



minds that work

Call on Q2 2024 Results

August 29,
2024, 17CET



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Rekeep Group's Q2 2024 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



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Key Quarter Highlights

Profit & Loss

Revenues

- Rekeep Group H1 2024 has registered an increase vs Q2 2023 (+10.3 m€; equivalent to a +1.7%) mainly due to International business performance. Poland continues to deliver a sustained growth (+34%).

EBITDA

- H1 2024 Ebitda, without Tax Credit, increases by almost +18% mainly due to the ongoing positive contribution coming from Poland and loss reduction in Saudi.
- Highest LTM Ebitda, without tax credit, in last 10 years.**

Backlog & Commercial Activity

- Q2 2024 shows a Backlog which stands at € 2.8bn. Backlog/Revenues ratio stands at 2.3x.

Net Financial Expenses

- Q2 2024 monetary net financial expenses are almost stable vs previous period, however renegotiation of Poland Shareholders agreement brings a **non monetary** € +18m increase in the Put Option vs Q1 24.

Balance Sheet

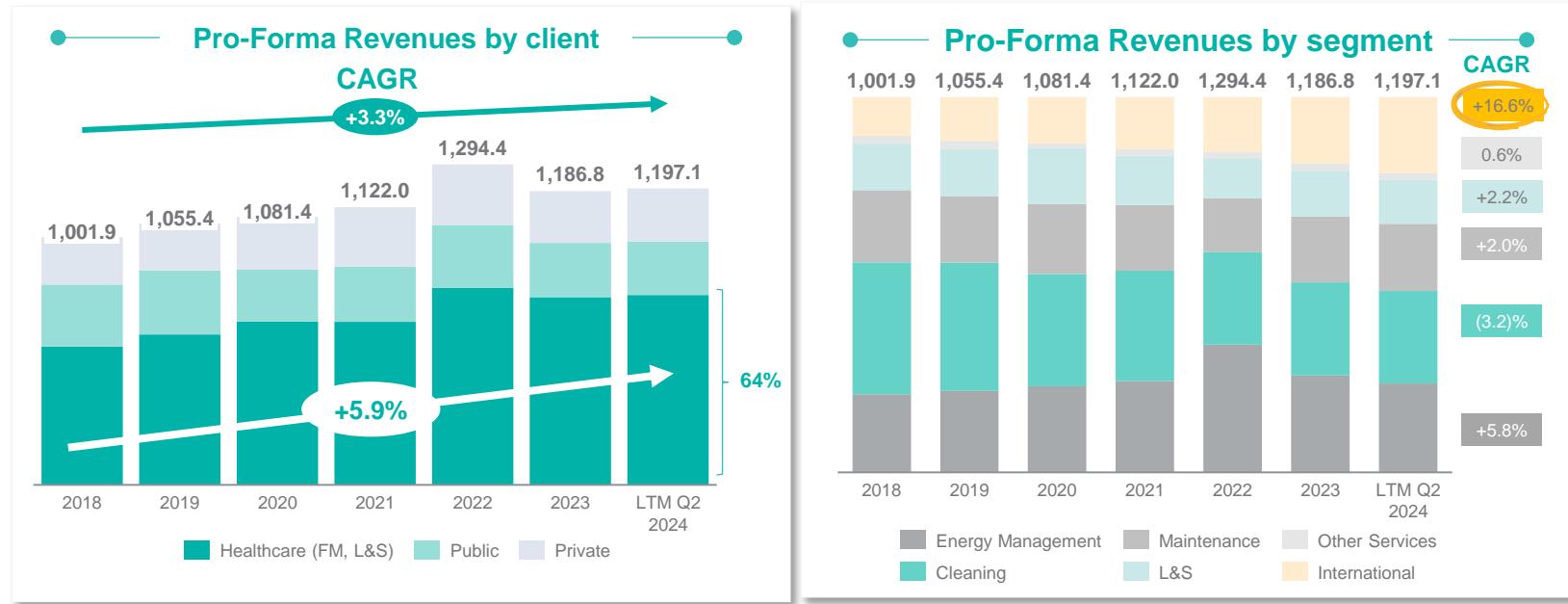
Working Capital

- Q2 2024 NOWC reaches €115.5m (vs €137.5m same period last year), driven by a reduction mainly coming from Italy plus an increase from Poland. NWOC, excluding Poland, decreases vs Q2 2023 by circa €29m (from €106.1m to €76.7m)

