

Confidential

Bond holders Call Q2 2019

Date *August 6th, 2019*
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Agenda

MACCAFERRI

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

1. Introduction – LTM and H1 June 2019

LTM Figures

- **Total revenue for LTM June 2019** equal to **€ 521,7 mln**, - € 13 mln (or -2,4%) vs. FY 2018.
- **LTM EBITDA** equal to **€ 37,9 mln**, was lower than FY 2018 (€ 46,7 mln) with a decrease of marginality from 8,7% to 7,3%.

2019 H1 Figures

- **H1 2019 total revenues are lower than H1 2018 by -5,0%** (- 3,8% at constant FX rate). The drop in revenues is mainly due to delay in the Defense & Security business and, more in general, in North America, partially offset by good performance in APAC (China, India and Malaysia). Italy in line with previous year. LATAM is positive by € 2,5 mln, with a negative FX impact of € 4,1 mln. EMEA region (excluding Italy) is behind LY by € 3,9 mln, of which € 1,2 mln due to FX effect .
- **H1 2019 EBITDA** equal to **€ 10,1 mln**, decreased from 7,3% to 4,1% of revenue, due to volume effect, unfavorable product mix and OPEX increase.
- Working capital is increasing compared to the same period of 2018 mainly for lower trade payables (partially offset by decrease in trade receivables), higher stock levels and limited recourse to reverse factoring.
- H1 2019 Net CAPEX in line with previous year.
- H1 2019 Net Cash flow from operating activities of € -42,9 mln (€ -33,6 mln in H1 2018).
- Net Debt equal to € 229,7 mln (including about € 10 mln write down of financial credit), with a net leverage of 6.1x LTM EBITDA vs the € 164,4 mln and a net leverage of 3,2X of the previous year.

1. Introduction – Q2 2019

Q2 2019 Figures

- **Total revenue** equal to € **131,6 mln**, lower than Q2 2018 by 7,8 mln (or - 5,6%).
- **NAFTA:** The revenue decrease of 48.7 % in the region is mostly related to the delay of Defence orders compared to Q2 2018. Regarding core business, the good performance on Geosynthetics and Rockfall sales is negatively offset by Double Twist products for coastal applications (in 2018 the US subsidiary took also advantage of a large delivery to Puerto Rico due to hurricane recovery projects). Mexican region is also underperforming due to the delays in financing of public infrastructure following the recent change of Government.
- **EMEA:** total revenue decreased 5.1% mainly due to the lack of the significant projects realized in the first half of 2018 in Central Europe Area and Middle East (in particular in Oman). Turkey is still suffering from the political and economic instability but with good opportunity to recover in the second semester. Very good performance of Spain, also thanks to the increase in sales of wire allowed by the investments in the production capacity increase. Positive performance of South Africa, Russia and UK. France in line with previous year. Minor underperformance in some areas like Albania, Greece and Romania.
- **LATAM:** revenue in Latin America is in line at constant exchange rate (+€2.1 mln), but 6,4% behind Q2 2018. Brazil performance is affected by the local political situation and the delay of public investment in the infrastructure sector. Argentina registered a positive performance in local currency, despite a difficult economic situation. Negative performance of Colombia, in particular for Double Twist and geosynthetics products supplied to the local market. Costa Rica underperformed because the socio-economic crisis resulting in a reduction of public infrastructure spending as well as in the private sector. Bolivia in line with previous year.
- **APAC:** • Asia Pacific revenues increased by 14,6% mainly thanks to China performance in the hydraulic sector. India is increasing sales mainly thanks to the outstanding performance of Geosynthetic business, while Rockfall is performing well in South East Area, especially in Malaysia.
- **ITALY:** performed better than previous year, with Tunneling performance expected to boost in the second half of the year thanks to new railway deliveries contracted in Italy (over 35 mln by 2021).
- **EBITDA**, equal to € **7,7 mln**, is € 5,2 mln lower than the previous year with a decrease of marginality from 9,3% to 5,9%.
- Q2 2019 Net CAPEX €2,4 mln lower than previous year.
- Q2 2019 **Net Cash flow from operating activities** of € **-11,3 mln** (€ -9,2 mln in Q2 2018).

2. Highlights

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Millions €	Q2 2018	Q2 2019	H1 2018	H1 2019	2018	LTM
Total revenues	139,5	131,6	260,5	247,4	534,7	521,7
<i>growth (%)</i>		-5,6%		-5,0%		-2,4%
Opex	(126,6)	(123,9)	(241,5)	(237,3)	(487,9)	(483,7)
EBITDA	12,9	7,7	19,0	10,1	46,7	37,9
<i>margin (%)</i>	9,3%	5,9%	7,3%	4,1%	8,7%	7,3%
<i>growth (%)</i>		-40,1%		-46,6%		-18,9%
Total net capex	(3,1)	(0,7)	(3,1)	(3,0)	(13,1)	(13,0)
<i>incidence on total revenues (%)</i>	-2,2%	-0,6%	-1,2%	-1,2%	-2,5%	-2,5%
Net cash flow from operating activities	(9,2)	(11,3)	(33,6)	(42,9)	(28,6)	(37,8)
<i>growth (%)</i>		23,4%		-27,4%		32,2%

Millions €	June, 2018	June 30, 2019	Δ 2019 vs 2018
Total net working capital	77,1	96,4	19,2
Inventories	106,5	113,5	7,0
Trade receivables	138,2	116,8	(21,4)
Advance from customers	(10,5)	(5,8)	4,8
Trade payables	(114,5)	(94,8)	19,7
Other net working capital items	(42,5)	(33,5)	9,1

