



Q1 2018 Results

May 14, 2018

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A photograph of a long, modern 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.

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**

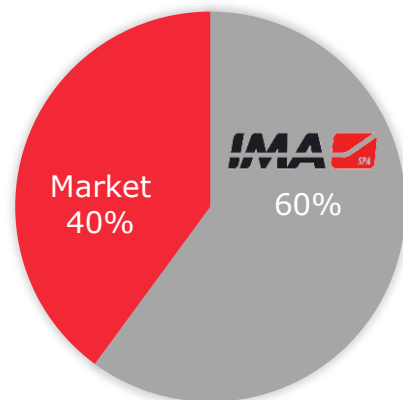
End-market

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

HQs

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

Shareholding

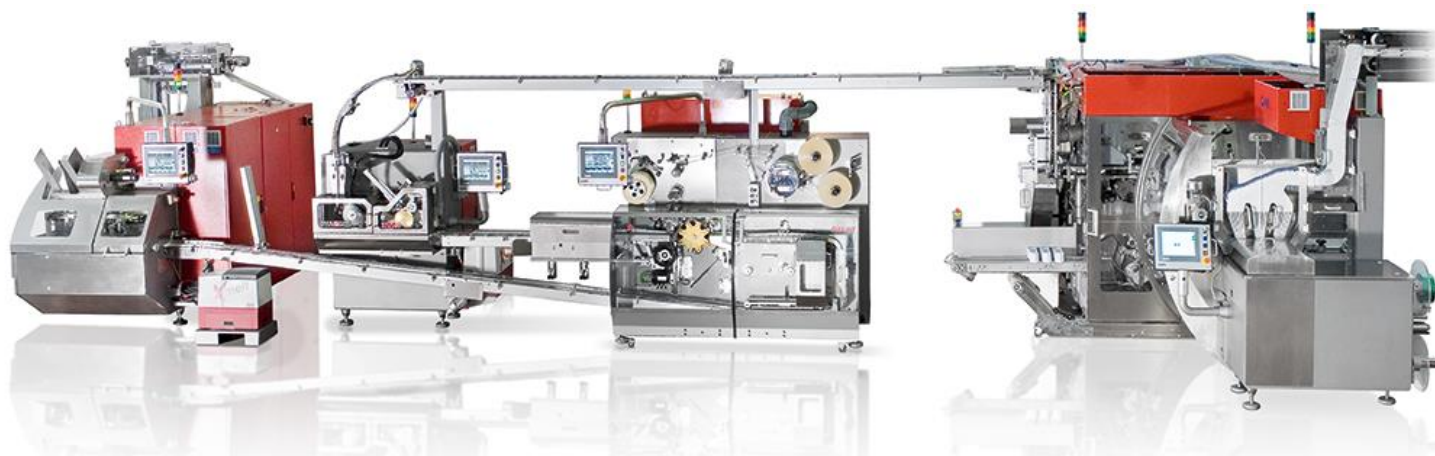


Board of Directors

7 Board Members:

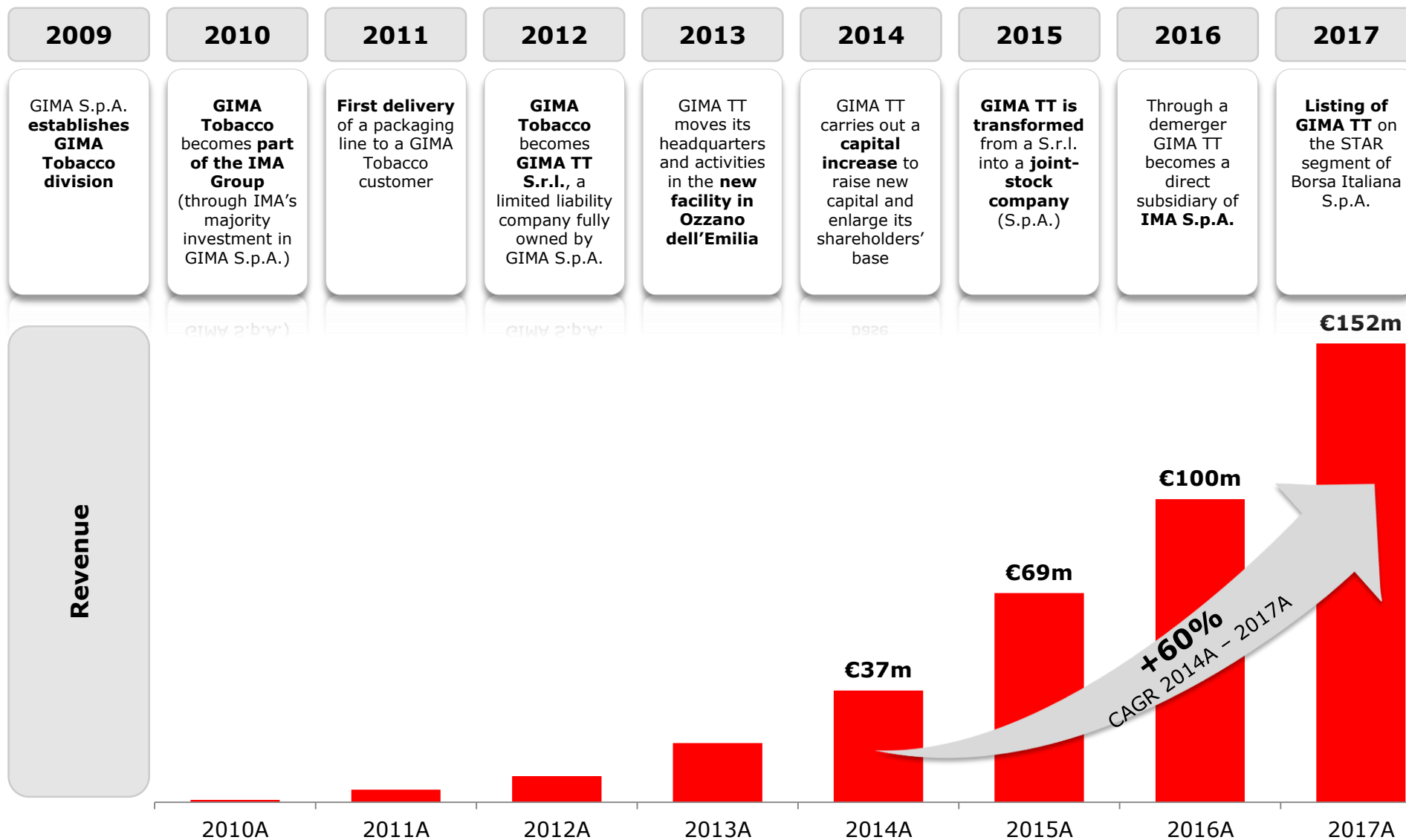
- Sergio Marzo - Chairman
- Fiorenzo Draghetti - Chief Executive Officer
- Stefano Cavallari - Executive Director
- **4 Independent** and Non-Executive Directors

