

# Aquafil Group

## Financial Results I Quarter 2019

14<sup>th</sup> May 2019

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# 1. I Quarter 2019 Highlights

REVENUES <sup>1</sup> (€/mil)		EBITDA (€/mil)		NET RESULT (€/mil)		N.F.P. (€/mil)	
	Q1		Q1		Q1		
Act19	145,3	Act19 <sup>2</sup>	19,1	Act19	7,7	Mar19 <sup>2</sup>	213,3
Act18	140,8	Act18	22,3	Act18	9,8	Dic18	157,3
% Var 18 to 17	3,2%	% Var 18 to 17	-14,2%	% Var 18 to 17	21,9%		

**Revenues Q119**  
Area Asia Pacific

**+ 46,8%**  
driven by increase of  
**Product Line BCF**  
due to the  
full consolidation of  
**Invista acquisition**

**Revenues Q119**  
Area **North America**

**+ 38,0%**  
driven by increase of  
**Product Line BCF**  
due to the  
growth of  
**automotive sector**

**Revenues Q119**  
Area EMEA

**- 10,7%**  
mainly due  
to  
**market slowdown**  
of  
**BCF product**

**Marginality reduction**  
in Q119 vs Q118 mainly due  
to:

**planned EU Operation**  
**support to North American**  
market  
+  
**Slowdown EMEA BCF Mkt**

**ECONYL®**  
branded products  
**+ 8,0%**  
**vs**  
**I Quarter 2018**  
and equal to  
**37,5%**  
of fiber turnover

**IFRS16**  
First Time Adoption  
**Q1 2019**  
**EBITDA +1,5 €/mil**  
**D&A +1,4 €/mil**  
**N.F.P. +28,5 €/mil**

<sup>1</sup> The Revenues include IFRS15 effects;

<sup>2</sup> First time adoption of IFRS16 is included in EBITDA of Q1 2019 (+1,5 €/mil) and in N.F.P. of Q1 2019 (+28,5 €/mil)

## 2. Key Performance Indicators

The Key Performance Indicators of Aquafil Group of **Q12019** compared with same period of **2018** are here reported:

KPI	Q1 2019 - Act	Q1 2018 - Act	Δ %
<b>Revenues €/mil</b>	<b>145,3</b>	<b>140,8</b>	3,2%
<b>EBITDA €/mil</b>	<b>19,1</b>	<b>22,3</b>	-14,2%
<i>EBITDA Margin %</i>	13,2%	15,8%	
<b>EBIT Adj €/mil</b>	<b>11,0</b>	<b>15,9</b>	-30,6%
<i>EBIT Adj Margin %</i>	7,6%	11,3%	
<b>EBIT €/mil</b>	<b>9,1</b>	<b>14,5</b>	-37,5%
<i>EBIT Margin %</i>	6,3%	10,3%	
<b>EBT €/mil</b>	<b>9,6</b>	<b>12,4</b>	-23,1%
<i>EBT Margin %</i>	6,6%	8,8%	
<b>Net Result €/mil</b>	<b>7,7</b>	<b>9,8</b>	-21,9%
<i>Net Result Margin %</i>	5,3%	7,0%	
	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>	Δ %
<b>NFP €/mil</b>	<b>(213,3)</b>	<b>(157,3)</b>	35,6%

