

**Confidential**

# Bond holders Call YE 2016

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**MACCAFERRI**

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# Agenda

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**MACCAFERRI**

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

# 1. Introduction – Q4 2016

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- Total revenue for Q4 2016 totaled € 136,4 M, almost stable vs. Q4 2015 but with a 14% increase vs Q3 2016. Saleswise Q4 2016 represented the best quarter of the last 3 years. The positive performance is partially due the impact of the Bolivian project that started in August and was completed by year-end.
- Good performance in terms of EBITDA of Q4 2016 that totaled € 16,4 M with an increase of 8,5% vs Q4 2015 vs. EBITDA margin increased to 12,0% from 11,1% of Q4 2015, mainly due to the favorable product mix and costs rationalization.
- Operating free cash flow generation (EBITDA 16,4 –Capex 5,4 + Change Working Capital 34,1) was equal to €+45,1 M mainly due to the decrease in working capital as a consequence of the business seasonality.
  
- Main events occurred in Q4:
  - € 12,7 M of geosynthetics sales in Bolivia for a special project.

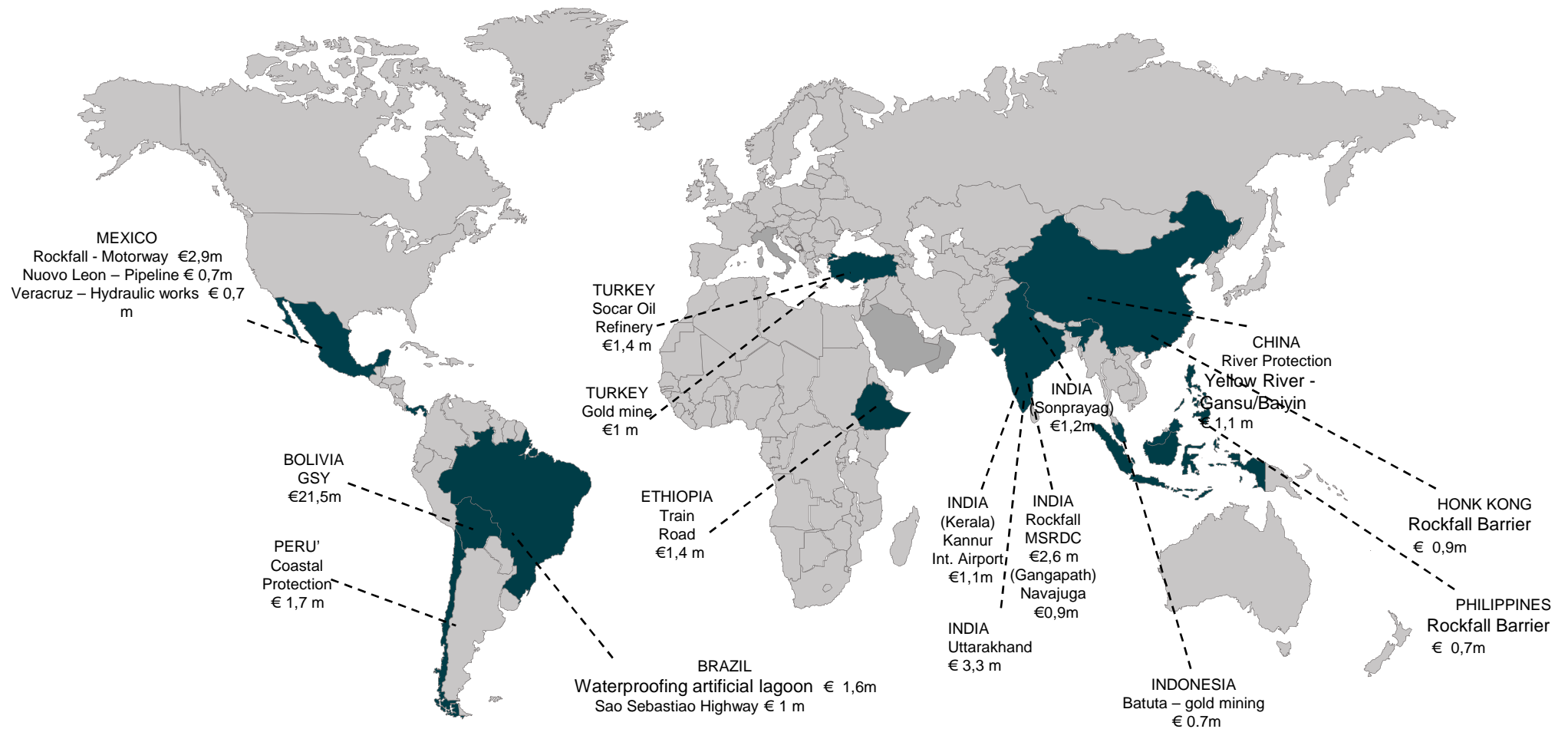
- Total revenue for whole Year 2016 totaled € 465,5 M, with a 7,5% decrease vs. FY 2015, partially due to the unfavorable exchange rate affecting mainly Latin American currencies and EMEA for GBP and Turkish Lira. Net of the exchange rate effect the decrease is about 2,9%. The gap of sales vs 2015 has been created in the first two quarters of the year while the turnover of the last two quarters is almost in line with 2015. The poor performance of the first half of the year was mainly due to EMEA and Latam
- EBITDA decreased to € 39,9 M (€ 42,7 M net of F/X impact), with a 21% decrease vs. FY 2015, mainly due to the (i) decrease in sales volumes of the first half of the year with subsequent minor absorption of sales, technical and promotion costs, and (ii) the contraction of margins in Brazil. In the second half of the year EBITDA recovered compared to first half and was in line with previous year 2016. EBITDA margin decreased to 8,6% from 10% of 2015.
- Operating free cash flow generation (EBITDA € 39,9 M – Capex € 9 M – Change Working Capital € 14,3 M ) was equal to € 16 M.
- Net leverage was equal to € 145,9 M, or 3.7x EBITDA. Net adjusted Leverage \* was equal to € 92,6 M, or 2.3x EBITDA
- General market conditions in key geographies can be summarized as follows:
  - EMEA: Performance 2016 has been 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: despite the difficulties generated by the adoption of the new decree about public tenders in April, Italy has been able to contain the decrease in sales thanks also to a Q4 in line with PY.
  - LATAM: For Brazil and Argentina Revenue performance in local currency in line previous year, but negatively impacted in Euro by currencies devaluation, political instability and government transitions in key countries (Brazil, Peru, Argentina). The drop in the value of oil exports and raw materials affecting local economies are worsening the competition level and forcing price and margins erosion. Revenues of the whole area have been positively impacted by the project in Bolivia for about €22 M (€ 12,7M in Q4).
  - APAC: Asia's construction sector growing at 4.4% in 2016, representing a decline from the five-year historical average of 5.4%. Positive the performance for the second half of the year of Malaysia compared to first half, because of the release of some projects. Improved also the performance of India. China slightly below 2015 for the delay of some key projects.
  - NAFTA: Enduring good performance of Mexico, notwithstanding the local currency devaluation. Negative performance of USA and Canada because of decreasing focus on infrastructure development by US government in 2016.

