

STAR Conference Milan 2017



Group overview 1/2

- SERVIZI ITALIA is the Italian 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.
- SERVIZI ITALIA satisfies expectations and needs of customers thanks to a high quality of **mix of products and services**.
- A business model which **contributes to the rationalization of healthcare costs and social sustainability** in Italian regions and wherever it operates.



WASH-HIRE

Washing and hire of flat linen (sheets, sleepers, blankets), packed clothes (gowns, scrubs, hospital uniforms), mattresses and pillows.



LINEN STERILIZATION

Sterilization Reusable Textile for operators gowns, towels and procedural kits for surgical activities, as well as accessory parts for disposable material.



SURGICAL INSTRUMENTS STERILIZATION

Collection, conditioning, maintenance and sterilization of surgical instruments, kits recomposition and management of the CSSD.

Group Evolution

Foundation of **SERVIZI ITALIA**, from merger of S.I.R.A.M. S.p.A. and Energon S.c.r.l., already active in laundry and wash-hire sector.

Admission to listing into the Expandi segment of Borsa Italiana S.p.A.

Acquisition of 100% of Lavanderia Industriale ZBM

Branch of **RASECO**

Other 25% of **PADANA EVEREST**

50% of Brazilian company **LAVSIM**

50% Indian company **SHUBHRAM**

Other 30% of **SERVIZI ITALIA MEDICAL**

Entrance of **STERIS CORP.** into the share capital

100% of **SI.GI. SERVIZI OSPEDALIERI**

Closing 100% of **TINTORIA LOMBARDA DIVISIONE SANITARIA**



1986



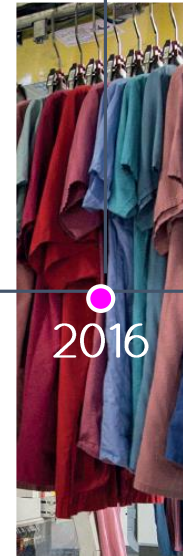
2007



2012



2014



2016

100% of share capital is bought by **Coopservice S.c.p.a.**, already active in hygiene, sanification, security, ecology and logistics sectors.

The Company gets **STAR qualification** by Borsa Italiana S.p.A.

50.1% of Brazilian company **MAXLAV LAVANDERIA ESPECIALIZADA**

50.1% of Brazilian company **VIDA LAVANDERIAS ESPECIALIZADA**

50.1% of Turkish company **SAS STERILIZASYON SERVISLERI**

Remaining 50% of Brazilian company **LAVSIM**

Closing 40% Turkish group **ANKATEKS**

Management integration of **SERVIZI ITALIA MEDICAL**

Merge of **LAVANDERIA INDUSTRIALE ZBM** and **SI.GI. SERVIZI OSPEDALIERI**

100% of Brazilian company **AQUALAV**

Merge of **TINTORIA LOMBARDA DIVISIONE SANITARIA**

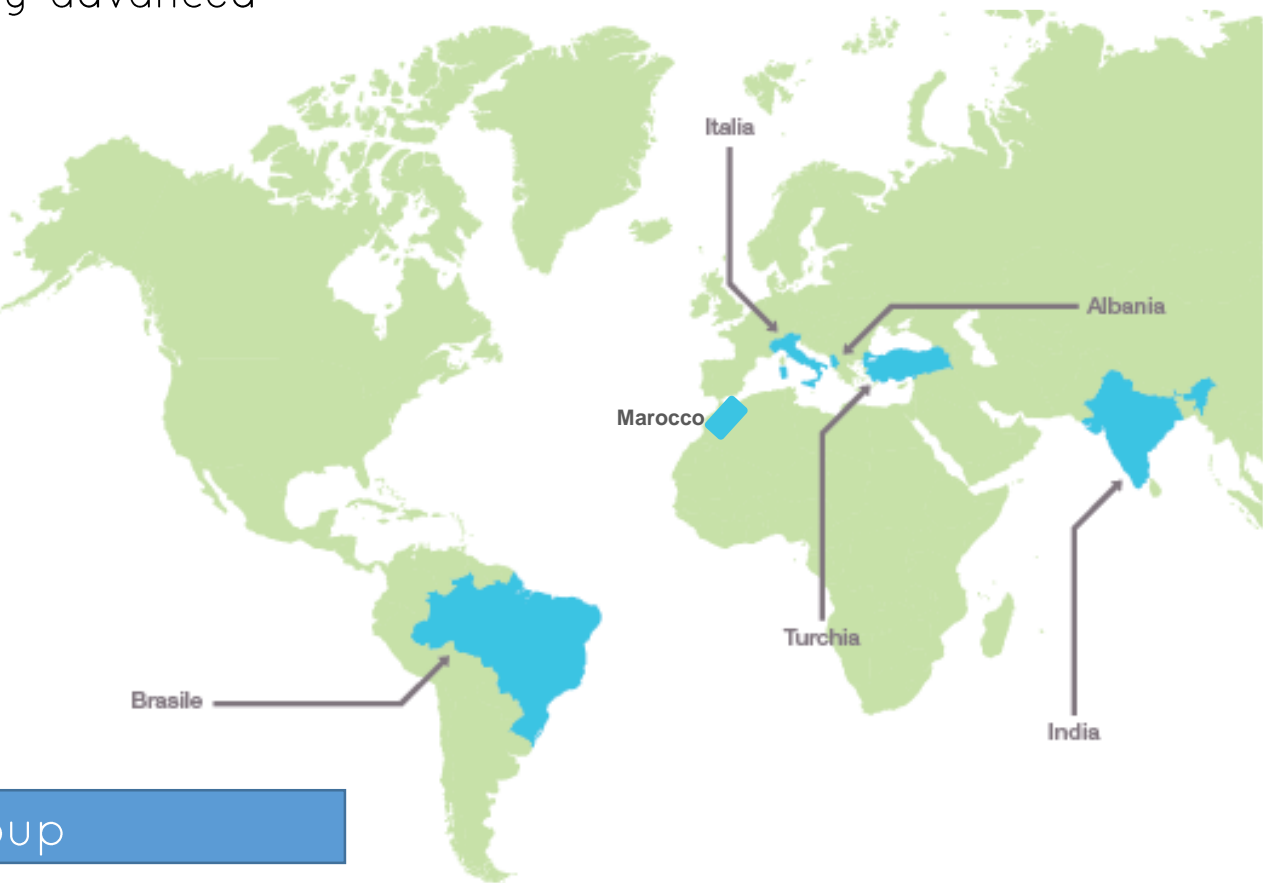
Foundation of **SERVIZI ITALIA MAROCCO**, sterilization services.

