



FY 2020 Results Presentation

Milan, April 8, 2021

Agenda

- Company at a Glance
- FY 2020 Results
- Outlook
- Market & Competitive Positioning
- Appendix:

Business Overview,
History & Financials



Marzocchi Pompe at a Glance

Company

Marzocchi Pompe is a leading world player in the design, production and marketing of high performance external gear pumps and motors, which are used in sectors like: 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,...).

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.

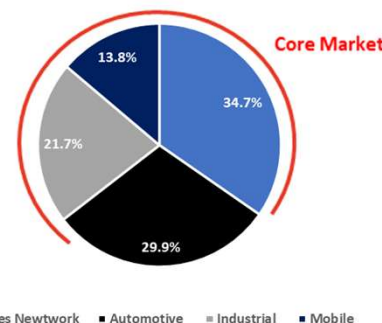
Main Consolidated Financials

€/000	2017	2018	2019	2020
Net Sales	38.638	42.089	39.171	34.143
EBITDA	6.798	7.515	5.422	4.129
EBITDA Margin	17,2%	17,4%	14,4%	12,2%
Net Income	1.956	2.926	203	229
Net Equity	12.796	10.984	18.676	18.444
Net Financial Position	14.437	19.217	12.535	9.252

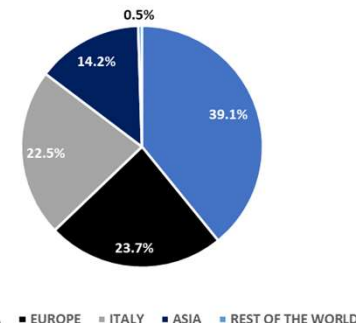
2020 KPI

- Nearly 1,0 mln pumps produced
- More than 800 active clients
- Average employees number: 243

2020 Revenues by Business Line



2020 Revenues by Geographic Area



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 (ind.)
- **to develop innovative products for the Automotive market**, as witnessed by the recent award from a leading world player

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

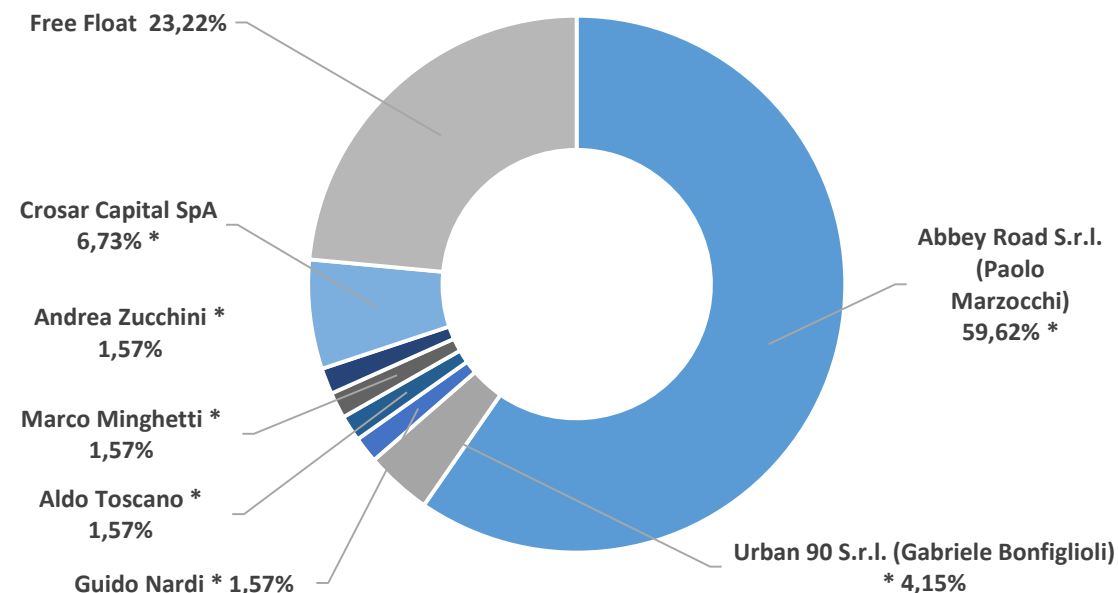
Valentina CAMORANI SCARPA
Board Member

Carlo MARZOCCHI TABACCHI
Board Member

Matteo TAMBURINI
Board Member

Giuseppe ZOTTOLI
Independent Board Member

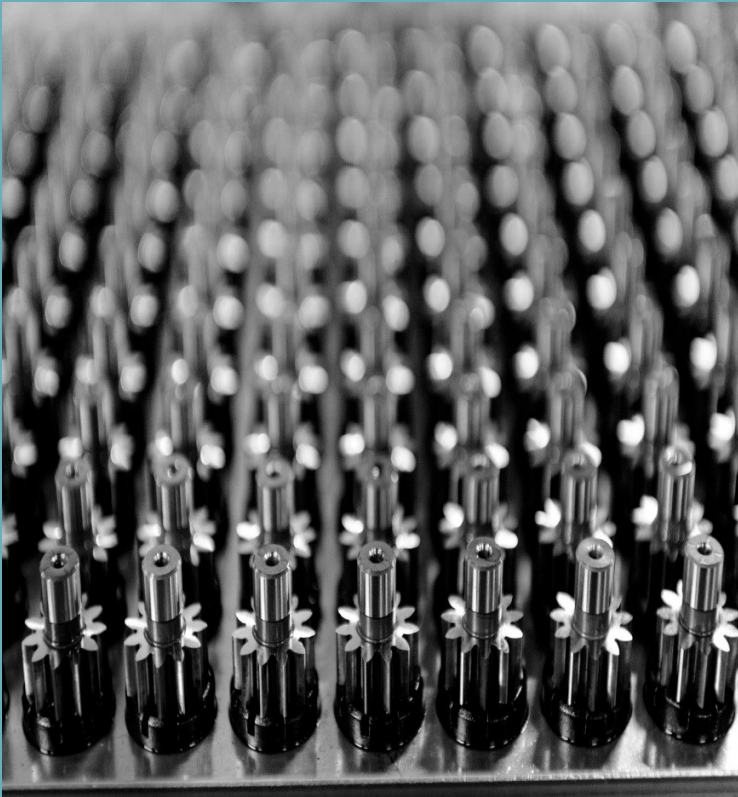
SHAREHOLDERS



Note:

* All shareholders (other than free float) are subject to 24-month lock-up since IPO, expiring July 2021

** Mr Bonfiglioli, Mr Nardi, Mr Toscano, Mr Minghetti and Mr Zucchini are Marzocchi Pompe's Key Managers



FY 2020 Results

FY 2020 Results show strong growth in H2 back to pre-Covid levels

➤ NET SALES AT EURO 34 MLN (-12.8% YoY), WITH H2-2020 UP 19% VS. H1

STRONG GROWTH IN H2-2020 WAS DRIVEN BY AUTOMOTIVE SALES, UP 56% VS. H1 AND 40% VS. H2-2019, EMPOWERED BY THE INDUSTRIAL RECOVERY ESPECIALLY IN THE NORTH AMERICA MARKET. CORE BUSINESS SALES PICKED UP NICELY AS WELL, SHOWING A 6% INCREASE IN H2 VS. H1.

FY-2020 OVERALL SALES DECREASE IS HOWEVER LOWER THAN THE INDUSTRY'S, WITNESSING ONGOING ORDER INTAKE BY MARZOCCHI POMPE THANKS TO ITS STRONG BRAND REPUTATION AND TECHNOLOGICAL EDGE.

➤ EBITDA MARGIN AT 12.2% (vs 14.4% in 2019), GREATLY RESILIENT IN THE PANDEMIC YEAR

IN H2-2020 EBITDA JUMPED TO EURO 2.9 MLN, FROM EURO 1.2 MLN IN H1 (+128%), WITH A MARGIN OF 16.1% CLOSE TO MARZOCCHI POMPE'S ALL-TIME HIGHS OF 17%.

➤ NET DEBT DOWN 26% YoY TO EUR 9.3 THANKS TO CASH GENERATION

CAPEX TOPPED EURO 1.6 MLN OR 5% OF SALES, WITNESSING MARZOCCHI POMPE'S RELENTLESS DEVELOPMENT PROGRAMS EVEN IN SUCH A DIFFICULT YEAR FOR THE INDUSTRY. TIGHT CONTROL OVER INVENTORIES AND PAYMENT TERMS (NOT SUFFERING DELAYS) ALLOW FOR CONSISTENT CASH GENERATION (EURO 3.3 MLN NET).

