Company results

Innovative Automatic Machine System Solutions

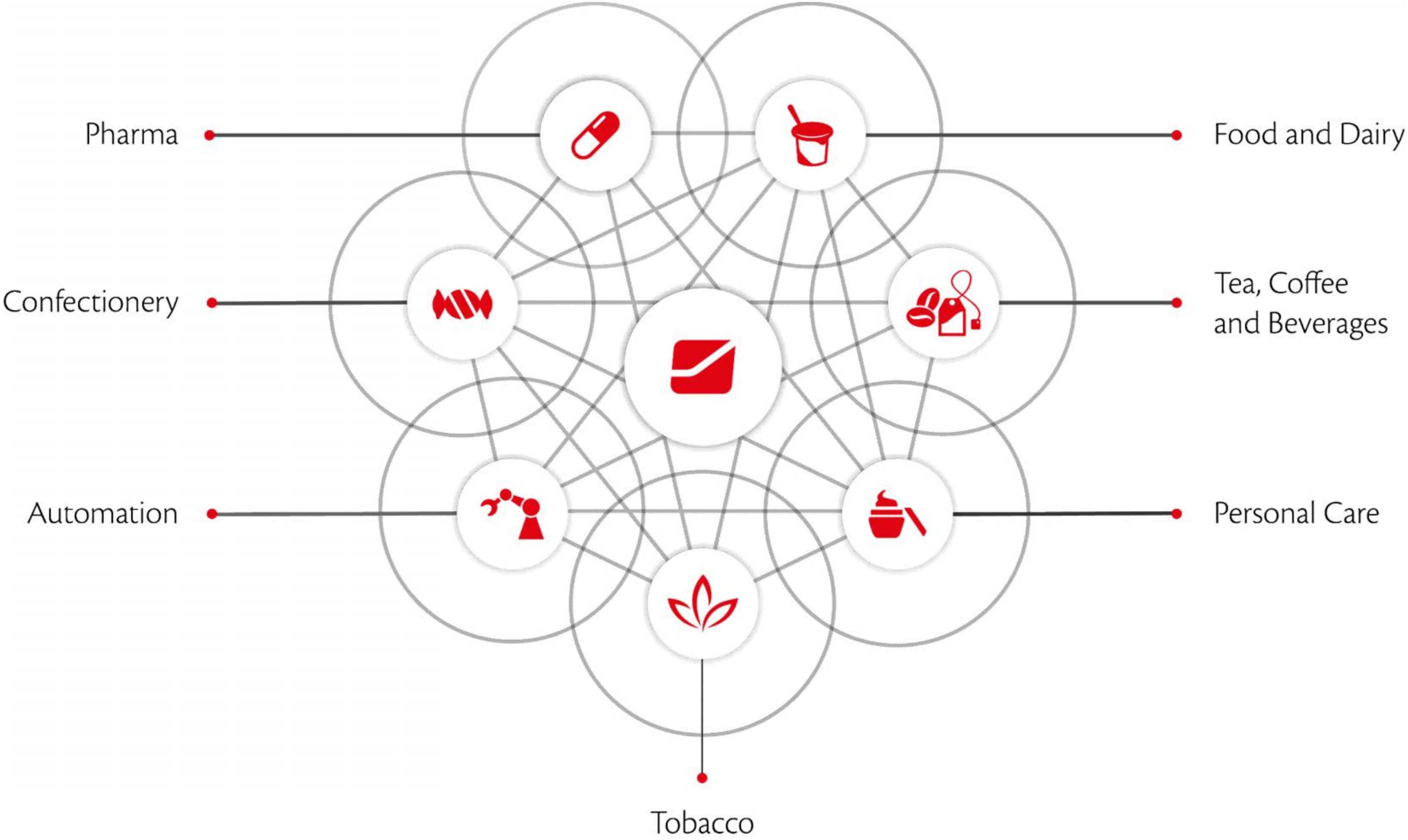
1st HALF 2017 RESULTS

INVESTOR RELATIONS

4 August 2017

Sustain Ability

IMA at a glance



IMA at a glance

- IMA is world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee and tobacco
- About 5,400 employees, about 2,800 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 1,600 patents worldwide
- Established in 1961, IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 joined the STAR segment

IMA: a Leading Group

COMPETITIVE ADVANTAGES

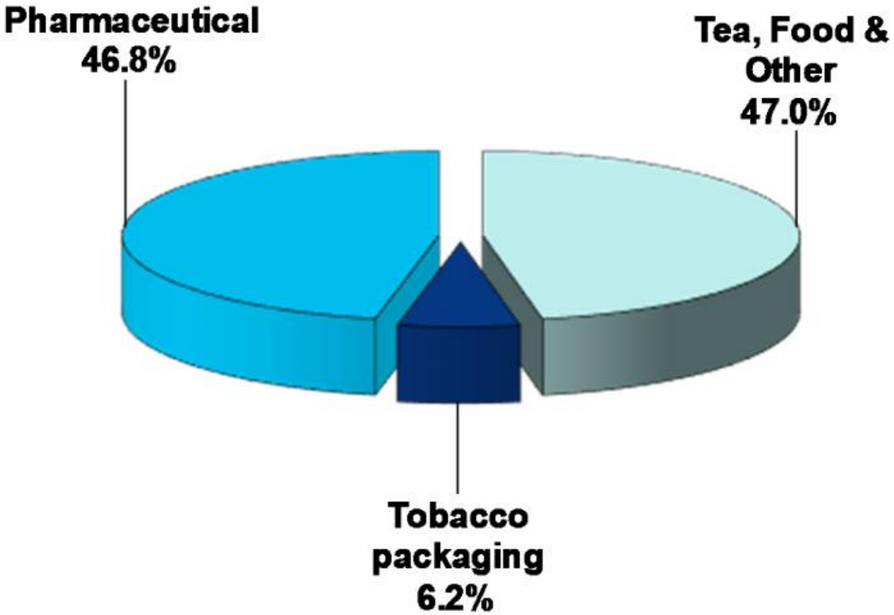
- Cutting-edge R&D laboratories
- Continuous product innovation
- A winning business model
- High customer loyalty
- Excellent positioning thanks to an extensive customer service network and a full product range to offer
- High barriers to market entry

