



# Investor presentation AIM Conference 2019

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*London, October 21, 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.

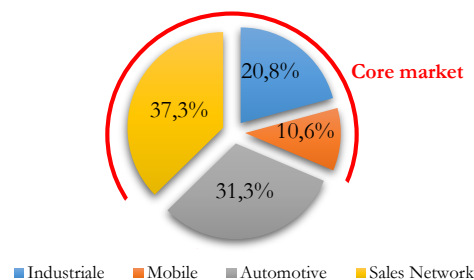
## Consolidated financials

Stated €/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
EBITDA margin	13,1%	19,0%	21,4%	18,9%
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
Adjusted EBITDA margin *	8,3%	17,1%	17,3%	17,0%

### 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*

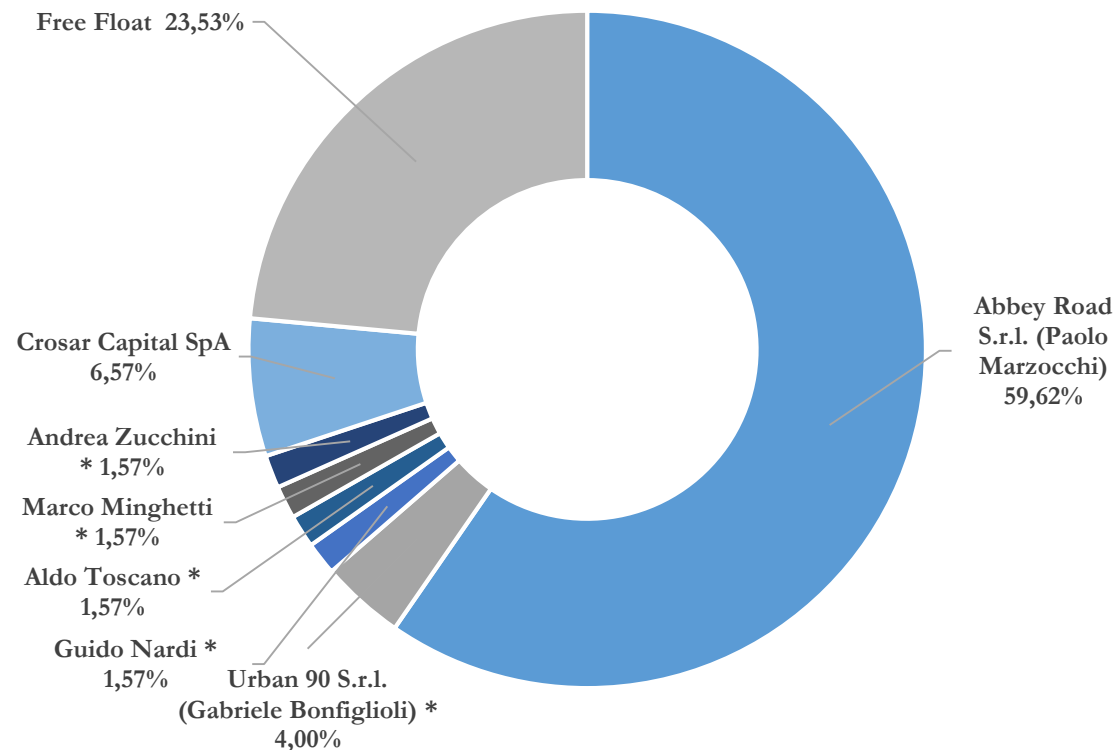
**Matteo TAMBURINI**

*Board Member*

**Giuseppe ZOTTOLI**

*Independent Board Member*

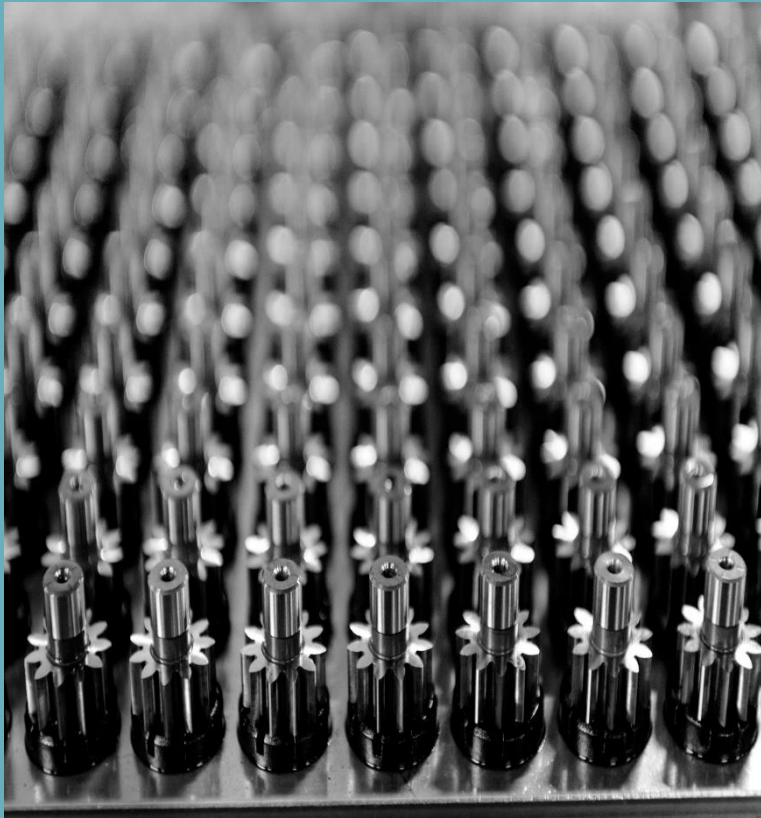
## SHAREHOLDERS



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

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# 1H 2019 results account for business model effectiveness

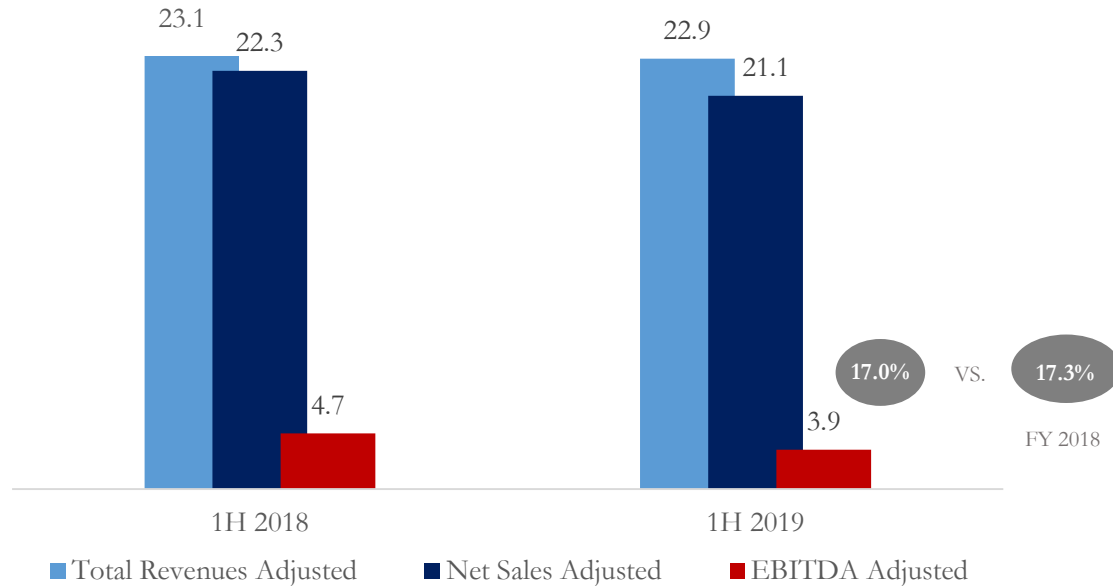
- **TOTAL REVENUES ADJUSTED\*** IN LINE WITH 1H 2018 DESPITE TOUGH INDUSTRIAL ENVIRONMENT
- **NET SALES ADJUSTED\*** AT EURO 21.1 MLN (-5.4% ON 1H 2018) MAINLY DUE TO THE EXPECTED AUTOMOTIVE MARKET SLOWDOWN
- **EBITDA MARGIN ADJUSTED\*** AT 17% IN LINE WITH THE AVERAGE OF FY 2017-2018 THANKS TO HIGH-PERFORMANCE 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



