



## Call on Q3 2019 Results

November 14, 2019, 17CET



# Disclaimer

*This presentation has been prepared for information purposes only as part of the conference to present the results as of September 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*

*Q3 results of Rekeep Group are not subject to auditors' review*

*All CMF pro-forma figures are unaudited*

# Index and Presenters



## Rekeep speakers



### **Giuliano Di Bernardo**

*Chairman and CEO*



### **Luca Buglione**

*CFO*



## Index

- Rekeep Overview
- Q3 2019 Results
- Annex
- Q&A session

# Key Quarter Highlights

## Revenues

- Confirmed revenues evolution trend in the sixth consecutive growing quarter, with a +4.1% increase vs. Q3 2018
- Consistent growth on both segments, L&S and FM

## EBITDA / EBITDA Margin

- Reported quarterly Normalized EBITDA €23.9m, increased by +2.8% vs. Q3 2018, leading to a €103.2m LTM.
- Relatively stable EBITDA margin -0.1% vs. Q3 2018, and stable level on LTM basis at 10.7% margin

## Backlog & Pipeline

- Good commercial performance with higher renewals than PY considering the higher level of technical extensions
- Relatively stable Backlog level at 2.6 times Revenues

## NWC

- Increase in NWC vs. previous quarter due to standard seasonality
- DSOs hit the lowest historical level (163 days)

## Net Financial Profile and Cash Position

- The Company continues to show its commitment on deleverage, while retaining an adequate liquidity level
- NFP at €320m leading to a decrease of the leverage\* by -0.1x (3.1x) vs Q3 of previous year

## M&A

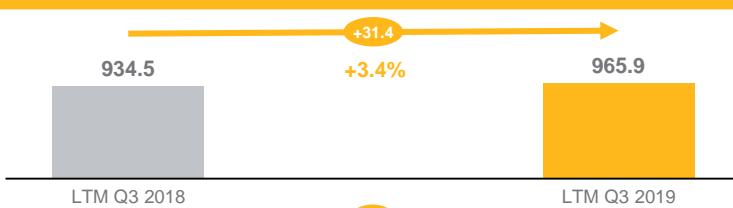
- On October 30, Rekeep has completed the acquisition of 80% shares in Naprzod SA, holding company of Naprzod Group
- Including Naprzod, Rekeep Group international revenues would account for a 11% of the consolidated Group Pro-forma revenues

# 3 months and LTM KPIs at a glance

Q3 2018 vs. Q3 2019

LTM Q3 2018 vs. LTM Q3 2019

Normalized Revenues  
(\$m)



Normalized EBITDA  
(\$m)



Normalized EBIT  
(\$m)

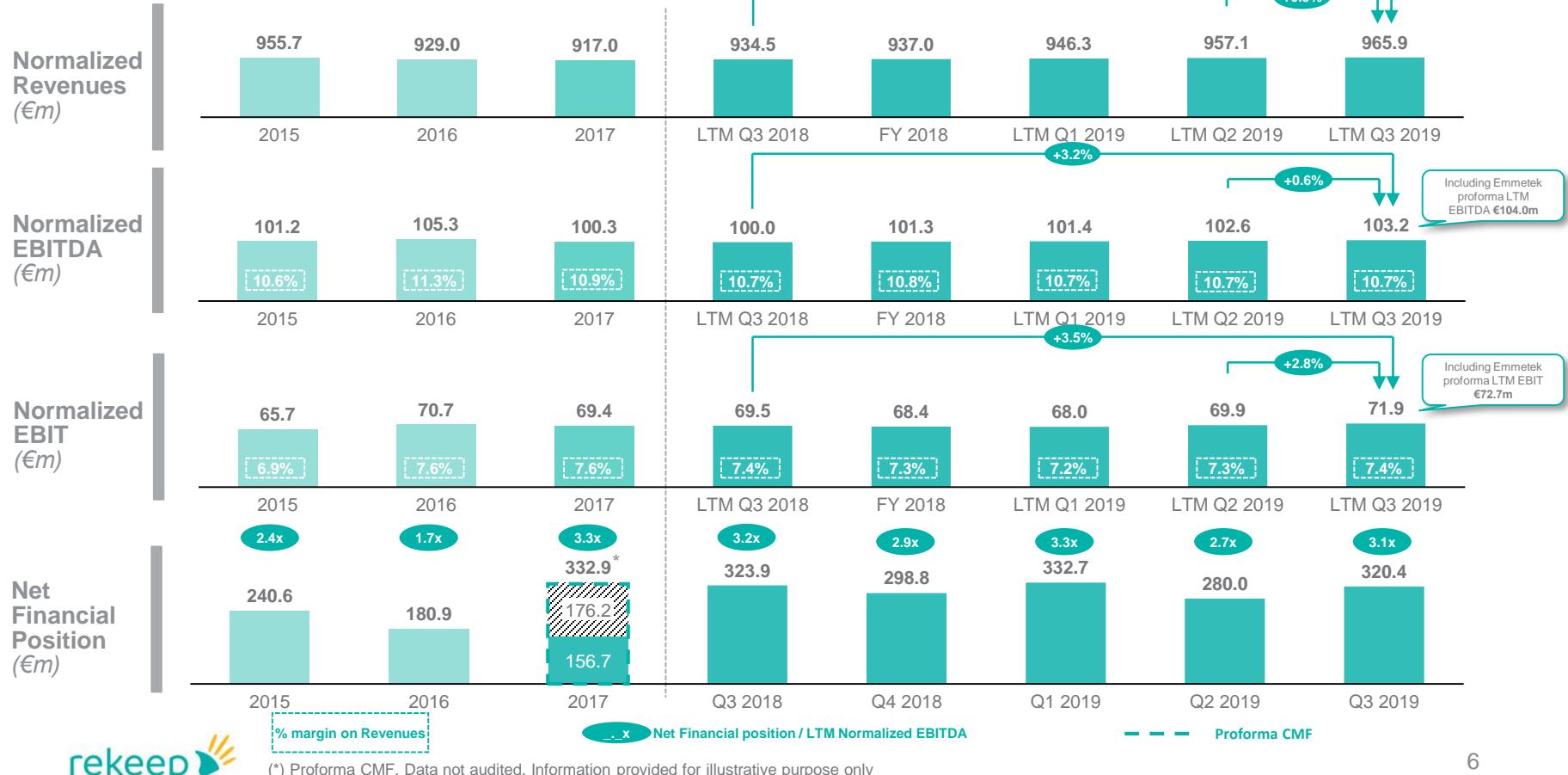


Net Financial Position  
(\$m)



