

Confidential

Bond holders Call Q1 2019

Date *May 28th, 2019*
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Agenda

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

1. Introduction – Q1 2019

- Q1 2019 total revenue equal to € 115,8 mln, lower than Q1 2018 by - 4,3% (-2,6 % at constant FX rates). Performance in line with 2018 without the weak performance of Nafta region compared (-48% due to the delay of Defencell Mac orders). Excellent performance of Asia Pacific region (+10,9% YoY), mainly thanks to Malaysia and China. In EMEA, total revenue slightly decreased mainly for the slow-down of Middle East and Turkey and adverse weather conditions. Revenues in Latin America are in line with Q1 2018 (€ 2.4 mln higher at constant exchange rate).
- Q1 2019 EBITDA equal to € 2,4 mln, decreasing from 5% to 2,1% of Revenues, due to product mix with lower margin and increase in opex (investment in people to strengthen the organization in view of the 2022 plan)
- Working capital increasing compared to the same period of 2018, mainly for higher stock levels.
- Net CAPEX in Q1 2019 for € 2,3 mln. No other significant investments occurred since the Group tends to concentrate its capex in the second part of the year.
- Net Cash flow from operating activities of € -31,5 mln (€ -24,5 mln in Q1 2018).
- Net debt equal to € 212,3 mln (including the € 10 mln write down of financial credit), with a net leverage of 4.9x LTM EBITDA vs € 148,3 mln in Q1 2018 with a net leverage of 3,1X.

- **NAFTA:** The decrease of 48% of Nafta total sales was mostly attributed to the lack of Defencell Mac orders of the US subsidiary compared to Q1 2018. Regarding core business products, the good performance on Geosynthetics and Rockfall sales, is negatively offset by costal and Double Twist products (in 2018 the US subsidiary took also advantage on a large delivery to Puerto Rico due to hurricane recovery). Underperformance also of the Mexican subsidiary due to the delays in financing of public infrastructure project following the recent change of Government.
- **EMEA:** total revenue decreased 4.3% mainly due to delay of infrastructural projects in the area. Turkey is suffering from the political and economic instability. Positive performance of Italy (tunneling sales), UK, South Africa (mainly thanks to geosynthetics sales) and Spain, also thanks to sales for Portuguese market. France in line with previous year.
- **LATAM:** Revenues in Latin America are in line with Q1 2018 but are € 2,4 mln higher at constant exchange rate. Brazil performance in local currency is better than previous year, mainly in the construction business, thanks to recovery from the economic crisis of 2016-2017. Argentina registered a positive performance in local currency, despite a difficult economic situation. Costa Rica underperformed because the socio-economic crisis, affecting throughout central America, resulting in a reduction in public infrastructure spending as well as in the private sector.
- **APAC:** Asia Pacific increased revenue by 10,9% mainly thanks to a very good performance of Malaysia in geosynthetics and Rockfall products and China for Double Twist products supplied to the local market.

1. Introduction – LTM March 2019

- Total revenue for LTM March 2019 was equal to € 529,5 mln, -1% vs. FY 2018.
- LTM March 2019 EBITDA equal to € 43,1 mln (or 8,1%), lower than FY 2018 (€ 46,7 mln) with a decrease of marginality from 8,7% to 8.1%.
- Working capital increasing vs the same period of 2018 mainly due higher stocks.
- Net CAPEX LTM increased by € 2,3 mln compared to FY 2018.

2. Highlights

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Millions €	Q1 2018	Q1 2019	2018	LTM
Total revenues	121,0	115,8	534,7	529,5
<i>growth (%)</i>		-4,3%		-1,0%
Opex	(115,0)	(113,4)	(487,9)	(486,4)
EBITDA	6,0	2,4	46,7	43,1
<i>margin (%)</i>	5,0%	2,1%	8,7%	8,1%
<i>growth (%)</i>		-60,5%		-7,8%
Total net capex	(0,0)	(2,3)	(13,1)	(15,4)
<i>incidence on total revenues (%)</i>	0,0%	-2,0%	-2,5%	-2,9%
Net cash flow from operating activities	(24,5)	(31,5)	(19,2)	(26,2)
<i>growth (%)</i>		28,9%		36,9%

Millions €	March 31, 2018	March 31, 2019	Δ 2019 vs 2018
Total net working capital	75,5	85,5	10,0
Inventories	107,7	117,8	10,1
Trade receivables	125,3	115,3	(10,0)
Advance from customers	(12,4)	(5,7)	6,7
Trade payables	(104,6)	(92,1)	12,5
Other net working capital items	(40,5)	(49,8)	(9,4)

