



Q1 2020 RESULTS

15.05.2020

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WE DESIGN BUSINESS
EVOLUTION THROUGH DATA,
TECHNOLOGY & CREATIVITY

Alkemy is an international public company **listed** on Borsa Italiana's **MTA – STAR Segment** since 17th December 2019, and previously on AIM Italia.

Alkemy works to improve the market positioning and competitiveness of large and medium-sized companies by **stimulating the evolution** of their business models in line with technological innovation and consumer behavior.

Alkemy integrates skills and expertise in all the areas of Strategy, Communication, Performance, Technology, Design and Data & Analytics, with an offering designed for the **post-digital** environment and covering the entire value chain from strategy to implementation.

Alkemy is identified by an industrial model of **aggregation of excellences**, that support the business organic growth thanks to the breadth and diversification of the offer.

We help companies to
evolve their business in the
post-digital scenario

Q1 2020 – NEW ORGANIZATION PAYS OFF



The **New Organization** laid the foundations for the **industrialization** of Alkemy's business model to capture **continued growth** anticipating the **evolving market**



Q1 2020 MAIN ACHIEVEMENTS

- > **Organic growth** back to **positive**, up 5.1% (12.1% in Italy)
- > Strong **improvement in marginality** compared to Q1 2019 (+600 bps)
- > **Limited impact** from COVID-19, particularly in Italy
- > All employees **fully operational at WFH** since February/March
- > Expected **growth acceleration** in the reference market

FINANCIAL HIGHLIGHTS

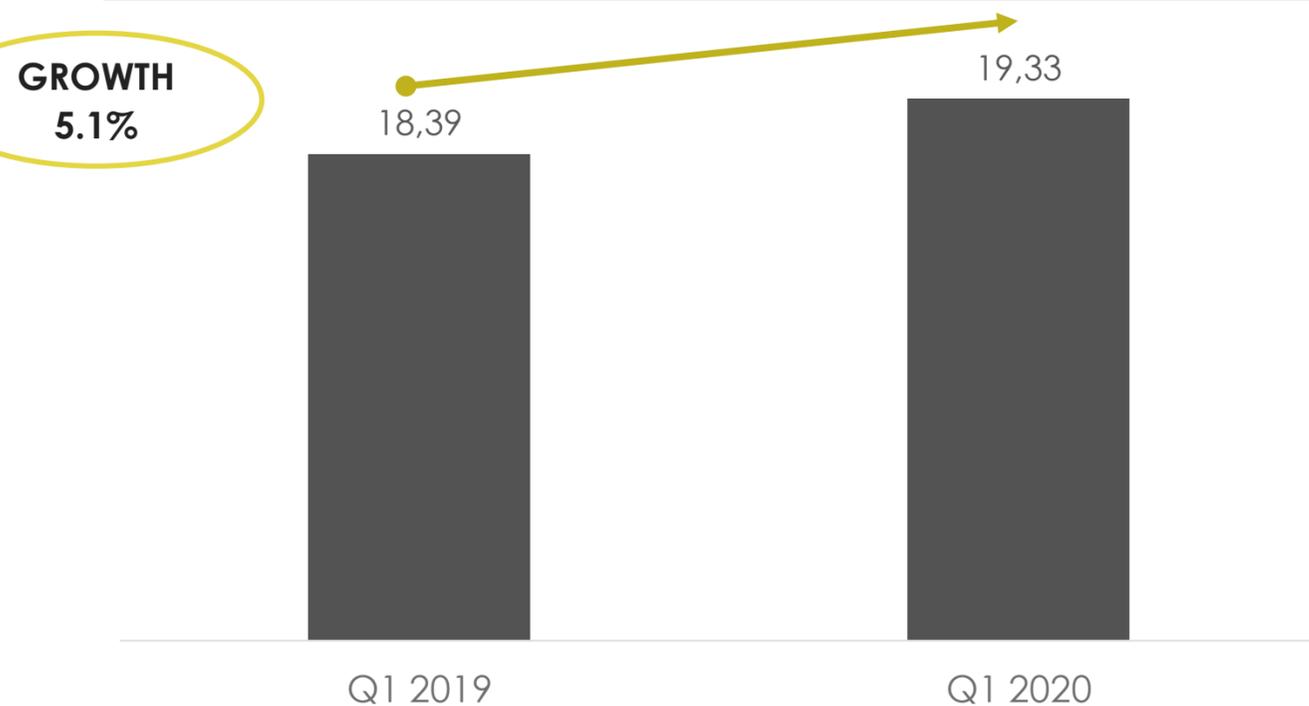


€M	Q1 2020	Q1 2019	
Turnover	19.33	18.39	> +5.1% compared to Q1 2019, thanks to the strong performance on current clients and current projects
EBITDA	0.31	(0.81)	> + 6 percentage points in EBITDA margin compared to Q1 2019, thanks to a better mix and efficiencies arising from the new organization
EBIT	(0.10)	(1.24)	> Improvement of 92% compared to Q1 2019, due to increase in EBITDA commented above
EBT	(0.53)	(1.49)	> Improvement of 64% registered thanks to the better operating result
Group Net Income	(0.57)	(1.28)	> Improvement of 55% in the economic result of the period
Gross Cash Flow	0.49	(0.68)	> Increase of €M 1.17 mainly due to the better operating result
NFP	-20.14	FY 2019 -19.21	> Variation since 31 December 2019 of €M -0.9 mostly due to: €M -0.8 increase in bank financial debt, €M + 1.45 in cash liquidity, €M – 1.6 for factoring.