Group overview 2/2

Since 2012, SERVIZI ITALIA has been spreading at an international level and it is now present in **5 countries** with a technologically advanced production platform.

The SERVIZI ITALIA Group counts more than **3,200 employees** distributed throughout 22 laundries, 6 linen sterilization centers and 18 surgical instruments sterilization centers.

- 14 laundries in North-Centre of Italy
- 4 laundries in the State of Sao Paulo, Brazil
- 3 laundries in Turkey
- 1 laundry in India
- 23 CSSDs (linen/instruments) in Italy
- 1 CSSD for surgical instruments in Albania



Strategy of INTERNATIONAL DEVELOPMENT of the Group

- Increased incidence of revenues from abroad. Since 2012 revenues increased by 11.6%.%
- Development in other areas having similar market characteristics to those where we are.
- Business model consolidation in the State of Sao Paulo.

The Business

SERVIZI ITALIA has constantly demonstrated to be 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 YEARS
Wash-hire

6 YEARS
Sterilization

Creating value over time:

- Optimization of costs both logistics and productive
- Commercial synergies and common processes
- Development of high value-added services
- International development strategy
- Renegotiation of expiring contracts at improved conditions



Focus on Italian Market

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 influenced 2016 as well.

At the end of 2015, industrial laundry healthcare sector registered a total turnover equal to **Euro 755 million**, divided by segment as follows:

Wash-hire

Euro 585 mln

Linen
Sterilization

Euro 80.3 mln

Surgical
Instruments
Sterilization

Euro 89.7 mln

SI Revenues –
Wash-hire line

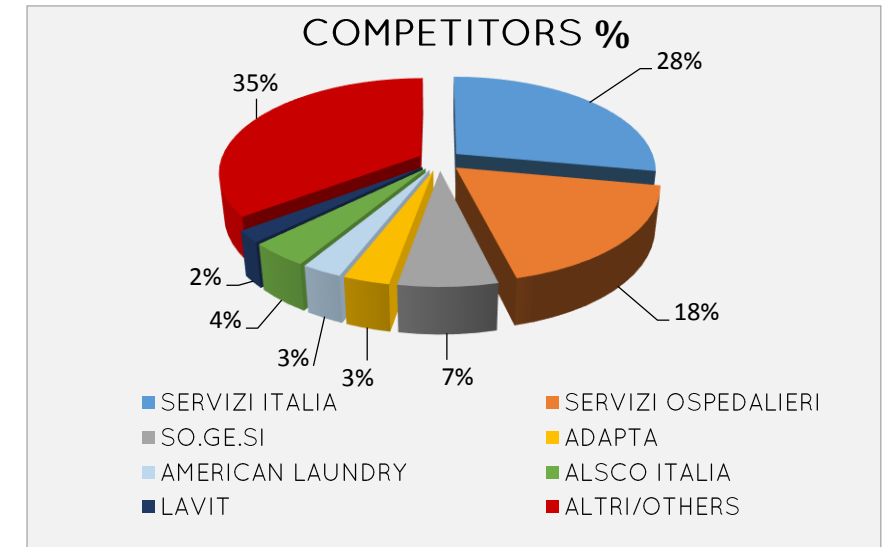
Euro 180.1 mln
equal to 30.7%

SI Revenues –
steril B

Euro 19.2 mln
equal to 23.9%

SI Revenues –
steril C

Euro 38.5 mln
equal to 42.9%



Source: Smart Lavanderie Industriali April 2016 – Databank Cerved Group

PRESENCE IN THE COUNTRY



SERVIZI ITALIA, even if it is mainly active in the North-Centre of Italy, has a **market share of 27.7%**, which identifies it as absolute leader of the healthcare sector.

SERVIZI ITALIA's main customers are hospitals and relevant local districts, private clinics, emergency services etc. At the end of 2016, SERVIZI ITALIA is managing **more than 60,000 beds**, equal to the 41% of total available beds in Italy.

New markets

In the countries where it is active, Servizi Italia has found some interesting features 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.

Focus on Brazilian market

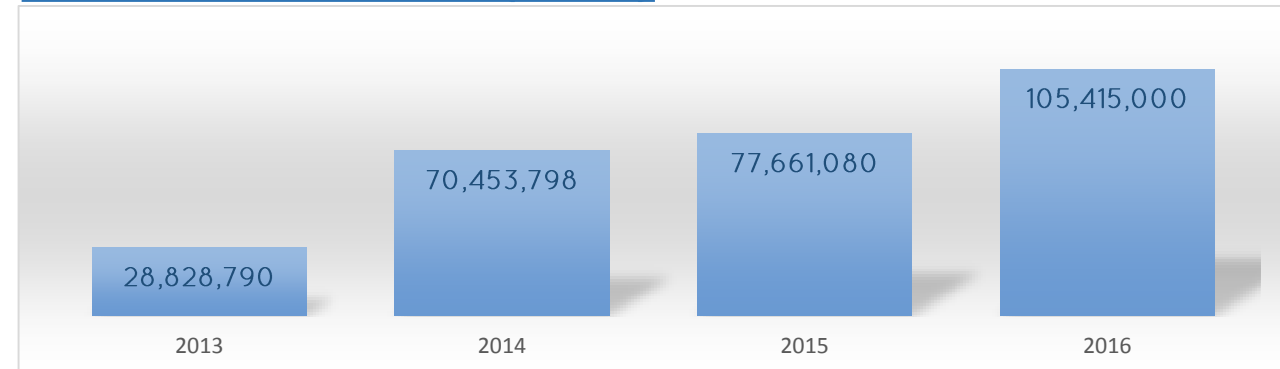
The SERVIZI ITALIA Group is present in Brazil, in the State of Sao Paulo, and it is considered as a landmark for both private and public healthcare.

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

At the moment SERVIZI ITALIA has 4 active plants on the Area of Sao Paulo. All of them are technologically advanced and strategically positioned all over the area. The Group counts in Brazil over 1,300 employees.

Brazilian market suffered great changes during the last 4-5 years. The arrival of SERVIZI ITALIA in the country marked the start of a market consolidation process. Where in the past there were many small, family-run laundries, today there are two large industrial groups which effectively divide the industrial laundry market.

