



# FINANCIAL RESULTS Q1 2020

14 May 2020

# Disclaimer

THIS PRESENTATION AND ANY OTHER INFORMATION DISCUSSED AT THE PRESENTATION (THE “PRESENTATION”) IS STRICTLY CONFIDENTIAL AND IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION. THIS PRESENTATION, WHICH HAS BEEN PREPARED BY PIOVAN S.P.A. (THE “COMPANY”), IS PRELIMINARY IN NATURE AND IS SUBJECT TO UPDATING, REVISION AND AMENDMENT. THIS PRESENTATION MAY NOT BE REPRODUCED IN ANY FORM, FURTHER DISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON, OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF APPLICABLE LAWS AND VIOLATE THE COMPANY’S RIGHTS.

This Presentation is being made available to a limited number of recipients solely for the purpose of introducing the Company. This Presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement or recommendation to enter into any contract or commitment or investment decision whatsoever. Neither this Presentation nor any copy of it nor the information contained herein is being issued or may be distributed or redistributed directly or indirectly to or into any jurisdiction where such distribution would be unlawful, including but not limited to, the United States, Canada, Australia and Japan. Any decision to invest in the Company should be made solely on the basis of information contained in any prospectus or offering circular (if any is published by the Company), which would supersede this Presentation in its entirety.

None of the Company or any of its partners, directors, officers, employees, agents, other representatives, consultants, legal counsel, accountants, financial or other advisors, auditors, direct or indirect shareholders, subsidiaries or other affiliates or any other person acting on behalf of any of the foregoing (collectively, the “Representatives”) makes any representation or warranty, expressed or implied, as to the fairness, quality, accuracy, relevance, completeness or sufficiency for any purpose whatsoever of any information contained in this Presentation.

By attending or otherwise accessing this Presentation, you acknowledge and agree not to be entitled to rely on the fairness, quality, accuracy, relevance, completeness or sufficiency for any purpose whatsoever of the information contained herein and that none of the Company or any of its Representatives will have any liability relating to, or resulting from, this Presentation, its inaccuracy or incompleteness, or the use of, or reliance upon, this Presentation.

By attending or otherwise accessing the Presentation, you acknowledge and agree that you will be solely responsible for your own independent evaluation and assessment of the Company and of the information contained in this Presentation and will rely solely on your own judgment and that of your qualified advisors in evaluating the Company and in determining the desirability of the possible acquisition of an interest in the Company.

To the extent applicable, the industry and market data contained in this Presentation has come from official or third-party sources. Third-party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the fairness, quality, accuracy, relevance, completeness or sufficiency of such data. The Company has not independently verified the data contained therein. In addition, certain of the industry and market data contained in this Presentation come from the Company’s own internal research and estimates based on the knowledge and experience of the Company’s management in the market in which the Company operates. Such research and estimates, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this Presentation.

The highlights of the Company and the outlook presented in this Presentation represent the subjective views of the management of the Company and are based on significant assumptions and subjective judgments which may or may not prove to be correct. Industry experts, business analysts or other persons may disagree with these views, assumptions and judgments, including without limitation the management’s view of the market and the prospects for the Company.

This Presentation may include statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements typically use terms such as “believes”, “projects”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will”, “would”, “could” or “should” or similar terminology. Any forward-looking statements in this Presentation are based on the Company’s current expectations and, by their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control, that could cause the Company’s actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. The Company undertakes no obligation to release the results of any revisions to any forward-looking statements in this Presentation that may occur due to any change in its expectations or to reflect events or circumstances after the date of this Presentation and the Company and its Representatives disclaim any such obligation.

Except where otherwise indicated, this Presentation speaks as of the date hereof and the information and opinions contained in this Presentation are subject to change without notice and do not purport to contain all information that may be required to evaluate the Company. The information in this Presentation is in preliminary form and has not been independently verified. The Company and its Representatives undertake no obligation to provide the recipients with access to any additional information or to update or revise this Presentation or to correct any inaccuracies or omissions contained herein that may become apparent. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this Presentation. Recipients should not construe the contents of this Presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters.

These materials are not an offer for sale of securities in the United States. The Company does not intend to register under the US Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and securities of the Company may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Company does not intend to make any public offering of its securities in the United States. Any securities sold in the United States will be sold only (i) to qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A and (ii) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”).

This Presentation is only addressed to and is only directed at: (a) in the European Economic Area, persons who are “qualified investors” within the meaning of Article 2(1)(e) of Directive 2003/71/EC, as amended, (b) in Italy, “qualified investors”, as defined by Article 34-ter, paragraph 1(b), of CONSOB’s Regulation No. 11971/1999 and integrated by Article 35, paragraph 1(d) of CONSOB Regulation No. 20307/2018, (c) in the United Kingdom, (i) “investment professionals” as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (ii) persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Presentation is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any potential investment or investment activity to which this Presentation relates is only available to relevant persons and will be engaged in only with relevant persons.