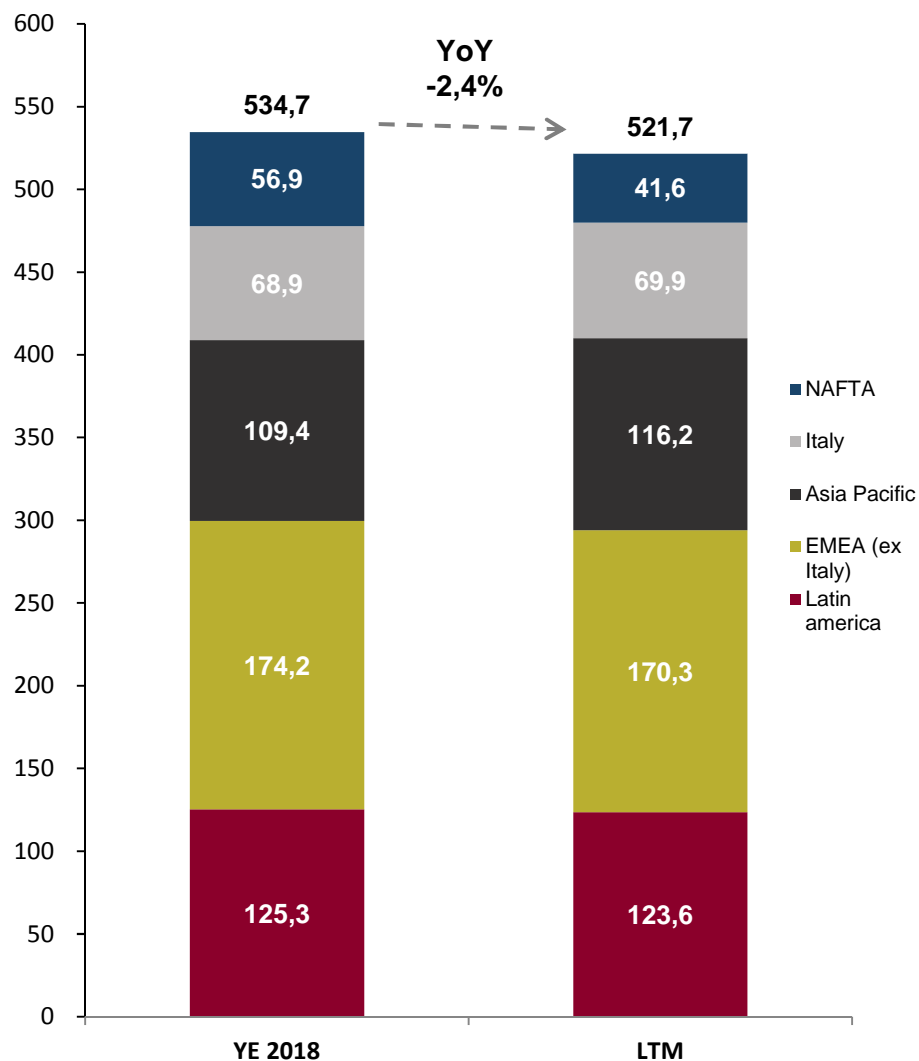
3. Segment Overview

YoY and LTM Performance

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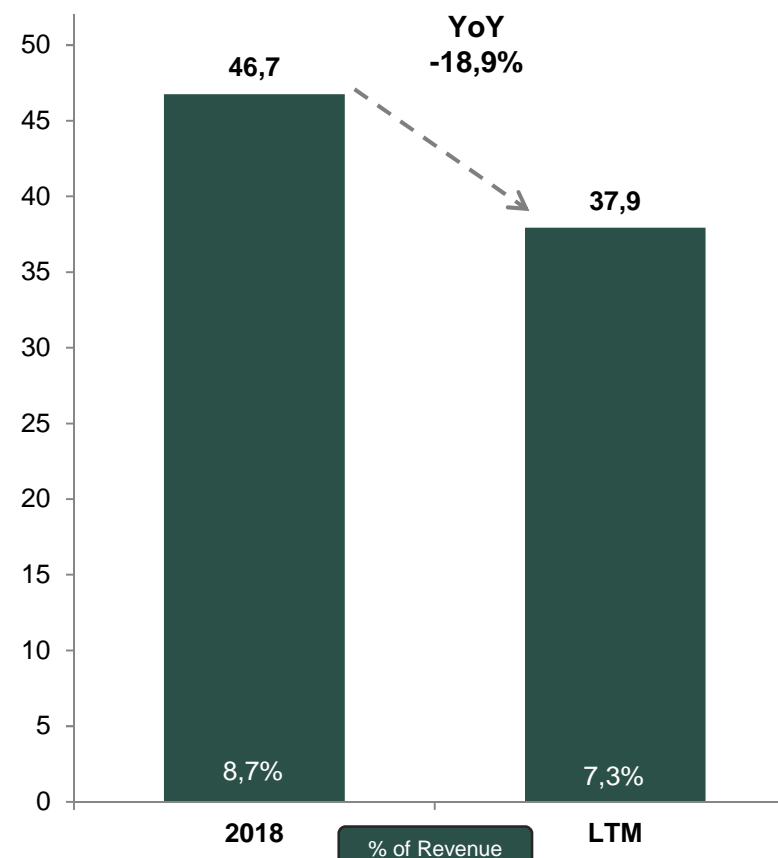
Millions €