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

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

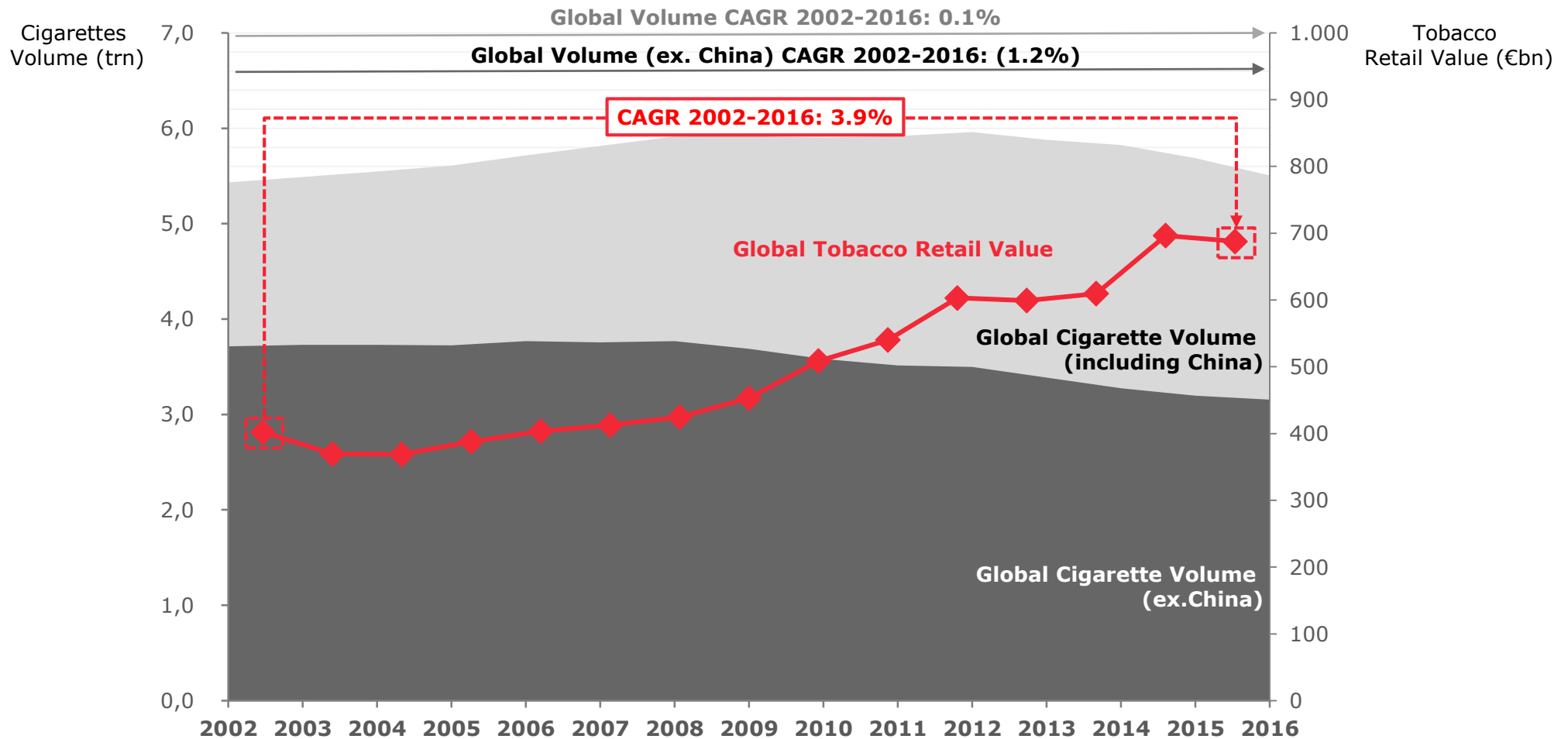
Orchestrated by long standing, experienced and committed management team, exploiting a solid know-how in industrial automation

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 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**

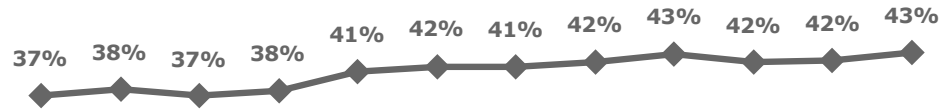


Source: Euromonitor International

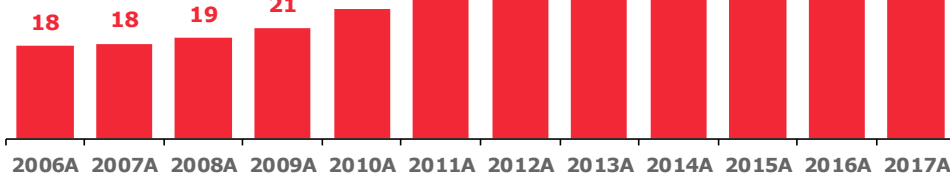
Tobacco majors are profitable. Capex and R&D at peak levels in 2017

Tobacco Majors⁽¹⁾ Aggregate EBITDA and Margins

Median EBITDA Margin



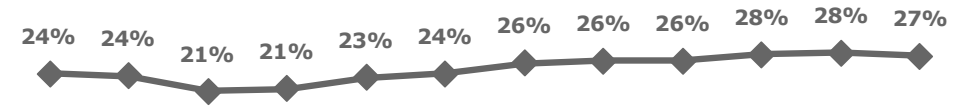
Aggregate EBITDA (€bn)



