PiovanGroup

FINANCIAL RESULTS Q1 2019

14 May 2019

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Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection; and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manufacturers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the securities.

Each distributor is responsible for undertaking its own target market assessment in respect of the securities and determining appropriate distribution channels.

The Leading Automation Solutions Provider for Plastic & Food Markets

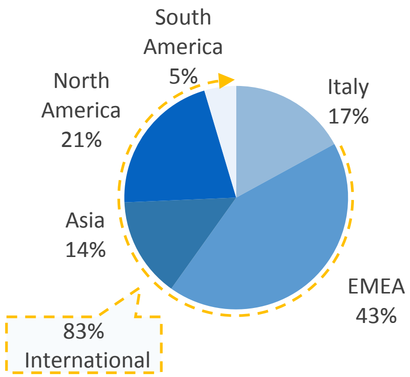
What we do	• Engineering, production and installation of **customized automation solutions**
Applications	• Global leader in **plastic** and **plastic compounds** • Growing presence in **food** (e.g. powder ingredients)
Our customers	• **Global and diversified** customer base across several end-markets • Over **2,300 customers**[1]
Global footprint	• **7 manufacturing sites** in 4 continents • **24 services & sales companies** worldwide • **70 countries** covered
Innovation DNA	• **C. 4% of Revenues** invested in R&D and Engineering[2] • **174 dedicated employees**[3]

LTM Mar-19 Key Financials

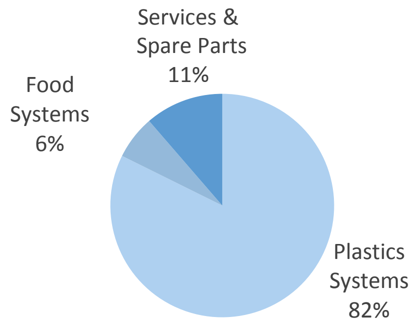
Revenues	Adj. EBITDA	Net Income	Cash Conv.[4]	ROCE[5]
€254m	**€39m** *(15% Margin)*	**€26m** *(10% Margin)*	**~93%**	**~57%** After impact of IFRS 16
+13% CAGR FY 16-LTM Mar- 19 *(organic)*	**+18%** CAGR FY 16-LTM Mar- 19 *(organic)*	**+26%** CAGR FY 16-LTM Mar- 19 *(organic)*	**~1%** Recurring Capex / Revenues	

Q1 2019 Revenues Breakdown[6]

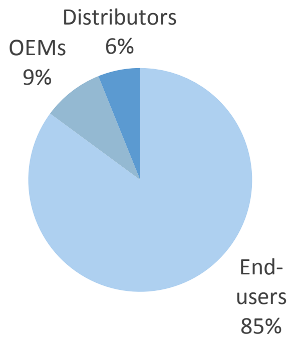
by Geography



by Application



by Channel



Source: Company information

[1] In 2018. [2] In 2018. [3] Average 2018 figure. [4] Defined as Adjusted EBITDA – Recurring Capex / Adjusted EBITDA. [5] Computed as EBIT / Net Invested Capital excluding Goodwill and Put and Call Options. Net Invested Capital adjusted for the application of IFRS 16.
[6] Excluding other sales & other income.

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Our Core is Process Automation from Silos to Primary Machines

Granules / Flakes / Powder

IN

Storage

Piovan

Full range of process automation solutions

- Material Handling & Storage
- Dosing & Blending
- Drying & Dehumidifying
- Temperature control
- Coolers
- Granulators
- Supervision software

Final Products

OUT

Primary Machine (e.g. Extruder)