TURNOVER PER YEAR (Reais)



WASH-HIRE POTENTIAL MARKET: ≈ REAIS 840 MILLION
OVER 700,000 KG/DAY OF POTENTIAL LINEN ONLY IN THE AREA OF SAO PAULO
≈1,000 HEALTHCARE STRUCTURES COUNTING OVER 92,500 AVAILABLE BEDS*



Focus Turkish market

The SERVIZI ITALIA Group is present in Turkey with two different companies dealing with industrial laundry ([ANKATEKS](#)) and sterilization ([SAS STERILIZASYON SERVISLERI](#)).

[ANKATEKS](#), main Turkish operator in hospital laundry sector, known as “[Ankara Laundry](#)” and active in the area of Ankara and – through the controlled company [ERGULTEKS](#) – in Izmir as well.

[3 INDUSTRIAL LAUNDRY PLANTS](#) which are technologically advanced and strategically positioned in the country (Ankara and Izmir).

[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.

≈ 1,400* HEALTHCARE FACILITIES

OVER 195,000* AVAILABLE BEDS

ABOUT 6 MILLION* INTERVENTIONS/YEAR



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 cleaning and laundry services for other sectors.

* Source: <http://www.healthinturkey.org/>

Focus on Indian market

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.

The Indian market has recently started the [outsourcing process of wash-hire and sterilization activities](#).

1 technologically advanced laundry plant in Delhi NCR.

OVER 195,000 HEALTHCARE FACILITIES IN INDIA

OVER 90,000 BEDS IN DELHI NCR

OVER 200,000 KG OF LINEN



Focus on Albanian market

Subscription of a 10-year contract for [sterilization, maintenance and renting of surgical instruments](#), as well as sterilization management of re-usable medical devices and 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 owning the 30% of it.

The concession started 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.

TOTAL VALUE AWARDED:
Euro 70 million

OVERALL DURATION OF
CONTRACT
10 years

NR INTERVENTIONS/YEAR:
Over 50,000

Group values

Values
The approach of SERVIZI Italia is set to guarantee a high level of service to benefit of patients and citizens, as beneficiaries of assistance and health services.

Transparency
Sharing
Responsibility
Awareness
Consistency

Focus on customers

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

Efficiency research

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

Organizational solidity and reliability

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

Product and process innovation

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

Safety and transparency

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

Professionalism

Enhance skills and talents, attracting and retaining the best resources.

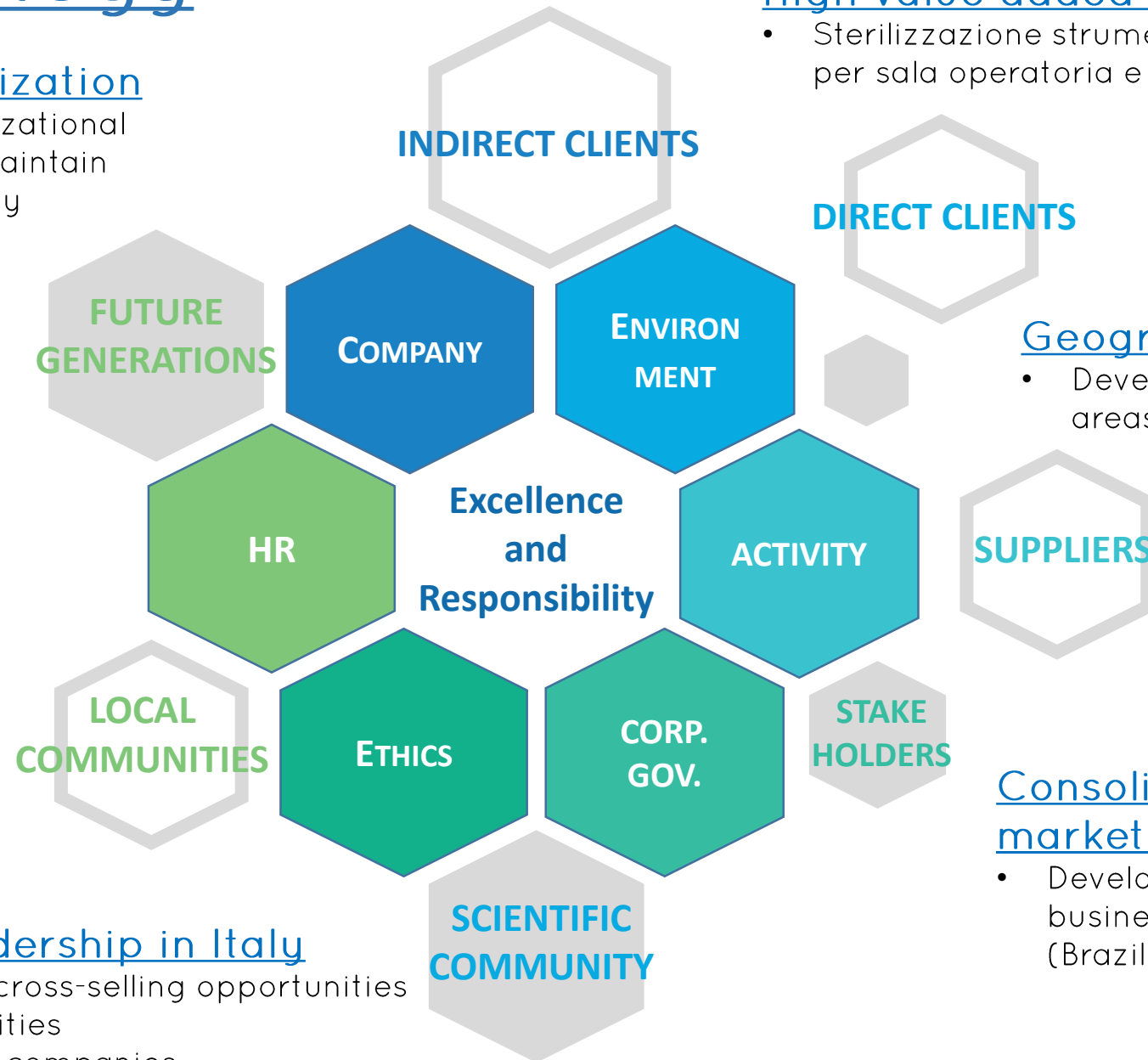
Internationalization

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

Group strategy

Management optimization

- Operational and organizational efficiency in order to maintain margins and profitability



