



## MIDCAP PARTNERS CONFERENCE

PARIS, MAY 16<sup>TH</sup>, 2018

# 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 rental of flat linen (sheets, sleepers, blankets), packed linen (scrubs, uniforms for health personnel), mattresses and pillows.



## TEXTILE STERILIZATION

(8.1%)

Sterilization of cotton fabrics and Reusable Technical Fabric for beds and surgical gowns, procedural kits and surgical drapes, as well as accessory parts in disposable material.



## SURGICAL INSTRUMENTS STERILIZATION

(16.5%)

Collection, conditioning, maintenance and sterilization of surgical instruments and kits.  
Management of sterilization plants.  
Design, installation and renovation of sterilization plants.  
Validation and control of sterilization processes.

# TECHNOLOGICALLY ADVANCED PRODUCTION PLATFORM

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:

- 10 laundries in Italy;
- 4 laundries in Brazil (Sao Paulo State);
- 5 laundries in Turkey;
- 16 CSSDs for surgical instruments in Italy;
- 7 CSSDs for linen in Italy.

SERVIZI ITALIA participates in the share capital of other associated companies that operate through:

- 1 laundry plant in India;
- 1 CSSD (+ sub-CSSD) for sterilization of textile/surgical instruments in Albania
- 1 CSSD for sterilization of textile/surgical instruments in Turkey
- 1 CSSD for sterilization of textile/surgical instruments in Morocco



# 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.

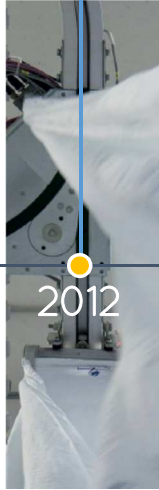


2002



2007

2008/  
2009



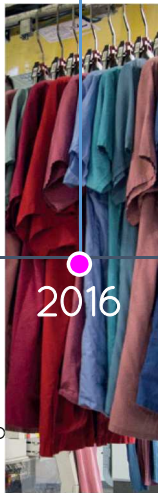
2012

2013



2014

2015



2016

2017 2018

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.

Acquisition 50.1% of Brazilian company **MAXLAV LAVANDERIA ESPECIALIZADA**  
Acquisition 50.1% of Brazilian company **VIDA LAVANDERIAS ESPECIALIZADA**  
Acquisition 50.1% of Turkish company **SAS STERILIZASYON SERVISLERI**

Acquisition 50% of Indian company **SHUBHRAM**  
Other 30% of **SERVIZI ITALIA MEDICAL**  
Entrance of **STERIS CORP.** into the share capital  
Acquisition 100% of **SI.GI. SERVIZI OSPEDALIERI**

Acquisition Remaining 50% of Brazilian company **LAVSIM**  
Acquisition 40% of Turkish group **ANKATEKS**  
Merge of **LAVANDERIA INDUSTRIALE ZBM** and **SI.GI. SERVIZI OSPEDALIERI**  
Acquisition 100% of Brazilian company **AQUALAV**

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

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

Start of the "green-field" construction of a production site for industrial laundry, in the city of **MANAUS**, Brazil

# 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

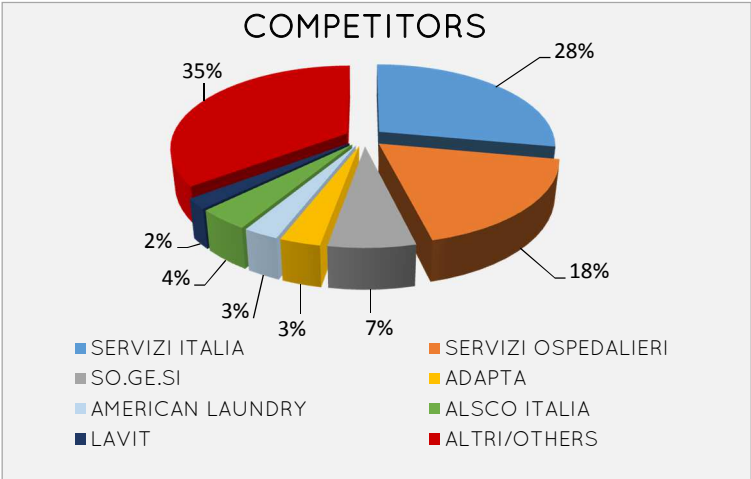
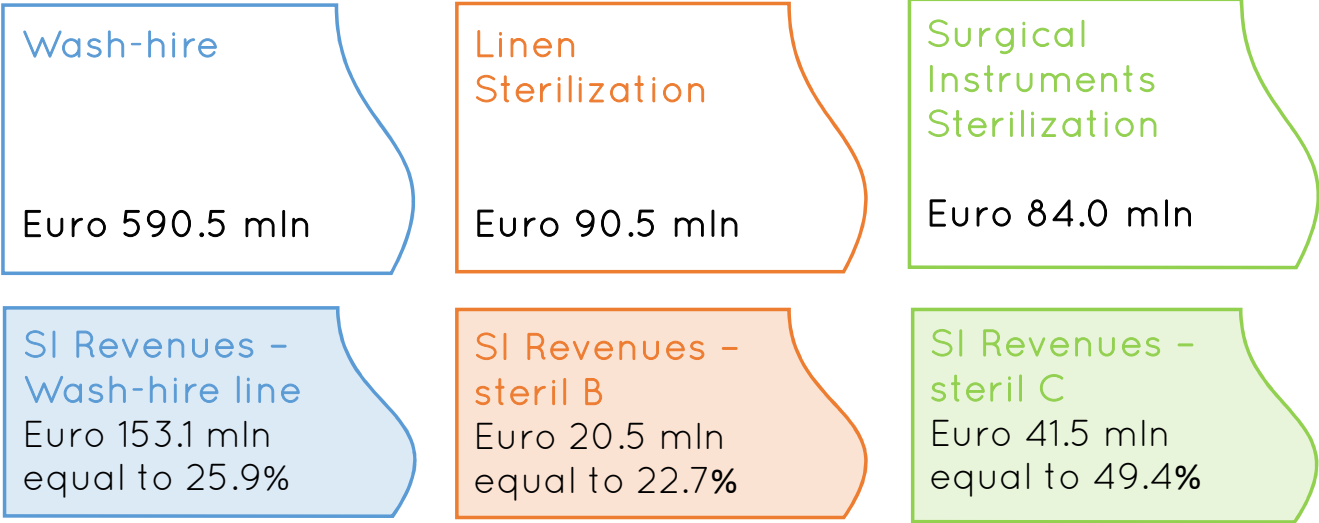
4 YEARS  
Wash-hire

