99.179	56.154
C. Trading securities	-	-	-
<b>D. Liquidity ( A )+( B )+( C )</b>	<b>42.797</b>	<b>99.207</b>	<b>56.178</b>
E. Current Financial Receivables	-	-	-
F. Current Bank debt	(150)	(197)	(193)
G. Current portion of non-current debt	1.888	1.755	43
H. Other current financial liabilities	(13.598)	(3.258)	(13.091)
<b>I. Current Financial Debt ( F )+( G )+( H )</b>	<b>(11.860)</b>	<b>(1.700)</b>	<b>(13.241)</b>
<b>J. Net Current Financial Indebtedness ( D ) + ( E ) + ( I )</b>	<b>30.937</b>	<b>97.507</b>	<b>42.937</b>
K. Non-current Bank loans	(572.479)	(571.075)	(546.907)
L. Bond Issued	-	-	-
M. Other non current loans	(1.131)	(675)	(801)
<b>N. Non-current Financial Indebtedness ( K ) + ( L ) + ( M )</b>	<b>(573.610)</b>	<b>(571.750)</b>	<b>(547.708)</b>
<b>O. Net Financial Indebtedness ( J )+( N )</b>	<b>(542.673)</b>	<b>(474.243)</b>	<b>(504.771)</b>

**CONSOLIDATED CASH FLOW STATEMENT**

<i>€m</i>	As of September 30 2018	As of September 30 2017 (restated)
<b>EBITDA Adjusted</b>	<b>145.4</b>	<b>132.0</b>
Net Capex	(28.9)	(28.4)
<b>EBITDA Adjusted-Capex</b>	<b>116.5</b>	<b>103.6</b>
<i>as % of EBITDA</i>	80%	78%
Cash change in Net Working Capital	(13.4)	(8.6)
Change in other assets / liabilities	4.7	4.0
<b>Operating Cash Flow</b>	<b>107.8</b>	<b>99.0</b>
Interests paid	(10.6)	(13.2)
Cash taxes	(19.0)	(9.6)
Non recurring items	(3.7)	(7.7)
<b>Cash Flow (before debt and equity movements)</b>	<b>74.5</b>	<b>68.5</b>
Dividends	(52.2)	(47.8)
Acquisitions / deferred payments / earnout	(82.4)	(2.5)
Refinancing	-	-
La Scala Loan	(6.4)	(0.2)
<b>Net Cash Flow of the Period</b>	<b>(66.5)</b>	<b>18.0</b>

Fine Comunicato n.1597-69

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