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Diffusione presunta

Oggetto : BoD approves the Interim Management Report as at 31 March 2019 and starts the buy-back program

Testo del comunicato

Vedi allegato.



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**SERVIZI ITALIA: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT
REPORT AS AT 31 MARCH 2019 AND STARTS THE BUY-BACK PROGRAM
AS APPROVED BY THE SHAREHOLDERS' MEETING**

- **Revenues** equal to **Euro 65.1 mln** (Euro 63.0 mln in first quarter 2018), of which 14.5% from abroad
- **EBITDA** equal to **Euro 16.9 mln** (Euro 17.0 mln in first quarter 2018), EBITDA *margin* of 25.9%
- **EBIT** equal to **Euro 3.2 mln** (Euro 4.6 mln in first quarter 2018), EBIT *margin* of 4.9%
- **Net Profit** equal to **Euro 2.7 mln** (Euro 3.5 mln in first quarter 2018)

Castellina di Soragna, 30 May 2019

The Board of Directors of Servizi Italia - a company listed on the STAR segment of the Italian Stock Exchange and leader in the sector of integrated services for the rental, washing and sterilization of textiles and surgical instruments for hospitals - today approved the Interim Management Report as at 31 March 2019.

"The quarter just ended - declared Enea Righi, Vice President and Managing Director of Servizi Italia – has been particularly challenging and demanding as it has been characterised, from one side by operating costs for wash-hire activities in Italy which were higher than expected and, on the other side, by a significant organic growth in higher-margin divisions, i.e. surgical instruments sterilization and foreign markets.

Activities connected to the integration of new wash-hire business lines took more time than expected, leading to an extraordinary increase in personnel and transport costs. In any case, we believe that this slowdown in margins in Italy is temporary and it may be recovered by the Group in the course of 2019, also thanks to the full results implementation of these new lines.

At the same time, the economic results of this first quarter of 2019 confirm the importance of the Group's internationalisation strategy, both in terms of revenues and margins. Despite a negative exchange rate translation effect, we are in fact registering with satisfaction constant organic growth in Brazil and Turkey, which we believe will continue - and potentially accelerate - in the future.

From an equity point of view - in addition to the effect of the extraordinary operations carried out in the quarter - the results for the period were significantly impacted by the IT accident announced in March 2019, which led to an increase in financial debt resulting from the temporary impossibility of carrying out operations to sell receivables. However, we would like to underline that the problem has been successfully solved and that we are expecting a reduction in net financial debt over the next few months, in line with the Group's policy of maintaining a solid and balanced capital structure."



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Consolidated results as at 31 March 2019

With effect from 1 January 2019, the Group applied the new accounting standard IFRS 16 "Leases", which replaces IAS 17 and its interpretations. IFRS 16 implies the recognition among fixed assets of the rights to use leased assets that fall within the scope of application of the standard and the recognition among liabilities of the related financial debt. As allowed by the transition rules, the Group has chosen to apply IFRS 16 retrospectively, recording the cumulative effect of the application of the standard in shareholders' equity as at 1 January 2019, therefore the comparative data have not been restated. Where relevant, the effects of adopting the new standard are described in the following comparative analyses.

During the first three months of 2019, the operating performance showed an increase in the **consolidated turnover** of the Servizi Italia Group (+3.4%) compared to the interim report as at 31 March 2018, with revenues from sales and services totalling Euro 65.1 million. Growth is confirmed (+1.6%) even on a like-for-like basis in terms of exchange rates and consolidation area.

Please note what follows with reference to the three business lines of the Group:

- Revenues from wash-hire services (which in absolute terms represent 73.6% of the Group's revenues) rose from Euro 45.8 million in the first three months of 2018 to Euro 48.0 million, with an increase of 4.7% mainly due to the acquisition of Wash Service S.r.l. and the business unit relating to Lavanderia Bolognini M&S S.r.l. Net of the above changes, the wash-hire turnover would have been stable compared to the same period of the previous year;
- Revenues from textile sterilization services (steril B) (which in absolute terms represent 8.3% of the Group's revenues) decreased from Euro 5.7 million in the first three months of 2018 to Euro 5.4 million, with a decrease of 6.1% due to the termination of some contracts in Friuli and Emilia Romagna areas.
- Revenues from surgical instruments sterilization services (steril C) (18.2% of the group's revenues) rose from Euro 11.5 million in the first three months of 2018 to Euro 11.8 million, with an increase of 3.0%, caused by the entry into service of new customers.

