



# 1H 2020 RESULTS

11.09.2020

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WE DESIGN BUSINESS  
EVOLUTION THROUGH DATA,  
TECHNOLOGY & CREATIVITY

Alkemy was founded in 2012 with the aim of supporting the **top management** of large companies in the **process of digitizing** their business model.

The market in which Alkemy insists is the **digital transformation market** which today is worth over **6 billion euros** in Italy and **grows** at a rate of between **7 and 10% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 42%** (>3x the market), to move from the 23 starting resources to a team of over **650 people** and a turnover over **80M€**.

In these 7 years, Alkemy has **successfully** used the **M&A lever** (7 acquisitions) using the IPO proceeds in less than nine months, and the **EBITDA growth** of the four acquisitions made in Italy from 2013 to 2018 was between **150 and 440%**.

Alkemy has developed a **new organization** and a new Go-to-Market strategy that have laid the foundations for the **industrialization** and expansion of the business scale, resulting in **strong organic growth and higher marginality**.

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

Alkemy is now focused on the **industrialization** of its business model to strengthen **marginality**



## 1H 2020 MAIN ACHIEVEMENTS

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- > **EBITDA** up 7.3% compared to 1H 19
- > **Improvement in marginality** compared to 1H 19 (EBITDA margin +140 bps)
- > **Resiliency** of customer – centred **business model**
- > Strong **cash generation** over the period
- > **Improvement of NFP** of 4.89 €M

# FINANCIAL HIGHLIGHTS

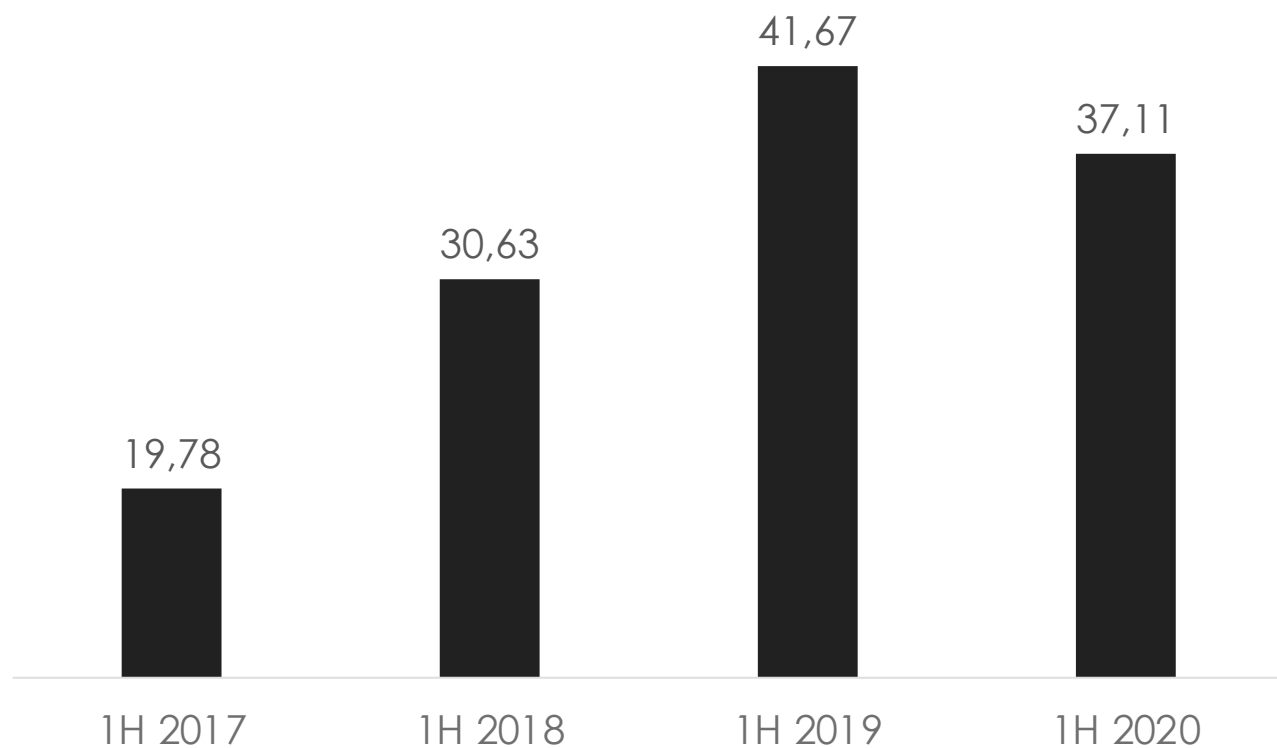


€M	1H 2020	1H 2019	
<b>Turnover</b>	<b>37.11</b>	<b>41.67</b>	> -10.9% compared to 1H 2019, mostly due to the Mexican company, exposed to travel and leisure sector, highly effected by COVID-19
<b>EBITDA</b>	<b>2.93</b>	<b>2.73</b>	> + 7.3% compared to 1H 2019, thanks to a better mix and efficiencies arising from the new organization. EBITDA margin up by + 140 bps
<b>EBIT</b>	<b>1.72</b>	<b>1.74</b>	> Mostly in line with 1H 2019, decreasing by -0.9%. EBIT margin up by +40 bps
<b>EBT</b>	<b>1.16</b>	<b>1.20</b>	> -3.7% compared to 1H 2019, mostly due to slightly higher financial charges (+5%), coming from forex exchange. EBT margin up by +40 bps
<b>Group Net Income</b>	<b>655</b>	<b>815</b>	> Decrease of 19.5% in the Group net income, due to higher income taxes of the period (tax rate +11.2 pps)
<b>Operating Cash Flow</b>	<b>3.40</b>	<b>(1.26)</b>	> Increase of €M 4.7 compared to 1H 2019 mainly due to the operating result and the lower absorption of NWC
<b>NFP</b>	<b>-14.32</b>	FY 2019 <b>-19.21</b>	> Variation since 31 December 2019 of €M -4.89 mostly due to: €M +2.27 decrease in put options, €M +4.29 in cash liquidity, €M -1.6 for factoring

