



minds that work

Call on Q4 2023 Results

March 21,
2024, 17CET



Disclaimer

This presentation has been prepared for information purposes only as part of the conference to present the results as of 31 December, 2023 of Rekeep Group and cannot be reproduced in any way, in part or in whole

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

Annual Report figures have been approved by Board of Directors, waiting for formal auditor's opinion

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

CEO



Riccardo Bombardini

Head of Investor Relations



Index

- Key Quarter Highlights
- Q4 2023 Results
- *Annex*
- *Q&A session*

Key Quarter Highlights

Profit & Loss

Revenues

- The Group FY 2023 has registered a decrease in revenues vs FY 2022 (-107.6 m€; equivalent to a -8.3%) **mainly due to the reduction of primary energy cost of energy and gas**, while Poland continues to deliver growth and L/S services revenues are up by +6,5% YoY

EBITDA/EBIT

- FY 2023 Ebitda and Ebit decrease by 1,2% and 0.7% respectively. Instead, quarterly Ebitda and Ebit decrease significantly mainly because of contribution of tax credit on energy and gas QoQ. **Positive contribution from Poland, Saudi and L/S on margins this Quarter**

Backlog & Commercial Activity

- Commercial performance improved slightly vs 2022 mainly due to renewals/extensions activity as backlog reaches again FY 2022 level at €3bn. Backlog/Revenues grow to 2.6x

Net Financial Expenses

- **FY2023 Net Financial expenses reach €55.4m vs €40.4m in FY2022**

Balance Sheet

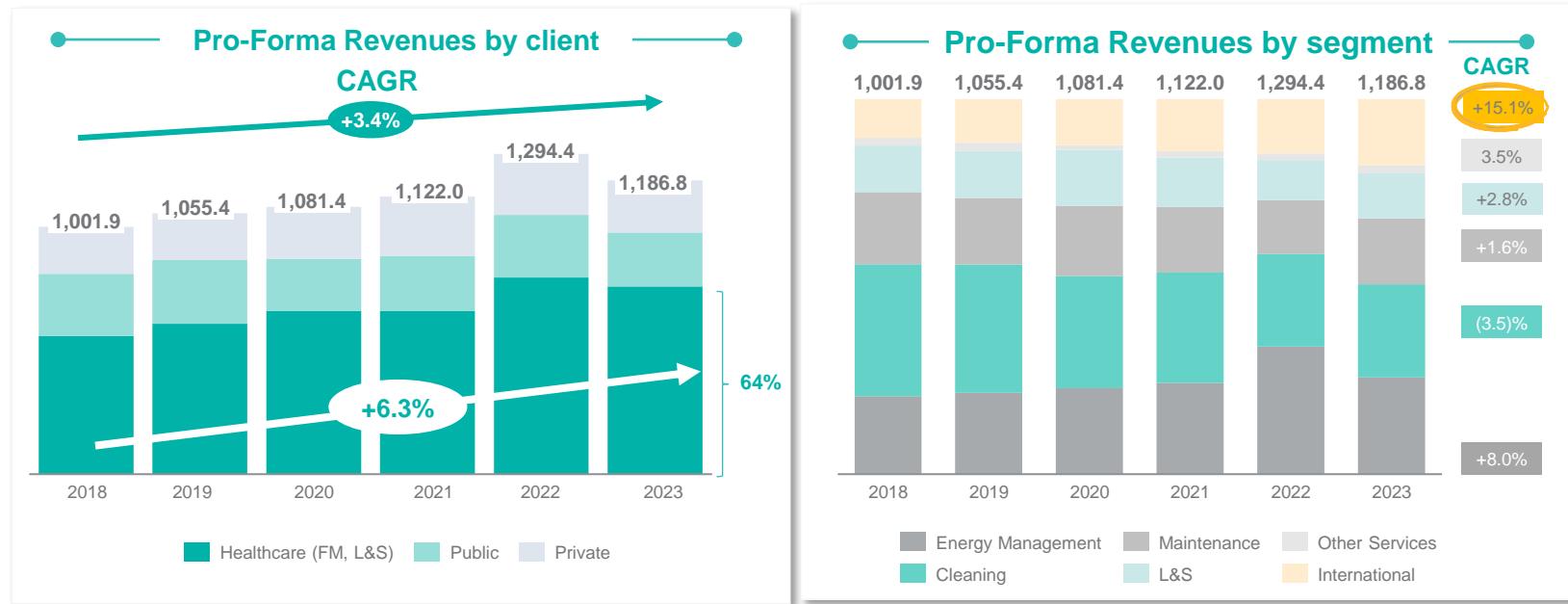
Working Capital

- **FY2023 NOWC reaches €104.2m**, at 8.8% of Revenues while Domestic NWOC stands at €78.4m (7.8% of Domestic Group Revenues). **Compared to 3Q23 NOWC peak, reduction equals €45m.**
- DSOs decrease 6 days vs Q4 2022 benefitting from energy raw materials price reduction while DPOs show a 6 days increase vs Q4 2022. **NOWC returns lower compared to the 3Q22 level**

