2018 Q1 Results Presentation

May 2018

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Overview of AlmavivA

AlmavivA

	IT Services	CRM – CRM Europe	CRM – CRM International	New Technology
Business Area	IT Services	CRM Europe	CRM International	New Technology
Brand	AlmavivA	AlmavivA CONTACT	AlmavivA CONTACT	Almawave people centered technology
LTM[1] Sales (% of Total)	*€ 378 m* 49%	*€ 138 m* 18 %	*€ 243 m* 31%	*€ 15 m* 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-Mar-2018; excludes €18m of intragroup eliminations.

Key Financial Highlights

1Q 2018

Key Highlights

3M 2018 Results

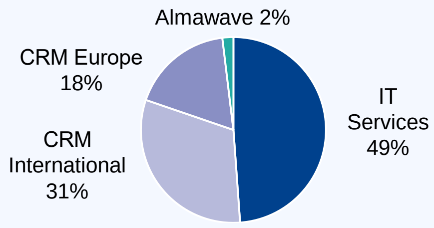
- Group revenues at €187.8m, increased by €1.3m (+0.7%) compared to 3M 2017 (+6.7% at constant currency)
- Group Reported EBITDA at €15.1m, increased by €0.4m (+2.6%) compared to 3M 2017 (+9.2% at constant currency)
  - — EBITDA margin increased by 20 bps from 7.9% to 8.1%
  - — LTM EBITDA margin in line with the previous period (8.7% vs 8.6% FY2017 and 4.9% FY2016)
- Capex at €6.5m, increased by €2.7m compared to 3M 2017
- Positive Net Result at €0.8m, increased by €2.4m (+152%) compared to 3M 2017

Key Statistics

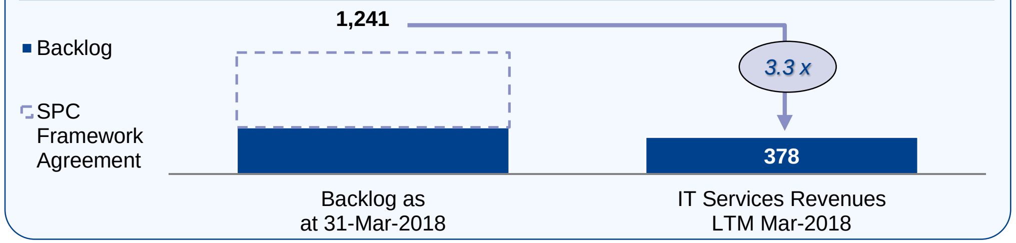
- IT backlog covers around 3.3 times the LTM IT Services revenues
- Continuous LTM YoY revenue growth (CAGR 2.9%)
- Net Debt as of 31-Mar-2018 equal to €201m or 3.0x LTM adjusted EBITDA

LTM Mar-2018 Revenue Breakdown and Current Backlog

By Division

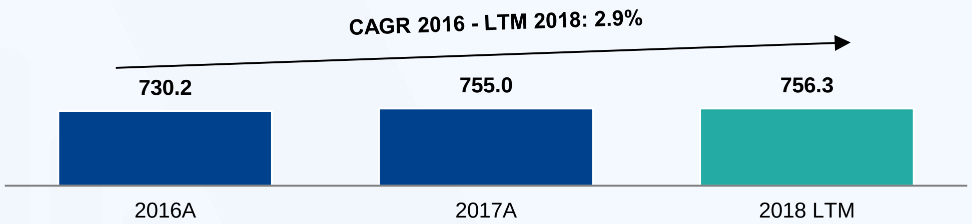


IT Services Backlog as of 31-Mar-2018 (€m)

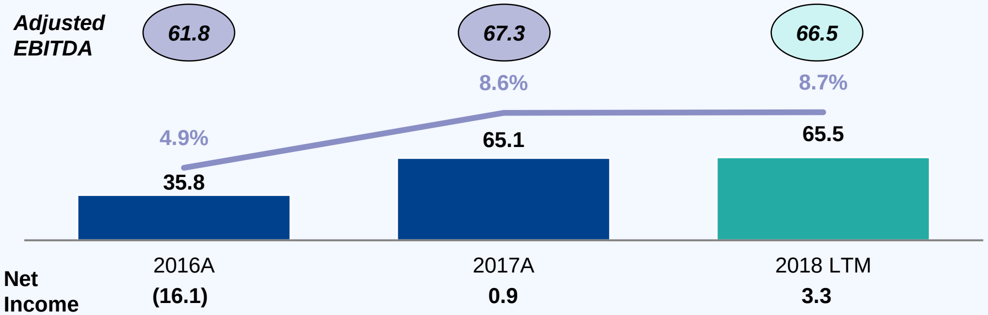


Key Financials (€m)

