

# LABOMAR

## Overview Presentation

SEPTEMBER 2020





## GROUP OVERVIEW





**LABOMAR IS THE NEW FRONTIER**



**RESEARCH-DRIVEN FULL SERVICE CDMO** OPERATING MAINLY IN  
THE **DIETARY SUPPLEMENTS AND MEDICAL DEVICES** SEGMENTS



**LEVERAGING INTERNALLY-DEVELOPED PATENTS AND  
A FULL RANGE OF PHARMACEUTICAL FORMS**



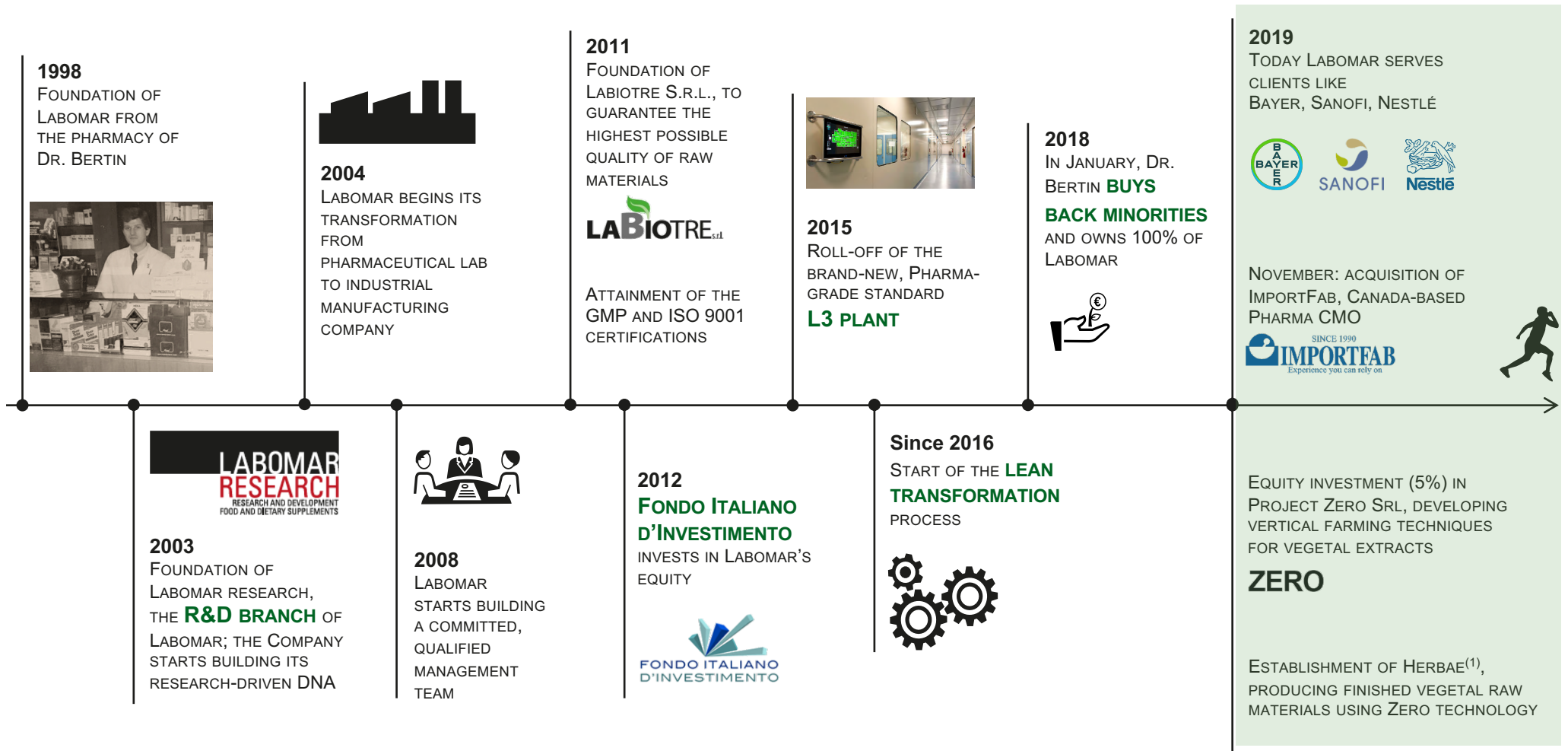
**PROVIDING HIGH-GRADE VALUE-ADDED SOLUTIONS TO  
INTERNATIONAL LIFE SCIENCES PLAYERS**



**THE CDMO «2.0»**

# 20+ Years History of Continuous Development

LABOMAR BUILDS VALUABLE RELATIONSHIPS WITH THE BIG PHARMA AND STARTS DEVELOPING FOREIGN MARKETS



LABOMAR IS NOW IN THE SWEET SPOT FOR A SUCCESSFUL LISTING TO SPUR FUTURE GROWTH, ORGANICALLY AND BY M&A

1. Majority equity investment (51%) with 49% held by Zero, in which Labomar holds a minority equity investment of 5%  
Source: Management



# The Leading One-stop-shop CDMO

## REVENUES BREAKDOWN (1)

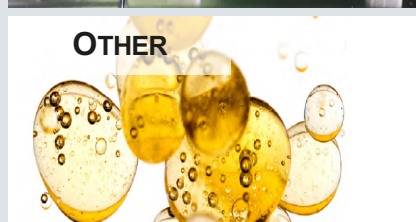
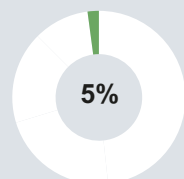
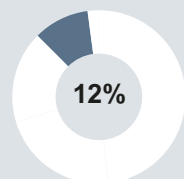
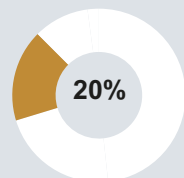
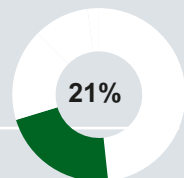
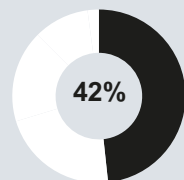
**34%**  
REVENUES BASED ON  
PROPRIETARY PATENTS AND  
FORMULAS

**10%**  
OF FTEs IN R&D,  
C. 4% OF REVENUES

**c. 1,500**  
SKUs DELIVERED TO  
C. 180 CUSTOMERS

**c. 100** (2)  
READY-TO-MARKET SKUs  
INTERNATIONALLY

**33%**  
SHARE OF EXPORT BY INVOICE,  
INCREASING TO 44% ON A  
2019A CONS. PF BASIS



## EXAMPLE OF CLIENTS



## EXAMPLE OF PRODUCTS



2019A CONS. PRO-FORMA <sup>(3)</sup>	€M	% REV / LEV (X)
REVENUE	57.4	
EBITDA ADJ	12.2	21.2%
EBIT ADJ	8.3	14.5%
NET INCOME ADJ	5.7	9.9%
NET DEBT	28.7	2.4x

1. As of 2019A Labomar stand-alone

2. As of Labomar 2020 catalogue

3. 2019 EBITDA and EBIT Cons. PF have been adjusted for total acquisition costs (574€K + 306€K); Net Income 2019 PF has been adjusted for total acquisition costs and theoretical Canadian Tax (233€K)

Source: Management, pro-forma financial statements



# Labomar Catalogue: Unique, Wide “Ready-to-Market” Selection





# INVESTMENT HIGHLIGHTS



# Distilling the Equity Story

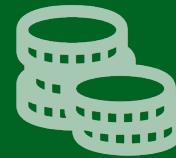
1

**BUOYANT MARKET WITH  
CLEAR UNDERLYING TRENDS**



2

**SOUND GROWTH  
TRACK-RECORD  
& ATTRACTIVE  
PROFITABILITY PROFILE**



3

**INNOVATION DNA AS A  
STRONG COMPETITIVE  
DIFFERENTIATOR**



4

**TIGHT CONTROL  
OVER THE  
SUPPLY CHAIN**



5

**UNIQUE SALESFORCE FOR  
UNPARALLELED CLIENT  
COVERAGE**



6

**HIGH-QUALITY AND  
WELL BALANCED  
CLIENT PORTFOLIO**



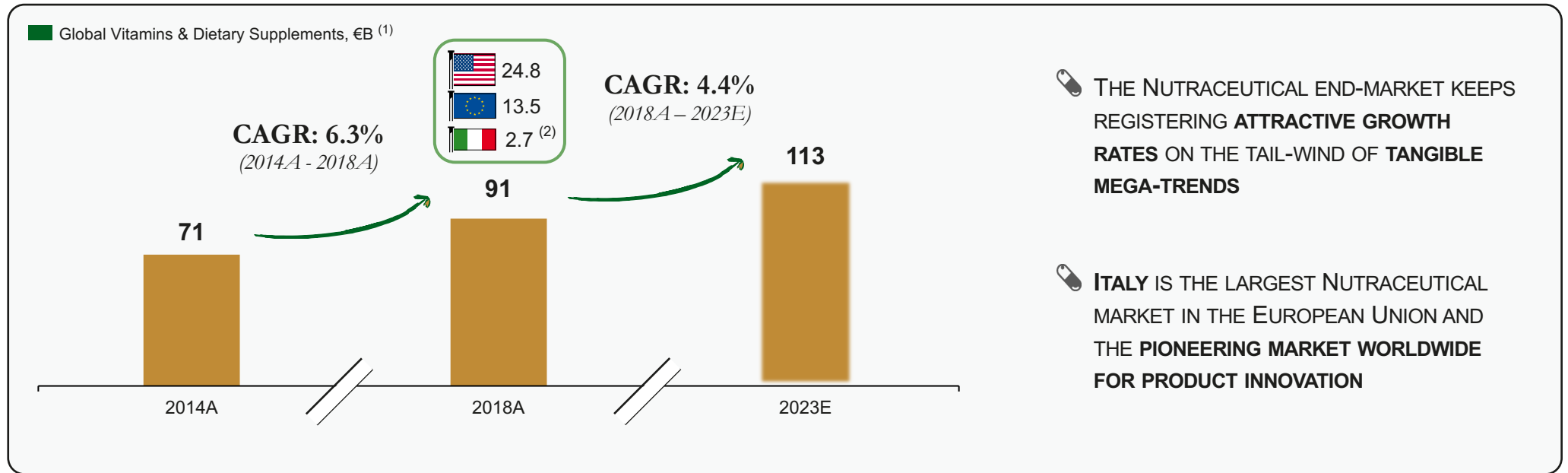
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**IMPORTFAB  
ACQUISITION:  
A "HIGHWAY"  
TO GROWTH**





