2018 Q4 and FY Results Presentation

March 2019

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Overview of AlmavivA

AlmavivA

	IT Services	CRM		New Technology
Business Area	IT Services	CRM Europe	CRM International	New Technology
Brand	AlmavivA	AlmavivA Contact	AlmavivA Contact	Almawave people centered technology
LTM(1) Revenues (% of Total)	*€427m* 52%	*€148m* 18%	*€226m* 28%	*€16m* 2%
Countries				
Business Areas	■ Transport ■ Banking/Insurance ■ Agriculture/Environment ■ Treasury and Public Finance ■ Ministries ■ Local Government ■ Utilities ■ Welfare ■ Homeland Security ■ International – EC Activities	■ Telco & Media ■ Transport ■ Utilities ■ Government ■ Finance	■ Telco & Media ■ Transport ■ Utilities ■ Government ■ Finance ■ Retail credit management ■ Pharmaceutical ■ Automotive Sector	■ Telco & Media ■ Transport ■ Government ■ Finance ■ Utilities

Source: Company Information and financials.

(1) As of 31-Dec-2018, excluding €17m of intragroup eliminations.

Key Financial Highlights

2018 Actual

FY December 2018 Results - Key Highlights

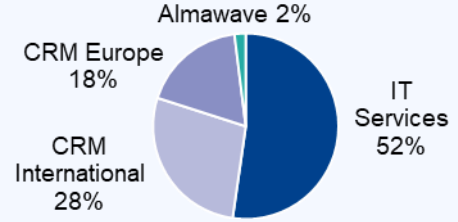
- Group Revenues at €800m, increased by €44.7m (+5.9%) compared to FY 2017 (+11.6% at constant currency)
- Group Reported EBITDA at €78.0m, increased by €12.9m (+19.9%) compared to FY 2017 (+26.6% at constant currency)
  - EBITDA margin increased by 120 bps from 8.6% to 9.8%
  - EBITDA margin doubled in 2 years (from FY 2016 to FY 2018)
- Capex at €23.7m, in line with FY 2017 (3.0% v. 3.1% on Revenues)
- Positive Net Result at €18.0m, increased by €17.1m compared to FY 2017 (+21x)

Key Statistics

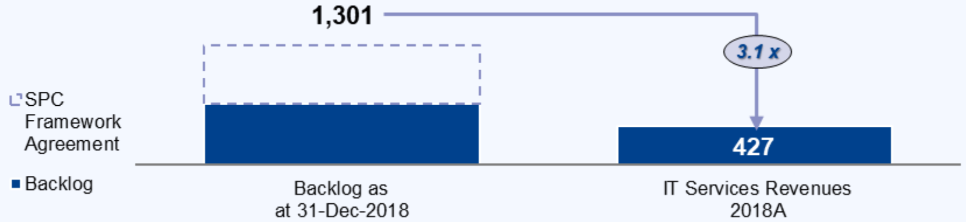
- IT backlog covers more than 3 times the LTM IT Services Revenues (6 consecutive quarters above 3x)
- Strong YoY Revenues growth (CAGR 4.7%, CAGR 2015-2017 3.2%)
- Net Debt as of 31-Dec-2018 equal to €212m or 2.71x EBITDA (decreasing from 2.81x as at December 2017)
- Strong cash generation in 4Q 2018 (+€28.2m) and solid cash & cash equivalent position (€71.6m vs €43.4m as at 30 Sept. 2018)

LTM Dec-2018 Revenues Breakdown and Current Backlog

By Division

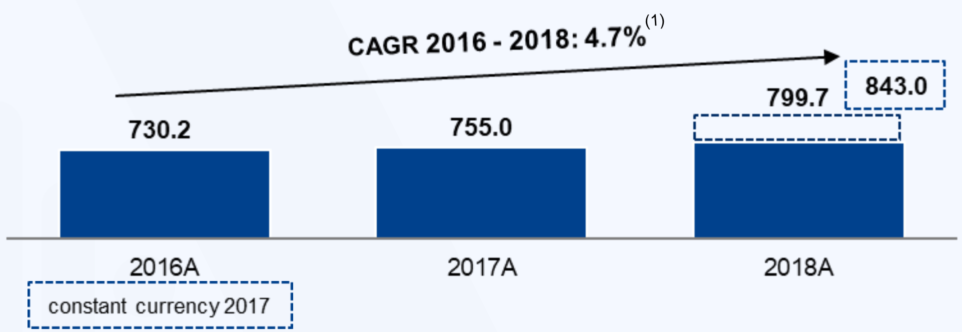


IT Services Backlog as at 31-Dec-2018 (€m)

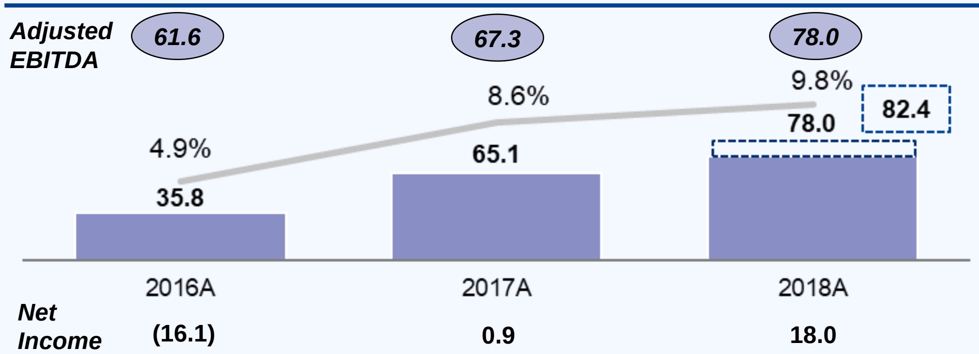


Key Financials (€m)

Revenues



EBITDA and EBITDA Margin



Source: Company Information as of 31-Dec-2018.
(1) At current currency.