Revenues



EBITDA and EBITDA Margin



Source: Company Information as of Mar-2018

Key Operating Performance Highlights

1Q 2018

IT Services	■ Around €96m of new contracts signed in 1Q 2018 in the IT division, of which around 50% under the SPC framework agreements, 30% Finance and 20% other sectors ■ Up to April, 2018 already signed a total of around €120m contracts with PA on the back of the SPC L3 and L4 framework agreements. New clients both in Central (5) and Local PA (17, mainly Regions) ■ On April 19th, 2018 Almaviva completed the acquisition of the majority stake in SADEL S.p.A., company leader in Italy in IoT-Internet of things and PIS-Passenger Information Systems solutions for mobility and device production, thus completing the end-to-end service value chain in this specific market ■ Increased effort on commercial activities outside Italy in Transportation Division (Saudi Arabia, South Africa, and Middle East, etc.). Start-up of the new contract with the Finland Rail Network ■ Start-up of the new company Almaviva Digitaltec, based in Naples, focused on emerging and disruptive technologies (Mobile, IoT, GIS, Big Data Analytics, …), based on lean processes, highly efficient and with low cost structures. This center at the beginning will mostly work on finance and SPC projects and on new products
CRM	■ CRM Europe: opening of the fourth site in Romania (Kraiova in February); start-up of new projects for existing clients and acquisition of a new client ■ CRM International: — The performance is starting to reflect the effects of the actions taken in the second half of the 2017 (especially in the last quarter). Improvement in commercial and operations organizations, optimization of new processes and increased utilization of Almawave proprietary technology to improve efficiency and quality — 5 new customers started operations in the 1Q 2018 — Strong improvement in EBITDA and marginality in 1Q 2018 vs 4Q 2017
Almawave	■ New contracts signed with 10 new clients within the scope of the SPC framework agreements, both with Central and Local PA ■ Strong growth in Revenues (+36%) and EBITDA (+330%) 1Q 2018 vs 1Q 2017, with increased marginality. Strong performance both in Brazil and Italy ■ Increased percentage of direct revenues vs intercompany revenues

Summary P&L

€m

€ million	2016A	2017A	3M 2017A	3M 2018A	LTM Mar-18A
Revenues	730.2	755.0	186.5	187.8	756.3
% Growth	*3.0%*	*3.4%*		*0.7%*	
Total of Revenues and Other Income	739.2	772.3	189.0	190.4	773.8
% Growth	*1.9%*	*4.5%*		*0.8%*	
Operating Costs	(677.6)	(705.0)	(174.2)	(175.3)	(707.3)
% Revenues	*92.8%*	*93.4%*	*93.4%*	*93.3%*	*93.5%*
Adjusted EBITDA	61.6	67.3	N/A	N/A	66.5
% Margin	*8.4%*	*8.9%*	*N/A*	*N/A*	*8.8%*
Non-Recurring Items	-26	(2.2)	*N/A*	*N/A*	(1.0)
% Revenues	0	*0.3%*	*N/A*	*N/A*	*0.1%*
EBITDA	35.8	65.1	14.8	15.1	65.5
% Margin	*4.9%*	*8.6%*	*7.9%*	*8.1%*	*8.7%*
D&A	(29.3)	(29.7)	(7.4)	(6.6)	(28.9)
% Revenues	*4.0%*	*3.9%*	*4.0%*	*3.5%*	*3.8%*
EBIT	6.4	35.3	7.3	8.5	36.5
% Margin	*0.9%*	*4.7%*	*3.9%*	*4.5%*	*4.8%*
Interest Expense	(25.6)	(34.5)	(7.4)	(7.1)	(34.1)
% Revenues	*3.5%*	*4.6%*	*4.0%*	*3.8%*	*4.5%*
EBT	(19.2)	0.8	(0.1)	1.4	2.4
% Margin	*(2.6)%*	*(0.1)%*	*0.1%*	*(0.8)%*	*(0.3)%*
Taxes	3.1	0.0	(1.5)	(0.6)	0.9
Group Net Income	(16.1)	0.9	(1.6)	0.8	3.3