Net Financial Position

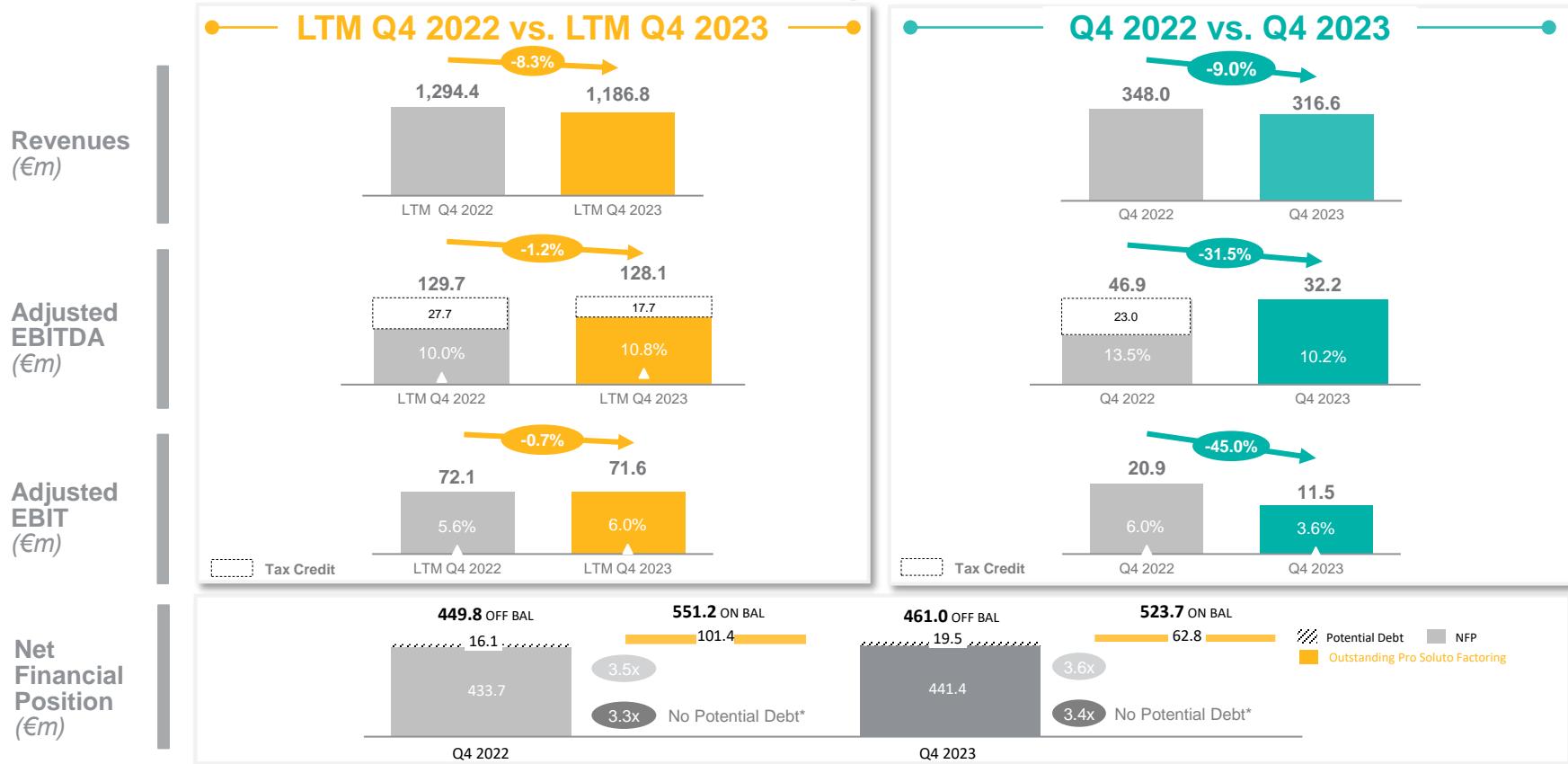
- In Q4 2023, NFP (w/o Potential Debt) stands at €441.4m with leverage at 3.4x on EBITDA. With Potential debt added NFP reaches €461m vs €449.8m at 4Q22
- **Vs 3Q23, FY2023 NFP declines by €30m** (from €491.3m to €461.0m)
- The Company confirms its commitment to deleverage, while retaining a sound liquidity position

Revenues historical trend by market segment



- The Group has shown an overall constant growth, with a **CAGR of +3.4%** during FY2018 - FY2023
- Specifically, **Healthcare** exposure delivered a growth, with a **CAGR of +6.3%** during FY2018-FY2023 (vs 9.2% in FY2022), as well as **International business** showing a solid increase with a Pro-Forma **CAGR of +15.1%** in the period FY2018 – FY2023 (vs 1.7% Domestic revenues growth in the same period)

