rekeep

minds that work

Call on Q1 2019 Results

May 15, 2019, 17CET

Disclaimer

This presentation has been prepared for information purposes only as part of the conference to present the results as of March 31, 2019 of Rekeep Group and cannot be reproduced in any way, in part or in whole.

According to the Offering Memorandum, for purposes of any calculations pursuant to the Indenture, IFRS shall be deemed to treat operating leases in a manner consistent with the treatment thereof under IFRS as in effect on the Issue Date, notwithstanding any modifications or interpretative changes thereto that may occur after the Issue Date.

For this reason, the figures presented in this document do not reflect any impact arising from the adoption of IFRS16, however we have included a reconciliation slide in Annex for the benefit of the bondholders.

The information in this presentation may include references to possible future events and is based on the state of current expectations. These indications regarding the future are subject to risks and uncertainties related to the business activities, the performance of the reference sectors and the economy. There is, therefore, no liability in relation to them, not even about their possible amendment or revision.

Q1 results of Rekeep Group are unaudited

All CMF pro-forma figures are unaudited

Index and Presenters

Rekeep speakers

Giuliano Di Bernardo

Chairman and CEO

Luca Buglione

Director – M&A, IR, Strategic Finance

Index

Key Quarter Highlights

Revenues

- Confirmed revenues growth with a +3.9% increase on a quarter-on-quarter basis
- Robust growth on both segments, L&S and FM, noticeable increase in Healthcare and Private sector

Backlog & Pipeline

- Commercial activity consistent with a modest market
- Continuous fulfillment of MIES2 today at 96% of the potential

EBITDA / EBITDA Margin

- Reported quarterly Normalized EBITDA €29.6m, increased by +€0.1m vs. Q1 2018, leading to a €101.4m LTM with a 10.7% margin

Capex

- Specific development Capex mainly in L&S for newly acquired contracts in startup phase

NWC

- Seasonality of the quarter drove to an increase in NWC

Net Financial Profile and Cash Position

- The Company is still committed on deleverage as a priority, retaining an adequate liquidity level. NFP at €332.7m, leverage -0.2x vs Q1 2018

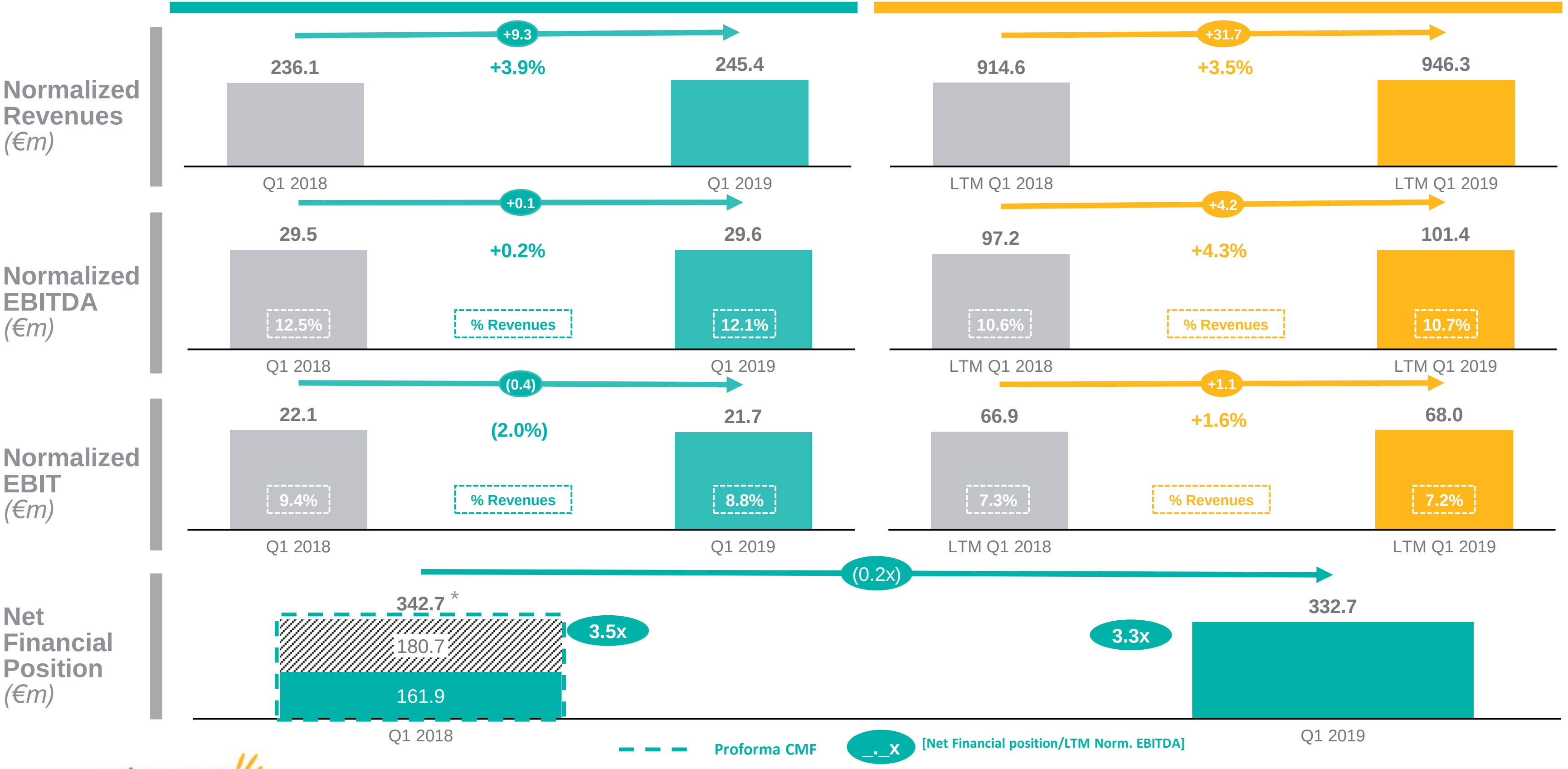
Litigation

- FM4 Investigation: €91,6m fine by ICA. The Company maintains that such decision is groundless and it strongly denies the existence of any unlawful agreement and will appeal the decision to the Tar Lazio seeking the suspension of its enforcement

