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Testo del comunicato

Vedi allegato.

PRESS RELEASE

CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL RESULTS AS OF 30 JUNE 2020

HALF-YEAR RESULTS CONFIRM THE RESILIENCE OF THE BUSINESS MODEL DESPITE THE ADVERSE IMPACT OF COVID-19

- Revenues: Euro 239.7 million, -2.6% compared to 246.2 million in the first six months of 2019;
- Adjusted EBITDA[1]: Euro 99.4 million, -10.5% compared to 111.0 million in the first six months of 2019, with a margin on revenues of 41.5%;
- Adjusted Net Income[1]: Euro 50.7 million, -14.4% compared to 59.2 million in the first six months of 2019;
- Operating Cash Flow: Euro 78.6 million, -2.8% compared to 80.9 million in the first six months of 2019;
- Consolidated Net Financial Position: Euro 608.9 million at June 30, 2020, equating to 2.7x last twelve months Adjusted EBITDA

COVID-19 IMPACTS IN THE FIRST HALF OF 2020

- Business continuity and protection of employee health guaranteed thanks to adequate governance during the management of the emergency
- Business resilience confirmed by organic growth in the financial institutions segment of Risk Management and in Growth Services. Corporate segment and Credit Management most impacted
- Expectations for a progressive improvement during the second half assuming the absence of impacts from a second lockdown

San Donato Milanese, 30 July 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 30 June 2020.

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

"In the first half of 2020, Cerved confirmed the high resiliency of its business, which was supported by the incisive reaction of management in containing costs and in launching new products in a very short timeframe, which are aimed at assisting banks, corporations and institutions to overcome an unprecedented economic situation.

In a very difficult period, in which most of the system was locked down in order to contain the contagion of the epidemic, we managed to close our half year accounts with a minor decrease in revenues. In the Risk Management business unit, the decreased consumption of our services by corporates was partially compensated by revenues generated by "Covid Impact" services, as well as services provided to banks with respect to loans issued under the Fondo Centrale di Garanzia. We suffered a decrease in revenues in the Credit Management business unit due to lower collections resulting from the closure of courts, albeit with resilient results in the segments related to corporate collection, credit operations and legal services. We

[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

also managed to register solid growth in the Growth Services business unit, mainly thanks to the contribution of strategy services (MBS) and the platform for sales intelligence (Atoka).

In the second half of the year we expect a progressive improvement within Risk Management and Growth Services thanks to a recovery in consumption coupled with the contribution of the new services launched in recent months. With the reopening of courts, we also expect a recovery in delayed collections within the Credit Management business unit. Based on these considerations, we expect a progressive improvement during the second half, assuming no further lockdown measures arising from a new wave of infections."

Analysis of Consolidated Revenues

In the first six months of 2020 the Group's revenues decrease by 2.6%, reaching Euro 239.7 million compared to Euro 246.2 million in the first six months 2019 (-8.6% organic).

The revenues of the **Risk Management** Business Unit decreased by 6.2%, from Euro 143.3 million in 2019 to Euro 134.3 million in 2020:

- the Corporates business segment recorded a decrease compared to the first semester of 2019 (-12.0%); 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 recorded an increase compared to 2019 (+1.1%). The increase is mainly due to the positive and countertrending impact on services related to the Fondo di Garanzia which benefited greatly from the measures provided for by the Decreto Liquidità, mitigating the drop in the Real Estate Appraisals and Cadastral Survey service lines, most affected by the block of activities.

The revenues of the **Growth Services** Business Unit grew from Euro 17.5 million in 2019 to Euro 29.9 million in 2020, for an increase of Euro 12.4 million (+70.9%) 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 SpazioDati.

The revenues of the **Credit Management** Business Unit decreased from Euro 85.5 million in 2019 to Euro 75.5 million in 2020, for a total decrease of Euro 9.9 million, equal to -11.6%. This Business Unit, which benefited from the entry of the two companies acquired in 2019 (Eurolegal Services and CPS), began to suffer the impact of Covid-19 from the closure of activities in the courts and land registries, which led to a slowdown in judicial recovery activities.

Revenues *in milions of Euro*	**First semester 2020**	**First semester 2019**	**% Growth**
Risk Management – Corporates	63.8	63.1	1.1%
Risk Management – Financial Institutions	70.5	80.1	(12.0%)
Risk Management	134.3	143.2	(6.2%)
Growth Services	29.9	17.5	70.9%
Credit Management	75.5	85.5	(11.6%)
Consolidated Revenues	**239.7**	**246.2**	**(2.6%)**

Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 99.4 million in the first six months 2020 decreased by 10.5% with respect to the prior period of 2020 (-14.1% on an organic basis). The Adjusted EBITDA margin was 41.5% in 2020, compared to 45.1% 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** *in milions of Euro*	**First semester 2020**	**First semester 2019**	**% Growth**
Risk Management	69,9	77,0	(9,1%)
Growth Services	6,4	3,2	103,6%
Credit Management	23,0	30,9	(25,5%)
***Adjusted* EBITDA**	**99,4**	**111,0**	**(10,5%)**
Adjusted EBITDA Margin	41,5%	45,1%	
Credit Information	52,1%	53,7%	
Credit Management	21,5%	18,1%	
Marketing Solutions	30,5%	36,1%	

Analysis of Consolidated Net Income

At June 30, 2020, the Consolidated Net Income was Euro 19,6 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 50.7 million, a decrease of 14.4% compared to Euro 59.2 million in the first six months of 2019.

Analysis of Consolidated Net Financial Position

At June 30, 2020 the Net Financial Position of the Group was Euro 608.9 million, compared to Euro 568.5 million as of 31 March 2020. The ratio of Net Financial Position to last twelve month Adjusted EBITDA was 2.7x as of 31 March 2020 versus 2.4x in March 2020.

