Almaviva

2020 Q3
Results Presentation

November 2020

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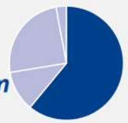
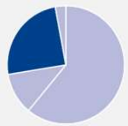
Overview of AlmavivA

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		Almawave Conversation in action
LTM[1] Revenue (% of Total)	 € 538 m 61%	 € 101 m 11%	 € 218 m 25%	 € 26 m 3%
Countries				
Products & Services Offering	■ Cloud Computing & Consulting ■ Digital Change ■ Knowledge of Everything ■ System Integration ■ Cyber Security ■ Passenger Information Systems solutions & devices ■ Virtual & Augmented Reality ■ Real Time CGI	■ In- and outbound services ■ Multi-channel solutions ■ Back-office document management ■ Consulting and process reengineering ■ Advanced analytics ■ Process automation		■ AI and NLU ■ AI Core Technologies ■ Speech and text (>30 languages) ■ Knowledge Management and Link Analysis ■ Customer Experience Platforms (front end) ■ Conversational Platforms (voice and text)
Business Areas	■ Transport ■ Public administration ■ Finance ■ Utilities ■ Industry ■ Other	■ Telco & Media ■ Transport ■ Utilities ■ Government ■ Finance ■ Others		■ Telco & Media ■ Transport ■ Government ■ Finance ■ Utilities ■ Energy

Source: Company Information and financials.
2019 and 2020 figures consider the effects of the adoption of the new accounting principles IFRS 16 that came into effect on 1st January 2019.
(1) As of September 30, 2020, excluding €15.7m of intragroup eliminations.

Key Financial Highlights

9M 2020

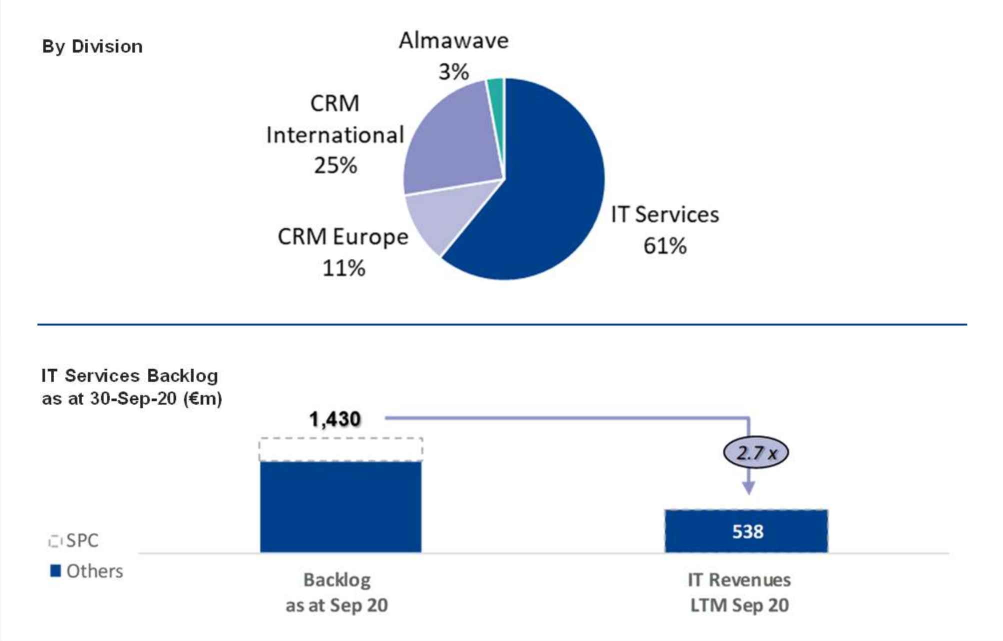
Key Highlights

- Group Revenue at €631.8m, in line with 9M 2019 at current currency; +€48.0m at constant currency (€679.8m, +7.6%); like-for-like(1) Group Revenues at €599.6m, at constant currency €637.6m (+0.9% vs 9M 2019)
- Group Reported EBITDA at €80.3m, increased by €10.8m (+15.5%) compared to 9M 2019, +€18.4m at constant currency (€87.9m, +26.5%); like-for-like(1) Group EBITDA at €74.6m (+7.3% vs 9M 2019), at constant currency €80.4m (+15.7% vs 9M 2019)
- 9M 2020 EBITDA margin at 12.7% (+171 bps vs 9M 2019)
- Capex at €22.1m (if not considering IFRS16 effect, Capex at €18.5m, slightly increasing vs 9M 2019 due to the acquisition of Chain)
- Positive Net Result at €25.5m (+€18.6m, +269.7% vs 9M 2019)