3 months and LTM KPIs at a glance

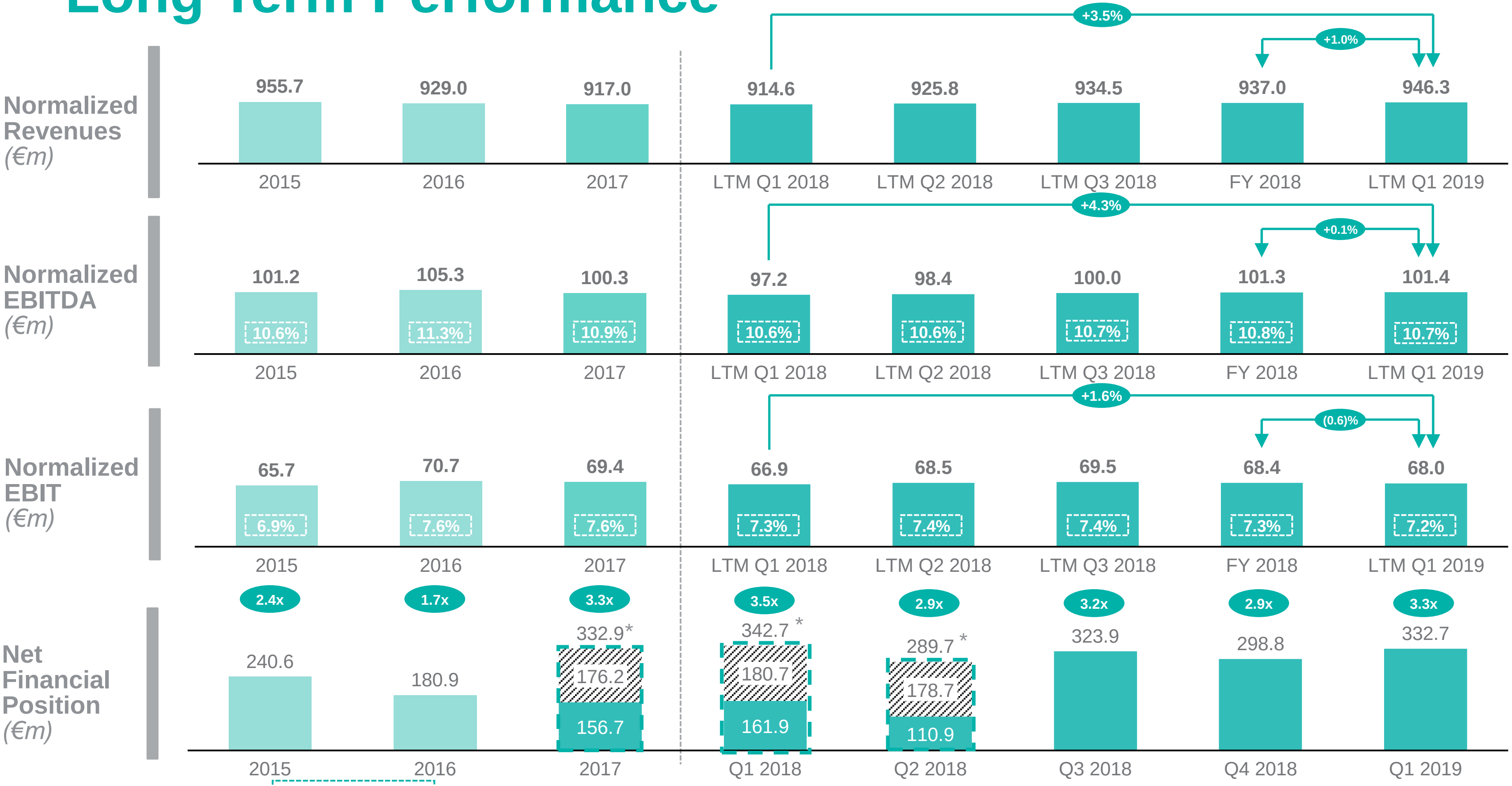
Q1 2018 vs. Q1 2019

LTM Q1 2018 vs. LTM Q1 2019



(*) Data not audited. Information provided for illustrative purpose only

Long Term Performance



% margin on Revenues

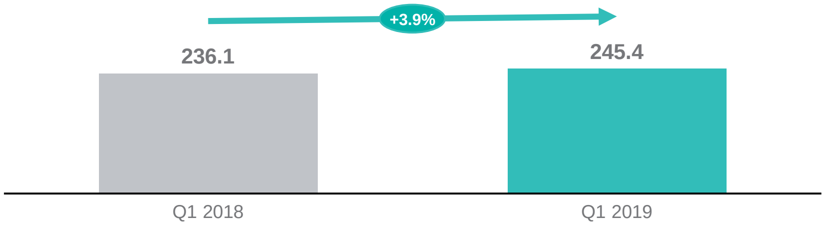
_._x Net Financial position / LTM Normalized EBITDA

– – – Proforma CMF

(*) Data not audited. Information provided for illustrative purpose only

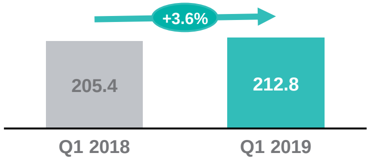
Normalized Revenues

Normalized Revenues, €m

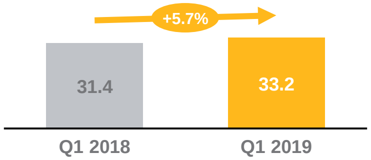


Normalized Revenues by segment, €m

Facility Management

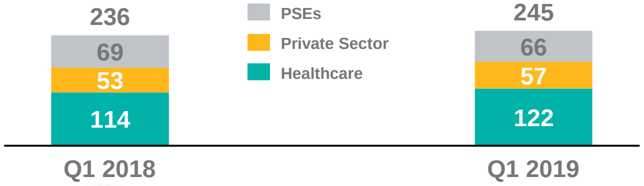


Laundering&Sterilization



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

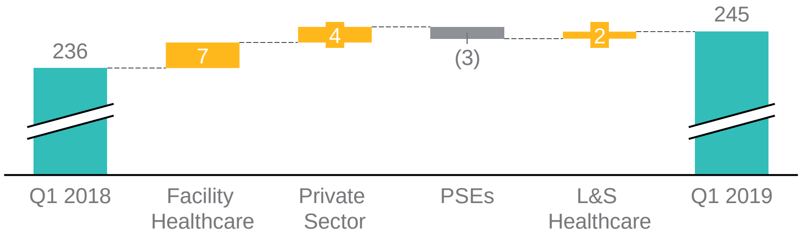
Normalized Revenues by client, €m



Considerations

- Higher normalized revenues (+3.9%) driven by an increase in both sectors, FM and L&S
  - ✓ FM Revenues increase in Q1 2019 by €7.4m (+3.6%)
  - ✓ Continuous increase of L&S by €1.8m (+5.7%)

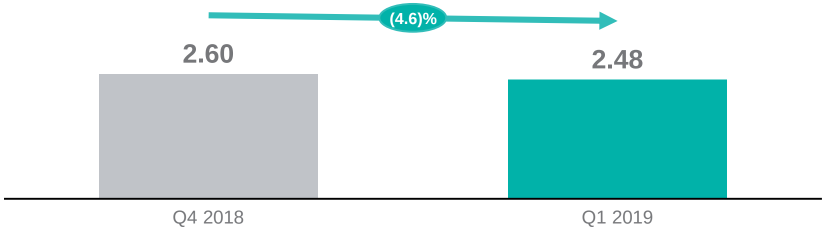
Normalized Revenues bridge by client, €m



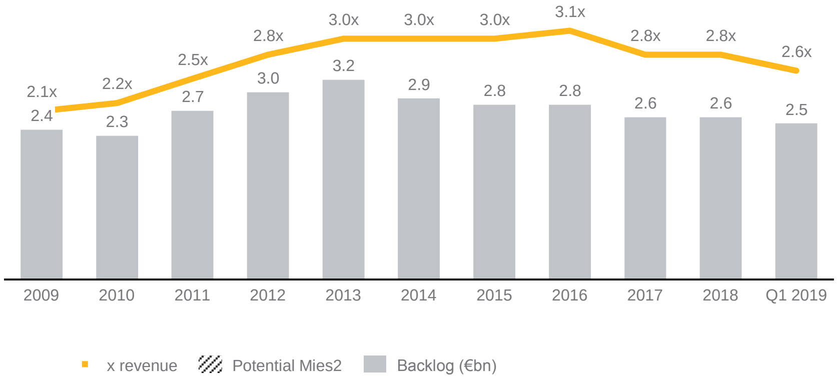
- **Facility Healthcare** still drives the growth**:** increase mainly due to MIES2 development
- **Private Sector** increase mainly driven by H2H revenues
- **PSEs** decrease mainly due to perimeter change of a large customer, and a loss of some contracts

Backlog

Backlog, €bn



Revenue visibility from backlog



- Decrease of the coverage of future revenues, 2.6 times FY revenues, mainly due to the increase of technical extensions of contracts in portfolio (+77% QoQ), related to a lower market tendering activity carried out by the Purchasing Entities
- As of 31 March 2019, approximately 76%(*) of the total Mies2 FA has been saturated.
- Moreover, after the Q1 end, further new contracts have been signed (in April 2019) for the plurennial value of €50m leading to a nearly full saturation of the FA (approximately 96%)
- From the formal activation of the MIES2 FA, the Company has almost completed the fulfillment in approx. 19 months, with an average length of contract of approx. 6 years

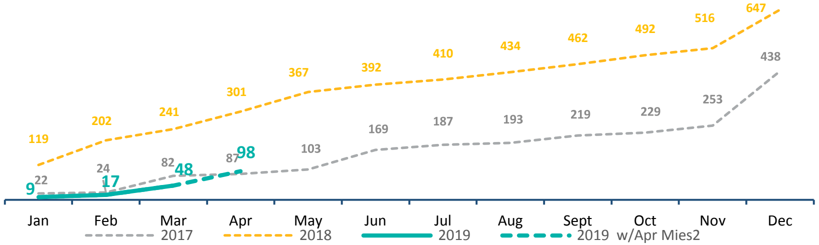
Conversely from previous presentations, both charts do not include potential Mies2 as this framework agreement is close to full saturation

---

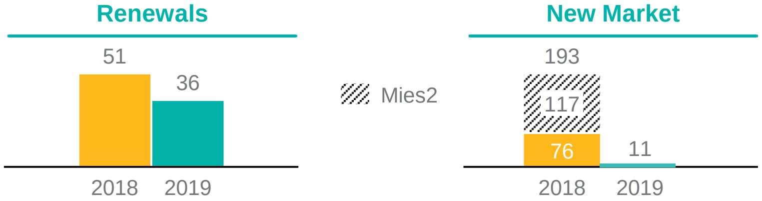
(*) Total Plafond Mies2 ≈ €251m.
€192m out of the €251 Mio Plafond were acquired during the period 31 December 2017 – 31 March 2019 (Q1-2019), and are included in Backlog Q1 (76%).

