

## PRESS RELEASE

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### **CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL RESULTS AS OF 30 SEPTEMBER 2020**

- Revenues<sup>1</sup>: Euro 351.8 million, -2.6% compared to 361.1 million in the first nine months of 2019;
- Adjusted EBITDA<sup>1,2</sup>: Euro 143.9 million, -10.5% compared to 160.8 million in the first nine months of 2019, with a margin on revenues of 41.1%;
- Adjusted Net Income<sup>1,3</sup>: Euro 68.0 million, -9.4% compared to 74.9 million in the first nine months of 2019;
- Operating Cash Flow: Euro 102.4 million, -16.1% compared to 122.0 million in the first nine months of 2019;
- Consolidated Net Financial Position: Euro 593.6 million at September 30, 2020, equating to 2.7x last twelve months Adjusted EBITDA

### **COVID-19 IMPACTS AND 2020 OUTLOOK**

- Business resilience confirmed by the limited decline in Revenues and the usefulness of our services offered to manage credit risks also in the weak phases of the economic cycle;
- At the moment it is believed that the Group is able to close the 2020 financial year with Revenues and Adjusted EBITDA of approx. Euro 480m and Euro 200m respectively; these forecasts could undergo changes due to exceptionally negative and unpredictable impacts deriving from the significant recovery of infections;
- In light of the current uncertainty related to the COVID-19 emergency, we consider it appropriate to postpone our third Investor Day to the first half of 2021 for an update on the strategy and financial targets.

**San Donato Milanese, 10 November 2020** – The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the “**Company**”), the largest information provider and credit servicer in Italy, today examined and approved the consolidated financial statements as of 30 September 2020.

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

*“Cerved confirmed the solidity of its core business: following a limited decline in revenues in the lockdown phase, returning to growth in the third quarter in the Risk Management and Growth Services business units. The company has once again proved to be resilient, in a phase in which our Covid-assessment services have enabled banks and businesses to reduce uncertainty in evaluating their counterparties.*”

*In a very difficult period, we closed the first nine months of the year with a limited decline in revenues. In the Risk Management business unit, we recorded significant growth in the Financial Institutions segment, thanks to our new services which support banks in the provision of loans guaranteed by the Fondo Centrale di Garanzia. In the Corporate segment, Covid-assessment products partially offset the lower utilisation of services. In Growth Services we are increasing revenues both by external lines from the consolidation of the companies acquired in 2019 in the consulting business, and also internally from Atoka services which will become a growth engine in the future. The decline in Credit Management is mainly due to the slowdown in*

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<sup>1</sup> Revenues, Adjusted EBITDA and Adjusted Net Income include €1.5m of capital gain deriving from the sale of the Turin real estate property;

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

<sup>3</sup> 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

court activities during the lockdown, which will result in some of the revenue streams being deferred over time.

*The new wave of infections will result in a more difficult environment in the next months. However, we are confident in confirming our solidity: we have already demonstrated that we can operate in full smart working without losing productivity and the lockdown measures that lie ahead are less severe than those of March. The resilience of the business and the final results as at 30 September allow us to believe that the Group will be able to close the 2020 financial year with Revenues and Adjusted EBITDA of around Euro 480 m and Euro 200 m respectively. In light of the current uncertainty related to the evolution of the emergency, we consider it appropriate to postpone our third Investor Day to the first half of 2021 for an update on our strategy and financial targets.”*

## Analysis of Consolidated Revenues

In the first nine months of 2020 the Group's Revenues decrease by -2.6%, reaching Euro 350.3 million compared to Euro 361.1 million in the first nine months 2019 (-7.2% organic).

Divisional revenues declined by 3.0% reaching Euro 350,3 million.

The revenues of the **Risk Management** Business Unit decreased by 3.9%, from Euro 205.6 million in 2019 to Euro 197.5 million in 2020:

- the Corporates business segment recorded a decrease compared to the first semester of 2019 (-10.3%); the negative impact of the lockdown on the territorial network led to the interruption of many commercial negotiations, to which a fall in consumption due to the induced effect of the total blockage of business on the majority of corporate customers was added;
- the Financial Institutions segment recorded an increase compared to 2019 (+3.8%). The increase is mainly due to the positive and countertrending impact on services related to the Fondo di Garanzia which benefited greatly from the measures provided for by the Decreto Liquidità, mitigating the drop in the Real Estate Appraisals and Cadastral Survey service lines, most affected by the block of activities.

