



## INVESTOR PRESENTATION

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# Marzocchi Pompe: Introduction to Management

## Role

### Paolo MARZOCCHI

*Main Shareholder,  
Executive Chairman*



## Background

Paolo Marzocchi, the son of one of the founders (Guglielmo Marzocchi), joined the company in the 1970s, and assumed the leadership in the 1990s, with his cousin Adriano (son of the founder Stefano). He was also responsible for the division dedicated to the production of motorcycle suspensions until its sale to the Tenneco Group. In 2018 Paolo Marzocchi received his cousin Adriano's shares through a LBO operation, and became the main shareholder and Chairman of Marzocchi Pompe. Since 2014 he is a board member of Assofluid and the deputy Chairman since 2017.

### Gabriele BONFIGLIOLI

*CEO e General Manager*



Gabriele Bonfiglioli, a trained mechanical engineer, joined the Marzocchi Group as Quality Manager in 1992, ensuring ISO 9001 Certification for the companies of the Group. In 2003 he became Operations Manager and a member of the Board of Directors of Marzocchi SPA, a company operating in the production of motorcycle suspensions. Since 2008, after the sale of the company to the multinational Tenneco, he has played the role of Plant Manager of the Zola Predosa (BO) plant. From 2011 to 2018 he was CEO and General Manager of Modelleria Brambilla, a company listed on the AIM market of Borsa Italiana, and drove its integration with Constamp Group through a reverse takeover operation. In 2018 he was appointed CEO of Marzocchi Pompe.

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☐ Business Overview

☐ Historical Financials 2016-2018

☐ Use of Proceeds and Investment Highlights

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# Marzocchi Pompe at a glance

## Company

**Marzocchi Pompe** is specialized 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 is one of the leaders in the reference sector, and its products are known for high performance and great reliability. The Company boasts a vast range of products that cover most of the needs of the market in terms of displacements and interfacing. MP has a particular focus on the production of very small displacement pumps, particularly suitable for automotive applications. A key feature of the Company is the continuous investment in research and development aimed at satisfying the demand of customers seeking products with higher performance. 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 quality of the product under control.

## Consolidated financials

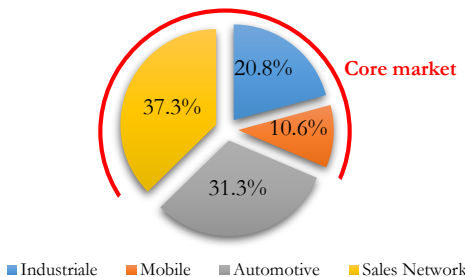
€/000	2016	2017	2018
Net sales	30.496	38.638	42.719
Total revenues	31.684	39.366	44.247
EBITDA	3.993	7.330	9.127
EBITDA margin	13,1%	19,0%	21,4%
Net Income	811	1.955	2.926
Equity	10.825	12.796	10.984
Net Financial Position	13.088	14.437	19.217
Adjusted EBITDA*	2.626	6.797	7.516
Adjusted EBITDA margin	8,6%	17,6%	17,6%

*\*EBITDA calculated net of capital gains and extraordinary gains*

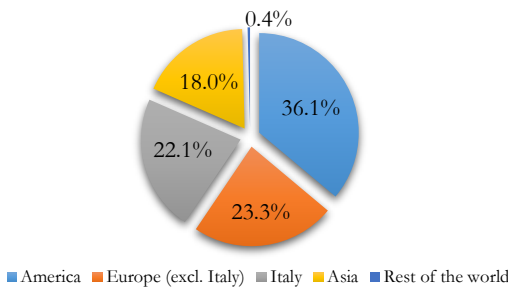
Main KPI  
2018

- 1,2 mln pumps produced
- Around 790 active clients
- Average employees number: 243