Commercial Activity

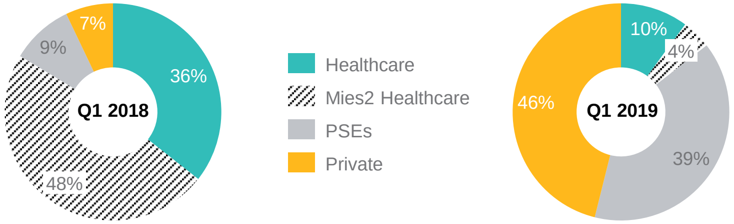
Value of contracts signed Q1 2018 , €m



Breakdown of signed contracts Q1, €m



Signed contracts by Client, €m



Sales activity

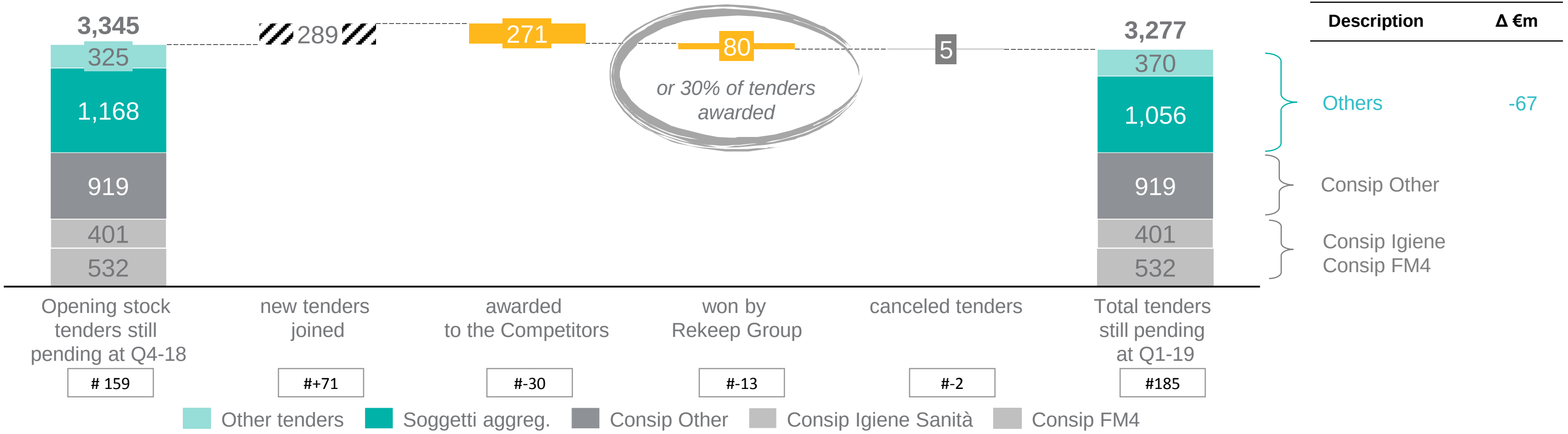
- Lower new contracts acquisitions and renewals due to:
  - ✓ Mies2 close to saturation
  - ✓ Lower market tendering activity in public sector lead to a higher technical extensions of actual contracts
- Increase mainly achieved in private market

Sales activity in Q1 2019

Client	Service	Annual Value	Duration	Acquisition type
TRENITALIA Lombardia, Campania e Molise	Cleaning	€11.1m	1 years	Portfolio
Coop Alleanza 3.0	Cleaning	€7.5m	1 years	Portfolio
Carrefour	Cleaning	€3.5m	1 years	New Market

Tenders Pipeline – Q1 2019

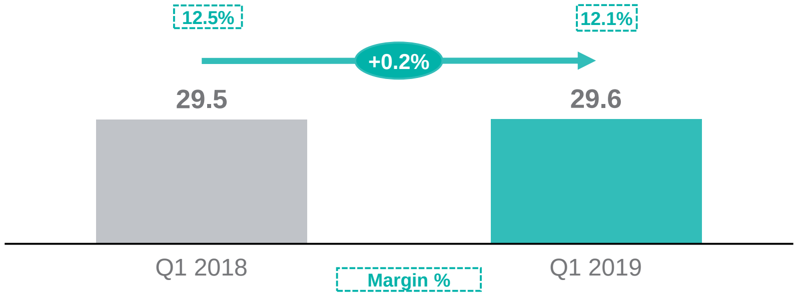
Tenders Pipeline Bridge by Stock tenders and New tenders



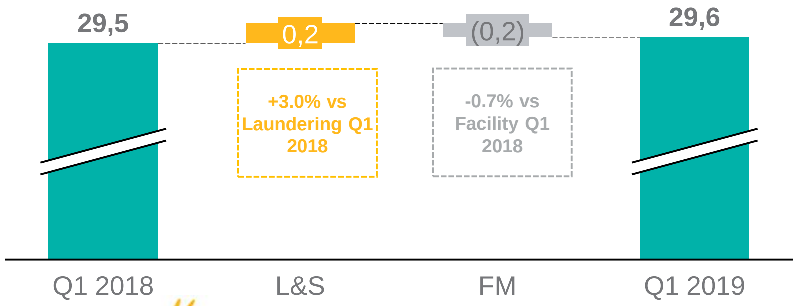
- In the modest awarding market environment, in Q1 2019 Rekeep Group achieved a win rate of 30% on # of tenders (13 out of 43) and 23% on value of tenders
- Total amount of tenders still pending accounts for €3.3bn.
- The tenders held by other central purchasing bodies ("Soggetti Aggregatori") keeps on covering significant share of the total pipeline and allows to maintain the current portfolio and develop new business.

Normalized EBITDA

Normalized EBITDA, €m



Bridge Normalized EBITDA, €m

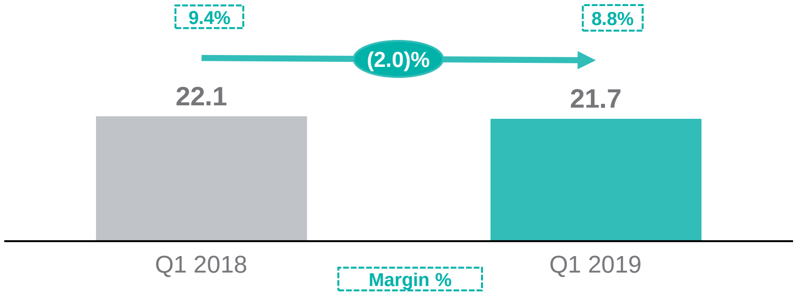


- Normalized EBITDA Q1 2019 vs Q1 2018 increased by +€0.1m :
  - ✓ The positive performance in L&S (+€0.23m) is offset by the negative impact of the FM sector (-€0.16m)
  - ✓ In Q1 2019, L&S experienced an increase in Normalized EBITDA of 3,0% compared to Q1 2018, whereas FM underwent a decrease of 0.7% in the same period

