

## PRESS RELEASE

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### **CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED RESULTS AS OF 30 SEPTEMBER 2019; UPDATE ON STRATEGIC ALTERNATIVES FOR THE CREDIT MANAGEMENT DIVISION**

#### **GROWTH IN REVENUES, ADJUSTED EBITDA, ADJUSTED NET INCOME AND OPERATING CASH FLOW<sup>1)</sup>:**

- **Revenues: Euro 361.1 million, +11.6% compared to Euro 323.6 million in the first nine months of 2018;**
- **Adjusted<sup>2</sup> EBITDA: Euro 160.8 million, +8.3% compared to Euro 148.4 million in the first nine months of 2018, resulting in an Adjusted EBITDA margin of 44.5%;**
- **Adjusted<sup>3</sup> Net Income: Euro 83.4 million, +16.3% compared to Euro 71.7 million in the first nine months of 2018;**
- **Operating Cash Flow<sup>4</sup>: Euro 122.0 million, +13.2% compared to Euro 107.8 million in the first nine months of 2018;**
- **Consolidated Net Financial Position: Euro 561.2 million as of 30 September 2019, equating to 2.4x last twelve months Adjusted EBITDA.**

1) 2018 figures restated to reflect IFRS 16;

2) Adjusted EBITDA excludes the impact of the Performance Share Plan with reference to the plan 2019-2021 and plan 2022-2024;

3) Adjusted Net Income excludes non-recurring income and expenses, amortisation of capitalized financing fees, amortisation of the Purchase Price Allocation and non-recurring income taxes;

4) Based on Adjusted EBITDA.

**San Donato Milanese, 29 October 2019** – The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the “Group”) – the largest information provider and credit servicer in Italy – today approved the results as of 30 September 2019.

Andrea Mignanelli, Chief Executive Officer of the Group, commented:

*“In the first nine months of 2019 the Group continued to achieve strong growth rates, with Revenues increasing by 12%, Adjusted EBITDA by 8%, Operating Cash Flow by 13%, Adjusted Net Income by 16%, and the leverage ratio which further declines to 2.4x Adjusted EBITDA.*

*The results in the third quarter reflect both the improvement in performance which we had anticipated for the second half of the year, particularly in the Corporate segment of the Credit Information division, and the contribution of the acquisitions completed during the last year. We expect a favorable trend also in the fourth quarter, which will benefit from the contribution of new initiatives, including Cerved Money & GO, the digital invoicing platform that we have just launched.*

*At the divisional level, Credit Information benefits from good results in the Corporate segment, thanks to the reorganization of the sales force and the contribution of MBS Consulting, consolidated since August. Also the Marketing Solutions division achieved a strong growth rate in Revenues, in virtue of the organisational changes implemented during the course of the year. The Credit Management division continues to improve its operating performance thus maintaining a strong growth trajectory, both on an organic basis and via acquisitions and industrial partnerships.*

The group presents a solid financial situation which benefits from strong cash flow generation and which allowed the leverage ratio to further decrease to 2.4x Adjusted EBITDA for the last 12 months, despite the payment of Euro 108 million in dividends and acquisitions, although benefiting from a Euro 40 million payment received from Banca MPS for the anticipated renewal of the servicing agreement.

The Board of Directors also resolved to continue the evaluation of strategic alternatives relating to the Credit Management division by opening a structured process aimed at analyzing in depth the valorization of the division by way of its disposal or combination with other players in the sector.”

## Analysis of Consolidated Revenues

In the first nine months of 2019 the Group’s consolidated Revenues increased by 11.6%, reaching Euro 361.1 million compared to Euro 323.6 million in 2018 (+4.0% on an organic basis).

Revenues of the Credit Information division increased from Euro 210.3 million in 2018 to Euro 214.8 million in 2019, growing by +2,2%, also thanks to the consolidation of Cerved Finline S.r.l. and the MBS Group (MBS Consulting S.r.l. and its controlled companies) from the month of August 2019.