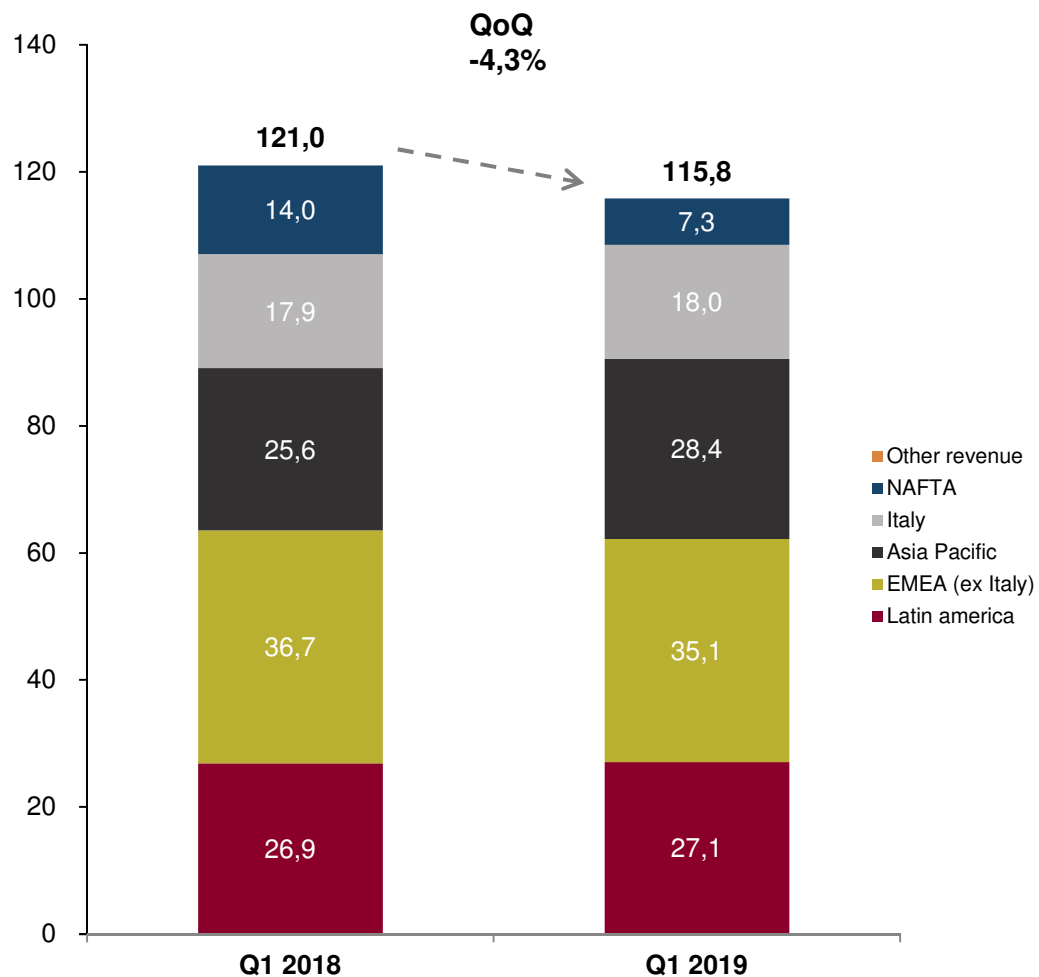
3. Segment Overview

Quarter Performance

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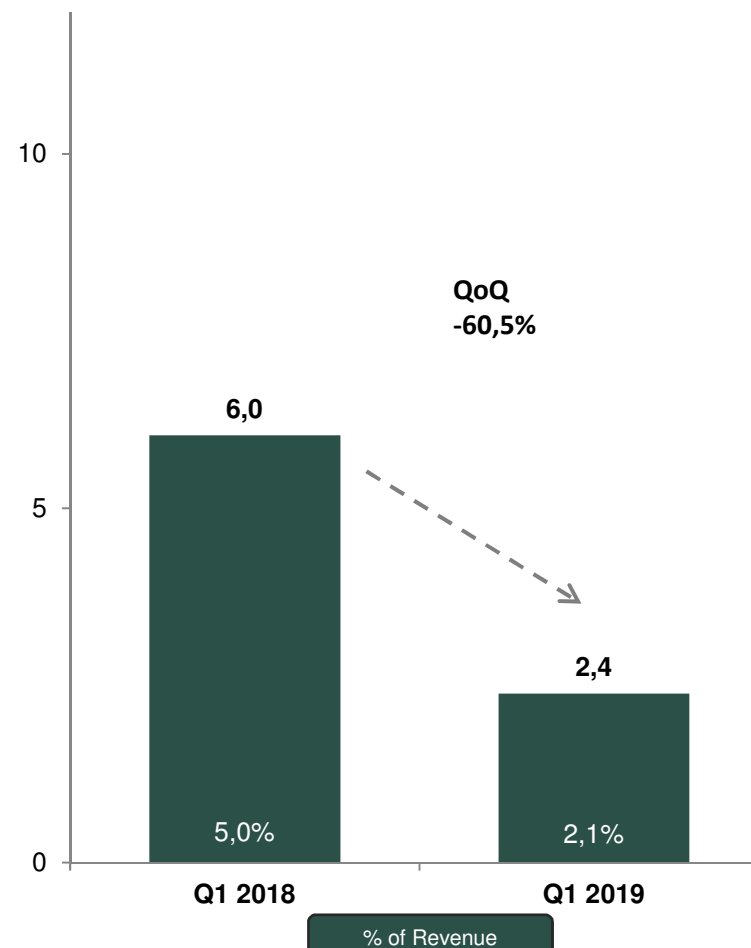
Millions €

