

*Innovative Automatic Machine
Systems Solutions*

London - September 2001



KEY COMPANY FEATURES



- **IMA is a Global Supplier of automatic equipment for pharmaceutical and tea industry, offering customised, state of the art technology**
- **IMA addresses one concept “Innovative Automatic Machine Systems Solutions” in a “Main Contractor” framework**
- **IMA’s consolidated Turnover in 2000 amounted to 293.2 million euro from a diversified sales base and a balanced product portfolio**
- **IMA employs over 2,100 in 16 countries**
- **IMA has a world-wide sales and customer service network**
- **IMA’s future growth will be driven by:**
 - **product & process development**
 - **focus on core markets**
 - **geographical expansion and synergic business extension**

INNOVATIVE AUTOMATIC MACHINE SYSTEMS SOLUTIONS





COMPETITIVE ADVANTAGES

- World-class R&D
- Continuous product innovation
- Unique business model
- Strong brand loyalty
- Excellent market position with world-wide Customer Service Network
- High barriers to market entry

INVESTMENT PROFILE

- World-wide leader in chosen markets
- Limited effects of business cycles
- Positioned for strong growth, both organic and by acquisitions
- Experienced, committed management teams
- Sustained premium margins

DESTINATION INDUSTRIES OF IMA'S PRODUCTS



PHARMACEUTICAL

defensive and growing sector

- Fast growing demand for medicines, both in OECD and in emerging markets
- For 2002-2006 expected CAGR of retail sales is 10-12% (excluding health food)
- Industry concentration in big multinationals, but without dominant players
- Demand for machines is strongly price inelastic and is oriented to proven suppliers and solution providers

Source: IMS Global Pharma

TEABAG

steady growing “cash cow” niche

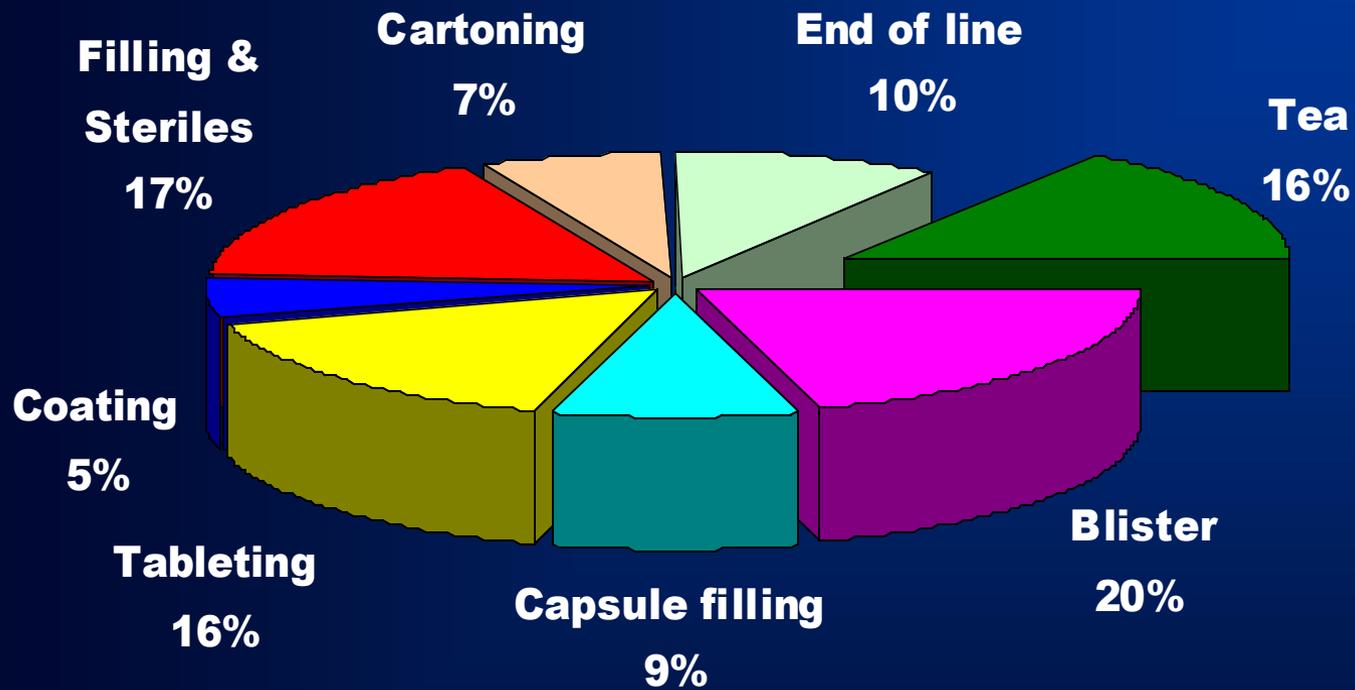
- Gradual shift from loose to teabags in core tea consuming markets (Russia, India, Far East, etc.)
- Accelerated substitution of installed machines by new machines of higher productivity
- Marketing driven, non-price competition amongst the big players in tea industry
- Machinery demand driven by the suppliers' ability to build up innovative and reliable packages

