

PRESENTATION TO INVESTORS

2004 STAR COMPANY RESULTS

*Innovative Automatic Machine
System Solutions*

Milan – 2nd March 2005





The IMA Group

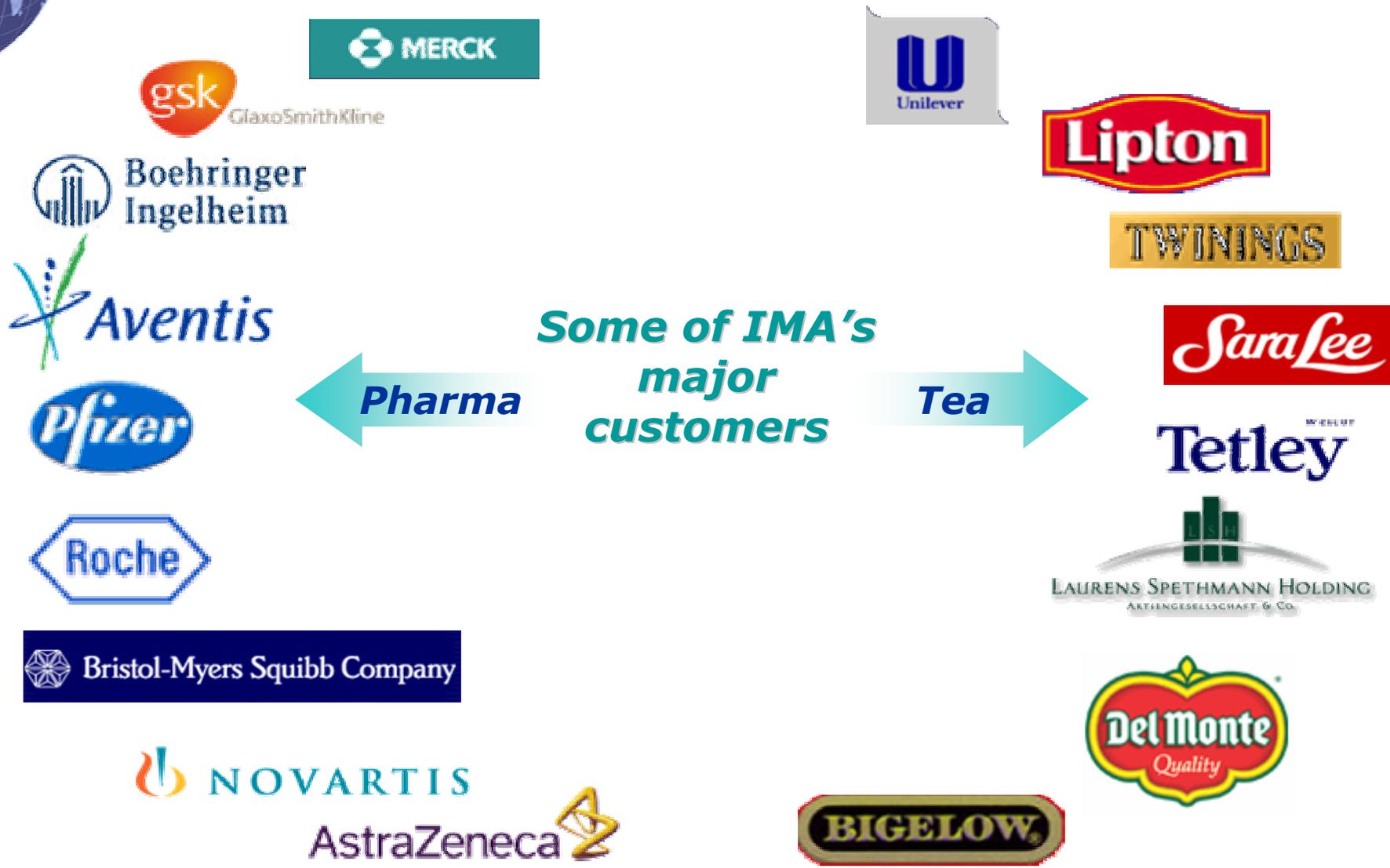
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Today

- World leader in the manufacture of automatic machines for the production and packaging of drugs and of tea in filter bags
- *System Integrator* in the pharmaceutical sector, also as *main contractor*
- Worldwide sales (91.7% outside Italy) with a wide-ranging, well-balanced product portfolio
- A widespread sales and after-sales assistance network with branches in all main countries



