



2017 Full Year Results

9 March 2018



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A large, modern glass-walled building with a red banner overlay. The building is multi-storied and features a grid of windows. The foreground is filled with tall grass. The sky is bright and cloudy. A red banner with a curved bottom edge is positioned across the middle of the image, containing the text "Introduction to GIMA TT" in white.

Introduction to GIMA TT

GIMA TT key people



Sergio Marzo

Chairman

- 18 years with IMA
- 18 years in the industry
- IMA CFO since 2007



Fiorenzo Draghetti

Chief Executive Officer

- 8 years with GIMA TT
- 35+ years in the industry
- Previous experience: G.D S.p.A.



Stefano Cavallari

*Executive Director
General Manager*

- 8 years with GIMA TT
- 35+ years in the industry
- Previous experience: G.D S.p.A. / ACMA S.p.A. / CT PACK S.p.A.



Andrea Zecchini

Commercial Director

- 5 years with GIMA TT
- 25+ years in the industry
- Previous experience: G.D S.p.A. / ACMA S.p.A. / CT PACK S.p.A.



Marco Savini

*Chief Financial Officer
and Investor Relator*

- In GIMA TT since June '17
- 20+ years in the industry
- Previous experience: Equita SIM / Citigroup

GIMA TT at a glance

Core activity

Design and assembly of automatic electronic-based **packaging lines**

Product families

- **Original Equipment**
- **After-sales**

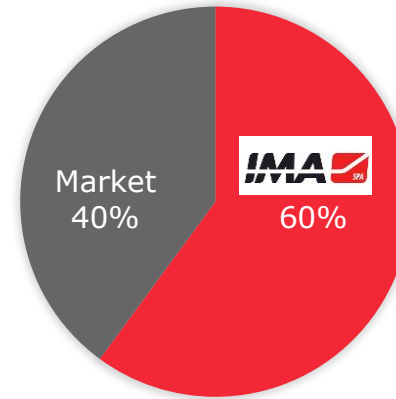
End-market

Tobacco: conventional tobacco products and New Generation Products ("NGP")

HQs

Ozzano dell'Emilia, **Bologna** (Italy)

