

# Officine Maccaferri

Company presentation

**BNP Paribas 13th Annual High Yield & Leveraged Finance Conference 2017**

*London, 19<sup>th</sup> January 2017*



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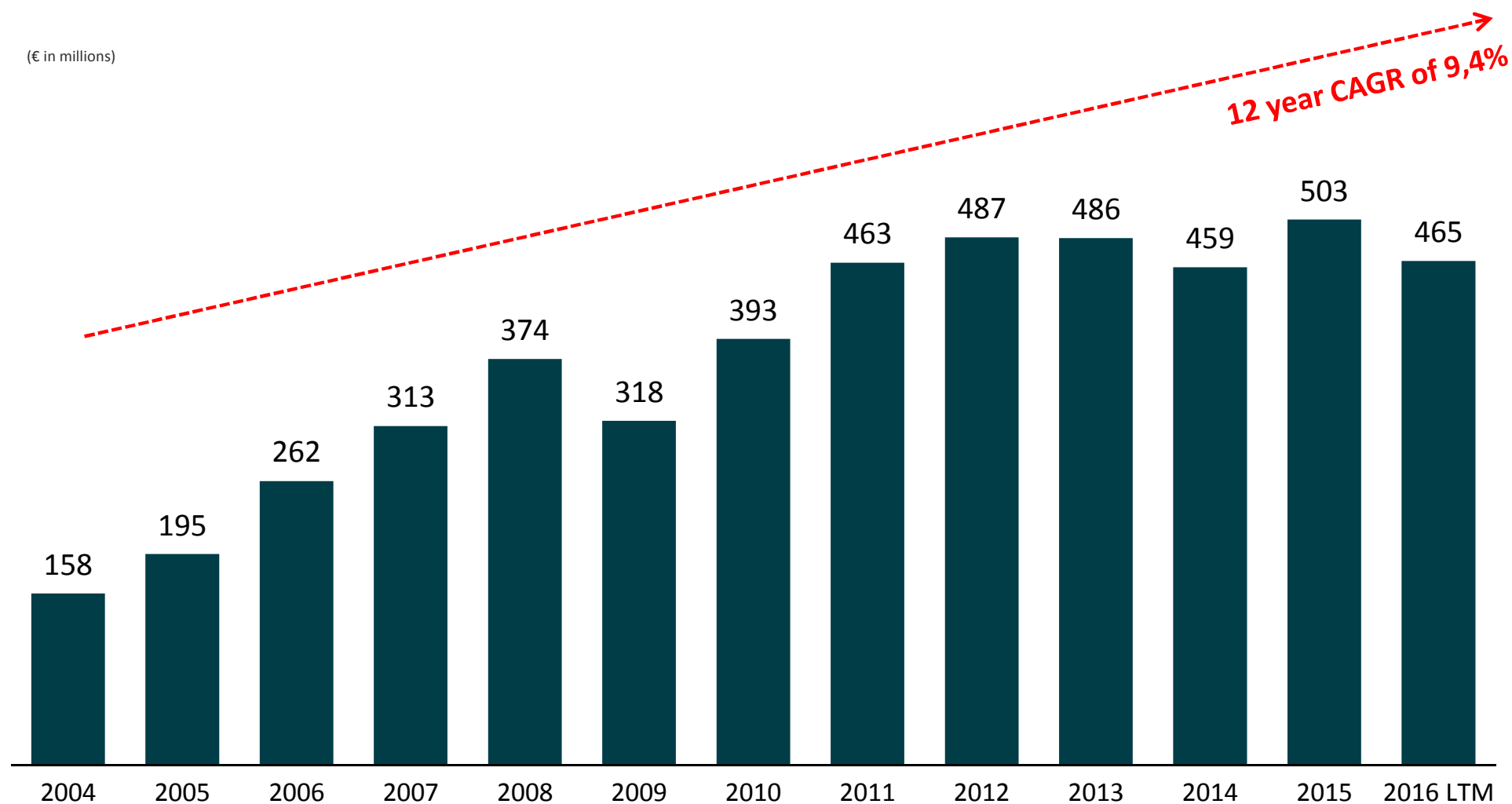
**Company snapshot & Key credit highlights**

**Historical financials**

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# Accelerated growth in the last 12 years

(€ in millions)



Officine Maccaferri has delivered exceptional growth over the last 12 years, with a double digit CAGR

