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Informazione Regolamentata n. 20035-46-2022	Data/Ora Ricezione 02 Agosto 2022 17:49:45	Euronext Growth Milan
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Societa' : Innovatec S.p.A.
Identificativo : 165702
Informazione
Regolamentata
Nome utilizzatore : INNOVATECNSS01 - x
Tipologia : 2.2; 1.2
Data/Ora Ricezione : 02 Agosto 2022 17:49:45
Data/Ora Inizio : 02 Agosto 2022 17:49:47
Diffusione presunta
Oggetto : PRELIMINARY OPERATING AND
FINANCIAL RESULTS FOR THE FIRST
HALF OF 2022

Testo del comunicato

Vedi allegato.

**PRESS RELEASE****INNOVATEC S.p.A.****BOARD OF DIRECTORS****PRELIMINARY OPERATING AND FINANCIAL RESULTS FOR THE FIRST HALF OF 2022****ALL ECONOMIC INDICATORS IN LINE WITH PLAN TRENDS****GROWTH PATH CONTINUES****REVENUES AT €164 million (+56% vs 1H21PF)****EBITDA AT €22.4 million (+47% vs 1H21PF)****EBIT AT €14.1 million (+173% vs 1H21PF)****EBITDA margin stable at 14%.****EBIT margin increased to 9% (1H21PF: 5%)****ENERGY EFFICIENCY BUSINESS****REVENUES AT €61 million (+150%) and EBITDA at €10 million (+130%): results close to full-year 2021****(EBITDA margin stable at 17%)****ENVIRONMENT AND CIRCULARITY BUSINESS****REVENUES OF €103 million (+28% vs 1H21PF)****EBITDA €13.7 million (+25% vs 1H21PF)****(EBITDA margin stable 13%)****NFP AT €-28.9 million (FY2021: €-10 million) FOLLOWING ACQUISITIONS MADE IN THE PERIOD AND INCREASE IN WORKING CAPITAL RELATED TO ECOBONUS 110%**

CAMILLA COLUCCI APPOINTED VICE-PRESIDENT WITH RESPONSIBILITY FOR ESG ISSUES**GOVERNANCE: BOD RESOLVED THE INSTITUTION OF REMUNERATION COMMITTEE AND THE AUDIT AND RISK MANAGEMENT COMMITTEE**

Milan, 2 August 2022 - The Board of Directors of Innovatec S.p.A. ("**Innovatec**", BIT: **INC**, ISIN: **IT0005412298**), listed on the Euronext Growth Milan ("**EGM**") market, met today and reviewed the preliminary operating and financial results for the first half of 2022.

The **Chairman**, Elio **Cosimo Catania** commented: "*The preliminary results for the first half of 2022 confirm the validity of the initiatives underpinning our 2022-2024 development plan. In fact, this half-year, the best ever, confirms Innovatec's ability to execute in seizing market opportunities, also in light of the acceleration imposed by policy makers and companies in the world of renewables. The Environment and Circulation business, following recent acquisitions, is creating value from operational synergies and confirming the effectiveness of the vertical approach in the materials recovery sector. The activities in the Energy Efficiency sector continue, especially on the ecobonus "HouseVerde" business, which in the first half of 2022 has already achieved the full year 2021 results, despite the regulatory uncertainties on the assignment of credits, whose evolution we are closely and anxiously following. The targeted acquisition policy has given further impetus to growth, enabling Innovatec to be - with an increasingly integrated offering - a point of reference for individuals and companies towards a balanced and sustainable development. Innovatec represents a response to rising component prices and energy costs, supporting*

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companies and families in this delicate phase of the economy. The results of this first part of the year and the growing dynamism of the circular and renewable economy sector allow us to look forward to this last part of the year 2022 with confidence: we are firmly on track with the Plan's trajectory despite a much more challenging scenario than originally foreseen in January. In conclusion, we are pleased to announce the appointment of board member Camilla Colucci as vice chairman with ESG proxy. Sustainability has always been in our DNA, and the proxy assigned to a vice chairman is a further incentive for our employees and stakeholders to always be focused and in compliance with ESG issues."

