2018 Q2 Results Presentation

September 2018

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Overview of AlmavivA

AlmavivA

	IT Services	CRM – CRM Europe	CRM – CRM International	New Technology
Business Area	IT Services	CRM Europe	CRM International	New Technology
Brand	AlmavivA	AlmavivA CONTACT	AlmavivA CONTACT	Almawave people centered technology
LTM(1) Sales (% of Total)	*€ 396 m* – 50 %	*€ 142 m* – 18 %	*€ 234 m* – 30%	*€ 16 m* – 2 %
Countries				
Business Areas	■ Transport ■ Banking/Insurance ■ Agriculture/Environment ■ Treasury and Public Finance ■ Ministries ■ Local Government ■ Utilities ■ Welfare ■ Homeland Security ■ International – EC Activities	■ Telco & Media ■ Transport ■ Utilities ■ Government ■ Finance	■ Telco & Media ■ Transport ■ Utilities ■ Government ■ Finance ■ Retail credit management ■ Pharmaceutical ■ Automotive Sector	■ Telco & Media ■ Transport ■ Government ■ Finance ■ Utilities

Source: Company Information and financials

(1) As of 30-Jun-2018; excludes €17m of intragroup eliminations.

Key Financial Highlights

6M 2018

Key Highlights

6M 2018 Results

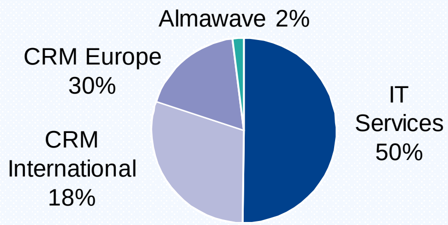
- Group revenues at €386.5m, increased by €14.8m (+4.0%) compared to FY 2017 (+10.3% at constant currency)
- Group Reported EBITDA at €39.1m, increased by €5.8m (+17.3%) compared to 6M 2017 (+23.6% at constant currency)
  - 6M EBITDA margin increased by 115 bps from 9.0% to 10.1%
  - LTM Reported EBITDA at €70.9m; LTM EBITDA margin increased compared to the previous period (9.2% vs 8.6% FY2017 and 4.9% FY2016)
- Capex at €12.1m, increased by €2.1m compared to 6M 2017
- Positive Net Result at €11.5m, increased by €10.1m compared to 6M 2017

Key Statistics

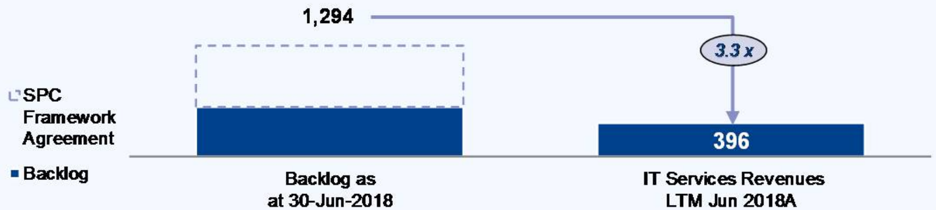
- IT backlog covers around 3.3 times the LTM IT Services Revenues
- Continuous LTM YoY revenue growth (CAGR 3.6%)
- Net Debt as of 30-Jun-2018 equal to €211m or 3.0x LTM adjusted EBITDA

LTM Jun-2018 Revenue Breakdown and Current Backlog

By Division

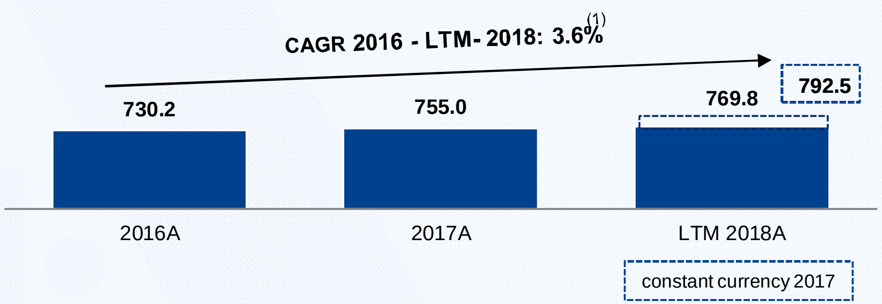


IT Services Backlog as of 30-Jun-2018 (€m)

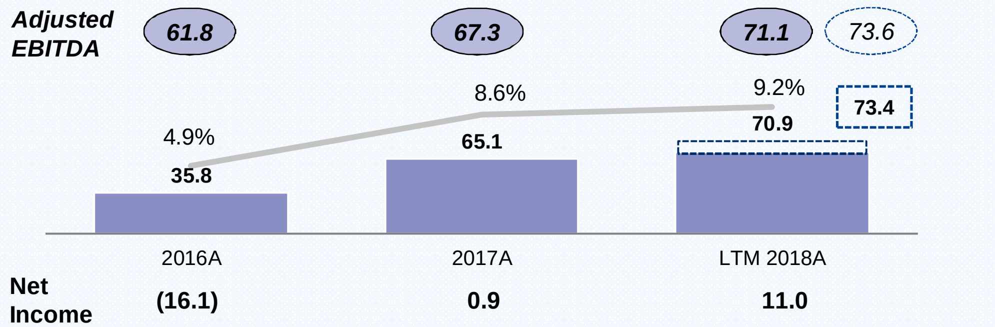


Key Financials (€m)