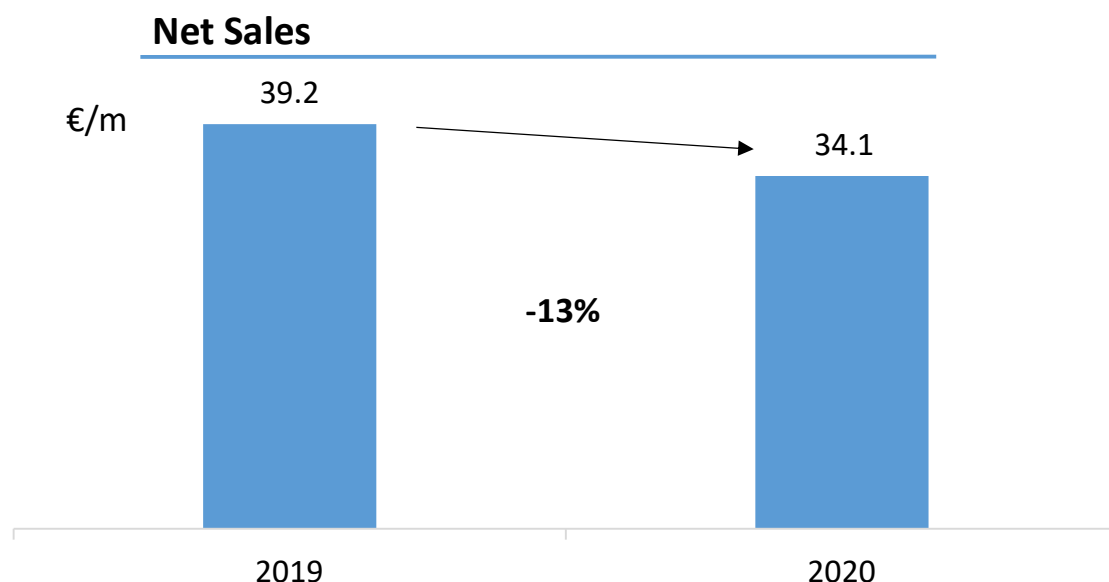
➤ MARZOCCHI POMPE CONFIRMS ITS MARKET LEADERSHIP IN HIGH-PERFORMANCE PRODUCTS

DISTINCTIVE KNOW-HOW IN MANUFACTURING TAILOR MADE PRODUCTS BASED ON CUSTOMER NEEDS IS WITNESSED BY THE RECENT AWARD

FROM A WORLD LEADER IN HEAVY AUTOMOTIVE TO DEVELOP AN INNOVATIVE ELIKA PUMP IN 3Y TIME.

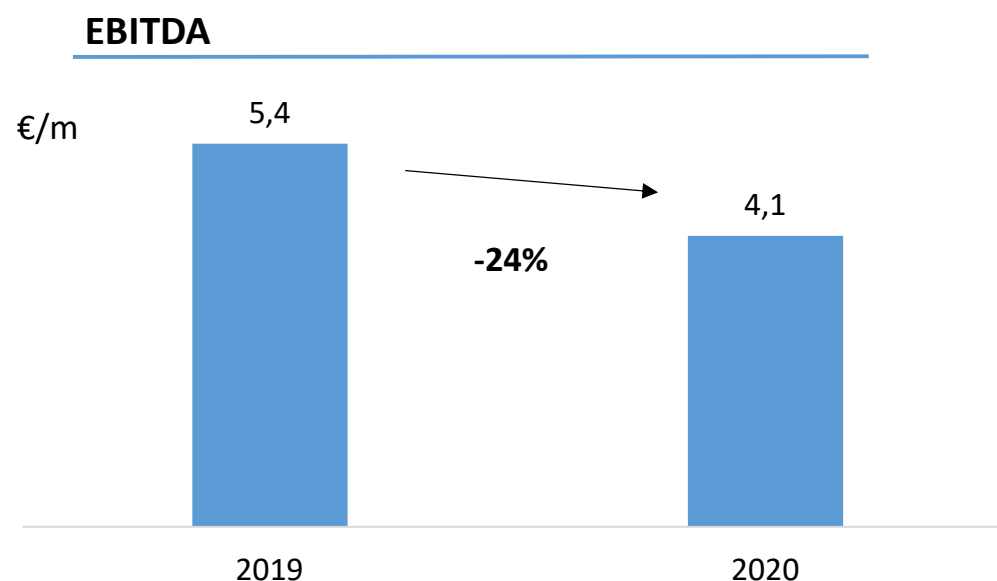
Note: 2019 results are net of the extraordinary "take-or-pay" contribution of €0.8 million, invoiced for the clause relating to the failure to reach the minimum quantities foreseen in the contract with the main automotive customer; this contribution in 2020 would have been €0.6 million, but was not charged due to the national lockdowns, which constituted a force majeure event.

Net Sales at € 34m, EBITDA margin at 12.2% thanks to H2 recovery



Net Sales were Euro 34 million in 2020, with a decrease of 12.8% YoY hit by the pandemic effects especially in H1, which saw also activity lockdowns

Both Sales and Profitability picked up strongly in H2, back to pre-Covid levels



EBITDA margin was 12.2% vs. 14.4% in 2019, yet reflecting a two-step picture: in fact Euro 1.2 million of EBITDA were reported in H1, jumping to Euro 2.9 million in H2 thanks to strong sales recovery

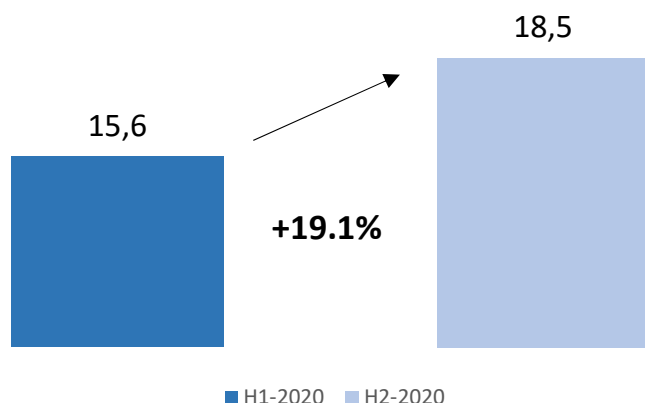
This allowed EBITDA margin to top 16.1% in H2, close to Marzocchi Pompe's all-time highs of 17%

Note: 2019 results are net of the extraordinary "take-or-pay" contribution of €0.8 million, invoiced for the clause relating to the failure to reach the minimum quantities foreseen in the contract with the main automotive customer; this contribution in 2020 would have been €0.6 million, but was not charged due to the national lockdowns, which constituted a force majeure event.

Revenues and EBITDA Breakdown in H1 and H2 2020

Revenues

€/m



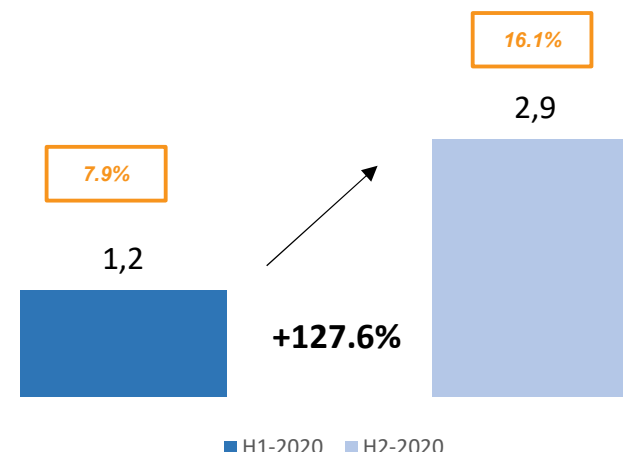
Net Sales in H2 2020 jumped to Euro 18.5 million, with a 19% increase vs. H1 2020, mainly thanks to recovery of the Automotive demand in the US market

Order intake also accelerated in H2 benefiting from the solid reputation of the “Marzocchi Pompe” brand

EBITDA

€/m

Margin (%)



