



1H-2019 RESULTS PRESENTATION

Milan, October 9, 2019

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Agenda

- ❑ Company at a Glance
- ❑ 1H 2019 Results
- ❑ Achievements
- ❑ Market & Competitive Positioning
- ❑ Appendix
 - Business Overview



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 factors for success

MP boasts a wide product range 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 higher performance products.

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

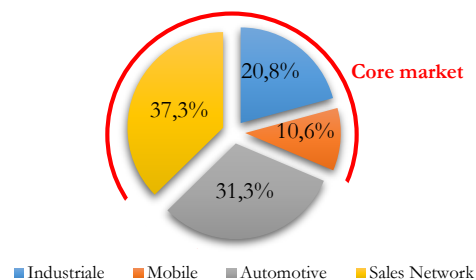
Consolidated financials

€/000	2016	2017	2018	1H2019
Net sales	30.496	38.636	42.719	21.111
Total revenues	31.684	39.366	44.247	22.976
EBITDA	3.993	7.330	9.127	3.982
<i>EBITDA margin</i>	<i>13,1%</i>	<i>19,0%</i>	<i>21,4%</i>	<i>18,9%</i>
Net income	811	1.955	2.926	853
Equity	10.825	12.796	10.984	11.315
Net Financial Position	13.088	14.437	19.217	20.254
Adjusted EBITDA*	2.626	6.797	7.516	3.915
<i>Adjusted EBITDA margin</i>	<i>8,6%</i>	<i>17,6%</i>	<i>17,6%</i>	<i>17,0%</i>

2018 KPI

- 1,2 mln pumps produced
- Around 790 active clients
- Average employees number: 243 (257 in 1H2019)

2018 revenues by market



2018 revenues by geographic area



Strategy

- To continue to upgrade the production plant in order to expand its capacity and improve efficiency
- To continue 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

