



# 2017 Q4 and FY Results Presentation

March 2018

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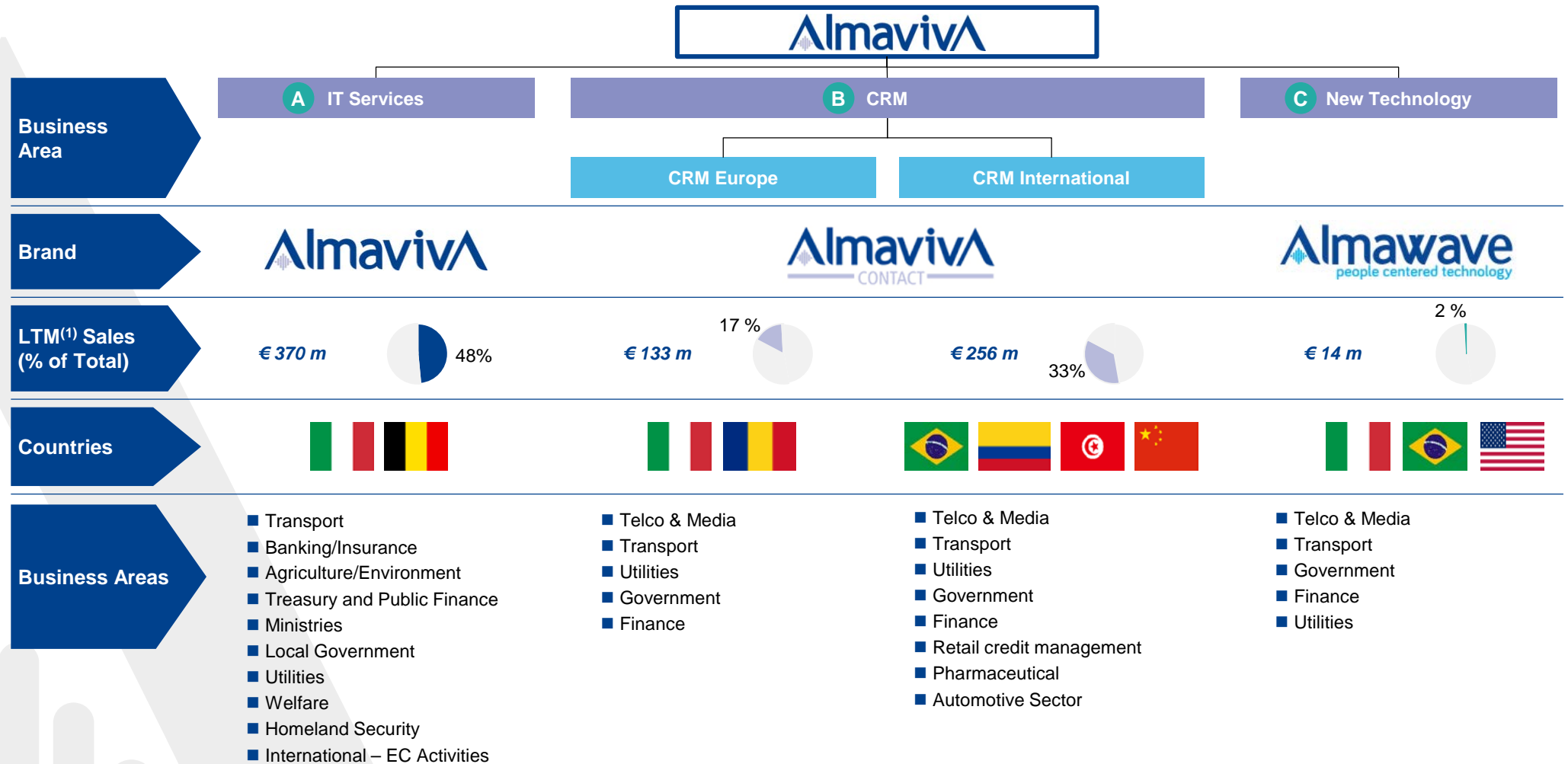
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# Overview of Almoviva



Source: Company Information and financials  
 (1) As of 31-Dec-2017; excludes €18m of intragroup eliminations.

