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Call on Q2 2019 Results

August 27, 2019, 17CEST

Disclaimer

This presentation has been prepared for information purposes only as part of the conference to present the results as of June 30, 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.

Half year results of Rekeep Group are subject to a limited auditors' review

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

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Key Quarter Highlights

Revenues

- Confirmed revenues growth trend with a +4.7% increase vs. Q2 2018
- Robust growth on both segments, L&S and FM, with an evident increase in Healthcare

EBITDA / EBITDA Margin

- Reported quarterly Normalized EBITDA €22.7m, increased by +€1.2m vs. Q2 2018, leading to a €102.6m LTM.
- Slight increase on EBITDA margin +0.1% vs. Q2 2018, and stable level on LTM basis at 10.7% margin

Backlog & Pipeline

- Commercial activity in line with previous year excl. Mies2
- Backlog recovers, slightly above 2.7 x Revenues

NWC

- NWC under control and stable compared to Q2 2018 confirming the seasonal improvement vs Q1 2019 with lower DSOs

Net Financial Profile and Cash Position

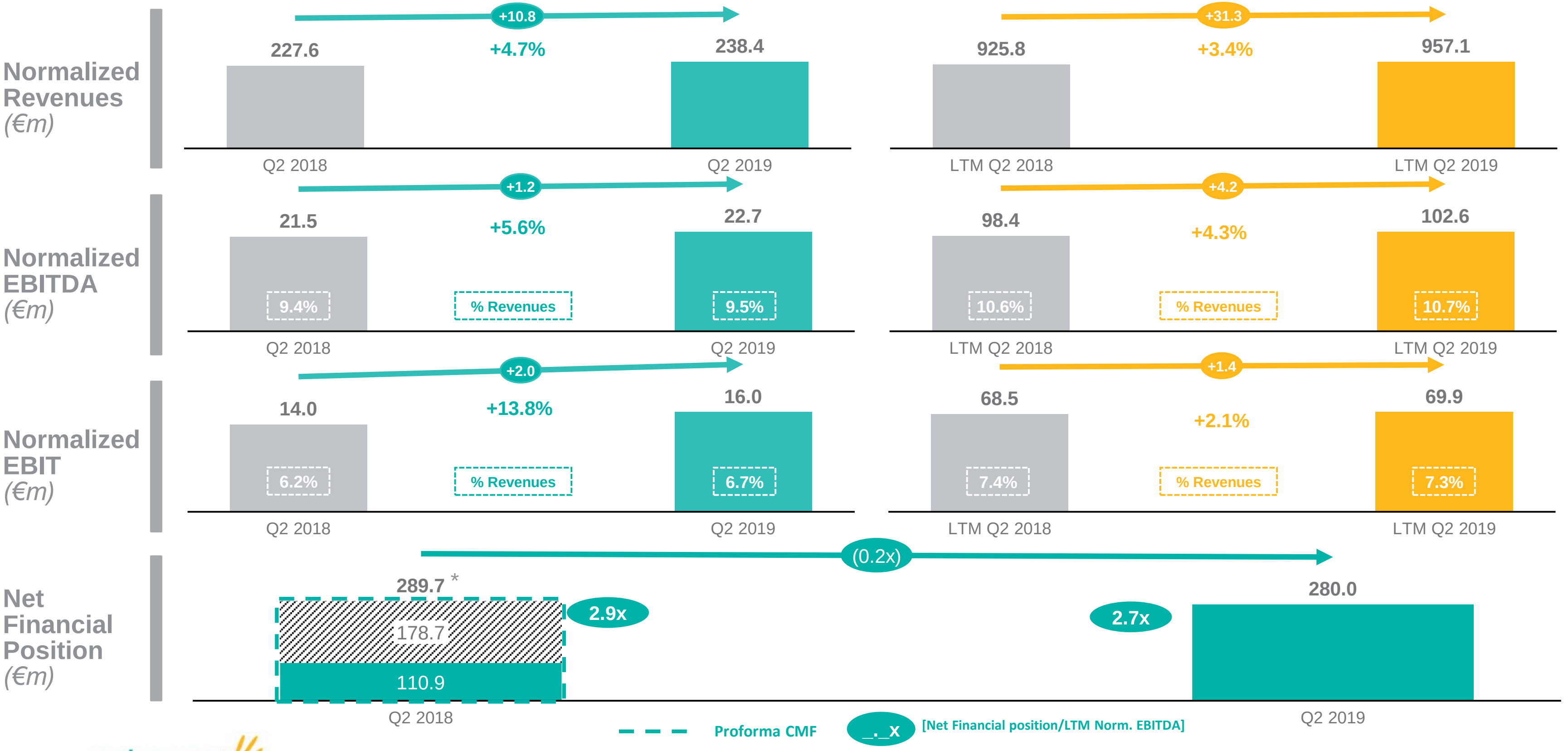
- The Company continues to show its commitment on deleverage, while retaining an adequate liquidity level
- NFP at €280m leading to a decrease of the leverage* by -0.2x vs Q2 of previous year

