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Oggetto : The Board of Directors of Servizi Italia approves
the Half-year Financial Report as at 30 June
2024

Testo del comunicato

Vedi allegato

**PRESS RELEASE**

8 August 2024

The Board of Directors of Servizi Italia approves the Half-year Financial Report as at 30 June 2024

The positive trend continued in all business lines supported by the organic growth recorded in Italy (+1.5%) and Turkey (+67.3%). Operating margins increased thanks to the drop in gas and electricity prices, a benefit mainly assimilated by the wash-hire segment.

Financial expenses continued to rise compared to the same period last year due to the increase in interest rates applied by the interbank system.

- Consolidated **Revenues** equal to **Euro 147.2 million** (Euro 143.8 million in 1H2023)
- Consolidated **EBITDA** equal to **Euro 38.9 million** (Euro 36.1 million in 1H2023)
- Consolidated **EBIT** equal to **Euro 10.7 million** (Euro 7.4 million in 1H2023)
- Consolidated **Net Income** equal to **Euro 4.2 million** (Euro 2.9 million in 1H2023)
- **Net financial debt** equal to **Euro 127.9 million** (Euro 116.7 million as at 31 December 2023 and Euro 128.2 million as at 31 March 2024)

Castellina di Soragna (PR), Italy, 8 August 2024

The Board of Directors of Servizi Italia, a company listed on the Euronext STAR Milan segment of Borsa Italiana 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 2024.

*"The half-year that has just ended – said **Roberto Olivi, Chairman of the Executive Committee of Servizi Italia** – shows the excellent performance in terms of turnover and operating margins recorded by the Group, coming from a more positive electricity and gas market context compared to the same period last year and from the initiatives undertaken from a strategic point of view. All operating segments shew encouraging growth, especially the wash-hire segment, which had suffered the most from the excessively expensiveness of the main energy sources. Although hopefully decreasing by the end of 2024, we still consider the onerousness of money to be an issue of great attention, which is constantly monitored also through a measured recourse to credit. Short-term objectives remain firmly linked to rationalizing investments, creating operational and production synergies and a balanced management of working capital in order to allow a coherent economic and financial evolution, thus preserving the value generated by the Group."*



PRESS RELEASE

8 August 2024

CONSOLIDATED RESULTS AS AT 30 JUNE 2024

The Servizi Italia Group's **consolidated turnover** in the first half of 2024 amounted to **Euro 147.2 million**, up by 2.3% (3.3% at constant exchange rates) compared to the first half of 2023, with the following sectorial trends:

- Revenues from **wash-hire services**, which in absolute terms represent 74.4% of the Group's revenues, rose from Euro 107.7 million in the first six months of 2023 to Euro 109.4 million in the same period of 2024, registering a growth of 1.6% (or 2.9% at constant exchange rates), supported by both wash-hire service in Italy (+0.4%) and a rapid recovery resulting from price adjustments in the Turkey area (+34.6% or +67.3% at constant exchange rates). Compared to the comparative period, the Italy area recorded some customer closures in the Marche area that were more than offset by the excellent performance for the period of the other Italian areas in which the Group operates.
- Revenues from **textile sterilization** (Steril B), which in absolute terms represent 6.9% of the Group's revenues, rose from Euro 9.7 million in the first six months of 2023 to Euro 10.1 million, up by 4.5%. The increase is mainly due to the release of the excess portion of the medical device payback provision in the amount of Euro 0.8 million. Net of this effect, a negative change of Euro 0.4 million (or -4.1%) would be recorded, mainly due to orders concluded in the Veneto region in the second half of the year 2023.
- Revenues from **surgical instruments sterilization services** (Steril C), which in absolute terms represent 18.8% of the Group's revenues, pass from Euro 26.5 million of 2023 to Euro 27.6 million of 2024, with a 4.3% increase equal to Euro 1.1 million mainly due to increased operating activities during the period in the Italy area.

