



Call on Q2 2021 Results

August 26th, 2021, 17CEST



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Rekeep Group's 2021 Half Year Results are subject to limited auditor's 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



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Key Quarter Highlights

Revenues

- Sustained growth trend with +12.5% vs Q2 2020 driven by a robust increase in FM only partially offset by a slowdown in L&S
- On LTM basis, increase of 8.2% in LTM Q2 2021 figures landing at €1,125.1m
- Healthcare proven to be the largest and preferred market with a 60% share of Total Revenues on LTM basis at June 2021

EBITDA / EBITDA Margin

- Ongoing trend of growing EBITDA: LTM Q2 2021 EBITDA at €120.5m with a sound increase of 6.6% vs Q2 2020, and marginality at 10.7% level
- Quarterly EBITDA at €25.4m, increased by +0.8% vs. Q2 2020, with marginality at 9.5%

Backlog & Commercial Activity

- *Strong commercial performance*, both in Renewals and New Market (more than doubled the performance in H1 2020) mainly in Healthcare and Private segment
- H1 2021 performance in commercial activity (€613m) has nearly reached the level recorded in FY2019 (€668m)
- Healthcare new contract award in H1 2021 accounts for 62% of total
- Solid win rate (both on # of tenders and multi-annual value) achieved in Q2 2021 confirms the leading role of the Group in Italy as well as in Poland
- Stable level for Backlog at €3.0Bn (incl. €0.1Bn of potential additional Backlog) - 2.7xRevenues in line with previous quarters

NWC

- DSOs at 147 days marks lowest level ever registered by the Group proving the intense effort by Management to tackle NWOC
- DPOs decrease at 201 days due to payment acceleration of energy suppliers generally taking place at the beginning of the following quarter
- Consolidated NWOC at €47.6m, slightly increased also due to a steady growth in volumes and anyway stable at 4.2% of Total Revenues at Q2 2021

Net Financial Profile and Cash Position

- The Company continues to show its commitment to deleverage, while retaining a sound liquidity position
- In Q2 2021, NFP (w/o Potential Debt) at €351.2m with a stable level leverage* at 2.9x

Other

- M&A - On June 1st, Rekeep completed the acquisition of 60% of U.jet, active in the production of Non-woven fabric devices for the healthcare market
- Labor Cost Renewal - After 8 years of negotiations with relevant unions, starting since July 1st 2021, a workforce contractual increase has been approved for blue collar employees. Efficiency actions are already defined and implemented to offset the economic impact
- Saudi - Rekeep to start formal claim procedures on Saudi contract focused on recovering costs
- ESG - The Group is implementing a brand new approach to execute ESG strategy

ESG Strategy

- ❑ **ESG - The Group is implementing a brand new approach with a dedicated ESG Committee and definition of comprehensive procedures to execute ESG strategy**
 - Rekeep has a long history of commitment in this direction: in 1992 Rekeep was one of the first Italian companies publishing a Corporate Social Responsibility (CSR) Report
 - Over time many steps have been taken to better integrate CSR standards and Rekeep confirms its commitment in implementing new strategies (such as SDGs defined by the UN in the Paris Agreement) and pursue ESG goals



VALUES AND MISSION

The key values that inspire Rekeep are:



Responsibility
and solidarity



Integrity
and legality



Commitment
and transparency



CONTENTS



ABOUT



ENVIRONMENT



SOCIAL



GOVERNANCE

READING SUGGESTIONS



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arrows to display further information

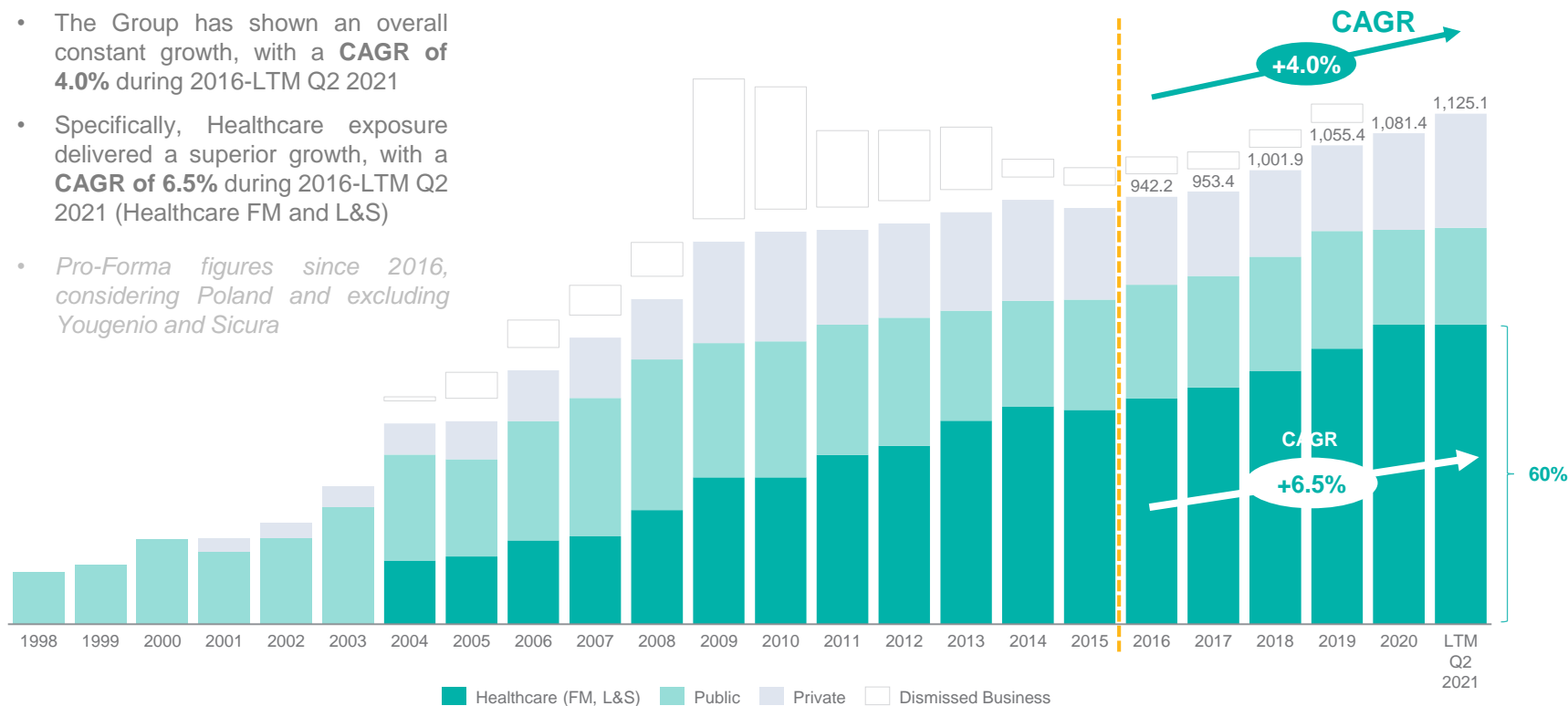


To make sure you can avail yourself of this
documents to the full use the Adobe Acrobat
Reader program or browse with Google Chrome