Concerning the geographical distribution, **foreign revenues** amounted to Euro 9.5 million and cover a 14.5% share of the total. Despite a negative exchange rate difference, foreign revenues were characterised by organic growth in local currency, which was particularly positive both in the Brazilian area (+10.1%) and in Turkey (+12.2%).

The consolidated **EBITDA** has gone from Euro 17.0 million in the first quarter of 2018 to Euro 16.9, with an incidence on revenues equal to 25.9% (gross of IFRS 16 effect), down compared to 27% of the previous period. There were increases in personnel costs for new hires (both related to the hotel sector and to the strengthening of the structure staff), as well as higher energy costs, transport costs for the management of the new hotel sector and third party services for the management of some warehouses.



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The **operating result (EBIT)**, going from Euro 4.6 million as at 31 March 2018 to Euro 3.2 million as at 31 March 2019, decreased as a percentage on turnover from 7.3% to 4.9% (5.7% at constant exchange rate and perimeter). Amortization and depreciation, net of the effects of IFRS 16, was substantially stable compared to the first quarter of the previous year. As a result, the difference in terms of EBIT is attributable to cost increases which impacted on EBITDA.

Net profit is equal to Euro 2.7 million (Euro 3.5 million in the first quarter 2018).

Net financial debt as at 31 March 2019 amounts to Euro 132.0 million and takes into account the application of the new accounting standard IFRS 16 which, between 31 December 2018 and 1 January 2019, led to an increase in debt of Euro 33.7 million (as at 1 January 2019 and, again taking into account the effects of this accounting standard, net financial debt amounted to Euro 115.9 million).

Significant events after the end of the quarter

On 9 April 2019, the Shareholders' Meetings of the Brazilian companies SIA Lavanderias S.A. and Steriliza Serviços de Esterilização S.A. took place and resolved for their liquidation.

On 18 April 2019, the Company announced to have called the Board of Directors for the approval of the draft of the separate financial statements and the consolidated financial statements as at 31 December 2018 for 29 April 2019. It also announced that the Shareholders' Meeting will take place on 30 May 2019 (First Call) and 31 May 2019 (Second Call).

On 29 April, the Board of Directors also resolved to update the financial events calendar by postponing the approval of the Interim Management Report as of 31 March 2019, which was scheduled on 13 May 2019, to 30 May 2019. This in order to enable the control processes to be completed preliminary to its publication and consistently with the calls for the Shareholders' Meeting, called to approve the financial statements at 31 December 2018.

On 30 May 2019, the Shareholders' Meeting:

- in ordinary session: (i) approved the financial statements for the year ended 31 December 2018 and the distribution of a gross unit dividend of Euro 0.16, excluding treasury shares in portfolio. The dividend will be payable from 12 June 2019, with coupon detachment on 10 June 2019, record date on 11 June 2019, and they will be paid to the shares that will be in circulation at the date of the record date for those entitled to payment as referred in Article 83-terdecies of the Legislative Decree n. 58/98; (ii) renewed the authorisation for the purchase and disposal of treasury shares, as proposed by the Board of Directors, subject to revocation of the authorisation for the purchase and disposal of treasury shares approved on 20 April 2018 for any unused shares. The resolution authorizes the purchase of a maximum of 6,361,890 ordinary shares with a nominal value of Euro 1.00 each, corresponding to the fifth part of



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the Company's share capital (taking into account the shares held by the Company from time to time) for a period of 18 months from today's date, while the duration of the authorization relating to the disposal of treasury shares has no time limit.

- in extraordinary session, approved the amendments proposed by the Board of Directors to articles 2, 13, 15 and 20 of the Articles of Association.

On 27 May 2019, the Company announced that until 24 May 2019, it had purchased a total of 508,931 treasury shares, equal to 1.6% of the share capital, on the regulated market managed by Borsa Italiana.

Business outlook

The results achieved in the first quarter of 2019 confirm the importance of the internationalization strategy for continuous improvement. The Group's objective is to strengthen its position in the countries in which it operates, in order to drive organic growth; as well as to record a favourable trend in revenues, thanks to the diversification of services/customers and the main profitability indicators. These targets will be achieved through investments aimed at external growth, continuing with a constant focus on management and organisational execution.

Other resolutions

Renewal of authorisation to buy-back and dispose of own shares

The Board of Directors of Servizi Italia, implementing today's resolution of the Shareholders' Meeting to authorise the purchase and disposal of treasury shares, also resolved to renew the treasury share purchase programme. Pursuant to art. 144-bis of the Regulation adopted by Consob resolution no. 11971/99 ("**Issuers' Regulation**"), market practice no. 2 (establishment of a "securities warehouse") admitted by Consob with resolution no. 16839/09 and art. 2 of the EU Delegated Regulation 2016/1052, details of the purchase programme are provided below.

