

Aquafil Group

Financial Results

First Quarter 2020

14th May 2020

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1. Highlights

REVENUES (€/mil)	
	Q120
Act19 ²	140,7
Act18	145,3
% Var 19 to 18	-3,2%

EBITDA (€/mil)	
	Q120
Act19 ³	18,2
Act18	19,1
% Var 19 to 18	-4,7%

NET PROFIT ADJUSTED ¹ (€/mil)	
	Q120
Act19	5,1
Act18	7,7
% Var 19 to 18	-34,2%

N.F.P. (€/mil)	
Mar20	250,2
Dec19	249,6

REVENUES
Area EMEA -6,0% <i>due to market slowdown for economic trends</i>
Area Asia Pacific -11,8% <i>due to market slowdown for economic trends</i>
Area USA +10,4% <u>on a like for like basis⁴</u> -12,1% <i>slowdown of automotive sector</i>
Revenues of ECONYL® Branded Products -1,9% 37,9% of Fiber Revenues

EBITDA
-4,7% (-0,9 €/mil) <u>on a like for like basis⁴</u>
-10,8% (-2,1 €/mil) mainly due to Lower Quantities Sold partially compensated by effects of scheduled saving measures

NET PROFIT ADJUSTED
- 34,2% (-1,6 €/mil) mainly due to
- EBITDA Decrease
- Higher Depreciation - 2,8 €/mil
- Higher Financial Cost - 0,6 €/mil
- Higher exchange profit +1,7 €/mil

NET FINANCIAL POSITION
250,2 €/mil at Mar 20 249,6 €/mil at Dec 19
Mar20 vs Dec 19
+15,3 €/mil from Op Activities -9,3 €/mil from Investing Activities -4,5 from NWC changes -2,1 from Interest expenses
CASH at 31 Mar 2020 100,4 €/mil

2. Revenues by Geographical Area and Product Line

Revenues broken down by Line of Product and Geographical Area on First Quarter 2020 to same period of 2019 are:

	BCF (fiber for carpet)				NTF (fibre for fabrics)				Polymers				TOTAL				% on TOTAL	
	Q120	Q119	Δ	Δ%	Q120	Q119	Δ	Δ%	Q120	Q119	Δ	Δ%	Q120	Q119	Δ	Δ%	Q120	Q119
EMEA	52,4	54,8	(2,4)	(4,4)%	24,9	26,2	(1,3)	(5,0)%	8,4	10,2	(1,8)	(17,2)%	85,7	91,2	(5,5)	(6,0)%	60,9%	62,8%
North America	24,9	29,5	(4,6)	(15,6)%	6,9	0,0	6,9	N.A.	2,1	1,3	0,9	70,1%	33,9	30,7	3,2	10,4%	24,1%	21,1%
Asia e Oceania	19,5	22,3	(2,8)	(12,4)%	0,9	0,8	0,2	23,6%	0,0	0,1	(0,1)	N.A.	20,5	23,2	(2,7)	(11,8)%	14,5%	16,0%
RoW	0,1	0,1	0,0	59,1%	0,5	0,2	0,3	N.A.	0,0	0,0	(0,0)	N.A.	0,6	0,2	0,4	N.A.	0,4%	0,2%
TOTAL	96,9	106,6	(9,7)	(9,1)%	33,3	27,1	6,1	22,5%	10,5	11,5	(1,0)	(8,7)%	140,7	145,3	(4,6)	(3,2)%	100,0%	100,0%
% on TOTAL	68,9%	73,4%			23,6%	18,7%			7,5%	7,9%			100,0%	100,0%				

