



2018 Q3 Results Presentation

November 2018

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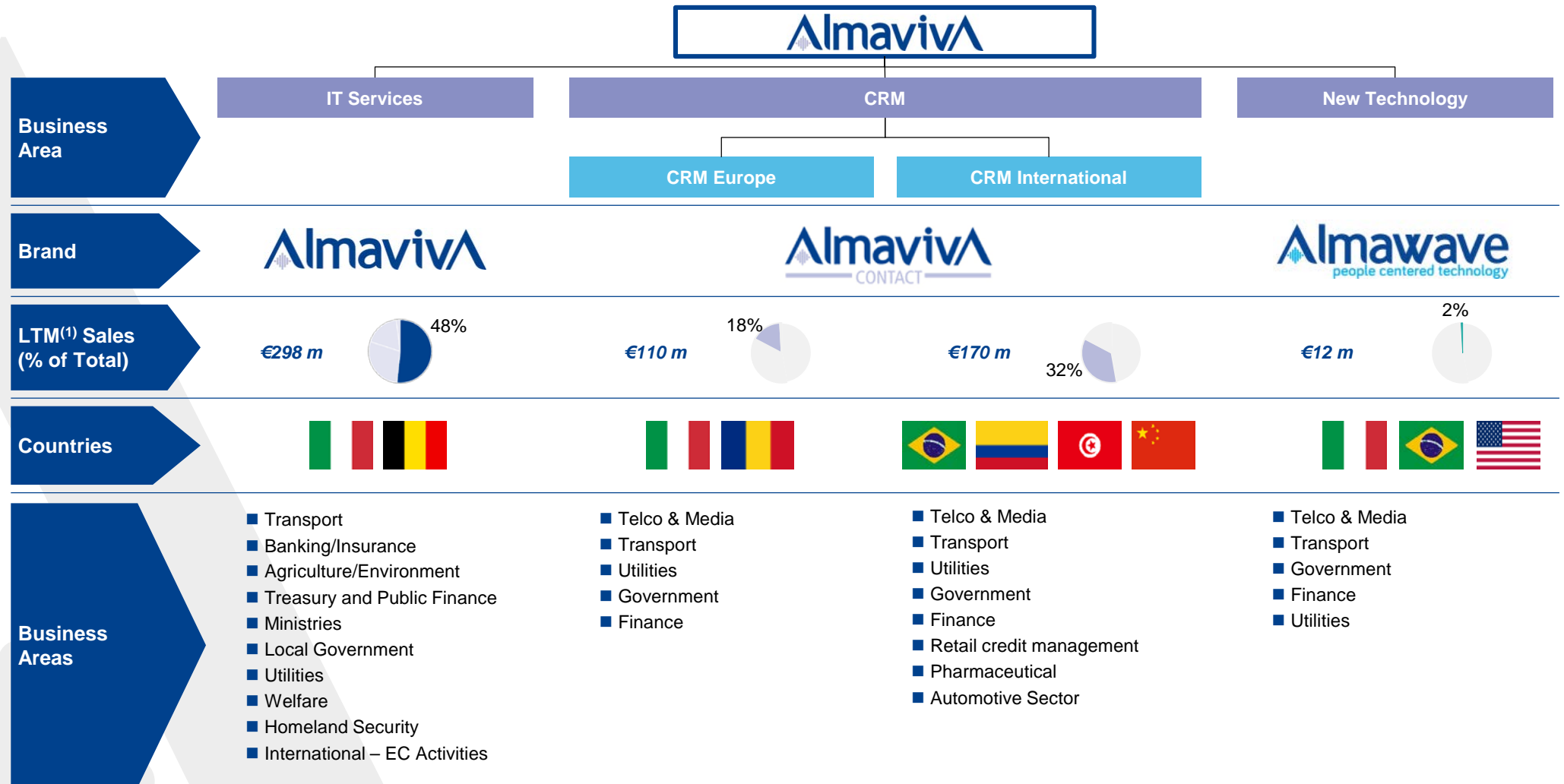
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Overview of Almoviva



Source: Company Information and financials
 (1) As of 30-Sept-2018; excludes €13m of intragroup eliminations.

Key Financial Highlights



9M 2018

Key Highlights

9M 2018 Results

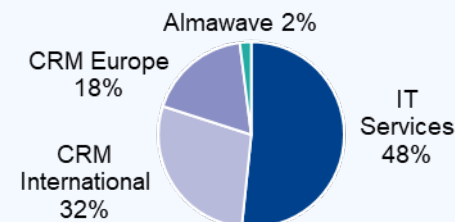
- Group revenues at €577.5m, increased by €33.4m (+6.1%) compared to 9M 2017 (+13.0% at constant currency)
- Group Reported EBITDA at €51.1m, increased by €5.2m (+11.3%) compared to 9M 2017 (+19.0% at constant currency)
 - EBITDA margin increased by 40 bps from 8.4% to 8.8%
 - LTM Reported EBITDA at 70.3m; LTM EBITDA margin increased compared to previous periods (8.9% v. 8.6% FY 2017 and 4.9% FY 2016)
- Capex at €16.9m, increased by €1.6m compared to 9M 2017
- Positive Net Result at €8.8m, increased by €10.6m compared to 9M2017