Shareholding

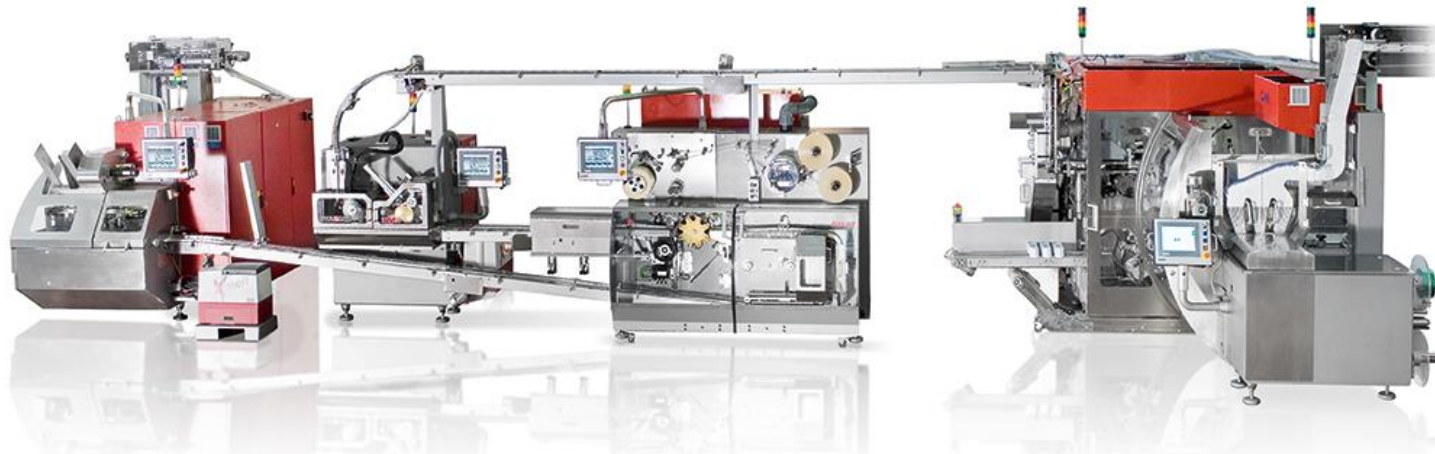


Board of Directors

7 Board Members:

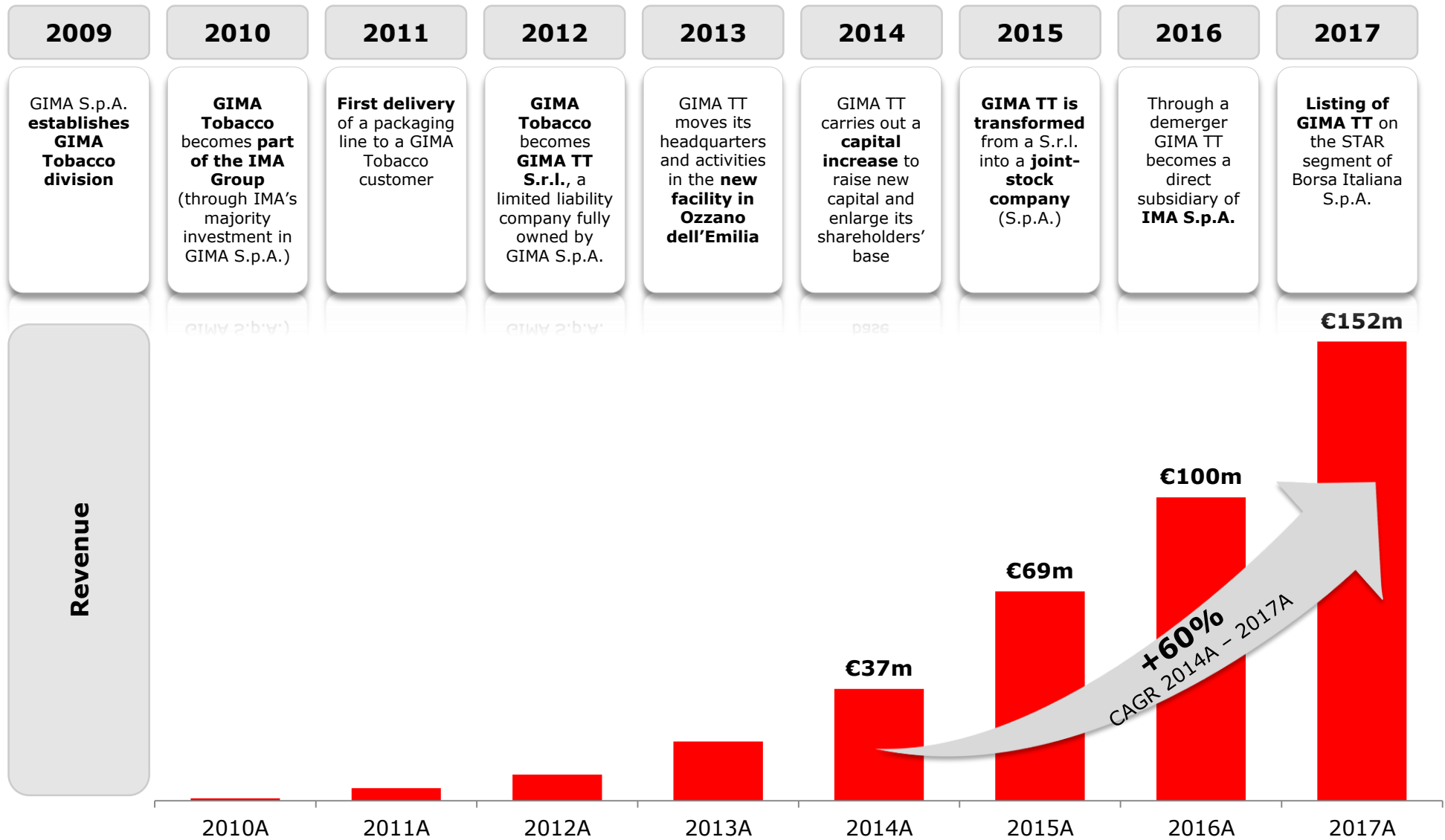
- Sergio Marzo - Chairman
- Fiorenzo Draghetti - Chief Executive Officer
- Stefano Cavallari - Executive Director
- **4 Independent** and Non-Executive Directors

GIMA TT Flex Line



Source: Company information

Corporate milestones



Source: Company information

Innovative, flexible and highly customized machinery solutions for conventional tobacco and NGP

Changing longstanding industry paradigms: from "PERFORMANCE ONLY" to "FLEXIBILITY" ...
... setting new industry benchmarks in terms of fast complete changeover and extended format range

Machines for conventional tobacco products and NGP

Flex A



- Hinge lid cigarette **packer** machine
- Packets range: from 10 to 50 cigarettes

Flex-B



- **Section to be added to Flex-A** in case of special cigarette packets

Flex ST



- **Stamper** machine able to apply the governmental stamp in any packet position or orientation

Flex WF



- **Wrapping** machines designed to wrap with polypropylene the cigarette packets

Flex CO



- End-of-line **cartoner** overlapping display cartons with sealable materials

Machines for NGP only (leveraging on know-how inherited from IMA's pharma expertise)

Assembly lines for electronic cigarettes



- **Assembly** lines of components that are engaged, sealed or glued, with sensors and cameras for quality checks

Process machines for liquid or powder



- **Mixing, granulating, feeding and storing powder**

Filling machines for Liquid and Powder



- Liquid and powder **fillers** (rotary or linear) with labeling/capping units

Primary packaging



- **Blister** packaging or product flow packing using robotized feeding systems or feeders from bulk

Secondary packing



- **Packing** cartons starting from pre-glued blanks (side-loading cartoner) or from flat-blanks (wrap around cartoner)

Source: Company information

Broad range of after-sales services



Change parts, more than 50 different packet formats developed in close cooperation with customers enabling machine flexibility



Technical assistance through both (i) secure remote connection for maintenance, repairs and different customizations and (ii) on-site services provided in a relatively short timeframe for special needs, major maintenance, repair and upgrades



Improvement kits, enhancing installed machines performance



Ordinary and extraordinary **spare parts**



Engineering services



Training activities and workshops for customers' mechanical and electrical technicians

Source: Company information

A unique investment opportunity

1 Resilient and profitable end-market with young and fast-growing NGP segment

2 Innovative flexible machinery solutions for conventional tobacco and NGP, setting new industry benchmarks

3 Solid business model anchored to established and well-preserved relationships

4 Unique combination of exceptional growth, profitability and cash flow generation

5 Untapped market potential offering multiple growth opportunities

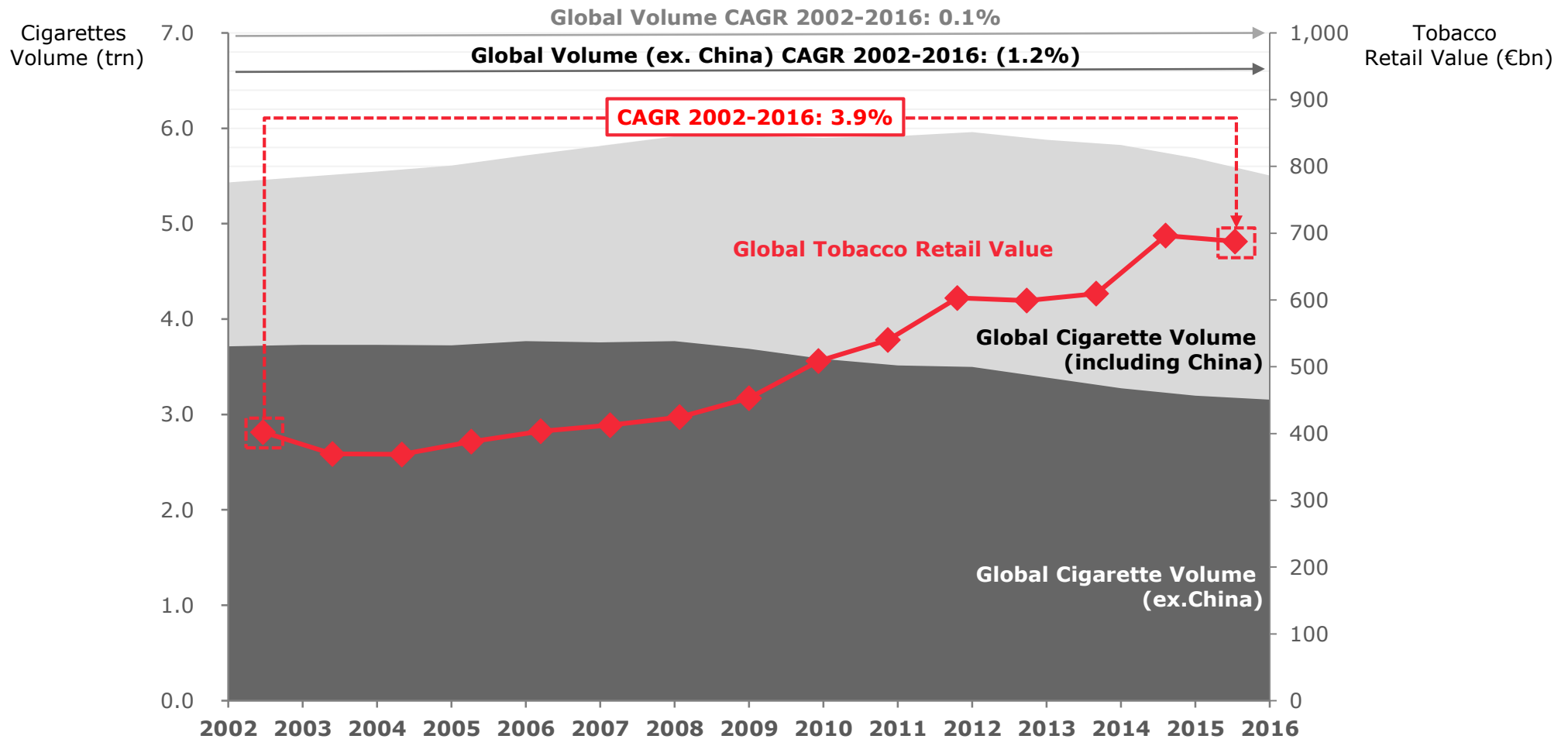
Orchestrated by long standing, experienced and committed management team, exploiting a solid know-how in industrial automation