Net Financial Position

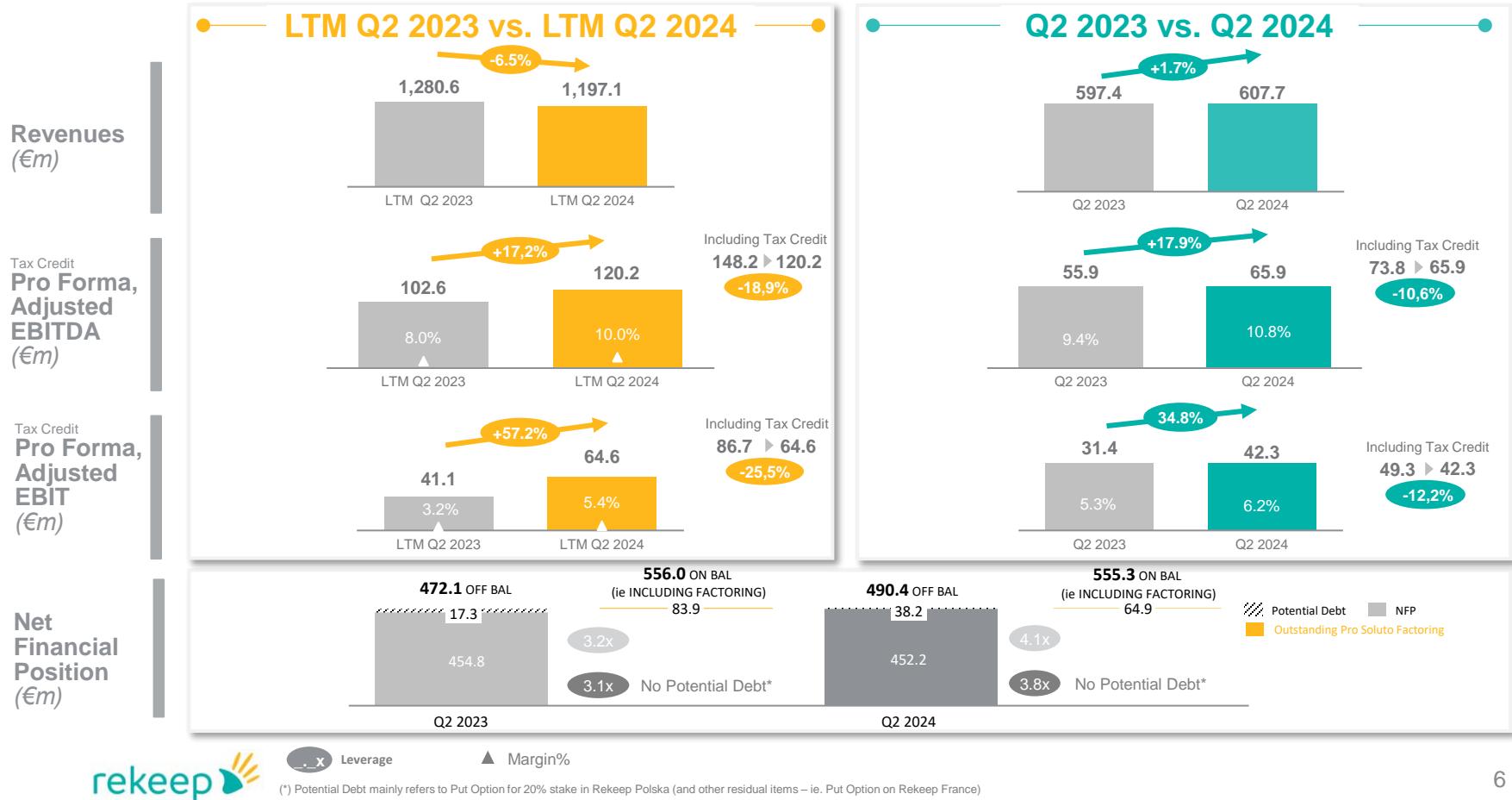
- Q2 2024 NFP (w/o Potential Debt) stands at €452.2m (vs € 454.8m in Q2 23) . With Potential debt added, NFP reaches €490.4m vs €472.1m in Q2 2023.
- The on-balance NFP (ie considering with the pro-soluto factoring added back) stands at €555.3m in slight reduction vs €556.0 at Q2 2023. Factoring utilization declines by € 19m vs Q2 23 (from € 83.9 to € 64.9m), **therefore the on-balance NFP excluding Potential Debt has decreased by € 21.6m.**
- Two items impact Q2 2024 NFP: a) renegotiation of Shareholder Agreements with local Polish shareholder which brings additional **non monetary** potential debt up by ca. €18m, callable between 31dec27 and 31dec28 with possible extension for further 3 years and b) FM4 fine payment renegotiation: first semester impacted by ca €13.0m cash-out vs H2 24 planned cash-out of € 3.9m (in 2025 ca. € 8.5m to be cashed-out)
- The Company reaffirms its commitment to **structural 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 +3.3%** during 2018 – LTM Q2 2024
- Specifically, **Healthcare** exposure delivered a superior growth, with a CAGR of +5.9% during 2018 – LTM Q2 2024, as well as **International business** showing a strong increase with a Pro-Forma **CAGR of +16.6%** in the period 2018 – LTM Q2 2024 (vs 1.1% Domestic revenues growth in the same period)

