

# Antares Vision *Presentation*

June 2019



# Management

**Emidio Zorzella**  
*Co-CEO (co-founder)*



- President and co-founder of Antares Vision (2007)
- Industrial Division General Manager of Tattile (2004-2007), an Italian company producer of vision system solutions
- Co-founder of SemTec (1998), University spin-off; collaboration with IMA for the integration of artificial vision systems with application on packaging machinery
- Researcher at University of Brescia (1997-1998)
- Graduated in Opto-electronic at Politecnico di Milano (1995)

**Massimo Bonardi**  
*Co-CEO (co-founder)*



- Managing and Technical Director and co-founder of Antares Vision (2007)
- Industrial Division General Manager of Tattile (2004-2007), an Italian company producer of vision system solutions
- Co-founder of SemTec (1998), University spin-off; collaboration with IMA for the integration of artificial vision systems with application on packaging machinery
- Researcher at University of Brescia (1997-1998)
- Graduated in Opto-electronic at Politecnico di Milano (1995)

**Alioscia Berto**  
*CFO*



- CFO since 2018
- Joined in 2015 from Fondo Italiano d'Investimento SGR where he served as Partner from 2011 to 2015
- Previously Senior Principal and Managing Director of Italy at Doughty Hanson & Co (1998-2010)
- Investment Banking at ING – Barings (1997-1998)
- Corporate Finance at KPMG (1994-1997)
- Graduated in Business Administration at Bocconi University (1994)



**ANTARES**VISION

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**Section 1**

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# Introduction to Antares Vision

# Vision

*"A series of forces are increasingly reshaping the Track & Trace and the Visual Inspection markets..."*

## VISUAL INSPECTION

+  
INCREASING PENETRATION  
of visual inspection solutions

+  
CROSS SELLING  
OPPORTUNITIES

## TRACK & TRACE

+  
REGULATORY EVOLUTION  
for prescription drugs

+  
ENLARGEMENT  
to OTC products

+  
FULL VALUE CHAIN  
CONTROL

+  
TECHNOLOGICAL ALIGNMENT  
of the industrial market

+  
SMART SUPPLY CHAIN  
MANAGEMENT

## SMART DATA

+  
DATA  
MONITORING

+  
CONTINUOUS INDUSTRIAL IMPROVEMENT  
through big data and analytical tools

*...where Antares Vision can leverage a unique set of skills...*

**SHAREHOLDERS' FORESIGHT**  
in selecting the pharmaceutical  
market

to obtain a **critical competitive  
advantage**

**STATE-OF-THE-ART  
TECHNOLOGY**  
in the Track & Trace sector

to **consolidate its leading role**  
in the pharmaceutical market

**ONE-STOP-SHOP**  
with the most complete offer of  
hardware and software

to face **customer needs and  
technological development**

**CREDENTIALS and  
TRANSFERABILITY**  
of pharmaceutical know-how

to **expand into the industrial  
market** with a unique edge

**360° SERVICE PORTFOLIO**  
with the support of a worldwide  
specialized team

to guarantee **clients  
proximity**

*...to become the global leader in the market for a healthier and safer world"*



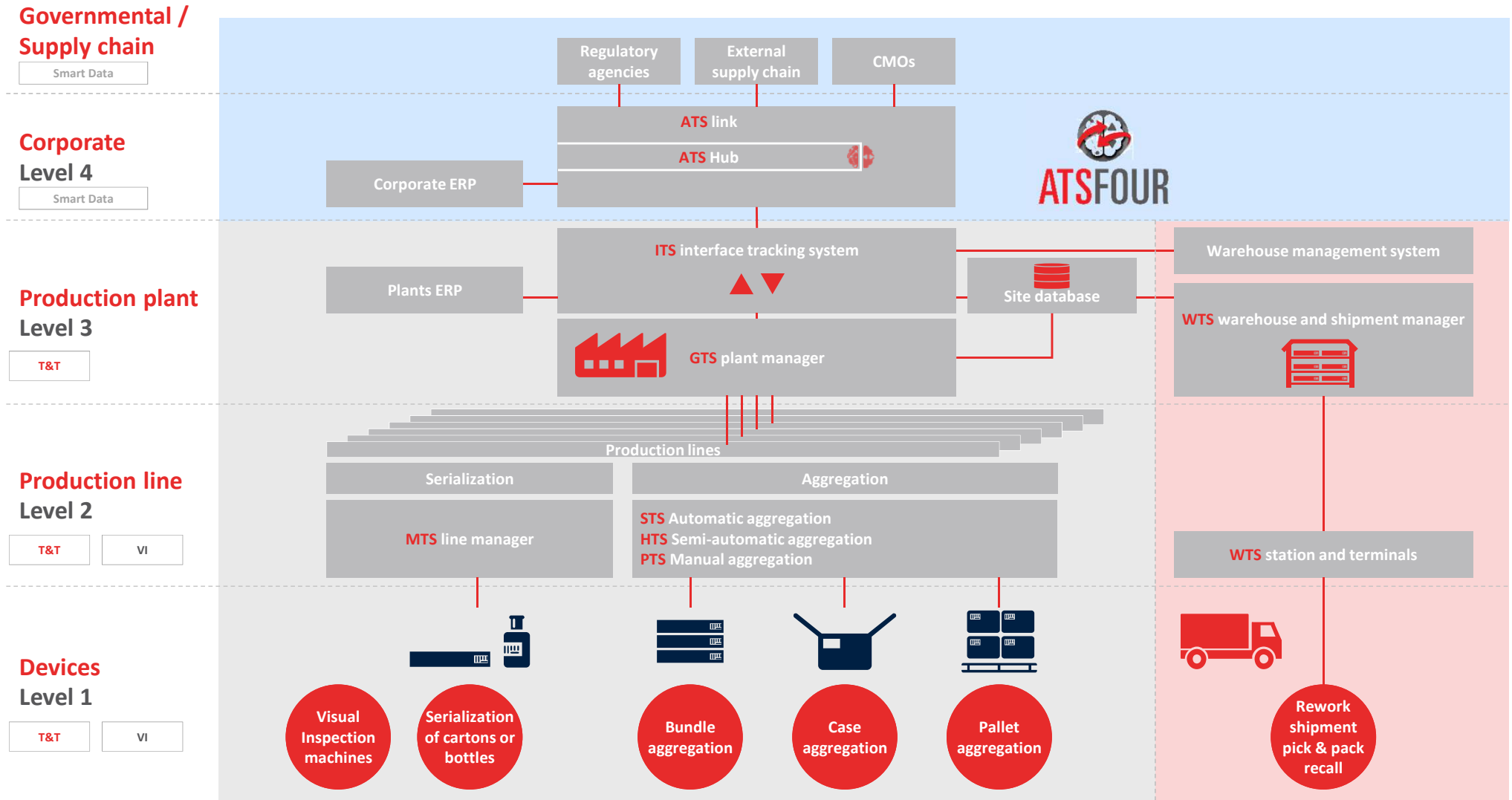
**#1** *Technological leader in  
tracing, inspection and  
quality*



**#1**

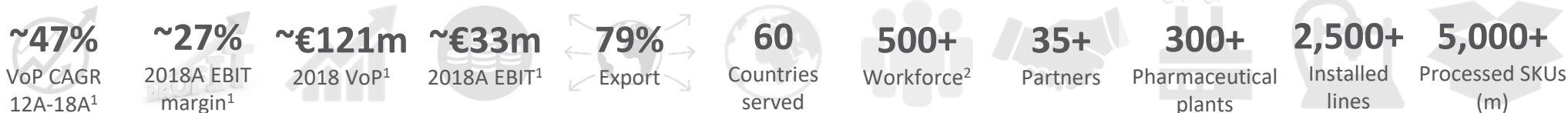
ANTARES CENTER OF EXCELLENCE

# Unique way to serve customer needs in the Track & Trace business



AV offers a complete suite of serialization modules, aggregation systems and flexible software in order to be compliant to all legislations on serialization, aggregation and e-pedigree

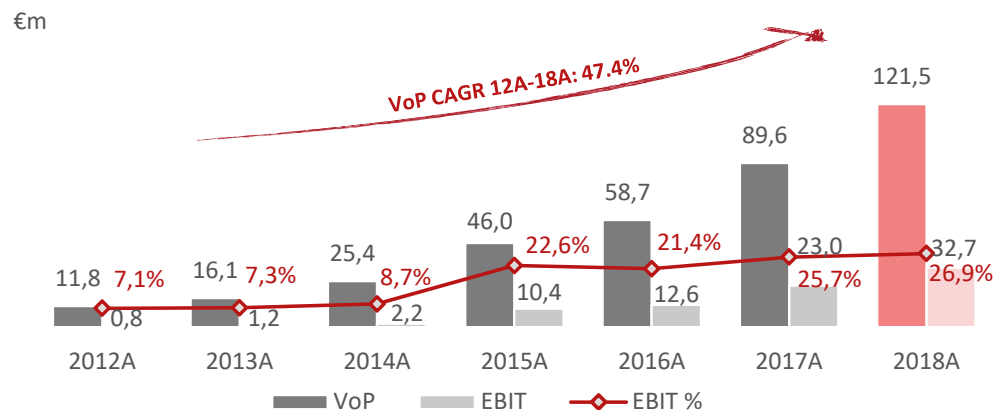
# Antares Vision at a glance



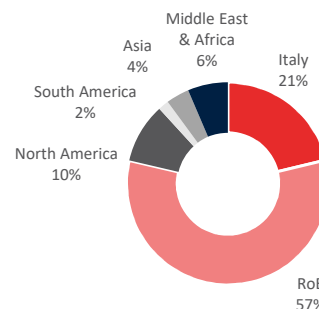
## Overview of the Company

- Founded in 2007 and headquartered in Travagliato (Brescia), **Antares Vision** (“AV” or the “Company”) is the **leading global provider of traceability and vision control solutions** (a combination of hardware and software) for the **pharmaceutical and other industrial sectors**
- The Company designs, manufactures, installs and maintains innovative **serialization and high performance inspection systems and machines** and it recently entered the **Smart Data Management** segment
- AV products and software are used for **serialization, inspection and data collection** activities both by **direct customers and regulatory bodies**
- The Company is **leader in the pharmaceutical industry** with a **fast growing presence** into **industrial sectors** such as **F&B, cosmetics and fashion**
- Antares Vision systems are **mainly installed stand-alone** and to a **lesser extent integrated** in high-performance **third party machinery**. As of today, there are:
  - **More than 300 pharmaceutical plants** equipped with AV’s serialization and aggregation technologies (more than 2,500 installed lines)
  - **More than 5bn of SKUs** serialized, aggregated and distributed worldwide thanks to AV solutions
  - **More than 25,000 inspection systems** installed
- The Company boasts a **global reach** (export accounts for c. 79% of 2018 revenues) guaranteeing proximity to customers and service level through **10 local facilities** and **35+ partners**