The revenues of the **Growth Services** Business Unit grew from Euro 29.1 million in 2019 to Euro 41.8 million in 2020 (+43.5%) compared to the previous period, mainly:

- as a result of the consolidation of the MBS Consulting Group acquired in August 2019;
- as a result of the increases realized in the “Artificial Intelligence” service line, both on the Corporates segment and the Financial Institutions segment, with particular reference to the Atoka platform, created by the subsidiary SpazioDati.

The revenues of the **Credit Management** Business Unit decreased from Euro 126.4 million in 2019 to Euro 111.0 million in 2020, for a total decrease of Euro 15.4 million, equal to -12.1%. This Business Unit, which benefited from the entry of the two companies acquired in 2019, began to suffer the impact of Covid-19 from the closure of activities in the courts and land registries, which led to a slowdown in judicial recovery activities.

<b>Consolidated Revenues</b> <i>in millions of Euro</i>	<b>First nine months</b> <b>2019</b>	<b>First nine months</b> <b>2020</b>	<b>% Growth</b>
Risk Management – Financial Institutions	92.8	96.3	3.8%
Risk Management – Corporates	112.8	101.2	(10.3%)
Risk Management	205.6	197.5	(3.9%)
Growth Services	29.1	41.8	43.5%
Credit Management	126.4	111.0	(12.1%)
<b>Divisional Revenues</b>	<b>361.1</b>	<b>350.3</b>	<b>(3.0%)</b>

## Analysis of quarterly Revenues

With reference to the third quarter of 2020, the overall growth in Consolidated Revenues was -2.4% compared to the third quarter of 2019 (-5.4% on an organic basis)

On a divisional basis the decline was -3.8%.

The **Risk Management** Business Unit grew by 1.3%, the **Growth Services** Business Unit grew by 2.5%, while the **Credit Management** Business Unit suffered a reduction in revenues of -13.3%.

<b>Quarterly Revenues</b> <i>in millions of Euro</i>	<b>Third quarter</b> <b>2019</b>	<b>Third quarter</b> <b>2020</b>	<b>% Growth</b>
Risk Management – Financial Institutions	29.7	32.5	9.4%
Risk Management – Corporates	32.6	30.7	(6.1%)
Risk Management	62.4	63.2	1.3%
Growth Services	11.6	11.9	2.5%
Credit Management	40.9	35.5	(13.3%)
<b>Divisional Revenues</b>	<b>114.9</b>	<b>110.6</b>	<b>(3.8%)</b>

## Analysis of Consolidated Adjusted EBITDA

The Consolidated Adjusted EBITDA of Euro 143.9 million in the first nine months 2020 decreased by 10.5% with respect to the prior period of 2020 (-13.1% on an organic basis). The Adjusted EBITDA margin was 41.1% in 2020, compared to 44.5% in the prior year.

The slight reduction in margins is essentially attributable to the Risk Business Unit, where the decline in revenues was not reflected in the operating leverage, due to the higher incidence of fixed overheads.

<b>Consolidated Adjusted EBITDA</b> <i>in millions of Euro</i>	<b>First nine months</b> <b>2019</b>	<b>First nine months</b> <b>2020</b>	<b>% Growth</b>
Risk Management	109.9	99.6	(9.3)%
Growth Services	5.3	10.7	101.6%
Credit Management	45.6	32.1	(29.6%)
<b>EBITDA Adjusted</b>	<b>160.8</b>	<b>142.4</b>	<b>(11.4%)</b>
<i>EBITDA Adjusted Margin</i>	44.5%	40.7%	
Risk Management	53.5%	50.4%	
Growth Services	18.3%	25.7%	
Credit Management	36.0%	28.9%	

## Analysis of quarterly Adjusted EBITDA

In the third quarter of 2020, the Group's Adjusted EBITDA stood at Euro 44.6 million, down by 10.4% compared to the third quarter of 2019 (-11.5% on an organic basis).