Key Operating Performance Highlights

4Q 2018

IT Services	■ Around €613m new contracts signed in FY 2018 (€72m in 4Q 2018) in the IT division, of which around 28% under the SPC framework agreements, 51% Transportation, 9% Finance and 12% other sectors ■ As of March, 2019, €244m contracts already signed with PA on the back of the SPC L3 and L4 framework agreements. New clients acquired both in central (20) and local PA (45, mainly Regions) ■ Due to Gruppo Ferrovie dello Stato recent change in management, the tender process related to the renewal of this contract has been delayed. At the moment, comprehensive plan of the tenders is not yet available, but we expect them to be issued within 1H 2019. We have a strong operational track record with Gruppo Ferrovie dello Stato, having held an IT Services contract with them for more than 20 years ■ Successful awarding in March of the new tender issued by Lombardia Informatica regarding «Outsourcing of service management and development of technological infrastructure» (€129m, 59.5% Almaviva Group share, 5.5y). ■ Constant growth of activities performed by the start-up company Almaviva Digitaltec, focused on cutting-edge technologies (Mobile, IoT, GIS, Big Data Analytics, …) lean processes and low cost structures, with the central role of IT software factory for the Group ■ Small acquisitions in the radar screen, focused on enhancing the offering and presence in some specific verticals with both private and public customers
Almawave	■ Almawave has been awarded the Frost & Sullivan Best Practices Award for Customer Management BPO – Europe “Enabling Technology Leadership Award 2019” ■ As of March 2019, within the scope of the SPC framework agreements, 21 new clients acquired and around 50 contracts signed both with central and local PA ■ Strong growth in Revenues (+15%) and EBITDA (+35%) FY 2018 vs FY 2017, with increased EBITDA margin (34.3% vs 29.4%). Strong performance both in Brazil and Italy ■ Percentage of direct / third party revenues keeps growing vis a vis intercompany revenues (61% vs 55% in FY 2017)

Key Operating Performance Highlights

4Q 2018

CRM	

CRM

- CRM Europe:
  - Turnaround in revenues (+11.3% vs FY 2017) after many years of revenues reduction
  - Negative performance related to delay in contract renewals, negative performance tackled by telco operators (with temporary reduction in services/volumes) and commercial initiatives to sustain operations
  - In August 2018 new agreement on productivity signed in Palermo with Trade Unions to improve productivity and quality
- CRM International:
  - The market is beginning to feel the positive effect of the ruling issued by the Brazilian Supreme Court on August 30th, 2018 that acknowledged the possibility of unlimited employee outsourcing for Brazilian companies and consequent increasing volumes expected in the outsourcing CRM activities
  - Performance keeps improving, reflecting the effects of the actions taken in the commercial and operations organizations; 4Q EBITDA impacted by set-up activities to support the increasing demand by current customers in 1Q 2019
  - Start-up of nearshoring activities in Colombia for US clients
  - Volume forecasts regularly growing, with good outlooks for 2019
  - Following the results of the recent elections and the country increased political stability, we expect a positive impact on business and performance, especially if the new pension reform is approved
  - FX €/BRL positive trend expected, as a consequence of the increased political stability