TOTAL REVENUE BY GEOGRAPHICAL AREA



Millions €

EBITDA

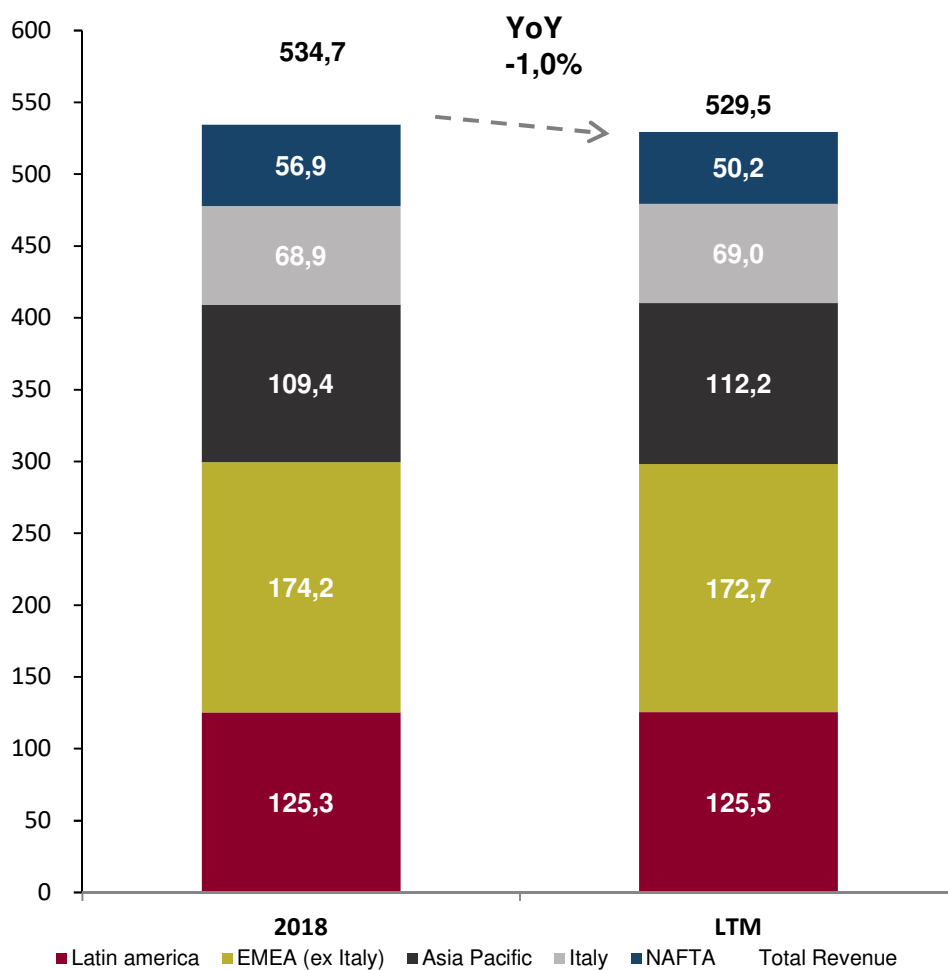


3. Segment Overview

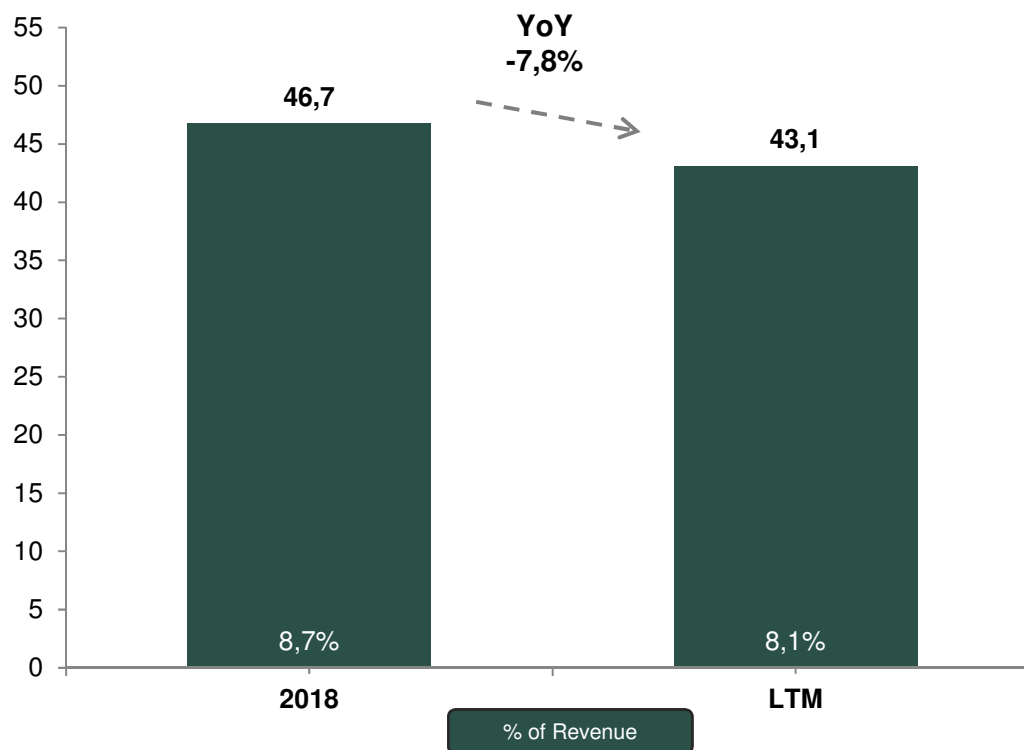
LTM Performance

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Millions €
TOTAL REVENUE BY GEOGRAPHICAL AREA



