



FINANCIAL RESULTS 9M 2018

12 November 2018

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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 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.

Our Core is Process Automation from Silos to Primary Machines



Granules / Flakes / Powder

IN

Storage



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)

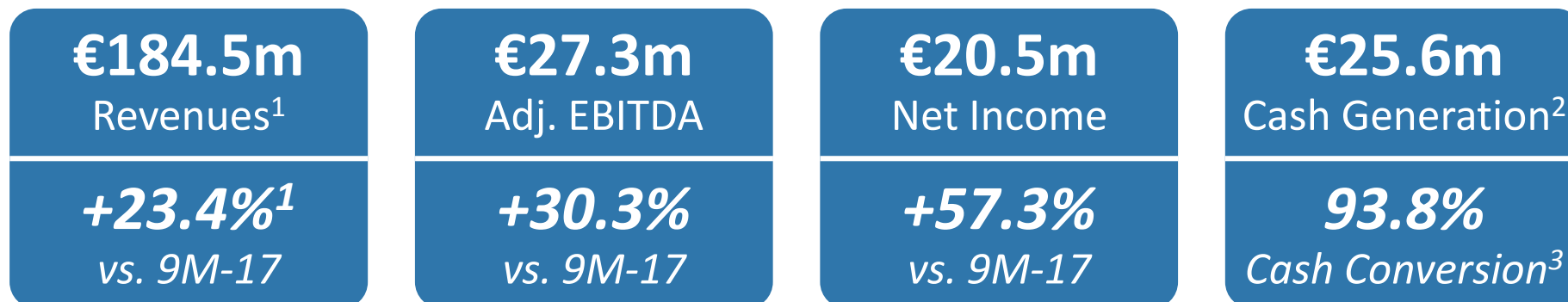


PIOVAN 9M-18 AT A GLANCE

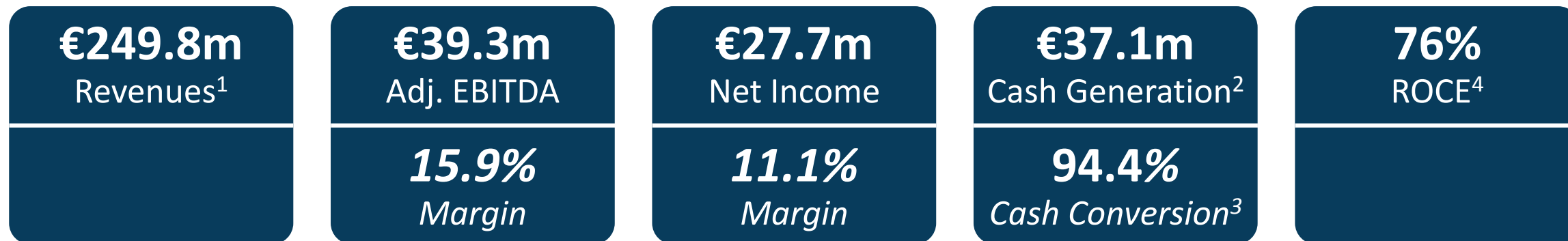
- ▶ **Further Consolidation of Our Global Leadership in Plastic with Double-Digit Growth (+11.4% YoY)**
- ▶ **Execution of Our Strategy to Expand in Food Delivering Strong Results (+€19.6m YoY)**
- ▶ **Strategy to Enlarge End-Markets Served in Plastic Driving Great Momentum in Asia**
- ▶ **Increased Business Scale Driving Margin Expansion thanks to Continued Kick-In of Operating Leverage**
- ▶ **One Step Forward the New Manufacturing Set-Up in the US and the Expansion of the Italian Site**
- ▶ **Disposal of US Plant and Non-Core Assets Completed, Fully Financing Extraordinary Capex Needs**
- ▶ **Acquisition of a Further Stake in Penta, Now Owned at 90%**
- ▶ **Successfully Completed Listing on Italian Stock Exchange**

