



SPAFID CONNECT

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Oggetto : CERVED GROUP: CONSOLIDATED
RESULTS AS OF 31 MARCH 2020 -
REFINANCING

Testo del comunicato

Vedi allegato.

PRESS RELEASE

CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL RESULTS AS OF 31 MARCH 2020

POSITIVE RESULTS IN THE FIRST QUARTER OF 2020

- Revenues: Euro 121.8 million, + 3.6% compared to 117.5 million in the first three months of 2019;
- Adjusted EBITDA¹: Euro 52.3 million, -1.1% compared to 52.9 million in the first three months of 2019, with a margin on revenues of 43.0%;
- Adjusted Net Income¹: Euro 28.7 million, + 8.7% compared to 26.4 million in the first three months of 2019;
- Operating Cash Flow: Euro 29.3 million, + 14.2% compared to 25.6 million in the first three months of 2019;
- Consolidated Net Financial Position: Euro 568.5 million at March 31, 2020, equating to 2.4x last twelve months Adjusted EBITDA

FINANCING AGREEMENT SIGNED FOR AN AMOUNT OF EUR 713 MILLION TO REFINANCE THE EXISTING DEBT

COVID-19: FULL OPERATIONAL CONTINUITY GUARANTEED AND AD HOC SERVICES LAUNCHED

- Full operational continuity guaranteed thanks to widespread use of smart working and a strengthening of the technological infrastructure;
- Covid-19 impacts felt from the second week of March, mainly on the real estate and SMEs business information area;
- Use of the company's data and expertise to launch new services to protect against Covid-19 related risks and to support businesses, banks and institutions

San Donato Milanese, 12 May 2020 – The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the “**Company**”), the largest information provider and credit servicer in Italy, today examined and approved the consolidated financial statements as of 31 March 2020.

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

“In the first quarter of 2020 Cerved continued its growth trajectory, confirming the strong resiliency of its business model within a context which is rapidly deteriorating. Until February the company achieved growth rates in line with expectations in all its business areas; following the lockdown in March the impact of the Covid-19 began to materialize and grew during the month of April. In particular, the company witnessed a pronounced decline in activities related to real estate transactions and to the consumption of data by small and medium sizes clients subject to the lockdown.

The other business lines, especially services for banks and large corporates, were not significantly impacted. During this phase of strong uncertainty, we launched a number of ad hoc initiatives and services

¹ Adjusted EBITDA excludes the impact of the Performance Share Plan with reference to the plan 2019-2021 and plan 2022- 2024; 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

to measure the impact of the Covid-19 on the Italian economy and on the client portfolios of banks and corporates; we are also assisting banks in rapidly delivering a high number of credit requests for the Fondo Centrale di Garanzia, which with the Decreto Liquidità has witnessed a strong increase. We are aware that we can play an important role to help the Italian system to overtake this crisis and all of our employees are pursuing this mission with great responsibility and abnegation.

According to the main institutional and scientific sources, it may occur that the Covid-19 impact reaches a peak in the months of April and May to begin to decrease from the month of June; upon the occurrence of this circumstance, difficulties may continue in the second quarter, with a possible gradual recovery in the second half of the year.”

Analysis of Consolidated Revenues

In the first three months of 2020 the Group's revenues increased by 3.6%, reaching Euro 121.8 million compared to Euro 117.5 million in the first three months 2019 (-3.9% organic).

The revenues of the **Risk Management** Business Unit decreased by 5.1%, from Euro 70.0 million in 2019 to Euro 66.5 million in 2020:

- the Corporates business segment recorded a decrease compared to the first quarter of 2019 (-6.3%); the negative impact of the lockdown on the territorial network led to the interruption of many commercial negotiations, to which a fall in consumption due to the induced effect of the total blockage of business on the majority of corporate customers was added;
- the Financial Institutions segment also recorded a decrease compared to 2019 (-3.6%), mainly in the Real Estate Appraisals and Cadastral Survey service lines, the segments most affected by the blockage of business. There was a positive and countertrending impact on services related to the Fondo di Garanzia, on which significant increases in volumes had already been reported in March.

The revenues of the **Growth Services** Business Unit grew from Euro 8.8 million in 2019 to Euro 14.6 million in 2020, for an increase of Euro 5.8 million (+66.6%) compared to the previous period, mainly:

- as a result of the consolidation of the MBS Consulting Group acquired in August 2019;
- as a result of the increases realized in the “Artificial Intelligence” service line, both on the Corporates segment and the Financial Institutions segment, with particular reference to the Atoka platform, created by the subsidiary Spazio Dati.

The revenues of the **Credit Management** Business Unit grew from Euro 38.7 million in 2019 to Euro 40.7 million in 2020, for an increase of Euro 2.0 million, equal to 5.2%. This Business Unit, which benefited from the entry of the two companies acquired in 2019 (Eurolegal Services and CPS), began to feel a limited impact of COVID-19 from the closure of activities in the courts and land registries, which led to a slowdown in judicial recovery activities.