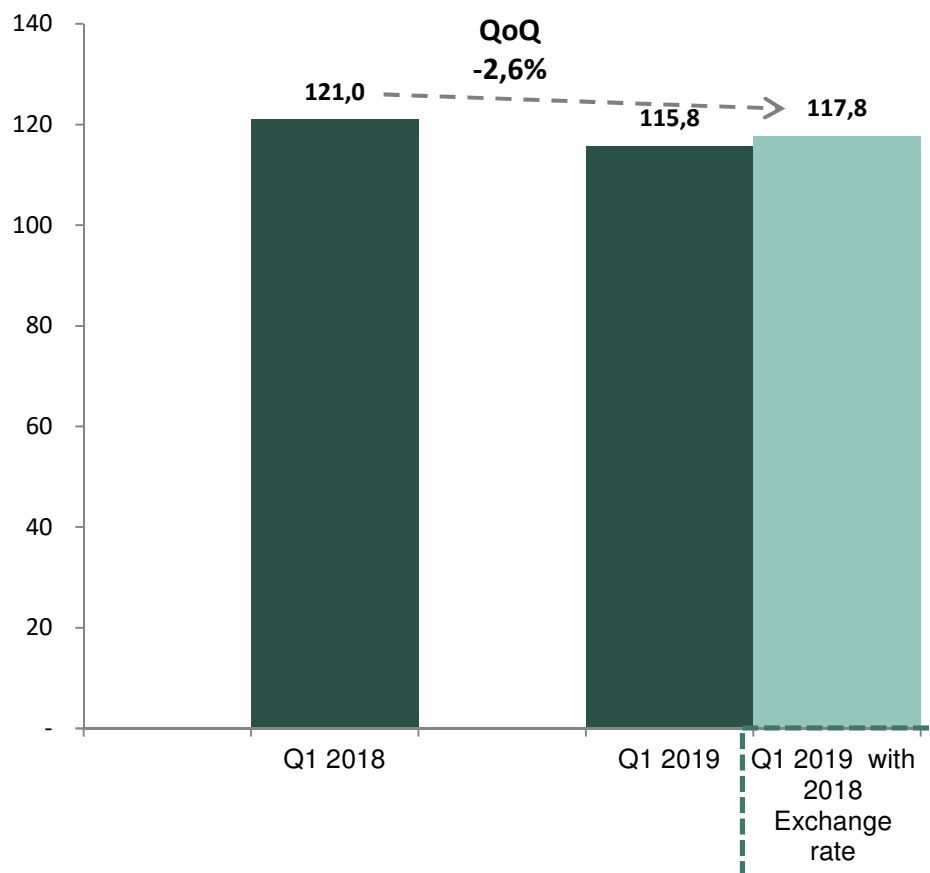
Millions €
EBITDA



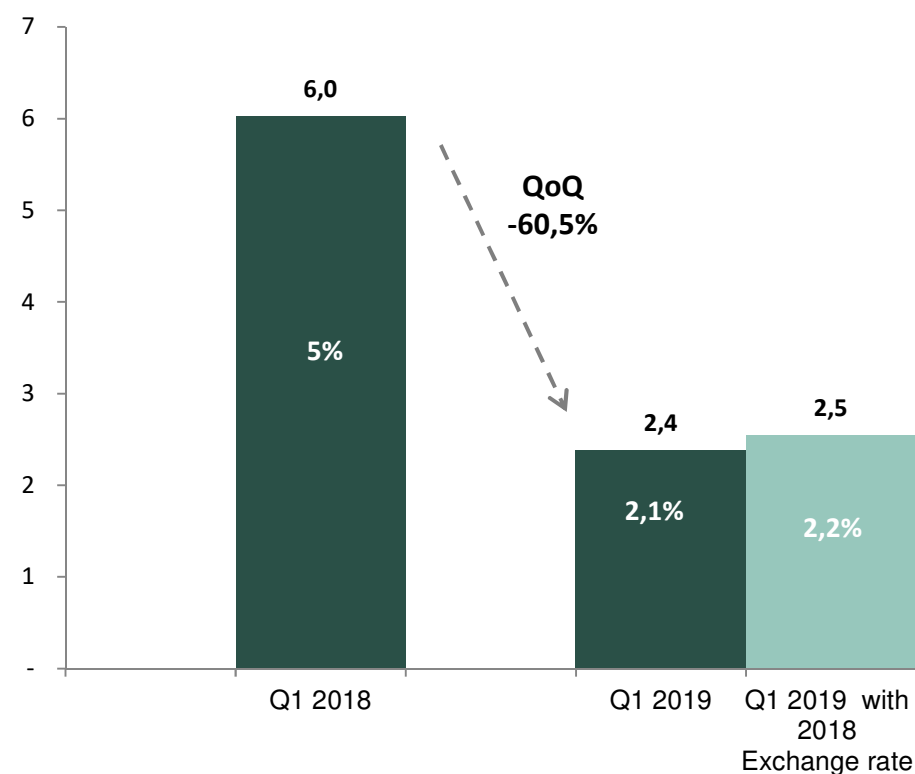
Q1 2019 Revenue and EBITDA – Exchange Rate Effect

