



Call on Q1 2020 Results

May 14th, 2020, 17CEST



Disclaimer

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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

Rekeep Group's Q1 Results 2020 are unaudited

All Pro-Forma figures shown in this presentation are unaudited

Index and Presenters



Rekeep speakers



Giuliano Di Bernardo

Chairman and CEO



Luca Buglione

CFO



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- COVID-19 Update
- Rekeep Overview
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- Q&A session

Covid-19 Introduction

- Rekeep performs mission critical services in Healthcare sector for approx. 58% of total turnover
- Rekeep business is based on multi-year contracts - typically 3-5+ years – with high visibility over the following 12-24 months revenues

General Update on current situation with reference to COVID-19

- The Company is fully running. Managers and white collars operate remotely, while blue collars and site operators are *regularly working dutifully and appropriately protected*
- Moreover, Rekeep keeps on regularly carrying out activities in various sectors that require essential services such as telecommunications, large-scale distribution and the banking sector
- Impacts of reduction on some activities due to lockdown have been partially offset by an increase of requests for additional activities carried out by Rekeep and Servizi Ospedalieri, especially in Healthcare sector
- So far, evidence on Q1 results confirms resilience of the Group and its business
- Business will, of course, be still impacted by Covid19 outbreak in the coming quarters: the situation is fluid and in continuous evolution also given the extra-ordinary measures - new Govt Decree to be approved and ESM proceeds for Healthcare sector for a total amount €80bn which can represent a driver of future growth and further opportunity to strengthen Group's leading position in providing essential services to Healthcare sector



Key Quarter Highlights

Revenues

- Confirmed Pro-Forma Revenues evolution trend in the eighth consecutive growing quarter, with a +1.9% increase vs. Q1 2019, in both sectors, L&S and FM
- More sustained growth on LTM figures, with a +4.2% increase vs LTM Q1 2019 in the same perimeter
- No material impact by Covid19 outbreak in Q1
- Increasing level of Healthcare revenues, meaning a 58% of the total

EBITDA / EBITDA Margin

- Quarterly Pro-Forma EBITDA of €33.5m, increased by +4.5% vs. Q1 2019, with a marginality up to 12.4% (*IFRS 16 compliant*)
- LTM Q1 2020 EBITDA at €112.2m with a +3.7% increase vs Q1 2019, with margin at 10.6% (*IFRS 16 compliant*)

Backlog & Pipeline

- Intense commercial performance with both higher Renewals and New Market, thanks to the acquisition of important new contracts both on domestic and international market
- Stable level for the Q1 2020 Backlog at 2.7 times Revenues, also supported by Polish Naprzod contribution

NWC

- Management commitment in reducing NWC led to lowest Q1 level for NWOC, despite the typical seasonality effect of Q1
- DSOs landing at 157 days, also including Poland
- Despite Covid-19, no sign of deterioration in clients' ability to pay, so far. No-recourse factoring utilisation in line with Q4 2019

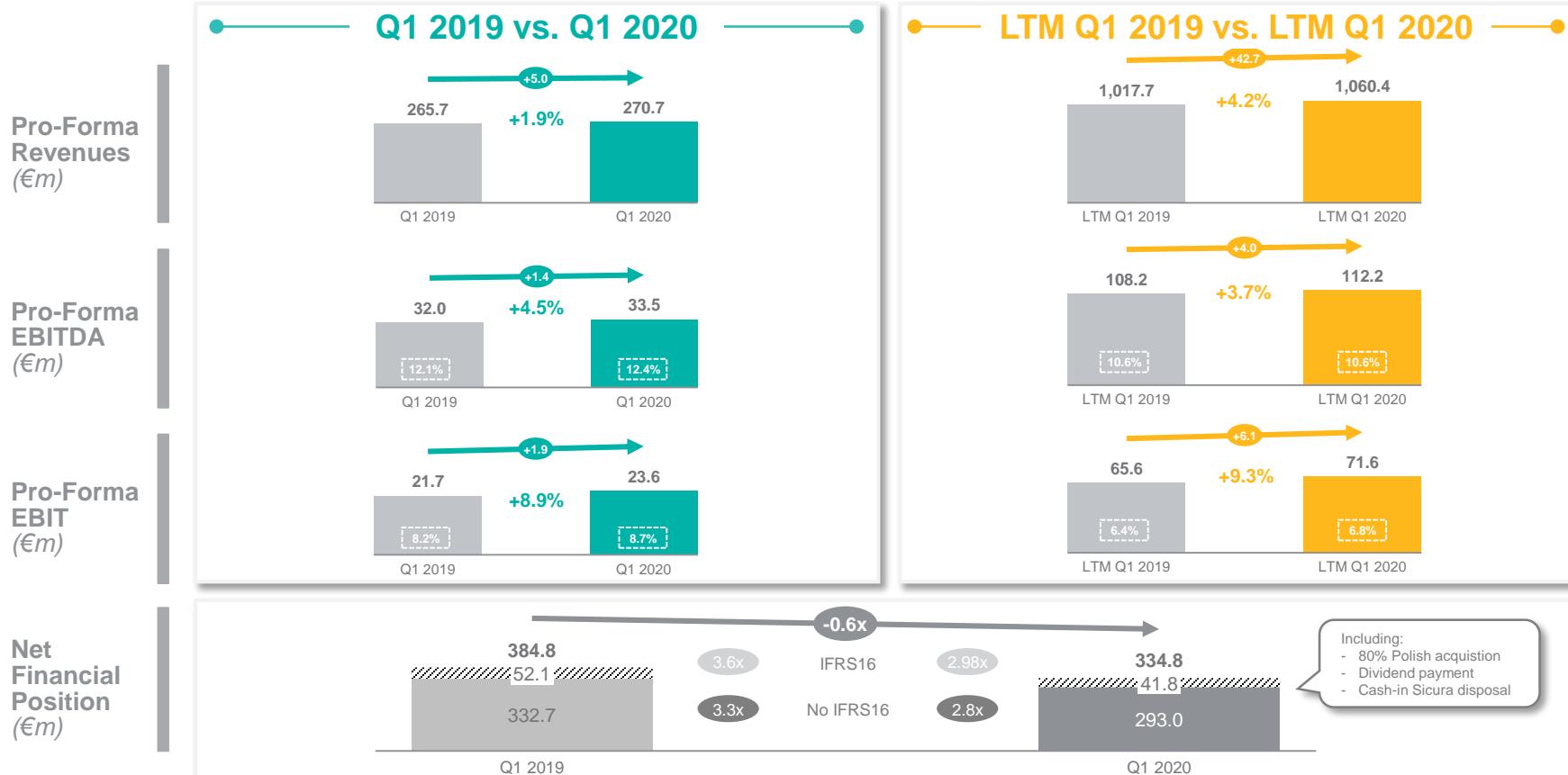
M&A

- On 28 February 2020, Rekeep completed the disposal of Sicura to Argos Wityu for €54.5m (EV)
- From May 1st, Yougenio ceased to provide services and is being winded up