Consolidated Revenues <i>in millions of Euro</i>	First quarter 2020	First quarter 2019	% Growth
Risk Management – Corporates	36.0	38.4	(6.3%)
Risk Management – Financial Institutions	30.5	31.6	(3.6%)
Risk Management	66.5	70.0	(5.1%)
Growth Services	14.6	8.8	66.6%
Credit Management	40.7	38.7	5.2%
Consolidated Revenues	121.8	117.5	3.6%

Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 52.3 million in the first three months 2020 decreased by 1.1% with respect to the prior period of 2020 (-5.5% on an organic basis). The Adjusted EBITDA margin was 43.0% in 2019, compared to 45.0% in the prior year.

The slight reduction in margins is essentially attributable to the Risk Business Unit, where the decline in revenues was not reflected in the operating leverage, due to the higher incidence of fixed overheads.

Adjusted EBITDA <i>in millions of Euro</i>	First quarter 2020	First quarter 2019	% Growth
Risk Management	35.1	38.0	(7.4%)
Growth Services	3.1	1.6	93.5%
Credit Management	14.0	13.3	5.2%
Adjusted EBITDA	52.3	52.9	(1.1%)
<i>Adjusted EBITDA Margin</i>	43.0%	45.0%	
Credit Information	52.9%	54.2%	
Credit Management	21.5%	18.5%	
Marketing Solutions	34.5%	34.5%	

Analysis of Consolidated Net Income

At March 31, 2020, the Consolidated Net Income was Euro 16.4 million, and was affected by the impairment losses on goodwill allocated to the Growth Services business unit for a total of Euro 14.8 million.

Adjusted Consolidated Net Income before minority interests - which excludes non-recurring expenses and income, the amortized cost of loans, the amortization of the capital gains allocated resulting from business combinations, the adjustment of the fair value of the options and the tax effect of previous items - stood at Euro 28.7 million, an increase of 8.7% compared to Euro 26.4 million in the first three months of 2019.

Analysis of Consolidated Net Financial Position

As of 31 March 2020 the Net Financial Position of the Group was Euro 568.5 million, compared to Euro 549.5 million as of 31 December 2019. The ratio of Net Financial Position to last twelve month Adjusted EBITDA was 2.4x as of 31 March 2020 versus 2.3x in December 2019.

Consolidated Net Financial Position <i>in millions of Euro</i>	As of 31 March 2020	As of 31 December 2019
Net Financial Position	568.5	549.5
LTM Adjusted EBITDA Multiple	2.4x	2.3x

Refinancing

Following the press release dated April 24, 2020, Cerved Group S.p.A. announces that it has today signed a financing agreement for an amount equal to Euro 713 million with a pool of banks comprising Banca IMI SpA, Banca Nazionale del Lavoro SpA, BNP Paribas - Italian Branch, Banco BPM SpA, Crédit Agricole Corporate and Investment Bank - Milan Branch, Crédit Agricole Italia SpA, Intesa Sanpaolo SpA, La Cassa di Ravenna SpA, Mediobanca - Banca di Credito Finanziario SpA, UBI Banca SpA, and UniCredit SpA.

The new credit lines will be used to repay the existing debt deriving from a syndicated facility agreement signed on 30 July 2015 and subsequently amended on 16 February 2018, for a total original amount of Euro 660 million, and from a bilateral loan agreement with La Cassa di Ravenna SpA, signed on 22 December 2017, for a total original amount of Euro 18 million.

The financing agreement provides for a term credit line divided into tranches, for a total amount of Euro 563 million (with a 5-year maturity), and a revolving credit line (with a 5-year maturity) for a total amount of Euro 150 million. Commitment and contractual terms are in line with the current credit market standards, including the presence of a single financial covenant for which an event of default occurs if the leverage ratio exceeds 4.5x, in line with existing agreements.

Business Outlook

The Company carried out an impact analysis on the 2020 forecast accounts based on a pessimistic scenario, with the purpose to assess the liquidity availability for the business continuity. This analysis confirms the economic and financial solidity of the Group. Given the uncertain economic scenario and with a view to prudence, the Board of Directors has decided not to distribute dividends. For the time being, it has suspended the Financial Outlook 2018-2020, looking forward to the next Investor Day scheduled for the second half of 2020.

The prospective impacts of COVID-19 are highly dependent on exogenous factors related to pandemic evolution and legislative interventions. In any case, the Board of Directors, the control bodies and the management of the Company will continue to constantly monitor the evolution of the emergency resulting from the spread of COVID-19, and to take all the necessary decisions and measures to deal with it, and will promptly update the market on its impact on the Company.