Key Comments

- Revenue increased by 0.7% compared to 3M 2017 (+6.7% at constant currency)
- EBITDA increased by €0.3m vs 3M 2017 (+0.2%; +9.2% at constant currency), with greater incidence in IT sector, CRM Europe and Almawave
- Positive Net Income in 3M 2018 (+€2.4m vs 2017) and increasing positive trend at LTM level
- Incidence of operating costs in line with previous period
- D&A mainly related to fixed assets in the IT Division and Brazil, reduced vs 3M 2017 and FY2017
- Positive trend in interest expenses thanks to the new debt structure
- 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	2018 LTM
Adjusted EBITDA	**56.3**	**61.6**	**67.3**	**66.5**
Capex	(35.2)	(27.4)	(23.6)	(26.3)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	4.9
Adjusted Operating Cash Flow	**19.9**	**44.6**	**49.5**	**45.1**
% Adjusted EBITDA	*35.4%*	*72.5%*	*73.6%*	*67.9%*
Non-Recurring Items	-	(25.8)	(2.2)	(1.0)
Taxes	(4.0)	(1.2)	(4.2)	(4.7)
Dividend Payments	(0.1)	(0.3)	(5.4)	(5.4)
Other Items[1]	2.0	15.8	1.3	1.1
Adjusted Free Cash Flow for Debt Service	**17.8**	**33.1**	**39.0**	**35.2**

