

Confidential

Bond holders Call Q1 2017

Date
Author

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Agenda

MACCAFERRI

1. Introduction
2. Highlights
3. Segment Overview
4. Financials
5. Appendix

- Total revenue for LTM March 2017 was equal to € 477,0 M, +2.5% vs. FY 2016.
Overall positive performance in particular in EMEA. Good performance of Spain, Italy, Russia and JV with Bekaert for fibers business (BMUS).
Q1 2017 total revenue higher than Q1 2016 of +12%, thanks to the positive FX impact and to the general recover in almost all geographical areas, in particular in EMEA. LATAM almost in line with previous year despite Brazil still affected by political instability.
- LTM March EBITDA 2017 almost in line with FY 2016 (€39.3 M, -1.4 % vs FY 2016), with a decrease of marginality from 8,6% to 8.2%.
EBITDA of Q1 2017 almost in line with previous year but marginality decrease to 1,8% from 2,6 % of Q1 2016 due to the different mix of products.
- LTM Operating free cash flow (EBITDA 39.3 – Capex 8.9 – Change Working Capital - 19,3) was equal to € 11,1 M vs. € 16,6 M FY 2016.
Working capital increase mainly due to exchange rate impact and inventory increase.
- Net CAPEX in line with previous year.
- Net LTM leverage was equal to € 184.6 M, or 4.7x LTM EBITDA.

Significant events in Q1

- Sale of the spin off of the production business unit of Officine Maccaferri Spa to Maccaferri Manifattura Italia, involving operations carried out at the plant located in Bellizzi. Maccaferri Manifattura Italia S.r.l. was previously a non-operating company. This operation is part of the production reorganization process of the EMEA area started in 2016.

- **EMEA:** Positive performance specially for Spain, Russia (also thanks to the revaluation of the local currency), South Africa and BMUS. Italy: positive first quarter, with positive signals of a recovery vs previous year.
- **LATAM:** Brazil performance in local currency in line with previous year but losing marginality because of market stagnation due to political instability and negative product mix. Positive performance of Argentina. Good projects opportunities for next months in Bolivia and Paraguay. Structural cost saving plan in place in Brazil, since beginning of 2016, for staff reduction. Perù Q1 sales have been negatively affected by adverse weather conditions.
- **APAC:** Q1 performance better than previous year thanks to Indonesia, Malaysia and China with a positive outlook for next quarters. India in line with previous year notwithstanding a slow departure because of adverse weather conditions that have deferred some projects, to be recovered in the next quarters.
- **NAFTA:** Positive performance of the US subsidiary after some years of poor performance. Mexico in delay compared to 2016 due to projects rescheduling to Q2/Q3.

2. Highlights

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Millions €	Q1 2016	Q1 2017	2016	LTM
Total revenues	95.5	107.0	465.5	477.0
<i>growth (%)</i>		12.1%		2.5%
Opex	(93.0)	(105.1)	(425.6)	(437.7)
EBITDA	2.5	2.0	39.9	39.3
<i>margin (%)</i>	2.6%	1.8%	8.6%	8.2%
<i>growth (%)</i>		-22.6%		-1.4%
Total net capex	(0.8)	(0.7)	(9.0)	(8.9)
<i>incidence on total revenues (%)</i>	-0.8%	-0.6%	-1.9%	-1.9%
Net cash flow from operating activities	(30.7)	(36.9)	6.6*	0.3
<i>growth (%)</i>		20.4%		-94.7%

* Net cash flow YE 2016 updated with the YE figures from Audited Financial statement

