



Servizitalia

www-si-servizitalia.com

STAR CONFERENCE 2018

London, 23 October

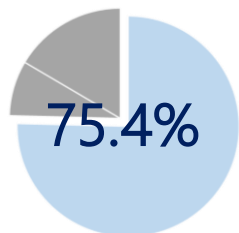




WASH-HIRE



Washing and rental of flat linen (sheets, sleepers, blankets), uniforms (scrubs, uniforms, gowns, etc. for staff), mattresses and pillows.



2017 Consolidated Revenues

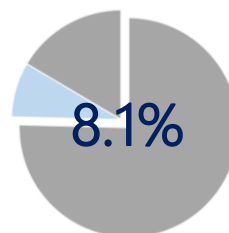


TEXTILE STERILIZATION



Sterilization of cotton fabrics and Reusable Technical Fabric for beds and surgical gowns.

Procedural kits and surgical drapes.
Accessory parts made of disposable material.



2017 Consolidated Revenues

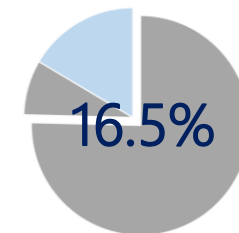


SURGICAL INSTRUMENTS STERILIZATION



Collection, conditioning, maintenance and sterilization of surgical instruments and kits.

CSSD Design, Installation, Renovation and Management.
Validation and control of sterilization processes.



2017 Consolidated Revenues

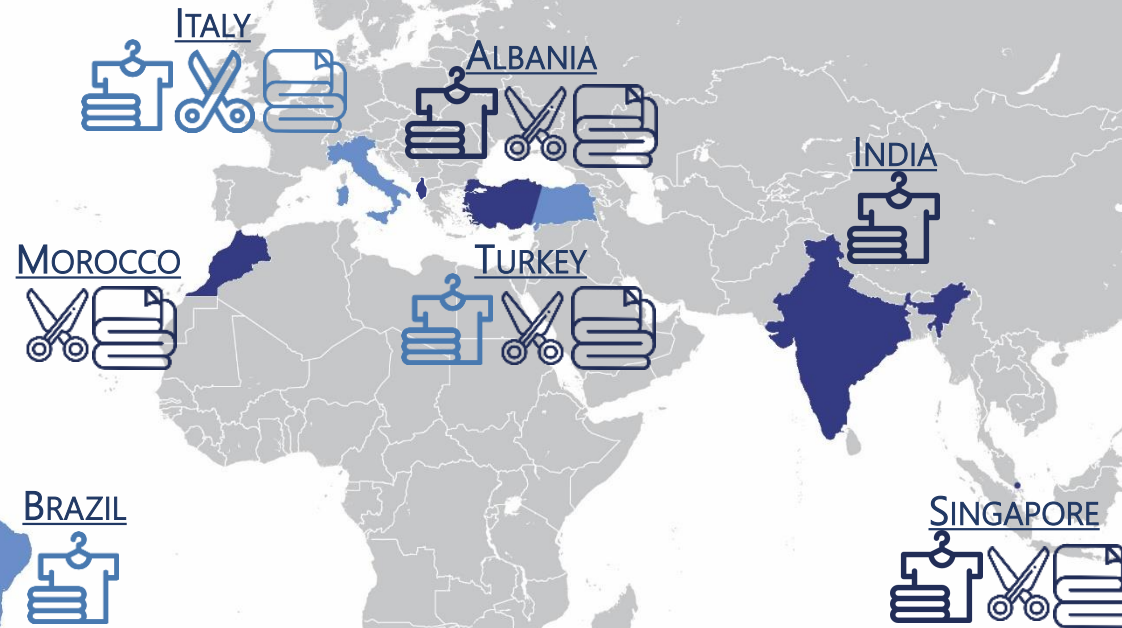
GLOBAL PRESENCE



6 Countries

(+ 1 Area
under
development)

20
laundry
plants



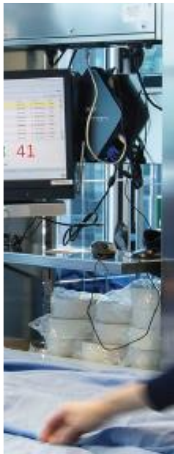
More than
3,500
employees

36
Sterilization
Plants
(CSSDs)

FULLY CONSOLIDATED
Italy (85.5%*), Brazil (12.8%*) and Turkey (1.7%*)

EQUITY CONSOLIDATED

**2017 Consolidated Revenues*



THE EARLY DAYS 1986 – 2002

- **1986:** Foundation of **Servizi Italia**, active in laundry sector.
- **2002:** **Coopservice** acquires 100% of SI share capital. Transformation into a multi-service company.



NEW PROSPECTS 2006 – 2007

- **Start of sterilization** activities.
- **2007:** **IPO at Milan Stock Exchange**. Presentation to the international financial community.



GROWTH IN ITALY 2008 – 2011

- **Acquisitions in Italy** in laundry industry.
- Development of **sterilization business**.
- Achievement of **STAR** qualification by Borsa Italiana.



INTERNATIONAL DEVELOPMENT 2012 – 2015

- **2012:** Acquisition of the first **laundry** in **Brazil** (additional transactions in 2013 and 2015).
- **2014:** Start of **sterilization** business in **Turkey**.
- **2014:** Start of greenfield **laundry** business in **India**.
- **2015:** Achievement of a **sterilization** tender in **Albania**.
- **2015:** Expansion in **Turkey** in **laundry** industry, through the acquisition of **Ankateks**.



CONSOLIDATION AND DIVERSIFICATION 2016– 2018

- **Consolidation of the existing markets:** Acquisitions in laundry industry in **Italy** (2016) and in **Albania** (2018). Expansion plans in **Brazil**.
- **Diversification in new business lines:** Acquisition of **Steritek** (2017) and start of non-healthcare laundry business (**Bolognini** branch acquisition on 2018).
- **New Markets:** Start of sterilization activity in **Morocco** (2017) and Joint Venture in **Asia** (constitution of **idsMED Servizi Plus** in 2018).