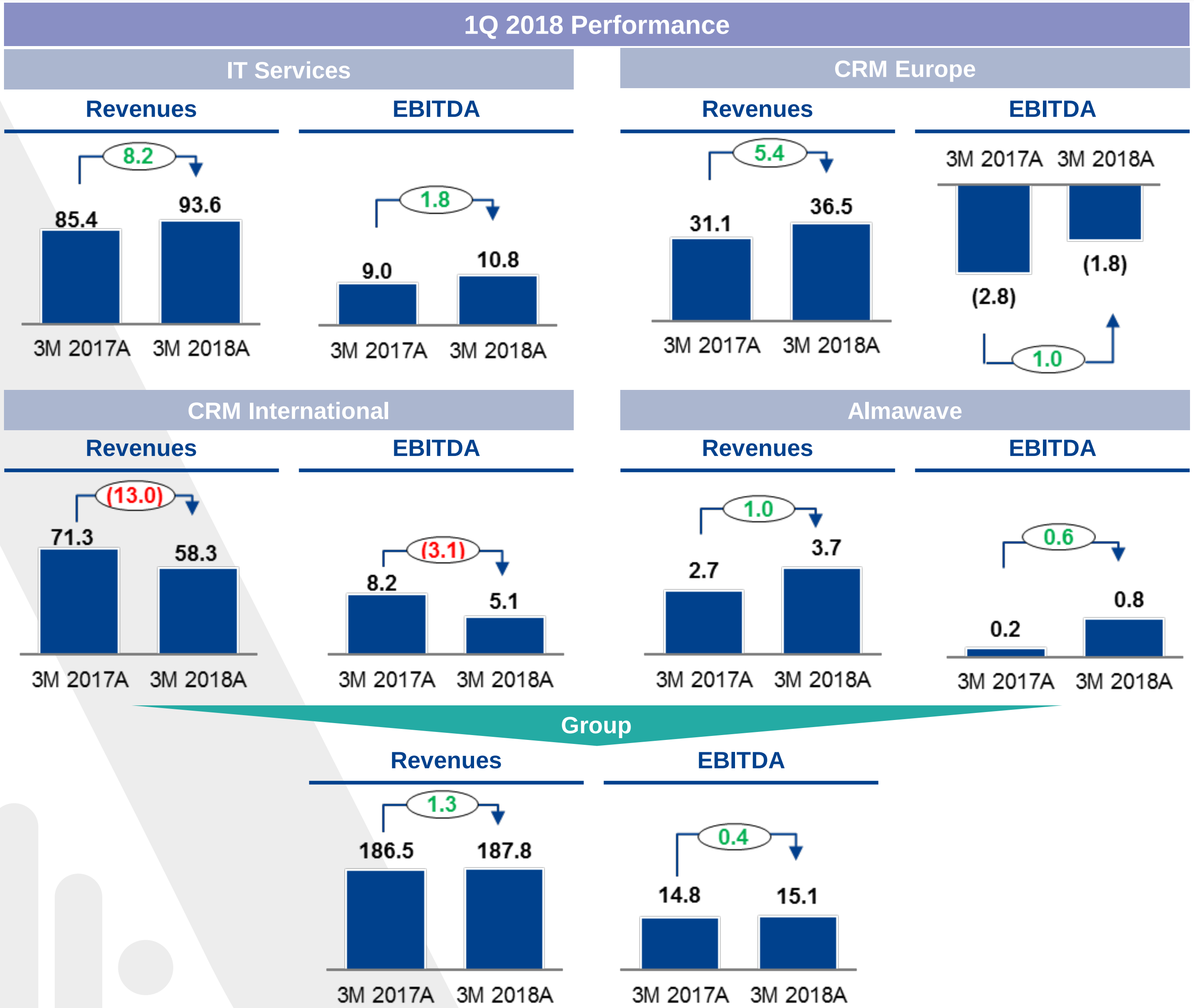
Key Comments

- Capex increased by €2.7m 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
- Change in working capital driven by DRO and DPO management
- Stable operating cash flow, achieved through an increase in productivity and a continuous cost optimization process
- Decrease in non recurring items EBITDA adjustments related to the reorganization of the CRM Europe
- 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 Almawave do Brasil
- Other items in 2018 mainly includes the second receip for the sale of SIN (€1.9m) and the first part of the acquisition of SADEL (€0.9m)
- Dividend payment includes €4.5m to Almaviva S.p.A. shareholders and €0.9m related to Lombardia Gestione

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

Key Financials By Division

€m



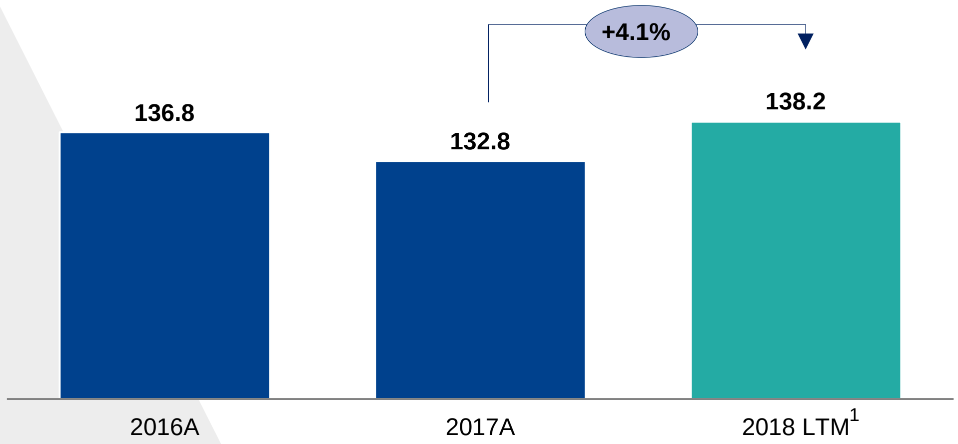
Key Comments

- Growth YoY in 3M 2018 at Revenues, EBITDA and EBITDA margin (8.1% vs 7.9% in 2017) level except for CRM International
- Strong EBITDA recovery in 1Q 2018 vs 4Q 2017 in CRM International
- CRM International decrease in EBITDA due to
  - Reorganization of the Commercial and Operations divisions
  - Development and optimization of new operating processes and increased utilization of technology to improve efficiency and quality
  - Development of a dedicated business area focused on telesales

