Company results

Innovative Automatic Machine System Solutions

INVESTOR RELATIONS

IMA SPA
Sustain Ability

Star Conference London, Oct 2, 2014 - Oct 3, 2014

IMA at a glance

- 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
- More than 3,700 employees, more than 1,500 of whom based abroad (YTD)
- In 2013 € 760.9 millions worldwide sales, of which about 92% 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			

IMA: a Leading Group

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

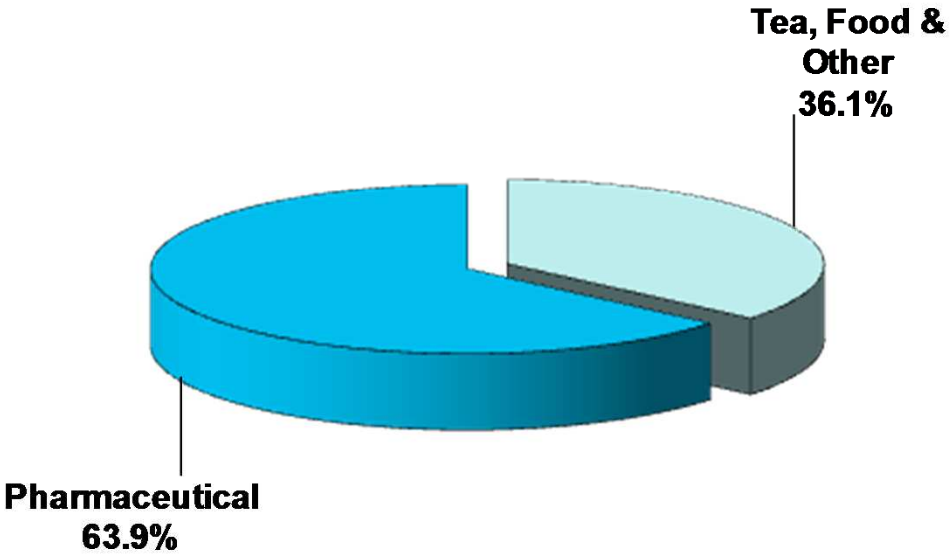
INVESTMENT PROFILE

- 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*

