

30 September 2017

## Interim report



**Registered Offices: Via S. Pietro, 59/bd  
43019 Castellina di Soragna (PR) – ITALY**  
Share Capital: Euro 31,809,451 fully paid-up  
Tax Code and Register of Companies no.: 08531760158  
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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	1	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
Antonio Aristide Mastrangelo(4)		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; (4) In office from 11 September 2017, co-opted pursuant to art. 2386 of the Italian Civil Code and art. 13 of the company Articles of Association following the resignation of Marco Marchetti

### Board of Statutory Auditors (in office until approval of the Financial Statements as at 31 December 2019)

Name and Surname	2	Position
Gianfranco Milanese		Chairman
Anna Maria Fellegara		Statutory auditor
Simone Caprari		Statutory auditor
Chiara Ferretti		Alternate auditor
Paolo Alberini		Alternate auditor

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

Name and Surname	3	Position
Veronica Camellini		Chairman
Laura Verzellesi		Member
Francesco Magrini		Member

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

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

### Registered offices 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: Euro 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 Department

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## 2 GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (PR), listed in the STAR segment of the Borsa Italiana S.p.A. MTA stock exchange, is the leading Italian operator in the supply of integrated services for the wash-hire and sterilisation of textile materials and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundering 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 2017, the Servizi Italia Group included the following Companies:

Company name Parent Company and Subsidiaries	Registered office	Share capital	Interest of equity investments
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	R\$ 142,913,102	100%
Servizi Italia Medical S.r.l.	Castellina di Soragna (PR) - Italy	EUR 200,000	100% (**)
Steritek S.p.A.	Malagnino (CR) - Italy	EUR 134,500	70%
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, State of São Paulo - Brazil	R\$ 550,000	100% (*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo - Brazil	R\$ 2,825,060	50.1% (*)
Vida Lavanderias Especializada S.A.	Santana de Parnaíba, State of São Paulo - Brazil	R\$ 3,600,000	50.1% (*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	R\$ 15,400,000	100% (*)
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY 5,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Smirne - Turkey	TRY 1,700,000	57.5% (***)

(\*) Held through SRI Empreendimentos e Participações Ltda

(\*\*) Merged by incorporation in Servizi Italia S.p.A effective from 1 October 2017

(\*\*\*) Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

Company name Associates and Jointly-controlled Companies	Registered office	Share capital	% holding
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padua - Italy	EUR 10,000,000	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 3,502,000	51%

Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	270,171,720	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550,000	50%
Brixia S.r.l.	Milan - Italy	EUR	10,000	23%
Saniservice Sh.p.k.	Tirana – Albania	LE K	2,745,600	30%
Servizi Sanitari Integrati Marocco S.a.r.l. (associate)	Casablanca - Morocco	MAD	122,000	51%

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

### 3 DIRECTORS' REPORT

This Interim Report as at 30 September 2017 includes the condensed consolidated financial statements as at 30 September 2017. The Group's main financial highlights as at 30 September 2017 are shown below along with the comparative information in compliance with IAS/IFRS international accounting principles.

The consolidated subsidiaries are San Martino 2000 S.c.r.l., Se.Sa.Tre. S.c.r.l., Servizi Italia Medical S.r.l., Steritek S.p.A., SRI Empreendimentos e Participações Ltda (parent company of the companies: Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda), Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti. The Group's main financial highlights as at 30 September 2017 are shown below along with the comparative information. In order to allow for a better evaluation of the economic and financial performance, the following summary tables show some "Alternative performance indicators", not provided by the IFRS International Accounting Standards. The footnotes of said tables indicate the calculation method used 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 2017 with the results as at 30 September 2016 (in thousands of Euros):

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>30 September 2016</b>	<b>Change</b>	<b>Chg. %</b>
Revenues	186,973	175,489	11,484	6.5%
EBITDA (a)	52,057	48,011	4,046	8.4%
EBITDA %	27.8%	27.4%		
Operating profit (EBIT)	12,033	11,572	461	4.0%
Operating profit (EBIT)%	6.4%	6.6%		
Net profit	10,416	8,525	1,891	22.2%
Net profit %	5.6%	4.9%		

- (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.



The income statement figures felt the effects of the non-recurring and one-off components and, therefore, the main adjusted indicators are reported below:

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>(1)</b>	<b>30 September 2017 adjusted</b>	<b>30 September 2016</b>	<b>Changes adj.</b>	<b>Change % adj.</b>
Revenues	186,973		186,973	175,489	11,484	6.5%
EBITDA (a)	52,057	1,188	53,245	48,011	5,234	10.9%
EBITDA %	27.8%		28.5%	27.4%		
Operating profit (EBIT)	12,033		13,221	11,572	1,649	14.2%
Operating profit (EBIT)%	6.4%		7.1%	6.6%		
Net profit	10,416	(209)	11,395	8,525	2,870	33.7%
Net profit %	5.6%		6.1%	4.9%		

- (1) The adjusted data do not take account of non-recurring costs relating to the restructuring and industrial reorganisation of the North-West area for Euro 557 thousand, in particular incentives, indemnities and Naspi, before the tax effect of Euro 134 thousand and one-off costs relating to the settlement with an executive for Euro 270 thousand, before the tax effect of Euro 75 thousand and the payment of registration tax and accessory charges for the acquisition of Lavanderia Industriale Z.B.M. S.p.A. for Euro 361 thousand.

## 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 2017 with the figures as at 31 December 2016:

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>Change</b>	<b>Chg. %</b>
Net operating working capital (a)	14,583	12,608	1,975	15.7%
Other current assets/liabilities (b)	(9,154)	(11,692)	2,538	-21.7%
<b>Net working capital</b>	<b>5,429</b>	<b>916</b>	<b>4,513</b>	<b>492.7%</b>
Non-current assets - medium/long-term provisions	217,346	216,457	889	0.4%
<b>Invested capital</b>	<b>222,775</b>	<b>217,373</b>	<b>5,402</b>	<b>2.5%</b>
Shareholders' equity (B)	141,559	137,756	3,803	2.8%
Net financial debt (d) (A)	81,216	79,617	1,599	2.0%
<b>Invested capital (c)</b>	<b>222,775</b>	<b>217,373</b>	<b>5,402</b>	<b>2.5%</b>
<b>Gearing [A/(A+B)]</b>	<b>36.5%</b>	<b>36.6%</b>		
<b>Debt/Equity (A/B)</b>	<b>57.4%</b>	<b>57.8%</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

Servizi Italia Group recorded an increase in consolidated turnover, with revenue from sales and services amounting to a total of Euro 186,973 thousand, therefore up by 6.5% compared to the interim financial statements as at 30 September 2016.

The increase in turnover primarily concerned the wash-hire line, due to the consolidation of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and the acquisition, on 7 July 2016, of Tintoria Lombarda Divisione Sanitaria S.r.l. An increase in turnover was also recorded in the surgical instrument sterilisation line, compared to the same period in the previous year, also partially due to the consolidation of Steritek S.p.A. On a like-for-like consolidation basis, the increase in turnover would have been roughly 1.3%.

Consolidated **EBITDA** increased by 8.4% from Euro 48,011 thousand in 2016 to Euro 52,057 thousand in 2017. On a like-for-like basis, the increase in EBITDA would be around 3.2% in absolute value. EBITDA was positively impacted by the increase in sales revenues in both the wash-hire line and the surgical instrument sterilisation line, with a greater reduction in operating costs in relative terms such as utilities, rentals, administrative costs and the use of third-party personnel, while it was negatively impacted by an increase in personnel expense, in particular in the Brazilian area, due primarily to the effects of the adjustments to the inflation rate of the labour agreements of the state of São Paulo (Brazil), and the increase in labour units following growth in the laundry services thanks to the awarding of new contracts and the revaluation of the Real/Euro exchange rate. The EBITDA ratio was also negatively impacted, for Euro 1,188 thousand, by one-off costs relating to expenses for restructuring and industrial reorganisation following the termination of activities of the Barbariga (BS) site, in particular incentives, indemnities and Naspi (acronym for Italian monthly compensation for unemployment) for Euro 557 thousand, a settlement with an executive for Euro 270 thousand and the payment of registration tax and accessory charges for the acquisition of Lavanderia Industriale Z.B.M. S.p.A. for Euro 361 thousand. Net of one-off components, **EBITDA adjusted**, amounting to Euro 53,245 thousand, rose by 10.9% in absolute terms, and with a relative incidence of 28.5%, compared to 27.8%.