# Buoyant Market with Clear Underlying Trends

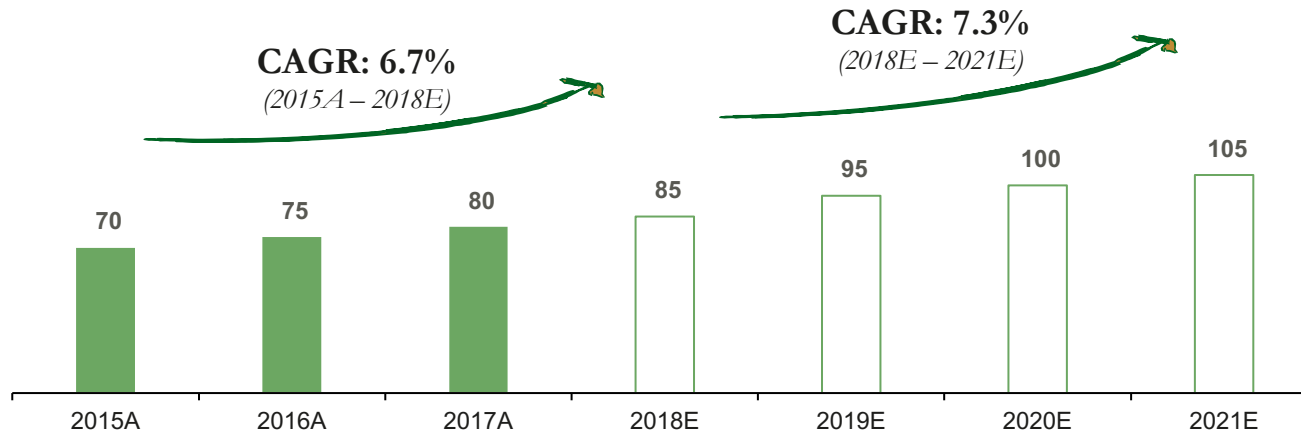


## MEGA-TRENDS

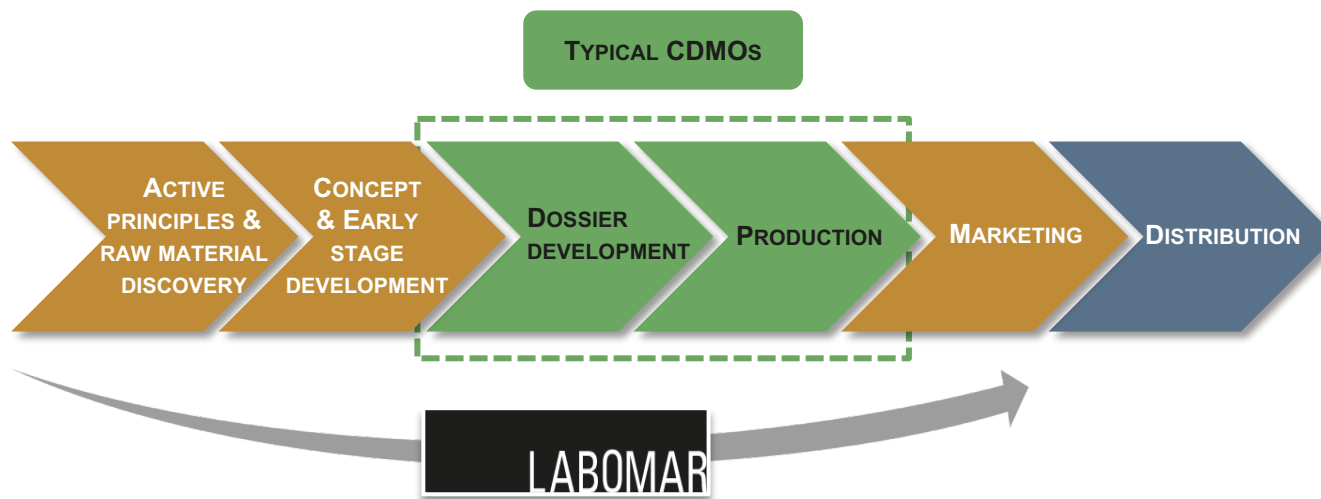


# Buoyant Market with Attractive Underlying Trends

## HISTORICAL AND PROJECTED GLOBAL OUTSOURCING LEVELS, \$B <sup>(1)</sup>



## CONTINUED OUTSOURCING TREND FROM BIG PHARMA TO CDMOs <sup>(2)</sup>



**BIG PHARMA OUTSOURCING MEGA-TREND**, TO REDUCE (I) **TIME-TO-MARKET**, (II) **COSTS**, AND (III) **OPERATIONAL COMPLEXITY**, AS WELL AS TO REALLOCATE INTERNAL RESOURCES ON DISTRIBUTION

PREFERENCE FOR A **LIMITED NUMBER OF ONE-STOP-SHOP SUPPLIERS**, IN ORDER TO (I) **LIMIT THE COSTS AND RISKS INVOLVED IN TECHNOLOGY TRANSFERS**, AND (II) **TO SAVE TIME**

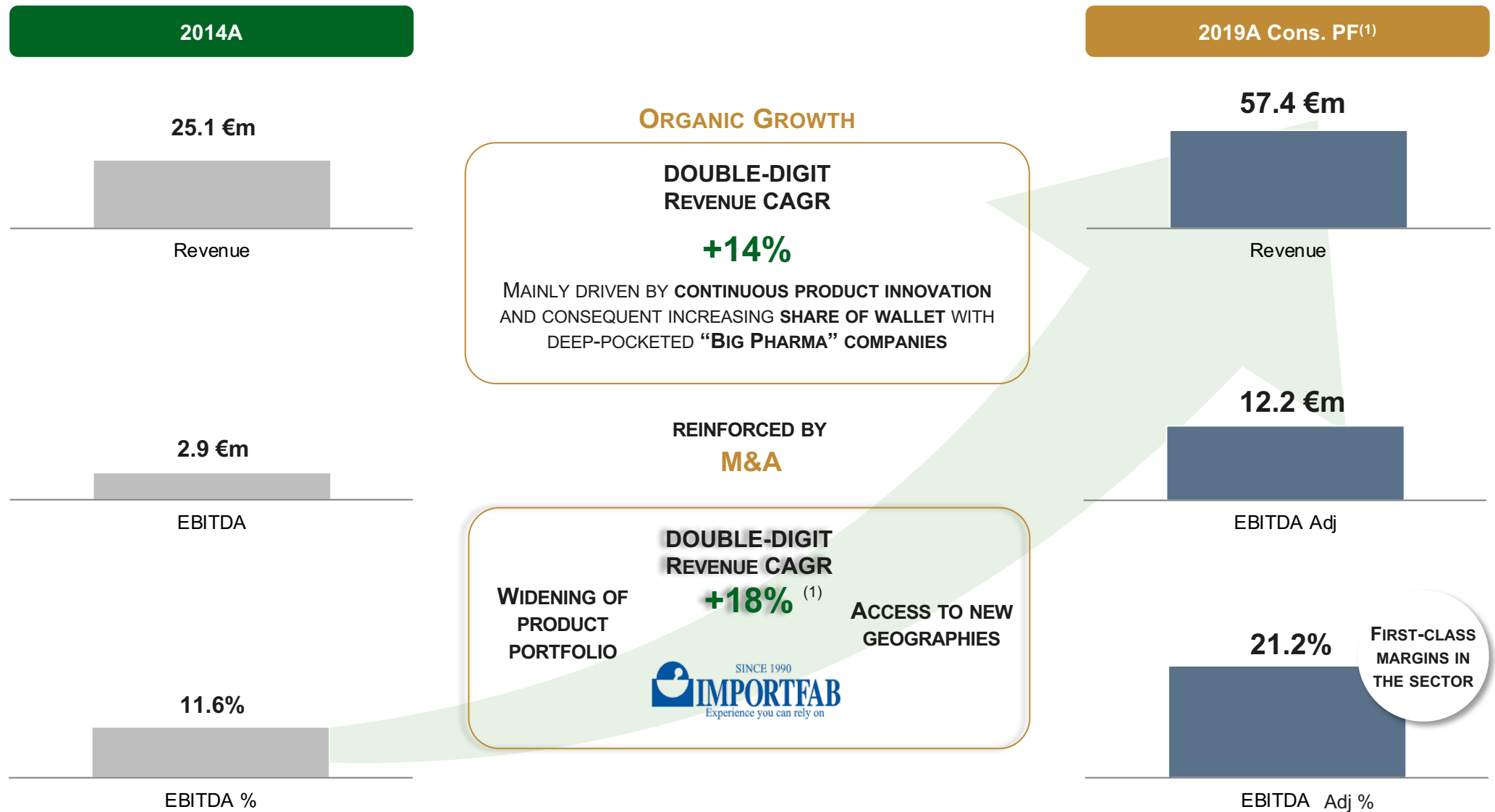
PREFERENCE FOR **LONG-TERM RELATIONSHIPS**

