

Company results

**Innovative Automatic Machine
System Solutions**

2016 FULL YEAR RESULTS

INVESTOR RELATIONS

14 March 2017

IMA 
Sustain Ability

- Established in 1961, IMA is world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee
- Global pharmaceutical supplier with the widest range of state of the art processing and packaging systems
- More than 5,100 employees, more than 2,600 of whom based abroad (YTD)
- In 2016 € 1,310.8 millions worldwide sales, of which more than 86% outside Italy
- World-wide sales and service network
- More than 1,400 patents worldwide
- Listed on the Milan Stock Exchange since 1995 and starting from 2001 at the STAR segment

COMPETITIVE ADVANTAGES

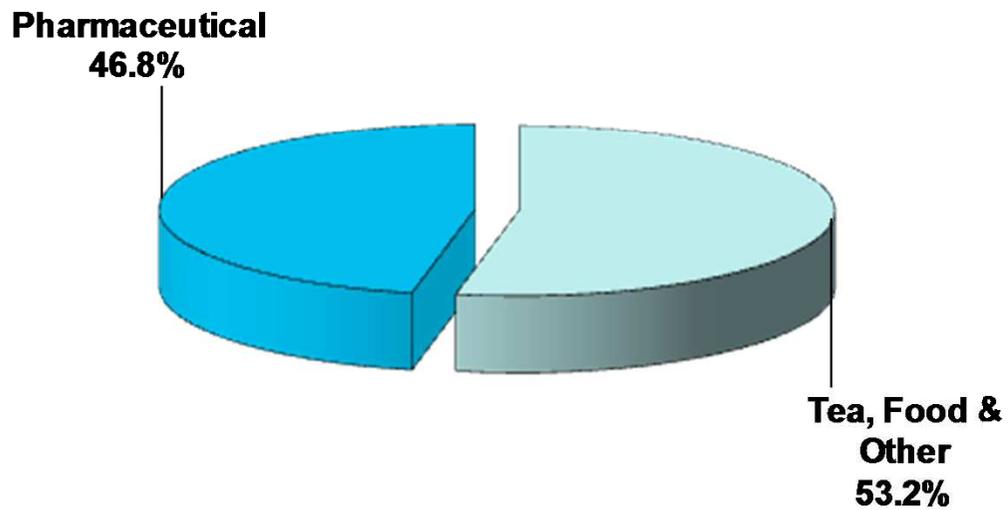
- Cutting-edge R&D laboratories
- Continuous product innovation
- A winning business model
- High customer loyalty
- Excellent positioning thanks to an extensive customer service network and a full product range to offer
- High barriers to market entry