For what concerns geographical distribution, **revenues generated from foreign markets** amount to **Euro 20.9 million** (of which Euro 15.3 million relating to Brazil and Euro 5.6 million relating to Turkey) and cover a share of 14.2% of consolidated turnover in the first half of 2024 (13.6% in the same period of 2023).

Consolidated EBITDA increased from Euro 36.1 million in the first six months of 2023 to **Euro 38.9 million** in the same period of 2024 with an EBITDA margin increasing by 130 bps from 25.1% to 26.4% of revenue or an absolute increase of 7.8%. During the period, raw material costs decreased by 0.6% and in absolute value by 3.7%, driven primarily by lower sales of disposables and personal protective equipment. Costs for services register a decrease in absolute value of 5.7% or an improvement of the EBITDA margin of 2.7% in the period, mainly due to the decrease compared to the comparison period of gas costs (Euro -2.7 million or -2.0% relative incidence) and electric energy (Euro -0.9 million or -0.7% relative incidence). It should also be noted that the first half of 2023 included the benefit of the tax credit in Italy amounting to Euro 1.95 million recorded in other revenues and absent in the first half of 2024.



PRESS RELEASE

8 August 2024

Personnel costs increased as a percentage of sales (+0.7%) compared to the previous period and increased in absolute terms (+4.6%), mainly due to the salary adjustments applied in the Italy area since the entry into force of the new national collective labour agreement from March and December 2023 as well as June 2024. Operating margins decreased in the period in the Brazil area (EBITDA margin going from 23.3% to 20.5%) partly due to the start-up phase of the sterilisation plant in São Paulo and higher personnel costs recorded in the period, while there was a significant recovery in margins in the Turkey area (EBITDA margin going from 27.7% to 33.2%) mainly due to the inflationary adjustment of contractual prices.

The **consolidated operating result (EBIT)** increased from Euro 7.4 million in the first six months of 2023 (5.1% of sales for the period) to **Euro 10.7 million** in the same period of 2024 (7.3% of sales for the period), mainly due to the effect of the dynamics already described in commenting on the change in sales and EBITDA, in addition there was a reduction in depreciation, amortisation and write-downs (Euro -0.5 million or -0.8% relative incidence).

Financial expenses increased by Euro 1.7 million compared to the same period of the previous year, mainly due to the increase in interest rates applied by the interbank system in the Euro zone and interest rates in the Turkish area. Taxes for the period were negative for Euro 1.4 million with an incidence on pre-tax profit of 25.1% and mainly related to current taxes for the period.

The consolidated financial statements of the Servizi Italia Group as at 30 June 2024 therefore closed with a **net profit of Euro 4.2 million** compared to a net profit of Euro 2.9 million in the same period of 2023.

Net financial debt increased from Euro 116.7 million as at 31 December 2023 to **Euro 127.9 million** as at 30 June 2024, registering a negative change of Euro 11.2 million.

SIGNIFICANT EVENTS DURING THE HALF

On 27 March 2024, the Board of Directors of Servizi Italia approved the merger by incorporation of the wholly-owned subsidiary Ekolav S.r.l., which operates on the Italian market in the linen washing sector for healthcare and social assistance facilities. This merger is part of a process of corporate simplification and reorganization initiated by the merging company with the aim of pursuing greater production synergies - in consideration of commercial prospects and with a view to harmonize and optimize customer service - as well as the containment of general structural costs. The merger deed was signed on 10 June 2024 and will take effect against third parties on 1 July 2024.

