



## Rekeep Group

Morgan Stanley Leveraged Finance  
Conference

*April the 4<sup>th</sup>, 2019*

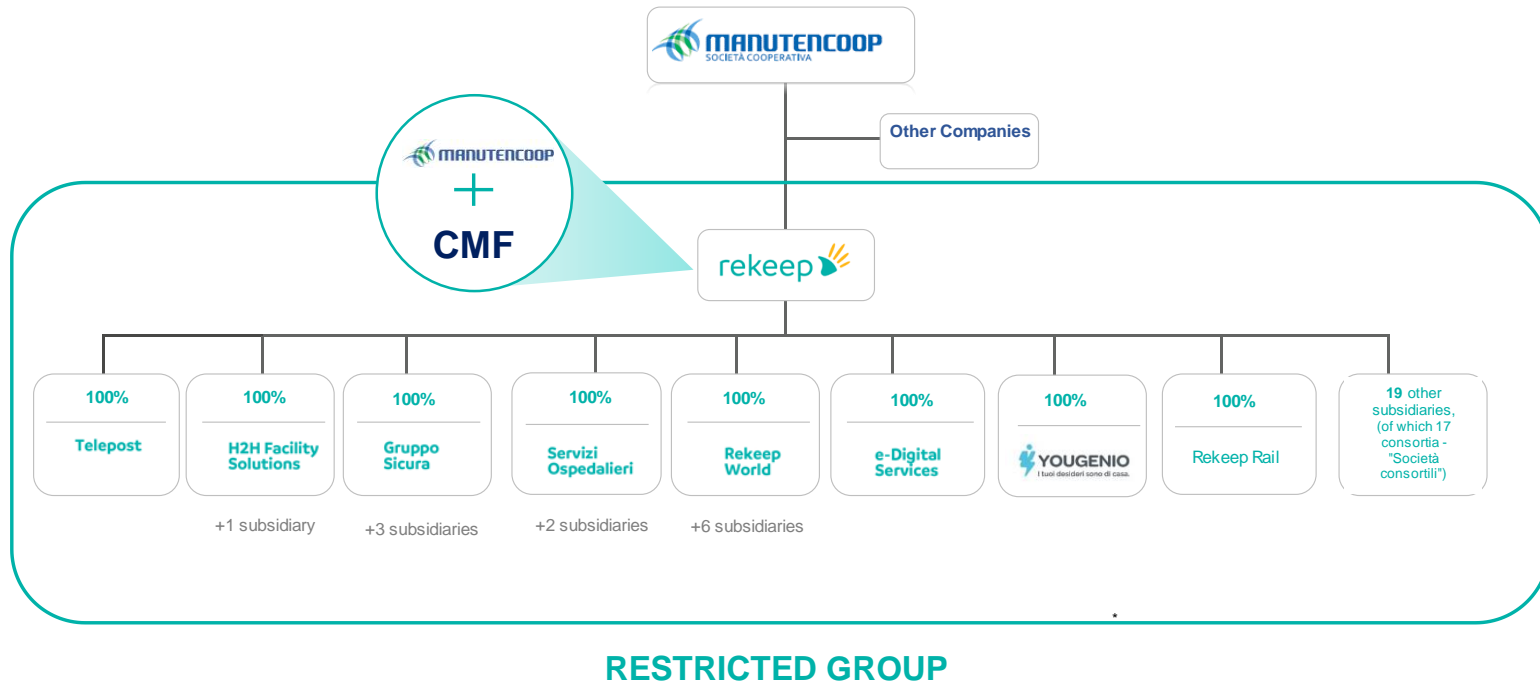
# New corporate structure and Rebranding

## Merger

On June the 29<sup>th</sup>, CMF is merged by incorporation into MFM (effective starting from July the 1<sup>st</sup>)

## Rebranding

On July the 2<sup>nd</sup>, MFM becomes officially Rekeep, thus completing the new corporate structure and rebranding process



## Company Profile

# Rekeep – Key highlights

**One-stop-shop and mission critical services**

## Six core services

- ✓ Cleaning
- ✓ Technical services
- ✓ Landscaping
- ✓ Property management
- ✓ Logistics
- ✓ Laundering & Sterilization

**Market leading position with national presence**

**#1** Player in the **Facility Management** industry

**#1** Player in the **Sterilization** industry

**#2** Player in the **Laundering** industry

**Contract-based business with multi-year backlog**

**2.8x** Revenue **backlog**

**90+%** Revenue from **existing contracted customers** each year

**98%** **Renewal rate** on top 30 customers<sup>1</sup>

**Strong financial profile**

**€950m** FY 2018 Revenues

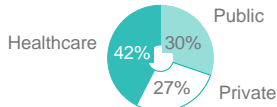
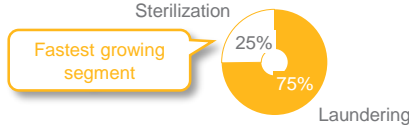


**€101.3m** Normalized FY 2018 EBITDA

**70%** Steady-state cash conversion<sup>2</sup>

Source: Company information




<sup>1</sup> Calculated by taking the average renewal rates of our top 30 customers in each of the last seven years, 2010-2017, excluding Telecom Italia, FCA and Pirelli ; <sup>2</sup> Cash Conversion = (Norm. EBITDA – Capex)/(Norm.EBITDA)

# An integrated service and solution provider...

	Facility Management	Laundering & Sterilization
Main activities	<ul style="list-style-type: none"> <li>✓ Maintenance, cleaning, energy services, fire prevention, safety of assets / people and property management</li> <li>✓ 47 branches across Italy</li> </ul>	<ul style="list-style-type: none"> <li>✓ Linen rental and industrial laundering service</li> <li>✓ Fabrics and surgical instruments sterilization</li> <li>✓ 100+ healthcare entities served (24 sterilization centers, 4 laundering plants)</li> </ul>
FY2018 Revenue <sup>1</sup>	€812m (87% of 2018 total Revenue)	€127m (13% of 2018 total Revenue)
FY2018 EBITDA	€71.3m (70.6% of total – 8.7% Margin)	€30.0m (29.4% of total – 24.3%)
FY2018 EBITDA-Capex	€57.5m (81% of EBITDA)	€11.8m (39% of EBITDA)
FY2018 Revenue Breakdown	 <p>Healthcare 42% Public 30% Private 27%</p>	 <p>Sterilization 25% Laundering 75%</p> <p>Fastest growing segment</p>
Brands		
Positioning in Italy	# 1	# in Sterilization - #2 in Laundering

# ...with strong coverage and positioning in each customer segment



	Healthcare Customers	Public Customers	Private Customers
FY2018 Revenues (% on total)	Revenues - €466m 50%	Revenues - €229m 24%	Revenues - €243m 26%
Clients	<ul style="list-style-type: none"> <li>✓ Public and private hospitals, nursing and retirement homes</li> </ul> 	<ul style="list-style-type: none"> <li>✓ Regional, provincial and municipal governments, schools, universities and other public institutions</li> </ul> 	<ul style="list-style-type: none"> <li>✓ Large / medium companies in TLC, financial services, retail, industrial, services and logistic industries</li> </ul> 
Contract Length	<ul style="list-style-type: none"> <li>✓ FM healthcare: c.4-5 yrs</li> <li>✓ Laundering: c.5-6 yrs</li> <li>✓ Sterilization: c.7-8 yrs</li> </ul> <i>Backlog</i> ✓€1,887m	<ul style="list-style-type: none"> <li>✓ c.3 – 4 yrs</li> </ul> <i>Backlog</i> ✓€507m	<ul style="list-style-type: none"> <li>✓ 1 to 3 yrs (often containing automatic renewal clauses)</li> </ul> <i>Backlog</i> ✓€205m
Market Coverage	<ul style="list-style-type: none"> <li>✓ 140+ hospitals served<sup>1</sup>:                     <ul style="list-style-type: none"> <li>□ c.24% of Italian hospitals</li> <li>□ c.90% of the largest hospitals in Italy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ The Group serves<sup>2</sup>:                     <ul style="list-style-type: none"> <li>□ c.130 municipalities</li> <li>□ 17 provinces</li> <li>□ 5 regions</li> <li>□ 27 government entities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Executed the largest outsourcings in Italy acquiring more than 1,500 people</li> </ul>
Key Success Factors	<ul style="list-style-type: none"> <li>✓ Complex and bundled services</li> <li>✓ Service quality guarantee</li> <li>✓ Reduction of risk hazard</li> <li>✓ Investments financing innovations (PFIs)</li> <li>✓ Complex tenders</li> </ul>	<ul style="list-style-type: none"> <li>✓ Large multi-service contracts</li> <li>✓ Costs efficiencies</li> <li>✓ Investments financing innovations (PFIs)</li> <li>✓ Complex projects</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expertise in large FM outsourcing (personnel, assets)</li> <li>✓ Costs efficiencies</li> <li>✓ Guarantee service delivery</li> <li>✓ Large customers / multi-site operations (banks, retail chains)</li> </ul>