MIX PRODUCT/SERVICE

Multi-service approach by offering a mix of customized services.

High barriers on entry due to know-how and investments needed.



MEET CUSTOMER NEEDS

Rationalization of healthcare costs.

Social sustainability.

High control of Healthcare costs.

Financial benefits for hospitals.



POSITIONED FOR CREATING VALUE

Costs optimization.

Commercial synergies.

Focus on high value-added services.

High retention rate of contracts.

LONG TERM CONTRACTS



4-year average contracts
volume based OR monthly fixed fee



6-year average contracts
volume based OR monthly fixed fee

BUSINESS GROWTH STRATEGY



IV. MANAGEMENT OPTIMIZATION

Rationalization of positions

Organizational and management efficiency.

III. GLOBAL DEVELOPMENT

Business model development and consolidation

Development and growth in regions where Group's presence is lower

Identification of new International opportunities.

II. SERVICE DIVERSIFICATION

Sterilization of medical devices and sterilization-related services

Equipment validation services for sterilization activities

Laundry for customers different from Healthcare

Environmental declaration of products (EDP) and related services

I. LEADERSHIP CONSOLIDATION

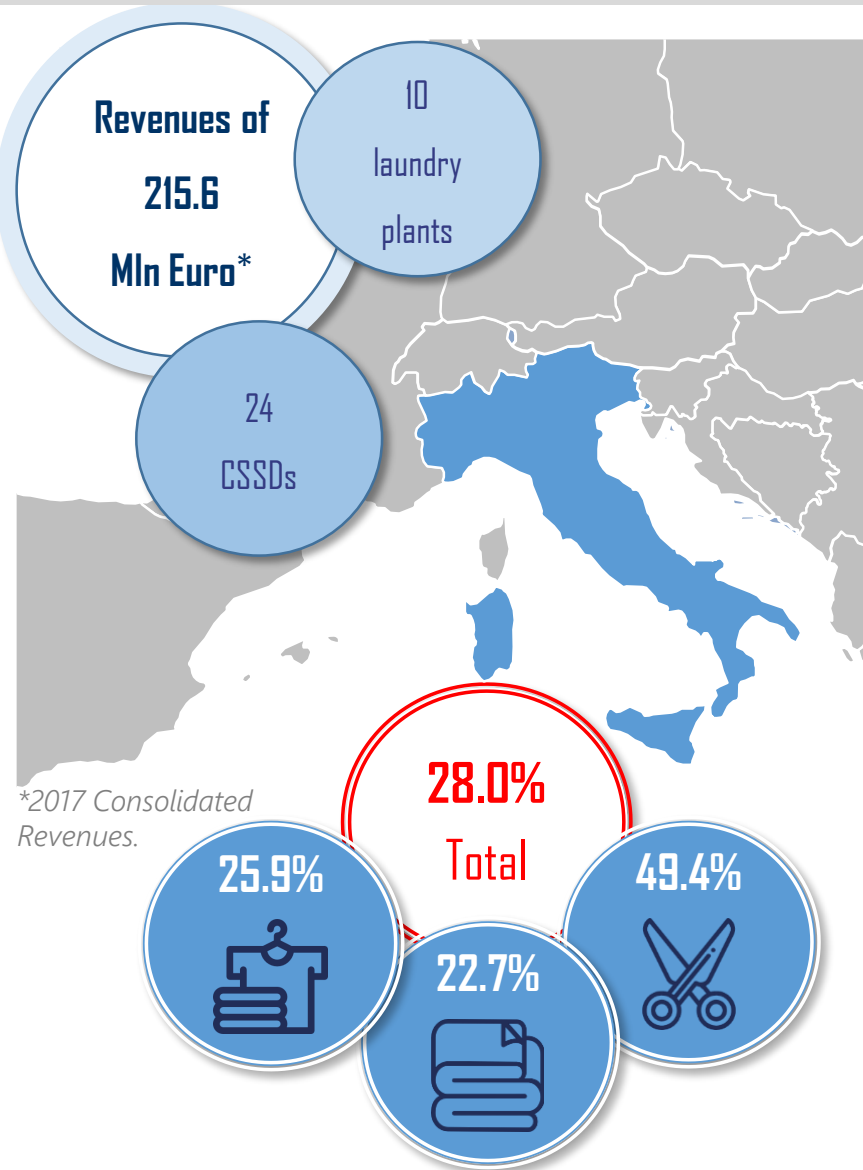
Awarding contracts and cross-selling opportunities

Customer retention activities

Acquisition of target companies

Sustainable Growth

ITALIAN MARKET



MARKET SHARE IN ITALY OF SERVIZI ITALIA.

www.si-servizitalia.com



Market
overview

- Italian Wash-hire Healthcare market turnover: **Euro 765 mln.**
 - Highest International quality standards.**
 - SI's customers are the main Public hospitals and Healthcare Institutions.
- Outsourcing rate** is high in laundry market but still low in sterilization area.

