

Company results

Innovative Automatic Machine System Solutions

1st QUARTER 2016 RESULTS

INVESTOR RELATIONS

13 May 2016

- 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 4,800 employees, about 2,400 of whom based abroad (YTD)
- In 2015 € 1,109.5 millions worldwide sales, of which more than 89% 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

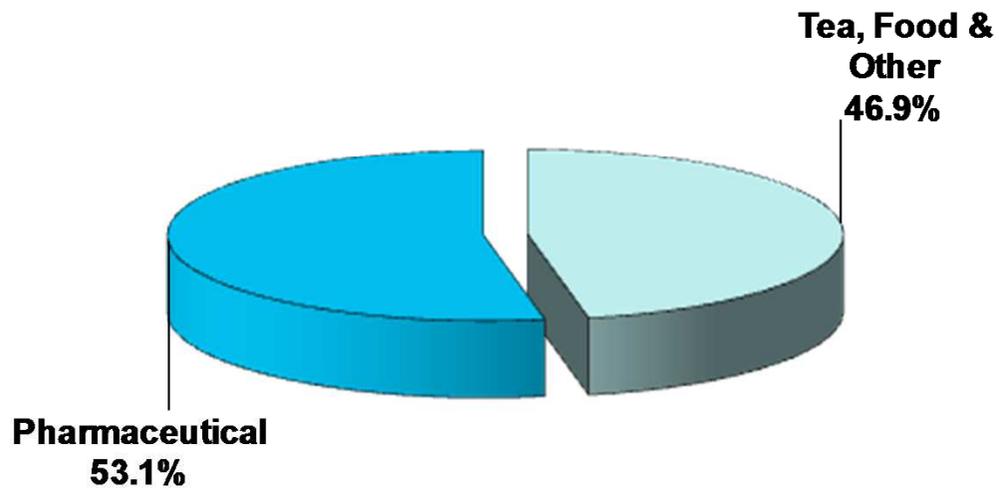
- Cutting-edge R&D laboratories
- Continuous product innovation
- A winning business model
- High customer loyalty
- Excellent positioning thanks to an extensive customer service network and a full product range to offer
- High barriers to market entry