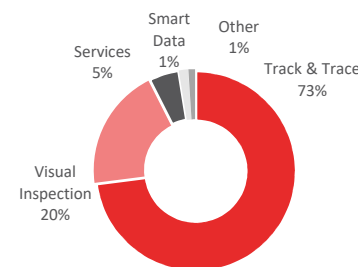
## Key financials<sup>1</sup>



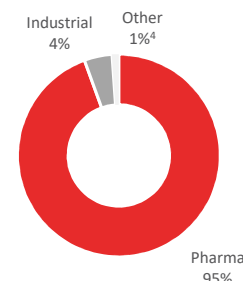
### 2018 revenues by region<sup>3</sup>



### 2018 revenues by product line<sup>3</sup>



### 2018 revenues by industry<sup>3</sup>



Abbrev.: VoP = Value of Production

Notes: (1) All figures refer to statutory accounts;; (2) Including partners' employees; (3) Management accounts; (4) Other refer to non-allocated revenues

Sources: Company information

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**Section 3**

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**Equity story**



# Antares Vision: a compelling and unique investment case



- 1** Unique & integrated solutions portfolio supported by a state of the art, proprietary technology providing cutting-edge solutions to a blue chip customer base
- 2** Outstanding financial track record with double-digit revenue growth, solid profitability, best in class cash generation and high visibility over future years revenues
- 3** Attractive market fundamentals, driven by regulatory push, with secular trends towards product safety, quality and traceability solutions favouring the penetration of track & trace and visual inspection systems in new sectors
- 4** Flexible business model with unique capabilities to meet customers' needs
- 5** A clear and high visible strategic path for future growth, driven by regulatory requirements, end-markets served and consolidation in the industry
- 6** Highly committed and experienced management team with deep roots in the industry



# Unique & integrated solutions portfolio supported by a state of the art, proprietary technology providing cutting-edge solutions to a blue chip customer base (1/2)

## Unparalleled product offer...

## ...serving a blue chip customer base

AV offering		Unparalleled product offer...		Critical technologies Internal know-how	
Track & Trace ("T&T")	Single machine	Integration kit installed on existing production/packaging lines (no product handling)		Software: user interface	✓✓
	Systems	Standalone systems able to work independently from production/packaging lines (with product handling)		Real-time data management	✓✓
	Software	IT solutions to manage machines, lines, plants, warehouses & shipment, etc.	GTS/MTS – plant/line manager WTS – warehouse and shipment	Artificial intelligence	✓
	Installation & project services	Installation and project related services (e.g. PMO, expenses, training, etc.)		SW: production line and plant (L2-L3)	✓✓
Visual inspection ("VI")	Inspection systems	Equipment installed on existing production/packaging lines (no product handling)		Software: user interface	✓✓
	Inspection machines	Standalone systems able to work independently from production/packaging lines (with product handling)		Real-time data management	✓✓
	Installation & project services	Installation and project related services (e.g. PMO, expenses, training, etc.)		Software and automatic tools	✓✓
Smart Data	Software	IT solutions aimed at connecting the company with external actors as well as quality and efficiency monitoring, data management	ATSF0UR Track my way AVIONICS	SW: corporate (L4) Blockchain	✓ ✓
	Services	After sales & spare parts			

**PHARMA** ~95%<sup>1</sup>

teva  
Johnson & Johnson  
RECORDATI  
Abbott A Promise for Life  
SANOFI  
TaroPharma<sup>®</sup>  
polpharma  
abbvie  
GEDEON RICHTER

Sole provider for 10 out of 20 of top pharmaceutical companies

**INDUSTRIAL** ~4%<sup>1</sup>

DANONE  
Sidel  
GIMATT  
HEIDELBERG  
mitupa  
Johnson & Johnson

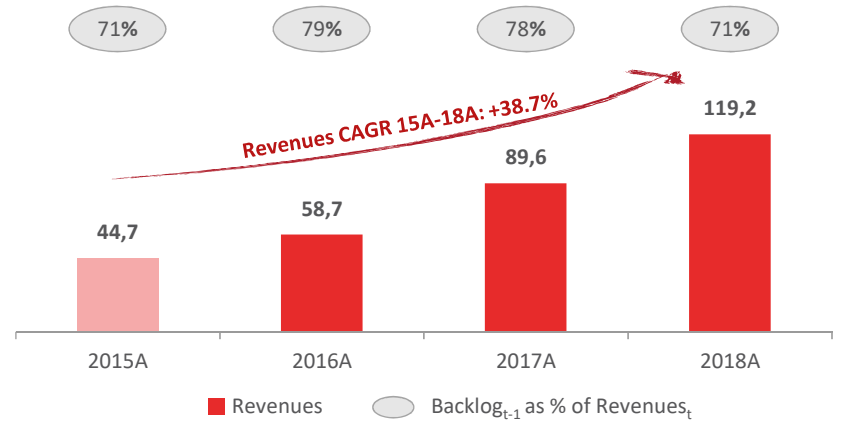
## Leadership in track & trace offers unique edge into inspection in terms of technology and clients' overlap

Notes: (1) The remaining stake refers to other non-allocated revenues  
Sources: Company information

# Outstanding financial track record with double-digit revenue growth, solid profitability, best in class cash generation and high visibility over future years revenues

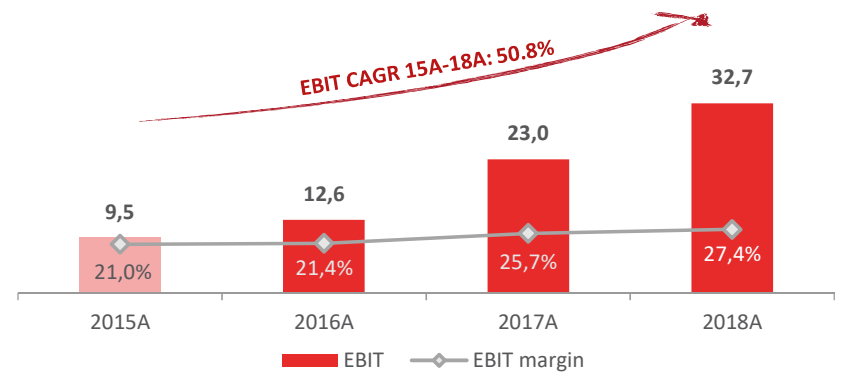
## 1 Revenues – Superior top-line growth

High revenues visibility thanks to backlog which covers c. 70-80% of one year forward

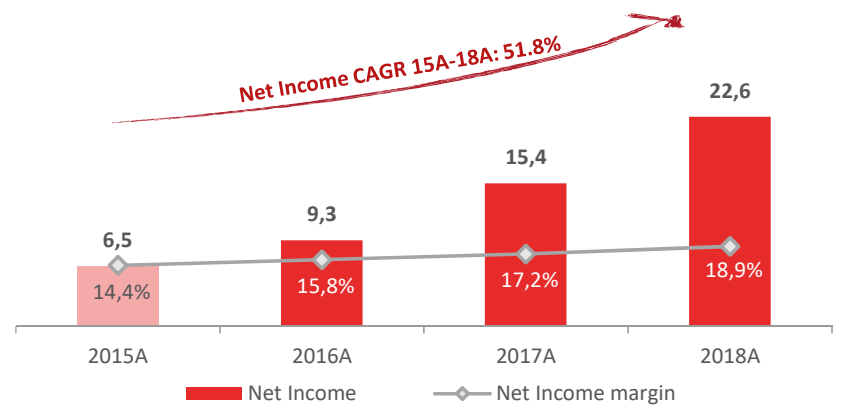


Note: Backlog as of 31.12.2018 is Euro 80 millions.