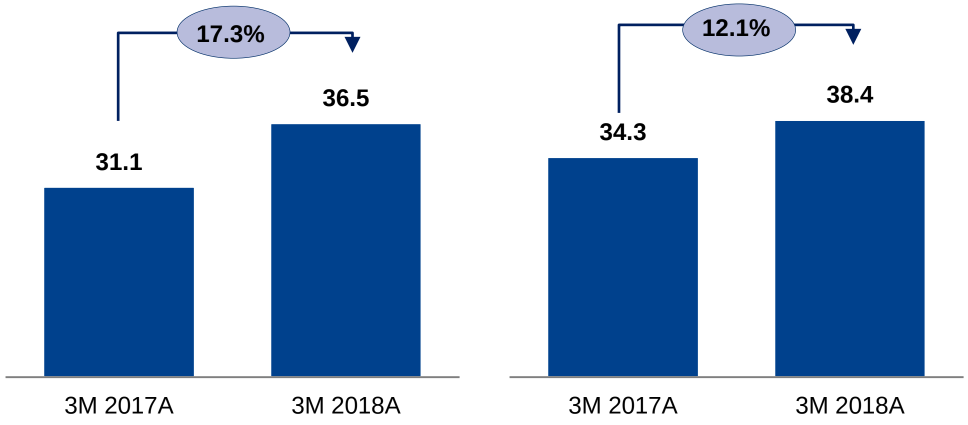
CRM Europe

Key Financials

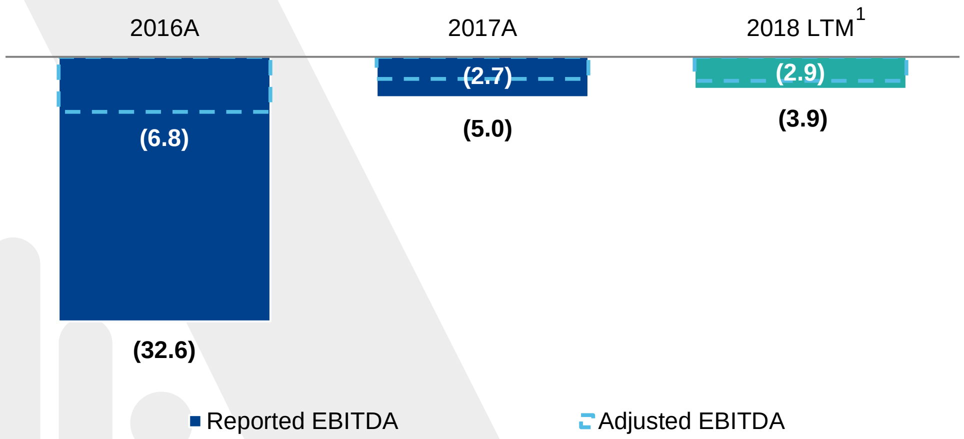
Revenues (€m)



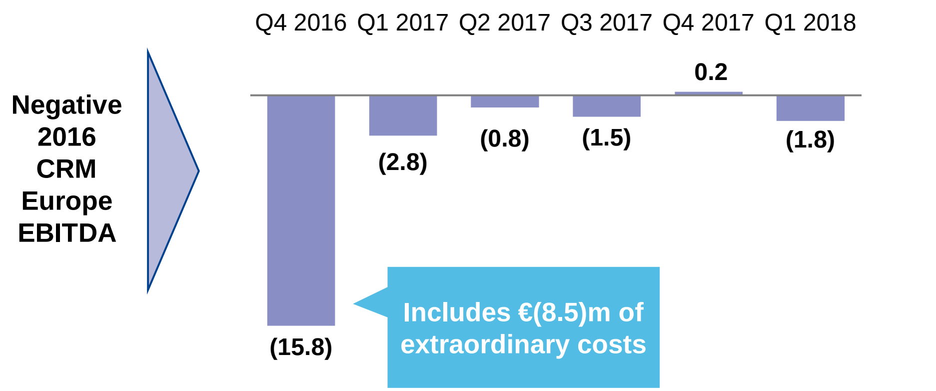
3M 2018A Update - Revenues and Operating Costs (€m)



EBITDA (€m)



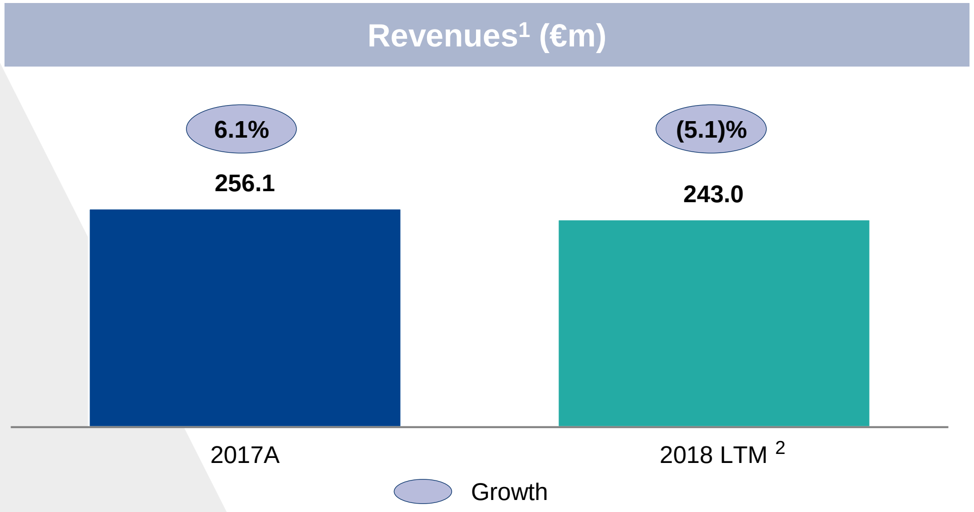
Quarterly Reported EBITDA Evolution (€m)