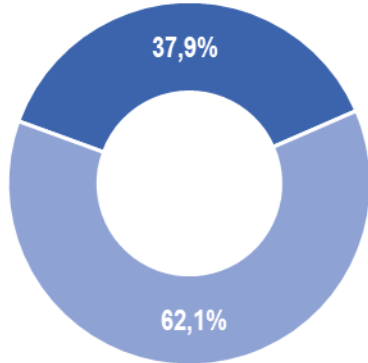
- (a) revenues generated in EMEA declined by 6.0% (€5.5 million) at March 31, 2020, in detail (a) the BCF Product Line (fiber for carpets) fell by 4.4% (€2.4 million) chiefly due to lower volumes sold as a result of the slowdown of the final market, as well as a sales price declined attributable to lower raw material cost; (b) the NTF Product Line (fiber for fabrics) dropped by 5.0% (€1.3 million) fully due to the downtrend in the market of reference occurred late in March; (c) the Polymers Product Line decreased by 17.2% (€1.8 million), chiefly due to sales price decline attributable to lower raw material cost, as well as lower volumes sold as a result of the slowdown of the end market;
- (b) revenues generated in North America grew by 10.4% (€3.2 million) at March 31, 2020. On a like-for-like consolidation basis, revenues would have decreased by 12.1% (€3.7 million), in detail: (a) the BCF Product Line (fiber for carpets) declined by 15.6% (€4.6 million) chiefly due to lower volumes sold as a result of the difficult comparison with January 2019, the slowdown of the automotive market in late March, and a decline in sales prices attributable to lower raw material cost; (b) the Polymers Product Line grew by 70.1% (€0.9 million) thanks to higher volumes sold;
- (c) revenues generated in Asia and Oceania decreased by 11.8% (€2.7 million), entirely attributable to the BCF Product Line (fiber for carpets) as a result of the slowdown of the end market of reference, chiefly due to lower volumes sold as a result of the slowdown of the end market of reference, as well as a sales price declined attributable to lower raw material cost.

ECONYL®

ENDLESS POSSIBILITIES

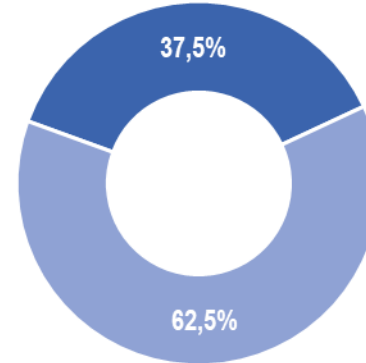
The Group's revenues of ECONYL® branded products decrease of 1,9% in Q1 2020 compared to Q1 2019.

% ECONYL® revenues on fiber revenues
Q1 2020



■ ECONYL® ■ Other Fiber

% ECONYL® revenues on fiber revenues
Q1 2019



■ ECONYL® ■ Other Fiber

The Group's revenues of ECONYL® branded products in Full Year 2019 are equal to the 37,9% of total fiber revenues.

3. Income Statement KPI First Quarter 2020

The **Income Statement Key Performance Indicators** related to first quarter 2020 compared with same period of 2019 are:

Income Statement KPI (€/mil)			
	Q1 20	Q1 19	Δ%
REVENUES	140,7	145,3	(3,2)%
EBITDA	18,2	19,1	(4,7)%
<i>Margin %</i>	12,9%	13,2%	
EBIT Adjusted	7,4	11,0	(33,3)%
<i>Margin %</i>	5,2%	7,6%	
EBIT	5,2	9,1	(42,9)%
<i>Margin %</i>	3,7%	6,3%	
EBT	5,6	9,6	(41,0)%
<i>Margin %</i>	4,0%	6,6%	
Net Result	4,1	7,7	(47,0)%
<i>Margin %</i>	2,9%	5,3%	
Net Result Adj	5,1	7,7	(34,2)%
<i>Margin %</i>	3,6%	5,3%	

- a) **Revenues:** trend has been described in Revenues by Geographical Area and Product Line section of report;
- b) **EBITDA:** decreases notwithstanding positive effects of O'Mara EBITDA for 1,1 €/mil. Without considering this effect EBITDA would have been of 17,1 €/mil. EBITDA. Changes in EBITDA are attributable to lower volumes sold, partially offset by the effects arising from the planning and implementation of savings measures.
- c) **EBIT Adjusted:** decrease as a result of EBITDA reduction and higher D&A of period.
- d) **EBIT:** decrease as a result of EBIT Adjusted reduction;
- e) **EBT:** decrease as a result of EBIT reduction, increase of financial cost and higher exchange profit of period;
- f) **Net Result:** decrease as a result of EBT reduction partially mitigated by a lower income taxes.
- g) **Net Result Adjusted:** is determined as Net Profit plus no recurring items corrected by related tax effect.