Balanced Offer

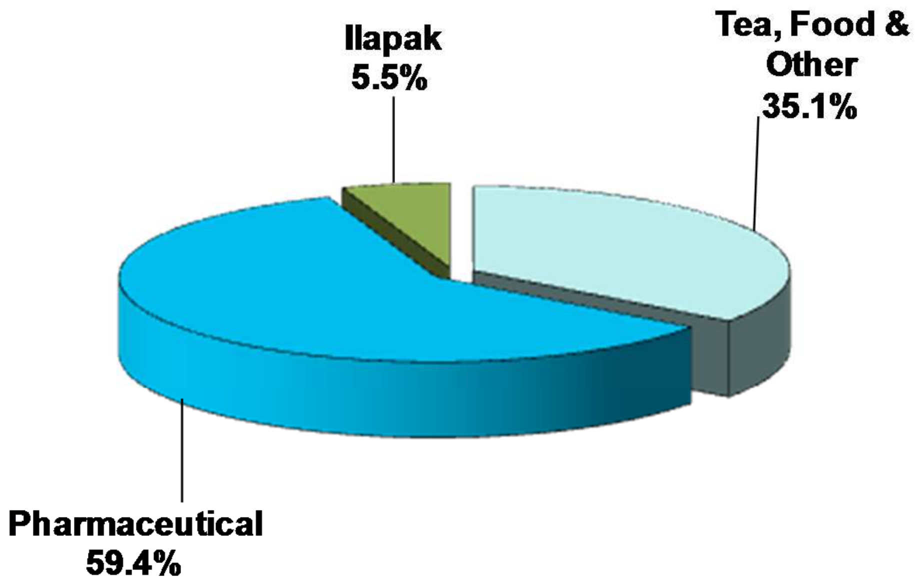
2012 Restated

Total sales: € 656.9 million



2013

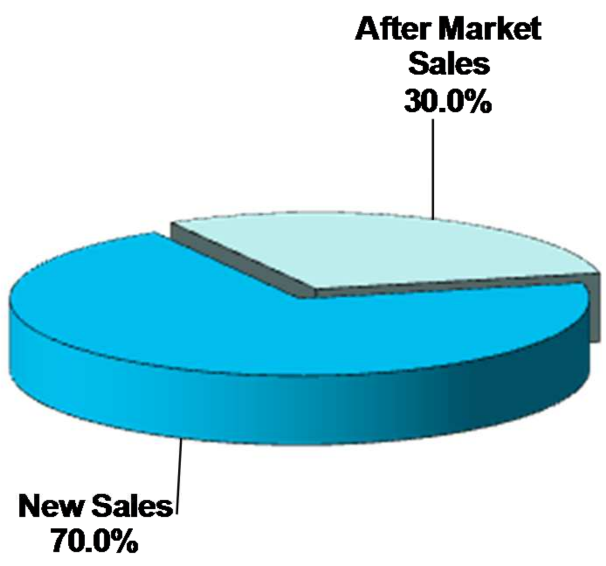
Total sales: € 760.9 million



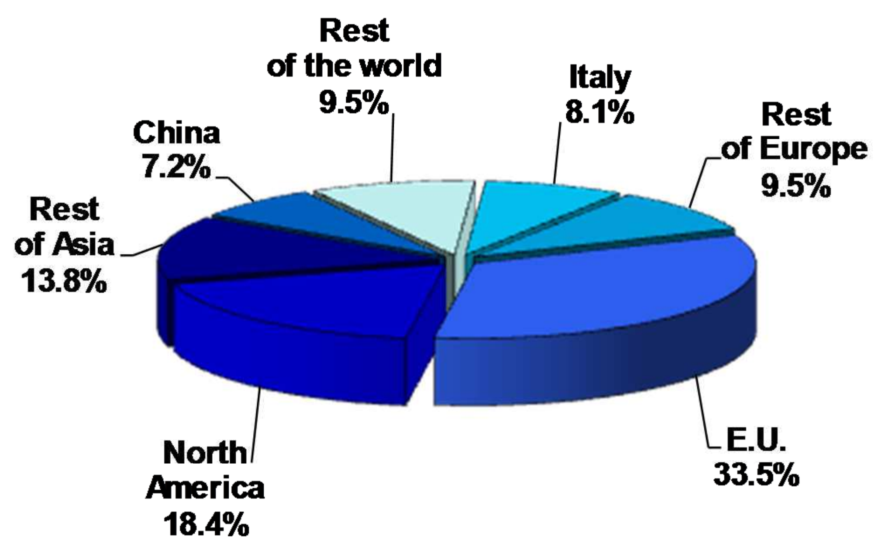
Revenue Sources

- 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 2013



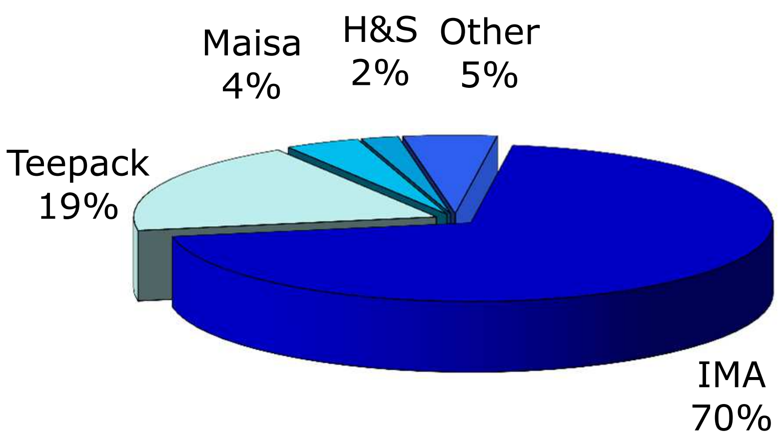
Revenues by Geography 2013



Machinery industry

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

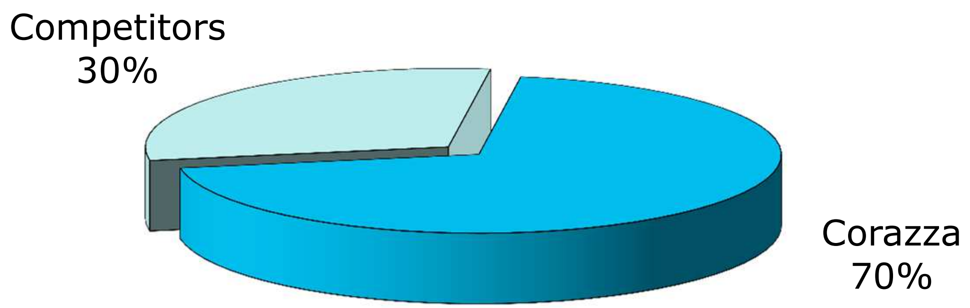
Long experience operating in food, confectionery, beverage, pharmaceutical and assembly packaging solutions.

