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approves the results as at 30 June 2019

Testo del comunicato

Vedi allegato.



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SERVIZI ITALIA: The Board of Directors approves the results as at 30 June 2019

- **Revenues equal to Euro 131.7 million** (Euro 126.5 million in first half 2018), of which 14.7% from abroad
- **EBITDA equal to Euro 34.1 million** (Euro 33.9 million in first half 2018)
- **EBIT equal to Euro 6.2 million** (Euro 8.9 million in first half 2018)
- **Net Profit equal to Euro 4.8 million** (Euro 7.5 million in first half 2018)

Castellina di Soragna (Italy), 8 August 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 Half-Year Financial Report as at 30 June 2019.

*"As already partly shown on 31 March, the Group's results recorded in the first half of 2019 - states **Enea Righi, Vice-Chairman and CEO of Servizi Italia** – have been characterized by favorable elements whose contribution is expected to remain in the medium to long term, weighed down however by the presence of short-term charges that caused a margins contraction in the period. The most positive aspects are represented by a good growth in consolidated turnover, sustained in particular by an excellent organic performance of the activities in Brazil and Turkey, as well as by the important operating margins recorded both by these foreign areas and by the surgical instruments sterilization sector. Nevertheless, the period was affected by a negative exchange rate translation effect for the Group in the consolidated foreign areas, a contraction in revenues coming from textile sterilization, together with the aforementioned costs related to the integration of new wash-hire business lines in Italy, which were higher than expected. We therefore believe that this first half of 2019 confirms the validity of the internationalization strategy launched by the Group in recent years and could lead to an improvement in the second half of 2019, showing the positive effects of the operations carried out in recent months."*

Consolidated results as at 30 June 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.



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During the first six months of 2019, the operating performance showed an increase in the **consolidated turnover** of the Servizi Italia Group of 4.2% (+5.6% at constant exchange rates) compared to the interim financial statements as at 30 June 2018, with revenues from sales and services totaling Euro 131.7 million.

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

- Revenues from wash-hire services, which in absolute terms represent 73.9% of the Group's revenues, rose from Euro 91.5 million in the first six months of 2018 to Euro 97.3 million, an increase of 6.4% 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 turnover of the wash-hire business increased by 0.7%.
- Revenues from textile sterilization services (steril B), which in absolute terms represent 8.0% of the Group's revenues, went from Euro 11.4 million in the first six months of 2018 to Euro 10.6 million, a decrease of 7.6% due to the sale of some contracts in Friuli Venezia Giulia and Emilia-Romagna together with the contraction of some supplies abroad.
- Revenues from surgical instruments sterilization services (steril C), which in absolute terms represent 18.1% of the Group's revenues, rose from Euro 23.5 million in the first six months of 2018 to Euro 23.8 million, an increase of 1.3%, due to the entry into operation of some customers.

With reference to the geographical distribution, **revenues attributable to foreign markets** amounted to Euro 19.4 million, accounting for 14.7% of the total. Despite a negative exchange rate difference, foreign revenues were characterized by organic growth in local currency, which was particularly positive both in the Brazilian area (+12.1%) and in Turkey (+23.2%).

Consolidated EBITDA went from Euro 33.9 million in the first six months of 2018 to Euro 34.0 million, with a 25.9% margin on revenues (considering the accounting effect of the application of the new IFRS16), down compared to 26.8% of the previous period. It should be noted that, during the period, there have been higher than expected start-up costs in relation to the wash-hire activities in the hotel sector (where a diversification process was started from the end of 2018). In this context, the Group recorded in particular an increase in personnel and logistics costs (transport and warehouse rental). The cost of structural personnel increased in line with the need to support the objectives of developing and consolidating the turnover and economic results of the recent acquisitions and foreign activities and the Group's growth strategies. There have also been increases in energy costs, where gas prices have increased compared to the first half of the previous year, partly mitigated by the management of energy purchases in terms of volumes, prices and duration of supplies. Finally, it should be noted that EBITDA for the first half of 2019 was burdened by one-off costs of approximately Euro 0.2 million relating to system restoration and data



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recovery activities following the IT accident that occurred in the first months of 2019, which were completed by May 2019.

The operating result (**EBIT**) rose from Euro 8.9 million in the first half of 2018 (7.0% compared to turnover of the period) to Euro 6.2 million in the same period of 2019 (4.7%, or 5.8% at constant exchange rates and on a like-for-like basis), as a result of the trends already described in the comments on the change in EBITDA.