Net Financial Profile and Cash Position

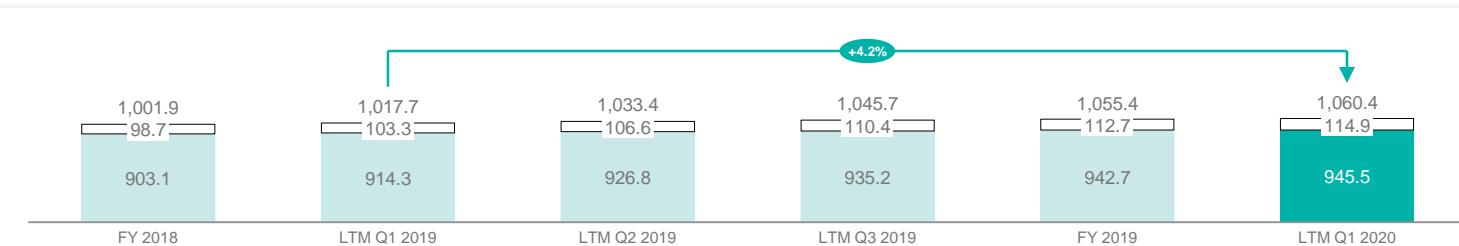
- The Company continues to show its commitment to deleverage, while retaining a sound liquidity position
- RCF fully drawn in March, for precautionary measures. This led to €193m cash on B/S at Q1 2020
- NFP at €334.8m - *IFRS 16 compliant* – with significant decrease of the leverage* by -0.6x (2.98x) vs Q1 2019 [2.8x excluding IFRS16 effect]
- As of today, the bond buyback is at €26.1m. Bond outstanding at €333.9m
- Consistently with the policy to proactively manage the debt profile, the Company may make further purchases of notes from time to time***

3 months and LTM KPIs at a glance

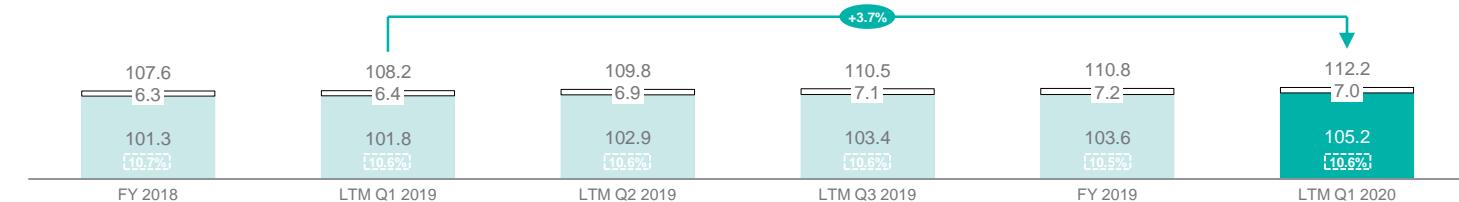


LTM Performance

Pro-Forma Revenues
(\$m)



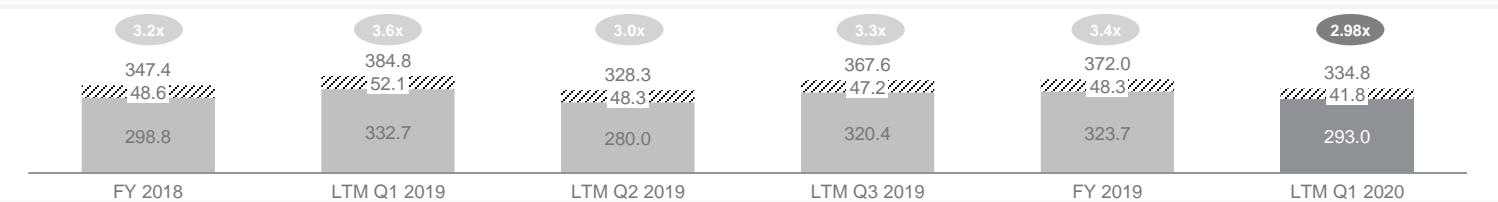
Pro-Forma EBITDA
(\$m)



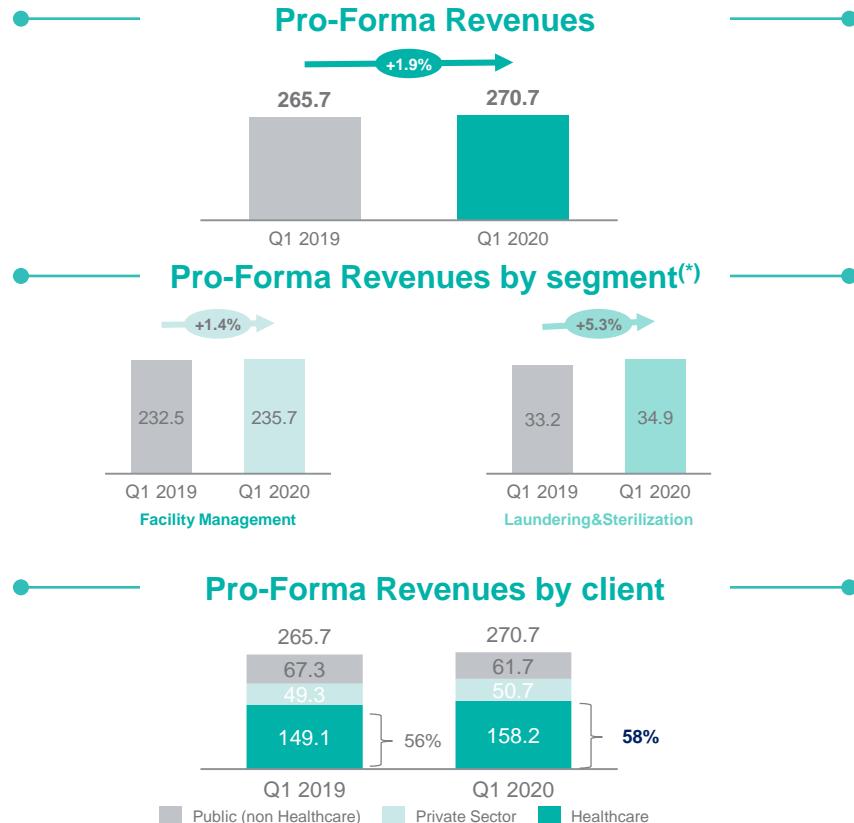
Pro-Forma EBIT
(\$m)



Net Financial Position
(\$m)



