

# Company results

## Innovative Automatic Machine System Solutions

INVESTOR RELATIONS

*Star Conference Milan, March 24<sup>th</sup> 2015 – March 25<sup>th</sup> 2015*



- Founded in 1961, IMA is world leader in the manufacture of automatic machines for the processing and packaging of drugs, tea in filter bags and food
- Global pharmaceutical supplier with the widest range of state of the art processing and packaging systems
- About 4,600 employees, more than 2,300 of whom based abroad (YTD)
- In 2014 € 854.6 millions worldwide sales, of which about 91% outside Italy
- World-wide sales and service network
- More than 1,200 patents worldwide
- Listed on the Milan Stock Exchange since 1995 and starting from 2001 at the STAR segment



# IMA: a Leading Group

Some of the IMA Group's major customers

Abbott	Eisai	Lotte	Reckitt Benckiser
Actavis	Eli Lilly	Mars Incorporated	Roche
Ahmad Tea	Fabbri 1905	Menarini	Sandoz
Amgen	Gedeon Richter	Merck & Co.	Sanofi
Astellas	General Mills	Miratorg	Sara Lee
AstraZeneca	GlaxoSmithKline	Mission Foodservice	Seaquist Closures
Bahlsen	Groupe Lactalis	Mondelez International	Servier
Baxter	Groupe Soparind Bongrain	Nestlé	Takeda
Bayer	Grünenthal	NextPharma	Technicolor
Bel Group	Grupo Bimbo	Nice Pak	Tetley
Bigelow Tea	Grupo Siro	Novartis	Tetra Pak
Boehringer Ingelheim	Halter	Novo Nordisk	Teva
Bristol-Myers Squibb	Hospira	Nypro	The Coca Cola Company
British American Tobacco	Johnson & Johnson	Orimi Trade	Twinings
Cadbury Adams	JVC	Patheon	UCB
Chiquita	Kraft	Pepperidge Farm	Unilever
Chupa Chups	Krka	Perfetti Van Melle	Western Digital
Cloverhill Bakery	L'Oréal	Pfizer	Witor's
ConAgra Foods	Laurens Spethmann Holding	Philip Morris	Wrigley
CooperVision	Lipton	Procter & Gamble	Zambon
Delpharm			

## COMPETITIVE ADVANTAGES

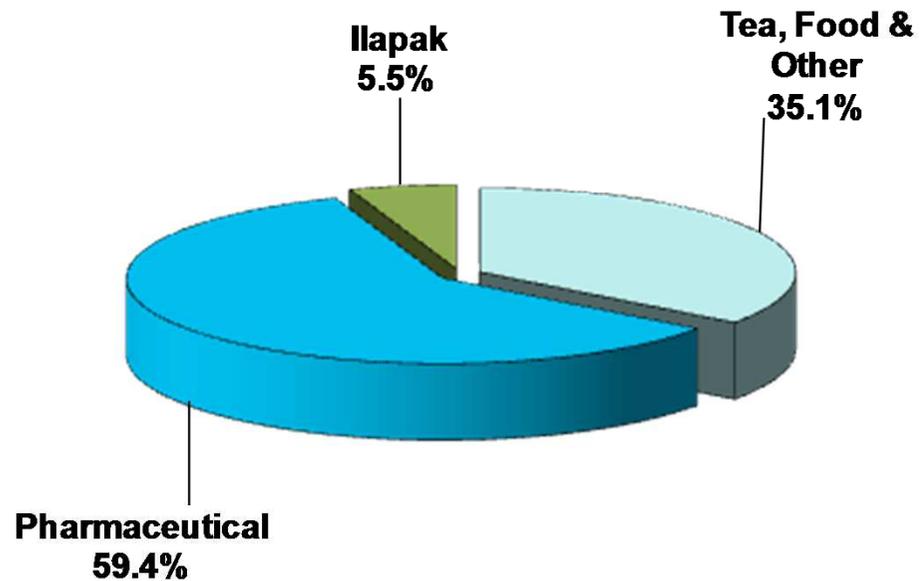
- Cutting-edge R&D laboratories
- Continuous product innovation
- A winning business model
- High customer loyalty
- Excellent positioning thanks to an extensive customer service network and a full product range to offer
- High barriers to market entry

## INVESTMENT PROFILE

- Leading position in almost all of the segments in which the Group operates
- Low cyclical nature of demand
- High growth potential, both organic and through acquisitions
- Highly professional and strongly motivated management team
- *Superior* products commanding a *premium price*