LTM and 6 months KPIs at a glance



LTM Performance

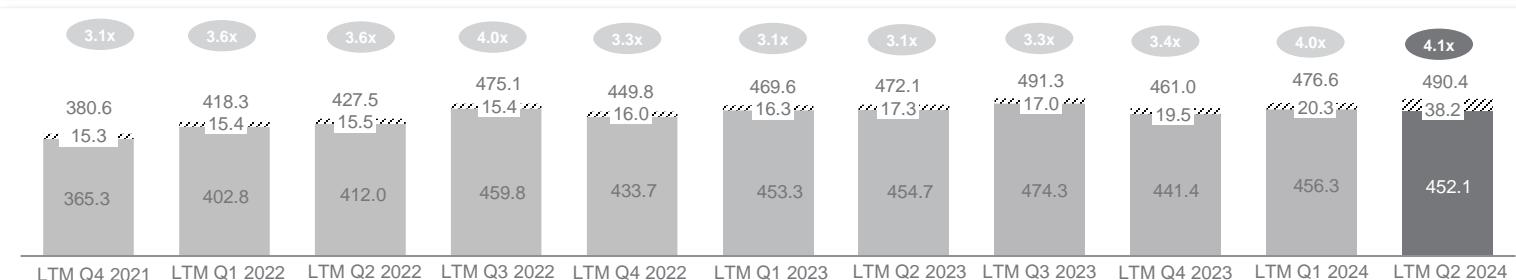
Revenues
(\$m)



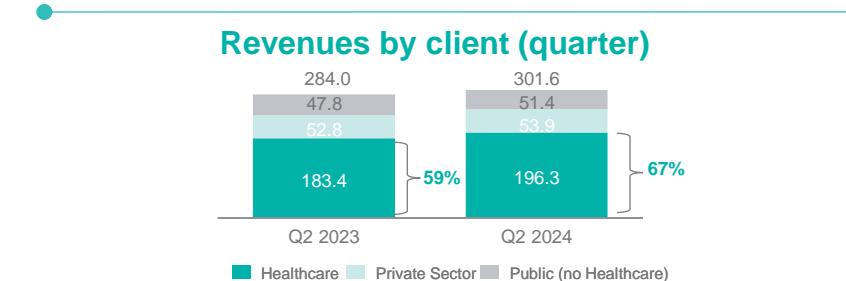
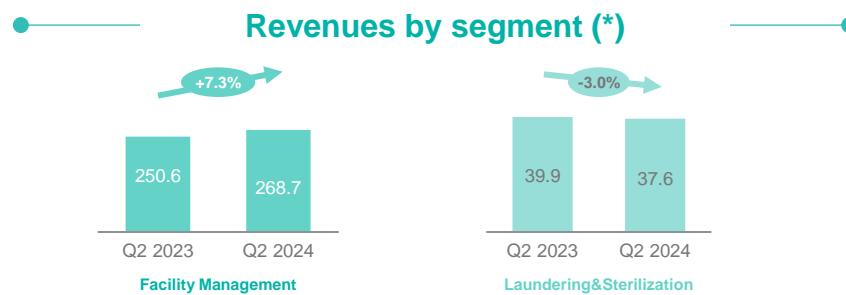
Adjusted
EBITDA
(\$m)



Net
Financial
Position
(\$m)



Revenues, YoY (€m)

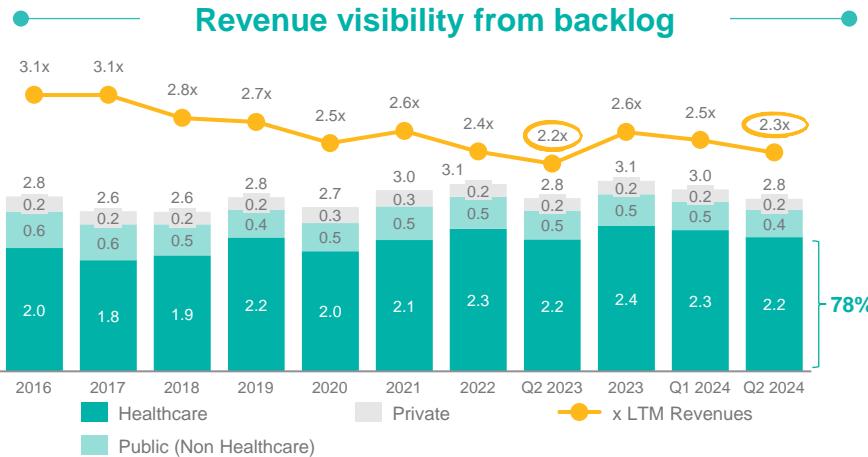
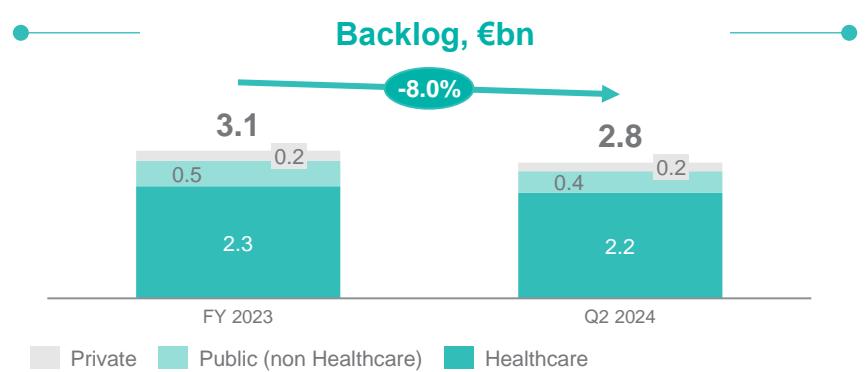


