



**SERVIZI ITALIA S.p.A.**

Registered Office Via S. Pietro, 59/b

43019 Castellina di Soragna (PR)

Share Capital: € 31,809,451 fully paid-up

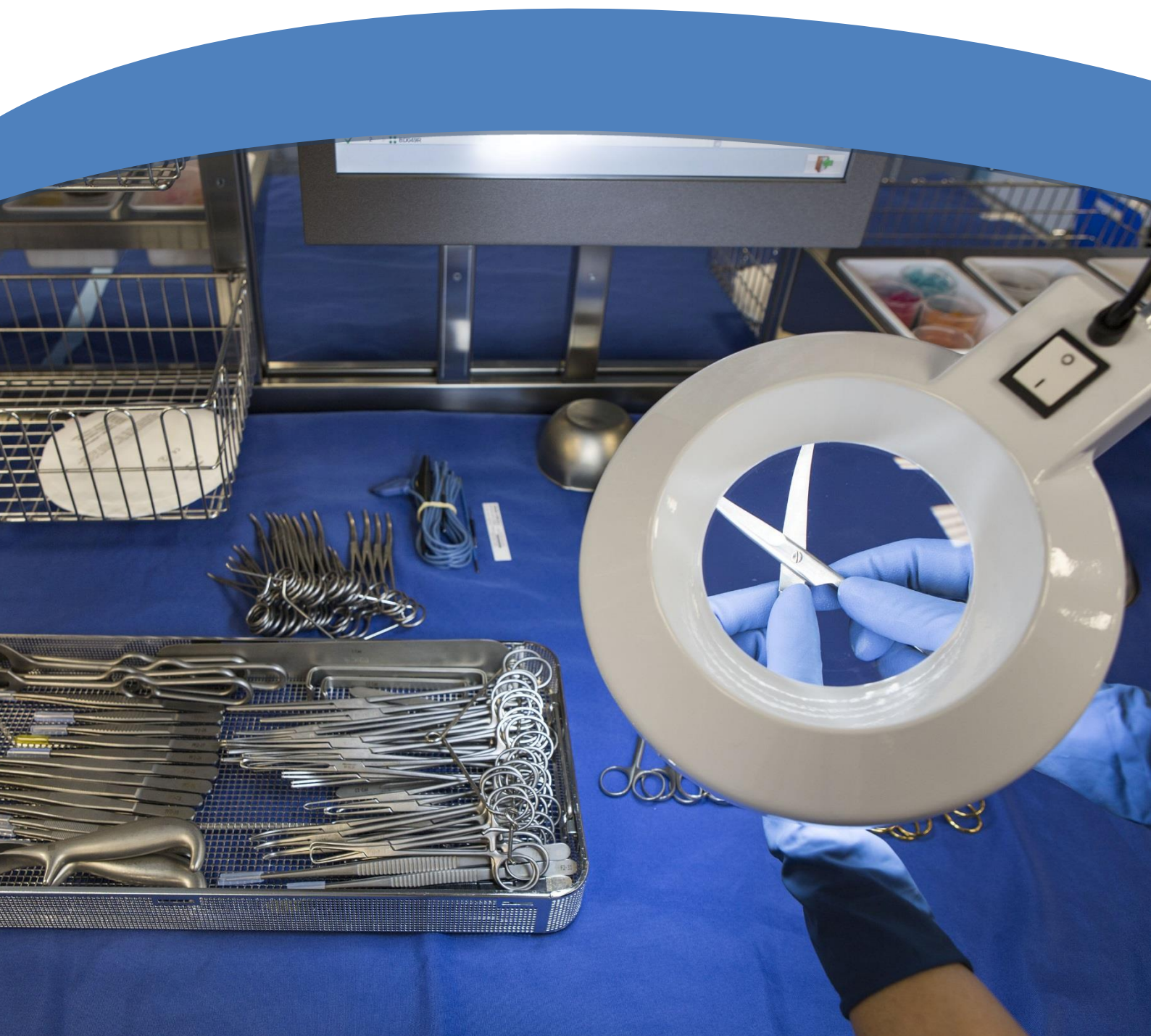
Tax code and Parma Business Register No.: 08531760158

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## INTERIM REPORT AS AT 30 SEPTEMBER 2016



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## 1. COMPANY OFFICERS AND CORPORATE INFORMATION

### Board of Directors (in office until approval of the Financial Statements as at 31 December 2017)

| Name and Surname                        | Position              |
|---|-----------------------|
| Roberto Olivi                           | Chairman              |
| Enea Righi                              | Vice-Chairman and CEO |
| Ilaria Eugeniani                        | Director              |
| Emil Anceschi                           | Director              |
| Antonio Paglialonga                     | Director              |
| Lino Zanichelli                         | Director              |
| Vasco Salsi                             | Director              |
| Marco Marchetti                         | Director              |
| Paola Gina Maria Schwizer (1)-(2)-(3)   | Independent Director  |
| Romina Guglielmetti (1)-(2)             | Independent Director  |
| Paola Elisabetta Maria Galbiati (1)-(2) | Independent Director  |

(1) Member of the Nomination and Remuneration Committee; (2) Member of the Control and Risks Committee; (3) Lead Independent Director

### Board of Statutory Auditors (in office until approval of the Financial Statements as at 31 December 2016)

| Name and Surname     | Position          |
|----------------------|-------------------|
| Marco Elefanti       | Chairman          |
| Anna Maria Fellegara | Statutory Auditor |
| Andrea Spollero      | Statutory Auditor |
| Ernestina Bosoni     | Alternate Auditor |
| Lorenzo Keller       | Alternate Auditor |

### Supervisory Body (in office until 2 February 2019)

| Name and Surname   | Position |
|--------------------|----------|
| Veronica Camellini | Chairman |
| Laura Verzellesi   | Member   |
| Francesco Magrini  | Member   |

### Independent Auditors (in office until approval of the Financial Statements as at 31 December 2023)

Deloitte & Touche S.p.A. -Via Tortona, 25 - 20144 Milan

### Registered office and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b – 43019 Castellina di Soragna (PR) – Italy

Tel. +390524598511, Fax +390524598232, website: [www.si-servizitalia.com](http://www.si-servizitalia.com);

Share Capital: € 31,809,451 fully paid-up

Tax code and Parma Business Register No.: 08531760158; Certified Email: [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it)

Founded: 1986

Stock market listing: Borsa Italiana S.p.A. Mercato Telematico Azionario (MTA, electronic stock market), STAR segment

Ordinary Share ISIN: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI

### Investor Relations

Giovanni Manti – IR, Chiara Peterlini and Elena Abbati – IR assistants

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## 2 GROUP STRUCTURE

Servizi Italia S.p.A., registered office in Castellina di Soragna (PR), listed in the STAR segment of the Borsa Italiana S.p.A. MTA stock exchange, is the main Italian operator in the supply of integrated services for the rental, washing and sterilisation of textiles and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundry facilities, textile sterilisation centres, surgical instrument sterilisation centres and numerous wardrobes, the Company and its Italian and overseas subsidiaries forming the Servizi Italia Group, mainly provide their broad and diversified range of services for public and private healthcare facilities in central and northern Italy, in the state of São Paulo in Brazil, in Turkey, India and Albania. As at 30 September 2016, the Servizi Italia Group included the following Companies:

| <b>Company Name<br/>Parent Company and Subsidiaries</b> | <b>Registered Offices</b>             | <b>Share capital</b> | <b>Share holding</b> |
|---|---------------------------------------|----------------------|----------------------|
| Servizi Italia S.p.A.                                   | Castellina di Soragna (Parma) - Italy | EUR 31,809,451       | Parent Company       |
| SRI Empreendimentos e Participações L.t.d.a.            | São Paulo (SP) - Brazil               | R\$ 134,404,852      | 100%                 |
| Servizi Italia Medical S.r.l.                           | Castellina di Soragna (PR) – Italy    | EUR 200,000          | 100%                 |
| Tintoria Lombarda Divisione Sanitaria S.r.l.            | Barbariga (BS) - Italy                | EUR 260,626          | 100%                 |
| Se.Sa.Tre. S.c.r.l.                                     | Genoa - Italy                         | EUR 20,000           | 60%                  |
| San Martino 2000 S.c.r.l.                               | Genoa - Italy                         | EUR 10,000           | 60%                  |
| Lavsim Higienização Têxtil S.A.                         | São Roque (SP) - Brazil               | R\$ 550,000          | 100% (*)             |
| Maxlav Lavanderia Especializada S.A.                    | Jaguariúna (SP) - Brazil              | R\$ 2,825,060        | 50.1% (*)            |
| Vida Lavanderias Especializada S.A.                     | Santana de Parnaíba (SP) - Brazil     | R\$ 1,900,000        | 50.1% (*)            |
| Aqualav Serviços De Higienização Ltda                   | Vila Idalina, Poá (SP) - Brazil       | R\$ 6,400,000        | 100% (*)             |

(\*) Held through SRI Empreendimentos e Participações Ltda

| <b>Company Name<br/>Associates and Jointly Controlled Companies</b>    | <b>Registered Offices</b>          | <b>Share capital</b> | <b>% interest</b> |
|--|------------------------------------|----------------------|-------------------|
| Centro Italia Servizi S.r.l. in liquidazione (in liquidation) (***)    | Arezzo - Italy                     | EUR 10,000           | 50%               |
| PSIS S.r.l.  | Padua - Italy                      | EUR 10,000,000       | 50%               |
| Arezzo Servizi S.c.r.l.  | Arezzo - Italy                     | EUR 10,000           | 50%               |
| Ekolav S.r.l.  | Lastra a Signa (FI) - Italy        | EUR 100,000          | 50%               |
| Steril Piemonte S.c.r.l.   | Turin - Italy                      | EUR 4,000,000        | 50%               |
| AMG S.r.l.   | Busca (CN) - Italy                 | EUR 100,000          | 50%               |
| Iniziative Produttive Piemontesi S.r.l.                                | Turin - Italy                      | EUR 2,500,000        | 37.625%           |
| Piemonte Servizi Sanitari S.c.r.l.                                     | Turin - Italy                      | EUR 10,000           | 30% (*)           |
| SE.STE.RO. S.r.l. in liquidazione (in liquidation) (**)                | Castellina di Soragna (PR) - Italy | EUR 400,000          | 25%               |
| CO.SE.S S.c.r.l.   | Perugia - Italy                    | EUR 10,000           | 25%               |
| SAS Sterilizasyon Servisleri A.Ş.                                      | Istanbul - Turkey                  | TRY 500,000          | 51%               |
| Shubhram Hospital Solutions Private Limited                            | New Delhi - India                  | INR 230,916,000      | 51%               |
| Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi | Ankara – Turkey                    | TRY 5,000,000        | 40%               |

|                           |                  |     |           |     |
|---------------------------|------------------|-----|-----------|-----|
| Finanza & Progetti S.p.A. | Vicenza - Italy  | EUR | 550,000   | 50% |
| Saniservice Sh.p.k.       | Tirana – Albania | LEK | 2,745,600 | 30% |

<sup>(\*)</sup> Indirect shareholding of 15.05% through Iniziative Produttive Piemontesi S.r.l.