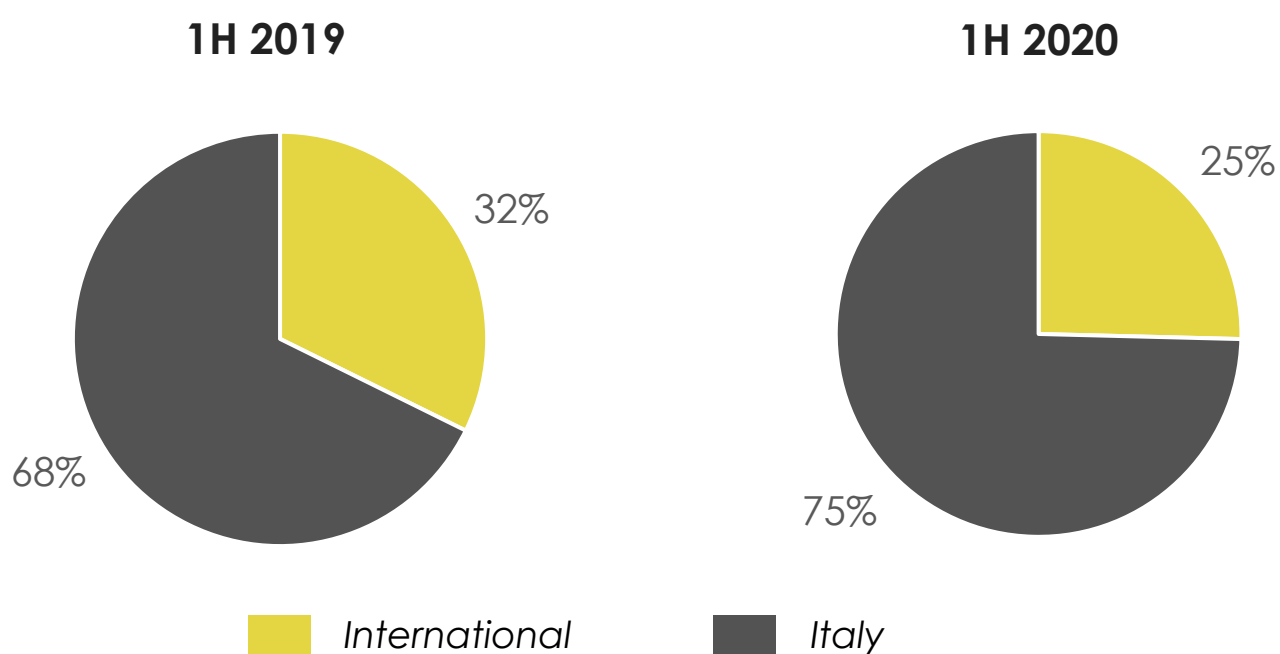
# REVENUES' GROWTH

## RENEWED ORGANIC GROWTH

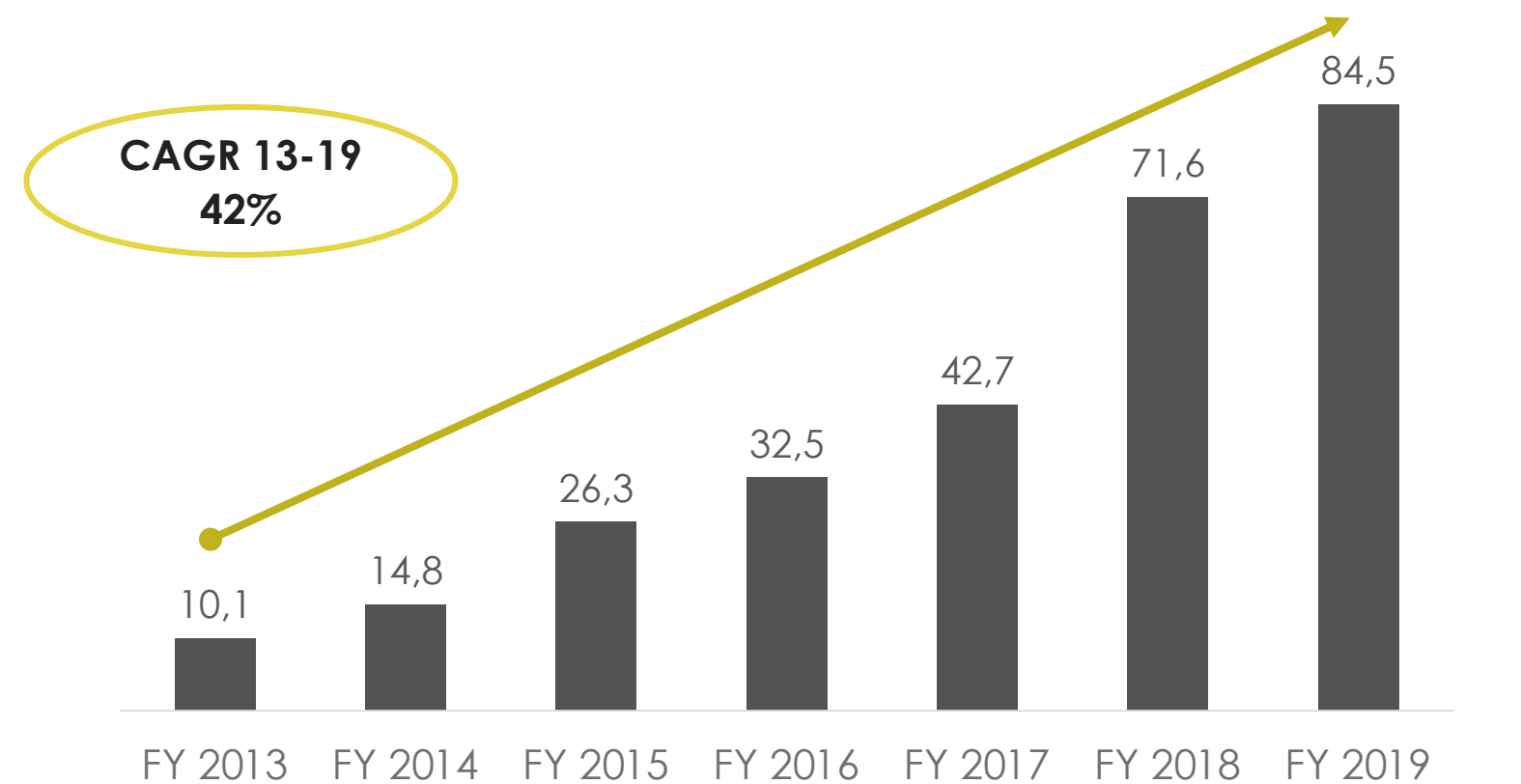
1H REVENUES (€M) – IAS /IFRS



ALKEMY INTERNATIONAL TURNOVER (%)



FY REVENUES (€M) – IAS /IFRS <sup>(1)</sup>



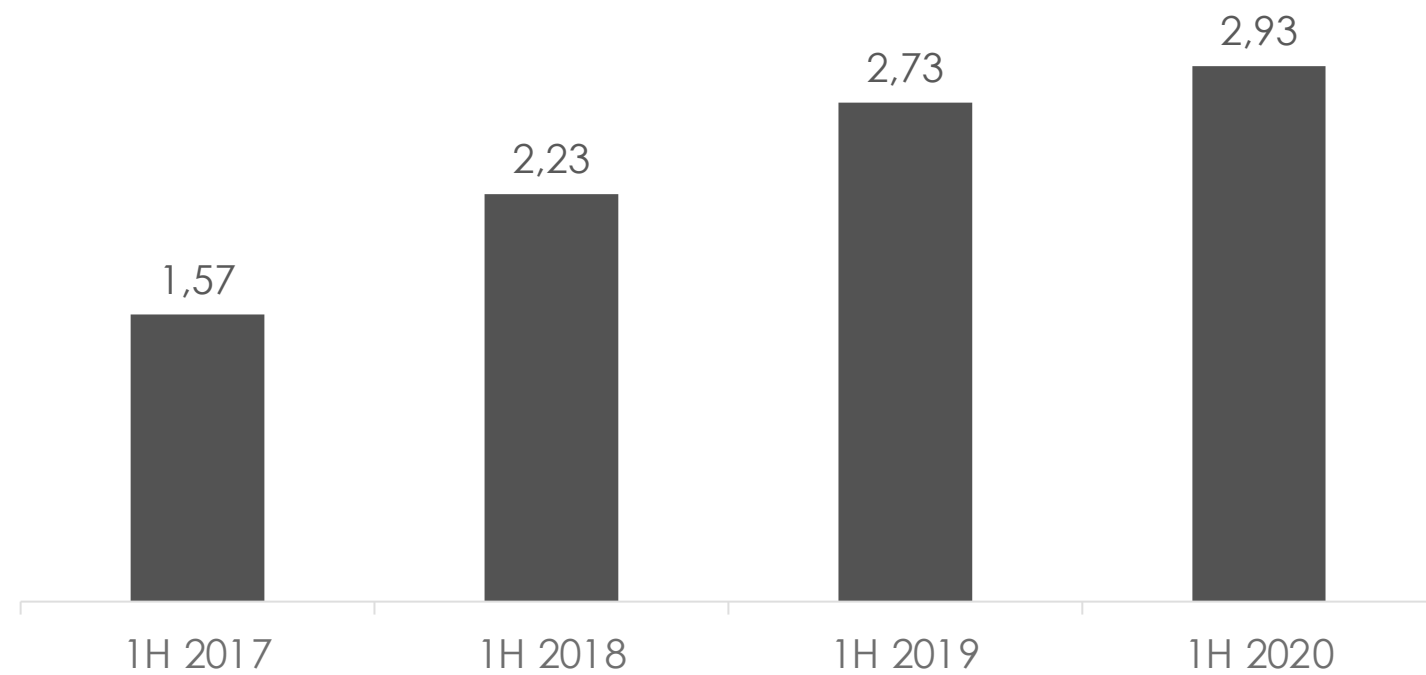
- › 1H 2020 revenues are €M37.11, -10.9% compared to 1H 2019 which were €M41.67, mostly due to the Mexican company, highly effected by COVID-19 for its exposure to travel & leisure clients.
- › 1H 2020 Italian turnover substantially aligned to 1H 2019 (-2%), thanks to the resiliency of the Go-to-Market strategy, strongly focused on main clients. The underperformance in foreign markets (-29.7%) 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 was equal to 33% CAGR.

