



Servizitalia

STAR CONFERENCE 2018

Milan, 27, 28 March

SERVIZI ITALIA AT A GLANCE

- Undisputed leader in providing industrial **LAUNDRY AND STERILIZATION SERVICES TO THE HEALTHCARE SYSTEM**, thanks to a consolidation strategy made of internal growth and acquisitions.
- **HIGH QUALITY OF MIX OF PRODUCTS AND SERVICES**, satisfying expectations and needs of customers.
- A business model which **contributes to the RATIONALIZATION OF HEALTHCARE COSTS and SOCIAL SUSTAINABILITY** in Italian regions and wherever it operates.



WASH-HIRE

(75.4% of 2017 revenues)

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



TEXTILE STERILIZATION

(8.1%)

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



SURGICAL INSTRUMENTS STERILIZATION

(16.5%)

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

INTERNATIONAL PRESENCE

Since 2012, SERVIZI ITALIA has been spreading at an international level and, thanks to its technologically advanced production platform, it is now present in **6 COUNTRIES**.

SERVIZI ITALIA Group counts more than **3,470 employees** distributed throughout **24 laundries**, **6 linen sterilization centers** and **20 surgical instruments sterilization centers**.

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



International Development Strategy

- Increased incidence of revenues from abroad.
- Business model consolidation in the Countries already covered.
- Development in new areas with similar market characteristics compared to the existing ones.

GROUP EVOLUTION

Foundation of **SERVIZI ITALIA**, from merger of S.I.R.A.M. S.p.A. and Energion 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**

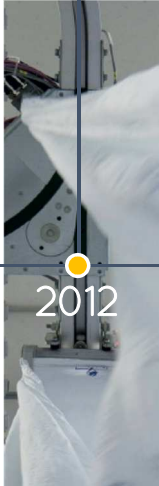


2002



2007

2008/
2009



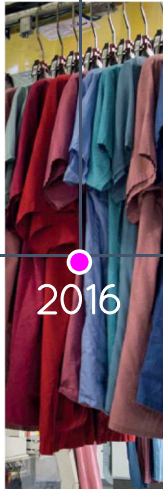
2012

2013



2014

2015



2016

2017

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

Acquisition of 75% of **PADANA EVEREST**
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**

Merger of **TINTORIA LOMBARDA DIVISIONE SANITARIA**
Foundation of **SERVIZI ITALIA MAROCCO**, sterilization services.
Reached 55% of Turkish group **ANKATEKS**
70% of company **STERITEK** validations of sterilization machinery services
Merge of **SERVIZI ITALIA MEDICAL**

BUSINESS OVERVIEW

SERVIZI ITALIA is the partner of choice of the 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.

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

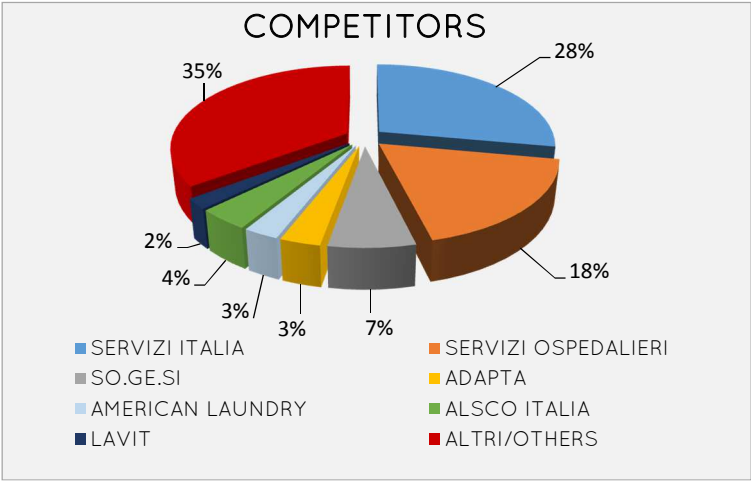
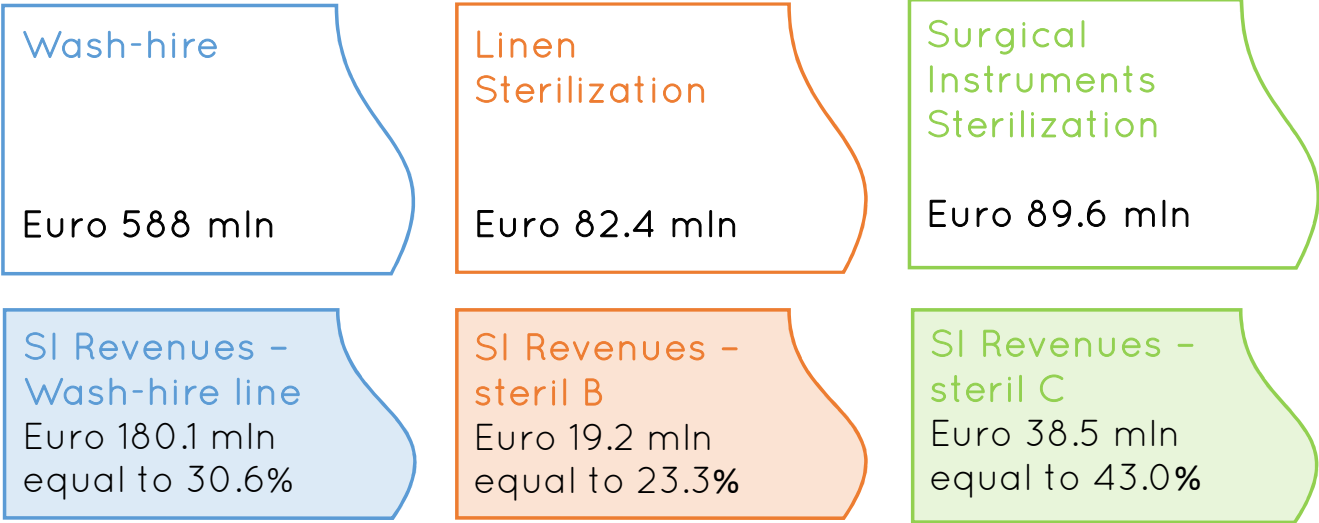
4 YEARS
Wash-hire