4. Cash Flow and Net Financial Debt – First Quarter 2020

The Cash Flow and Net Financial Debt of first quarter 2020:

Cash Flow (€/mil)	
(a) Cash Flow from Operating Activities Before Changes in NWC	15,3
(b) Cash Flow used in Investing Activities	(9,3)
(c) Change in Net Working Capital	(4,5)
(d) Paid Financial Costs	(2,1)
CASH FLOW (a + b + c + d)	(0,6)

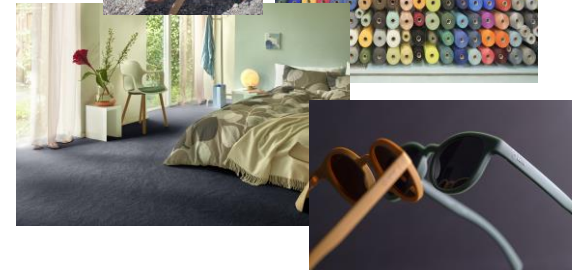
Net Financial Debt (€/mil)	
Net Financial Debt at 31 December 2019	(249,6)
Cash Flow	(0,6)
Net Financial Debt at 31 March 2020	(250,6)

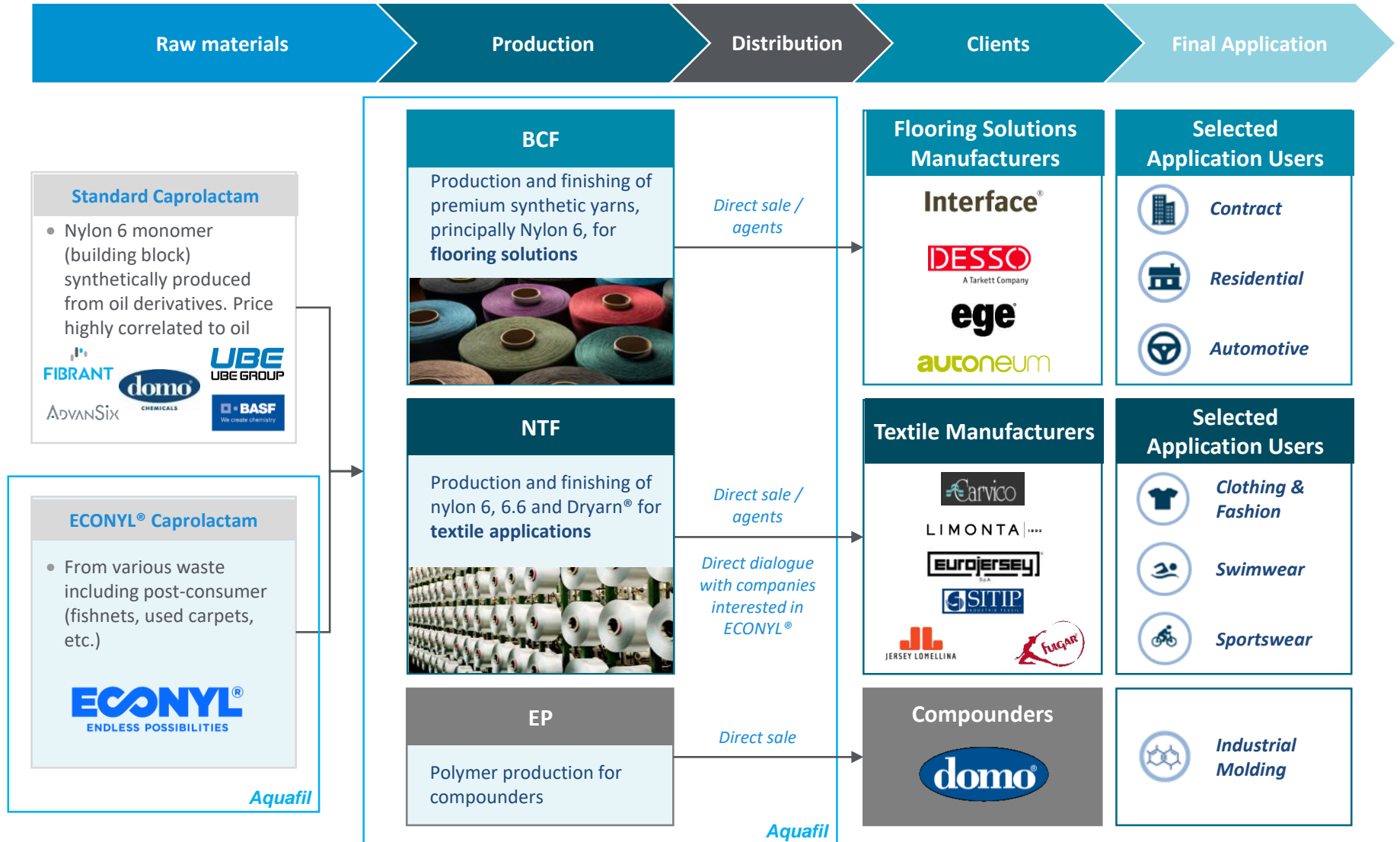
- a) **Cash Flow from Operating Activities Before Changes in NWC:** are equal to 15,3 €/mil and are calculated as Net Profit ± Income Tax ± Interest Expenses ± FX Gains or Losses ± Amortisation, depreciation & write-downs ± the no-monetary IFRS16 increase;
- b) **Cash Flow used in Investing Activities:** are equal to (9,3) €/mil and chiefly referred to projects aimed at maintaining and improving the production efficiency of the existing plants;
- c) **Change in Net Working Capital:** are equal to (4,5) €/mil mainly as a result of the increased turnover reported in Q1 2020 compared to Q1 2019;
- d) **Cash** at 31 Mar 2020 equal to 100,4 €/mil.