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*

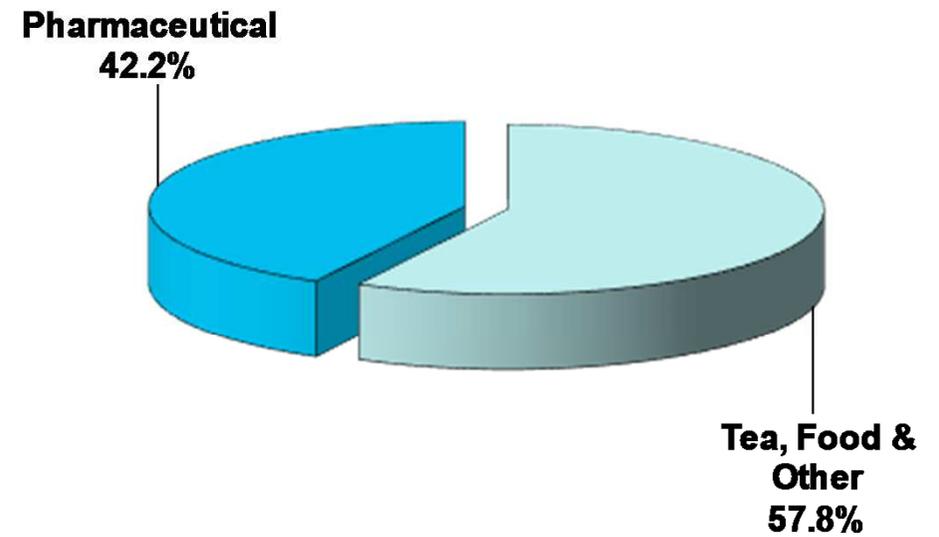
2015

Total sales: € 1,109.5 million



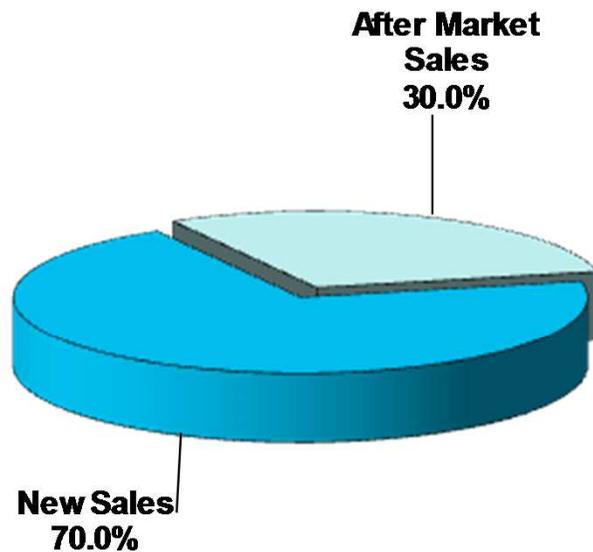
2016

Total sales: € 1,310.8 million

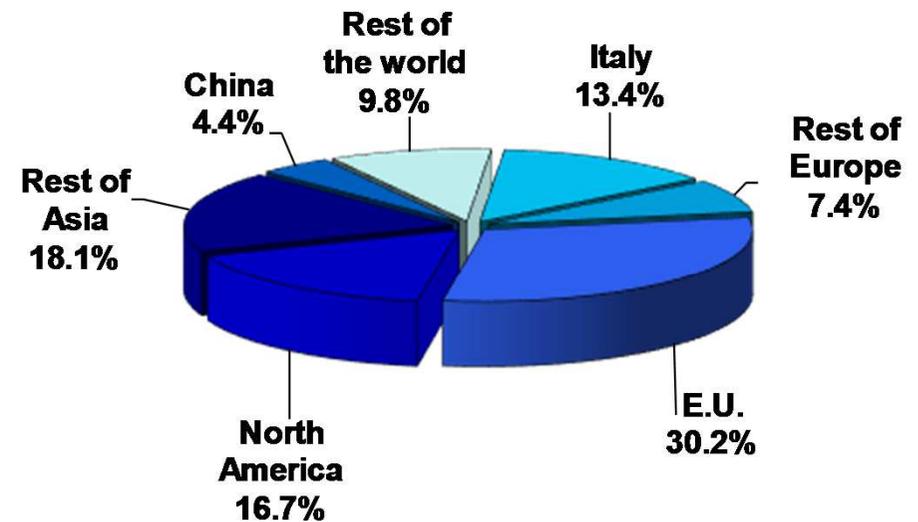


- Significant share of the Group's earnings generated by after-sale services, spare parts and equipment, which are higher-margin and recurring in nature (30% of overall revenues)
- Geographically well diversified revenue sources

Revenues by Nature 2016



Revenues by Geography 2016

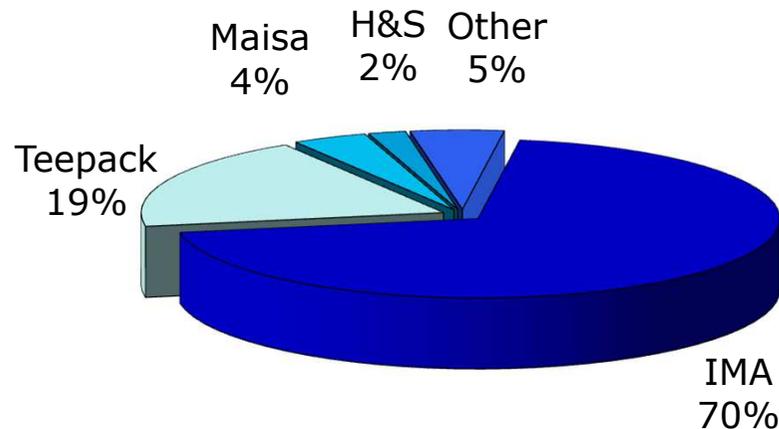


Pharmaceutical sector

- 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

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.

Coffee Packaging solutions



COFFEE



PODS



INJECTED
CAPSULE



THERMOFORMED
CAPSULE
FOR ESPRESSO



THERMOFORMED
CAPSULE
FOR DRIP COFFEE



PILLOW BAG



VACUUM PACK



STAND-UP BAG



HEATSEALED
OUTER
ENVELOPE



STAND-UP
BAG



DISPENSING BOX



FLOWPACK



PRE-GLUED BOX



FLAT-BLANK BOX



FLIP TOP BOX



SHIPPING CASE
AND PALLET

Dairy and Convenience Food sector

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.

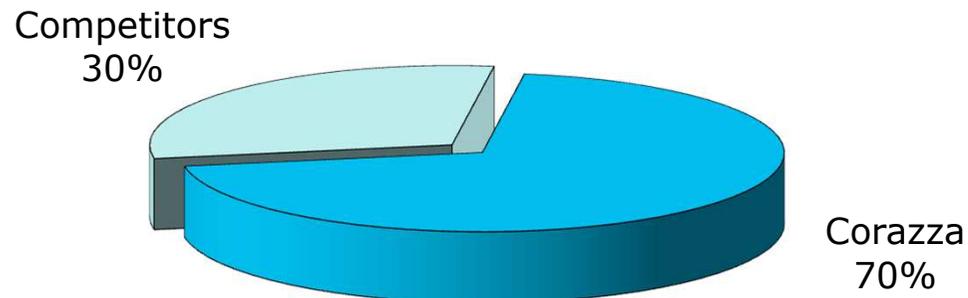
- Milk
- Juices
- Water
- Coffee

- Hassia
- Hamba / Gasti

Corazza SpA

- It's world leading manufacturer of packaging machines for Soup Cubes, Processed Cheese, Butter, Margarine and Yeast.
- The main competitors are German companies: Bosch Sapal, Benhil.