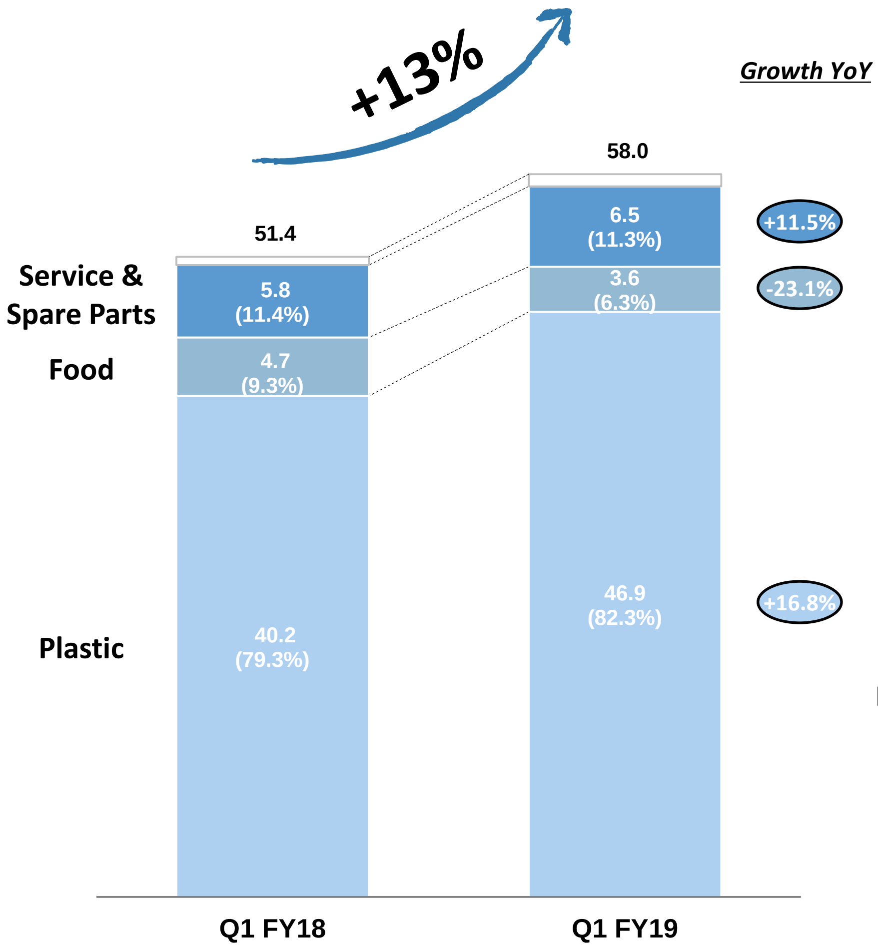
Source: Company information

PIOVAN Q1 2019 KEY BUSINESS HIGHLIGHTS

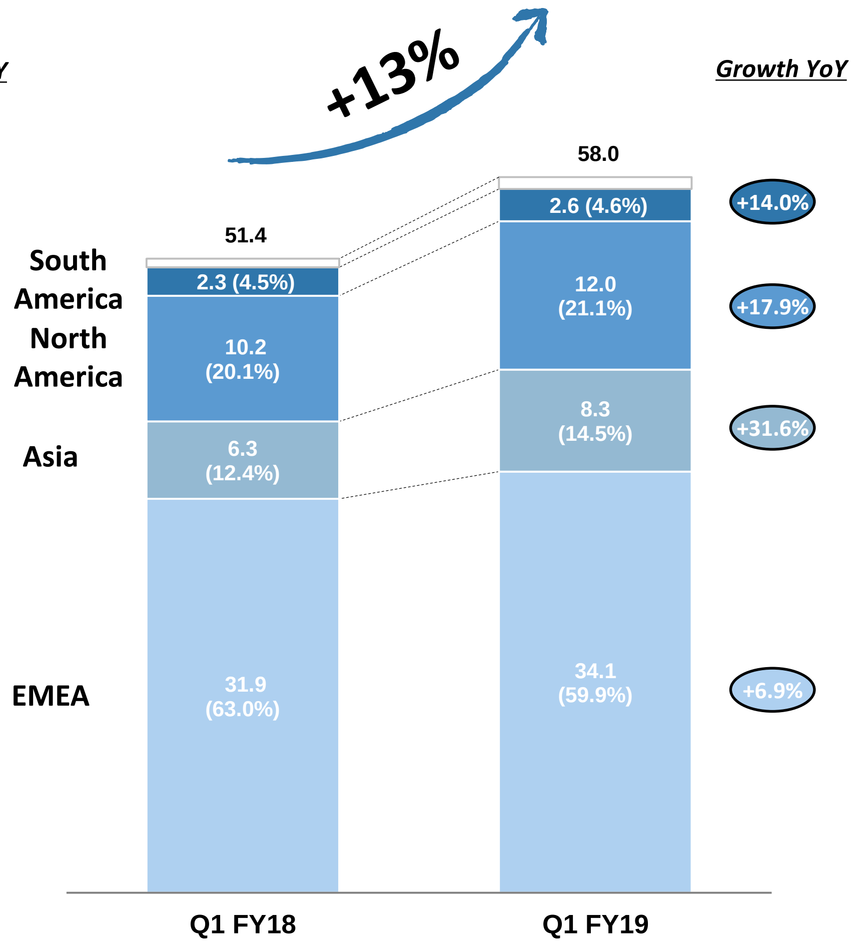
- **Further Consolidation of Our Global Leadership in Plastic with Double-Digit Growth (+17% YoY)**
- **Strategy to Enlarge End-Markets Served in Plastic Driving Great Momentum in Asia**
- **Successful Continuation of Penta into Non plastic Powders developments, Enlarging its Customer Base**
- **Completed Installation of Large Food Projects Launched in 2018**
- **Continued Footprint Expansion with Piovan Maroc**
- **Completed US Facilities Relocation, Expansion of the Italian Site Ongoing as Planned**
- **Adoption of IFRS 16 for Lease Accounting with Marginal Impact in Profit and Loss**