Consolidated Net Financial Position *in millions of Euro*	**As of 30 June 2020**	**As of 31 March 2020**
Net Financial Position	608.9	568.5
LTM Adjusted EBITDA Multiple	2.7x	2.4x

Business Outlook

The Company prudently carried out an impact analysis on the 2020 forecast accounts based on stress test scenarios, with the purpose of assessing available liquidity in order to ensure business continuity. This analysis confirms the economic and financial solidity of the Group. Given the uncertain economic scenario the Financial Outlook 2018-2020 remains suspended.

The prospective impacts of Covid-19 are highly dependent on exogenous factors related to the evolution of the pandemic and legislative interventions. In any event, 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 take all the necessary decisions and measures to manage it, and will promptly update the markets on its impact on the Company.

After reaching a peak in April and May, the spread of the contagion has sharply decreased in Italy, allowing for the gradual recovery of the company's economic activity, which should acquire further momentum in the second half of the year provided that the pandemic does not deteriorate.

Forecast on the Group's economic and financial performance

In weaker phases of the economic cycle, our services become even more useful to manage financial risk and, already in the past, our business model has proven to be resilient. In this context, our wealth of data, technologies and tools allows our clients to evaluate the impact of Covid-19 on companies. Based on these considerations, coupled with the stress test on the 2020 forecast accounts, no risks are foreseen relating to business continuity.

Conference call to comment results as of 30th June 2020

The conference call with institutional investors and financial analysts to comment the results as of 30st of June 2020 will take place this afternoon, 30th of July 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*).*

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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.

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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

€ m	First semester 2020	First semester 2019
Revenues	239.7	246.2
Cost of raw material and other materials	-0.3	-0.6
Cost of services	-60.1	-62.7
Personnel costs	-72.6	-65.3
Other operating costs	-3.4	-4.1
Impairment of receivables and other accruals	-3.9	-2.5
Total operating costs	**-140.3**	**-135.2**
Adjusted EBITDA	**99.4**	**111.0**
Performance Share Plan	-0.3	-3.1
EBITDA	**99.1**	**107.9**
Depreciation & amortization	-19.9	-20.6
PPA Amortization	-21.8	-20.2
Operating profit before non recurring items	**57.4**	**67.1**
Non recurring items	-14.2	-23.0
Operating profit	**43.2**	**44.1**
Interest expenses on facilities & Bond	-6.8	-6.8
Other net financial (recurring)	9.5	-4.1
Net financial (non-recurring)	-15.8	0.0
Income tax expense	-9.3	-13.7
of which not recurring	*-1.2*	*5.2*
Net Income	**19.6**	**24.7**

CONSOLIDATED BALANCE SHEET

€ m	First semester 2020	First semester 2019
Intangible assets	378.7	390.1
Goodwill	750.5	752.1
Tangible assets	58.8	56.1
Financial assets	11.4	12.5
Fixed Assets	**1199.5**	**1210.8**
Inventories	0.0	0.1
Trade receivables	217.8	178.2
Trade payables	-47.1	-51.6
Deferred revenues	-70.1	-73.4
Net working capital	**100.6**	**53.3**
Other receivables	13.0	47.6
Other payables	-86.6	-53.3
Net corporate income tax items	-13.6	-33.9
Employees Leaving Indemnity	-16.3	-14.2
Provisions	-5.0	-5.4
Deferred taxes	-82.9	-85.3
Net Invested Capital	**1108.8**	**1119.6**
IFRS Net Debt	608.9	600.3
Group Equity	499.8	519.3
Total sources	**1108.8**	**1119.6**

CONSOLIDATED CASH FLOW

€m	First semester 2020	First semester 2019
EBITDA Adjusted	**99.4**	**111.0**
Net Capex	-17.0	-19.2
EBITDA Adjusted-Capex	**82.3**	**91.8**
% EBITDA Adjusted	*83%*	*83%*
Cash change in Net Working Capital	6.5	1.2
Change in other assets / liabilities	-10.2	-12.2
Operating Cash Flow	**78.6**	**80.9**
Interests paid	-8.0	-7.0
Cash taxes	-35.2	-0.1
Non recurring items	-0.4	-4.5
Cash Flow (before debt and equity movements)	**34.9**	**69.3**
Dividends	0.0	-58.0
Acquisitions / deferred payments / earnout	-86.1	-16.1
Buyback	0.0	-0.7
La Scala Loan	0.0	-0.2
Amendmend fees & refinancing	-14.4	0.0
Net Cash Flow of the Period	**-65.6**	**-5.7**

CONSOLIDATED NET FINANCIAL POSITION

€/000	First semester 2020	First semester 2019
A. Cash	28	17
B. Cash equivalent	46.844	47.501
C. Trading securities		
D. Liquidity (A)+(B)+(C)	**46.871**	**47.519**
E. Current Financial Receivables		
F. Current Bank debt	(175)	(123)
G. Current portion of non-current debt	(11.841)	(2.917)
H. Other current financial liabilities	(33.273)	(25.153)
I. Current Financial Debt (F)+(G)+(H)	**(45.290)**	**(28.193)**
J. Net Current Financial Indebtedness (D) + (E) + (I)	**1.582**	**19.326**
K. Non-current Bank loans	(562.550)	(575.200)
L. Bond Issued		
M. Other non current loans	(48.012)	(44.437)
N. Non-current Financial Indebtedness (K) + (L) + (M)	(610.561)	**(619.637)**
O. Net FInancial Indebtedness (J)+(N)	(608.980)	**(600.311)**

Fine Comunicato n.1597-60	Numero di Pagine: 10