



Servizitalia

www.servizitaliagroup.com

STAR Conference, London

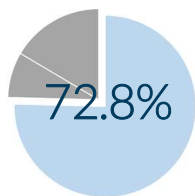
22 October 2019

BUSINESS OVERVIEW – Today...



WASH-HIRE

Laundry business: washing and rental of flat linen (sheets, sleepers, blankets), uniforms (scrubs, uniforms, gowns, etc. for staff), mattresses and pillows.

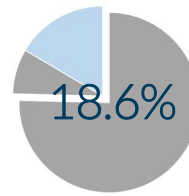


SURGICAL INSTRUMENTS STERILIZATION

Collection, conditioning, maintenance and sterilization of surgical instruments and kits.

CSSD Design, Installation, Renovation and Management.

Validation and control of sterilization processes.

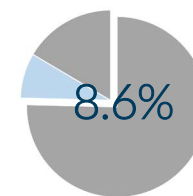


TEXTILE STERILIZATION

Sterilization of cotton fabrics and Reusable Technical Fabric for beds and surgical gowns.

Procedural kits and surgical drapes.

Accessory parts made of disposable material.



Based on 2018 Consolidated Revenues.

BUSINESS OVERVIEW – ...and tomorrow

In addition to the presence consolidation in markets where it is currently active, Servizi Italia considers as strategically important to diversify its range of services, broadening its activities.

WASH-HIRE



Homecare

Washing and rental of flat linen and uniforms as well as anti-decubitus systems and management of guests' laundry.

Workwear

Supply, hire, cleaning and traceability of workwear and personal protective equipment (PPE).

Hotel & Restaurants

Washing and rental of flat linen for hotels, restaurants and catering service, as well as uniforms for personnel and staff.



STERILIZATION



Clinical Engineering

Services for the validation and systematic control of sterilisation processes, equipment calibration and validation of surgical equipment sanitising systems.

OTHER



O.T design & construction

Design, installation and renovation of sterilisation units. Solutions for the design and construction of Operating Departments.

«DIVERSIFYING, IN ITSELF, IS NEITHER GOOD NOR BAD; WHAT MATTERS IS WHETHER A COMPANY CAN ADD VALUE.»

GLOBAL PRESENCE

7
Countries

25
laundry
plants

More than
3,600
employees



36
Sterilization
Plants
(CSSDs)

GROUP EVOLUTION

1986 - 2002
The early days

1986: **Foundation of Servizi Italia**, active in laundry sector.

2002: **Coopservice acquires 100%** of SI share capital.

Transformation into a multi-service company.

2006 - 2007
New perspectives

Start of **sterilization** activities.

2007: **IPO at Milan Stock Exchange**.

Presentation to the international financial community.

2008 - 2011
Growth in Italy

Acquisitions in Italy in laundry industry.
Development of **sterilization business**.
STAR qualification at Borsa Italiana.

2012: Acquisition of the first **laundry** in **Brazil** (other transactions in 2013 and 2015).

2014: Start of **sterilization** business in **Turkey**.

2014: Start of greenfield **laundry** business in **India**.

2015: Achievement of a **sterilization** tender in **Albania**.

2015: Expansion in **Turkey** in laundry industry, through the acquisition of Ankateks.

2012 - 2015
International development

Consolidation of the existing markets: Acquisitions in laundry industry in Italy (2016) and Albania (2018).

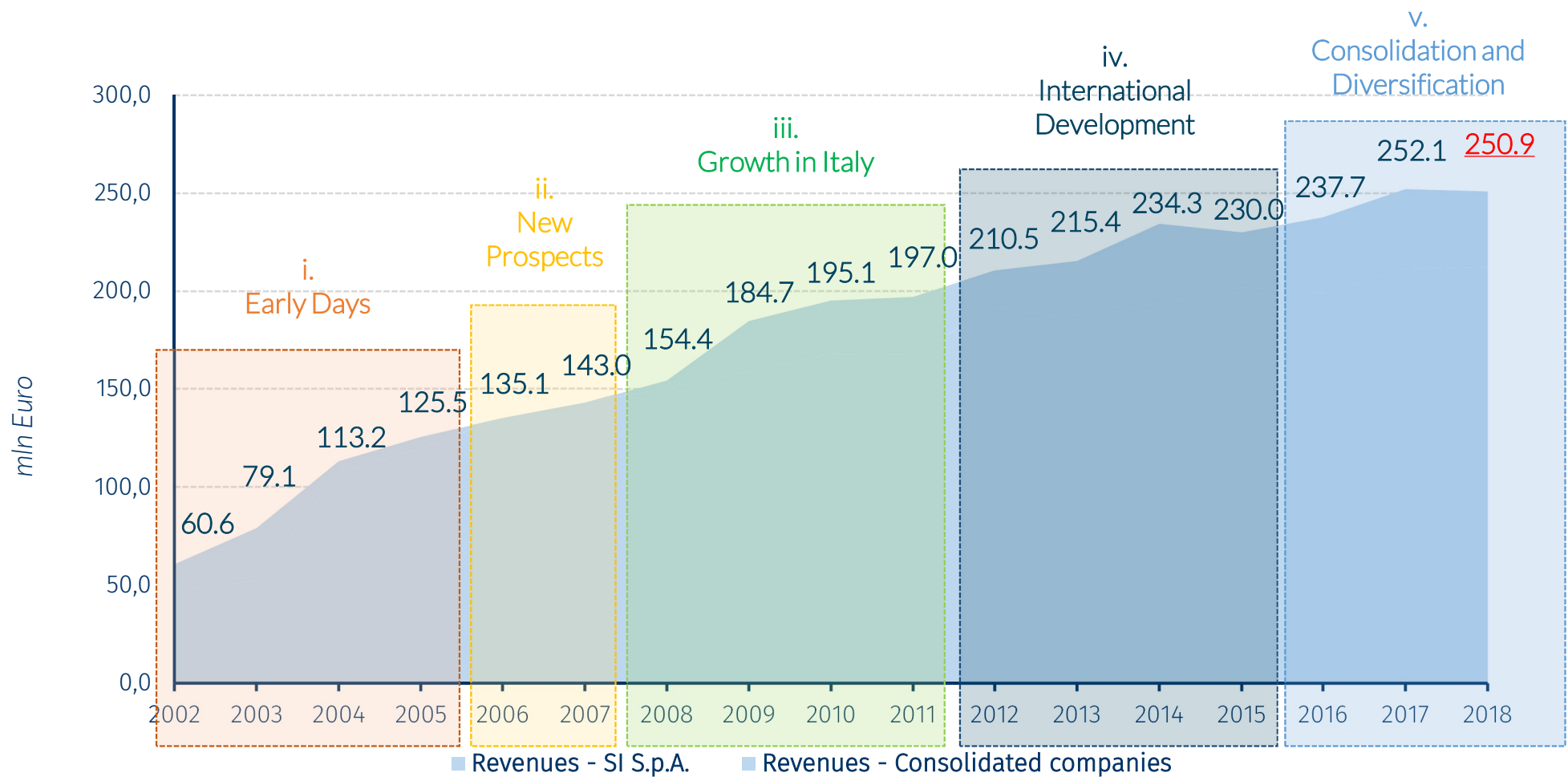
Expansion plans in Brazil.