\* refer to slide #17

- As of January 1, 2016, the Italian distribution business has been contributed from the Parent Company “Officine Maccaferri S.p.A.” into “Elas” company, now named “Officine Maccaferri Italia”. “Officine Maccaferri S.p.A.” is focused from the beginning of the year on its role of holding company of the Group, providing mainly intercompany services.
- Start up of the production in the new manufacturing and supply chain hub in Senica (Slovakia), as part of the industrial footprint rationalization project in the EMEA region. Operations started early march and full fledged status has been achieved on Q4.
- Completion of the shut down of the manufacturing plant in Sacramento (USA). As of April Williamsport (USA) is feeding the US market (Double Torsion and Rockfall solutions).
- Acquisition of the 30% of minorities of Maccaferri Balkans for about € 1 M. At the same time sale of the plant to the minority for € 1 M who now rents it to Maccaferri Balkans.
- New project in Bolivia started in August for geomembranes. Overall project to be supplied in 2016 about 7 M square meters.
- New guarantors appointment: Maccaferri Manufacturing Europe Sro (spin off of the production of Maccaferri Central Europe) and Officine Maccaferri Italia Srl (spin off of the trading activities of Officine Maccaferri Spa).

# 1. Main Projects 2016

MACCAFERRI



## 2. Highlights

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Millions €	Q4 2015	Q4 2016	YE 2015	YE 2016
<b>Total revenues</b>	<b>135.7</b>	<b>136.4</b>	<b>503.0</b>	<b>465.5</b>
<i>growth (%)</i>	<i>10.6%</i>	<i>0.4%</i>	<i>9.5%</i>	<i>-7.5%</i>
<b>Opex</b>	<b>(120.7)</b>	<b>(120.0)</b>	<b>(452.5)</b>	<b>(425.6)</b>
<b>EBITDA</b>	<b>15.1</b>	<b>16.4</b>	<b>50.5</b>	<b>39.9</b>
<i>margin (%)</i>	<i>11.1%</i>	<i>12.0%</i>	<i>10.0%</i>	<i>8.6%</i>
<i>growth (%)</i>	<i>0.6%</i>	<i>8.5%</i>	<i>6.2%</i>	<i>-21.0%</i>
<b>Total net capex</b>	<b>(4.8)</b>	<b>(5.4)</b>	<b>(15.6)</b>	<b>(9.0)</b>
<i>incidence on total revenues (%)</i>	<i>-3.6%</i>	<i>-3.9%</i>	<i>-3.1%</i>	<i>-1.9%</i>
<b>Net cash flow from operating activities</b>	<b>48.8</b>	<b>50.2</b>	<b>29.5</b>	<b>8.0</b>
<i>growth (%)</i>		<i>2.9%</i>		<i>-72.8%</i>

Millions €	Dec 31, 2015	Dec 31, 2016	Δ 2016 vs 2015
<b>Total net working capital</b>	<b>69.4</b>	<b>83.7</b>	<b>14.3</b>
Inventories	77.0	85.2	8.3
Trade receivables	106.7	109.7	2.9
Advance from customers	(3.8)	(3.1)	0.6
Trade payables	(71.4)	(71.5)	(0.1)
Other net working capital items	(39.1)	(36.6)	2.5