Stock Cubes and Dairy Packaging market share



Company estimates

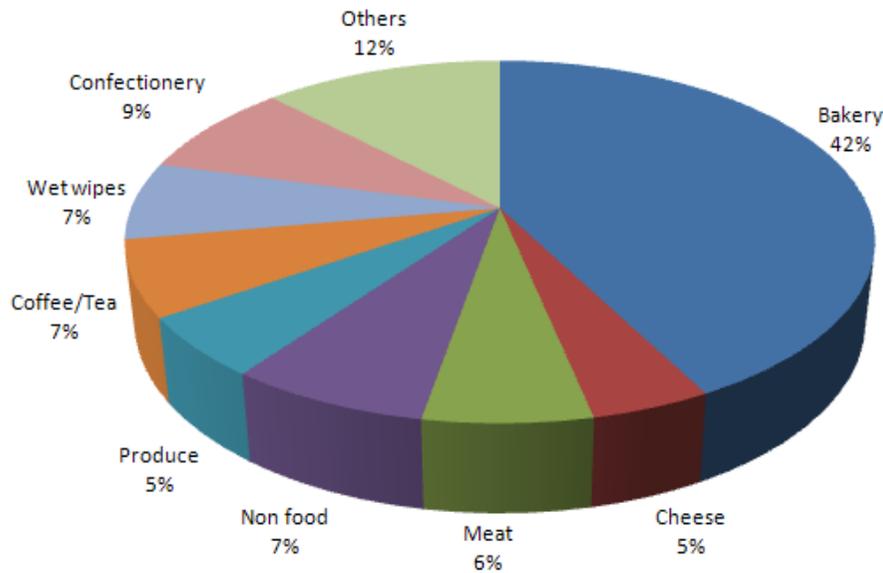
Ilapak group

Long experience operating in food and non food flexible packaging solutions

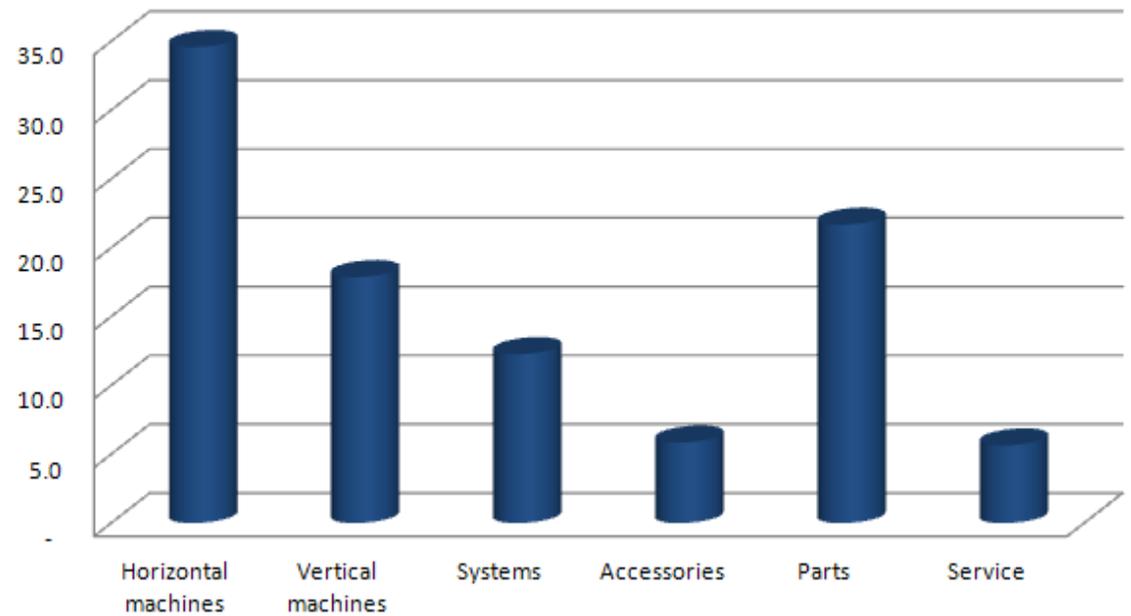
- Wide Horizontal and Vertical Form Fill Seal product range covering the different segment of the market from complete packaging lines to entry level machines
- ILAPAK has a leading position in the bakery, produce, cheese, meat and wet wipe industries
- Unique international sales and service network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

