

Confidential

Bond holders Call Q2 2016

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MACCAFERRI
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Agenda

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

- Total revenue for LTM June 2016 was equal to € 472.9M, -6.0% vs. FY 2015, mainly due to the unfavorable exchange rate affecting Latin American currencies (with a combined negative effect of € 10M on H1 2016 revenue) and the comparison with H1 2015 including the Panama Canal project (€ 3.9M). EMEA sales performance, not as good as in Q2 of 2015, slowed down the group sales growth of the group.
- LTM June EBITDA 2016 decreased to € 39.4 M, -21.9 % vs. FY 2015, with a decrease of marginality from 10% to 8.3%; the shortfall of €11.0 M is mainly due to lower sales volumes, with subsequent minor absorption of sales, technical and promotion costs, and the contraction of margins in Brazil.
- LTM Operating free cash flow (EBITDA 39.4 – Capex 10.5 – Change Working Capital +13.9) was equal to € 42.8M vs. €54.3 M FY 2015.
- Net CAPEX for H1 2016 lower than € 2M, down from the € 7M of CAPEX in the same period of the previous year.
- Net LTM leverage was equal to 183.9 Mio EUR, or 4.7x LTM EBITDA, with an improvement of over € 6M compared to the same period of 2015, mainly due the working capital improvement.

Significant events in Q2

- Turnaround of the Italian "Tunneling" branch after the company reorganization (spin off of the Italian business from Officine Maccaferri S.p.A.) that took place in Q1.
- Acquired Bolivian project for the delivery of 7 million square meters of geomembranes to be supplied in 2016

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

- **EMEA:** Performance affected by political instability and a contraction in public investments (Spain, Greece, and Africa), as well as continuing oil and commodity markets uncertainty (Middle East, Russia).
Italy: the adoption of the new decree about public tenders in April squeezed Q2 domestic sales, causing a delay in projects start.
- **LATAM:** Performance in local currency in line with H1 last, but negatively impacted in Euro by currencies devaluation (25% of BRL devaluation and 63% of ARS compared to H1 2015 devaluation had an € 9.6 M negative impact on turnover). Political instability and government transitions in key countries (Brazil, Peru, Argentina, Venezuela) and 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. Brazil showed a good performance in terms of sales volumes and overall profitability.
- **APAC:** Asia's construction sector growing at 4.4% in 2016, representing a decline from the five-year historical average of 5.4%. South East Asia sales are affected by a slowdown of Malaysia compared to previous years, with some projects held off, while other main markets (Indonesia, Thailand, Philippines, Myanmar) are well sustained by public investments. Steady growth of China and India, supported by infrastructure investments, but competition remains fierce.
- **NAFTA:** Decreasing focus on infrastructure development by US government; overall revenue below previous year mainly due to the sluggish performance of USA and Canada, with operational and organizational turnaround taking place. Enduring good performance of Mexico, notwithstanding the local currency devaluation.

2. Highlights

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Millions €	Q2 2015	Q2 2016	H1 2015	H1 2016	2015	LTM
Total revenues	131.8	113.5	239.1	209.0	503.0	472.9
<i>growth (%)</i>		-13.9%		-12.6%		-6.0%
Opex	(117.7)	(105.0)	(217.0)	(197.9)	(452.5)	(433.5)
EBITDA	14.1	8.6	22.1	11.1	50.5	39.4
<i>margin (%)</i>	10.7%	7.5%	9.2%	5.3%	10.0%	8.3%
<i>growth (%)</i>		-39.3%		-49.9%		-21.9%
Total net capex	(8.3)	(1.1)	(7.0)	(1.9)	(15.6)	(10.5)
<i>incidence on total revenues (%)</i>	-6.3%	-1.0%	-2.9%	-0.9%	-3.1%	-2.2%
Net cash flow from operating activities	1.5[*]	(10.6)	(27.3)[*]	(41.2)	29.5	15.7
<i>growth (%)</i>		-787.8%		50.8%		-47.0%

Millions €	June 30, 2015	June 30, 2016	Δ 2016 vs 2015
Total net working capital	126.3	112.4	(13.9)
Inventories	100.9	92.3	(8.6)
Trade receivables	130.4	108.2	(22.2)
Advance from customers	(2.7)	(3.7)	(1.0)
Trade payables	(76.0)	(72.3)	3.7
Other net working capital items	(26.3)	(12.1)	14.2

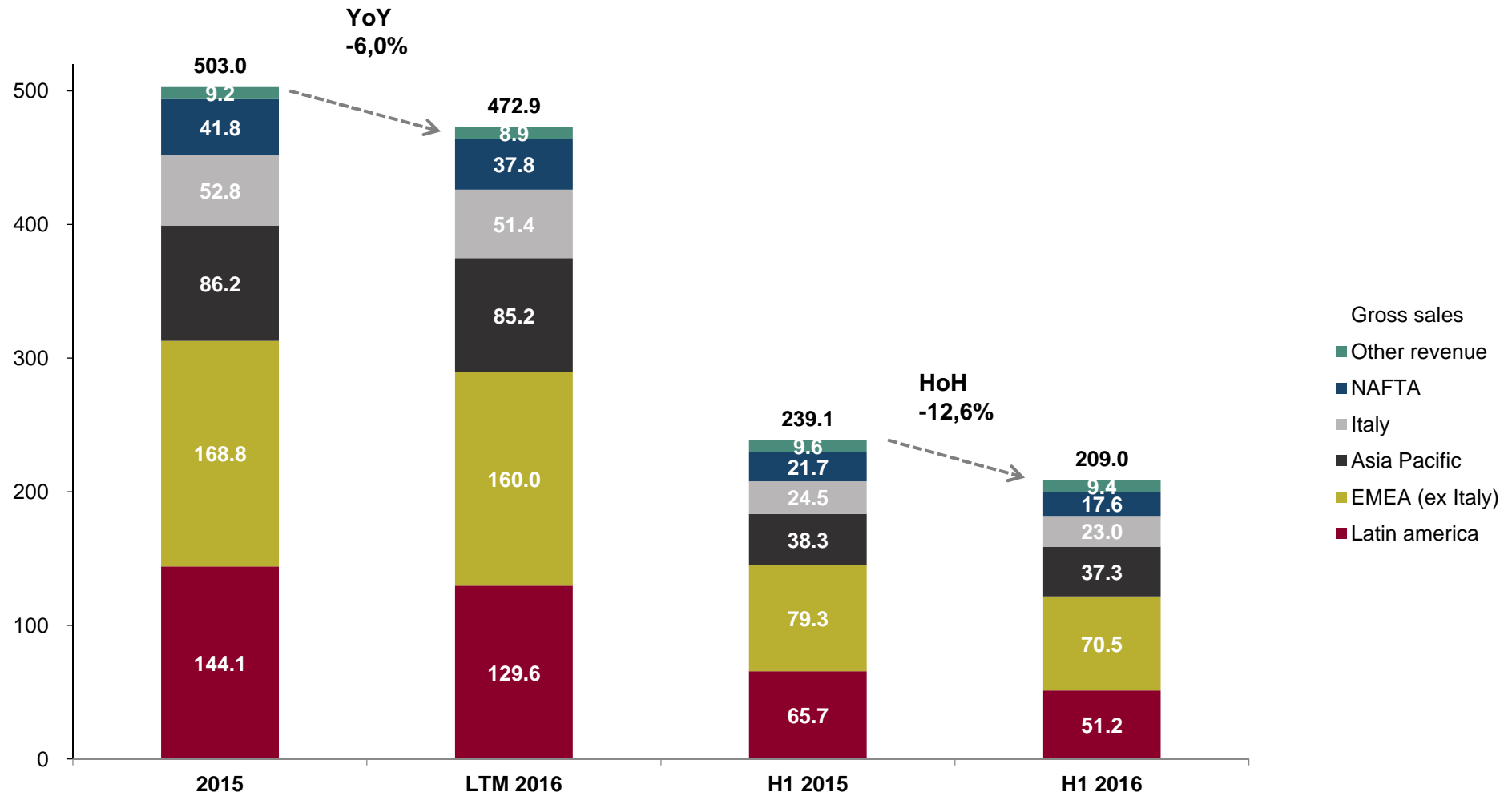
* Cash flow at 30th June 2015 is restated in order to be compliant to the new scheme requested by Italian GAAP (OIC 10) and are stated net of exchange rates effect.