Within the Credit Information division:

- the corporate segment registered a growth rate of +4.8% compared to the prior year thanks to: (i) the development of a number of projects within the Large Users segment; (ii) the launch of the new Credit Information commercial offering for the Territorial Network (“Rete Territoriale”), which combines Credit Information with Credit Collection services (“Contratto Unico”) with the purpose of offering a full range of services with a single commercial interface, and which began to yield positive results in the third quarter of the year; (iii.) the consolidation of the MBS Group;
- the financial institutions segment registered a slight decrease (-0,9%) compared to 30 September 2018, chiefly with respect to the Business Information and Cadastral Surveys segments, due to the early renewal of selected large multi-year contracts. There was also a material increase in the Real Estate Appraisals and Special Projects segments, in particular with respect to services for Anti-money Laundering and Subsidised Finance.

The Credit Management division grew by 29.1%. Such growth is attributable to both organic growth of the business and to the special servicer assignments related to the NPLs (Non Performing Loans) originating from industrial partnerships and the acquisition of Cerved Property Services from Eurobank carried out in April 2019. It should be noted that half-year revenues as of 30 September 2019 are not affected by the early termination of the contract relating to special servicing activities on non-performing loans between Juliet SpA and Banca Monte Paschi di Siena.

The Marketing Solutions division grew by 27.6% benefiting from the contribution of ProWeb Consulting, as well as from the launch of the new “Cerved ON” platform dedicated to Marketing Services, focusing on four areas of development and implemented with the contribution of ClickAdv and Pro Web Consulting, as well as on revamping projects for the dedicated sales network.

<b>Consolidated Revenues</b> <i>in millions of Euro</i>	<b>9 months</b> <b>2019</b>	<b>9 months</b> <b>2018</b>	<b>% Growth</b>
Credit Information - Corporates	118.6	113.2	4.8%
Credit Information - Financial Institutions	96.2	97.1	(0.9%)
Credit Information	214.8	210.3	2.2%
Credit Management	128.1	99.2	29.1%
Marketing Solutions	21.4	16.8	27.6%
Intra-segment revenues	-3.3	-2.7	
<b>Consolidated Revenues</b>	<b>361.1</b>	<b>323.6</b>	<b>11.6%</b>

### Analysis of Quarterly Revenues

With reference to the third quarter of 2019, total growth of Revenues was +14.2% compared to the third quarter of 2018 (+5.7% on an organic basis)

The Credit Information division grew by 6.9%, including an increase of 14.6% in the corporate segment, and a decrease of 0.9% in the financial institutions segment. The Credit Management division grew by 26.2%, while the Marketing Solutions division increased by 32.9%

<b>Quarterly Revenues</b> <i>in millions of Euro</i>	<b>Third Quarter</b> <b>2018</b>	<b>Third Quarter</b> <b>2018</b>	<b>% Growth</b>
Credit Information - Corporates	36.6	32.0	14.6%
Credit Information - Financial Institutions	31.1	31.4	(0.9%)
Credit Information	67.7	63.4	6.9%
Credit Management	41.5	32.9	26.2%
Marketing Solutions	6.9	5.2	32.9%
Intra-segment revenues	-1.2	-0.8	
<b>Consolidated Revenues</b>	<b>115.0</b>	<b>100.6</b>	<b>14.2%</b>

### Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 160.8 million in the first nine months of 2019 grows by 8.3% with respect to the first nine months of 2018 (+3.0% organic).

The Adjusted EBITDA margin of the Group was 44.5%. The slight decrease in margins reflects the major growth in Credit Management, a business structurally characterized by a greater incidence of labor costs.

The Credit Information division reached an Adjusted EBITDA margin of 50.9%, lower than the 52.9% achieved in the first nine months of 2018.