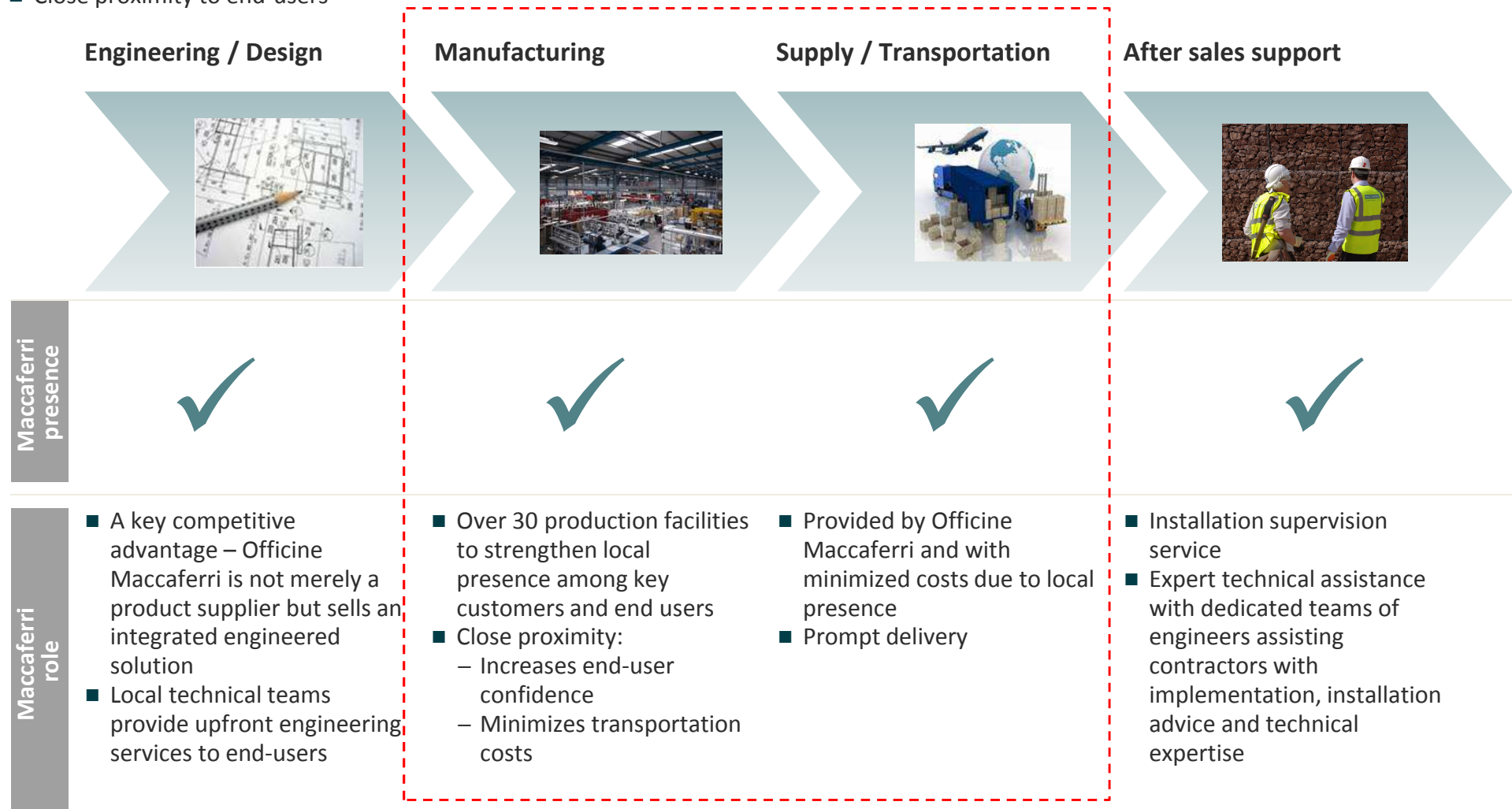


# Overview of engineering solutions



# Integrated business model is a key competitive advantage

- Involved in the full cycle of providing a full suite of product solutions
- In-depth expertise in developing “holistic” environmental solutions
- Close proximity to end-users



**Officine Maccaferri is active in the full value chain and is able to anticipate, understand and develop complete and bespoke environmental engineering products and solutions**