- ❑ For more information about Rekeep's commitment towards Corporate Social Responsibility detailed reports can be found [here](#)

Revenues historical trend by market segment

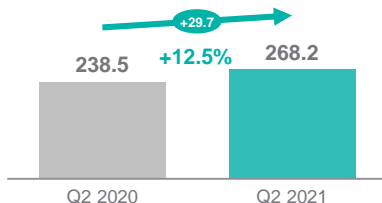
- The Group has shown an overall constant growth, with a **CAGR of 4.0%** during 2016-LTM Q2 2021
- Specifically, Healthcare exposure delivered a superior growth, with a **CAGR of 6.5%** during 2016-LTM Q2 2021 (Healthcare FM and L&S)
- Pro-Forma figures since 2016, considering Poland and excluding Yougenio and Sicura*



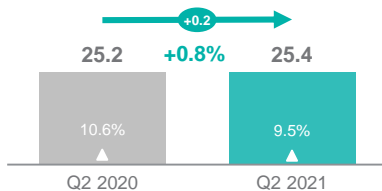
3 months and LTM KPIs at a glance

Pro-forma
Revenues
(€m)

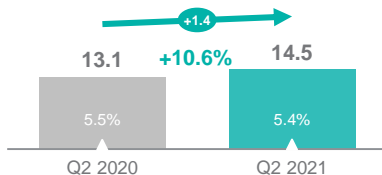
Q2 2020 vs. Q2 2021



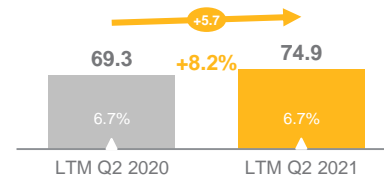
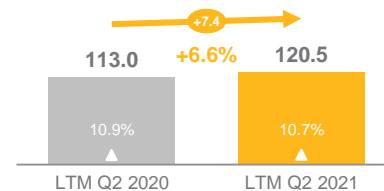
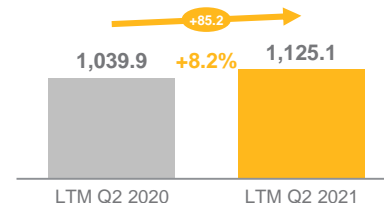
Pro-Forma
EBITDA
(€m)



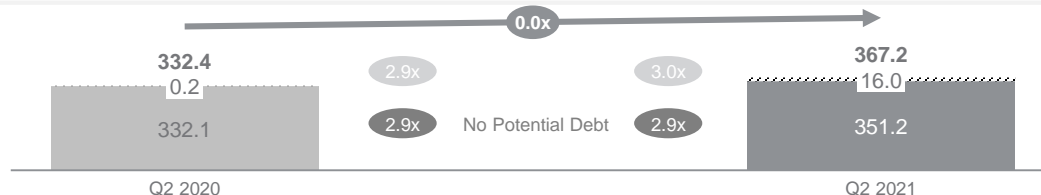
Pro-Forma
EBIT
(€m)



LTM Q2 2020 vs. LTM Q2 2021

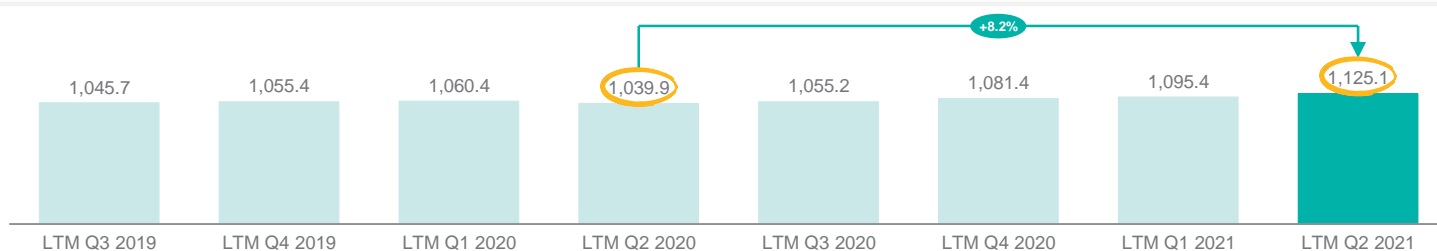


Net
Financial
Position
(€m)

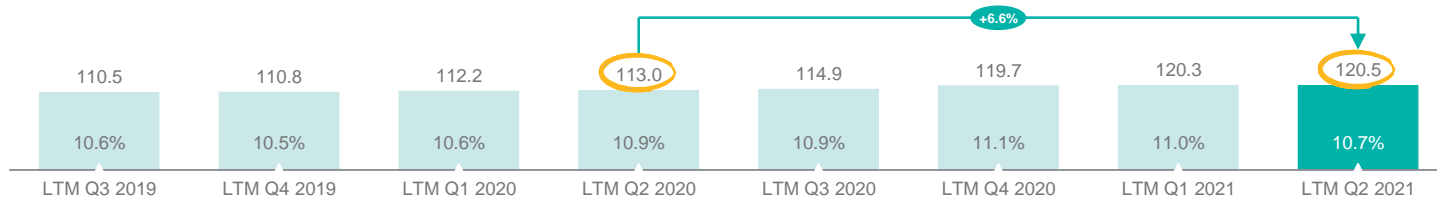


LTM Performance

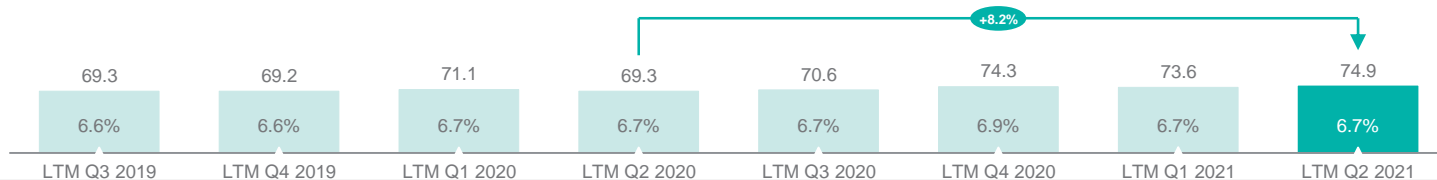
Pro-Forma Revenues (€m)