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

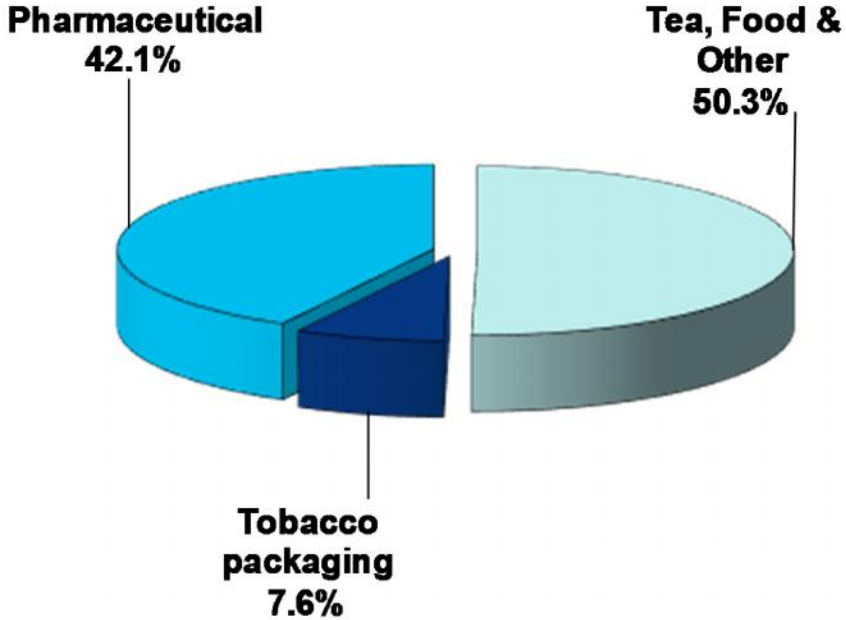
2015

Total sales: € 1,109.5 million



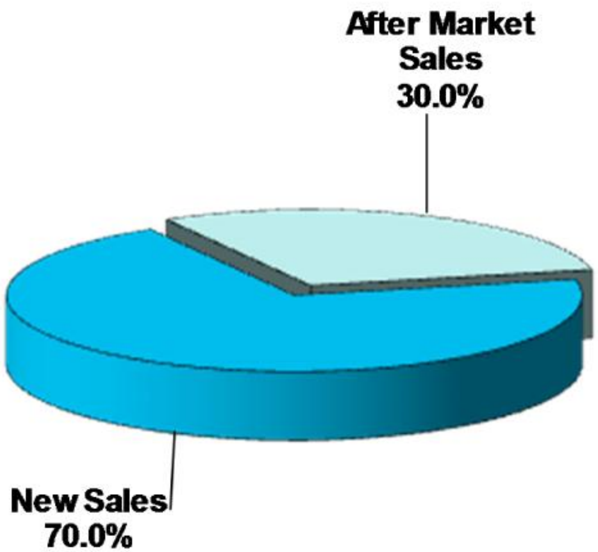
2016

Total sales: € 1,310.8 million

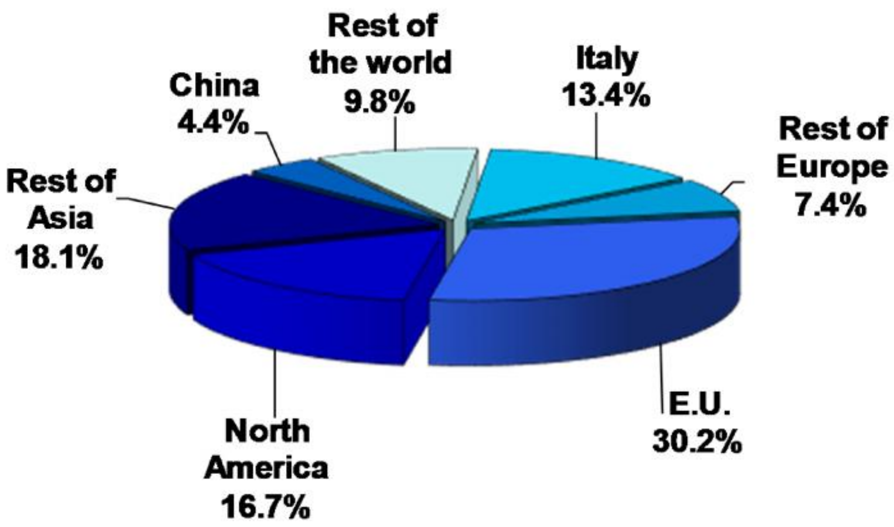


- Significant share of the Group’s earnings generated by after-sale services, spare parts and equipment, which are higher-margin and recurring in nature (30% of overall revenues)
- Geographically well diversified revenue sources

Revenues by Nature
2016



Revenues by Geography
2016



Pharmaceutical sector

- A sector that's still fragmented and dominated by German and Italian companies
- Most companies 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
- IMA has the widest range of state of the art processing and packaging systems