- 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

Machinery industry

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

Machinery industry

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

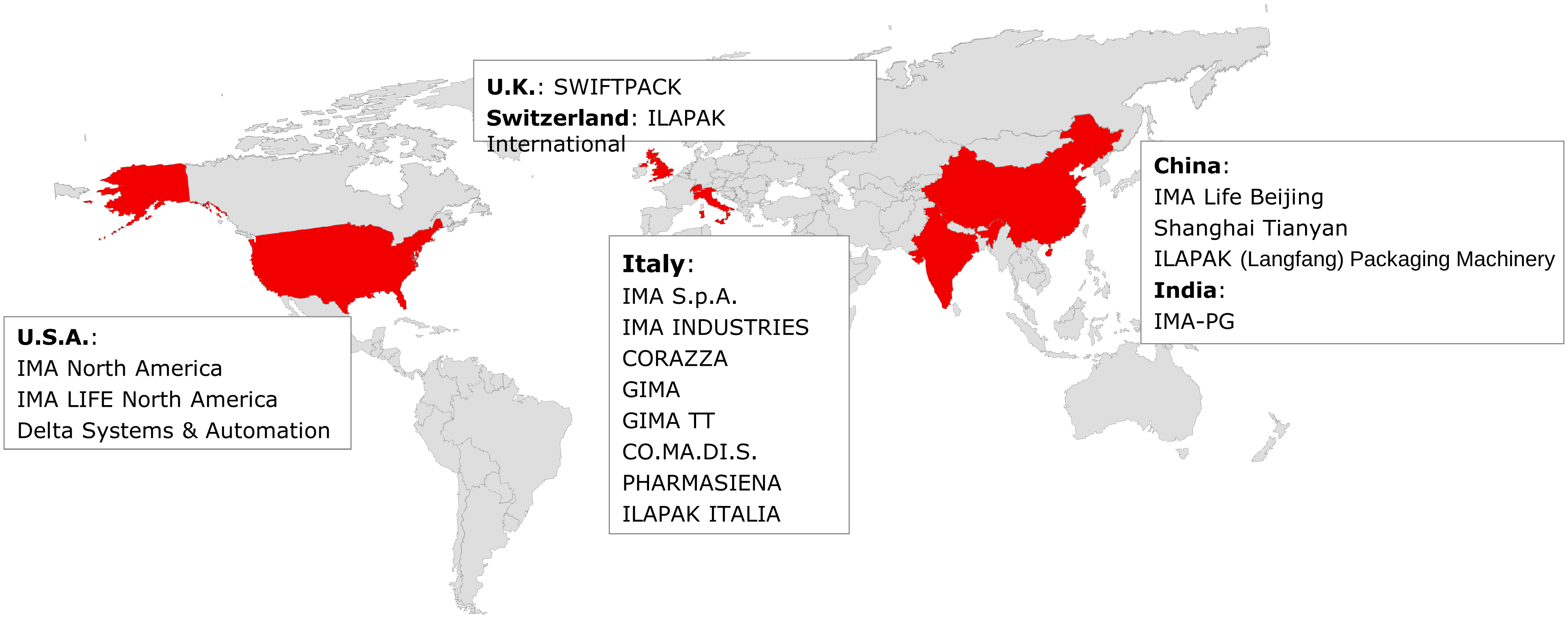
Long experience operating in food and non food flexible packaging solutions

