

# PRESENTATION TO INVESTORS

## 1<sup>ST</sup> HALF 2001

*Innovative solutions  
in automatic packaging machines*

Milan, October 2001





# CONSOLIDATED STATEMENT OF INCOME

## JUNE 30, 2001



Millions of Lire	June 30, 2001		June 30, 2000		2001 vs. 2000	December 31, 2000	
<b>Net revenues</b>	<b>242,850</b>	<b>100.00%</b>	<b>206,158</b>	<b>100.00%</b>	<b>17.80%</b>	<b>570,799</b>	<b>100.00%</b>
Cost of goods sold	(132,042)	-54.37%	(107,823)	-52.30%	22.46%	(305,136)	-53.46%
Research and development expenses	(20,181)	-8.31%	(18,673)	-9.06%	8.08%	(34,487)	-6.04%
General and administrative expenses	(41,237)	-16.98%	(38,634)	-18.74%	6.74%	(75,585)	-13.24%
Sales and marketing costs	(39,245)	-16.16%	(36,593)	-17.75%	7.25%	(80,765)	-14.15%
<b>EBITA</b>	<b>10,145</b>	<b>4.18%</b>	<b>4,435</b>	<b>2.15%</b>	<b>128.75%</b>	<b>74,826</b>	<b>13.11%</b>
Goodwill amortization	(3,870)	-1.59%	(2,704)	-1.31%	43.12%	(6,338)	-1.11%
<b>EBIT</b>	<b>6,275</b>	<b>2.58%</b>	<b>1,731</b>	<b>0.84%</b>	<b>262.51%</b>	<b>68,488</b>	<b>12.00%</b>
Net financial expenses	(5,866)	-2.42%	(2,658)	-1.29%	120.69%	(10,083)	-1.77%
Company reorganization costs			(1,290)	-0.63%	-100.00%		
Other	(874)	-0.36%	(349)	-0.17%	150.43%	(2,838)	-0.50%
<b>Income before taxes and minority interest</b>	<b>(465)</b>	<b>-0.19%</b>	<b>(2,566)</b>	<b>-1.24%</b>	<b>-81.88%</b>	<b>55,567</b>	<b>9.73%</b>

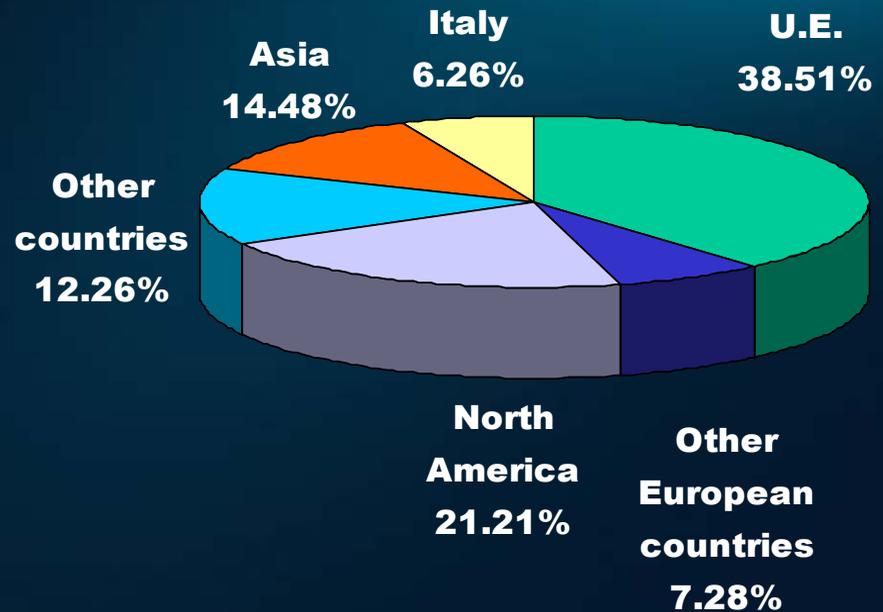
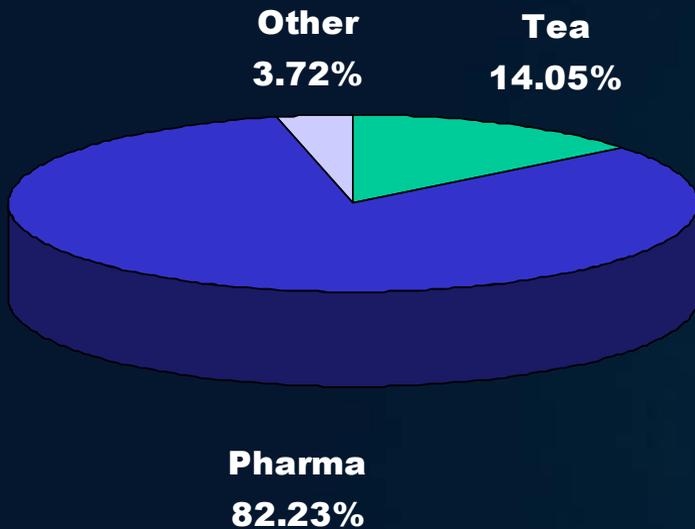


