

# INVESTORS PRESENTATION 2023 Q2 RESULTS

05th September 2023



# Index



**Business  
UPDATE**



**CONSOLIDATED  
FINANCIALS**



**Q&A**



**APPENDIX**

**PASUBIO**



# 01. **Business Update**

**PASUBIO**



# BUSINESS UPDATE

Our leather will dress a new client of cars to make their interiors Luxury & Premium



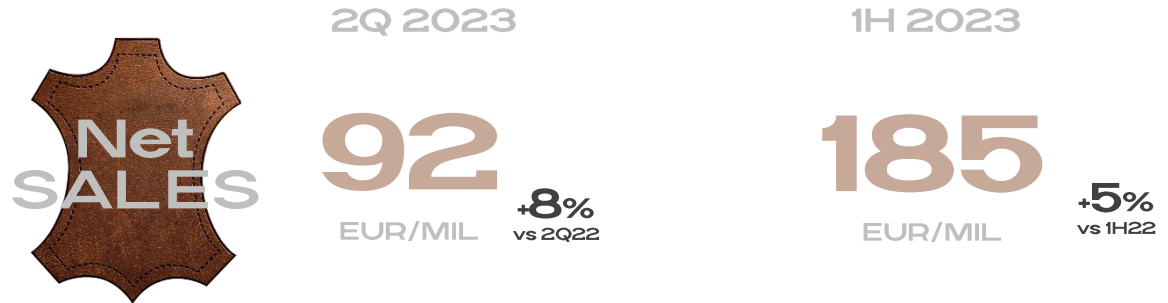




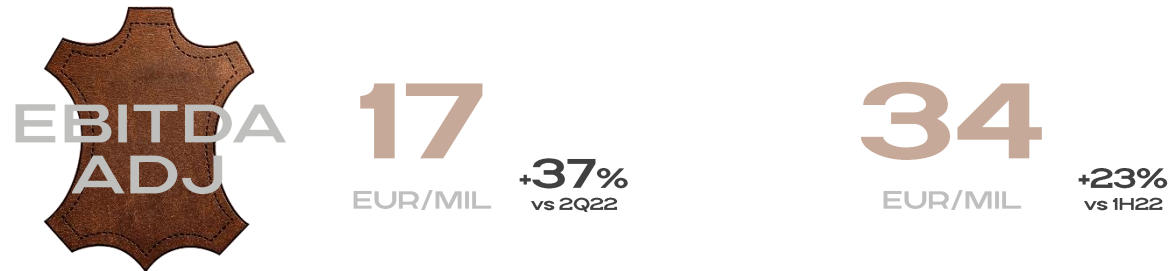
## 02. Consolidated financials

PASUBIO

# KEY FINANCIAL FIGURES



- 2Q23 +8% vs 2Q22 net revenue mainly due to organic growth of the business and the price increase effect
- 1H23 +5% vs 1H22 net revenue primarily due new projects and price increase effect



- 2Q23 +37% vs 2Q22 EBITDA mainly due to operational improvements and to the automotive market's response to the war in Ukraine that broke out during the first months of 2022.
- 1H23 +23% vs 1H22 EBITDA mainly driven by the improvement of our operating processes



- Total Liquidity available is €75M (including €55M of undrawn RCF)
- The NFP without the M&A effect for the June closing is equal to € 343M (€ -5M if compared to the December closing)
- During the month of August further €3M of RCF were repaid remaining € 7M outstanding.



# CONSOLIDATED INCOME STATEMENT

€ million	2Q23 LTM	% Rev	1Q23 LTM	% Rev	2022 FY	% Rev
Net Revenue	359.0	100.0%	352.3	100.0%	350.2	100.0%
EBITDA Adj.	70.1	19.5%	65.6	18.6%	63.7	18.2%
Pro-Forma EBITDA Adj.	75.0	20.9%	73.9	21.0%	70.3	20.1%
Pro-Forma EBITA Adj.	65.5	18.3%	64.6	18.3%	60.9	17.4%