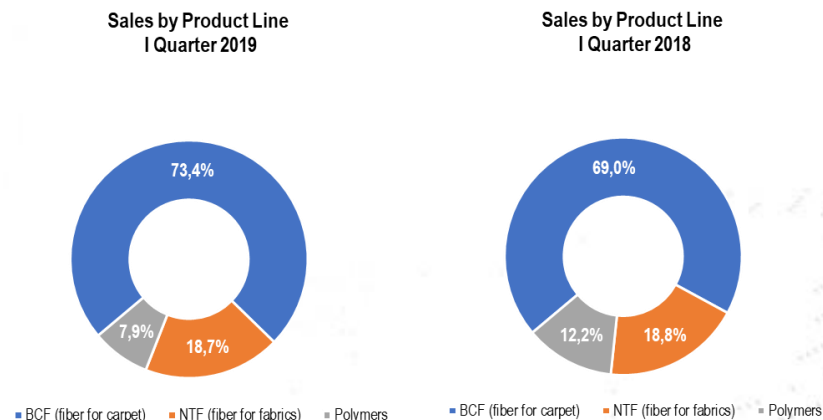
- a) **Revenues** grow by 3.2%, amounting to €145.3 million compared to €140.9 million of Q118 (after IFRS15), as a result of (a) sale increase of BCF product in Asia and USA, partially compensated by EMEA slowdown and (b) reduction of Polymer sold due to in-house use to produce fiber.
- b) **EBITDA** decreases to 19.1 €/mil (including positive effect of 1.5 €/mil of IFRS16) from €22.3 million of first quarter 2018 mainly due to EU operations support to US market, slowdown of BCF EMEA market and start-up costs of ARC#1 (Phoenix). **EBITDA margin** decreases to 13,2% (15,8% in first quarter 2018) due to same reasons that affected EBITDA.
- c) **Net Result** of first quarter 2019 amounted to €7,7 million, decreasing by 21,9% compared to first quarter 2018 (€9.8 million). Reduction is related to lower EBITDA, the increase of depreciations and the higher financial incomes and exchange gains of period.
- d) **Net Financial Position** amounted to €213.4 million, compared to €157.3. Variation is mainly attributable to:
1. IFRS16 first time adoption (+28,5 €/mil);
  2. the net **investments** (ca 18,6 €/mil) that include capacity increase in US and China, ECONYL® investment program and ACR#s;
  3. an higher level of **Net Working Capital** (ca 19,2 €/mil), derived from Q1 2019 higher sales compared to Q4 2018.



## 2a. Focus on Sales

The comparison of amount and percentage of **Revenues, broken down by Line of Product** realized in **first quarter 2019** vs the same period of 2018 is here reported:

Revenues (€/mil) by Product Line	Q1 2019	Q1 2018	Δ Val	Δ %
<b>BCF</b> (fiber for carpet)	106,6	97,2	9,4	9,7%
<b>NTF</b> (fiber for fabrics)	27,1	26,5	0,7	2,6%
<b>Polymers</b>	11,5	17,2	(5,7)	-32,9%
<b>TOTAL</b>	<b>145,3</b>	<b>140,8</b>	<b>4,5</b>	<b>3,2%</b>



**BCF Product** line's sales **increase in Q1 2019 (9,7%)** compared to the same period of 2018 due to increase of sold quantity in Asia Pacific area mainly derived from Invista acquisition, in North America due to increase of the automotive application partially limited by EMEA reduction.

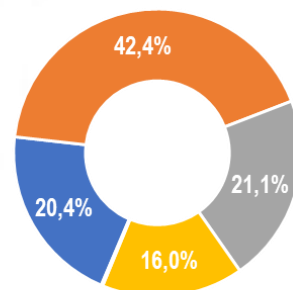
**NTF Product** line's sales **increase in Q1 2019 (2,6%)** compared to the same period of 2018 as effect of selling price increase.

**Polymers line's** sales **decrease in Q1 2019 (-32,9%)** mainly due to the in-house use of polymers to produce fiber for US market.

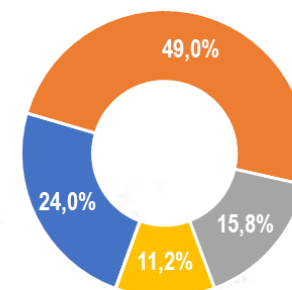
The comparison of amount and percentage of Revenues, broken down by Geographical Area realized in Full Year and Fourth Quarter 2018 vs the same period of 2017 is here reported:

Fatturato (€/mil)	Q1	Q1	Δ	Δ%
Area Geografica	2019	2018	Val	
Italy	29,6	33,8	(4,1)	-12,2%
EMEA(*)	61,6	69,0	(7,4)	-10,7%
North America	30,7	22,3	8,5	38,0%
Asia e Oceania	23,2	15,8	7,4	46,8%
RoW	0,2	0,0	0,2	-
<b>TOTAL</b>	<b>145,3</b>	<b>140,8</b>	<b>4,5</b>	<b>3,2%</b>

Sales by Geographical Area  
I Quarter 2019



Sales by Geographical Area  
I Quarter 2018



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

**Italian** revenues decrease (12,2%) in the **first quarter 2019** compared with same period of 2018 mainly as effect of reduction of revenues of Polymers Product Line due the in-house use to produce fiber.

