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Oggetto : CERVED GROUP: THE BOARD OF
DIRECTORS APPROVES THE
CONSOLIDATED RESULTS AS OF 30
JUNE 2019

Testo del comunicato

Vedi allegato.

PRESS RELEASE

CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED RESULTS AS OF 30 JUNE 2019

GROWTH IN REVENUES, ADJUSTED EBITDA, ADJUSTED NET INCOME AND OPERATING CASH FLOW¹⁾:

- **Revenues: Euro 246.2 million, +10.4% compared to Euro 222.9 million in the first six months of 2018;**
- **Adjusted² EBITDA: Euro 111.0 million, +6.4% compared to Euro 104.4 million in the first six months of 2018, resulting in an Adjusted EBITDA margin of 45.1%;**
- **Adjusted³ Net Income: Euro 59.2 million, +12.5% compared to Euro 52.6 million in the first six months of 2018;**
- **Operating Cash Flow⁴: Euro 80.9 million, +5.8% compared to Euro 76.4 million in the first six months of 2018;**
- **Consolidated Net Financial Position: Euro 600.3 million as of 30 June 2019, equating to 2.6x last twelve months Adjusted EBITDA.**

1) 2018 figures restated to reflect IFRS 16;

2) Adjusted EBITDA excludes the impact of the Performance Share Plan with reference to the plan 2019-2021 and plan 2022-2024;

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, 30 July 2019 – The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the “Group”) – the largest information provider and credit servicer in Italy – today approved the results as of 30 July 2019.

Andrea Mignanelli, Chief Executive Officer of the Group, commented:

“The half year results are overall in line with our expectations, with Revenues increasing by 10.4%, Adjusted EBITDA by 6.4%, and Adjusted Net Profit by 12.5%.”

At the divisional level, Credit Management continues in its growth trajectory in line with the past. The results of the Credit Information and Marketing Solutions divisions are still impacted by the revision of the commercial operations, although we envisage an improvement in the second half of the year, in particular within the corporate segment.

We are also announcing the acquisitions of MBS Consulting, Euro Legal Services and Mitigo Servizi, confirming our commitment to M&A in areas of strategic interest for the company. In particular I wish to highlight the strategic importance of the acquisition of MBS Consulting, a leading consulting firm with revenues of Euro 23 million and a team of 80 professionals, which integrates Cerved’s competences in big data, advanced analytics and digital with MBS’ competences in strategic advisory and change management.

The group presents a solid financial situation which benefits from strong cash flow generation and which allowed the leverage ratio to reach 2.7x Adjusted EBITDA for the last 12 months, substantially aligned to the

prior quarters after the payment of Euro 58m in dividends.”

Analysis of Consolidated Revenues

In the first six months of 2019 the Group's revenues increased by 10.4%, reaching Euro 246.2 million compared to Euro 222.9 million in the first six months 2018.

The Credit Information division is in line with the previous year with +0.1% growth. The Corporate division achieved a performance of +0.9%, mainly due to the development of certain projects within the Large Users segment. Within the Territorial Network (Rete Territoriale), a new commercial offer was launched combining Credit Information with Credit Collection services ("Contratto Unico") with the purpose to offer a full range of services with a single commercial interface. This project has experienced a slight delay in the start-up phase during the first few months of the year, we expect to record the expected results in the second half of the year. The financial institutions division achieved a performance of -0.8% due to the early renewal of certain relevant multi-year contracts. On the other hand, there was a significant growth in the Real Estate appraisals and Special Projects segments, in particular in the anti-money laundering and guarantee fund services (Fondi Garanzia).

The Credit Management division grew by 30.5%. Such growth is attributable to both organic growth of the business and to the special servicer assignments related to the NPLs (Non Performing Loans) originating from industrial partnerships and the acquisition of Cerved Property Services from Eurobank carried out in April 2019. It should be noted that half-year revenues as of 30 June 2019 are not affected by the early termination of the contract relating to special servicing activities on non-performing loans between Juliet SpA and Banca Monte Paschi di Siena.

The Marketing Solutions division grew by 25.2% benefiting from PayClick and ProWeb. During the year the new platform dedicated to Marketing Services "Cerved ON" was launched, focusing on four areas of development and implemented with the contribution of ClickAdv and Pro Web Consulting, as well as on revamping projects for the dedicated sales network.