# Strong, balanced and profitable business mix with clear product diversification

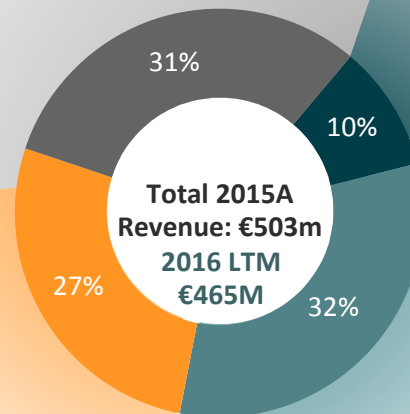
## 1 Double twist mesh products



## 2 Geosynthetics



**MACCAFERRI**  
OFFICINE MACCAFERRI GROUP



## Rockfall protection & snow net structures

3



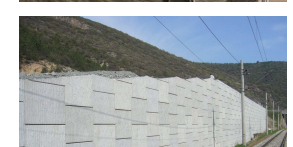
## Other products

4

### 4A Tunnelling & flooring



### 4B Vertical concrete retaining walls



### 4C Engineering Services

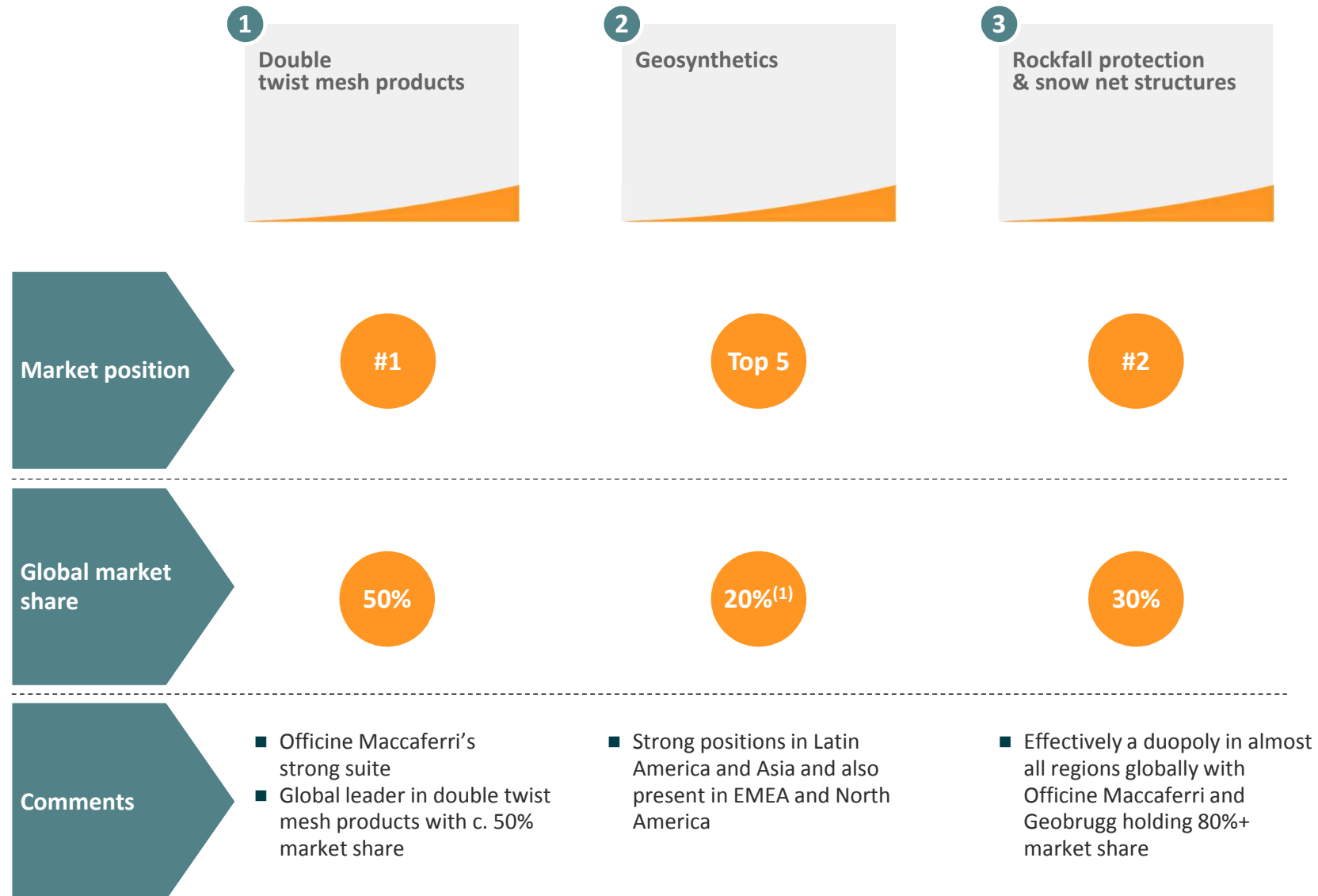


### 4D Wire and other products



Diversified global player in environmental engineering solutions

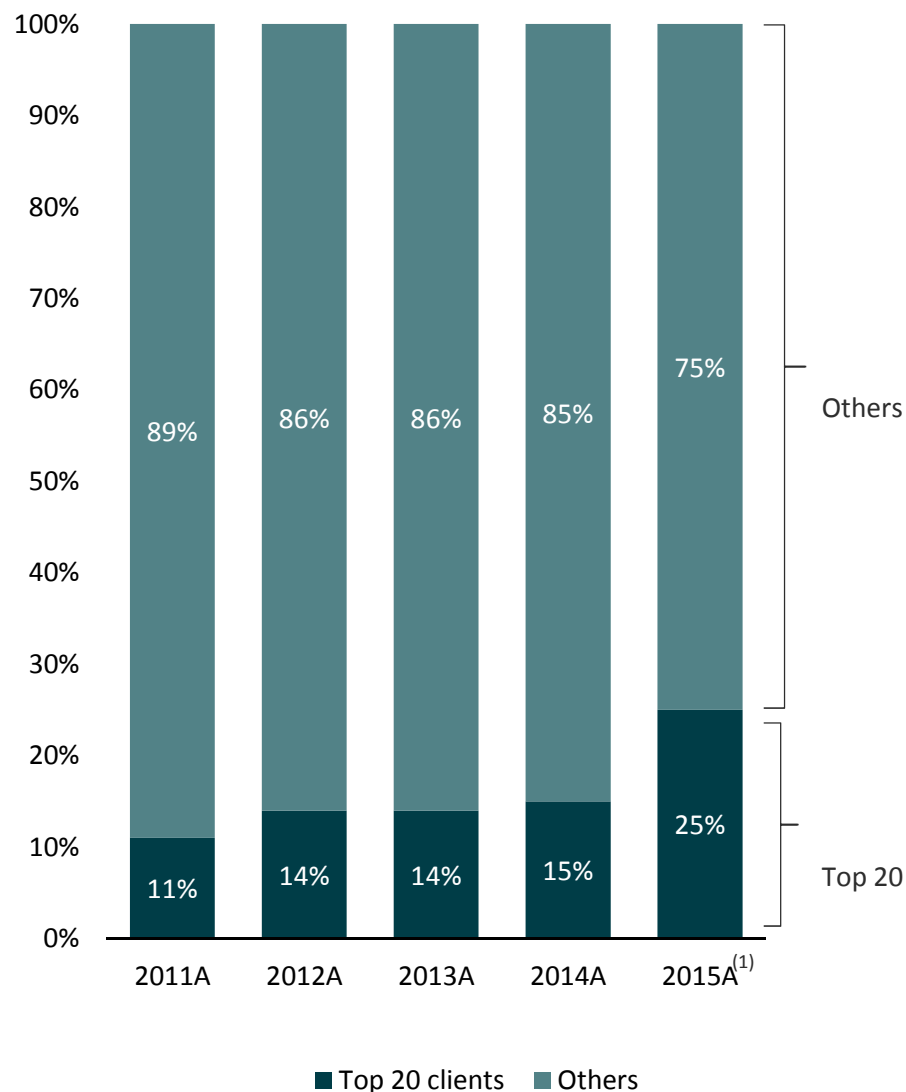
# Leadership in key solution areas



Officine Maccaferri is several decades ahead of its peers in terms of R&D and engineering expertise

# Very limited client and contract concentration

## 2011–2015 client concentration

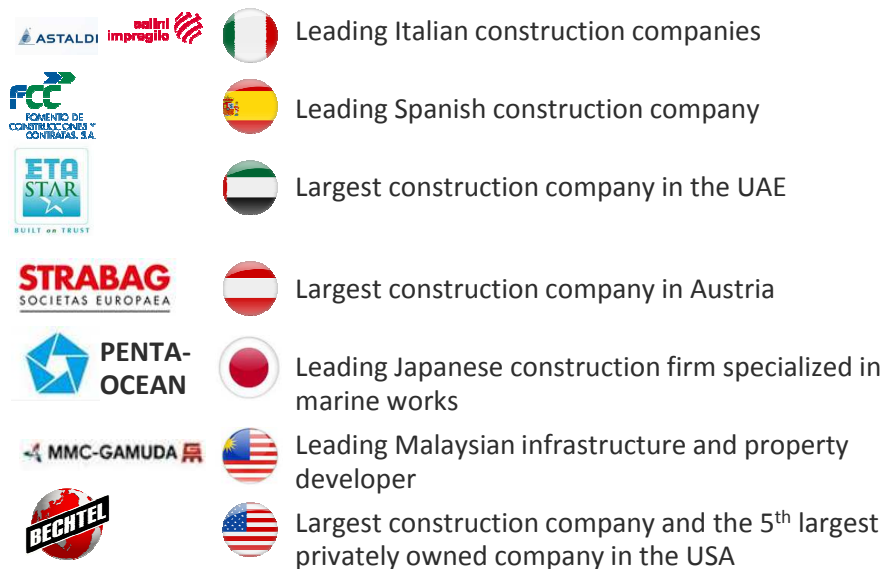


(1) €20m of one-off projects in Latam in 2015

## Comments

- Strong client diversification, across products and geographies
  - Top 20 clients accounting for between 11% and 25% of total revenues over the last 5 years (\*)
- Clients mainly include global and local EPC contractors as well as mining and Oil and Gas companies
- Industry diversification; Infrastructure economic cycle is generally offset from mining / Oil and Gas economic cycle