Summary P&L

€m

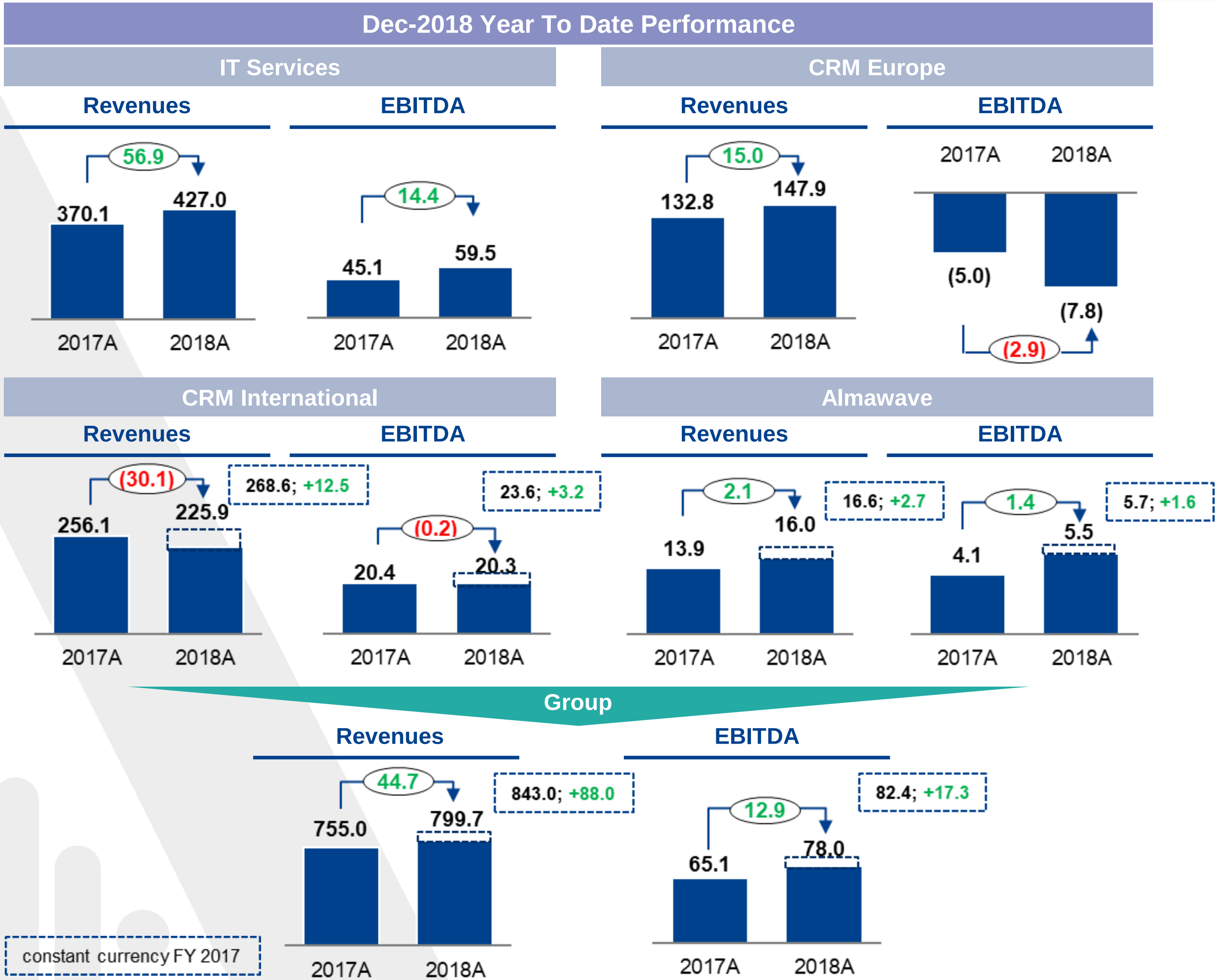
€ million	2016A	2017A	2018A
Revenues	730.2	755.0	799.7
% Growth	*3.0%*	*3.4%*	*5.9%*
Total of Revenues and Other Income	739.2	772.3	822.7
% Growth	*1.9%*	*4.5%*	*6.5%*
Operating Costs	(677.6)	(705.0)	(744.6)
% Revenues	*92.8%*	*93.4%*	*93.1%*
Adjusted EBITDA	61.6	67.3	78.0
% Margin	*8.4%*	*8.9%*	*9.8%*
Non-Recurring Items	(25.8)	(2.2)	-
% Revenues	0.0	*0.3%*	*0.0%*
EBITDA	35.8	65.1	78.0
% Margin	*4.9%*	*8.6%*	*9.8%*
D&A	(29.3)	(29.7)	(27.0)
% Revenues	*4.0%*	*3.9%*	*3.4%*
EBIT	6.4	35.3	51.1
% Margin	*0.9%*	*4.7%*	*6.4%*
Interest Expense	(25.6)	(34.5)	(29.6)
% Revenues	*3.5%*	*4.6%*	*3.7%*
EBT	(19.2)	0.8	21.5
% Margin	*(2.6)%*	*(0.1)%*	*(2.7)%*
Taxes	3.1	0.0	(3.5)
Group Net Income	(16.1)	0.9	18.0

Key Comments

- FY 2018 Revenues increased by 5.9% compared to FY 2017 (+11.6% at constant currency)
- FY 2018 EBITDA increased by €12.9m vs FY 2017 (+19.9%; +26.6% at constant currency). Significant growth both in absolute terms and margins achieved since 2016
- Increasing positive Net Income trend (FY 2018 +€17.1m, +21x vs 2017, and +€34.1m vs FY2016)
- Operating costs as a percentage of Revenues (93.1%) better than previous year
- D&A, mainly related to fixed assets, in IT Division and Brazil, reduced vs FY 2017 with a positive impact at EBIT level
- Positive trend in interest expenses driven by the new capital structure (-14.1% FY 2018 vs FY 2017)
- Taxes: values include current income taxes, deferred and prepaid income taxes, according to applicable tax rates and regulations. The Italian companies exercised the option to elect the tax consolidation regime, that granted them the recovery of fiscal losses carried forward, thus the trend in taxes reflects the same trend in taxable income and the effect of the regime

Key Financials By Division

€m



Key Comments

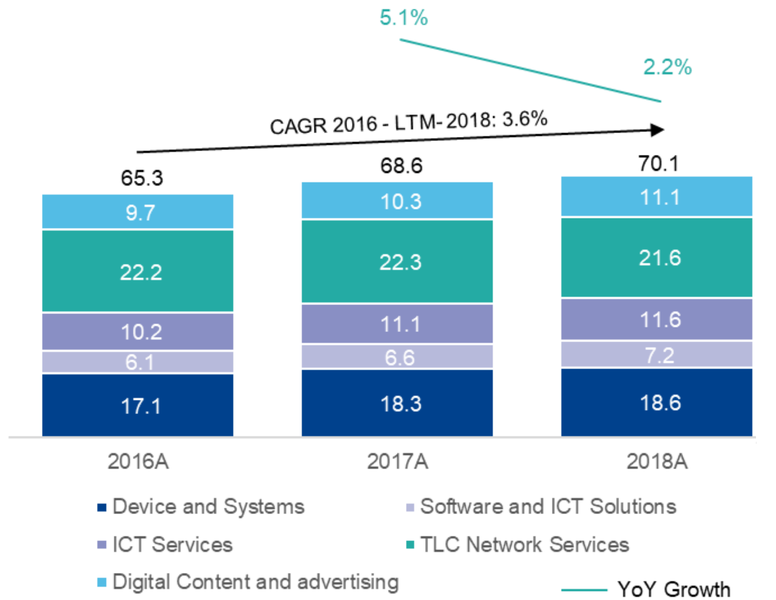
- Growth YoY in FY 2018 at Revenues, EBITDA and EBITDA margin level (9.8% vs 8.6% in 2017)
- At constant currency, Group performance would have been even better: +€88m Revenues (+11.6%), +€17.3m EBITDA (+26.6%)
- EBITDA growth in every divisions (CRM International at constant currency) except for CRM Europe
- CRM Europe impacted by an unexpected poor volumes trend in Italy
- IT Services is still really strong with continuous growth both at Revenues (+15.4%) and EBITDA level (+31.9%) compared to FY 2017
- Almawave is experiencing an impressive growth (Revenues +15.5%, EBITDA +34.8%), that is also due to the positive impact of the acquisition of SPC contracts
- €/BRL FX negatively impacted financial performance: €-42.9m on Revenues and €-4.4m on EBITDA (the Brazilian real reached an all time high of 4.89; following the results of the Presidential elections, €/BRL FX dropped and is now stable at around 4.30)