By attending or otherwise accessing this Presentation, you warrant, represent, undertake and acknowledge to the Company that (a) you have read and agree to comply with the foregoing limitations and restrictions including, without limitation, the obligation to keep this Presentation and its contents confidential, (b) you agree to treat this Presentation and its content as strictly private and confidential and to take all necessary steps to preserve such confidentiality, (c) you are able to receive this Presentation without contravention of any applicable legal or regulatory restrictions.

By attending or otherwise accessing this Presentation, you agree to be bound by the foregoing limitations. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Any potential investment or investment activity to which this Presentation relates is available only to persons eligible to invest in securities and will be engaged in only with such persons.

## **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MIFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MIFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the ordinary shares and the warrants of Piovan S.p.A. (the “Securities”) have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”).

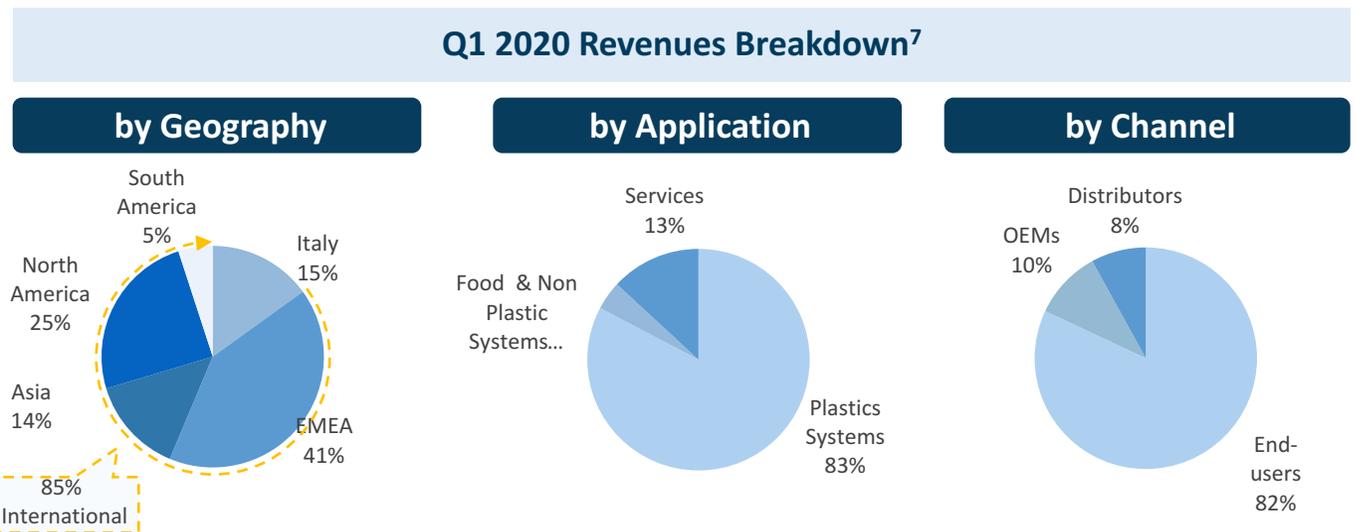
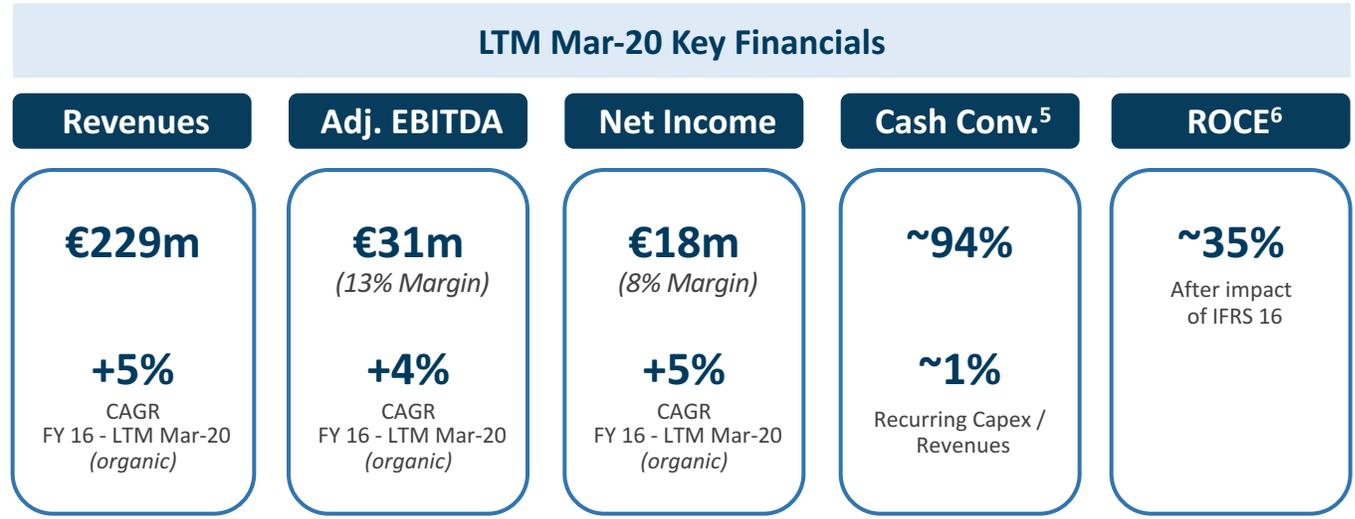
Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection; and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial 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**<sup>1</sup>
- Global footprint**
  - 8 manufacturing sites** in 4 continents
  - 22 services & sales companies** worldwide<sup>2</sup>
  - 70 countries** covered
- Innovation DNA**
  - C. 4% of Revenues** invested in R&D and Engineering<sup>3</sup>
  - 180 dedicated employees**<sup>4</sup>