Source: Company information, Ministry of Health  
<sup>1</sup> Management estimates; <sup>2</sup> Management estimates

## Key Credit Highlights

# Key Credit Highlights



1>

Industry with consistent growth and positive secular outsourcing trend



2>

Leading position in a highly fragmented industry



3>

Broadest service offering with a focus on the highly profitable healthcare segment



4>

Nationwide presence in growing reference market



5>

Diversified and long-standing customer base



6>

Highly visible, recurring and diversified revenue base

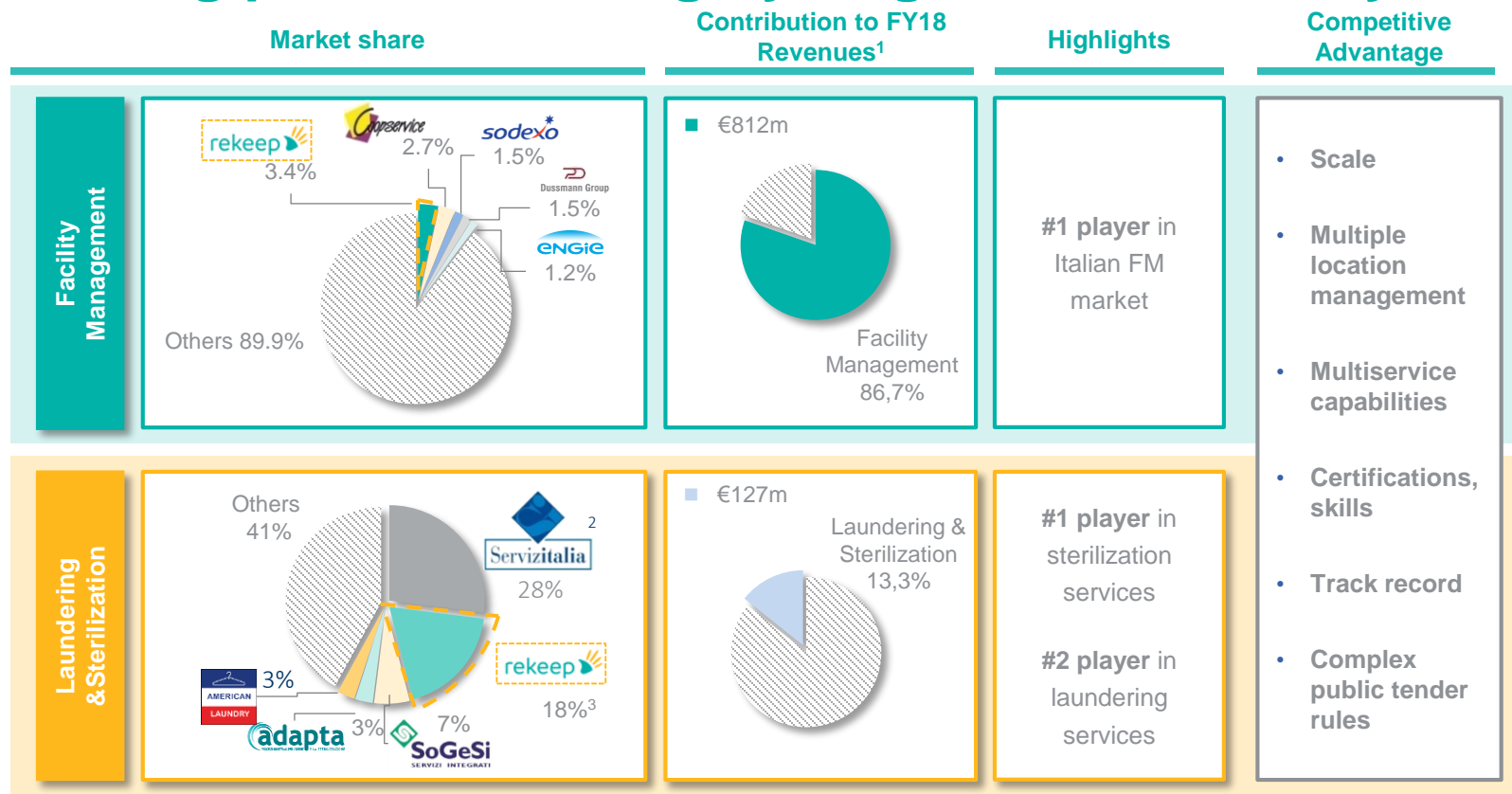


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Highly variable cost structure and asset-light financial profile





# Leading position in a highly fragmented industry

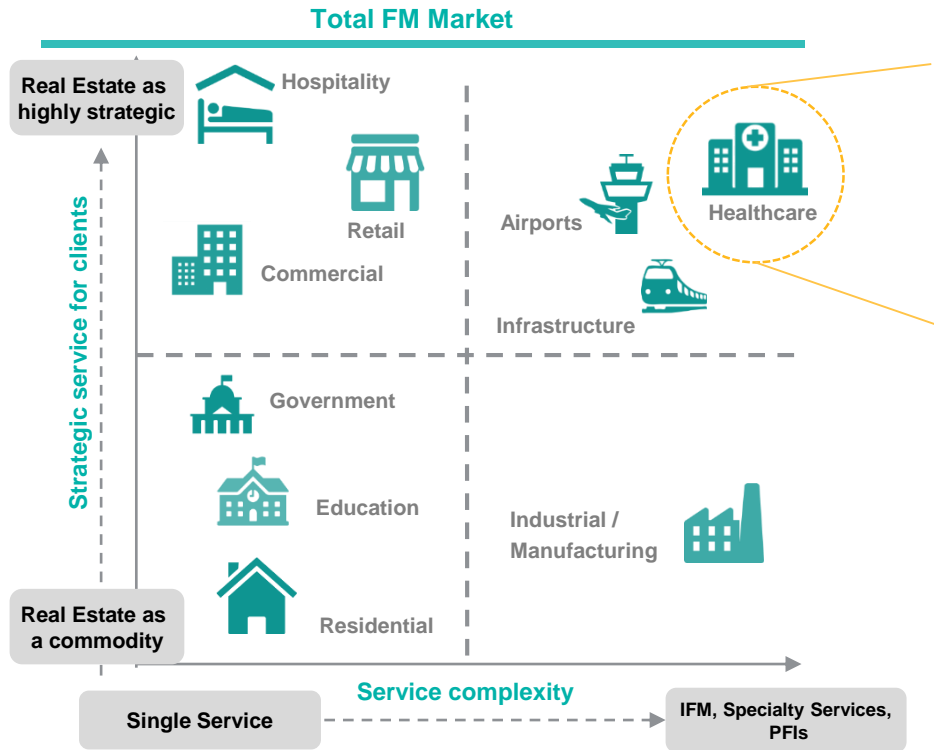


# Fully integrated service provider with strong set of competitive advantages

Size	Largest national player
Portfolio	Breadth of service offering <b>Integrated, advanced</b> IFM solutions
Track Record	<b>70+ years</b> in operation Preferred counterparty of PAs
Organizational Excellence	Unique responsiveness to client requests <b>Best-in-class responses</b> to tenders Continuous quality checks
Technical Capabilities	Advanced IT systems and <b>digitalization</b> Highly integrated with <b>ability to scale-up</b>
IT Platform	<b>State-of-the art IT platform</b>
Certifications	Health and Safety RINA, Quality IQNET

	1	2	3	4	5	6
Services	Cleaning	Energy Services	Landscaping	Tech Services	Logistic Services	L&S
<b>rekeep</b>						
Competitor 1						
Competitor 2						
Competitor 3						
Competitor 4						
Competitor 5						