NET SALES BY INDUSTRY

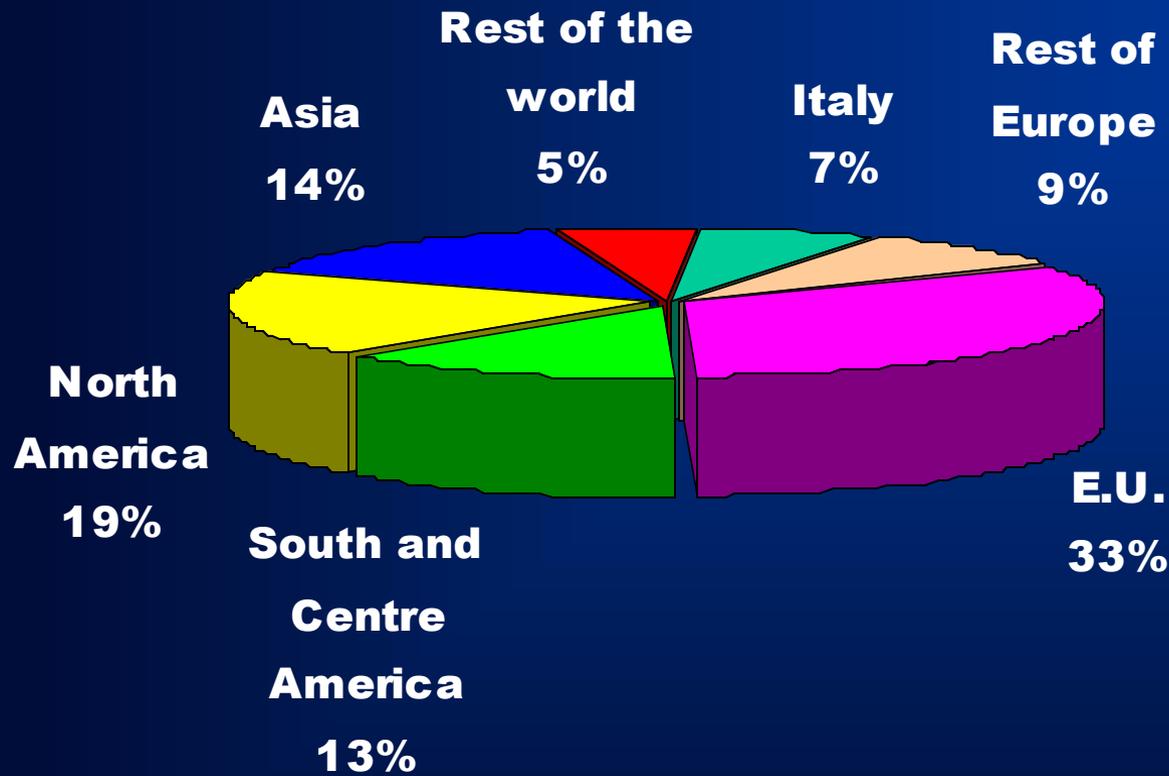


MIn/Euro	2000		1999		YoY in %
• Pharmaceutical	237.1	80.9%	182.1	76.3%	+ 30.2%
• Tea bag	46.5	15.9%	46.2	19.3%	+ 0.6%
• Others	9.5	3.2%	10.5	4.4%	- 8.5%
Net Sales	293.2	100.0%	238.7	100.0%	+ 22.7%

A BALANCED PRODUCT PORTFOLIO....

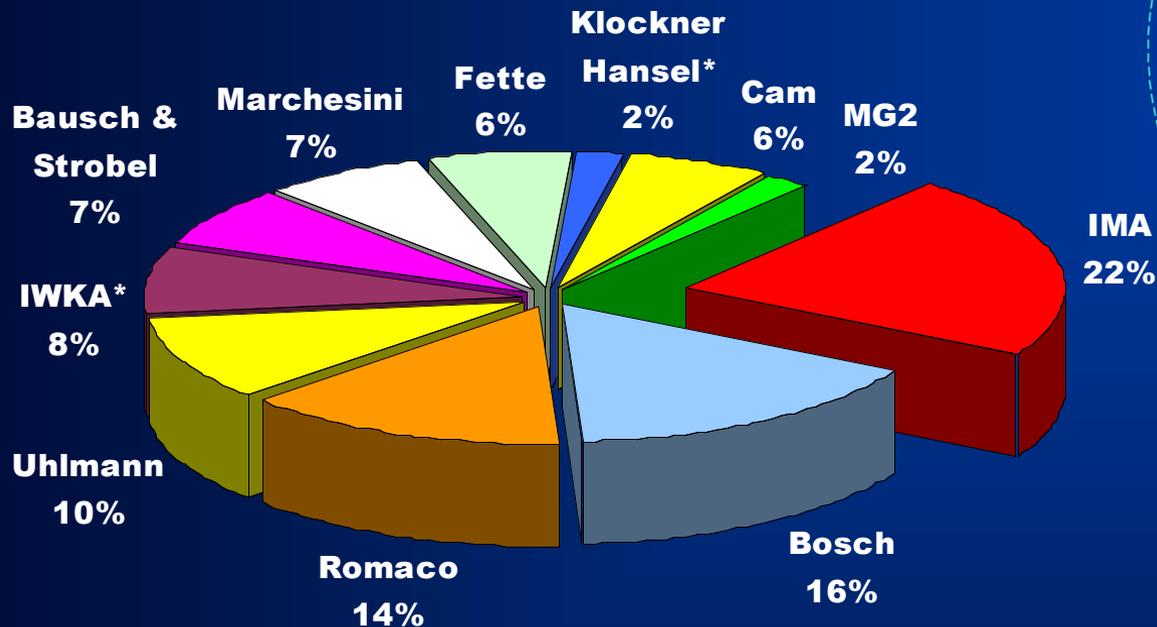


....ON A DIVERSIFIED SALES BASE



2000 SALES: 293.2 Mln/ Euro
Export: 93.2 %
on 85 countries

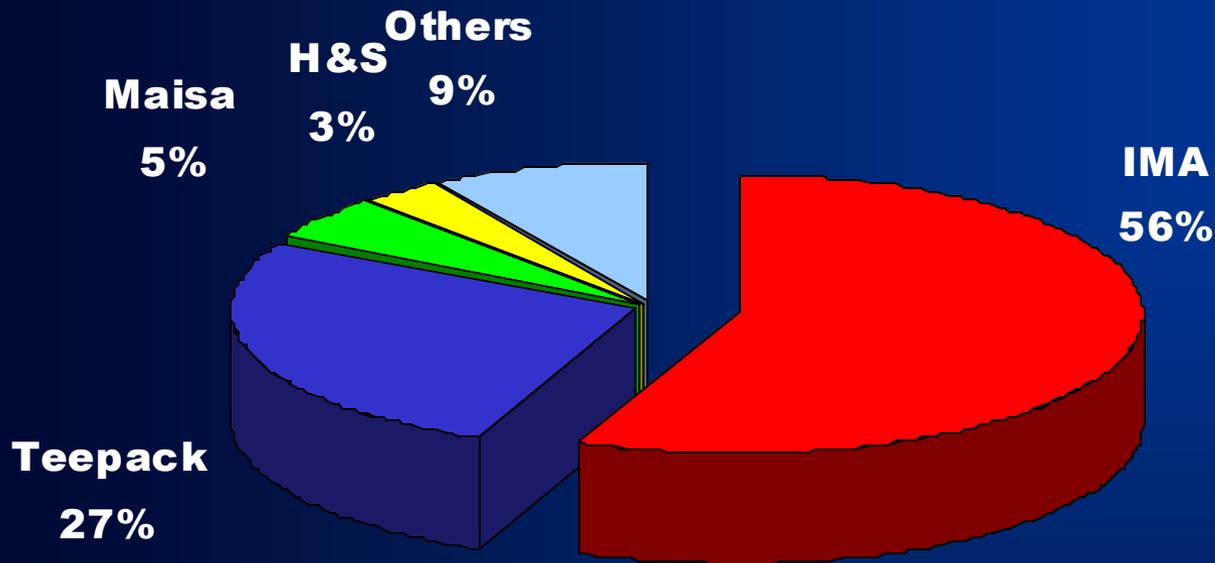
IMA LEADER BOTH IN PHARMA...



