

STAR Conference Milan 2016



Group

In the Italian market, SERVIZI ITALIA is the undisputed leader in providing **industrial laundry and sterilization services to the public healthcare system**, thanks to a consolidation strategy made of internal growth and acquisitions.

From 2012, Servizi Italia has been exporting a **winning business model**:

BRAZIL

State of São Paulo.
Landmark for public and private healthcare.
Market consolidator for what concerns industrial laundry.

INDIA

Development strategy of industrial laundry for public/private.

TURKEY

Laying the groundwork for developing the business of surgical instruments sterilization.

ALBANIA

SERVIZI ITALIA satisfies expectations and needs of customers thanks to a high quality of **mix of product and services**.

A business model which **contributes to the rationalization of healthcare costs and social sustainability** in Italian regions and in all the countries where it is active.



Business

Servizi Italia has constantly demonstrated to be the partner of choice of the Italian healthcare service and hospitals, thanks to its proven and recognized quality service.

1. LONG-TERM CONTRACTS AND ACTIVITY PLANNING FOR FUTURE YEARS

- Revision of contracted prices according to regulations in force;
- High quality of credits (mainly government bodies);
- Cross-selling opportunities on wash-hire contracts for higher value added services.

2. INVESTMENTS MADE ONLY AFTER CONTRACT ACQUISITION and refund according to contract

3. MIX PRODUCT/SERVICE which creates strong barriers on entry

4. Technologically advanced PRODUCTION PLATFORM which counts:

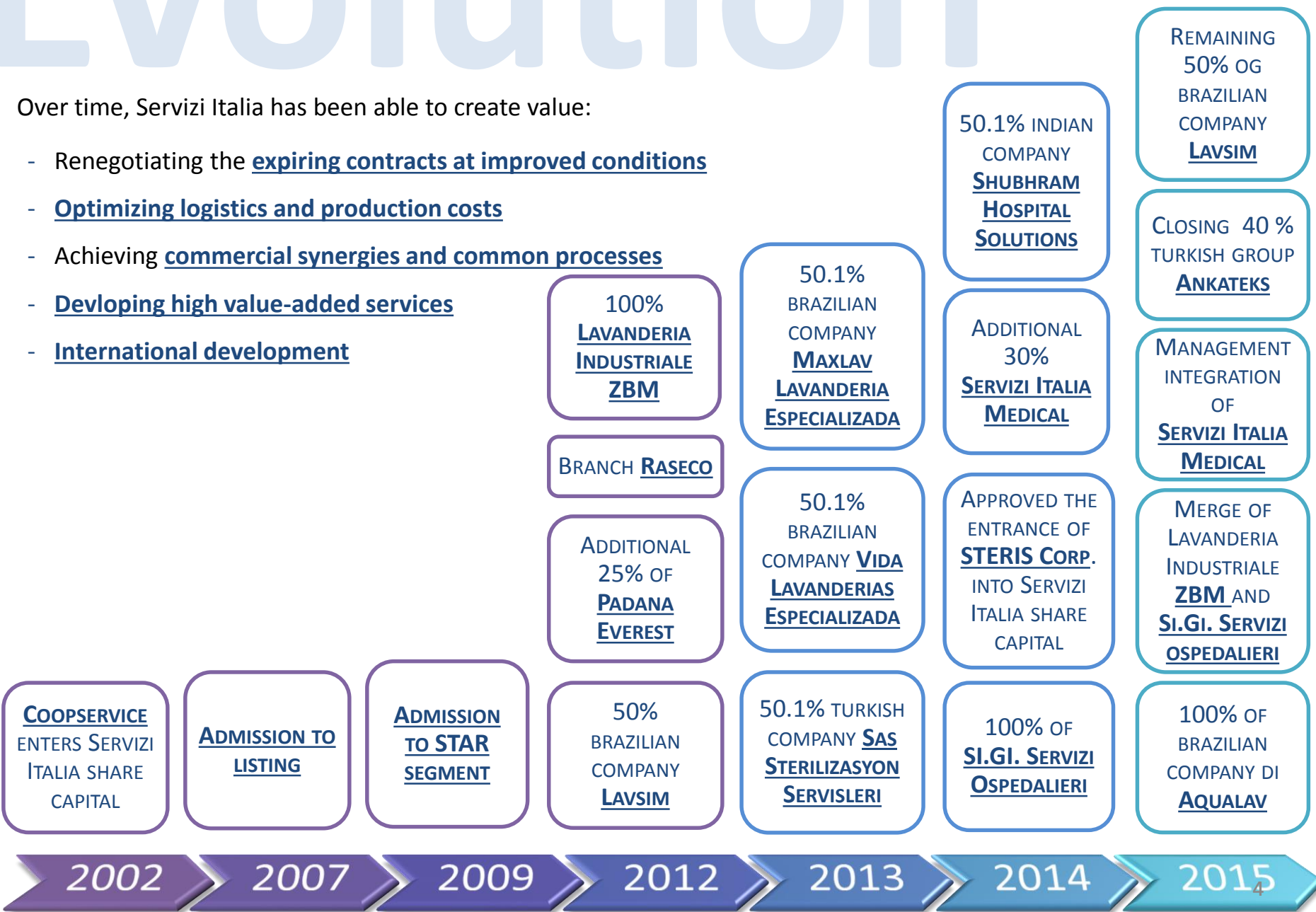
- 18 INDUSTRIAL LAUNDRY plants (including 4 in Brazil and 1 in India)
- 6 LINEN STERILIZATION plants
- 22 SURGICAL INSTRUMENTS STERILIZATION plants