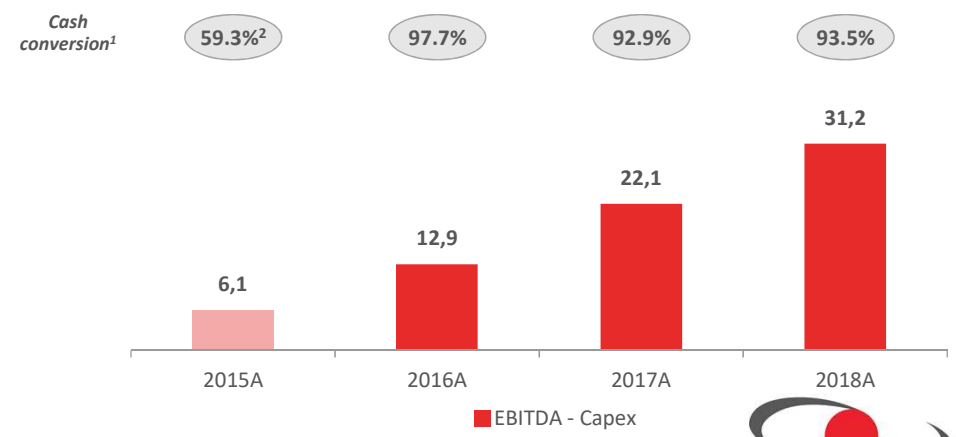
## 2 EBIT – Solid profitability



## 3 Net Income – Exceptional bottom line



## 4 Cash conversion – Best in class cash generation



Notes: 2016A – 2018A figures refer to a new reclassification scheme (following the adoption of a new IT system), with the exception of 2016 and 2017 capex. Margins are calculated on sales. 2015 figures have been adjusted for accounting errors in North America (pls refer to 2016 1H financial report for detailed explanations).

(1) Computed as EBITDA – capex as % of EBITDA

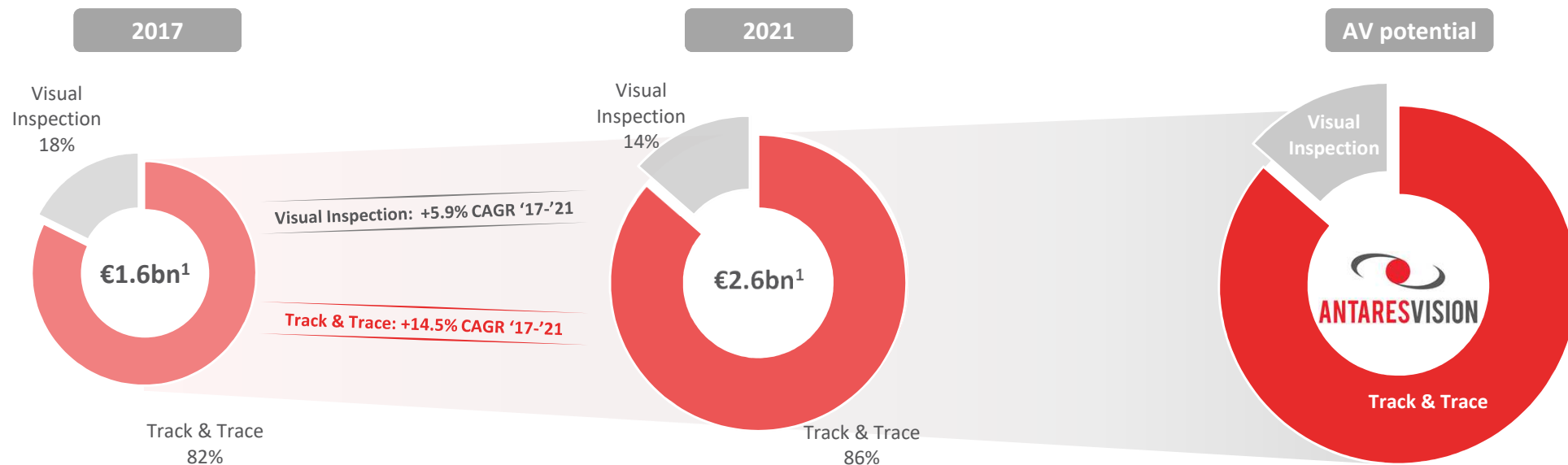
(2) Lower cash conversion due to higher capex related to the new building located in Travagliato (Brescia) where the headquarter has been moved since June 2015

Sources: Company information,



Attractive market fundamentals, driven by regulatory push, with secular trends towards product safety, quality and traceability solutions favouring the penetration of track & trace and visual inspection systems in new sectors (1/2)

**PHARMACEUTICAL MARKET at the forefront of the technological and regulatory development**



**Key features**

Advanced technological footprint thanks to earlier regulation enforcement

T&T solutions focused on the packaging process

VI sector characterized by more standardized solutions

Applications focused on prescription drugs

**Growth drivers**

Increasing T&T penetration (from 3% in 2017 to 55% in 2025) due to regulatory push

Growing underlying pharma market (+4.6% CAGR 2017-22)

Fundamental shift towards technological solutions in the VI sector

Untapped OTC market (c. €115bn in 2016)

**Antares Vision**

Consolidation of leading technological positioning

Upstream/downstream integration of T&T solutions (e.g. suppliers, customers)

Cross-selling in the VI sector leveraging relations with existing T&T clients

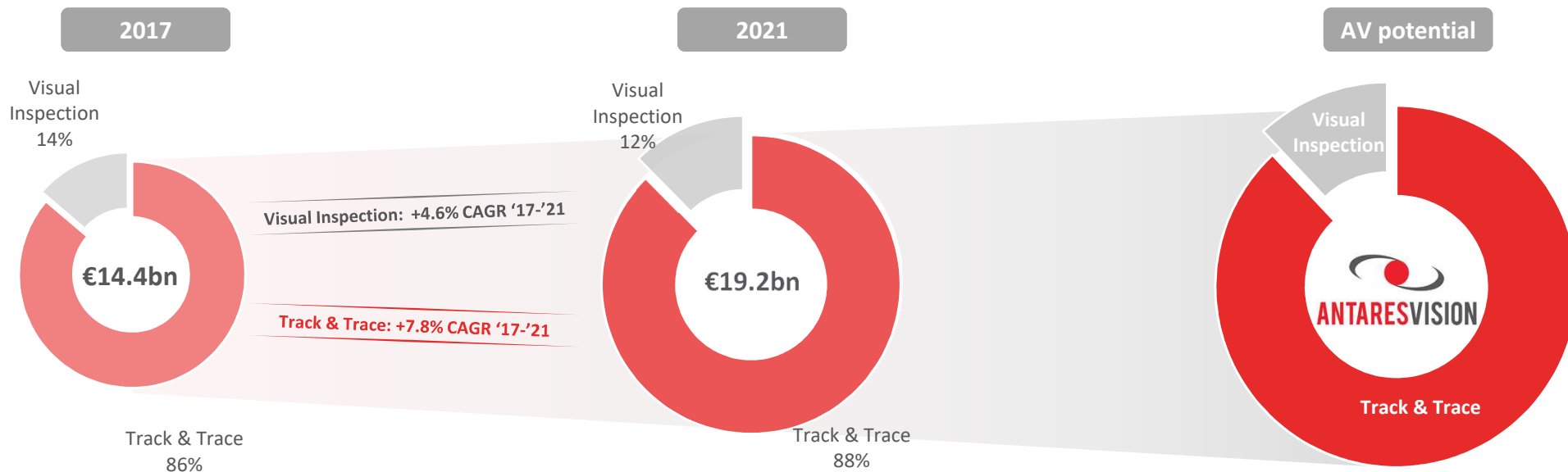
Increasing role of smart data management

T&T replacement cycle (revamping approximately every 6 years)



# Attractive market fundamentals, driven by regulatory push, with secular trends towards product safety, quality and traceability solutions favouring the penetration of track & trace and visual inspection systems in new sectors (2/2)

**T&T/VI solutions in the INDUSTRIAL SECTORS will most probably align to the pharmaceutical market standards**



### Key features

- Relevant market size vs pharma (c. 9x the currently addressed market)
- Technological profile not aligned to the market needs
- T&T solutions not applicable to the single SKU
- Regulatory evolution starting to enforce structural changes in some industrial sectors

### Growth drivers

Positive growth outlook (+7.4% CAGR 2017-21) widespread across several markets

Chemicals	F&B	Components	Jewelry	Transportation	Others
+6.4%	+4.8%	+4.4%	+8.7%	+13.0%	+7.8%

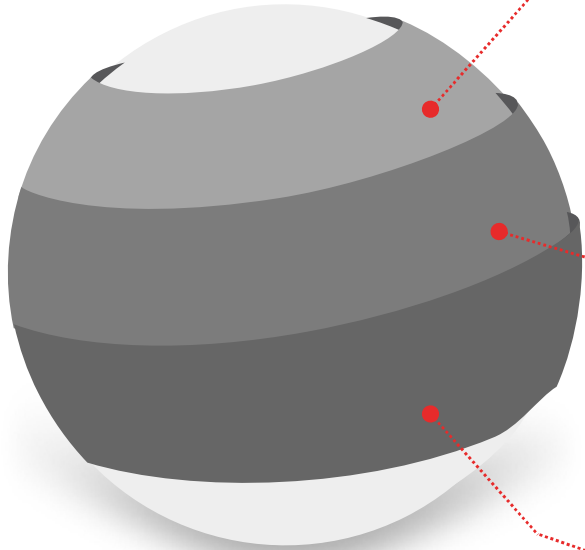
Increasing penetration

Standard T&T solutions replacement cycle

### Antares Vision

- Best-in-class technology to be the enabling factor of a technological revolution
- Full supply chain management to track and trace the whole life cycle
- Cross-selling in the VI sector providing fully integrated solutions
- Increasing role of smart data management
- Leverage on industrial investors know-how and experience