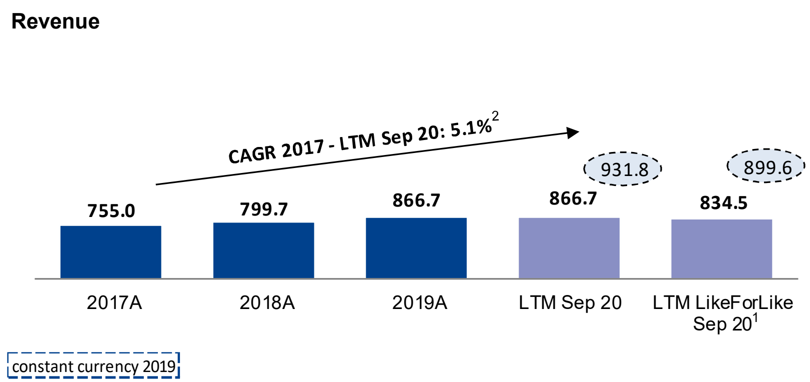
Key Statistics

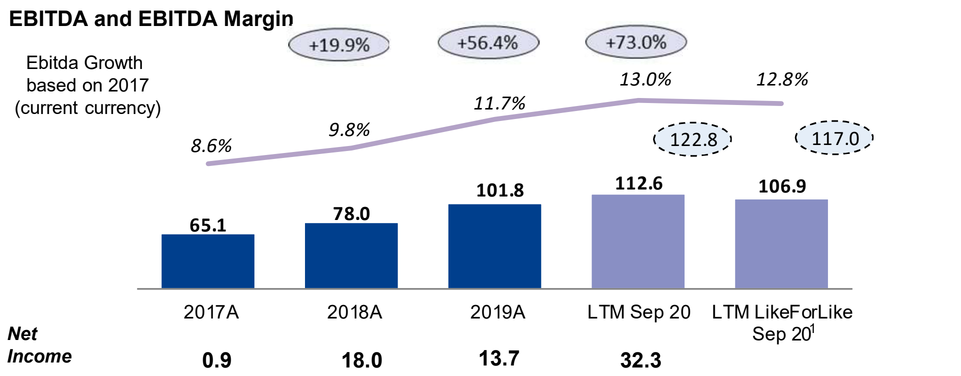
- IT backlog covers ~3 times the LTM Sep-2020 IT Services Revenues (with Revenues grown by €50.3m or 10.3% vs LTM Sep-2019)
- Continuous LTM Revenue growth (CAGR 5.1%)
- Net Debt at current currency at €242.9m, notwithstanding the acquisition of Chain (~ €11.0m)
- Leverage at 2.2x, 0.4x better than 2.6x as at September 30th 2019
- Cash position increased vs 9M 2019 (€88.2m vs €70.0m, +26.0%) notwithstanding the negative FX exchange effect (€103.5m at constant currency)

LTM Sep-2020 Revenue Breakdown and Current Backlog



Key Financials (€m)





2019 and 2020 figures consider the effects of the adoption of the new accounting principles IFRS 16 that came into effect on 1st January 2019.

(1) Like-for-like perimeter before the acquisition of Chain.

(2) At current currency.

Key Operating Performance Highlights

Q3 2020

ITC Services

- Extension in February of Gruppo Ferrovie dello Stato current contract until Dec-21 (up to €700m, of which 63% - up to €441m - Almaviva share)
- Extension in May 2020 of SPC L4 framework agreement (€90.0M, 72.75% Almaviva Group share)
- Around €790m new contracts signed in 9M 2020 (€110m in Q3 2020) in the IT division (including the renewal of the contract with Gruppo Ferrovie dello Stato), of which around 24% under the SPC framework agreements, 78% Transportation, 14% Finance and 2% other sectors
- Increased penetration in public central and local administration; as of October 2020, €552m contracts already signed with PA on the back of the SPC L3 and L4 framework agreements (€161m in 9M 2020). New clients acquired both in central (26) and local PA (115, mainly Regions), 4 in Q3 2020
- With reference to Gruppo Ferrovie dello Stato delayed tender process, as of today:
  - the first tender issued by RFI has been awarded to Almaviva (regarding "Traffic planning and management", €90m, 52.6% share, 5y)
  - the three tenders issued so far ("Smart Stations", "ICT Infrastructure Systems Management" and "Contact Center") have been cancelled and shall be re-issued in the next periods
  - albeit a comprehensive plan of the tenders is not yet available, we expect that a first set of the new tenders will be issued within 2020
- Around €2.5b new tenders in Public Administration already issued or awaited during 2020 and first part of 2021
- New contract awarded in UK with a major rolling-stock builder for the supply of onboard information systems (€20.0m, 3y) and new contracts signed in USA with FCA for the supply of car configurators and 3D visual technology
- Awarding in Q3 2020 of a significant application and systems management contract with one of the most important Italian banks covering all foreign branches
- Establishment of the new subsidiary Almaviva Saudi Arabia in Riyad, to manage the new contracts in Saudi Arabia and in the Middle East
- Small acquisitions in the radar screen focused on enhancing the offering and presence in some specific verticals, both in private and public customers

Almawave

- Continuous strong revenues increase (+32.8% vs Q3 2019), also thanks to the development of the SPC framework agreements
- Strong 9M Ebitda performance (€4.0m vs €2.7m, +48.0%) not considering R&D tax credits in Q2 2019 (€0.7m)
- As of today, more than 60 clients served in finance, utilities and large distribution. As of September 2020, within the scope of the SPC framework agreements, 50 clients acquired both in central and local PA (12 new ones in 2020)
- New Query Framework module within Iride Wavebot supporting new Virtual assistants queries to structured data in natural language in a dialog fashion
- Acquisition of a new spinoff (ARTE s.r.l.) with Naples University focused on Artificial Intelligence (shares Almaviva Digitaltec and Almawave); increased partnership with academic world and univerities to increase research in specific sectors
- New contract acquired by Pervoice regarding real time NLU translation and transcription for the European Parliament
- The percentage of direct / third party revenues keeps growing vis a vis intercompany revenues (80% vs 67% in Q3 2019)

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

Key Operating Performance Highlights

Q3 2020

CRM

CRM EUROPE

- Immediate set up of smart-working (>90% of the workforce delivering services in smart-working modalities), costs containment and actions to improve efficiency, as well as the use of social buffers connected to the covid-19 emergency
- Focus on cost by reducing dependency on third party suppliers and be more efficient in deployment of own personnel (e.g. team leaders solving more complex issues instead of operators currently)
- Rightsizing actions focused on profitable services/products and clients as well as no longer pursuing some existing less profitable contracts
- Workforce in constant reduction in Italy: 3,703 in October 2020 vs 7,906 in December 2015 (-4,203 employees, -53.2%); 3,768 employees in September 2020 vs 5,408 in September 2019 (-1,640 or -30.3%). Employees layoffs connected to the dismissal of negative marginality contracts
- Regarding the Palermo site, ongoing activities with clients, Government and trade unions to re-shore volumes to Italy with guaranteed fair tariffs to ensure economic viability

CRM INTERNATIONAL

- Following the Covid-19 outbreak, the Brazilian Federal Government enacted provisional measures (Medidas Provisórias) aimed to assist the country's economy (through the injection of 1.2 trillion reais liquidity and the allocation of resources to health) and to support employment (contract prorogations and welfare programs)
- Since August 2020 Selic rate at a record low of 2%, 250 bps reduction vs year-end 2019
- Good performance of the recently acquired company "Chain“ (financial sector)
- Telco revenues reduction offset by the acquisition of a new customer in the financial sector and the increase in volumes of recently acquired new customers (mainly operating in the financial sector)
- Strong YTD Sep-2020 Ebitda margin performance at 15.9%
- Large-scale implementation of smart-working modalities (approximatively 17.000 headcount)