The Credit Management division reached an Adjusted EBITDA margin of 35.7%, higher than the 32.2% of the first nine months of 2018, mainly due to the positive contribution of the contracts for the management of non-performing loans originating from industrial partnerships. It should be noted that the EBITDA as at 30 September 2019 is not affected by the early termination of the contract relating to special servicing activities on non-performing loans between Juliet S.p.A. and Banca Monte Paschi di Siena.

The Marketing Solutions division reached an Adjusted EBITDA margin of 26.7%, lower than 31.8% in the first nine months of 2018.

<b>Consolidated Adjusted EBITDA</b> <i>in millions of Euro</i>	<b>9 months</b> <b>2019</b>	<b>9 months</b> <b>2018</b>	<b>% Growth</b>
Credit Information	109.3	111.1	(1.6%)
Credit Management	45.7	31.9	43.2%
Marketing Solutions	5.7	5.3	7.0%
<b>Adjusted EBITDA</b>	<b>160.8</b>	<b>148.4</b>	<b>8.3%</b>
<b>Adjusted EBITDA Margin</b>	<b>44.5%</b>	<b>45.9%</b>	
<i>Margini</i>			
Credit Information	50.9%	52.9%	
Credit Management	35.7%	32.2%	
Marketing Solutions	26.7%	31.8%	

### Analysis of Quarterly Adjusted EBITDA

In the third quarter of 2019, the Consolidated Adjusted EBITDA amounted to € 49.8 million, increasing by 13.1% compared to the third quarter of 2018 (+7.7% on an organic basis).

In the same period the Adjusted EBITDA of the Credit Information division grew by 0.3% compared to 2018 while the Adjusted EBITDA of the Credit Management division increased by 52.4% for the reasons illustrated above in the analysis of the Consolidated Adjusted EBITDA. The Adjusted EBITDA of the Marketing Solutions division increased by 33.9%.

Quarterly Adjusted EBITDA <i>in millions of Euro</i>	Third Quarter 2018	Third Quarter 2018	% Growth
Credit Information	32.8	32.7	0.3%
Credit Management	14.8	9.7	52.4%
Marketing Solutions	2.1	1.6	33.9%
<b>Adjusted EBITDA</b>	<b>49.8</b>	<b>44.0</b>	<b>13.1%</b>
Adjusted EBITDA Margin	43.3%	43.7%	
Credit Information	48.5%	51.6%	
Credit Management	35.7%	29.6%	
Marketing Solutions	30.5%	30.3%	

### Analysis of Consolidated Net Income

Adjusted Net Income – which excludes non-recurring income and expenses, amortization of capitalized financing fees, amortization of the Purchase Price Allocation and non-recurring income taxes – reached Euro 83.4 million, yielding an increase of +16.3% compared to Euro 71.7 million in the first nine months of 2018.

The Adjusted Net Income represents the net profit in the income statement at September 30, 2019 net of:

- non-recurring costs mainly related to costs for early retirement incentives and cost of services related to incidental charges for extraordinary transactions executed during the period;
- amortization of intangible assets recognized in connection with business combinations;
- financial charges incurred in previous periods with the signing of the Forward Start financing facility and recognized in the income statement by the amortized cost method;
- non recurring financial charges;
- remeasuring at fair value of a financial instrument (call option with Quaestio);
- tax effect of the items described above;
- non recurring impact of €40m as indemnity fee due to the early termination of the contract relating to special servicing activities on non-performing loans between Juliet SpA and Banca Monte Paschi di Siena;
- the write-off of intangible assets related to the early termination of the Juliet servicing contract, for Euro 42.4 million (equal to Euro 58.8 million net of the tax effect equal to Euro 16.4 million) resulting from the difference of the net assets allocated to the contract for € 46.8 million and the current value of future cash flows of Euro 4.4 million. It should be recalled that during 2018 the Purchase Price Allocation process for the purchase of the 100% stake in Juliet S.p.A. had led to the recording of an intangible asset of a significant amount based on the estimate of expected cash flows;
- non-recurring income tax expense resulting from the items mentioned above.