IT Services

2018 Performance

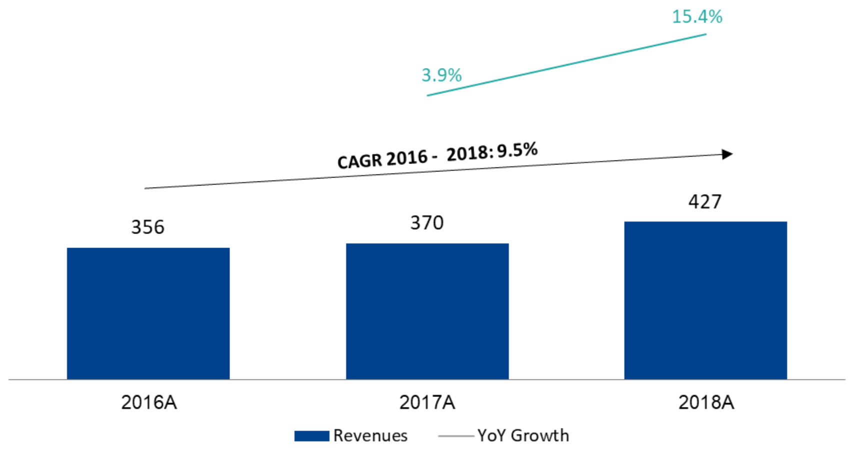
Outstanding growth in 2018(+15.4% in revenues), **outperforming the market** (+2.2% overall market, +4.5% reference market)

IT Services End User Spend in Italy (€b)



2017-2018 Δ	2016-2018 CAGR
7.8%	7.0%
-3.1%	-1.4%
4.5%	6.6%
9.1%	8.6%
1.6%	4.3%

Almaviva IT Services Performance (€m)



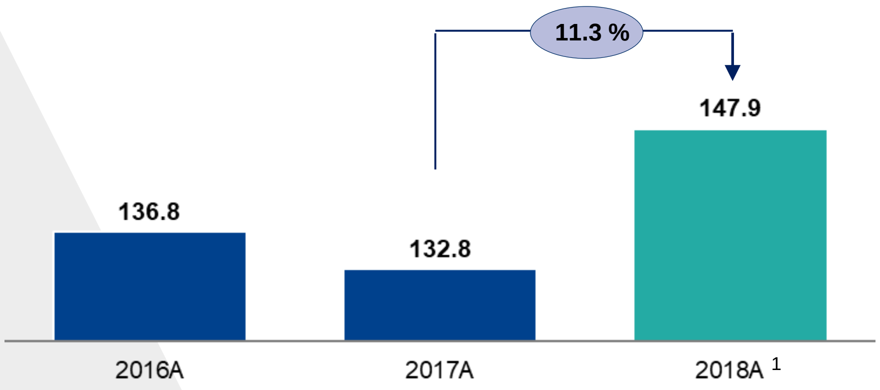
- The reference market for Almaviva is the “ICT Services”, with a growth of +4.5% in 2018
- The overall Italian digital market is expected to grow in the period ’18-’20 due to the adoption of new technologies such as Big Data, Cybersecurity, Artificial intelligence, IoT Solutions, Blockchain, Cloud Computing. Growth has been and will continue to be driven by different business area: Bank and Insurance, Transportation, Industry, Utilities, Healthcare and PA. We cover all the state-of-the art technology trends
- The Italian Public Administration is a key customer, according to the process undertaken to modernize, redesign and integrate the digital services (ref. Digitalization 4.0 and Italian Digital Agenda) and Almaviva is the leading supplier in IT services for the Italian Public Administration (throughout the SPC Lots)
- Future performance visibility granted by strong backlog position and longstanding relationships with clients

Source: Company Information as of 31-Dec-2018; Assinform Netconsulting “Il Digitale in Italia 2018”.