Key Statistics

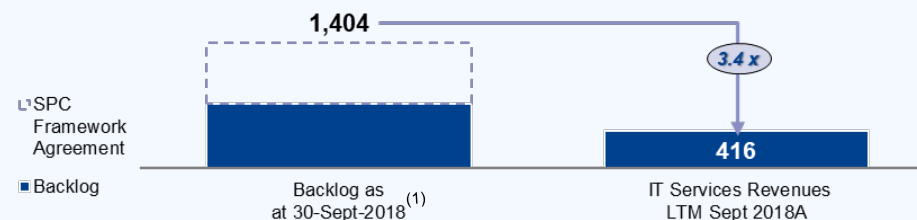
- IT backlog covers around 3.4 times the LTM IT Services Revenues
- Continuous LTM YoY revenue growth (CAGR 5.3%)
- Net Debt as of 30-Sept-2018 equal to €238.7m or 3.4x LTM adjusted EBITDA

LTM Sept-2018 Revenue Breakdown and Current Backlog

By Division

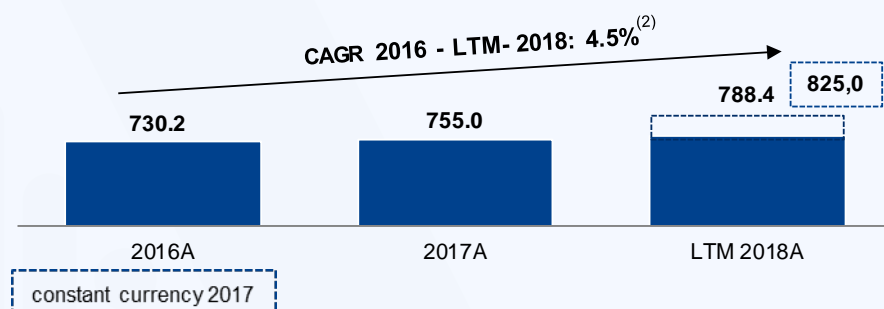


IT Services Backlog as of 30-Sept-2018 (€m)

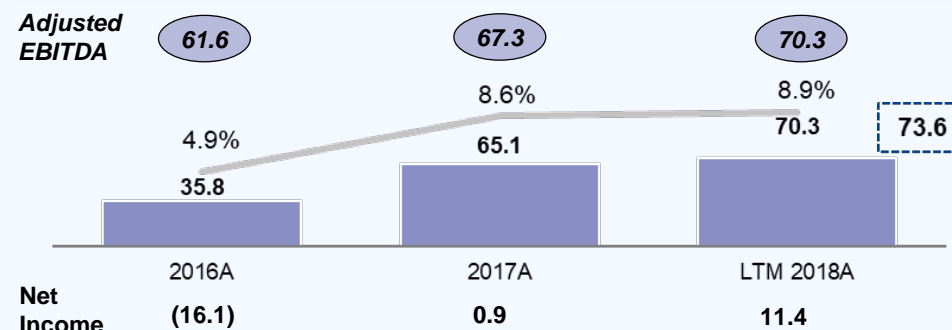


Key Financials (€m)

Revenues



EBITDA and EBITDA Margin



Source: Company Information as of 30-Sept-2018

(1) Does not include the new contract with RFI regarding "Traffic Planning and Management" (€88m, 52.6% Almaviva Share) signed in November; if considered, the IT backlog at 30 Sept. 2018 would be 3.5x LTM IT Services Revenues

(2) At current currency

Key Operating Performance Highlights



9M 2018

IT Services

- Around €541m new contracts signed in 9M 2018 (€208m in 3Q 2018) in the IT division, of which around 22% under the SPC framework agreements, 56% Transportation, 12% Finance and 10% other sectors
- As of October, 2018, €192m contracts already signed with PA on the back of the SPC L3 and L4 framework agreements. New clients acquired both in central (13) and local PA (39, mainly Regions)
- Increase in size of the current contract with Ferrovie dello Stato (€274m, 63% Almaviva share)
- Successful awarding in November of the new tender issued by RFI regarding «Traffic planning and management» (€90m, 52.6% Almaviva share, 5y). Considering this awarding, the IT backlog at 30 Sept. 2018 would be 3.5x LTM IT Services Revenues
- New contract acquired by SADEL with a new manufacturer in the revamping of Intercity train fleet (€3.0m)
- Ongoing opportunities in Transportation Division pursued outside of Italy (Saudi Arabia, Eastern Europe and Indonesia)
- Constant growth of activities performed by the start-up company Almaviva Digitaltec, focused on state-of-the-art technologies (Mobile, IoT, GIS, Big Data Analytics, ...) lean processes and low cost structures

Almawave

- As of October 2018, within the scope of the SPC framework agreements, 20 new clients acquired and 47 contracts signed both with central and local PA
- Strong growth in Revenues (+23%) and EBITDA (+124%) 9M 2018 vs 9M 2017, with increased EBITDA margin. Strong performance both in Brazil and Italy
- Percentage of direct / third party revenues keeps growing vis a vis intercompany revenues
- Just released new versions of Iride introduced new artificial intelligence, algorithms and features, thus making the platform even more competitive in the market