2018 revenues by market



2018 revenues by geographic area

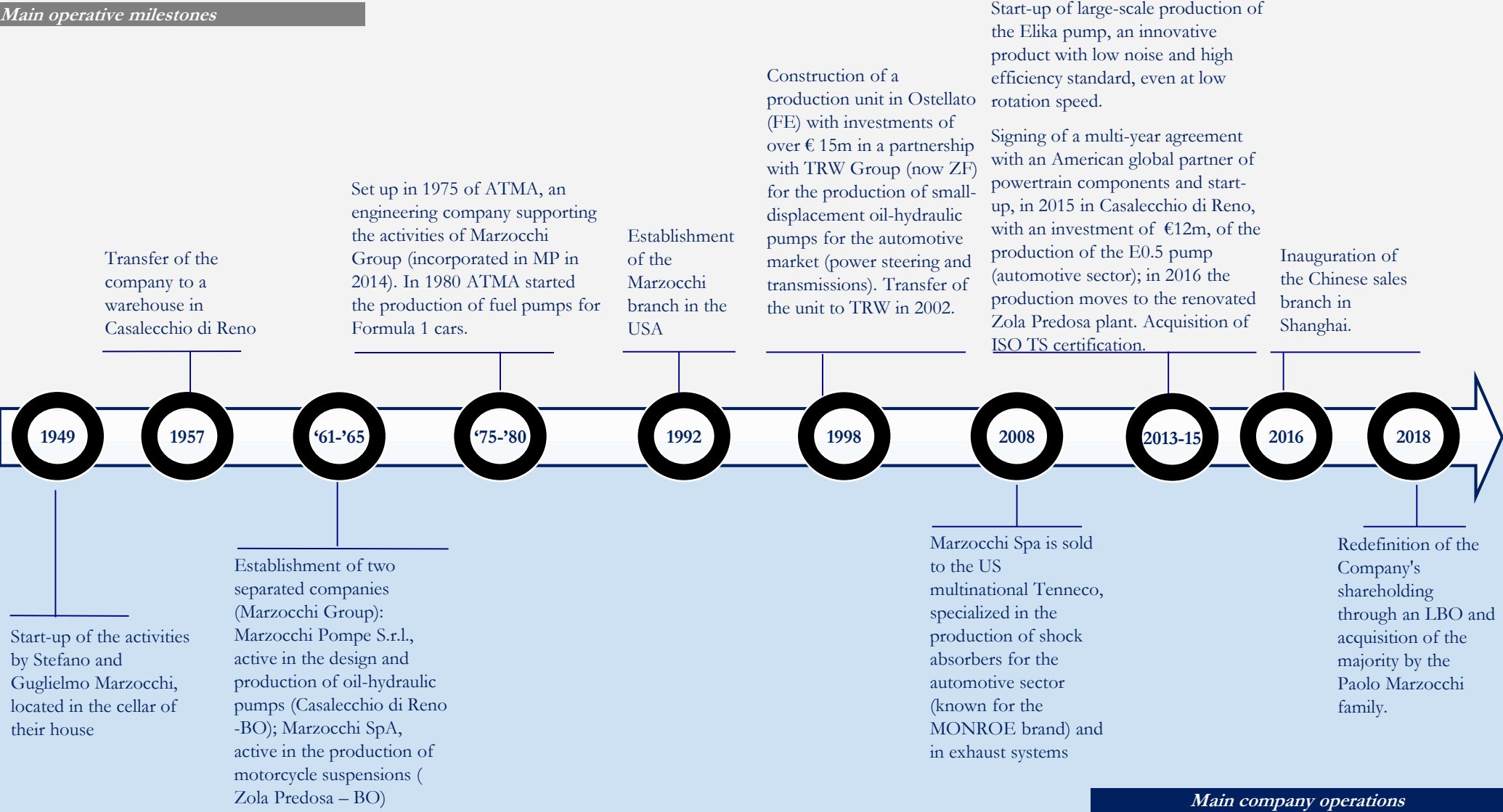


## Strategy

- To continue with the production plant development program in order to expand its capacity and improve its efficiency
- To continue to invest in innovation and development in order to expand the range of products offered, 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) fields
- To develop innovative products for the automotive market

# History

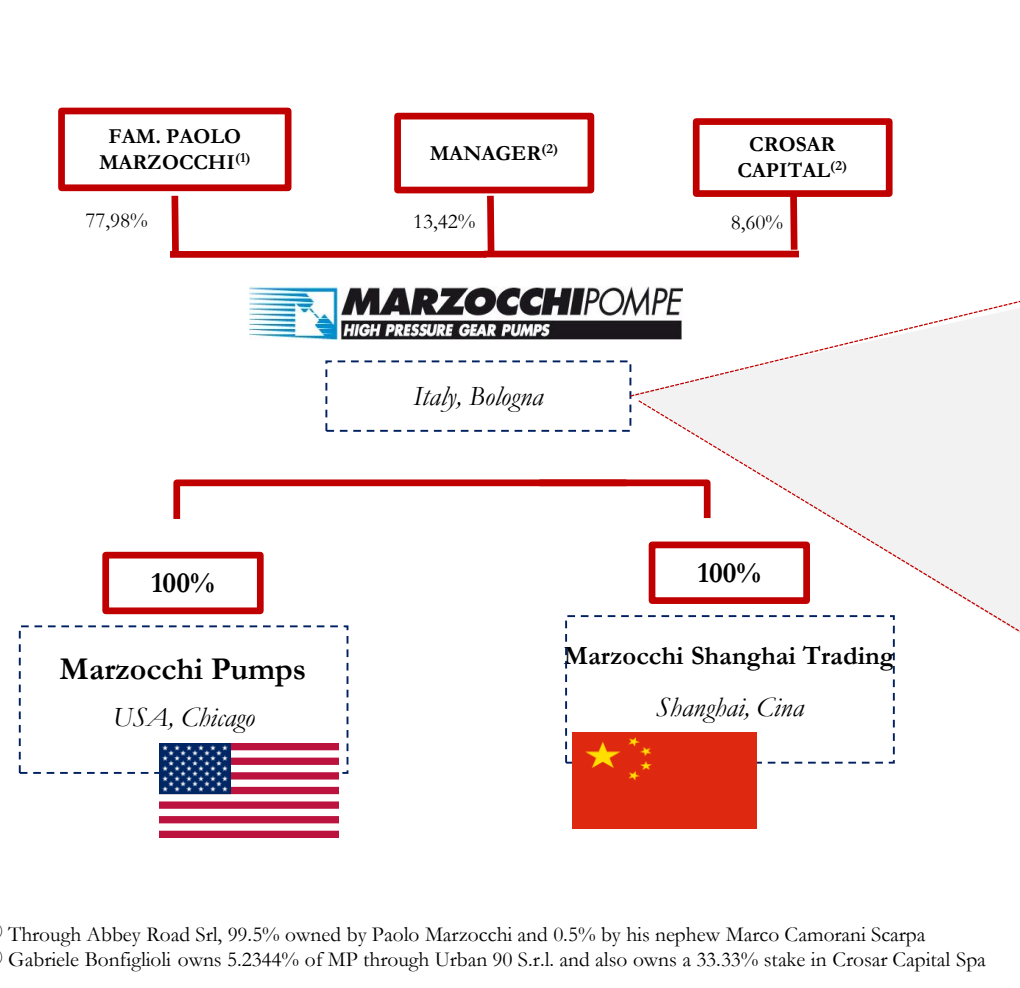
## Main operative milestones



## Main company operations

# Ownership and governance

Ownership and control of the Company are currently held by the Marzocchi Family, the managers of the Company and Crosar Capital (advisor). The Company controls two foreign companies (Marzocchi Pumps in Chicago, USA, and Marzocchi Shanghai Trading, China) which operate as company distributors.