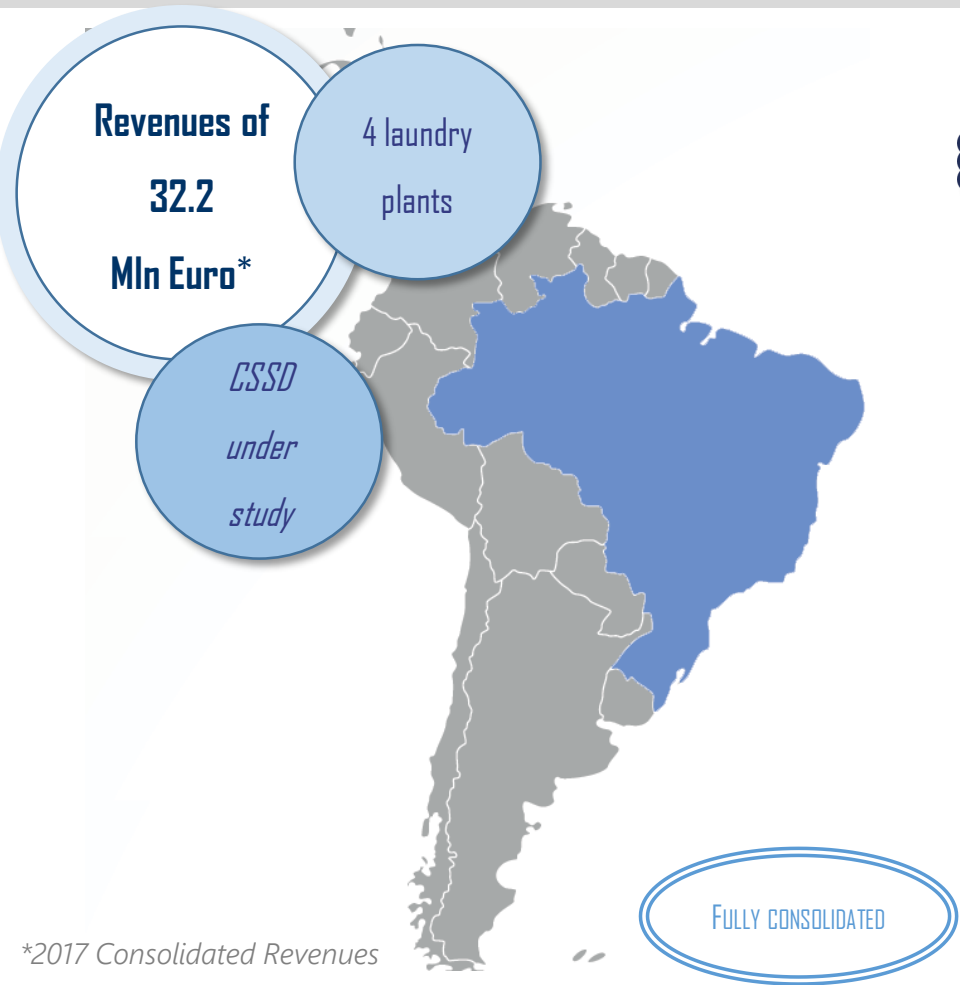
- ✓ Undisputed **market leader** in all the segments.
- ✓ **Well positioned** in the areas of the Country.
- ✓ Servizi Italia manages **more than 60,000 beds** and about **500,000 interventions/year**.
- ✓ **Full range of services** and customizations.
- ✓ Constant search and identification of **growing and diversification strategies** in order to keep and to improve margins.



Goals

- ✓ **LEADERSHIP CONSOLIDATION.**
- ✓ **SERVICE AND INDUSTRY DIVERSIFICATION.**
- ✓ **SUSTAINABLE GROWTH.**
- ✓ **COSTS AND CAPEX OPTIMIZATION.**⁷

BRAZILIAN MARKET



Market overview

- Wash-hire potential market is estimated in **Reais 840 mln.**
 - Over 700,000 Kg/day of potential linen only in Sao Paulo.
 - ~1,000 healthcare facilities totaling over 92,500 beds.
- New potential outsourcing: only 45% of wash-hire is currently outsourced and no sterilization service provider is present.

- ✓ **Primary player:** 1st player in Sao Paulo, 2nd in Brazil.
- ✓ Recognized in the market as **high quality provider**.
- ✓ Well positioned in both **Private and Public** areas.
- ✓ Leader in identifying **new solutions** for the clients.
- ✓ **Deep market knowledge** of local team and partner.
- ✓ **Rental model** improved successfully.

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IDA
LAVANDERIA HOSPITALAR

MaxLav
Services



Goals

- ✓ MARKET CONSOLIDATION IN SAO PAULO.
- ✓ NEW DEVELOPMENT AREAS (AMAZONAS).
- ✓ START OF STERILIZATION BUSINESS.
- ✓ ORGANIZATION AND MANAGEMENT EFFICIENCIES.

TURKISH MARKET



**2017 Consolidated Revenues (6 months of only laundry business).*



Market
overview

- About 6,000,000 surgical intervention/year.
 - Construction of new PPP hospitals, increasing the nr of beds up to about 250,000 over the next few years.
 - ~1,400 healthcare facilities totaling over 195,000 beds.
- Low outsourcing rate in both laundry and sterilization businesses.

- ✓ Main player of both laundry (Ankateks) and sterilization (SAS) market.
- ✓ Recognized by the market as high quality provider.
- ✓ Achieved multiple high-complexity PPP contracts, requiring International standards and with long term duration.
- ✓ Good margins and volumes market.



Goals

- ✓ GROWTH IN THE WHOLE COUNTRY.
- ✓ ACHIEVEMENT OF NEW PPPs.
- ✓ BE THE REFERENCE SERVICE PROVIDER.
- ✓ IMPROVE LOCAL STANDARDS.
- ✓ MANAGEMENT EFFICIENCY.