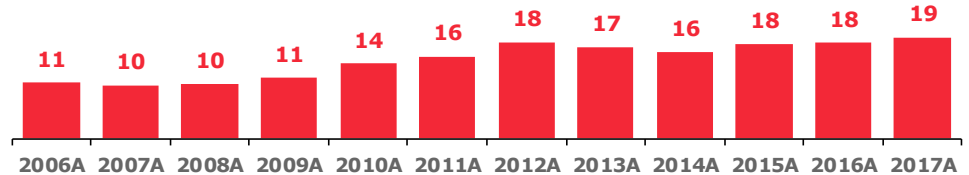
— Aggregate EBITDA — Median EBITDA margin

Tobacco Majors⁽¹⁾ Aggregate Net Profit and Margins

Median Net Profit Margin



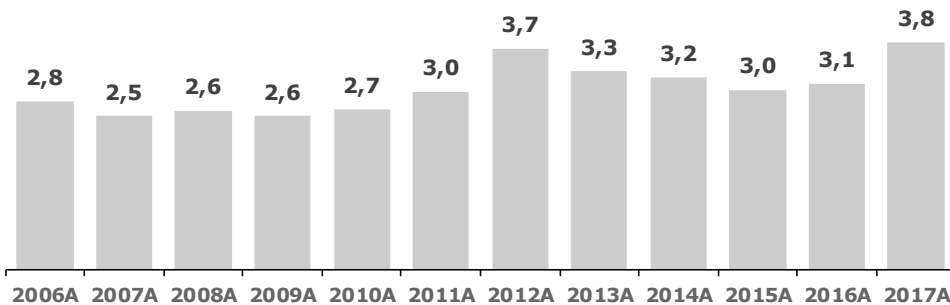
Aggregate Net Profits (€bn)



— Aggregate Net Profit — Median Net Profit Margin

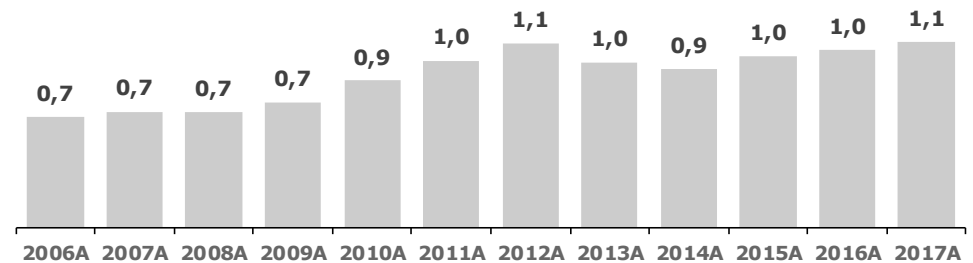
Tobacco Majors⁽¹⁾ Annual Aggregate CapEx

