



**IteLyum**

FY21 Results

April 13, 2022





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## Management team with you today

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Highlights

## FY 2021 - Strong performance

- Itelyum continues to outperform the market and all Business Units contributed to the strong results
- Business has proven to be resilient despite the turbulent market environment and recent macro-economic events
- Delivering solid profitability
- with outstanding cash conversion rate
- Underpinned by a stable financial position

***confirming the trajectory that Itelyum has set***

## 2021 - A successful and busy year...

€510m notes issued	<ul style="list-style-type: none"> <li>• €450m Notes, issued on October 1st, 2021</li> <li>• Additionally, €60m taps issued in November and December 2021</li> <li>• €50m Revolving Credit Facilities undrawn as of today</li> </ul>
Itelyum Acquisition completed	<ul style="list-style-type: none"> <li>• In August 21 SSCP IV and DBAG together with management signed the acquisition of 100% of Itelyum</li> <li>• Transaction completed on October 4th, 2021</li> </ul>
Environment companies acquired	<ul style="list-style-type: none"> <li>• In July 21 acquisition of 70% of Castiglia Srl (€7m/year adj EBITDA) and 100% of Nuova Satro Srl (&lt;€0.1m/year adj EBITDA)</li> <li>• In Oct-21 acquisition of 100% Padana Recuperi Srl (&lt;€0.1m/year adj EBITDA)</li> </ul>
Production	<ul style="list-style-type: none"> <li>• Purification: 3rd production line of Keto (API-Pharma) started in September 21</li> <li>• Environment: authorization for further 220kt wastewater treatment (Temix Project)</li> </ul>

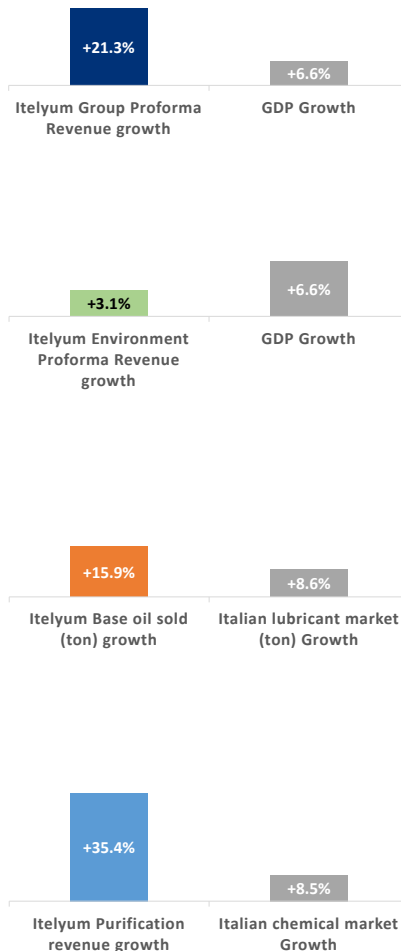
## ... and the moment continues into 2022

Environment companies acquired	<ul style="list-style-type: none"> <li>• In January 22 increased ownership in Centro Risorse, Area, Keoma and Innovazione Chimica (from 70% each to 85% each)</li> </ul>
Production	<ul style="list-style-type: none"> <li>• Purification: successfully audited by the most important pharma customer in March 22</li> <li>• Environment: authorization renewed and extended for Centro Risorse</li> </ul>



# 2021 - Business continues to outperform the market

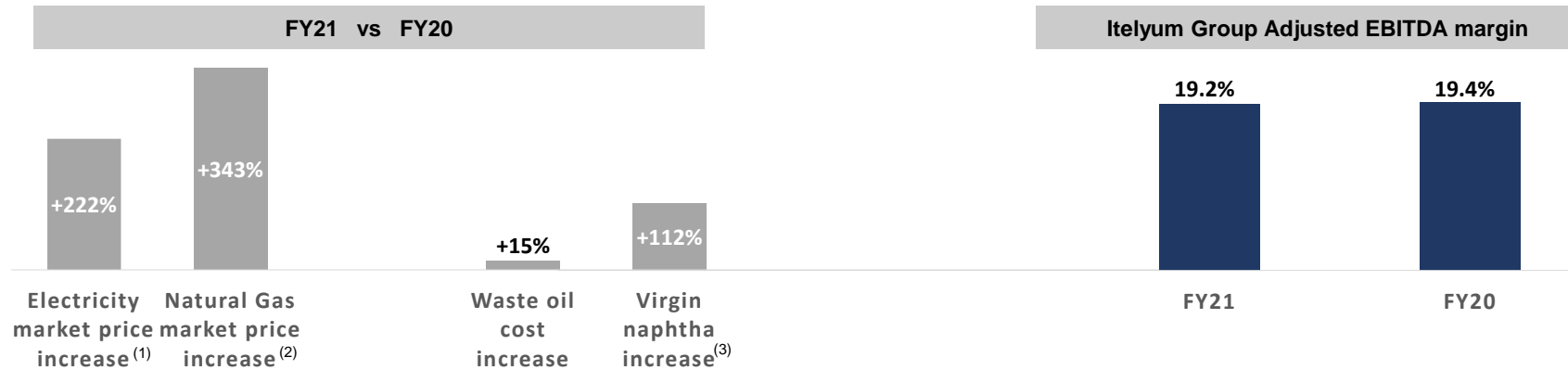
## Itelyum Growth vs Market (FY21 on FY20)