Key Operating Performance Highlights

9M 2018

CRM

- CRM Europe:
 - Start-up of new projects for existing clients and acquisition of a new client
 - In August 2018 new agreement on productivity signed in Palermo with Trade Unions to improve productivity and quality
- CRM International:
 - Performance keeps improving, reflecting the effects of the actions taken in the commercial and operations organizations, with strong improvement at EBITDA level (+11.9% at constant currency) in 3Q 2018 vs 3Q 2017
 - Volume forecasts regularly growing, with good outlooks for the next quarters
 - 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
 - FX €/BRL positive trend, following the results of the recent elections and the country increased political stability

Summary P&L

€m



€million	2016A	2017A	9M 2017A	9M 2018A	LTM Sept-18A
Revenues	730.2	755.0	544.3	577.7	788.4
<i>% Growth</i>	3.0%	3.4%		6.1%	
Total of Revenues and Other Income	739.2	772.3	555.5	591.8	808.7
<i>% Growth</i>	1.9%	4.5%		6.5%	
Operating Costs	(677.6)	(705.0)	(507.3)	(540.7)	(738.4)
<i>% Revenues</i>	92.8%	93.4%	93.2%	93.6%	93.7%
Adjusted EBITDA	61.6	67.3	48.1	51.1	70.3
<i>% Margin</i>	8.4%	8.9%	8.8%	8.8%	8.9%
Non-Recurring Items	(25.8)	(2.2)	(2.2)	-	-
<i>% Revenues</i>	0.0	0.3%	0.4%	0.0%	0.0%
EBITDA	35.8	65.1	45.9	51.1	70.3
<i>% Margin</i>	4.9%	8.6%	8.4%	8.8%	8.9%
D&A	(29.3)	(29.7)	(21.9)	(20.4)	(28.2)
<i>% Revenues</i>	4.0%	3.9%	4.0%	3.5%	3.6%
EBIT	6.4	35.3	24.0	30.7	42.1
<i>% Margin</i>	0.9%	4.7%	4.4%	5.3%	5.3%
Interest Expense	(25.6)	(34.5)	(25.7)	(22.2)	(31.0)
<i>% Revenues</i>	3.5%	4.6%	4.7%	3.8%	3.9%
EBT	(19.2)	0.8	(1.7)	8.6	11.1
<i>% Margin</i>	(2.6)%	(0.1)%	0.3%	(1.5)%	(1.4)%
Taxes	3.1	0.0	(0.1)	0.2	0.3
Group Net Income	(16.1)	0.9	(1.8)	8.8	11.4

Key Comments

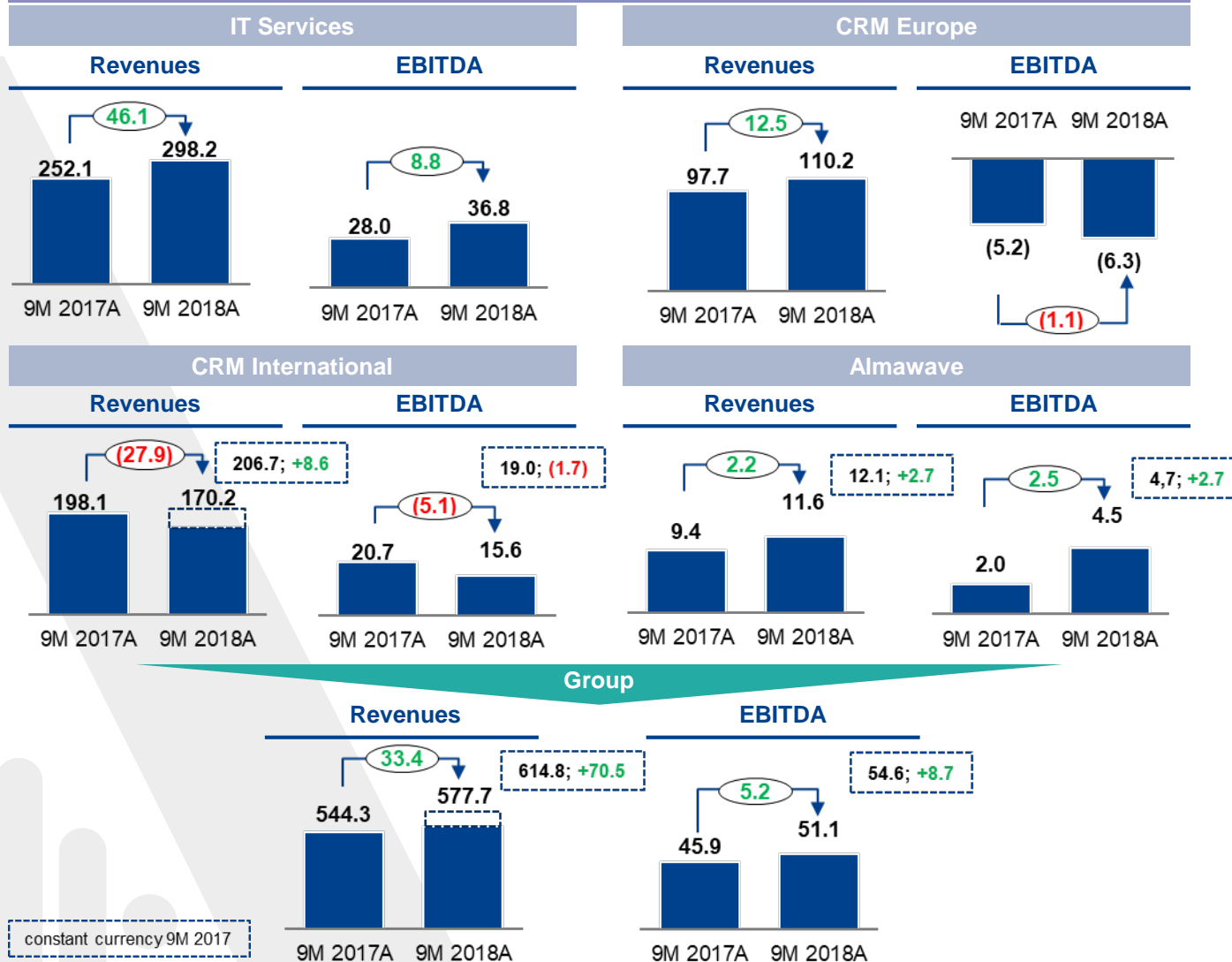
- Revenues 9M 2018 increased by 6.1% compared to 9M 2017 (+13.0% at constant currency)
- EBITDA 9M 2018 increased by €5.2m vs 9M 2017 (+11.3%; +19.0% at constant currency). Significant growth both in absolute terms and margins achieved since 2016
- Positive Net Income in 9M 2018 (+€10.6m vs 2017) and increasing positive trend at LTM level (+€10.5m vs FY2017 and +€27.5m vs FY2016)
- Operating costs as a percentage of Revenues (93.6%) in line with previous periods
- D&A, mainly related to fixed assets in the IT Division and Brazil, reduced vs 9M 2017 and FY2017 with positive impact at EBIT level
- Positive trend in interest expenses driven by the new capital structure (-€3.5m, -13.6% 9M 2018 vs 9M 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