SHORTER PRODUCT LIFE-CYCLE OF **NUTRACEUTICALS** BOOSTS OUTSOURCING

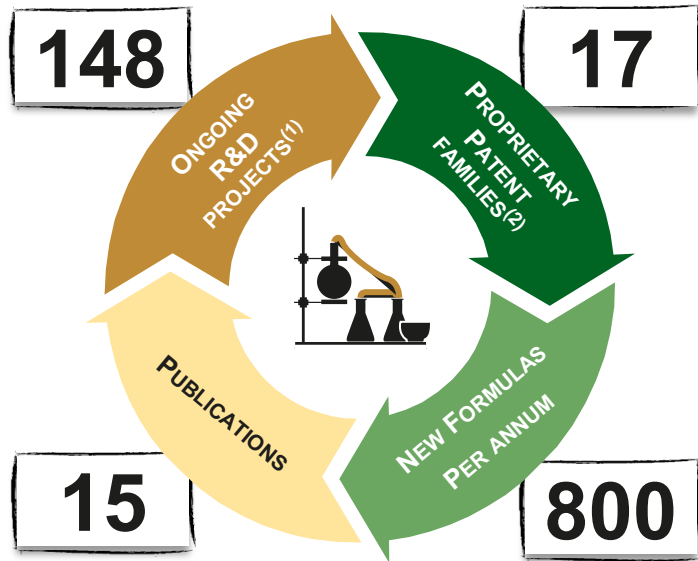
**LABOMAR EXTRA-SERVICE**, ANTICIPATING THE NEXT OUTSOURCING TREND TOWARDS **ONE-STOP-SHOP CDMO**: ACTIVE PRINCIPLES & RAW MATERIALS RESEARCH AND CONCEPT DEVELOPMENT



# Sound Growth Track-Record & Outstanding Profitability



# Innovation DNA as a Strong Competitive Differentiator



## SCIENTIFIC MARKETING

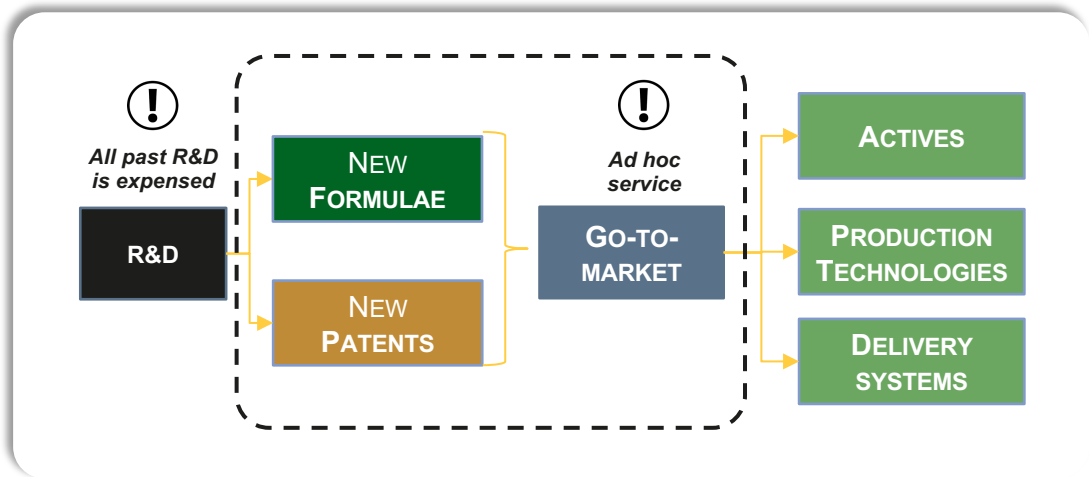
### STRATEGICALLY SUSTAINABLE PROPOSALS

- PROPOSALS FOR STRATEGIC BRAND / LINE EXTENSION

### ECONOMICALLY SUSTAINABLE PROPOSALS

- NEW DELIVERY FORMS
- MORE EFFECTIVE PRODUCTS

- IMPLEMENTING AND PATENTING NEW TECHNOLOGIES
- INNOVATIVE RAW MATERIALS AND FORMULATIONS
- RIGOROUS SCIENTIFIC DOCUMENTATION
- INCREASINGLY FUNDAMENTAL AND HARD TO REPLACE

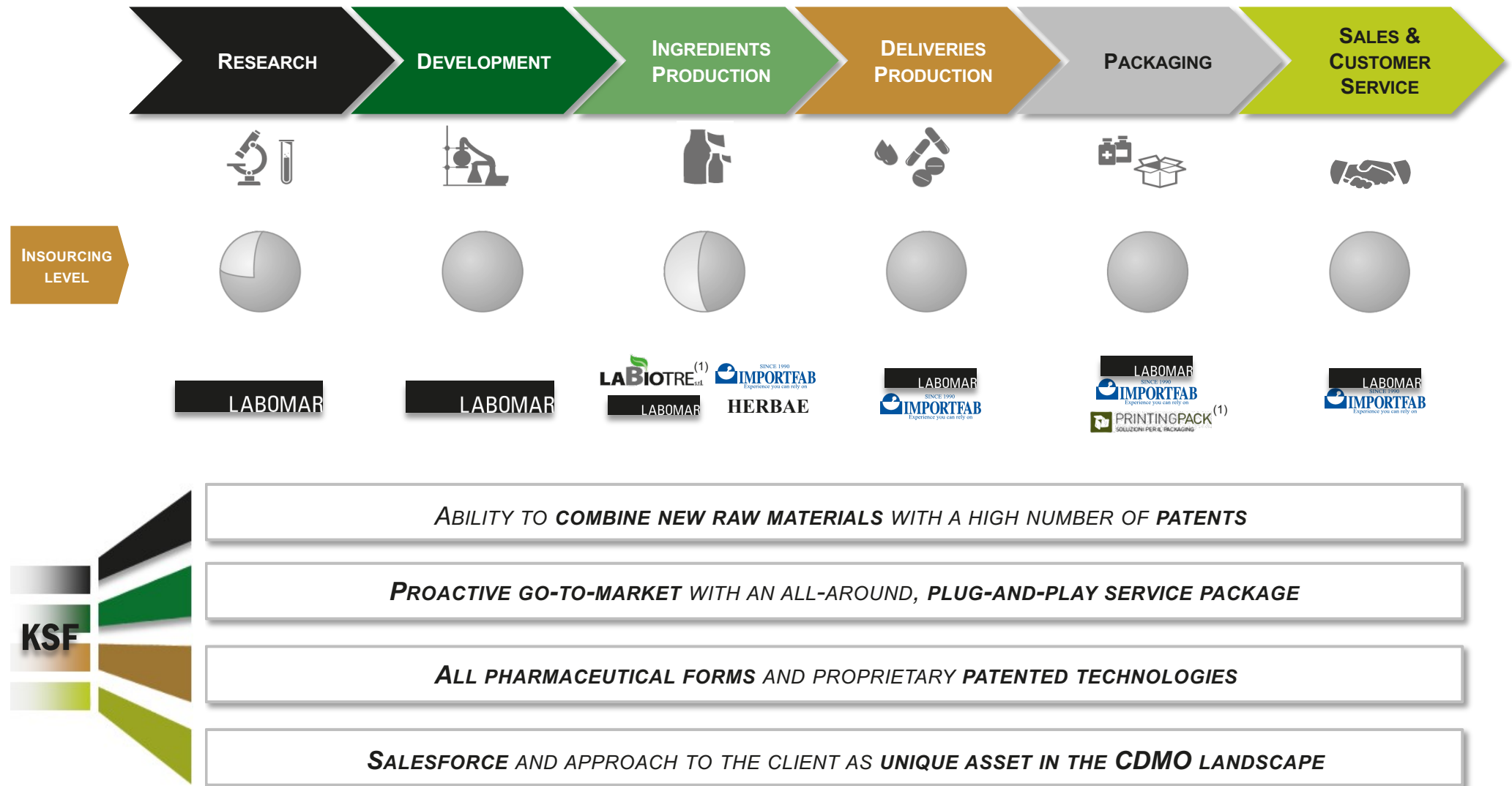


## OWNERSHIP OF CERTIFICATIONS OF MEDICAL DEVICES

1. # of Projects ongoing as of June 30, 2020  
 2. Including both registered patents and patent applications  
 Source: Management