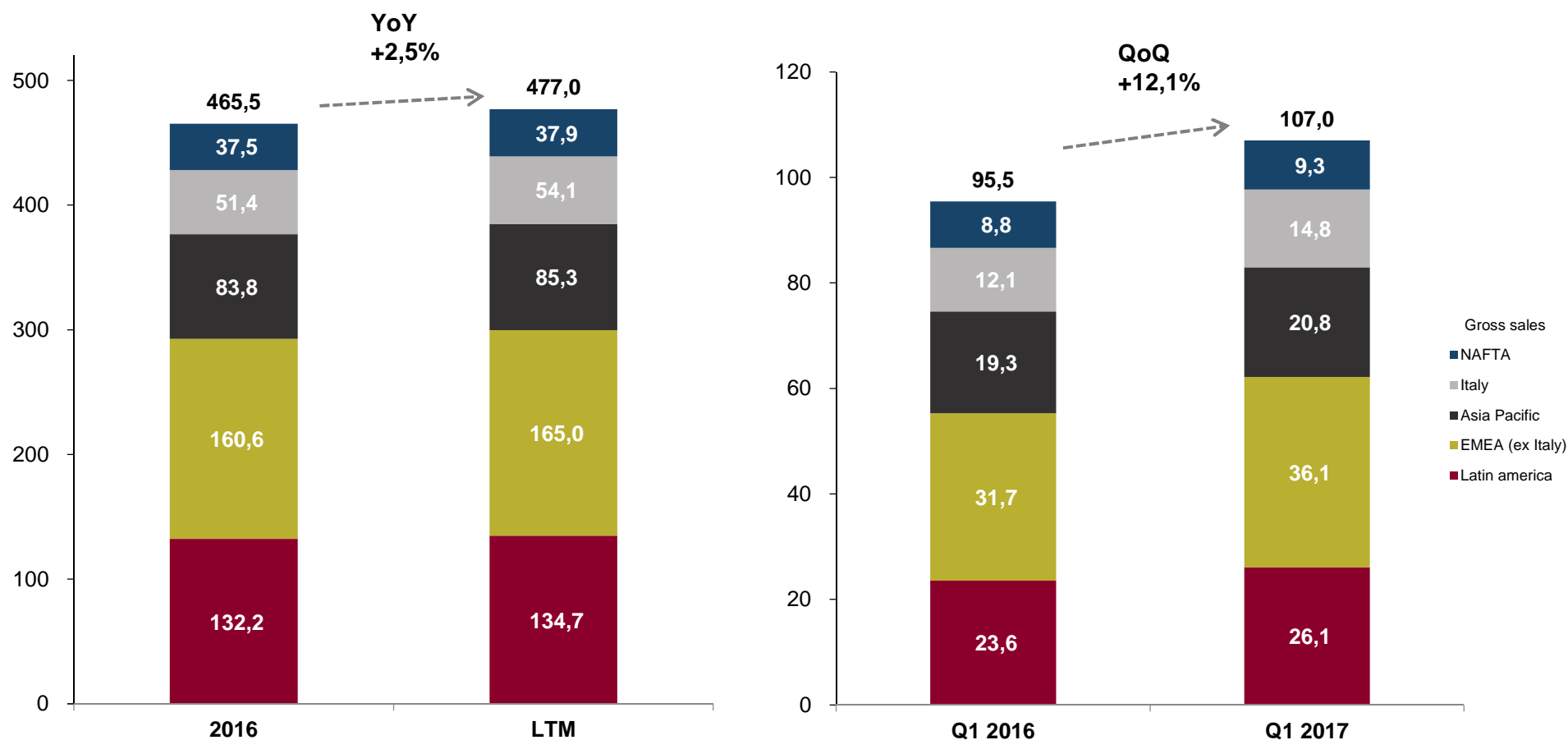
Millions €	March 31, 2016	March 31, 2017	Δ 2017 vs 2016
Total net working capital	97.3	116.5	19.1
Inventories	84.3	99.5	15.1
Trade receivables	104.2	114.5	10.3
Advance from customers	(4.2)	(4.0)	0.1
Trade payables	(61.6)	(77.2)	(15.6)
Other net working capital items	(25.5)	(16.3)	9.2