The **consolidated operating profit (EBIT)** increased from Euro 11,572 thousand to Euro 12,033 thousand after recognising depreciation, amortisation and impairment of Euro 40,024 thousand, up 0.6% compared to the relative incidence in the same period of the previous year, determined by the increase in depreciation of linen due to initial acquisitions of new jobs, amortisation of the customer portfolio which emerged from the acquisition of the company Tintoria Lombarda Divisione Sanitaria S.r.l. and the write-down of trade receivables of some private customers.

The consolidated financial statements as at 30 September 2017 closed with **net profit** of Euro 10,416 thousand, up by 22.2%. This result was obtained thanks to the decrease in net financial expense compared to the same period in the previous year, primarily due to the reduction in the rates applied to loans and the fall in the incidence of the tax rate.

### **Significant events and transactions**

On 10 February 2017, the merger by incorporation of the wholly-owned subsidiary Tintoria Lombarda Divisione Sanitaria S.r.l. into Servizi Italia S.p.A. was finalised. The merger took effect from 1 March 2017 for statutory purposes. As from that date, the merging company (Servizi Italia S.p.A.) took over all the income and expense-generating legal relations relating to the merged company, with the execution of the organisational integration of the administrative and production processes targeted at achieving greater management efficiency and integration. The merger also made provision for the termination of the production activities provided by the Barbariga (BS) site, which were shifted to other laundry sites with the available

production capacity and, in agreement with the trade union organisations, the reallocation of part of the workforce to other production sites.

On 13 February 2017, the Company announced its presence in Morocco, for the primary purpose of developing and strengthening the surgical sterilisation business through the Moroccan company Servizi Italia Marocco S.a.r.l. To this end, Servizi Italia purchased 51.0% of Servizi Sanitari Integrati Marocco S.a.r.l., a company that on 10 February 2017 signed a preliminary contract for the establishment of Servizi Italia Marocco S.a.r.l, which will be 50% owned by Servizi Sanitari Integrati Marocco S.a.r.l. and 50% owned by local partner Blue Field Healthcare S.a.r.l.

On 28 March, the Company published its fourth Sustainability Report, proof of its constant commitment to economic and social sustainability, based on the gradual prospect of shared value. The Report is testimony to the Company's commitment to making strategic content regarding Corporate Social Responsibility available to stakeholders.

On 20 April, the Shareholders' Meeting approved the financial statements as at 31 December 2016 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 26 April 2017, with a coupon payment on 24 April 2017. The shareholders' meeting also appointed the members of the Board of Statutory Auditors and its Chairman for the years 2017–2018–2019; and determined the related remuneration.

The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares, subject to revocation of the resolution of 20 April 2016. 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. Additional information on the event is available on the Company's website.

The Board of Directors meeting, held on 20 April 2017, resolved to launch the programme for the purchase and sale of treasury shares, in implementation of the resolution issued by the ordinary Shareholders' Meeting.

On 12 May 2017, the Board of Directors verified that the statutory auditors met the independence requirements, based on the checks performed by the Board of Statutory Auditors after the appointment, in compliance with the provisions of the Corporate Governance Code. The Board of Directors also verified the requirements for remaining in the STAR segment (ref. 2.2.3, paragraph 10 of the Regulation of Borsa Italiana and IA.4.2.3, paragraph 3, of the Instructions), in order to comply with the terms and methods set forth in the Issuers' Regulations of Borsa Italiana and the instructions in the Issuers' Regulations. In addition, it also approved the legislative update to the Regulations for Related Party Transactions.

On 16 May 2017, the Company announced the exercising of the option to purchase an additional 15% stake in the Turkish company Ankateks, obtaining control of the Group on 19 July 2017, and strengthening its position in the market. Additional information on the event is available on the Company's website.



On 11 July 2017, the Company announced that Servizi Italia S.p.A.'s Board of Directors and the shareholders' meeting of Servizi Italia Medical S.r.l. approved the merger by incorporation of the wholly-owned subsidiary Servizi Italia Medical S.r.l. in Servizi Italia S.p.A. The merger took effect from 1 October 2017, therefore it will be effective from 1 January 2017 for tax and accounting purposes. For more details and information, refer to the documents available on the Company's website.

On 2 August 2017, the Company announced that, pursuant to the applicable regulations, Marco Marchetti stepped down from the role of executive Director and manager of Servizi Italia S.p.A. Pursuant to art. 2386 of the Italian Civil Code and art. 13 of the company Articles of Association, on 11 September, the Board of Directors resolved to appoint, via co-optation, Antonio Aristide Mastrangelo as the new director. For more details and information, refer to the documents available on the Company's website.

On 5 September 2017, the Company announced the acquisition of the majority stake in Steritek S.p.A., a leading Italian operator in providing validation services for sterilisation cycles, for surgical instrument washing services and accessory services for healthcare facilities. Thanks to this transaction, Servizi Italia diversifies its existing business lines, expanding the range of high value added and similar services to its sterilisation activities. For more details and information, refer to the documents available on the Company's website.

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

Customer	Service provided	Duration years	Contract value per year (thousands of Euros)
<b>ASL AL ASTI</b> (awarded as part of a temporary joint consortium)	Wash-hire service	5	195
<b>EGAS Udine</b> (awarded as part of a temporary joint consortium)	Supply of sterile TNT material	1	757
<b>Terme di Comano (TN)</b> (awarded as part of a temporary joint consortium)	Laundry service	1	117
<b>IRE Venezia</b> (awarded as part of a temporary joint consortium)	Wash-hire service	2	79
<b>EGAS Udine for the Oncologic Research centre of Aviano</b> (awarded as part of a temporary joint consortium)	Integrated services relating to sterilisation, logistics, rental and maintenance of surgical instruments and other medical devices for operating rooms, outpatient facilities, services and hospital stays	8	213
<b>ASL 1 Imperia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3	1,722
<b>ASL 1 Imperia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Sterile linen kits in TTR and TNT	2.5	470
<b>ASL 5 La Spezia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	1,631
<b>E.O. Galliera Genova</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	975

<b>Ospedale Evangelico Internazionale</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	380
<b>ASL 4 Chiavari</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	769
<b>ASL and AO Alessandria</b> (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store management	5	2,712
<b>ASST Bergamo Ovest - Treviglio</b>	<u>Contractual compliance with the tender</u> fulfilled by former AO Bolognini Seriate Linen wash-hire and linen store management	4.3	996
<b>Fondazione Istituto G. Giglio di Cefalù PA</b> (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store management	3	58
<b>Ospedale policlinico San Martino- Genoa</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3	2,665
<b>Istituto Ortopedico Rizzoli di Bologna</b> (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store management	6	851
<b>ASST Sette Laghi - Varese</b>	Linen wash-hire and linen store management	1	777
<b>ASST Crema</b>	Sterilisation centre management service	9	976
<b>Columbus Clinic Center srl - Milan</b>	Sterilisation centre management services	10	347
<b>Azienda Ospedaliera S. Croce e Carle di Cuneo</b> (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store management	3	327
<b>ASL 2 Savona</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3	2,281
<b>ASST Fatebenefratelli Sacco di Milano</b>	Linen wash-hire and linen store management	2.4	809

### Significant events after the end of the quarter

With regard to the delivery of a Formal Notice of Assessments, dated 30 September 2016, issued by the Italian Inland Revenue - Regional Directorate Office of Emilia Romagna - Major Tax Payers Office, already communicated in the section Information on proceedings in progress in the Half-year Financial Report as at 30 June 2017, on 9 August 2017, the Servizi Italia S.p.A. received, regarding the years 2012 and 2013, orders to file an appearance from the Italian Revenue Agency in order to enter into discussions. Therefore, the Company met with officials from the Italian Revenue Agency to re-propose its evaluations and briefs in support of its work, reaching a settlement with the Tax Authorities, which recognised the positions of Servizi Italia S.p.A. regarding the recognition of components arising from factoring fees and the deductions of negative income components provided by contract and recorded according to the IAS 18 principle, mediating on the matter of active transactions with the subsidiary SRI Empreendimentos e Participações L.t.d.a.