- **Itelyum Group** delivered organic growth at a rate significantly higher than Italian GDP, outperforming the market also in 2021
- **Itelyum Environment** improved its growth rate thanks to macroeconomic trends. Potential upside thanks to a larger coverage of Italian regions after the recent acquisitions of Castiglia in southern Italy and the small, strategic acquisition of Nuova Satro in central Italy
- **Itelyum Regeneration** sales higher than its reference lubricant market in Italy, combined with a larger customers base: +14% (from 77 to 88 base-oil customers), reaching new countries (from 26 to 36 countries covered)
- **Itelyum Purification** significantly outperformed the Italian chemical market, benefitting from increased selling prices and international markets: c. 60 countries, including the most recent ones (Indonesia, Mexico), that represent new strategic/promising geographies

# Business has proven to be resilient despite the turbulent market environment

- Itelyum proved to be resilient during the Covid period also against a significant and sudden increase in utility prices coupled with higher key raw material cost
- Adjusted EBITDA Margin in FY21 was not affected by these macro-economic trends, thanks to:
  - ✓ a corresponding increase in selling price
  - ✓ production efficiency
  - ✓ increase in volumes



## Notes

1 Italian Unique National Price ("PUN") based on IPEX (Italian Power Exchange).

2 TTF (Title Transfer Facility).

3 Virgin Naphtha CIF Italy.



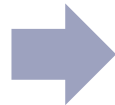
## Limited exposure to recent macro-economic events (1/2)

### Ukraine War and Sanctions to Russia



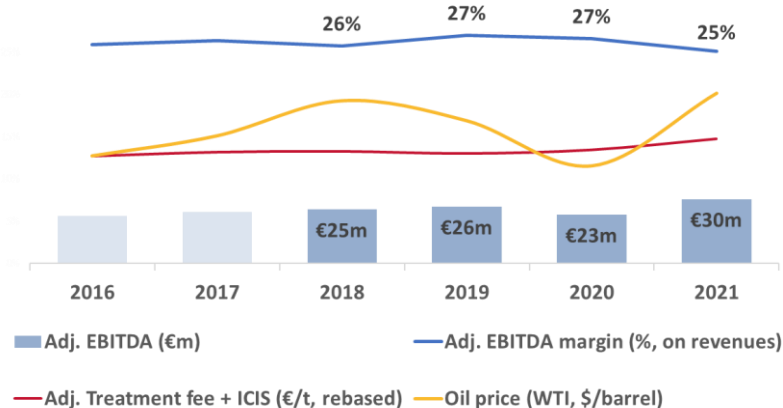
- Direct sales to Russia and Ukraine amounted to less than 0.1% in 2021
- No assets or subsidiaries in Russia or Ukraine

### Oil price increase

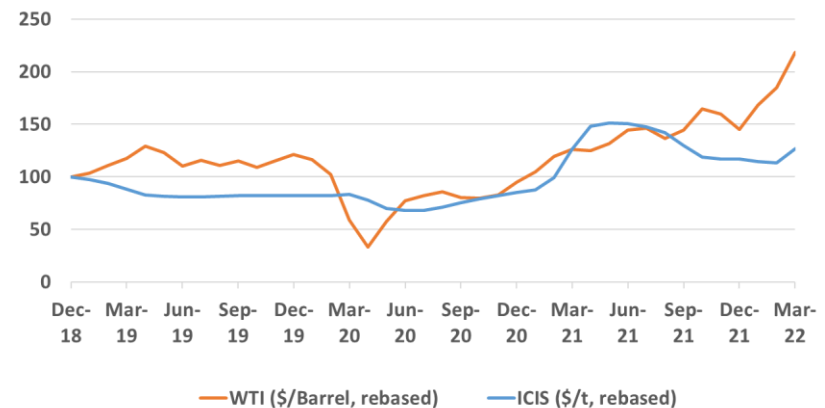


- Transportation cost historically passed through
- Increases in ICIS price typically result in increases in Regeneration selling price