Revenues of
326
Mln INR*

1 laundry
plants



SHUBHRAM

EQUITY
CONSOLIDATED

www.shubhram.com

Market
overview

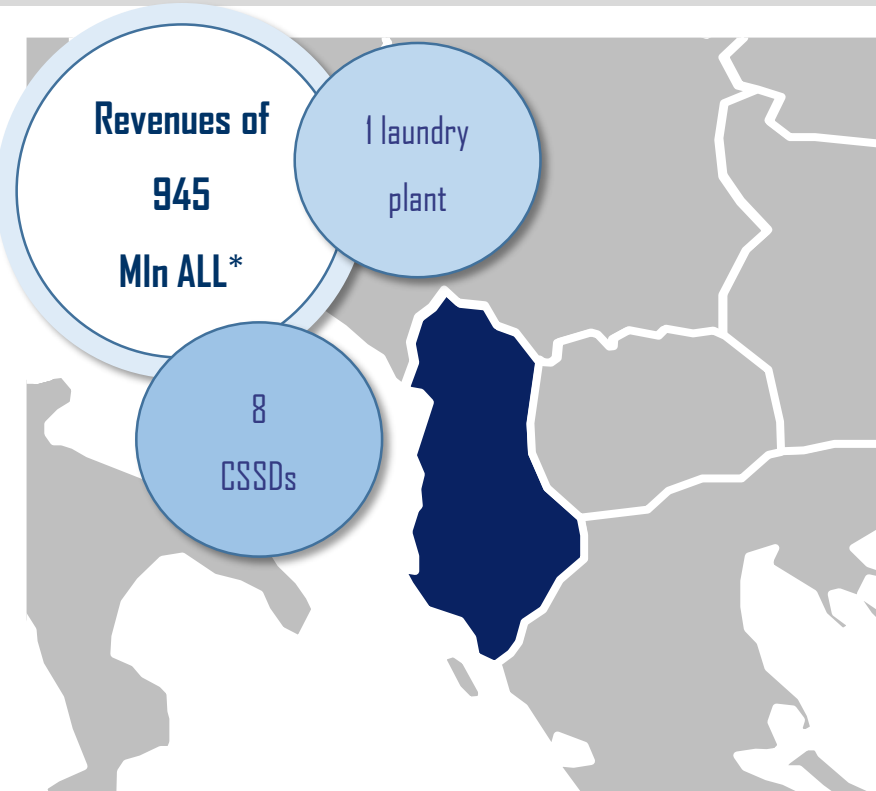
- The Indian market has recently started to **outsource wash-hire activities**.
 - About 90,000 beds only in Delhi NCR, totaling about kg 200,000,000 of linen.
 - Over 195,000 healthcare facilities throughout India.
 - Low outsourcing rate.
- ✓ Business developed greenfield and first volumes started in Oct-2015.
 - ✓ **Main player** in Healthcare laundry business in India.
 - ✓ **Technologically advanced** laundry plant (near Delhi).
 - ✓ Recognized by the market as **high quality provider**.
 - ✓ **Volumes steadily increasing**.
 - ✓ **High capacity plant** (45 tons/day vs 26 tons/day currently under use).



Goals

- ✓ FULLY USE EXISTING PLANT CAPACITY.
- ✓ INCREASE LOCAL QUALITY STANDARDS AND AVERAGE PRICES.
- ✓ CONTRACTS WITH FLAGSHIP HOSPITALS.
- ✓ DEVELOPMENT IN NEW AREAS.

ALBANIAN MARKET



*~7.1 mln Euro. 100% of 2017 SaniService revenues (not consolidated in SI consolidated revenues).

 **SaniService**


Sanitary Cleaning

EQUITY
CONSOLIDATED



Market
overview

- Total value of contract awarded include all public and private hospitals of Albania.
 - More than 80,000 surgical intervention/year.
- Servizi Wash-hire market is expected to have interesting growth prospects in terms of both revenues and profitability.

- ✓ Unique player in Healthcare sterilization business.
- ✓ Recognized by the market as high quality provider.
- ✓ Good margins and volumes market.
- ✓ Laundry market still fragmented: target is to consolidate it starting from 2019.



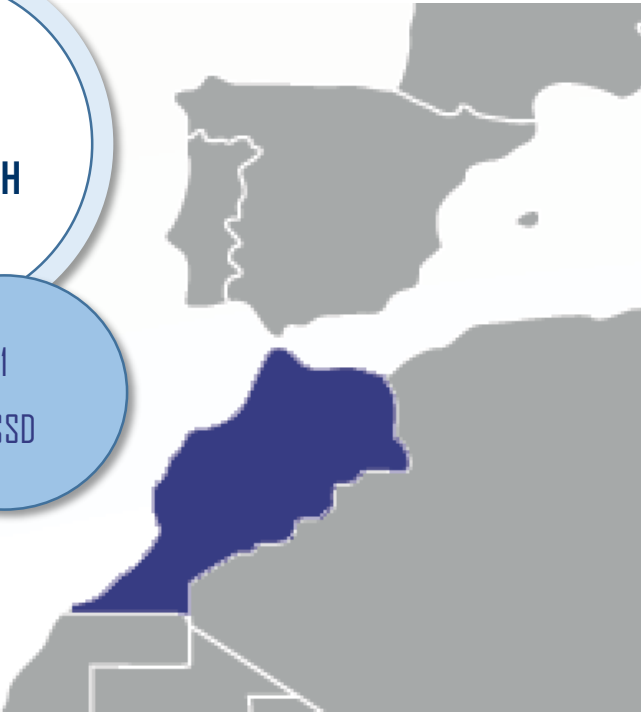
Goals

- ✓ COMPLETE THE DEVELOPMENT OF STERILIZATION ACTIVITIES.
- ✓ BECOME THE LAUNDRY MARKET LEADER.
- ✓ IMPROVEMENT OF THE STANDARDS.



Joint
Venture
started in 2H
2017

1
CSSD



Market
overview

- Market with more than 315,000 surgical intervention/year.
 - Around 3,000 healthcare facilities totaling over 21,000 beds
 - Primary Healthcare destination in Africa.
- Sterilization industry still almost fully insourced.

- ✓ First and unique operator in offering sterilization services and CSSD management in the Country.
- ✓ Constitution of Centre Marocain de Sterilisation.
- ✓ Direct financial and quality benefits for the local Healthcare.
- ✓ Cooperation with local universities for starting sterilization courses.