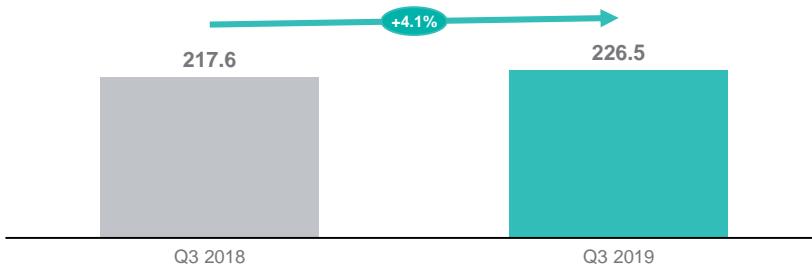
[Net Financial position/LTM Norm. EBITDA]

# Long Term Performance



# Normalized Revenues

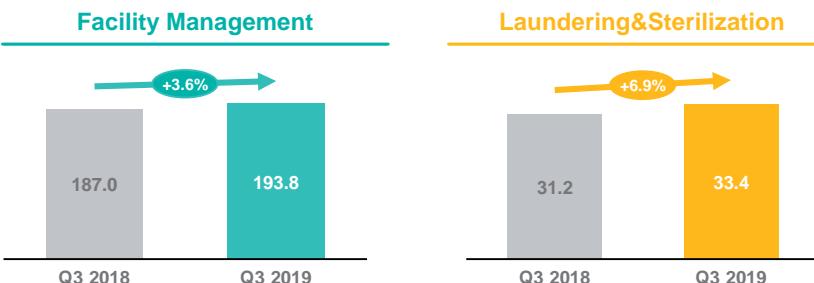
## Normalized Revenues, €m



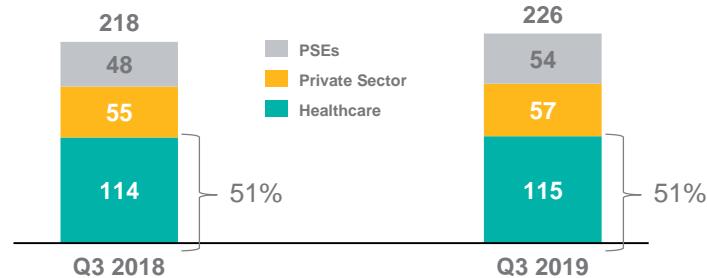
## Considerations

- Higher normalized revenues (+4.1%) driven by an increase in both sectors, FM and L&S
  - ✓ FM Revenues increase in Q3 2019 by €6.8m (+3.6%)
  - ✓ Continuous increase of L&S by €2.2m (+6.9%)

## Normalized Revenues by segment, €m



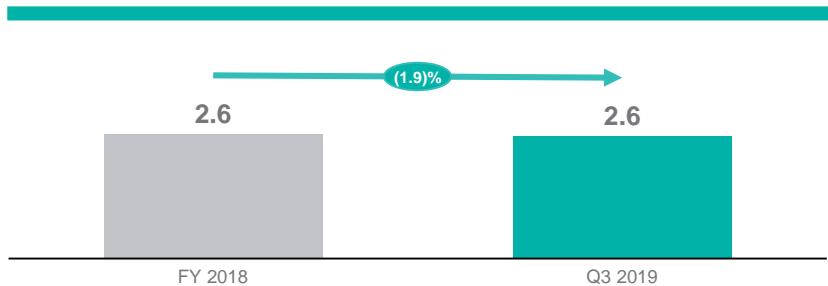
## Normalized Revenues by client, €m



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

# Backlog

## Backlog, €bn



## Revenue visibility from backlog

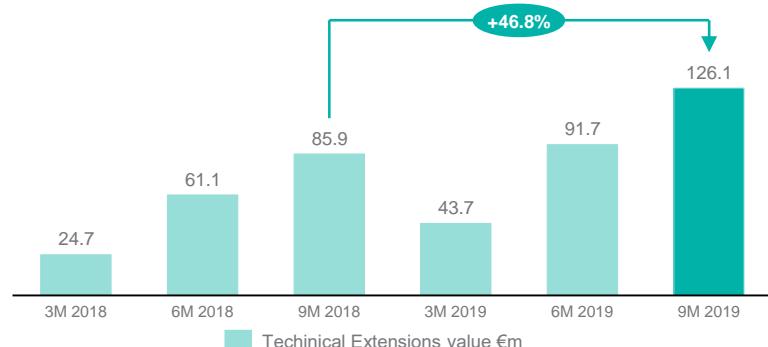


(\*) Total Plafond Mies2 ≈ €251m.

€247m out of the €251m Plafond were acquired during the period December 2017 – September 2019 (Q3-2019), and are included in Backlog Q3 (98%).

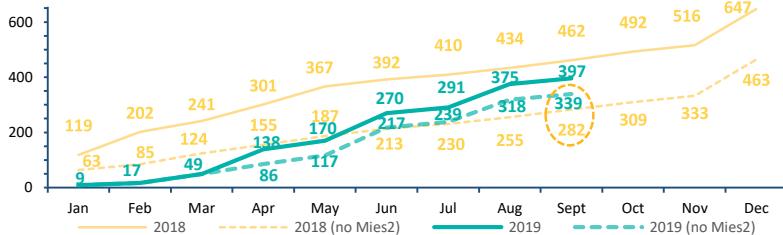
- Slight decrease of the coverage of future revenues due to seasonality and continuous delays in formal awarding, leading to an increase of technical extensions in the overall Italian FM market
- The enduring delays in formal awarding in the market are reflected by the increase of technical extension
- In Rekeep Group, the technical extensions increased by 47% in 9M 2019 vs 9M 2018, partially offsetting the decline in backlog

## Technical Extensions, €m

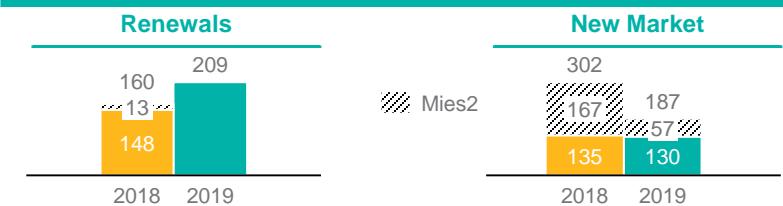


# Commercial Activity

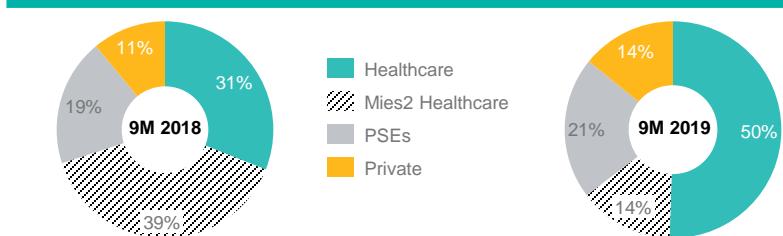
## Value of contracts signed 9M 2019, €m



