

rekeep 

minds that work

Call on Q3 2020 Results

November 12th, 2020, 17CET

Disclaimer

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Rekeep Group's Q3 2020 Results are not subject to auditors' review

Pro-Forma Revenues, EBITDA and EBIT are not audited or reviewed or intended to comply with applicable accounting standards – they are provided for illustrative purposes only and does not purport to represent or project current or future results.

Index and Presenters



Rekeep speakers



Giuliano Di Bernardo

Chairman and CEO



Luca Buglione

CFO



Index

- COVID-19 Update
- Rekeep Overview
- Q3 2020 Results
- *Annex*
- *Q&A session*

Key Quarter Highlights

Revenues

- Consistently with the previous trend, financials show a not material impact by Covid19 outbreak in Q3, being Healthcare the preferred client base with more than 58% of the total in Q3
- Q3 2020 Pro-Forma Revenues shows a solid +6.1% increase vs. Q3 2019, driven by a robust growth both in FM and L&S
- Increase in LTM Q3 2020 figures lead to recover pre-Covid LTM level (€1.055m ~Q4 2019)

EBITDA / EBITDA Margin

- Sound increase in EBITDA: Quarterly Pro-Forma EBITDA of €27.4m, increased by +7.2% vs. Q3 2019, with a marginality up to 10.4% (*IFRS 16 compliant*)
- LTM Q3 2020 EBITDA at €114.9m with a +4.0% increase vs LTM Q3 2019, with margin at 10.9% (*IFRS 16 compliant*)

Backlog & Pipeline

- Solid Pipeline evolution and 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 Q3 2020 Backlog at 2.7 times LTM Revenues, also supported by Polish Naprzod contribution

NWC

- NWOC at €63.5m, higher than previous quarters due to seasonality effect - Domestic NWOC in line with past quarters
- DSOs landing at 163 days, also including Poland while DPOs further decrease at 220 days
- 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 €110.9m cash
- NFP at €362.4m - *IFRS 16 compliant* – with further decrease of the leverage* by -0.1x (3.2x) vs Q3 2019 - **[3.0x excluding IFRS16 effect]**

Other

- Recalculation of ICA fine on FM4 tender set at €79.8m, already accrued as a provision in Q2 2020 Results
- From May 1st, Yougenio/B2C ceased to provide services and is under liquidation process and therefore starting from Q3 2020 it's deconsolidated by Group figures

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

Covid-19 Update



Ready and resilient

We provide the expertise, people and technologies that enable safe working environments



Covid-19 Update

- Rekeep performs mission critical services in Healthcare sector for approx. 58% of total turnover in Q3 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

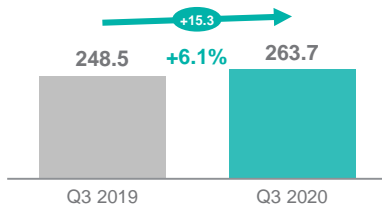
- The Company is fully running: blue collars and site operators are *regularly working dutifully and appropriately protected*
- Moreover, Rekeep keeps on regularly carrying out activities in various sectors that require essential services such as telecommunications, large-scale distribution and the banking sector
- As of Q3 2020, volumes are back to pre-Covid level. Certain pressure on volumes registered in Q2 2020 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



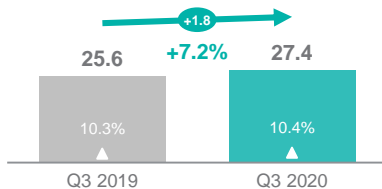
3 months and LTM KPIs at a glance

Pro-Forma
Revenues
(€m)

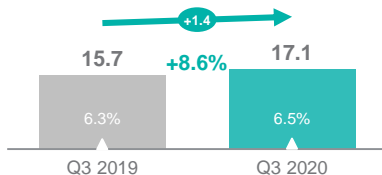
Q3 2019 vs. Q3 2020



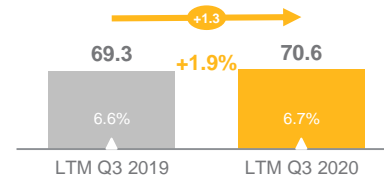
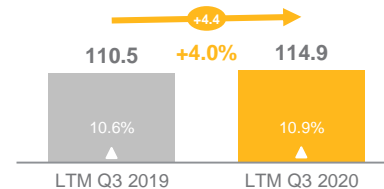
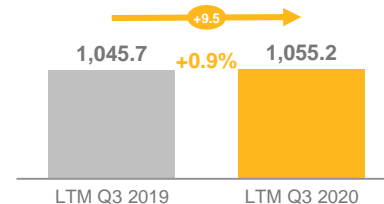
Pro-Forma
EBITDA
(€m)



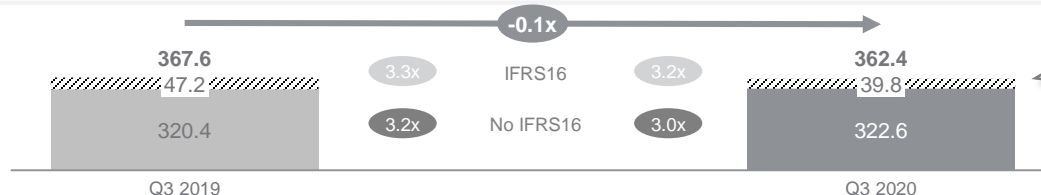
Pro-Forma
EBIT
(€m)



LTM Q3 2019 vs. LTM Q3 2020

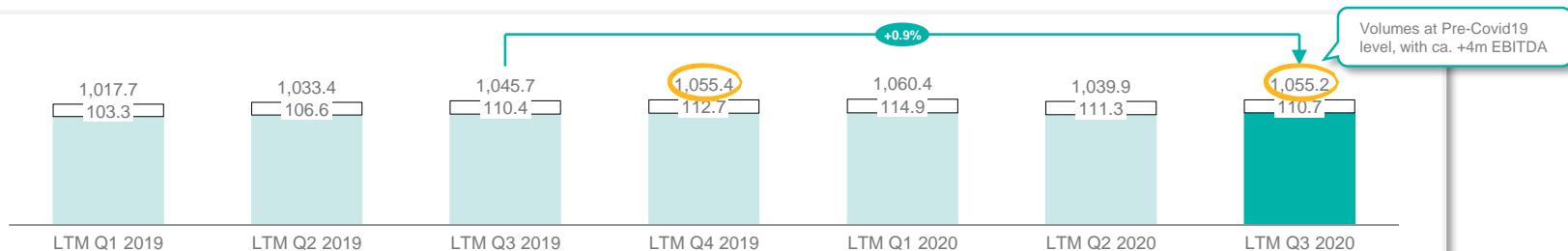


Net
Financial
Position
(€m)

