

Trading Update

For the nine months ended September 30, 2020

December 16, 2020

Disclaimer

Centurion Bidco S.p.A. is issuing the following trading update (the “**Trading Update**”) which provides a summary of certain financial information of Engineering Ingegneria Informatica S.p.A. (the “**Company**”) and its consolidated subsidiaries as of and for the nine months ended September 30, 2019 and 2020. Accordingly, all references to the “**Group**,” “**we**,” “**us**” and “**our**” in this Trading Update are to the Company and its subsidiaries on a consolidated basis. The financial information presented in this Trading Update has been derived from the Company’s unaudited management accounts as of and for the nine months ended September 30, 2020, which include unaudited comparative financial data for the nine months ended September 30, 2019. The unaudited interim results of operations and other financial data shown in this Trading Update have not been verified by our external auditors and are subject to confirmation in the audited consolidated financial statements and audit report for the Company for the year ending December 31, 2020. Consequently, upon publication of the audited results for the year ending December 31, 2020, we may report results that are materially different from the ones set forth in this Trading Update.

In addition, in this Trading Update we present Adjusted EBITDA data for the nine months ended September 30, 2019 and 2020, which is a measure that is not recognized by the International Financial Reporting Standards (“IFRS”) or any other generally accepted accounting principles. We define “**Adjusted EBITDA**” as net profit from continuing operations before income taxes, financial income, income from investments, financial expenses (excluding interests on lease liabilities), interests on lease liabilities, depreciation of property, plant and equipment, depreciation of right of use assets, amortization of intangible assets, provision and impairments of assets, and further adjusted for the effects of certain events and transactions that management considers to be unrelated to our underlying trading performance, including stock option costs, retirement incentives, costs associated with the relocation of our headquarters, non-income tax assessment costs and corporate strategic assessment expenses. We present Adjusted EBITDA as a supplemental measure of performance and liquidity. Our calculation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

This Trading Update or any part of it is for informational purposes only and does not constitute, and should not be construed as, part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any securities in the Group and it is not intended to provide the basis of any investment decision nor does it nor is it intended to form the basis of any contract for acquisition of or investment in the Group, financial promotion, or any offer or invitation in relation to any acquisition of or investment in the Group in any jurisdiction, nor should it be considered as legal, financial or tax advice in relation to the same.

FORWARD LOOKING STATEMENTS

This Trading Update contains “forward-looking statements” as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition or performance, result of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as “anticipate”, “believe”, “could”, “estimates”, “expect”, “forecast”, “intend”, “may”, “plan”, “projects”, “should”, “suggests”, “targets”, “would”, “will” and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking forward looking statements and projections. As a result, you should not place undue reliance on such forward-looking statements. We undertake no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward looking statements to reflect events or circumstances after the date of this Trading Update.

Today's Speakers



Edward Abbiati
Strategic Marketing
24 years in the industry

- Head of Strategic Marketing from 2018
- Previous experience in Gartner, EDS and HP



Francesco Schinà
Head of M&A and IR
3 years in the industry

- Head of M&A since 2017
- Investment banking and PE experience in Apax and Lehman Brothers
- Holds an MBA from MIT

Executive Summary

Market Environment and Covid 19 Update

- Challenging macro environment persists due to Covid 19
 - Partial second lockdown in Italy from mid-October to early December
- All our employees are still working from home
- Limited use of furlough: ca 200 FTEs as of the end of Sept. 2020
 - Employees involved work in internal functions not relevant now (e.g. internal travel agency) or hit by specific dynamics (e.g. tax collections postponement)

Trading Update

- YTD net revenues and Adjusted EBITDA of €862,9m and €115,0m, respectively
 - Growth of -1,9% and +4,2%, respectively
 - Adjusted growth excluding mobile payments and tax collection slowdown: +2,4% and +7,6%, respectively
 - Mobile payments down due to restrictions imposed by the authorities on the sale of services by Telco operators on mobile VAS
- LTM net revenues and Adjusted EBITDA of €1.234,3m and €184,7m, respectively
- Signs of recovery in Industry & Services (automation; rails)
- Strong performance in ENG USA, Health and Public Administration
- Bookings ahead of last year
- On track to achieve planned cost savings
- Payments from customers in line with last year: no signs of slowdown or postponement

Compliance

- As of the date of this Trading Update, we are not aware of any negative impact of the ATM investigation on day-to-day activities or on our ability to participate in public tenders
 - We have participated in several CONSIP and other public tenders since the beginning of the investigation. We have no reason to believe that the investigation will prevent us from participating in new tender procedures going forward given our commitment to implementing any relevant remediation or self-cleansing measures upon the results of the investigation
 - We believe and have been advised by counsels that our organizational model pursuant to LD 231/2001 was appropriately implemented with continuity and with the concrete purpose to prevent relevant risks

