

# PRESENTATION TO INVESTORS

*Innovative Automatic Machine  
System Solutions*

September 2004

The background of the slide is a teal color with a large circular inset showing a close-up of a machine's control panel. The panel features a grid of icons and buttons, including 'ESC', 'CLR', and 'ENTER'. The IMA logo is positioned in the bottom right corner of the slide, within the circular inset area.

**IMA**  
INDUSTRIA  
MACCHINE  
AUTOMATICHE



# The IMA Group

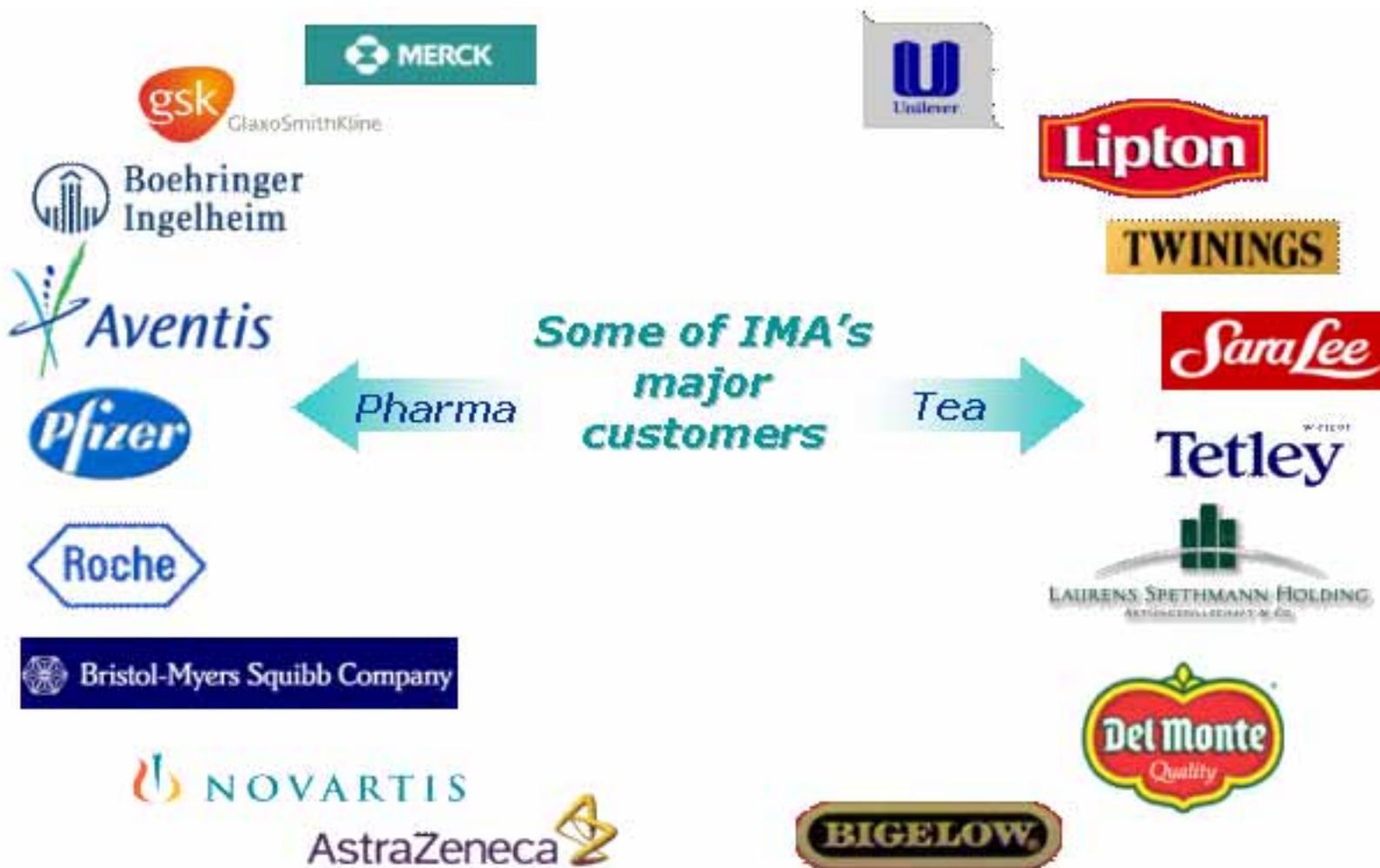
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## *Today*

- World leader in the automatic systems sector for the pharmaceutical and tea industries
- *System Integrator* in the pharmaceutical sector, also as *main contractor*
- Worldwide sales (91.7% outside Italy) with a wide-ranging, well-balanced product portfolio
- A widespread sales and after-sales assistance network with branches in all main countries



# IMA: a Leading Group





# IMA: a World Leader

## 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**

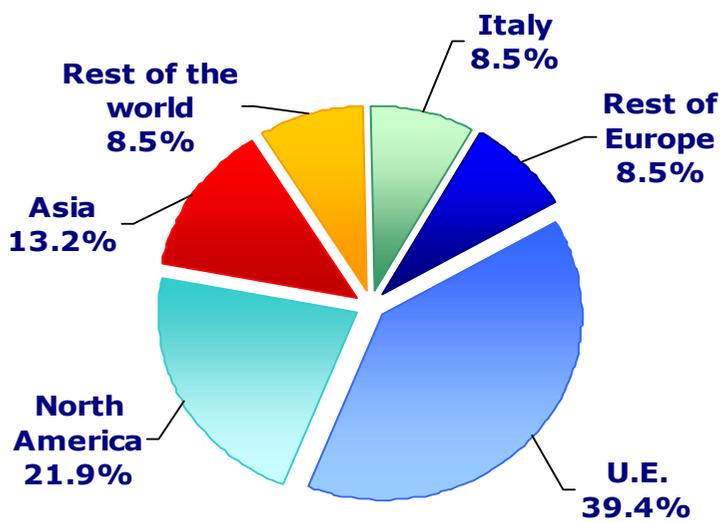
## INVESTMENT PROFILE

- **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**

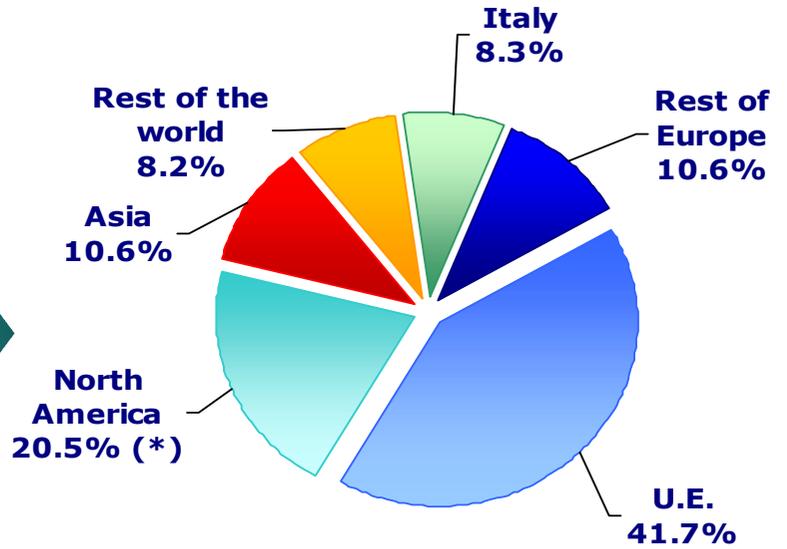


# Balanced sales distribution

**2002**



**2003**



**Sales in 2003: € 351.4 million**  
**Exports: 91.7%**

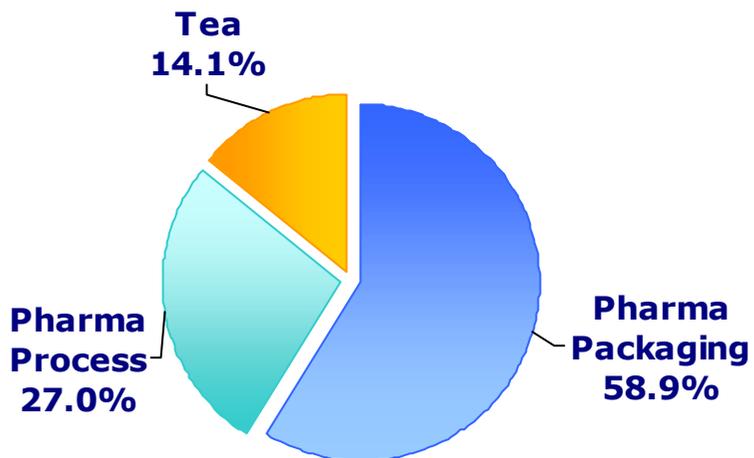


(\*) at a constant exchange rate North America would account for 22.7% of sales.