- 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

IMA: a synthesis of industrial experiences from all over the world

Production Plants

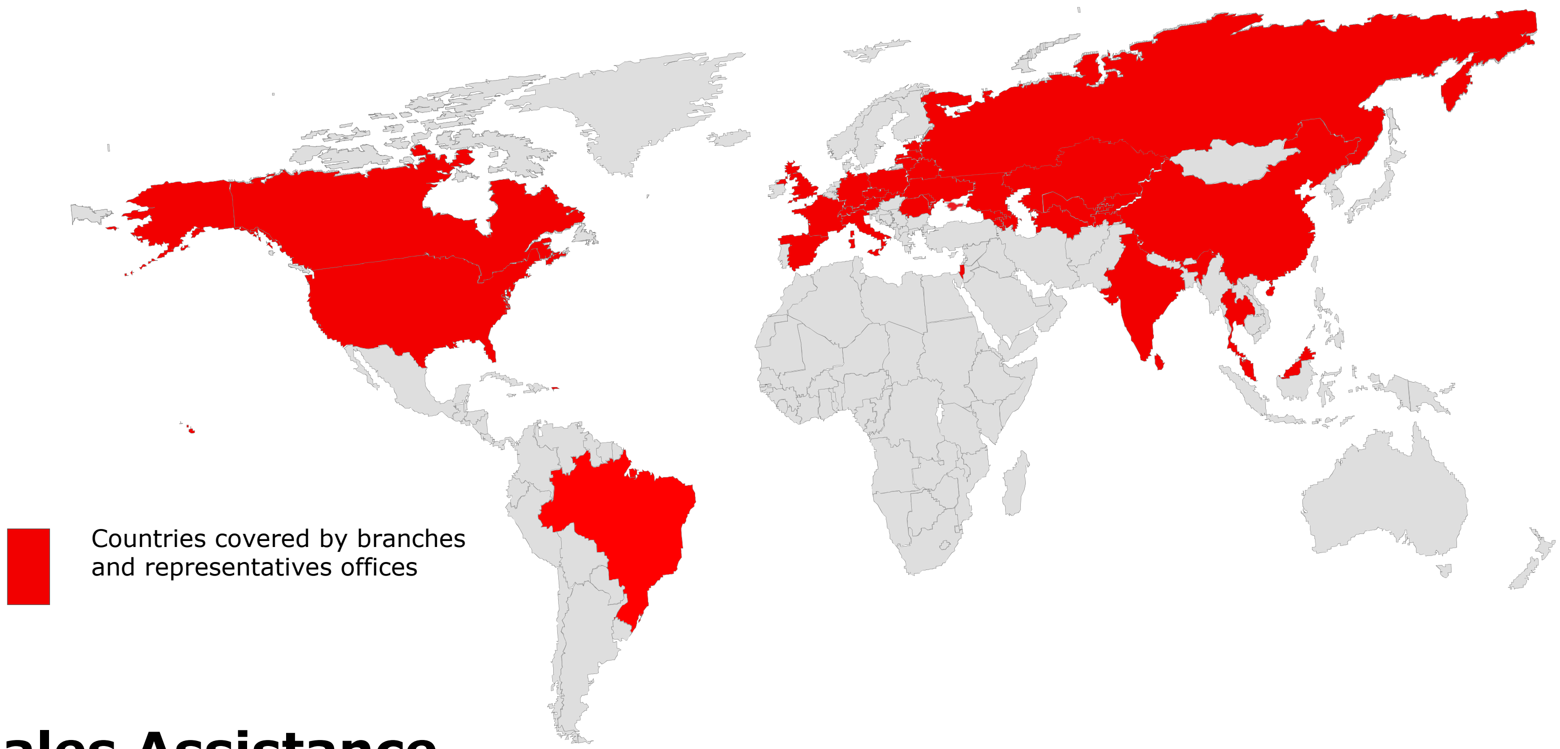
IMA manufactures equipment in 24 production plants located in Italy, Switzerland, UK, USA, India, China.



IMA in the world: a global network for high technology selling

Sales Representatives

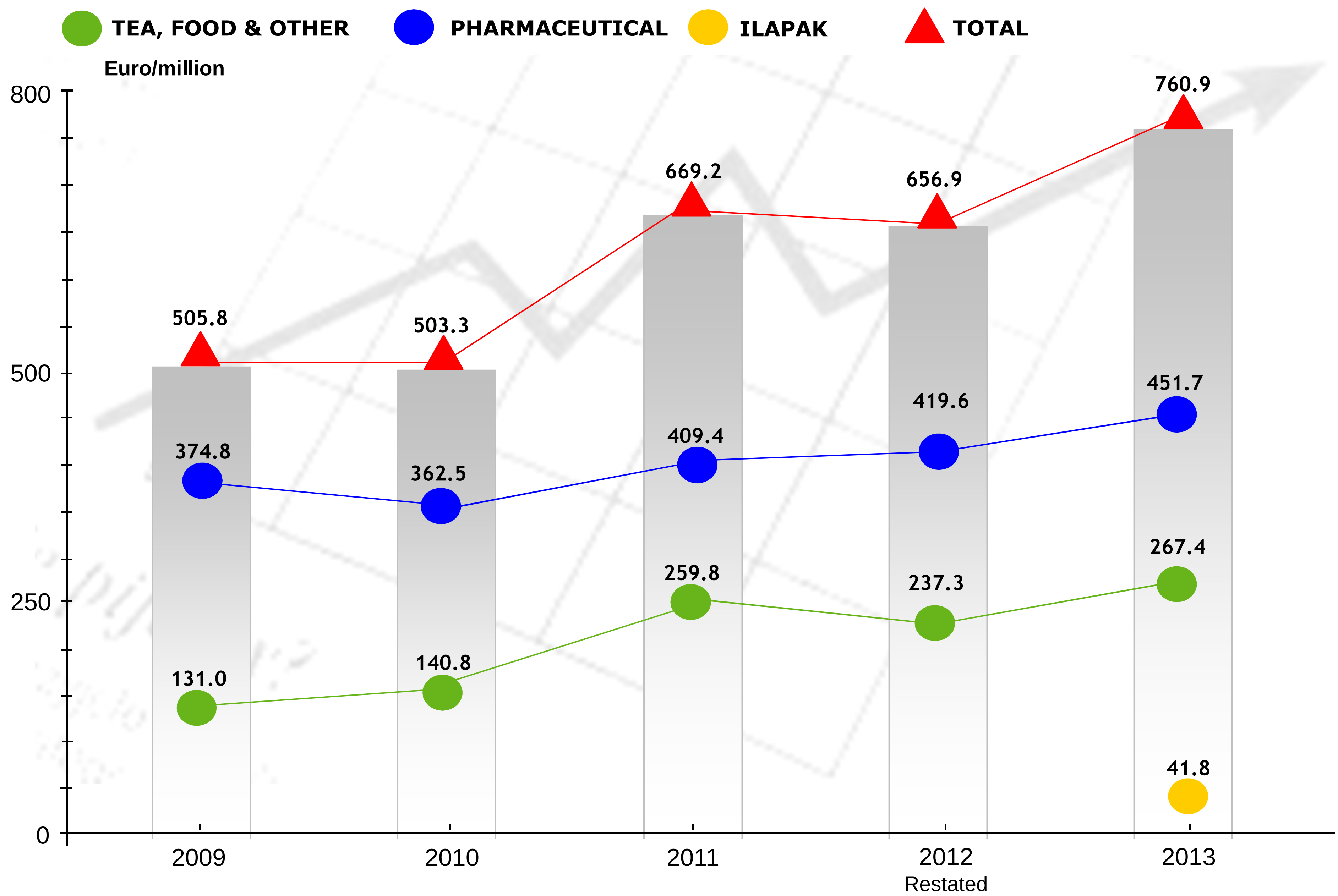
Presence in about 80 countries with headquarters in Italy, branches in Europe, Middle East, North America, South America, Asia and representative offices in Central and East Europe and more than 50 local agents.



