Almaviva

2021 Q4
Results Presentation

March 2022

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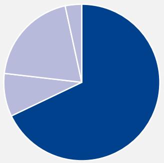
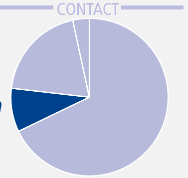
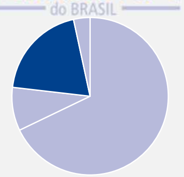
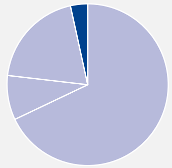
Overview of AlmavivA

AlmavivA

Business Area	IT Services	CRM		New Technology
		CRM Europe	CRM International	
Brand	AlmavivA	AlmavivA CONTACT	AlmavivA do BRASIL	ALMAWAVE
LTM[1] Revenue (% of Total)	*€ 652 m* 68% 	*€ 86 m* 9% 	*€ 190 m* 20% 	*€ 33 m* 3% 
Countries				
Products & Services Offering	■ Cloud Computing & Consulting ■ Digital Change ■ Knowledge of Everything ■ System Integration ■ Cyber Security ■ PIS solutions & devices ■ Virtual & Augmented Reality ■ Real Time CGI	■ In- and outbound services ■ Multi-channel solutions ■ Back-office document management ■ Consulting and process reengineering ■ Advanced analytics ■ Process automation		■ AI and NLU ■ AI Core Technologies ■ Speech and text (>30 languages) ■ Knowledge Management and Link Analysis ■ Customer Experience Platforms (front end) ■ Conversational Platforms (voice and text)
Business Areas	■ Transportation ■ Public administration ■ Finance ■ Utilities ■ Industry ■ Others	■ Telco & Media ■ Transportation ■ Utilities ■ Government ■ Finance ■ Others		■ Telco & Media ■ Automotive & Transportation ■ Government ■ Finance ■ Utilities ■ Energy

Source: Company Information and financials.
(1) As of December 31st, 2021, excluding €14.9m of intragroup eliminations.

Key Financial Highlights

FY 2021

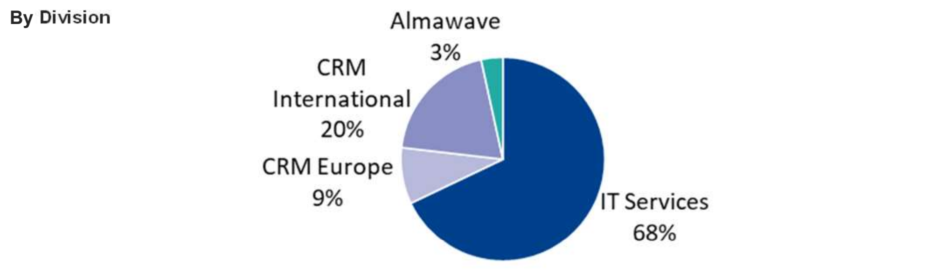
Key Highlights

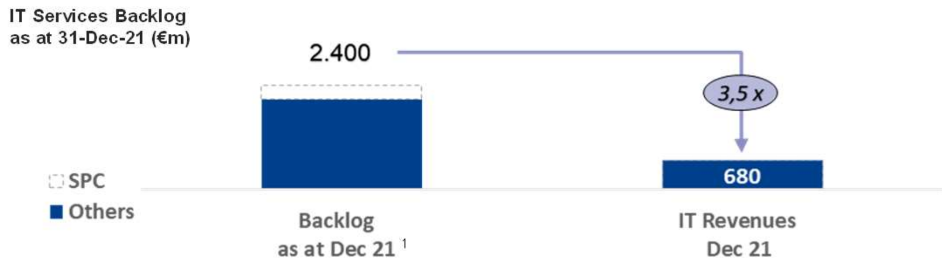
- Group Revenue at €945.8m, better than FY 2020 both at current currency (+€74.5m, +8.6%) and constant currency (+€89.7m, +10.3%)
- Group Adjusted Ebitda at €152.3m (+€30.3m vs FY 2020 Adj Ebitda at €122.0m)
- Group Reported Ebitda at €145.5m, increased by €29.4m (+25.3%) compared to FY 2020, +€32.3m at constant currency (€148.5m, +27.8%)
- FY 2021 Ebitda margin at 15.4% (+210 bps vs FY 2020)
- Capex at €32.7m, in line with FY 2020 (€31.2m)
- Positive Net Result at €59.9m (+€23.8m, +65.7% vs FY 2020)

Key Statistics

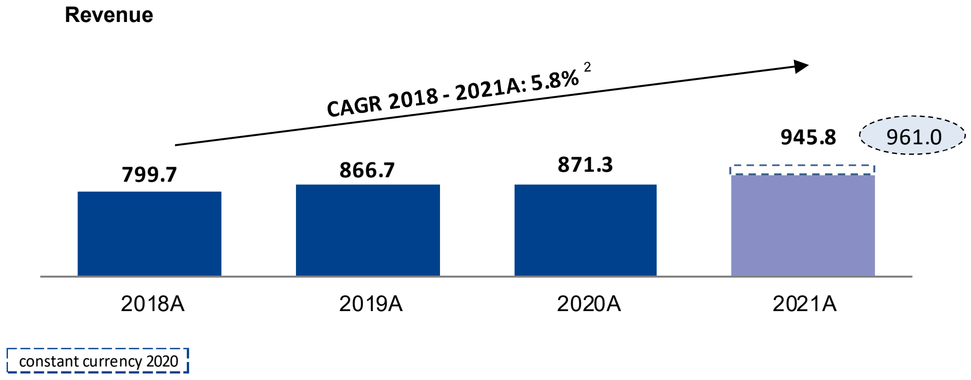
- IT backlog covers 3.5 times the FY 2021 IT Services Revenues considering the outstanding growth in Revenues
- Continuous Revenue growth (CAGR 2018-2021: 5.8%)
- Net Debt at €238.0m in line with FY 2020
- Leverage at 1.6x, 0.4x better than 2.0x as at December 31st 2020
- Cash position at €169.6m

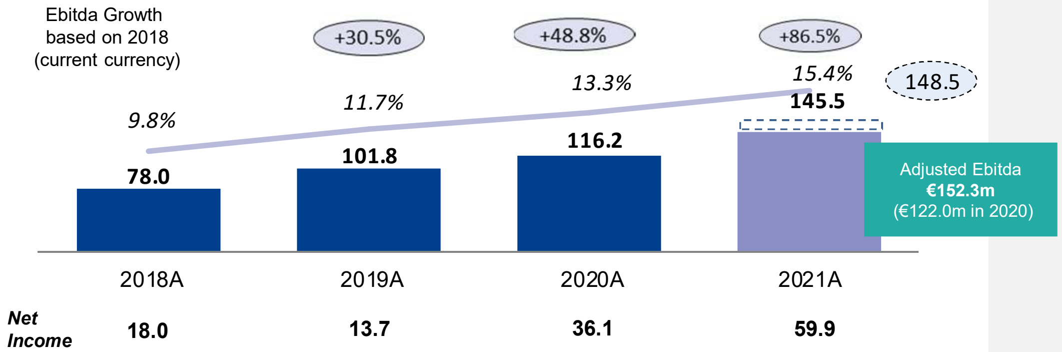
FY 2021 Revenue Breakdown and Current Backlog





Key Financials (€m)





Since 2019, figures consider the adoption of the new accounting principles IFRS 16 that came into effect on January 1st 2019.