# IMA's balanced offer

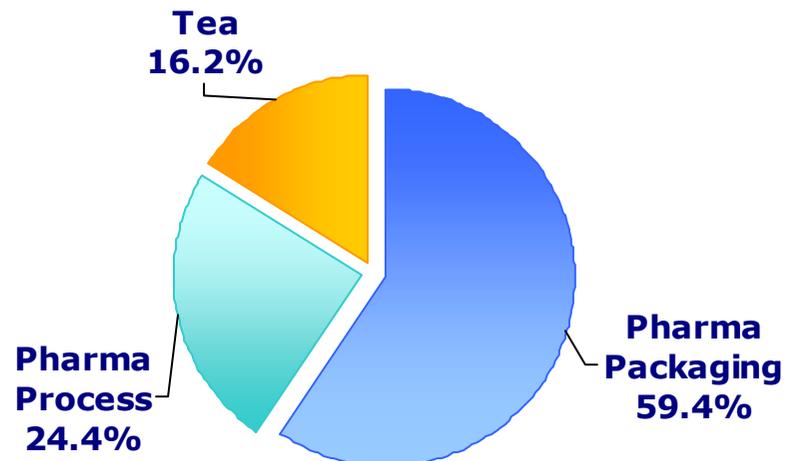
**2002**

**2002 total sales: € 353.2 mil.**



**2003**

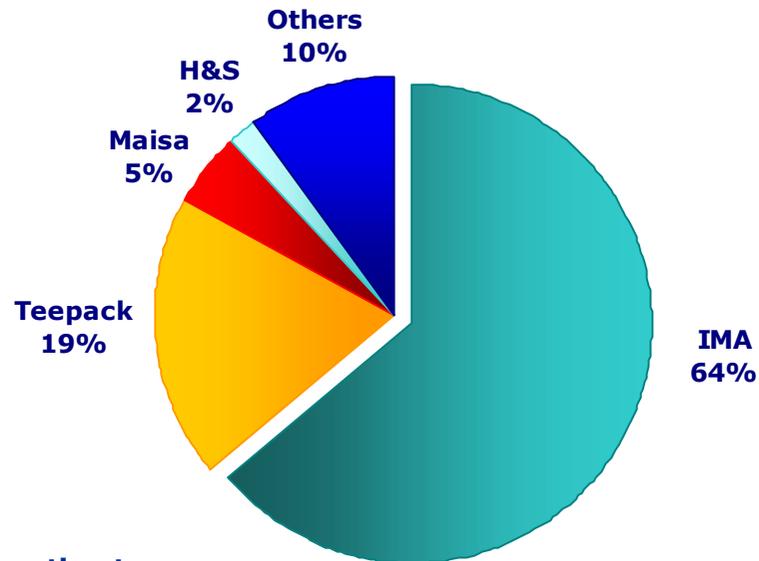
**2003 total sales: € 351.4 mil.**





# Tea-bag machinery industry

- The world market for tea bag machinery is estimated at Euro 90 million
- Tea bag machinery sector is characterised by an high level of concentration with first two players covering more than 80% of the market
- IMA has a leading position with a market share of 64%
- The second player Teepack belongs to a Group (Teekanne) that produces and sells teabags (brand name: Teekanne, Pompadour, etc.)



(\* ) Company estimates



# Main pharmaceutical market competitors

	BLISTER	CAPSULE FILLING	TABLETING	COATING	GRANUL. POWDER P.	FILLING	CARTONING	END OF LINE	TUBE FILLING
IMA	Leader	Leader	Leader	Leader	Player	Leader	Follower	Leader	Follower
ULHMANN	Leader								
BOSCH	Follower	Leader				Leader	Player		
KLOCKNER	Follower								
ROMACO	Player	Player			Follower	Player	Player		Follower
CAM	Follower						Leader		
MARCHESINI	Player					Player	Leader	Player	Player
MG2		Follower							
FETTE			Leader						
KIKUSUI			Follower						
HATA			Follower						
IWKA	Player		Player	Follower	Player		Player		Leader
NIRO/GEA			Player		Leader				
KORSCH			Player						
GLATT				Leader	Leader				
DRIAM				Follower					
O'HARA				Player					
NORDEN/KALIX							Follower		Leader
BAUSCH & S.						Leader			
GROENINGER						Follower			
MAR						Player			
PESTER								Leader	

Leader
  Follower
  Player

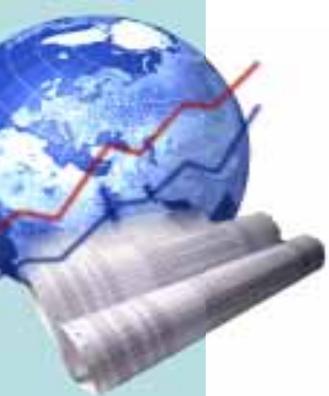




## IMA's market share

In the individual sectors that IMA serves, it has the following market shares (\*):

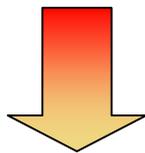
MARKET	MKT SHARE
Blister	28%
Sterile filling	20%
Non-sterile filling	14%
Tube filling	10%
Cartoning	12%
End-of-Line	20%
Capsule filling	33%
Tableting	27%
Coating	17%



## In the pharmaceutical sector

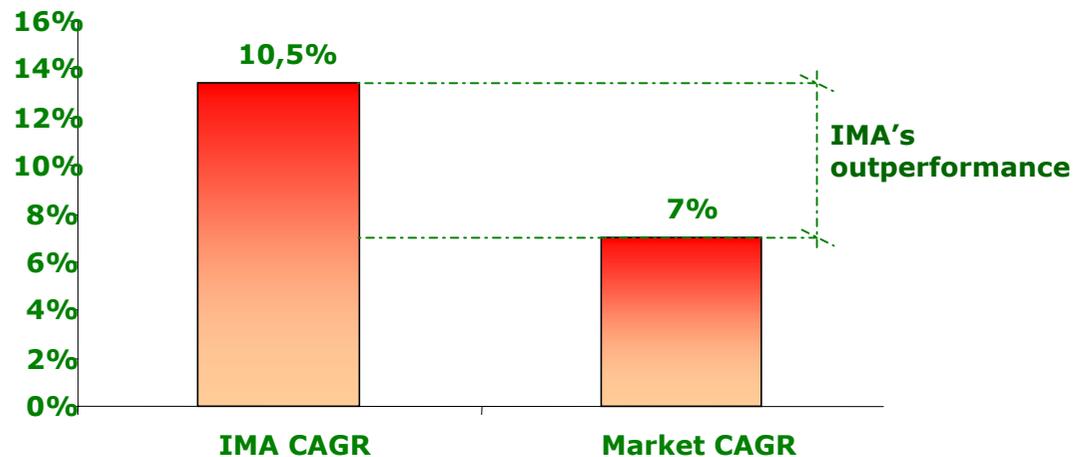
# IMA grows faster than its competitors

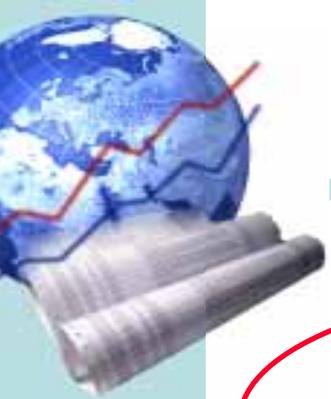
- Between 1997-2003 IMA recorded a 10.5% growth rate (CAGR) in the pharmaceutical sector compared with a compound annual market growth rate of 7% (Frost & Sullivan and Freedonia)



- IMA has taken market share away from all its competitors thanks to a winning "business concept" and an innovative strategy

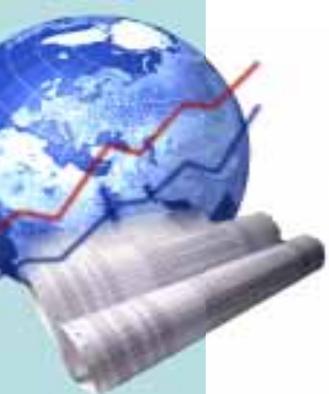
**Compound average growth rate (1997-2003)**





# IMA's business concept

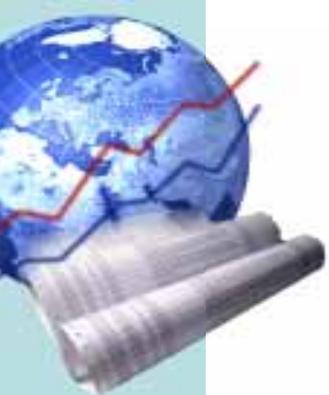




# Consolidated profit & loss statement

## Half Year 2004 vs 2003

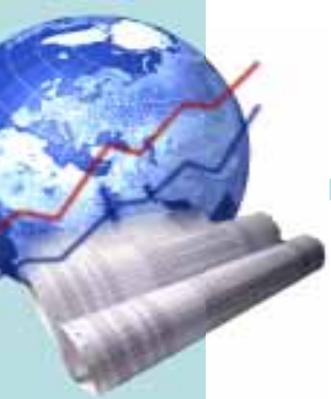
<b>IMA</b>	<b>1st H 2004</b>	<b>%</b>	<b>1st H 2003</b>	<b>%</b>	<b>change %</b>
<i>Million Euro</i>					
<b>Net sales</b>	<b>150,48</b>	<b>100,0%</b>	<b>143,72</b>	<b>100,0%</b>	<b>4,7%</b>
Cost of sales	88,85		(85,90)		
<b>GROSS MARGIN</b>	<b>61,63</b>	<b>40,9%</b>	<b>57,82</b>	<b>40,2%</b>	<b>6,6%</b>
Research & Development expenses	(9,14)		(9,58)		
General & administrative expenses	(21,74)		(21,21)		
Selling expenses	(24,07)		(23,24)		
<b>EBITA</b>	<b>6,68</b>	<b>4,4%</b>	<b>3,79</b>	<b>2,6%</b>	<b>76,3%</b>
Amortization of goodwill	(2,55)		(2,55)		
<b>EBIT</b>	<b>4,13</b>	<b>2,7%</b>	<b>1,24</b>	<b>0,9%</b>	<b>233,1%</b>
Net financial charges	(2,15)		(0,42)		
Other	0,00		(0,27)		
Income taxes	0,00		0,00		
Minority interests	(0,15)		(0,10)		
<b>NET INCOME</b>	<b>1,83</b>	<b>1,2%</b>	<b>0,45</b>	<b>0,3%</b>	<b>306,7%</b>
<b>EBITDA</b>	<b>11,64</b>	<b>7,7%</b>	<b>8,82</b>	<b>6,1%</b>	<b>32,0%</b>