High value added services

- Sterilizzazione strumentario chirurgico, set procedurali per sala operatoria e forniture tessili in TTR e/o TNT

Geographical expansion

- Development and growth in other areas (Turkey, Albania, India, Morocco)

Consolidation in established markets

- Development and consolidation of the business model in the State of Sao Paulo (Brazil)

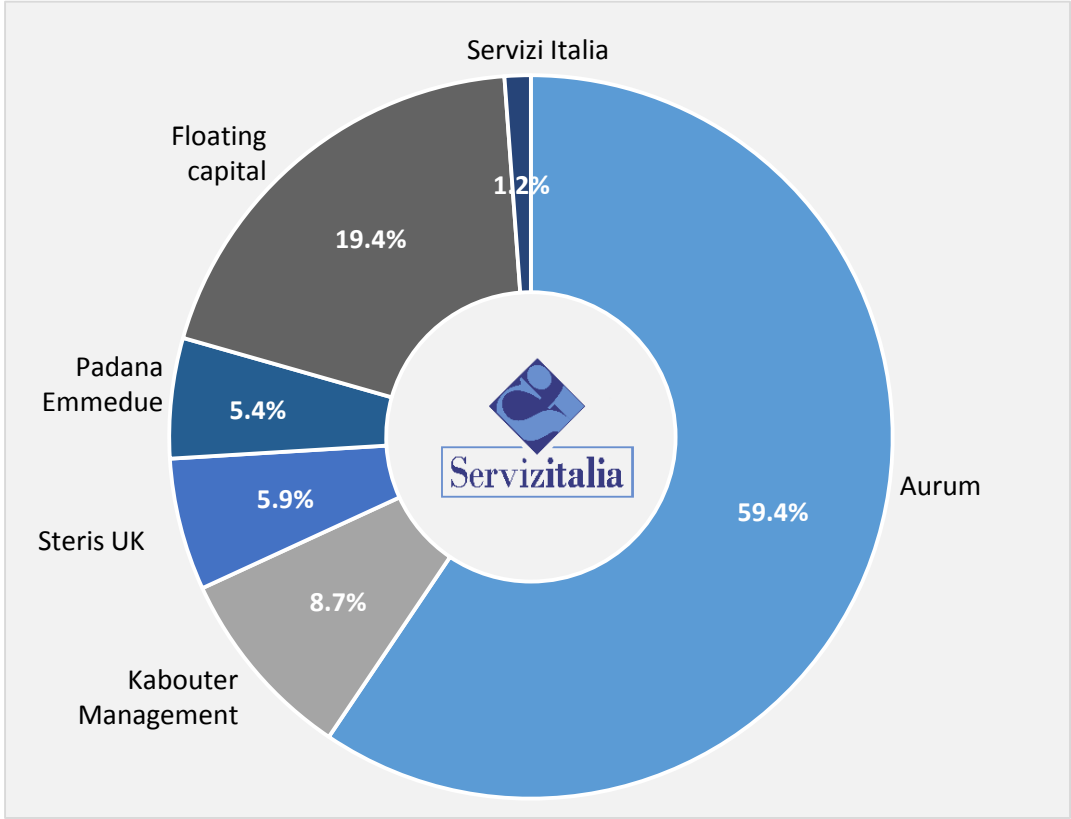
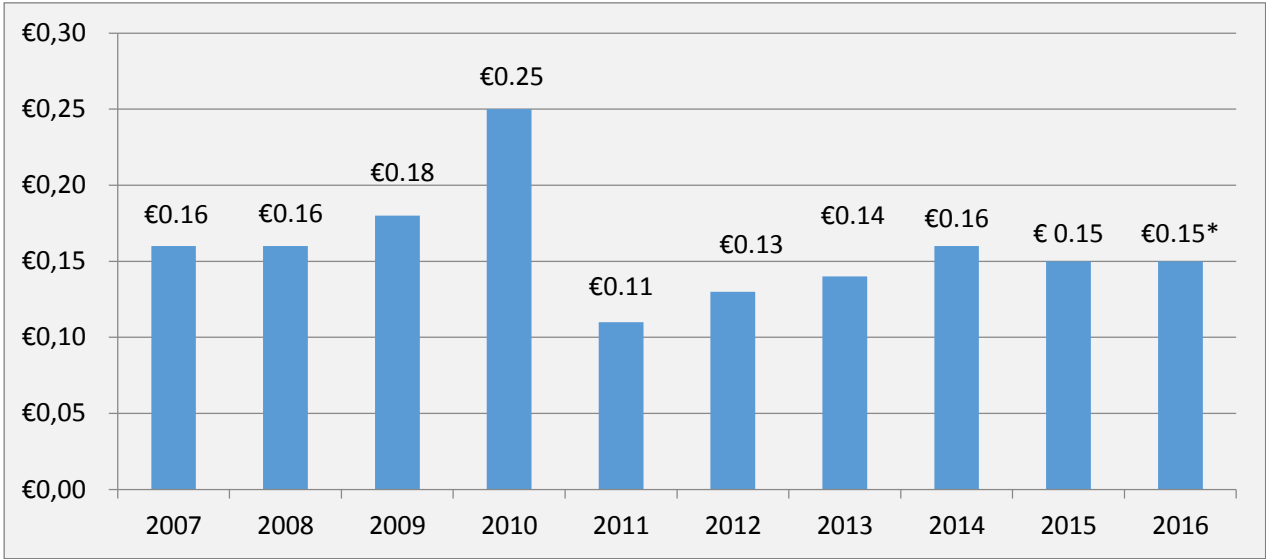
Strengthening of leadership in Italy