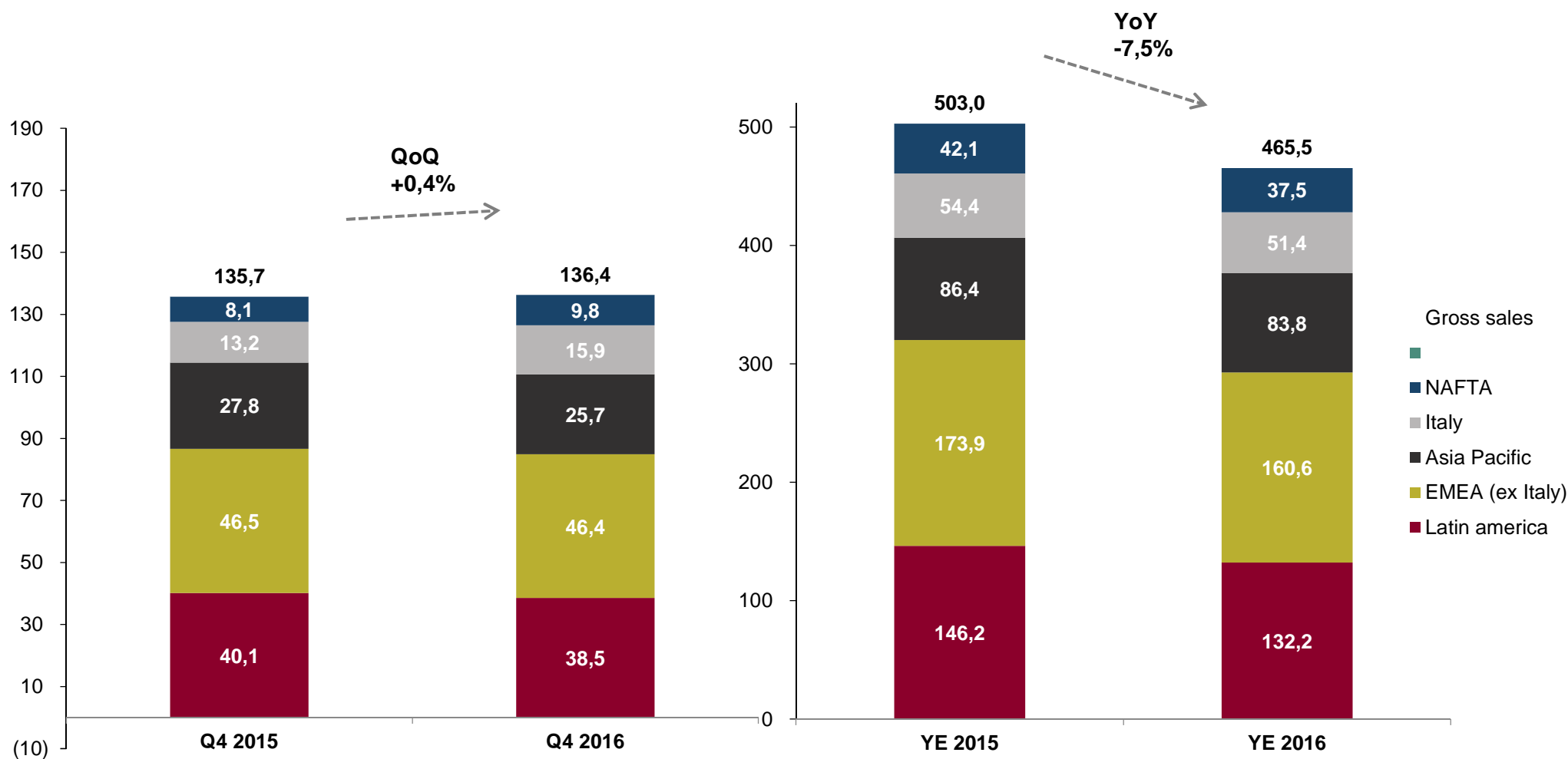


### 3. Segment Overview

## Total Revenues by Geographic Area

**MACCAFERRI**

Millions €

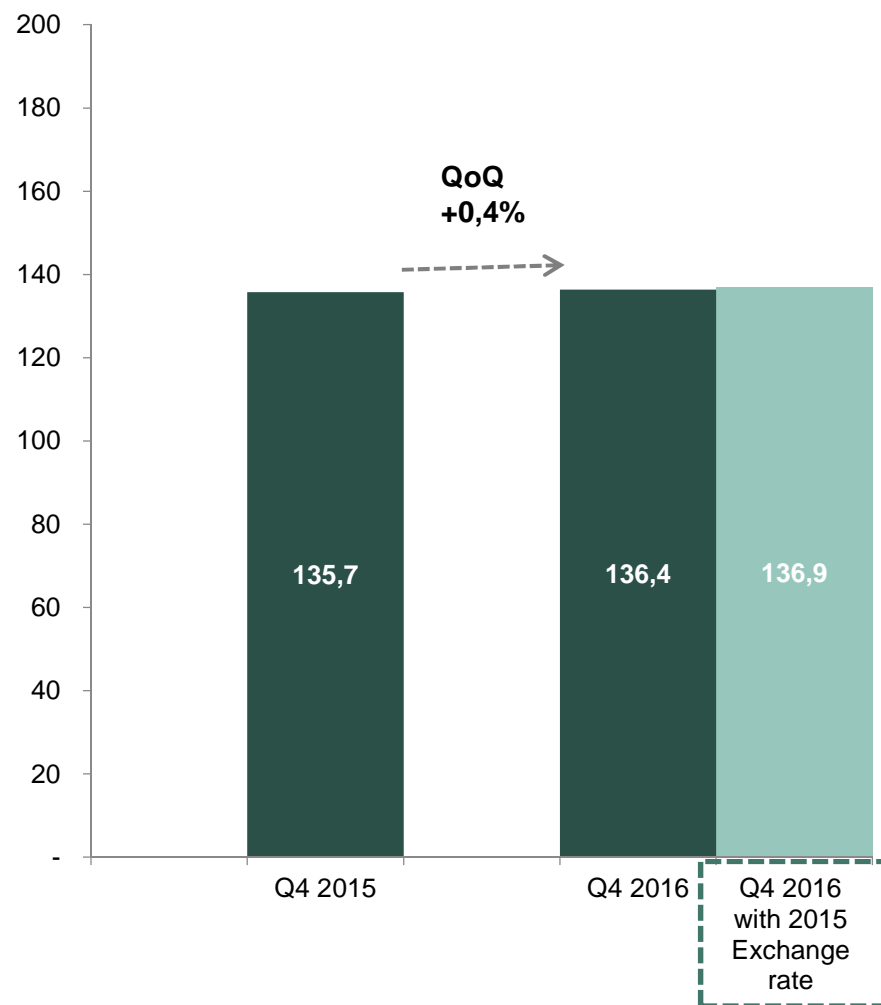


### 3. Segment Overview

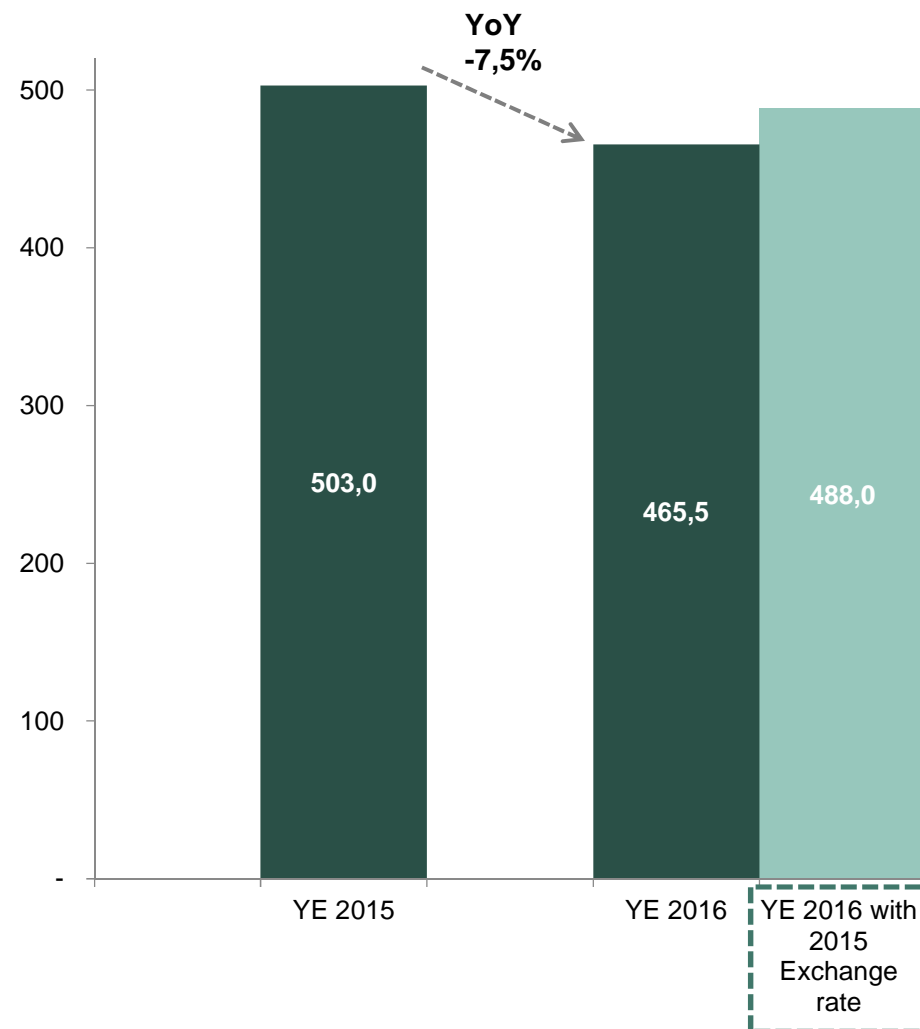
## Total Revenue

**MACCAFERRI**

Millions €



