



Rekeep Group

JP Morgan European High Yield &
Leveraged Finance Conference

London, September 4th, 2019

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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



Index

- **Rekeep Q2 & H1 Results**
- **Q&A session**
- **Annex**

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

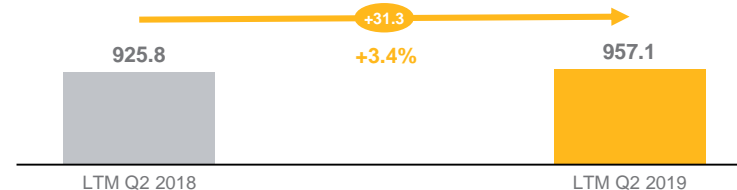
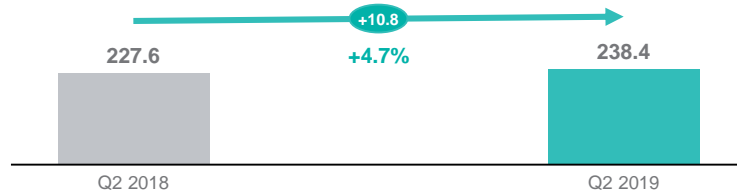
- The Company continues to show its commitment on deleverage, while retaining an adequate liquidity level
- NFP at €280m leading to a decrease of the leverage* by -0.2x vs Q2 of previous year

3 months and LTM KPIs at a glance

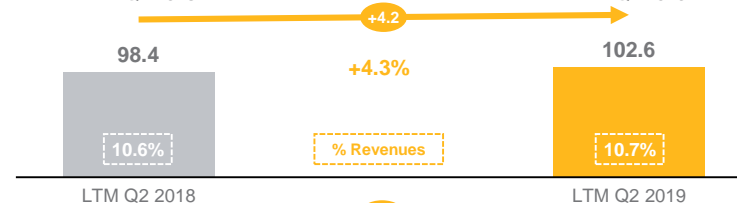
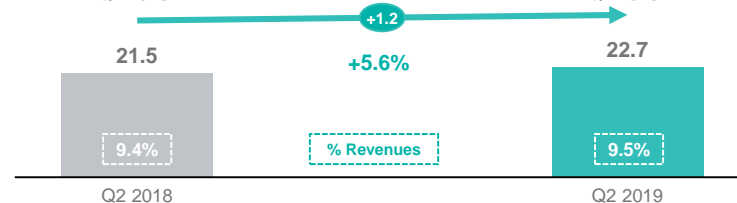
Q2 2018 vs. Q2 2019

LTM Q2 2018 vs. LTM Q2 2019

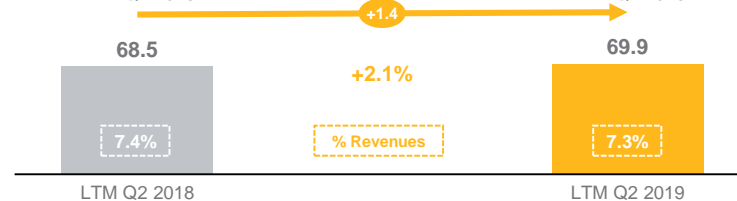
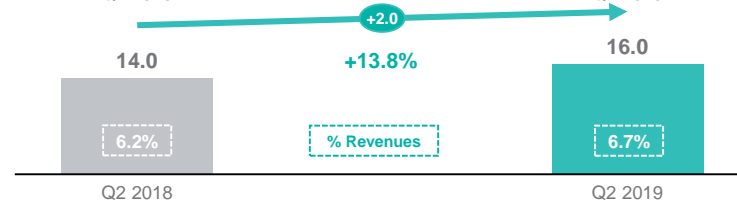
Normalized Revenues (€m)



Normalized EBITDA (€m)



Normalized EBIT (€m)



Net Financial Position (€m)