6 YEARS  
Sterilizat.



# FOCUS ON ITALIAN MARKET

In 2017, the **Italian industrial laundry market** registered in the healthcare wash-hire segment a total turnover equal to **Euro 765 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 in Italy is managing **more than 60,000 beds**.

# 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.

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.

From 2018-2019, the Group envisages the "green-field" construction of a high tech industrial laundry production site aimed at providing wash-hire services for public and private healthcare facilities, in the city of Manaus, in the State of Amazonas. This, with the strategic goal of further consolidating the presence of the Group in new geographical areas of Brazil.

Brazilian market is characterized by a high penetration rate: only the 45% of wash-hire services is currently outsourced to private operators. 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\*

GOOD CROSS SELLING OPPORTUNITIES IN THE  
STERILIZATION SERVICES



\* Source: Ministerio de Saude  
"BRASIL: Il mercato di macchine per lavanderia 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 Group**) 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



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

# 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 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  
Sustainability

### 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.

### Integrity, business ethics and Professionalism

Promotion of business ethics, prevention of corruption and protection of reputation. Enhance skills and talents, attracting the best resources.

### Internationalization

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

# STRATEGIC GROWTH GUIDELINES

## 1. LEADERSHIP CONSOLIDATION WHERE PRESENT

- Awarding of contracts and cross-selling opportunities.
- Customer retention activities.
- Acquisition of target companies.

## 2. SERVICES DIVERSIFICATION AND SUSTAINABLE GROWTH

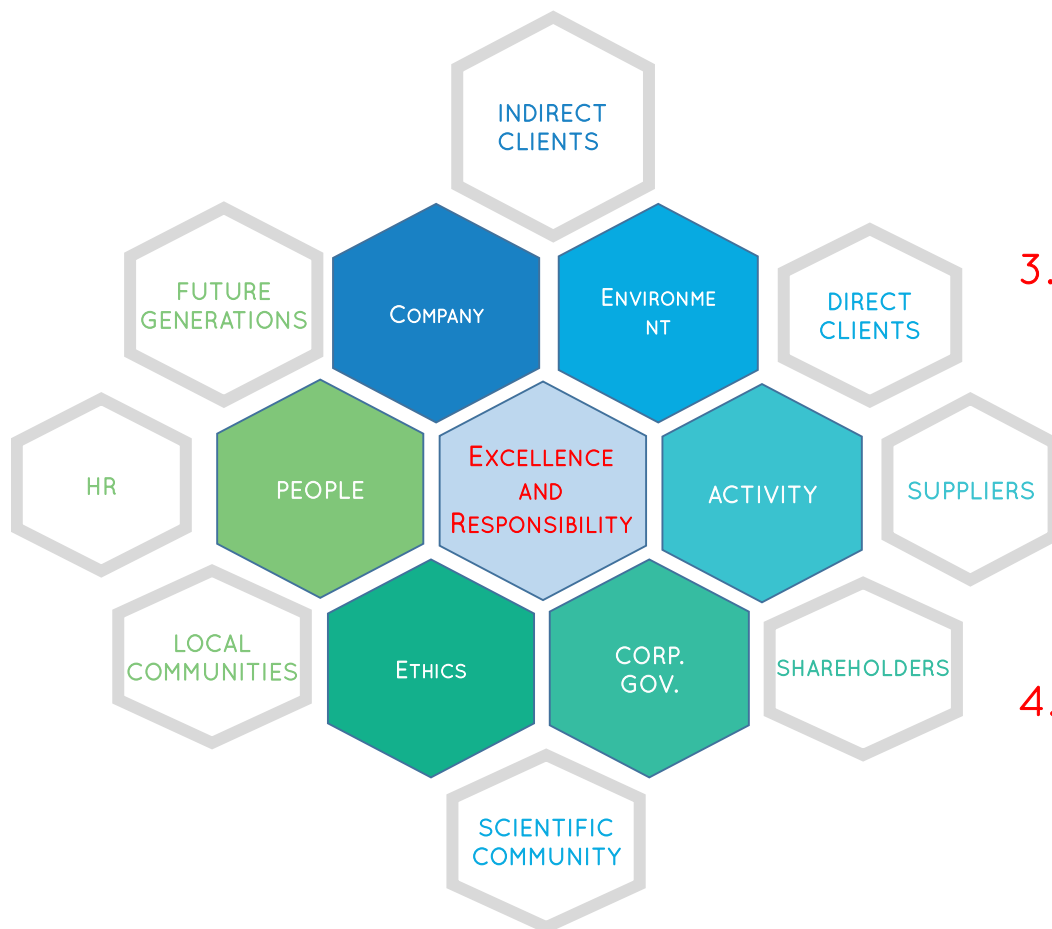
- Sterilization of medical devices and services related to sterilization.
- Equipment validation services for sterilization.
- Anti-decubitus device supplies.
- Provision of wash-hire services for retirement homes and work clothes.
- Environmental declaration of products and services.