<sup>(1)</sup>Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

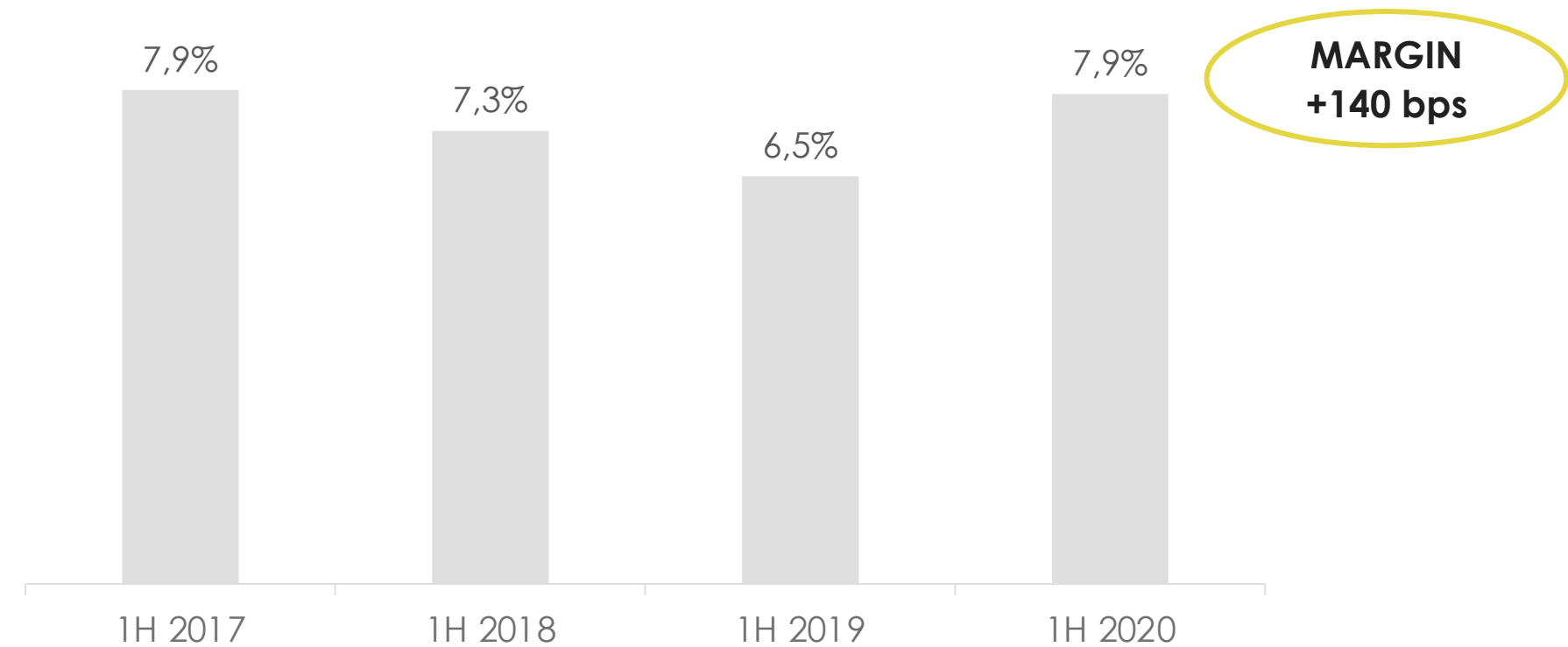
# EBITDA EVOLUTION

CONSISTENT IMPROVEMENT IN MARGINALITY

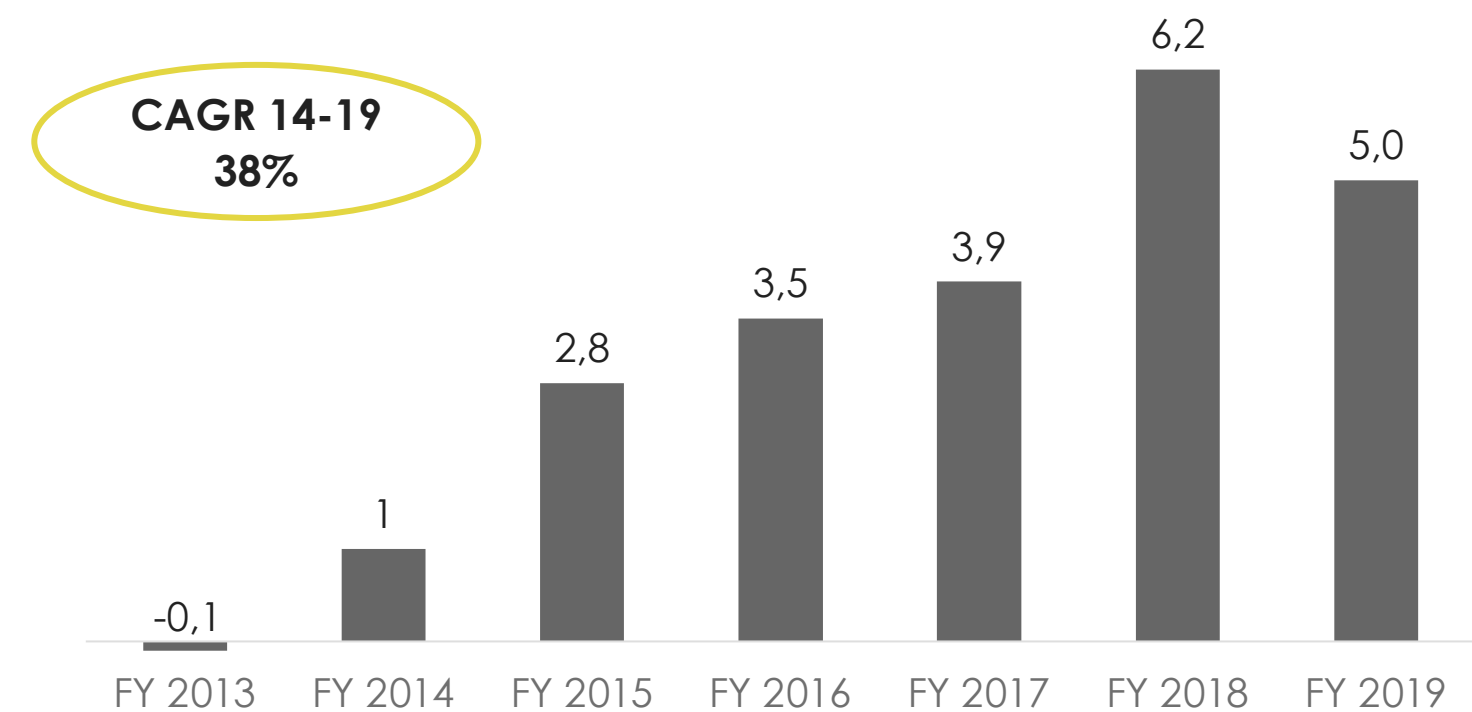
1H ALKEMY EBITDA (€M) – IAS/IFRS



1H EBITDA MARGIN (%)<sup>(1)</sup>



FY ALKEMY ADJ. EBITDA (€M) – IAS/IFRS



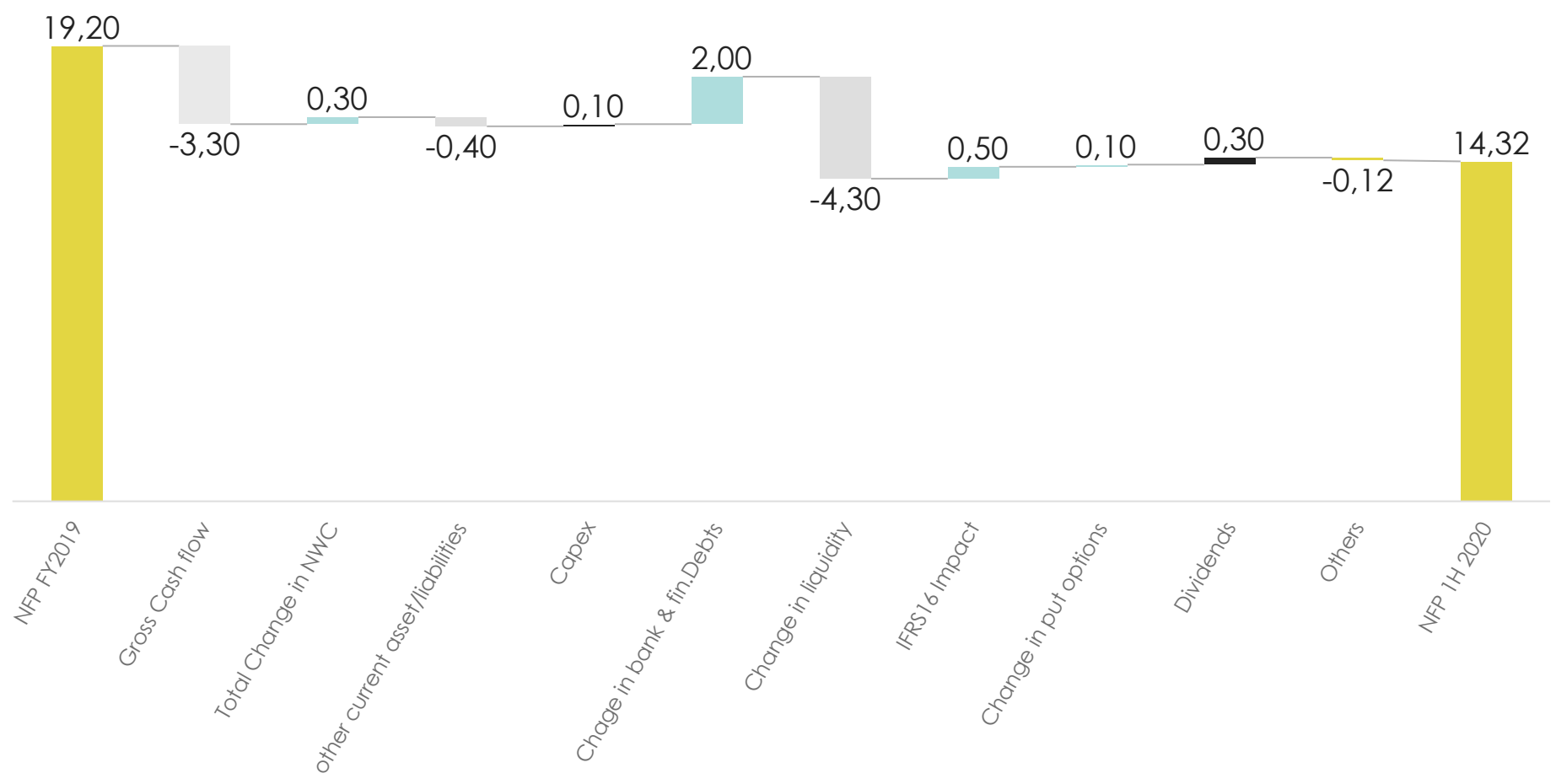
- › 1H 2020 EBITDA is €M2.93, +7.3% compared to 1H 2019 of €M2.73, thanks to the better mix of the new Go-to-Market strategy and the efficiency of the new organization.
- › EBITDA Margin is 7.9% in 1H 2020 vs 6.6% in 1H 2019 with a positive growth of 140 bps, due to lower costs impact on revenues, thanks to the industrialization process started in 2020