## BOARD OF DIRECTORS

**Paolo MARZOCCHI**  
Executive Chairman

**Gabriele BONFIGLIOLI**  
CEO

**Carlo MARZOCCHI**  
Board Member

**Valentina CAMORANI SCARPA**  
Board Member

**Guido NARDI**  
Board Member

**TBD**  
Independent Board Member  
(Note: availability to appoint an Independent Board Member in representation of institutional investors)

## SUPERVISORY BOARD

Romano CONTI – Chairman  
Andrea CASAROTTI – Standing auditor  
Stefano FAVALLESII – Standing auditor

## AUDIT COMPANY

PricewaterhouseCoopers

## SHAREHOLDERS' AGREEMENT

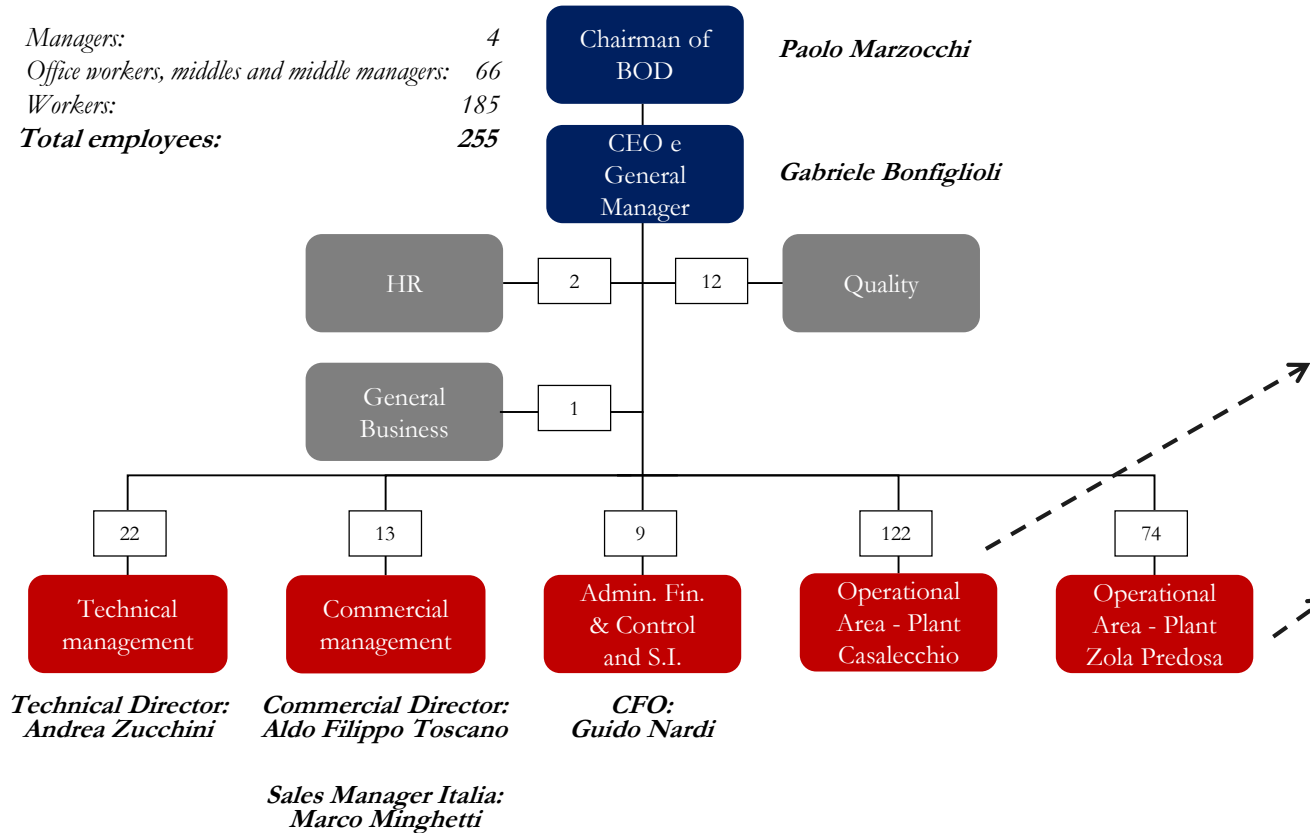
Currently there is a shareholders' agreement between Mr. Paolo Marzocchi and the Managers

## BY LAWS – FOCUS ON TENDER OFFERS

Company bylaws will include the following specific clause on Tender Offers: any resolution that involves the exclusion or cancellation from trading on multilateral negotiation systems of the Company's shares (including merger or demerger resolution effects) must be approved with a favorable vote of 90% (ninety percent) of the voting shareholders, or with the lower percentage as per AIM Italia Rules, except for the event in which, by effect of the resolution, Company's shareholders find themselves holding, or being assigned, shares admitted to negotiations on AIM Italia or on a EU regulated market.

# 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

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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

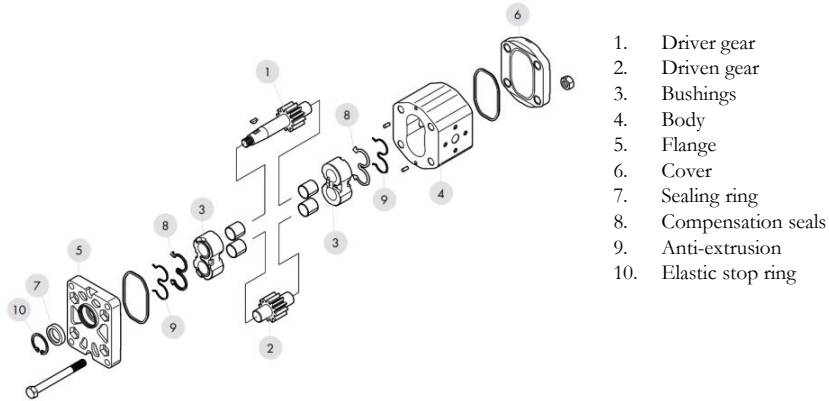
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



# 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



Marzocchi Pompe processes body, gears and bushings in the two production sites of Zola Predosa and in Casalecchio di Reno, while some of the other components are produced elsewhere.