FY and 3 months KPIs at a glance

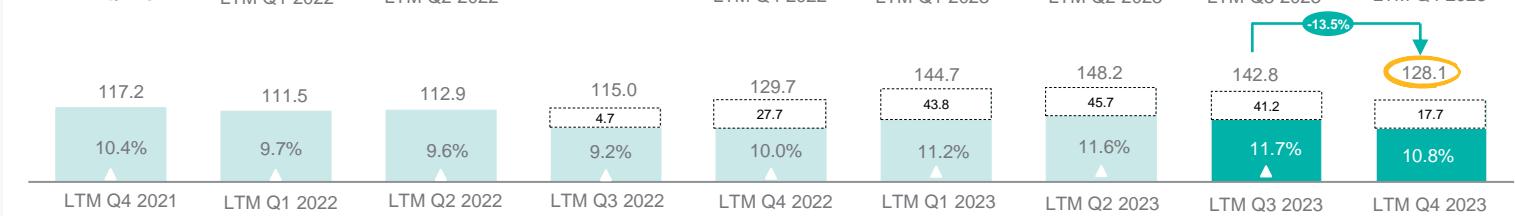


LTM Performance

Revenues
(\$m)



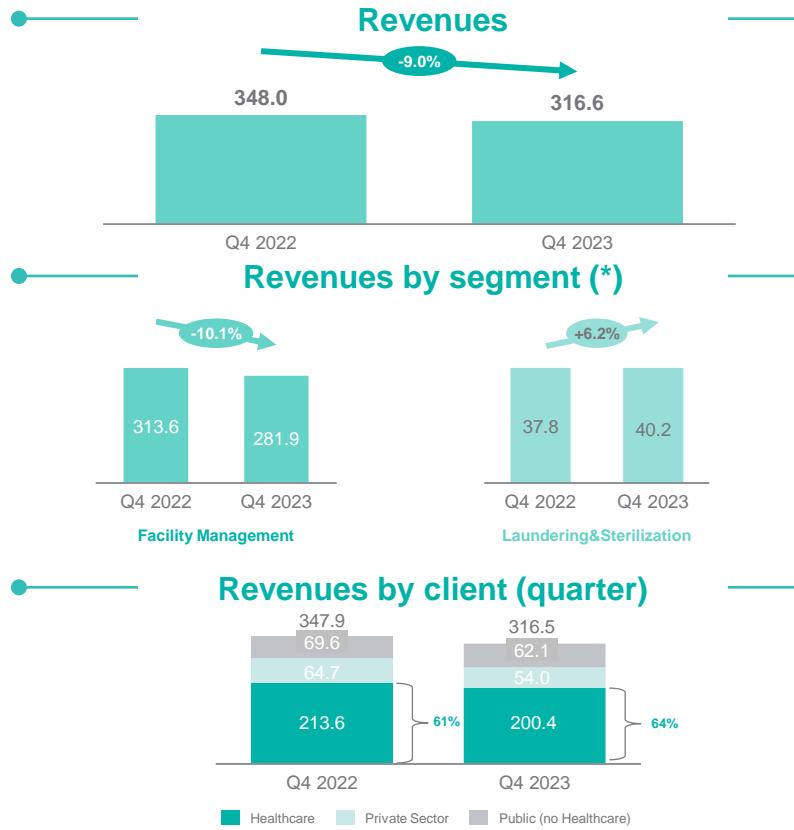
Adjusted
EBITDA
(\$m)



Net
Financial
Position
(\$m)



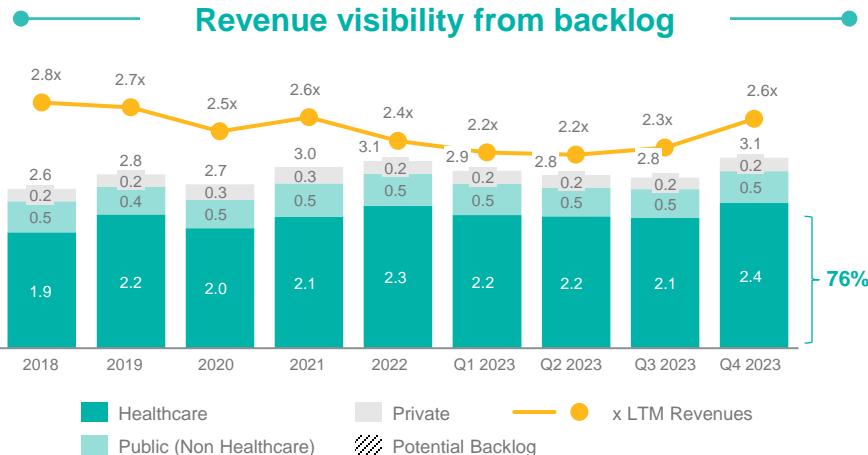
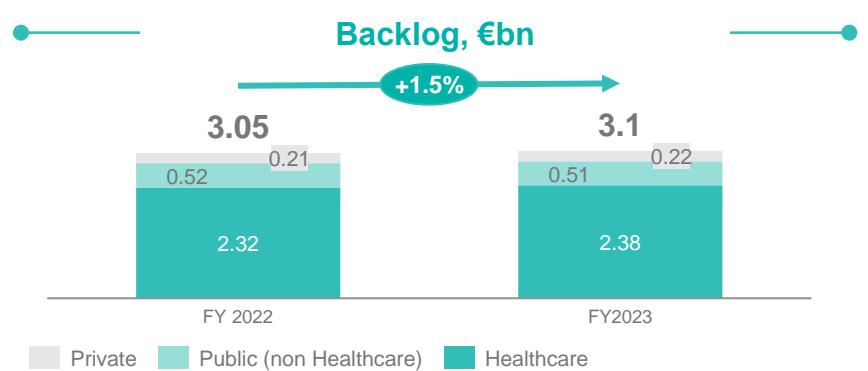
Revenues, YoY (€m)