IMA: a Leading Group





IMA: a World Leader

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

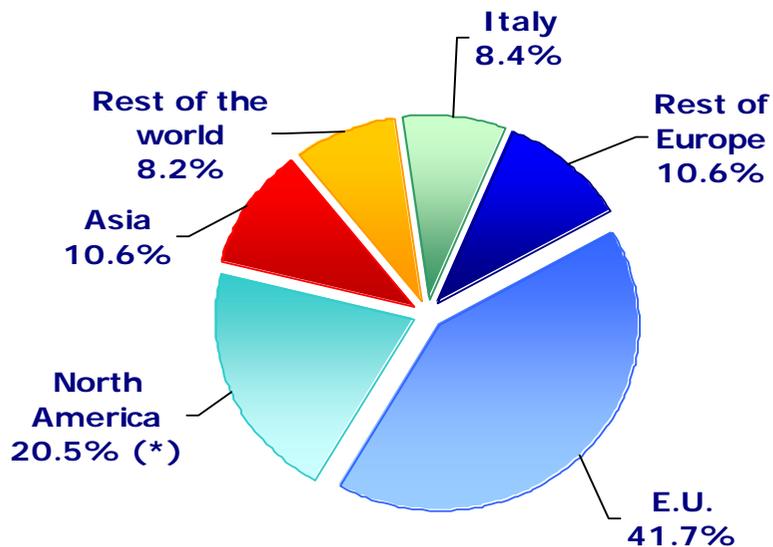
INVESTMENT PROFILE

- 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

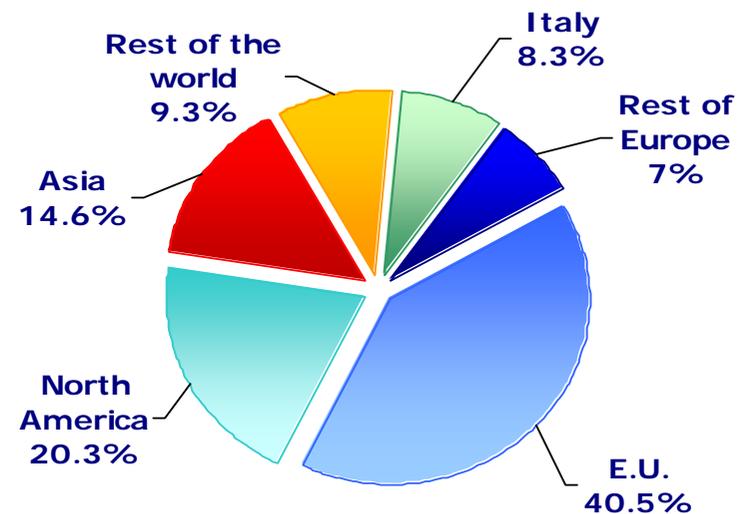


Balanced sales distribution

2003



2004E



Sales in 2004E: € 371.1 million
Exports: 91.7%



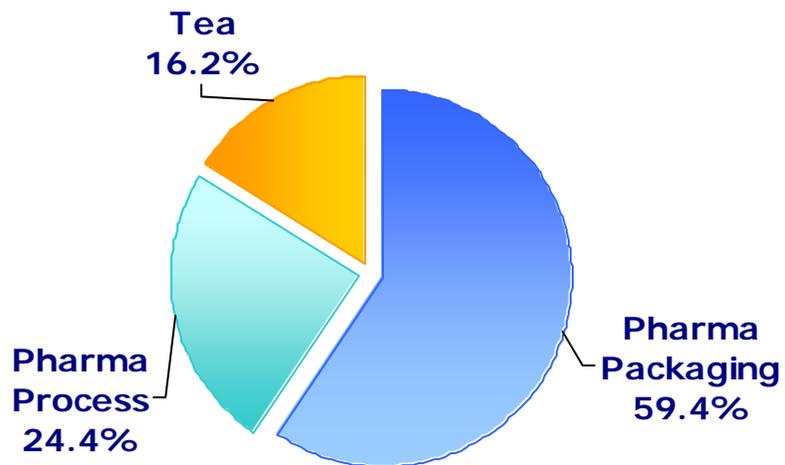
(*) at a constant exchange rate North America would account for 22.7% of sales.



IMA's balanced offer

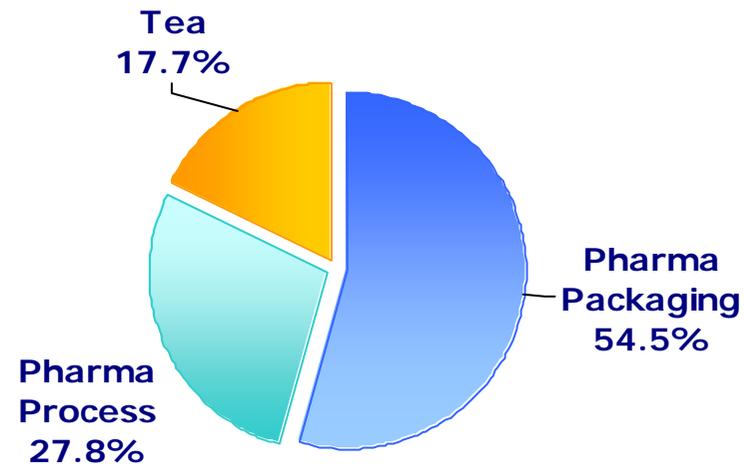
2003

2003 total sales: € 351.4 mil.