KEY HIGHLIGHTS

9M-18



LTM Sep-18

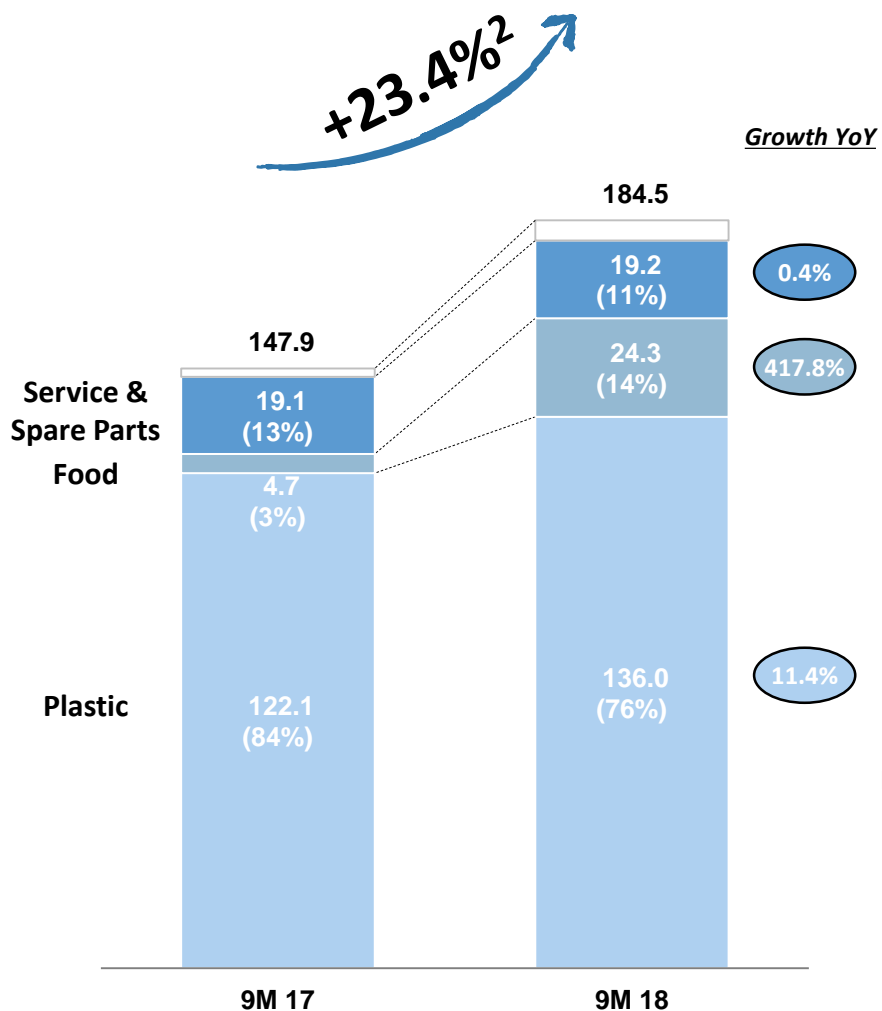


Source: Company Information

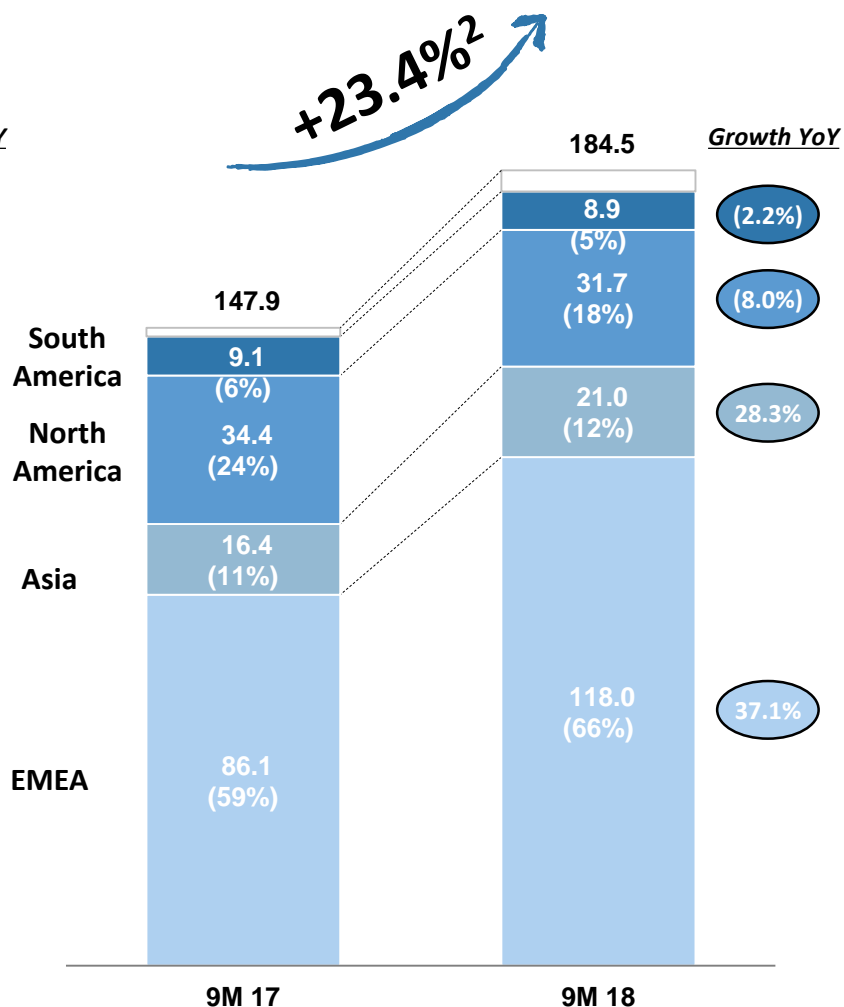
¹ Includes other revenue and income. YoY growth excludes capital gains on asset disposals (€1.9m in 2018). ² Adj. EBITDA - Recurring Capex. ³ Computed as Cash Generation as % of Adj. EBITDA. ⁴ 2017 figure. Computed as EBIT / Net Invested Capital excluding Goodwill and Put and Call Options. ⁷ Excluding other sales & other income.

