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Oggetto : Alkemy - The BoD approves the Interim
Financial Report at September 30, 2020

Testo del comunicato

Vedi allegato.



ALKEMY S.P.A.: IN THE FIRST 9 MONTHS OF 2020 STRONG EBITDA GROWTH (+ 92.9%), EBITDA MARGIN NET MEDIA AT 8.4% AND OPERATING CASH FLOW AT € 7.5 MILLION

The Board of Directors today approved the Interim Financial Report at September 30th, 2020

- **Turnover** of the first nine months (from now on "9M") of 2020 is equal to **Euro 52.65 million**, - 12.9% compared to Euro 60.43 million in 9M 2019, mainly due to the decrease in revenues of the foreign subsidiaries, more exposed to the travel and leisure industry, particularly affected by COVID-19. Core business turnover of the Italian companies is in line year on year, thanks to the performance on main customers and the Go-to-Market strategy.
- **9M 2020 EBITDA** is equal to **Euro 3.83 million, up by 92.9%** compared to the figure of Euro 1.99 million in 9M 2019, mainly thanks to the Group's focus on high value-added projects and the efficiencies deriving from the industrialization of the business model (**EBITDA margin¹ +4** percentage points). **EBITDA margin net media²** is equal to 8.4% (4.1%) in 9M 2019. It is worth noting that no use was made of temporary layoffs nor other public support benefits for workers.
- **9M 2020 EBIT** is equal to **Euro 2.16 million**, more than quadrupled compared to Euro 0.39 million in 2019, mainly thanks to the better operating result.
- **9M 2020 EBT** is equal to **Euro 1.40 million**, compared to the negative figure of Euro -0.51 million in 2019, thanks to the better operating performance of the Group.
- **9M 2020 Net Result** is equal to **Euro 0.81 million**, higher than Euro -0.77 million in 9M 2019, mainly thanks to the better operating result.
- **9M 2020 operating cash flow** is positive for **Euro 7.51 million**, up by Euro 7.53 million compared to Euro -0.02 million in 9M 2019, and the increase is mainly due to the better operating result and to the lower absorption by the net working capital.
- **The Group's Net Financial Position** at September 30th, 2020 is negative for **Euro -10.95 million**, compared to the negative NFP for Euro -19.21 million at 31 December 2019. The improvement in the period is mainly due to the increase in cash and cash equivalents for the period and the reduction in the value of put option payables.

Milan, November 13th, 2020 – The Board of Director of **Alkemy S.p.A.**, a leading company in the business model evolution of large and medium-sized companies and listed on the Mercato Telematico Azionario (MTA) – STAR Segment of Borsa Italiana (ticker: ALK), today approved the Interim Financial Report at September 30th, 2020.

Considering the complexity and uncertainty of the context, the first nine months of 2020 saw a **resilient trend** for Alkemy's business, in particular in terms of **marginality's growth**, thanks to the strong **focus on customers**, greater **business efficiency** and new Go-to-Market strategy, focused on the development of large projects with greater value-added and greater profitability, continuing along the path of **industrialization of its business model**.

Despite decreasing revenues mainly on foreign markets compared to the first nine months of 2019, and for a minor part in Italy, Alkemy recorded a **substantial improvement in marginality**, with an **EBITDA higher than the previous year by more than 92%**, **EBITDA margin net media of 8,5%** and an **operating cash flow of Euro 7.5 million** (compared to Euro -0.02 million in the comparative period).

¹ Ebitda margin is calculated relating the EBITDA to the revenues of the period

² Ebitda margin net media is calculated relating the EBITDA to the revenues of the period net of Media related revenues from Spain and Mexico companies



These results, thanks to the **flexibility** of the Group's operating structure and the **consistency of the business**, were achieved without resorting to temporary layoffs or other public support tools for workers, with full use of the available workforce.

Alkemy, as a **leading company in the digital transformation** industry in the geographies of reference, offers the range of services necessary for companies that want to emerge from the crisis and be competitive in tomorrow's market. The recent developments related to the COVID-19 emergency have in fact imposed on companies an even faster ability to adapt and transform, digitalizing and rethinking their business models.

"The strong improvement in the operating margins, in continuity with the figures of the first half of 2020, are the result of the process of industrialization and efficiency of our business model which lays the foundations for a further increase in marginality and profitability" commented the **CEO Duccio Vitali**. *"Over the next year we will pivot on the industrial enhancement achieved to support a new growth phase"*.

"The evolution of the market and the expansion of the health emergency phase confirm the centrality of digital in the evolution of the entire economic production system" added the **Chairman of the Board of Directors Alessandro Mattiacci**. *"The moment we are experiencing can become a great opportunity to accelerate digital transformation in the geographies in which we operate, in which companies are relatively late. For this reason, we expect a jump in the growth of our market, for which Alkemy increasingly has a consistent structure and offer."*

Data analysis

The Group's revenues for the first nine months of 2020 amounted to **Euro 52.65 million**, compared to Euro 60.43 million in 9M 2020, with a decrease of 12.9%. This result is mainly attributable to foreign subsidiaries, which were most affected by the pandemic, due to the predominant exposure to the travel and leisure industry.