On 22 April 2024, the Ordinary Shareholders' Meeting

- approved the Parent Company's financial statements for the year ended 31 December 2023;



PRESS RELEASE

8 August 2024

- approved to distribute to the Shareholders an ordinary unit dividend, gross of legal withholdings, of Euro 0.03 to the outstanding shares, excluding treasury shares in portfolio, for a maximum amount of Euro 954,283.53;
- resolved to authorize the purchase and disposal of treasury shares, as proposed by the Board of Directors. The resolution authorized the purchase of up to a maximum of 6,361,890 ordinary shares with a nominal value of Euro 1.00 each, corresponding to one fifth of the Company's share capital (taking into account the shares already owned by the Company from time to time) for a period of 18 months from the date of the Shareholders' Meeting, while the duration of the authorization for the disposal of treasury shares has no time limits;
- approved the remuneration policy of Servizi Italia S.p.A;
- appointed the independent auditing firm PriceWaterhouseCoopers S.p.A. to audit the accounts for the nine-year period 2024-2032, approving the relative resolution proposal formulated by the Board of Directors, which adhered to the first preference contained in the Board of Statutory Auditors' reasoned recommendation
- resolved on the renewal of the Board of Directors for the three-year period 2024-2026, also determining its remuneration. All the members of the Board of Directors, with the exception of Director Antonio Aristide Mastrangelo, were taken from the list presented by the majority shareholder Aurum S.p.A., owner of a shareholding of approximately 62.42% of the share capital, which received the favorable vote of approximately 91.88% of the shares represented at the Shareholders' Meeting; Director Antonio Aristide Mastrangelo was taken from the list presented by the minority shareholder Everest S.r.l., owner of a shareholding of 5.03% of the share capital.

On 22 April 2024, the Board of Directors of Servizi Italia S.p.A. assigned management powers to an Executive Committee, composed of Roberto Olivi (Chairman of the Board of Directors and of the Executive Committee), Ilaria Eugeniani (Board Member, appointed Vice-Chairman of the Board of Directors and of the Executive Committee) and Michele Magagna (Board Member), assisted by the General Manager Andrea Gozzi. Subsequently, it set up the Governance and Related Parties Committee, responsible for remuneration, appointments, control and risks and transactions with related parties, composed of Benedetta Pinna as Chairman (Independent Director), Roberta Labanti (Independent Director) and Umberto Zuliani (Non-Executive Director). Finally, the Board appointed Director Benedetta Pinna as Lead Independent Director and Chairman Roberto Olivi as Director in charge of the Internal Control and Risk Management System.

On 15 May 2024, with reference to the preliminary agreement related to the purchase by Servizi Italia of a branch of business dedicated to decontamination and sterilization services of Steris S.p.A., for which appropriate information was provided on 10 October 2023, Servizi Italia S.p.A. exercised its contractually agreed right of withdrawal due to the fact that the interest in the transaction no longer existed. The right of withdrawal does not imply any indemnity or reimbursement on the part of Servizi Italia S.p.A. in favor of Steris S.p.A.



PRESS RELEASE

8 August 2024

SIGNIFICANT EVENTS AFTER THE END OF THE HALF

On 4 July 2024 Servizi Italia acquired, through the exercise of the call option held, the residual 10.0% of the share capital of Wash Service S.r.l., an operator active mainly in northern Italy in the provision of washing and rental services for flat linen, guest linen and garments for the operating personnel of health-hospital facilities, nursing homes and retirement homes, thus acquiring 100% of the company's share capital. The consideration for 10.0% of Wash Service S.r.l.' share capital amounted to Euro 0.4 million. For further information, please refer to the press release.

BUSINESS OUTLOOK

The Group's results in the first half of 2024 continued the excellent performance of the financial year 2023. The consolidation of the customer portfolio, the careful management of operations and the positive trend in energy commodity prices contributed positively to the results achieved both in absolute and relative terms. The cost of money deriving from the interest rates applied by the interbank system was undoubtedly more incisive than in the comparison period, an element not directly controllable by management levers but a fundamental variable that is constantly monitored to guarantee a stable financial evolution of the business in the near future. The Group's medium-term strategy envisages an organic consolidation of its leadership position in the Italian and foreign markets and a continuous search for optimization and efficiency. Although in a geopolitical context that is difficult to interpret and subject to a high volatility of the fundamentals, with an evolution of interest rates that will hopefully decrease, but in a medium-term horizon, the Group will continue to work to achieve objectives and respect commitments undertaken, preserving a patrimonial situation that is solid through an adequate financial balance and a good creditworthiness with banking institutions.