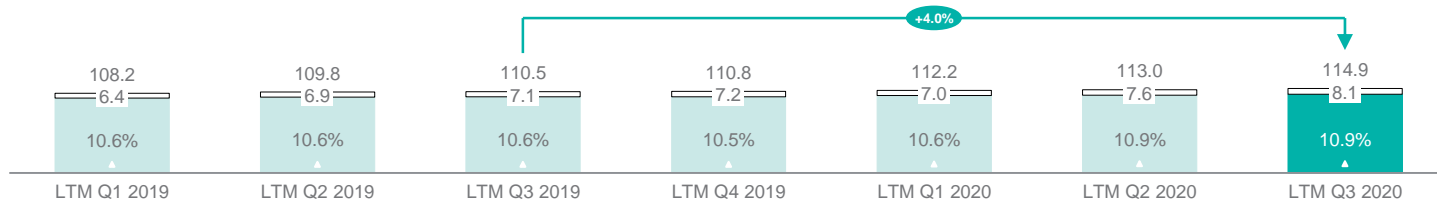


LTM Performance

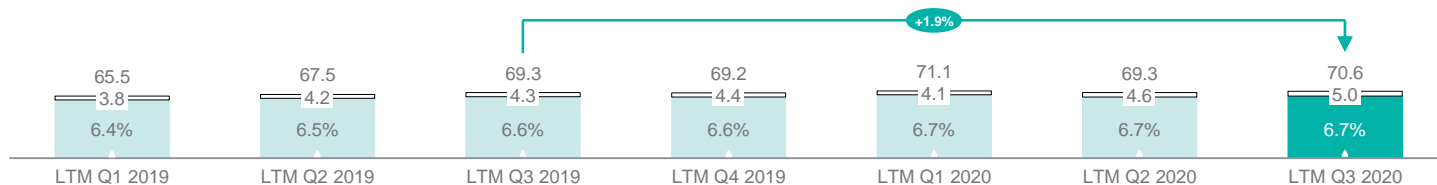
Pro-Forma Revenues (€m)



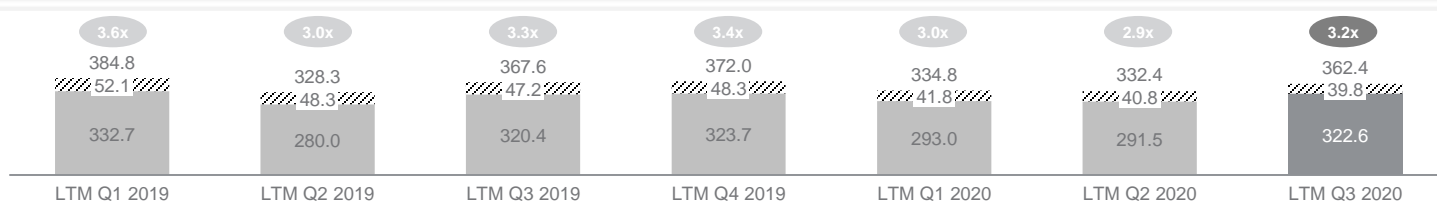
Pro-Forma EBITDA (€m)



Pro-Forma EBIT (€m)

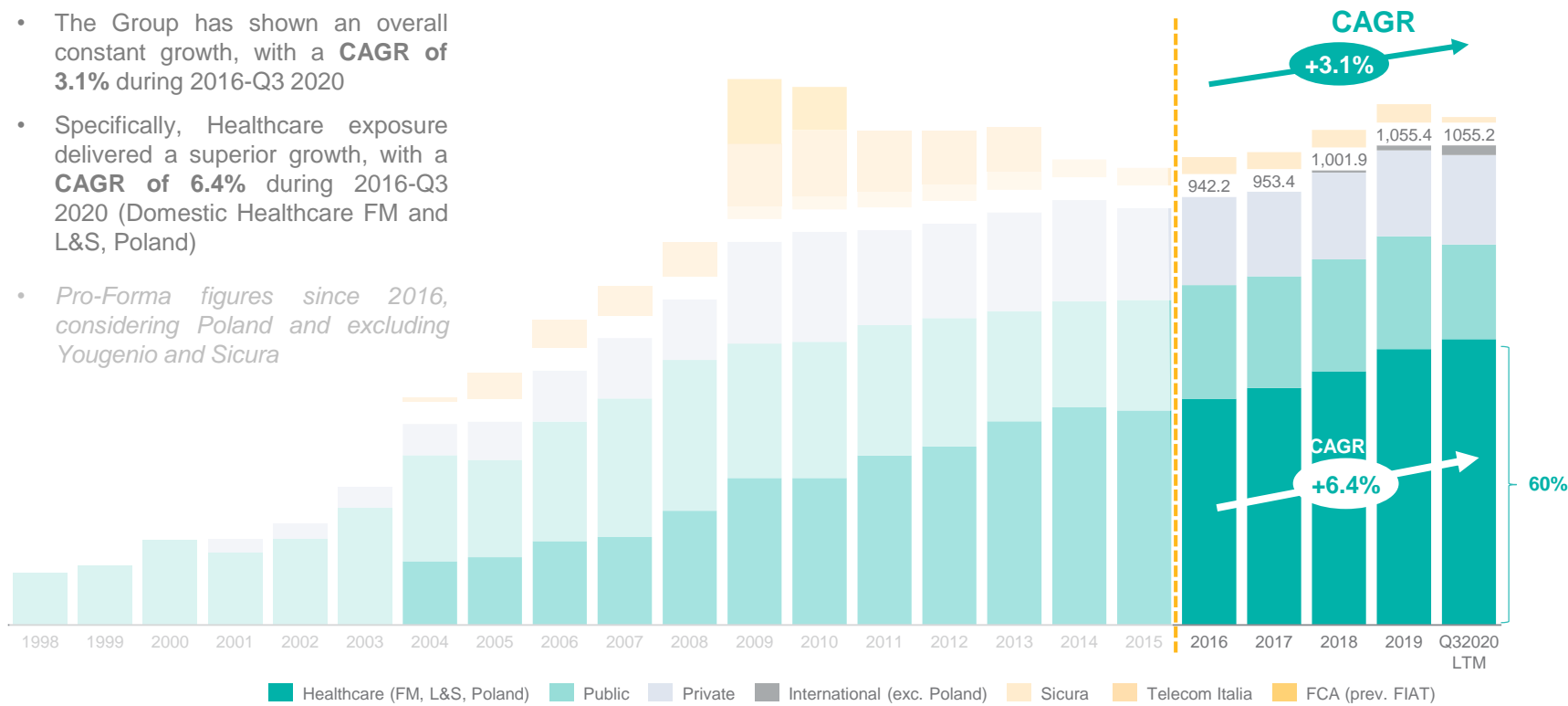


Net Financial Position (€m)