6 YEARS
Sterilizat.



FOCUS ON ITALIAN MARKET

In 2016, the **Italian industrial laundry market** registered in the healthcare wash-hire segment a total turnover equal to **Euro 760 million**, divided by segment as follows:



Source: Smart Lavanderie Industriali march 2017 – Databank Cerved Group

SERVIZI ITALIA, even if it is mainly active in the North-Centre of Italy, has a **market share of 28%**, 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. As of today 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.



- ✓ Fast growing markets looking for qualified operators in order to meet the high demand connected to wash-hire and 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 1,250 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.

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*



* Source: Ministerio de Saude
"BRASIL: Il mercato di macchine per lavanderie e stirerie"
a cura di ICE San Paolo, February 2011

FOCUS ON 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.

5 INDUSTRIAL LAUNDRY PLANTS which are technologically advanced and strategically positioned in the country (Ankara, Izmir and Mersin). The Group counts in Turkey over 300 employees.

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.

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.

≈ 1,400* HEALTHCARE FACILITIES

OVER 195,000* AVAILABLE BEDS

ABOUT 6 MILLION* INTERVENTIONS/YEAR



FOCUS ON INDIAN MARKET

Servizi Italia Group is present in India, in the area of New Delhi, with the start-up [Shubhram Hospital Solutions P. Ltd.](#). 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 200,000,000 KG OF LINEN

FOCUS ON ALBANIAN MARKET

TOTAL VALUE AWARDED: EURO 70 MILLION
OVERALL DURATION OF CONTRACT 10 YEARS
R INTERVENTIONS/YEAR: OVER 50,000

Servizi Italia is present in the market with the 30% participated company [SaniService](#), which subscribed 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.

FOCUS ON MOROCCAN MARKET

Starting from 2017, Servizi Italia is present in Morocco through an indirect participation in the company [Servizi Italia Morocco](#), being the first company active in offering [sterilization services](#) to Healthcare customers in the Country.

≈ 3.000 HEALTHCARE STRUCTURES
ABOUT 21,000 BEDS
≈ 315K SURGERIES/YEAR

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.

STRATEGIC GROWTH GUIDELINES

1. STRENGTHENING OF LEADERSHIP IN ITALY

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

2. DIVERSIFICATION OF BUSINESS TO ADDED VALUE SERVICES

- Sterilization of surgical instruments, procedure kits for operating room and supply of textiles in TTR and/or TNT.
- Validation services for sterilization machinery.



3. CONSOLIDATION OF EXISTING MARKETS

- Development and consolidation of business model in Brazil and Turkey.
- Development and growth in areas where the Group presence is still limited (Albania, India, Morocco)