*\*Net of extraordinary and non-recurring items*

# Net Sales adj\* at € 21.1 mln, EBITDA adj\* margin at 17%

**Total Revenues, Net Sales adj\* and EBITDA adj\***

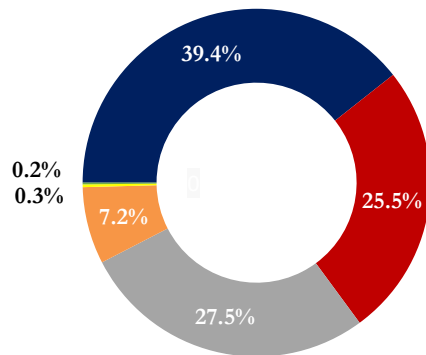
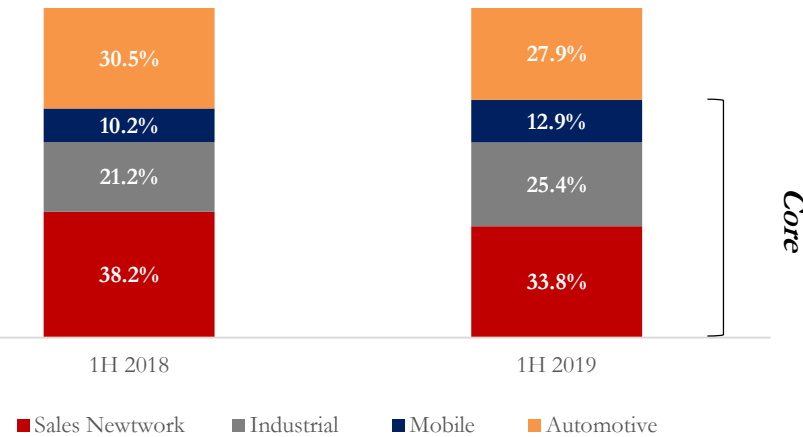


- Net Sales adj\* reached Euro 21.1 million in 1H-19, with a decrease of 5.4% YoY mainly due to the expected slowdown of the Automotive market (-15%)
- EBITDA Adj\* for non-recurring gains slid to Euro 3.9 million (vs Euro 4.7 million in 1H-18), also reflecting higher Personnel Costs (from 29% on Revenues 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. 17.2% average in FY 2017 and 2018. EBITDA has been adjusted in 1H 2019 for € 66k (€ 555k in 1H 2018) due to non-recurring sale of molds and designs in line with the adjustments on FY 2018 EBITDA which was impacted by the following extraordinary items for a total of 1.6 mln:
  - ✓ About Euro 0,5 million capital gains for the recovery of a credit from a Chinese client already written-off in the 2017's financial statement.
  - ✓ About Euro 0,5 million due to contributions granted by the region Emilia Romagna for a R&D project
  - ✓ About Euro 0,1 million due to the favorable outcome of previous lawsuit with supplier
  - ✓ About Euro 0,5 million relating to the sale of molds and designs that are not part of the ordinary activity of the company

Source: consolidated financial statements

# Core market segments topped 72% of revenues

## Revenue breakdown



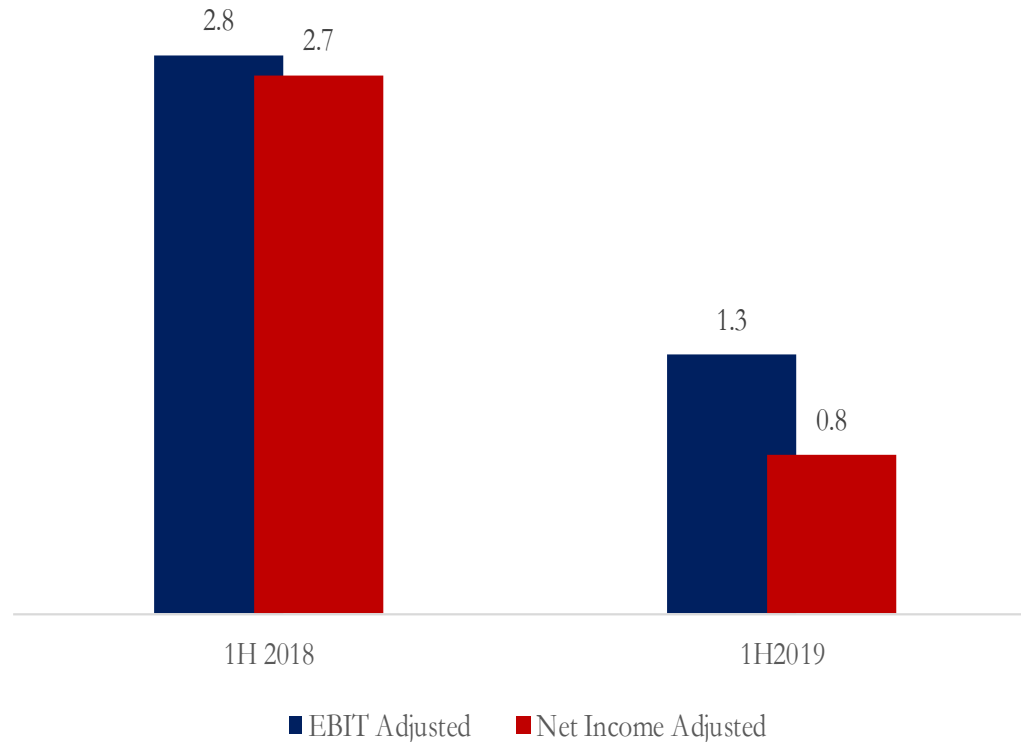
■ AMERICA ■ EUROPE ■ ITALY ■ ASIA ■ AFRICA ■ AUSTRALIAN CONTINENT

- 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
- Sales in Europe including Italy account for over 50% of total, followed by those in the US/Canada at nearly 40%. Asia fell to 7% from 18%