€bn



Tobacco Majors⁽²⁾ Annual Aggregate R&D Expenses

€bn



Driving Future Capital Expenditures

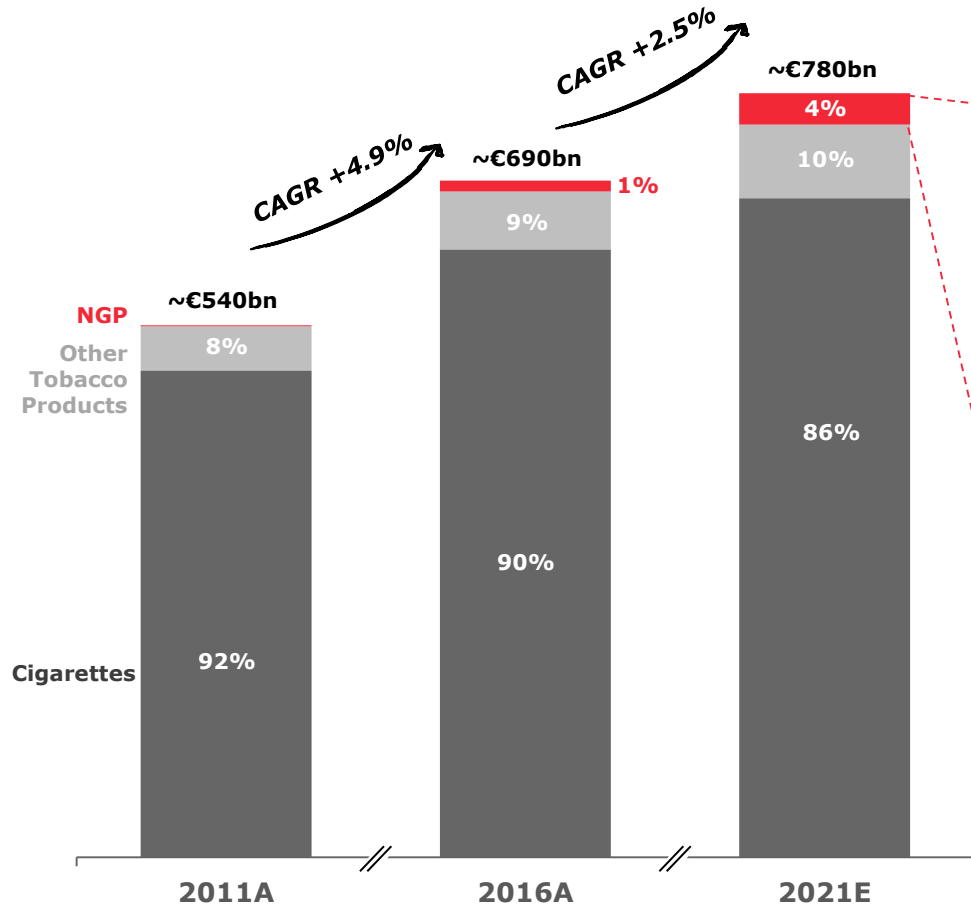
Source: Companies annual reports

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

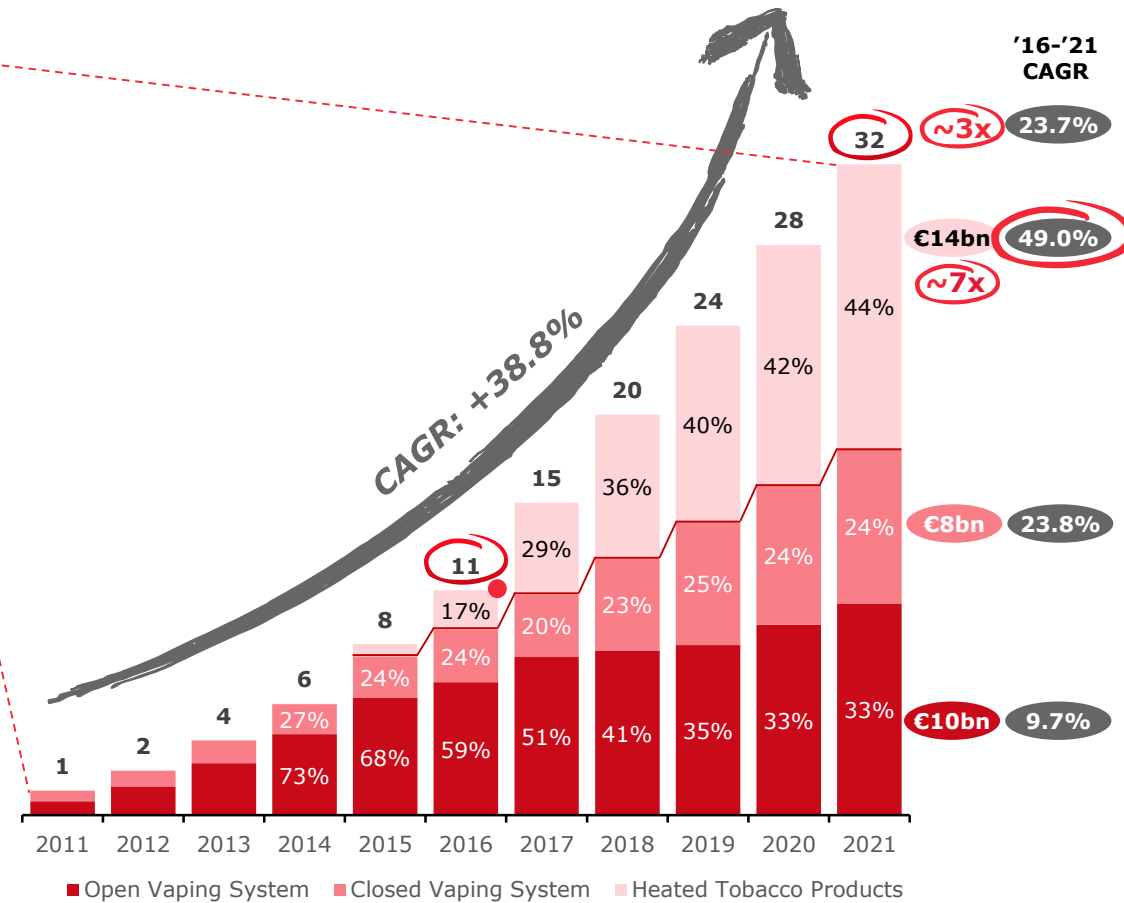
(2) Philip Morris International, British American Tobacco and Japan Tobacco (excluding Imperial Brands due to unavailable disclosure)

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 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..."

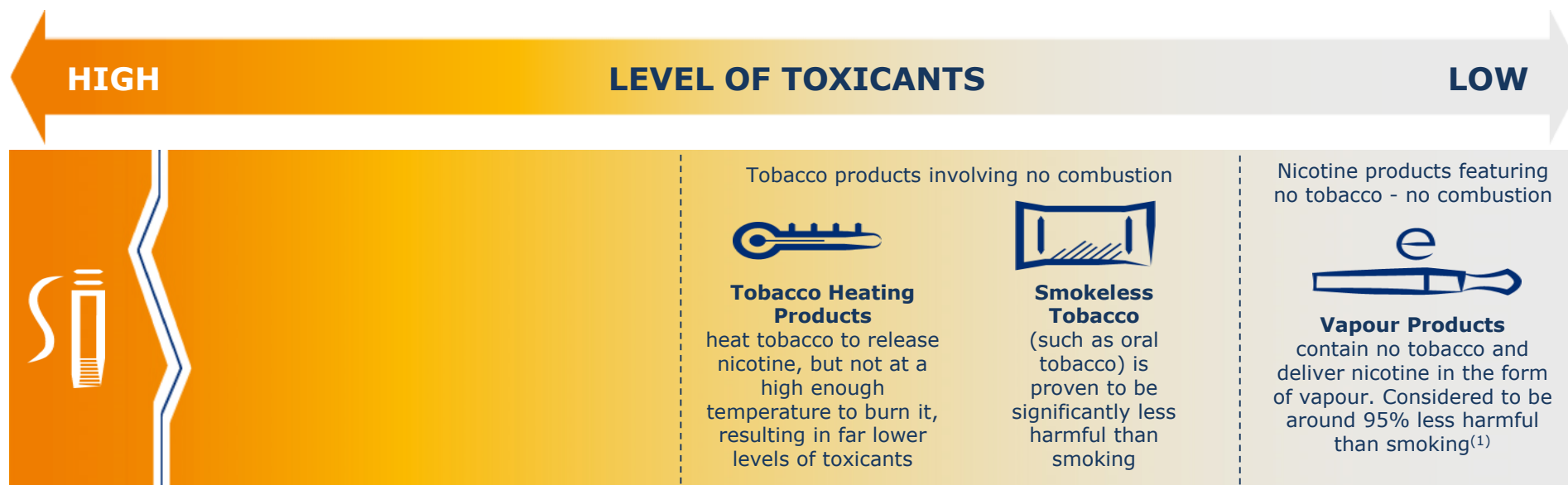
This is a function of the existence of a continuum of nicotine-delivering products that pose differing levels of risk to the individual."

US Food and Drug Administration

"There is approx. a 99% average reduction in the levels of potentially harmful constituents measured in the Ploom TECH vapor compared to cigarette smoke."

The use of Ploom TECH does not affect surrounding air quality, we therefore believe that there is no substantial health risks to bystanders associated with its use."