4. MANAGEMENT OPTIMIZATION

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

5. INTERNATIONAL EXPANSION

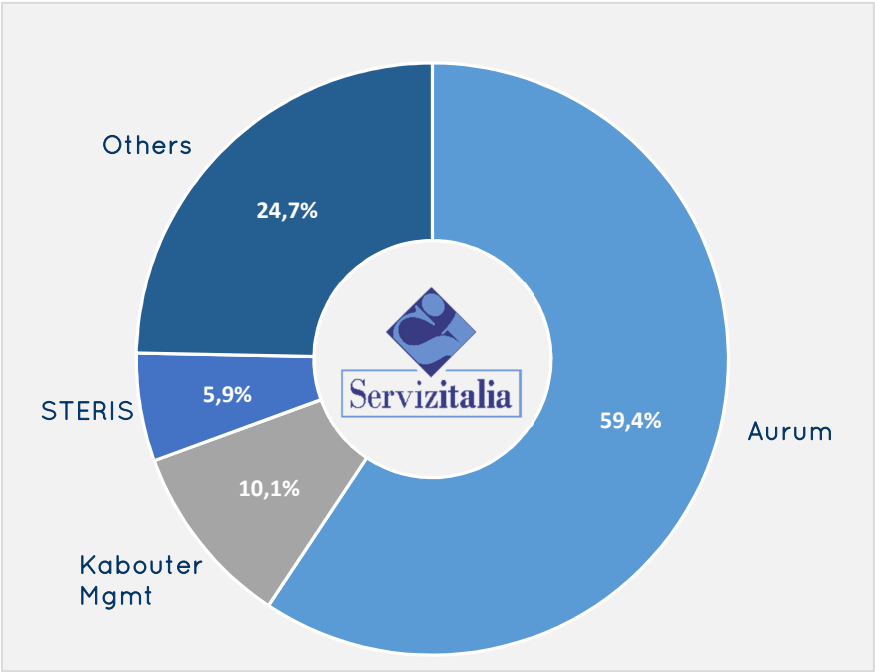
- Identification of potential new opportunities for International growth in New Markets and/or strengthening of Areas already covered.

MAIN DETAILS ON STOCK EXCHANGE

Details on shares (data as at 13/03/2018)	
Share capital	31,809,451
Share price	€5,78
Capitalization	€mln 183,9

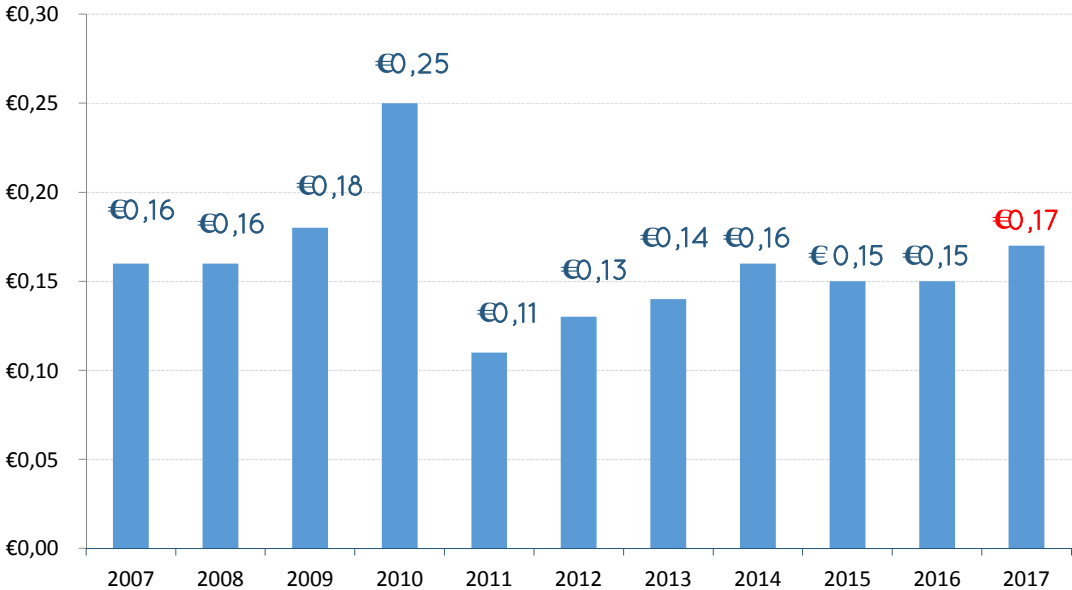
Analyst coverage	Reccomendation	Target Price (euro)	Date
Intermonte SIM	Outperform	7,50	26-Mar-18
Midcap Partners	Buy	7,40	14-Mar-18

