Company results

Innovative Automatic Machine System Solutions

3rd QUARTER 2016 RESULTS

INVESTOR RELATIONS

Sustain Ability

14 November 2016

IMA at a glance

- 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 5,000 employees, about 2,600 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

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

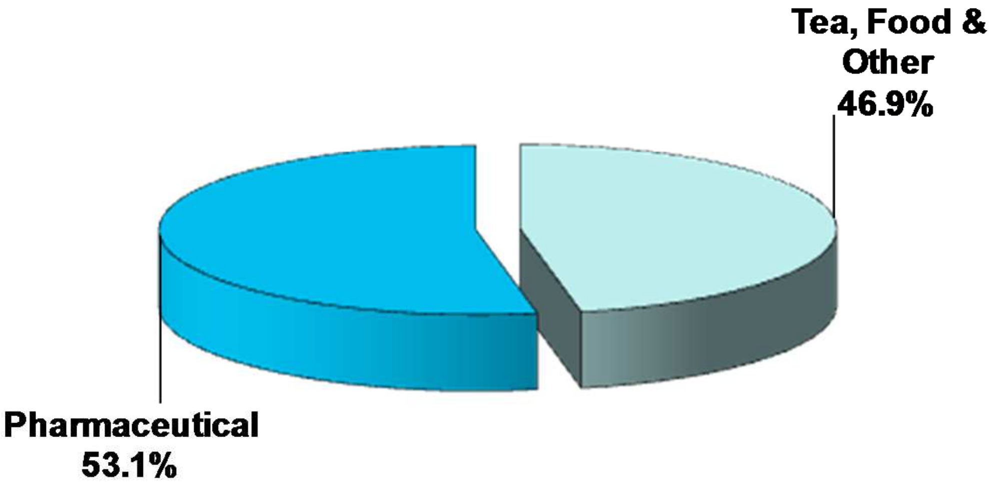
INVESTMENT PROFILE

- 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*

Balanced Offer

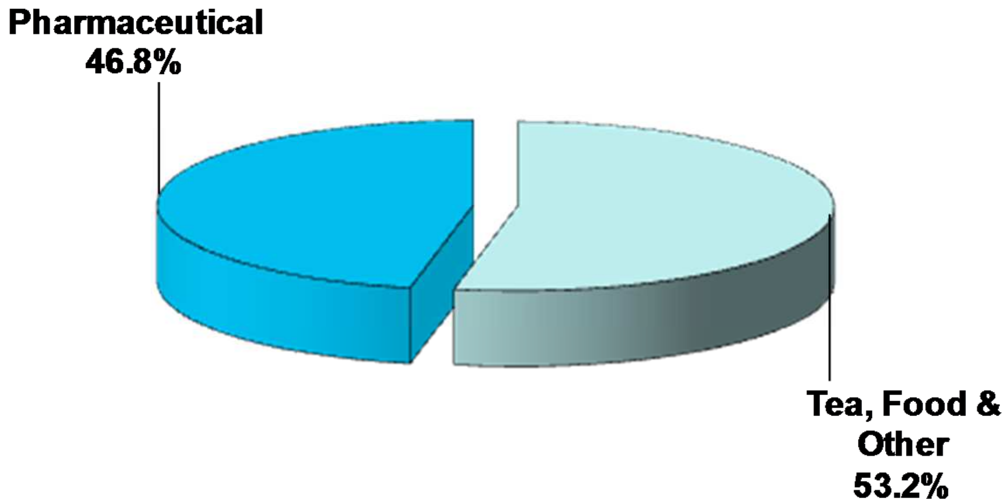
2014

Total sales: € 854.6 million



2015

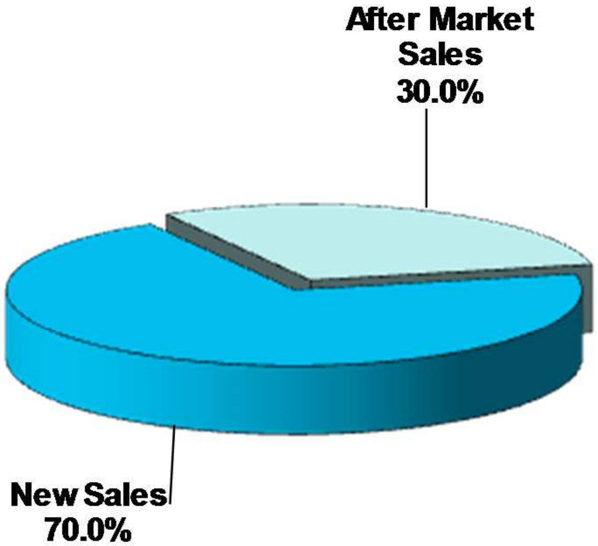
Total sales: € 1,109.5 million



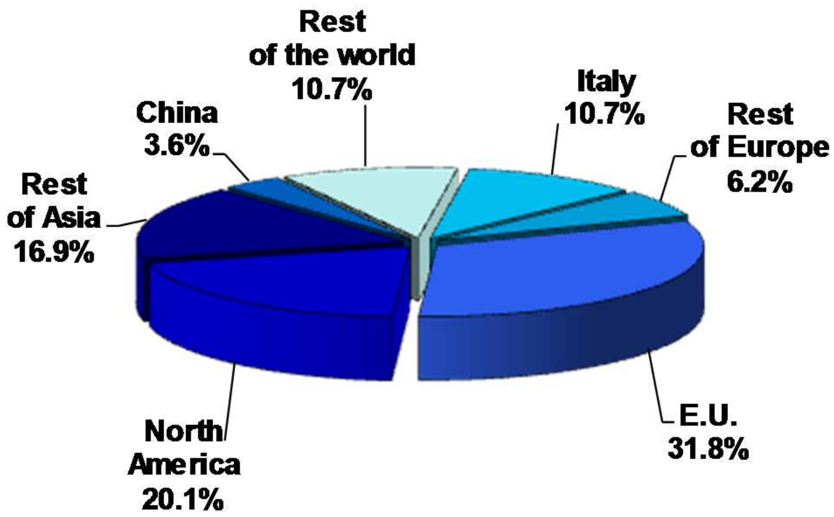
Revenue Sources

- 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



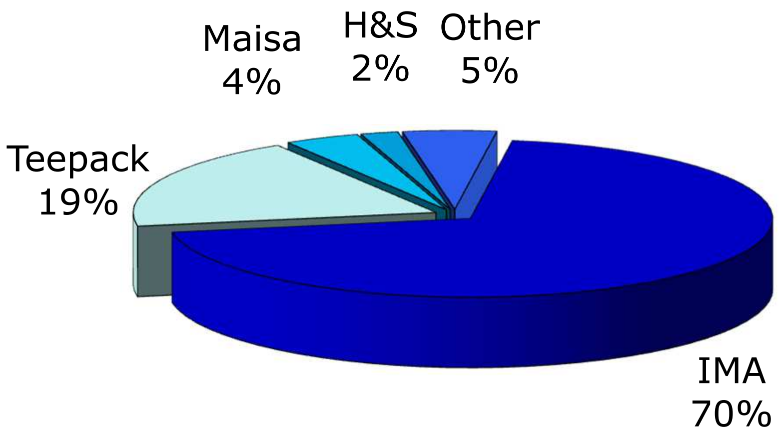
Pharmaceutical sector

- 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