Pharmaceutical sector

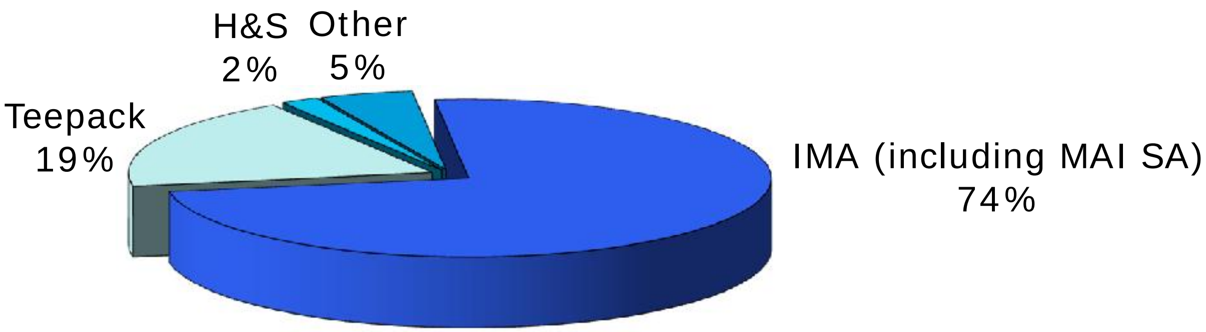
IMA Active - Solid dose processing phase
Granulation, tableting, capsule filling and banding, weight checking, coating, handling and washing.

IMA Life - Aseptic processing and freeze drying solutions
Preserving the integrity of the pharmaceutical product, ensuring the maximum level of sterility and protecting both the operator and the environment by means of highly specialized aseptic containment process systems.

IMA Safe - Packaging Solutions
Complete primary and secondary packaging lines to the pharmaceutical and extra-pharma industries.

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.

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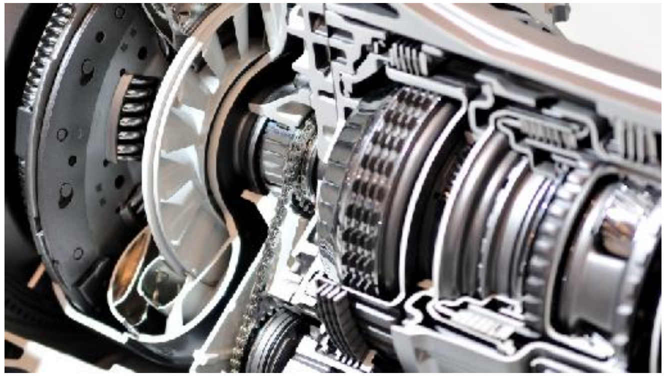
Medical devices & vision care

Inhalers
Syringes and catheters
Pen systems
Diagnostic devices
Infusion products
Contact lenses

Caps & closure

Carton fitments
Push pull
Sport-caps
Safety-closures
Non-refillable closures



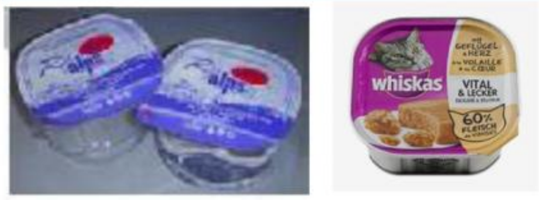
Automotive

Platforms for clutch assembly

Coffee Packaging solutions

Dairy and Convenience Food sector

Company’s customer industry segments

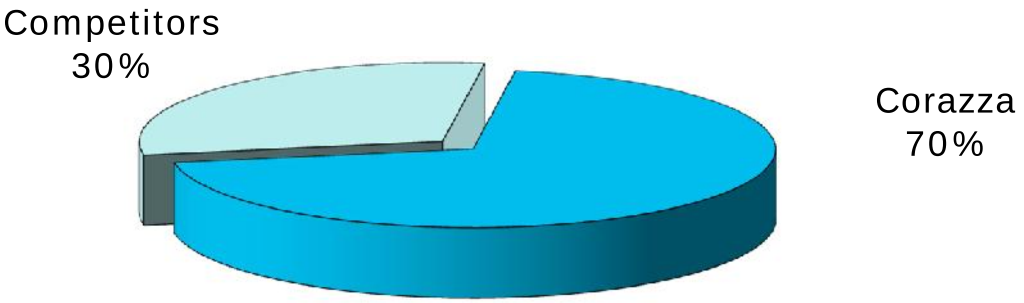


	Dairy	Food	Other (Beverage, Non-Food)
Description	• Milk-based food products	• Food products (non milk-based)	• Beverages (alcoholic and non-alcoholic), etc.
Application examples	• Yoghurt • Cream • Butter • Cheese	• Cereals • Sauces • Fruit salads • Jellies and jams • Confectionary / snacks • Convenience food • Margarine / spreads • Soup paste	• Milk • Juices • Water • Coffee
Active subsidiaries	• Erca • Hassia • Hamba / Gasti • Benhil	• Hassia • Hassia India • Hamba / Gasti • Benhil	• 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