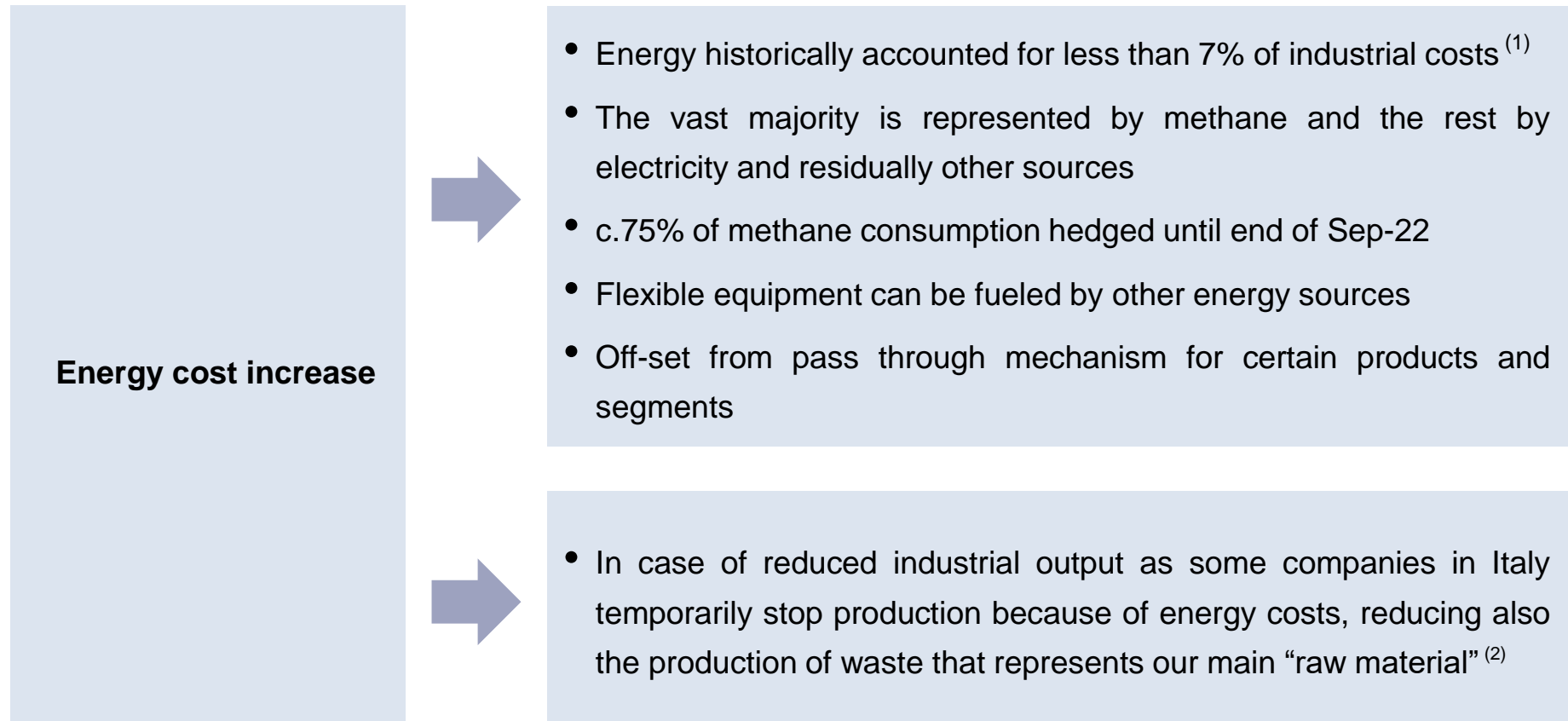
### In the past oil price marginally affected Regeneration profitability



### WTI growth typically drives also ICIS growth improving Regeneration profitability



## Limited exposure to recent macro-economic events (2/2)



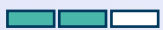
### Notes

1 “Purchase, services and other charges”, as defined in the Condensed Financial Statements.

2 Some Italian industrial companies or some industries in Italy are/could be significantly affected by a relevant increase in raw material cost and in energy costs and consequently they could temporarily stop the production.

