



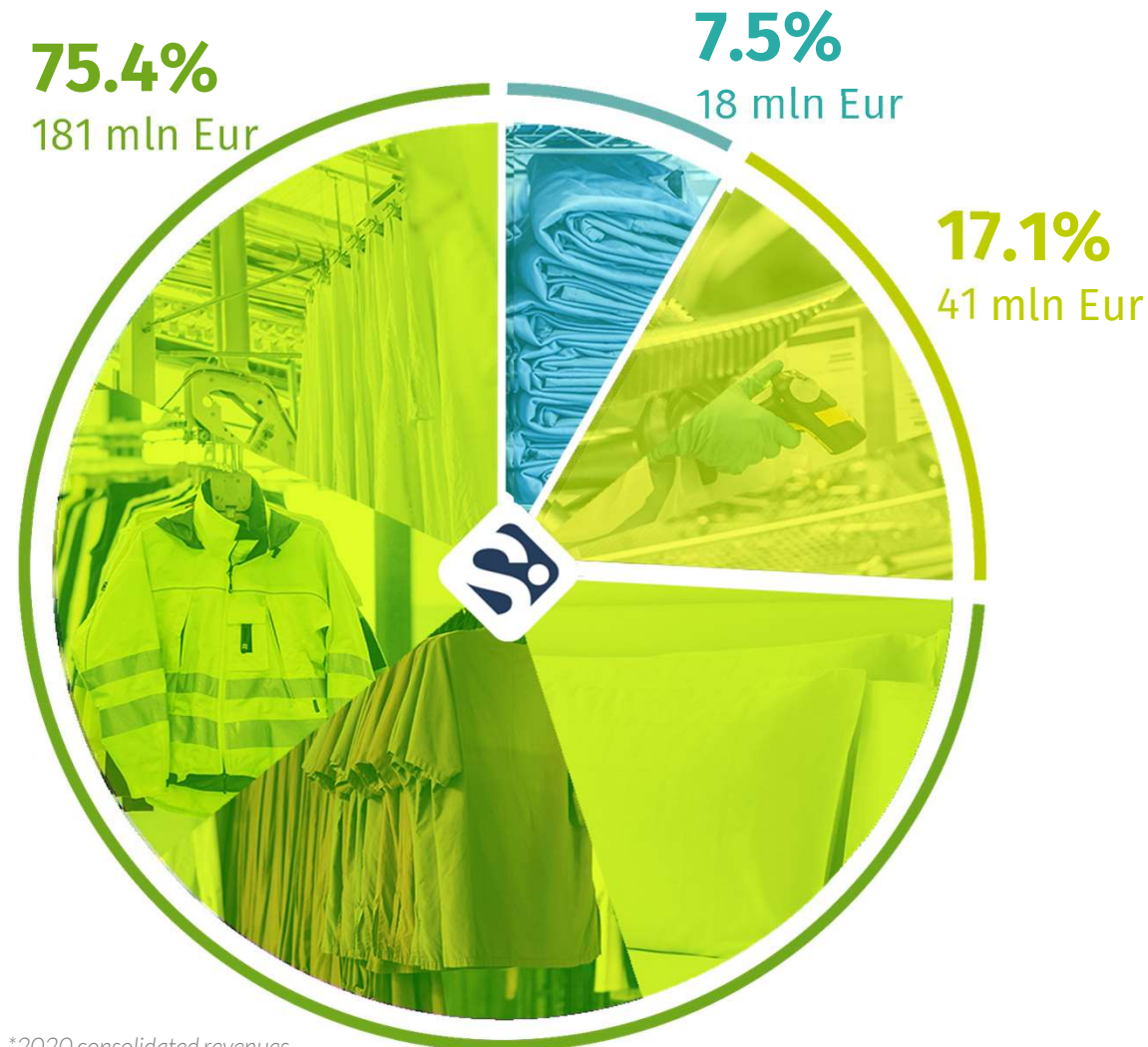
Servizi  
Italia

# Virtual STAR Conference

Spring Edition, 23 March 2021

[www.servizitaliagroup.com](http://www.servizitaliagroup.com)

# BUSINESS OVERVIEW/1



## WASH-HIRE SERVICES

Laundry business: washing and rental of textile material in healthcare industry.  
Minor current presence in other industries.

## SURGICAL INSTRUMENTS STERILIZATION

Sterilization of surgical instruments and kits and related activities.  
Design, Installation, Renovation and Management of CSSDs.  
Validation and control of sterilization processes.

## TEXTILE STERILIZATION

Sterilization of textile (cotton fabrics and Reusable Technical Fabric) for beds and surgical gowns.  
Supply of disposable material.



# BUSINESS OVERVIEW/2 – Wash-hire services

**75.4%**  
181 mln Eur

**7.5%**  
18 mln Eur

**17.1%**  
41 mln Eur



WASH-HIRE

## HEALTHCARE

Washing and rental of flat linen (sheets, covers, blankets), tailored linen (gowns, uniforms for healthcare staff), mattresses and pillows.