Evolution

Over time, Servizi Italia has been able to create value:

- Renegotiating the expiring contracts at improved conditions
- Optimizing logistics and production costs
- Achieving commercial synergies and common processes
- Developing high value-added services
- International development



Internationalization

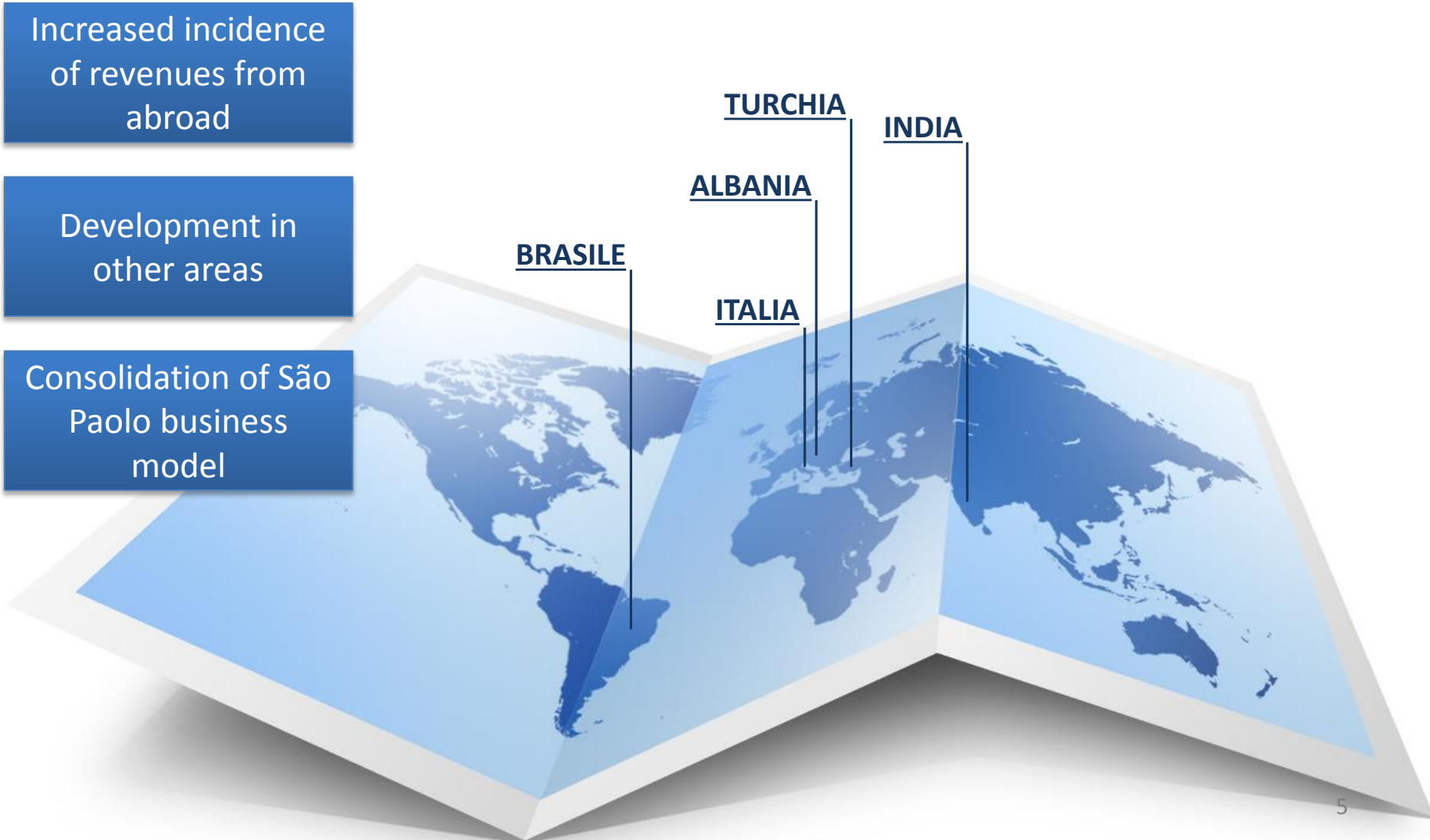
The best answer to the recession of the Italian market (healthcare spending review) is to follow a

STRATEGY OF INTERNATIONAL DEVELOPMENT OF THE GROUP

Increased incidence
of revenues from
abroad

Development in
other areas

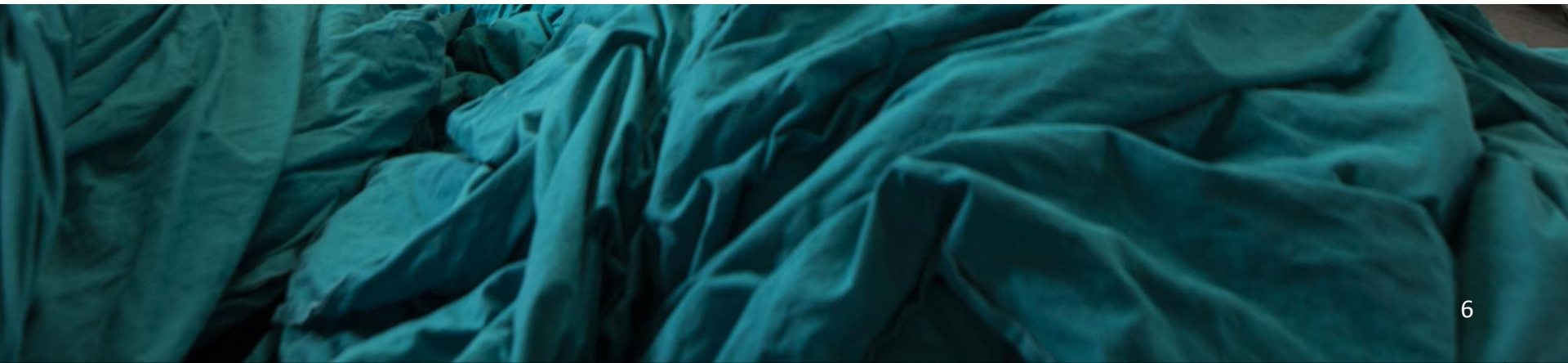
Consolidation of São
Paolo business
model