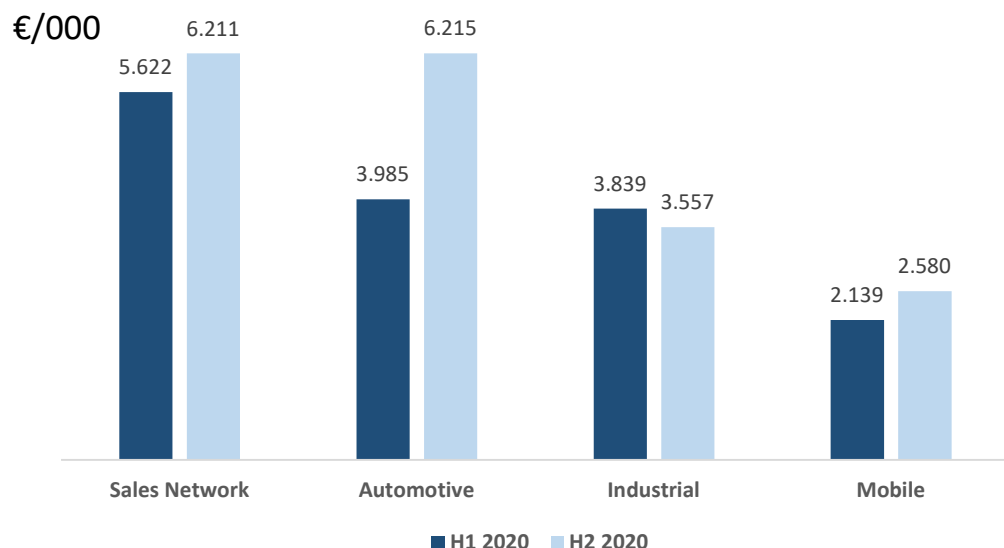
EBITDA more than doubled in H2 2020 vs. H1, reaching Euro 2.9 million (from Euro 1.2 million), showing how powerful is Marzocchi Pompe’s operational gearing

EBITDA margin topped 16.1% in H2 2020, close to Marzocchi Pompe’s all-time highs of 17% achieved in the 2017-18 period

Note: 2019 results are net of the extraordinary “take-or-pay” contribution of €0.8 million, invoiced for the clause relating to the failure to reach the minimum quantities foreseen in the contract with the main automotive customer; this contribution in 2020 would have been €0.6 million, but was not charged due to the national lockdowns, which constituted a force majeure event.

Revenue Breakdown in H1 and H2 2020 by Market & Geographic Area

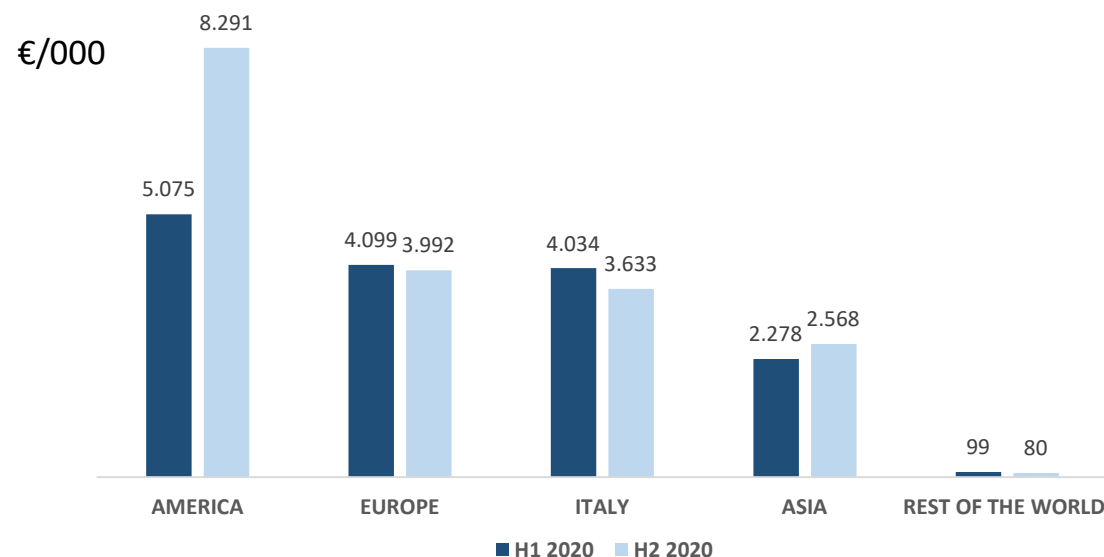
Revenues by Business Line



Sales breakdown by business highlights the sharp rebound of the Automotive in H2-2020, which reached Euro 6.2 million, reporting a 56% rise on the H1, mainly driven by the demand of the North American markets

Core Business sales also showed a good 6.4% (H2 vs H1) growth as clients more and more appreciate the quality of Marzocchi Pompe products

Revenues by Geographic Area



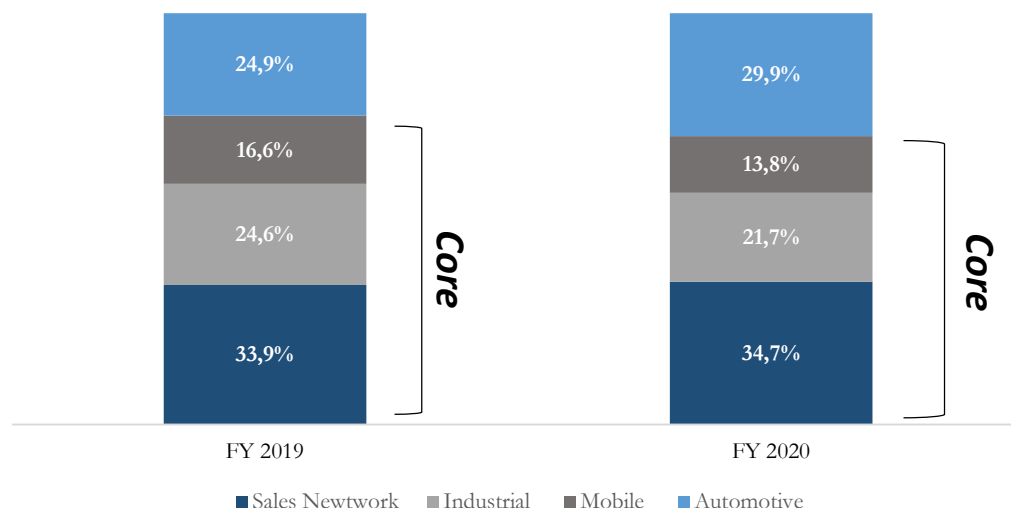
The breakdown of revenues by geographic area indicates a steep rise of the American market from H1 to H2 (+63%), while Asia rose by 12.7%

The 10% sales decrease H2 on H1 in Italy and the -2.6% in Europe show that the recovery in Europe, albeit underway, is still much weaker than in America and Asia

Marzocchi Pompe export share reached 77.5% in 2020, up from 75.1% in 2019

Core market segments at 70% of revenues

Revenue Breakdown

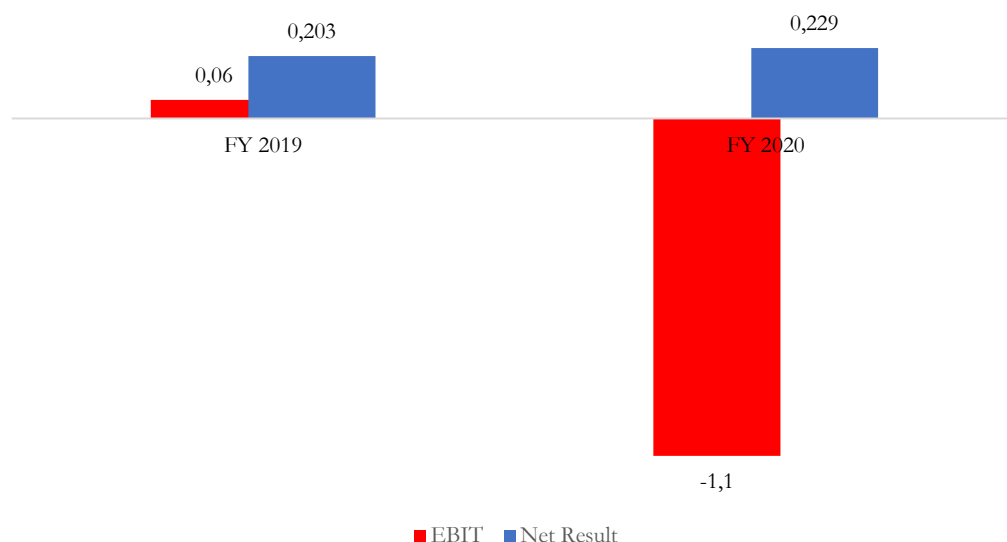


Source: consolidated financial statements

- Revenues by Core market segments (Industrial, Mobile and Sales Network), slid to 70% in 2020 vs 75% in 2019, at Euro 24 million (-18%), after +6.4% sales growth in H2
- Weight of Automotive segment rose to 30% vs 25% in 2019 strongly benefiting from recovery in H2 mainly in the North America market where the economic upswing was steeper than in Europe

