



Call on Q2 2020 Results

August 27th, 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 2020 Half Year Results are subject to limited auditors' review

All Pro-Forma figures shown in this presentation are unaudited

Index and Presenters



Rekeep speakers



Giuliano Di Bernardo

Chairman and CEO



Luca Buglione

CFO



Index

- COVID-19 Update
- Rekeep Overview
- Q2 2020 Results
- Annex
- Q&A session

Key Quarter Highlights

Revenues

- Q2 2020 Pro-Forma Revenues shows a -7.9% decrease vs. Q2 2019, mainly due to a reduction in FM only partially offset by a robust increase in L&S driven by additional services provided to face Covid19 outbreak
- LTM figures still showing a positive trend, with a slight increase at +0.6% vs LTM Q2 2019
- Impact by Covid19 outbreak in Q2 is not material and largely offset by solid increase in L&S additional services provided, leading the Healthcare revenues in the quarter to 63% of the total

EBITDA / EBITDA Margin

- Despite a decrease in volumes, Quarterly Pro-Forma EBITDA of €25.2m, increased by +3.4% vs. Q2 2019, with a marginality up to 10.6% (*IFRS 16 compliant*)
- LTM Q2 2020 EBITDA at €113.0m with a +3.0% increase vs Q2 2019, with margin at 10.9% (*IFRS 16 compliant*)

Backlog & Pipeline

- Solid 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 Q2 2020 Backlog at 2.8 times LTM Revenues, also supported by Polish Naprzod contribution

NWC

- Stable level of NWOC despite some reduction in DPOs to reduce stress on suppliers
- DSOs landing at 151 days, also including Poland – lowest level ever registered by the Group – showing ongoing Management commitment in reducing NWC
- Despite Covid-19, no sign of deterioration in clients' ability to pay, so far

Net Financial Profile and Cash Position

- The Company continues to show its commitment to deleverage, while retaining a sound liquidity position
- SSRCF is still in place after being fully drawn in March, for precautionary measures leading to a strong cash position on B/S of €116.5m cash
- NFP at €332.4m - *IFRS 16 compliant* – with further decrease of the leverage* by -0.1x (2.9x) vs Q1 2020 - **[2.8x excluding IFRS16 effect]**
- In Q2 2020, the Group repurchased €15.8m of its Notes (nominal value) leading to a total bond buyback at €26.1m. Bond outstanding at €333.9m

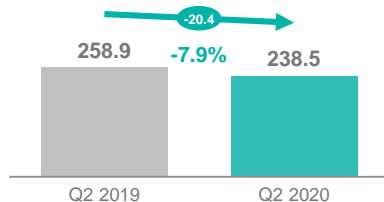
Other

- In relation to the FM4 Tender and the ICA fine, on July 27, TAR Lazio decision partially accepted Rekeep appeal, with respect to the criteria used in calculating the fine and set the parameters for its recalculation
- From May 1st, Yougenio/B2C ceased to provide services and is being winded up
- **Consistently with the policy to proactively manage the debt profile, the Company may make further purchases of notes from time to time**

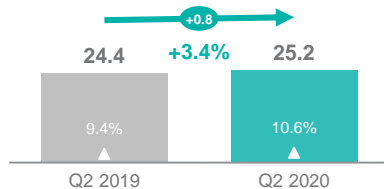
3 months and LTM KPIs at a glance

Pro-Forma
Revenues
(€m)

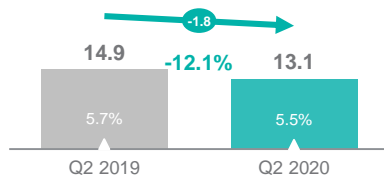
Q2 2019 vs. Q2 2020



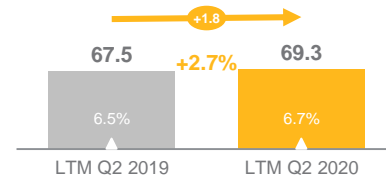
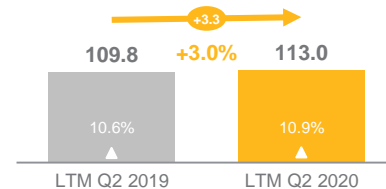
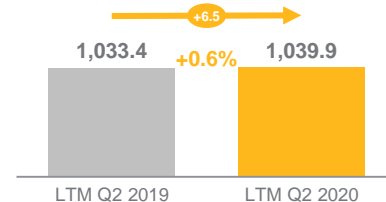
Pro-Forma
EBITDA
(€m)



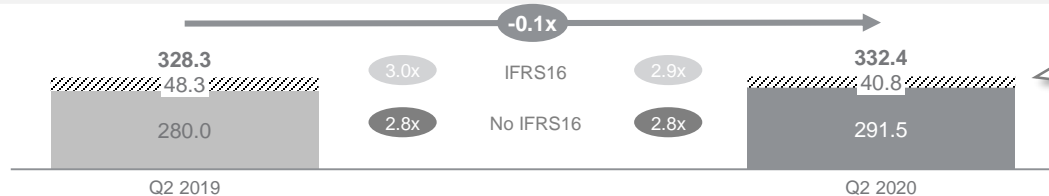
Pro-Forma
EBIT
(€m)



LTM Q2 2019 vs. LTM Q2 2020



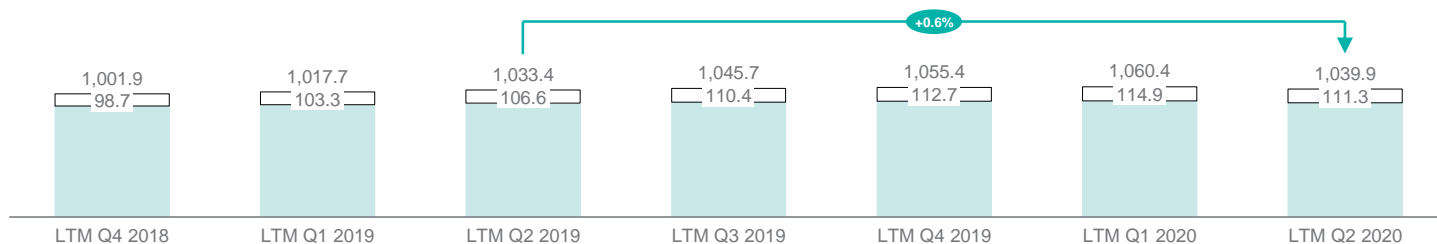
Net
Financial
Position
(€m)