Source: Company information

<sup>1</sup>In 2019. <sup>2</sup>As of December 2019. <sup>3</sup>In December 2019. <sup>4</sup>As of December 2019. <sup>5</sup>Defined as Adjusted EBITDA – Recurring Capex / Adjusted EBITDA. <sup>6</sup>Computed as EBIT / Net Invested Capital excluding Goodwill and Put and Call Options. Net Invested Capital adjusted for the application of IFRS 16. <sup>7</sup>Excluding other sales & other income.

# Our Core is Process Automation from Silos to Primary Machines...



Software

Complete Supervision, Monitoring and Control of the Production Process



Analysis Instrumentation

- 1** Storage


- 2** Material Handling


- 3** Dosing and Blending


- 4** Drying & Dehum.

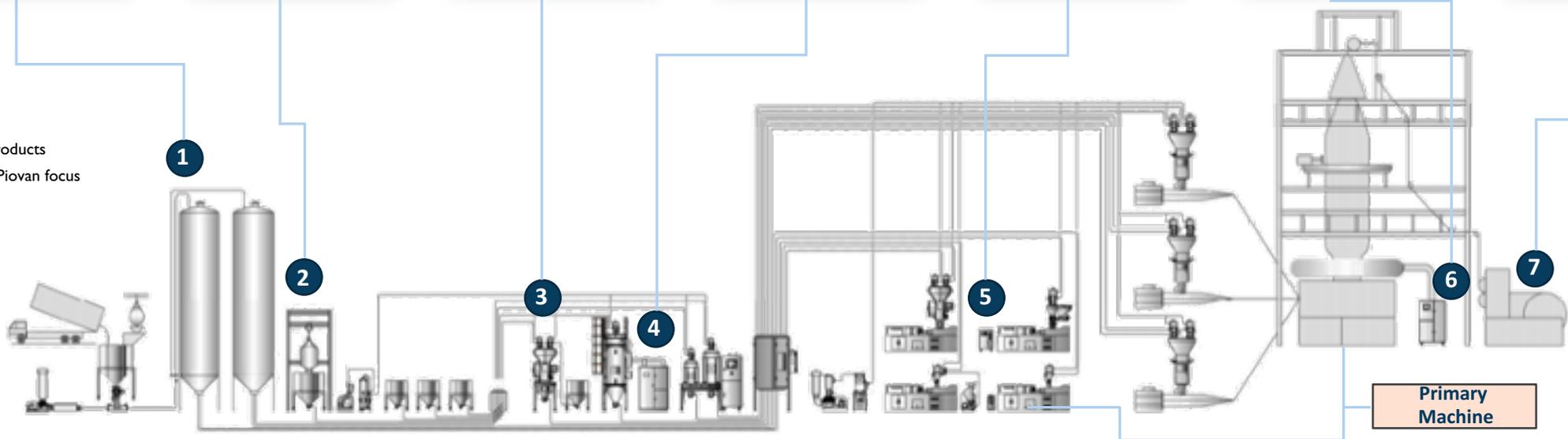

- 5** Temperature Control


- 6** Coolers


- 7** Granulators



■ Piovan products  
■ Outside Piovan focus



Automating The Whole Process From Silos To Primary Machines

Source: Company information

# ...Exploiting Strong Technological Synergies Across Different Materials...

Developed For Plastics, Piovan Technological Platforms Can Have Multiple Applications

	Systems	Storage	Handling		Dosing & Blending		Drying & Dehum.	Temperature Control	Coolers	Supervision Software
			Granules	Powder	Granules	Powder				
Food <sup>1</sup> & Other Powders		✓	✓	✓	✓	✓	✓	✓	✓	✓
		 ✓	   ✓	   ✓	 ✓	 ✓		 ✓		
Recently Added	Creamy Liquids	 ✓	✓							✓
Further Expansion Opportunities										

Source: Company information  
<sup>1</sup>Sugar, Flour, Coco and Milk in Powder

# PIOVAN Q1 2020 KEY BUSINESS HIGHLIGHTS

**The orderly and structured management of the COVID 19 emergency and the respect of the procedures allowed the Company to maintain all premises opened and to give continuity to the productive and commercial activities**

**The rapid decision making process allowed the Company to reorganize the cost structure and adapt to the new conditions**

