



SICIT GROUP APPROVES THE HALF-YEARLY REPORT AS AT 30 JUNE 2019
INVESTMENTS CONTINUE TO INCREASE PRODUCTION CAPACITY AND IMPROVE THE
EFFICIENCY OF PRODUCTION PROCESSES
APPOINTMENT OF A DIRECTOR TO INTEGRATE THE BOARD

Figures as at 30 June 2019:

- **An excellent economic and financial performance was confirmed also in the first half of the year**
- **Consolidated Revenues amounted to Euro 32.5 million, slightly increasing**
- **Adjusted EBITDA¹ exceeds 39% of revenues from products**
- **Adjusted Net Result² exceeds 22% of revenues from products**
- **Net Cash³ at the end of the period amounted to Euro 32.1 million**
- **The Company is investing to expand its production capacity and to the efficiency of its production processes**

Milan, 26 September 2019 - SICIT Group (the "**Company**"), listed on the AIM Italia market, today announced that the Board of Directors has approved the Consolidated Half-Yearly Report as at 30 June 2019, prepared in accordance with Italian accounting standards.

Despite a six-month period in which the *management* was deeply committed to the Business Combination between SPAC SprintItaly and SICIT 2000 (completed on May 20) and a less brilliant market context for agricultural products in Asia and the Americas, and in Asia for retardants, the Company's performance was, once again, positive.

Consolidated Revenues from products and services amounted to €32.5 million, a slight increase (0.1%) compared to the first half of 2018 pro-forma (€32.4 million⁴).

It should also be noted that SICIT Group is implementing those strategic actions aimed at introducing new products and new production technologies (such as, first of all, the production of hair protein hydrolysate and, from the second half of 2020, the significant improvement in the quality of the fat extracted) that should allow to resume its path of strong growth.

Adjusted EBITDA for the first half of 2019 amounted to Euro 12.1 million (39.3% of revenues from products), compared to Euro 12.9 million in the first half of 2018 pro-forma (41.1% of revenues) as a result of: (i) higher

¹ Operating Result before depreciation, amortization and fixed assets write-downs and non-recurring costs and revenues

² Net Result before non-recurring costs and revenues and amortization of the merger difference (goodwill)

³ Bank debts and medium/long-term loans less cash equivalents

⁴ The pro-forma figures have been prepared in order to retroactively represent the economic effects that would have been generated if the *Business Combination* had taken place on 1 January 2018 and the balance sheet impacts as if the *Business Combination* had taken place on 31 December 2018.



selling expenses (due to a slightly different mix of clients); (ii) the inclusion of new professional figures (primarily the CFO), to strengthen the structure and (iii) the strengthening of the Board of Directors and internal control committees, necessary in view of the status of listed company (which has the objective of listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., possibly in the STAR segment) to accelerate the growth in the period 2019-2022.

In the first half of 2019, the Company recorded an Adjusted Net Result of Euro 6.8 million (down 6.3% compared to the first half of 2018 pro-forma - Euro 7.3 million), equal to more than 22% of revenues from products.

Net Cash decreased from Euro 34.7 million as at 31 December 2018 pro-forma to Euro 32.1 million as at 30 June 2019 (-2.6 million), as the operating cash flows generated in the half-year (Euro 6.8 million) were absorbed by the planned investments in plant and equipment (Euro 3 million) and by the ordinary dividends distributed in June 2019 (Euro 6.4 million).

In this regard, it should be noted that in 2019 the Company continued its investments aimed at improving the efficiency of its processes and products as well as expanding its production capacity. Among the most important are the following:

- completion of the Arzignano cogeneration plant, which, when fully operational, is expected to result in energy savings;
- the completion of the new plants for the concentration and centrifugation of defecation gypsum;
- completion of the trimmings grinding plant.

Investments are also continuing during the second half of the year, mainly with:

- the expansion of the existing tank warehouse, to guarantee greater flexibility in responding to clients;
- completion of the hair production plant - which was scheduled to start fully operational in 2020 and was brought forward to 2019 for the test stage - an animal by-product with very high protein yield (40% compared to an average of 12% of the other by-products currently used) which, when fully operational, will result in an increase in production capacity of 33% (from 12,000 tons/year to 16,000 tons/year of protein hydrolysate produced in the Arzignano plant) and a reduction in the average cost of production of the total protein hydrolysate produced by the Company estimated at about 10%-15%;
- the start of the design stage of the new plant for special products and the execution of the first tests;
- the start of the expansion of the sales offices and quality control laboratory, as well as the construction of the new agronomic laboratories at the Arzignano site.

SICIT Group also intends to continue its strategy of development and growth on foreign markets while maintaining strict control over its core processes. The Company intends to accelerate the growth process also with the opening of a foreign plant, which evaluation is planned to be completed in the second half of 2019 (with the start of work in 2020).