## Analysis of Consolidated Net Financial Position

As of 30 September 2019 the Net Financial Position of the Group was Euro 561.2 million, compared to Euro 600.3 million as of 30 June 2019 and Euro 584.1 million as of 30 June 2018. The ratio of Net Financial Position to last twelve month EBITDA was 2.4x as of 30 September 2019.

Consolidated Net Financial Position €m	As of 30 September 2019	As of 31 December 2018	As of 31 September 2018 (IFRS 16 restatement)
Net Financial Position	561.2	591.1	584.1
LTM Adjusted EBITDA Multiple <sup>1)</sup>	2,4x	2,7x	2.7x

<sup>1)</sup> Adjusted to include the EBITDA of the M&A transactions in the 12 months before the selected period

## Update on Strategic Alternatives for the Credit Management Division

The Board of Directors resolved to continue the evaluation of strategic alternatives relating to the Credit Management division by opening a structured process aimed at analyzing in depth the valorization of the division by way of its disposal or combination with other players in the sector.

The Board of Directors will adopt any relevant resolutions upon outcome of such process and will provide timely information to the markets.

## Business Outlook

Insofar as the progress of the Group's business operations is concerned, the Group's scenario for 2019 calls for gains in Revenues and EBITDA, in line with the Strategic Outlook 2018-2020, based on the contribution of the different divisions, leveraging on the consolidation of the industrial partnerships and the acquired companies, and an improvement of the integration, rationalization and efficiency of processes, with the purpose to improve both the profitability and the Operating Cash Flow generation of the Group.

## Conference call to comment results as of 30 September 2019

The conference call with institutional investors and financial analysts to comment the results as of 30 September 2019 will take place on 30 October 2019, at 9.30 am (Milan time). For further details visit the website of the Company (<http://company.cerved.com>, *Investor Relations* section, *Financial Calendar* area).

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The financial report as of September 30, 2019, will be made available, in accordance with terms imposed by current law, at the registered office of the Company (Via dell'Unione Europea n. 6A/6B – 20097, San Donato Milanese), on the authorised storage system eMarketSTORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company website (<http://company.cerved.com>, *Investor Relations* area, *Financial Statements*).

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According to paragraph 2 of article 154-bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Francesca Perulli, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

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*Thanks to a unique asset of data, evaluation models, innovative technological solutions and a team of experts and analysts, Cerved Group every day helps about 30,000 companies, public administrations and financial institutions to manage the opportunities and risks of their business relationships. Cerved Group supports customers in the planning and implementation of commercial and marketing strategies. It is one of the most important independent operators in the evaluation and management of loans - both performing and problematic - and of connected assets, supporting customers in each phase of credit life. Finally, Cerved owns, within the group, one of the most important Rating Agencies in Europe.*

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**CONSOLIDATED INCOME STATEMENT**

<i>€ m</i>	<b>9 months 2019</b>	<b>9 months 2018</b>
<b>Revenues</b>	<b>360.5</b>	<b>323.2</b>
Other Income	0.6	0.4
Cost of raw material and other materials	-0.9	-2.7
Cost of services	-91.5	-84.2
Personnel costs	-98.0	-81.0
Other operating costs	-5.9	-4.8
Impairment of receivables and other accruals	-4.1	-2.5
<b>Total operating costs</b>	<b>-200.3</b>	<b>-175.2</b>
<b>Adjusted EBITDA</b>	<b>160.8</b>	<b>148.4</b>
Performance Share Plan	-5.6	-5.5
<b>EBITDA</b>	<b>155.2</b>	<b>142.9</b>
Depreciation & amortization	-31.0	-31.0
PPA Amortization	-29.1	-26.5
<b>Operating profit before non recurring items</b>	<b>95.1</b>	<b>85.4</b>
Non recurring items	-24.8	-4.8
<b>Operating profit</b>	<b>70.3</b>	<b>80.5</b>
Interest expenses on facilities & Bond	-10.3	-10.0
Other net financial (recurring)	-5.5	-4.2
Net financial (non-recurring )	0.0	-0.6
Income tax expense	-13.9	-19.9
Non recurring income tax expense	5.2	0.0
<b>Net Income</b>	<b>40.5</b>	<b>45.9</b>