# Key Financial Highlights



2017Actual

## Key Highlights

### FY 2017 Results

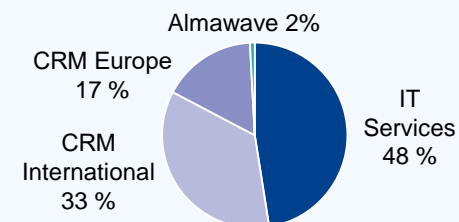
- Group revenues at €755m, increased by €24.8m (+3.4%) compared to FY 2016
- Group Reported EBITDA at €65m, increased by €29m (+82.2%) compared to FY 2016
  - EBITDA margin increased by 370 bps from 4.9% to 8.6%
- Group Adjusted EBITDA at €67m, increased by c.€5m compared to FY 2016
  - Adjusted EBITDA margin higher than the two previous years (+100 bps vs 2015 and +50 bps vs 2016)
- Group EBIT at €35m, increased by €29m (+459.9%) compared to FY 2016
- Capex at €23.6m, decreased by €3.8m compared to FY 2016
- Positive Consolidated Net Result (€0.9m)

### Key Statistics

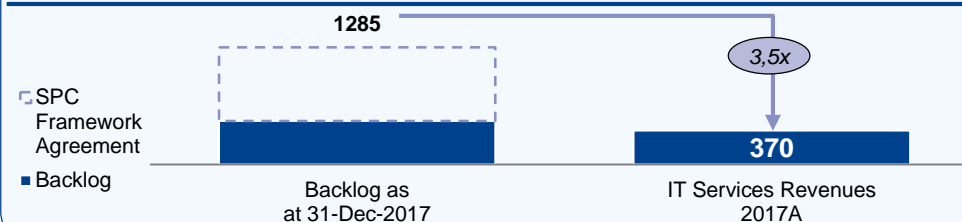
- IT backlog covers around 3.5 times the LTM IT Services revenues
- YoY growth (Revenues 3.4%) better than 2016-2015 growth (3.0%)
- Net Debt as of 31-Dec-2017 equal to €183m or 2.7x LTM adjusted EBITDA

## LTM Dec-2017 Revenue Breakdown and Current Backlog

### By Division

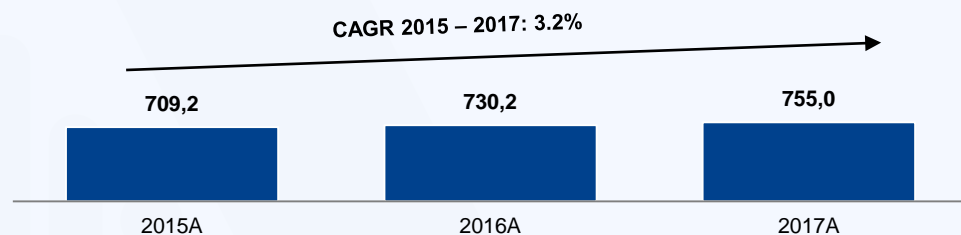


### IT Services Backlog as of 31-Dec-2017 (€m)

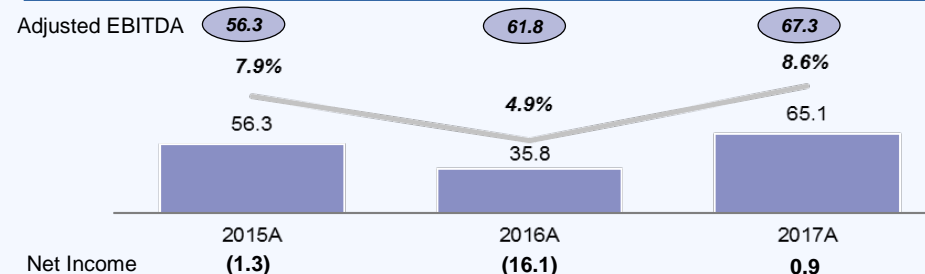


## Key Financials (€m)

### Revenues



### EBITDA and EBITDA Margin



Source: Company Information as of Dec-2017

# Key Operating Performance Highlights



4Q 2017

## IT Services

- Around €115m of new contracts signed in 4Q 2017 in the IT division
- Up to March 20th, 2018 already signed a total of €105m contracts with PA on the back of the SPC L3 and L4 framework agreements. New clients both in Central (5) and Local PA (14, mainly Regions)
- Enlarged portfolio of corporate clients
- Increased scouting and sale activities outside Italy in Transportation Division (Finland, Saudi Arabia, South Africa, etc.)