# Consolidated balance sheet

## Half Year 2004 vs 2003

<b>IMA</b>	<b>30/06/04</b>	<b>%</b>	<b>30/06/03</b>	<b>%</b>
<i>Million Euro</i>				
Trade receivables	71,17		73,78	
Inventories	140,19		134,30	
Trade payables	(103,95)		(94,83)	
Other, net	(20,45)		(20,79)	
<b>Net working capital</b>	<b>86,96</b>	<b>50,1%</b>	<b>92,46</b>	<b>51,2%</b>
Intangible fixed assets	41,12		45,37	
Tangible fixed assets, net	59,11		50,87	
Investments	0,58		6,81	
<b>Total fixed assets</b>	<b>100,81</b>	<b>58,1%</b>	<b>103,05</b>	<b>57,1%</b>
Severance indemnities & other	(14,32)		(14,91)	
<b>Net employed capital</b>	<b>173,45</b>	<b>100,0%</b>	<b>180,60</b>	<b>100,0%</b>
Net debt	87,53	<b>50,5%</b>	85,77	<b>47,5%</b>
Minority interests	2,29		2,28	
Group share of net equity	83,63	<b>48,2%</b>	92,55	<b>51,2%</b>
<b>All sources</b>	<b>173,45</b>	<b>100,0%</b>	<b>180,60</b>	<b>100,0%</b>

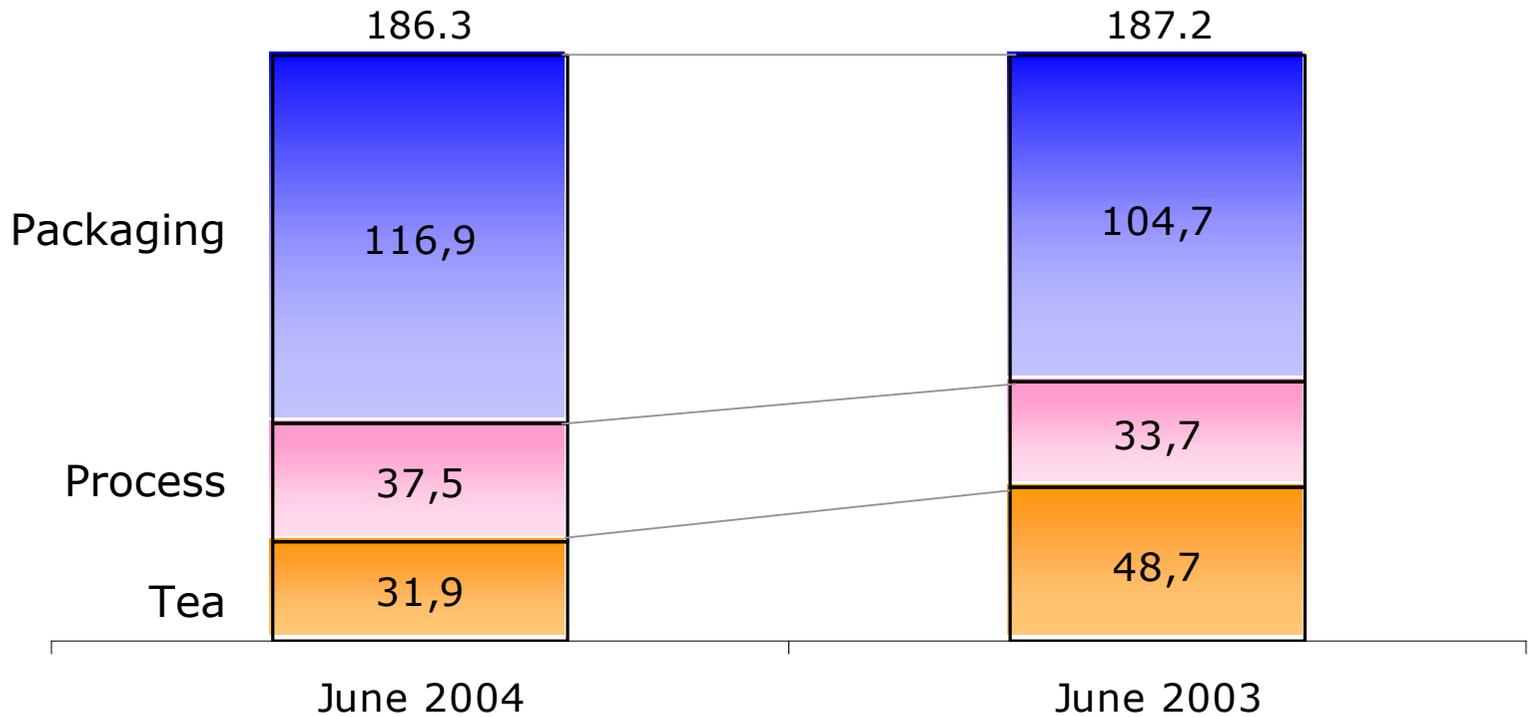


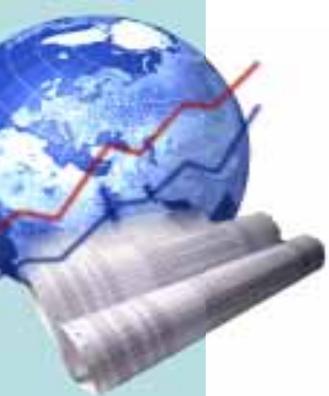
# Half year 2004 results

## Backlog comparison

Total backlog level unchanged year-over-year, but...

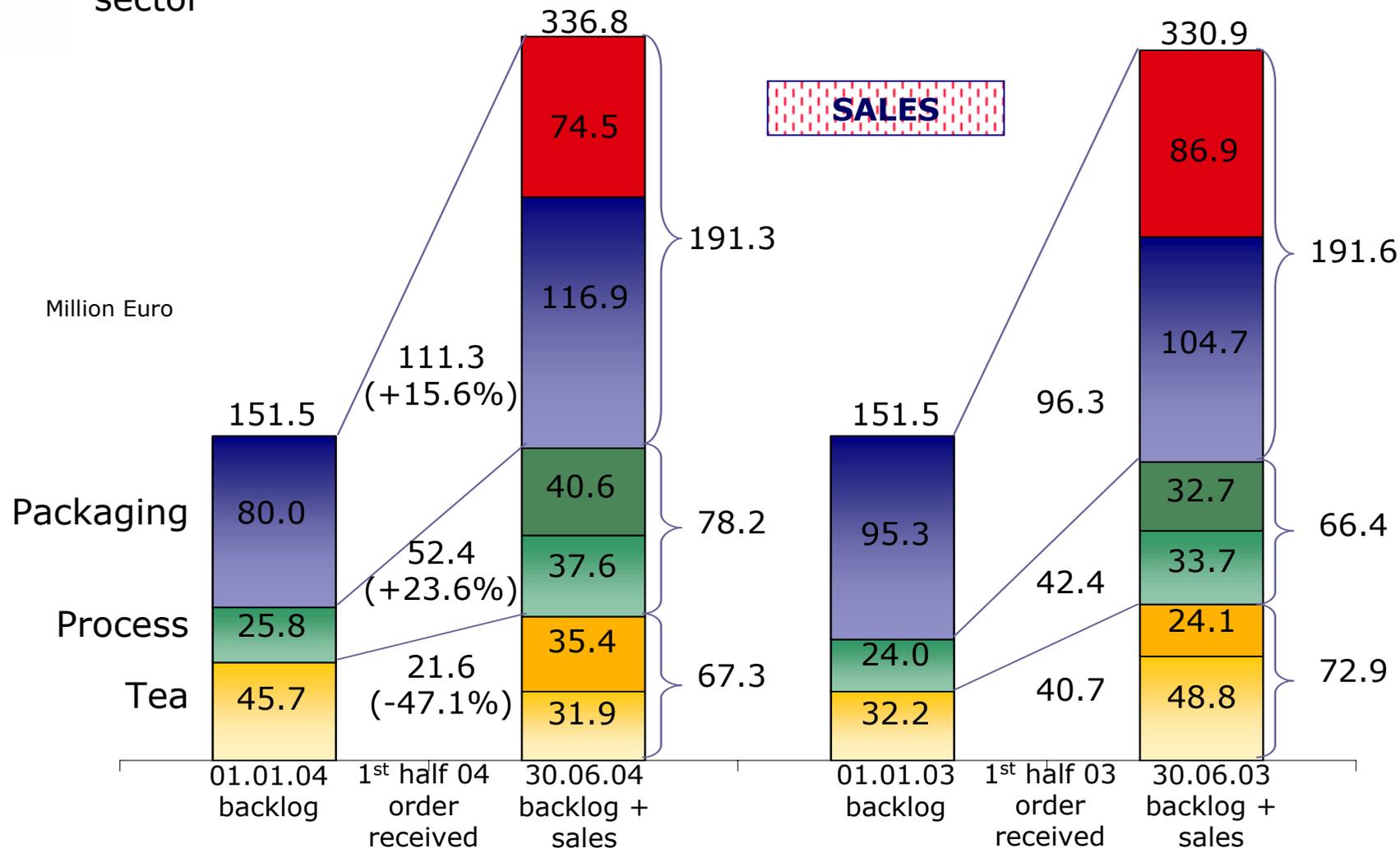
Million Euro

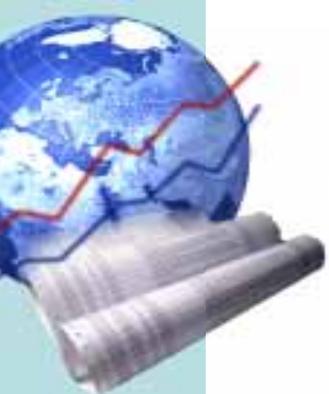




# Half year 2004 results

... with a sharp increase in new orders from the pharmaceutical and cosmetics industry and with very positive prospects for the tea and coffee sector