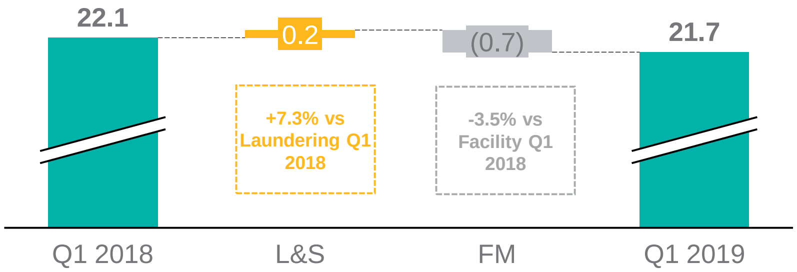
Q1 2018 adjustments on EBITDA are +€0.5m vs +€0.8m in Q1 2019

Normalized EBIT

Normalized EBIT, €m



Bridge Normalized EBIT, €m



- Normalized EBIT slightly decreases to €21.7m (-2%), down €0.4m QoQ due to higher level of D&A
- The decrease is mainly driven by the FM sector:
  - ✓ in FM Normalized EBIT is reduced by -€0.7m, which corresponds to a decrease of -3.5% compared to Q1 2018
  - ✓ in L&S Normalized EBIT rises by +€0.2m, which corresponds to an increase of +7.3% compared Q1 2018

Q1 2018 adjustments on EBIT are +€0.5m vs +€0.8m in Q1 2019

Net Financial Expenses, Taxes, Net Profit

Net Financial Expenses, €m

Q1 2019 (REKEEP)

€8.6m

Q1 2018 (CMF + MFM)*

€9.5m

- Financial expenses lower than Q1 2018 including the buy-back** effect occurred during Q1 2019

Taxes, €m

Q1 2019 (REKEEP)

€8.0m

EBT €10.5m *Tax Rate 76%*

Q1 2018 (CMF + MFM)*

€6.7m

EBT €10.9m *Tax Rate 62%*

Net Result, €m

Q1 2019 (REKEEP)

€2.5m

1.0% of Revenues

Q1 2018 (CMF + MFM)*

€4.1m

1.8 % of Revenues

- Net Income negatively impacted by higher taxes and lower EBIT

(*) Data not audited. Information provided for illustrative purpose only

(**) Pursuant to privately negotiated open-market transactions, Rekeep has repurchased approx. €10m aggregate principal amount of its Notes directly from holders – such securities have been cancelled accordingly.

Industrial Capex

Q1 2019

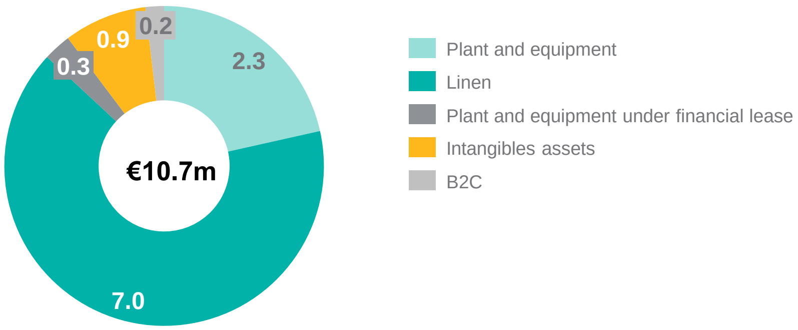
€10.7m

Q1 2018

€6.8m

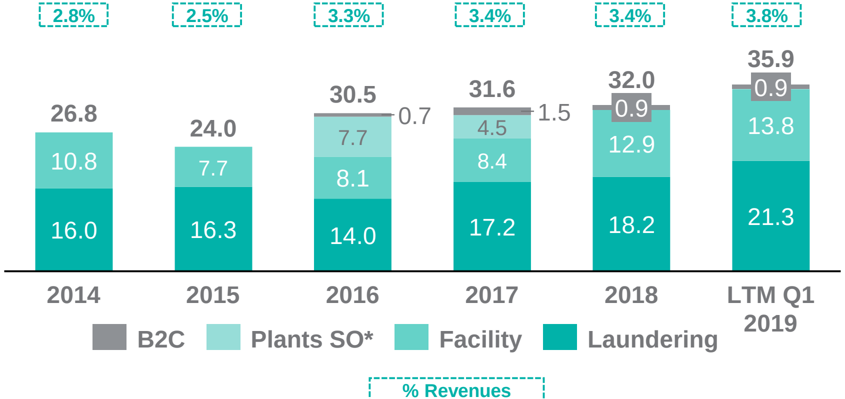
- 2019 Capex accounted 3.8% of FY Revenues. Capex increase in Facility and Laundering mainly due to:
    - **Laundering:** +€3.5m for the development of new major clients (Contracts annual value ~€9m for 5 years)
    - **Facility:** +€0.9m in tangible assets mainly for new PFI projects (PFI - Casalecchio Municipality and PFI – Valsamoggia Municipality)

Capex Breakdown FY 2018, €m



Capex for intangible assets are mainly represented by ICT development

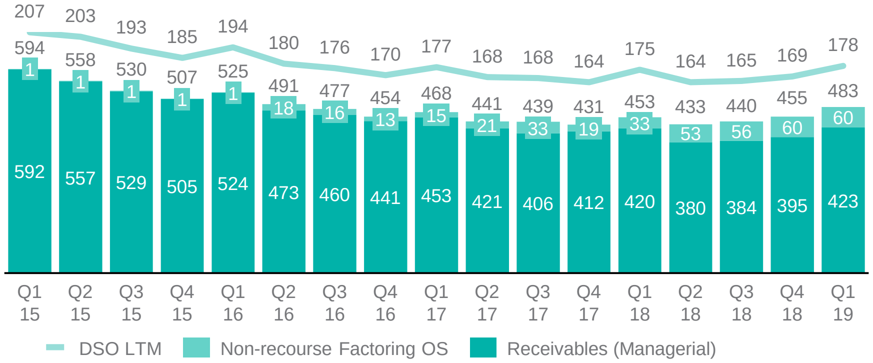
Capex overview, €m



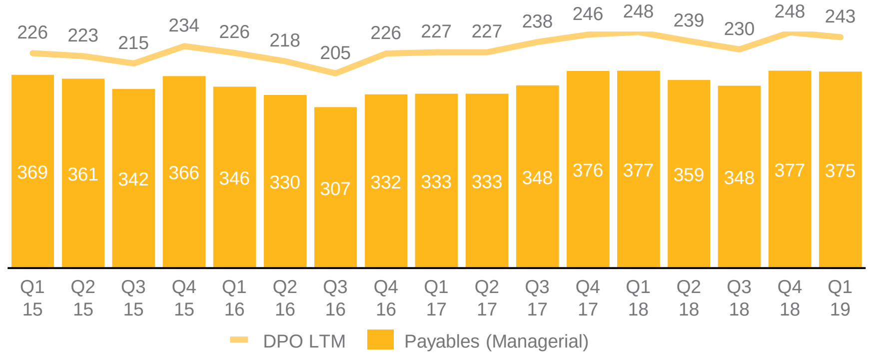
**one-off capex*

DSOs & DPOs

Gross Receivables and DSO



Payables and DPO



- DSOs reach 178 days showing an increase, similarly to previous years in Q1
  - ✓ Increase is mainly due to a delay in invoicing (+13 days; +€35m) vs Q4 2018
  - ✓ partially offset by a decrease in collection (-4 days; -€7m).
- Stable level of non-recourse factoring at €60m
- DPOs registered a decrease (-5 days) vs Q4 2018 due to acceleration of payment to suppliers in this quarter