Strong Top-Line Acceleration Driven by Food and Asia

Revenues by Application (€m)¹



Revenues by Geography (€m)¹



Comments

BY APPLICATION

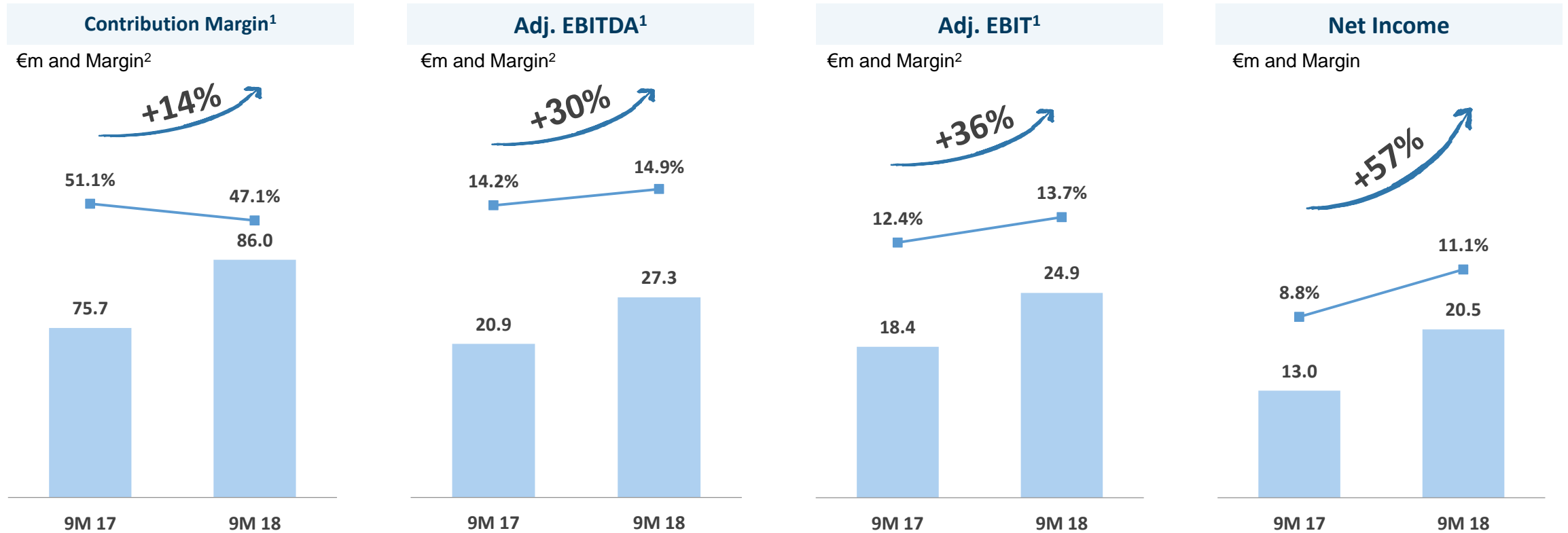
- Strong increase in **Revenues from Systems** across both markets:
 - **Plastic: further consolidation** of the leadership position, with strong growth in EMEA and Asia
 - **Food: strong acceleration**, executing our strategy to gain market share
 - **Service: flattish top line** as a result of
 - Lower activity in North America due to the production shift to the new facility (now concluded)
 - Food spare parts and service additional business not yet visible in the performance

BY GEOGRAPHY

- Strong momentum in:
 - **EMEA**, reflecting mainly acceleration in **Food** (alongside with strong double digit performance in plastics)
 - **Asia**, as a result of recent organizational changes and **broadening of the end-markets served**
- **Soft performance in North America**, due to adverse FX movements (~1.3% YoY at constant FX) and **downtime** as a result of the production shift to the new facility

□ Indicates other revenue and income (c. €4.9m of in 2018, €2.0m in 2017)

Profitable Growth Path Continuing in Line with Expectations...



- **Plastic vs. Food mix effect** driving Contribution Margin down (structurally lower in Food due to higher incidence of raw materials)

- Dilution of Contribution Margin more than offset by **structurally lower fixed costs in Food** and **kick-in of operating leverage** despite infra-annual fluctuations in single project profitability