Revenues, QoQ

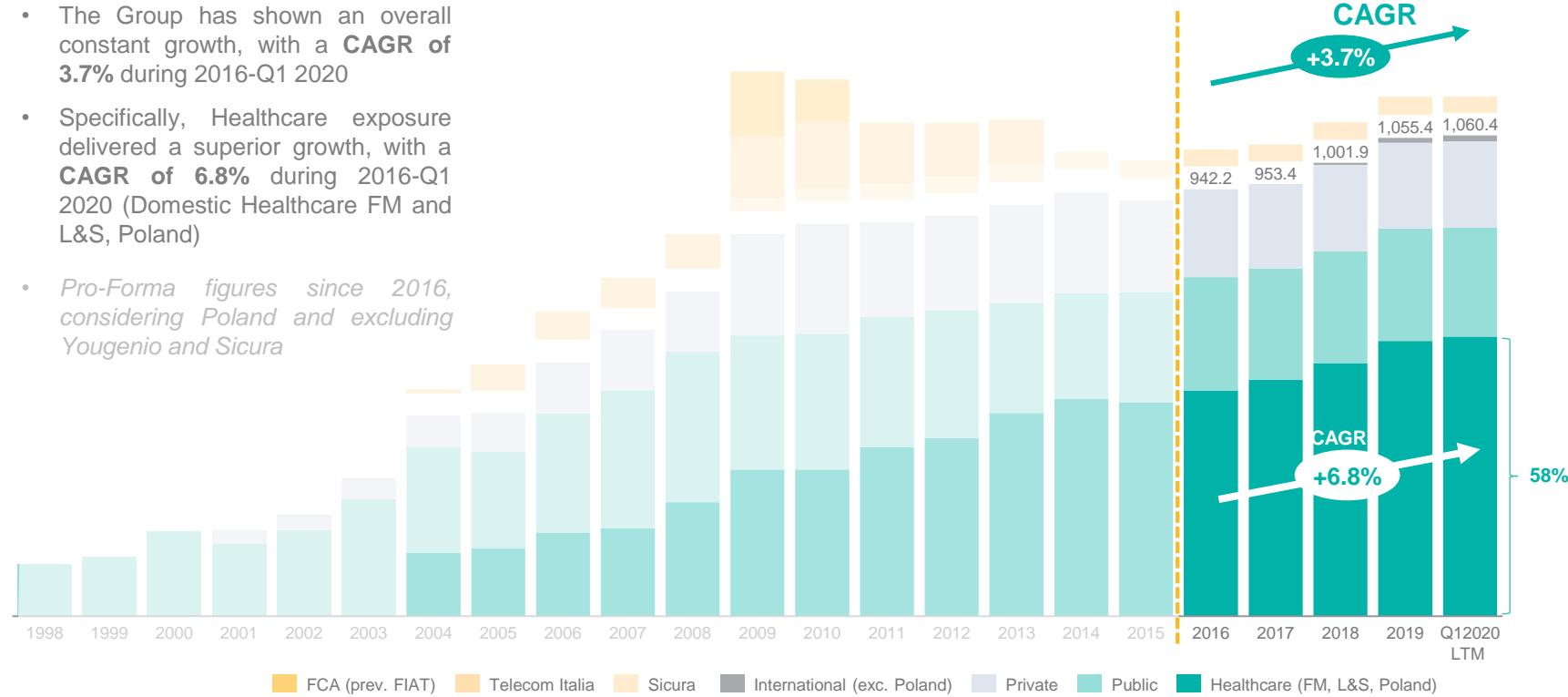


Comments

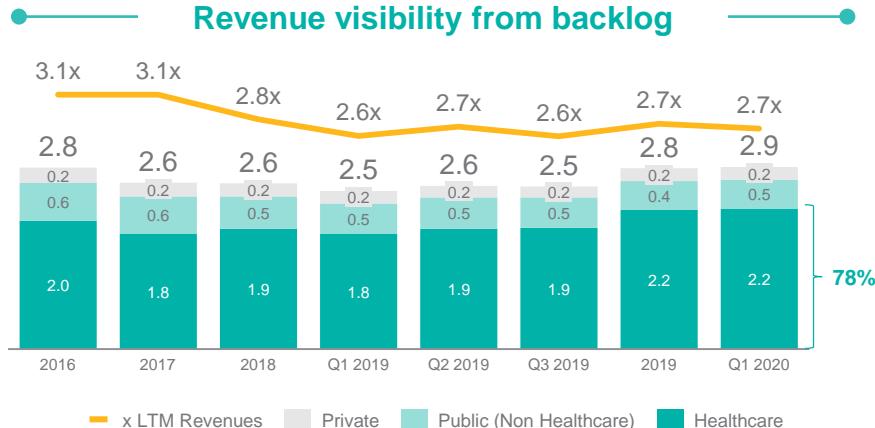
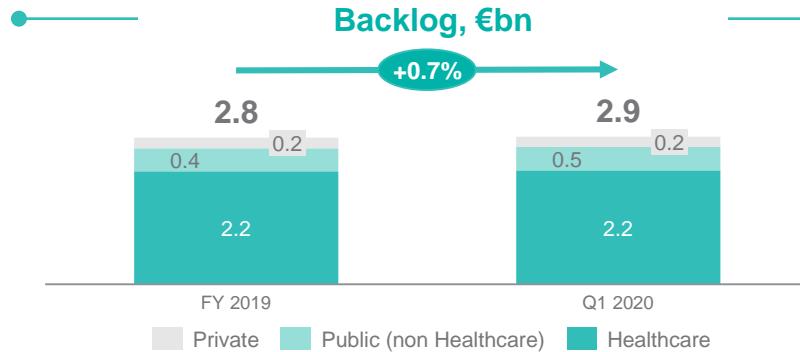
- Higher Pro-Forma Revenues figures (+1.9%), leading to €270.7m in Q1 2020.
- The growth trend is driven by an increase in both sectors, FM and L&S:
 - ✓ FM Revenues increase in Q1 2020 by 1.4%
 - ✓ Sustained increase of L&S by 5.3% in Q1 2020
- Reduction in volumes due to Covid19 outbreak is not material, as of today, and more than offset by i) increase in L&S ii) extraordinary services, in Healthcare FM iii) full deployment of some contracts, previously as start-up
- Healthcare is prevalent client base (58%), showing an on-going increasing trend**

Revenues historical trend

- The Group has shown an overall constant growth, with a **CAGR** of **3.7%** during 2016-Q1 2020
- Specifically, Healthcare exposure delivered a superior growth, with a **CAGR** of **6.8%** during 2016-Q1 2020 (Domestic Healthcare FM and L&S, Poland)
- Pro-Forma figures since 2016, considering Poland and excluding Yougenio and Sicura*



Backlog



Comments

- Group Backlog ranks €2.9bn, registering a slight increase, +0.7%, vs Q4 2019
- Sensible contribution to the Backlog provided both by international and domestic activities with acquisitions of new contracts in Q1 2020
- Stable 2.7x over Pro-Forma Revenues vs Q4 2019, higher than other quarters in 2019
- Healthcare accounts for more than 78% of total Backlog**