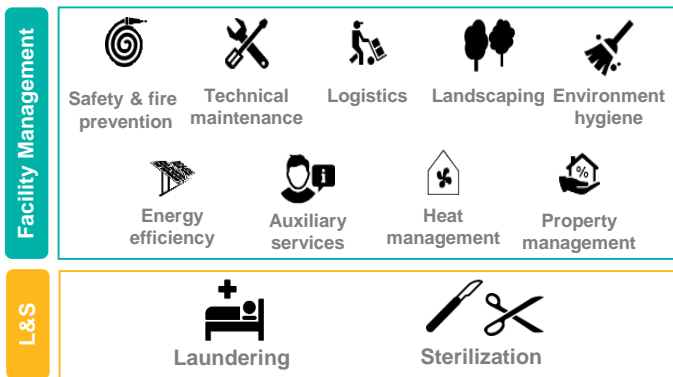
# Broadest service offering with a focus on the highly profitable healthcare segment



## Leading Market Coverage

- Healthcare 2018 revenues: **€463mm (49% of total)**
- **140+ hospitals covered:** c.24% of total Italian hospitals and c.90% of the largest<sup>1</sup>
- Management of **complex, integrated services** (e.g. pharma logistics, helicopter platforms, surgical kits)

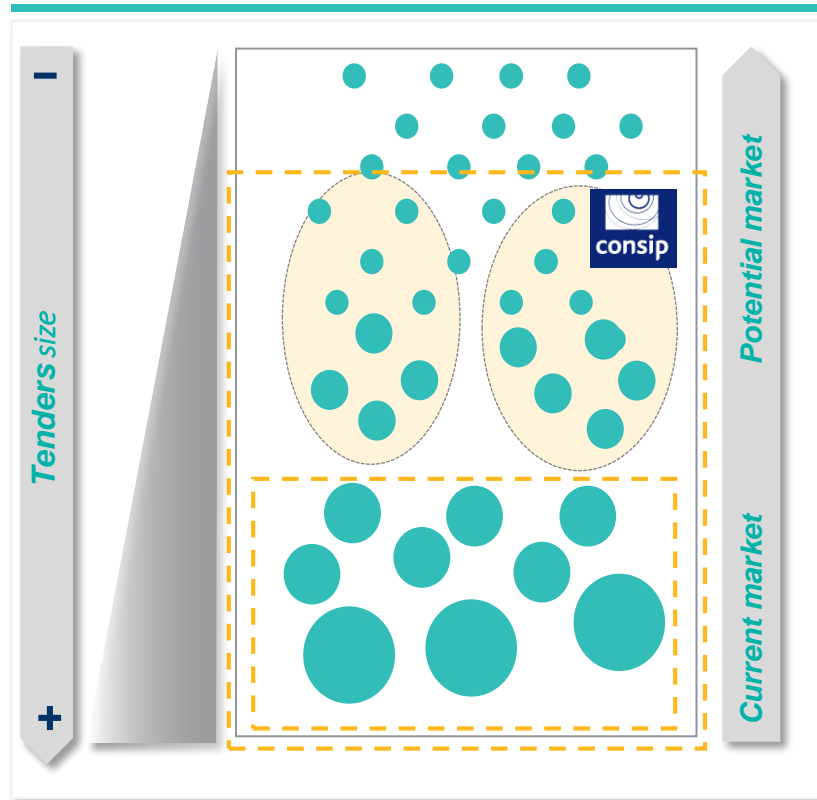
## A fully integrated platform of services



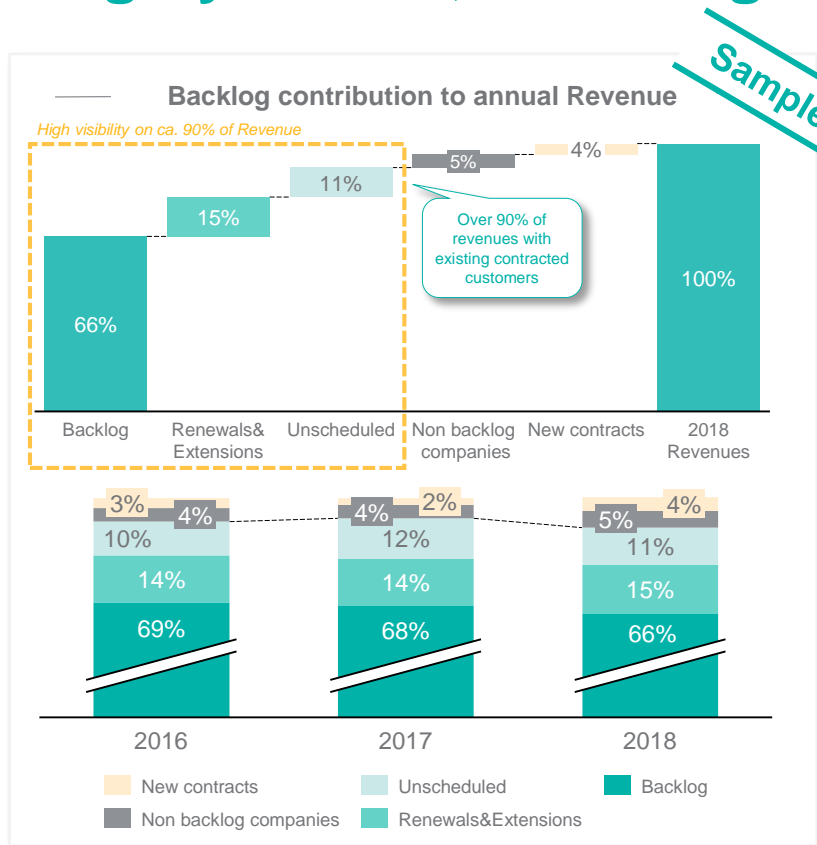
# Nationwide presence in growing reference market

## Nationwide Presence

## Growing Reference Market



# Highly visible, recurring and diversified revenue base



## Upside

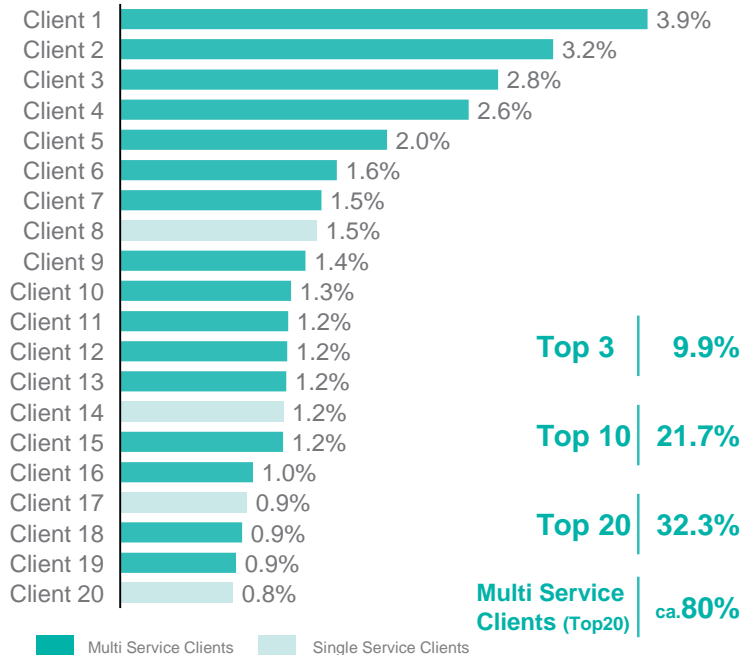
- At the beginning of the year, ca. 90% of budgeted revenues already secured, due to the multi-years customary structure of contracts, (2018 Budget – see upper left chart)
- Budgeting Phase - High revenue visibility from backlog, contracts' renewals and extensions (historically recurring – see bottom left chart)
- Deep visibility on the year provide grip to management to focus on appropriate fixed cost structure (G&A and indirect costs)

# Diversified and longstanding customer base

## Diversified Client base

Top 20 Clients

(% on FY2018 Revenue)