Continued Strong Growth Driven by North America & Asia

Revenues by Application (€m)[1]



Revenues by Geography (€m)[1]



Indicates other revenue and income (c. €0.7m of in 2018, €1.0m in 2019)

Comments

BY APPLICATION

- Strong overall increase in **Revenues from Systems driven by:**
  - **the Plastic market as a result of further consolidation** of the leadership position, with strong growth in North America and Asia
  - **enlargement of the customer base in Penta**
  - completed installation of large Food projects launched in 2018
- **Continued double-digit growth in the Service** segment as a result of the implementation of the strategy

BY GEOGRAPHY

- Strong momentum across all regions in particular:
  - **Asia**, as a result of recent organizational changes and **broadening of the end-markets served**
  - **North America**, for spread commercial actions and **improved production capacity** in the new plant
  - **South America,** for the **enlargement of the product offer**
  - **EMEA,** affected by soft performance in Food

Source: Company Information
[1] Revenues % breakdown excludes other revenue and income.

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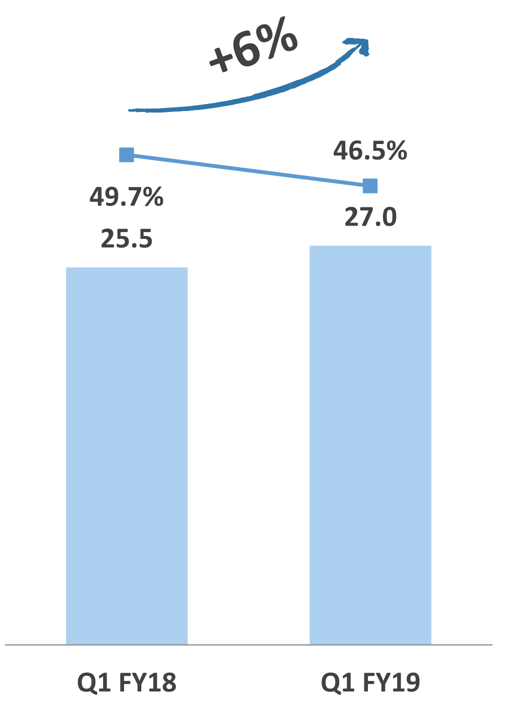
Resilient Profitability Continuing vs. Strong Q1-18