# Tight Control Over the Value Chain

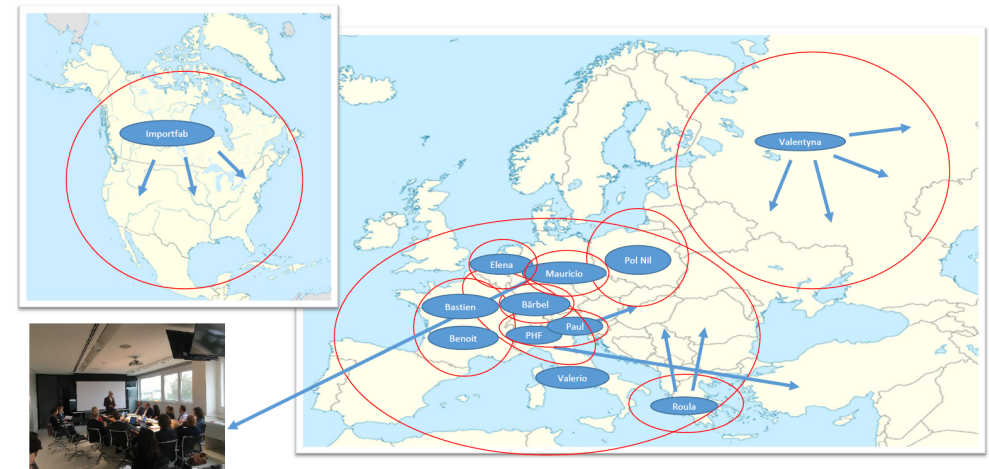
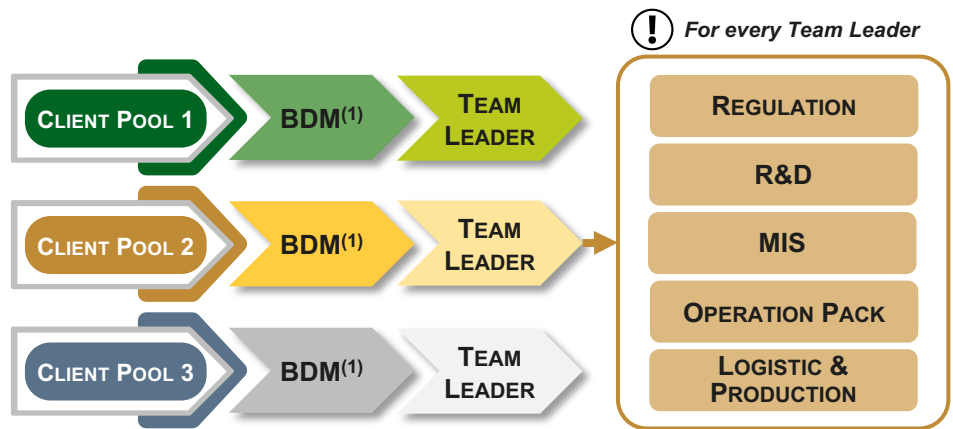


**INSOURCING AND DIRECT CONTROL OF ALL PHASES FOR SEAMLESS EXECUTION & QUALITY ACROSS THE FULL VALUE CHAIN**

1. Labiotre and Printinpack are not consolidated, as they are minority equity investments with a stake of 31% and 20% respectively  
Source: Management



# Unique Salesforce for Unparalleled Client Coverage



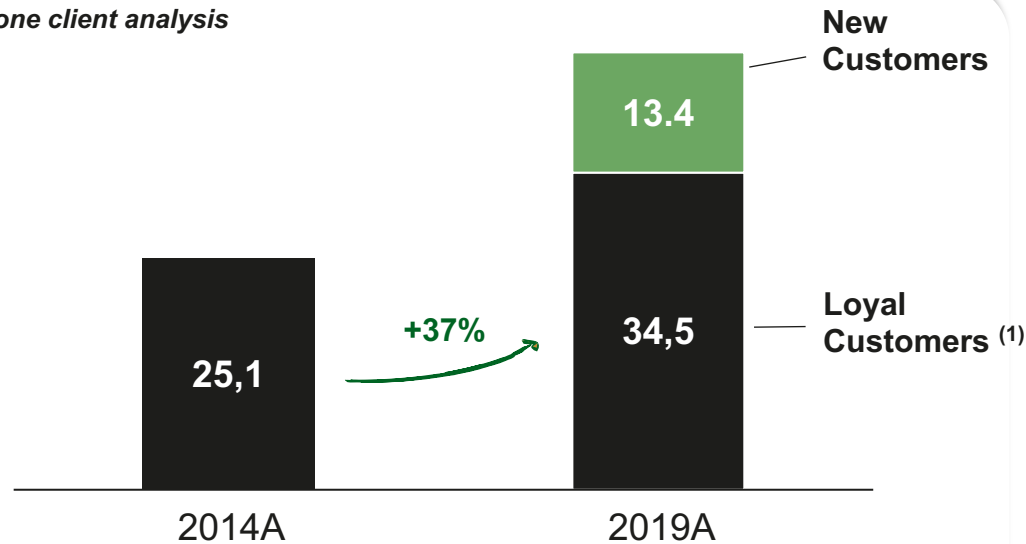
## ONE-IN-A-KIND COMMERCIAL STRUCTURE IN THE CDMO LANDSCAPE

1. BDMs (Business Development Managers) are professional figures with high seniority in the field and good relationship network, mainly divided by geographic area of development. Their job is about targeting the most relevant opportunities with key clients. 9 BDMs out of 12 operate with consultancy or collaboration agreements, thus they are not direct employees of Labomar  
Source: Management



# High-quality and Well Balanced Client Portfolio

Labomar stand-alone client analysis

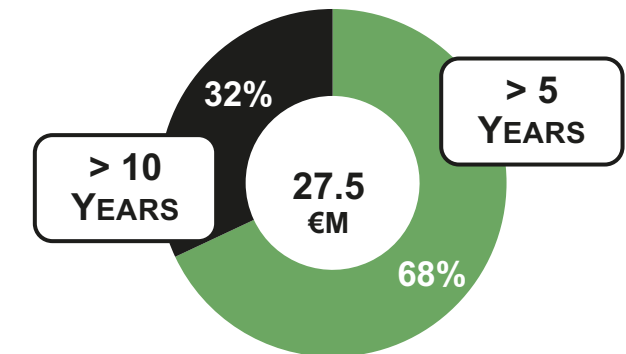


Revenue / # Clients (€K)	198	→	305
Revenue / # SKUs (€K)	30	→	50

**1** +54% AVERAGE SHARE OF WALLET IN THE LAST 5 YEARS

**2** INCREASING NUMBER OF REVENUES PER SKU

LABOMAR – LOYALTY OF TOP 15 CLIENTS - FY2019



**PHARMACEUTICAL** HIGH CLIENT PORTFOLIO DIVERSIFICATION AND CUSTOMER RETENTION

- COMMERCIAL PARTNERSHIPS ON A WIDE PRODUCT BASE AND LOW CUSTOMER LOSS RISK
- INCREASING PHARMACEUTICAL CONTENT BOTH IN PRODUCTS RANGE AND COMMERCIAL PARTNERSHIPS IN PARTICULAR WITH INTERNATIONAL CUSTOMERS

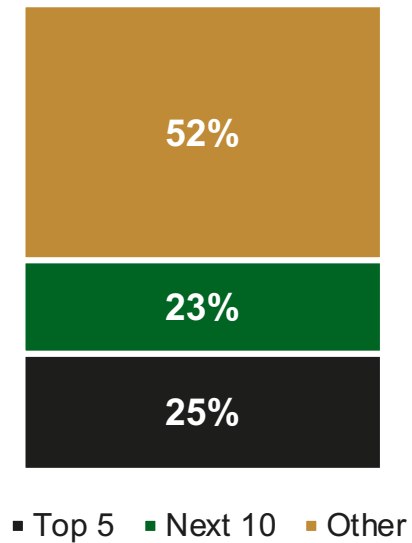
**STRONG RELATIONSHIPS, SUBSTANTIALLY INCREASING THE PIPELINE WITH NEW PRODUCTS, NEW GEOGRAPHIES OR THE COMBINATION OF THE TWO**