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Millions €

TOTAL REVENUE Q1 2019 adj for FX rate 2018

Millions €

EBITDA Q1 2019 adj for FX rate 2018

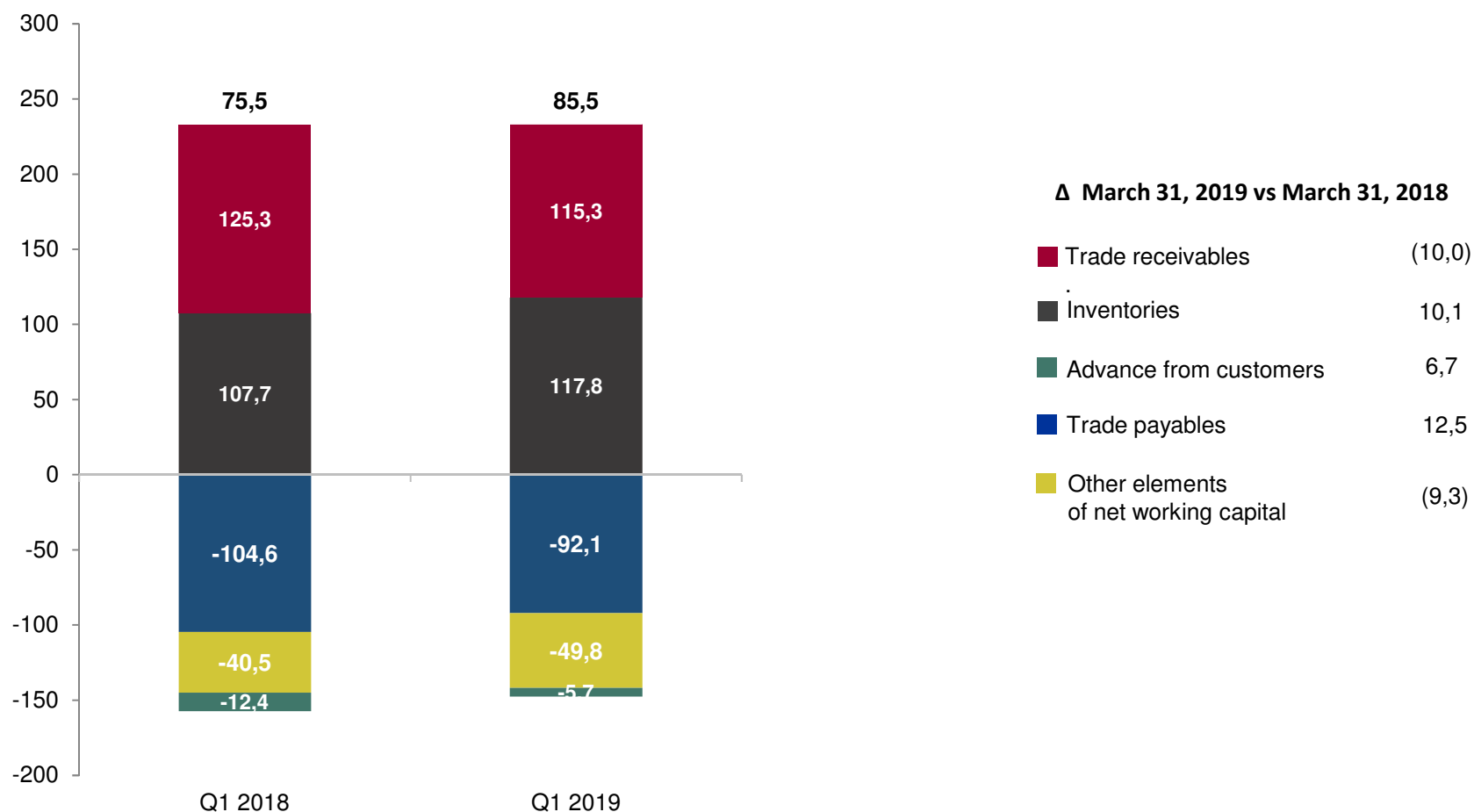
Negative impact of exchange rate on revenues (€ -2,0 mln) has been generated mainly by Brazilian Real (€ - 1.3 mln), Argentina Pesos (€ -1.5 mln), partially offset by positive impact of US Dollar (+€ 0.5 mln), Malaysia Ringitt (+ € 0,2 mln) and China RMB (+.€ 0,1 mln)

4. Financials

Working Capital

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Millions €



Increase of 10 working capital days, triggering a negative variance of € 10,0 mln compared to same quarter of last year. Inventory increase vs Q1 of previous year mainly due to slow down of sales in Q1 2019.

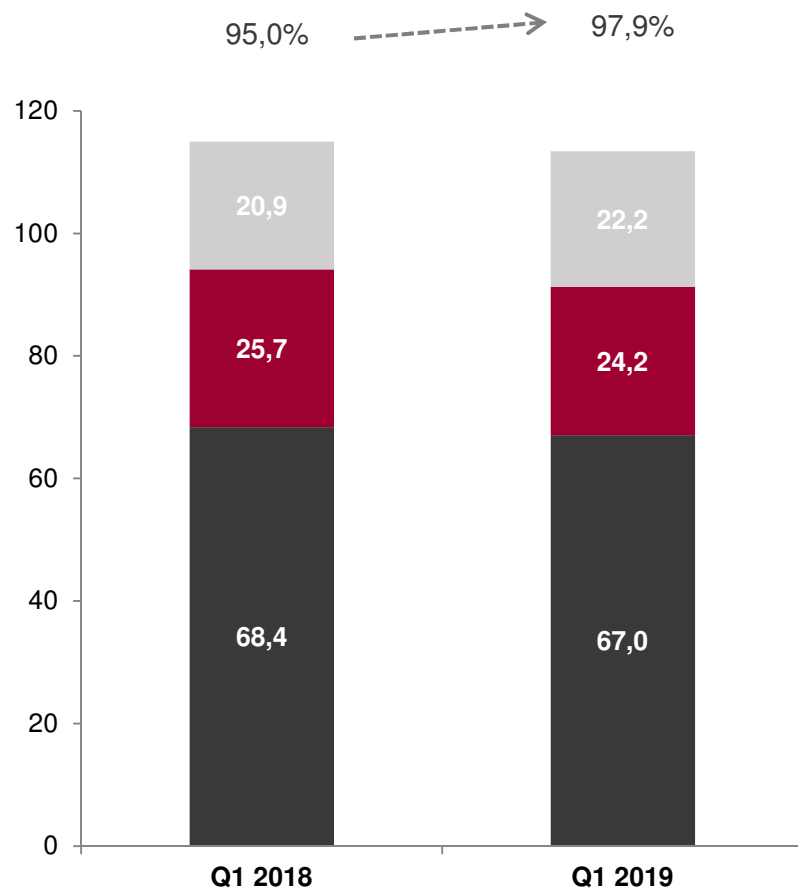
4. Financials

Operative Expenses (OPEX)