Finally, in order to pursue its strategy of developing new products - in close collaboration with its clients, in order to respond adequately to the different needs of the agricultural and industrial companies to which they are dedicated - the Company does not exclude the possibility of potential external acquisitions or *partnerships* with other industrial groups.

Massimo Neresini, CEO of SICIT Group, commented: *"The first half of 2019 marked a watershed for SICIT, as we were successfully engaged in the business combination, in the process of listing on the AIM, as well as and in the implementation of those structural changes necessary to enable us to reach the MTA (possibly the STAR segment), with*



the approval of the 2019 financial statements. In the past few months we have built a solid foundation that will allow us to continue our important plan of significant growth and internationalization, oriented towards the medium-long term. Overall, in a six-month period characterized also by a less brilliant market context in some regions, revenues have seen a slight growth, reflecting the solid positioning of the Company".

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Finally, it should be noted that today's Board of Directors co-opted, pursuant to Article 2386 of the Italian Civil Code and Article 15.5 of the Articles of Association, Mr. Paolo Danda to complete the Board of Directors of the Company. Mr. Paolo Danda, who will hold the position of non-executive director of the Company, at the time of the co-optation does not hold, either directly or indirectly, shares of the Company and will remain in office, in accordance with the law, until the next Shareholders' Meeting. The relative curriculum vitae will be available on the website www.sicitgroup.com; governance section.

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This press release is available on the website www.sicitgroup.com, in the Investor Relations section.

Attached:

Consolidated economic highlights

Consolidated financial highlights

For further information:

SICIT Group S.p.A.
Via Arzignano n. 80
36072 – Chiampo (VI)
tel. +39 0444450946
e-mail: info@sicitgroup.com
www.sicitgroup.com

NOMAD and Specialist
Banca IMI S.p.A.
sicitgroup-nomad@bancaimi.com

Investor Relations
Matteo Carlotti
e-mail: investor.relations@sicitgroup.com

Media Relations:
Twister communications group
Federico Nascimben +39 347 5536979
e-mail: fnascimben@twistergroup.it

Consolidated economic highlights

Consolidated sales revenues

<i>(in thousands of Euro)</i>			First Half-Year			
	2019	%	2018 Pro-forma	%	Change	%
Net revenues						
Italy	8,353	27.2%	8,449	27.0%	(96)	(1.1%)
Abroad	22,383	72.8%	22,823	73.0%	(440)	(1.9%)
Total revenues from products	30,736	100.0%	31,272	100.0%	(536)	(1.7%)
Services Italy	1,740	5.7%	1,155	3.7%	585	50.6%
Total revenues from products and services	32,476	105.7%	32,427	103.7%	48	0.1%

Consolidated economic figures

<i>(in thousands of Euro)</i>			First Half-Year			
	2019	%	2018 Pro-forma	%	Change	%
Revenues from products	30,736	100.0%	31,272	100.0%	(536)	(1.7%)
Revenues from services	1,740	5.7%	1,155	3.7%	585	50.6%
EBITDA ⁽¹⁾	11,807	38.4%	12,858	41.1%	(1,051)	(8.2%)
EBITDA adjusted ⁽²⁾	12,080	39.3%	12,858	41.1%	(778)	(6.1%)
Operating result	6,913	22.5%	8,127	26.0%	(1,214)	(14.9%)
Net result	4,507	14.7%	5,236	16.7%	(729)	(13.9%)
Adjusted Net result⁽³⁾	6,828	22.2%	7,285	23.3%	(457)	(6.3%)
EPS – Adjusted Net result per share (Euro)⁽⁴⁾	0.348	n/a	0.371	n/a	(0.02)	(6.3%)

⁽¹⁾ Operating result before amortization and depreciation of fixed assets

⁽²⁾ Operating result before depreciation, amortization and write-downs of fixed assets and non-recurring costs and revenues

⁽³⁾ Net result before non-recurring costs and revenues and amortization of the merger difference (goodwill)

⁽⁴⁾ Adjusted net result divided by the number of ordinary shares (19,630 thousand shares at June 30, 2019)

Consolidated financial highlights

<i>(in thousands of Euro)</i>			Situation at			
	30.6.19	%	31.12.18 Pro-forma	%	Change	%
Net working capital	14,251	14.8%	11,954	12.4%	2,297	19.2%
Medium and long term assets	85,146	88.1%	86,983	90.5%	(1,837)	(2.1%)
Net invested capital	96,594	100.0%	96,109	100.0%	485	0.5%
Financial position/(cash availability) net ⁽¹⁾	(32,087)	(33.2%)	(34,736)	(36.1%)	2,649	(7.6%)
Equity	128,681	133.2%	130,845	136.1%	(2,164)	(1.7%)

⁽¹⁾ Bank debts and medium/long-term loans less cash equivalents