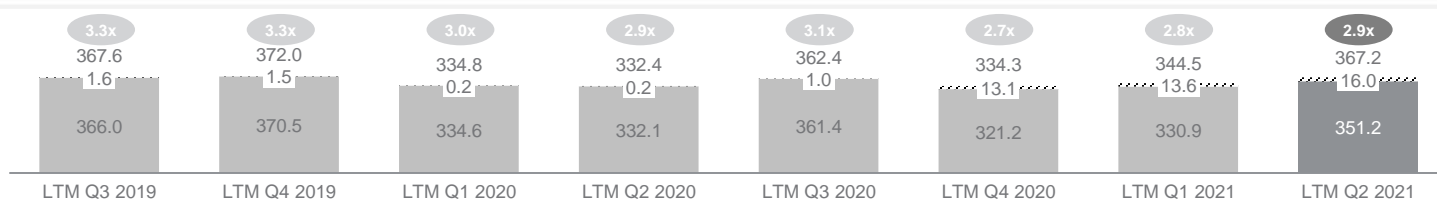
Pro-Forma EBITDA (€m)



Pro-Forma EBIT (€m)

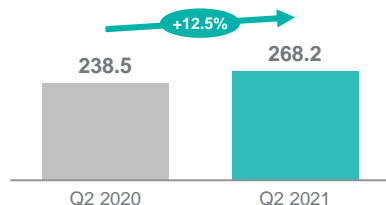


Net Financial Position (€m)

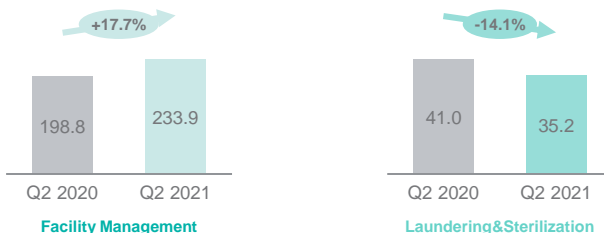


Revenues, YoY

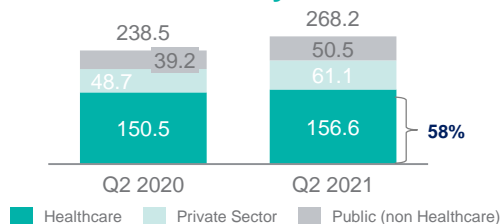
Revenues



Revenues by segment(*)



Revenues by client

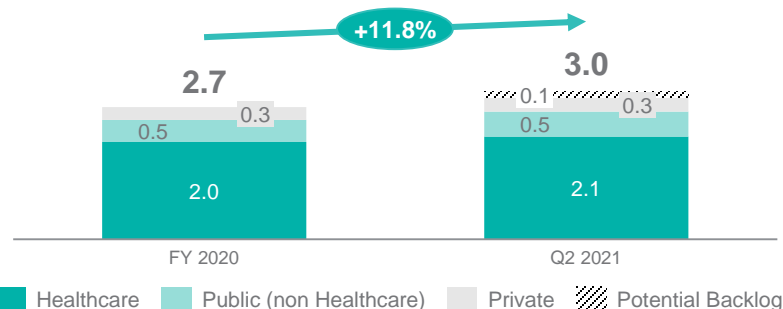


Comments

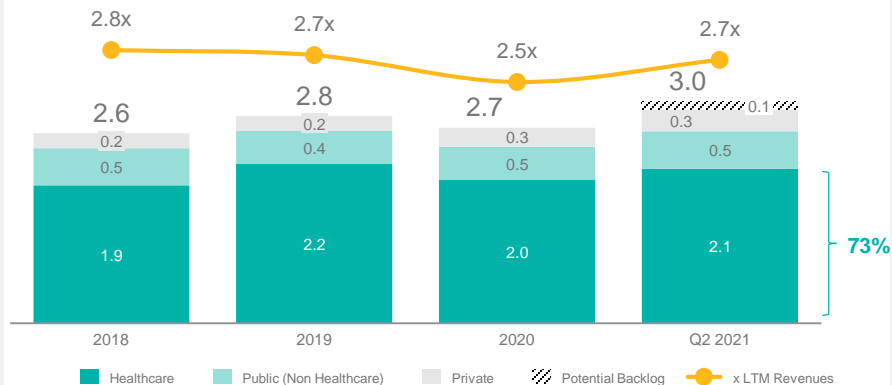
- Q2 2021 Revenues marks a significant increase with a growth of +12.5% leading to €268.2m
- The growth is sustained by a solid performance in FM in Q2 2021 (+17.7% vs Q2 2020)
- L&S partially offsets the FM performance with a slight reduction in volumes (-5.8m) given the lower contribution of Covid19 activities vs Q2 2020
- The trend in volumes in Q2 2021 is driven by both domestic and international activities, and in particular:
 - + increase in business for public clients, as activity resumed at full capacity compared to second quarter 2020 closures
 - + higher demand from private clients with new services requested
 - + a positive performance from Polish business with a recovery in catering vs Q2 2020 and French activities
 - a slowdown in L&S being business back to a more stable level of activity
- **Healthcare confirms being almost 2/3 of volumes (58%) in Q2 2021 with 4% increase vs Q2 2020**

Backlog

Backlog, €bn



Revenue visibility from backlog



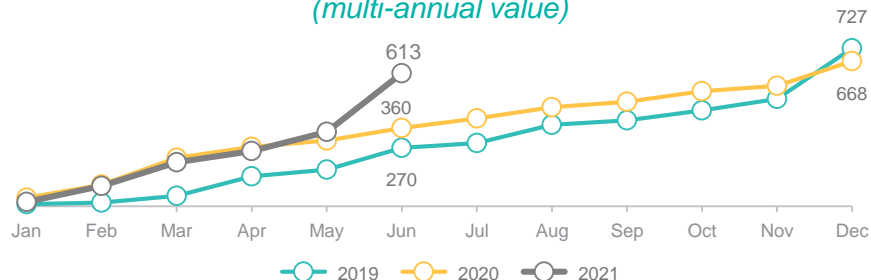
Comments

- Group Backlog ranks €2.9bn, sensibly higher than end of 2020
- Potential additional backlog leading to a rebound of the total Backlog of over €3.0Bn due to increase of. €100m+ related to the suspension of ANAC decision
- Backlog coverage at 2.7x over Revenues is in line with previous quarters, but with an higher absolute amount of both Backlog and Revenues
- Healthcare accounts for more than 73% of total Backlog
- As of today, Backlog does not include Saudi contract backlog