Engineering at a Glance

Company Overview and Highlights

- Founded in 1980 and headquartered in Rome
- Leading specialist provider of IT services, software development and digital platforms, supporting clients in digital transformation projects
 - Matrix delivery model based on 6 industry verticals with industry specific process knowledge supported by digital enabling technologies and competences
 - Deep understanding & knowledge of business core processes, managing IT spend transition from traditional to digital technologies
 - Large customer base, a large proportion of recurring revenues and featuring long-term sticky relationships
- 20 years track record of solid organic revenue growth
- Proven consolidation platform with a history of successful add-ons
- c. 15% of net revenues generated abroad
- More than 11,000 employees worldwide

KPIs



€1,251m Revenues
€180m Adj.EBITDA



~12% Revenues
CAGR⁽¹⁾



~6% Organic
Revenues CAGR⁽¹⁾



45% Revenues from
Proprietary
Solutions⁽²⁾



€27m R&D
Investments
400+ research./data
scient.
6 development labs



1,700+ customers;
>10 years average
customer
relationship

Strong Digital Capabilities



AI & Advanced
Analytics



Cloud



Cybersecurity



IOT



RPA



AR / MR / VR



Blockchain



Digital Twin

Wide portfolio addressing all the needs of our clients
throughout their digital journeys

Covid 19 Impact Update

Finance

- Resilient performance on the back of investments in new technologies (i.e. digital projects) leveraging AI & Data Management Platforms despite some softness due to Italian market consolidation

Telco & Media

- Covid positively impacting the sector, with outsourcing / infra projects as well as all main Telco and Media operators needed to scale up their activities to sustain increased demand for connectivity

Energy & Utilities

- Utilities and retail distributors benefitting from the intrinsic resilience of the business and a highly regulated market, while energy segment suffered from oil price fluctuations and new investments starting to move towards green energy

Public Administration

- Public investments in digital projects following Covid, smart mobility projects with municipalities
- Tax collection and some projects in central PA delayed but all other activities have picked up with no additional staff on furlough

Health

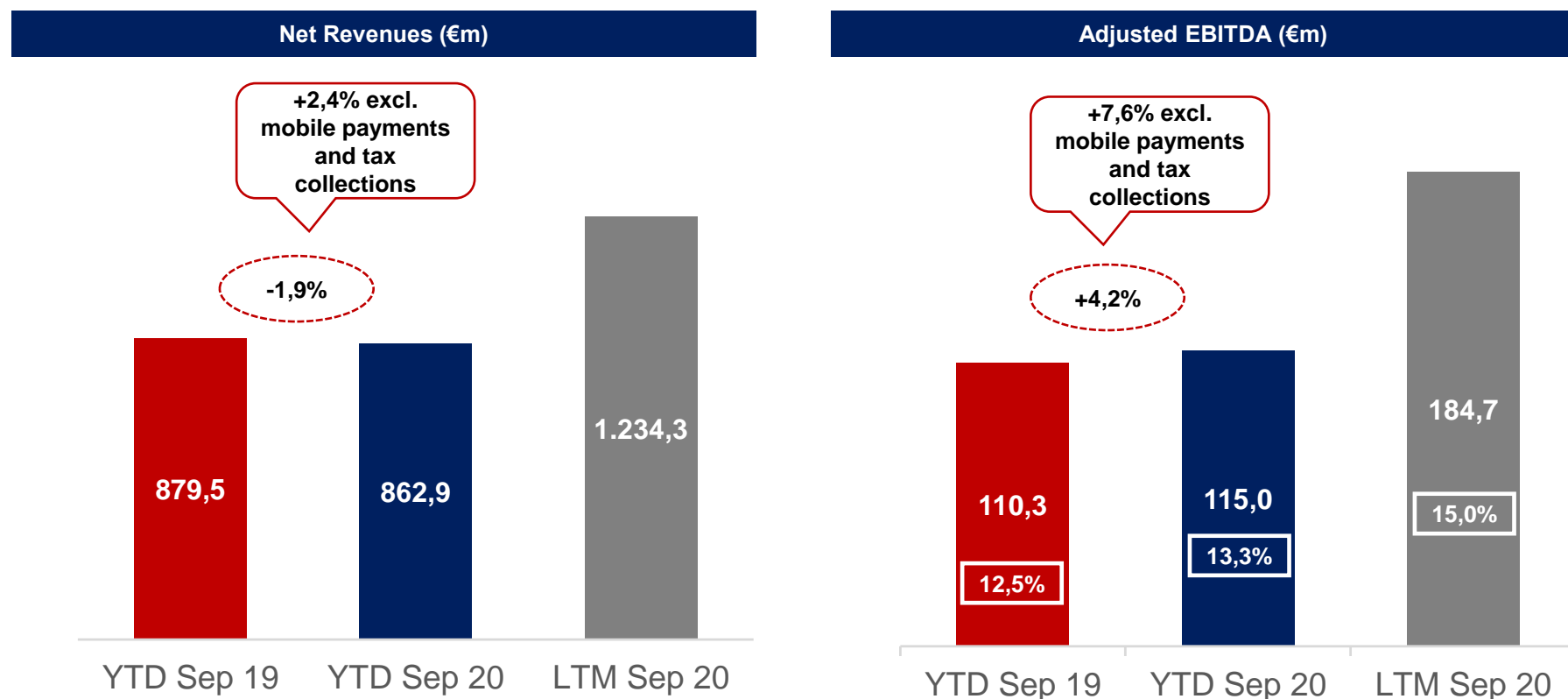
- Positive momentum driven by increased investments in healthcare to cope with Covid
- Deployed proprietary digital platform to enable bio-surveillance systems in Veneto and Lombardy regions