**EMEA** revenues, excluding Italy, **decreased in first quarter 2019 (-10,7%)** compared with same period of 2018 mainly due to the slowdown of BCF Product Line European market.

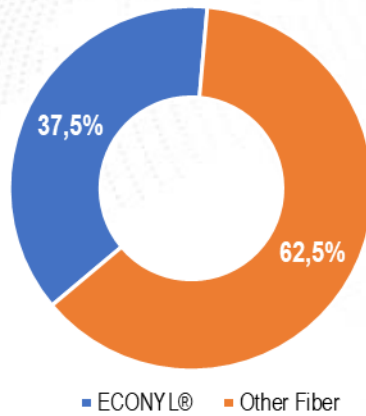
**North American** revenues compared with same period of 2018, **grow in first quarter 2019 (+38,0%)** driven by the BCF Product Line increase in automotive application due to a competitor disengagement.

**Asia and Oceania** revenues **grow in first quarter 2019 (+46,8%)** compared with same period of 2019 for BCF Product Line growth derived from the consolidation of Invista acquisition.

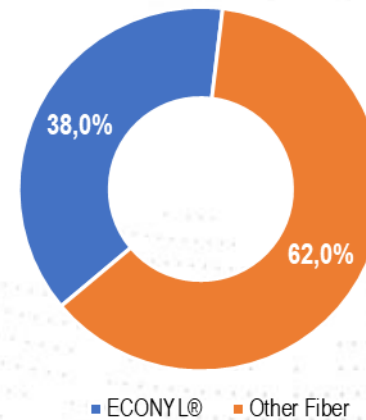
The Group's revenues of **ECONYL®** branded products are **growth of 8,0% in the first quarter 2019** compared to same periods of 2018.

The Group's revenues of **ECONYL®** branded products in **first quarter 2019** has been equal to the **37,5%** (38% in first quarter 2018) of total fiber revenues.

**% Revenues of Product braded ECONYL(R)  
on Fiber Revenues - Q1 2019**



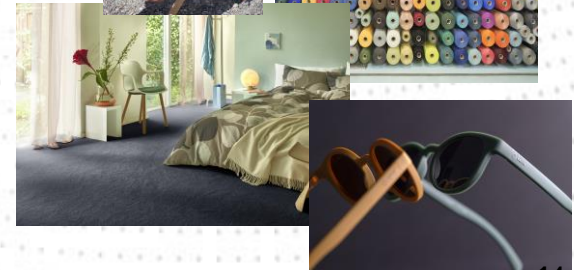
**% Revenues of Product braded ECONYL(R)  
on Fiber Revenues - Q1 2018**



## 3. Aquafil Group at Glance

- **Pioneers of circularity with ECONYL®:**
  - An unique **Regeneration System** to produce sustainable fiber and polymers from nylon 6 waste;
  - High barriers to entry for technology and reverse supply chain;
  - Turnover of product branded ECONYL® equal to **37,5%** of fiber turnover – **CAGR 2016/2018 equal to 14,0%**
- **Market Leader in Nylon (PA):**
  - Fiber for Carpet flooring (BCF Product);
  - Fiber for Fabrics (NTF Product);
  - Polymers for engineering plastics;
- **A successful business model based on**
  - Proprietary technology with continuous innovation;
  - R&D focus for a uniquely diversified commercial offer;
  - Manufacturing and operational excellence;
  - Focus on high-end segments for a premium positioning;
- **A Global footprint with proximity to Clients**
  - Manufacturing presence in 8 countries
  - **2.813 employees** at the **end of 2018**;
  - **€555,2m of Revenues in FY2018** - 528,3m FY17;
  - **€77,9m EBITDA in FY2018** - 73,8m EBITDA in FY17
- **Entrepreneurial talent and strong management team**

**THE ECONYL®  
REGENERATION SYSTEM**



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**

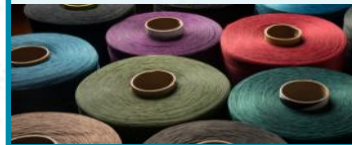
- From various waste including post-consumer (fishnets, used carpets, etc.)