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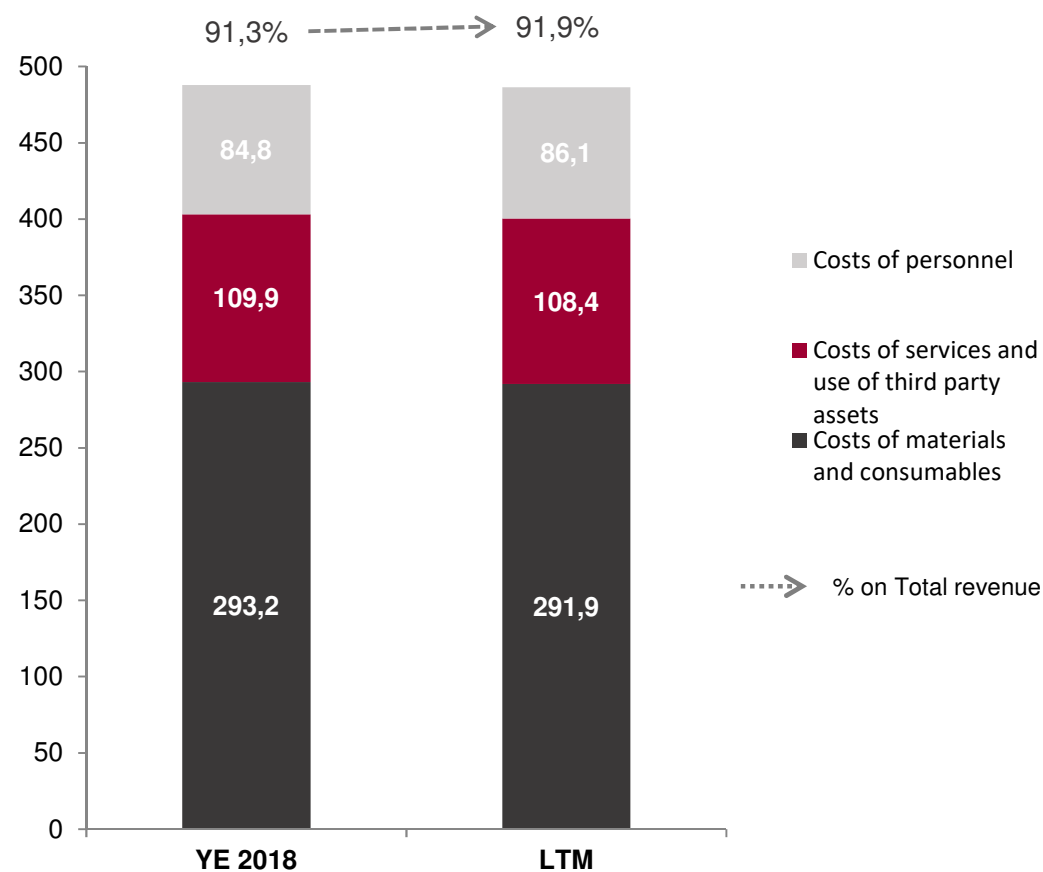
Millions €

QoQ



Millions €

YoY



Increase in opex % on Total Revenue both in Q1 and LTM is mainly driven by personnel cost to strengthen the organization to deliver the plan in the years to come.

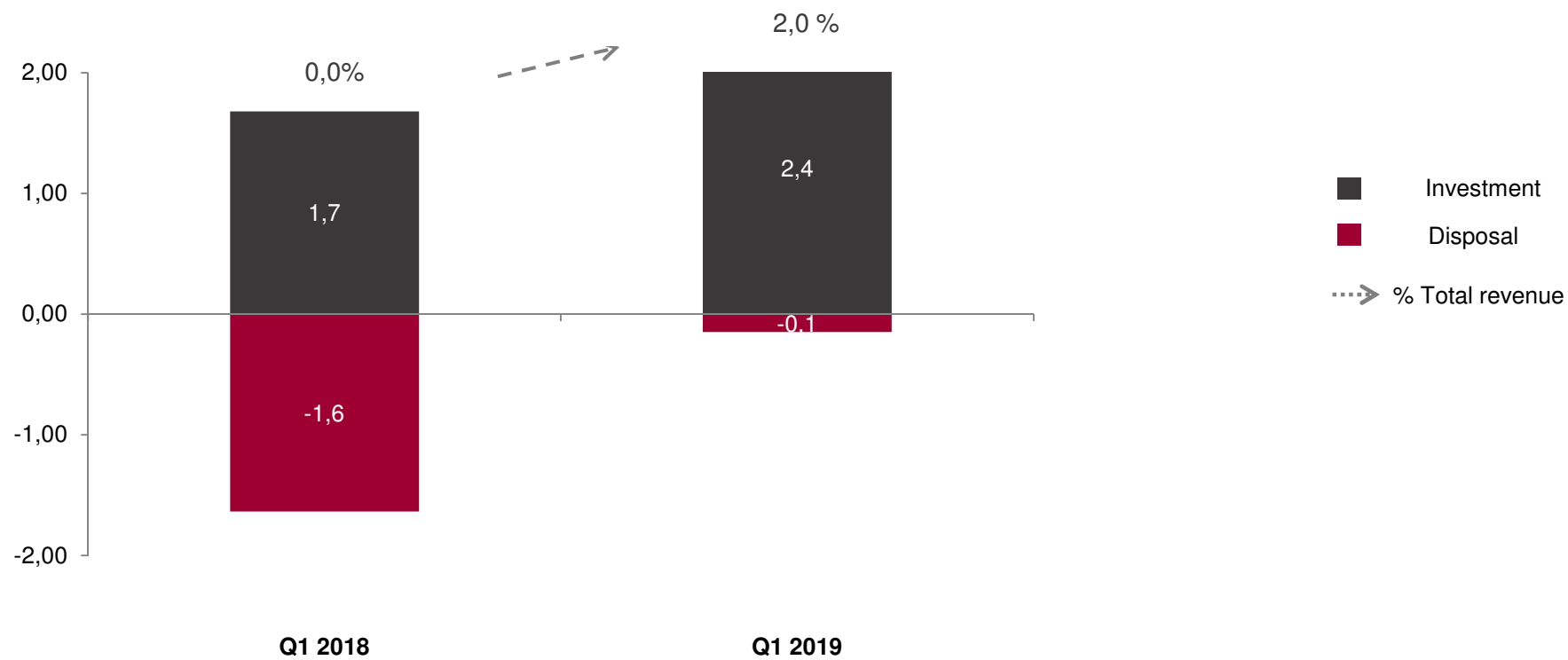
Decrease of costs for materials is mainly due to lower level of sales both for Q1 and LTM, despite a higher incidence on total revenues due to different product mix.