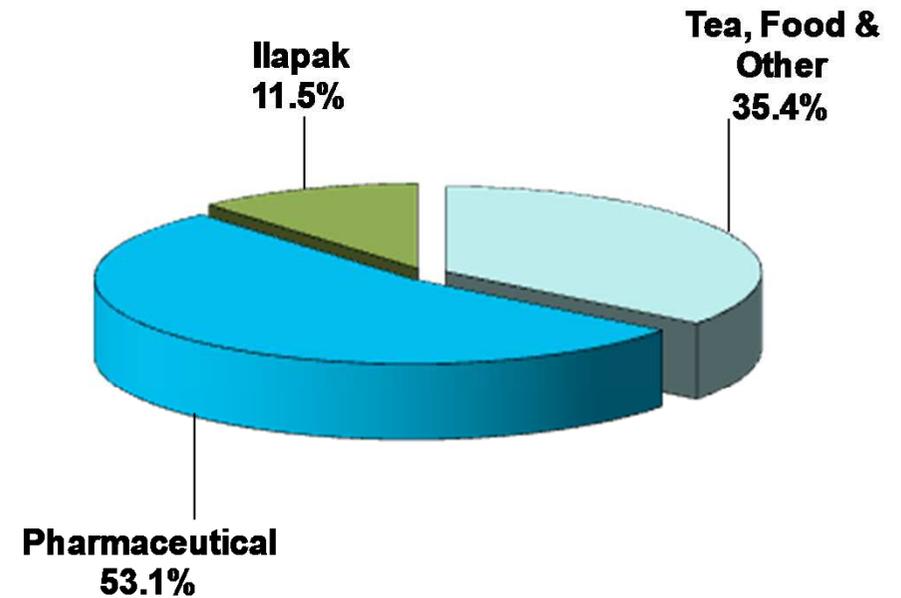
**2013**

Total sales: € 760.9 million



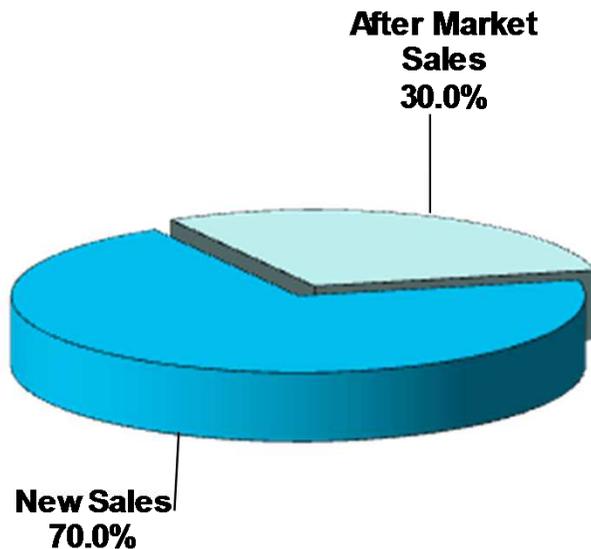
**2014**

Total sales: € 854.6 million

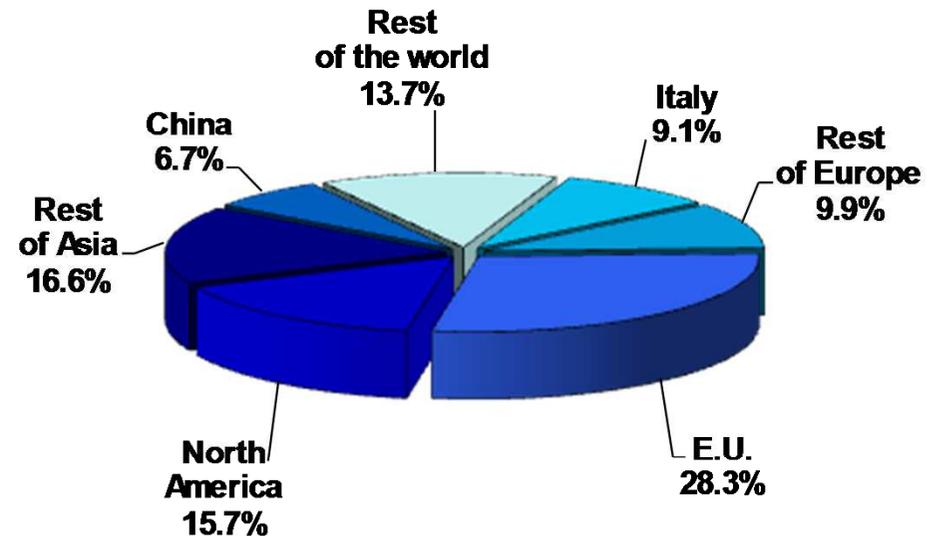


- Significant share of the Group's earnings generated by after-sale services, spare parts and equipment, which are higher-margin and recurring in nature (30% of overall revenues)
- Geographically well diversified revenue sources

### Revenues by Nature 2014

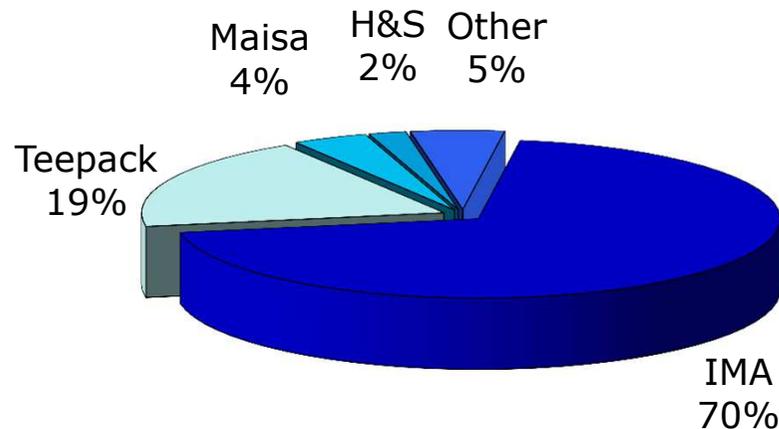


### Revenues by Geography 2014



## Tea-bag machinery sector

- The world market for tea bag machinery is estimated at Euro 120 million
- Tea bag machinery sector is characterised by an high level of concentration with first two players covering about 90% of the market
- IMA has a leading position with a market share of more than 70%
- The second player Teepack belongs to a Group (Teekanne) that produces and sells teabags (brand name: Teekanne, Pompadour, etc.)



Company estimates

## **GIMA SpA**

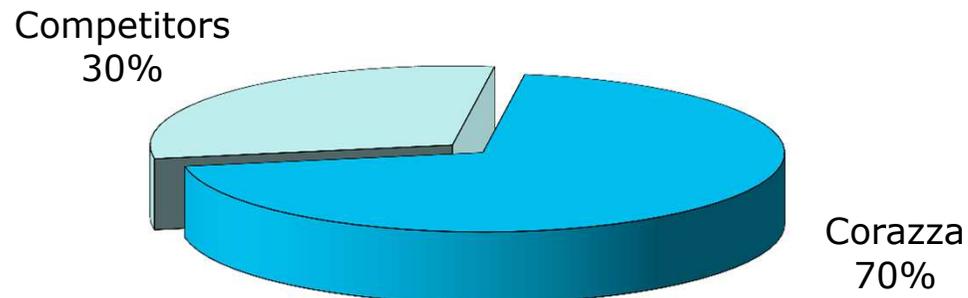
Long experience operating in food, confectionery, beverage, pharmaceutical and assembly packaging solutions.

- Coffee single serve packaging machines for thermoformed or injected capsules
- Confectionary packaging solutions for medium and high speed lines for many types of packaging (sleeves, wallets, flip top cartons, push boxes, tin boxes, plastic bottles)
- Assembling technology designed to handle plastic products for all market sectors.

## Dairy and Convenience Food sector

- **Corazza SpA** is world leading manufacturer of packaging machines for Soup Cubes, Processed Cheese, Butter, Margarine and Yeast.
- The main competitors are German companies: Bosch Sapal, Oystar Benhil.