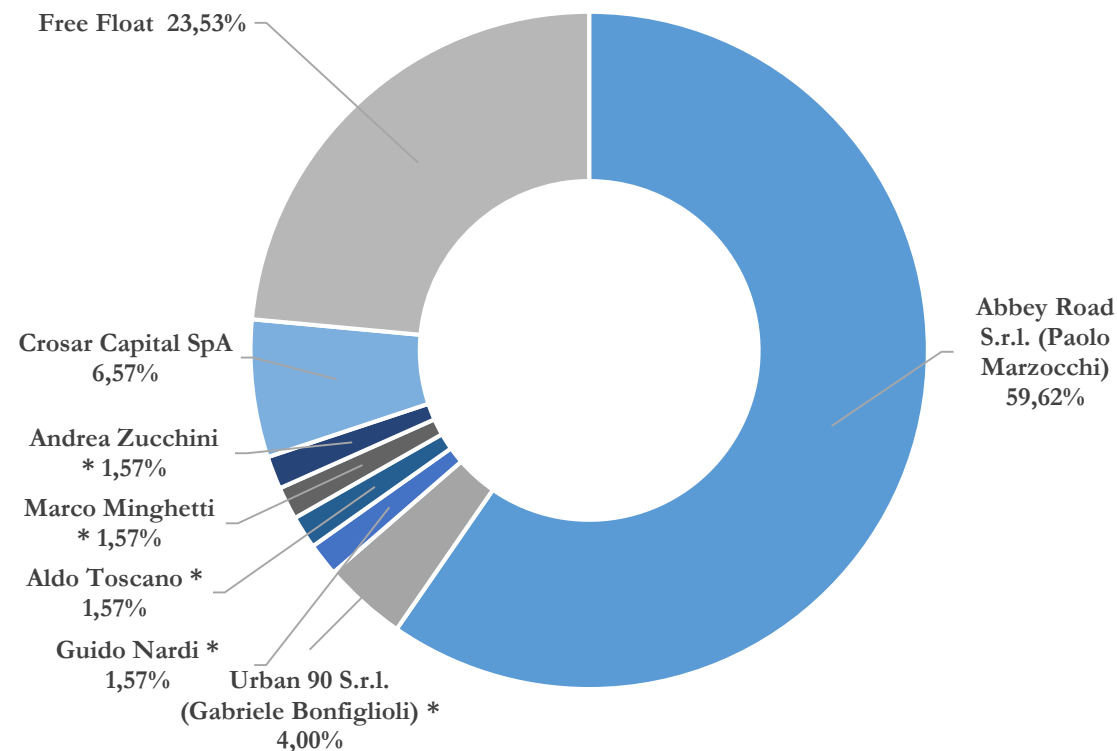
Matteo TAMBURINI

Board Member

Giuseppe ZOTTOLI

Independent Board Member

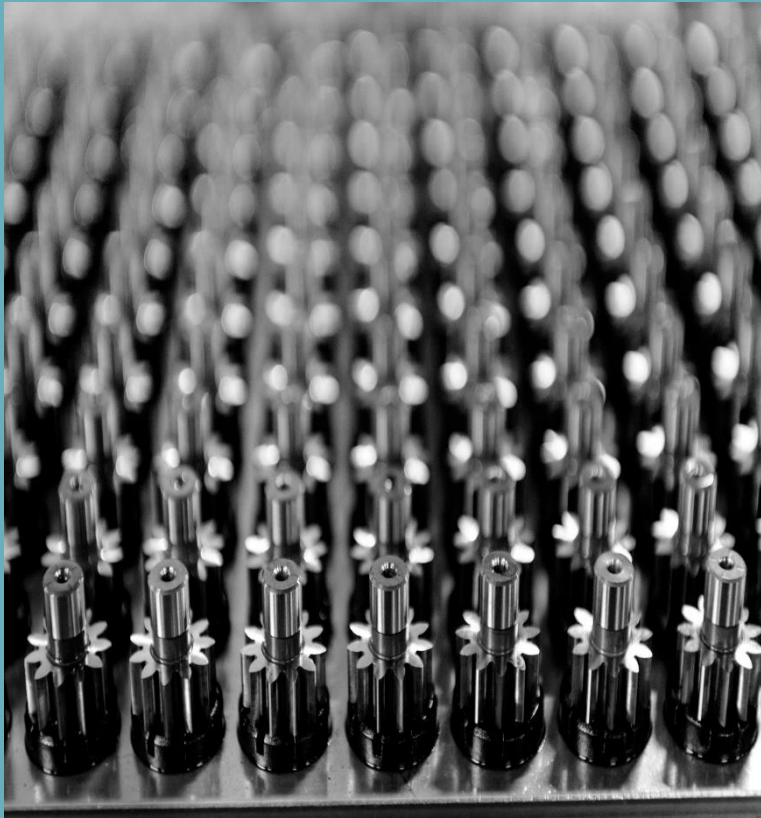
SHAREHOLDERS



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



1H 2019 Results

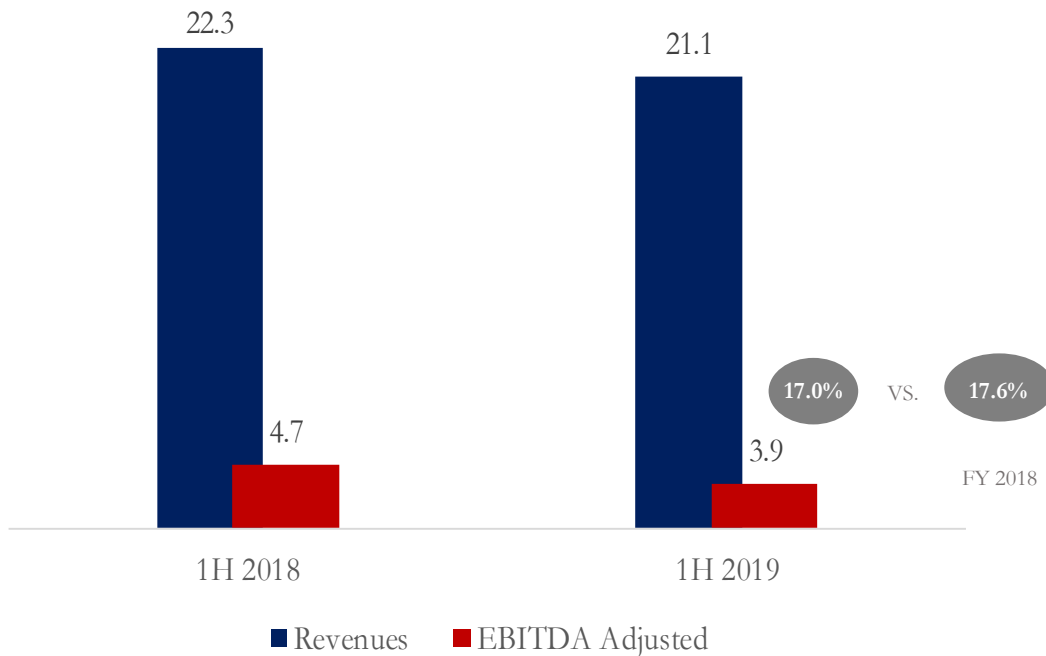
1H 2019 results account for business model effectiveness

- **REVENUES AT EURO 21.1 MLN (-5.4% ADJUSTED ON 1H 2018)** DESPITE THE EXPECTED AUTOMOTIVE MARKET SLOWDOWN AND THE GENERALLY TOUGH INDUSTRIAL ENVIRONMENT
- **EBITDA MARGIN ADJUSTED AT 17% IN LINE VS THAT OF THE LAST TWO YEARS 2017-2018** THANKS HIGH-PERFORMANCE PRODUCTS ALLOWING FOR CONTRACT SAFETY CLAUSE ESPECIALLY IN THE AUTOMOTIVE SECTOR
- **1H 2019 RESULTS FULLY IN LINE WITH MARZOCCHI POMPE'S INDUSTRIAL PLAN** CONFIRMING THE GROUP'S STRATEGY GEARED TOWARDS VALUE CREATION IN THE MEDIUM-LONG RUN



Revenues at € 21.1 mln, EBITDA margin at 17%

Revenues and EBITDA Adjusted

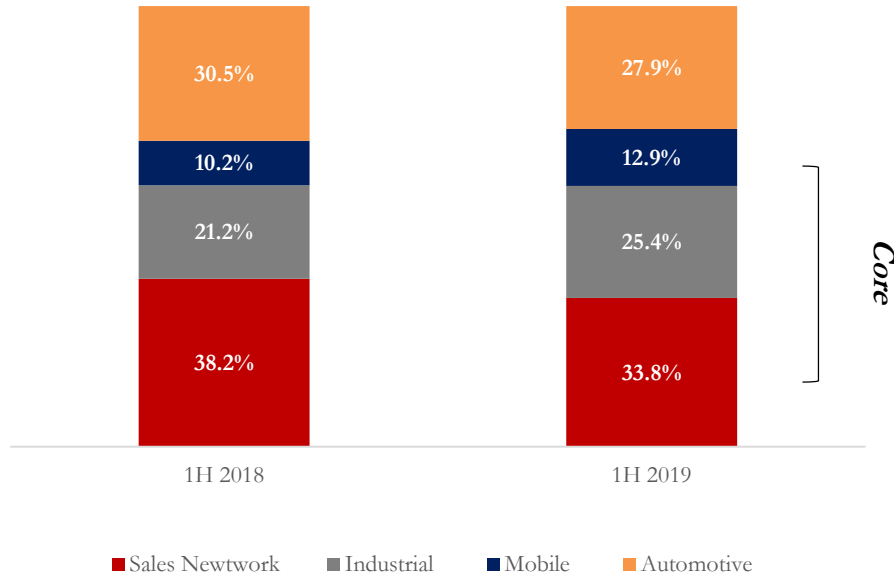


- Revenues reached Euro 21.1 million in 1H-19, with a decrease of 5.4% YoY mainly due to the expected slowdown of the Automotive market (-15%)
- EBITDA Adjusted for non-recurring gains slid to Euro 3.9 million (vs Euro 4.7 million in 1H-18), also reflecting higher Personnel Costs (from 29% on Revenues in 1H-18 to 33% in 1H-19) due a) conversion of term contracts into permanent contracts to retain already trained and skilled workers, and b) new hirings to strengthen the Technical & Marketing teams
- EBITDA margin Adjusted was 17% basically flat vs. 17.6% average in FY 2017 and 2018