# 4 Flexible business model with unique capabilities to meet customers' needs



## FLEXIBILITY

- **Most complete product offering** combining hardware, software and integrated solutions
- **Production flexibility** thanks to a **lean business model** allowing AV to **focus on value added phases** (e.g. R&D) and to outsource manufacturing/assembly



## QUALITY

- **Recognized technological leadership** as demonstrated by the several certifications and awards received
- **In-house co-testing activities** before final order delivery to provide customers with fully reliable and high quality solutions

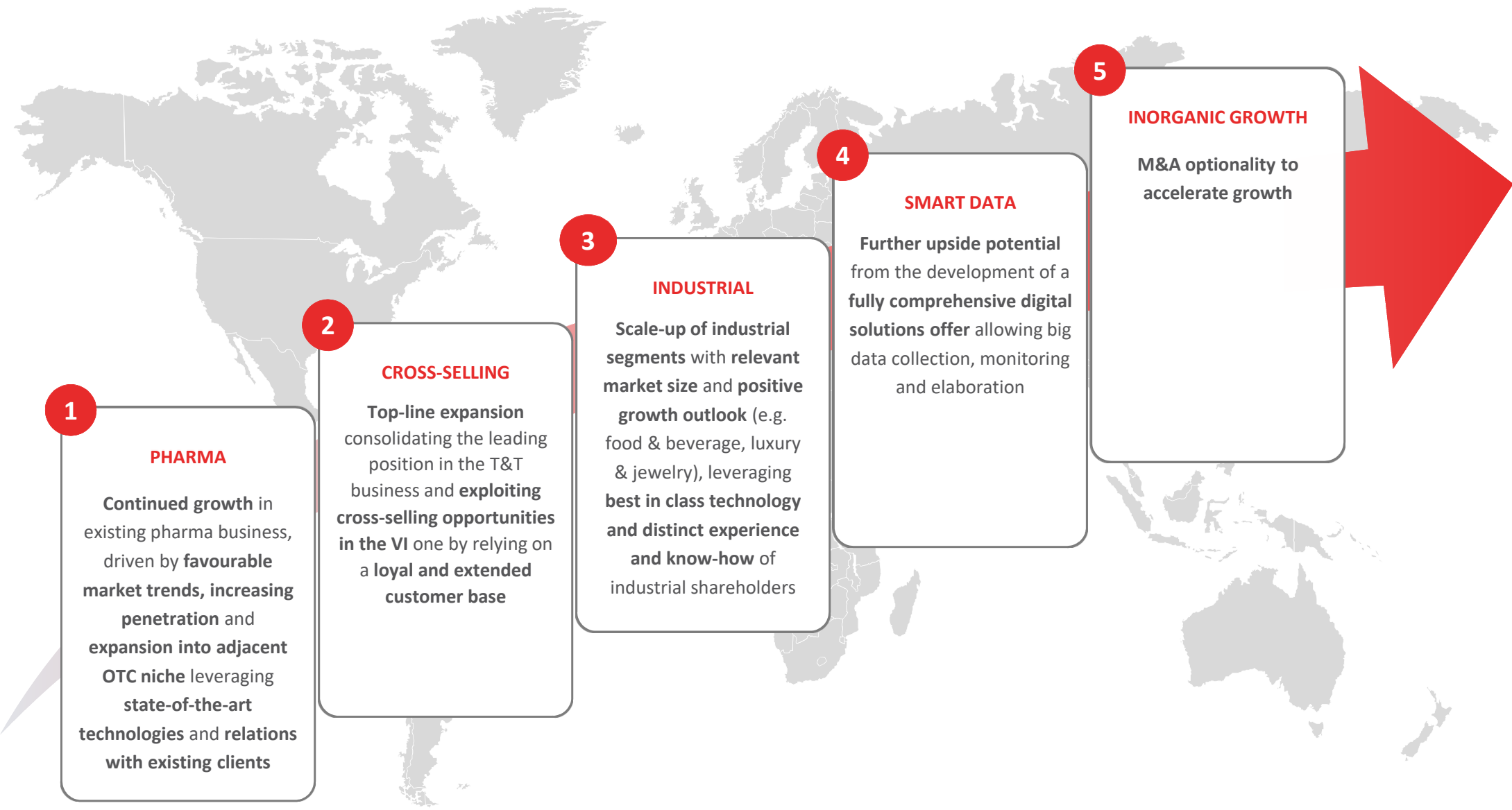


## PROXIMITY

- **Widespread global presence** guaranteeing **local support to customers**
- **24/7/365 after sale support** to client on a global base



# A clear and high visible strategic path for future growth, driven by regulatory requirements, end-markets served and consolidation in the industry



**1**

**PHARMA**

Continued growth in existing pharma business, driven by **favourable market trends, increasing penetration and expansion into adjacent OTC niche leveraging state-of-the-art technologies and relations with existing clients**

**2**

**CROSS-SELLING**

**Top-line expansion** consolidating the leading position in the T&T business and **exploiting cross-selling opportunities in the VI one** by relying on a **loyal and extended customer base**

**3**

**INDUSTRIAL**

**Scale-up of industrial segments with relevant market size and positive growth outlook** (e.g. food & beverage, luxury & jewelry), leveraging **best in class technology and distinct experience and know-how** of industrial shareholders

**4**

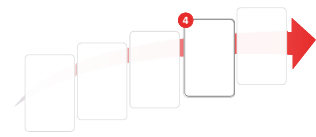
**SMART DATA**

Further upside potential from the development of a **fully comprehensive digital solutions offer** allowing big data collection, monitoring and elaboration

**5**

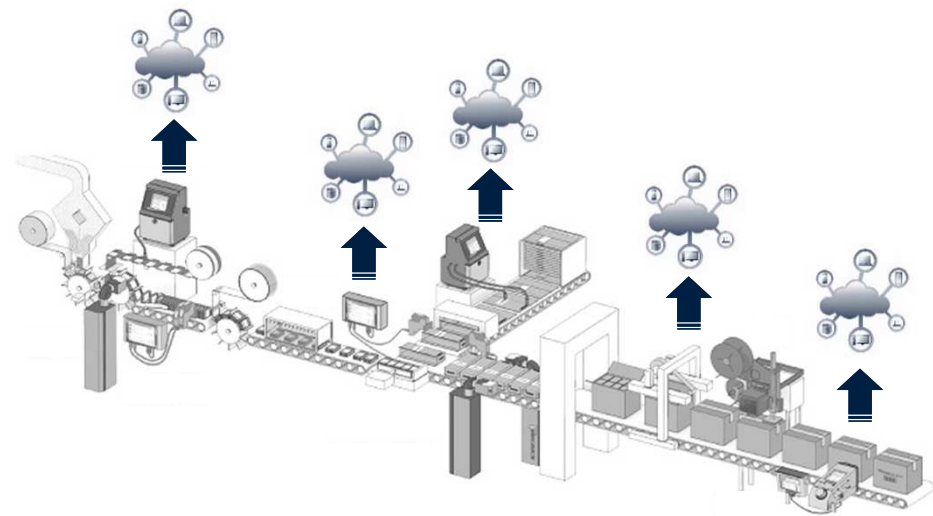
**INORGANIC GROWTH**

**M&A optionality to accelerate growth**



Smart data management as the enabling factor for T&T and VI integration to provide product traceability across the entire supply chain

- + Development of a **cloud-based, high speed and safe access database** in order to provide **FULLY INTEGRATED SUPPLY CHAIN** solutions
- + **DATA MONITORING** in order to increase **optimization and production efficiency**
- + **BIG DATA** and other **analytical connected tools** unlock a huge amount of **data for commercial and product development** purposes



AV can leverage its technological leadership to provide fully integrated solutions with embedded analytical software triggering additional sales