Machinery industry

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

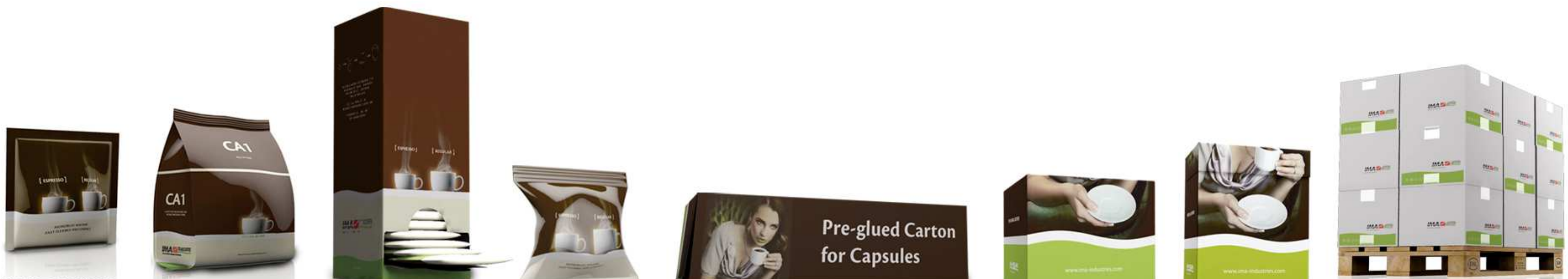
Gima SpA

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

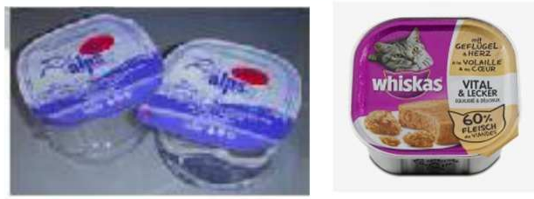
COFFEE | PODS | INJECTED CAPSULE | THERMOFORMED CAPSULE FOR ESPRESSO | THERMOFORMED CAPSULE FOR DRIP COFFEE | PILLOW BAG | VACUUM PACK | STAND-UP BAG



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

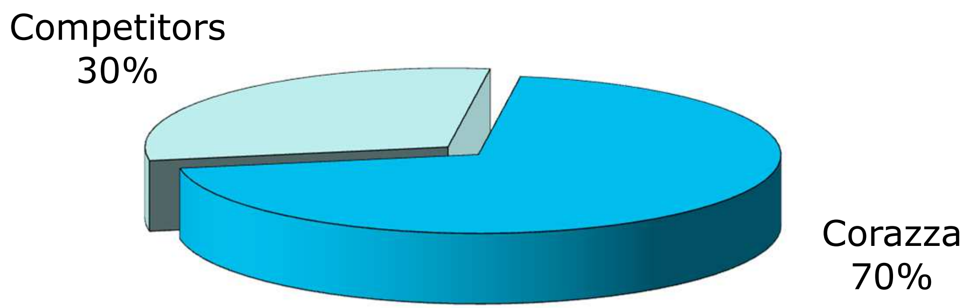


	Dairy	Food	Other (Beverage, Non-Food)
Description	• Milk-based food products	• Food products (non milk-based)	• Beverages (alcoholic and non-alcoholic), etc.
Application examples	• Yoghurt • Cream • Butter • Cheese	• Cereals • Sauces • Fruit salads • Jellies and jams • Confectionary / snacks • Convenience 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, Benhil.