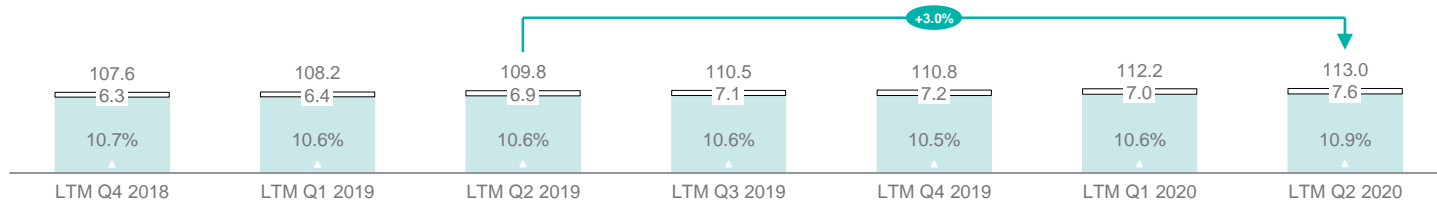
Including:
- 80% Polish acquisition
- Cash-in Sicura disposal

LTM Performance

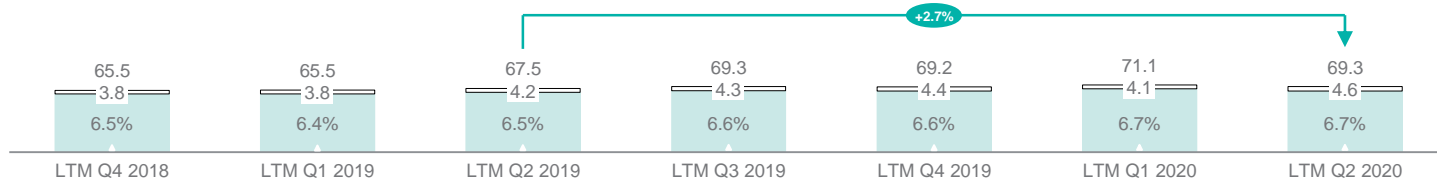
Pro-Forma Revenues (€m)



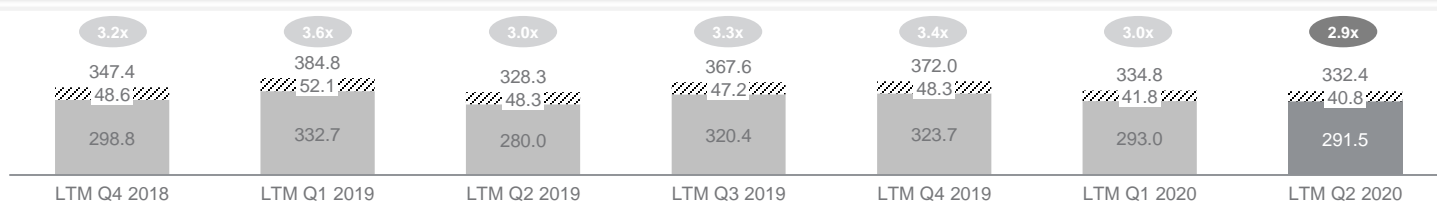
Pro-Forma EBITDA (€m)



Pro-Forma EBIT (€m)

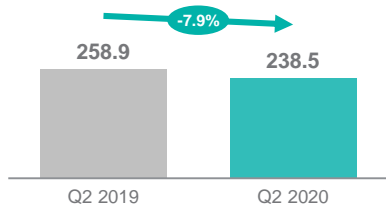


Net Financial Position (€m)



Revenues, QoQ

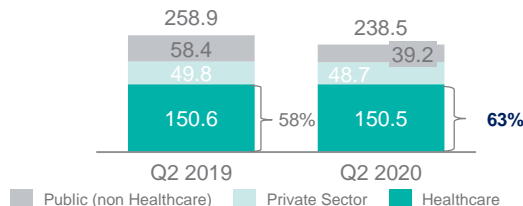
Pro-Forma Revenues



Pro-Forma Revenues by segment(*)



Pro-Forma Revenues by client

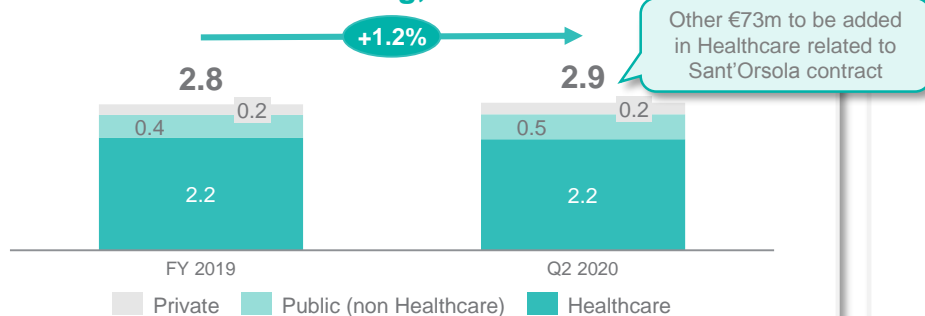


Comments

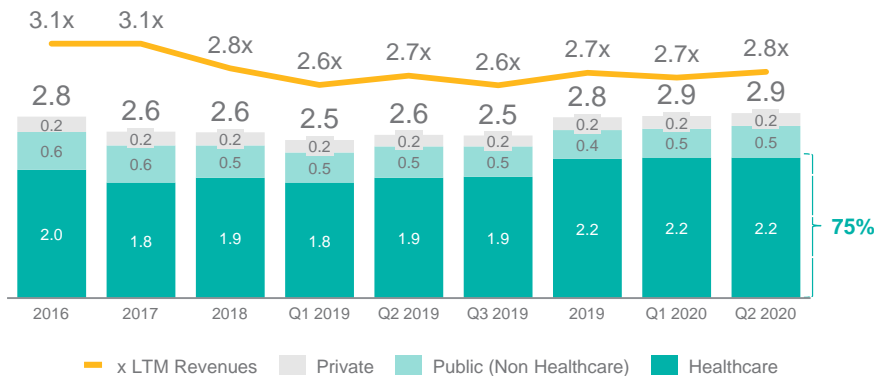
- Lower Pro-Forma Revenues figures (-7.9%), leading to €238.5m in Q2 2020
- The decrease is driven by a reduction in FM partially compensated by an increase in L&S:
 - ✓ FM decrease in Q2 2020 by 11.8%
 - ✓ Bold increase of L&S by 20.2% in Q2 2020
- Reduction in volumes in Q2 2020 is mainly impacted by:
 - ✓ Re-insource of schools cleaning since March 2020 (Consp School)
 - ✓ Voluntary termination of not profitable contracts
 - ✓ Covid19 outbreak
 - ✓ Decrease of Heat Management services performance due to higher external degree recorded if compared to the same period in 2019
- **Healthcare strengthens its share of revenues (63%) in the quarter**