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

Summary P&L

€m

€ million	2019A	YTD Sep 19	YTD Sep 20	LTM Sep 20
	IFRS 16	IFRS16	IFRS16	IFRS16
Revenues	866.7	631.8	631.8	866.7
% Growth	*8.4%*		*0.0%*	*8.4%*
Total of Revenues and Other Income	886.8	639.2	642.6	890.2
% Growth	*7.8%*		*0.5%*	*8.2%*
Operating Costs	(785.0)	(569.7)	(562.3)	(777.6)
% Revenues	*90.6%*	*90.2%*	*89.0%*	*89.7%*
Adjusted EBITDA	101.8	69.5	80.3	112.6
% Margin	*11.7%*	*11.0%*	*12.7%*	*13.0%*
Non-Recurring Items	-	-	-	-
% Revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*
EBITDA	101.8	69.5	80.3	112.6
% Margin	*11.7%*	*11.0%*	*12.7%*	*13.0%*
D&A	(41.6)	(30.8)	(29.4)	(40.2)
% Revenues	*4.8%*	*4.9%*	*4.7%*	*4.6%*
EBIT	60.3	38.8	51.0	72.5
% Margin	*7.0%*	*6.1%*	*8.1%*	*8.4%*
Interest Expense	(37.9)	(24.4)	(23.4)	(37.0)
% Revenues	*4.4%*	*3.9%*	*3.7%*	*4.3%*
EBT	22.3	14.4	27.6	35.5
% Margin	*2.6%*	*2.3%*	*4.4%*	*4.1%*
Taxes	(8.7)	(7.5)	(2.1)	(3.3)
Group Net Income	13.7	6.9	25.5	32.3

Key comments

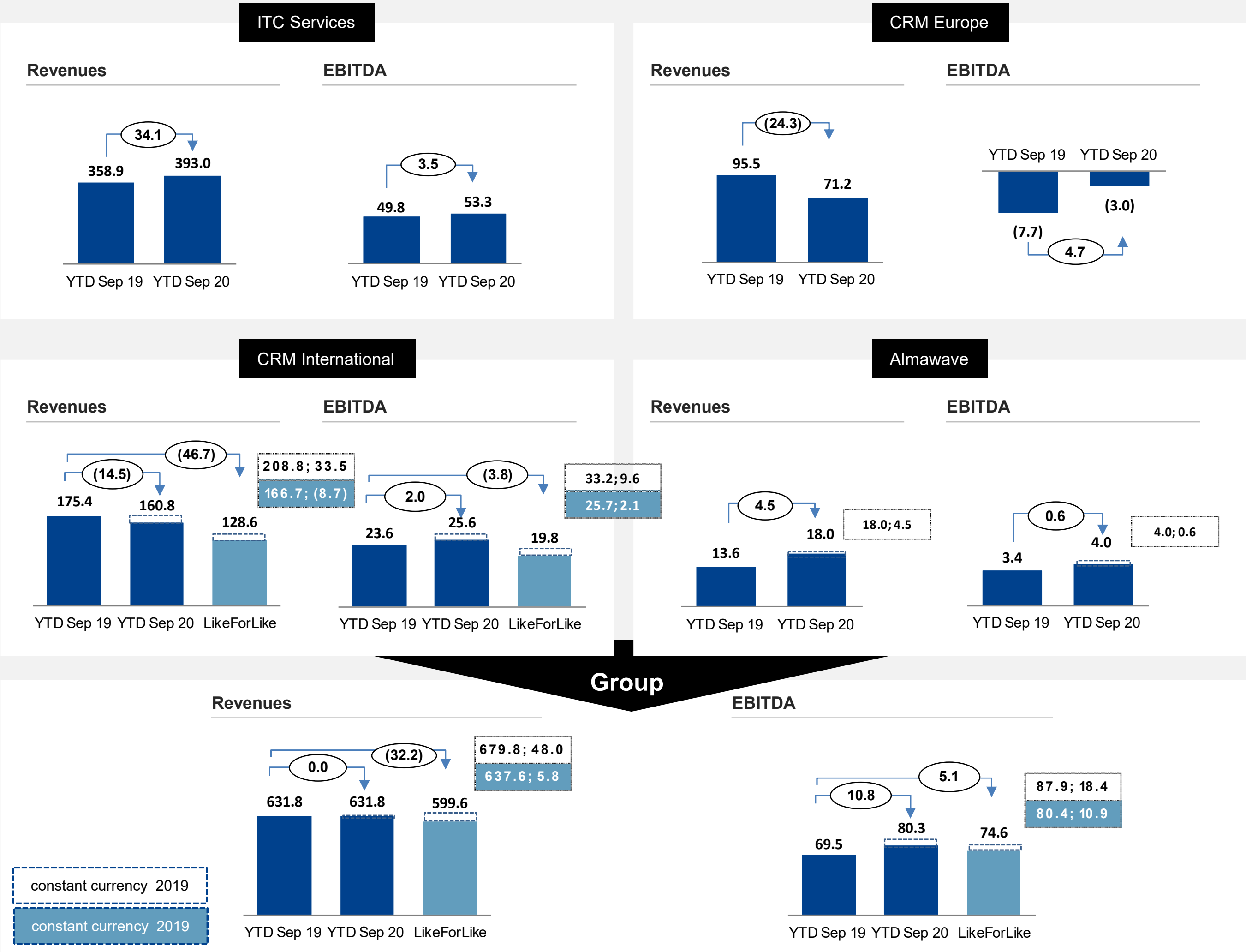
- 9M 2020 Revenues in line with previous year
- 9M 2020 EBITDA increased by €10.8m, +15.5% vs 9M 2019
- 9M 2020 EBITDA margin increased (12.7% vs 11.0% in 9M 2019), +171 bps
- Operating costs as a percentage of Revenues better than 9M 2019
- 9M 2020 EBIT better than 9M 2019 (€51.0m vs €38.8m, +31.6%)
- D&A, mainly related to fixed assets, in IT Division and Brazil, in line with 9M 2019
- 9M 2020 EBT at €27.6m (+91.6% vs 9M 2019)
- Interest expense better than 9M 2019, notwithstanding a negative FX change effect of €1.1m
- Taxes decreased vs 9M 2019 due to the recovery of fiscal losses carried forward, the FX impact and the increase of deferred taxes in Brazil

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.
(1) Interest Expense includes FX change effect of €1.1m in 9M 2020.
(2) Like-for-like perimeter before the acquisition of Chain.

