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Societa' : TREVI GROUP

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Oggetto : THE BOARD OF DIRECTORS APPROVES
THE GROUP'S INTERIM FINANCIAL REPORT
AT 30 JUNE 2024

Testo del comunicato

Vedi allegato

TREVI Group

THE BOARD OF DIRECTORS APPROVES THE GROUP'S INTERIM FINANCIAL REPORT AT 30 JUNE 2024.

THE CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2024, ALTHOUGH INFLUENCED BY THE DELAYED DEVELOPMENT OF SOME RELEVANT CONSTRUCTION SITES ALREADY ACQUIRED BY THE TREVI DIVISION, CONFIRM THE GROUP'S GENERAL PERFORMANCE, WHICH - THANKS TO THE VALIDITY OF THE TREVI GROUP'S DIVERSIFIED BUSINESS MODEL AND ALSO STRENGTHENED BY EXPOSURE TO DIFFERENT MARKETS - REMAINS IN LINE WITH EXPECTATIONS. TREVI'S PERFORMANCE WAS BETTER THAN EXPECTED, NET OF THE IMPACT OF THESE DELAYS.

THEREFORE, THE GROUP CONFIRMS ITS 2024 ECONOMIC TARGETS, SUPPORTED BY THE HIGHEST BACKLOG SINCE 2016 AND ONGOING TRADE NEGOTIATIONS.

- **Revenue of Euro 262.3 million, down by 6.4% (Euro 280.3 million in the first half of 2023)**
- **Recurring EBITDA of Euro 26.9 million, down by 17.3% (Euro 32.5 million in the first half of 2023)**
- **Operating profit (EBIT) of Euro 7.9 million (Euro 20.3 million in the first half of 2023)**
- **Net Profit for the period amounting to Euro 0.6 million**
- **Net financial debt of Euro 207.7 million (Euro 202 million at 31 December 2023)**
- **Increase in the order backlog, amounting at the end of June 2024 to Euro 788.9 million (up by 9.6% compared to Euro 719.8 million at 31 December 2023)**

AS A RESULT OF THE STEADY IMPROVEMENT IN THE GROUP'S PERFORMANCE AND SOUNDNESS, FROM THIS MONTH, THE GROUP WILL BE SUBJECT TO QUARTERLY RATHER THAN MONTHLY REPORTING REQUIREMENTS.

Cesena, August 8, 2024 – The Board of Directors of Trevi - Finanziaria Industriale S.p.A. (“Trevifin” or the “Company”), chaired by Paolo Besozzi, reviewed and approved the Interim Financial Report of the Trevi Group for the first half of 2024.

Key financial highlights

	<i>(in thousands of Euro)</i>			
	30/06/2024	30/06/2023	Change	% change
Total revenue	262,323	280,266	(17,943)	- 6,4%
Recurring gross operating profit (EBITDA)	26,880	32,514	(5,634)	- 17,3%
Gross operating profit (EBITDA)	25,581	31,133	(5,552)	- 17,8%
Operating profit (EBIT)	7,885	20,297	(12,412)	- 61,2%
Net Profit for the period	551	27,636	(27,085)	
Net Profit/(Loss) for the period attributable to the Group	(2,633)	23,634	(26,267)	

Order backlog and order intake

(in thousands of Euro)

	30/06/2024	31/12/2023	Change	% change
Order backlog	788,949	719,806	69,143	9.6%
	First half 2024	First half 2023	Change	% change
Order intake	293,448	310,301	(16,853)	-5.4%

Trevi Group net financial debt

(in thousands of Euro)

	30/06/2024	31/12/2023	Change
Total net financial debt (*)	207,715	201,991	5,725

(*) see the table below showing the breakdown of the net financial debt at the end of this document.