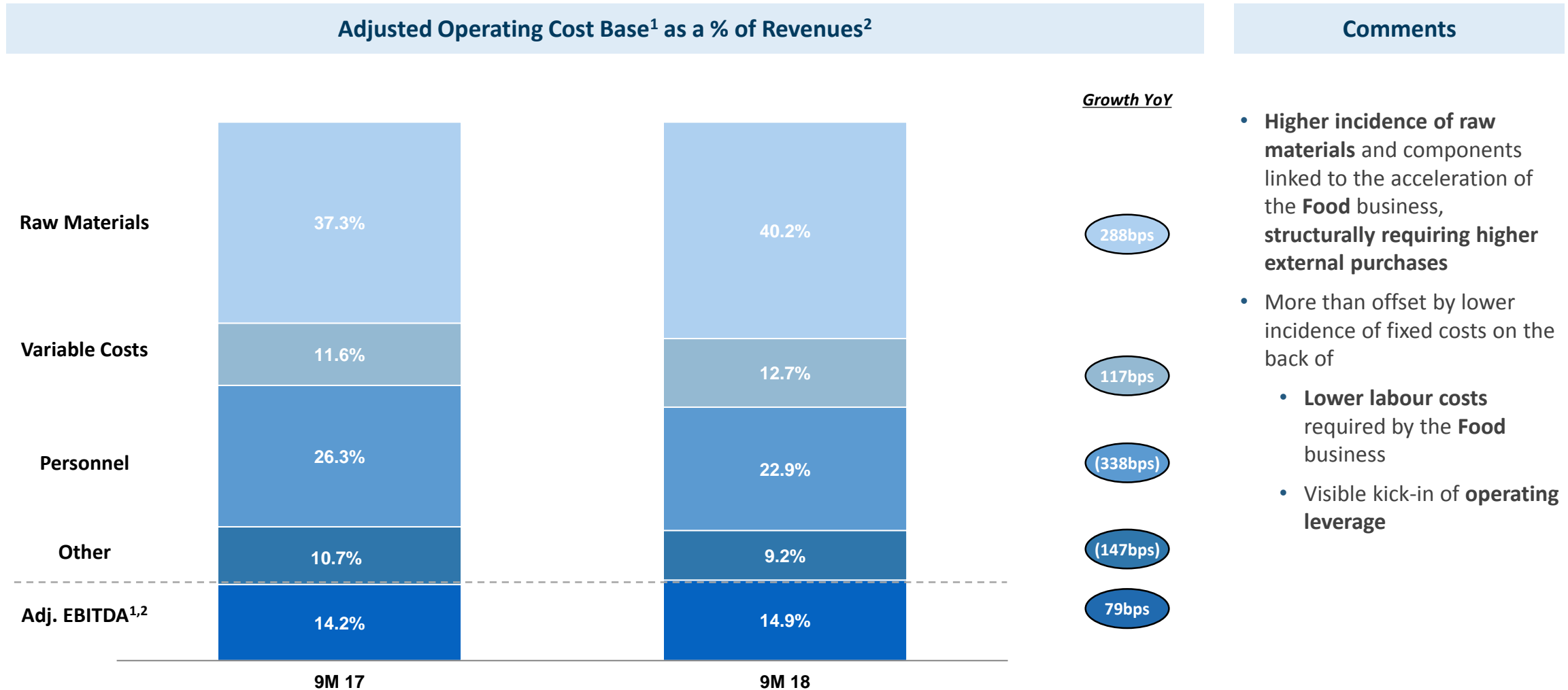
- **Almost doubled Net Income**, benefitting from (i) operating performance and (ii) gain from assets disposal (€1.9m) partially offset by IPO costs (c. €1.1m)

Source: Company Information

¹Adjusted for extraordinary capital gains on asset disposals (€1.9m in 2018) and IPO costs (c. €1.1m); margin calculated on Revenues net of extraordinary capital gains on assets disposals

² Computed on Revenues excluding capital gains on asset disposal (€1.9m in 2018)

...Driven by Strong Operating Leverage



- **Higher incidence of raw materials** and components linked to the acceleration of the **Food** business, **structurally requiring higher external purchases**
- More than offset by lower incidence of fixed costs on the back of
 - **Lower labour costs** required by the **Food** business
 - Visible kick-in of **operating leverage**