(1) Backlog also includes the amount deriving from the awarding in 2022 of FS Group Tenders 1, 2 and 5.

(2) At current currency.

Key Operating Performance Highlights

FY 2021

Almaviva

ITC Services

- Extension in March 2021 of SPC L3 and L4 framework agreement (€425m, 75.1% Almaviva Group share)
- Awarding of three tenders with Gruppo Ferrovie dello Stato (total value €1,848m; 7 years; Almaviva share over €1.1b). Further tenders are expected to be issued within 2022
- Around €2,034m new contracts signed in 2021 in the IT division, of which around 14% under the SPC framework agreements, 66% Transportation (including FS Group tenders), 4% Finance, 13% PA and 2% other sectors
- Increased penetration in public central and local administration; as of December 2021, contracts for a total amount of €900m already signed with PA on the back of the SPC L3 and L4 framework agreements (€308m in 2021). New clients acquired both in central (27) and local PA (124, mainly Regions), 2 in Q4 2021
- Around €1.3b new tenders in public administration already issued or awaited in 2022, not including EU Recovery Fund
- Expected strong increase of investments in PA deriving from the recourse to EU Recovery Fund (PNRR), that allocates €50b in digitalization, innovation and competitiveness, €20b on Healthcare with a focus on technology, €31b on infrastructures and transportation, all sectors that represent Almaviva's core business
- Successful awarding of tenders in cloud services for PA (€140m Almaviva share, 2-3y), digital health (€70m Almaviva share, 5y), digital transformation in Local PA (€11m Almaviva share, 5y), Ministry of Economics and National Anticorruption Authority (€25m Almaviva share, 2y)
- Following the acquisition of Kline in August 2021, that focused on Wealth Management (investment firms, asset management companies and private banking) and combined products efficiency and multiple skills in TechFin, in January 2022 Almaviva reorganized its Financial Division through the establishment of a new, dedicated company: Reactive (100% Almaviva). The new company will enable Almaviva to strengthen its recognized leadership in the reference market
- International expansion: tenders awarded in IT business in USA (Metro of Washington, $70m value, 7y) and in Russia, Egypt and Dominican Republic concerning visa outsourced services (€25.0m, 5y)
- Intense M&A activities in order to finalize acquisitions focused on enhancing the offering and presence in some specific verticals (transportation, finance, healthcare and cybersecurity)

Almawave

- Growth in Revenue (+22.4% vs FY2020) and Ebitda (+25.4% vs FY2020) and outstanding performance on Government (+36% YoY)
- As of today, more than 130 clients, 70 served in finance, utilities and large distribution; within the scope of the SPC framework agreements, 60 clients acquired both in central and local PA (+9 vs FY2020)
- Investment agreements for the acquisition of Data Appeal (vertical AI analytics solutions company, active in tourism, fintech and location intelligence) and Sistemi Territoriali (Data Science, Spatial intelligence and decision support platforms company, active in multi-services and PA sectors)
- New release of Iride® Text Analytics and Iride® KM based on microservices architecture; new product releases of Audioma® IVR 2.3, Flyscribe ® 2.6, Verbamatic ® 2.0
- Acquired new major release of Monolith, OBDA's Semantic Enterprise Knowledge Graph platform
- The percentage of direct/third party revenues keeps growing vis a vis intercompany revenues (83% vs 80% in FY2020)

FS Group Tenders

Focus on awarded tenders

Tender 1	Tender 2	Tender 5
ICT services for the development, evolutive, corrective and adaptive maintenance and management of applications/systems for railway Infrastructure operators	ICT Services for the development, evolutive, corrective and adaptive maintenance of applications/systems for transport operators	ICT services for system management and hardware, hosting, housing, IaaS through Data Centers
€575m value	€478m value	€795m value
7 years	7 years	7 years
85.0% Almaviva share	77.5% Almaviva share	37.0% Almaviva share
€489m Almaviva share	€370m Almaviva share	€294m Almaviva share
✓ Won by Almaviva	✓ Won by Almaviva	✓ Won by Almaviva

Added Backlog: €1,153m

Key Operating Performance Highlights

FY 2021

CRM

CRM EUROPE

- FY Ebitda at breakeven (-€1.2m), better than previous year (-€3.8m) thanks to the completion of home-office operational and technological model, together with the efficiency of logistic structure and client portfolio optimization, focusing on more profitable clients and services/products
- Continuous rightsizing actions focused on healthful and positive margin services/products and clients, as well as selectively pursuing only profitable contracts
- Ongoing partnership with the Italian Government in the management of Green Pass, that led to a marked increase in volume, as well as the service connected to the covid-19 emergency number 1500
- Extension of government support: social buffers connected to covid-19, such as Fondo Integrazione Salariale (FIS) and CIGS, guaranteed until year-end 2022
- Workforce in constant reduction in Italy: 3,312 employees in December 2021 vs 7,906 in December 2015 (-4,594 employees, -58.1%) and vs 3,690 in December 2020 (-378 employees, -10.2%, in FY)
- Thanks to social clauses, all employees previously on Alitalia contract are being relocated to the new provider Covisian; in 2022 relocation of 317 employees
- Workforce currently on Wind activities will be transferred to the new provider Network Contacts (-650 employees expected in 2022)

CRM INTERNATIONAL

- In December 2021 extension of the “desoneração da folha” (a tax benefit concerning payroll exemption introduced by Lei Brasil Maior) until December 2023, that allows the company to reduce the tax burden on labor cost
- Successful implementation of 3 non telco clients in Q4 2021 (1 financial, 2 other sectors)
- Growth in digitalization and continuous investments to finalize smart office sites
- In Q4 2021, the company finalized negotiations for the acquisition of CRC and its subsidiary CRC Digital, as part of the company's strategy to increase its presence in the financial sector, which began in early 2020 with the acquisition of the company Chain
- CRC is a company of around 4,000 employees, operating in the city of Fortaleza, located in the state of Ceará (Northeast of Brazil) with annual revenue of around 200 million reais
- Thanks to this acquisition Almaviva do Brasil is now one of the largest extrajudicial collection companies in the country
- In order to face the increase in inflation, the Central Bank of Brazil (BACEN) decided to increase the basic interest rate (SELIC) to 11.75%, a growth of 550bps compared to Q3 2021