A large, modern glass-walled building is shown from a low angle, extending into the distance. The building's facade is composed of numerous rectangular glass panels framed by dark metal. The sky above is bright and slightly overcast. In the foreground, there is a field of tall, green grass. A prominent red banner with a curved bottom edge is positioned horizontally across the middle of the image, containing the text "Tobacco market trends" in white.

Tobacco market trends

Tobacco market is large, resilient and has been growing in value globally

The overall tobacco market was worth approximately **€690 billion** in 2016, with a total retail volume of about **5.5 trillion cigarettes**

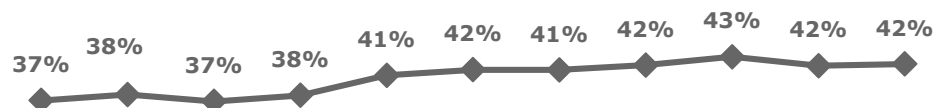


Source: Euromonitor International

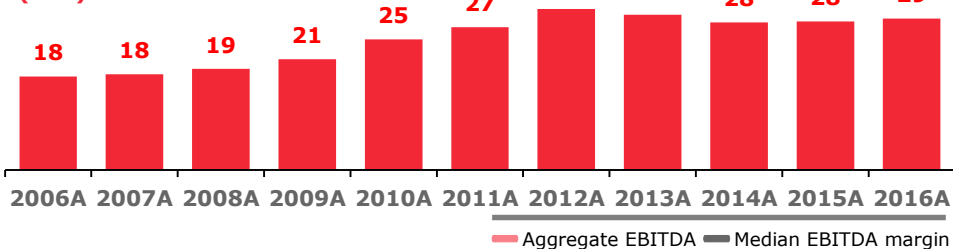
Tobacco majors are profitable, consistently generating ~€3bn capex and ~€1bn R&D annually

Tobacco Majors⁽¹⁾ Aggregate EBITDA and Margins

Median EBITDA Margin

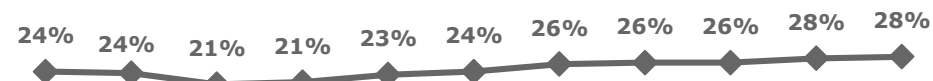


Aggregate EBITDA (€bn)

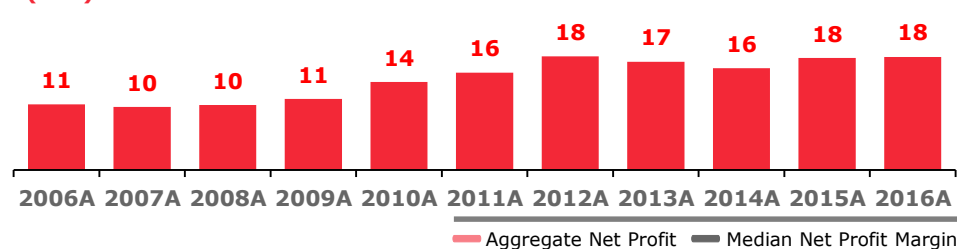


Tobacco Majors⁽¹⁾ Aggregate Net Profit and Margins

Median Net Profit Margin

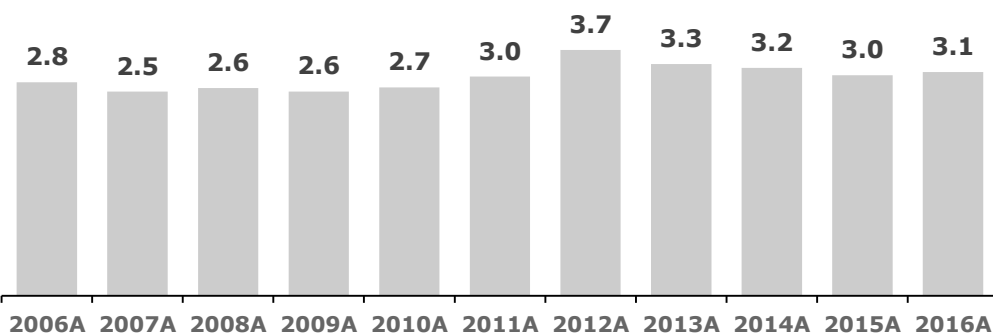


Aggregate Net Profits (€bn)