## CRM

- CRM Europe: continuous improvement thanks to costs stabilization and well balanced operations. 4Q 2017 positive Ebitda
- CRM International:
  - Brazilian GDP positive growth in 2017 (+1.1%) after two years of negative results (2015: -3.5%; 2016:-3.5%)
  - Two new most important laws approved in Brazil on outsourcing activities (thus helping clients in order to outsource services, with positive impact on market) and labour market flexibilization, with positive impact on efficiency and labour cost structure
  - Continuing improvement in operations throughout hiring of new managers, optimization of new processes and increased utilization of Almawave proprietary technology to improve efficiency and quality. The company has achieved a top ranking recognized level in quality of service to clients
  - Spare capacity already settled, in order to support expected increase in volumes with both current and new clients (5 new customers acquired in the last months, some in new sectors different from telco)
  - Development of a dedicated business area in Brazil focused on telesales

## Almawave

- New contracts signed with 8 new clients within the scope of the SPC framework agreements, both with Central and Local PA
- Enhancement of the Conversational Platform with new algorithms and new solutions for identity recognition and GDPR compliance
- Continuous increase in deployment of innovative solutions based on proprietary Iride Suite for telco & media companies in Brazil

# Summary P&L



€m

€million	2015A	2016A	2017A
<b>Revenues</b>	<b>709.2</b>	<b>730.2</b>	<b>755.0</b>
<i>% Growth</i>	<i>2.0%</i>	<i>3.0%</i>	<i>3.4%</i>
<b>Total of Revenues and Other Income</b>	<b>725.7</b>	<b>739.2</b>	<b>772.3</b>
<i>% Growth</i>	<i>0.6%</i>	<i>1.9%</i>	<i>4.5%</i>
<b>Operating Costs</b>	<b>(669.4)</b>	<b>(677.6)</b>	<b>(705.0)</b>
<i>% Revenues</i>	<i>94.4%</i>	<i>92.8%</i>	<i>93.4%</i>
<b>Adjusted EBITDA</b>	<b>56.3</b>	<b>61.6</b>	<b>67.3</b>
<i>% Margin</i>	<i>7.9%</i>	<i>8.4%</i>	<i>8.9%</i>
<b>Non-Recurring Items</b>	<b>-</b>	<b>(25.8)</b>	<b>(2.2)</b>
<i>% Revenues</i>	<i>-</i>	<i>3.5%</i>	<i>0.3%</i>
<b>EBITDA</b>	<b>56.3</b>	<b>35.8</b>	<b>65.1</b>
<i>% Margin</i>	<i>7.9%</i>	<i>4.9%</i>	<i>8.6%</i>
<b>D&amp;A</b>	<b>(27.1)</b>	<b>(29.3)</b>	<b>(29.7)</b>
<i>% Revenues</i>	<i>3.8%</i>	<i>4.0%</i>	<i>3.9%</i>
<b>EBIT</b>	<b>29.2</b>	<b>6.4</b>	<b>35.3</b>
<i>% Margin</i>	<i>4.1%</i>	<i>0.9%</i>	<i>4.7%</i>
<b>Interest Expense</b>	<b>(29.7)</b>	<b>(25.6)</b>	<b>(34.5)</b>
<i>% Revenues</i>	<i>4.2%</i>	<i>3.5%</i>	<i>4.6%</i>
<b>EBT</b>	<b>(0.5)</b>	<b>(19.2)</b>	<b>0.8</b>
<i>% Margin</i>	<i>(0.1)%</i>	<i>(2.6)%</i>	<i>(0.1)%</i>
<b>Taxes</b>	<b>(0.8)</b>	<b>3.1</b>	<b>0.0</b>
<b>Group Net Income</b>	<b>(1.3)</b>	<b>(16.1)</b>	<b>0.9</b>

## Key Comments

- Revenue increased by 3.4% compared to FY 2016, with major growth in IT sector
- EBITDA increased by €29,3m vs 2016 (+81.8%), with greater incidence in IT sector, CRM Europe and Almaxwave
- Incidence of operating costs slightly increasing due to the shift from capex to opex in the CRM International
- D&A mainly related to fixed assets in the IT Division and Brazil, in line with FY 2016
- Interest Expenses reflect the new debt structure starting in October and the impact of the overall transaction costs
- Running interest cost on the senior secured notes of €18m going forward
- Taxes: values include current income taxes, deferred and prepaid income taxes, according to applicable tax rates and regulations. The Italian companies exercised the option of participating in the tax consolidation, thus benefiting from the recovery of fiscal losses carried forward, thus the trend in taxes reflects the same trend in taxable income.