Comments

- Q4 2023 Revenues decrease vs Q4 2022 (-9.0% QoQ) landing at €316.6m (from €348.0m)
- The trend in volumes in Q4 2023 is driven by:
 - ✓ FM segment decrease -10.1% vs Q4 2022, mainly due to reduction in primary energy prices reducing revenue volumes, particularly in Healthcare segment, while L&S shows an increase at a mid-single digit's growth (+6.2% - QoQ) due to full-year effect of new contracts and enlargement of portfolio in Medical Device and Ujet
 - ✓ A good performance for International business, especially from Polish activities (c.€ +11m/ +29% - QoQ)
- Healthcare confirms to cover ca 2/3 of volumes in Q4 2023

Backlog

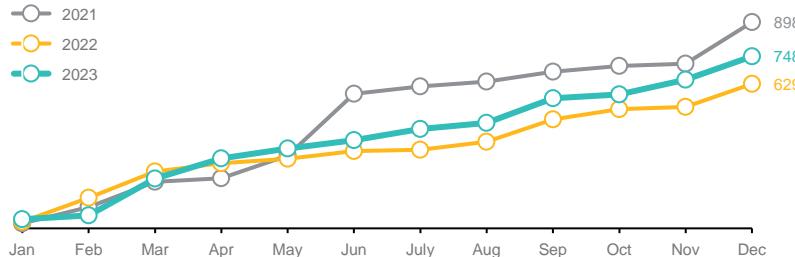


Comments

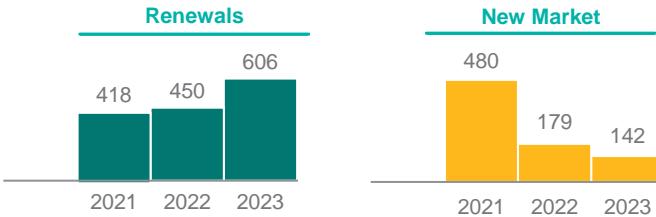
- Backlog's value is approx. €3.1Bn, showing a slight increase (+1.5%) vs FY2022
- Backlog increases from 3Q23 to 4Q23 because of new contracts (ca €0.2bn) and contract extensions
- YTD 2023: Backlog / Revenues increase at 2.6x from 2.3x in 3Q23
- Backlog Healthcare accounts approx. 76.0% on the Total Backlog