Comments

- Q2 2024 Revenues increases vs Q2 2023 (+6.2% QoQ) landing at €301.6m (from €284.0m)
- The trend in volumes in Q2 2024 is driven by:

- ✓ FM segment increasing +7.3% vs Q2 2023, driven by good performance from International business, especially coming from Poland.
- ✓ L/S segment declining by 3.0% deriving from contract portfolio mix effect vs last period.
- **Healthcare** confirms to cover circa 2/3 of volumes in Q2 2024

Backlog

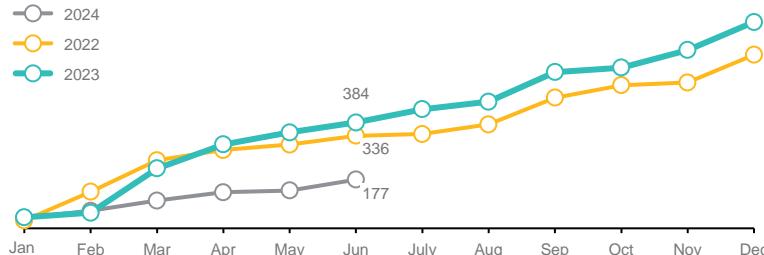


Commenti

- Backlog volume stands at € 2.8 bn, at same level of comparable period last year and in reduction vs € 3.1bn in 2023.
- YTD 2024: Backlog / Revenues stands at 2.3x (vs last year same period 2.2x)
- 78% of backlog refers to Healthcare segment

Performance summary: commercial performance

Monthly trend of new contract - YTD, €m



Comments

Commercial performance shows an under performance in Q2 2024 vs previous years, same period, especially due to the limited contribution coming of the New Market.

- In particular, Q2 2024 commercial activity was impacted by:

✓ Renewals: €158m

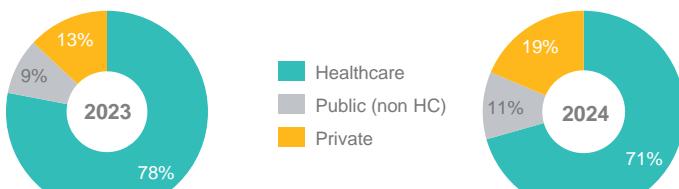
✓ New Market: €19m new business acquisition mainly in Healthcare

New contracts value (Multi-annual) - YTD 2024, €m

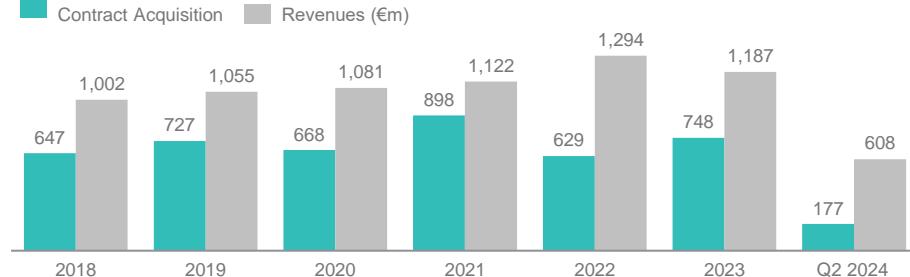


- Dedicated focus on Healthcare clients which represents 71% of new signed contracts (both Renewals and New market), reaffirming Group strategy in repositioning as Healthcare FM provider