Japan Tobacco



Source: British American Tobacco and Japan Tobacco websites
(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⁾														
	Vaping Systems	Heated Tobacco Products	Examples												
   	 	 	   												
   			  												
   	 		 												
   	 		<table border="1"> <thead> <tr> <th colspan="2">Heated Tobacco Products</th> <th colspan="2">E-Vapor Products</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Platform 1</td> <td>Platform 2</td> <td>Platform 3</td> <td>Platform 4</td> </tr> </tbody> </table>	Heated Tobacco Products		E-Vapor Products						Platform 1	Platform 2	Platform 3	Platform 4
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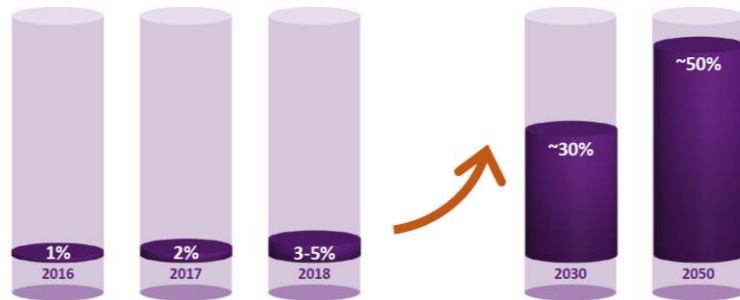
Source: Companies websites

(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

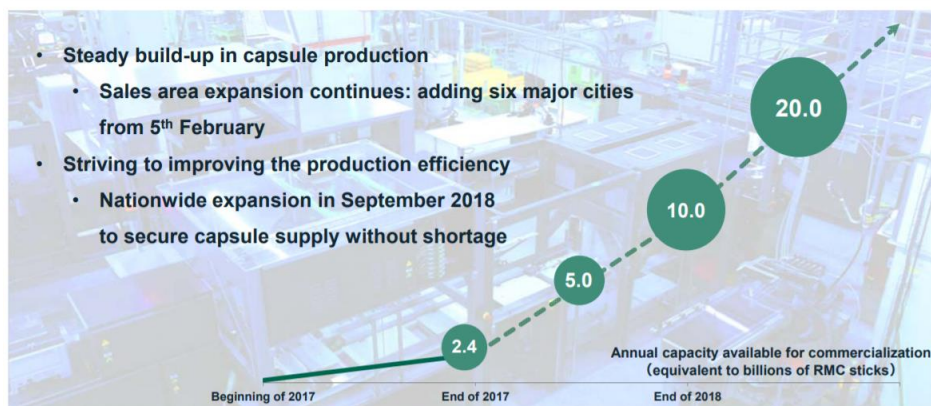
British American Tobacco

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 shows a field of tall grass. The sky is bright and overcast.

Financial Highlights

Profit & Loss

(€ '000s)	Q1 2018	%	Q1 2017	%
Revenue	41,258		36,054	
Cost of sales	(24,115)	58.4	(20,755)	57.6
Industrial gross profit	17,143	41.6	15,299	42.4
R&D costs	(694)	(1.7)	(1,042)	(2.9)
Sales costs	(615)	(1.5)	(1,037)	(2.9)
General and administrative costs	(1,884)	(4.6)	(895)	(2.5)
EBIT	13,950	33.8	12,325	34.2
Finance income/(expense)	(22)	(0.1)	27	0.1
EBT	13,928	33.8	12,352	34.3
Taxes	(3,908)	(9.5)	(3,467)	(9.6)
Net income	10,019	24.3	8,885	24.6
EBITDA	14,129	34.2	12,427	34.5
Backlog	112,449		87,104	
Order intake	43,286		34,555	

Revenue growth of 14.4% vs Q1 2017

Industrial gross profit at 41.6% of revenue, down from Q1 2017 for the launch of new lines

Increases in administrative and general personnel costs and BoD costs

EBITDA growth of 13.7% vs Q1 2017. EBITDA margin at 34.2% (in line with previous year)

Backlog growth of 29.1% vs Q1 2017

Order intake (new orders) growth of 25.3% vs Q1 2017

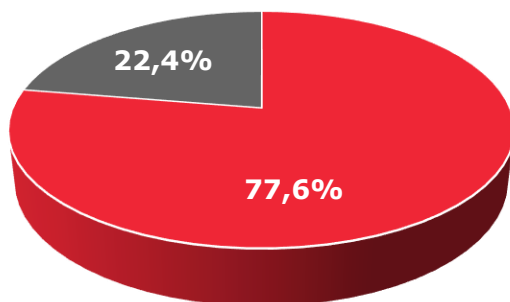
Source: Company Information

Revenue breakdown by product family / geography

Strong growth of Export as % of total revenue

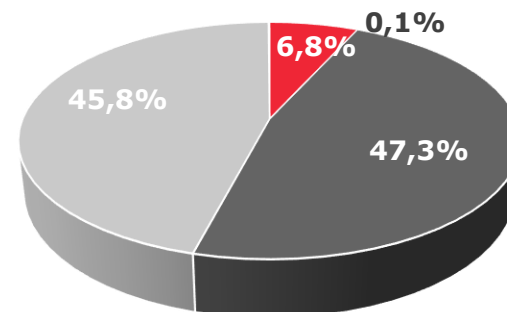
Q1 2018

By Product family



■ Original Equipment ■ After-Sales

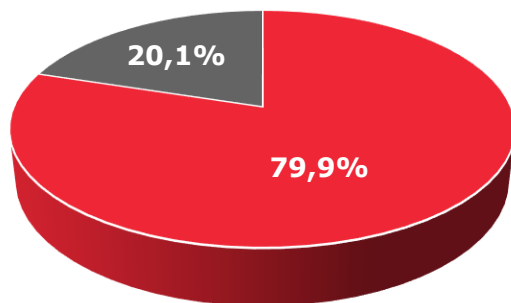
By Geography



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

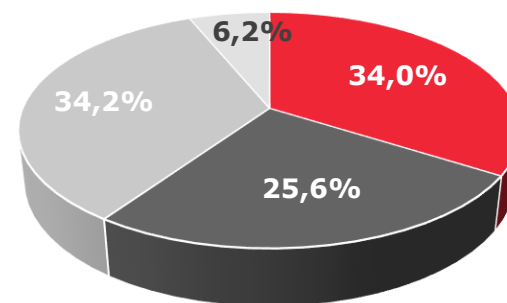
Q1 2017

By Product family



■ Original Equipment ■ After-Sales

By Geography



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

Source: Company Information

Balance sheet

(€ '000s)	31.03.2018	31.12.2017	Delta
Trade receivables	59,687	30,905	28,782
Inventories	22,764	21,372	1,393
Trade payables	(53,650)	(56,876)	3,226
Other, net ^(*)	(3,802)	(928)	(2,874)
Working capital	25,000	(5,527)	30,527
Property, plant & equipment	1,583	1,361	222
Intangible assets	2,495	2,507	(12)
Other	1,151	1,072	79
Non-current assets	5,230	4,940	290
Severance obligations and other payables	(948)	(592)	(356)
Net capital employed	29,282	(1,179)	30,461
Net financial position (A)	25,348	45,788	(20,440)
Equity (B)	54,630	44,609	10,021
Total sources of financing (B) - (A)	29,282	(1,179)	30,461