## Examples of application of MP products

### Industrial

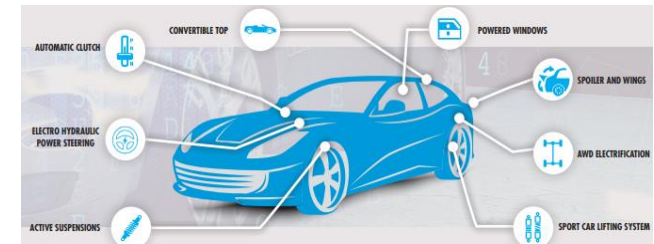


### Mobile



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>

## FLUID POWER

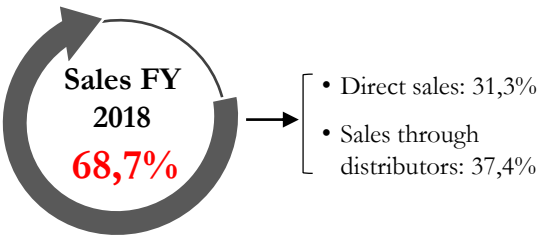
### Core



#### Industrial

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

- Clientele:
- Original equipment manufacturer



#### Mobile Machines

- Possible applications:
- Earthmoving machinery
  - Agricultural machinery
  - Forklifts
  - Gardening machinery

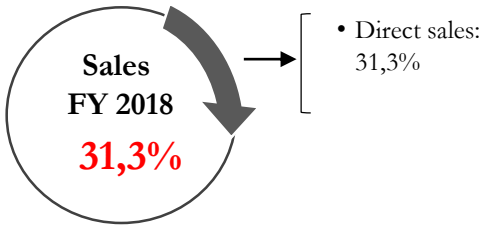
- Clientele:
- Original equipment manufacturer



### Automotive

- Possible applications:
- Powertrain
  - Power steering
  - Asset regulators
  - Suspensions

- Clientele:
- Tier 1 supplier



<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 clients 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	%
Top 3	4,88 mln	16,6%	12,33 mln	92,2%
Top 10	9,15 mln	31,2%	13,36 mln	99,9%
Total	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

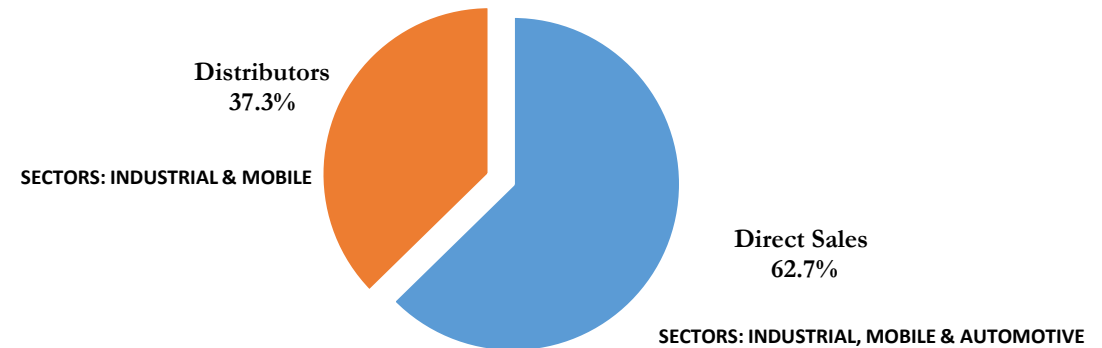
# Global distribution network

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\*



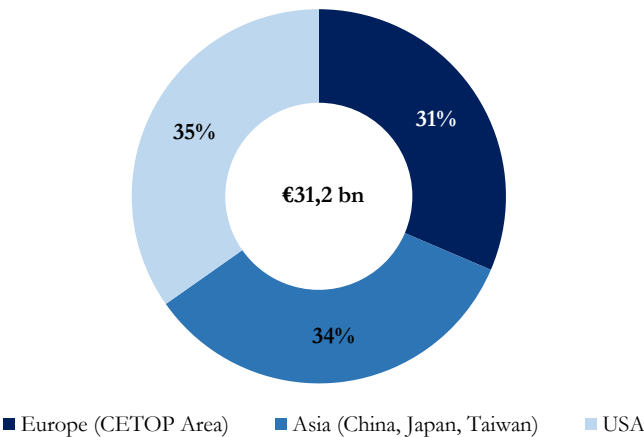
*\*Consolidated data FY2018*

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

# 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



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.

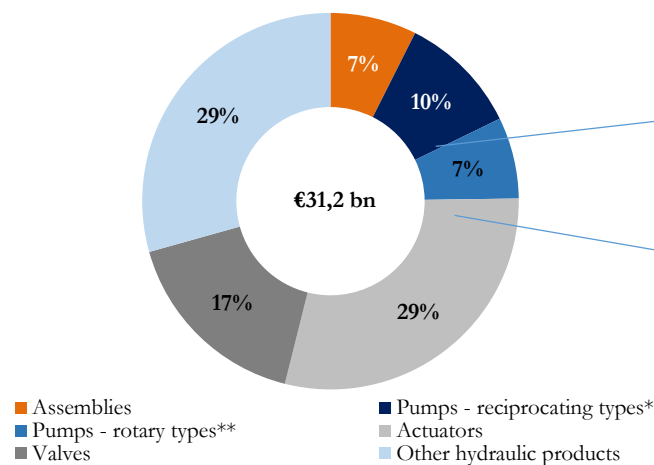
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

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

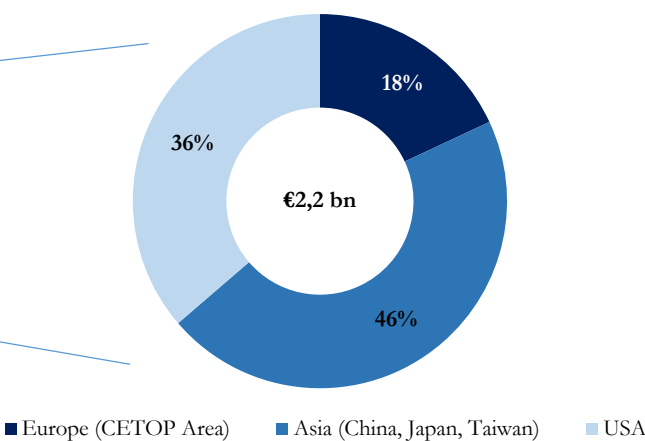
Within the Hydraulic *home*<sup>1</sup> market, the pumps' segment is estimated by ISC to be around Euro 5,4 billion in 2017 (17%), of which Euro 3,2 billion (10%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and Euro 2,2 billion (7%) from the rotary pumps' segment (gear,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