Revenues



EBITDA and EBITDA Margin



Source: Company Information as of 30-Jun-2018

(1) At current currency

Key Operating Performance Highlights

6M 2018

IT Services

- Around €298m of new contracts signed in 1H 2018 (€199m in 2Q 2018) in the IT division, of which around 32% under the SPC framework agreements, 43% Transportation, 18% Finance and 8% other sectors
- As of August, 2018, already signed a total of up to €173m contracts with PA on the back of the SPC L3 and L4 framework agreements. Gained new clients both in Central (12) and Local PA (31, mainly Regions)
- On April 19th, 2018 Almaviva completed the acquisition of the majority stake in SADEL S.p.A., company leader in Italy in IoT-Internet of things and PIS-Passenger Information Systems solutions for mobility and device production, thus completing the end-to-end service value chain in this specific market. The company, in the last few months has increased its capability in order to support not only on-board passenger information systems but also new information solutions for ground stations
- New opportunities pursued outside of Italy in Transportation Division, (Saudi Arabia, Eastern Europe and Indonesia). Start-up of the new contract with the Finland Rail Network
- Start-up of the new company Almaviva Digitaltec, based in Naples, focused on emerging and disruptive technologies (Mobile, IoT, GIS, Big Data Analytics, …), based on lean processes, highly efficient and with low cost structures.

CRM

- CRM Europe: start-up of the fourth site in Romania (Kraiova); start-up of new projects for existing clients and acquisition of a new client
- CRM International:
  - The performance is continuing to improve, reflecting the effects of the actions taken in the second half of the 2017 (new commercial and operations organizations, optimization of new processes and increased utilization of technology to improve efficiency and quality)
  - 5 new customers started operations in the 1H 2018 and volume forecasts regularly growing
  - Strong improvement in EBITDA and EBITDA margin in 2Q 2018 vs 4Q 2017 and 1Q 2018
  - The Brazilian Supreme Court issued a ruling on August 30th, 2018 that increased the country`s legal stability, acknowledging the possibility of unlimited employee outsourcing for Brazilian companies (thus helping clients to outsource services, with positive impact on new market volumes)

Almawave

- New contracts signed with 16 new clients within the scope of the SPC framework agreements, both with Central and Local PA
- Strong growth in Revenues (+26%) and EBITDA (+127%) 1H 2018 vs 1H 2017, with increased EBITDA margin. Strong performance both in Brazil and Italy
- Increased percentage of direct revenues vs intercompany revenues

Summary P&L

€m

€ million	2016A	2017A	6M 2017A	6M 2018A	LTM Jun-18A
Revenues	730.2	755.0	371.7	386.5	769.8
% Growth	*3.0%*	*3.4%*		*4.0%*	
Total of Revenues and Other Income	739.2	772.3	378.1	397.9	792.1
% Growth	*1.9%*	*4.5%*		*5.2%*	
Operating Costs	(677.6)	(705.0)	(342.8)	(358.8)	(721.0)
% Revenues	*92.8%*	*93.4%*	*92.2%*	*92.8%*	*93.7%*
Adjusted EBITDA	61.6	67.3	35.3	39.1	71.1
% Margin	*8.4%*	*8.9%*	*9.5%*	*10.1%*	*9.2%*
Non-Recurring Items	(25.8)	(2.2)	(2.0)	-	(0.2)
% Revenues	0.0	*0.3%*	*0.5%*	*0.0%*	*0.0%*
EBITDA	35.8	65.1	33.3	39.1	70.9
% Margin	*4.9%*	*8.6%*	*9.0%*	*10.1%*	*9.2%*
D&A	(29.3)	(29.7)	(14.7)	(13.2)	(28.3)
% Revenues	*4.0%*	*3.9%*	*4.0%*	*3.4%*	*3.7%*
EBIT	6.4	35.3	18.6	25.9	42.6
% Margin	*0.9%*	*4.7%*	*5.0%*	*6.7%*	*5.5%*
Interest Expense	(25.6)	(34.5)	(15.7)	(14.0)	(32.7)
% Revenues	*3.5%*	*4.6%*	*4.2%*	*3.6%*	*4.3%*
EBT	(19.2)	0.8	2.9	11.9	9.9
% Margin	*(2.6)%*	*(0.1)%*	*(0.8)%*	*(3.1)%*	*(1.3)%*
Taxes	3.1	0.0	(1.5)	(0.4)	1.1
Group Net Income	(16.1)	0.9	1.4	11.5	11.0

Key Comments

- Revenues increased by 4.0% compared to 6M 2017 (+10.3% at constant currency)
- EBITDA 6M 2018 increased by €5.8m vs 6M 2017 (+17.3%; +23.6% at constant currency). Significant growth both in absolute terms and margins achieved since 2016
- Positive Net Income in 6M 2018 (+€10.1m vs 2017) and increasing positive trend at LTM level (+10.1m vs FY2017 and +€27.1m vs FY2016)
- Operating costs as a percentage of Revenues (92.8%) in line with previous periods
- D&A, mainly related to fixed assets in the IT Division and Brazil, reduced vs 6M 2017 and FY2017 with positive impact at EBIT level
- Positive trend in interest expenses driven by to the new capital structure
- Taxes: values include current income taxes, deferred and prepaid income taxes, according to applicable tax rates and regulations. The Italian companies exercised the option to elect the tax consolidation regime, that granted them the recovery of fiscal losses carried forward, thus the trend in taxes reflects the same trend in taxable income and the effect of the regime