New contracts by client – Q2 2024, %

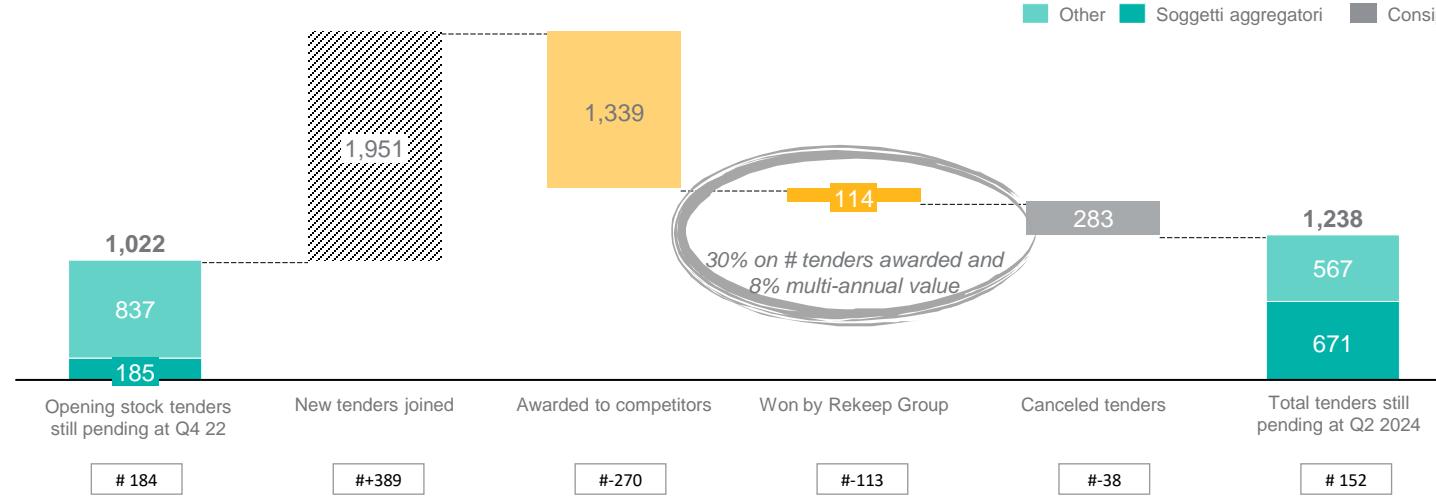


Revenues and Contract Acquisition



Tenders Pipeline – Q2 2024

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



- In Q2 2024, Rekeep Group achieved a win rate of 30% on # of tenders and 8% on multi-annual value of tenders, including Poland contribution
- Total amount of tenders still pending (Pipeline) accounts for approx. € 1.2 bn

EBITDA and EBIT, YoY (€m)



Comments

- The 6 months Quarterly Adjusted EBITDA registers a decrease landing at €65.9m, with a -10.7% change vs Q2 2023, mainly due to the tax credit delta effect QoQ (approx. €-18.0m);

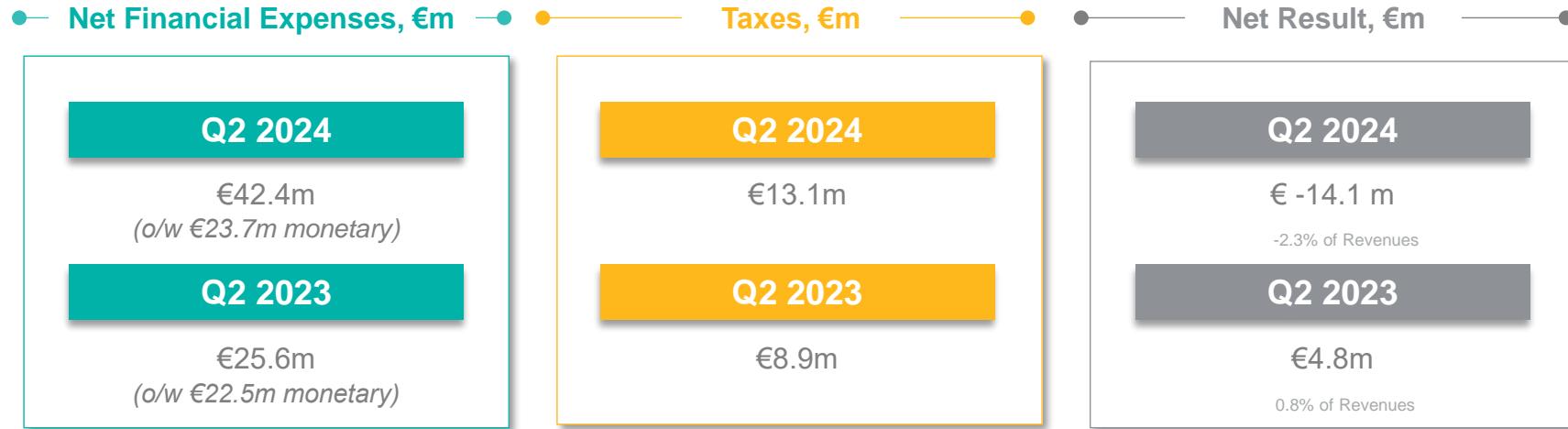
- Excluding Tax Credit effect, Q2 2024 margins are impacted by:

- ✓ L&S: in line vs previous period

- ✓ FM: mainly due to the main combined effect of:

1. Reduction of negative contribution from Saudi resulting in a + €4.3m QoQ
2. Good performance from Polish activities with a + €5.3m increase QoQ.
3. Stable domestic perimeter QoQ

Net Financial Expenses, Taxes, Net Result



Monetary Net Financial Expenses substantially stable vs last year same period, excluding impact of adjustment of Put Option value on Poland worth € 18.7m

Tax Credit, last year, was excluded from tax base calculation

Net Result negative by €14.1m impacted by Poland Put Option value adjustment

Industrial Capex

Q2 2024

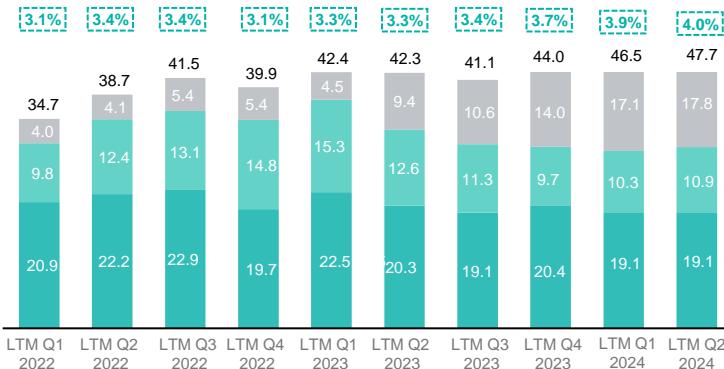
€25.2m

Q2 2023

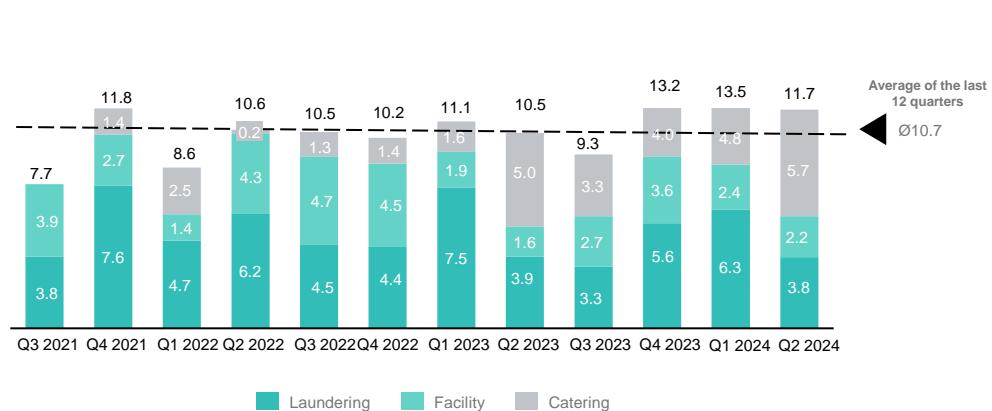
€21.6m

- Q2 2024 Capex reach €11.7, while LTM Q2 2024 amount to €47.7m
- 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 Q2 Capex on revenues reach 4,0% because of realization of a central kitchen project in Poland

LTM Industrial Capex, €m



Industrial Capex by quarter, €m



% on LTM Revenues

Laundering Facility Catering

Laundering Facility Catering

Net Operating Working Capital

NOWC

Q2 2024

€115.5m

(o/w €38.8m related to Poland)

Q2 2023

€137.5m

(o/w €31.4m related to Poland)

- NOWC decreases to €115.5m from Q1 2024 figure (€121.1m).

- Q2 2024 NOWC, which shows a decrease vs same period last year (€ -22m), is impacted by an increase coming from Polish business (from €37.0m in Q2 2024 to €38.8 in Q2 2024) while domestic NOWC decreases by circa €29m vs Q2 2023 and is almost stable vs Q4 2023.

- Excluding Rekeep Polska, NOWC is 8.2% of Domestic Revenues

NOWC / LTM Revenues

Q2 2024

9.6%

(8.2% excl. Poland)

Q2 2023

10.7%

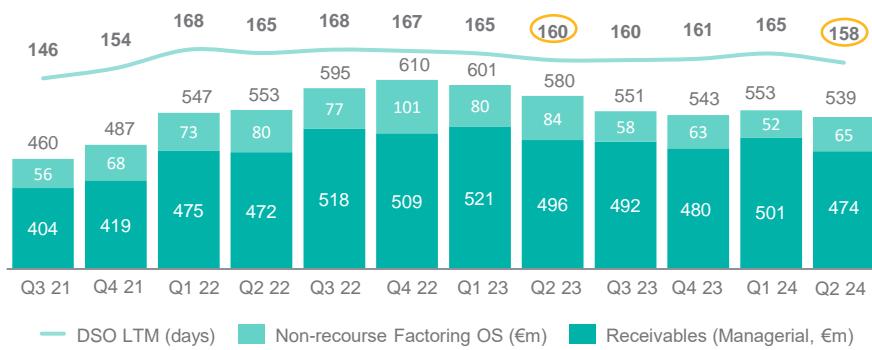
(9.5% excl. Poland)