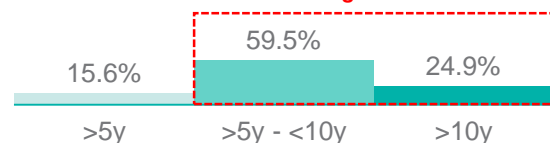


## Long term client relationship

(Analysis on ongoing contracts in 2018)

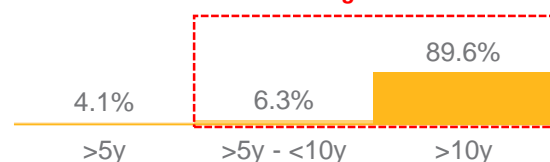
### Traditional Facility Management

*Long term client relationships*



### Laundering & Sterilization

*Long term client relationships*



- ❑ Highly diversified customer base – highly diversified credit risk
- ❑ Long standing relationship with the customer base in both sector (FM and L&S)
- ❑ **IFM - Really integrated approach to client as 80% of top 20 Customer are served with 2+ services**



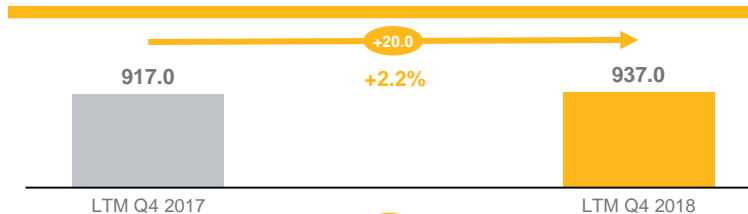
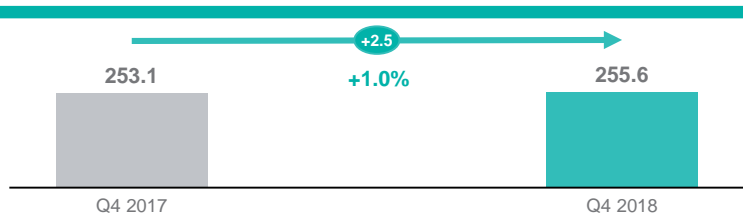
## KPIs and main Financial Results at Q4 and FY 2018

# 3 months and LTM KPIs at a glance

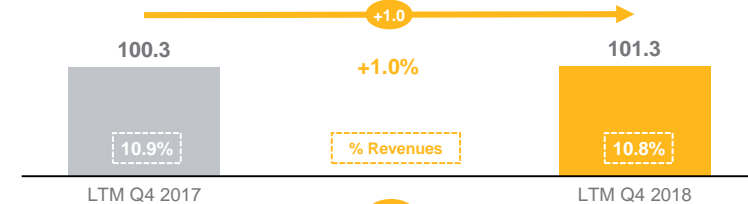
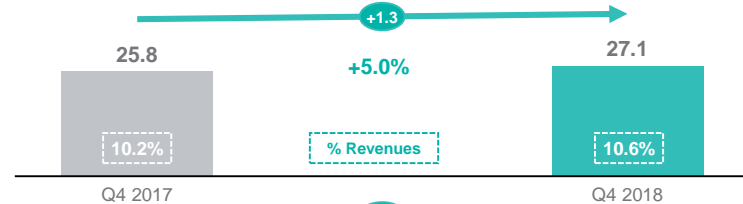
Q4 2017 vs. Q4 2018

LTM Q4 2017 vs. LTM Q4 2018

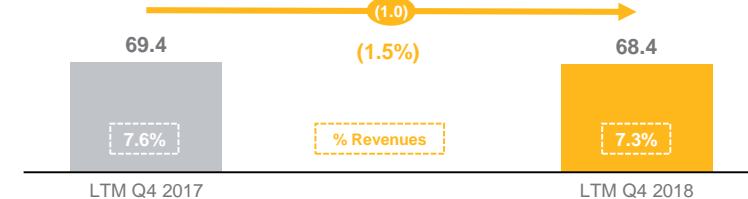
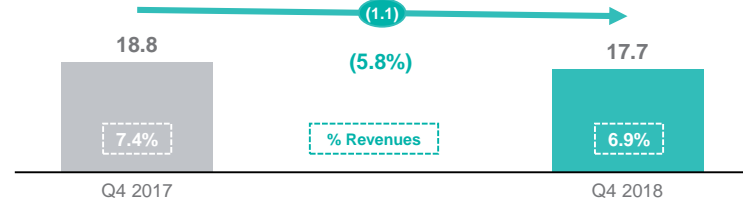
Normalized  
Revenues  
(€m)



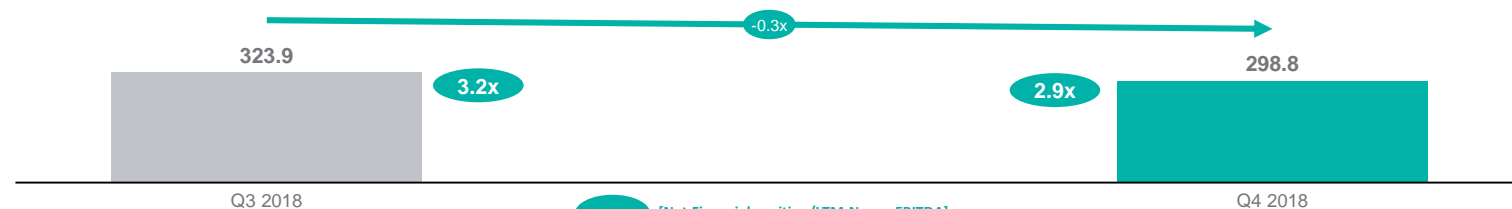
Normalized  
EBITDA  
(€m)



Normalized  
EBIT  
(€m)



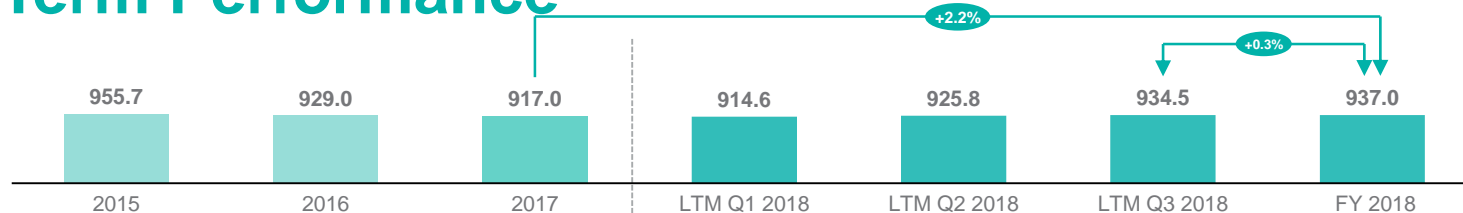
Net  
Financial  
Position  
(€m)



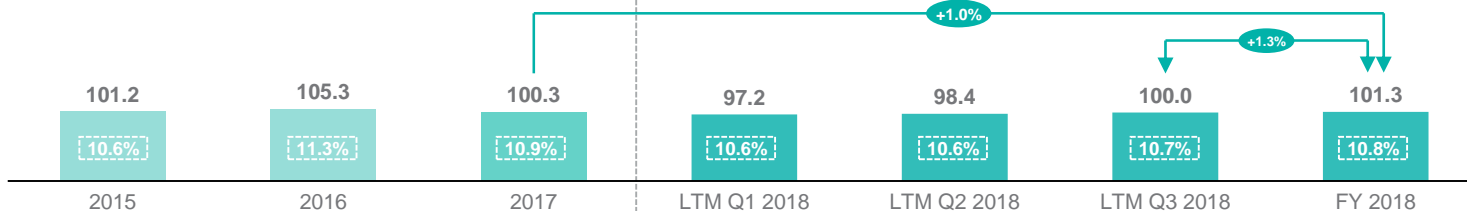


# Long Term Performance

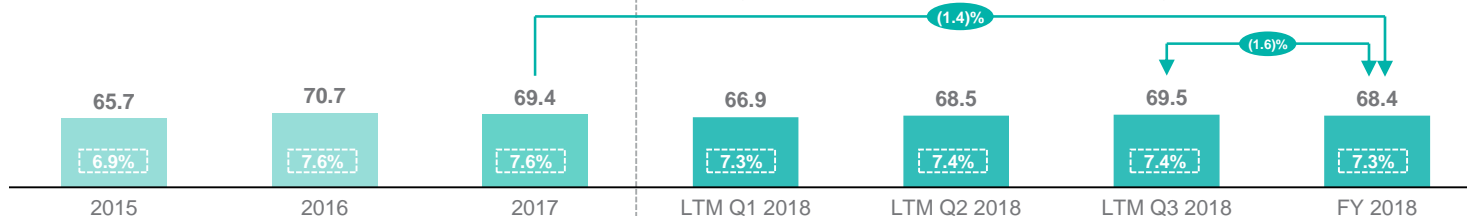
Normalized  
Revenues  
(€m)