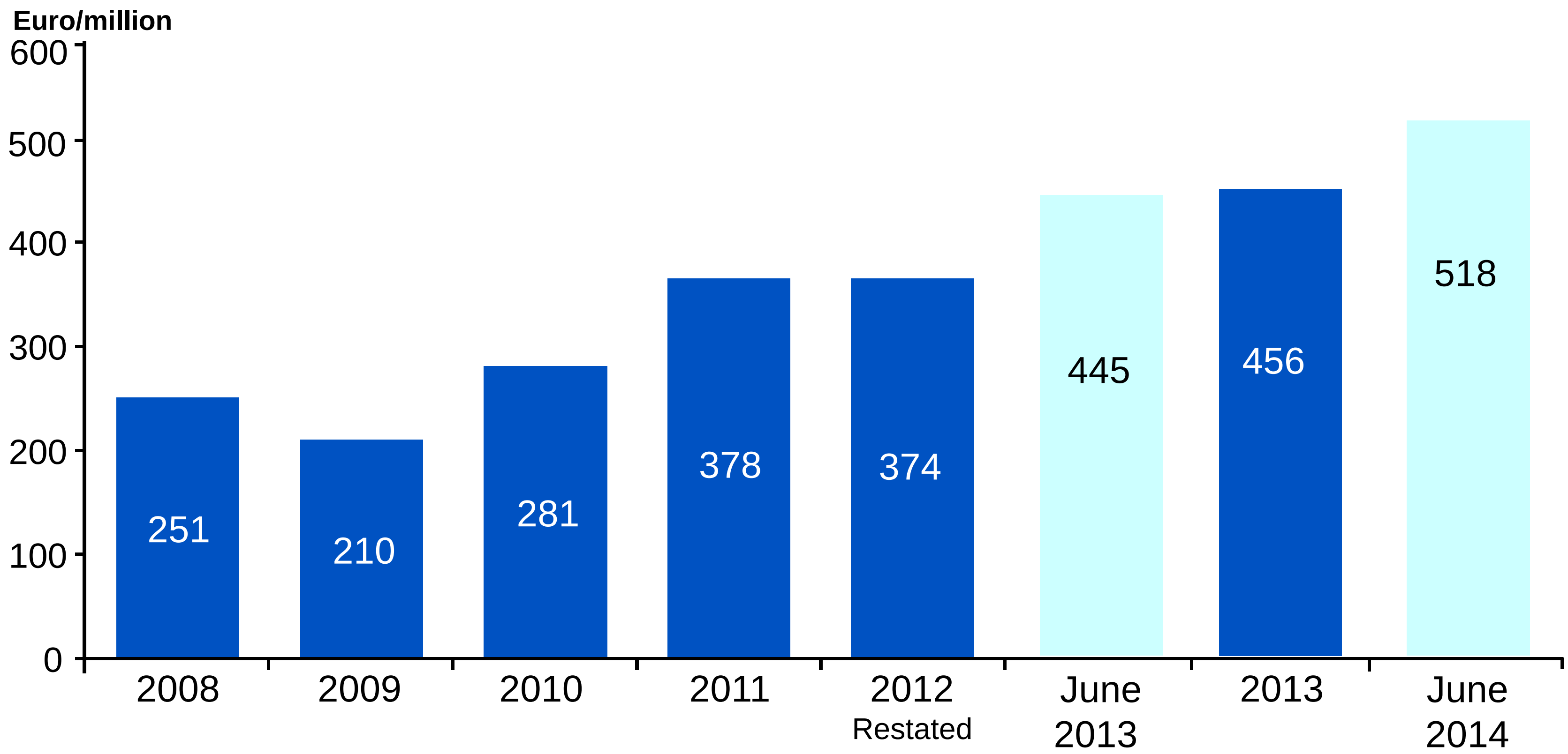
After Sales Assistance

IMA provides world-wide technical assistance through its headquarters in Italy, branch and local agents.