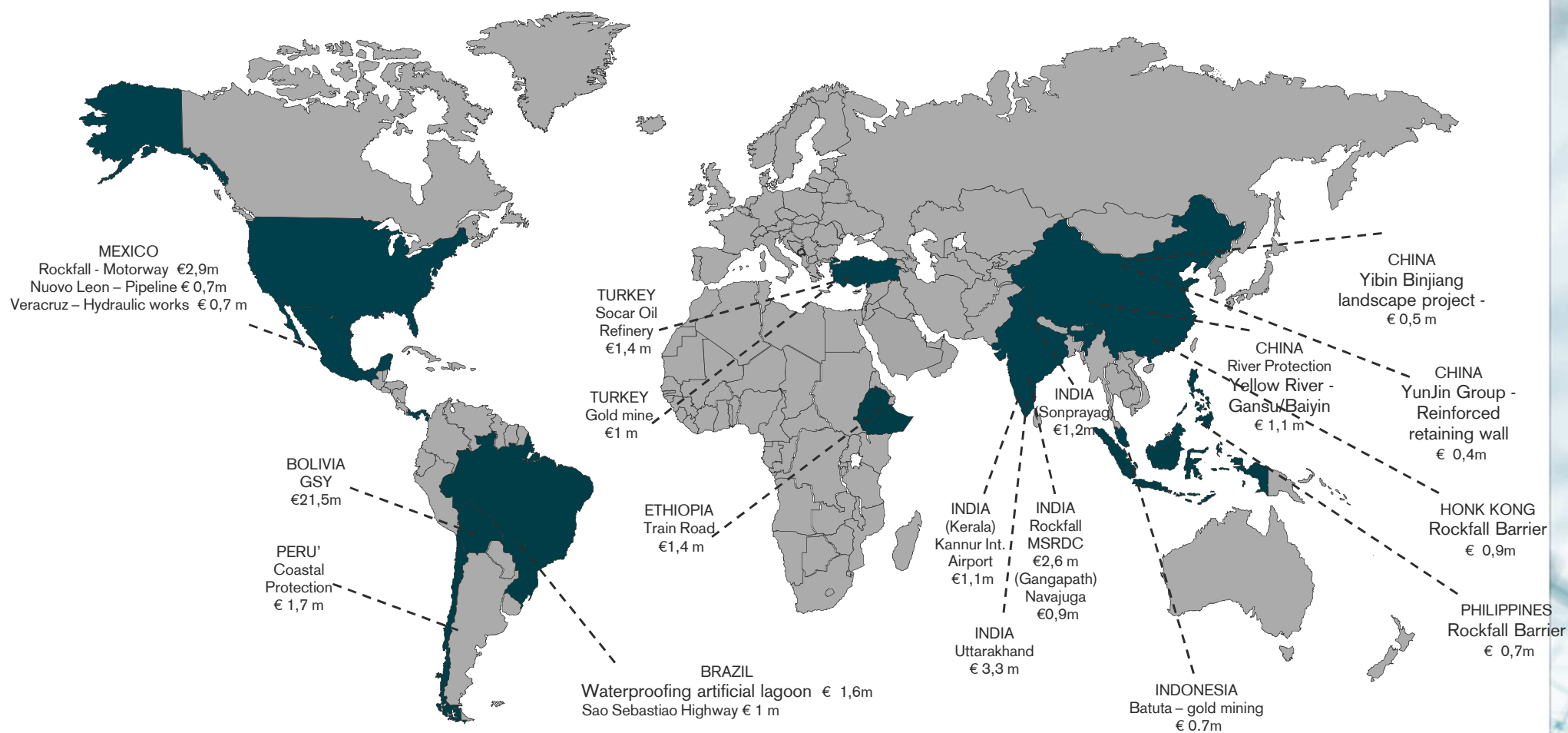
## Sample “blue-chip” clients



**Very diversified client base, spread across different countries and geographies, with limited client concentration**



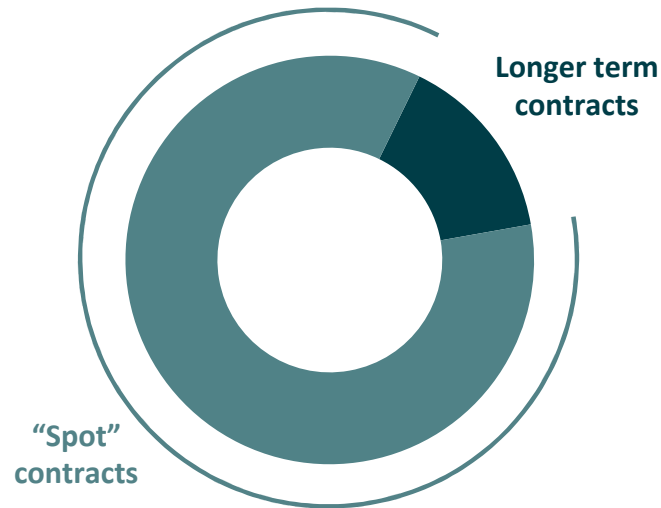
# Main Projects 2016



# Overview of contract types

## “Spot” contracts

- “Spot” contracts make up the vast majority of Officine Maccaferri’s sales
- Prices and volumes fixed with dispatch taking place taking 1 to 3 weeks after an order is received
- Prices are fixed at time of order
- Product typically dispatched from inventory on hand
- Freight costs typically passed onto client



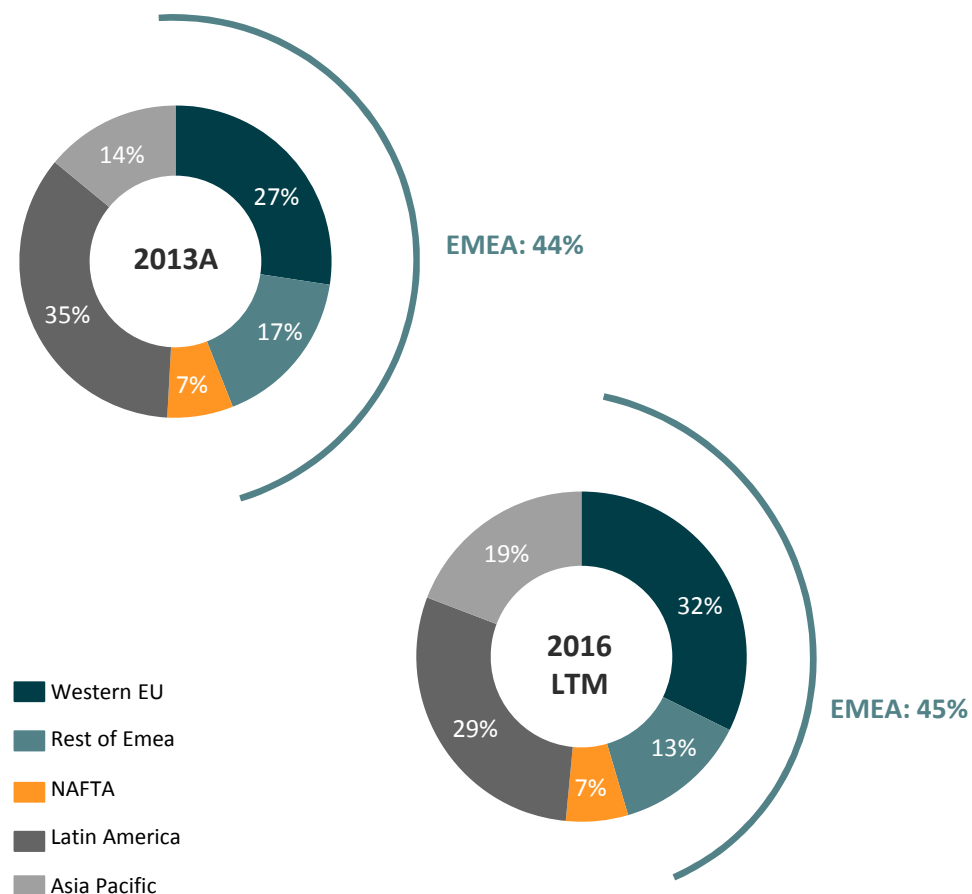
Estimated split of revenues between “spot” sales and longer term supply contracts