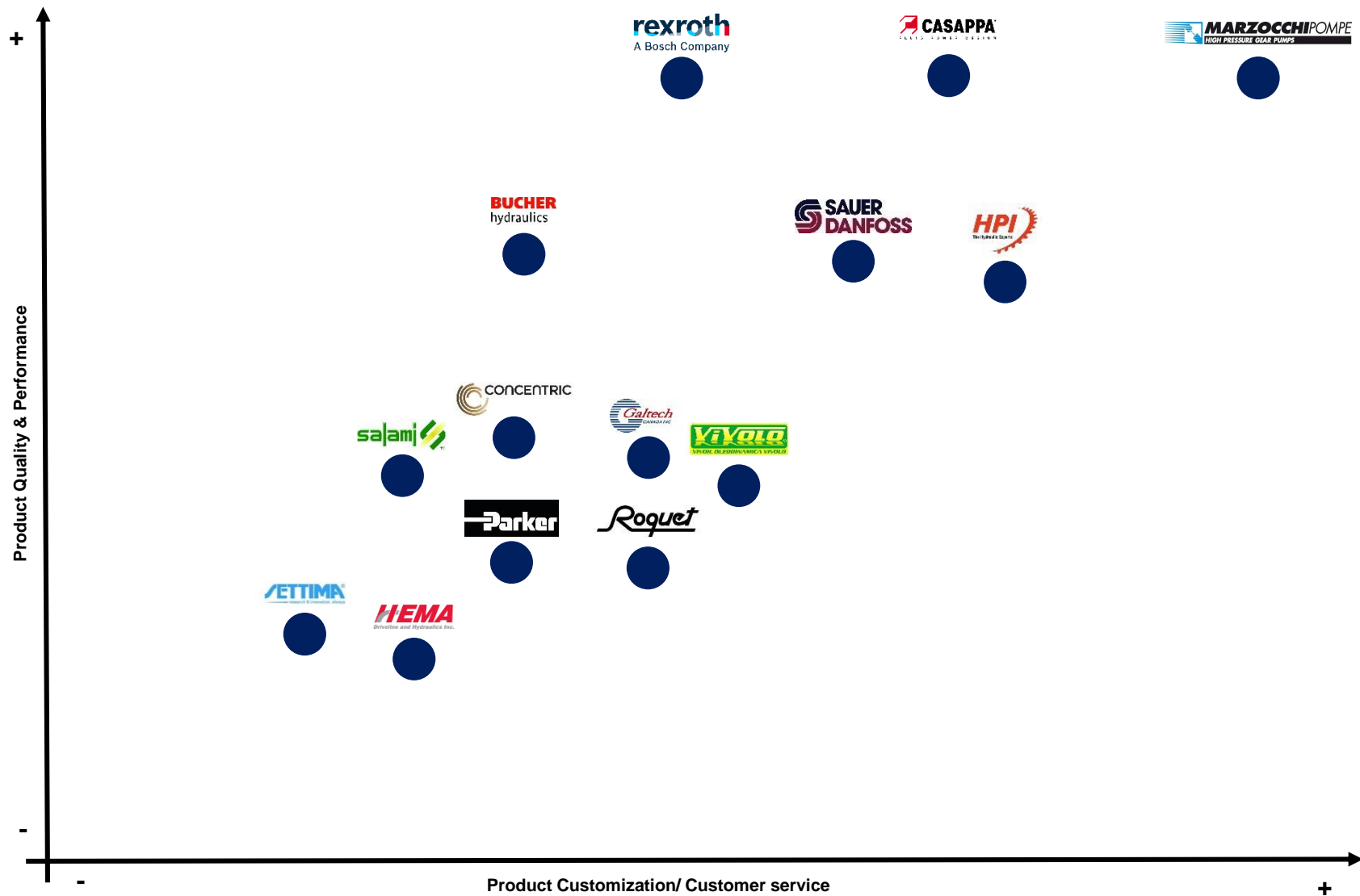
High

Medium - high

Medium

Low

# Leadership in external gear pumps market

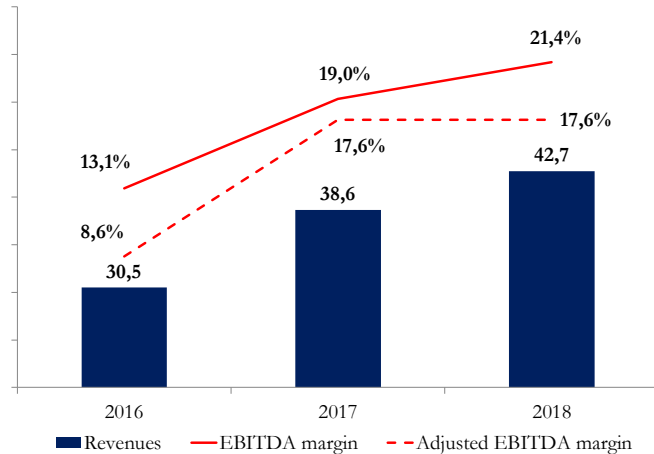


Source: Marzocchi Pompe SpA management estimates

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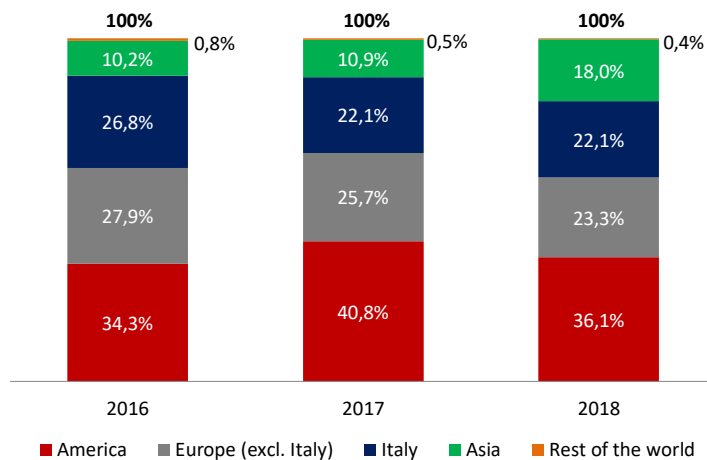
# Financial highlights (1/2)