EBIT at loss for € 1.1 mln (€ 0.9 mln in H1), Net Income at € 0.2 mln

EBIT and Net Income



Source: consolidated financial statements

- EBIT turned at loss for Euro 1.1 mln in FY due to -€0.9 million in H1, hit by the effects of pandemic lockdowns throughout the world
- Sales recovery coupled with ongoing actions to improve operating efficiency, led to a sharp improvement in H2 which reported -€0.2 mln
- It's worth noticing that **Marzocchi Pompe made no recourse to any of the extraordinary supporting measures provided for by the Italian legislator** to help companies in distress such as:
 - suspension of the depreciation of assets;
 - the revaluation of corporate assets and equity investments
- Net Income remained overall flat at Euro 0.23 million vs. Euro 0.203 million in 2019

Net Financial Position significantly improved at € 9.3 mln

NFP Evolution



- Net Financial Position improved by 26% at year-end to Euro 9.3 million from Euro 12.5 million at end-2019, mainly thanks to the Company's high cash generation capability (Euro 3.3 million net)
- NFP also accounted for Capex of Euro 1.6 million (corresponding to 5% of Revenues, in line with Industrial Plan) and Euro 1.1 million increase in Working Capital which shows tight control over Inventories and payment terms that were not suffering any delay throughout the year

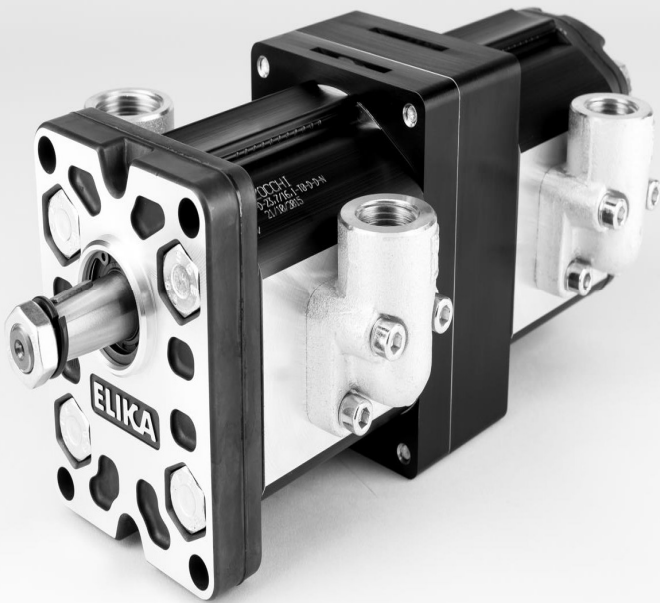
Net Financial Position

	2019	2020
	€/000	€/000
Cash	4,723	7,644
Short Term Debt	(5,361)	(5,191)
Short Term Net Financial Debt	(637)	2,453
Medium Long Term Financial Debt	(11,897)	(11,705)
Net Financial Position	(12,535)	(9,252)

Source: consolidated financial statements

2020 Dividend proposal of € 6 cents / share

- ON 30TH MARCH 2021 MARZOCCHI POMPE BOARD OF DIRECTORS PROPOSED THE DISTRIBUTION OF AN ORDINARY DIVIDEND OF EURO 6 CENTS PER SHARE, FOR A TOTAL DIVIDEND AMOUNT OF EURO 392.325 TO BE COVERED BY EXTRAORDINARY RESERVE
- IF THE SHAREHOLDERS' MEETING DUE ON 30TH APRIL 2021 APPROVES ITS DISTRIBUTION, THE DIVIDEND WILL BE PAID AS FROM 12TH MAY 2021, AFTER DETACHMENT OF THE COUPON ON 10TH MAY 2021
- THE DATE OF ENTITLEMENT TO PAYMENT (RECORD DATE) IS SET AT 11TH MAY 2021



Outlook

2020 Highlights & Outlook

- THE FIRST HALF OF 2020 WAS HEAVILY HIT BY SPREAD OF THE COVID-19 PANDEMIC: MARZOCCHI POMPE CONTINUED ITS PRODUCTION ON A REGULAR BASIS UNTIL 22ND MARCH, WHEN THE ITALIAN GOVERNMENT IMPOSED THE LOCKDOWN WHICH EXPIRED ON 13TH APRIL.
- IN AN EXTRAORDINARILY NEGATIVE GLOBAL SCENARIO, MARZOCCHI POMPE COULD RELY ON ITS LEADING TECHNOLOGICAL KNOW-HOW, ITS EFFECTIVE COMMERCIAL EDGE AND ITS VERY STRONG TEAM SPIRIT, WHICH TOGETHER WITH ITS ENVIABLY HEALTHY FINANCIAL SITUATION ALLOWED THE COMPANY TO PROMPTLY TAKE ADVANTAGE OF THE ECONOMIC ACTIVITY UPSWING IN THE SECOND HALF OF THE YEAR.
- DESPITE ALL MARKET DIFFICULTIES, MARZOCCHI POMPE IS INTENSIFYING ITS COMMERCIAL EFFORTS TO REACH NEW TECHNOLOGICAL AGREEMENTS TARGETING NEW CUSTOMERS: ORDER INTAKE NEVER REALLY STOPPED AND RECOVERY IS GAINING PACE IN THE FIRST MONTHS OF 2021. MOREOVER, ITS SUCCESS IS WITNESSED BY THE RECENT IMPORTANT AWARD ACHIEVED WITH A WORLD LEADER IN THE HEAVY AUTOMOTIVE INDUSTRY FOR THE PRODUCTION OF AN INNOVATIVE ELIKA PUMP AS FROM 2023.
- IN 2020 MARZOCCHI POMPE NOT ONLY HAS BEEN ABLE TO MAINTAIN ITS LEADERSHIP POSITION ON THE MARKET, IT ALSO TOOK AN IMPORTANT STEP FORWARD IN ONE OF THE MOST PROMISING MARKETS WITH THE SET-UP OF THE JV "MARZOCCHI SYMBRIDGE HYDRAULIC (SHANGAI) CO. LTD", WITH THE AIM OF INCREASING COMMERCIAL PENETRATION ESPECIALLY OF CORE BUSINESS PRODUCTS.

Forecast for the Period 2021 – 2023

➤ SIGNIFICANT DEVELOPMENT OF TURNOVER WITH A CAGR OF 6-8% BY 2023, RESULTING FROM

ORGANIC GROWTH, IN LINE WITH THE STRATEGIC GUIDELINES STATED IN THE IPO.

- SALES GROWTH WILL BE DRIVEN BY THE FLAGSHIP PRODUCT ELIKA (SEE FOLLOWING SLIDE) AND THE CONSOLIDATION OF THE STRONG GROWTH IN THE US AND CHINA MARKETS ALREADY RECORDED IN THE LAST MONTHS OF 2020 AND EARLY 2021, WHICH ALSO BENEFITS FROM THE EXCELLENT REPUTATION OF THE MARZOCCHI BRAND AT INTERNATIONAL LEVEL.
- THE GROWTH PATH OF MARZOCCHI POMPE DOES NOT INCLUDE ANY EXTRAORDINARY FINANCIAL OPERATIONS, EXCEPT FOR THE OPPORTUNISTIC EVALUATION OF THE DEALS THAT MAY ARISE, ALSO CONSIDERING THE HIGH DYNAMISM OF THE COMPONENTS INDUSTRY ON THE GLOBAL MARKET.