A photograph of a large industrial refinery or chemical plant. The scene is dominated by tall, silver-colored distillation columns and a complex network of pipes, walkways, and structural steel. The sky is a clear, pale blue. The image has a semi-transparent white overlay on the left side where the text is located.

# 2



**FY 2021 Results**



# Volumes & Revenue Growth

## Consolidated Unaudited Proforma figures on a Like-for-Like perimeter as of Dec 31, 2021 <sup>(1)</sup>

tons '000	FY21	FY20	Growth
Environment	949	909	4.5%
Regeneration	176	148	18.9%
Purification	94	88	6.7%
<b>Treated volumes</b>	<b>1,220</b>	<b>1,145</b>	<b>6.5%</b>

€m	FY21	FY20	Growth
Environment	178.8	173.4	3.1%
Regeneration	117.5	85.4	37.6%
Purification	169.7	125.3	35.4%
<b>Revenue</b>	<b>466.0</b>	<b>384.1</b>	<b>21.3%</b>

- Volumes trend shows a **6.5% growth** on a proforma basis, thanks to organic growth
- In particular, double digit growth experienced by Regeneration (+19%), mainly driven post Covid-19 recovery, while Purification grew +7% and Environment grew +4%
- Total volumes **exceed 1.2 million tons in FY21** on a proforma basis
- All 3 business units confirm a **full recovery** post Covid-19 and lockdowns with a **well-balanced and resilient segment diversification**
- Revenue growth also driven by an **increase in selling prices** for the most representative products and in particular in Regeneration and Purification business, that registered a +38% and +35% revenue growth, respectively

### Notes

<sup>1</sup> Unaudited pro forma figures at constant Group perimeter as of December 31, 2021 considering for the full year periods the consolidation of SSCP Green Holdings (acquired in Oct-21) and all its subsidiaries, including Idroclean and its subsidiaries (acquired in Feb-20), Intereco (acquired in Jun-20), Ferolmet and its subsidiary (acquired in Oct-20), Castiglia and Nuova Satro (acquired in Jul-21) and Padana Recupero (acquired in Oct-21).

# Solid like-for-like revenue growth coupled with profitability improvement

## Consolidated Unaudited Proforma figures on a Like-for-Like perimeter as of Dec 31, 2021 <sup>(1)</sup>

€m	FY21	FY20
Environment	178.8	173.4
Regeneration	117.5	85.4
Purification	169.7	125.3
<b>A Proforma Revenue</b>	<b>466.0</b>	<b>384.1</b>
% Growth	21.3%	
Environment	38.2	36.5
Regeneration	29.9	20.2
Purification	21.5	17.7
<b>B Adjusted EBITDA</b>	<b>89.6</b>	<b>74.4</b>
% Margin	19.2%	19.4%
Normalized COVID impact	-	6.0
<b>C Adjusted EBITDA (incl normalized COVID impact)</b>	<b>89.6</b>	<b>80.5</b>

- A** Itelyum posted a solid growth (broadly in line with previous years trajectory)
- B** FY 21 EBITDA shows a significant increase (+20%) compared to the FY 20: in addition to positive recovery after Covid-19 impact in 2020, growing EBITDA and **profitability** thanks to scale, efficiencies, synergies from the integration of acquired companies and gross margin dynamics embedded in our unique business model:
- Effective price pass-through/improvement (from suppliers to clients)
  - Economies of scale from increased critical mass
  - CONOU stabilization effect in Regeneration, which offsets any drop in prices while leaving upside uncapped
- C** In FY 20 and particularly in the first half 2020, the lockdown restrictions affected Regeneration and partially also Environment with lower revenue and margin.