On 24 October 2017, Servizi Italia S.p.A., in evaluating the benefits of an agreement with the Italian Revenue Agency at the pre-dispute phase, for the purposes of reaching a settlement, paid the amounts set out in the Italian Revenue Agency's proposal, in order to avoid the establishment of long dispute proceedings which would have meant it losing the possibility - among other things - of implementing corrective actions in the event of being the losing party. Therefore, the taxes involved in the settlement and the associated accessory

charges have already been booked to this report, as well as the recovery of costs for services to SRI Empreendimentos e Participações L.t.d.a., with a net total impact on the consolidated financial statements of around Euro 317 thousand.

As at 14 November 2017, the Company acquired a total of 10,550 treasury shares on the market regulated and managed by Borsa Italiana, equal to 0.03% of the share capital.

### **Business outlook**

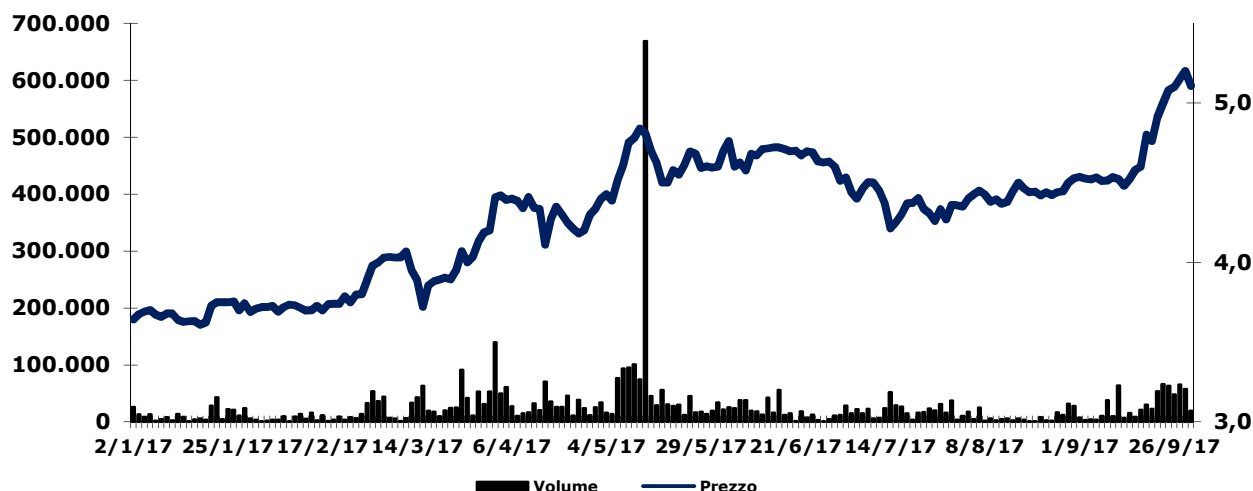
The results achieved in the third quarter of 2017 confirm the estimates and income statement and cash flow projections set forth in the plan. For the year 2017, the Group expects results that will take into account the commitment to consolidating investments made in the countries in which it operates, as well as meeting significant operating and organisational efficiency targets which are related, among other things, to meeting customer quality requirements, but also further enhancing the value of social sustainability, considered increasingly more pertinent to all areas of the business.

### **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 2017 is disclosed below along with share volume and price trends (in euros):

<b>Share and stock exchange data</b>	<b>30 September 2017</b>
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as at 30 September 2017	5.10
Maximum price during the period	5.20
Minimum price during the period	3.61
Average price during the period	4.28
Volumes traded during the period	5,020,902
Average volumes during the period	26,287.44

### Share volumes and prices from 1 January 2017 to 30 September 2017



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 reference period, the Company met with investors at the “STAR Conference” events in Milan and London organised by Borsa Italiana and also appointed Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP) to conduct a research study, published on the Company’s website together with that of Specialist Intermonte SIM.

### Other information

Pursuant to annex B, point 26 of Italian Legislative Decree No. 196/2003 on the Personal data protection code, the directors acknowledge that the Company has worked to uphold personal data protection measures, also in light of the provisions introduced by Italian Legislative Decree No. 196/2003 and Italian Decree Law No. 207 of 30 December 2008, published in Official Gazette No. 300 of 31 December 2008.

Servizi Italia S.p.A., pursuant to article 3 of the Consob Resolution no. 18079 of 20 January 2012, decided to join the out-put regime set forth in article 70, paragraph 8, and 71, paragraph 1-bis, of the Consob Regulations n. 11971/99 (as amended), availing itself of the right to derogate from the obligation to publish the information documents as set forth in annex 3B of the above mentioned Consob Regulations when carrying out significant merging, demerging, share capital increases through contributions in kind, acquisitions and transfer operations.

With reference to the changes made in 2016 to the regulatory framework, Servizi Italia S.p.A. will publish the additional periodical information notwithstanding the obligations set forth for the issuers listed in the STAR segment, as specified in articles 2.2.3, par. 3, of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A. and in the notice no. 7578 issued by Borsa Italiana on 21 April 2016.

The Chairman of the Board of Directors  
(Roberto Olivi)

## 4 ACCOUNTING SCHEDULES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	125,626	125,795
Intangible assets	4,855	6,028
Goodwill	73,361	55,234
Equity-accounted investments	18,963	28,764
Equity investments in other companies	3,612	3,629
Financial receivables	7,017	7,826
Deferred tax assets	2,366	2,351
Other assets	5,504	7,651
<b>Total non-current assets</b>	<b>241,304</b>	<b>237,278</b>
<b>Current assets</b>		
Inventories	5,733	5,011
Trade receivables	75,746	71,141
Current tax receivables	737	2,865
Financial receivables	7,898	8,188
Other assets	12,412	12,203
Cash and cash equivalents	8,138	5,463
<b>Total current assets</b>	<b>110,664</b>	<b>104,871</b>
<b>TOTAL ASSETS</b>	<b>351,968</b>	<b>342,149</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	31,799	31,461
Other reserves and retained earnings	97,239	95,299
Profit (loss) for the period	10,088	10,451
<b>Total shareholders' equity attributable to shareholders of the parent</b>	<b>139,126</b>	<b>137,211</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>2,433</b>	<b>545</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>141,559</b>	<b>137,756</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	37,958	45,237
Deferred taxes liabilities	2,676	2,633
Employee benefits	11,537	11,218
Provisions for risks and charges	2,549	2,798
Other financial liabilities	7,196	4,172
<b>Total non-current liabilities</b>	<b>61,916</b>	<b>66,058</b>
<b>Current liabilities</b>		
Due to banks and other lenders	59,294	48,031
Trade payables	66,896	63,544
Current tax payables	303	22
Other financial liabilities	1,592	8,072
Other payables	20,408	18,666
<b>Total current liabilities</b>	<b>148,493</b>	<b>138,335</b>
<b>TOTAL LIABILITIES</b>	<b>210,409</b>	<b>204,393</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>351,968</b>	<b>342,149</b>



## CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>30 September 2016</b>
<b>Sales revenues</b>	<b>186,973</b>	<b>175,489</b>
Other income	3,148	3,372
Raw materials and consumables	(18,827)	(18,557)
Costs for services	(56,770)	(54,678)
Personnel expense	(61,217)	(56,513)
- of which non-recurring	(557)	
Other costs	(1,250)	(1,102)
Depreciation, amortisation, impairment and provisions	(40,024)	(36,439)
<b>Operating profit</b>	<b>12,033</b>	<b>11,572</b>
Financial income	1,707	1,256
Financial expenses	(1,543)	(1,773)
Income/(expense) from equity investments in other companies	711	-
Revaluation/impairment of equity-accounted investments	184	(217)
<b>Profit before tax</b>	<b>13,092</b>	<b>10,838</b>
Income taxes	(2,676)	(2,313)
- of which non-recurring	(134)	
<b>Profit (loss) for the period</b>	<b>10,416</b>	<b>8,525</b>
of which: Attributable to shareholders of the parent	10,088	8,442
Attributable to non-controlling interests	328	83

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>30 September 2016</b>
<b>Profit (loss) for the period</b>	<b>10,416</b>	<b>8,525</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	(3,195)	4,954
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(3,195)</b>	<b>4,954</b>
<b>Total comprehensive income for the period</b>	<b>7,221</b>	<b>13,479</b>
of which: Attributable to shareholders of the parent	6,997	13,318
Attributable to non-controlling interests	224	161

## CONSOLIDATED NET FINANCIAL POSITION

<i>(thousands of Euros)</i>	<b>as at 30 September 2017</b>	<b>as at 31 December 2016</b>	<b>as at 30 September 2016</b>
Cash and cash equivalents in hand	43	29	29
Cash at bank	8,095	5,434	3,404
<b>Cash and cash equivalents</b>	<b>8,138</b>	<b>5,463</b>	<b>3,433</b>
Current financial receivables	7,898	8,188	8,056
Current liabilities to banks and other lenders	(59,294)	(48,031)	(45,724)
<b>Current net financial debt</b>	<b>(51,396)</b>	<b>(39,843)</b>	<b>(37,668)</b>
Non-current liabilities to banks and other lenders	(37,958)	(45,237)	(50,288)
<b>Non-current net financial debt</b>	<b>(37,958)</b>	<b>(45,237)</b>	<b>(50,288)</b>
<b>Net financial debt</b>	<b>(81,216)</b>	<b>(79,617)</b>	<b>(84,523)</b>

## 5 NOTES

### 5.1 Introduction

The Interim Report as at 30 September 2017 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 2017, 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., Steritek S.p.A., SRI Empreendimentos e Participações Ltda are all consolidated line-by-line (parent company of the companies: Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda), as well as Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti.

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 2017.

### 5.2 Acquisition of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

On 19 July 2017, Servizi Italia S.p.A. exercised the call option targeted at acquiring an additional 15% of the share capital of the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, in which Servizi Italia S.p.A. had held a 40% stake since 15 October 2015.

Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi – with the subsidiary Ergülteks Temizlik Tekstil Ltd. Sti. (Ankara Group), a leading Turkish operator, with registered office in Ankara and operating under the “Ankara Laundry” brand in the linen washing sector for healthcare facilities, predominantly in central-western Turkey.

Servizi Italia S.p.A. now holds 55% of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, significantly strengthening its position in the Turkish market, and as a result of the transaction involving the acquisition of a further 40%, Servizi Italia S.p.A. obtained control over the company purchased, against payment of Euro 4,189 thousand.

Servizi Italia S.p.A., simultaneously, defined and paid the sellers the final price for the purchase of the 40% stake in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. Both the definition of the final price and the exercising of the call option were defined on the basis of the 2016 results reviewed by the Ankara Group.

Since this involves a business merger transaction carried out in several stages, in accordance with IFRS 3, steps were taken to recalculate the shareholding held previously in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi with respect to the pro-quota fair value, established as Euro 13,909 thousand, as of the acquisition date, revealing a gain of Euro 458 thousand.

The fair value of the assets and liabilities of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi with respect to the fair value of the Ankara Group and the overall price of Euro 18,058 thousand led to the determination of goodwill for Euro 17,068 thousand. This allocation at the closing date of this report was still provisional given that the option granted by paragraph 45 of IFRS 3 was applied.

### 5.3 Acquisition of Steritek S.p.A.

On 5 September 2017, the Company acquired a 70% stake in Steritek S.p.A., a leading Italian operator in providing validation services and systematic control of sterilisation processes and of surgical instrument washing systems, for a total consideration, net of price adjustment components, of Euro 3,105 thousand and including a part of the deferred price for Euro 450 thousand, retained by Servizi Italia to guarantee any indemnities and contingent liabilities.

The acquisition involved the recognition of a liability for the part of the deferred price and for the commitments assumed which will involve probable future cash outlays connected with the mutual put/call options relating to 30.0% of Steritek S.p.A., exercisable in 2022. The options will be valued on the basis of a formula connected with the economic performance of the company in the years 2020 and 2021 and in consideration of the actual net financial position. Taking into account the specific characteristics of the options, liabilities totalling Euro 1,991 thousand were recognised against Group shareholders' equity.

The comparison between the fair value of the assets, liabilities and shareholders' equity of Steritek S.p.A. at 5 September 2017 and the total cost of Euro 3,105 thousand led to the calculation of goodwill of Euro 2,121 thousand. This allocation at the closing date of this report was still provisional given that the option granted by paragraph 45 of IFRS 3 was applied.

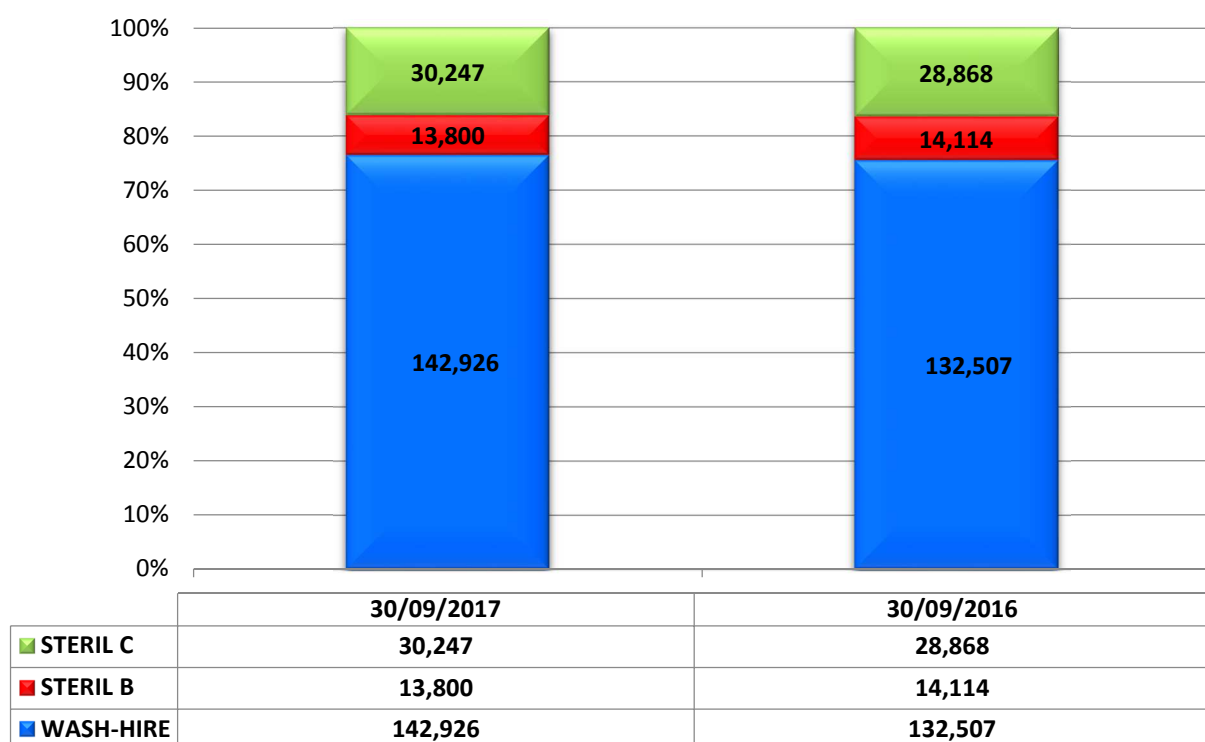
### 5.4 Performance by business segment and geographical area

The revenue from sales and services of Servizi Italia Group is shown below divided by business line for the periods ending 30 September 2017 and 30 September 2016.