Summary P&L

€m

€ million	YTD Dec 19	YTD Dec 20	YTD Dec 21
	IFRS 16	IFRS16	IFRS16
Revenues	866.7	871.3	945.8
% Growth	*8.4%*	*0.5%*	*8.6%*
Total of Revenues and Other Income	886.8	890.7	973.9
% Growth	*7.8%*	*0.4%*	*9.3%*
Operating Costs	(785.0)	(768.6)	(821.6)
% Revenues	*90.6%*	*88.2%*	*86.9%*
Adjusted EBITDA	101.8	122.0	152.3
% Margin	*11.7%*	*14.0%*	*16.1%*
Non-Recurring Items	-	(5.9)	(6.8)
% Revenues	*0.0%*	*0.7%*	*0.7%*
EBITDA	101.8	116.2	145.5
% Margin	*11.7%*	*13.3%*	*15.4%*
D&A	(41.6)	(39.2)	(37.1)
% Revenues	*4.8%*	*4.5%*	*3.9%*
EBIT	60.3	77.7	107.5
% Margin	*7.0%*	*8.9%*	*11.4%*
Interest Expense [(1)]	(37.9)	(32.5)	(33.6)
% Revenues	*4.4%*	*3.7%*	*3.5%*
EBT	22.3	45.1	73.9
% Margin	*2.6%*	*5.2%*	*7.8%*
Taxes	(8.7)	(9.0)	(14.0)
Group Net Income	13.7	36.1	59.9

Key comments

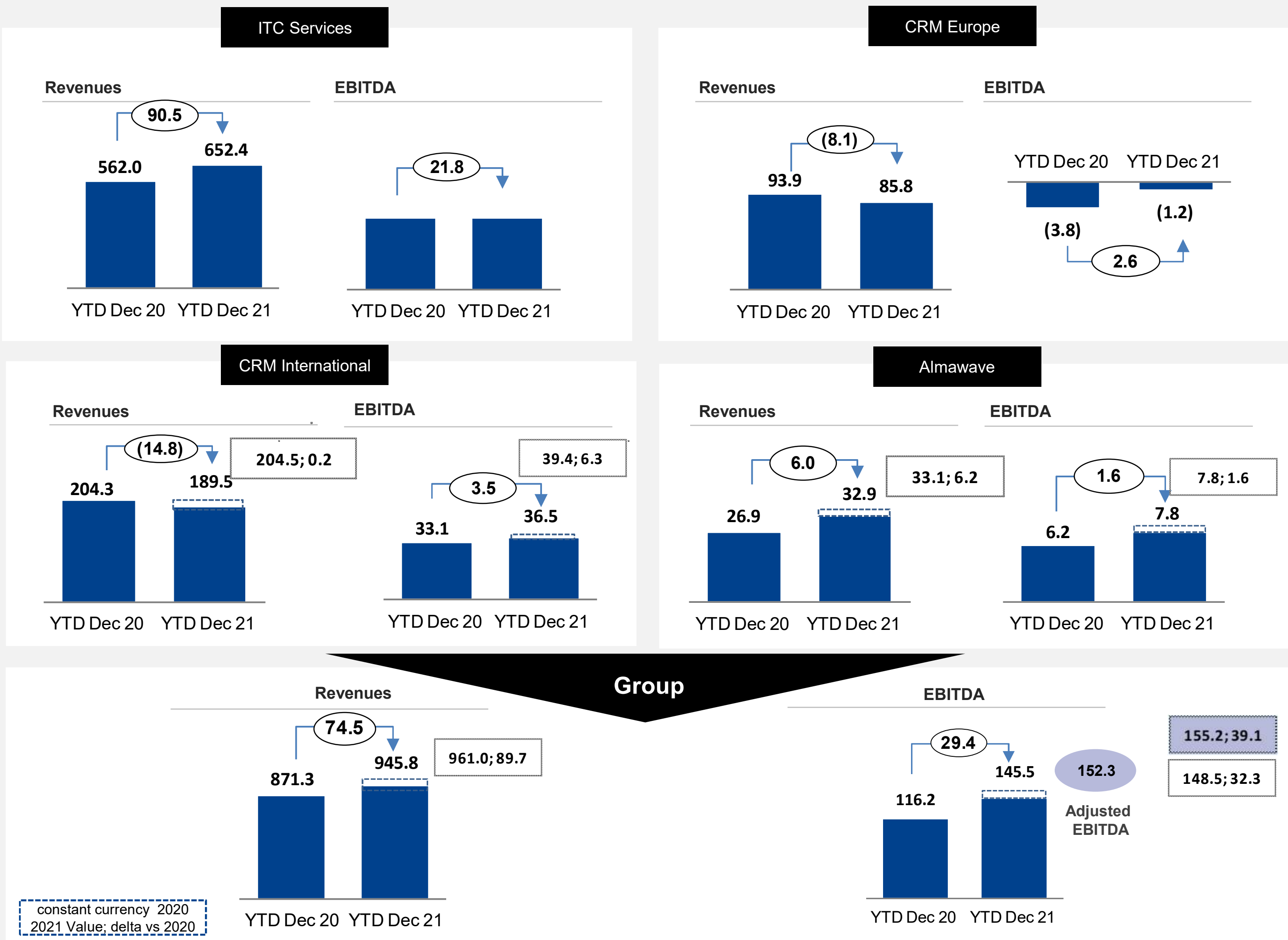
- FY 2021 Revenues better than FY 2020 (+€74.5m, +8.6%)
- FY 2021 Ebitda increased by €29.4m, +25.3% vs FY 2020
- FY 2021 Ebitda includes €6.8m extraordinary costs related to provisions for personnel early retirement (Quota 100) in IT Services (€2.8m), stock grant (€3.2m) in IT Services and Almawave and rightsizing one-off costs in CRM Europe Adjusted Ebitda at €152.3m
- FY 2021 Ebitda margin increased by 210 bps (15.4% vs 13.3% in FY 2020)
- Operating costs as a percentage of Revenues better than FY 2020 (87.6% vs 88.9%)
- FY 2021 EBIT increased vs FY 2020 (€107.5m vs €77.7m, +€29.8m or +38.3%)
- D&A, mainly related to fixed assets in IT Division and Brazil, better than FY 2020
- FY 2021 EBT at €73.9m (+63.7% vs FY 2020)
- Interest expense in 2021 includes the accelerated depreciation of the last year of the amortized cost related to the previous HY bond (reimbursed in November 2021)
- Taxes increase due to positive results in every division (in FY 2020 tax benefit from the recovery of fiscal losses carried forward at consolidated level)
- FY 2021 Net Income at €59.9 (+€23.8m vs FY 2020, +65.7%)

[(1)] Interest Expense includes FX change effect of €0.3m in FY 2021.