3. Segment Overview

Total Revenues by Geographic Area

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Millions €

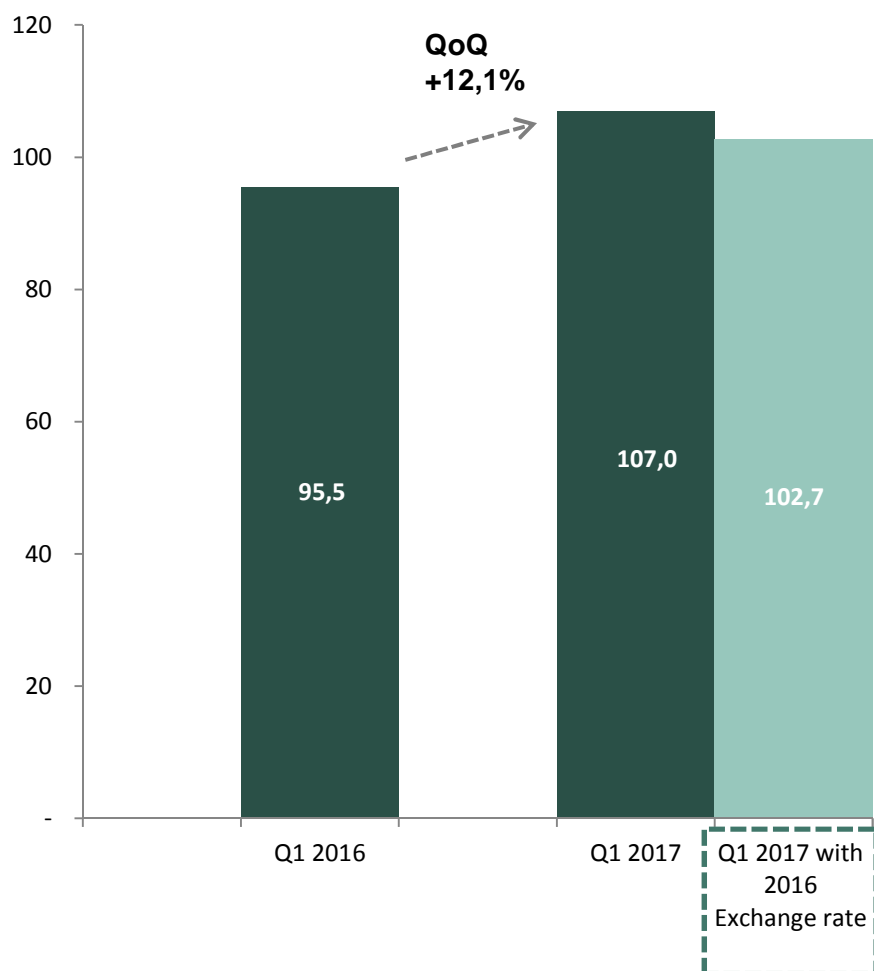


3. Segment Overview

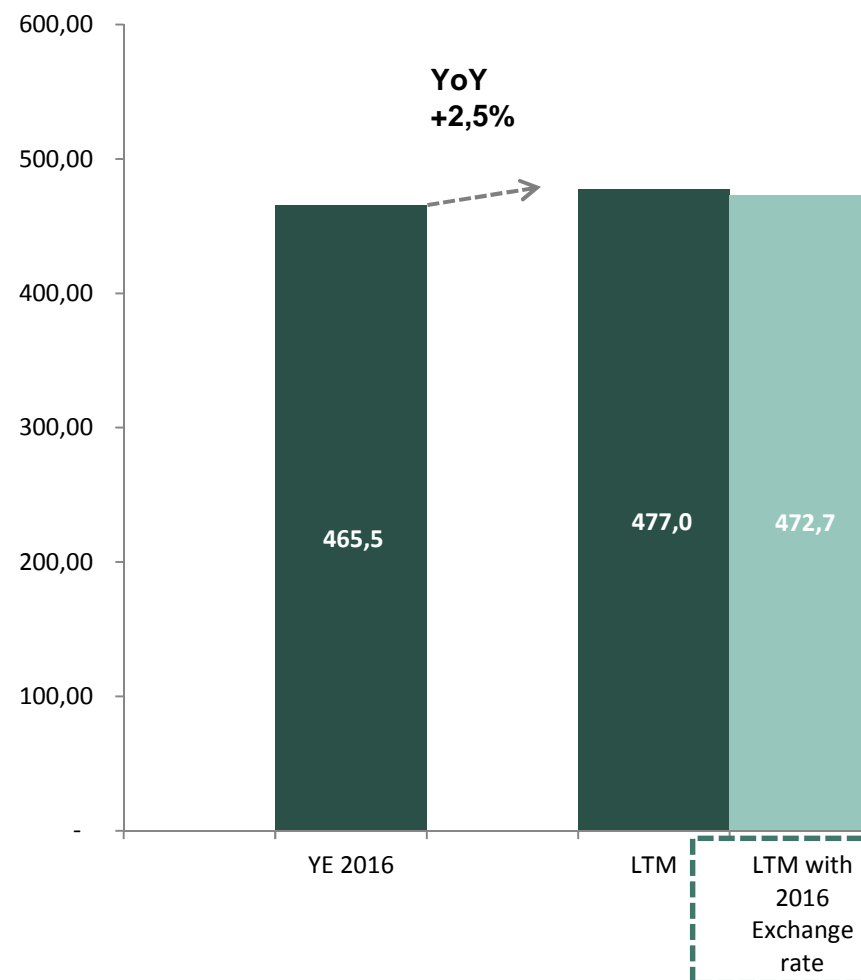
Total Revenue

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Millions €



Millions €



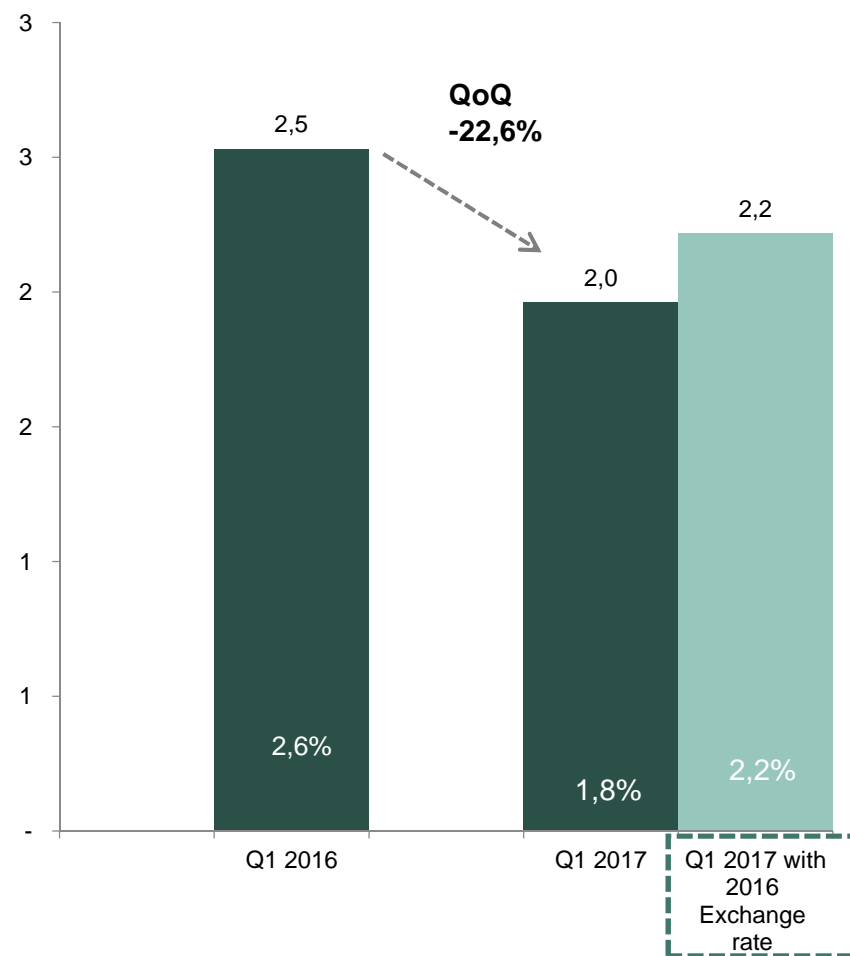
Positive contribution to the exchange rate effect has been generated mainly by Brazilian Real, Indian Rupia, South African Rand and Russian Ruble.