Consolidated Revenues <i>in millions of Euro</i>	Half Year 2019	Half Year 2018	% Growth
Credit Information - Corporates	82.0	81.2	0.9%
Credit Information - Financial Institutions	65.1	65.7	(0.8%)
Credit Information	147.1	146.9	0.1%
Credit Management	86.7	66.4	30.5%
Marketing Solutions	14.5	11.6	25.2%
Intra-segment revenues	-2.0	-1.9	
Consolidated Revenues	246.2	222.9	10.4%

Analysis of Quarterly Revenues

With reference to the second quarter of 2019, total growth of Revenues was +16.1% compared to the second quarter of 2018.

The Credit Information division grew by 0.3%, including an increase of 0.5% in the corporate segment, and an increase of 0.1% in the financial institutions segment. The Credit Management division grew by 26.5%, while the Marketing Solutions division decreased by 20.5%

Quarterly Revenues <i>in millions of Euro</i>	Second Quarter 2019	Second Quarter 2018	% Growth
Credit Information - Corporates	42.9	42.7	0.5%
Credit Information - Financial Institutions	32.4	32.3	0.1%
Credit Information	75.3	75.0	0.3%
Credit Management	47.5	37.5	26.5%
Marketing Solutions	7.1	5.9	20.5%
Intra-segment revenues	-1.0	-0.9	
Consolidated Revenues	128.8	117.6	9.6%

Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 111.0 million in the first six months of 2019 grows by 6.4% with respect to the first six months of 2018 (+3.6% organic). The Adjusted EBITDA margin of the Group was 45.1%. The slight decrease in margins reflects the major growth in Credit Management, a business structurally characterized by a greater incidence of labor costs.

The Credit Information division reached an Adjusted EBITDA margin of 52.0%, lower than the 53.4% achieved in the first six months of 2018.

The Credit Management division reached an Adjusted EBITDA margin of 35.6% mainly due to the positive contribution of the servicing platforms acquired through the industrial partnerships. It should be noted that Half-year Adjusted EBITDA as of 30 June 2019 is not affected by the early termination of the contract relating to special servicing activities on non-performing loans between Juliet SpA and Banca Monte Paschi di Siena

The Marketing Solutions division reached an Adjusted EBITDA margin of 24.9%, lower than 32.5% in the first six months of 2018.

Consolidated Adjusted EBITDA <i>in millions of Euro</i>	Half Year 2019	Half Year 2018	% Growth
Credit Information	76.5	78.4	(2.4%)
Credit Management	30.9	22.2	39.3%
Marketing Solutions	3.6	3.8	(4.2%)
Adjusted EBITDA	111.0	104.4	6.4%
Adjusted EBITDA Margin	45.1%	46.8%	
<i>Margini</i>			
Credit Information	52.0%	53.4%	
Credit Management	35.6%	33.4%	
Marketing Solutions	24.9%	32.5%	

Analysis of Quarterly Adjusted EBITDA

In the second quarter of 2019 the Group's Adjusted EBITDA stood at Euro 58.1 million, a growth of 4.1% compared to the second quarter 2018.

In the same period the Adjusted EBITDA of the Credit Information division declined by 3.2% with respect to 2018, whereas the Adjusted EBITDA of the Credit Management division increased by 26.2%, 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 4.7%.

Quarterly Adjusted EBITDA <i>in millions of Euro</i>	Second Quarter 2019	Second Quarter 2018	% Growth
Credit Information	38.8	40.1	(3.2%)
Credit Management	17.6	13.9	26.2%
Marketing Solutions	1.8	1.9	(4.7%)
Adjusted EBITDA	58.1	55.8	4.1%
Adjusted EBITDA Margin	45.1%	47.5%	
Credit Information	51.5%	53.4%	
Credit Management	37.0%	37.1%	
Marketing Solutions	25.0%	31.6%	

Analysis of Consolidated Net Income

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 59.2 million, yielding an increase of +12.5% compared to Euro 52.6 million in the first six months of 2018.