Diversification in new business lines: Acquisition of Steritek (2017), start of **non-healthcare laundry** business (hotel and workwear) and acquisition of Wash Service for entering **homecare & nursing homes** market (2019).

New Markets: Sterilization activity in **Morocco** (2017) and Joint Venture in **Asia** (constitution of idsMED Servizi Plus in 2018).

2016 - 2019
Consolidation and diversification

DEVELOPMENT PATH



STRENGTHS

MIX PRODUCT/SERVICE

Multi-service approach by offering a mix of customized services

High barriers on entry due to know-how and investments needed

MEET CUSTOMER NEEDS

Rationalization of healthcare costs

Social sustainability

High control of Healthcare costs

Financial benefits for hospitals

POSITIONED FOR CREATING VALUE

Costs optimization

Commercial synergies

Focus on high value-added services

High retention rate of contracts

LONG TERM CONTRACTS

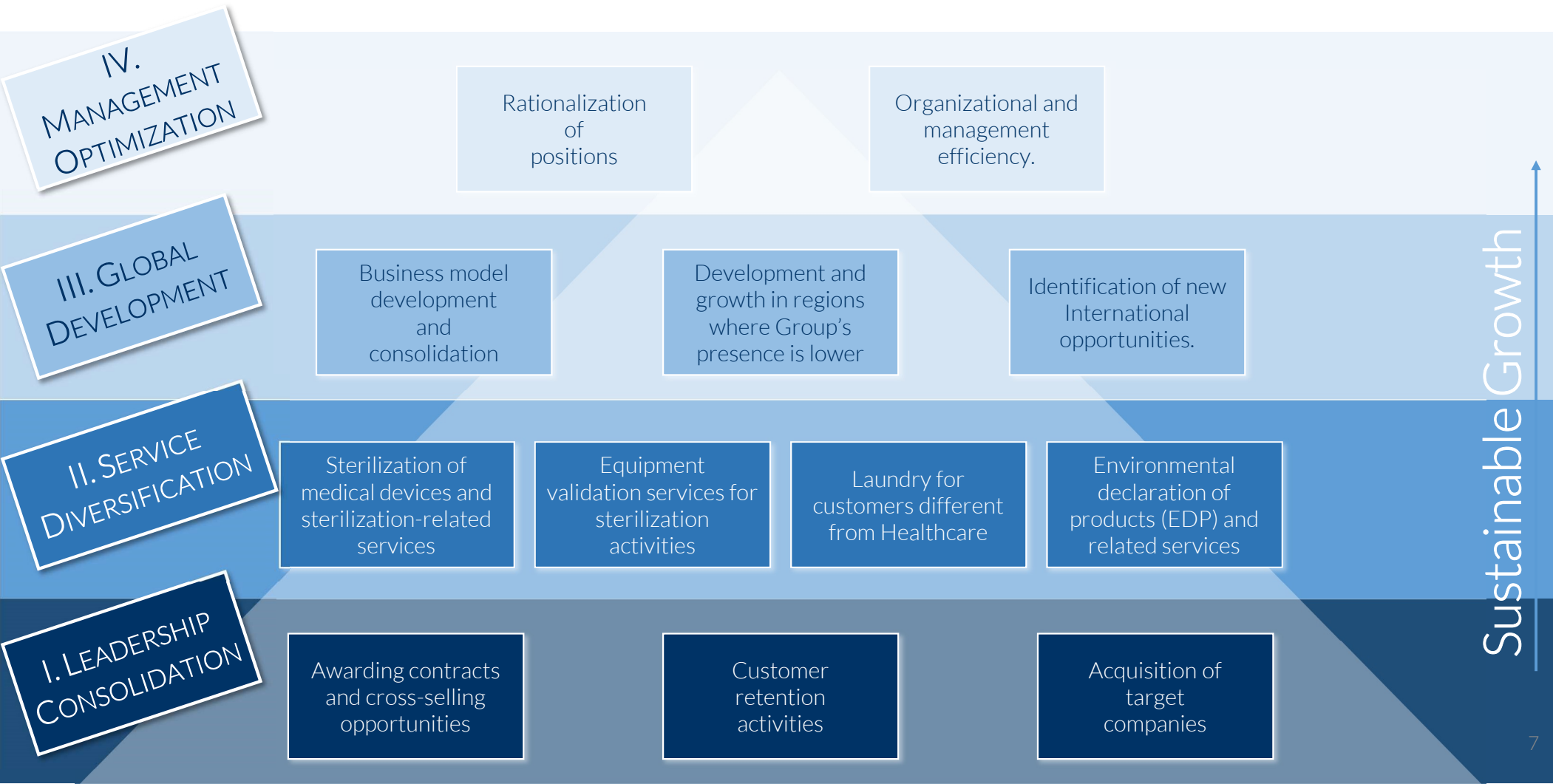


4-year average contracts
volume based OR monthly fixed fee



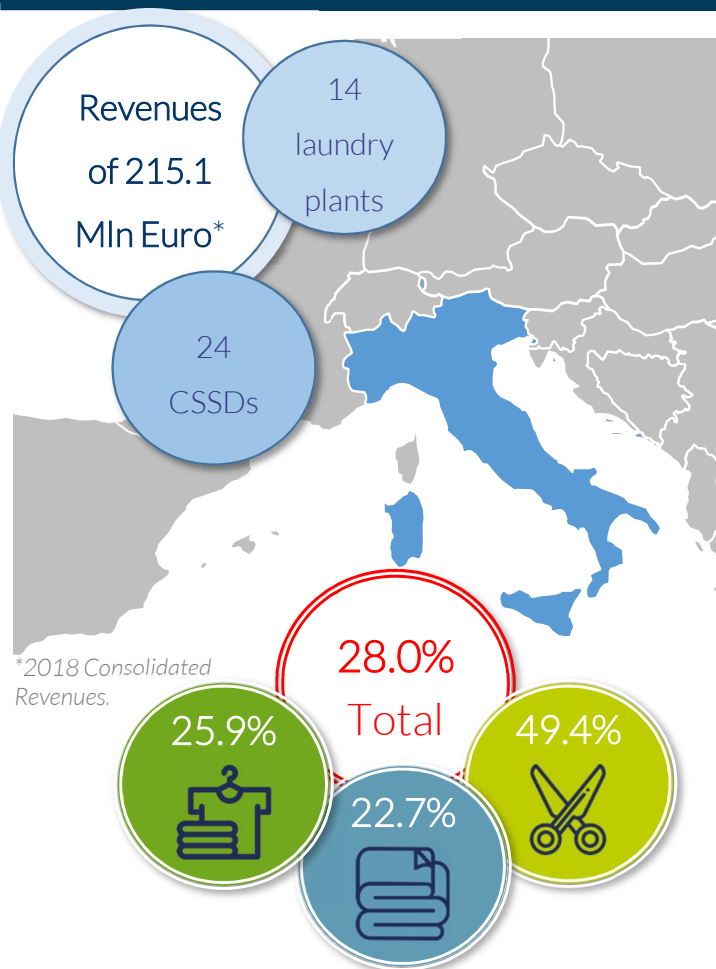
6-year average contracts
volume based OR monthly fixed fee

BUSINESS GROWTH STRATEGY



Sustainable Growth ↑

ITALY



SERVIZI ITALIA'S MARKET SHARE IN ITALY

www.servizitaliagroup.com



Market overview

- Italian Wash-hire Healthcare market turnover: Euro 765 mln
- Highest International quality standards
- SI's customers are main Public hospitals and Healthcare Institutions
- Outsourcing rate is high in laundry market but still low in sterilization area

- ✓ Undisputed market leader in all the segments
- ✓ Well positioned in the areas of the Country
- ✓ Servizi Italia manages more than 60,000 beds and about 500,000 interventions/year
- ✓ Full range of services and customizations
- ✓ Constant search and identification of growing and diversification strategies in order to keep and to improve margins



Goals

- ✓ LEADERSHIP CONSOLIDATION.
- ✓ SERVICE AND INDUSTRY DIVERSIFICATION.
- ✓ SUSTAINABLE GROWTH.
- ✓ COSTS AND CAPEX OPTIMIZATION.
- ✓ MARGINS INCREASE.

BRAZIL

Revenues
of 29.2
Mln Euro*

4
laundry
plants

CSSD
in 2020



Market
overview

- Wash-hire potential market is estimated in Reais 840 mln
 - Over 700,000 Kg/day of potential linen only in Sao Paulo
 - ~1,000 healthcare facilities totaling over 92,500 beds