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**

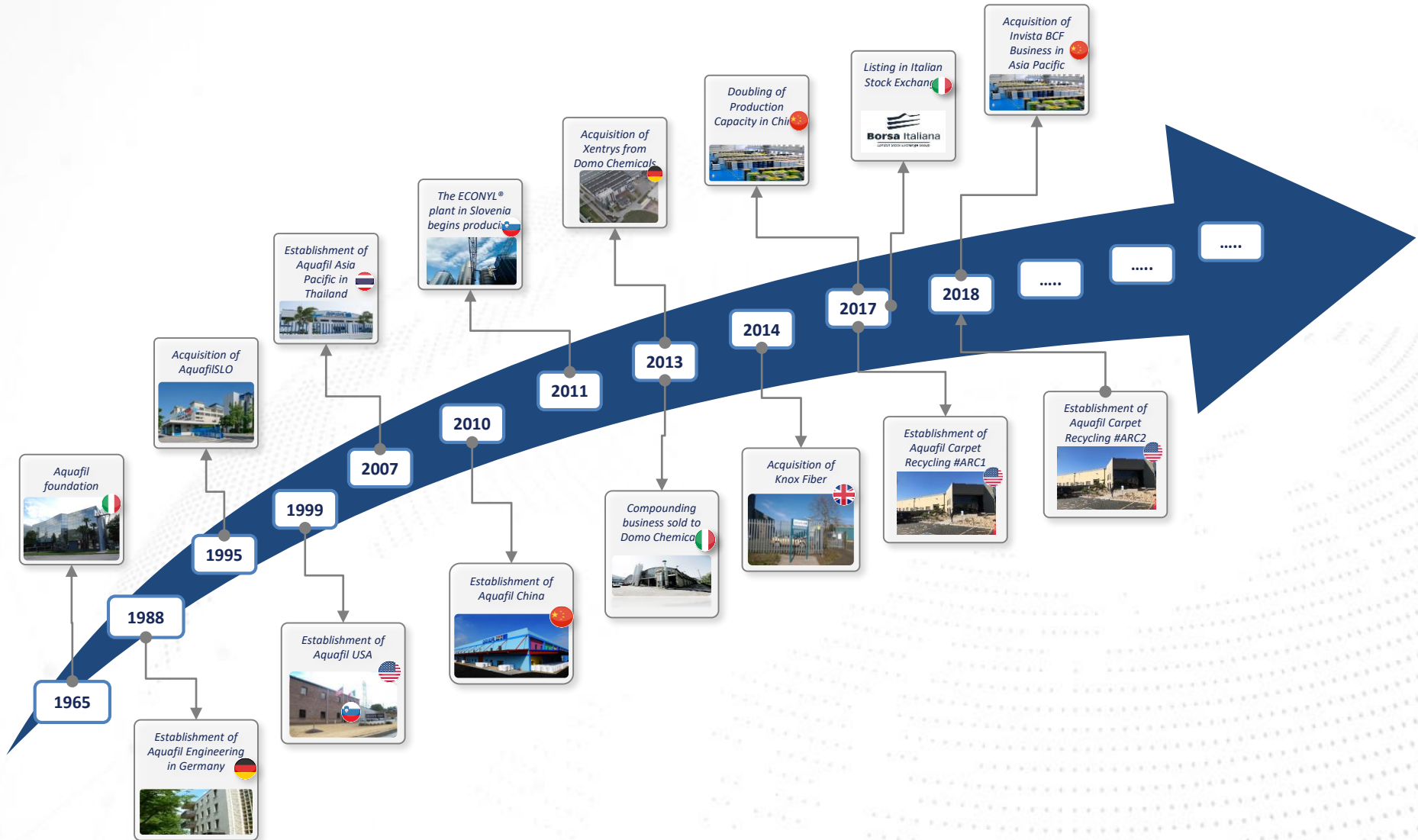


**Selected Application Users**



**Compounders**







## USA

Cartersville (Georgia)

**Aquafil USA 1 & 2**

Phoenix (Arizona)

**Aquafil Carpet Recycling #1**

Sacramento (California)

**Aquafil Carpet Recycling #2**

## ITALY

Arco (TN)

**Aquafil (Headquarter)**

Cares (TN)

Rovereto (TN)