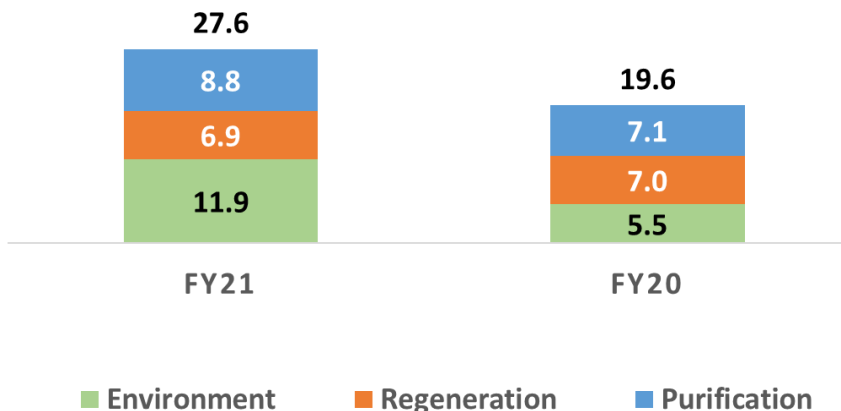
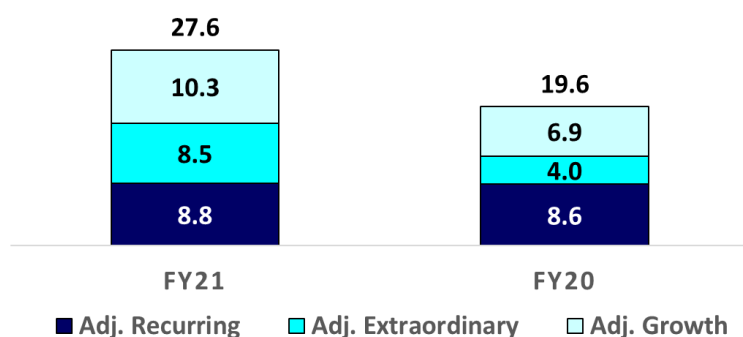
### Notes

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<sup>2</sup> See Appendix for reconciliation from Reported EBITDA to Adjusted EBITDA.

# Limited requirements for recurring capex to support significant organic growth

Consolidated Unaudited Proforma Adjusted Capex on a Like-for-Like perimeter as of Dec 31, 2021 <sup>(1)</sup>



As % on Consolidated Proforma revenue



- **Recurring capital expenditure** in the region of 2% of revenue, confirming limited requirements for recurring capital expenditure, which mainly relates to ordinary operating sites maintenance
- **Extraordinary capital expenditure** (1.8% of revenue in FY 21) are mainly related to extraordinary maintenance/replacements leading to efficiencies and profitability improvements
- **Growth investments** (2.2% of revenue FY 21) are mainly related to expansion projects supporting top-line growth including increase in production capacity in Purification as well as in Environment through the addition of new production lines and equipment, respectively

## Notes

<sup>1</sup> Unaudited pro forma figures at constant Group perimeter as of December 31, 2021 considering for the full year periods the consolidation of SSCP Green Holdings (acquired in Oct-21) and all its subsidiaries, including Idroclean and its subsidiaries (acquired in Feb-20), Intereco (acquired in Jun-20), Ferolmet and its subsidiary (acquired in Oct-20), Castiglia and Nuova Satro (acquired in Jul-21) and Padana Recupero (acquired in Oct-21). They does not include Verde BidCo capitalized transaction costs,



# Highly cash generative business with limited recurring capital expenditure requirements

## Consolidated Unaudited Proforma figures on a Like-for-Like perimeter as of Dec 31, 2021 <sup>(1)</sup>

€m	FY21	FY20
<b>Adjusted EBITDA</b>	<b>89.6</b>	<b>74.4</b>
<b>A</b> Adj. Recurring capital expenditures	-8.8	-8.6
% of Revenue	-1.9%	-2.3%
<b>Adjusted Recurring OpFCF <sup>(2)</sup></b>	<b>80.8</b>	<b>65.8</b>
<b>Cash conversion</b> (% of Adjusted EBITDA)	90.2%	88.4%
<b>B</b> Adj. Growth & Extraordinary capital expenditures <sup>(3)</sup>	-18.8	-10.9
% of Revenue	-4.0%	-2.9%
<b>Adjusted OpFCF <sup>(4)</sup></b>	<b>62.0</b>	<b>54.8</b>
<b>Cash conversion</b> (% of Adjusted EBITDA)	69.2%	73.7%

### Notes

- 1 Unaudited pro forma figures at constant Group perimeter as of December 31, 2021 considering for the full year periods the consolidation of SSCP Green Holdings (acquired in Oct-21) and all its subsidiaries, including Idroclean and its subsidiaries (acquired in Feb-20), Intereco (acquired in Jun-20), Ferolmet and its subsidiary (acquired in Oct-20), Castiglia and Nuova Satro (acquired in Jul-21) and Padana Recuperi (acquired in Oct-21).
- 2 Calculated as: Adjusted EBITDA including normalized COVID impact – Adjusted Recurring capital expenditure
- 3 Growth capital expenditure defined as acquisitions of lands for new industrial projects and developments and investment for increase in production capacity and rebranding; Extraordinary capital expenditure defined as investments for one-off equipment, plant replacement and software
- 4 Calculated as: Adjusted EBITDA including normalized COVID impact – Adjusted Recurring capital expenditure – Growth & Extraordinary capital expenditure