### Stock Cubes and Dairy Packaging market share



Company estimates

## Flexible packaging machinery sector

- The world market for flexible packaging machinery is estimated at Euro 5 billion
- Flexible packaging machinery sector is characterised by a very fragmented profile with the first five players covering about 25% of the market
- Demand defined by stability in the developed countries consumers food markets and by increasing need for primary food packaging in the developing countries
- Multinational companies willing to pay a premium price for complete solutions and global footprint

Company estimates

## **ILAPAK GROUP**

Long experience operating in food and non food flexible packaging solutions

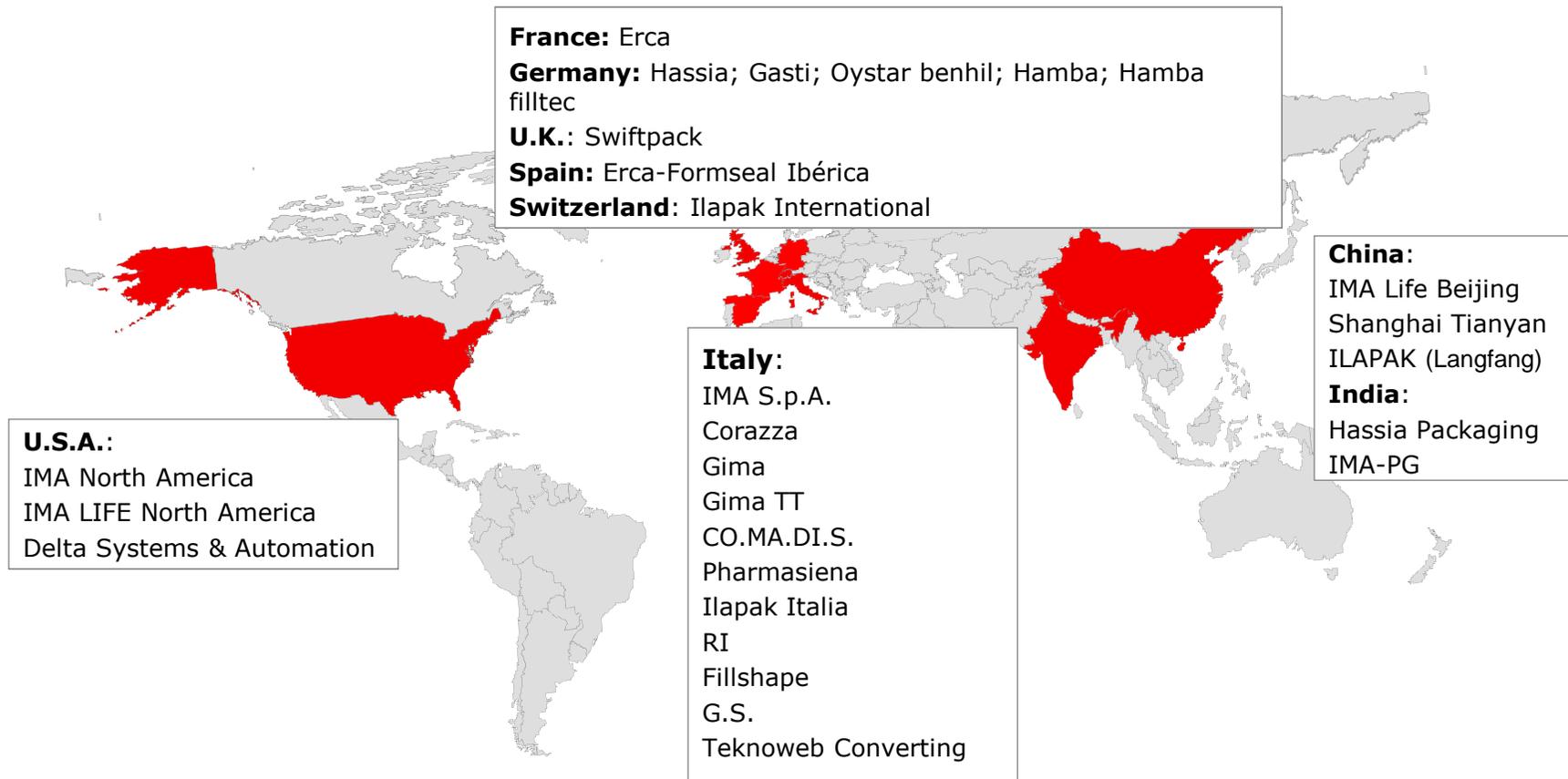
- Wide Horizontal and Vertical Form Fill Seal product range covering the different segment of the market from complete packaging lines to entry level machines
- ILAPAK has a leading position in the bakery, produce, cheese, meat and wet wipe industries
- Unique international sales and service network providing highly perceived by the customers
- Main competitors are: ULMA, PFM, Bosch

## Pharmaceutical sector

- A sector that's still fragmented and dominated by German and Italian firms
- Most firms are specialised in one product line
- Very much a "crafts-like" industry with a high degree of customisation
- Strong investments for innovation (R&D)
- Ever changing and increasingly severe regulatory agency standards
- Multinational customers call for an international presence