2004E

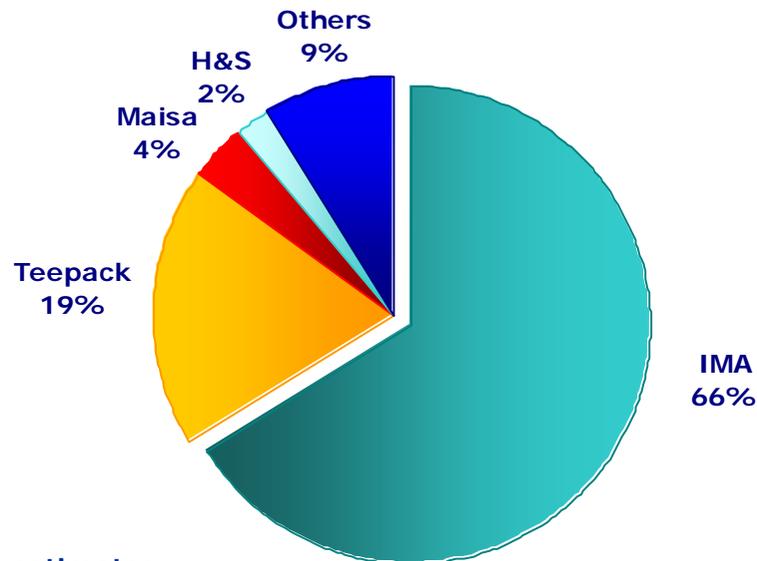
2004E total sales: € 371.1 mil.





Tea-bag machinery industry

- The world market for tea bag machinery is estimated at Euro 100 million
- Tea bag machinery sector is characterised by an high level of concentration with first two players covering more than 80% of the market
- IMA has a leading position with a market share of 66%
- The second player Teepack belongs to a Group (Teekanne) that produces and sells teabags (brand name: Teekanne, Pompadour, etc.)



(*) Company estimates





Pharmaceutical machinery industry

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- A sector that's still fragmented and dominated by German and Italian firms.
- No North American firm
- 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.