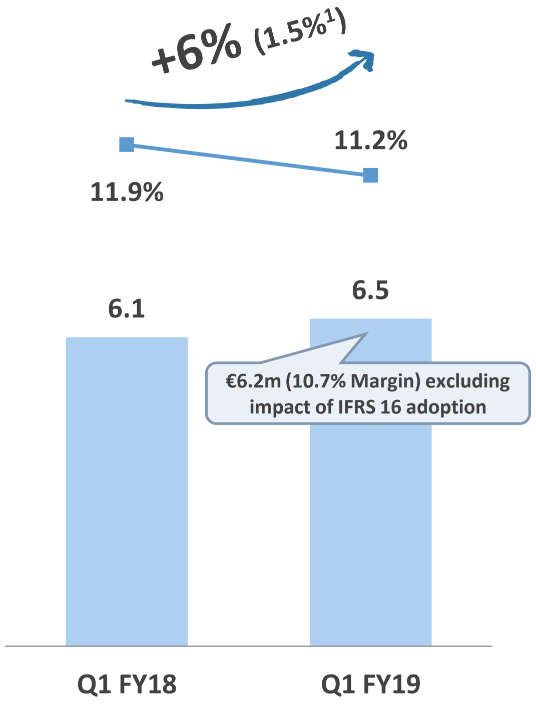
Contribution Margin

€m and Margin



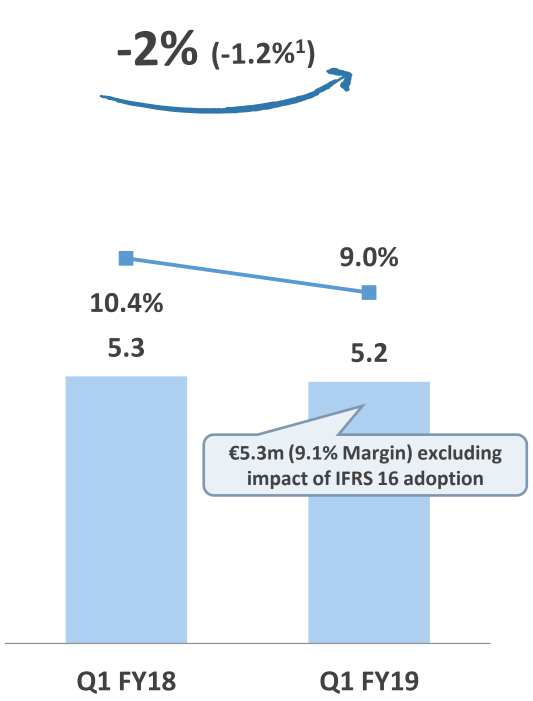
Adj. EBITDA

€m and Margin



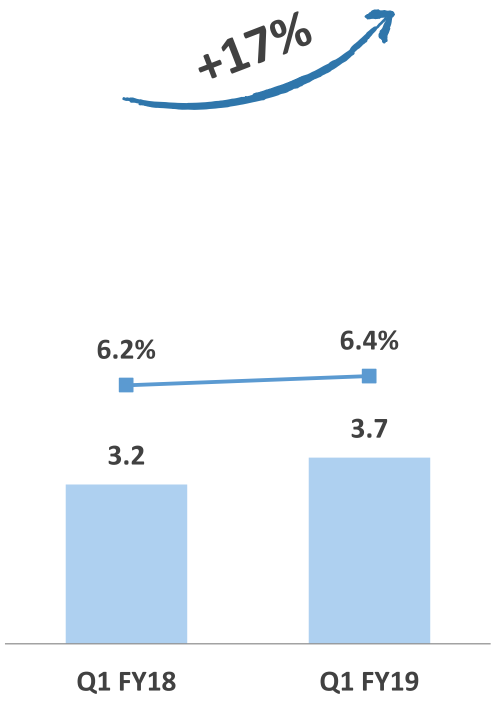
Adj. EBIT

€m and Margin



Net Income

€m and Margin



- **Tail-end installation costs** related to large **Food projects** launched in 2018 negatively affecting Contribution Margin (not present in Q1-18)

- Contribution Margin dilution partially offset by **efficient fixed costs in structure**, resulting in an overall contained margins contraction

- **Growth in Net Income** driven by lower tax rate (30.4% vs. 32.7%)

Source: Company Information

[1] Growth rate based on metric excluding the marginal impact of IFRS 16 adoption