## 3. INTERNATIONAL DEVELOPMENT

- Development and consolidation of the business model in Brazil and in Turkey.
- Development and growth in other geographical areas where the group's presence is still low (Albania, India, Morocco).
- Identification of further opportunities for international development in New Markets or strengthening of the areas already covered.

## 4. MANAGEMENT OPTIMIZATION

- Rationalization of positions.
- Organizational and management efficiency in order to maintain the levels of profitability and margins of the business.

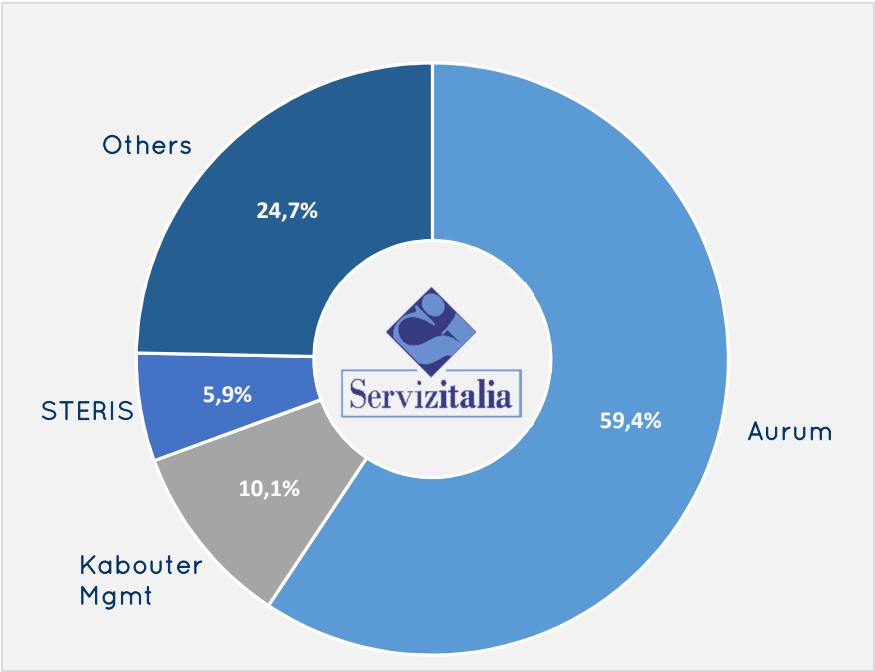


# MAIN DETAILS ON STOCK EXCHANGE

Details on Shares (data as at 10/05/2018)	
Share Capital	31,809,451
Share price	€5,50
Capitalization	€mln 174,95

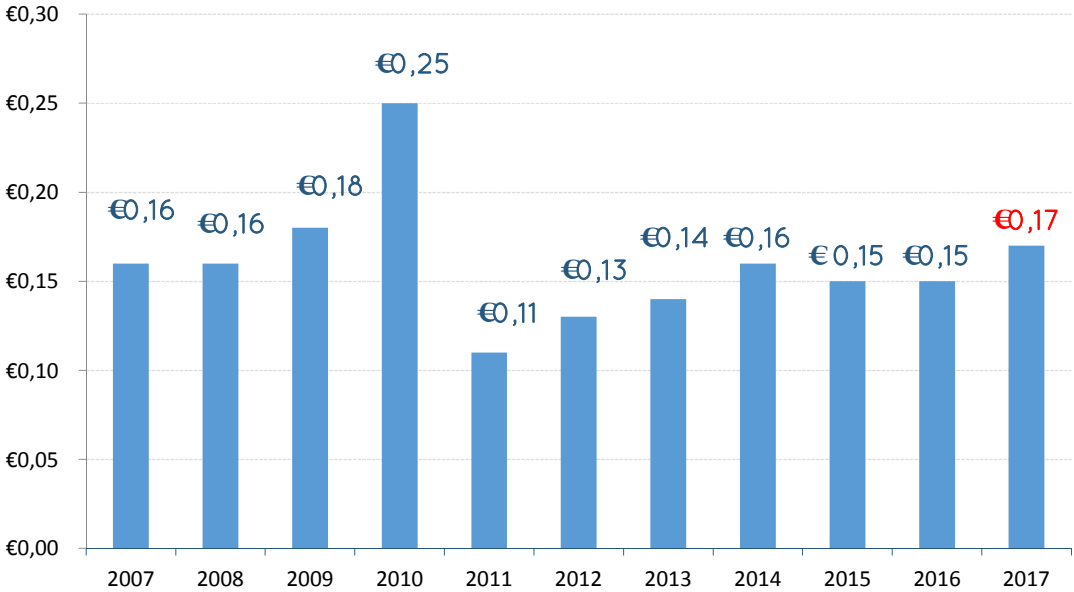
Analyst coverage	Reccomendation	Target Price (euro)	Date
Intermonte SIM	Outperform	7,50	26-Mar-18
Midcap Partners	Buy	7,40	14-Mar-18