Objective of the program: the program for the purchase of treasury shares - in compliance with the resolutions approved by the Shareholders' Meeting of the Company today and with the market practice mentioned above - has the aim of setting up a treasury share warehouse to be used, if necessary, as a consideration for extraordinary transactions and/or as part of transactions for the exchange and/or sale of shareholdings, and at the same time represents an opportunity for efficient investment of company liquidity.

Maximum quantity of shares to be purchased and maximum countervalue: the maximum quantity of treasury shares to be purchased in execution of the programme, in compliance with the authorisation given by the Shareholders' Meeting of 30 May 2019, is equal to a maximum of 6,361,890 ordinary shares of the Company (corresponding to the fifth part of the share capital), taking into account the shares already held by the Company from time to time. The maximum amount of money allocated to the execution of the programme is estimated at an amount not exceeding Euro 15 million. The purchase may be made in several instalments, in



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compliance with the aforementioned authorisation of the Shareholders' Meeting.

As of today, the Company holds 508,931 treasury shares in portfolio, equal to 1.6% of the share capital. The Company does not hold its own shares through subsidiaries, trustees or third parties.

Duration of the program: the duration of the program has been identified by the Board of Directors as being the period from 31 May 2019 to 30 November 2020, inclusive. It is recalled that: (i) the authorisation to purchase treasury shares approved by the Shareholders' Meeting of 30 May 2019 has a duration of 18 months from the date of the resolution and will in fact expire on 30 November 2020; while (ii) the authorisation to dispose of treasury shares, even before the purchases have been exhausted, has been given by the Shareholders' Meeting without time limits.

Purchase procedures: in compliance with the authorisation given by the Shareholders' Meeting on 30 May 2019, the purchase of treasury shares will be carried out, through the intermediary INTERMONTE SIM S.p.A., on the Electronic Share Market according to the operating procedures and at price conditions in compliance with the provisions of articles 3 and 4, paragraph 2, letter b) of EU Delegated Regulation 2016/1052, and in compliance with the principle of equal treatment of Shareholders and market practice. In particular, the purchase price of each share must be, as a minimum, not less than 20% and, as a maximum, not more than 20% of the weighted average of the official prices of the shares recorded by Borsa Italiana on the MTA in the three days prior to each individual purchase transaction, it being understood that it may not be higher than the highest price between the price of the last independent transaction and the highest price of the current independent purchase offer on the MTA, in compliance with the shareholders' resolution of 30 May 2019 and with all applicable regulations (including European regulations) and accepted market practices. In addition, the shares purchased in each session may not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated on the basis of the average daily volume of trades during the 20 trading days preceding the date of purchase.

As already mentioned, the treasury shares purchase program will be coordinated by INTERMONTE SIM S.p.A., which will take the decisions to negotiate on the timing of the purchases of shares by Servizi Italia S.p.A. in full independence from the Company, within the limits of the resolutions passed by the Shareholders' Meeting.

Any subsequent amendments to the aforesaid programme will be promptly communicated to the public. The Company will communicate to the public the information on the purchases made according to the terms provided by current legislation.

Deposit of Documentation

As of today, the Interim Management Report as at 31 March 2019 will be made available to the public at Company's registered office, on Company's website www.si-servizitalia.com and on the authorized eMarket Storage System www.emarketstorage.com.



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Declaration of the Executive responsible for the preparation of the accounting documents

The executive responsible for the preparation of the corporate accounting documents, Ilaria Eugeni, declares in accordance with Article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Alternative performance indicators

The present document uses an “alternative performance indicator” not provided by the IFRS accounting standards. Here is the calculation method used and the composition of these ratios, in line with the guidelines of the European Securities and Market Authority (ESMA). The Company management has defined: (i) EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions; (ii) net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

This press release, disclosed by SDIR eMarket system, is now available on Company's website www.si-servizitalia.com and on eMarket STORAGE (www.emarketstorage.com).