**CONSOLIDATED BALANCE SHEET**

<i>€ m</i>	As of 30 September 2019	As of 30 September 2018 restated
Intangible assets	372.5	463.2
Goodwill	781.4	739.4
Tangible assets	60.5	54.1
Financial assets	11.6	8.4
<b>Fixed Assets</b>	<b>1226.0</b>	<b>1265.0</b>
Inventories	0.1	0.3
Trade receivables	182.9	149.5
Trade payables	-49.7	-47.1
Deferred revenues	-66.0	-65.1
<b>Net working capital</b>	<b>67.3</b>	<b>37.6</b>
Other receivables	11.0	8.4
Other payables	-111.8	-53.8
Net corporate income tax items	-31.4	-13.3
Employees Leaving Indemnity	-15.5	-13.4
Provisions	-6.1	-5.3
Deferred taxes	-80.3	-106.9
<b>Net Invested Capital</b>	<b>1059.2</b>	<b>1118.3</b>
IFRS Net Debt	561.2	584.1
Group Equity	497.9	534.1
<b>Total sources</b>	<b>1059.2</b>	<b>1118.3</b>



**CONSOLIDATED NET FINANCIAL POSITION**

€/000	At September 30 2019	At December 31 2018 restated	At September 30 2018 restated
A. Cash	26	14	17
B. Cash equivalent	74,461	42,349	42,780
C. Trading securities	-	-	-
<b>D. Liquidity ( A )+( B )+( C )</b>	<b>74,486</b>	<b>42,364</b>	<b>42,797</b>
E. Current Financial Receivables			
F. Current Bank debt	-129	-178	-150
G. Current portion of non-current debt	-3,040	-2,866	-2,208
H. Other current financial liabilities	-11,233	-14,265	-13,598
<b>I. Current Financial Debt ( F )+( G )+( H )</b>	<b>-14,401</b>	<b>-17,310</b>	<b>-15,955</b>
<b>J. Net Current Financial Indebtedness ( D ) + ( E ) + ( I )</b>	<b>60,085</b>	<b>25,054</b>	<b>26,841</b>
K. Non-current Bank loans	-572,148	-573,393	-572,479
L. Bond Issued			
M. Other non current loans	-49,183	-42,755	-38,506
<b>N. Non-current Financial Indebtedness ( K ) + ( L ) + ( M )</b>	<b>-621,331</b>	<b>-616,148</b>	<b>-610,985</b>
<b>O. Net Financial Indebtedness ( J )+( N )</b>	<b>-561,246</b>	<b>-591,094</b>	<b>-584,144</b>

**CONSOLIDATED CASH FLOW STATEMENT**

€m	9 months 2019	9 months 2018
<b>EBITDA Adjusted</b>	<b>160.8</b>	<b>148.4</b>
Net Capex	-26.9	-28.9
<b>EBITDA Adjusted-Capex</b>	<b>133.8</b>	<b>119.5</b>
<i>as % of EBITDA</i>	<i>0.8</i>	<i>0.0</i>
Cash change in Net Working Capital	1.4	-13.4
Change in other assets / liabilities	-13.2	1.7
<b>Operating Cash Flow</b>	<b>122.0</b>	<b>107.8</b>
Interests paid	-11.1	-10.6
Cash taxes	-11.3	-19.0
Non recurring items	37.2	-3.7
<b>Cash Flow (before debt and equity movements)</b>	<b>136.8</b>	<b>74.5</b>
Dividends	-58.0	-52.2
Acquisitions / deferred payments / earnout	-38.7	-82.4
Buyback	-0.7	-4.9
La Scala Loan	-0.2	-0.5
Amendmend fees & refinancing	0.0	0.0
<b>Net Cash Flow of the Period</b>	<b>39.2</b>	<b>-65.5</b>