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

Q1 2019

€56.7m

Q1 2018

€49.2m

NWOC / Revenues*

LTM Q1 2019

6.0%

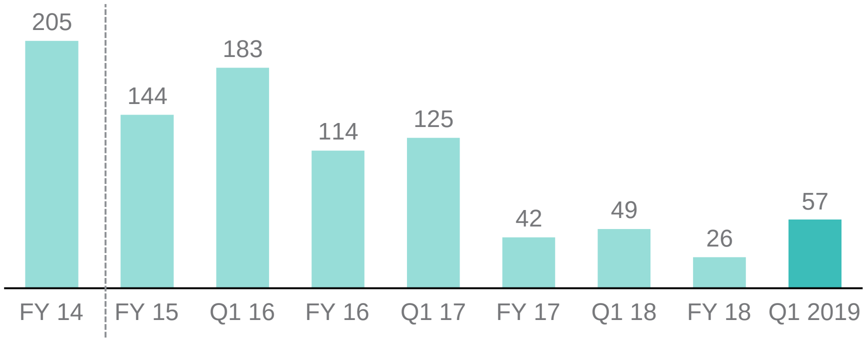
LTM Q1 2018

5.4%

- NWOC increase by €7.4m vs Q1 2018 is mainly due to following elements:
  - Higher DSOs
  - Lower DPOs
- Higher NWC vs Q4 2018 due to seasonality effect as in previous years

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

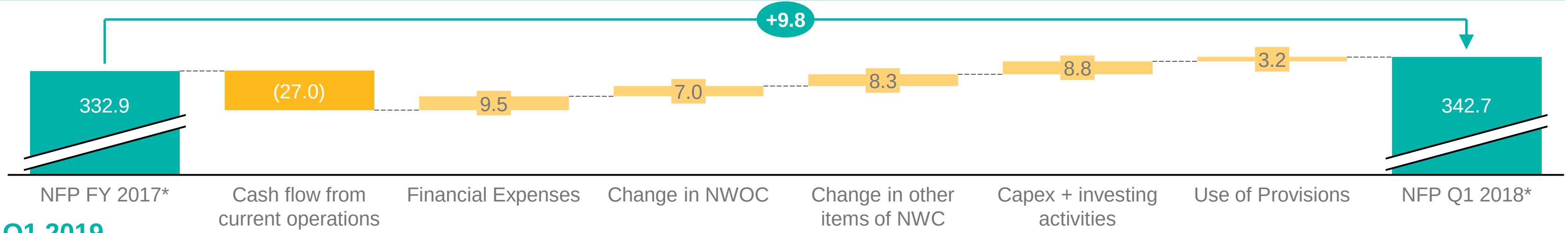


Introduction of «Split Payment» and «Reverse Charge»

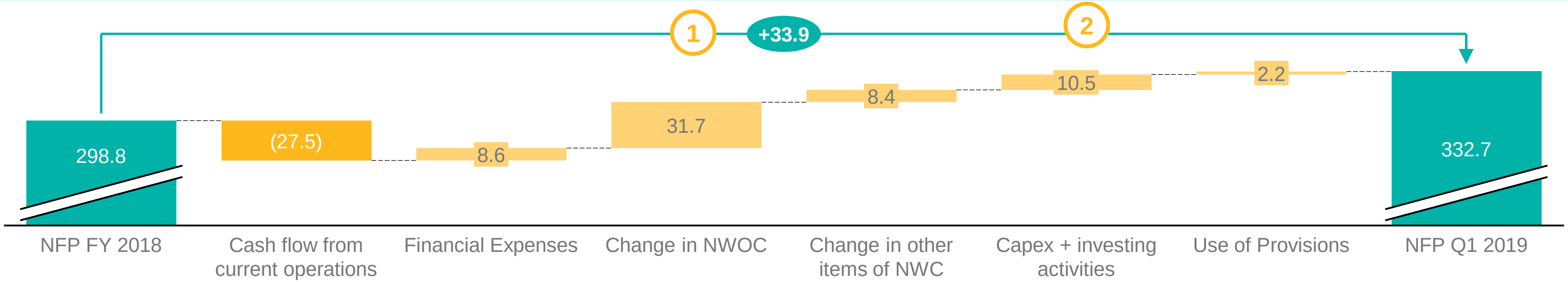
** NWOC / LTM Revenues*

…Focus on NFP changes Q1 2018 vs Q1 2019 (€m)

Q1 2018



Q1 2019



Increase in NFP in line with Q1 2018 following the business seasonality

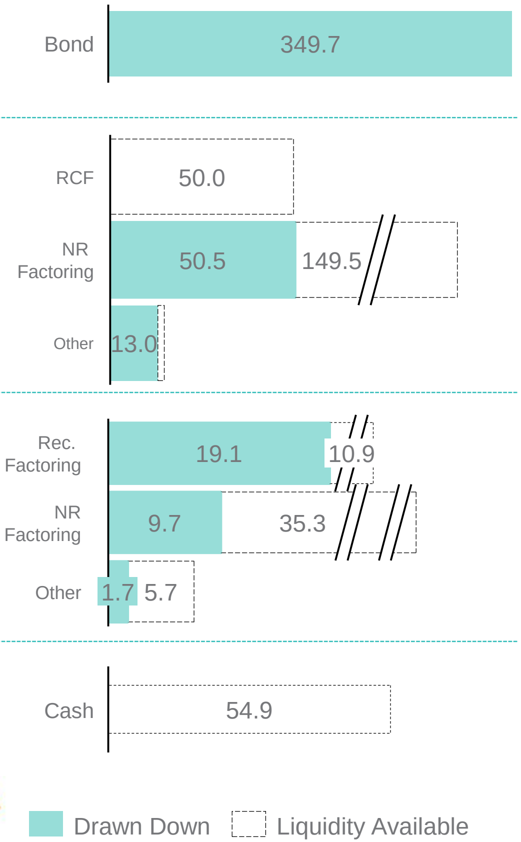
① **Change in NWOC** increase due to higher revenues vs PY quarter

② **Higher CAPEX** mainly in L&S the development/start-up of new major clients and PFI investments

rekeep

(*) Data not audited (MFM + CMF). Information provided for illustrative purpose only

…Focus on Liquidity and Credit Facilities



Type of Facility as of 31 March 2019		Liquidity Available	Committed	Maturity	Details
BOND	Bond	-	✓	Jun-22	SSN @2022 – 9% Coupon – 5NC3(*)
Long Term	RCF	201.1	✓	Dec-21	Completely undrawn
	NR Factoring		✓	Dec-21	New agreement in place with BFF: Revolving, max outstanding €200m, subject to availability of receivables to be sold
	Other		✓	Apr-23 Mar-26	4 credit lines with different maturity
Short Term	Rec. Factoring	51.3	✗	Uncommitted facilities	Other than factoring facilities, the ST facilities are referable to Hot Money
	NR Factoring		✗		In place to provide Company with daily management of WC
	Other		✓ ✗	Dic-20	
Cash	Cash	54.9			

(*) *Pursuant to privately negotiated open-market transactions, Rekeep has repurchased approx. €10m aggregate principal amount of its Notes directly from holders – such securities have been cancelled accordingly. Consistently with our policy to proactively manage our debt profile, the Company may make further purchases of notes from time to time*

Litigation Update

Recent Development/Updates

- **FM4 Investigation** – On May 9, 2019 the Italian Competition Authority decided to impose a fine of €91.6 million against Rekeep Group
- Rekeep maintains that the ICA decision is unjustified and disproportionate, and it has already instructed its legal advisors to take any action and/or pursue any remedy, including before the competent courts, to safeguard its rights and interests
- The Company will appeal the decision to the Administrative Tribunal for the Lazio Region ("Tar Lazio") in the forthcoming weeks seeking the suspension of its enforcement
- The Company will promptly inform the market as soon as any developments, including with respect to the aforementioned proceedings, become available

Furthermore, since the FM4 Consip Tender has not been awarded yet, no potential revenue related to such tender is included as part of the Company's backlog

Next Steps

- **60 Days to appeal to** Administrative Tribunal for the Lazio Region ("Tar Lazio") for the immediate suspension and the decision on merit
- **From the day of our appeal to TAR, timeline estimation as follows:**
  - approx. ~ 6 months for a Tar decision
  - approx. ~ 12 months for the outcome at second grade of administrative justice level (Consiglio di Stato) from Tar decision
  - **Timeline is an indicative estimate variable, and it should not be considered as definitive**