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

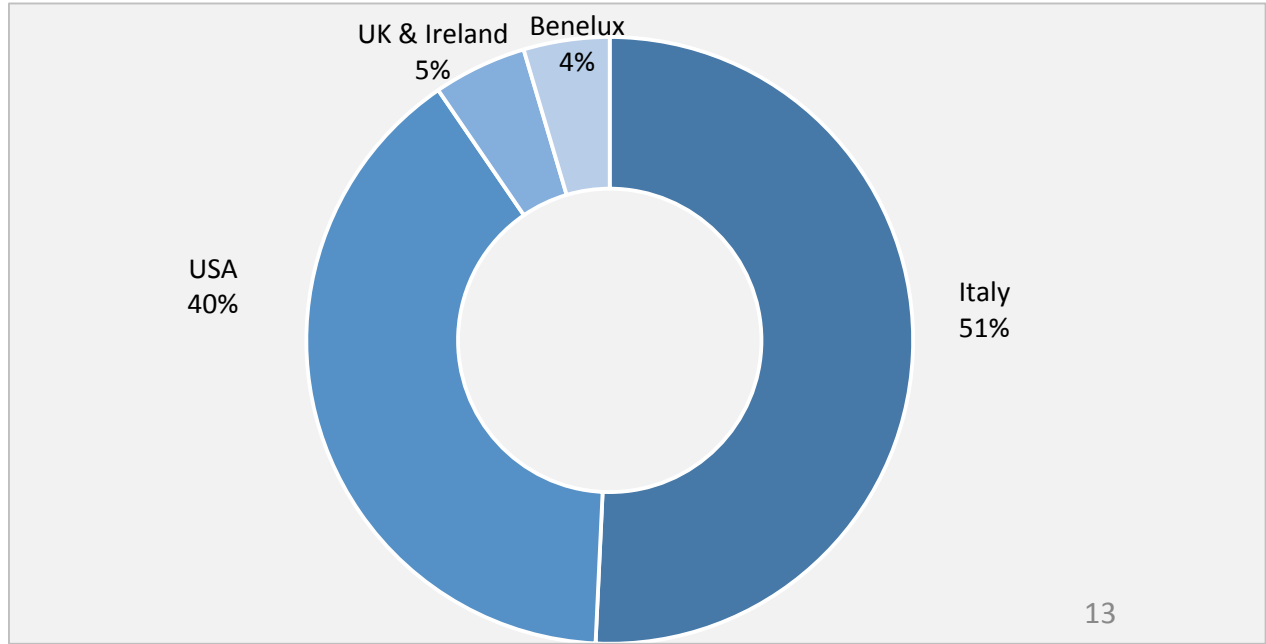
Main details on Stock Exchange

DIVIDENDS DISTRIBUTED PER YEAR

Details on shares (as at 16/03/2017)	
Share capital	31,809,451
Share price	€ 3.8560
Capitalization	€ 122,657,243



FLOATING CAPITAL



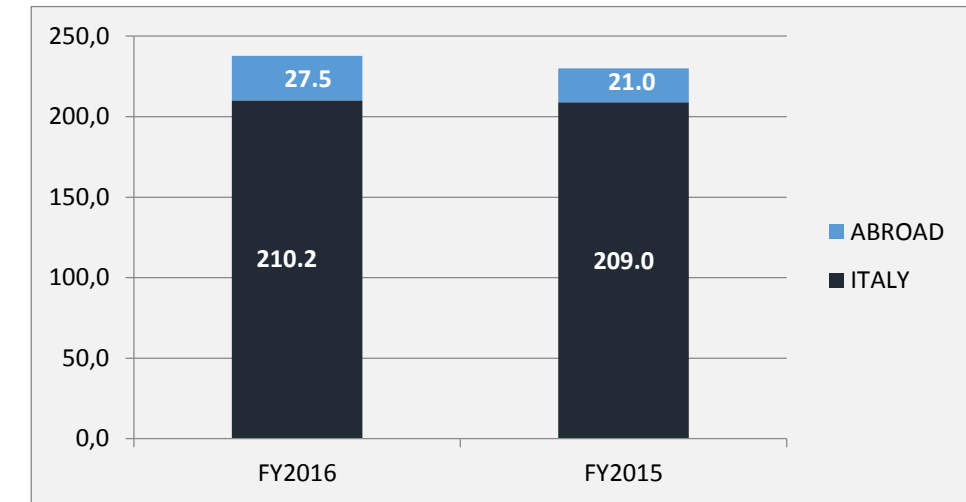


Economics & Financial Details

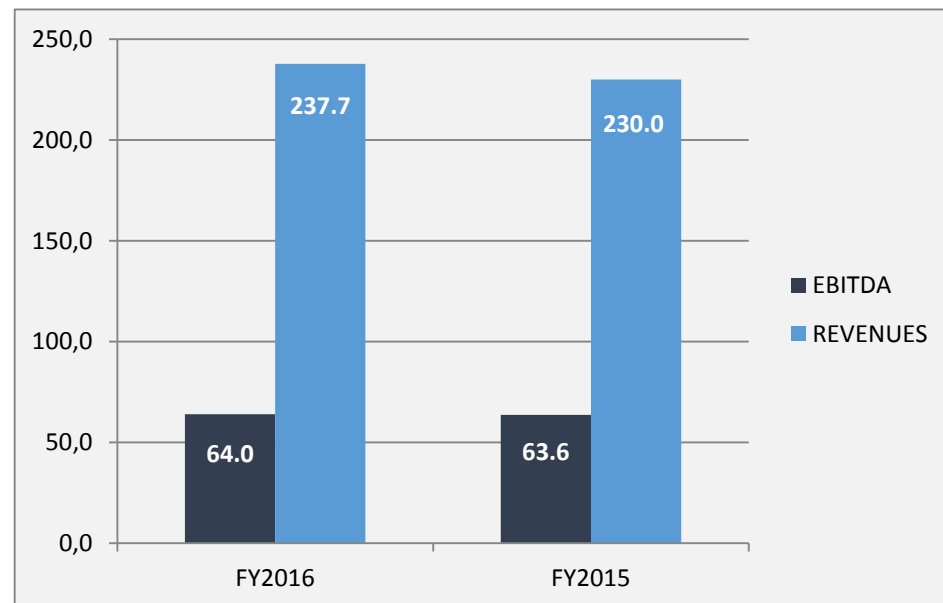
Main economic consolidated results FY2016 1/2

<i>(Euro thousands)</i>	31/12/2016	31 /12/2015	Changes	Ch. %
Revenues	237,716	229,983	7,733	3.4
EBITDA	64,022	63,649	373	0.6
<i>EBITDA %</i>	26.9	27.7%		
EBIT	13,745	16,565	(2,820)	-17.0
<i>EBIT %</i>	5.8	7.2%		
Net Profit	10,515	12,483	(1,969)	-15.8
<i>Net Profit%</i>	4.4	5.4%		