Industry & Services

- After a strong Q1, slow down in Q2 and Q3, but sign of recovery since September, thanks to exposure to resilient segments (e.g.. Pharma, e-commerce), and limited dependency on more impacted markets (e.g. cruise, air transport)

YTD Sep. 2020 Group Financial Highlights

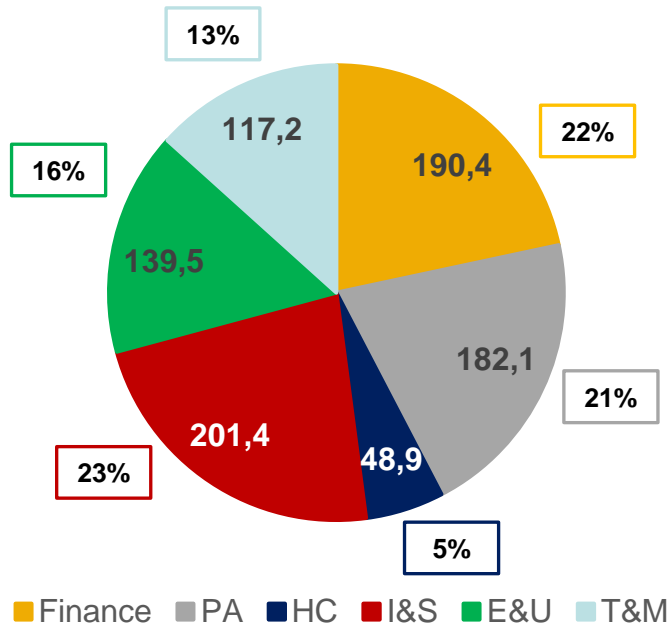
- In the first nine months of 2020, Engineering achieved net revenues of **€862,9m** (-1,9% y-o-y)
 - **Excluding revenues generated by mobile payments and tax collections in the periods: +2,4% growth**
- Adjusted EBITDA of **€115,0m** (**+4,2% y-o-y**), with a margin expansion from 12,5% to 13,3%
 - **Excluding adjusted EBITDA generated by mobile payments and tax collections in the periods: +7,6% growth**
 - LTM Adjusted EBITDA from mobile payments of €1,1m



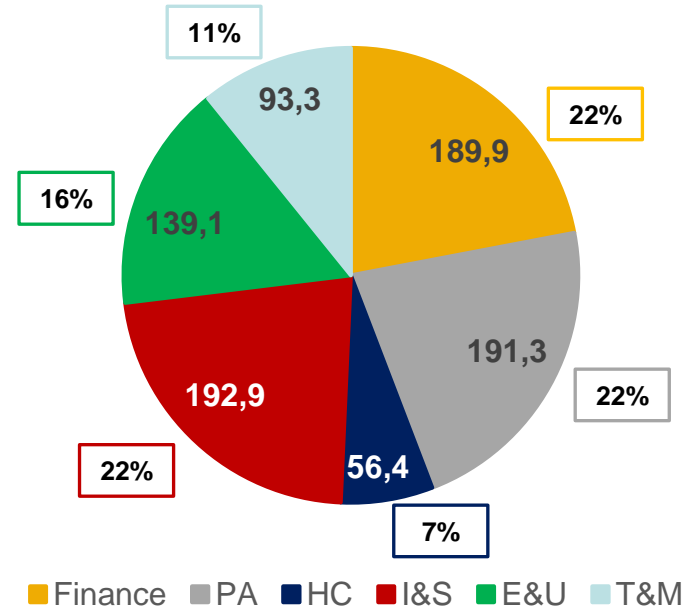
YTD Sep. 2020 Group Net Revenues by segment

- Net revenues growth negatively impacted by:
 - Mobile payments slowdown
 - €39,2m in 2019; €8,0m in 2020
 - Tax collections postponed (impact on Municipia)
 - Ca. €5m of net revenues lost
- Strong performance in Health, PA and ENG USA (included in the Industry & Services vertical)

