

# Aquafil Group

## *Financial Results* I Quarter 2018

14<sup>o</sup> May 2018

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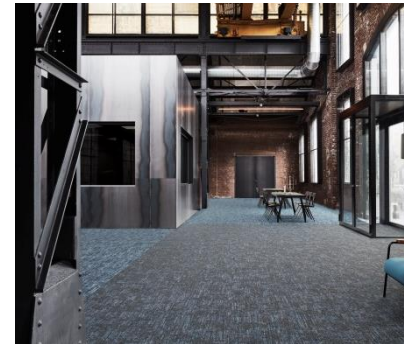
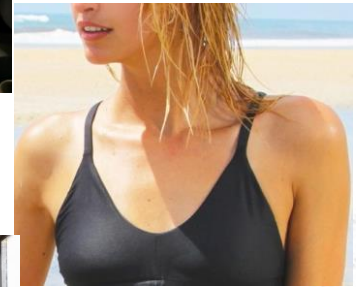
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# 1. Aquafil Group at Glance

- **Market Leader in Nylon Fibers and Polymers:**
  - Flooring solutions;
  - Fashion and sportswear textile applications;
  - Polymers for engineering plastics solutions;
- **Technologies, processes and continuous innovation key to a successful business model**
  - R&D focus for a uniquely diversified commercial offer;
  - Manufacturing and operational excellence;
  - Focus on high-end segments for a premium positioning;
- **Pioneers of circularity**
  - A true regeneration Group with **already 38%** of fiber revenue coming from Nylon 6 waste regeneration;
  - ECONYL® Regeneration System: high barriers to entry and cost effectiveness ([www.econyl.com](http://www.econyl.com));
  - Substantial opportunities ahead;
- **A global company with a dedicated, local supply system**
  - Manufacturing presence in 8 countries
- **Entrepreneurial talent and strong management team**



Raw materials

Production

Distribution

Clients

Final Application

**Standard Caprolactam**

- Nylon 6 monomer (building block) synthetically produced from oil derivatives. Price highly correlated to oil



**ECONYL® Caprolactam**

- From various waste including post-consumer (fishnets, used carpets, etc.)



Aquafil

**BCF**

Production and finishing of premium synthetic yarns, principally Nylon 6, for flooring solutions



**NTF**

Production and finishing of nylon 6, 6.6 and Dryarn® for textile applications



**EP**

Polymer production for compounders

Direct sale / agents

Direct sale / agents

Direct dialogue with companies interested in ECONYL®

Direct sale

Aquafil

**Flooring Solutions Manufacturers**



**Selected Application Users**



**Textile Manufacturers**



**Selected Application Users**



**Compounders**







## USA

Cartersville (Georgia)

**Aquafil USA 1 & 2**

Phoenix (Arizona)

**Aquafil Carpet Recycling #1**

## CHINA

Jiaxing

**Aquafil Jiaxing**

## THAILAND

Rayong

**Aquafil Asia Pacific**

## ITALY

Arco (TN)

**Aquafil (Headquarter)**

Cares (TN)

Rovereto (TN)

**Tessilquattro**

## GERMANY

Leuna

**Aqualeuna**

## UK

Kilbirnie

**Aquafil UK**

## SLOVENIA

Ljubljana

**AquafilSLO Ljubljana**

Senozece

**AquafilSLO Senožeče**

Store

**AquafilSLO Štore**

Ajdovščina

**AquafilSLO Ajdovščina**

## CROATIA

Oroslavje

**Aquafil CRO**

## 2. Highlights First Quarter 2018

**TURNOVER +1,5%**

**Q1 2018 Act 147,4 €/mil**

Q1 2017 Act 145,2 €/mil

**EBITDA +7,7%**

**Q1 2018 Act 22,3 €/mil**

Q1 2017 Act 20,7 €/mil

**Net Result +19,5%**

**Q1 2018 Act 9,8 €/mil**

Q1 2017 Act 8,2 €/mil

**NFP**

**Q1 2018 135,8 €/mil**

Q1 2017 146,8 €/mil<sup>1</sup>

**SIGNING**  
**«with INVISTA»,**

5° February 2018

**STARTING OF ACR#1**

March 2018

and full operation

from September 2018.