Commercial Activity

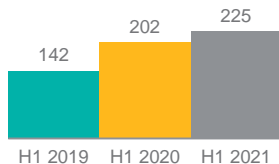
Value of contracts signed H1 2021, €m

(multi-annual value)

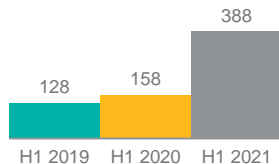


Breakdown of signed contracts H1 2021, €m

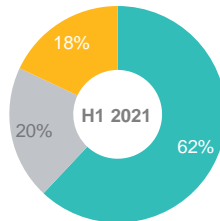
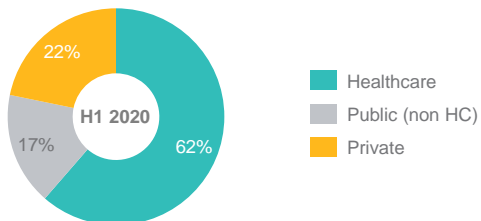
Renewals



New Market



Signed contracts by Client H1 2021, %



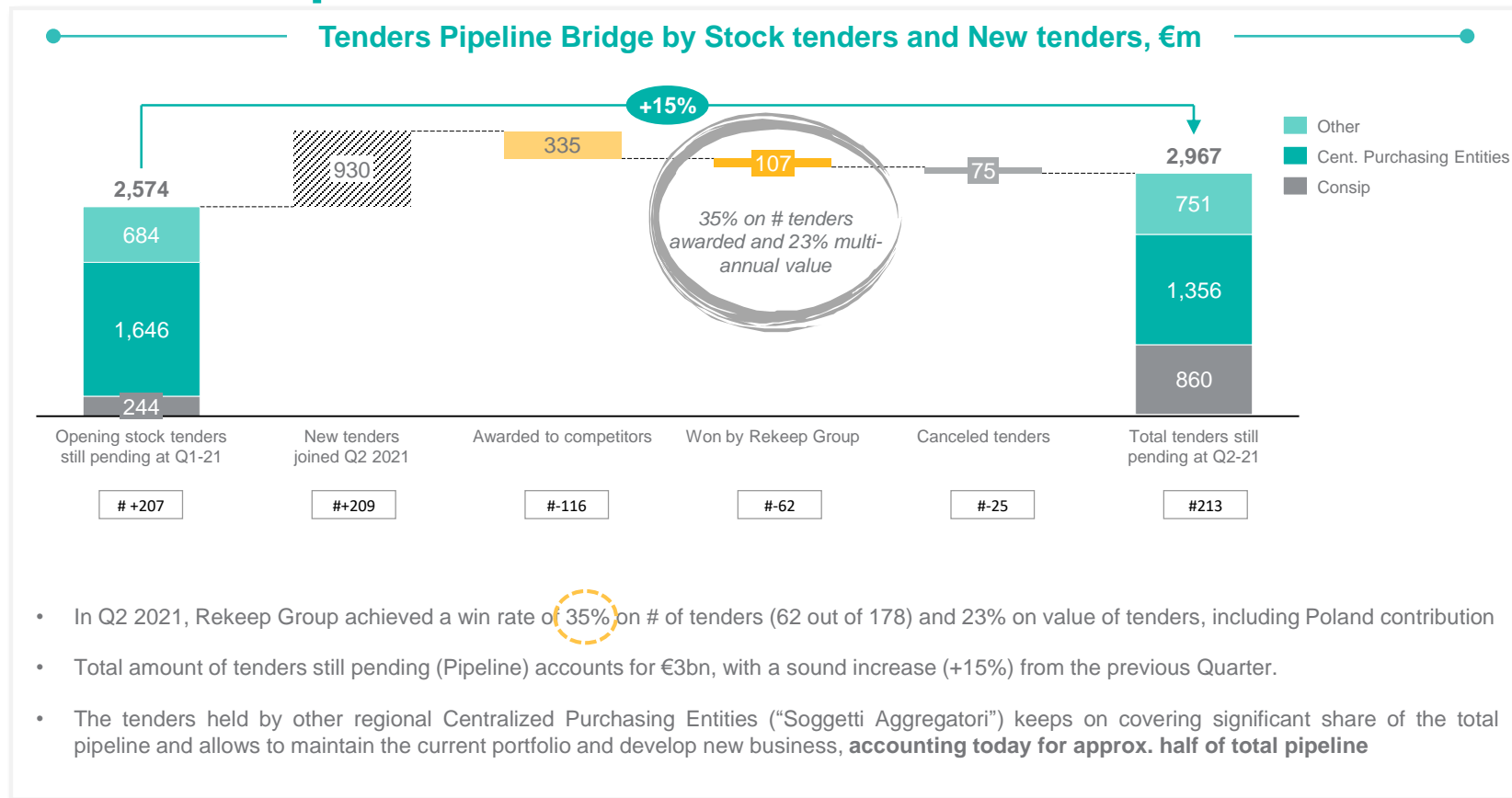
Sales activity

- H1 2021 commercial activity is vastly outperforming H1 2020 (€613m vs €360m) and it is also superior compared with H1 2019
- At June 2021, almost covered the FY2019 performance in commercial activity:
 - ✓ **Renewals:** have grown 11% compared to 2020 (€225m vs €202m), with solid performance in FM for private sector (renewals of contracts with key clients)
 - ✓ **New market:** (more than doubled H1 2020 performance: €388m vs €158m)
 - domestic market registers a very positive pace thanks to new acquisitions both in healthcare and private segments
 - substantial contribution to growth has been given by the international activity, particularly by French and Polish markets
- Dedicated focus on Healthcare clients which stayed steady, representing 62% of signed contracts

Main Contracts signed in Q2 2021

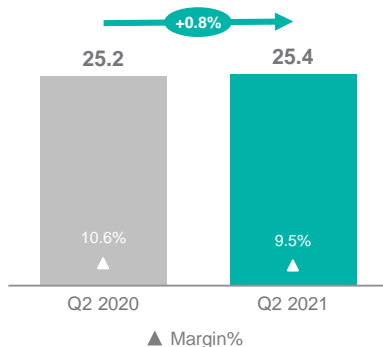
Client	Service	Annual Value	Duration	Acquisition type
NTV 21-26	Cleaning	14.5m	5 years	New Market/Portfolio
RATP LOT PM	Cleaning	12m	3 years	New Market
ALISA MANUTENTIONI 3 Lotti	Maintenance	9.9m	10 years	New Market