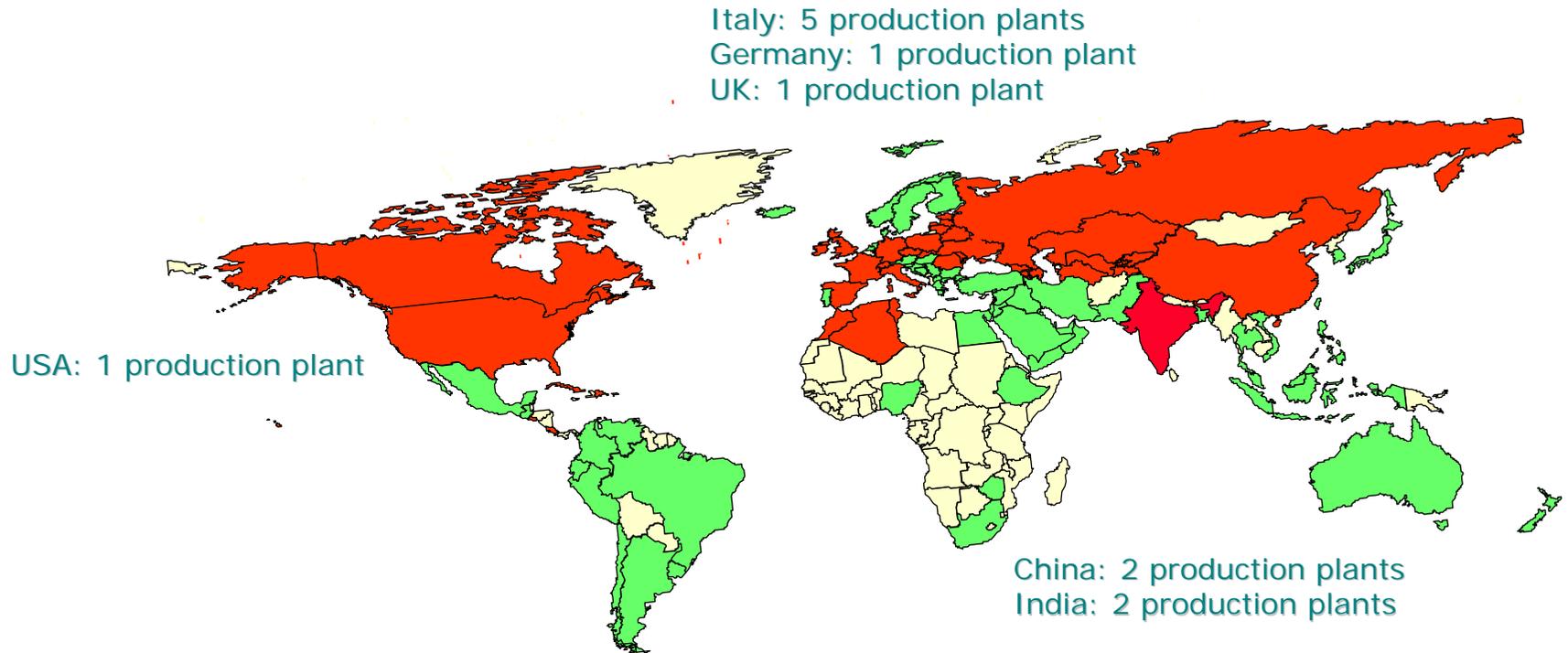


IMA: a world leader

- IMA is the only company with a truly complete range of processing and packaging machines
- More than 400 engineers and project developers are employed in IMA's R&D shops totalling approximately 600,000 work hours
- Over 600 registered patents
- More than 30 new products launched in the last three years
- Sales presence in over 70 countries controlled by a network of subsidiaries and offices in 18
- Production facilities in Italy (5), the U.K. (1), the U.S. (1), Germany (1), China (2), and India (2).



IMA in the world



-  IMA sole Agencies (Export Pharma agencies & Export Solid Dose Dpts)
-  IMA Subsidiaries





Main pharmaceutical market competitors

	BLISTER	CAPSULE FILLING	TABLETING	COATING	GRANUL. POWDER P.	FILLING	CARTONING	END OF LINE	TUBE FILLING	COUNTERS
IMA	Leader	Leader	Leader	Leader	Player	Leader	Follower	Leader	Follower	Leader
ULHMANN	Leader									
BOSCH	Follower	Leader				Leader	Player			
KLOCKNER	Follower									
ROMACO	Player	Player			Follower	Player	Player		Follower	
CAM	Follower						Leader			
MARCHESINI	Player					Player	Leader	Player	Player	
MG2		Follower								
FETTE			Leader							
IWKA	Player		Player	Follower	Player		Player		Leader	
NIRO/GEA			Player		Leader					
KORSCH			Player							
GLATT				Leader	Leader					
DRIAM				Follower						
O'HARA				Player						
NORDEN/KALIX							Follower		Leader	
BAUSCH & S.						Leader				
GROENINGER						Follower				
MAR						Player				
PESTER								Leader		
CREMER										Follower
AYLWARD										Follower



Leader



Follower



Player





IMA's market share

In the individual sectors that IMA serves, it has the following market shares (*):

MARKET	MKT SHARE
Blister	28%
Sterile filling	20%
Non-sterile filling	14%
Tube filling	10%
Cartoning	12%
End-of-Line	20%
Capsule filling	33%
Tableting	25%
Coating	17%
Counting	30%



(*) Company estimates



2004 Scenario

The Tea sector

New orders amounting to 64 million Euro were acquired in 2004 and the outlook for 2005 is still positive.

The favourable trend in the sector may be accounted for by:

- On-going investments by the tea industry in East European countries.
- Faster replacement of obsolete equipment by European industry.
- Growing demand for coffee-pod processing systems.



2004 Scenario

The Tea sector

Strong growth in sales and profitability has been recorded in recent years for IMA's tea sector thanks to:

- Product innovation such as to spur demand for replacement of old equipment.
- Exclusive co-makership agreements with leading multinational groups for the development of innovative solutions.
- The ability to identify new avenues for growth, such as entry into the coffee-pod processing machine sector.



2004 Scenario

The Pharmaceuticals sector

In 2004 IMA Group's new orders from the pharmaceuticals/cosmetics industry were up 8.0% (without considering NOVA).

Such growth may be accounted for by:

- Recovery of demand in China, South East Asia and Eastern Europe.
- Stronger penetration in the cosmetics sector.
- Success of new IMA offer, especially in the pharmaceutical processing segment.
- Moderate growth in sales (+1.5%) is ascribable to order backlog at the beginning of the year markedly lower than that at beginning of 2003.



2004 Scenario

The Pharmaceuticals sector

The pharmaceutical machinery sector has been characterized by:

- Poor demand from EU countries on the one hand, and lively growth in demand in the US on the other.
- Fierce competition with price cutbacks/discounts especially by under-performing competitors.
- Growth in demand in developing and hence more price sensitive countries with currencies linked to USD.