- › Since 2014 FY ADJ. EBITDA has grown with an overall average annual rate of 38%

<sup>(1)</sup>Ebitda margin is calculated relating EBITDA to the revenues of the period



# NET FINANCIAL POSITION BRIDGE AND DETAILS

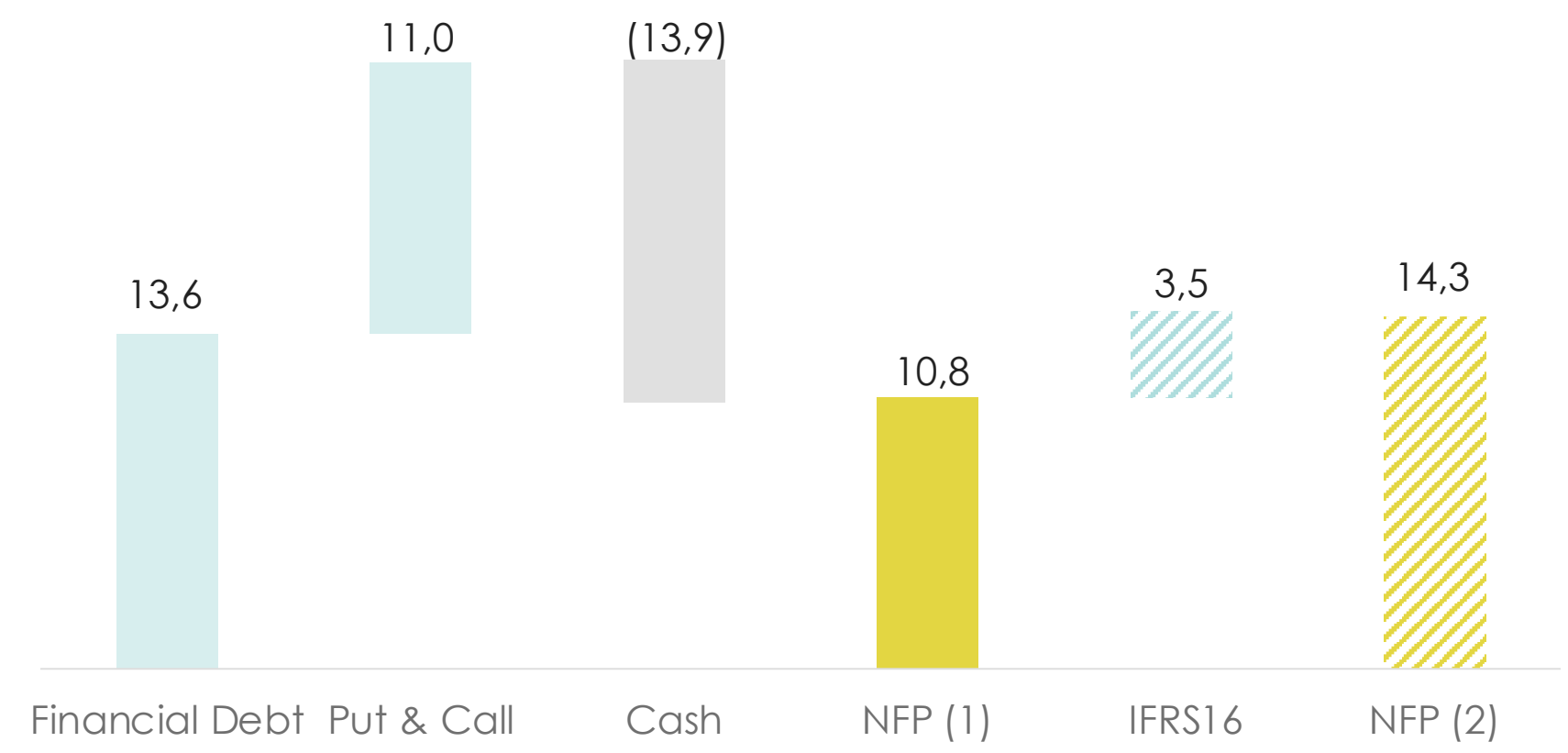
Net Financial Position Bridge 1H 2020 (€M)



- > **Net Financial Position** NFP (2) at June 30<sup>th</sup> 2020 was €M -14.32 with an improvement of €M 4.89 compared to €M -19.2 at December 31<sup>st</sup>, 2019
- > **Variation** mainly due to: increase in liquidity on bank accounts (€M +4.3), factoring with recurse relative to one specific telco client (€M -1.6), increase in non current bank loans (€M -0.6), increase in current bank loans (€M -1.07), re-determination of put options value (€M +2.3).