Tenders Pipeline – Q2 2021

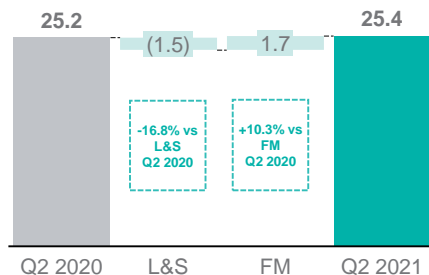


EBITDA and EBIT, YoY

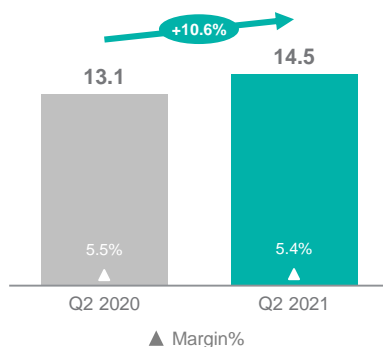
Pro-Forma EBITDA



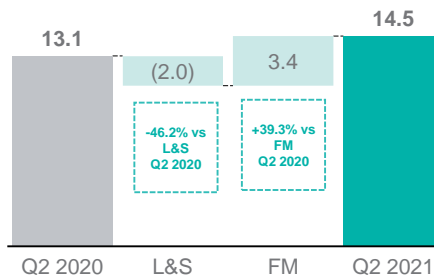
Bridge Pro-Forma EBITDA



Pro-Forma EBIT



Bridge Pro-Forma EBIT



Comments

- Pro-Forma EBITDA increased by 0.8%, due to:
 - ✓ Positive performance for FM, with an increase by +€1.7m, offset by
 - ✓ A negative impact on L&S by -€1.5m
- The trend in Pro-Forma EBITDA is driven by:
 - ✓ Positive contribution in FM both by public and private clients as business is fully back to normality (despite a negative impact related to the Saudi contract)
 - ✓ Ongoing cost-saving activity performed at Group level
 - ✓ Slowdown in L&S, due lower level of extraordinary activity being business back to normal trend
- EBITDA Marginality at 9.5% in Q2 2021 (Including the negative Saudi impact)
- Pro-Forma EBIT increased by €1.4m, due to:
 - ✓ Decline in L&S by €2.0m
 - ✓ which is more than offset by a significant increase in FM EBIT by 3.4m (2020 included specific prudential provisions)

Net Financial Expenses, Taxes, Net Result



- H1 2021 Net Financial expenses are lower than H1 2020 (€21.2m vs €22.2m).
- Taking into account also the expenses related to SSN refinancing in January totaling approx. €23.6m, Net Financial Expenses are €44.9m

- Q2 2021 Net Result is affected by extra-ordinary costs related to refinancing of SSN in January, totaling approx. 23.6m
- Net of this effect, Net Results would be €8.2m

Industrial Capex

*Figures not
Pro-Forma*

Q2 2021

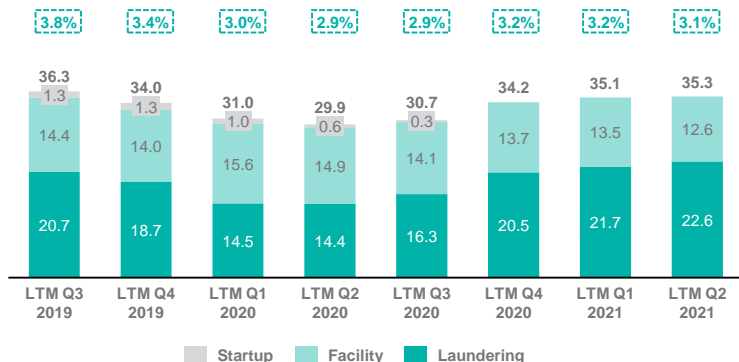
€6.6m

Q2 2020

€6.4m

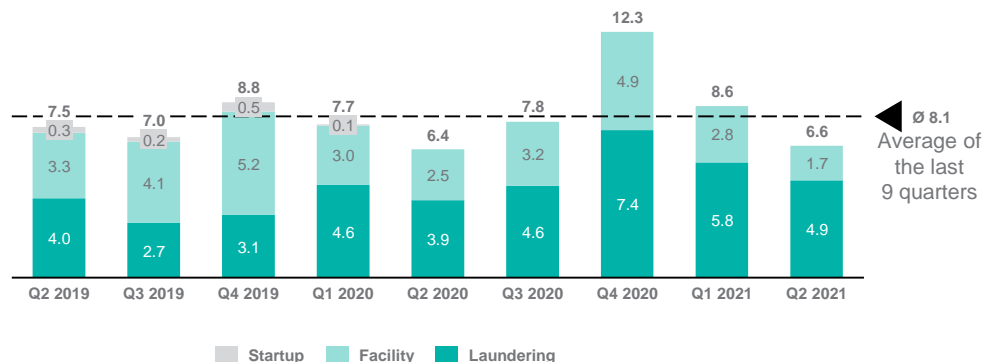
- Q2 2021 Capex (€6.6m) are in line with Q2 2020 (€6.4m) and consistently below the 9 last quarters average (€6.6m vs avg.€8.1m) mainly driven by major investments in Laundering business (€4.9m out of €6.6m) also to face Covid19 in healthcare clients premises
- LTM Q2 2021 Capex in line with 2019 and 2020 Capex and on average approx. 3% of Revenues