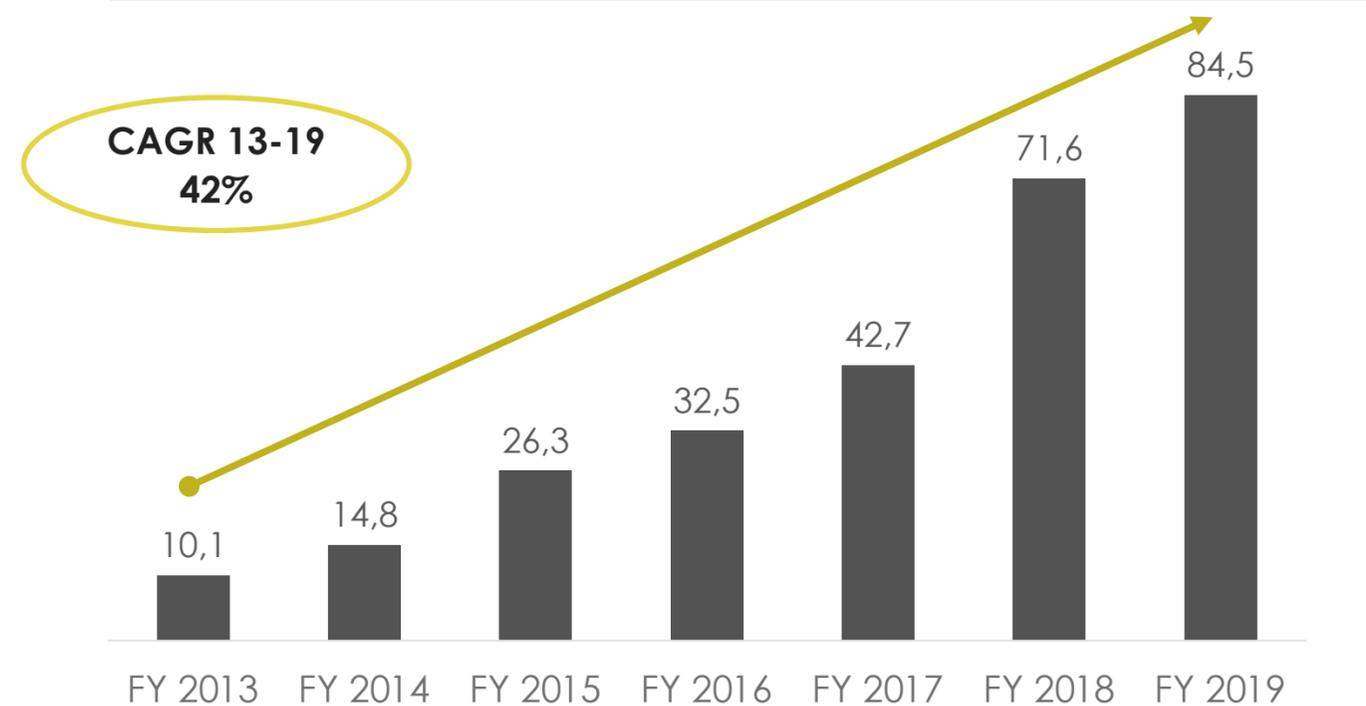
REVENUES' GROWTH

RENEWED ORGANIC GROWTH

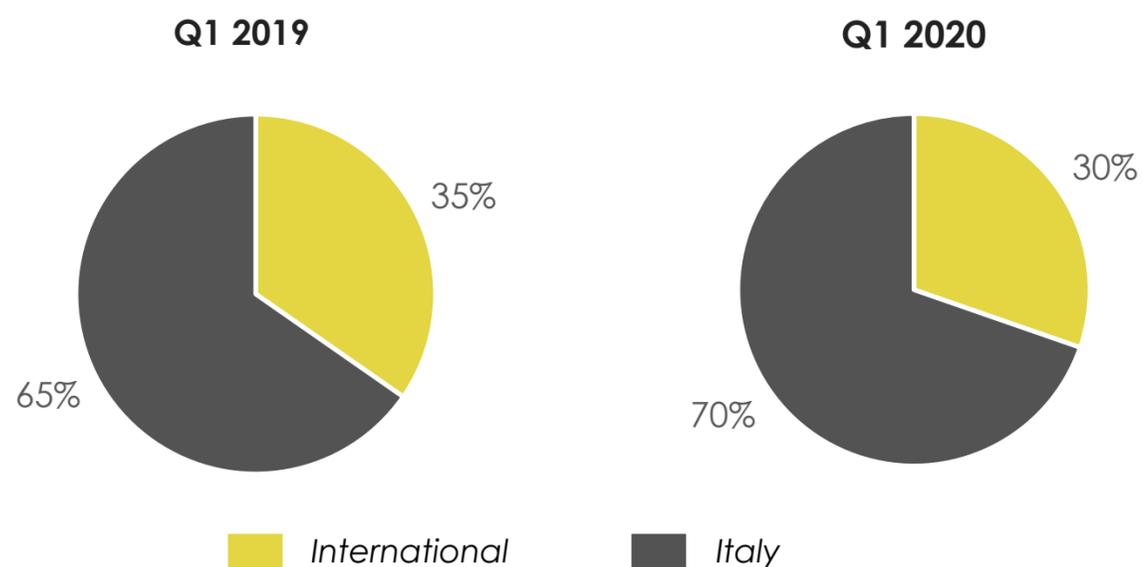
Q1 REVENUES (€M) – IAS /IFRS⁽¹⁾



FY REVENUES (€M) – IAS /IFRS⁽²⁾



ALKEMY INTERNATIONAL TURNOVER (%)



- › Q1 2020 revenues are €M 19.33, compared to Q1 2019 which were €M 18.39, with an organic growth yoy of 5.1%.
- › Q1 2020 international turnover is 30% of total, compared to 35% in Q1 2019, due to the more than proportional strong performance in Italy: organic growth was up 12.1%. The underperform in foreign markets is due to relative higher exposure to travel and hospitality sectors, impacted by lockdowns.
- › Between 2013 and 2019, Alkemy grew with an average annual rate of 42%; organic growth (pure organic and organic on acquired) was equal to 33% CAGR.

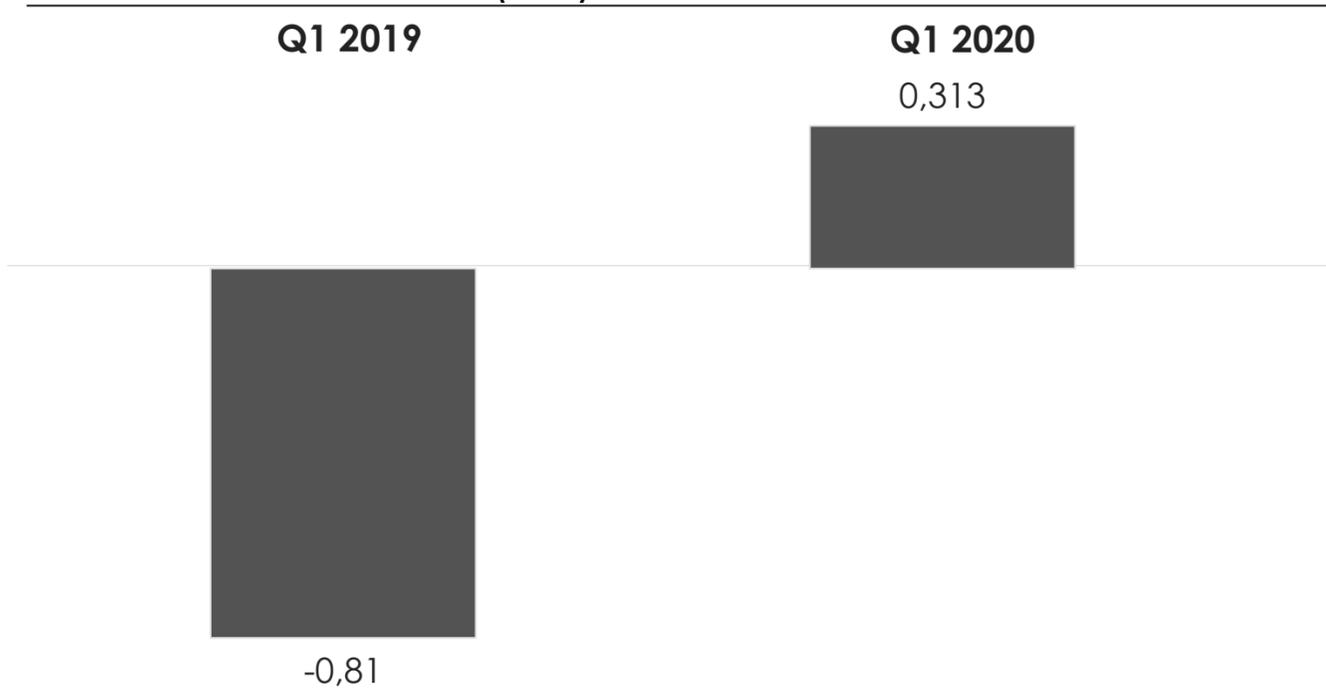
⁽¹⁾ Q1 2018 revenues are management estimates