Stock Cubes and Dairy Packaging market share



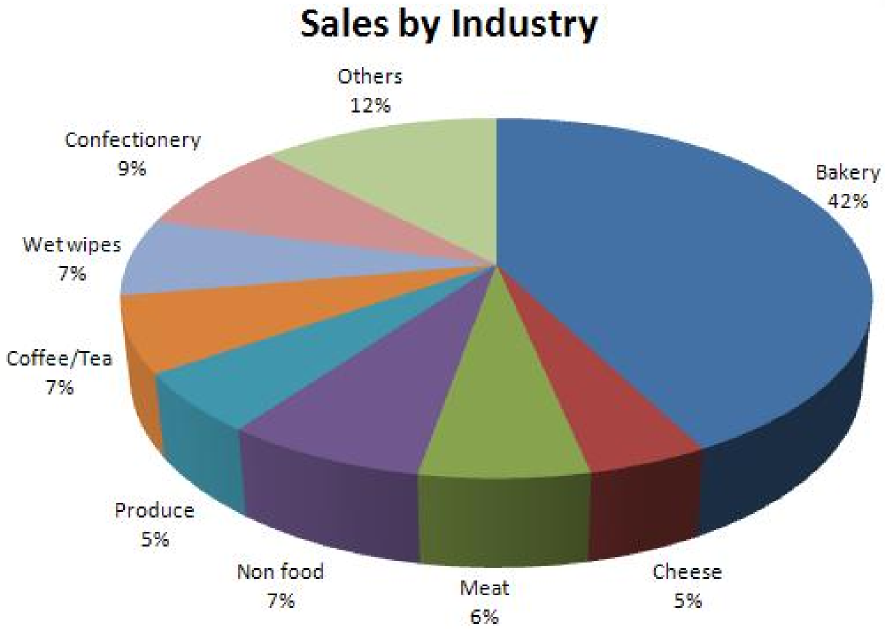
Company estimates

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



GIMA TT: tobacco technology

In 2013, it became an independent company.

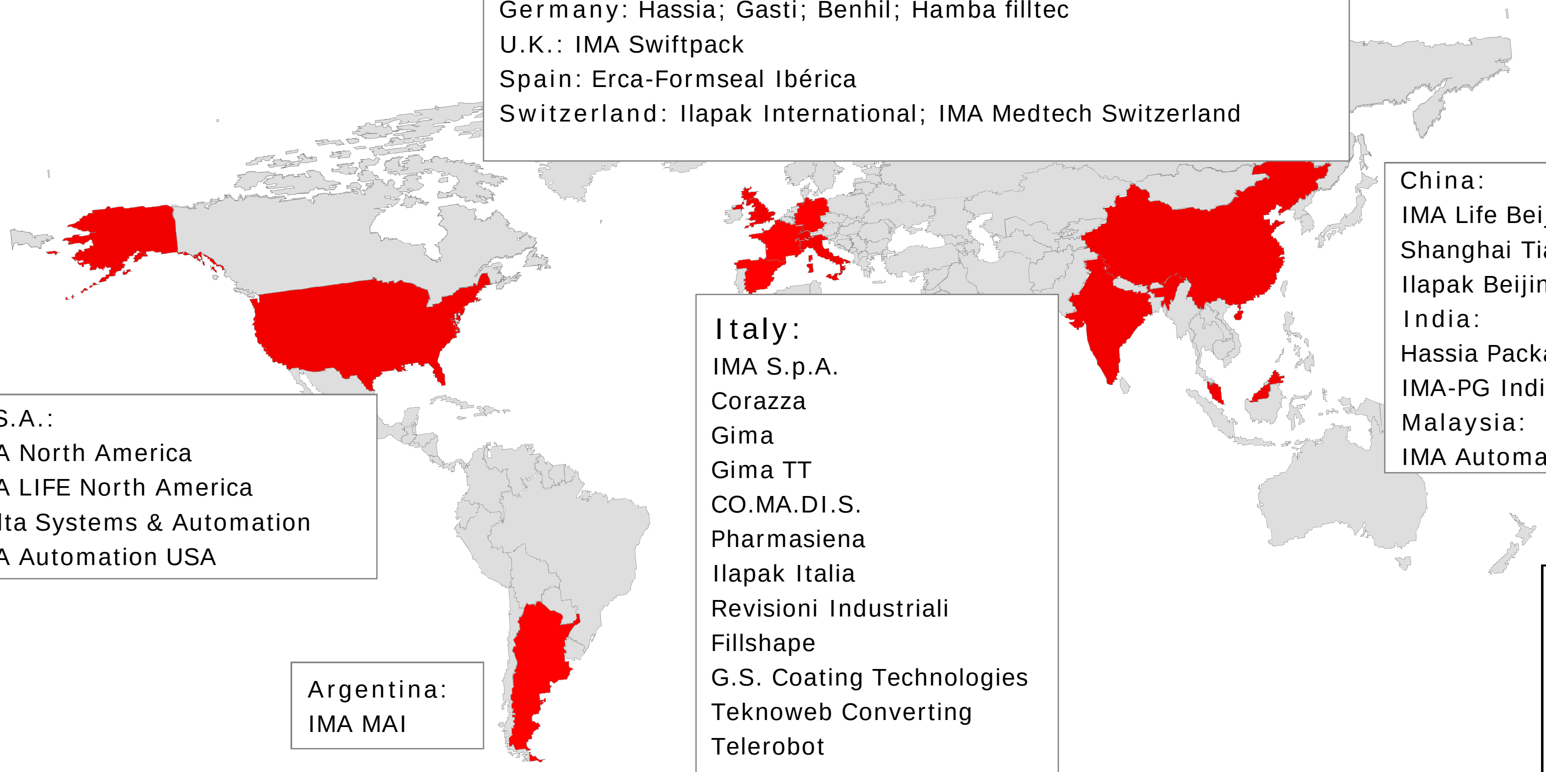
Thanks to the long experience in tobacco market of its employees and to IMA Group's expertise in different packaging industries, Gima TT is able to deliver high quality machines and assure support in the creation of innovative projects.

Conventional tobacco products
The right answer for readiness and flexibility demand in the production of cigarette packets

NGP
Not only conventional products: GIMA TT machines can be combined and especially designed to realize special innovative projects like Next Generation Products ones

Production Plants

IMA manufactures equipment in 41 production plants located in Italy, Germany, France, Switzerland, Spain, UK, USA, India, Malaysia, China, Argentina.