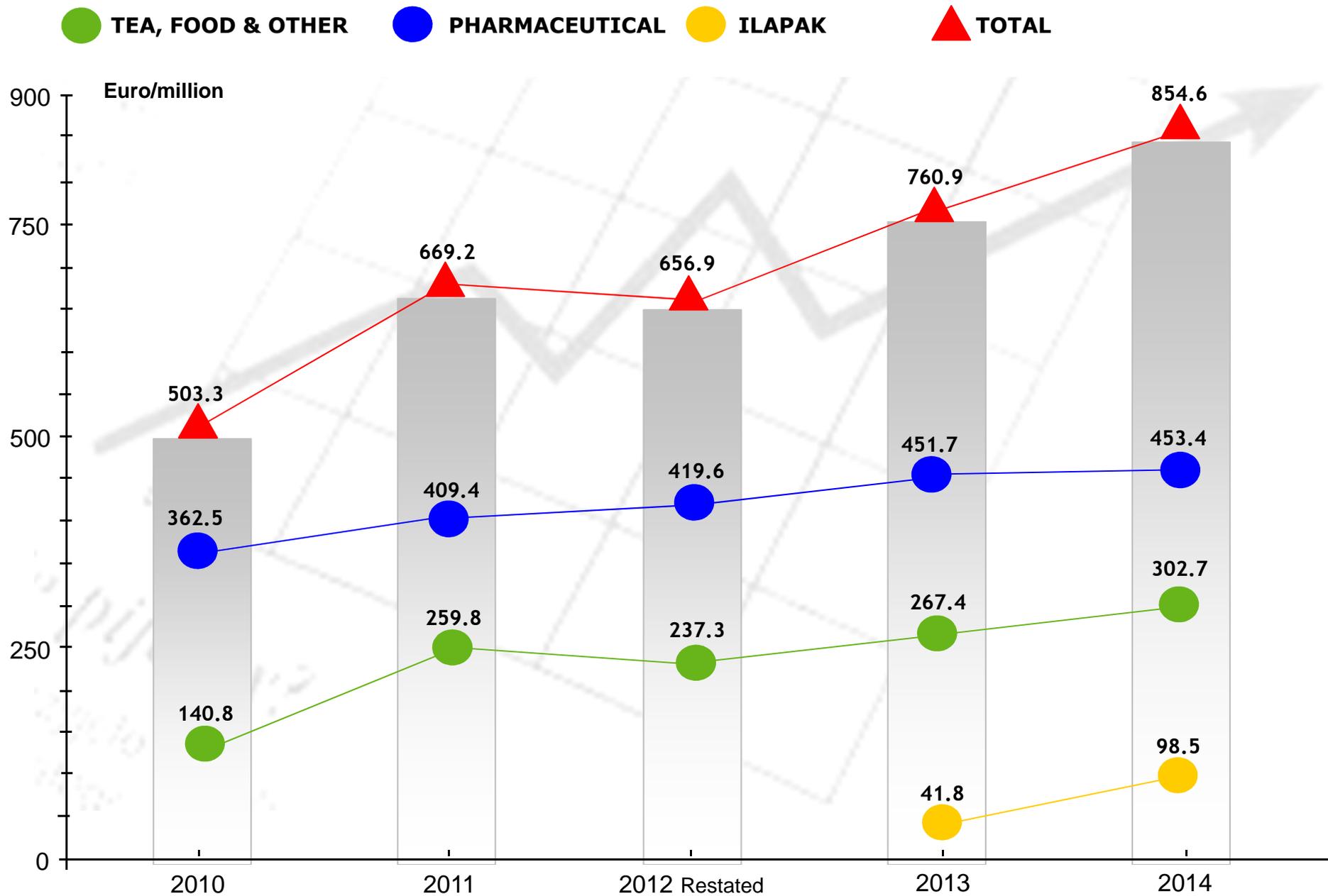
## Production Plants

IMA manufactures equipment in 34 production plants located in Italy, Germany, France, Switzerland, Spain, UK, USA, India, China.