- New potential outsourcing: only 45% of wash-hire is currently outsourced and no sterilization service provider is present

- ✓ Primary player: 1st player in Sao Paulo, 2nd in Brazil
- ✓ Recognized in the market as high quality provider
- ✓ Well positioned in both Private and Public areas
- ✓ Leader in identifying new solutions for the clients
- ✓ Deep market knowledge of local team and partners
- ✓ Rental model improved successfully

FULLY
CONSOLIDATED

*2018 Consolidated Revenues.
Equal to 125.8 mln BRL.

Lavsim
HIGIENIZAÇÃO TÊXTIL

AQUALAV
SERVIÇOS DE HIGIENIZAÇÃO

IDA
LAVABÉRIA HOSPITALAR

MaxLav
Services



- ✓ MARKET CONSOLIDATION IN SAO PAULO
- ✓ FURTHER M&A DEVELOPMENT
- ✓ START OF STERILIZATION BUSINESS
- ✓ ORGANIZATION AND MANAGEMENT EFFICIENCIES

TURKEY



*2018 Consolidated Revenues. Equal to 25.5 mln TRY.



Market overview

- About 6,000,000 surgical intervention/year
 - Construction of new PPP hospitals, increasing the nr of beds up to about 250,000 over the next few years
 - ~1,400 healthcare facilities totaling over 195,000 beds
- Low outsourcing rate in both laundry and sterilization businesses

- ✓ Main player of both laundry (Ankateks/Ergulteks) and sterilization (SAS) market
- ✓ Recognized by the market as high quality provider
- ✓ Achieved multiple high-complexity PPP contracts, requiring International standards and with long term duration
- ✓ Good margins and volumes market



FULLY CONSOLIDATED

EQUITY CONSOLIDATED



Goals

- ✓ GROWTH IN THE WHOLE COUNTRY
- ✓ ACHIEVEMENT OF NEW PPPs
- ✓ BE THE REFERENCE SERVICE PROVIDER
- ✓ IMPROVE LOCAL STANDARDS
- ✓ MANAGEMENT EFFICIENCY

INDIA

Revenues
of 4.8
Mln Euro*

1
laundry
plants



Market
overview

- The Indian market has recently started to **outsource wash-hire activities**
 - About 90,000 beds only in Delhi NCR, totaling about kg 200,000,000 of linen
 - Over 195,000 healthcare facilities throughout India
- Low outsourcing rate

- ✓ Business developed greenfield and first volumes started in Oct-2015
- ✓ **Main player** in Healthcare laundry business in India
- ✓ **Technologically advanced** laundry plant (Delhi area)
- ✓ Recognized by the market as **high quality provider**
- ✓ **Volumes steadily increasing**
- ✓ **High capacity plant** (45 tons/day vs 28 tons/day currently under use)

*100% of 2018 Shubhram revenues (not consolidated in SI consolidated revenues). Equal to 386 mln INR.



