



Investor Presentation AIM Conference 2020

May 25, 2020

Agenda

- **Company at a Glance**
- **FY 2019 Results**
- **Achievements & Covid-19 Heritage**
- **Market & Competitive Positioning**
- **Appendix:**

Business Overview,

History & Financials



Company at a Glance

Company

Marzocchi Pompe is a leading player in the design, production and marketing of high performance external gear pumps and motors, which are used in various sectors: industrial (textile machines, machine tools, plastic injection machines, medical equipment, energy, etc.), mobile (agricultural machines, forklift trucks, etc.) and automotive (transmissions, power steering, attitude adjusters, etc.).

Key success factors

MP boasts a wide range of products well known for its high performance and great reliability, covering most of the market needs in terms of displacements and interfacing. The Company is focused on the production of very small displacement pumps, particularly suitable for automotive applications. A key feature is the continuous investment in R&D aimed at satisfying the customer demand for high performance products.

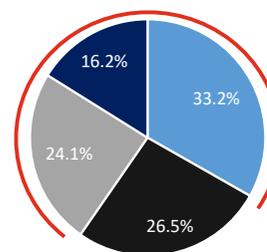
The production of the historical brand «Marzocchi Pompe» is entirely carried out in Italy, in two locations nearby Bologna: Zola Predosa and Casalecchio di Reno, through an extremely verticalized process that allows to keep the product quality under control.

Consolidated financials

€/000	2016	2017	2018	2019
Net sales	30.496	38.636	42.719	40,017
Total revenues	31.684	39.366	44.247	39.256
EBITDA Adjusted	2.626	6.797	7.516	6.267
<i>EBITDA margin adjusted</i>	<i>8,6%</i>	<i>17,6%</i>	<i>17,6%</i>	<i>16,2%</i>
Net income	811	1.955	2.926	203
Equity	10.825	12.796	10.984	18.676
Net Financial Position	13.088	14.437	19.217	12.535

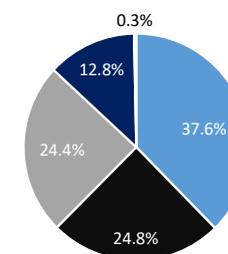
2019 KPI	
	• 1,0 mln pumps produced
	• More than 800 active clients
	• Average employees number: 254

2019 Revenues by market



Core Market

2019 Revenues by geographic area



■ Sales Newtwork ■ Automotive ■ Industrial ■ Mob ■ America ■ Europe ■ Italy ■ Asia ■ Rest of the world

Strategy

Marzocchi Pompe aims to continue:

- to upgrade the production plant in order to expand its capacity and improve efficiency
- to invest in R&D in order to enlarge the product range, consolidating its position in the reference market
- to increase penetration on Mobile and Industrial applications such as the forklift trucks (mobile) and plastic injection machines (industrial)
- to develop innovative products for the Automotive market

Top Management & Shareholders

TOP MANAGEMENT

Paolo MARZOCCHI

*Main Shareholder,
Executive Chairman*



Gabriele BONFIGLIOLI

CEO e General Manager



BOARD OF DIRECTORS

Paolo MARZOCCHI
Executive Chairman

Gabriele BONFIGLIOLI
CEO

Guido NARDI
CFO, Executive Director

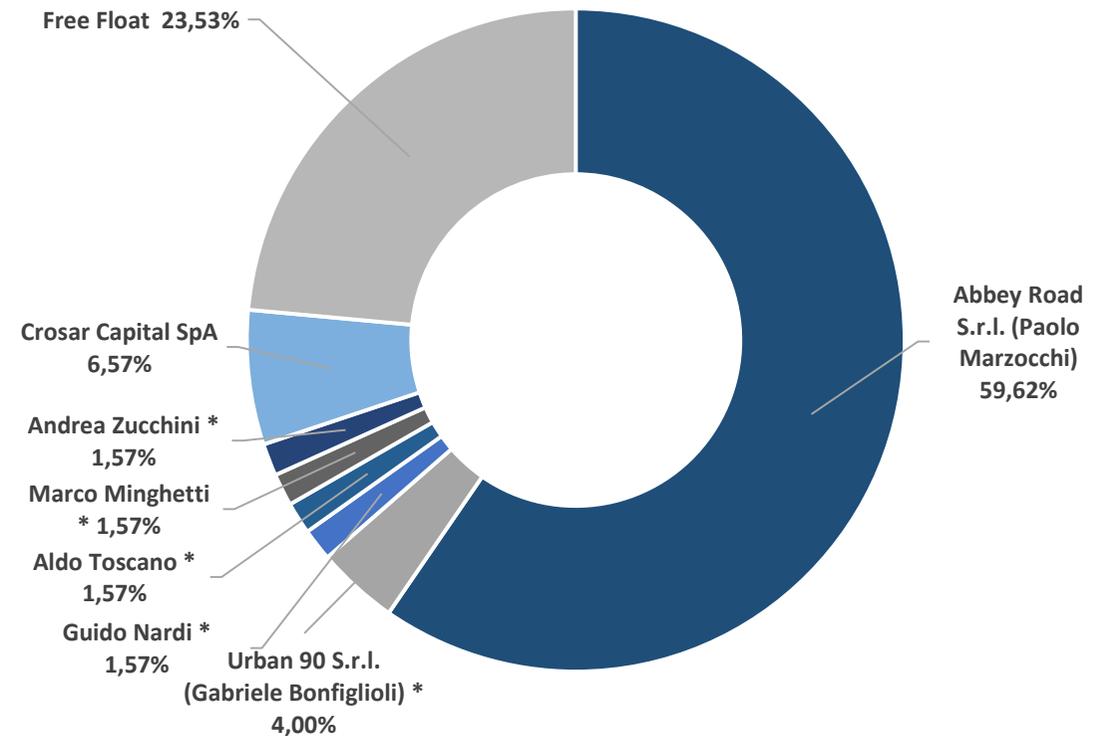
Valentina CAMORANI SCARPA
Board Member

Carlo MARZOCCHI TABACCHI
Board Member

Matteo TAMBURINI
Board Member

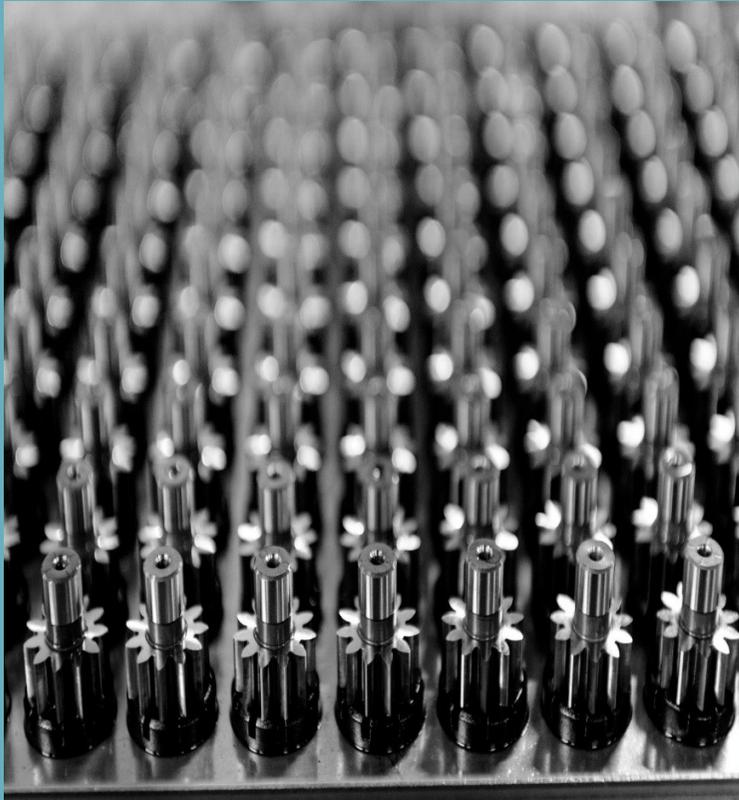
Giuseppe ZOTTOLI
Independent Board Member

SHAREHOLDERS



Note: All shareholders (other than free float) are subject to 24-month lock-up.

** Mr Bonfiglioli, Mr Nardi, Mr Toscano, Mr Minghetti and Mr Zucchini are Marzocchi Pompe's key managers*



FY 2019 Results

FY 2019 Results show business model effectiveness in a tough market

➤ NET SALES ADJ. AT EURO 40.0 MLN (-5% Adj. on 2018)

THE CORE BUSINESS NET SALES (UP 2.3%) BENEFITED BY SLIGHTLY HIGHER VOLUMES BUT WITH A MIX CHANGE TOWARDS SMALLER (AND THEREFORE LOWER PRICE) PUMP. THE AUTOMOTIVE SALES (-20%) WERE HIT BY THE EXPECTED SLOWDOWN OF SOME AUTOMOTIVE CLIENTS AND BY A LOWER DEMAND FROM THE MAIN CLIENT WHICH HOWEVER GRANTS MARZOCCHI POMPE AGREED VOLUMES AND MARGINS, AND THEREFORE THE COVERAGE OF FIXED COSTS

➤ EBITDA MARGIN ADJUSTED AT 16.2% (vs 17.4% in 2018)

GROSS PROFITABILITY WAS HIT BY a) HIGHER STAFF (TECHNICAL & COMMERCIAL) AND PRODUCTION COSTS FOR THE COMPLETION OF THE NEW PRODUCTION DEPARTMENT DESTINED TO “ELIKA” COMBINED WITH b) THE ABOVE MENTIONED CHANGE IN PRODUCT MIX TOWARDS SMALLER PUMPS IN CORE BUSINESS (WITH LOWER MARGINS), ALTHOUGH THE CONTRACT WITH THE MAIN AUTOMOTIVE CLIENT GRANTS MARZOCCHI THE AGREED COVERAGE OF FIXED COSTS