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 June 30, 2014 is at € 518 million that compares to € 445 million at June 30, 2013, for a 16.4% increase



Ilapak Acquisition

ILAPAK Group

- *Closing date: February,* 28th 2013
- *Description:* Acquisition of a 40% stake in ILAPAK Group, which makes primary packaging machines for the food sector, with an option to increase the investment up to 51% by converting a convertible bond. IMA would then be granted an option to purchase additional shares to reach 80%, having the current other shareholder the possibility to ask IMA to extend its option to the entire share capital.
- *Closing date: December, 4*th 2013
- *Description:* Exercised option to convert the bond rising the investment to 51%.
- *Deal value:* approximately € 9 mln
- Impact on the 2013 IMA’s Profit and loss (5 months):
  - Revenues: € 41.8 mln
  - EBITDA: € 4.7 mln
- Impact on the 2013 IMA’s Balance sheet
  - Additional debt: € 10 mln
- *Announcement date: February, 4*th 2014
- *Description:* Purchase of an additional 30% stake. IMA also has the right to acquire the other 19% in 2017 or 2018
- *Deal value:* € 22.75 mln

1ST HALF 2014 RESULTS

Consolidated income statement

30.06.2014 vs. 30.06.2013

IMA	1st Half 2014	%	1st Half 2013	%
Euro/million				
Revenues	**374.20**	***100.0%***	**327.50**	***100.0%***
Cost of sales	(217.10)	*-58.0%*	(191.80)	*-58.6%*
Gross industrial income	**157.10**	***42.0%***	**135.70**	***41.4%***
R&D costs	(18.80)	*-5.0%*	(17.90)	*-5.5%*
Sales costs	(49.80)	*-13.3%*	(39.50)	*-12.1%*
General and administrative costs	(55.00)	*-14.7%*	(44.60)	*-13.6%*
Operating profit before non-recurring items (EBITA)	**33.50**	***9.0%***	**33.70**	***10.3%***
Non-recurring items	(1.00)	*-0.3%*	-	*0.0%*
EBIT	**32.50**	***8.7%***	**33.70**	***10.3%***
Net financial income (expense)	(5.20)	*-1.4%*	(3.70)	*-1.1%*
Profit (loss) from investments accounted for using the equity method	0.50	*0.1%*	0.80	*0.2%*
Taxes	(10.10)	*-2.7%*	(9.80)	*-3.0%*
Net profit from discontinued operations/disposal groups	-	*0.0%*	7.80	*2.4%*
Profit (loss) pertaining to minority interests	(1.70)	*-0.5%*	(1.10)	*-0.3%*
GROUP PROFIT	**16.00**	***4.3%***	**27.70**	***8.5%***
EBITDA BEFORE NON-RECURRING ITEMS	**44.20**	***11.8%***	**42.20**	***12.9%***
EBITDA	**43.20**	***11.5%***	**42.20**	***12.9%***

Consolidated balance sheet

30.06.2014 vs. 30.06.2013

IMA	30/06/2014	%	30/06/2013	%	31/12/2013	%
Euro/Million						
Trade receivables	140.90		134.40		143.30	
Inventories	232.00		208.40		204.70	
Trade payables	(262.90)		(231.30)		(262.10)	
Other, net	(74.60)		(61.00)		(66.00)	
Working capital	**35.40**	***12.5%***	**50.50**	***17.2%***	**19.90**	***7.6%***
Property, plant and equipment	50.50		32.90		43.30	
Intangible assets	175.30		147.20		175.80	
Investments	31.50		33.30		29.50	
Non-current assets	**257.30**	***91.1%***	**213.40**	***72.5%***	**248.60**	***94.5%***
Provision for severance indemnities and other provisions	(10.30)		0.30		(9.70)	
Net capital employed	**282.40**	***100.0%***	**264.20**	***89.7%***	**258.80**	***98.4%***
Non-financial assets (liabilities) held for sale	-		30.20		4.30	
Total net capital employed	**282.40**	***100.0%***	**294.40**	***100.0%***	**263.10**	***100.0%***
Net debt	206.30	***73.1%***	143.50	***48.7%***	130.40	***49.6%***
Minority interests	8.80		7.00		16.90	
Group equity	67.30	***23.8%***	143.90	***48.9%***	115.80	***44.0%***
Total sources of financing	**282.40**	***100.0%***	**294.40**	***100.0%***	**263.10**	***100.0%***