(*) Net Financial position / LTM Normalized EBITDA

3 months and LTM KPIs at a glance

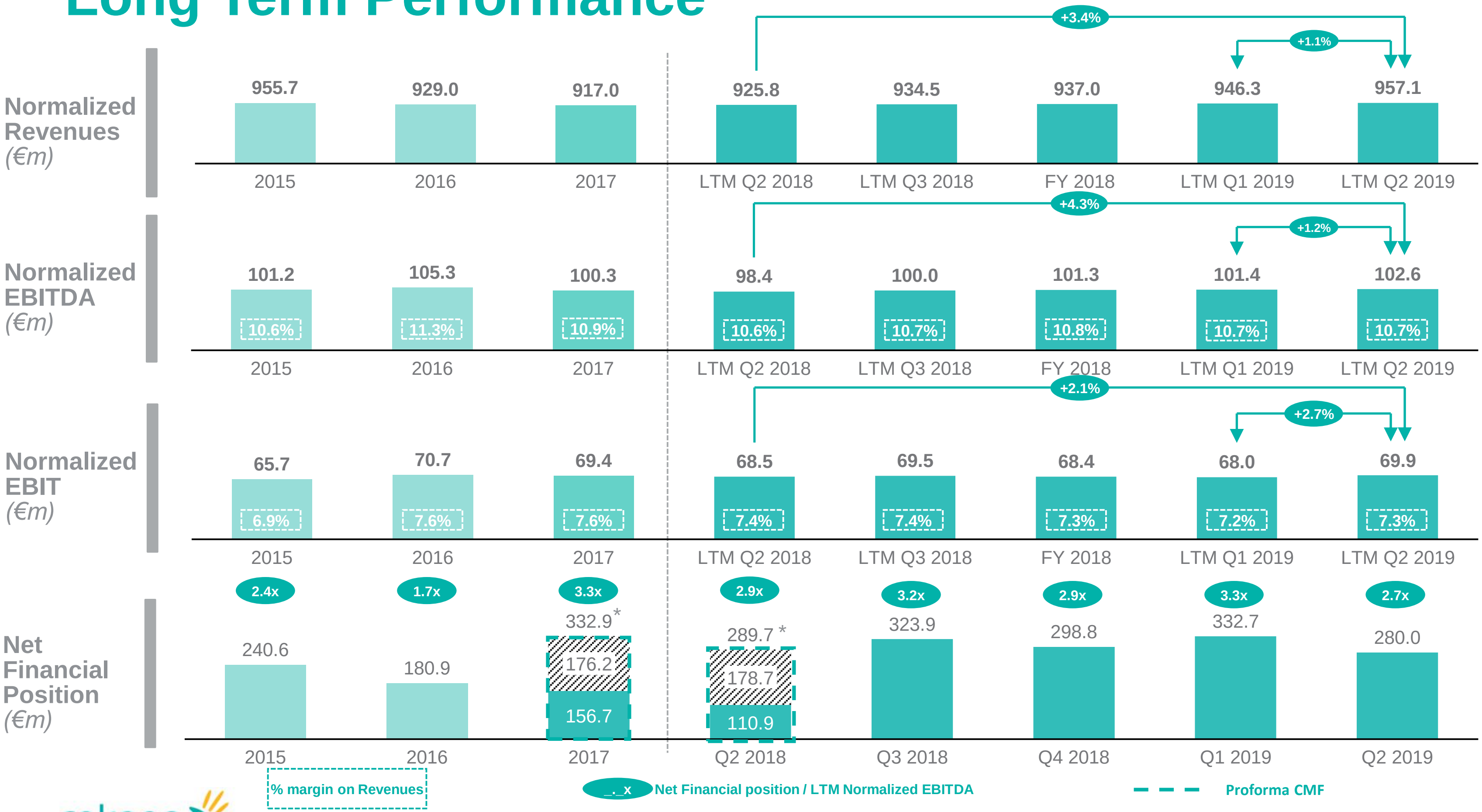
Q2 2018 vs. Q2 2019

LTM Q2 2018 vs. LTM Q2 2019



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

Long Term Performance



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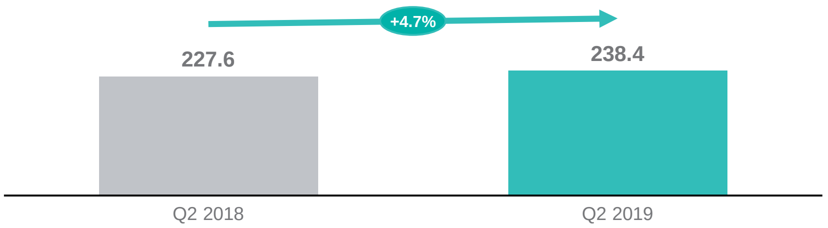
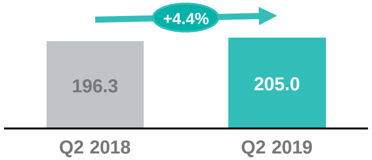
Normalized Revenues

Normalized Revenues, €m

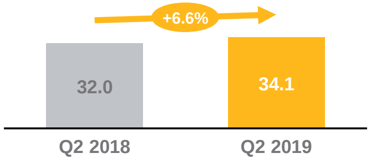


Normalized Revenues by segment, €m

Facility Management

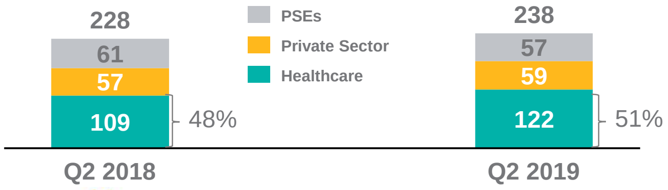


Laundering&Sterilization



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

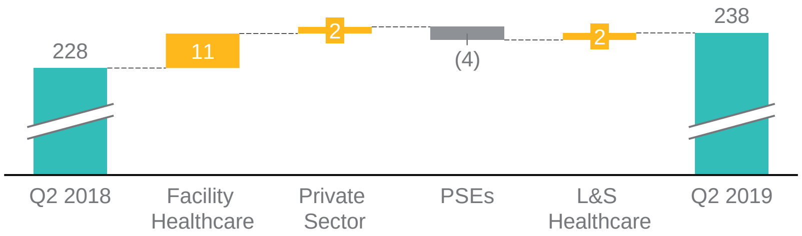
Normalized Revenues by client, €m



Considerations

- Higher normalized revenues (+4.7%) driven by an increase in both sectors, FM and L&S
  - ✓ FM Revenues increase in Q2 2019 by €8.7m (+4.4%)
  - ✓ Continuous increase of L&S by €2.1m (+6.6%)

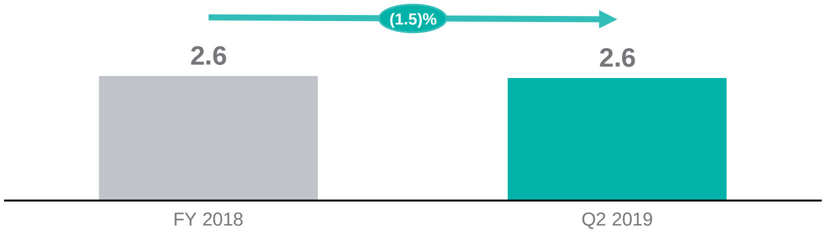
Normalized Revenues bridge by client, €m



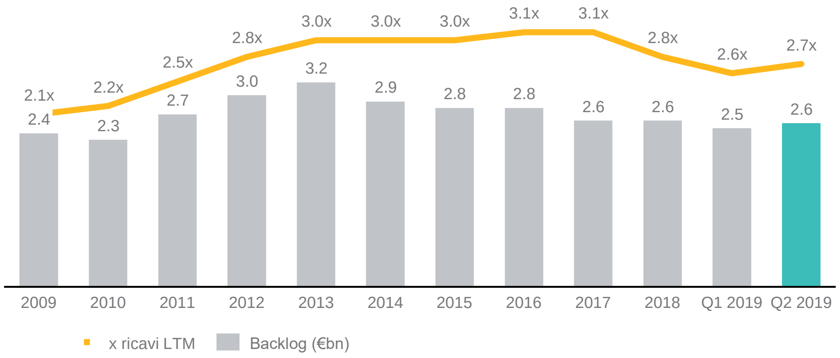
- **Facility Healthcare** still drives the growth**:** increase mainly due to MIES2 development
- **Private Sector** increase mainly driven by H2H revenues
- **PSEs** decrease mainly due to perimeter change of a large customer, and a loss of some contracts

Backlog

Backlog, €bn

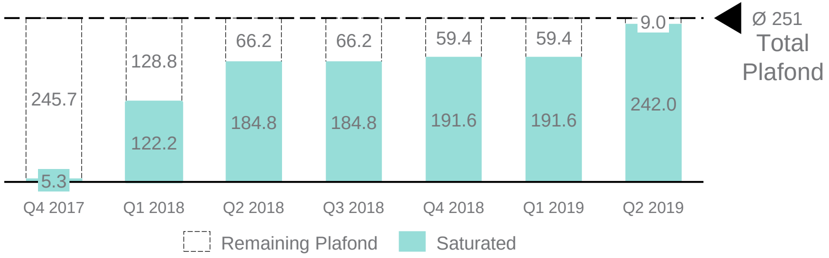


Revenue visibility from backlog



- Backlog in line with Q4 2018 and higher than Q1 2019 mainly due to higher acquisitions in the second quarter and continuous increase of technical extensions (+110% vs Q1 2019)
- Increase in revenues coverage lands to 2.7 times

Timeline of Mies2 Plafond Saturation

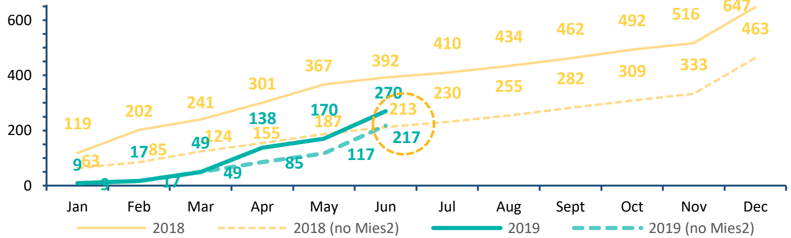


- As of 30 June 2019, approximately 96%(*) of the total Mies2 FA has been saturated
- *As shown on the graph above, the Company has confirmed its ability to saturate nearly the entire plafond within the first 18 months*

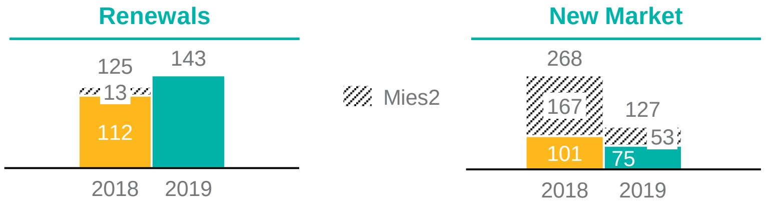
(*) Total Plafond Mies2 ≈ €251m.
€242m out of the €251m Plafond were acquired during the period December 2017 – June 2019 (Q2-2019), and are included in Backlog Q2 (96%).