Orders - Sales - Backlog 2004 vs. 2003

Orders:

	2004	2003	Δ	%
Tea & Coffee	64,30	70,52	-6,22	-8,8%
Pharma Packaging	199,45	193,20	6,25	3,2%
Pharma Process	103,40	87,58	15,82	18,1%
TOTAL	367,15	351,30	15,85	4,5%

Sales:

	2004	2004 (*)	2003	Δ	%
Tea & Coffee	65,69	65,69	56,96	8,73	15,3%
Pharma Packaging	202,09	195,47	208,52	-13,05	-6,3%
Pharma Process	103,32	103,32	85,85	17,47	20,3%
TOTAL	371,10	364,48	351,33	13,15	3,7%

Backlog:

	2004	2004 (*)	2003	Δ	%
Tea & Coffee	44,35	44,35	45,74	-1,39	-3,0%
Pharma Packaging	88,46	83,96	79,98	3,98	5,0%
Pharma Process	25,81	25,81	25,73	0,08	0,3%
TOTAL	158,62	154,12	151,45	2,67	1,8%

(*): not including NOVA



Consolidated profit & loss statement

31.12.2004 Expected vs 31.12.2003

IMA	2004E	%	2003	%	var. %
<i>Million Euro</i>					
Net sales	371,11	100,0%	351,33	100,0%	5,6%
Cost of sales	(222,68)	-60,0%	(201,79)	-57,4%	10,4%
GROSS MARGIN	148,43	40,0%	149,54	42,6%	-0,7%
Research & Development expenses	(17,35)	-4,7%	(18,21)	-5,2%	-4,7%
General & administrative expenses	(47,83)	-12,9%	(44,87)	-12,8%	6,6%
Selling expenses	(45,93)	-12,4%	(42,13)	-12,0%	9,0%
EBITA	37,31	10,1%	44,33	12,6%	-15,8%
Amortization of goodwill	(5,31)	-1,4%	(5,08)	-1,4%	4,5%
EBIT	32,00	8,6%	39,25	11,2%	-18,5%
Net financial charges	(4,18)	-1,1%	(4,01)	-1,1%	4,3%
Other	0,10	0,0%	0,94	0,3%	-89,4%
Income taxes	(14,50)	-3,9%	(16,92)	-4,8%	-14,3%
Minority interests	(0,42)	-0,1%	(0,30)	-0,1%	36,5%
NET INCOME	13,01	3,5%	18,96	5,4%	-31,4%
EBITDA	47,87	12,9%	54,90	15,6%	-12,8%



Consolidated profit & loss statement

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31.12.2004 Expected vs 31.12.2003 – Not including Nova

IMA	2004E (*)	%	2003	%	var. %
<i>Million Euro</i>					
Net sales	364,50	100,0%	351,33	100,0%	3,7%
Cost of sales	(217,92)	-59,8%	(201,79)	-57,4%	8,0%
GROSS MARGIN	146,58	40,2%	149,54	42,6%	-2,0%
Research & Development expenses	(17,35)	-4,8%	(18,21)	-5,2%	-4,7%
General & administrative expenses	(46,98)	-12,9%	(44,87)	-12,8%	4,7%
Selling expenses	(45,25)	-12,4%	(42,13)	-12,0%	7,4%
EBITA	37,00	10,1%	44,33	12,6%	-16,5%
Amortization of goodwill	(5,04)	-1,4%	(5,08)	-1,4%	-0,8%
EBIT	31,96	8,8%	39,25	11,2%	-18,6%
EBITDA	47,22	13,0%	54,90	15,6%	-14,0%

(*): not including NOVA



Consolidated profit & loss statement

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2004E vs. 2003 – An analysis of the differences (not including Nova)

EBITA margin (not including Nova) is down 2.5 (from 12.6% in 2003 to 10.1% in 2004).

Considering a turnover of 364.5 ml. € the margin is down 9.1 ml. €, a figure chiefly ascribable to:

- One-off costs to the amount of 5.0 ml. €.
- Underpricing/discounts effect to the amount of 3.7 ml. € owing to fierce competition.
- 38% growth commissions to agents (8.7 ml. € in 2004 vs. 6.3 ml. € in 2003) owing to strong growth in sales in countries without a direct IMA sales organization.



Consolidated balance sheet

31.12.2004 Expected vs 31.12.2003

IMA	2004E	%	2003	%
<i>Million Euro</i>				
Trade receivables	75,29		76,67	
Inventories	128,67		117,42	
Trade payables	(109,80)		(94,51)	
Other, net	(19,69)		(21,38)	
Net working capital	74,47	44,4%	78,20	46,9%
Intangible fixed assets	50,38		42,99	
Tangible fixed assets, net	59,52		58,66	
Investments	0,58		0,48	
Total fixed assets	110,48	65,8%	102,14	61,3%
Severance indemnities & other	(17,14)		(13,74)	
Net employed capital	167,80	100,0%	166,60	100,0%
Net debt	71,58	42,7%	68,49	41,1%
Minority interests	2,95		2,25	
Group share of net equity	93,28	55,6%	95,86	57,5%
All sources	167,80	100,0%	166,60	100,0%



Consolidated cash flow

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31.12.2004 Expected vs. 31.12.2003

Despite weaker performance compared to 2003, actual operating cash flow was in line with that of the previous year thanks to:

- Improved working capital management, up 3.7 ml. € against an increase in sales by about 20 ml. €.
- Less investments due to completion of investment cycle.