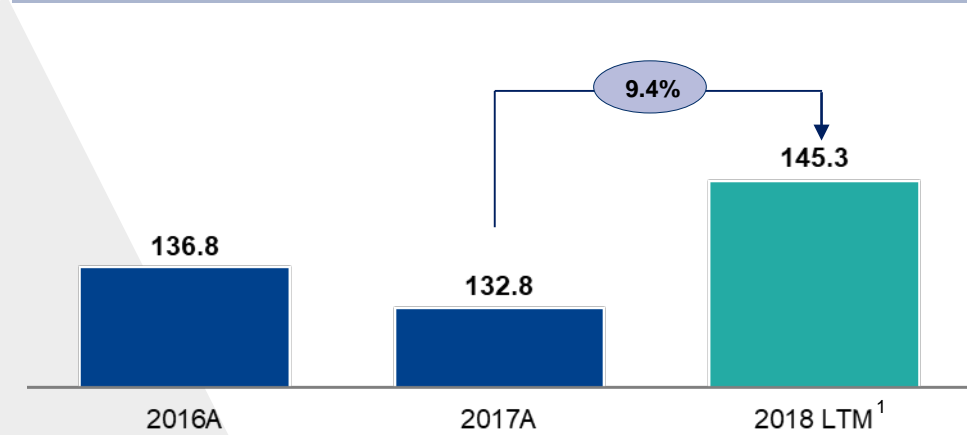
Sept-2018 Year To Date Performance



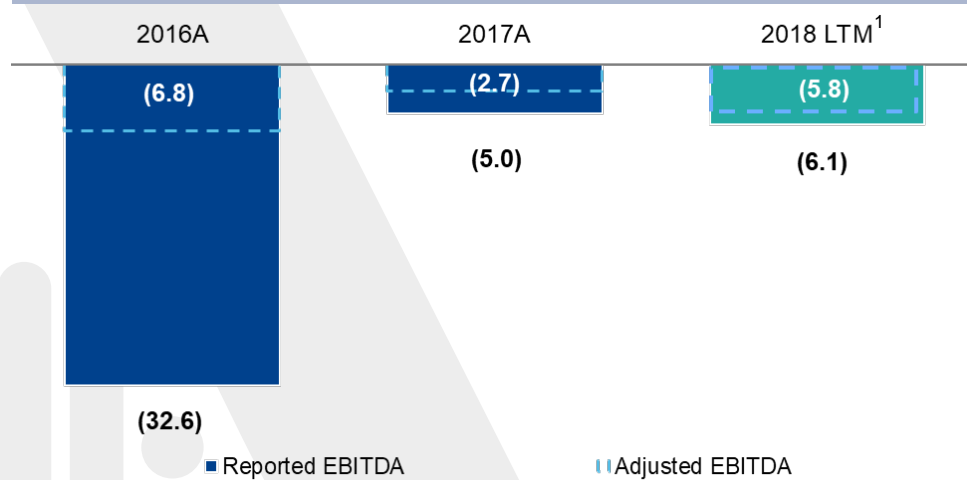
Key Comments

- Growth YoY in 9M 2018 at Revenues, EBITDA and EBITDA margin level (8.8% v. 8.4% in 2017)
- EBITDA growth in every divisions (CRM International at constant currency) except for CRM Europe, impacted by the delay in the start-up of new contracts/activities
- IT Services shows a continuous growth both at Revenues (+18.3%) and EBITDA level (+31.3%) compared to 9M 2017
- Almawave is experiencing an impressive growth (Revenues +23.4%, EBITDA 125%), that is also due to the positive impact of the acquisition of SPC contracts
- €/BRL FX negatively impacted financial performance: €37.1m on Revenues and €3.5m 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)