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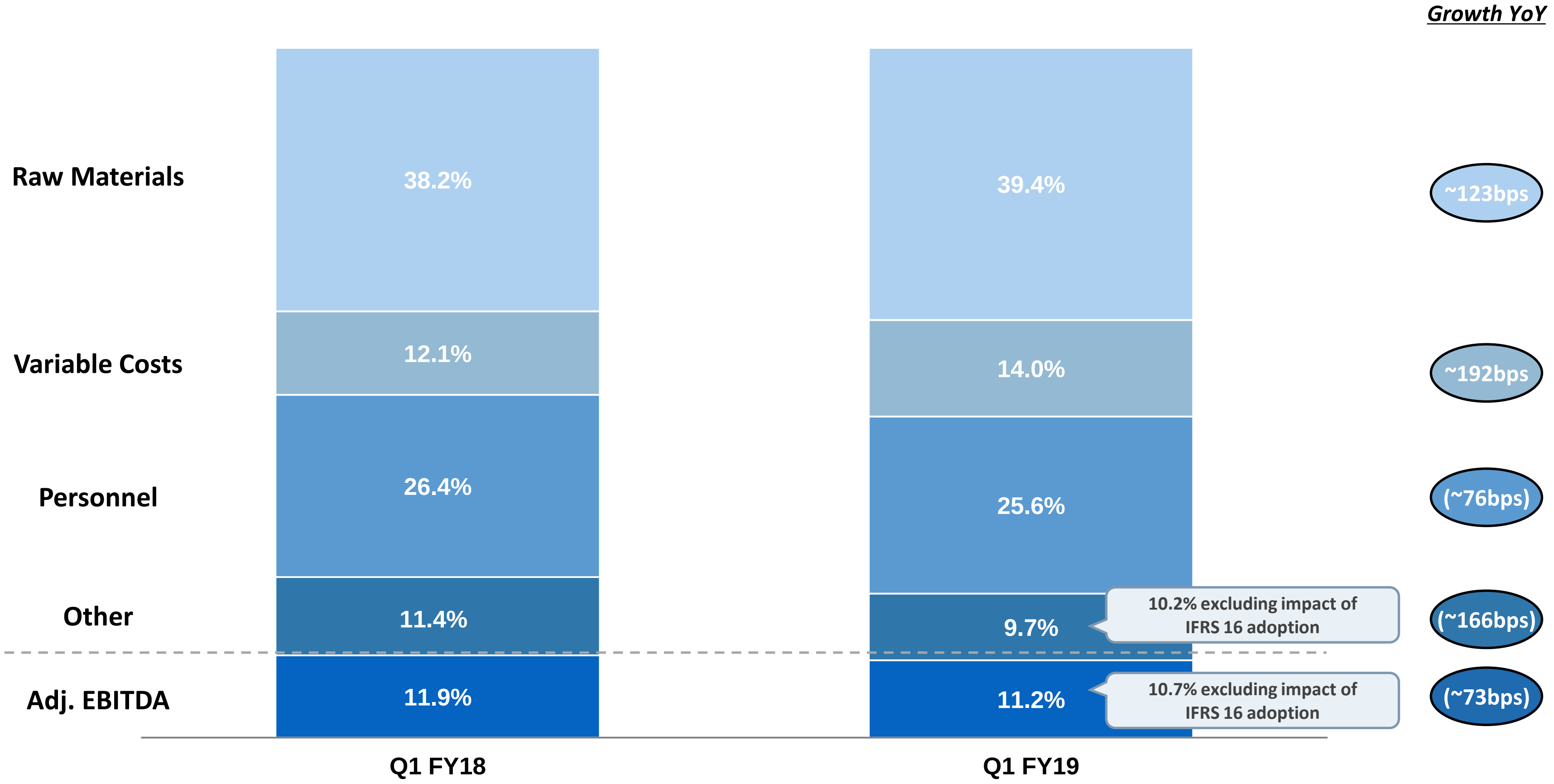
…Driven by Strong Operating Leverage