TOTAL REVENUE BY GEOGRAPHICAL AREA



Millions €

EBITDA

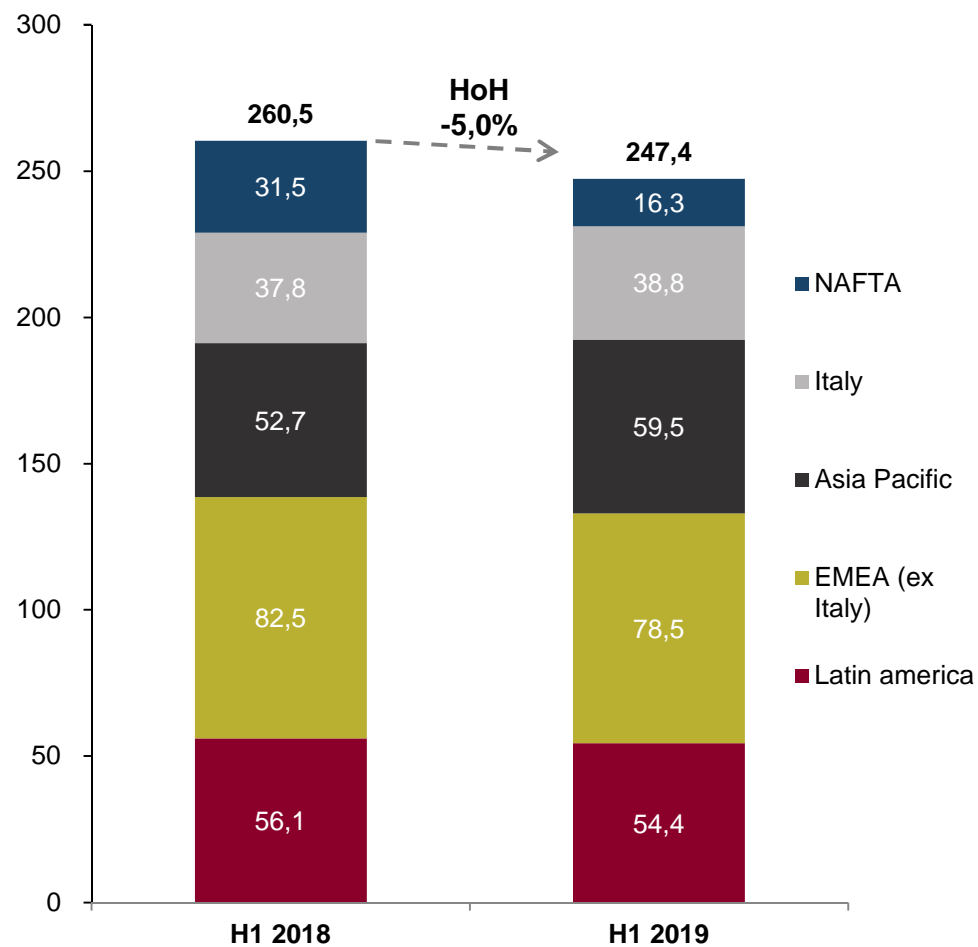


3. Segment Overview

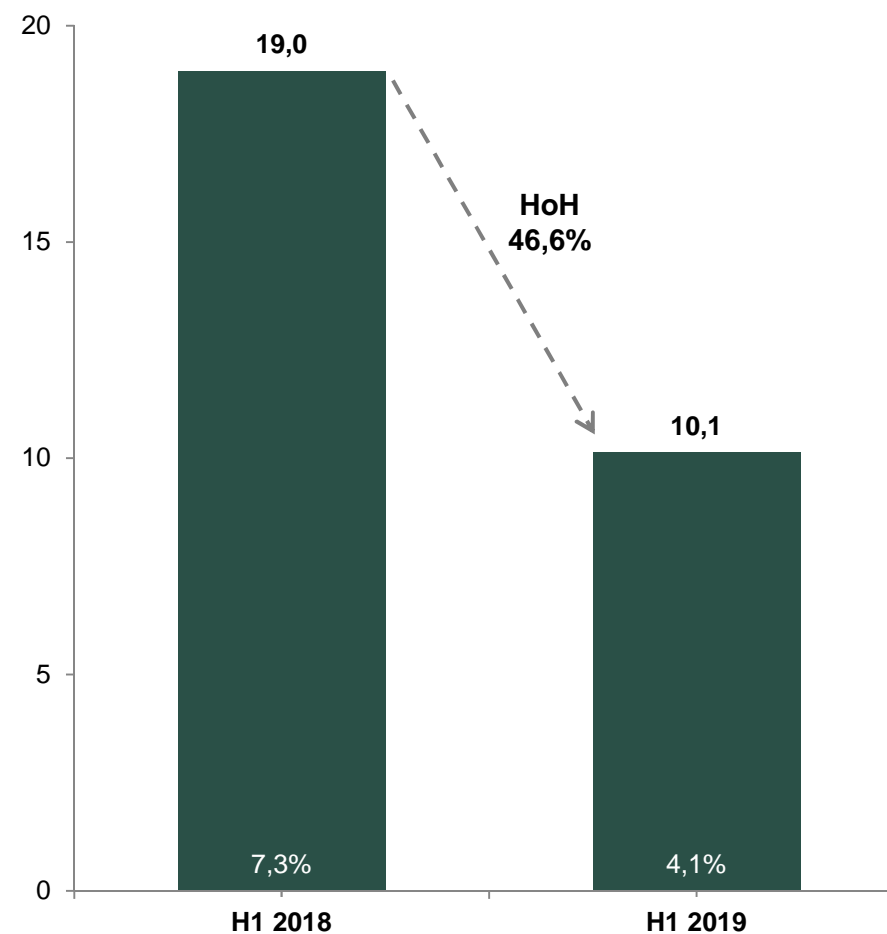
H1 Performance

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Millions €