**Growth in Services is in line with the strategic plan of the Company**

**Growth in the medical applications and flexible packaging**

**Growth in the applications for the circular economy**

**Adequate amount of Cash to face the current market volatility and possible M&A activities**

# PUTTING PEOPLE FIRST

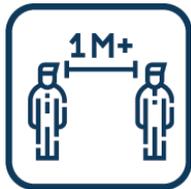
- Piovan Groups has implemented **worldwide** the **highest Safety and Monitoring protocols and Mitigation Actions** to limit the development of COVID-19
- The Group's facilities have been **always fully operative** assuring high quality products in time to our Customers
- Tangible actions include, but are not limited to:



Wearing protective masks



Cleaning the hands frequently  
with the appropriate gel



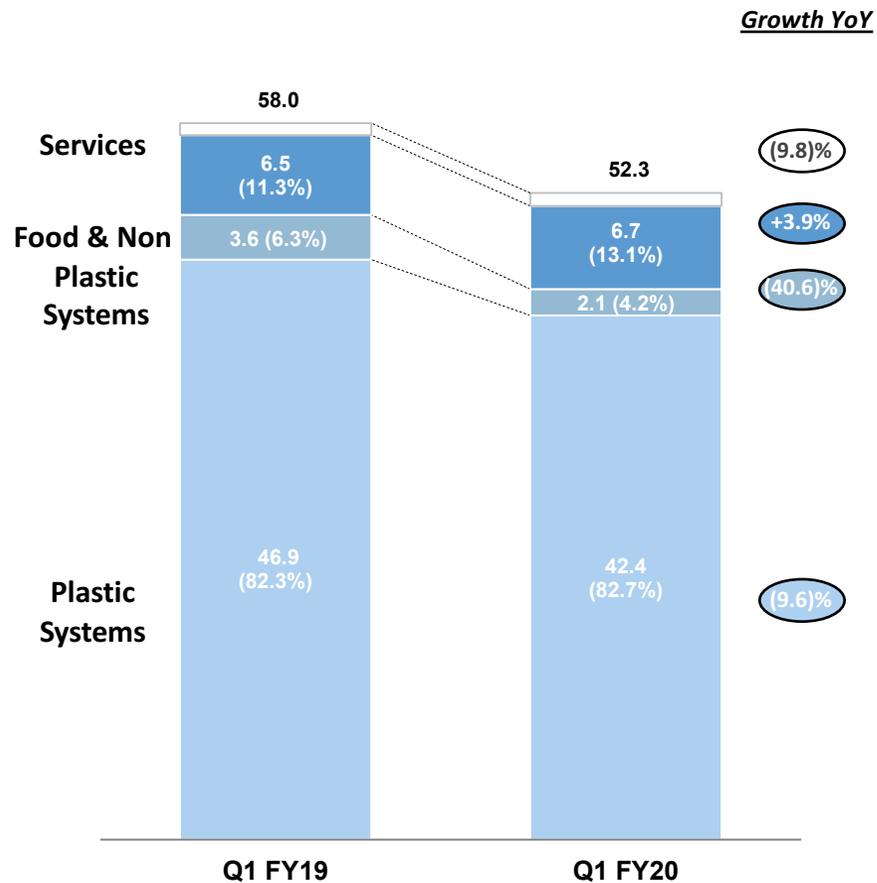
Keeping the minimum safety distance  
from other people

## Separation Barriers

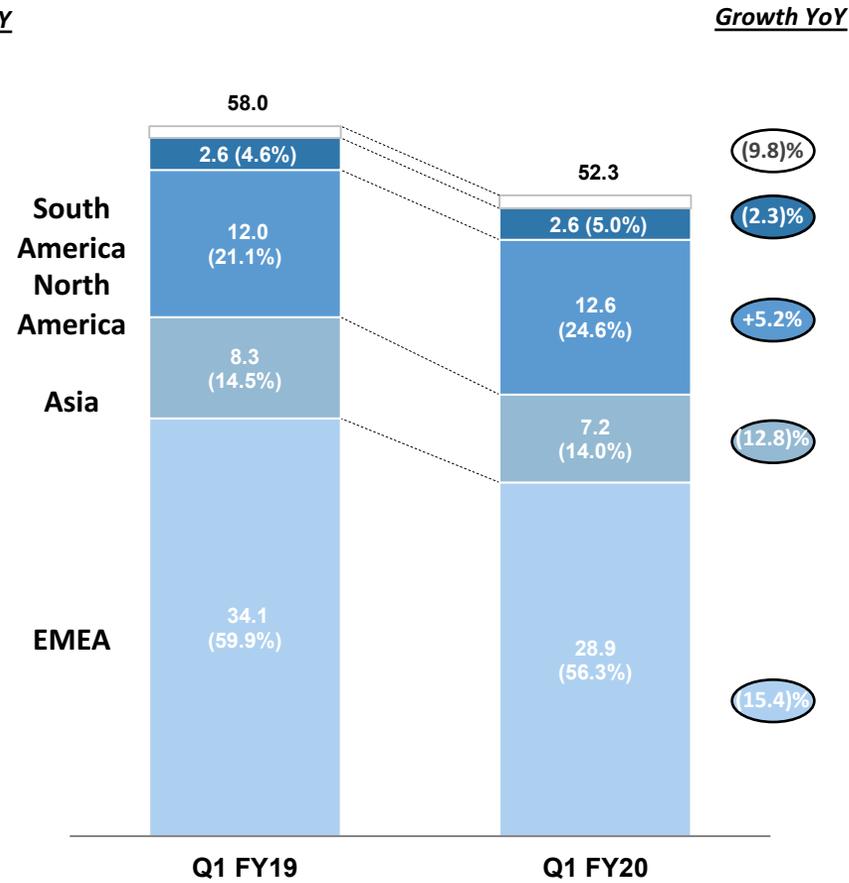


# Resilient Plastic, While Food & Other Powders Suffering From Weaker Market Backdrop. Strong Performance in Service & Spare Parts