**CLOSING**  
**«with INVISTA»,**

27° April 2018

with impact on Aquafil P&L  
from May 2018

<sup>1</sup> NFP at Q1-2017 includes 38,2 €/mil of financial credit to Aquafin Holding. Without consider effect of financial credit on NFP, NFP in Q1 2017 should be equal to 185,0 €/mil

Project Name	Signing Date	Closing Date	Project Description
<b>BADGER</b>	<b>5° February 2018</b>	<b>27° April 2018</b>	Acquisition of certain tangible and intangible assets related to INVISTA's nylon 6 business activity in Asia Pacific

Project Details	Cash OUT
Acquisition of clients portfolio, recipes, products, contractual relationship, EverSoft® trademark and some reprocessing and laboratory equipment	9,5 \$/mil
Stock of product	1,8 \$/mil
<b>Final Cash OUT to INVISTA</b>	<b>11,3 \$/mil</b>
NWC to support new business and Operational adjustment of Aquafil Chinese plant	15,0 to 20,0 \$/mil
<b>TOTAL CASH IMPACT</b>	<b>26,3 – 31,3 \$/mil</b>

Project contemplates an **increase of Aquafil turnover of ca 50 \$/mil/y** and after a full integration of the acquired assets a margin in line with Aquafil Group Consolidated EBITDA margin

## 2. Key Performance Indicators

The Key Performance Indicators of Aquafil Group related with **Q1 2018** compared with **Q1 2017** are here reported:

KPI	Act Q1 2018	Act Q1 2017	Var vs Act
<b>Turnover €/mil</b>	<b>147,38</b>	<b>145,19</b>	<b>1,5%</b>
<b>EBITDA €/mil</b>	<b>22,28</b>	<b>20,75</b>	<b>7,4%</b>
<i>EBITDA Margin %</i>	<i>15,12%</i>	<i>14,29%</i>	
<b>EBIT €/mil</b>	<b>14,53</b>	<b>13,49</b>	<b>7,7%</b>
<i>EBIT Margin %</i>	<i>9,86%</i>	<i>9,29%</i>	
<b>EBIT Adj €/mil</b>	<b>15,91</b>	<b>14,66</b>	<b>8,5%</b>
<i>EBIT Adj Margin %</i>	<i>10,79%</i>	<i>10,09%</i>	
<b>EBT €/mil</b>	<b>12,45</b>	<b>11,35</b>	<b>9,7%</b>
<i>EBT Margin %</i>	<i>8,45%</i>	<i>7,81%</i>	
<b>Net Result €/mil</b>	<b>9,85</b>	<b>8,19</b>	<b>20,3%</b>
<i>Margin %</i>	<i>6,68%</i>	<i>5,64%</i>	
	<b>Act Q1 2018</b>	<b>Act Q1 2017</b>	<b>Var vs Act</b>
<b>NFP €/mil</b>	<b>(135,82)</b>	<b>(146,86)</b>	<b>7,5%</b>

- a) **Revenues** grew by 1.5%, amounting to €147.4 million compared to €145.2 million for Q1 2017, mainly as a result of the increase of product sales volume in the Polymers line
- b) **EBITDA** went from €20.7 million to €22.3 million, up by 7.4% and **EBITDA margin** improved by nearly one percentage point, growing from 14.3% to 15.1%, also thanks to the increase in the Group's sales of ECONYL®-branded products, which shifted the sales mix towards higher-margin products.
- c) **Net profit** for the first quarter of 2018 amounted to €9.8 million, up by 20.3% compared to the same period of the previous year (€8.2 million).
- d) Lastly, **Net Financial Position** grew to €135.8 million, compared to €112.1 million at December 31, 2017. The increase was mainly attributable to both:
1. the investments made during the period, including advance payments to Invista for the acquisition of its assets related to the Polyamide 6 BCF Fiber business in Asia Pacific, and
  2. the higher level of Working Capital used, as a result of sales growth for Q1 2018 compared to Q4 2017 and the final settlement of listing-related costs recorded in 2017.