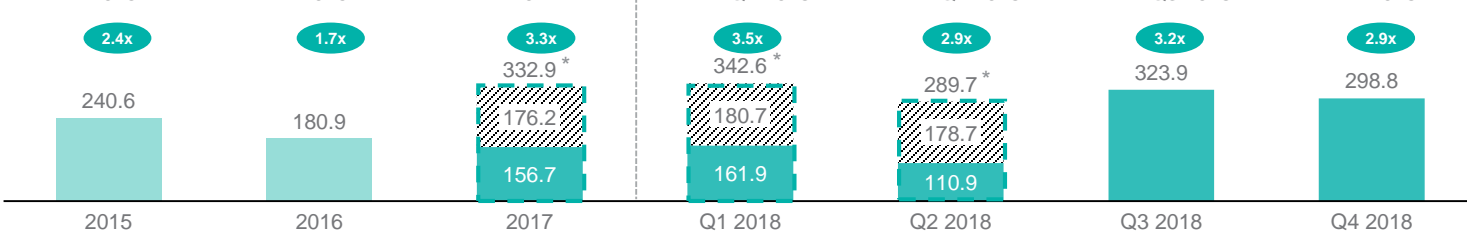
Normalized  
EBITDA  
(€m)



Normalized  
EBIT  
(€m)



Net  
Financial  
Position  
(€m)



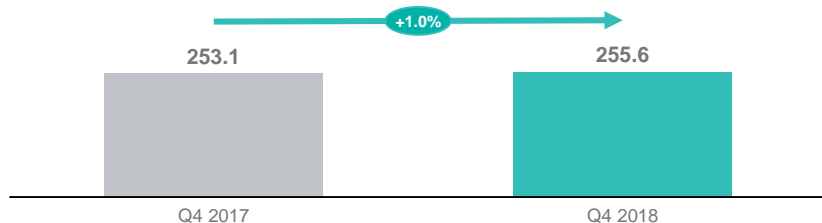
% margin on Revenues

...x Net Financial position / LTM Normalized EBITDA

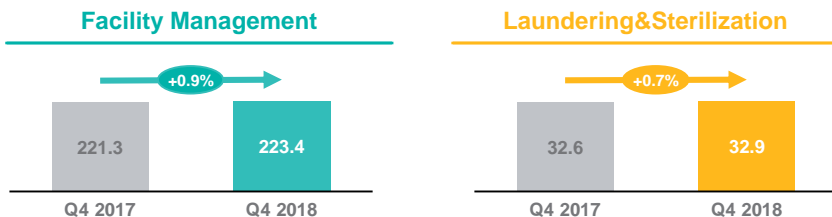
--- Proforma CMF

# Normalized Revenues

## Normalized Revenues, €m

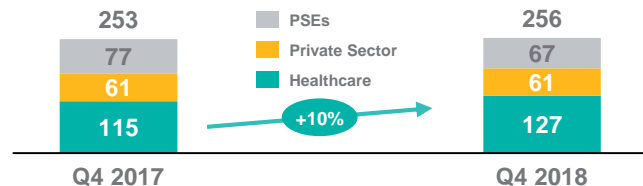


## Normalized Revenues by segment, €m



(\*) Gross of intra-group eliminations ≈ €3m per annum

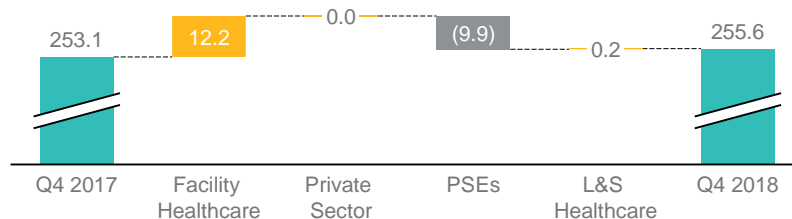
## Normalized Revenues by client, €m



## Considerations

- Higher normalized revenues in Q4 2018 (+1.0%) driven by an increase in both sectors, FM and L&S
  - ✓ FM Revenues increase in Q4 2018 by €2.1m (+0.9%)
  - ✓ Slight recovery of L&S revenues conversely from previous quarters, increased by €0.3m (+0.7%)

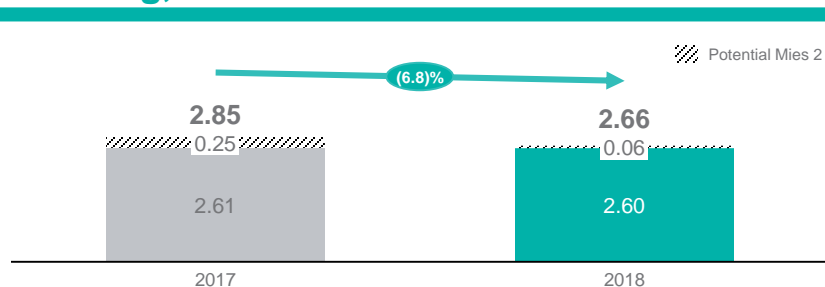
## Normalized Revenues bridge by client, €m



- Facility Healthcare** still drives the growth: increase mainly due to MIES2 development and start-up of some new contracts (2018 revenues MIES2 accounted for 16.1 Mio Euro)
- PSEs** decrease mainly due to perimeter change of a large customer, and a loss of some contracts

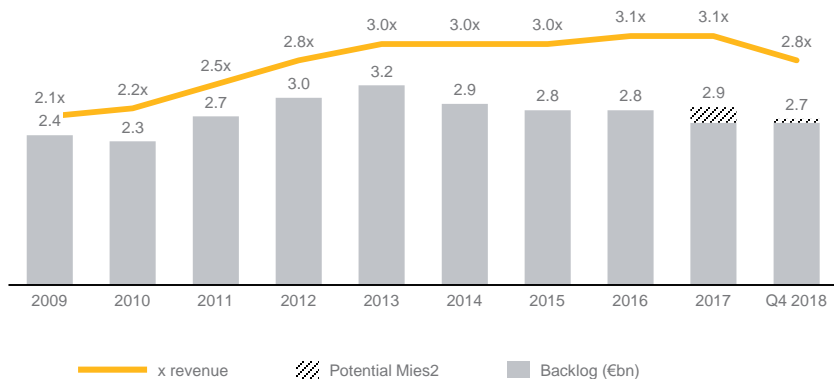
# Backlog

## Backlog, €bn



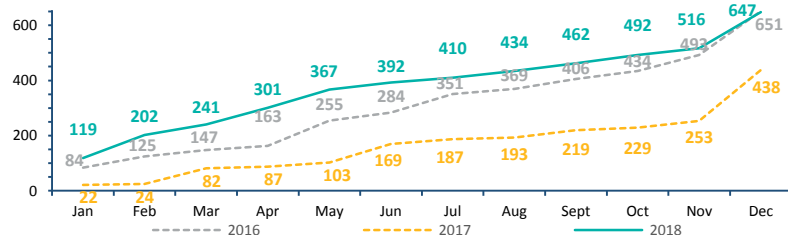
- Slight decrease of the coverage of future revenues, 2.8 times FY revenues, mainly due to the increase of technical extensions of contracts in portfolio, related to a lower market tendering activity carried out by the Purchasing Entities
- As of today, approximately 75%<sup>(\*)</sup> of the total Mies2 FA has been saturated