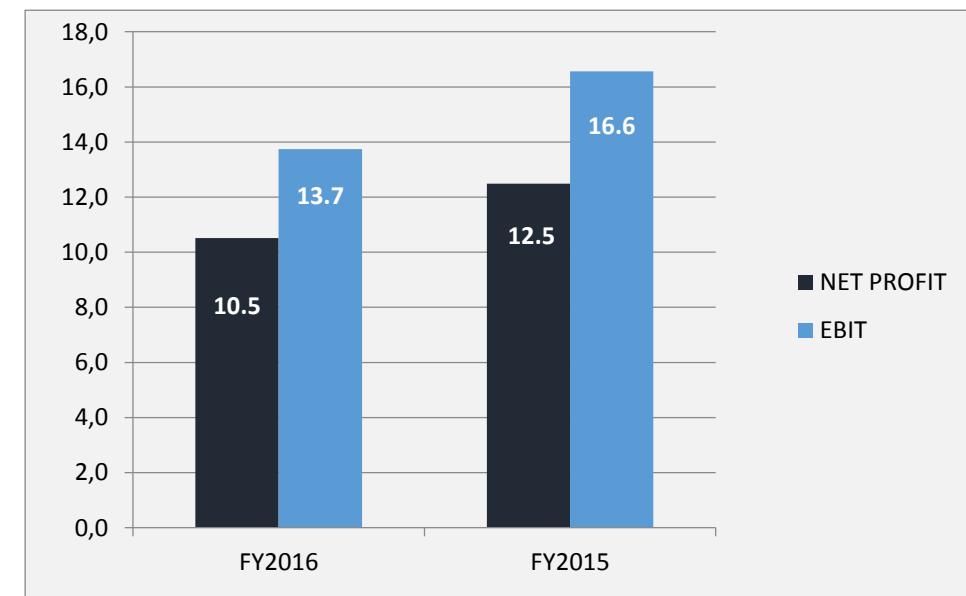
REVENUES – REVENUES FROM ABROAD



REVENUES – EBITDA

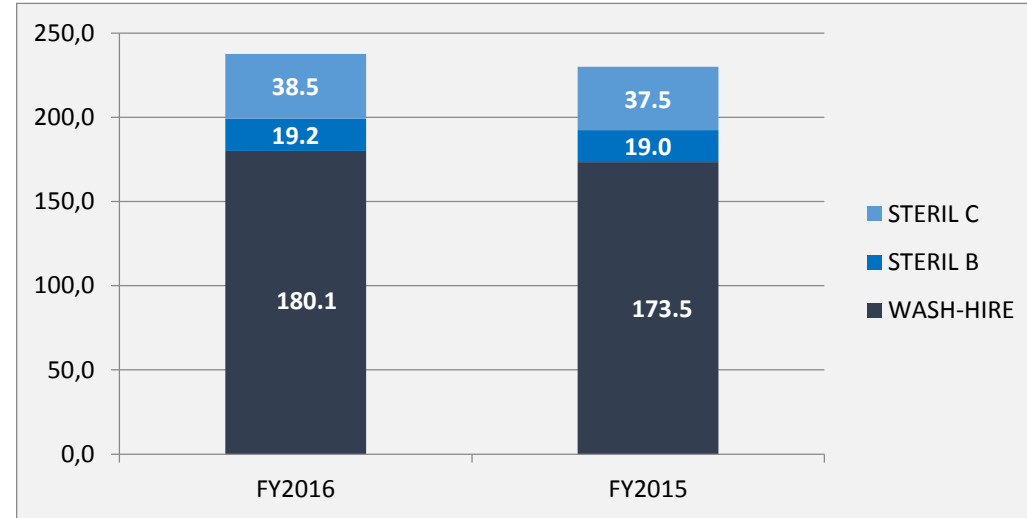


EBIT – NET PROFIT

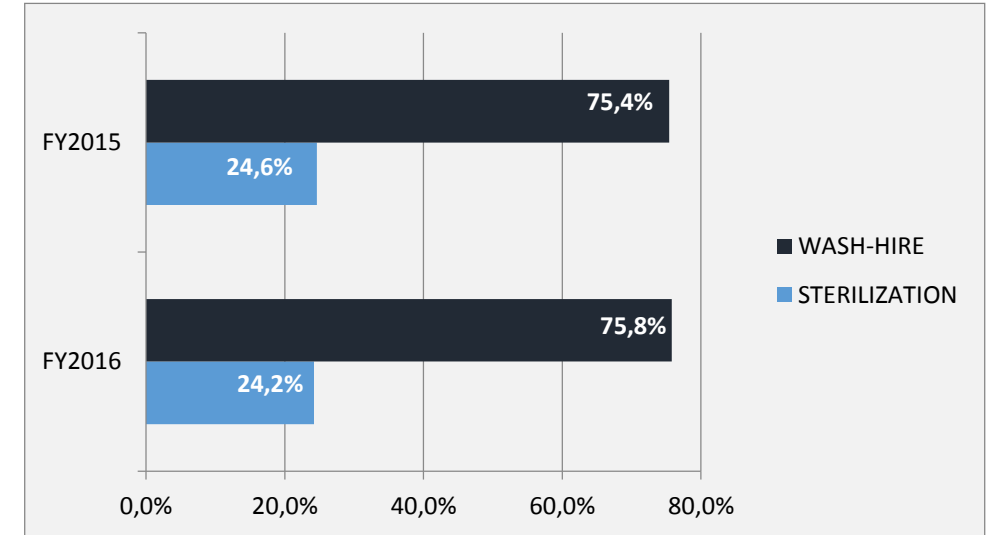


Main economic consolidated results FY2016 2/2

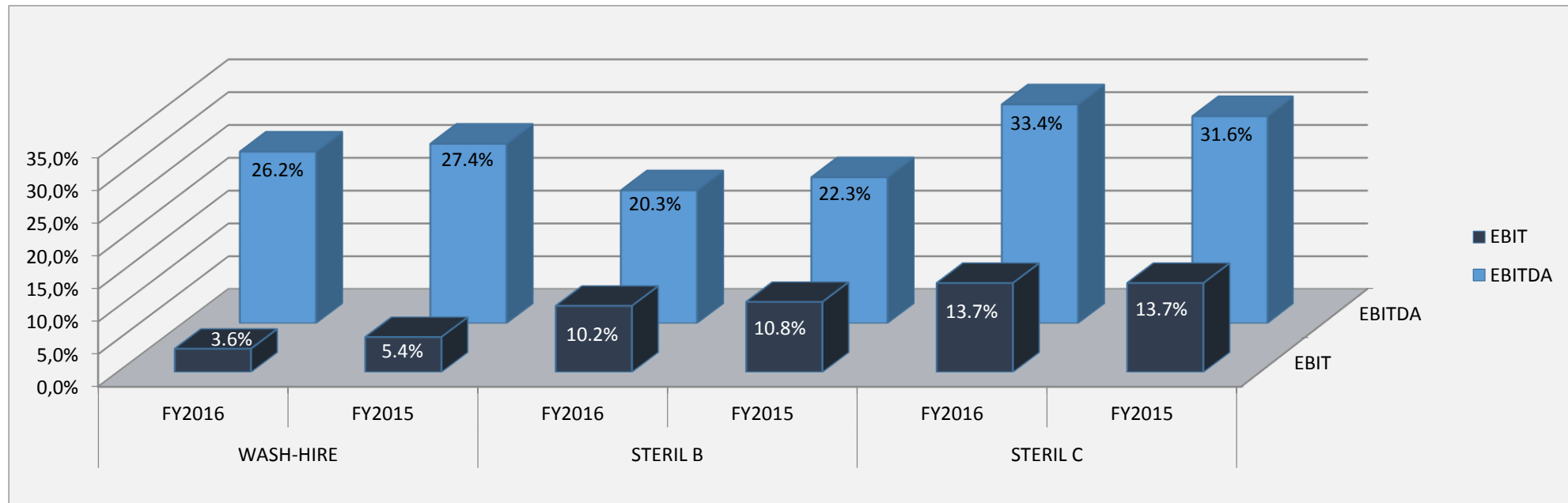
REVENUES PER BUSINESS LINE



REBALANCING OF PRODUCTION MIX



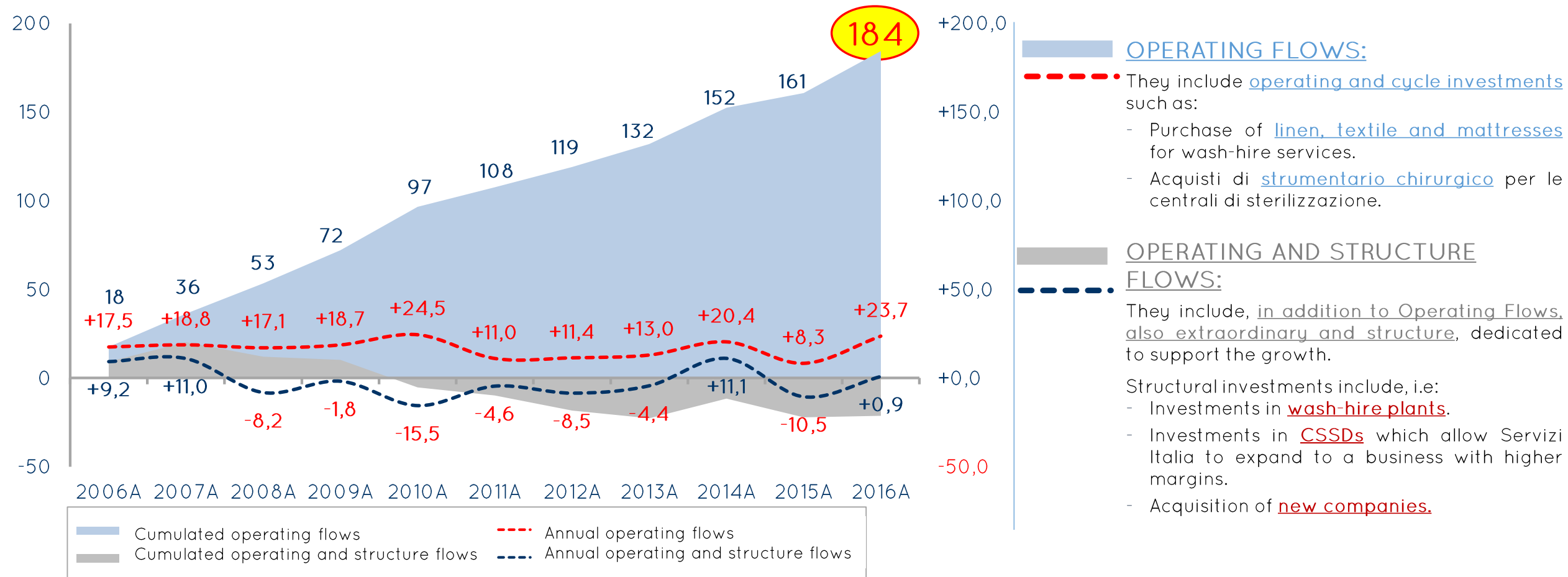
MARGINS BY BUSINESS LINE



Generation of cashflow

Even in presence of a capital intensive business, Servizi Italia is able to generate important **positive cashflows from its operative activity**.

During the last few years, the management decided to invest its resources into structural investments, for **consolidating its leadership position** and for a constant **growth and improvement of Group performance**.