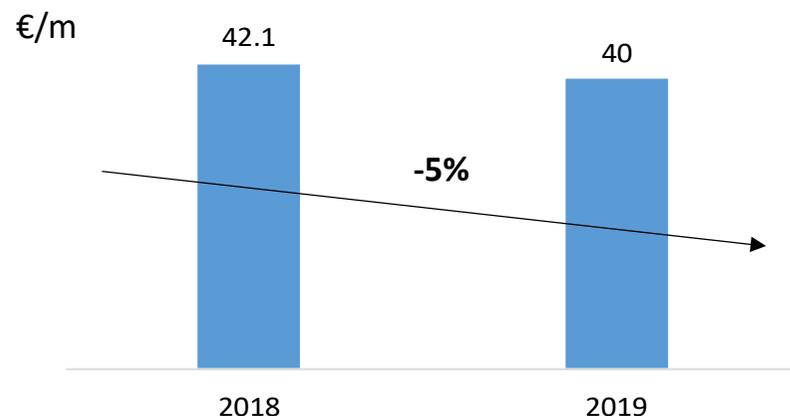
➤ MARZOCCHI POMPE CONFIRMS ITS MARKET LEADERSHIP IN HIGH-PERFORMANCE PRODUCTS

TAILORED MADE ON CUSTOMER NEEDS

WHILE CURRENT COVID-19 EMERGENCY IS PUTTING A BRAKE TO OPERATIONS, THE COMPANY IS VERY WELL POSITIONED (BOTH UNDER THE PRODUCTION AND FINANCIAL STANDPOINT) FOR THE EXPECTED BUSINESS RECOVERY, ALSO CONFIRMING ITS STRATEGY GEARED TOWARDS VALUE CREATION IN THE MEDIUM-LONG RUN, AS A CONFIRM OF THIS, AT DEC. 19 THE NEW ELIKA 1P PUMP WAS PRESENTED

Net Sales Adj. at € 40m, EBITDA margin at 16.2%

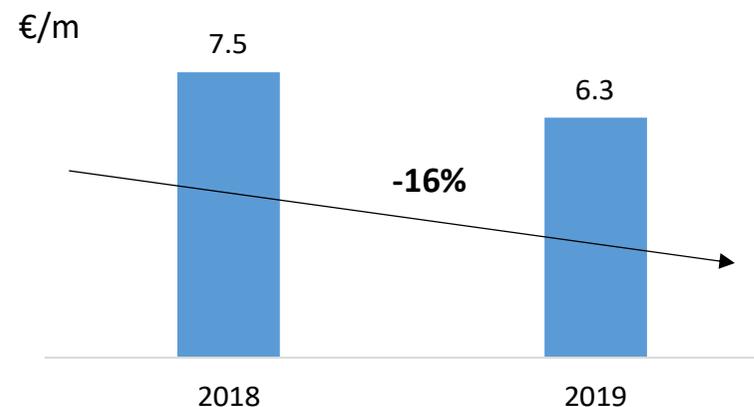
Net Sales Adjusted



Net Sales Adj. reached Euro 40 million in 2019, with a decrease of 5% YoY mainly due to the expected slowdown of the Automotive market (-20%)

EBITDA margin Adjusted was 16.2% vs. 16.9% average in the 2016-2018 period

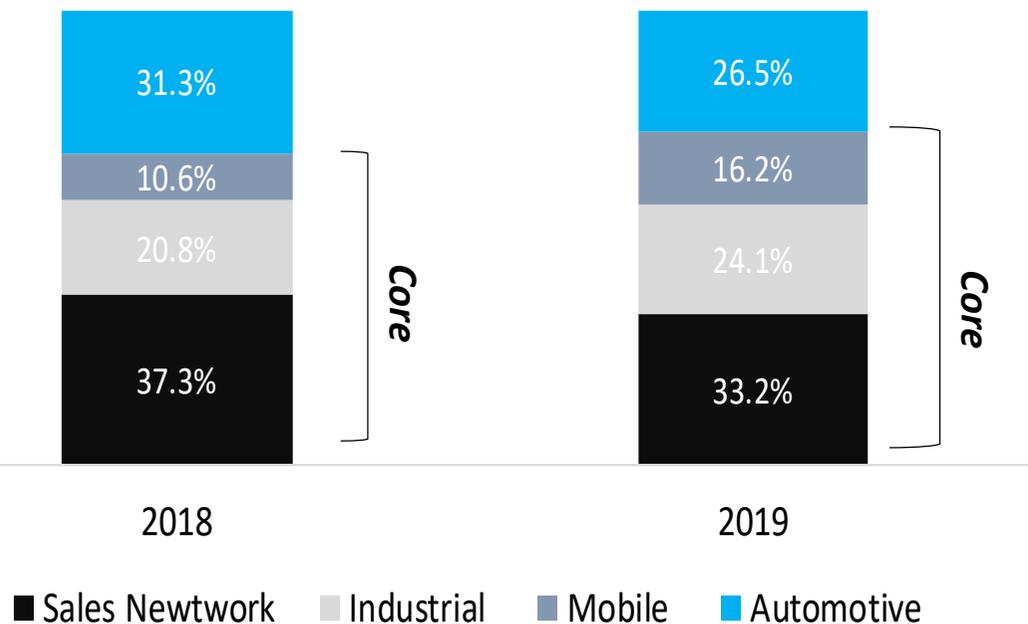
EBITDA Adjusted



EBITDA Adjusted for non-recurring gains slid to Euro 6.3 million (vs Euro 7.5 million in 2018), reflecting a) higher Personnel Costs for staff enforcement in Technical & Commercial areas, b) higher fixed costs related to Automotive production, and c) lower margins following the change of product mix towards smaller pumps in the core business

Core market segments topped 73% of revenues

Revenue Breakdown

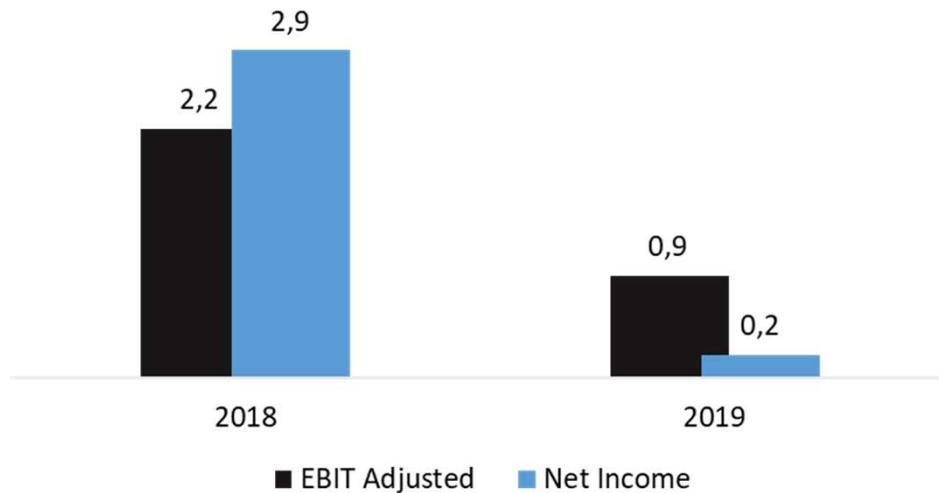


Source: consolidated financial statements

- Revenues by Core market segments (Industrial, Mobile and Sales Network), increased to 73.5% in 2019 vs 68.7% in 2018, reaching Euro 29.4 million, basically flat YoY in a generally tough industrial environment
- Weight of Automotive segment slowed down to 26.5% vs 31.3% in FY18 due to persistent car demand weakness, although margins were kept rather stable by contract safety clause with main clients

EBIT at € 0.9 mln, Net Income at € 0.2 mln

EBIT Adjusted and Net Income

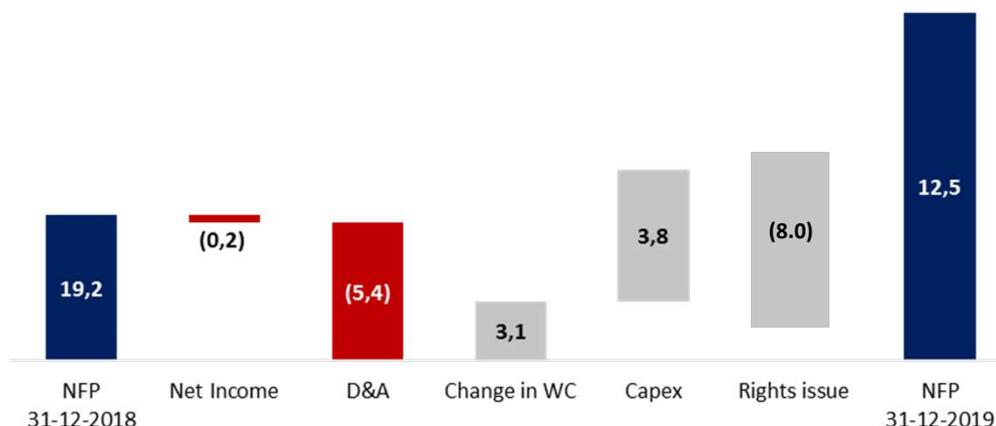


Source: consolidated financial statements

- EBIT Adjusted slowed down to Euro 0.9 million, after Depreciation & Amortization of Euro 5.4 million (vs Euro 5.3 million in 2018) including the amortization generated by the LBO operation (Euro 1.2 million)
- Net Income at Euro 0.2 million also reflected Euro 0.27 million one-off costs related to the re-negotiation of the bank debt related to the LBO financing (at a lower rate thus implying Euro 0.2 million financial charge savings in 2020)