# IMA GROUP: REVENUES BY SECTOR AND GEOGRAPHICAL AREA



## BY SECTOR (JUNE 30, 2001)

## BY GEOGRAPHICAL AREA (JUNE 30, 2001)





## IMA GROUP: REVENUES BY SECTOR



In billions of Lire	June 30, 2001		June 30, 2000		% change
• <b>Pharmaceutical sector</b>	<b>199.7</b>	<b>82.2%</b>	<b>167.1</b>	<b>81.1%</b>	<b>19.5%</b>
• <b>Tea sector</b>	<b>34.1</b>	<b>14.1%</b>	<b>29.3</b>	<b>14.2%</b>	<b>16.4%</b>
• <b>Other</b>	<b>9.0</b>	<b>3,7%</b>	<b>9.7</b>	<b>4.7%</b>	<b>- 0.7%</b>
<b>Total revenues</b>	<b>242.8</b>	<b>100.0%</b>	<b>206.1</b>	<b>100.0%</b>	<b>17.8%</b>



# IMA GROUP: NET REVENUES BY GEOGRAPHICAL AREA



Millions of Lire	June 30, 2001	June 30, 2000	2001 vs. 2000	December 31, 2000	
• Italy	15,207	21,900	- 30.56%	38,409	6.73%
• France	27,542	15,785	74.48%	43,745	7.66%
• Germany	18,623	14,493	28.50%	47,139	8.26%
• U.K.	20,259	18,342	10.45%	44,484	7.79%
• Other E.U. countries	26,800	18,514	44.76%	49,779	8.72%
<b>Total European Union</b>	<b>108,431</b>	<b>89,034</b>	<b>21.79%</b>	<b>223,556</b>	<b>39.17%</b>
• Russia	6,276	5,863	7.04%	11,407	2.00%
• Other European countries	11,404	9,497	20.08%	39,107	6.85%
• North America	51,808	49,159	5.39%	111,820	19.59%
• Japan	6,707	2,748	144.07%	12,181	2.13%
• China	7,398	5,435	35.67%	14,849	2.60%
• India	3,084	4,158	- 25.83%	9,261	1.62%
• Sri Lanka	107	123	- 13.01%	338	0.06%
• Other Asian countries	17,870	8,290	115.56%	43,030	7.54%
• Central and South America	19,851	20,049	- 0.99%	75,580	13.24%
• Other	9,914	11,784	- 15.87%	29,670	5.20%
<b>Total consolidated revenues</b>	<b>242,850</b>	<b>206,158</b>	<b>17.80%</b>	<b>570,799</b>	<b>100.00%</b>



## **IMA GROUP: COMMENTS ON THE STATEMENT OF INCOME**



- **Net revenues as of June 30, 2001 were up 17.8% and made up about 38% of the full-year forecast, confirming a substantial imbalance between the first and second halves.**
- **The order book as of June 30, 2001 stood at Lire 354.5 billion, up from Lire 303.4 billion a year earlier (+16.8%).**
- **As of September 30, 2001, net revenues amounted to about Lire 359 billion, an increase of 16.5% on 9/30/00.**
- **The order book as of September 30, 2001 was worth Lire 390 billion, compared with Lire 356.3 billion at the end of September 2000 (+9.5%).**



## **IMA GROUP: COMMENTS ON THE STATEMENT OF INCOME**



- **The increase of two percentage points in the cost of goods sold is explained by the different delivery mix during the two periods. For the full year there should be little change on 2000.**
- **The 8.1% rise in R&D expenses reflects the Group's extraordinary commitment to renewing all of its product lines.**
- **The increase in general & administrative expenses (+8.7%) and in marketing expenses (+7.2%) was caused partly by the expansion of the consolidation area during the period; for the first half of 2000, GS was consolidated for the month of June only.  
Adjusting for that difference, the rise would be less than 5%.**



## **IMA GROUP: COMMENTS ON THE STATEMENT OF INCOME**



- **The increase in goodwill amortization was caused by the consolidation of GS for the entire period, and of CO.MA.DI.S. for the months of May and June.**
- **Net financial expenses rose from Lire 2.7 billion for the first half of 2000 to Lire 5.9 billion as of June 30, 2001. It is worth noting that financial income during the first half of 2000 included Lire 1.7 billion in capital gains from the sale of treasury stock, and that financial exposure was greater during the period because of the acquisitions.**