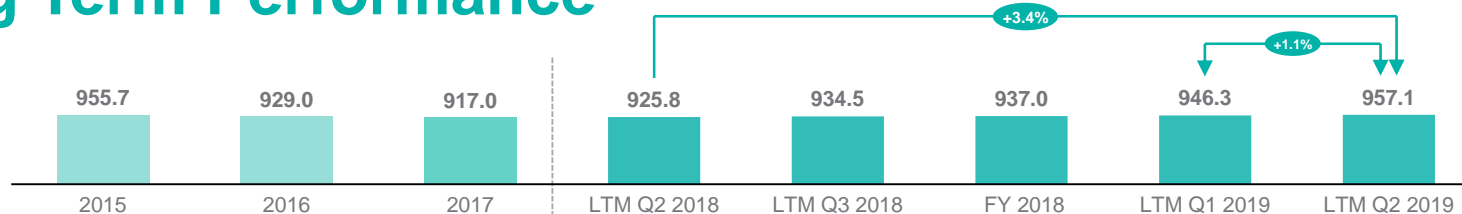


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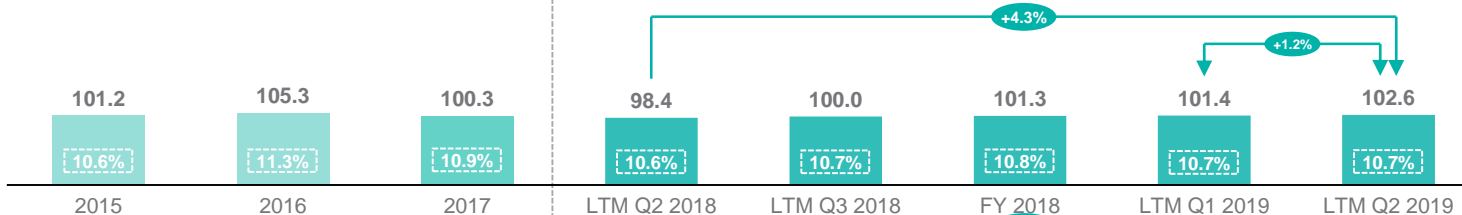
...x [Net Financial position/LTM Norm. EBITDA]

Long Term Performance

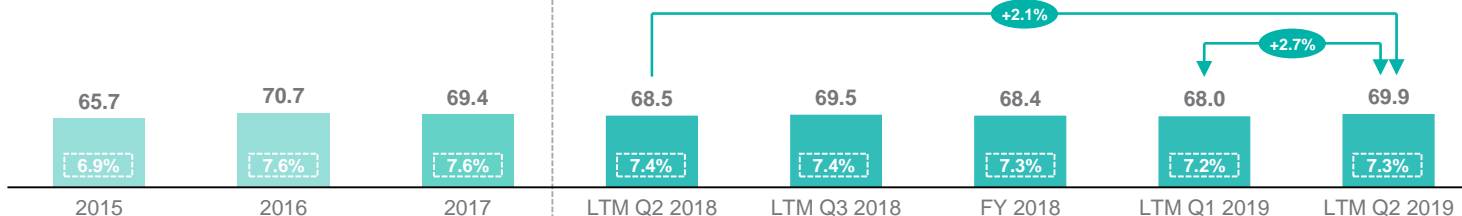
Normalized
Revenues
(€m)



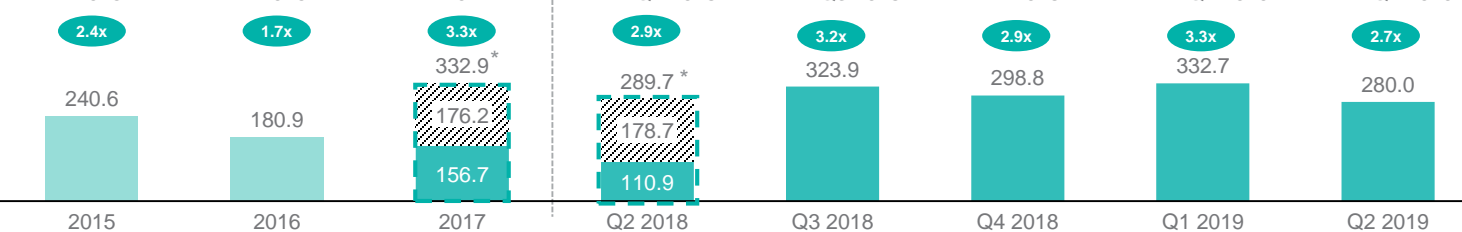
Normalized
EBITDA
(€m)



Normalized
EBIT
(€m)



Net
Financial
Position
(€m)



% margin on Revenues

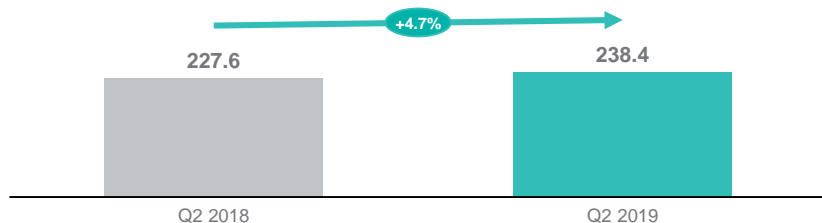
...x Net Financial position / LTM Normalized EBITDA

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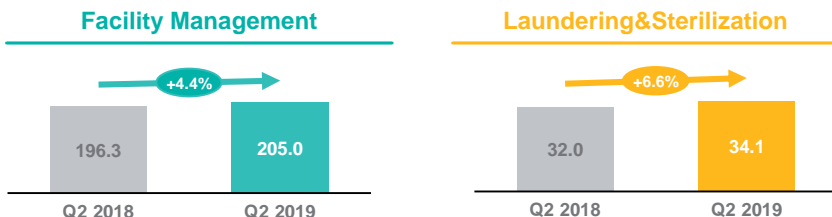
(*) Data not audited. Information provided for illustrative purpose only