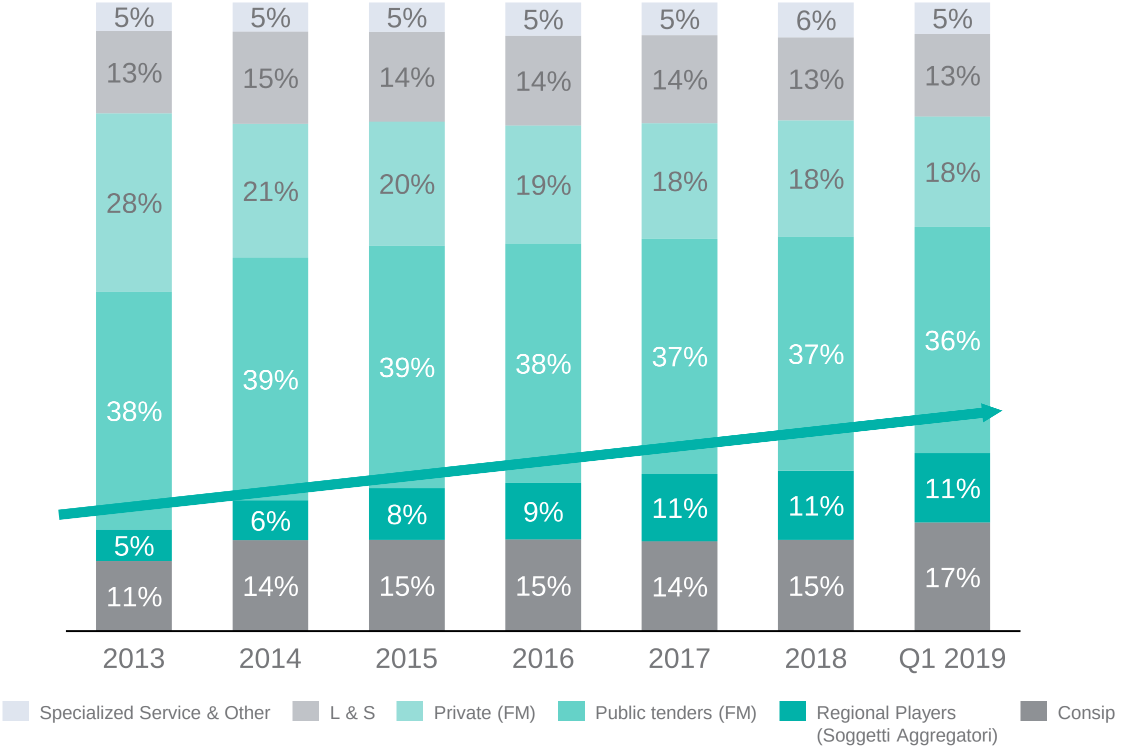
rekeep

minds that work

Annex

Revenues Breakdown

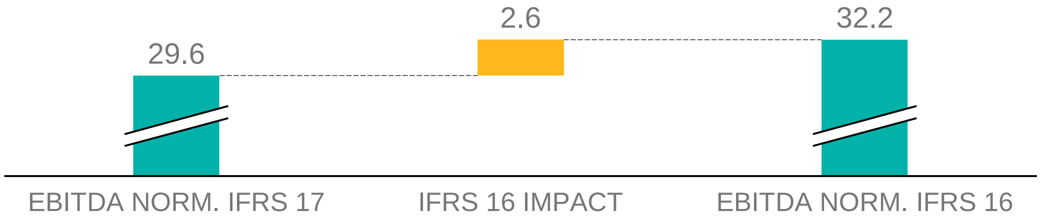
Group Revenues Breakdown



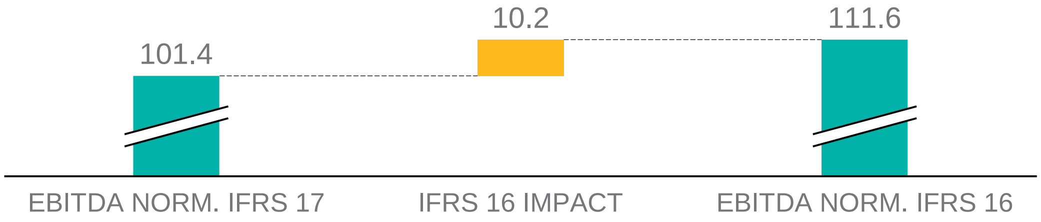
- The chart shows the historical evolution of The Group revenues breakdown by Contract/Purchasing Entities
- Since 2013 the percentage of revenues with CONSIP and Soggetti Aggregatori has grown from 16% to 28% of the total revenues
- As of today the weight of Soggetti Aggregatori and Consip accounts for approximately 28% with **a constantly increasing trend** consistent with the market evolution

IFRS 16 Impact on EBITDA & NPF

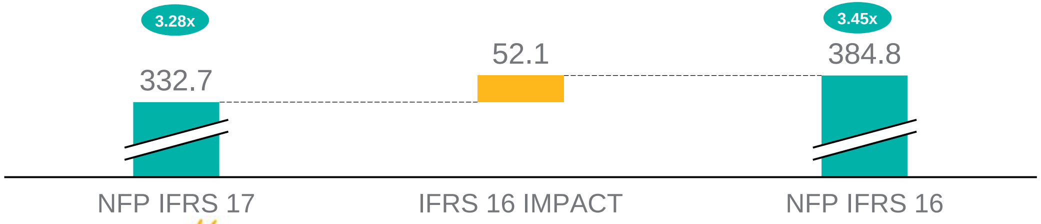
Q1 2019 Normalized EBITDA, €m



LTM Q1 2019 Normalized EBITDA, €m



Q1 2019 Net Financial Position, €m

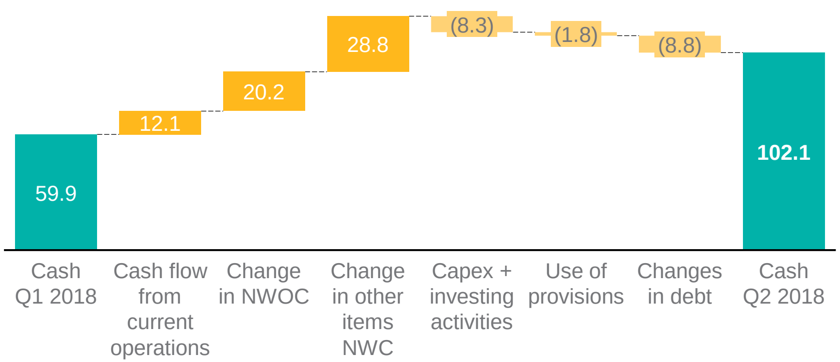


- According to the Offering Memorandum, for purposes of any calculations pursuant to the Indenture, **IFRS shall be deemed to treat operating leases in a manner consistent with the treatment thereof under IFRS as in effect on the Issue Date**, notwithstanding any modifications or interpretative changes thereto that may occur after the Issue Date

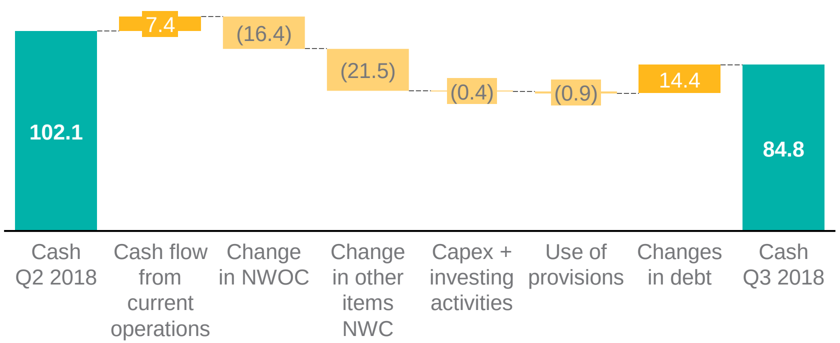
- For this reason, **the figures presented in this document do not reflect any impact arising from the adoption of IFRS16**, however we have included this reconciliation slide for the benefit of the bondholders