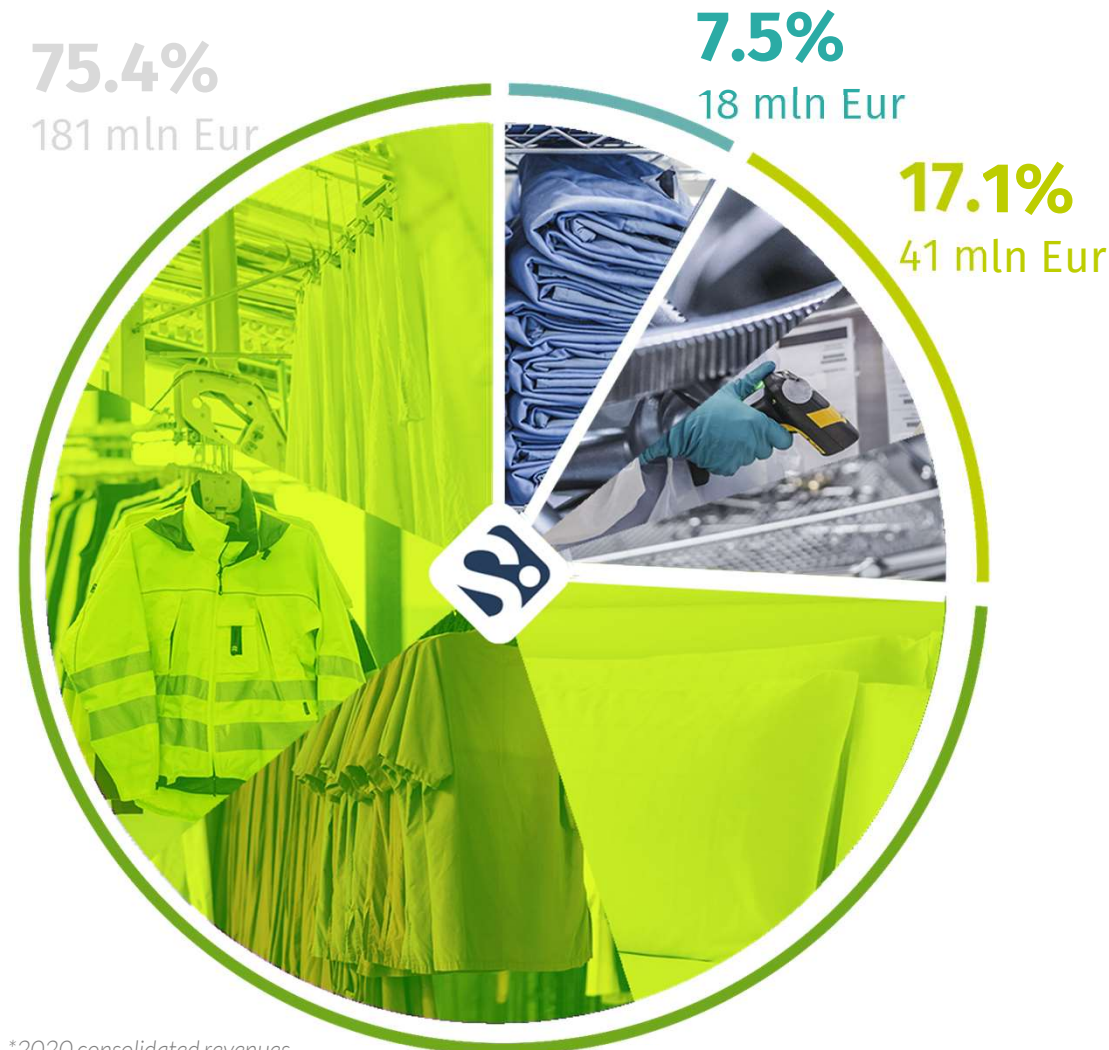
## HEMOCARE AND HEALTH RESIDENCES

Supply, rental and washing of textile devices. A guarantee of quality, hygiene, safety and traceability.

## HOTEL AND RESTAURANTS

Specific, high quality service for national and international hotels, restaurants and catering.

# BUSINESS OVERVIEW/3 – Textile and Medical Devices Sterilization



**TEXTILE STERILIZATION**

**SUPPLY OF NON WOVEN TEXTILE AND TEXTILE STERILIZATION**

Sterilization of fabrics and Reusable Technical Fabric for beds and surgical gowns. Supply of procedural kits and surgical drapes. Supply of accessory parts made of disposable material.

**SURGICAL INSTRUMENTS STERILIZATION**

**STERILIZATION AND RENTAL OF MEDICAL DEVICES**

Management of sterilization units providing sanitizing, packing and sterilization services for surgical equipment and accessories for operating theatres.

**CLINICAL ENGINEERING**

Services for the validation and systematic control of sterilization processes, equipment calibration and validation of surgical equipment sanitizing systems.

\*2020 consolidated revenues

# 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.

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*

## 2008 - 2011 Growth in Italy

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

**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 and remaining 50% of Ekolav 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*