Summary Cash Flows

€m

€ million	2015A	2016A	2017A	2018 LTM	2H 2017	1H 2018
Adjusted EBITDA	56.3	61.6	67.3	71.1	32.0	39.1
Capex	(35.2)	(27.4)	(23.6)	(25.7)	(13.6)	(12.1)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	(8.4)	(5.1)	(3.4)
Adjusted Operating Cash Flow	19.9	44.6	49.5	37.0	13.3	23.7
% Adjusted EBITDA	*35.4%*	*72.5%*	*73.6%*	*52.0%*	*41.7%*	*60.5%*
Non-Recurring Items	-	(25.8)	(2.2)	(0.2)	(0.2)	-
Taxes	(4.0)	(1.2)	(4.2)	(5.0)	(3.6)	(1.4)
Adjusted Free Cash Flow for Debt Service ante Dividend Payments and Other Items	15.9	17.6	43.1	31.7	9.5	22.3
Dividend Payments	(0.1)	(0.3)	(5.4)	(17.8)	(4.4)	(13.3)
Other Items[(1)]	2.0	15.8	1.3	(6.0)	(0.8)	(5.2)
Adjusted Free Cash Flow for Debt Service	17.8	33.1	39.0	7.9	4.2	3.7

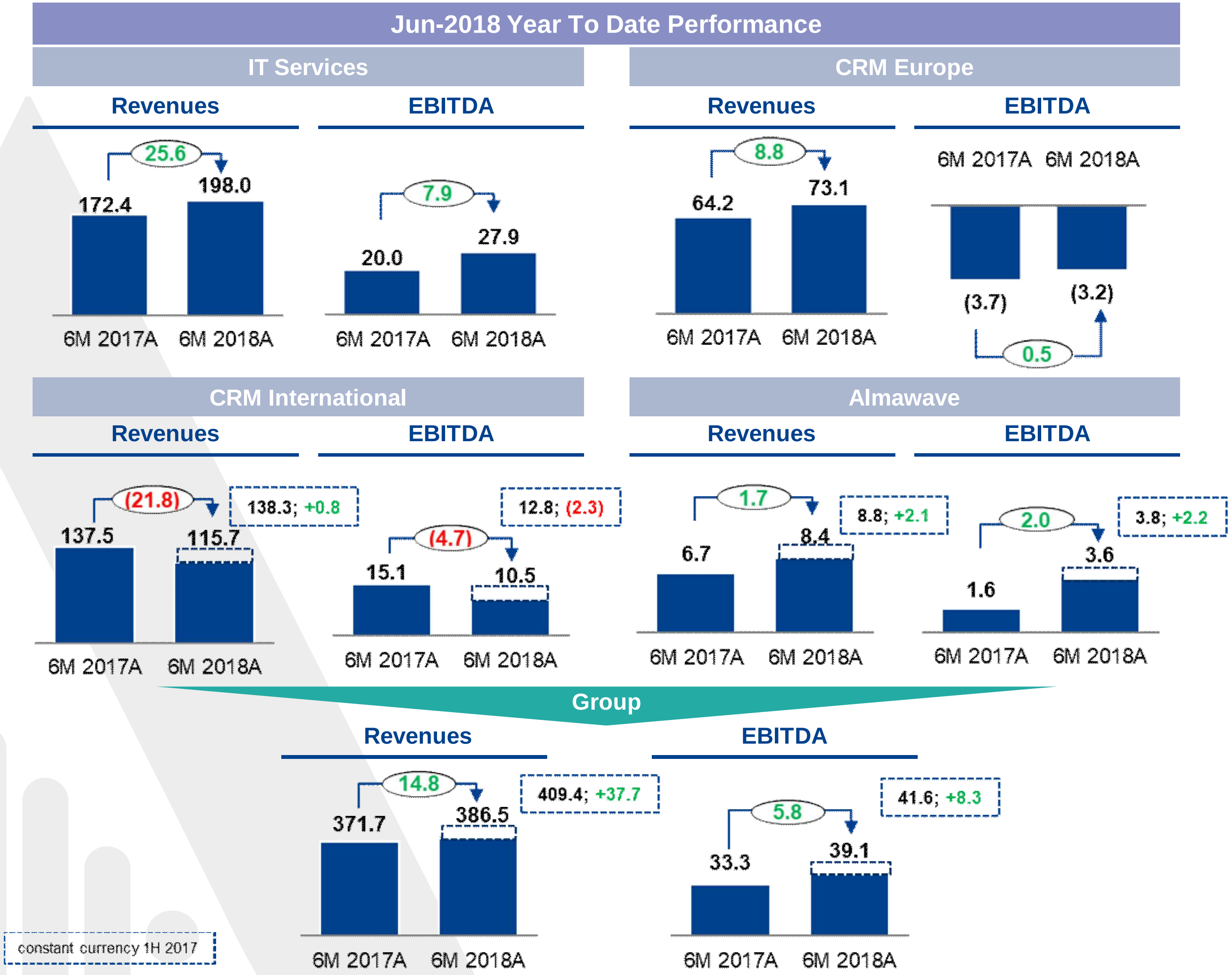
Key Comments on 2018 LTM

- Capex increased by €2.1m compared to FY2017 due to the upgrade in the datacentre facilities and the investments to support the reorganization and the growth on new clients in Brazil and the new site in Romania
- Change in working capital driven by the increase in revenues and inventory from Sadel
- Decrease in non recurring items EBITDA adjustments related to the reorganization of the CRM Europe
- Adjusted Operating Cash Flow 1H 2018 increased by €10.4m vs 2H 2017
- Tax benefit in Italy from the recovery of fiscal losses carried forward at consolidated level, but increasing cash payment due to increased activity in Romania and Almawave do Brasil
- Other items in 2018 mainly includes the payment for the acquisition of SADEL
- Dividend payment includes €17.0m one-off to Almaviva S.p.A. shareholders and €0.8m related to Lombardia Gestione