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*

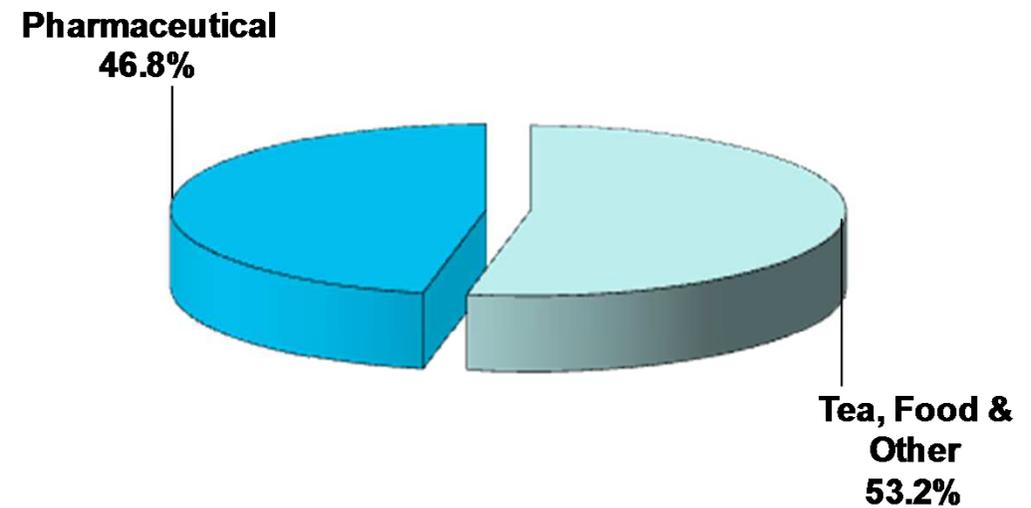
2014

Total sales: € 854.6 million



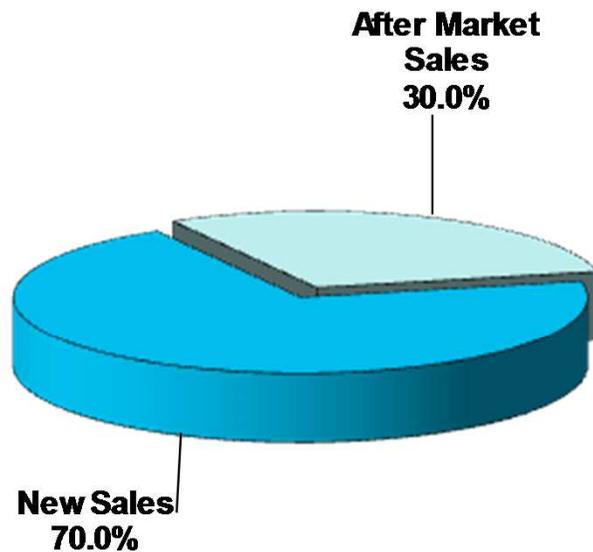
2015

Total sales: € 1,109.5 million

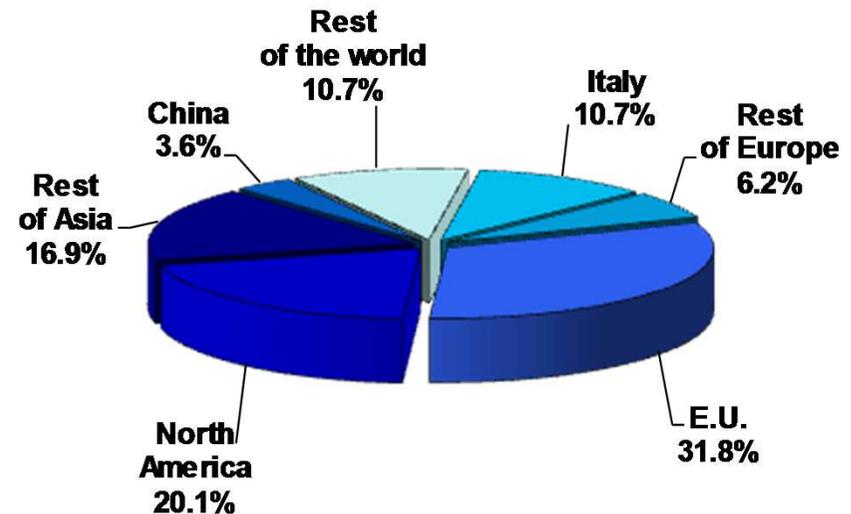


- Significant share of the Group's earnings generated by after-sale services, spare parts and equipment, which are higher-margin and recurring in nature (30% of overall revenues)
- Geographically well diversified revenue sources

Revenues by Nature 2015



Revenues by Geography 2015

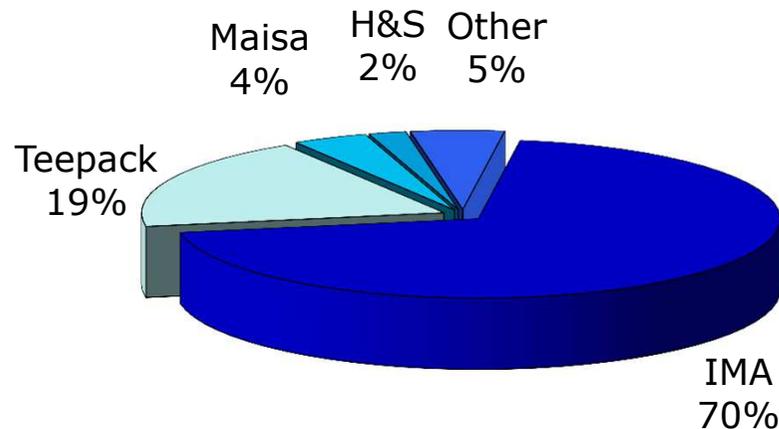


Pharmaceutical sector

- 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.