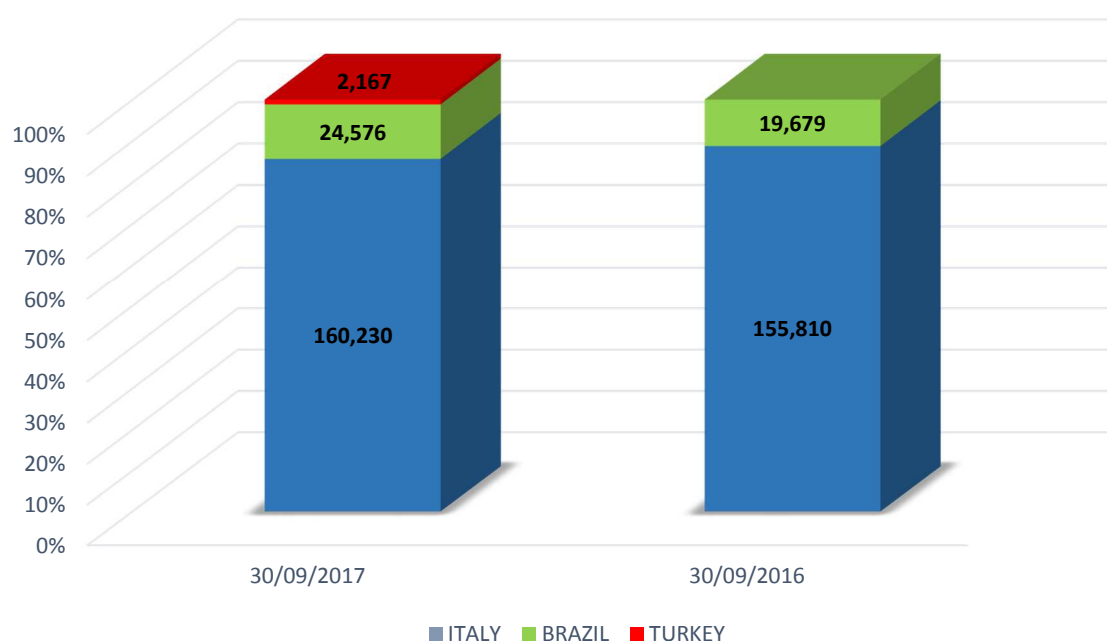
<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>%</b>	<b>30 September 2016</b>	<b>%</b>	<b>Changes</b>
Wash-hire	142,926	76.4%	132,507	75.5%	7.9%
Linen sterilisation (STERIL B)	13,800	7.4%	14,114	8.0%	-2.2%
Surgical instrument sterilisation (STERIL C)	30,247	16.2%	28,868	16.5%	4.8%
<b>Sales revenues</b>	<b>186,973</b>	<b>100.0%</b>	<b>175,489</b>	<b>100.0%</b>	<b>6.5%</b>

- Revenue from wash-hire services rose 7.9% from Euro 132,507 thousand as at 30 September 2016 to Euro 142,926 thousand as at 30 September 2017. In relative terms, the wash-hire service accounts for 76.4% of total revenues from sales and services as at 30 September 2017. The increase in the turnover of the line is due to the consolidation of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for Euro 2,167 thousand, and the Brazilian area was impacted not only by the increase in turnover registered on the new contracts but also by the revaluation of average Real/Euro exchange rate with respect to the same period in the previous year. In Italy, the line was mainly impacted by the acquisition, on 7 July 2016, of Tintoria Lombarda Divisione Sanitaria S.r.l. On a like-for-like basis, the increase in turnover in the wash-hire line would be around 1.1%, relating in particular to the Brazilian area, given that the share of Italian turnover was negatively impacted by the renegotiation of contracts in the portfolio due to the application of the spending review and the termination of contracts with some customers.
- Revenues from linen sterilisation services decreased by 2.2% to Euro 13,800 thousand, accounting for 7.4% of total sales. As regards the revenues of the linen sterilisation line, the loss of turnover owing to the conclusion of contracts with some customers and the redefinition of contracts already in the portfolio had a negative impact, partly mitigated by the increase in turnover from the start of the tender contract for disposable supplies to “Ente per la Gestione Accentrata dei Servizi Condivisi di Udine”.
- Turnover in the surgical instrument sterilisation segment grew by 4.8% compared to the same period of the previous year. The line was impacted not only by the gradual increase in turnover from customers such as Azienda Ospedaliera Careggi (Florence), ASST of Valle Olona for the hospital of Busto Arsizio, Azienda Ospedaliera Universitaria Policlinico Messina “G. Martino”, but also by the positive impact of the consolidation of Steritek S.p.A. for Euro 191 thousand. On a like-for-like basis, the growth in turnover would be 4.1%.

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, broken down by geographical area, for the periods ending on 30 September 2017 and 2016:



The table below shows revenue from sales and services of the Servizi Italia Group by region, for the periods ending on 30 September 2017 and 2016:

<i>(thousands of Euros)</i>	<b>30 September 2017</b>	<b>%</b>	<b>30 September 2016</b>	<b>%</b>	<b>Changes</b>
Abruzzo	4	-	4	-	-
Basilicata	317	0.2%	308	0.2%	2.9%
Campania	41	-	37	-	10.8%
Emilia Romagna	23,754	12.7%	23,931	13.6%	-0.7%
Friuli Venezia Giulia	14,715	7.9%	12,987	7.4%	13.3%
Lazio	8,655	4.6%	8,756	5.0%	-1.2%
Liguria	20,231	10.8%	21,107	12.0%	-4.2%
Lombardy	38,058	20.3%	34,210	19.5%	11.2%
Marches	2,871	1.5%	2,579	1.5%	11.3%
Piedmont	4,991	2.7%	5,867	3.3%	-14.9%
Puglia	5	-	-	-	-
Sicily	2,825	1.5%	2,438	1.4%	15.9%
Tuscany	19,776	10.6%	19,635	11.2%	0.7%
Trentino Alto Adige	4,451	2.4%	4,158	2.4%	7.0%
Umbria	198	0.1%	190	0.1%	4.2%
Valle D'Aosta	374	0.2%	853	0.5%	-56.2%
Veneto	18,682	10.0%	18,632	10.6%	0.3%
NON-EU revenues	282	0.2%	118	0.1%	139.0%
NON-EU revenues (TURKEY)	2,167	1.2%	-	-	-
NON-EU revenues (BRAZIL)	24,576	13.1%	19,679	11.2%	24.9%
<b>Total</b>	<b>186,973</b>	<b>100.0%</b>	<b>175,489</b>	<b>100.0%</b>	<b>6.5%</b>