➤ RETURN TO EXCELLENT LEVELS OF PROFITABILITY, WITH AN EBITDA MARGIN OF AROUND 17-18%

➤ ACHIEVEMENT OF AN OPTIMAL LEVEL OF FINANCIAL LEVERAGE (TOTAL DEBT/EBITDA 1-1.5X) AND

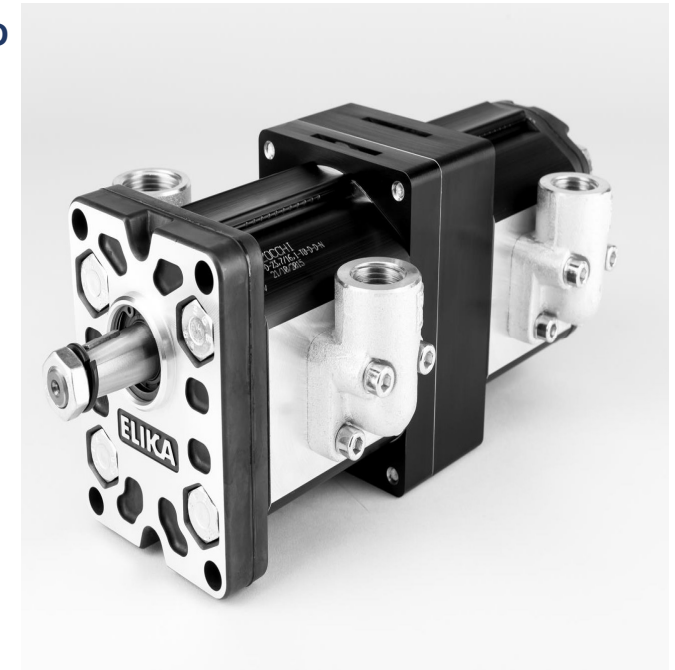
MAINTENANCE OF A DEBT RATIO BELOW 50% OF SHAREHOLDERS' EQUITY

➤ CONFIRMATION OF THE DIVIDEND POLICY ALREADY ADOPTED IN 2019

Focus on ELIKA, Marzocchi Pompe top-performing pump

- IN 2019 THE NEW ELIKA DEPARTMENT HAD 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 CHARACTERIZED BY LOW NOISE & HIGH EFFICIENCY
- THE PLANNED RANGE EXTENSION STARTED AT THE END OF 2019 AND IS EXPECTED ACCELERATE IN FOLLOWING YEARS IN BACK-TO-NORMAL MARKET CONDITIONS
- IN 2020 A NEW IMPORTANT AWARD WAS ACHIEVED FROM A LEADING WORLD PLAYER IN THE HEAVY AUTOMOTIVE INDUSTRY WITH PRODUCTION EXPECTED TO START IN 2023

"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.



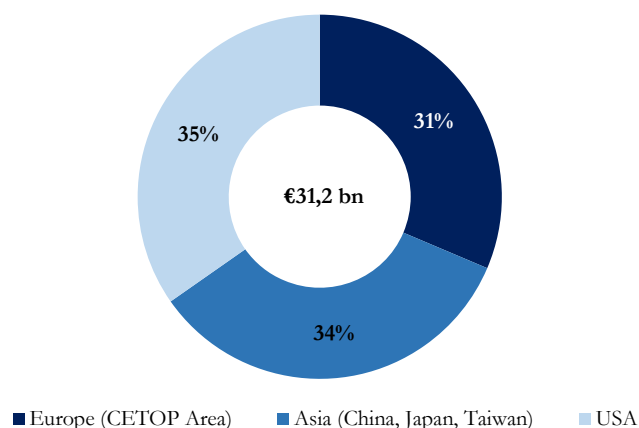


Market & Competitive Positioning

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.

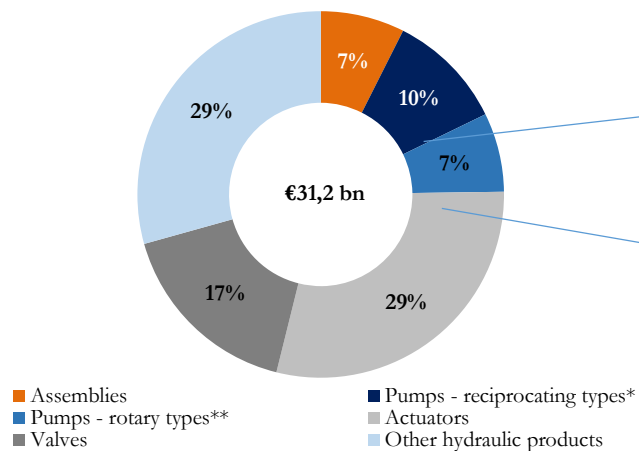
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

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.

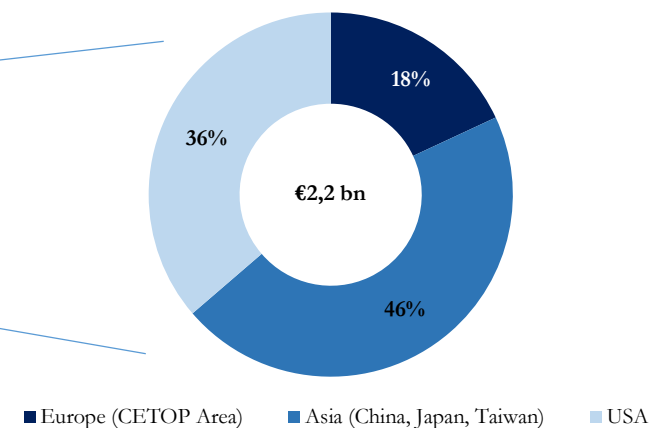
Focus on hydraulic pumps' market

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



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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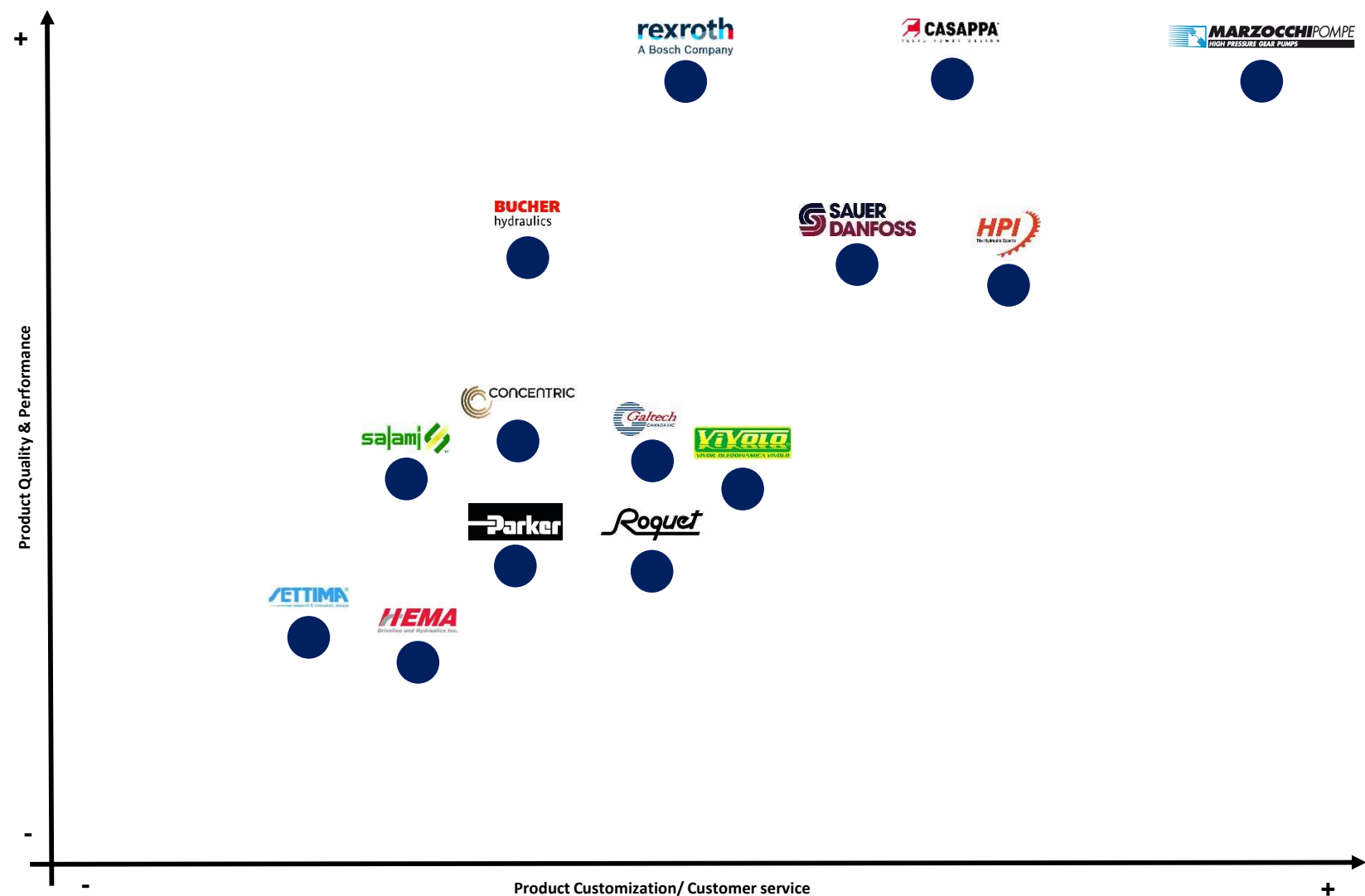
Competitive positioning