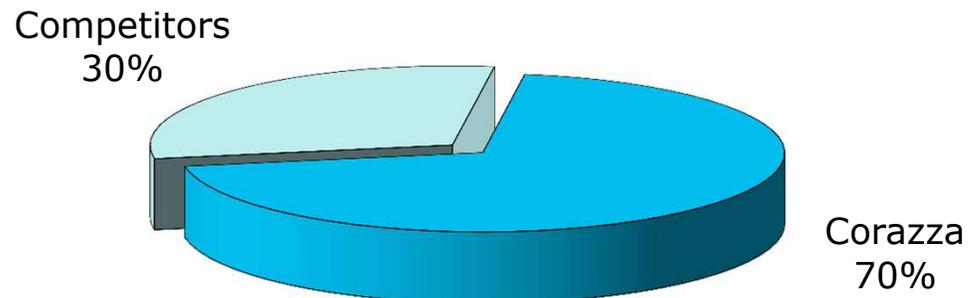
- Milk
- Juices
- Water
- Coffee

- 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

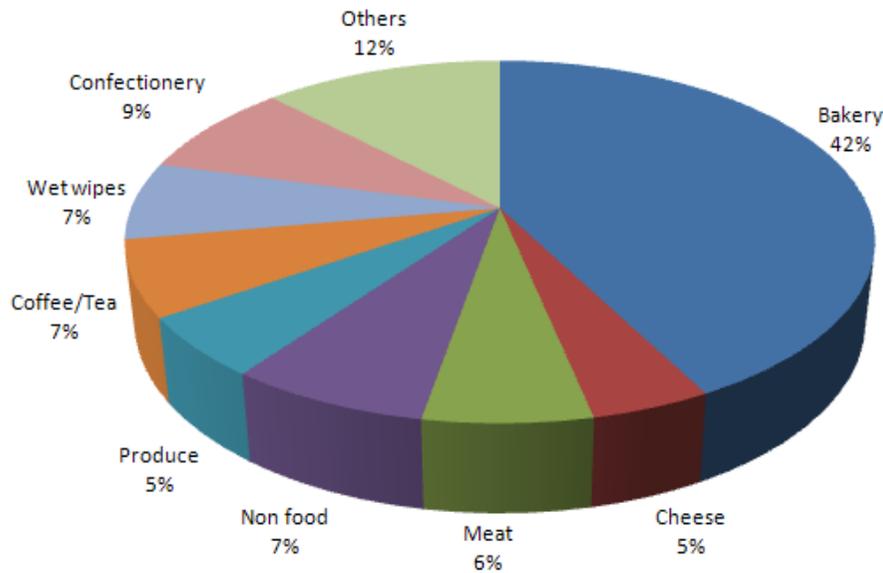
Ilapak group

Long experience operating in food and non food flexible packaging solutions

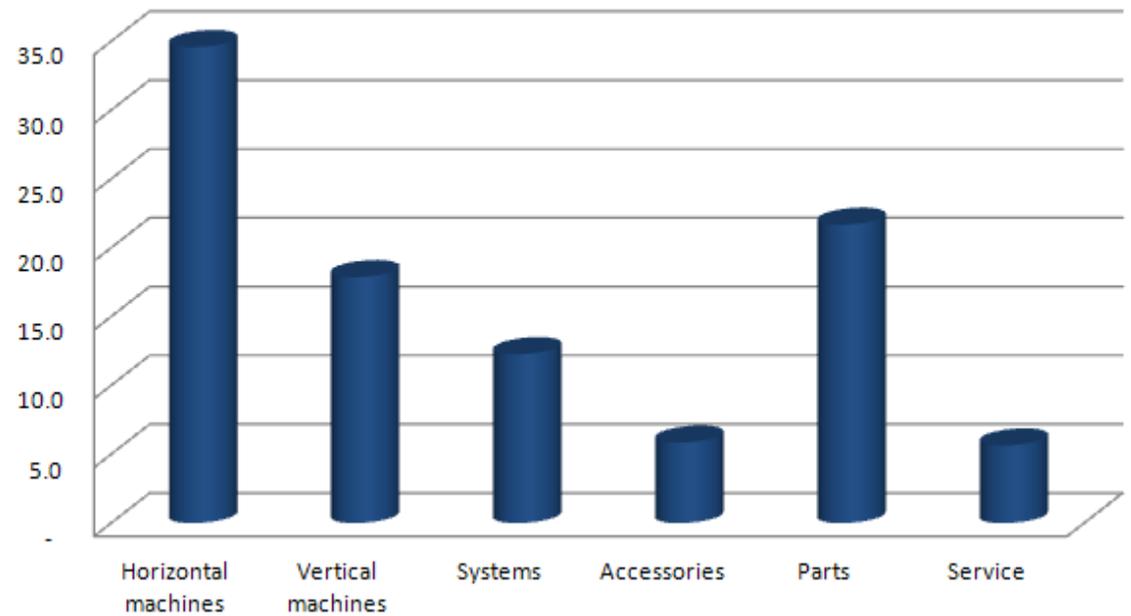
- Wide Horizontal and Vertical Form Fill Seal product range covering the different segment of the market from complete packaging lines to entry level machines
- ILAPAK has a leading position in the bakery, produce, cheese, meat and wet wipe industries
- Unique international sales and service network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