3. Segment Overview

Total Revenues by Geographic Area



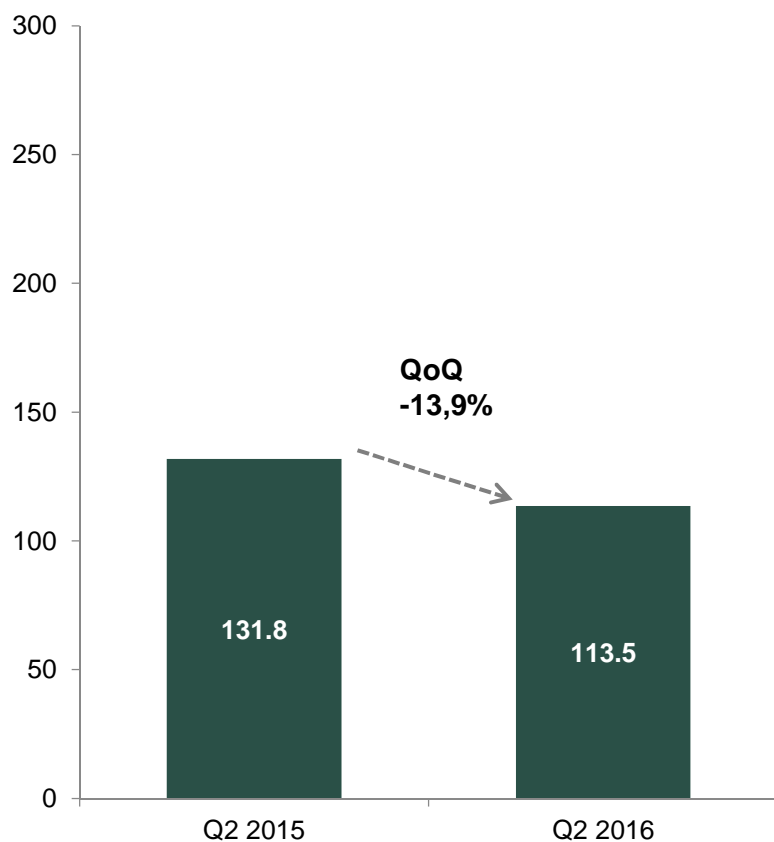
Millions €



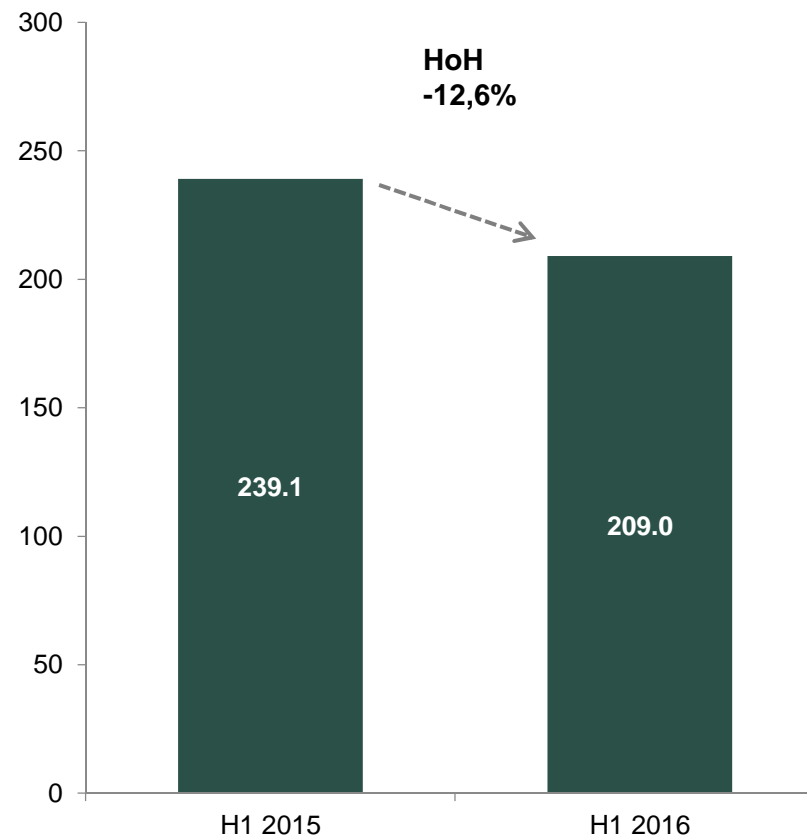
3. Segment Overview

Total Revenue