Backlog

Backlog, €bn



Revenue visibility from backlog



Comments

- Group Backlog ranks €2.9bn, registering a slight increase, +1.2% vs end of 2019
- Sensible contribution to the Backlog provided both by international and domestic activities with acquisitions of new contracts in H1 2020
- Slight increase to 2.8x over Pro-Forma Revenues vs Q4 2019 and Q1 2020, higher than other quarters in 2019
- Healthcare accounts for more than 75% of total Backlog

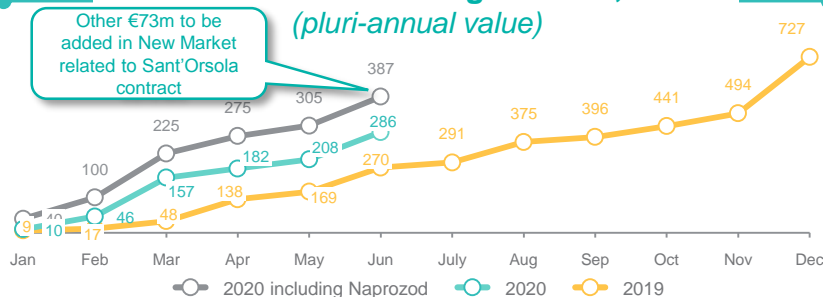
Sant'Orsola Tender:

- On the basis of the appeal promoted by Rekeep, the Council of State accepted Rekeep's appeal and awarded the Group the contract for the Sant'Orsola Hospital in Bologna (Facility and Laundering services) for a total annual amount of € 12.2m, for 6 years (ca €73.3m)
- Contract expected to start in Q3 2020

Commercial Activity

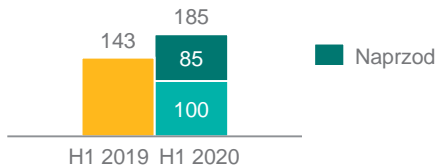
Value of contracts signed YTD, €m

(pluri-annual value)

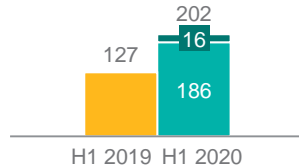


Breakdown of signed contracts YTD, €m

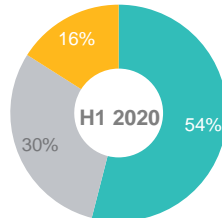
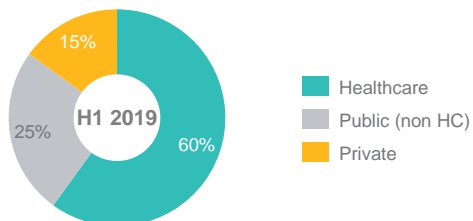
Renewals