Characteristic Company	Quality & Performance	Customer service	Gear Pumps Range	Fluid Power Range	Customization	Competitiveness vs Price	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	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 - high	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 - high	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

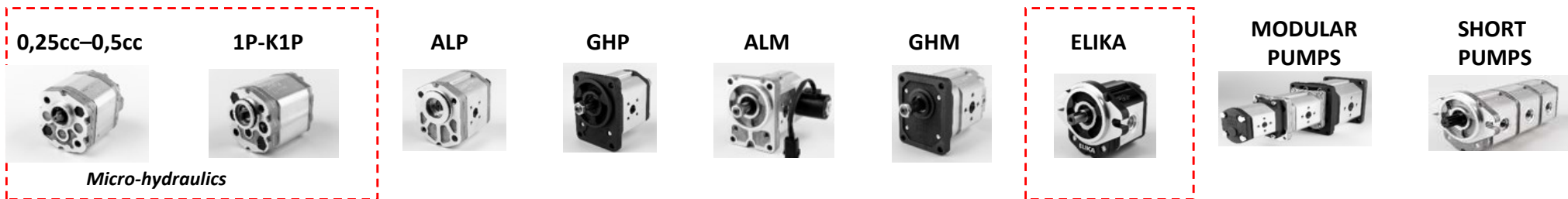


Appendix

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

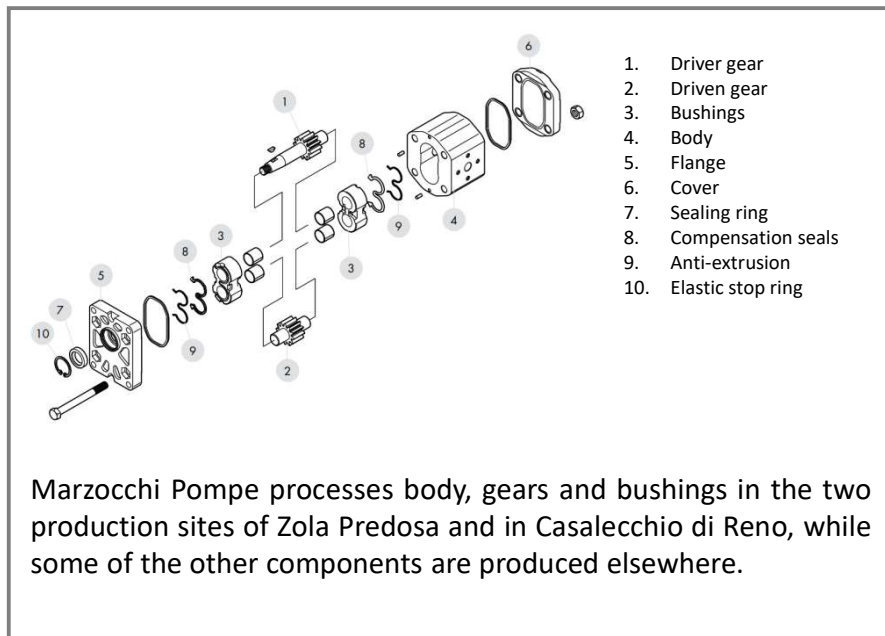
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



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

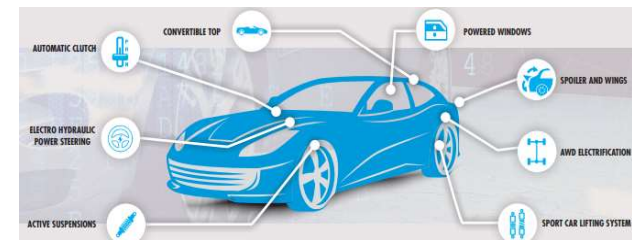


Mobile



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

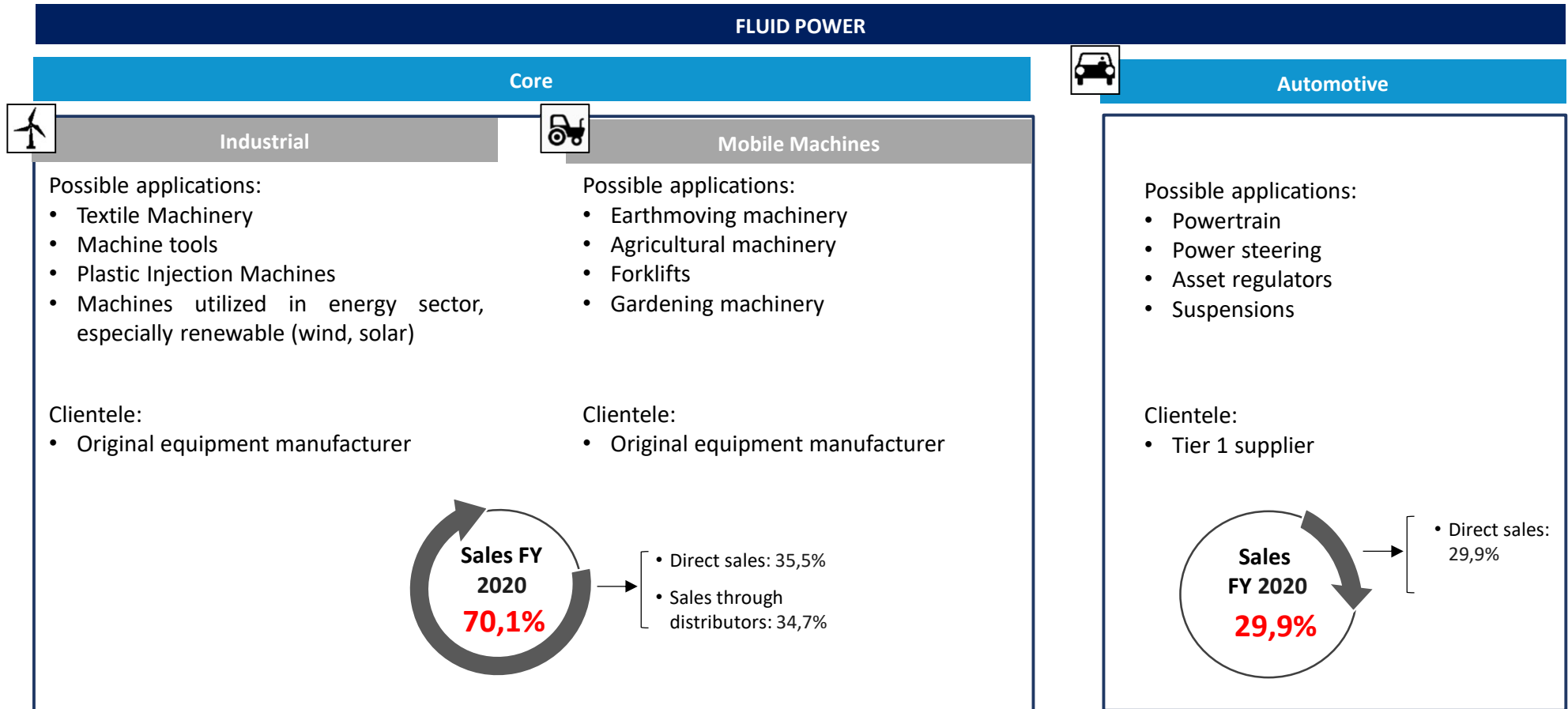
- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency . In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
 - its wide range of products' cubic capacities (from 0.12 cc to 200 cc)
 - the high performances of its products, 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 70,1% of total 2020 revenues, including sales to distributors /sales network, which alone contribute to 34,7% of MP's total sales^(*)



^(*) 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 11,3% of sales and the top 10 representing 26,9%. 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 70,1% and 29,9% of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2020

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2020	%	Revenues 2020	%
Top 3	2,73 mln	11,3%	10,20 mln	100,0%
Top 10	6,44 mln	26,9%	10,20 mln	100,0%
Total	23,95 mln	100,0%	10,20 mln	100,0%

Note (1): Consolidated data.

Note (2): Revenues from distributors' included.