Commercial Activity

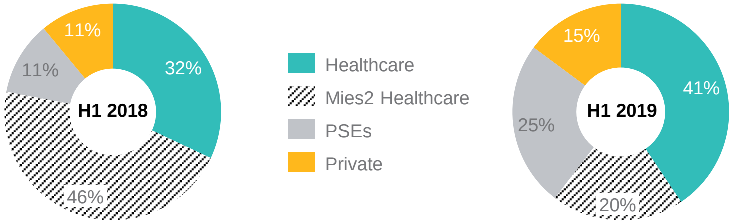
Value of contracts signed H1 2019 , €m



Breakdown of signed contracts H1, €m



Signed contracts by Client, €m



Sales activity

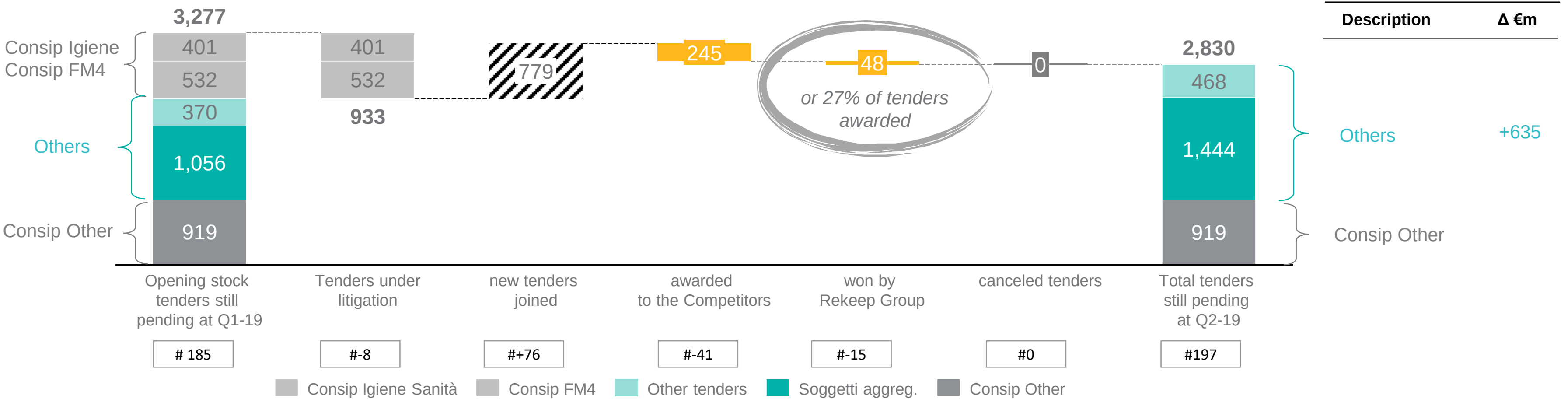
- Higher acquisition of new contracts during Q2 2019 bring the 2019 total commercial activity in line with previous year – *not including Mies2* (€217m H1 2019 vs €213m H1 2018):
  - ✓ **Renewals**: better performance vs H1 2018 in facility driven by acquisition of new contracts from tenders issued by regional centralized purchasing entities ("Soggetti Aggregatori")
  - ✓ **New market**: excluding Mies 2, the performance is slightly lower than previous year mainly due to lower L&S awarding

Main Contracts signed in Q2 2019

Client	Service	Annual Value	Duration	Acquisition type
ASP Autonoma Bolzano (Mies2)	Energy Services	€7.1m	7 years	New Market
ESTAR Toscana AOU CAREGGI	Cleaning	€5.0m	6 years	Portfolio
ESTAR Toscana ASL FIRENZE	Cleaning	€3.7m	6 years	Portfolio

Tenders Pipeline – Q2 2019

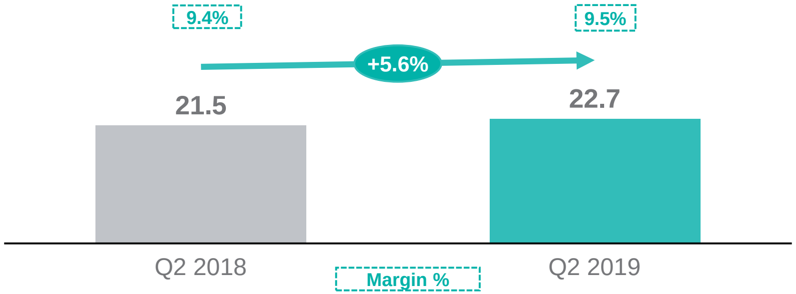
Tenders Pipeline Bridge by Stock tenders and New tenders



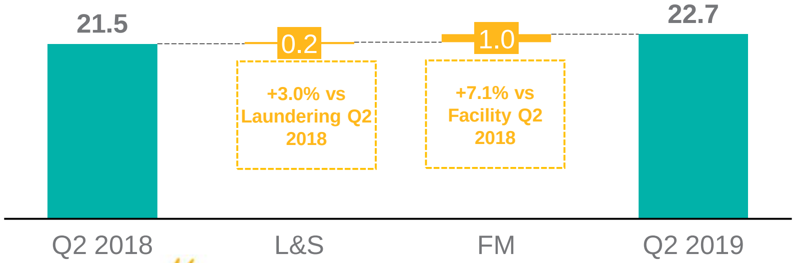
- In Q2 2019 Rekeep Group achieved a win rate of 27% on # of tenders (15 out of 56) and 16% on value of tenders.
- **Since the beginning of this year Rekeep Group achieved a win rate of 28% on # of tenders (28 out of 99) and 20% on value tenders**
- Total amount of tenders still pending accounts for €3.8bn, €2.8bn excluding tenders under litigation.
- The tenders held by other regional centralized 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

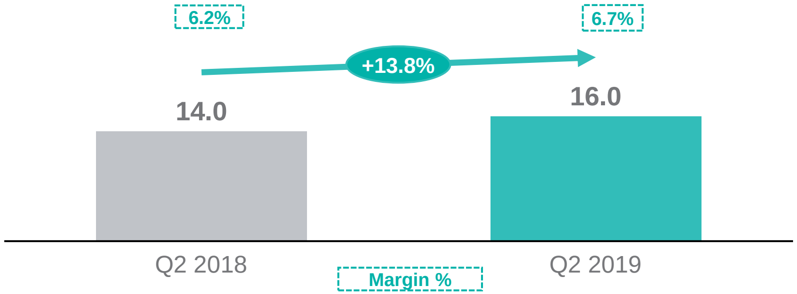


- Normalized EBITDA Q2 2019 vs Q2 2018 increased by +€1.2m :
  - ✓ Positive performance with an increase in both sectors: L&S (+€0.2m) and Facility (+€1.0m)
  - ✓ QoQ percentage increase in Normalized EBITDA led by FM of 7.1% and L&S of +3.0%