TREASURY SHARES

As at 30 June 2023, the Company held 2,650,739 treasury shares, equal to 8.33% of the share capital, as a result of purchases and sales made on the regulated market managed by Borsa Italiana.

PUBLICATION OF THE DOCUMENTATION

The Half-year Financial Report as at 30 June 2024 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.



PRESS RELEASE

8 August 2024

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 this 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.

This press release is disclosed using emarket SDIR system and it is now available on Company's website (ir.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 Euronext STAR Milan 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.

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In attachment:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated income statement as at 30 June 2024
- Consolidated statement of comprehensive income as at 30 June 2024
- Consolidated statement of cashflow as at 30 June 2024
- Consolidated net financial debt as at 30 June 2024

**PRESS RELEASE**

8 August 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 June 2024	31 December 2023
ASSETS		
Non-current assets		
Property, plant and equipment	169,608	166,473
Intangible assets	2,918	3,057
Goodwill	60,597	61,438
Equity-accounted investments	35,770	33,023
Equity investments in other companies	2,938	2,938
Financial receivables	7,170	6,037
Deferred tax assets	11,828	12,467
Other assets	2,150	2,531
Total non-current assets	292,979	287,964
Current assets		
Inventories	8,796	9,244
Trade receivables	77,151	75,141
Current tax assets	2,216	2,018
Financial receivables	6,103	8,156
Other assets	11,037	11,753
Cash and cash equivalents	4,101	4,731
Total current assets	109,404	111,043
TOTAL ASSETS	402,383	399,007
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,159	29,302
Other reserves and retained earnings	104,132	100,801
Net profit of the period	3,998	5,463
Total shareholders' equity attributable to shareholders of the parent	137,289	135,566
Total shareholders' equity attributable to non-controlling interests	3,706	2,977
TOTAL SHAREHOLDERS' EQUITY	140,995	138,543
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	74,321	66,385
Deferred tax liabilities	3,285	2,933
Employee benefits	7,358	7,389
Provisions for risks and charges	8,012	7,494
Other financial liabilities	470	465
Total non-current liabilities	93,446	84,666
Current liabilities		
Due to banks and other lenders	63,739	63,202
Trade payables	80,592	87,631
Current tax liabilities	1,151	626
Employee benefits	-	-
Other financial liabilities	404	416
Provisions for risks and charges	837	1,783
Other liabilities	21,219	22,140
Total current liabilities	167,942	175,798
TOTAL LIABILITIES	261,388	260,464
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	402,383	399,007



PRESS RELEASE

8 August 2024

CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	30 June 2024	30 June 2023
Revenues from sales	147,153	143,846
Other income	3,002	4,760
Raw materials and consumables	(13,514)	(14,028)
Costs for services	(47,884)	(50,759)
Personnel expenses	(48,976)	(46,806)
Other costs	(867)	(898)
Depreciation/amortization and provisions	(28,243)	(28,752)
Operating profit (loss)	10,671	7,363
Financial income	731	570
Financial expenses	(6,922)	(5,240)
Income/(Expense) from equity investments	177	356
Revaluation/impairment of equity-accounted investments	919	(134)
Profit (Loss) before taxes	5,576	2,915
Income taxes	(1,397)	(33)
Profit (Loss) of the period	4,179	2,882
of which: Share pertaining to the Shareholders of the Parent Company	3,998	2,661
Share pertaining to the minority shareholders	181	221
Base earnings per share (Euro per share)	0.14	0,09
Diluted earnings per share (Euro per share)	0.14	0,09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	30 June 2024	30 June 2023
Profit (Loss) of the period	4,179	2,882
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(3,951)	(676)
Portion of comprehensive income of the investments measured using the equity method	121	(84)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	(3,830)	(760)
Total comprehensive income for the period	349	2,122
of which: Attributable to shareholders of the parent	362	2,705
Attributable to non-controlling interests	(13)	(583)