Net Revenues YTD Sep. 2019 - €879,5m total



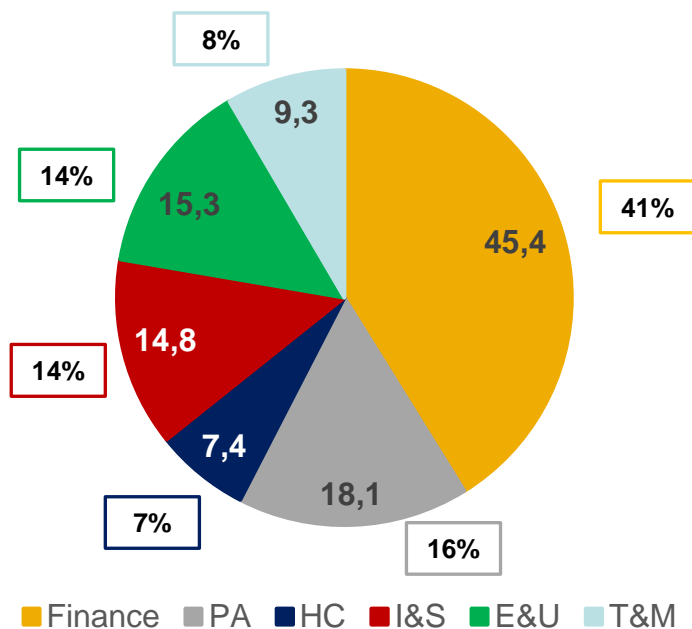
Net Revenues YTD Sep. 2020 - €862,9m total



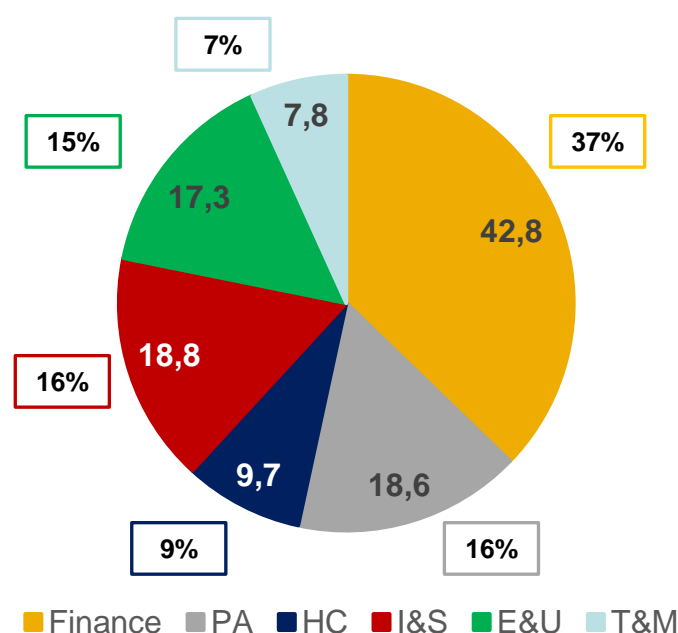
YTD Sep. 2020 Group Adj. EBITDA by segment

- Adjusted EBITDA grew by 4,2% y-o-y, with margin expansion (from 12,5% to 13,3%)
 - Benefits of cost savings achieved across all verticals
 - Increased contribution of Health, Industry & Services and Energy & Utilities
 - Decrease in Telco & Media driven by the decline in mobile payments volumes
 - Decrease in Finance due to a mix effect