<sup>(\*\*)</sup> Company in liquidation from 1 January 2016.

<sup>(\*\*\*)</sup> Company in liquidation from 19 May 2016.

### 3 DIRECTORS' REPORT

This interim report as at 30 September 2016 includes the condensed consolidated financial statements as at 30 September 2016. The Group's main financial highlights as at 30 September 2016 are shown below along with the comparative information in compliance with IAS/IFRS.

The consolidated subsidiaries are San Martino 2000 S.c.r.l., Se.Sa.Tre. S.c.r.l., Servizi Italia Medical S.r.l., Tintoria Lombarda Divisione Sanitaria S.r.l., SRI Empreendimentos e Participações Ltda (parent company of Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços de Higienização Ltda). The Group's main financial highlights for the first nine months of 2016 are shown below along with the comparative information. In order to also allow a better evaluation of the economic-financial performance, the summary tables below include some "alternative performance indicators" not provided for by IFRS. The footnotes to said tables indicate the calculation method and the composition of these ratios, in line with the guidelines of the European Securities and Market Authority (ESMA).

#### Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 30 September 2016 with the results as at 30 September 2015 (in thousands of Euros):

| <i>(thousands of Euros)</i>     | <b>30 September 2016</b> | <b>30 September 2015</b> | <b>Change</b> | <b>Change %</b> |
|---------------------------------|--------------------------|--------------------------|---------------|-----------------|
| Revenue                         | 175,489                  | 172,674                  | 2,815         | 1.6%            |
| EBITDA (a)                      | 48,011                   | 47,943                   | 68            | 0.1%            |
| <i>EBITDA %</i>                 | 27.4%                    | 27.8%                    |               |                 |
| Operating profit (EBIT)         | 11,572                   | 13,336                   | (1,764)       | -13.2%          |
| <i>Operating profit (EBIT)%</i> | 6.6%                     | 7.7%                     |               |                 |
| Net profit                      | 8,525                    | 7,967                    | 558           | 7.0%            |
| <i>Net profit %</i>             | 4.9%                     | 4.6%                     |               |                 |

(a) The Company management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.

#### Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 September 2016 with the figures as at 31 December 2015 (in thousands of Euros):

| <i>(thousands of Euros)</i>                      | <b>30 September 2016</b> | <b>31 December 2015</b> | <b>Change</b> | <b>Change %</b> |
|--|--------------------------|-------------------------|---------------|-----------------|
| Net operating working capital (a)                | 19,220                   | 13,726                  | 5,494         | 40.0%           |
| Other current assets/liabilities (b)             | (13,004)                 | (7,565)                 | (5,439)       | 71.9%           |
| <b>Net working capital</b>                       | <b>6,216</b>             | <b>6,161</b>            | <b>55</b>     | 0.9%            |
| Non-current assets - medium/long-term provisions | 212,908                  | 183,086                 | 29,822        | 16.3%           |
| <b>Invested capital</b>                          | <b>219,124</b>           | <b>189,247</b>          | <b>29,877</b> | 15.8%           |
| Shareholders' equity (B)                         | 134,601                  | 122,094                 | 12,507        | 10.2%           |



|                             |                |                |               |       |
|-----------------------------|----------------|----------------|---------------|-------|
| Net financial debt (d) (A)  | 84,523         | 67,153         | 17,370        | 25.9% |
| <b>Invested capital (c)</b> | <b>219,124</b> | <b>189,247</b> | <b>29,877</b> | 15.8% |
| <b>Gearing [A/(A+B)]</b>    | <b>38.6%</b>   | <b>35.5%</b>   |               |       |
| <b>Debt/Equity (A/B)</b>    | <b>62.8%</b>   | <b>55.0%</b>   |               |       |

- (a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.
- (b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.
- (c) Invested capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined invested capital as the sum of shareholders' equity and net financial debt.
- (d) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and current financial receivables.

## Company information and business performance

The business performance registers an increase in the consolidated turnover of the Servizi Italia Group, with revenues from sales and services amounting to Euro 175,489 thousand, therefore marking an increase of 1.6% compared to the interim report as at 30 september 2015. This increase mainly comes from the wash-hire sector, as an effect of the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. in the Italian area (Euro 3,349 thousand) and Aqualav Serviços De Higienização Ltda in Brazil. At the same consolidation scope, the fall in revenues would have been equal to 2.6%. It is also to underline an increase of the turnover coming from surgical instrument sterilization, compared to the same period in the previous year.

Consolidated **EBITDA** rose by 0.1% from Euro 47,943 thousand in 2015 to Euro 48,011 thousand in 2016, determined by the turnover increase despite of the increase of operational costs, in particular personnel costs. In the Italian area, the increase of personnel costs reflects the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l., which is opposed by a reduction of personnel costs due to the redefinition of the hourly module of some Italian production units and the restructuring of the company Servizi Italia Medical S.r.l. However, the Brazilian area registers an increase of personnel costs, essentially due to the effects of the adjustments to the inflation rate of the collective agreement for workers of the state of São Paulo and the inclusion of labor force for the awarding of new laundry contracts. In relative terms, margins passed from 27.8% to 27.4%, slightly down compared to the same period of the previous year.

**Consolidated operating profit (EBIT)** fell from Euro 13,336 thousand to Euro 11,572 thousand, after having allocated amortisation and depreciation of Euro 36,439 thousand, marking an increasing of 5.3% compared to the same period of the previous year). In relative terms, EBIT compared to revenues on sales and services is reduced of 1.1%. In the periods under analysis, the 2016 registered an increase of 0.7% in the incidence of amortisation and depreciation on revenues. This increase was determined, in the Brazilian area, by the rise in the depreciation of linen and new production lines, and, in the Italian area, by the increase in depreciation of linen coming from the consolidation of Tintoria Lombarda Divisione Sanitaria s.r.l., the depreciation of linen supplied to new customers, the depreciation for the start-up of the surgical instrument sterilisation centre at the G. Martino University Hospital of Messina, the increase in the depreciation of surgical instruments and investments for the performance of construction and plant works connected to tender contracts.

Therefore, the consolidated financial statements as at 30 September 2016 closed with a **net profit** of Euro 8,525 thousand, up by 7.0%. This significant recovery, considering the operating profit, was achieved thanks to a lower relative load of net financial expenses compared to the same period of the previous year, mainly because of lower rates applied on loans (in absolute value the reduction is 62.2%, equal to 0.4% of turnover compared with 1.1% in 2015) and a decrease in the impact of the tax rate.

### **Significant events and transactions**

On 14 March, the Board of Directors exercised the power attributed to it by the extraordinary shareholders' meeting of 26 September 2014 pursuant to art. 2443 of the Italian Civil Code, to increase share capital against payment and in divisible form, for a total amount, including any premium of up to Euro 4,000,000, through the issuing of a maximum of 1,150,000 new ordinary shares with a par value of Euro 1.00 each, with the same characteristics as those outstanding, excluding the purchase option in accordance with art. 2441, paragraph 4, second section, of the Italian Civil Code, reserved for subscription to Steris UK Holding Limited. For more information, please refer to the documentation relating to the shareholders' meeting dated 26 September 2014, to the "lock-up" shareholders' agreement and the press releases of 26 September and 6 October 2014 and subsequent communications available on the company's website.

On 6 April, Servizi Italia S.p.A. announced the new composition of the share capital further to the increase in the shareholding of STERIS Corporation (via the wholly-owned indirect subsidiary Steris UK Holding Limited) in the shareholding structure of Servizi Italia, by means of a Reserved Share Capital Increase for an amount equal to Euro 3,999,996.56 (inclusive of share premium), with the exclusion of the purchase option as per Article 2441, paragraph 4, second section of the Italian Civil Code, by means of the issue of 1,110,185 ordinary shares of the company at an issue price for the new shares of Euro 3.6030. Servizi Italia did not sell any treasury shares for the Reserved Share Capital Increase. Steris UK Holding Limited holds a 5.9% stake in Servizi Italia's share capital. Certification of the execution of the share capital increase was filed at the Parma Companies Business Register on 5 April 2016.

On 20 April, the Shareholders' Meeting approved the financial statements as at 31 December 2015 and the distribution of a gross dividend of Euro 0.15 per share outstanding on the coupon date, excluding treasury shares. Payment took place on 27 April 2016, with coupon payment on 25 April 2016.

The Shareholders' meeting authorised the Board of Directors to perform purchases and sales of treasury shares, based on prior revocation of the resolution of 22 April 2015. The plan meets the need of offering an opportunity for the efficient investment of company liquidity and the possibility of using it for strategic transactions and/or for the completion of subsequent share purchases and sales, within the limits permitted by the applicable market practices. The authorisation is for a maximum number of Servizi Italia S.p.A. ordinary shares equating to 20% of the share capital, taking into account the treasury shares already held, for a period of 18 months as of the Shareholders' Meeting resolution. The treasury share purchase transactions will be carried out on the

market at a price of up to 20% more or less than the weighted average official prices in the 3 days preceding the individual transaction.

The shareholders' meeting of 20 April, also held in extraordinary session, approved the amendments to the articles of association, namely to art. 2 containing the “Corporate purpose”, targeted at structuring and better clarifying the activities involved in the corporate purpose, actually adjusting it into line with the current market conditions in which the Company operates. The amendments made do not determine any change to the company’s activities, whose scope remains essentially unchanged, nor involve potential changes in business risk and/or cost-effectiveness of the investment, therefore, do not entitle shareholders to exercise the right of withdrawal set forth in the applicable regulations.