Net debt by end 2004 are hence essentially in line with those of 2003, the debt for Nova's acquisition, amounting to approx. 12.5 ml. € inclusive of 2.1 ml. € of Nova's indebtedness, being almost fully made good.



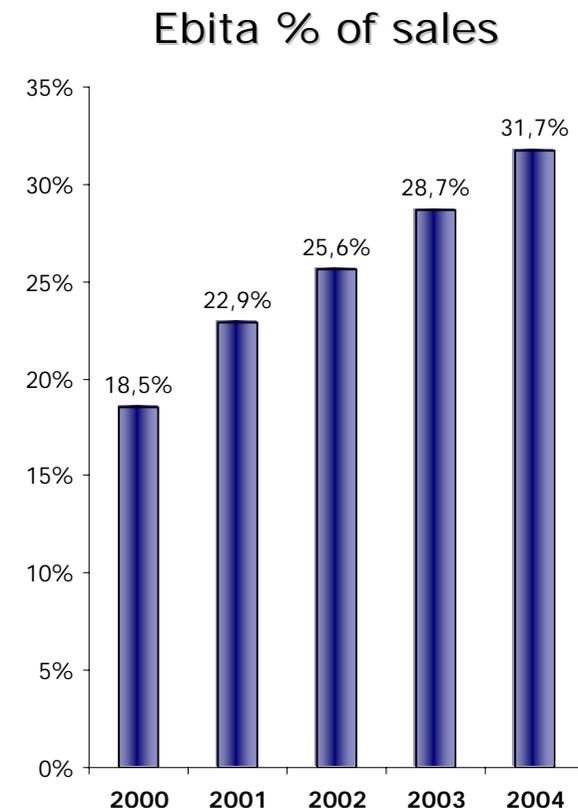
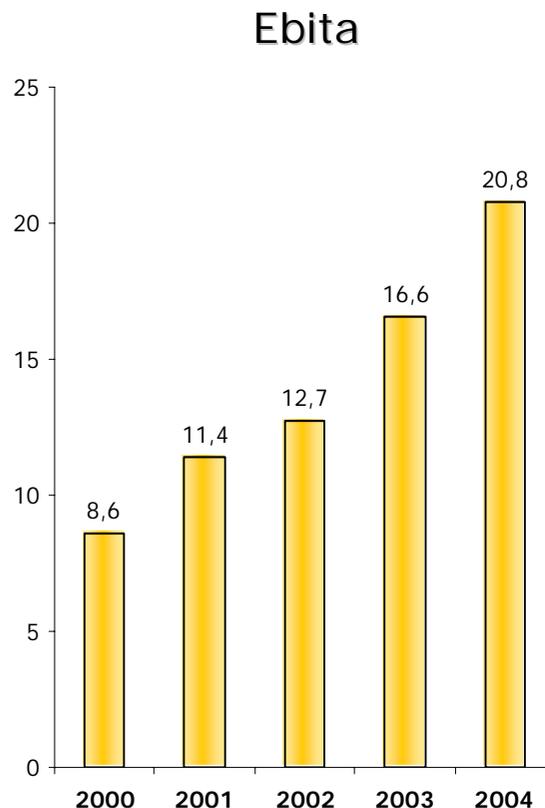
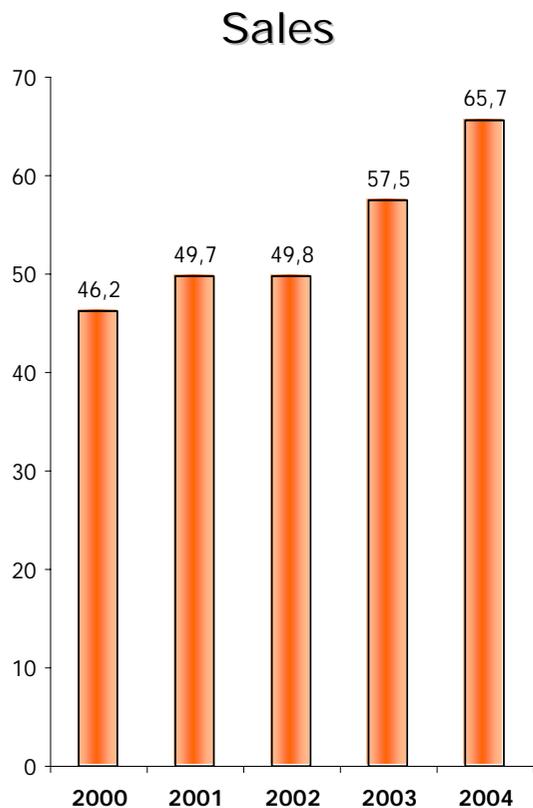
Consolidated cash flow