Stock Cubes and Dairy Packaging market share



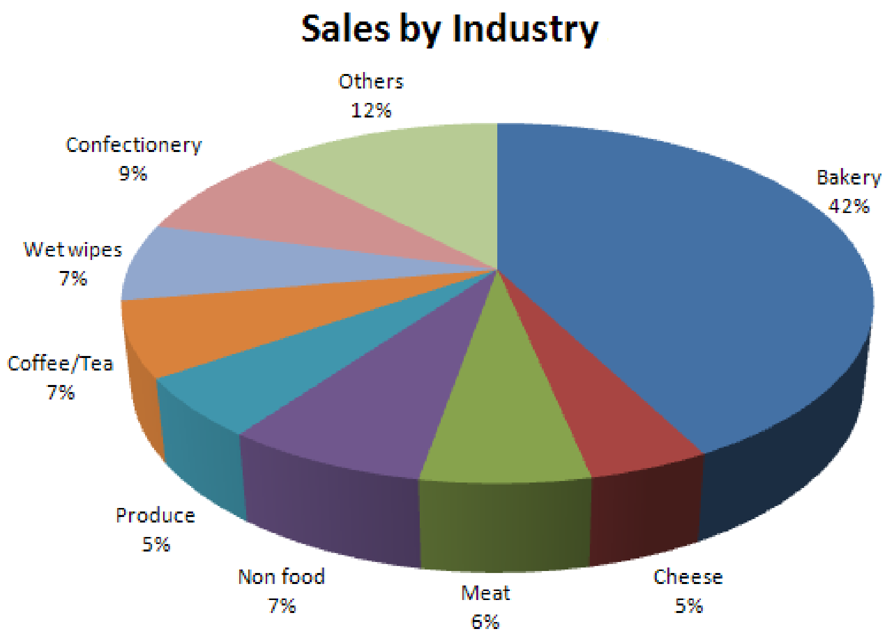
Company estimates

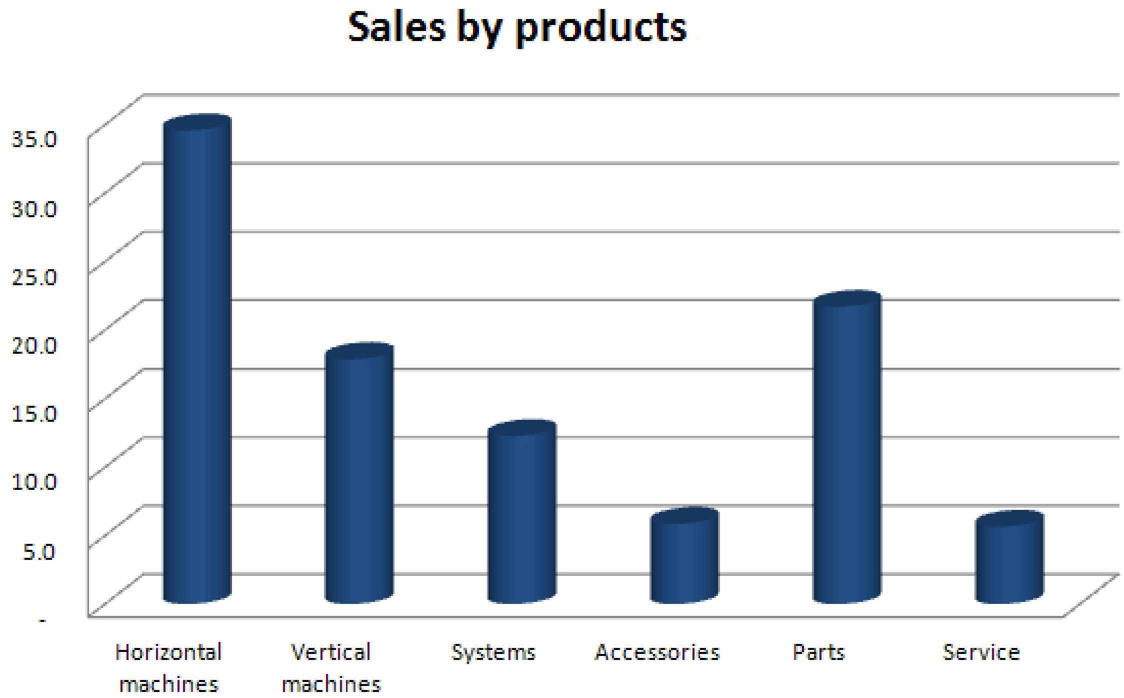
Ilapak group

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

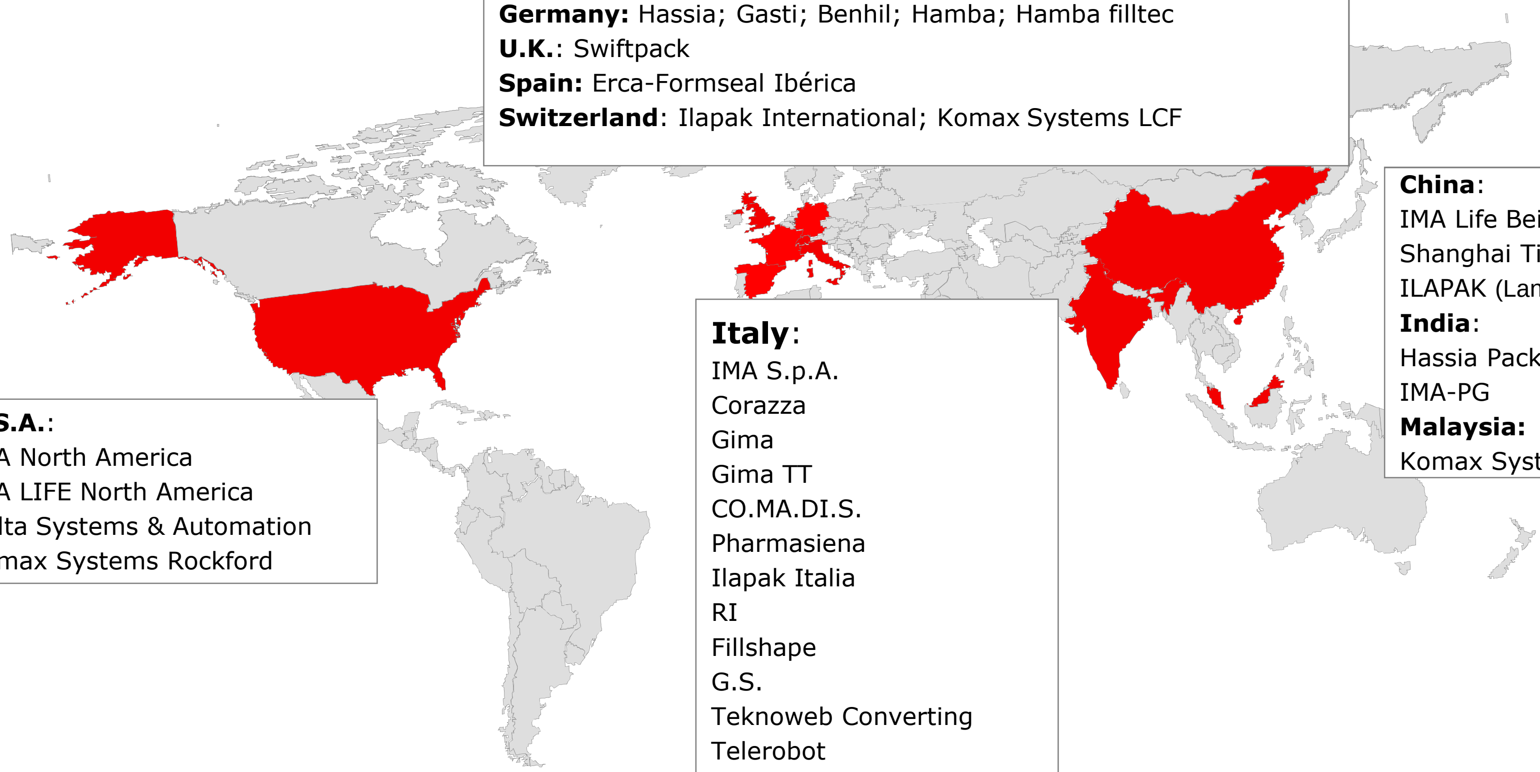




IMA: a synthesis of industrial experiences from all over the world

Production Plants

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



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

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

Italy:
IMA S.p.A.
Corazza
Gima
Gima TT
CO.MA.DI.S.
Pharmasiena
Ilapak Italia
RI
Fillshape
G.S.
Teknoweb Converting
Telerobot