CRM Europe

Key Financials

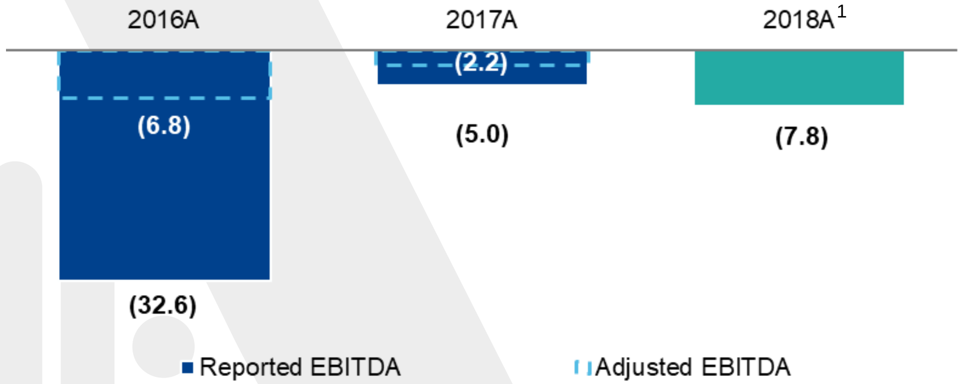
Revenues (€m)



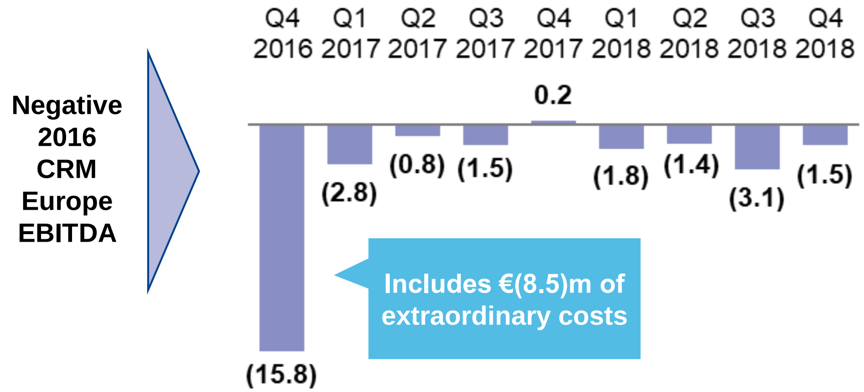
Key Comments

- FY 2018 performance has been negatively influenced by some extraordinary items concentrated in one single site (Palermo):
  - Delay in the start-up of a new contract and in the renewal of an existing one which led to extended start-up costs not covered by revenues in 3Q/4Q 2018
  - Temporary reduction in services/volumes by Telco operators outsourced in 4Q leading to lower capacity utilization
  - Almaviva commercial initiatives to sustain operations, increasing revenues at the expenses of short term profitability
- Notwithstanding the above, we expect positive impact on:
  - Volumes managed in all the European sites. Revenues growth with gradual recovery in profit margins
  - Consolidation strategy set out by key telecom operators, with whom the Company is dealing for incremental volumes. In this market context, Almawave proprietary software on customer experience management will be a competitive advantage

EBITDA (€m)



Quarterly Reported EBITDA Evolution (€m)

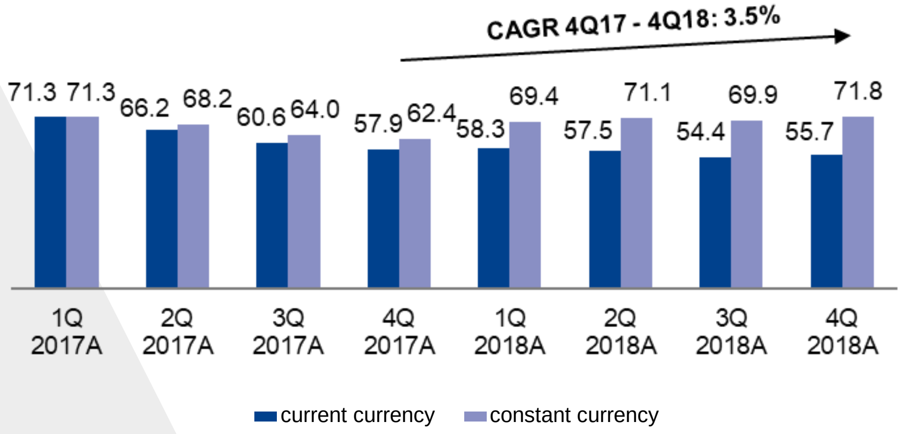


(1) As of 31-Dec-2018.

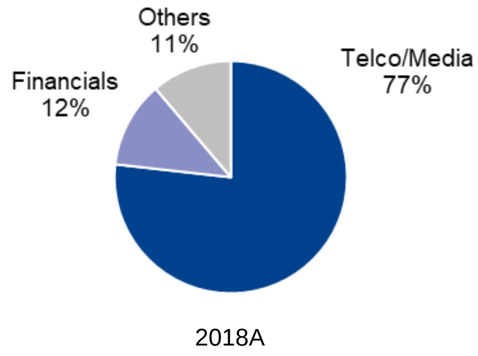
CRM International

Key Financials

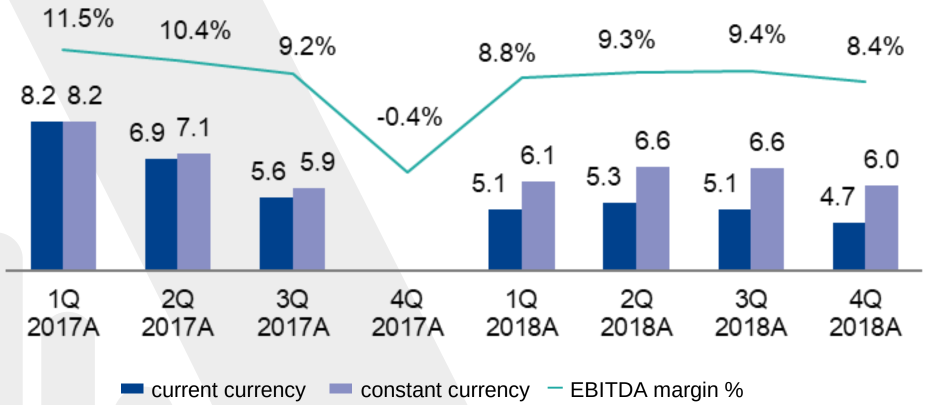
Revenues (€m)