MKT SHARE IN THE RELEVANT
COMPETITIVE ENVIRONMENT
1,056 Mln/euro

- **Main competitors are either Italian and German.**
The only listed companies are IWKA and Klockner, but they are not at all comparable, having only 3% of their turnover in this market

... AND TEABAG MARKETS



TEABAG MARKET
82.6 Mmln/euro

- **The market for tea bagging machinery is highly concentrated : IMA is in the position of a strong leader**

MAIN PHARMACEUTICAL MARKET COMPETITORS



	BLISTER	CAPSULE FILLING	TABLETING	COATING	FILLING	CARTONING	END OF LINE
IMA	XXX	XXX	XXX	XXX	XXX	XX	XXX
ULHMANN	XXX						
BOSCH	XX	XXX			XXX	X	
KLOCKNER	XX						
ROMACO	X	X			X	X	
CAM	XX					XXX	
MARCHESINI	X				X	XXX	X
MG2		XX					
FETTE			XXX				
KIKUSUI			XX				
HATA			XX				
IWKA	X		X	XX		X	
COURTOY			X				
KORSCH			X				
GLATT				XXX			
DRIAM				XX			
O'HARA				X			
HY COATER				X			
BAUSCH & S.					XXX		
GRONINGER					XX		
MAR					X		
PESTER							XXX

XXX leader

XX main competitor

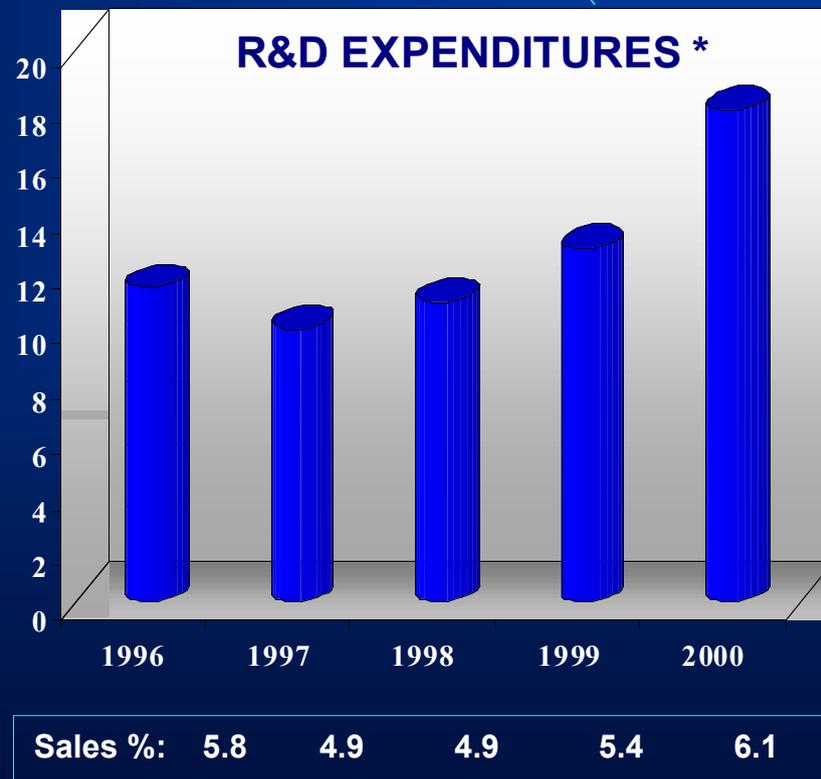
X player

CORE COMPETENCE:

World Class Technology and Innovation



- Commitment to R & D underpins future growth and leverages competitive advantage
- More than 380 experienced engineers & technicians
- 460 registered patents
- More than 30 products launched in the last two years
- 2000: 17.8 Mln/Euro, + 39% on '99



* fully charged in first year

CORE COMPETENCE:

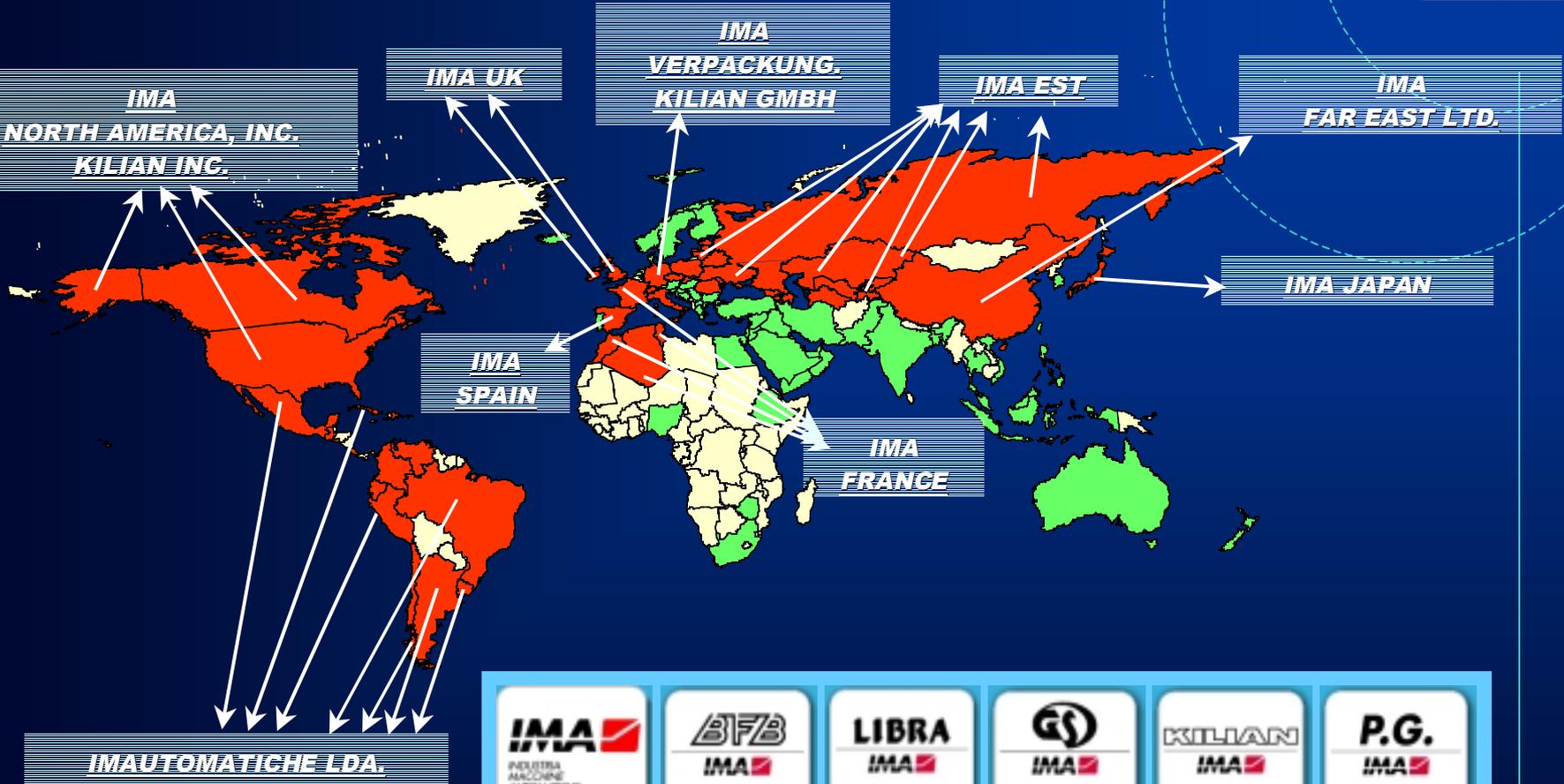
Extensive Customer Service Network



- **Leadership in each core market with subsidiaries in 16 countries**
- **Growing presence in the high potential, emerging markets (India, China)**
- **Effective pre-sales, sales and after sales customer services, made possible by economies of scale**
- **IMA uses joint ventures and alliances with local companies in specific markets to bridge cultural differences (Japan, China, India)**

CORE COMPETENCE:

Extensive Customer Service Network



IMA Sole Agencies (Export Pharma agencies & Export Solid Dose Dpts)

IMA Subsidiaries

FOCUS ON SYSTEMS SOLUTIONS BY A GLOBAL SUPPLIER



SYSTEMS SOLUTIONS PROVIDER

- Business orientation of processes and systems
- Higher Added Value through unique customer solutions
- Acting as a consultant as well as a vendor
- A learning business, acquiring expertise for further innovation
- Building up of leaning options
- Greater influence over the market through long term customer relationships

MACHINE SUPPLIER

- Business oriented to production volumes
- Greater barriers to customization
- Greater competition from similar producers in the same segment
- Follower of market trends
- Discontinuous customer relationships

SUBSTANTIAL UPSIDE POTENTIAL



- **Strong systems-based products and processes**
- **Leading position in market for pharmaceutical machinery, still a fragmented industry**
- **Further growth potential by geographical area and by product/process developments**
- **New opportunities through the “main contractor” approach**
- **Scope for economies of scales and diversification into “close” business areas (e.g. cosmetics)**

OUR GROWTH STRATEGY



- Increase our market presence in the process machinery segment
- Enlarge our range of portfolio services to the pharmaceutical industry
- Develop our presence in the cosmetics industry
- Take advantage of sector consolidation, including acquisitions

GROWTH IN PROCESS MACHINERY



- **Acquisitions and integration**
The acquisitions in 2000 of Kilian (tableting), G.S. (coating) and, in early 2001, of Icopack (powder processing systems) have significantly strengthened the competitive advantage of IMA in the process machinery area
- **Riding the growth**
The market for process machines is not smaller than that for packaging machines and has an high potential for growth due to weak competitive environment
- **Improve margins**
Furthermore, IMA expects to significantly improve profit margins in this business area.

ENLARGE THE RANGE OF SERVICES OFFERED



From outsourcing needs ...

- Take advantage of the increasing reliance of the pharmaceutical industry on outsourcing through long term partnership agreements

... to “facility management”

- IMA’s organization is geographically present throughout the market and customer support teams are ready to serve the three sectors of the business segments: machinery, complete lines and services

... to serve the Pharmaceutical industry

- Today the service activities (not including sales of spare parts) represent about 5% of total sales, but have no separate structure. They have significant growth potential in the pharmaceutical industry

PENETRATION OF THE COSMETIC INDUSTRY



Dynamic and fragmented

- The cosmetics industry is dynamic with high growth, its machinery supply chain is still significantly fragmented

Upside potential

- Today, IMA serves this market with perfume filling machines, cartooning and end-of-line machines on an opportunity basis and then only with high-end products

Acquisition and integration

- The recent acquisition of Co.ma.dis (tube filling machines) is in line with this new strategy and will strengthen the Group culture and experience in this profitable business area

TAKE ADVANTAGE OF CONSOLIDATION



Being a ...

- The competitive environment is experiencing a gradual “shake out” of the smaller players in favour of the established global suppliers

... pole of aggregation ...

- IMA is an attractive pole of strong aggregation for value enhancing and synergic acquisitions in line with ongoing sector consolidation

... with upside potential

- Concentration will contribute to a substantial improvement in the profit margins as well as happened in other machinery sectors like, teabags, tobacco, knitting, etc.

STRATEGIC GOALS AND ...



- **Consolidate the role of “global supplier” to the pharmaceutical industry both for process and for packaging equipment**
- **Develop the function of “main contractor” for complete lines of products offering a wide portfolio of services**
- **Enlarge product range, mainly in the process segment**
- **Growth in core markets, including acquisition**
- **Become a leading player in the cosmetic industry**

... FINANCIAL TARGETS



- **Double Sales in the next five year:
(significantly by organic growth, but also by acquisitions)**
- **Average R&D expenditure of 5% on sales**
- **EBITDA margin:in excess of 20% on sales
(EBITDA 2000 = 16.4% on sales)**
- **Payout not lower than 50% of consolidated net profit**