## 2020

*Covid-19 pandemic*

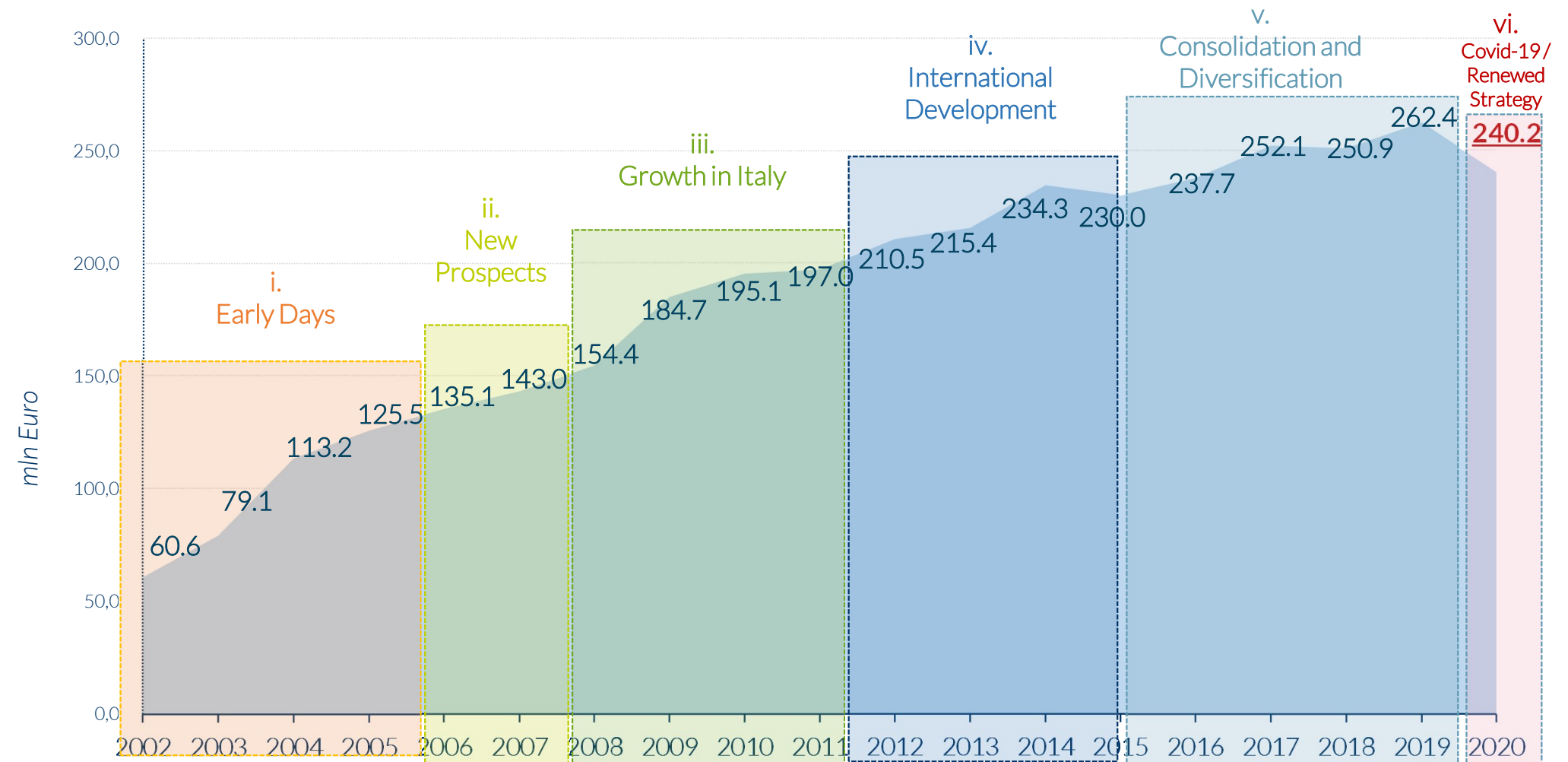
## 2021

*Renewed strategy*

**Focus on historic business**: concentrating resources on consolidating the leadership in public and private healthcare sector.

**Diversification of services in Brazil**: starting of sterilization activities in the State of Sao Paulo.

# DEVELOPMENT PATH



\*Consolidated revenues



# GLOBAL PRESENCE



\*2020 Consolidated Revenues

# STRENGTHS

## **ESSENTIAL SERVICES**

- ✓ Services provided are to be considered essential, of first necessity and public utility and therefore defensive with respect to the epidemiological situation.
- ✓ A sustainable business that, even in the presence of a temporary emergency context, guarantees the continuity of essential services and therefore the well-being of the end users, employees and related induced activities.

## **MIX PRODUCT/SERVICE**

- ✓ Multi-service approach by offering a mix of customized services
- ✓ High barriers on entry due to know-how and investments needed

## **POSITIONED FOR CREATING VALUE**

- ✓ Costs optimization
- ✓ Commercial synergies
- ✓ Future focus on high value-added services

## **MEET CUSTOMER NEEDS**

- ✓ Rationalization and control of healthcare costs
- ✓ Social sustainability
- ✓ Financial benefits for hospitals

## **LONG TERM CONTRACTS**



4-year average contracts  
*volume based OR monthly fixed fee*



6-year average contracts  
*volume based OR monthly fixed fee*

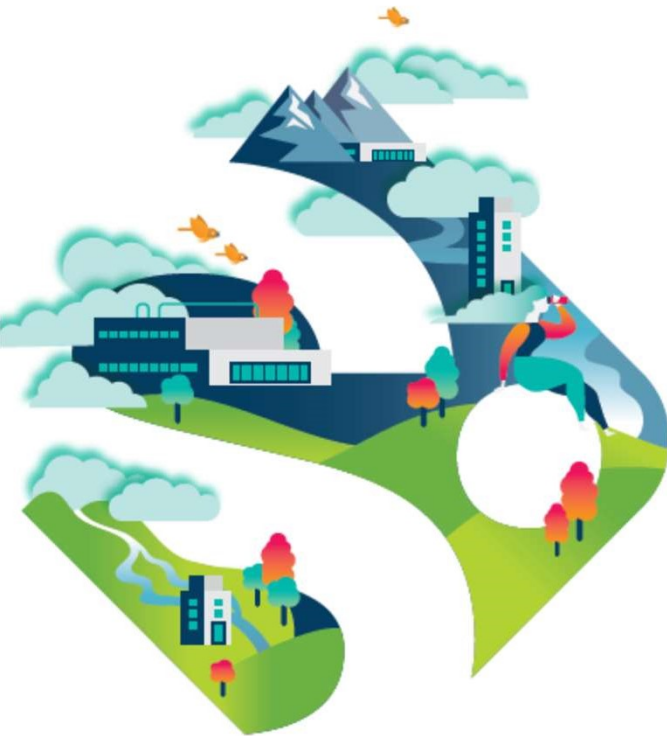




# BUSINESS GROWTH STRATEGY



# 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.*

## EFFICIENCY RESEARCH

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

## ESSENTIAL SERVICE

Investing in research of solutions to carry on services deemed as essential for customers and society.