The Adjusted Net Income represents the net profit in the income statement at June 30, 2019 net of:

- non-recurring costs mainly related to costs for early retirement incentives and cost of services related to incidental charges for extraordinary transactions executed during the period;
- amortization of intangible assets recognized in connection with business combinations;
- financial charges incurred in previous periods with the signing of the Forward Start financing facility and recognized in the income statement by the amortized cost method;
- non recurring financial charges;
- remeasuring at fair value of a financial instrument (call option with Quaestio);
- tax effect of the items described above;
- non recurring impact of €40m as indemnity fee due to the early termination of the contract relating to special servicing activities on non-performing loans between Juliet SpA and Banca Monte Paschi di Siena
- the write-off of intangible assets related to the early termination of the Juliet servicing contract, for Euro 42.4 million (equal to Euro 58.8 million net of the tax effect equal to Euro 16.4 million) resulting from the difference of the net assets allocated to the contract for € 46.8 million and the current value of future cash flows of Euro 4.4 million. It should be recalled that during 2018 the Purchase Price Allocation process for the purchase of the 100% stake in Juliet S.p.A. had led to the recording of an intangible asset of a significant amount based on the estimate of expected cash flows.

Analysis of Consolidated Net Financial Position

As of 30 June 2019 the Net Financial Position of the Group was Euro 600.3 million, compared to Euro 591.0 million as of 31 December 2018 and Euro 586.1 million as of 30 June 2018. The ratio of Net Financial

Position to last twelve month EBITDA was 2.7x as of 30 June 2019.

Consolidated Net Financial Position €m	As of 30 June 2019	As of 31 December 2018	As of 31 June 2018 (IFRS 16 restatement)
Net Financial Position	600.3	591.0	586.1
LTM Adjusted EBITDA Multiple ¹⁾	2,7x	2,7x	n.a.

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

Early termination of the NPL special servicing contract between Monte dei Paschi di Siena and Juliet S.p.A.

On June 30, 2019, with regard to the indirectly owned company Juliet S.p.A., a subsidiary of Cerved Credit Management Group S.r.l. and Quaestio Holding S.A., it was announced that Banca Monte Paschi di Siena (BMPS) exercised the right to withdraw from the existing servicing contract with Juliet S.p.A. in order to benefit from the maximum flexibility in the implementation of its acceleration plan of dismissal of non-performing and unlikely-to-pay loans.

As a consideration for the exercise of such withdrawal right by BMPS, Juliet S.p.A. will receive an indemnification payment amounting to Euro 40 million. In such context, BMPS and Juliet S.p.A. have already shared a common path to continue their commercial relationship, so that BMPS may continue to make use of Juliet S.p.A.'s specific expertise in the management of non-performing loans and both BMPS and Juliet S.p.A. may achieve their common goal to manage in the most efficient way the transitional period that will follow the early termination of the agreement.

BMPS and Juliet S.p.A. will also enter into new agreements, pursuant to which Juliet S.p.A. will carry out advisory services on an exclusive basis, at market conditions, in connection with the identification of the perimeter and sale of the non-performing loan portfolios which are expected to be dismissed by BMPS, for an aggregate amount of Euro 3 billion

Acquisition of Mitigo Servizi S.r.l. Euro Legal Service S.r.l. and MBS Consulting S.r.l.

On July 1, 2019 Cerved Group S.p.A. acquired 100% of Mitigo Servizi S.r.l (renamed Cerved Finline S.r.l.), a company active in offering outsourced services to banks, trusts (confidi) and companies to facilitate access to financial incentives and other soft finance initiatives. The value paid is Euro 1.1 million.

On 3, July 2019, through the subsidiary Cerved Credit Management Group Srl, the purchase of 100% of Euro Legal Service Srl was finalized. Euro Legal operates within the extrajudicial consumer finance collection industry with an important network of collectors. The value paid is Euro 8.2 million with an earn-out mechanism up to Euro 6 million to be paid based on the achievement of certain results in the years 2019 to 2022.

On July 30, 2019, Cerved Group signed a binding agreement to purchase a controlling interest in MBS Consulting S.p.A. and its subsidiaries. MBS Consulting is one of the leading independent Italian management consulting companies with consolidated revenues of Euro 23.3 million in 2018. The transaction provides for Cerved Group to acquire 30.7% of the share capital (51% of the shares with voting rights) of MBS Consulting for a consideration of € 21.3 million and a put & call mechanism for the next 5 years to purchase the totality of the share capital at incentive conditions linked to performance.

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, in line with the Strategic Outlook 2018-2020, based on the contribution of the different divisions, leveraging on the consolidation of the industrial partnerships and the acquired companies, and an improvement of the integration, rationalization and efficiency of processes, with the purpose to improve both the profitability and the Operating Cash Flow generation of the Group.

Conference call to comment results as of 30 June 2019

The conference call with institutional investors and financial analysts to comment the results as of 30 June 2019 will take place this afternoon, 30 July 2019, at 17:30 (Milan time). For further details visit the website of the Company (<http://company.cerved.com>, *Investor Relations* section, *Financial Calendar* area).