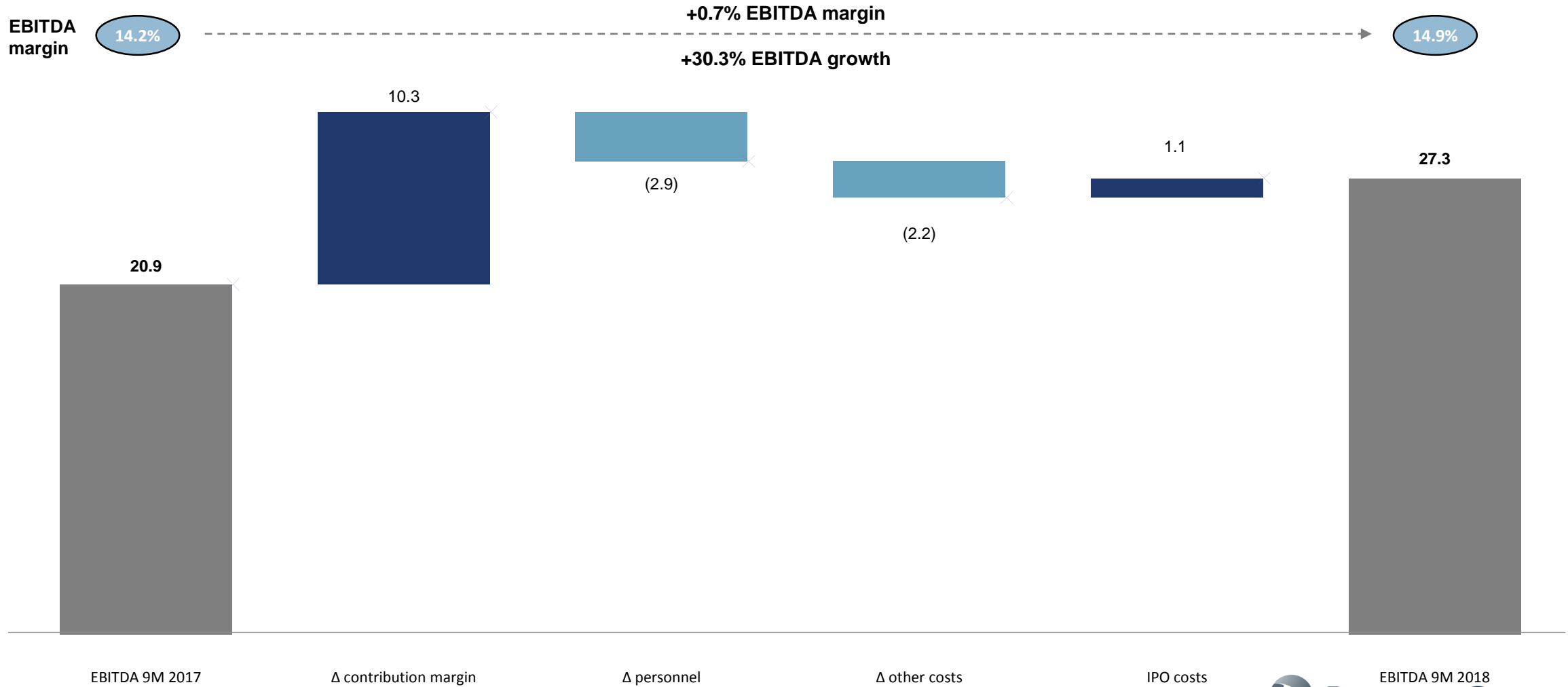
Source: Company Information

¹Excluding IPO costs (c. €1.1m)

²Excluding extraordinary capital gain on asset disposal (€1.9m in 2018)