Key Financials By Division

€m

Dec-2021 Year To Date Performance



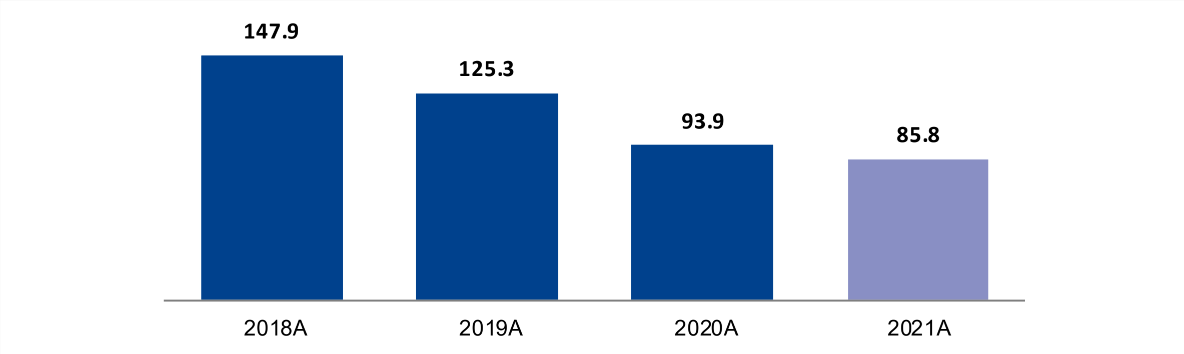
Key comments

- In FY 2021 growth in Group Revenues (+€74.5m, +8.6%) and Group Ebitda (+€29.4m, +25.3%) compared to FY 2020, with higher marginality
- Group performance impacted by FX effect. At constant currency FY 2020, +€89.7m in Revenues (€961.0m vs €871.3m in FY 2020, +10.3%), +32.3m in Ebitda (€148.5m vs €116.2m in FY 2020, +27.8%)
- Group Ebitda margin increased by 210 bps (15.4% vs 13.3% in FY 2020)
- IT Services keeps growing in FY 2021 both in Revenues (+€90.5m, +16.1%) and Ebitda (+€21.8m, +27.7%) compared to FY 2020
- CRM Europe Revenues impacted by right-sizing, while Ebitda highly improved vs FY 2020 (+€2.6m, from -€3.8m in FY 2020 to -€1.2m in FY 2021)
- CRM International significant increase in marginality (19.3% vs 16.2% in FY 2020); growth in Ebitda both at current (€36.5m vs €33.1m, +10.5%) and at constant currency (+€6.3m, +19.2% vs FY 2020)
- Almawave growth in Revenues (+22.4% vs FY 2020) and Ebitda (+25.4%); at constant currency: +23.1% in Revenues and +26.2% in Ebitda
- FY 2021 Ebitda includes €6.8m extraordinary costs related to provisions for personnel early retirement (Quota 100) in IT Services (€2.8m), stock grant (€3.2m) in IT Services and Almawave and rightsizing one-off costs in CRM Europe. Adjusted Ebitda at €152.3m

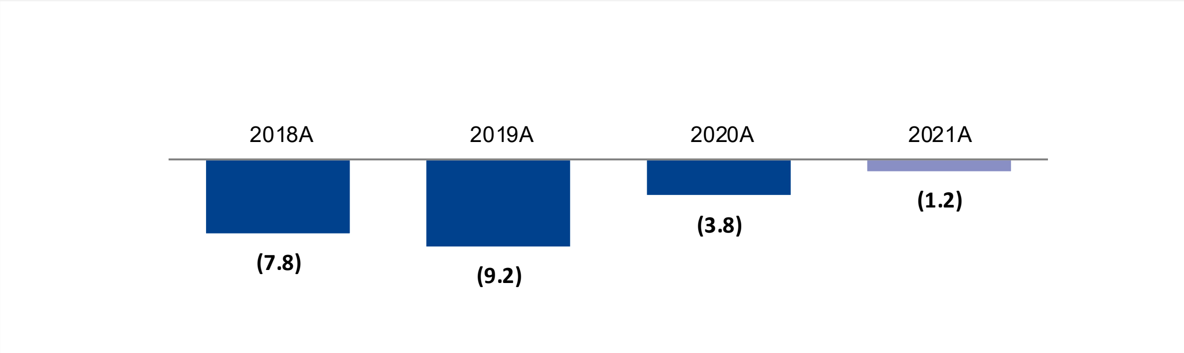
CRM Europe

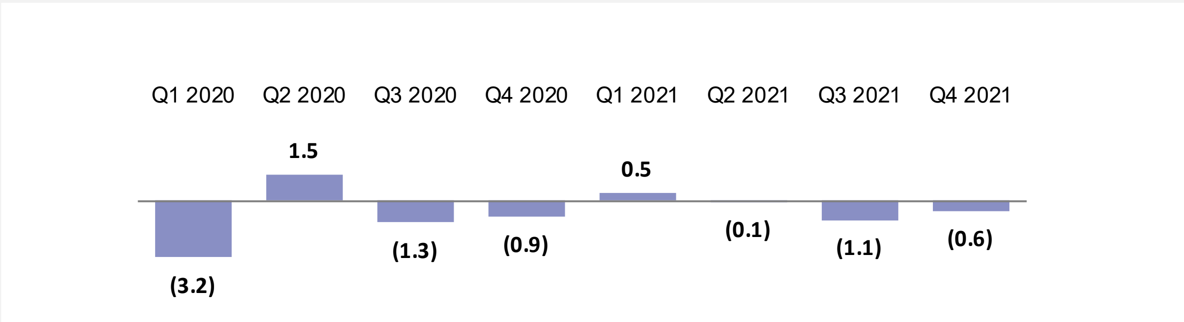
Key Financials

Revenue (€m)



EBITDA (€m)