## ORGANIZATIONAL SOLIDITY AND RELIABILITY

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

## PRODUCT/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

## INTERNATIONALIZATION

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

## INTEGRITY, ETHICS AND PROFESSIONALISM

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

# COVID-19 FOCUS: Impacts on sectors



## WASH-HIRE IN HEALTHCARE

- ✗ **Decrease of demand of bed linen**, since hospitals reduced access to outpatient services.
- ✓ **Increase** of reconditioning of **uniforms** of Healthcare workers.
- ✓ **Increase** of **equipment** demand.
- ✓ A **gradual increase of bed linen** and a partial rebalance of the mix (Flat/Garment) from the 2H.



## INSTRUMENTS STERILIZATION

- ✗ Significant **reduction of volumes** started at the end of Feb-2020, due to reduction of scheduled surgical operations in ORs.
- ✗ Operating costs could not be reduced timely, causing a **margin decrease**.
- ✓ **Temporary** effect, with partial **recovery** of the lower volumes.
- ✓ A **gradual increase** of demand from Jun-2020 continued also in 3Q and 4Q.



## TEXTILE STERILIZATION

- ✗ Relevant **reduction of volumes** concerning in particular sterilization of Reusable Technical Textiles.
- ✗ Reduction due to lower surgical operations.
- ✓ **Temporary** effect, with potential **recovery** of part of the lower volumes of the period.



## WASH-HIRE FOR HOMECARE AND HEALTH RESIDENCES

- ✗ **Reduction** in production **volumes**, due to deaths of elderly guests of residential facilities and prudential slowdown in access to the residential facilities.
- ✓ **Temporary** effect.
- ✓ In 2H 2020 a **gradual increase** of demand with limited accesses compared to the past.



## WASH-HIRE FOR HOTEL AND RESTAURANTS

- ✗ **Significantly impacted** in terms of volumes reduction starting from end of Feb-2020.
- ✓ **Temporary** effect.
- ✓ Sector represents a **minority share** in Group revenues.





# ITALY



14 laundry plants

24 sterilization plants (CSSDs)

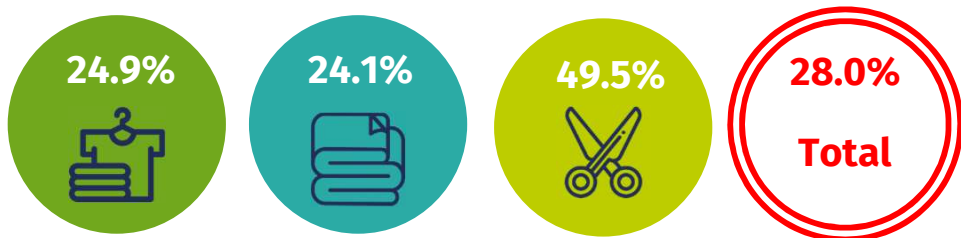
Revenues of Euro 207.3 mln\*

Market  
overview\*\*

- Italian Wash-hire Healthcare market turnover: Euro 747 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

## Servizi Italia's market share in Italy



\*2020 consolidated revenues in Italy

Goals

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

\*\* For more details: Cerved DATABANK, Lavanderie Industriali, Ed. 2020

# BRAZIL



3 laundry plants

Fully consolidated

Revenues of Euro 25.8 mln\*

First CSSD to be opened in 2021

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:** first player in Sao Paulo, second 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

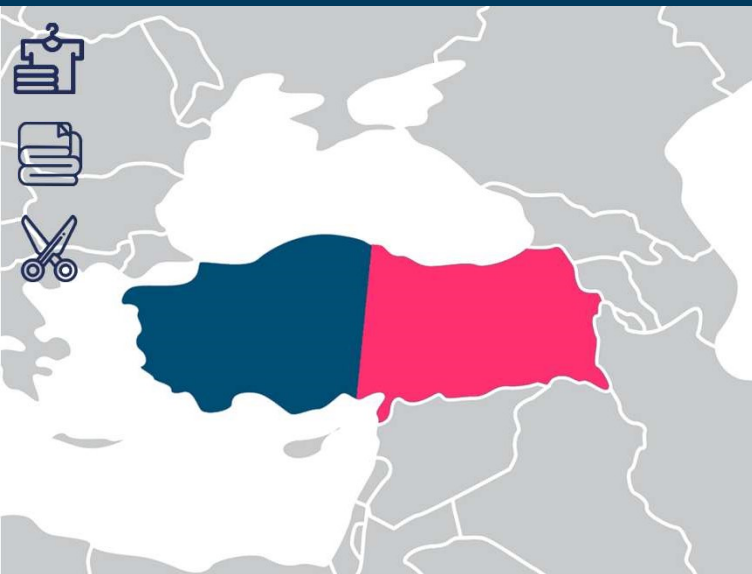
Goals

- **MARKET CONSOLIDATION IN SÃO PAULO**
- **START OF STERILIZATION BUSINESS**
- **ORGANIZATION AND MANAGEMENT EFFICIENCIES**
- **IDENTIFY FURTHER M&A DEVELOPMENT**



\*2020 consolidated revenues equal to 151.8 mln BRL.