Group's workforce

(in units)

	30/06/2024	31/12/2023	Change	% change
Number of employees	2,920	3,189	(269)	-8%

Giuseppe Caselli, CEO of the Trevi Group, states: *“Timing is often crucial when setting up the construction site of a project. In 2023, we had a first half-year with high production and a milder second half. The first half of 2024 was more subdued due to delays in some construction sites, and we expect a better second half-year thanks to the start of these construction sites and their development phase”.*

Total revenue for the first half of 2024 amounted to approximately Euro 262.3 million, compared to Euro 280.3 million for the first half of 2023, marking a decrease of approximately Euro 17.9 million (down by 6.4%).

The first-half results were adversely affected by delays in the start-up of some important construction sites whose contracts had already been acquired by the Trevi Division. Work was expected to start at the Neom construction site in Saudi Arabia in March, but activities began in June. Other delays occurred in the United States, where the Mid Barataria Sediment Diversion (MBSD) construction site in New Orleans had its start-up delayed due to the need for some clarifications between the local government and the federal government; work is now underway in preparation for the site start-up. Lastly, some construction sites in the Philippines suffered major stoppages due to procedural difficulties and contractors' lack of delivery of work areas. The performance of other construction sites of the Trevi Division and the better performance of the Soilmec Division compared to the first half of 2023 allowed the effects of the delays above in site start-ups to be partly recovered.

Recurring EBITDA for the first half of 2024 were approximately Euro 26.9 million and Euro 25.6 million, respectively.

The operating profit (EBIT) for the first half of 2024 was Euro 7.9 million, with a Net profit for the period amounting to Euro 551 thousand. In the first half of 2023, the EBIT was Euro 20.3 million, with a Net profit for the period attributable to the Group amounting to Euro 23.6 million.

It is worth mentioning that EBIT in the first half of 2023 was influenced not only by higher EBITDA than in the first half of 2024 but also by the effect of a non-recurring component related to the impact of the release of a fund risk on a provision by the subsidiary Trevi S.p.A. for Euro 7 million. Among financial income in the first half of 2023, the positive effects of the successful completion of the financial restructuring completed in January 2023 had a positive impact of Euro 19.2 million.

The Group's net financial debt at 30 June 2024 was Euro 207.7 million compared to Euro 202 million recorded at 31 December 2023.

During the first half of 2024, the Group acquired orders for approximately Euro 293.4 million, compared to approximately Euro 310.3 million acquired in the same period of 2023. The Trevi Division, in particular, acquired orders for approximately Euro 237.4 million (Euro 261.5 million in the first half of 2023), while the Soilmec Division acquired orders for Euro 65.4 million (Euro 71.3 million in the first half of 2023). The order backlog at 30 June 2024 amounted to Euro 789 million compared to Euro 719.8 million at 31 December 2023).

The Group's performance in the first six months of the year regarding order intake and backlog was in line with the forecasts for 2024.

Order intake and order backlog

The order intake at the Group level in the first half of 2024 amounted to approximately Euro 293.4 million, down by 5% compared to the same period of the previous year (approximately Euro 310.3 million).

At 30 June 2024, the Group achieved an order backlog of approximately Euro 789 million, increasing by 35% compared to 30 June 2023 (Euro 586 million). The Trevi Division was the driving force, which recorded an increase of 44%, while the Soilmec Division recorded a decrease of 54%.

The significant order backlog and the new acquisitions of the year are two key factors in encouraging and supporting the economic development process undertaken by the Group in recent years.

The market context

Given the difficult macroeconomic and geopolitical environment, growth in the construction sector is also expected to slow down in 2024. Real construction growth is expected to increase by 1.6% after 4.1% growth in 2023, with a greater impact on advanced economies (down by 1% in 2024). Conversely, growth in emerging markets will remain positive at 3.3%, with South Asia recording the highest growth (6.0%) of all regions globally.

In line with previous observations, overall construction growth will be driven by the energy and utilities sectors (up by 6.4% on average per year) and the infrastructure sector (up by 6.4% in 2024), with growth concentrated in China, the US and India.