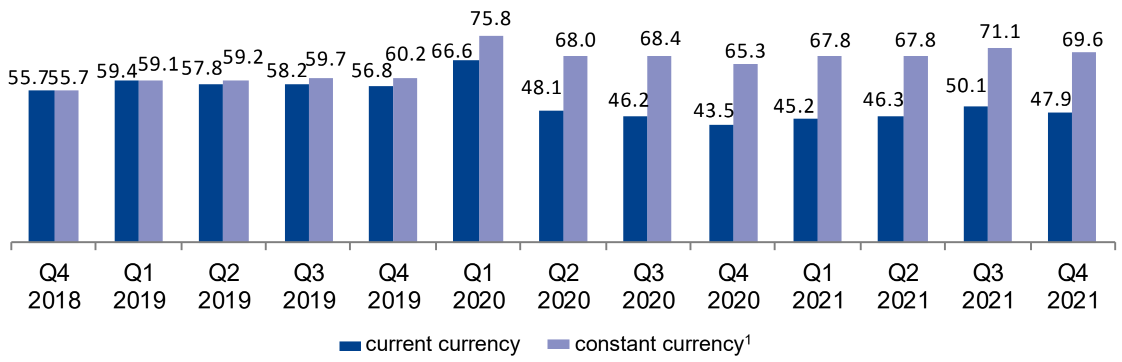
Key comments

- FY 2021 Ebitda at -€1.2m, better than previous year (€-3.8m) thanks to efficiency, rightsizing operations and client portfolio optimization
- Continuous efficiency actions to improve the sites overall operational structure efficiency and to promote costs containment
- >90% of the workforce delivering services in smart-working (including the dedicated information service number 1500 and the management of Green Pass)
- Since 2015, CRM Europe's workforce has been consistently reduced in line with "rightsizing" of business operations and selectively focus only on profitable relations and products. As of December 2021, workforce reduction of 378 (-10.2%) vs December 2020 and of 4,594 vs December 2015 (-58.1%)

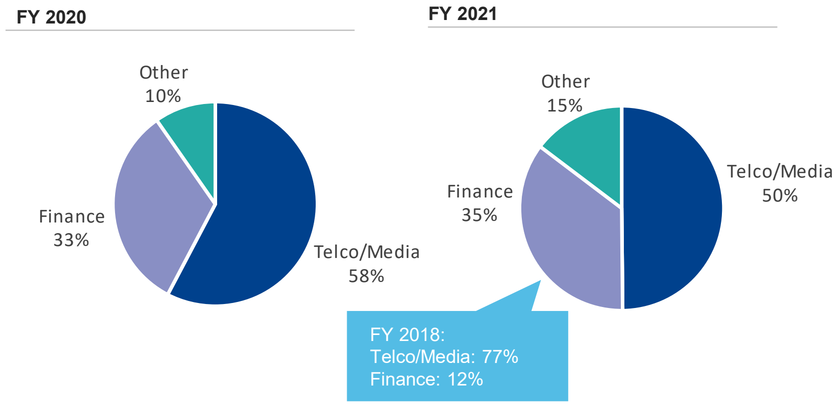
CRM International

Key Financials

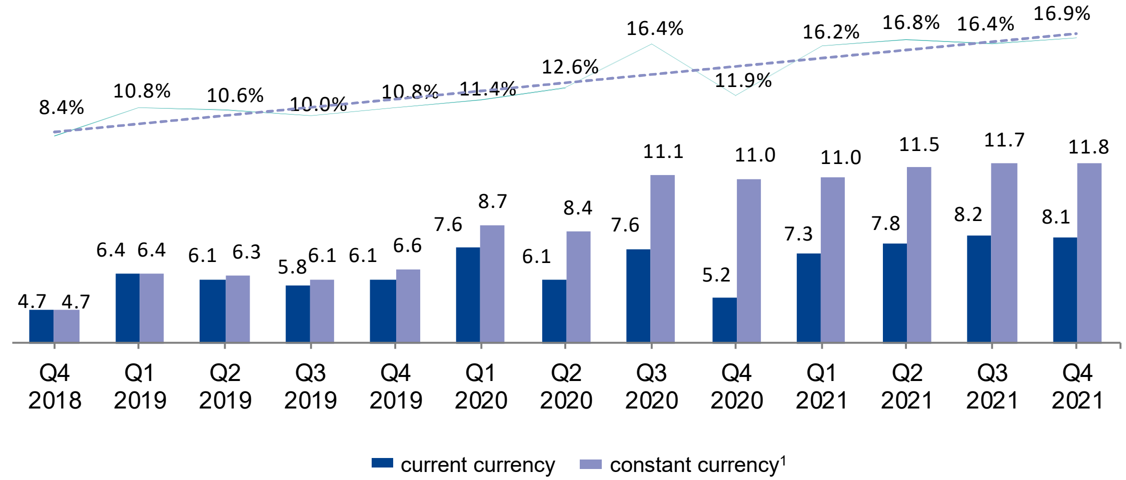
Revenue (€m)



Revenue Breakdown



EBITDA (€m)



Key comments

- FY 2021 Ebitda better than FY 2020 at current currency (+€3.5m, +10.5%) and at constant currency (+€6.3m, +19.2%)
- Revenue reduction vs marginality optimization; in Q4 2021 set-up and launch of operations on 3 new non-telco clients that will lead to an increase in volumes and an improvement in marginality in the next quarters
- Optimization in revenue allocation starting from 2018 (telco/media from 77% to 50%)
- Ebitda margin higher than 16% starting from Q3 2020
- Customers and industries diversification: following the acquisition of Chain, in Q4 2021 completion of the negotiations for the acquisition (completed in 2022) of CRC, a collection company, meant to contribute to the Company's effort to further reduce the telco/media weight on the overall portfolio; telco-media 50% in FY 2021 vs 58% in FY 2020 (-800 bps)