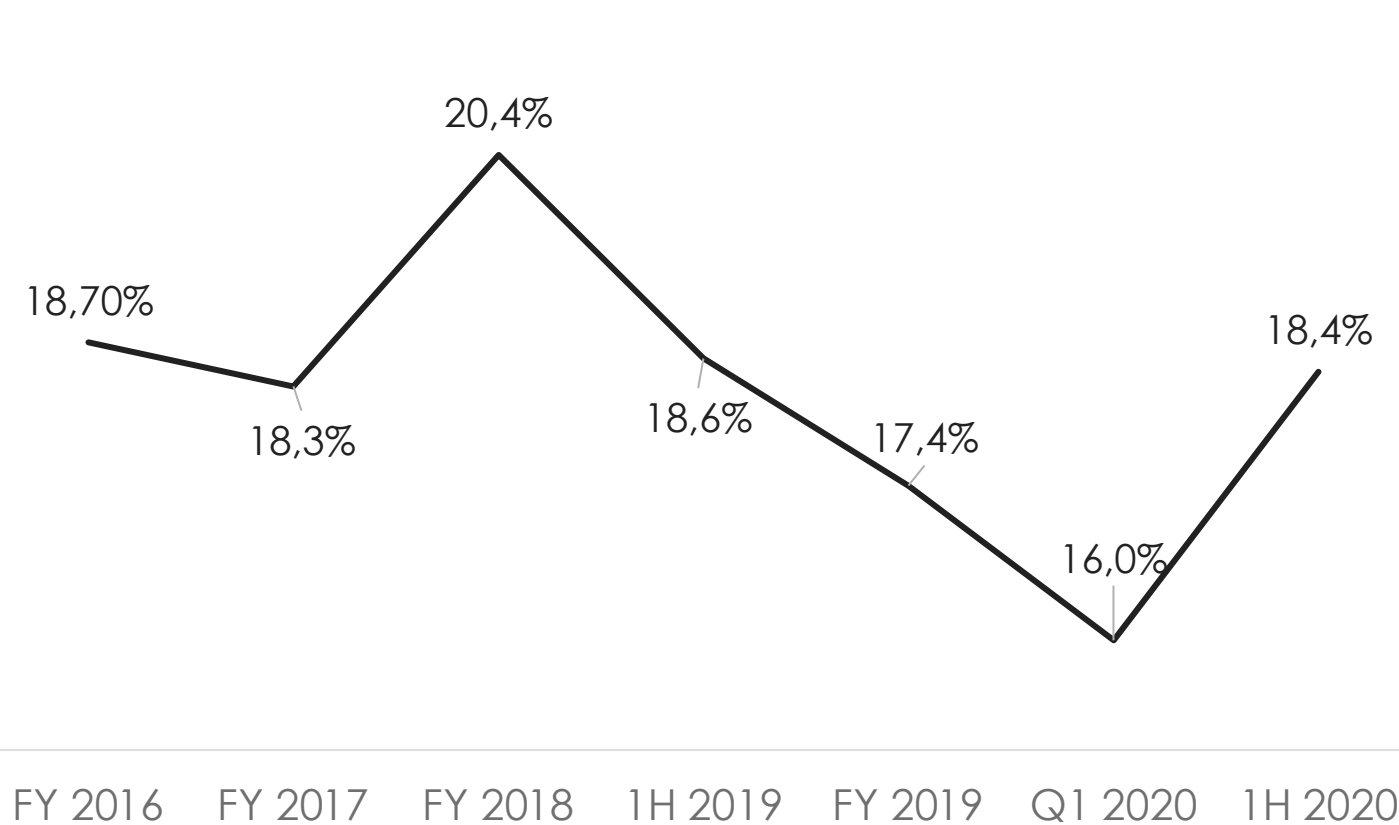
- > **Gross debt** is composed by €M 13.6 of financial debt (of which €M 8.3 non current, €M3.6 current and €M 1.6 of factoring), €M 11.0 put options deriving from M&A (of which €M 8.7 non current) and €M 3.5 IFRS16 financial leases
- > 1H 2020 NFP (1) ex IFRS16 is €M 10.8
- > 1H 2020 cash is €M 13.9

Net Financial Position Break Down 1H 2020 (€M)