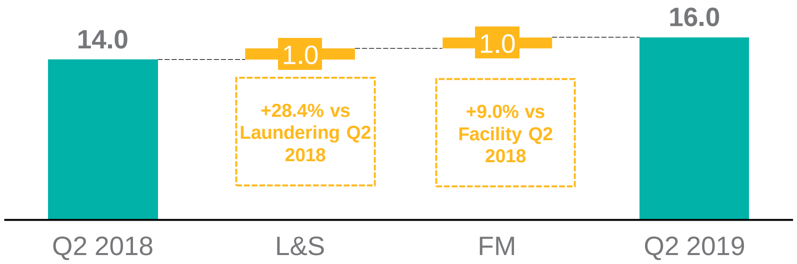
Q2 2019 adjustments on EBITDA are +€0.4m vs +€2.0m in Q2 2018

Normalized EBIT

Normalized EBIT, €m



Bridge Normalized EBIT, €m



- Significant increase of Normalized EBIT to €16.0m (+13.8%), up €2.0m QoQ
- Increase mainly driven by both sectors:
  - ✓ FM Normalized EBIT increase by +€1.0m, and an increase of +9.0% compared to Q2 2019 consistent with the EBITDA improvement
  - ✓ L&S Normalized EBIT increase by +€1.0m, and an increase of +28.4% compared to Q2 2019 led by an amortization policy update on D&A in the laundering business

Q2 2019 adjustments on EBIT are +€0.4m vs +€2.0m in Q2 2018

Net Financial Expenses, Taxes, Net Profit

Net Financial Expenses, €m

H1 2019 (REKEEP)

€18.8m

H1 2018 (CMF + MFM)*

€19.7m

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

Taxes, €m

H1 2019 (REKEEP)

€9.8m

EBT €14.0m *Tax Rate 70%*

H1 2018 (CMF + MFM)*

€9.0m

EBT €11.1m *Tax Rate 81%*

Net Result, €m

H1 2019 (REKEEP)

€4.2m

0.9% of Revenues

H1 2018 (CMF + MFM)*

€2.1m

0.5 % of Revenues

- Higher net result (+100%) consistent with the increase in profitability

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(*) 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

Q2 2019

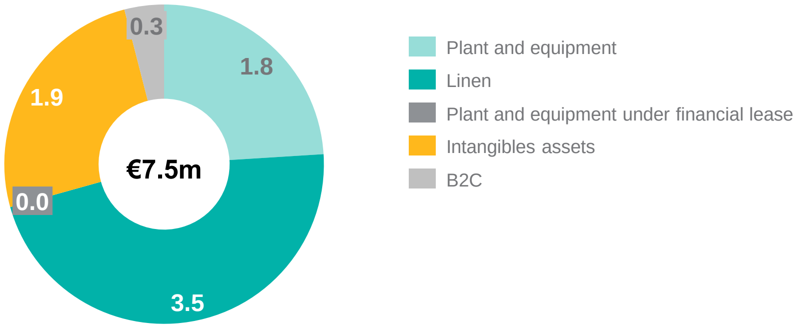
€7.5m *3.2% of Q2 2019 Revenues*

Q2 2018

€8.2m *3.6% of Q2 2018 Revenues*

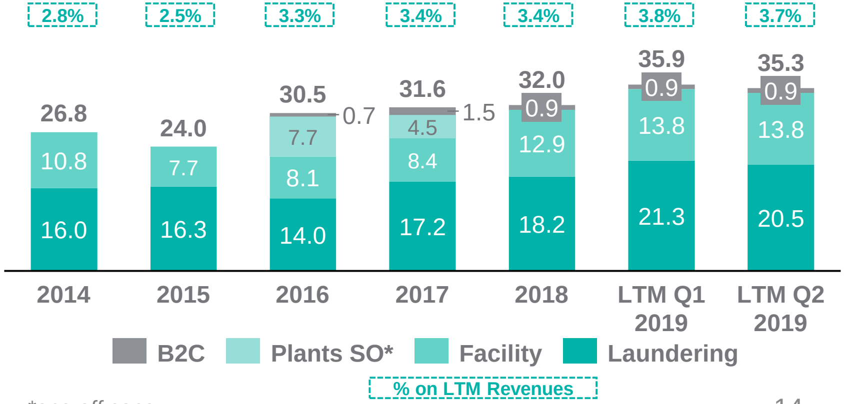
- Q2 2019 Capex lower than the same quarter of previous year -€0.7m
- LTM Q2 2019 Capex accounted 3.7% over LTM Revenues, higher than 2018 level, mainly due to investments in the previous quarter:
  - **Laundering:** +€3.5m for the development of new major clients (Contracts annual value ~€9m for 5 years)
  - **Facility:** +€0.9m in tangible assets mainly for new PFI projects (PFI - Casalecchio Municipality and PFI – Valsamoggia Municipality)

Capex Breakdown Q2 2019, €m



Capex for intangible assets are mainly represented by ICT development

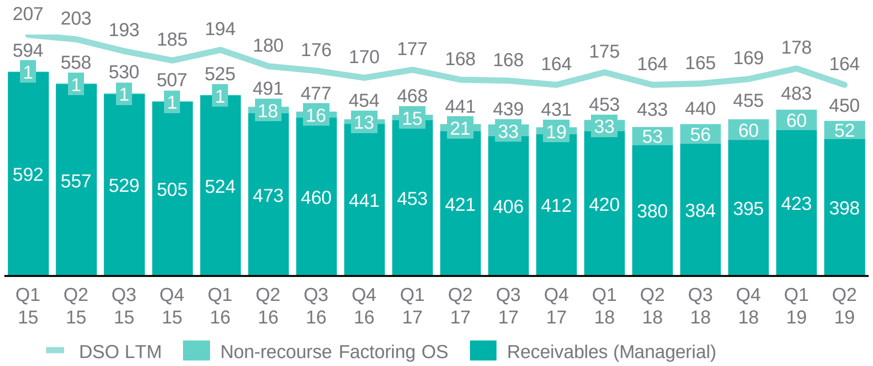
Capex overview, €m



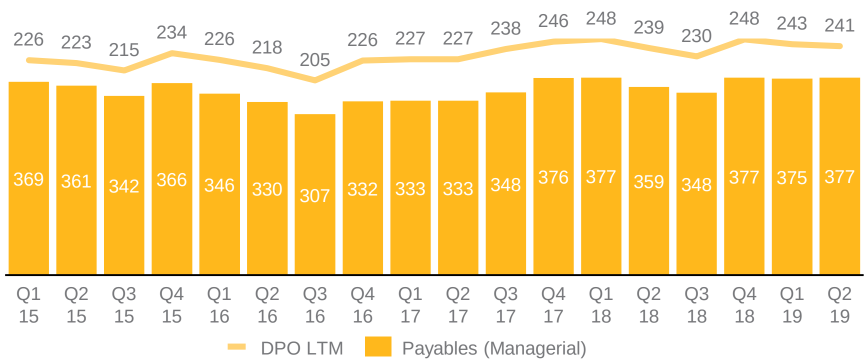
*one-off capex

DSOs & DPOs

Gross Receivables and DSO



Payables and DPO



- DSOs reach 164 days showing a significant decrease vs Q1 2019, due to seasonality effect

