Informazione Regolamentata n. 0868-89-2021	Data/Ora Ricezione 06 Agosto 2021 13:15:07	MTA - Star

Societa'	:	SERVIZI ITALIA
Identificativo Informazione Regolamentata	:	151016
Nome utilizzatore	:	SERVIZIITAN03 - Manti
Tipologia	:	1.2
Data/Ora Ricezione	:	06 Agosto 2021 13:15:07
Data/Ora Inizio Diffusione presunta	:	06 Agosto 2021 13:15:09
Oggetto	:	The Board of Directors approves the Half-year Financial Report as at 30 June 2021

Testo del comunicato

Vedi allegato.

PRESS RELEASE
6 August 2021

The Board of Directors of Servizi Italia approves the Half-year Financial Report as at 30 June 2021

Organic growth across all business lines and geographies, with double-digit organic growth in Brazil and Turkey.

Recovery of margins in all operating segments.

Guaranteed continuity of essential services and the highest level of safety for all employees.

- Consolidated **Revenues** equal to **Euro 125.1 million** (Euro 117.9 million in 1H2020)
- Consolidated **EBITDA** equal to **Euro 33.5 million** (Euro 27.5 million in 1H2020)
- Consolidated **EBIT** equal to **Euro 6.3 million** (Euro 0.2 million in 1H2020)
- Consolidated **Net Income** equal to **Euro 4.4 million** (Euro -0.2 million in 1H2020)
- **Net financial position** equal to **Euro 135.8 million** (Euro 129.6 million as at 31 December 2020)

Castellina di Soragna (PR), Italy, 6 August 2021

The Board of Directors of Servizi Italia, a company listed on the STAR segment of the Italian Stock Exchange and leading operator in the outsourcing of hospital services in Italy, Brazil, Turkey, India, Albania and Morocco, today approved the Half-year Financial Report as at 30 June 2021.

"*The results of the first half of 2021* – said **Roberto Olivi**, Chairman of the Executive Committee of Servizi Italia – *highlight the efforts of management aimed at achieving the strategic targets identified in the business plan and the actions aimed at limiting the impact of the epidemic crisis on our activities. In this context, concentrating and renewing the industrial assets for guaranteeing efficiency in every operating segment has been fundamental, as well as the sale of the workwear division, which allowed to concentrate our resources on our core business, i.e. the healthcare sector, and the commercial agreements on strategic supplies we made with the main suppliers in Italy. The results of the first half of the year have been obtained in a general context which is strongly affected by the pandemic effects and they also underline the Group's ability to react with strength and determination even in unpredictable situations. The results show a good growth in all the areas where the Group operates, also marking a gradual renewal of the customer portfolio in the Italian area, which has favored a gradual recovery of margins in the wash-hire sector, a segment still burdened by the hotel division, which operated with a substantial lack of turnover during the first four months of the year. Foreign markets recorded a double-digit organic growth and excellent results in terms of margins both in Brazil and Turkey, despite a considerable depreciation of the reference currencies against the Euro. Although we are aware that the positive growth trend of the first half of 2021 will be influenced by the impact that the Covid-19 variants will have in* *the coming months, our objective remains to confirm our position as market leader and preserve the Group's financial solidity, thus continuing to support and protect all our stakeholders".*

CONSOLIDATED RESULTS AS AT 30 JUNE 2020

During the first semester 2021, the Servizi Italia Group recorded a **consolidated turnover** equal to **Euro 125.1 million**, up by 6.1% (9.2% at constant exchange rates) compared to the first semester 2020, with the following sectorial trends:

- Revenues from **wash-hire services** (which in absolute terms represent 76.0% of the Group's revenues), pass from Euro 90.1 million in the first six months of 2020 to Euro 95.1 million in the first half of 2021, sustained by the excellent organic growth registered in Brazil and Turkey (however offset by a negative exchange rate variation). In Italy, there was a significant growth (+7.5%) in revenues mainly sustained by the new tenders in the north-eastern area and only partially mitigated by the drop in hotel and catering sector for most of the first half of 2021 compared to the first half of 2020; net of the drop in the hotel sector, growth in the Italian wash-hire sector is 9.0%. In addition to that, in Italy, it is worth to underline that approx. Euro 424 thousand are related to Covid refunds obtained following ANAC resolution no. 540 of 1 July 2020.