*Source: consolidated financial statements*

# EBIT adj\* at € 1.3 mln, Net Income adj\* at € 0.8 mln

EBIT Adjusted\* and Net Income Adjusted\*

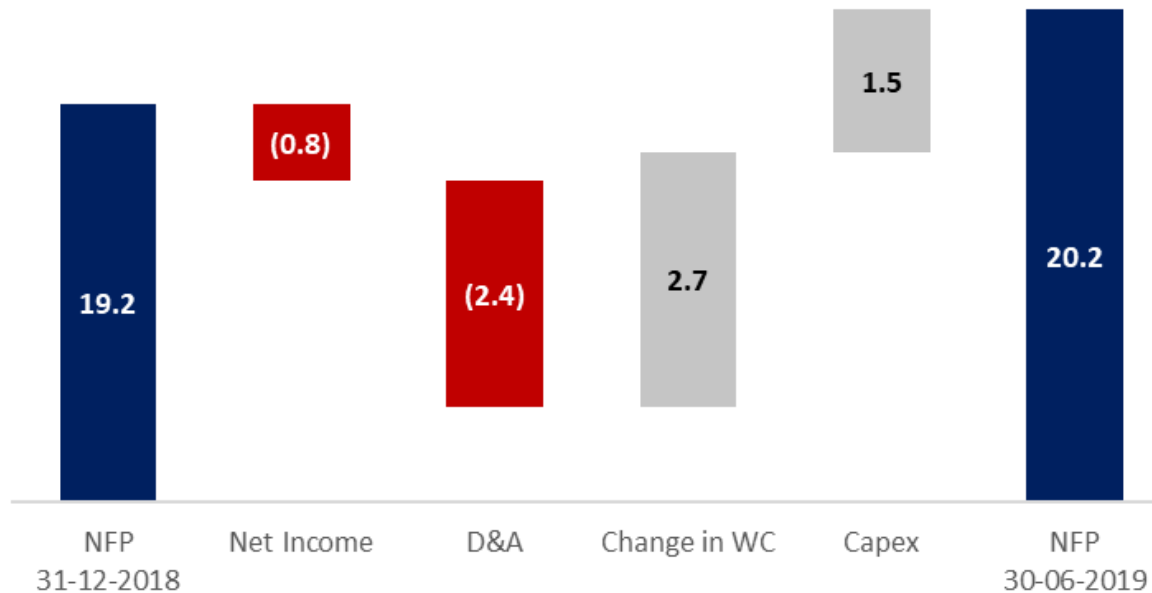


- EBIT Adjusted slowed down to Euro 1.3 million, after Depreciation & Amortization rising to Euro 2.6 million (vs Euro 1.8 million in 1H-18) mainly due to the LBO operation (Euro 0.6 million)
- Net Income at Euro 0.8 million also suffered higher financial charges (from Euro 0.2 million in 1H-18 to Euro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

Source: consolidated financial statements

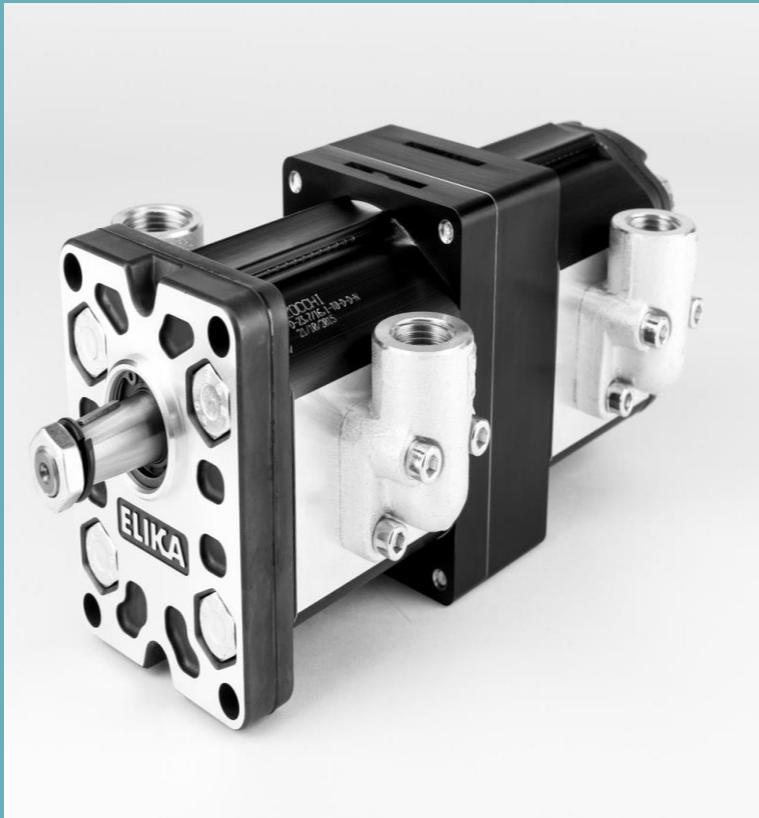
\*Net of extraordinary and non-recurring items

# 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



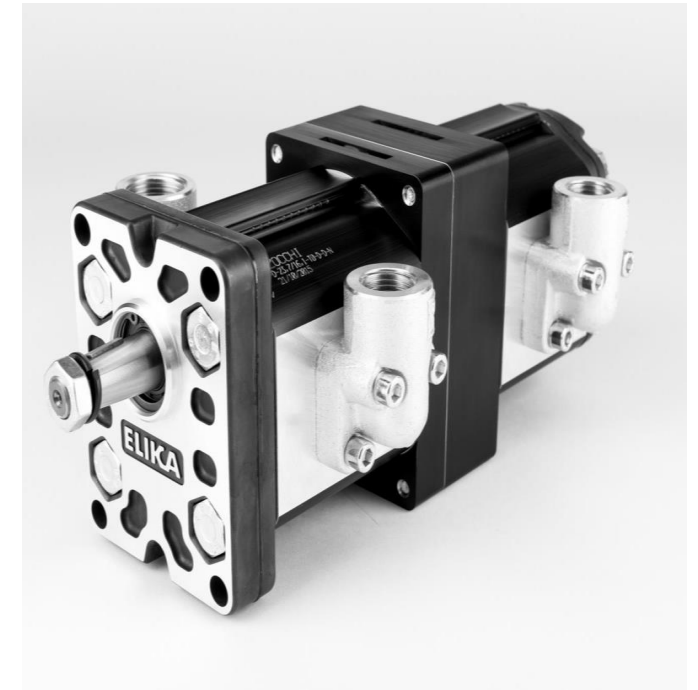
# Achievements

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# 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.





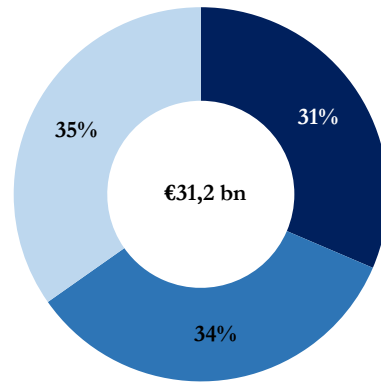
# Market & Competitive Positioning

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# 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*<sup>1</sup> 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: ISC<sup>2</sup> – 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



■ Europe (CETOP Area) ■ Asia (China, Japan, Taiwan) ■ USA

Source: CETOP<sup>3</sup> – 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.