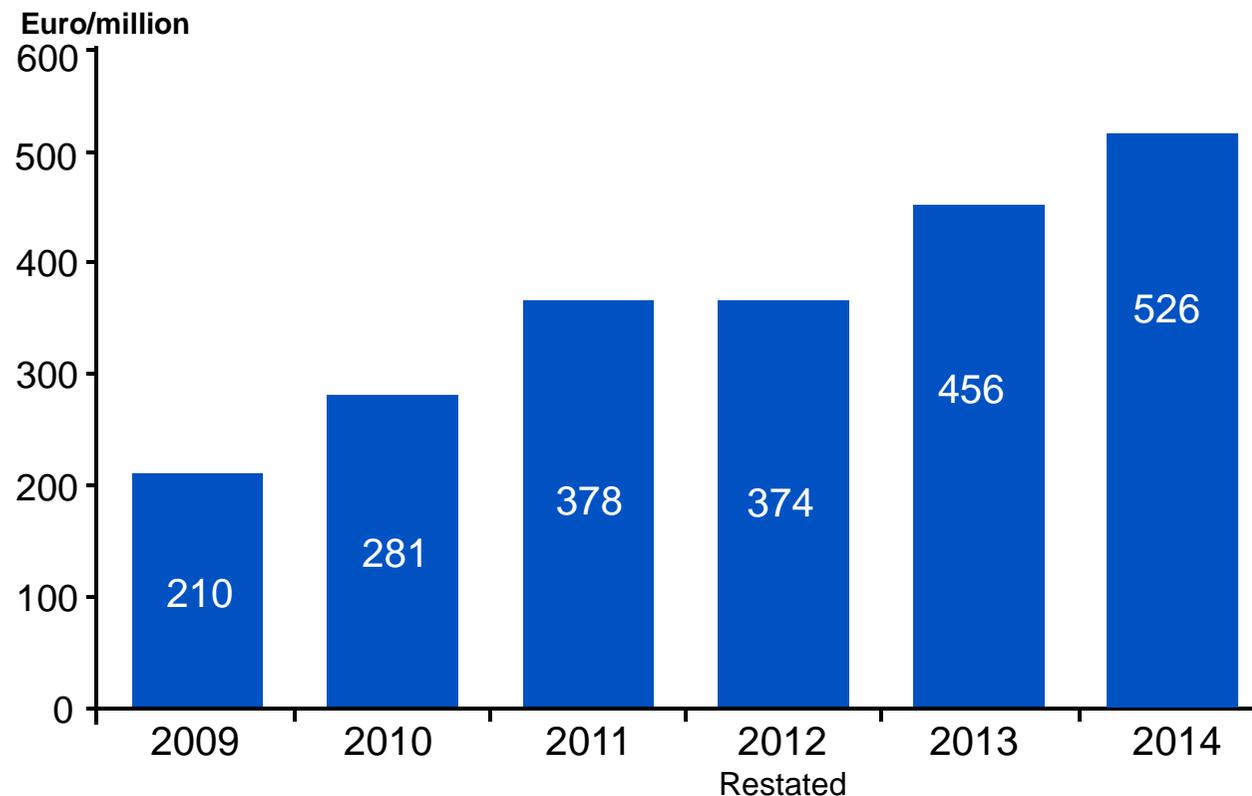




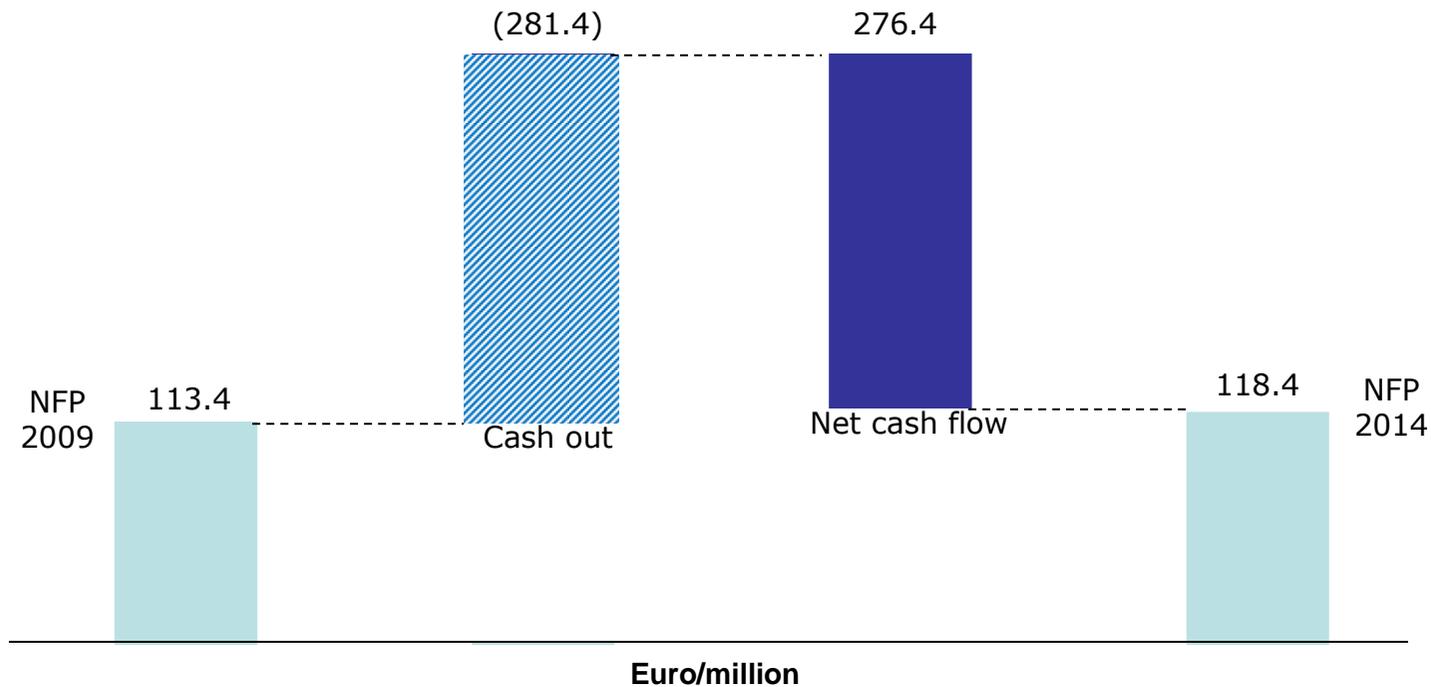
# Trend of the sales



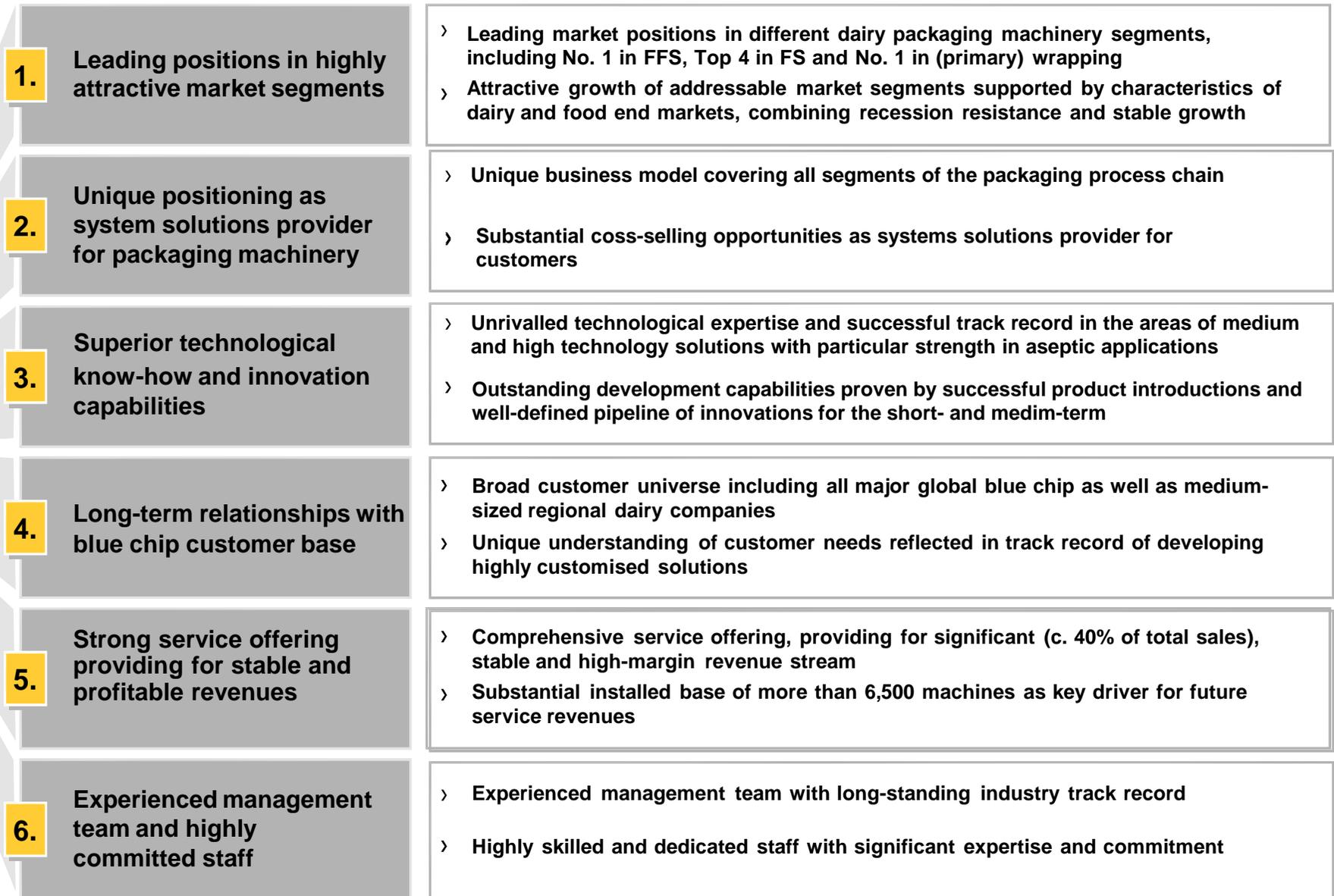
- Strong trend of order acquisition is continuing also in 2014, in both pharmaceuticals and food, with a considerable number of negotiations currently underway
- The order book at December 31, 2014 is at € 526 million that compares to € 456 million at December 31, 2013, for a 15.3% increase