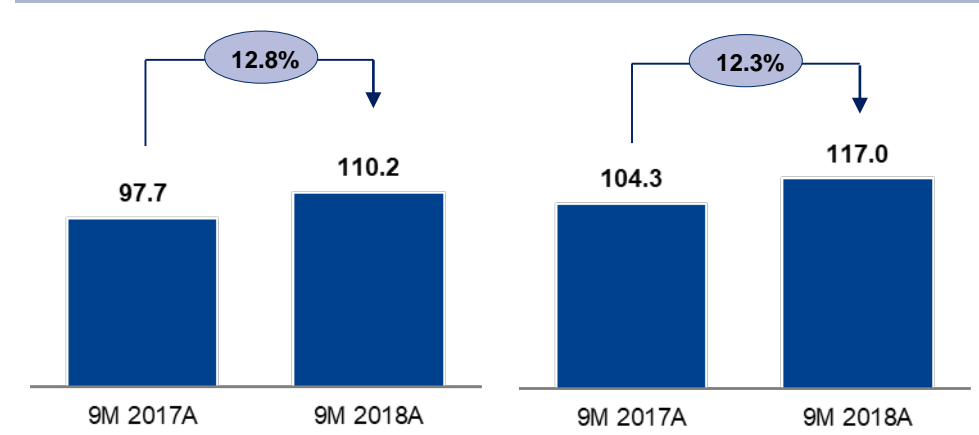
Revenues (€m)



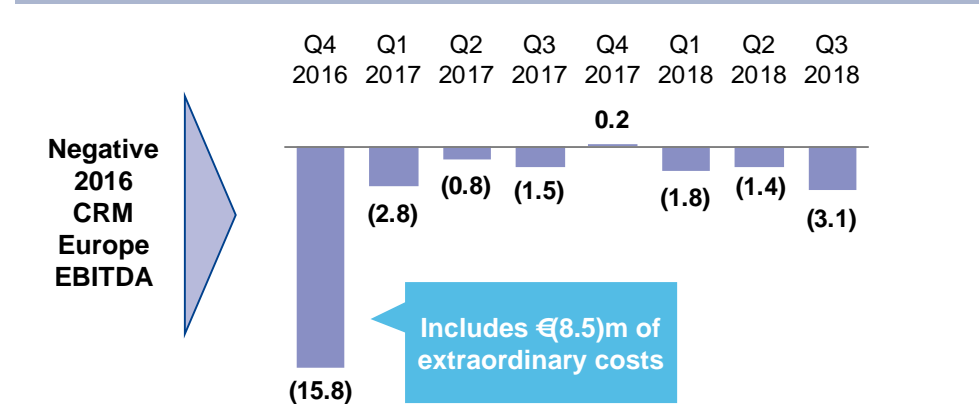
EBITDA (€m)



9M 2018A Update - Revenues and Operating Costs (€m)

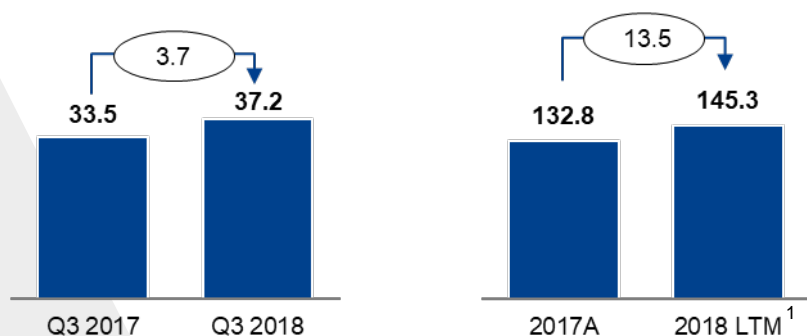


Quarterly Reported EBITDA Evolution (€m)

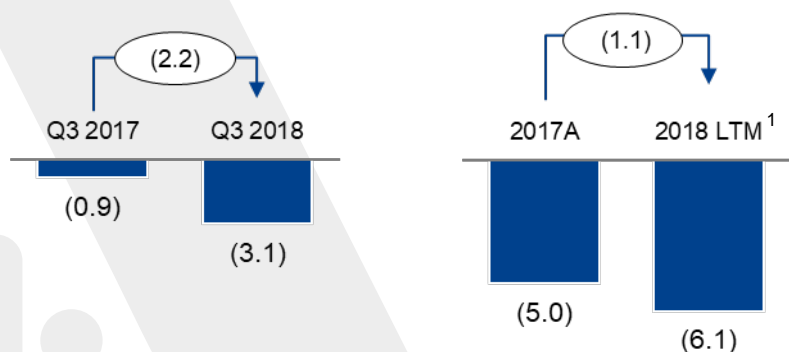


(1) As of 30-Sept-2018

Revenues (€m)



EBITDA (€m)