TOTAL REVENUE BY GEOGRAPHICAL AREA



Millions €
EBITDA



% of Revenue

3. Segment Overview

Q2 Performance

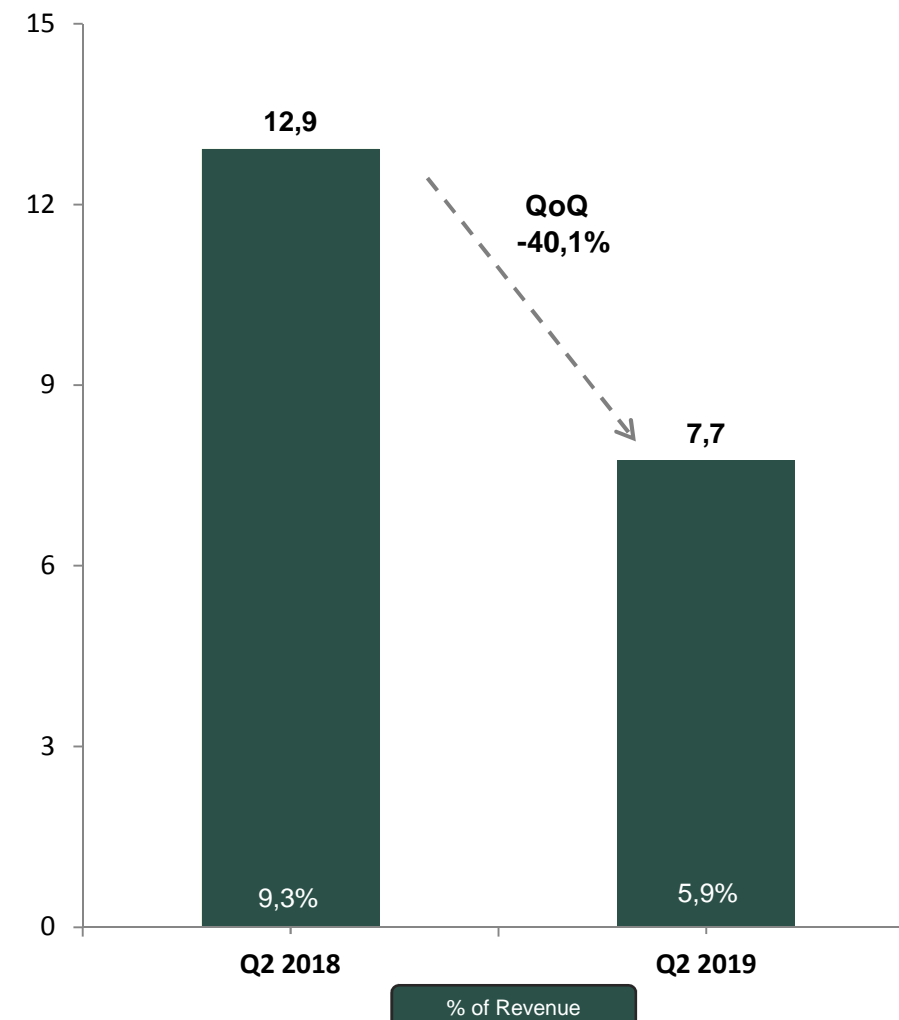
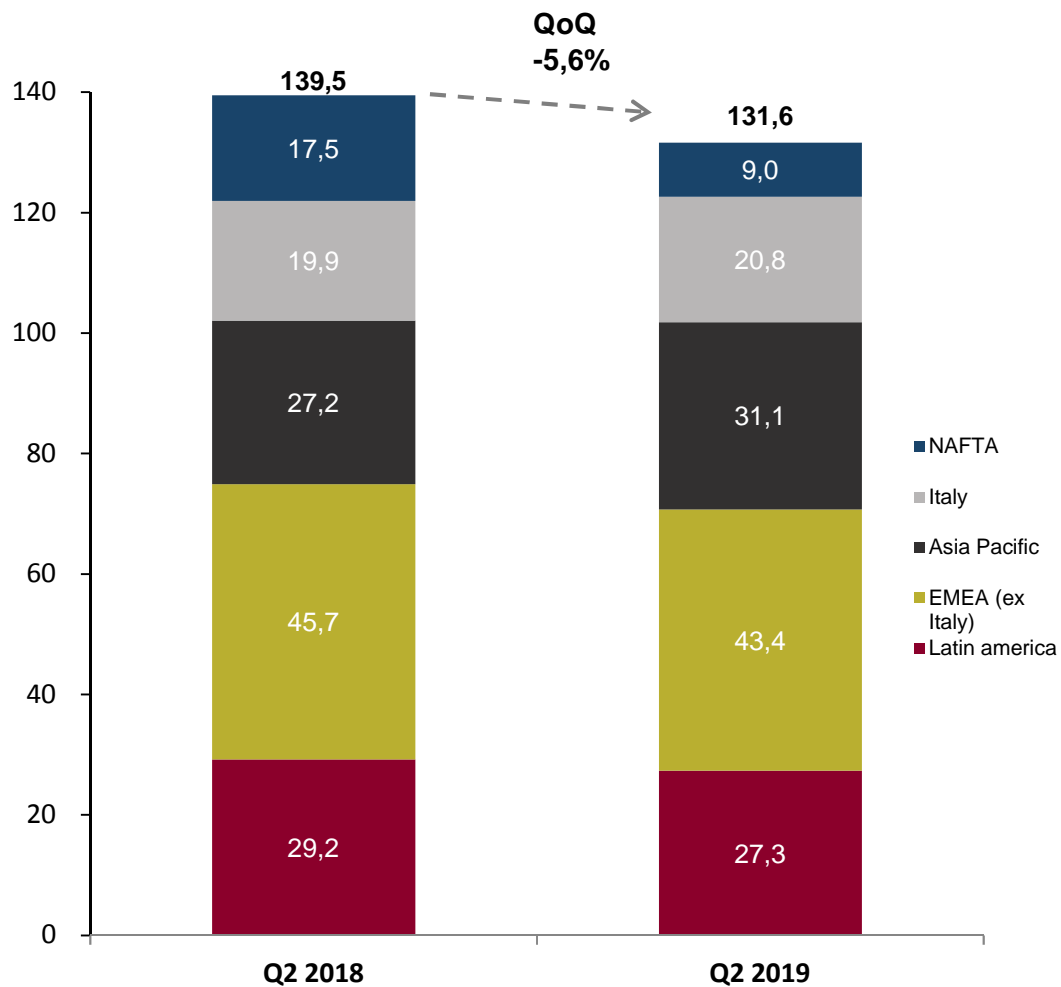
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Millions €