Notably, the growth of the US infrastructure sector will be partly financed by government recovery and support packages, such as the Infrastructure Investment and Jobs Act (IIJA) and the Investing in America program. These programs have helped increase investment in both the public and private sectors.

By contrast, globally, the residential sector will continue to dampen overall growth (down by 4.2% in 2024). The decrease is mainly due to the persistence of high interest rates. However, there has already been an initial reduction in interest rates, the impact of which may become apparent in the second half of the year (*source: GlobalData Plc, 2024*).

Segment-based analysis

Trevi Division

Site operations at the Trevi Division level are still particularly diversified by geographical segment.

Revenue for the first half of 2024 amounted to Euro 206.1 million, down by 12% compared to the first half of 2023, while recurring gross operating profit amounted to Euro 22.3 million (Euro 36.8 million in the first half of 2023).

The recorded decrease is mainly related to delays in the start-up of works at some construction sites in the Middle East, the United States and the Philippines. On the other hand, there was positive revenue performance in Italy, where the upward trend of acquisitions and realized volumes continued compared to the last few years, also supported by infrastructure projects in the PNRR [National Recovery and Resilience Plan], and revenue also increased in Australia, thanks to the progress of the North East Link project.

Soilmec Division

The first half of 2024 for the Soilmec Division was one of consolidation concerning the growth process defined in the plan to restructure, transform and relaunch the business. This was combined with a major organizational review, which started at the end of 2021 with improvements in indirect costs and efficiencies underway.

Regarding sales volumes, revenue reached Euro 67.1 million (up by 17.1% compared to the same period of 2023), with a recurring gross operating profit of Euro 6.4 million, much higher than the results of the same period of 2023 (Euro 0.1 million).

The margin increase was achieved through improved production performance related to implementing Lean Production and a more targeted Design to Cost.

The first half of 2024 ended positively regarding sales volumes, substantially reflecting the targets.

Significant events after the reporting period at 30 June 2024

In July, commercial and production activities continued according to plan in both the Trevi Division and the Soilmec Division.

On 25 July 2024, the Company obtained a judgment upholding the claims filed against MEIL Global Holdings BV and its parent company Megha Engineering and Infrastructures Limited (as the subsidiary's guarantor) about the payment to Trevifin of Euro 10,600,000 (of which Euro 10,000,000 for principal and Euro 600,000 due as interest payable) in respect of a loan agreement granted by the Company as part of the sale transaction of the Oil&Gas Division executed in March 2020. The debtors were also ordered to pay default interest and legal fees.

Change of supplementary reporting obligations under Art. 114, paragraph 5 of Italian Legislative Decree No. 58/98 from monthly to quarterly basis.

Following an application submitted by Trevifin at the end of July 2024, CONSOB notified the Company that it would replace the supplementary reporting obligations under Article 114, paragraph 5, of Italian Legislative Decree No. 58/98 (*TUF*, namely the “Italian Consolidated Law on Finance”) on a monthly basis—which had been set by order dated 26 October 2017, as subsequently amended on 10 December 2018—with supplementary reporting obligations on a quarterly basis.

In its notice, CONSOB requested the Company to supplement the annual and interim financial reports and interim management reports, where published voluntarily, starting with the interim financial report at 30 June 2024, and, where relevant, the press releases concerning the approval of the preceding accounting documents, with the following information:

- a) the Company and the Group's net financial debt, with separate disclosure of the current and non-current positions;
- b) the overdue amounts of the Company and the Group headed by it, broken down by nature (financial, trade, tax, social security and to employees) and the relevant initiatives of reaction of creditors (reminders, injunctions, suspensions in the supply, etc.);
- c) the Company and the Group's main variations in the transactions with related parties compared to the approved last annual or interim financial report under Art.154-*ter* of the Italian Consolidated Law on Finance;
- d) any failure to comply with covenants, negative pledges and any other clause of the Group's indebtedness involving limits on the use of financial resources, with an indication of the degree of compliance with such clauses at the updated date;
- e) the status of implementation of any business and financial plans, indicating any deviations of the actual figures from those forecast.