New Market



Signed contracts by Client YTD, %



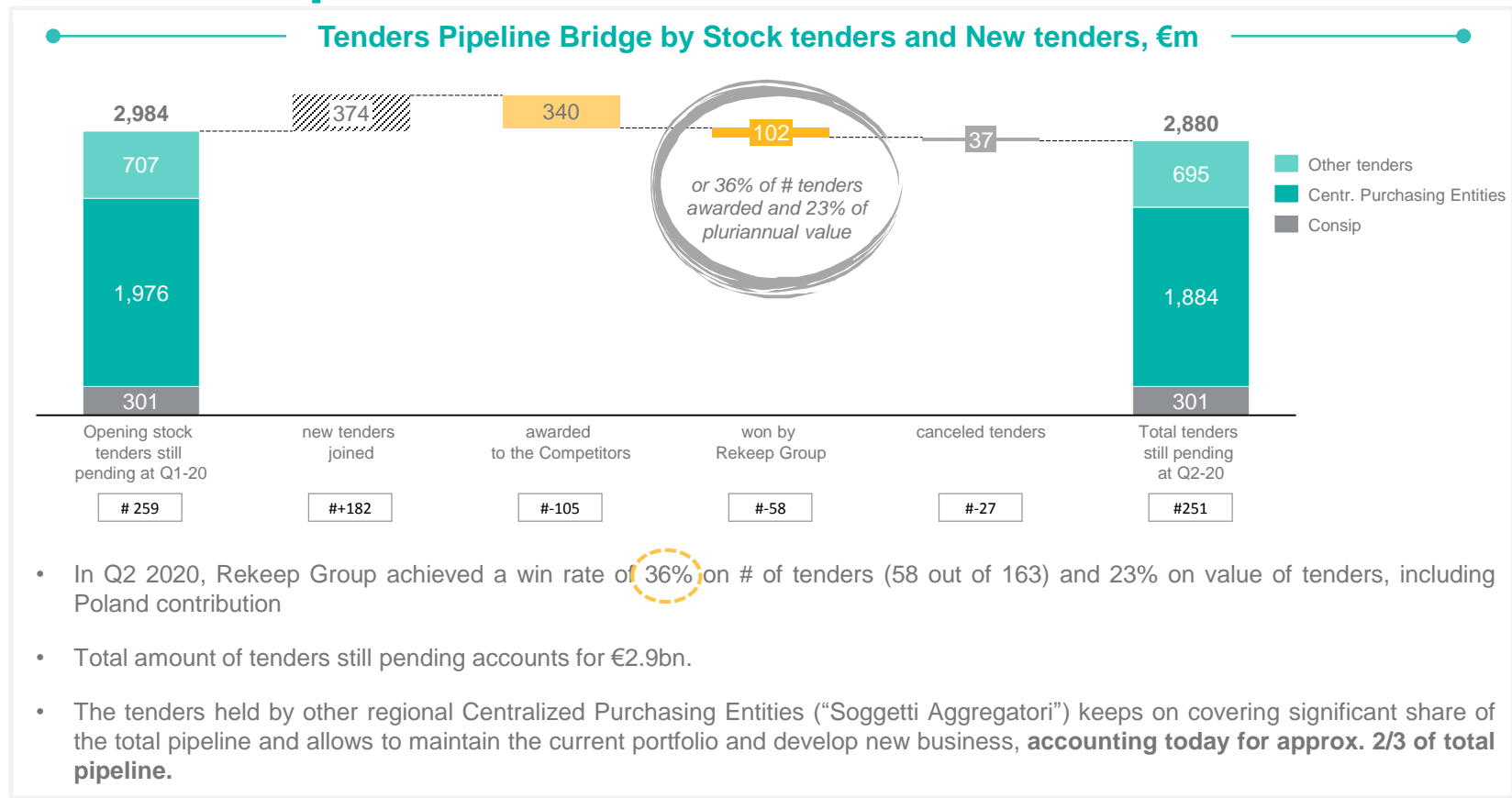
Sales activity

- Intense commercial activity both for Renewals and New Market acquisition during H1 2020: multi-annual value of €387m vs 270m recorded in H1 2019:
 - ✓ **Renewals:** domestic activity driven by contracts in Healthcare both in domestic (especially L&S) and international market Poland (€85m) leading to €185m
 - ✓ **New market:** positive performance given by both the International new contracts signed in Poland, France, Turkey and in Italy, especially in Healthcare market and L&S. FM in line with 2019 figures
- Contribution of **Poland** is accounted starting from 30 October 2019, once has become part of Rekeep Group

Main Contracts signed in Q2 2020

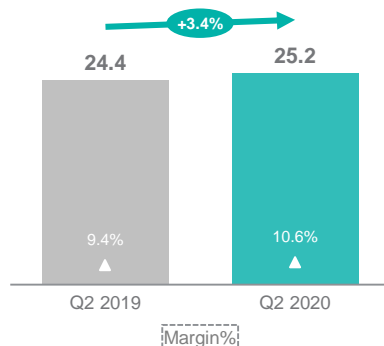
Client	Service	Annual Value	Duration	Acquisition type
ATER ROMA - SERVIZIO ENERGIA	Energy	€ 6.3m	7 years	New Market
Uniwersyteckie Centrum Kliniczne Warszawskiego Uniwersytetu Medycznego	Cleaning	€ 4.0m	3 years	Portfolio
ASL PESCARA	Sterilization	€1.9m	7 years	New Market

Tenders Pipeline – Q2 2020

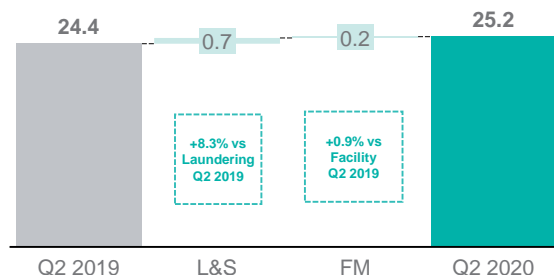


EBITDA, YoY

Pro-Forma EBITDA



Bridge Pro-Forma EBITDA



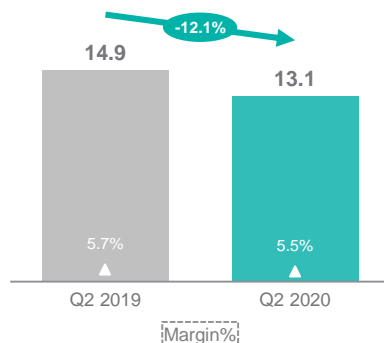
Comments

- Pro-Forma EBITDA Q2 2020 vs Q2 2019 increased by +€0.8m, due to the positive performance of:
 - ✓ FM, with an increase by +0.2m in Q2 2020
 - ✓ L&S with an increase by +€0.7m in Q2 2020
- Increase in marginality, up +1.2pp to 10.6% in Q2 2020 vs 9.4% registered in Q2 2019
- Increase is mainly driven by:
 - ✓ Extraordinary services in Healthcare with higher marginality
 - ✓ Voluntary dismissal of some not profitable contracts

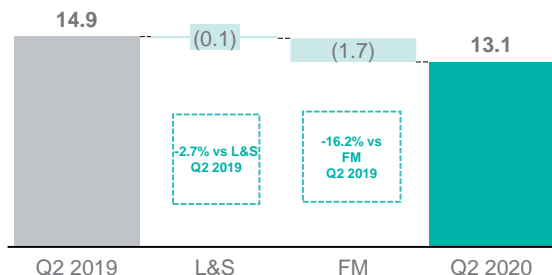
Q2 2020 adjustments on EBITDA are +€1.2m vs +€0.4m in Q2 2019

EBIT, YoY

Pro-Forma EBIT



Bridge Pro-Forma EBIT



Adjustment on EBIT: FM4 fine provision, following TAR Lazio decision, has been accounted for €82.2m

Comments

- Pro-Forma EBIT shows a decrease (-12.1% vs Q2 2019) mainly driven by the performance of FM:
 - FM decreased -1.7m in Q2 2020 due to higher provisions related to some tax assets and aged commercial receivables
 - L&S decreased -0.1m in Q2 2020
- Marginality pretty stable to 5.5% in Q2 2020 vs 5.7% in Q2 2019

Q2 2020 adjustments on EBIT are +€84.8m vs +€0.4m in Q2 2019

Net Financial Expenses, Taxes, Net Profit



- Net Financial expenses higher than H1 2019 due to i) bond buy-back* effect in H1 2019 ii) interest on RCF (undrawn in 2019) and iii) interest on Poland bank debt (not present in H1 2019)

- H1 2020 Net Result takes into account the provision for €82.2m related to FM4 fine following TAR Lazio decision
- Net of the provision effect, the Net Results would be €1.6m