- Revenues from **textile sterilization** (steril B), which in absolute terms represent 7.3% of the Group's revenues, pass from Euro 8.4 million in the first six months of 2020 to Euro 9.1 million in the first semester of 2021, up by 8.3% as result of the supply of specific linen for the prevention of Covid-19 infection in use at certain hospitals in Italy, as well as the resumption of surgical activities at the hospitals compared to the same period of the previous year.

- Revenues from **surgical instruments sterilization services** (steril C), which in absolute terms represent 16.7% of the Group's revenues, pass from Euro 19.5 million in the first six months of 2020 to Euro 20.9 million in the first semester of 2021, up by 7.3% mainly due to some new orders in north-eastern Italy, as well as to the recovery in surgical operations compared to the previous period. In fact, it should be noted that the comparison period of the 2020 financial year recorded a severe downturn related to the impact of the pandemic crisis for most of the first half of the year (starting from March 2020). Revenues related to this business segment are still affected by the uncertainty in the planning of surgical operations and the availability of dedicated spaces related to the ongoing epidemic crisis.

For what concerns geographical distribution, **revenues generated from foreign markets** amount to Euro 16.3 million (of which Euro 12.7 million relating to Brazil and Euro 3.6 million relating to Turkey), covering the 13.0% of first semester 2021 consolidated turnover (14.3% in the same period of 2020). Revenues in Brazil posted double-digit organic growth in local currency (+16.4%), offset by a negative exchange rate translation effect of 19.4% (depreciation of the Brazilian real against the Euro), resulting in a negative change of 3.0% for the period. Revenues in Turkey also recorded an excellent organic growth for the period of 29.9%, offset by a negative exchange rate effect of 32.4% (depreciation of the Turkish lira against the Euro) leading to a negative change in sales of 2.5%.

Consolidated EBITDA increased from Euro 27.5 million in the first six months of 2020 to Euro 33.5 million in the first semester of 2021, rising from 23.3% to 26.7% of revenue (26.8% at constant exchange rates). The good performance of the index mainly comes from the recovery of the hospital business, which drove the turnover, leading to a higher absorption of fixed costs as well as to a better marginal balance in the production structure compared to the same period of 2020 and to premiums on certain strategic supplies, largely underlying the start of new orders in the north-east area. It should also be noted that during the period a capital gain of Euro 1.5 million was recognised on the sale of the workwear business unit. There was also a sharp drop in hotel sector margins, since – during the first four months pf the period – it operated with a substantial lack of sales compared to the same period of the previous year. There was also a positive performance, particularly in the areas of Brazil and Turkey, and measures to contain operating and structural costs. Costs for services increased (+0.4%), particularly because of a change in logistics and production organisation for managing laundry and wardrobe services related to the contingent Covid-19 emergency situation and the new tenders started in north-eastern Italy. Personnel costs decreased as a percentage on turnover (-1.2%) compared to the previous period, due to greater absorption of structural staff, as well as a higher use of holidays, permits and wages guarantee funds (Italian acronym: CIG) for facing the epidemic emergency. The excellent results of operating margins at an international level were confirmed in 2021, both in Brazil (EBITDA margin 31.0%) and Turkey (EBITDA margin 28.6%).

The operating result (**EBIT**) passed from Euro 0.2 million in the first half of 2020 (0.2% compared to turnover of the period) to Euro 6.3 million in the same period of 2021 (5.0% compared to the turnover of the period and 5.2% at constant exchange rates), as a result of the trends already described in the comments on EBITDA.

Taxes for the period are negative for Euro 0.8 million, with an incidence on pre-tax profit of 14.6% and mainly relate to current taxes for the period.

Therefore, the consolidated financial statements as at 30 June 2021 close with a **net profit** of **Euro 4.4 million** compared to Euro -0.2 million in the same period of the year.

Net financial debt as at 30 June 2021 is equal to **Euro 135.8 million**, up compared to Euro 129.6 million as at 31 December 2020.

SIGNIFICANT EVENTS DURING THE HALF

On 3 February 2021, in line with the redistribution of volumes in order to achieve greater saturation of the production capacity of the sites in the north-west area, production activities at the plant located in Podenzano (PC, Italy) ceased.

On 26 February 2021, the Company announced that it had signed the closing relating to the sale to Alsco Italia S.r.l. of the workwear business unit (the "Business Unit"), a preliminary disclosure to the market at the time of signing on 28 January. 2021. The agreement took effect on 1 March 2021 and provides for:

- the sale by Servizi Italia to Alsco Italia S.r.l. of the Business Unit that includes in particular the workwear sector customer portfolio, the Barbariga (BS) plant and related property, the contractual relationships with the workwear sector employees and related payables, plant, machinery, equipment and other operating assets relating to the workwear, workwear linen and textiles sector and the Business Unit's commercial goodwill;
- the start of a four-year non-compete agreement between the parties;
- the closure of Barbariga (BS) plant.