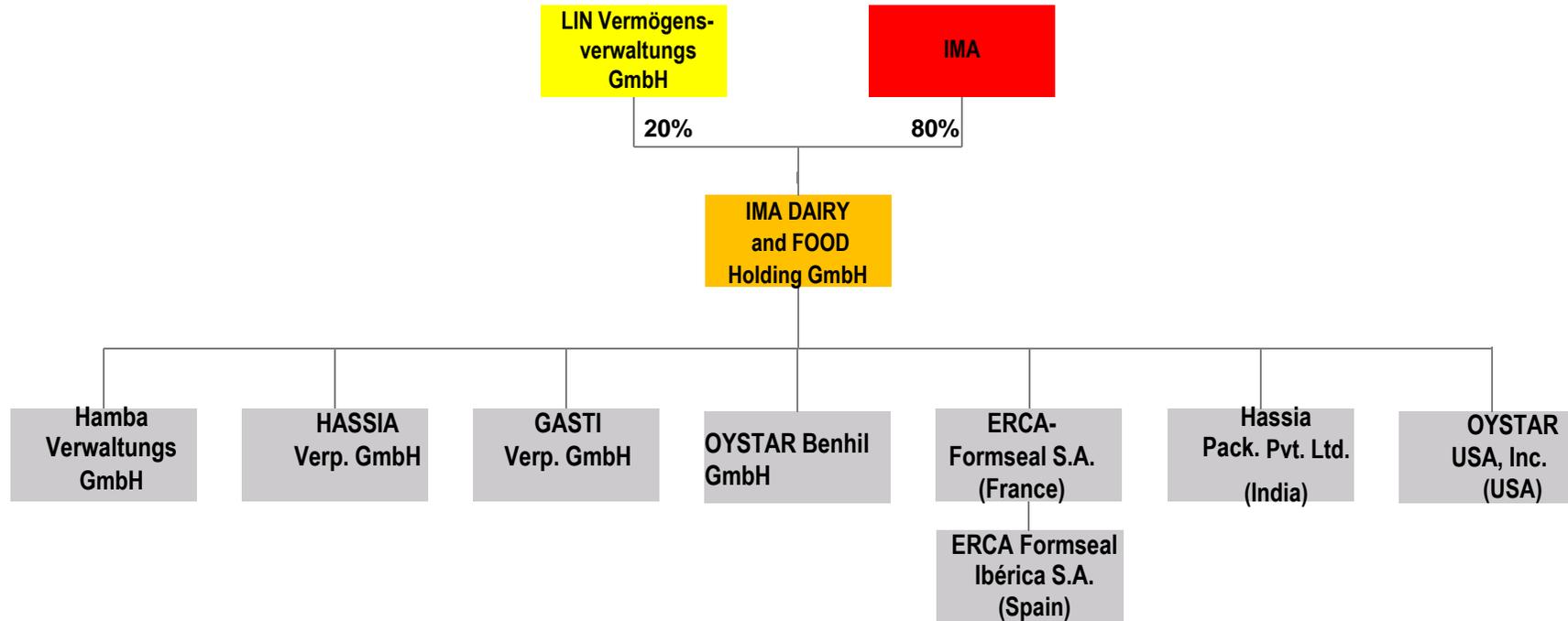


2009	Net Financial Position	(113.4)		
	Dividends	(233.7)	}	Net cash out 2010-2014 (281.4)
	Capital Increase	36.0		
	Acquisitions	(154.8)		
	Disposals	71.1		
	Cumulated Cash Flow	276.4	→	2010-2014
2014	Net Financial Position	(118.4)		



- IMA signed an agreement for the acquisition of **five companies BENHIL, ERCA, HASSIA , HAMBА and GASTI** leaders in the **packaging for food industry** , in particular in the **dairy segment**, with **production facilities in Germany, France, Spain and India and a sales and service center in USA**
- IMA will acquire initially **80% for an amount of approximately 65 million euros**, on cash free basis expected in the **first quarter 2015**; for the **remaining 20%** IMA signed a **put/call option** to be exercised during **2017/2018**
- Expected **turnover** for the Group is around **185 million euros** and an **EBITDA** of about **15 million euros** for **2015**; Group has approximately **850 employees**.
- With this acquisition **IMA is** enlarging product range in the food industry **positioning as one of the most important groups leaders in food packaging**



# Company Background

Company's brands cover almost all steps in the cup FFS / FS and wrapping value chain

Cup FFS / FS and wrapping value chain and current product offering

## Primary packaging

**Form, fill & seal (FFS)**

<b>(Pre-) Heating and forming station</b>	<b>Filling</b>	<b>Sealing</b>	<b>Printing / labeling (BBD)</b>	<b>Inspection / checking</b>
OYSTAR Erca OYSTAR Hassia	OYSTAR Erca OYSTAR Hassia	OYSTAR Erca OYSTAR Hassia	OYSTAR Erca OYSTAR Hassia	OYSTAR Erca OYSTAR Hassia

**Fill & seal (FS)**

<b>Cup stack feeding system</b>	<b>Cup sterilization / dedusting</b>	<b>Filling</b>	<b>Sealing</b>	<b>Printing / labeling (BBD)</b>	<b>Inspection / checking</b>
OYSTAR Hamba OYSTAR Gasti	OYSTAR Hamba OYSTAR Gasti	OYSTAR Hamba OYSTAR Gasti	OYSTAR Hamba OYSTAR Gasti	OYSTAR Hamba OYSTAR Gasti	OYSTAR Hamba OYSTAR Gasti

**Wrap**

<b>Paper cutting</b>	<b>Filling</b>	<b>Wrapping</b>		<b>Printing / labeling (BBD)</b>	<b>Inspection / checking</b>
OYSTAR Benhil	OYSTAR Benhil	OYSTAR Benhil		OYSTAR Benhil	OYSTAR Benhil

**Examples**



# Segmentation

**Dairy represents Company's most important customer industry, followed by the food industry**

Company's customer industry segments

## Dairy



### Description

- Milk-based food products

### Application examples

- Yoghurt
- Cream
- Butter
- Cheese

### Active subsidiaries

- Erca
- Hassia
- Hamba / Gasti
- Benhil

## Food



- Food products (non milk-based)

- Cereals
- Sauces
- Fruit salads
- Jellies and jams
- Confectionary / snacks
- Convenience food
- Margarine / spreads
- Soup paste

- Hassia
- Hassia India
- Hamba / Gasti
- Benhil

## Other (Beverage, Non-Food)



- Beverages (alcoholic and non-alcoholic), etc.

- Milk
- Juices
- Water
- Coffee

- Hassia
- Hamba / Gasti

# Segmentation

For Company, cup FFS represents the most important technology, followed by cup FS and wrap

Company's technology segments

## Cup FFS



## Cup FS



## Wrap



### Description

- Forming, filling and sealing of cups

- Filling and sealing of cups

- Wrapping of butter, cheese and soup cubes

### Application examples

- Yoghurt
- Cream
- Spreads
- Jellies and jams
- Juices and water
- Margarine
- Sauces
- Fruit salads

- All types of yoghurts (natural and fruit yoghurts, stirred or set products)
- Curd
- Aerated products and desserts
- Ready-to-drink (RTD) products and liquids

- Butter
- Margarine
- Edible fats
- Yeast
- Soup paste
- Fruit paste
- Fresh cheese
- Other pasty products

### Active subsidiaries

- Erca
- Hassia

- Hamba / Gasti
- [Benhil]

- Benhil

## Production sites

### Falaise Erca



- > 5,100 m<sup>2</sup> / 59 employees
- > Assembly of FFS machines

### Paris (Les Ulis) Erca



- > 4,000 m<sup>2</sup> / 104 employees
- > Service, assembly of FFS machines and modifications

### Barcelona Erca



- > 2,700 m<sup>2</sup> / 43 employees
- > Assembly of FFS machines

### Pune (India) OYSTAR India



- > 3,753 m<sup>2</sup> / 110 employees
- > Low cost assembly of standard FFS and FS machines