## Revenue visibility from backlog

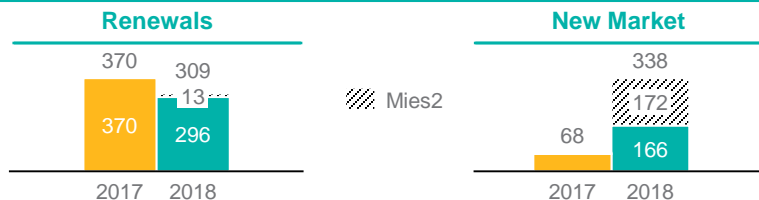


# Commercial Activity

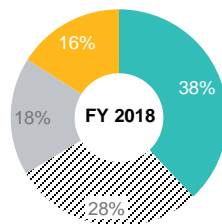
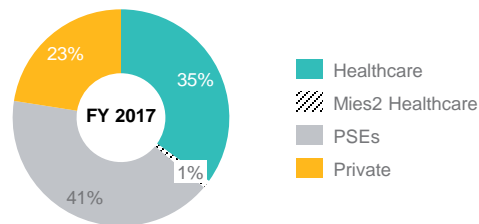
Value of contracts signed Q4 2018 , €m



## Breakdown of signed contracts YTD, €m



## Signed contracts by Client, €m



## Sales activity

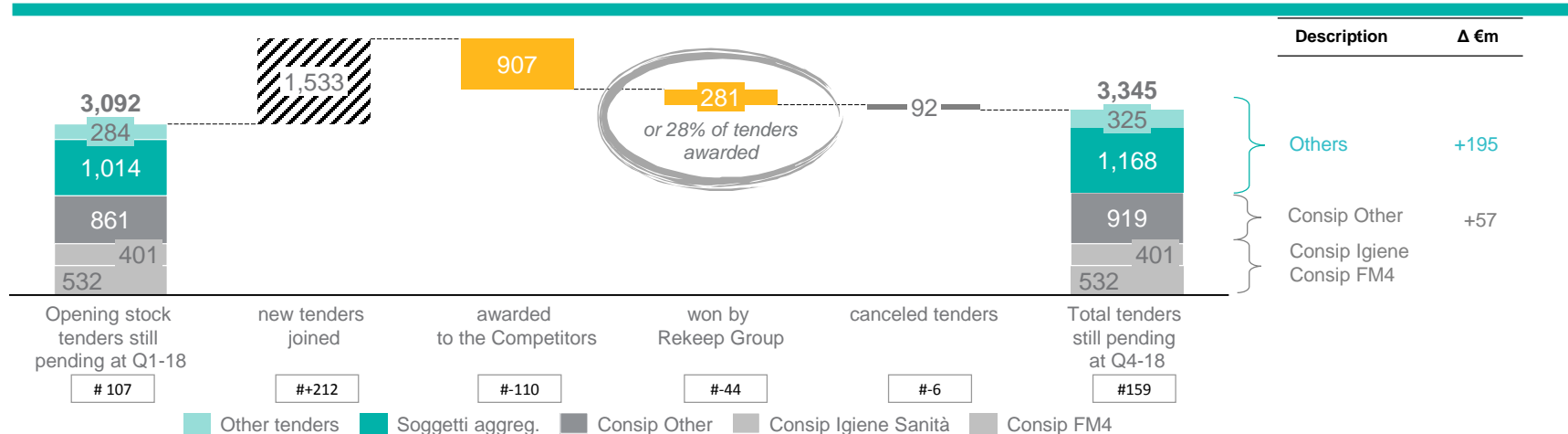
- Awarded pluriannual volume FY 2018 is significantly higher than FY 2017 €647m vs €438m respectively
  - ✓ This increase is pushed by «New Market» acquisitions of €338m confirming the consistent Group development in healthcare market, in which Rekeep Group can rely on a consolidated expertise and know-how
  - ✓ Lower level of renewal vs FY 2017 mainly due to the market delay / postponement in the awarding process of some major contracts

## Sales activity in Q4 2018

Client	Service	Annual Value	Duration	Acquisition type
Intercenter Healthcare Emilia Romagna	Energy/Maintenance	€6.8m	7 years	Portfolio
Bologna Metropolitan City - Schools	Energy	€1.3m	6 years	New Market
Coop Alleanza 3.0	Cleaning	€7.5m	2 years	Portfolio

# Tenders Pipeline - annual

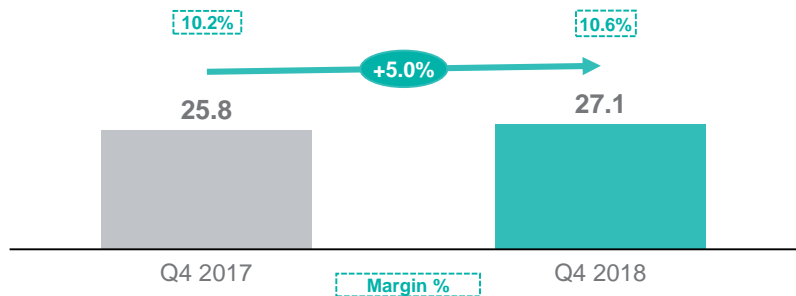
## Tenders Pipeline Bridge by Stock tenders and New tenders



- In 2018 Rekeep Group achieved a win rate of 28% on # of tenders (44 out of 154) and 24% on value of tenders
- Total amount of tenders still pending accounts for €3.3bn
- The tenders held by other central purchasing bodies (“Soggetti Aggregatori”) keeps on covering significant share of the total pipeline and allows to maintain the current portfolio and develop new business

# Normalized EBITDA

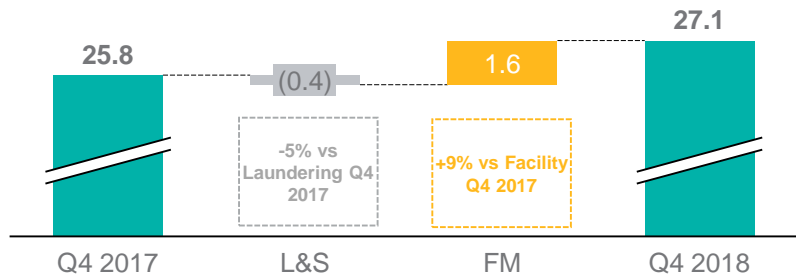
## Normalized EBITDA Q4, €m



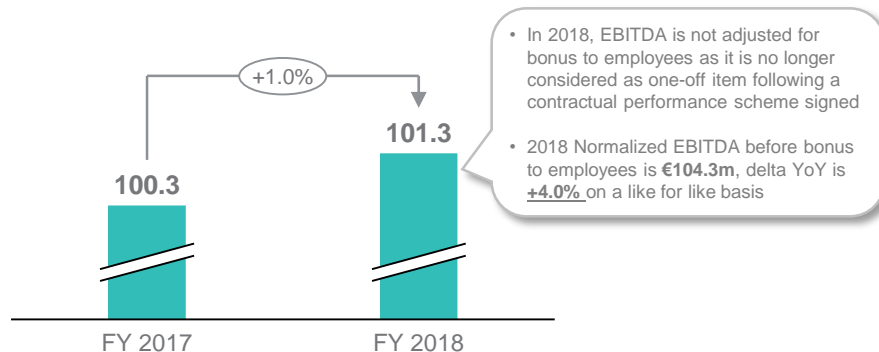
- Normalized EBITDA Q4 2018 vs Q4 2017 increased by €1.3m - mainly driven by Facility Management sector:

- ✓ Higher efficiency achieved by the cost saving plan in Rekeep
- ✓ Telepost: performance improvement due to a change in mix of services
- ✓ Again, the negative impact ongoing from the previous quarters in Laundering, partially offsets the positive performance

## Bridge Normalized EBITDA, €m



## Normalized EBITDA FY, €m

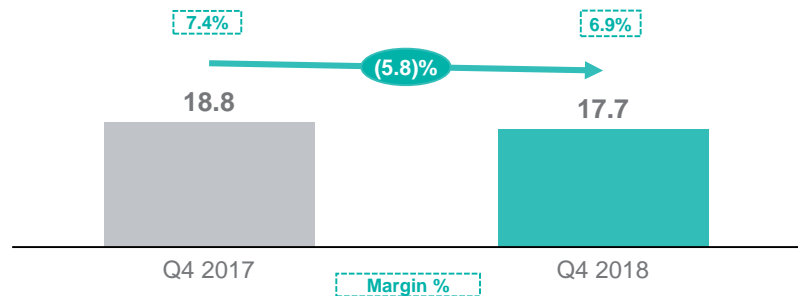


- In 2018, EBITDA is not adjusted for bonus to employees as it is no longer considered as one-off item following a contractual performance scheme signed
- 2018 Normalized EBITDA before bonus to employees is €104.3m, delta YoY is **+4.0%** on a like for like basis