Performance summary: commercial performance

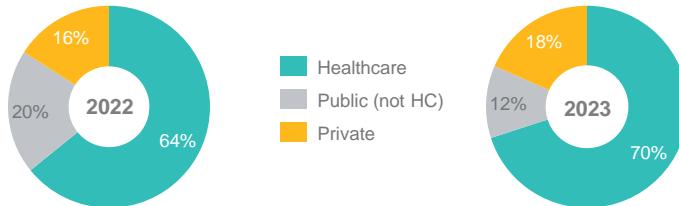
Monthly trend of new contract - YTD, €m



New contracts value (Multi-annual) - YTD 2023, €m



New contracts by client - YTD 2023, %



Comments

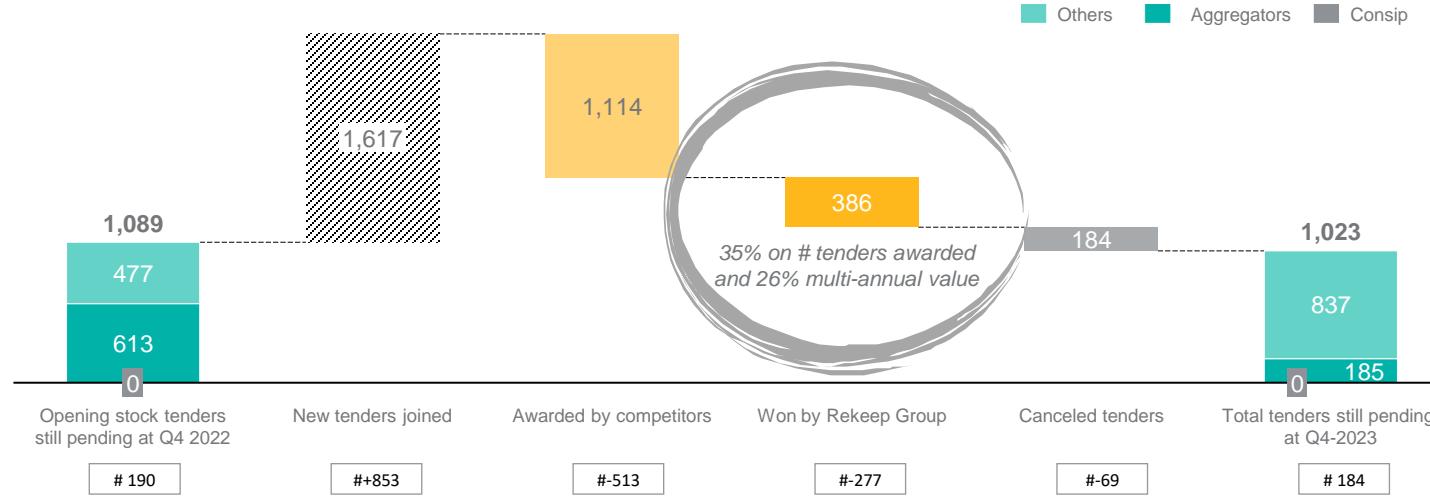
- Commercial performance shows an increase vs FY2022 (+€119.0m), due to the contribution related to renewals of signed contract, while contribution of «New market» continues to decline vs previous years.
- In particular, FY 2023 commercial activity was mostly driven by:
 - ✓ **Renewals:** €606m vs €450m in 2022
 - ✓ **New Market:** €142m new business acquisition mainly in Healthcare
- Dedicated focus on Healthcare clients which represents 70% of new signed contracts (both Renewals and New market), reaffirming Group strategy in repositioning as Healthcare FM provider

Revenues and Contract Acquisition



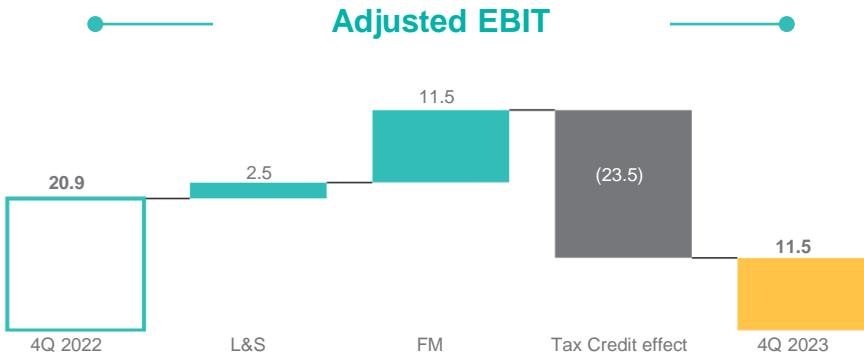
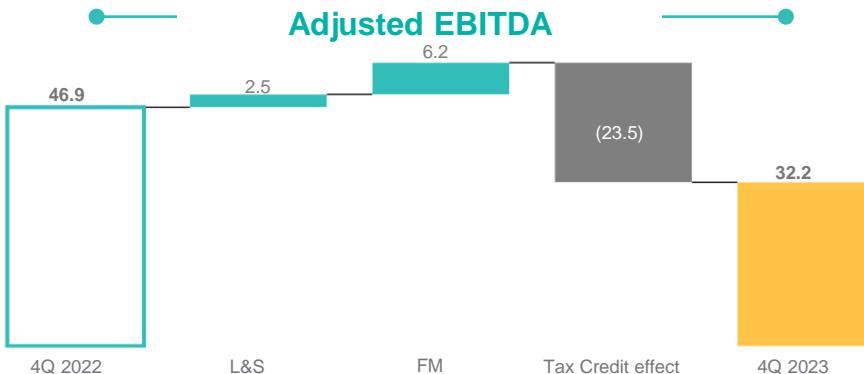
Tenders Pipeline – YTD Group basis

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



- At 4Q 23, Rekeep Group achieved a win rate of 35% on # of tenders and 26% on value of tenders, including Rekeep Polska
- Total amount of tenders still pending ("Pipeline") account for approx. €1bn.