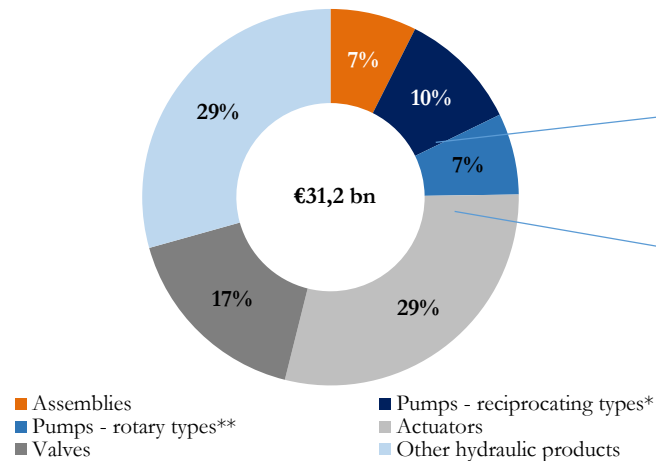
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

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

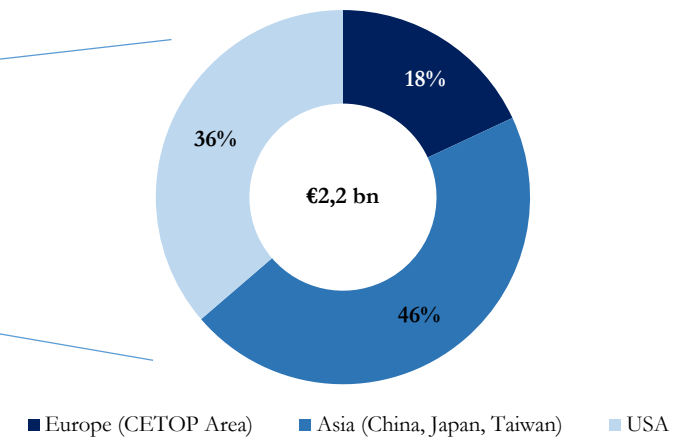
Within the Hydraulic *home*<sup>1</sup> market, the pumps' segment is estimated by ISC to be around Euro 5,4 billion in 2017 (17%), of which Euro 3,2 billion (10%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and Euro 2,2 billion (7%) from the rotary pumps' segment (gear, 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: CETOP<sup>3</sup> – ISC Statistics Results 2017

Rotary pumps' global market



Source: CETOP<sup>3</sup> – ISC Statistics Results 2017

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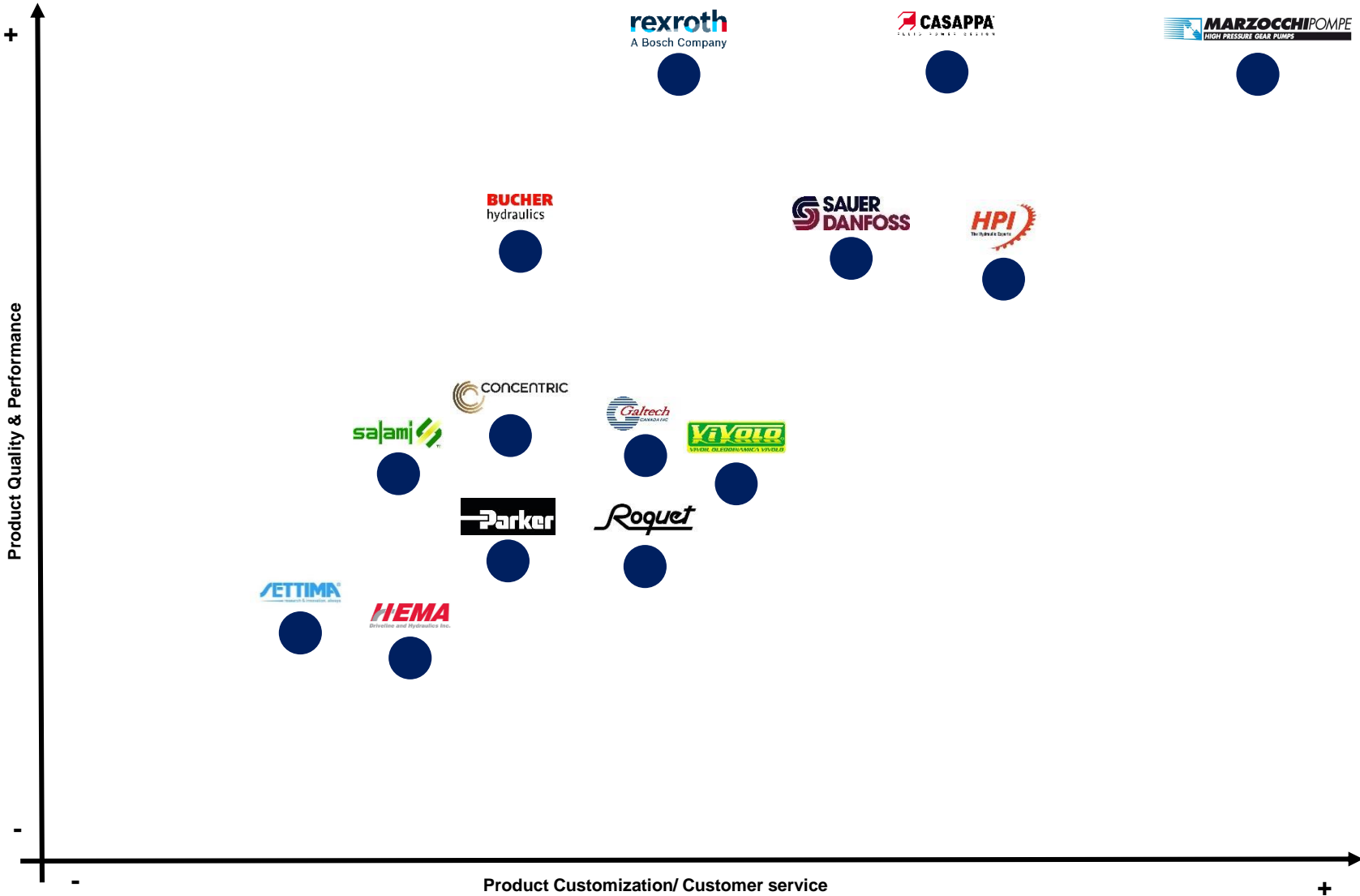
# Competitive positioning

Characteristic Company	Quality & Performance	Customer service	Wide range of gear pumps	Wide range of Fluid Power	Customization	Competitive price	Quality vs Price
Marzocchi Pompe	●	●	●	◐	●	◐	●
Bosch Rexroth	●	◐	●	●	◐	◐	●
Bucher	◐	◐	◐	◐	◐	◐	◐
Casappa	◐	◐	●	◐	◐	◐	◐
Concentric	◐	◐	◐	◐	◐	◐	◐
Galtech/Interpump	◐	◐	◐	◐	◐	◐	◐
Hema / DB	◐	◐	◐	◐	◐	●	◐
HPI / JTech	◐	◐	◐	◐	◐	◐	◐
Parker	◐	◐	◐	●	◐	◐	◐
Roquet	◐	◐	◐	◐	◐	◐	◐
Salami	◐	◐	◐	◐	◐	◐	◐
Turolla/Sauer Danfoss	◐	◐	◐	◐	◐	◐	◐
Settima	◐	◐	◐	◐	◐	◐	◐
Vivoil	◐	◐	◐	◐	◐	◐	●