Adj EBITDA(€m) YTD Sep. 2019 - €110,3m total



Adj EBITDA (€m) YTD Sep. 2020 - €115,0m total

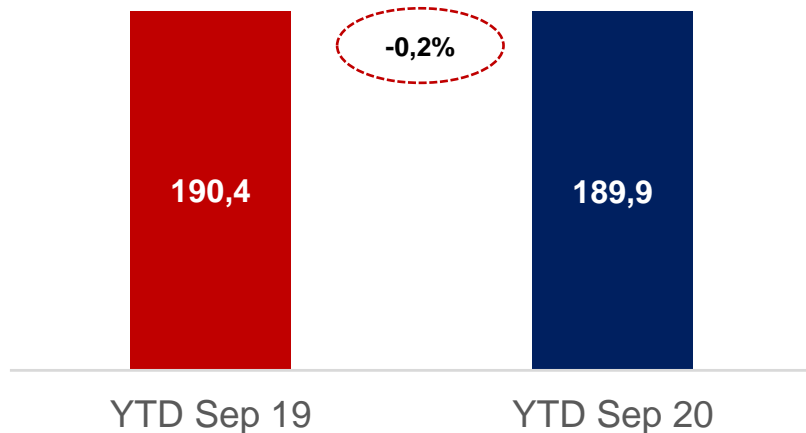


ATM Update

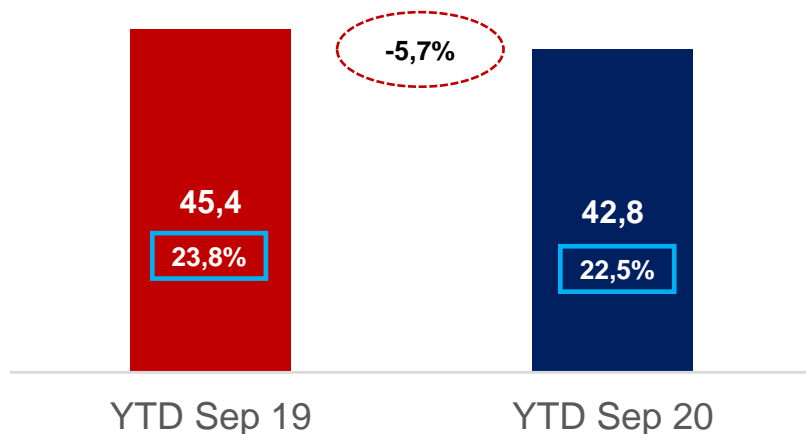
- We believe and have been advised by counsels that our organizational model pursuant to LD 231/2001 was appropriately implemented with continuity and with the concrete purpose to prevent relevant risks
- We have participated in several CONSIP and other public administration tenders despite the ongoing investigation and have no reason to believe that the investigation will prevent us from participating in new tender procedures going forward given our commitment to implementing any relevant remediation or self-cleansing measures upon the results of the investigation
 - Certain actions to further mitigate risks have already commenced
- **November 3, 2020:** Following a court decision that declared void Engineering's exclusion from two tenders by the Metropolitane Milanese S.p.A. ("MM"), MM readmitted Engineering to the two auctions
 - Only instance in which Engineering was temporarily excluded from tenders in light of the ATM proceeding
- **November 4, 2020:** End of the preliminary proceeding (i.e. *incidente probatorio*); persecutors decision pending further review
- **November 6, 2020:** End of house arrests for four individuals out of seven involved (three individuals did not receive any precautionary measures)
 - As of today, the four employees that were put under house arrests are on leave
 - A formal internal disciplinary proceeding against all seven employees has been launched with the outcome expected by year end

Finance – Performance Highlights

Net Revenues (€m)



Adj. EBITDA (€m)

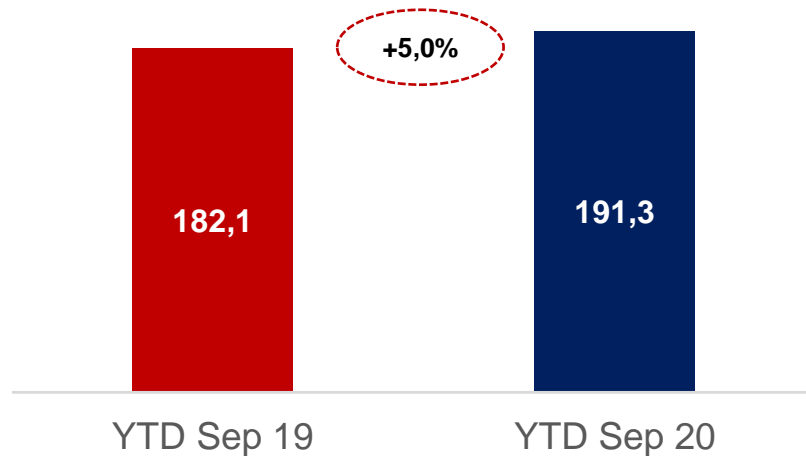


Highlights

- **Top-line stable** y-o-y
- Strong performance in Nexen, our dedicated consulting business unit
- New projects launched with major clients
- **Adjusted EBITDA -5,7% y-o-y**
 - Mix effect with some volumes related to the reselling of third-party licenses (requested by clients)

Public Administration – Performance Highlights

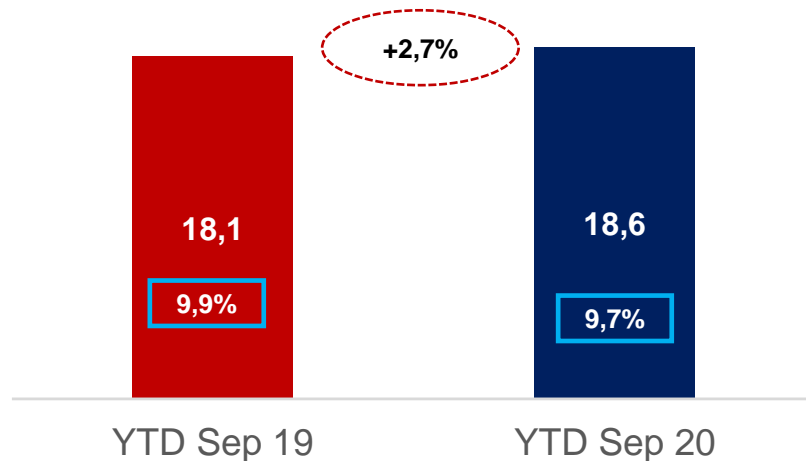
Net Revenues (€m)