Millions €



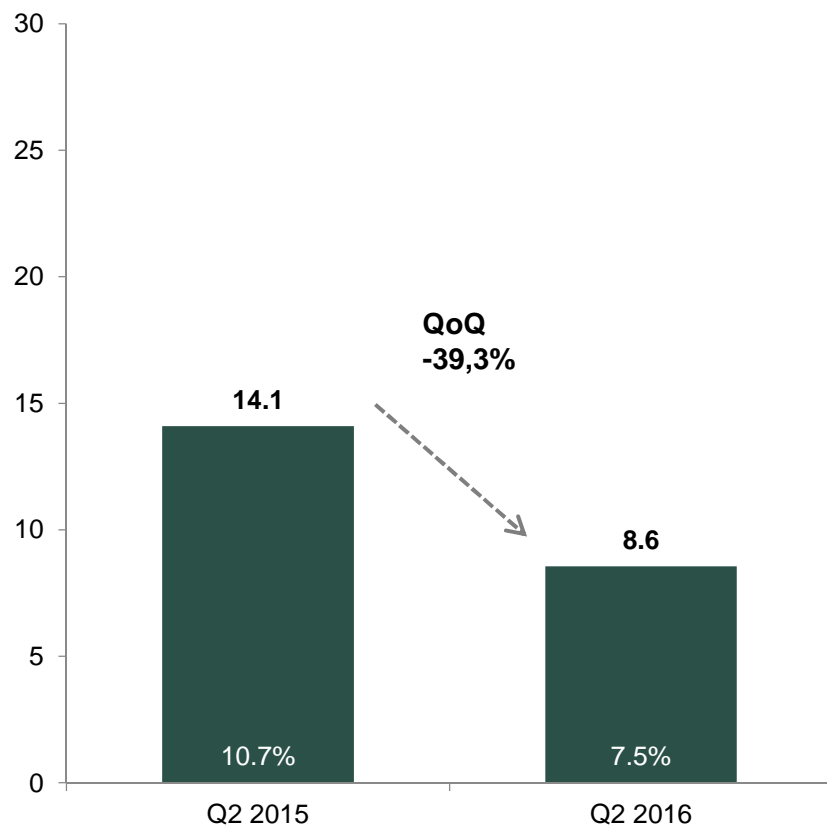
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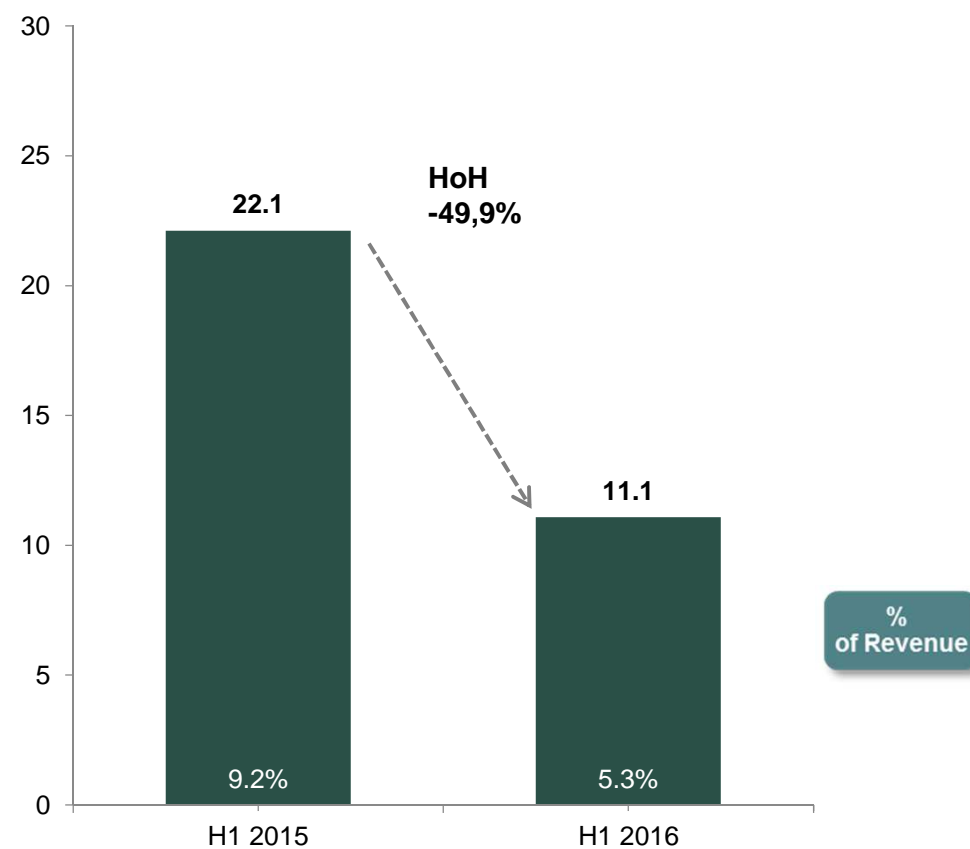
3. Segment Overview EBITDA