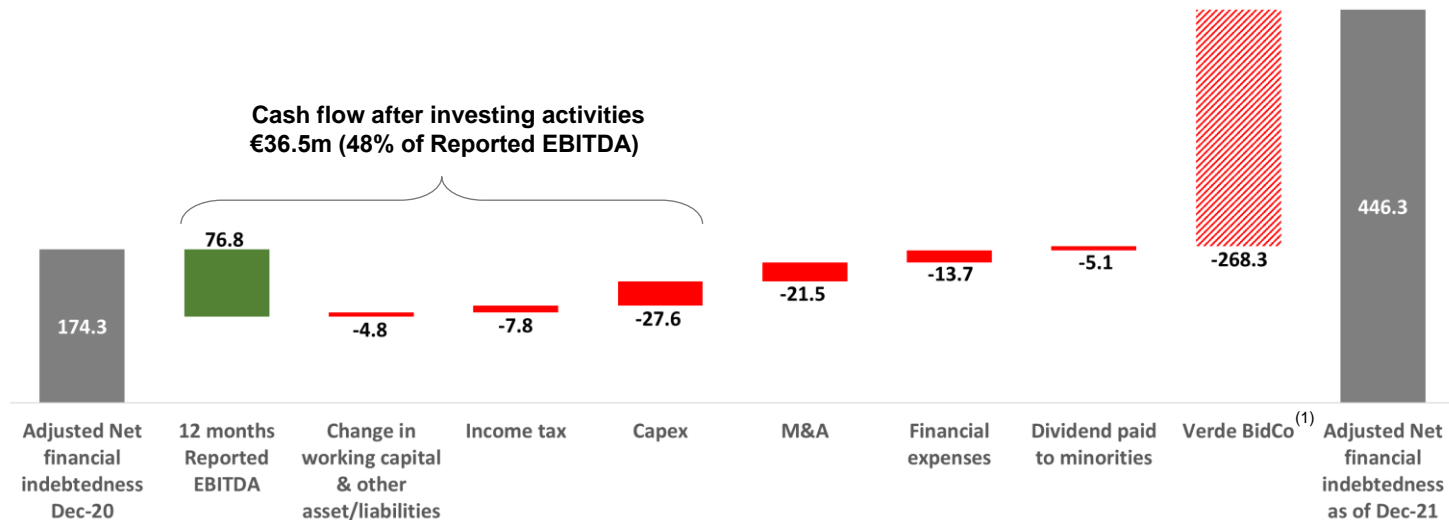
**A** Limited recurring capital expenditure requirements (c. 2% of sales) allowing for a **strong recurring cash generation** (c. 90% in terms of % of Adjusted EBITDA)

**B** Growth and **extraordinary** capital expenditure mainly related to capacity expansion, new production lines and non-recurring replacements/improvements

- **extraordinary capital expenditure** trend mainly function of **past acquisitions** as most of them (in particular in Purification) were **underinvested**, hence historical figures factor-in such **investment catch-up**

# Solid cash conversion

## Reported consolidated FY21 Cash flow and Net Debt Bridge to Dec-21



- Cash flow after investing activities of almost 50% of reported EBITDA for the 12 months
- Cash flow reflects also the extraordinary transactions occurred in 4Q21, including Verde BidCo's acquisition of Iteyum Group financed through equity injection and Notes issue

### Notes

1 Extraordinary transaction completed by Verde BidCo in 4Q21.

# Stable financial position

- Adjusted net financial position as of December 31, 2021 (€446.3m) reflects extraordinary transactions including:
  - Itelyum Group acquisition by Verde BidCo on October 4, 2021
  - €510m notes issuance by Verde BidCo (including €450m notes and €60 through two following *taps*)
  - reimbursement of main Itelyum existing bank debts
- Leverage ratio confirmed in the region of 5x

## Net financial indebtedness

€m	Itelyum Group Consolidated Dec-20	Itelyum Group Consolidated Sep-21	Unaudited Itelyum Group Consolidated Proforma Sep-21	Unaudited Itelyum Group Consolidated Dec-21	
(Cash and cash equivalents)	-39.1	-64.6	-101.0	-104.7	
Financial Debt <sup>(1)</sup>	198.4	217.0	521.9	539.9	
<b>Net financial indebtedness</b>	<b>159.3</b>	<b>152.4</b>	<b>420.9</b>	<b>435.3</b>	
Debt for Deferred purchase price related to Environment acquisitions	12.7	10.2	10.2	9.7	
Fair market value of derivatives	0.5	0.4	0.0	0.0	
Debt for off-balance sheet financial leasing contracts	1.8	1.4	1.4	1.3	
<b>Adjusted Net financial indebtedness</b>	<b>174.3</b>	<b>164.4</b>	<b>432.5</b>	<b>446.3</b>	
Leverage ratio (Adjusted Net financial indebtedness on Adjusted Proforma LTM Sep-21 EBITDA and on Adjusted Proforma FY21 EBITDA, respectively)			4.8x	5.0x	