# Summary Cash Flows



€m

€million	2015A	2016A	2017A
<b>Adjusted EBITDA</b>	<b>56.3</b>	<b>61.6</b>	<b>67.3</b>
<b>Capex</b>	<b>(35.2)</b>	<b>(27.4)</b>	<b>(23.6)</b>
<b>(Increase) / Decrease in Normalised Working Capital</b>	<b>(1.2)</b>	<b>10.5</b>	<b>5.8</b>
<b>Adjusted Operating Cash Flow</b>	<b>19.9</b>	<b>44.6</b>	<b>49.5</b>
<b>% Adjusted EBITDA</b>	<b>35.4%</b>	<b>72.5%</b>	<b>73.6%</b>
<b>Non-Recurring Items</b>	<b>-</b>	<b>(25.8)</b>	<b>(2.2)</b>
<b>Taxes</b>	<b>(4.0)</b>	<b>(1.2)</b>	<b>(4.2)</b>
<b>Dividend Payments</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(5.4)</b>
<b>Other Items<sup>(1)</sup></b>	<b>2.0</b>	<b>15.8</b>	<b>1.3</b>
<b>Adjusted Free Cash Flow for Debt Service</b>	<b>17.8</b>	<b>33.1</b>	<b>39.0</b>

## Key Comments

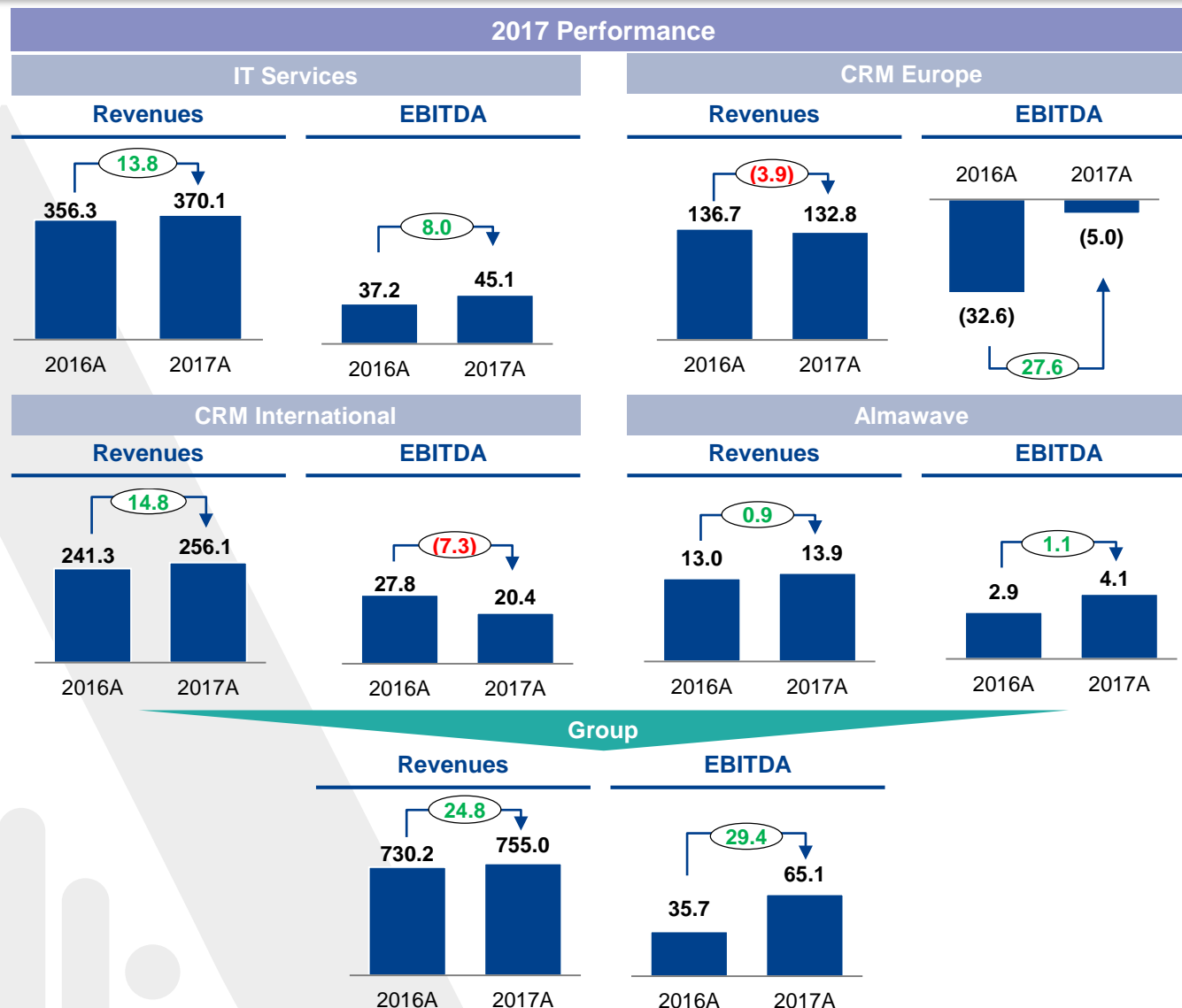
- Capex decreased by €3.8m compared to 2016 due to reduced investments on the Brazilian sites and gradual shift from capex to opex. Stable amount on the IT segment
- Change in working capital driven by DRO reduction and DPO management
- Continuous improvement in Trade Receivables due to an efficient credit management
- Strong growth in operating cash flow, achieved through an increase in productivity and a continuous cost optimization process
- Tax benefit in Italy from the recovery of fiscal losses carried forward at consolidated level
- Other items includes proceeds from disposals (of which €15.5m in 2016A in relation to the deferred payment received on the sale of SIN S.p.A.)