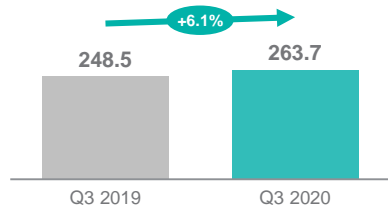
Revenues historical trend

- The Group has shown an overall constant growth, with a **CAGR of 3.1%** during 2016-Q3 2020
- Specifically, Healthcare exposure delivered a superior growth, with a **CAGR of 6.4%** during 2016-Q3 2020 (Domestic Healthcare FM and L&S, Poland)
- Pro-Forma figures since 2016, considering Poland and excluding Yougenio and Sicura*



Revenues, YoY

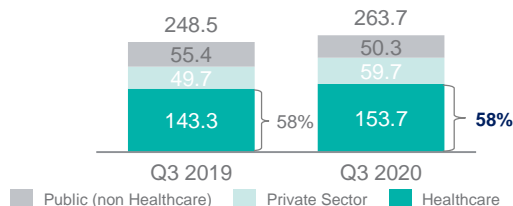
Pro-Forma Revenues



Pro-Forma Revenues by segment(*)



Pro-Forma Revenues by client

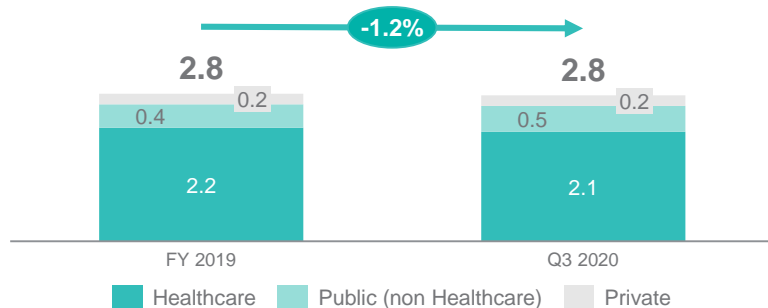


Comments

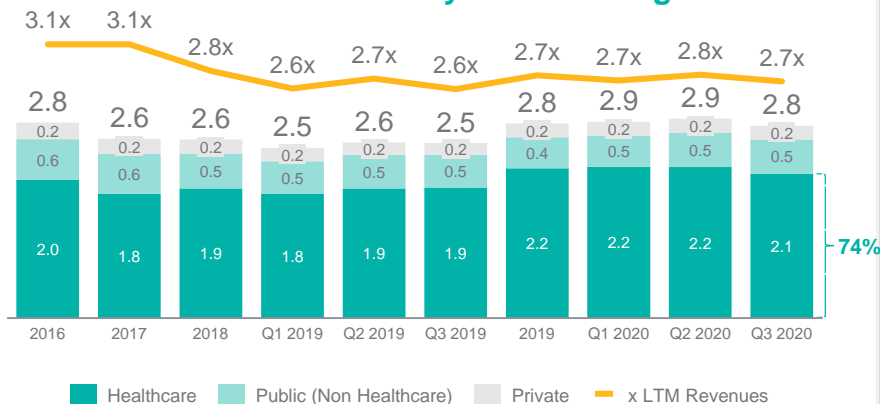
- Increase in Pro-Forma Revenues figures (+6.1%), leading to €263.7m in Q3 2020
- The growth is sustained by a solid performance both in FM and in L&S :
 - ✓ FM increase in Q3 2020 by 4.2%
 - ✓ Strong increase of L&S by 18.4%
- The trend in volumes in Q3 2020 is driven by:
 - ✓ Growth trend in L&S due to additional services requested by clients
 - ✓ General recovery due to reopening post lockdown
 - ✓ Full deployment of some Private contracts, previously in start-up
- Healthcare still is almost 2/3 of volumes (58%) in the Q3

Backlog

Backlog, €bn



Revenue visibility from backlog

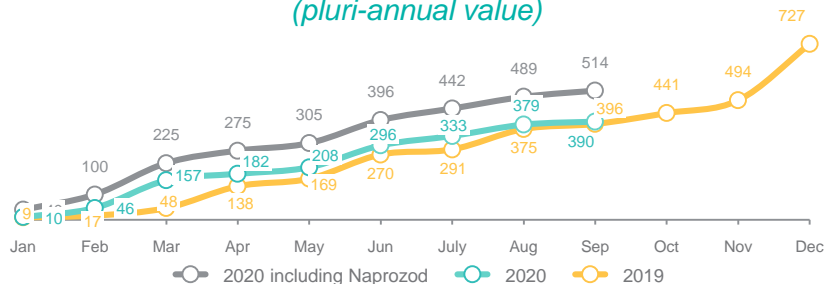


Comments

- Group Backlog ranks €2.8bn, in line with Q4 2019
- Sensible contribution to the Backlog provided both by international and domestic activities with acquisitions of new contracts in 9M 2020
- 2.7x over Pro-Forma Revenues vs Q4 2019, in line with previous quarters
- Healthcare accounts for more than 74% of total Backlog

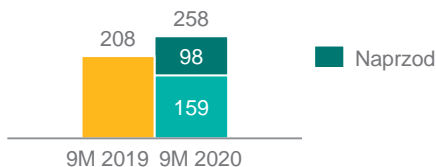
Commercial Activity

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

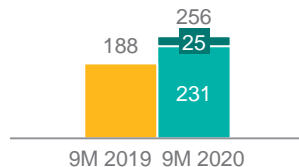


Breakdown of signed contracts YTD, €m

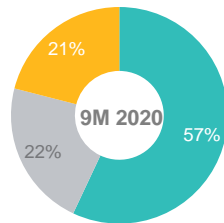
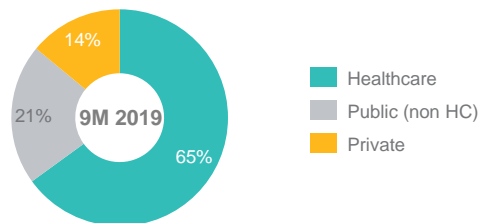
Renewals