Act FY 2017	Var vs Act
<b>(112,07)</b>	<b>-21,2%</b>

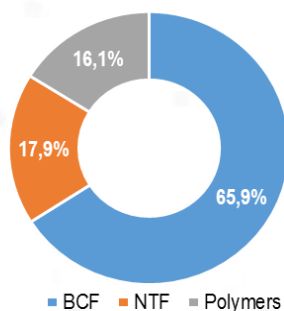
## 2a. Focus on Sales

The following table compares the figures referring to the amount and percentage of sales broken down by line of product for the first quarter of 2018 the same period of 2017 and FY2017.

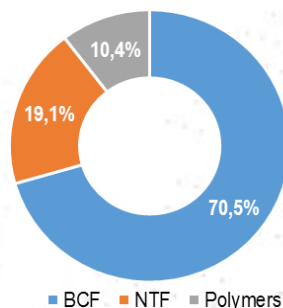
The Polymers line's sales increased compared to the same period of 2017, following the decision to decrease the sales of low-margin commodity products of the BCF line, which thus shrank due both to the resultant impact and the effect of the exchange rate difference for sales in the dollar area.

<b>Sales (€/mil)</b> <b>by Product Line</b>	<b>Q1 - 2018</b>	<b>%</b>	<b>Q1 - 2017</b>	<b>%</b>	<b>FY2017</b>	<b>%</b>
BCF	97,16	65,9%	102,42	70,5%	381,85	69,5%
NTF	26,45	17,9%	27,68	19,1%	94,67	17,2%
Polymers	23,77	16,1%	15,09	10,4%	72,80	13,3%
<b>TOTAL</b>	<b>147,38</b>	<b>100,0%</b>	<b>145,19</b>	<b>100,0%</b>	<b>549,33</b>	<b>100,0%</b>

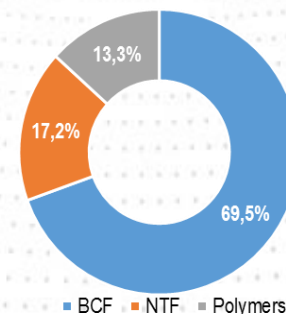
Sales by Product Line Q1 2018



Sales by Product Line Q1 2017



Sales by Product Line FY 2017





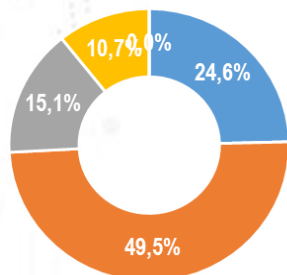
The following table compares the figures referring to the value and percentage of sales broken down by geographical area for the first quarters of 2018 the same period of 2017 and FY2017.

Sales on the Italian market increased mainly thanks to the Polymers line, whereas North America's decrease was essentially attributable to the exchange rate difference for the two reporting periods.

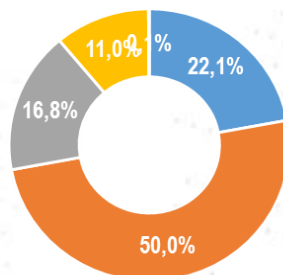
The breakdown of sales by geographical area reported no significant changes compared to March 31, 2017.

Sales (€/mil)	Q1 - 2018	%	Q1 - 2017	%	FY2017	%
<b>Geographical Area</b>						
Italy	36,28	24,6%	32,08	22,1%	117,40	21,4%
EMEA(*)	73,03	49,5%	72,58	50,0%	279,33	50,8%
North America	22,26	15,1%	24,46	16,8%	90,52	16,5%
Asia e Oceania	15,79	10,7%	15,95	11,0%	61,19	11,1%
RoW	0,03	0,0%	0,12	0,1%	0,89	0,2%
<b>TOTAL</b>	<b>147,38</b>	<b>100,0%</b>	<b>145,19</b>	<b>100,0%</b>	<b>549,33</b>	<b>100,0%</b>