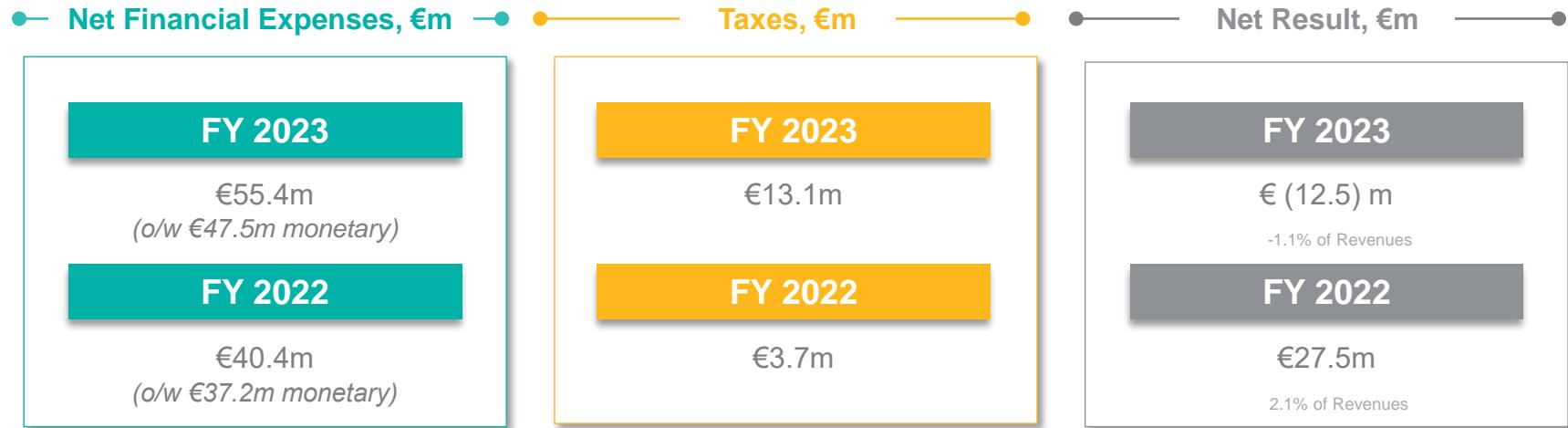
EBITDA and EBIT, YoY (€m)



Comments

- Quarterly Adjusted EBITDA registers a decrease landing at €32.2m, with a -31.5% change vs Q4 2022, mainly due to the tax credit delta effect QoQ (approx. €-23.5m);
- Excluding Tax Credit effect, 4Q23 margins are impacted by:
 - ✓ L&S: margin coming from increased revenues and internal cost efficiencies
 - ✓ FM: mainly due to the combined effect of:
 1. Reduction of negative contribution from Saudi + €2.1m QoQ
 2. Good performance from Polish activities with a + €3.0m increase QoQ.
 - ✓ Increase in EBIT FM vs Q4 2022, on top of Ebitda increase, is attributable by half to Saudi

Net Financial Expenses, Taxes, Net Result



FY2023: Net Financial expenses increase by approx. € 15.0m vs FY2022 mainly due to rise of variable costs and utilization of factoring / credit lines

Net Result negatively impacted by increase of Net Financial Expenses

Industrial Capex

Q4 2023

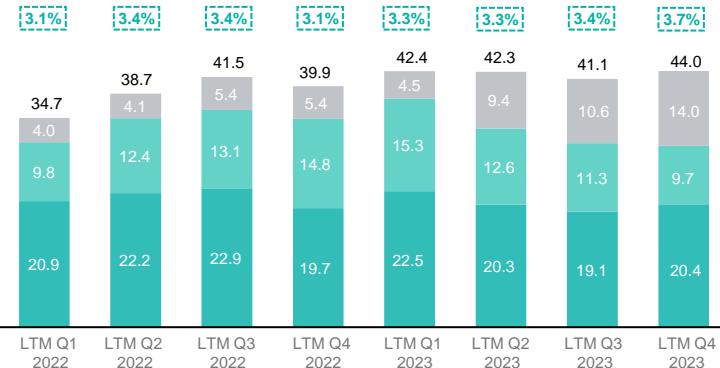
€13.2m

Q4 2022

€10.2m

- Q4 2023 Capex reach €13.2m, while LTM Q4 2023 amounted to. €44.0m
- LTM Industrial Capex are mainly driven by (i) Catering in Poland and by (ii) L/S
- L&S Capex mainly refer to purchase of linen (for both current and new contracts) while Catering Capex refer mainly to the central kitchen construction project
- LTM Q4 Capex on revenues reach 3.7% because of realization of a central kitchen project in Poland in 2024

LTM Industrial Capex, €m



Industrial Capex by quarter, €m



% on LTM Revenues

Laundering Facility Catering

Laundering Facility Catering

Net Operating Working Capital

NOWC

FY 2023

€104.2m

(o/w €25.7m related to Poland)

FY 2022

€68.5m

(o/w €22.9m related to Poland)

- NWOC reduces by €45.4m from peak reached in 3Q23.
- Q4 2023 shows a decrease in NWOC, returning to a lower level compared to 3Q22 figures, resuming a declining trend after first 3 quarters in 2023 that registered increases.
- Main drivers are: a) reduction of primary energy prices in 2023 vs 2022 b) energy price-adjustments related to 2022 cash inflow and c) increase of DPOs back to Q2 2022 level.
- Excluding Rekeep Polska, NOWC is 7.8% of Domestic Revenues

NOWC / LTM Revenues

FY 2023

8.8%

(7.8% excl. Poland)