Revenues by Application (€m)<sup>1</sup>



Revenues by Geography (€m)<sup>1</sup>



Comments

**BY APPLICATION**

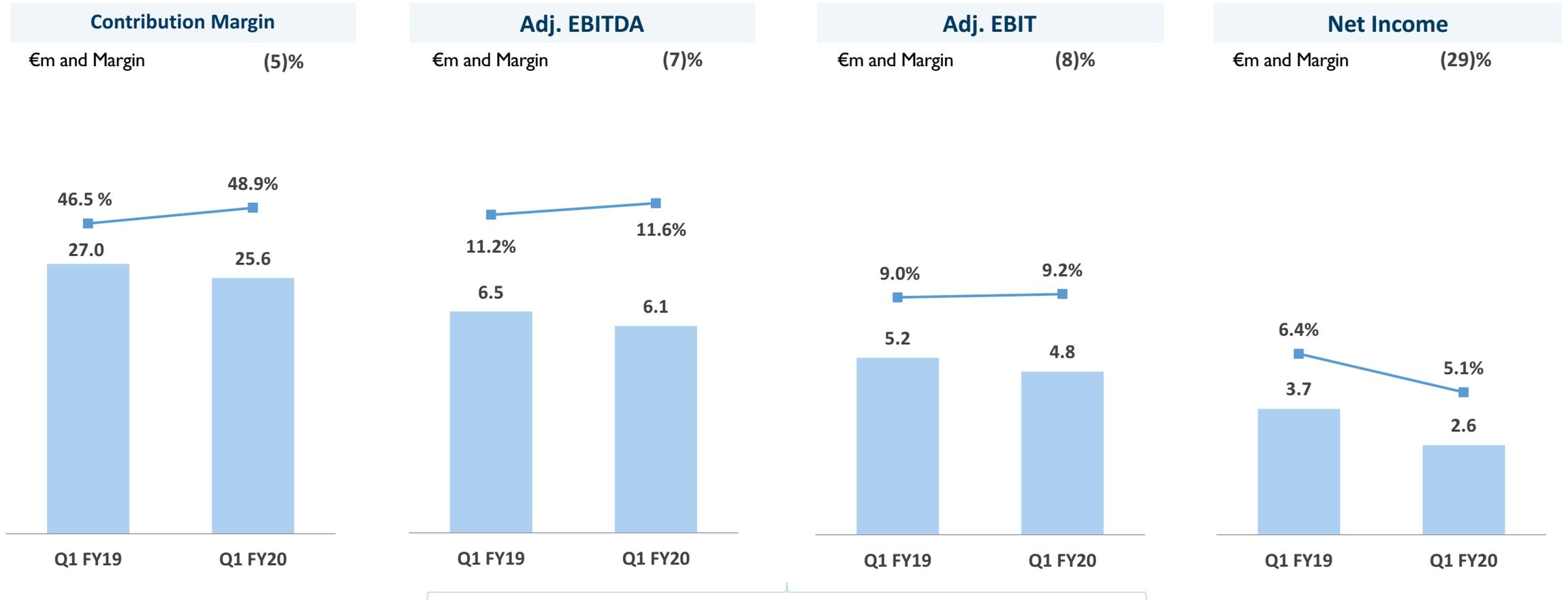
- **Services:** Continuous growth as forecasted by the Company.
- **Plastic Systems:** Slightly below plan due to the closing of the plant in China in February and to the restrictions in Europe have delayed some installations.
- **Food Systems:** Down due to the postponement of installations due to clients' COVID19 restrictions.

**BY GEOGRAPHY**

- **North America:** Growth in line with the Company's development plan with minimum COVID19 impact.
- **ASIA:** Decreased due to the slow down in China caused by the COVID19 emergency, partially offset by the other Asian countries.
- **EMEA:** Down due to the COVID19 restrictions, first in Italy then throughout Europe, which have slowed installations.