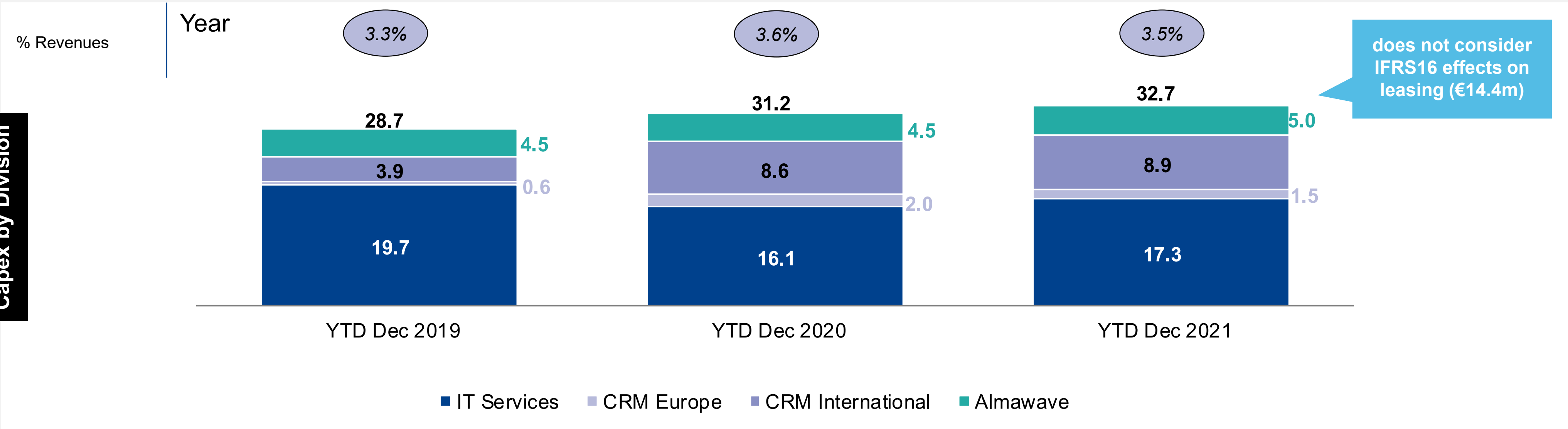
Since 2019, figures consider the adoption of the new accounting principles IFRS 16 that came into effect on January 1st 2019.

[1] Constant currency Q4 2018.

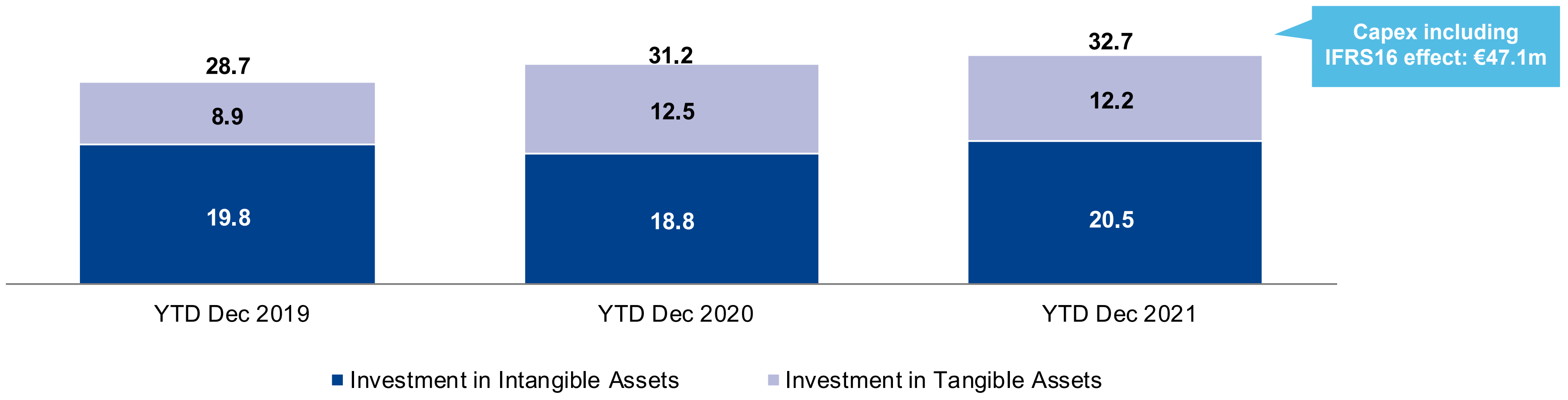
Capex Overview

€m

Capex by Division



Capex by Type



Capex do not consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019.
FY2019 Capex do not include the goodwill of Wedoo (~€0.6m).

Summary Cash Flows

€m

€ million	YTD Dec 20	YTD Dec 21
Adjusted EBITDA	**122.0**	**152.3**
Capex	(31.2)	(32.7)
(Increase) / Decrease in Normalised Working Capital	(1.8)	(70.0)
Adjusted Operating Cash Flow	**89.0**	**49.6**
% Adjusted EBITDA	*73.0%*	*32.6%*
Non-Recurring Items	(5.9)	(6.8)
Taxes	(8.5)	(12.0)
Free Cash Flow for Debt Service ante Dividend Payments and Other Items	**74.6**	**30.8**
Dividend Payments	(1)	(20.1)
Other Items[1]	(11.8)	21.8
Free Cash Flow for Debt Service	**62.1**	**32.4**

€(46.0)m after VAT credits

€56.5m after VAT credits

Key comments

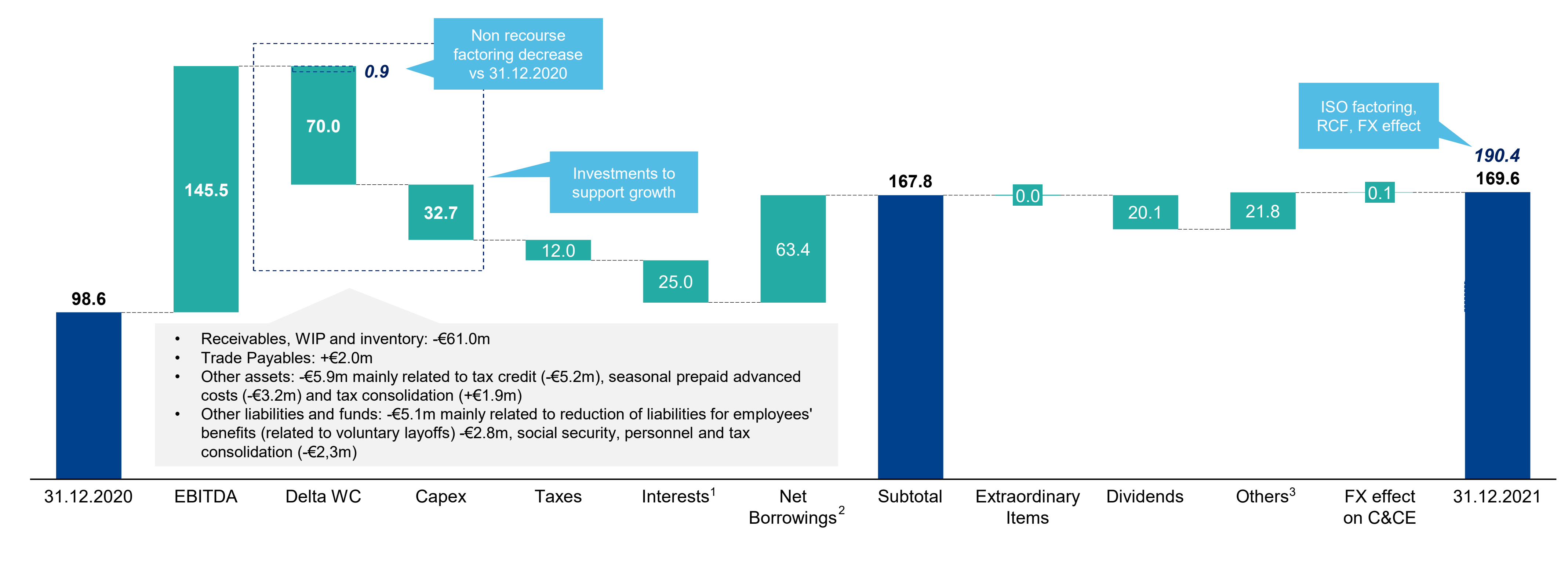
- Positive Free Cash Flow for Debt Service
- FY 2021 Capex at €32.7m increasing vs FY 2020 Capex at €31.2m; FY 2021 Capex are mainly related to specific projects in IT, space rationalization connected to smart-working in every site in Italy and abroad
- Change in working capital is mainly driven by receivables, WIP, social security, taxes and VAT credits. Total VAT credits €24.1m; €6.2m already collected in 2022.
- Other Items include the net amount deriving from the listing of Almawave for ~ €28m and the offset of the non-cash item (~ €7.2m) deriving from the acquisition of Kline's 70% share through the transfer of a company branch