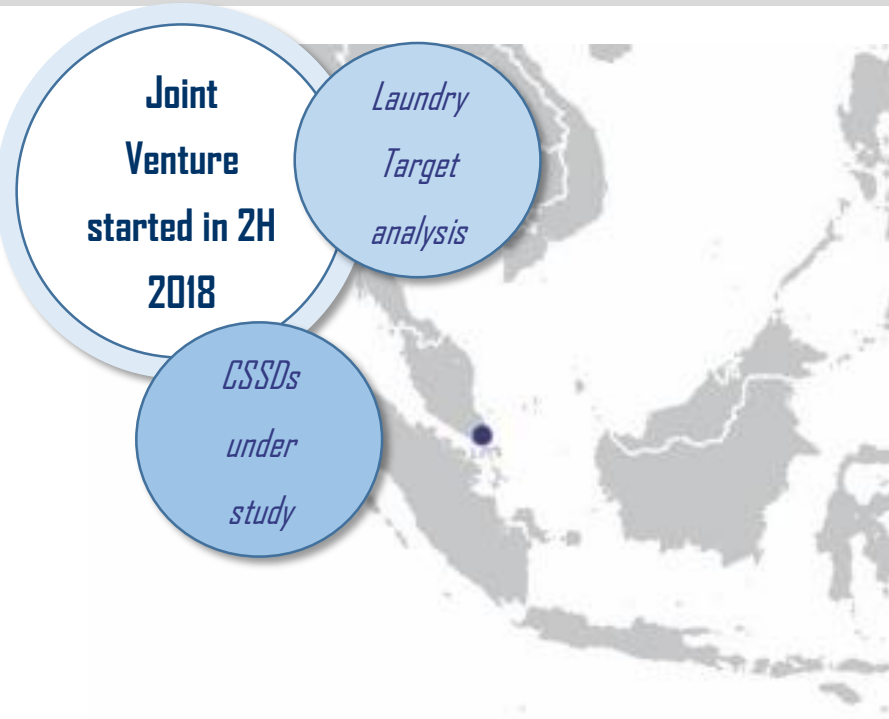


www.cmsterilisation.com



Goals

- ✓ CONSOLIDATION OF THE MARKET.
- ✓ NEW AREAS AND PUBLIC HOSPITALS.
- ✓ SUPPLY OF STERILIZATION-RELATED SERVICES.
- ✓ SERVICE DIVERSIFICATION.



Market overview

- Access to over 10,000 healthcare institutions throughout the Asian-Pacific area.
 - No main players in Laundry business.
- Sterilization services fully insourced.

- ✓ Established **IdsMED ServiziPlus** in Singapore, which will operate for identifying and developing new business opportunities in the sterilization and wash-hire services.
- ✓ Joint venture targets firstly **Asian-Pacific area** and secondly whole Asian market.
- ✓ Local partner with **large Healthcare network**.



Goals

- ✓ START FEASIBILITY STUDIES.
- ✓ START STERILIZATION PILOT PROJECTS.
- ✓ M&A LAUNDRY TARGETS.
- ✓ BECOME THE REFERENCE AREA LEADER



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.



Servizi Italia Consolidated P&L ('000 euro)	FY 2016	FY 2017	1H 2017	1H 2018
Revenues	237.716	252.102	125.333	126.476
% change		6,1%		0,9%
EBITDA	64.022	69.829	34.565	33.899
%	26,9%	27,7%	27,6%	26,8%
EBIT	13.745	16.376	7.991	8.876
%	5,8%	6,5%	6,4%	7,0%
Net Result	10.515	14.365	7.453	7.453
%	4,4%	5,7%	5,9%	5,9%

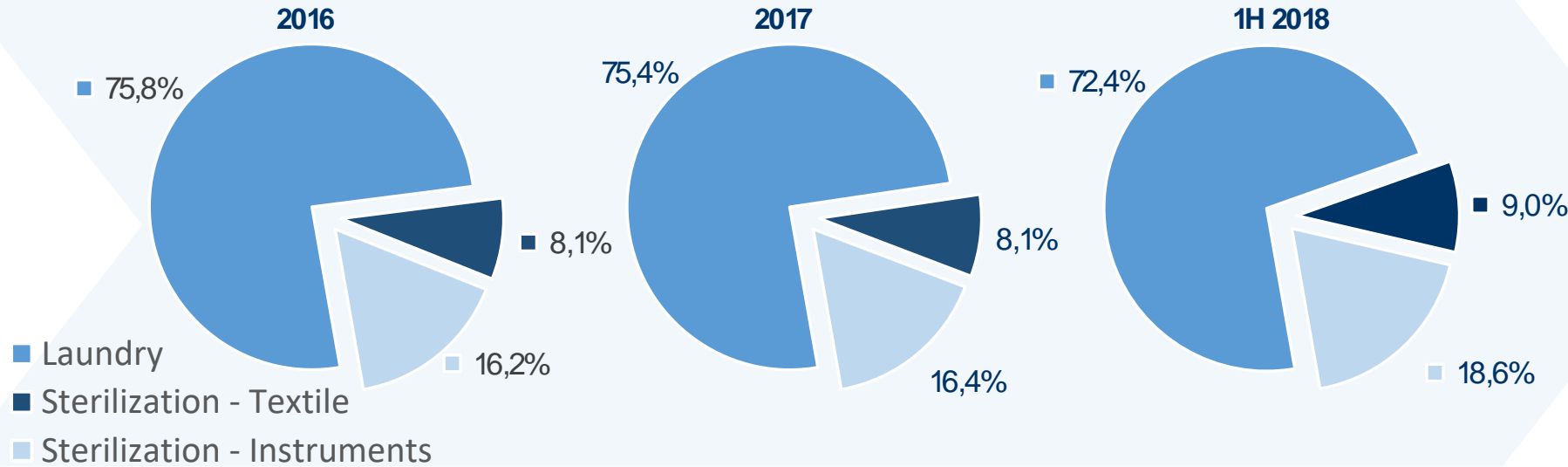
ECONOMIC AND FINANCIAL HIGHLIGHTS IN 2018:

- + Double digit growth in 1H 2018 of both textile and surgical instruments sterilization, which supported sales and margins of Italian perimeter.
- + Relevant organic growth of Brazilian perimeter in 1H 2018.
- + New acquisitions accounted for +4.0% in 1H 2018 Revenues growth.
- + Transaction done in 2018 put the basis for future results improvements both in terms of sales and margins.
- Laundry business in Italy registered a slow down (in line with communicated forecasts).
- In 1H 2018 significant FX effect connected with consolidation of Brazilian operations.