Normalized Revenues

Normalized Revenues, €m

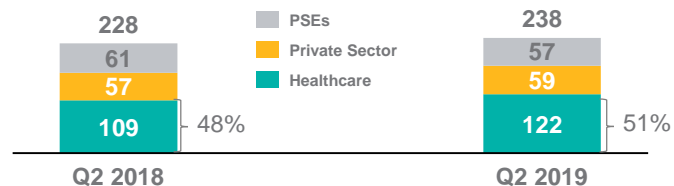


Normalized Revenues by segment, €m



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

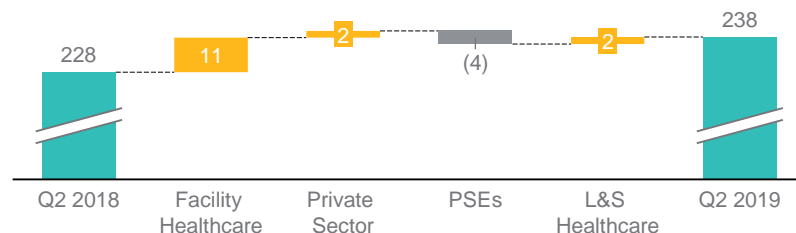
Normalized Revenues by client, €m



Considerations

- Higher normalized revenues (+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%)

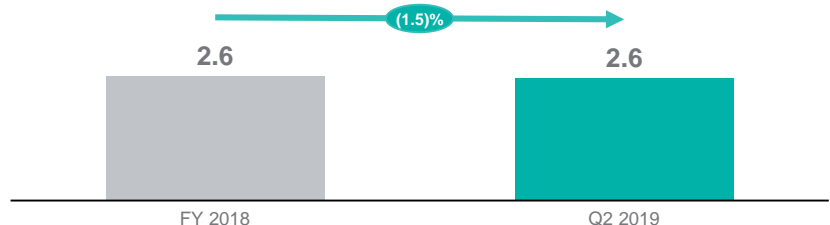
Normalized Revenues bridge by client, €m



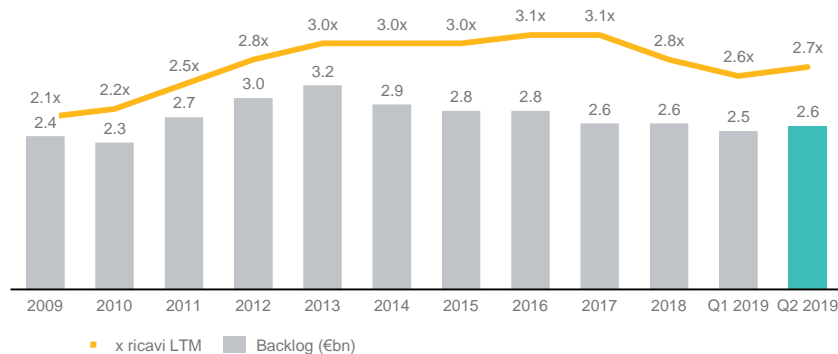
- Facility Healthcare** still drives the growth: increase mainly due to MIES2 development
- Private Sector** increase mainly driven by H2H revenues
- PSEs** decrease mainly due to perimeter change of a large customer, and a loss of some contracts