# BALANCE SHEET

## JUNE 30, 2001



Millions of Lire	June 30, 2001		June 30, 2000		2001 vs. 2000	December 31, 2000	
Trade receivables	160,885	46.69%	148,410	47.47%	8.41%	188,377	61.10%
Inventories	216,902	62.95%	195,467	62.52%	10.97%	162,552	52.72%
Trade payables	(171,744)	-49.84%	(148,504)	-47.50%	15.65%	(157,291)	-51.01%
Other (net)	(19,353)	-5.62%	(11,876)	-3.80%	62.96%	(28,581)	-9.27%
<b>Net working capital</b>	<b>186,690</b>	<b>54.18%</b>	<b>183,497</b>	<b>58.69%</b>	<b>1.74%</b>	<b>165,057</b>	<b>53.53%</b>
Intangible fixed assets	107,122	31.09%	92,738	29.66%	15.51%	89,384	28.99%
Net tangible fixed assets	82,481	23.94%	71,865	22.98%	14.77%	76,932	24.95%
Equity investments and financial fixed assets	15,465	4.49%	4,015	1.28%	285.18%	16,227	5.26%
<b>Fixed assets, net</b>	<b>205,068</b>	<b>59.52%</b>	<b>168,618</b>	<b>53.93%</b>	<b>21.62%</b>	<b>182,543</b>	<b>59.20%</b>
Reserves and M/L-T payables	(47,195)	-13.70%	(39,446)	-12.62%	19.64%	(39,271)	-12.74%
<b>NET CAPITAL EMPLOYED</b>	<b>344,563</b>	<b>100.00%</b>	<b>312,669</b>	<b>100.00%</b>	<b>10.20%</b>	<b>308,329</b>	<b>100.00%</b>
Net financial indebtedness	191,695	55.63%	176,834	56.56%	8.40%	139,406	45.21%
Minority interests	4,652	1.35%	4,745	1.52%	-1.96%	5,130	1.66%
Group's share of stockholders' equity	148,216	43.02%	131,090	41.93%	13.06%	163,793	53.12%
<b>TOTAL FINANCING</b>	<b>344,563</b>	<b>100.00%</b>	<b>312,669</b>	<b>100.00%</b>	<b>10.20%</b>	<b>308,329</b>	<b>100.00%</b>



# IMA GROUP: NET FINANCIAL INDEBTEDNESS *(in millions of lire)*



**NET FINANCIAL INDEBTEDNESS AS OF JUNE 30, 2000**

**176,834**

• **Acquisitions from July 1, 2000 to June 30, 2001:**

➤ Kilian	2,619
➤ GS business	2,336
➤ Value Machinery	697
➤ Medinvest	11,618
➤ CO.MA.DI.S. business	
(including Lire 556 million in acquired debt)	14,917
➤ ICO business	8,631
➤ Comitec	762

**41,580**

➤ **Net financial indebtedness (after acquisitions)**

**218,414**

• **Changes in operations during the period**

**(26,719)\***

**NET FINANCIAL INDEBTEDNESS AS OF JUNE 30, 2001**

**191,695**

(\* Including Lire 16,173 million in dividends paid and Lire 7,908 million for purchase of a building)



# IMA GROUP: NET FINANCIAL INDEBTEDNESS *(in millions of lire)*



**NET FINANCIAL INDEBTEDNESS AS OF DECEMBER 31, 2000**

**139,406**

• **Acquisitions from January 1, 2001 to June 30, 2001:**

➤ <b>GS business</b>	<b>1,433</b>
➤ <b>CO.MA.DI.S.</b>	
<b>(including Lire 556 million in acquired debt)</b>	<b>14,917</b>
➤ <b>ICO business</b>	<b>8,631</b>
➤ <b>Comitec</b>	<b>762</b>
➤ <b>Balance on Medinvest</b>	<b>8,712</b>

**34,455**

• **Net financial indebtedness (after acquisitions)**

**173,861**

• **Changes in operations during the period**

**17,834\***

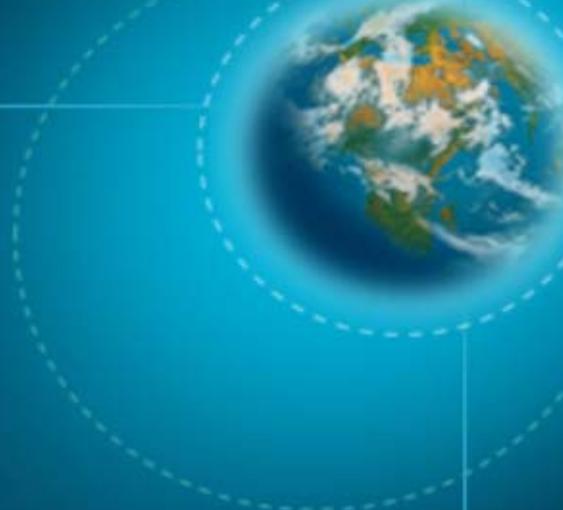
**NET FINANCIAL INDEBTEDNESS AS OF JUNE 30, 2001**

