



1H 2019 Results Presentation

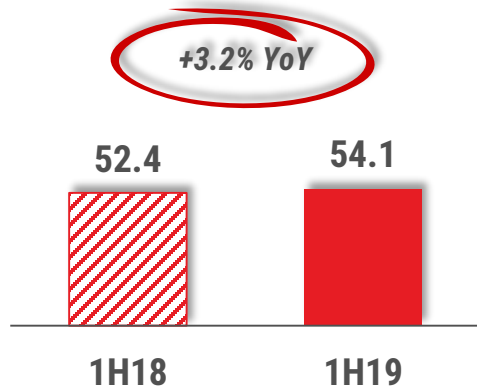
26th September 2019

**LIVING TECHNOLOGY FOR A HEALTHIER
AND SAFER WORLD.**

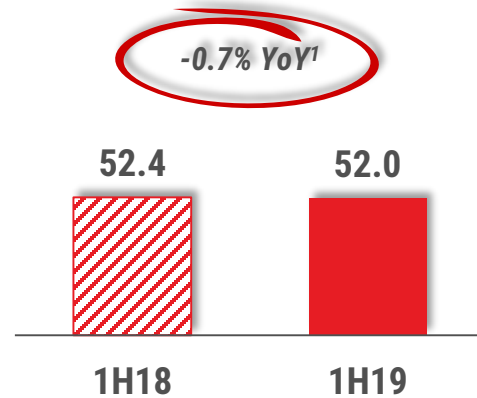


FINANCIAL RESULTS AT A GLANCE

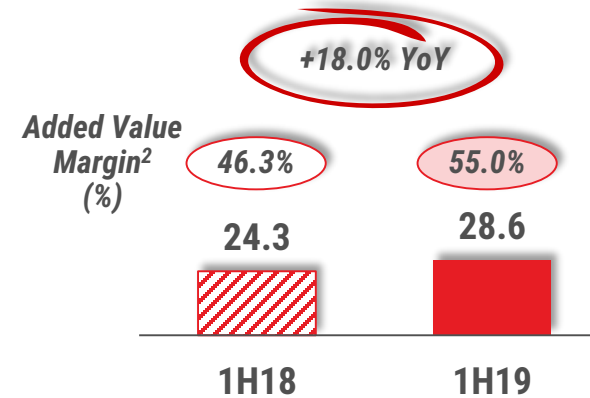
Value of Production (€m)



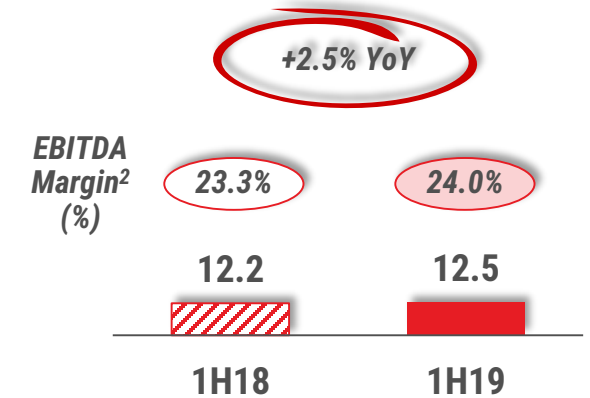
Revenues (€m)



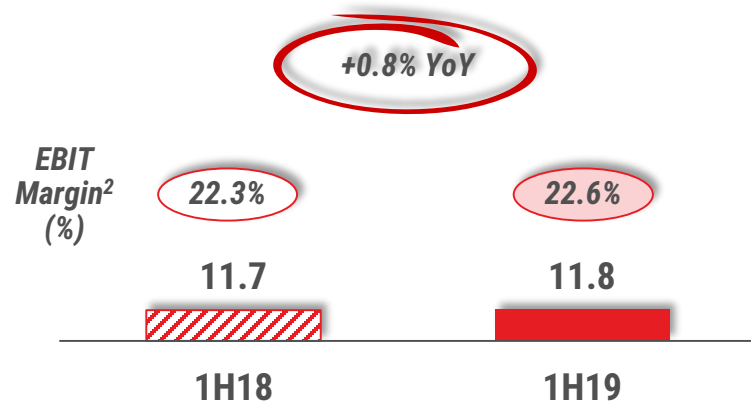
Added Value (€m)