97% 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

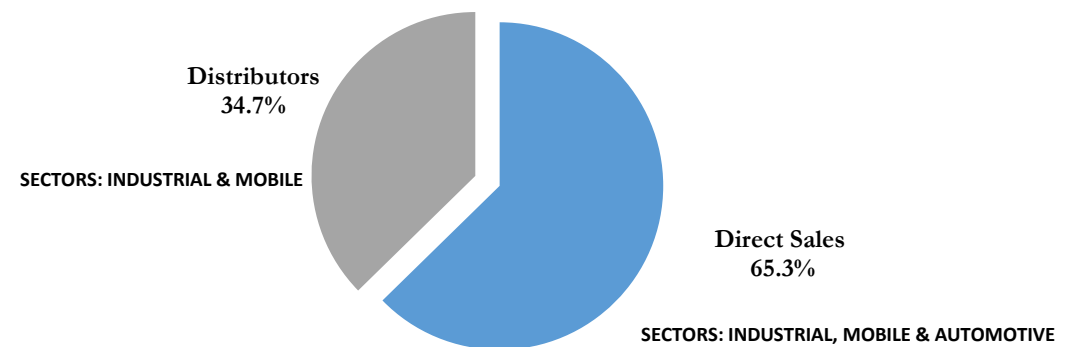
Global distribution network

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.

2020 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

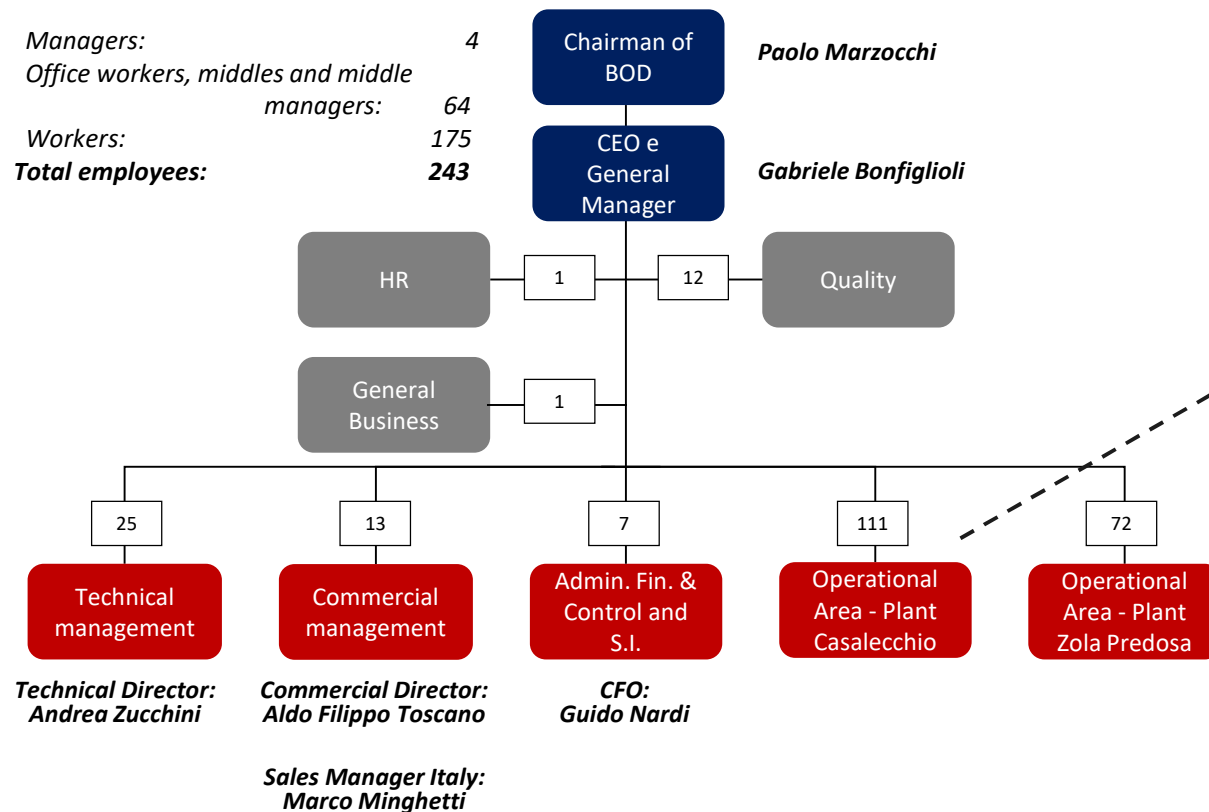
- EBITDA margin at 12,2% in 2020, with the H2 2020 at 16.1% in line with 16,9% for the period 2016-2018
- High operating cash flow (5.8M€ in 2020 vs. 3.9M€ in 2019)

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 1st January 2021 the workforce consists of **243 resources** (of which 241 are permanent employees), with an 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 2020:
369.203

- 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)