The Board of Directors meeting, held on 20 April, resolved the launch of the treasury share purchase and sale plan, in implementation of the resolution passed by the ordinary shareholders' meeting.

On 4 May, the Company announced, pursuant to art. 131 of CONSOB Regulation no. 11971/1999 and subsequent amendments - that the shareholders’ agreements contained in the Lock-up stipulated on 4 August 2014 between Servizi Italia S.p.A., STERIS Corporation and STERIS UK Holding Limited, regarding 1,877,607 ordinary shares representing 5.90% of the share capital Servizi Italia S.p.A., were terminated, with no need to make any amendment and/or to the Lock-up itself.

On 9 June, the Company communicated the inauguration and simultaneous launch of production activities of the sterilisation centre at the Mother Therese University Hospital of Tirana . For more information, please refer to the press release circulated on said date.

On 14 June, the Company announced that Shubhram Hospital Solutions Private Limited signed a contract for the award of the hospital linen and packed linen wash-hire service to the healthcare facilities located in the New Delhi area headed up by the Fortis Healthcare Ltd Group. The contract Shubhram signed with the Fortis Group has an initial duration of 5 years, renewable for a further 5 years and will come into force in July 2016. The annual value of the award, when fully effective, is INR 255.0 million, roughly Euro 3.4 million. For more information, please refer to the press release circulated on said date.

On 21 June, the Company announced that the Brazilian companies of the Servizi Italia Group signed a contract for hospital linen wash-hire services, for a term of five years which came into force in June 2016 with increasing production volumes of linen to be reconditioned at the various Group laundry facilities. The contract has a total value, for the entire contract period, of roughly Euro 20 million (at 21 June’s exchange rate). For more information, please refer to the press release circulated on said date.

On 7 July, the Company announced the acquisition of 100% of “Tintoria Lombarda Divisione Sanitaria S.r.l.”, a company which has been awarded of the operational branch of the company Tintoria Lombarda di Fasoli Aldo S.p.A, one of the main Italian operator of wash-hire for healthcare facilities. The transaction allows Servizi Italia to further consolidate its leadership in Italy, in particular in the north-central area, which is



characterized by the most favourable economic conditions of the sector at a national level. The Company has a customer portfolio characterised, on average, by long-term contracts that, over the course of 2015, allowed the Company to generate a value of production of almost Euro 14 million, with a net pro-forma operating profit of around Euro 1.8 million. The transaction envisaged a total price of around Euro 13.9 million paid by Servizi Italia as detailed below: (i) Euro 10.4 million was paid to the sellers at closing, (ii) Euro 2.2 million (of which Euro 1.4 million already paid after signing of the transaction in March 2016) was deposited in an escrow account to cover Servizi Italia's contractual guarantees and (iii) Euro 1.3 million was paid by Servizi Italia to the direct benefit of Tintoria Lombarda with the goal of strengthening its shareholders' equity and closing some existing accounting positions vis-à-vis the sellers at the closing date. Servizi Italia communicates that the escrow account will therefore have a total value of Euro 2.2 million and will be released in the next 36 months (based on prior fulfilment of the contractual obligations by the counterparty). The transaction was financed by bank debt.

On 30 September, the Company announced that the Board of Directors approved the project of merger by incorporation of the wholly owned company Tintoria Lombarda Divisione Sanitaria S.r.l. into Servizi Italia S.p.A. The transaction is part of a reorganization of the Group through simplifying the holding structure, pursuing greater efficiency and operational integration, as well as reduction of administrative costs.

On 30 September, the Italian Revenue Agency – Emilia Romagna Region General Direction – Large Taxpayers Department, notified with a report of findings (Italian acronym PVC), that the fiscal audit activities conducted on the Parent Company came to an end. These activities referred to taxes on revenues, VAT and IRAP for tax period 2013, as well as any possible reflection on previous and following tax periods.

The PVC reported what follows:

- Missing valuation of intercompany active transactions towards the Brazilian controlled company SRI Empreendimentos e Participações L.t.d.a. regarding service costs incurred by the parent company for the acquisition of the Brazilian operating companies and that should have been subject to chargeback;
- Detection of components arising from factoring commissions to be fiscally treated under the rules of tax losses instead of under those of financial components;
- Deduction of negative income components in accordance with contracts and recognized in accordance with the principles contained in IAS 18 and led back to the nature of risks.

It is to underline that the PVC does not imply any payment obligation, because the decision whether to proceed or not with the issue of notices of assessment is up to the Italian Revenue Agency.

The Company believes to have correctly operated in order to comply with all fiscal obligations and it is currently evaluating the most appropriate ways of defense and/or settlements of the dispute to be taken.

At the moment, the Company, supported by its advisors, is unable to predict the outcome of the future evolution of this PVC and therefore the financial statement as at 30 September 2016 does not include any specific

provision. However, considering that, both during the verification period and in the future, the Company presented and will present extensive documentation in support of its actions, it trusts in a good outcome of the litigation.

The main characteristics of the awarded contracts, which have an annual contract value of more than Euro 50 thousand, are provided below:

| Customer   | Service provided   | Duration<br>years | Contract value per year<br>(thousands of Euros) |
|--|--|-------------------|---|
| <b>ESTAR – AO Careggi di Firenze</b> (awarded as part of a temporary joint consortium)                             | Sterilisation service for Florence Trauma and Orthopedic Center                        | 1                 | 1,121   |
| <b>ASP Emanuele Brigole di Genova</b>  | Linen wash-hire service.   | 2                 | 151   |
| <b>Ospedale Evangelico Internazionale di Genova</b>  | Supply of sterile linen kits for operations composed of reusable and non-woven textile | 4                 | 191   |
| <b>ASSB Bolzano</b>  | Linen and packed linen wash-hire and transport service.                                | 3                 | 477   |
| <b>AZIENDA ULSS 6 Vicenza</b> (awarded as part of a temporary joint consortium)                                    | Linen wash-hire, mattress and garments service   | 5                 | 3,380   |
| <b>Az. Osp. San Camillo Forlanini di Roma</b> (awarded as part of a temporary joint consortium)                    | Linen wash-hire, non-sterile non-woven textile, sterile linens and garments service    | 3                 | 3,194   |
| <b>APAC Trento – Anaunia Taio</b> (awarded as part of a temporary joint consortium)                                | Linen and packed linen wash-hire service.  | 4                 | 151   |
| <b>Istituto Ortopedico Rizzoli di Bologna</b> (awarded as part of a temporary joint consortium)                    | Linen wash-hire service.   | 6                 | 850   |
| <b>La Quiete – Udine</b> (awarded as part of a temporary joint consortium)   | Linen wash-hire service.   | 5                 | 594   |
| <b>Vimercate Salute e Gestione Scarl</b>   | Linen wash-hire service.   | 3                 | 686   |
| <b>IRCSS Cà Granda – Ospedale Maggiore Policlinico di Milano</b> (awarded as part of a temporary joint consortium) | Hiring, washing, maintenance, delivery and collection of mattresses                    | 5                 | 57  |

### Significant events after the end of the half

On 14 November 2016, the Company announced that up until 11 November 2016 it had acquired 334,420 treasury shares on the market regulated and managed by Borsa Italiana, equal to 1.05% of the share capital.

## Business outlook

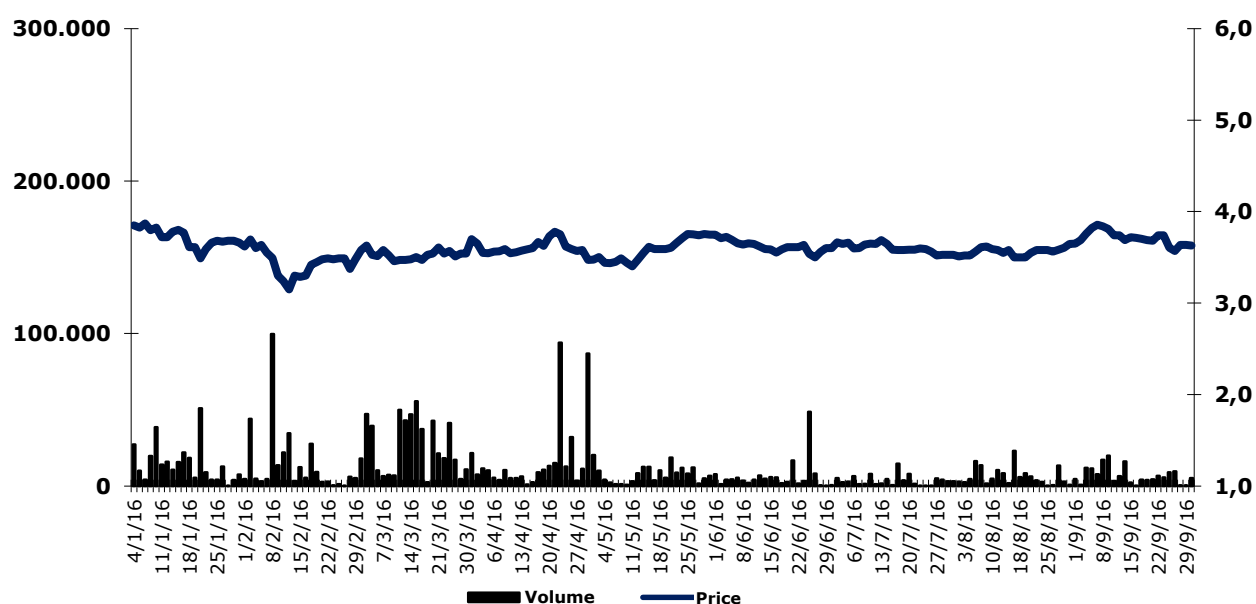
The results achieved as at 30 September 2016 confirm the estimates and income statement and cash flow projections set forth in the plan. In 2016, the Group expects results that will take account of the commitment to consolidate the investments made in the countries in which it operates, consolidation of the Group's organisational structure, and to achieve significant operating efficiency targets in order to maintain and improve business margins and profitability.