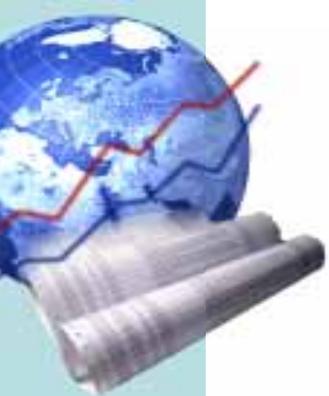


# Consolidated profit & loss statement

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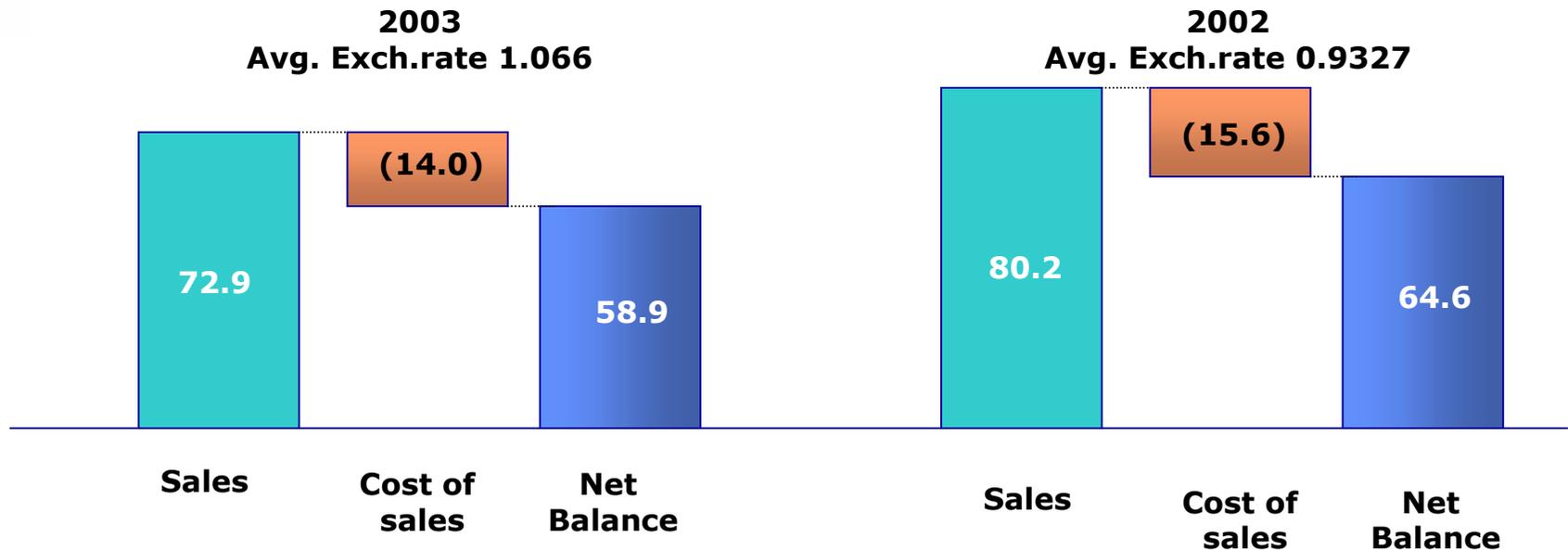
## Full Year 2003 vs 2002

IMA	2003	%	2002	%	var. %
<i>Million Euro</i>					
<b>Net sales</b>	<b>351,33</b>	<b>100,0%</b>	<b>353,41</b>	<b>100,0%</b>	<b>-0,6%</b>
Cost of sales	(201,79)	-57,4%	(193,35)	-54,7%	4,4%
<b>GROSS MARGIN</b>	<b>149,54</b>	<b>42,6%</b>	<b>160,07</b>	<b>45,3%</b>	<b>-6,6%</b>
Research & Development expenses	(18,21)	-5,2%	(18,38)	-5,2%	-0,9%
General & administrative expenses	(44,87)	-12,8%	(45,12)	-12,8%	-0,6%
Selling expenses	(42,13)	-12,0%	(44,37)	-12,6%	-5,1%
<b>EBITA</b>	<b>44,33</b>	<b>12,6%</b>	<b>52,20</b>	<b>14,8%</b>	<b>-15,1%</b>
Amortization of goodwill	(5,08)	-1,4%	(5,08)	-1,4%	0,0%
<b>EBIT</b>	<b>39,25</b>	<b>11,2%</b>	<b>47,12</b>	<b>13,3%</b>	<b>-16,7%</b>
Net financial charges	(4,01)	-1,1%	(4,25)	-1,2%	-5,7%
Other	0,94	0,3%	0,95	0,3%	-0,6%
Income taxes	(16,92)	-4,8%	(18,98)	-5,4%	-10,9%
Minority interests	(0,30)	-0,1%	(0,40)	-0,1%	-24,0%
<b>NET INCOME</b>	<b>18,96</b>	<b>5,4%</b>	<b>24,43</b>	<b>6,9%</b>	<b>-22,4%</b>
<b>EBITDA</b>	<b>54,90</b>	<b>15,6%</b>	<b>62,16</b>	<b>17,6%</b>	<b>-11,7%</b>



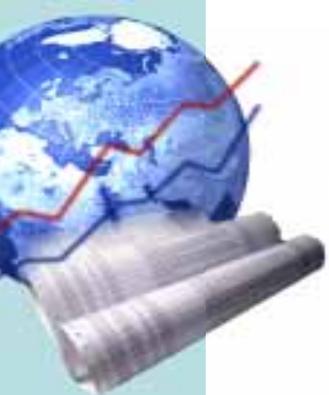
# The foreign exchange balance and the impact of the US dollar on profitability

The foreign exchange balance in 2003 and 2002 was as follows:



The reduction in Dollar turnover shown in the chart reflects a change to Euro denominated turnover in some territories outside North America.

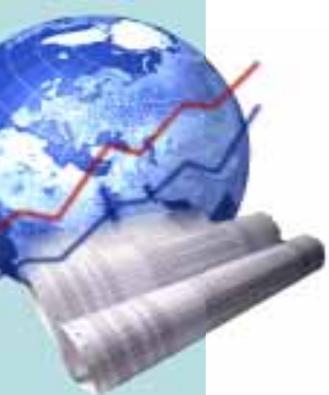
The impact of the USD rate in 2003, compared with 2002, resulted in a reduction in turnover of 9.8 million Euro and a reduction in Ebit of 8.2. Therefore at a constant exchange rate, the profitability of 2003 (Ebit margin) would have been in line with that of 2002.



# Consolidated balance sheet

## Full Year 2003 vs 2002

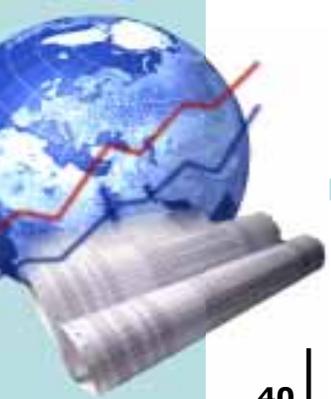
IMA	2003	%	2002	%
<i>Million Euro</i>				
Trade receivables	76,67		95,92	
Inventories	117,42		114,93	
Trade payables	(94,51)		(101,88)	
Other, net	(21,38)		(24,02)	
<b>Net working capital</b>	<b>78,20</b>	<b>46,9%</b>	<b>84,96</b>	<b>48,2%</b>
Intangible fixed assets	42,99		48,85	
Tangible fixed assets, net	58,66		50,32	
Investments	0,48		6,55	
<b>Total fixed assets</b>	<b>102,14</b>	<b>61,3%</b>	<b>105,71</b>	<b>59,9%</b>
Severance indemnities & other	(13,74)		(14,25)	
<b>Net employed capital</b>	<b>166,60</b>	<b>100,0%</b>	<b>176,42</b>	<b>100,0%</b>
Net debt	68,49	<b>41,1%</b>	67,25	<b>38,1%</b>
Minority interests	2,25		2,31	
Group share of net equity	95,86	<b>57,5%</b>	106,86	<b>60,6%</b>
<b>All sources</b>	<b>166,60</b>	<b>100,0%</b>	<b>176,42</b>	<b>100,0%</b>



