

SIA 2019 FINANCIAL STATEMENT: ANOTHER RECORD YEAR FOR ECONOMIC AND BUSINESS RESULTS

Consolidated results

+19.3% revenues, now at €733.2 million
**+28.1% gross operating margin (EBITDA),
now at €257.9 million**

SIA SpA results and dividend

+7.7% revenues, now at €443.8 million
+24.7% net profits, now at €105.6 million
Proposed ordinary dividend of €0.35 per share

JP Morgan appointed as financial advisor for all extraordinary transactions

Milan, 5th March 2020 – The Board of Directors of SIA, meeting under the **chairmanship of Federico Lovadina**, has examined and approved the draft financial statements and the consolidated financial statements at 31st December 2019.

The results achieved by **SIA Group** * (the majority stake in which is held by CDP Equity) show **consistent growth**, in terms of **revenues, gross operating margin (EBITDA) and net profits** over those of the 2018 financial year, also thanks to the **constant contribution of the Parent Company** and of subsidiary **P4cards**, alongside the **positive contributions** of the **companies acquired in central and south-eastern Europe** (in particular New SIA Greece and SIA Slovakia), in addition to the **significant rise in electronic payment transactions** and **traffic volumes on the SIANet network**.

THE POSITIONING OF SIA GROUP IN DIGITAL PAYMENTS

In 2019, SIA Group confirmed its positioning as the **leading hi-tech operator in the processing of digital payments and management of the European service infrastructures**, in particular in the segments of Card & Merchant Solutions, Digital Payment Solutions, and Capital Market & Network Solutions. The geographic coverage of the services provided by SIA Group extends to **over 50 countries in Europe, the Middle East, Africa and Oceania**.

SIA Group operates in three distinct business sectors:

- **Card & Merchant Solutions**, comprising services of issuing and acceptance of card payments based on domestic (PagoBANCOMAT) and international (Visa, MasterCard, etc.) schemes. It also includes new digital systems (Apple Pay, Samsung Pay, Alipay, WeChat Pay, etc.) plus a wide range of services dedicated to physical payments and e-commerce, such as processing of value-added transactions and services. Alongside SIA, the Group companies involved in this sector are P4cards, PforCards (Austria), SIAPay, New SIA Greece and SIA Slovakia;
- **Digital Payment Solutions**, comprising the activities related to account-to-account payments, from solutions for acceptance and processing of retail and corporate payments (SEPA, Instant Payments, domestic payments) to clearing and settlement systems for central institutions (RTGS, Automated

Clearing House, etc.). It also includes digital bank services, corporate remote banking platforms, PSD2, Open Banking and collection instruments for Public Administration. Together with SIA, the Group companies involved in this sector are Perago (South Africa) and SIAadvisor;

- **Capital Market & Network Solutions**, comprising network and access services for the Eurosystem's payments, securities and collateral infrastructures systems (ESMIG), innovative solutions based on blockchain technology, and services and solutions dedicated to capital markets. The activities in this sector are managed by SIA.

MAIN ECONOMIC-FINANCIAL RESULTS OF SIA GROUP

In 2019, **Group revenues** rose to **€733.2 million** with a growth of €118.4 million (**+19.3%**) over 2018. Net of the commission expenses of subsidiary SIApay, reclassified net revenues reached €727.9 million.

The **Card & Merchant Solutions** segment with revenues of €490.5 million represents **67%** of overall revenues, the **Digital Payment Solutions** segment with revenues of €150.8 million makes up **21%** of the Group total, while the **Capital Market & Network Solutions** segment saw revenues of €92 million (**12%** of total revenues).

At geographic level, revenues in **Italy** totaled **€501.3 million**, up by €34.9 million (**+7.5%**) and representing **68% of total revenues** (76% in 2018).

Revenues from **abroad** saw a sharp rise reaching **€231.9 million**, up by €83.6 million (**+56.3%**) and make up **32% of total revenues** (24% in 2018) thanks to the strategy of internationalization carried out with success by the Group in past years.

It should be said, in particular, that **SIA has taken on the position of leading operator in Greece and other countries in central-south-eastern Europe** including Croatia, Czech Republic, Hungary, Romania, Serbia and Slovakia, representing one of the most important and fastest growing areas in Europe in the electronic payments sector.

Operating costs amounted to €479.4 million compared to the €414.7 million of 2018 (+15.6%), of which around €215 million related to **staff** (+17.8% compared to the previous year). Net of the commissions of SIApay adjusting revenues, the reclassified operating costs came to approximately €474 million.

At year end, **SIA Group had 3,551 employees** with an **increase of 2%** over 2018 when the workforce had grown by about **1,400 people** coming from the **companies acquired in central and south-eastern Europe**.

The average age of employees is 43 and the proportion of women is 43% of the entire workforce.

2019 saw growth in **the gross operating margin (EBITDA)** which reached **€257.9 million** with an increase of €56.5 million (**+28.1%**) and in **EBIT** which rose to **€138.1 million**, €20.3 million up on the previous year (**+17.2%**).