- Liquidity in excess of €100m**
- Additional €50m RCF** undrawn and available
- No significant reimbursement instalments** expected in the next 5 years

### Notes

<sup>1</sup> Net of amortized cost of debt as reported in the Condensed Consolidated Financial Statements (€18.6 million as of December 31, 2021, related to the €510m Notes).



# Continuous activities to maintain a top-level Circularity index

## Environmental

- More than 460 Mtons of avoided emissions related to products sold in 2021
- 2021 circularity index 85%

## Social

- More than 850 people, 23% women
- Training hours: 17 per person
- Training project with schools presented to European Consilium as best practice by Ministry of Education
- Launch of pilot project for smart working for white collars, with related training

## Governance

- Appointment of an Ethics Officer in charge of guaranteeing high standards of ethical behaviors and enforcing the Code of Ethics contents.

## Targets for Sustainability-linked notes

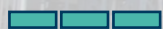
- Gross CO2e avoided emissions to increase by 25% within 2025 vs 2020 base year: 7% increase in 2021
- Quantity of waste collected and delivered to circular treatments (regeneration, recycling, wastewater treatment and recovery) to increase by 25% within 2025 vs 2020 base year: 14% increase in 2021

## FY 2021 - Strong performance

- Itelyum continues to outperform the market and all Business Units contributed to the strong results
- Business has proven to be resilient despite the turbulent market environment and recent macro-economic events
- Delivering solid profitability
- with outstanding cash conversion rate
- Underpinned by a stable financial position

***confirming the trajectory that Itelyum has set***

# 3



## Appendix



# EBITDA to Adjusted EBITDA Bridge

Adjusted EBITDA Reconciliation		
€m	FY21	FY20
<b>Reported EBITDA</b>	<b>10.5</b>	<b>50.2</b>
<b>A</b> Perimeter Adjustment	68.9	7.2
<b>Proforma EBITDA</b>	<b>79.4</b>	<b>57.4</b>
% Margin		
<b>B</b> CONOU Normalization	-7.8	1.9
<b>C</b> Extraordinary Provision for Env. Liab.	-	2.6
IAS 17 Lease Normalization	0.6	0.7
<b>D</b> One-off M&A & Transaction Costs	14.8	5.1
<b>E</b> Other One-off Items	2.6	6.6
<b>Adjusted EBITDA</b>	<b>89.6</b>	<b>74.4</b>
% Margin		
<b>F</b> Normalized COVID impact	-	6.0
<b>Adjusted EBITDA</b> (incl normalized COVID impact)	<b>89.6</b>	<b>80.5</b>

- A** In 2021 Reported EBITDA refers to 4Q21 only, since the consolidation started after the acquisition by the new holding company, Verde MidCo of Itelyum Group. The 2020 Reported EBITDA refers to the full year and considering that the Group holding was SSCP Green Holdings<sup>1</sup>.
- B** **CONOU normalization** calculated as if the CONOU regeneration treatment fee for each quarter of the periods presented were calculated on the basis of the **ICIS average price of lube oil** recorded during such quarter (as opposed to the average price recorded in the **preceding quarter**<sup>2</sup>)
- C** Management's estimated additional costs and provisions for risks in respect of **environmental remediation** activities of oil regeneration plants
- D** Non-recurring M&A associated costs, including advisory and legal fees and extraordinary costs related to the period before the acquisitions
- E** Other **extraordinary one-off items**, mainly including:
- Adjustments to backward reflect the favourable revision of the CONOU formula occurred in Oct- 20
  - Exceptional costs related to personnel (e.g. one-off severance) and board of directors
  - Normalization of CO<sub>2</sub> quota allowance related to emission trading certificates
- F** Normalization for the Covid impact is calculated as lower revenue and margin particularly in the first half 2020, mainly due to the lockdown restrictions that affected Regeneration and partially also Environment

## Notes

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<sup>2</sup> As CONOU pays contribution fee based on previous quarter prices