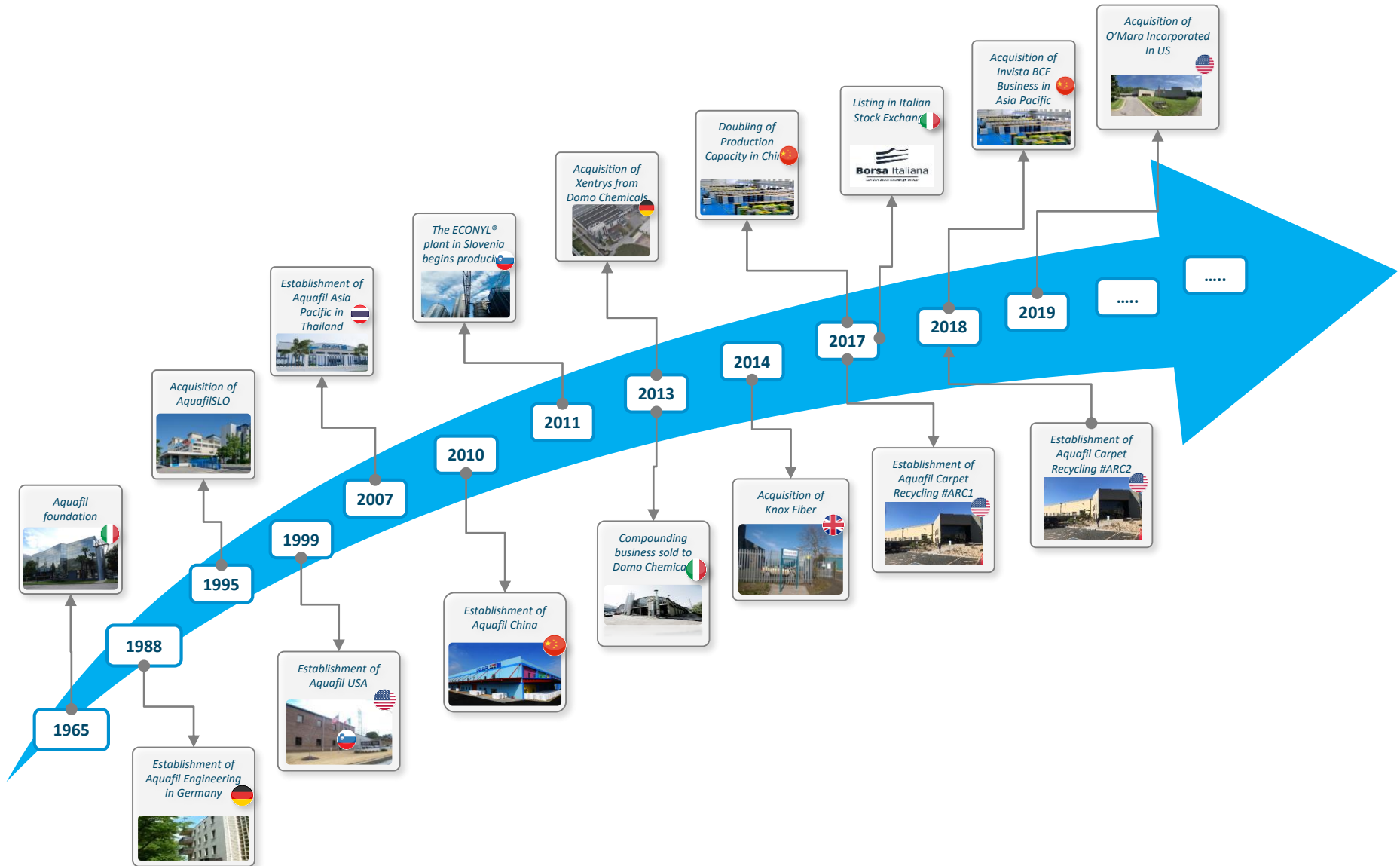
5. Aquafil Group at Glance

- **Pioneers of circularity with ECONYL®:**
 - An unique **Regeneration System** to produce sustainable fiber and polymers from nylon 6 waste;
 - High barriers to entry for technology and reverse supply chain;
 - Turnover of product branded ECONYL® equal to **37,5%** of fiber turnover
- **Market Leader in Nylon (PA):**
 - Fiber for Carpet flooring (BCF Product);
 - Fiber for Fabrics (NTF Product);
 - Polymers for engineering plastics;
- **A successful business model based on**
 - Proprietary technology with continuous innovation;
 - R&D focus for a uniquely diversified commercial offer;
 - Manufacturing and operational excellence;
 - Focus on high-end segments for a premium positioning;
- **A Global footprint with proximity to Clients**
 - **16 plants in 3 continents** and 7 countries
 - **almost 3.000 employees** at December 2019;
 - **€549,0m of Revenues in FY2019**