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Millions €



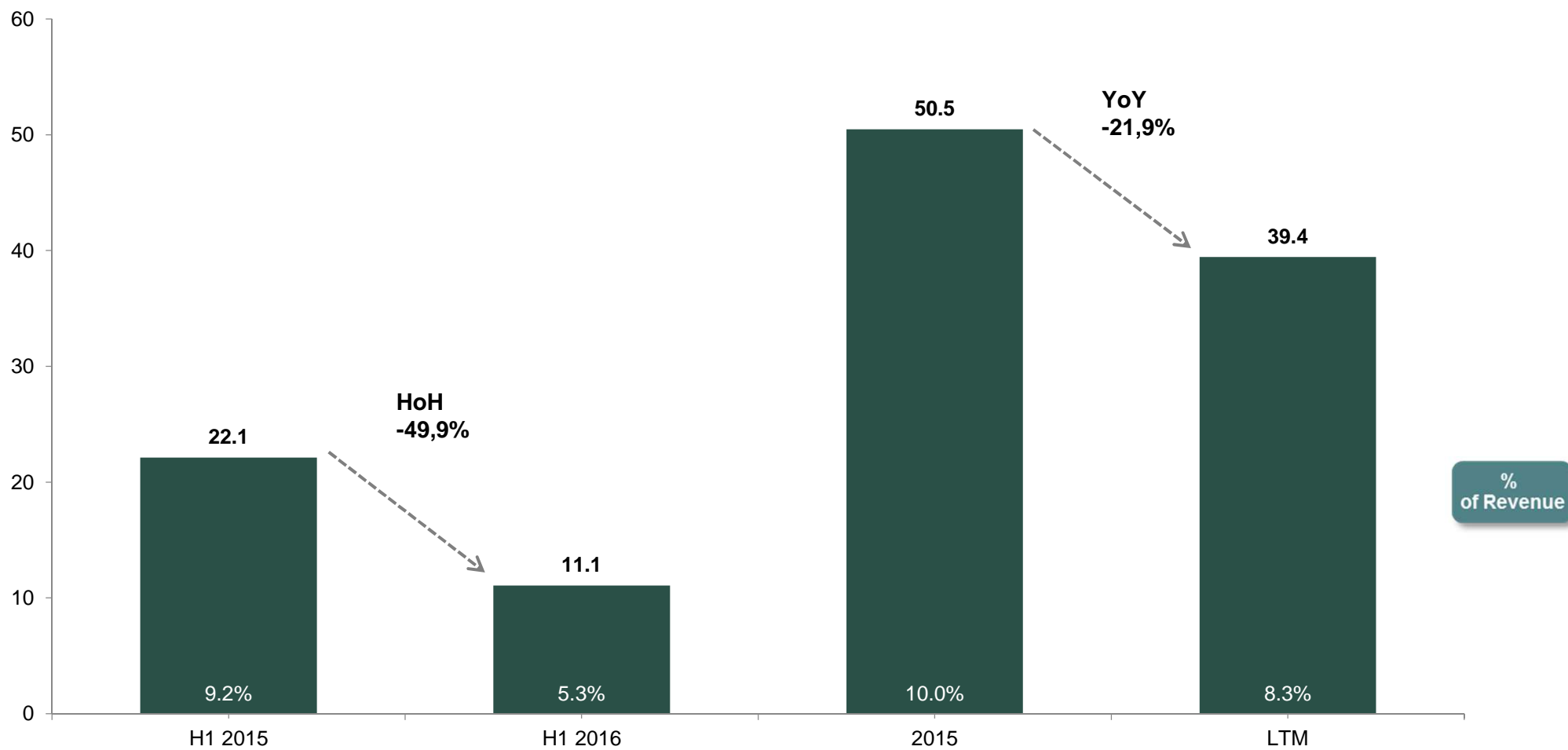
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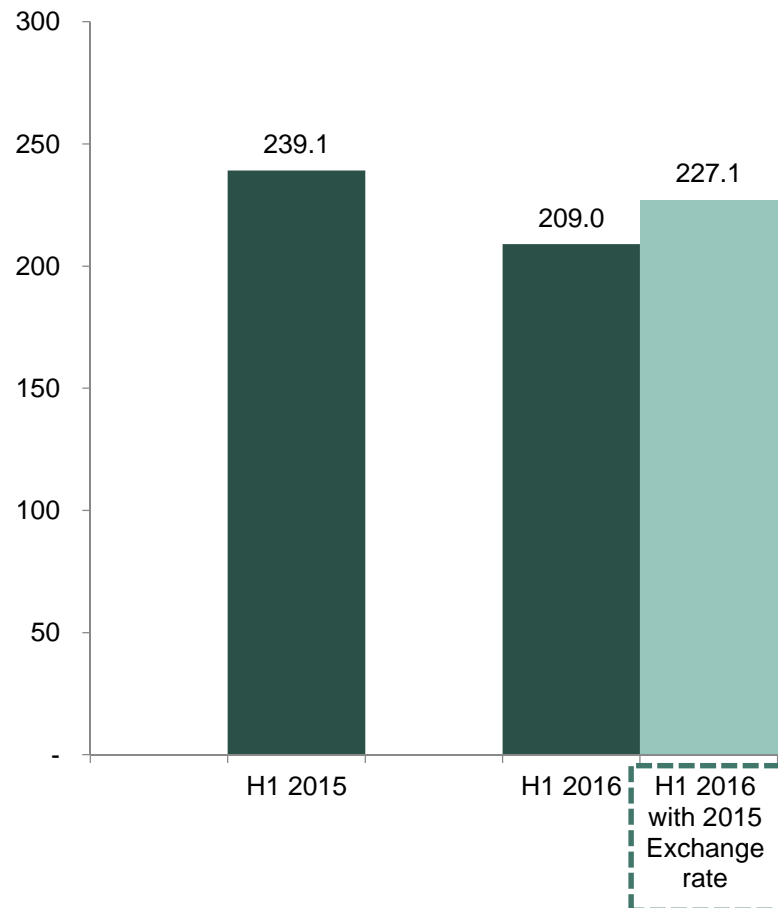
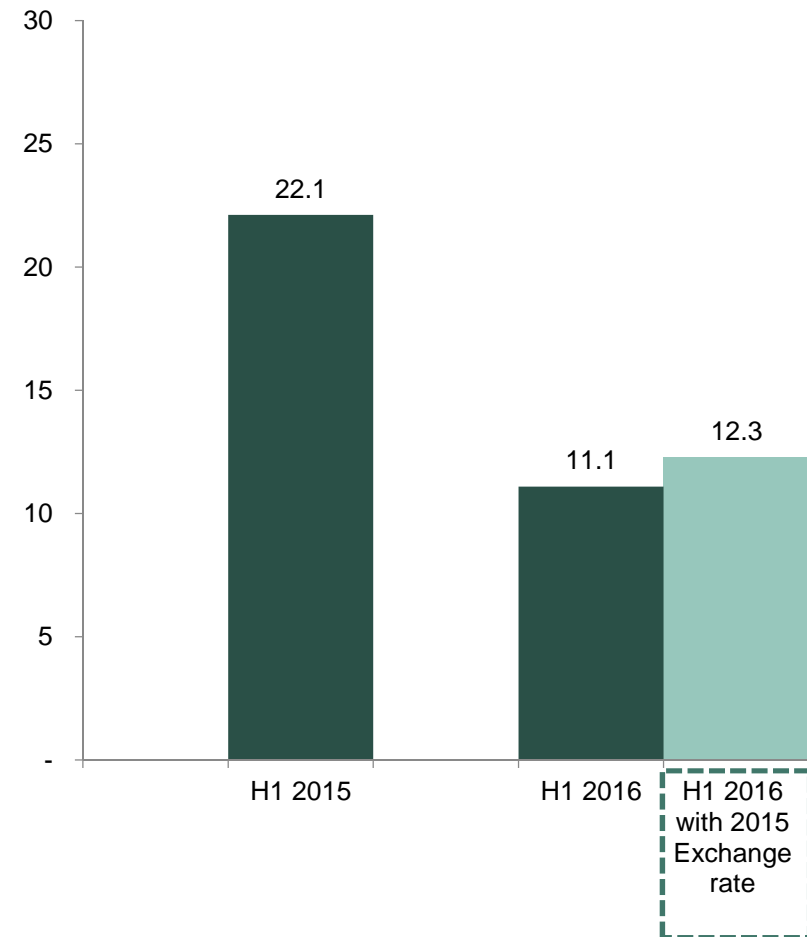
3. Segment Overview