Adjusted Operating Cost Base as a % of Revenues



Comments

- **Higher incidence of raw materials** and **variable costs** mainly driven by
  - **higher installation costs in** the **Food** business
  - **organic fluctuations** through the trimesters
- Infra-annual **evolution of YTD contribution margin** in L12M:
  - Q1-18: 49.7%
  - Q2-18: 45.9%
  - Q3-18: 47.1%
  - FY-18: 47.5%
  - Q1-19: 46.5%

Source: Company Information

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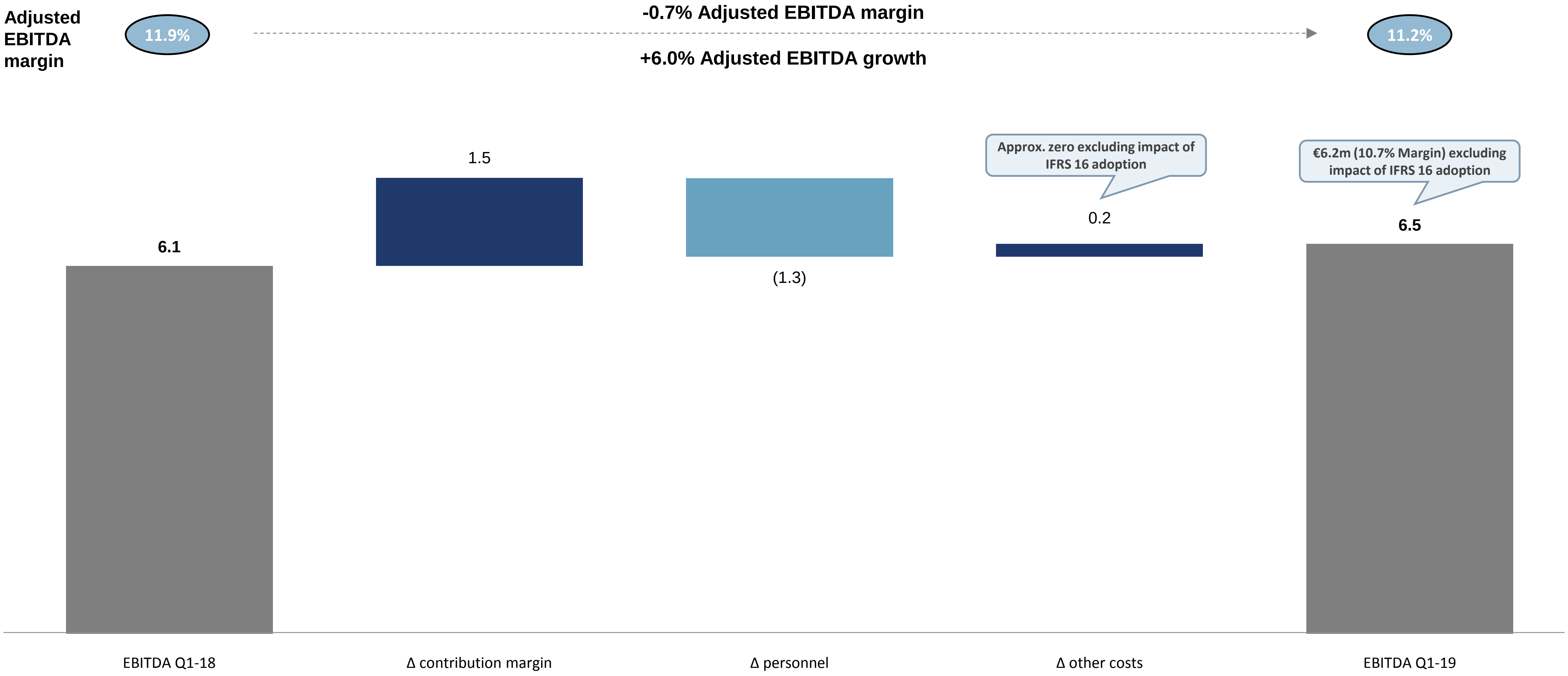
Adjusted EBITDA Bridge from Q1 FY-18 to Q1 FY-19

Q1 FY-18 to Q1 FY-19 Adjusted EBITDA bridge (€m)