Backlog

Backlog, €bn

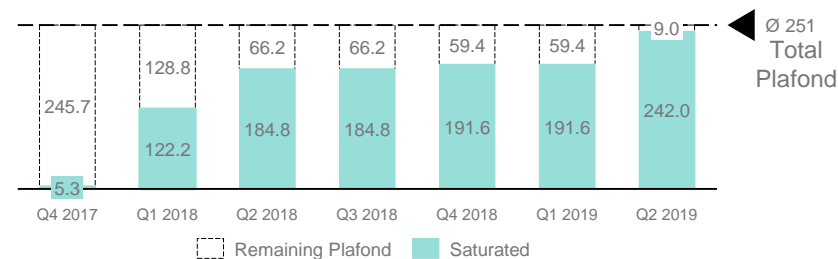


Revenue visibility from backlog



- 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

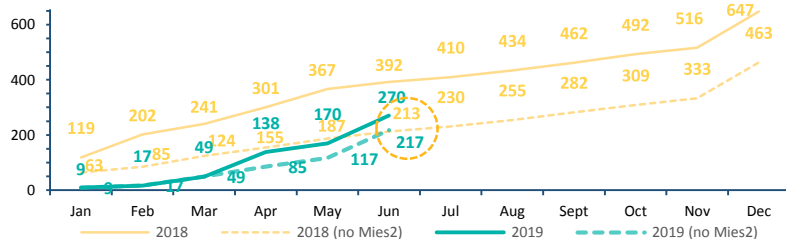
Timeline of Mies2 Plafond Saturation



- 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

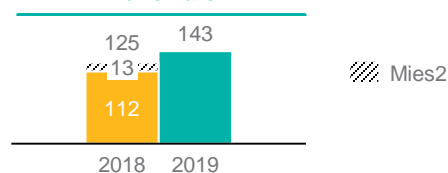
Commercial Activity

Value of contracts signed H1 2019, €m

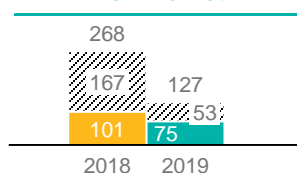


Breakdown of signed contracts H1, €m

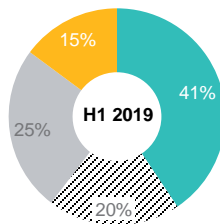
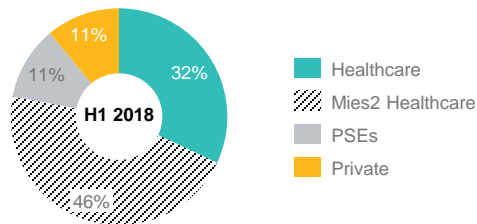
Renewals



New Market



Signed contracts by Client, €m



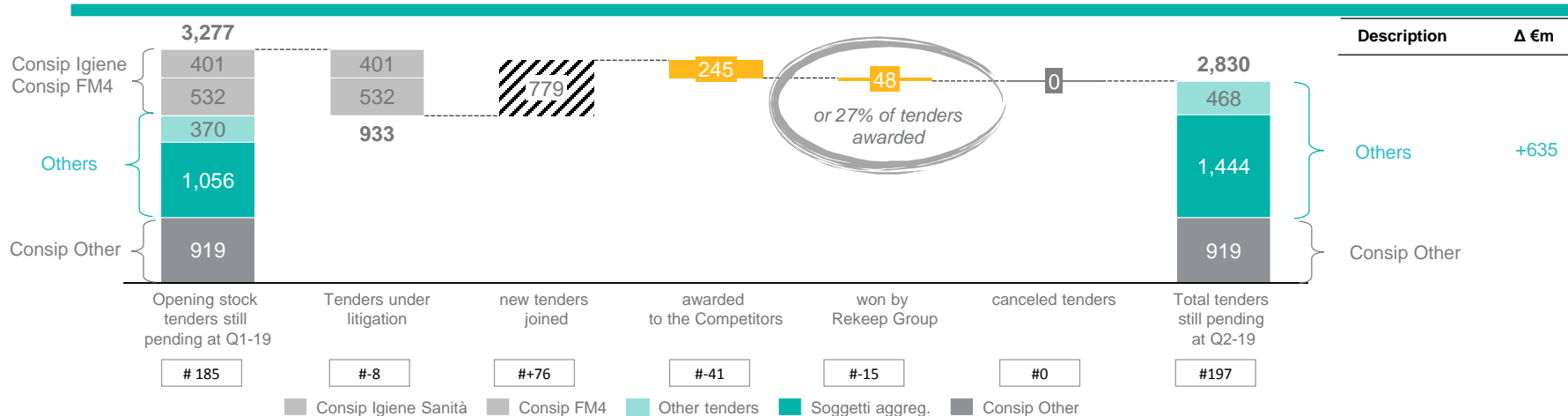
Sales activity

- 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

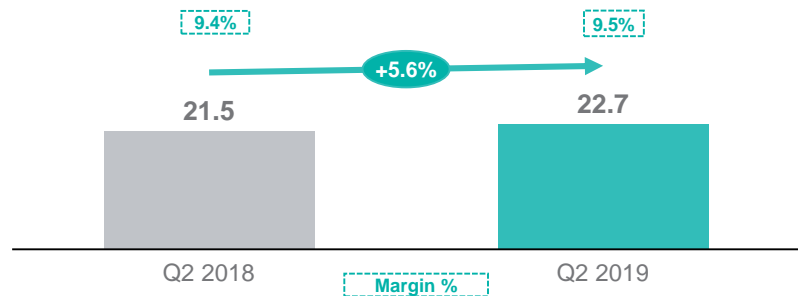
Tenders Pipeline Bridge by Stock tenders and New tenders