▶ Increase in trade receivables due to the timing of deliveries of lines in 2018

▶ Cash absorption related to the aforementioned trend in working capital

Source: Company Information

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

Cash flow statement

(€ '000s)	Q1 2018	Q1 2017
Net profit for the period	10,019	8,885
Taxes	3,908	3,467
Other non-monetary changes	554	300
Subtotal	14,481	12,652
(Increase) or decrease in trade and other receivables	(31,741)	(19,752)
(Increase) or decrease in inventories	(1,393)	445
Increase or (decrease) in trade and other payables	(1,362)	(5,655)
Taxes paid	-	-
CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)	(20,015)	(12,310)
Additions to property, plant and equipment	(302)	(92)
Additions to intangible assets	(95)	(90)
Increase in financial receivable from the parent company	-	(18,000)
CASH FLOW PROVIDED BY INVESTING ACTIVITIES (B)	(397)	(18,182)
Dividends paid	-	-
Other changes	(28)	836
CASH FLOW USED IN FINANCING ACTIVITIES (C)	(28)	836
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,440)	(29,656)

Increase in trade receivables due to the timing of deliveries of lines in 2018

Increase in receivable in Q1 2017 from the inter-group current account

Source: Company Information



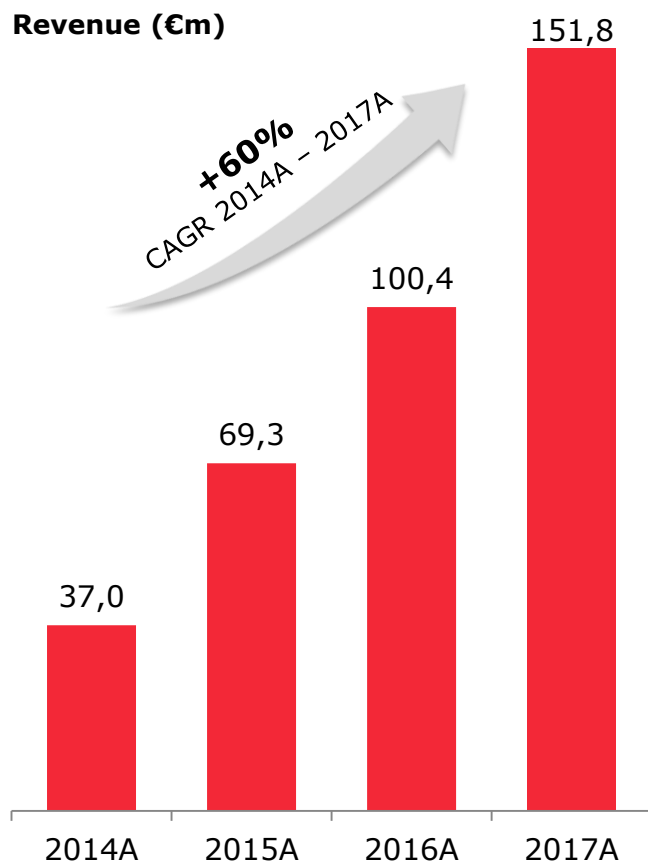
Appendix

2014 – 2017 financial highlights



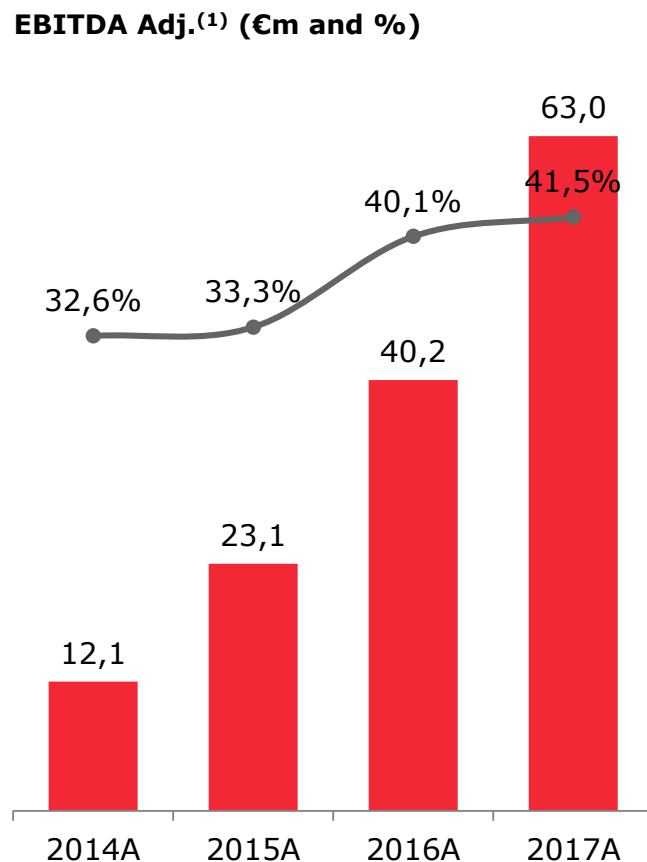
High Revenue growth

Revenue (€m)