## Servizi Italia and the financial markets

The Company shares have been traded in the STAR segment of the Borsa Italiana S.p.A. screen-based stock market (MTA) since 22 June 2009. The main share and stock exchange data as at 30 September 2016 is disclosed below along with share volume and price trends (in Euros):

| Share and stock exchange data             | 30 September 2016 |
|---|-------------------|
| No. of shares making up the share capital | 31,809,451        |
| Price at IPO: 04.04.07                    | 8.50              |
| Price as at 30 September 2016             | 3.6280            |
| Maximum price during the period           | 3.8700            |
| Minimum price during the period           | 3.1480            |
| Average price during the period           | 3.5974            |
| Volumes traded during the period          | 2,184,596         |
| Average volumes during the period         | 11,378            |

Share volumes and prices from 1 January to 30 September 2016



During the period, the investor relations team held several individual and group meetings with analysts and investors and also organised guided tours of the sterilisation centres and industrial laundering sites for

shareholders and potential investors who so requested. During the relevant period, the Company met with investors at the “STAR Conference” events organised by Borsa Italiana in Milan and London.

The Chairman of the Board of Directors

(Roberto Olivi)

## 4 ACCOUNTING SCHEDULES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>(thousands of Euros)</i>  | 30 September 2016 | 31 December 2015 |
|--|-------------------|------------------|
| <b>ASSETS</b>  |                   |                  |
| <b>Non-current assets</b>  |                   |                  |
| Tangible fixed assets  | 124,913           | 120,736          |
| Intangible fixed assets  | 2,894             | 3,473            |
| Goodwill   | 57,400            | 42,483           |
| Equity-accounted investments   | 27,062            | 19,051           |
| Equity investments in other companies  | 3,792             | 3,542            |
| Financial receivables  | 6,669             | 3,234            |
| Deferred tax assets  | 2,215             | 1,800            |
| Other assets   | 7,662             | 6,108            |
| <b>Total non-current assets</b>  | <b>232,607</b>    | <b>200,427</b>   |
| <b>Current assets</b>  |                   |                  |
| Inventories  | 5,084             | 4,409            |
| Trade receivables  | 80,034            | 74,746           |
| Current tax receivables  | 416               | 2,478            |
| Financial receivables  | 8,056             | 8,067            |
| Other assets   | 12,351            | 9,241            |
| Cash and cash equivalents  | 3,433             | 7,082            |
| <b>Total current assets</b>  | <b>109,374</b>    | <b>106,023</b>   |
| <b>TOTAL ASSETS</b>  | <b>341,981</b>    | <b>306,450</b>   |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                                  |                   |                  |
| <b>Group shareholders' equity</b>  |                   |                  |
| Share capital  | 31,487            | 30,444           |
| Other reserves and retained earnings   | 94,132            | 78,543           |
| Profit (loss) for the period   | 8,442             | 12,728           |
| <b>Total shareholders' equity attributable to shareholders of the parent</b> | <b>134,061</b>    | <b>121,715</b>   |
| <b>Total shareholders' equity attributable to non-controlling interests</b>  | <b>540</b>        | <b>379</b>       |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  | <b>134,601</b>    | <b>122,094</b>   |
| <b>LIABILITIES</b>   |                   |                  |
| <b>Non-current liabilities</b>   |                   |                  |
| Due to banks and other lenders   | 50,288            | 36,111           |
| Deferred tax liabilities   | 1,721             | 1,867            |
| Employee benefits  | 11,142            | 9,989            |
| Provisions for risks and charges   | 2,663             | 2,277            |
| Other financial liabilities  | 4,173             | 3,208            |
| <b>Total non-current liabilities</b>   | <b>69,987</b>     | <b>53,452</b>    |
| <b>Current liabilities</b>   |                   |                  |
| Due to banks and other lenders   | 45,724            | 46,191           |
| Trade payables   | 65,898            | 65,429           |
| Current tax payables   | 116               | 365              |
| Employee benefits  | -                 | -                |
| Other financial liabilities  | 6,590             | 1,078            |
| Other payables   | 19,065            | 17,841           |
| <b>Total current liabilities</b>   | <b>137,393</b>    | <b>130,904</b>   |
| <b>TOTAL LIABILITIES</b>   | <b>207,380</b>    | <b>184,356</b>   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                            | <b>341,981</b>    | <b>306,450</b>   |



## CONSOLIDATED INCOME STATEMENT

| <i>(thousands of Euros)</i>                                 | <b>30 September 2016</b> | <b>30 September 2015</b> |
|---|--------------------------|--------------------------|
| <b>Revenues from sales</b>                                  | <b>175,489</b>           | <b>172,674</b>           |
| Other income  | 3,372                    | 3,700                    |
| Raw materials and consumables                               | (18,557)                 | (18,156)                 |
| Costs for services  | (54,678)                 | (54,209)                 |
| Labour costs  | (56,513)                 | (55,070)                 |
| Other costs   | (1,102)                  | (996)                    |
| Depreciation, amortisation, impairment and provisions       | (36,439)                 | (34,607)                 |
| <b>Operating profit</b>                                     | <b>11,572</b>            | <b>13,336</b>            |
| Financial income  | 1,256                    | 819                      |
| Financial expense   | (1,773)                  | (2,640)                  |
| Income/(expense) from equity investments in other companies | -                        | 118                      |
| Revaluation/impairment of equity-accounted investments      | (217)                    | (238)                    |
| <b>Profit before tax</b>                                    | <b>10,838</b>            | <b>11,395</b>            |
| Income taxes  | (2,313)                  | (3,428)                  |
| <b>Profit (loss) for the period</b>                         | <b>8,525</b>             | <b>7,967</b>             |
| of which: Attributable to shareholders of the parent        | 8,442                    | 8,154                    |
| Attributable to non-controlling interests                   | 83                       | (187)                    |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>(thousands of Euros)</i>   | <b>30 September 2016</b> | <b>30 September 2015</b> |
|---|--------------------------|--------------------------|
| <b>Profit (loss) for the period</b>   | <b>8,525</b>             | <b>7,967</b>             |
| <i>Other comprehensive income that will not be reclassified to the Income Statement</i> |                          |                          |
| Actuarial gains (losses) on defined benefit plans                                       | -                        | -                        |
| Income taxes on other comprehensive income  | -                        | -                        |
| <i>Other comprehensive income that may be reclassified to the Income Statement</i>      |                          |                          |
| Gains (losses) from translation of foreign financial statements                         | 4,954                    | (6,685)                  |
| Income taxes on other comprehensive income  | -                        | -                        |
| <b>Total other comprehensive income after taxes</b>                                     | <b>4,954</b>             | <b>(6,685)</b>           |
| <b>Total comprehensive income for the period</b>  | <b>13,479</b>            | <b>1,282</b>             |
| of which: Attributable to shareholders of the parent                                    | 13,318                   | 1,551                    |
| Attributable to non-controlling interests   | 161                      | (269)                    |

## CONSOLIDATED NET FINANCIAL POSITION

| <i>(thousands of euros)</i>                        | <b>as at 30 September 2016</b> | <b>as at 31 December 2015</b> | <b>as at 30 September 2015</b> |
|--|--------------------------------|-------------------------------|--------------------------------|
| Cash and cash equivalents in hand                  | 29                             | 25                            | 36                             |
| Cash at bank                                       | 3,404                          | 7,057                         | 4,366                          |
| <b>Cash and cash equivalents</b>                   | <b>3,433</b>                   | <b>7,082</b>                  | <b>4,402</b>                   |
| Current financial receivables                      | 8,056                          | 8,067                         | 8,241                          |
| Current liabilities to banks and other lenders     | (45,724)                       | (46,191)                      | (48,721)                       |
| <b>Current net financial debt</b>                  | <b>(37,668)</b>                | <b>(38,124)</b>               | <b>(40,480)</b>                |
| Non-current liabilities to banks and other lenders | (50,288)                       | (36,111)                      | (26,115)                       |
| <b>Non-current net financial debt</b>              | <b>(50,288)</b>                | <b>(36,111)</b>               | <b>(26,115)</b>                |
| <b>Net financial debt</b>                          | <b>(84,523)</b>                | <b>(67,153)</b>               | <b>(62,193)</b>                |

## 5 NOTES

### 5.1 Introduction

The Interim Report as at 30 September 2016 has been prepared in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting principles and criteria adopted to prepare this Interim Report as at 30 September 2016, which has not been audited, are the same as those used to prepare the annual financial statements. As required by Consob Communication No. DEM/5073567 of 4 November 2005, the Company has exercised the option to provide less detail than is required under IAS 34 (Interim Financial Reporting).

The subsidiaries San Martino 2000 S.c.r.l., Se.Sa.Tre S.c.r.l., Servizi Italia Medical S.r.l., Tintoria Lombarda Divisione Sanitaria S.r.l., SRI Empreendimentos e Participações L.t.d.a. (parent company of Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.) are all consolidated line-by-line.

The estimation criteria used to prepare the Interim Report are basically the same as those applied in the Annual Financial Statements.

This Interim Report is approved by the Board of Directors on 14 November 2016.

### 5.2 Acquisition of Tintoria Lombarda Divisione Sanitaria s.r.l.

On 7 July 2016, the Company acquired the 100% of the share capital of Tintoria Lombarda Divisione Sanitaria S.r.l. upfront the payment of a total amount of Euro 13,719 thousand, net of price adjustment components.

Current values of assets, liabilities and equity of Tintoria Lombarda Divisione Sanitaria s.r.l. as at to 7 July 2016, compared to the value of the investment of Euro 13,719 thousand, have led to the determination of a goodwill amounting to Euro 13,097 thousand. This allocation, to the closing date of this report, is not yet final since we used the option granted by paragraph 45 of IFRS 3.

### 5.3 Performance by business segment and geographical area

The revenue from sales and services of Servizi Italia Group is shown below divided by business line for the periods ending 30 September 2016 and 30 September 2015.