- 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

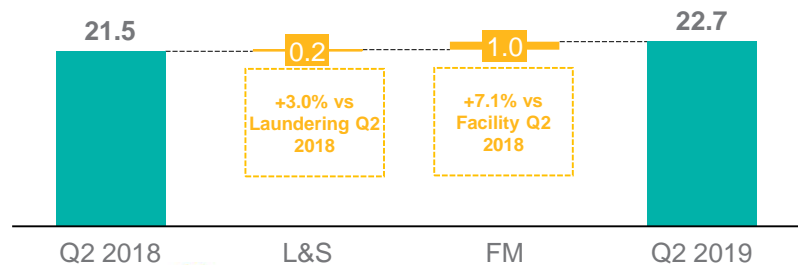
Normalized EBITDA

Normalized EBITDA, €m



- 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%

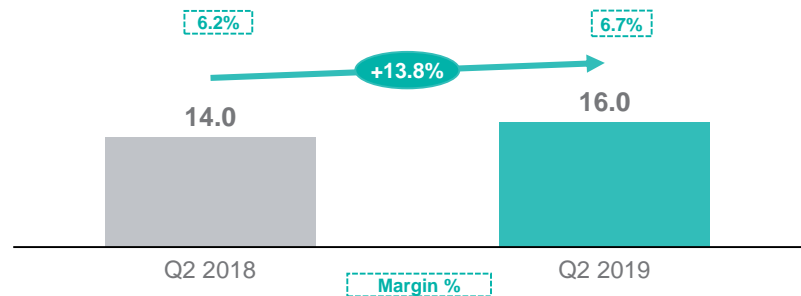
Bridge Normalized EBITDA, €m



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

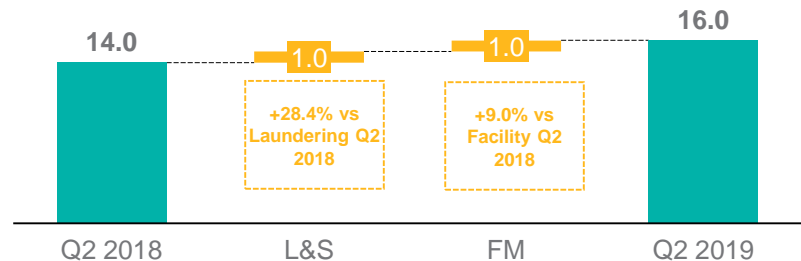
Normalized EBIT

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

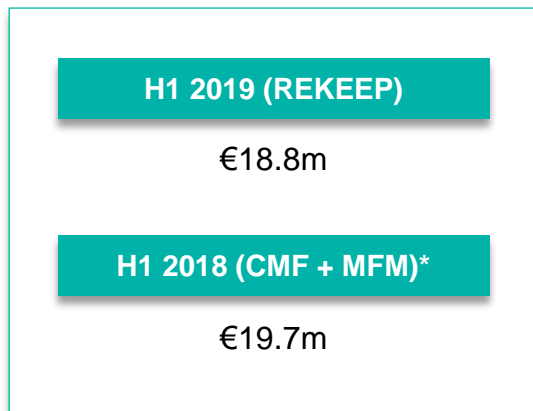
Bridge Normalized EBIT, €m



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

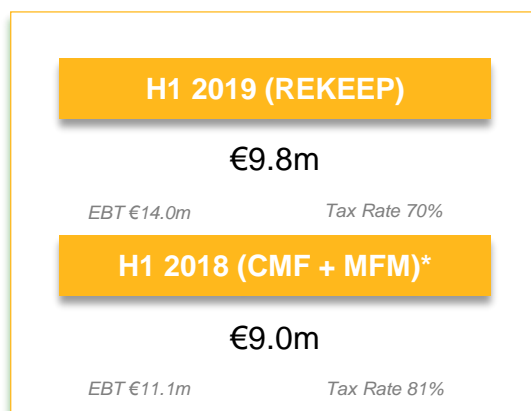
Net Financial Expenses, Taxes, Net Profit

Net Financial Expenses, €m

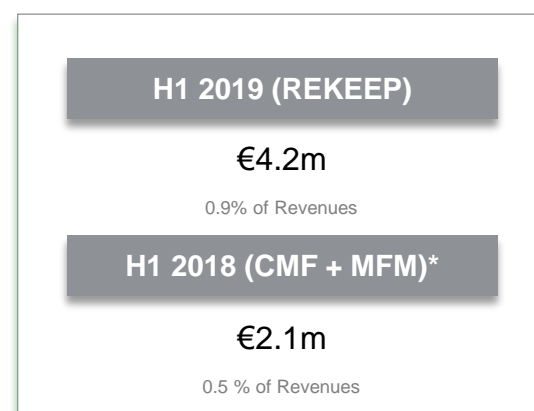


- Financial expenses lower than Q1 2018 including the buy-back** effect occurred during Q1 2019

Taxes, €m

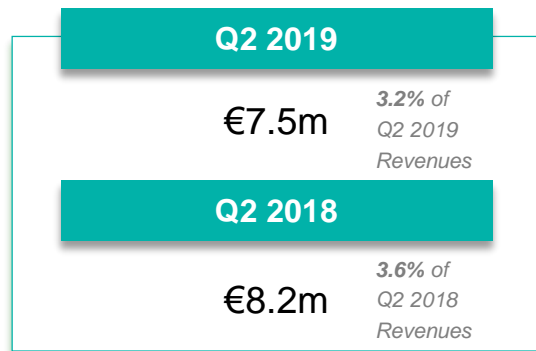


Net Result, €m



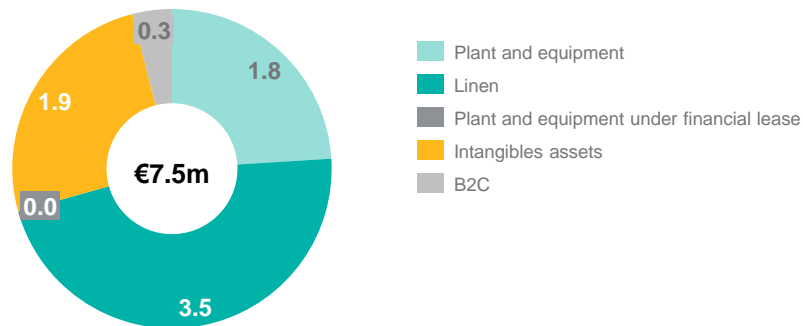
- Higher net result (+100%) consistent with the increase in profitability