Source: consolidated financial statements

Core market segments topped 72% of revenues

Revenue breakdown

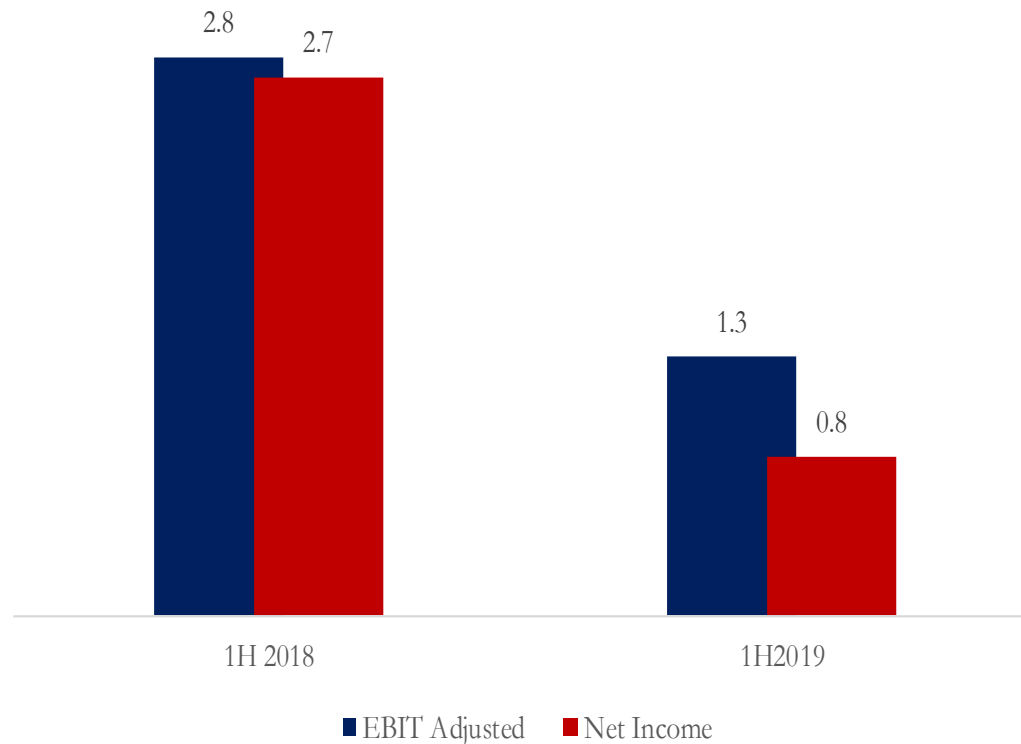


Source: consolidated financial statements

- Revenues by core market segments (Industrial and Mobile), representing some two third of total Revenues, reached Euro 15.2 million, basically flat YoY in a generally tough industrial environment
- Contribution to total Revenues by core market segments (Industrial and Mobile) increased to 72.1% in 1H-19 vs 69.5% in 1H-18
- Weight of Automotive slowed down to 27.9% vs 30.5% in 1H-18 due to persistent car demand weakness, although margins were kept stable by contract safety clause with main clients

EBIT at € 1.3 mln, Net Income at € 0.8 mln

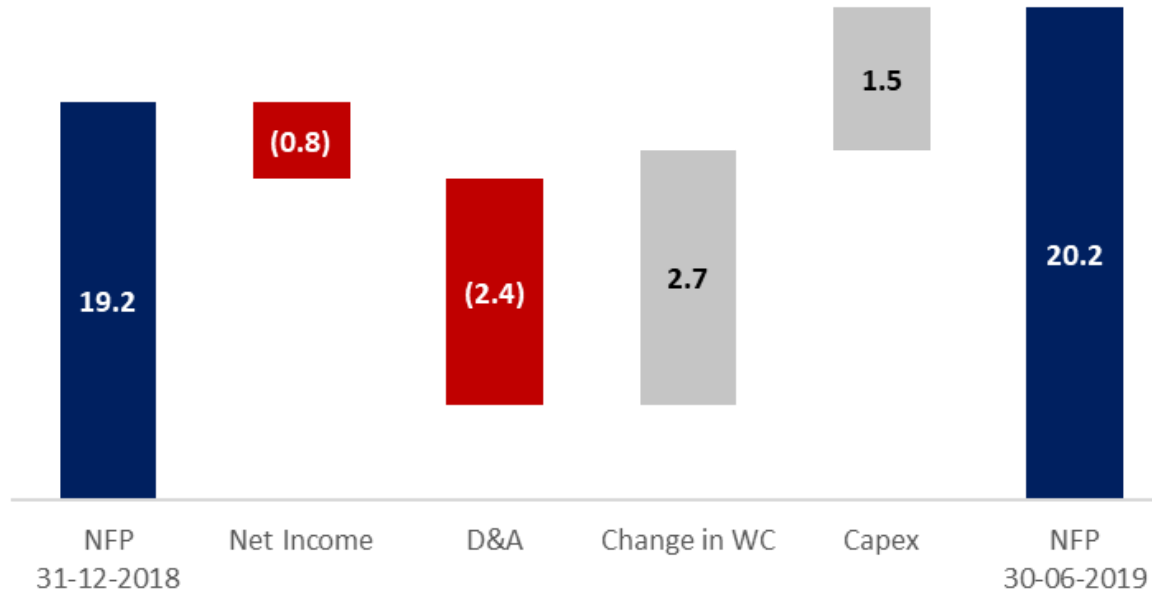
EBIT Adjusted and Net Income



- EBIT Adjusted slowed down to Euro 1.3 million, after Depreciation & Amortization rising to Euro 2.6 million (vs Euro 1.8 million in 1H-18) mainly due to the LBO operation (Euro 0.6 million)
- Net Income at Euro 0.8 million also suffered higher financial charges (from Euro 0.2 million in 1H-18 to Euro 0.5 million in 1H-19) again due to LBO financing

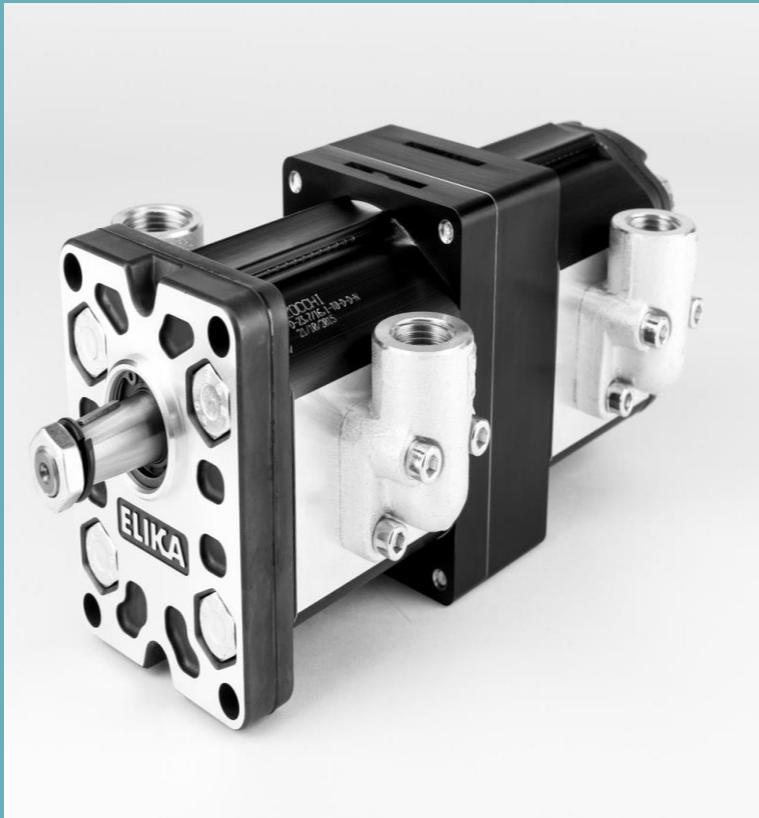
Source: consolidated financial statements

Net Financial Position Evolution



- Net Financial Position slightly worsened in 1H-19 to Euro 20.2 million vs Euro 19.2 million at end-2018, following Euro 1.5 million Capex (7% of Revenues, in line with Industrial Plan) and Euro 2.7 million increase in Working Capital (higher Receivables and Inventories due to lower Automotive demand)
- In July 2019 Marzocchi Pompe was listed on AIM Market through a capital increase worth Euro 8 million that will benefit H2-19 NFP

Source: consolidated financial statements



Achievements

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

"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.