Millions €



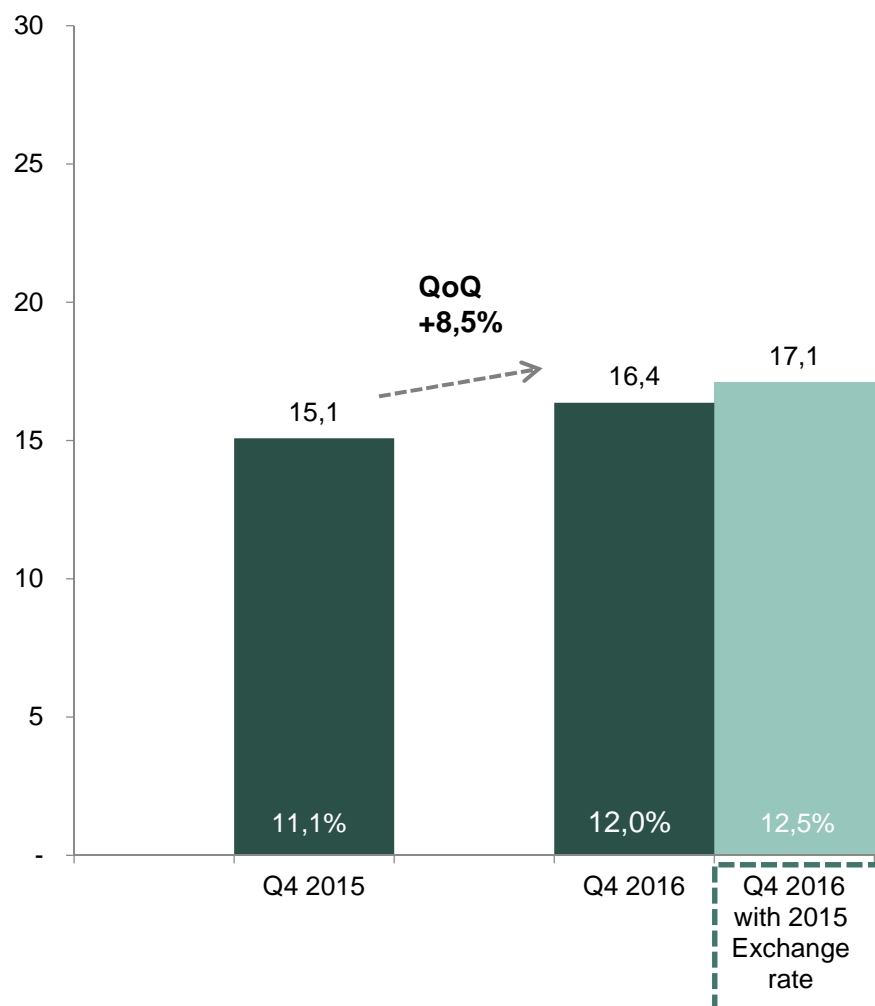
Negative contribution to the exchange rate effect has been generated mainly by Brazilian Real, Argentinian Peso, Indian Rupia, South African Rand, Mexican Peso, Malaysian Ringgit and Great Britain Pound.