EBITDA

Millions €



Total Revenue and EBITDA - Exchange Rate Effect

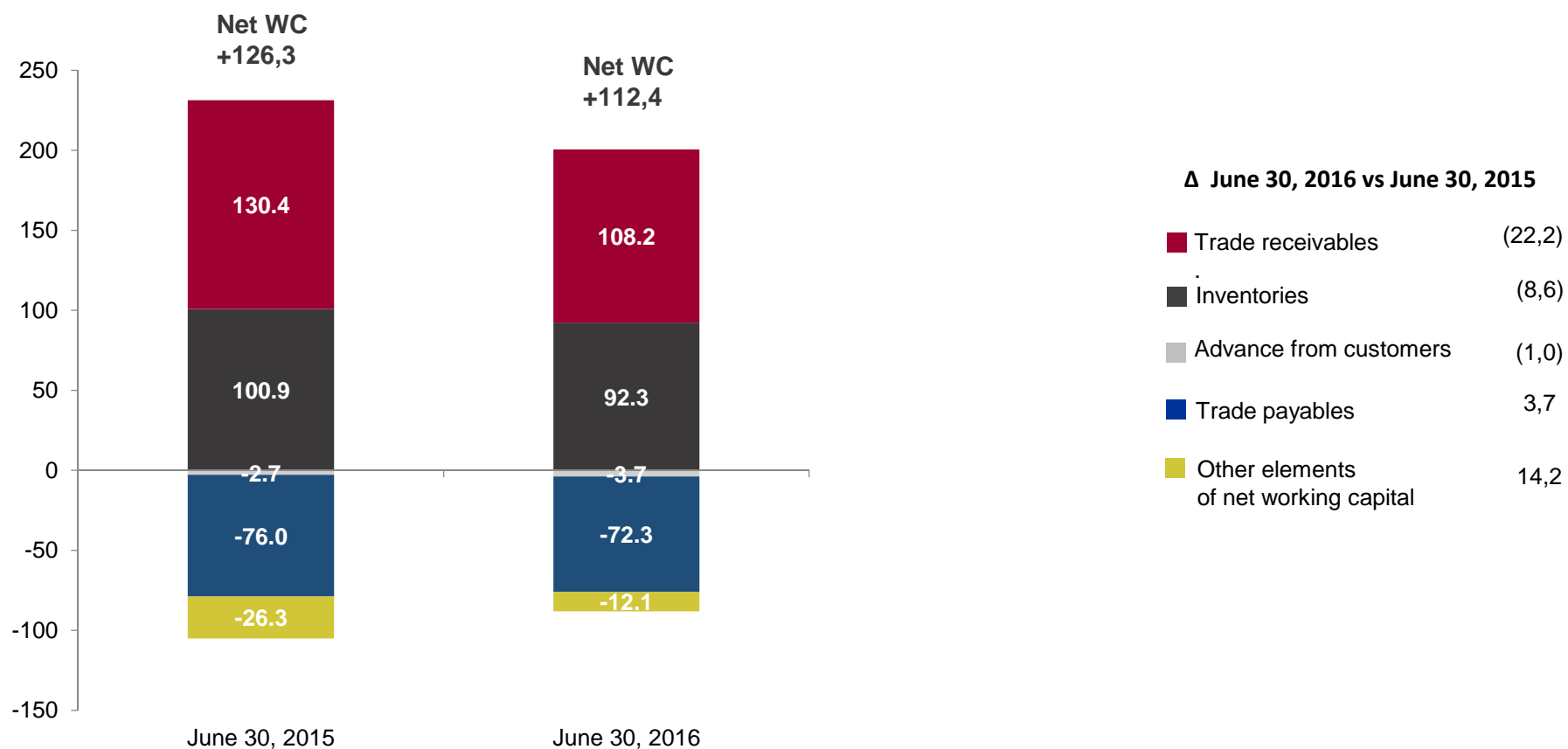
Millions € **Total revenue 2016 adj for F/X rate 2015**Millions € **EBITDA 2016 adj for F/X rate 2015**

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

4. Financials Working Capital

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Millions €

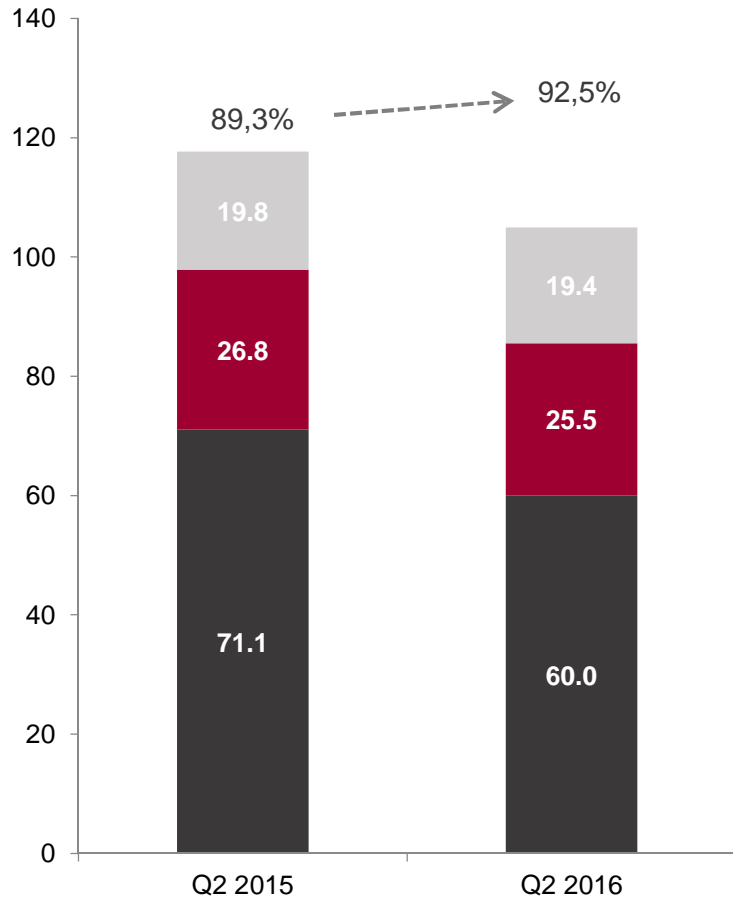


Working capital has decreased of about €13,9M compared to June 2015 (-11%), due to the decrease in the inventories, a better performance in accounts receivable and payable management (-6 days in DSOs and +5 days in DPOs), but it has increased compared to December 2015 for the business seasonality.