Revenues Breakdown



EBITDA (€m)

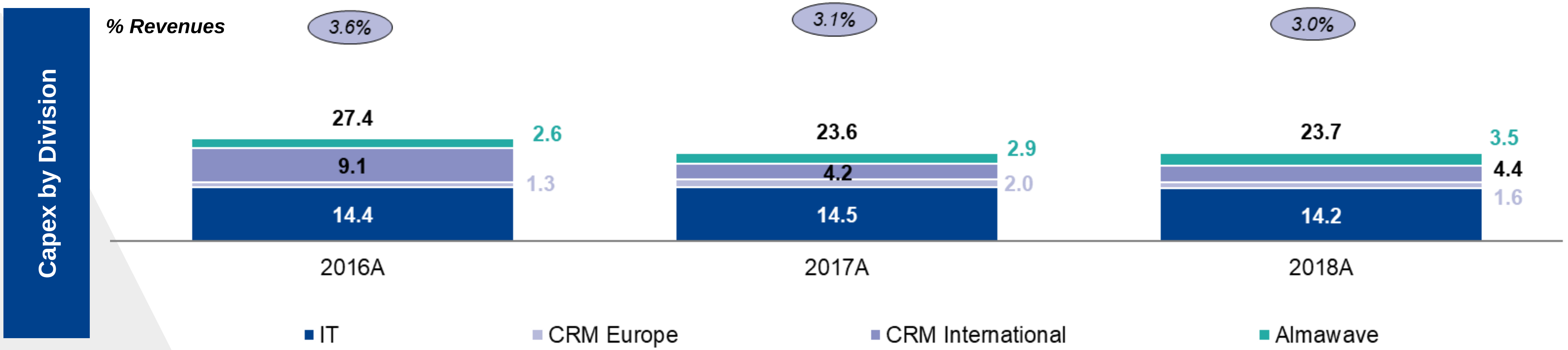


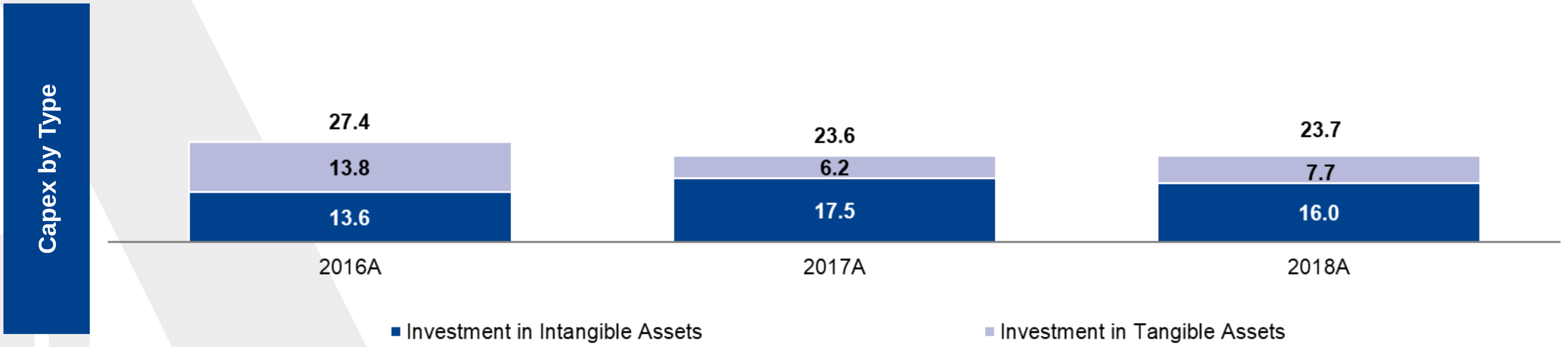
Key Comments

- 4Q 2018 Revenues better than Q4 2017 at constant currency (+14.9%)
- Considerable EBITDA margin improvement in 4Q compared to 4Q 2017 (8.4% vs -0.4%)
- 4Q EBITDA margin lower than Q3 one, because of the hiring, training and set-up costs (+1000 workstations) to support the increase of volumes, starting in January 2019, from an existing client
- Volume forecasts regularly growing, with good outlooks for 2019
- Following the results of the recent elections and the country increased political stability, we expect a positive impact on business and performance, especially if the new pension reform is approved
- FX €/BRL expected positive trend, as a consequence of the increased political stability

Capex Overview

€m





Summary Cash Flows

€m

€ million	2015A	2016A	2017A	2018A
Adjusted EBITDA	56.3	61.6	67.3	78.0
Capex	(35.2)	(27.4)	(23.6)	(23.7)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	(24.8)
Adjusted Operating Cash Flow	19.9	44.6	49.5	29.6
% Adjusted EBITDA	*35.4%*	*72.5%*	*73.6%*	*37.9%*
Non-Recurring Items	-	(25.8)	(2.2)	-
Taxes	(4.0)	(1.2)	(4.2)	(4.2)
Adjusted Free Cash Flow for Debt Service ante Dividend Payments and Other Items	15.9	17.6	43.1	25.4
Dividend Payments	(0.1)	(0.3)	(5.4)	(13.3)
Other Items[1]	2.0	15.8	1.3	(4.3)
Adjusted Free Cash Flow for Debt Service	17.8	33.1	39.0	7.8