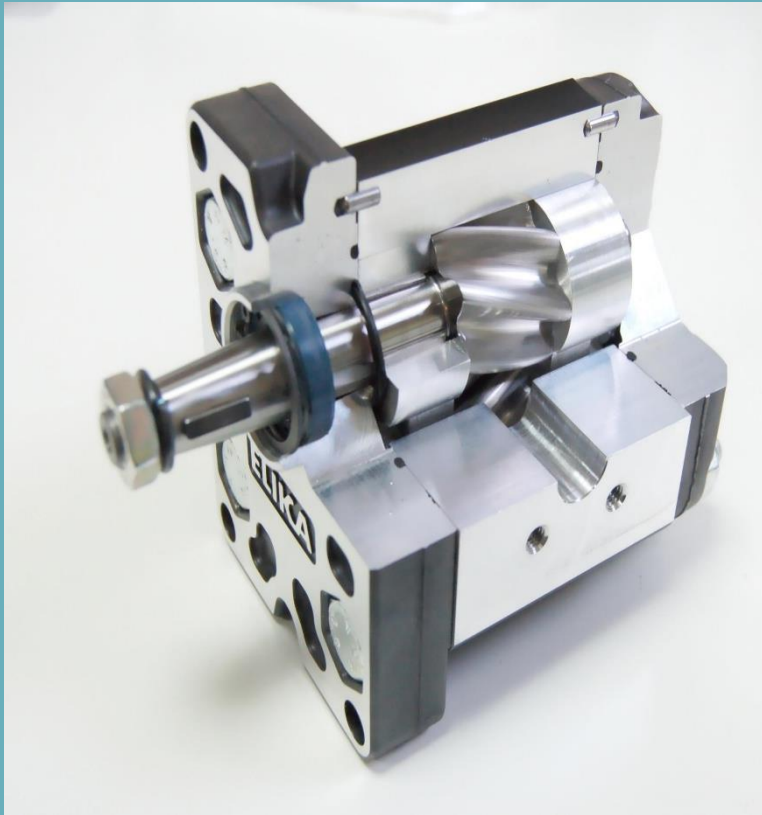
Source: Marzocchi Pompe SpA management estimates

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

# Leadership in external gear pumps market



Source: Marzocchi Pompe SpA management estimates



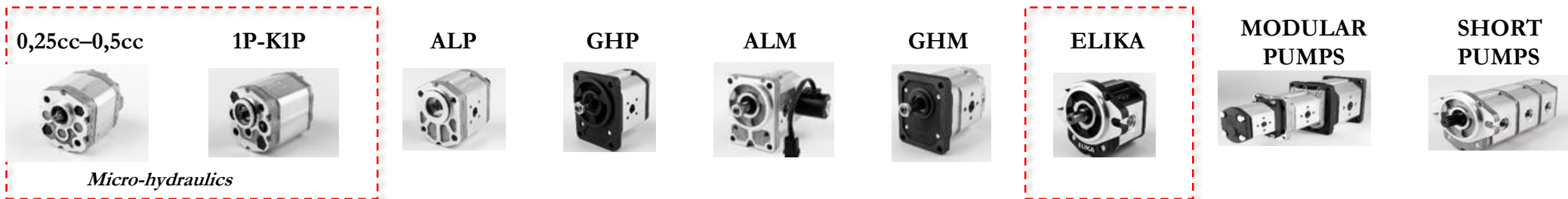
# Appendix

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# MP core business: manufacturing of external gear pumps and motors

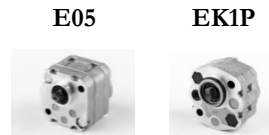
- The pumps have the function of transferring the fluid from a tank to an actuator within an oil-hydraulic circuit. (for example a cylinder that drives the shovel of an excavator). This transfer from the suction circuit to the delivery circuit occurs through the rotation of the two toothed wheels (the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

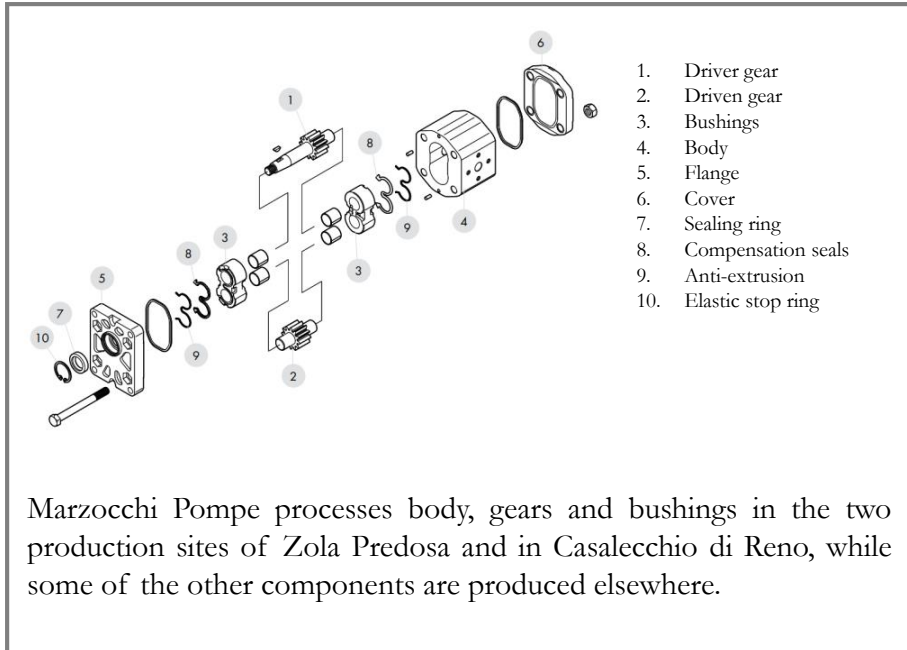
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