Ilapak group

Sales by Industry 2014

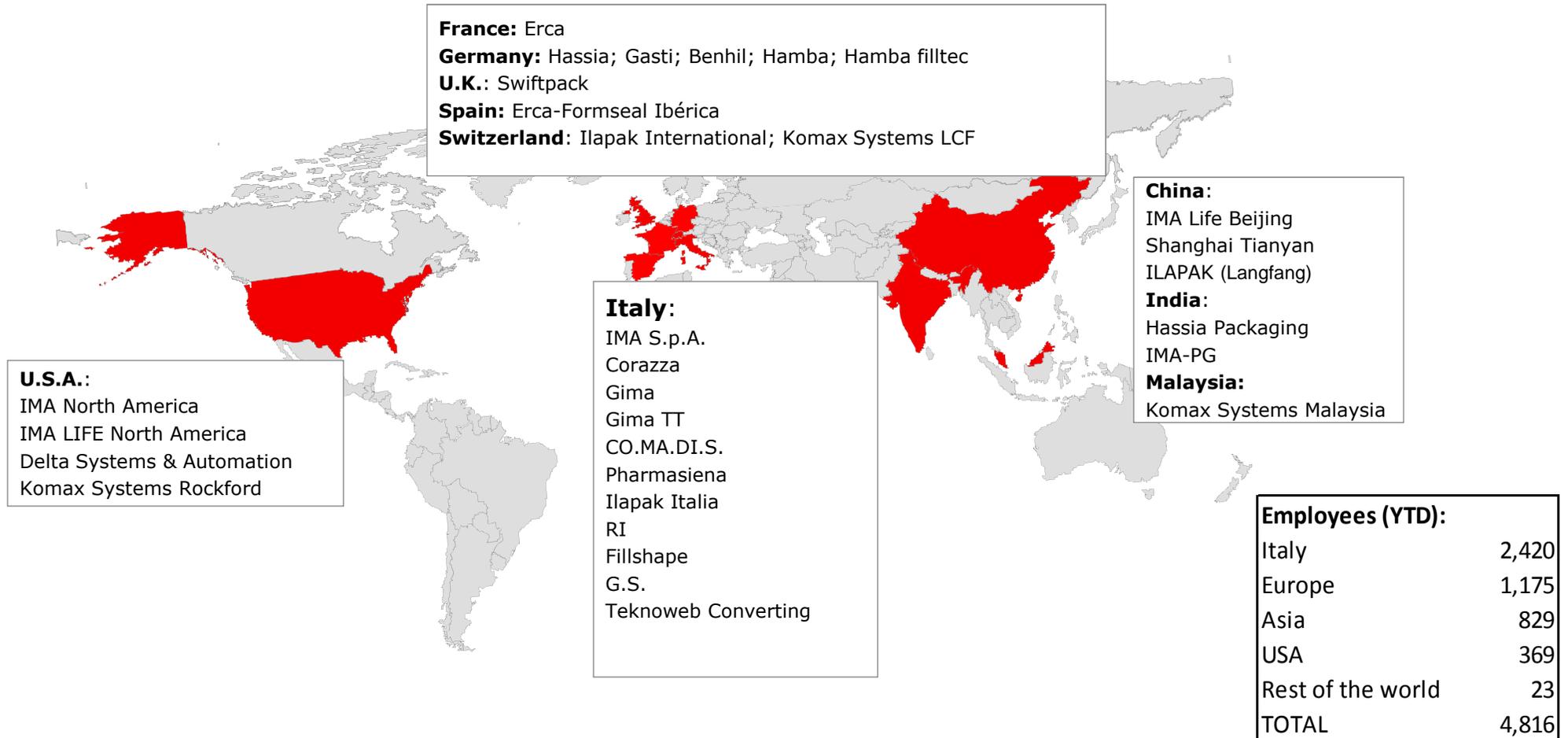


Sales by products 2014



Production Plants

IMA manufactures equipment in 37 production plants located in Italy, Germany, France, Switzerland, Spain, UK, USA, India, Malaysia, China.