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

Key Financials By Division

€m



Key Comments

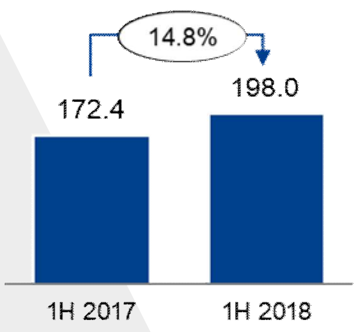
- Growth YoY in 6M 2018 at Revenues, EBITDA and EBITDA margin (10.1% vs 9.0% in 2017)
- EBITDA growth in all sector divisions, including CRM International 2Q 2018 vs 1Q 2018 and 4Q 2017 (+4.0% vs 1Q 2018 and + €5.4m vs 4Q 2017). Ebitda margin at 9.3%, +50 bps vs 1Q 2018 and +970 bps vs 4Q 2017
- Continuous improvement in CRM Europe operations, with positive impact at EBITDA level
- Continuous growth both in Revenues and EBITDA in Almawave also due to the positive impact from SPC contracts acquisitions
- €/BRL FX negatively impacted financial performance (€-22.9m on Revenues and €-2.5m on EBITDA)

IT Services

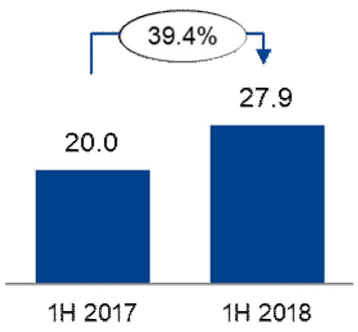
Focus on revenues, new developments and SPC contracts

Revenues and EBITDA (€m)

Revenues



EBITDA



Transportation

- The renewal of the main contract with **Gruppo Ferrovie dello Stato** will be probably split in several tenders focused on different services/companies of the FS Group. A comprehensive plan of the tenders is not yet available. To date, two tenders were issued: one with RFI regarding "traffic planning & management" (€90m total value, bid submitted); one with Trenitalia on "commercial, sale and CRM systems", value €500m, bid in November 2018
- New contract with **RFI** awarded in august (€190m total value, 2 years)
- **Project Mobility Operation Platform**: development of a proprietary platform in the field of info-mobility, smart logistic, intermodal mobility. the solution will be presented at INNOTRANS in Berlin (the most important event worldwide in transportation) in the next weeks
- **New opportunities** (tender phase) in Saudi Arabia, Eastern Europe and Indonesia

SPC Contracts

- More than 70 contracts with a total value of **€173m signed** as of 30 August 2018. **43 new clients** (12 Central Government Agencies, 31 Local Administration, mainly regions)
- Few examples:
  - Smart Cities: an European project mainly on IoT technology, Smart Transportation and Lighting; currently implemented in 10 municipalities (Milan, Florence, Venice, Catania, Cagliari, amongst others)
  - PNR- *Passenger Name Record*, an important law enforcement tool to prevent and investigate terrorism and other crimes, according to the PNR EU Directive 2016/681
  - New platform for Labour Market analysis: Ministry of Labour

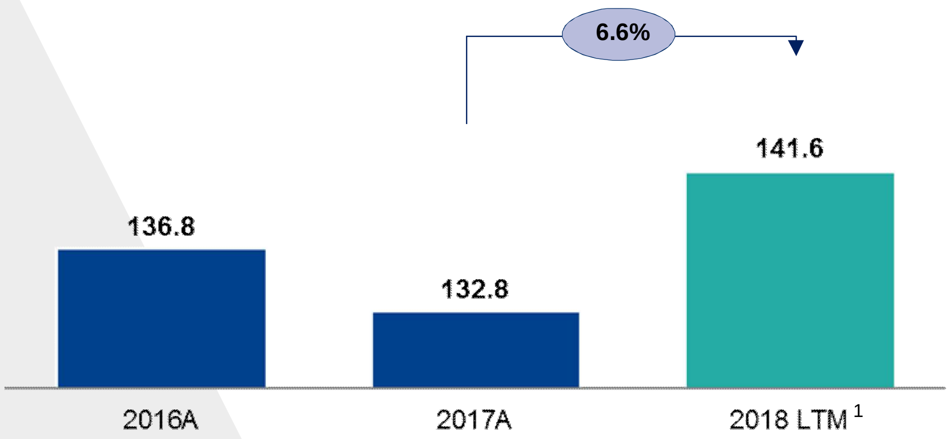
Other Key Developments

- **Finance**: 3 new clients acquired in trustee business
- **SADEL**, the company recently acquired, in the last few months has increased its capability in order to support not only on-board passenger information systems but also new information solutions for ground stations
- NATO Brass-*Broadcast And Ship Shore:* project to develop communication systems in Southern Europe, providing a continuous data flow from ship to shore
- Blockchain in Agriculture: a trackability platform for the Ministry of Agriculture to prevent counterfeiting in Made in Italy Agrifood