The consolidated financial statements as at 30 June 2019 therefore close with a **net profit** of Euro 4.8 million, down compared to the same period of the previous year (Euro 7.5 million).

Net financial debt as at 30 June 2019 amounted to Euro 130.4 million and considers the application of the new accounting standard IFRS 16, which resulted in an increase in net financial debt of Euro 35.6 million (as at 1 January 2019 and always taking into account the effects of this accounting standard, net financial debt was equal to Euro 115.9 million).

Significant events after the end of the first semester

On 19 July 2019, the Company announced the acquisition of the remaining 50.0% of the share capital of Ekolav S.r.l., a company based in the region of Tuscany and active in the provision of washing and rental services for flat linen, guest linen and uniforms for retirement homes, nursing homes, hospitals and industries. The acquisition of control will allow Servizi Italia to fully consolidate the results of Ekolav S.r.l. and implement several operating actions aimed at supporting the growth of revenues and margins, as well as generating production and commercial synergies with the Group. For further information, please refer to the documentation available on the website of Servizi Italia.

Business Outlook

The Group's results achieved in the first half of 2019 suffer, from one side, the beginning of the wash-hire business diversification process and the integration and optimization of the most recent acquisitions, but on the other side they highlight the growing results in terms of turnover and margins of the Group's internationalization strategy, especially in areas where the process of growth and consolidation of results has been underway for a number of years now. 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 favorable trend in revenues, thanks to the diversification of services/customers and the main profitability indicators. These objectives will be achieved through investments aimed at external growth and continuing with the constant focus on management and organizational execution.

Treasury shares

As at 30 June 2019, following the transactions on the market regulated and managed by Borsa Italiana, the



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Company held n. 512,292 own shares, equivalent to 1.61% of the share capital.

Deposit of documentation

The Half-year Financial Report as 30 June 2019, together with the report of the independent auditors, will be made available according to the methods and within the terms established by the law.

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

The executive responsible for the preparation of the corporate accounting documents, Ilaria Eugeniani, 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 as at 30/06/2019
- Consolidated Income Statement as at 30/06/2019
- Consolidated Statement of Cashflow as at 30/06/2019
- Net consolidated financial position as at 30/06/2019



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Euro thousand)</i>	30 June 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	170,502	129,609
Intangible assets	5,846	4,809
Goodwill	70,619	67,926
Investments accounted for using the equity method	24,152	24,463
Equity investments in other companies	4,025	3,725
Financial receivables	6,282	6,844
Deferred tax assets	3,678	3,023
Other assets	5,918	6,444
Total non-current assets	291,022	246,843
Current assets		
Inventories	6,733	6,197
Trade receivables	85,540	75,900
Current tax assets	1,734	1,961
Financial receivables	9,674	8,030
Other assets	13,278	8,868
Cash and cash equivalents	11,780	7,003
Total current assets	128,739	107,959
TOTAL ASSETS	419,761	354,802
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	31,297	31,430
Other reserves and retained earnings	97,153	93,045
Net profit of the period	4,570	11,600
Total shareholders' equity attributable to shareholders of the parent	133,020	136,075
Total shareholders' equity attributable to non-controlling interests	3,389	2,163
TOTAL SHAREHOLDERS' EQUITY	136,409	138,238
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	77,176	36,044
Deferred tax liabilities	2,371	2,014
Employee benefits	10,936	10,179
Provisions for risks and charges	2,887	2,651
Other financial liabilities	6,956	6,421
Total non-current liabilities	100,326	57,309
Current liabilities		
Due to banks and other lenders	74,700	61,184
Trade payables	82,054	74,140
Current tax liabilities	335	61
Other financial liabilities	5,569	3,602
Other liabilities	20,368	20,268
Total current liabilities	183,026	159,255
TOTAL LIABILITIES	283,352	216,564
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	419,761	354,802



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CONSOLIDATED INCOME STATEMENT