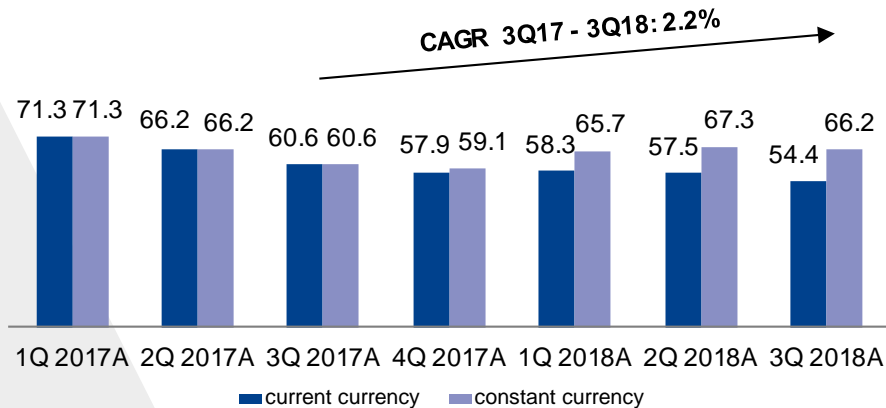
Key Comments

- 2Q 2018 and 3Q 2018 performance have been negatively influenced by some extraordinary elements:
 1. Start-up of a new European site (the fourth one)
 2. Delay in the start up of a new contract with a new client, with operations in Italy, and delay in the contract renewal for an existing client. This has led to extended start-up phase and labour/logistic costs not covered by revenues in 2Q 2018 and only partially covered in 3Q 2018
- Notwithstanding, the above-mentioned points will have a positive impact on:
 - Volumes managed in all the European sites.
 - The Telco market is expected to benefit from the consolidation strategy set out by key telecom operators, with whom the Company is dealing for incremental volumes
- New agreement on productivity in Palermo site signed in August 2018. The adoption of the performance control system is expected to have a positive impact on the main operational indicators. The same actions, already adopted in Naples, led to a substantial improvement of the key performance figures

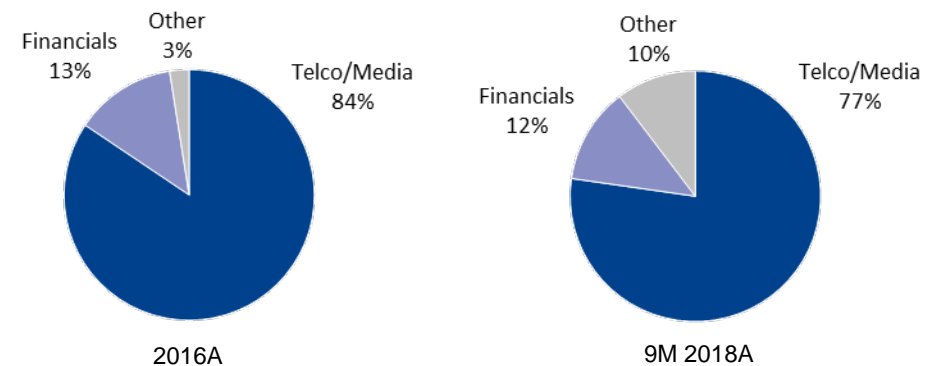
(1) As of 30-Sept-2018

Key Financials

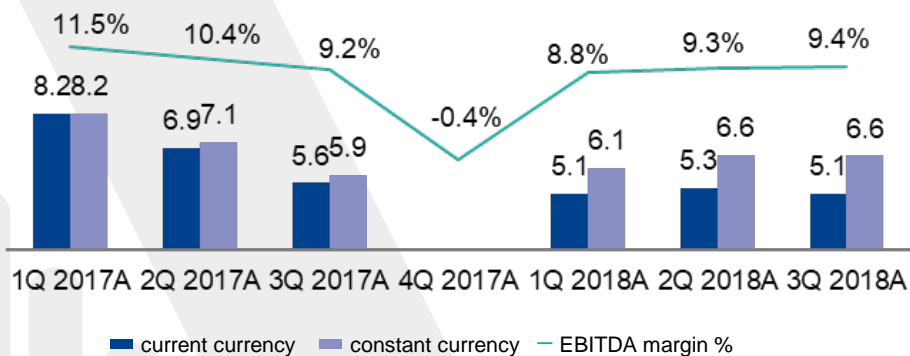
Revenues (€m)



Revenue Breakdown



EBITDA (€m)



Key Comments

- The CRM International is gradually recovering, showing a positive performance, Revenues growth and EBITDA improvement at constant currency, compared to 3Q 2017
- Stable growth in profitability, both vs 3Q 2017 and 2Q 2018
- Almaviva keeps reinforcing its position on major clients as a **top ranking in quality and operational KPIs of its services**
- Continuous focus on **growth in non telco clients** in order to optimize the portfolio allocation
- **Volume forecasts** received by clients regularly growing over the time; two main recently signed contracts are expected to lead to a significant growth in agent positions by year-end and 1Q 2019
- FX €/BRL positive trend also reflects the political stability reached following the result of the Presidential elections

Summary Cash Flows



€m

€million	2015A	2016A	2017A	2018 LTM
Adjusted EBITDA	56.3	61.6	67.3	70.3
Capex	(35.2)	(27.4)	(23.6)	(25.2)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	(28.5)
Adjusted Operating Cash Flow	19.9	44.6	49.5	16.6
<i>% Adjusted EBITDA</i>	35.4%	72.5%	73.6%	23.6%
Non-Recurring Items	-	(25.8)	(2.2)	-
Taxes	(4.0)	(1.2)	(4.2)	(4.8)
Adjusted Free Cash Flow for Debt Service ante Dividend Paymentst and Oterh Items	15.9	17.6	43.1	11.7
Dividend Payments	(0.1)	(0.3)	(5.4)	(13.3)
Other Items ⁽¹⁾	2.0	15.8	1.3	(3.8)
Adjusted Free Cash Flow for Debt Service	17.8	33.1	39.0	(5.4)