CONSOLIDATED ECONOMICS RESULTS



SALES BREAKDOWN PER BUSINESS LINE



In Italy sterilization businesses are growing faster than laundry.

In emerging markets, laundry is still a growing business.

PROFITABILITY PER BUSINESS LINE (1H 2018)



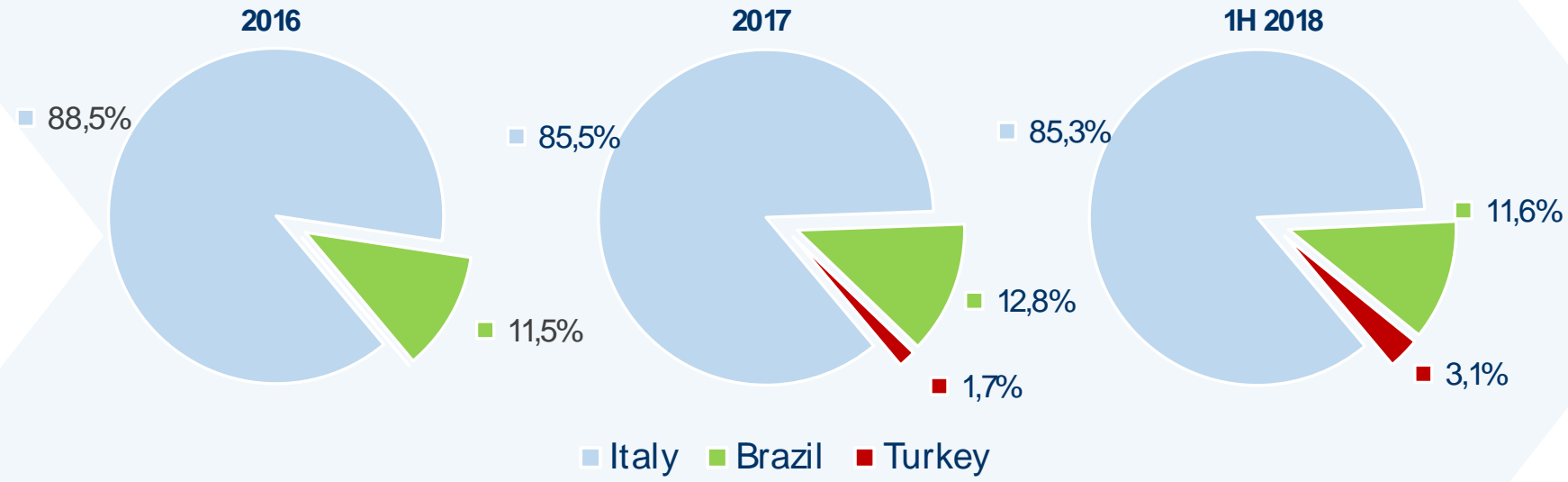
Higher margins of sterilization businesses vs Laundry.

Future laundry markets are expected to be supported by abroad laundry businesses.