## Breakdown of signed contracts 9M, €m



## Signed contracts by Client, €m



## Sales activity

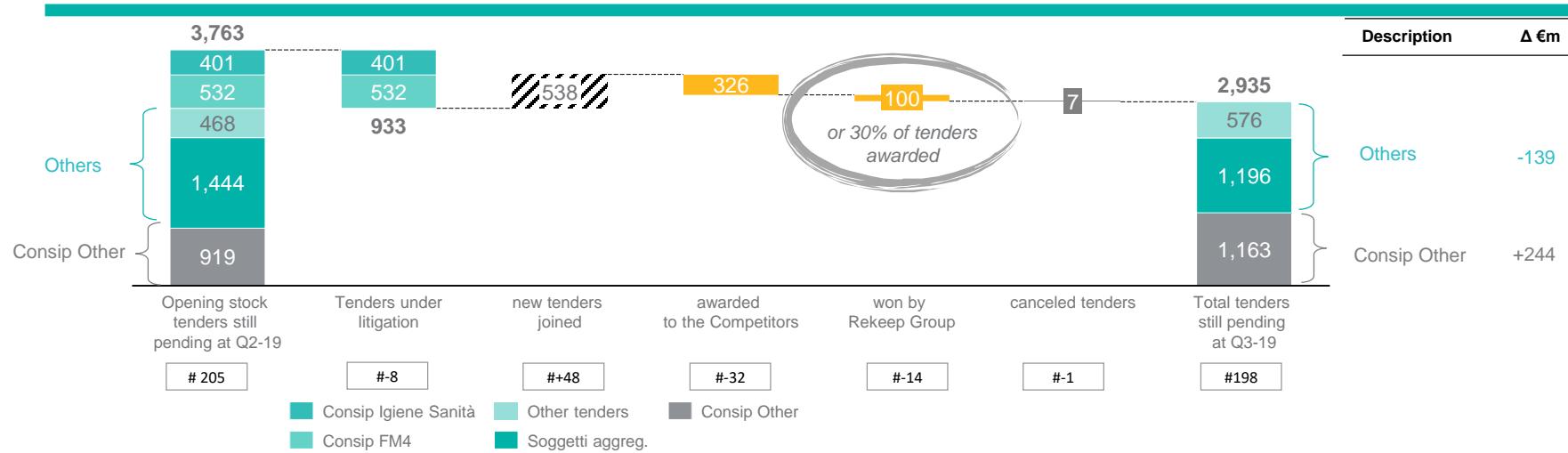
- Acceleration in acquisition of new contracts during Q2 and Q3 2019 vs 2018 led to €339m 9M 2019 vs €282m 9M 2018, excluding Mies2 effect:
  - ✓ **Renewals:** better performance vs 9M 2018 in facility driven by acquisition of new contracts from tenders issued by regional centralized purchasing entities ("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 Q3 2019

Client	Service	Annual Value	Duration	Acquisition type
CET - USL NORD OVEST LIVORNO E VERSILIA	Energy Services	€4.6m	11 years	New Market/Portfolio
ASP RAGUSA	Cleaning	€5.0m	1 years	New Market
ULSS 7 PEDEMONTANA (Mies 2)	Cleaning	€0.9m	5 years	New Market

# Tenders Pipeline – Q3 2019

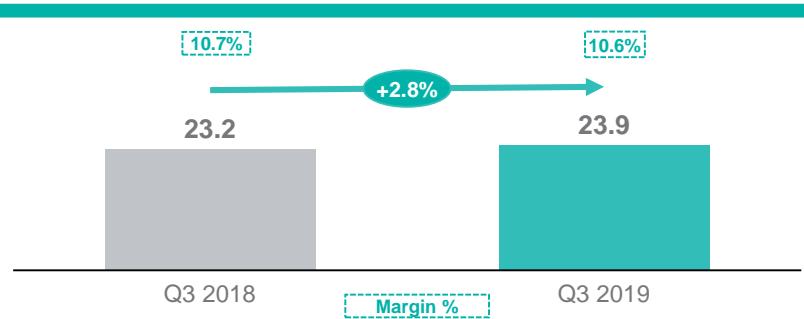
## Tenders Pipeline Bridge by Stock tenders and New tenders, €m



- In Q3 2019 Rekeep Group achieved a win rate of 30% on # of tenders (14 out of 46) and 23% on value of tenders.
- Since the beginning of this year Rekeep Group achieved a win rate of 29% on # of tenders (42 out of 146) and 21% on value tenders
- Total amount of tenders still pending accounts for €3.9bn, €2.9bn 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

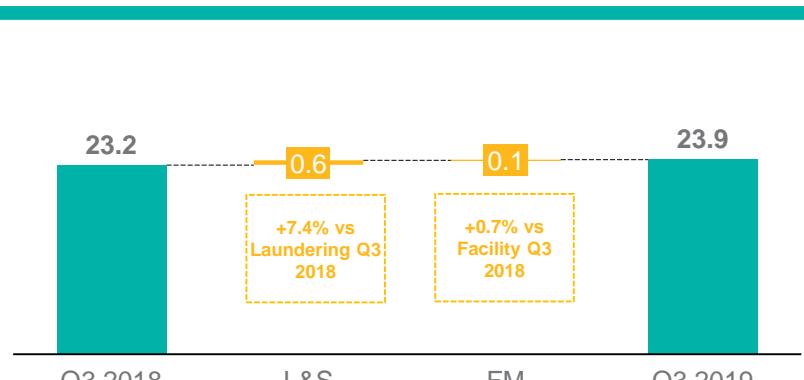
# Normalized EBITDA

## Normalized EBITDA, €m



- Normalized EBITDA Q3 2019 vs Q3 2018 increased by +€0.7m :
  - ✓ Positive performance with an increase in both sectors: L&S (+€0.6m) and Facility (+€0.1m)
  - ✓ QoQ percentage increase in Normalized EBITDA led by L&S of 7.4% and FM of +0.7%

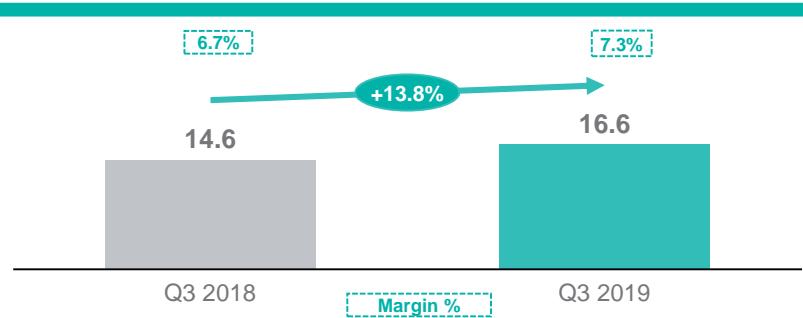
## Bridge Normalized EBITDA, €m



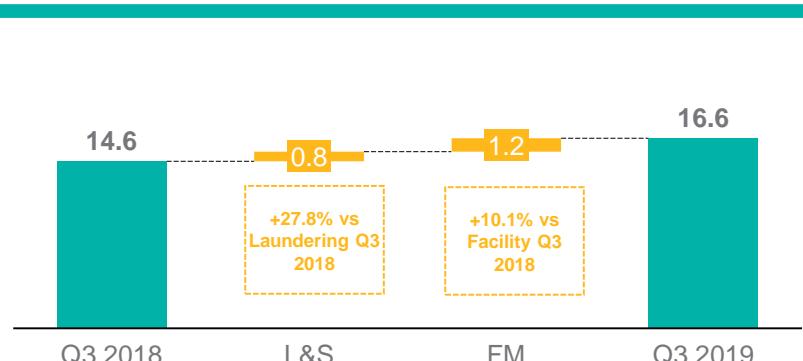
Q3 2019 adjustments on EBITDA are +€2.5m vs +€2.0m in Q3 2018