SHUBHRAM

EQUITY
CONSOLIDATED

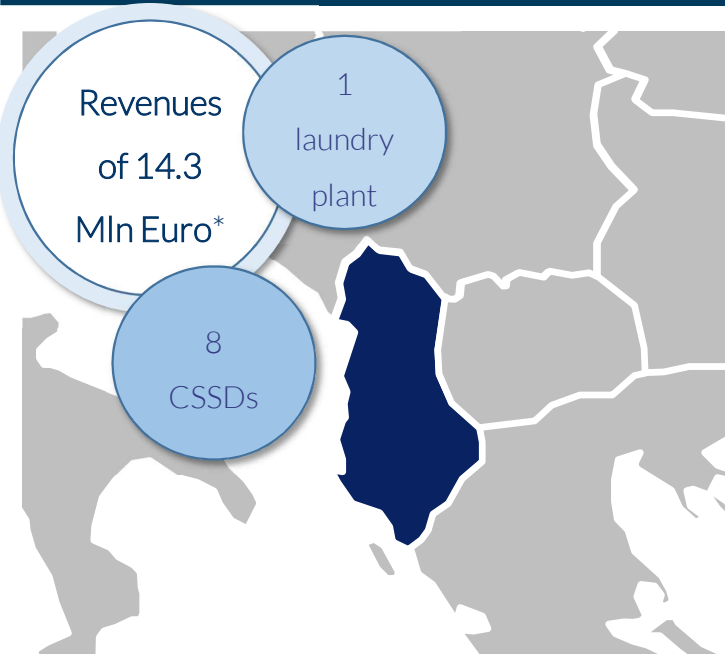
www.shubhram.com



Goals

- ✓ FULLY USE EXISTING PLANT CAPACITY
- ✓ INCREASE LOCAL QUALITY STANDARDS AND AVERAGE PRICES
- ✓ CONTRACTS WITH FLAGSHIP HOSPITALS
- ✓ DEVELOPMENT IN NEW AREAS

ALBANIA



Market overview

- Total value of contract awarded include all public and private hospitals of Albania
 - More than 80,000 surgical intervention/year
- Servizi Wash-hire market is expected to have interesting growth prospects in terms of both revenues and profitability

- ✓ Unique player in Healthcare sterilization business
- ✓ Recognized by the market as high quality provider
- ✓ Good margins and volumes market
- ✓ Laundry market still fragmented: target is to consolidate it starting from 2019

*Sum of 100% 2018 SaniService and Sanitary Cleaning revenues (not consolidated in SI consolidated revenues). Equal to 1,825 mln ALL.



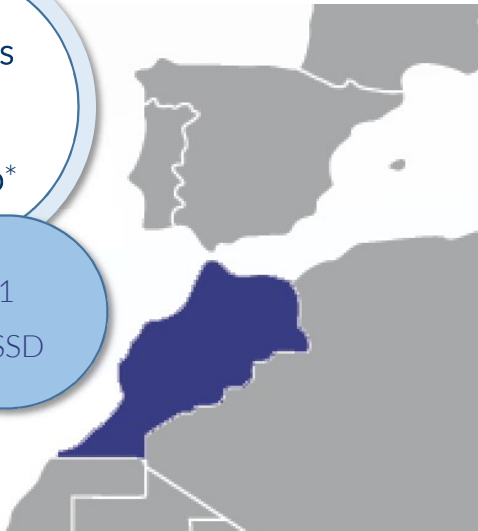
Goals

- ✓ COMPLETE THE DEVELOPMENT OF STERILIZATION ACTIVITIES
- ✓ BECOME THE LAUNDRY MARKET LEADER
- ✓ IMPROVEMENT OF THE STANDARDS

MOROCCO

Revenues
of 0.8
Mln Euro*

1
CSSD



Market
overview

- Market with more than 315,000 surgical intervention/year
 - Around 3,000 healthcare facilities totaling over 21,000 beds
 - Primary Healthcare destination in Africa
- Sterilization industry still almost fully insourced



- ✓ First and unique operator in offering sterilization services and CSSD management in the Country.
- ✓ Constitution of **Centre Marocain de Sterilisation**.
- ✓ Direct **financial and quality benefits** for the local Healthcare.
- ✓ Cooperation with local universities for starting sterilization courses.

*100% of 2018 Servizi Italia Marocco revenues (not consolidated in SI consolidated revenues). Equal to 8,4 mln MAD.



www.cmsterilisation.com



Goals

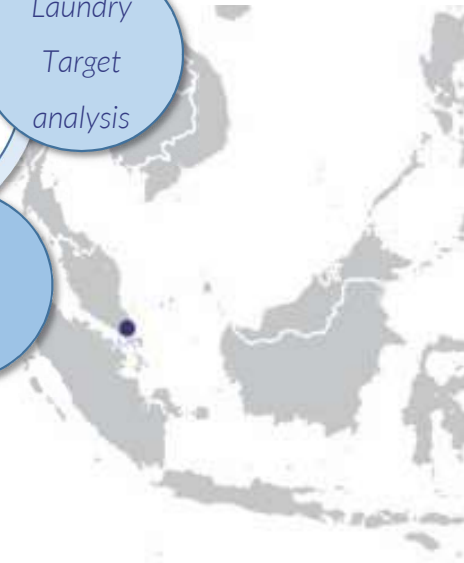
- ✓ CONSOLIDATION OF THE MARKET
- ✓ NEW AREAS AND PUBLIC HOSPITALS
- ✓ SUPPLY OF STERILIZATION-RELATED SERVICES
- ✓ SERVICE DIVERSIFICATION

SOUTH-EAST ASIA

Joint Venture started in 2H 2018

Laundry Target analysis

CSSDs under study



Market overview

- Access to over 10,000 healthcare institutions throughout the Asian-Pacific area
 - No main players in Laundry business
- Sterilization services fully insourced

- ✓ Established IdsMED ServiziPlus in Singapore, which will operate for identifying and developing new business opportunities in the sterilization and wash-hire services
- ✓ Joint venture targets firstly Asian-Pacific area and secondly whole Asian market
- ✓ Local partner with large Healthcare network



- ✓ START FEASIBILITY STUDIES
- ✓ START STERILIZATION PILOT PROJECTS
- ✓ M&A LAUNDRY TARGETS
- ✓ BECOME THE REFERENCE AREA LEADER

GROUP VALUES

Servizi Italia's approach is aimed at guaranteeing a high level of service to patients and citizens, as beneficiaries of assistance and health services.