**Tessilquattro**

## SLOVENIA

Ljubljana

**AquafilSLO Ljubljana**

Senozece

**AquafilSLO Senožeče**

Store

**AquafilSLO Štore**

Ajdovščina

**AquafilSLO Ajdovščina**

## CHINA

Jiaxing

**Aquafil Jiaxing**

## GERMANY

Leuna

**Aqualeuna**

## THAILAND

Rayong

**Aquafil Asia Pacific**

## UK

Kilbirnie

**Aquafil UK**

## CROATIA

Oroslavje

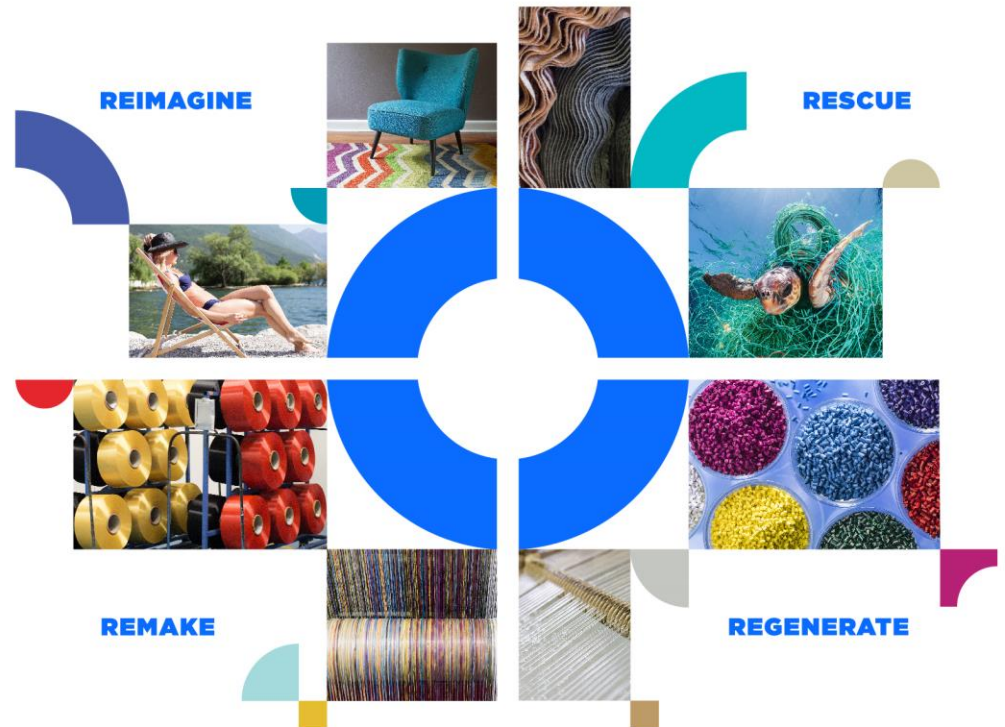
**Aquafil CRO**

# ECONYL<sup>®</sup>

ENDLESS POSSIBILITIES

- 100% regenerated & regenerable nylon
- Unique proprietary technology
- 37% of Aquafil Fiber Turnover 2018

## THE ECONYL<sup>®</sup> REGENERATION SYSTEM



[WWW.ECONYL.COM](http://WWW.ECONYL.COM)

## 4. Full Year and IV Quarter 2018 Financial Statement

**RECONCILIATION FROM NET PROFIT TO EBITDA**

<i>€/000</i>	<b>First Quarter 2019</b>	<b>First Quarter 2018</b>
<b>Net Profit (Including Portion Attr. to Minority )</b>	<b>7.696</b>	<b>9.850</b>
Income Taxes	1.880	2.598
Amortisation & Depreciation	8.038	6.072
Write-downs & Write-backs of intangible and tangible assets	34	300
Financial items (*)	379	3.093
No recurring items (**)	1.086	366
<b>EBITDA</b>	<b>19.113</b>	<b>22.279</b>
<i>Revenue</i>	145.328	140.807
EBITDA Margin	13,2%	15,8%

**RECONCILIATION FROM EBITDA TO**

<i>€/000</i>	<b>First Quarter 2019</b>	<b>First Quarter 2018</b>
<b>EBIT ADJUSTED</b>	<b>11.041</b>	<b>15.907</b>
<b>EBITDA</b>	<b>19.113</b>	<b>22.279</b>
Amortisation & Depreciation	8.038	6.072
Write-downs & Write-backs of intangible and tangible assets	34	300
<b>EBIT Adjusted</b>	<b>11.041</b>	<b>15.907</b>
<i>Revenue</i>	145.328	140.807
<i>EBIT Adjusted Margin</i>	7,6%	11,3%

(\*) The financial items include: (i) financial income of Euro 1.1 million at the end of March 2019 (ii) financial charges of Euro 1.6 million at the end of March 2019, compared to Euro 1.4 million at the end of March 2018, (iii) cash discounts of Euro 0.9 million at the end of March 2019, compared to Euro 1.0 million at the end of March 2018, and (iv) exchange gains of Euro 1.0 million, against losses of Euro 0.7 million.