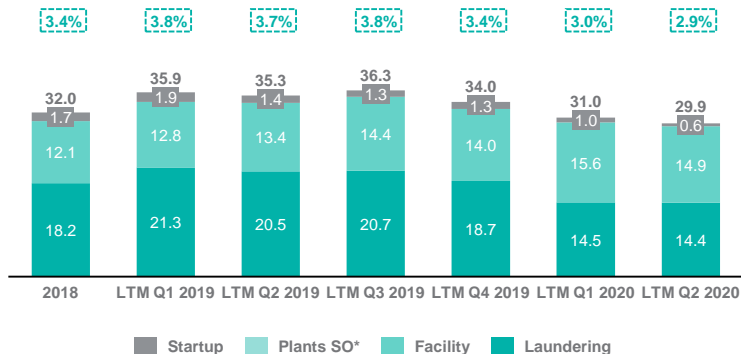
Industrial Capex

*Figures not
Pro-Forma*

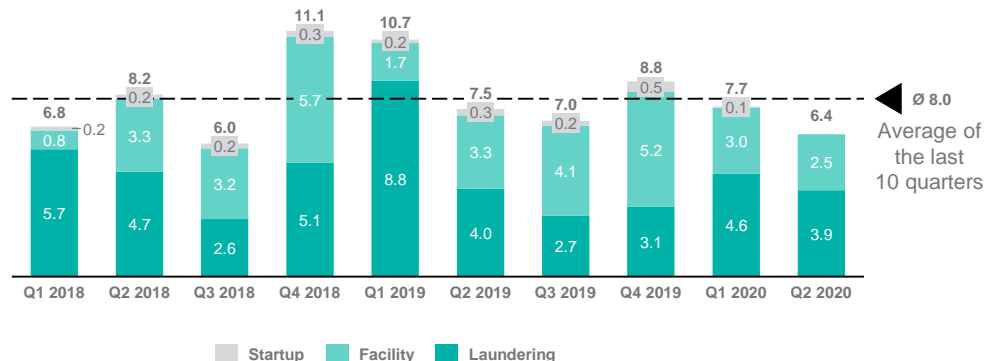


- Q2 2020 Capex lower than the same quarter of previous year (-€1.1m) due to lower investment FM, mainly IT projects
- Ongoing trend of reduction in Capex, since Q4 2019: LTM Q2 2020 Capex lower than previous quarters where major investments for start-up of new contracts have been carried out

LTM Capex overview, €m



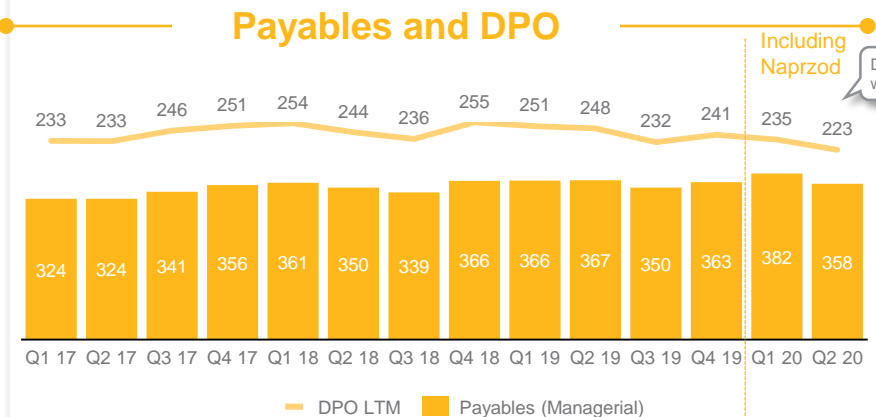
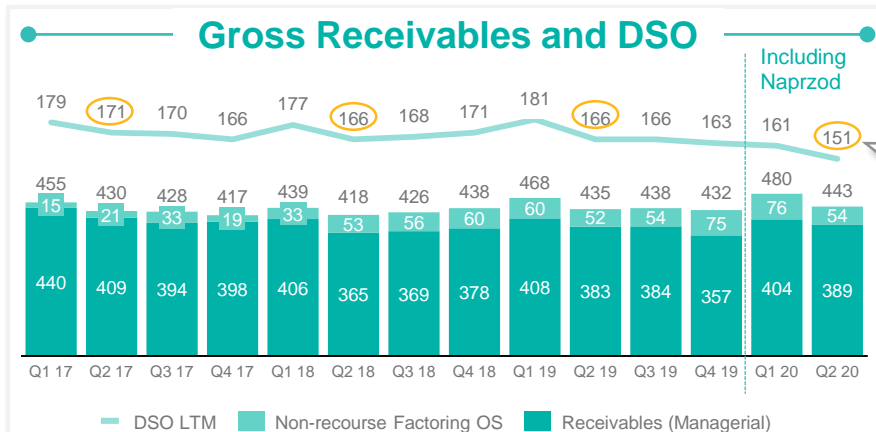
Capex by quarter (excl. One-off capex Plant SO), €m



*one-off capex

% on LTM Revenues

DSOs & DPOs



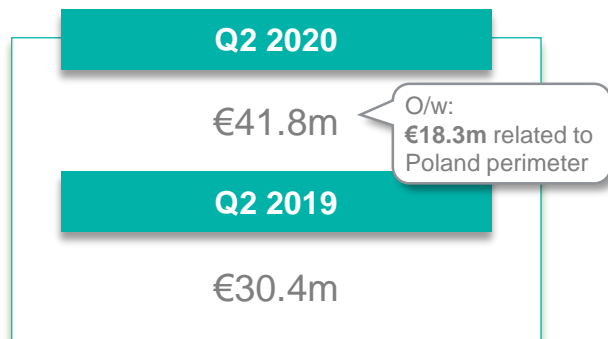
Comments

- DSOs/DPOs exclude the effect of Sicura (sold) and Yougenio (terminated), while include Naprzod since Q1 2020
- Lower level of DSOs ever registered by the Group** showing continuous Management commitment to improve liquidity
- DSOs reach 151 days (160 considering only domestic perimeter) showing a constant decrease compared to Q2 of previous years
- Lower level of non-recourse factoring vs Q4 2019 and Q1 2020 (€54m), in line with past quarters
- As of today, no sign of deteriorated ability to pay by clients due to Covid-19 outbreak
- DPOs registered a further decrease (-12 days) vs Q1 2020, to the lower historical level to 223 days