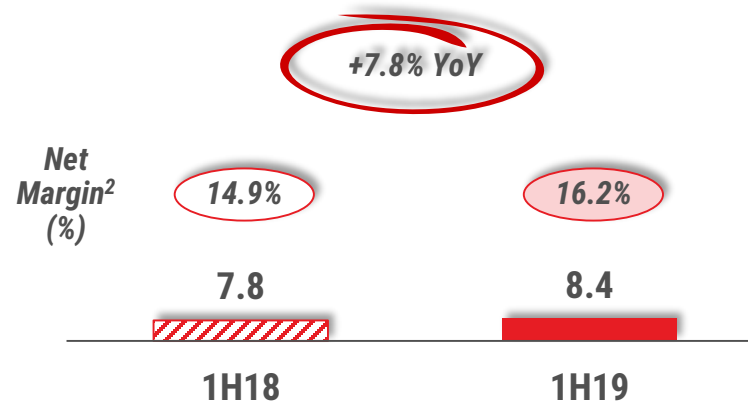
EBITDA (€m)



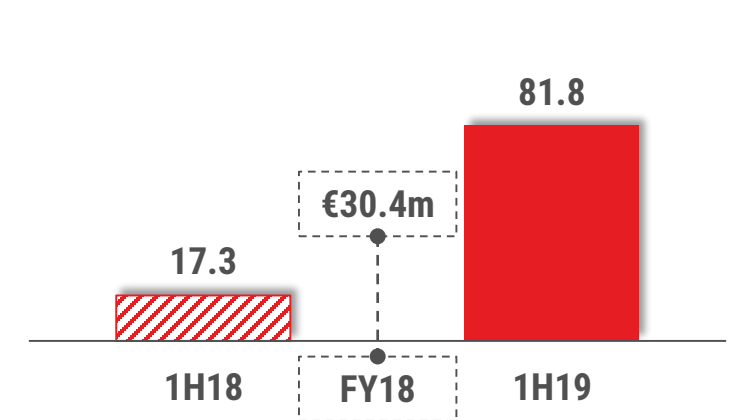
EBIT (€m)



Net Profit (€m)



Net Financial Position – NFP (€m)



Sources: Antares Vision

Notes: (1) Equal to +1.0% YoY excluding sales of components made to our suppliers which will then be included in the price of the assembled machines; (2) Margin calculated on Revenues

HIGHLIGHTS

PERFORMANCE IMPROVEMENT

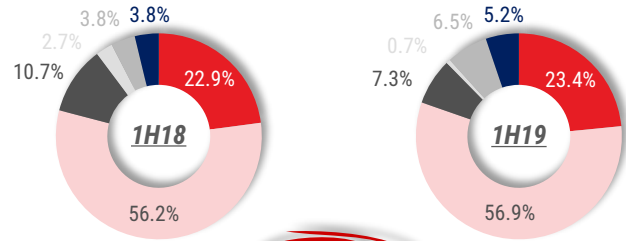
- **Value of Production is soundly up 3.2%, despite revenues** are showing a slight decline related to the **unfavorable 1H 2018 comparison – high seasonality**: Machinery sales in 1H18 were in fact stronger than average (44% of yearly sales vs ca. 35% 2016-2017 average) because of the new European tracing legislation entering into force at the beginning of 2019)
- **Added Value up 9.5% YoY** mainly thanks to both higher top-line and lower purchase material and commercial costs
- **Improvement in EBITDA thanks to** the increase in **Services** (mainly assistance) connected with the larger installed base
- **First Margin showing a significant increase**
- **Labor cost** registering a significant **increase in the development component**, in light of the higher **growth envisaged** in new geographies, sectors (other than Pharma), and products (Smart Data & Vision) in the coming years
- Net profit registering a 7.8% increase despite an EBIT almost flat thanks to the **a lower tax and financial expenses impact**