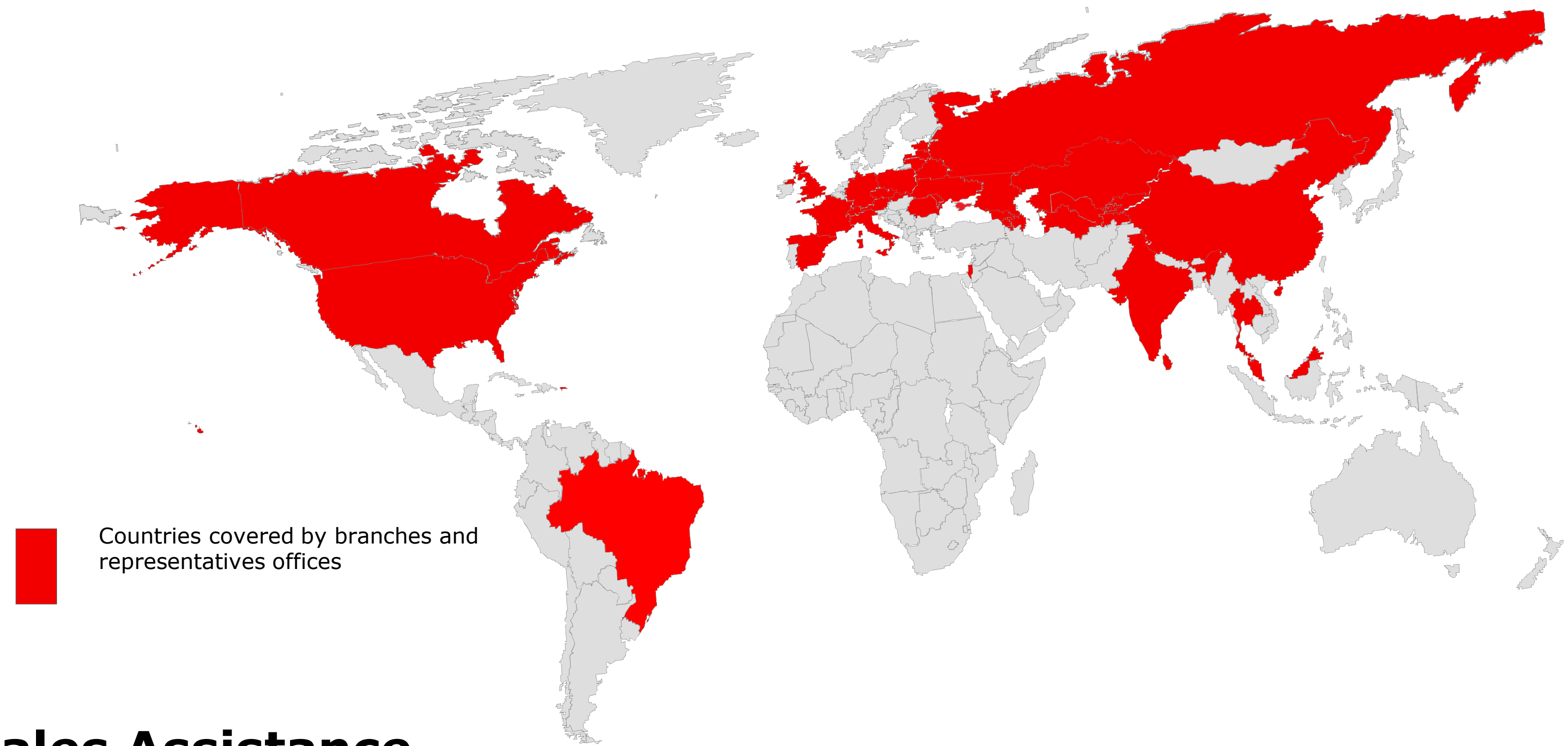
China:
IMA Life Beijing
Shanghai Tianyan
ILAPAK (Langfang)
India:
Hassia Packaging
IMA-PG
Malaysia:
Komax Systems Malaysia

Employees (YTD):	
Italy	2,480
Europe	1,263
Asia	875
USA	415
Rest of the world	25
TOTAL	5,058

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

Sales Representatives

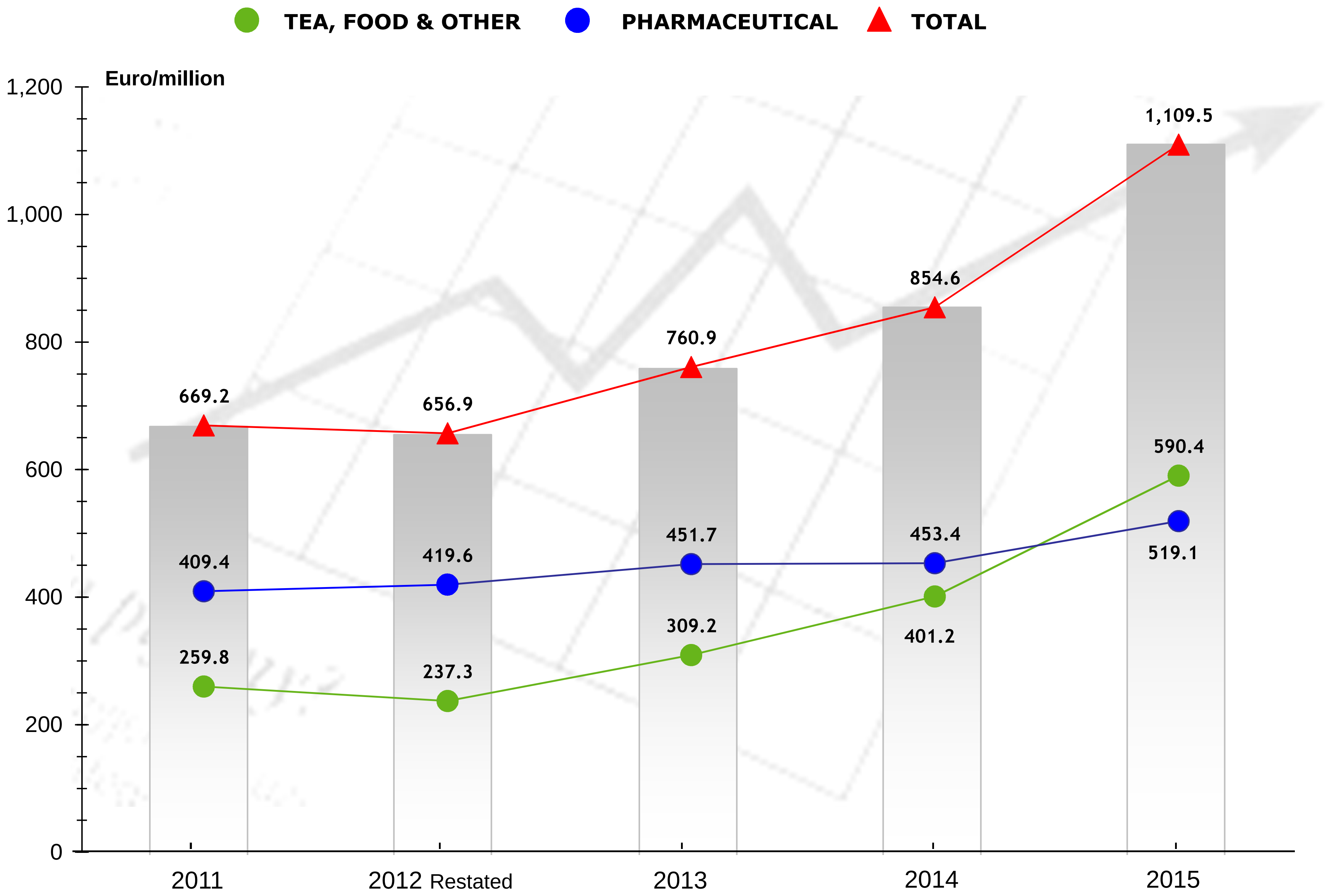
Presence in about 80 countries with headquarters in Italy, branches in Europe, Middle East, North America, South America, Asia and representative offices in Central and East Europe and more than 50 local agents.