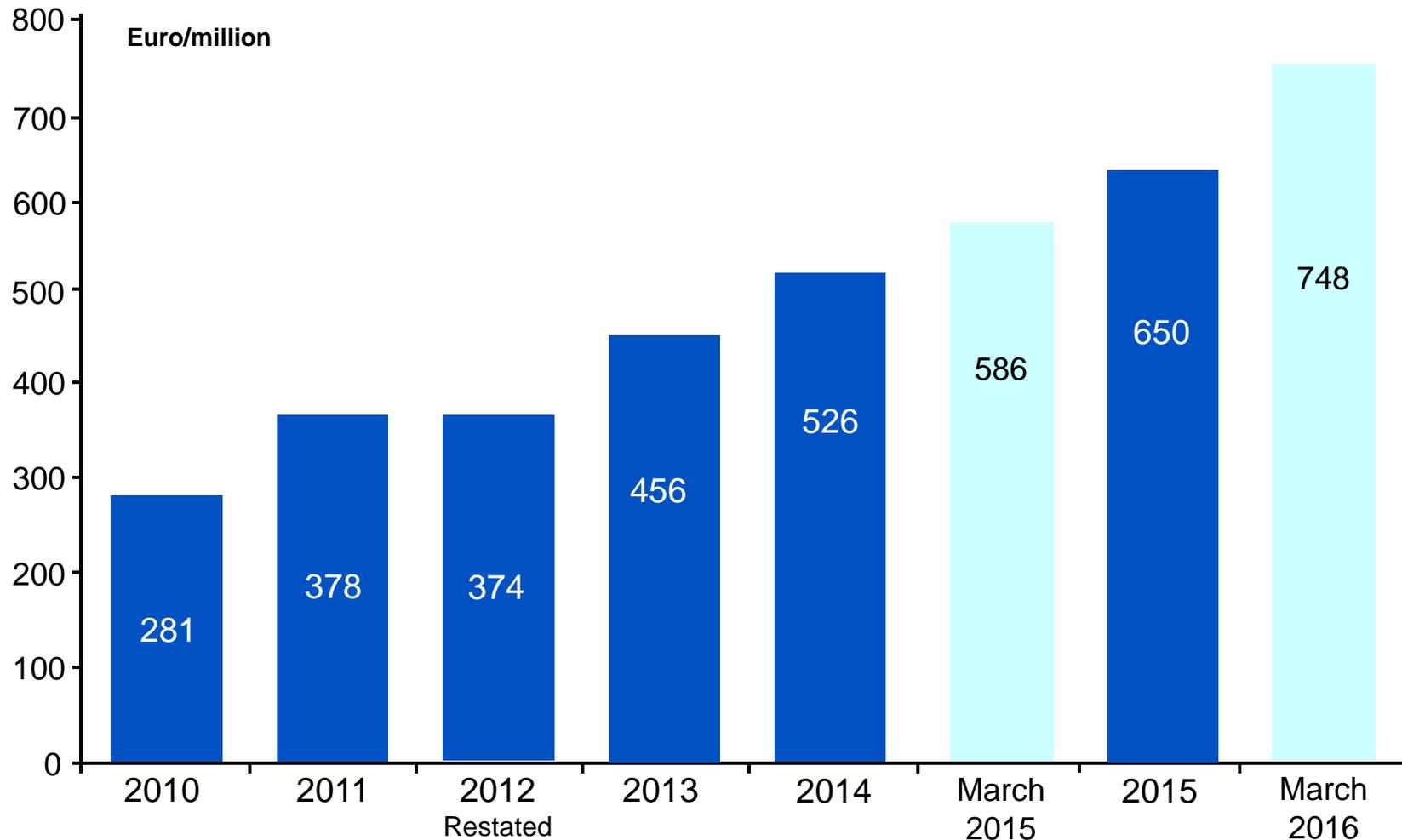


Trend of the sales

● TEA, FOOD & OTHER ● PHARMACETICAL ▲ TOTAL

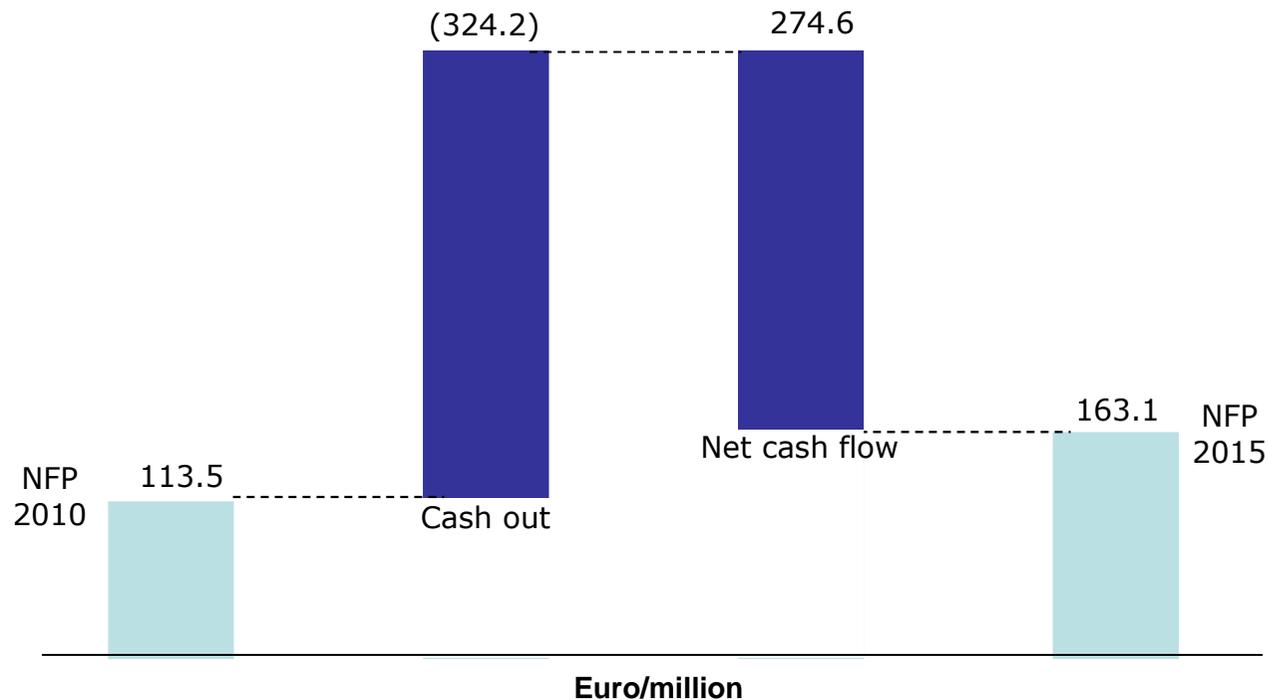


- Strong trend of order acquisition is continuing also in 2016, in both pharmaceuticals and food, with a considerable number of negotiations currently underway
- The order book at March 31, 2016 is 27.8% higher than March 31, 2015 (15.6% with the same scope of consolidation).