Key Financials By Division

€m

Sep-2020 Year To Date Performance



Key comments

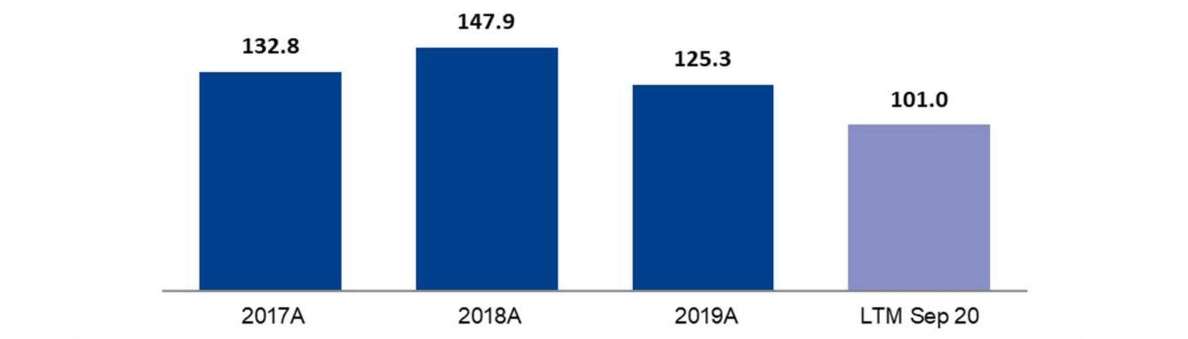
- In 9M 2020 growth in EBITDA (+€10.8m, +15.5%) compared to 9M 2019
- Group performance impacted by FX effect. At constant currency 9M 2019, +€48.0m in Revenues (€679.8m vs €631.8m in 9M 2019, +7.6%), +18.4m in EBITDA (€87.9m vs €69.5m in 9M 2019, +26.5%)
- Group EBITDA margin increased (12.7% vs 11.0% in 9M 2019, +171 bps)
- IT Services keeps growing in 9M 2020 both in Revenues (+€34.1m, +9.5%) and EBITDA (+€3.5m, +7.0%) compared to 9M 2019
- CRM Europe Revenues impacted by right-sizing, while Ebitda improved vs 9M 2019 (+4.7m)
- CRM International increase in Ebitda (€2.0m, +8.4%) and marginality (15.9% vs 13.5%) in 9M 2019 at current currency; CRM International growth in Revenues (+€33.5m, +19.1% vs 9M 2019) and Ebitda (+€9.6m, +40.6% vs 9M 2019) at constant currency
- CRM International like-for-like Revenues at €166.7m and Ebitda at €25.7m (+€2.1m vs 9M 2019) at constant currency
- Almawave significant growth in Revenues (+32.8% vs 9M 2019) and Ebitda (+17.3% vs 9M 2019, +48.0% if not considering the effect of €0.7m R&D tax credits in Q3 2019)

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

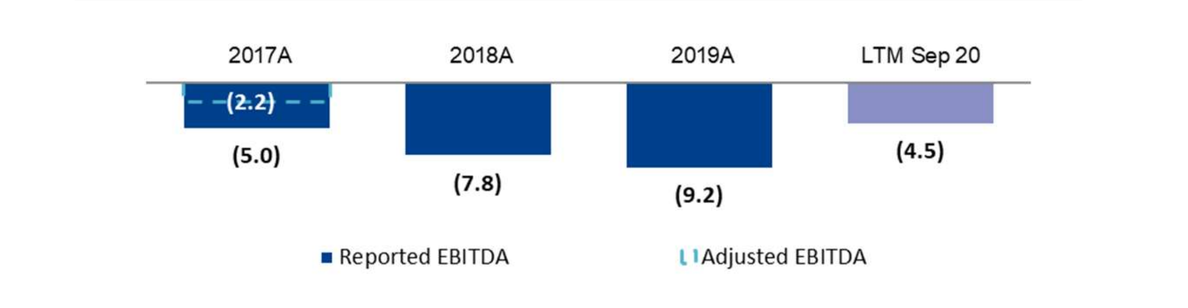
CRM Europe

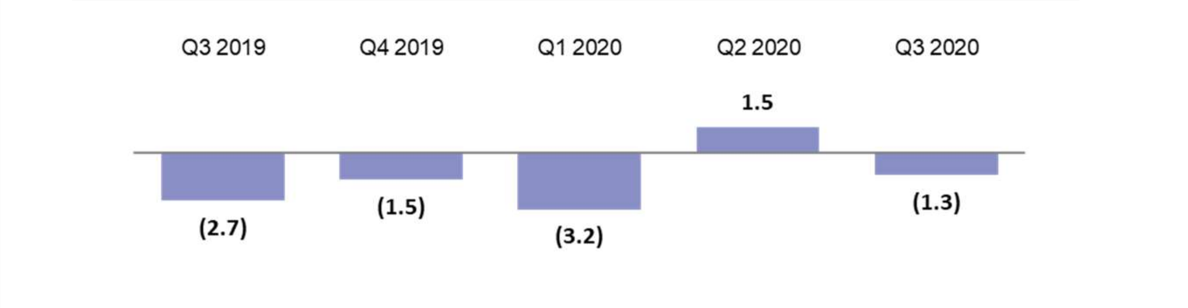
Key Financials

Revenue (€m)



EBITDA (€m)





Key comments

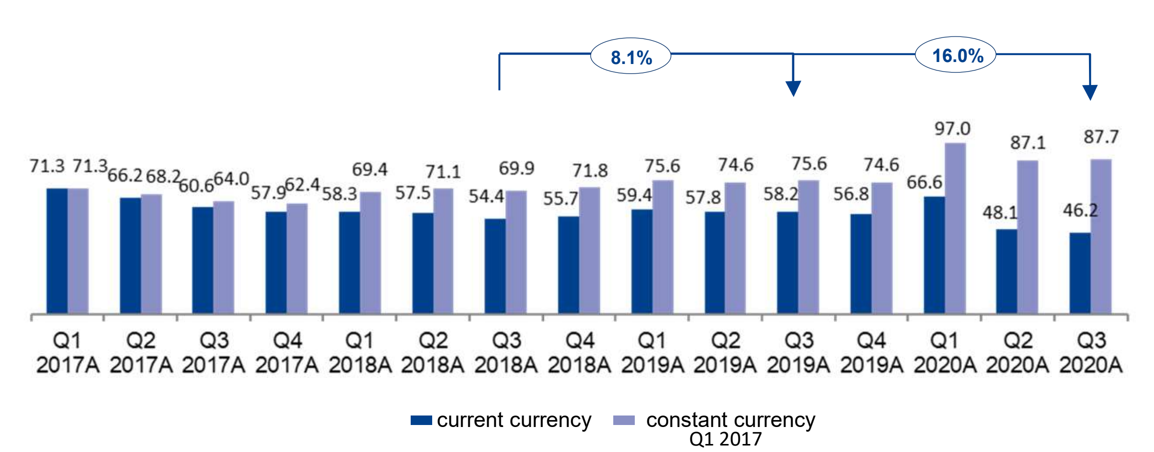
- Q3 2020 Ebitda better than Q3 2019, with a significant reduction of loss
- Actions launched in previous quarters meant to improve the sites overall operational structure efficiency and to promote costs containment
- 9M 2020 EBITDA also impacted by extraordinary costs related to the management of Covid-19 emergency for €0.5m in Q2 and Q3 2020
- >90% of the workforce delivering services in smart-working (including the dedicated information service number 1500)
- Since 2015, CRM Europe's workforce has been consistently reduced in line with "rightsizing" of business operations and focus on only profitable relationships and products. As of October 2020, workforce reduction of 995 (-20.9%) vs December 2019 and of 4,203 vs December 2015 (-53.2%)
- Regarding the Palermo site, current agreement concerning the CIGS (social buffer) extended until March 2021; the parties involved (government, trade unions, clients) shall further discuss volumes reshoring and fair tariffs in line with labor costs