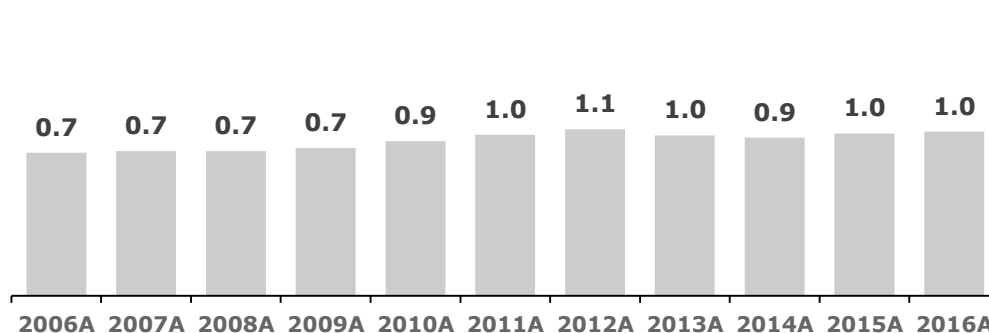
Tobacco Majors⁽¹⁾ Annual Aggregate CapEx

€bn



Tobacco Majors⁽¹⁾ Annual Aggregate R&D Expenses⁽²⁾

€bn



Driving Future Capital Expenditures

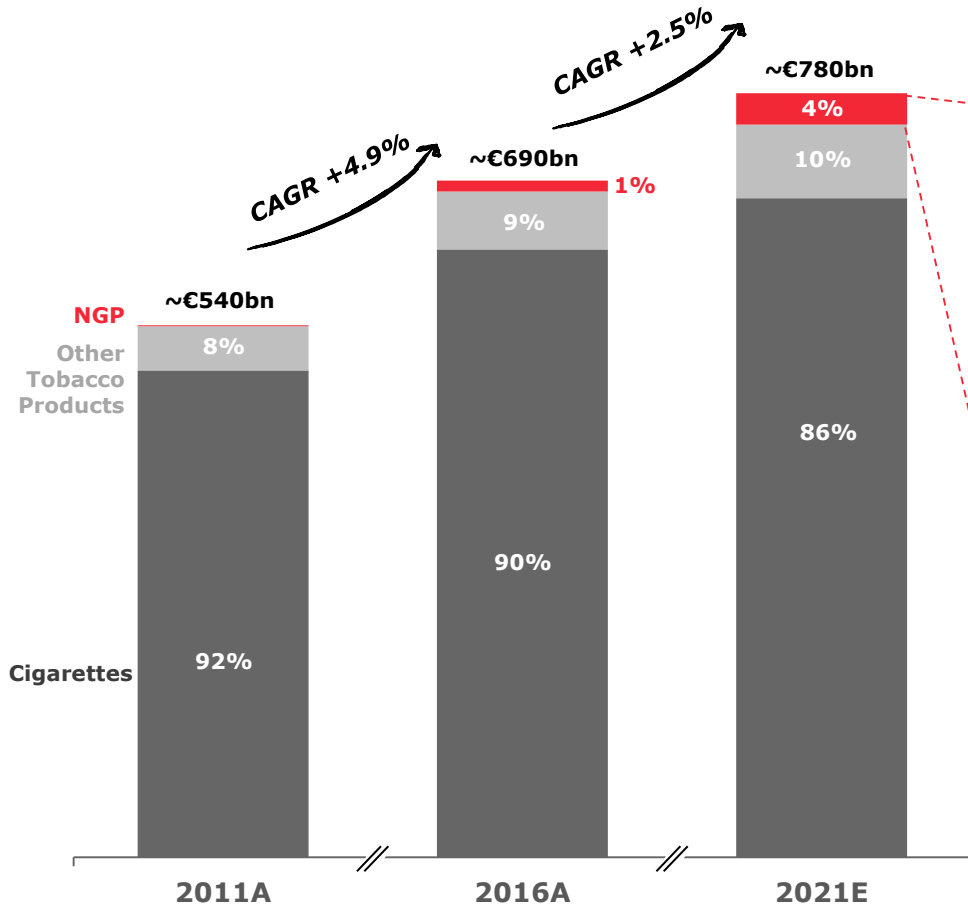
Source: Companies annual reports

(1) Philip Morris International, British American Tobacco, Japan Tobacco, Imperial Brands

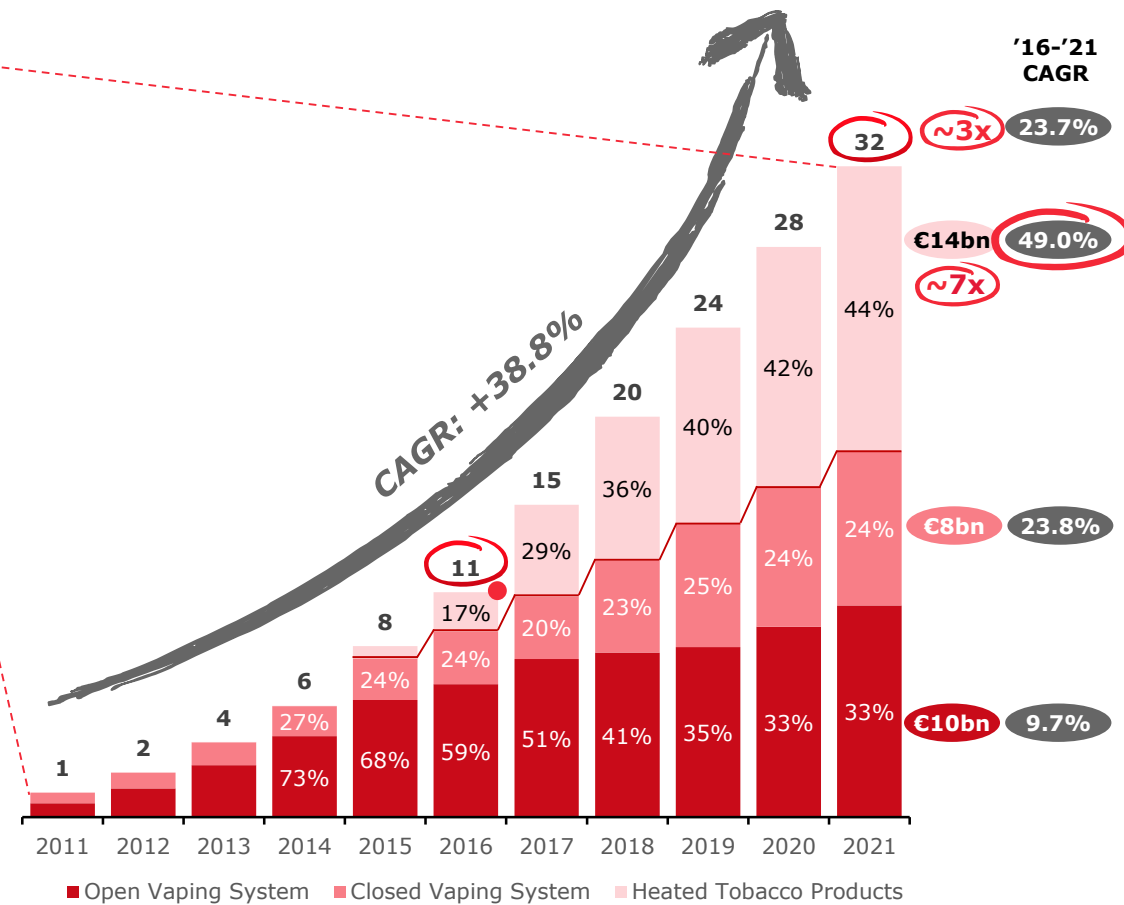
(2) Excluding Imperial Brands due to unavailable disclosure