# TURKEY



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) markets
- 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

5 laundry plants

4 CSSDs

Laundry Fully consolidated

Sterilization Equity consolidated

Revenues of Euro 9.3 mln\*



Goals

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



Laundry  
business

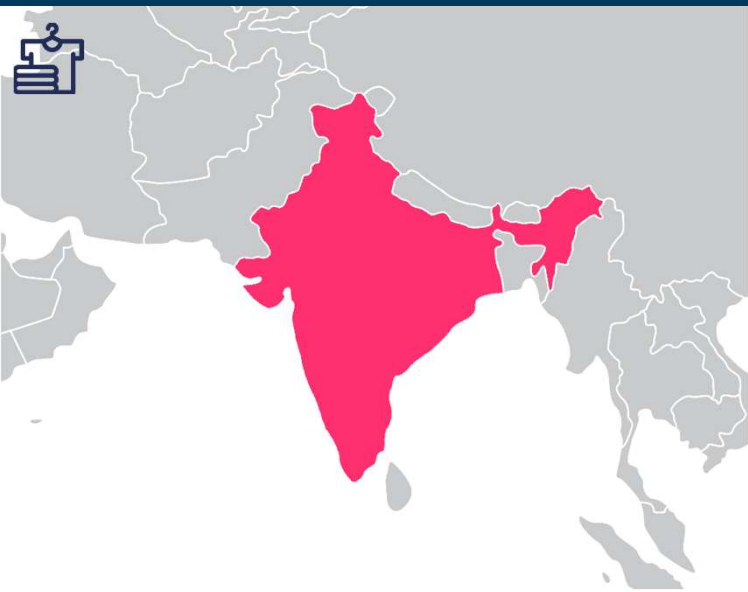


Sterilization  
business

\*Sum of (i) 2020 consolidated revenues of Ankateks (laundry) equal to 7.0 mln EUR or 56.9 mln TRY (included in SI consolidated revenues) and (ii) 100% of 2020 revenues of SAS (sterilization) equal to 2.3 mln EUR or 18.3 mln TRY (not included in consolidated revenues of SI group).



# INDIA



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, not fully reached)

1 laundry plant

Equity consolidated

Revenues of Euro 4.0 mln\*



SHUBHRAM



Goals

- **FULLY USE EXISTING PLANT CAPACITY**
- **INCREASE LOCAL QUALITY STANDARDS**
- **INCREASE OF AVERAGE PRICES**
- **CONTRACTS WITH FLAGSHIP HOSPITALS**
- **DEVELOPMENT IN NEW AREAS / SECTORS**

\*100% of revenues of Shubhram (not included in consolidated revenues of SI group). Revenues equal to 336.2 mln INR.

# ALBANIA



Market  
overview

- Total value of contract awarded include all public and private hospitals of Albania
- More than 70,000 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

- 1 laundry plant
- 8 CSSDs
- Equity consolidated
- Revenues of Euro 9.7 mln\*

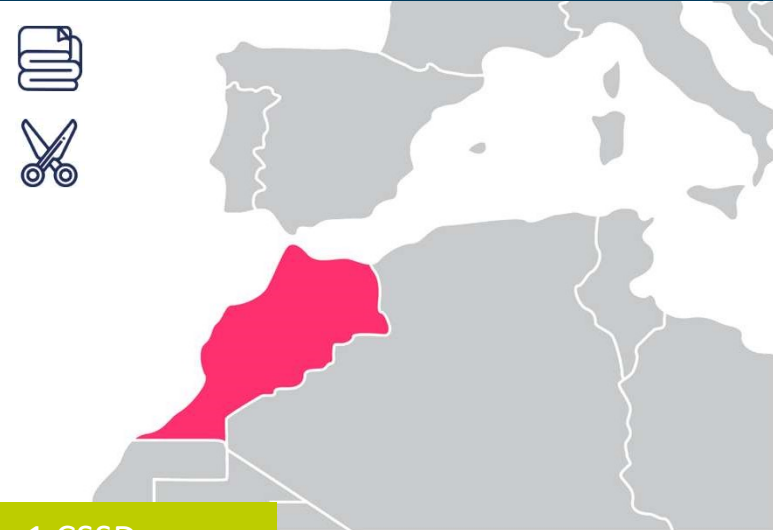
Goals

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



\*Sum of 100% 2020 SaniService and Sanitary Cleaning revenues (both not included in consolidated revenues of SI group). Equal to 1,198 mln ALL.

# MOROCCO



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

1 CSSD

Equity consolidated

Revenues of Euro 0.9 mln\*

- First and unique operator 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

Goals

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



\* 100% of 2020 Servizi Italia Marocco revenues (not included in consolidated revenues of SI Group). Equal to 9,4 mln MAD.



# CONSOLIDATED ECONOMICS RESULTS

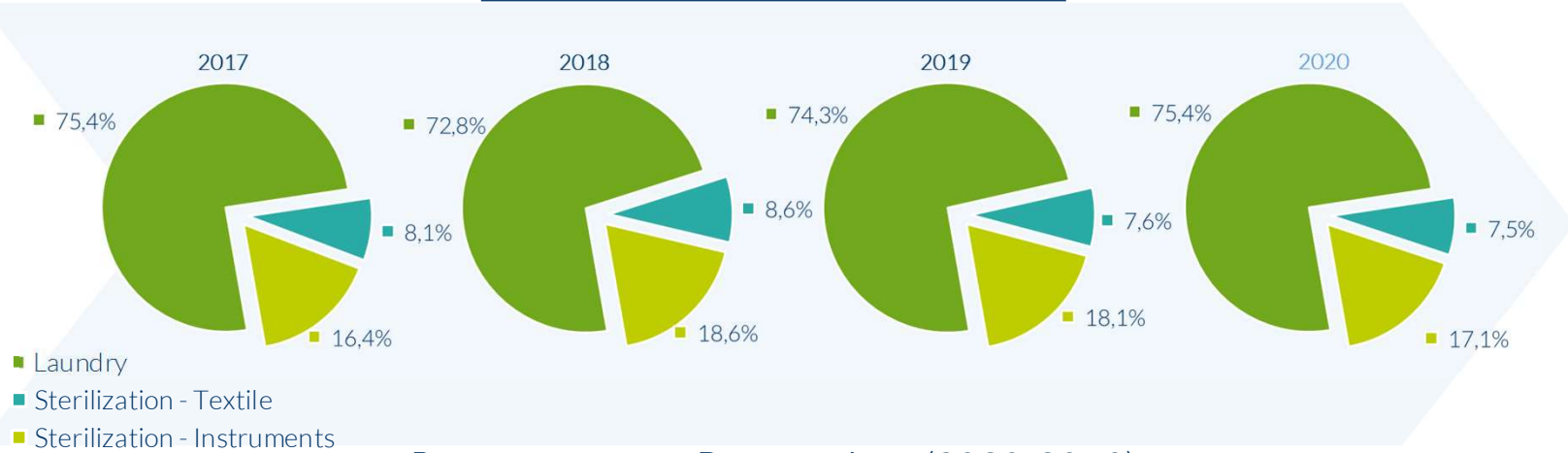
Servizi Italia P&L Consolidated ('000 Euro)	FY 2019	FY 2020
Revenues	262.403	240.160
Var. %		-8,5%
EBITDA	68.388	57.938
%	26,1%	24,1%
EBIT	13.850	3.873
%	5,3%	1,6%
Net income	9.514	2.954
%	3,6%	1,2%