CONSOLIDATED ECONOMICS RESULTS



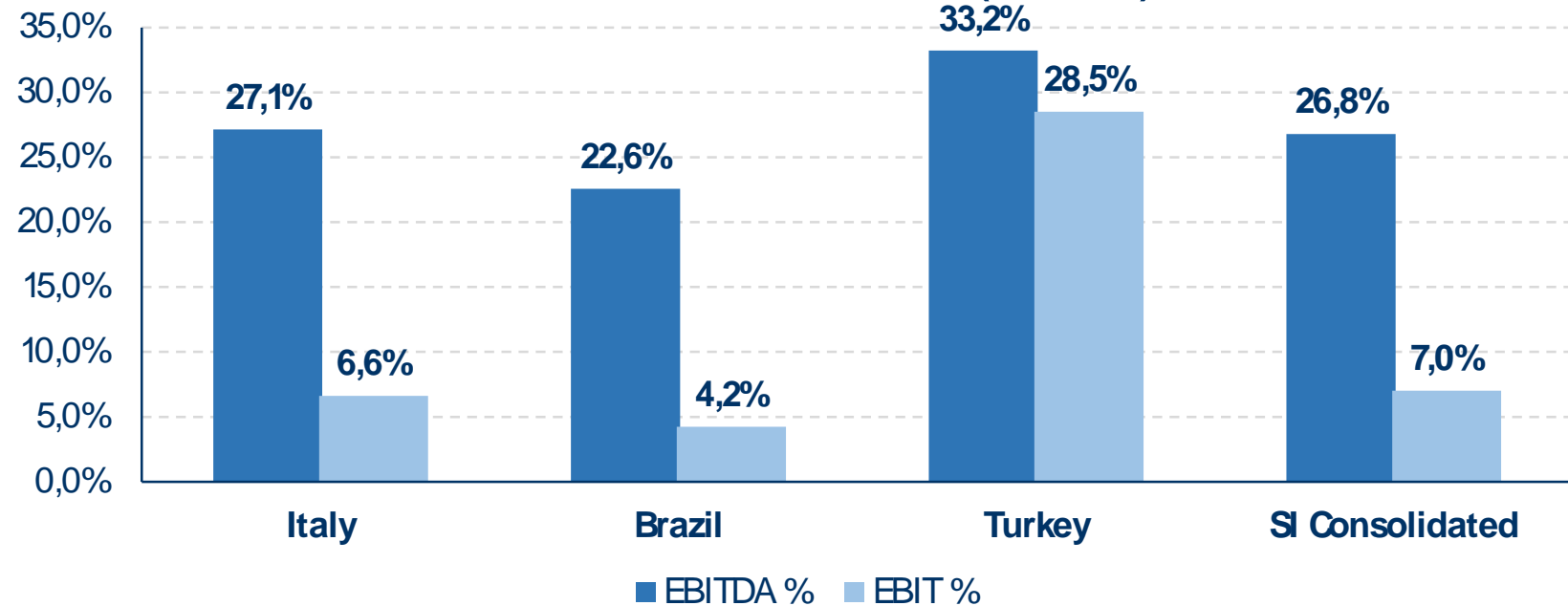
SALES BREAKDOWN PER AREA



Servizi Italia aims at increasing market diversification in the future.

Consolidation of Brazilian and Turkish market is affected by FX changes.

PROFITABILITY PER AREA (1H 2018)



Equity consolidated businesses are not included in these results.

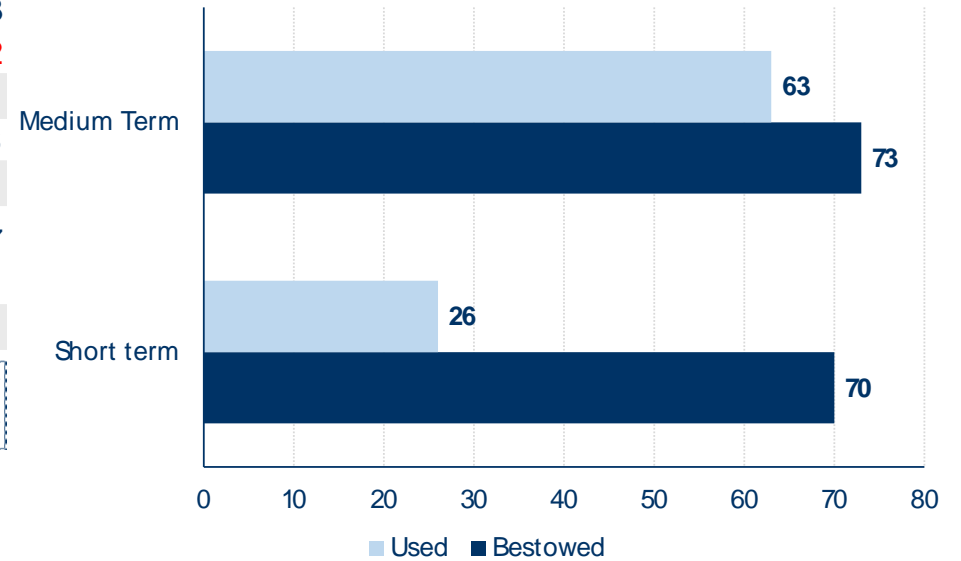
Margins in Brazil are expected to grow in short term.

CONSOLIDATED FINANCIAL RESULTS

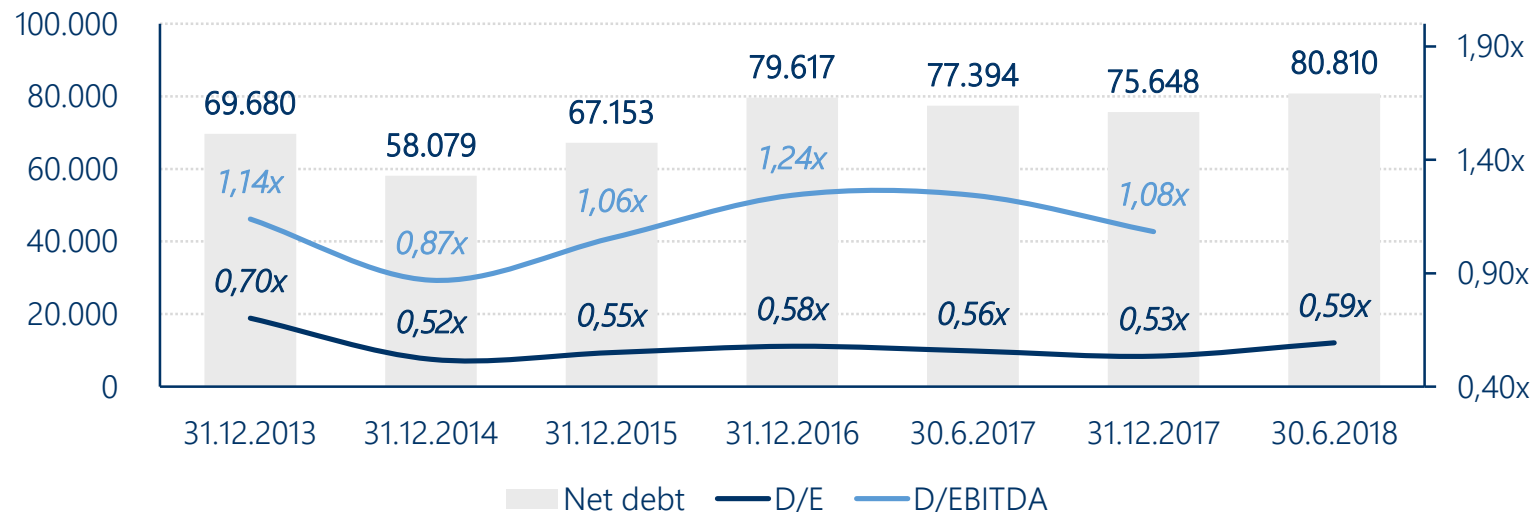


'000 Euro	30.6.2017	31.12.2017	30.6.2018
Operating net working capital	10.742	10.934	8.823
Other short-term assets/ liabilities	-6.260	-12.000	-9.792
Net working capital	4.482	-1.066	-969
Fixed assets – Medium/ Long term provisions	211.806	218.353	218.026
Invested capital	216.288	217.287	217.057
Shareholders' Equity (B)	138.894	141.639	136.247
Net financial debt (A)	77.394	75.648	80.810
Invested capital	216.288	217.287	217.057
<i>Gearing (A/ A+B)</i>	<i>0,36x</i>	<i>0,35x</i>	<i>0,37x</i>
<i>Debt/ Equity (A/ B)</i>	<i>0,56x</i>	<i>0,53x</i>	<i>0,59x</i>