New Market



Signed contracts by Client YTD, %



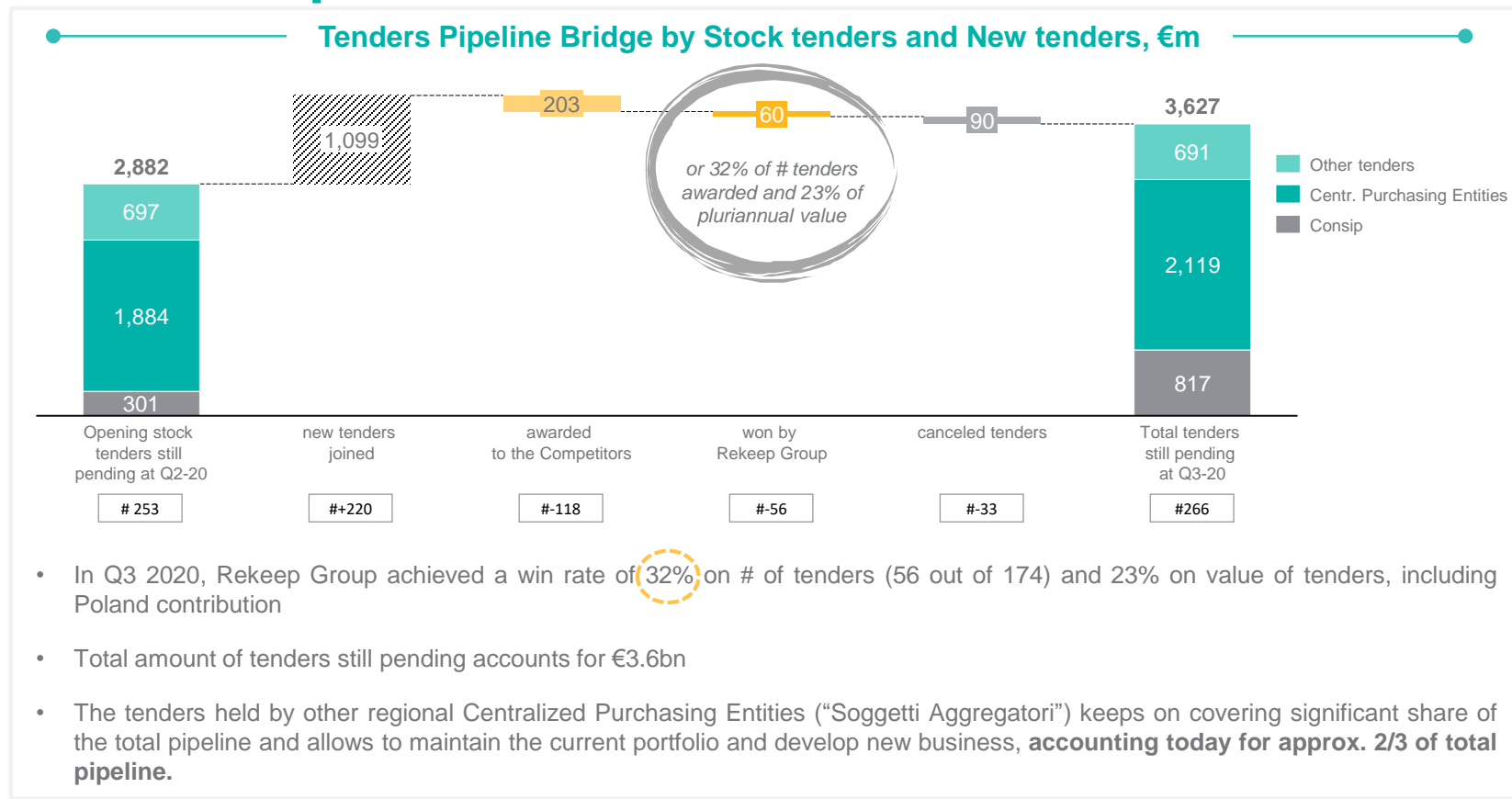
Sales activity

- Steady pace on the commercial side both for Renewals and New Market acquisition during Q3 2020: multi-annual value of 514m vs 396m recorded in 9M 2019:
- ✓ **Renewals:** domestic activity lower compared with 9M 2019 (€159m vs. €208m), to sum with contribution provided by Polish company (€98m) leading to €258m
- ✓ **New market:** good performance in Domestic market in new contracts signed, with an dedicated focus on Healthcare clients being still predominant.
- Contribution of **Poland** is accounted starting from 30 October 2019, once become part of Rekeep Group

Main Contracts signed in Q3 2020

Client	Service	Annual Value	Duration	Acquisition type
PROPOSTA CONCESSIONE FOND. GIGLIO CEFALU' - GARA	Maintenance service	€0.9m	20 years	New Market
Telecom Realizzazione nuovo data center Ced Rozzano	Maintenance service	€8.8m	1 years	New Market
ESTAV SUD-EST SI ASL 9 GROSSETO	Energy	€3.6m	2 years	Portfolio

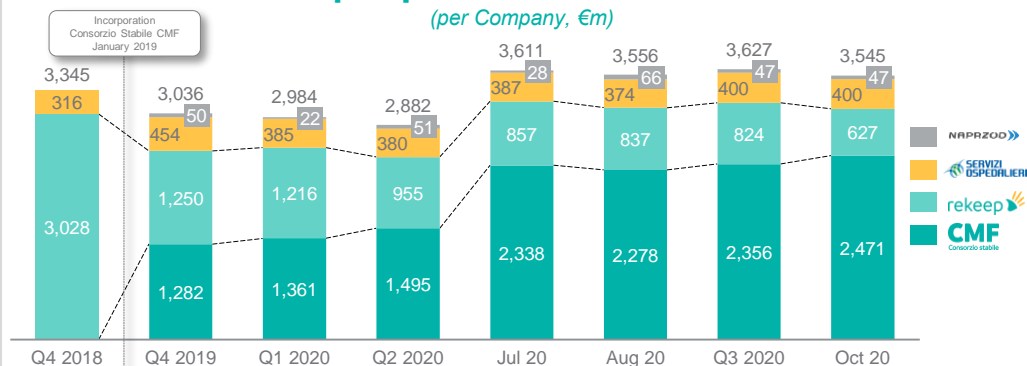
Tenders Pipeline – Q3 2020



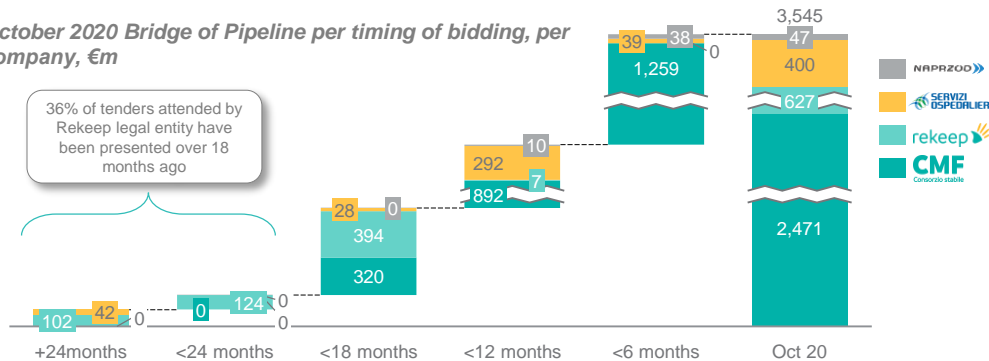
Group Pipeline Breakdown by Legal Entity