Commercial Activity

Value of contracts signed Q1 2020 , €m (pluri-annual value)



Breakdown of signed contracts Q1 2020, €m

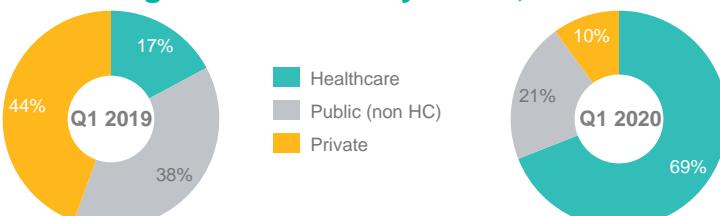
Renewals



New Market



Signed contracts by Client, %



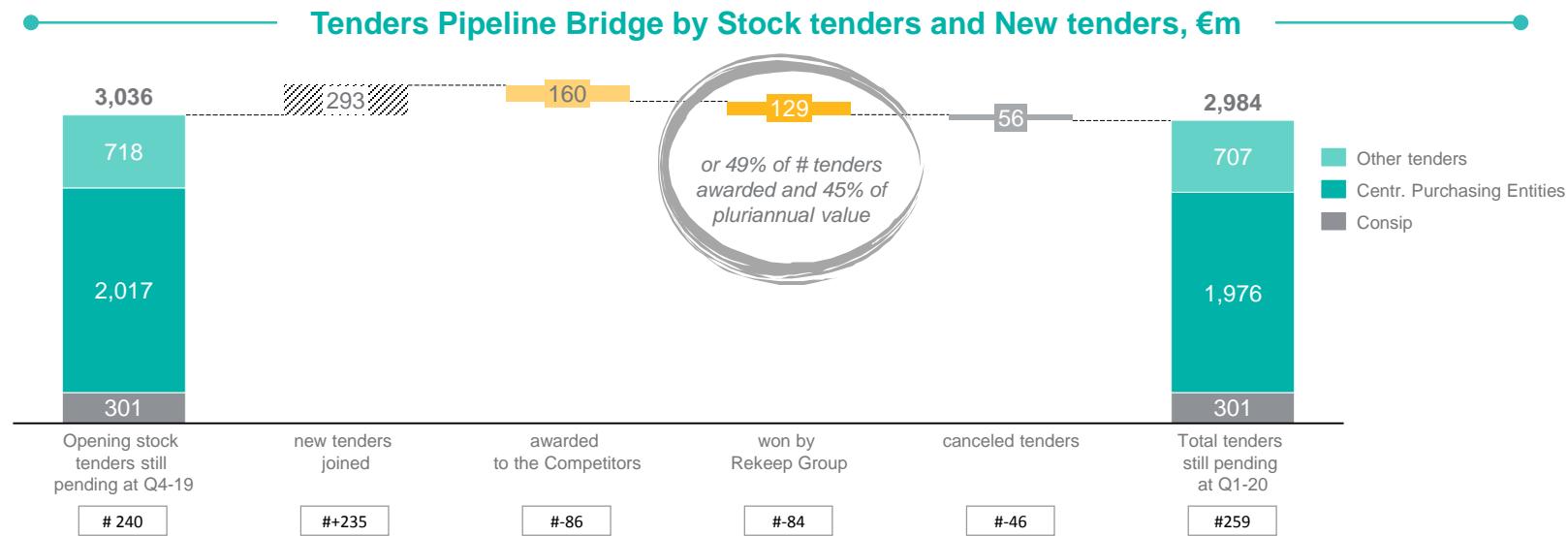
Sales activity

- Intense commercial activity both for Renewals and New Market acquisition during Q1 2020: multi-annual value of €224m vs 48m recorded in Q1 2019:
 - ✓ **Renewals:** domestic activity in line with Q1 2019 (€41m vs. €36m), to sum with contribution provided by Polish company (€60m) leading to €101m
 - ✓ **New market:** positive performance given by both the International new contracts signed in France, Turkey and in Italy, especially in Healthcare market which accounts for almost 70% of new acquisitions
- Contribution of **Poland** is accounted starting from 30 October 2019, once become part of Rekeep Group

Main Contracts signed in Q1 2020

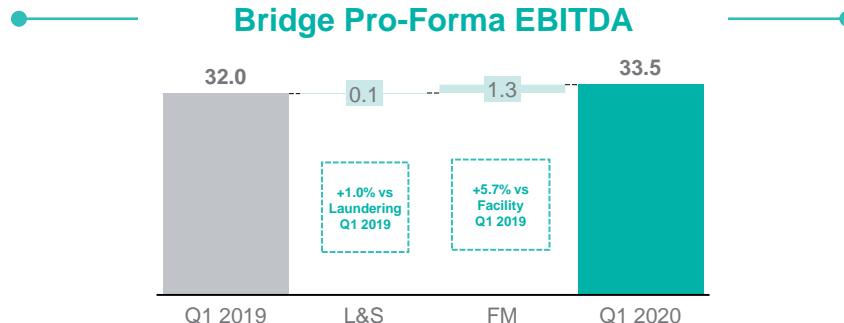
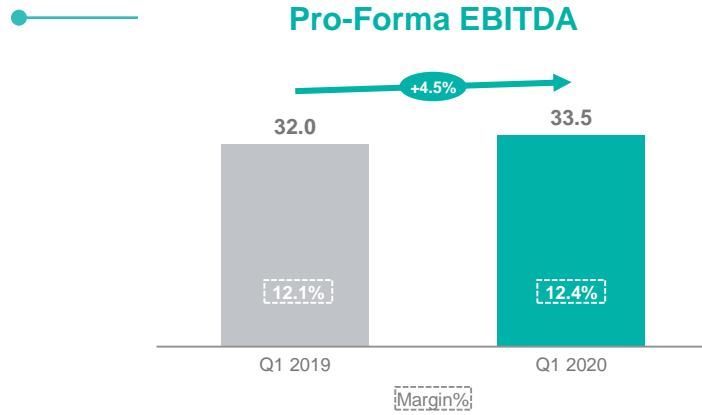
Client	Service	Annual Value	Duration	Acquisition type
SNCF Normandie - Paris St Lazare	Cleaning	6.4m	6 years	New Market
INTERCENTER - LOTTO 2 AO MODENA IOR E AUSL BO	Energy/Maintenance Services	6.1m	8 years	New Market
Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie Sp. z.o.o	Catering / Cleaning	3.6m	4 years	Portfolio