⁽²⁾ Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

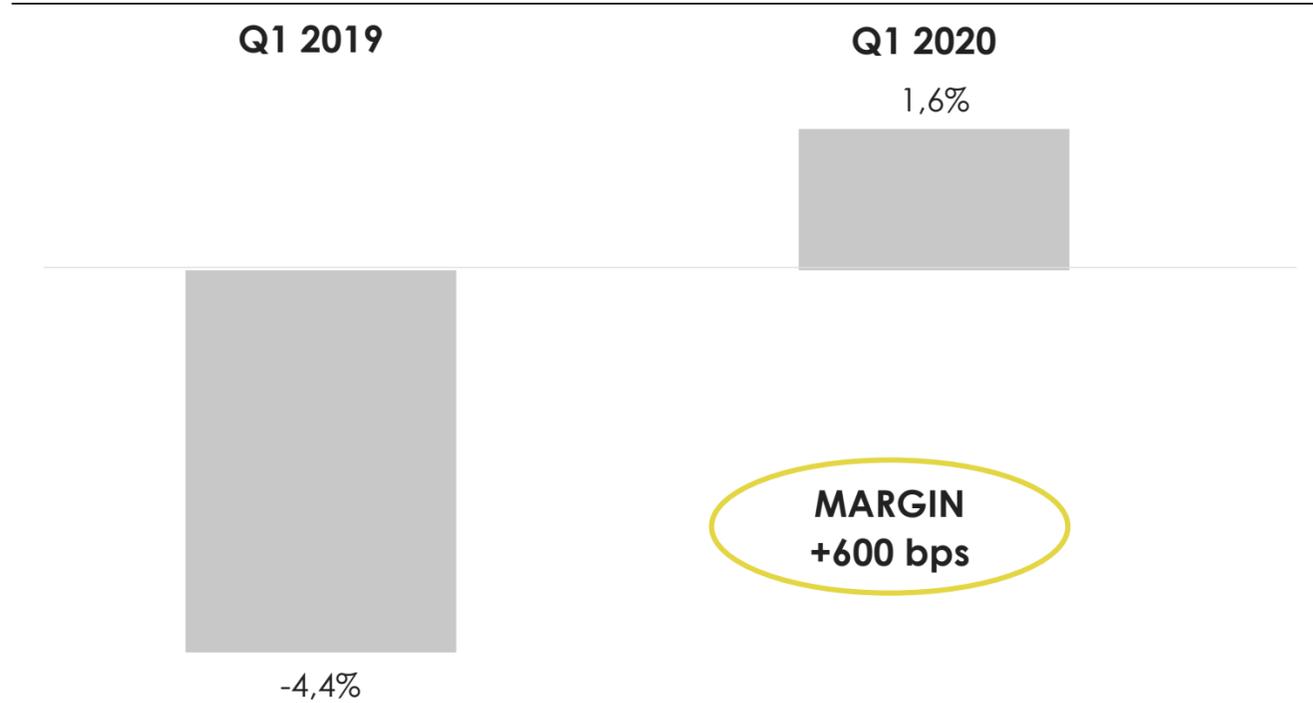
EBITDA EVOLUTION

STRONG IMPROVEMENT IN MARGINALITY

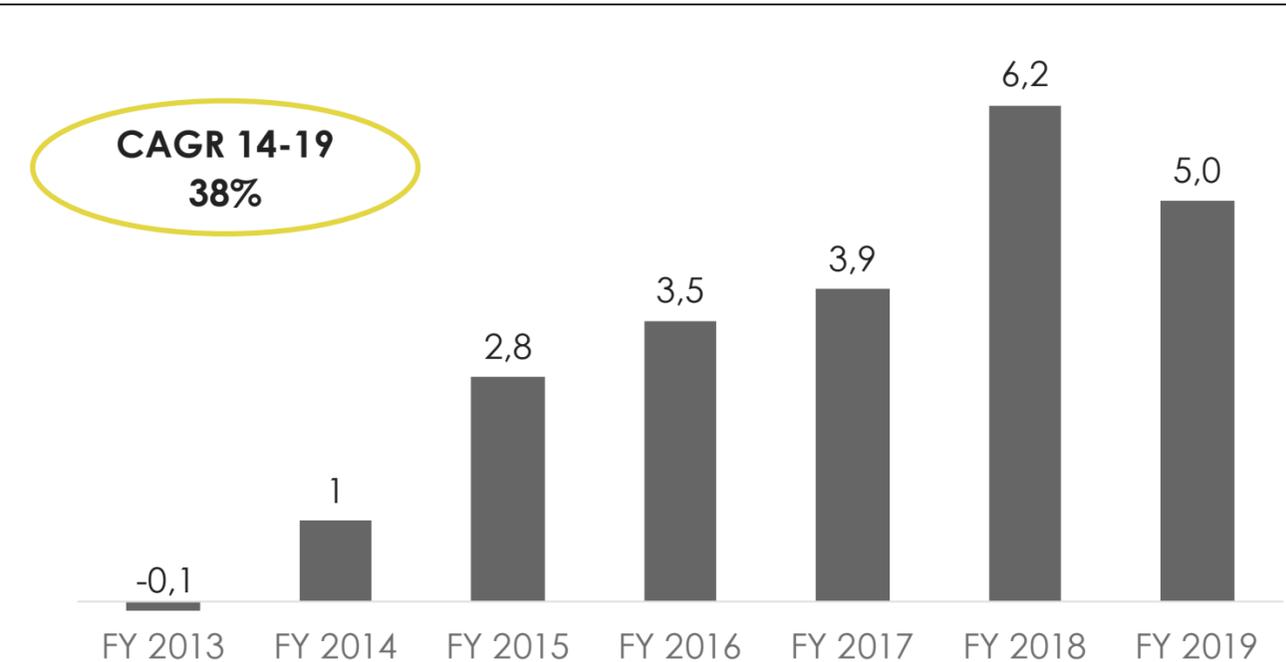
Q1 ALKEMY EBITDA (€M) – IAS/IFRS



Q1 EBITDA MARGIN (%)⁽¹⁾



FY ALKEMY ADJ. EBITDA (€M) – IAS/IFRS⁽¹⁾

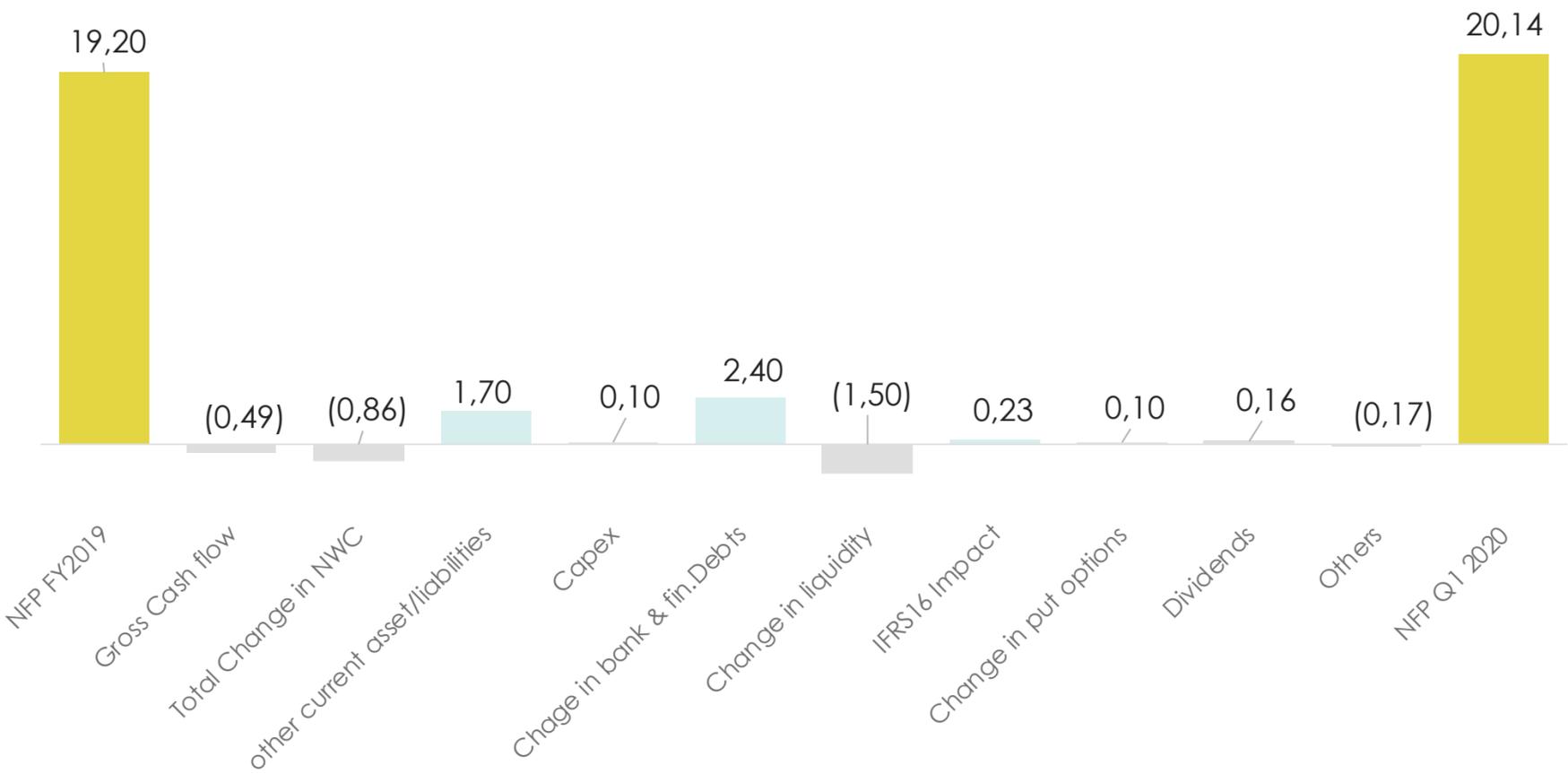


- › Q1 2020 EBITDA is €M0.31 compared to Q1 2019 of €M (0.81), thanks to the efficiency of the new organization.
- › EBITDA Margin is 1.6% in Q1 2020 vs -4.4% in Q1 2019 with a positive growth of 600 bps.