According to the main institutional and scientific sources, it may occur that the Covid-19 impact reaches a peak in the months of April and May to begin to decrease from the month of June; upon the occurrence of this circumstance, difficulties may continue in the second quarter, with a possible gradual recovery in the second half of the year.

Conference call to comment results as of 31st March 2020

The conference call with institutional investors and financial analysts to comment the results as of 31st of March 2020 will take place this afternoon, 12th of May 2020, 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 presentation of the results and the transcript of the conference call will be made available on the company's website (<http://company.cerved.com>, *Investor Relations* section, *Presentations* area).

According to paragraph 2 of article 154-bis of the TUF, the Executive appointed to draft corporate accounts, Mrs 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.

Contacts:

Cerved Group
Investor Relations
Pietro Masera - ir@cerved.com

Press office: d'l comunicazione
Piero Orlando (+39 335 1753472) po@dicomunicazione.it
Stefania Vicentini (+39 335 5613180) sv@dicomunicazione.it

CONSOLIDATED INCOME STATEMENT

€ m	First quarter 2019	First quarter 2020
Revenues	117.5	121.8
Cost of raw material and other materials	-0.3	-0.2
Cost of services	-29.0	-29.7
Personnel costs	-32.1	-36.5
Other operating costs	-2.0	-1.8
Impairment of receivables and other accruals	-1.2	-1.2
Total operating costs	-64.6	-69.4
Adjusted EBITDA	52.9	52.3
Performance Share Plan	-1.4	1.8
EBITDA	51.5	54.1
Depreciation & amortization	-10.3	-10.1
PPA Amortization	-9.8	-12.0
Operating profit before non recurring items	31.4	31.9
Non recurring items	-2.4	-16.8
Operating profit	29.0	15.1
Interest expenses on facilities & Bond	-3.4	-3.5
Other net financial (recurring)	-1.1	11.5
Net financial (non-recurring)	0.0	0.0
Income tax expense	-7.6	-6.8
Net Income	16.9	16.4

CONSOLIDATED BALANCE SHEET

€ m	First quarter 2019	First quarter 2020
Intangible assets	451.0	389.5
Goodwill	747.2	749.8
Tangible assets	54.0	59.8
Financial assets	12.0	12.1
Fixed Assets	1264.1	1211.2
Inventories	0.1	0.0
Trade receivables	200.8	239.3
Trade payables	-51.7	-50.9
Deferred revenues	-83.2	-75.4
Net working capital	66.0	113.0
Other receivables	8.2	13.5
Other payables	-63.9	-133.8
Net corporate income tax items	-11.2	-39.2
Employees Leaving Indemnity	-14.6	-15.0
Provisions	-5.6	-5.1
Deferred taxes	-102.3	-85.4
Net Invested Capital	1140.7	1059.2
IFRS Net Debt	574.0	568.5
Group Equity	566.6	490.7
Total sources	1140.7	1059.2

CONSOLIDATED CASH FLOW

€m	First quarter 2019	First quarter 2020
EBITDA Adjusted	52.9	52.3
Net Capex	-9.6	-8.4
EBITDA Adjusted-Capex	43.3	43.9
Cash change in Net Working Capital	-15.5	-13.3
Change in other assets / liabilities	-2.2	-1.3
Operating Cash Flow	25.6	29.3
Interests paid	-4.0	-4.1
Cash taxes	0.1	0.0
Non recurring items	-1.9	-0.3
Cash Flow (before debt and equity movements)	19.8	24.9
Dividends	0.0	0.0
Acquisitions / deferred payments / earnout	-1.2	-44.9
Buyback	-0.7	0.0
La Scala Loan	-0.2	0.0
Amendmend fees & refinancing	0.0	0.0
Net Cash Flow of the Period	17.7	-20.0

CONSOLIDATED NET FINANCIAL POSITION

€/000	First quarter 2019	First quarter 2020
A. Cash	16	28
B. Cash equivalent	67.975	165.789
C. Trading securities	-	-
D. Liquidity (A)+(B)+(C)	67.991	165.817
E. Current Financial Receivables	-	-
F. Current Bank debt	(122)	(119)
G. Current portion of non-current debt	1.987	(158.117)
H. Other current financial liabilities	(26.367)	(108.931)
I. Current Financial Debt (F)+(G)+(H)	(24.502)	(267.166)
J. Net Current Financial Indebtedness (D) + (E) + (I)	43.489	(101.350)
K. Non-current Bank loans	(574.294)	(418.220)
L. Bond Issued	-	-
M. Other non current loans	(43.228)	(48.922)
N. Non-current Financial Indebtedness (K) + (L) + (M)	(617.521)	(467.142)
O. Net Financial Indebtedness (J)+(N)	(574.032)	(568.492)

Fine Comunicato n.1597-31

Numero di Pagine: 11