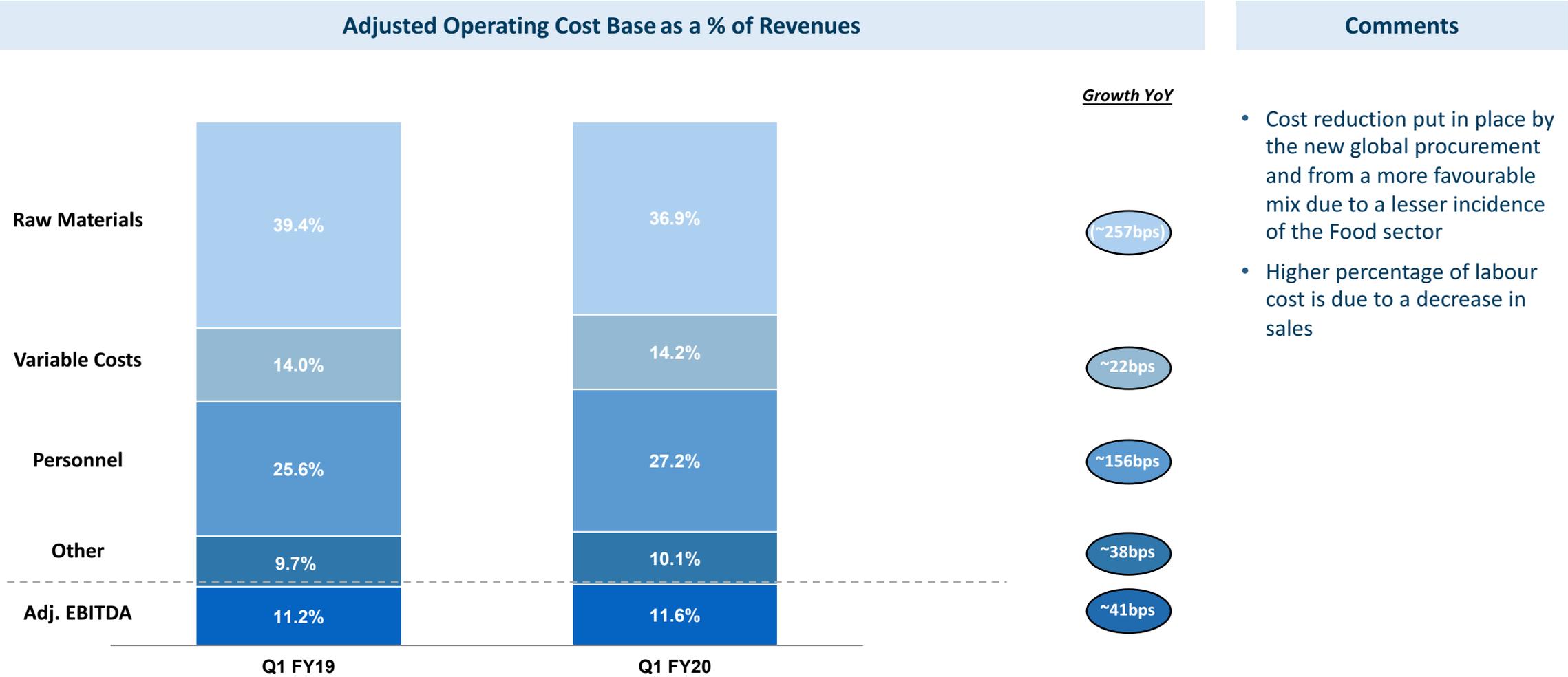
□ Indicates other revenue and income (c. €1.0m in Q1 2019 and €1.1m in Q1 2020)

# Resilient Profitability Demonstrated in Q1-20 at EBITDA and EBIT Level



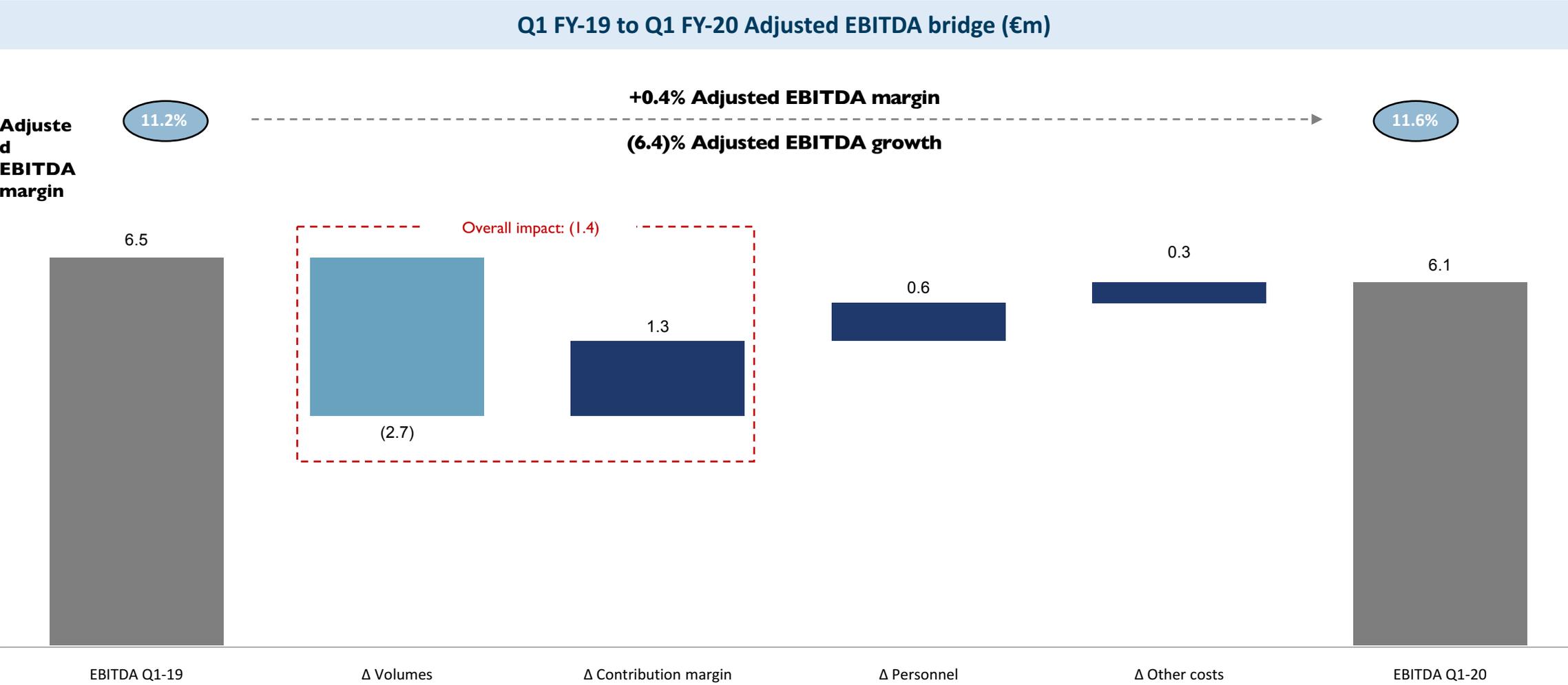
- Improvement of first margin and of EBITDA due to the rapid actions taken by the Company to reduce costs to face the COVID19 emergency period.

