

UBM SMALL CAPS CONFERENCE

*Innovative Automatic Machine
System Solutions*

Milan, November 22nd 2005





30/09/2005 y.t.d. vs. 30/09/2004 y.t.d.

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<i>Million Euro</i>	Tea		Packaging		Process		Other	
	Jan 1-Sept 30		Jan 1-Sept 30		Jan 1-Sept 30		Jan 1-Sept 30	
	2005	2004	2005	2004	2005	2004	2005	2004
Sales	50,4	51,6	136,4	130,4	51,9	59,5	-	-
EBIT	17,0	17,3	(3,0)	0,7	(7,9)	(1,2)	-	-
Net Capital	22,0	27,1	106,4	95,8	82,8	81,0	6,8	0,2
Backlog	44,9	36,0	103,8	81,3	45,5	43,7	-	-



2005 Scenario

The tea sector

New orders amounting to 53.2 million Euro were acquired over the period January to September 2005 (43 mln Euro up to September 2004) with excellent growth prospects in forthcoming months.

- **The favourable trend in the sector may be accounted for by:**
- **On-going investments by the tea industry in East European countries;**
- **Faster replacement of obsolete equipments by European industry;**
- **Growing demand for coffee-pod processing systems.**



2005 Scenario

The tea sector

Strong growth in sales and profitability has been recorded in recent years for IMA's tea sector thanks to:

- **Product innovation such as to spur demand for replacement of old equipment;**
- **A strong capacity to negotiate exclusive collaboration agreements with leading multinational groups for the development of innovative solutions;**
- **The ability to identify new avenues for growth, such as entry into the coffee pod machine sector;**
- **A boost in sales may be expected on launching of new coffee pods machines.**



2005 Scenario

The Pharmaceuticals sector

In the first nine months of 2005 IMA Group's orders from the pharmaceuticals/cosmetics industry were up 6.7% (229.8 million Euro against 215.3 in 2004).

Such growth may be accounted for by:

- **Consolidation perimeter extension thanks to Nova Group acquisition;**
- **Sales volume maintenance for same perimeter despite poor demand;**
- **Stable demand in North America, good growth in Latin America, the Middle East and Russia, but poor in Europe e Far East.**



2005 Scenario

The Pharmaceuticals sector

Despite weak demand for machines and systems compared to previous year, 2005 was characterised by:

- Increased requests for quotes for new systems far in excess of actual orders;
- Longer decision-making times for each new investment, most likely because of hard-times macro-economic scenario;
- Machine manufacturers' jitters because of rather poor orders in-progress and apprehension over lengthy customer decision making processes;
- Pressure on sales prices and discounts.



Joint Venture IMA-Telstar

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Telstar Industrial (Freeze Dryers) profile in a nutshell

- **Leading world freeze-dryer manufacturer with over 300 production plants and 2500 laboratories set up in over 40 years of activity**
- **Its freeze-dryers are ideal for sterile environment product dehydration, the mostly widely adopted preservation method for pharmaceuticals and the one which ensures longer product life**
- **The company has been successfully operating on international markets since the early 90s. Key factors to its success have been:**
 - **Offer of complete systems at excellent value for money**
 - **Appreciable tech and performance levels, highly competitive with other players**
 - **OUT-OF-CHINA operations**
- **The company is based at Terrassa, near Barcelona in Spain**



Joint Venture IMA-Telstar

Operation structure and cost

- **50% acquisition of stock of the company originating from spin-off of Telstar Industrial assets relating to the freeze-dryer business by an increase in reserve capital**
- **The value set for increase in capital equals that of assets and amounts to 11 million euro**
- **The net financial situation upon capital increase being equal to zero, the joint-venture will have funds available to the amount of said capital increase to undertake its plans for growth and development**
- **In 2004 the freeze-dryer business thus acquired turned in sales for about 16 million euro with an EBITDA margin of 17.5%**
- **The joint-venture holds 55% of Telstar Huadong, a Shanghai-based company operating in the same sector**



Joint Venture IMA-Telstar

Strategies

Thanks to this joint-venture agreement IMA:

- Widens its product and service range even further, qualifying itself more than ever as a global supplier
- Comes to be present on the market with a complete range of fully operative and successful automatic in- and out-feed freeze-dryers
- Enters as a lead-player in a pharmaceutical segment which promises the greatest growth potential (at least 90% of all biotechnological products are developed in the freeze-dry state)
- Combines Telstar's techno know-how in the sector with its own engineering expertise required for developing fully integrated systems and the extensive coverage of the market of its own sales organisation
- Sets out to become the current market leader's (BOC Edwards) number one competitor over the next 3-4 years



Consolidated profit & loss statement

30/09/2005 y.t.d. vs. 30/09/2004 y.t.d.

IMA	30/09/2005	%	30/09/2004	%	var. %
<i>Million Euro</i>					
Net sales	238,7	100,0%	241,5	100,0%	-1,2%
Cost of sales	(149,1)	-62,5%	(144,3)	-59,8%	3,3%
Research & Development expenses	(13,3)	-5,6%	(12,8)	-5,3%	3,9%
General & administrative expenses	(35,7)	-15,0%	(35,5)	-14,7%	0,6%
Selling expenses	(34,5)	-14,5%	(32,1)	-13,3%	7,5%
EBIT	6,1	2,6%	16,8	7,0%	-63,7%
Net financial charges	(4,8)	-1,9%	(2,6)	-1,1%	n.s.
Other		0,0%	0,1	0,0%	n.s.
Income taxes	(1,2)	0,8%	(7,0)		n.s.
Minority interests	(0,1)	0,0%	(0,1)	0,0%	n.s.
NET INCOME	(0,0)	0,0%	7,2	3,0%	n.s.
EBITDA	13,7	5,7%	24,4	10,1%	-43,9%



Consolidated balance sheet

30/09/2005 vs. 30/09/2004

IMA	30/09/2005	%	31/12/2004	%	30/09/2004	%
<i>Million Euro</i>						
Trade receivables	87,40		88,10		84,90	
Inventories	142,90		109,70		121,40	
Trade payables	(102,70)		(100,40)		(85,20)	
Other, net	(19,10)		(14,00)		(19,90)	
Net working capital	108,50	49,8%	83,40	45,4%	101,20	49,6%
Intangible fixed assets	71,00		73,00		71,10	
Tangible fixed assets, net	59,40		57,30		42,30	
Investments	12,20		0,50		13,40	
Total fixed assets	142,60	65,4%	130,80	71,3%	126,80	62,1%
Severance indemnities & other	(33,10)		(30,70)		(23,90)	
Net employed capital	218,00	100,0%	183,50	100,0%	204,10	100,0%
Net debt	* 128,90	59,1%	74,00		103,80	50,9%
Minority interests	2,80		2,30		2,20	
Group share of net equity	86,30	39,6%	107,20		98,10	48,1%
All sources	218,00	100,0%	183,50	100,0%	204,10	100,0%

* Net debt at September 30° has been affected by:

- 5,6 million € of treasury shares
- 10,5 million € for Ima-Telstar increase of capital.



Estimates for the current business year

A look at orders scheduled for delivery by end 2005 and at trends in overheads permits to forecast:

- **Turnover up 8% compared to 2004, a result chiefly ascribable to Nova Group's contribution;**
- **Lower industrial margin as a percentage of sales owing to:**
 - ✓ **weaker USD;**
 - ✓ **greater discount;**
 - ✓ **extraordinary costs for Kilian restructuring, and more precisely for redundancy payments and overheads for moving to new premises;**
- **A very limited increase in R&D and marketing costs and overheads;**
- **2005 EBIT same as that of previous year.**



Outlook for 2006

- On-going favourable trend in the “Tea & Coffee” sector;
- Moderate sales growth in the drugs sector (+3% - +5%);
- Growth in industrial margins thanks to:
 - ✓ less pressure on list-prices/discounts
 - ✓ strengthening of US dollar
 - ✓ effects of saving actions on cost of product sold
- Further savings in overheads;
- Improved EBIT;
- Considerable increase in cash flow given improved economic performance and investments far below depreciations.



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