3. Segment Overview

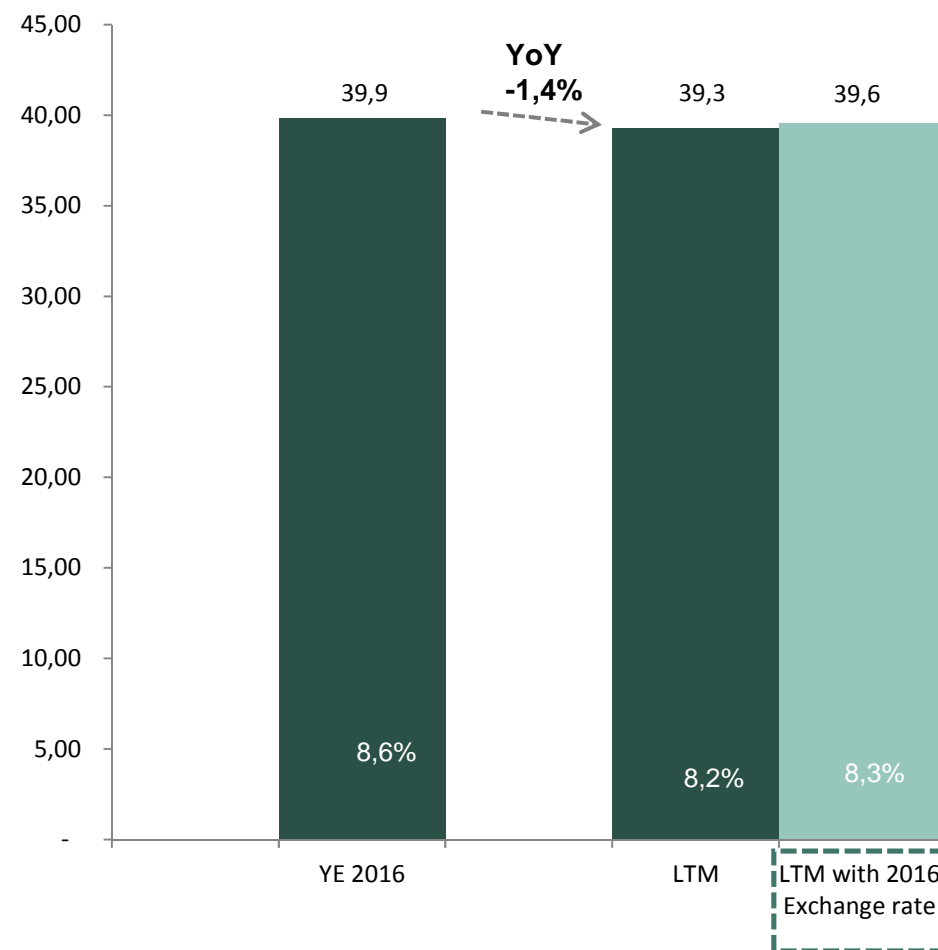
EBITDA

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Millions €



Millions €

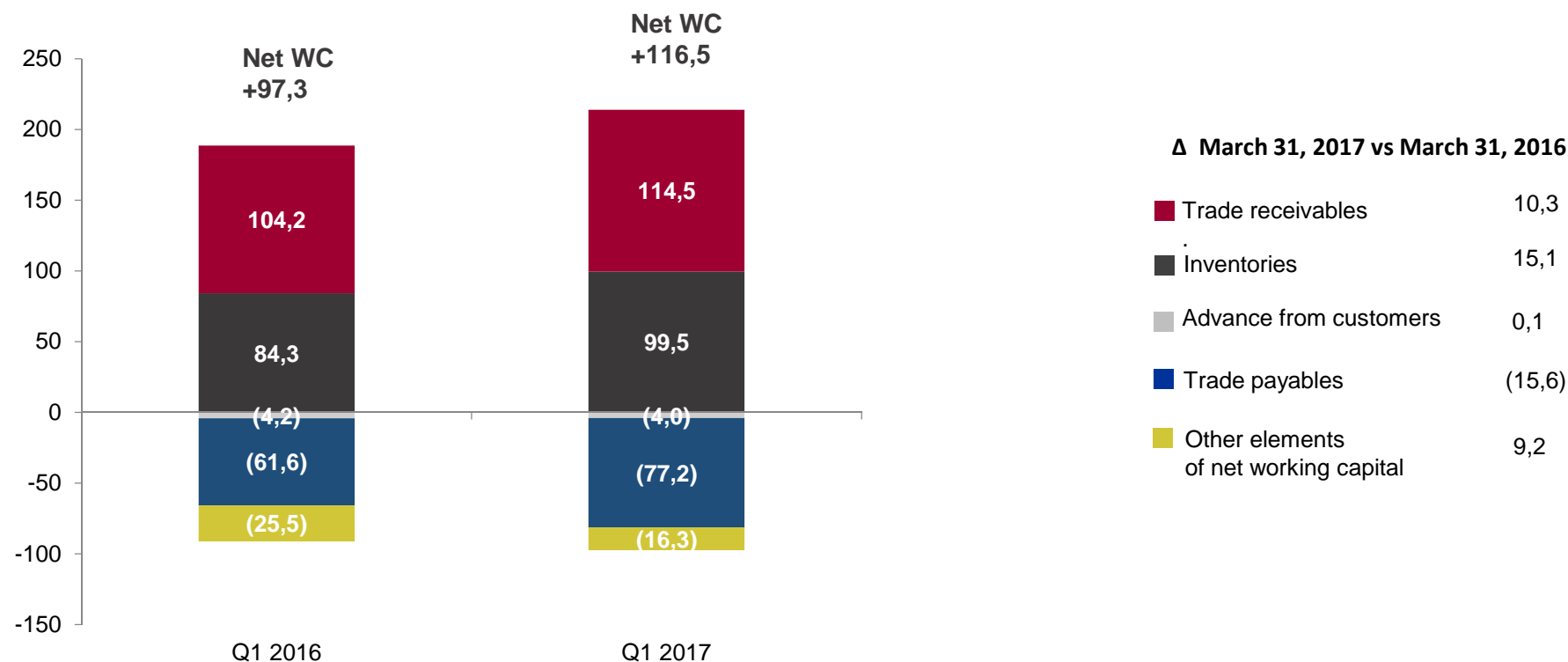


4. Financials

Working Capital

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Millions €



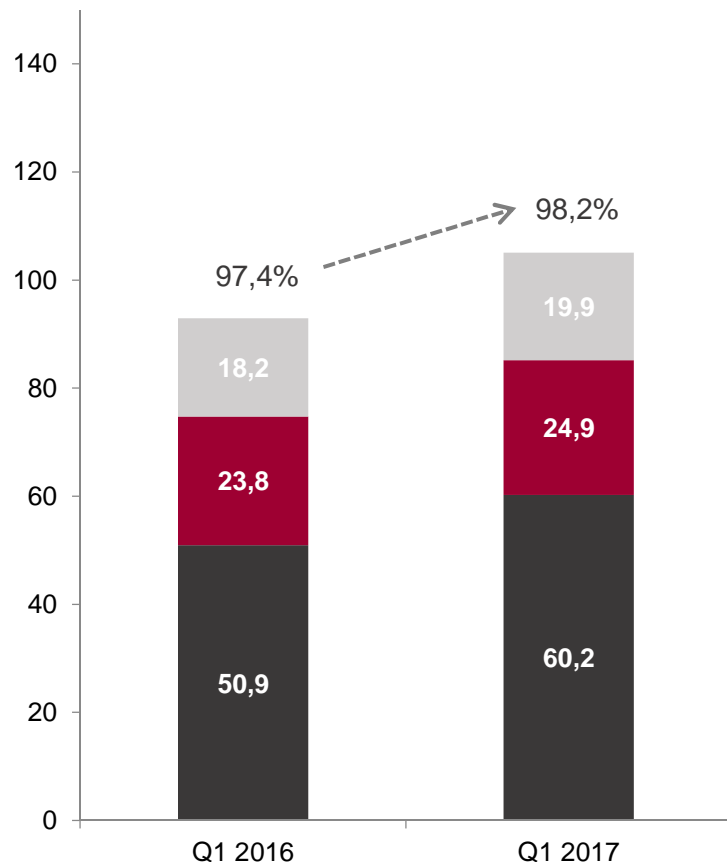
Working capital higher than March 2016 due to increase in turnover (mainly for trade receivables and trade payables) and to higher stock level. The increase in inventory is mainly due to face future months sales, to the delay of some projects and to the fact that the new production hub in Seniza (Slovakia) has reached the full operation while in Q1 2016 it was in the start up phase. To underline a revaluation effect at year end mainly of stock value due to the revaluation of Brazilian Real of about € 4 M.