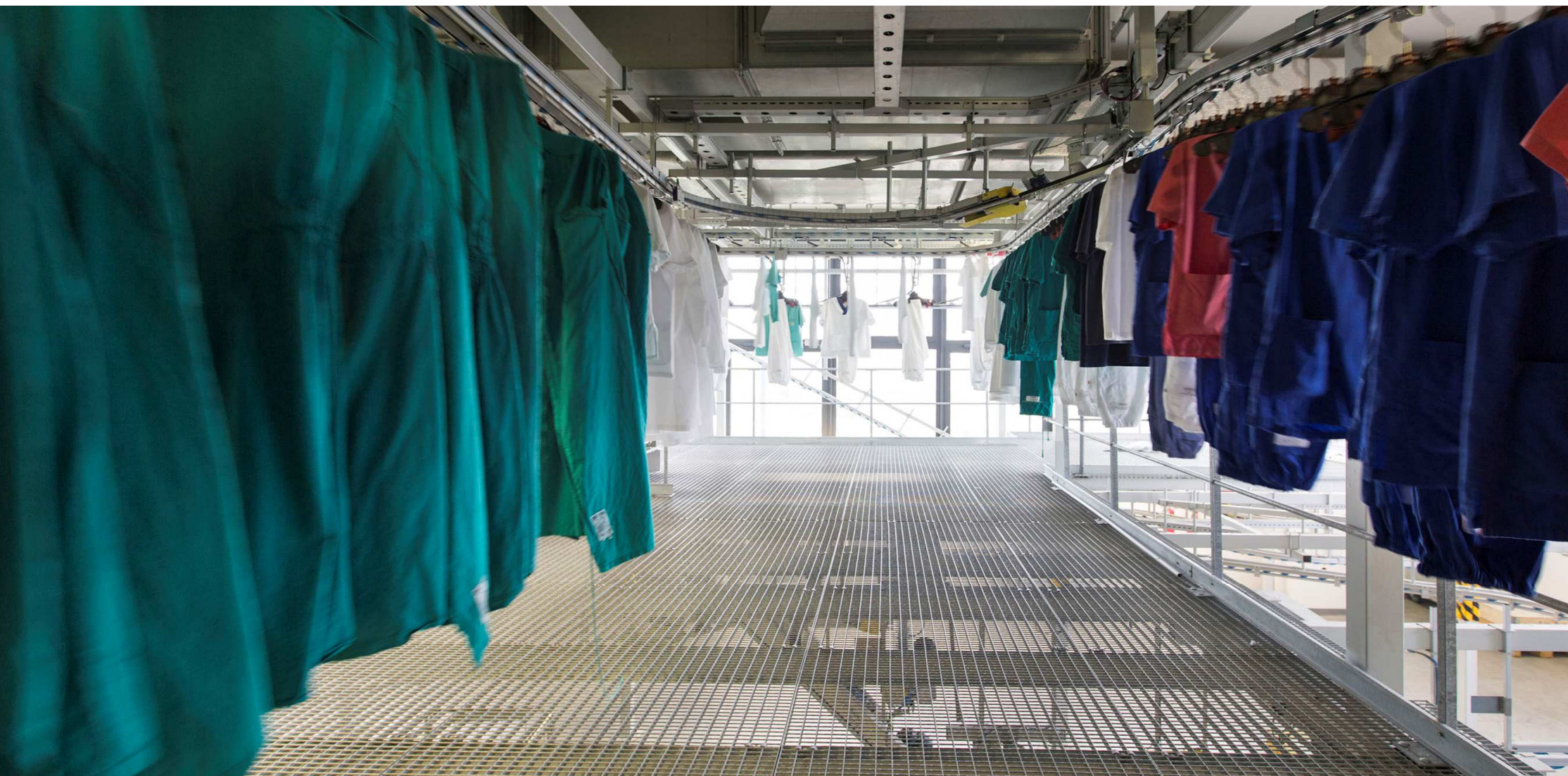
RELEVANT SHAREHOLDERS



Source Consob. Updated as at 13,03,2018

DIVIDENDS/SHARE DISTRIBUTED PER YEAR: Average pay-out 40%





ECONOMIC & FINANCIALS DATA

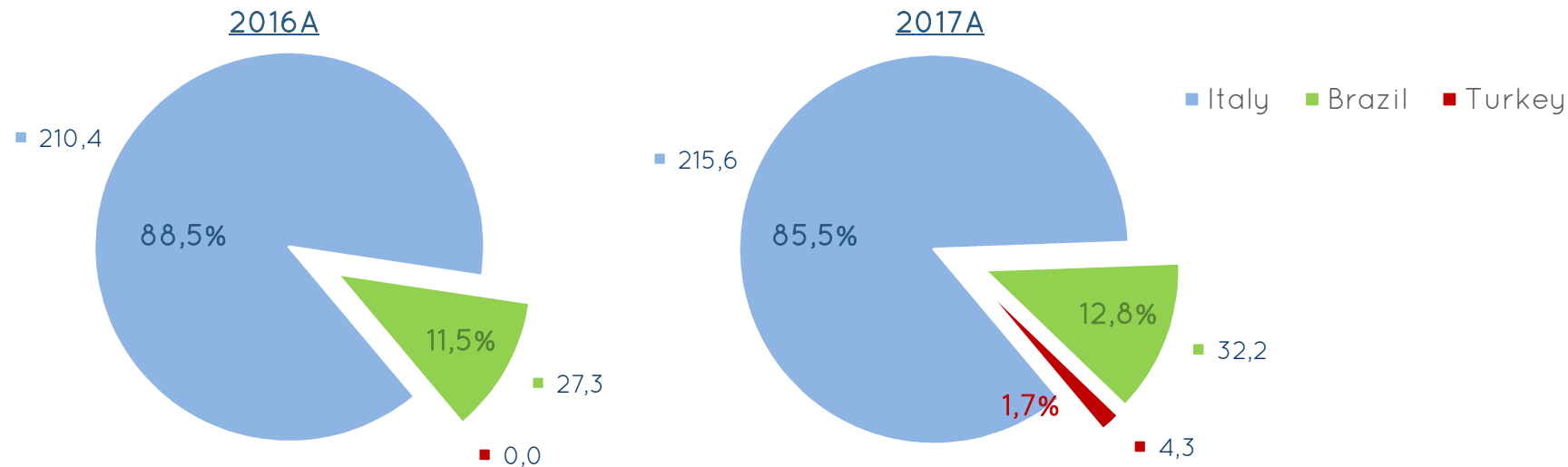
ECONOMICS – CONSOLIDATED RESULTS FY2017

'000 Euro	December 31st, 2017	(1)	December 31st, 2017 adjusted	December 31st, 2016	Changes Adjusted	Change % adj.
Revenues	252,102		252,102	237,716	14,386	6.1%
EBITDA	69,829	1,326	71,155	64,022	7,133	11.1%
EBITDA %	27.7%		28.2%	26.9%		
EBIT	16,376		17,702	13,745	3,957	28.8%
EBIT %	6.5%		7.0%	5.8%		
Net Profit	14,365	(311)	15,380	10,515	4,865	46.3%