FY 2022

5.3%

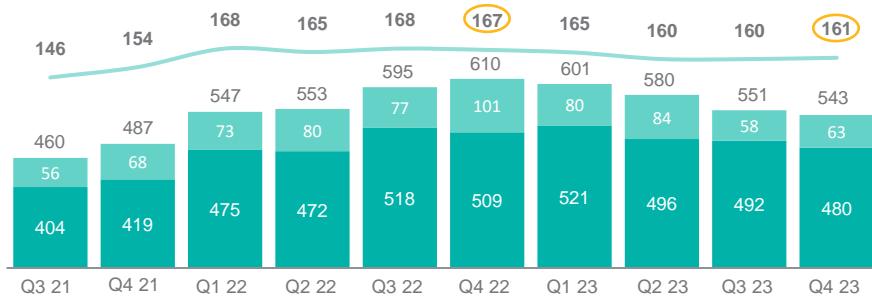
(7.4% excl. Poland)

Net Operating Working Capital Trend, €m



DSOs & DPOs

Gross Receivables and DSO



Payables and DPO



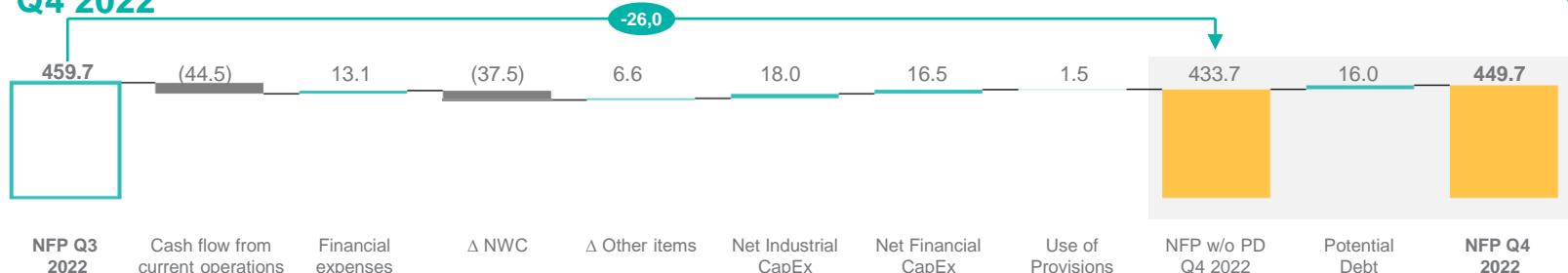
Comments

- Although still above the Group historical level pre 2022 energy crisis, **DSOs decrease 6 days vs Q4 2022** benefitting from (i) normalized energy raw materials prices (ii) 2022 related price-adjustments cash inflow.
- Gross receivables decline from, including factoring, €610m at 4Q22 to €543 in Q423 implying a reduction of €67m over the period.
- DPOs stand at 198 days, +6 days vs. Q4 2022 and + 28 days vs 3Q23** which is mainly due to
 - ✓ Normalized energy raw materials prices
 - ✓ Progressive normalization trend with suppliers

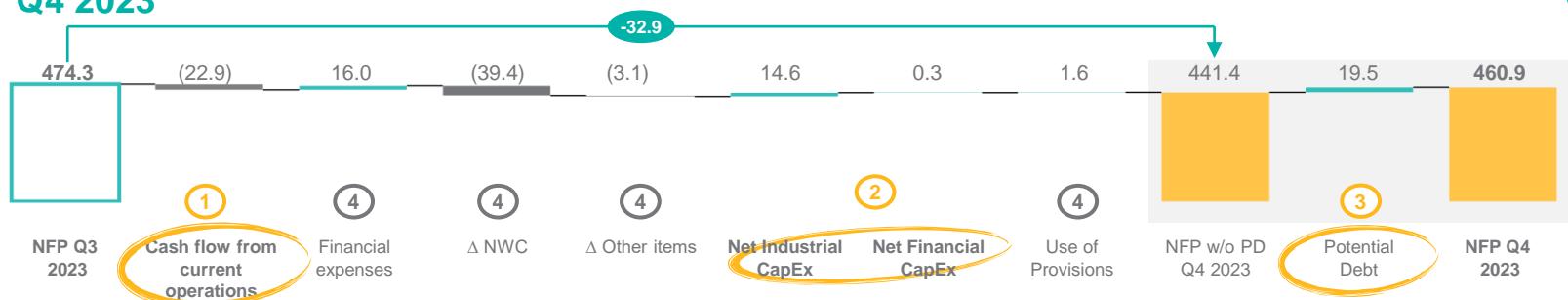
- In the upper chart, on top of gross receivables, the amount of factoring outstanding receivables is separately depicted, which is taken into consideration to calculate DSOs
- In the lower chart, on top of payables, the amount of reverse factoring is separately depicted and is not taken in consideration to calculate DPOs

Focus on NFP changes Q4 2023 vs Q4 2022 (€m)