RECENT KEY STRATEGIC INITIATIVES

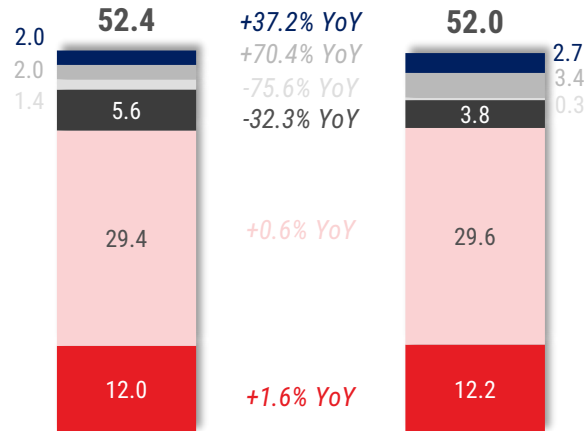
- **2019 results very much dependent** on the implementation of the **Russian tracing regulation** (orders already coming in 2H 2019) with operators pressuring for a postponement
- The **growth prospects** in the Chinese/Far East, Asian and Brazilian markets become more solid
- The **organic diversification** process in the Vision business is continuing
- Services are also growing strongly, in line with the expansion of the installed machinery (mirroring 1H 2018)
- **Smart data** is growing at a slower pace vis a vis our expectation but **investments** continue in this field

REVENUES

Revenues by Geography (€m)

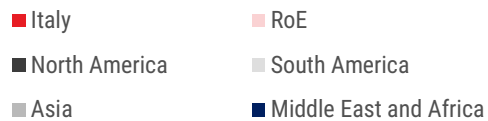


-0.7% YoY¹

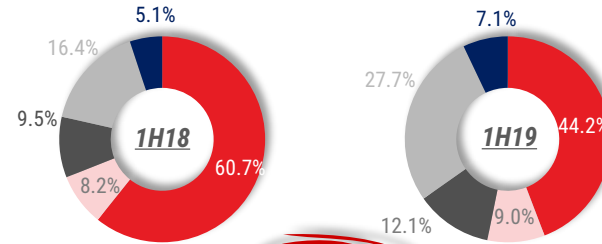


1H18

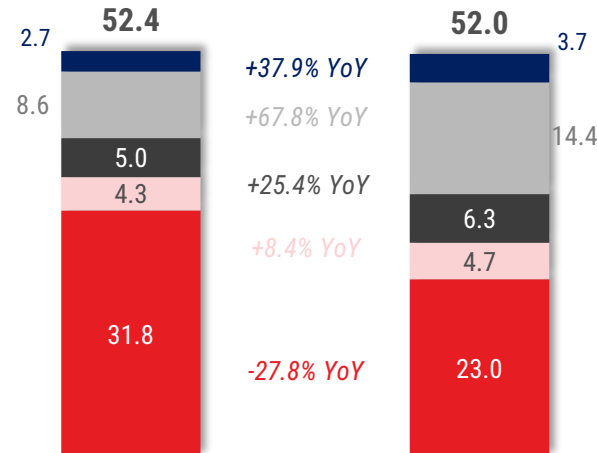
1H19



Revenues by Business Line (€m)