# 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

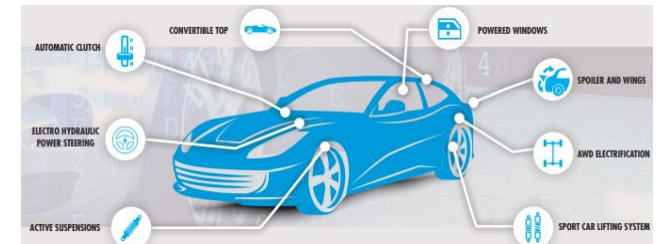


Mobile



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

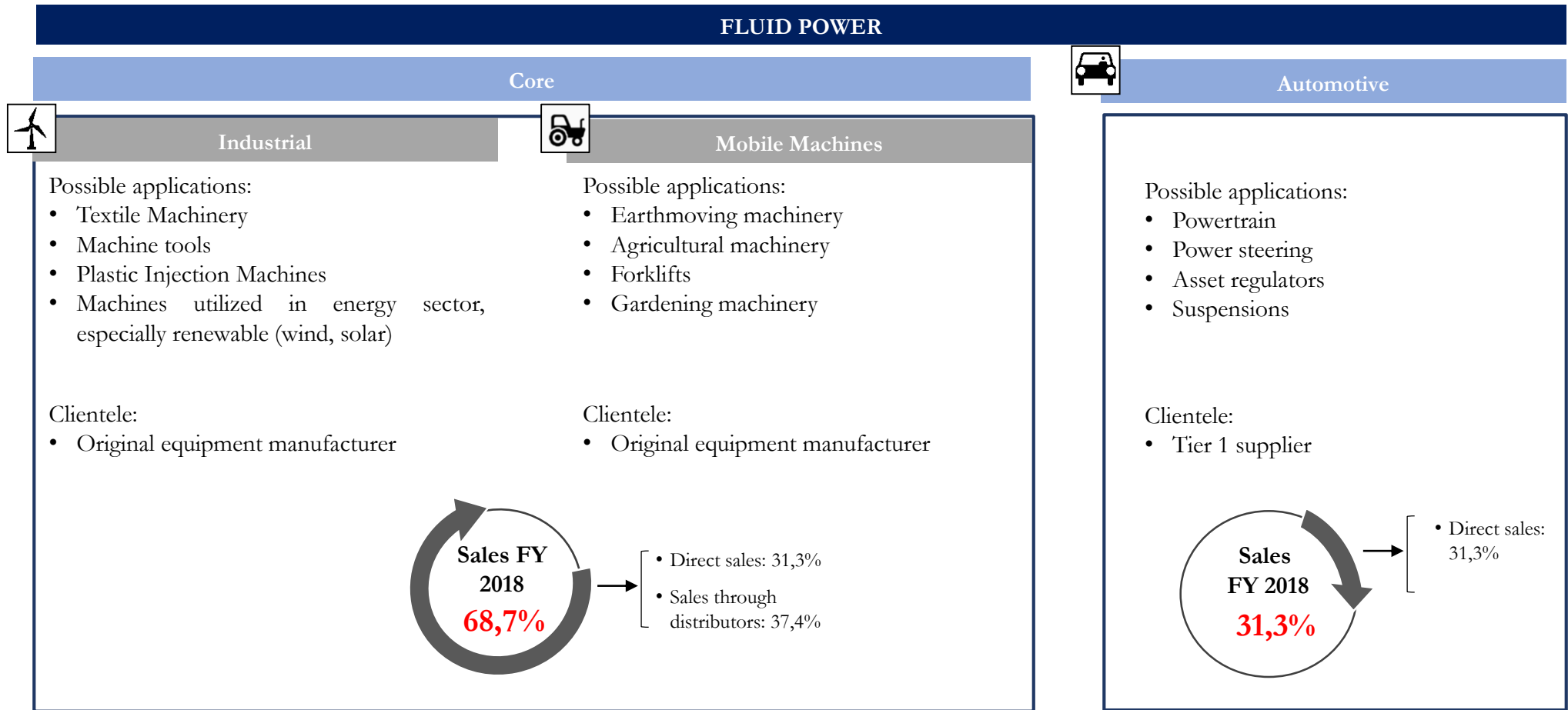
- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency . In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
  - its wide range of products’ cubic capacities (from 0.12 cc to 200 cc)
  - the high performances of its products, 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<sup>(\*)</sup>



<sup>(\*)</sup> 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 clients<sup>1</sup>

	Industrial & Mobile <sup>2</sup>		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

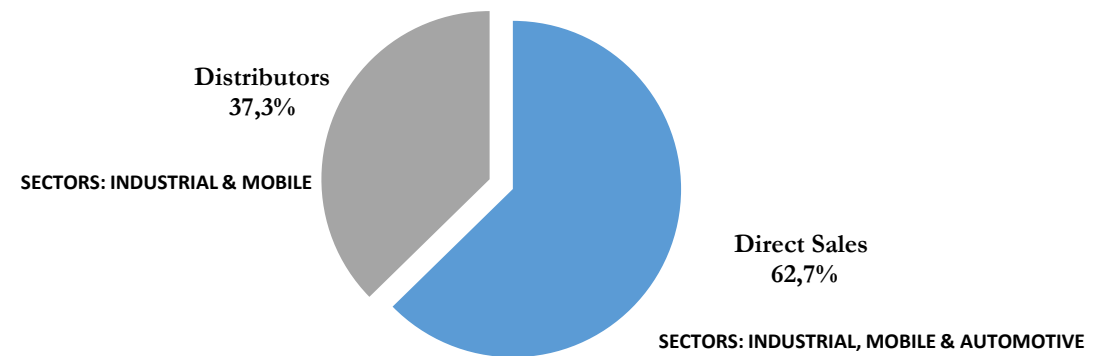
# Global distribution network

Marzocchi Pompe relies on an international distribution network present in **over 50 countries**. Products are distributed through various channels, such as direct sales, distributors' sales<sup>1</sup>, 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*

Note (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

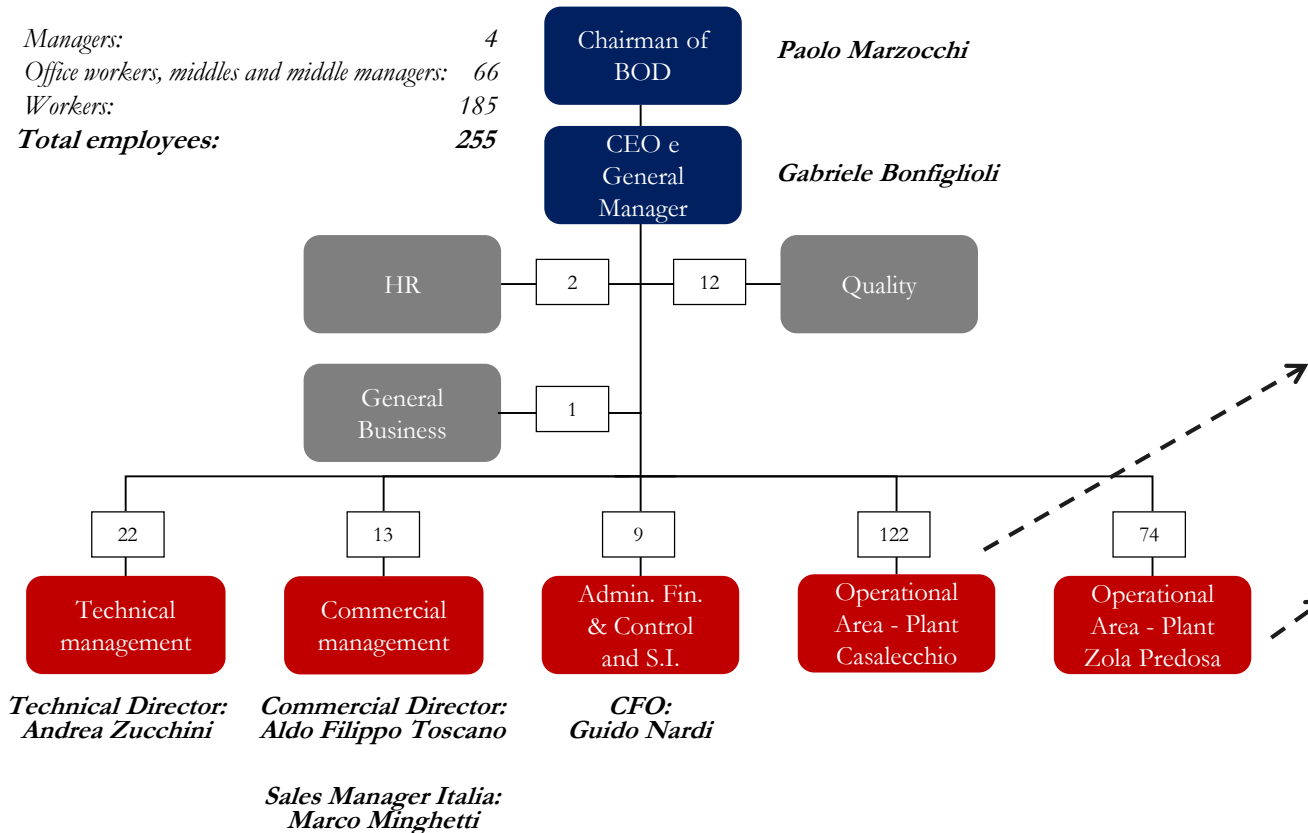
- Average EBITDA margin at 17% in 1H-19, in line with 16,9% for the period 2016-2018
- High operating cash flow, increasing over 2016-18 time frame