Key Comments on 2018 LTM

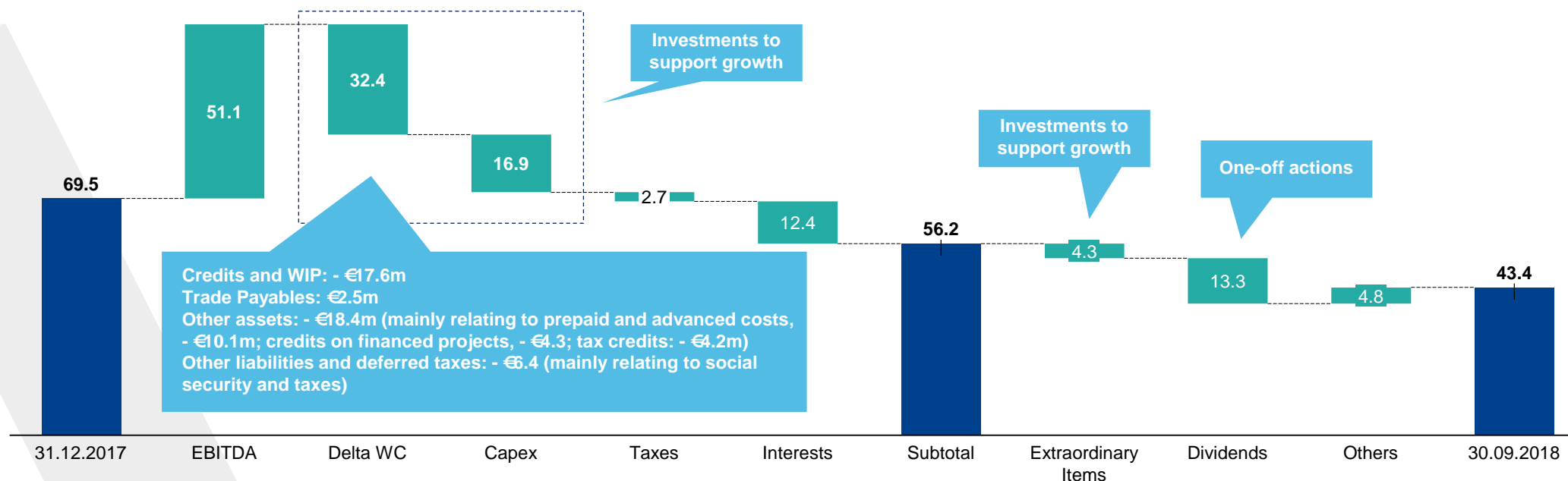
- Capex increased by €1.6m compared to FY2017 due to the upgrade in the datacentre facilities and the investments to support the reorganization and the growth on new clients in Brazil and the new site in Romania
- Change in working capital driven by the increase in revenues in all the sectors, new contracts/projects start-up in IT Sector and inventory from Sadel
- No “Non-Recurring Items” EBITDA adjustments
- Tax benefit in Italy from the recovery of fiscal losses carried forward at consolidated level, but increasing cash payment due to increased activity in Romania and Almaxwave do Brazil
- “Dividend Payments” includes €12.6m one-off to Almaviva S.p.A. and €0.6m to Lombardia Gestione
- “Other Items” in 2018 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 9M 2018: investments to support opportunities and sustainable growth