Key Comments on 2018 LTM

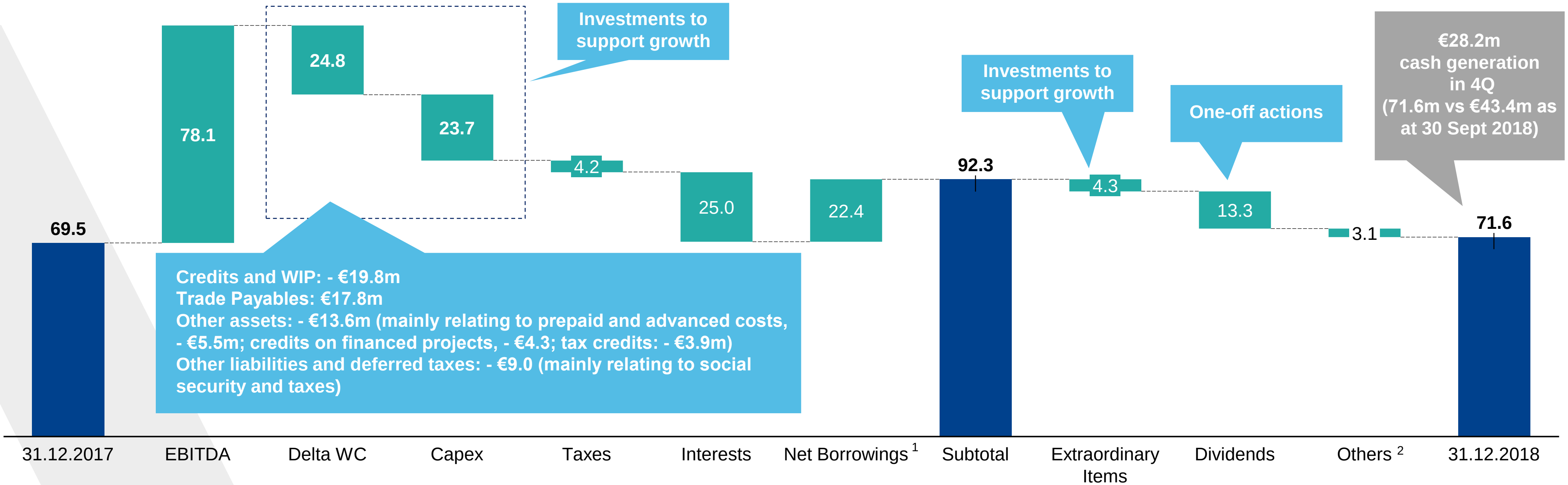
- Capex in line with FY 2017, mainly regarding software development, upgrade in the datacentre facilities and investments to support the growth in Latam
- Change in working capital driven by the increase in revenues in all sectors, new contracts/projects start-up in IT Sector and inventory from Sadel
- Tax benefit in Italy from the recovery of fiscal losses carried forward at consolidated level
- Strong cash generation before dividends payments and Sadel acquisition
- “Dividends Payment” includes €12.6m one-off to Almaviva S.p.A. and €0.6m to Lombardia Gestione
- 2018A “Other Items” mainly includes the payment for the acquisition of SADEL

(1) Includes equity investments, proceeds from non-controlling interests, change in assets held for sale and disinvestments.

Cash Flow

Focus on 12M 2018: investments to support opportunities and sustainable growth; strong cash generation in 4Q 2018

Financial performance driven by investments to support revenues and growth and one-off actions