Group Pipeline Historical Trend

(per Company, €m)



October 2020 Bridge of Pipeline per timing of bidding, per company, €m

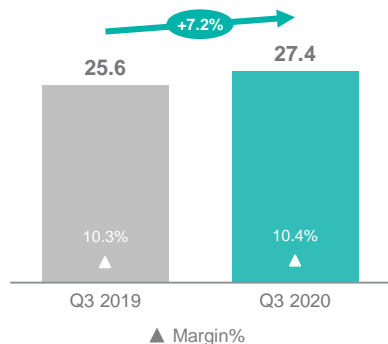


Comments

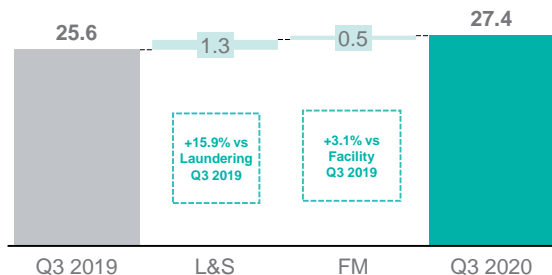
- **The commercial Pipeline** includes the overall amount of tenders of the Group already presented, and still waiting for the outcome
- The Pipeline hence represents a key indicator for the Company to stay on the market by defending its own portfolio and develop business opportunities
- The Group Pipeline has been historically segmented by different legal entities
- Since its incorporation in 2019, Consorzio Stabile CMF was meant to be the “Competence Center” of Rekeep Group
- It is provided with all qualifications and certifications by main Rekeep Group companies in order to foster bid opportunities in certain FM tenders in Italy and abroad
- In the last recent years the Group has reshaped its commercial strategy, by leveraging its proprietary know-how through bidding tenders mostly with CMF
- Consequently, the ongoing Group pipeline development increased the total tenders-to-be-awarded, with a specific bulk through CMF

EBITDA, YoY

Pro-Forma EBITDA



Bridge Pro-Forma EBITDA



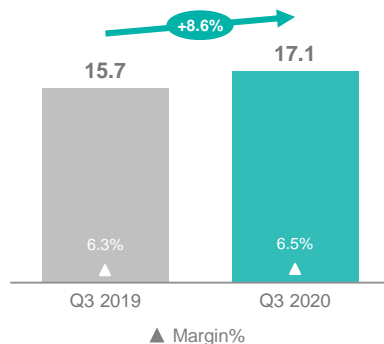
Comments

- Pro-Forma EBITDA Q3 2020 vs Q3 2019 increased by 7.2%, due to the positive performance of:
 - ✓ FM, with an increase by +€0.5m in Q3 2020
 - ✓ L&S with an increase by +€1.3m in Q3 2020
- Increase in marginality, up +0.1pp to 10.4% in Q3 2020 vs 10.3% registered in Q3 2019
- Increase is mainly driven by:
 - ✓ Additional services both in Healthcare and in FM with higher marginality
 - ✓ Voluntary dismissal of some not profitable contracts
 - ✓ International contribution by Poland

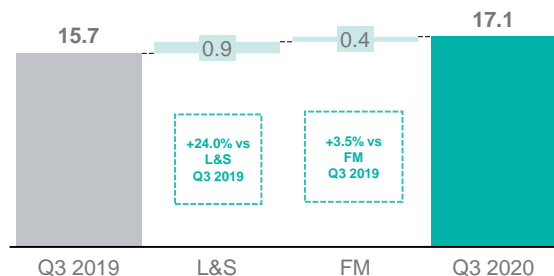
Q3 2020 adjustments on EBITDA are +€0.5m vs +€2.5m in Q3 2019

EBIT, YoY

Pro-Forma EBIT



Bridge Pro-Forma EBIT



Comments

- Pro-Forma EBIT shows a strong increase (+8.6% vs Q3 2019) driven by the performance of both FM and L&S:
 - FM growth of +0.4m in Q3 2020
 - L&S increased +0.9m in Q3 2020, +24% vs Q3 2019
- Marginality up 0.2pp leading to 6.5% in Q3 2020 vs 6.3% in Q3 2019

Q3 2020 adjustments on EBIT are +€1.0m vs +€2.5m in Q2 2019

Net Financial Expenses, Taxes, Net Profit



- Net Financial expenses higher than 9M 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 9M 2019)

- 9M 2020 Net Result takes into account the provision for €82.2m related to FM4 fine following TAR Lazio decision and cost for liquidation of Yougenio. Net of these effects it would be at €2.3m

Industrial Capex

*Figures not
Pro-Forma*

Q3 2020

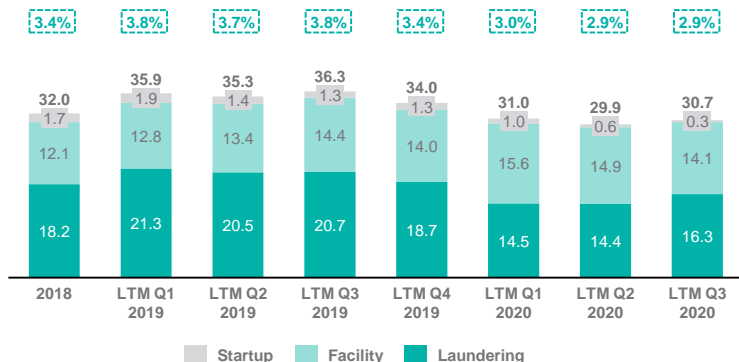
€7.8m

Q3 2019

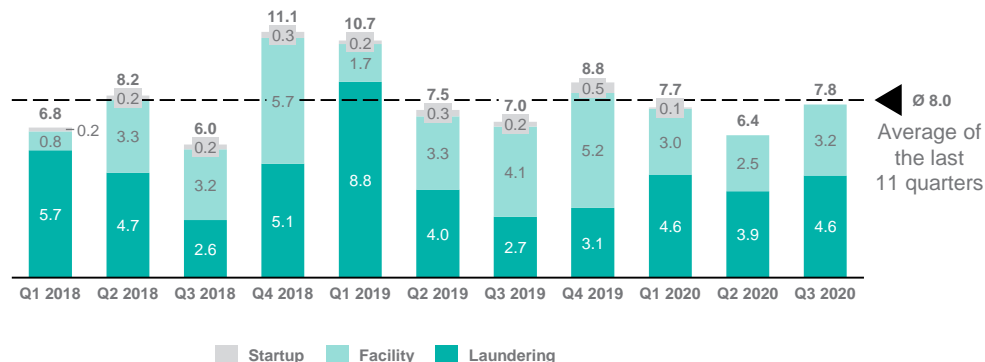
€7.0m

- Q3 2020 Capex higher than the same quarter of previous year (+€0.8m) due to higher investments in Laundering which more than offset lower FM Capex
- Q3 2020 slightly lower than quarterly average since Q1 2018 (€7.8 vs avg. €8.0m)
- No more Capex related to Yougenio as the Group decided to cease activities
- LTM Q3 2020 Capex in line with LTM Capex of 2020 and lower than the past where major investments for start-up of new contracts have been carried out