France: Erca
Germany: Hassia; Gasti; Benhil; Hamba filltec
U.K.: IMA Swiftpack
Spain: Erca-Formseal Ibérica
Switzerland: Ilapak International; IMA Medtech Switzerland

China:
IMA Life Beijing
Shanghai Tianyan
Ilapak Beijing
India:
Hassia Packaging
IMA-PG India
Malaysia:
IMA Automation Malaysia

U.S.A.:
IMA North America
IMA LIFE North America
Delta Systems & Automation
IMA Automation USA

Italy:
IMA S.p.A.
Corazza
Gima
Gima TT
CO.MA.DI.S.
Pharmasiena
Ilapak Italia
Revisioni Industriali
Fillshape
G.S. Coating Technologies
Teknoweb Converting
Telerobot
Mapster
Eurosicma
Eurotekna

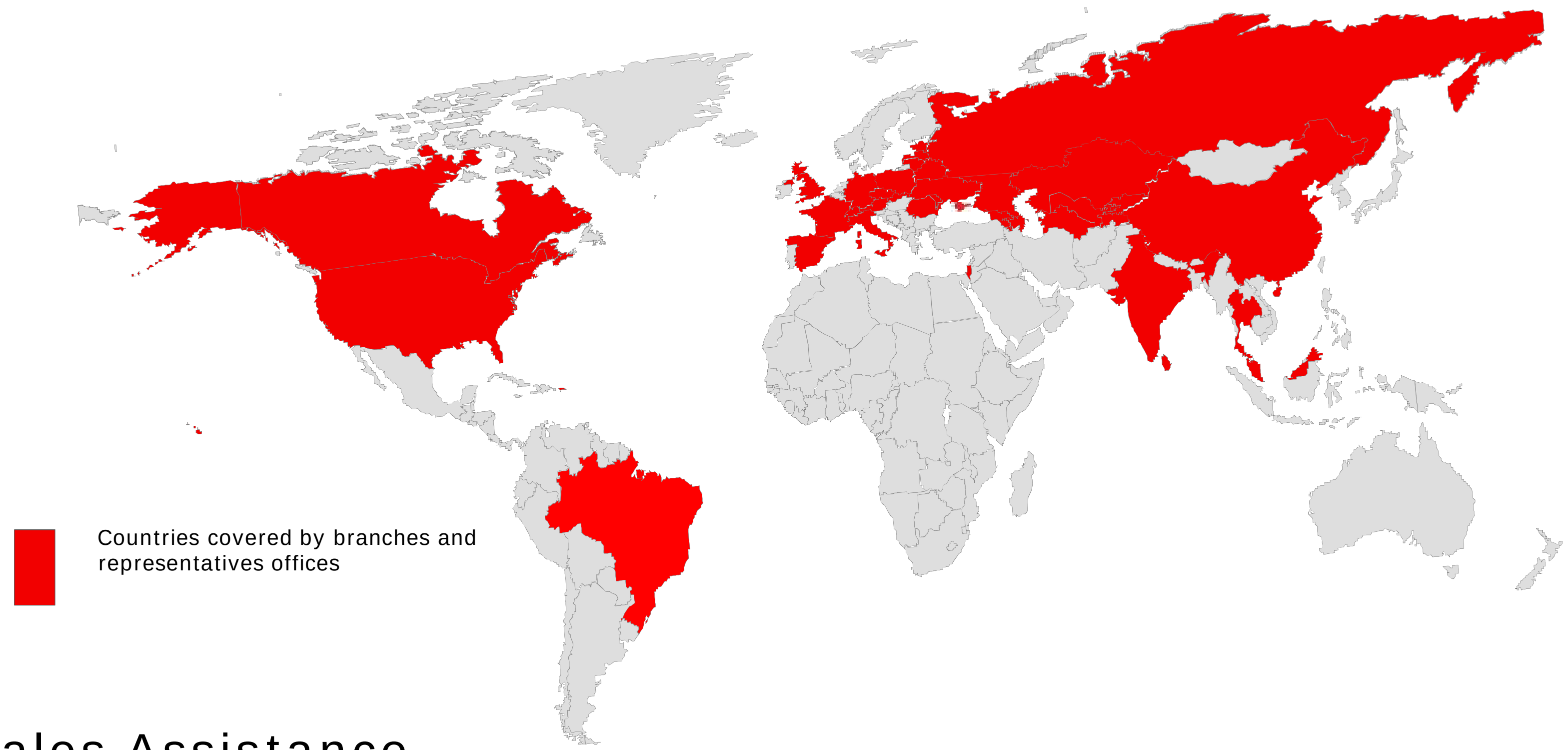
Argentina:
IMA MAI

Employees (YTD):	
Italy	2,610
Europe	1,316
Asia	904
USA	446
Rest of the world	106
TOTAL	5,382