TOTAL REVENUE BY GEOGRAPHICAL AREA

Millions €

EBITDA

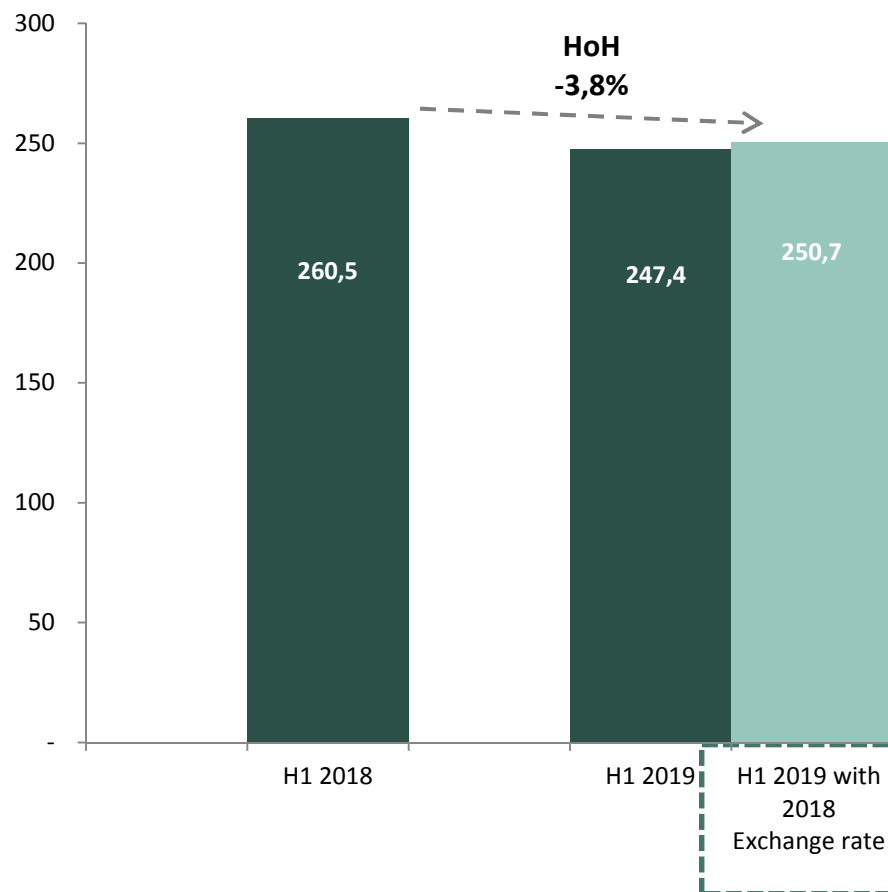


H1 2019 Revenue and EBITDA – Exchange Rate Effect

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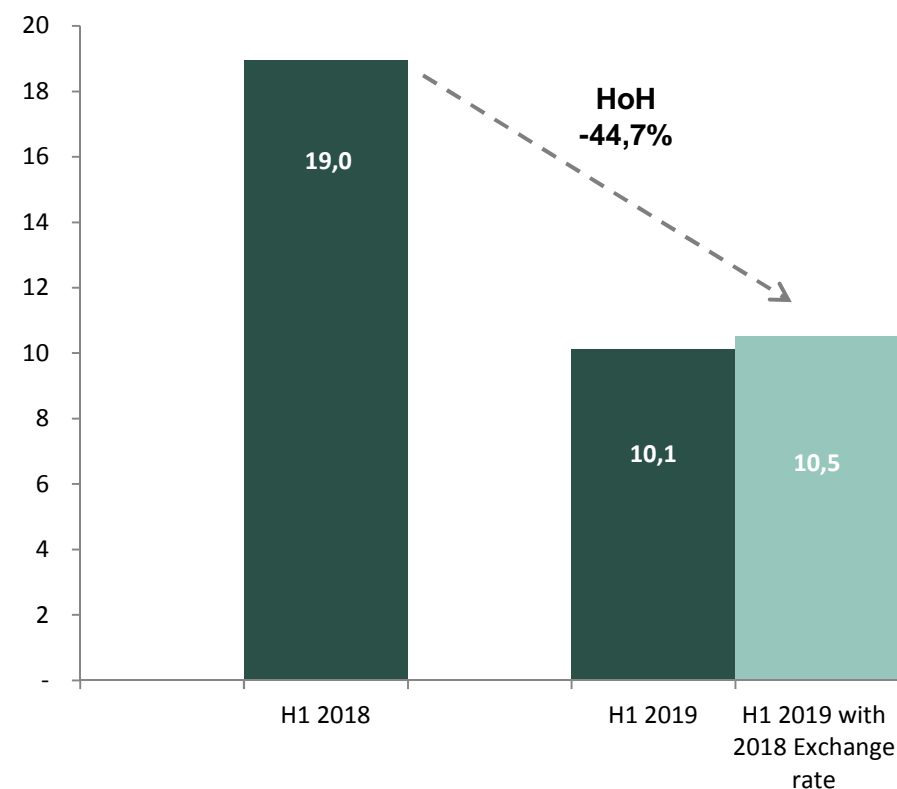
Millions €

TOTAL REVENUE H2 2019 adj for FX rate 2018



Millions €

EBITDA H2 2019 adj for FX rate 2018



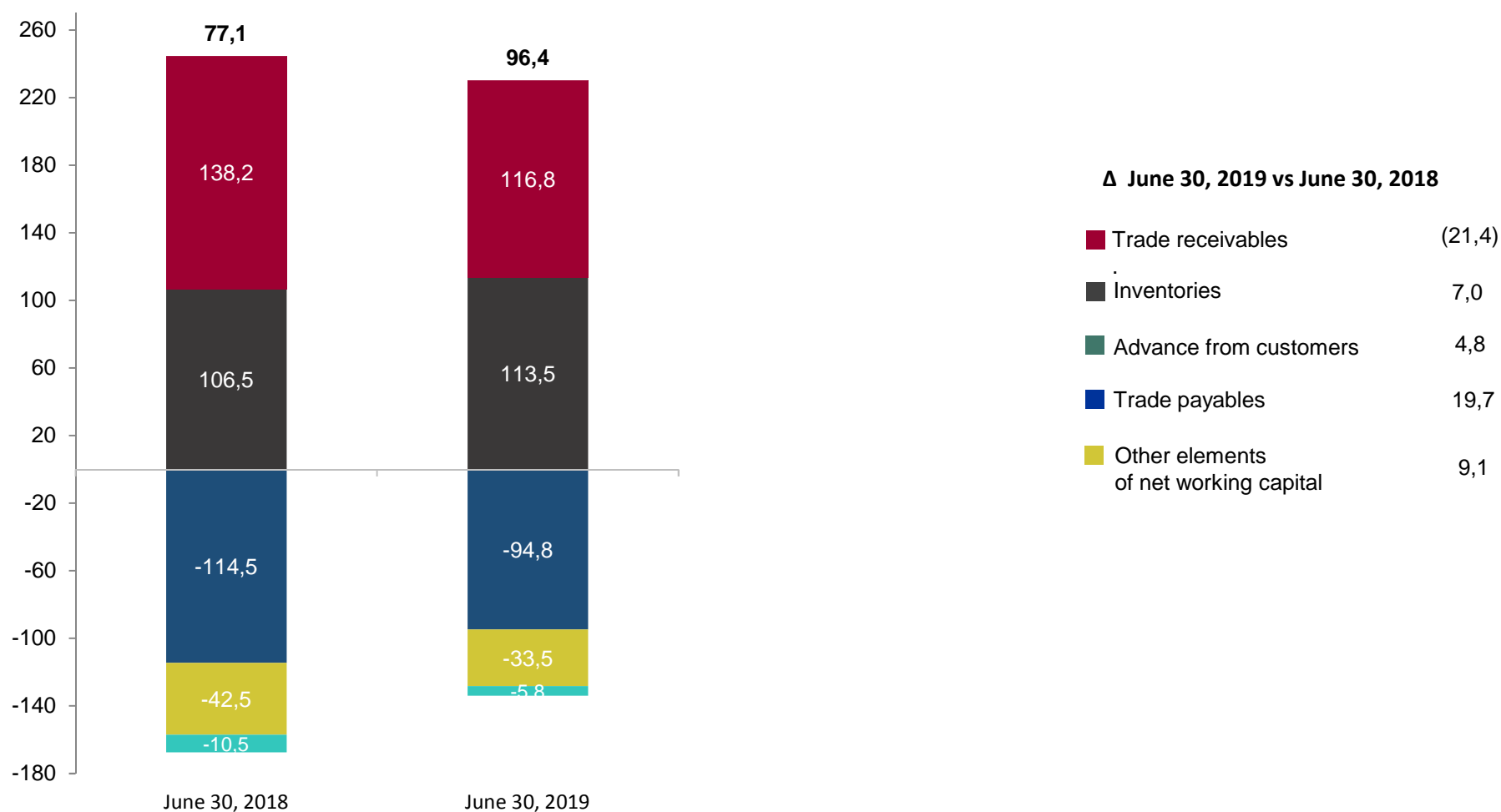
Negative impact of exchange rate on revenues (€ -3,2 mln) has been generated mainly by Argentina Pesos (€ -3,0 mln), Brazilian Real (€ - 1,7 mln), Turkish Lira (€ - 1 mln), partially offset by positive impact of US Dollar (+€ 1,1 mln).

4. Financials

Working Capital

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Millions €



Inventory increase vs H1 of previous year mainly due to slow down of sales in Q2 2019 and in increase Defence stocks.

Net balance between receivables and payables almost in line with LY.

Variance in other element of working capital mainly due lower recourse to reverse factoring in H1 2019.