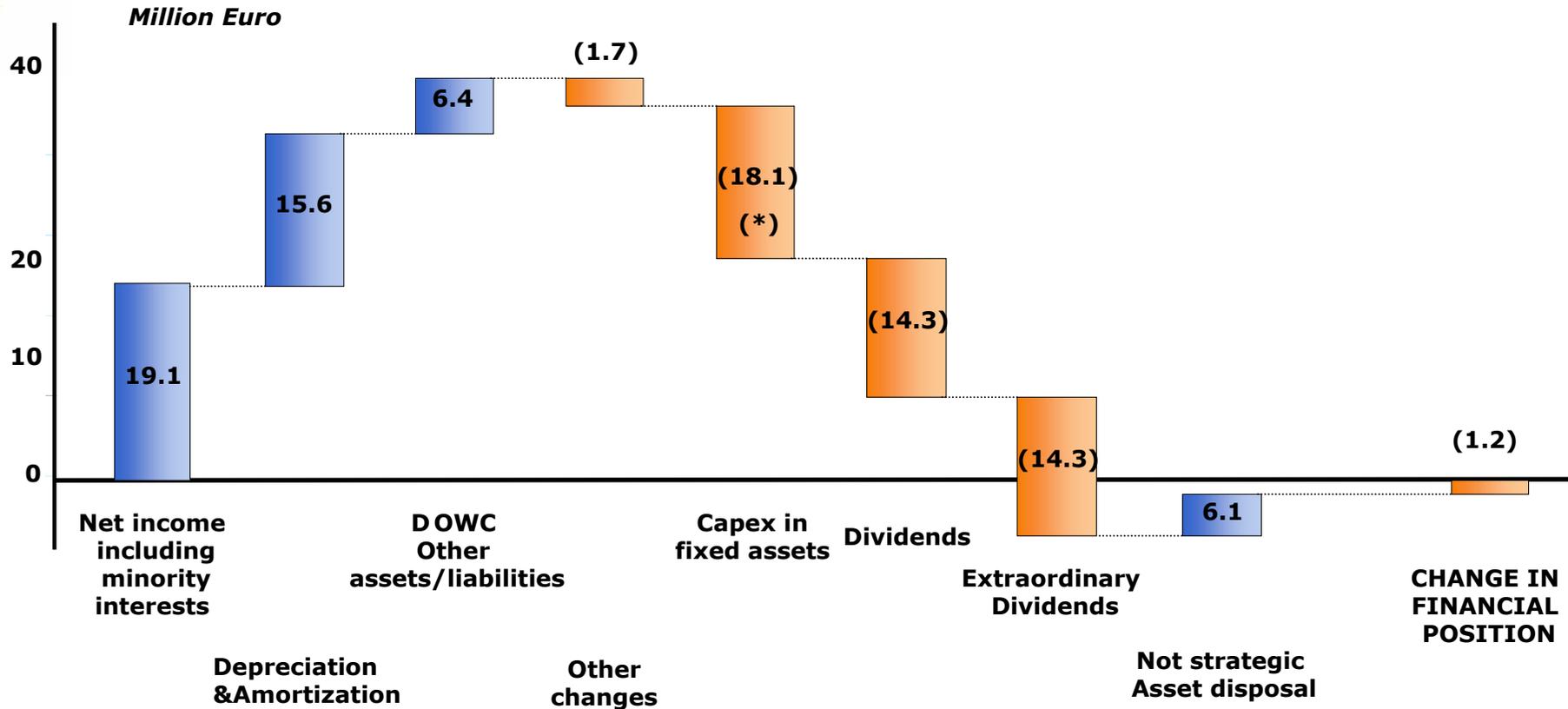
# Consolidated cash flow

## Full Year 2003 vs 2002

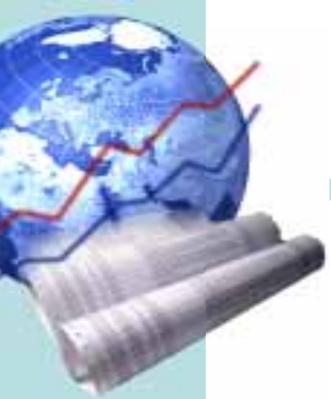
<b>IMA - CASH FLOW</b>	<b>2003</b>	<b>2002</b>
<i>Million Euro</i>		
EBIT	39,25	47,12
Depreciation and amortization	10,57	9,97
Amortization of goodwill	5,08	5,08
Capital expenditure	(18,14)	(16,36)
Change in working capital	6,75	(0,45)
Change in other assets/liabilities	(0,51)	0,10
<b>Operating cash flow</b>	<b>43,01</b>	<b>45,45</b>
Net financial charges	(4,01)	(4,25)
Extraordinary items	0,93	0,86
Income taxes	(16,92)	(18,98)
<b>Cash flow from operations</b>	<b>23,01</b>	<b>23,07</b>
Acquisitions	6,08	0,00
<b>Cash flow from extraordinary operations</b>	<b>6,08</b>	<b>0,00</b>
Dividends	(28,56)	(12,92)
Other changes in net equity	(1,77)	(2,26)
<b>Change in net financial position</b>	<b>(1,25)</b>	<b>7,89</b>
Opening net financial position	67,25	75,14
Closing net financial position	68,49	67,25



# Cash flow 2003



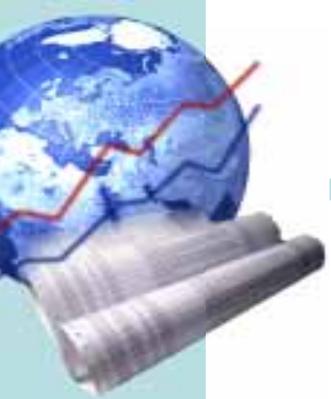
(\*) Investments are net of disposals and of effect of exchange rate.  
The gross value would be 20.8 million Euro.



# Investments and amortization

*Million Euro*

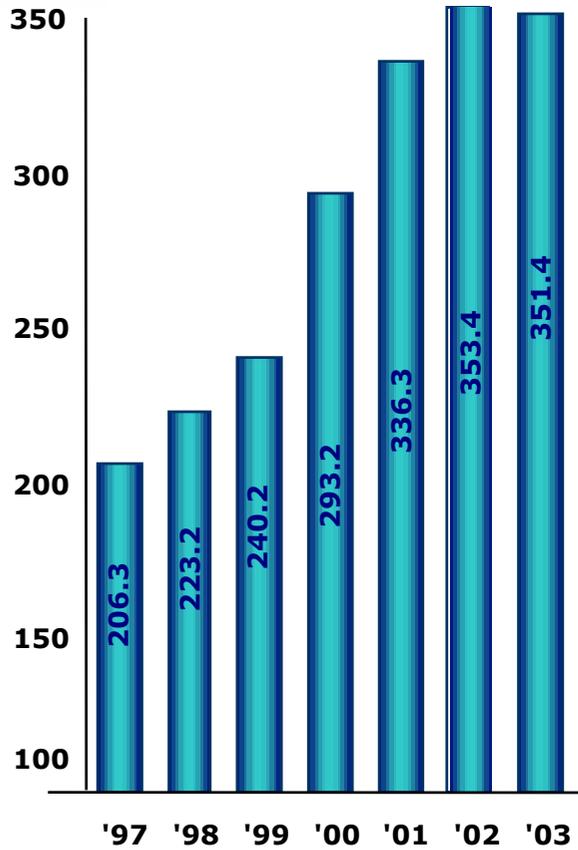
	2000	2001	2002	2003	Total 2000-2003
Capex	14.2	18.9	17.8	20.8	71.7
Depreciation	10.0	12.6	10.0	10.6	43.2