Revenues

Euro/Million	1st Half 2014	1st Half 2013	Change	%
Tea, Food & Other	125.5	118.9	6.6	*5.6%*
Pharmaceutical	205.5	208.6	(3.1)	*(1.5)%*
Ilapak	43.2	n.a.	43.2	n.a.
Total Revenues	**374.2**	**327.5**	**46.7**	***14.3%***

Order trends

Euro/Million	1st Half 2014	1st Half 2013	Change	%
Tea, Food & Other	163.6	153.6	10.0	*6.5%*
Pharmaceutical	241.0	243.8	(2.8)	*(1.1)%*
Ilapak	33.7	n.a.	33.7	n.a.
Total Order trends	**438.3**	**397.4**	**40.9**	***10.3%***

EBIT

Euro/Million	1st Half 2014	1st Half 2013	Change	%
Tea, Food & Other	12.5	15.7	(3.2)	*(20.4)%*
Pharmaceutical	20.1	18.0	2.1	*11.7%*
Ilapak	(0.1)	n.a.	(0.1)	n.a.
Total EBIT	**32.5**	**33.7**	**(1.2)**	***(3.6)%***

Appendix

2013 Disposals

Stephan Machinery GmbH & Co. KG

- *Closing date: June, 6th* 2013
- *Description:* Sale of Stephan Machinery GmbH & Co. KG, the Germany based company engaged in the designs and manufacturing of processing lines, machines and plants for food production and processing applications, to funds managed by Deutsche Beteiligungs AG (listed Germany based private equity firm) from Corazza S.p.A. (IMA Group)
- *Deal value:* € 40.4 mln
- *Target financials:*
  - Revenues: € 42.9 mln (2012); Exit multiples: 0.9x
  - EBITDA: € 6.1 mln (2012); Exit multiples: 6.6x
  - NFP: € 11.8 mln (2012)
- Impact on the IMA's balance sheet
  - Deal value € 40.4 mln + NFP increase for € 11.8 mln

IMA Kilian GmbH & Co. KG

- *Closing date: November, 13th* 2013
- *Description:* Sale of IMA Kilian GmbH & Co. KG. the Germany based company engaged in tablet press machines for the pharmaceuticals, chemical and food industries to Romaco Pharmatechnik GmbH (Germany based manufacturer of machines and lines for packaging and processing applications held by the private equity firm Deutsche Beteiligungs AG)
- *Deal value:* € 21 mln (Enterprise Value:€ 20.93 mln)
- *Target financials:*
  - Revenues: € 45 mln (2012); Exit multiples: 0.5x
  - EBITDA: € 4.5 mln (2012); Exit multiples: 4.7x
  - NFP: € 9.2 mln (2012)
- Impact on the Group's balance sheet
  - Deal value € 21 mln + NFP decrease for € 9.2 mln

2013 Disposals

Zibo IMA Xinhua Pharmatech Co. Ltd.

- *Announcement date: November,14th* 2013
- *Description:* IMA has finalised the agreement for the sale of the 80% interest in Zibo IMA Xinhua Pharmatech Co. Ltd., based in Zibo, China, which specialises in the production of components and automatic machines for processing pharmaceutical products, to a number of Chinese investors and managers of the company.
- *Deal value:* Rmb 50 mln (about 5.8 million euros). Rmb 15 million has already been paid and the residual amount will be settled at the closing date, expected within first half of 2014

2013 RESULTS

Figures for 2012 have been restated for:

. the sale of the Stephan business

. the sale of Kilian

Consolidated income statement

31.12.2013 vs. 31.12.2012 Restated

IMA	2013	%	2012 Restated	%	*change %*
Euro/million					
Revenues	**760.93**	***100.0%***	**656.85**	***100.0%***	***15.8%***
Cost of sales	(446.77)	*-58.7%*	(386.05)	*-58.8%*	*15.7%*
Gross industrial income	**314.16**	***41.3%***	**270.80**	***41.2%***	***16.0%***
R&D costs	(37.00)	*-4.9%*	(31.17)	*-4.7%*	*18.7%*
Sales costs	(86.10)	*-11.3%*	(78.54)	*-12.0%*	*9.6%*
General and administrative costs	(96.98)	*-12.7%*	(87.38)	*-13.3%*	*11.0%*
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	**94.08**	***12.4%***	**73.71**	***11.2%***	***27.6%***
Writdowns/impairment adjustments	(6.15)	*-0.8%*	(1.78)	*-0.3%*	*245.5%*
Non-recurring items	(1.29)	*-0.2%*	0.00	*0.0%*	
EBIT	**86.64**	***11.4%***	**71.93**	***11.0%***	***20.5%***
Net financial income (expense)	(9.11)	*-1.2%*	(8.41)	*-1.3%*	*8.3%*
Profit (loss) from investments accounted for using the equity method	1.45	*0.2%*	0.59	*0.1%*	*145.8%*
Taxes	(30.09)	*-4.0%*	(19.59)	*-3.0%*	*53.6%*
Net profit from discontinued operations/disposal groups	5.91	*0.8%*	4.91	*0.7%*	*20.4%*
Profit (loss) pertaining to minority interests	(3.26)	*-0.4%*	(1.73)	*-0.3%*	*88.4%*
GROUP PROFIT	**51.54**	***6.8%***	**47.70**	***7.3%***	***8.1%***
EBITDA BEFORE NON-RECURRING ITEMS	**113.26**	***14.9%***	**90.42**	***13.8%***	***25.3%***
EBITDA	**111.97**	***14.7%***	**90.42**	***13.8%***	***23.8%***