Innovatec closed the first half of 2022 with positive results, confirming the validity of the Group's multibusiness model based on sustainability and on the strategic integration of the environmental sector with the energy efficiency, circularity and innovation sectors.

Gruppo Innovatec

Meuro

HIGHLIGHTS	1H22	1H21PF	%	1H21	%
REVENUES	163,7	105,2	56%	64	157%
EBITDA	22,4	15,2	47%	14,1	59%
% EBITDA	14%	14%		22%	
EBIT	14,1	5,2	173%	4,3	227%
% EBIT	9%	5%		7%	
	30-giu-22	31-dic-21	Var.		
PFN/(Net Fin. Indebt.)	(28,9)	(10,0)	(18,9)		
Manpower	323	246	77		

*1H21PF: 1H21 results of the Innovatec group including the 2021 half-year results of Cobat acquired at the end of December 2021

Innovatec confirmed a sustainable development in all of its businesses: **Revenue** for the 1 half 2022 amounted to €164 million, an increase of 157% compared to the same period last year (1H21: €64 million) and 56% compared to the same period proforma (€105 million) including Cobat results ("**1H21PF**"). 1H22 Revenues include the positive results of the Energy Efficiency business (€ 61 million) with a +150% increase vs 1H21, as well as those of the Environment business (€ 103 million) with a +170% increase vs 1H21 and a +30% increase vs 1H21PF.

The revenue trend was reflected in the operating margins for the period, which recorded an increase both in **EBITDA** to €22.4 million (+47%) vs 1H21PF of €15.2 million, and EBIT, to €14.1 million (+173%) vs 1H21PF of €5.2 million. The EBITDA margin for the first half of the year was 14%, in line with the same period of the previous year, while the EBIT margin stood at 9%, up 4 percentage points from the 5% of 1H21PF as a result of the increase of the Energy Efficiency business results, which is less capital intensive than the Environment and Circulation business. The 4 percent EBIT margin increase is in line with BP 2022-2024 drivers communicated to the market at the beginning of February this year.

The above shows a significant and solid economic and industrial growth thanks to the contribution of all the Group's business units, with a fundamental contribution of recent M&A. In particular, consolidated revenues and operating margins benefited from a solid performance of the Energy Efficiency business and the continuous improvement of the Environment and Circulation business, also due to the recent acquisition of Cobat.

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Revenues of €164 million recorded in the first half of 2022 are attributable in detail to:

- **Energy Efficiency business**, which reported revenues of €61 million (+150%, 1H21: €24.5 million), substantially in line with the result achieved in the full year 2021 of €67 million, mainly driven by the HouseVerde Project. Moreover, in order to maximise the potential inherent in the latest government interventions in terms of incentives dedicated to energy efficiency, the subsidiary Innovatec Power is progressively and successfully achieving one of the Plan's challenging objectives of expanding its workforce, reaching a total of 70 resources at the end of June (+20 units compared to the end of 2021);
- **Environment and Circulation business**, which reported revenues of €103 million (+170%, 1H21: €38.3 million) and with an increase of close to 30% vs 1H21PF. The business unit strengthened its strategic positioning with higher volumes and increased average prices compared to 2021. Revenues from landfills showed a downward trend in volumes disposed, in line with BP 2022-2024, totally offset by average increase on prices. The management's ability to intervene proved to be fundamental in optimising the operating and profitability management of the subsidiaries: Green Up recorded revenues of approximately €31 million, in line with the same period last year, while operating synergies deriving from M&A transactions were fully captured, such as the integration of Vescovo Romano, which recorded revenues of €7.5 million in the period (1H21: €6.6 million), and especially COBAT, which recorded a jump in revenue to €61.5 million (+50%) compared to €41.5 million in the same period last year. The recently acquired SEA contributed €3.1 million to total revenues. At end-March 2022, the business unit's headcount stood at 249, up by 43 resources (of which 40 joined the group as a result of the SEA acquisition).