## 5.5 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>Returnable assets</b>	<b>Equipment</b>	<b>Other assets</b>	<b>Assets under construction</b>	<b>Total</b>
Historical cost	2,289	119,299	35,775	59,045	112,993	2,857	332,258
Accumulated amortisation	(1,075)	(73,038)	(21,910)	(38,923)	(76,576)	-	(211,522)
<b>Balance as at 1 January 2016</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 differences	13	1,840	310	16	727	8	2,914
Change in the scope of consolidation	3,349	898	119	140	3,355	-	7,861
Increases	43	4,311	1,585	2,854	30,766	2,964	42,523
Decreases	-	(211)	(4)	(61)	(257)	(27)	(560)
Amortisation	(154)	(8,201)	(3,836)	(5,732)	(29,756)	-	(47,679)
Reclassifications	4	731	1,229	667	47	(2,678)	-
<b>Balance as at 31 December 2016</b>	<b>4,469</b>	<b>45,629</b>	<b>13,268</b>	<b>18,006</b>	<b>41,299</b>	<b>3,124</b>	<b>125,795</b>
Historical cost	6,356	129,852	39,110	62,383	129,449	3,124	370,274
Accumulated amortisation	(1,887)	(84,223)	(25,842)	(44,377)	(88,150)	-	(244,479)
<b>Balance as at 31 December 2016</b>	<b>4,469</b>	<b>45,629</b>	<b>13,268</b>	<b>18,006</b>	<b>41,299</b>	<b>3,124</b>	<b>125,795</b>
Translation differences	(37)	(956)	(133)	(25)	(431)	(80)	(1,662)
Change in the scope of consolidation	728	1,669	1	88	386	720	3,592
Increases	4	2,198	1,049	1,470	27,836	3,819	36,376
Decreases	-	(212)	(1)	(108)	(31)	(32)	(384)
Amortisation	(149)	(6,145)	(2,844)	(4,239)	(24,714)	-	(38,091)
Reclassifications	-	1,997	821	70	21	(2,909)	-



<b>Balance as at 30 September 2017</b>	<b>5,015</b>	<b>44,180</b>	<b>12,161</b>	<b>15,262</b>	<b>44,366</b>	<b>4,642</b>	<b>125,626</b>
Historical cost	7,120	134,587	40,774	63,978	156,650	4,642	407,751
Accumulated amortisation	(2,105)	(90,407)	(28,613)	(48,716)	(112,284)	-	(282,125)
<b>Balance as at 30 September 2017</b>	<b>5,015</b>	<b>44,180</b>	<b>12,161</b>	<b>15,262</b>	<b>44,366</b>	<b>4,642</b>	<b>125,626</b>

The variation in the scope of consolidation relates to the consolidation of the Turkish companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti, and the Italian company Steritek S.p.A., acquired on 5 September 2017.

As regards the item Plant and machinery, the change in the scope of consolidation relates to Steritek S.p.A. for Euro 7 thousand and to Turkish companies for Euro 1,662 thousand. The increases in plant and machinery in the first 9 months of 2017 amounted to Euro 2,198 thousand. The latter primarily concern the investments made in Italian production sites for Euro 1,059 thousand and the production sites of Brazilian companies for Euro 1,084 thousand (in particular, Maxlav Lavanderia Especializada S.A. for Euro 391 thousand and Aqualav Serviços De Higienização Ltda for Euro 616 thousand). The item presents reclassifications of Euro 1,997 thousand, of which Euro 1,342 thousand pertaining to the Italian territory (in particular Euro 357 thousand relating to the launch of the Ariccia surgical instrument sterilisation facility and Euro 749 thousand relating to investments in linen tracking), Euro 170 thousand in the Brazilian territory and Euro 485 thousand deriving from the consolidation of the Turkish companies.

The item returnable assets include reclassifications of Euros 821 thousand and increases of Euros 1,050 thousand. In particular, these changes concern the launch of the Ariccia surgical instrument sterilisation facility for Euro 672 thousand and initiatives implemented in Brazil for adjustments into line with local regulations for Euro 439 thousand.

The changes in the item equipment relate to increases for the purchase of surgical instruments (Euro 500 thousand), for the purchase of equipment for the Italian production sites (Euro 738 thousand), for the purchase of equipment of the Brazilian companies (Euro 232 thousand) and the consolidation of Steritek S.p.A. (Euro 88 thousand).

At 30 September 2017, the item “Other assets” showed a balance of Euro 44,366 thousand of which Euro 386 thousand concerning the consolidation of the Turkish companies (Euro 358 thousand) and Steritek S.p.A. (Euro 28 thousand). The amount of the item is composed primarily of investments in linen totalling Euro 42,405 thousand. In particular, the investments in linen for the period amounted to Euro 27,436 thousand, of which Euro 4,204 thousand made by the Brazilian companies and Euro 23,232 thousand by the Italian companies.

## 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 in the value of the goodwill of the area is due to the process for the temporary accounting allocation

of the purchase price of Steritek S.p.A. and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and 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 2016.

### Equity-accounted investments

This item changed as follows:

(thousands of Euros)	Changes as at 30 September 2017					30 September 2017
	1 January 2017	Increases	Decreases	Revaluations	Impairment	
Associates and jointly controlled companies						
Saniservice Sh.p.k.	(296)	-	-	220	-	(76)
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	13,441	-	(13,441)	-	-	-
Finanza & Progetti S.p.A.	5,194	600	-	-	(11)	5,783
Brixia S.r.l.	-	3,002	-	-	(7)	2,995
Arezzo Servizi S.c.r.l.	5	-	-	-	-	5
CO.SE.S S.c.r.l.	3	-	-	-	-	3
PSIS S.r.l.	4,201	-	-	-	(212)	3,989
Ekolav S.r.l.	69	-	-	39	-	108
Steril Piemonte S.c.r.l.	1,973	-	-	-	-	1,973
AMG S.r.l.	2,329	-	(62)	105	-	2,372
Iniziativa Produttive Piemontesi S.r.l.	1,127	-	-	40	-	1,167
SE.STE.RO. S.r.l. in liquidazione (in liquidation)	112	-	-	7	-	119
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l. (associate)	-	88	-	7	-	95
SAS Sterilizasyon Servisleri A.Ş.	266	153	-	-	(51)	368
Shubhram Hospital Solutions Private Limited	337	-	-	-	(278)	59
<b>Total</b>	<b>28,764</b>	<b>3,843</b>	<b>(13,503)</b>	<b>418</b>	<b>(559)</b>	<b>18,963</b>

The reduction in the item is attributable mainly to the acquisition of control of the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi on 19 July 2017, after which Servizi Italia S.p.A. exercised the option to acquire 15% of the share capital on 16 May 2017. Up until the date of acquisition of the control, the company was consolidated using the equity method.

An increase in the share already held by Tintoria Lombarda Divisione Sanitaria S.r.l. in Brixia S.r.l. was recorded in the period, a company which handles Facility Management services in the hospital ASST Spedali Civili di Brescia, with a subsequent increase in the turnover achieved in the relevant contract and the subscription of a new tranche of the share capital increase in the company Finanza & Progetti S.p.A.

### Non-current financial receivables

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2017	as at 31 December 2016
Prosa S.p.A.	255	255
Sesamo S.p.A.	353	353

Progeni S.p.A.	982	982
PROG.ESTE. S.p.A.	531	531
Saniservice Sh.p.K.	4,000	4,000
Summano Sanità S.p.A.	2	2
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	-	809
SPV Arena Sanità	461	461
Synchron Nuovo San Gerardo S.p.A.	275	275
Futura S.r.l.	158	158
<b>Total</b>	<b>7,017</b>	<b>7,826</b>

Financial receivables relate to interest-bearing loans granted to the companies Prosa S.p.A., Sesamo S.p.A., Progeni S.p.A., Prog.Este S.p.A., Summano Sanità S.p.A., Arena Sanità S.p.A., Synchron S.p.A. and Futura S.r.l. with a term equal to the global service agreements for which they were established (expiring on 21 February 2031, 31 December 2037, 31 December 2033, 31 December 2031, 31 December 2035, 20 August 2032, 14 June 2042 and 31 December 2035 respectively), as well as the loan granted to the foreign investee Saniservice Sh.p.K. The reduction in the item with respect to 31 December 2016 is attributable to the acquisition of control of the company Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

### Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 September 2017</b>	<b>as at 31 December 2016</b>
Substitute tax Italian D.L. 185 subsequent years	2,992	3,313
Receivables for IRES reimbursement request pursuant to Art. 2 par. 1-quater Italian Decree Law No. 201	175	1,833
Aqualav receivable, in escrow account	2,184	2,343
Other non-current assets	153	162
<b>Total</b>	<b>5,504</b>	<b>7,651</b>

The reduction in the item is due to the collection in June 2017 of part of the receivable of the IRES refund request pursuant to art. 2, paragraph 1-quater Decree Law no. 201. The drop in substitute tax is due to the release to the income statement for the pertinent deduction of the goodwill released in 2013 and previous years. The reduction in the receivable in escrow account of Aqualav Serviços De Higienização Ltda is due to the devaluation of the Real.