**191,695**

(\* ) Including Lire 16,173 million in dividends paid and Lire 7,908 million for purchase of a building



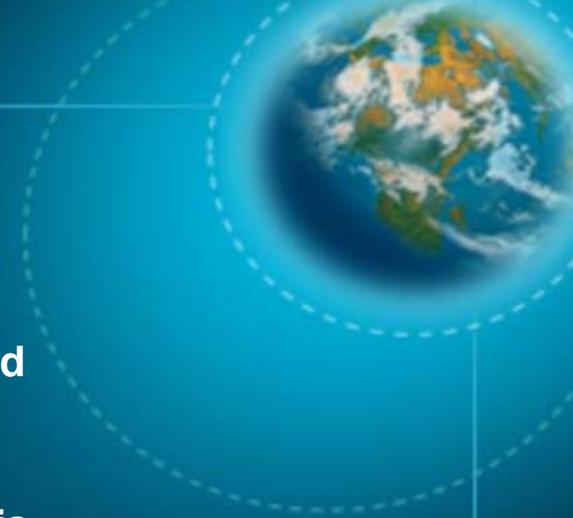
# IMA GROUP: SALES TREND (1994-2000)



In billions of Lire	1994	1995	1996	1997	1998	1999	2000	CAGR 1994-2000
• TEA SECTOR	73.5	77.3	76.3	86.2	95.0	89.5	90.0	3.5%
• PHARMA SECTOR + OTHER	206.8	244.3	301.3	307.8	336.9	373.0	477.7	15.0%
	280.3	321.6	377.6	394.0	431.9	462.5	567.7	12.5%



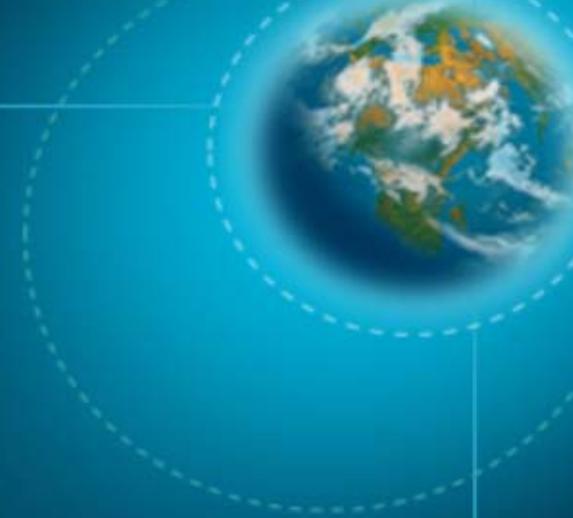
## **IMA GROUP: SCENARIO FOR THE TEA SECTOR**



- In 2001 we expect revenues in the Tea Sector to grow by around 5%.
- The market for teabag machines in Europe and North America is made up mostly of customers wishing to replace their existing machines with better-performing ones and/or with machines that can produce new types of packaging.
- Demand for such machines has grown steadily in Central and Eastern Europe, where the transition toward teabags has taken hold.
- Demand in Asia, which accounts for some 80% of world tea consumption, is still slow.



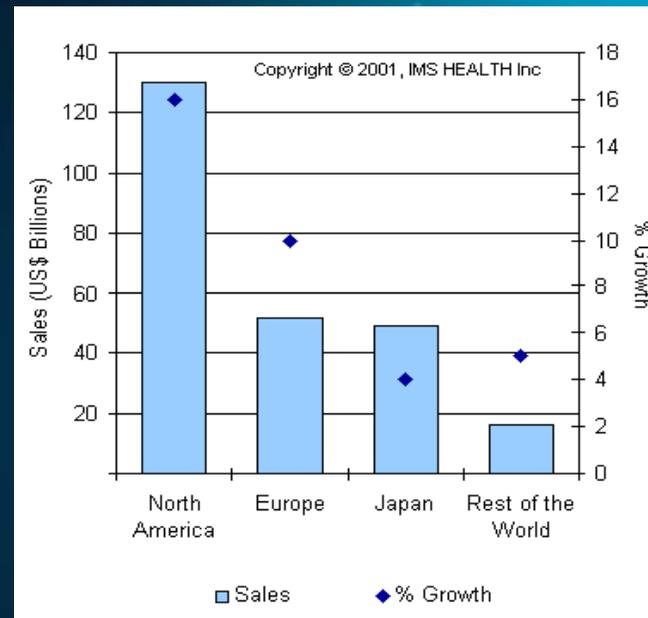
## **IMA GROUP: SCENARIO FOR THE TEA SECTOR**