Servizitalia

Focus on customers

Investing in research of tailor solutions to propose and carry out together with customers.

Efficiency research

Services are based on a process of industrial production subjected to frequent analysis, in order to production efficiency goals.

Organizational solidity and reliability

Servizi Italia is a deep-rooted company, with a wide production network.

Product and process innovation

Backed by a strong cooperation with research centers and international university centers.

Safety and transparency

Guaranteed by the traceability of products and the quality system certification process.

Integrity, business ethics and professionalism

Promotion of business ethics, prevention of corruption and protection of reputation. Enhance skills and talents, attracting the best resources.

Internationalization

Being a multinational company for organization, culture, modes of presence and respect in global markets.

CONSOLIDATED ECONOMICS RESULTS

Servizi Italia Consolidated P&L ('000 euro)	FY 2017	FY 2018	1H 2018	1H 2019	1H 2019 (excl IFRSS16)
Revenues	252.102	250.908	126.476	131.745	131.745
% change		-0,5%		4,2%	4,2%
EBITDA	69.829	64.422	33.899	34.068	31.691
%	27,7%	25,7%	26,8%	25,9%	24,1%
EBIT	16.376	14.354	8.876	6.217	5.637
%	6,5%	5,7%	7,0%	4,7%	4,3%
Net Result	14.365	12.120	7.452	4.804	5.098
%	5,7%	4,8%	5,9%	3,6%	3,9%

ECONOMIC AND FINANCIAL HIGHLIGHTS IN 2018 AND 1H 2019:



Surgical instruments sterilization and **textile sterilization** registered a relevant growth in 2018 (+12.3% and +5.4%), supporting sales and margins of Italian perimeter.



Relevant organic growth of **Brazilian** perimeter (+7.0% in 2018 and +6.9% in 1H 2019), due in particular to organic growth (+12.1% in 1H 2019 without considering FX effect).



Surgical instruments sterilization business registered in 1H 2019 an EBIT margin of 18.6% and the growth of revenues is supporting group margins



New **acquisitions** accounted on revenues growth for +2.2% in 2018 and +4.1% in 1H 2019



In 1H 2019, despite macroeconomic situation, **Turkey** area is still registering a very positive organic growth (+23.2%, then more than compensated by negative FX effect) and positive margins (EBIT % equal to 26%)



Transaction done in 2018 and 1H 2019 put the basis for **future results improvements** both in terms of sales and margins



Laundry business in Italy registered a slow down



After a good 2018, **textile sterilization** registered a negative 1H 2019



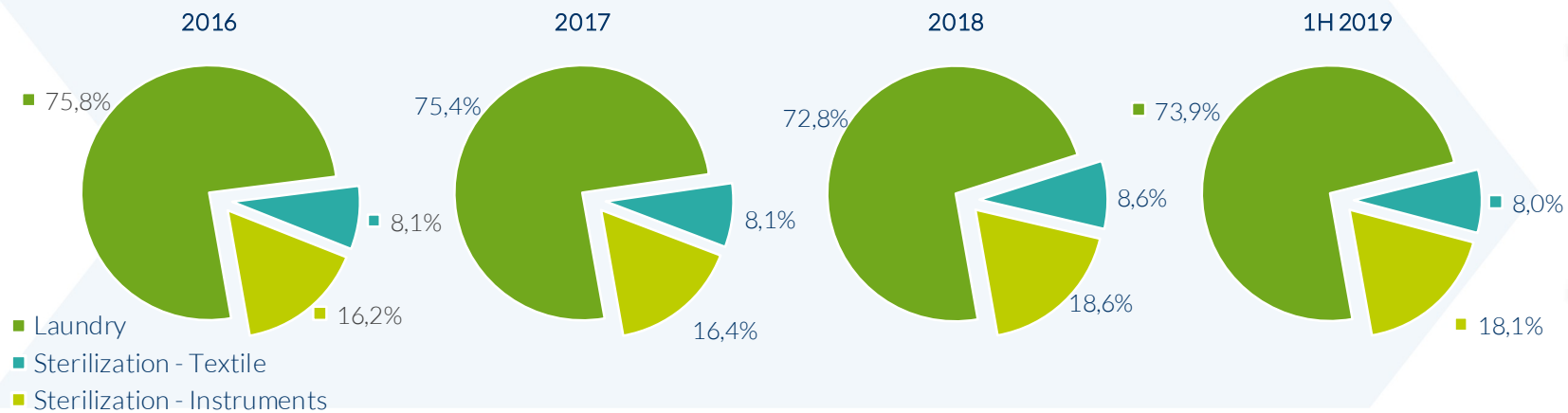
In 2018 and 1H 2019 **FX** negative impact on both Brazilian and Turkish areas, connected with consolidation of abroad operations (with same FX rate of 2017 consolidated revenues would have registered a +2.2% growth)