Industrial Capex



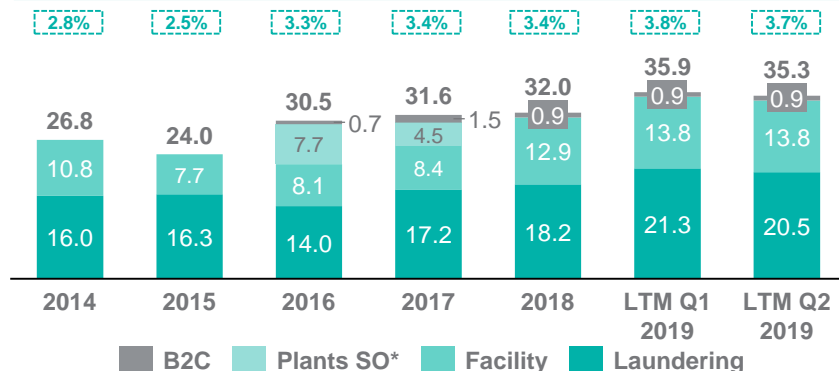
- Q2 2019 Capex lower than the same quarter of previous year -€0.7m
- LTM Q2 2019 Capex accounted 3.7% over LTM Revenues, higher than 2018 level, mainly due to investments in the previous quarter:
 - **Laundering:** +€3.5m for the development of new major clients (Contracts annual value ~€9m for 5 years)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

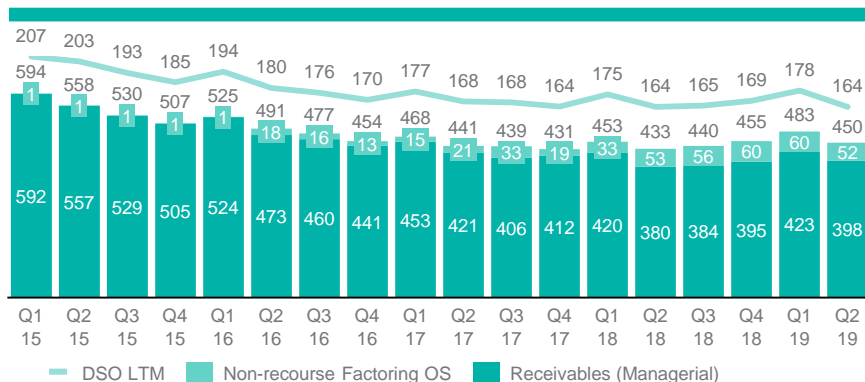


*one-off capex

% on LTM Revenues

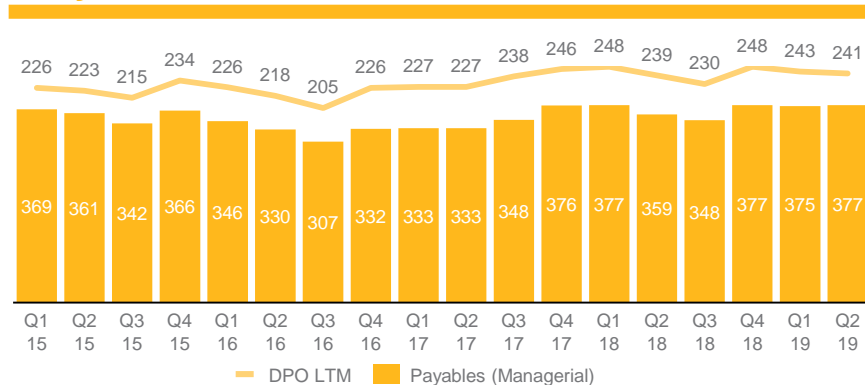
DSOs & DPOs

Gross Receivables and DSO



- 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

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

Q2 2019

€30.4 m

Q2 2018

€29.1m

- 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)