### 3. Segment Overview

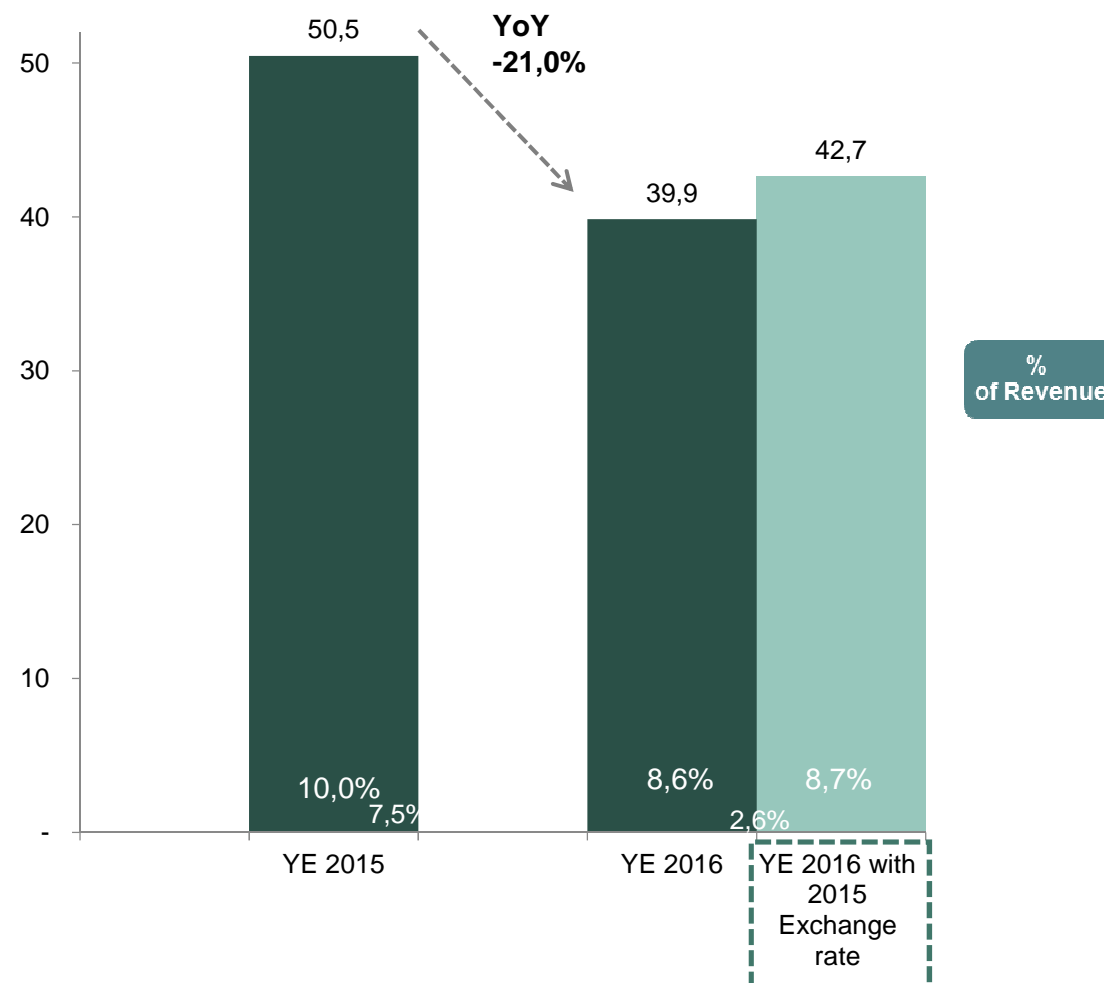
## EBITDA

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Millions €



Millions €

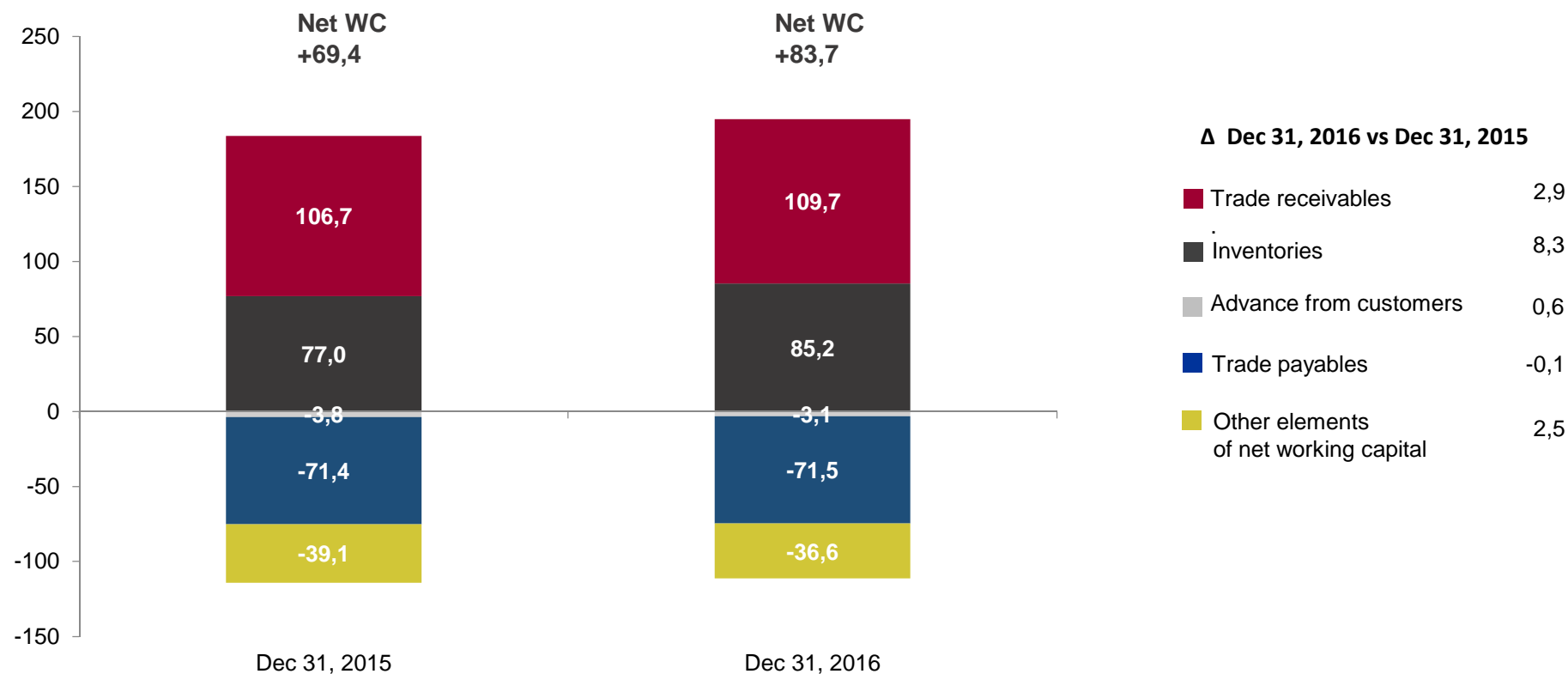


## 4. Financials

# Working Capital

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Millions €



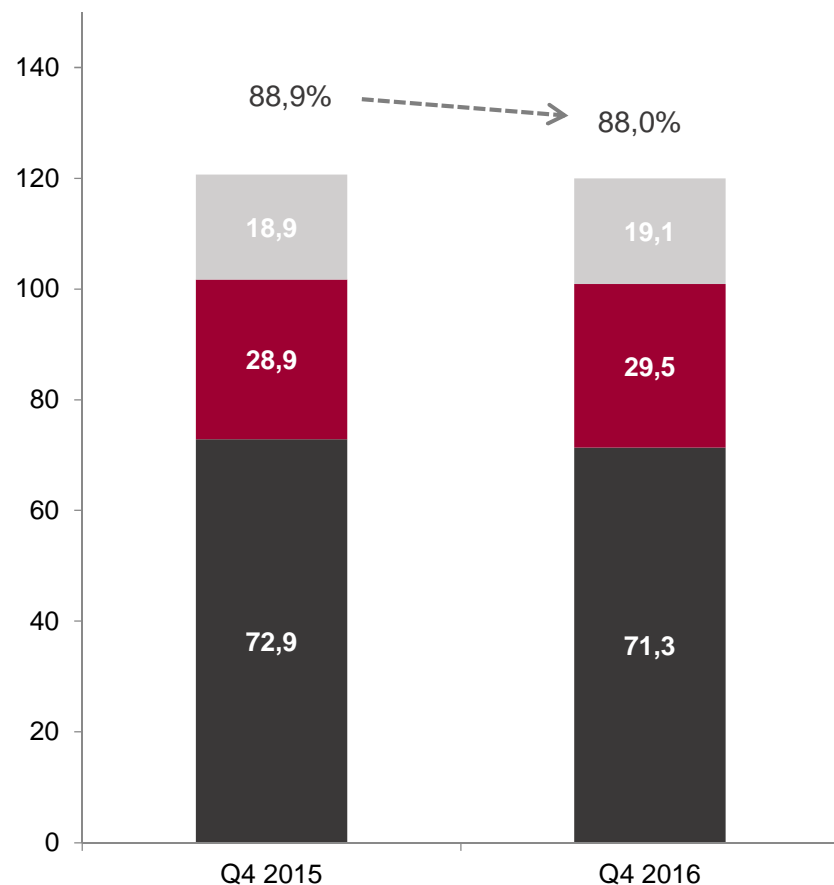
Working capital higher than December 2015 but lower than September 2016 of € 34,1 M: stable trade payables and Other elements of net working capital, Inventory increases of € 8 M of which € 4M of fx effect mainly due to BRL. Trade receivables almost in line with previous year.

## 4. Financials

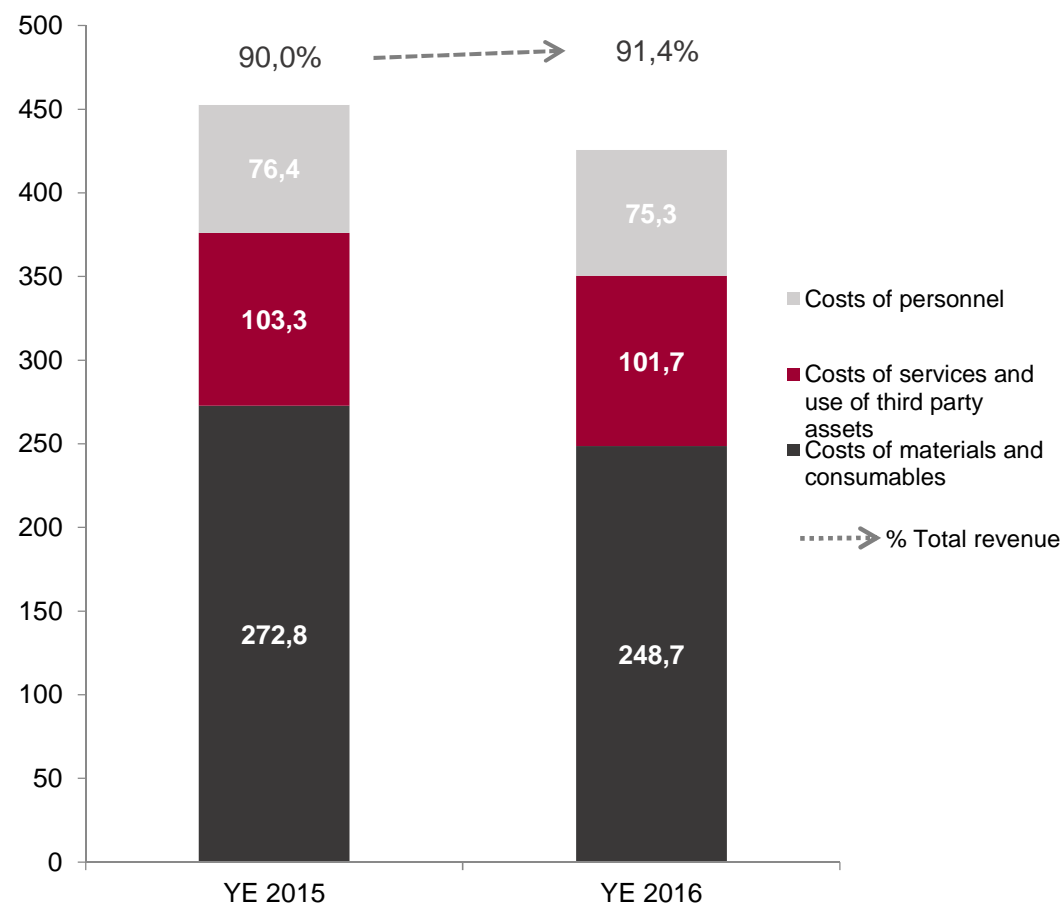
# Operative Expenses (OPEX)