Net Financial Position improved at € 12.5 mln

NFP Evolution



- Net Financial Position improved at year-end to Euro 12.5 million vs Euro 19.2 million at end-2018, following Euro 8.0 million capital increase related to the Listing on AIM Market (managed by Borsa Italiana) in July 2019

- NFP also accounted for Capex of Euro 3.8 million (corresponding to 9% of Revenues, in line with Industrial Plan) and Euro 3.1 million increase in Working Capital (higher Receivables and Inventories due to lower Automotive demand)

Net Financial Position

	2018	2019
	€/000	€/000
Cash	6.473	4.723
Short Term Debt	(6.190)	(5.361)
Short Term Net Financial Debt	283	(637)
Medium Long Term Financial Debt	(19.500)	(11.898)
Net Financial Position	(19.217)	(12.535)

Source: consolidated financial statements

2019 Dividend of € 6 cents / share

- ON 27TH MARCH 2020 MARZOCCHI POMPE BOARD OF DIRECTORS PROPOSED THE DISTRIBUTION OF A GROSS DIVIDEND OF EURO 6 CENTS PER SHARE, FOR A TOTAL DIVIDEND AMOUNT OF EURO 392.325 TO BE COVERED BY EXTRAORDINARY RESERVE
- THE SHAREHOLDERS' MEETING DUE ON 28TH APRIL 2020 APPROVED ITS DISTRIBUTION, THEREFORE THE DIVIDEND WAS PAID AS FROM 6TH MAY 2020, AFTER DETACHMENT OF THE COUPON ON 4TH MAY 2020
- THE DATE OF ENTITLEMENT TO PAYMENT (RECORD DATE) WAS SET AT 5TH MAY 2020



Achievements

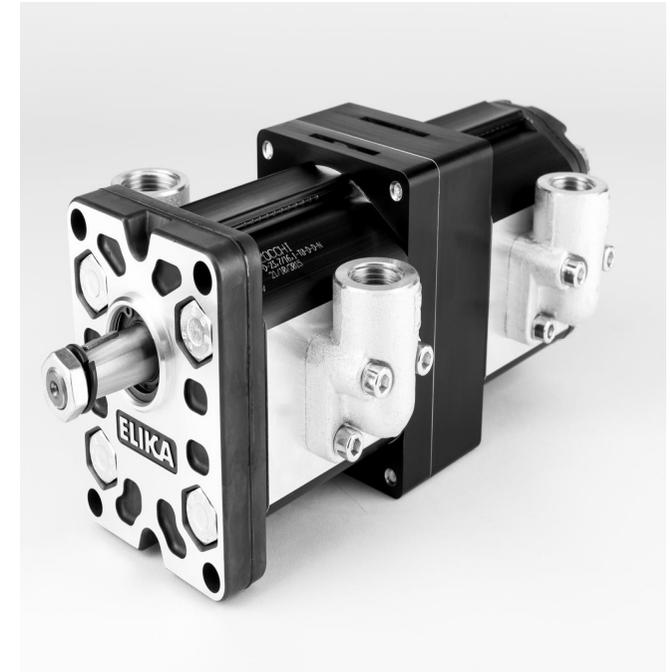
2019 Highlights & Outlook

- ON 16TH JULY 2019 MARZOCCHI POMPE WAS LISTED ON AIM (MARKET FOR SMALL CAPS MANAGED BY BORSA ITALIANA), WITH A MARKET CAPITALIZATION OF EURO 25 MILLION AND A FREE FLOAT OF 23.5%
- AT END-AUGUST THE NEW PRODUCTION DEPARTMENT DESTINED TO ELIKA, THE NEW HIGH-PERFORMANCE PUMP (*see next slide*), WAS COMPLETED
- IN NOVEMBER 2019 MARZOCCHI POMPE SIGNED AN IMPORTANT AGREEMENT WITH A MULTINATIONAL PLAYER LEADER IN THE POWERTRAIN SECTOR, WITH AN ANNUAL TURNOVER OF AROUND EURO 1.5 MILLION STARTING IN THE SECOND HALF OF 2020
- IN DECEMBER 2019 MARZOCCHI POMPE PRESENTED THE BRAND NEW ELIKA 1P PUMP AT THE INTERNATIONAL AUTOMOTIVE “CTI BERLIN SYMPOSIUM”, ONE OF THE MOST IMPORTANT EXHIBITION IN THE WORLD FOR THE AUTOMOTIVE SECTOR
- DESPITE BUSINESS UNCERTAINTIES GENERATED BY THE WORLD PANDEMIC, MARZOCCHI POMPE CAN RELY ON BOTH ITS LEADING PRODUCT RANGE AND ITS HEALTHY FINANCIAL SITUATION THUS BEING READY FOR THE ACTIVITY UPSWING

Focus on ELIKA, the new low noise & high efficiency pump

- THE LAUNCH OF THE NEW ELIKA DEPARTMENT HAS BEEN COMPLETED WITH AN INVESTMENT OF MORE THAN 1 MILLION EUROS IN THE PRODUCTION SITE OF CASALECCHIO (BO)
- COVERED BY TWO PATENTS, ELIKA IS MARZOCCHI POMPE'S FLAGSHIP PRODUCT
- THE TARGET IS TO SATISFY THE GROWING DEMAND FROM THE MARKET REALIZING THE FIRST RESULTS ALREADY BY 2019 & RAMPING UP IN 2020
- AS ALREADY MENTIONED, THE PLANNED RANGE EXTENSION STARTED AT THE END OF '19

"We are very pleased to have completed this first and important piece of our business plan. In 2019 we have already invested over 1 million euros, in a recently renovated area of the historic headquarters of Casalecchio (BO), a new department focused on the production of the ELIKA pump in its various versions. We want to focus on the product, with higher margins than traditional ones, which we believe may be one of our main drivers of growth for the coming years. Also thanks to the proceeds of the listing, in the second half of the year we will continue with further investments, for about half a million euros, aimed at launching new products and increasing the efficiency and productivity of our production sites." declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.



Covid-19: a big preventive effort to minimize the impact on operations

- MARZOCCHI POMPE HAS ALWAYS ADOPTED A VERY CAUTIOUS APPROACH TO SUSTAINABILITY, THUS IT TOOK THE POTENTIAL RISK OF THE COVID-19 VIRUS EXTREMELY SERIOUSLY AT A VERY EARLY STAGE
- FOR BLUE COLLARS IN PARTICULAR THE COMPANY IMMEDIATELY INTRODUCED A NUMBER OF PROTECTION DEVICES AND SANITIZE ACTIONS, WELL AHEAD THEIR COMPULSORY APPLICATION BY LAW
- AT THE SAME TIME WHITE COLLARS WERE SENT HOME TO WORK “SMART” IN AREAS WHERE IT’S POSSIBLE TO OPERATE IN REMOTE
- WITH THE EMPLOYEES’ SAFETY IN MIND, AND THANKS TO AN EXTRAORDINARY EFFORT FROM STAFF, MARZOCCHI POMPE WAS ABLE TO GUARANTEE FULL OPERATIONS AT BOTH CASALECCHIO DI RENO AND ZOLA PREDOSA PLANTS UNTIL 22ND MARCH, WHEN THE ITALIAN GOVERNMENT IMPOSED THE LOCKDOWN
- MARZOCCHI POMPE COULD SHIP ITS PRODUCTS UNTIL 25TH MARCH, THEN PARTIALLY RESUMED ITS PRODUCTION ACTIVITIES ON 14TH APRIL IN ORDER TO ENSURE THE CONTINUITY OF THE SUPPLY CHAIN OF “ESSENTIAL” INDUSTRIES (AS DEFINED BY THE GOVERNMENT DECREE DATED 10TH APRIL 2020)
- SINCE THE LOCKDOWN EXPIRATION ON 4TH MAY, THE COMPANY OPERATES ON A REGULAR BASIS IN BOTH ITS PRODUCTIVE SITES AND INBOUND LOGISTICS AND SHIPMENT CONTINUE AS USUAL

The Covid-19 Heritage: A Great Thanks to all our People

- THE COVID-19 PANDEMIC PUT ENORMOUS PRESSURE ON INDUSTRIAL ACTIVITIES AND ORGANIZATIONS
- AT MARZOCCHI POMPE, OWNERSHIP AND MANAGEMENT ARE FULLY AWARE THAT THE AFOREMENTIONED ACHIEVEMENTS IN TERMS OF BUSINESS CONTINUITY IN SUCH TROUBLED TIMES WERE MADE POSSIBLE ONLY THANKS TO A HIGHLY COMMITTED STAFF
- THE GREATEST THANKS THEREFORE GOES TO ALL WORKERS FOR THEIR SENSE OF RESPONSIBILITY AND SPIRIT OF BELONGING TO MARZOCCHI POMPE

"Despite the difficult situation we are all experiencing, even in recent weeks we have seen encouraging signs from our customers. Once again I would like to thank our entire team, which has shown itself to be compact and ready to face, as always, and even more than ever, this phase of restarting with great enthusiasm and dedication." declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe at the re-opening on 4th May 2020.