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

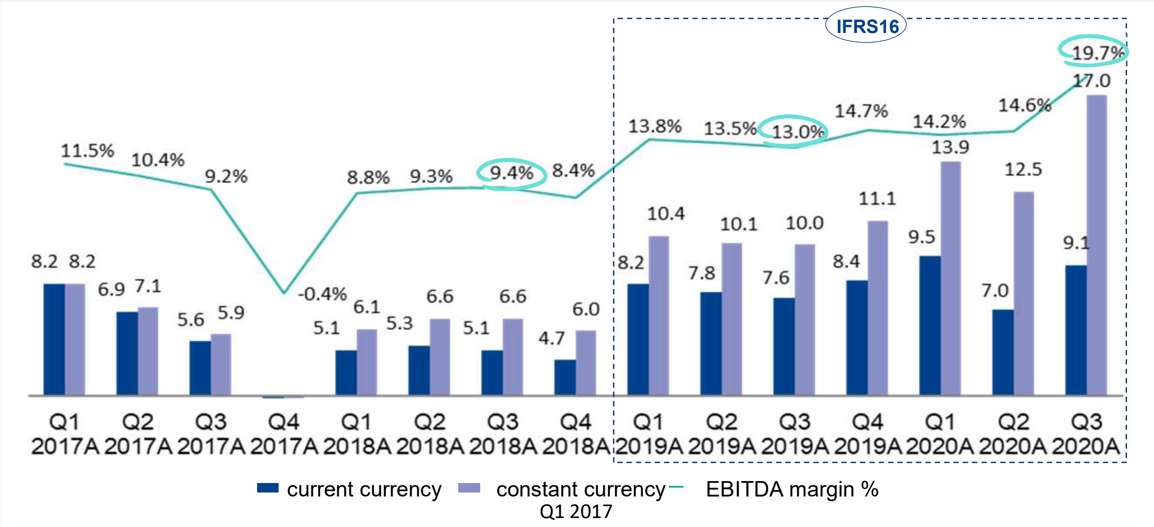
CRM International

Key Financials

Revenue (€m)

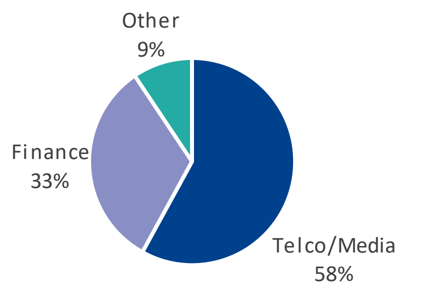


EBITDA (€m)