LTM Capex overview, €m



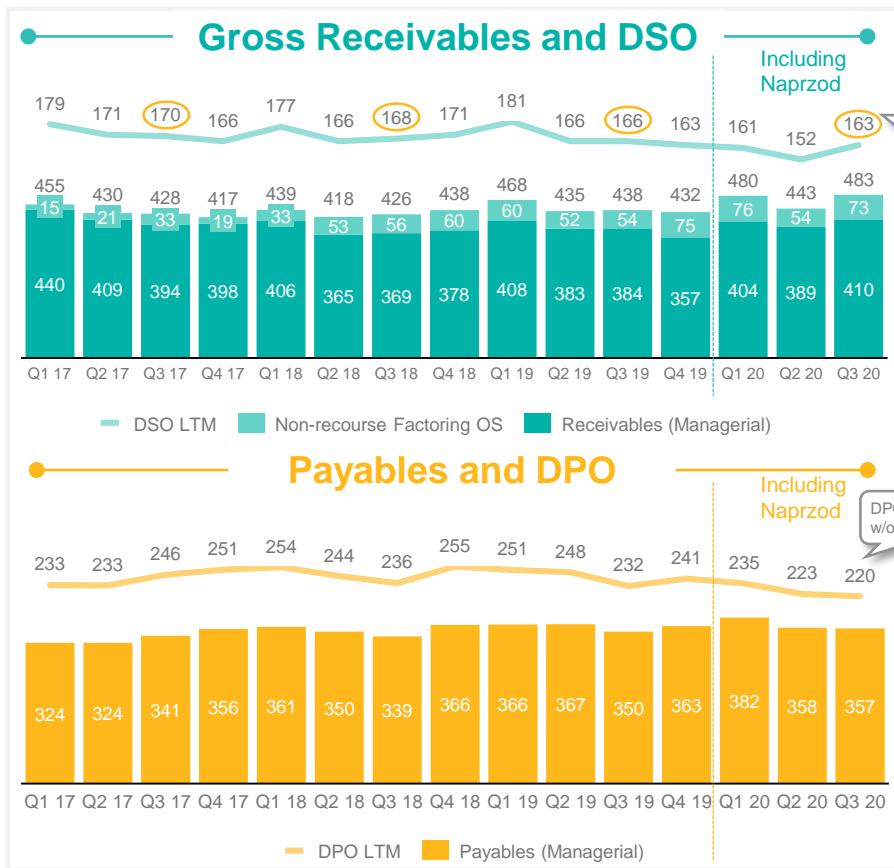
Capex by quarter (excl. One-off capex Plant SO), €m



*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
- Higher level of DSOs mainly related to invoicing delay rather than collection
- DSOs are 163 days (173 considering only domestic perimeter) showing lowest Q3 level since 2017
- Increase in non-recourse factoring vs Q2 2020 and in line with end of 2019-Q1 2020
- As of today, no sign of deteriorated ability to pay by clients due to Covid-19 outbreak
- DPOs registered a further decrease (-3 days) vs Q2 2020, hitting a new historical lower 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

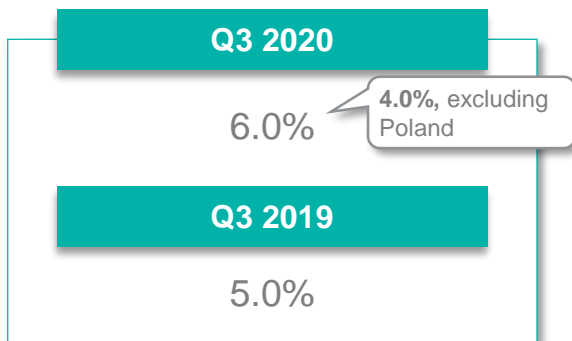
NWOC



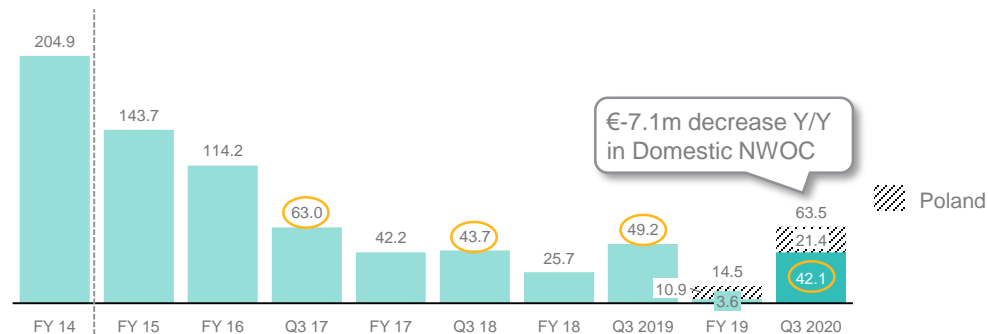
- NWOC level higher than other quarters but consistent with the past and the seasonality effect of the quarter
- Excluding the Naprzod Group contribution, NWOC is of €42.1m (4.0% of LTM revenues) and in line past Q3s