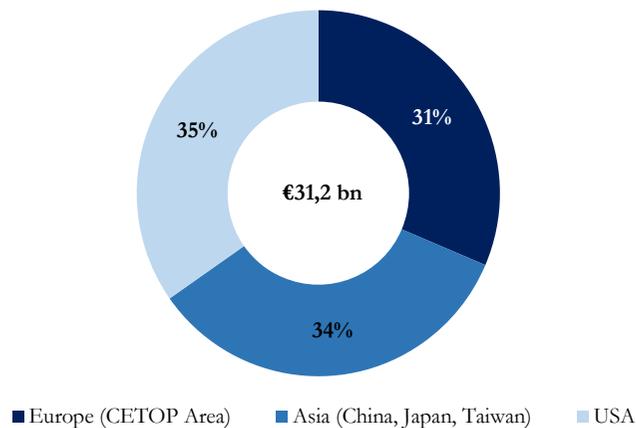


Market & Competitive Positioning

Fluid Power market and growth forecasts

The Fluid Power market is made up by the hydraulic segment and the pneumatic segment. In Asia, Europe and USA the Fluid Power *home*¹ market went from Euro 25,7 billions in 2000, to around Euro 43,6 billions in 2017, of which Euro 31,2 billion (72%) stemming from the hydraulic sector, and Euro 12,3 billion (28%) from the pneumatic sector (Source: ISC² – World Fluid Power Summit 2017 e Statistics Results 2017). In Italy, the Fluid Power market in 2017 was estimated to be around Euro 2,2 billion, of which Euro 1,4 billion (63%) stemming from the hydraulic sector, and Euro 0,8 billion (37%) from the pneumatic sector. (Source: Assofluid – Il Fluid Power in Italia, Rapporto di settore 2017). Below is given a geographic breakdown of the *home* hydraulic market, estimated by ISC, and the weighted growth forecast for the hydraulic end-use markets, published by Oxford Economics.

Hydraulic market – geographic breakdown



Source: CETOP³– ISC Statistics Results 2017

Hydraulic end - use markets' forecasts

Weighted growth forecasts for hydraulic end-use markets

Annual percentage changes	2017	2018f	2019f	2020f	2021f	2022f	Average '18-'22
North America	7,6%	5,2%	3,8%	2,3%	1,9%	2,2%	3,1%
South America	3,8%	11,4%	3,3%	2,7%	2,6%	2,8%	4,6%
Europe	7,3%	5,3%	2,1%	1,6%	1,2%	1,0%	2,2%
Asia	8,3%	3,5%	3,1%	2,3%	2,8%	2,8%	2,9%
Middle East & Africa	6,0%	1,7%	3,6%	3,0%	3,4%	3,4%	3,0%
World	8,2%	4,6%	3,1%	2,2%	2,2%	2,3%	2,9%

Notes: World and regional aggregates consist of the 21 countries included within the analysis

Source: Oxford Economics – National Fluid Power Association, Industry and Economic Outlook conference - August 2018

Note (1) The *Home Market* concept is used, as explained by CETOP on the report *European Fluid Power Directory 2017/2018*, for the market estimates in order to cover all of the fluid power market, and not exclusively that segment covered by companies which are part of the organization. For statistic's sake, the country where the product was built is irrelevant, while the country where the product was sold is considered.

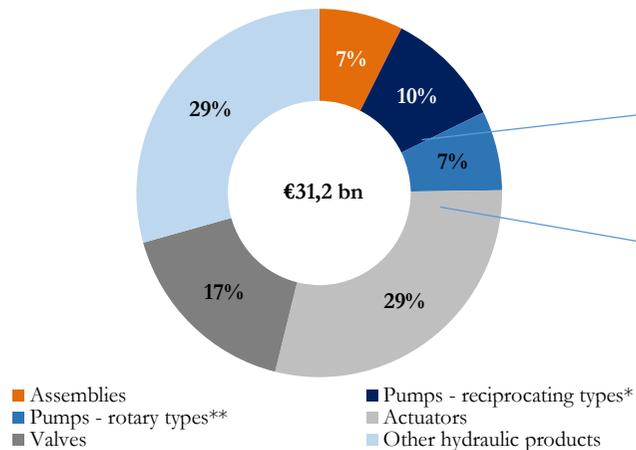
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

Note (3) CETOP - *European Fluid Power Committee* – is an organization of associations present in 17 European countries and representing more than 1.000 companies operating Fluid Power, representing 80 to 90% of the country's industry, most of the times.

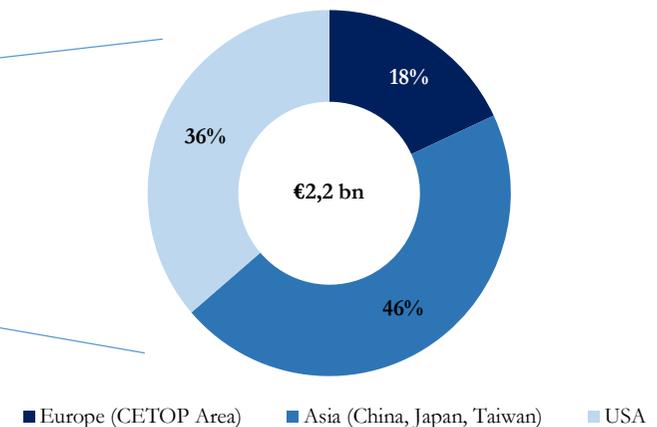
Focus on hydraulic pumps' market

Within the Hydraulic *home*¹ market, the pumps' segment is estimated by ISC to be around Euro 5,4 billion in 2017 (17%), of which Euro 3,2 billion (10%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and Euro 2,2 billion (7%) from the rotary pumps' segment (gear, vane, orbital, screw and other types of pumps). Focusing on the rotary pumps sector, in which MP operates, Asia stands out as the main marketplace with around Euro 1 billion (46%) activity, followed by USA, with Euro 0,8 billion (36%), and Europe with Euro 0,4 billion (18%).

Hydraulic market - breakdown per product



Rotary pumps' global market



* Reciprocating types: axial and radial piston; ** Rotary types: gear, vane, orbital, screw and other types of pumps.
 Source: CETOP³ – ISC Statistics Results 2017

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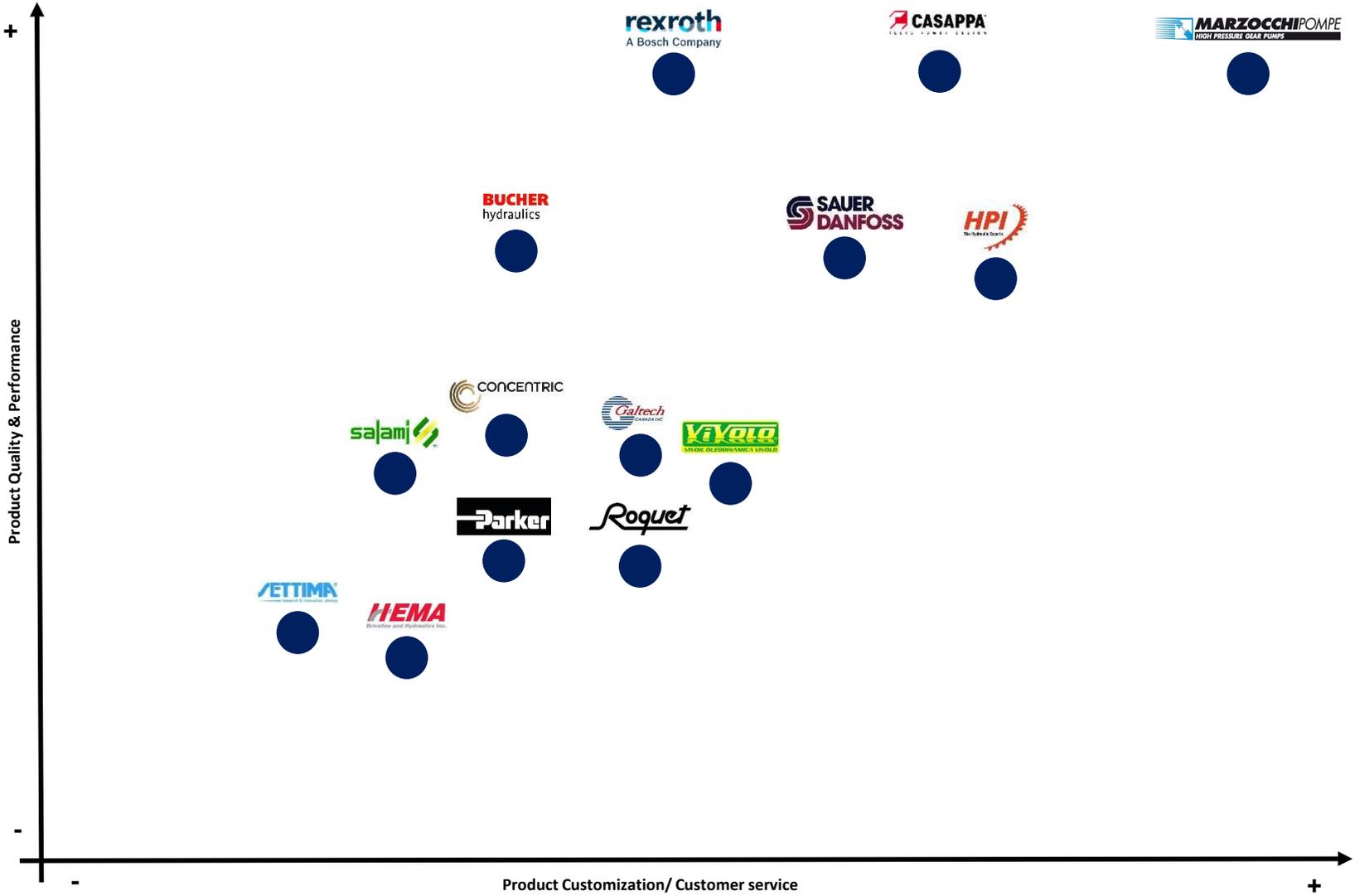
Competitive positioning