 - **€69,4m EBITDA in FY2019**

**THE ECONYL®
REGENERATION SYSTEM**







AQUAFIL WORLDWIDE

USA

Cartersville (Georgia)
Aquafil USA 1 & 2

Phoenix (Arizona)
**Aquafil Carpet Recycling
ACR#1**

Sacramento (California)
**Aquafil Carpet Recycling
ACR#2**

Rutherford College
(North Carolina)
Aquafil O'Mara

UK

Kilbirnie
Aquafil UK

ITALY

Arco (TN)
Aquafil (Headquarter)

Cares (TN)
Rovereto (TN)
Tessilquattro

CROATIA

Oroslavje
Aquafil CRO

SLOVENIA

Ljubljana
AquafilSLO

Senožeče
AquafilSLO Senožeče

Štore
AquafilSLO Štore

Ajdovščina
AquafilSLO Ajdovščina

CHINA

Jiaxing
Aquafil Jiaxing

THAILAND

Rayong
Aquafil Asia Pacific

ECONYL[®]

ENDLESS POSSIBILITIES

- 100% regenerated & regenerable nylon
- Unique proprietary technology
- 37,5 % of Aquafil Fiber Turnover 2018

THE ECONYL[®] REGENERATION SYSTEM



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6. First Quarter 2020 Consolidated Financial Statement Report