Highlights

- **+5% top-line growth** despite the slowdown in Municipia (ca. -€5m)
 - Expected recovery in 2021
- Local PA strong performance: implementation of the framework agreement won in 2019
- Central PA challenging

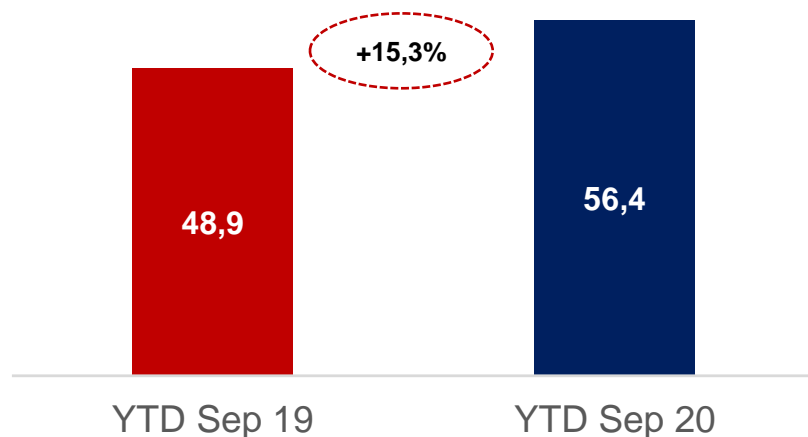
Adj. EBITDA (€m)



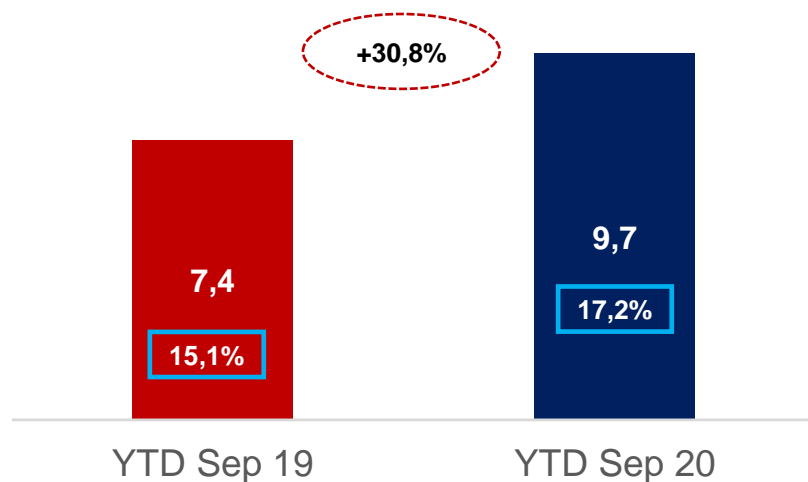
- **Adjusted EBITDA +2,7%**
 - Good performance at Local PA level offsetting Municipia's slowdown

Health – Performance Highlights

Net Revenues (€m)



Adj. EBITDA (€m)