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



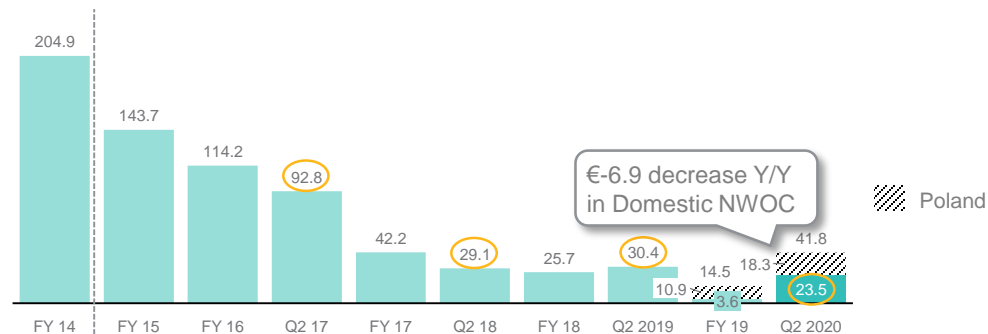
- Stable level in NWOC in Q2 with consistently with previous half year results
- Excluding the Naprzod Group contribution, NWOC is of €23.5m (2.3% of LTM revenues)
- As of today, no sign of deteriorated ability to pay by clients due to Covid-19 outbreak

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 / LTM Revenues

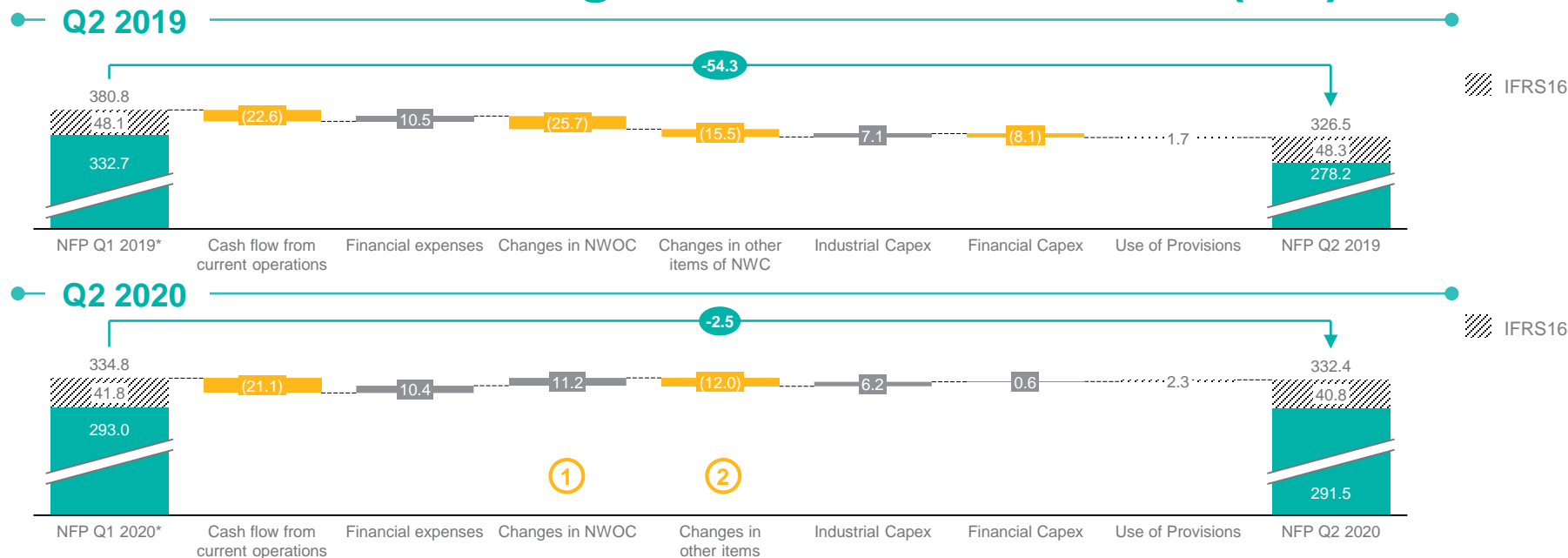


Net Working Operating Capital Trend, €m



Introduction of «Split Payment» and «Reverse Charge»

Focus on NFP changes Q2 2020 vs Q2 2019 (€m)



Main changes in Q2 2020 vs Q2 2019:

- ① Increase in **Change in NWOC** due to a release in DPOs (-12days) to relieve pressure on suppliers, which more than offsets the ongoing commitment in reducing DSO carried out by the Group
- ② Lower **Changes in other items of NWC** due to tax receivables already anticipated in Q1 2020, generally cashed-in in Q2

Focus on Liquidity and Credit Facilities

Data as of June 2020	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA		113.0	
Cash on Balance Sheet	(116.5)		(116.5)
Short Term Financial Assets	(5.4)		(5.4)
SSN @ 2022 - 9% Coupon ^(*)	333.9		
Other on SSN and RCF (Amortized Cost, Accrued Interest)	(5.7)		
RCF (€50m)	50.0		
Total Senior Secured NFP	256.3	2.3x	
Recourse Factoring	5.2		
Term Loans & Bank Overdrafts	9.0		
Financial Leasing	6.1		
Other Financial Debt	15.1		
<i>Net Financial Position, net of IFRS Adjustments</i>	<i>291.5</i>		
<i>IFRS Adjustments</i>	<i>40.8</i>		
Net Financial Position	332.4	2.9x	
No-Recourse Factoring	53.8		(146.2) ^{**}

Includes the deferred debt
for the acquisition of 80%
Naprzod

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
- ❑ Rekeep obtained for deferred payment by the collection agency Agenzia delle Entrate: 72 monthly growing instalments from end of January 2020. After 3 instalments paid (ca €3.0 million), due to Covid19 outbreak, monthly payments of the fine have been suspended
- ❑ On July 27 TAR Lazio decision partially accepted Rekeep appeal, with respect to the criteria used in calculating the fine and set the parameters for its recalculation. **TAR Lazio reverted the case to the ICA to recalculate the fine on the basis of the such parameters**

• Santobono Case:

- ❑ The hearing at Italian Supreme Court originally scheduled on March 10th has been postponed due to Covid-19 to October 20th, 2020
- ❑ Second alternative appeal for “*revocazione*” before State Council is set on September 24th, 2020

Next Steps

- ❑ ICA recalculation of the fine based on criteria set by TAR Lazio is expected in September 2020
- ❑ We expect Rekeep will obtain from Agenzia delle Entrate a similar plan for payment in instalments also on the recalculated fine
- ❑ Instalments already paid will be either reimbursed by the Agenzia delle Entrate or deducted from the new payment plan
- ❑ The Company will appeal against the TAR Lazio decision