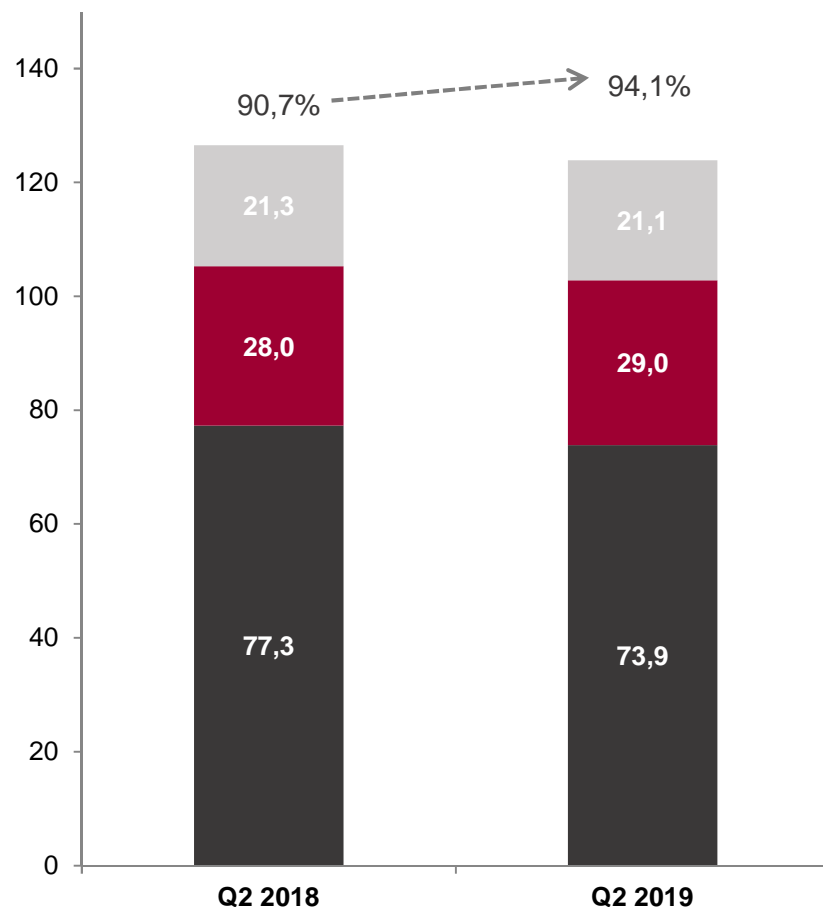
4. Financials

Operative Expenses (OPEX)

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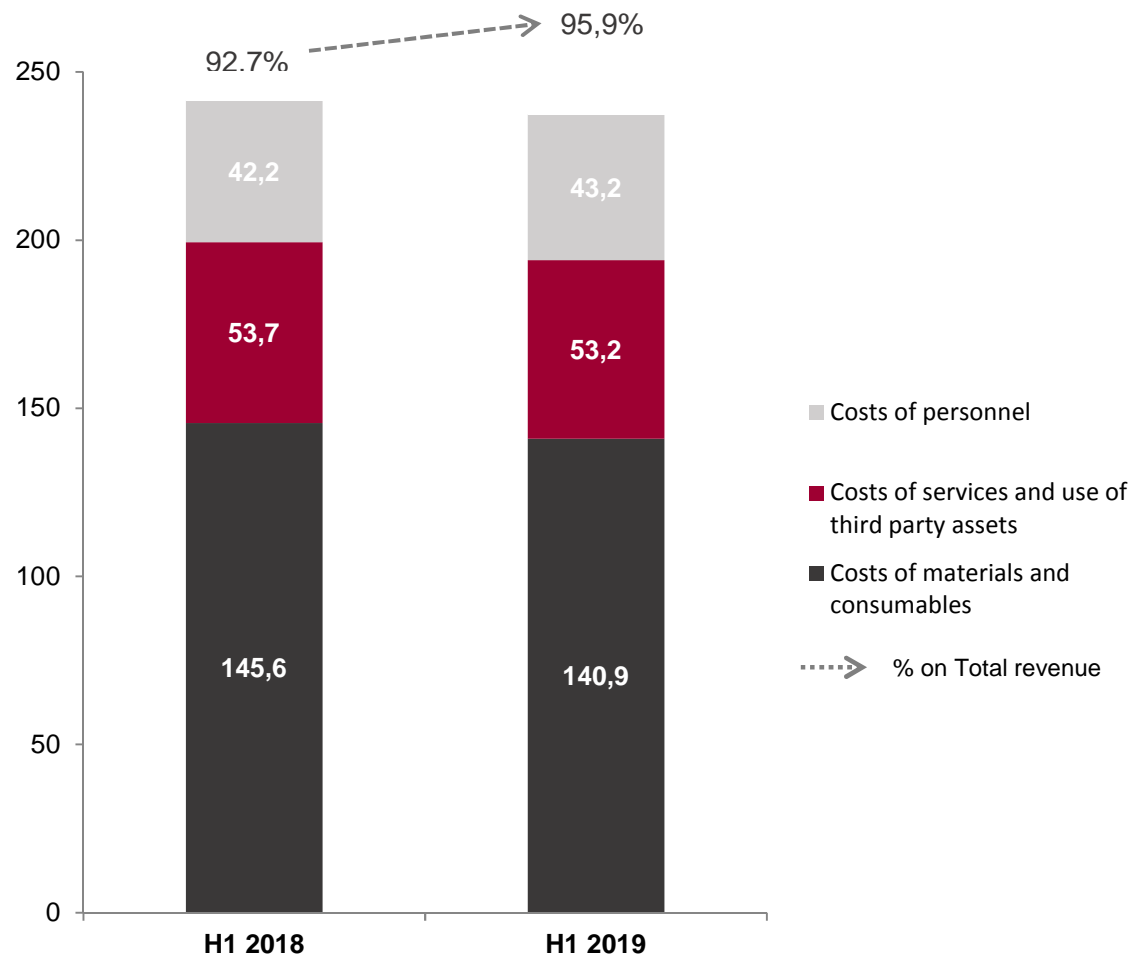
Millions €

QoQ



Millions €

HoH



Opex in Q2 2019 are decreasing by 2,7 mln compared to Q2 2018 but are increasing percentage-wise on total revenues by 3,4% (from 90,7% to 94,1%) mainly as a consequence of lower sales and lower absorption of fixed costs. The same trend applies to H1 2019 vs to H1 2018. Decrease of costs for materials is mainly due to lower level of sales, despite a higher incidence on total revenues due to different product mix.