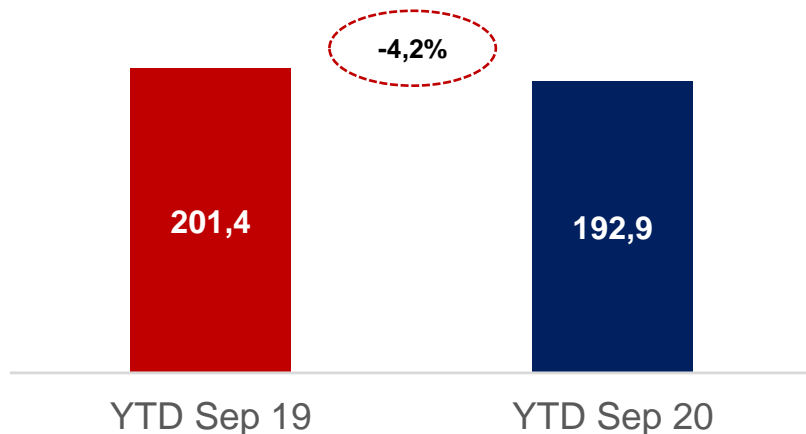


Highlights

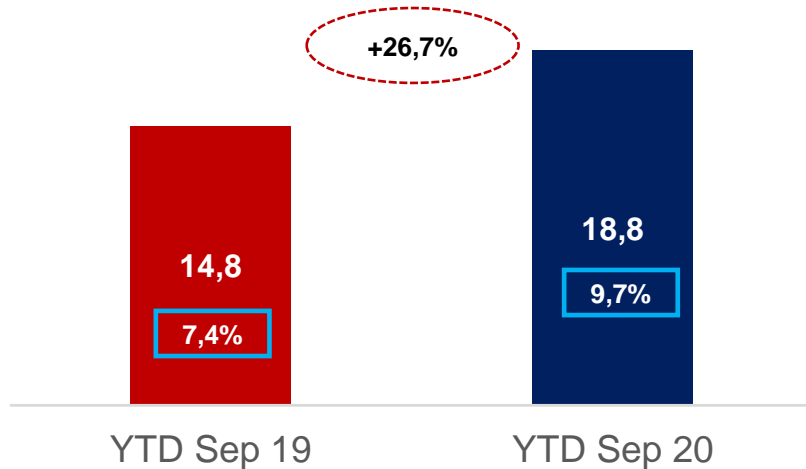
- **+15,3% y-o-y growth** partially driven by the dynamics triggered by Covid 19
 - Some clients have brought forward activities in light of the pandemic
- Implementation of several tenders won in 2019
- **Adjusted EBITDA +30,8%**
 - Mix effect with more value-added projects completed

Industry & Services – Performance Highlights

Net Revenues (€m)



Adj. EBITDA (€m)

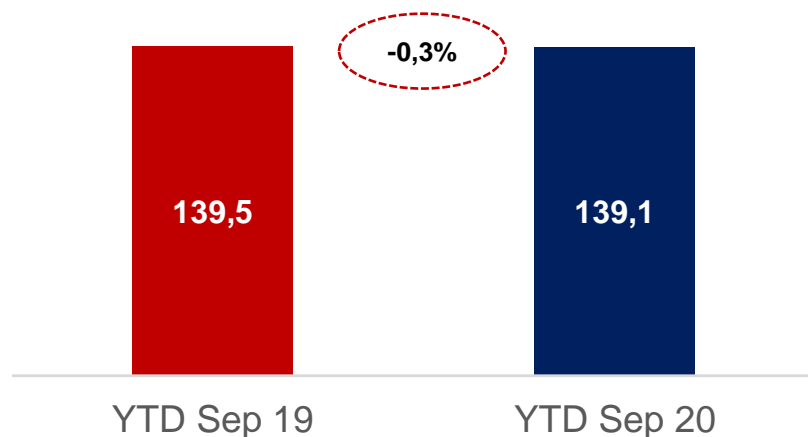


Highlights

- Significant impact of CovID 19: **-4,2% y-o-y top-line**
 - Postponement or cancellation of non-core projects (mostly in transportation and cruise lines)
 - Closure of plants (mainly automotive players)
- Signs of recovery recently
 - Large contract with an automotive player
 - Cruise lines are starting to reengage (currently negotiation contract renewals), even though uncertainty persists
- **Adjusted EBITDA +26,7%**
 - Mix effect with more value-added projects completed

Energy & Utilities – Performance Highlights

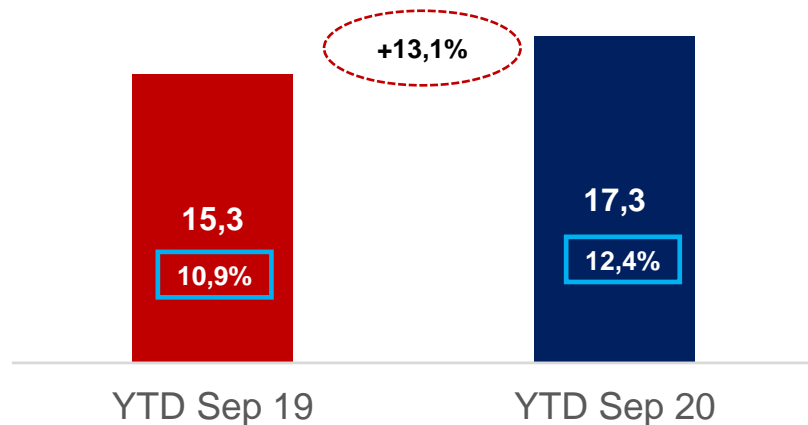
Net Revenues (€m)



Highlights

- **Stable top-line y-o-y (-0,3%)** despite the economic slowdown impacting major energy players
 - ENI is reducing its spending due to low fuel sales
 - ENEL has postponed some projects
- New contract with Salesforces leading to new projects