Characteristic Company	Quality & Performance	Customer service	Ampiezza gamma pompe a ingranaggi	Ampiezza gamma Fluid Power	Customization	Competitività prezzo	Quality vs Price
Marzocchi Pompe	High	High	High	Medium - high	High	Medium	High
Bosch Rexroth	High	Medium - high	High	High	Medium - high	Medium	High
Bucher	Medium - high	Medium	Medium - high	Medium - high	Medium	Medium - high	Medium
Casappa	Medium - high	Medium - high	High	Medium - high	Medium - high	Medium - high	Medium - high
Concentric	Medium	Medium	Medium - high	Medium - high	Medium	Medium	Medium
Galtech/Interpump	Medium	Medium	Medium - high	Medium - high	Medium	Medium - high	Medium - high
Hema / DB	Medium - high	Medium - high	Medium	Medium	Medium	High	Medium - high
HPI / JTech	Medium - high	Medium - high	Medium - high	Medium - high	Medium	Medium	Medium
Parker	Medium	Medium	Medium - high	High	Medium - high	Medium - high	Medium
Roquet	Medium	Medium	Medium	Medium - high	Medium	Medium - high	Medium - high
Salami	Medium	Medium - high	Medium	Medium	Medium	Medium - high	Medium
Turolla/Sauer Danfoss	Medium - high	Medium - high	Medium - high	Medium - high	Medium	Medium - high	Medium - high
Settima	Medium - high	Medium - high	Medium - high	Medium - high	Medium - high	Medium - high	Medium
Vivoil	Medium	Medium	Medium - high	Medium - high	Medium	Medium	High

Source: Marzocchi Pompe SpA management estimates

Legend: ● High ◐ Medium - high ◑ Medium ◒ Low

Leadership in external gear pumps market



Source: Marzocchi Pompe SpA management estimates



Appendix

MP core business: manufacturing of external gear pumps and motors

- The pumps have the function of transferring the fluid from a tank to an actuator within an oil-hydraulic circuit. (for example a cylinder that drives the shovel of an excavator). This transfer from the suction circuit to the delivery circuit occurs through the rotation of the two toothed wheels (the so-called "gears") inserted in the pump body, which is realized through the coupling with an endothermic motor or an electric motor. The oil that is transferred is located between the teeth compartments of the gear wheels and the pump body. The pressure that is created in the flow circuit downstream of the pump is proportional to the load determined by use.
- MP produces external gear pumps with straight teeth with an involute profile and helical rotor pumps with a conjugate profile. Both are part of the group of pumps called "volumetric", to which vane pumps, internal gear pumps and screw pumps also belong. The piston pumps also belong to the same category, which differ from the previous ones for the alternative movement instead of the rotary one.
- The gear motor is the actuator that transforms the hydraulic energy supplied by the pump into mechanical energy, creating a rotary motion with a defined number of revolutions and supplying a certain torque to the shaft on which mechanical systems such as fans and pulleys are connected.

Range of external gear pumps and motors by MP



Automotive customization

Regarding the micro-hydraulics (displacements starting from 0.12 cc per revolution) the Company has created customizations specifically for the automotive sector based on the needs and requirements of its customers



Focus on Elika product

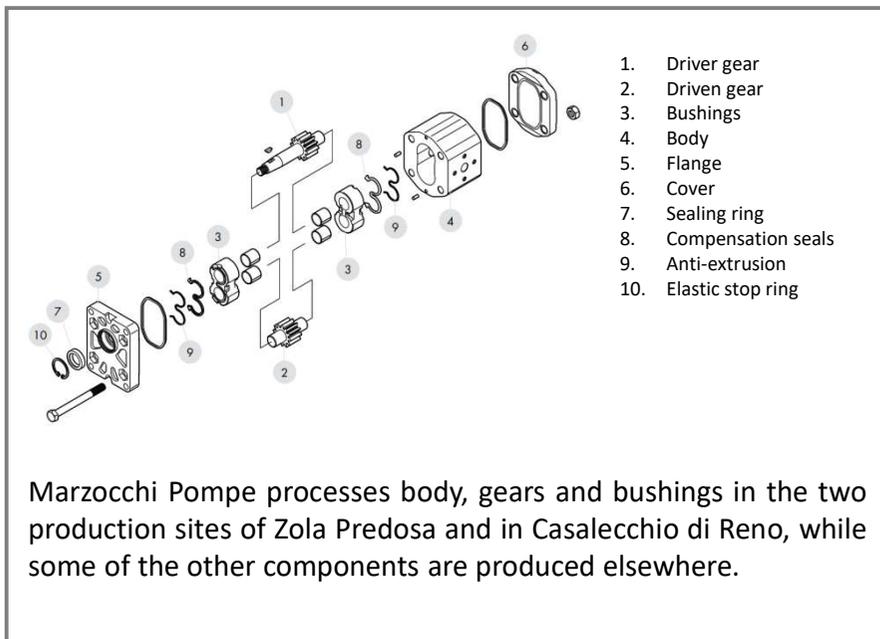
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



Overview of pump composition and application examples

The pumps are composed of the following main parts: body, flange, cover and bushings in aluminium, and gears (driving and driven wheel) in steel. For some types of products, the flange and the cover can be made out of cast iron. Further components can also be integrated (for example valves), which vary depending on the type of product and customization requirements by the customer.

Basic pump components



Examples of application of MP products

Industrial

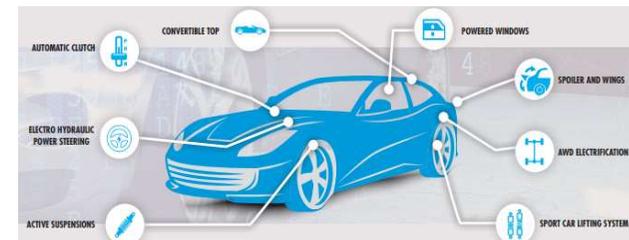


Mobile



In the mobile segment, the ELIKA product received the «Technical Reporting» award during the last Eima, one of the most important agricultural machinery fairs worldwide.

Automotive



Product applications



Medical equipment

Actuators for surgical tables, diagnostic equipment, latest-generation stretchers, dental chairs: in general, for small medical equipment, where reliability and silence are necessary.



Industrial

Fixed applications (eg presses, machine tools, etc.) that require hydraulic power units with high performance levels. This sector was among the first that the company positioned itself in.



Agricultural machinery

Even in agricultural machinery there is an important evolution in terms of hydraulic systems. Increasingly high performance and low noise levels are required.

MICRO-HYDRAULICS



Micro-hydraulics

MP is specialized in the production of very low displacement pumps, which require a high technological level to obtain high efficiency standards.



Machinery and equipment for *material handling*

Even for these type of machines, very often used inside production facilities, low noise levels are increasingly required in addition to high efficiency standard.



Marine

There are many pump applications in the nautical sector: movable bulkheads, thrusters, opening and closing valves, flap drives, boarding and disembarking ladders, piloting systems.



Gardening machines

In this type of application it is essential that oil-hydraulic pumps and motors guarantee the complete absence of contamination.



Construction machinery

Extreme flexibility in terms of interface versions (shafts, ports, flanges, etc.) and very high reliability are the features required by this market.



Means of transport

Brake systems for trams and city trains as well as for airport vehicles. In a world that makes mobility an irreplaceable necessity, products that guarantee the highest level of reliability and safety are in high demand.



Municipality

Municipality issues require a very wide range of products, all with maximum reliability.



Automotive

Even in electric cars, small displacements gear pumps are increasingly used in many applications such as: powertrain, power steering, attitude regulators (with PPM of defectiveness tending to zero).



New energy sources

In these applications, such as wind and solar, the compatibility with the environment is of fundamental importance.

Technological innovation and quality standards

The Group's business model is focused on the design, production and marketing of high performance external gear pumps and motors. The Company manufactures almost all the main components within its own production sites and uses the historical brand “Marzocchi Pompe”, which is highly recognizable in the sector.

Automated and highly innovative production process

- Technologically advanced production process with a high degree of automation
- Strategic phases of the production process entirely managed in house
- Internal department dedicated to the design and production of equipment and machinery for the internal production needs
- Application of the concepts of lean production, with the aim of maximizing efficiency while minimizing stocks

Continuous product and process innovation

- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency . In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
 - its wide range of products’ cubic capacities (from 0.12 cc to 200 cc)
 - the high performances of its products, with particular reference to the micro hydraulics field (displacements starting from 0.12 cc)
 - the patented ELIKA product, low noise pump, high efficiency even at low speed and flow rate regularity due to low pulsations

Focus on quality and excellence

- *Made in Italy* product
- High quality standards
- IATF 16949 (formerly ISO TS) certifications (required for the supply of Automotive customers) and ISO 14001 for the plant in Zola Predosa (BO), and ISO 9001 for the plant in Casalecchio di Reno
- 100% qualified product ensured by a test carried out on specifically designed test benches

Target markets

Core market's revenues include Industrial and Mobile machines applications and represent 73,5% of total 2019 revenues, including sales to distributors /sales network, which alone contribute to 33,2% of MP's total sales(*)

FLUID POWER

Core



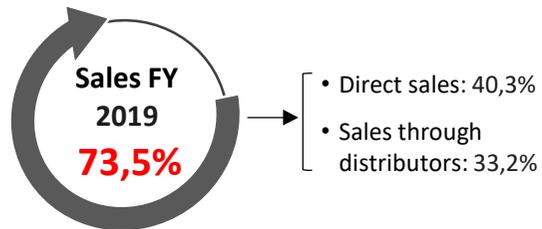
Industrial

Possible applications:

- Textile Machinery
- Machine tools
- Plastic Injection Machines
- Machines utilized in energy sector, especially renewable (wind, solar)

Clientele:

- Original equipment manufacturer



Mobile Machines

Possible applications:

- Earthmoving machinery
- Agricultural machinery
- Forklifts
- Gardening machinery

Clientele:

- Original equipment manufacturer



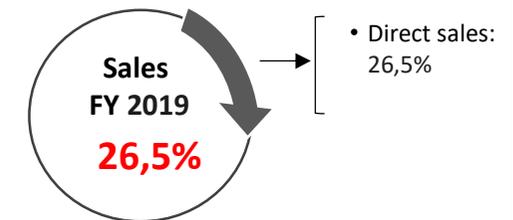
Automotive

Possible applications:

- Powertrain
- Power steering
- Asset regulators
- Suspensions

Clientele:

- Tier 1 supplier



(*) The industrial and mobile machines sectors are served by MP both directly, through direct sales, and indirectly, through a distributors' channel/external sales network; the share of sales registered from the sales network can't be attributed to either sector, industrial or mobile machines

Main client composition

- The company benefits from a diversified client base for the Industrial and Mobile machine sectors, having their top 3 clients making up only 9,9% of sales and the top 10 representing 25,2%. The Automotive sector, on the other hand, has fewer clients making up for most of its' sales. In total, the company counts more than 800 active clients
- The following table reports the weight on consolidated revenues of the top 3 and 10 clients for both sectors (Industrial & Mobile and Automotive, accounting for 73,5% and 26,5% of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2019

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2019	%	Revenues 2019	%
Top 3	2,91 mln	9,9%	10,60 mln	100,0%
Top 10	7,41 mln	25,2%	10,60 mln	100,0%
Total	29,42 mln	100,0%	10,60 mln	100,0%

Note (1): Consolidated data.