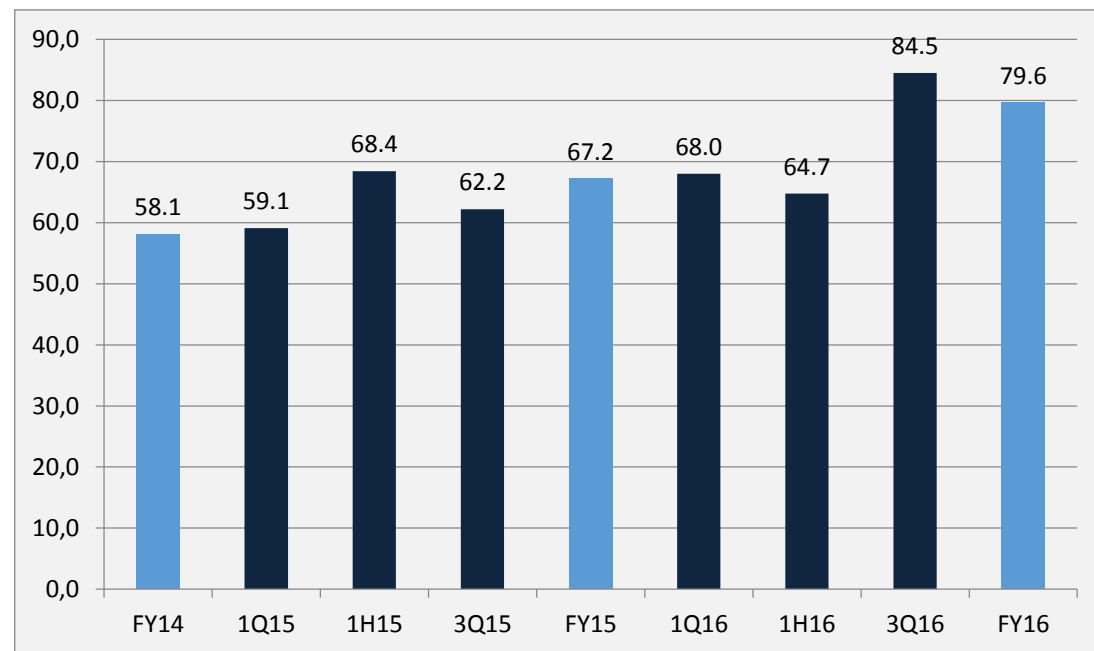


Net of operating investments, Servizi Italia generated cash over Euro 184 million from 2006 to 2016.

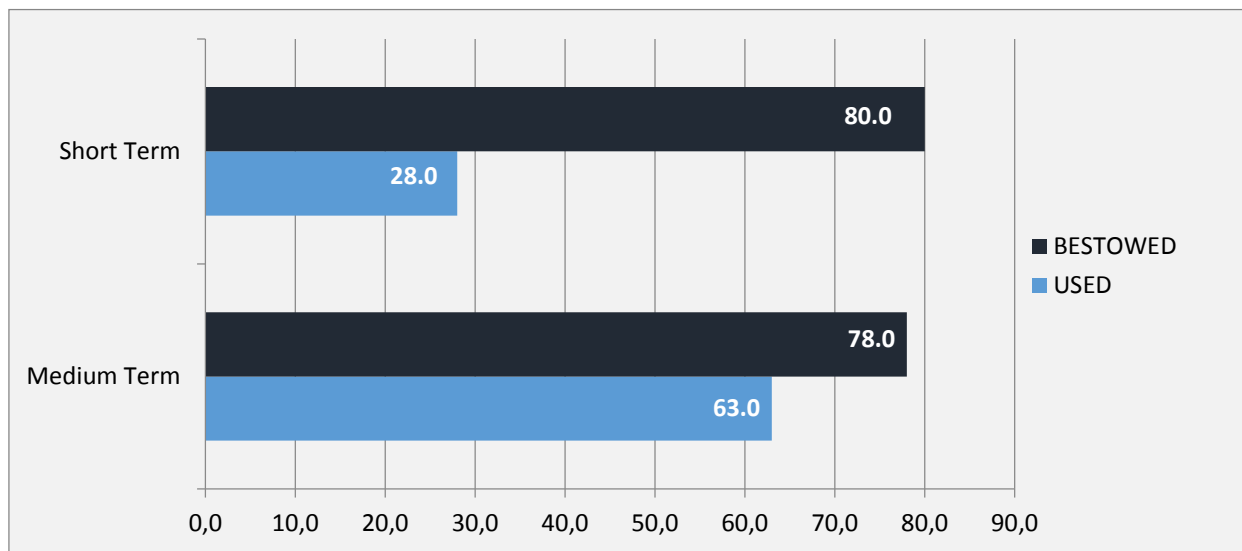
Main financial results

(Euro thousands)	FY2016	FY2015
Operating net working capital	12,608	13,726
Other short-term assets/liabilities	(11,692)	(7,565)
Net working capital	916	6,161
Fixed assets – Medium/Long term provisions	216,457	183,086
Invested capital	217,373	189,247
Shareholders' Equity (B)	137,756	122,094
Net financial debt (A)	79,617	67,153
Invested capital (C)	217,373	189,247
Gearing (A/A+B)	36.6	35.5%
Debt/Equity (A/B)	57.7	55.0%

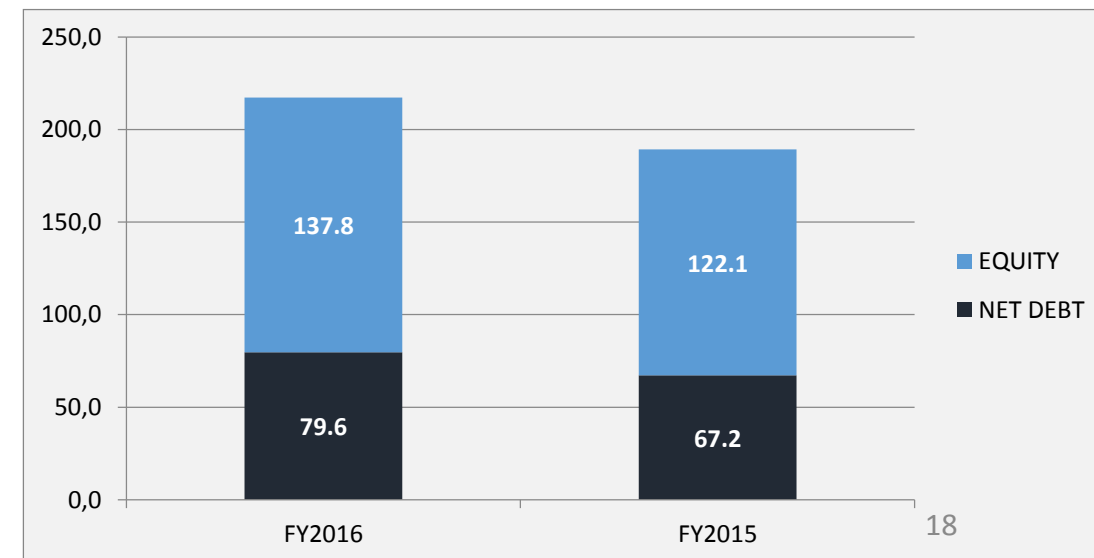
NET FINANCIAL POSITION



CREDIT LINES FY2016



NET DEBT/EQUITY



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Founded: 1986

Tax ID Number and ParmaB Business Registry Code: 08531760158

Market: MTA – STAR segment

Sector: Industrial

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