Q4 2017 adjustments on EBITDA are +€9.7m vs -€0.1m in Q4 2018

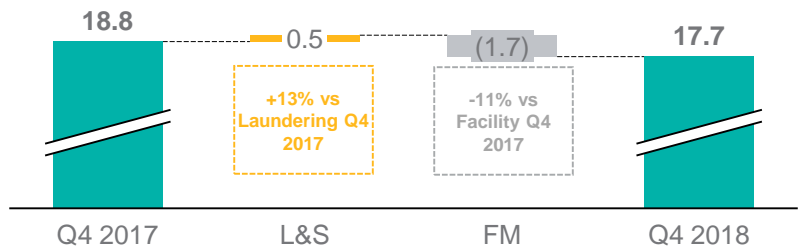
# Normalized EBIT

## Normalized EBIT, €m



- Normalized EBIT decreases to €17.7m, down €1.1m QoQ
- The decrease is mainly driven by provisions/releases effect:
  - ✓ in FM -€1.7m mainly due to a specific positive 2017Q4 release of risk provisions related to some particular contracts and tax matters
  - ✓ in L&S by a positive delta in 2018 +€0.5m, mainly due to a release of a provision previously accrued, and concerning a legal case defined in favor of Servizi Ospedalieri / Rekeep Group

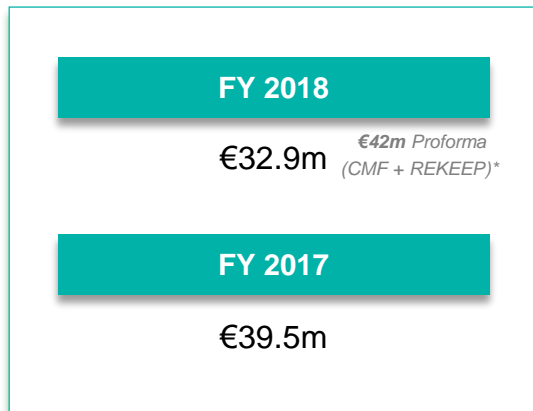
## Bridge Normalized EBIT, €m



Q4 2017 adjustments on EBIT are +€10.9m vs +€0.2m in Q4 2018

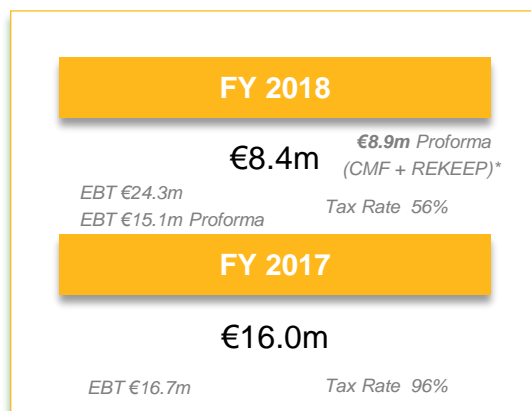
# Net Financial Expenses, Taxes, Net Profit

## Net Financial Expenses, €m

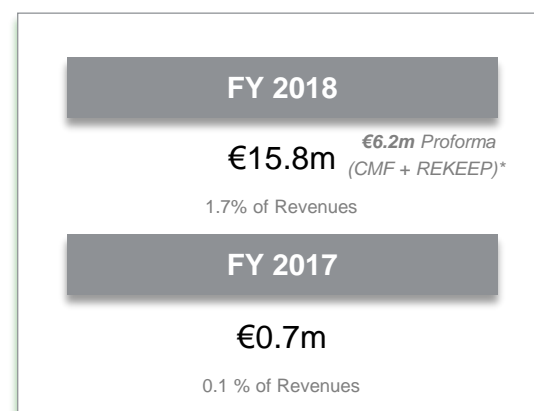


- Financial expenses in line with previous year (*excluding pro-forma interests cost*)

## Taxes, €m



## Net Result, €m



- Net income for FY2017 includes €16.8m of non recurring items mainly related to system charges and to refinancing costs of the Notes
- Net Income on a PF basis including CMF would be €6.2 Mio

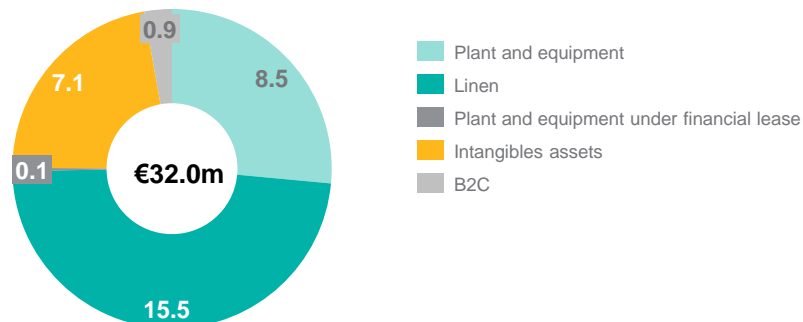


# Industrial Capex



- 2018 Capex accounted 3.4% of FY Revenues, in line with previous years. Capex increase in Facility and Laundering mainly due to:
  - **Laundering:** +€1.0m for renewal of larger contracts and development of new clients as shown in the previous quarters
  - **Facility:**
    - Higher investments in Rekeep World (France) €0.6m.
    - Update of ICT software infrastructure and new IT projects for €1.4m
    - *Investments in tangible assets €2m (PFI - ELE project/Casalecchio Municipality).*

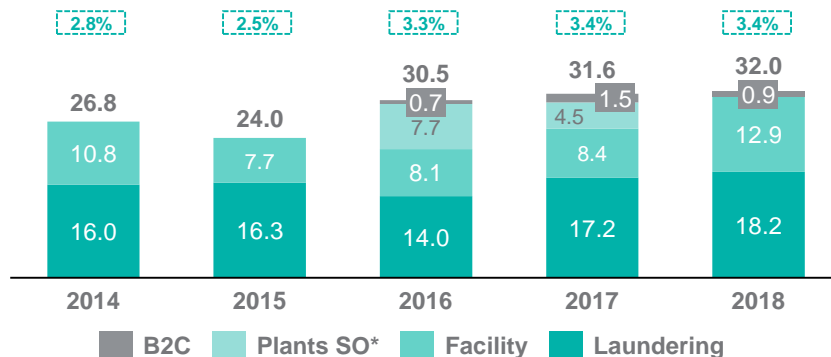
## Capex Breakdown FY 2018, €m



Capex for intangible assets are mainly represented by ICT development



## Capex overview, €m

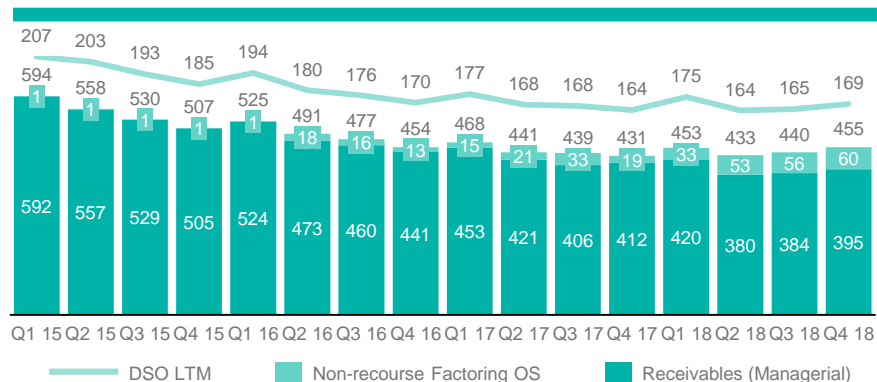


\*one-off capex

% Revenues

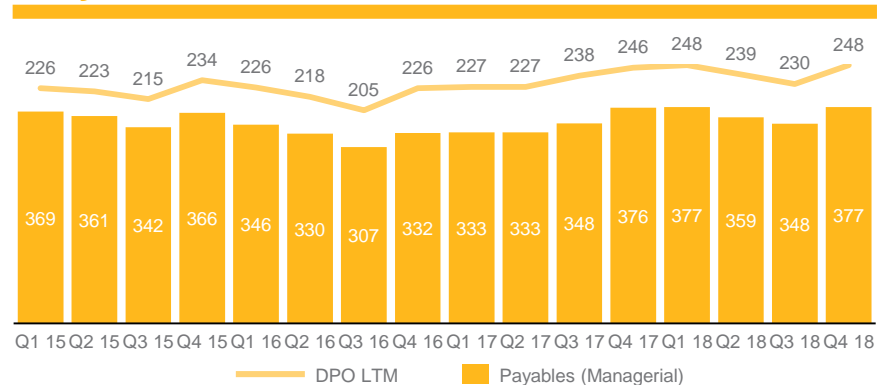
# DSOs & DPOs

## Gross Receivables and DSO



- DSOs reach 169 days showing an increase, differently from the previous years in Q4
- Increase is mainly due to a delay in invoicing (+8 days) vs Q3 2018, only partially offset by a decrease in collection (-4 days)
- Stable level of non-recourse factoring at €60 Mio
- DPOs registered an increase (+2 days) vs Q4 2017, in line with Q4 2017 and Q1 2018