NGPs are emerging as the fastest growing segment in the tobacco market

Global Tobacco Retail Value by product



NGP⁽¹⁾ Global Retail Value (€bn)



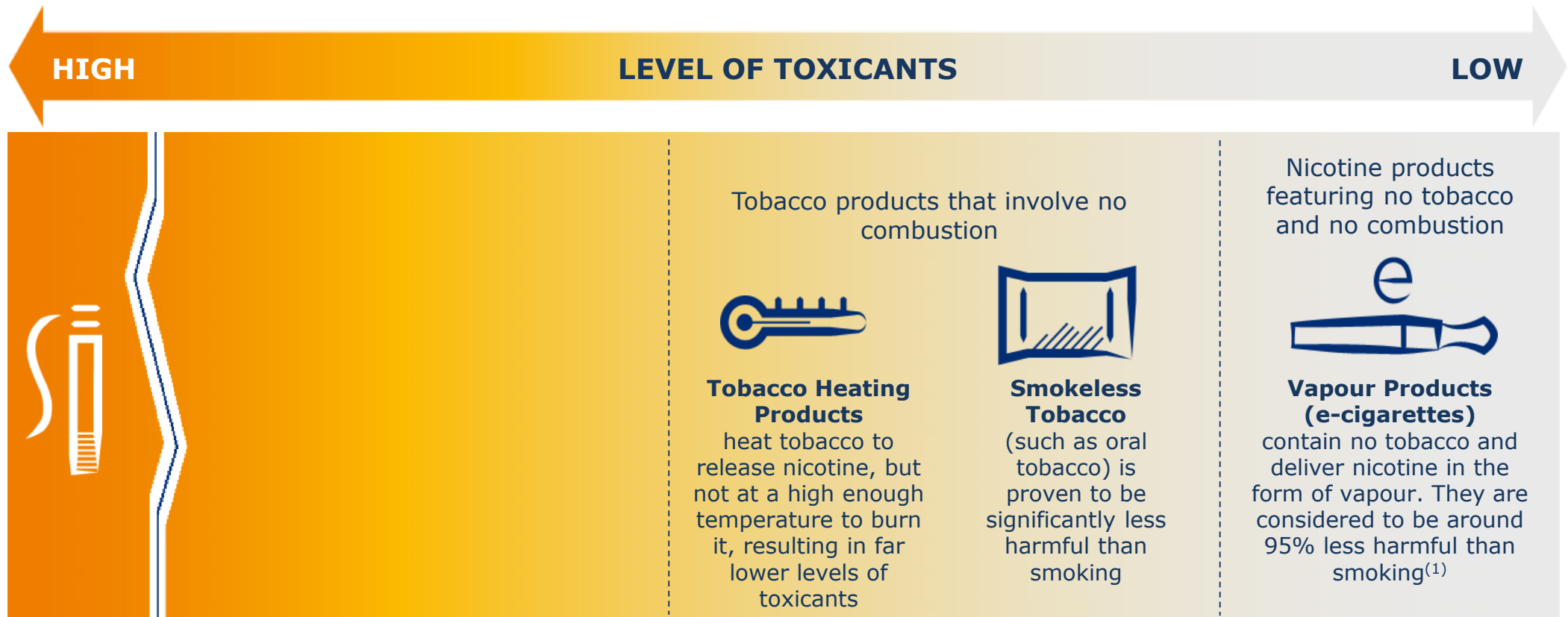
Source: Euromonitor International

(1) NGPs include open and closed vaping systems and heated tobacco products ("HTP"). Please refer to the Appendix for more information

Increasing acknowledgement that NGPs are not entirely without risk, but significantly less risky

"To the extent that certain products are shown to be less harmful, they could help reduce the overall death and disease toll from tobacco use...This is a function of the existence of a continuum of nicotine-delivering products that pose differing levels of risk to the individual."

US Food and Drug Administration



Source: British American Tobacco website

(1) E-cigarettes: an evidence update, Public Health England, August 2015

Tobacco majors are supporting the development of new and potentially safer products

Conventional Products

New Generation Products⁽¹⁾

Open and Closed Vaping Systems

Heated Tobacco Products

Examples



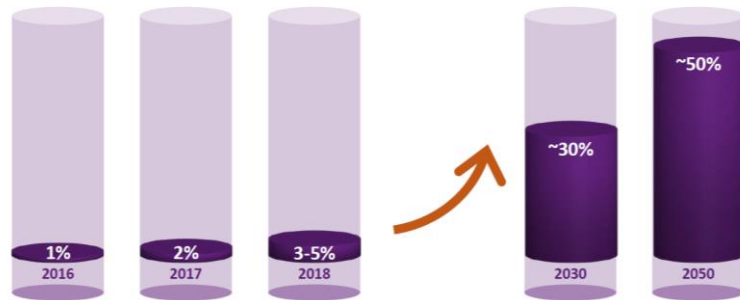
Source: Companies websites

(1) NGPs include open and closed vaping systems and heated tobacco products ("HTP"). Please refer to the Appendix for more information

Tobacco majors are prioritizing their investments on NGPs, envisaging significant growth opportunities