- **During the 3-year period 1999-2001, IMA's Tea Division spent about Lire 22 billion (8% of revenues) in R&D for the complete overhaul of its product lines. This has further distanced it from its main competitor, Teepack, whose range of products is looking quite "dated."**
- **IMA has strengthened its ties with the largest tea multinationals, and devoted its efforts to building highly customized machines for the production of new kinds of filter bags.**
- **The Division's EBITA, 21% of revenues in 2000, should rise to 23% this year and reach 28% in 2003. This will owe to:**
  - **a reduction in R&D expenses (end of product overhaul phase);**
  - **an improvement in industrial margins (settling of the learning curve for new products);**
  - **a lower incidence of G & A expenses.**



- The pharmaceutical industry continues to grow, much faster than even the most optimistic observers have predicted.
- The most recent IMS Health data on drug sales to pharmacies over the past 12 months (to July 2001) show an 11% rise, with North America in the lead (+16%) followed by Europe (+10%) and Japan (+4%). The other countries in the sample came in at +6%.

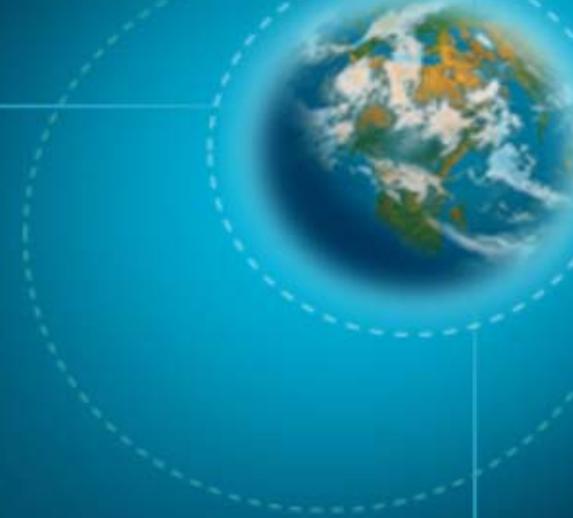


• Countries in the sample:

USA, Canada, Germany, Italy, France, UK, Spain, Japan, Brazil, Mexico, Australia, New Zealand and Argentina.



## **IMA GROUP: SCENARIO FOR THE PHARMACEUTICAL SECTOR**



- **During the previous period (August '99 to July '00) growth stood at 10%. Therefore, the growth rate for drug sales is rising.**
- **This trend has convinced IMS Health to raise its forecast Compound Annual Growth Rate (CAGR) for the 5-year period 2001-2005, from +8% to +9.1%.**
- **IMS Health's new forecast discounts a "recessive" scenario for the first few years; for the U.S. it predicts a CAGR of +11.8% (+16% for the past two years). In a second scenario, again according to IMS Health, the U.S. will see a CAGR of +14.4%.**



# IMA GROUP: SCENARIO FOR THE PHARMACEUTICAL SECTOR

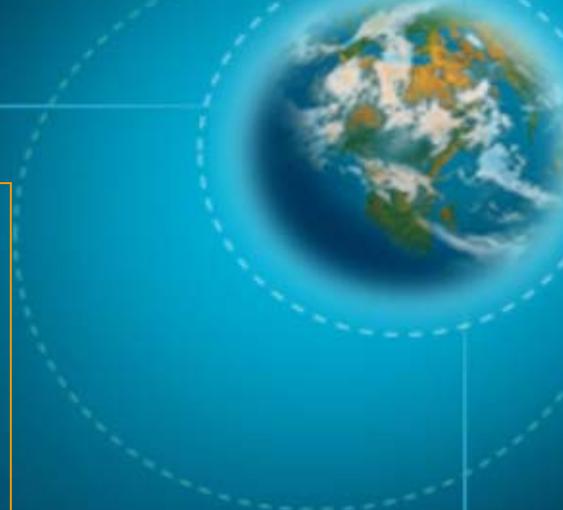


**Leading 10 Global Pharmaceutical Markets**  
**Projected Pharmaceutical Sales and Growth Rates Through 2005**  
Source: IMS HEALTH Pharma-Prognosis International, 2001–2005

	<b>Annual Sales 2000 (US\$Billions)</b>	<b>Projected Annual Sales 2005 (US\$Billions)</b>	<b>Projected Compound Annual Growth Rate 2000–2005 %</b>	<b>Projected 10-Country Market Share 2005 %</b>
Australia	3	5	9,3	1,1
Belgium	2	3	5,6	0,7
Canada	6	10	10,7	2,4
France	16	22	6,0	5,0
Germany	17	24	7,5	5,6
Italy	11	16	8,2	3,6
Japan	58	66	2,3	15,1
Spain	6	10	9,9	2,3
UK	11	16	8,3	3,7
US	150	263	11,8	60,5
<b>TOTAL</b>	<b>281</b>	<b>434</b>	<b>+9,1</b>	<b>100</b>

Sales cover direct and indirect pharmaceutical channel purchases from pharmaceutical wholesalers and manufacturers in 10 key international markets. Figures include prescription and certain over-the-counter data, and represent manufacturer prices.