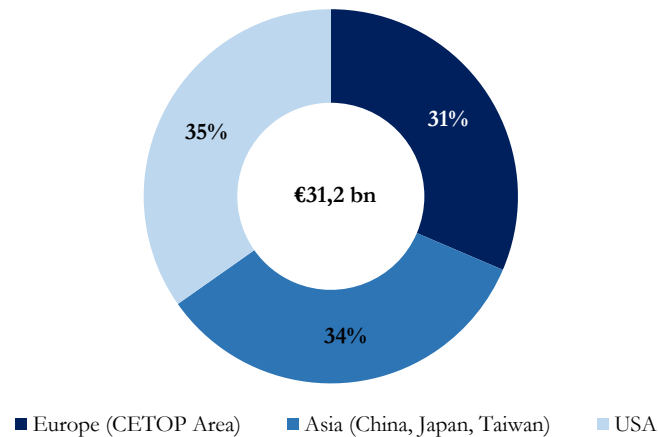


Market & Competitive Positioning

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.

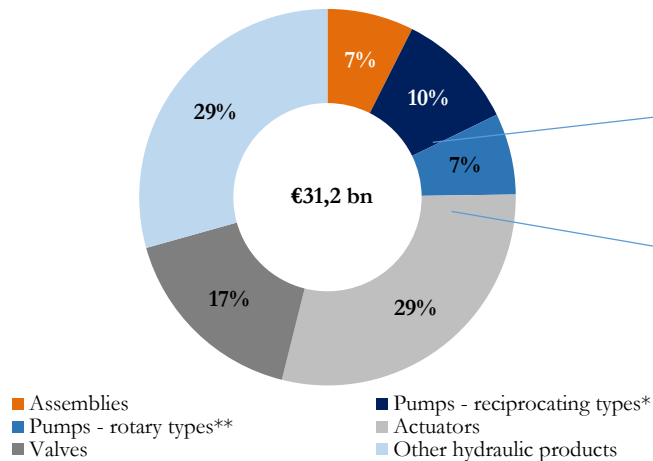
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

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

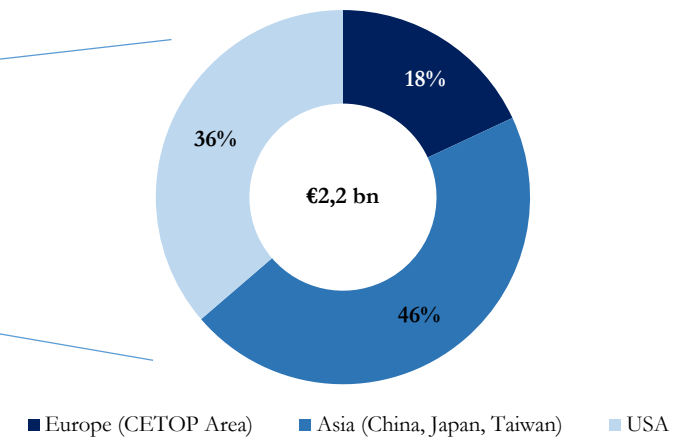
Within the Hydraulic *home*¹ market, the pumps' segment is estimated by ISC to be around Euro 5,4 billion in 2017 (17%), of which Euro 3,2 billion (10%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and Euro 2,2 billion (7%) from the rotary pumps' segment (gear, vane, orbital, 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



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

Rotary pumps' global market



Source: CETOP³ – ISC Statistics Results 2017

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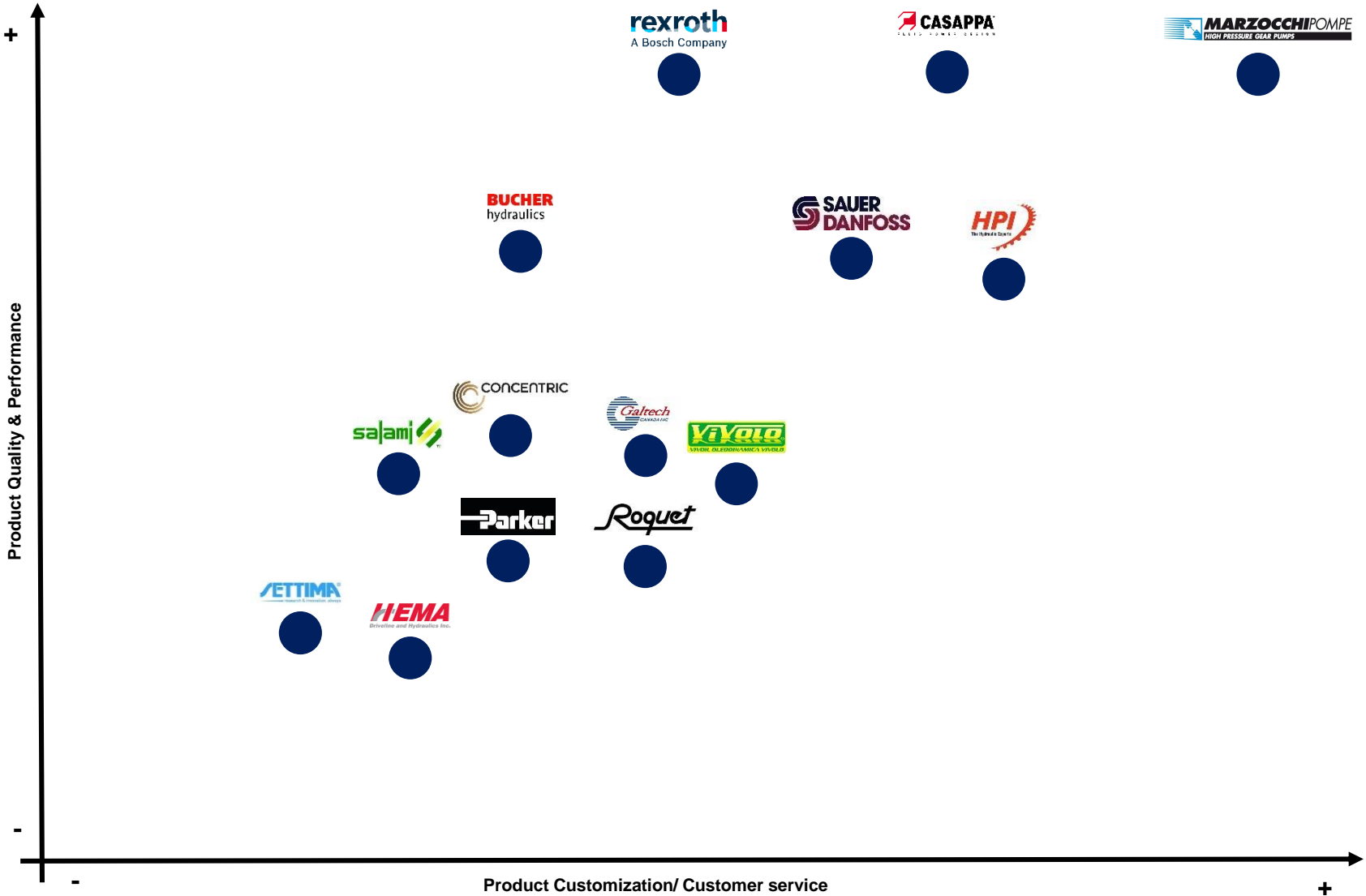
Competitive positioning