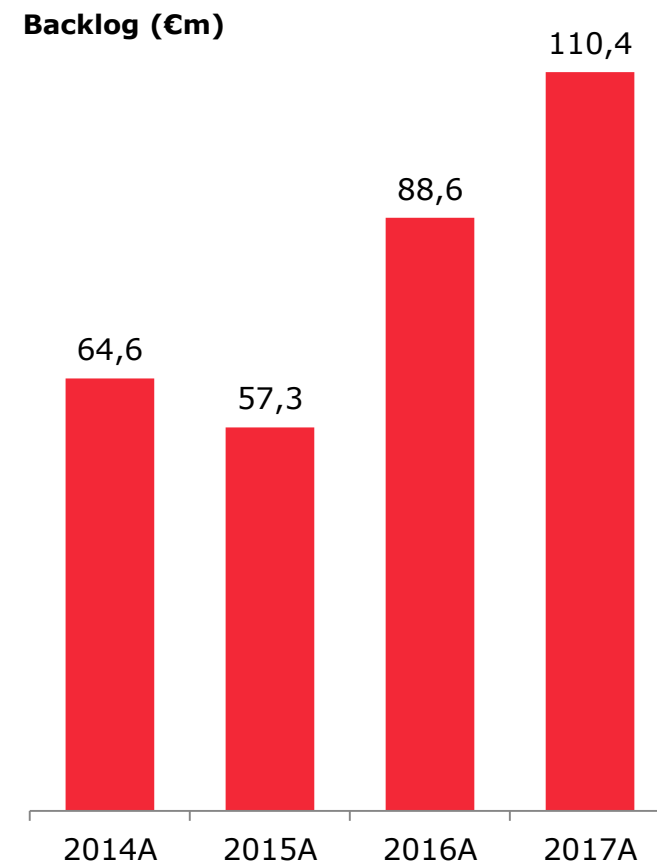
Strong profitability

EBITDA Adj.⁽¹⁾ (€m and %)



Solid backlog visibility

Backlog (€m)



Asset light business model (~0.6% capex⁽²⁾ as % of revenue in 2017), supported by **strong order intake** (€173.6m in 2017 versus €131.7m in 2016A)

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

(2) Investments in Property, plant and equipment

Source: Company information

British American Tobacco

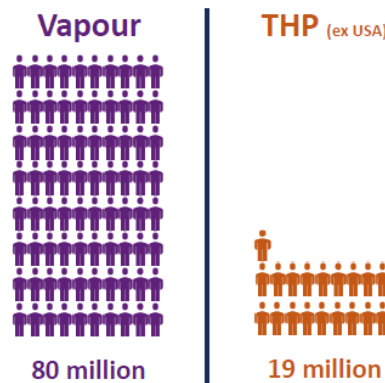
To be the world's best at satisfying consumer moments in NGPs

A multi-Category Strategy in NGPs

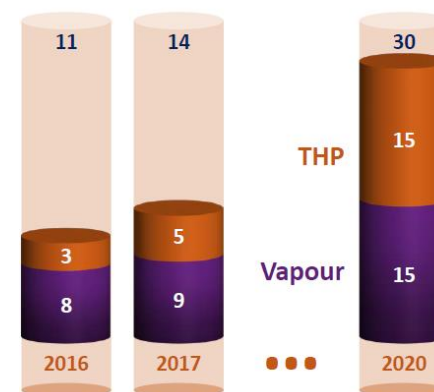


NGP: a Significant and Growing Marketplace

2020 NGP Consumers



NGP Industry CPTO (£ bn) Including USA vapour

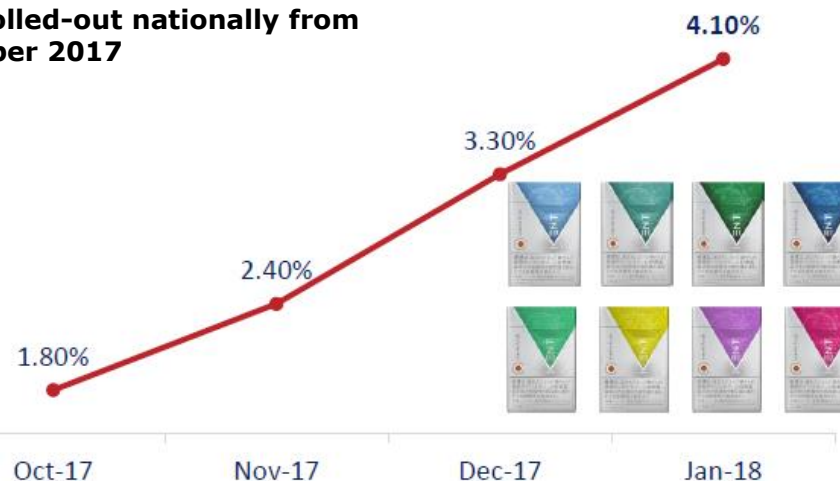


BAT Targets

	2017	2018E	2022E	2030E	2050E
NGP as % of BAT Revenue	2%	3-5%	N/A	~30%	~50%
THP	£0.2 bn	£0.6 bn	£3.5 bn	--	--
Vapour	£0.2 bn	£0.4 bn	£1.5 bn	--	--
BAT NGP Revenue	£0.4 bn	£1.0 bn	£5.0 bn	--	--
glo	2017*	2018E*			
Devices	5 mn	25 mn			
Sticks	15 bn	52 bn			

Strong Performance of glo in Japan (Market Share)

glo rolled-out nationally from October 2017



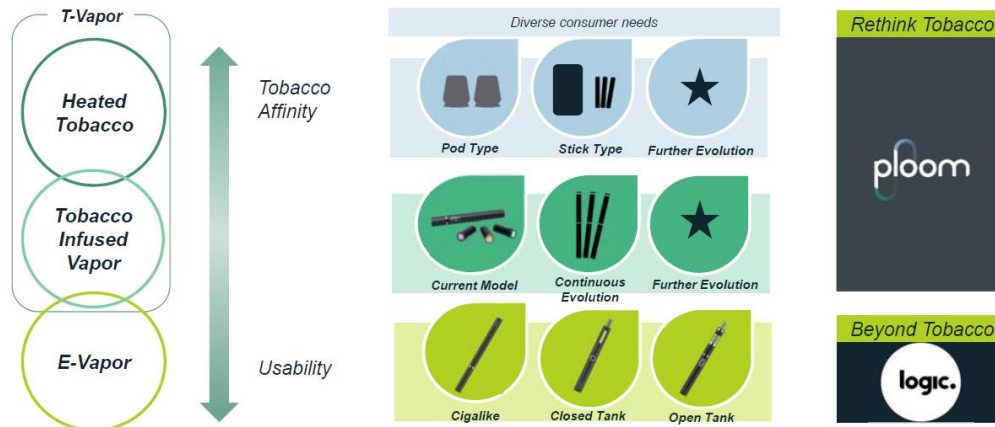
(*) Annualized year end capacity

Source: GIMA TT analysis based on British American Tobacco public materials. THP: Tobacco Heating products. CPTO: Consumer Price Turnover