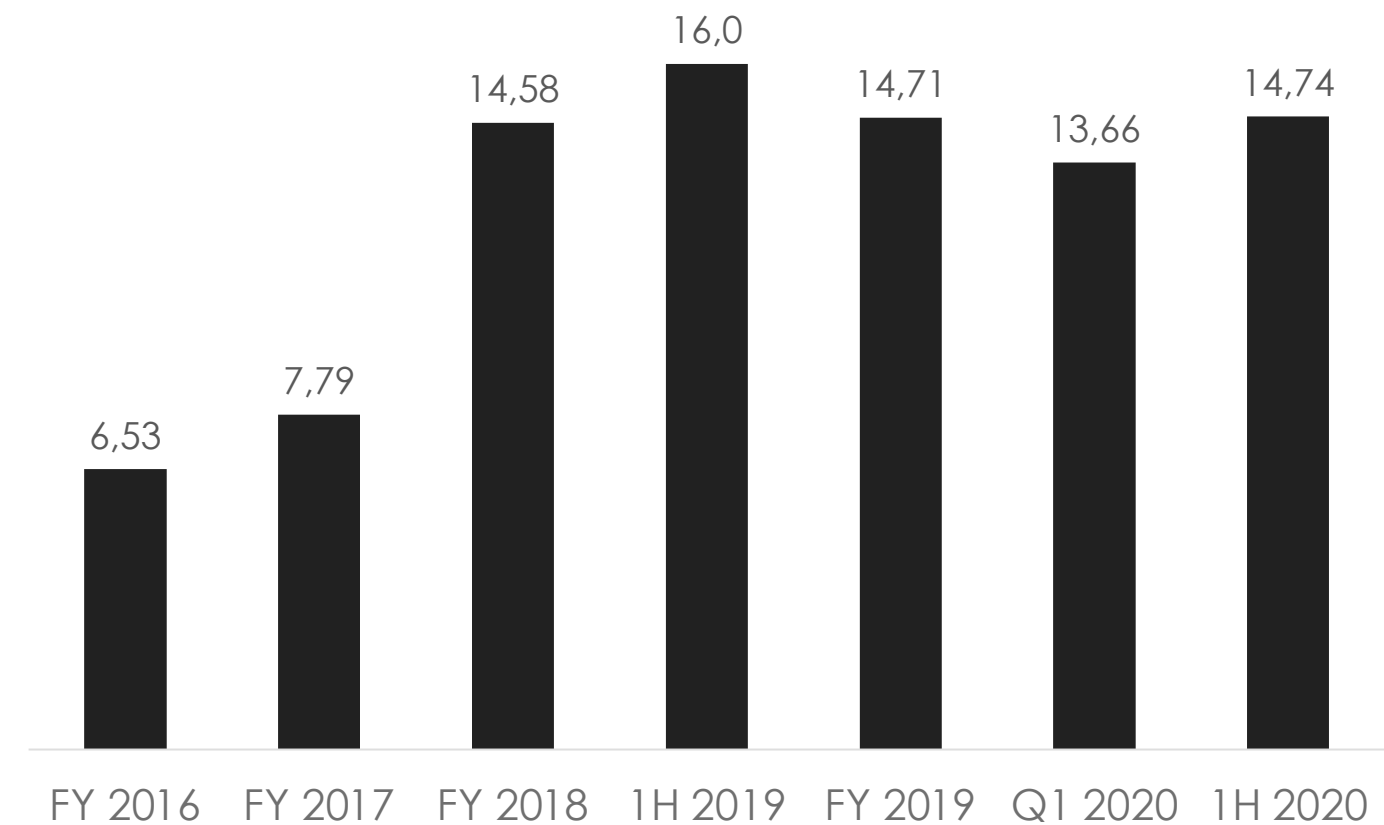


# NET TRADE WORKING CAPITAL DYNAMICS

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

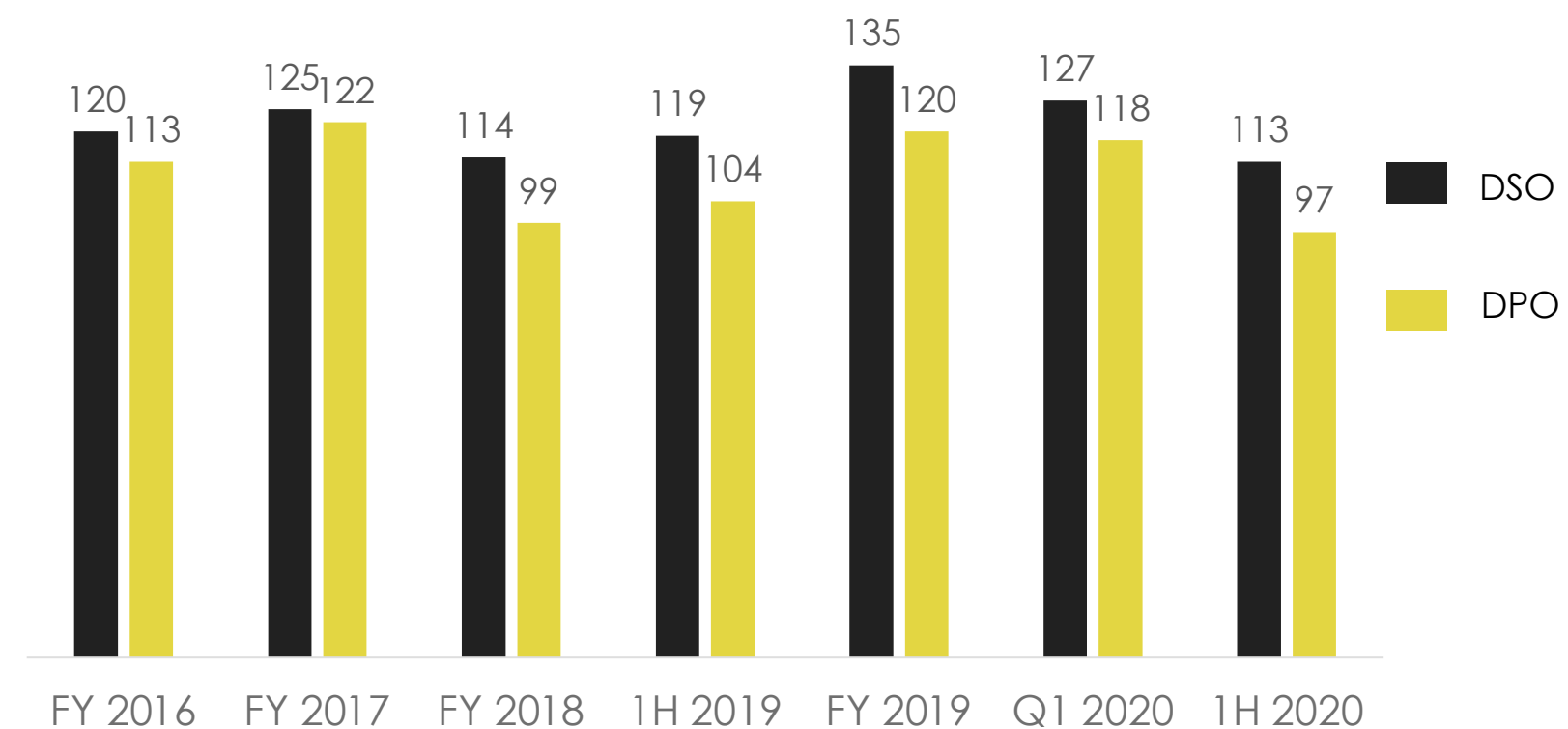


Net Trade Working Capital (€M)



- > 1H 2020 Trade working capital shows resilient performance compared to history
- > The cash absorption from **Net Trade Working Capital** increase (€ +0.33 million) was lower in comparison to 1H 2019 (-77.5%), mainly due to the better payment terms granted from clients
- > Strong improvement in other **current assets** drove NWC inflow in 1H 2020. The driver of this improvement was inflow from 2019 public financing and 2019 tax credit

Cash Conversion Cycle Details (days)



# 1H 2020 P&L – IAS/IFRS



## Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	1H 2019	1H 2020
<b>Revenues</b>	<b>41.668</b>	<b>37.115</b>
Service costs, consum. & goods	(24.620)	(20.036)
Personnel	(14.322)	(14.154)
<b>Adj. EBITDA</b>	<b>2.726</b>	<b>2.925</b>
% Revenues	6,5%	7,9%
D&A	(861)	(858)
Bad debts/ claims/ provisions	(129)	(348)
<b>EBIT</b>	<b>1.736</b>	<b>1.719</b>
% Revenues	4,2%	4,6%
Financial charges	(530)	(557)
<b>EBT</b>	<b>1.206</b>	<b>1.162</b>
Taxes	(403)	(518)
% Tax rate	33,4%	44,6%
<b>Net Profit (Loss)</b>	<b>803</b>	<b>644</b>
o/w Minorities	(12)	(11)
<b>o/w Group Net Profit (Loss)</b>	<b>815</b>	<b>655</b>

- › 1H 2020 **Revenues** at €M 37.11, down by 10.9% compared to €M 41.67 of 1H 2019. The decrease is mostly attributable to **the foreign subsidiaries** who **underperformed** in the period (-29.7%), especially in Mexico where the contraction of revenues is due to high exposure to travel & leisure customers. **Italian turnover** is mostly **stable** over the period (-2%), thanks to the **resiliency** of the new Go-to-Market strategy.
- › **Operative costs** decreased by -12.2% yoy, reducing the impact on revenues by 100 bps compared to 1H 2019. **Services costs** decreased by 18.6% yoy. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech activities. **Personnel costs** is mostly stable, with a decrease of 1.2% compared to 1H 2019, attributable to the rationalization of the **new organization** in the Italian companies, while there has not been use of any temporary layoffs nor other unemployment benefits.
- › 1H 2020 **EBITDA** at €M 2.93 +7.3% compared to €M 2.73 in 1H 2019, with a margin increase of 140 bps (**EBITDA margin 7.9%**). **EBIT** is equal to €M 1.72 stable compared to €M 1.74 in 1H 2019, with an increase of 40 bps in EBIT margin. The improvement is mostly attributable to the Italian companies.
- › **Financial charges** increased from €M 0.53 in 1H 2019 to €M 0.57 (+8%) . 1H 2020 **EBT** decreased by 3.7% yoy. 1H 2020 **Group Net Result** is €M 0.65 vs €M 0.82 in 1H 2019, mostly because of higher income taxes (reported tax rate +112 bps).

# 1H 2020 BALANCE SHEET – IAS/ IFRS



## Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2019	1H 2020
Tangible assets	980	902
Intangible assets	7.801	7.230
<i>o/w rights of use (IFRS16)</i>	3.907	3.501
Goodwill	31.752	31.757
Financial assets	1.078	1.095
<b>Fixed Assets</b>	<b>41.611</b>	<b>40.984</b>
Inventories	61	30
Trade Receivables	31.791	27.616
Trade Payables	(17.142)	(12.909)
<b>Net Trade Working Capital</b>	<b>14.710</b>	<b>14.737</b>
Other Current Assets	8.931	4.994
Other Current Liabilities	(9.790)	(7.525)
Employees' leaving entitlement	(4.356)	(4.469)
<b>Total Capital Invested</b>	<b>51.106</b>	<b>48.721</b>
<b>Total Equity</b>	<b>31.897</b>	<b>34.400</b>
o/w Group Equity	31.723	34.126
o/w Minorities	174	274
Cash	(9.581)	(13.873)
Bank Debts	11.501	13.571
Put Option Liabilities	13.342	11.073
Other Financial Debts (IFRS16)	3.947	3.550
<b>Net Debt (Cash)</b>	<b>19.209</b>	<b>14.321</b>
<b>Total Funds</b>	<b>51.106</b>	<b>48.721</b>

- › **Net Invested Capital** at €M 48.7 (€M 51.1 at FY 2019) and consisted of approx. € 12.3 million of **Net Working Capital** (€M 13.9 FY2019), €M 41.0 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.5 of **rights of use** (IFRS 16), and €M 4.5 of final Employees' leaving entitlement (€M 4.3 FY2019)
- › **Shareholders' equity** increased in the period by €M 2.5 since 31 dec. 2019 (+7.8%), thanks to the positive result of the period
- › **Net Financial Position** at June 30th 2020 negative for €M -14.3 (ante-IFRS 16 at €M -10.8) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to positive cash generation in the semester resulting in higher cash position and lower valuation of put options.