Ilapak group

Sales by Industry

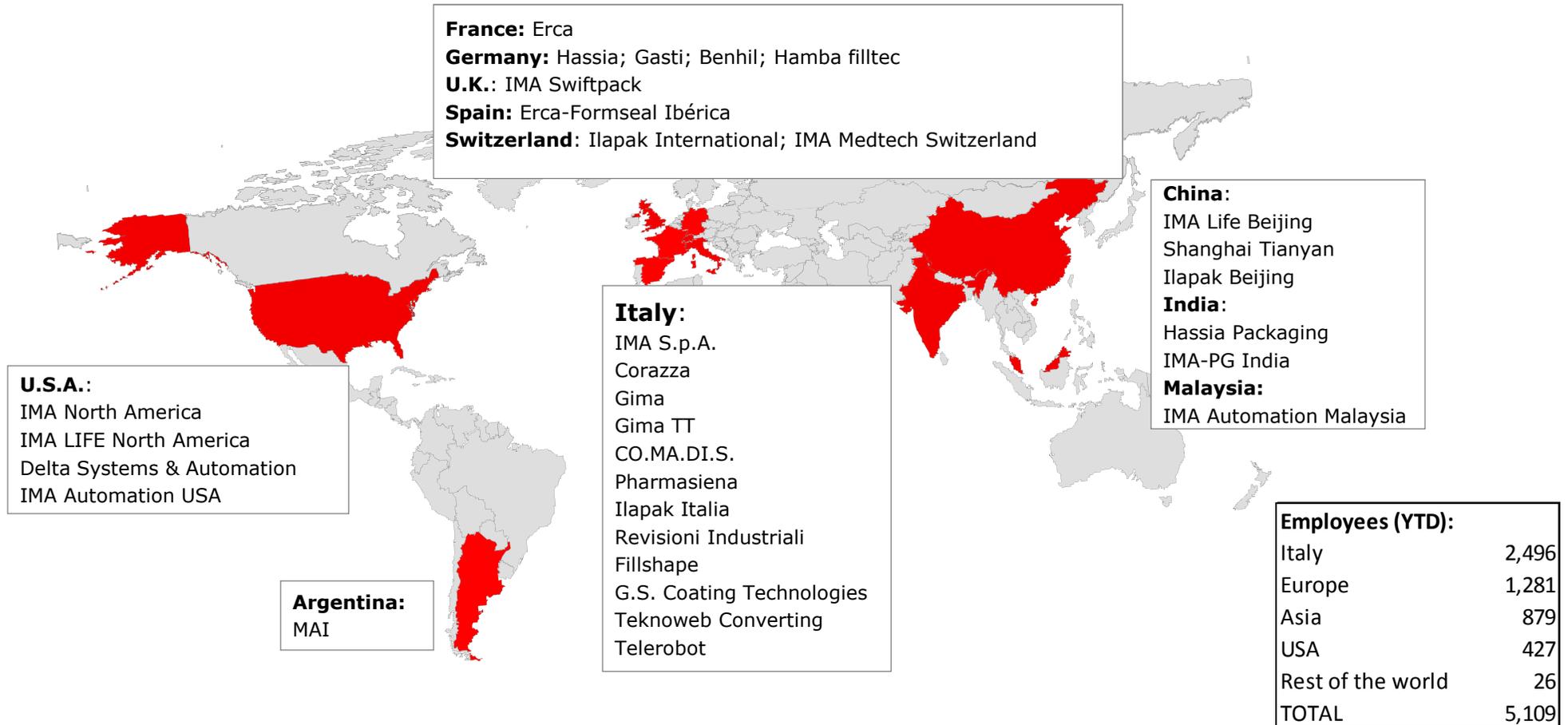


Sales by products



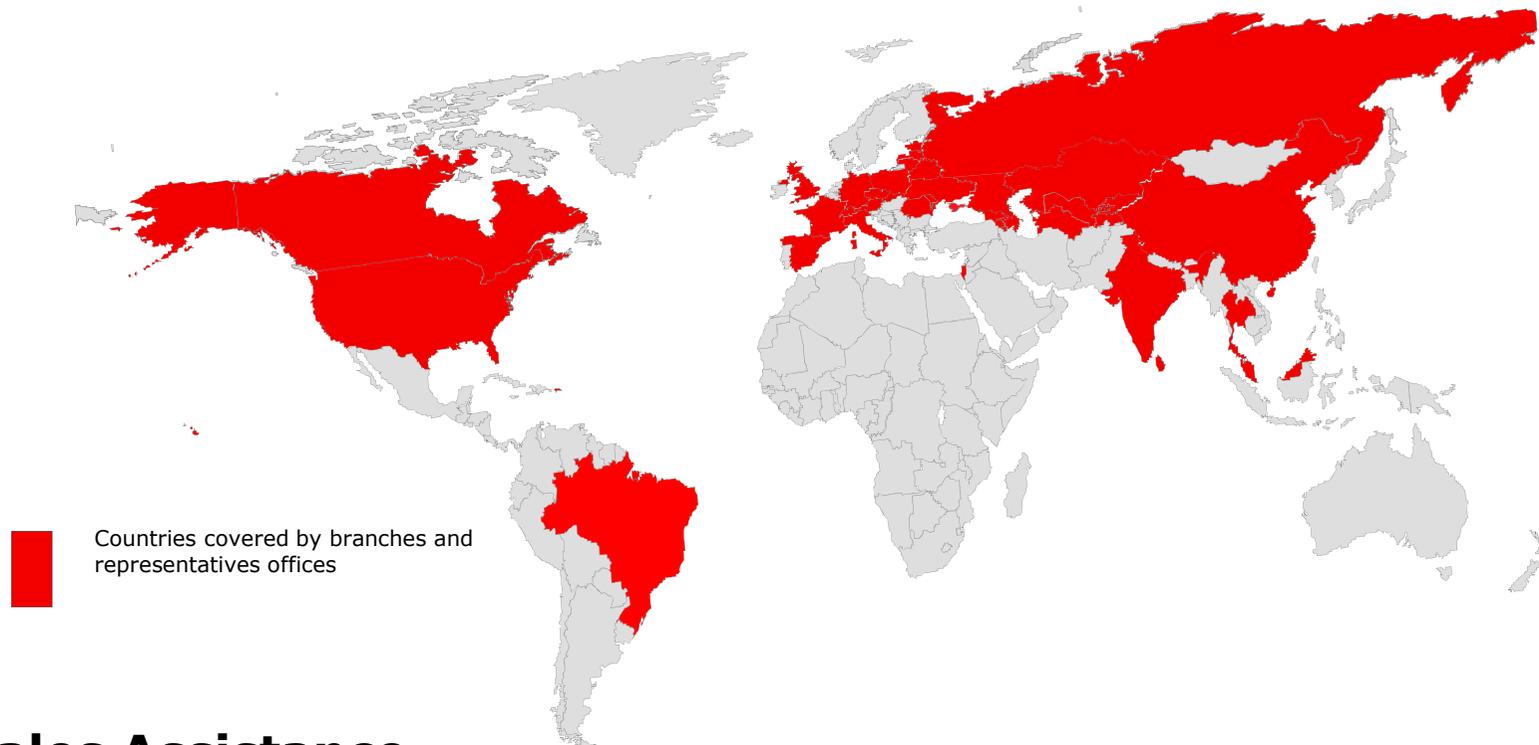
Production Plants

IMA manufactures equipment in 38 production plants located in Italy, Germany, France, Switzerland, Spain, UK, USA, India, Malaysia, China, Argentine.



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.