Consolidated balance sheet

31.12.2013 vs. 31.12.2012

IMA	2013	%	2012	%
Euro/Million				
Trade receivables	143.31		129.23	
Inventories	204.68		206.36	
Trade payables	(262.07)		(212.86)	
Other, net	(66.06)		(63.37)	
Working capital	**19.86**	***7.5%***	**59.36**	***20.5%***
Property, plant and equipment	43.26		32.25	
Intangible assets	175.85		182.54	
Investments	29.53		25.47	
Non-current assets	**248.64**	***94.5%***	**240.26**	***82.9%***
Provision for severance indemnities and other provisions	(9.71)		(9.69)	
Net capital employed	**258.79**	***98.4%***	**289.93**	***100.0%***
Non-financial assets (liabilities) held for sale	4.31	*1.6%*	0.00	*0.0%*
Totale net capital employed	**263.10**	***100.0%***	**289.93**	***100.0%***
Net debt	130.40	***49.6%***	131.47	***45.3%***
Minority interests	16.88		5.54	
Group equity	115.82	***44.0%***	152.92	***52.7%***
Total sources of financing	**263.10**	***100.0%***	**289.93**	***100.0%***

Consolidated Net Working Capital

IMA	2013	%	2012 Restated	%
Euro/Million		*on sales*		*on sales*
Trade receivables	143.31	*18.8%*	129.23	*19.7%*
Inventories	204.68	*26.9%*	206.36	*31.4%*
Trade payables	(165.09)	*(21.7%)*	(127.80)	*(19.5%)*
Advances from customers	(96.98)	*(12.7%)*	(85.06)	*(12.9%)*
N.O.W.C.	**85.92**	***11.3%***	**122.73**	***18.7%***

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

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

Consolidated Cash Flow

31.12.2013 vs. 31.12.2012

IMA - CASH FLOW	2013	2012
Euro/Million		
EBIT	86.64	80.61
Depreciation and amortization	25.34	20.82
Capital expenditure	(18.59)	(15.01)
Change in working capital	7.45	14.89
Change in other assets/liabilities	(12.56)	(2.20)
Operating cash flow	**88.28**	**99.11**
Net financial charges	(7.66)	(9.11)
Income taxes	(30.10)	(22.07)
Cash flow from operations	**50.52**	**67.93**
Acquisitions	(15.92)	(2.00)
Disposals	57.73	0.00
Cash flow from extraordinary operations	**41.81**	**(2.00)**
Dividends	(82.85)	(36.77)
Other changes in net equity	1.45	(2.72)
Change in scope of consolidation	(10.66)	0.00
Treasury Shares	0.80	(0.41)
Change in net financial position	**1.07**	**26.03**
Opening net financial position	131.47	157.50
Closing net financial position	130.40	131.47

Financial Highlights by segment

Euro/Million	Tea, Food & Other		Pharmaceutical		Ilapak		Unallocated		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Revenues	267.4	237.3	451.7	419.6	41.8	n.a.			760.9	656.9
EBITDA before non-recurring charges	49.0	41.0	59.6	49.4	4.7	n.a.			113.3	90.4
% on sales	18.3%	17.3%	13.2%	11.8%	11.2%				14.9%	13.8%
Ebit	41.5	33.8	43.4	38.1	1.7	n.a.			86.6	71.9
% on sales	15.5%	14.2%	9.6%	9.1%	4.2%				11.4%	10.9%
Net Invested capital (*)	84.0	105.0	115.1	165.9	41.1	n.a.	22.9	19.0	263.1	289.9
Order Backlog	160.3	127.5	274.0	246.1	22.0	n.a.			456.3	373.6
Orders	300.3	245.5	478.3	427.6	40.4	n.a.			819.0	673.1

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

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For further details on IMA Group reference should be made to publicly available information, including the Annual Report and the Semi-Annual and Quarterly Reports.

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