CREDIT LINES (30.6.2018)



NET DEBT HISTORICAL TREND

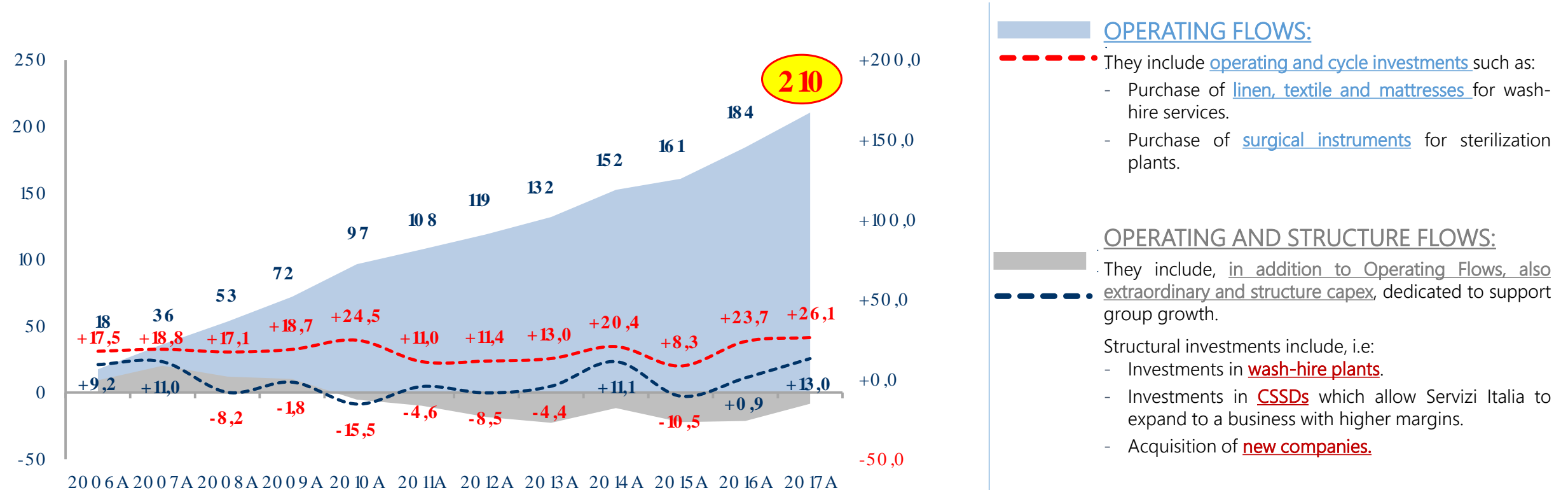


Operational investments and acquisitions of Servizi Italia are conducted with specific focus on keeping a balanced and healthy debt structure.

CASHFLOW GENERATION



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.



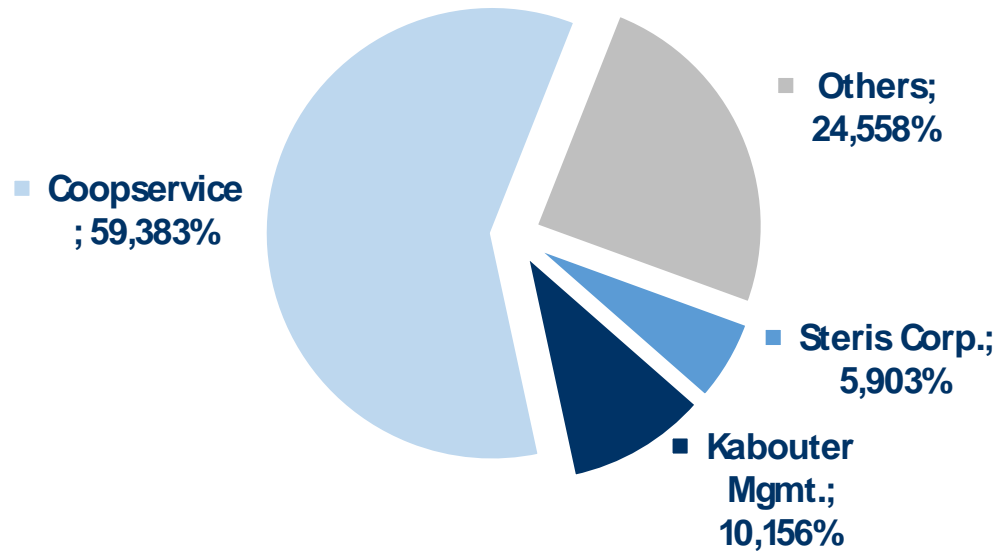
Details on shares as at 19.10.2018 (euro)

Share Capital	31.809.451
Share Price	3,60
Market Capitalization ('000)	117.695

Analyst coverage

Analyst coverage	Reccomend.	TP (euro)	Date
Intermonte SIM	Outperform	7,50	7-Aug-18
MidCap Partners	Buy	6,70	6-Sep-18

SHAREHOLDING STRUCTURE



Average **payout ratio** of last 5 years equal to 39.0%.
 Average **dividend yield** of last 5 years equal to 3.3%.



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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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