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

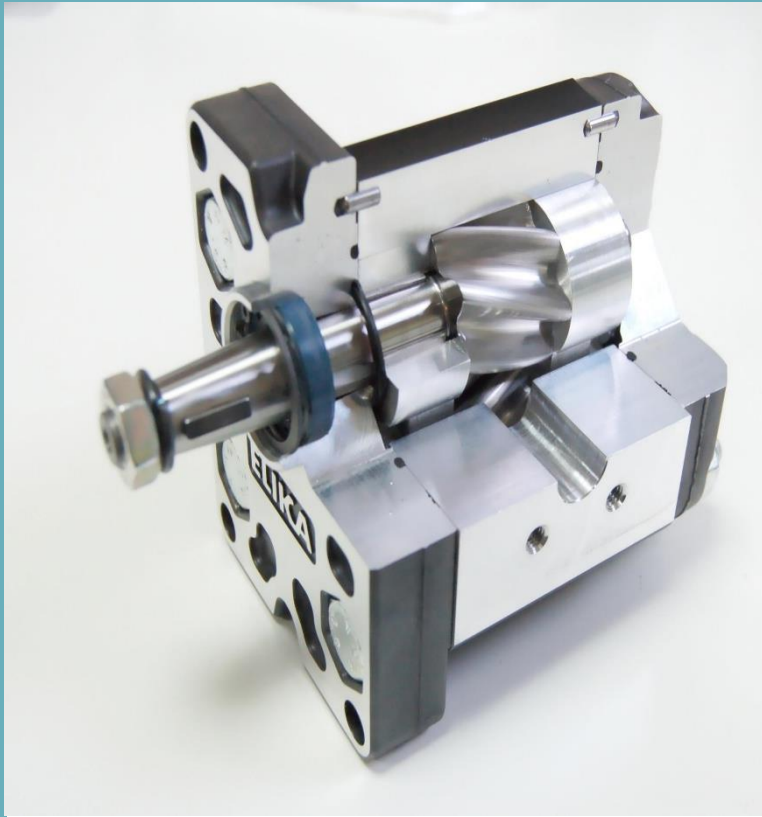
Source: Marzocchi Pompe SpA management estimates

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

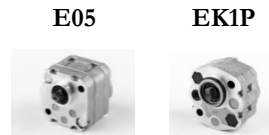
- The pumps have the function of transferring the fluid from a tank to an actuator within an oil-hydraulic circuit. (for example a cylinder that drives the shovel of an excavator). This transfer from the suction circuit to the delivery circuit occurs through the rotation of the two toothed wheels (the 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

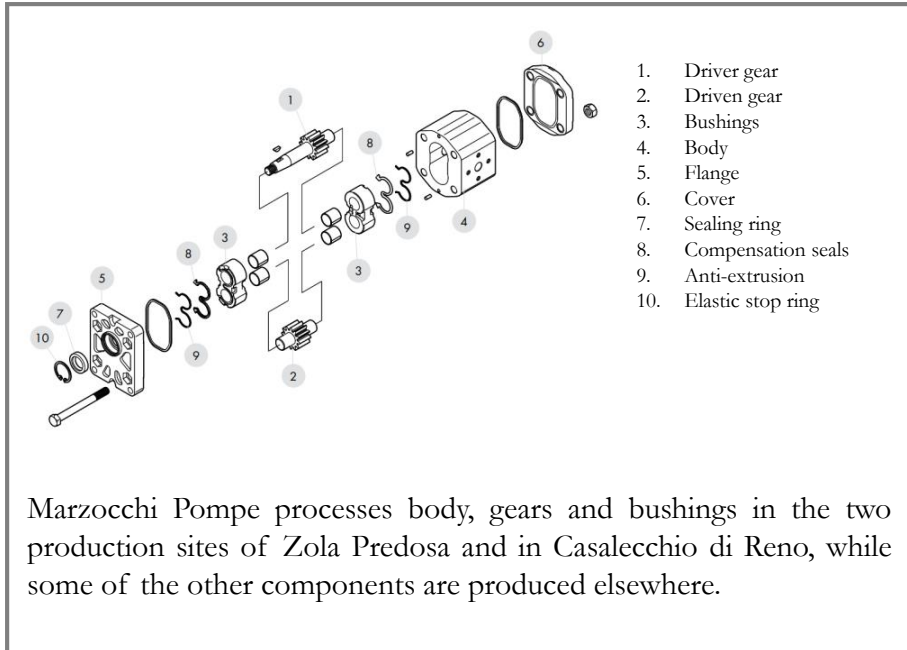
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



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

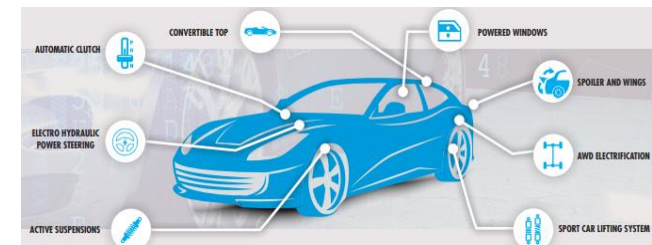


Mobile



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 68,7% of total 2018 revenues, including sales to distributors /sales network, which alone contribute to 37,4% of MP's total sales^(*)

FLUID POWER

Core



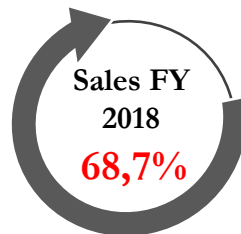
Industrial

Possible applications:

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

Clientele:

- Original equipment manufacturer



- Direct sales: 31,3%
- Sales through distributors: 37,4%



Mobile Machines

Possible applications:

- Earthmoving machinery
- Agricultural machinery
- Forklifts
- Gardening machinery

Clientele:

- Original equipment manufacturer



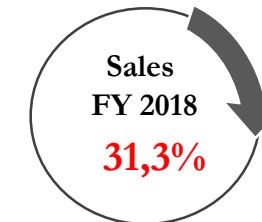
Automotive

Possible applications:

- Powertrain
- Power steering
- Asset regulators
- Suspensions

Clientele:

- Tier 1 supplier



- Direct sales: 31,3%

^(*) 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 16,6% of sales and the **top 10** representing 31,1%. The Automotive sector, on the other hand, has fewer clients making up for most of its' sales. In total, the company counts more than 600 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 68,7% and 41,3 % of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2018

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2018	%	Revenues 2018	%
<i>Top 3</i>	4,88 mln	16,6%	12,33 mln	92,2%
<i>Top 10</i>	9,15 mln	31,2%	13,36 mln	99,9%
<i>Total</i>	29,35 mln	100,0%	13,37mln	100,0%

Note (1): Consolidated data.