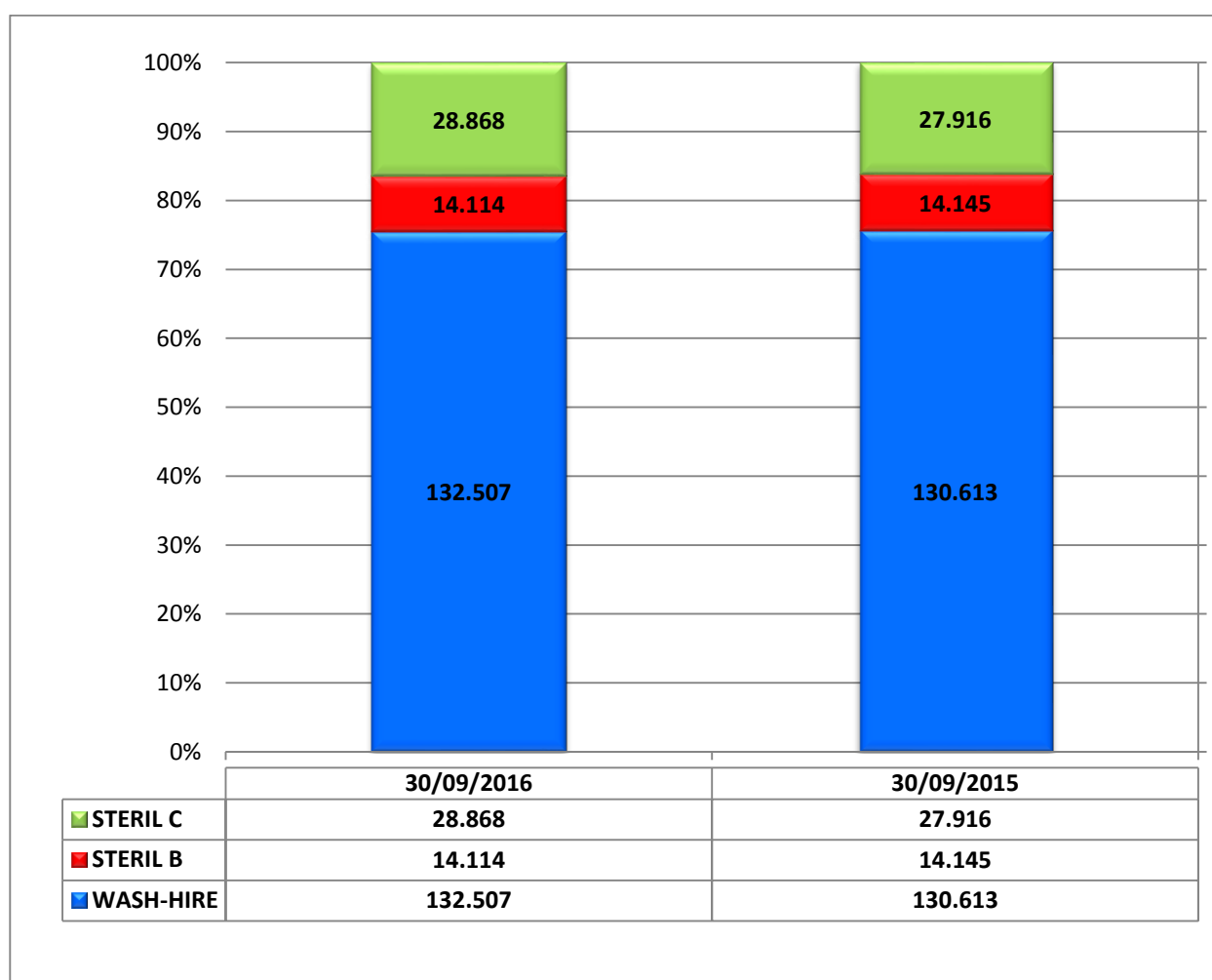
| <i>(thousands of Euros)</i>                  | <b>30 September 2016</b> | <b>%</b>      | <b>30 September 2015</b> | <b>%</b>      | <b>Change</b> |
|--|--------------------------|---------------|--------------------------|---------------|---------------|
| Wash-hire                                    | 132,507                  | 75.5%         | 130,613                  | 75.6%         | 1.5%          |
| Linen sterilisation (STERIL B)               | 14,114                   | 8.0%          | 14,145                   | 8.2%          | -0.2%         |
| Surgical instrument sterilisation (STERIL C) | 28,868                   | 16.5%         | 27,916                   | 16.2%         | 3.4%          |
| <b>Revenue from sales</b>                    | <b>175,489</b>           | <b>100.0%</b> | <b>172,674</b>           | <b>100.0%</b> | <b>1.6%</b>   |

- Revenue from wash-hire services increased by 1.5%, passing from Euro 130,613 thousand as at 30 September 2015 to Euro 132,507 thousand as at 30 September 2016. In relative terms, wash-hire represented 75.5% of total revenue from sales and services at 30 September 2016. This increase in turnover

mainly comes from the consolidation of Tintoria Lombarda Divisione Sanitaria s.r.l., which contributed for Euro 3,349 thousand, and – in the Brazilian area – from the consolidation of Aqualav Serviços De Higienização totalling Euro 3,915 thousand. At the same consolidation scope, the fall in revenues would have been equal to 2.6%. In the Brazilian area, the turnover is impacted by an exchange loss of the BRL, equal to 10.9% compared to the average rate in the same period in 2015 (at constant exchange rates, revenues would have been risen by Euro 2,402 thousand). The Italian area still suffers the renegotiation of acquired contracts because of spending review measures and the conclusion of some contracts.

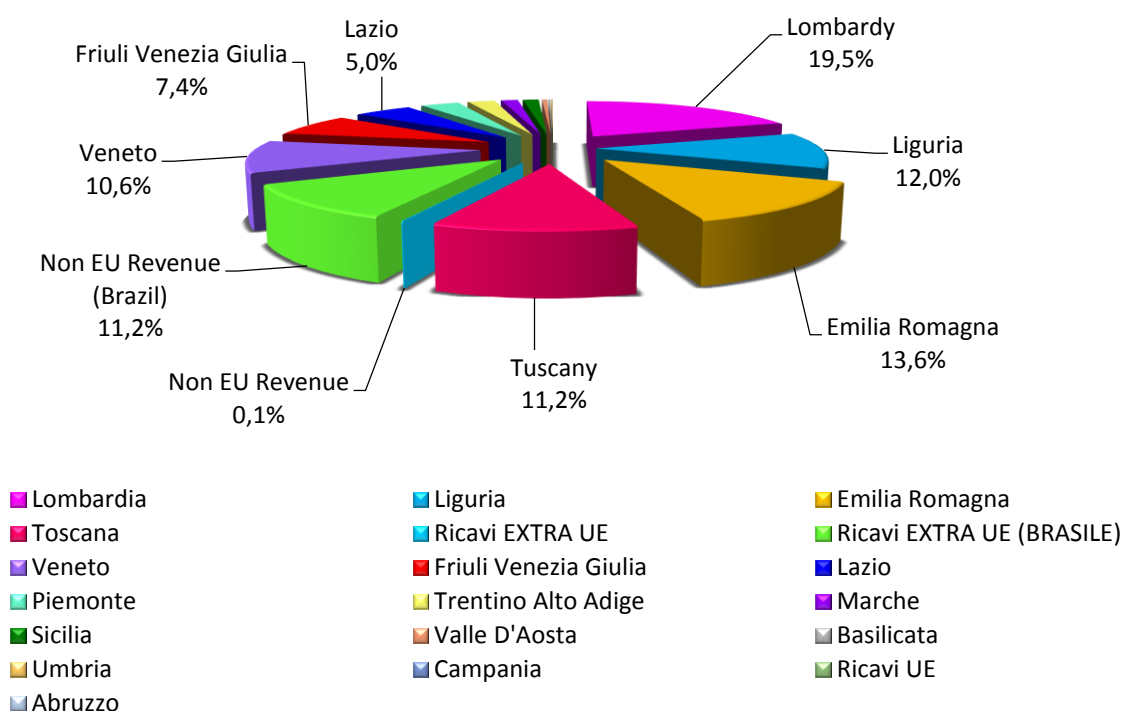
- Revenue from linen sterilisation services decreased by 0.2% to Euro 14,114 thousand, accounting for 8.0% of total sales. The fall in line revenue is linked to the end of the contract with the Legnano Hospital and Clinical Training Institute, as well as to the reduction in the turnover of some customers.
- Turnover in the surgical instrument sterilisation segment grew by 3.4% compared to the same period of the previous year. This increase is mainly attributable to the gradual increase in turnover from customers such as the Spedali Civili Hospital in Brescia, Meyer University Hospital and Careggi Hospital in Florence.

The graph below shows the details of revenue by business line.



The table below shows revenue from sales and services of the Servizi Italia Group by region, listed in alphabetical order, for the periods ending on 30 September 2016 and 2015:

| <i>(thousands of euros)</i> | 30 September 2016 | %             | 30 September 2015 | %             | Change      |
|-----------------------------|-------------------|---------------|-------------------|---------------|-------------|
| Abruzzo                     | 4                 | -             | 10                | -             | n.a.        |
| Basilicata                  | 308               | 0.2%          | 292               | 0.2%          | 5.5%        |
| Campania                    | 37                | -             | 33                | -             | 12.1%       |
| Emilia Romagna              | 23,931            | 13.6%         | 23,909            | 13.8%         | 0.1%        |
| Friuli Venezia Giulia       | 12,987            | 7.4%          | 12,862            | 7.4%          | 1.0%        |
| Lazio                       | 8,756             | 5.0%          | 9,630             | 5.6%          | -9.1%       |
| Liguria                     | 21,107            | 12.0%         | 20,937            | 12.1%         | 0.8%        |
| Lombardy                    | 34,210            | 19.6%         | 31,971            | 18.6%         | 7.0%        |
| Marche                      | 2,579             | 1.5%          | 2,611             | 1.5%          | -1.2%       |
| Piedmont                    | 5,867             | 3.3%          | 7,489             | 4.3%          | -21.7%      |
| Sicily                      | 2,438             | 1.4%          | 2,360             | 1.4%          | 3.3%        |
| Tuscany                     | 19,635            | 11.2%         | 19,437            | 11.3%         | 1.0%        |
| Trentino Alto Adige         | 4,158             | 2.4%          | 4,189             | 2.4%          | -0.7%       |
| Umbria                      | 190               | 0.1%          | 192               | 0.1%          | -1.0%       |
| Valle D'Aosta               | 853               | 0.5%          | 895               | 0.5%          | -4.7%       |
| Veneto                      | 18,632            | 10.6%         | 19,258            | 11.2%         | -3.3%       |
| EU Revenue                  | -                 | -             | 14                | -             | n.a.        |
| Non EU Revenue              | 118               | -             | -                 | -             | n.a.        |
| Non-EU Revenue (BRAZIL)     | 19,679            | 11.2%         | 16,585            | 9.6%          | 18.7%       |
| <b>Total</b>                | <b>175,489</b>    | <b>100.0%</b> | <b>172,674</b>    | <b>100.0%</b> | <b>1.6%</b> |