## KEY OBSERVATIONS

- Adjusted EBITDA include non-recurring costs such as one-off expensive and non-operating adjustments, start-up costs and other adjustments not reflective of the performance of our business.
- Adjusted Pro Forma EBITDA include pro forma exercise for Hewa acquisition synergies and operational improvement cost savings run rate. Adjusted Pro Forma EBITDA for Q2 2023 above full year 2022 due to continuous improvement and optimization of our operating processes.
- Adjusted Pro Forma EBITDA margin in Q1 and Q2 2023 above full year 2022 due to the time lag of pass-through with customers in order to offset the increase of costs of other raw materials (chemicals, energy and gas costs).
- Adjusted Pro Forma EBITDA margin in Q1 and Q2 2023 above full year 2022 due to a strong capability of the Group of improving the industrial processes.
- FY 2022 margin reflects the impact of inflation on other raw materials.

# CONSOLIDATED CASH FLOW

€ million	3 month at June 30, 2023	3 month at March 31, 2023	12 month at December 31. 2022
Cash flow from operating activities	8.7	9.8	31.6
Cash flow used in investing activities	(5.8)	(5.0)	(13.2)
Cash flow used in M&A activities	(3.6)	(4.9)	(3.3)
Cash flow used in financing activities	(3.4)	0.8	(20.1)
<b>Increase/(Decrease) cash and cash equivalents</b>	<b>(4.1)</b>	<b>0.7</b>	<b>(5.0)</b>
RCF Increase / (Decrease)	-	-	(12.0)
<b>Post RCF Increase/(Decrease) cash and cash equivalents</b>	<b>(4.1)</b>	<b>0.7</b>	<b>7.0</b>
<b>Cash flow w/o One Off effects</b>	<b>2.9</b>	<b>5.6</b>	<b>n.m.</b>

## KEY OBSERVATIONS

- Twelve months at December 31. 2021 is shown Pro-Forma as Leather 2 acquired Conceria Pasubio S.p.A. as of January 1. 2021 in order to represent 12 months of cash flow.
- Operating cash flow at June 30. 2023 is primarily driven by the growth of the business.
- Operating cash flow for the second quarter of 2023 remains stable if compared to the first quarter of 2023 although the increasing trend of the interest rate influence which is partially offset by hedging instruments in place.
- Investing cash flow includes the investments on fix assets (CAPEX) which amounted to €5.4 million in the second quarter 2023.
- Financing cash flow is primarily driven by the settlement of € 3.8M of unsecured debt.
- Excluding one-off effects (M&A activities and financing repayment of unsecured debt) the Cash Flow for the 2Q23 and 1Q23 is €2.9M and €5.6M respectively.



# TRADE WORKING CAPITAL

€ million	As of June 30. 2023	As of March 31. 2023	As of December 31. 2022	As of December 31. 2021
Inventory	87.4	94.6	93.4	93.8
Receivables	42.9	38.7	40.7	30.1
Payables	(55.2)	(57.7)	(57.6)	(55.9)
<b>TWC</b>	<b>75.1</b>	<b>75.6</b>	<b>76.5</b>	<b>68.0</b>
as % on LTM NET REVENUE	20.9%	21.5%	21.9%	21.1%
Other WC Items	(6.4)	(6.2)	(6.1)	(4.6)
<b>WC</b>	<b>68.7</b>	<b>69.4</b>	<b>70.4</b>	<b>63.4</b>
as % on LTM NET REVENUE	19.1%	19.7%	20.1%	19.7%

## Key Observations

- Working capital at June 30. 2023 shows a slight decrease as % of sales vs FY 2022 and vs 1Q23. Therefore, following the increase between 2021 and 2022, the historical trend shows a gradual decrease from the beginning of the year to the present date.
- Inventory at June 30. 2023 vs Inventory at December 31. 2022 decreases of € 6M driven by inventory rationalization on track and due to coverage strategy on raw material fluctuation
- Receivables increase mainly due to temporary payments delay from customers which were cashed in during third quarter of 2023