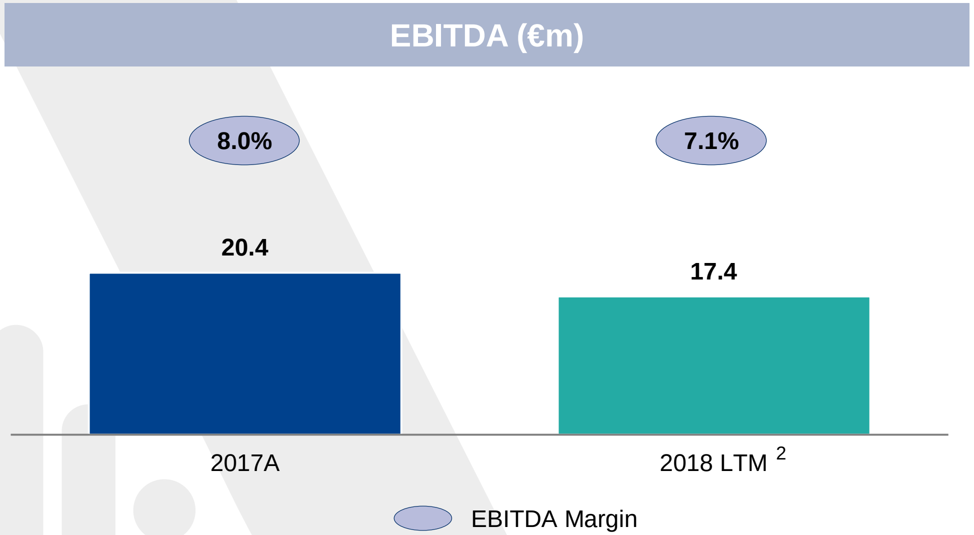


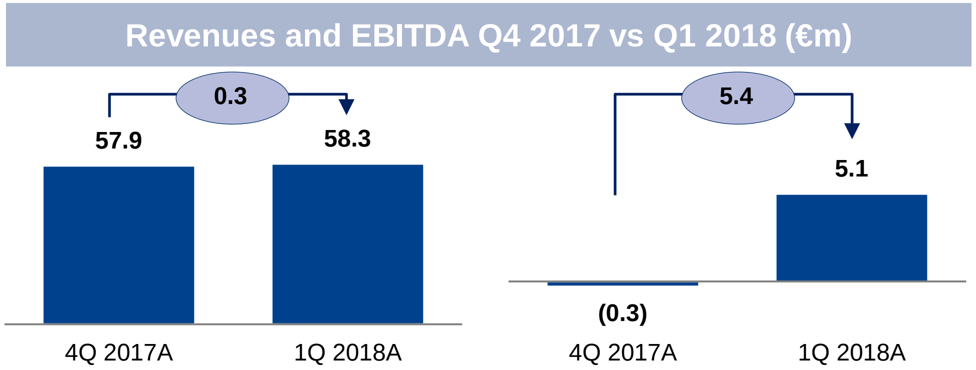
(1) As of 31-Mar-2018

CRM International

Key Financials







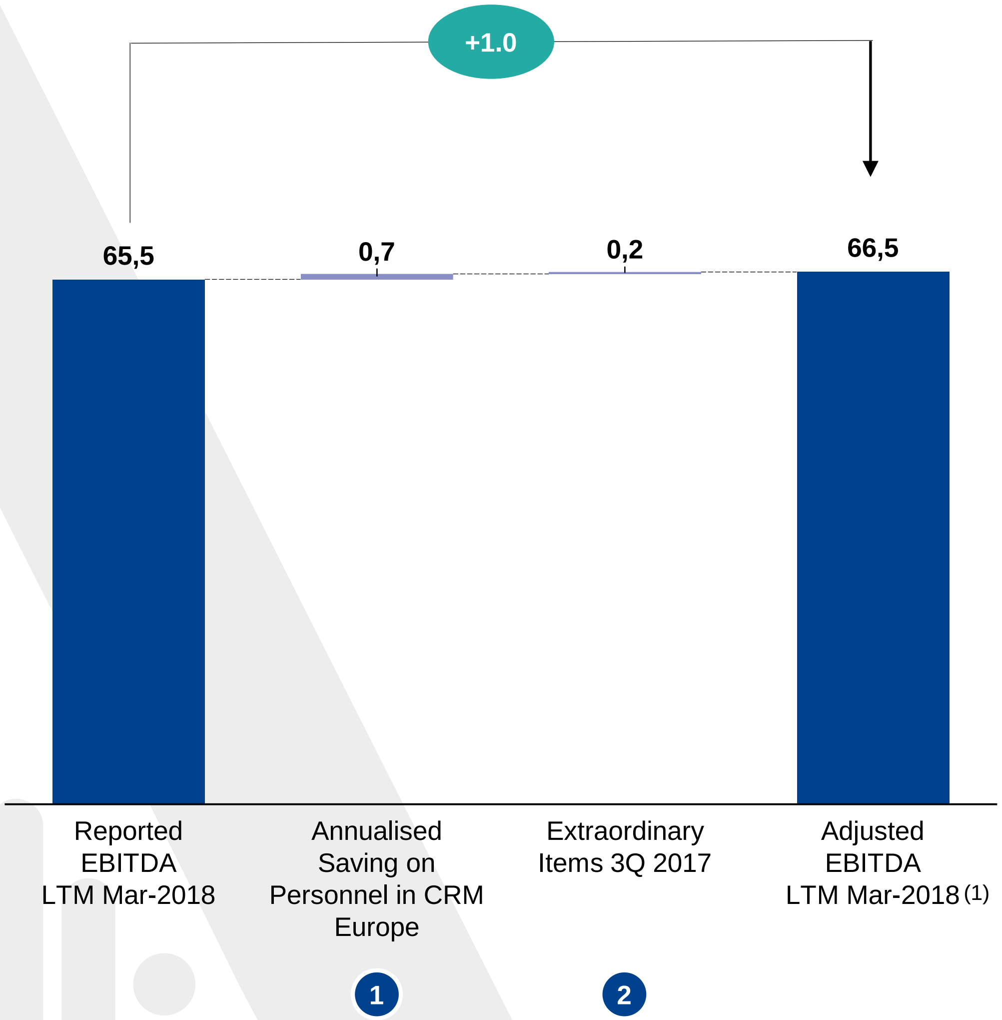
- 2017 weak performance mainly driven by internal operating and quality issues with few major clients and the more aggressive rebates negotiations from most of the Telco clients as a consequence of the significant reduction in their margins
- In order to manage the operating issues, Almaviva do Brazil launched a deep reorganizational process focused on:
  - New managers and reorganization of the Commercial and Operations divisions
  - Development and optimization of new operating processes and increased utilization of Almawave proprietary technology to improve efficiency and quality
  - Development of a dedicated business area focused on telesales
- These actions led to increased costs (e.g. people layoff and new hiring, commercial structure, technology) in Q3 and Q4 2017, which depressed margins