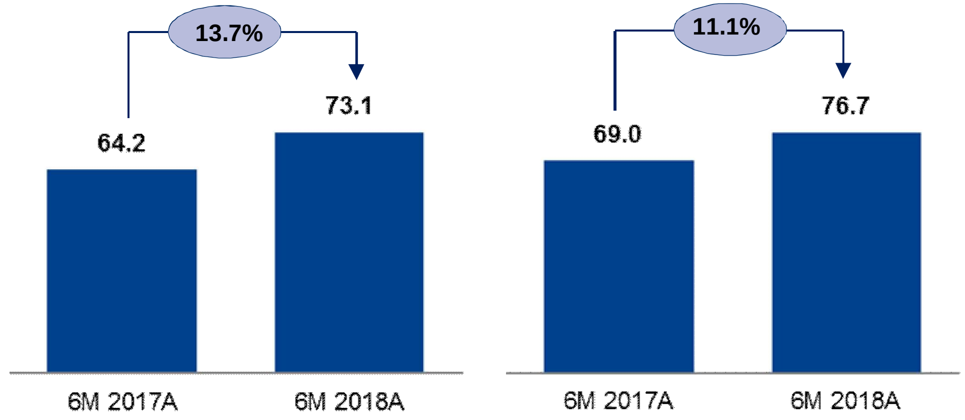
CRM Europe

Key Financials

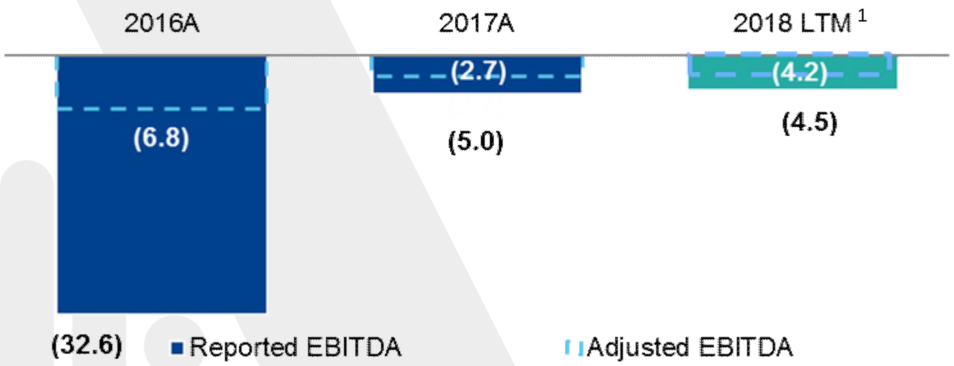
Revenues (€m)



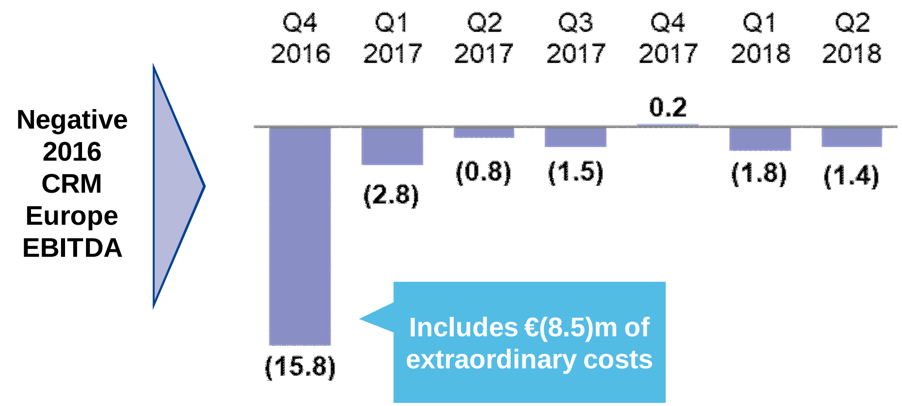
6M 2018A Update - Revenues and Operating Costs (€m)



EBITDA (€m)



Quarterly Reported EBITDA Evolution (€m)

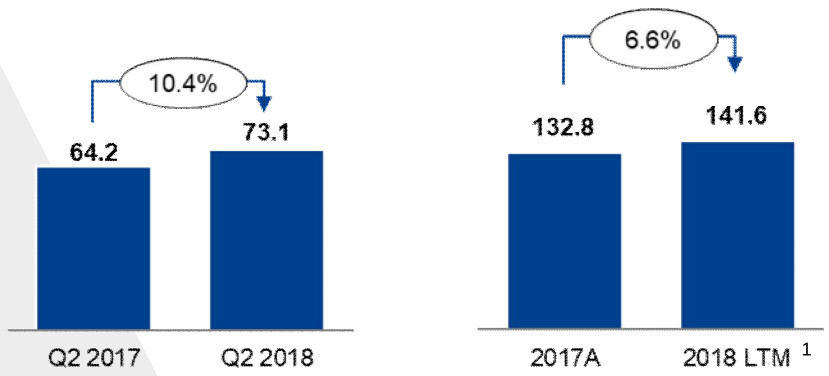


(1) As of 30-Jun-2018

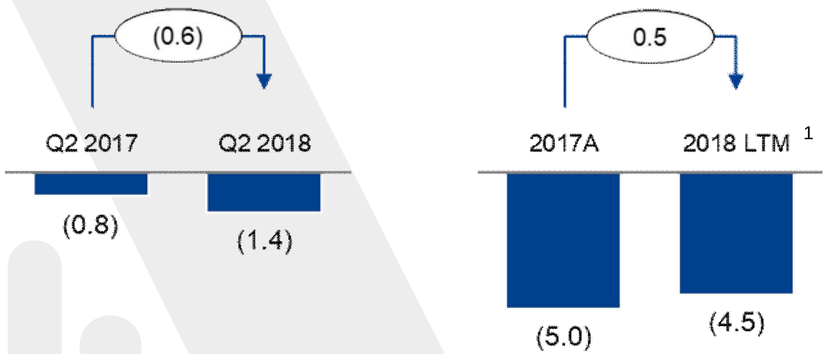
CRM Europe

Performance Analysis

Revenues (€m)



EBITDA (€m)