## Evolution of revenues and EBITDA margin



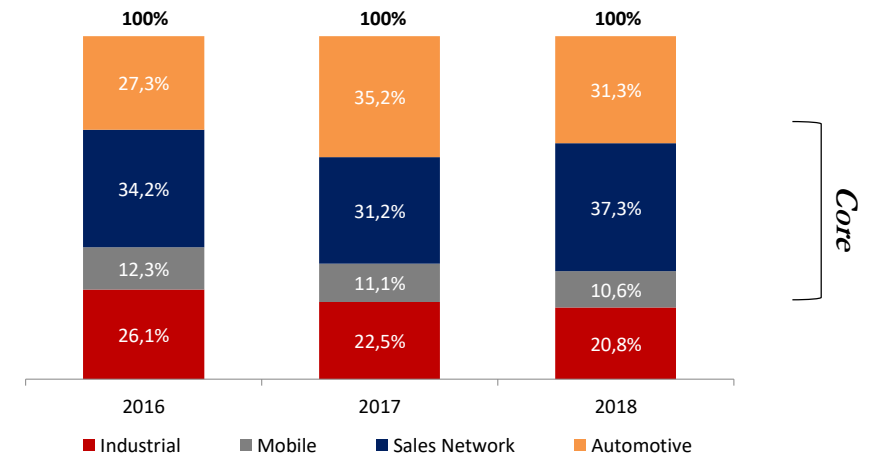
Source: consolidated financial statements

## Geographic distribution of 2016-2018 revenues



Source: consolidated financial statements

## Market segment distribution of 2016-2018 revenues

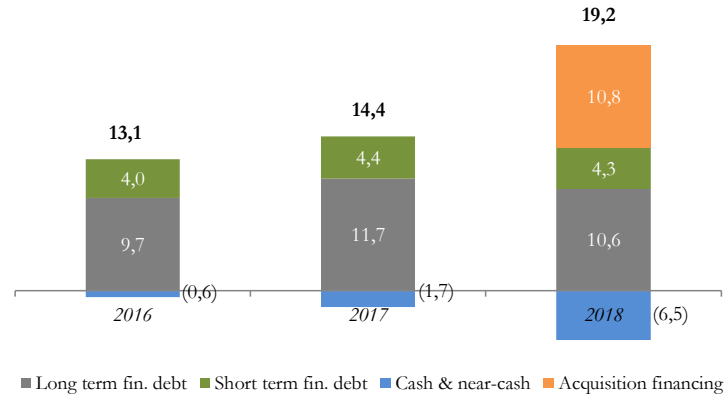


Source: consolidated financial statements

- 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

# Financial highlights (2/2)

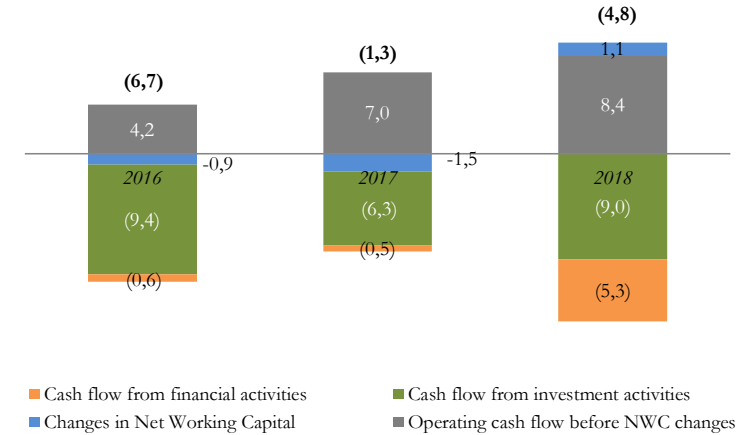
## Net Financial Position Evolution



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

- ☐ Executive Summary
- ☐ Business Overview
- ☐ Historical financials 2015-2018
- ☐ Use of Proceeds and Investment Highlights
- ☐ Deal structure
- ☐ Attachments

# Use of proceeds

Marzocchi Pompe has a strong market positioning and know-how that allow the company to catch the investment opportunities of the sector.

The financial resources for the IPO will be aimed to the following objectives:

- Expansion and efficiency of production capacity through investments in machinery and equipment and new production spaces
- Development of new products and applications related to Erika technology and to new areas of final use
- Extension of the consolidated know-how relating to pumps by extending the range to complementary products, such as flow dividers, in order to meet the needs of current and potential customers and final users
- Further growth in the US and China market through the strengthening of commercial branches also through customer service
- Exploration of growth opportunities coming from new applications in the automotive sector characterized by high sales volumes

# Investment highlights

## Large target market experiencing growth

- The Hydraulic market is large, estimated to be around Euro 8,8 billions in 2016 just 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 oriented towards innovation

- Production process relies on high-tech machinery and extensive use of automation
- Internalization of strategic phases of 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 marginalization and ability to generate operating cash flows









- Average EBITDA margin at 16,9% for the period 2016-2018
- High operating cash flow, increasing during analysis period

## Esteemed execution capabilities

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

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DEAL STRUCTURE		
Capital increase		
Issuer	»	Marzocchi Pompe S.p.A.
Deal structure	»	Capital Increase
Free Float	»	Up to 25% of fully diluted share capital of issuer
Stock Market	»	Milan – AIM/MAC Italia market
Target capital raise	»	Up to € 10 mln in AUCAP
Lock-up	»	Lock up on 100% of Marzocchi Pompe shares for the first 24 months

LIST OF PARTIES	
Role	Actors
Issuer	
Nomad	
Global Coordinator	 
Financial Advisor	
Legale Advisor	
Audit Firm	
Tax Advisor	

INDICATIVE TIMETABLE	
Pre admission	» End of June 2019
Admission/Listing	» Beginning of July 2019

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# Income Statement 2015 - 2018