# High-quality and Well Balanced Client Portfolio


## REVENUES CONCENTRATION

2019A CONS. PF



 **HIGH QUALITY** KEY ACCOUNTS

 **NO EXCESSIVE EXPOSURE** TO ANY LARGE CLIENT / PRODUCT

 **DYNAMIC TOP 5 RANKING**, AS WHEN PROJECTS KICK IN, SHARES OF WALLET CAN RAPIDLY CHANGE

PARETO-OPTIMAL CLIENT PORTFOLIO





# ImportFab Acquisition: a “Highway” to Growth

LABOMAR



SINCE 1990  
**IMPORTFAB**  
Experience you can rely on



**SUPERIOR R&D CAPABILITIES**

*IMPORTFAB TODAY IS JUST A CMO*



**PROPRIETARY PATENTS  
INCREASING VALUE OF PRODUCE**

*IMPORTFAB'S PRODUCT PORTFOLIO IS  
MOSTLY BASIC*



**COMMERCIAL STRUCTURE /  
INTERNATIONAL RELATIONS**

*IMPORTFAB'S LIMITED SIZE DID NOT ALLOW  
INVESTMENTS IN THIS SENSE*



**GREENFIELD 26 €B<sup>(1)</sup> NORTH  
AMERICAN MARKET**



**SEMI-SOLIDS  
(CREAM, GEL, OINTMENT, LOTION)**



**PHARMACEUTICALS**



**CANNABIS OPPORTUNITY**

**HIGHLY SYNERGIC ACQUISITION PAVING THE WAY FOR A LONG WAVE OF BUSINESS DEVELOPMENT**





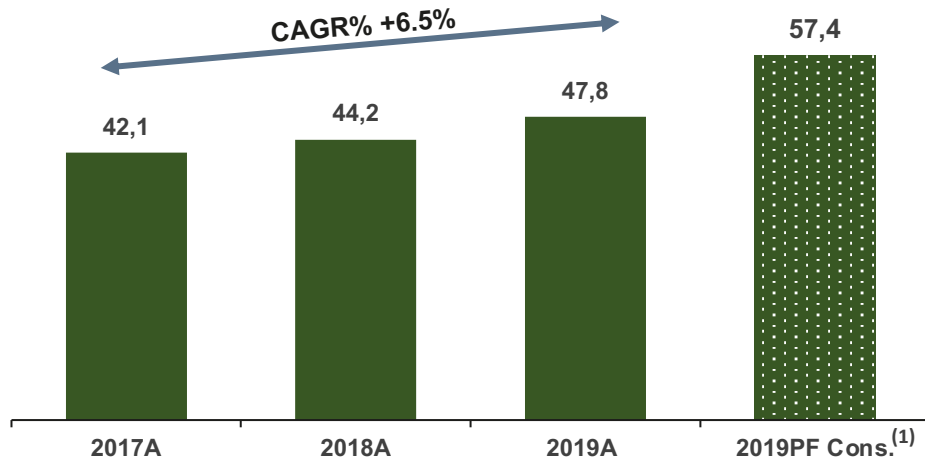
**FINANCIAL OVERVIEW**



# Sound Growth Track-record Paired with a Strong Bottom Line

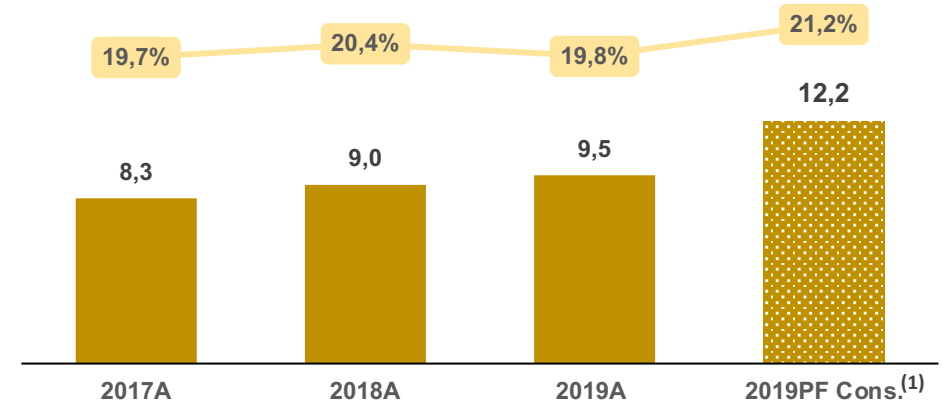
## REVENUE GROWTH DRIVEN BY SHARE OF WALLET

Total Revenues (€M)



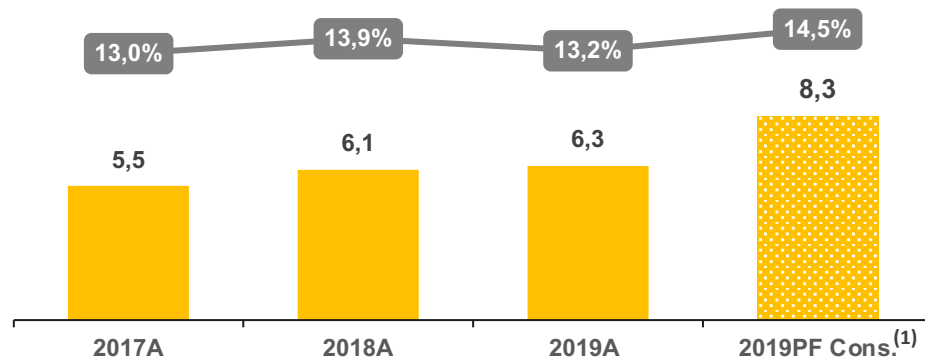
## EBITDA MARGIN ACCRETION

EBITDA (€M and % Total Revenues)



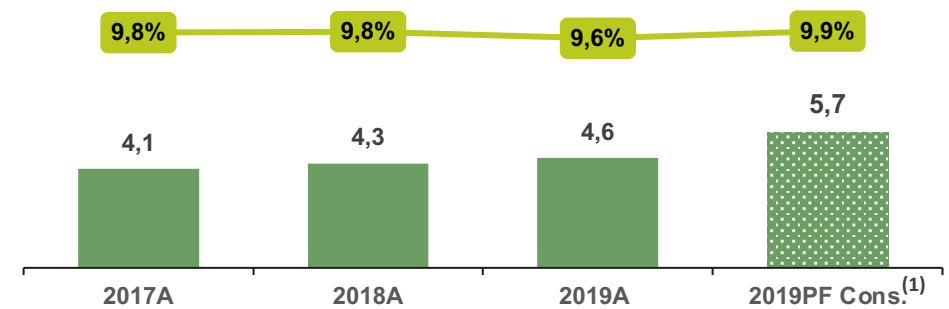
## MARGIN PICK-UP FULLY TRANSLATED AT EBIT LEVEL

EBIT (€M and % Total Revenues)



## CONSISTENT BOTTOM LINE PROFITABILITY

Net Income (€M and % Total Revenues)

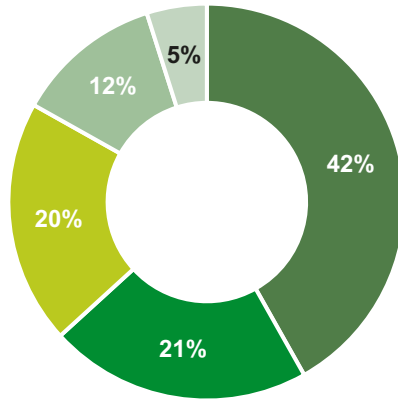


# Widely Diversified Resulting in a Low-Risk Business Model

## REVENUES BREAKDOWN (LABOMAR ONLY)

### BY PHARMACEUTICAL FORM

(2019,%)

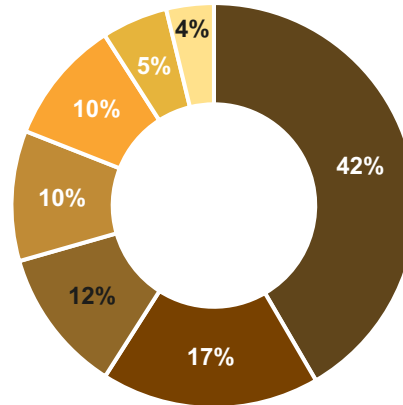


■ Liquids ■ Tablet ■ Powder ■ Capsule ■ Others

**WELL-BALANCED BETWEEN  
SOLID AND LIQUID FORMS**

### BY THERAPEUTIC AREA

(2019,%)

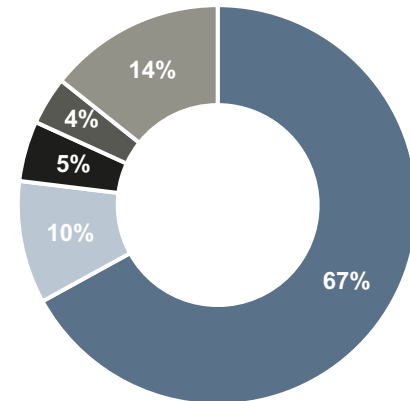


■ Gastrointestinal ■ Respiratory  
 ■ Others ■ Nervous  
 ■ Cardiovascular ■ Genito urinary  
 ■ Antioxidants

**WELL DIVERSIFIED BY THERAPEUTIC  
AREA, YET STRONG POSITIONING IN  
THE OPPORTUNITY-RICH  
GASTROINTESTINAL AREA**

### BY GEOGRAPHY

(2019,%)