## 5.4 Notes on the main changes in the statement of financial position

### Property, plant and equipment

Changes in property, plant and equipment and the associated accumulated depreciation are shown in the table below.

| <i>(thousands of euros)</i>            | <b>Land and Buildings</b> | <b>Plant and machinery</b> | <b>Freely transferable assets</b> | <b>Equipment</b> | <b>Other assets</b> | <b>Construction in progress</b> | <b>Total</b>   |
|--|---------------------------|----------------------------|-----------------------------------|------------------|---------------------|---------------------------------|----------------|
| Historical cost                        | 2,308                     | 117,113                    | 37,834                            | 56,335           | 91,098              | 2,362                           | 307,050        |
| Accumulated depreciation               | (1,022)                   | (65,437)                   | (21,378)                          | (34,141)         | (55,348)            | -                               | (177,326)      |
| <b>Balance as at 1 January 2015</b>    | <b>1,286</b>              | <b>51,676</b>              | <b>16,456</b>                     | <b>22,194</b>    | <b>35,750</b>       | <b>2,362</b>                    | <b>129,724</b> |
| Translation difference                 | (19)                      | (2,048)                    | (360)                             | (16)             | (896)               | (8)                             | (3,347)        |
| Change in the scope of consolidation   | -                         | 944                        | 256                               | 28               | 226                 | -                               | 1,454          |
| Increases                              | 62                        | 3,503                      | 541                               | 2,842            | 29,574              | 2,155                           | 38,677         |
| Decreases                              | (1)                       | (262)                      | (36)                              | (9)              | (146)               | (315)                           | (769)          |
| Depreciation                           | (114)                     | (7,878)                    | (2,997)                           | (5,830)          | (28,184)            | -                               | (45,003)       |
| Reclassifications                      | -                         | 326                        | 5                                 | 913              | 93                  | (1,337)                         | -              |
| <b>Balance as at 31 December 2015</b>  | <b>1,214</b>              | <b>46,261</b>              | <b>13,865</b>                     | <b>20,122</b>    | <b>36,417</b>       | <b>2,857</b>                    | <b>120,736</b> |
| Historical cost                        | 2,289                     | 119,297                    | 35,777                            | 59,045           | 112,993             | 2,857                           | 332,258        |
| Accumulated depreciation               | (1,075)                   | (73,036)                   | (21,912)                          | (38,923)         | (76,576)            | -                               | (211,522)      |
| <b>Balance as at 31 December 2015</b>  | <b>1,214</b>              | <b>46,261</b>              | <b>13,865</b>                     | <b>20,122</b>    | <b>36,417</b>       | <b>2,857</b>                    | <b>120,736</b> |
| Translation difference                 | 9                         | 1,392                      | 236                               | 14               | 615                 | 6                               | 2,272          |
| Change in the scope of consolidation   | 3,349                     | 898                        | 119                               | 140              | 3,355               | -                               | 7,861          |
| Increases                              | 35                        | 2,291                      | 1,278                             | 1,793            | 21,701              | 2,478                           | 29,576         |
| Decreases                              | -                         | (153)                      | (3)                               | (55)             | (243)               | (4)                             | (458)          |
| Depreciation                           | (108)                     | (6,125)                    | (2,794)                           | (4,262)          | (21,785)            | -                               | (35,074)       |
| Reclassifications                      | 4                         | 543                        | 1,196                             | 341              | 40                  | (2,124)                         | -              |
| <b>Balance as at 30 September 2016</b> | <b>4,503</b>              | <b>45,107</b>              | <b>13,897</b>                     | <b>18,093</b>    | <b>40,100</b>       | <b>3,213</b>                    | <b>124,913</b> |
| Historical cost                        | 6,343                     | 127,928                    | 38,666                            | 61,895           | 145,687             | 3,213                           | 383,732        |
| Accumulated depreciation               | (1,840)                   | (82,821)                   | (24,769)                          | (43,802)         | (105,587)           | -                               | (258,819)      |
| <b>Balance as at 30 September 2016</b> | <b>4,503</b>              | <b>45,107</b>              | <b>13,897</b>                     | <b>18,093</b>    | <b>40,100</b>       | <b>3,213</b>                    | <b>124,913</b> |

The variation of the consolidation scope refers to the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. dated 7 July 2016. In particular, this variation implied an increase of Euro 3,349 thousand in the item “Land and Buildings”, an increase of Euro 3,355 thousand in the item “Other Assets” (of which Euro 3,300 thousand of linen) and an increase of Euro 898 thousand in “Plant and Machinery”.

Investments in property, plant and equipment in the first nine months of 2016 amount to Euro 29,576 thousand. More specifically, the increase refers to Euro 2,291 thousand for plant and machinery (in particular, Euro 1,194 thousand is investments made in the various facilities and sterilisation centres of the parent company, Euro 891 thousand for Brazilian companies and Euro 69 thousand for the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l.), Euro 1,793 thousand for investments in equipment (of which Euro 803 thousand for the purchase of surgical instruments), Euro 21,216 thousand for linen (specifically Euro 2,843 thousand referred to the Brazilian companies and Euro 18,373 for plants throughout Italy and Euro 273 thousand related to Tintoria Lombarda Divisione Sanitaria S.r.l.) and Euro 2,478 thousand for construction



in progress (of which Euro 1,443 thousand related to investments in plant and machinery made by the parent company at its production plants and wardrobes).

Reclassifications totalled Euro 2,124 thousand, and primarily regard investments in freely transferable assets, equal to Euro 1,196 thousand. Increasing (equal to Euro 1,278 thousand) and reclassifications of freely transferable assets mainly relate to the startup of the CSSD of the University Hospital G. Martino of Messina (Euro 1,034 thousand) and the investments for the requalification of the production site of Ariccia (Euro 347 thousand).

## Goodwill

Goodwill is allocated to the Servizi Italia Group's cash generating units identified on the basis of geographical area, which reflects the areas of operation of the companies acquired over the years. The change of goodwill value is attributable to the accounting allocation of the provisional purchase price of Tintoria Lombarda Divisione Sanitaria S.r.l. and to differences from the translation into euros of goodwill arising from acquisitions in Brazil.

At the date of approval of this interim report, no facts or events have taken place that may indicate an impairment loss in the goodwill recognised and tested for impairment at the end of 2015.

## Equity – accounted investments

This item changed as follows:

| (thousands of Euros)   | Change during the period as at 30 September 2016 |              |           |              |              |                         |
|--|--|--------------|-----------|--------------|--------------|-------------------------|
|  | 1<br>January<br>2016                             | Increases    | Decreases | Revaluations | Impairments  | 30<br>September<br>2016 |
| <b>Associates</b>  |  |              |           |              |              |                         |
| Saniservice Sh.p.k.  | (40)   | -            | -         | -            | (298)        | (338)                   |
| Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirk. | 4,485  | 7,055        | -         | 569          | -            | 12,109                  |
| Finanza & Progetti S.p.a   | 5,091  | 160          | -         | -            | (34)         | 5,217                   |
| Centro Italia Servizi S.r.l. in liquidazione (in liquidation)        | 157  | -            | -         | 21           | -            | 178                     |
| CO.SE.S S.c.r.l.   | 3  | -            | -         | -            | -            | 3                       |
| PSIS S.r.l.  | 4,144  | -            | -         | 7            | -            | 4,151                   |
| Ekolav S.r.l.  | 61   | -            | -         | 9            | -            | 70                      |
| Steril Piemonte S.c.r.l.   | 1,973  | -            | -         | -            | -            | 1,973                   |
| AMG S.r.l.   | 2,255  | -            | -         | 68           | -            | 2,323                   |
| Iniziative Produttive Piemontesi S.r.l.                              | 1,106  | -            | -         | -            | (35)         | 1,071                   |
| SE.STE.RO. S.r.l. in liquidazione (in liquidation)                   | 123  | -            | -         | -            | (9)          | 114                     |
| Piemonte Servizi Sanitari S.c.r.l.                                   | 3  | -            | -         | -            | -            | 3                       |
| Arezzo Servizi S.c.r.l.  | -  | 5            | -         | -            | -            | 5                       |
| SAS Sterilizasyon Servisleri A.Ş.                                    | 25   | -            | -         | -            | (8)          | 17                      |
| Shubhram Hospital Solutions Private Limited                          | (335)  | 1,007        | -         | -            | (506)        | 166                     |
| <b>Total</b>   | <b>19,051</b>                                    | <b>8,227</b> | <b>-</b>  | <b>674</b>   | <b>(890)</b> | <b>27,062</b>           |

The increase in the value of the equity investment in the Indian company Shubhram Hospital Solutions Private Limited is attributable entirely to a share capital increase of INR 74,315 thousand. The increase in

the value of the equity investment in the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi is due to the current estimates of 2016 results, which are higher than expected.

### Non-current financial receivables

The item is broken down as follows:

| <i>(thousands of Euros)</i>  | as at 30 September 2016 | as at 31 December 2015 |
|--|-------------------------|------------------------|
| Prosa S.p.A.   | 321                     | 321                    |
| Sesamo S.p.A.  | 353                     | 353                    |
| Saniservice Sh.p.k.  | 2,766                   | 162                    |
| Progeni S.p.A.   | 982                     | 982                    |
| Prog.Este S.p.A.   | 531                     | 531                    |
| Summano Sanità S.p.A.  | 3                       | 3                      |
| Arena Sanità S.p.A.  | 446                     | 446                    |
| Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi | 893                     | -                      |
| Synchron Nuovo San Gerardo S.p.A.                                      | 254                     | 254                    |
| Ospedale Irmandade de Santa Casa de Misericordia de São Paulo          | 120                     | 182                    |
| <b>Total</b>   | <b>6,669</b>            | <b>3,234</b>           |

Non-current financial receivables as at 30 September 2016 amount to Euro 6,669 thousand, increasing by Euro 3,435 compared to 31 December 2015. The variation of the item is coming from a new loan granted to Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi (Euro 893 thousand), an increase of Euro 2,604 to the loan granted to Saniservice Sh.p.K. and a reduction in funding to the Hospital Santa Casa de Misericordia in São Paulo, which has decreased in relation to the collection of installments as per the amortization schedule.