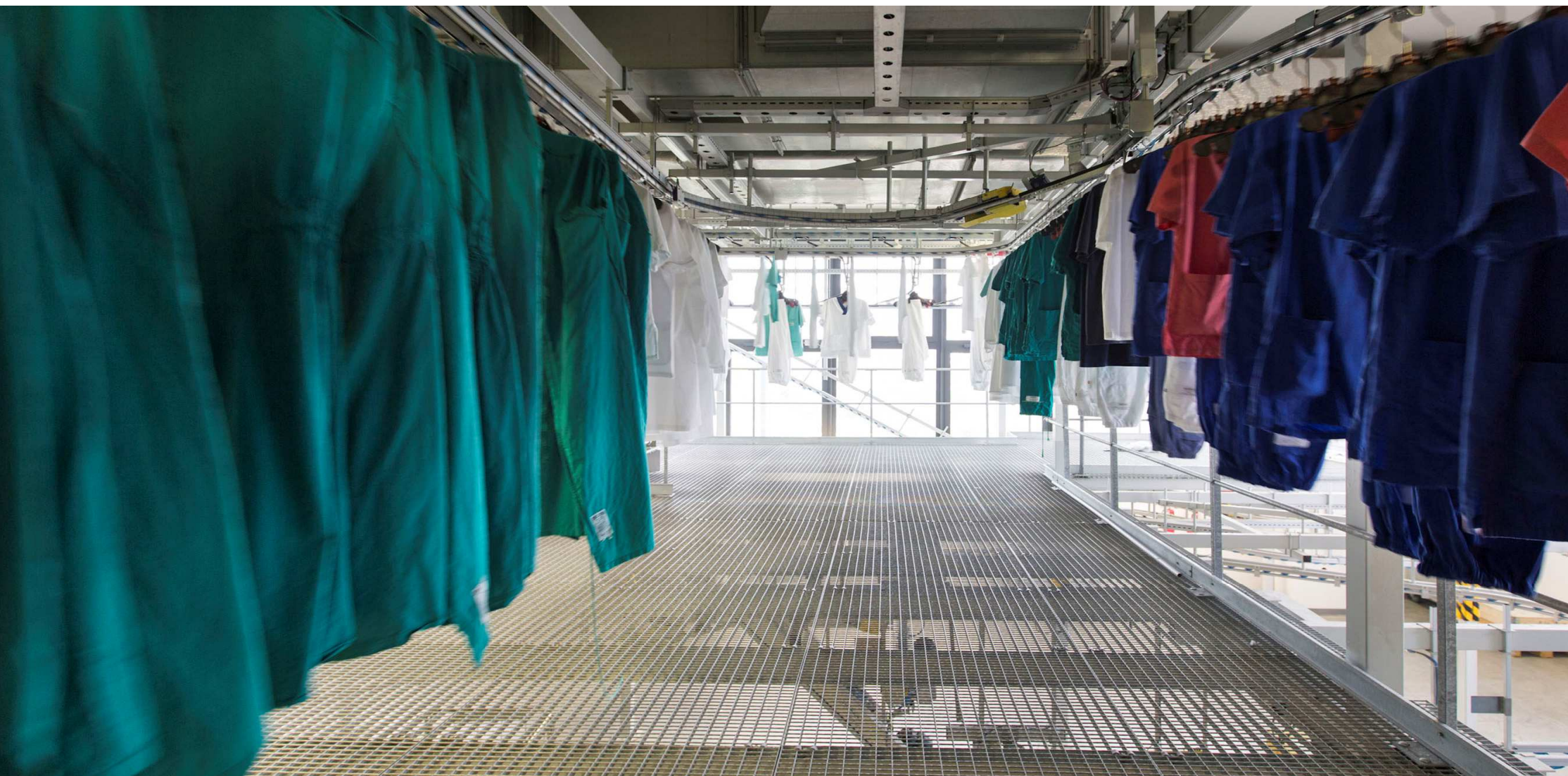
RELEVANT SHAREHOLDERS



Source Consob. Updated as at 10,05,,2018

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



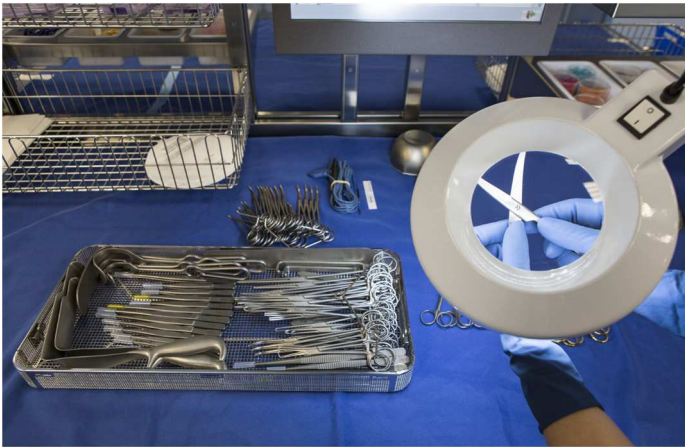


## ECONOMIC & FINANCIALS DATA

# ECONOMICS – CONSOLIDATED RESULTS

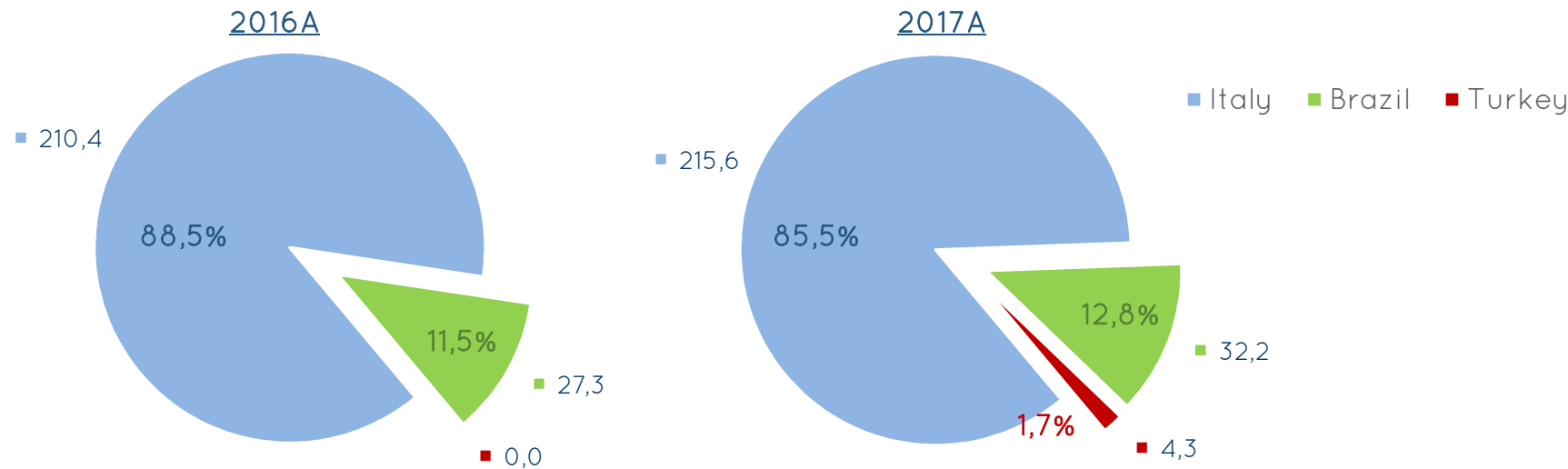
<i>(Euro Thousand)</i>	2017A	2016A	Ch. %
Revenues	252.102	237.716	6,1%
EBITDA	69.829	64.022	9,1%
<i>EBITDA</i>	27,7%	26,9%	
EBIT	16.376	13.745	19,1%
<i>EBIT</i>	6,5%	5,8%	
Net Profit	14.365	10.515	36,6%
<i>Net Profit</i>	5,7%	4,4%	

1Q 2018	1Q 2017	Ch. %
62.973	62.912	0,1%
17.033	17.720	-3,9%
27,0%	28,2%	
4.599	4.343	5,9%
7,3%	6,9%	
3.542	4.136	-14,4%
5,6%	6,6%	