Note (2): Revenues from distributors' included.

90% 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

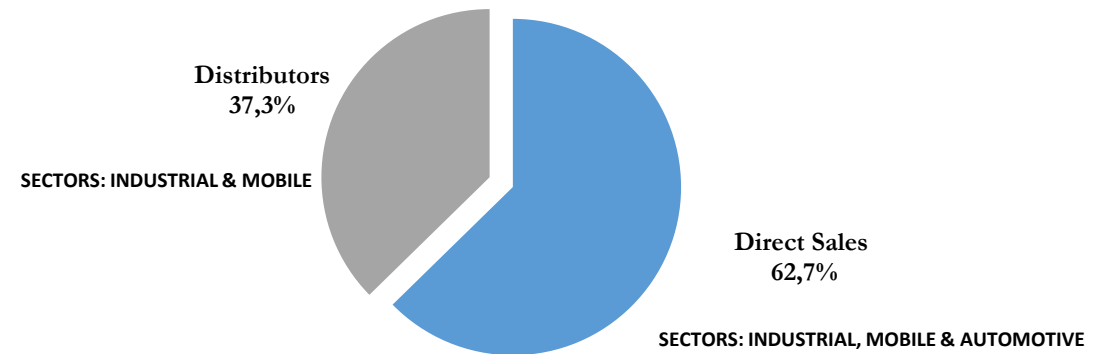
Global distribution network

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.

2018 sales breakdown per selling channels*



**Consolidated data FY2018*

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

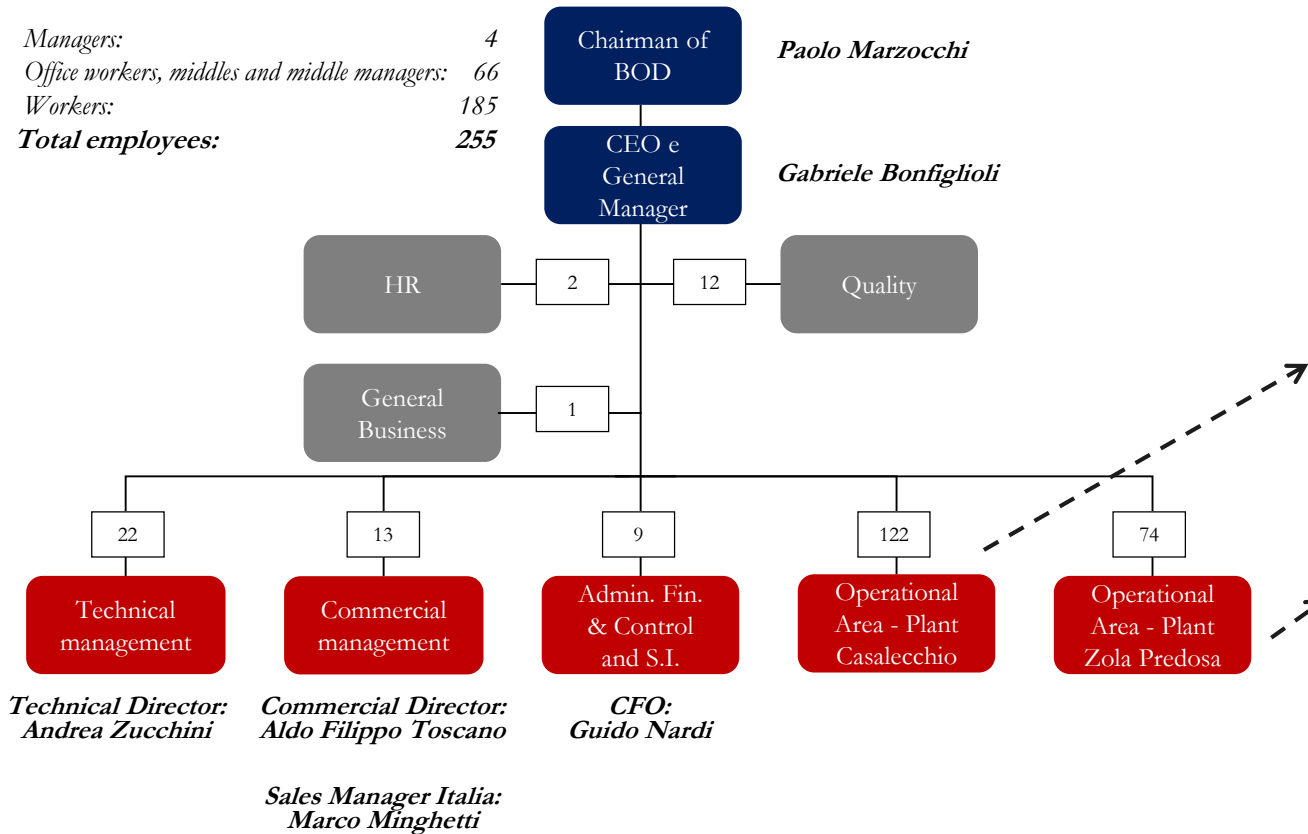
- Average EBITDA margin at 17% in 1H-19, in line with 16,9% for the period 2016-2018
- High operating cash flow, increasing over 2016-18 time frame

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 2018 the workforce consists of **255 resources** (of which 237 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.



Casalecchio di Reno (BO)



- Covered area 6.726 sqm
- Pumps produced in 2018: 479.737

- Historic and main production site dedicated to the processing of aluminium components and to the assembly and testing of non-automotive pumps

Zola Predosa (BO)