31.12.2004 Expected vs 31.12.2003

IMA - CASH FLOW	2004E	2003
<i>Million Euro</i>		
EBIT	32,00	39,25
Depreciation and amortization	10,55	10,57
Amortization of goodwill	5,31	5,08
Capital expenditure	(12,80)	(18,14)
Change in working capital	3,74	6,75
Change in other assets/liabilities	3,40	(0,51)
Operating cash flow	42,20	43,01
Net financial charges	(4,18)	(4,01)
Extraordinary items		0,93
Income taxes	(14,50)	(16,92)
Cash flow from operations	23,52	23,01
Acquisitions	(11,30)	6,08
Cash flow from extraordinary operations	(11,30)	6,08
Dividends	(14,44)	(28,56)
Other changes in net equity	(0,87)	(1,77)
Change in net financial position	(3,09)	(1,25)
Opening net financial position	68,49	67,25
Closing net financial position	71,58	68,49

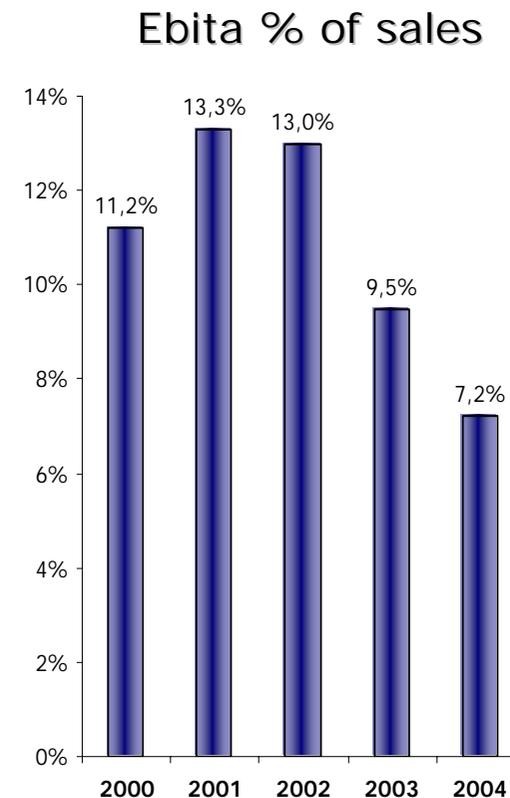
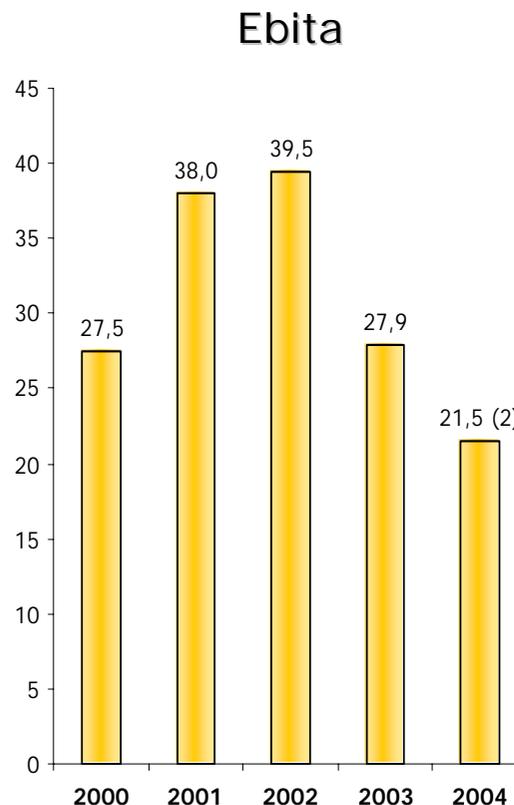
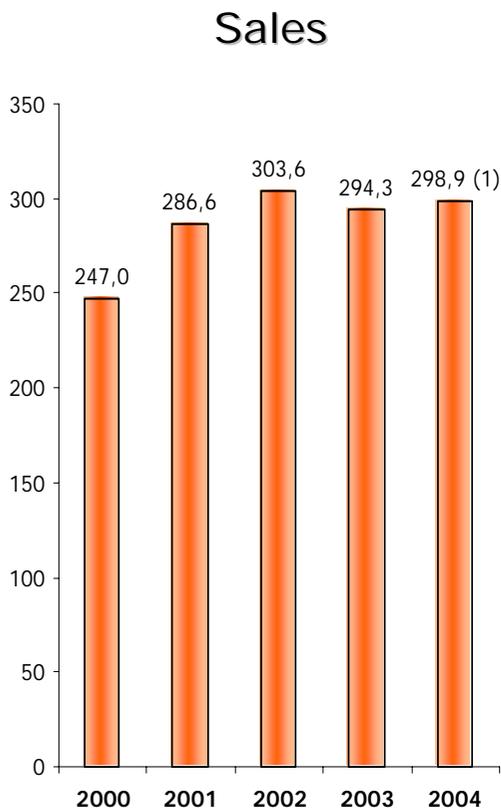
Sales and Ebita in the Tea Sector