## ECONOMIC AND FINANCIAL HIGHLIGHTS IN 2019 AND 2020:

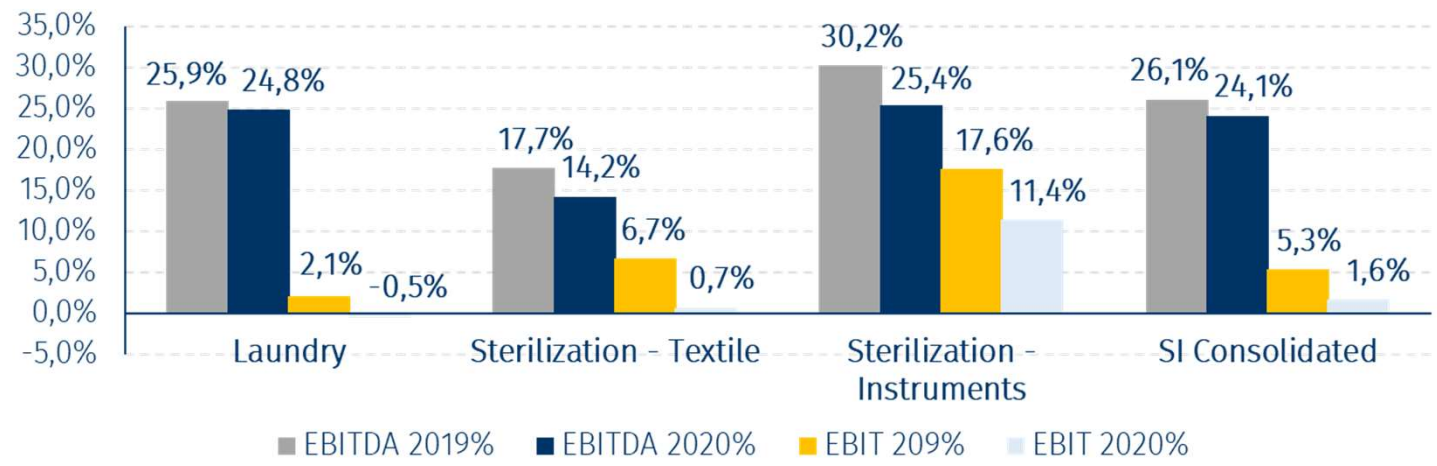
- + **Surgical instruments sterilization** registered a relevant growth in terms of revenues in 3Q (+18.1%) and 4Q (+10.5%), with high margins: EBITDA % of 25.4% and EBIT % of 11.4%.
- + Relevant organic growth of **Brazilian** perimeter (+7.8% in 2020) and of **Turkish** area (+13.7% in 2020), without considering FX effects.
- + Relevant margins achieved by **Brazilian** activities: in 2020 EBITDA % was equal to 33.3% (32.7% of previous period) and EBIT % equal to 7.9% (8.7%).
- + Relevant margins achieved by **Turkish** with strong resilience during Covid-19 especially in 1H2020: in 2020 EBITDA % was equal to 30.3% (32.2% of previous period) and EBIT % equal to 21.2% (24.8%).
- + **Covid-19** had a positive impact in terms of revenues for Brazil on wash-hire segments (increase in volumes of uniforms washed, etc.). Good results in 2H2020 also for the **Textile Sterilization** related to the increase of disposables supplies.
- + New **acquisitions** accounted on revenues growth for 1.2% in 2020. Management considers that transactions done in 2019 put the basis for **future results improvements** both in terms of sales and margins.
- **Laundry** business in Italy registered a slow down, in particular due to critical issues of the industry, bringing the Group to achieve contracts with significant margin discount or to lose them.
- **Covid-19** had a significant negative impact on revenues and margins of instruments and textile sterilization, directly reducing group consolidated margins. Covid-19 negatively impacted also on revenues of wash-hire business for hotels and workwear.
- **Covid-19** had a **negative impact in terms of wash-hire margins**, especially in Italy, due to a change in the mix of service. The management considers this effect temporary.
- **Textile sterilization** registered a negative 2019 and 1H 2020 due to the ending of some contracts in Italy.
- In 2020 **FX** negative impact on both Brazilian and Turkish areas, connected with consolidation of abroad operations. In 2020 FX impacted significantly also on results of some equity consolidated subsidiaries (in particular in India, Albania).
- **One-off costs** impacted relevantly on 2020 results, in particular due to restructuring operations and accrual for onerous contracts.