# Overview of Operating Costs Breakdown



Source: Company Information

# Adjusted EBITDA Bridge from Q1 FY-19 to Q1 FY-20



# Net Debt Walk from Dec-19 to Mar-20

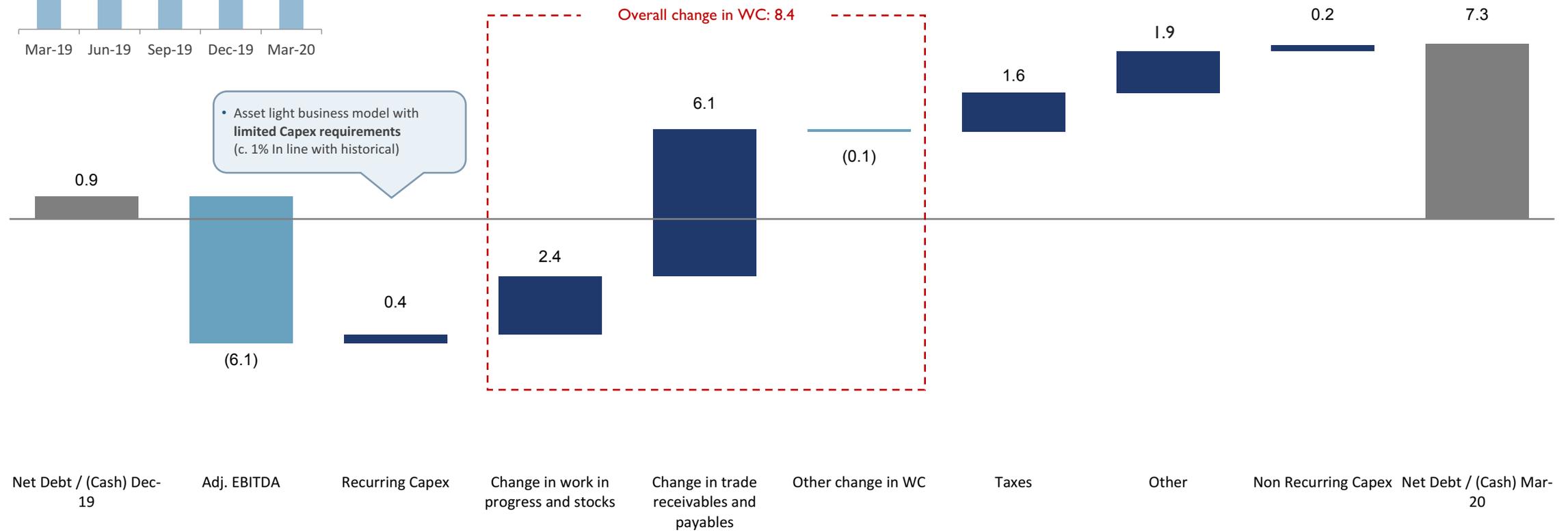
## Dec-19 to Mar-20 Net Debt bridge (€m)

### Working Capital Seasonality (€m)



• Influenced by a **more than proportional reduction in trade payables**, compared to trade receivables, mainly due to Covid-19

• Asset light business model with **limited Capex requirements** (c. 1% in line with historical)