- › Since 2014 EBITDA has grown with an overall average annual rate of 38%

⁽¹⁾Ebitda margin is calculated relating EBITDA to the revenues of the period

NET FINANCIAL POSITION BRIDGE AND DETAILS

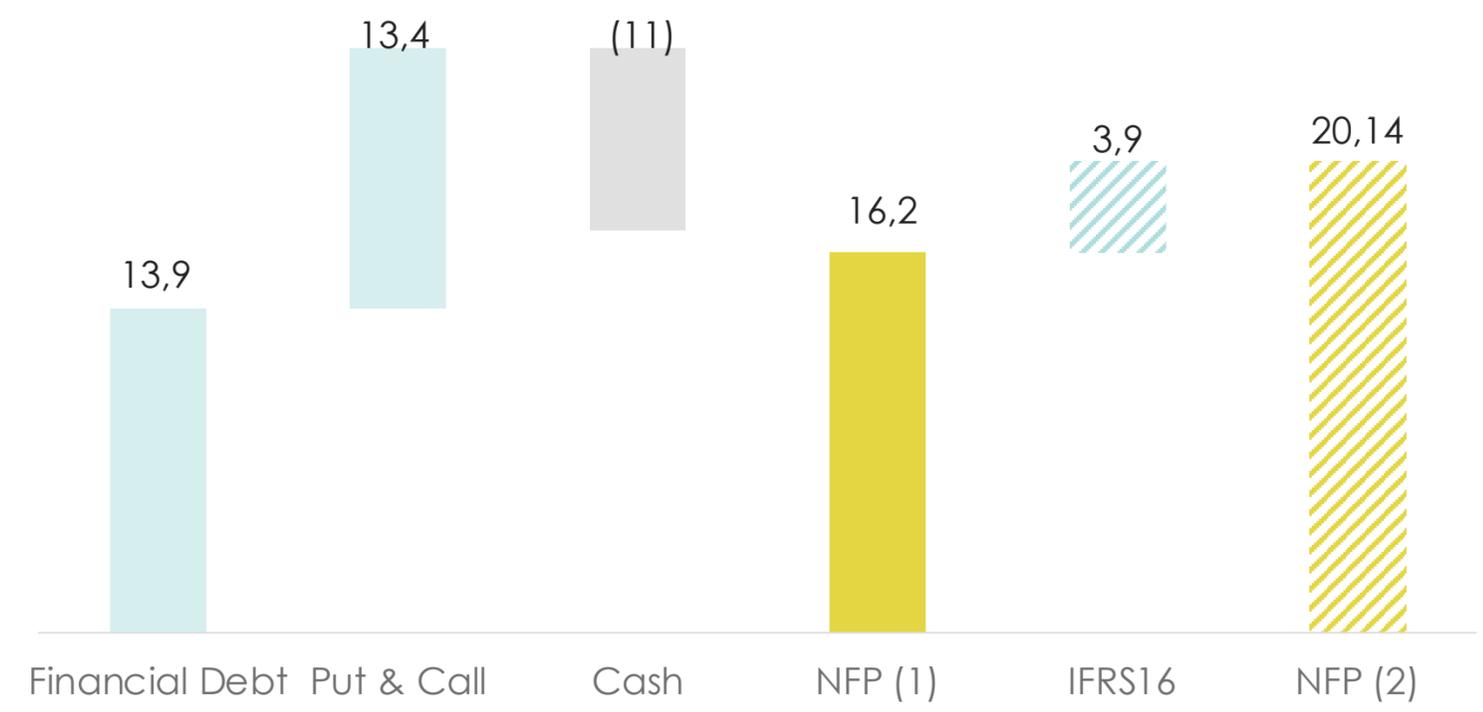
Net Financial Position Bridge Q1 2020 (€M)



- > **Gross debt** is composed by €M 13.9 of financial debt (of which €M 9.4 non current, €M 2.9 current and €M 1.6 of factoring), €M 13.4 put & call options deriving from M&A (of which €M 11.1 non current) and €M 3.9 IFRS16 financial leases
- > NFP (1) ex IFRS16 is €M 16.2