# Normalized EBIT

## Normalized EBIT, €m



## Bridge Normalized EBIT, €m



- Significant increase of Normalized EBIT to €16.6m (+13.8%), up €2.0m QoQ
- Increase mainly driven by both sectors:
  - ✓ FM Normalized EBIT increase by +€1.2m, and an increase of +10.1% compared to Q3 2018, mainly due to higher write-downs of receivables linked to some specific risk positions in 2018
  - ✓ L&S Normalized EBIT increase by +€0.8m, and an increase of +27.8% compared to Q3 2018 consistent with EBITDA improvement and positively impacted by the amortization policy update on D&A in the laundering business

Q3 2019 adjustments on EBIT are +€2.5m vs +€2.0m in Q3 2018

# Net Financial Expenses, Taxes, Net Profit

## Net Financial Expenses, €m

## Taxes, €m

## Net Result, €m

### 9M 2019 (REKEEP)

€28.9m

### 9M 2018 (CMF + MFM)\*

€31.0m

### 9M 2019 (REKEEP)

€9.2m

EBT €15.8m

Tax Rate 58%

### 9M 2018 (CMF + MFM)\*

€9.9m

EBT €10.6m

Tax Rate 93%

### 9M 2019 (REKEEP)

€6.6m

0.9% of Revenues

### 9M 2018 (CMF + MFM)\*

€0.7m

0.1 % of Revenues

- Financial expenses lower than Q3 2018 including the buy-back\*\* effect occurred during Q1 2019

- Higher net profit vs 9M of PY mainly due to:
  - higher EBITDA
  - Lower financial expenses

(\*) 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

**Q3 2019**

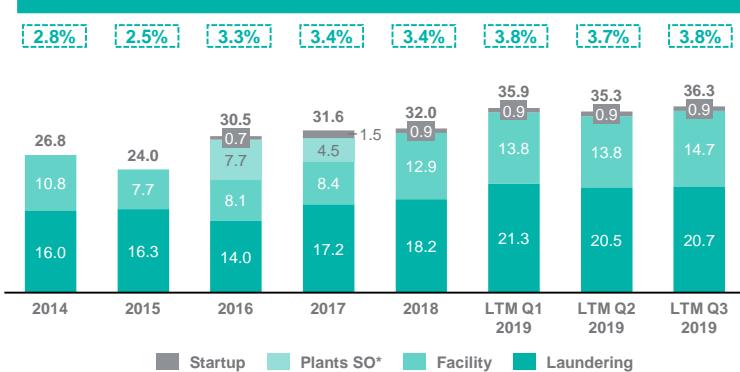
€7.0m

**Q3 2018**

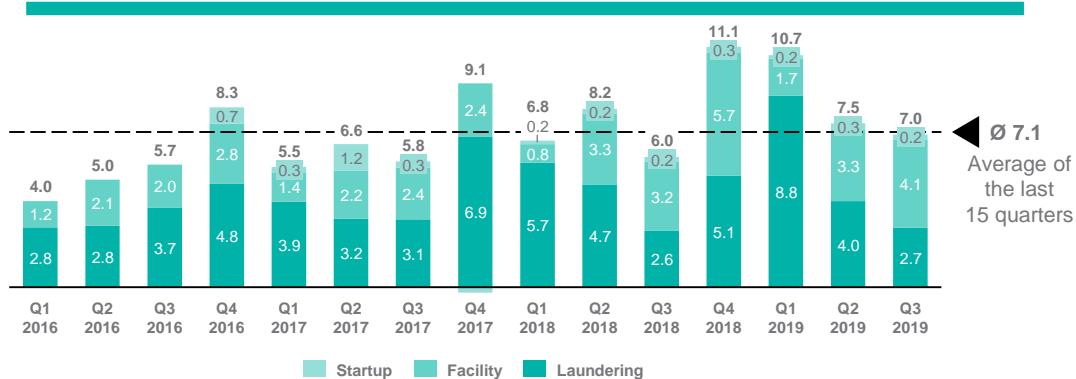
€6.0m

- Q3 2019 Capex higher than the same quarter of previous year +€1.0m mainly due to higher investments/updates in ICT infrastructure in FM
- Q3 LTM Capex higher than average level due to the investments in Q1 2019 on some major contracts
- Last quarter Capex are in line with the average quarterly Capex of the last four years i.e. €7.1m (excluding one-off capex) as shown on the graph below, confirming the *historical average annual value of ≈ €28.6m*

## LTM Capex overview, €m



## Capex by quarter (excl. One-off capex Plant SO), €m

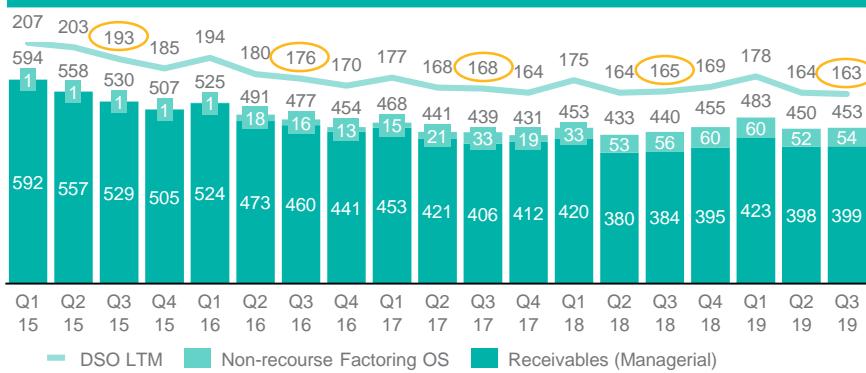


\*one-off capex

% on LTM Revenues

# DSOs & DPOs

## Gross Receivables and DSO



- Lower level of DSOs ever registered by the Group showing continuous management commitment to liquidity
- DSOs reach 163 days showing a constant decrease compared to Q3 of previous years
- Stable level of non-recourse factoring over the last quarters, in Q3 lands at €54m (€52m in Q2 2019)

## Payables and DPO



- DPOs registered a decrease (-16 days) vs Q2 2019 due to seasonality effect, at the lowest level since 2016