Therefore, about the information required by CONSOB under Article 114, paragraph 5 of Italian Legislative Decree No. 58/98 at 30 June 2024, please refer in full to the press release published on 31 July 2024 and available on the Company's website (www.trevifin.com), section “*Investor Relations/Press Releases*”.

Furthermore, the actual results of the Trevi Group Consolidated Financial Statements at 30 June 2024 meet the financial covenants envisaged in the Restructuring Agreement. In particular, the ratio of consolidated net financial debt to the consolidated recurring EBITDA at 30 June 2024 was 3.01x, hence lower than the covenant established in the Restructuring Agreement at the reporting date (equal to 3.50x), while the ratio of the consolidated net financial debt to the consolidated net equity was 1.4x, hence lower than the covenant established in the Restructuring Agreement at the reporting date (equal to 2.60x).

Outlook

At the date of this report and in light of the information available to the Company, revenue between Euro 639 million and Euro 665 million and a recurring EBITDA profit between Euro 76 million and Euro 82 million are expected for 2024.

The net financial debt expected at year end is between Euro 210 and Euro 225 million.

Production and sales activities by the Trevi and Soilmec Divisions are expected to continue in the coming months, along with the acquisition of new orders and the opening of new construction sites.

However, the Group's forecasts could be influenced by unforeseeable exogenous factors outside the Management's control, which could change the forecasts' results.

Presentation of Interim Results for 2024

The results of the Interim Financial Report 2024 will be presented to the financial community during a Conference Call today at 4:00 p.m. (CEST).

The speakers will be Giuseppe Caselli, C.E.O. of the Trevi Group, and Massimo Sala, C.F.O. of the Trevi Group.

For those wishing to participate, please dial one of the following numbers, starting 15 minutes before the beginning of the conference call to facilitate the registration process:

- +39 02 802 09 11 for Italy and the rest of the world;
- +44 1 212818004 for UK;
- +1 718 7058796 (toll-free number 1 855 2656958) for the USA.

Alternatively, it is possible to connect from all over the world via PC or smartphone through this link (headphones are recommended for optimal audio quality):

[https://hditalia.choruscall.com/?\\$Y2FsbHR5cGU9MiZpbmZvPWNvbXBhbnk=](https://hditalia.choruscall.com/?$Y2FsbHR5cGU9MiZpbmZvPWNvbXBhbnk=)

It will also be possible to follow the event in live streaming mode (audio + presentation slides) via PC or smartphone through this link (headphones are recommended for optimal audio quality):

<https://87399.choruscall.eu/links/trevigroup240808.html>

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The C.F.O., Massimo Sala, as manager in charge of financial reporting and under Art. 154-*bis*, paragraph 2 of the Italian Consolidated Law on Finance, hereby declares that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

This press release contains forward-looking statements. These statements are based on the Group's current estimates and projections for future events and, by their nature, are subject to an intrinsic component of risk and uncertainty. Actual results may differ significantly from those contained in these statements due to a variety of factors, including continued volatility and further deterioration of

the capital and financial markets, changes in macroeconomic conditions and economic growth and other changes in business conditions, in addition to other factors, the majority of which are outside the control of the Group.

About Trevi Group:

Trevi Group is a worldwide leader in the field of soil engineering (special foundations, soil consolidation, recovery of polluted sites), in the design and marketing of specialized technologies in the sector. The Group was established in Cesena in 1957; it has around 65 companies and, with its dealers and distributors, is present in 90 countries. Internationalization, integration and the continuous exchange between its two divisions are among the reasons for the success of the Trevi Group: Trevi, which carries out special foundations and soil consolidation works for large infrastructure projects (subways, dams, ports and docks, bridges, railway and highway lines, industrial and civil buildings) and Soilmec, which designs, manufactures and markets machinery, systems and services for underground engineering.

The parent company Trevi – Finanziaria Industriale S.p.A. has been listed on the Milan stock exchange since July 1999. Trevifin is listed on Euronext Milan: TFIN.