### Neuss Benhil



- > 5,500 m<sup>2</sup> / 146 empl
- > Assembly of wrapping machinery

### Ranstadt Hassia



- > 25,129 m<sup>2</sup> / 177 employees
- > Assembly of FFS machines for cups and stickpacks (also aseptic; special: steam aseptic)

### Schwäbisch Hall Hamba/Gasti

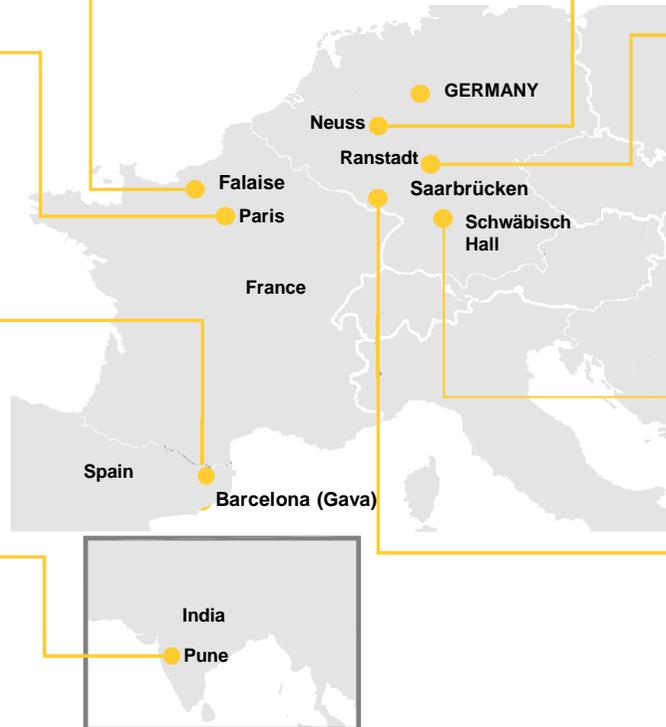


- > 6,340 m<sup>2</sup> / 67 employees
- > Assembly of aseptic ultraclean filling and closing machines

### Saarbrücken Hamba / Gasti



- > 3,600 m<sup>2</sup> / 71 employees
- > Assembly of aseptic and ultraclean filling and closing machines



## Comments

- > Company's manufacturing footprint mainly focuses on Europe.
- > The Group has eight assembly sites in total (four located in Germany, two in France and one in Spain).
- > An additional assembly facility is located in India and acts as a low-cost manufacturing base to serve local markets as well as the mid/lower-end market segments internationally.
- > Personnel at the assembly sites includes design and development staff as well as sales representatives, service technicians and employees working in administration.
- > With more than 50,000 m<sup>2</sup> of production space, Company covers the entire manufacturing process chain for dairy packaging machinery.
- > Resources can be shared between the individual production sites allowing for peaks to be smoothed by shifting orders between the respective locations (e.g. between Erca and Hassia).



With eight production sites worldwide, Company benefits from one of the broadest manufacturing footprints in the market

## Market environment

**The total packaging machinery market value is EUR 21.3 bn, the relevant market value for Company is EUR 1.9 bn**

### Market environment (1/2)

- The global packaging machinery market is driven by a combination of drivers / trends. Consumption-related **drivers are in favor of cup FFS / FS**, marketing- and efficiency related drivers have a positive impact on both cup FFS / FS and secondary / final packaging
- The **total new equipment market** value is estimated at **EUR 21 bn** roughly, **growing at 4.8% p.a.** Thereof, the most important market segment is primary packaging, accounting for EUR 12.0 bn of market value. This segment consists of 17+ different technologies, of which Company focuses on three (cup FFS, cup FS, wrapping)
- **The relevant** market for Company after deduction of irrelevant segments, technologies and applications is estimated at **EUR 1.9 bn**, thereof EUR 0.6 bn relating to primary packaging and EUR 1.3 bn to secondary / final packaging (**annual growth rate of 5.0%**).
- The submarkets for the relevant technologies can be described as follows:
  - The market for cup FFS machinery is valued at EUR 165 m (growing at 4.8% p.a.). Dairy is by far the most important application group. Company addresses the total technology market
  - The market for cup FS machinery is valued at EUR 309 m (growing at 6.0% p.a.). The most important application groups are dairy and food. Company addresses the total technology market

## Market environment

**The relevant market as well as the underlying end-customer markets are expected to continue to grow**

### Market environment (2/2)

...

- The market for primary packaging wrapping machinery is valued at EUR 124 m (growing at 4.2% p.a.)  
Thereof, Company currently addresses EUR 40 m in butter / margarine applications. An additional EUR 20 m in (soft / cream) cheese are addressable

- **The key end-customer markets** underlying the cup FFS / FS machinery market **are expected to continue to grow** at between 3.5% to 10.0% annually. The key markets underlying the primary wrapping machinery market are expected to grow comparably slower
- The market for **services** is mainly driven by new equipment sales as well as by the active installed base – Company with large active installed base of thousands machines, which continues to grow
- From a customer perspective, integrated lines have significant advantages. The ongoing **trend towards integrated solutions is in favor of Company**
- Company is generally well positioned. **Opportunities exist with regard to machines in the mid-end technology level and penetration of Asian markets**

### Key competitors per technology

#### 1 Cup FFS

- Arcil
- Bosch PT
- H+E Packtec (Finnah)
- Zhongya
- Sacmi (BencoPack)
- Bisignano
- Illig
- Guangdong Yuedong
- BetaPak

#### 2 Cup FS

- Bosch PT (Ampack Ammann)
- WinPak
- Coesia (R.A. Jones)
- Waldner
- Shikoku
- Grunwald
- Trepko
- Osgood Industries
- Modern Packaging
- Bisignano
- Zhongya
- Hugart