- Stable level of non-recourse factoring over the last four quarters, in Q2 lands at €52m (€53m in Q2 2018)

- DPOs registered a decrease (-2 days) vs Q1 2019 due to acceleration of payment to suppliers in this quarter, reflecting partially the improvement achieved in DSOs

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

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Net Working Operating Capital

NWOC

Q2 2019

€30.4 m

Q2 2018

€29.1m

NWOC / Revenues*

LTM Q2 2019

3.2%

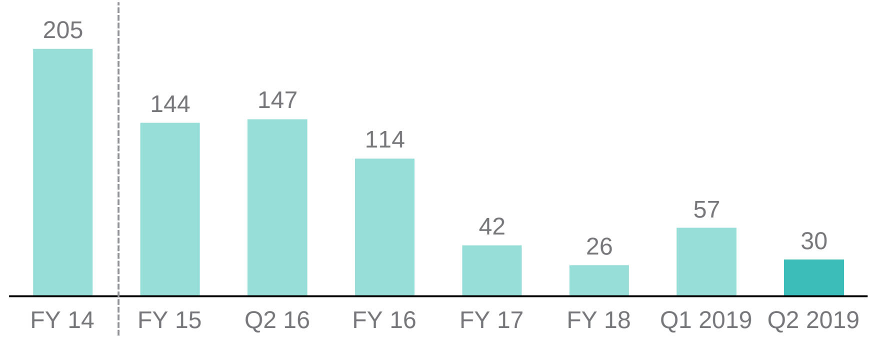
LTM Q2 2018

3.1%

- NWOC relatively stable compared to Q2 2018
- Improvements showed vs Q1 2019 mainly due to the seasonal quarter decrease of DSOs

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

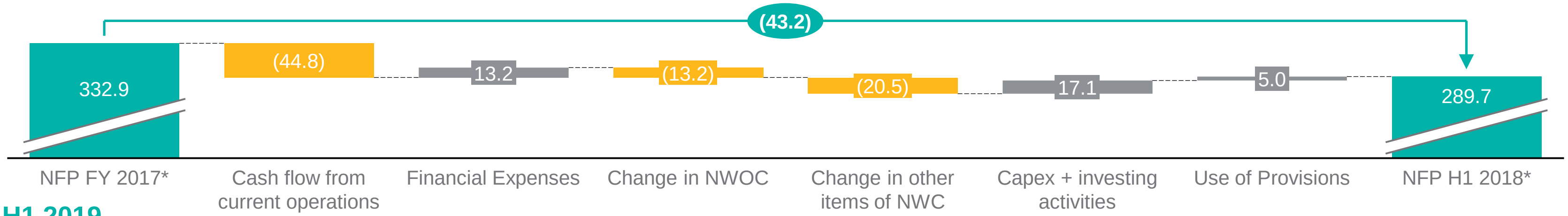


Introduction of «Split Payment» and «Reverse Charge»

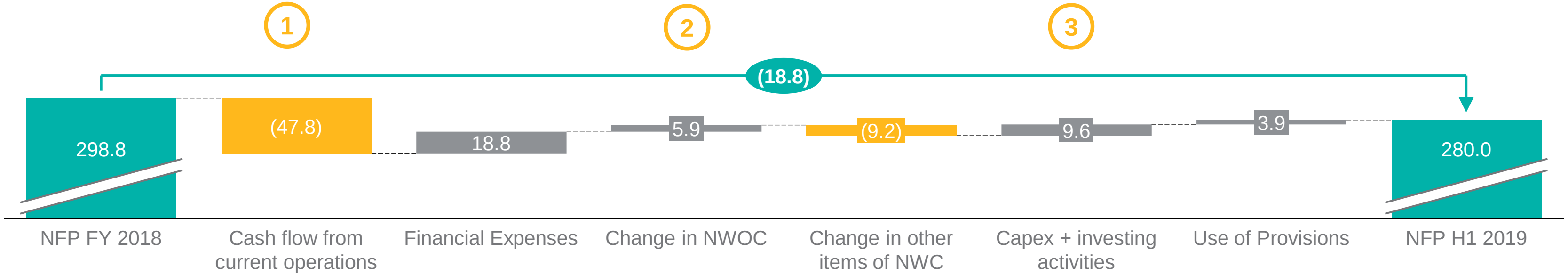
** NWOC / LTM Revenues*

…Focus on NFP changes H1 2018 vs H1 2019 (€m)

H1 2018



H1 2019



Decrease in NFP in line with H1 2018 following the business seasonality

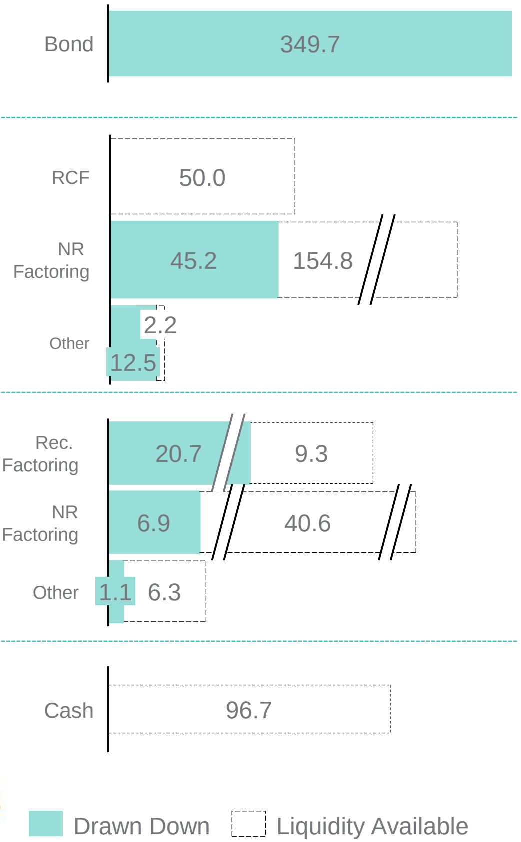
① Higher **cash flow from current operations** in line with the increasing EBITDA

② Slight increase **in NWOC** (+ €5.9m) consistent with the ongoing revenues growth trend

③ Lower **Capex + Investing(Disposal) activities** mainly due to the disposal of a stake in a consortium

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

…Focus on Liquidity and Credit Facilities



Type of Facility as of 30 June 2019		Liquidity Available	Committed	Maturity	Details
BOND	Bond	-	✓	Jun-22	- SSN @2022 – 9% Coupon – 5NC3(*)
Long Term	RCF	207.0	✓	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	56.2	✗	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	96.7			

(*) Pursuant to privately negotiated open-market transactions, in Q1 2019 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 instructed its legal advisors to take any action and/or pursue any remedy, before the competent courts, to safeguard its rights and interests
  - ☐ On July 3, 2019 Rekeep appealed the above mentioned decision by Italian Competition Authority to the Administrative Tribunal for the Lazio Region ("Tar Lazio")
  - ☐ On July 17, 2019 the Administrative Tribunal for the Lazio Region ("Tar Lazio") has suspended the enforcement of the monetary fine until a decision on the merits is reached by the same authority. Such suspension is subject to the Company being able to provide, within 60 days, a guarantee of the amount of the fine levied against the Company by the ICA. The Group is exploring the best options to satisfy such request
  - ☐ On August 1, 2019 Rekeep appealed the above mentioned decision issued by the Administrative Tribunal for the Lazio Region ("Tar Lazio") before the State Council (Consiglio di Stato – i.e The Supreme Administrative Court) seeking its annulment (and, as a precautionary measure, the suspension of its enforcement) on the basis that the Tar Lazio:
    - ✓ did not suspend the ICA provision but only the fine, and
    - ✓ subordinated the fine suspension to the provision of a guarantee