*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

Q3 2019	€49.2 m
Q3 2018	€43.7m

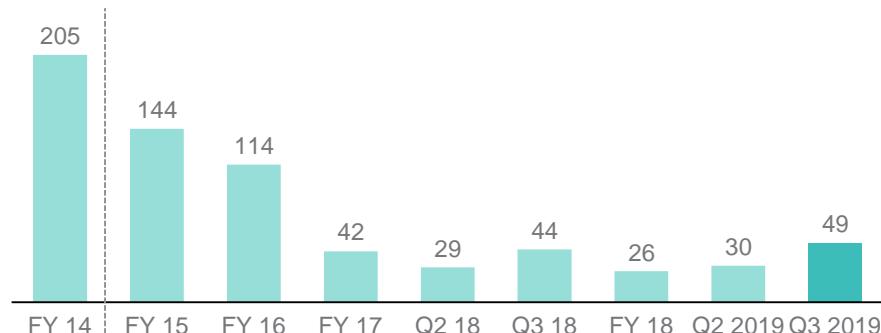
- NWOC slightly higher than Q3 2019 due to:
  - Increasing revenues
  - Lower DPOs partially offset by lower DSOs

*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\*

9M 2019	5.1%
9M 2018	4.7%

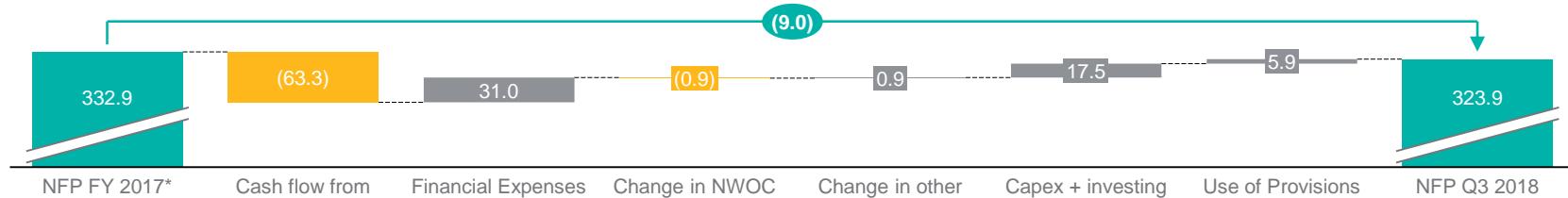
## Net Working Operating Capital, €m



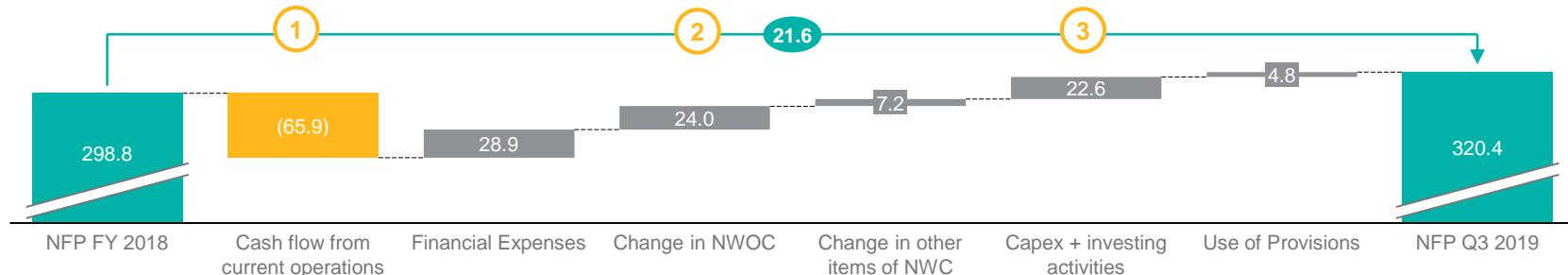
*Introduction of «Split Payment» and «Reverse Charge»*

# ...Focus on NFP changes Q3 2018 vs Q3 2019 (€m)

9M 2018



9M 2019



Increase in NFP of first 9M 2019 mainly due to:

- ① Higher cash flow from current operations in line with the increasing EBITDA
- ② Increase in NWOC consistent with the ongoing revenues growth trend
- ③ Higher Capex mainly due to the development of some major clients during Q1 2019

# ...Focus on Liquidity and Credit Facilities

## Type of Facility as of 30 September 2019

		Liquidity Available	Committed	Maturity	Details
<b>BOND</b>	Bond	349.7	-	Jun-22	<ul style="list-style-type: none"> <li>SSN @2022 – 9% Coupon – 5NC3<sup>(*)</sup></li> </ul>
<b>Long Term</b>	RCF	50.0			
	NR Factoring	43.4	208.8	Dec-21	<ul style="list-style-type: none"> <li>Completely undrawn</li> </ul>
	Other	12.5		Dec-21	<ul style="list-style-type: none"> <li>New agreement in place with BFF: Revolving, max outstanding €200m, subject to availability of receivables to be sold</li> </ul>
				Apr-23	
				Mar-26	<ul style="list-style-type: none"> <li>3 credit lines with different maturity</li> </ul>
<b>Short Term</b>	Rec. Factoring	24.8			
	NR Factoring	10.3	47.8	Uncommitted facilities	<ul style="list-style-type: none"> <li>Other than factoring facilities, the ST facilities are referable to Hot Money</li> </ul>
	Other	1.0 5.4			<ul style="list-style-type: none"> <li>In place to provide Company with daily management of WC</li> </ul>
<b>Cash</b>	Cash	75.7		Dec-20	

# 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 October 29,** ICA has submitted formal request to provide the guarantee within 15 days, beyond this limit the Company would be enrolled ("*iscrizione al ruolo*")
- After the time limit expires, ICA would rely on the collection agency for penalties and taxes that is carried out in Italy with executive power by the Agenzia dell'Entrate ("AdE")
- Therefore, following the formal request by AdE, it is permitted to submit an application to the collection agent for deferred payment: under certain conditions, the debt can be divided into monthly installments with the application of legal interest

## Next Steps

- The hearing at TAR (first level administrative court) on the merits is scheduled to take place on May 6, 2020



## Annex



# Naprzod: completion of acquisition on October 30

## Key Transaction Terms

**Stake:**  
**80%**

- On October 30, Rekeep has completed the acquisition of 80% shares in Naprzod SA, holding company of Naprzod Group, ultimately owned by 4 shareholders
- Long standing Company CEO to Partner with Rekeep and invest for a 20% stake
- Put/Call mechanism for CEO stake is set 5 years after Closing (same entry/exit multiple)

**Payment:**  
**2 steps**

- For the 80% :
  - ✓ **€11.2m paid** at Closing (vs. estimated 10.1m previously communicated in the press release dated 25 Sept. 2019, as Closing accounts mechanism (and FX change) is applied)
  - ✓ **€9.2m** will be paid one year after Closing - expected in Q4 2020, inclusive interest at 4.25% (vs. estimated 8.2m previously communicated in the press release, as Closing accounts mechanism is applied)
- Downside risk protection:* deferred payment subject to price-adjustment mechanism (earn-in only) based on actual figures of the following 12months, for EBITDA and Net Debt