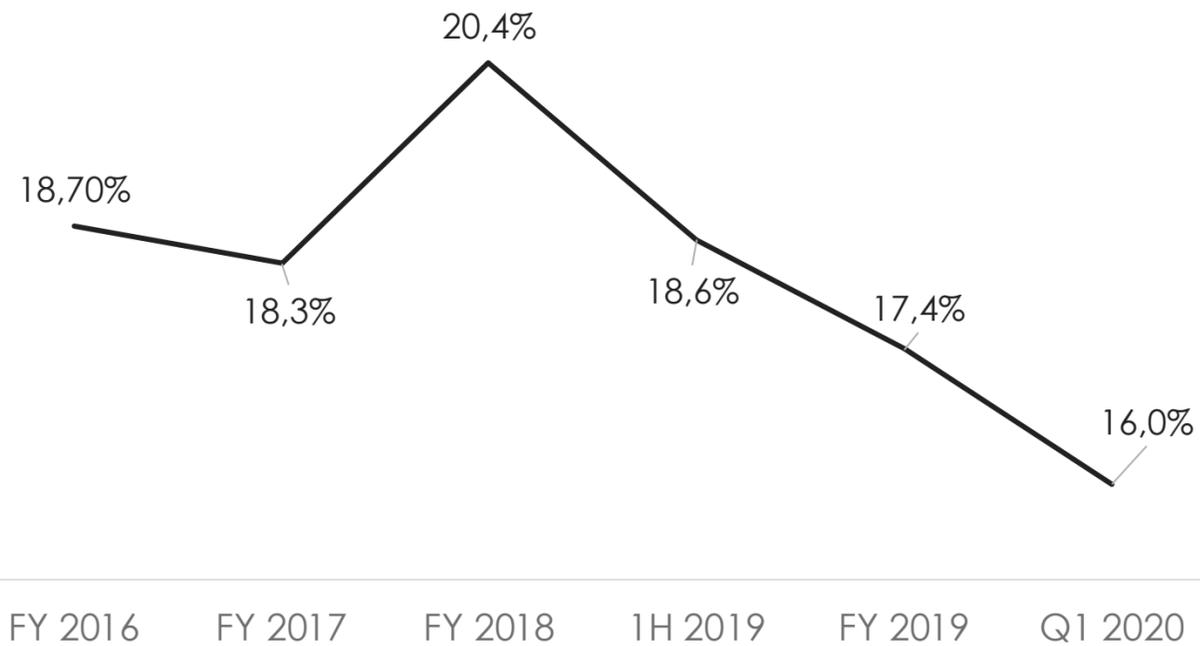
- > **Net Financial Position** NFP (2) at March 31st 2020 was €M -20.14 compared to €M -19.2 at December 31st, 2019
- > **Variation** (€M-0.9) mainly due to: factoring with recurse relative to one specific telco client (€M -1.6), increase in non current bank loans (€M -0.44), increase in current bank loans (€M -0.36), and to increase in liquidity on bank accounts (€M +1.45)

Net Financial Position Break Down Q1 2020 (€M)

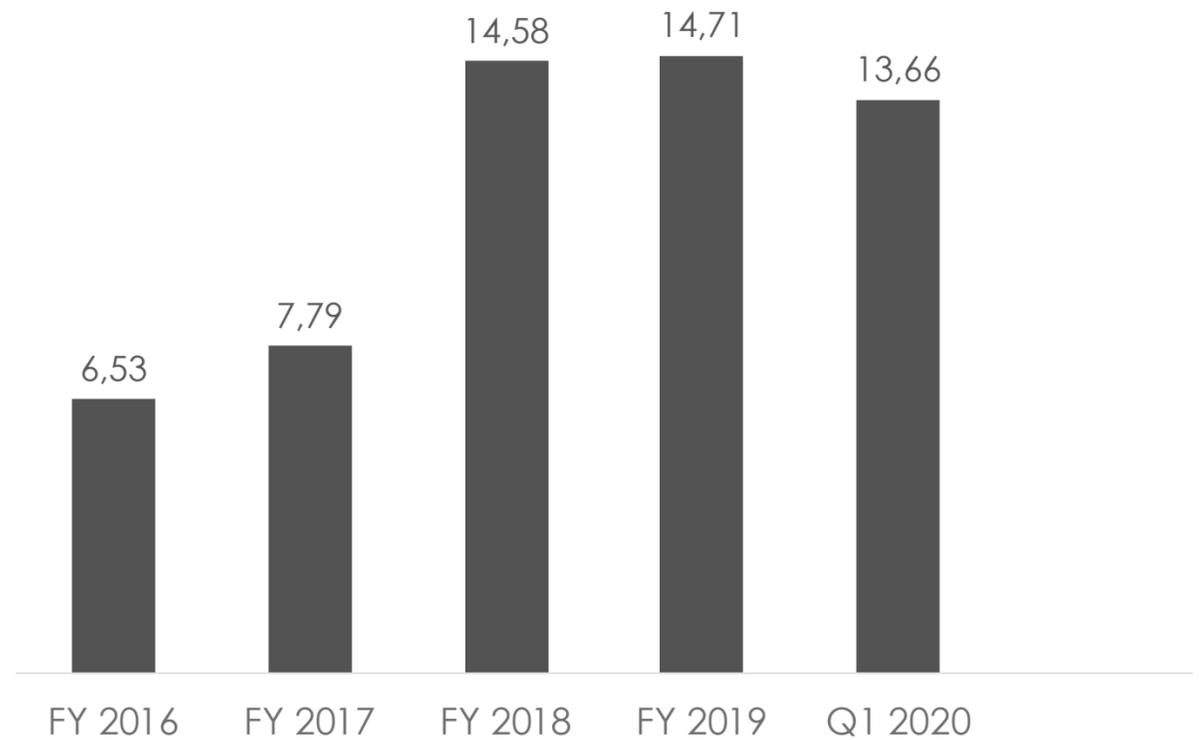


NET TRADE WORKING CAPITAL DYNAMICS

Net Trade Working Capital over Last 12 Months Revenues (%)