# 1H 2020 CASH FLOW GENERATION – IAS/IFRS

## Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	1H 2020	1H 2019
<b>Net Profit (Loss)</b>	<b>644</b>	<b>803</b>
Adjustments (cash tax, interest and other)	1.075	933
Non cash items	1.566	1.256
<b>Gross Cash Flow</b>	<b>3.285</b>	<b>2.992</b>
Change in inventories	31	26
Change in trade receivables	3.868	1.655
Change in trade payables	(4.233)	(3.167)
<b>Total change in NWC</b>	<b>(334)</b>	<b>(1.486)</b>
Total change in other asset/liabilities	435	(2.765)
<b>Operating Cash Flow</b>	<b>3.386</b>	<b>(1.259)</b>
Capex	(115)	(398)
<b>Free Cash Flow before Acquisition</b>	<b>3.271</b>	<b>(1.657)</b>
Other fixed assets	(126)	(227)
<b>Free Cash Flow</b>	<b>3.145</b>	<b>(1.884)</b>
Own shares	0	(371)
Dividends third parties	0	0
Change in Equity	-	51
Change in bank & fin. Debts	2.052	6.075
IFRS 16 effect	(480)	(447)
Change in put/option	(425)	(224)
<b>Change in Cash</b>	<b>4.292</b>	<b>3.200</b>
Initial Cash	9.581	10.098
Final Cash	13.873	13.298

- › 1H 2020 **Gross Cash Flow** at €M 3.28, compared to €M 2.99. The increase yoy is mostly due to a lower result of the period more than compensated by higher non-cash items.
- › 1H 2020 **Operating cash flow** at €M 3.39 compared to €M -1.26 of 1H 2019. The positive variation is mostly due to the lower absorption of the Net Working capital compared to 1H 2019, driven by better payment terms granted by some of the main customers and decrease in other assets and liabilities.
- › Ordinary **Capex** of the period are 70% lower than 2019. 1H 2020 **Free Cash Flow before Acquisitions** is equal to €M 3.27, compared to €M -1.66 of 1H 2019.
- › 1H 2020 **Free Cash Flow** is €M 3.14, showing a strong improvement compared to 1H 2019 €M -1.88.
- › Total change in **cash** for the period was €M 4.29 compared to €M 3.20.

# LOOKING AHEAD

- > Alkemy will continue the process of industrialization of the business model, that we started over the course of 2019, defining our new organization and the new go to market strategy. Alkemy will continue to work in this direction with an elevated focus on both marginality and organic growth.
- > In 1H indeed Alkemy already started to register the first positive results in terms of marginality, thanks to the better mix and the business efficiencies generated.
- > In 1H 2020 the top line was impacted by an unprecedented crisis, but the management is confident that in a post COVID-19 world, the services offered by Alkemy for digital transformation and business evolution will be structurally necessary for current and future customers to be competitive and successful.
- > The evolution of the Business in the next few months will depend mostly on exogenous factors such as the dynamics of the pandemic, the resilience of our clients on one hand, and government interventions in support of the economy and investments in the digital field on the other.
- > The management will monitor continuously and carefully the developments of the events, in order to be ready to promptly take the necessary actions to mitigate any impacts on business performance resulting from the tough economic environment in key geographies.
- > Taking into account the results achieved in the first half of 2020, and current trading conditions, excluding the occurrence of events that cannot be foreseen at the moment (ie new lockdowns), in FY 2020 we expect to reach an EBITDA no less than that of 2019, despite the decline in revenues expected, mainly on foreign markets.

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



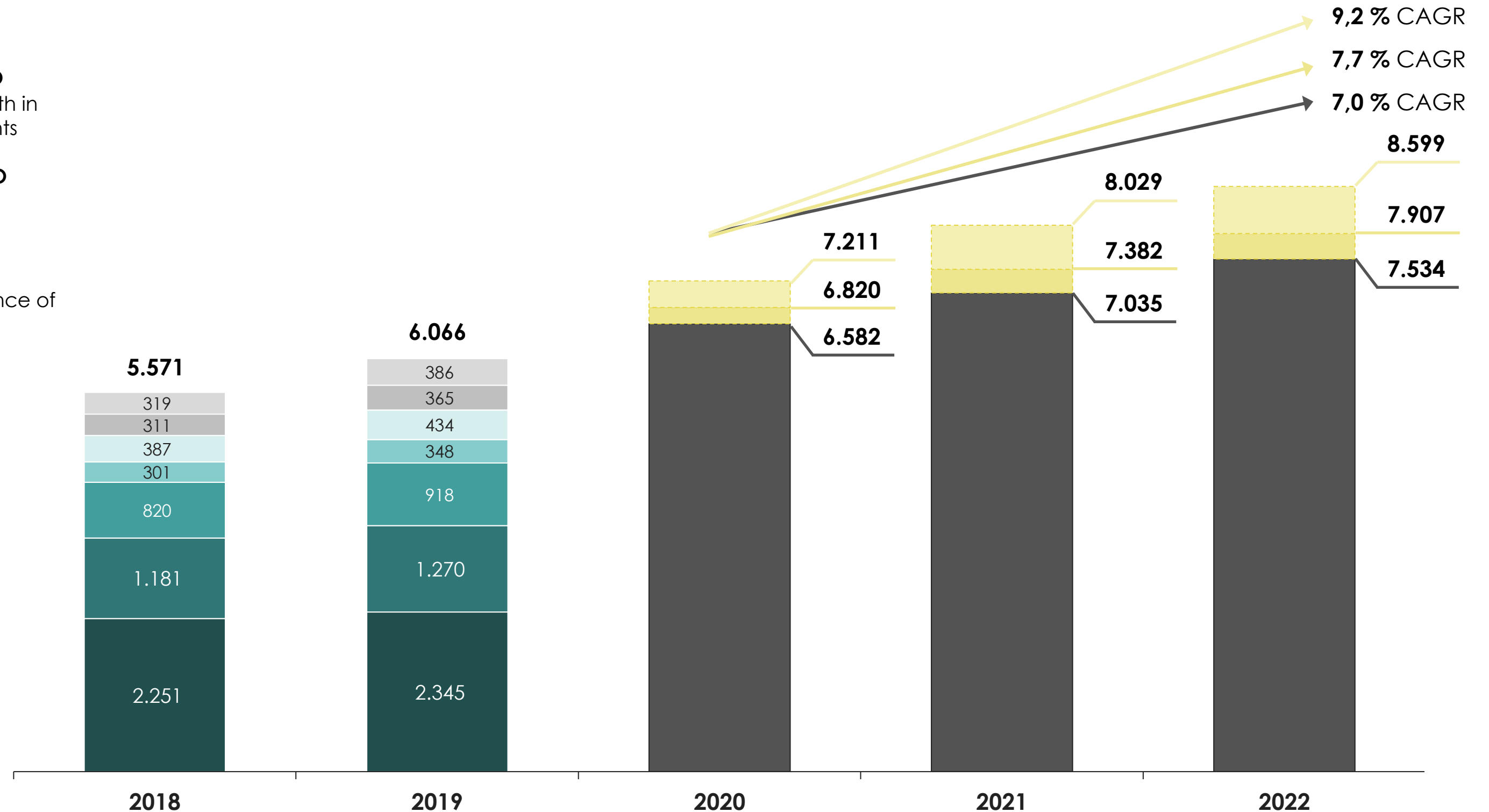
Alkemy reference market size in Italy (2018-2022, €M)