### Other non-current assets

The variation in the item relates mainly to the payment of Euro 1,691 thousand as substitute tax pursuant to article 15, paragraph 10-12 of Decree Law nr. 185/28, in order to get the tax recognition of values related to the goodwill of northern Italy area (former Lavanderia Industriale ZBM S.p.A.). This substitute tax was recognised as an advance payment of current taxes and is released to the income statement in the period of time in which the Group benefits from the tax deductions connected with said goodwill.

### Trade receivables

Trade receivables amount to Euro 80,034 thousand as at 30 September 2016, up by Euro 5,288 thousand compared to 31 December 2015. This increase also relates to the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l., which amounts to Euro 5,549 thousand. During the first nine months of 2016, the Servizi Italia Group transferred the receivables described below:

- transfer without recourse to Credemfactor S.p.A. of Euro 35,789 thousand in trade receivables for consideration of Euro 35,696 thousand;

- participation in the transfer without recourse to Unicredit Factoring S.p.A. of Euro 2,170 thousand in trade receivables due from Lazio Region local health units and hospitals for consideration of Euro 2,161 thousand;
- trade receivables were factored without recourse to Unicredit Factoring S.p.A. for Euro 21,919 thousand, for a consideration of Euro 21,870 thousand.

### Current tax receivables

The item is broken down as follows:

| <i>(thousands of Euros)</i> | as at 30 September 2016 | as at 31 December 2015 |
|-----------------------------|-------------------------|------------------------|
| Tax receivables             | 2,983                   | 5,679                  |
| Tax payables                | (2,567)                 | (3,201)                |
| <b>Total</b>                | <b>416</b>              | <b>2,478</b>           |

### Other current assets

The item is broken down as follows:

| <i>(thousands of Euros)</i>   | as at 30 September 2016 | as at 31 December 2015 |
|-------------------------------|-------------------------|------------------------|
| Due from others               | 10,301                  | 8,205                  |
| Prepayments                   | 1,833                   | 831                    |
| Guarantee deposits receivable | 119                     | 156                    |
| Accrued income                | 98                      | 49                     |
| <b>Total</b>                  | <b>12,351</b>           | <b>9,241</b>           |

Other current assets increased from Euro 9,241 thousand as at 31 December 2015 to Euro 12,351 thousand as at 30 September 2016. The majority of amounts due from others are for charge-backs of consortium costs to the non-controlling shareholder of the subsidiaries Se.Sa.Tre. S.c.r.l. and San Martino 2000 S.c.r.l., as well as because of the increase of VAT receivables. Prepayments increased primarily as a result of rentals and insurance premiums that will fall due in the last quarter. The item "Guarantee deposits receivable" includes security deposits for energy utilities and rentals.

### Cash and cash equivalents

This item decreased by Euro 3,649 thousand compared to 31 December 2015. The decrease was essentially linked to the use of funds at disposal of the Brazilian companies for financing the scheduled investments.

### Shareholders' equity

As at 30 September 2016, shareholders' equity totalled Euro 134,601 thousand (including Euro 540 thousand attributable to non-controlling interests) compared to Euro 122,094 thousand (including Euro 379 thousand attributable to non-controlling interests) as at 31 December 2015.

On 6 April 2016, the Company announced the new composition of the share capital (fully subscribed and paid in) following the increase in the shareholding of STERIS Corporation (via the wholly-owned indirect subsidiary Steris UK Holding Limited) in the shareholding structure of Servizi Italia, by means of a Reserved Share Capital Increase for an amount equal to Euro 3,999,996.56 (inclusive of share premium), with the exclusion of the purchase option as per Article 2441, paragraph 4, second section of the Italian Civil Code, by means of the issue of 1,110,185 ordinary shares of the company at an issue price for the new shares of Euro 3.6030. Following said transaction, as at 30 June 2016, Servizi Italia S.p.A.'s share capital, fully subscribed and paid in, is subdivided into 31,809,451 ordinary shares with a unit par value of Euro 1 each. The positive effect, for Euro 4,953 thousand, on the reserves for the translation of the equity of the Brazilian companies should also be noted, as a result of the revaluation of the Real/Euro exchange rate.

As at 30 September 2016, the Company held 322,820 treasury shares with a value of Euro 1,345 thousand, equivalent to 1.01% of the share capital, at the average carrying amount of Euro 4.17 per share. The nominal value of treasury shares, of Euro 323 thousand, was classified as a decrease to share capital, and the value exceeding the nominal amount, totalling Euro 1,022 thousand, was recognised as a reduction in the share premium reserve.

#### **Non-current liabilities to banks and other non-current lenders**

Non-current liabilities to banks and other non-current lenders increased passing from Euro 36,111 thousand as at 31 December 2015 to Euro 50,288 thousand as at 30 September 2016. This increase of Euro 14,177 thousand is related both to the reimbursement of mortgage instalments that expired during the period, and to the subscription of new loans with Banca Popolare dell'Emilia Romagna Soc. Coop. (total amount Euro 7,000 thousand stipulated on 28 January 2016), Cassa di Risparmio di Parma e Piacenza S.p.A. (total amount Euro 10,000 thousand stipulated on 1 July 2016) and with Banca Nazionale del Lavoro S.p.A. (total amount Euro 14,000 thousand stipulated on 21 July 2016). The subscription of new mortgages was necessary in order to support the investments scheduled for the acquisition of the company Tintoria Lombarda Divisione Sanitaria S.r.l.

#### **Employee benefits**

The item increased by Euro 1,153 thousand, passing from Euro 9,989 thousand as at 31 december 2015 to Euro 11,142 thousand as at 30 September 2016. The item mainly includes the Provision for Employee Severance Indemnity recognised to the employees of Italian group companies and identified as a *defined benefit plan*. In the period, Euro 925 thousand are included as the amount relevant to Tintoria Lombarda Divisione Sanitaria S.r.l. This item also includes the amount accrued on the LTI-Cash 2015-2017 variable remuneration plan for Directors, Managers, Senior Managers and Executives, based on which a bonus is disbursed at the end of the three-year period if certain economic and financial targets are met and in relation to the Servizi Italia share price.

### Other non-current financial liabilities

The item rose by Euro 965 thousand from Euro 3,208 thousand to Euro 4,173 thousand. The increase compared to 31 December 2015 derives from the effects of the actualization of the payable for the put options connected with the purchase of the remaining 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A. and the revaluation of the Real/Euro exchange rate.

### Current liabilities to banks and other lenders

Current liabilities to banks and other lenders decreased from Euro 46,191 thousand as at 31 December 2015 to Euro 45,724 thousand as at 30 September 2016. The balance decrease equal to Euro 467 thousand was determined by a higher recourse to medium-term credit lines.

### Other current financial liabilities

The item is broken down as follows:

| <i>(thousands of Euros)</i>  | as at 30 September<br>2016 | as at 31 December<br>2015 |
|--|----------------------------|---------------------------|
| Due to Ankateks shareholders   | 6,453                      | 962                       |
| Deferred price - Aqualav Serviços De Higienização Ltda   | 69                         | 58                        |
| Payable for earn-out on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A. | 68                         | 58                        |
| <b>Total</b>   | <b>6,590</b>               | <b>1,078</b>              |

The change in the period is related, in particular, to the estimated increase in the payable for the payment of the 40.0% stake in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. The price that needs to be paid by Servizi Italia S.p.A. to the sellers is linked to the value of the company and calculated on the basis of the 2016 results subject to audit. Since the current estimates of the 2016 results of said company are above the previous expectations, the higher value of the company is accompanied by a simultaneous increase in other current financial liabilities.

### Other current payables

The table below provides a breakdown of other current liabilities.

| <i>(thousands of euros)</i>                     | as at 30 September 2016 | as at 31 December 2015 |
|---|-------------------------|------------------------|
| Accrued liabilities                             | 46                      | 18                     |
| Deferred income                                 | 799                     | 800                    |
| Due to social security and welfare institutions | 4,462                   | 5,115                  |
| Other payables                                  | 13,758                  | 11,908                 |
| <b>Total</b>                                    | <b>19,065</b>           | <b>17,841</b>          |

The item decreased by Euro 1,224 thousand, passing from Euro 17,841 thousand as at 31 December 2015 to Euro 19,065 thousand as at 30 September 2016. The difference is attributable primarily to the increase of the item "Other payables" including the consolidation of Tintoria Lombarda Divisione Sanitaria s.r.l., amounting to Euro 1,033 thousand.



## 5.5 Notes on the main changes in the income statement

### Raw materials and consumables

Acquisitions of raw materials and consumables passed from Euro 18,156 thousand as at 30 September 2015 to Euro 18,557 thousand at 30 September 2016. This is a result of the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l., which affected the item for Euro 294 thousand, and of the increased purchases of packaging, detergents and consumables in the Brazilian area.

### Costs for services

The item is broken down as follows:

| <i>(thousands of euros)</i>                       | as at 30 September 2016 | as at 30 September 2015 |
|---|-------------------------|-------------------------|
| External laundering and other industrial services | (15,081)                | (14,872)                |
| Travel and transport                              | (9,626)                 | (9,128)                 |
| Utilities   | (8,875)                 | (8,943)                 |
| Administrative costs                              | (2,140)                 | (2,100)                 |
| Consortium and sales costs                        | (6,339)                 | (6,754)                 |
| Personnel expense                                 | (1,817)                 | (1,487)                 |
| Maintenance                                       | (3,948)                 | (4,359)                 |
| Use of third-party assets                         | (5,683)                 | (5,772)                 |
| Other services                                    | (1,169)                 | (794)                   |
| <b>Total</b>                                      | <b>(54,678)</b>         | <b>(54,209)</b>         |

The item “Costs for services” is increased by Euro 469 thousand compared to the same period of the previous year. This increase is affected, in the Italian area, by the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. and, in the Brazilian area, by the consolidation of Aqualav Serviços De Higienização Ltda. At the same consolidation scope, costs for services would have been equal to Euro 51,867 thousand, therefore decreasing by 4.3% compared to 30 September 2015.