(\*\*) This includes (i) non-recurring charges related to the expansion of the Aquafil Group and other corporate transactions for Euro 0.5 million and 0.2 million respectively in the periods ending March 31, 2019 and March 31, 2018, (ii) other non-recurring charges of Euro 0.6 million and Euro 0.1 million respectively in the periods ending March 31, 2019 and March 31, 2018.

CONSOLIDATED INCOME STATEMENT €/000	First Quarter 2019	<i>of which</i> <i>non-current</i>	First Quarter 2018	<i>of which</i> <i>non-current</i>
Revenue	145.328		140.807	
<i>of which related parties</i>	17		141	
Other Revenue	601	76	1	1
<b>Total Revenue and Other Revenue</b>	<b>145.929</b>	<b>76</b>	<b>140.808</b>	<b>1</b>
Raw Material	(77.154)	(100)	(73.112)	(2)
Services	(24.781)	(803)	(23.368)	(204)
<i>of which related parties</i>	(103)		(893)	
Personel	(26.712)	(139)	(25.589)	(142)
Other Operating Costs	(595)	(119)	(480)	(19)
<i>of which related parties</i>	(18)		(17)	
Depreciation and Amortization	(8.038)		(6.072)	
Provisions and Write-downs	(34)		(300)	
Capitalization of Internal Construction Costs	471		2.644	
<b>EBIT</b>	<b>9.086</b>	<b>(1.086)</b>	<b>14.530</b>	<b>(366)</b>
Other Financial Income	1.091	1.082	16	
Interest Expenses	(1.562)		(1.377)	
<i>of which related parties</i>	(66)			
FX Gains and Losses	961		(722)	
<b>Profit Before Taxes</b>	<b>9.576</b>	<b>(4)</b>	<b>12.448</b>	<b>(366)</b>
Income Taxes	(1.880)		(2.598)	
<b>Net Profit (Including Portion Attr. to Minority)</b>	<b>7.696</b>	<b>(4)</b>	<b>9.850</b>	<b>(366)</b>
Net Profit Attributable to Minority Interest	0		23	
<b>Net Profit Attributable to the Group</b>	<b>7.696</b>		<b>9.827</b>	
<i>Basic earnings per share</i>	0,15		0,19	
<i>Diluted earnings per share</i>	0,15		0,19	

**CONSOLIDATED BALANCE SHEET**

€/000

	At March 31, 2019	At December 31, 2018
Intangible Assets	16.551	15.992
Tangible Assets	203.663	189.661
Right of Use	27.496	-
Financial Assets	401	404
<i>of which related parties</i>	79	79
Other Assets	2.191	2.189
Deferred Tax Assets	6.840	7.841
<b>Total Non-Current Assets</b>	<b>257.143</b>	<b>216.087</b>
Inventories	189.081	189.678
Trade Receivable	43.924	34.046
<i>of which related parties</i>	54	66
Financial Current Assets	2.475	2.878
Current Tax Receivables	725	451
Other Current Assets	15.714	14.297
<i>of which related parties</i>	1.947	1.859
Cash and Cash Equivalents	70.466	103.277
<b>Total Current Assets</b>	<b>322.385</b>	<b>344.627</b>
<b>Total Current Assets</b>	<b>579.528</b>	<b>560.714</b>
Share Capital	49.722	49.722
Reserves	94.073	62.969
Group Net Profit for the year	11.548	31.119
<b>Group Shareholders Equity</b>	<b>155.344</b>	<b>143.810</b>
Net Equity attributable to minority interest	1	1
Net Profit for the year attributable to minority interest	(0)	0
<b>Total Shareholders Equity</b>	<b>155.345</b>	<b>143.811</b>
Employee Benefits	5.627	5.702
Non-Current Financial Liabilities	237.333	224.345
<i>of which related parties</i>	9.521	-
Provisions for Risks and Charges	1.140	1.169
Deferred Tax Liabilities	3.803	3.582
Other Payables	11.174	11.833
<b>Total Non-Current Liabilities</b>	<b>259.077</b>	<b>246.631</b>
Current Financial Liabilities	48.884	39.090
<i>of which related parties</i>	2.529	-
Current Tax Payables	2.223	2.270
Trade Payables	92.466	106.895
<i>of which related parties</i>	425	762
Other Liabilities	21.532	22.017
<i>of which related parties</i>	230	230
<b>Total Current Liabilities</b>	<b>165.105</b>	<b>170.272</b>
<b>Total Equity and Liabilities</b>	<b>579.528</b>	<b>560.714</b>