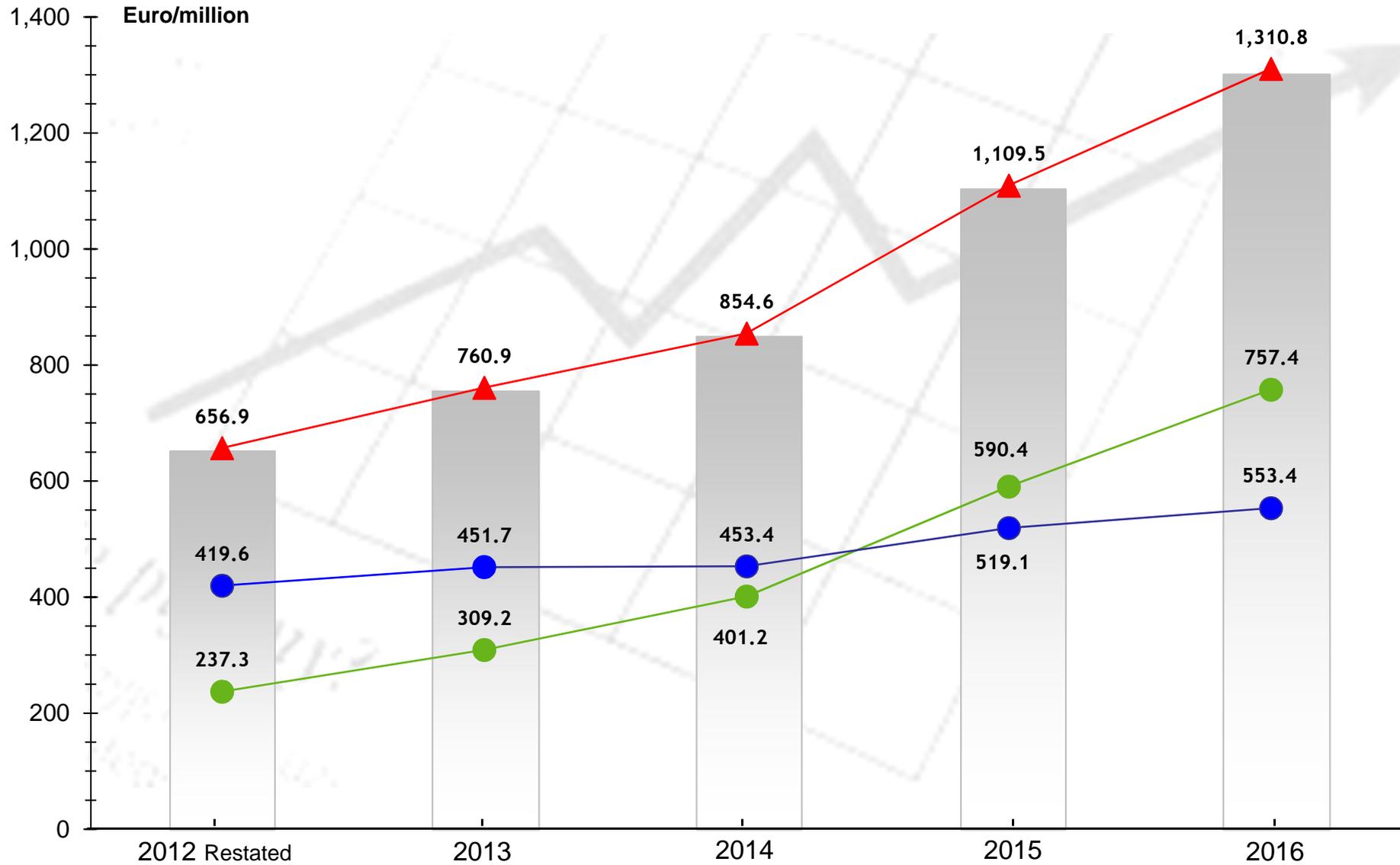


After Sales Assistance

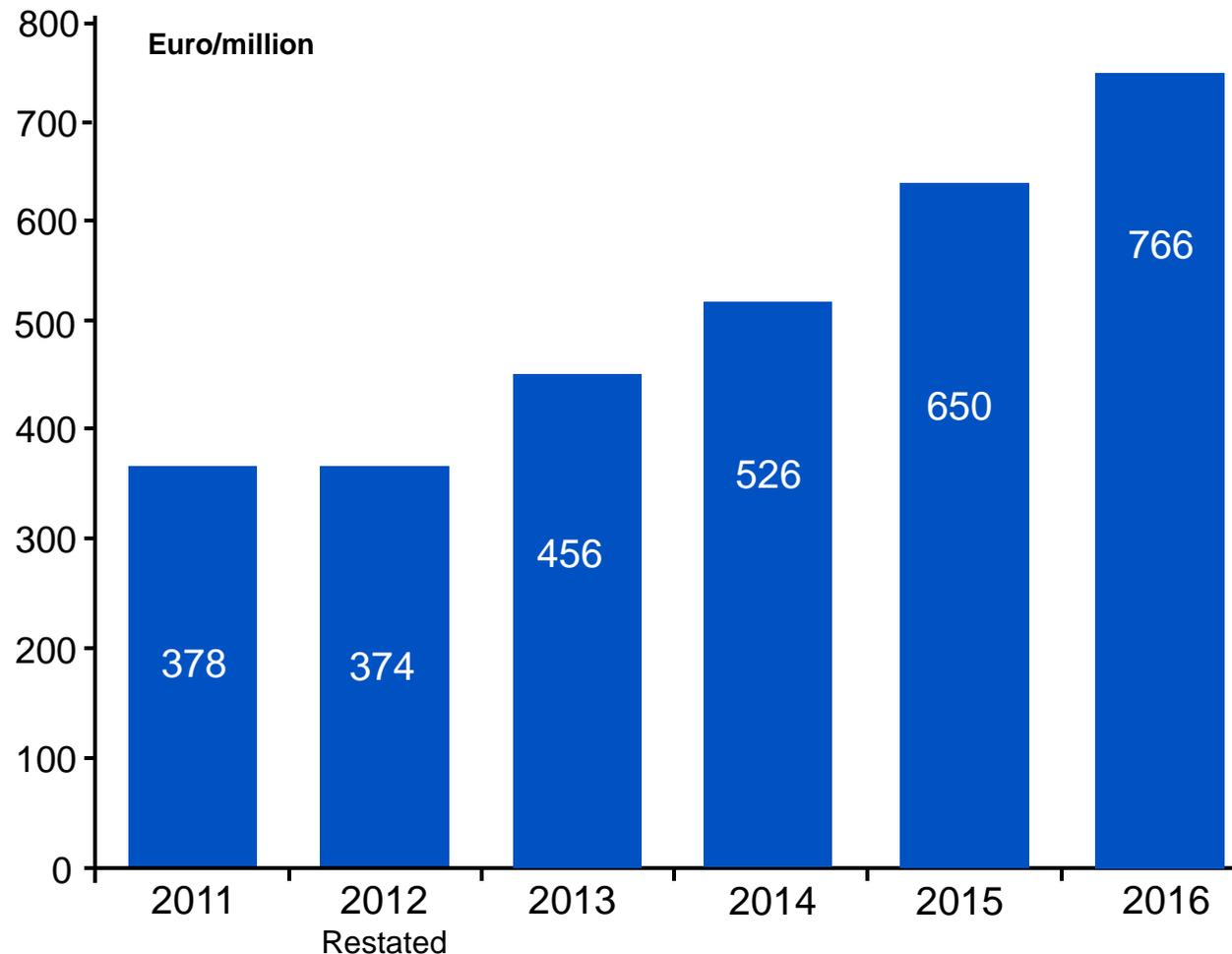
IMA provides world-wide technical assistance through its headquarters in Italy, branch and local agents.