NEW MACHINE ORDER



BIG DATA ANALYSIS

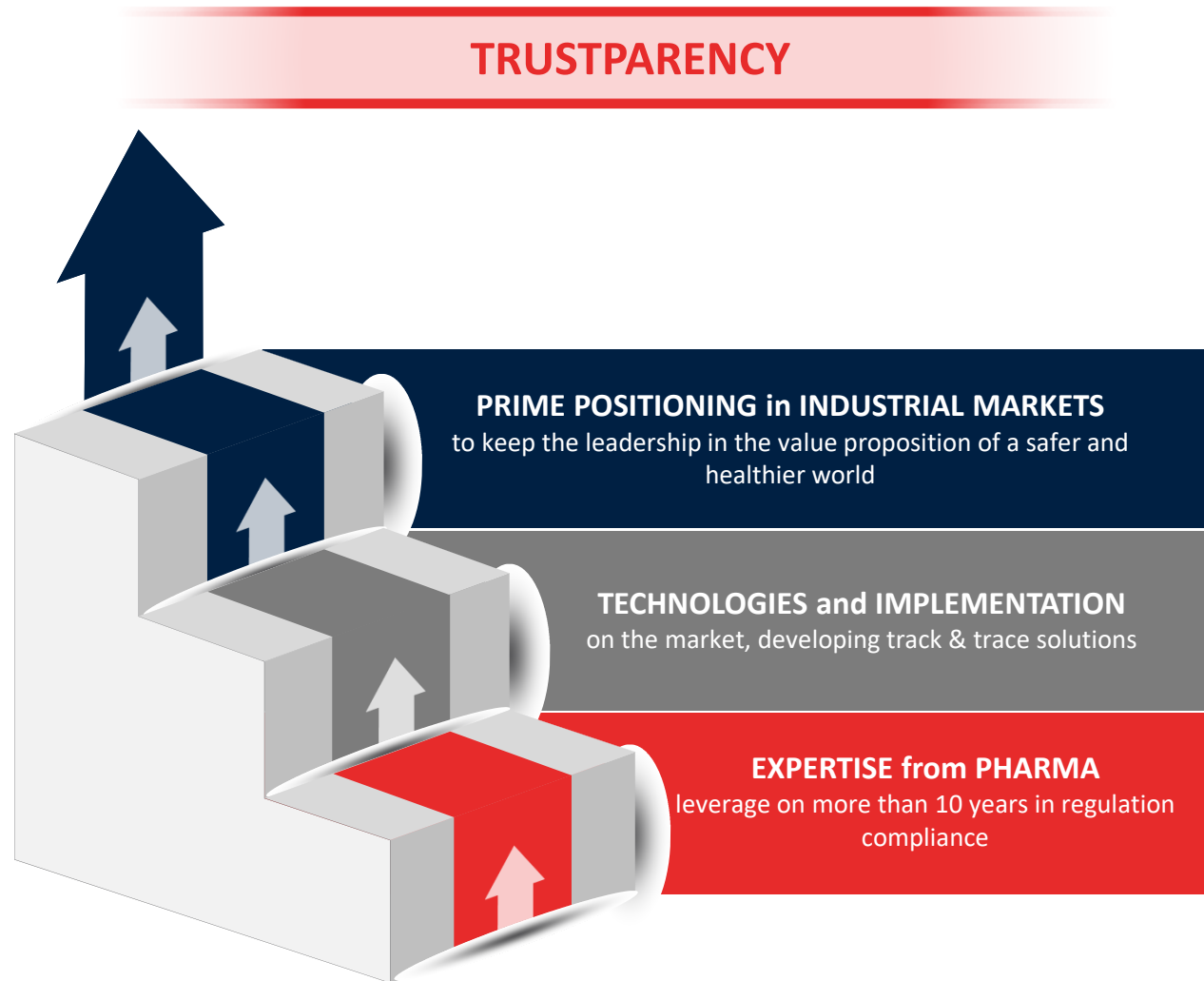


FULLY INTEGRATED SOLUTION





# Antares Vision: the future is here

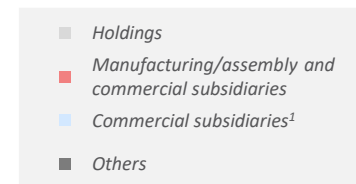
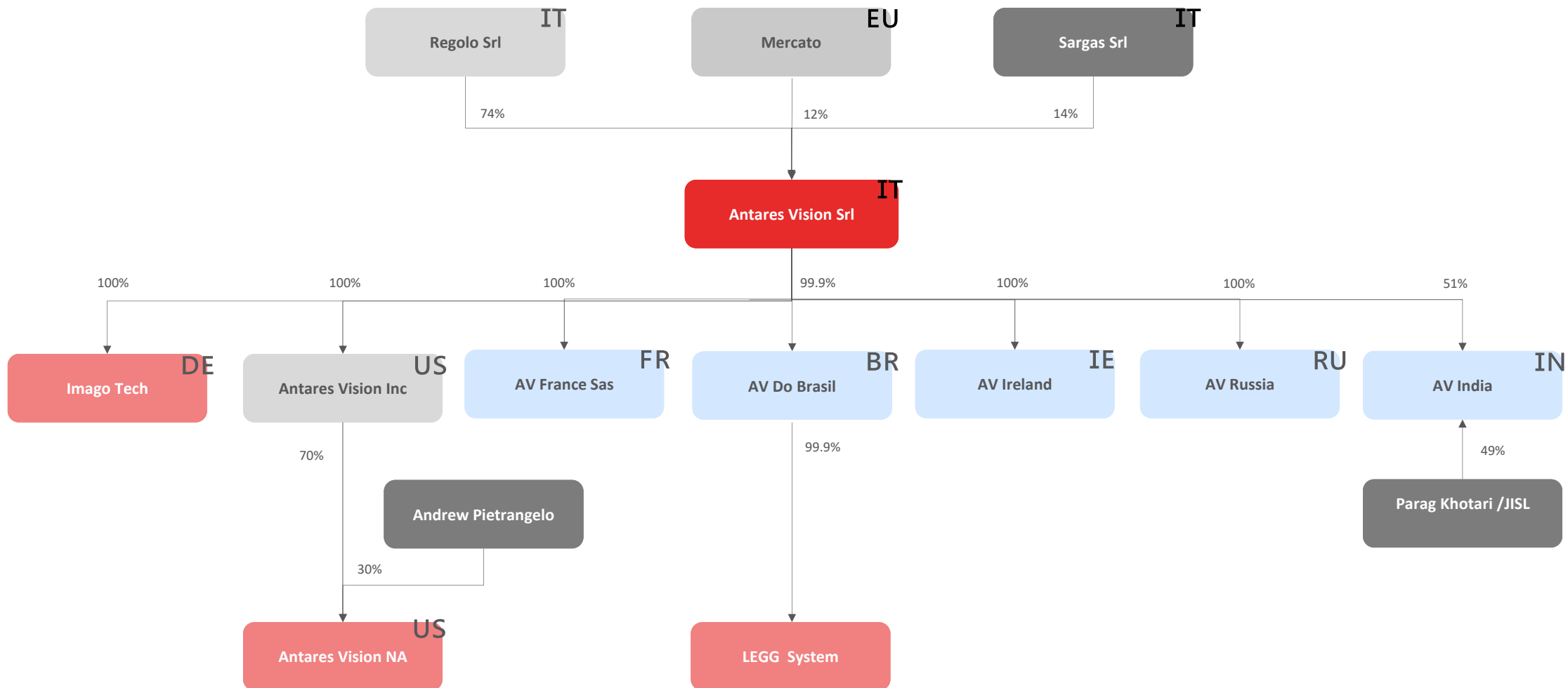


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## Appendix 1

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# Current group structure & shareholdings



# Management team

## Proven top-line management...

### Emidio Zorzella

*President and co-founder*



- 47 years old
- Industrial Division General Manager of Tattile (2004-2007)
- Co-founder of SemTec (1998), University spin-off; collaboration with IMA for the integration of artificial vision systems for packaging machinery
- Researcher at University of Brescia (1997-1998)
- Graduated in Opto-electronic at Politecnico di Milano (1995)

### Massimo Bonardi

*Managing and Technical Director and co-founder*



- 48 years old
- Industrial Division General Manager of Tattile (2004-2007)
- Co-founder of SemTec (1998), University spin-off; collaboration with IMA for the integration of artificial vision systems for packaging machinery
- Researcher at University of Brescia (1997-1998)
- Graduated in Opto-electronic at Politecnico di Milano (1995)

## ...supported by a committed first line management team

### Alioscia Berto

*CFO*

- 48 years old
- In Antares Vision since 2015
- Previously Partner at Fondo Italiano d'Investimento (2011-15); Senior Principal/Managing Director of Italy at Doughty Hanson & Co (1998-2010); associate at ING Barings (1997-1998); KPMG Consulting (1994-1997)

### Fabio Cardella

*Technical Manager*

- 51 years old
- In Antares Vision since 2008
- Responsible for industrial vision systems

### Gianfranco Landolfi

*Sales Director*

- 42 years old
- In Antares Vision since 2012
- Responsible for developing the key sectors and establishing long-term partnership with customers

### Adriano Fusco

*Strategy Manager*

- 61 years old
- In Antares Vision since 2007
- Responsible for the growth strategy of the operations in North American

### Micaela Orizio

*Marketing Communications Director*

- 44 years old
- In Antares Vision since 2017
- 20 years of experience, previously working at SSAB (11 years), Abert (4 years) and Bialetti (5 years)

### Gianpaolo Gasparini

*R&D software Director*

- 45 years old
- In Antares Vision since 2008
- Responsible for Track & Trace solutions (eg. ERP/MES and WMS integration, project management)

### Carlo Marconi

*General Manager*

- 64 years old
- In Antares Vision since 2018
- Responsible for the inspection machines business unit

### Carsten Strape

*General Manager*

- 56 years old
- In Antares Vision since 2009
- Responsible for Imago Technologies

### Andrew Pietrangelo

*General Manager*

- 48 years old
- In Antares Vision since 2013
- President of Antares Vision North America

### Silvia Baresi

*QA Manager*

- 41 years old
- In Antares Vision since 2013
- Responsible for the realization and implementation of governance and compliance systems

### Elena Boniotti

*Information system*

- 43 years old
- In Antares Vision since 2014
- Responsible for the development of the internal computer system