Adjusted EBITDA amounted to **€275.7 million** compared to the €222.1 million of the previous year (**+24.1%**), thanks to the increase in the profit margin which reaches 37.7% compared to the 36.1% of the previous year.

The **pre-tax result** was **€122.6 million**, up by €16.8 million (**+15.9%**), while **net profit** jumped to **€95.3 million** compared to the €76.4m of 2018 (**+24.7%**).

Over the course of 2019, **net operating investments of €91 million** were made, above all to **develop new strategic projects and technology infrastructures**. At the end of the financial year, the **net financial position** rose to **€812.4 million** from €723.9 million (**+12.2%**) due to the investments and the adoption of the new accounting rules relating to leasing.

SIA Group	2019	2018	Change	%
Revenues	733.2	614.8	118.4	19.3%
- Italy	501.3	466.5	34.8	7.5%
- Abroad	231.9	148.3	83.6	56.3%
Gross operating margin (EBITDA)	257.9	201.4	56.5	28.1%
% on Revenues	35.2%	32.8%		
EBIT (operating result)	138.1	117.8	20.3	17.2%
% on Revenues	18.8%	19.2%		
Pre-tax result	122.6	105.8	16.8	15.9%
% on Revenues	16.7%	17.2%		
Net profit	95.3	76.4	18.9	24.7%
% on Revenues	13%	12.4%		

(million euro)

MAIN ECONOMIC-FINANCIAL RESULTS OF SIA S.P.A.

2019 saw a rise in **SIA's revenues** to **€443.8 million**, with a growth of €31.9 million (**+7.7%**).

EBITDA also grew significantly to **€147.3 million** from the €124.5 million of 2018 (**+18.3%**) as did the **operating result** which reached **€110.9 million (+13.9%)**. **Net profit** rose to **€105.6 million**, up by €20.9 million (**+24.7%**) over the previous financial year, also by virtue of the higher dividends paid by Group companies and taking into account the fiscal benefits related to the "Patent Box" law and the substitute business aggregation tax of subsidiary P4cards.

BUSINESS TREND

In 2019, SIA Group processed a total of **16.1 billion issuing and acquiring transactions** in the *Card & Merchant Solutions* segment (+17.7% over 2018).

In the *Digital Payment Solutions* segment, **16.3 billion transactions** were processed with a slight decrease (2.2%) over the previous year due, in particular, to the rationalization of exchanges among German commercial banks.

In the *Capital Market & Network Solutions* segment, last year **approximately 4.5 terabytes of data** were carried on the **208,000 km of the SIAnet network**, up by 28.7% over 2018, with total infrastructure availability and **100% service levels**.

PROPOSED DIVIDEND DISTRIBUTION AND CONVENING OF THE SHAREHOLDERS' MEETING

Thanks to the results achieved in 2019, with a **net profit of €105.6 million**, and in the light of the objectives of growth and stabilization of profitability within the timescale set out in the 2020-2022 three-year Strategic Plan, the Board of Directors will propose to the Shareholders' Meeting – convened on first call for *9th April at SIA's headquarters at via Gonin 36, Milan* - the **distribution of an ordinary dividend for the 2019 financial year of approximately €60 million corresponding to €0.35** for each of the 171,343,227 shares.

RESOLUTION OF THE BOARD OF DIRECTORS ON THE FINANCIAL ADVISOR

The Board of Directors of the company appointed **JP Morgan** as **financial advisor for all extraordinary transactions, including possible public listing of the company**, for which the structure of the underwriting syndicate will be defined at a later stage.

NEW STRATEGIC PLAN 2020-2022

With the realization of the new Strategic Plan for the three-year period 2020-2022, approved by the Board of Directors of SIA last 6th February, and with the full support of the shareholders, **the Group sets itself the objective of consolidating its position as a leading player in the global market** in the **Card & Merchant Solutions, Digital Payment Solutions** and **Capital Market & Network Solutions** segments, according to the highest standards of quality and efficiency, **further strengthening its role as "mission-critical" provider of payment services and infrastructures in Europe**, always in compliance with the strict industry regulations and the relative evolution over time.

Indeed in the market context, SIA Group can boast a **track-record of success in terms of ability to innovate and adapt to profound and sudden changes in the market**, also thanks to the progressive upgrading of its technology platforms.

In order to ensure the achievement of the challenging goals set in the Plan, **SIA Group increasingly focuses on the development of its people**, also through **dedicated programs** of talent management, diversity, inclusion and welfare, with the ambition of further strengthening its distinct skillset.

* *Please note that the audit firm is currently completing the statutory audit of the financial accounts as at 31st December 2019.*

SIA – a subsidiary of CDP Equity - is European leader in the design, creation and management of technology infrastructures and services for Financial Institutions, Central Banks, Corporates and the Public Sector, in the areas of Card & Merchant Solutions, Digital Payment Solutions and Capital Market & Network Solutions. SIA Group provides its services in more than 50 countries, and also operates through its subsidiaries in Austria, Czech Republic, Croatia, Germany, Greece, Hungary, Romania, Serbia, Slovakia, and South Africa. The company also has branches in Belgium and the Netherlands and representation offices in the UK and Poland.

For more information: www.sia.eu/en

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