Values in euro '000

Income Statement	2015	2016	2017	2018	
Net sales	28.554	30.496	38.638	42.719	①
Other revenues	1.694	1.188	728	1.528	
<b>Total revenues</b>	<b>30.248</b>	<b>31.684</b>	<b>39.366</b>	<b>44.247</b>	
COGS	(6.293)	(6.019)	(7.858)	(9.070)	②
G&A	(8.550)	(9.735)	(11.461)	(12.705)	
Labor cost	(10.089)	(11.594)	(12.372)	(13.075)	
Other operating expenses	(232)	(342)	(345)	(270)	
<b>Total cost of production</b>	<b>(25.164)</b>	<b>(27.691)</b>	<b>(32.036)</b>	<b>(35.120)</b>	
<b>EBITDA</b>	<b>5.084</b>	<b>3.993</b>	<b>7.330</b>	<b>9.127</b>	
<i>EBITDA margin</i>	<i>17,8%</i>	<i>13,1%</i>	<i>19,0%</i>	<i>21,4%</i>	
Depreciation and amortization	(2.228)	(2.896)	(4.423)	(5.269)	③
<b>EBIT</b>	<b>2.856</b>	<b>1.097</b>	<b>2.907</b>	<b>3.858</b>	
Net interest	(391)	(406)	(511)	(553)	
Investments appreciations (write-downs)	70	(131)	(77)	118	
<b>EBT</b>	<b>2.535</b>	<b>560</b>	<b>2.319</b>	<b>3.423</b>	
Taxes	(830)	251	(364)	(496)	
<b>Net Income</b>	<b>1.705</b>	<b>811</b>	<b>1.955</b>	<b>2.926</b>	
<b>Adjusted EBITDA</b>	<b>n.a.</b>	<b>2.626</b>	<b>6.797</b>	<b>7.516</b>	④
<b>Adjusted EBITDA margin</b>	<b>n.a.</b>	<b>8,6%</b>	<b>17,6%</b>	<b>17,6%</b>	

- Core revenues amounted to Euro 42,7 million in 2018, increasing by 10,6% from 2017's values. Compounded average growth rate in period 2015-2018 (CAGR) was equal to 14,4%
- Increase in 2018 personnel cost (+ 6% vs 2017) due to increase in employee (from 238 employees in 2017 to 246 in 2018)
- Amortization in 2018 was Euro 5,3 million (vs Euro 3,3 million in 2017) and credit depreciation was Euro 32 thousand (vs Euro 1,1 million in 2017). Higher amortization of around Euro 2 million in 2018 vs 2017 due to company's assets appreciation for the allocation of LBO goodwill of around Euro 7 million
- EBITDA adjusted for non-recurring and extraordinary gains, which totaled about Euro 1,6 million in 2018:
  - 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 statement, drawn up in accordance to the national accounting principles and IAS 17

# Balance Sheet 2015 - 2018

Values in euro '000

Balance Sheet	2015	2016	2017	2018
<b>USES</b>				
Intangible assets	654	762	445	687
Tangible assets	14.110	20.379	22.312	25.755
Financial assets	1.039	1.001	1.201	1.341
<b>Total assets (A)</b>	<b>15.803</b>	<b>22.142</b>	<b>23.958</b>	<b>27.783</b>
Inventories	5.132	6.785	7.926	9.311
Trade receivables	6.974	7.293	8.536	6.320
Other receivables	439	787	744	1.223
Trade payables	(3.990)	(5.478)	(5.843)	(6.006)
Other payables	(1.984)	(2.054)	(2.474)	(3.513)
Other assets/ liabilities	(1.129)	(980)	(1.047)	(617)
<b>Net working capital (B)</b>	<b>5.442</b>	<b>6.353</b>	<b>7.842</b>	<b>6.718</b>
<b>Invested capital (A+B)</b>	<b>21.245</b>	<b>28.495</b>	<b>31.800</b>	<b>34.501</b>
Severance indemnity fund	(2.314)	(2.252)	(2.169)	(1.752)
Other funds	(2.326)	(2.329)	(2.399)	(2.547)
<b>Funds total (C)</b>	<b>(4.640)</b>	<b>(4.582)</b>	<b>(4.567)</b>	<b>(4.300)</b>
<b>Net invested capital (A+B+C)</b>	<b>16.605</b>	<b>23.913</b>	<b>27.233</b>	<b>30.201</b>
<b>SOURCES</b>				
Long term financial debt	4.291	9.730	11.742	19.500
Short term financial debt	3.163	3.996	4.397	6.190
Cash & near-cash	(1.067)	(638)	(1.702)	(6.473)
<b>Net Financial Position</b>	<b>6.387</b>	<b>13.088</b>	<b>14.437</b>	<b>19.217</b>
<b>Equity</b>	<b>10.218</b>	<b>10.825</b>	<b>12.796</b>	<b>10.984</b>
<b>Total sources</b>	<b>16.605</b>	<b>23.913</b>	<b>27.233</b>	<b>30.201</b>

## 1. Tangible assets include:

- Lands and Buildings for Euro 9,2 million, consisting of the production plants of Casalecchio di Reno and Zola Pedrosa
- Plants and machinery for Euro 14 million
- Industrial and commercial equipment for Euro 1,7 million
- Assets under construction and other goods for Euro 0,7 million

The increase from 2017 values is to be attributed mainly to the assets appreciation for the allocation of LBO goodwill

## 2. Decrease in net working capital mainly due to a reduction in trade receivables due to the combined effect of lower days receivables on foreign revenues and the use of non-recourse factoring for approximately Euro 2,8 million

## 3. Net financial position in 2018 has increased from 2017 due to the effects of LBO (financed with Euro 12,5 million granted by Banca di Bologna through acquisition financing)

Residual value from acquisition financing in 2018 was equal to Euro 10,8 million

Source: Source: consolidated financial statement, drawn up in accordance to the national accounting principles and IAS 17