NWOC / Revenues*

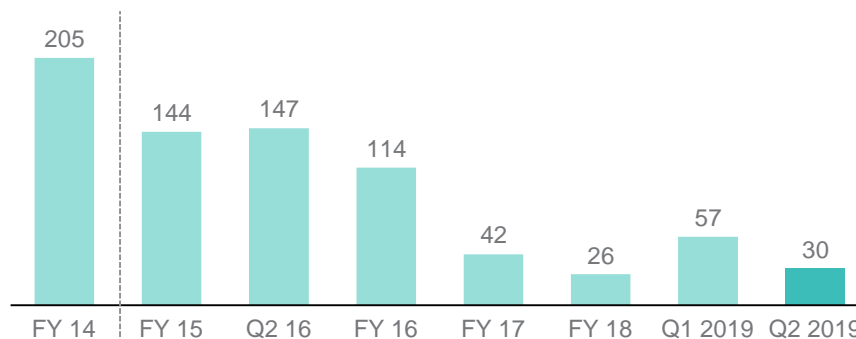
LTM Q2 2019

3.2%

LTM Q2 2018

3.1%

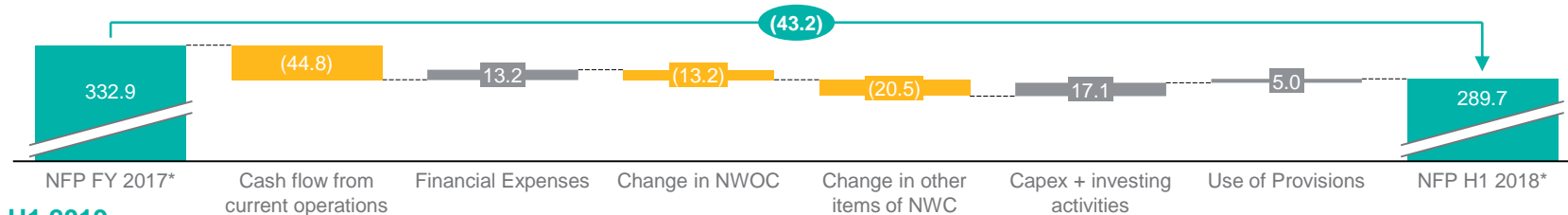
Net Working Operating Capital, €m



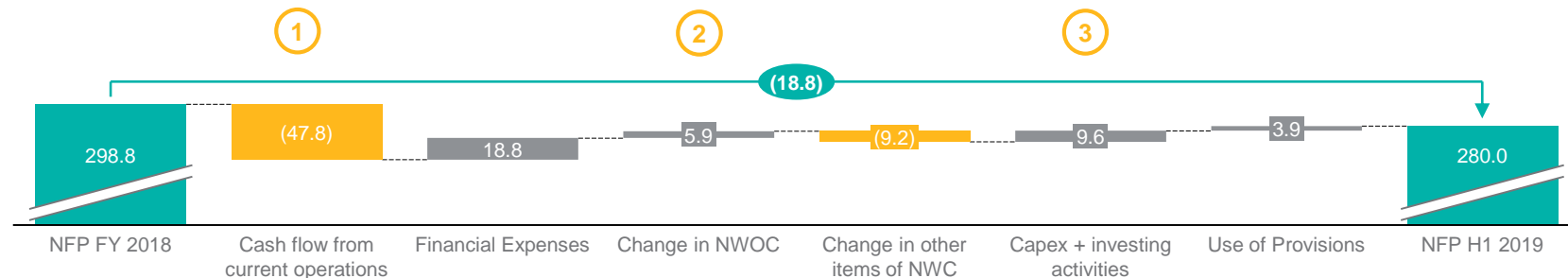
Introduction of «Split Payment» and «Reverse Charge»

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

H1 2018


















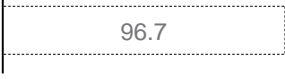

H1 2019



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

...Focus on Liquidity and Credit Facilities

Type of Facility as of 30 June 2019		Liquidity Available	Committed	Maturity	Details
Long Term	BOND			Jun-22	<ul style="list-style-type: none">SSN @2022 – 9% Coupon – 5NC3^(*)
	RCF			Dec-21	<ul style="list-style-type: none">Completely undrawn
	NR Factoring			Dec-21	<ul style="list-style-type: none">New agreement in place with BFF: Revolving, max outstanding €200m, subject to availability of receivables to be sold
	Other			Apr-23 Mar-26	<ul style="list-style-type: none">4 credit lines with different maturity
Short Term	Rec. Factoring			Uncommitted facilities	<ul style="list-style-type: none">Other than factoring facilities, the ST facilities are referable to Hot Money
	NR Factoring				<ul style="list-style-type: none">In place to provide Company with daily management of WC
	Other				Dic-20
Cash	Cash				