### Trade receivables

Trade receivables amount to Euro 75,746 thousand as at 30 September 2017, up by Euro 4,605 thousand compared to 31 December 2016. This increase is connected also with the consolidation of the companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Steritek Sp.A., which had an impact of Euro 3,838 thousand in the period. During the first few months of 2017, the Servizi Italia Group carried out some transactions involving the disposal of receivables described below:

- transfer without recourse to Credemfactor S.p.A. of Euro 45,630 thousand in trade receivables for consideration of Euro 45,515 thousand;

- participation in the transfer without recourse to Unicredit Factoring S.p.A. of Euro 324 thousand in trade receivables due from Lazio Region local health units and hospitals for consideration of Euro 323 thousand;
- trade receivables were factored without recourse to Unicredit Factoring S.p.A. for Euro 23,391 thousand, for a consideration of Euro 23,345 thousand.

### **Cash and cash equivalents**

The item in question increased by Euro 2,675 thousand compared to 31 December 2016. This increase is essentially connected with the Cash and cash equivalents present in the current accounts of the Turkish subsidiaries.

### **Shareholders' equity**

As at 30 September 2017, shareholders' equity totalled Euro 141,559 thousand (including Euro 2,433 thousand attributable to non-controlling interests) compared to Euro 137,756 thousand (including Euro 545 thousand attributable to non-controlling interests) as at 31 December 2016.

As at 30 September 2017, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. was broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. The acquired companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Steritek Sp.A. contributed profits of Euro 861 thousand and Euro 24 thousand respectively to the overall result. By contrast, note should be taken of the negative impact, for Euro 3,091 thousand, on the equity translation reserves of the Brazilian companies, as a result of the devaluation of the Real/Euro exchange rate, and for Euro 48 thousand, of the Turkish companies as a consequence of the devaluation of the Turkish Lira/Euro exchange rate.

As at 30 September 2017, the Company held 10,550 treasury shares with a value of Euro 49 thousand, equivalent to 0.03% of the share capital, at the average carrying amount of Euro 4.64 per share. The nominal value of treasury shares, of Euro 11 thousand, was classified as a decrease to share capital, and the value exceeding the nominal amount, totalling Euro 38 thousand, was recognised as a reduction in the share premium reserve.

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

Non-current payables to banks and other lenders decreased from Euro 45,237 thousand as at 31 December 2016 to Euro 37,958 thousand as at 30 September 2017. This decrease, amounting to Euro 7,279 thousand, is linked to both the repayment of the mortgage instalments past due in the period and the subscription of a new unsecured mortgage with Unicredit Banca S.p.A. for Euro 10,000 thousand, with a duration of three years, targeted at the payment of both the deferred price for the initial share of 40% held, and the acquisition of an additional 15% stake in the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, maintaining a balanced ratio of short to medium-term borrowing.

### Other non-current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 September 2017</b>	<b>as at 31 December 2016</b>
Deferred price Aqualav Serviços De Higienização Ltda	323	354
Payable for put options on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	3,656	3,724
Payable for Steritek S.p.A. put options	1,992	-
Payable to Steritek S.p.A. shareholders	225	-
Payable due to Area S.r.l.	1,000	-
Other payables	-	94
<b>Total</b>	<b>7,196</b>	<b>4,172</b>

The increase, compared with 31 December 2016, is due to recognition of the payable for the put option connected to the acquisition of the remaining 30% of the share capital of Steritek S.p.A. and the payable due to Area S.r.l. for the acquisition of shares in Brixia S.r.l. The effects of the devaluation of the Real/Euro exchange rate reduced the value of the payable for the put options associated with the purchase of the residual 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

### Current liabilities to banks and other lenders

Current payables to banks and other lenders increased from Euro 48,031 thousand as at 31 December 2016 to Euro 59,294 thousand as at 30 September 2017. The increase of Euro 11,263 thousand in the balance was determined by both greater use of self-liquidating credit lines and the consolidation of the debt of the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

### Trade payables

Trade payables increased from Euro 63,544 thousand as at 31 December 2016 to Euro 66,896 thousand as at 30 September 2017, due entirely to trade payables due after 12 months.

### Other current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 September 2017</b>	<b>as at 31 December 2016</b>
Payables to shareholders Ankateks Turizm İnşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti	-	7,625
Payable due to Area S.r.l.	1,000	-
Deferred price Aqualav Serviços De Higienização Ltda	301	375
Payable to Steritek S.p.A. shareholders	225	-
Payable for earn-out on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	66	72
<b>Total</b>	<b>1,592</b>	<b>8,072</b>

The change in the item is connected, in particular, with the balance of the amount due for the payment of the deferred price for the purchase of the 40.0% shareholding in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

## Other current payables

The table below provides a breakdown of other current liabilities:

<i>(thousands of Euros)</i>	as at 30 September 2017	as at 31 December 2016
Accrued liabilities	209	115
Deferred income	553	712
Due to employees	9,524	9,502
Social security contributions	4,608	5,319
Other payables	5,514	3,018
<b>Total</b>	<b>20,408</b>	<b>18,666</b>

The difference is primarily attributable to the increase in the item other payables due to the consolidation of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi amounting to Euro 578 thousand and the consolidation of Steritek S.p.A. for Euro 59 thousand.

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

### Raw materials and consumables

Purchases of raw materials and consumables increased from Euro 18,557 thousand at 30 September 2016 to Euro 18,827 thousand at 30 September 2017, due to the effect of the consolidation of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, which impacted this item for Euro 113 thousand, and due to the increase in the purchases of detergents and spare parts in the Brazilian area and the increase in purchases of single-use supplies for new customers in the Italian area.

### Costs for services

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2017	as at 30 September 2016
External laundering and other industrial services	(16,593)	(15,081)
Travel and transport	(10,657)	(9,626)
Utilities	(8,598)	(8,875)
Administrative costs	(1,736)	(2,140)
Consortium and sales costs	(6,436)	(6,339)
Personnel expense	(1,817)	(1,817)
Maintenance	(4,314)	(3,948)
Use of third-party assets	(5,401)	(5,683)
Other services	(1,218)	(1,169)
<b>Total</b>	<b>(56,770)</b>	<b>(54,678)</b>

The item Costs for services increased by Euro 2,092 thousand compared with the same period of the previous year, while the relative incidence on revenues fell by 0.8%. This increase was impacted by the acquisition of Tintoria Lombarda Divisione Sanitaria S.r.l., Steritek S.p.A. and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. On a like-for-like basis, the costs for services would have amounted to Euro 53,733 thousand, therefore a decrease compared with 30 September 2016.



External laundering and other industrial services rose by Euro 1,512 thousand compared to the same period of 2016. The item was impacted by the increase in the external laundry service (Euro 385 thousand), especially in Brazil and Turkey, and the linen store service for customers of the former company Tintoria Lombarda Divisione Sanitaria S.r.l. (Euro 1,138 thousand). These increases are in contrast to a contraction in the costs of the surgical instrument sterilisation service at the facilities of third parties amounting to Euro 175 thousand.