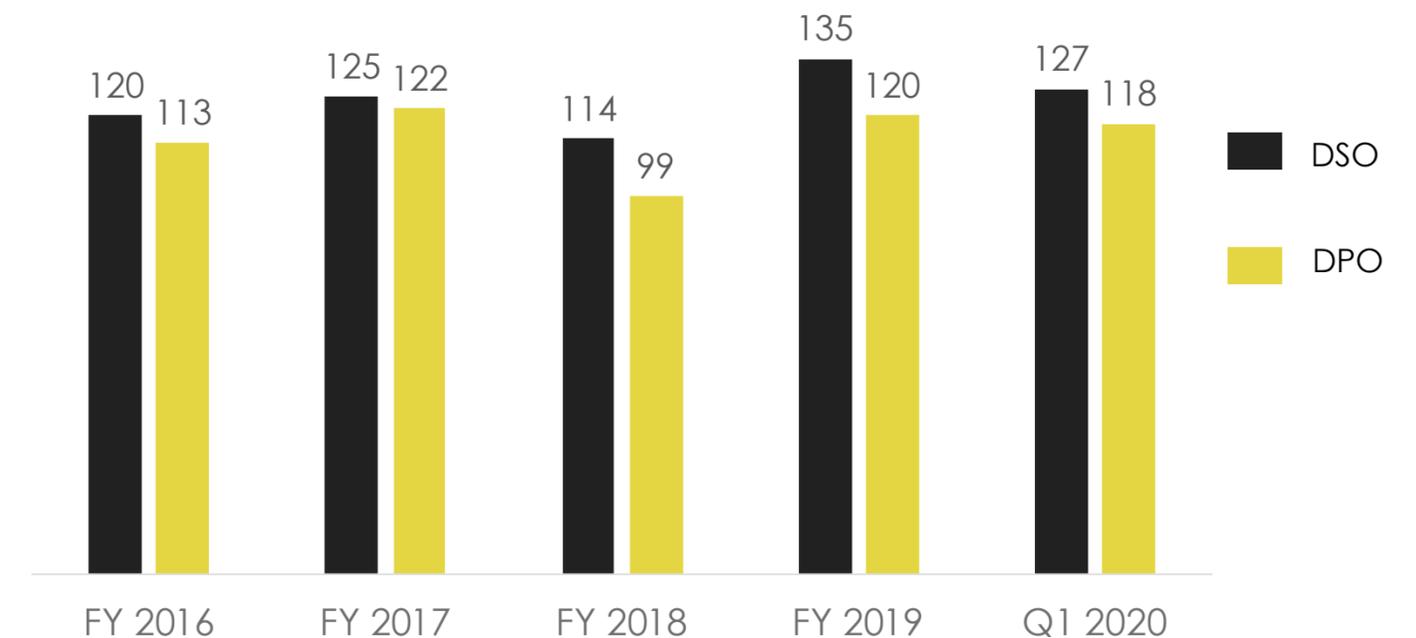


Net Trade Working Capital (€M)



- > Q1 typically presents a **positive seasonality** in terms of WC dynamics: the peak in yearly Revenues is usually achieved in Q4 and the related receivables are collected in Q1 of the following year
- > The cash generation from decrease in **Net Trade Working Capital** (€ +0.86 million) was lower in comparison to Q1 2019 (-79.5%), mainly due to the extension of payment terms granted to three clients. The whole due amount has been already paid as of the end of April

Cash Conversion Cycle Details (days)



Q1 2020 P&L – IAS/IFRS



Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	Q1 2019	Q1 2020
Revenues	18.387	19.326
Service costs, consum. & goods	(12.016)	(11.885)
Personnel	(7.181)	(7.128)
Adj. EBITDA	(810)	313
% Revenues	-4,4%	1,6%
Bad debts/ claims/ provisions	(24)	(3)
Depreciation / amortization	(409)	(413)
EBIT	(1.243)	(103)
% Revenues	-6,8%	-0,5%
Financial charges	(244)	(423)
EBT	(1.487)	(526)
Taxes	188	(62)
% Tax rate	12,6%	-11,8%
Net Profit (Loss)	(1.299)	(588)
o/w Minorities	(22)	(14)
o/w Group Net Profit (Loss)	(1.277)	(574)

- › Q1 2020 **Revenues** at €M 19.33, up by 5.1% compared to €M 18.39 of Q1 2019. The increase is mostly imputable to **Italian companies** who **outperformed** in the period, while in Mexico there was a contraction of revenues due to exposure to travel&hospitality of the subsidiary company.
- › **Operative costs** decreased by -1.0% yoy, reducing the impact on revenues by 6% compared to Q1 2019. **Services costs** decreased by 1.1% yoy even if revenues for “Clients Services” increased. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech. activities. Even if FTE increased of 5% yoy, **personnel costs** decreased by -0.7% compared to Q1 2019, thanks to the rationalization of the **new organization** in the Italian companies.
- › Q1 2020 **EBITDA** at €M 0.31 compared to €M -0.8 in Q1 2019, with a margin increase of 600 bps. **EBIT** is equal to €M -0.10 million compared to €M -1.2 in Q1 2019. The improvement is mostly imputable to Italian companies.
- › **Financial charges** went from €M 0.24 in Q1 2019 to €M 0.42 . The increase is mostly due to the **FOREX** losses that originated on the sale and purchase transactions made in USD by the Mexican subsidiary following the **depreciation of the Mexican pesos** against the dollar which in March saw an increase in the USD / MXN by more than 20%.
- › Q1 2020 **EBT** improved by 65% yoy. Q12020 **Group Net Result** is €M -0.57 vs €M -1.28 in Q1 2019

Q1 2020 BALANCE SHEET – IAS/ IFRS



Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2019	Q1 2020
Tangible assets	980	964
Intangible assets	7.801	7.678
<i>o/w rights of use (IFRS16)</i>	3.907	3.855
Goodwill	31.752	31.759
Financial assets	1.078	1.079
Fixed Assets	41.611	41.480
Inventories	61	30
Trade Receivables	31.791	30.061
Trade Payables	(17.142)	(16.419)
Net Trade Working Capital	14.710	13.672
Other Current Assets	8.931	8.701
Other Current Liabilities	(9.790)	(7.999)
Employees' leaving entitlement	(4.356)	(4.442)
Total Capital Invested	51.106	51.412
Total Equity	31.897	31.267
o/w Group Equity	31.723	31.107
o/w Minorities	174	160
Cash	(9.581)	(11.029)
Bank Debts	11.501	13.885
Put Option Liabilities	13.342	13.389
Other Financial Debts (IFRS16)	3.947	3.900
Net Debt (Cash)	19.209	20.145
Total Funds	51.106	51.412

- › **Net Invested Capital** at €M 51.4 (€M 51.1 FY 2019) and consisted of approx. € 14.4 million of **Net Working Capital** (€M 13.91 FY2019), €M 41.5 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.9 of **rights of use** (IFRS 16), and €M 4.4 of final Employees' leaving entitlement (€M 4.35 FY2019)
- › **Shareholders' equity** decreased in the period by €M -0.6 since 31 dec. 2019 (-2%), mainly due to total result of the period (€M -0.59), partly compensated by the increase of the "Stock Options Reserve"
- › **Net Financial Position** at 31 March 2020 negative at €M -20.14 (ante-IFRS 16 at €M -16.2) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to new financial debt.

Q1 2020 CASH FLOW GENERATION – IAS/IFRS

Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	Q1 2020	Q1 2019
Net Profit (Loss)	(588)	(1.299)
Adjustments (cash tax, interest and other)	485	56
Non cash items	594	563
Gross Cash Flow	491	(680)
Change in inventories	31	49
Change in trade receivables	1.951	7.317
Change in trade payables	(1.127)	(3.188)
Total change in NTWC	855	4.178
Total change in other asset/liabilities	(1.736)	(2.251)
Operating Cash Flow	(390)	1.247
Capex	(103)	(112)
Free Cash Flow before Acquisition	(493)	1.135
Other fixed assets	37	(56)
Free Cash Flow	(456)	1.079
Own shares	0	(228)
Dividends third parties	(162)	0
Change in bank & fin. Debts	2.386	35
IFRS 16 effect	(230)	(221)
Change in put/option	(90)	0
Change in Cash	1.448	665
Initial Cash	9.581	10.098
Final Cash	11.029	10.763

- › Q1 2020 **Gross Cash Flow** at €M 0.49, compared to €M -0.68. The increase yoy is mostly due to the better operating result of the period.
- › Q1 2020 **Operating cash flow** at €M – 0.39 compared to €M 1.25 of Q1 2019, mostly due to the lower cash generated from Net Trade Working capital compared to Q1 2019, partly compensated by the better operating result.
- › Ordinary **Capex** are in line with Company's standard (0.53%, of Revenues)
- › Q1 2020 **Free Cash Flow before Acquisitions** is equal to €M -0.45, compared to €M 1.13 of Q1 2019.
- › Total change in **cash** for the period was €M 1.45 compared to €M 0.66 mainly due to new financial debts .