New markets

In the countries where it is active, Servizi Italia has found some interesting fetures in order to export its business model:

- ✓ Presence of recent markets currently under heavy development and looking for qualified operators in order to meet the high demand connected to wash-hire/sterilization activities, partly due to an increase of the so-called medical tourism;
- ✓ High penetration rate in the market: only a few of wash-hire services are currently outsourced to private operators, both in public and private healthcare;
- ✓ Low competitiveness: average operators are small, with low self-financing capacity and inefficient management models.
- ✓ Old fashioned laundry plants, lacking of an industrial management model with real opportunity to make efficiency by exporting technical management of the business models adopted by the Group.



Italy

Public and private healthcare

(hospitals, clinics, etc.)

**Euro 776
million**

Ho.Re.Ca.

**Euro 563
million**

Collectivity

(industry, schools,
military, social,
religious, etc.)

**Euro 216
million**

During the last three years, the **Italian industrial laundry** market registered a contraction in the healthcare wash-hire segment due to the **spending review** measures promoted by the Italian Government, which will influence 2016 as well.

The **SERVIZI ITALIA GROUP** is the absolute leader in the healthcare segment.

WASH-HIRE services - 2014

Wash-hire market: **Euro 600 mln**
Servizi Italia Group revenues: **Euro 154 mln**
Servizi Italia Group Market Share : **25.7%**

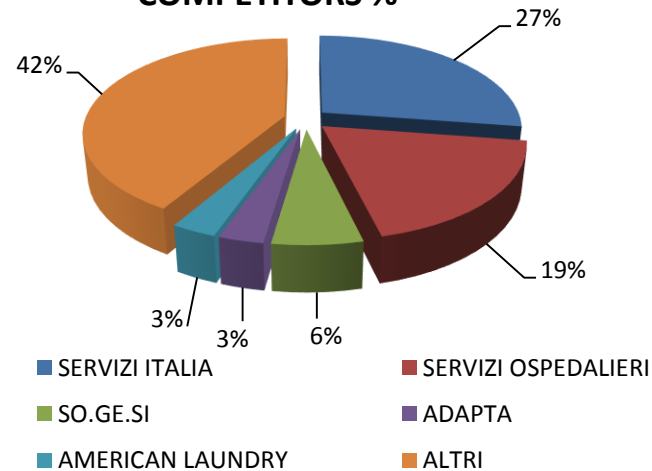
LINEN STERILIZATION services – 2014

Linen sterilization market: **Euro 86 mln**
Servizi Italia Group revenues: **Euro 20,5 mln**
Servizi Italia Group Market Share: **23.7%**

SURGICAL INSTRUMENTS STERILIZATION services

Surgical instruments sterilization market : **Euro 89,5 mln**
Servizi Italia Group revenues: **Euro 37,3 mln**
Servizi Italia Group Market Share: **41.7%**

COMPETITORS %



Fonte dati: Smart Lavanderie Industriali Aprile 2015 – Databank Cerved Group

Brazil

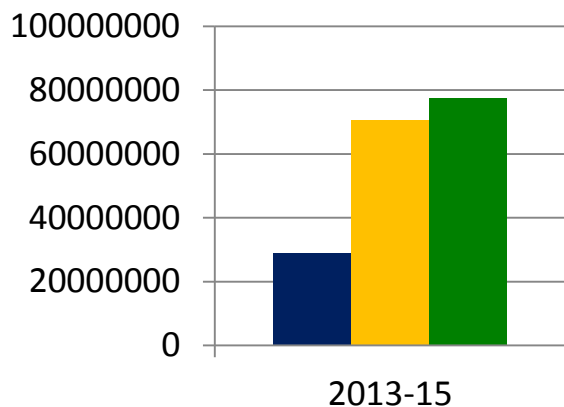


The Servizi Italia Group is present in Brazil, in the State of Sao Paulo, and it considered as a **landmark for both private and public healthcare**:

≈ **1.000 HEALTHCARE STRUCTURES**
WITH MORE THAN **53,500**
AVAILABLE BEDS*

MORE THAN
200,000,000 KG OF
POTENTIAL LINEN

WASH-HIRE
POTENTIAL MARKET:
≈ **EURO 200 MILLION**



REVENUES

	Reais	Exchange Rate	Euro
2015	77.7	3.70	22.0
2014	70.4	3.12	22.6
2013	28.8	2.87	10.0

4 LAUNDRY PLANTS which are technologically advanced and well positioned all over the area.

Over **1,300 EMPLOYEES.**

Lavsim
HIGIENIZAÇÃO TÊXTIL

MaxLav
Services

AQUALAV
SERVIÇOS DE HIGIENIZAÇÃO

IDA
LAVANDERIA HOSPITALAR

The Brazilian market is characterized by a **high penetration rate**: just a 45% of wash-hire services is outsourced to private operators, while in Italy the 95% is currently outsourced.