Tenders Pipeline – Q1 2020



- In Q1 2020, Rekeep Group achieved a win rate of 49.4% on # of tenders (84 out of 170) and 44.7% on value of tenders, including Poland contribution
- Total amount of tenders still pending accounts for €3.0bn, stable vs. end of 2019
- The tenders held by other regional Centralized Purchasing Entities ("Soggetti Aggregatori") keeps on covering significant share of the total pipeline and allows to maintain the current portfolio and develop new business, **accounting today for approx. 2/3 of total pipeline.**

EBITDA, QoQ

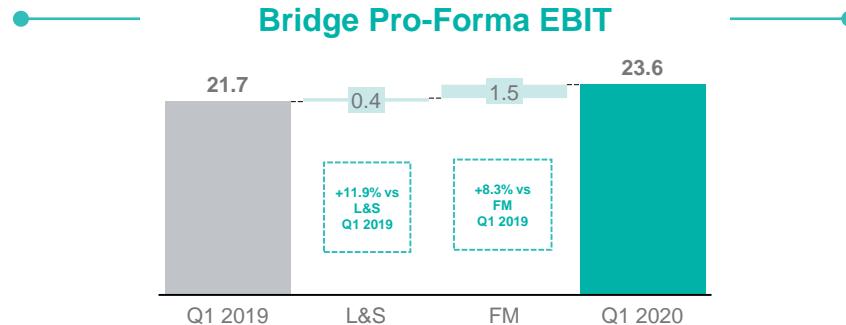
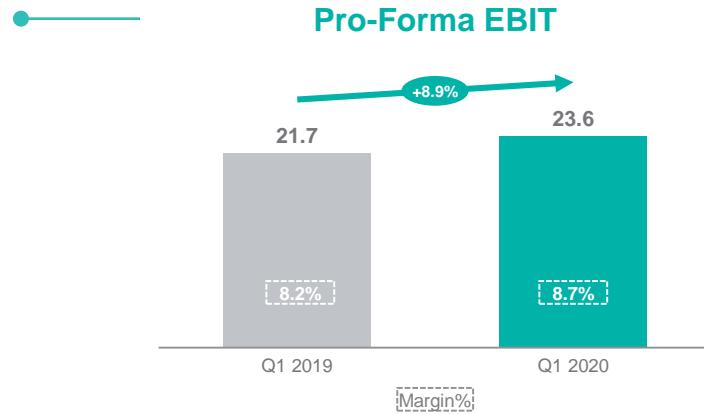


Comments

- Pro-Forma EBITDA Q1 2020 vs Q1 2019 increased by +€1.5m, due to the positive performance by both FM and L&S:
 - FM increase by +1.3m in Q1 2020
 - L&S increase by +€0.1m in Q1 2020
- Increase in marginality, up +0.3pp to 12.4% in Q1 2020 vs 12.1% registered in Q1 2019
- Increase in FM mainly is driven by:
 - Extraordinary services in Healthcare FM with higher marginality
 - Full deployment of some contracts started in 2019, previously as start-up

Q1 2020 adjustments on EBITDA are +€0.5m vs +€0.8m in Q1 2019

EBIT, QoQ



Comments

- Pro-Forma EBIT shows a robust increase (+€8.9% vs Q1 2019) given the positive performance by both FM and L&S:
 - FM increased +1.5m in Q1 2020
 - L&S increased +0.4m in Q1 2020
- Increasing trend in marginality landing to 8.7% in Q1 2020 vs 8.2% in Q1 2019

Q1 2020 adjustments on EBIT are +€1.4m vs +€0.8m in Q1 2019

Net Financial Expenses, Taxes, Net Profit



- Net Financial expenses higher than Q1 2019 due to bond buy-back* capital gain during Q1 2019 (approx. €2m)

- Q1 2020 Net Result takes into account the gain generated by Discontinued Operations IFRS5 (i.e. Sicura) for approx. €4.2m

Industrial Capex

Figures not
Pro-Forma

Q1 2020

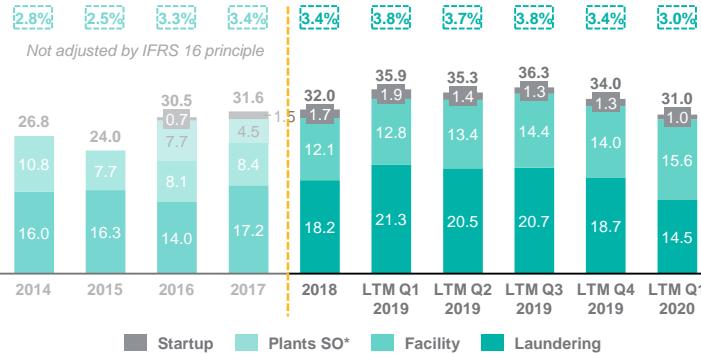
€7.7m

Q1 2019

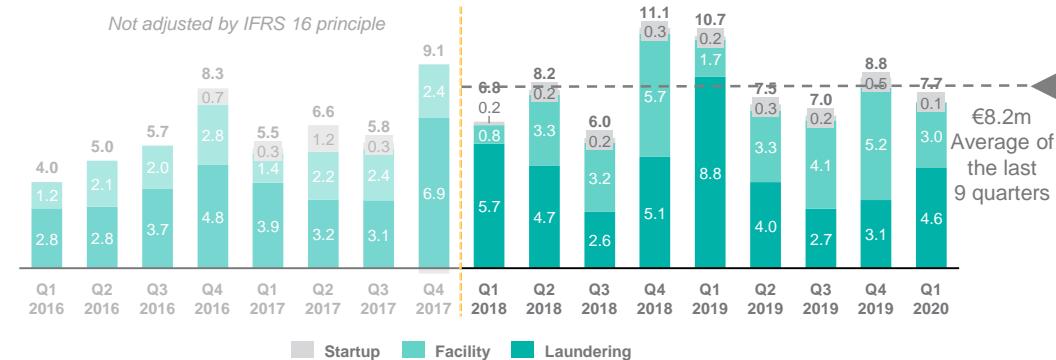
€10.7m

- Q1 2020 Capex lower than the same quarter of previous year (-€3.0m) mainly due to lower investment in start-up contracts in L&S, only partially offset by higher capex in FM, which includes contribution of Naprzod
- LTM Q1 2020 Capex lower than previous quarters where major investments for start-up of new contracts have been carried out:
 - On March 2nd, following the decision by the Court, Servizi Ospedalieri/Rekeep has been finally awarded for the tender related to L&S services to Umbria region hospitals (capex carried out in 2019)
 - Contract to be started within Q2 2020 (Annual value ca. 9m for 5 Years)