The payment of the price, defined on the basis of the valuation of the Business Unit's components , was equal to Euro 9.5 million.

In compliance with the actions provided in the sustainability plan contained in the Group's consolidated non-financial statement, on 22 March 2021 the Company obtained ISO 37001 certification, whose management system is aimed at facing and preventing possible cases of corruption and promoting an ethical corporate culture.

On 20 April 2021, the Ordinary Shareholders' Meeting:

- (i) approved the Parent Company's financial statements as at 31 December 2020 and the allocation of the result of the year;
- renewed the authorization to purchase and dispose treasury shares, according to what proposed by the Board of Directors, subject to revocation of the previous authorization (dated 20 April 2018) for anything not used as proposed by the Board of Directors. The resolution authorizes to purchase a maximum of 6,361,890 ordinary shares with a par value of Euro 1.00 each, corresponding to the fifth part of Company's share capital (taking into account the shares already held by the Company from time to time) for a period of 18 months from today's date, while the duration of the authorization relating to the disposal of treasury shares has no time limit;
- approved the remuneration policy of Servizi Italia S.p.A.;
- appointed the members of the Board of Directors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2023, also determining their remuneration.

Information about Covid-19

The Covid-19 viral epidemic has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities with regard to hygiene guarantees for medical and nursing staff, for wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, despite of operating in strict compliance with the relevant regulations, have been impacted by the evolution of the contingent epidemiological situation. It is important to underline that, although in a context of recovery from an operational and economic point of view, there are still some uncertainties in relation to the possible impact of the new variants that could affect both the evolution of the business and the needs of the stakeholders the Group is operating with.

In consideration of the fact that the services provided by the Group are to be considered essential, of primary necessity and of public utility and therefore defensive with respect to the ongoing epidemiological situation, the Group has carried out risk & project management and project control activities in order to: (i) avoid the spread of contagion and protect the health and safety of personnel and the environment, (ii) guarantee business continuity, (iii) mitigate the possible negative impact on economic results deriving from a decline in demand for certain types of services; (iv) have an up-to-date mapping of risks, related impacts and mitigation actions in the various areas of the company organization; (v) promptly launched the monitoring of the effects of the epidemic on its results and the related analyses, current and forecast, which are still in progress.

SIGNIFICANT EVENTS AFTER THE END OF THE HALF

No significant events reported.

BUSINESS OUTLOOK

The activities of the Group are affected by the general conditions of the economy and by the epidemiologic situation in the countries in which it operates. The Group has readjusted its governance strategy on the basis of the new medium-long term guidelines, integrating it with the new post-Covid-19 business strategy, aligning objectives and targets to the new reference context. For the year 2021, a climate of uncertainty remains regarding the possible effects of both the worsening of the pandemic crisis and the government measures to contain the contagion and those to support the economy that in the meantime will be implemented in the countries where the Group is present.

In addition to what already described with regard to the effects of the Covid-19 viral epidemic, it is to note that the Italian market of industrial laundry facilities is undergoing a structural decline linked to a number of specific critical factors in the health services sector, such as the awarding of contracts with increasingly low bids, the effects of which have impacted the Parent Company, with the non-renewal of contracts in the portfolio and the awarding of contracts already in the portfolio at lower prices.

In this general context, despite continuing to forecast of an overall positive operating margin in the foreseeable future, management will be interested in the medium-term by a reduction in turnover in the domestic wash-hire sector and a reduction in operating margins which may, in part, be offset by the further growth of higher-margin sectors and objectives relating to the modification of the commercial and operating strategy, based on the market context of the countries in which the Group operates; the re-engineering and reorganization of the organizational model, thanks to the support of technologies and digitalisation of processes that allow the efficiency of operating and business support activities. The use of legal provisions and instruments for personnel management, in dialogue with the trade unions and workers' representatives at company level, will go on with the aim of seeking shared solutions to respond to the epidemiological and market situation.

Moreover, the Group as a whole will be able to benefit from the effects of the internationalisation strategy by consolidating the positive results obtained in the countries in which it operates, particularly in Brazil and Turkey.