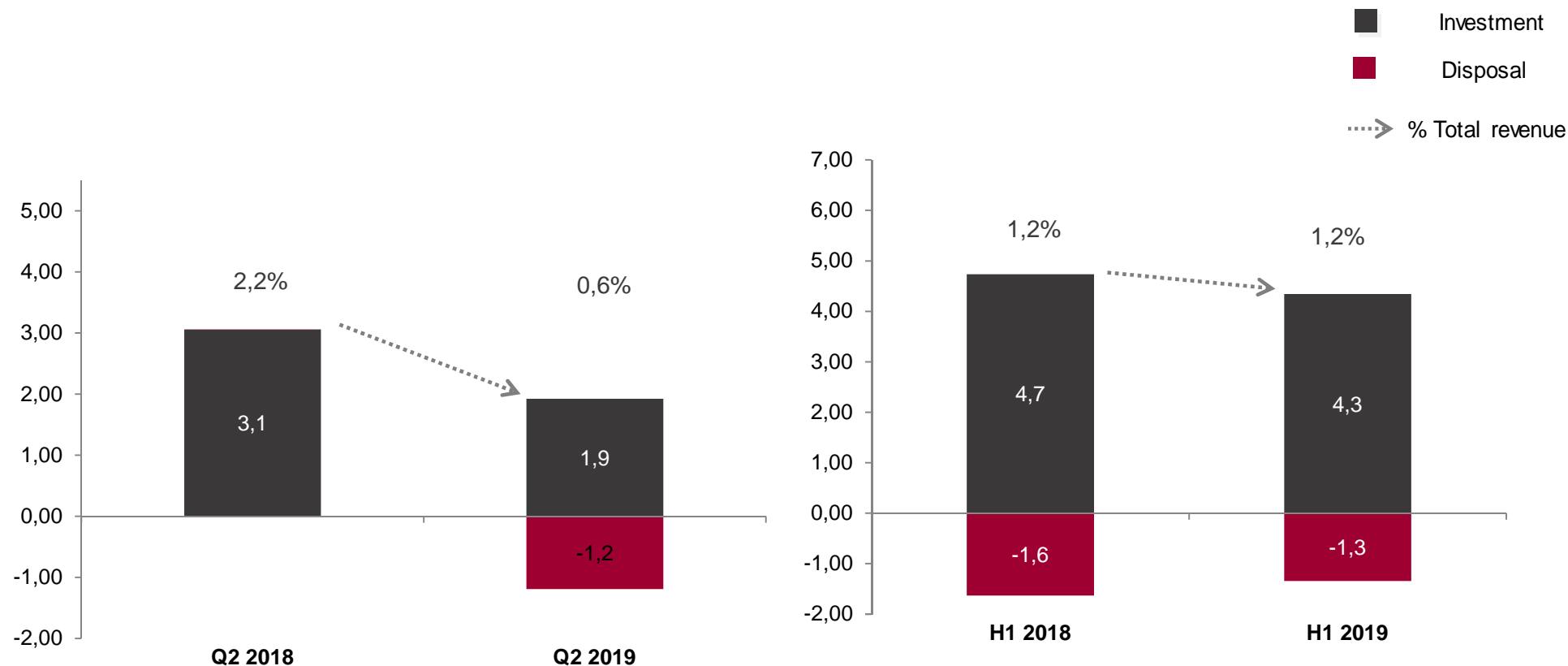
4. Financials

Capital Expenses (CAPEX)

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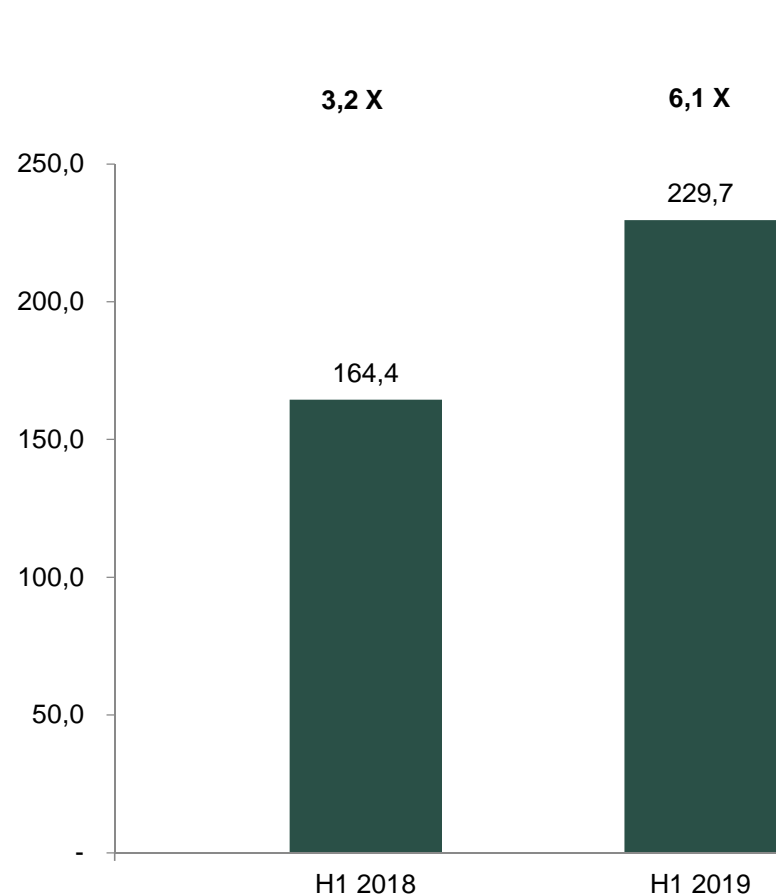
Millions €

Millions €



The Capex in H1 mainly refers to investments in Plant and Machineries, primarily in Italy for Tunnelling business and Spain for capacity increase of zinc line, investments in R&D at HQ level and capitalization of rights for the use of software. CAPEX decrease mainly refers to disposal of land and building in Italy.

Millions €



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

SHORT TERM BANK CREDIT FACILITIES

values €/M

Area	June 30, 2019		June 30, 2018	
	Granted	Used	Granted	Used
Italy	29,4	22,8	35,8	13,0
Other	56,0	26,7	28,9	22,1
Total	85,4	49,5	64,7	35,1

CASH AND CASH EQUIVALENT DETAIL

values €/M

Area	30th June 2019	30th June 2018
EMEA	8,1	9,9
Latin America	7,8	6,9
Asia Pacific	6,7	6,0
NAFTA	1,4	4,5
Italy	10,1	34,2
Total	34,1	61,5

Increasing net debt YOY mainly due to financial credit write-down and extraordinary expenses in second half of 2018.