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



# Key Financials By Division

€m

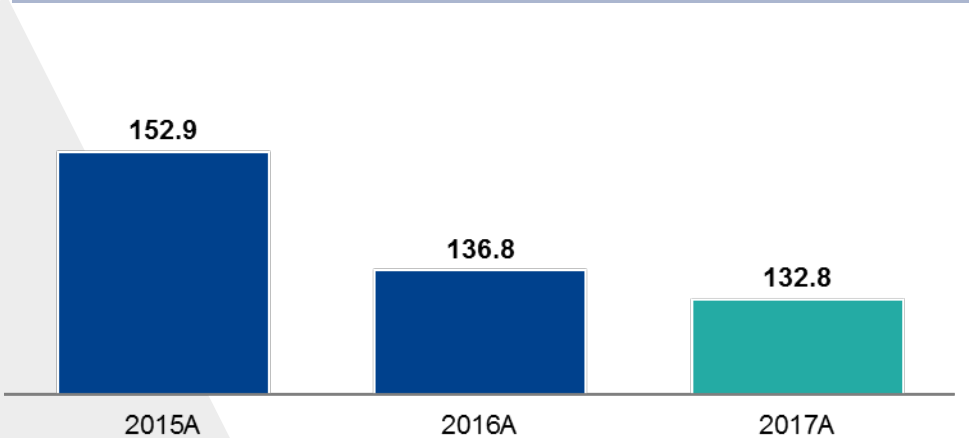


## Key Comments

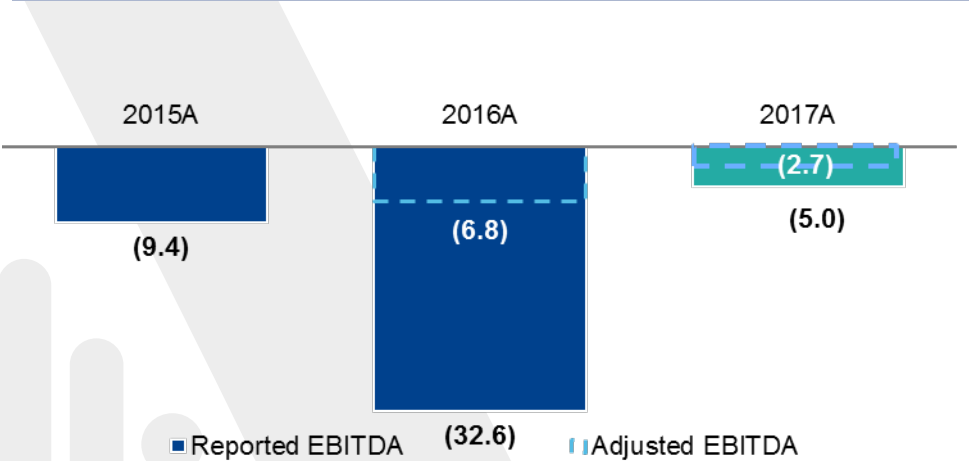
- Growth YoY in 2017 at both Revenues and EBITDA at consolidated level
- Positive contribution at EBITDA level mainly from IT Services, CRM Europe and Almawave
- CRM International decrease in EBITDA due to
  - A switch from capex to opex related to workstations
  - Increased personnel cost due to hiring of top profiles in operations and commercial areas
  - Higher technology costs in order to strength the operational performance, efficiency and quality
- Improvement in EBITDA margin (8.6% vs 4,9% in 2016) mainly as a result of IT Services, CRM Europe and Almawave
- Revenue at Group level increasing by 3.4%; EBITDA increasing by 82.2%; EBIT increasing by around 4.5 times and positive income