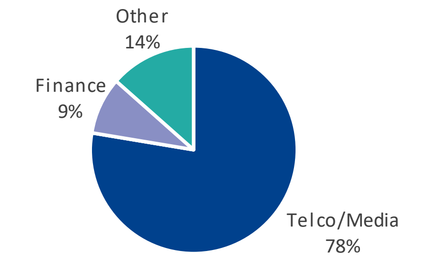


Revenue Breakdown

9M 2020



9M 2019



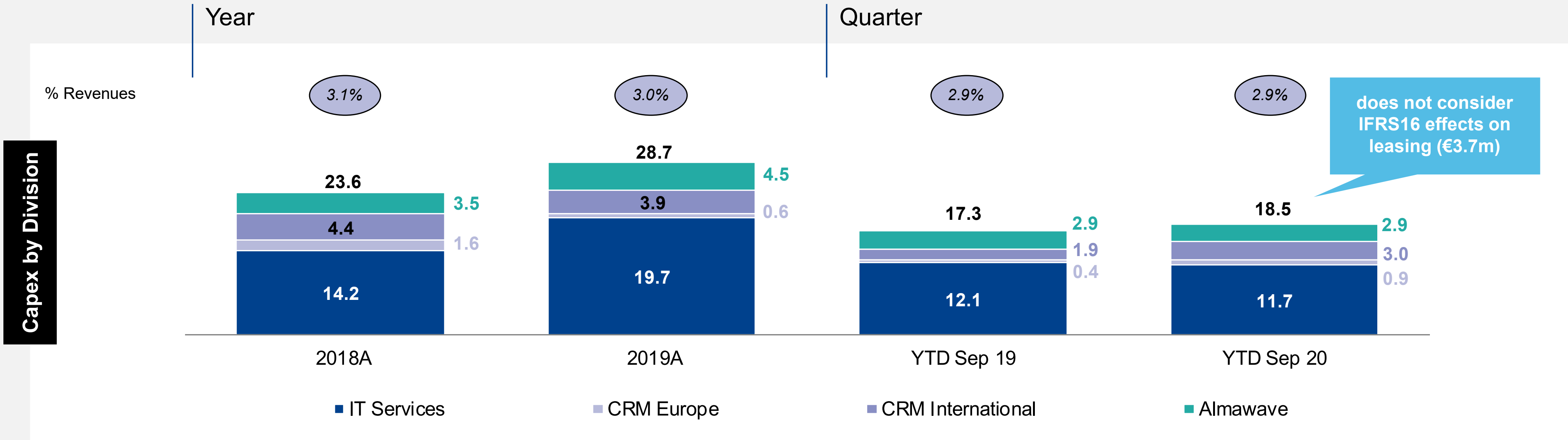
Key comments

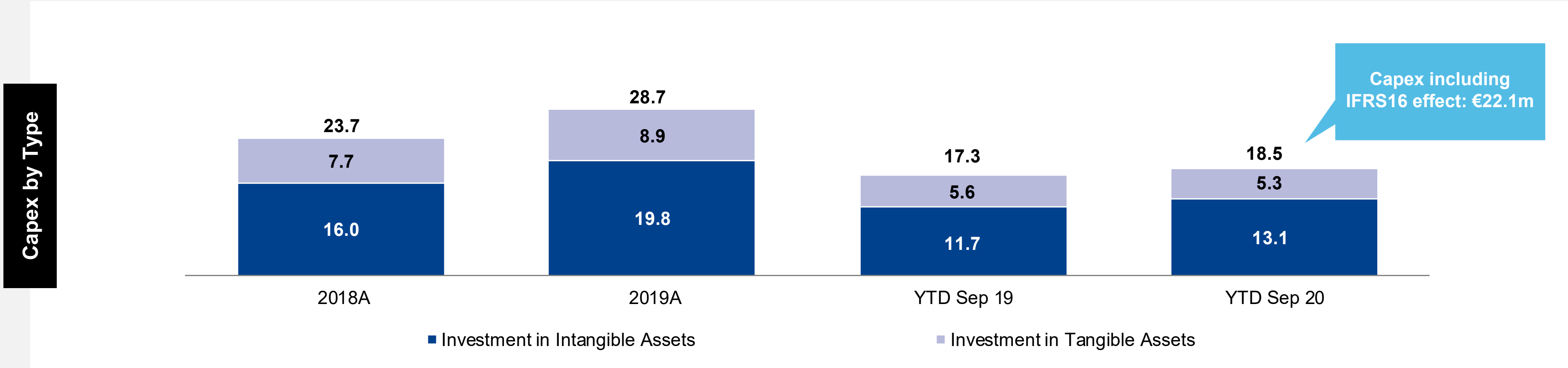
- Q3 2020 Revenues better than Q3 2019 (+€12.1m, +16.0%) at constant currency
- Q3 2020 EBITDA better than Q3 2019 at current (+€1.5m, +19.9%) and constant currency (+€6.9m, +68.9%)
- Q3 2020 EBITDA margin better than Q3 2019 (+19.7% vs 13.0%, +670 bps) and Q3 2018 (+19.7% vs 9.4%, +1030 bps)
- Extraordinary performance with an EBITDA margin higher than 14% in the last 4 quarters and an extraordinary performance at 19.7% in Q3 2020
- Customers and industries diversification thanks to the completion of the acquisition of Chain with a strong reduction of telco/media weight on the overall portfolio

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

Capex Overview

€m





Capex do not consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.
2018 Investment in Intangible Assets does not include the financial acquisition of Sadel.
YTD Sep-2019 Capex does not include the goodwill of Wedoo (~€0.6m).

Summary Cash Flows

€m

€ million	YTD Sep 19	YTD Sep 20
Adjusted EBITDA	**69.5**	**80.5**
Capex	(16.7)	(18.5)
(Increase) / Decrease in Normalised Working Capital	(17.8)	(10.7)
Adjusted Operating Cash Flow	**35.1**	**51.3**
% Adjusted EBITDA	*50.5%*	*63.8%*
Non-Recurring Items	-	-
Taxes	(3.7)	(4.1)
Adjusted Free Cash Flow for Debt Service ante Dividend Payments and Other Items	**31.4**	**47.2**
Dividend Payments	(0.6)	(0.7)
Other Items(1)	(0.3)	(10.4)
Adjusted Free Cash Flow for Debt Service	**30.5**	**36.1**

Key comments

- Strong Free Cash Flow for Debt Service in 9M 2020 with a total generation of €36.1m (+18.3%)
- Excluding the acquisition of Chain ("Other Items") generation of around €47.0m (+51.0%)
- 9M 2020 Capex at €18.5m without considering the IFRS16 effect, slightly increasing vs 9M 2019 due to the acquisition of Chain
- Change in working capital is mainly driven by a decrease in receivables/WIP, a reduction in provisions, an increase in other current assets
- Tax benefit from the recovery of fiscal losses carried forward at consolidated level and reduced tax payment in Brasil following the impact of FX effect
- Other Items include the acquisition of Chain

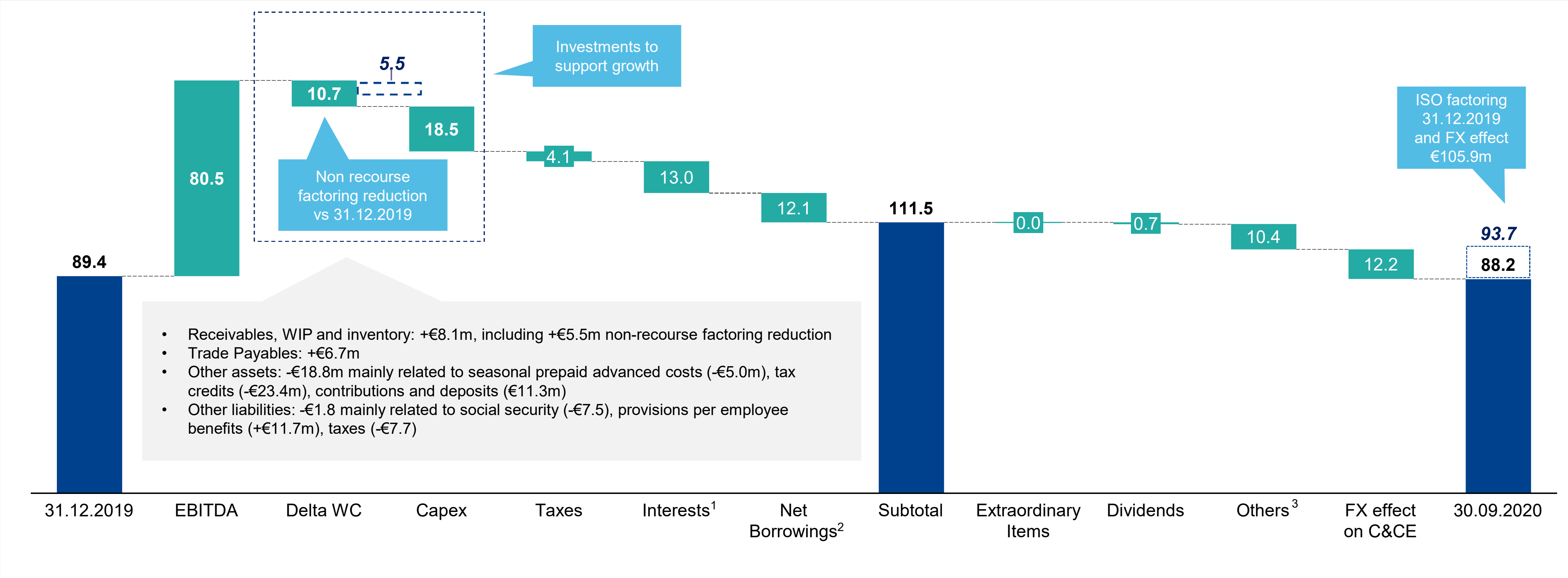
2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