LOOKING AHEAD

- › Alkemy will continue its strategy of focusing on **large customers**, leveraging the new organization defined in 2019 to support the Group's structure in **the industrialization** of the **business model**, which recorded first positive results in terms of **organic growth** and **marginality**.
- › Alkemy will continue **evolving its offer**, integrating the **new skills** acquired with the entry into the Group of Nunatac (data & analytics) in 2018 and of Design Group Italia (product and space design) in 2019.
- › Alkemy's services will be **structurally necessary** for our current and future customers, both to navigate the emergency and to be **competitive** and **successful** in the **new scenario**.
- › Lockdowns and social distancing measures could have an **impact** on Alkemy's **business in the short term**, mostly related to some customers waiting for more visibility.
- › Alkemy will continue following with **extreme attention** the trend of the current circumstances, continuously **monitoring** the positions with its customers and its network and is ready to **respond to new market needs**.
- › Alkemy will continue implementing all the **appropriate measures** to limit the risks and **preserve the health** of its staff and to **contain costs**, while continuing to **carry out its activities** and providing services to its customers.
- › Alkemy is able to promptly respond to a **constantly changing market**, in light of the COVID-19 emergency that has imposed on every company a faster ability to adapt and **transform**, digitalizing and rethinking the **business models**.
- › In a post-lockdown scenario, it is expected an **acceleration of investments in business transformation** by companies in all sectors where Alkemy operates, showing a great growth **opportunity** in medium term.

THE COVID-19 EMERGENCY IS FORCING ITALIAN COMPANIES TO EVOLVE THEIR BUSINESS MODELS TOWARD DIGITAL CHANNELS AND PROCESSES, INCREASING DEMAND FOR SERVICES ENABLING TRANSFORMATION



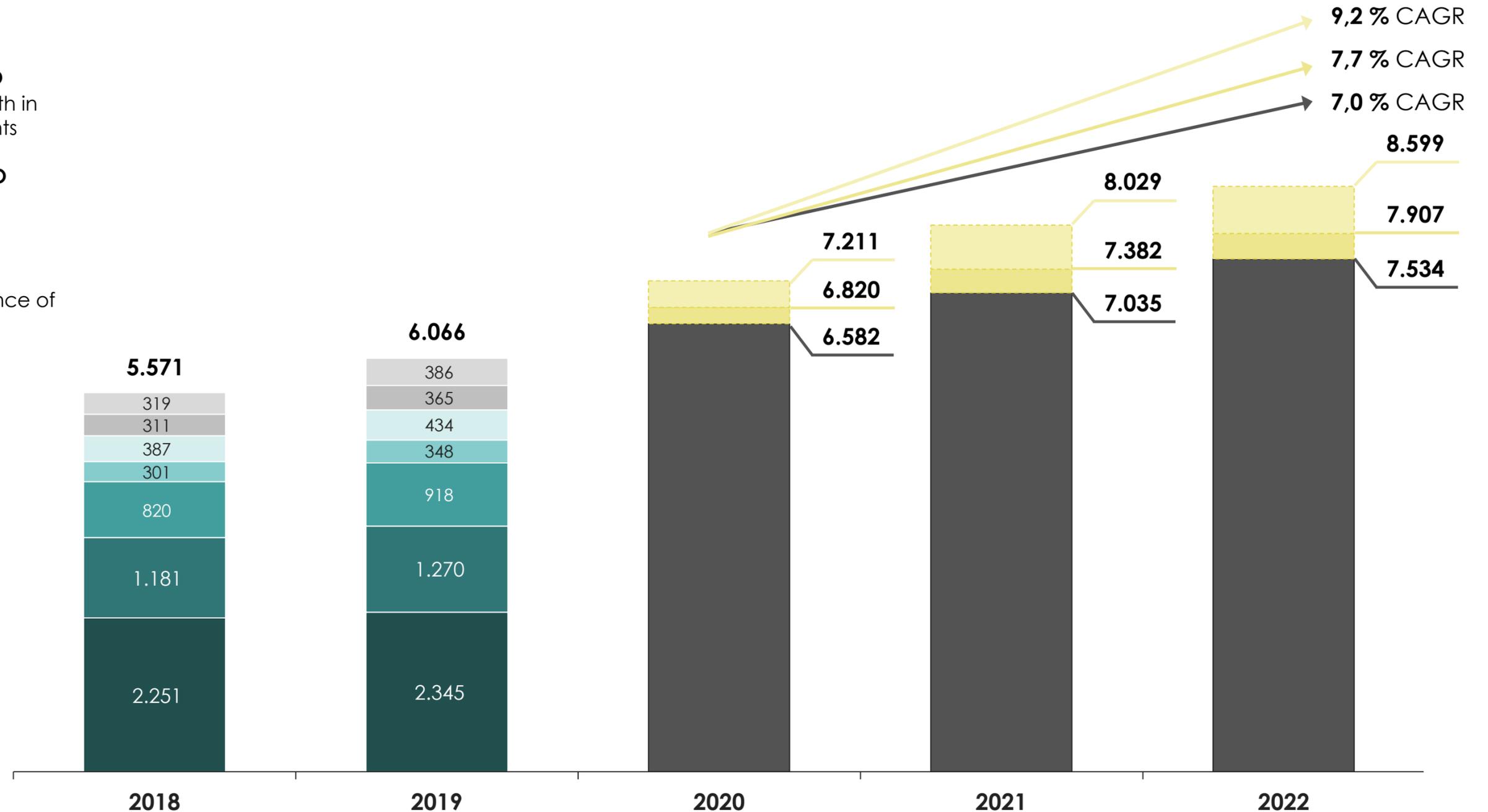
Alkemy reference market size in Italy (2018-2022, €M)

FORECAST SCENARIOS

- **LONG COVID-19 EMERGENCY SCENARIO**
End of emergency in August 2020, growth in all digital transformation market segments
- **SHORT COVID-19 EMERGENCY SCENARIO**
End of emergency in May 2020, growth limited to eCommerce segment
- **ORIGINAL HYPOTHESIS**
Growth hypothesis formulated in absence of Covid-19 emergency

MARKET SEGMENTS

- IoT
- Digital Advisory
- Media & Performance
- Big Data
- Agency
- eCommerce
- Tech