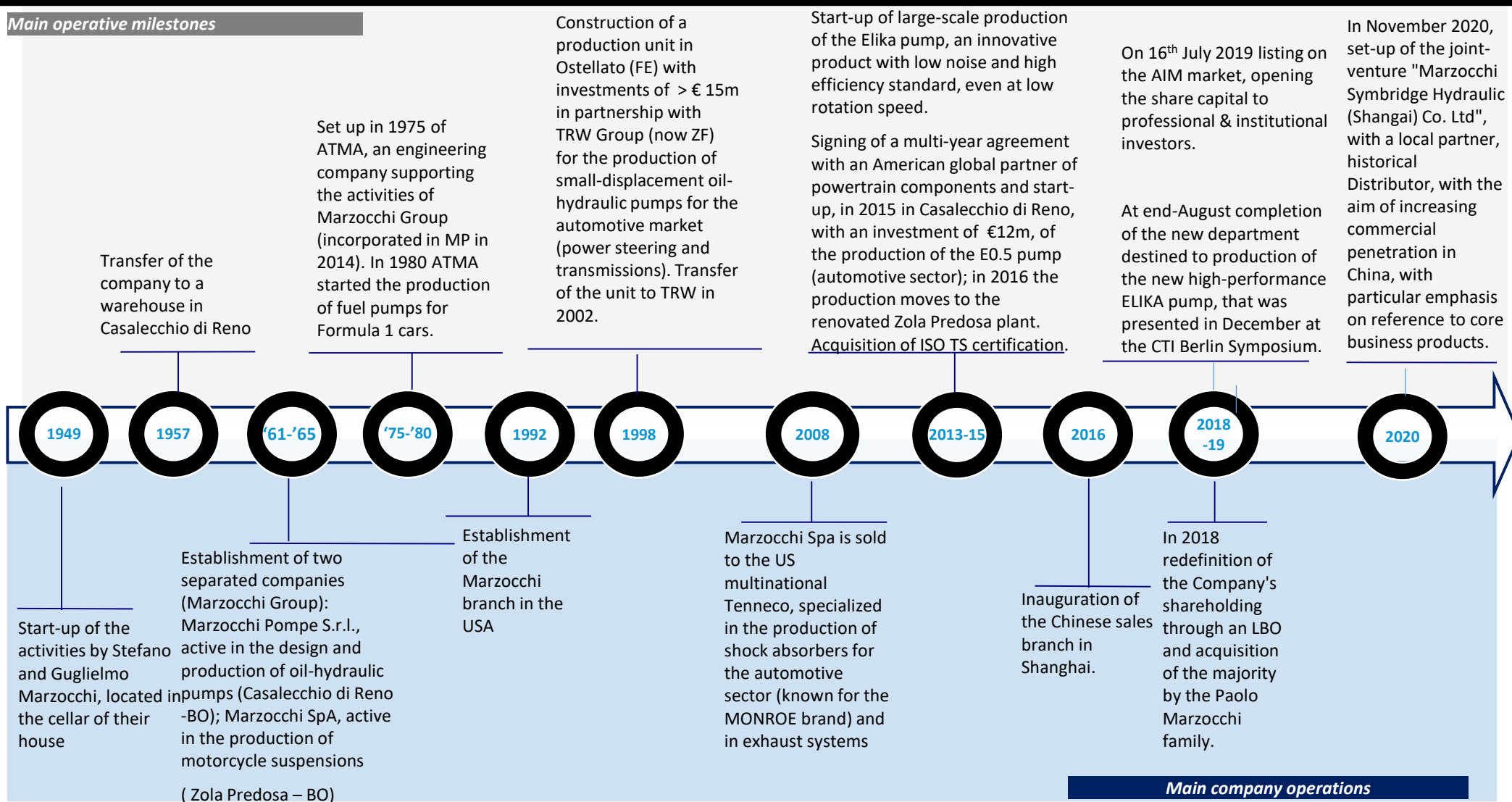


- Covered area
9.648 sqm
- Pumps produced in 2020:
576.869

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

History

Main operative milestones



Main company operations

Consolidated Profit & Loss

<i>Eur 000</i>	31-Dec-20		31-Dec-19	
SALES REVENUEE	34.143	100%	39.171	100%
WIP changes	(307)		(1.433)	
Revenue from production and sales	33.836		37.738	
Other revenue	916		672	
PRODUCTION VALUE	34.752		38.410	
Raw materials consumption	(7.931)	(23,4%)	(8.350)	(22,1%)
Service costs	(9.621)	(28,4%)	(10.675)	(28,3%)
Costs for use of third-party goods	(307)	(0,9%)	(336)	(0,9%)
Various operating costs	(378)	(1,1%)	(334)	(0,9%)
VALUE ADDED	16.516	48,81%	18.715	49,59%
Staff costs	(12.387)	(36,6%)	(13.294)	(35,2%)
EBITDA	4.129	12,20%	5.422	14,37%
Depreciation, amortisations and write-downs	(5.229)	(15,5%)	(5.361)	(14,2%)
OPERATING PROFIT (EBIT)	(1.100)	(3,3%)	60	0,16%
<i>Non-recurring income and charges</i>	<i>0</i>	<i>0,00%</i>	<i>677</i>	<i>1,79%</i>
Financial income and charges	(510)	(1,5%)	(669)	(1,8%)
Financial value adjustments	(24)	(0,1%)	(104)	(0,3%)
EARNINGS BEFORE TAX	(1.634)	(4,8%)	(36)	(0,1%)
Income tax for the year	1.863	5,51%	239	0,63%
NET INCOME	229	0,68%	203	0,54%

(National accounting standards + IFRS 16 – Leases)

Note: Net of the extraordinary "take-or-pay" contribution invoiced for the clause relating to the failure to reach the minimum quantities envisaged in the contract with the main automotive customer, amounting to €0.8 million in financial year 2019; net of non-recurring income and expenses: in financial year 2019, adjustment of the item other revenues by €106 thousand for charges to customers for contributions to product development.

Consolidated Balance Sheet

<i>Eur 000</i>	31-Dec-20	31-Dec-19
A) NET FIXED ASSETS	22.426	26.105
Intangible fixed assets	1.502	1.405
Tangible fixed assets	19.712	23.465
Financial fixed assets	1.212	1.236
B) NET WORKING CAPITAL	6.901	6.787
Inventories	7.673	8.119
Advances from customers	(17)	(23)
Trade receivables	6.365	7.868
Other receivables	2.299	1.363
Trade payables	(4.858)	(4.555)
Other payables	(2.494)	(2.929)
Provisions for risks and charges	(1.526)	(2.770)
Other assets/liabilities	(542)	(285)
C) GROSS INVESTED CAPITAL	29.327	32.893
D) EMPLOYEE SEVERANCE PAY	(1.631)	(1.681)
E) NET INVESTED CAPITAL	27.696	31.212
Covered by		
F) EQUITY	(18.444)	(18.676)
G) NET FINANCIAL POSITION	(9.252)	(12.535)
Medium/long-term financial payables	(11.705)	(11.898)
Short-term financial payables	(5.191)	(5.361)
Cash and cash equivalents	7.644	4.723
H) TOTAL HEDGES	(27.696)	(31.212)

(National accounting standards + IFRS 16 - Leases)

Consolidated Cash Flow Statement

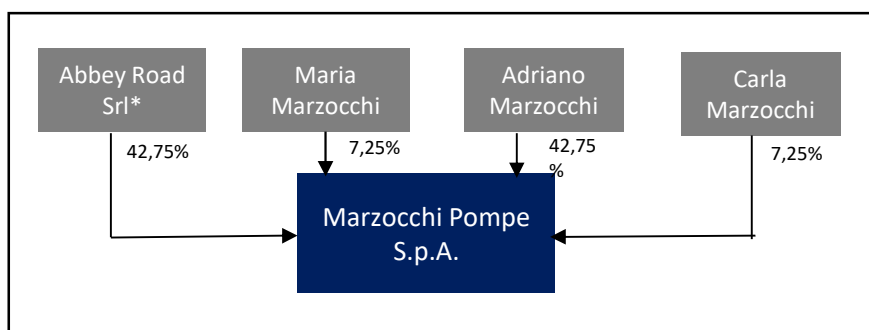
	2020	2019
	€/000	€/000
Operating profit [EBIT]	(1.100)	1.012
Tax effect	1.863	239
Change in funds	(1.295)	153
Provisions and write-downs	5.229	5.361
Income cash flow	4.697	6.765
Changes in working capital		
Inventories	446	1.192
Trade receivables	1.497	(1.627)
Other receivables	(936)	(38)
Trade payables	303	(1.451)
Other payables	(179)	(915)
Changes in working capital	1.131	(2.840)
Operating cash flow (Free cash flow)	5.829	3.926
Net tangible & intangible investments	(1.574)	(3.789)
Change other fixed assets	24	105
Financial value adjustments	(24)	(104)
Cash flow from investing activity	(1.574)	(3.789)
Financial charges/income	(510)	(944)
Share capital increases (/decreases)	0	8.002
Other Equity changes	(461)	(513)
Cash flow from financial activities	(971)	6.545
Net cash flow	3.283	6.682
Start-of-period cash or (exposure)	(12.535)	(19.217)
End-of-period cash or (exposure)	(9.252)	(12.535)
Net cash increase (decrease)	3.283	6.682

(National accounting standards + IFRS 16 - Leases)

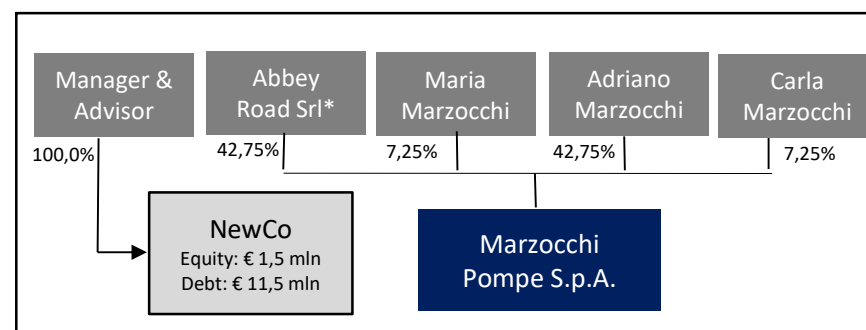
Focus on LBO

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.

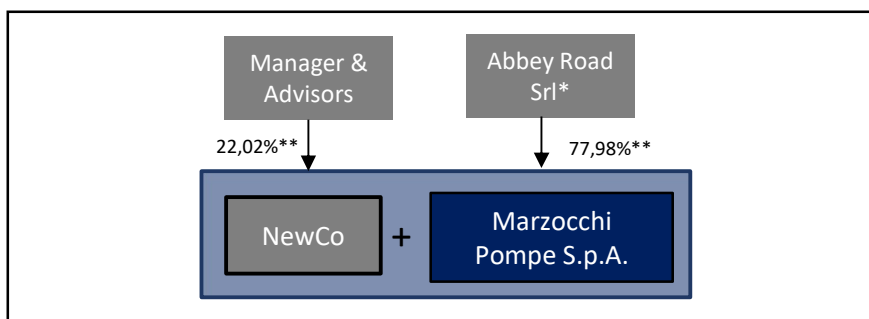
1 Shareholding Marzocchi Pompe pre-LBO



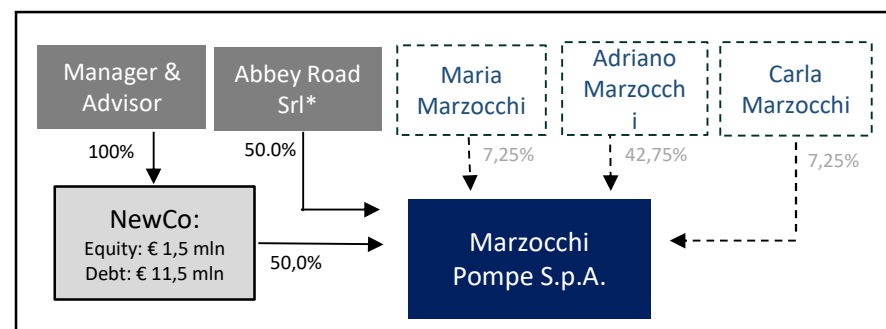
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



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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