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

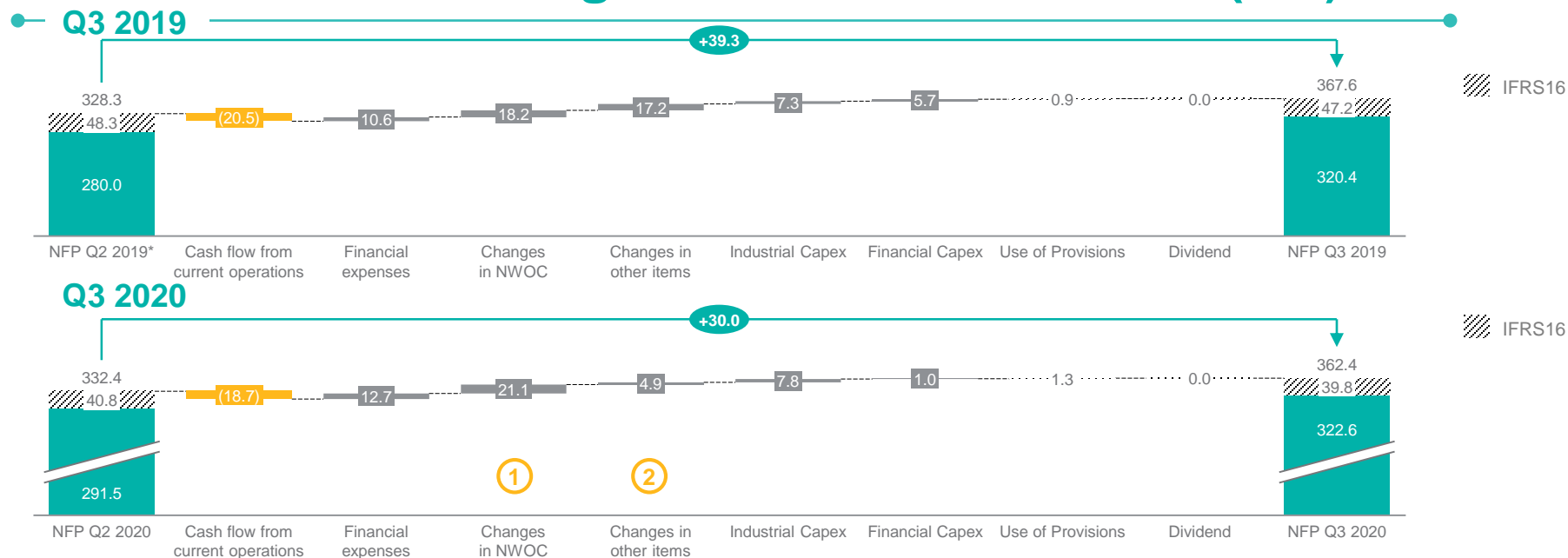


Net Working Operating Capital Trend, €m



Introduction of «Split Payment» and «Reverse Charge»

Focus on NFP changes Q3 2020 vs Q3 2019 (€m)



Main changes in Q3 2020 vs Q3 2019:

- ① Changes in NWOC: negative effect on NFP due to typical seasonality effect and increase in DSO mainly due to invoicing delay rather than collection
- ② Lower Financial Capex due to the lack of M&A in the period

Focus on Liquidity and Credit Facilities

Data as of September 2020

	Amount (€m)	x Pro-Forma EBITDA
Reference LTM EBITDA		114.9
Cash on Balance Sheet	(110.9)	
Short Term Financial Assets	(7.1)	
SSN @ 2022 - 9% Coupon ^(*)	333.9	
Other on SSN (Amortized Cost, Accrued Interest)	2.1	
SSRCF (€50m)	50.0	
Total Senior Secured NFP	268.0	2.3x
Recourse Factoring	13.2	
Reverse Factoring	2.4	
Term Loans & Bank Overdrafts	9.6	
Financial Leasing	6.5	
Other Financial Debt	22.9	
<i>Net Financial Position, net of IFRS Adjustments</i>	<i>322.6</i>	
<i>IFRS Adjustments</i>	<i>39.8</i>	
Net Financial Position	362.4	3.2x
No-Recourse Factoring	73.0	

Strong liquidity
cushion on
balance sheet

Demonstrated by continue
group de-leveraging (3.6x
as of Q1 19 vs. 3.2x as of
now)

(110.9)

(7.1)

Includes the deferred debt
for the acquisition of 80%
Naprzod

^{**}
(127.0)

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), 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
 - ✓ ICA provided the recalculation of the fine in €79.8m, as prudentially accrued by Rekeep in Q2 2020 Results (provision for €82.2m including also the premium for the payment in instalments)
 - ✓ Once ICA communicates the new amount to collection agency, *Agenzia delle Entrate*, Rekeep will start paying in 69 remaining instalments (out of original 72), according to the amortization plan already agreed for the previous amount of the fine
 - ✓ To be noted the Unsecured class of the Fine and the so called “*Inability To Pay*” EU directive with reference to Antitrust Fines

• Santobono Case:

- ☐ The hearing at Italian Supreme Court was regularly held on October 20th, 2020

Next Steps

- ☐ Rekeep will appeal the decision issued by TAR Lazio before Council of State (i.e. the Italian supreme administrative Court)
- ☐ Hearing expected in second part of 2021
- ☐ Rekeep will start paying in 69 installments, likely to happen after Q1 2021
- ☐ Ruling likely to be expected before year-end

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**⁽¹⁾ basis, Revenues, EBITDA and EBIT :
 - i) Include International activities, following the acquisition of Polish company Naprzod since November 2019 (for accounting purposes)
 - ii) Do not include Yougenio activities. Since September 2020, Yougenio has been de-consolidated from Group figures
 - iii) Do not take into account Sicura as it is no longer part of the Rekeep Group since February 2020

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

(1) Pro-Forma Revenues, EBITDA and EBIT are not audited or reviewed or intended to comply with applicable accounting standards – they are provided for illustrative purposes only and does not purport to represent or project current or future results.

Exchange rate:

- for P&L: average exchange rate Q3 2020 YTD
- For BS: exchange rate as of 30 September 2020

KPIs at a glance – Adjustments and deconsolidation

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 2020 KPI Reconciliation, €m

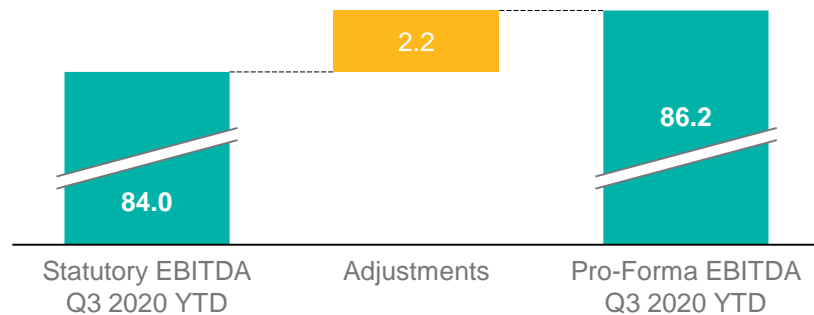
	Statutory Consolidated FS	Adj	Adjusted Consolidated FS	Deconsolidation YOUNENIO	Pro-Forma Q3 2020
Revenues	263.2	-	263.2	0.5	263.7
EBITDA	28.7	0.5	29.2	(1.8)	27.4
EBITDA % on revenues	10.9%		11.1%		10.4%
EBIT	18.7	1.0	19.7	(2.6)	17.1
EBIT % on revenues	7.1%		7.5%		6.5%
Net Result ^(*)	(1.8)				
NWOC	63.5				
NFP Rekeep Group	(362.4)				

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

After its deconsolidation since Q3 2020 Pro-Forma Revenues, EBITDA and EBIT do not include Yougenio / B2C activities,