Note (2): Revenues from distributors' included.

99% of automotive' s revenues are made from sales to only one client, with whom MP subscribed, on October 2014, a multi-year contract that will expire on December 31st 2022. The contract guarantees the supply of micro-pumps by MP, with the following clauses:

- Minimum order volume, with penalties for violation of amount
- Pre-established price, mainly based on volumes ordered
- Price-adjustment according to previously established mechanisms, based on current raw materials' prices

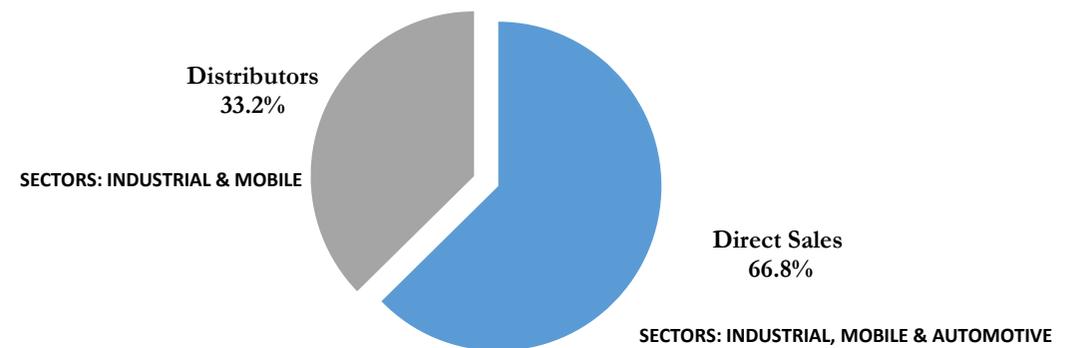
Global distribution network

Marzocchi Pompe relies on an international distribution network present in **over 50 countries**. Products are distributed through various channels, such as direct sales, distributors' sales¹, American branch operations and Chinese branch operations

Distribution network's highlights

- Direct sales and sales through distributors, covering the global market (excluding North America and Far East) are managed by a dedicated internal salesperson, the Area Manager. There are currently 4 Area Managers operating:
 - 1 Area Manager for the Industrial sector
 - 1 Area Manager for the Mobile machinery sector
 - 1 Area Manager for the Distributors' operations
 - 1 Area Manager responsible for the Italian market, coordinating a network of 7 salesmen
- Direct influence on U.S. and Far East markets through the branches Marzocchi USA and Marzocchi Shanghai
- Renowned and large international network of distributors and re-sellers, selected based on their medium-high positioning, outstanding product quality, and high visibility of sold brands.

2019 sales breakdown per selling channels*



*Consolidated data FY2019

Nota (1): the term "distributors" describes those subjects that purchase MP's products and then re-sell them, establishing a prolonged business relationship with the company

Investment highlights

Large target market experiencing growth

- The Hydraulic market is large, estimated to be around Euro 8.8 billions in 2016 in Europe (Source: CETOP) and Euro 2.6 billion in 2017 in Italy (Source: Assofluid)
- Evidence of upward trend of Italian hydraulic market in the 2009-2017 period, with an increase of 14,2% in production from 2016 to 2017

Wide range of product applications

- Countless possibilities in terms of MP's pumps' and motors' applications, thanks to the company's versatility and product personalization options

Business model geared towards innovation

- Production process relies on high-tech machinery and extensive use of automation
- Internalization of strategic production process, guaranteeing constant monitoring and high-quality standards
- Continuous product innovation, as it can be seen with ELIKA, one of MP's pumps covered by two patents, which stands out for its outstanding technological level that allows it to have low noise emissions and low pulsations, but high efficiency

High profitability and cash flow generation

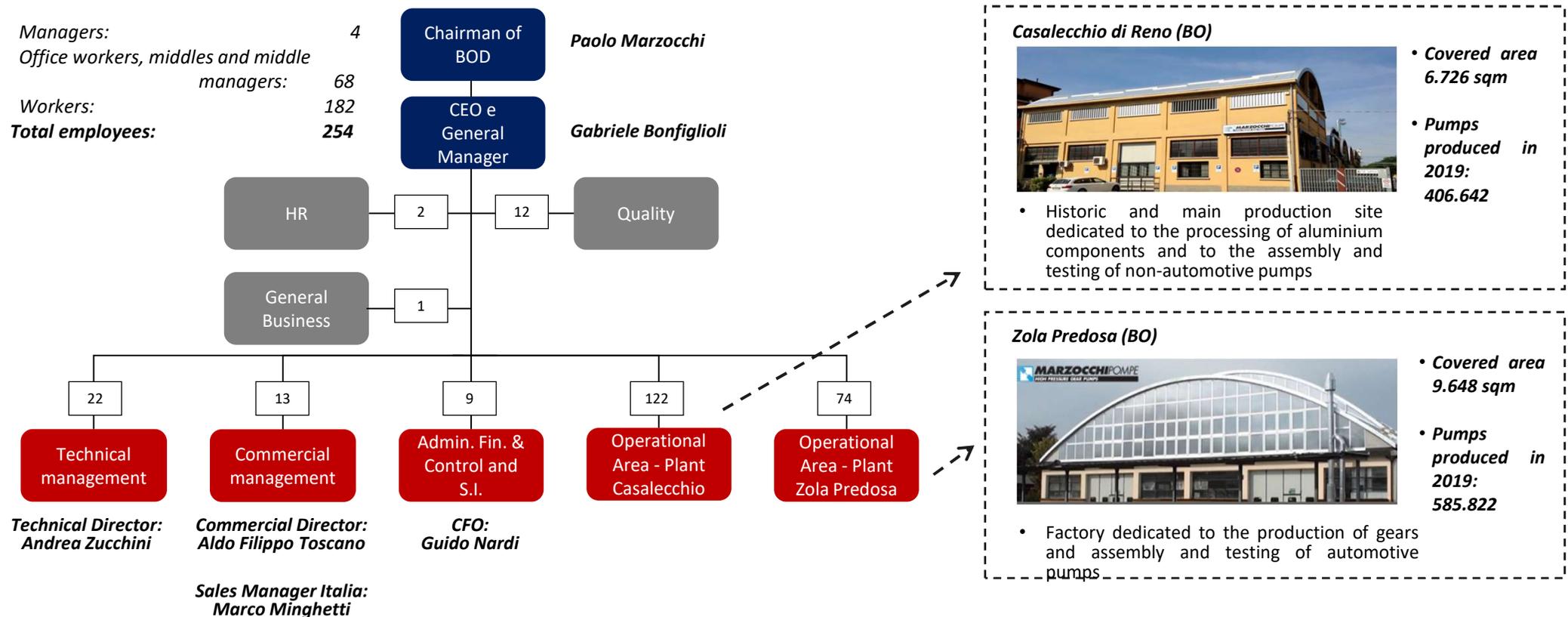
- EBITDA margin at 16,2% in 2019, in line with 16,9% for the period 2016-2018
- High operating cash flow (4M€ in 2019)

Esteemed execution capabilities

- Renowned production ability for customized products
- High standards on quality, reliability and product performance
- Highly responsive customer service, and competent assistance in pre- and post-order phases