External laundering and other industrial services increased by Euro 209 thousand compared to the same period in 2015. The increase in the item is essentially attributable to the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. Moreover, the item is also affected by the increase of wardrobe services at new customers, totalling Euro 449 thousand. These increases are partially balanced by a contraction of costs related to surgical instruments sterilizations services for third parties (Euro 134 thousand) and to other third-party services (Euro 479 thousand).

Costs for travel and transports register an increase equal to Euro 498 thousand compared to the same period in 2015, due to the effect of the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. and for the outsourcing of transport services at the Brazilian company Lavsim Higienização Têxtil S.A., following a redefinition of productive logistics and increase of service for new contracts awarding.

Consortium and sales costs fell by Euro 415 thousand compared to the same period in the previous year, down from Euro 6,754 thousand as at 30 September 2015 to Euro 6,339 thousand as at 30 September 2016. The fall in the item is due mainly to lower charge-backs of costs received for the temporary joint consortia

of the customers ASL TO 4 of Ivrea, Azienda Ospedaliera of Desio and Vimercate and Azienda Sanitaria Locale Viterbo.

The increase of Euro 330 thousand in the item personnel expense compared to the same period of the previous year is attributable to the Brazilian company Aqualav Serviços De Higienização Ltda.

Maintenance recorded a reduction of Euro 411 thousand, connected with less expenses incurred, for the Brazilian production plants in particular.

### Personnel expense

The item is broken down as follows:

| <i>(thousands of euros)</i>  | as at 30 September 2016 | as at 30 September 2015 |
|------------------------------|-------------------------|-------------------------|
| Salaries and wages           | (39,291)                | (38,144)                |
| Costs for directors' fees    | (1,126)                 | (868)                   |
| Temporary work               | (1,150)                 | (1,228)                 |
| Social security charges      | (12,557)                | (12,542)                |
| Employee severance indemnity | (2,220)                 | (2,148)                 |
| Other costs                  | (169)                   | (140)                   |
| <b>Total</b>                 | <b>(56,513)</b>         | <b>(55,070)</b>         |

Personnel expense increased from Euro 55,070 thousand as at 30 September 2015 to Euro 56,513 thousand as at 30 September 2016. The rise in personnel expense suffers the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l., to which is counterposed a reduction of personnel cost thanks to the redefinition of the hourly module of some production units and the restructuring of the company Servizi Italia Medical S.r.l. By contrast, the Brazilian area registered a slight increase in personnel expense, essentially due to the effects of the adjustments to the inflation rate of the collective agreement for workers in the State of São Paulo and the inclusion of labor force for the awarding of new laundry contracts.

The table below shows the average breakdown of personnel:

|                    | as at 30 September 2016 | as at 30 September 2015 |
|--------------------|-------------------------|-------------------------|
| Executives         | 16                      | 12                      |
| Middle managers    | 25                      | 19                      |
| White-collar staff | 200                     | 176                     |
| Blue-collar staff  | 3,037                   | 2,770                   |
| <b>Total</b>       | <b>3,278</b>            | <b>2,977</b>            |

### Depreciation and amortisation

The item is broken down as follows:

| <i>(thousands of Euros)</i>                      | as at 30 September 2016 | as at 30 September 2015 |
|--|-------------------------|-------------------------|
| Amortisation of intangible assets                | (1,027)                 | (920)                   |
| Depreciation of property, plant and equipment    | (35,074)                | (33,339)                |
| Provisions for Bad Debt                          | (338)                   | (381)                   |
| (Allocations)/Uses of provision for sundry risks | -                       | 33                      |
| <b>Total</b>                                     | <b>(36,439)</b>         | <b>(34,607)</b>         |

The increase of 11.5% in the amortisation of intangible assets refers mainly to the effects of the recognition of the non-compete agreement stipulated with the previous CEO.

The increase in the depreciation of property, plant and equipment, passed from Euro 33,339 thousand to Euro 35,074 thousand, is linked to investments in linen (in particular, in the Brazilian area), while in Italy – in addition to the investments in lines due to the increase in supplies to new customers – it is due to the effects of the consolidation of Tintoria Lombarda Divisione Sanitaria S.r.l. and the ramp-up of the new CSSD at the University Hospital G. Martino of Messina.

### Financial expense

The item is broken down as follows:

| <i>(thousands of Euros)</i>            | as at 30 September 2016 | as at 30 September 2015 |
|--|-------------------------|-------------------------|
| Interest expense and bank commission   | (1,115)                 | (1,586)                 |
| Interest and expense to other lenders  | (190)                   | (322)                   |
| Financial expense on employee benefits | (96)                    | (113)                   |
| Foreign exchange gains and losses      | -                       | (119)                   |
| Other financial expense                | (372)                   | (500)                   |
| <b>Total</b>                           | <b>(1,773)</b>          | <b>(2,640)</b>          |

The fall in the item "Interest expense and bank commission" is essentially linked to the reduction in the rates applied by banks to the credit facilities used. The decrease in the item "Interest and expense to other lenders" is the result of the reduction in the spreads renegotiated with banks in non-recourse operations. Other financial expense fell primarily due to the decrease in expenses accrued on the payable relating to the put options associated with the acquisition of the remaining 49.9% of the Brazilian companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

## 5.6 Consolidated net financial position

| <i>(thousands of Euros)</i>                        | as at 30 September 2016 | as at 31 December 2015 | as at 30 September 2015 |
|--|-------------------------|------------------------|-------------------------|
| Cash and cash equivalents in hand                  | 29                      | 25                     | 36                      |
| Cash at bank                                       | 3,404                   | 7,057                  | 4,366                   |
| <b>Cash and cash equivalents</b>                   | <b>3,433</b>            | <b>7,082</b>           | <b>4,402</b>            |
| Current financial receivables                      | 8,056                   | 8,067                  | 8,241                   |
| Current liabilities to banks and other lenders     | (45,724)                | (46,191)               | (48,721)                |
| <b>Current net financial debt</b>                  | <b>(37,668)</b>         | <b>(38,124)</b>        | <b>(40,480)</b>         |
| Non-current liabilities to banks and other lenders | (50,288)                | (36,111)               | (26,115)                |
| <b>Non-current net financial debt</b>              | <b>(50,288)</b>         | <b>(36,111)</b>        | <b>(26,115)</b>         |
| <b>Net financial debt</b>                          | <b>(84,523)</b>         | <b>(67,153)</b>        | <b>(62,193)</b>         |

The increase of Euro 17,370 thousand in net financial debt as at 30 September 2016 compared to 31 December 2015 resulted from the payment made for the acquisition of the 100% of the share capital of Tintoria Lombarda Divisione Sanitaria S.r.l.

In particular, an analysis of the individual items demonstrates the decrease in available funds in bank current accounts as a result of the use of funds at disposal of the Brazilian companies for financing the investments made.

Financial receivables are substantially in line with the data as at 31 December 2015.

Current liabilities to banks and other lenders decreased thanks to a higher recourse to medium-term credit lines.

Non-current liabilities to banks and other lenders increased by Euro 14.177 thousand, due to the reimbursement of mortgage instalments that expired during the period, and to the subscription of new loans with Banca Popolare dell'Emilia Romagna Soc. Coop. (total amount Euro 7,000 thousand stipulated on 28 January 2016), Cassa di Risparmio di Parma e Piacenza S.p.A. (total amount Euro 10,000 thousand stipulated on 1 July 2016) and with Banca Nazionale del Lavoro S.p.A. (total amount Euro 14,000 thousand stipulated on 21 July 2016). The subscription of new mortgages was necessary in order to support the investments scheduled for the acquisition of the company Tintoria Lombarda Divisione Sanitaria S.r.l.

The net financial position below has been prepared in accordance with CESR, now ESMA, recommendation of 10 February 2005, and also reports the value of "Other current financial liabilities" in "Other current financial payables" and the value of "Other non-current financial liabilities" in "Other non-current payables".

| <i>(thousands of Euros)</i>                          | <b>as at 30 September<br/>2016</b> | <i>of which with<br/>related<br/>parties</i> | <b>as at 31 December<br/>2015</b> | <i>of which with<br/>related<br/>parties</i> |
|--|------------------------------------|--|-----------------------------------|--|
| A. Cash  | 29                                 |  | 25                                |  |
| B. Other cash equivalents                            | 3,404                              |  | 7,057                             |  |
| C. Securities held for trading                       | -                                  |  | -                                 |  |
| <b>D. Cash and cash equivalents (A) + (B) + (C)</b>  | <b>3,433</b>                       |  | <b>7,082</b>                      |  |
| E. Current financial receivables                     | 8,056                              | 5,564  | 8,067                             | 5,779  |
| F. Current bank borrowings                           | (26,309)                           |  | (31,648)                          |  |
| G. Current portion of non-current borrowings         | (19,415)                           |  | (14,544)                          |  |
| H. Other current financial payables                  | (6,590)                            |  | (1,078)                           |  |
| <b>I. Current financial debt (F) + (G) + (H)</b>     | <b>(52,314)</b>                    |  | <b>(47,269)</b>                   |  |
| <b>J. Current net financial debt (I) - (E) - (D)</b> | <b>(40,825)</b>                    |  | <b>(32,120)</b>                   |  |
| K. Non-current bank borrowings                       | (50,288)                           |  | (36,111)                          |  |
| L. Bonds issued                                      | -                                  |  | -                                 |  |
| M. Other non-current payables                        | (4,173)                            |  | (3,208)                           |  |
| <b>N. Non-current financial debt (K) + (L) + (M)</b> | <b>(54,461)</b>                    |  | <b>(39,318)</b>                   |  |
| <b>O. Net financial debt (J) + (N)</b>               | <b>(95,286)</b>                    |  | <b>(71,439)</b>                   |  |

The Chairman of the Board of Directors  
(Roberto Olivi)

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The Financial Reporting Manager Ilaria Eugeniani states pursuant to paragraph 2, Article 154 *bis* of the Consolidated Law on Finance that the accounting information presented in this document corresponds to the documented results, books and accounting entries.

The Financial Reporting Manager  
(Ilaria Eugeniani)