LTM Capex overview, €m



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

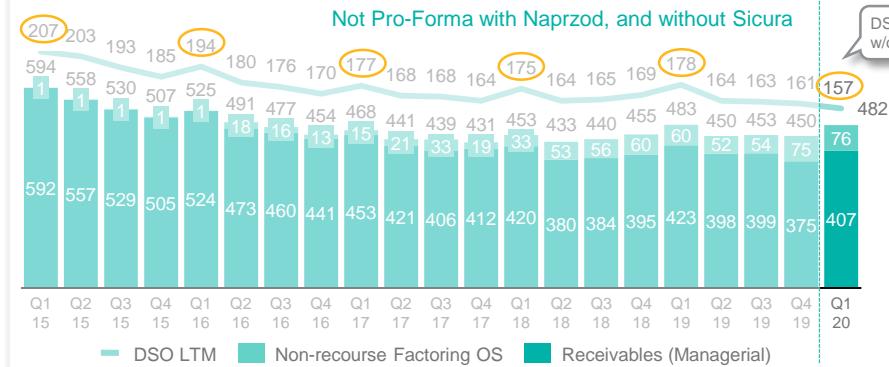


*one-off capex

% on LTM Revenues

DSOs & DPOs

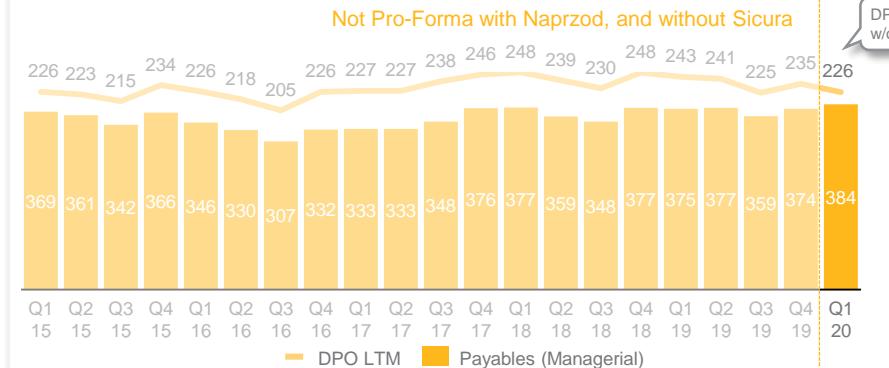
Gross Receivables and DSO



Comments

- Lower level of DSOs ever registered by the Group showing continuous Management commitment to liquidity
- DSOs reach 157 days showing a constant decrease compared to Q1 of previous years
- Stable level of non-recourse factoring, in line with Q4 2019
- DPOs registered a decrease (-9 days) vs Q4 2019

Payables and DPO



Until Q4 2019, DSOs/DPOs were not Pro-Forma as they were calculated i) excluding Naprzod, ii) including Sicura

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

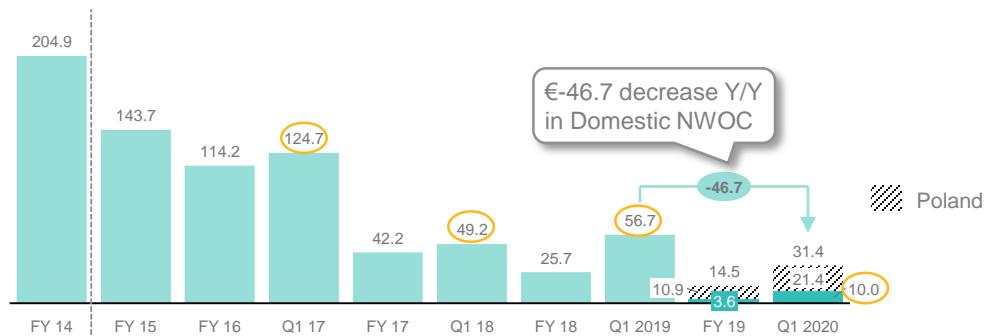
NWOC



- Accelerated decrease in NWOC with Q1 lowest level registered
- As today, no sign of deteriorated ability to pay by clients due to Covid-19
- Higher level vs Q4 2019 due to seasonality effect
- Excluding the Poland/Naprzod contribution, NWOC is of €10.0m (1.0% of LTM revenues)

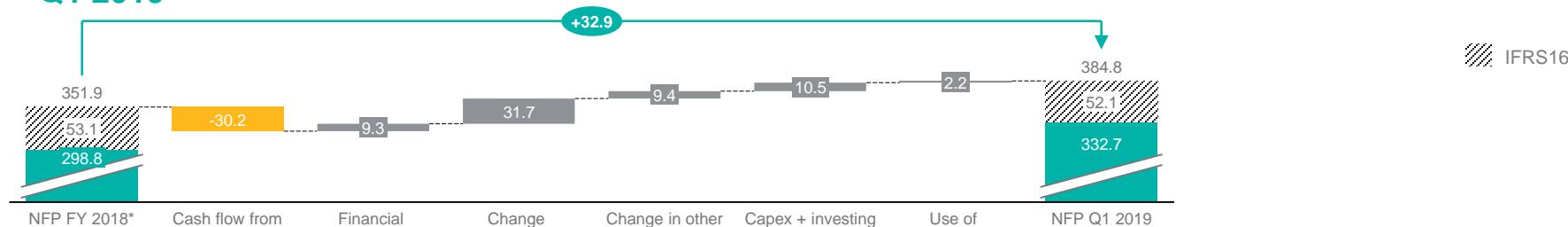
NB: stock values before FY 2014 are not comparable due to the 2015 introduction of VAT new fiscal regime (Split payment e Reverse charge)

Net Working Operating Capital Trend, €m

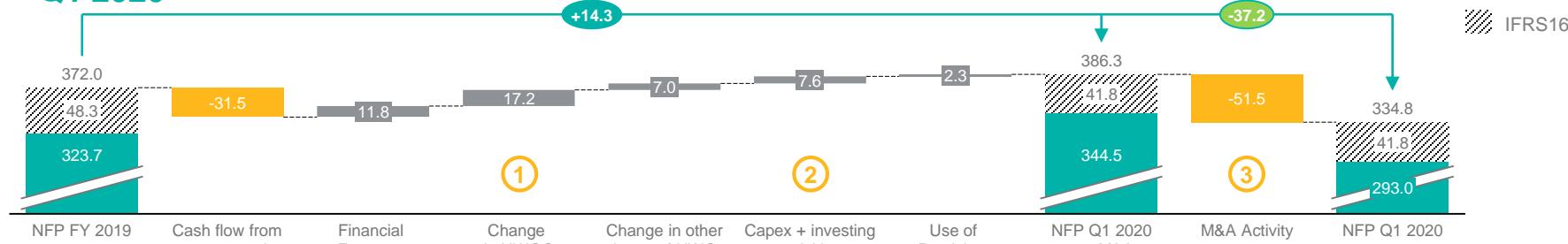


Focus on NFP changes Q1 2020 vs Q1 2019 (€m)

Q1 2019



Q1 2020



Decrease in NFP in Q1 2020 mainly due to:

- ① Lower Change in NWOC due to the on going effort in NWOC management. The increase is in line with seasonality effect, customary in Q1
- ② Lower Capex due to lower investments in start-up contracts in L&S (see comment on 2019 Q1 Capex slide)
- ③ M&A Activity (Equity Value): proceeds from Sicura disposal in Feb 28th, 2020, net of re-investment

Focus on Liquidity and Credit Facilities

Data as of March 2020	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA		112.2	
Cash on Balance Sheet	(187.5)		(187.5)
Short Term Financial Assets	(5.5)		(5.5)
SSN @ 2022 - 9% Coupon (*)	349.7		
Other on SSN (Amortized Cost, Accrued Interest)	0.4		
RCF (€50m)	50.0		
Total Senior Secured NFP	207.1	1.8x	
Recourse Factoring	25.3		
Term Loans & Bank Overdrafts	18.8		
Financial Leasing	5.3		
Other Financial Debt	36.5		
<i>Net Financial Position, net of IFRS Adjustments</i>	293.0		
<i>IFRS Adjustments</i>	41.8		
Net Financial Position	334.8	2.98x	
No-Recourse Factoring	75.7		(124.3)**

(*) Consistently with our policy to proactively manage our debt profile, the Company may make further purchases of notes from time to time

(**) Committed revolving credit facility: €200m

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
- ❑ Following the formal request, Rekeep obtained for deferred payment by the collection agency Agenzia delle Entrate: 72 monthly growing installments from end of January 2020
- ❑ The implied Rate for the unsecured deferred payment is 4.5%
- ❑ The monthly payments are:
 - ✓ To be refunded in case TAR rejecting the fine
 - ✓ To be reduced accordingly and proportionally in case of a fine reduction
- ❑ Due to Covid19 outbreak, monthly payments of the fine have been suspended by Government Decree 27/2020 until June 2020 and suspension has been extended to September 2020 according to new Government Decree announced on May 13th

• Santobono Case:

- ❑ The hearing at Italian Supreme Court originally scheduled on March 10th has been postponed due to Covid-19

Next Steps

- ❑ The hearing at TAR (first level administrative court) on the merits, originally scheduled on May 6, 2020, will take place on June 10, 2020

- ❑ Not yet scheduled, but likely to take place across summertime



Annex



Methodology and data presentation

Data Presentation

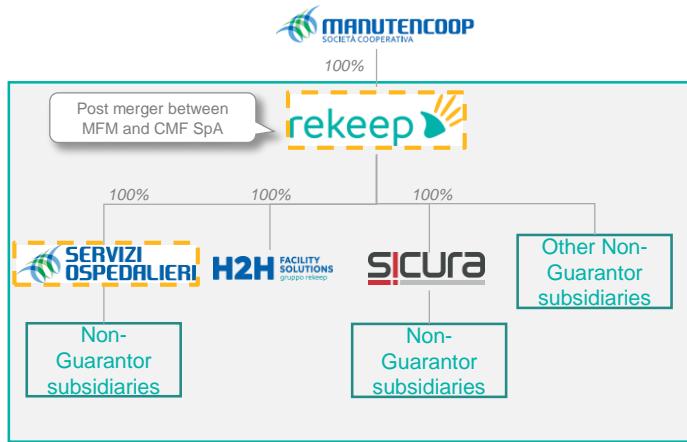
- Since the acquisition of Polish Naprzod in October 2019, International activities can be considered material and hence no longer as Start-up
- Therefore, the only normalization considered is the exclusion of B2B/B2C activities carried out by Yougenio
- On a **Pro-Forma** basis, Revenues, EBITDA and EBIT :
 - i) Include International activities, following the acquisition of Polish company Naprzod
 - ii) Do not include Yougenio activities: business under scrutiny
 - iii) Do not take into account Sicura as it is no longer part of the Rekeep Group

IFRS16

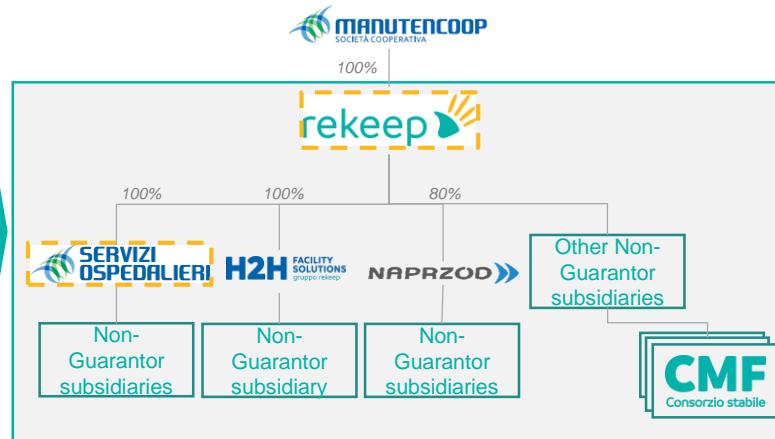
- Please note that all the figures shown in **this presentation take into account the impacts of the first-time adoption of the new IFRS 16**, mandatory since 2019. For this reason, the figures may sensibly differ from those presented in previous investors presentations
- The adoption of this Standard led Rekeep to adapt its key financial indicators:
 - ✓ EBITDA no longer includes operating lease costs, while EBIT and Net Profit for the period include the depreciation of the right of use asset and interest on lease liabilities
 - ✓ Net Financial Debt includes the financial liability for operating leases calculated as the present value of future lease payments

Restricted Group and Pipeline Breakdown

Offering Memo



Current Situation



Pipeline Breakdown, as of March 2020

Data in €Bn



- As of March 2020, CMF records ~50% of total Group Pipeline,
- Rekeep accounts €1.2Bn while SO €0.4Bn

KPIs at a glance – Adjustment and normalization

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 2020 KPI Reconciliation, €m

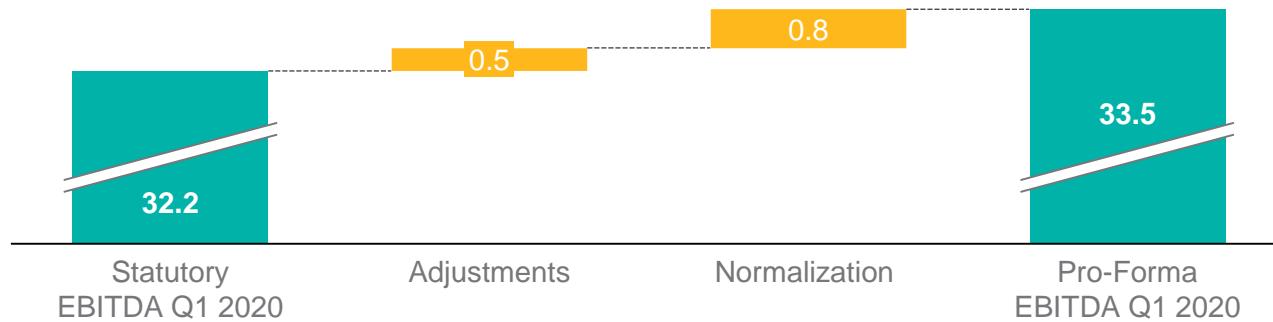
	Statutory Consolidated FS	Adj	Adjusted Consolidated FS	normalization	Pro-Forma Q1 2020
Revenues	271.2	-	271.2	(0.5)	270.7
EBITDA	32.2	0.5	32.7	0.8	33.5
EBITDA % on revenues	11.9%		12.1%		12.4%
EBIT	21.1	1.4	22.5	1.1	23.6
EBIT % on revenues	5.0%		8.0%		8.3%
Net Result (*)			7.2		
NWOC			31.4		
NFP Rekeep Group			(334.8)		