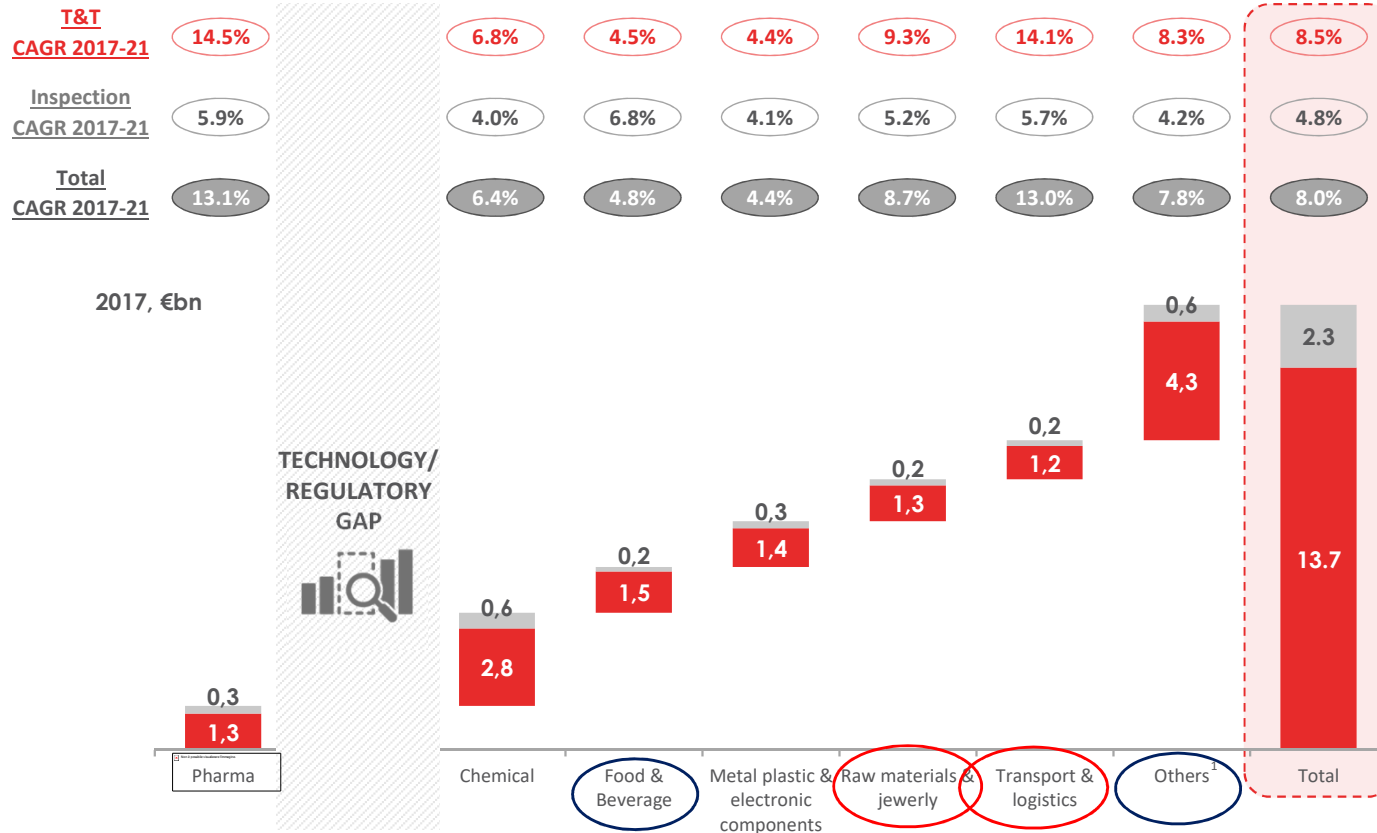
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## Appendix 2

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# Market size and trends

## Track & trace and inspection solutions market size (2017) and growth trends (2017-21)



## Key growth drivers

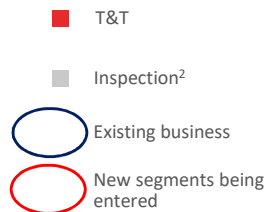
### Track & Trace

- **Pharma**
  - Regulatory evolution
  - Enlargement to OTC products
  - Increasing penetration
- **Other industries**
  - Technological alignment to pharma standards
  - Replacement cycle
  - Transparency with consumers
  - Marketing communication
  - Smart supply chain management

### Inspection solutions

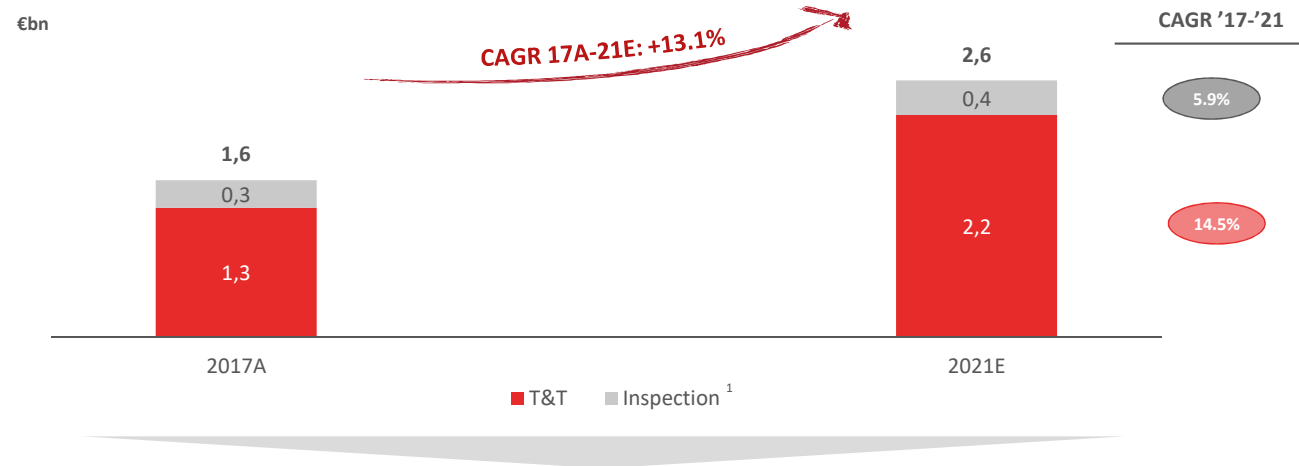
- **Pharma**
  - Regulatory evolution
  - Technological shift
  - Increase productivity and cost savings
  - Safety/quality
- **Other industries**
  - Increasing penetration
  - Products quality assurance
  - Waste reduction
  - Safety

• The chart highlights that **Pharma represents only c. 10% of the total T&T and VI market** currently served  
 • The **differentiating factor** (with respect to the industrial market) lies in the **highly advanced technology** implemented to be aligned with the stringent regulation  
 • The **industrial market is relevant in size but technologically backward** and it will be **disrupted by regulatory and technological waves**



# Market size and trends – Focus on pharma market (1/2)

## Track & trace and inspection solutions market size (2017) and growth trends (2017-21)



AV reference market was worth around €1.6bn in 2017 and it is expected to grow double digits in the future (+13.1% CAGR 2017-21) mainly driven by T&T solutions (+14.5% CAGR 2017-21) in combination with hardware and software evolution

### T&T

- 1 Growing underlying pharma market (+4.6% CAGR 2017-22) with untapped OTC potential
- 2 Increasing T&T penetration (from 3% in 2017 to 55% in 2025) due to regulatory push
- 3 Expansion of the hardware portfolio, with new systems and single machines introduced in the market
- 4 Empowerment of the software suite leveraging on digital tools for line, plant and warehouse management

### Visual Inspection

- 1 Growing underlying pharma market (+4.6% CAGR 2017-22) with untapped OTC potential
- 2 Fundamental shift towards technological solutions in the VI business
- 3 Hardware technology innovation
- 4 Development of smart data management tools to provide full value chain control and visibility

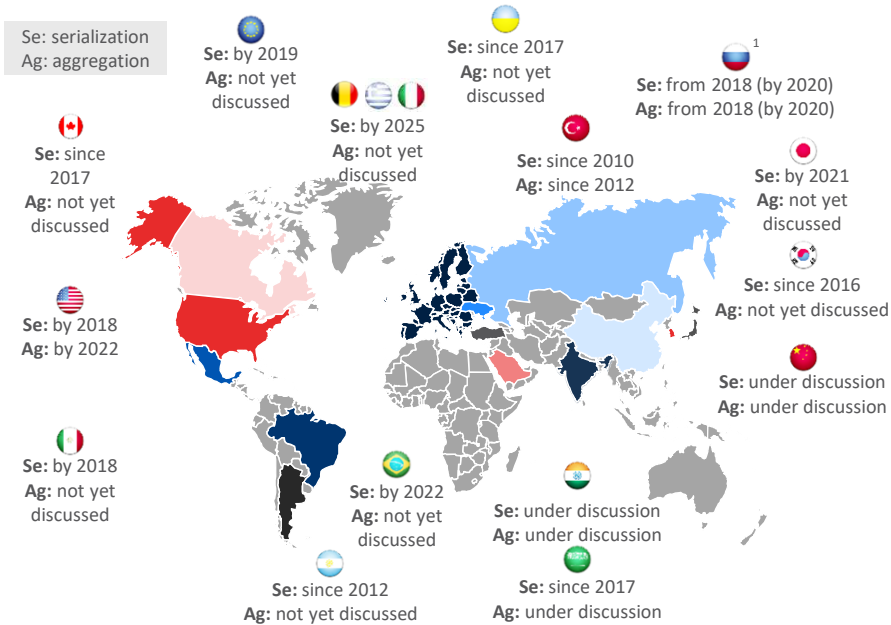
AV is best positioned to further consolidate its leading technological positioning in its reference market