# Ebit grows faster than sales

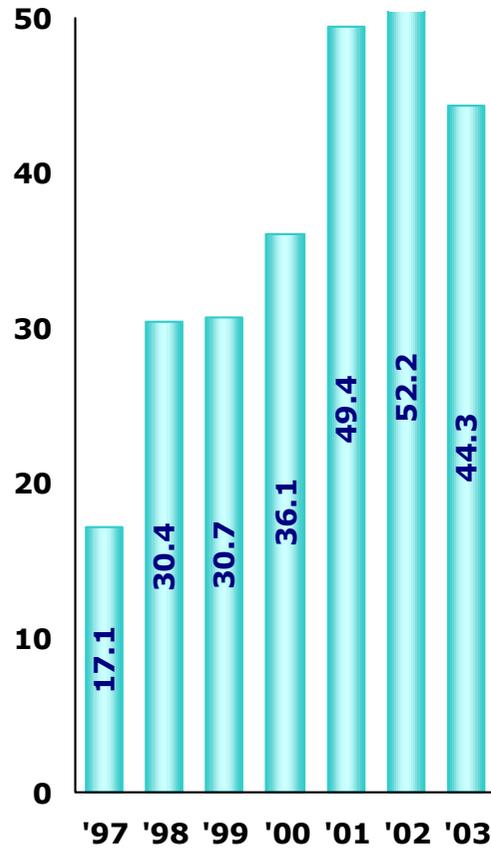
Million Euro

## SALES



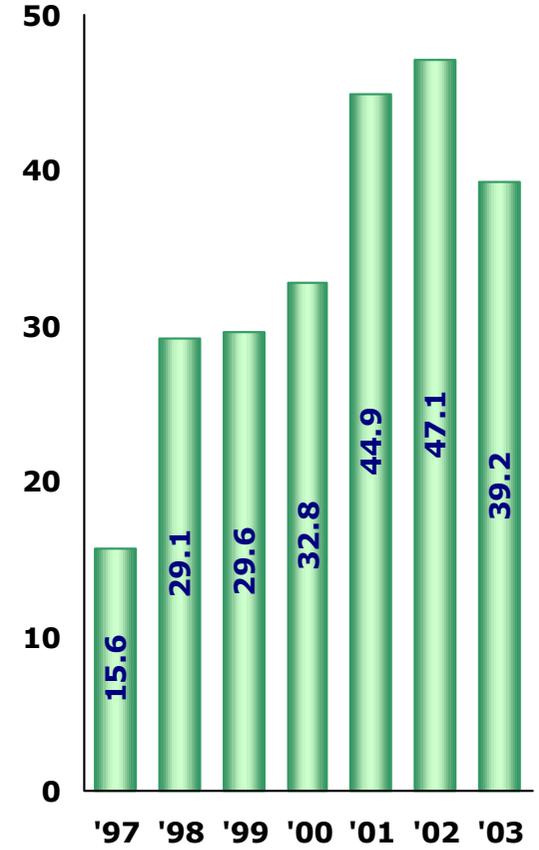
9.3%

## EBITA



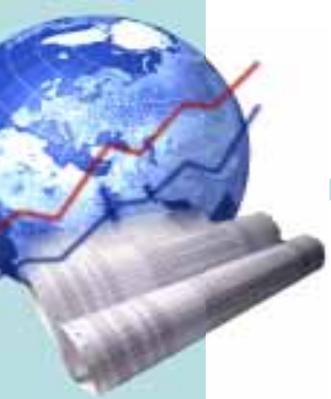
17.2%

## EBIT



16.6%

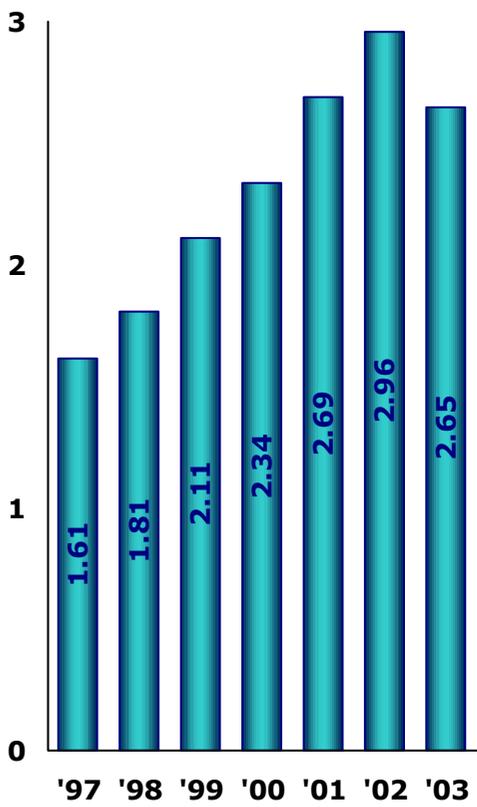
**6 YEAR CAGR**



# Data per share

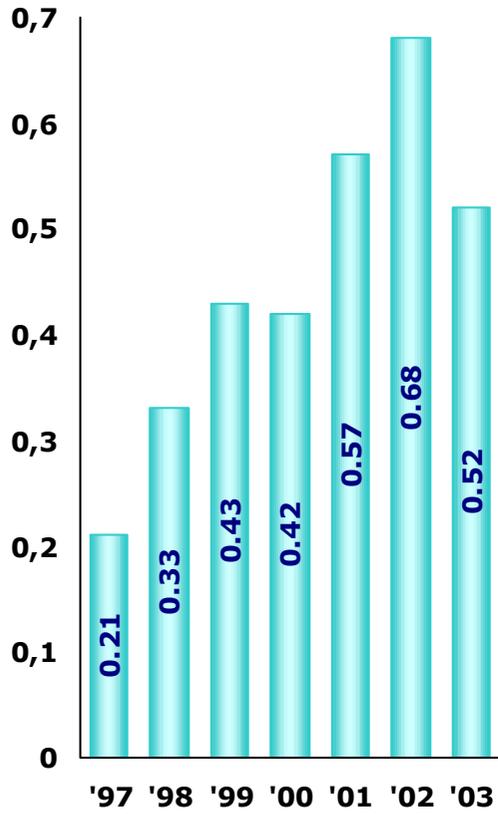
Million Euro

## SHAREHOLDERS' EQUITY



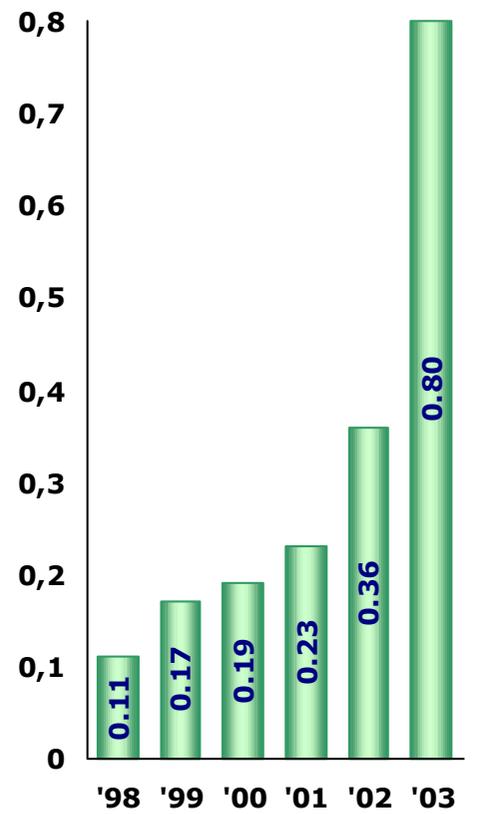
8.2%

## NET INCOME



16.3%

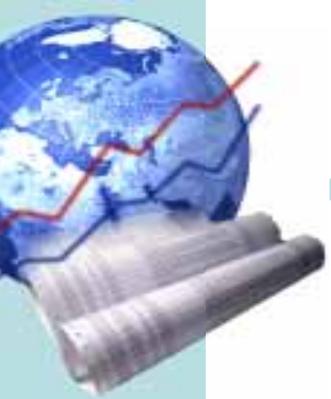
## DIVIDENDS PAID



26.0%



**6 YEAR CAGR**

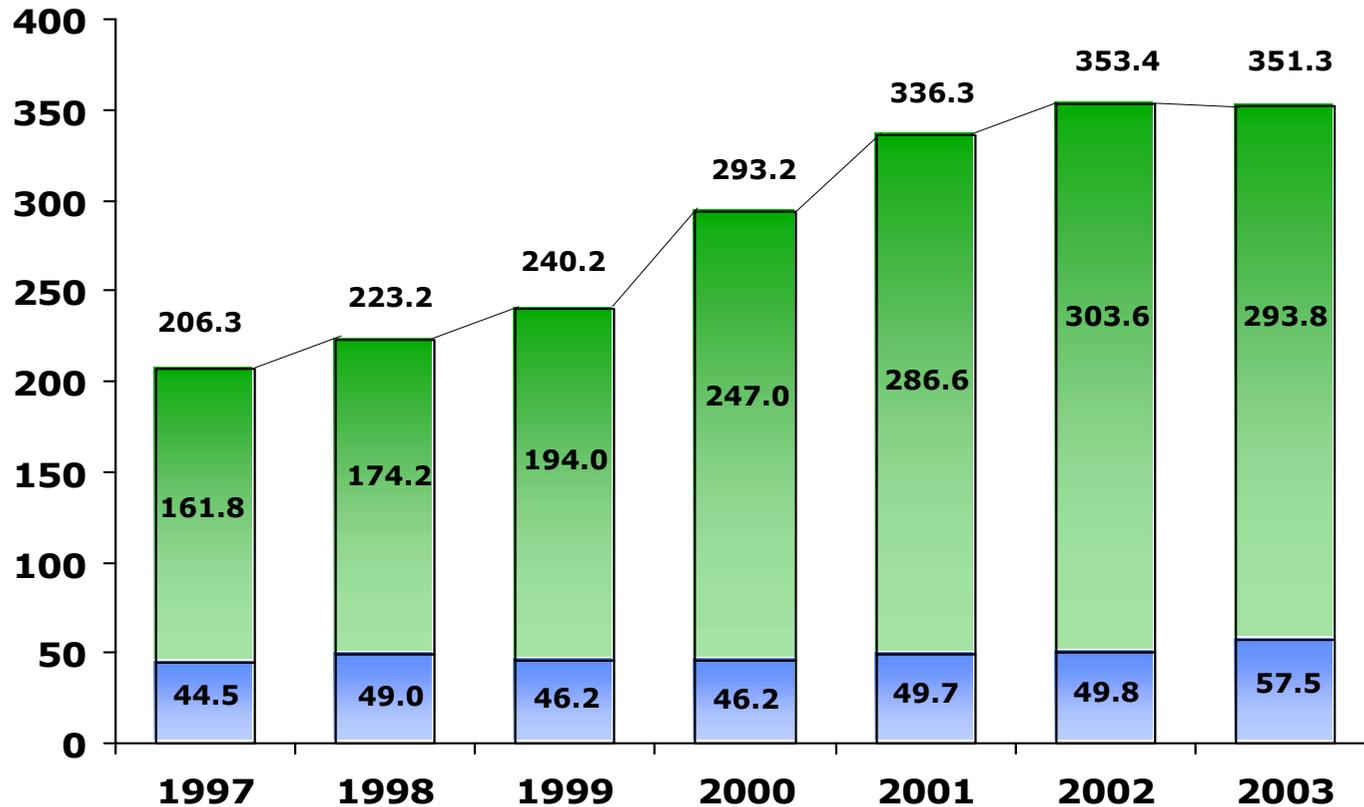


# Sales trend

(1997-2003)

SALES      ■ TEA      ■ PHARMA

Million Euro



CAGR +9.3%

CAGR +10.5%

CAGR +4.4%



# Tea-bag machinery industry

In 2003 IMA Group's Tea sector acquired new orders for 71 mln. Euro, compared to 60 in 2002 (+18.3%) and 37 in 2001. In the last two years orders have almost doubled (+92%) due to:

- East European countries continuing to invest strongly in the Tea industry
- The decision taken by several European multinationals to replace their installed machines with new IMA models
- Thanks to innovative products IMA has been able to stimulate the request for replacement of old machines, which otherwise would have decreased due to the economic crisis
- Exclusive development and supply agreements for innovative solutions with multinational groups.

Being on a long term basis, these foregoing relationships make it reasonable to predict a high growth rate in 2003 and 2004 as well as positive prospects in the future.