Source: Company Information

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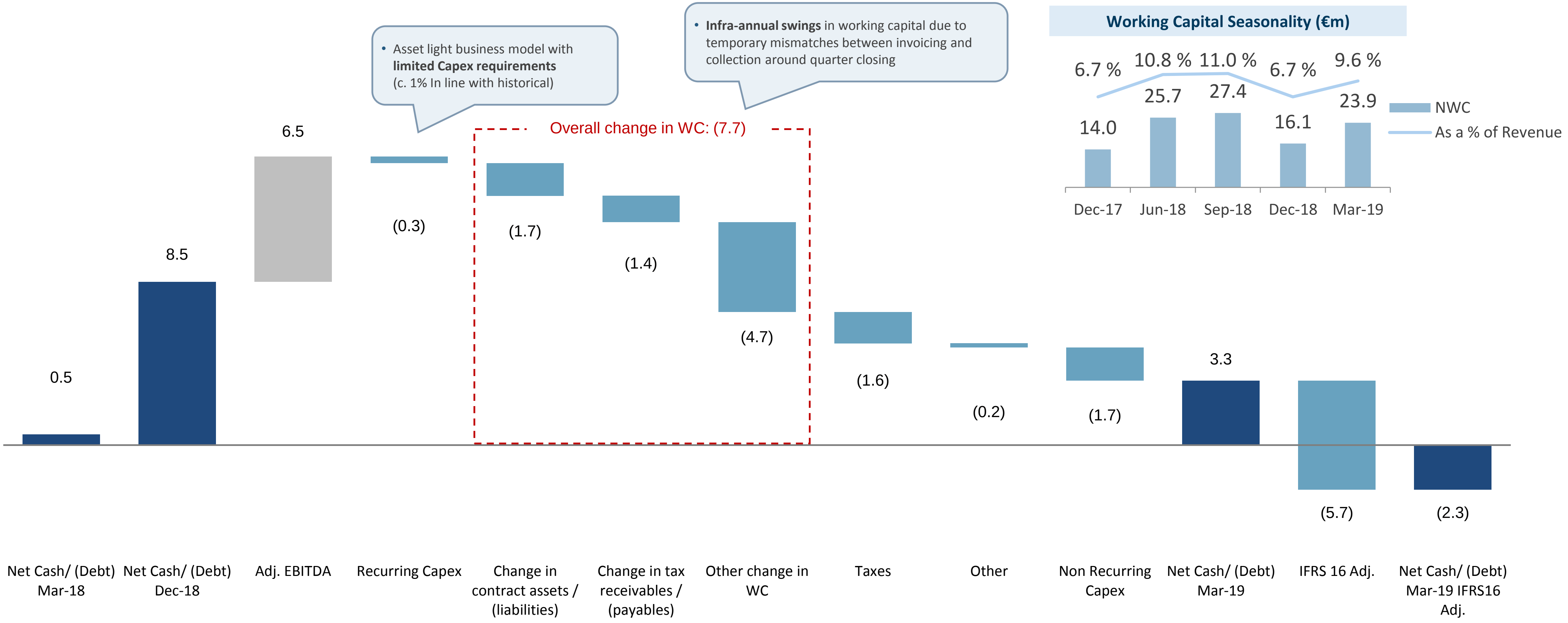
Net Debt Walk from Dec-18 to Mar-19

Dec-18 to Mar-19 Net Debt bridge (€m)