<b>Consolidated Adjusted EBITDA</b> <i>in millions of Euro</i>	<b>Third quarter</b> <b>2019</b>	<b>Third quarter</b> <b>2020</b>	<b>% Growth</b>
Risk Management	31.2	29.7	(4.8%)
Growth Services	3.8	4.0	6.1%
Credit Management	14.7	9.4	(36.3%)
<b>EBITDA Adjusted</b>	<b>49.8</b>	<b>43.1</b>	<b>(13.5%)</b>
<b>EBITDA Adjusted Margin</b>	<b>43.3%</b>	<b>38.9%</b>	
Risk Management	50.1%	46.9%	
Growth Services	32.7%	33.6%	
Credit Management	36.0%	26.5%	

## Analysis of Consolidated Net Income

At September 30, 2020, the Consolidated Net Income was Euro 32.4 million.

Adjusted Consolidated Net Income before minority interests - which excludes non-recurring expenses and income, the amortized cost of loans, the amortization of the capital gains allocated resulting from business combinations, the adjustment of the fair value of the options and the tax effect of previous items - stood at Euro 68.0 million, a decrease of 9.4% compared to Euro 74.9 million in the first nine months of 2019.

## Analysis of Consolidated Net Financial Position

At September 30, 2020 the Net Financial Position of the Group was Euro 593.6 million, compared to Euro 608.9 million as of 30 June 2020. The ratio of Net Financial Position to last twelve month Adjusted EBITDA was 2.7x.

<b>Consolidated Net Financial Position</b> <i>in millions of Euro</i>	<b>As of 30 June</b> <b>2020</b>	<b>As of 30 September</b> <b>2020</b>
Net Financial Position	608.9	593.6
LTM Adjusted EBITDA Multiple <sup>1</sup>	2.7x	2.7x

1) Proformated to include the EBITDA of the M&A acquisitions in the 12 months preceding the selected period

## **Business Outlook**

Even in the weak phases of the economic cycle, our services confirm their usefulness in managing financial risks and, in the past, our business model has proven to be resilient. In this context, our wealth of data, technologies and tools allows our customers to assess the impact of COVID-19 on counterparties. At the moment it is believed that the Group is able to close the 2020 financial year with Revenues and Adjusted EBITDA of approx. Euro 480m and Euro 200m respectively; these forecasts could undergo changes due to exceptionally negative and unpredictable impacts deriving from the significant resumption of infections.

## **Forecast on the Group's economic and financial performance**

In weak phases of the economic cycle, our services become even more useful for managing credit risks and, in the past, our business model has proven to be resilient. In this context, our wealth of data, technologies and tools allows our customers to assess the impact of COVID-19 on businesses. Based on these considerations and in the light of the final results as at 30 September 2020, while taking into account the uncertainty deriving from the significant outbreak of infections both in Italy and abroad, but excluding scenarios with excessively negative impacts, we believe that the Group is able to close the 2020 financial year with Revenues and Adjusted EBITDA of around Euro 480 m and Euro 200 m respectively.

## **Conference call to comment results as of 30<sup>th</sup> September 2020**

The conference call with institutional investors and financial analysts to comment the results as of 30<sup>st</sup> of September 2020 will take place this afternoon, 10<sup>th</sup> of November 2020, at 17:30 (Milan time). For further details visit the website of the Company (<http://company.cerved.com>, *Investor Relations* section, *Financial Calendar* area).

The presentation of the results and the transcript of the conference call will be made available on the company's website (<http://company.cerved.com>, *Investor Relations* section, *Presentations* area).

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

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*Cerved supports companies, banks, institutions and people to protect against risk and grow sustainably. Thanks to a unique wealth of data and analytics, it makes digital and artificial intelligence services and platforms available to customers to manage risks and support data-driven growth, also with customized consulting solutions. Through Cerved Credit Management it helps the financial and real system to dispose and recover non-performing loans. The Cerved Rating Agency, one of the most important rating agencies active in Europe, also operates within the group.*

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**CONSOLIDATED INCOME STATEMENT**

<i>in millions of Euro</i>	<b>First nine months 2019</b>	<b>First nine months 2020</b>
<b>Revenues<sup>1</sup></b>	361.1	351.8 <sup>1</sup>
Cost of raw material and other materials	-0.9	-0.5
Cost of services	-91.5	-90.6
Personnel costs	-98.0	-105.3
Other operating costs	-5.9	-5.0
Impairment of receivables and other accruals	-4.1	-6.4
<b>Total operating costs</b>	<b>-200.3</b>	<b>-207.8</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>160.8</b>	<b>143.9</b>
Performance Share Plan	-5.6	-2.1
<b>EBITDA</b>	<b>155.2</b>	<b>141.9</b>
Depreciation & amortization	-31.0	-29.4
PPA Amortization	-31.1	-31.4
<b>Operating profit before non recurring items</b>	<b>93.1</b>	<b>81.0</b>
Non recurring items	-24.8	-14.7
<b>Operating profit</b>	<b>68.2</b>	<b>66.3</b>
Interest expenses on facilities & Bond	-10.3	-9.8
Other net financial (recurring)	-5.8	8.3
Net financial (non-recurring )	0.0	-16.5
Income tax expense	-13.4	-16.0
of which Non recurring income tax expense	5.2	-0.7
<b>Net Income<sup>1</sup></b>	<b>38.8</b>	<b>32.4</b>