## 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)

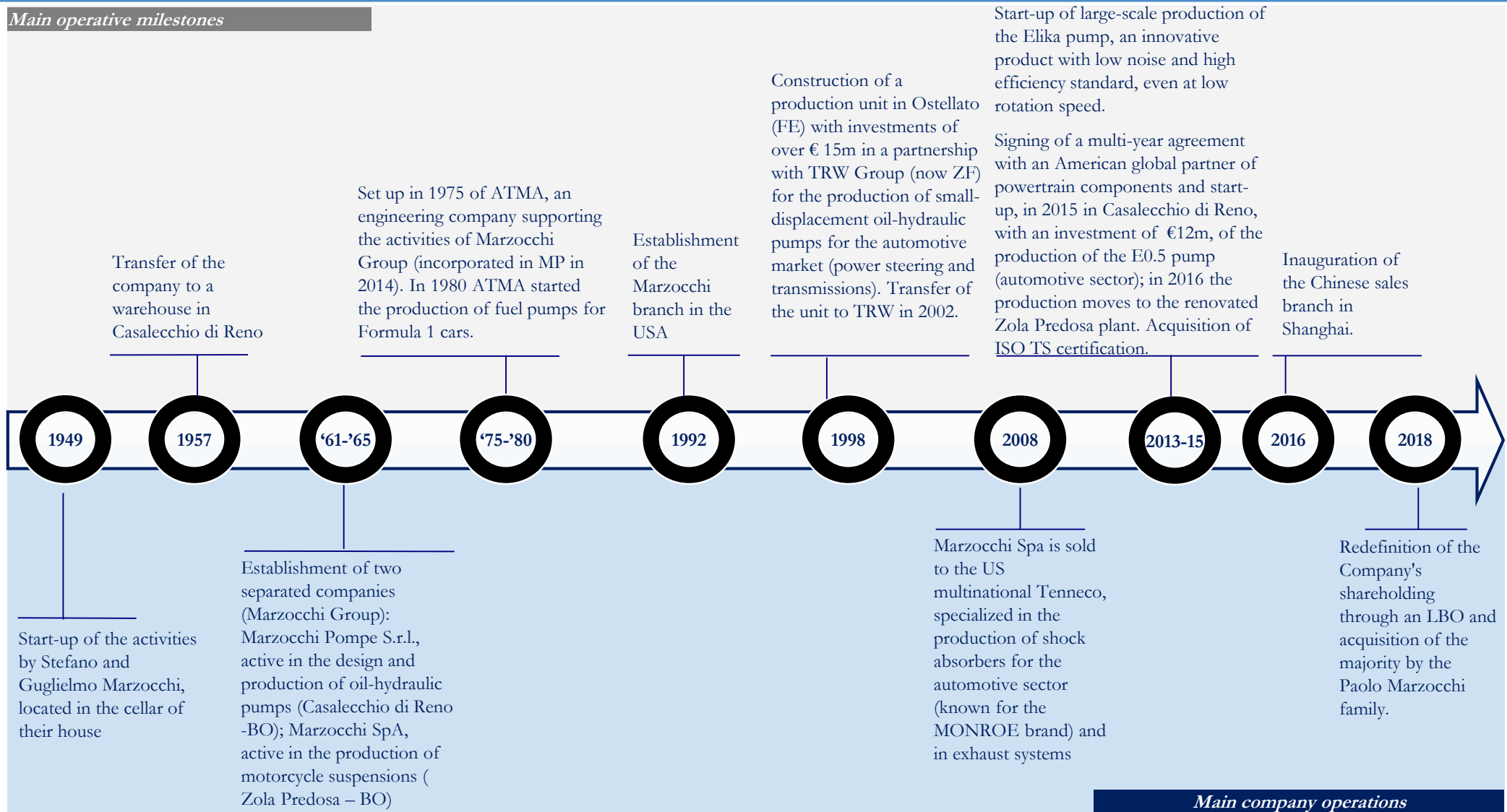


- Covered area 9.648 sqm
- Pumps produced in 2018: 720.913

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

# History

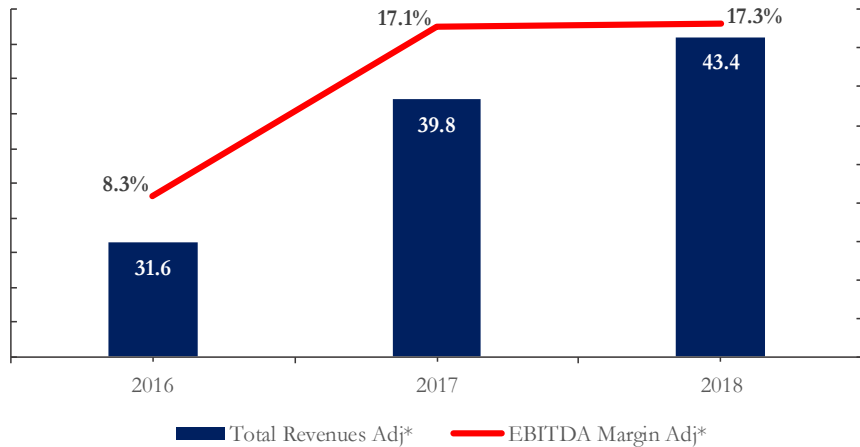
## Main operative milestones



## Main company operations

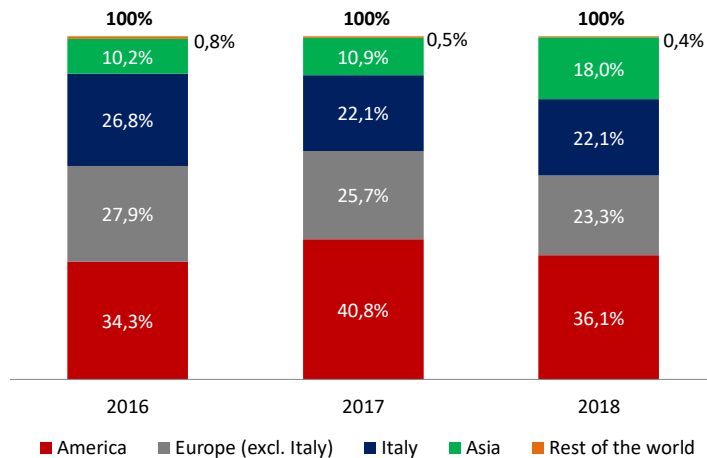
# Financial highlights 2016-2018 (1/2)

## Evolution of Revenues and EBITDA margin



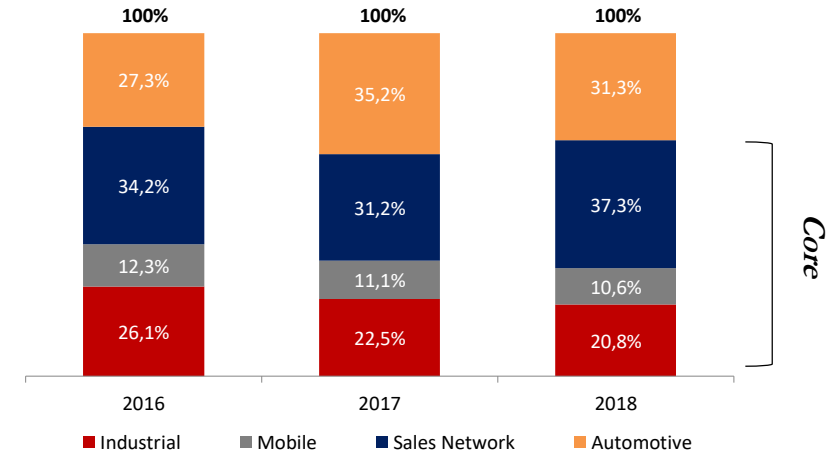
Source: consolidated financial statements