-0.7% YoY¹

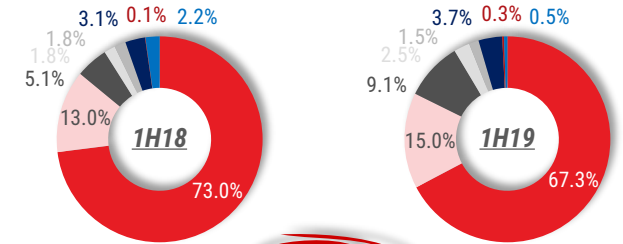


1H18

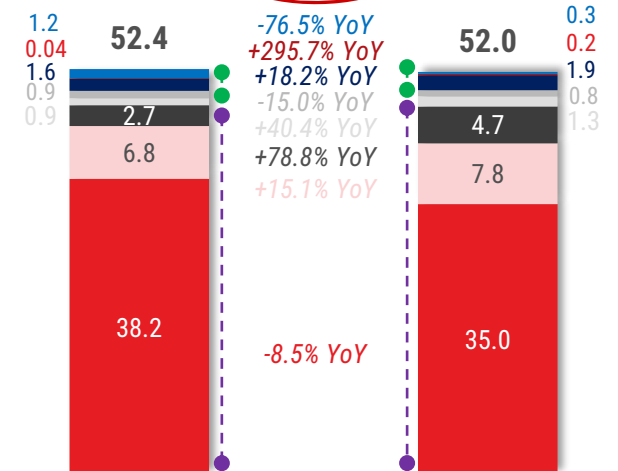
1H19



Revenues by Industry (€m)



-0.7% YoY¹



1H18

1H19

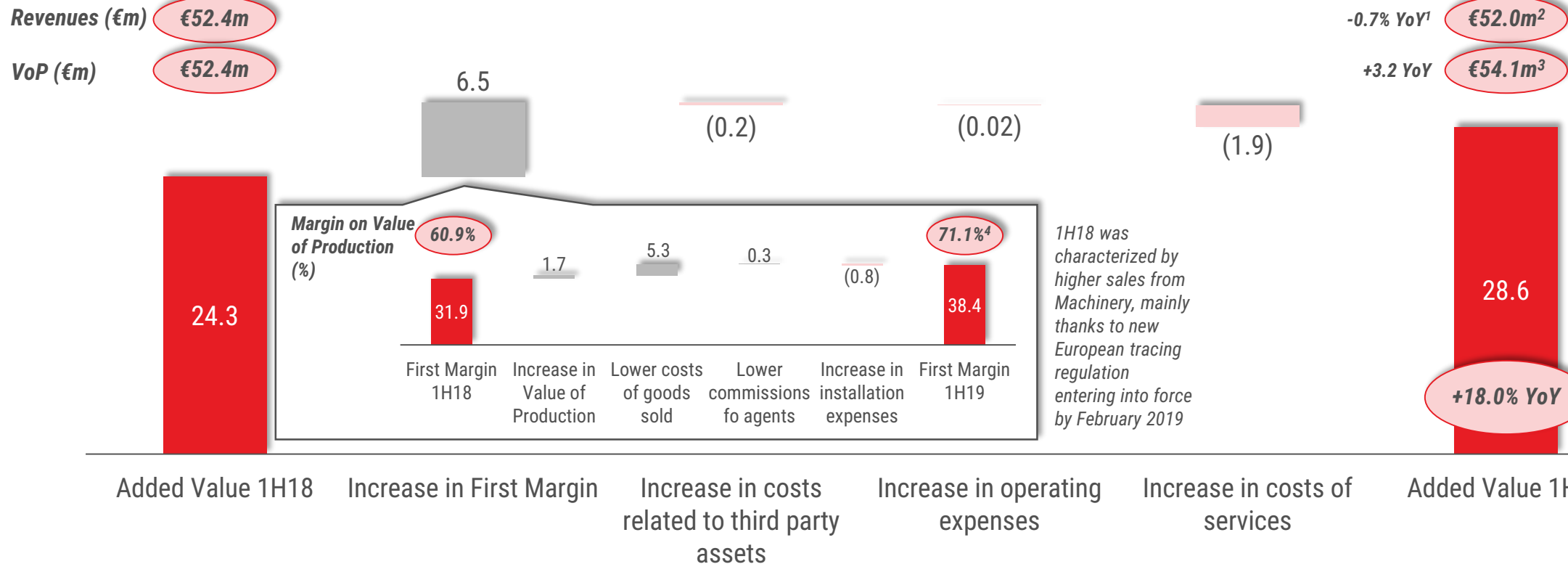


Sources: Antares Vision

Notes: (1) Equal to +1.0% YoY excluding sales of components made to our suppliers which will then be included in the price of the assembled machines; (2) Includes sales of components made to our suppliers which will then be included in the price of the assembled machines