# NET FINANCIAL POSITION

€ million	6 month at June 30. 2023	3 month at March 31. 2023	12 month at December 31. 2022	12 month at December 31. 2021
Cash and cash equivalents	(19.5)	(23.6)	(22.9)	(28.0)
Revolving Credit Facility	10.3	10.1	10.2	22.2
Senior Secured Notes	340.0	340.1	340.1	340.0
<b>Senior Secured Net Debt</b>	<b>330.8</b>	<b>326.6</b>	<b>327.4</b>	<b>334.3</b>
SSND / PF EBITDA Adj.	4.4x	4.4x	4.7x	5.0x
Unsecured other Financial Debt	20.3	24.1	20.7	23.4
<b>NFP</b>	<b>351.1</b>	<b>350.8</b>	<b>348.1</b>	<b>357.7</b>
NFP / PF EBITDA Adj.	4.7x	4.7x	5.0x	5.3x

## Key Observations

- Cash and cash equivalents decrease of € 3.4M if compared to December considering the following extraordinary payments:
  - € 4.9 M of Innova acquisition
  - € 3.6 M of charges for PAI acquisition of Pasubio Group
- Moreover, it must be considered that the Group repaid € 3.8M of unsecured debt
- Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.
- Total Liquidity available is € 75M (including €55M of undrawn RCF).
- The Group has hedged its floating rate debt to proactively mitigate exposure to global rising rates entering into a hedging instrument which covers around 50% of its FRN nominal value for the period ending June. 2025.
- During the month of August further €3M of RCF were repaid remaining € 7M drawn (and €58M undrawn).





## 03. Q&A

PASUBIO





## 04. **Appendix**

PASUBIO



Revenue Breakdown by Application / Geography

# NET REVENUES Q2 2023 LTM BREAKDOWN

## By Application



## By Geography



Notes: (1) Percentage breakdown by Application and by Geography are not sensitive changed since last quarter

# Balance Sheet

€ thousand	As of June 30, 2023	As of December 31, 2022
Goodwill	449,298	461,552
Intangible assets	23,448	24,948
Property, plant and equipment	63,783	58,608
Investments in associated and other companies	5,826	106
Other assets	5,300	4,788
<b>Non-current Assets</b>	<b>547,655</b>	<b>550,001</b>
Inventories	87,391	93,390
Trade receivables	42,929	40,745
Tax receivables	6,149	3,224
Deferred tax assets	1,076	1,163
Other receivables	7,358	8,499
Prepaid expenses and accrued income	2,307	2,205
Cash at bank and on hand	19,513	22,928
<b>Total current Assets</b>	<b>166,723</b>	<b>172,154</b>
<b>Total Assets</b>	<b>714,377</b>	<b>722,155</b>
<b>Shareholders' equity</b>	<b>(253,048)</b>	<b>(125,122)</b>
Deferred tax liabilities	(6,337)	(6,570)
Provisions for employee severance indemnities	(1,527)	(1,673)
Provision for risks and charges	(686)	(686)
Bank Loan	(12,211)	(11,604)
Notes	(328,952)	(328,124)
Shareholders' loan	(13,547)	(144,751)
Other financial liabilities	(3,936)	(3,226)
<b>Non-Current Liabilities</b>	<b>(367,195)</b>	<b>(496,634)</b>
Bank Loan	(13,269)	(14,923)
Notes	0	(63)
Other financial liabilities	(3,413)	(4,106)
Trade payables	(55,215)	(61,300)
Shareholders' loan	-	-
Tax payables	(4,789)	(2,158)
Social security payables	(2,875)	(3,165)
Other payables	(10,032)	(8,553)
Accrued expenses	(4,542)	(6,131)
<b>Current Liabilities</b>	<b>(94,135)</b>	<b>(100,399)</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>(714,377)</b>	<b>(722,155)</b>