# Market size and trends – Focus on pharma market (2/2)

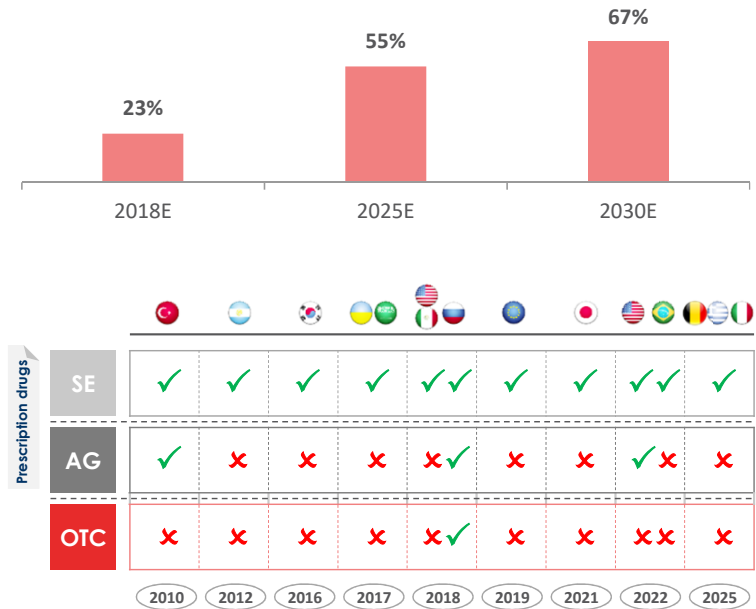
## T&T – Regulatory evolution for drugs with prescription

### T&T

- T&T adoption will be mainly related to regulatory evolution driven by addition of new countries, addition of aggregation requirements and enlargement to OTC products



- Regulation evolution is boosting and will continue to boost T&T systems adoption in next years
- Drugs passing through T&T systems will increase from 23% in 2018 to 55% in 2025 and up to 67% by 2030



### Inspection

Adoption of automatic solutions

- Switching between manual or semi-automatic inspection machines towards automatic systems in order to:
  - Save on personnel costs
  - Increase production lines' productivity
  - Reduce human errors
- Improving OEE (Overall Equipment Effectiveness)
- Ensuring compliance with internal or external requirements
- Improving products' uniformity and conformity to quality specifications

- The adoption of automatic inspection solutions is mainly driven by cost saving and effectiveness targets set by pharmaceutical companies



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## Appendix 3

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# Consolidated historical Profit & Loss

Antares Vision Consolidated P&L ('000,€)	2016	2017	2018	CAGR '16-'18
Sales	58.679	89.632	119.165	42,5%
CAPITALIZATION OF R&D			1.238	nm
Other Tax Credit			107	nm
Tax Credit			971	nm
<b>Value of Production</b>	<b>58.679</b>	<b>89.632</b>	<b>121.482</b>	<b>43,9%</b>
CHANGES IN INVENTORY STOCK	-6.344	-8.865	1.224	nm
PURCHASE MATERIALS	23.367	34.025	36.350	24,7%
Changes in work in progress	-720	13	2	nm
<b>Cost of Goods Sold</b>	<b>16.303</b>	<b>25.174</b>	<b>37.577</b>	<b>51,8%</b>
<i>Margin % on Sales</i>	<i>27,8%</i>	<i>28,1%</i>	<i>31,5%</i>	
Commissions for agents	1.602	2.131	3.220	41,8%
Installation Expenses	2.906	2.982	4.025	17,7%
<b>First Margin</b>	<b>37.868</b>	<b>59.345</b>	<b>76.660</b>	<b>42,3%</b>
<i>Margin % on Sales</i>	<i>64,5%</i>	<i>66,2%</i>	<i>64,3%</i>	
Third party assets	900	1.185	1.533	30,5%
Operating expenses	62	197	101	27,3%
Services	7.989	13.497	15.363	38,7%
<b>Added Value</b>	<b>28.917</b>	<b>44.466</b>	<b>59.662</b>	<b>43,6%</b>
<i>Margin % on Sales</i>	<i>49,3%</i>	<i>49,6%</i>	<i>50,1%</i>	
Labour Cost	15.513	20.513	26.107	29,7%
Employees	12.956	16.958	21.882	30,0%
Professional Staff	2.558	3.555	4.224	28,5%
<b>EBITDA</b>	<b>13.404</b>	<b>23.953</b>	<b>33.556</b>	<b>58,2%</b>
<i>Margin % on Sales</i>	<i>22,8%</i>	<i>26,7%</i>	<i>28,2%</i>	
Provision	156	177	220	18,9%
Depreciation	677	772	650	-2,0%
R&D intangible assets	457	422	420	-4,2%
Tangible assets	220	350	231	2,4%
<b>EBIT RICL</b>	<b>12.571</b>	<b>23.005</b>	<b>32.685</b>	<b>61,2%</b>
<i>Margin % on Sales</i>	<i>21,4%</i>	<i>25,7%</i>	<i>27,4%</i>	
Financial expenses	296	400	897	73,9%
Extraordinary expenses	-577	122	262	nm
Founds Release			-4	nm
Altri Conti PL				
<b>EBT RICL</b>	<b>12.852</b>	<b>22.483</b>	<b>31.531</b>	<b>56,6%</b>
<i>Margin % on Sales</i>	<i>21,9%</i>	<i>25,1%</i>	<i>26,5%</i>	
Taxation	3.527	6.387	8.656	56,7%
Third Parties Profit	73	715	306	104,9%
<b>NET PROFIT</b>	<b>9.252</b>	<b>15.380</b>	<b>22.568</b>	<b>56,2%</b>
<i>Margin % on Sales</i>	<i>15,8%</i>	<i>17,2%</i>	<i>18,9%</i>	

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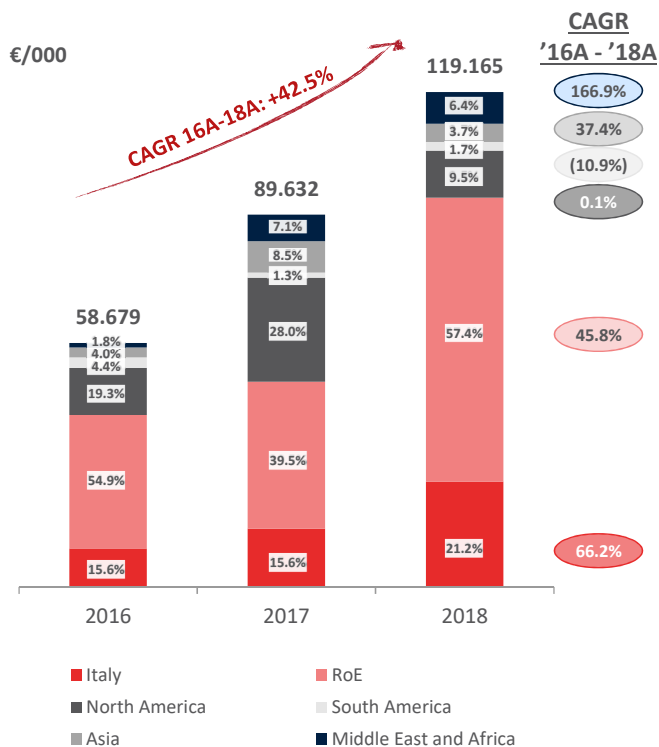
5

## Commentary

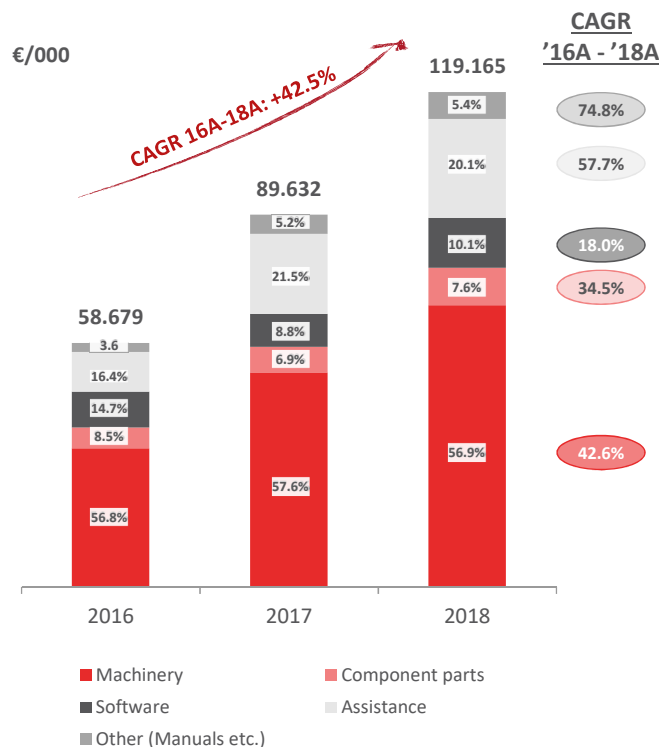
- 1 Top-line expansion** mainly driven by positive performances in USA and Europe, which respectively significantly grew in 2017 and 2018 thanks to the start of regulation in the following years.
- 2** In 2018 the Company capitalised some costs relating to the development of solutions for the beverage sectors and benefited of about €1 million of tax credit for R&D activity.
- 3 First Margin** structurally in the **64-66% range**
- 4 Growing operating costs** mainly driven by the increase in
  - **services costs** in order to cope with the business growth
  - **Personnel costs** related to the hiring of **70 additional employees in 2018 and 61 in 2017**
- 5 EBIT expansion** is mainly driven by the **resilience of the First Margin** and therefore by the **operating leverage**