## Tea-bag machinery industry

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- Continuing high demand is forecast for 2004, 2005 and 2006
- Upon completion of the current investments cycle the industry will resume traditional growth rates (growth in line with inflation)
- Switch to tea bags by Far East markets would completely change the foregoing scenario
- The market of coffee in pods is expected to be of great interest in the near future
- In 2004 IMA sales of machines for coffee will rise to over 4 million Euro. With new models being launched we expect double digit growth rates in the next few years



# Pharmaceutical industry

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- Fast growing demand for medicines both in OECD and in emerging markets
- For 2004-2008 the expected CAGR of sales for medicines is 8%-11%
- Industry concentration in big multinationals but without dominant players (first 10 companies: 47,9% of the total market)
- The demand for generics is currently growing faster than for pharmaceuticals as a whole (+24%), representing 9.8% of the total world pharmaceutical market in US Dollar sales terms in 2003
- In 2003 generics accounted for 30% or greater of drug volumes dispensed in several major markets
- Delays in important new product launches... and some did not perform as hoped
- Proliferation of blockbusters: number of products achieving sales over 1 billion US\$:

**1998 : 20 - 2003 : 65**

# Pharmaceutical industry

The global pharmaceutical industry continued to grow at a solid pace in 2003 (+9%), despite difficult economic conditions and continued pressure on the sector from regulators, the media and payers

## *2003 Global pharma sales by region*

World Audited Market	2003 Sales (\$bn)	% Global sales (\$)	% Growth (constant \$)
North America	229,5	49%	11%
European Union	115,4	25%	8%
Rest of Europe	14,3	3%	14%
Japan	52,4	11%	3%
Asia, Africa and Australia	37,3	8%	12%
Latin America	17,4	4%	6%
<b>TOTAL</b>	<b>\$466,3bn</b>	<b>100%</b>	<b>9%</b>

Source: IMS World Review 2004

# Pharmaceutical industry in 2003

## LEADING 1-10 CORPORATIONS

		US\$ MIL.
PFIZER	USA	47.077
GSK	GB	30.776
MERCK & CO.	USA	22.520
J&J	USA	22.183
NOVARTIS	CH	20.254
ASTRAZENECA	GB	19.214
AVENTIS	F	17.015
BMS	USA	15.686
ROCHE	CH	15.232
ABBOTT	USA	13.267

## TOP 10 PRODUCTS

		US\$ MIL.
Lipitor (Pfizer)	USA	10.264
Zocor (Merck)	USA	6.144
Zyprexa (Lilly)	USA	4.840
Norvasc (Pfizer)	USA	4.540
Ogastro (Abbott)	USA	4.012
Erypo (J&J)	USA	4.003
Nexium (AZ)	GB	3.776
Plavix (Sanofi)	F	3.665
Seretide (GSK)	GB	3.663
Zoloft (Pfizer)	USA	3.388

Source: IMS World Review 2004 Preview Data – March 2004

- **The first 10 companies have a turnover of 223,2 billion \$ equal to the 47.9% of the total market (466.3 billion \$)**
- **The cost of sales is below 20% while on patented products it is even lower than 15%**

# Pharmaceutical industry in 2003

## FASTEST GROWING CORPORATIONS

CORPORATION	NAT.	RANK US\$	US\$ MIL.	GROWTH CONST. \$
SCHWARZ	D	41	1.801	109%
GILEAD SCIENCES	USA	68	743	103%
ENDO LABS	USA	69	726	45%
APOTEX	CDN	65	824	44%
CEPHALON	USA	75	687	43%
AMGEN	USA	13	8.330	38%
HEXAL GROUP	D	47	1.416	35%
CHIRON	USA	74	697	32%
RANBAXY	IN	73	704	32%
PLIVA	CR	85	572	30%

Source: IMS World Review 2004 Preview Data – March 2004

# Pharma industry scenario

*Current Forecast to 2008 at "Constant" Conditions  
= Growth 8-11%*

<b>TRIAD MARKETS</b>	<b>Growth Constant \$</b>
	<b>CAGR 03-08</b>
Japan	+1% - 3%
Europe (All)	+6% - 8%
North America	+10% - 13%
<b>WORLDWIDE</b>	<b>+8% - 11%</b>
10 Key Markets	+8% - 11%

Source: IMS World Review 2004 Preview Data – March 2004

# Pharma machinery industry

In a period of economic stability, sales trend of medicines is a reasonable “proxy” for the trend in expenditure on machinery

<b>GROWTH RATE (CAGR 1990/1999)</b>	<b>Europe</b>	<b>USA</b>	<b>TOTAL</b>
NET SALES	7.8%	12.9%	<b>11.0%</b>
NET TANGIBLE FIXED ASSETS	8.9%	11.6%	<b>10.4%</b>
DEPRECIATION	11.7%	13.4%	<b>11.7%</b>

2002 and 2003 witnessed a “sharp” slump in investments in machinery by the pharmaceutical industry



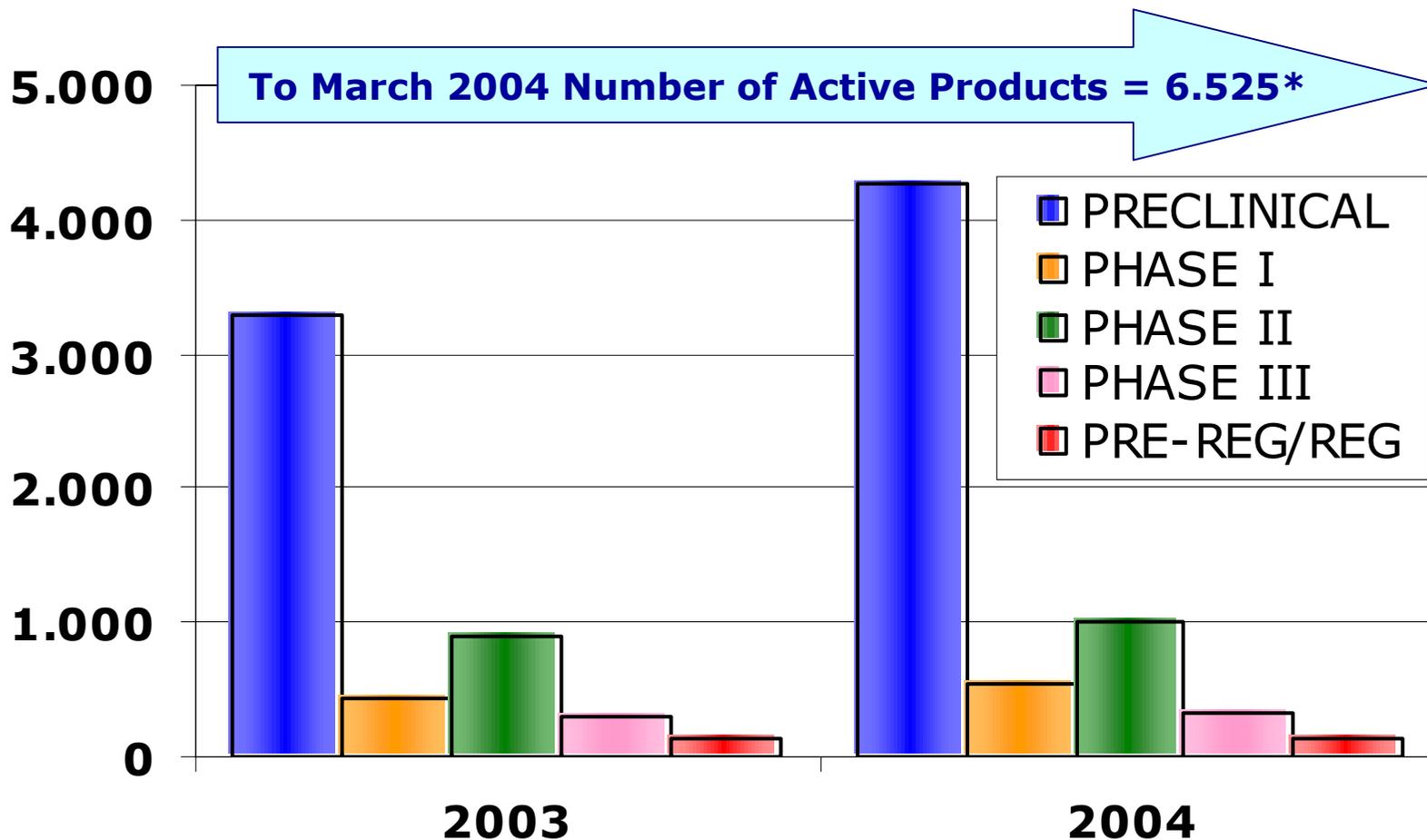
# Pharma industry

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## *Machines – a critical factor*

- In 2003 the pharmaceutical industry invested approximately USD 61 bln. in Research and Development
- Sales and Marketing expenses in the same year accounted for more than 15% of sales
- Capital expenditures in processing and packaging machinery accounted for approximately 1% of sales yet may jeopardise investments in R&D and Sales & Marketing
- Increased Regulatory focus on pharma manufacturing practices has become a new risk factor for drug manufacturers
- In recent years the FDA has stepped up intensity of manufacturing inspections and enforcement actions