Net Profit %	5.7%		6.1%	4.4%		

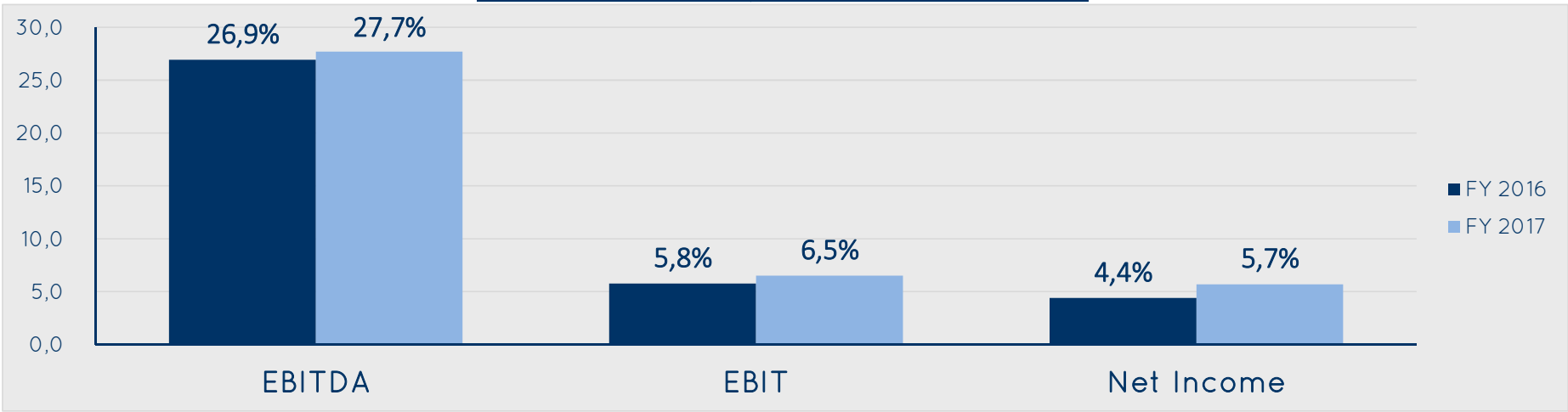
(1) The adjusted data do not take account of non-recurring costs relating to the restructuring and industrial reorganisation of the North-West area for Euro 557 thousand, in particular incentives, indemnities and Naspi (acronym for Italian monthly compensation for unemployment), before the tax effect of Euro 134 thousand and one-off costs of the indemnity to the affiliated company Focus S.p.A. for Euro 408 thousand, before the tax effect of Euro 114 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, gross of other charges and the tax effects of Euro 63 thousand.