Costs for travel and transport showed an increase of Euro 1,031 thousand compared with 30 September 2016 due to the outsourcing of the transport service of the Brazilian company Lavsim Higienização Têxtil S.A. following the redefinition of the production logistics and the increase in the services due to the awarding of new contracts.

Costs of utilities fell from Euro 8,875 thousand to Euro 8,598 thousand, despite the consolidation of the Turkish companies which had an impact of Euro 268 thousand on the period. This decrease is due, in the Italian area, to a reduction in gas and lighting tariffs for the renegotiation of contracts and a contraction in consumption made possible by greater production efficiencies.

Administrative costs fell by Euro 404 thousand compared with the same period of the previous year, due to lower costs for extraordinary transactions. Costs for the acquisition of the company Tintoria Lombarda Divisione Sanitaria S.r.l. impacted the previous period.

The item maintenance was mainly impacted by the increase in the maintenance of surgical instruments, amounting to Euro 234 thousand, in the Italian area, and the maintenance of Turkish production sites for Euro 42 thousand. Brazilian production sites recorded a reduction in spending.

The item 'use of third party assets' showed a decrease of Euro 282 thousand. This reduction is connected, in particular, with the new contracts with some customers, which do not make provision for the supply of anti-decubitus mattresses.

### **Personnel expense**

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 September 2017</b>	<b>as at 30 September 2016</b>
Costs for directors' fees	(1,185)	(1,126)
Salaries and wages	(42,091)	(39,291)
Temporary work	(1,955)	(1,150)
Social security charges	(13,427)	(12,557)
Employee severance indemnity	(2,381)	(2,220)
Other costs	(178)	(169)
<b>Total</b>	<b>(61,217)</b>	<b>(56,513)</b>

Personnel expense increased from Euro 56,513 thousand as at 30 September 2016 to Euro 61,217 thousand as at 30 September 2017. The period was impacted by the consolidation of Ankateks Turizm İnşaat Tekstil

Temizleme Sanayi ve Ticaret Ltd Şirketi amounting to Euro 621 thousand and the consolidation of Steritek S.p.A. for Euro 105 thousand. Furthermore, the personnel expense was impacted by the restructuring of the production sites in North-West Italy, where a plan was drafted for the handling of excess staff, following the termination of activities of the Barbariga (BS) site, which was confirmed through the transfer of personnel to the neighbouring production sites and incentivised exits. Within the Brazilian area, an increase in personnel costs was registered, due primarily to the effects of the adjustments to the inflation rate of the labour agreements of the state of São Paulo, and to the increase in labour units following growth in the laundry services thanks to the awarding of new contracts and the revaluation of the Real/Euro exchange rate.

The table below shows the average breakdown of personnel:

	as at 30 September 2017	as at 30 September 2016
Executives	17	16
Middle managers	24	25
White-collar staff	230	200
Blue-collar staff	3,213	3,037
<b>Total</b>	<b>3,484</b>	<b>3,278</b>

### Depreciation, amortisation and impairment

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2017	as at 30 September 2016
Amortisation of intangible assets	(1,280)	(1,027)
Depreciation of property, plant and equipment	(38,091)	(35,074)
Write-down of receivables	(653)	(338)
<b>Total</b>	<b>(40,024)</b>	<b>(36,439)</b>

The change in amortisation of intangible assets is due to the impact of the customer portfolio of Tintoria Lombarda Divisione Sanitaria S.r.l. The increase in the item depreciation of tangible assets, up from Euro 35,074 thousand to Euro 38,091 thousand, is due primarily to the investments in linen owing to the increase in equipment at the new customers in both the Italian and Brazilian areas.

The increase in the item impairment and provisions is due to more allocations for the write-down of the receivables from private customers.

### Financial income

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2017	as at 30 September 2016
Bank interest income	233	265
Default interest	568	419
Interest income on loans to third-party companies	498	367
Exchange rate earnings and losses	123	26
Other financial income	285	179
<b>Total</b>	<b>1,707</b>	<b>1,256</b>

Interest on arrears recorded an increase due to the delays accumulated by some private customers. Interest income on loans to third party companies rose as a result of the new loans granted to the companies Saniservice Sh.p.K. and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. The item other financial income mainly includes interest income on tax refunds of previous years.

### Income and expense from equity investments

The item income and expenses from equity investments is composed of dividends collected in the period and income from equity investments amounting to Euro 458 thousand, recognised as a result of the recalculation of the interest held previously in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi with respect to the fair value at the acquisition date, given this involved a business combination carried out in several stages, in accordance with IFRS 3.

### 5.7 Consolidated net financial position

<i>(thousands of Euros)</i>	as at 30 September 2017	as at 31 December 2016	as at 30 September 2016
Cash and cash equivalents in hand	43	29	29
Cash at bank	8,095	5,434	3,404
<b>Cash and cash equivalents</b>	<b>8,138</b>	<b>5,463</b>	<b>3,433</b>
Current financial receivables	7,898	8,188	8,056
Current liabilities to banks and other lenders	(59,294)	(48,031)	(45,724)
<b>Current net financial debt</b>	<b>(51,396)</b>	<b>(39,843)</b>	<b>(37,668)</b>
Non-current liabilities to banks and other lenders	(37,958)	(45,237)	(50,288)
<b>Non-current net financial debt</b>	<b>(37,958)</b>	<b>(45,237)</b>	<b>(50,288)</b>
<b>Net financial debt</b>	<b>(81,216)</b>	<b>(79,617)</b>	<b>(84,523)</b>

The increase in net financial debt as at 30 September 2017 compared to 31 December 2016, amounting to Euro 1,599 thousand, is the result of careful cash flow management, which made it possible to limit the negative financial impact of the payment of the purchase of 70% of the share capital of Steritek S.p.A. (Euro 2,795 thousand) and the payment of the deferred price for the initial share of 40%, and the acquisition of an additional 15% stake in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for a total of Euro 11,435 thousand.

In particular, an analysis of the individual items shows the increase in available funds in bank current accounts as a result of the consolidation of the cash and cash equivalents in the bank current accounts of the Turkish subsidiaries.

Financial receivables were essentially stable with respect to 31 December 2016.

Current liabilities to banks and other lenders rose as a result of greater use of self-liquidating credit lines and the consolidation of the debt of the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

Non-current liabilities to banks and other lenders decreased by Euro 7,279 thousand, as a result of both the repayment of the mortgage instalments past due in the period and the subscription of a new unsecured mortgage with Unicredit Banca S.p.A. for Euro 10,000 thousand, targeted at the payment of both the deferred price for the share of 40% held, and the acquisition of an additional 15% stake in the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

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 2017</b>	<i>of which with related parties</i>	<b>as at 31 December 2016</b>	<i>of which with related parties</i>
A. Cash	43		29	
B. Other cash equivalents	8,095		5,434	
C. Securities held for trading	-		-	
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>8,138</b>		<b>5,463</b>	
E. Current financial receivables	7,898	5,554	8,188	5,436
F. Current bank borrowings	(32,764)		(28,558)	
G. Current portion of non-current borrowings	(26,530)		(19,473)	
H. Other current financial payables	(1,593)		(8,072)	
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(60,887)</b>		<b>(56,103)</b>	
<b>J. Current net financial debt (I) - (E) - (D)</b>	<b>(44,851)</b>		<b>(42,452)</b>	
K. Non-current bank borrowings	(37,958)		(45,237)	
L. Bonds issued	-		-	
M. Other non-current payables	(7,196)		(4,172)	
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>(45,154)</b>		<b>(49,409)</b>	
<b>O. Net financial debt (J)+(N)</b>	<b>(90,004)</b>		<b>(91,861)</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)