# ECONOMICS RESULTS – Sector breakdown

SALES BREAKDOWN PER BUSINESS LINE



PROFITABILITY PER BUSINESS LINE (2020-2019)



In Italy, until 2019 (pre Covid-19), surgical instr. sterilization was growing faster than laundry

In emerging markets, laundry is still a growing business, with very interesting margins

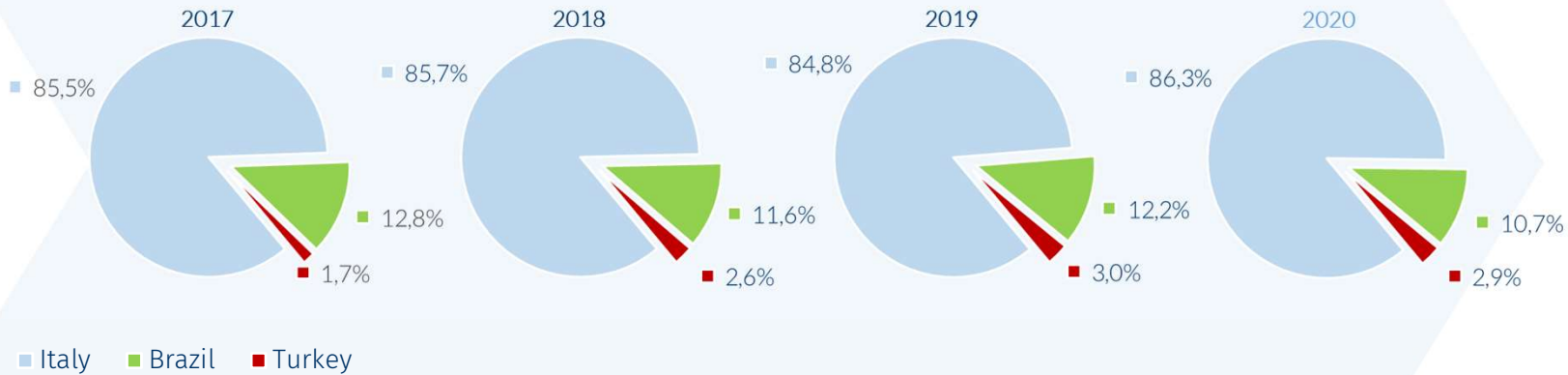
Higher margins of sterilization businesses vs Laundry

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

In 2020, Covid-19 impacted on sterilization and wash-hire business both.

# ECONOMICS RESULTS – Geographic breakdown

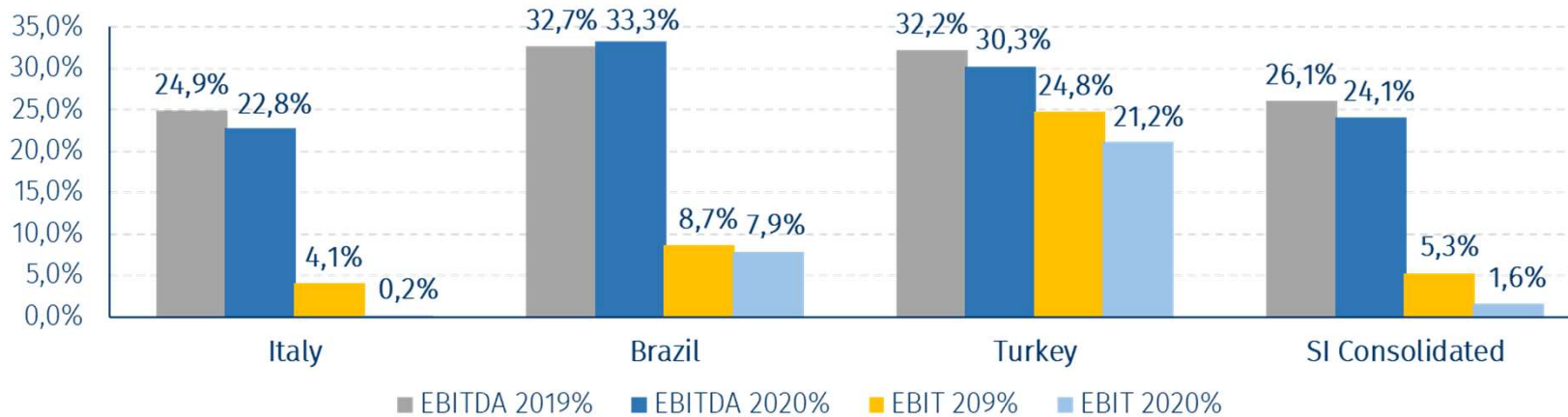
## SALES BREAKDOWN PER AREA



Servizi Italia aims at increasing market share in the country manned

Consolidation of Brazilian and Turkish market is affected by FX changes

## PROFITABILITY PER AREA (2020-2019)



Equity consolidated businesses are not included in these results

Excluding Covid-19 effect, margins in Brazil are expected to grow in medium term.

# CONSOLIDATED FINANCIAL RESULTS

Balance Sheet ('000 Euro)*	31.12.2018	31.12.2019	31.12.20
Operating Net Working Capital	7.957	6.644	-5.964
Other net current assets (liabilities)	-13.102	-18.852	-11.446
<b>Net Working Capital</b>	<b>-5.145</b>	<b>-12.208</b>	<b>-17.410</b>
Fixed assets - Medium/long term provis.	225.578	277.873	265.603
<i>'- of which IFRS16</i>	0	35.783	31.717
<b>Invested Capital</b>	<b>220.433</b>	<b>265.665</b>	<b>248.193</b>
Shareholders' Equity (B)	138.238	138.257	118.586
Net financial debt (A)	82.195	127.408	129.607
<i>'- of which IFRS16</i>	0	36.258	32.943
<b>Invested Capital</b>	<b>220.433</b>	<b>265.665</b>	<b>248.193</b>
Gearing (A/A+B)	0,37x	0,48x	0,52x
Gearing (A/A+B) - Excl. IFRS16	0,37x	0,40x	0,45x
D/E (A/B)	0,59x	0,92x	1,09x
Debt/E (A/B) - Excl. IFRS16	0,59x	0,66x	0,82x

\*Starting from 1.1.2019, IFRS16 accounting principle was adopted.