Trend of the sales

● TEA, FOOD & OTHER ● PHARMACEUTICAL ▲ TOTAL

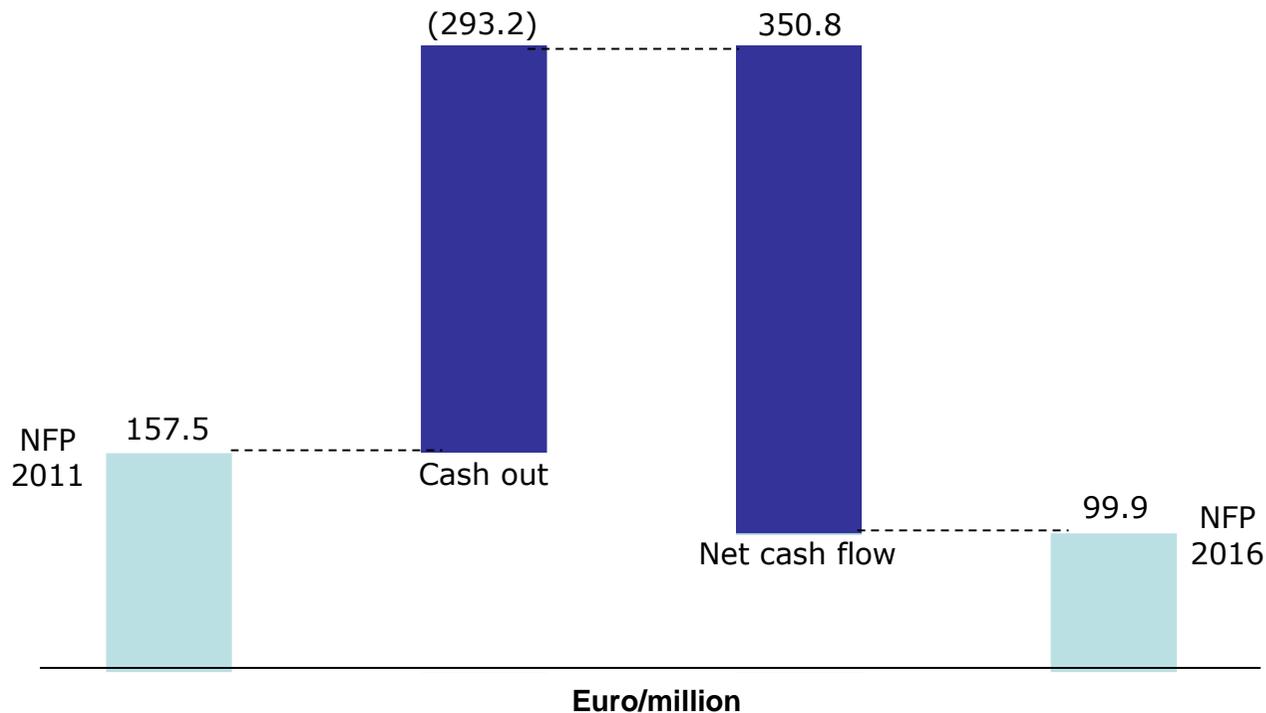


- Strong trend of order acquisition is continuing also in 2016, in both pharmaceuticals and food, with a considerable number of negotiations currently underway
- The order book at December 31, 2016 is 17.9% higher than December 31, 2015 (+8.9% with the same scope of consolidation).



Dividends and extra ordinary financial effects

2011	Net Financial Position	(157.5)	
	Dividends	(280.3)	} Net cash out 2012-2016 (293.2)
	Capital Increase	118.8	
	Acquisitions	(216.8)	
	Disposals	85.1	
	Cumulated Cash Flow	350.8	
			→ 2012-2016
2016	Net Financial Position	(99.9)	



- The 15th of April, IMA, through its subsidiary GIMA, completed the acquisition of the entire share capital of **Komax System LCF SA (CH) and Komax System Rockford Inc (USA)** and 76% of **Komax System Malaysia**. These companies are leaders in the design, production and commercialisation of **machines for assembling medical products for self-medication**, such as inhalers, syringes and insulin injection systems
- The financial contribution was **7 million swiss francs** for the equity value, in addition to **21.3 million swiss francs** for the outstanding loans between the companies and the seller. The deal includes an earn-out of **6 million swiss francs**
- For the **remaining 24%** of **Komax System Malaysia**, IMA signed a **call option**, to be exercised in **2018**, with an expected payment of **2 million swiss francs**
- In 2016, the expected **turnover** for these companies is around **84 million swiss francs** and an **EBITDA** of about **5.6 million swiss francs**, with about **250 employees**.
- These acquisitions represent a significant strengthening of IMA in the **AUTOMATION industry** (automatic assembly platforms)