With respect to the aforementioned proceedings, the Company will promptly inform the market as soon as any developments become available

Next Steps

- ☐ The hearing on the merits is scheduled to take place on May 6, 2020
- ☐ The hearing on the merits is scheduled to take place on September 12, 2019

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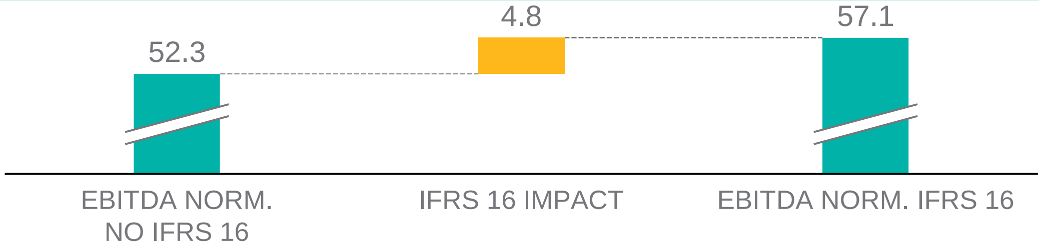
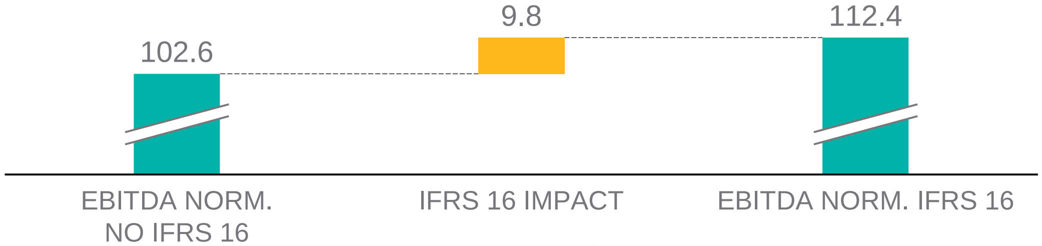
Annex

IFRS 16 Impact on EBITDA & NPF

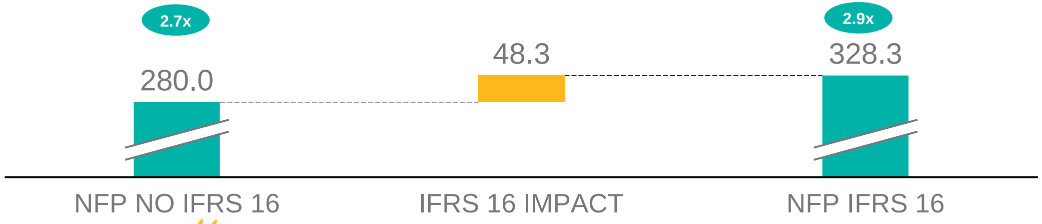
H1 2019 Normalized EBITDA, €m



LTM Q2 2019 Normalized EBITDA, €m



H1 2019 Net Financial Position, €m



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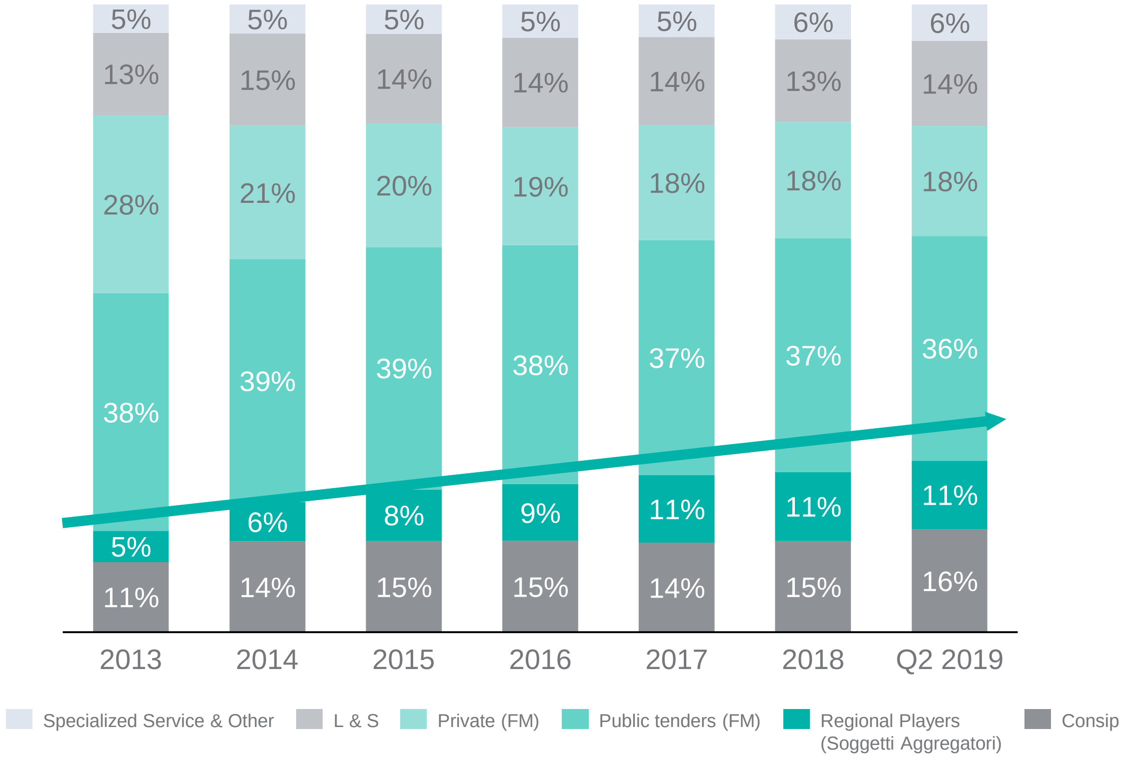
Revenues Breakdown

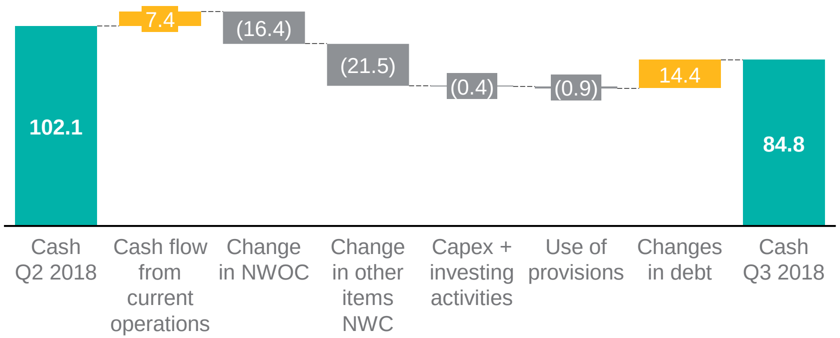
Group Revenues Breakdown



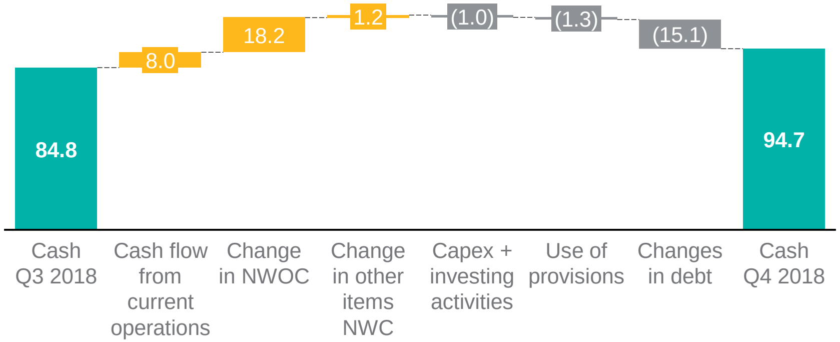
- The chart shows the historical evolution of The Group revenues breakdown by Contract/Purchasing Entities
- Since 2013 the percentage of revenues with CONSIP and Soggetti Aggregatori has grown constantly from 16% to 27% of the total revenues, consistent with the market evolution