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

Cash Flow

Strong operative performance with outstanding cash flow generation

Cash Balance (€m)



Key comments

- Strong operative performance with EBITDA increase (+€10.8m, +15.5% at Group level vs 9M 2019)
- Minor impact on working capital needs notwithstanding the support to revenues increase (+€7.1m at Group level vs 9M 2019) mainly in IT sector
- Impact on working capital needs of non-recourse factoring utilization for €5.5m vs December 2019
- Decrease of RCF utilization in Q3 2020 (-€3.0m vs Q3 2019) and in line with December 2019 (€15.0m)
- Cash & Cash Equivalents adjusted by factoring and FX effect at €105.9m

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

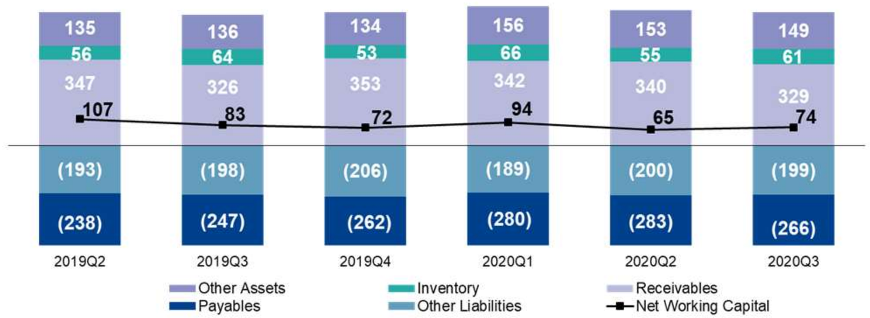
(1) (2) Include leases repayments.

(3) Includes the acquisition of Chain.

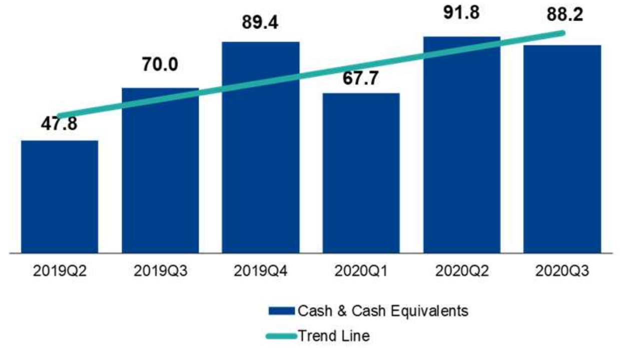
Financial Highlights

Solid liquidity position with several undrawn resources available

Working Capital (€m)

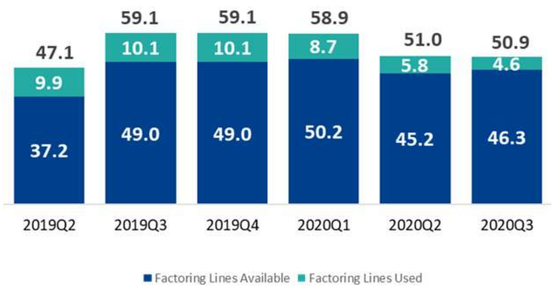


Cash & Cash Equivalents (€m, current currency)

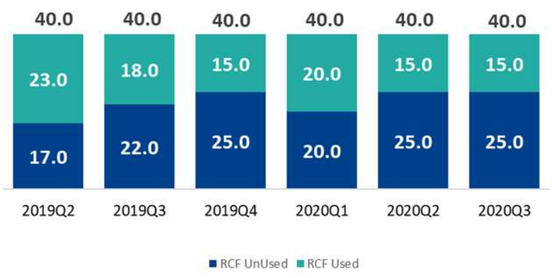


Factoring without Recourse & RCF (€m)

Factoring WO Recourse

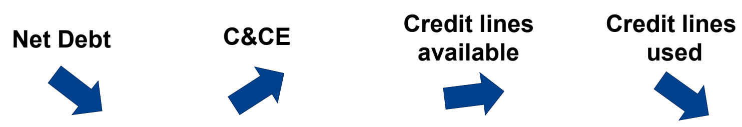


RCF



Net Debt (€m)

	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
Net Debt	(274.3)	(259.0)	(278.9)	(239.0)	(242.9)
Delta vs Previous Q		15.3	(19.9)	39.9	(3.9)
Delta vs 2019Q3		15.3	(4.6)	35.3	31.4