Processes in medical assembly

Pre-assembly



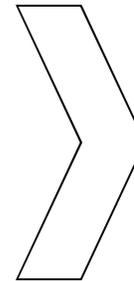
Final assembly



Testing



Packaging



Examples of final products



Injection pens



Inhalers

2016 RESULTS

31.12.2016 vs. 31.12.2015

IMA	2016	%	2015	%	change %
<i>Euro/million</i>					
Revenues	1,310.85	100.0%	1,109.54	100.0%	18.1%
Cost of sales	(830.26)	-63.3%	(688.77)	-62.1%	20.5%
Gross industrial income	480.59	36.7%	420.77	37.9%	14.2%
R&D costs	(48.15)	-3.7%	(40.05)	-3.6%	20.2%
Sales costs	(128.12)	-9.8%	(115.33)	-10.4%	11.1%
General and administrative costs	(157.05)	-12.0%	(140.30)	-12.6%	11.9%
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	147.27	11.2%	125.09	11.3%	17.7%
Non-recurring items	(5.93)	-0.5%	(9.47)	-0.9%	-37.4%
EBIT	141.34	10.8%	115.62	10.4%	22.2%
Net financial income (expense)	6.28	0.5%	(1.04)	-0.1%	-703.8%
Profit (loss) from investments accounted for using the equity method	1.53	0.1%	0.51	0.0%	200.0%
Taxes	(47.76)	-3.6%	(37.25)	-3.4%	28.2%
Profit (loss) pertaining to minority interests	(7.85)	-0.6%	(7.92)	-0.7%	-0.9%
GROUP PROFIT	93.54	7.1%	69.92	6.3%	33.8%
EBITDA BEFORE NON-RECURRING ITEMS	185.08	14.1%	157.52	14.2%	17.5%
EBITDA	179.15	13.7%	148.05	13.3%	21.0%

31.12.2016 vs. 31.12.2015

IMA	2016	%	2015	%
<i>Euro/Million</i>				
Trade receivables	308.91		247.98	
Inventories	278.91		232.96	
Trade payables	(476.82)		(374.57)	
Other, net	(107.58)		(92.38)	
Working capital	3.42	0.9%	13.99	4.1%
Property, plant and equipment	88.17		75.50	
Intangible assets	332.77		321.44	
Investments	26.02		23.06	
Non-current assets	446.96	120.8%	420.00	123.9%
Provision for severance indemnities and other provisions	(80.26)		(95.09)	
Net capital employed	370.12	100.0%	338.90	100.0%
Net debt	99.94	27.0%	163.12	48.1%
Minority interests	14.64		16.78	
Group equity	255.54	69.0%	159.00	46.9%
Total sources of financing	370.12	100.0%	338.90	100.0%

31.12.2016 vs. 31.12.2015

IMA	2016	%	2015	%
<i>Euro/Million</i>		<i>on sales</i>		<i>on sales</i>
Trade receivables	308.91	23.6%	247.98	22.3%
Inventories	278.91	21.3%	232.96	21.0%
Trade payables	(306.15)	(23.4%)	(235.71)	(21.2%)
Advances from customers	(170.67)	(13.0%)	(138.86)	(12.5%)
N.O.W.C.	111.00	8.5%	106.37	9.6%

31.12.2016 vs. 31.12.2015

IMA - CASH FLOW	2016	2015
<i>Euro/Million</i>		
EBIT	141.34	115.62
Depreciation and amortization	37.81	32.44
Capital expenditure	(35.90)	(11.33)
Change in working capital	6.17	(23.32)
Change in other assets/liabilities	19.34	(29.88)
Operating cash flow	168.76	83.53
Net financial charges	(12.41)	(15.89)
Income taxes	(47.76)	(37.25)
Cash flow from operations	108.59	30.39
Acquisitions	(70.03)	(77.81)
Disposals	8.10	17.59
Cash flow from extraordinary operations	(61.93)	(60.22)
Dividends	(59.70)	(53.21)
Other changes in net equity	(3.85)	6.46
Change in scope of consolidation	(10.60)	3.77
Capital increase	90.67	28.13
Change in net financial position	63.18	(44.68)
Opening net financial position	163.12	118.44
Closing net financial position	99.94	163.12

<i>Euro/Million</i>	Tea, Food & Other		Pharmaceutical		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	757.4	590.4	553.4	519.1			1,310.8	1,109.5
EBITDA before non-recurring charges	100.9	83.3	84.2	74.2			185.1	157.5
<i>% on sales</i>	13.3%	14.1%	15.2%	14.3%			14.1%	14.2%
Ebit	67.6	51.2	73.7	64.4			141.3	115.6
<i>% on sales</i>	8.9%	8.7%	13.3%	12.4%			10.8%	10.4%
Net Invested capital (*)	260.9	231.4	103.4	107.2	5.8	0.3	370.1	338.9
Order Backlog	332.3	256.5	433.9	393.4			766.2	649.9
<i>% change vs 2015</i>	29.6%		10.3%				17.9%	
Orders	765.2	579.3	593.9	585.1			1,359.1	1,164.4
<i>% change vs 2015</i>	32.1%		1.5%				16.7%	

(*) Unallocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax assets not directly attributable to the operating sectors.

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