Cash evolution by quarter

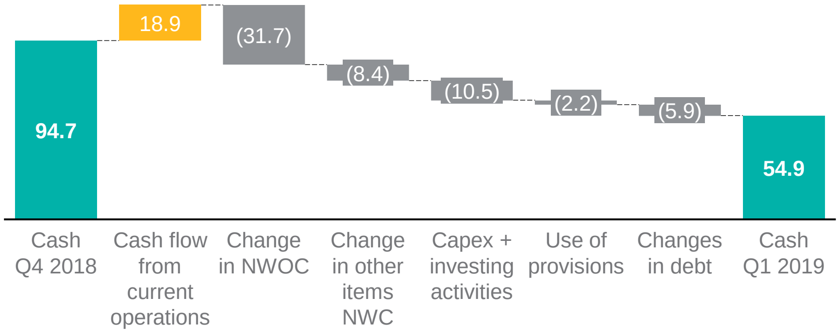
Q3 2018



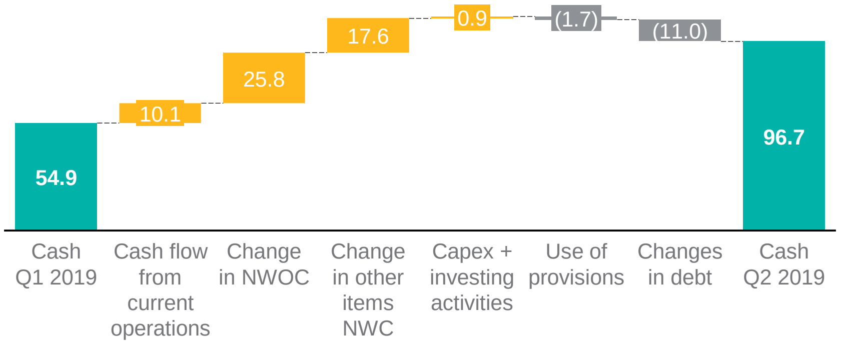
Q4 2018



Q1 2019

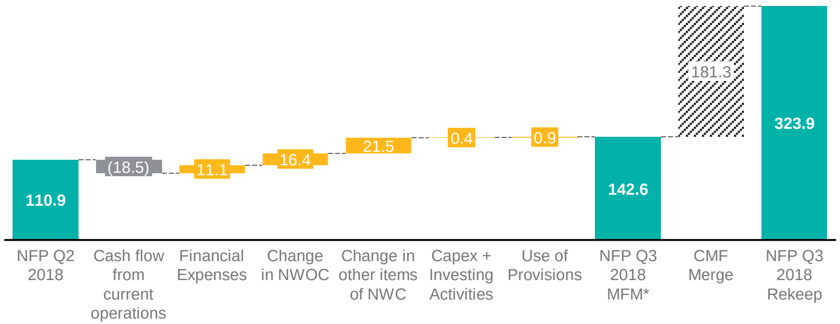


Q2 2019

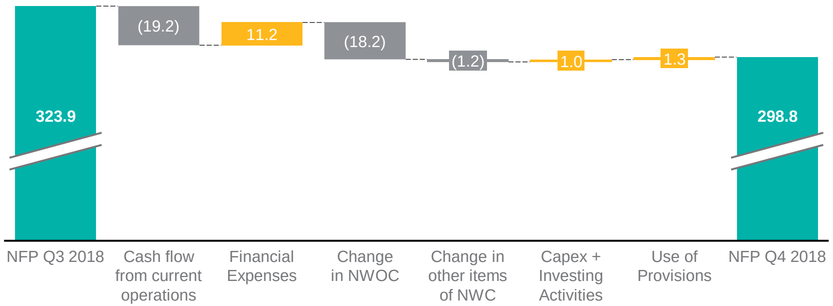


…Focus on NFP changes by quarter (€m)

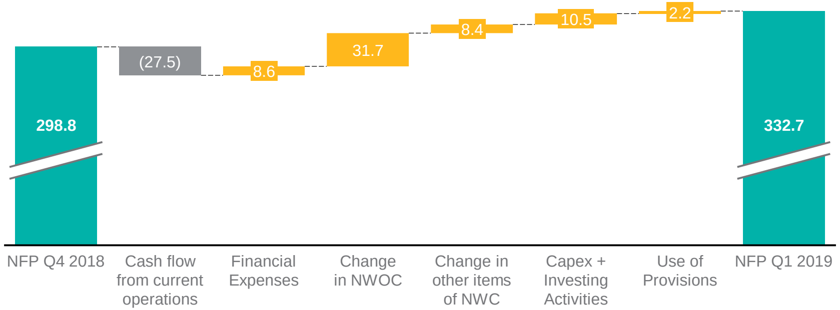
Q3 2018



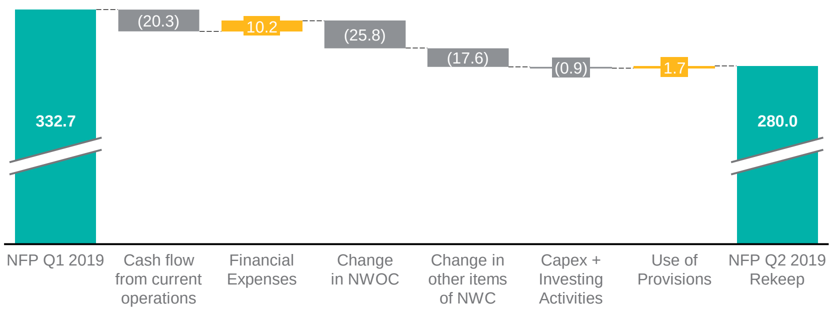
Q4 2018



Q1 2019



Q2 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:

Q2 2019 KPI Reconciliation (statutory vs adjusted), €m

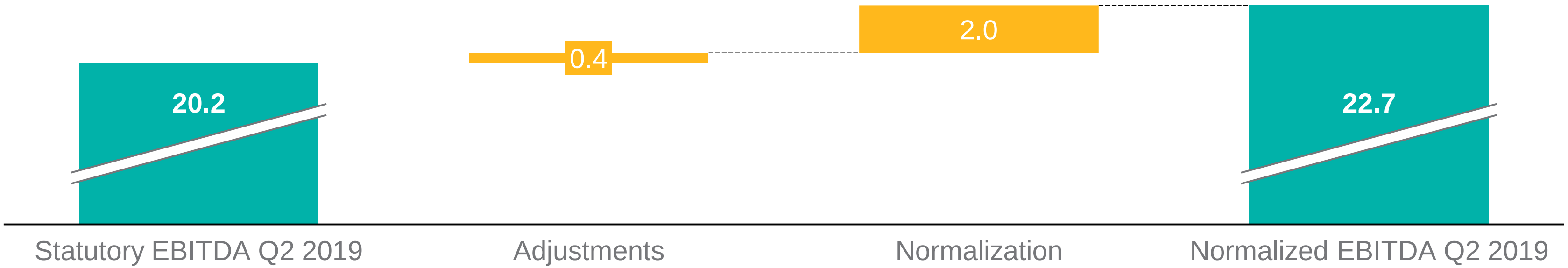
	Statutory Consolidated FS	Adj	Adjusted Consolidated FS	Normalization	Normalized Consolidated FS
Revenues	241.6	-	241.6	(3.2)	238.5
EBITDA	20.2	0.4	20.7	2.0	22.7
EBITDA % on revenues	*8.4%*		*8.5%*		*9.5%*
EBIT	13.1	0.4	13.5	2.5	16.0
EBIT % on revenues	*5.4%*		*5.6%*		*6.7%*
Net Result	1.7				
NWOC	30.4				
NFP Rekeep Group	(280.0)				