EBITDA of €22.4 million benefits from the positive revenue trend and is attributable in detail to the:

- **Energy Efficiency business**: €10 million (+133% vs 1H21: €4.3 million), almost equal to the entire FY2021 result of €11 million. The EBITDA margin is stable at 17% thanks to a shrewd materials purchasing policy that has allowed the group to find itself with locked-in contracts with major equipment suppliers in a general context of sharply rising prices;
- **Environment and Circular Economy business** : €13.7 million (+40% vs 1H21: €9.8 million and +25% vs 1H21PF of €11 million), recording an EBITDA margin of 13% in line with the 2021 figure thanks to management's ability to expand its business, to a general context of rising prices, and to the optimisations implemented in the operational and profitability management of the activities, including those of the subsidiaries;
- net fixed overhead costs of the parent company, which amounted to €1.3 million in the period, of which €0.2 million was non-recurring.

As a result of the above, **EBIT** amounted to €14.1 million (+173% vs 1H21PF of €5.2 million); **EBIT margin increased to 9%** compared to 5% in 1H21PF, a result achieved thanks to the contribution of the Energy Efficiency business (a less capital-intensive than that of Environment and Circulation business), as well as thanks to a lower use of final disposal activities which allowed in the period the accounting of less closure and post closure provisions, progressively closing the gap between EBITDA and EBIT with a consequent benefit on the Group's overall net profitability.

The consolidated **Net Financial Position** as of 30 June 2022 was negative at €-28.9 million, up from €-10 million as of 31 December 2021. The cash generated in the period as well as the cash inflow of €4.2 million resulted from the capital increase dedicated to institutional investors in January 2022, was completely offset by Capex (€7.6 million), M&A (€14.5 million, including the related consolidated debt of €7,2 million) and net working capital increase of about €20 million, the latter mainly due to the lengthening of the time required to cash the 110% ecobonus tax credits caused by the general climate of uncertainty fuelled by the erratic behaviour of the national legislator.

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Furthermore, the Board of Directors resolved today the institution the audit and risk management committee by appointing as members Messrs. Elio Catania, Eugenio D'Amico and Maria Domenica Ciardo, and the Remuneration Committee by appointing as members Messrs. Elio Catania, Eugenio D'Amico and Camilla Colucci.

In the same meeting, the Board of Directors also appointed Camilla Colucci, director, as the new Vice President with operational proxies on ESG issues. Mrs Camilla Colucci has a consolidated expertise in sustainability-related issues. With this appointment, the Board of Directors strengthens its commitment towards a broader and more comprehensive ESG compliance to protect the market and all stakeholders.

This press release is available on the Borsa Italiana website and on the company's website www.innovatec.it.

For further information:

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Innovatec S.p.A., an investment holding company listed on Euronext Growth Milan (BIT: INC, ISIN: IT0005412298) is active in the fields of energy efficiency and environmental sustainability. In a competitive environment where social responsibility and environmental sustainability issues are becoming increasingly central, Innovatec aims to strengthen its resilience and become a leading player in sustainability through the responsible and efficient use of resources by linking energy and renewable energy efficiency with the materials cycle, recovery and recycling and waste. Innovatec operates at 360 degrees, offering innovative end-to-end solutions that respond in a customised and comprehensive manner to its customers' needs in the circularity and sustainability business. With a proposal that integrates energy efficiency, renewables and environmental services from industrial waste recovery to recycling, Innovatec provides concrete support to other companies in improving their circularity and reducing their carbon footprint by aiming for compatibility between development and land preservation.

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Fine Comunicato n.20035-46

Numero di Pagine: 6