COMPETITIVE FRAMEWORK

The market has recently undergone some changes, thanks to a specialization phase of the sector. The main players are: **ATMOSPHERE** (Elis Group), the largest laundry in South America, which has eight operating units in Brazil; **LAVE BRAS**, Brazilian group that is conducting an aggressive policy of expansion through acquisitions; **MARTINS & LOCOCO**, a family owned hospital laundry.

Turkey



The Servizi Italia Group is present in Turkey with two different companies dealing with laundry (**ANKATEKS**) and sterilization (**SAS STERILIZASYON SERVISLERI**).

≈ 1.400*
HEALTHCARE FACILITIES

OVER 195,000* AVAILABLE
BEDS

ABOUT 6 MILLION*
OPERATIONS/YEAR

PPP PROJECTS: local reforms will lead to the construction of new hospitals with public-private participation, which is estimated to increase the number of beds in the market up to about 250,000 over the next few years.

ANKATEKS, main turkish operator in hospital laundry sector, known under the brand “Ankara Laundry” and active in the area of Ankara and – through the controlled company **ERGULTEKS** – of Izmir.

PRODUCTION VALUE

2015

ANKATEKS	€ 4.2 Mln
ERGULTEKS	€ 2.6 Mln

2 INDUSTRIAL LAUNDRY PLANTS which are technologically advanced and strategically positioned in the country (Ankara and Izmir).



COMPETITIVE FRAMEWORK

At the moment **there is no predominant group** in wash-hire and sterilization markets: **some hospitals perform these services internally**, while others rely on companies which offer cleanign and laudry services for other sectors.

India



The Servizi Italia Group is present in India, in the area of New Delhi, with the start-up **Shubhram Hospital Solutions Pvt. Ltd.**, which started to generate revenues in July 2015.

~ 1.000 HEALTHCARE
FACILITIES

OVER 70,000 BEDS

OVER
200,000 KG OF LINEN

The Indian market has recently started the **outsourcing process of wash-hire and sterilization activities.**



REVENUES

	Euro
2015	275,000

The activity started in October 2015 and is expected to be fully operative within the end of 2017.

1 TECHNOLOGICALLY ADVANCED LAUNDRY PLANT



COMPETITIVE FRAMEWORK

At the moment **there is no competitor** in wash-hire and sterilization markets. The medical and hospital overview is characterized by high quality of performance and facilities against a low level of services.

Albania



Following the subscription of a 10-year contract for:

- ✓ sterilization, maintenance and renting of surgical instruments
- ✓ sterilization management of re-usable medical devices
- ✓ supply of disposable medical devices

to all public and private hospitals of the Republic of Albania, SERVIZI ITALIA has established a new company, SANISERVICE, based in Tirana, of which it owns the 30%.

**TOTAL VALUE AWARDED:
EURO 70 MILLION**

**CONTRACT TOTAL
DURATION:
10 YEARS**

**NR. OPERATIONS/YEAR:
OVER 50,000**

Starting date of the concession is expected in the first quarter of 2016 at the University Hospital Center "Mother Theresa" in Tirana with a two-year roll-out plan, which envisages the extension of the service initially to other university hospitals in Tirana and, at a later stage (within about two years from the start of the concession), to all the public hospitals in the Country.

COMPETITIVE FRAMEWORK

At the moment **there is no competitor** in wash-hire and surgical instruments sterilization markets.

Strategy

The investments made over the years have ensured a process of continuity and growth, adding value to the company, creating new jobs and providing a better quality of service.

The value of sustainability is at the base of the Group and leads its strategic action.

1. STRENGTHENING OF THE LEADERSHIP IN ITALY

- ✓ Contracts awarding and cross-selling opportunities
- ✓ *Customer retention* activities
- ✓ Acquisition of new target companies

3. MANAGEMENT OPTIMIZATION

- ✓ Operational and organisational efficiency in order to maintain margin and profitability

SUSTAINABILITY VALUE

*trasparenza and
completeness of
information*

2. STRENGTHENING IN ESTABLISHED MARKET AND FURTHER GEOGRAPHICAL EXPANSION

- ✓ Development and consolidation of the business model in the State of Sao Paolo (Brazil)
- ✓ Development and growth in other areas (Turkey, India, Albania)

4. DEVELOPMENT AND FOCUS ON OTHER VALUE-ADDED SERVICES

- ✓ Surgical instruments sterilization, procedure sets for operating theatre and supply of non-woven or reusable fabrics