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Appendix

Income Statement

€m	Q1 FY18	Q1 FY19 Pre IFRS 16	Q1 FY19 Reported	Δ% Q1 FY18 vs Q1 FY19
Sales	50.7	57.0	57.0	12.5 %
Other sales & other income	0.7	1.0	1.0	42.4 %
Revenues	51.4	58.0	58.0	12.9 %
Raw materials	(19.6)	(22.9)	(22.9)	16.5 %
Cost of services	(10.6)	(12.7)	(12.7)	18.8 %
Personnel	(13.6)	(14.9)	(14.9)	9.6 %
Other costs	(1.4)	(1.4)	(1.1)	(21.4)%
EBITDA	6.1	6.2	6.5	6.0 %
Adjusting Items	-	-	-	
Adjusted EBITDA	**6.1**	**6.2**	**6.5**	**6.0 %**
% Adjusted Margin	*11.9%*	*10.7%*	*11.2%*	
D&A and provisions	(0.8)	(1.0)	(1.3)	
EBIT	5.3	5.3	5.2	(1.9)%
Finance Income / (Expenses)	(0.1)		(0.1)	
Exchange income (expenses)	(0.4)		0.2	
Income from equity method investments	(0.1)			
Income / loss from change in fair value	-		-	
EBT	4.7		5.4	13.1 %
Taxes	(1.5)		(1.6)	
% Tax Rate	*32.7%*		*30.4%*	
Net Income	3.2		3.7	16.9 %
Attributable to Piovan shareholders	3.2		3.7	16.9 %
Attributable to minority shareholders	0.0		0.0	13.9 %

Source: Company Information

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Balance Sheet

€m	Dec-18	IFRS 16 Adj.	Dec-18 Restated	Mar-19
Property Plant & Equipment	34.5	5.9	40.4	41.6
Intangible Assets (incl. Goodwill)	6.0		6.0	6.1
Financial Assets	0.3		0.3	0.4
Net Fixed Assets	40.8		46.7	48.1
Trade receivable	50.7		50.7	51.9
Inventory	28.0		28.0	28.9
Trade payables	(39.9)		(39.9)	(32.5)
Advanced payments from customers	(12.6)		(12.6)	(15.7)
Contract assets/(liabilities)	1.0		1.0	2.6
Net Trade Capital	27.1		27.1	35.2
Tax receivables	3.5		3.5	3.6
Other current activities	4.2		4.2	5.0
Tax payables	(6.4)		(6.4)	(5.2)
Other current liabilities	(12.2)		(12.2)	(14.7)
NWC	16.1		16.1	23.9
Other Credits	5.0		5.0	4.5
Other Debts	(6.6)		(6.6)	(5.9)
Pension Fund	(3.9)		(3.9)	(3.9)
Net Invested Capital before Option	51.5		57.3	66.6
Put & Call Option	(3.2)		(3.2)	(3.2)
Net Invested Capital	**48.3**		**54.2**	**63.4**
Total Shareholders' Equity	56.8		56.8	61.1
Net Debt / (Cash)	(8.5)	5.9	(2.6)	2.3
Total Sources	**48.3**		**54.2**	**63.4**

Source: Company Information

Cash Flow Statement

€m	FY 2018	IFRS 16. Adj	FY 2018 Restated	Q1 FY19
Adj. EBITDA	38.5			6.5
Recurring Capex	(2.7)			(0.3)
% on Revenues	*1.1%*			*0.6%*
Cash generation	35.8			6.2
Cash Conversion %	*93.0%*			*94.8%*
Non-Recurring Capex	(9.9)			(1.7)
Disposal	5.2			-
Δ Net Working Capital	(2.1)			(7.7)
Corporate Taxes	(8.0)			(1.6)
Δ Funds	(0.0)			0.0
Non operating Items	0.3			(0.8)
Cash Flow from Operation	21.3			(5.6)
Adjusting Items	(5.4)			-
Δ Put and Call Option	(4.2)			-
Dividend distribution	(6.0)			-
Changes in equity	0.6			0.6
Other financial charges	(0.2)			(0.1)
Δ Exchange loss/gain	0.2			0.2
Income from equtiy method investments	(0.1)			-
Δ Net Financial Position	6.2			(4.9)
NFP BoP	(2.3)			(2.6)
Δ Net Financial Position	(6.2)			4.9
NFP EoP	(8.5)	5.9	(2.6)	2.3

Source: Company Information

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IFRS 16 Reconciliation

€m	Q1 FY19 Reported	IFRS 16 Adj.	Q1 FY19 Pre IFRS 16
Revenues	57.0	-	57.0
Adjusted EBITDA	6.5	(0.3)	6.2
EBIT	5.2	0.0	5.3
Net Debt / (Cash)	2.3	(5.7)	(3.3)

Source: Company Information

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