4. Financials

Capital Expenses (CAPEX)

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Millions €

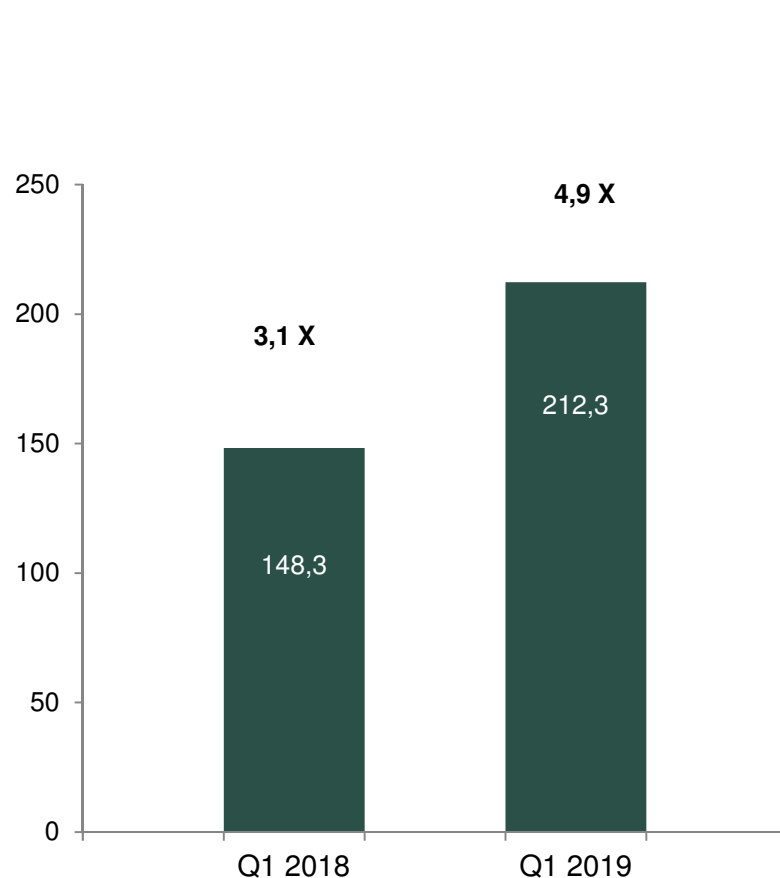


4. Financials

Net Debt

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Millions €



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

■ Net Debt

SHORT TERM BANK CREDIT FACILITIES

values €/M

Area	March 31, 2019		March 31, 2018	
	Granted	Used	Granted	Used
Italy	36,2	28,5	40,8	2,5
Other	50,2	24,6	21,5	14,7
Total	86,4	53,1	62,3	17,2

CASH AND CASH EQUIVALENT DETAIL

values €/M

Area	March 31, 2019	March 31, 2018
EMEA	8,1	10,9
Latin America	7,3	9,8
Asia Pacific	8,0	6,0
NAFTA	1,4	11,3
Italy	14,4	15,5
Total	39,2	53,6

Increasing net debt due to financial credit write-down and non recurring outflows in 2018.