## Longer term supply contracts

- For longer term projects, Officine Maccaferri enters into agreements to supply its products to the EPC contractor for the duration of the project
- Base prices are set up front and then adjusted upwards or downwards relative to the relevant price index
  - Steel price index in the case of double twist products
  - Oil price index in the case of geosynthetic products

# Unparalleled geographic diversification with optimal positioning to take advantage of growing markets

revenue breakdown by macro area



## Comments

- Officine Maccaferri has unique geographical diversification which provides a natural hedge against localized downturns
- Ability to take advantage of event driven revenue occurrences due to widespread local presence of sales departments and manufacturing facilities (e.g. UK flooding)
- Benefits from infrastructure and civil spending differences in local market cycles
- Balanced exposure to fast growing markets
- Balanced profitability by geography
- Every single region is profitable and contributes to EBITDA

No reliance on any single country or geography



# Unparalleled geographic diversification with optimal positioning to take advantage of growing markets

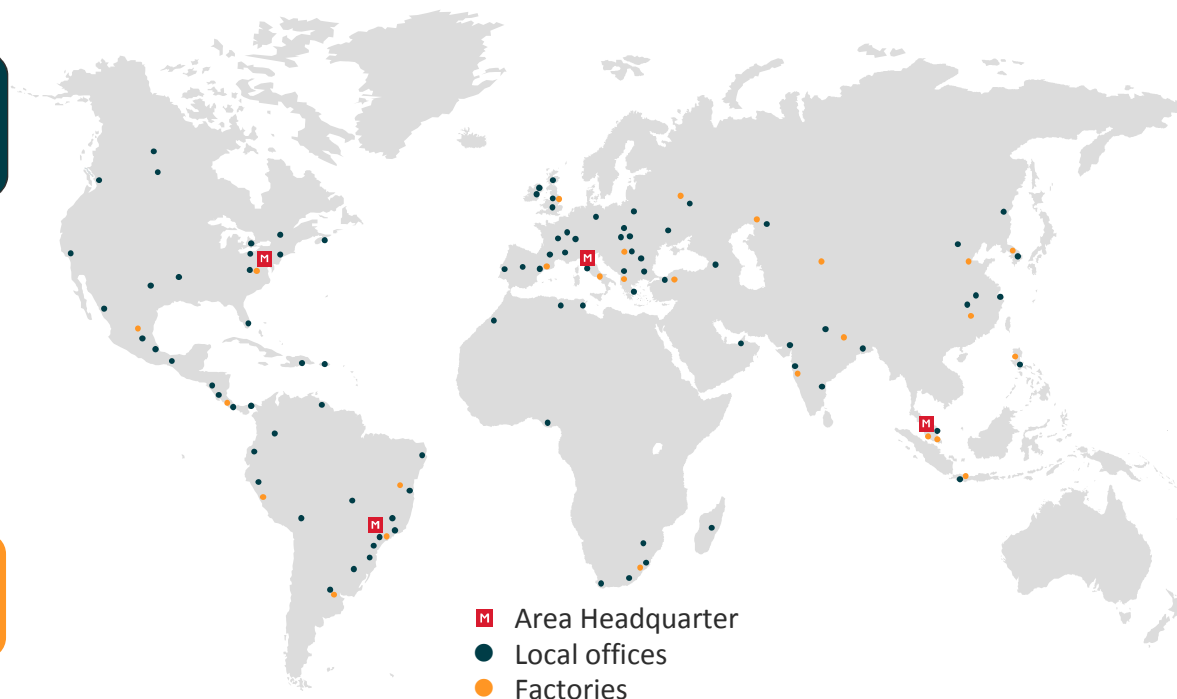
Geographical footprint / local knowledge

Over 4 continents & product distribution into 100+ countries

30 production facilities in 20+ countries

More than 70 subsidiary companies

c.2,800 employees



## Comments

### ■ Extensive local industrial footprint:

- Allows Officine Maccaferri to respond rapidly to the needs of customers and to deliver solutions on-site and in short order
- Enables high productivity through the use of flexible and modern automated manufacturing processes

### ■ Strong proximity to end-users:

- Commercial proximity: Marketing and sales FTE in over 100 countries with strong relationships built-up through many years of experience
- Ability to leverage global expertise at a local level to service projects where clients operate across geographical territories
- Expert technical assistance: dedicated team of engineers ready to assist clients / contractors as soon as a new request is raised
- Local presence avoids import duties imposed upon competitor products produced externally and imported

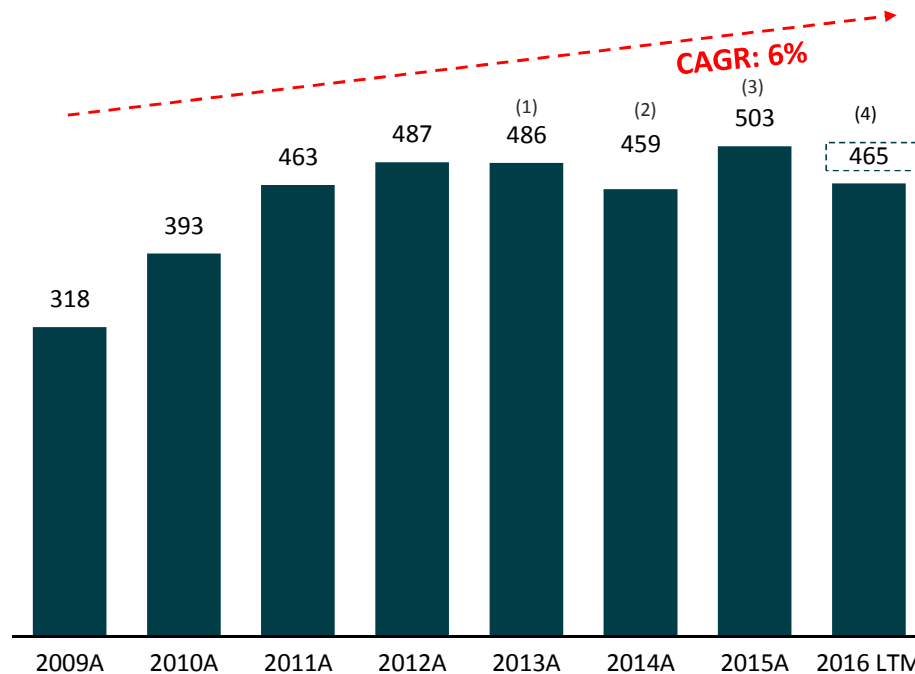
**Global footprint with focus on local expertise, allowing effective client coverage and customer proximity**

# Historical revenue and EBITDA

## Revenue

(€ in millions)