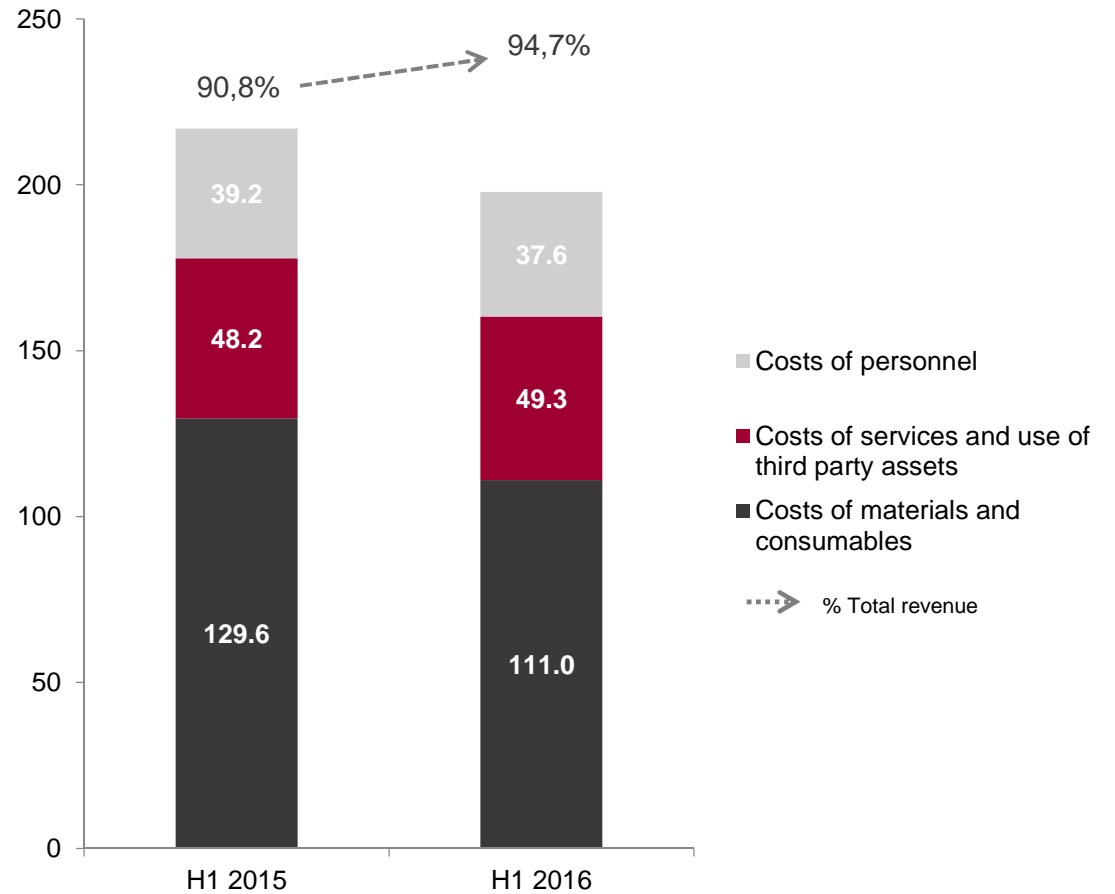
4. Financials Operative Expenses (OPEX)



Millions €



Millions €



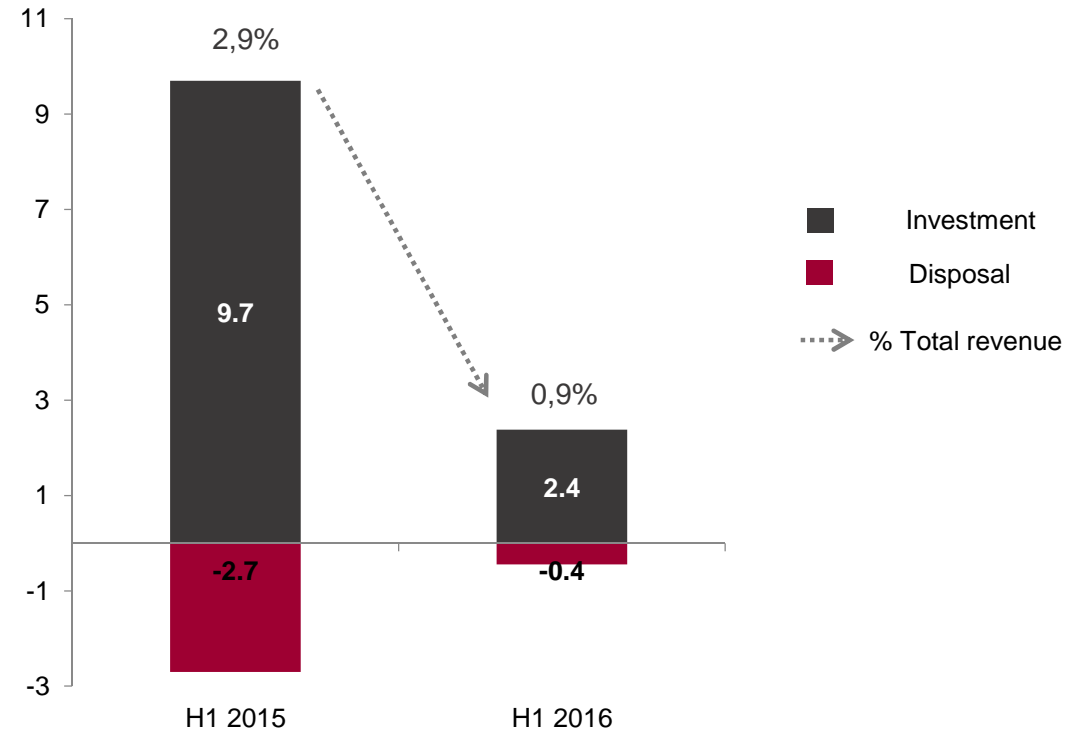
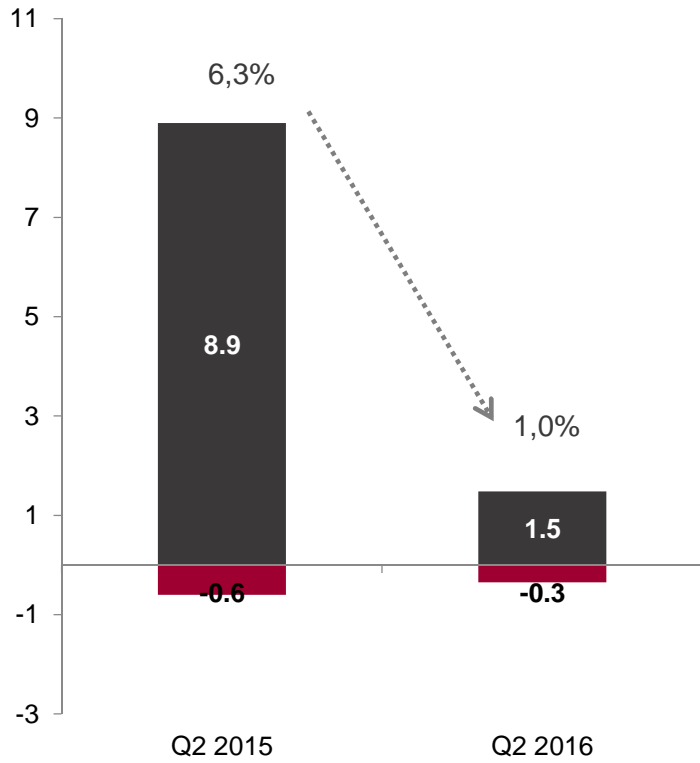
Increasing cost incidence, but cost rationalization process on going, except for running promotion costs.