**MACCAFERRI**

Millions €



Millions €

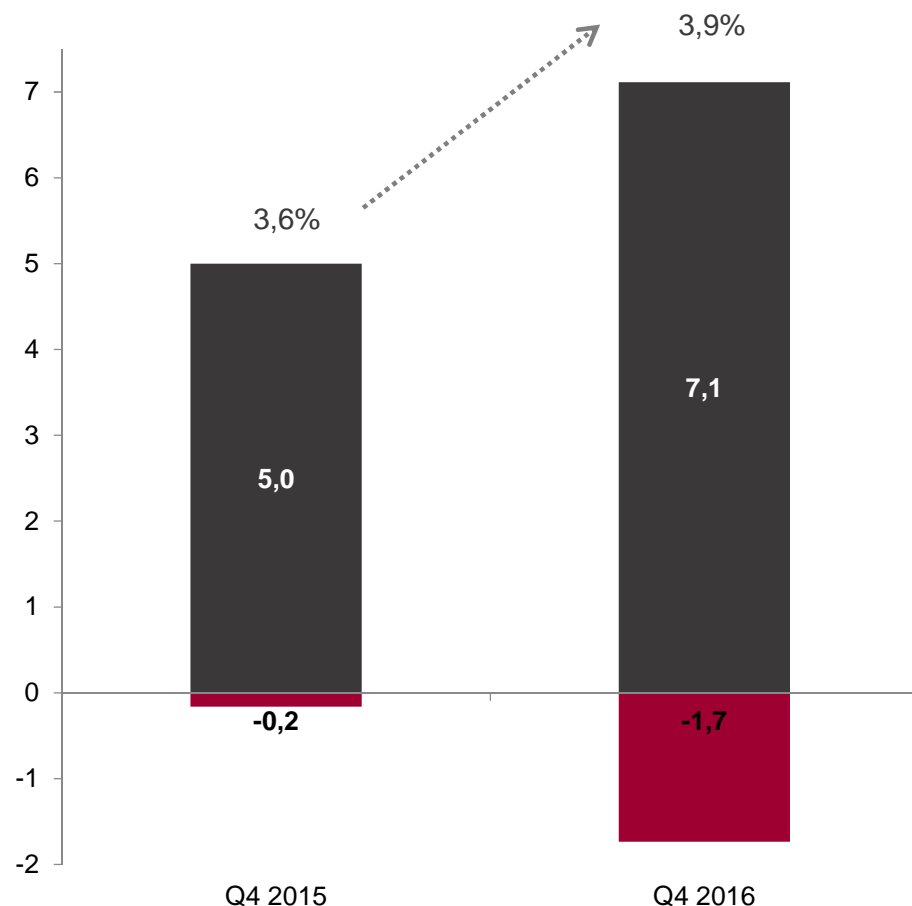


Costs rationalization of Q3 and Q4 has allowed to decrease the incidence of operative expenses from the 94,7% of the first half of 2016 to 88,8% of the second half. Total year is 91,4% not so far from the 90% of 2015.

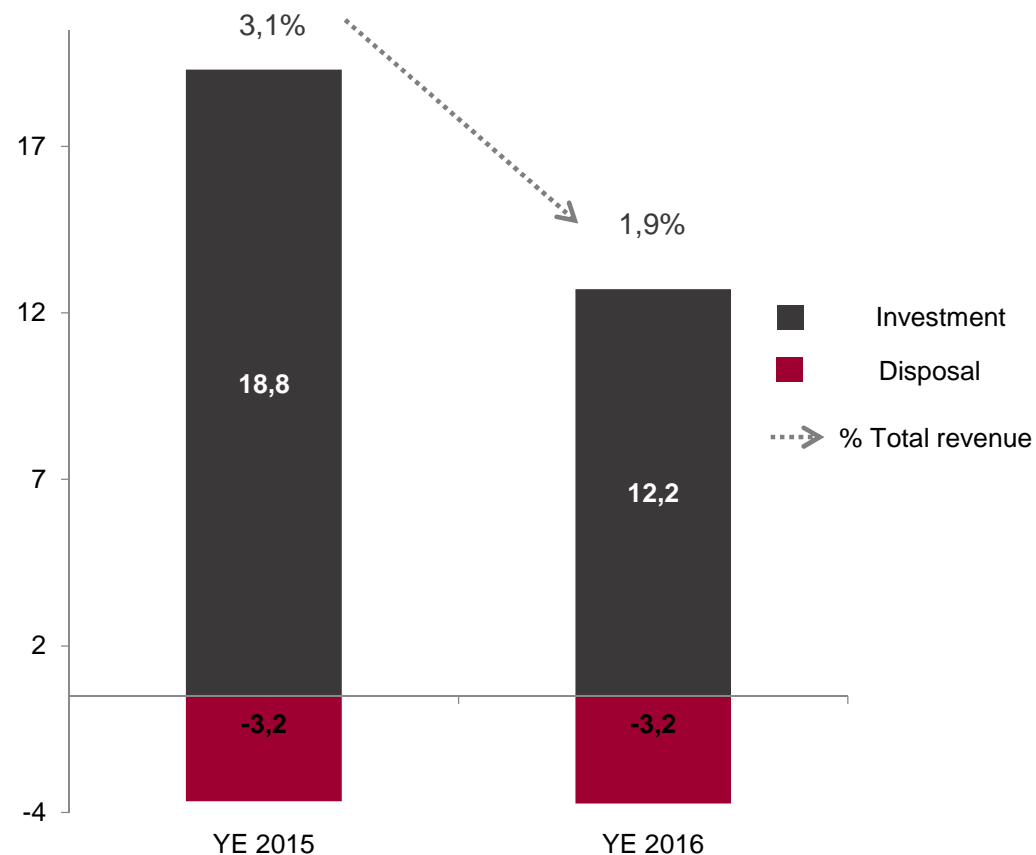
## 4. Financials Capital Expenses (CAPEX)

MACCAFERRI

Millions €



Millions €



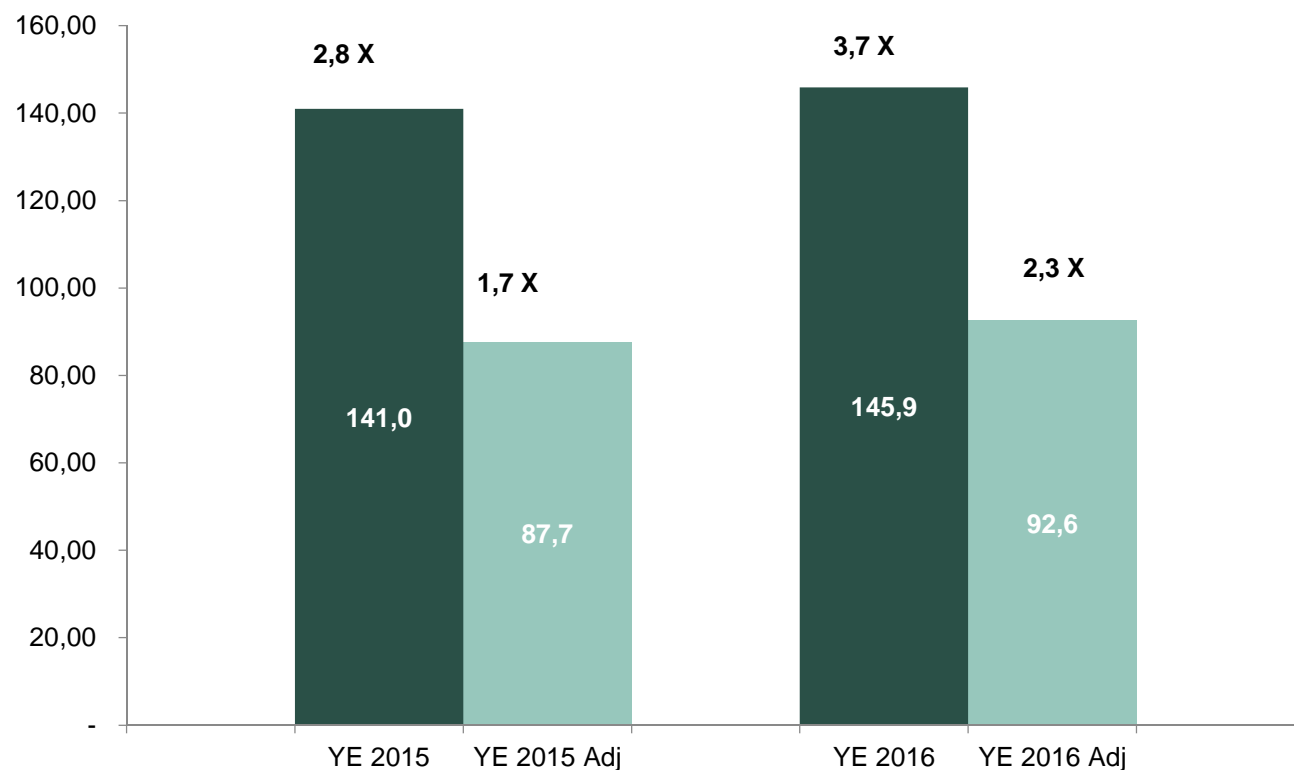
Significant reductions in investments of € 6,6 M. The disposal of € 2 M mainly refers to € 1 M in Q3 2016 of the sale of the plant in Albania to the minority shareholder. At the same price Officine Maccaferri Spa has bought the 30% of Maccaferri Balkans from the minority shareholder. Now the subsidiary is fully owned by Officine Maccaferri Spa.