GROWING WITH A STRONG COMMITMENT TO OUR SHAREHOLDERS



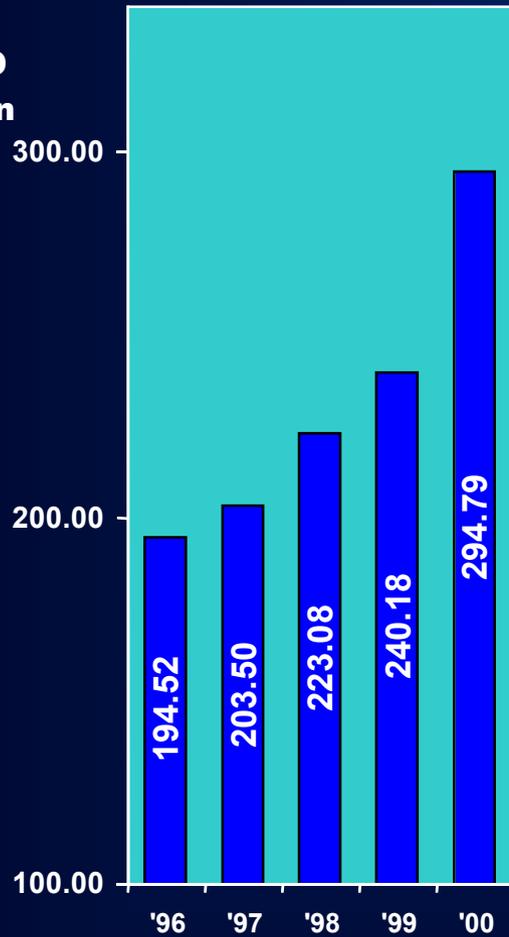
- **Increase substantially share's liquidity and consequently the market shareholders' base**
- **Participate to the Star segment at the Milan Stock Exchange**
- **Strengthen the "Investor Relator" Company programme**
- **Launch a Management Stock Option Plan for all Group companies based on the Group Strategic Plan**

EBIT GROWTH FASTER THAN SALES TREND



SALES

EURO million



EBIT



10 Year CAGR

- Sales 14.0%
- EBIT 21.3%

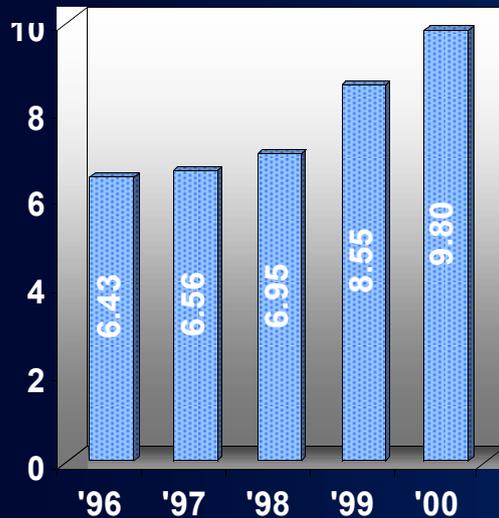
5 Year CAGR

- Sales 11.0%
- EBIT 34.2%

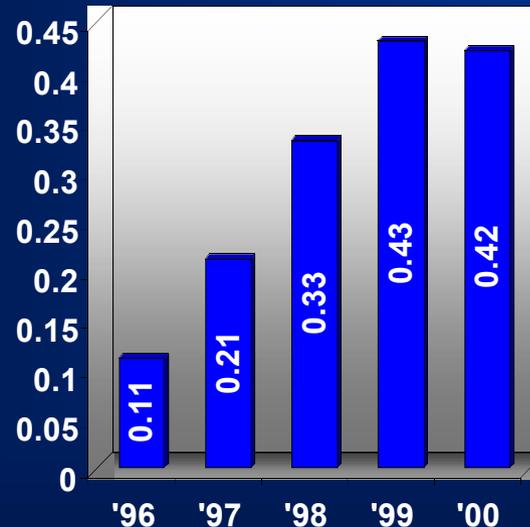
DATA PER SHARE (Euro)



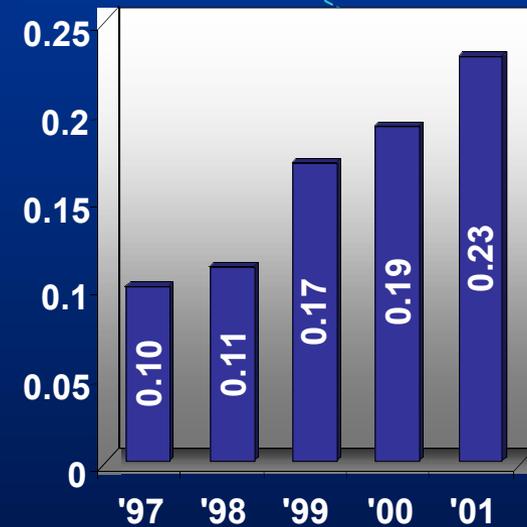
SHAREHOLDERS' EQUITY



NET INCOME



DIVIDENDS PAID



5 year CAGR

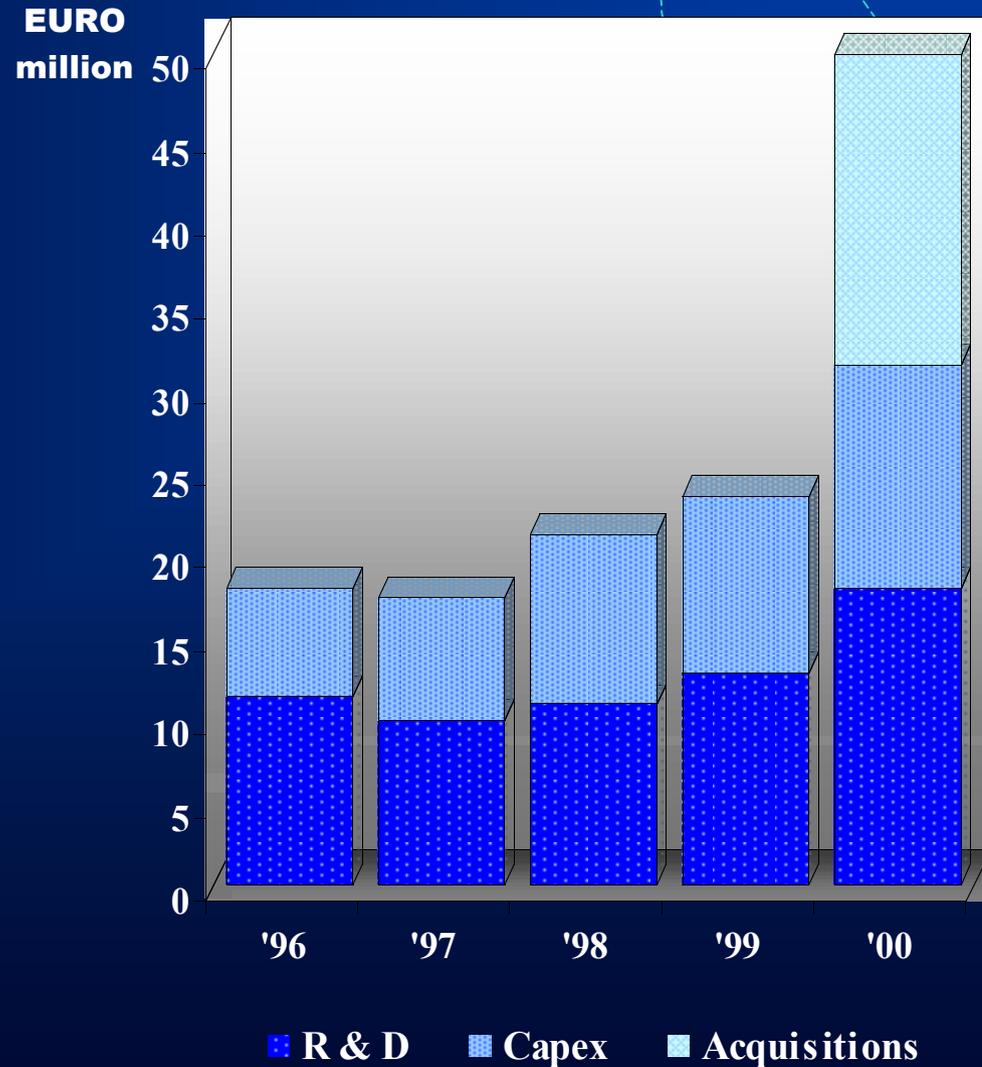
- Shareholders' equity : 11.1%
- Net income : 40%
- Dividends paid : 23%