Q4 2022



Q4 2023



Main changes in Q4 2023 vs Q4 2022

- ① Cash flow from current operations impacted by primary energy prices reduction
- ② Net Capex (Industrial + Financial) : from approx. €35.0m (combined effect) to €14.9m. Changes in Capex are mainly due to Industrial ones
- ③ Potential Debt: increase related to the change in fair value of Put Options
- ④ Others: changes are related to financial expenses, Δ Other items, Δ NWC and Use of Provisions

Focus on Liquidity and Credit Facilities

Data as of December 2023

	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA		128,1	
Cash on Balance Sheet	(76,8)		(76,8)
Short Term Financial Assets	(15,5)		(15,5)
SSN @ 2026 - 7.25% Coupon	370,0		
Other on SSN (Amortized Cost, Accrued Interest)	7,6		
ssRCF (€75m)	-		(75,0)
Total Senior Secured NFP	285,2	2,2x	
Recourse Factoring	18,2		
Reverse factoring	16,6		
Term Loans & Bank Overdrafts	64,7		
Financial Leasing	12,0		
Other Financial Debt	15,0		
<i>IFRS Adjustments</i>	29,7		
Net Financial Position w/o Potential Debt	441,4	3,45x	
<i>Potential Debt</i>	19,5		
Net Financial Position	461,0	3,6x	
<i>No-Recourse Factoring</i>	62,8		(237,2)



Annex



Adjustments to EBITDA and EBIT



Adjustments on EBITDA, €m	
M&A	3.0
Re-organizations	2.9
International Claim	3.4
Total Adjustments on EBITDA	9.3
Adjustments on EBIT, €m	
International Claim	6.2
Total Adjustments on EBIT	6.2

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)	31 Dec 2023	31 Dec 2022	Change	
				USES
Trade receivables and advances to suppliers	513.771	537.227	(23.456)	
Inventories	13.373	12.088	1.285	
Trade payables and advances from customers	(422.958)	(480.808)	57.850	
Net working operating capital	104.186	68.507	35.679	
Other element of working capital	(156.674)	(120.289)	(36.385)	
Net working capital	(52.488)	(51.782)	(706)	
Tangible assets	162.098	147.874	14.224	
Intangibles assets	424.431	423.223	1.208	
Investments accounted for under the equity method	11.758	10.121	1.637	
Other non current assets	34.004	51.270	(17.266)	
Operating fixed assets	632.291	632.488	(197)	
Non current liabilities	(56.815)	(57.972)	1.157	
Net invested capital	522.988	522.734	254	
SOURCES				
Minority interests	6.515	6.096	419	
Equity attributable to equity holders of the parent	55.486	66.862	(11.376)	
Shareholders' equity	62.001	72.958	(10.957)	
Net financial indebtedness	460.987	449.776	11.211	
Total financing sources	522.988	522.734	254	

ANNEX

PROFIT&LOSS (€/000)	For the period ended 31 Dec	
	2023	2022
Total revenues	1.186.769	1.294.376
Total costs of production	(1.068.039)	(1.168.016)
EBITDA	118.730	126.360
<i>EBITDA %</i>	<i>10,00%</i>	<i>9,76%</i>
Amortization/depreciation, write-downs and write-backs of assets	(47.721)	(41.912)
Accrual of provisions for risks and charges	(14.964)	(13.505)
Operating income	56.045	70.943
<i>Operating Income %</i>	<i>4,72%</i>	<i>5,48%</i>
Share of net profit of associates	(24)	703
Net financial charges	(55.444)	(40.397)
Profit before taxes from continuing operations	577	31.249
<i>Profit before taxes from continuing operations %</i>	<i>0,05%</i>	<i>2,41%</i>
Income taxes	(13.108)	(3.750)
Profit from continuing operations	(12.531)	27.499
Loss for the period from discontinued operation	-	-
Net profit for the period	(12.531)	27.499
<i>Net profit for the period %</i>	<i>-1,06%</i>	<i>2,12%</i>
Minority interests	(690)	(368)
Net profit for the period attributable to equity holders of the parent	(13.221)	27.131
<i>Net profit for the period attributable to equity holders of the parent %</i>	<i>-1,11%</i>	<i>2,10%</i>

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	31 Dec 2023	31 Dec 2022
<i>CASH at the beginning of the period</i>	84.243	99.512
Cash flow from current operations	53.711	80.841
Use of provisions for risks and charges and for employee termination indemnity	(9.544)	(4.976)
Change in NWOC	(41.496)	(21.588)
Industrial Capex, net of disposals	(44.478)	(49.822)
Financial Capex	13.695	(33.495)
Other changes	16.902	(40.088)
Change in net financial liabilities	3.780	53.858
<i>CASH at the end of the period</i>	76.812	84.243

What's next

- ✓ Next call on Q1 2024 will be held on May 16, 2024
- ✓ Rekeep Financial Calendar and Reply available on:
<https://www.rekeep.com/en/investors/financial-info/financial-calendar>