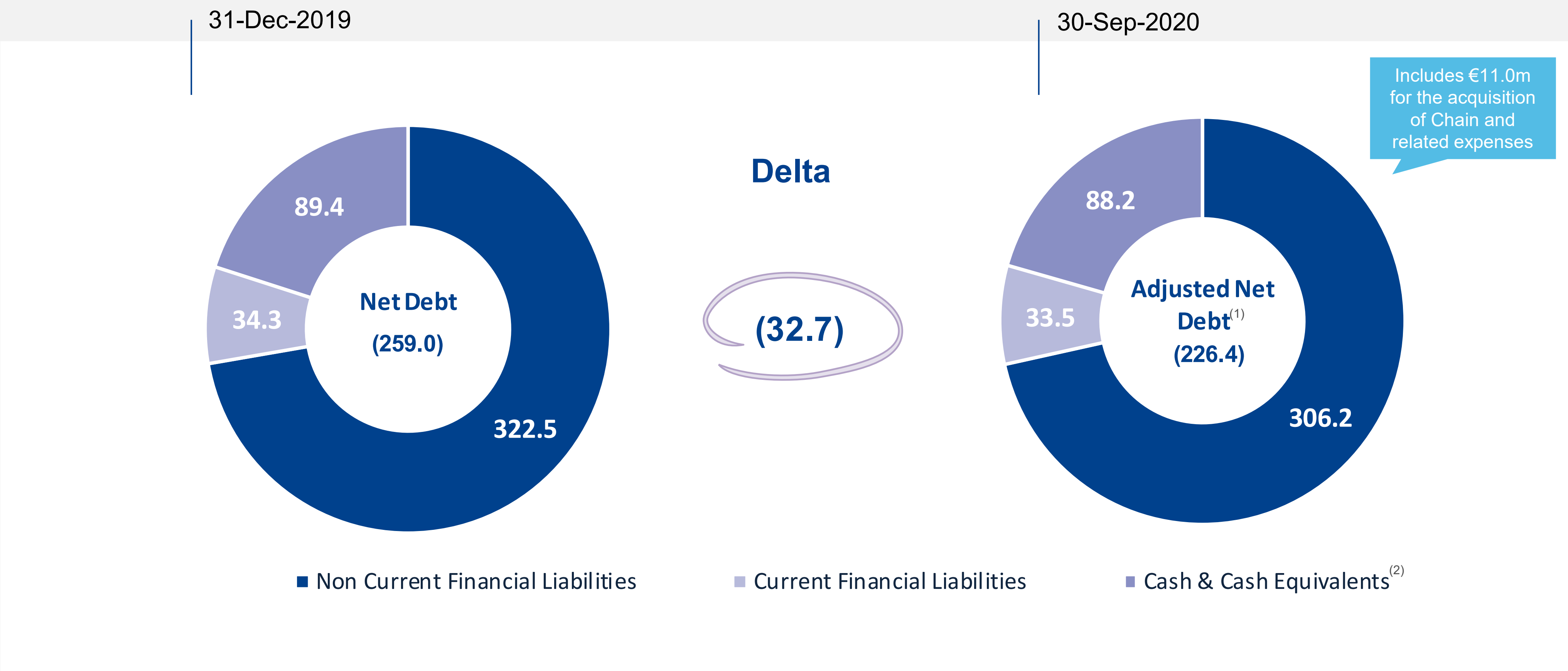


2020Q3 vs 2019Q3 strong cash generation, extraordinary liquidity position, high credit lines availability with utilization slow down

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

Financial Debt

Adjusted Net Debt(1) Reduction, Considering Non-recourse Factoring Reduction and Acquisition of Chain (€m)



- Strong Net Debt reduction compared to 9M 2019 (improvement of €31.5m)
- Outstanding Cash Balance position
- Extraordinary Leverage reduction (2.2x vs 2.6x in September 2019)

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.
(1) Net Debt adjusted considering the reduction of non-recourse factoring vs 31.12.2019 and the net cash-out for the acquisition of Chain (€11.0m).
(2) C&CE as at 30-Sep-2020 at €104.7 if considering non-recourse factoring reduction vs 31.12.2019 (€5.5m) and the net cash-out for the acquisition of Chain (€11.0m).

Capitalisation Structure as at 30-Sep-20

Almaviva

€m	Amount	LTM Sep 20 Adj. EBITDA	Pricing	Maturity
Cash and cash equivalents	(88.2)			
Total current and non-current financial assets[1]	(8.6)			
Senior Secured Notes	**250.0**		**7.25%**	**Oct-2022**
Super Senior RCF (Drawn)	15			
Other financial liabilities[2]	75			
Total Gross Debt	**339.7**	**3.0x**		
Total Net Debt	**242.9**	**2.2x**		
LTM Sep 20 Adjusted EBITDA		**112.6**		
Super Senior RCF (Undrawn)	25.0		E+450bps	feb-22

Key Credit Stats (YTD Sep-20)

- Net Total Leverage: 2.2x
- Interest Coverage Ratio: 3.5x
- €15.0m RCF drawdown driven by working capital cycle

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.
(1) Include financial credits.
(2) Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon paid in October 2020 (€8.3m) and leasing.

Q3 2020 Performance

Final remarks

Almaviva business model more than resilient notwithstanding Covid-19 and set to continue

Backlog continues to be very strong

Positive market trends in every business sector

Solid operative performance in all sectors

Continuous outstanding margin in every division both at current and constant currency

Strong Leverage Reduction

Excellent cash balance position

Appendix

Adoption of the New IFRS 16 Accounting Principle

Focus on the Impact on Consolidated Financial Statements as of September 30, 2020

Backup

	Financial Highlights Ante IFRS 16 Adoption	IFRS 16 Adoption Impact	Financial Highlights Post IFRS 16 Adoption	
Tangible Assets	**38.4 m€**	**36.5 m€**	**74.9 m€**	Accounting of *right-to-use assets*
Net Debt	**196.6 m€**	**46.3 m€**	**242.9 m€**	Accounting of *lease liabilities*
EBITDA	67.2 m€	13.1 m€	80.3 m€	Decreased accounting of *operating lease costs*
EBIT	48.8 m€	2.2 m€	51.0 m€	Increased accounting of *amortization* on right-to-use assets
Interests	(20.1) m€	(3.3) m€	(23.4) m€	Increased accounting of *interests* on lease liabilities
Net Result	26.7 m€	(1.2) m€	25.5 m€	
Gross Debt on LTM EBITDA	**3.1x**	**(0.1)x**	**3.0x**	
Net Debt on LTM EBITDA	**2.1x**	**0.1x**	**2.2x**	
Interest Coverage Ratio	**3.4x**	**0.1x**	**3.5x**	

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The objective is to report information that faithfully represents lease transactions. IFRS 16 requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, for all leases with a term of more than 12 months, unless the underlying asset is of low value. As a consequence, the lessee recognises depreciation of the right-of-use asset and interest on the lease liability, instead of the lease cost recognized before the IFRS16 adoption.

2019 and 2020 figures consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.

Financing Facilities

Solid liquidity position with several undrawn resources available

Backup

	Permitted Indebtedness[1]	Used[2]	Features
Super Senior Revolving Credit Facility	**€40.0m (€40.0m committed)**	**€15.0m**	Fully committed, no clean-down Repayment in February 2022
Factoring Without Recourse	**Unlimited (€51.0m committed)**	**€4.6m**	Easy access with large clients and contracts
Factoring With Recourse	**€50.0m**	**-**	Easy access with large clients and contracts
General Basket	**€25.0m**	**€0.0m**	Additional debt for general purpose
Local Facilities Basket	**€15.0m**	**€8.8m**	Amortizing repayment

(1) According to Senior Secured Notes Indenture and to the Revolving Credit Facility Agreement.
(2) As of 30-Sep-2020.