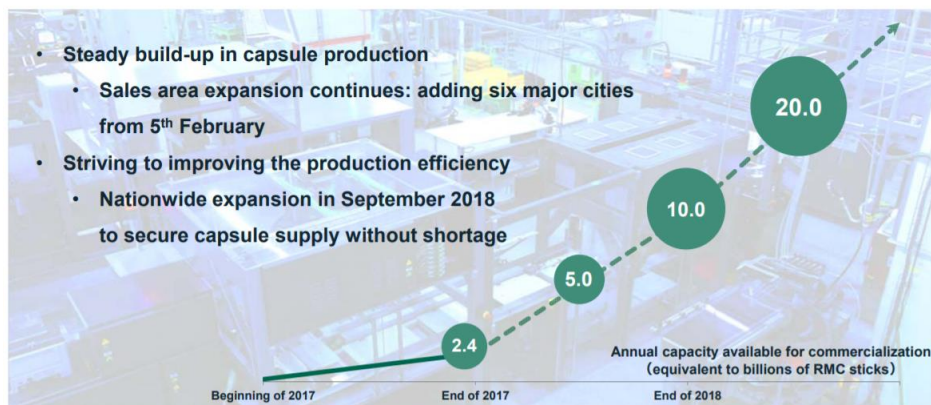
British American Tobacco

Our Objective: NGP ~30% Of BAT Revenue By 2030



Japan Tobacco

Japanese Domestic Tobacco Business – Ploom TECH
Plans for capsule manufacturing capacity and sales expansion



Source: Companies presentations

Imperial Brands

Developing New Consumer Experiences

Our future: realising the NGP opportunity



- EVP is the largest long-term opportunity
- Greater optionality: device, flavour, nicotine
- FY18 – further acceleration of activities
- Developing our product offering
- Expanding our market footprint

Philip Morris International

Smoke-Free Future: PMI Business Transformation



(billion units)	Actual 2017	Aspiration ^(a) 2025
Smoke-Free Product Volume ^(b)	36 Approx. 4% of PMI total volume	>250 >30% of PMI total volume
Smoke-Free Product Net Revenues	\$ 4 billion Approx. 13% of PMI total net revenues	\$17-\$19 billion ^(c) Approx. 38%-42% ^(d) of PMI total net revenues

(a) Assuming constant PMI market share outside China and the U.S. We do not set aspirational targets for R&D and commercial expenditure but we expect both ratios to continue increasing to enable the stated outcome in terms of shipment volume
(b) For 2017, smoke-free products volume includes heated tobacco units only
(c) At today's pricing and excise tax assumptions
(d) Note: Net revenues exclude excise taxes
Source: PMI Financials or estimates, and PMI Communication on Progress 2016 United Nations Global Compact

Positive long-term fundamentals leading the way to machine first adoption / substitution

New Generation Products

Significant **FOCUS** from all tobacco majors and increasing geographic **PENETRATION**

NEW and **DIFFERENT** production capacity/ capabilities

Evolved **SPECIAL** packaging (e.g. blister)

UNEXPLORED geographies with different regulatory standards (e.g. USA, China)

Driving machine first adoption

Conventional Tobacco Products

Decreasing cigarettes consumption but **INCREASED PREMIUMIZATION** and **DIFFERENTIATION** (new filtering, flavouring options, cigarettes size, etc.)

INNOVATIVE PACKAGING as main **MARKETING** solution and **DIFFERENTIATION** tool

Hunting for **FLEXIBLE PRODUCTION** to meet **FAST EVOLVING** users' habits and packaging standards (e.g. EU TPD2⁽¹⁾)

Increased **AUTOMATION** in "secondary" processing phases to further support **PRODUCT INNOVATION**

Driving machine substitution

(1) Revision of the Tobacco Products Directive

A photograph of a modern, multi-story building with a glass facade, viewed from a low angle. The building is partially obscured by a red banner that curves across the middle of the image. The foreground is filled with tall grass. The sky is bright and overcast.

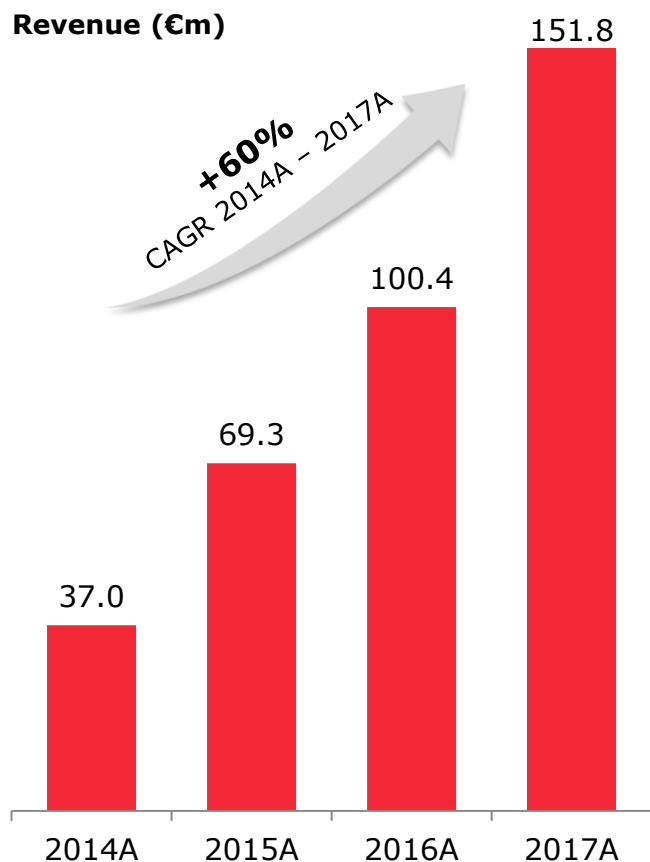
Financial Highlights

Unique combination of exceptional growth and profitability, supported by solid backlog visibility