# Focus on top-line evolution

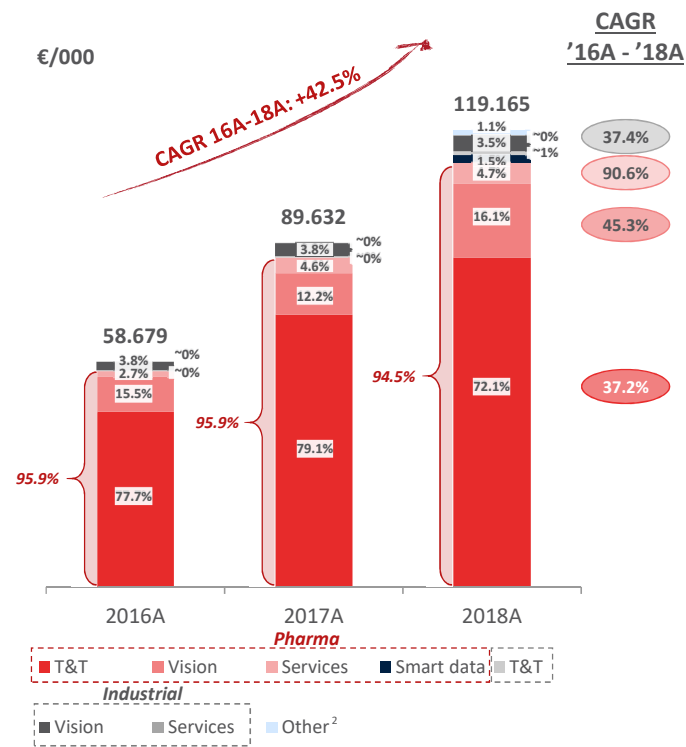
## Breakdown by geography<sup>1</sup>



## Breakdown by business line



## Breakdown by industry



- Revenues by geography shows that **Italy, Europe and North America** represents the **key end markets**. North America declined in 2018 after the regulation was implemented. A new ramp-up is expected in the next years thanks to the introduction of the aggregation.

- Machinery** represents the **main business line**
- Assistance** has been **growing** in order to **provide full customer support** and be more competitive on the market
  - This service will become increasingly important assuming a relevant role within the Company

- Antares Vision is mainly **focused on the pharmaceutical industry** which represents **c. 95% of total revenues** and registered a **CAGR of 41.4%** over the 2016-18 period
- Service** is a **growing component** that is recurrent in nature and carries **higher margins**

Notes: (1) Based on country of invoicing; (2) 2018 non-allocated revenues (following the change in the information / reporting system)  
Sources: Company information

# Consolidated historical Balance Sheet

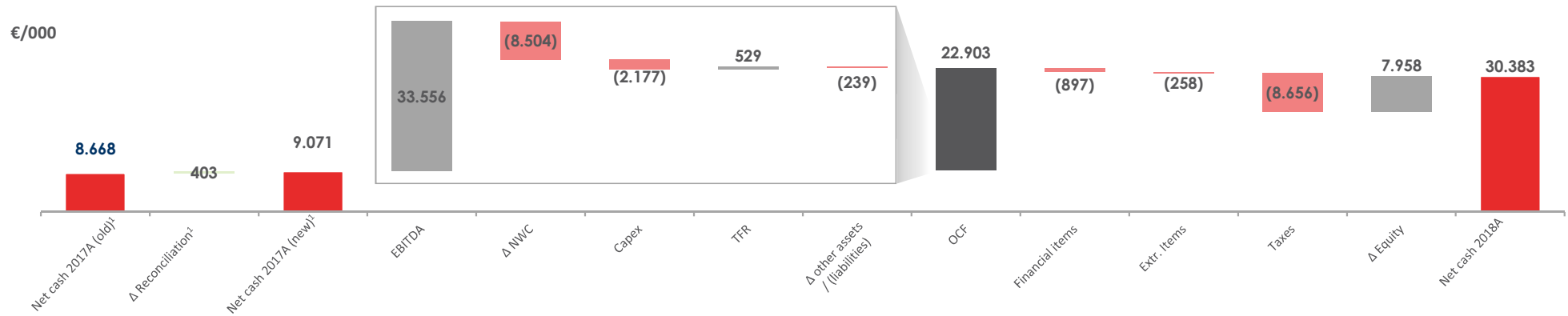
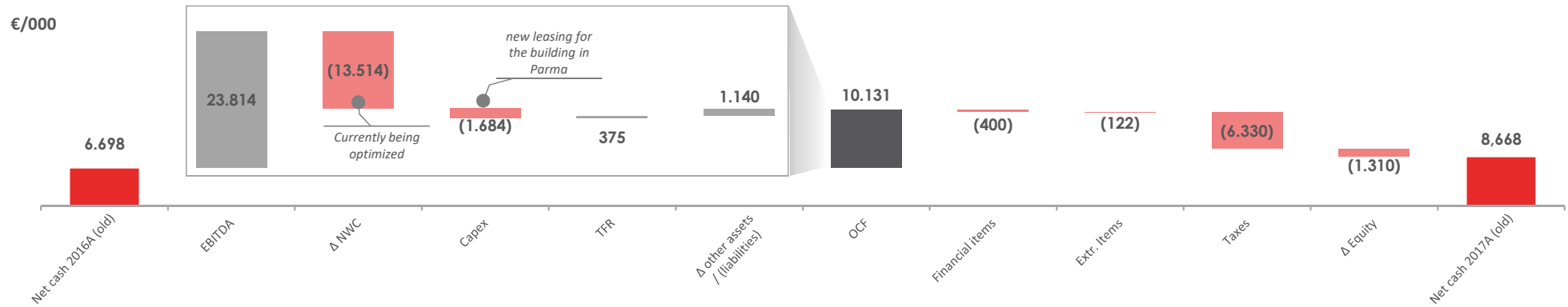
Antares Vision Consolidated BS ('000,€)	2017	2018
Real Estate	5.307	6.393
Financial Assets	0	0
Net Tangible Assets	158	163
Net Intangible Assets	1.246	1.682
<b>Total Fixed Assets</b>	<b>6.711</b>	<b>8.238</b>
% Incid. On NIC	21,3%	20,1%
Inventory Raw Material	15.014	17.361
Inventory Finished Goods	8.295	4.137
Inventory WIP	1.274	743
<b>Total Inventory</b>	<b>24.583</b>	<b>22.241</b>
Trade Receivables	31.749	41.451
Trade Payables	-10.299	-12.056
Advances from Clients	-19.448	-14.231
<b>Trade Net Working Capital</b>	<b>26.585</b>	<b>37.405</b>
% Incid. On NIC	84,4%	91,2%
Other Current Assets	6.077	6.919
Other Current Liabilities	-5.768	-8.926
<b>Net Working Capital</b>	<b>26.895</b>	<b>35.399</b>
% Incid. On NIC	85,4%	86,3%
Severance Indemnity Fund (TFR)	-1.573	-2.102
Other Funds	-19	-64
Bad Debt	-528	-465
<b>Net Invested Capital</b>	<b>31.485</b>	<b>41.006</b>
% Incid. On NIC	100,0%	100,0%
Net Equity	40.556	71.389
<b>Net Equity</b>	<b>40.556</b>	<b>71.389</b>
% Incid. On TSoF	128,8%	174,1%
Long Term loans + Leasing	6.682	32.236
Net Cash	-15.753	-62.619
<b>Net Financial Debt</b>	<b>-9.071</b>	<b>-30.383</b>
% Incid. On TSoF	-28,8%	-74,1%
<b>Total Source of Financing</b>	<b>31.485</b>	<b>41.006</b>
% Incid. On TSoF	100,0%	100,0%

## Commentary

- 1 **Tangible assets** mainly include buildings: the headquarter in Travagliato (BS); a new leasing started in Aug17 related to the building located in Parma and a new building in Torbole Casaglia (BS)
- 2 **Intangible assets** mainly refer to R&D capitalized costs in period 2012-2014 and in 2018
- 3 **Trade working capital absorbed c. €11m in 2018**
  - **Inventory:** decrease due to fast delivery of finished products thanks to the regulation start in Europe beginning of 2019.
  - **Trade receivables:** increase largely driven by business growth with DSO remaining mostly in line
  - **Trade payables:** increase mainly driven by the business expansion with a slight reduction of DPO
  - **Advances from client:** reduction driven by the completion of projects as a consequence of regulation start in Europe in 2019
- 4 **Other assets/liabilities** mainly include tax and social security liabilities, payables to employees and advances to suppliers.
- 5 **Net Equity** has benefited the €40 million capital increase from Sargas, which (accounting-wise) has been partially offset by the reverse merger with the holding company H.I.T. S.r.l.
- 6 **Net Financial Debt** incorporated €30 million coming from the reverse merger (and clearly the capital increase).

# Historical cash generation – Net cash bridge

Since 2015 Net Cash Flow was largely driven by EBITDA growth; strong NWC dynamics with room for improvement



Working capital has not been the main point of attention with management focused on strengthening the team and identifying several recovering actions

# Glossary

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- A – Actual
- CAGR – Compound Annual Growth Rate
- CEO – Chief Executive Officer
- CFO – Chief Financial Officer
- COGS – Cost of Goods Sold
- D&A – Depreciation and Amortization
- DOI – Days of Inventory
- DPO – Days Payables Outstanding
- DSO – Days Sales Outstanding
- E – Expected
- EBIT – Earnings Before Interest and Taxes
- EBITDA – Earnings Before Interests, Taxes, Depreciation and Amortization
- FY – Full Year
- F&B – Food and Beverage
- IT – Information Technology
- M&A – Merger and Acquisition
- NWC – Net Working Capital
- OCF – Operating Cash Flow
- OTC – Over the Counter
- PBT – Profit Before Taxes
- PMO – Project Management Office
- QA – Quality Assurance
- R&D – Research and Development
- RoE – Rest of Europe
- SKU – Stock Keeping Unit
- SW – Software
- TFR – Trattamento Fine Rapporto
- TWC – Trade Working Capital
- VoP – Value of Production
- Yoy – Year over Year

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