After Sales Assistance

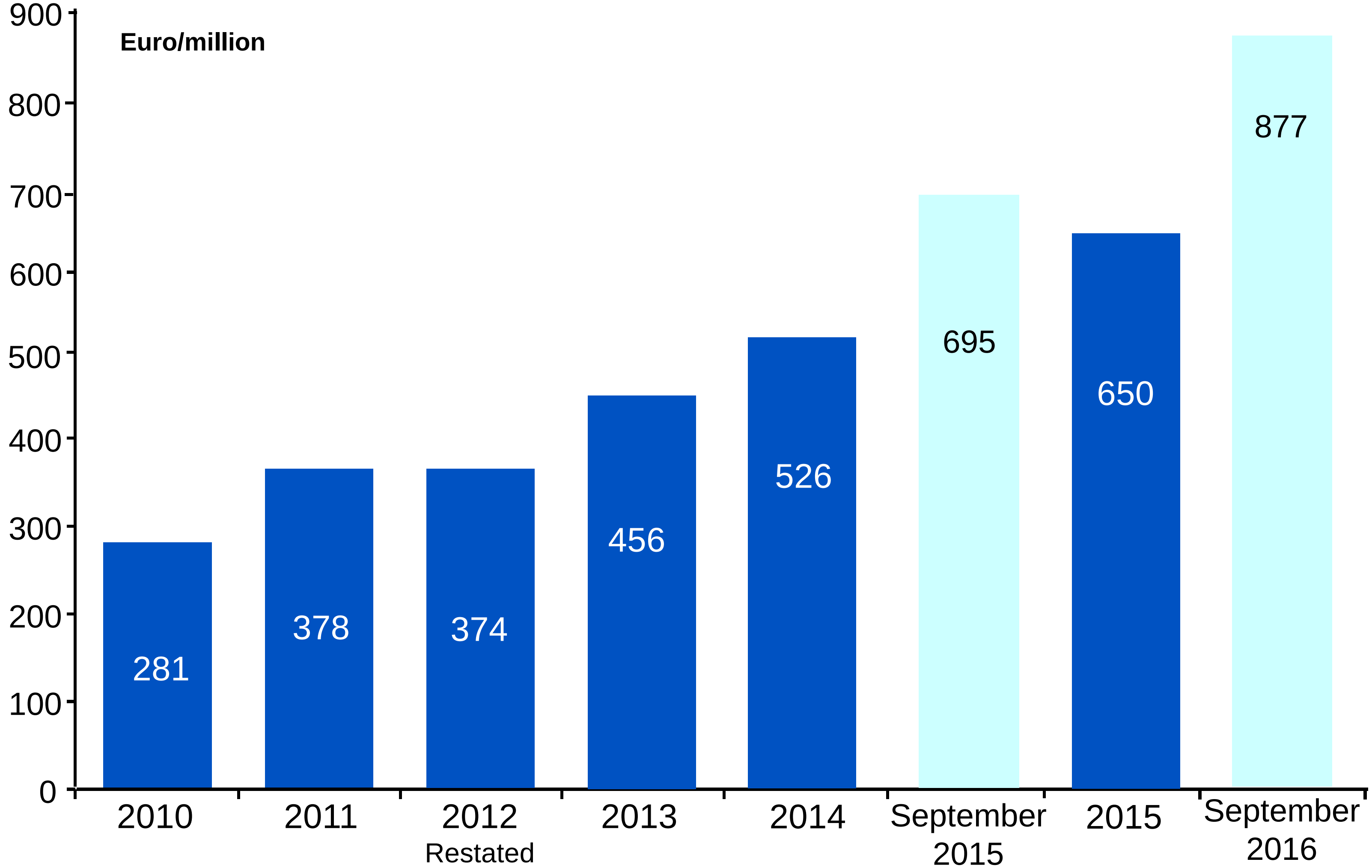
IMA provides world-wide technical assistance through its headquarters in Italy, branch and local agents.