The Group has a solid financial position, which will enable it to overcome the current crisis and the near future with a good financial balance and maintaining a good credit rating with banks.

In light of the above considerations, the Group remains confident of being able to effectively manage the effects of the ongoing epidemiological crisis together with future objectives.

TREASURY SHARES

As at 30 June 2021, following the transactions on the market regulated and managed by Borsa Italiana, the Company held n. 1,818,960 treasury shares, equal to 5.72% of the share capital.

PUBLICATION OF THE DOCUMENTATION

The Half-year Financial Report as at 30 June 2021 will be made available to the public within the terms and according to the procedures provided for by the regulations in force, accompanied by the auditors' report.

*****

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

The Executive Responsible for the preparation of the corporate accounting documents, Angelo Minotta, 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 Group 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.

PRESS RELEASE

6 August 2021

This press release is disclosed using emarket SDIR system and it is now available on Company's website (www.servizitaliagroup.com) as well as on eMarket STORAGE system (www.emarketstorage.com).

Servizi Italia S.p.A., a company based in Castellina di Soragna (PR) and listed on the STAR segment of the MTA of Borsa Italiana S.p.A., has been a leader in Italy in the field of integrated rental, washing and sterilization services for textile materials and medical devices in the healthcare sector for over thirty years. The company, which together with its Italian and foreign subsidiaries forms the Servizi Italia Group, has also expanded its services to the industrial, community and hotel sectors. The Group has a highly technological production platform, articulated in over 50 production plants in 6 countries and counts about 3,700 employees and collaborators: these are the numbers with which Servizi Italia contributes daily to the health and safety of professionals, patients and workers, respecting ethics and the environment in which it operates.

For further information:

Investor Relations
Servizi Italia
Giovanni Manti, Pietro Giliotti
Tel: +39 0524598511
investor@servizitaliagroup.com

Media Relations
iCorporate
Arturo Salerni,
Tel. + 02 6666 6400
servizitalia@icorporate.it

In attachment:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated income statement as at 30 June 2021
- Consolidated statement of comprehensive income as at 30 June 2021
- Consolidated statement of cashflow as at 30 June 2021
- Consolidated net financial position as at 30 June 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	30 June 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	169,361	168,821
Intangible assets	4,836	5,238
Goodwill	65,271	65,639
Equity-accounted investments	26,030	24,582
Equity investments in other companies	3,018	3,018
Financial receivables	3,539	5,663
Deferred tax assets	7,893	8,091
Other assets	3,718	4,342
Total non-current assets	**283,666**	**285,394**
Current assets		
Inventories	8,930	7,996
Trade receivables	72,364	62,974
Current tax assets	1,892	2,019
Financial receivables	8,508	6,521
Other assets	11,654	9,752
Cash and cash equivalents	3,030	4,441
Total current assets	**106,378**	**93,703**
TOTAL ASSETS	**390,044**	**379,097**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,990	30,259
Other reserves and retained earnings	87,333	83,331
Net profit of the period	4,307	2,761
Total shareholders' equity attributable to shareholders of the parent	**121,630**	**116,351**
Total shareholders' equity attributable to non-controlling interests	**2,028**	**2,235**
TOTAL SHAREHOLDERS' EQUITY	**123,658**	**118,586**
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	66,237	56,262
Deferred tax liabilities	2,221	2,500
Employee benefits	9,582	9,582
Provisions for risks and charges	4,830	4,804
Other financial liabilities	2,219	2,905
Total non-current liabilities	**85,089**	**76,053**
Current liabilities		
Due to banks and other lenders	81,080	84,307
Trade payables	80,104	76,934
Current tax liabilities	207	124
Employee benefits	-	67
Other financial liabilities	786	3,353
Provisions for risks and charges	551	1,523
Other liabilities	18,569	18,150
Total current liabilities	**181,297**	**184,458**
TOTAL LIABILITIES	**266,386**	**260,511**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**390,044**	**379,097**