CONSOLIDATED INCOME STATEMENT

<i>(Euro/000)</i>	Q1 2019	% of Total Revenue	Q1 2018	% of Total Revenue	LTM	% of Total Revenue	YE 2018	% of Total Revenue	Amount	%
Revenue from sales and services	109.670	94,7%	111.708	92,3%	518.531	97,9%	520.569	97,4%	(2.038)	(0,4%)
Other revenue	6.131	5,3%	9.302	7,7%	10.960	2,1%	14.131	2,6%	(3.171)	(22,4%)
Total revenue	115.802	100,0%	121.010	100,0%	529.491	100,0%	534.700	100,0%	(5.208)	(1,0%)
Costs of materials and consumables	(67.047)	(57,9%)	(68.359)	(56,5%)	(291.922)	(55,1%)	(293.234)	(54,8%)	1.312	(0,4%)
Costs of services and use of third party assets	(24.195)	(20,9%)	(25.519)	(21,1%)	(107.312)	(20,3%)	(108.636)	(20,3%)	1.324	(1,2%)
Costs of personnel	(22.166)	(19,1%)	(20.879)	(17,3%)	(86.065)	(16,3%)	(84.778)	(15,9%)	(1.287)	1,5%
Other operating costs	(11)	(0,0%)	(225)	(0,2%)	(1.088)	(0,2%)	(1.302)	(0,2%)	214	(16,5%)
Total Operating costs	(113.419)	(97,9%)	(114.982)	(95,0%)	(486.386)	(91,9%)	(487.950)	(91,3%)	1.564	(0,3%)
EBITDA	2.383	2,1%	6.028	5,0%	43.105	8,1%	46.750	8,7%	(3.645)	(7,8%)
Amortization, depreciation and write downs	(4.866)	(4,2%)	(4.588)	(3,8%)	(20.311)	(3,8%)	(20.033)	(3,7%)	(278)	1,4%
Accrual to provision for risks and charges	(87)	(0,1%)	(326)	(0,3%)	(752)	(0,1%)	(992)	(0,2%)	239	(24,1%)
Total Amortiz., deprec., write downs and prov.	(4.953)	(4,3%)	(4.914)	(4,1%)	(21.063)	(4,0%)	(21.025)	(3,9%)	(39)	0,2%
Operating income	(2.570)	(2,2%)	1.114	0,9%	22.042	4,2%	25.725	4,8%	(3.684)	(14,3%)
Financial income	710	0,6%	1.119	0,9%	4.073	0,8%	4.483	0,8%	(409)	(9,1%)
Financial expenses	(4.945)	(4,3%)	(4.283)	(3,5%)	(19.840)	(3,7%)	(19.178)	(3,6%)	(662)	3,5%
Gains/(losses) on exchange rate*	(121)	(0,1%)	(854)	(0,7%)	(3.464)	(0,7%)	(4.198)	(0,8%)	734	(17,5%)
Gains/(losses) on participation**	-	0,0%	63	0,1%	(640)	(0,1%)	(577)	(0,1%)	(63)	10,9%
Net expenses and losses from financial activities	(4.356)	(3,8%)	(3.955)	(3,3%)	(19.871)	(3,8%)	(19.471)	(3,6%)	(401)	2,1%
Net non-recurring expenses and charges	(970)	(0,8%)	(1.215)	(1,0%)	(36.058)	(6,8%)	(36.304)	(6,8%)	245	(0,7%)
Income before taxes	(7.896)	(6,8%)	(4.057)	(3,4%)	(33.888)	(6,4%)	(30.049)	(5,6%)	(3.839)	12,8%
(Income taxes)/tax benefit	968	0,8%	273	0,2%	3.155	0,6%	2.459	0,5%	695	28,3%
Net Income / (Losses) for the period	(6.927)	(6,0%)	(3.784)	(3,1%)	(30.734)	(5,8%)	(27.590)	(5,2%)	(3.144)	11,4%
Attributable to non-controlling interests	(49)		71		(2.303)		(2.183)		(120)	
Attributable to equity holders of the parent	(6.879)		(3.855)		(28.431)		(25.407)		(3.024)	

5. Appendix

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CONSOLIDATED BALANCE SHEET

	March 31, 2019	December 31, 2018
<i>(Euro/000)</i>		
Intangible assets	34.002	33.879
<i>of which goodwill</i>	18.995	19.588
Property, plant and equipment	98.529	98.735
Investment in subsidiaries, associates, joint ventures and other companies	1.308	477
Other non-current assets	39.935	38.007
Long Term Financial Credits	4.264	4.320
<i>of which deferred tax assets</i>	35.671	33.686
Total non-current assets	173.774	171.098
Cash and cash equivalents	39.199	56.121
Other current financial assets	22.459	22.505
Trade receivables	115.331	113.317
Inventories	117.779	101.833
Current tax receivables	24.556	21.274
Other current non-financial assets	19.510	16.663
Total current assets	338.834	331.713
Total assets	512.608	502.812
Shareholders' equity and liabilities		
Share capital	33.400	33.400
Reserves	(19.846)	3.481
Profit / (Loss) for the Year Group	(6.879)	(25.407)
Equity attributable to equity holders of the parent	6.675	11.474
Equity attributable to non-controlling interests	32.292	31.338
Total shareholders' equity	38.967	42.812
Non-current portion of banks loans and other financial liabilities	18.651	16.289
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.167	1.165
Provisions for risks and charges	10.334	11.434
Deferred tax liabilities	6.819	6.454
Total non-current liabilities	226.972	225.342
Current portion of banks loans and other financial liabilities	65.328	49.100
Advance from customers	5.688	4.727
Trade payables	92.081	98.676
Current tax payables	12.662	12.590
Other current non-financial liabilities	70.910	69.565
Total current liabilities	246.668	234.657
Total liabilities	473.641	460.000
Total shareholders' equity and liabilities	512.608	502.812

INTERIM CONSOLIDATED CASH FLOW

<i>(Euro/000)</i>	<i>Q1 2019</i>	<i>Q1 2018</i>
Net cash flow from operating activities	(31.525)	(24.460)
Net cash flow used in investing activities	(3.132)	(1.325)
Net cash flow from/(used in) financing activities	17.707	13.579
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	28	356
Cash and cash equivalent at the beginning of the period	56.121	65.406
Changes in cash and cash equivalent	(16.922)	(11.850)
Cash and cash equivalent at the end of the period	39.199	53.556