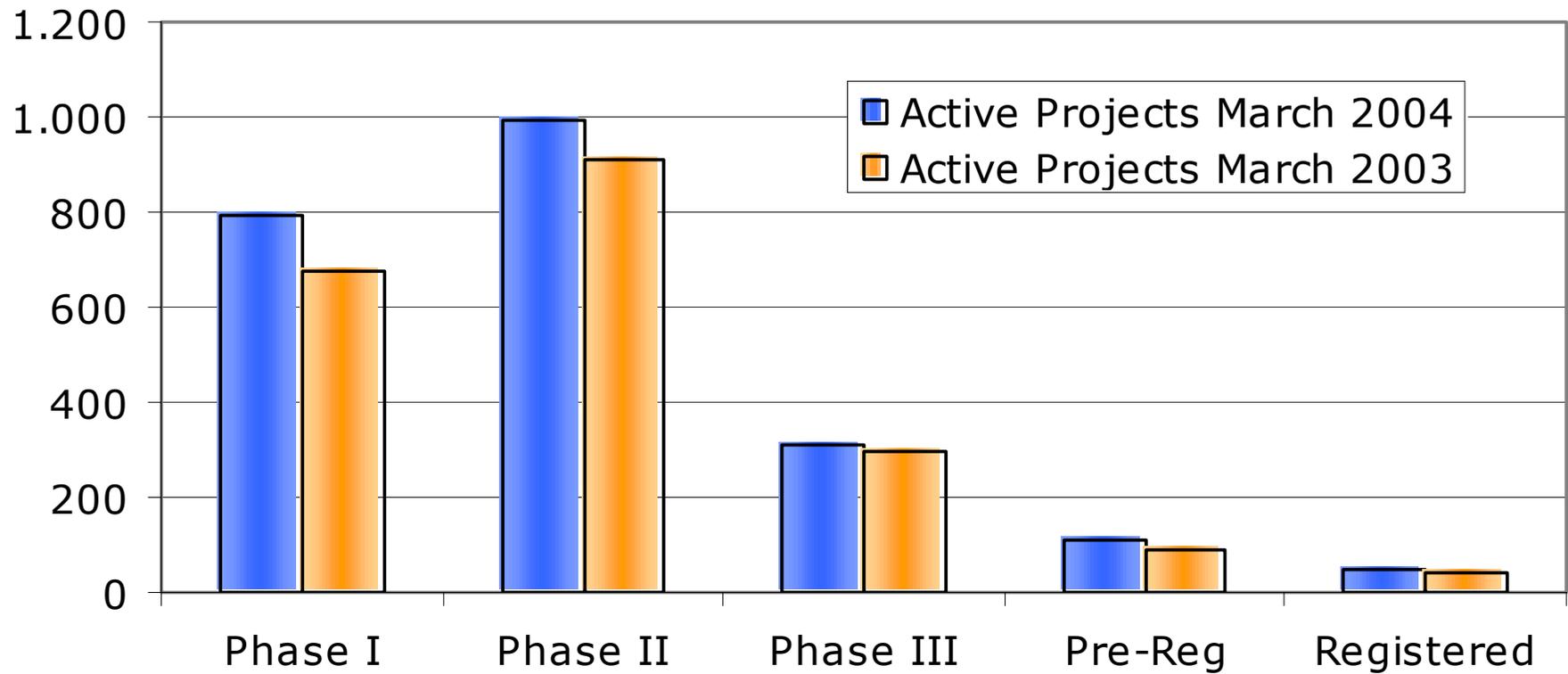
# 2004 R&D Pipeline Projects Up on 2003



\* Confirmed Active Developments in last 3 years

Source: IMS Chemical Pioneer March 2003/2004

# R&D Pipeline Update – March 2004



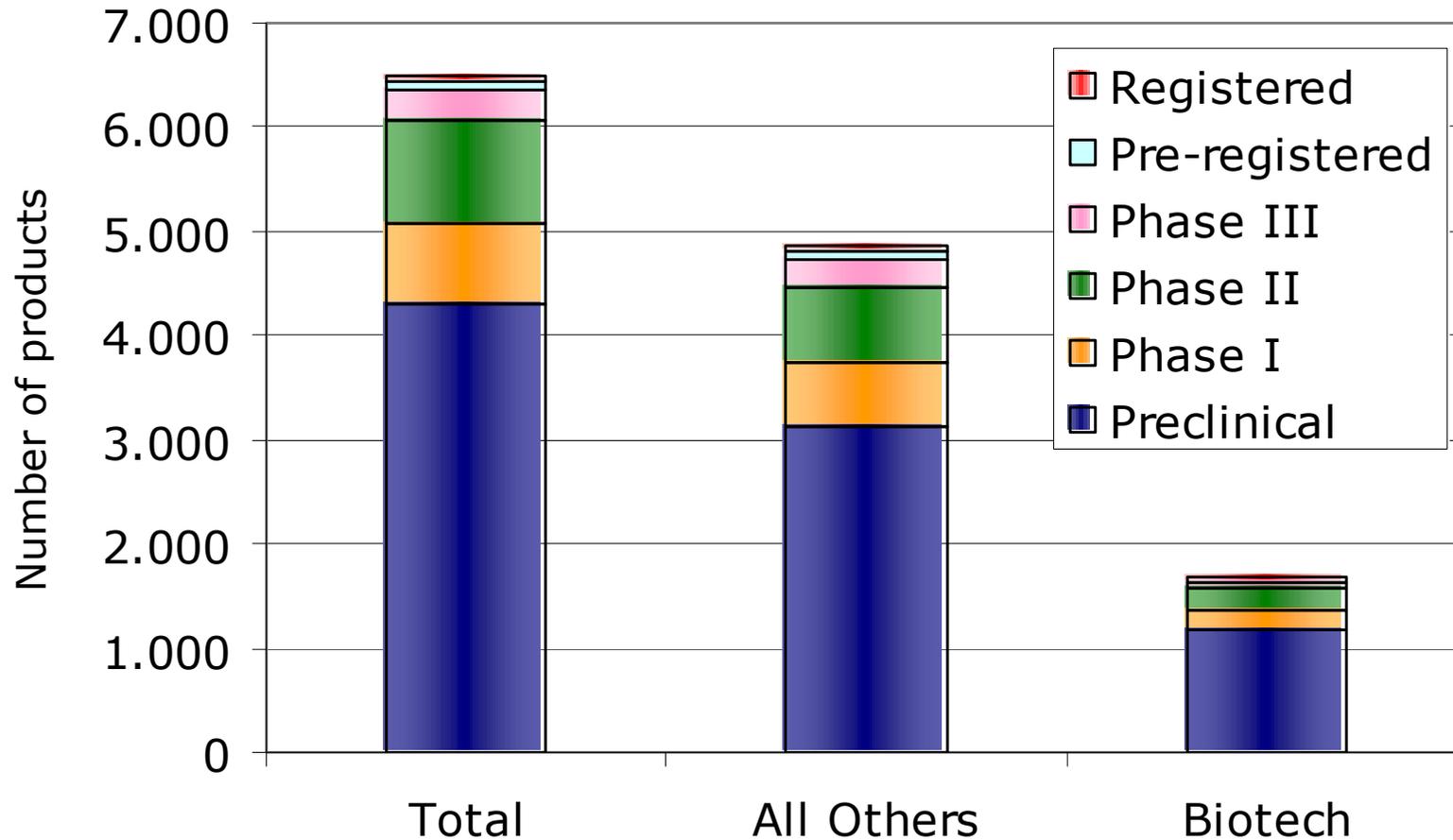
\* Confirmed Active Developments in last 3 years

Source: IMS Chemical Pioneer March 2003/2004





# Biotechnology Projects Account for 26% of Total Active Pipeline\*



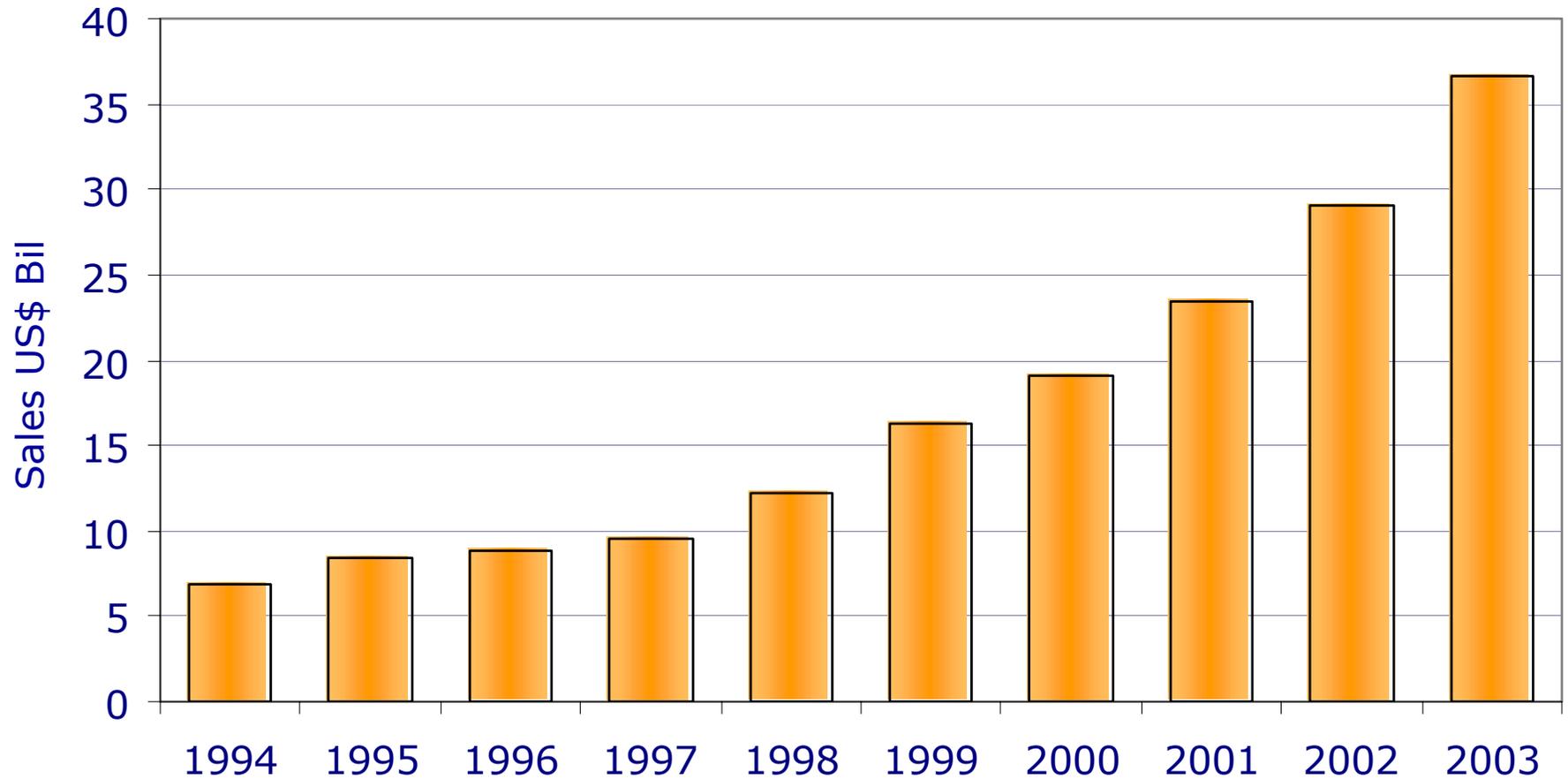
\* Confirmed Active Developments in last 3 years

Source: IMS Chemical Pioneer March 2003/2004





# Worldwide Biotechnology Market Approaches \$37B



Source: IMS Health: MIDAS, MAT Dec 2003





**ALWAYS** INDUSTRIA  
**A STEP AHEAD** MACCHINE  
AUTOMATICHE