RECONCILIATION FROM NET PROFIT TO EBITDA <i>€/000</i>	First Quarter 2020	First Quarter 2019
Net Profit (Including Portion Attr. to Minority)	4.076	7.696
Income Taxes	1.572	1.880
Amortisation & Depreciation	10.833	8.038
Write-downs & Write-backs of intangible and tangible assets	14	34
Financial items (*)	347	379
No recurring items (**)	1.373	1.086
EBITDA	18.216	19.113
<i>Revenue</i>	140.714	145.328
EBITDA Margin	<i>12,9%</i>	<i>13,2%</i>

RECONCILIATION FROM EBITDA TO EBIT ADJUSTED <i>€/000</i>	First Quarter 2020	First Quarter 2019
EBITDA	18.216	19.113
Amortisation & Depreciation	10.833	8.038
Write-downs & Write-backs of intangible and tangible assets	14	34
EBIT Adjusted	7.369	11.041
<i>Revenue</i>	140.714	145.328
<i>EBIT Adjusted Margin</i>	<i>5,2%</i>	<i>7,6%</i>

(*) The financial items include: (i) financial income of Euro 1.1 million at the end of March 2019 (ii) financial charges of Euro 2.2 million at the end of March 2020, compared to Euro 1.6 million at the end of March 2019, (iii) cash discounts of Euro 0.8 million at the end of March 2020, compared to Euro 0.9 million at the end of March 2019, and (iv) exchange gains of Euro 2.6 million at the end of March 2020, compared to Euro 1.0 million at the end of March 2019.

(**) This includes (i) non-recurring charges related to the expansion of the Aquafil Group and other corporate transactions for Euro 1.1 million and 0.5 million respectively in the periods ending March 31, 2020 and March 31, 2019, (ii) other non-recurring charges of Euro 0.3 million and Euro 0.6 million respectively in the periods ending March 31, 2020 and March 31, 2019.

CONSOLIDATED INCOME STATEMENT €/000	First Quarter 2020	<i>of which</i> <i>non-current</i>	First Quarter 2019	<i>of which</i> <i>non-current</i>
Revenue	140.714	-	145.328	
<i>of which related parties</i>	305	-	17	
Other Revenue	481	17	601	76
Total Revenue and Other Revenue	141.195	17	145.929	76
Raw Material	(72.732)	(12)	(77.154)	(100)
Services	(25.102)	(626)	(24.781)	(803)
<i>of which related parties</i>	(108)	-	(103)	-
Personel	(27.818)	(624)	(26.712)	(139)
Other Operating Costs	(1.146)	(129)	(595)	(119)
<i>of which related parties</i>	(17)	-	(18)	-
Depreciation and Amortization	(10.833)	-	(8.038)	-
Doubtful debt provision	(14)	-	(14)	-
Provisions for risks and charges	0	-	(20)	-
Capitalization of Internal Construction Costs	1.638	-	471	-
EBIT	5.188	(1.373)	9.086	(1.086)
Other Financial Income	46	-	1.091	1.082
Interest Expenses	(2.206)	-	(1.562)	-
<i>of which related parties</i>	(29)	-	(66)	-
FX Gains and Losses	2.619	-	961	-
Profit Before Taxes	5.649	(1.373)	9.576	(4)
Income Taxes	(1.572)	-	(1.880)	
Net Profit (Including Portion Attr. to Minority)	4.076	(1.373)	7.696	(4)
Net Profit Attributable to Minority Interest	0		0	
Net Profit Attributable to the Group	4.076		7.696	