The Half-Year financial report as of June 30, 2019, 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) and on the Company website (<http://company.cerved.com>, *Investor Relations* area, *Financial Statements*).

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



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 June 2019	As of 30 June 2018 restated
Revenues	245.9	222.8
Other Income	0.3	0.1
Cost of raw material and other materials	-0.6	-2.4
Cost of services	-62.7	-57.8
Personnel costs	-65.3	-53.6
Other operating costs	-4.1	-2.9
Impairment of receivables and other accruals	-2.5	-1.8
Total operating costs	-135.2	-118.6
Adjusted EBITDA	111.0	104.4
Performance Share Plan	-3.1	-3.2
EBITDA	107.9	101.2
Depreciation & amortization	-20.6	-20.2
PPA Amortization	-19.6	-16.8
Operating profit before non recurring items	67.7	64.2
Non recurring items	-23.0	-3.9
Operating profit	44.6	60.3
Financial income	-6.8	-6.6
Financial charges	-4.1	-2.9
Non-recurring financial charges	0.0	-0.6
Income tax expense	-8.6	-15.1
Non recurring income tax expense	5.2	0.0
Net Income	25.2	35.2

CONSOLIDATED BALANCE SHEET

<i>€ m</i>	As of 30 June 2019	As of 30 June 2018 restated
Intangible assets	382.4	473.8
Goodwill	758.0	736.0
Tangible assets	56.1	54.6
Financial assets	11.3	10.7
Fixed Assets	1,207.8	1,275.1
Inventories	0.1	0.3
Trade receivables	178.3	158.0
Trade payables	-51.6	-49.8
Deferred revenues	-73.4	-71.4
Net working capital	53.4	37.2
Other receivables	47.6	8.2
Other payables	-53.3	-47.7
Net corporate income tax items	-33.6	-30.1
Employees Leaving Indemnity	-14.2	-12.9
Provisions	-5.4	-5.3
Deferred taxes	-83.4	-108.1
Net Invested Capital	1,119.0	1,116.3
IFRS Net Debt	600.3	586.1
Group Equity	518.7	530.1
Total sources	1,119.0	1,116.3

CONSOLIDATED NET FINANCIAL POSITION

€/000	At June 30 2019	At December 31 2018 restated	At June 30 2018 restated
A. Cash	17	14	21
B. Cash equivalent	47.501	42.349	57.703
C. Trading securities			-
D. Liquidity (A)+(B)+(C)	47.519	42.364	57.724
E. Current Financial Receivables	-	-	-
F. Current Bank debt	(123)	(178)	(120)
G. Current portion of non-current debt	(2.917)	(2.866)	(2.629)
H. Other current financial liabilities	(25.153)	(14.265)	(30.005)
I. Current Financial Debt (F)+(G)+(H)	(28.193)	(17.310)	(32.754)
J. Net Current Financial Indebtedness (D) + (E) + (I)	19.326	25.054	24.971
K. Non-current Bank loans	(575.200)	(573.393)	(571.641)
L. Bond Issued			
M. Other non current loans	(44.437)	(42.755)	(39.472)
N. Non-current Financial Indebtedness (K) + (L) + (M)	(619.637)	(616.148)	(611.113)
O. Net Financial Indebtedness (J)+(N)	(600.311)	(591.094)	(586.142)

CONSOLIDATED CASH FLOW STATEMENT

<i>€m</i>	As of 30 June 2019	As of 30 June 2018 restated
EBITDA Adjusted	111.0	104.4
Net Capex	-19.2	-20.4
EBITDA Adjusted-Capex	91.8	84.0
<i>as % of EBITDA</i>	<i>0.8</i>	<i>0.8</i>
Cash change in Net Working Capital	-2.4	-7.9
Change in other assets / liabilities	-8.6	0.4
Operating Cash Flow	80.8	76.4
Interests paid	-7.0	-6.6
Cash taxes	0.1	0.0
Non recurring items	-4.5	-2.6
Cash Flow (before debt and equity movements)	69.4	67.2
Dividends	-58.0	-52.2
Acquisitions / deferred payments / earnout	-16.1	-82.0
Buyback	-0.7	0.0
La Scala Loan	-0.2	0.0
Amendmend fees & refinancing	0.0	-1.0
Net Cash Flow of the Period	-5.7	-68.1

Fine Comunicato n.1597-124

Numero di Pagine: 13