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



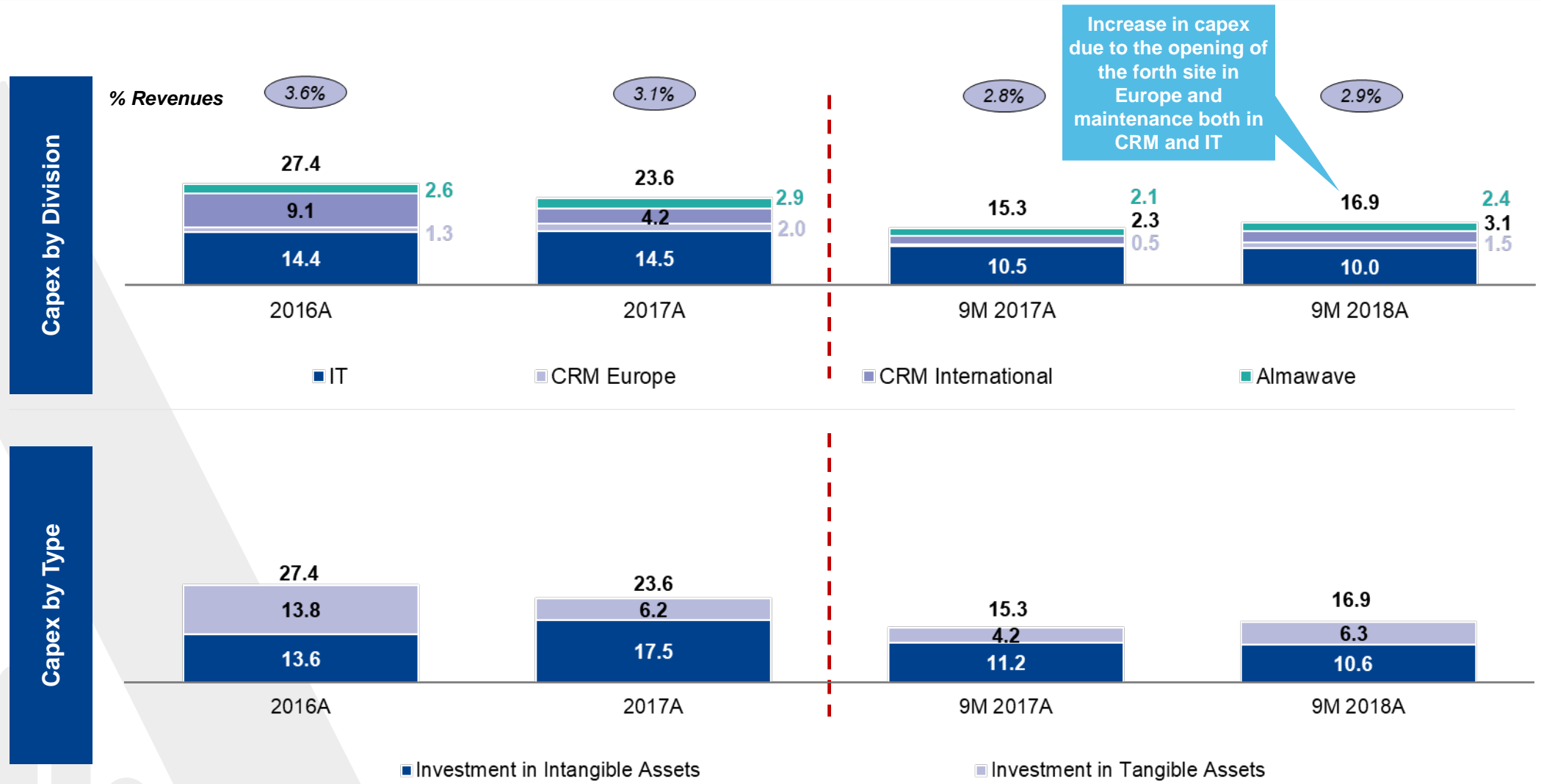
Key Comments on 9M 2018

- Strong backlog and positioning: more than €541m of new contracts signed in 9M 2018 (€208m in 3Q 2018) in the IT division. 52 new clients gained on the back of the SPC L3 and L4 framework agreements, advanced phase of negotiation in new opportunities outside Italy
- Relevant impact on working capital needs to support revenues increase (+5.5% at LTM Group level) and new IT contracts/projects (+€57m IT Services LTM Revenues vs previous year)
- 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. New contract acquired by SADEL with a new manufacturer in the revamping of Intercity train fleet (€3.0m)
- €/BRL FX negatively impacted financial performance and cash position ⁽¹⁾

(1) €/BRL FX: average 9M2018 4.30 vs 3.60 average FY2017; spot 30.09.2018 4.65 vs 3.97 spot 31.12.2017.

Capex Overview

€m



Capitalisation Structure as of 30-Sept-2018



	€m	Amount	xLTM Sep-18 Adj. EBITDA	Pricing	Maturity
	Cash and cash equivalents		(43.4)		
Total current and non-current financial assets ⁽¹⁾		(5.6)			
Senior Secured Notes		250.0		7.25%	Oct-2022
Super Senior RCF (Drawn)		20.0			
Other financial liabilities ⁽²⁾		12.9			
Total Gross Debt		287.7	4.1x		
Total Net Debt		238.7	3.4x		
LTM Sept-18 Adjusted EBITDA			70.3		
Super Senior RCF (Undrawn)		20.0		E+450bps	Feb-2022

Pro Forma
Capitalisation

Key Credit
Stats (LTM
Sept-18)

- Net Total Leverage: 3.4x
- Interest Coverage Ratio⁽³⁾: 2.9x
- €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 October (€3.8m) and leasing

⁽³⁾ Based on 9M 2018 interest expenditures

A horizontal banner with a dark, abstract background of purple and blue tones, featuring a building facade on the left and a planet on the right. The word 'Appendix' is centered in white text.

Appendix

Summary Cash Flows



9M 2018 vs. 9M 2017 | €m

€million	2015A	2016A	2017A	9M 2017A	9M 2018A
EBITDA	56.3	35.7	65.1	45.9	51.1
Capex	(35.2)	(27.4)	(23.6)	(15.3)	(16.9)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	2.0	(32.4)
Operating Cash Flow	19.9	18.8	47.3	32.5	1.8
% EBITDA	35.4%	72.5%	72.7%	70.8%	3.5%
Taxes	(4.0)	(1.2)	(4.2)	(2.0)	(2.7)
Adjusted Free Cash Flow for Debt Service ante Dividend Paymentst and Oterh Items	15.9	17.6	43.1	30.5	(0.9)
Dividend Payments	(0.1)	(0.3)	(5.4)	(5.4)	(13.3)
Other Items⁽¹⁾	2.0	15.8	1.3	0.8	(4.3)
Adjusted Free Cash Flow for Debt Service	17.8	33.1	39.0	25.9	(18.5)
Reversal of Change in Overdue VAT	32.6	2.0	(56.2)	(56.2)	-
Total Free Cash Flow for Debt Service	50.4	35.1	(17.2)	(30.3)	(18.5)

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