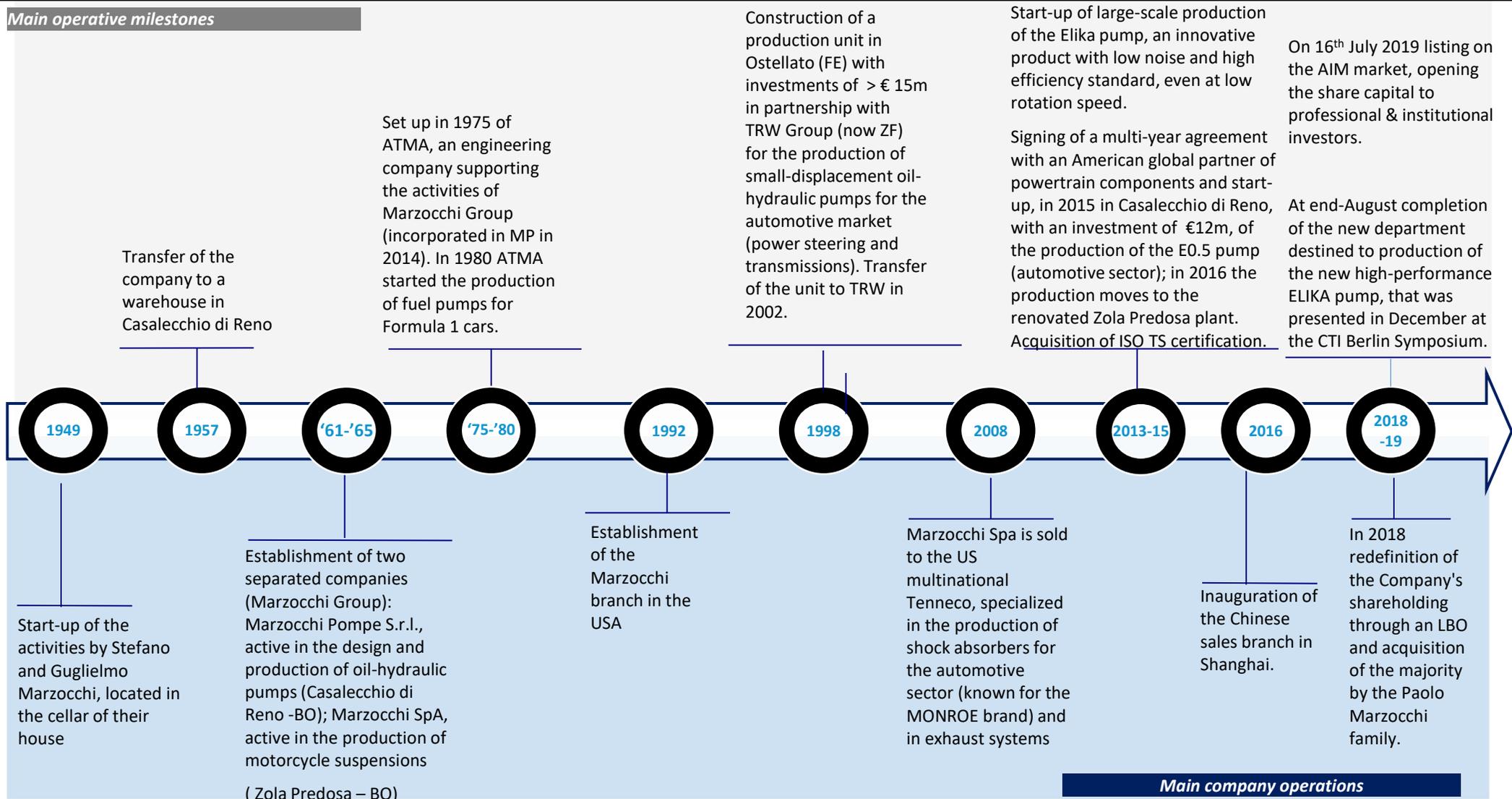
Organizational structure and production sites

- Marzocchi Pompe can count on a team of professionals with consolidated experience. As of 31 December 2019 the workforce consists of **254 resources** (of which 252 are permanent employees), with a heterogeneous background of professional skills that strengthens the efficiency of the work team. The resources operate in two production sites, directly owned by the company, located in Casalecchio di Reno (BO) and Zola Predosa (BO).
- To this date, MP can be defined as a true "pocket multinational", meeting best standard of Made in Italy and excellence.



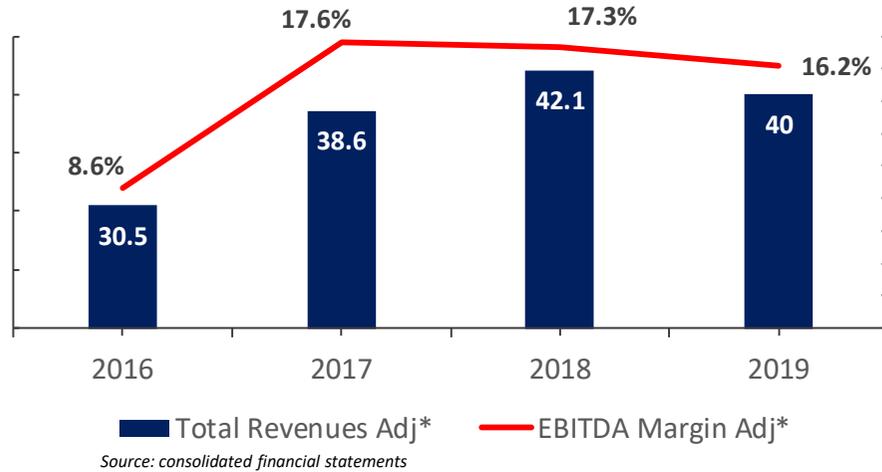
History

Main operative milestones

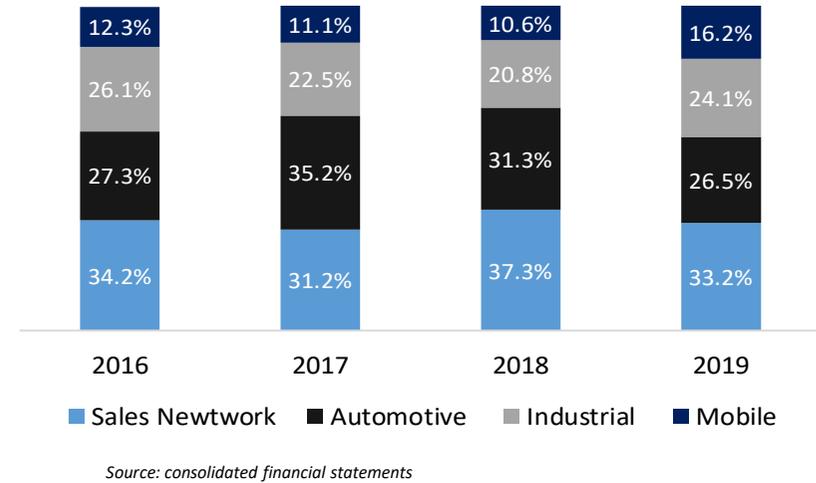


Financial highlights 2016-2019 (1/2)

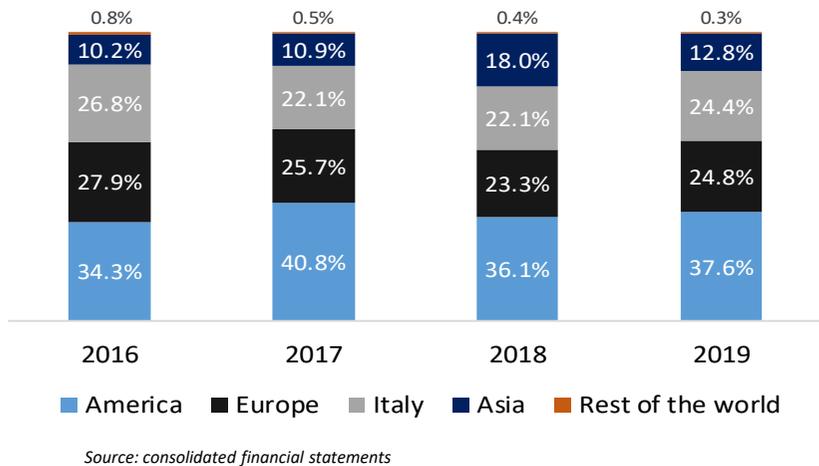
Evolution of revenues and EBITDA margin



Market segment distribution of 2016-2019 Revenues



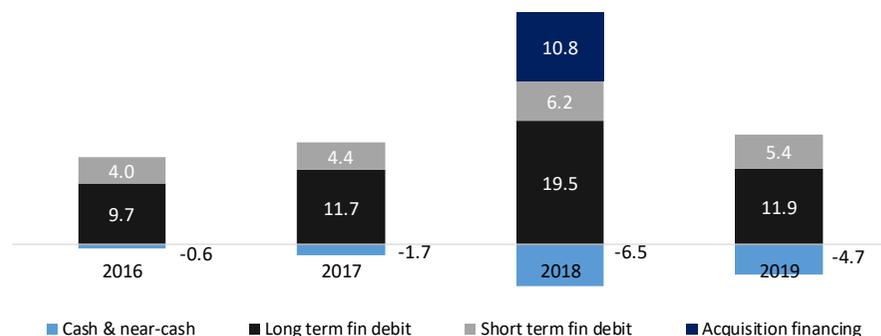
Geographic distribution of 2016-2019 Revenues



- Revenues increased from Euro 30,5 million in 2016 to Euro 40 million in 2019 (+31%, with a 3-year CAGR of 18%)
- EBITDA adjusted for non-recurring and extraordinary gains
- Contribution to total revenues by core market segments (Industrial and Mobile) increased from 64,8% in 2017 to 73,5% in 2019
- USA represents an important strategic market for MP (over 37% of sales come from the area); while weight of Asian market returned to some 12% after increasing by around 7% in 2018, due to the effect of a one-time significant sale

Financial highlights 2016-2019 (2/2)

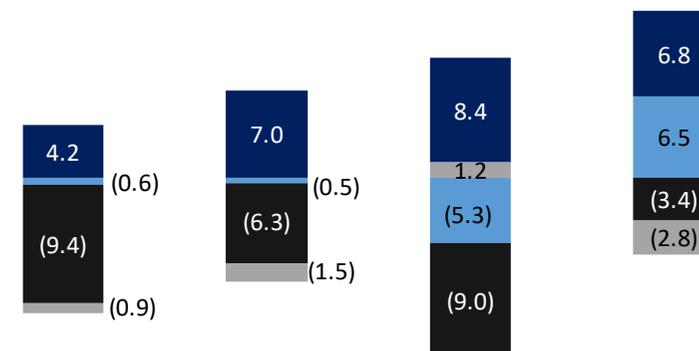
Net Financial Position Evolution



Source: consolidated financial statements

- In 2018 Net financial position has increased from 2017 due to Leverage Buy Out's effects (LBO), financed through acquisition financing of Euro 12.5 million (initial amount), granted by Banca di Bologna
- At end 2019 Net financial position dropped to Euro 12.5 million debt after cash-in of Euro 8 million following the rights issue for the AIM listing in July 2019