5. Appendix

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(Euro/000)	H1 2019	% of Total Revenue	H1 2018	% of Total Revenue	LTM	% of Total Revenue	YE 2018	% of Total Revenue	Q2 2019	% of Total Revenue	Q2 2018	% of Total Revenue
Revenue from sales and services	241.855	97,7%	247.649	95,1%	514.774	98,7%	520.569	97,4%	132.184	100,4%	135.941	97,5%
Other revenue	5.591	2,3%	12.841	4,9%	6.881	1,3%	14.131	2,6%	(540)	(0,4%)	3.539	2,5%
Total revenue	247.446	100,0%	260.491	100%	521.655	100,0%	534.700	100,0%	131.645	100,0%	139.481	100,0%
Costs of materials and consumables	(140.908)	(56,9%)	(145.650)	(55,9%)	(288.492)	(55,3%)	(293.234)	(54,8%)	(73.861)	(56,1%)	(77.291)	(55,4%)
Costs of services and use of third party assets	(52.629)	(21,3%)	(53.338)	(20,5%)	(107.927)	(20,7%)	(108.636)	(20,3%)	(28.434)	(21,6%)	(27.819)	(19,9%)
Costs of personnel	(43.223)	(17,5%)	(42.169)	(16,2%)	(85.833)	(16,5%)	(84.778)	(15,9%)	(21.057)	(16,0%)	(21.290)	(15,3%)
Other operating costs	(558)	(0,2%)	(382)	(0,1%)	(1.477)	(0,3%)	(1.302)	(0,2%)	(547)	(0,4%)	(158)	(0,1%)
Total Operating costs	(237.318)	(95,9%)	(241.539)	(92,7%)	(483.729)	(92,7%)	(487.950)	(91,3%)	(123.899)	(94,1%)	(126.557)	(90,7%)
EBITDA	10.128	4,1%	18.952	7,3%	37.927	7,3%	46.750	8,7%	7.746	5,9%	12.924	9,3%
Amortization, depreciation and write downs	(10.543)	(4,3%)	(9.174)	(3,5%)	(21.402)	(4,1%)	(20.033)	(3,7%)	(5.677)	(4,3%)	(4.586)	(3,3%)
Accrual to provision for risks and charges	(249)	(0,1%)	(949)	(0,4%)	(292)	(0,1%)	(992)	(0,2%)	(162)	(0,1%)	(623)	(0,4%)
Total Amortiz., deprec., write downs and prov.	(10.792)	(4,4%)	(10.122)	(3,9%)	(21.694)	(4,2%)	(21.025)	(3,9%)	(5.839)	(4,4%)	(5.208)	(3,7%)
Operating income	(664)	(0,3%)	8.830	3,4%	16.232	3,1%	25.725	4,8%	1.906	1,4%	7.716	5,5%
Financial income	1.282	0,5%	2.477	1,0%	3.287	0,6%	4.483	0,8%	572	0,4%	1.358	1,0%
Financial expenses	(9.957)	(4,0%)	(9.112)	(3,5%)	(19.974)	(3,8%)	(19.128)	(3,6%)	(5.012)	(3,8%)	(4.829)	(3,5%)
Gains/(losses) from forex management*	(702)	(0,3%)	(2.434)	(0,9%)	(2.466)	(0,5%)	(4.198)	(0,8%)	(581)	(0,4%)	(1.579)	
Gains/(losses) on participation**	-	0,0%	(115)	(0,0%)	(512)	(0,1%)	(627)	(0,1%)	-	0,0%	(178)	(0,1%)
Net expenses and losses from financial activities	(9.378)	(3,8%)	(9.184)	(3,5%)	(19.664)	(3,8%)	(19.471)	(3,6%)	(5.022)	(3,8%)	(5.229)	(3,7%)
Net non-recurring expenses and charges	(2.481)	(1,0%)	(11.284)	(4,3%)	(27.501)	(5,3%)	(36.304)	(6,8%)	(1.512)	(1,1%)	(10.069)	(7,2%)
Income before taxes	(12.523)	(5,1%)	(11.638)	(4,5%)	(30.933)	(5,9%)	(30.049)	(5,6%)	(4.627)	(3,5%)	(7.582)	(5,4%)
(Income taxes)/tax benefit	1.062	0,4%	1.526	0,6%	1.994	0,4%	2.459	0,5%	93	0,1%	1.253	0,9%
Net Income / (Losses) for the period	(11.461)	(4,6%)	(10.112)	(3,9%)	(28.939)	(5,5%)	(27.590)	(5,2%)	(4.534)	(3,4%)	(6.328)	(4,5%)
Attributable to non-controlling interests	246	0,1%	302	0,1%	(2.239)	(0,4%)	(2.183)	(0,4%)	295	0,2%	231	0,2%
Attributable to equity holders of the parent	(11.707)	(4,7%)	(10.414)	(4,0%)	(26.700)	(5,1%)	(25.407)	(4,8%)	(4.829)	(3,7%)	(6.559)	(4,7%)

* Up to H2 2018 it was named "gain/(losses) on exchange rate". Starting from Q3 2018 it includes also revaluation and devaluation of hedging financial instruments previously included in Financial income or Financial expenses.

** New item created starting from Q3 2018. It includes dividend revenues and gain and losses on participation previously included in Financial income or Financial expenses.

5. Appendix

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CONSOLIDATED BALANCE SHEET

	June 30, 2019	December 31, 2018
<i>(Euro/000)</i>		
Intangible assets	32.767	33.879
<i>of which goodwill</i>	18.614	19.588
Property, plant and equipment	99.019	98.735
Investment in subsidiaries, associates, joint ventures and other companies	547	477
Other non-current assets	40.983	38.007
<i>of which deferred tax assets</i>	36.575	33.686
Total non-current assets	173.316	171.098
Cash and cash equivalents	34.065	56.121
Other current financial assets	22.850	22.505
Trade receivables	116.819	113.317
Inventories	113.545	101.833
Current tax receivables	27.268	21.274
Other current non-financial assets	22.545	16.663
Total current assets	337.092	331.713
Total assets	510.409	502.812
		-
Shareholders' equity and liabilities		-
Share capital	33.400	33.400
Reserves	(19.753)	3.481
Profit / (Loss) for the Year Group	(11.707)	(25.407)
Equity attributable to equity holders of the parent	1.940	11.474
Equity attributable to non-controlling interests	29.349	31.338
Total shareholders' equity	31.289	42.812
Non-current portion of banks loans and other financial liabilities	20.113	16.289
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.649	1.165
Provisions for risks and charges	9.086	11.434
Deferred tax liabilities	7.076	6.454
Total non-current liabilities	227.926	225.342
Current portion of banks loans and other financial liabilities	76.466	49.100
Advance from customers	5.775	4.727
Trade payables	94.775	98.676
Current tax payables	16.286	12.590
Other current non-financial liabilities	57.892	69.565
Total current liabilities	251.194	234.657
Total liabilities	479.119	460.000
Total shareholders' equity and liabilities	510.409	502.812

<i>(Euro/000)</i>	For the six month period ended June 30,		For the three month period from April to June 30,	
	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>Q2 2019</i>	<i>Q2 2018</i>
Net cash flow from operating activities	(42.853)	(33.640)	(11.328)	(9.180)
Net cash flow used in investing activities	(6.590)	(6.260)	(3.458)	(4.935)
Net cash flow from/(used in) financing activities	26.508	38.245	8.801	24.666
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	879	(2.296)	851	(2.652)
Cash and cash equivalent at the beginning of the period	56.121	65.406	39.199	53.556
Changes in cash and cash equivalent	(22.056)	(3.951)	(5.134)	7.899
Cash and cash equivalent at the end of the period	34.065	61.455	34.065	61.455