LTM Capex overview, €m



% on LTM Revenues

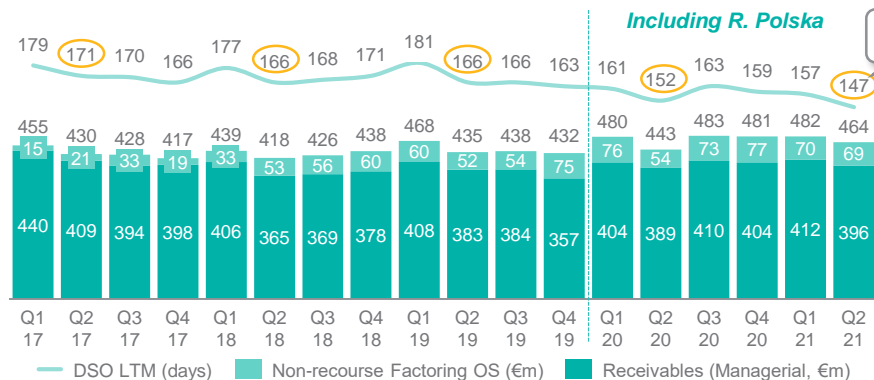
Capex by quarter, €m



Ø 8.1
Average of
the last
9 quarters

DSOs & DPOs

Gross Receivables and DSO

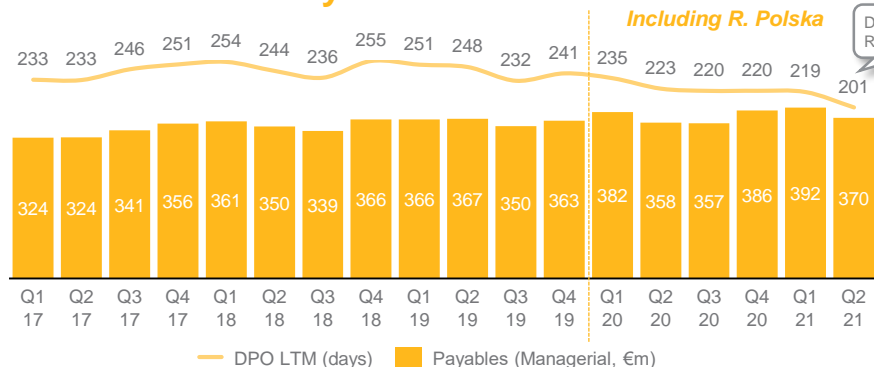


Comments

Reduction of DSO is in line with performances typically expected in second quarters, and hitting the lowest level ever registered

- DSOs lands at 147 days (154 considering only domestic perimeter) especially thanks to the effort in Invoicing
- Level of Non-recourse factoring steady at previous quarter's level - €69m at Q2 2021
- As of today, no sign of deteriorated ability to pay by clients due to Covid-19 outbreak

Payables and DPO



DPOs hit the lowest historical level at 201 (212 considering only domestic perimeter), outperforming by far the level registered in recent quarters

- This is mainly due to advanced payment of certain payables relating to energy suppliers, which generally takes place at the beginning of the following (third) quarter
- DSOs/DPOs exclude the effect of Sicura (sold) and Yougenio (terminated), while include Rekeep Polska since Q1 2020

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

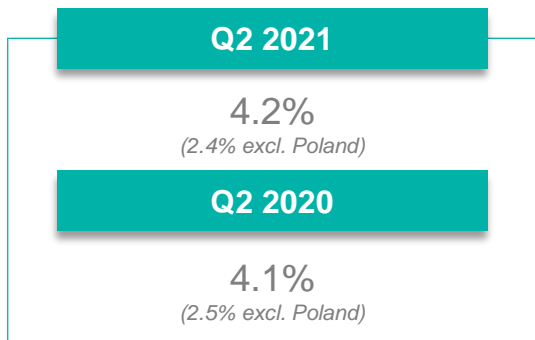
NWOC



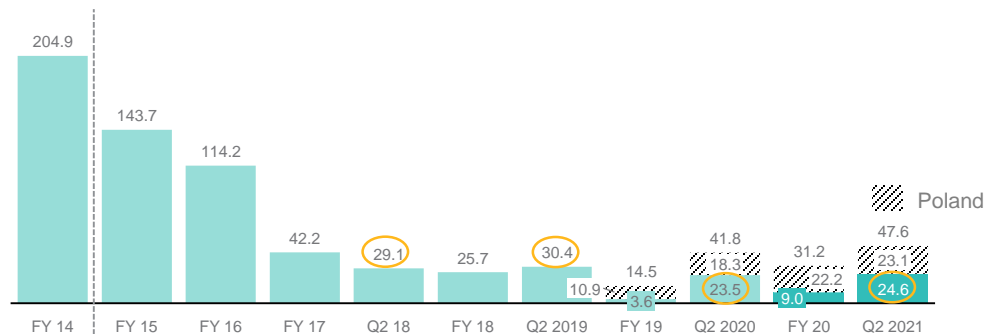
- NWOC is slightly higher than Q2 2020 and lands at €47.6m
- The slight increase is also effect of the steady growth of volumes registered in period, marking a 4.2% on Total Revenues (vs. 4.1% in Q2 2020)
- Excluding the Rekeep Polska contribution, NWOC is €24.6m, 2.4% of LTM Domestic revenues, and lower if compared to the previous year (Q2 2020 at 2.5%)

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

NWOC / LTM Revenues

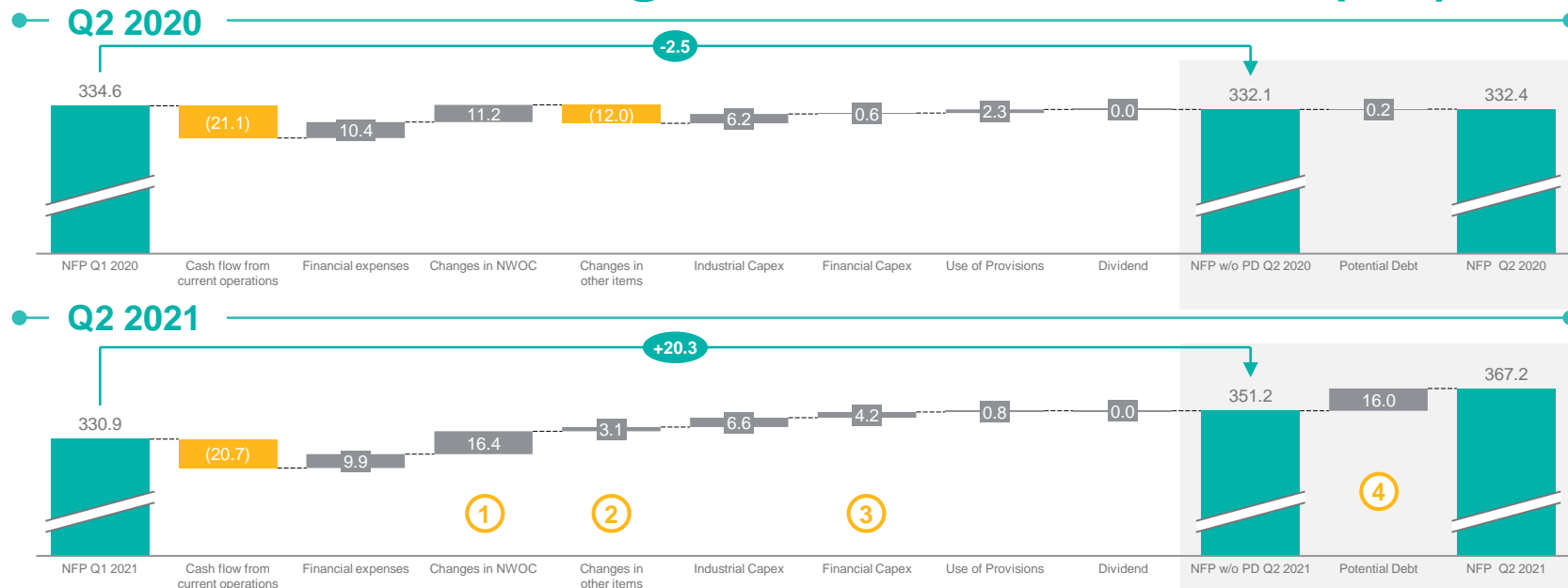


Net Working Operating Capital Trend, €m



Introduction of «Split Payment» and «Reverse Charge»