## Geographic distribution of 2016-2018 revenues



Source: consolidated financial statements

## Market segment distribution of 2016-2018 revenues



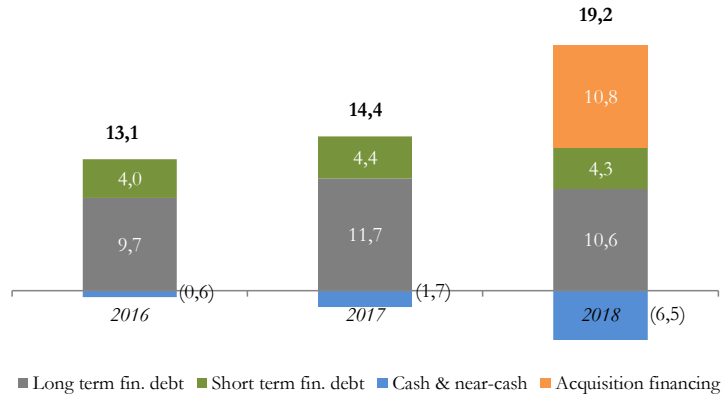
Source: consolidated financial statements

- 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

\*Net of extraordinary and non-recurring items

# Financial highlights 2016-2018 (2/2)

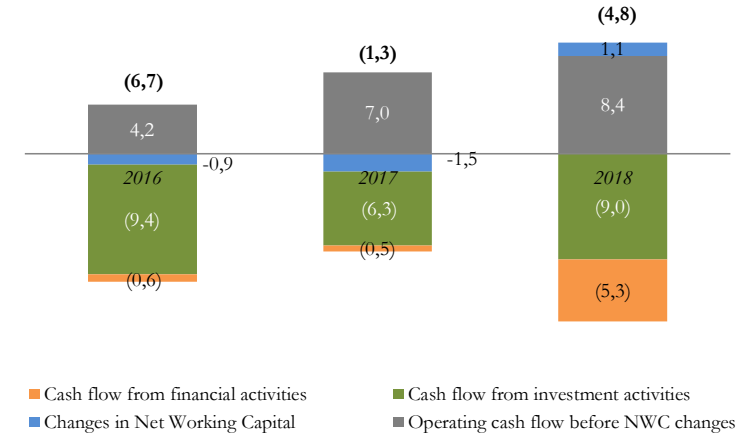
## Net Financial Position Evolution



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



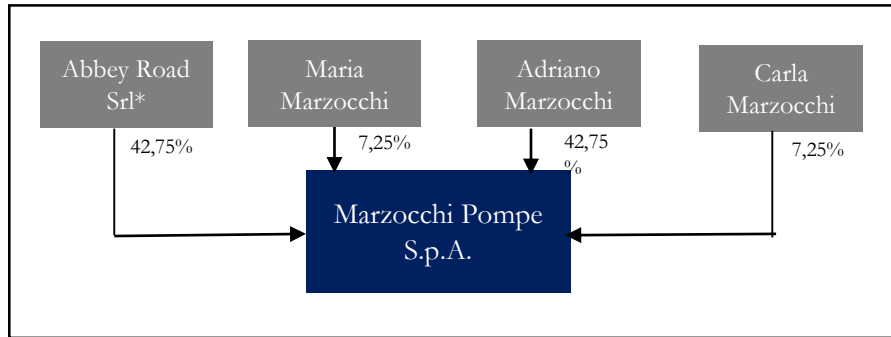
Source: consolidated financial statements

- 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

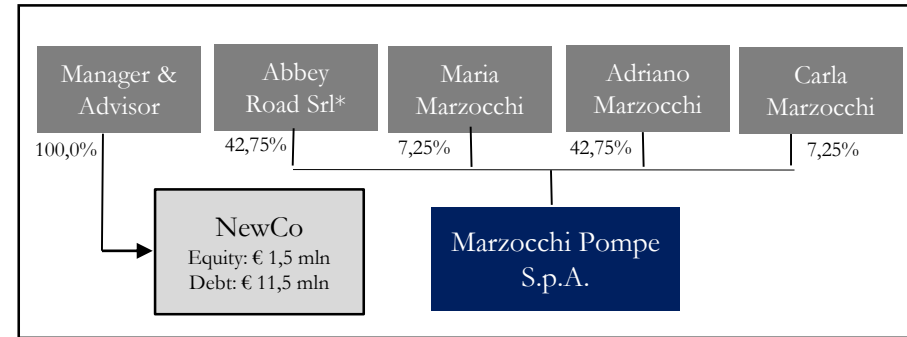
# Focus on LBO

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.

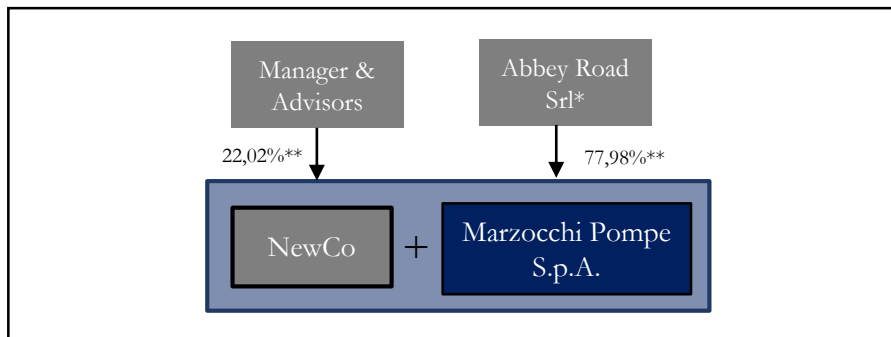
## 1 Shareholding Marzocchi Pompe pre-LBO



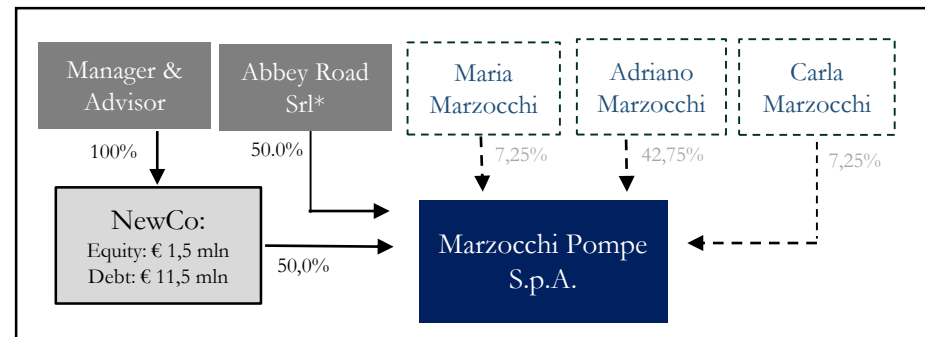
## 2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



## 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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