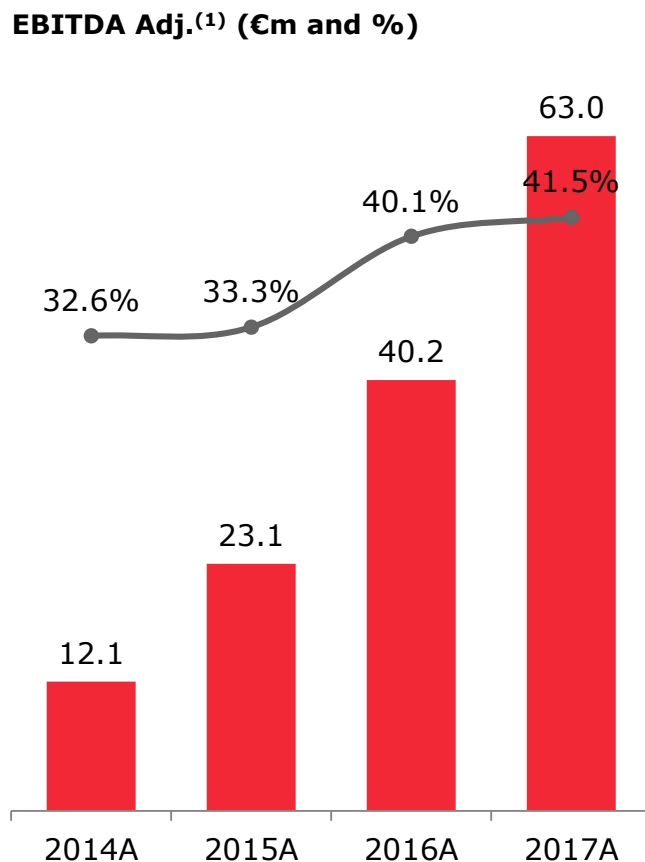
High Revenue growth

Revenue (€m)



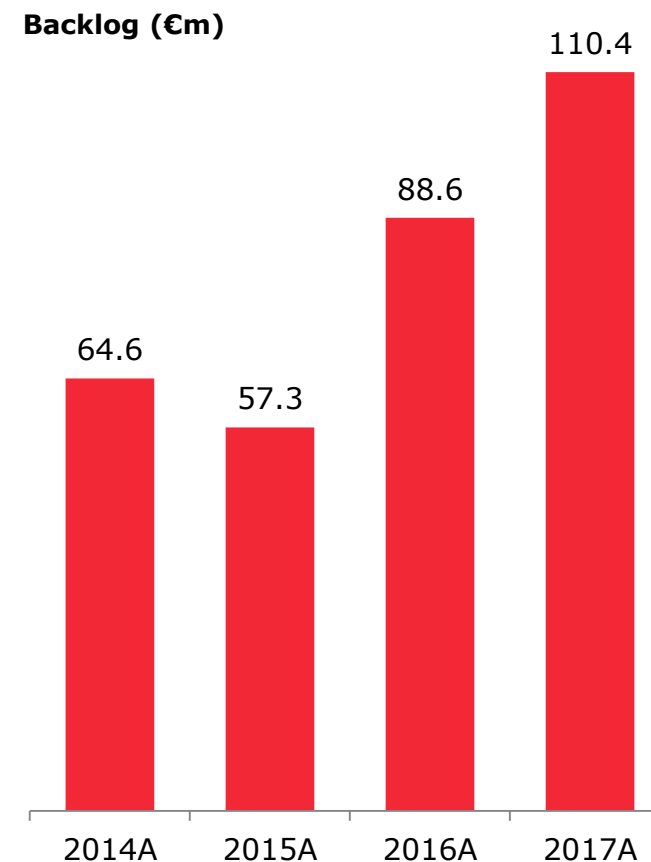
Strong profitability

EBITDA Adj.⁽¹⁾ (€m and %)



Solid backlog visibility

Backlog (€m)



Asset light business model (~0.6% capex⁽²⁾ as % of revenue in 2017) with **negative working capital**, supported by **strong order intake** (€187.5m in 2017 versus €132.8m in 2016A)

(1) Adjusted for non-recurring IPO costs in 2017

(2) Investments in Property, plant and equipment

Source: Company information

Profit & Loss

(€ '000s)	2017	%	2016	%
Revenue	151,761		100,394	
Cost of sales	(77,868)	51.3	(52,576)	52.4
Industrial gross profit	73,893	48.7	47,818	47.6
R&D costs	(2,299)	(1.5)	(2,221)	(2.2)
Sales costs	(3,249)	(2.1)	(2,455)	(2.4)
General and administrative costs	(7,114)	(4.7)	(3,383)	(3.4)
EBIT	61,231	40.3	39,759	39.6
Finance income/(expense)	(117)	(0.1)	(14)	(0.0)
EBT	61,115	40.3	39,745	39.6
Taxes	(16,997)	(11.2)	(12,512)	(12.5)
Net income	44,117	29.1	27,233	27.1
EBITDA before non-recurring items	62,957	41.5	40,228	40.1
EBITDA	61,698	40.7	40,228	40.1
Backlog	110,421		88,603	
Order intake	187,523		132,786	

Revenue (pure organic) growth of 51.2% vs 2016

Industrial gross profit up to 48.7% of revenue (47.6% in 2016)

Including Euro 1,259 thousands non-recurring costs related to the IPO in 2017

Net income growth of 62.0% vs 2016. Net income up to 29.1% of revenue (27.1% in 2016)

EBITDA Adj. growth of 56.5% vs 2016. EBITDA Adj. margin up to 41.5% (40.1% in 2016)

Backlog growth of 24.6% vs 2016

Order intake (new orders) growth of 41.2% vs 2016

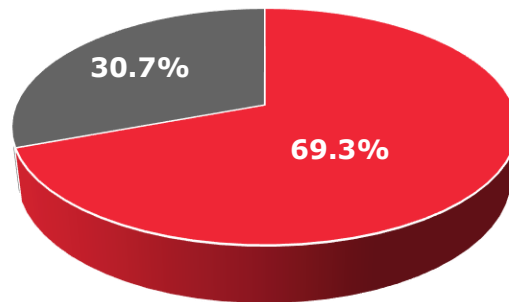
Source: Company Information

Revenue breakdown by product family and geography

Strong growth of After-Sales revenue and Export (as % of total revenue)