Net Operating Working Capital Trend, €m

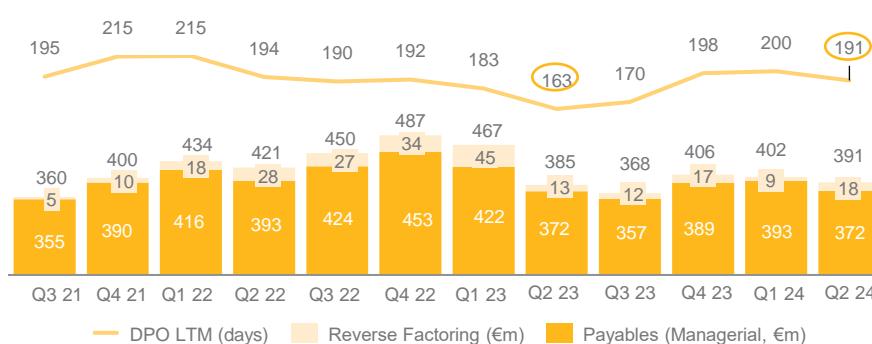


DSOs & DPOs

Gross Receivables and DSO



Payables and DPO



Comments

- DSOs decrease vs Q4 2023 and Q1 2024 and same period last year.
- Utilization of non recourse factoring increases vs Q1 2024 but sharply decrease vs utilization same period last year, due to reduction of revenues driven by current lower energy prices.

- DPOs increase by +28 days vs Q2 2023 and decrease by 9 days vs Q1 2024 because of € 12m SACE confirming credit facility signed in May 2024.

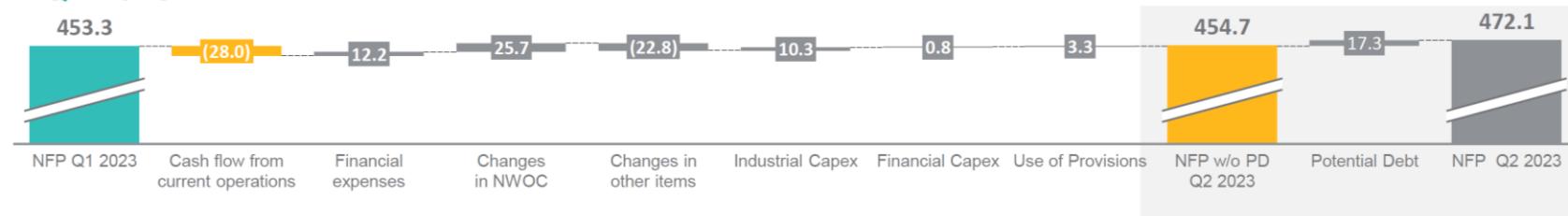
- Trend is mainly due to a continuing trend in:
 - Normalized energy raw materials prices
 - Progressive normalization trend with suppliers

❖ 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

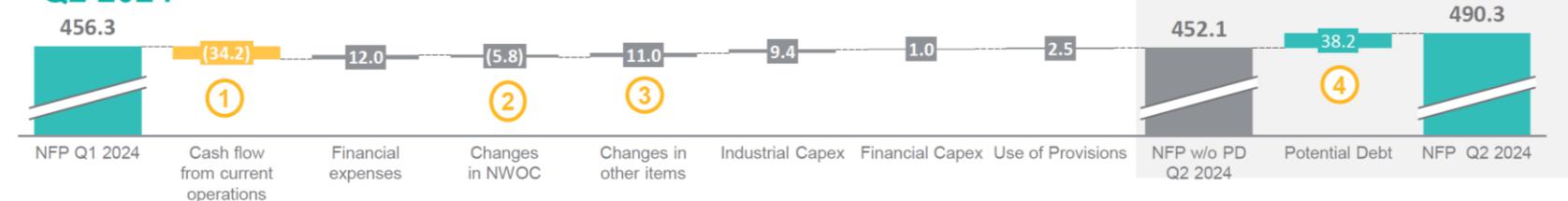
❖ In the lower chart, on top of payables, the amount of reverse factoring is separately depicted and is not taken in consideration to calculate DPOs

Focus on NFP changes Q2 2024 vs Q2 2023 (€m)