[1] Includes equity investments, proceeds from non-controlling interests, change in assets held for sale and disinvestments.

Cash Flow

Strong operative performance and outstanding cash position

Cash Balance (€m)



Key comments

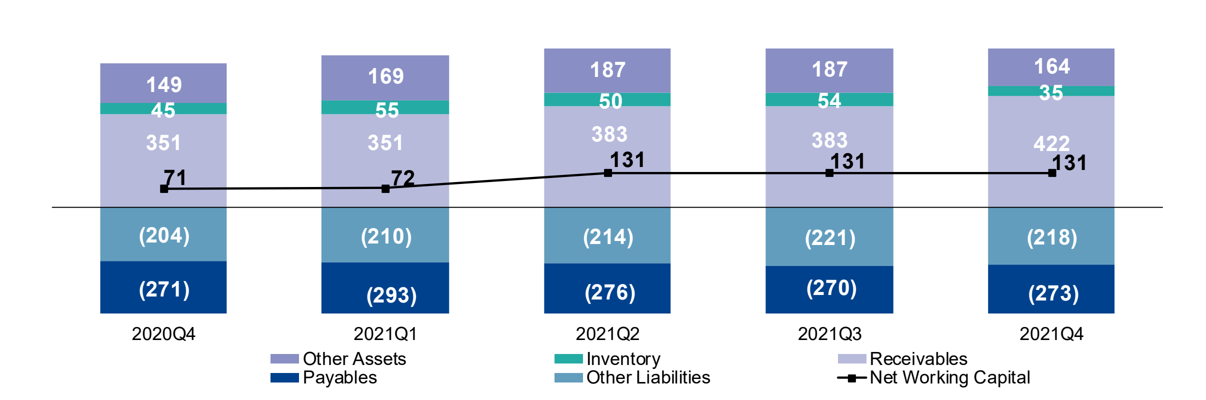
- Strong operative performance with EBITDA increase (+29.4m, +25.3% at Group level vs FY 2020)
- Impact on working capital due to growth (Receivables, VAT credits)
- Cash & Cash Equivalents adjusted by factoring, RCF use and FX effect at €190.4m

(1) (2) Include leases repayments.
(2) Include the new HY bond issue, the reimbursement of the previous one and the leases repayment
(3) Includes the proceeds from Almawave IP3-O (~€28m net of costs) and the offset of the non-cash item (~ €7.2m) deriving from the acquisition of Kline's 70% share through the transfer of a company branch

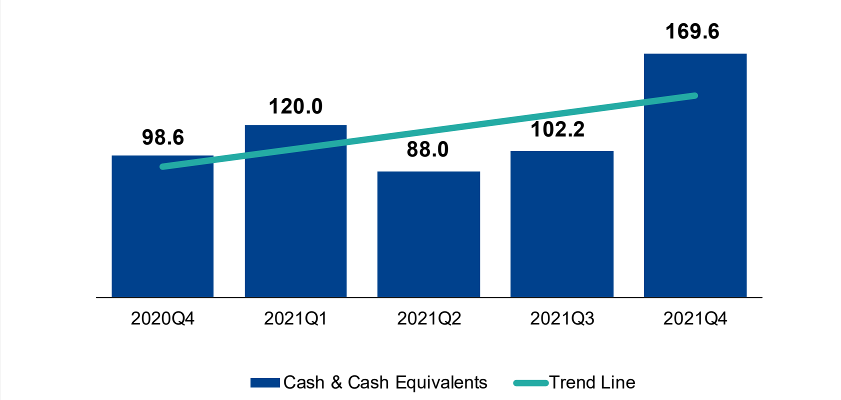
Financial Highlights

Solid liquidity position with several undrawn resources available

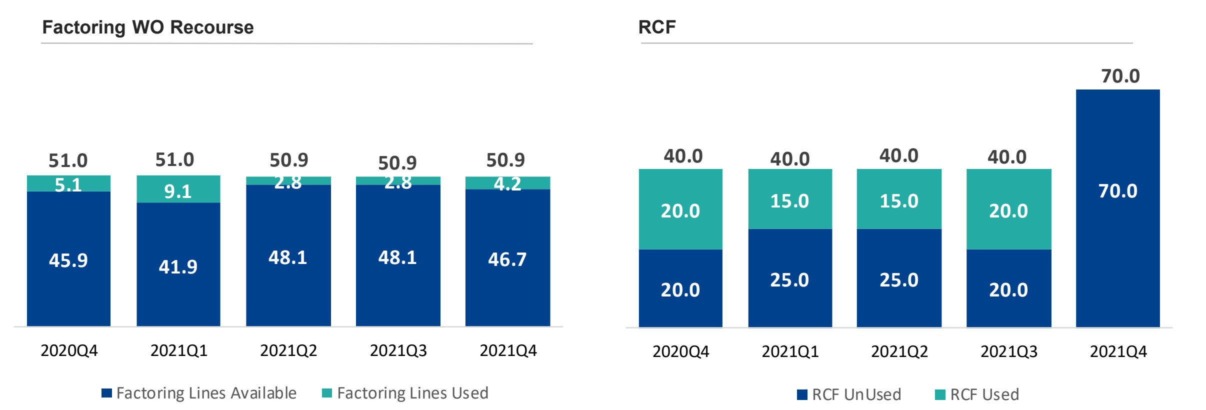
Working Capital (€m)