CONSOLIDATED BALANCE SHEET

€/000	At March 31, 2020	At December 31, 2019
Intangible Assets	21.832	21.101
Goodwill	13.360	13.029
Tangible Assets	252.295	251.492
Financial Assets	722	765
<i>of which related parties</i>	313	313
Other Assets	2.189	2.189
Deferred Tax Assets	12.828	13.636
Total Non-Current Assets	303.226	302.212
Inventories	169.733	184.931
Trade Receivable	32.285	24.960
<i>of which related parties</i>	84	69
Financial Current Assets	1.947	1.637
Current Tax Receivables	1.767	1.639
Other Current Assets	12.783	12.126
<i>of which related parties</i>	2.203	2.231
Cash and Cash Equivalents	100.423	90.400
Asset held for sales	-	428
Total Current Assets	318.938	316.120
Total Current Assets	622.164	618.332
Share Capital	49.722	49.722
Reserves	92.612	81.813
Group Net Profit for the year	4.033	10.799
Group Shareholders Equity	146.367	142.335
Net Equity attributable to minority interest	1	1
Net Profit for the year attributable to minority interest	0	-
Total Shareholders Equity	146.368	142.336
Employee Benefits	5.637	5.721
Non-Current Financial Liabilities	308.182	286.970
<i>of which related parties</i>	8.319	9.624
Provisions for Risks and Charges	1.512	1.508
Deferred Tax Liabilities	11.155	10.915
Other Payables	14.746	15.383
Total Non-Current Liabilities	341.232	320.497
Current Financial Liabilities	44.433	54.733
<i>of which related parties</i>	3.446	3.572
Current Tax Payables	1.228	1.127
Trade Payables	66.702	76.089
<i>of which related parties</i>	301	127
Other Liabilities	22.201	23.551
<i>of which related parties</i>	230	236
Total Current Liabilities	134.564	155.499
Total Equity and Liabilities	622.164	618.332

CASH FLOW STATEMENT	At March 31,	At March 31,
<i>€/000</i>	2020	2019
<i>Operation Activities</i>		
Net Profit (Including Portion Attr. to Minority)	4.076	7.696
<i>of which related parties</i>	151	(170)
Income Taxes	1.572	1.880
Other Financial Income	(46)	(1.091)
Interest Expenses	2.206	1.562
<i>of which related parties</i>	29	66
FX (Gains) and Losses	(2.619)	(961)
(Gain)/Loss on non - current asset Disposals	(15)	(249)
Provisions & write-downs	14	34
Amortisation, depreciation & write-downs	10.836	8.038
Non-monetary increase IFRS16	(712)	(28.802)
Cash Flow from Operating Activities Before Changes in NWC	15.312	(11.893)
Change in Inventories	15.198	597
Change in Trade and Other Receivables	(9.386)	(14.429)
<i>of which related parties</i>	174	(337)
Change in Trade and Other Payables	(7.325)	(9.898)
<i>of which related parties</i>	(15)	12
Change in Other Assets/Liabilities	(2.848)	(1.193)
<i>of which related parties</i>	28	26
Net Interest Expenses paid	(2.159)	(703)
Income Taxes paid	-	(31)
Change in Provisions for Risks and Charges	(111)	(212)
Cash Flow from Operating Activities (A)	8.680	(37.762)
<i>Investing activities</i>		
Investment in Tangible Assets	(8.124)	(17.350)
Disposal of Tangible Assets	310	280
Investment in Intangible Assets	(1.498)	(997)
Disposal of Intangible Assets	11	-
Cash Flow used in Investing Activities (B)	(9.300)	(18.067)
<i>Financing Activities</i>		
Increase in no current Loan and borrowing	20.000	-
Decrease in no current Loan and borrowing	(7.966)	(4.413)
Net variation in current financial Assets and Liability	(1.391)	27.432
<i>of which related parties</i>	(1.431)	12.049
Cash Flow from Financing Activities (C)	10.643	23.019
Net Cash Flow of the Year (A)+(B)+(C)	10.023	(32.810)

NET FINANCIAL DEBT €/000	At March 31, At December 31,	
	2020	2019
A. Cash	100.423	90.400
B. Other cash equivalents	-	-
C. Securities held-for-trading	-	-
D. Liquidity (A + B + C)	100.423	90.400
<i>E. Current financial receivables</i>	1.947	1.637
F. Current bank loans and borrowing	(117)	(129)
G. Current portion of non-current loans and borrowing	(36.081)	(46.056)
H. Other current loans and borrowing	(8.235)	(8.547)
<i>I. Current financial debt (F + G + H)</i>	(44.433)	(54.733)
J. Net current financial debt (I + E + D)	57.936	37.304
K. Non-current bank loans and borrowing	(191.858)	(169.796)
L. Bonds issued	(90.406)	(90.458)
M. Other non-current loans and borrowing	(25.876)	(26.619)
N. Non-current financial debt (K + L + M)	(308.140)	(286.874)
O. Net financial debt (J + N)	(250.204)	(249.570)



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