ECONOMICS – CONSOLIDATED RESULTS FY2017

CONSOLIDATED REVENUES IN ITALY AND ABROAD (mln euro)

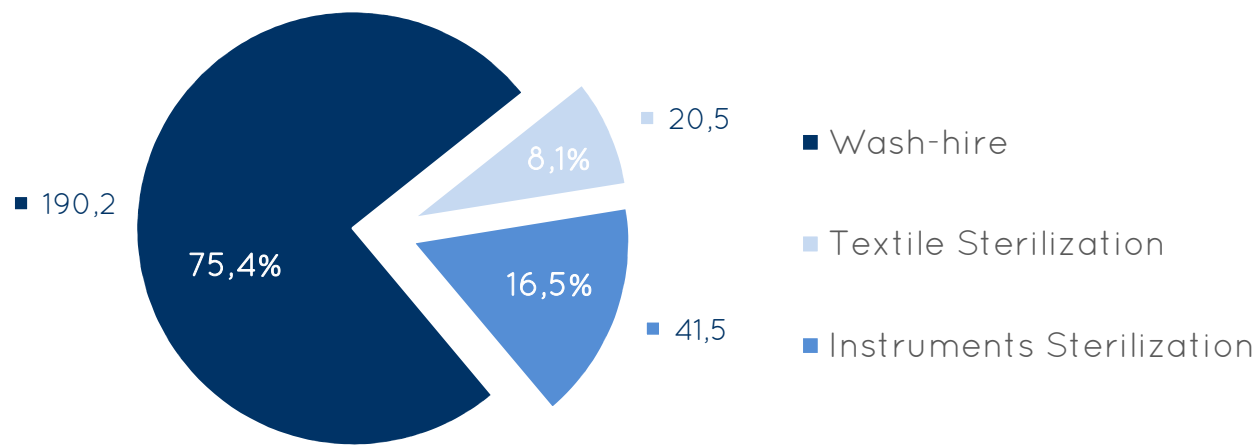


% RESULTS: EBITDA, EBIT AND NET INCOME

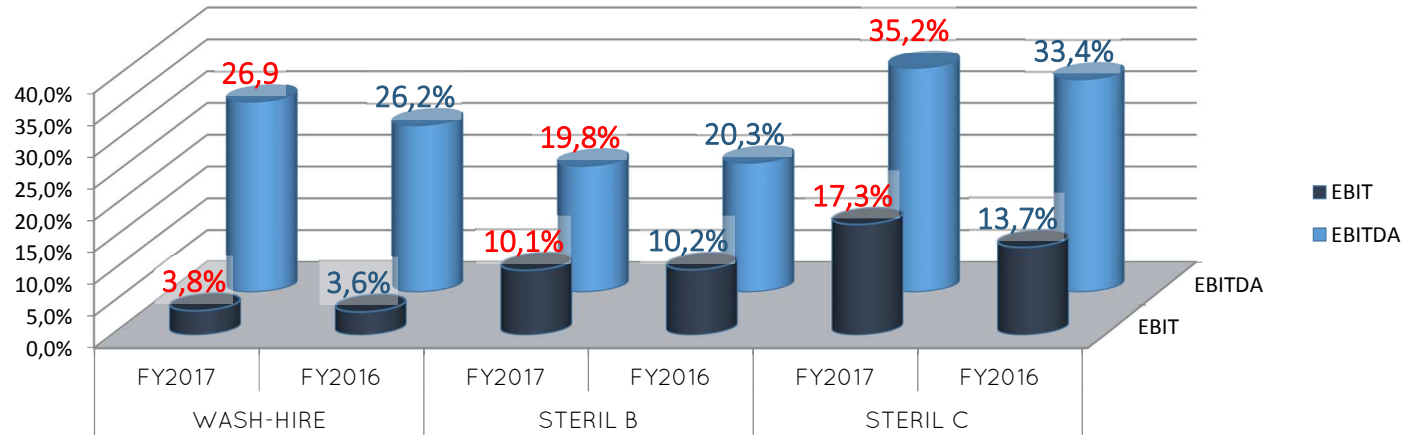


ECONOMICS PER BUSINESS LINE

REVENUES PER BUSINESS LINE (mln euro)