# IMA GROUP: SCENARIO FOR THE PHARMACEUTICAL SECTOR



## AGING OF THE POPULATION

- Larger market by volume
- More chronic illnesses
- Quality-of-life concept taking hold
- Development of “lifestyle” drugs
- Increase in specific, age-related illnesses (neurovegetative diseases, diabetes, cardiovascular diseases, etc.)

## TECHNOLOGICAL PROGRESS

- Drug and treatment innovations
- Development of biotechnologies and treatments based on genetics

## POPULATION GROWTH

- Global population up by one third by 2025
- Sharp rise in Latin America (+38%) and Asia (+32%)

## GROWTH IN DEMAND FOR MEDICINE

## UNMET NEED FOR DRUGS

- Diseases on the rise: cancer, Alzheimer’s, Parkinson’s
- Rare illnesses (“orphans”): 5,000 to 6,000, mostly of genetic origin

Source: Eurostaff

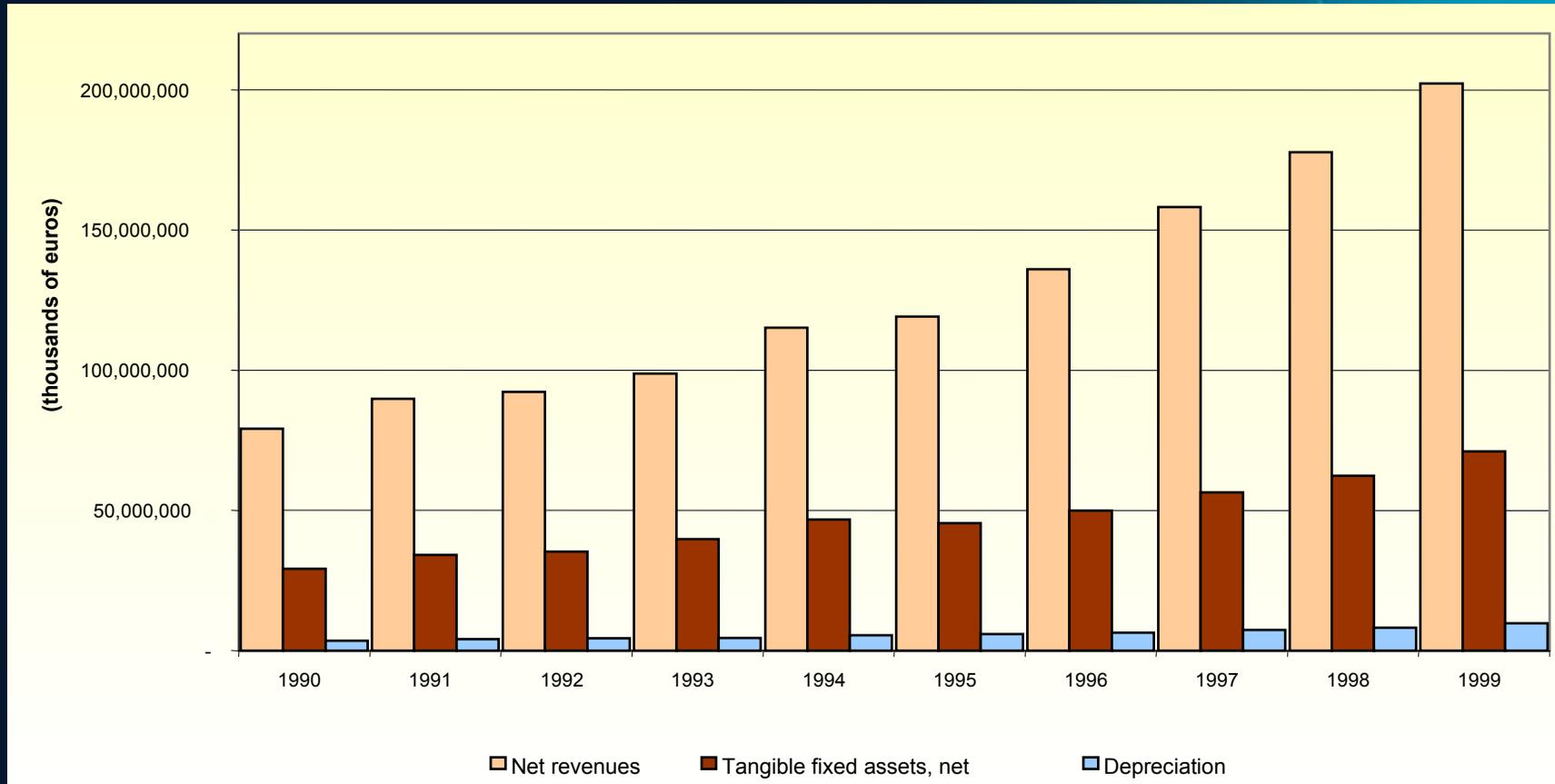


# **IMA GROUP: SCENARIO FOR THE PHARMACEUTICAL SECTOR**



**How does the growth in sales by the pharmaceutical industry correlate with an increase in plant & machinery investments?**