Key Comments

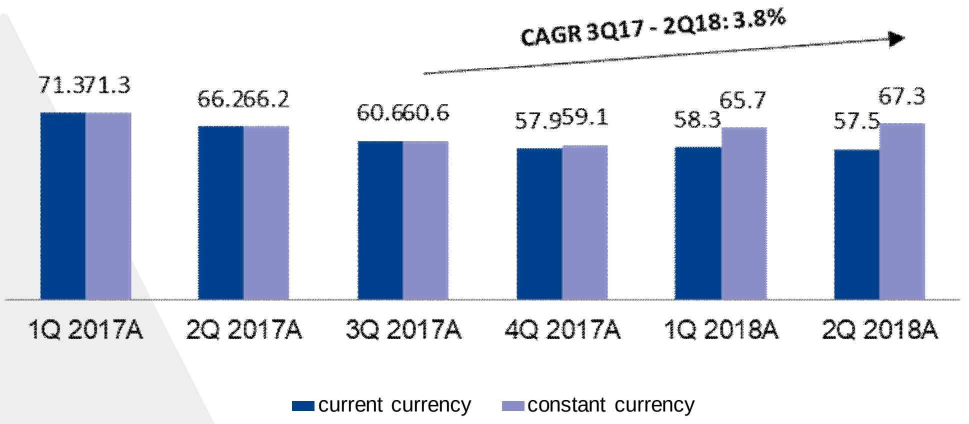
- 2Q 2018 performance has been negatively influenced by some extraordinary elements:
    1. Start-up of a new European site (the forth one)
    2. Delay in the start up of a new contract with a new client, with operations in Italy, and delay in the contract renewal for an existing client. This has led to extended start-up phase and labour/logistic costs not covered by revenues
- Notwithstanding, the above-mentioned points will have a positive impact on:
    – Volumes managed in all the European sites.
    – The Telco market is expected to benefit from the consolidation strategy set out by key telecom operators, with whom the Company is dealing for incremental volumes
- New agreement on productivity in Palermo site signed in August 2018. The adoption of the performance control system will have a positive impact on the main operational indicators. The same actions, already adopted in Naples, led to a substantial improvement of the key performance figures

(1) As of 30-Jun-2018

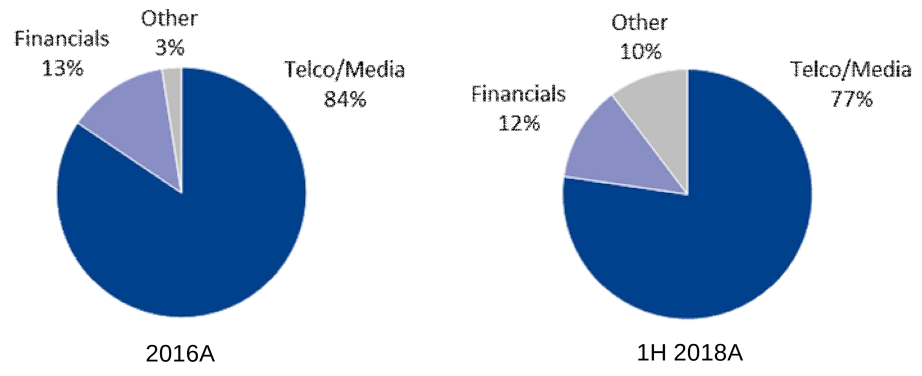
CRM International

Key Financials

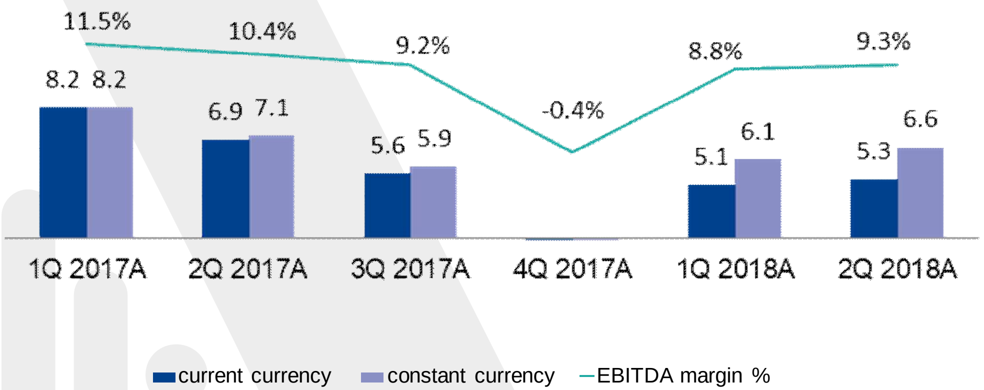
Revenues (€m)



Revenue Breakdown



EBITDA (€m)



Key Comments

- 2017 weak performance mainly driven by internal operating and quality issues with few clients and the increased costs related to the actions launched to recover marginality (one-off redundancy and new hiring costs due to an internal reorganization, increased utilization of Almawave proprietary technology, switch from capex to opex)
- The actions mentioned above started to have a positive impact from 1Q 2018 onward (+920 bps and +970 bps in1Q 2018 and 2Q 2018 vs 4Q 2017), realigning the profitability to previous levels
- Clients recognised Almaviva as a **top ranking in the quality of its services**
- Acquisition of **5 new customers** in the last months, mainly in sectors different from Telco ("Other clients" share on total revenues increased from 3% in 2016 to 10%)
- **Volume forecasts** received by clients are regularly growing over the time
- **The Brazilian Supreme Court issued a crucial ruling** on August 30th, 2018 that increased the country`s legal stability, acknowledging the possibility of unlimited employee outsourcing for Brazilian companies (thus helping clients in order to outsource services, with positive impact on new market volumes)