Million Euro



Sales and Ebita in the Pharma Sector

Million Euro



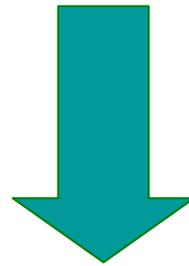
(1): not including NOVA

(2): adding one-off costs (€ 5 ml.)



Trend in the Pharmaceuticals Market

Poorer results have been recorded in the pharmaceuticals sector over the last two years (EBITA/sales from 13% \Rightarrow 7.2%)



A structural change or a slump?



Trend in the Pharmaceuticals Market

A **slump** caused by:

- A poor demand
- A jittery competitive scenario
- A shaky dollar



Trend in the Pharmaceuticals Market

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A poor demand, but...

- Growth rate of the pharmaceuticals industry has been running high (+8% nel 2004) with no sign of slackening
- Growth in volumes is stronger still
- The demand for generics is currently growing faster than pharmaceuticals as a whole (+15%), representing 9.2% of the total world pharmaceutical market
- Bio-tech offers new opportunities
- Developing countries are pushing investments in the pharmaceuticals industry
- Increasing barriers to market entry



Trend in the Pharmaceuticals Market

29

A jittery competitive scenario, but...

- Increased regulatory focus on pharma manufacturing practices has become a strong risk factor for drug manufacturers
- Small and R&D-investment thrifty manufacturers have been penalised by heightened supplier selectivity
- Developing countries have been hit hardest by the weak dollar



- Strong **discounts** have been granted by less flexible (i.e. vertically integrated) manufacturers to corner new orders
- Manufacturers with poor innovation propensity have **lowered prices** in an attempt to hold on their market share



Trend in the Pharmaceuticals Market

30

A jittery competitive scenario, but...

- A price war is unlikely to last long
- Temperance on this score appears to be already setting in
- Demand may safely be expected to pick up in view of the good growth in the pharmaceuticals industry
- Poor innovators may expect their market share to whittle down
- Once the present slump is over, the sector may be expected to settle down on new grounds



Trend in the Pharmaceuticals Market

31

A shaky dollar, but...

- Beginning from 2002 IMA has consistently increased USD list prices to make up for the unfavourable exchange rate with this currency.
- Over the last 24 months IMA has failed to make up fluctuations in the exchange rate of the USD, given the approx. 12-months business gap for making good any price hike.
- Ongoing fluctuations in the exchange rate of the USD have constantly retarded margin recovery.
- Once the value of the dollar stops dropping, an upside potential may be expected in EBITA



Trend in the Pharmaceuticals Market

A shaky dollar, but...

An exercise:

	2002	2003	2004	2005	2006
Sales \$ (base 2004)	69,0	70,4	⁽¹⁾ 80,7	90,4	101,4
Exchange rate (hedging)	0,93	1,066	1,19	1,30	1,30
Sales €	74,2	66,0	67,8	69,5	78,0

(1): 2004 sales (actual) have been actualised to 2002, 2003, 2005 and 2006 dollar price list values.



Outlook for 2005

- Sales in line with the 2004 record levels are expected for the Tea & Coffee sector.
- Sales growth between 3-5% (not including Nova acquisition) for the pharmaceutical sector.
- Improved Gross Margin and EBIT essentially thanks to no further one-off burdens as those borne in 2004.
- A lower investments rate, cutbacks in working capital and improved economical performance may be expected to boost cash flow.



Outlook for 2005

Forecasts for 2005 are **conservative**.

The key data are as follows:

NET SALES	400 ml. € (including NOVA acquisition)
EBIT	above 10% of sales
NET DEBT	approximately 60 ml. € (after capex and dividends)



Outlook for 2005

The reason for defining the foregoing forecasts “**conservative**” depends on the fact that we have not considered:

- A possible recovery of demand from the pharma industry.
- Better margins following on cost reduction actions implemented in 2004.
- An improvement in the current pricing/discount policy (i.e. less underpricing/discounts in the future) of which there are already meek signs.
- Improved “operating leverage” thanks to a higher increase in sales compared to 2004, in countries where IMA has a direct sales organization.



ALWAYS
A STEP AHEAD

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