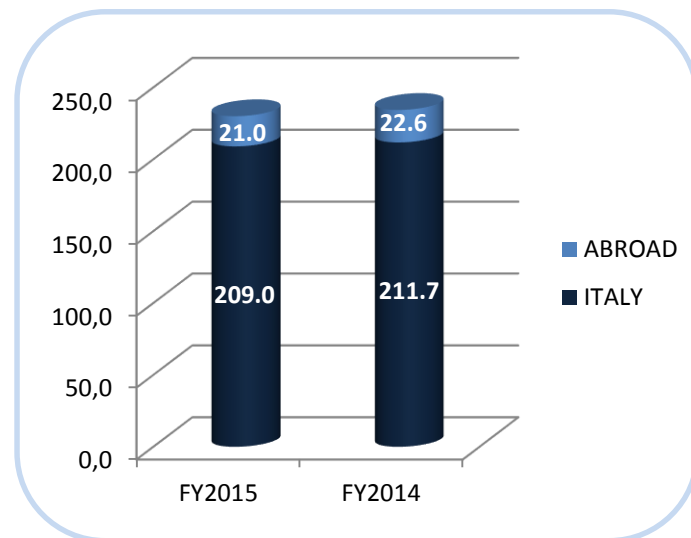
Economics & Financial

Economics

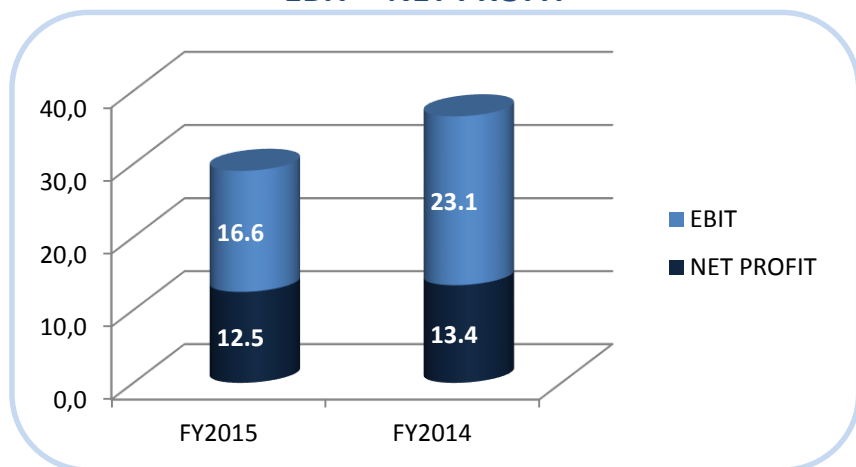
MAIN ECONOMIC CONSOLIDATED DATA FY2015

(Euro thousand)	31/12/2015	31 /12/2014	Variation	Var. %
Ricavi	229,983	234,347	(4,364)	-1.9%
EBITDA	63,649	66,826	(3,177)	-4.8%
<i>EBITDA %</i>	<i>27.7%</i>	<i>28.5%</i>		
EBIT	16,565	23,179	(6,614)	-28.5%
<i>EBIT %</i>	<i>7.2%</i>	<i>9.9%</i>		
Net Profit	12,483	13,414	(931)	-6.9%
<i>Net profit %</i>	<i>5.4%</i>	<i>5.7%</i>		