CAPEX PROVIDES PLATFORM FOR GROWTH

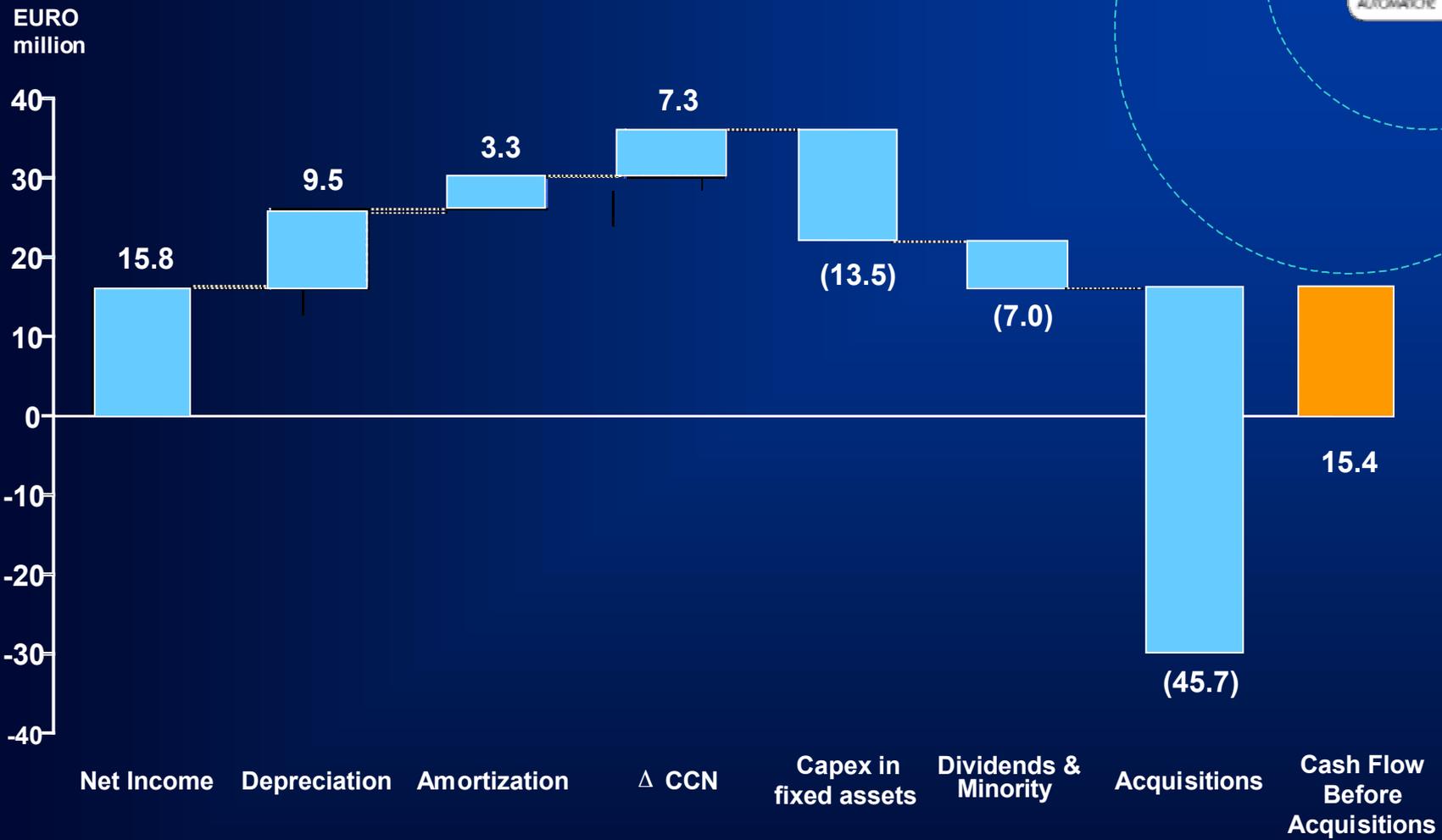


Focus primarily on:

- R&D to support innovation
- Business expansion by acquisition
- Establishing new market presences
- Production and Logistics