# Appendix

# Income Statement

€m	Q1 FY19	Q1 FY20 Reported	LTM Mar-19	Δ% Q1 FY19 vs Q1 FY20
Sales	57.0	51.3	222.8	(10.1)%
Other sales & other income	1.0	1.0	5.9	7.9 %
<i>o/w capital gain on asset disposal</i>	-	-	0.7	
Revenues	58.0	52.3	228.7	(9.8)%
Raw materials	(22.9)	(19.3)	(84.7)	(15.6)%
Cost of services	(12.7)	(11.8)	(50.1)	(7.0)%
<i>o/w extraordinary IPO costs</i>	-	-	(0.8)	-
Personnel	(14.9)	(14.2)	(58.4)	(4.3)%
Other costs	(1.1)	(1.0)	(5.0)	(13.1)%
EBITDA	6.5	6.1	30.5	(6.5)%
Adjusting Items	-	-	0.1	
<b>Adjusted EBITDA</b>	<b>6.5</b>	<b>6.1</b>	<b>30.6</b>	<b>(6.5)%</b>
<i>% Adjusted Margin</i>	<i>11.2%</i>	<i>11.6%</i>	<i>13.4%</i>	
D&A and provisions	(1.3)	(1.3)	(5.1)	(1.0)%
EBIT	5.2	4.8	25.4	(7.8)%
Finance Income / (Expenses)	(0.1)	(0.2)	(0.1)	n.m.
Exchange income (expenses)	0.2	(0.3)	(0.5)	n.m.
Gains (Losses) on liabilities for option granted to Non Controlling Interest	-	(0.1)	(0.1)	-
Income / loss from change in fair value	-	-	0.5	-
EBT	5.4	4.3	25.2	(20.5)%
Taxes	(1.6)	(1.6)	(7.3)	
<i>% Tax Rate</i>	<i>30.4%</i>	<i>38.3%</i>	<i>28.8%</i>	
Net Income	3.7	2.6	17.9	(28.9)%
Attributable to Piovan shareholders	3.7	2.7	17.7	(25.6)%
Attributable to minority shareholders	0.0	(0.1)	0.2	n.m.

# Balance Sheet

€m	Dec-19	Mar-20
Property Plant & Equipment	52.4	51.9
Intangible Assets (incl. Goodwill)	7.5	7.5
Financial Assets	0.3	0.3
<b>Net Fixed Assets</b>	<b>60.2</b>	<b>59.7</b>
Trade receivable	52.8	46.9
Inventory	29.3	30.9
Trade payables	(40.6)	(26.5)
Advanced payments from customers	(16.1)	(18.2)
Contract assets/(liabilities)	1.2	2.0
<b>Net Trade Capital</b>	<b>26.6</b>	<b>35.1</b>
Tax receivables	3.7	3.1
Other current activities	3.7	4.9
Tax payables	(6.7)	(5.5)
Other current liabilities	(11.1)	(12.8)
<b>NWC</b>	<b>16.2</b>	<b>24.8</b>
Other Credits	4.9	4.7
Other Debts	(5.2)	(4.8)
Pension Fund	(4.8)	(4.8)
<b>Net Invested Capital before Option</b>	<b>71.3</b>	<b>79.5</b>
Put & Call Option	(5.3)	(5.3)
<b>Net Invested Capital</b>	<b>66.1</b>	<b>74.2</b>
Total Shareholders' Equity	65.2	66.9
Net Debt / (Cash)	0.9	7.3
<b>Total Sources</b>	<b>66.1</b>	<b>74.2</b>

# Cash Flow Statement

€m	Mar-19	Dec-19	Mar-20
Adj. EBITDA	6.5	31.0	6.1
Recurring Capex	(0.3)	(2.7)	(0.4)
<i>% on Revenues</i>	<i>0.6 %</i>	<i>(1.1)%</i>	<i>(0.6)%</i>
Cash generation	6.2	28.4	5.7
<i>Cash Conversion %</i>	<i>94.8%</i>	<i>91.4%</i>	<i>94.2%</i>
Non-Recurring Capex	(1.7)	(11.5)	(0.2)
Disposal	-	1.5	0.1
Δ Net Working Capital	(7.7)	(0.1)	(8.5)
Corporate Taxes	(1.6)	(7.3)	(1.6)
Δ Funds	0.0	0.9	0.0
Non operating Items	(0.8)	(1.9)	(0.1)
Cash Flow from Operation	(5.6)	10.0	(4.6)
Adjusting Items	-	(0.1)	-
Δ Put and Call Option	-	2.6	0.1
Dividend distribution	-	(7.7)	-
Changes in equity	0.6	(2.9)	(0.9)
Other financial charges	(0.1)	0.0	(0.2)
Δ Exchange loss/gain	0.2	(0.0)	(0.3)
Income from equity method investments	-	(0.1)	(0.1)
Acquisitions	-	(2.2)	-
IFRS 16 impact in the year	-	(3.2)	(0.4)
Δ Net Financial Position	(4.9)	(3.6)	(6.3)
NFP BoP	(2.6)	(2.6)	0.9
Δ Net Financial Position	4.9	3.6	6.3
NFP EoP	2.3	0.9	7.3