- ❑ Italian Supreme Court hearing to be held on 20 October 2020 (ruling expected late 2020)

Annex

Covid-19 Update

- Rekeep performs mission critical services in Healthcare sector for approx. 63% of total turnover in Q2 2020
- 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: 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
- Certain pressure on volumes due to reduction in Facility Management activity partially mitigated by an increase in L&S activity mainly linked to the Healthcare sector
- Improvement in group's profitability given the product mix shift towards the higher margin Healthcare services



Methodology and data presentation

Data Presentation

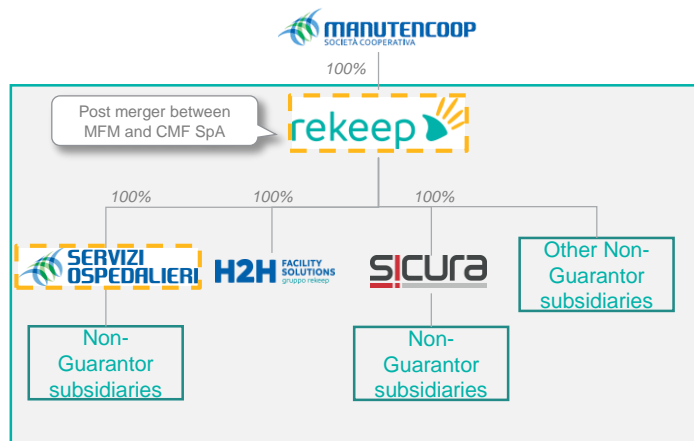
- Since the acquisition of Polish Naprzod in October 2019, International activities can be considered material and hence no longer as Start-up
- Therefore, the only normalization considered is the exclusion of B2B/B2C activities carried out by Yougenio
- On a **Pro-Forma** basis, Revenues, EBITDA and 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

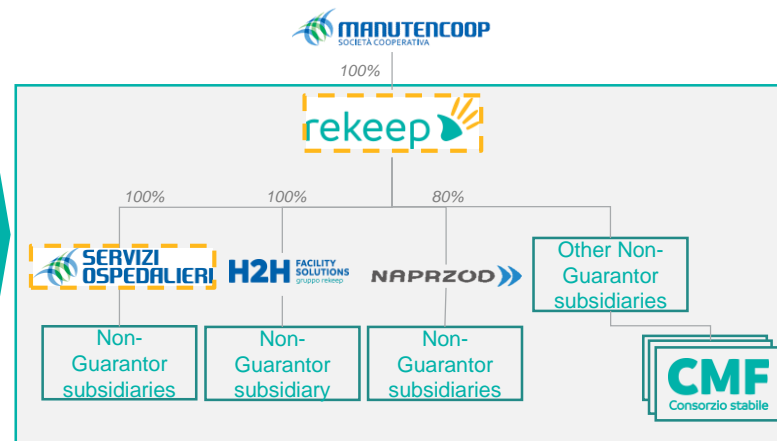
Restricted Group and Pipeline Breakdown

Offering Memo



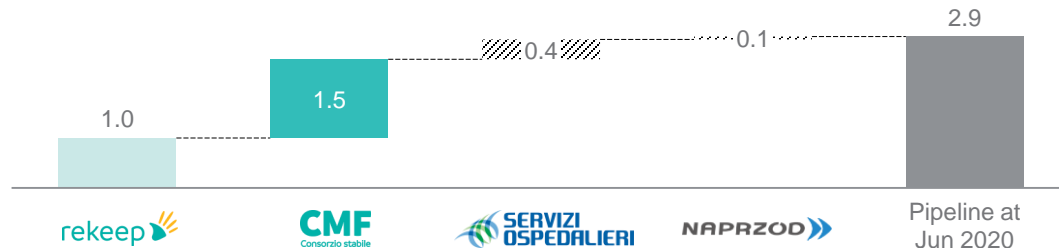
- Acquisition of Naprzod Group
- Disposal of Sicura
- Set-up of new controlled entities, among which Consorzio Stabile CMF

Current Situation



Pipeline Breakdown, as of June 2020

Data in €Bn



- As of June 2020, **CMF** records **+50% of total Group Pipeline**,
- Rekeep accounts €1.0Bn while SO €0.4Bn



Restricted Group

Guarantor

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:

Q2 2020 KPI Reconciliation, €m

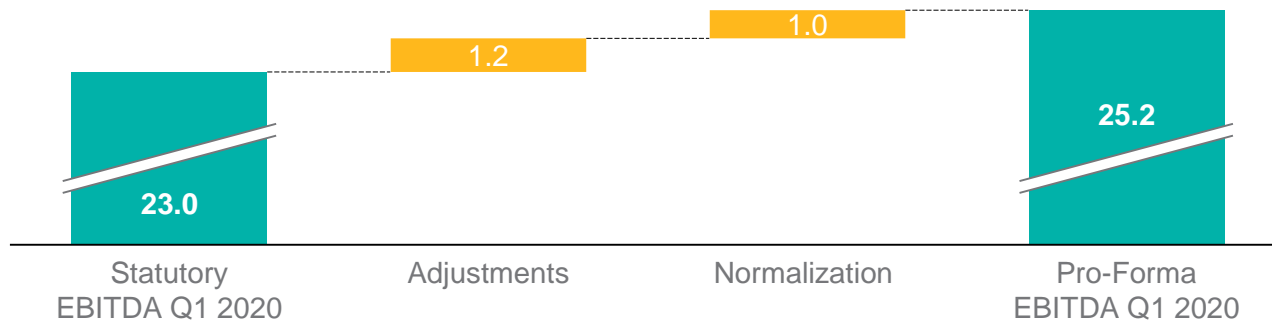
	Statutory Consolidated FS	Adj	Adjusted Consolidated FS	normalization	Pro-Forma Q1 2020
Revenues	238.5	-	238.5	-	238.5
EBITDA	23.0	1.2	24.2	1.0	25.2
EBITDA % on revenues	9.6%		10.1%		10.6%
EBIT	(73.2)	84.8	11.6	1.5	13.1
EBIT % on revenues	n.m.		4.9%		5.5%
Net Result ^(*)	(80.6)				
NWOC	41.8				
NFP Rekeep Group	(332.4)				