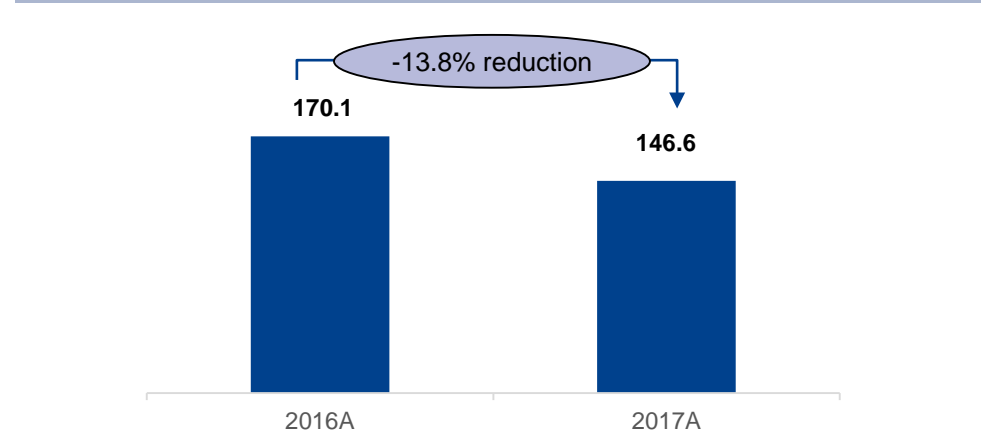
### Revenues (€m)



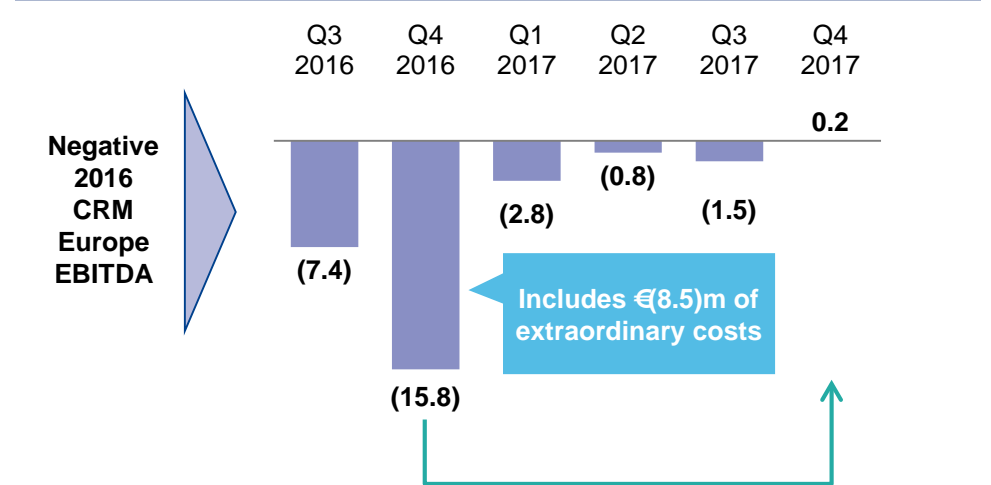
### EBITDA (€m)