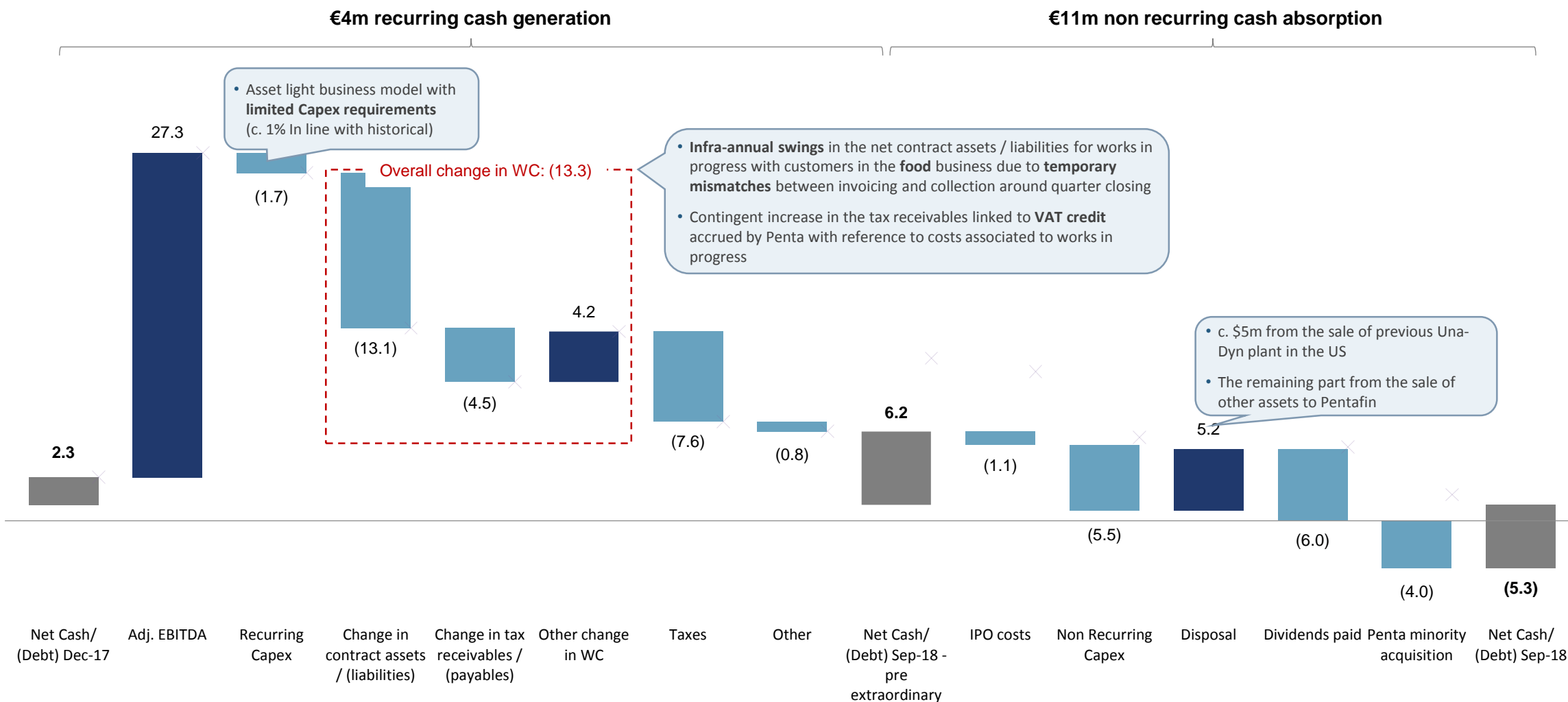
EBITDA Bridge from 9M-18 to 9M-18

9M-17 to 9M-18 EBITDA bridge (€m)



Net Debt Walk from Dec-17 to Sep-18

Dec-17 to Sep-18 Net Debt bridge (€m)





Appendix

Income Statement

€m	2017	9M 17	9M 18	Δ% 18 vs. 17
Sales	209.4	145.9	179.5	23.0 %
Other sales & other income	3.9	2.0	4.9	145.0 %
<i>o/w capital gain on asset disposal</i>	-	-	1.9	n.m.
Revenues ¹	213.3	147.9	184.5	24.7 % ¹
Raw materials	(82.2)	(55.2)	(73.4)	33.0 %
Cost of services	(40.6)	(29.4)	(37.3)	27.2 %
<i>o/w extraordinary IPO costs</i>	-	-	(1.1)	n.m.
Personnel	(52.9)	(38.9)	(41.8)	7.6 %
Other costs	(4.6)	(3.6)	(3.9)	9.3 %
EBITDA	33.0	20.9	28.0	33.9 %
Capital gain on asset disposal	-	-	(1.9)	n.m.
Extraordinary IPO costs	-	-	1.1	n.m.
Adjusted EBITDA	33.0	20.9	27.3	30.3 %
<i>% Adjusted Margin</i>	15.5%	14.2%	14.9%	
D&A and provisions	(3.5)	(2.6)	(2.4)	(8.1)%
EBIT	29.5	18.4	25.7	39.7 %
Finance Income / (Expenses)	(0.3)	(0.3)	(0.2)	(41.4)%
Exchange income (expenses)	(2.1)	(1.4)	0.1	(103.8)%
Income from equity method investments	-	-	(0.1)	n.m.
Income / loss from change in fair value	2.1	1.7	2.6	n.m.
EBT	29.1	18.4	28.1	52.9 %
Taxes	(8.9)	(5.3)	(7.6)	42.2 %
<i>% Tax Rate</i>	30.5%	29.0%	27.0%	
Net Income	20.2	13.0	20.5	57.3 %
Attributable to Piovan shareholders	19.6	12.7	18.8	48.1 %
Attributable to minority shareholders	0.7	0.3	1.7	407.1 %