4. Financials

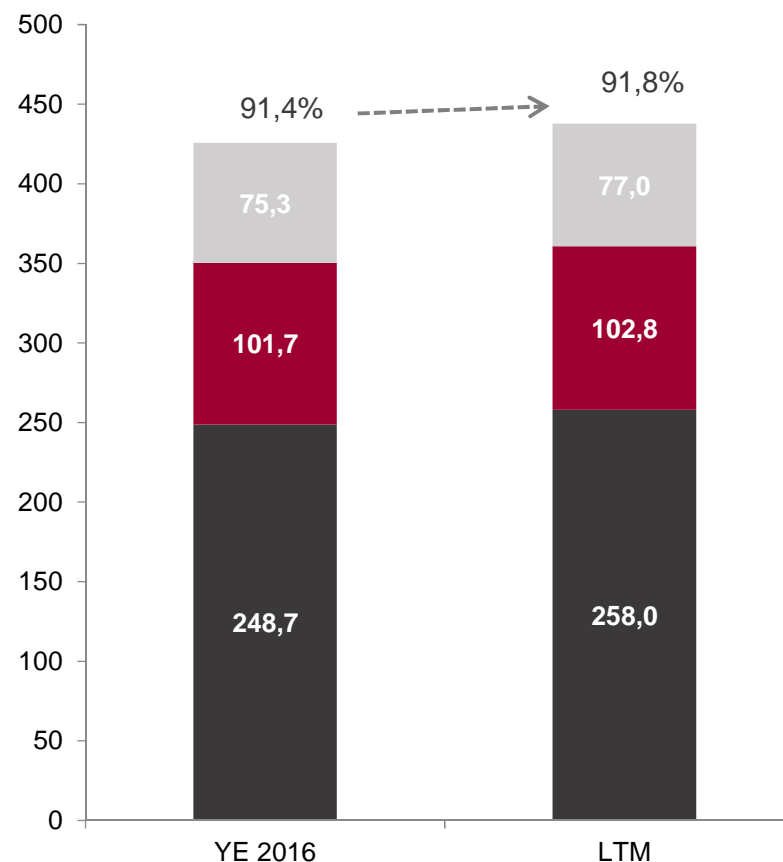
Operative Expenses (OPEX)

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Millions €



Millions €



- Costs of personnel
- Costs of services and use of third party assets
- Costs of materials and consumables
-➔ % Total revenue

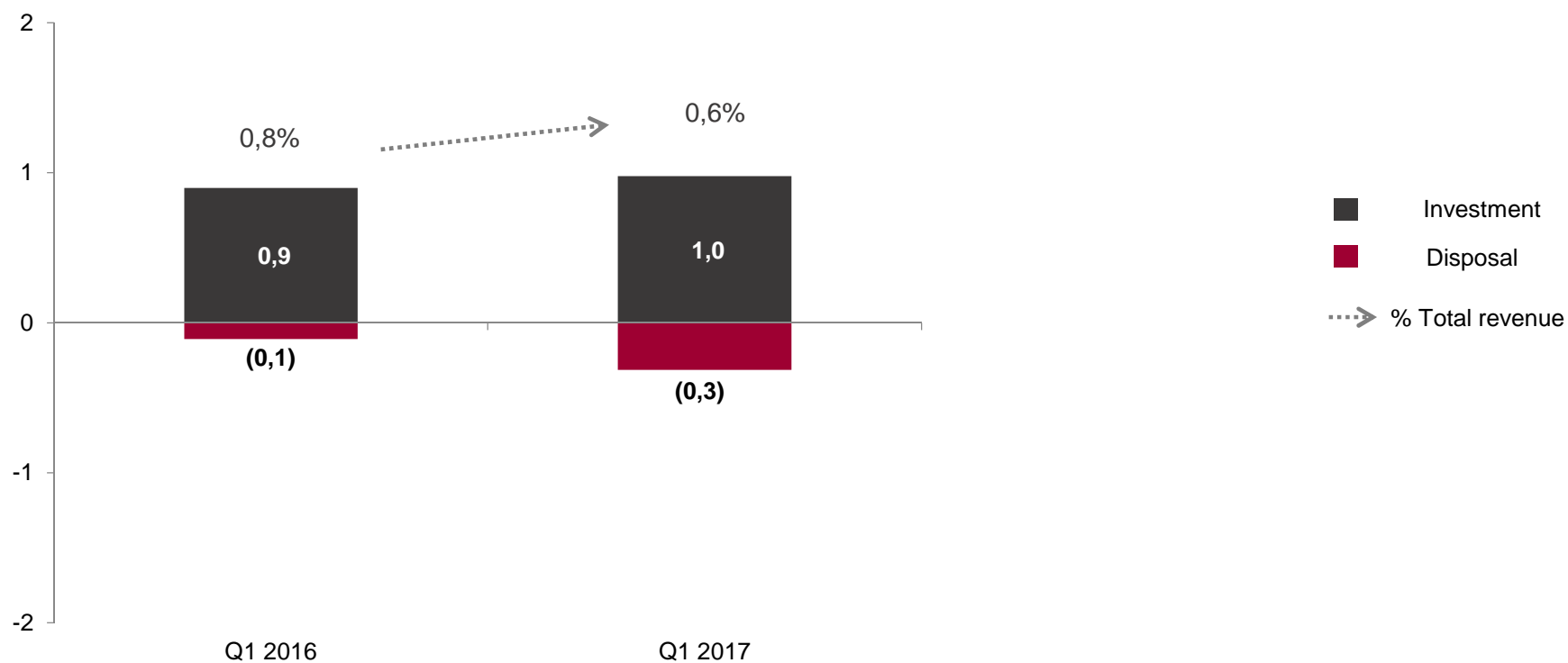
The increase in costs incidence is mainly due to costs of materials and consumables because of a different mix of products sold and to the increases in raw material prices not totally reversed to the market.