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

Revenues, EBITDA and EBIT do not include Yougenio / B2C activities

Adjustments to EBITDA

Bridge to EBITDA, €m



Adjustments, €m

Re-organizations, professional services, advisory and legal fees

0.5

Normalization, €m

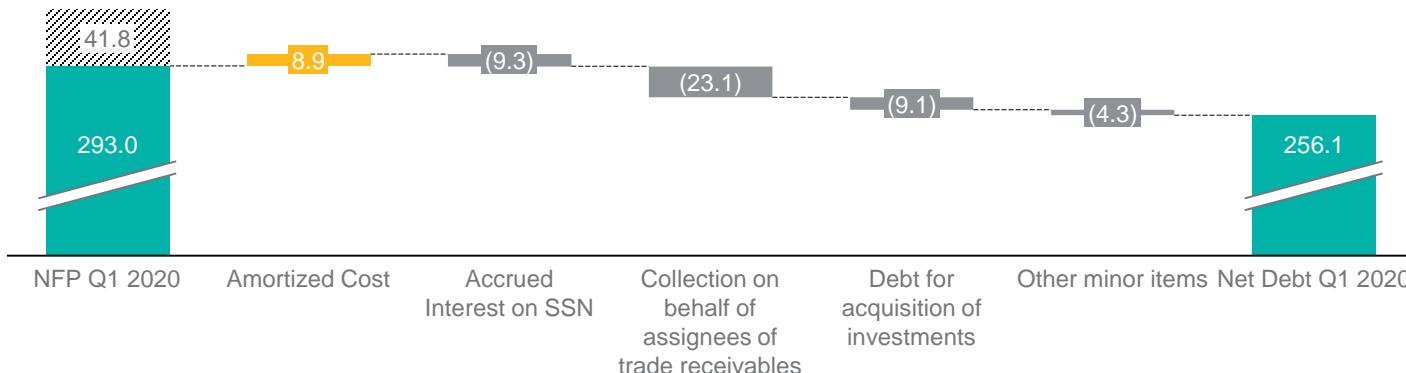
YouGenio/B2C

0.8

Net Financial Position and Pro-Forma

Q1 2020 Net Financial Position to Net Debt, €m

	31 st Mar. 2020	31 st Mar. 2019
Long term financial debt	396.4	397.8
Bank borrowings, including current portion of long-term debt and other financial liabilities	131.4	46.3
Gross financial indebtedness	527.8	444.2
Cash and cash equivalents	(187.5)	(54.9)
Current financial assets	(5.5)	(4.4)
Net financial indebtedness Rekeep Group	334.8	384.8



Definitions

More definitions available in Offering Memorandum

- (1) **“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
- (2) **“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
- (3) **“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

BALANCE SHEET (€/000)	31 Mar 2020	31 Dec 2019	Change
USES			
Trade receivables and advances to suppliers	435,605	412,572	23,033
Inventories	8,289	7,910	379
Trade payables and advances from customers	(412,445)	(405,950)	(6,495)
Net working operating capital	31,449	14,532	16,917
Other element of working capital	(156,512)	(115,344)	(41,168)
Net working capital	(125,063)	(100,812)	(24,251)
Operating fixed assets			
Tangible assets	124,588	126,491	(1,903)
Intangibles assets	414,254	414,601	(347)
Investments accounted for under the equity method	10,405	10,376	29
Other non current assets	124,899	123,603	1,296
Net invested capital	674,146	675,071	(925)
Non current liabilities	(53,737)	(54,826)	1,089
Total financing sources	495,346	519,433	(24,087)
SOURCES			
Minority interests	863	836	27
Equity attributable to equity holders of the parent	159,647	151,970	7,677
Shareholders' equity	160,510	152,806	7,704
Net financial indebtedness	334,836	366,627	(31,791)

ANNEX

PROFIT&LOSS (€/000)	For the period ended 31 March		For the period ended 31 March REPORTED 2019	
	RESTATED IFRS5			
	2020	2019		
Total revenues	271,166	239,287	248,416	
Total costs of production	(238,942)	(210,378)	(218,562)	
EBITDA	32,224	28,909	29,854	
EBITDA %	11.9%	12.1%	12.0%	
Amortization/depreciation, write-downs and write-backs of assets	(9,626)	(9,532)	(9,865)	
Accrual of provisions for risks and charges	(1,512)	(352)	(350)	
Operating income	21,086	19,025	19,639	
Risultato operativo %	7.8%	8.0%	7.9%	
Share of net profit of associates	93	85	85	
Net financial charges	(11,756)	(9,233)	(9,307)	
Profit before taxes from continuing operations	9,423	9,877	10,417	
Profit before taxes from continuing operations %	3.5%	4.1%	4.2%	
Income taxes	(6,438)	(7,834)	(7,972)	
Profit from continuing operations	2,985	2,043	2,445	
Loss for the period from discontinued operation	4,217	402	-	
Net profit for the period	7,202	2,445	2,445	
Net profit for the period %	2.7%	1.0%	1.0%	
Minority interests	(142)	(13)	(13)	
Net profit for the period attributable to equity holders of the parent	7,060	2,432	2,432	
Net profit for the period attributable to equity holders of the parent %	2.6%	1.0%	1.0%	

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	31 mar 2020	31 mar 2019
<i>CASH at the beginning of the period</i>	97,143	94,733
Cash flow from current operations	19,743	20,889
Use of provisions for risks and charges and for employee termination indemnity	(2,318)	(2,209)
Change in NWOC	(17,169)	(31,725)
Industrial Capex, net of disposals	(7,597)	(10,537)
Financial Capex	51,528	22
Other changes	(12,396)	(9,381)
Change in net financial liabilities	58,560	(6,888)
<i>CASH at the end of the period</i>	187,494	54,904

What's next

- ✓ Next call on Q2 2020 Results will be held on 27th August 2020
- ✓ Rekeep Financial Calendar and Replay available on:
<https://www.rekeep.com/en/investors/financial-info/financial-calendar>