Balance Sheet

€m	Dec-17	Sep-18
Property Plant & Equipment	27.9	29.6
Intangible Assets (incl. Goodwill)	5.7	6.0
Financial Assets	0.6	0.5
Net Fixed Assets	34.2	36.1
Trade receivable	61.4	57.8
Inventory	23.0	28.4
Trade payables	(34.5)	(31.6)
Advanced payments from customers	(14.1)	(17.9)
Contract assets/(liabilities)	(8.5)	4.6
Net Trade Capital	27.4	41.3
Tax receivables	1.6	5.5
Other current activities	3.5	3.8
Tax payables	(7.4)	(6.9)
Other current liabilities	(11.0)	(16.3)
NWC	14.0	27.4
Other Credits	4.0	5.2
Other Debts	(4.3)	(5.5)
Pension Fund	(3.9)	(4.1)
Net Invested Capital before Option	44.1	59.0
Put & Call Option	(9.7)	(2.8)
Net Invested Capital	34.4	56.3
Total Shareholders' Equity	36.7	50.9
Net Debt / (Cash)	(2.3)	5.3
Total Sources	34.4	56.3

Focus on Net Working Capital

Net Working Capital (€m)

€m	Dec-17	Sep-18
Trade receivable	61.4	57.8
Inventory	23.0	28.4
Trade payables	(34.5)	(31.6)
Advanced payments from customers	(14.1)	(17.9)
Contract assets/(liabilities)	(8.5)	4.6
Net Trade Capital	27.4	41.3
Tax receivables	1.6	5.5
Other current activities	3.5	3.8
Tax payables	(7.4)	(6.9)
Other current liabilities	(11.0)	(16.3)
NWC	14.0	27.4
<i>As a % of Revenues</i>	<i>6.6 %</i>	<i>11.0 %</i>

Comments

- Infra-annual swings in the net contract assets / liabilities for works in progress with customers in the food business due to temporary mismatches between invoicing and collection around quarter closing
 - Increase as of September expected to be absorbed by year-end
- Contingent increase in the tax receivables linked to VAT credit accrued by Penta with reference to costs associated to works in progress
- Increase in other current liabilities related to tax consolidation payable to Pentafin
- Overall business net working capital requirements deemed to be unaffected on a full year basis

Cash Flow Statement

€m	2017	9M 18
Adj. EBITDA	33.0	27.3
Recurring Capex	(1.8)	(1.7)
<i>% on Revenues</i>	<i>0.8%</i>	<i>0.9%</i>
Cash generation	31.2	25.6
<i>Cash Conversion %</i>	<i>94.6%</i>	<i>93.8%</i>
Non-Recurring Capex	(6.2)	(5.5)
Disposal	1.1	5.2
Δ Net Working Capital	3.2	(13.3)
Corporate Taxes	(8.9)	(7.6)
Δ Funds	(0.2)	0.2
Non operating Items	0.6	(0.3)
Cash Flow from Operation	20.8	4.3
Extraordinary IPO costs	-	(1.1)
Δ Put and Call Option	0.0	(6.9)
Dividend distribution	(12.2)	(6.0)
Changes in equity	(2.0)	(0.2)
Other financial charges	(0.3)	(0.2)
Δ Exchange loss/gain	(2.1)	0.1
Income from equitiy method investments	-	(0.1)
Income / loss from change in fair value	-	2.6
Δ Net Financial Position	4.1	(7.6)
NFP BoP	1.8	(2.3)
Δ Net Financial Position	(4.1)	7.6
NFP EoP	(2.3)	5.3