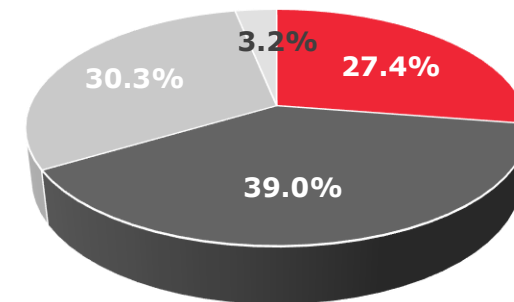
2017A

By Product family



■ Original Equipment ■ After-Sales

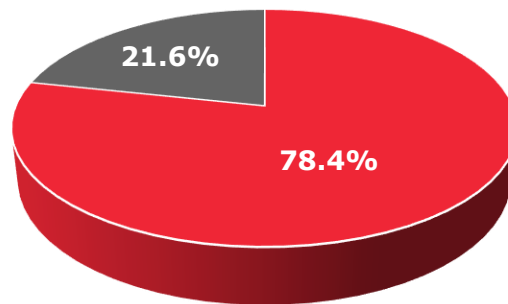
By Geography



■ Italy ■ Rest of Europe ■ Asia ■ Rest of world

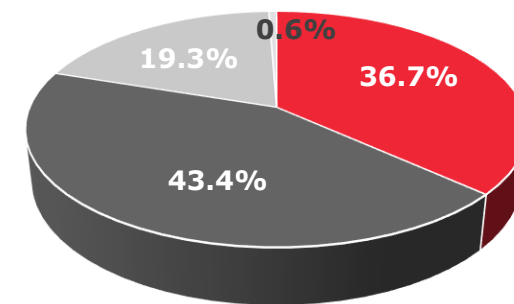
2016A

By Product family



■ Original Equipment ■ After-Sales

By Geography



■ Italy ■ Rest of Europe ■ Asia ■ Rest of world

Source: Company Information

Balance sheet

(€ '000s)	31.12.2017	31.12.2016	Delta	
Trade receivables	30,905	24,068	6,837	Increases in trade receivables and inventories associated with higher sales volume
Inventories	21,372	18,171	3,201	
Trade payables	(56,876)	(53,419)	(3,458)	Primarily related to an increase in tax receivables (VAT) in 2017
Other, net ^(*)	(928)	(8,249)	7,321	
Working capital	(5,527)	(19,429)	13,902	
Property, plant & equipment	1,361	658	703	Increase mainly related to capitalized development costs
Intangible assets	2,507	581	1,926	
Other	1,072	567	505	
Non-current assets	4,940	1,806	3,134	
Severance obligations and other payables	(592)	(130)	(461)	
Net capital employed	(1,179)	(17,754)	16,575	
Net financial position (A)	45,788	45,249	539	Positive NFP in line with 2016 (after paying € 27,001 thousands of dividends in 2017)
Equity (B)	44,609	27,495	17,114	
Total sources of financing (B) - (A)	(1,179)	(17,754)	16,575	

Source: Company Information

(*) This item mainly includes payables for taxes, provisions for risks and charges and other payables

(**) Receivables assigned to factoring companies without recourse that had not yet fallen due at 31 December 2016 amounted to € 8.3 million

Cash flow statement

(€ '000s)	2017	2016
Net profit for the period	44,117	27,233
Income taxes	16,997	12,512
Other non-monetary changes	2,430	951
Sub Total	63,545	40,696
(Increase) or decrease in trade and other receivables	(15,680)	(20,681)
(Increase) or decrease in inventories	(3,201)	(7,349)
Increase or (decrease) in trade and other payables	3,988	21,775
Taxes paid	(17,861)	(10,711)
CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)	30,791	23,730
Additions to property, plant and equipment	(941)	(187)
Additions to intangible assets	(2,200)	(305)
Decrease in financial receivables from the parent company	7,624	30,576
CASH FLOW PROVIDED BY INVESTING ACTIVITIES (B)	4,483	30,084
Dividends paid	(27,001)	(20,108)
Other changes	(109)	3
CASH FLOW USED IN FINANCING ACTIVITIES (C)	(27,110)	(20,105)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,164	33,709

▶ Increase in working capital due to higher sales volume

▶ Capitalized development costs in 2017

▶ Financial receivables repaid by IMA

Source: Company Information

A low-angle, grayscale photograph of a modern glass-walled building. The building's facade is composed of large glass panels and dark metal frames, extending into the distance. The sky is bright and overcast. A prominent red curved banner is overlaid on the right side of the image, containing the word "Appendix" in white text. In the foreground, there is a field of tall grass, slightly out of focus.

Appendix

New Generation Products glossary

New Generation Products	New Generation Products are distinguished from traditional combustible tobacco products by their production of vapour through a process of heating rather than burning. They usually include an electronic circuitry and a power source supplying energy to the heating mechanism. While the majority of current devices (e-cigarettes) are intended for use with a non-tobacco nicotine containing liquid, the category includes tobacco products where tobacco is heated and not combusted. The category excludes licensed nicotine replacement therapy products
Closed Vaping Systems	Closed vaping systems refer to products composed of the aggregation of vaporizing devices and compatible only cartridges. They are split between cig-a-likes and non cig-a-like closed systems
▪ Cig-a-likes	It is the aggregation of single use and rechargeable e-cigarettes. They are intended to mimic traditional rolled manufactured cigarettes and contain a battery and an enclosed flavour cartridge
– Single Use Cig-a-likes	<i>Single use cig-a-likes are non-reusable products which are intended for single use (until either the battery or flavour cartridge depletes fully) and of which no part is detachable or replaceable</i>
– Rechargeable Cig-a-likes	<i>Rechargeable cig-a-likes are products of which the battery can be recharged and interchanged and for which replacement nicotine-containing cartridges can be purchased separately (usually bought pre-filled in packs of 3 or 5)</i>
▪ Non cig-a-likes	It is the aggregation of non cig-a-like closed systems (including starter kits) and non cig-a-like cartridges. Often referred to as pod mods, they are proprietary in nature and are not intended to be refillable with alternative capsules or bottled e-liquid
Open Vaping Systems	Open vaping systems refer to products composed of the aggregation of a power source (battery), an integrated refillable tank (which allows the use of different types of liquids and different brands) and e-liquid. They are often referred to as 2nd, 3rd and 4th generation products (in contrast with 1st generation cig-a-likes)
▪ Charging and Vapourising Devices	Charging and vapourising devices includes any product related to the powering (e.g. batteries) or the charging (e.g. cables) of open vaping systems and any product forming part of the heating and inhalation mechanism (e.g. clearomisers, tank units, atomisers, drip tips)
▪ E-liquids	Nicotine and non-nicotine bottled liquids which are decanted by the consumer into a tank for heating and inhalation
Heated Tobacco Products	It is the aggregation of tobacco heating devices and heated tobacco. It includes sales of products which heat rather than combust tobacco to produce a tobacco vapour, rather than smoke
▪ Heating Devices	Tobacco heating devices are any piece of technology or equipment which allow the consumer to heat rather than combust a tobacco product
▪ Heated Tobacco	Heated tobacco is the consumable element of tobacco vapour products and can come in the form of tobacco pods / capsules or in specially designed cigarettes