Focus on NFP changes Q2 2021 vs Q2 2020 (€m)



Main changes in Q2 2021 vs Q2 2020:

- ① Higher in NWOC due to some release in DPO (-19days) to relieve some pressure on suppliers, which more than offset the ongoing commitment in reducing DSOs (-10 vs Q1 2021) carried out by the Management
- ② Changes in Other Items: the increase is mainly due to i) lower level of tax receivables sold in Q2 2021 than in Q2 2020 and ii) payment of FM4 fine instalments
- ③ Financial Capex: Q2 2021 figure includes first tranche payment for U.Jet and deferred debt, net of cash-in of selling of minor stake in non-consolidated business activities
- ④ Put Option is mainly related to i) acquiring the remaining 20% stake of R.Polska in 2025, measured on expected (and significantly higher) EBITDA BP 2024, and ii) Earn-out for U.Jet acquisition

Focus on Liquidity and Credit Facilities

Data as of June 2021	Amount (€m)	x Pro-Forma EBITDA	Strong liquidity cushion on balance sheet
Reference LTM EBITDA		120.5	
Cash on Balance Sheet	(101.9)		(101.9)
Short Term Financial Assets	(5.4)		(5.4)
SSN @ 2026 - 7.25% Coupon	370.0		
Other on SSN (Amortized Cost, Accrued Interest)	3.7		
ssRCF (€75m)	-		
Total Senior Secured NFP	266.4	2.2x	
Recourse Factoring	9.9		
Reverse factoring	7.4		
Term Loans & Bank Overdrafts	3.4		
Financial Leasing	6.6		
Other Financial Debt	17.5		
IFRS Adjustments	39.9		
Net Financial Position w/o Potential Debt	351.2	2.9x	
Potential Debt (Put Option)	16.0		
Net Financial Position	367.2	3.0x	
No-Recourse Factoring	68.5		(131.5)*

Annex

Litigation Update

• FM4 Investigation:

- ❑ On May 9, 2019 the Italian Competition Authority decided to impose a fine of €91.6 million against Rekeep Group.
- ❑ 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 by ICA, which determined the new amount in €79.8m.
 - ✓ Rekeep accrued the cost in FY2020 Results for €82.2m including also the premium for the payment in instalments
 - ✓ Rekeep originally obtained for deferred payment by collection agency *Agenzia delle Entrate*, in 72 monthly instalments. After Covid19 suspension, Rekeep started to pay the remaining 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
 - ✓ As of end of August, Rekeep has paid 11 (out of 72) monthly instalments totaling to roughly €10m

• Santobono Case:

- ❑ Following a series of court claims brought by Rekeep against the ANAC decision to exclude Rekeep from participating in public tenders for a period of six months and related court decisions, Rekeep submitted before ANAC an out-of-court request to amend the ANAC Decision and subsequently challenged before the TAR Lazio the negative outcome of such out-of-court request together with the entering of such decision in the relevant electronic register.
- ❑ While the TAR Lazio rejected Rekeep's appeal, on April 23, 2021 the Council of State (acting as a second level court) granted Rekeep's request on a precautionary basis.
- ❑ Based also on the advice received from its lawyers, Rekeep maintains that all the effects of the ANAC Decision are currently suspended and is vigorously defending such position

Next Steps

- ❑ Rekeep appealed the TAR Lazio decision before Council of State (i.e. the Italian supreme administrative Court), hearing scheduled on September 23rd, 2021
- ❑ Rekeep started paying the remaining 69 installments in Q1 2021. As of end of August, Rekeep has paid 11 (out of 72) monthly instalments totaling to roughly €10m
- ❑ Council of State ruling on merit is expected at end of November 2021

Methodology and data presentation

Data Presentation

- Since the acquisition of Polish Naprzod (then Rekeep Polska) in October 2019, International activities can be considered material and hence no longer as Start-up
- Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year
- On a **Pro-Forma**⁽¹⁾ basis, Revenues, EBITDA and EBIT :
 - i) Include International activities, following the acquisition of Polish company Rekeep Polska 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

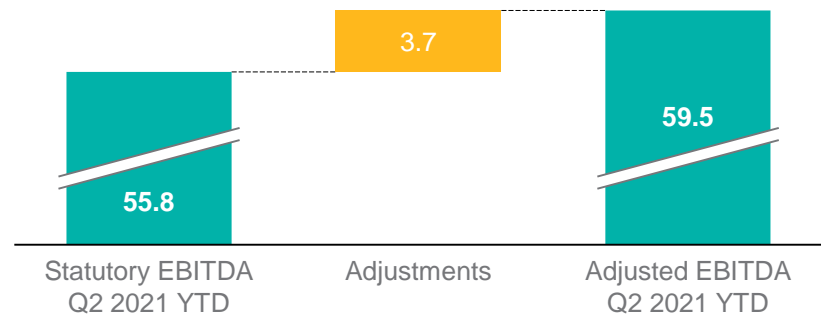
(1) Pro-Forma Revenues, EBITDA and EBIT are not audited or reviewed or intended to comply with applicable accounting standards – they are provided for illustrative purposes only and does not purport to represent or project current or future results.

Exchange rate:

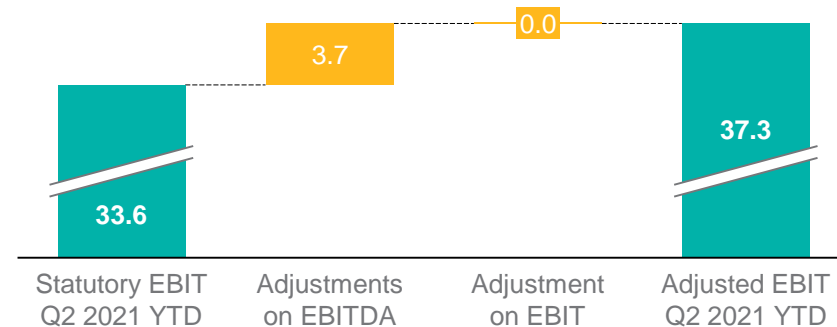
- for P&L: average exchange rate Q2 2021 YTD
- For BS: exchange rate as of 30 June 2021