PRESS RELEASE

8 August 2024

CONSOLIDATED STATEMENT OF CASHFLOW

<i>(thousands of Euros)</i>	as at 30 June 2024	as at 30 June 2023
<i>Generated (absorbed) cash flow from operating activities</i>		
Profit (loss) before taxes	5,576	2,915
Current taxes payment	(109)	(41)
Depreciation	27,986	28,302
Impairment and provisions	257	450
(Gain)/losses on equity investments	(1,096)	(222)
Capital gains/(losses) from divestment	(437)	(238)
Interest and expense income	6,192	4,669
Received interest incomes	52	401
Paid interest expenses	(4,777)	(4,249)
Paid interest on lease liabilities	(1,028)	(943)
Provisions for employee benefits	422	420
	33,038	31,464
(Increase)/Decrease in inventories	212	(51)
(Increase)/Decrease in trade receivables	(5,278)	(12,002)
Increase/(Decrease) in trade payables	(4,190)	1,621
Increase/(Decrease) in other assets and liabilities	(969)	841
Settlement of employee benefits	(438)	(416)
Generated (Absorbed) cash flow from operating activities	22,375	21,457
<i>Generated (Absorbed) cashflow net of investing activities in:</i>		
Intangible assets	(312)	(238)
Property, plant and equipment	(30,346)	(24,602)
Dividends received	409	37
(Acquisitions)/Disposals	-	-
Equity investments	850	(306)
Generated (Absorbed) cashflow net of investment activities	(29,399)	(25,109)
<i>Generated (Absorbed) cashflow from investment activities in:</i>		
Financial receivables	21	(365)
Dividends paid	(888)	(12)
(Purchase)/Sale of treasury shares	(247)	(71)
Share capital increase (minority shareholders)	-	-
Short-term liabilities due to banks and other lenders	2,858	(4,607)
Long-term liabilities due to banks and other lenders	6,645	3,815
Reimbursement of leasing liabilities	(1,938)	(1,888)
Generated (Absorbed) cashflow from financing activities	6,451	(3,128)
Increase/(Decrease) in cash and cash equivalents	(573)	(6,780)
Cash and cash equivalents at the beginning of the period	4,731	18,165
Effect of exchange rates on cash and cash equivalents	57	(3)
Cash and cash equivalents at the end of the period	4,101	11,388
Increase/(Decrease) in cash and cash equivalents	(573)	(6,780)



PRESS RELEASE

8 August 2024

CONSOLIDATED NET FINANCIAL DEBT

<i>(thousands of Euros)</i>	as at 30 June 2024	as at 31 December 2023	as at 30 June 2023
Cash and cash equivalent in hand	111	59	29
Cash at bank	3,990	4,672	11,359
Cash and cash equivalents	4,101	4,731	11,388
Current financial receivables	6,103	8,156	7,149
Current liabilities to banks and other lenders	(63,739)	(63,202)	(74,948)
<i>of which financial liabilities for IFRS 16</i>	<i>(3,861)</i>	<i>(3,852)</i>	<i>(3,684)</i>
Current net financial debt	(57,636)	(55,046)	(67,799)
Non-current liabilities to banks and other lenders	(74,321)	(66,385)	(68,641)
<i>of which financial liabilities for IFRS 16</i>	<i>(26,596)</i>	<i>(27,518)</i>	<i>(28,061)</i>
Non-current net financial debt	(74,321)	(66,385)	(68,641)
Net financial debt	(127,856)	(116,700)	(125,052)

Fine Comunicato n.0868-97-2024

Numero di Pagine: 12