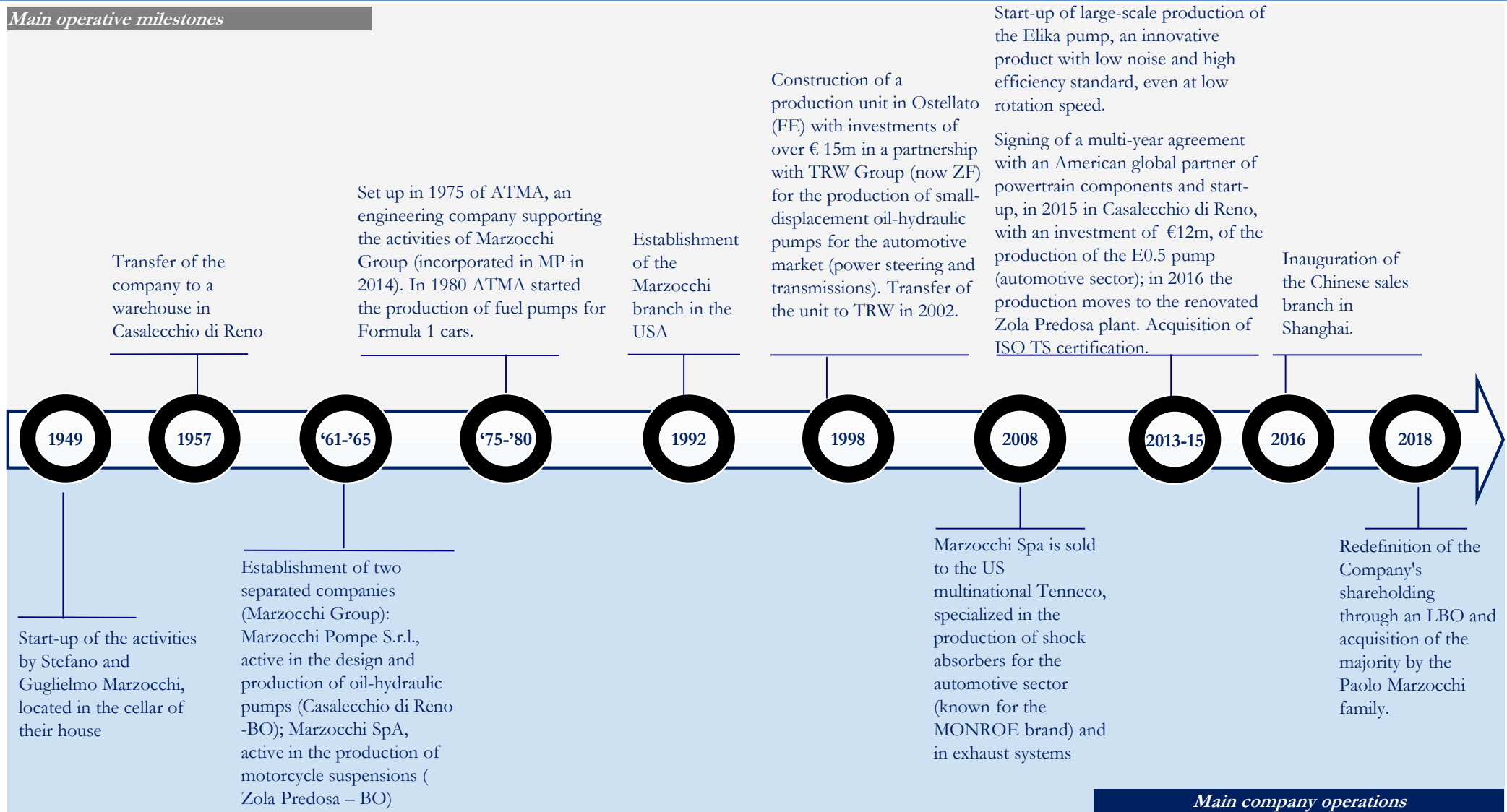


- Covered area 9.648 sqm
- Pumps produced in 2018: 720.913

- Factory dedicated to the production of gears and assembly and testing of automotive pumps

History

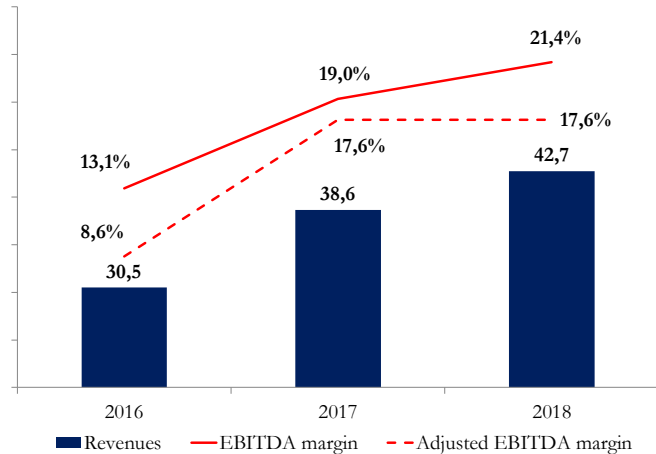
Main operative milestones



Main company operations

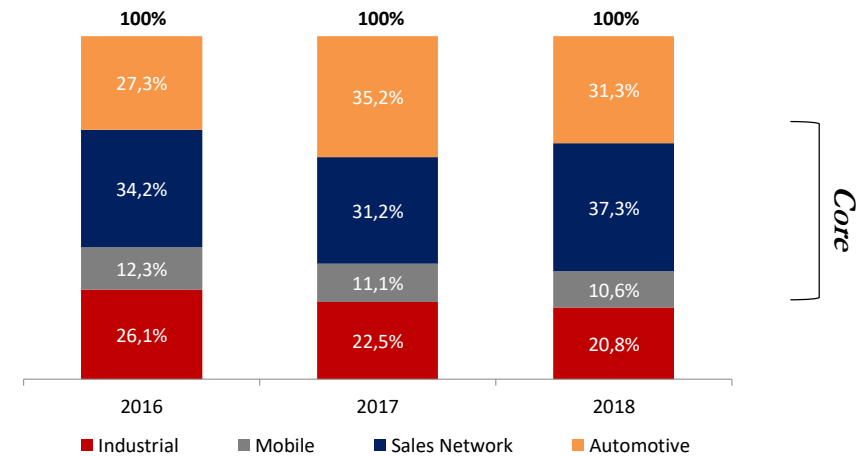
Financial highlights 2016-2018 (1/2)

Evolution of revenues and EBITDA margin



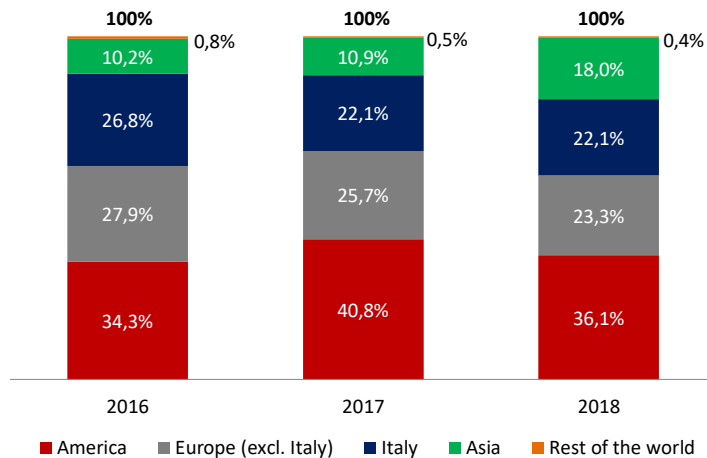
Source: consolidated financial statements