Trend of the sales



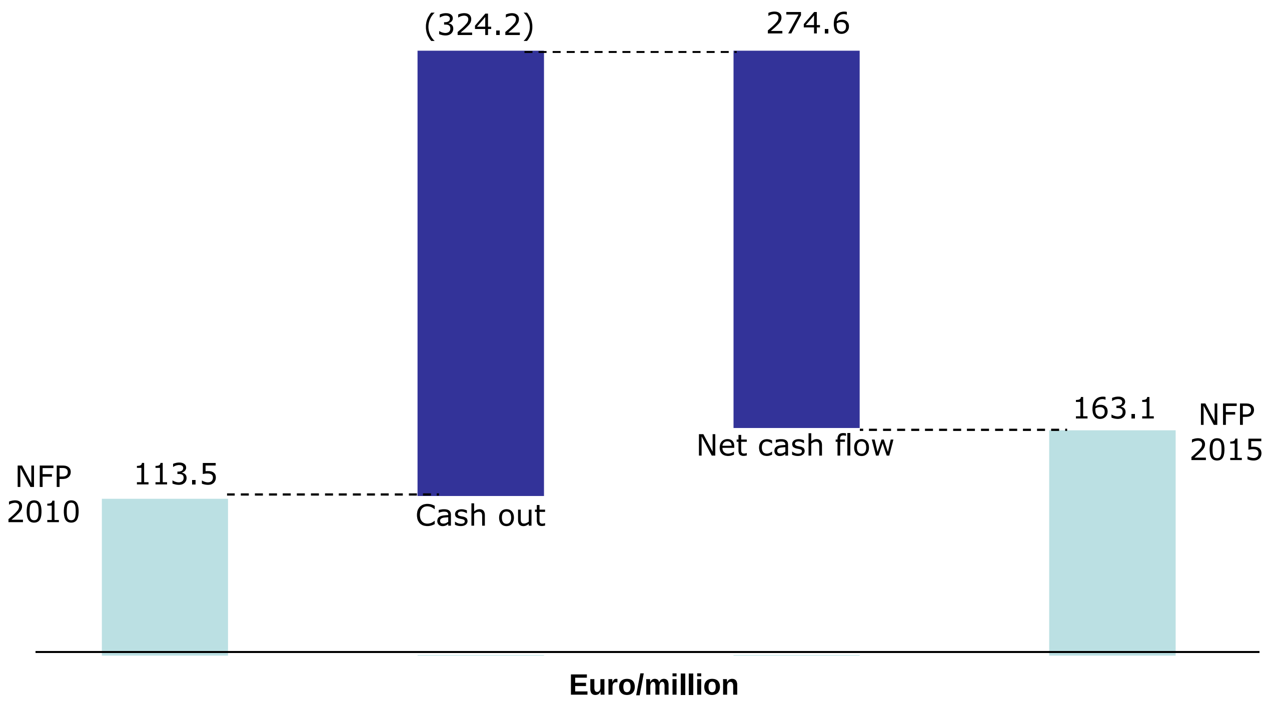
Historical Order Book

- Strong trend of order acquisition is continuing also in 2016, in both pharmaceuticals and food, with a considerable number of negotiations currently underway
- The order book at September 30, 2016 is 26.1% higher than September 30, 2015 (+15.4% with the same scope of consolidation).



Dividends and extra ordinary financial effects

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



Medtech business acquisition

• 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

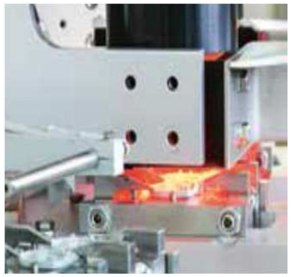
• The financial contribution was **7 million swiss francs** for the equity value, in addition to **21.3 million swiss francs** for the outstanding loans between the companies and the seller. The deal includes an earn-out of **6 million swiss francs**

• 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

3rd QUARTER 2016 RESULTS

Financial Highlights by segment

Euro/Million	*Tea, Food & Other*		*Pharmaceutical*		*Unallocated*		*Total*	
	30.09.16	*30.09.15*	*30.09.16*	*30.09.15*	*30.09.16*	*30.09.15*	*30.09.16*	*30.09.15*
Revenues	466.2	371.9	409.0	359.8			**875.2**	**731.7**
EBITDA before non-recurring charges	37.4	34.2	66.2	47.7			**103.6**	**81.9**
% on sales	*8.0%*	*9.2%*	*16.2%*	*13.3%*			***11.8%***	***11.2%***
Ebit	13.4	8.7	58.4	40.4			**71.8**	**49.1**
% on sales	*2.9%*	*2.3%*	*14.3%*	*11.2%*			***8.2%***	***6.7%***
Net Invested capital *(*)*	284.7	258.2	169.0	151.8	4.9	5.0	**458.6**	**415.0**
Order Backlog	453.1	291.3	424.0	404.1			**877.1**	**695.4**
% change vs 2015	*55.5%*		*4.9%*				***26.1%***	
Orders	594.8	395.4	439.5	436.6			**1,034.3**	**832.0**
% change vs 2015	*50.4%*		*0.7%*				***24.3%***	

(*) 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.