Key Comments on 12M 2018 and 4Q 2018

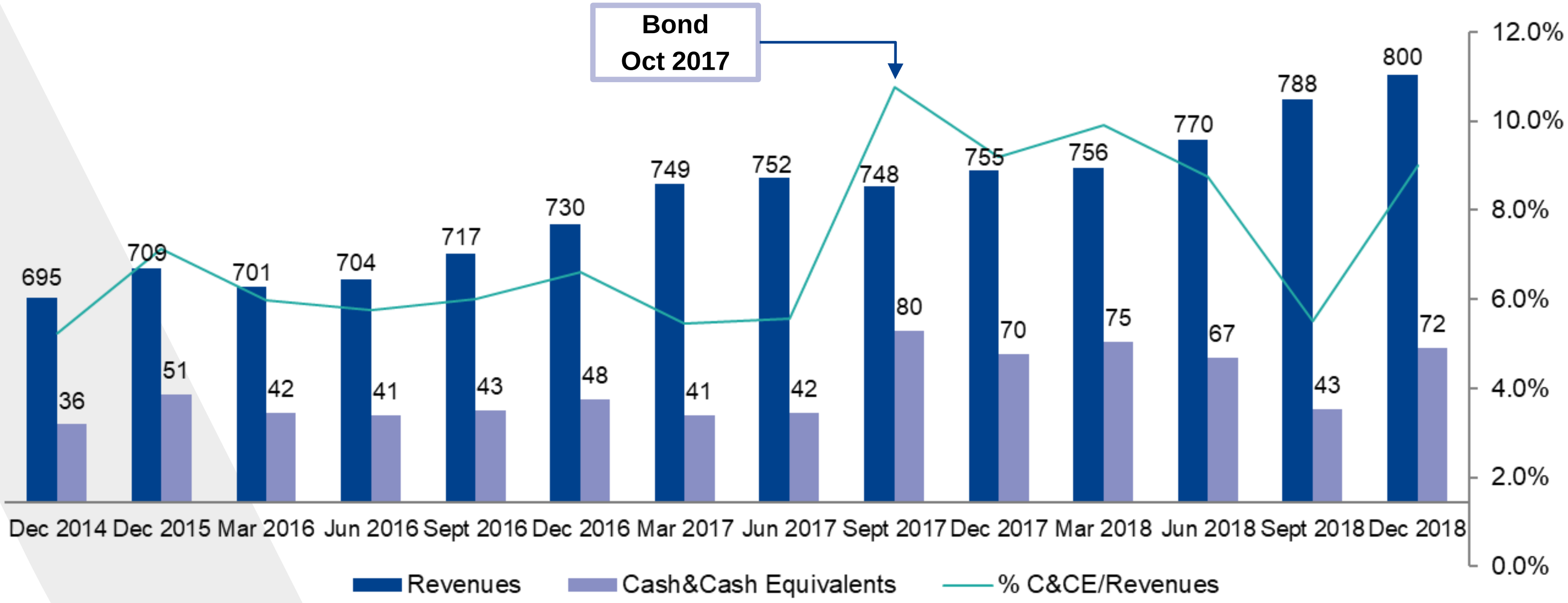
- Relevant impact on working capital needs to support revenues increase (+5.9% at LTM Group level) and new IT contracts/projects (+€57m IT Services LTM Revenues vs previous year) due to SPC, Finance and Transportation
- Extraordinary cash flow to complete the acquisition of SADEL. Thanks to this operation, Almaviva has strengthened the partnership with FS Group and the world's biggest rolling stock manufacturers, pursuing the horizontal expansion in logistic and ground transportation equipment and integrated solutions markets in Italy.
- €/BRL FX negatively impacted financial performance and cash position (3)
- **Strong cash generation in 4Q 2018**, driven by EBITDA growth and the positive cash flow from working capital (+€7.6m, thanks to the invoicing and collection process speeding-up on new SPC contracts/projects) with consequent reduction of total working capital needs. Positive impact of capex reduction vis a vis 4Q 2017 (€6.8m vs €8.3m).

(1) Includes €20m RCF drawn in January 2018 to sustain investments and working capital needs
(2) Includes change in current and non current financial assets, reclassifications and change in consolidation area, FX effects and other items
(3) €/BRL FX: average FY2018 4.31 vs 3.60 average FY2017; spot 31.12.2018 4.44 vs 3.97 spot 31.12.2017.

Financing Facilities

Solid liquidity position with several undrawn resources available

	Permitted Indebtedness[1]	Used[2]	Features
Super Senior Revolving Credit Facility	▪ **40m€**	▪ **20m€**	▪ Fully committed, no clean-down Repayment in February 2022
Factoring Without Recourse	▪ **Unlimited**	▪ **35.5m€**	▪ Easy access with large clients and contracts
Factoring With Recourse	▪ **50m€**	▪ **-**	▪ Easy access with large clients and contracts
General Basket	▪ **25m€**	▪ **-**	▪ Additional debt for general purpose
Local Facilities Basket	▪ **15m€**	▪ **5.9m€ line (Brazil)**	▪ Amortizing repayment



(1) According to Senior Secured Notes Indenture and to the Revolving Credit Facility Agreement.
(2) As of 31-Dec-2018.

Capitalisation Structure as at 31-Dec-2018

Pro Forma Capitalisation

€m	Amount	LTM Dec-18 Adj. EBITDA	Pricing	Maturity
Cash and cash equivalents	(71.6)			
Total current and non-current financial assets[1]	(5.7)			
Senior Secured Notes	**250.0**		**7.25%**	**Oct-2022**
Super Senior RCF (Drawn)	20.0			
Other financial liabilities[2]	19.2			
Total Gross Debt	**289.2**	**3.7x**		
Total Net Debt	**211.9**	**2.7x**		
LTM Dec-18 Adjusted EBITDA		**78.0**		
Super Senior RCF (Undrawn)	20.0		E+450bps	Feb-2022

Key Credit Stats (YTD Dec-18)

- Net Total Leverage: 2.7x
- Interest Coverage Ratio[3]: 3.1x
- €20m RCF drawdown driven by working capital cycle

(1) Includes financial credits.
(2) Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon to be paid in April (€3.8m) and leasing.
(3) Based on FY 2018 interest expenditures.

Appendix

Summary Cash Flows

2018A vs 2017A | €m

€ million	2016A	2017A	2018A
EBITDA	**35.7**	**65.1**	**78.0**
Capex	**(27.4)**	**(23.6)**	**(23.7)**
(Increase) / Decrease in Normalised Working Capital	**10.5**	**5.8**	**(24.8)**
Operating Cash Flow	**18.8**	**47.3**	**29.6**
% EBITDA	***72.5%***	***72.7%***	***37.9%***
Taxes	**(1.2)**	**(4.2)**	**(4.2)**
Adjusted Free Cash Flow for Debt Service ante Dividend Payments and Other Items	**17.6**	**43.1**	**25.4**
Dividend Payments	**(0.3)**	**(5.4)**	**(13.3)**
Other Items[1]	**15.8**	**1.3**	**(4.3)**
Adjusted Free Cash Flow for Debt Service	**33.1**	**39.0**	**7.8**
Reversal of Change in Overdue VAT	**2.0**	**(56.2)**	**-**
Total Free Cash Flow for Debt Service	**35.1**	**(17.2)**	**7.8**

(1) Includes equity investments, proceeds from non-controlling interests, change in assets held for sale and disinvestments.