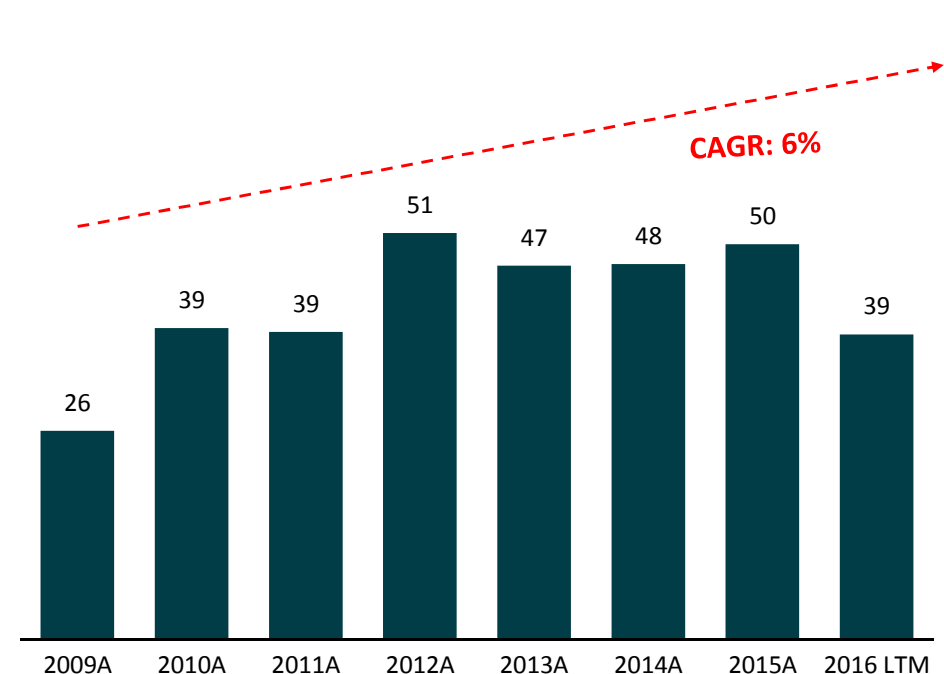
Growth 23.8% 17.9% 5.1% (0.2%) (5.6%) 9.6% (7.6%)



## EBITDA and margin

(€ in millions)

8.3% 10.0% 8.4% 10.6% 9.7% 10.4% 10.0% 8.3%



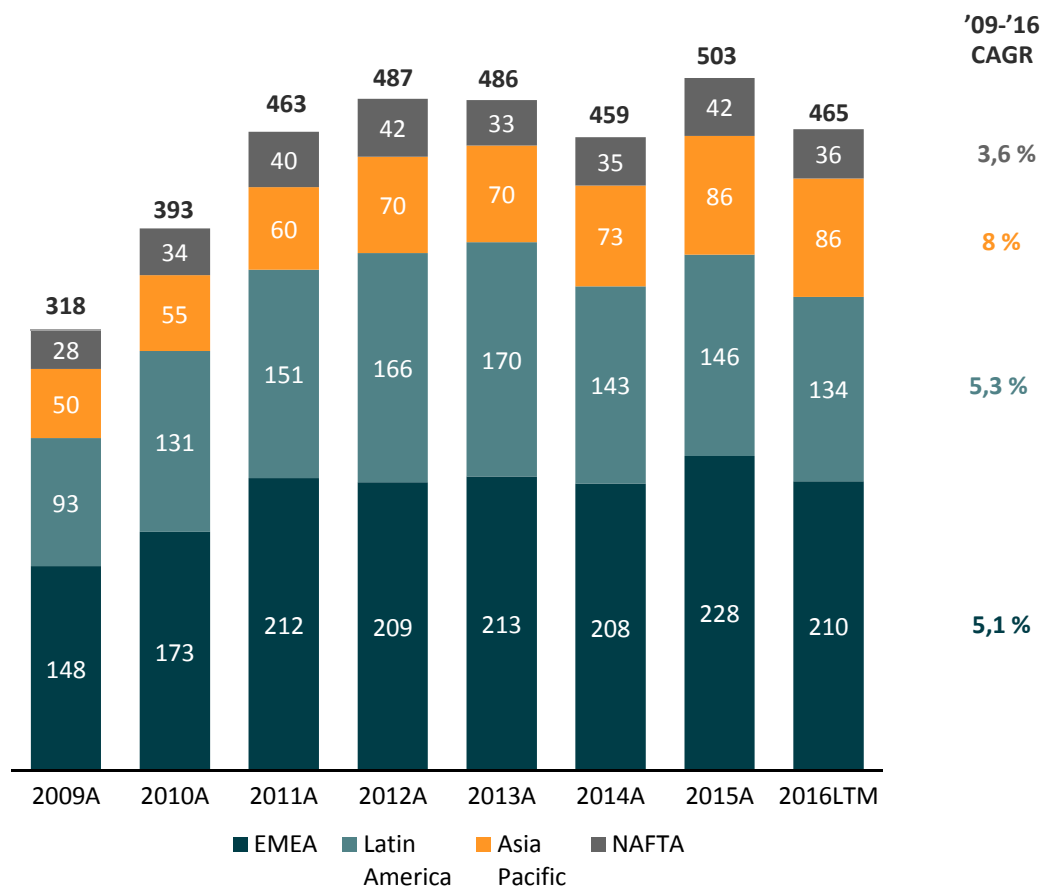
- Strong diversification of revenues protected the top line from recent market volatility
- Ability to manage profitability due to high variable cost base

In the last 7 years, Officine Maccaferri has delivered consistent results, with c.8% revenue CAGR and an average EBITDA margin of c. 10% - The 2016 revenue slow down was caused by idiosyncratic and extraneous headwinds, combined with a negative Fx impact, bringing the long term CAGR to 6%.

# Historical revenue performance

## Revenue breakdown by market area

(€ in millions; 2009 – 2015 % CAGR)



## Comments

- The Company's revenue are uniquely diversified across over +100 countries in 4 continents; this has provided the Company with:

- A unique positioning to take advantage of the growth in emerging markets
- Natural hedge and de-risking from local unfavorable market momentum

General market conditions in key geographies can be summarized as follows:

- EMEA: Performance still affected by political instability and contraction in public investments (Spain, Greece, and Africa), as well as continuing oil and commodity markets uncertainty (Middle East, Russia). Italy: slightly recovering despite the poor second quarter because of the adoption of the new decree about public tenders in April.
- LATAM: For Brazil and Argentina performance in local currency in line with last year, but negatively impacted in Euro by currencies devaluation, political instability and government transitions in key countries (Brazil, Peru, Argentina, Venezuela). Revenues of the whole area have been positive impacted by the beginning of the new project in Bolivia for about € 22 mio.
- APAC: Asia's construction sector growing at 4.4% in 2016, representing a decline from the five-year historical average of 5.4%. Significant projects backlog but delays in departure, both in China and India.
- NAFTA: Good performance of Mexico supported by a more favorable scenario characterized by increasing investment in infrastructure, notwithstanding currency devaluation.