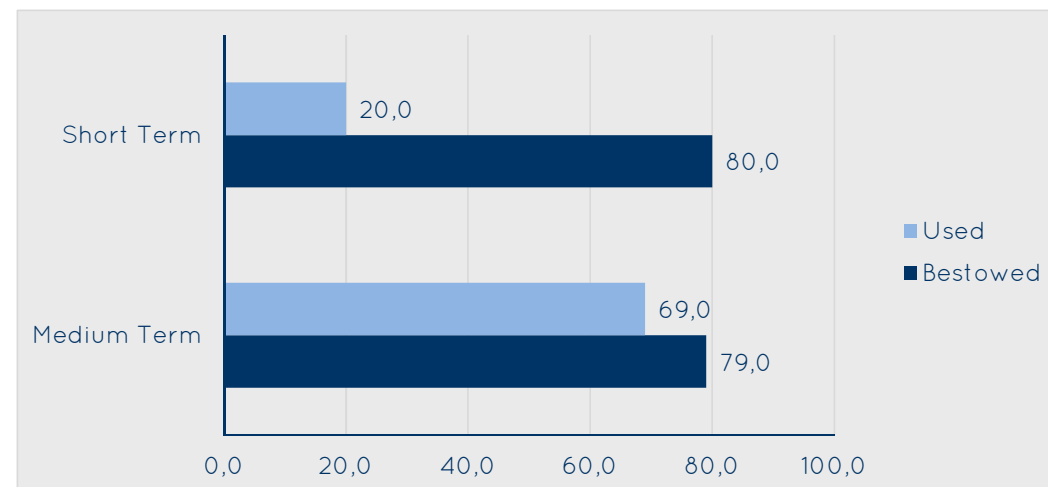
PROFITABILITY % PER BUSINESS LINE



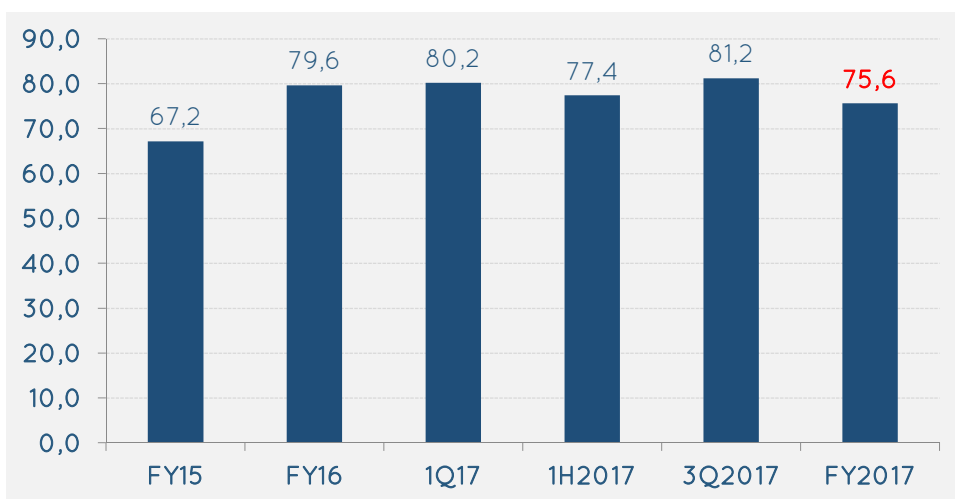
MAIN FINANCIAL RESULTS

(Euro thousand)	FY2017	FY2016
Operating net working capital	10.934	12.608
Other short-term assets/liabilities	(12.000)	(11.692)
Net working capital	(1.066)	916
Fixed assets – Medium/Long term provisions	218.353	216.457
Invested capital	217.287	217.373
Shareholders' Equity (B)	141.639	137.756
Net financial Debt (A)	75.648	79.617
Invested capital (C)	217.287	217.373
Gearing (A/A+B)	34,8%	36,6%
Net Debt/Equity (A/B)	53,4%	57,8%

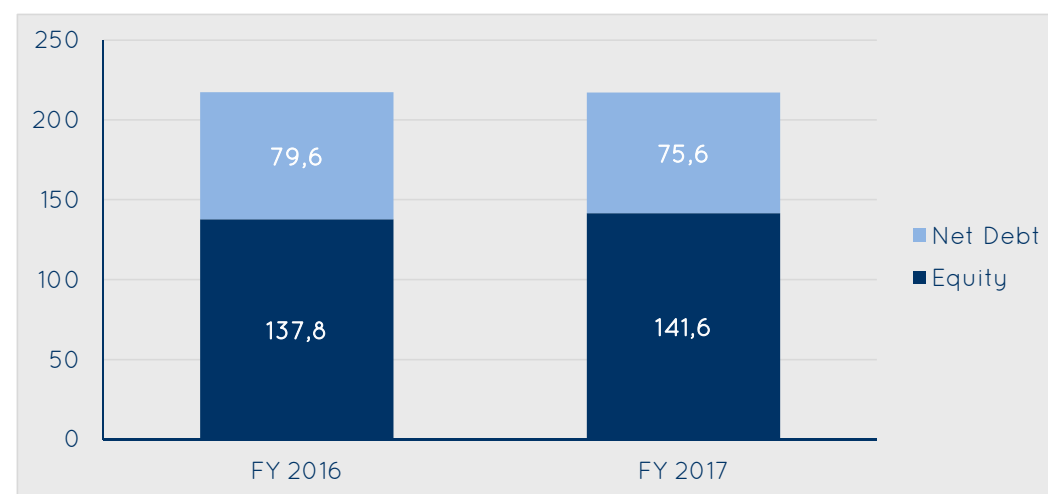
CREDIT LINES FY2017 (mln euro)