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

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

Adjustments to EBITDA

Bridge to EBITDA, €m



Adjustments, €m

Advisory and legal fees,
Bonus for Covid19 emergency

1.2

Normalization, €m

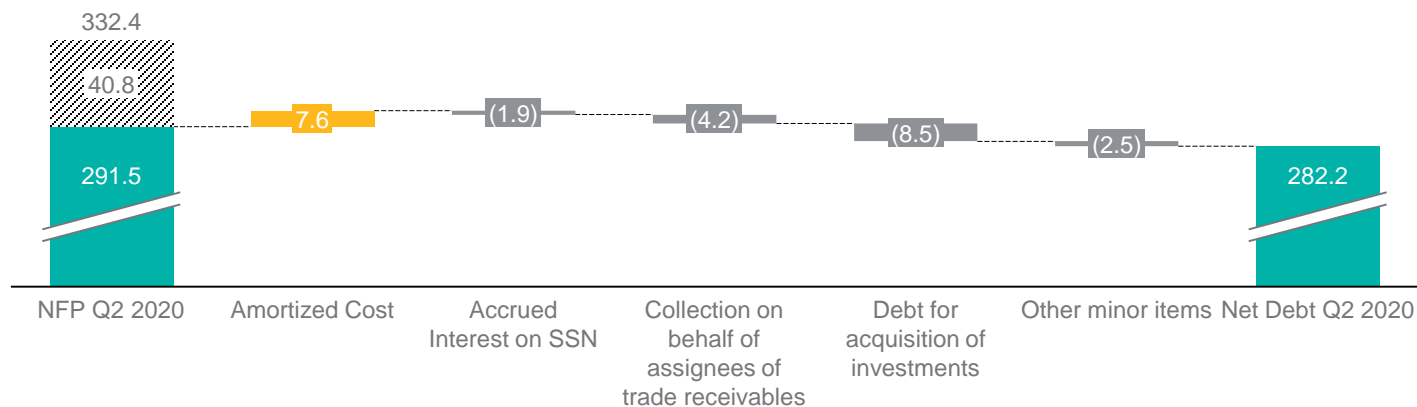
YouGenio/B2C

1.0

Net Financial Position and Pro-Forma

Q1 2020 Net Financial Position to Net Debt, €m

	30 th Jun 2020	30 th Jun 2019
Long term financial debt	372.2	396.0
Bank borrowings, including current portion of long-term debt and other financial liabilities	82.1	33.8
Gross financial indebtedness	454.3	429.8
Cash and cash equivalents	(116.5)	(96.7)
Current financial assets	(5.4)	(4.8)
Net financial indebtedness Rekeep Group	332.4	328.3



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)	30 Jun 2020	31 Dec 2019	Change
USES			
Trade receivables and advances to suppliers	419,408	412,572	6,836
Inventories	9,639	7,910	1,729
Trade payables and advances from customers	(387,199)	(405,950)	18,751
Net working operating capital	41,848	14,532	27,316
Other element of working capital	(83,297)	(115,344)	32,047
Net working capital	(41,449)	(100,812)	59,363
Tangible assets	124,035	126,491	(2,456)
Intangibles assets	413,066	414,601	(1,535)
Investments accounted for under the equity method	10,053	10,376	(323)
Other non current assets	33,131	123,603	(90,472)
Operating fixed assets	580,285	675,071	(94,786)
Non current liabilities	(134,213)	(54,826)	(79,387)
Net invested capital	404,623	519,433	(114,810)
SOURCES			
Minority interests	1,185	836	349
Equity attributable to equity holders of the parent	71,084	151,970	(80,886)
Shareholders' equity	72,269	152,806	(80,537)
Net financial indebtedness	332,354	366,627	(34,273)
Total financing sources	404,623	519,433	(114,810)

ANNEX

PROFIT&LOSS (€/000)	For the period ended 30 June		For the period ended 30 June
	2020	RESTATED IFRS5 2019	REPORTED 2019
Total revenues	509,678	471,043	490,050
Total costs of production	(454,446)	(420,887)	(437,612)
EBITDA	55,232	50,156	52,438
EBITDA %	10.84%	10.65%	10.70%
Amortization/depreciation, write-downs and write-backs of assets	(20,770)	(18,422)	(19,097)
Accrual of provisions for risks and charges	(86,556)	(735)	(721)
Operating income	(52,094)	30,999	32,620
Operating income %	-10.22%	6.58%	6.66%
Share of net profit of associates	(143)	708	708
Net financial charges	(22,152)	(19,660)	(19,804)
Profit before taxes from continuing operations	(74,389)	12,047	13,524
Profit before taxes from continuing operations %	-14.60%	2.56%	2.76%
Income taxes	(8,747)	(9,251)	(9,749)
Profit from continuing operations	(83,136)	2,796	3,775
Loss for the period from discontinued operation	2,540	979	-
Net profit for the period	(80,596)	3,775	3,775
Net profit for the period %	-15.81%	0.80%	0.77%
Minority interests	(625)	(44)	(44)
Net profit for the period attributable to equity holders of the parent	(81,221)	3,731	3,731
Net profit for the period attributable to equity holders of the parent %	-15.94%	0.79%	0.76%

STATEMENT OF CASH FLOW (Statutory) (€/000)	30 jun 2020	30 jun 2019
<i>CASH at the beginning of the period</i>	97,143	94,733
Cash flow from current operations	30,458	33,003
Use of provisions for risks and charges and for employee termination indemnity	(4,611)	(3,949)
Change in NWOC	(28,342)	(6,007)
Industrial Capex, net of disposals	(13,758)	(17,679)
Financial Capex	50,970	8,104
Other changes	(444)	6,149
Change in net financial liabilities	(14,885)	(17,651)
<i>CASH at the end of the period</i>	116,531	96,702

What's next

- ✓ Next call on Q3 2020 Results will be held on 12 November 2020

- ✓ Rekeep will attend (virtually):
 - Goldman Sachs Tenth Annual EMEA Leveraged Finance Conference on Sept. 8th
 - JPM European HY & Leveraged Finance Conference on Sept. 9th
 - Unicredit Italian HY Conference on Sept. 30th
 - Morgan Stanley Leveraged Finance Conference on Oct. 15th
 - DB Leverage Finance Conference on Nov. 3rd

- ✓ Rekeep Financial Calendar and Replay available on:
<https://www.rekeep.com/en/investors/financial-info/financial-calendar>