Dividends and extra ordinary financial effects

2010	Net Financial Position	(113.5)	
	Dividends	(253.8)	} Net cash out 2011-2015 (324.2)
	Capital Increase	64.1	
	Acquisitions	(213.6)	
	Disposals	79.1	
	Cumulated Cash Flow	274.6	
			→ 2011-2015
2015	Net Financial Position	(163.1)	



- 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

1st QUARTER 2016 RESULTS

<i>Euro/Million</i>	Tea, Food & Other		Pharmaceutical		Unallocated		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Revenues	113.2	83.1	131.0	108.2			244.2	191.3
EBITDA before non-recurring charges	1.7	7.1	20.0	10.6			21.7	17.7
<i>% on sales</i>	1.5%	8.5%	15.3%	9.8%			8.9%	9.3%
Ebit	(6.5)	(0.6)	17.6	7.9			11.1	7.3
<i>% on sales</i>	(5.7%)	(0.7%)	13.4%	7.3%			4.5%	3.8%
Net Invested capital (*)	251.3	212.0	129.0	130.5	2.1	32.8	382.4	375.3
Order Backlog	308.3	208.4	440.1	377.1			748.4	585.5
<i>% change vs 2015</i>	47.9%		16.7%				27.8%	
Orders	165.0	93.0	177.6	157.8			342.6	250.8
<i>% change vs 2015</i>	77.4%		12.5%				36.6%	

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

31.03.2016 vs. 31.03.2015

IMA	1st Quarter 2016	%	1st Quarter 2015	%
<i>Euro/million</i>				
Revenues	244.20	100.0%	191.30	100.0%
Cost of sales	(153.30)	-62.8%	(119.70)	-62.6%
Gross industrial income	90.90	37.2%	71.60	37.4%
R&D costs	(11.10)	-4.5%	(9.90)	-5.2%
Sales costs	(30.10)	-12.3%	(22.80)	-11.9%
General and administrative costs	(36.70)	-15.0%	(26.80)	-14.0%
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	13.00	5.3%	12.10	6.3%
Non-recurring items	(1.90)	-0.8%	(4.80)	-2.5%
EBIT	11.10	4.5%	7.30	3.8%
Net financial income (expense)	(2.10)	-0.9%	(5.30)	-2.8%
Profit (loss) from investments accounted for using the equity method	-	0.0%	-	0.0%
Taxes	(3.10)	-1.3%	(0.70)	-0.4%
Profit (loss) pertaining to minority interests	(0.80)	-0.3%	(0.50)	-0.3%
GROUP PROFIT	5.10	2.1%	0.80	0.4%
EBITDA BEFORE NON-RECURRING ITEMS	21.70	8.9%	17.70	9.3%
EBITDA	19.80	8.1%	12.90	6.7%

31.03.2016 vs. 31.03.2015

IMA	31/03/2016	31/03/2015	%	31/12/2015	%
<i>Euro/Million</i>					
Trade receivables	252.60	166.90		248.00	
Inventories	273.60	230.50		233.00	
Trade payables	(376.30)	(292.50)		(374.60)	
Other, net	(86.20)	(74.60)		(92.40)	
Working capital	63.70	30.30	16.7%	14.00	4.1%
Property, plant and equipment	75.60	59.90		75.50	
Intangible assets	319.20	179.60		321.40	
Investments	23.10	110.50		23.10	
Non-current assets	417.90	350.00	109.3%	420.00	123.9%
Provision for severance indemnities and other provisions	(99.20)	(5.00)		(95.10)	
Net capital employed	382.40	375.30	100.0%	338.90	100.0%
Net debt	220.50	227.00	57.7%	163.10	48.1%
Minority interests	16.10	12.10		16.80	
Group equity	145.80	136.20	38.1%	159.00	46.9%
Total sources of financing	382.40	375.30	100.0%	338.90	100.0%