HISTORICAL NET DEBT (mln euro)



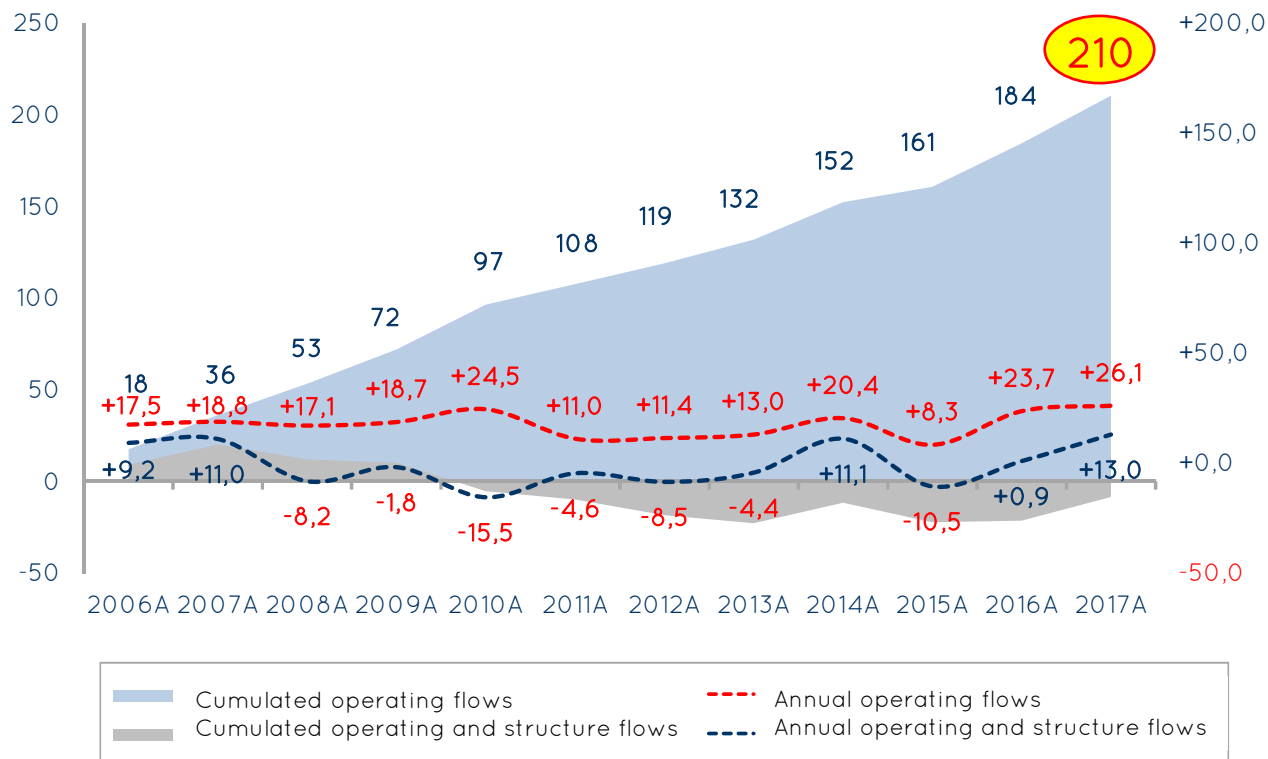
NET DEBT / EQUITY (mln euro)



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**.



OPERATING FLOWS:

They include operating and cycle investments such as:

- Purchase of linen, textile and mattresses for wash-hire services.
- Purchase of surgical instruments for sterilization plants.

OPERATING AND STRUCTURE FLOWS:

They include, in addition to Operating Flows, also extraordinary and structure capex, dedicated to support group growth.

Structural investments include, i.e:

- Investments in wash-hire plants.
- Investments in CSSDs which allow Servizi Italia to expand to a business with higher margins.
- Acquisition of new companies.

Net of operating investments, Servizi Italia generated cash over Euro 210 million from 2006 to 2017.

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Share capital: Euro 31,809,451 fully paid-up

Founded: 1986

Tax ID Number and Parma Business Registry Code: 08531760158

Market: MTA – STAR segment

Sector: Industrial

ISIN code for ordinary shares: IT 0003814537

Reuters: SRI.MI --- Bloomberg: SRI IM

Specialist: Intermonte SIM

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