# Income Statements

€ thousand	6 months at June 30, 2023	6 months at June 30, 2022
Revenue	190,262	183,104
Other revenue and income	2,446	429
<b>Total revenue and other income</b>	<b>192,708</b>	<b>183,533</b>
Purchase of goods and changes in inventory	(98,359)	(99,428)
Cost of services	(34,564)	(28,599)
Use of third party assets	(645)	(527)
Personnel costs	(26,581)	(26,160)
Other operating costs	(463)	(370)
Capitalization in fixed assets for internal work	504	-
Depreciation - tangible assets	(4,521)	(4,499)
Amortization - intangible assets	(15,218)	(14,809)
Write-down of trade receivables	(77)	-
<b>Total operating costs</b>	<b>(179,923)</b>	<b>(174,394)</b>
<b>Operating profit / (loss)</b>	<b>12,785</b>	<b>9,140</b>
Financial income (expenses)	(21,014)	(15,997)
Net exchange rate gain (losses)	(152)	508
<b>Profit (Loss) before tax</b>	<b>(8,381)</b>	<b>(6,350)</b>
Income taxes	(2,585)	(5,472)
<b>Profit (Loss) for the year</b>	<b>(10,965)</b>	<b>(11,821)</b>

# Consolidated Reported

# Cash Flow

€ thousand	6 month at June 30, 2023	6 month at June 30, 2022
<i>Cash flow from operating activities</i>		
<b>Profit (Loss) for the year</b>	<b>(10,965)</b>	<b>(11,821)</b>
Income Taxes	2,585	5,195
Net financial expenses	21,014	15,997
(Capital gains) Capital losses deriving from disposal assets	-	(101)
<b>1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal</b>	<b>12,633</b>	<b>9,270</b>
<i>Non cash adjustments</i>		
Depreciation and Amortization	19,739	19,308
Non-monetary adjustments that have not had a counterpart in working capital	(112)	382
Provisions (Uses) for contingencies	(146)	56
<b>Total non-monetary adjustments without effects in working capital</b>	<b>19,481</b>	<b>19,746</b>
<b>2. Cash flow from operating activities before changes in net working capital</b>	<b>32,114</b>	<b>29,016</b>
<i>Changes in Net Working Capital</i>		
Decrease (Increase) of inventories	5,999	9,167
Decrease (Increase) of trade receivables	(2,185)	(12,755)
(Decrease) Increase in trade payables	(1,795)	(6,661)
Decrease (Increase) in accrued income and prepaid expenses	(238)	708
(Decrease) Increase in accrued expenses and deferred income	(1,876)	(45)
Other working capital items	731	62
<b>Total changes in working capital</b>	<b>636</b>	<b>(9,524)</b>
<b>3. Cash flow from operating activities after changes in working capital</b>	<b>32,750</b>	<b>19,492</b>
<i>Other Adjustments</i>		
(Income tax paid)	(2,049)	(1,464)
(Interests paid)	(12,267)	(4,496)
<b>Total other adjustments</b>	<b>(14,316)</b>	<b>(5,960)</b>
<b>Cash flow from operating activities (A)</b>	<b>18,434</b>	<b>13,532</b>

€ thousand	6 month at June 30, 2023	6 month at June 30, 2022
<i>Cash flow from investing activities</i>		
(Payments for tangible assets)	(8,900)	(3,470)
Proceeds from sale of tangible assets	29	113
(Payments for intangible assets)	(1,463)	(1,359)
(Payments for financial fixed assets)	(351)	(16)
Net cash used in acquisition of Innova	(4,941)	-
Net cash flow for the acquisition of Conceria Pasubio Group	(3,660)	(3,268)
Net cash flow for the acquisition of GD and GDI	-	(5)
<b>Cash flow from investing activities (B)</b>	<b>(19,285)</b>	<b>(8,005)</b>
<i>Cash flow from financing activities</i>		
Proceeds and repayment of short term loan	(879)	70
Proceeds of new long term loan	(630)	14,705
Repayment of long term loan	(139,536)	(17,842)
Increase in Share Capital	138,481	-
<b>Cash flow from financing activities (C)</b>	<b>(2,564)</b>	<b>(3,067)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>(3,415)</b>	<b>2,460</b>
<b>Cash at hand and on bank at beginning of the period</b>	<b>22,928</b>	<b>27,969</b>
<b>Cash at hand and on bank at the end of the period</b>	<b>19,513</b>	<b>30,429</b>



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