## 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 5<sup>th</sup> 2017

## Issuer & Tickers

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

## Market

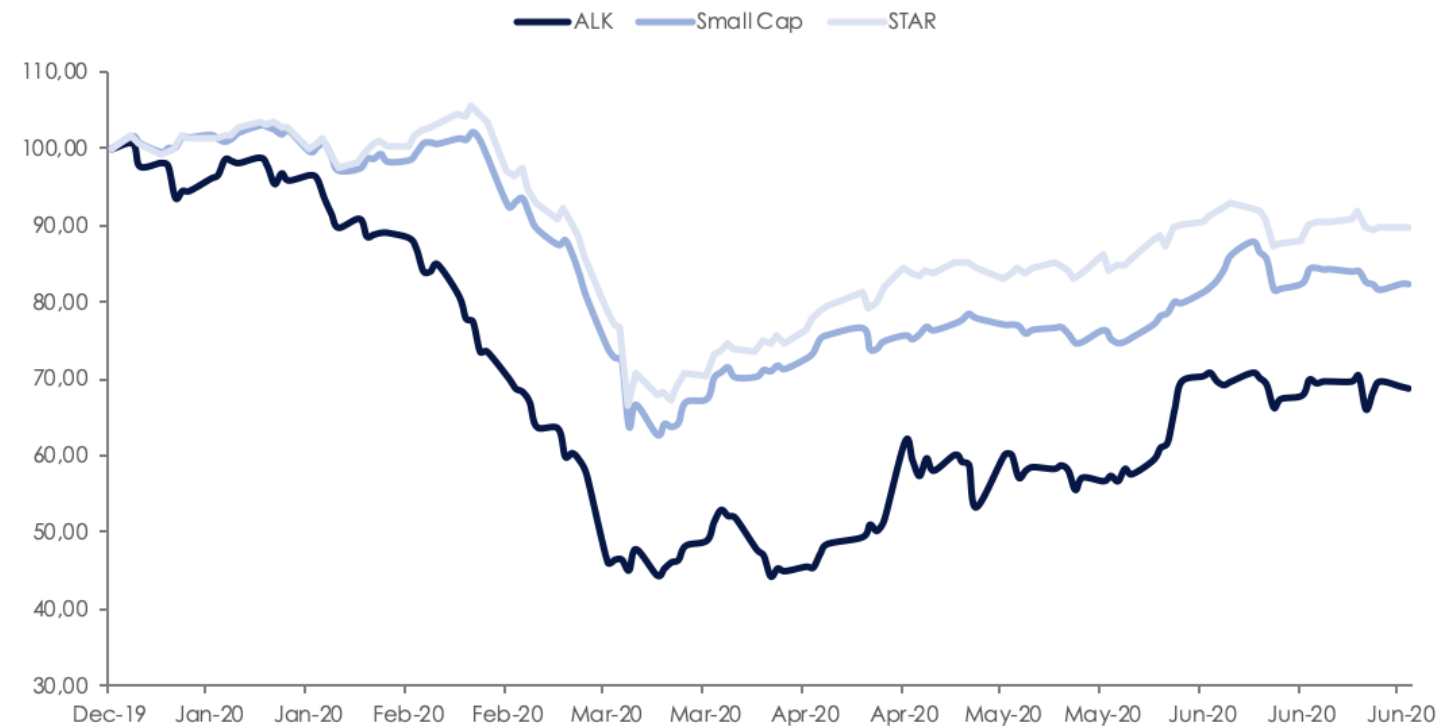
- Borsa Italiana, MTA – STAR Segment

## Specialist

- Intermonte

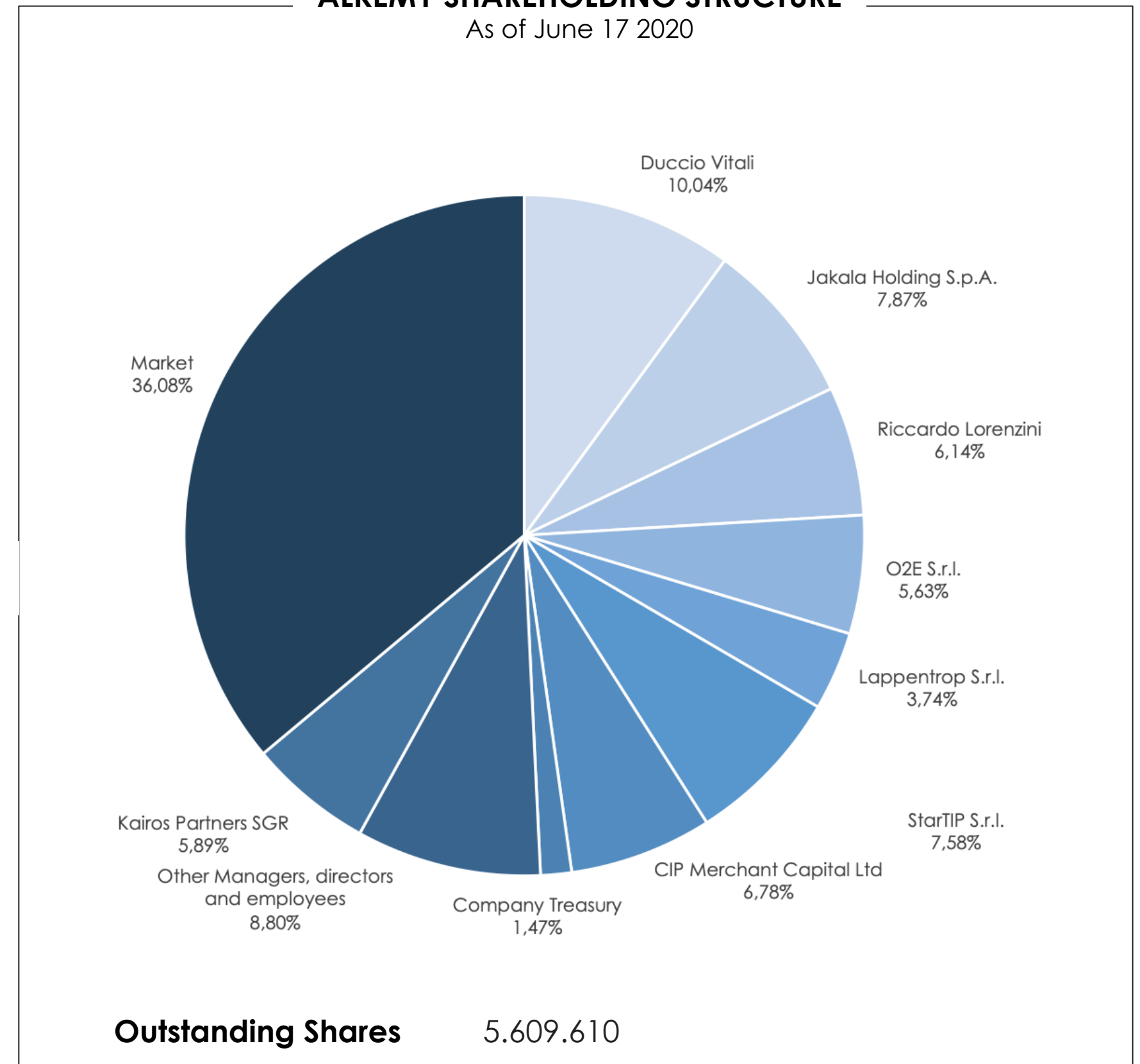
## Analyst Coverage

- Intermonte  
TP €7.40 | Outperform (Apr 2020)
- Banca Imi  
TP €9.70 | Buy (May 2020)
- Mediobanca  
TP €7.80 | Outperform (Jun 2020)



## ALKEMY SHAREHOLDING STRUCTURE

As of June 17 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
General Manager	Massimo Canturi
Director	Riccardo Lorenzini
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.



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