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



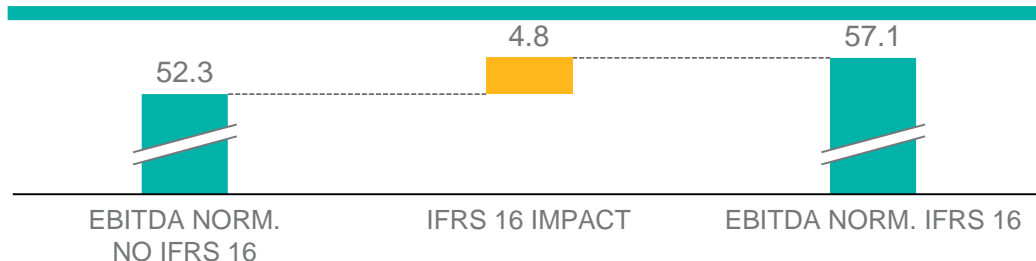
Q&A Session

Annex

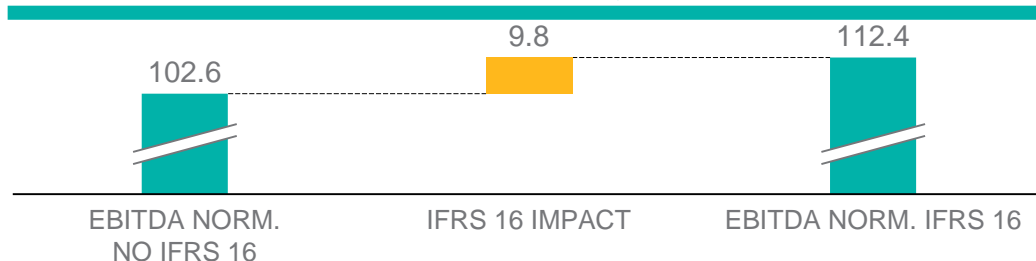


IFRS 16 Impact on EBITDA & NPF

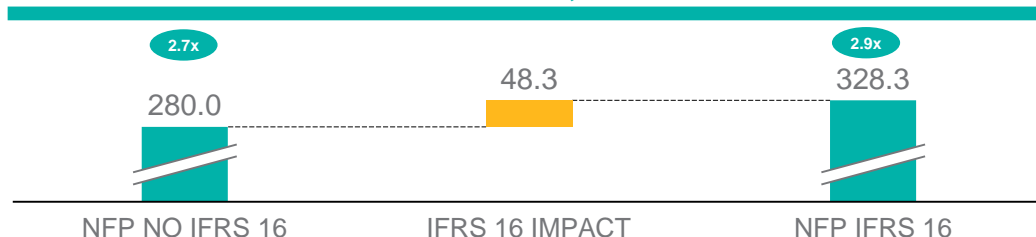
H1 2019 Normalized EBITDA, €m



LTM Q2 2019 Normalized EBITDA, €m



H1 2019 Net Financial Position, €m

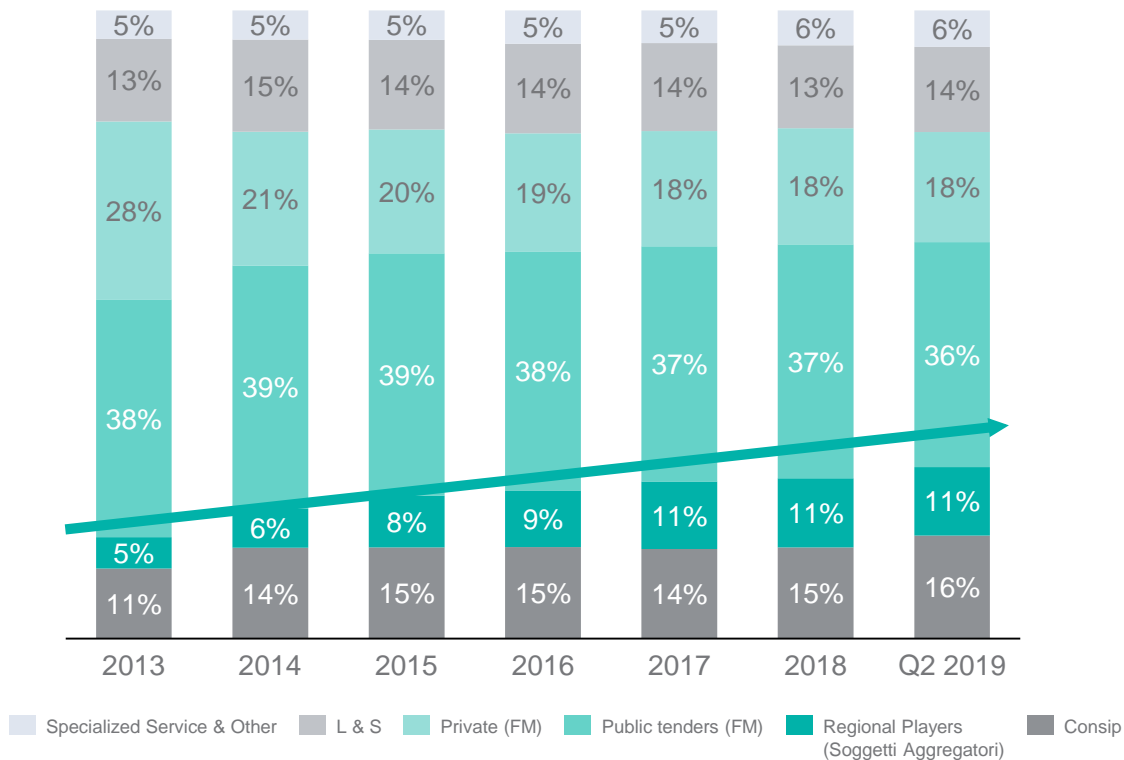


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Revenues Breakdown

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

What's next

- ✓ 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>