<i>(Euro thousand)</i>	30 June 2019	30 June 2018
Revenues from sales	131,745	126,476
Other income	2,244	2,654
Raw materials and consumables	(13,725)	(13,427)
Expenses for services	(39,995)	(38,287)
Staff expenses	(45,537)	(42,772)
Other expenses	(664)	(745)
Depreciation/Amortization and write-downs	(27,851)	(25,023)
Operating profit (loss)	6,217	8,876
Financial income	958	1,024
Financial expenses	(2,703)	(1,605)
Income/(Expense) from equity investments in other companies	211	142
Equity investments write-backs/write-downs measured with equity method	493	171
Profit (Loss) before taxes	5,176	8,608
Income taxes	(372)	(1,156)
Profit (Loss) of the period	4,804	7,452
of which: Share pertaining to the Shareholders of the Parent Company	4,570	7,060
Share pertaining to the minority shareholders	234	392
Base earnings per share (Euro per share)	0.15	0.22
Diluted earnings per share (Euro per share)	0.15	0.22

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

<i>(Euro thousand)</i>	30 June 2019	30 June 2018
Profit (Loss) of the period	4,804	7,452
<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	(396)	(6,461)
Portion of comprehensive income of the investments measured using the equity method	(935)	(307)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	(1,331)	(6,768)
Total comprehensive income for the period	3,473	684
of which: Attributable to shareholders of the parent	3,312	592
Attributable to non-controlling interests	161	92



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CONSOLIDATED STATEMENT OF CASHFLOW

<i>(Euro thousand)</i>	as at 30 June 2019	as at 30 June 2018
<i>Generated (absorbed) cash flow from operating activities</i>		
Profit (loss) before taxes	5,178	8,608
Current taxes payment	(116)	(267)
Depreciation/Amortization	27,516	24,761
Write-off and provisions	335	262
(Write-backs)/Write-off of equity investments	(704)	(313)
Capital gains/(losses) from divestment	(318)	(154)
Interest and expense income	1,745	581
Received interest incomes	327	399
Paid interest expenses	(2,029)	(1,189)
Provisions for employee benefits	600	275
	32,534	32,963
(Increase)/Decrease in inventories	(490)	256
(Increase)/Decrease in trade receivables	(7,684)	(5,894)
(Increase)/Decrease in trade payables	6,816	7,332
(Increase)/Decrease in other assets and liabilities	(6,521)	(2,293)
Severance benefits paid off	(220)	(1,139)
Generated (Absorbed) cash flow from operating activities	24,435	31,225
<i>Generated (Absorbed) cashflow net of investing activities in:</i>		
Intangible assets	(663)	(321)
Property, plant and equipment	(26,909)	(29,317)
Dividends received	211	142
Acquisitions	(1,377)	-
Equity investments	(430)	(754)
Generated (Absorbed) cashflow net of investment activities	(29,168)	(30,250)
<i>Generated (Absorbed) cashflow from investment activities in:</i>		
Financial receivables	(276)	(207)
Dividends paid	(5,152)	(5,681)
Purchase of treasury shares	(499)	(280)
Share capital increase	524	-
Shareholders' equity	9,196	5,374
Short-term payables due to banks and other lenders	5,756	(745)
Generated (Absorbed) cashflow from financing activities	9,549	(1,539)
Increase/(Decrease) in cash and cash equivalents	4,816	(564)
Cash and cash equivalents at the beginning of the period	7,003	7,999
Currency translation differences	39	817
Cash and cash equivalents at the end of the period	11,780	6,618
Increase/(Decrease) in cash and cash equivalents	4,816	(564)



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NET CONSOLIDATED FINANCIAL POSITION

<i>(Euro thousand)</i>	30 June 2019	1 January 2019	31 December 2018
Cash and cash equivalent in hand	47	54	54
Cash at bank	11,733	6,949	6,949
Cash and cash equivalents	11,780	7,003	7,003
Current financial receivables	9,674	8,030	8,030
Current liabilities to banks and other lenders	(74,700)	(63,914)	(61,184)
<i>of which financial liabilities for IFRS 16</i>	<i>(3,603)</i>	<i>(2,730)</i>	
Current net financial debt	(65,026)	(55,884)	(53,154)
Non-current liabilities to banks and other lenders	(77,176)	(67,026)	(36,044)
<i>of which financial liabilities for IFRS 16</i>	<i>(32,035)</i>	<i>(30,982)</i>	
Non-current net financial debt	(77,176)	(67,026)	(36,044)
Net financial debt	(130,422)	(115,907)	(82,195)

Fine Comunicato n.0868-85

Numero di Pagine: 10