For further information:

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The accounting statements of the consolidated and separate financial statements are hereby attached; their examination will show further elements of assessment of the Group's financial position and financial performance.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

Statement of financial position (assets)

(in thousands of Euro)

ASSETS	30/06/2024	31/12/2023
Non-current assets		
Property, plant and equipment		
Land and buildings	34,753	35,156
Plant and machinery	107,509	104,301
Industrial and commercial equipment	21,309	20,735
Other assets	6,361	5,002
Assets under construction and payments on account	7,177	4,470
Total property, plant and equipment	177,109	169,664
Intangible assets and goodwill		
Development costs	9,160	9,710
Industrial patents and intellectual property rights	32	44
Concessions, licenses and trademarks	6,103	7186
Goodwill	0	0
Assets under development and payments on account	1,807	297
Other intangible assets	19	20
Total intangible assets and goodwill	17,121	17,257
Equity investments	420	425
- <i>Equity-accounted investments in associates and joint ventures</i>	0	0
- <i>Other equity investments</i>	420	425
Deferred tax assets	26,003	27,884
Other non-current financial assets	1,994	2,224
- <i>of which from related parties</i>		
Trade receivables and other non-current assets	0	0
Total non-current assets	222,647	217,454
Current assets		
Inventories	126,480	114,660
Trade receivables and other current assets	267,520	271,921
- <i>of which from related parties</i>	2,678	3,326
Current tax assets	7,952	11,241
Current financial assets	16,703	17,201
- <i>of which from related parties</i>	1,931	2,312
Cash and cash equivalents	78,601	80,838
Total current assets	497,256	495,861
TOTAL ASSETS	719,903	713,315

Statement of financial position (equity and liabilities)

(in thousands of Euro)

EQUITY	30/06/2024	31/12/2023
Share capital and reserves		
Share capital	122,942	122,942
Other reserves	36,952	32,227
Losses carried forward	(6,854)	(25,714)
Profit/(Loss) for the period/year	(2,633)	19,107
Equity attributable to the Group	150,407	148,562
Share capital and reserves attributable non-controlling interests	(5,606)	(8,483)
Profit attributable to non-controlling interests	3,184	6,825
Deficit attributable to non-controlling interests	(2,422)	(1,658)
Total equity	147,985	146,904
LIABILITIES	30/06/2024	31/12/2023
Non-current liabilities		
Non-current loans and borrowings	102,797	80,468
Non-current loans and borrowings from other financial backers	127,488	141,470
Deferred tax liabilities	12,069	18,004
Post-employment benefits	10,848	10,735
Non-current provisions	15,698	17,470
Other non-current liabilities	991	1,383
Total non-current liabilities	269,891	269,530
Current liabilities		
Trade payables and other current liabilities	215,915	203,011
- of which to related parties	1,973	3,690
Current tax liabilities	6,811	11,654
Current loans and borrowings	47,339	52,278
Current loans and borrowings from other financial backers	25,395	25,815
Current provisions	6,567	4,123
Total current liabilities	302,027	296,881
TOTAL LIABILITIES	571,918	566,411
TOTAL EQUITY AND LIABILITIES	719,903	713,315

Statement of Profit or Loss

(in thousands of Euro)