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	30 June 2021	30 June 2020
Revenues from sales	**125,109**	**117,943**
Other income	5,035	2,501
Raw materials and consumables	(13,573)	(13,290)
Costs for services	(40,045)	(37,303)
Personnel expenses	(42,417)	(41,443)
Other costs	(655)	(942)
Depreciation/amortization and provisions	(27,178)	(27,233)
Operating profit (loss)	**6,276**	**233**
Financial income	398	1,003
Financial expenses	(2,241)	(2,866)
Income/(Expense) from equity investments	24	1,052
Revaluation/impairment of equity-accounted investments	666	(914)
Profit (Loss) before taxes	**5,123**	**(1,492)**
Income taxes	(750)	1,278
Profit (Loss) of the period	**4,373**	**(214)**
of which: Share pertaining to the Shareholders of the Parent Company	4,307	(300)
Share pertaining to the minority shareholders	66	86
Base earnings/(losses) per share (Euro per share)	**0.14**	**(0.01)**
Diluted earnings/(losses) per share (Euro per share)	**0.14**	**(0.01)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	30 June 2021	30 June 2020
Profit (Loss) of the period	**4,373**	**(214)**
Other comprehensive income that will not be reclassified to the Income Statement		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
Other comprehensive income that may be reclassified to the Income Statement		
Gains (losses) from translation of foreign financial statements	1,052	(12,300)
Portion of comprehensive income of the investments measured using the equity method	377	(288)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	**1,429**	**(12,588)**
Total comprehensive income for the period	**5,802**	**(12,802)**
of which: Attributable to shareholders of the parent	5,895	(12,873)
Attributable to non-controlling interests	(93)	71

CONSOLIDATED STATEMENT OF CASHFLOW

(thousands of Euros)	as at 30 June 2021	as at 30 June 2020
Generated (absorbed) cash flow from operating activities		
Profit (loss) before taxes	5,122	(1,493)
Current taxes payment	(185)	(153)
Depreciation	26,964	26,701
Impairment and provisions	215	532
Gain/losses on equity investments	(690)	(138)
Capital gains/(losses) from divestment	(1,679)	(542)
Interest and expense income	1,843	1,863
Received interest incomes	54	558
Paid interest expenses	(1,171)	(1,161)
Paid interest on lease liabilities	(1,009)	(1,128)
Provisions for employee benefits	463	(195)
	29,927	**24,844**
(Increase)/Decrease in inventories	(826)	(706)
(Increase)/Decrease in trade receivables	(11,528)	(2,998)
(Increase)/Decrease in trade payables	4,838	9,756
(Increase)/Decrease in other assets and liabilities	(5,872)	(6,320)
Settlement of employee benefits	(514)	(341)
Generated (Absorbed) cash flow from operating activities	**16,025**	**24,235**
Generated (Absorbed) cashflow net of investing activities in:		
Intangible assets	(310)	(621)
Property, plant and equipment	(33,666)	(27,871)
Dividends received	119	122
Acquisitions	9,478	-
Equity investments	(255)	1,098
Generated (Absorbed) cashflow net of investment activities	**(24,634)**	**(27,272)**
Generated (Absorbed) cashflow from investment activities in:		
Financial receivables	308	1,392
Dividends paid	(67)	(4,738)
Purchase of treasury shares	(615)	(1,226)
Share capital increase (minority shareholders)	-	-
Short-term liabilities due to banks and other lenders	(558)	17,750
Long-term liabilities due to banks and other lenders	9,961	(9,912)
Reimbursement of leasing liabilities	(1,841)	(1,882)
Generated (Absorbed) cashflow from financing activities	**7,188**	**1,384**
Increase/(Decrease) in cash and cash equivalents	**(1,421)**	**(1,654)**
Cash and cash equivalents at the beginning of the period	**4,441**	**7,141**
Effect of exchange rates on cash and cash equivalents	**(10)**	**1,486**
Cash and cash equivalents at the end of the period	**3,030**	**4,001**
Increase/(Decrease) in cash and cash equivalents	**(1,421)**	**(1,654)**

CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020	as at 30 June 2020
Cash and cash equivalent in hand	22	22	147
Cash at bank	3,008	4,419	3,854
Cash and cash equivalents	**3,030**	**4,441**	**4,001**
Current financial receivables	8,508	6,521	6,579
Current liabilities to banks and other lenders	(81,080)	(84,307)	(88,801)
of which financial liabilities for IFRS 16	(3,800)	*(3,441)*	(3,400)
Current net financial debt	**(72,572)**	**(77,786)**	**(82,222)**
Non-current liabilities to banks and other lenders	(66,237)	(56,262)	(57,661)
of which financial liabilities for IFRS 16	(28,115)	*(29,502)*	(30,088)
Non-current net financial debt	**(66,237)**	**(56,262)**	**(57,661)**
Net financial debt	**(135,779)**	**(129,607)**	**(135,882)**

Fine Comunicato n.0868-89	Numero di Pagine: 13