Italian turnover is equal to **Euro 38.54 million**, showed greater resilience of the business, with a contraction of 5.0%, mainly relating to "Other revenues" component, related to the lower government grants and tax credit inherent to the Research and Development activities carried out in the reference period. Italian companies result was achieved thanks to the new Go-to-Market strategy, focused on the strong focus on main customers, which increased their **average revenues per client by 10%**. Abroad, revenues amounted to Euro 14.12 million, compared to Euro 19.87 million in 9M 2019 (-29.0%). The decrease is mainly attributable to investments in media by customers of the Mexican subsidiary, which, following COVID-19, were immediately affected by the slowdown in the travel and leisure industry, without a strong impact on EBITDA.

9M 2020 EBITDA amounted to **Euro 3.83 million, up by 92.9%** compared to the figure of Euro 1.99 million in 9M 2019, mainly thanks to the efficiencies deriving from the implementation of the new organization, which supports the Group in the industrialization of its business model, and the new Go-to-Market strategy focused on the development of projects with greater value-added.

9M 2020 EBITDA Margin was **7.3%, more than doubled** compared to 9M 2019 (**up by 4 percentage points** compared to 3.3%), thanks to the efficiencies of the new organization and the internalisation of some activities in the technological area, which were outsourced before. Despite FTE increased from 521 in 9M 2019 to 524 in 9M 2020, the cost of personnel decreased by 2.9%, thanks to costs rationalization of the Italian companies, and it does not benefit from reductions related to the use of





temporary layoffs nor public social safety nets nor other facilities available as they were not necessary, given the full use of the staff in force.

9M 2020 EBITDA net media margin was **8.4%**, more than double than the figure of 9M 2019 which was equal to 4.1%.

9M 2020 Operating Result (EBIT) is equal to **Euro 2.16 million**, more than quadrupled compared to 9M 2019 figure equal to Euro 0.39 million, and it is mostly imputable to Italian companies. Net financial charges for the period amounted to Euro 0.81 million in line with to Euro 0.82 million in 9M 2019. **9M 2020 EBT** for the period is equal to Euro 1.40, substantially increasing compared to Euro -0.51 million in 9M 2019.

Net Result of 9M 2020 is equal to **Euro 0.81 million**, increasing compared to the negative figure of Euro -0.77 million in 9M 2019.

Operating Cash Flow at September 30th, 2020 **was positive for Euro 7.51 million**, up by Euro 7.53 million compared to Euro -0.02 million in 9M 2019, mainly thanks to the better operating result and the lower absorption by the net working capital.

The Net Financial Position of the Group at September 30th, 2020 is negative for **Euro -10.95 million**, compared to the negative NFP of Euro -19.21 million at 31 December 2019, with an **improvement in the period of Euro 8.26 million**. This change is mainly due to:

- for Euro 11.40 million, to the greater liquidity available on bank deposits;
- for Euro 1.95 million, to the redetermination of the value of the put options;
- for Euro -5.70 million, to the increase in medium-long term maturing portions net of the increase in medium-term bank loans contracted in the period;
- for Euro -1.91 million, to the increase in short-term bank loans, mainly relating to the end of the pre-amortization periods of some loans stipulated in 2019 and to the new bank loans of the previous point.

The interim financial report at September 30th, 2020 is available to the public on the Alkemy website www.alkemy.com in the Investor Relations section and at the authorized storage mechanism emarketstorage.com.

Outlook

At the date of approval of this Interim Financial Report, all the Italian and foreign companies of the Group are still continuing their work almost entirely remotely, in accordance with the provisions on the prevention of the spread of the pandemic taken by the different local governments, of the countries and regions where the offices of the various Group companies are located.

The Group's management will continuously and carefully monitor the developments of events related to COVID-19, in order to be ready to promptly take the necessary actions to mitigate any further impacts on the health of workers and on business performance.



The evolution of the Business in the last months of 2020 will mainly depend on exogenous factors related, mainly, to the pandemic, the consequent evolution of the reference market, the resilience of client companies, government intervention in support of the economy in general, and of investments in the digitalization of companies.

Taking into account the results achieved in the first three quarters of 2020 and the current state of progress of the business, with the exception of the occurrence of further aggravating events that are not foreseeable at the moment (ie further persistence or tightening or extension of the lockdown), it is confirmed that the Group's expectations for the current year are to reach FY 2020 EBITDA higher than FY 2019, despite the decline in revenues expected in the last quarter of the year, both for domestic and foreign markets, as a consequence of the adoption of the current containment measures of the infection.