  - EBITDA margins also depressed by switch from capex to opex related to workstations
- The Company expects that the extraordinary actions undertaken in 2017 will lead to a consistent improvement in revenues and EBITDA in the next years, realigning its profitability to previous levels. These actions are already showing results in 1Q 2018
  - Clients recognised a top ranking in the quality of its services
  - 5 new customers in the last months (some in new sectors different from Telco)
  - Growth in volumes forecasts from clients for the next months

(1) at current currency
(2) as of Mar-2018

Overview of LTM Adjusted EBITDA - Group

€m

Overview of EBITDA Adjustments



Key Comments

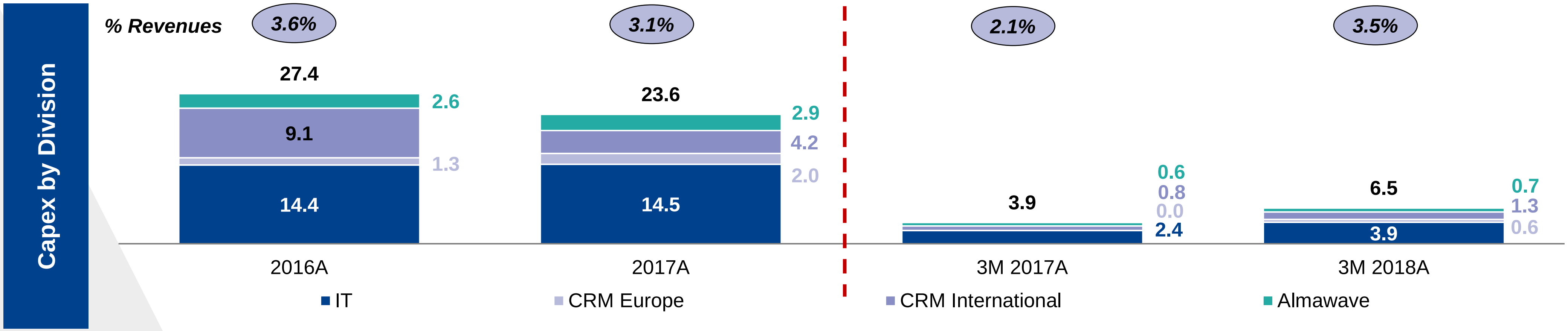
1. Savings on Personnel: €0.7m (pro rata)
   - Cost savings of €0.7m due to new labour agreements in Palermo became effective in Jun-2017
2. 3Q 2017 Extraordinary items: €0.2m
   - This relates to the extraordinary costs to manage the reorganization of the sites in Palermo