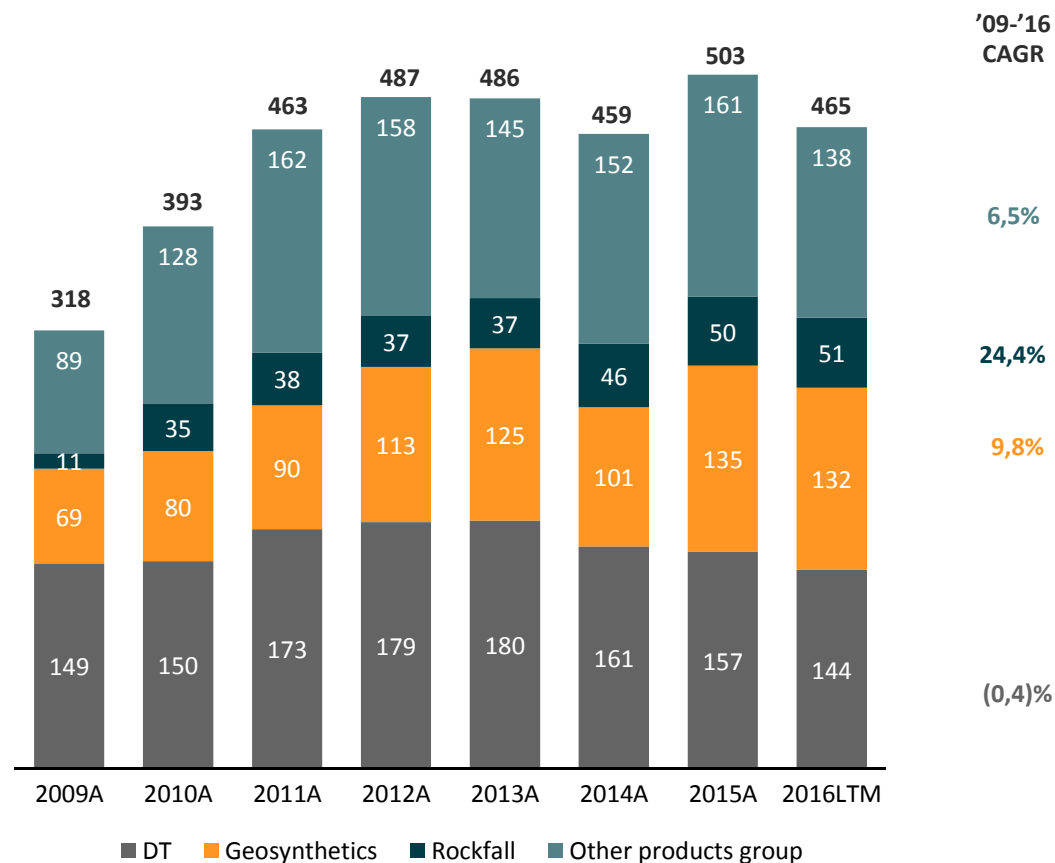
Well spread geographical footprint across all market areas



# Historical revenue performance (cont'd)

## Revenue breakdown by business area

(€ in millions; 2009 – 2015 % CAGR)



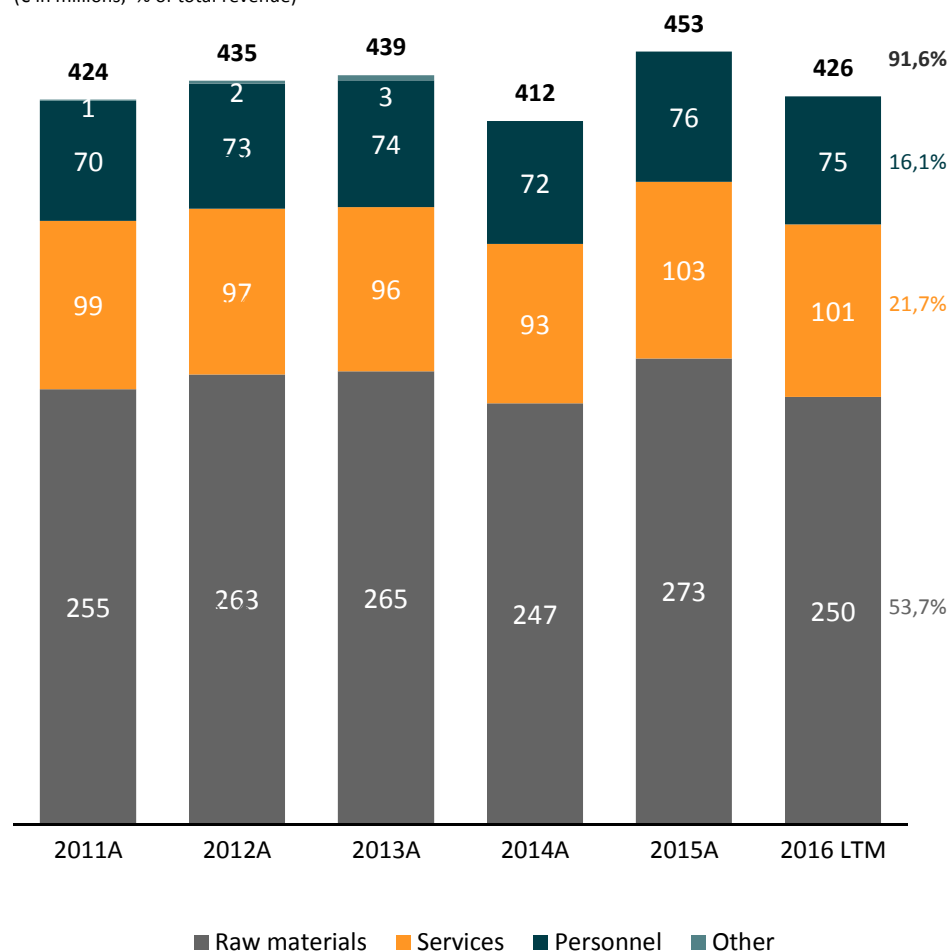
## Comments

- Balanced growth of each business divisions over the last 8 years as an evidence of the business resiliency
- Core divisions grew at a very high pace over the 2009-2016 period
  - DT business stable in the long term (lower growth degree due price challenges, particularly in Brazil)
  - Geosynthetics at 10% CAGR (Bolivia project)
  - Rockfall 24% CAGR