**R&W**

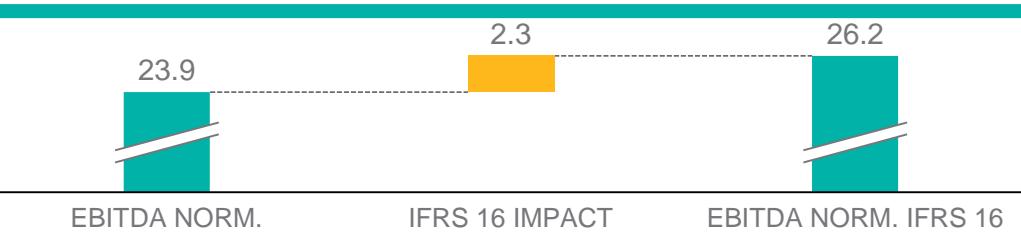
- Full set of Rep&Warranties, portion of the second tranche to be paid in Escrow account

**Source of  
Financing**

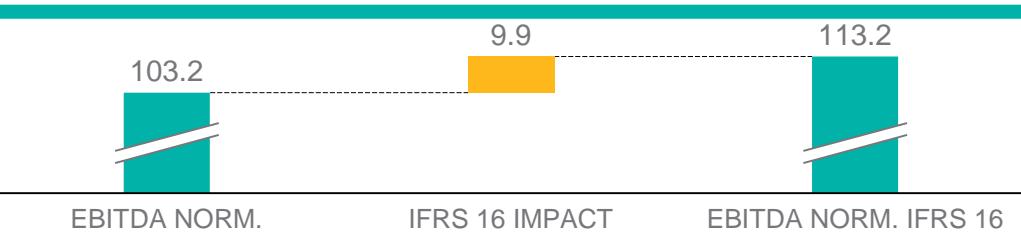
- First instalment paid with cash on balance sheet while the remaining portion with cash flow generation
- Negligible impact on the Rekeep Group liquidity
- Transactional Debt ca. 3xEBITDA of the Target

# IFRS 16 Impact on EBITDA & NFP

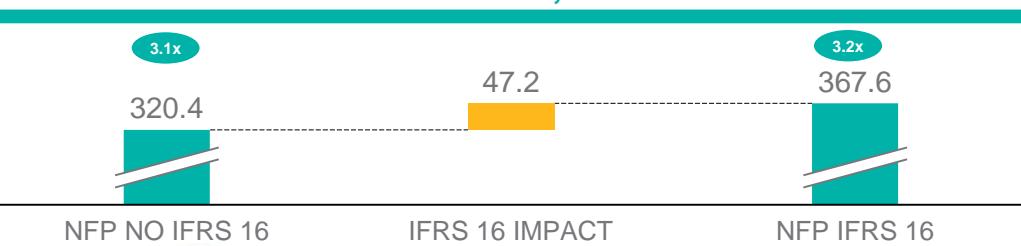
## Q3 2019 Normalized EBITDA, €m



## LTM Q3 2019 Normalized EBITDA, €m



## Q3 2019 Net Financial Position, €m

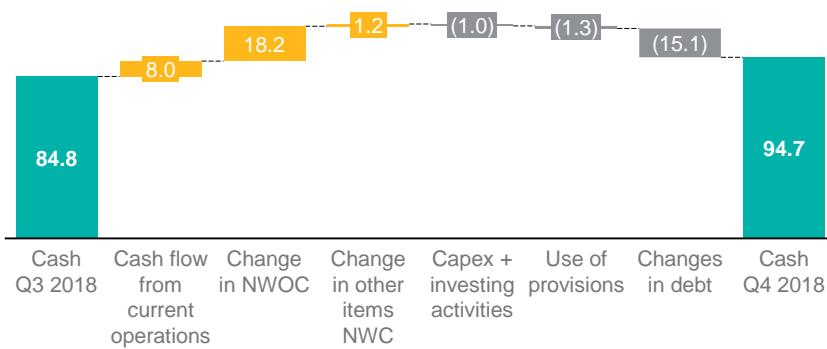


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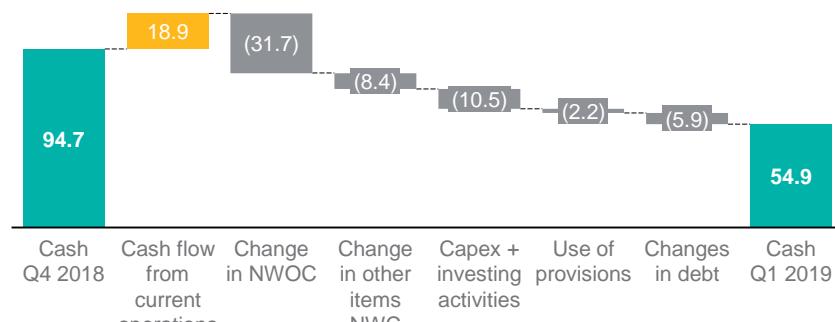
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# Cash evolution by quarter