## 4. Financials

# Net Debt

**MACCAFERRI**

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 dec. 2016	31th dec. 2015
Latin America	14,454	15,263
Italy	12,543	6,987
EMEA	9,937	15,702
Asia Pacific	6,864	9,669
NAFTA	2,821	1,578
<b>Total</b>	<b>46,619</b>	<b>49,199</b>

## 4. Financials

# Net Financial Debt

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Thousand €

### Net Financial Indebtness

(Euro/000)

**December 31, 2016**

**December 31, 2015**

Non-current portion of banks loans and other financial liabilities	(8,155)	(11,099)
Non-current bonds	(190,000)	(190,000)
Current portion of banks loans and other financial liabilities	(23,394)	(19,100)
<b>Gross Financial Indebtness</b>	<b>(221,549)</b>	<b>(220,199)</b>
Other current financial assets	29,000	30,000
Cash and cash equivalents	46,619	49,198
<b>Net Financial Indebtness</b>	<b>(145,930)</b>	<b>(141,001)</b>

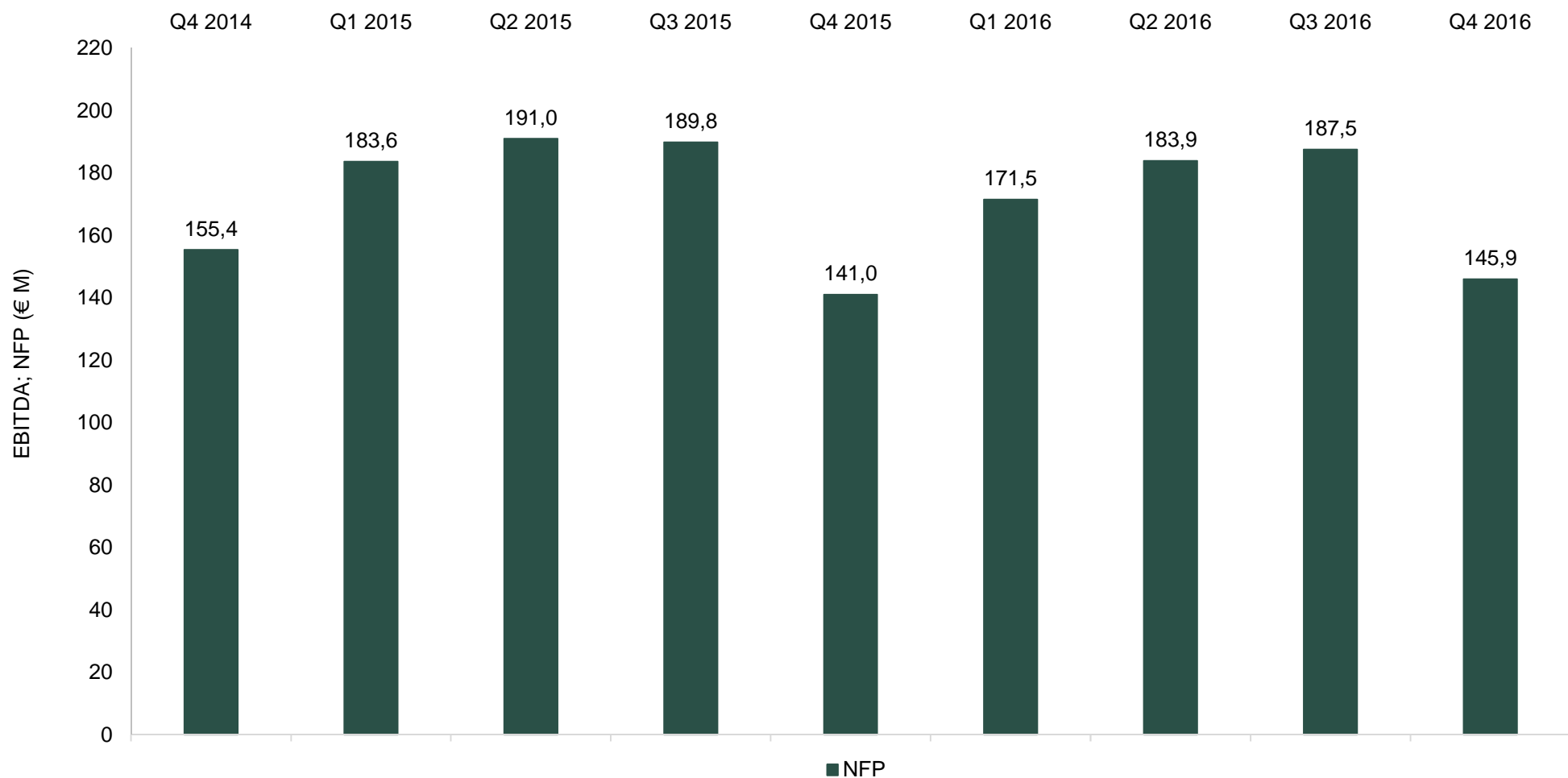


## 4. Financials

### Net Debt trend

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Millions €



## 5. Appendix

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### CONSOLIDATED INCOME STATEMENT