# Summary historical operating costs and EBITDA

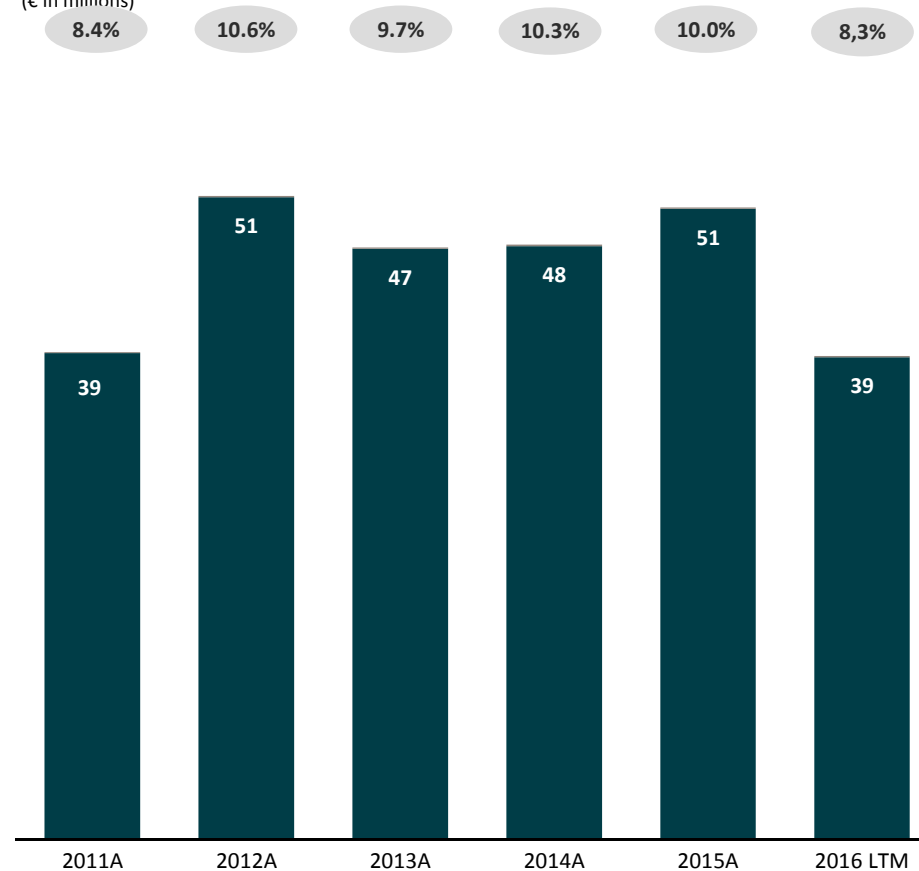
## Operating costs

(€ in millions; % of total revenue)



## EBITDA

(€ in millions)

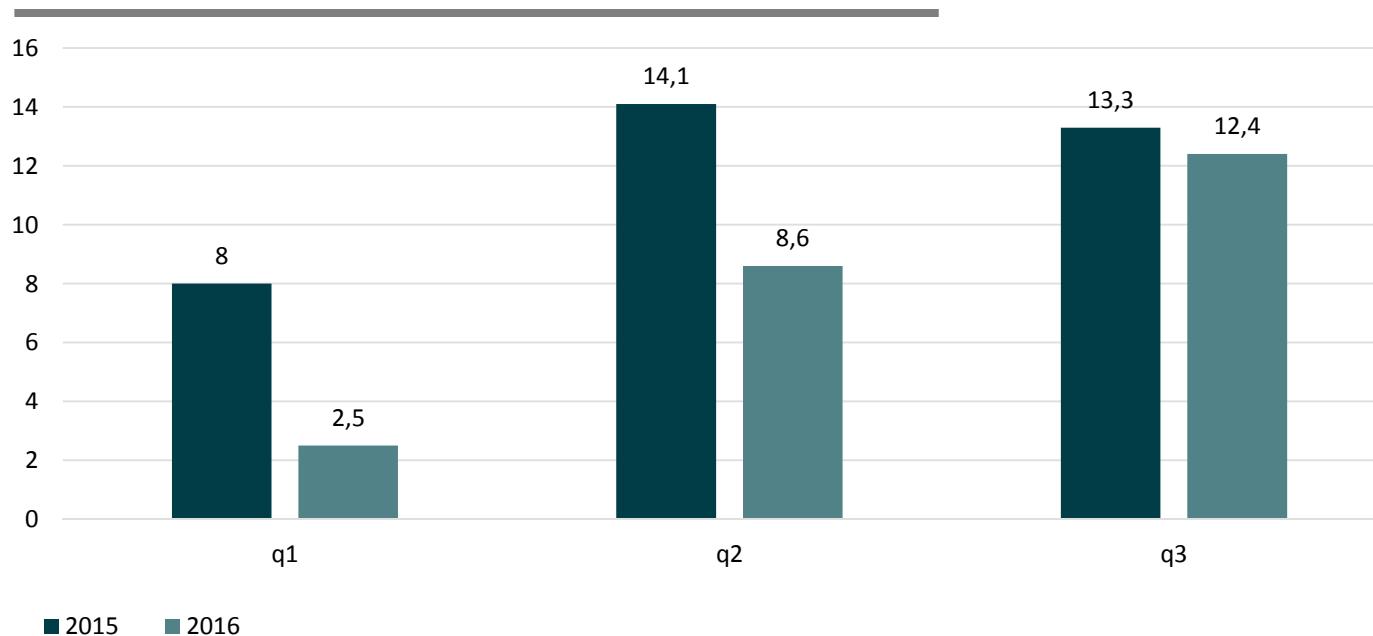


Largely variable cost base translates into stable incidence of cost despite the slow down in revenue.

# Current trading September 2016

Millions €	Q3 2015	Q3 2016	fx	Q3 2016 fx adj.	2015	LTM	fx	LTM 2016 fx adj.
<b>Total revenues</b>	<b>128,1</b>	<b>120,1</b>	<b>3,2</b>	<b>123,3</b>	<b>503,0</b>	<b>464,9</b>	<b>22,0</b>	<b>486,9</b>
<i>growth (%)</i>		-6,3%		-3,8%		-7,6%		-3,2%
<b>Opex</b>	<b>(114,8)</b>	<b>(107,7)</b>	<b>(2,6)</b>	<b>(110,3)</b>	<b>(452,5)</b>	<b>(426,3)</b>	<b>(20,0)</b>	<b>(446,3)</b>
<b>EBITDA</b>	<b>13,3</b>	<b>12,4</b>	<b>0,6</b>	<b>13,0</b>	<b>50,5</b>	<b>38,6</b>	<b>2,0</b>	<b>40,6</b>
<i>margin (%)</i>	10,4%	10,3%		10,6%	10,0%	8,3%		8,3%
<i>growth (%)</i>		-6,5%		-2,0%		-23,6%		-19,6%
<b>Total net capex</b>	<b>(3,9)</b>	<b>(1,7)</b>			<b>(15,6)</b>	<b>(8,4)</b>		
<i>incidence on total revenues (%)</i>	-3,0%	-1,4%			-3,1%	-1,8%		
<b>Net cash flow from operating activities</b>	<b>8,1</b>	<b>(*) (0,9)</b>			<b>29,5</b>	<b>6,6</b>		
<i>growth (%)</i>		-111,6%				-77,5%		

Ebitda by quarter





## **Closing remarks**

# The pillars of Maccaferri's success





