Q4 2018



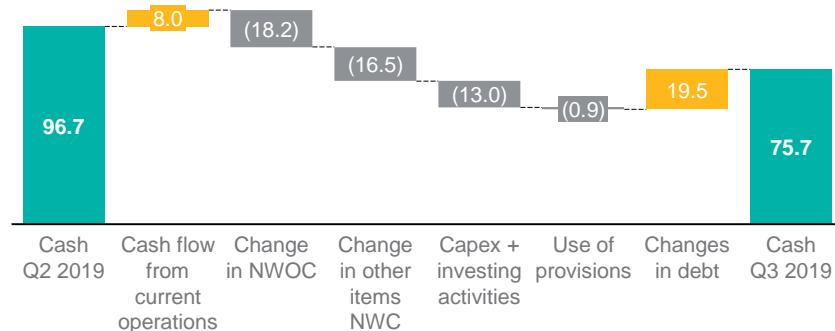
Q1 2019



Q2 2019

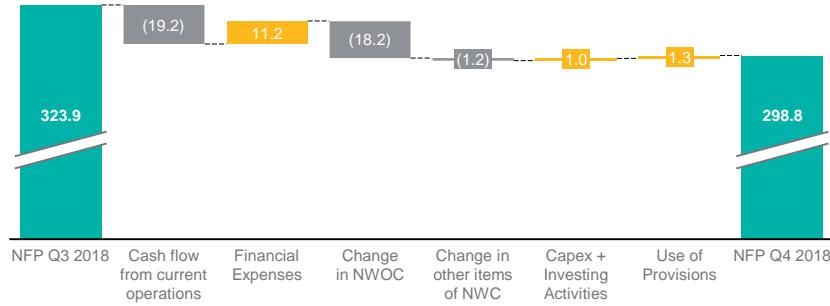


Q3 2019

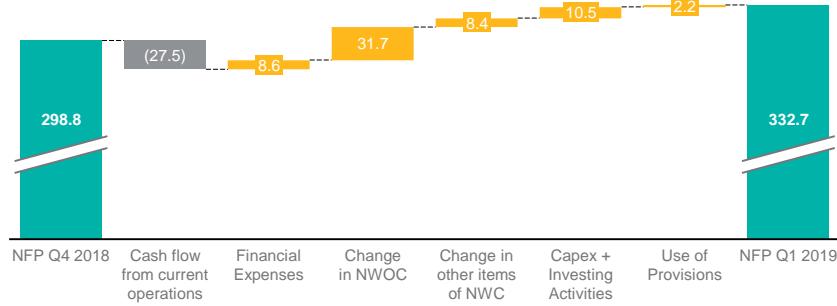


# ...Focus on NFP changes by quarter (€m)

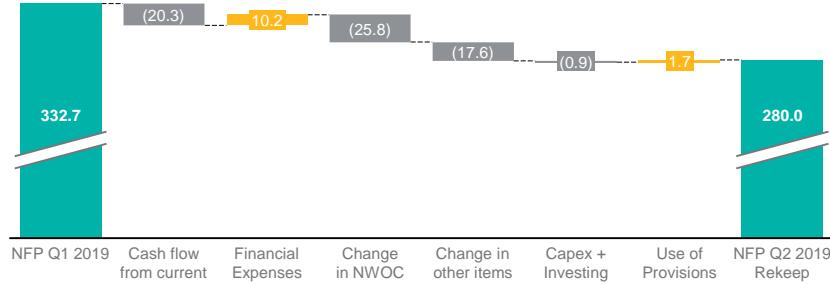
## Q4 2018



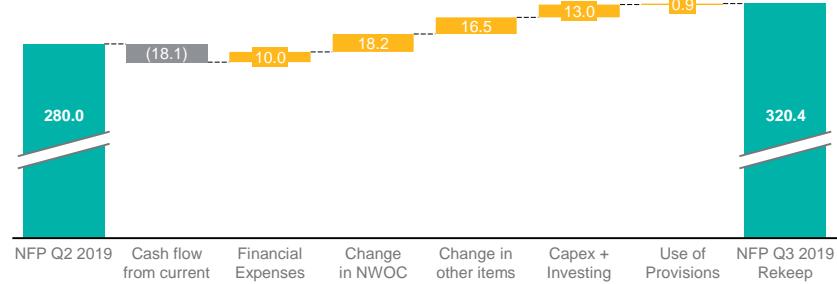
## Q1 2019



## Q2 2019



## Q3 2019



# 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:

## Q3 2019 KPI Reconciliation (statutory vs adjusted), €m

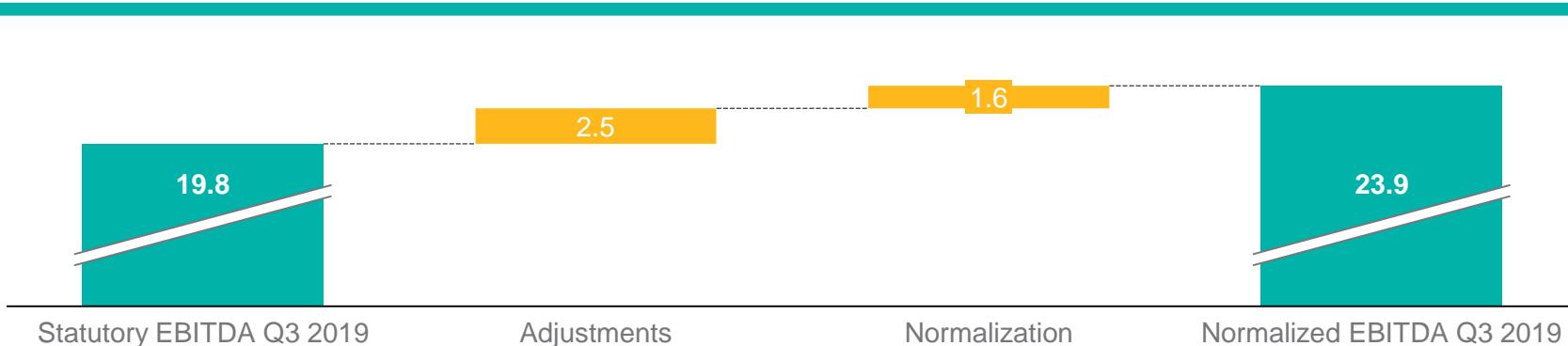
	Statutory Consolidated FS	Adj	Adjusted Consolidated FS	Normalization	Normalized Consolidated FS
Revenues	230.1	-	230.1	(3.6)	226.5
EBITDA	19.8	2.5	22.3	1.6	23.9
<i>EBITDA % on revenues</i>	<i>8.6%</i>		<i>9.7%</i>		<i>10.6%</i>
EBIT	12.2	2.5	14.7	1.9	16.6
<i>EBIT % on revenues</i>	<i>5.3%</i>		<i>6.4%</i>		<i>7.3%</i>
Net Result			2.4		
NWOC			49.2		
NFP Rekeep Group			(320.4)		

- Period adjusted EBITDA and adjusted EBIT include non recurring items referring to: Re-organizations, professional services and advisory and legal

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, advisory and legal fees **2.5**