## NET DEBT HISTORICAL TREND PROFORMA\*



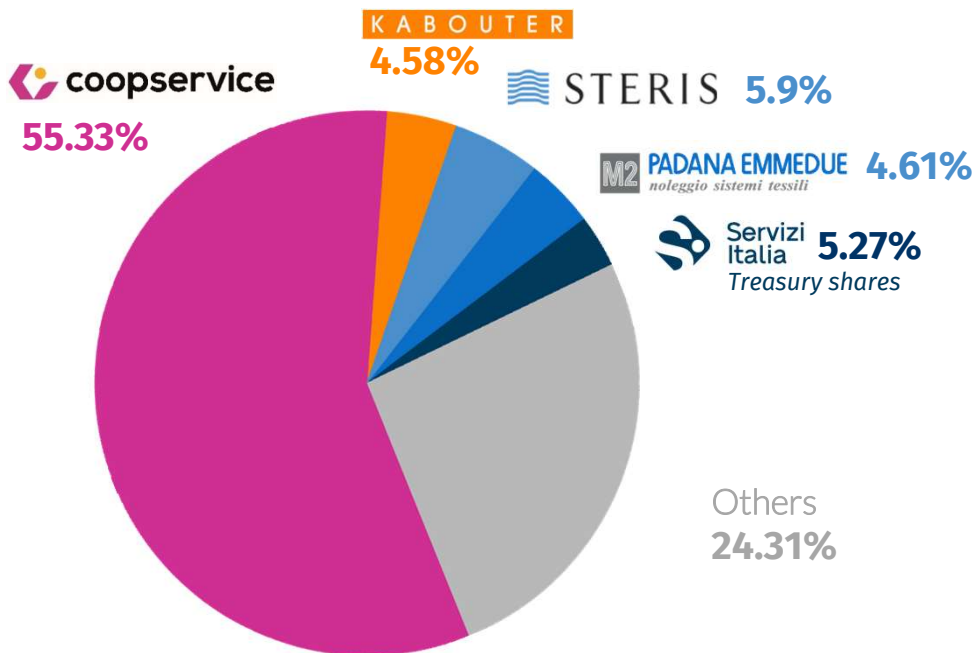
Operational investments and acquisitions of Servizi Italia are conducted with specific focus on keeping a balanced and healthy debt structure.

\* Net debt proforma without IFRS16 effect (started from 01.01.2019)

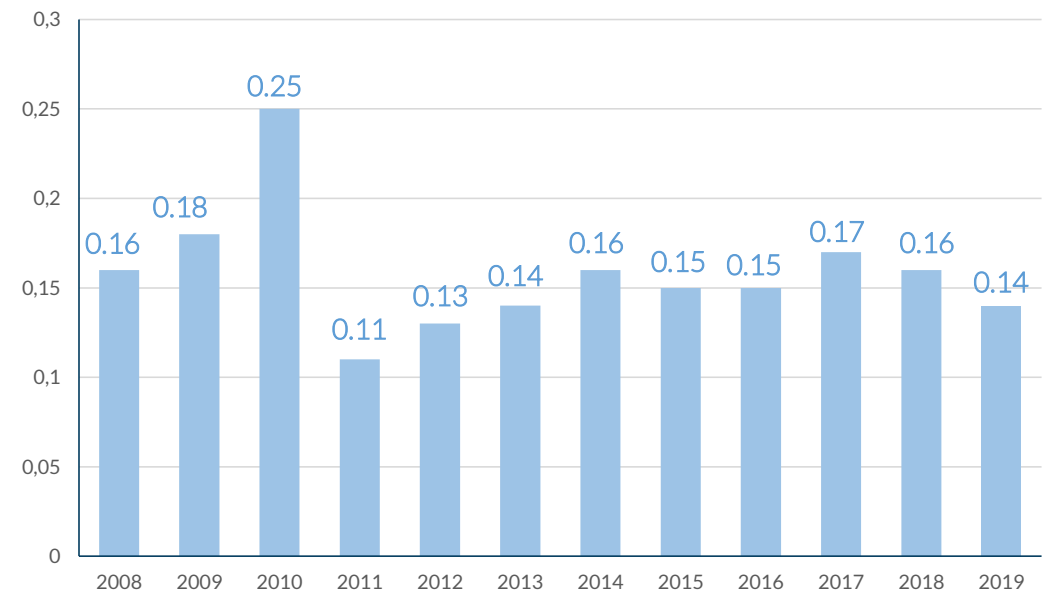


# STOCK EXCHANGE – Main details

## SHAREHOLDING STRUCTURE



Analyst Coverage	Reccomend.	TP (Euro)	Date
Intermonte SIM	Outperform	2.80	18/11/2020
MidCap Partners	Buy	2.70	29/01/2021



The Board proposes to **not disburse the dividend** for the fiscal year closed as at 12.31.2020.

### Details on shares as at 18 March 2021

Share Capital ('000)	31,809
Share Price (Euro)	2.29
Market Capitalization ('000 Euro)	72,843

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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: Intermonete SIM  
Investor Relations Department: Giovanni Manti (IRM), Pietro Giliotti  
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