#### 3 Wrapping

- Trepko
- Corazza
- Fasa
- Vezzadini
- Bisignano

#### 5 Services <sup>1)</sup>

- Bittner
- Mendell
- CSF Packaging
- Vimas

1) Including technical services, used machinery

# 2014 RESULTS

## 31.12.2014 vs. 31.12.2013

IMA	2014	%	2013	%	change %
<i>Euro/million</i>					
<b>Revenues</b>	<b>854.61</b>	<b>100.0%</b>	<b>760.93</b>	<b>100.0%</b>	<b>12.3%</b>
Cost of sales	(496.41)	-58.1%	(446.77)	-58.7%	11.1%
<b>Gross industrial income</b>	<b>358.20</b>	<b>41.9%</b>	<b>314.16</b>	<b>41.3%</b>	<b>14.0%</b>
R&D costs	(36.22)	-4.2%	(37.00)	-4.9%	-2.1%
Sales costs	(99.29)	-11.6%	(86.10)	-11.3%	15.3%
General and administrative costs	(113.56)	-13.3%	(96.98)	-12.7%	17.1%
<b>Operating profit before writedowns/impairment/ non-recurring items (EBITA)</b>	<b>109.13</b>	<b>12.8%</b>	<b>94.08</b>	<b>12.4%</b>	<b>16.0%</b>
Writedowns/impairment adjustments	-	0.0%	(6.15)	-0.8%	-100.0%
Non-recurring items	(1.22)	-0.1%	(1.29)	-0.2%	-5.4%
<b>EBIT</b>	<b>107.91</b>	<b>12.6%</b>	<b>86.64</b>	<b>11.4%</b>	<b>24.5%</b>
Net financial income (expense)	(18.51)	-2.2%	(9.11)	-1.2%	103.2%
Profit (loss) from investments accounted for using the equity method	1.39	0.2%	1.45	0.2%	-4.1%
Taxes	(34.04)	-4.0%	(30.09)	-4.0%	13.1%
Net profit from discontinued operations/disposal groups	-	0.0%	5.91	0.8%	-100.0%
Profit (loss) pertaining to minority interests	(5.19)	-0.6%	(3.26)	-0.4%	59.2%
<b>GROUP PROFIT</b>	<b>51.56</b>	<b>6.0%</b>	<b>51.54</b>	<b>6.8%</b>	<b>-</b>
<b>EBITDA BEFORE NON-RECURRING ITEMS</b>	<b>131.55</b>	<b>15.4%</b>	<b>113.26</b>	<b>14.9%</b>	<b>16.1%</b>
<b>EBITDA</b>	<b>130.33</b>	<b>15.3%</b>	<b>111.97</b>	<b>14.7%</b>	<b>16.4%</b>

## 31.12.2014 vs. 31.12.2013

IMA	2014	%	2013	%
<i>Euro/Million</i>				
Trade receivables	142.61		143.31	
Inventories	212.85		204.68	
Trade payables	(298.19)		(262.07)	
Other, net	(79.86)		(66.06)	
<b>Working capital</b>	<b>(22.59)</b>	<b>-9.6%</b>	<b>19.86</b>	<b>7.5%</b>
Property, plant and equipment	53.54		43.26	
Intangible assets	178.89		175.85	
Investments	32.00		29.53	
<b>Non-current assets</b>	<b>264.43</b>	<b>112.5%</b>	<b>248.64</b>	<b>94.5%</b>
Provision for severance indemnities and other provisions	(6.79)		(9.71)	
<b>Net capital employed</b>	<b>235.05</b>	<b>100.0%</b>	<b>258.79</b>	<b>98.4%</b>
Non-financial assets (liabilities) held for sale	-	-	4.31	1.6%
<b>Totale net capital employed</b>	<b>235.05</b>	<b>100.0%</b>	<b>263.10</b>	<b>100.0%</b>
Net debt	118.44	<b>50.4%</b>	130.40	<b>49.6%</b>
Minority interests	13.39		16.88	
Group equity	103.22	<b>43.9%</b>	115.82	<b>44.0%</b>
<b>Total sources of financing</b>	<b>235.05</b>	<b>100.0%</b>	<b>263.10</b>	<b>100.0%</b>

IMA	2014	%	2013	%
<i>Euro/Million</i>				
		<i>on sales</i>		<i>on sales</i>
Trade receivables	142.61	16.7%	143.31	18.8%
Inventories	212.85	24.9%	204.68	26.9%
Trade payables	(163.24)	(19.1%)	(165.09)	(21.7%)
Advances from customers	(134.94)	(15.8%)	(96.98)	(12.7%)
<b>N.O.W.C.</b>	<b>57.28</b>	<b>6.7%</b>	<b>85.92</b>	<b>11.3%</b>

Despite the strong growth in revenues, the Net Working Capital has decreased.

The increase of inventories is linked to the increased year-end order backlog.

## 31.12.2014 vs. 31.12.2013

<b>IMA - CASH FLOW</b>	<b>2014</b>	<b>2013</b>
<i>Euro/Million</i>		
EBIT	107.91	86.64
Depreciation and amortization	22.41	25.34
Capital expenditure	(31.09)	(18.59)
Change in working capital	28.65	7.45
Change in other assets/liabilities	15.20	(12.56)
<b>Operating cash flow</b>	<b>143.08</b>	<b>88.28</b>
Net financial charges	(18.51)	(7.66)
Income taxes	(34.04)	(30.10)
<b>Cash flow from operations</b>	<b>90.53</b>	<b>50.52</b>
Acquisitions	(37.19)	(15.92)
Disposals	5.23	57.73
<b>Cash flow from extraordinary operations</b>	<b>(31.96)</b>	<b>41.81</b>
Dividends	(47.93)	(82.85)
Other changes in net equity	2.88	1.45
Change in scope of consolidation	(1.56)	(10.66)
Treasury Shares	-	0.80
<b>Change in net financial position</b>	<b>11.96</b>	<b>1.07</b>
Opening net financial position	130.40	131.47
Closing net financial position	118.44	130.40

<i>Euro/Million</i>	<b>Tea, Food &amp; Other</b>		<b>Pharmaceutical</b>		<b>Ilapak</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues</b>	302.7	267.4	453.4	451.7	98.5	41.8			<b>854.6</b>	<b>760.9</b>
<b>EBITDA before non-recurring charges</b>	58.0	49.0	62.8	59.6	10.8	4.7			<b>131.6</b>	<b>113.3</b>
<i>% on sales</i>	19.2%	18.3%	13.9%	13.2%	11.0%	11.2%			<b>15.4%</b>	<b>14.9%</b>
<b>Ebit</b>	50.8	41.5	52.0	43.4	5.1	1.7			<b>107.9</b>	<b>86.6</b>
<i>% on sales</i>	16.8%	15.5%	11.5%	9.6%	5.2%	4.1%			<b>12.6%</b>	<b>11.4%</b>
<b>Net Invested capital (*)</b>	59.1	84.0	99.1	115.1	46.4	41.1	30.5	22.9	<b>235.1</b>	<b>263.1</b>
<b>Order Backlog</b>	170.9	160.3	327.4	274.0	27.6	22.0			<b>525.9</b>	<b>456.3</b>
<i>% change vs 2013</i>	6.6%		19.5%		25.5%				<b>15.3%</b>	
<b>Orders</b>	313.3	300.3	506.8	478.3	104.1	40.4			<b>924.2</b>	<b>819.0</b>
<i>% change vs 2013</i>	4.3%		6.0%		157.7%				<b>12.8%</b>	

(\*) Unallocated assets and liabilities mainly relate to investments not directly attributable to the operating sectors.

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