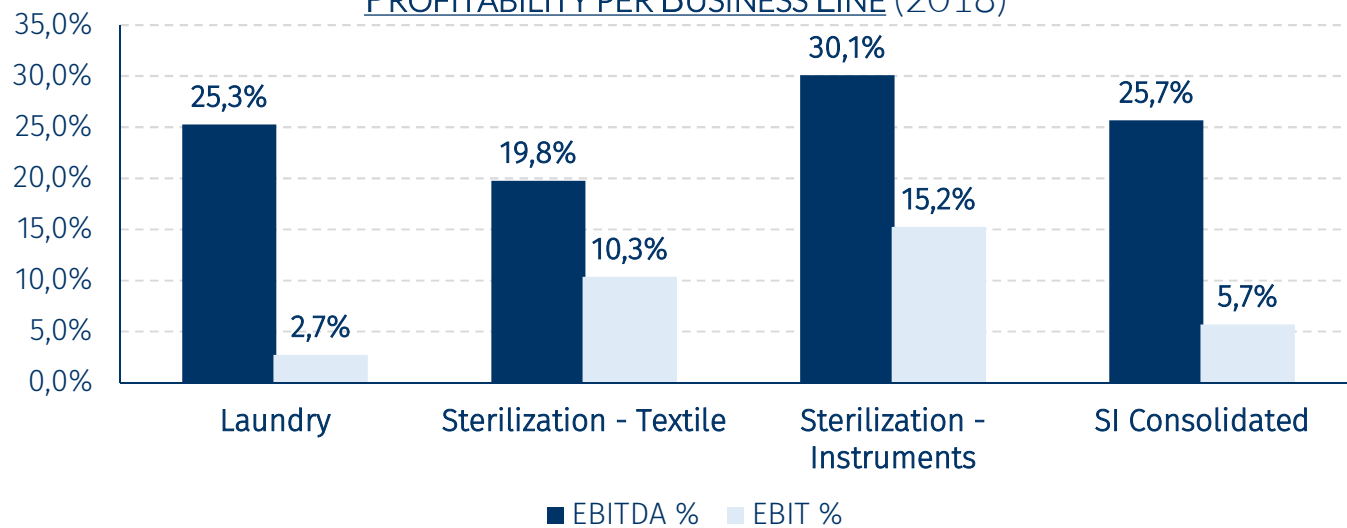
One-off costs impacted relevantly on 2018 and 1H 2019 in particular due to start-up period of acquisitions longer than expected

CONSOLIDATED ECONOMICS RESULTS

SALES BREAKDOWN PER BUSINESS LINE



PROFITABILITY PER BUSINESS LINE (2018)



In Italy sterilization businesses are growing faster than laundry

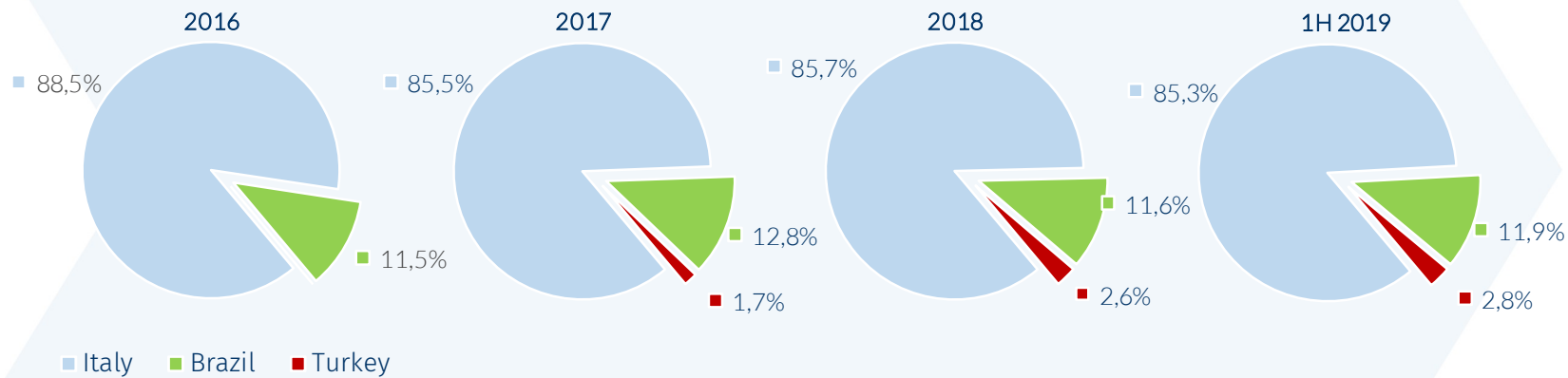
In emerging markets, laundry is still a growing business

Higher margins of sterilization businesses vs laundry

Future laundry results are expected to be supported by abroad laundry businesses.

CONSOLIDATED ECONOMICS RESULTS

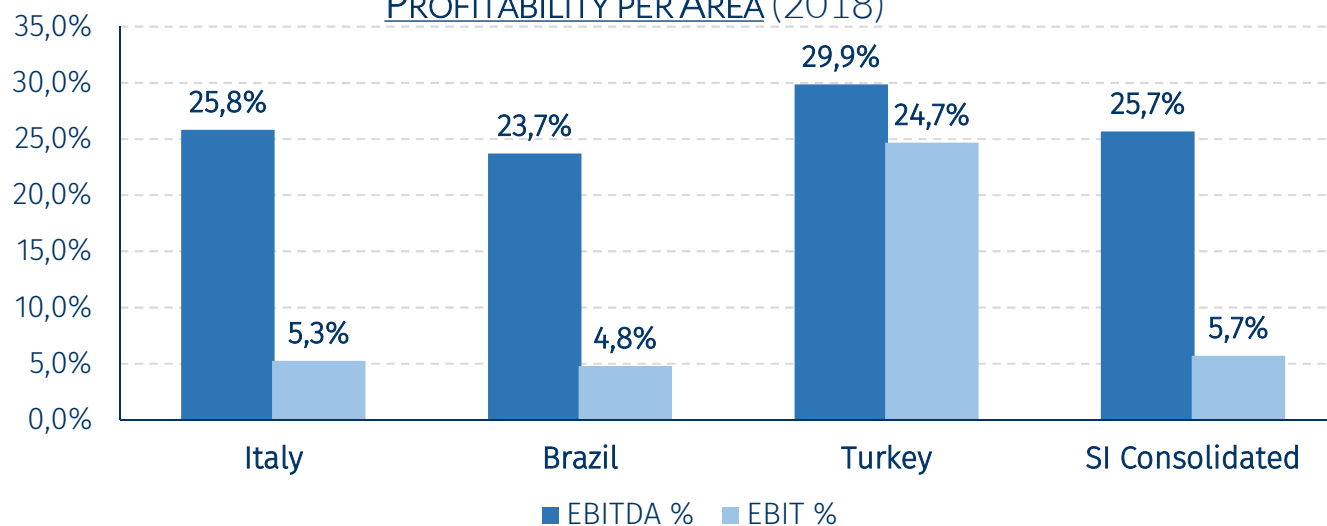
SALES BREAKDOWN PER AREA



Servizi Italia aims at increasing market diversification in the future

Consolidation of Brazilian and Turkish market is affected by FX changes

PROFITABILITY PER AREA (2018)