Adjustments to EBITDA and EBIT

Bridge to EBITDA YTD, €m



Bridge to EBIT YTD, €m



Adjustments on EBITDA, €m

M&A and Advisory fee for extra-ordinary transaction/project	1.8
Extraordinary legal fees related to litigations	0.5
Re-organizations / Lay-off	1.4
Total Adjustments on EBITDA	3.7

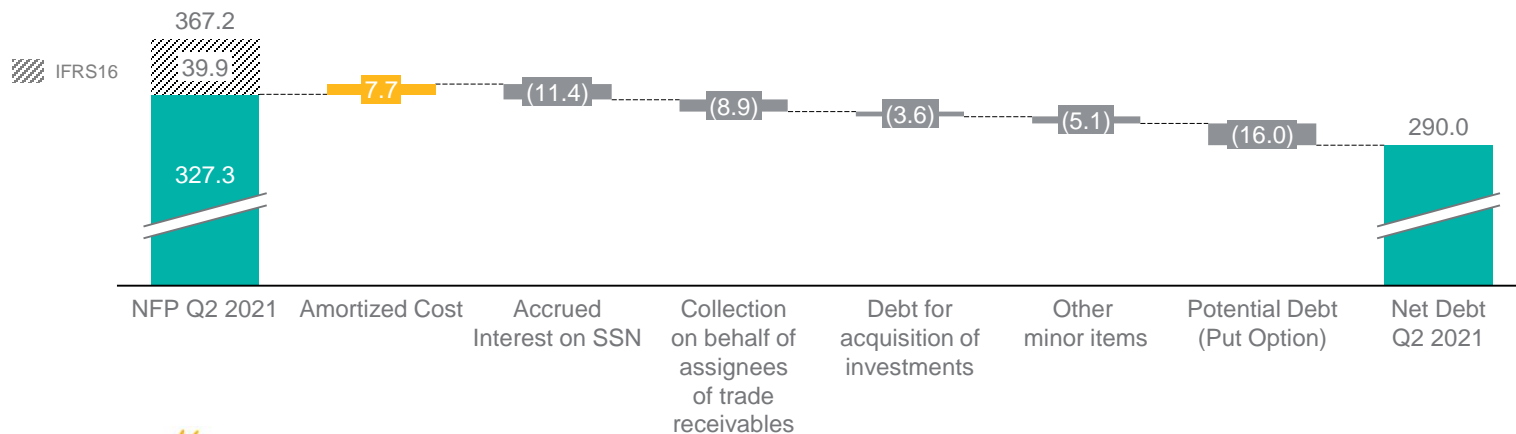
Adjustments on EBIT, €m

Adjustments on EBIT, net of Adjustments on EBITDA	-
Total Adjustments on EBIT	3.7

Net Financial Position to Net Debt

Q2 2021 Net Financial Position to Net Debt, €m

	30 th June 2021	30 th June 2020
Long term financial debt	415.7	372.2
Bank borrowings, including current portion of long-term debt and other financial liabilities	58.7	82.1
Gross financial indebtedness	474.5	454.3
Cash and cash equivalents	(101.9)	(116.5)
Current financial assets	(5.4)	(5.4)
Net financial indebtedness Rekeep Group	367.2	332.4



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) **“NFP without Potential Debt”** means Consolidated Net Financial Position, net of Potential Debt (i.e. Put Options and Earn-out related to M&A transactions)
- (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

ANNEX

BALANCE SHEET (€/000)	30 Jun 2021	31 Dec 2020	Change
USES			
Trade receivables and advances to suppliers	427,869	431,121	(3,252)
Inventories	13,077	12,921	156
Trade payables and advances from customers	(393,331)	(412,849)	19,518
Net working operating capital	47,615	31,193	16,422
Other element of working capital	(170,157)	(161,427)	(8,730)
Net working capital	(122,542)	(130,234)	7,692
Tangible assets	128,716	122,542	6,174
Intangibles assets	426,878	424,215	2,663
Investments accounted for under the equity method	10,633	9,140	1,493
Other non current assets	32,906	34,012	(1,106)
Operating fixed assets	599,133	589,909	9,224
Non current liabilities	(51,860)	(52,812)	952
Net invested capital	424,731	406,863	17,868
SOURCES			
Minority interests	5,431	3,199	2,232
Equity attributable to equity holders of the parent	52,104	69,337	(17,233)
Shareholders' equity	57,535	72,536	(15,001)
Net financial indebtedness	367,196	334,327	32,869
Total financing sources	424,731	406,863	17,868

ANNEX

PROFIT&LOSS (€/000)	For the period ended 30 June	
	2021	2020
Total revenues	552,840	509,678
Total costs of production	(497,066)	(454,446)
EBITDA	55,774	55,232
EBITDA %	10.09%	10.84%
Amortization/depreciation, write-downs and write-backs of assets	(20,744)	(20,770)
Accrual of provisions for risks and charges	(1,418)	(86,556)
Operating income	33,612	(52,094)
Operating Income %	6.08%	-10.22%
Share of net profit of associates	1,557	(143)
Net financial charges	(44,881)	(22,152)
Profit before taxes from continuing operations	(9,712)	(74,389)
Profit before taxes from continuing operations %	-1.76%	-14.60%
Income taxes	(5,943)	(8,747)
Profit from continuing operations	(15,655)	(83,136)
Loss for the period from discontinued operation	16	2,540
Net profit for the period	(15,639)	(80,596)
Net profit for the period %	-2.83%	-15.81%
Minority interests	(1,511)	(625)
Net profit for the period attributable to equity holders of the parent	(17,150)	(81,221)
Net profit for the period attributable to equity holders of the parent %	-3.10%	-15.94%

STATEMENT OF CASH FLOW (Statutory) (€/000)	30 Jun 2021	30 Jun 2020
<i>CASH at the beginning of the period</i>	90,464	97,143
Cash flow from current operations	8,450	30,458
Use of provisions for risks and charges and for employee termination indemnity	(2,318)	(4,611)
Change in NWOC	(15,566)	(28,342)
Industrial Capex, net of disposals	(14,443)	(13,758)
Financial Capex	(5,701)	50,970
Other changes	(3,290)	(444)
Change in net financial liabilities	44,266	(14,885)
<i>CASH at the end of the period</i>	101,861	116,531

What's next

- ✓ Next call on Q3 2021 Results will be held on November 16th, 2021

- ✓ Rekeep will virtually attend:
 - J.P. Morgan European High Yield & Leveraged Finance Conference on September 8th, 2021
 - Goldman Sachs EMEA Credit and Leveraged Finance Conference on September 14th, 2021
 - Morgan Stanley Leveraged Finance Conference on October 14th, 2021

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