A PUBLIC COMPANY LISTED ON MTA – STAR SEGMENT

IPO date

- December 5th 2017

Issuer & Tickers

- Alkemy S.p.A. (ALK) | ISIN: IT0005314635
- REUTERS ALK.MI | BLOOMBERG ALK.IM

Market

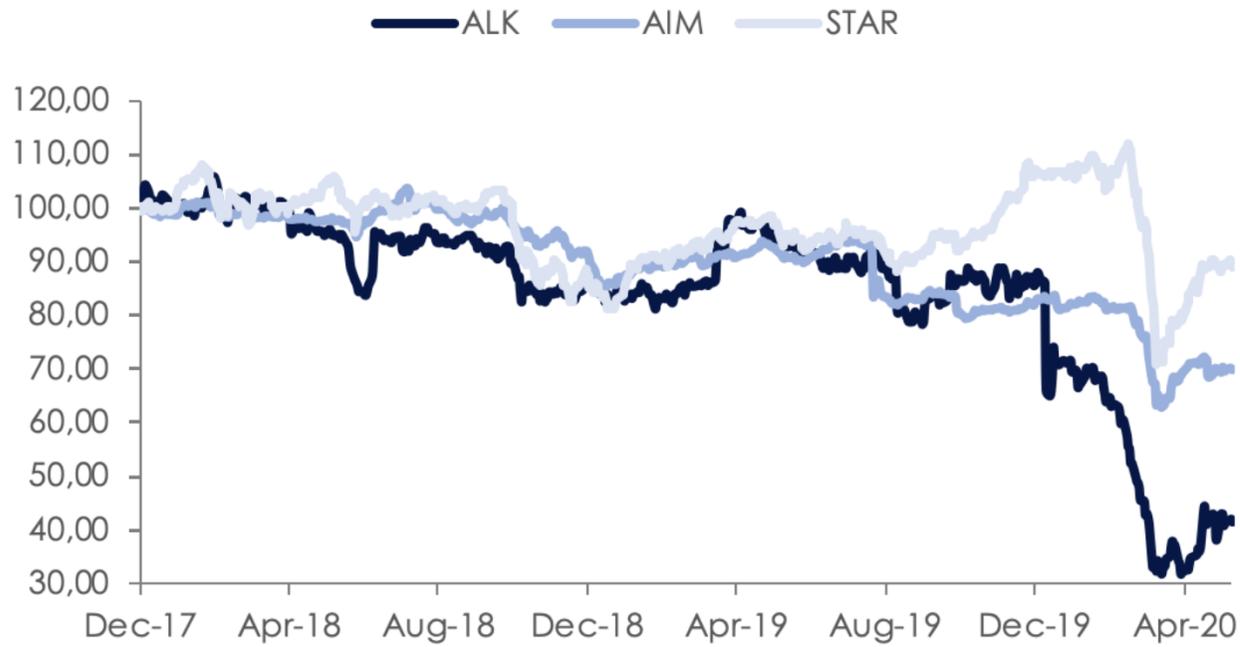
- Borsa Italiana, MTA – STAR Segment

Specialist

- Intermonte

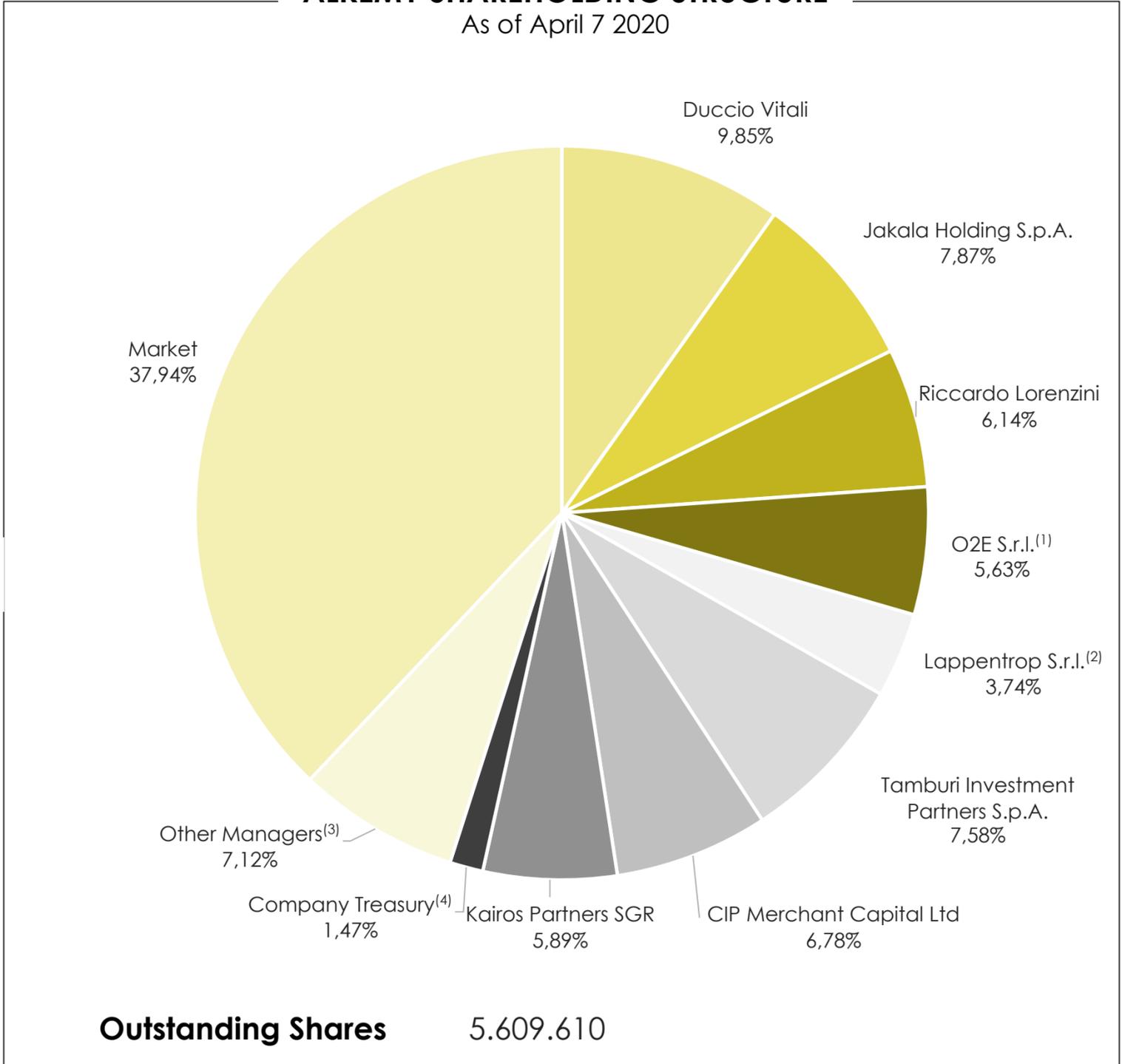
Analyst Coverage

- Intermonte
TP €7.40 | Outperform (Apr 2020)
- Banca Imi
TP €11.00 | Buy (Mar 2020)



ALKEMY SHAREHOLDING STRUCTURE

As of April 7 2020



(1) O2E Srl belongs to Francesco Beraldi
 (2) Lappentrop Srl belongs to Alessandro Mattiacci
 (3) Other Managers: Alkemy and founders of new acquired companies
 (4) Buy Back plan was in place until December 2019

A SOLID CORPORATE GOVERNANCE



BOARD OF DIRECTORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Deputy Chairman	Vittorio Massone
Director	Riccardo Lorenzini
Director	Francesco Beraldi
Independent Director	Giorgia Albeltino
Independent Director	Giulia Bianchi Frangipane
Independent Director	Andrea Di Camillo
Independent Director	Serenella Sala

BOARD OF STATUTORY AUDITORS

Chairman	Mauro Dario Bontempelli
Standing Auditor	Gabriele Gualeni
Standing Auditor	Daniela Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Sartori

Independent Audit Firm: KPMG S.p.A.

- The Board of Directors, the Board of Statutory Auditors and the Independent Audit Firm were appointed by the Shareholders' Meeting on June 25, 2017.
- Vittorio Massone was appointed by the Shareholders' Meeting on April 24, 2020.



Alkemy enabling evolution
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INVESTOR RELATIONS
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