**(The sample covers about 70% of sales by the entire pharmaceutical industry)**



(Source: Datastream)



# AVERAGE COMPOUND ANNUAL GROWTH RATES: COMPLETE SAMPLE



- **Net revenues:**

<u>nominal growth rate</u>	11.0%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	8.3%

- **Tangible fixed assets, net:**

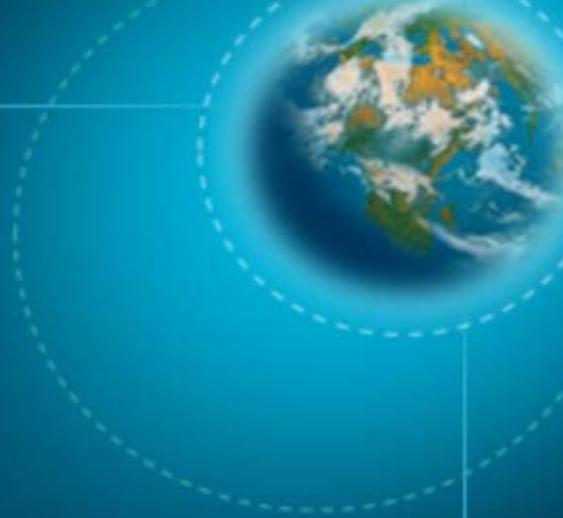
<u>nominal growth rate</u>	10.4%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	7.7%

- **Depreciation:**

<u>nominal growth rate</u>	11.7%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	8.9%



# AVERAGE COMPOUND ANNUAL GROWTH RATES: EUROPEAN SAMPLE



- **Net revenues:**

<u>nominal growth rate</u>	7.8%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	5.1%

- **Tangible fixed assets, net:**

<u>nominal growth rate</u>	8.9%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	6.2%

- **Depreciation:**

<u>nominal growth rate</u>	11.7%
<u>average inflation</u>	2.5%
<u>real growth rate</u>	8.9%



# AVERAGE COMPOUND ANNUAL GROWTH RATES: U.S. SAMPLE



- **Net revenues:**

<u>nominal growth rate</u>	12.9%
<u>average inflation</u>	2.7%
<u>real growth rate</u>	9.9%

- **Tangible fixed assets, net:**

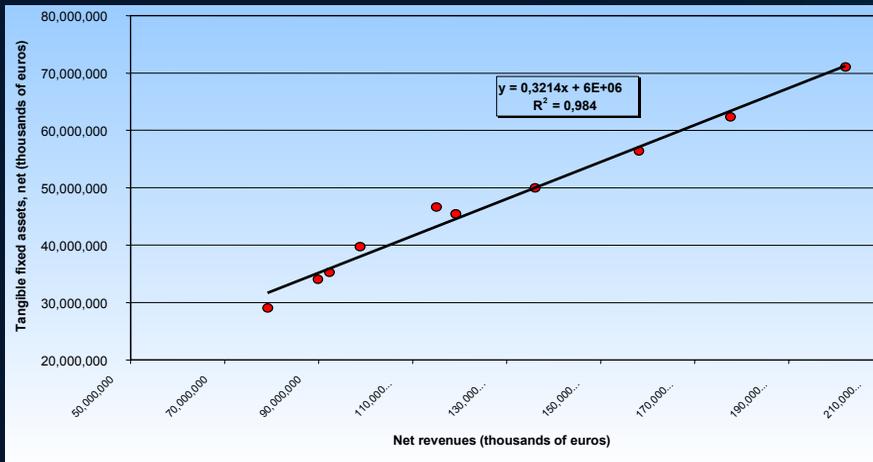
<u>nominal growth rate</u>	11.6%
<u>average inflation</u>	2.7%
<u>real growth rate</u>	8.7%

- **Depreciation:**

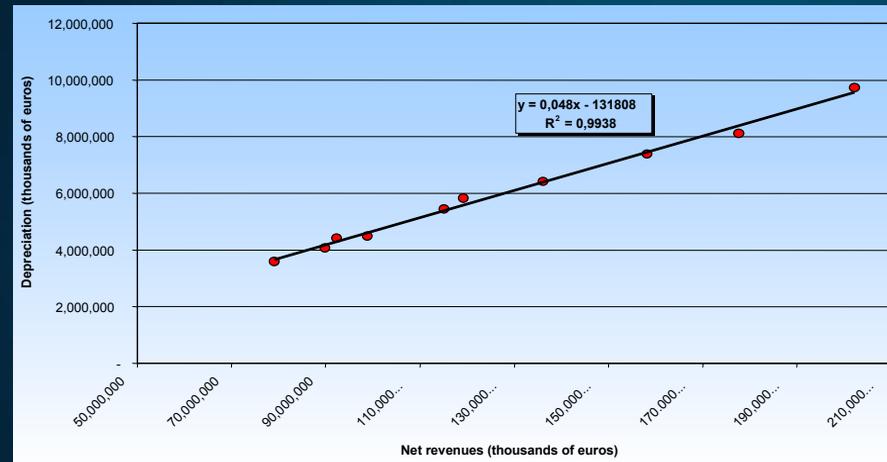
<u>nominal growth rate</u>	13.4%
<u>average inflation</u>	2.7%
<u>real growth rate</u>	10.4%