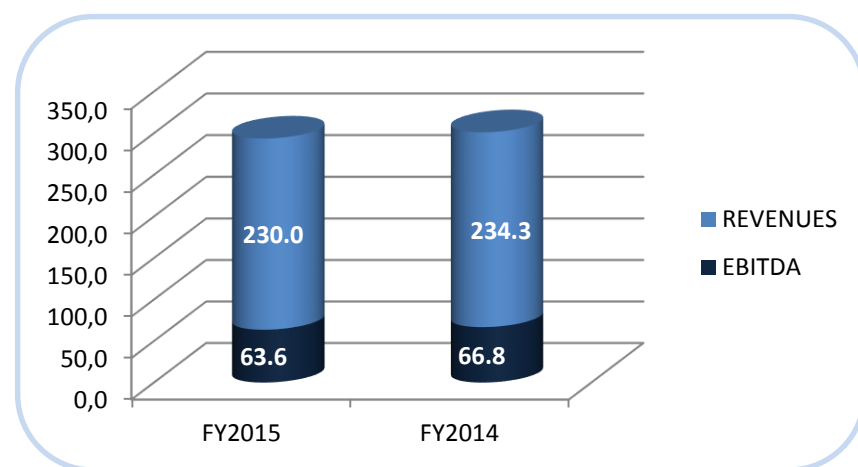
REVENUES – REVENUES FROM ABROAD



EBIT – NET PROFIT

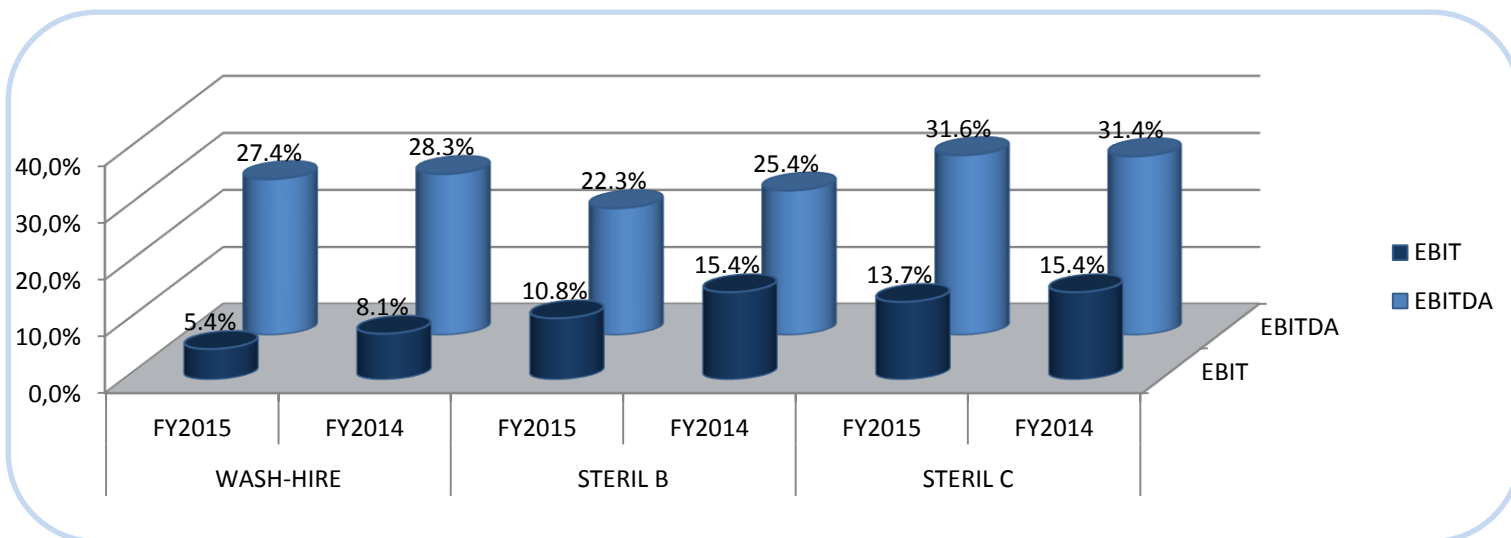
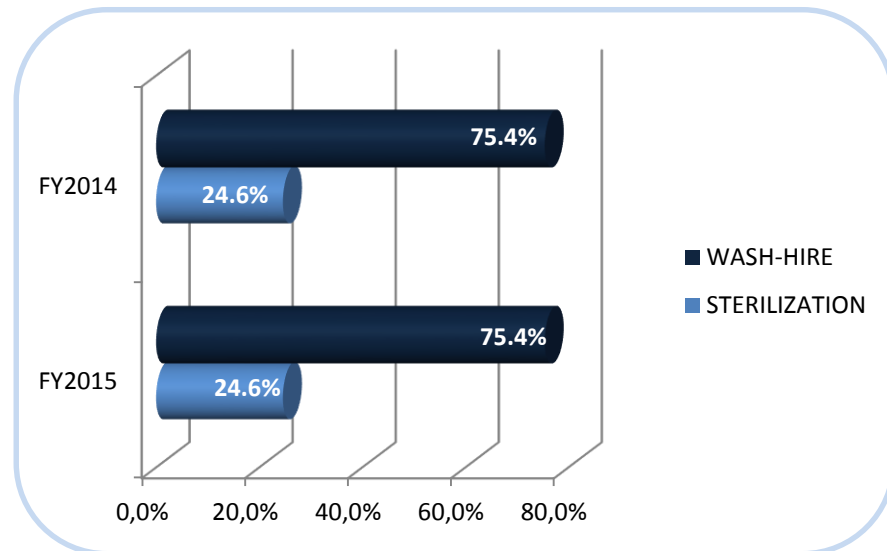
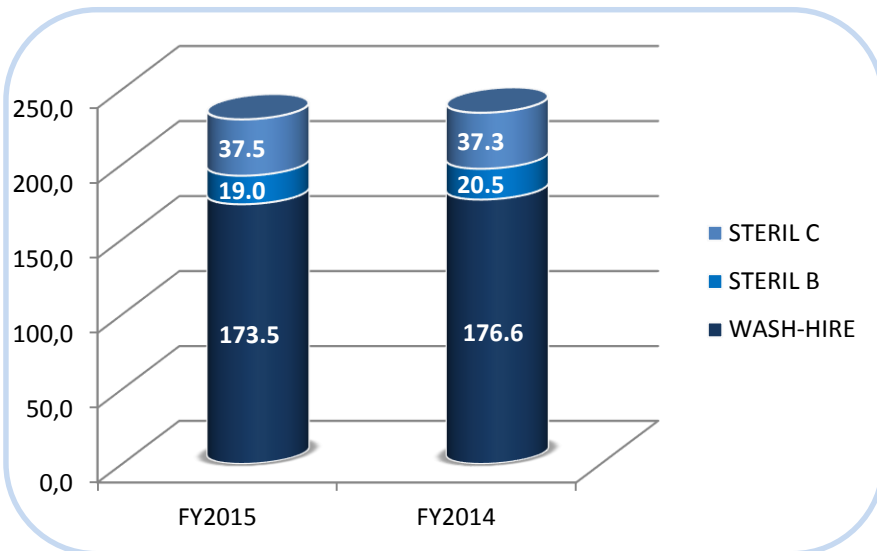