# Cash Flow statement 2016 - 2018

Values in euro '000

Cash flow statement	2016	2017	2018
EBIT	1.097	2.907	3.858
Tax effect	251	(364)	(496)
Provision to funds	(58)	(15)	(267)
Depreciation and amortization	2.896	4.423	5.269
<b>Operating cash flow before NWC changes</b>	<b>4.186</b>	<b>6.951</b>	<b>8.363</b>
Changes in net working capital			
Inventories	(1.653)	(1.141)	(1.385)
Trade receivables	(319)	(1.243)	2.216
Other receivables	(348)	43	(479)
Trade payables	1.488	365	163
Other payables	(79)	487	609
Changes in net working capital	(911)	(1.489)	1.124
<b>Operating cash flow</b>	<b>3.275</b>	<b>5.462</b>	<b>9.487</b>
Capex	(9.273)	(6.039)	(8.954)
Changes in other fixed assets	38	(200)	(140)
Investments appreciations (write-downs)	(131)	(77)	118
<b>Cash flow from investment activities</b>	<b>(9.366)</b>	<b>(6.316)</b>	<b>(8.976)</b>
Net interest	(406)	(511)	(553)
Changes in share capital	0	0	0
Other changes in net equity	(204)	16	(4.738)
<b>Cash flow from financial activities</b>	<b>(610)</b>	<b>(495)</b>	<b>(5.291)</b>
<b>Net cash increase (decrease)</b>	<b>(6.701)</b>	<b>(1.349)</b>	<b>(4.780)</b>

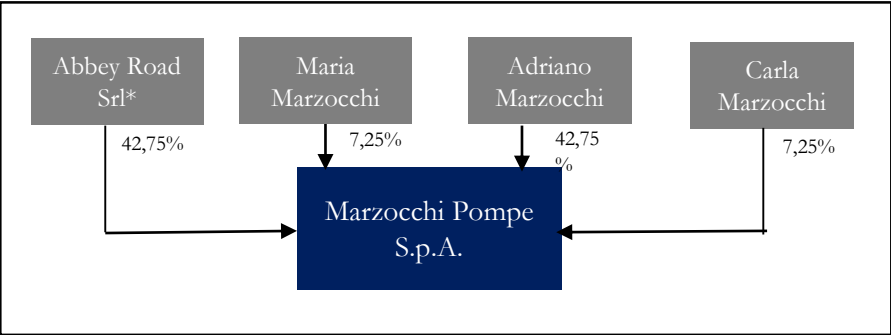
1. Operating cash flow before NWC changes has grown in 2018, compared to 2017, mainly due to the increase in turnover and to the consequent increase in EBITDA, and to a lesser extent to positive effects of extraordinary items
2. The growth in Operating cash flow during 2018 is due, along with the growth of the operating cash flow before NWC changes, to the reduction of trade receivables of approximately Euro 2,2 million
3. The Cash flow from investment activities in 2018 can be attributed to the increase in value of the tangible assets, as a result of the allocation of the purchasing price relative to the LBO operation (investments for the year amounted to around Euro 1,7 million and were mainly related to improvements of the production sites)
4. The 2018 decrease in equity value is a consequence of the share-exchange ratio applied to the LBO

Source: Source: consolidated financial statement, drawn up in accordance to the national accounting principles and IAS 17

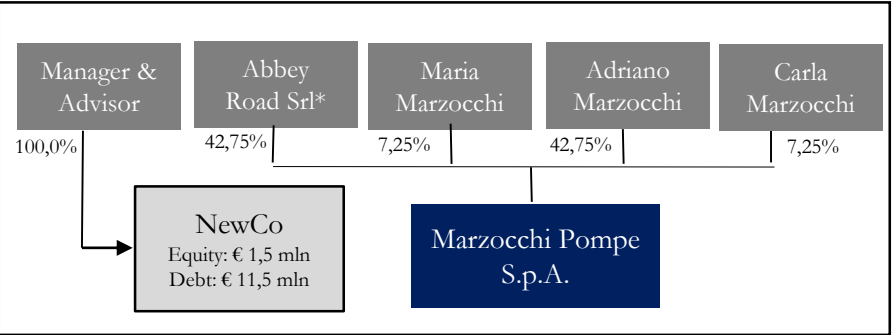
# Focus on LBO

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.

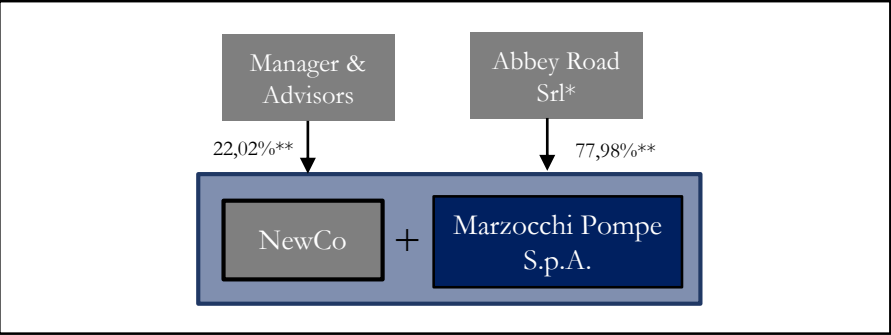
## 1 Shareholding Marzocchi Pompe pre-LBO



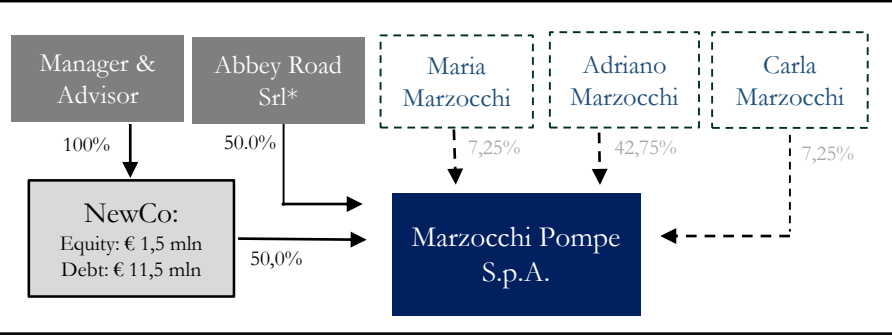
## 2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



## 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 di Bologna