	First half 2024	First half 2023	Change
TOTAL REVENUE	262,323	280,266	(17,943)
Change in finished goods and work in progress	10,996	5,688	5,308
Internal work capitalized	8,075	10,869	(2,794)
PRODUCTION REVENUE¹	281,394	296,823	(15,429)
Consumption of raw materials and external services ²	(189,138)	(201,179)	12,041
VALUE ADDED³	92,256	95,644	(3,388)
Personnel expense	(65,376)	(63,130)	(2,246)
RECURRING GROSS OPERATING PROFIT⁴	26,880	32,514	(5,634)
Non-recurring expenses	(1,299)	(1,381)	82
GROSS OPERATING PROFIT⁵	25,581	31,133	(5,552)
Depreciation and amortization	(15,120)	(15,427)	307
Provisions and impairment losses	(2,576)	4,591	(7,167)
OPERATING PROFIT⁶	7,885	20,297	(12,412)
Net financial income/(expense) ⁷	(13,684)	13,206	(26,890)
Net exchange gains	4,360	1,983	2,377
Adjustments to financial assets	410	(78)	488
PROFIT/(LOSS) BEFORE TAXES	(1,029)	35,408	(36,437)
Profit/(Loss) from assets held for sale	0	0	0
Income taxes	1,580	(7,772)	9,352
PROFIT FOR THE PERIOD	551	27,636	(27,085)
Attributable to:			
Group	(2,633)	23,634	(26,267)
Non-controlling interests	3,184	4,002	(818)
PROFIT FOR THE PERIOD	551	27,636	(27,085)

The Statement of Profit or Loss shown above is a reclassified summarized version of the Statement of Profit or Loss.

¹ "Production revenue" includes the following items: revenue from sales and services, internal work capitalized, other operating revenue and change in finished goods and work in progress.

² "Consumption of raw materials and external services" includes the following items: raw materials and consumables, change in raw materials, consumables, supplies and goods and other operating expenses not including other operating costs. This item is shown net of non-recurring expenses.

³ "Value added" is the sum of production revenue, consumption of raw materials and external services and other operating expenses.

⁴ "Recurring gross operating profit" (recurring EBITDA) represents the normalized EBITDA by eliminating non-recurring operating income and expense from the EBITDA calculation.

⁵ "Gross operating profit" (EBITDA) is a financial indicator not defined in the IFRS, adopted by the Trevi Group starting from the consolidated financial statements at 31 December 2005. EBITDA is a measure used by Trevi's Management to monitor and measure the operating performance of the Group. Management believes that EBITDA is an important measurement of the Group performance insofar as it is not affected by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortization and depreciation policies. To date (subject to a subsequent in-depth analysis connected with the development of alternative corporate performance measurement criteria), EBITDA is defined by Trevi as Profit/Loss for the year, gross of depreciation of property, plant and equipment, amortization of intangible assets, provisions, impairment losses, financial income and expense and income taxes.

⁶ "Operating profit" (EBIT) is a financial indicator not defined in the IFRS, adopted by the Trevi Group starting from the consolidated financial statements at 31 December 2005. EBIT is a measure used by Trevi's Management to monitor and measure the operating performance of the Group. Management believes that EBIT is an important measurement of the Group performance insofar as it is not affected by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortization and depreciation policies. EBIT is defined by the Trevi Group as Profit/Loss for the year, gross of financial income and expense and income taxes.

⁷ "Net financial income/(expense)" is the sum of the following Statement of Profit or Loss items: financial income and (financial expense).

Consolidated net financial debt

(in thousands of Euro)

Description	30/06/2024	31/12/2023	Change
A Cash and cash equivalents	78,601	80,838	(2,237)
B Other cash equivalents	5,201	3,818	1,383
C Other current financial assets	11,502	13,383	(1,881)
D Cash and cash equivalents (A+B+C)	95,304	98,039	(2,735)
E Current financial debt (including debt instruments but excluding the current portion of non-current debt)	43,625	54,830	(11,205)
F Current portion of non-current debt	29,109	23,263	5,846
G Current financial debt (E+F)	72,734	78,093	(5,359)
H Net current financial debt (G-D)	(22,570)	(19,946)	(2,624)
I Non-current financial debt (excluding the current portion and debt instruments)	180,285	171,938	8,347
J Debt instruments	50,000	50,000	0
K Trade payables and other non-current liabilities	0	0	0
L Non-current financial debt (I+ J+ K)	230,285	221,938	8,347
M Total financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)	207,715	201,992	5,723

Fine Comunicato n.0262-35-2024

Numero di Pagine: 13