REVENUES - EBITDA



Economics

REVENUES AND PROFITABILITY PER BUSINESS LINE, RE-BALANCE OF PRODUCTION MIX

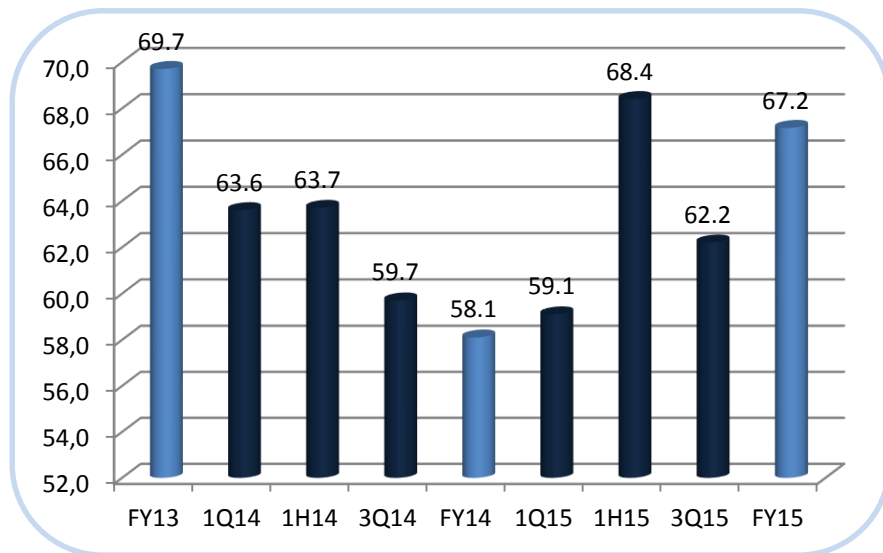


Financial

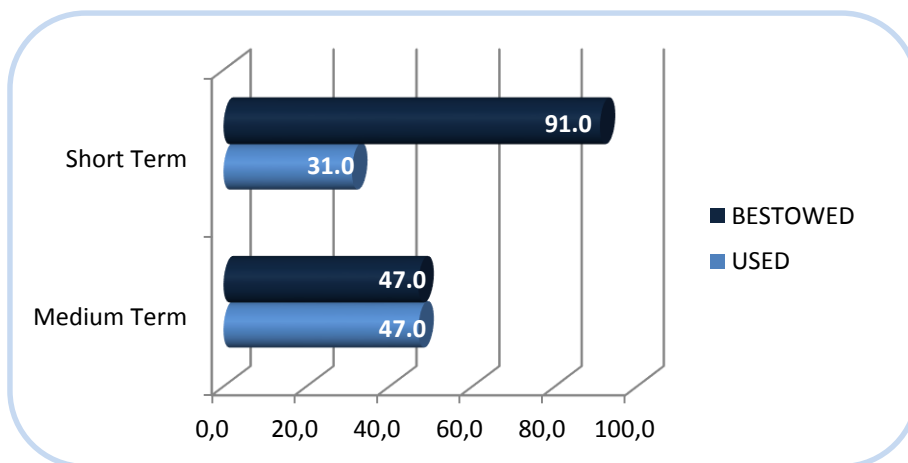
GOOD FINANCIAL MANAGEMENT FY2015

(Euro thousand)	FY2015	FY2014
Net working capital	13,726	15,789
Other short-term assets/liabilities	(7,565)	(25,208)
Net Working Capital	6,161	(9,419)
Fixed assets – medium/long term provisions	183,086	179,086
Invested capital	189,247	169,667
Shareholder's Equity (B)	122,094	111,588
Net financial debt (A)	67,153	58,079
Invested Capital (C)	189,247	169,667
Gearing (A/A+B)	35.5%	34.2%
Debt/Equity (A/B)	55.0%	52.0%