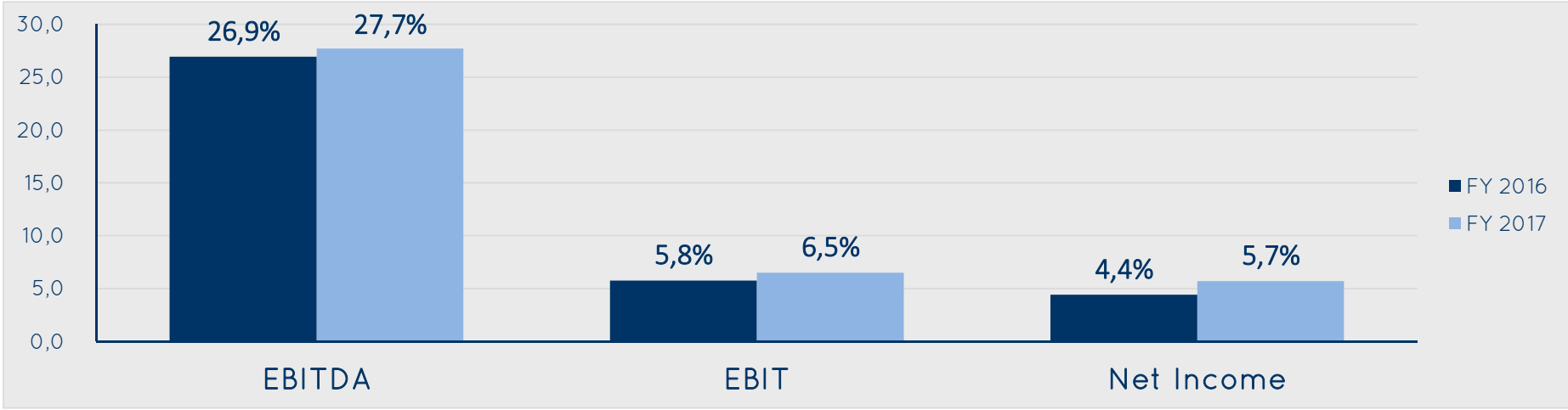


# ECONOMICS – CONSOLIDATED RESULTS 2017

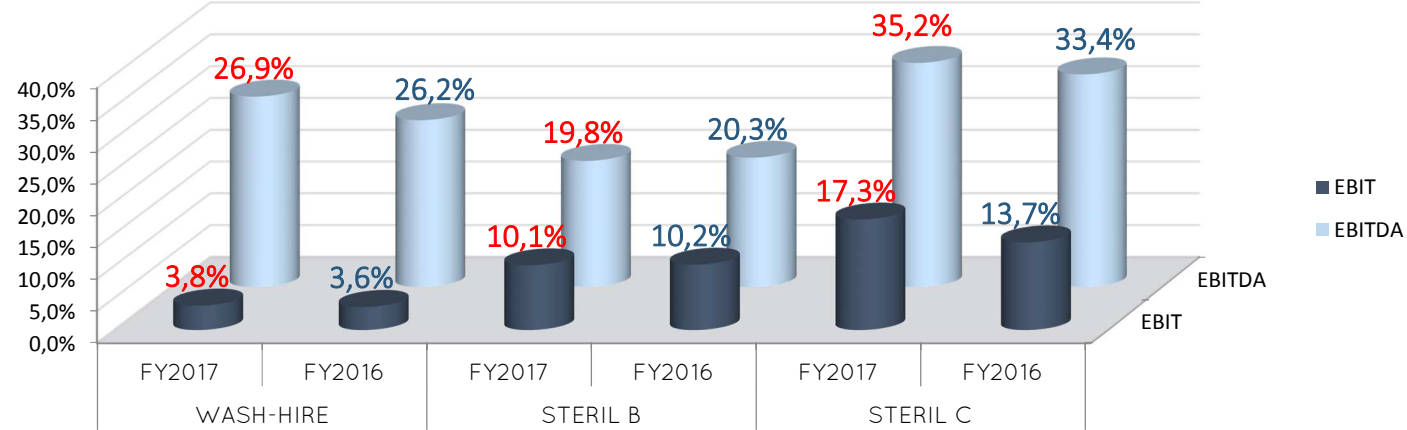
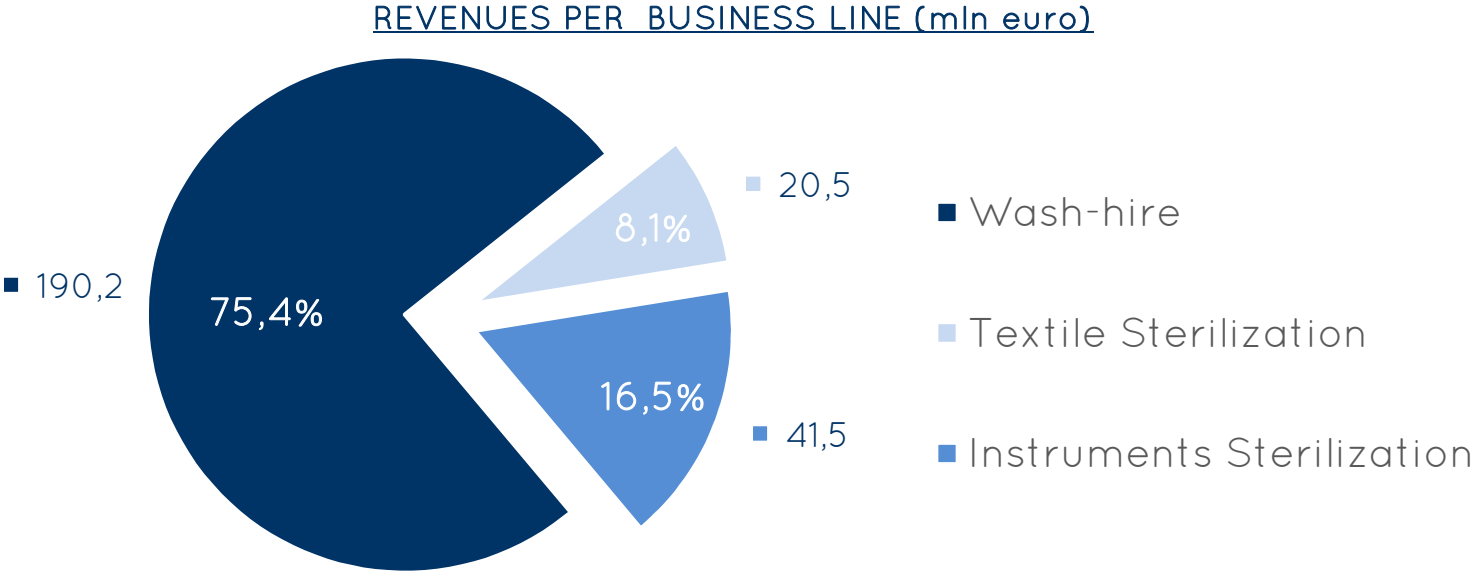
CONSOLIDATED REVENUES IN ITALY AND ABROAD (mln euro)