Almawave

Key Performance Indicators

Key Performance Indicators

- **€12.2m** Contracts signed
- **1** New product *IRIDE Voice Real Time*
- **16** New clients
- **8** New products' releases on the market
- **6.000+** Agent Positions equipped in Brazil with proprietary technology

1H 2018 Performance vs 1H 2017 (€m)

- **Revenues**: €8.4m, **+26%** vs 1H 2017
- **EBITDA**: **+127%** vs 1H 2017
- **Net Result**: 14.5% and **+350%** vs 1H 2017
- Increased percentage of **direct revenues** vs intercompany revenues: **59%** vs 56% in 2017

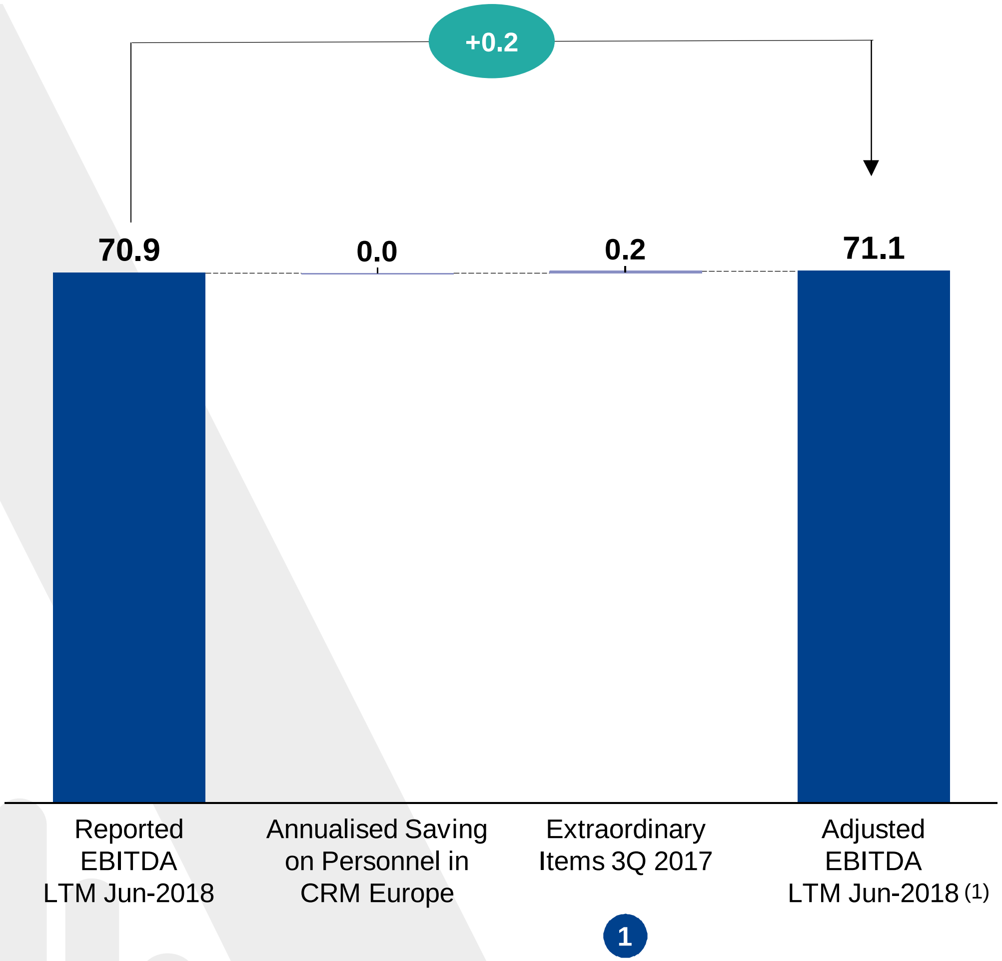
Main Projects

- **Real Time Monitoring -** first pilot for a large Brasilian **Telco**: real time comprehension of the phone conversation for churn prevention and critical calls analysis
- **Cyber Intelligence** for the Italian **Ministry of the Interior**: multi-channel integrated system to support OSINT Intelligence
- **Civil Protection** of Regione Lazio: integrated and automatic system to support the operation centre in case of critical events (fires, weather alerts, operational assistance)
- **FlyScribe**: **real time transcription** for main insurance companies and expansion on the Danish market
- **Speech Analytics**: service enhancement for a media top player and evolution to support the voice of the customer analysis

Overview of LTM Adjusted EBITDA - Group

€m

Overview of EBITDA Adjustments



Key Comments

1. 3Q 2017 Extraordinary items: €0.2m
   - Related to the extraordinary costs incurred to manage the reorganization of the sites in Palermo