## Payables and DPO



*In the upper chart, on top of gross receivables, the amount of factoring outstanding receivables for each quarter is separately depicted, which is taken into consideration to calculate DSOs*

# Net Working Operating Capital

## NWOC

Q4 2018

€25.7m

Q4 2017

€42.2m

## NWOC / Revenues\*

FY 2018

2.7%

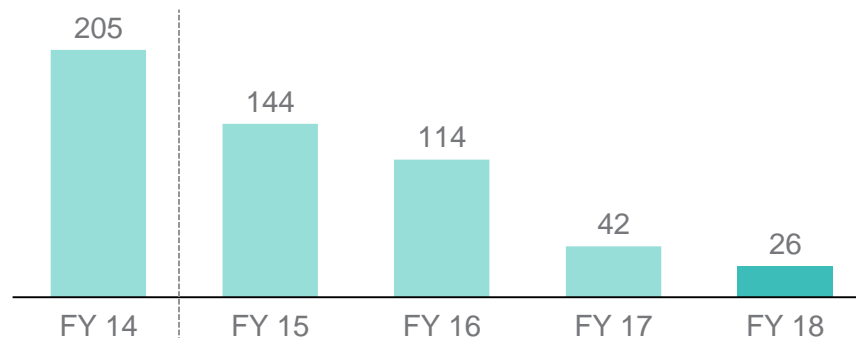
FY 2017

4.6%

- NWOC decrease by €17.9m vs 2017 is mainly due to following elements:
  - Higher DPOs
  - Increase in non-recourse factoring
- The continuous effort on the Working Capital management delivered a historically low level of NWOC% on Revenues to 2.7% (vs. 4.6% in Q4 2017)

*NB: stock values before FY 2014 are not comparable due to the 2015 introduction of VAT new fiscal regime (Split payment e Reverse charge)*

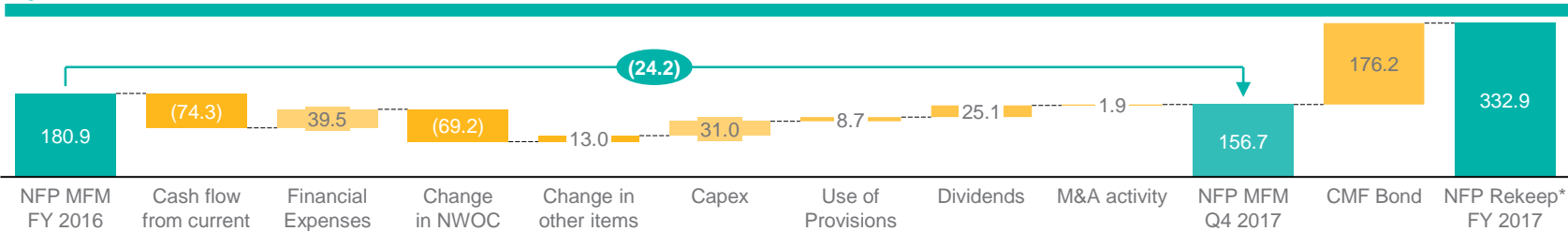
## Net Working Operating Capital, €m



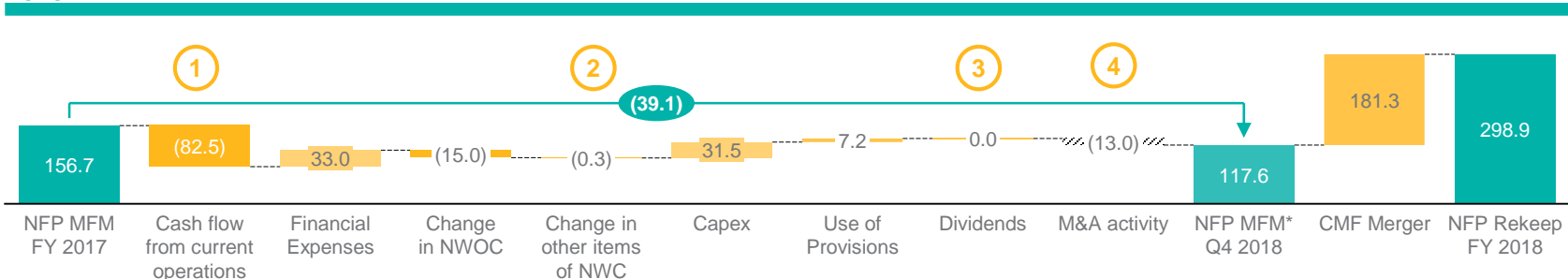
*Introduction of «Split Payment» and «Reverse Charge»*

# ...Focus on NFP changes FY 2017 vs FY 2018 (€m)

2017



2018



- ① **Higher cash flow from current operations** FY2018 vs FY2017 mainly due to increase in EBITDA [including impact from startup costs and adjustments] and more efficiency in NWC management
- ② **Normalization of the trend in VAT receivables** in Other NWC Items, following a 2017 change (and spike of +€13 Mio) in VAT regulation
- ③ No dividend distribution in 2018
- ④ **M&A activity** consists mainly in i) the sale of 95% of MFM Capital and the ii) sale of a PFI under pre-emption rights iii) ca. €2m investment for EOS acquisition in Turkey, **with an aggregated effect of +€13 Mio Cash**

# ...Focus on Liquidity and Credit Facilities

On Dec. 2018, Manutencoop SC waived the Subordinated Shareholders' Funding (€49.7m), with the consequent conversion of the same amount in Sh. Equity of Rekeep

Type of Facility as of 31 Dec 2018			Liquidity Available	Committed	Maturity	Details
Long Term	BOND	<div><div></div><div>360.0</div></div>	-	✓	Jun-22	<ul style="list-style-type: none"><li>SSN @2022 – 9% Coupon – 5NC3(*)</li></ul>
	RCF	<div><div></div><div>50.0</div></div>		✓	Dec-21	<ul style="list-style-type: none"><li>Completely undrawn</li></ul>
	NR Factoring	<div><div></div><div>46.0</div><div>154.0</div></div>	204.1	✓	Dec-21	<ul style="list-style-type: none"><li>New agreement in place with BFF: Revolving (no longer on a yearly plafond basis), max outstanding €200m, subject to availability of receivables to be sold</li></ul>
	Other	<div><div></div><div>11.8</div></div>		✓	Apr-23 Mar-26	<ul style="list-style-type: none"><li>3 credit lines with different maturity</li></ul>
Short Term	Rec. Factoring	<div><div></div><div>18.4</div><div>11.6</div></div>		✗	Uncommitted facilities	<ul style="list-style-type: none"><li>Other than factoring facilities, the ST facilities are referable to Hot Money</li><li>In place to provide Company with daily management of WC</li></ul>
	NR Factoring	<div><div></div><div>8.6</div><div>36.4</div></div>	61.2	✗		
	Other	<div><div></div><div>5.8</div><div>13.2</div></div>		✗		
Cash	Cash	<div><div></div><div>85.0</div></div>	85.0			

# What's next

- ✓ Rekeep Financial Calendar and materials available on:

<https://www.rekeep.com/en/investors/financial-info/financial-calendar>