% RESULTS: EBITDA, EBIT AND NET INCOME



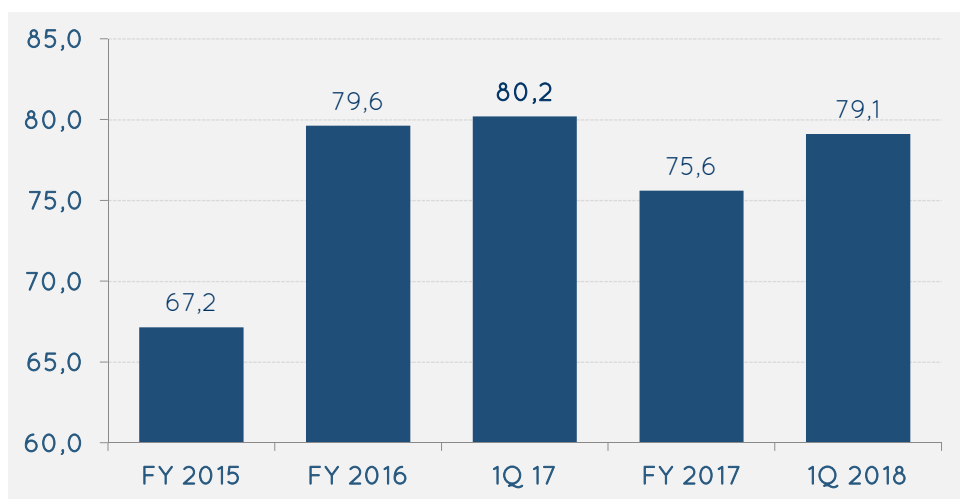
# ECONOMICS PER BUSINESS LINE



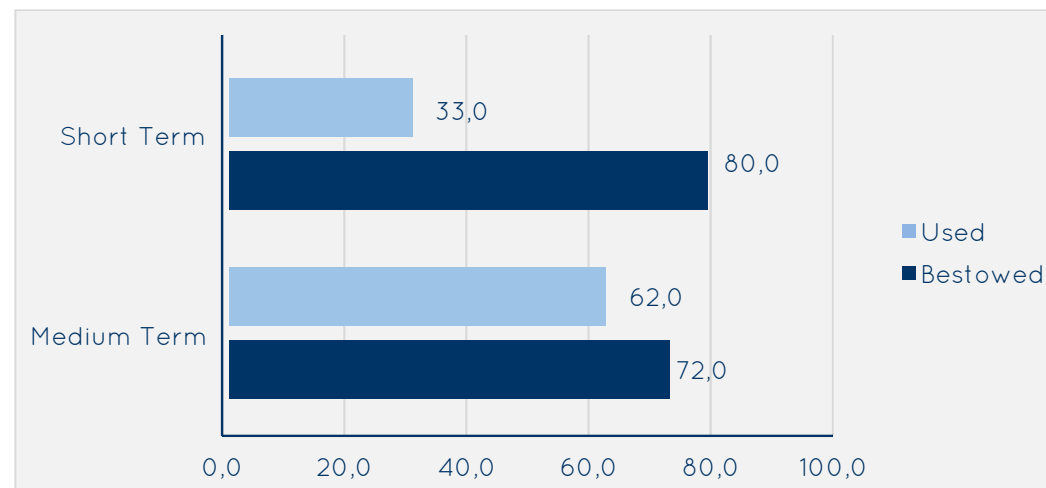
# MAIN FINANCIAL RESULTS

(Euro thousand)	1Q2018	FY2017	1Q2017
Operating net working capital	10.626	10.934	15.151
Other short-term assets/liabilities	(8.366)	(12.000)	(10.691)
<b>Net working capital</b>	<b>2.260</b>	<b>(1.066)</b>	<b>4.460</b>
Fixed assets – Medium/Long term provisions	219.451	218.353	218.320
<b>Invested capital</b>	<b>221.711</b>	<b>217.287</b>	<b>222.780</b>
Shareholders' Equity (B)	142.598	141.639	142.536
Net financial debt (A)	79.113	75.648	80.244
<b>Invested capital (C)</b>	<b>221.711</b>	<b>217.287</b>	<b>222.780</b>
<b>Gearing (A/A+B)</b>	<b>35,7%</b>	<b>34,8%</b>	<b>36.0%</b>
<b>Debt/Equity (A/B)</b>	<b>55,5%</b>	<b>53,4%</b>	<b>56.2%</b>