Market segment distribution of 2016-2018 revenues



Source: consolidated financial statements

Geographic distribution of 2016-2018 revenues

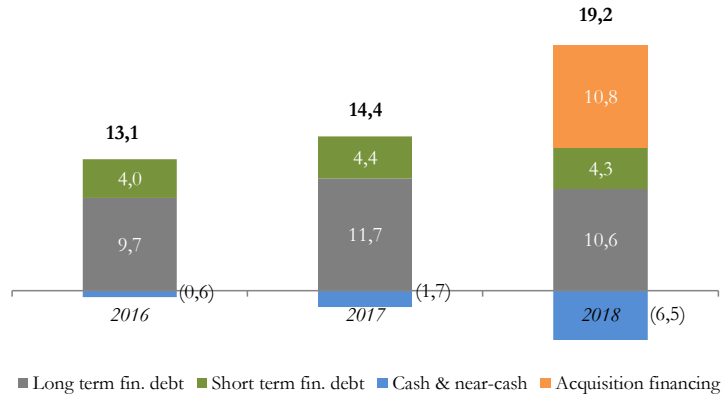


Source: consolidated financial statements

- Revenue increased from Euro 30,5 million in 2016 to Euro 42,7 million in 2018 (+40%, with a 3-year CAGR of 18,4%)
- 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 68,7% in 2018
- USA represents an important strategic market for MP (over 35% of sales come from the area); while weight of Asian market increased by around 7% in 2018, due to the effect of a one-time significant sale

Financial highlights 2016-2018 (2/2)

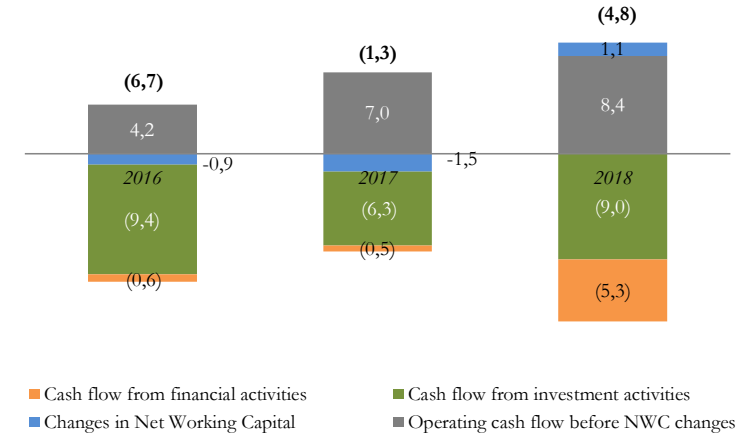
Net Financial Position Evolution



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
- Residual value from acquisition financing, on 31.12.2018, equal to Euro 10,8 million (calculated net of related financing charges, which totaled Euro 0,2 million)

Cash Flow breakdown



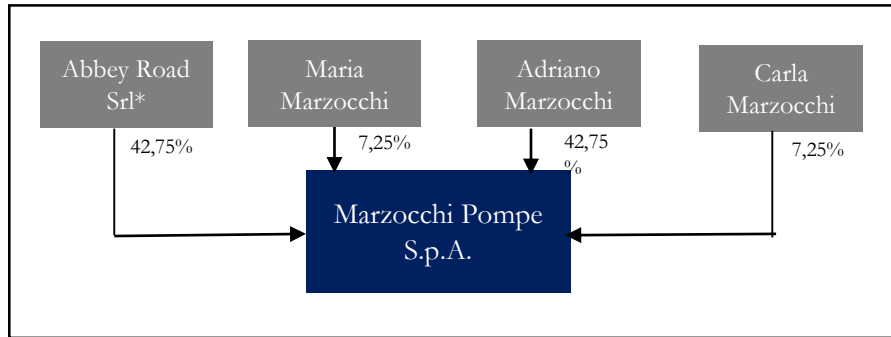
Source: consolidated financial statements

- Operating cash flow before NWC changes has increased in the past three years
- Changes in NWC in 2018 mostly due to the reduction in trade receivables of about Euro 2,2 million
- 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

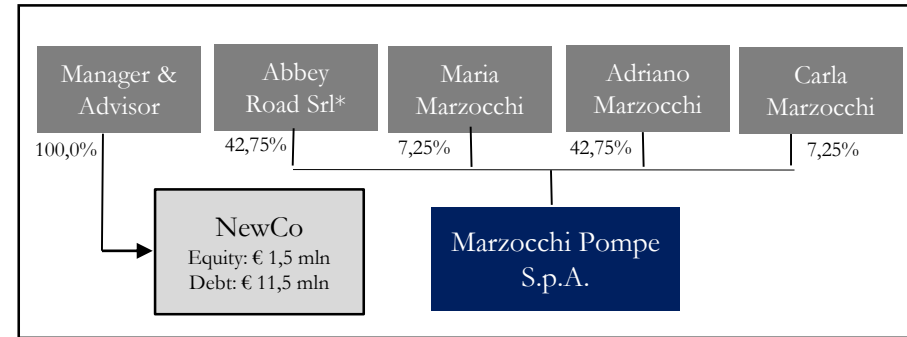
Focus on LBO

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.

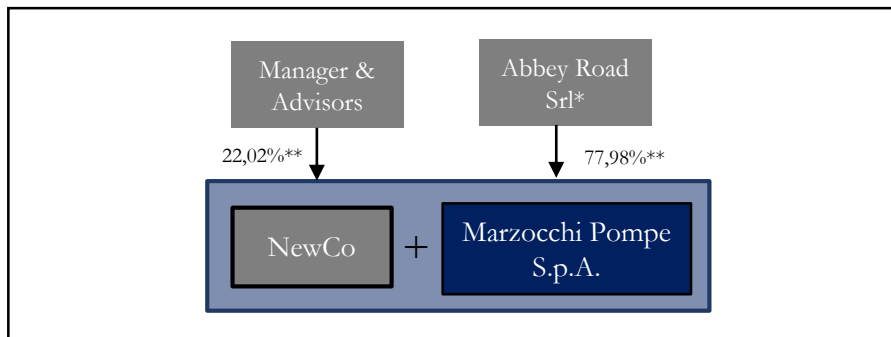
1 Shareholding Marzocchi Pompe pre-LBO



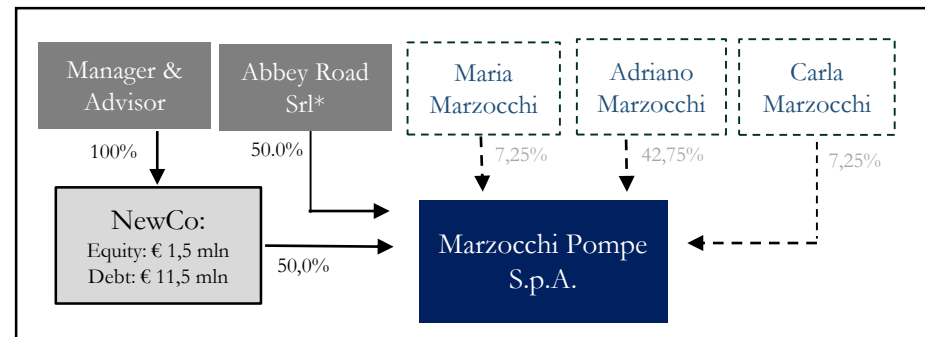
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



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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