4. Financials

Capital Expenses (CAPEX)

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Millions €



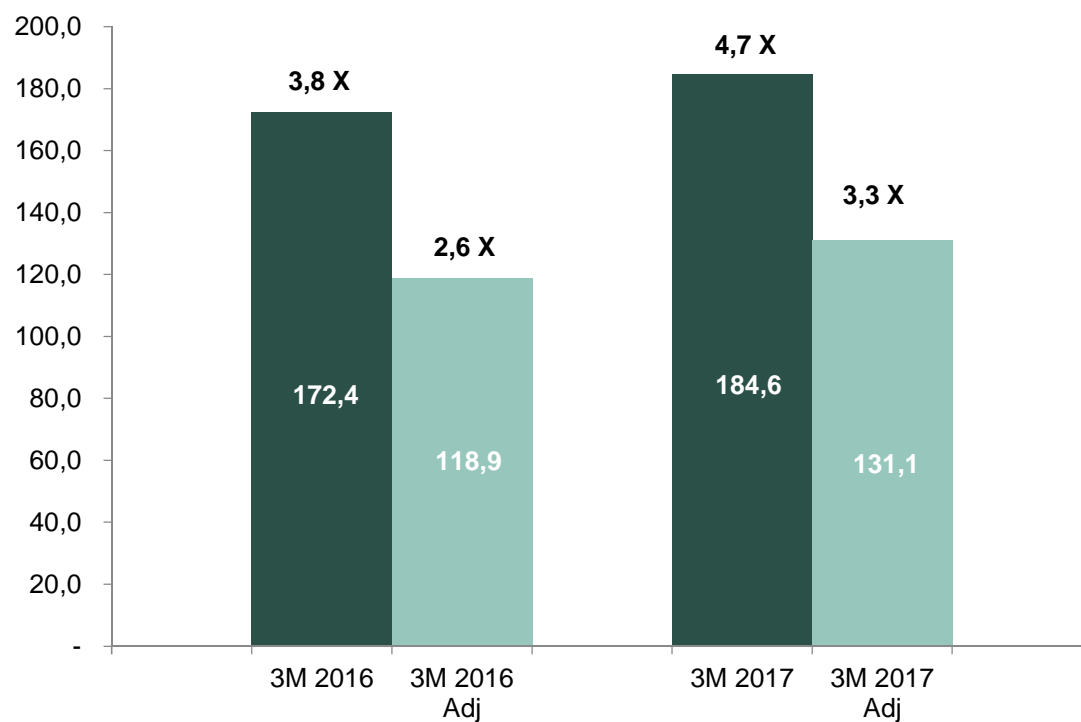
Investments almost in line with previous year.

4. Financials

Net Debt

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Millions €



0,0 X **Net Leverage Ratio**
(Net Debt / EBITDA)

Net Debt

Net Debt proforma adjusted without Headquarters acquisition, extra dividend and transaction costs.