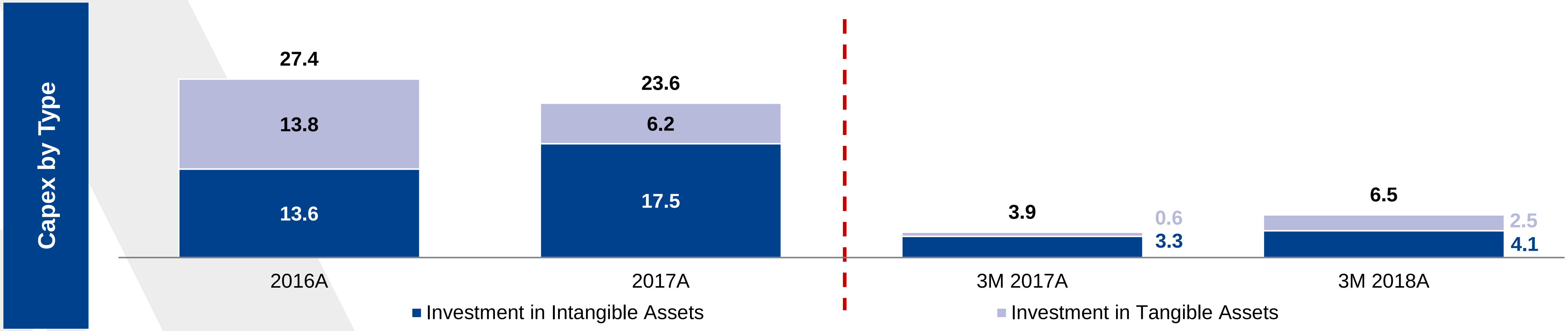
Source: Company information

(1) After accounted savings (€0.7m) and extraordinary items (€0.2m).

Capex Overview

€m





Capitalisation Structure as of 31-Mar-2018

AlmavivA

Pro Forma Capitalisation

€m	Amount	xLTM Mar-18 Adj. EBITDA	Pricing	Maturity
Cash and cash equivalents	(74.9)			
Total current and non-current financial assets[(1)]	(10.9)			
Senior Secured Notes	**250.0**		**7.25%**	**Oct-2022**
Super Senior RCF	20.0			
Other financial liabilities[(2)]	17.3			
Total Gross Debt	**287.3**	**4.3x**		
Total Net Debt	**201.5**	**3.0x**		
LTM Mar-18 Adjusted EBITDA		**66.5**		
Super Senior RCF (Undrawn)	20.0		E+450bps	Feb-2022

Key Credit Stats (LTM Mar-18)

- Net Total Leverage: 3.0x
- Interest Coverage Ratio: 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 (€8.8m) and leasing

Appendix

Summary Cash Flows

3M 2018 vs. 3M 2017 | €m

€ million	2015A	2016A	2017A	3M 2017A	3M 2018A
EBITDA	56.3	35.7	65.1	14.8	15.1
Capex	(35.2)	(27.4)	(23.6)	(3.9)	(6.5)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	(13.2)	(14.1)
Operating Cash Flow	19.9	18.8	47.3	(2.3)	(5.5)
% EBITDA	*35.4%*	*72.5%*	*72.7%*	*(15.5)%*	*(36.0)%*
Taxes	(4.0)	(1.2)	(4.2)	(0.2)	(0.7)
Dividend Payments	(0.1)	(0.3)	(5.4)	-	-
Other Items[1]	2.0	15.8	1.3	0.0	(0.1)
Free Cash Flow for Debt Service	17.8	33.1	39.0	(2.5)	(6.2)
Reversal of Change in Overdue VAT	32.6	2.0	(56.2)	1.6	-
Total Free Cash Flow	50.4	35.1	(17.2)	(0.9)	(6.2)

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