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

Sales Representatives

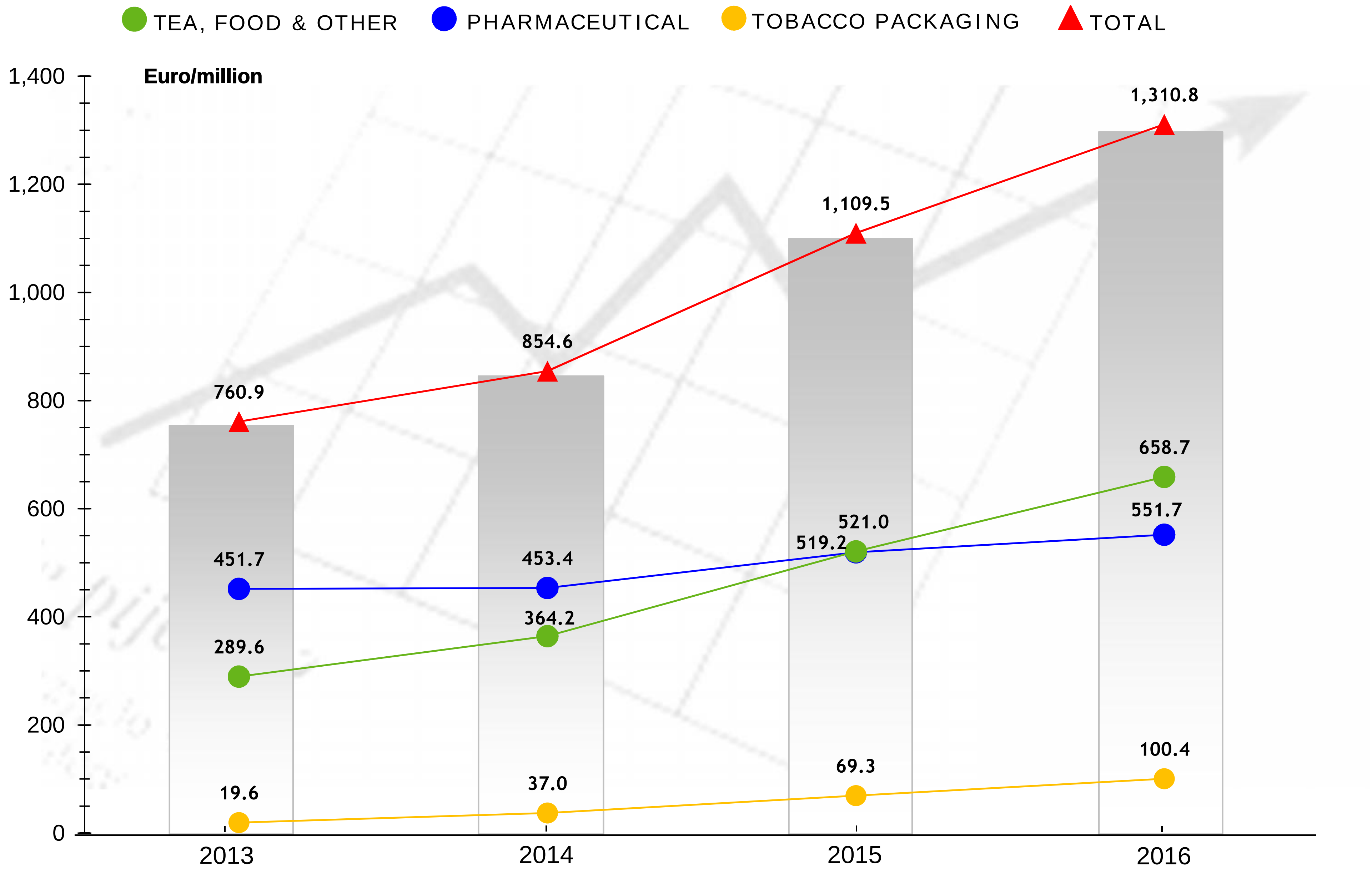
Presence in about 80 countries with headquarters in Italy, branches in Europe, Middle East, North America, South America, Asia and representative offices in Central and East Europe and more than 50 local agents.



After Sales Assistance

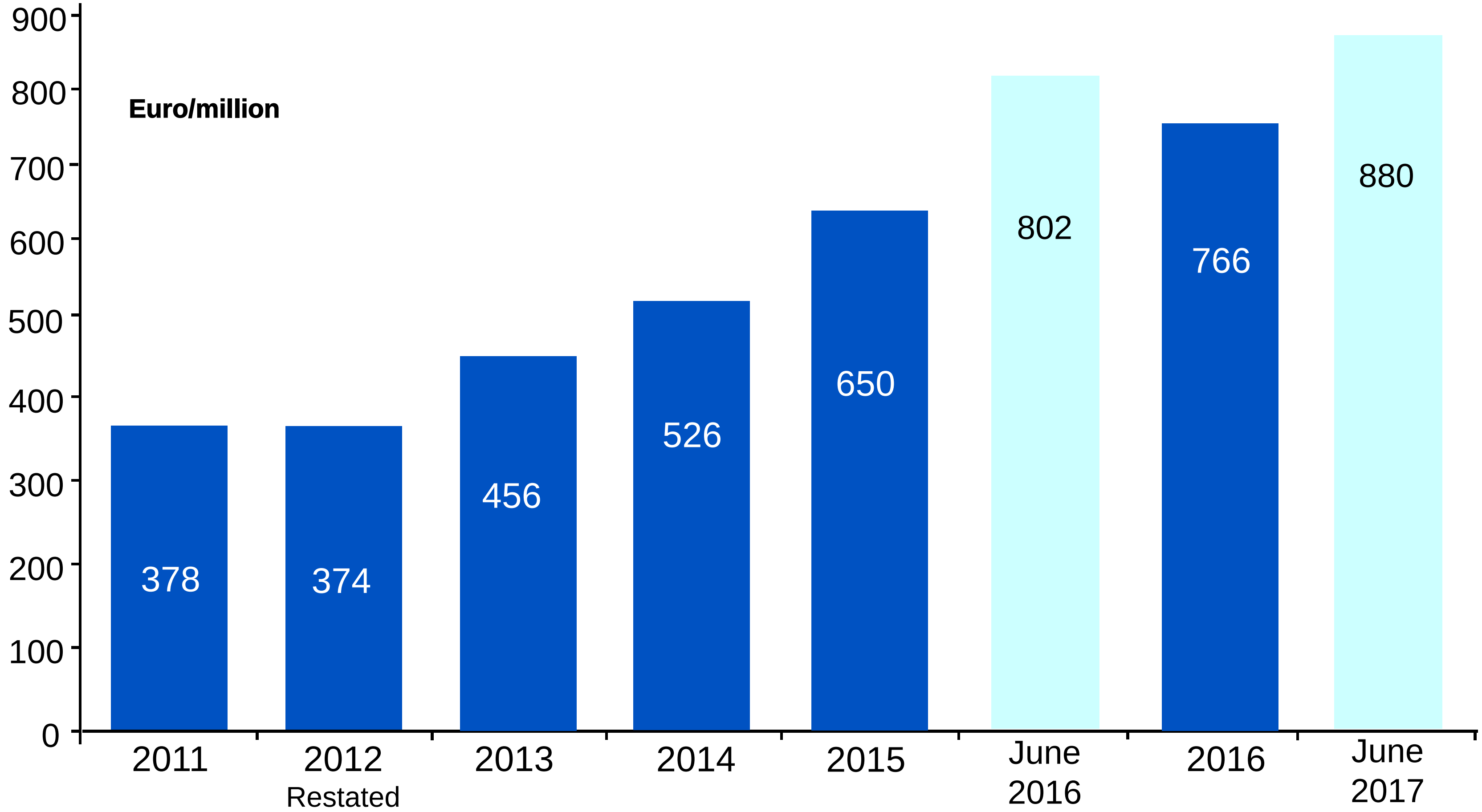
IMA provides world-wide technical assistance through its headquarters in Italy, branch and local agents.