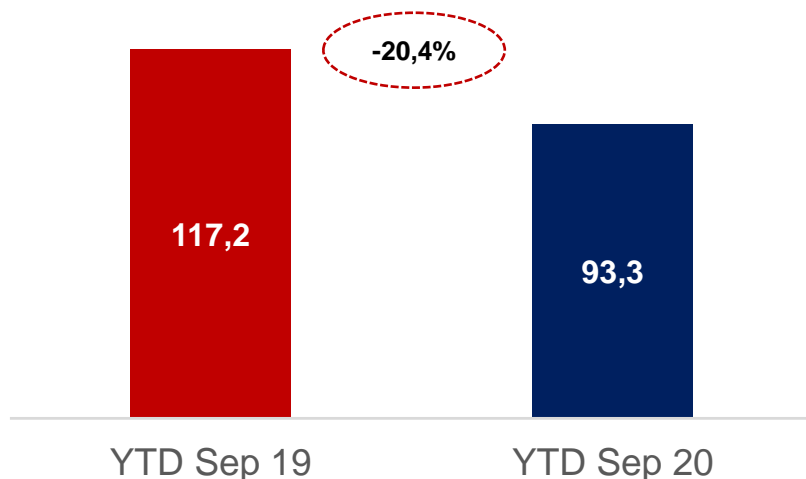
Adj. EBITDA (€m)



- **Adjusted EBITDA +13,1%**
 - Mix effect with more value-added projects completed

Telco & Media – Performance Highlights

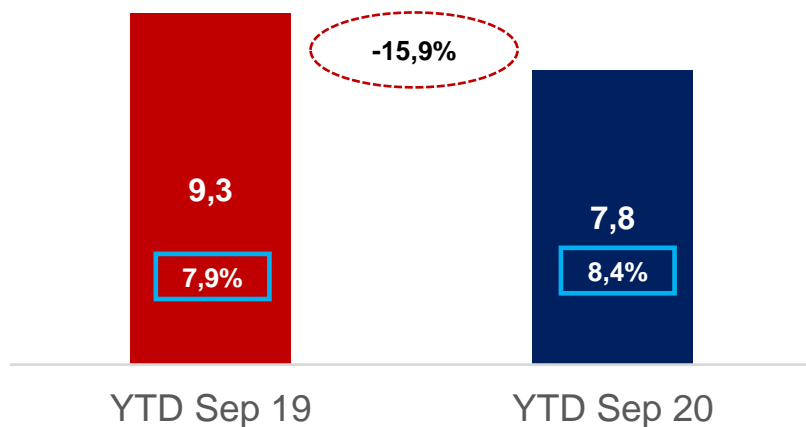
Net Revenues (€m)



Highlights

- Significant y-o-y decline (-20,4%) due to lower mobile payments net revenues (shortfall of ca. €31m)
 - Mobile payments YTD Sep 2019 net revenues €39,2m; YTD Sep 2020, €8,0m
 - No near-term recovery
- Excluding mobile payments, top-line growth of +9,4%**
- New contracts and activities won with major TelCo operators

Adj. EBITDA (€m)



- Adjusted EBITDA -15,9%
 - Reduction led by mobile payments decline
 - Ca. €2,3m of Adjusted EBITDA lost y-o-y
 - Excluding mobile payments, growth of +11,1%**

Key Risk Factors and Uncertainties

The following list summarizes the key areas of risk and uncertainties that we believe are material and that, individually or in the aggregate, may adversely affect our business, financial position, results of operations, liquidity and prospects⁽¹⁾:

- competition from existing or future players in our markets;
- political and economic uncertainty in Italy;
- technological change;
- regulation of our customers' industries;
- personal data breaches;
- provision of services to government entities;
- pandemics and other diseases;
- delays in payments by our customers;
- failure to maintain effective systems of internal controls;
- litigation;
- liability for actions of our employees, executives, directors or other agents;
- failure to comply with anti-corruption and anti-bribery laws;
- consolidation in our industry;
- cybersecurity;
- damage to our infrastructure and facilities;
- failure to satisfy our customers' expectations;
- reputation of our brand;
- risks related to the acquisition of other businesses;
- failure to accurately estimate costs;
- loss of customers;
- uncertainties inherent in competitive bidding processes;
- trends in the banking and financial services industries;
- reliance on third-party providers;
- decisions by our customers to choose our partners as suppliers over us;
- reliance on third-party open source software;
- failure to protect our intellectual property;
- infringement of intellectual property owned by others;
- investment required by sales efforts;
- ineffectiveness of our cost-saving measures;
- failure to attract and retain skilled employees and executives;
- loss of members of our senior management;
- insufficient insurance coverage;
- labor disruptions;
- risks associated with operating in several jurisdictions;
- tax laws;
- changes to accounting standards;
- impact of the COVID-19 pandemic on data prepared and estimates made prior to its outbreak;
- value of our goodwill;
- non-controlling shareholders of our subsidiaries;
- revenue generation, cash collection and billing partners;
- inability to obtain bid bonds securities or guarantees required for participation in public tenders; and
- liabilities owed under post-employment benefits.

1. *This list is not exhaustive and additional factors could adversely affect our financial position, results of operations and liquidity. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of any such risks, or a combination of risks and other factors on our business, financial position, results of operations, liquidity and prospects*

THANK YOU



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