Equity consolidated businesses are not included in these results

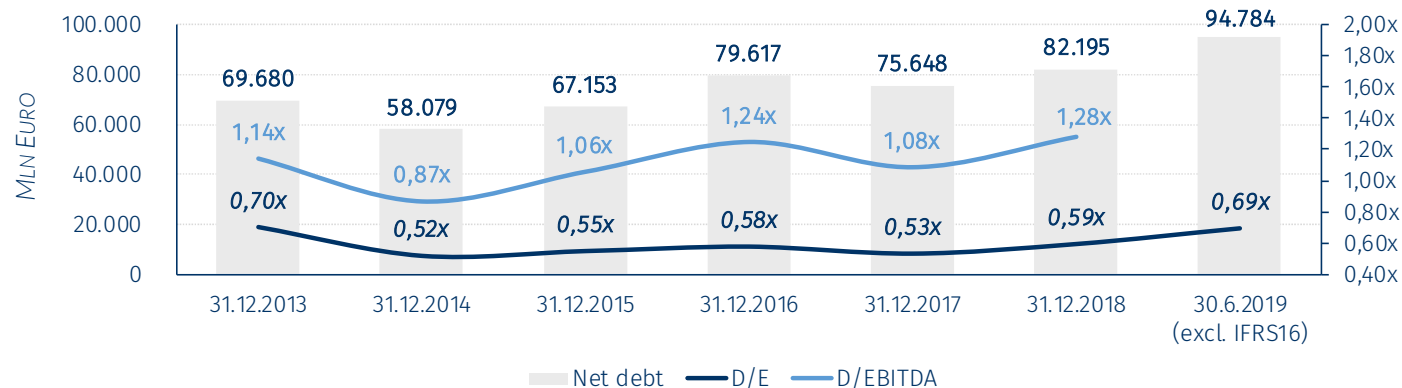
Margins in Brazil are expected to grow in short term.

CONSOLIDATED FINANCIAL RESULTS

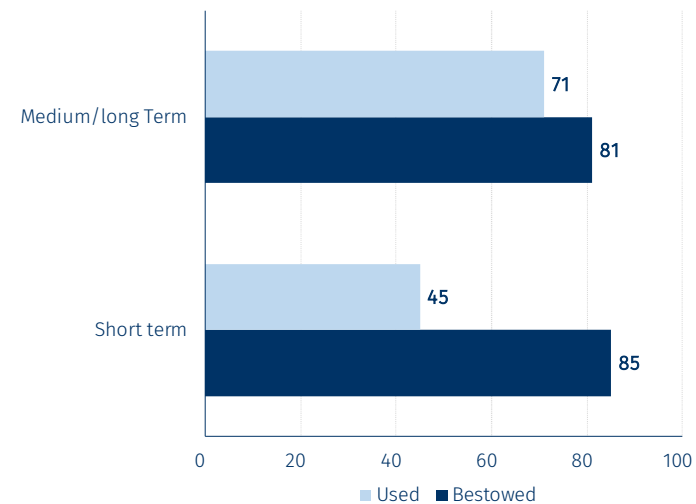
'000 Euro	31.12.2017	31.12.2018	1.1.2019*	30.6.2019*
Operating net working capital	10.934	7.957	7.957	10.219
Other short-term assets/liabilities	-12.000	-13.102	-13.102	-11.260
Net working capital	-1.066	-5.145	-5.145	-1.041
Fixed assets – Medium/Long term provis.	218.353	225.578	259.447	267.872
- of which IFRS16	0	0	33.869	36.098
Invested capital	217.287	220.433	254.302	266.831
Shareholders' Equity (B)	141.639	138.238	138.238	136.409
Net financial debt (A)	75.648	82.195	116.064	130.422
- of which IFRS16	0	0	33.869	35.638
Invested capital	217.287	220.433	254.302	266.831
Gearing (A/A+B)	0,35x	0,37x	0,46x	0,49x
Gearing (A/A+B) - Excl. IFRS16	0,35x	0,37x	0,37x	0,41x
Debt/Equity (A/B)	0,53x	0,59x	0,84x	0,96x
Debt/Equity (A/B) - Excl. IFRS16	0,53x	0,59x	0,59x	0,69x

*Starting from 1.1.2019, IFRS16 accounting principle was adopted.

NET DEBT HISTORICAL TREND



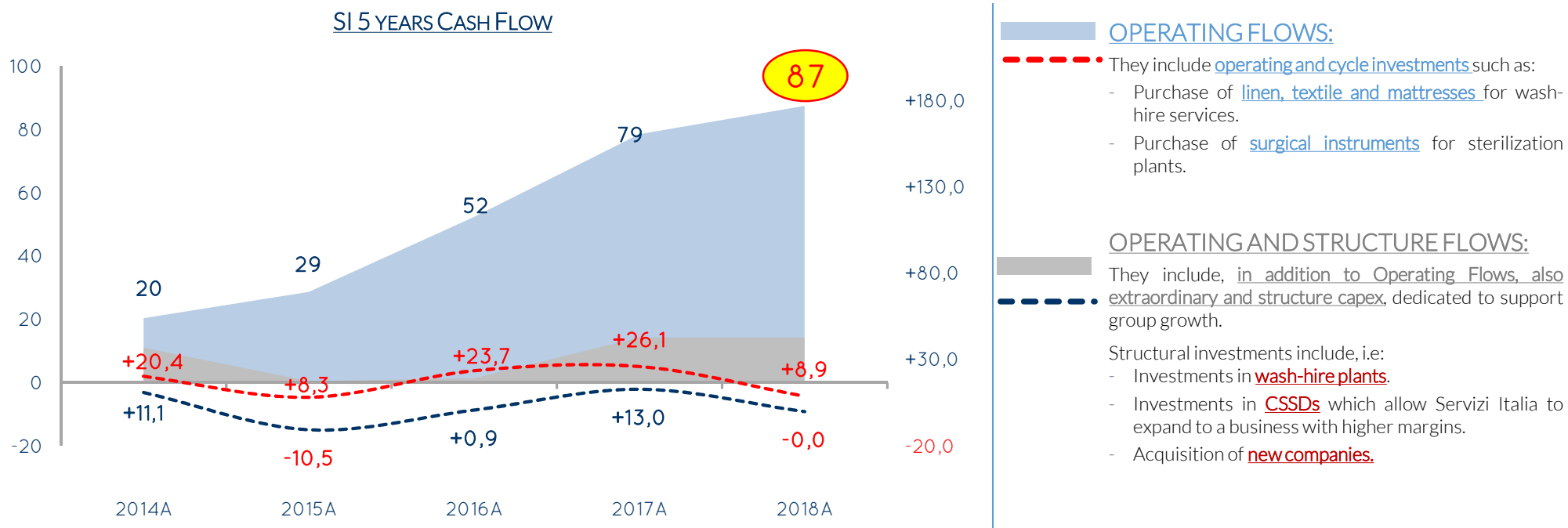
CREDIT LINES (30.6.2019)