Japan Tobacco

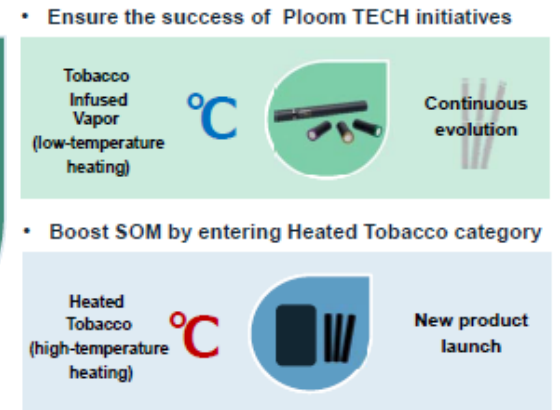
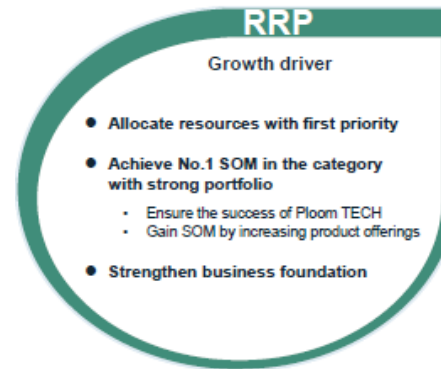
RRP is now the centerpiece of our strategy

Fulfill Diverse Consumer Needs ...



... with Expanded Portfolio

Investment in RRP is prioritized: > JPY 100bn within next 3 years



Ploom TECH Plans for Capacity and Sales Expansion



Ploom TECH National Launch

- National roll-out in certain tobacco stores to start in June and expand to convenience stores in July
- Respond to the requests from potential consumers across the country as early as possible
- With continuous efforts to increase manufacturing capacity, current capsules manufacturing machines running with improved efficiency
 - Stable outputs from the high-speed machines in the second half are essential to reach the annual target for manufacturing capability
- No change to full-year sales target as the capsule supply continues to be under constraint
- Assumptions of Japan domestic market remain the same
 - RRP market share to be c. 23% on average in 2018
- Strengthen the sales force and marketing investment and to achieve full-year sales target
- **Gain 40% market share in the tobacco vapor category in Japan at the end of 2020, by providing a wider range of choice that satisfies the varying needs of consumers**

Source: GIMA TT analysis based on Japan American Tobacco public materials. RRP: Reduced-Risk Products

Philip Morris International

Designing a Smoke-Free Future

Japan

HeatSticks continue strong sequential growth trend



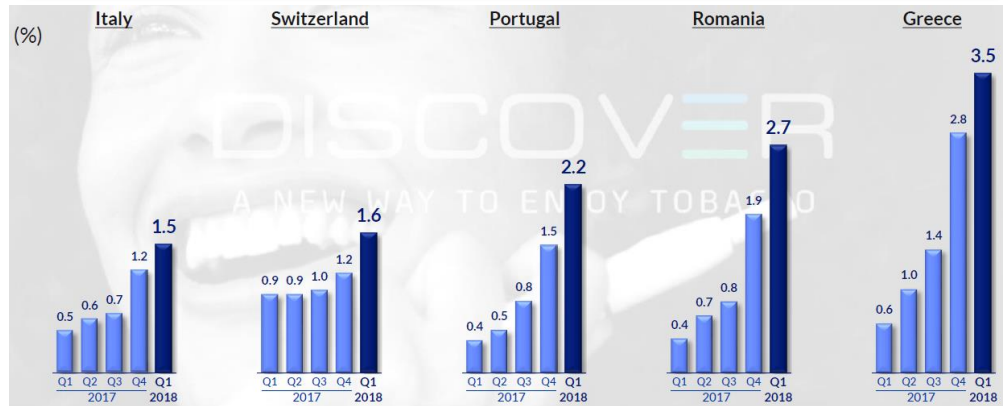
Korea

HEETS now a top-5 tobacco brand in less than 1 year



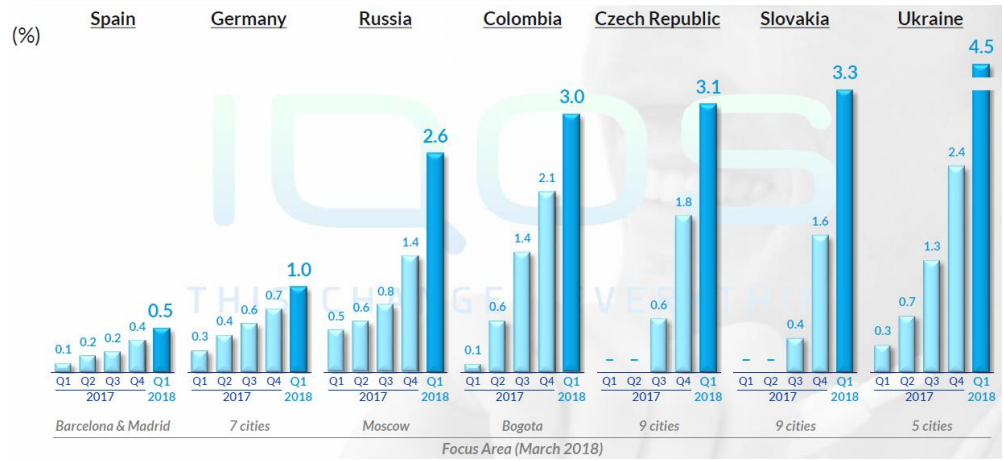
Outside Asia

Growing PMI National HTU Market Shares



Outside Asia

Growing PMI Focus Area HTU Offtake Shares



Source: GIMA TT analysis based on Philip Morris International public materials. HTU stands for Heated Tobacco Units.

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