■ Italy ■ France ■ Poland ■ Spain ■ Others

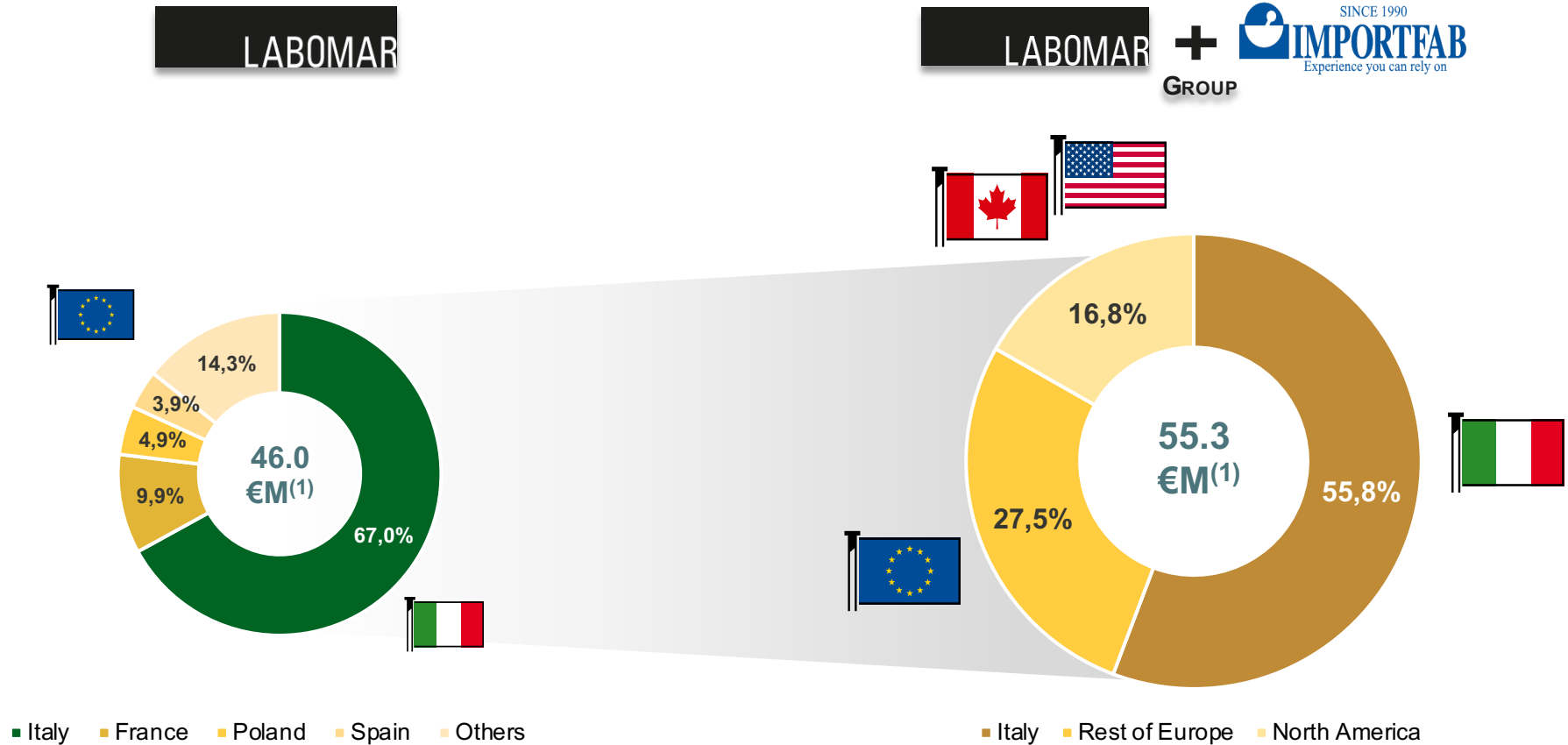
**IMPORTFAB AND FUTURE M&A  
LEAD TO  
FURTHER DIVERSIFICATION**



# Tactful Internationalization Boosting Opportunities & Diversification

## REVENUES BREAKDOWN BY GEOGRAPHY – CLASSIFICATION BY COUNTRY OF INVOICE

(2019 Labomar, 2019 Cons. PF Labomar + ImportFab)

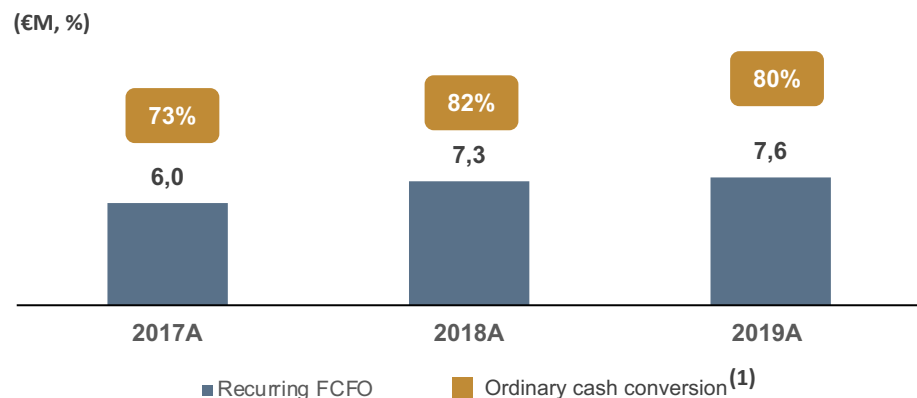


**THE ACQUISITION OF IMPORTFAB UNLOCKS THE NORTH AMERICAN MARKET WITH A WHOLE RANGE OF NEW OPPORTUNITIES**



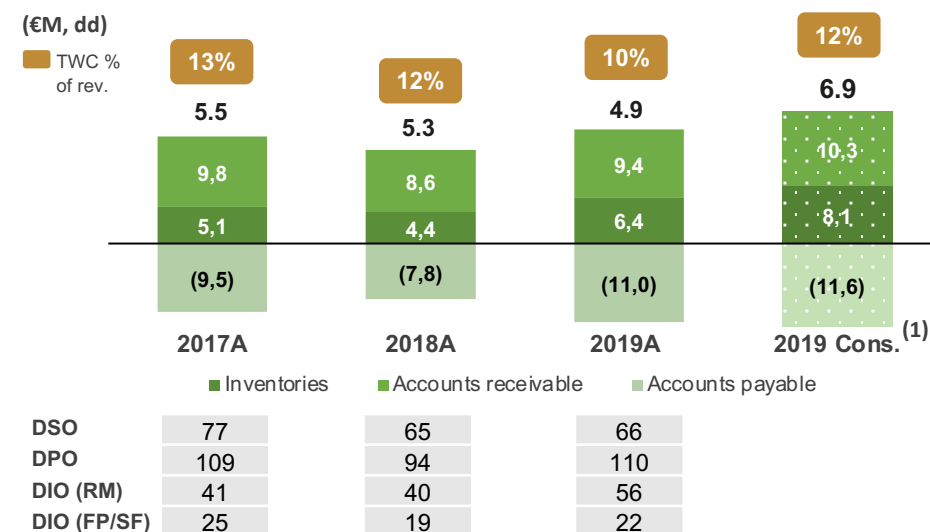
# Efficient Business Model and Strong Cash Conversion

## ORDINARY CASH CONVERSION

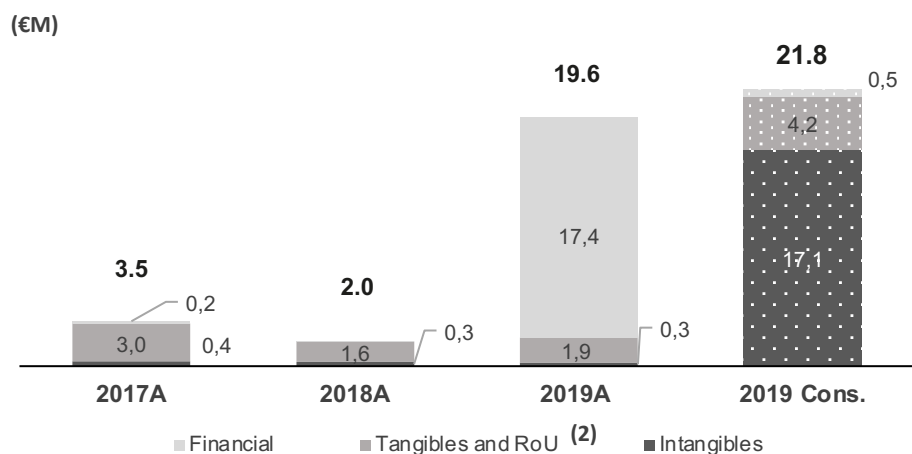


Note: Recurring FCFO = EBITDA - Δ Trade Working Capital - Ordinary Tangible and intangible Capex <sup>(2)</sup>

## TRADE WORKING CAPITAL

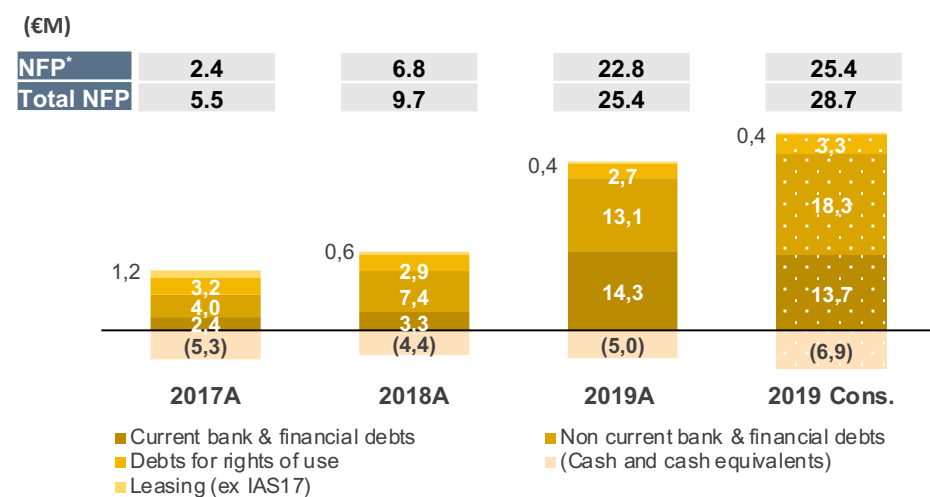


## CAPEX



Note: CAPEX includes rights of use effects for IFRS 16 adoption

## NET FINANCIAL POSITION



Note: \* NFP excluding debts for rights of use (IFRS 16 compliant)