Trend of the sales



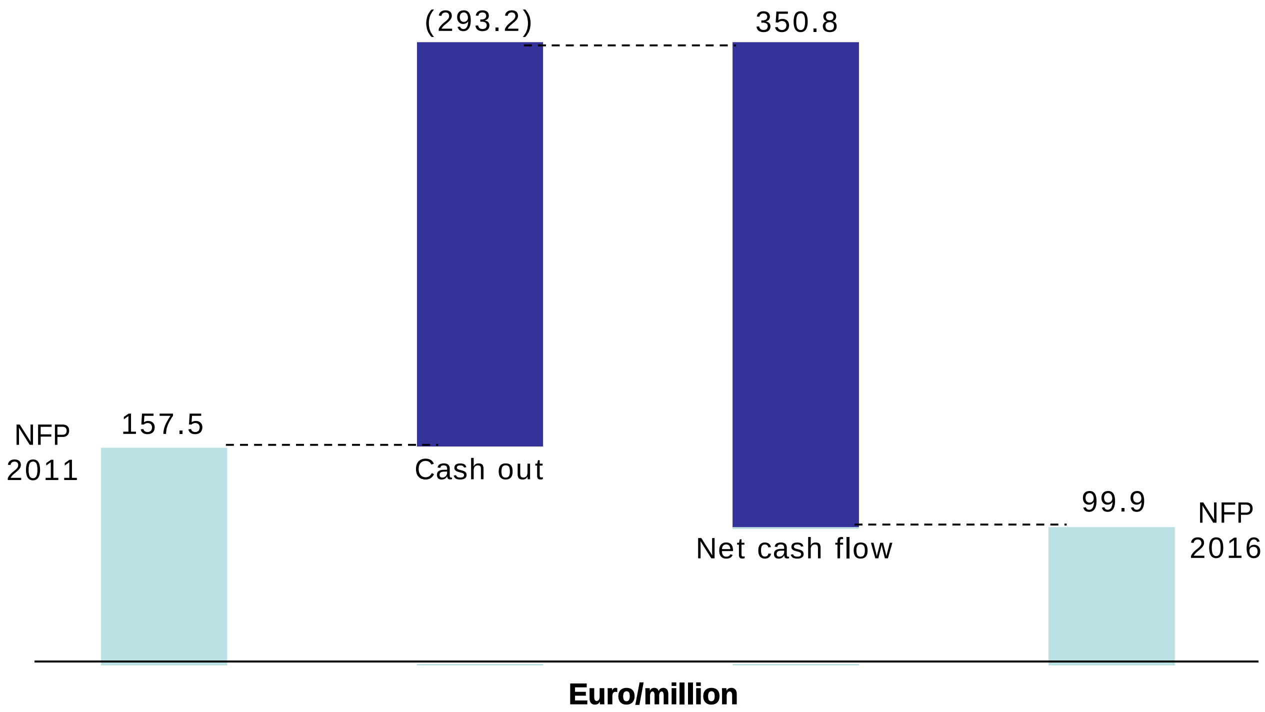
Historical Order Book

- Strong trend of order acquisition is continuing also in 2017, in both pharmaceuticals and food, with a considerable number of negotiations currently underway
- The order book at June 30, 2017 is 9.7% higher than June 30, 2016



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)	



Recent acquisition

Eurosicma

The 25th of July, IMA completed the acquisition of 60% of share capital of Eurosicma S.p.A. based in Segrate (Milan), which produces and markets automatic machines and systems for horizontal flowpack and fold packaging for the food, cosmetic and pharmaceutical industries.

The financial contribution was 26 million euros, entirely paid at the closing.

For the remaining 40% of the shares, IMA signed a put and call option, to be exercised in April 2027.

EUROSICMA has a positive net financial position of approximately 7 million euros and for 2017 expects sales of around 27 million euros and an EBITDA of 4.5 million euros, with about 100 employees.

These acquisition represent a significant strengthening of range of machinery for flowpack and fold packaging.