### Operating Costs Evolution (€m)



### Quarterly Reported EBITDA Evolution (€m)

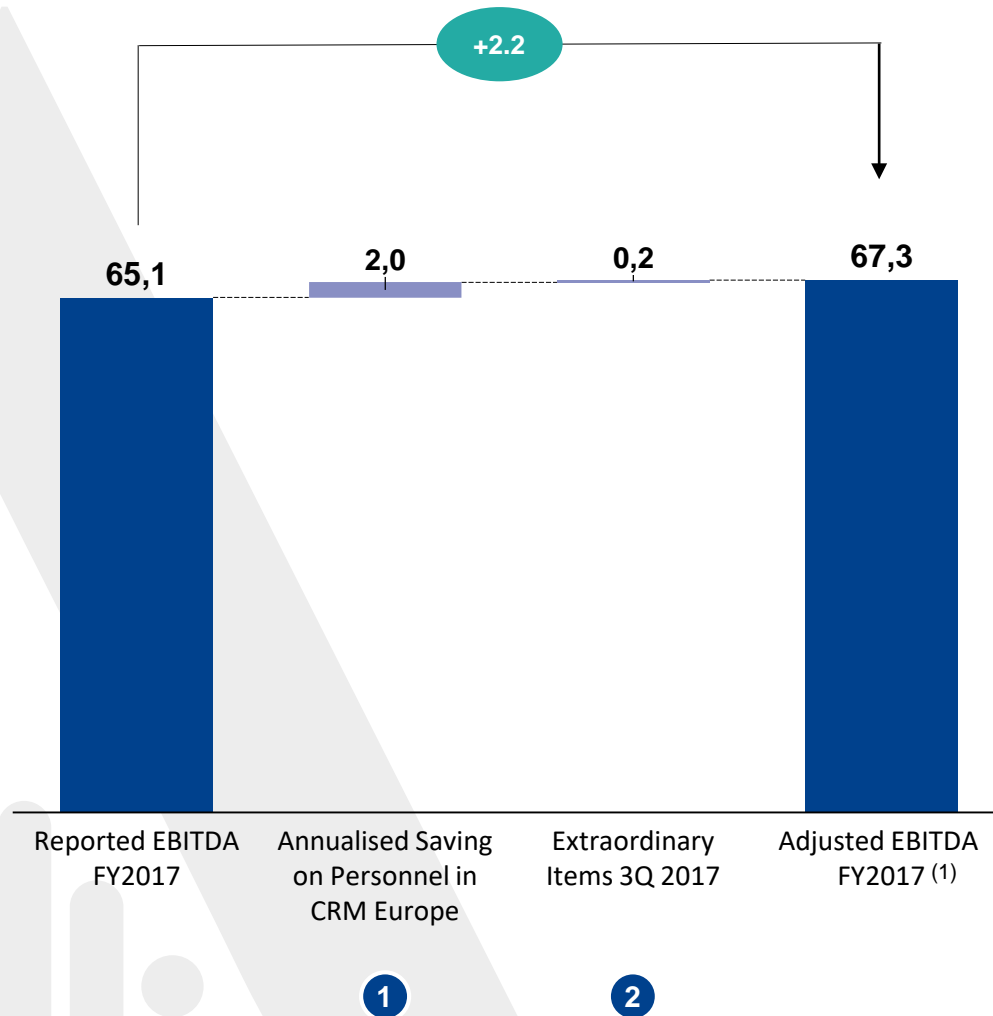


# Overview of LTM Adjusted EBITDA - Group



€m

## Overview of EBITDA Adjustments



## Key Comments

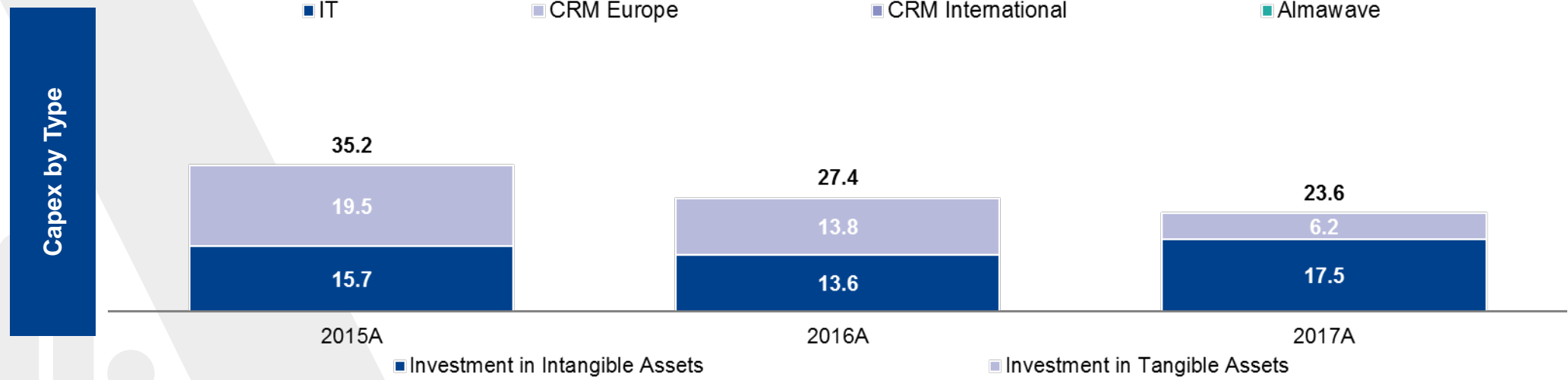
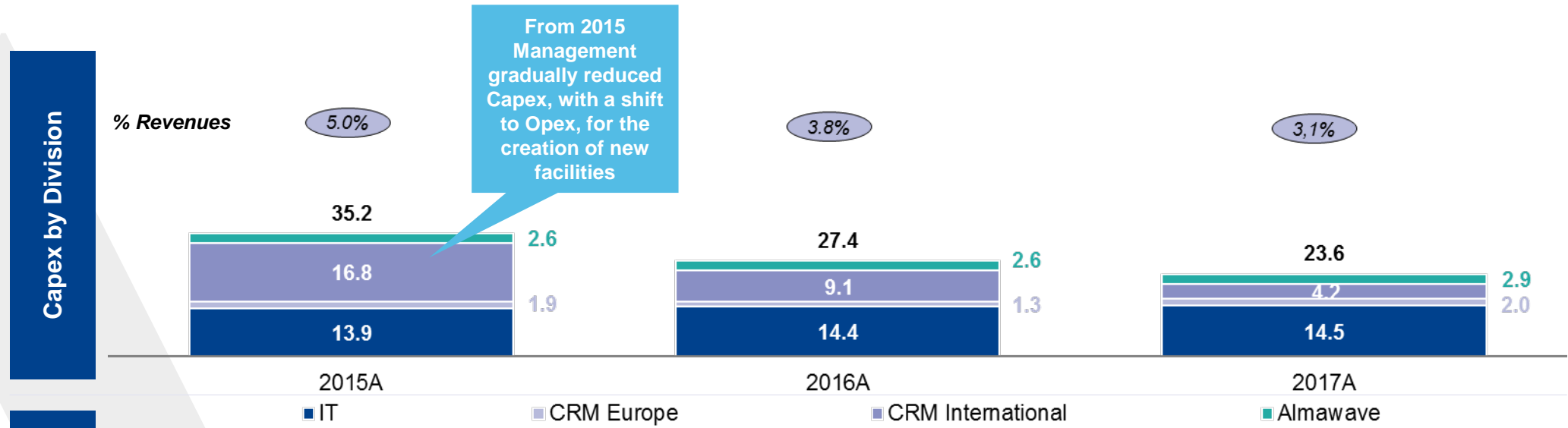
- 1 Savings on Personnel: €2.0m (pro rata)
  - Cost savings of €0.2m due to new labour agreements in Naples became effective in Mar-2017
  - Cost savings of €1.8m due to new labour agreements in Palermo became effective in Jun-2017
  