Cash & Cash Equivalents (€m, current currency)

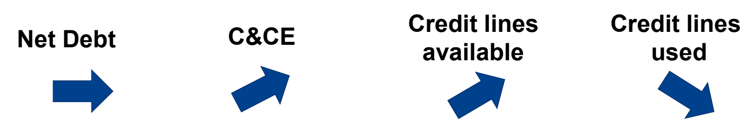


Factoring without Recourse & RCF (€m)



Net Debt (€m)

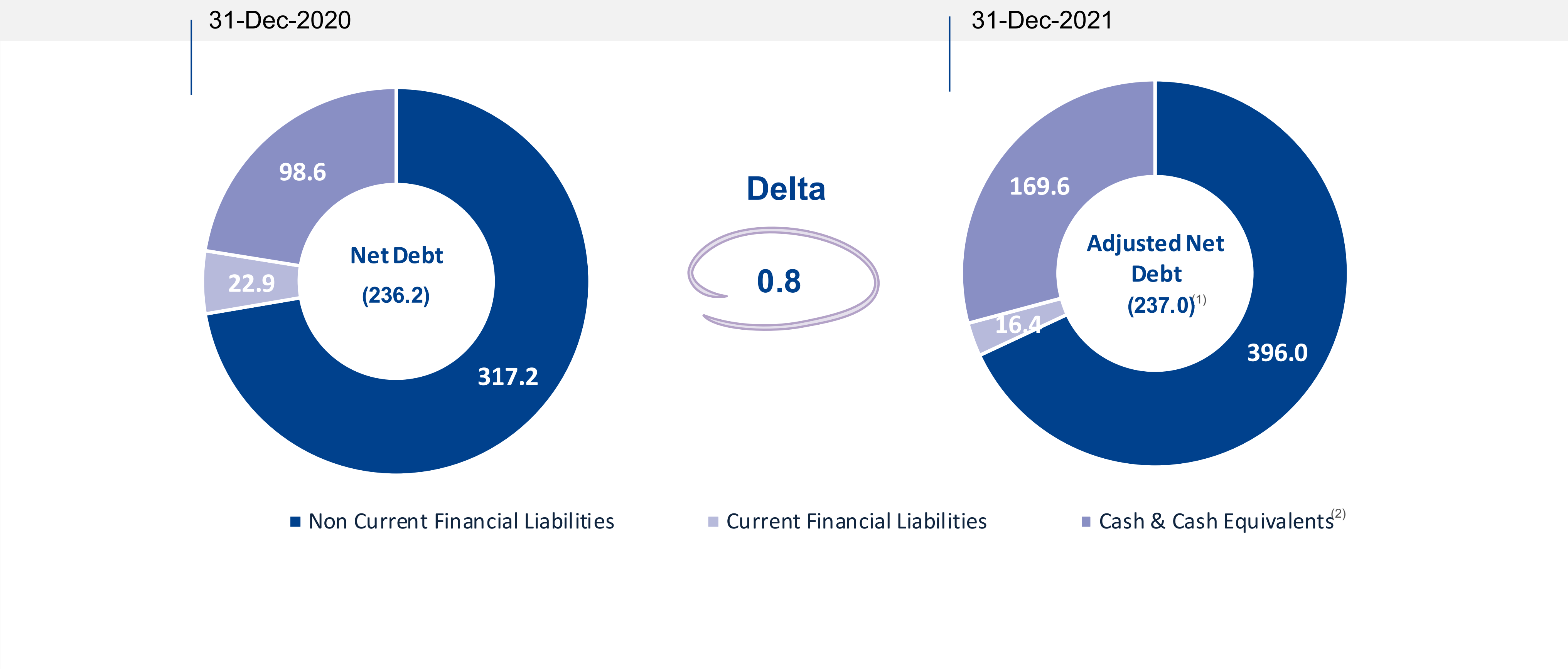
	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4
Net Debt	(236.2)	(216.2)	(244.7)	(243.8)	(238.0)
Delta vs Previous Q		20.0	(28.5)	0.9	5.9
Delta vs 2020Q4		20.0	(8.5)	(7.6)	(1.7)



FY 2021 characterized by extraordinary liquidity position and high credit lines availability

Financial Debt

Stable Adjusted Net Debt(1), Considering Non-recourse Factoring Reduction (€m)



- Outstanding Cash Balance position
- Extraordinary Leverage reduction (1.6x vs 2.0x in December 2020)
- Adjusted Leverage at approximately 1.4x considering the overall VAT credit (€24m)

(1) Net Debt adjusted considering the decrease of non-recourse factoring vs 31.12.2020 (€0.9m)

(2) C&CE as at 31-Dec-2021 at constant currency 2020 at €190.5m if considering non-recourse factoring and RCF utilization decrease vs 31.12.2020 (respectively €0.9m and €20.0m)

Capitalisation Structure as at 31-Dec-21

Almaviva

€m	Amount	Dec 21 EBITDA	Pricing	Maturity
Cash and cash equivalents	(169.6)			
Total current and non-current financial assets[(1)]	(4.8)			
Senior Secured Notes	**350.0**		**4.875%**	**Oct-2026**
Super Senior RCF (Drawn)	0			
Other financial liabilities[(2)]	62.4			
Total Gross Debt	**412.4**	**2.8x**		
Total Net Debt	**238.0**	**1.6x**		
Dec 21 EBITDA		**145.5**		
Super Senior RCF (Undrawn)	70.0		E+275bps	May-2026

Key Credit Stats (YTD Dec-21)

- Net Total Leverage: 1.6x vs 2.0x in Q4 2020
- Interest Coverage Ratio: 4.5x vs 3.6x in Q4 2020
- No RCF drawdown

Bond Refinancing successfully concluded

New €350m Notes and €70m RCF issued on November 3rd 2021

Final maturity: October 2026

Coupon: 4 7/8

(1) Include financial credits.
(2) Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon to be paid in April 2022 (€8.2m) and leasing.

FY 2021 Performance

Final remarks

Awarding of three FS Group new tenders (100% success)

Outstanding Backlog

Bond and RCF refinancing successfully concluded

Rating improvement: S&P B+; Fitch BB-

Almawave is well performing, in line with IPO expectations

Solid operative performance in all sectors (CRM Europe at breakeven)

Strong Leverage reduction trend

Robust cash balance position and additional financial resources to support M&A and organic growth