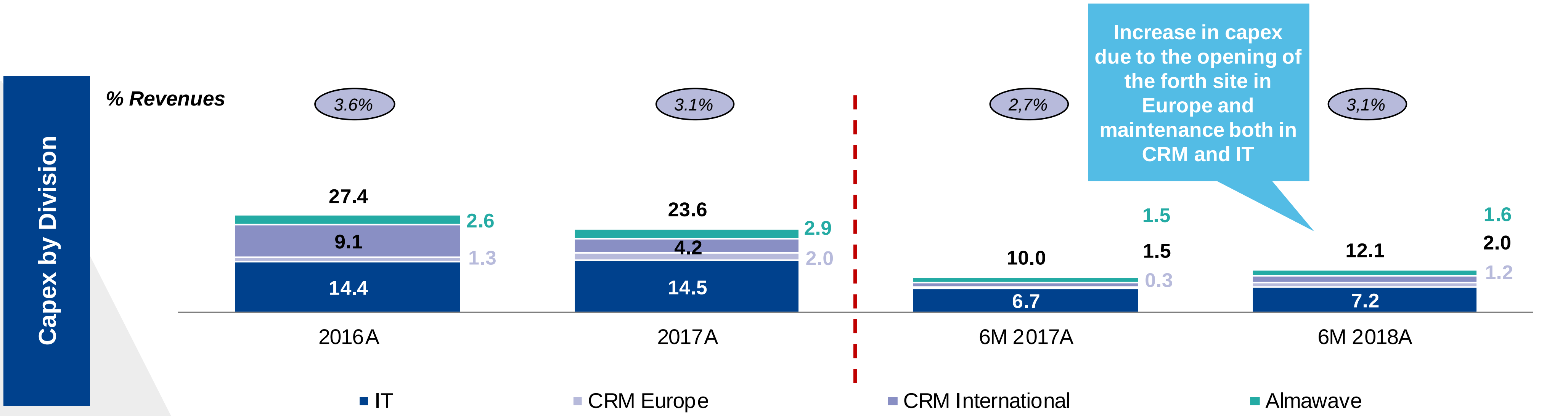
The Company has fully reached the target set for the reorganization of the CRM Europe

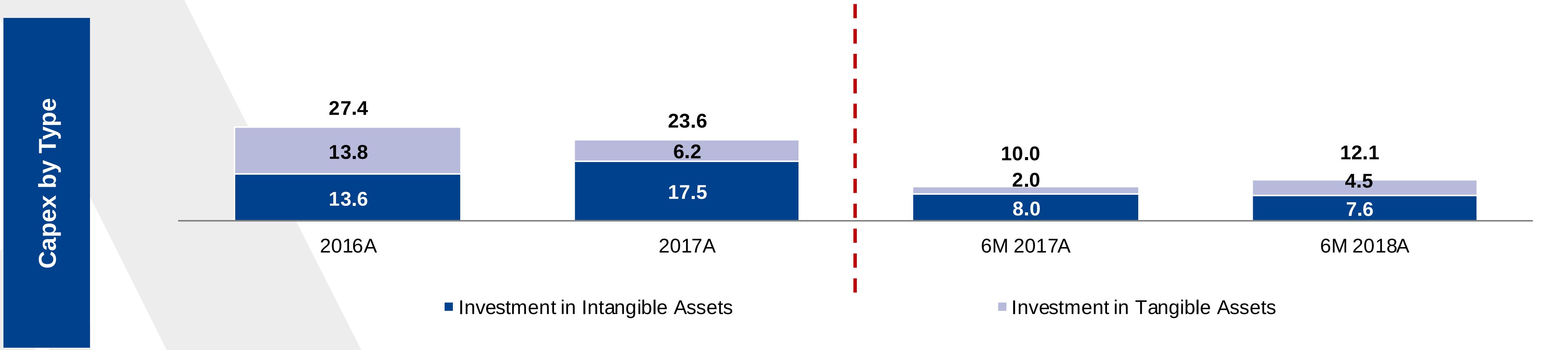
Source: Company information

(1) Extraordinary items (€0.2m).

Capex Overview

€m





Capitalisation Structure as of 30-Jun-2018

Pro Forma Capitalisation

€m	Amount	xLTM Jun-18 Adj. EBITDA	Pricing	Maturity
Cash and cash equivalents	(67.4)			
Total current and non-current financial assets[1]	(5.0)			
Senior Secured Notes	**250.0**		**7.25%**	**Oct-2022**
Super Senior RCF (Drawn)	20.0			
Other financial liabilities[2]	12.9			
Total Gross Debt	**282.9**	**4.0x**		
Total Net Debt	**210.5**	**3.0x**		
LTM Jun-18 Adjusted EBITDA		**71.1**		
Super Senior RCF (Undrawn)	20.0		E+450bps	Feb-2022

Key Credit Stats (LTM Jun-18)

- Net Total Leverage: 3.0x
- Interest Coverage Ratio[3]: 2.9x
- €20m RCF drawdown driven by working capital cycle

[1] Includes financial credits.
[2] Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon to be paid in October (€3.8m) and leasing
[3] Based on 1H 2018 interest expenditures

Appendix

Summary Cash Flows

6M 2018 vs. 6M 2017 | €m

€ million	2015A	2016A	2017A	6M 2017A	6M 2018A
EBITDA	**56.3**	**35.7**	**65.1**	**33.3**	**39.1**
Capex	(35.2)	(27.4)	(23.6)	(10.0)	(12.1)
(Increase) / Decrease in Normalised Working Capital	(1.2)	10.5	5.8	10.9	(3.4)
Operating Cash Flow	**19.9**	**18.8**	**47.3**	**34.2**	**23.7**
% EBITDA	*35.4%*	*72.5%*	*72.7%*	*102.6%*	*60.5%*
Taxes	(4.0)	(1.2)	(4.2)	(0.6)	(1.4)
Adjusted Free Cash Flow for Debt Service ante Dividend Payments and Other Items	**15.9**	**17.6**	**43.1**	**33.6**	**22.2**
Dividend Payments	(0.1)	(0.3)	(5.4)	(1.0)	(13.3)
Other Items[1]	2.0	15.8	1.3	2.1	(5.2)
Free Cash Flow for Debt Service	**17.8**	**33.1**	**39.0**	**34.8**	**3.7**
Reversal of Change in Overdue VAT	32.6	2.0	(56.2)	4.0	-
Total Free Cash Flow	**50.4**	**35.1**	**(17.2)**	**38.7**	**3.7**

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