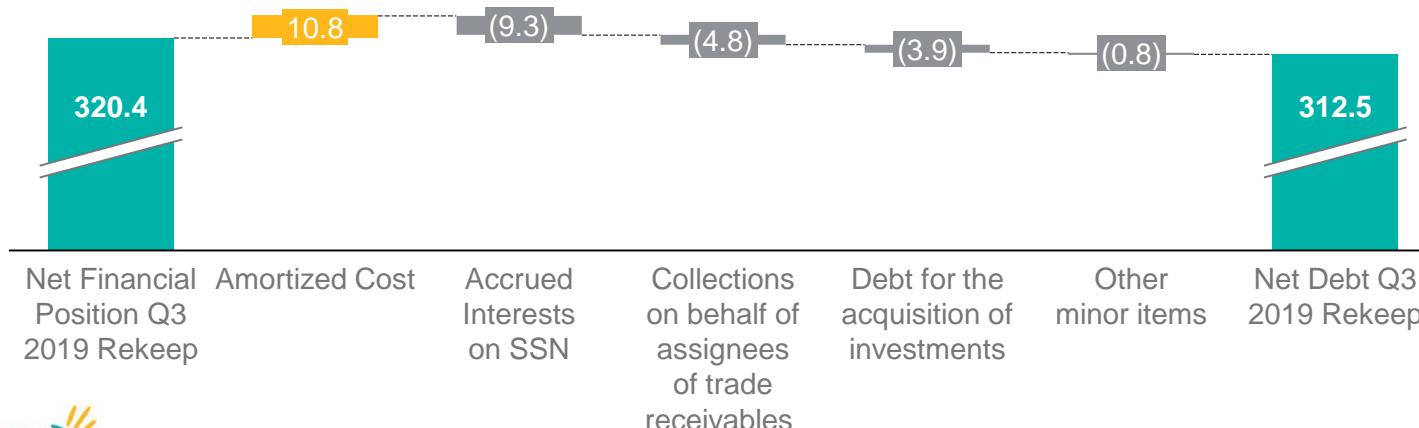
### Normalization, €m

YouGenio/B2C	0.9
Rekeep World	0.7
<b>Total</b>	<b>1.6</b>

# Net Financial Position to Net Debt

## Q3 2019 Net Financial Position to Net Debt, €m

	30 <sup>th</sup> Sept. 2019	30 <sup>th</sup> Sept. 2018
Long term financial debt	357.9	360.9
Bank borrowings, including current portion of long-term debt and other financial liabilities	42.3	49.5
<b>Gross financial indebtedness</b>	<b>400.2</b>	<b>410.3</b>
Cash and cash equivalents	(75.7)	(84.8)
Current financial assets	(4.1)	(1.7)
<b>Net financial indebtedness Rekeep Group</b>	<b>320.4</b>	<b>323.9</b>



# Definitions

## More definitions available in Offering Memorandum

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- (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 period ended 30 September		For the period ended 30 September IFRS16	
	2019	2018	2019	2018
Total revenues	720.116	686.744	720.116	686.744
Total costs of production	-652.844	-622.277	-645.471	-615.058
<b>EBITDA</b>	<b>67.272</b>	<b>64.467</b>	<b>74.645</b>	<b>71.686</b>
<b>EBITDA %</b>	<b>9,34%</b>	<b>9,39%</b>	<b>10,37%</b>	<b>10,44%</b>
Amortization/depreciation, write-downs and write-backs of assets	-21.517	-23.449	-28.144	-29.545
Accrual of provisions for risks and charges	-1418	-632	-1.418	-632
<b>Operating income</b>	<b>44.337</b>	<b>40.386</b>	<b>45.083</b>	<b>41.509</b>
<b>Risultato operativo %</b>	<b>6,16%</b>	<b>5,88%</b>	<b>6,26%</b>	<b>6,04%</b>
Share of net profit of associates	338	1.201	338	1.201
Net financial charges	-28.876	-21.760	-30.419	-23.511
<b>Profit before taxes from continuing operations</b>	<b>15.799</b>	<b>19.827</b>	<b>15.002</b>	<b>19.199</b>
<b>Profit before taxes from continuing operations %</b>	<b>2,19%</b>	<b>2,89%</b>	<b>2,08%</b>	<b>2,80%</b>
Income taxes	-9.170	-9.346	-9.139	-9.171
<b>Profit from continuing operations</b>	<b>6.629</b>	<b>10.481</b>	<b>5.863</b>	<b>10.028</b>
Loss for the period from discontinued operation	0	0	0	0
<b>Net profit for the period</b>	<b>6.629</b>	<b>10.481</b>	<b>5.863</b>	<b>10.028</b>
<b>Net profit for the period %</b>	<b>0,92%</b>	<b>1,53%</b>	<b>0,81%</b>	<b>1,46%</b>
Minority interests	-153	-141	-151	-140
<b>Net profit for the period attributable to equity holders of the parent</b>	<b>6.476</b>	<b>10.340</b>	<b>5.712</b>	<b>9.888</b>
<b>Net profit for the period attributable to equity holders of the parent %</b>	<b>0,90%</b>	<b>1,51%</b>	<b>0,79%</b>	<b>1,44%</b>

# ANNEX

BALANCE SHEET (€/000)	30 Sept 2019	31 Dec 2018	Change	30 Sept 2019	31 Dec 2018
				IFRS16	IFRS16
<b>USES</b>					
Trade receivables and advances to suppliers	426.208	417.930	8.278	426.208	417.930
Inventories	9.614	7.421	2.193	9.614	7.421
Trade payables and advances from customers	-386.711	-399.602	12.891	-386.584	-399.602
<b>Net working operating capital</b>	<b>49.111</b>	<b>25.749</b>	<b>23.362</b>	<b>49.238</b>	<b>25.749</b>
Other element of working capital	-150.709	-61.284	-89.425	-150.709	-61.284
<b>Net working capital</b>	<b>-101.598</b>	<b>-35.535</b>	<b>-66.063</b>	<b>-101.471</b>	<b>-35.535</b>
Tangible assets	78.799	73.975	4.824	121.612	119.633
Intangibles assets	439.144	433.256	5.888	439.144	433.256
Investments accounted for under the equity method	11.139	19.207	-8.068	11.139	19.207
Other non current assets	119.279	28.481	90.798	120.272	29.443
<b>Operating fixed assets</b>	<b>648.361</b>	<b>554.919</b>	<b>93.442</b>	<b>692.167</b>	<b>601.539</b>
Non current liabilities	-55.063	-55.104	41	-55.065	-55.106
<b>Net invested capital</b>	<b>491.700</b>	<b>464.280</b>	<b>27.420</b>	<b>535.631</b>	<b>510.898</b>
<b>SOURCES</b>					
Minority interests	801	668	133	790	660
Equity attributable to equity holders of the parent	170.464	164.824	5.640	167.228	162.352
<b>Shareholders' equity</b>	<b>171.265</b>	<b>165.492</b>	<b>5.773</b>	<b>168.018</b>	<b>163.012</b>
Subordinated Shareholder Funding	0	0	0	0	0
Net financial indebtedness	320.435	298.788	21.647	367.613	347.886
<b>Total financing sources</b>	<b>491.700</b>	<b>464.280</b>	<b>27.420</b>	<b>535.631</b>	<b>510.898</b>

# ANNEX

Statement of Cash flow (Statutory) (€/000)	30 sept 2019	30 sept 2018
<b><i>CASH at the beginning of the period</i></b>	<b>94.733</b>	<b>59.870</b>
Cash flow from current operations	37.039	41.537
Use of provisions for risks and charges and for employee termination indemnity	-4.834	-5.861
Change in NWOC	-24.035	-3.219
Industrial Capex, net of disposals	-25.019	-20.544
Financial Capex	2.444	3.088
Other changes	-7.242	-182.190
Change in net financial liabilities	2.600	192.074
<b><i>CASH at the end of the period</i></b>	<b>75.686</b>	<b>84.754</b>

# What's next

- ✓ Next call will be held indicatively on March 2020. As soon as the financial calendar is approved, info will be provided on IR section of Rekeep's website
- ✓ Rekeep Financial Calendar and Replay available on:  
<https://www.rekeep.com/en/investors/financial-info/financial-calendar>