- 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



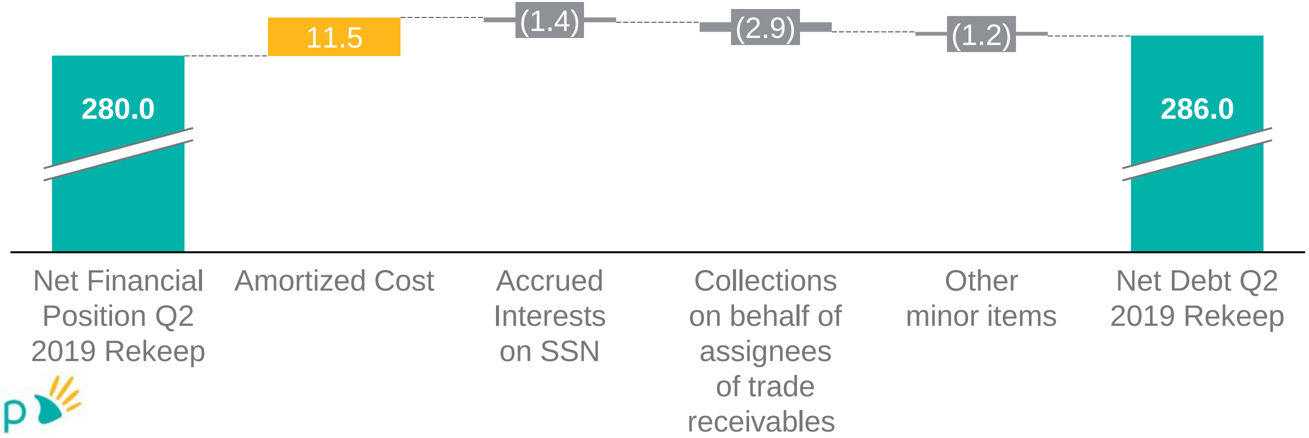
Adjustments, €m	
Re-organizations + Professional services and advisory fees (AGCM)	**0.4**

Normalization. €m	
YouGenio/B2C	1.1
Rekeep World	0.9
Total	**2.0**

Net Financial Position to Net Debt

Q2 2019 Net Financial Position to Net Debt, €m

	30th June 2019	30th June 2018
Long term financial debt	354.5	181.6
Bank borrowings, including current portion of long-term debt and other financial liabilities	27.0	32.3
Gross financial indebtness	***381.5***	***214.0***
Cash and cash equivalents	(96.7)	(102.1)
Current financial assets	(4.8)	(1.0)
Net financial indebtness	***280.0***	***110.9***
Pro forma CMF		178.7
Net financial indebtness Rekeep Group	***280.0***	***289.7***



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 30 June**		**For the Quarter ended 30 June IFRS16**	
	2019	**2018**	**2019**	**2018**
Total revenues	490.050	466.319	490.050	466.319
Total costs of production	-442.580	-421.456	-437.612	-416.443
EBITDA	**47.470**	**44.863**	**52.438**	**49.876**
EBITDA %	***9,69%***	***9,62%***	***10,70%***	***10,70%***
Amortization/depreciation, write-downs and write-backs of assets	-14.621	-14.441	-19.097	-18.502
Accrual of provisions for risks and charges	-721	-774	-721	-774
Operating income	**32.128**	**29.648**	**32.620**	**30.600**
Risultato operativo %	***6,56%***	***6,36%***	***6,66%***	***6,56%***
Share of net profit of associates	708	1.285	708	1.285
Net financial charges	-18.833	-10.658	-19.804	-11.946
Profit before taxes from continuing operations	**14.003**	**20.275**	**13.524**	**19.939**
Profit before taxes from continuing operations %	***2,86%***	***4,35%***	***2,76%***	***4,28%***
Income taxes	-9.768	-8.503	-9.749	-8.422
Profit from continuing operations	**4.235**	**11.772**	**3.775**	**11.517**
Loss for the period from discontinued operation	0	0	0	0
Net profit for the period	**4.235**	**11.772**	**3.775**	**11.517**
Net profit for the period %	***0,86%***	***2,52%***	***0,77%***	***2,47%***
Minority interests	-45	-23	-44	-23
Net profit for the period attributable to equity holders of the parent	**4.190**	**11.749**	**3.731**	**11.494**
Net profit for the period attributable to equity holders of the parent %	***0,86%***	***2,52%***	***0,76%***	***2,46%***

ANNEX

BALANCE SHEET (€/000)	30 June 2019	31 Dec 2018	Change	30 June 2019 IFRS16	31 Dec 2018 IFRS16
USES					
Trade receivables and advances to suppliers	425.255	417.930	7.325	425.255	417.930
Inventories	8.829	7.421	1.408	8.829	7.421
Trade payables and advances from customers	-403.784	-399.602	-4.182	-403.656	-399.602
Net working operating capital	***30.300***	***25.749***	***4.551***	***30.428***	***25.749***
Other element of working capital	-78.523	-61.284	-17.239	-78.522	-61.284
Net working capital	***-48.223***	***-35.535***	***-12.688***	***-48.094***	***-35.535***
Tangible assets	79.280	73.975	5.305	79.280	73.975
Intangibles assets	433.220	433.256	-36	433.220	433.256
Investments accounted for under the equity method	11.531	19.207	-7.676	11.531	19.207
Other non current assets	28.179	28.481	-302	29.166	29.449
Operating fixed assets	***552.210***	***554.919***	***-2.709***	***597.444***	***601.538***
Non current liabilities	-55.212	-55.104	-108	-55.214	-55.106
Net invested capital	***448.775***	***464.280***	***-15.505***	***494.136***	***510.897***
SOURCES					
Minority interests	650	668	-18	641	660
Equity attributable to equity holders of the parent	168.159	164.824	3.335	165.213	162.336
Shareholders' equity	***168.809***	***165.492***	***3.317***	***165.854***	***162.996***
Subordinated Shareholder Funding	0	0	0	0	0
Net financial indebtedness	279.966	298.788	-18.822	328.282	347.901
Total financing sources	***448.775***	***464.280***	***-15.505***	***494.136***	***510.897***

ANNEX

Statement of Cash flow (Statutory) (€/000)	30 June 2019	30 June 2018
CASH at the beginning of the period	**94.733**	**59.870**
Cash flow from current operations	29.004	34.181
Use of provisions for risks and charges and for employee termination indemnity	-3.949	-4.990
Change in NWOC	-5.879	13.151
Industrial Capex, net of disposals	-17.679	-14.578
Financial Capex	8.104	-2.525
Other changes	9.222	20.547
Change in net financial liabilities	-16.853	-3.600
CASH at the end of the period	**96.702**	**102.057**

What’s next

- ✓ Rekeep will attend JP Morgan 2019 European High Yield and Leveraged Finance Conference in London on September 4th 2019

- ✓ Next call on Q3 2019 Results will be held on November 14th 2019

- ✓ Rekeep Financial Calendar and Replay available on:

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