1) Include €1.5m of capital gain deriving from the sale of the Turin real estate property

**CONSOLIDATED BALANCE SHEET**

<i>in millions of Euro</i>	<b>First nine months 2019</b>	<b>First nine months 2020</b>
Intangible assets	413.6	370.5
Goodwill	765.0	750.5
Tangible assets	60.5	55.5
Financial assets	11.6	11.5
<b>Fixed Assets</b>	<b>1250.6</b>	<b>1188.0</b>
Inventories	0.1	0.0
Trade receivables	182.9	227.4
Trade payables	-49.7	-43.8
Deferred revenues	-66.0	-65.5
<b>Net working capital</b>	<b>67.3</b>	<b>118.1</b>
Other receivables	11.0	9.7
Other payables	-127.5	-87.1
Net corporate income tax items	-31.4	-21.5
Employees Leaving Indemnity	-15.5	-16.8
Provisions	-6.1	-5.2
Deferred taxes	-91.8	-78.9
<b>Net Invested Capital</b>	<b>1056.6</b>	<b>1106.2</b>
IFRS Net Debt	561.2	593.6
Group Equity	495.4	512.7
<b>Total sources</b>	<b>1056.6</b>	<b>1106.2</b>

**CONSOLIDATED CASH FLOW**

<i>in millions of Euro</i>	<b>First nine months 2019</b>	<b>First nine months 2020</b>
<b>EBITDA Adjusted</b>	<b>160.8</b>	<b>143.9</b>
Net Capex	-26.9	-24.0
<b>EBITDA Adjusted-Capex</b>	<b>133.8</b>	<b>119.9</b>
<i>as % of EBITDA</i>	83.3%	83.3%
Cash change in Net Working Capital	1.4	-12.3
Change in other assets / liabilities	-13.2	-5.2
<b>Operating Cash Flow</b>	<b>122.0</b>	<b>102.4</b>
Interests paid	-11.1	-8.4
Cash taxes	-11.3	-37.2
Non recurring items	37.2	-1.0
<b>Cash Flow (before debt and equity movements)</b>	<b>136.8</b>	<b>55.8</b>
Dividends	-58.0	0.0
Acquisitions / deferred payments / earnout	-38.7	-86.1
Buyback	-0.7	0.0
La Scala Loan	-0.2	0.0
Amendmend fees & refinancing	0.0	-14.4
<b>Net Cash Flow of the Period</b>	<b>39.2</b>	<b>-44.7</b>



**CONSOLIDATED NET FINANCIAL POSITION**

€/000	As of 31 December 2019	As of 30 September 2020
A. Cash	25	28
B. Cash equivalent	86.187	44.480
C. Trading securities	-	-
<b>D. Liquidity ( A )+( B )+( C )</b>	<b>86.212</b>	<b>44.508</b>
E. Current Financial Receivables	-	-
F. Current Bank debt	(201)	(188)
G. Current portion of non-current debt	(6.515)	(10.495)
H. Other current financial liabilities	(9.525)	(14.086)
<b>I. Current Financial Debt ( F )+( G )+( H )</b>	<b>(16.241)</b>	<b>(24.769)</b>
<b>J. Net Current Financial Indebtedness ( D ) + ( E ) + ( I )</b>	<b>69.971</b>	<b>19.739</b>
K. Non-current Bank loans	(569.539)	(563.186)
L. Bond Issued	-	-
M. Other non current loans	(49.884)	(50.137)
<b>N. Non-current Financial Indebtedness ( K ) + ( L ) + ( M )</b>	<b>(619.423)</b>	<b>(613.323)</b>
<b>O. Net Financial Indebtedness ( J )+( N )</b>	<b>(549.452)</b>	<b>(593.584)</b>