Adjustments to EBITDA and EBIT

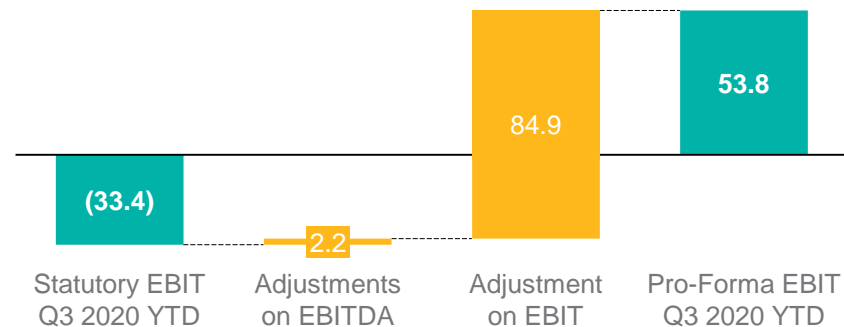
Bridge to EBITDA YTD, €m



Adjustments on EBITDA, €m

Advisory and legal fees, Bonus for Covid19 emergency	2.2
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Bridge to EBIT YTD, €m



Adjustments on EBITDA, €m

Advisory and legal fees, Bonus for Covid19 emergency	2.2
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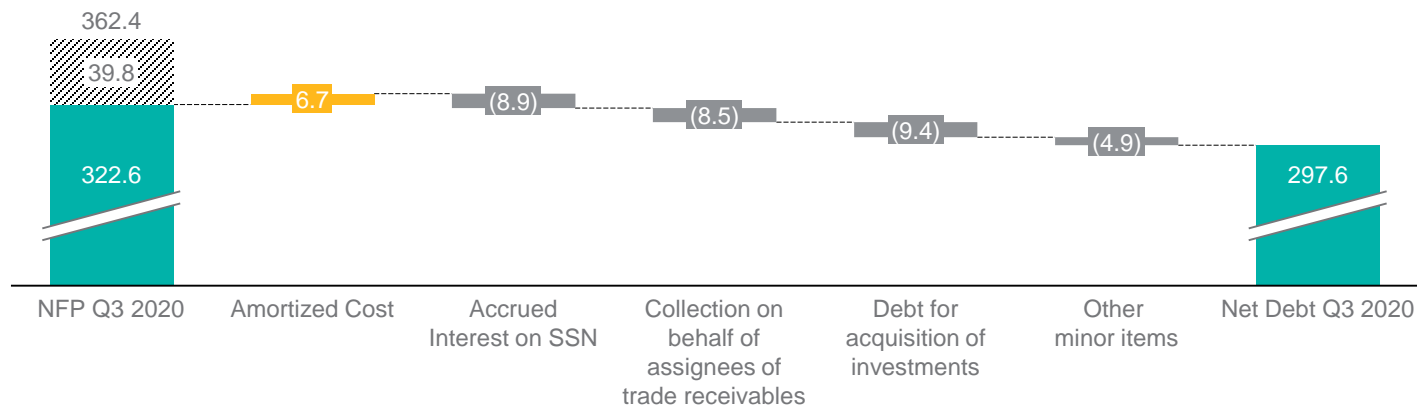
Adjustments on EBIT, €m

Provision ICA fine + other minor provisions	84.9
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Net Financial Position and Pro-Forma

Q3 2020 Net Financial Position to Net Debt, €m

	30 th Sept 2020	30 th Sept 2019
Long term financial debt	368.0	398.4
Bank borrowings, including current portion of long-term debt and other financial liabilities	112.4	48.9
Gross financial indebtedness	480.4	447.4
Cash and cash equivalents	(110.9)	(75.7)
Current financial assets	(7.1)	(4.1)
Net financial indebtedness Rekeep Group	362.4	367.3



Definitions

More definitions

- (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

ANNEX

BALANCE SHEET (€/000)	30 sep 2020	31 Dec 2019	Change
USES			
Trade receivables and advances to suppliers	435,290	412,572	22,718
Inventories	10,235	7,910	2,325
Trade payables and advances from customers	(382,023)	(405,950)	23,927
Net working operating capital	63,502	14,532	48,970
Other element of working capital	(75,605)	(115,344)	39,739
Net working capital	(12,103)	(100,812)	88,709
Tangible assets	123,575	126,491	(2,916)
Intangibles assets	411,558	414,601	(3,043)
Investments accounted for under the equity method	9,680	10,376	(696)
Other non current assets	33,316	123,603	(90,287)
Operating fixed assets	578,129	675,071	(96,942)
Non current liabilities	(133,578)	(54,826)	(78,752)
Net invested capital	432,448	519,433	(86,985)
SOURCES			
Minority interests	1,929	836	1,093
Equity attributable to equity holders of the parent	68,121	151,970	(83,849)
Shareholders' equity	70,050	152,806	(82,756)
Net financial indebtedness	362,398	366,627	(4,229)
Total financing sources	432,448	519,433	(86,985)

ANNEX

PROFIT&LOSS (€/000)	For the period ended 30 September		For the period ended 30 September REPORTED 2019
	2020	RESTATED IFRS5 2019	
Total revenues	772,864	691,565	720,116
Total costs of production	(688,900)	(620,350)	(645,471)
EBITDA	83,964	71,215	74,645
EBITDA %	10.86%	10.30%	10.37%
Amortization/depreciation, write-downs and write-backs of assets	(29,912)	(27,122)	(28,144)
Accrual of provisions for risks and charges	(87,432)	(1,436)	(1,418)
Operating income	(33,380)	42,657	45,083
Operating Income %	-4.32%	6.17%	6.26%
Share of net profit of associates	(6,689)	338	338
Net financial charges	(34,835)	(30,198)	(30,419)
Profit before taxes from continuing operations	(74,904)	12,797	15,002
Profit before taxes from continuing operations %	-9.69%	1.85%	2.08%
Income taxes	(9,994)	(8,281)	(9,139)
Profit from continuing operations	(84,898)	4,516	5,863
Loss for the period from discontinued operation	2,170	1,347	-
Net profit for the period	(82,728)	5,863	5,863
Net profit for the period %	-10.70%	0.85%	0.81%
Minority interests	(1,414)	(151)	(151)
Net profit for the period attributable to equity holders of the parent	(84,142)	5,712	5,712
Net profit for the period attributable to equity holders of the parent %	-10.89%	0.83%	0.79%

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	30 sep 2020	30 sep 2019
CASH at the beginning of the period	97,143	94,733
Cash flow from current operations	36,468	42,868
Use of provisions for risks and charges and for employee termination indemnity	(5,904)	(4,834)
Change in NWOC	(49,423)	(24,162)
Industrial Capex, net of disposals	(21,601)	(25,019)
Financial Capex	50,018	2,444
Other changes	(5,327)	(11,024)
Change in net financial liabilities	9,501	680
CASH at the end of the period	110,873	75,686

What's next

- ✓ Next call will be indicatively held in March 2021. 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>