- 2 3Q 2017 Extraordinary items: €0.2m
  - This relates to the extraordinary costs to manage the reorganization of the sites in Palermo

Source: Company information

(1) After accounted savings (€2.0m) and extraordinary items (€0.2m).

# Capex Overview

€m



# Capitalisation Structure as of 31-Dec-2017



Pro Forma Capitalisation	€m	Amount	xLTM Dec-17 Adj. EBITDA	Pricing	Maturity
	Cash and cash equivalents		(69.5)		
Total current and non-current financial assets <sup>(1)</sup>		(10.8)			
<b>Senior Secured Notes</b>		<b>250</b>		<b>7.25%</b>	<b>Oct-2022</b>
Other financial liabilities <sup>(2)</sup>		13.1			
<b>Total Gross Debt</b>		<b>263.1</b>	<b>3.9x</b>		
<b>Total Net Debt</b>		<b>182.8</b>	<b>2.7x</b>		
<b>2017A Adjusted EBITDA</b>			<b>67.3</b>		
Super Senior RCF (Undrawn)		40.0		E+450bps	Feb-2022

## Key Credit Stats (2017A)

- Net Total Leverage: 2.7x
- Interest Coverage Ratio: 3.5x

<sup>1</sup> Includes financial credits.

<sup>2</sup> Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon to be paid in April (€4.3m) and leasing

A horizontal banner with a dark, purple, and blue background. It features a faint image of a classical building on the left and a large, glowing sphere on the right. The word 'Appendix' is centered in white text.

# Appendix

# Summary Cash Flows

2017 vs. 2016 | €m



€million	2015A	2016A	2017A
<b>EBITDA</b>	56.3	35.7	65.1
Capex	(35.2)	(27.4)	(23.6)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8
<b>Operating Cash Flow</b>	19.9	18.8	47.3
<i>% EBITDA</i>	35.4%	72.5%	72.7%
Taxes	(4.0)	(1.2)	(4.2)
Dividend Payments	(0.1)	(0.3)	(5.4)
Other Items <sup>(1)</sup>	2.0	15.8	1.3
<b>Free Cash Flow for Debt Service</b>	17.8	33.1	39.0
Reversal of Change in Overdue VAT	32.6	2.0	(56.2)
<b>Total Free Cash Flow</b>	50.4	35.1	(17.2)

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