<b>CASH FLOW STATEMENT</b>	<b>At March 31,</b>	<b>At March 31,</b>
<i>€/000</i>	<b>2019</b>	<b>2018</b>
<b><i>Operation Activities</i></b>		
Net Profit (Including Portion Attr. to Minority)	7.696	9.850
<i>of which related parties</i>	-170	-769
Income Taxes	1.880	2.598
Other Financial Income	-1.091	-16
Interest Expenses	1.562	1.377
<i>of which related parties</i>	66	0
FX (Gains) and Losses	-961	722
(Gain)/Loss on non - current asset Disposals	-249	-92
Provisions & write-downs	34	300
Amortisation, depreciation & write-downs	8.038	6.072
<b>Cash Flow from Operating Activities Before Changes in NWC</b>	<b>16.909</b>	<b>20.810</b>
Change in Inventories	597	-528
Change in Trade and Other Receivables	-14.429	-13.697
<i>of which related parties</i>	-337	-319
Change in Trade and Other Payables	-9.898	-12.225
<i>of which related parties</i>	12	39
Change in Other Assets/Liabilities	-1.193	-854
<i>of which related parties</i>	26	658
Net Interest Expenses paid	-703	-666
Income Taxes paid	-31	0
Change in Provisions for Risks and Charges	-212	-165
<b>Cash Flow from Operating Activities (A)</b>	<b>-8.960</b>	<b>-7.326</b>
<b><i>Investing activities</i></b>		
Investment in Tangible Assets	-17.350	-12.277
Disposal of Tangible Assets	280	924
Investment in Intangible Assets	-997	-4.474
Investment in Right of Use	-28.802	0
<b>Cash Flow used in Investing Activities (B)</b>	<b>-46.869</b>	<b>-15.826</b>
<b><i>Financing Activities</i></b>		
Increase in no current Loan and borrowing	0	30.000
Decrease in no current Loan and borrowing	-4.413	-21.576
Net variation in current financial Assets and Liability	27.432	-591
<i>of which related parties</i>	12.049	0
<b>Cash Flow from Financing Activities (C)</b>	<b>23.019</b>	<b>7.833</b>
<b>Net Cash Flow of the Year (A)+(B)+(C)</b>	<b>-32.810</b>	<b>-15.319</b>

NET FINANCIAL DEBT €/000	At March 31, At December 31,	
	2019	2018
A. Cash	70.466	103.277
B. Other cash equivalents	-	-
C. Securities held-for-trading	-	-
<b>D. Liquidity ( A + B + C )</b>	<b>70.466</b>	<b>103.277</b>
<b>E. Current financial receivables</b>	<b>2.475</b>	<b>2.878</b>
F. Current bank loans and borrowing	(653)	(96)
G. Current portion of non-current loans and borrowing	(39.268)	(35.496)
H. Other current loans and borrowing	(8.963)	(3.498)
<b>I. Current financial debt ( F + G + H )</b>	<b>(48.884)</b>	<b>(39.090)</b>
<b>J. Net current financial debt ( I + E + D )</b>	<b>24.057</b>	<b>67.066</b>
K. Non-current bank loans and borrowing	(151.528)	(159.492)
L. Bonds issued	(53.172)	(53.578)
M. Other non-current loans and borrowing	(32.630)	(11.274)
<b>N. Non-current financial debt ( K + L + M )</b>	<b>(237.330)</b>	<b>(224.344)</b>
<b>O. Net financial debt ( J + N )</b>	<b>(213.274)</b>	<b>(157.279)</b>



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