4. Financials Capital Expenses (CAPEX)



Millions €

Millions €



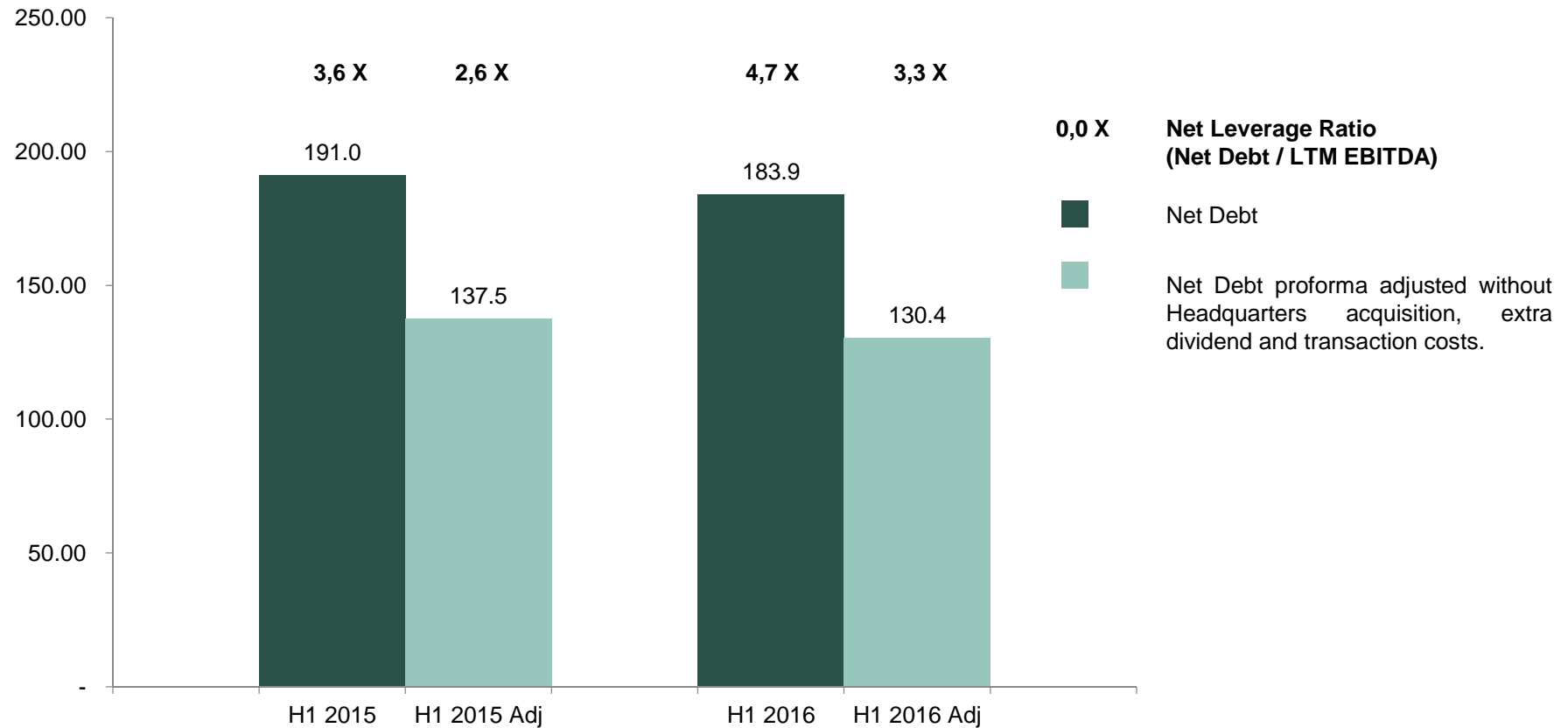
- Investment
- Disposal
- % Total revenue

In 2015 € 2M of disposal refers to the sales of Brezova plant in Slovakia.