1st HALF 2017 RESULTS

Financial Highlights by segment

Euro/Million	Tea, Food & Other		Pharmaceutical		Tobacco Packaging		Unallocated		Total	
	30.06.17	30.06.16	30.06.17	30.06.16	30.06.17	30.06.16	30.06.17	30.06.16	30.06.17	30.06.16
Revenue	303.5	261.8	274.9	270.9	76.2	39.5			**654.6**	**572.2**
EBITDA before non-recurring charges	7.1	9.2	50.7	43.8	32.1	13.4			**89.9**	**66.4**
% on sales	*2.3%*	*3.5%*	*18.4%*	*16.2%*	*42.1%*	*33.9%*			*13.7%*	*11.6%*
Ebit	(14.5)	(6.9)	45.3	38.6	31.9	13.1			**62.7**	**44.8**
% on sales	*(4.8%)*	*(2.6%)*	*16.5%*	*14.2%*	*41.9%*	*33.2%*			*9.6%*	*7.8%*
Net Invested capital (*)	327.1	283.9	115.2	124.1	18.7	(8.9)	(7.0)	(3.6)	**454.0**	**395.5**
Order Backlog	301.6	290.7	484.6	435.2	93.9	76.5			**880.1**	**802.4**
% change vs 2016	*3.7%*		*11.4%*		*22.7%*				*9.7%*	
Orders	357.2	290.6	325.7	312.7	81.5	58.7			**764.4**	**662.0**
% change vs 2016	*22.9%*		*4.2%*		*38.8%*				*15.5%*	

(*) 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.

Consolidated income statement

30.06.2017 vs. 30.06.2016

IMA	1st Half 2017	%	1st Half 2016	%
Euro/million				
Revenue	654.60	100.0%	572.20	100.0%
Cost of sales	(401.90)	-61.4%	(357.50)	-62.5%
Industrial gross profit	252.70	38.6%	214.70	37.5%
R&D costs	(26.70)	-4.1%	(23.60)	-4.1%
Sales costs	(72.50)	-11.1%	(63.40)	-11.1%
General and administrative costs	(83.10)	-12.7%	(79.20)	-13.8%
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	70.40	10.8%	48.50	8.5%
Non-recurring items	(7.70)	-1.2%	(3.70)	-0.6%
EBIT	62.70	9.6%	44.80	7.8%
Net financial income (expense)	(7.50)	-1.1%	13.10	2.3%
Profit (loss) from investments accounted for using the equity method	1.90	0.3%	1.70	0.3%
Taxes	(19.00)	-2.9%	(17.90)	-3.1%
Profit (loss) pertaining to minority interests	(6.20)	-0.9%	(2.30)	-0.4%
GROUP PROFIT	31.90	4.9%	39.40	6.9%
EBITDA BEFORE NON-RECURRING ITEMS	89.90	13.7%	66.40	11.6%
EBITDA	82.20	12.6%	62.70	11.0%

30.06.2017 vs. 30.06.2016

IMA	30/06/2017		30/06/2016	%	31/12/2016	%
Euro/Million						
Trade receivables	317.10		293.00		308.90	
Inventories	328.80		294.10		278.90	
Trade payables	(482.20)		(445.90)		(476.80)	
Other, net	(109.00)		(99.80)		(107.60)	
Working capital	54.70	12.0%	41.40	10.5%	3.40	0.9%
Property, plant and equipment	90.50		80.50		88.20	
Intangible assets	336.00		324.50		332.80	
Investments	42.90		29.90		26.00	
Non-current assets	469.40	103.4%	434.90	110.0%	447.00	120.8%
Provision for severance indemnities and other provisions	(70.10)		(80.80)		(80.30)	
Net capital employed	454.00	100.0%	395.50	100.0%	370.10	100.0%
Net debt	221.80	48.9%	188.90	47.8%	99.90	27.0%
Minority interests	10.30		9.00		14.60	
Group equity	221.90	48.9%	197.60	50.0%	255.60	69.1%
Total sources of financing	454.00	100.0%	395.50	100.0%	370.10	100.0%

Appendix

2016 RESULTS

Consolidated income statement

31.12.2016 vs. 31.12.2015

IMA	2016	%	2015	%	change %
Euro/million					
Revenue	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%
Industrial gross profit	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%

Consolidated balance sheet

31.12.2016 vs. 31.12.2015

IMA	2016	%	2015	%
Euro/Million				
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%

Consolidated Net Working Capital

31.12.2016 vs. 31.12.2015

IMA Euro/Million	2016	% on sales	2015	% on sales
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%**

Consolidated Cash Flow

31.12.2016 vs. 31.12.2015

IMA - CASH FLOW	2016	2015
Euro/Million		
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

Financial Highlights by segment

Euro/Million	Tea, Food & Other		Pharmaceutical		Tobacco packaging		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	658.7	521.0	551.7	519.2	100.4	69.3			**1,310.8**	**1,109.5**
EBITDA before non-recurring charges	61.0	60.2	83.9	74.2	40.2	23.1			**185.1**	**157.5**
% on sales	9.3%	11.6%	15.2%	14.3%	40.0%	33.3%			14.1%	14.2%
Ebit	28.3	28.6	73.4	64.4	39.6	22.6			**141.3**	**115.6**
% on sales	4.3%	5.5%	13.3%	12.4%	39.4%	32.6%			10.8%	10.4%
Net Invested capital (*)	274.1	250.4	103.2	106.9	(13.0)	(18.7)	5.8	0.3	**370.1**	**338.9**
Order Backlog	243.7	199.2	433.9	393.4	88.6	57.3			**766.2**	**649.9**
% change vs 2015	22.3%		10.3%		54.6%				17.9%	
Orders	635.3	532.2	592.1	585.3	131.7	46.9			**1,359.1**	**1,164.4**
% change vs 2015	19.4%		1.2%		180.8%				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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