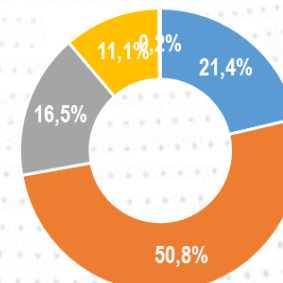
Sales by Geographical Area Q1 2018



Sales by Geographical Area Q1 2017



Sales by Geographical Area FY 2017



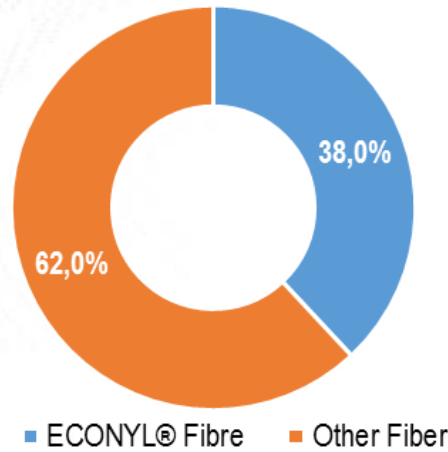
■ Italy ■ EMEA(\*) ■ North America ■ Asia e Oceania ■ RoW

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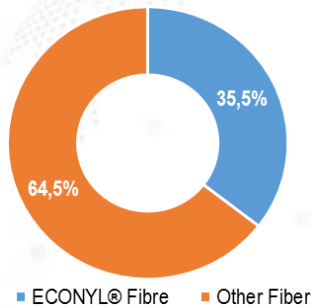
■ Italy ■ EMEA(\*) ■ North America ■ Asia e Oceania ■ RoW

The Group's revenues from **sales of ECONYL®-branded products** amounted to approximately **38%** of fiber sales, **up by about 2 percentage points** compared to the first quarter of 2017.

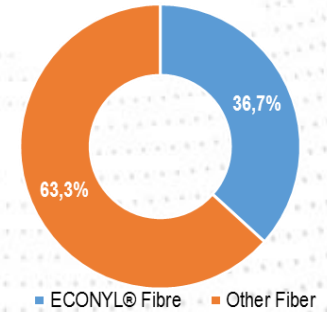
**% of Sales of ECONYL® Fiber on Total Fiber  
Q1 2018**



**% of Sales of ECONYL® Fiber on Total Fiber  
Q1 2017**



**% of Sales of ECONYL® Fiber on Total Fiber  
FY 2017**



## 6. The First Quarter 2018 Financial Statement

<b>CONSOLIDATED INCOME STATEMENT</b> <b>€/000</b>	<b>Q1 2018</b>	<i>of which</i> <i>NO RECURRENT</i>	<b>Q1 2017</b>	<i>of which</i> <i>NO RECURRENT</i>
Revenue	147.382		145.188	12
<i>of which related parties</i>	141		300	
Other Revenue	1	1		
<b>Total Revenue and Other Revenue</b>	<b>147.383</b>	<b>1</b>	<b>145.188</b>	<b>12</b>
Raw Material	(79.687)	(2)	(75.527)	
<i>of which related parties</i>	-		(9)	
Services	(23.368)	(204)	(24.010)	
<i>of which related parties</i>	(893)		(837)	
Personel	(25.589)	(142)	(25.466)	(93)
<i>of which related parties</i>	-		(274)	
Other Operating Costs	(480)	(19)	(592)	(73)
<i>of which related parties</i>	(17)		(17)	
Depreciation and Amortization	(6.072)		(5.947)	
Provisions and Write-downs	(300)		(148)	
Capitalization of Internal Construction Costs	2.644		(4)	
<b>EBIT</b>	<b>14.531</b>	<b>(366)</b>	<b>13.494</b>	<b>(154)</b>
Income (loss) from Investments	-		134	
Other Financial Income	16		108	
<i>of which related parties</i>	-			
Interest Expenses	(1.377)		(1.641)	
<i>of which related parties</i>	-			
FX Gains and Losses	(722)		(642)	
<b>Profit Before Taxes</b>	<b>12.448</b>	<b>(366)</b>	<b>11.345</b>	<b>(154)</b>
Income Taxes	(2.598)		(3.160)	
<b>Net Profit (Including Portion Attr. to Minority)</b>	<b>9.850</b>	<b>(366)</b>	<b>8.185</b>	<b>(154)</b>
Net Profit Attributable to Minority Interest	23		24	
<b>Net Profit Attributable to the Group</b>	<b>9.827</b>		<b>8.161</b>	
<i>Result for shares</i>				