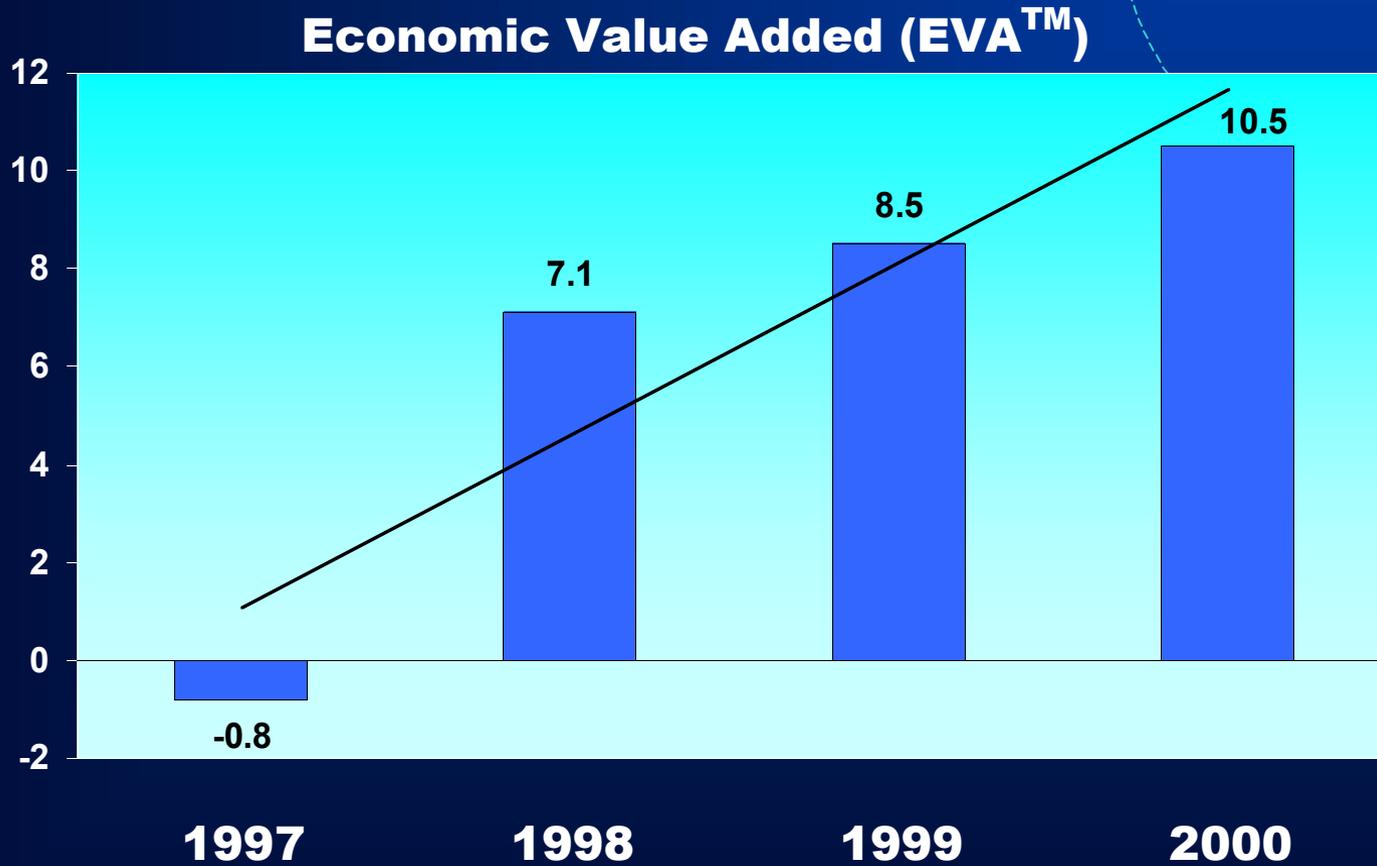
2000 CASH FLOW POSITIVE BEFORE ACQUISITIONS