Cash evolution by quarter

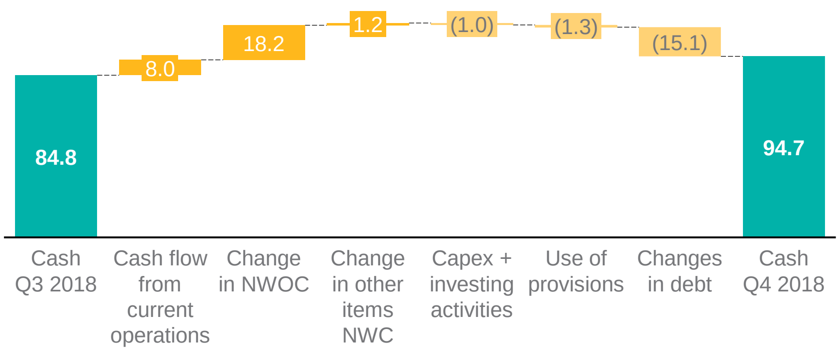
Q2 2018



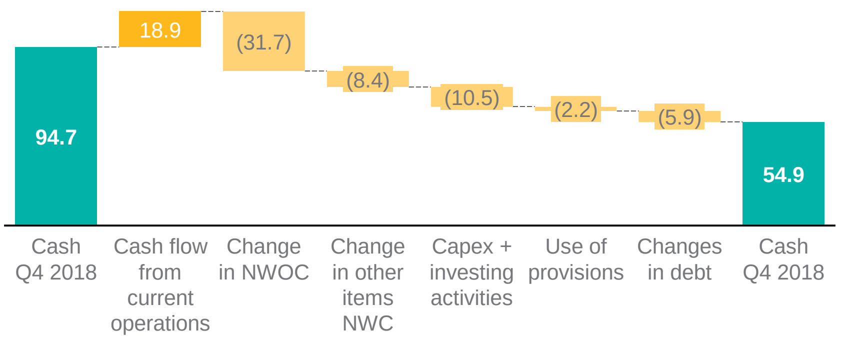
Q3 2018



Q4 2018

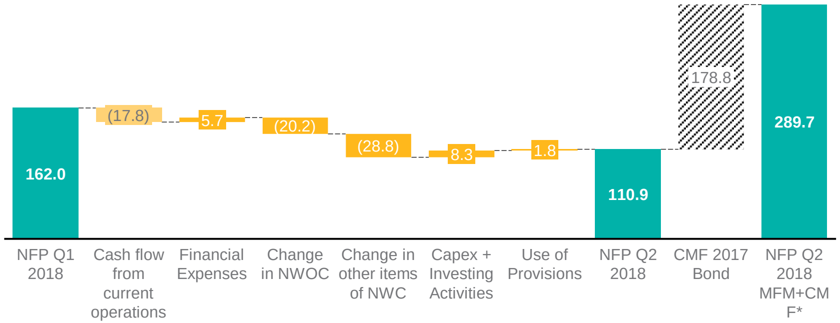


Q1 2019

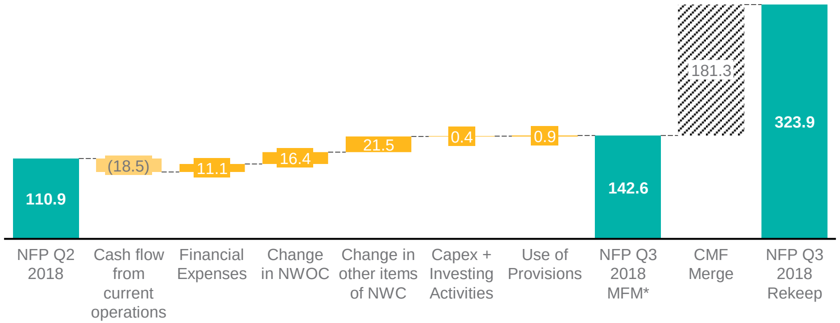


…Focus on NFP changes by quarter (€m)

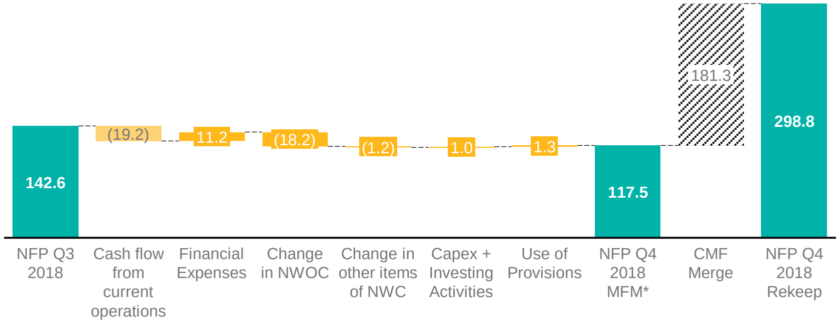
Q2 2018



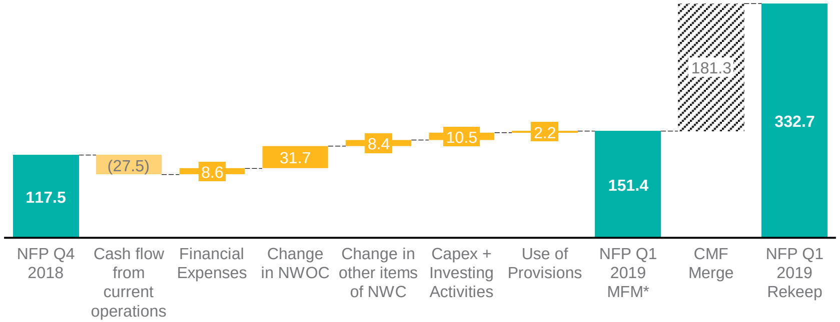
Q3 2018



Q4 2018



Q1 2019



Net Financial Indebtedness CMF Group does not include the amount of CMF Shareholder's Funding.

(*) Data not audited. Information provided for illustrative purpose only

KPIs at a glance – Adjusted and Normalized

Reconciliation table of principal economic and balance sheet items coming from consolidated statutory accounts and ADJUSTED in order to normalize non recurring events and off balance sheet items:

Q1 2019 KPI Reconciliation (statutory vs adjusted), €m

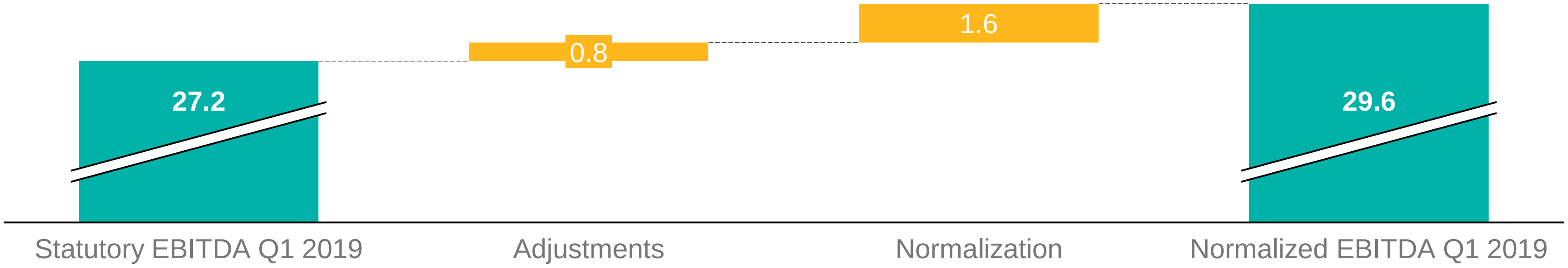
	Statutory Consolidated FS	**Adj**	**Adjusted Consolidated FS**	**Normalization**	**Normalized Consolidated FS**
Revenues	248.4	0	248.4	(3.0)	245.4
EBITDA	27.2	0.8	28.0	1.6	29.6
EBITDA % on revenues	*11.0%*		*11.3%*		*12.1%*
EBIT	19.0	0.8	19.8	1.8	21.7
EBIT % on revenues	*7.7%*		*8.0%*		*8.8%*
Net Result	2.5				
NWOC	56.7				
NFP Rekeep Group	(332.7)				