4. Financials Net Debt

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Millions €



CONSOLIDATED INCOME STATEMENT

<i>(Euro/000)</i>	H1 2016	% of Total Revenue	H1 2015	% of Total Revenue	LTM 2016	% of Total Revenue	YE 2015	% of Total Revenue	Q2 2016	% of Total Revenue	Q2 2015	% of Total Revenue
Revenue from sales and services	199,632	95.5%	229,508	96.0%	463,960	98.1%	493,837	98.2%	109,084	96.1%	127,559	96.8%
Other revenue	9,386	4.5%	9,638	4.0%	8,935	1.9%	9,188	1.8%	4,440	3.9%	4,228	3.2%
Total revenue	209,017	100.0%	239,146	100.0%	472,895	100.0%	503,024	100.0%	113,525	100.0%	131,787	100.0%
Costs of materials and consumables	(110,986)	(53.1%)	(129,632)	(54.2%)	(254,188)	(53.8%)	(272,834)	(54.2%)	(60,044)	(52.9%)	(71,095)	(53.9%)
Costs of services and use of third party assets	(48,507)	(23.2%)	(47,606)	(19.9%)	(102,809)	(21.7%)	(101,907)	(20.3%)	(24,992)	(22.0%)	(26,390)	(20.0%)
Costs of personnel	(37,619)	(18.0%)	(39,161)	(16.4%)	(74,881)	(15.8%)	(76,423)	(15.2%)	(19,435)	(17.1%)	(19,802)	(15.0%)
Other operating costs	(823)	(0.4%)	(632)	(0.3%)	(1,574)	(0.3%)	(1,382)	(0.3%)	(501)	(0.4%)	(405)	(0.3%)
Total Operating costs	(197,935)	(94.7%)	(217,031)	(90.8%)	(433,451)	(91.7%)	(452,546)	(90.0%)	(104,972)	(92.5%)	(117,692)	(89.3%)
EBITDA	11,082	5.3%	22,116	9.2%	39,444	8.3%	50,478	10.0%	8,552	7.5%	14,095	10.7%
Amortization, depreciation and write downs	(8,301)	(4.0%)	(8,776)	(3.7%)	(19,674)	(4.2%)	(20,149)	(4.0%)	(4,097)	(3.6%)	(4,379)	(3.3%)
Accrual to provision for risks and charges	(318)	(0.2%)	(217)	(0.1%)	(606)	(0.1%)	(505)	(0.1%)	(222)	(0.2%)	(132)	(0.1%)
Total Amortiz., deprec., write downs and prov.	(8,618)	(4.1%)	(8,993)	(3.8%)	(20,279)	(4.3%)	(20,654)	(4.1%)	(4,318)	(3.8%)	(4,511)	(3.4%)
Operating income	2,464	1.2%	13,123	5.5%	19,165	4.1%	29,824	5.9%	4,234	3.7%	9,584	7.3%
Financial income	1,728	0.8%	1,875	0.8%	3,501	0.7%	3,649	0.7%	962	0.8%	930	0.7%
Financial expenses	(8,179)	(3.9%)	(8,348)	(3.5%)	(18,431)	(3.9%)	(18,600)	(3.7%)	(4,372)	(3.9%)	(4,207)	(3.2%)
Gains/(losses) on exchange rate	(2,072)	(1.0%)	1,118	0.5%	(3,023)	(0.6%)	168	0.0%	(965)	(0.8%)	(765)	(0.6%)
Net expenses and losses from financial activities	(8,523)	(4.1%)	(5,355)	(2.2%)	(17,952)	(3.8%)	(14,784)	(2.9%)	(4,375)	(3.9%)	(4,043)	(3.1%)
Net non-recurring expenses and charges	(1,660)	(0.8%)	(2,364)	(1.0%)	(3,070)	(0.6%)	(3,774)	(0.8%)	(950)	(0.8%)	(1,157)	(0.9%)
Income before taxes	(7,719)	(3.7%)	5,404	2.3%	(1,857)	(0.4%)	11,266	2.2%	(1,090)	(1.0%)	4,384	3.3%
(Income taxes)/tax benefit	1,288	0.6%	(1,202)	(0.5%)	(2,353)	(0.5%)	(4,843)	(1.0%)	80	0.1%	(1,192)	(0.9%)
Net Income / (Losses) for the period	(6,431)	(3.1%)	4,203	1.8%	(4,210)	(0.9%)	6,424	1.3%	(1,010)	(0.9%)	3,192	2.4%
Attributable to non-controlling interests	(611)		(739)		(2,170)		(2,298)		(394)		(581)	
Attributable to equity holders of the parent	(7,042)		3,464		(6,380)		4,126		(1,404)		2,612	

5. Appendix

CONSOLIDATED BALANCE SHEET

	June 30, 2016	December 31, 2015
<i>(Euro/000)</i>		
Intangible assets	29,607	31,338
<i>of which goodwill</i>	20,122	21,089
Property, plant and equipment	121,794	121,855
Investment in subsidiaries, associates, joint ventures and other companies	382	317
Other non-current assets	26,863	23,743
<i>of which deferred tax assets</i>	23,547	20,590
Total non-current assets	178,645	177,253
Cash and cash equivalents	28,806	49,198
Other current financial assets	32,000	30,000
Trade receivables	108,152	106,733
Inventories	92,337	76,975
Current tax receivables	10,809	9,213
Other current non-financial assets	20,802	18,608
Total current assets	292,906	290,726
Total assets	471,552	467,979
Shareholders' equity and liabilities		
Share capital	33,400	33,400
Reserves	32,825	21,678
Profit / (Loss) for the Year Group	(7,042)	4,126
Equity attributable to equity holders of the parent	59,183	59,204
Equity attributable to non-controlling interests	39,508	38,019
Total shareholders' equity	98,691	97,223
Non-current portion of banks loans and other financial liabilities	9,335	11,099
Non-current bonds	190,000	190,000
Employees' termination indemnity	1,476	1,624
Provisions for risks and charges	8,313	9,350
Deferred tax liabilities	6,992	6,848
Total non-current liabilities	216,116	218,922
Current portion of banks loans and other financial liabilities	45,346	19,100
Advance from customers	3,733	3,772
Trade payables	72,269	71,409
Current tax payables	5,472	8,384
Other current non-financial liabilities	29,925	49,170
Total current liabilities	156,744	151,834
Total liabilities	372,861	370,756
Total shareholders' equity and liabilities	471,552	467,979

INTERIM CONSOLIDATED CASH FLOW

<i>(Euro/000)</i>	For the six month period ended June 30,		For the three month period from April to June	
	<i>HI 2016</i>	<i>HI 2015 (1)</i>	<i>Q2 2016</i>	<i>Q2 2015 (1)</i>
Net cash flow from operating activities	(41,206)	(27,318)	(10,550)	1,534
Net cash flow used in investing activities	(4,384)	(5,971)	(1,534)	(8,021)
Net cash flow from/(used in) financing activities	23,448	27,839	8,933	10,761
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	1,750	(1,232)	1,394	(241)
Cash and cash equivalent at the beginning of the period	49,198	43,135	30,563	32,421
Changes in cash and cash equivalent	(20,392)	(6,681)	(1,757)	4,034
Cash and cash equivalent at the end of the period	28,806	36,454	28,806	36,454

(1) The flows at 30th June 2015 are restated in order to be compliant to the new scheme requested by Italian GAAP (OIC 10) and are stated net of exchange rates effect.