Cash Flow breakdown



Source: consolidated financial statements

- Operating cash flow before NWC changes has increased in the past three years, slowing down in 2019
- Cash flow from investing activities in 2018 traceable to the increase in Tangible Assets, due to the effect of the purchase price allocation during the LBO operation
- Cash flow from financial activities in 2018 is a consequence of interest expenses (Euro -0,6 million) and equity book value reduction (Euro -4,7 million) due to LBO's accounting effect

Consolidated Profit & Loss (Adjusted)

€000	31-Dec-19		31-Dec-18	
Adj. sales revenue	40,017	100%	42,089	100%
WIP changes	(1,433)		1,109	
Adj. revenue from production and sales	38,584		43,197	
Other adj. revenue	672		238	
Adj. PRODUCTION VALUE	39,256		43,435	
Raw materials consumption	(8,350)	(21.6%)	(10,179)	(23.6%)
Adj. service costs	(10,675)	(27.7%)	(12,010)	(27.8%)
Costs for use of third-party goods	(336)	(0.9%)	(385)	(0.9%)
Various operating costs	(334)	(0.9%)	(270)	(0.6%)
Adj. VALUE ADDED	19,561	50.70%	20,590	47.67%
Staff costs	(13,294)	(34.5%)	(13,075)	(30.3%)
Adj. EBITDA	6,267	16.24%	7,515	17.40%
Depreciation, amortisations and write-downs	(5,361)	(13.9%)	(5,269)	(12.2%)
Adj. OPERATING PROFIT (EBIT)	906	2.35%	2,247	5.20%
<i>non-recurring income and charges</i>	(169)	(0.4%)	1,611	3.73%
financial income and charges	(669)	(1.7%)	(553)	(1.3%)
financial value adjustments	(104)	(0.3%)	118	0.27%
EARNINGS BEFORE TAX	(36)	(0.1%)	3,423	7.92%
Income tax for the year	239	0.62%	(496)	(1.1%)
NET INCOME	203	0.53%	2,926	6.77%

(National accounting standards + IFRS 16 – Leases)

Note: Adj sales revenue are net of non-recurring income and expenses (in the financial year 2019, adjustment of the item "Other revenue" amounting to €106,000 for charges to customers for contributions to product development; in the year 2018, adjustment for totals €1,611,000 for non-recurring public contributions, extraordinary sale of moulds and extra revenue from recovering a receivable from our Asian counterpart.)

Consolidated Balance Sheet (Adjusted)

€000	31-Dec-19	31-Dec-18
A) NET FIXED ASSETS	26,105	27,782
Intangible fixed assets	1,405	687
Tangible fixed assets	23,465	25,755
Financial fixed assets	1,236	1,341
B) NET WORKING CAPITAL	6,787	4,171
Inventories	8,119	9,311
Advances from customers	(23)	(102)
Trade receivables	7,868	6,320
Other receivables	1,363	1,325
Trade payables	(4,555)	(6,006)
Other payables	(2,929)	(3,513)
Provisions for risks and charges	(2,770)	(2,547)
Other assets/liabilities	(285)	(617)
C) GROSS INVESTED CAPITAL	32,893	31,953
D) EMPLOYEE SEVERANCE PAY	(1,681)	(1,752)
E) NET INVESTED CAPITAL	31,212	30,201
covered by		
F) EQUITY	(18,676)	(10,984)
G) NET FINANCIAL POSITION	(12,535)	(19,217)
Medium/long-term financial payables	(11,898)	(19,500)
Short-term financial payables	(5,361)	(6,190)
Cash and cash equivalents	4,723	6,473
H) TOTAL HEDGES	(31,212)	(30,201)

(National accounting standards + IFRS 16 - Leases)

Consolidated Cash Flow Statement (Adjusted)

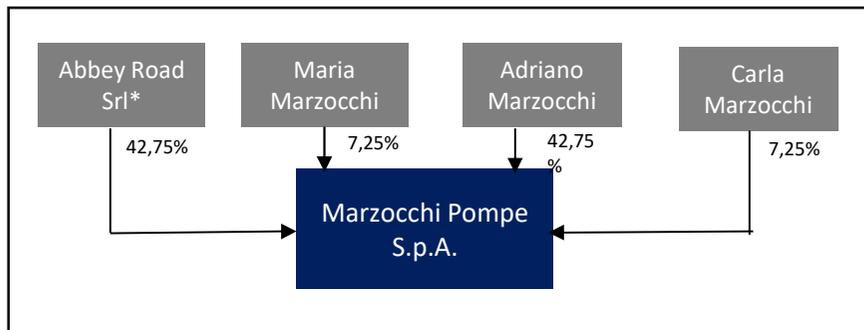
€000	2019	2018
Operating profit (EBIT)	1,012	3,858
Tax effect	239	(496)
Change in funds	153	(269)
Provisions and write-downs	5,361	5,269
Income cash flow	6,765	8,361
Changes in working capital		
Inventories	1,192	(1,385)
Trade receivables	(1,547)	2,036
Other receivables	(38)	(267)
Trade payables	(1,451)	163
Other payables	(995)	609
Changes in working capital	(2,840)	1,156
Operating cash flow	3,926	9,518
Net tangible & intangible investments	(3,789)	(8,985)
Change other fixed assets	105	(139)
Financial value adjustments	(104)	118
Cash flow from investing activity	(3,789)	(9,006)
Financial charges/income	(944)	(553)
Share capital increases/(decreases)		0
Other equity changes	7,489	(4,738)
Cash flow from financial activities	6,545	(5,291)
Net cash flow	6,682	(4,780)
Start-of-period cash or (exposure)	(19,217)	(14,437)
End-of-period cash or (exposure)	(12,535)	(19,217)
Net cash increase (decrease)	6,682	(4,780)

(National accounting standards + IFRS 16 - Leases)

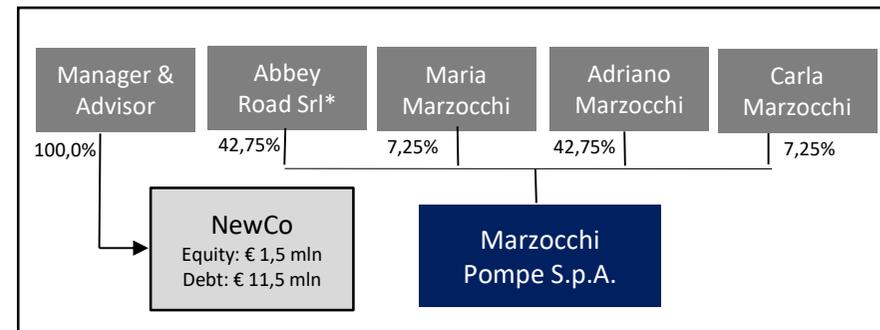
Focus on LBO

During 2018 the company underwent a restructuring procedure that modified the shareholding structure. As of today, the company is owned by Paolo Marzocchi. The operation was completed through the creation of a financial debt with Banca di Bologna, which allowed the release of some shareholders and ease the access of a new group of shareholders formed by the company's managers and a third partner, Crosar Capital, advisor of the operation and of the subsequent IPO.

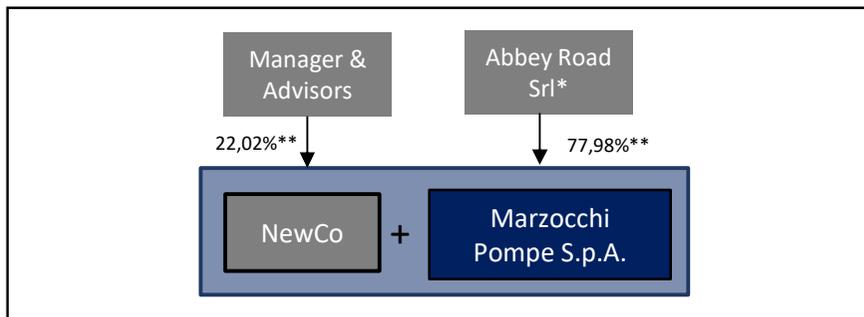
1 Shareholding Marzocchi Pompe pre-LBO



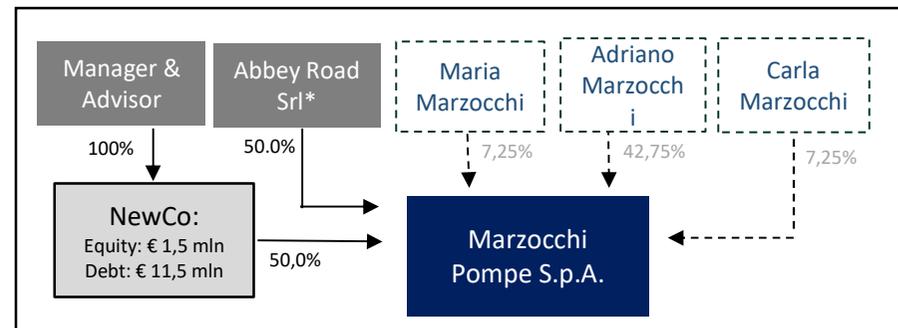
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



4 NewCo reverse merge into Marzocchi Pompe



3 NewCo acquires 50% of MP from Adriano and Carla Marzocchi for Euro 12,5 mil; Paolo Marzocchi acquires 7,5% of MP from Maria Marzocchi



*Abbey Road Srl is owned by Paolo Marzocchi (99,5%) and his nephew Marco Camorani Scarpa (0,5%)

** 89% of Marzocchi Pompe SpA shares is pledged to Banca of Bologna

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