1. Cash conversion and TWC cycle at 2019 Cons. is not meaningful because the Group consolidates only the last two months of ImportFab economics (acquisition on October 31<sup>st</sup>)

2. Tangibles 2019A and 2019 Cons. excludes 1,285€K outflow for the payment of a building plot to be re-sold and 507€K for linked plant design expenses; CAPEX 2019 Cons. not includes 2 €M of ImportFab current assets acquisition

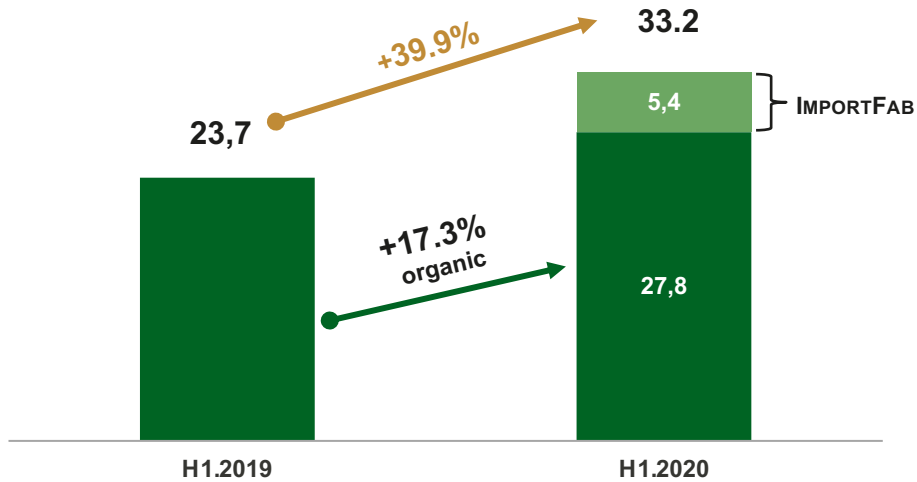
Source: Management data



# Strong Half Year Results

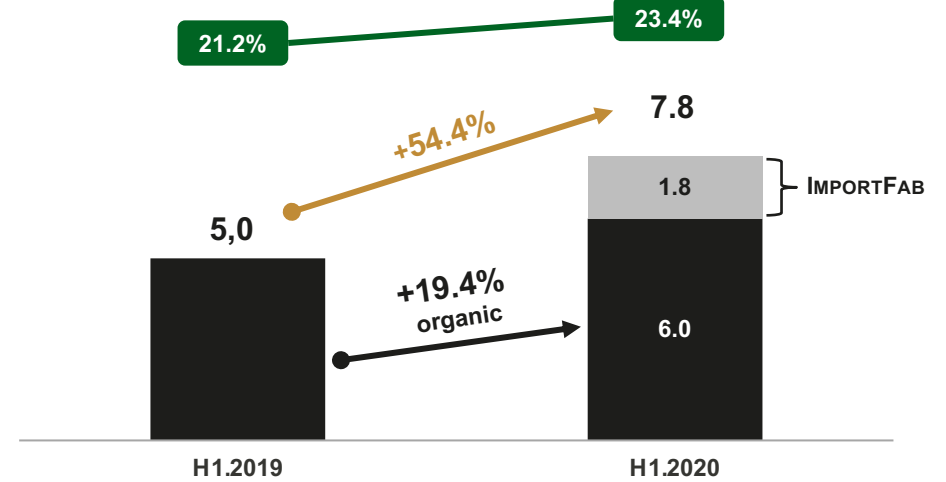
## REVENUES

Total Revenues (€M)



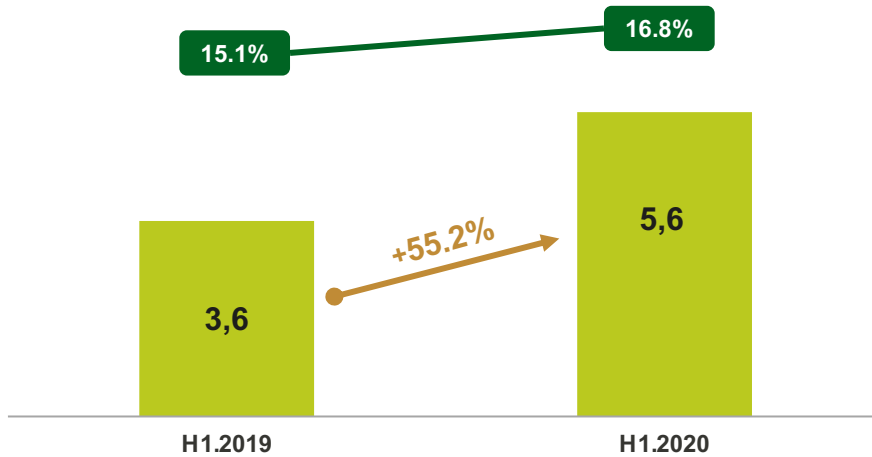
## EBITDA

EBITDA (€M and % Total Revenues)



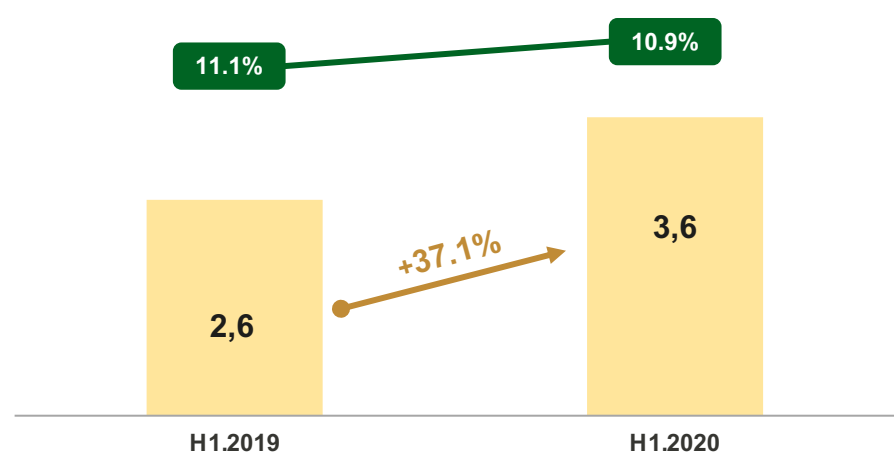
## EBIT

EBIT (€M and % Total Revenues)



## NET INCOME

Net Income (€M and % Total Revenues)



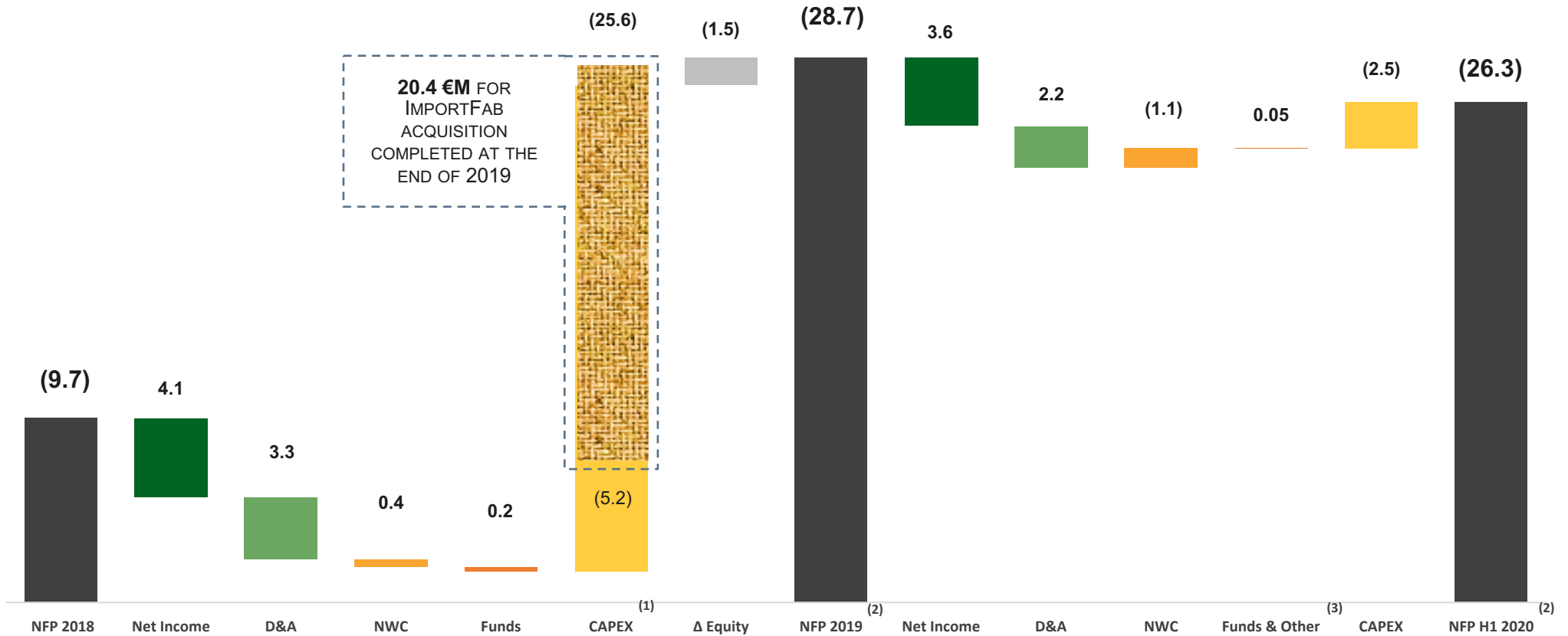
Source: Company Financial Statements



# NFP Evolution

## BRIDGE TO NFP

(FY2018 - FY2019 - 1H 2020, €M)