VALUE CREATION



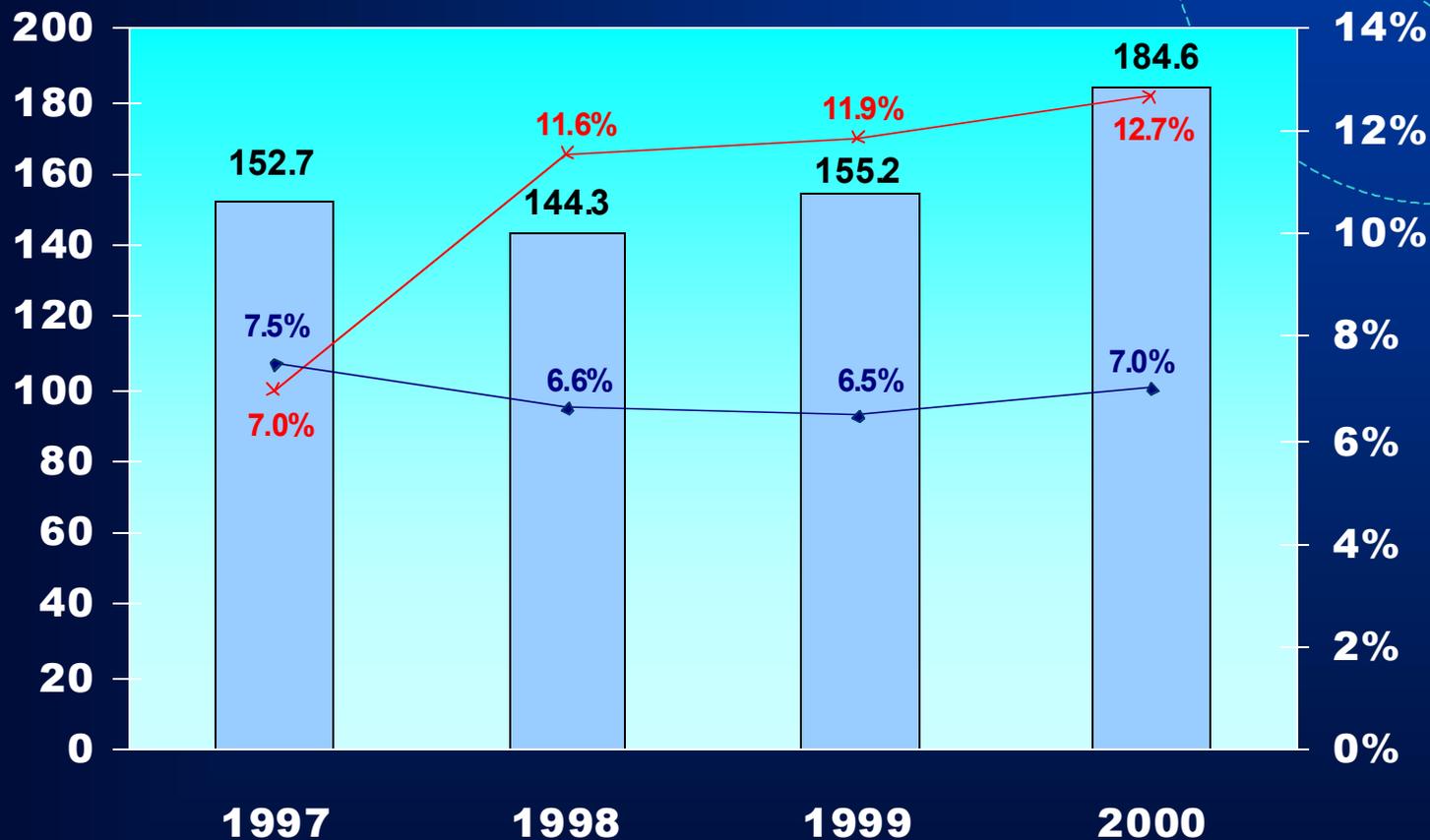
EURO
million



VALUE CREATION



EURO
million



■ Capital employed —x— ROACE —◆— WACC

OUTLOOK 2001



BUSINESS SENTIMENT	positive
INTERNAL SALES GROWTH	10% - 15%, Q1 2001: sales = +30% over Q1 2000 order book = +18% over 31/03/2000
EBITA/ EBIT MARGIN	significantly improving
CAPEX	approximately 32 Mln/Euro (19 Mln. Euro for R&D)
NET INCOME	substantially increasing
NET FINANCIAL DEBT	significantly decreasing

2000 PROFIT & LOSS STATEMENT



IMA - PROFIT AND LOSS	2000	%	1999	%	YoY in %
<i>Mln/Euro</i>					
Sales	294.79	100.0%	240.18	100.0%	22.7%
Cost of Sales	(157.59)	-53.5%	(127.86)	-53.2%	23.3%
R&D expenses	(17.81)	-6.0%	(12.80)	-5.3%	39.2%
G&A expenses	(39.04)	-13.2%	(34.14)	-14.2%	14.4%
Selling costs	(41.71)	-14.1%	(32.67)	-13.6%	27.7%
EBITA	38.64	13.1%	32.72	13.6%	18.1%
Goodwill amortization and consolidation	(3.27)	-1.1%	(1.18)	-0.5%	176.8%
EBIT	35.37	12.0%	31.54	13.1%	12.1%
Net financial charges	(5.21)	-1.8%	(3.90)	-1.6%	33.6%
Others	(1.47)	-0.5%	0.71	0.3%	-305.1%
Taxes	(12.90)	-4.4%	(12.34)	-5.1%	4.6%
Minority	(0.59)	-0.2%	(0.44)	-0.2%	33.6%
Net Income	15.21	5.2%	15.58	6.5%	-2.4%

2000 BALANCE SHEET



IMA - BALANCE SHEET	2000	%	1999	%
<i>Mln/Euro</i>				
Trade receivables	97.29		88.80	
Inventory	83.95		69.72	
Account payable	(81.23)		(60.91)	
Others, net	(14.76)		(7.97)	
Net working capital	85.25	53.5%	89.64	74.7%
Intangible fixed assets	46.16		12.54	
Tangible fixed assets	39.73		33.15	
Investment	8.38		2.12	
Fixed Assets	94.28	59.2%	47.80	39.8%
Fondo TFR	(20.28)		(17.38)	
Net Capital Employed	159.24	100.0%	120.06	100.0%
Net Financial Position	72.00	45.2%	41.69	34.7%
Minority interests	2.65		2.18	
Shareholders' equity	84.59	53.1%	76.19	63.5%
All Sources	159.24	100.0%	120.06	100.0%

2000 FREE CASH FLOW



IMA - CASH FLOW	2000	1999
<i>Mln/Euro</i>		
Ebit	35.37	31.54
Depreciation	9.46	9.08
Amortization	3.27	0.00
Capex in fixed assets	(13.48)	(10.67)
Change in net working capital	4.39	(17.21)
Change in other activities and liabilities	2.90	(0.22)
Operating cash flow	41.92	12.53
Net financial items	(5.13)	(4.06)
Net extraordinary items	(1.54)	0.87
Taxes	(12.90)	(12.34)
Cash flow from ordinary operations	22.34	(2.99)
Acquisitions	(42.12)	0.00
Consolidation area variations	(3.60)	0.00
Cash flow from acquisitions / divestments	(45.72)	0.00
Dividends paid	(7.07)	(5.92)
Other change in shareholders' equity	0.14	1.08
Change in net financial position	(30.31)	(7.84)
Initial net financial position	41.69	33.85
Final net financial position	72.00	41.69

2001 FIRST HALF



IMA - PROFIT AND LOSS	30/06/2001	%	30/06/2000	%
<i>Mln/Euro</i>				
Sales	125.42	100.00%	106.47	100.00%
Cost of Sales	(68.19)	-54.36%	(55.68)	-52.30%
R&D expenses	(10.42)	-8.31%	(9.64)	-9.05%
G&A expenses	(21.29)	-16.97%	(19.95)	-18.74%
Selling costs	(20.26)	-16.15%	(18.89)	-17.74%
EBITA	5.26	4.19%	2.31	2.16%
Goodwill amortization and consolidation	(1.99)	-1.59%	(1.39)	-1.31%
EBIT	3.27	2.61%	0.92	0.86%
Net financial charges	(3.02)	-2.41%	(1.37)	-1.29%
Others	(0.45)	-0.35%	(0.84)	-0.79%
Minority	(0.09)	-0.07%	(0.33)	-0.31%
PRE FAX PROFIT	(0.29)	-0.23%	(1.62)	-1.52%

2001 FIRST HALF



IMA - BALANCE SHEET	30/06/2001	%	30/06/2000	%	31/12/2000	%
<i>Mln/Euro</i>						
Trade receivables	83.09		76.65		97.29	
Inventory	112.02		100.95		83.95	
Account payable	(88.52)		(77.00)		(81.23)	
Others, net	(10.97)		(5.83)		(14.76)	
Net working capital	95.62	53.73%	94.77	58.69%	85.25	53.50%
Intangible fixed assets	55.32		47.90		46.16	
Tangible fixed assets	42.60		37.12		39.73	
Investment	7.99		2.07		8.38	
Fixed Assets	105.91	59.51%	87.08	53.93%	94.28	59.20%
Other debit	(23.57)		(20.37)		(20.28)	
Net Capital Employed	177.96	100.00%	161.48	100.00%	159.24	100.00%
Net Financial Position	99.00	55.63%	91.33	56.56%	72.00	45.21%
Minority interests	2.40		2.45		2.65	
Shareholders' equity	76.56	43.02%	67.70	41.93%	84.59	53.12%



ALWAYS
A STEP AHEAD

INDUSTRIA
MACCHINE
AUTOMATICHE