Servizi Italia S.p.A., a company based in Castellina in Soragna (PR), listed on the STAR segment of the Italian Stock Exchange, is the leading operator in Italy in the field of integrated services for hire, washing and sterilization of textile materials and surgical instruments for hospitals. With a technologically advanced production platform, articulated in laundry facilities, textile sterilization centers, surgical instruments sterilization centers and many wardrobes, the Company, which together with its Italian and foreign subsidiaries constitute the Servizi Italia Group, turns primarily to companies in public and private healthcare sector of center / northern Italy and the State of S.Paulo, Brazil, Turkey, India, Albania, Morocco and Singapore with a wide and diversified offer.

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In Attachment:

- Consolidated Statement of Financial position at 31/03/2019
- Consolidated Income Statement – at 31/03/2019
- Consolidated Statement of Comprehensive Income – at 31/03/2019
- Net Consolidated Financial position – at 31/03/2019



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	167,300	129,609
Intangible assets	5,733	4,809
Goodwill	70,921	67,926
Equity-accounted investments	24,399	24,463
Equity investments in other companies	3,725	3,725
Financial receivables	6,578	6,844
Deferred tax assets	3,372	3,023
Other assets	5,903	6,444
Total non-current assets	287,931	246,843
Current assets		
Inventories	6,666	6,197
Trade receivables	89,209	75,900
Current tax receivables	1,844	1,961
Financial receivables	8,588	8,030
Other assets	12,263	8,868
Cash and cash equivalents	13,711	7,003
Total current assets	132,281	107,959
TOTAL ASSETS	420,212	354,802
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	31,326	31,430
Other reserves and retained earnings	102,847	93,045
Profit (Loss) for the period	2,657	11,600
Total shareholders' equity attributable to shareholders of the parent	136,830	136,075
Total shareholders' equity attributable to non-controlling interests	2,376	2,163
TOTAL SHAREHOLDERS' EQUITY	139,206	138,238
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	73,077	36,044
Deferred taxes liabilities	2,383	2,014
Employee benefits	10,650	10,179
Provisions for risks and charges	2,692	2,651
Other financial liabilities	7,886	6,421
Total non-current liabilities	96,688	57,309
Current liabilities		
Due to banks and other lenders	81,281	61,184
Trade payables	78,266	74,140
Current tax payables	236	61
Other financial liabilities	5,828	3,602
Other payables	18,707	20,268
Total current liabilities	184,318	159,255
TOTAL LIABILITIES	281,006	216,564
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	420,212	354,802



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CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	31 March 2019	31 March 2018
Sales revenues	65,119	62,973
Other income	895	1,257
Raw materials and consumables	(6,839)	(6,224)
Costs for services	(19,418)	(19,215)
Personnel expense	(22,497)	(21,380)
Other costs	(370)	(378)
Depreciation, amortization, write-downs, impairment and provisions	(13,674)	(12,434)
Operating profit	3,216	4,599
Financial income	546	488
Financial expenses	(1,246)	(703)
Income/Expense from equity investments in other companies	-	-
Revaluation/Impairment of equity-accounted investments	370	(166)
Profit before tax	2,886	4,218
Current and deferred taxes	(156)	(676)
Profit (Loss) of the period	2,730	3,542
of which: Attributable to shareholders of the parent	2,657	3,321
Attributable to non-controlling interests	73	221

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	31 March 2019	31 March 2018
Profit (Loss) of the period	2,730	3,542
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(333)	(2,262)
Portion of comprehensive income of the investments measured using the equity method	(360)	(150)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	(693)	(2,412)
Total comprehensive income for the period	2,037	1,130
of which: Attributable to shareholders of the parent	2,005	1,034
Attributable to non-controlling interests	32	96

NET CONSOLIDATED FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2019	1 January 2019	31 December 2018	31 March 2018
Cash and cash equivalents in hand	53	54	54	41
Cash at bank	13,658	6,949	6,949	8,633
Cash and cash equivalents	13,711	7,003	7,003	8,674
Current financial liabilities	8,588	8,030	8,030	7,562
Current liabilities to banks and other lenders	(81,281)	(63,914)	(61,184)	(61,466)
<i>of which financial liabilities for IFRS 16</i>	<i>(2,885)</i>	<i>(2,730)</i>	-	-
Current net financial debt	(72,693)	(55,884)	(53,154)	(53,904)
Non-current liabilities to banks and other lenders	(73,077)	(67,026)	(36,044)	(33,883)
<i>of which financial liabilities for IFRS 16</i>	<i>(31,013)</i>	<i>(30,982)</i>	-	-
Non-current net financial debt	(73,077)	(67,026)	(36,044)	(33,883)
Net financial debt	(132,059)	(115,907)	(82,195)	(79,113)

Fine Comunicato n.0868-67

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