1. CAPEX includes 2 €M of ImportFab current assets acquisition; CAPEX includes rights of use effects for IFRS 16 adoption

2. Consolidated NFP 2019

3. Inclusive of 53€K of derivatives mark-to-market and 136€K of FX effect on cash & equivalents

Source: Management data



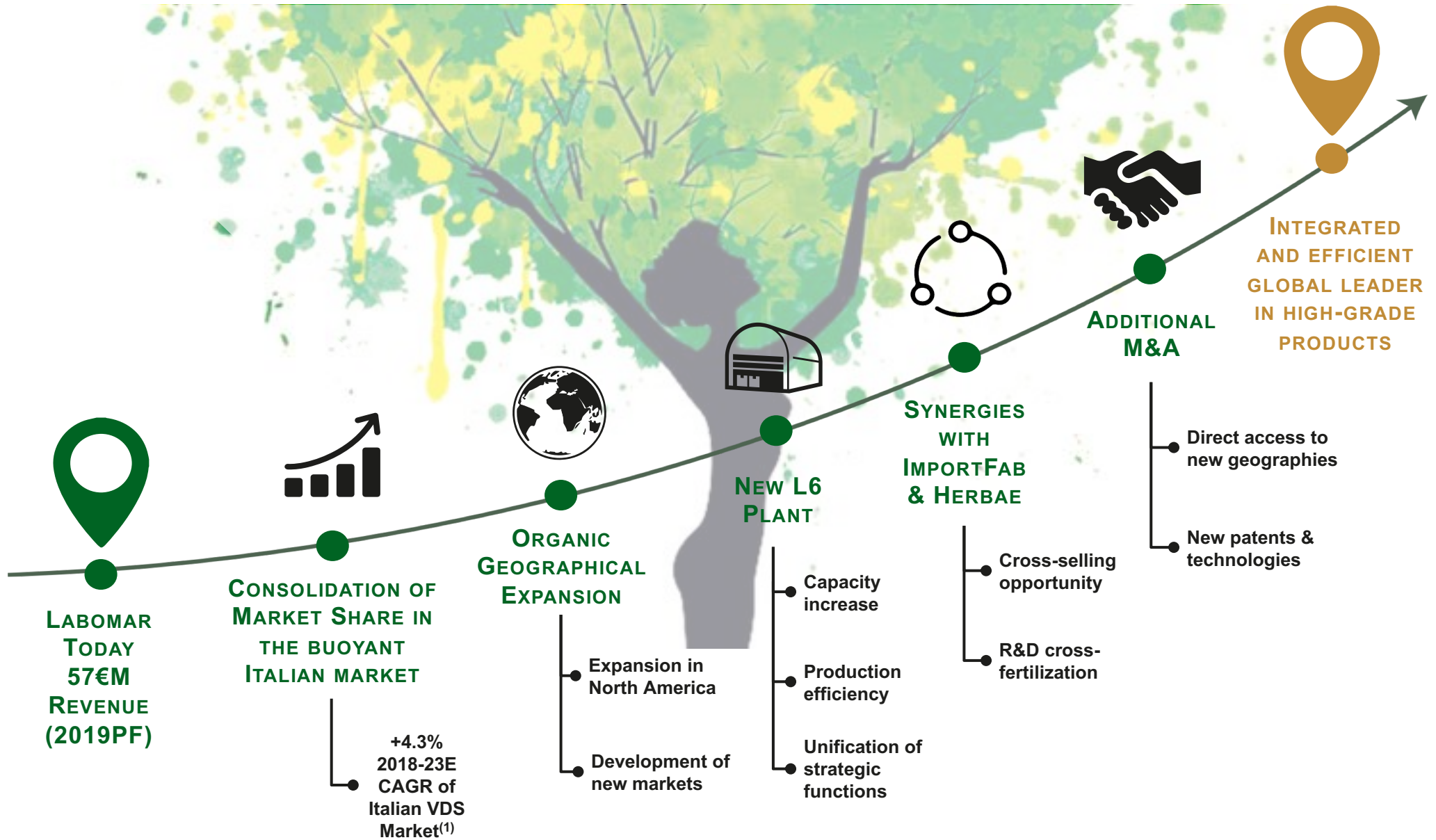




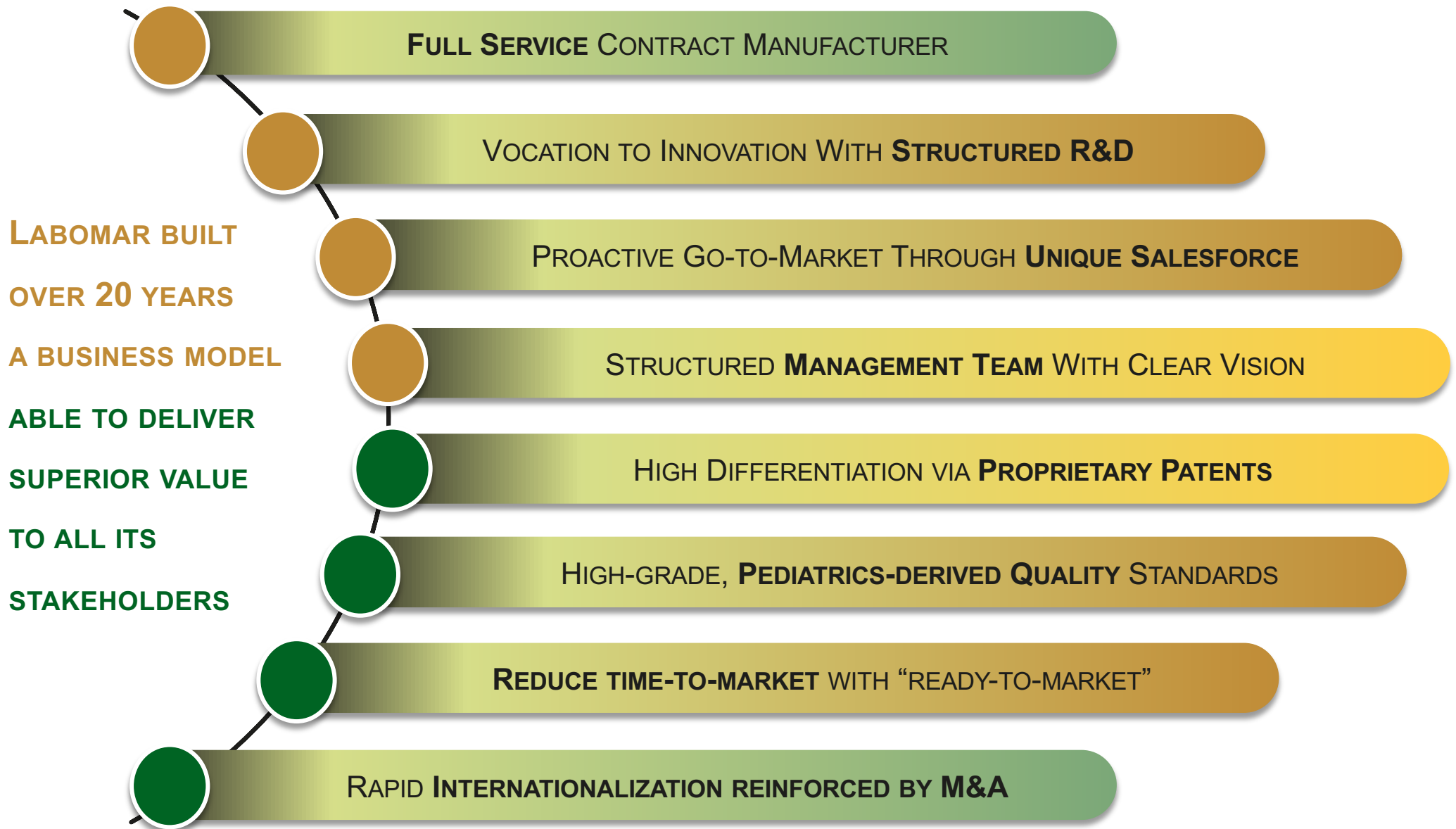
## GROUP STRATEGY



# Labomar Strategy Pillars



# Closing Remarks – Why Labomar is a Rare Jewel in the Market



# Disclaimer

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This Presentation includes “forward-looking statements” which rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of Labomar S.p.A. (the “Company”) and are therefore inherently uncertain. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents or expectations of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The information and opinions contained in this Presentation are provided as at the date hereof and the Company undertakes no obligation to provide further information, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except if required by applicable law. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision. The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. Any recipient is therefore responsible for his own independent investigations and assessments regarding the risks, benefits, adequacy and suitability of any operation carried out after the date of this Presentation. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries. Neither the Company nor any member of Labomar S.p.A. nor any of its or their respective representatives, directors or employees shall be liable at any time in connection with this Presentation or any of its contents for any indirect or incidental damages including, but not limited to, loss of profits or loss of opportunity, or any other liability whatsoever which may arise in connection of any use and/or reliance placed on it.