CASH AND CASH EQUIVALENT DETAIL

Area	31th march 2017	31th march 2016
EMEA	10.116	10.334
Asia Pacific	4.011	7.103
Latin America	8.148	7.059
Italy	6.660	3.369
NAFTA	1.949	2.699
Total	30.883	30.563

5. Appendix

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<i>(Euro/000)</i>	Q1 2017	% of Total Revenue	Q1 2016	% of Total Revenue	LTM	% of Total Revenue	YE 2016	% of Total Revenue
Revenue from sales and services	99,214	92.7%	90,547	94.8%	460,019	96.4%	451,353	97.0%
Other revenue	7,799	7.3%	4,945	5.2%	16,993	3.6%	14,140	3.0%
Total revenue	107,012	100.0%	95,493	100.0%	477,012	100.0%	465,493	100.0%
Costs of materials and consumables	(60,237)	(56.3%)	(50,942)	(53.3%)	(257,992)	(54.1%)	(248,696)	(53.4%)
Costs of services and use of third party assets	(24,666)	(23.0%)	(23,515)	(24.6%)	(102,036)	(21.4%)	(100,885)	(21.7%)
Costs of personnel	(19,900)	(18.6%)	(18,184)	(19.0%)	(76,978)	(16.1%)	(75,262)	(16.2%)
Other operating costs	(249)	(0.2%)	(322)	(0.3%)	(715)	(0.1%)	(788)	(0.2%)
Total Operating costs	(105,053)	(98.2%)	(92,963)	(97.4%)	(437,720)	(91.8%)	(425,630)	(91.4%)
EBITDA	1,959	1.8%	2,530	2.6%	39,292	8.2%	39,863	8.6%
Amortization, depreciation and write downs	(4,096)	(3.8%)	(4,204)	(4.4%)	(17,405)	(3.6%)	(17,514)	(3.8%)
Accrual to provision for risks and charges	(61)	(0.1%)	(96)	(0.1%)	(749)	(0.2%)	(784)	(0.2%)
Total Amortiz., deprec., write downs and prov.	(4,157)	(3.9%)	(4,300)	(4.5%)	(18,154)	(3.8%)	(18,297)	(3.9%)
Operating income	(2,198)	(2.1%)	(1,770)	(1.9%)	21,138	4.4%	21,566	4.6%
Financial income	772	0.7%	766	0.8%	3,343	0.7%	3,337	0.7%
Financial expenses	(4,222)	(3.9%)	(3,807)	(4.0%)	(17,277)	(3.6%)	(16,862)	(3.6%)
Gains/(losses) on exchange rate	(185)	(0.2%)	(1,108)	(1.2%)	(935)	(0.2%)	(1,858)	(0.4%)
Net expenses and losses from financial activities	(3,635)	(3.4%)	(4,149)	(4.3%)	(14,869)	(3.1%)	(15,383)	(3.3%)
Net non-recurring expenses and charges	(814)	(0.8%)	(710)	(0.7%)	(3,152)	(0.7%)	(3,048)	(0.7%)
Income before taxes	(6,646)	(6.2%)	(6,629)	(6.9%)	3,117	0.7%	3,134	0.7%
(Income taxes)/tax benefit	1,068	1.0%	1,209	1.3%	(1,816)	(0.4%)	(1,675)	(0.4%)
Net Income / (Losses) for the period	(5,578)	(5.2%)	(5,420)	(5.7%)	1,301	0.3%	1,459	0.3%
Attributable to non-controlling interests	(61)		(217)		(1,255)		(1,412)	
Attributable to equity holders of the parent	(5,638)		(5,638)		47		47	

5. Appendix

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CONSOLIDATED BALANCE SHEET

	March 31, 2017	December 31, 2016
<i>(Euro/000)</i>		
Intangible assets	28.819	29.834
<i>of which goodwill</i>	<i>18.976</i>	<i>19.457</i>
Property, plant and equipment	121.913	123.048
Investment in subsidiaries, associates, joint ventures and other companies	421	441
Other non-current assets	29.422	25.696
<i>of which deferred tax assets</i>	<i>25.106</i>	<i>21.781</i>
Total non-current assets	180.575	179.019
Cash and cash equivalents	30.883	46.619
Other current financial assets	32.000	29.000
Trade receivables	114.488	109.654
Inventories	99.490	85.238
Current tax receivables	17.447	15.112
Other current non-financial assets	24.124	16.434
Total current assets	318.431	302.057
Total assets	499.006	481.076
Shareholders' equity and liabilities		
Share capital	33.400	33.400
Reserves	39.203	37.572
Profit / (Loss) for the Year Group	(5.638)	47
Equity attributable to equity holders of the parent	66.965	71.019
Equity attributable to non-controlling interests	37.349	37.286
Total shareholders' equity	104.314	108.305
Non-current portion of banks loans and other financial liabilities	7.673	8.155
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.022	1.463
Provisions for risks and charges	7.097	7.018
Deferred tax liabilities	7.096	6.908
Total non-current liabilities	212.888	213.543
Current portion of banks loans and other financial liabilities	49.815	23.394
Advance from customers	4.040	3.134
Trade payables	77.159	71.507
Current tax payables	8.440	6.405
Other current non-financial liabilities	42.350	54.787
Total current liabilities	181.804	159.227
Total liabilities	394.692	372.770
Total shareholders' equity and liabilities	499.006	481.076