# Condensed Consolidated Income Statement

Consolidated Unaudited Reported figures <sup>(1)</sup>			Consolidated Unaudited Proforma figures <sup>(2)</sup>			
€m	FY21	FY20	FY21	FY20	3-months to Dec-21	3-months to Dec-20
<b>Revenue</b>	<b>120.0</b>	<b>330.9</b>	<b>466.0</b>	<b>384.1</b>	<b>120.0</b>	<b>107.9</b>
Other income	11.6	2.9	14.9	4.0	11.6	-0.6
Change in work in progress, semi-finished and finished product inventories	5.4	-3.3	7.2	-3.3	5.4	2.0
Total revenue and other operating income	137.0	330.5	488.1	384.8	137.0	109.3
Purchase, services and other charges	-91.0	-231.4	-326.0	-267.5	-91.0	-73.6
Personnel costs	-18.7	-39.0	-57.5	-49.1	-18.7	-11.8
Other operating costs	-5.7	-7.9	-12.4	-8.8	-5.7	-1.9
Provisions for risks and charges	-10.7	-1.5	-11.5	-1.5	-10.7	-0.6
Depreciation and amortization	-18.0	-42.2	-76.2	-45.6	-18.0	-11.6
Impairment of receivables	-0.4	-0.5	-1.4	-0.5	-0.4	-0.1
Total costs	-144.6	-322.5	-485.0	-372.9	-144.6	-99.7
<b>Operating result</b>	<b>-7.6</b>	<b>8.0</b>	<b>3.1</b>	<b>11.9</b>	<b>-7.6</b>	<b>9.6</b>
Financial expenses	-9.1	-11.3	-16.8	-11.5	-9.1	-3.1
<b>Profit (loss) before taxation</b>	<b>-16.7</b>	<b>-3.3</b>	<b>-13.6</b>	<b>0.4</b>	<b>-16.7</b>	<b>6.5</b>
Income taxes	0.6	-3.7	-7.9	-4.7	0.6	0.8
<b>Profit (loss) for the period</b>	<b>-16.1</b>	<b>-7.0</b>	<b>-21.5</b>	<b>-4.3</b>	<b>-16.1</b>	<b>7.3</b>
<b>EBITDA</b>	<b>10.5</b>	<b>50.2</b>	<b>79.4</b>	<b>57.4</b>	<b>10.5</b>	<b>21.2</b>
<b>Adjusted EBITDA</b>			<b>89.6</b>	<b>74.4</b>	<b>26.2</b>	<b>26.4</b>

## Notes

- 1 In 2021 reported figures refer to 4Q21 only, since the started from the Group acquisition (occurred on Oct 4th, 2021) by the new holding company, Verde MidCo. In 2020 reported figures refer to the full year and considering that the Group holding was SSCP Green Holdings.
- 2 Unaudited pro forma figures at constant Group perimeter as of December 31, 2021 considering for the full respective periods the consolidation of Idroclean and its subsidiaries (acquired in Feb-20), Intereco (acquired in Jun-20), Ferolmet and its subsidiary (acquired in Oct-20) and Castiglia and Nuova Satro (acquired in Jul-21).

# Condensed Consolidated Balance Sheet

€m	As of December 31, 2021	As of December 31, 2020
Goodwill	496.0	88.3
Other intangible assets	6.9	4.4
Property, plant and equipment	252.5	259.8
Non-current financial assets	2.2	2.4
<b>Non-current Assets</b>	<b>757.7</b>	<b>354.9</b>
Inventories	29.7	20.1
Trade receivables	103.7	80.2
Trade payables	-100.1	-81.0
Net operating working capital	33.2	19.3
Other current assets (liabilities)	-5.8	-6.2
<b>Net working capital</b>	<b>27.4</b>	<b>13.1</b>
Provision	-28.6	-16.1
Other non current liabilities	-1.8	-4.7
<b>Non current liabilities</b>	<b>-30.4</b>	<b>-20.8</b>
<b>Net invested capital</b>	<b>754.7</b>	<b>347.2</b>
<b>Equity</b>	<b>309.7</b>	<b>174.7</b>
<b>Net financial indebtedness<sup>(1)</sup></b>	<b>435.3</b>	<b>159.3</b>
<b>Deferred purchase price</b>	<b>9.7</b>	<b>12.7</b>
<b>Fair market value of derivatives</b>	<b>0.0</b>	<b>0.5</b>
<b>Financial sources</b>	<b>754.7</b>	<b>347.2</b>

## Notes

- 1 Net of amortized cost of debt related to the €510m Notes as reported in the Condensed Consolidated Financial Statements (€18.6 million as of December 31, 2021). Debt for off-balance sheet financial leasing contracts not included (€1.3m as of December 31, 2021 and €1.8m as of December 31, 2020).