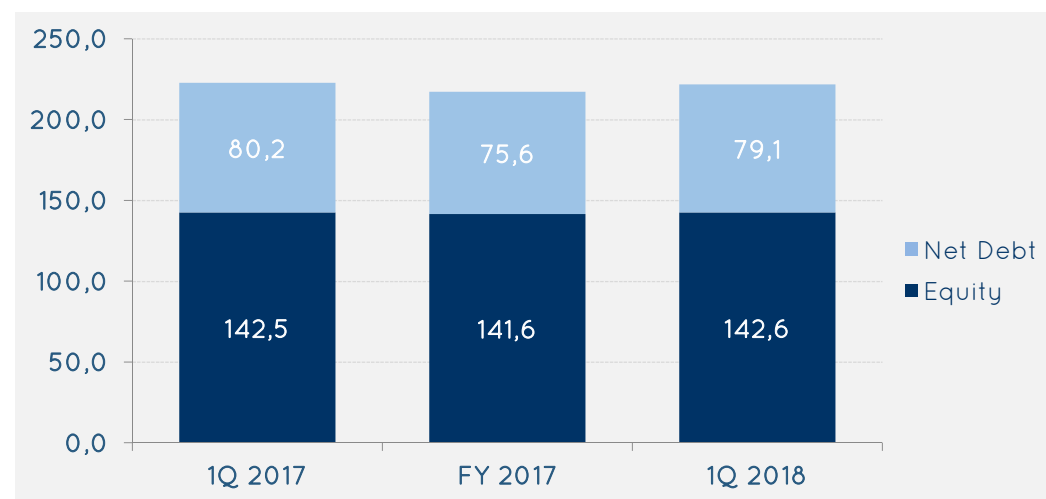
HISTORICAL NET DEBT (mln euro)



CREDIT LINES 1Q2018 (mln euro)



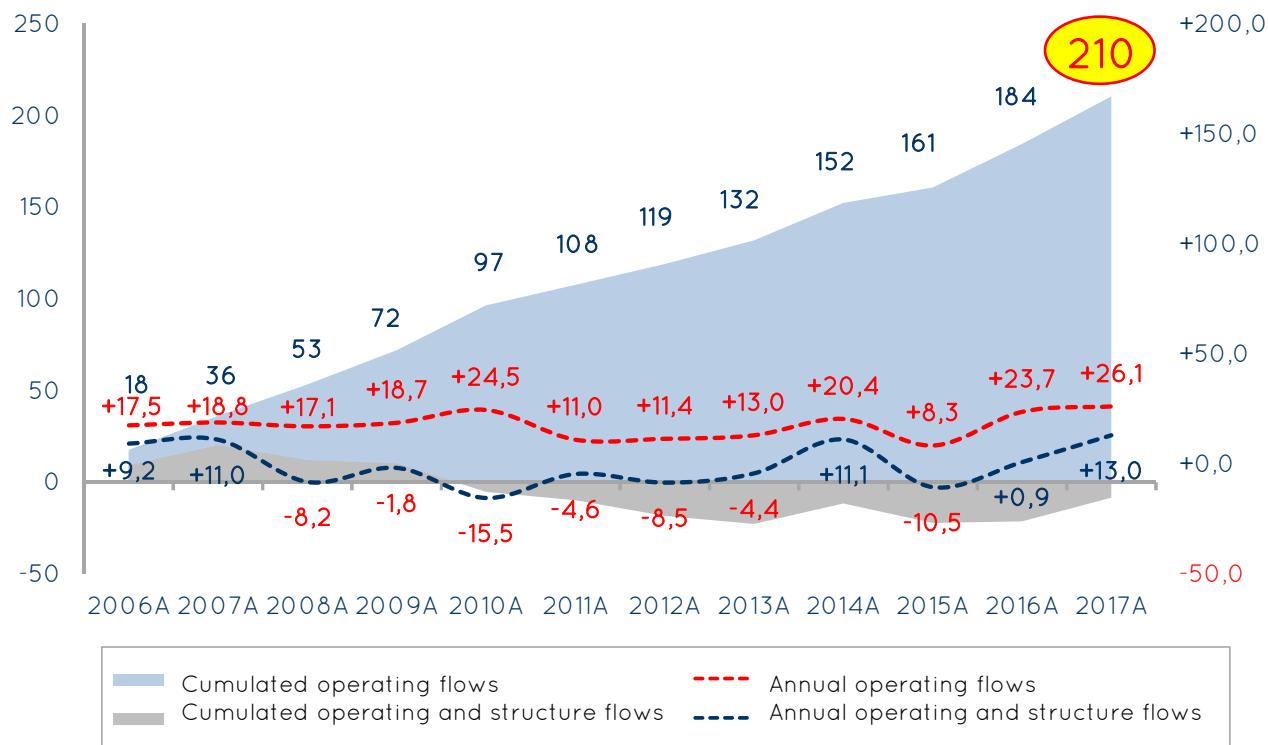
NET DEBT / EQUITY (mln euro)



# 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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