Financial Highlights by segment

Tea Food&Other segment has been affected during the first half of the current year by a different mix of products which will be recovered during the second half of the year. It is very important to underline that the business has born some extraordinary expenses related to projects sold by Dairy&Food business before the acquisition completed by Ima in 2015.

After the lower result achieved by Dairy&Food in 2015 and following those expenses, Ima has claimed the anticipated exercise of the option to acquire the outstanding 20% still owned by the seller.

The price agreed upon the parties was consequently lower than the expected and booked financial liability and has generated an extraordinary income of approx. 19.0 million Euro, included within the financial income. This income is finally more than balancing the lower Ebitda in 2015 and first half of 2016 and is fully reflected in the net income as of June 30 2016.

Consolidated income statement

30.09.2016 vs. 30.09.2015

IMA	3rd Quarter 2016	%	3rd Quarter 2015	%
Euro/million				
Revenues	**875.20**	***100.0%***	**731.70**	***100.0%***
Cost of sales	(556.00)	*-63.5%*	(457.40)	*-62.5%*
Gross industrial income	**319.20**	***36.5%***	**274.30**	***37.5%***
R&D costs	(34.50)	*-3.9%*	(29.10)	*-4.0%*
Sales costs	(92.40)	*-10.6%*	(83.10)	*-11.4%*
General and administrative costs	(116.10)	*-13.3%*	(103.80)	*-14.2%*
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	**76.20**	***8.7%***	**58.30**	***8.0%***
Non-recurring items	(4.40)	*-0.5%*	(9.20)	*-1.3%*
EBIT	**71.80**	***8.2%***	**49.10**	***6.7%***
Net financial income (expense)	10.00	*1.1%*	(13.40)	*-1.8%*
Profit (loss) from investments accounted for using the equity method	1.70	*0.2%*	0.50	*0.1%*
Taxes	(25.00)	*-2.9%*	(13.50)	*-1.8%*
Profit (loss) pertaining to minority interests	(4.00)	*-0.5%*	(3.60)	*-0.5%*
GROUP PROFIT	**54.50**	***6.2%***	**19.10**	***2.6%***
EBITDA BEFORE NON-RECURRING ITEMS	**103.60**	***11.8%***	**81.90**	***11.2%***
EBITDA	**99.20**	***11.3%***	**72.70**	***9.9%***

Consolidated balance sheet

30.09.2016 vs. 30.09.2015

IMA	30/09/2016		30/09/2015	%	31/12/2015	%
Euro/Million						
Trade receivables	305.20		234.30		248.00	
Inventories	307.70		264.20		233.00	
Trade payables	(409.00)		(326.40)		(374.60)	
Other, net	(100.50)		(85.10)		(92.40)	
Working capital	**103.40**	***22.5%***	**87.00**	***21.0%***	**14.00**	***4.1%***
Property, plant and equipment	82.60		74.40		75.50	
Intangible assets	327.20		317.00		321.40	
Investments	24.90		33.30		23.10	
Non-current assets	**434.70**	***94.8%***	**424.70**	***102.3%***	**420.00**	***123.9%***
Provision for severance indemnities and other provisions	(79.50)		(96.70)		(95.10)	
Net capital employed	**458.60**	***100.0%***	**415.00**	***100.0%***	**338.90**	***100.0%***
Net debt	237.30	***51.7%***	295.60	***71.2%***	163.10	***48.1%***
Minority interests	10.60		12.40		16.80	
Group equity	210.70	***45.9%***	107.00	***25.8%***	159.00	***46.9%***
Total sources of financing	**458.60**	***100.0%***	**415.00**	***100.0%***	**338.90**	***100.0%***

Appendix

2015 RESULTS

Consolidated income statement

31.12.2015 vs. 31.12.2014

IMA	2015	%	2014	%	*change %*
Euro/million					
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%***
Writdowns/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%***

Consolidated balance sheet

31.12.2015 vs. 31.12.2014

IMA	**2015**	**%**	**2014**	**%**
Euro/Million				
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%***

Consolidated Net Working Capital

31.12.2015 vs. 31.12.2014

IMA	**2015**	**%**	**2014**	**%**
Euro/Million		*on sales*		*on sales*
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%***

Consolidated Cash Flow

31.12.2015 vs. 31.12.2014

IMA - CASH FLOW	**2015**	**2014**
Euro/Million		
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

Financial Highlights by segment

Euro/Million	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
% on sales	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
% on sales	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
% change vs 2014	29.2%		20.2%				23.6%	
Orders	579.3	417.4	585.1	506.8			1,164.4	924.2
% change vs 2014	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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