**Correlation between revenues and net tangible fixed assets**



**Correlation between revenues and annual depreciation**





## **IMA GROUP: SCENARIO FOR THE PHARMACEUTICAL SECTOR**



- **In 2001 we expect a 13% rise in sales by the Pharmaceutical/Other Sector.**
- **Demand has been vigorous from both developed and emerging markets.**
- **EBITA for the Pharma/Other sector (11.5% of revenues in 2000) should top 12% in 2001.**
- **The operating profitability of the Blister Division is improving sharply, while the huge success of the new liquid filling machines for aseptic environments and the new lines of cartoning machines make an EBITA of over 14% a credible possibility as early as 2003.**



## OUR GROWTH STRATEGY

- Increase operations in process equipment.
- Expand range of services to the pharmaceutical industry.
- Further penetrate the cosmetics industry.
- Benefit from industry consolidation, also through acquisitions.





- **Acquisitions and amalgamations**

The acquisition of Kilian (tablet press machines) and G.S. (coating equipment) in 2000 and of ICOPACK (fluid bed granulators) in early 2001 have significantly improved IMA's positioning in the area of production processes.

- **Riding the wave of growth**

The market for process equipment is no smaller than the market for packaging machines, and offers the Group high growth potential because the competition is so fragmented.

- **Improving margins**

After streamlining the Group by integrating the newly acquired companies, IMA expects its margins in this area to improve substantially.



## From meeting the demand for outsourcing...

- We plan to take advantage of the pharmaceutical industry's growing propensity to have machinery serviced externally by establishing long-term partnerships.

## ...to facility management

- IMA's existing commercial structure, consisting of highly specialized technical support teams located directly in the major markets, is expanding its services to cover machinery and complete lines.

## ...in order to better serve the pharmaceutical industry

- Today, IMA's revenues from services (not counting the sale of spare-parts) amounts to some 5% of the Group's total revenues. There is much potential for growth in the pharmaceutical industry, also through a dedicated unit.





## **A fast-growth and fragmented industry**

- The cosmetics industry is growing fast, and the suppliers of machinery are still highly fragmented.

## **High growth potential**

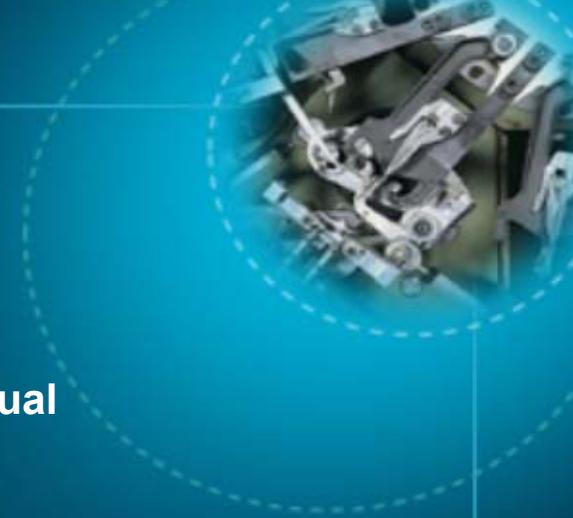
- At the moment IMA serves this market with liquid filling machines for perfumes, cartoning machines and end of line products, but this is not systematic and it only serves the most sophisticated customers.

## **Acquisitions and amalgamations**

- The recent acquisition of CO.MA.DI.S. (tube filling machines) is a further step in this direction, and will strengthen the Group's range of products and its expertise in this attractive industry.



## **TAKING ADVANTAGE OF THE CONSOLIDATION PROCESS**



### **IMA is becoming a...**

- The competitive context in which IMA operates is seeing the gradual disappearance of small companies, as the larger ones with comprehensive products and services grow stronger.

### **...point of aggregation...**

- As the industry consolidates, IMA is the perfect point of aggregation, as it can make the most of the synergies created by its acquisitions.

### **...with notable prospects for growth**

- As the supply is concentrated, margins will improve rapidly, as they have in similar sectors such as tea bag packaging machinery, cigarette and stocking machines.



**ALWAYS**  
**A STEP AHEAD**