Appendix

2015 RESULTS

31.12.2015 vs. 31.12.2014

IMA	2015	%	2014	%	change %
<i>Euro/million</i>					
Revenues	1,109.54	100.0%	854.61	100.0%	29.8%
Cost of sales	(688.77)	-62.1%	(496.41)	-58.1%	38.8%
Gross industrial income	420.77	37.9%	358.20	41.9%	17.5%
R&D costs	(40.05)	-3.6%	(36.22)	-4.2%	10.6%
Sales costs	(115.33)	-10.4%	(99.29)	-11.6%	16.2%
General and administrative costs	(140.30)	-12.6%	(113.56)	-13.3%	23.5%
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	125.09	11.3%	109.13	12.8%	14.6%
Writedowns/impairment adjustments	-	0.0%	-	0.0%	
Non-recurring items	(9.47)	-0.9%	(1.22)	-0.1%	676.2%
EBIT	115.62	10.4%	107.91	12.6%	7.1%
Net financial income (expense)	(1.04)	-0.1%	(18.51)	-2.2%	-94.4%
Profit (loss) from investments accounted for using the equity method	0.51	0.0%	1.39	0.2%	-63.3%
Taxes	(37.25)	-3.4%	(34.04)	-4.0%	9.4%
Profit (loss) pertaining to minority interests	(7.92)	-0.7%	(5.19)	-0.6%	52.6%
GROUP PROFIT	69.92	6.3%	51.56	6.0%	35.6%
EBITDA BEFORE NON-RECURRING ITEMS	157.52	14.2%	131.55	15.4%	19.7%
EBITDA	148.05	13.3%	130.33	15.3%	13.6%

31.12.2015 vs. 31.12.2014

IMA	2015	%	2014	%
<i>Euro/Million</i>				
Trade receivables	247.98		142.61	
Inventories	232.96		212.85	
Trade payables	(374.57)		(298.19)	
Other, net	(92.38)		(79.86)	
Working capital	13.99	4.1%	(22.59)	-9.6%
Property, plant and equipment	75.50		53.54	
Intangible assets	321.44		178.89	
Investments	23.06		32.00	
Non-current assets	420.00	123.9%	264.43	112.5%
Provision for severance indemnities and other provisions	(95.09)		(6.79)	
Net capital employed	338.90	100.0%	235.05	100.0%
Net debt	163.12	48.1%	118.44	50.4%
Minority interests	16.78		13.39	
Group equity	159.00	46.9%	103.22	43.9%
Total sources of financing	338.90	100.0%	235.05	100.0%

31.12.2015 vs. 31.12.2014

IMA	2015	%	2014	%
<i>Euro/Million</i>		<i>on sales</i>		<i>on sales</i>
Trade receivables	247.98	22.3%	142.61	16.7%
Inventories	232.96	21.0%	212.85	24.9%
Trade payables	(235.71)	(21.2%)	(163.24)	(19.1%)
Advances from customers	(138.86)	(12.5%)	(134.95)	(15.8%)
N.O.W.C.	106.37	9.6%	57.27	6.7%

31.12.2015 vs. 31.12.2014

IMA - CASH FLOW	2015	2014
<i>Euro/Million</i>		
EBIT	115.62	107.91
Depreciation and amortization	32.44	22.41
Capital expenditure	(11.33)	(31.09)
Change in working capital	(23.32)	28.65
Change in other assets/liabilities	(29.87)	15.20
Operating cash flow	83.54	143.08
Net financial charges	(15.89)	(18.51)
Income taxes	(37.26)	(34.04)
Cash flow from operations	30.39	90.53
Acquisitions	(77.81)	(37.19)
Disposals	17.59	5.23
Cash flow from extraordinary operations	(60.22)	(31.96)
Dividends	(53.21)	(47.93)
Other changes in net equity	6.46	2.88
Change in scope of consolidation	3.77	(1.56)
Capital increase	28.13	-
Change in net financial position	(44.68)	11.96
Opening net financial position	118.44	130.40
Closing net financial position	163.12	118.44

<i>Euro/Million</i>	Tea, Food & Other		Pharmaceutical		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	590.4	401.2	519.1	453.4			1,109.5	854.6
EBITDA before non-recurring charges	83.3	68.8	74.2	62.8			157.5	131.6
<i>% on sales</i>	14.1%	17.1%	14.3%	13.9%			14.2%	15.4%
Ebit	51.2	55.9	64.4	52.0			115.6	107.9
<i>% on sales</i>	8.7%	13.9%	12.4%	11.5%			10.4%	12.6%
Net Invested capital (*)	231.4	105.4	107.2	99.1	0.3	30.6	338.9	235.1
Order Backlog	256.5	198.5	393.4	327.4			649.9	525.9
<i>% change vs 2014</i>	29.2%		20.2%				23.6%	
Orders	579.3	417.4	585.1	506.8			1,164.4	924.2
<i>% change vs 2014</i>	38.8%		15.4%				26.0%	

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

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