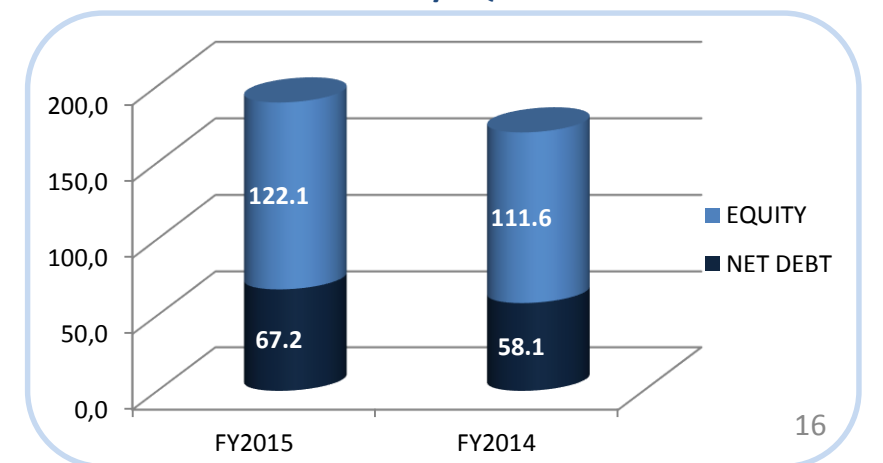
NET FINANCIAL POSITION



CREDIT LINES FY2015



NET DEBT/EQUITY

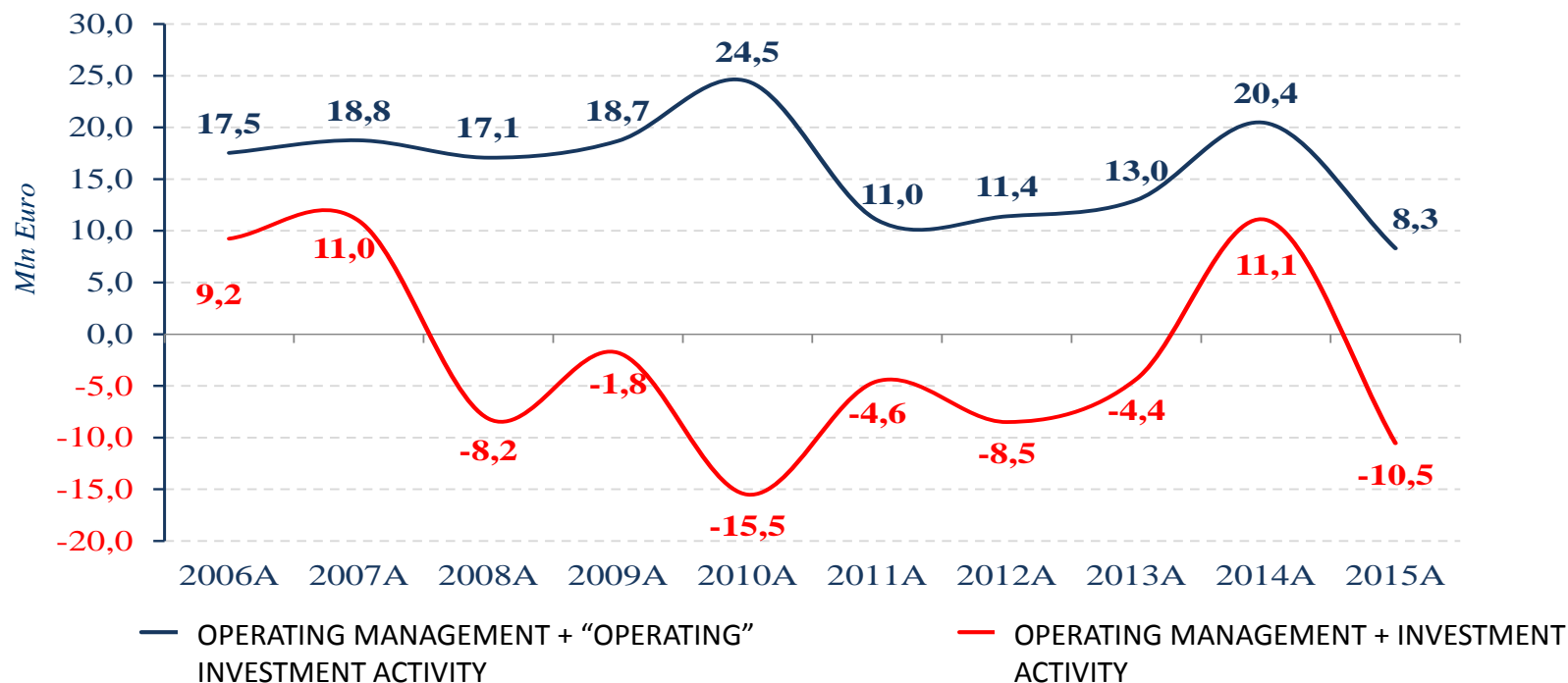


Cashflow

Servizi Italia's activity, excluding "operating" investments, generates positive cashflow.

During the last few years the Group Management decided to spend its resources in "structural" investments in order to **consolidate its leadership position** and to constantly **improve group performances**.

GENERATED CASHFLOW (EMPLOYED) 2006 –2014



Net of "operating" investments, Servizi Italia generated cash over Euro 161 million from 2006 to 2015

Cashflow

OPERATING INVESTMENTS include:

- ✓ Purchase of linen, textile and mattresses for wash-hire services
- ✓ Purchase of surgical instruments for sterilizing plants

“STRUCTURAL” INVESTMENTS include:

- ✓ Investments in wash-hire plants which in the past allowed Servizi Italia to become leader, but that are now becoming less and less relevant in Italy;
- ✓ Investments in sterilizing plants which allow Servizi Italia to expand to a business with higher margins. While investing in sterilizing plants, Servizi Italia is simultaneously signing a commercial agreement for the return of some of the investment within a medium term;
- ✓ Acquisition of new companies



Stock

Details on shares (as at 11/03/2016)

Number of shares	30,699,266
Price per share	€ 3.47
Capitalization	€ 106,526,453

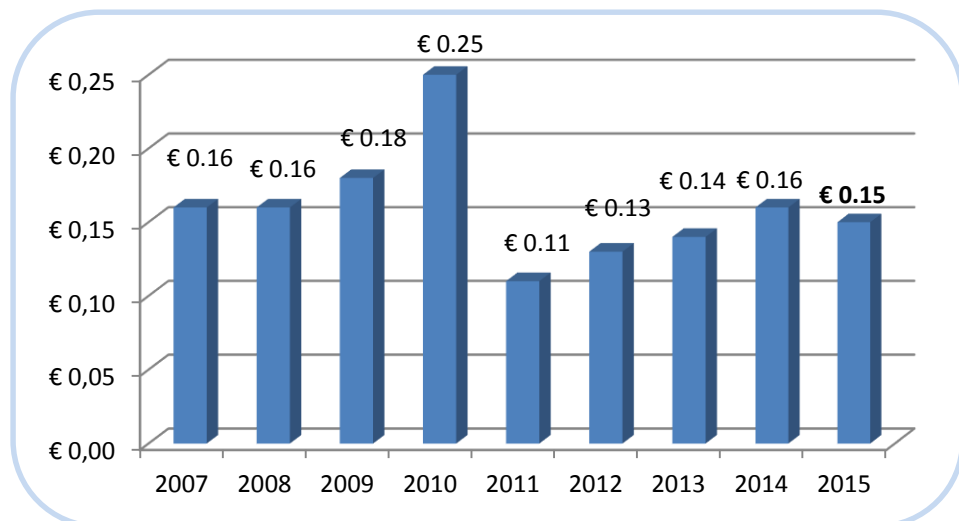
Main shareholders as at 11/03/2016

Main shareholders as at 11/03/2016	% Capital
Aurum SpA	58.1%
Kabouter Management LLC	8.8%
Padana Emmedue SpA	5.3%
Steris UK Holding Ltd	2.5%
Others < 2%	24.3%

As of 11th March 2016, Servizi Italia holds a total of **279,891 treasury shares, equal to 0.9117% of the share capital.**

Please note that following the share capital increase, on 2nd August 2012, the share capital passed from Euro 16,200,000 to Euro 27,188,805, and that following the closure of the third Exercise Period of "Warrant Services Italy 2012- 2015", dated 4th November 2013, 5th November 2014 and 3rd November 2015, the share capital has fluctuated from Euro 27,188,805 to Euro 30,699,266.

DIVIDENDS DISTRIBUTED PER YEAR



* Dividend to be approved by the Shareholders' meeting on 20th April 2016

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Settore: Industriale

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