Q2 2023



Q2 2024



Main changes in Q2 2024 vs Q2 2023

- ① Higher cash flow from current operations vs Q2 2023 due to better contribution from Operations
- ② “Change in NWOC” depicts a reduction coming decrease of receivables and increase in payables
- ③ Change in other items in working capital mainly impacted by FM 4 fine capital payment (ca € 11m)
- ④ Potential Debt relates to future potential minorities payment of put options in Rekeep Polska and France. Q2 2024 increases due to renegotiation of agreements with Polish minority shareholder

Focus on Liquidity and Credit Facilities

Data as of June 2024

	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA	120,2		
Cash on Balance Sheet	(77,4)		(77,4)
Short Term Financial Assets	(5,9)		(5,9)
SSN @ 2026 - 7.25% Coupon	370,0		
Other on SSN (Amortized Cost, Accrued Interest)	8,3		
ssRCF (€75m)	-		(75,0)
Total Senior Secured NFP	294,9	2,5x	
Recourse Factoring	17,2		
Reverse factoring	18,1		
Term Loans & Bank Overdrafts	64,3		
Financial Leasing	13,3		
Other Financial Debt	14,8		
<i>IFRS Adjustments</i>	29,5		
Net Financial Position w/o Potential Debt	452,1	3,76x	
Potential Debt	38,2		
Net Financial Position	490,4	4,1x	
No-Recourse Factoring	64,9		(235,1)



Annex



Adjustments to EBITDA and EBIT



Adjustments on EBITDA, €m	
M&A	0.3
Re-organizations	0.4
International Claim	0.0
Total Adjustments on EBITDA	0.7
Adjustments on EBIT, €m	
International Claim	0.0
Total Adjustments on EBIT	0.7

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 June 2024	31 Dec 2023	Change
USES			
Trade receivables and advances to suppliers	519.337	513.771	5.566
Inventories	13.454	13.373	81
Trade payables and advances from customers	(417.294)	(422.958)	5.664
Net working operating capital	115.497	104.186	11.311
Other element of working capital	(123.481)	(156.674)	33.193
Net working capital	(7.984)	(52.488)	44.504
Tangible assets	168.921	162.098	6.823
Intangibles assets	422.965	424.431	(1.466)
Investments accounted for under the equity method	11.608	11.758	(150)
Other non current assets	34.485	34.004	481
Operating fixed assets	637.979	632.291	5.688
Non current liabilities	(93.155)	(56.815)	(36.340)
Net invested capital	536.840	522.988	13.852
SOURCES			
Minority interests	7.052	6.515	537
Equity attributable to equity holders of the parent	39.437	55.486	(16.049)
Shareholders' equity	46.489	62.001	(15.512)
Net financial indebtedness	490.351	460.987	29.364
Total financing sources	536.840	522.988	13.852

ANNEX

PROFIT&LOSS (€/000)	For the period ended 30 June	
	2024	2023
Total revenues	607.727	597.354
Total costs of production	(543.100)	(527.240)
EBITDA	64.627	70.114
<i>EBITDA %</i>	<i>10,63%</i>	<i>11,74%</i>
Amortization/depreciation, write-downs and write-backs of assets	(21.444)	(19.844)
Accrual of provisions for risks and charges	(2.163)	(10.801)
Operating income	41.020	39.469
<i>Operating Income %</i>	<i>6,75%</i>	<i>6,61%</i>
Share of net profit of associates	392	(167)
Net financial charges	(42.442)	(25.586)
Profit before taxes from continuing operations	(1.030)	13.716
<i>Profit before taxes from continuing operations %</i>	<i>-0,17%</i>	<i>2,30%</i>
Income taxes	(13.085)	(8.920)
Profit from continuing operations	(14.115)	4.796
Loss for the period from discontinued operation	-	-
Net profit for the period	(14.115)	4.796
<i>Net profit for the period %</i>	<i>-2,32%</i>	<i>0,80%</i>
Minority interests	(594)	(511)
Net profit for the period attributable to equity holders of the parent	(14.709)	4.285
<i>Net profit for the period attributable to equity holders of the parent %</i>	<i>-2,42%</i>	<i>0,72%</i>

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	30 June 2024	30 June 2023
<i>CASH at the beginning of the period</i>	76.813	84.243
Cash flow from current operations	21.531	44.953
Use of provisions for risks and charges and for employee termination indemnity	(4.679)	(4.956)
Change in NWOC	(10.681)	(67.605)
Industrial Capex, net of disposals	(22.197)	(20.766)
Financial Capex	(1.376)	11.133
Other changes	(11.961)	14.941
Change in net financial liabilities	29.971	31.647
<i>CASH at the end of the period</i>	77.420	93.590

What's next

- ✓ Next call on Q3 2024 will be held on November 14, 2024
- ✓ Rekeep Financial Calendar available on:
<https://www.rekeep.com/en/investors/financial-info/financial-calendar>