<b>EBITDA and EBIT Adjusted</b>	<b>Q1 18</b>	<b>Q1 17</b>
<b>€/000</b>		
<b>Net Profit (Including Portion Attr. to Minority)</b>	<b>9.850</b>	<b>8.185</b>
Income Taxes	2.598	3.160
Income (loss) from Investments	0	0
Amortisation & Depreciation	6.072	5.947
Write-downs & Write-backs of intangible and tangible assets	300	148
Financial items (*)	3.093	3.157
No recurring items (**)	(366)	(154)
<b>EBITDA</b>	<b>22.279</b>	<b>20.751</b>
Amortisation & Depreciation	6.072	5.947
Write-downs & Write-backs of intangible and tangible assets	300	148
<b>EBIT Adjusted</b>	<b>15.907</b>	<b>14.656</b>
<b>Revenue</b>	<b>147.382</b>	<b>145.188</b>
<i>EBITDA Margin</i>	<i>15,12%</i>	<i>14,29%</i>
<i>EBIT Adjusted Margin</i>	<i>10,79%</i>	<i>10,09%</i>

(\*) It includes: (i) financial income amounting to €16 thousand at March 31, 2018 and €134 thousand at March 31, 2017; (ii) interest expenses of €1,377 thousand at March 31, 2018 and €1,641 thousand at March 31, 2017; (iii) FX losses amounting to €722 thousand at March 31, 2018 and €642 thousand at March 31, 2017; (iv) cash discounts to customers for €1,011 thousand for the reporting period at March 31, 2018 and €1,008 thousand at March 31, 2017.

(\*\*) It includes: (i) non-recurring charges related to the expansion of the Aquafil Group for €220 thousand at March 31, 2018; (ii) mobility and incentive charges for €93 thousand at March 31, 2017; and (ii) other non-recurring costs and income for €146 thousand at March 31, 2018 and €61 thousand at March 31, 2017

<b>CONSOLIDATED BALANCE SHEET</b>	<b>Q1 2018</b>	<b>FY17</b>
<i>€/000</i>		
Intangible Assets	11.754	7.782
Tangible Assets	159.632	153.927
Financial Assets	502	408
<i>of which related parties</i>	79	79
Investments Measured at Equity	-	-
Deferred Tax Assets	9.719	11.356
<b>Total Non-Current Assets</b>	<b>181.608</b>	<b>173.472</b>
Inventories	154.027	153.499
Trade Receivable	46.372	34.870
<i>of which related parties</i>	155	116
Financial Current Assets	989	988
<i>of which related parties</i>	-	-
Current Tax Receivables	2.276	524
Other Current Assets	13.388	12.517
<i>of which related parties</i>	1.944	1.688
Cash and Cash Equivalents	83.705	99.024
<b>Total Current Assets</b>	<b>300.756</b>	<b>301.422</b>
<b>Total Current Assets</b>	<b>482.364</b>	<b>474.895</b>
Share Capital	49.709	49.673
Reserves	75.344	54.772
Group Net Profit for the year	9.818	20.570
<b>Group Shareholders Equity</b>	<b>134.871</b>	<b>125.014</b>
Net Equity attributable to minority interest	485	386
<b>Net Profit for the year attributable to minority interest</b>	<b>23</b>	<b>99</b>
<b>Total Shareholders Equity</b>	<b>135.379</b>	<b>125.499</b>
Employee Benefits	5.855	5.876
Non-Current Financial Liabilities	171.808	159.973
<i>of which related parties</i>	-	-
Provisions for Risks and Charges	1.672	1.516
Deferred Tax Liabilities	3.030	3.533
Other Payables	8.739	7.858
<b>Total Non-Current Liabilities</b>	<b>191.104</b>	<b>178.755</b>
Current Financial Liabilities	48.709	52.111
Current Tax Payables	4.983	5.134
Trade Payables	80.780	94.477
<i>of which related parties</i>	397	716
Other Liabilities	21.410	18.919
<i>of which related parties</i>	457	457
<b>Total Current Liabilities</b>	<b>155.882</b>	<b>170.641</b>
<b>Total Equity and Liabilities</b>	<b>482.364</b>	<b>474.895</b>