	2016	% of Total Revenue	2015	% of Total Revenue	Amount	%	Q4 2016	% of Total Revenue	Q4 2015	% of Total Revenue	Amount	%
<i>(Euro/000)</i>												
Revenue from sales and services	451,353	97.0%	493,837	98.2%	(42,484)	(8.6%)	133,861	98.2%	139,430	102.7%	(5,569)	(4.0%)
Other revenue	14,140	3.0%	9,188	1.8%	4,952	53.9%	2,492	1.8%	(3,685)	(2.7%)	6,176	(167.6%)
<b>Total revenue</b>	<b>465,493</b>	<b>100.0%</b>	<b>503,024</b>	<b>100.0%</b>	<b>(37,532)</b>	<b>(7.5%)</b>	<b>136,353</b>	<b>100.0%</b>	<b>135,746</b>	<b>100.0%</b>	<b>607</b>	<b>0.4%</b>
Costs of materials and consumables	(248,696)	(53.4%)	(272,834)	(54.2%)	24,138	(8.8%)	(71,333)	(52.3%)	(72,855)	(53.7%)	1,522	(2.1%)
Costs of services and use of third party assets	(100,885)	(21.7%)	(101,907)	(20.3%)	1,023	(1.0%)	(29,549)	(21.7%)	(28,368)	(20.9%)	(1,180)	4.2%
Costs of personnel	(75,262)	(16.2%)	(76,423)	(15.2%)	1,161	(1.5%)	(19,119)	(14.0%)	(18,941)	(14.0%)	(178)	0.9%
Other operating costs	(788)	(0.2%)	(1,382)	(0.3%)	595	(43.0%)	10	0.0%	(503)	(0.4%)	513	(101.9%)
<b>Total Operating costs</b>	<b>(425,630)</b>	<b>(91.4%)</b>	<b>(452,546)</b>	<b>(90.0%)</b>	<b>26,917</b>	<b>(5.9%)</b>	<b>(119,991)</b>	<b>(88.0%)</b>	<b>(120,666)</b>	<b>(88.9%)</b>	<b>676</b>	<b>(0.6%)</b>
<b>EBITDA</b>	<b>39,863</b>	<b>8.6%</b>	<b>50,478</b>	<b>10.0%</b>	<b>(10,615)</b>	<b>(21.0%)</b>	<b>16,362</b>	<b>12.0%</b>	<b>15,079</b>	<b>11.1%</b>	<b>1,283</b>	<b>8.5%</b>
Amortization, depreciation and write downs	(17,514)	(3.8%)	(20,149)	(4.0%)	2,635	(13.1%)	(4,440)	(3.3%)	(5,784)	(4.3%)	1,344	(23.2%)
Accrual to provision for risks and charges	(784)	(0.2%)	(505)	(0.1%)	(279)	55.3%	(314)	(0.2%)	(146)	(0.1%)	(168)	115.4%
<b>Total Amortization, depreciation, write downs and provisions</b>	<b>(18,297)</b>	<b>(3.9%)</b>	<b>(20,654)</b>	<b>(4.1%)</b>	<b>2,356</b>	<b>(11.4%)</b>	<b>(4,754)</b>	<b>(3.5%)</b>	<b>(5,930)</b>	<b>(4.4%)</b>	<b>1,176</b>	<b>(19.8%)</b>
<b>Operating income</b>	<b>21,566</b>	<b>4.6%</b>	<b>29,824</b>	<b>5.9%</b>	<b>(8,259)</b>	<b>(27.7%)</b>	<b>11,608</b>	<b>8.5%</b>	<b>9,149</b>	<b>6.7%</b>	<b>2,459</b>	<b>26.9%</b>
Financial income	3,337	0.7%	3,649	0.7%	(312)	(8.6%)	1,017	0.7%	760	0.6%	257	33.8%
Financial expenses	(16,862)	(3.6%)	(18,600)	(3.7%)	1,738	(9.3%)	(4,770)	(3.5%)	(5,630)	(4.1%)	860	(15.3%)
Gains/(losses) on exchange rate	(1,858)	(0.4%)	168	0.0%	(2,026)	(1206.4%)	955	0.7%	266	0.2%	690	259.7%
<b>Net expenses and losses from financial activities</b>	<b>(15,383)</b>	<b>(3.3%)</b>	<b>(14,784)</b>	<b>(2.9%)</b>	<b>(599)</b>	<b>4.1%</b>	<b>(2,798)</b>	<b>(2.1%)</b>	<b>(4,604)</b>	<b>(3.4%)</b>	<b>1,806</b>	<b>(39.2%)</b>
Net non-recurring expenses and charges	(3,048)	(0.7%)	(3,774)	(0.8%)	726	(19.2%)	(336)	(0.2%)	(1,404)	(1.0%)	1,067	(76.0%)
<b>Income before taxes</b>	<b>3,134</b>	<b>0.7%</b>	<b>11,266</b>	<b>2.2%</b>	<b>(8,132)</b>	<b>(72.2%)</b>	<b>8,474</b>	<b>6.2%</b>	<b>3,142</b>	<b>2.3%</b>	<b>5,332</b>	<b>169.7%</b>
(Income taxes)/tax benefit	(1,675)	(0.4%)	(4,843)	(1.0%)	3,168	(65.4%)	(1,697)	(1.2%)	(2,578)	(1.9%)	881	(34.2%)
<b>Net profit / (losses) for the period</b>	<b>1,459</b>	<b>0.3%</b>	<b>6,424</b>	<b>1.3%</b>	<b>(4,965)</b>	<b>(77.3%)</b>	<b>6,777</b>	<b>5.0%</b>	<b>564</b>	<b>0.4%</b>	<b>6,213</b>	<b>1101.8%</b>
Attributable to non-controlling interests	(1,412)	(0.3%)	(2,298)	(0.5%)	886	(38.6%)	(935)	(0.7%)	(861)	(0.6%)	(74)	8.6%
Attributable to equity holders of the parent	47	0.0%	4,126	0.8%	(4,079)	(98.9%)	5,842	4.3%	(297)	(0.2%)	6,140	(2064.4%)

## 5. Appendix

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### CONSOLIDATED BALANCE SHEET

	December 31, 2016	December 31, 2015
<i>(Euro/000)</i>		
Intangible assets	29,834	31,338
<i>of which goodwill</i>	19,457	21,089
Property, plant and equipment	123,048	121,855
Investment in subsidiaries, associates, joint ventures and other companies	441	317
Other non-current assets	25,696	23,743
<i>of which deferred tax assets</i>	21,781	20,590
<b>Total non-current assets</b>	<b>179,019</b>	<b>177,253</b>
Cash and cash equivalents	46,619	49,198
Other current financial assets	29,000	30,000
Trade receivables	109,654	106,733
Inventories	85,238	76,975
Current tax receivables	15,112	9,213
Other current non-financial assets	16,434	18,608
<b>Total current assets</b>	<b>302,057</b>	<b>290,726</b>
<b>Total assets</b>	<b>481,076</b>	<b>467,979</b>
<b>Shareholders' equity and liabilities</b>		
Share capital	33,400	33,400
Reserves	37,572	21,678
Profit / (Loss) for the Year Group	47	4,126
<b>Equity attributable to equity holders of the parent</b>	<b>71,019</b>	<b>59,204</b>
<b>Equity attributable to non-controlling interests</b>	<b>37,286</b>	<b>38,019</b>
<b>Total shareholders' equity</b>	<b>108,305</b>	<b>97,223</b>
Non-current portion of banks loans and other financial liabilities	8,155	11,099
Non-current bonds	190,000	190,000
Employees' termination indemnity	1,463	1,624
Provisions for risks and charges	7,018	9,350
Deferred tax liabilities	6,908	6,848
<b>Total non-current liabilities</b>	<b>213,543</b>	<b>218,922</b>
Current portion of banks loans and other financial liabilities	23,394	19,100
Advance from customers	3,134	3,772
Trade payables	71,507	71,409
Current tax payables	6,405	8,384
Other current non-financial liabilities	54,787	49,170
<b>Total current liabilities</b>	<b>159,227</b>	<b>151,834</b>
<b>Total liabilities</b>	<b>372,770</b>	<b>370,756</b>
<b>Total shareholders' equity and liabilities</b>	<b>481,076</b>	<b>467,979</b>

## CONSOLIDATED CASH FLOW

(Euro/000)	2016	2015
Net cash flow from operating activities	8,038	29,549
Net cash flow used in investing activities	(12,895)	(12,800)
Net cash flow from/(used in) financing activities	1,050	(9,211)
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	1,228	(1,475)
<b>Cash and cash equivalent at the beginning of the period</b>	<b>49,198</b>	<b>43,135</b>
Changes in cash and cash equivalent	(2,579)	6,063
<b>Cash and cash equivalent at the end of the period</b>	<b>46,619</b>	<b>49,198</b>