- Period adjusted EBITDA and adjusted EBIT include non recurring items referring to: Re-organizations; Professional services and advisory fees (AGCM)

Normalized Revenues, EBITDA and EBIT do not include our Start-ups' results

Adjustments to EBITDA

Bridge to Normalized EBITDA, €m



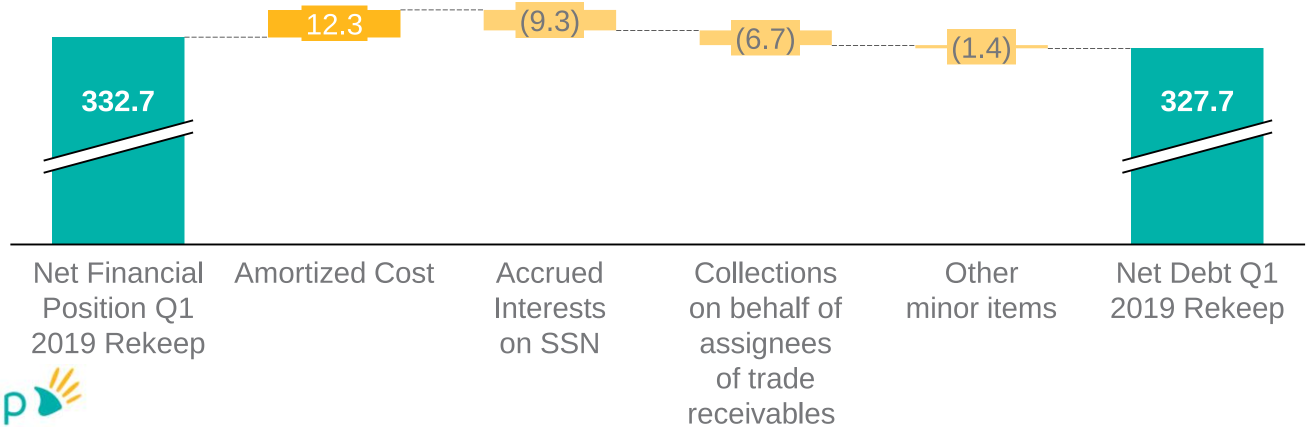
Adjustments, €m	
Re-organizations + Professional services and advisory fees (AGCM)	**0.8**

Normalization. €m	
YouGenio/B2C	1.0
Rekeep World	0.6
Total	**1.6**

Net Financial Position to Net Debt

Q1 2019 Net Financial Position to Net Debt, €m

	31st March 2019	31st March 2018
Long term financial debt	354.4	181.3
Bank borrowings, including current portion of long-term debt and other financial liabilities	37.7	43.4
Gross financial indebtness	***392.1***	***224.7***
Cash and cash equivalents	(54.9)	(59.9)
Current financial assets	(4.4)	(2.9)
Net financial indebtness	***332.7***	***161.9***
Pro forma CMF		180.7
Net financial indebtness Rekeep Group	***332.7***	***342.7***



Definitions

More definitions available in Offering Memorandum

(1) “Net Debt” is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets

(2) “Gross Debt” is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Long-term bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations

(3) “NFP Net financial indebtedness (PFN - Posizione Finanziaria Netta)” **-** Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of receivables and other current financial assets and Cash and Cash equivalents

(4) “Collections on behalf of factoring counterparties” refers to the balances of bank accounts into which customers make payments on the trade receivables that have been sold to factoring counterparties as further discussed under “Description of certain financing arrangements—Factoring facilities—Banca Farmafactoring Facility.” in Offering Memorandum

ANNEX

PROFIT&LOSS (€/000)	For the Quarter ended 31 Mar		For the Quarter ended 31 Mar IFRS16	
	2019	2018	2019	2018
Total revenues	248,416	236,683	248,416	236,683
Total costs of production	-221,176	-209,370	-218,562	-206,791
EBITDA	**27,240**	**27,313**	**29,854**	**29,892**
EBITDA %	***10.97%***	***11.54%***	***12.02%***	***12.63%***
Amortization/depreciation, write-downs and write-backs of assets	-7,843	-7,094	-9,865	-9,113
Accrual of provisions for risks and charges	-350	-487	-350	-487
Operating income	**19,047**	**19,732**	**19,639**	**20,292**
Risultato operativo %	***7.67%***	***8.34%***	***7.91%***	***8.57%***
Share of net profit of associates	85	843	85	843
Net financial charges	-8,626	-4,982	-9,307	-5,733
Profit before taxes from continuing operations	**10,506**	**15,593**	**10,417**	**15,402**
Profit before taxes from continuing operations %	***4.23%***	***6.59%***	***4.19%***	***6.51%***
Income taxes	-7,979	-6,844	-7,972	-6,793
Profit from continuing operations	**2,527**	**8,749**	**2,445**	**8,609**
Loss for the period from discontinued operation	0	0	0	0
Net profit for the period	**2,527**	**8,749**	**2,445**	**8,609**
Net profit for the period %	***1.02%***	***3.70%***	***0.98%***	***3.64%***
Minority interests	-14	-66	-13	-66
Net profit for the period attributable to equity holders of the parent	**2,513**	**8,683**	**2,432**	**8,543**
Net profit for the period attributable to equity holders of the parent %	***1.01%***	***3.67%***	***0.98%***	***3.61%***

ANNEX

BALANCE SHEET (€/000)	31 Mar 2019	31 Dec 2018	Change	31 Mar 2019 IFRS16	31 Dec 2018 IFRS16
USES					
Trade receivables and advances to suppliers	448,777	417,930	30,847	448,777	417,930
Inventories	8,258	7,421	837	8,258	7,421
Trade payables and advances from customers	-400,371	-399,602	-769	-400,371	-399,602
Net working operating capital	***56,664***	***25,749***	***30,915***	***56,664***	***25,749***
Other element of working capital	-58,703	-61,284	2,581	-58,703	-61,284
Net working capital	***-2,039***	***-35,535***	***33,496***	***-2,039***	***-35,535***
Tangible assets	78,275	73,975	4,300	126,746	122,603
Intangibles assets	432,495	433,256	-761	432,495	433,256
Investments accounted for under the equity method	19,207	19,207	0	19,207	19,207
Other non current assets	28,176	28,481	-305	29,505	29,787
Operating fixed assets	***558,153***	***554,919***	***3,234***	***607,953***	***604,853***
Non current liabilities	-55,459	-55,104	-355	-55,461	-55,104
Net invested capital	***500,655***	***464,280***	***36,375***	***550,453***	***514,214***
SOURCES					
Minority interests	669	668	1	659	660
Equity attributable to equity holders of the parent	167,253	164,824	2,429	164,975	162,293
Shareholders' equity	***167,922***	***165,492***	***2,430***	***165,634***	***162,953***
Subordinated Shareholder Funding	0	0	0	0	0
Net financial indebtedness	332,733	298,788	33.945	384,819	351,261
Total financing sources	***500,655***	***464,280***	***36,375***	***550,453***	***514,214***

ANNEX

Statement of Cash flow (Statutory) (€/000)	31 Mar 2019	31 Mar 2018
CASH at the beginning of the period	**94,733**	**59,870**
Cash flow from current operations	18,876	22,048
Use of provisions for risks and charges and for employee termination indemnity	-2,209	-3,199
Change in NWOC	-31,725	-7,008
Industrial Capex, net of disposals	-10,537	-6,439
Financial Capex	22	-2,336
Other changes	-8,374	-8,279
Change in net financial liabilities	-5,882	5,237
CASH at the end of the period	**54,904**	**59,893**

What’s next

- ✓ Rekeep will attend:
  - i) Unicredit High Yield Conference in Milan, on May, 22th 2019
  - ii) Deutsche Bank Leveraged Finance Conference in London, on June 5th 2019

- ✓ Next call on Q2 2019 Results will be held on August 27th 2019

- ✓ Rekeep Financial Calendar and Replay available on:

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