Operational investments and acquisitions of Servizi Italia are conducted with specific focus on keeping a balanced and healthy debt structure.

CASHFLOW GENERATION

Even in presence of a capital intensive business, Servizi Italia is able to generate important **positive cashflows from its operative activity**. During the last few years, the management decided to invest its resources into structural investments, for **consolidating its leadership position** and for a constant **growth and improvement of Group performance**.



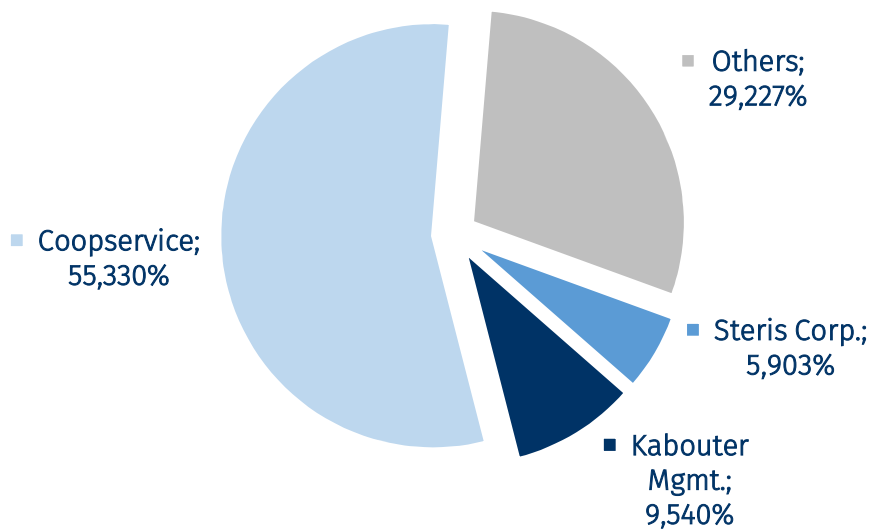
Net of operating investments, **Servizi Italia generated cash of Euro 87 million in 5 years time (from 2014 to 2018)**.

STOCK EXCHANGE – Main details

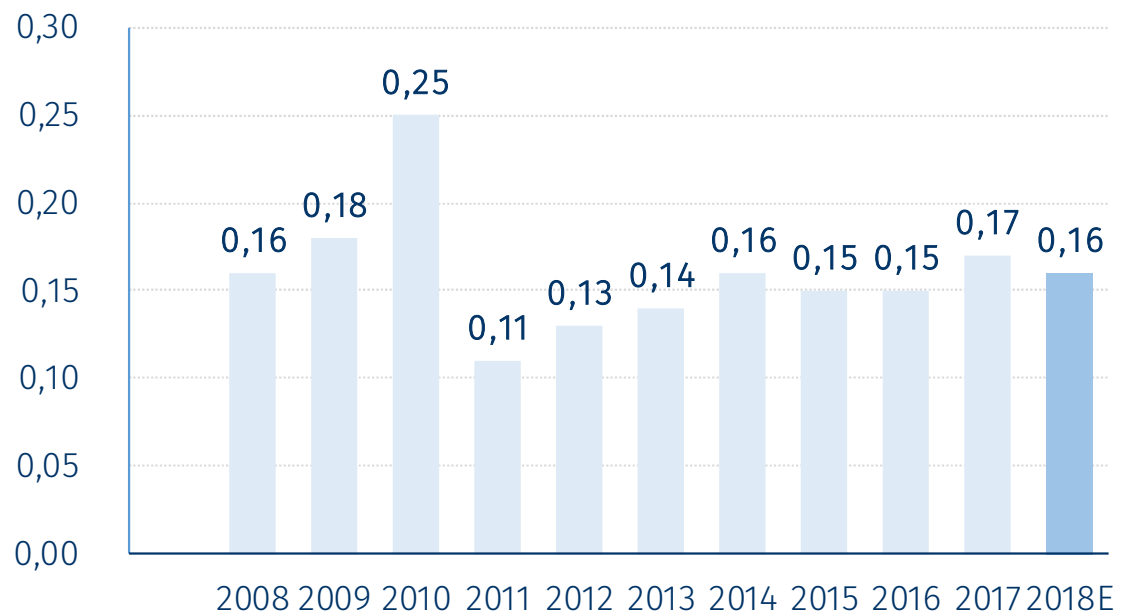
Details on shares as at 18/10/2019 (Euro)

Share Capital	31,809,451
Share Price	2.79
Market Capitalization	88,748,368

SHAREHOLDING STRUCTURE



Analyst Coverage	Reccomend.	TP (Euro)	Date
Intermonte SIM	Outperform	4.80	9 August 2019
MidCap Partners	Buy	5.29	30 April 2019



Average payout ratio of last 5 years equal to ~40%.
 Average dividend yield of last 5 years equal to ~3.5%.

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Share capital: Euro 31,809,451 fully paid-up

Founded: 1986

Tax ID Number and Parma Business Registry Code: 08531760158

Market: MTA – STAR segment

Sector: Industrial

ISIN code for ordinary shares: IT 0003814537

Reuters: SRI.MI --- Bloomberg: SRI IM

Specialist: Intermonte SIM

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