The Manager in charge of preparing the corporate accounting documents, Claudio Benasso, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, declares that the accounting information contained in this press release corresponds to the documentary results, books and records accounting.



Annex

Consolidated P&L

Value expressed in thousands of euros

	Sep. 30, 2020	Sep. 30, 2019
Revenues from sales and services	51.994	58.059
Other Revenues	659	2.374
Total operating revenues	52.653	60.433
Costs for services, goods and other operating costs	(27.837)	(36.845)
- of which non recurrent	0	(128)
Personnel expenses	(20.981)	(21.600)
- of which non recurrent	(46)	(75)
Total operating costs	(48.818)	(58.445)
Gross operating result (EBITDA)	3.835	1.988
D&A	(1.292)	(1.320)
Provisions and write-downs	(385)	(276)
Operating result	2.158	392
Income (charges) from equity investments	55	(80)
Financial income	453	264
Financial charges	(1.262)	(1.085)
Profit (Loss) before taxes	1.404	(509)
Income taxes	(591)	(261)
Profit (loss) for the period	813	(770)
Attributable to		
- Group	815	(664)
- Minorities	(2)	(106)



Consolidated balance sheet

Values expressed in thousands of euros

Assets	Sep. 30, 2020	Dec. 31, 2019
Non current assets		
Tangible assets	850	980
Rights of use	3.301	3.907
Goodwill	31.755	31.752
Defined life intangible assets	701	971
Minorities	1.133	1.078
Non current financial assets	1.668	1.555
Deferred tax assets	1.105	1.203
Other non current assets	175	165
Total non current assets	40.688	41.611
Current assets		
Inventories	31	61
Trade receivables	22.818	31.791
Current financial assets	82	115
Fiscal credits	1.438	3.663
Other current assets	3.536	5.153
Cash and cash equivalents	20.983	9.581
Total current assets	48.888	50.364
Total assets	89.576	91.975
Liabilities and Group equity	Sep. 30, 2020	Dec. 31, 2019
Group Equity		
Equity	588	588
Reserves	32.338	31.274
Net Income (Loss)	815	(139)
Group Equity	33.741	31.723
Minorities	332	174
Total Equity	34.073	31.897
Non current liabilities		
Financial debts	12.738	8.968
Rights of use liabilities	2.559	3.103
Put & option debts	2.087	10.973
Employee's leaving entitlement	4.665	4.356
Provisions	72	44
Deferred Tax liabilities	27	17
Total non current liabilities	22.148	27.461
Current liabilities		
Financial debts	4.440	2.533
Rights of use liabilities	807	844
Put & option debts	9.305	2.369
Trade payables	11.440	17.142
Fiscal liabilities	1.458	1.617
Other liabilities	5.905	8.112
Total current liabilities	33.355	32.617
Total liabilities	55.503	60.078
Total liabilities and Total Equity	89.576	91.975



Consolidated Cash Flow Statement

Values expressed in thousands of euros

	Sep. 30, 2020	Sep. 30, 2019
Operating activities		
Net Income (Loss)	813	(770)
Financial Income	(453)	(264)
Income (Loss) from equity investments	(55)	80
Financial Interests	1.262	1.085
Income Taxes	591	261
D&A	1.292	1.320
Provisions and write-downs	385	276
Share-based compensation	525	336
Change in inventories	30	72
Change in trade receivables	8.616	4.558
Change in trade payables	(5.702)	(3.901)
Change in other current assets	3.726	(552)
Change in other current liabilities	(3.163)	(2.011)
Financial interests paid	(195)	(146)
Paid income taxes	(158)	(367)
Net cash flow generated (absorbed) by operating activities	7.514	(23)
Investments		
Capex	(152)	(489)
Change in financial assets	(113)	(210)
Acquisition of equity investments	0	(1.036)
Acquisition (disposal) of equity investments, net of liquid funds acquired	0	(63)
Net cash flow generated (absorbed) by investment activity	(265)	(1.798)
Financing activities		
Change in financial debt	5.625	8.153
Change IFRS 16 financial liabilities	(715)	(751)
Change in treasury shares	0	(438)
Dividends to minorities	(667)	(662)
Other changes in equity	0	1.033
Capital increase	0	14
Exercise of put options	(90)	(5.585)
Net cash flow generated (absorbed) by financing activities	4.153	1.764
Increase (decrease) of net cash position for the period	11.402	(57)
Cash at beginning of period	9.581	10.098
Cash at end of period	20.983	10.041



Alkemy S.p.A. works to improve the market positioning and competitiveness of large and medium-sized companies by stimulating the evolution of their business models in line with technological innovation and consumer behaviour. Alkemy integrates skills and expertise in the areas of Strategy, Communication, Design, Performance, Technology and Insights & Analytics, with an offering designed for our post-digital environment and covering the entire chain of value from strategy to implementation.

For further information

IR & Communication

Matilde Cucuzza | matilde.cucuzza@alkemy.com | +39 340 0645496



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