<b>CASH FLOW STATEMENT</b>	<b>Q1 18</b>	<b>Q1 17</b>
<b>€/000</b>		
<b>Operation Activities</b>		
Net Profit (Including Portion Attr. to Minority)	9.850	8.185
<i>of which related parties</i>	<i>(769)</i>	<i>(829)</i>
Income Taxes	2.598	3.160
Income (loss) from Investments	0	0
Other Financial Income	(16)	(134)
<i>of which related parties</i>	<i>0</i>	<i>(108)</i>
Interest Expenses	1.377	1.641
FX Gains and Losses	722	642
Gain/Loss on non - current asset Disposals	(92)	0
Amortisation & Depreciation	300	12
Write-downs & Write-backs of intangible and tangible assets	6.072	5.947
<b>Cash Flow from Operating Activities Before Changes in NWC</b>	<b>20.810</b>	<b>19.453</b>
Change in Inventories	(528)	7.439
Change in Trade and Other Receivables	(13.697)	(7.707)
<i>of which related parties</i>	<i>(319)</i>	<i>603</i>
Change in Trade and Other Payables	(12.225)	(41.904)
<i>of which related parties</i>	<i>39</i>	<i>415</i>
Change in Other Assets/Liabilities	(854)	1.809
<i>of which related parties</i>	<i>658</i>	<i>(1.725)</i>
Net Interest Expenses paid	(666)	(1.431)
Income Taxes paid	0	0
Change in Provisions for Risks and Charges	(165)	0
<b>Cash Flow from Operating Activities (A)</b>	<b>(7.326)</b>	<b>(22.341)</b>
<b>Attività di investimento</b>		
Investment in Tangible Assets	(12.277)	(5.373)
Divestment in Tangible Assets	924	0
Investment in Intangible Assets	(4.474)	(2.954)
Divestment in Intangible Assets	0	0
Investment in Financial Assets	0	0
Divestment in Financial Assets	0	1.100
<b>Cash Flow used in Investing Activities (B)</b>	<b>(15.826)</b>	<b>(7.227)</b>
<b>Financing Activities</b>		
Increase in no current Loan and borrowing	30.000	3.000
Decrease in no current Loan and borrowing	(21.576)	(13.643)
Net variation in current financial Assets and Liability	(591)	(910)
<b>Cash Flow from Financing Activities (C)</b>	<b>7.833</b>	<b>(11.553)</b>
<b>Net Cash Flow of the Year (A)+(B)+(C)</b>	<b>(15.319)</b>	<b>(41.121)</b>

<b>NET FINANCIAL DEBT</b>	<b>Q1 2018</b>	<b>FY17</b>
<b>€/000</b>		
A. Cash	83.705	99.024
B. Other cash equivalents		-
C. Securities held-for-trading		-
<b>D. Liquidity ( A + B + C )</b>	<b>83.705</b>	<b>99.024</b>
<b>E. Current financial receivables</b>	<b>989</b>	<b>988</b>
F. Current bank loans and borrowing	(41)	( 72)
G. Current portion of non-current loans and borrowing	(46.818)	( 50.199)
H. Other current loans and borrowing	(1.850)	( 1.840)
<b>I. Current financial debt ( F + G + H )</b>	<b>(48.709)</b>	<b>( 52.111)</b>
<b>J. Net current financial debt ( I + E+ D)</b>	<b>35.985</b>	<b>47.901</b>
K. Non-current bank loans and borrowing	(104.245)	( 91.597)
L. Bonds issued	(53.489)	( 53.820)
M. Other non-current loans and borrowing	(14.074)	( 14.556)
<b>N. Non-current financial debt ( K + L + M )</b>	<b>(171.808)</b>	<b>( 159.973)</b>
<b>O. Net financial debt ( J+N)</b>	<b>(135.823)</b>	<b>( 112.071)</b>



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