ADDED VALUE

Evolution of the business model: introduction of recurrent maintenance service on the installed base



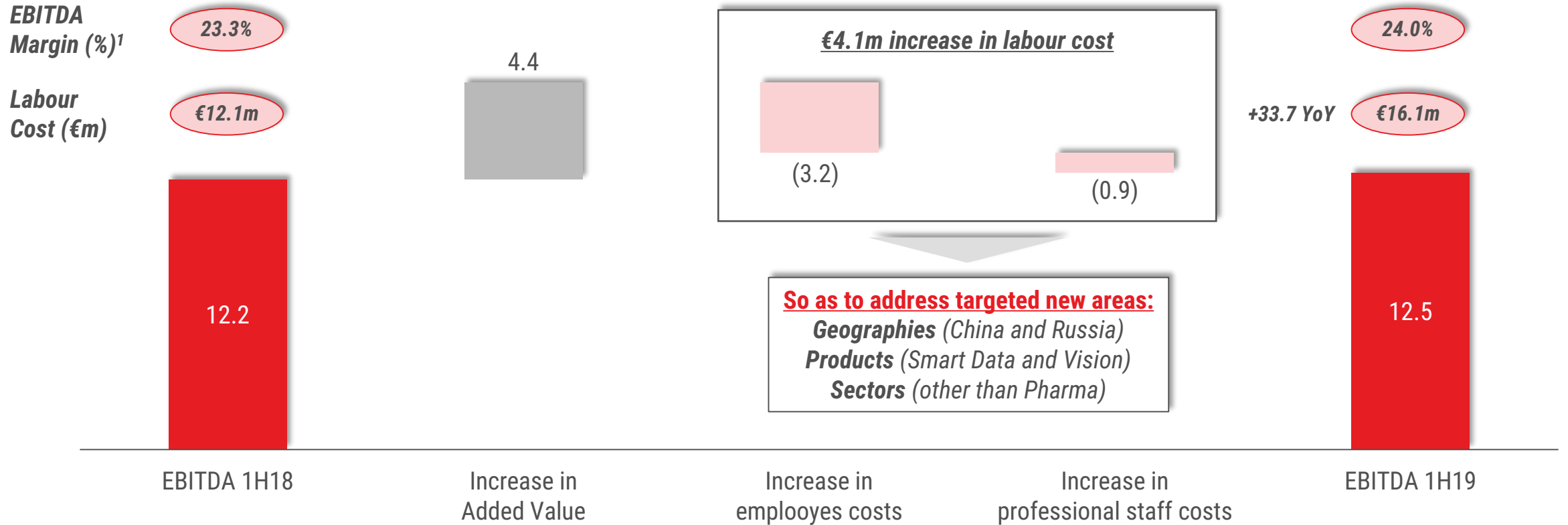
Higher revenues from Services and lower contribution from Machinery led to a solid First Margin increase which, coupled with lower costs, turned into greater Added Value and margins

Sources: Antares Vision

Notes: (1) Equal to +1.0% YoY excluding sales of components made to our suppliers which will then be included in the price of the assembled machines; (2) Equal to €50.3m excluding Vision Machine H2020 Contribution; (3) Including roughly €2m of R&D expense capitalization and tax credit; (4) Equal to 68.9% without considering the positive contribution from Machine Vision H2020 Contribution, R&D expense capitalization and tax credit

EBITDA

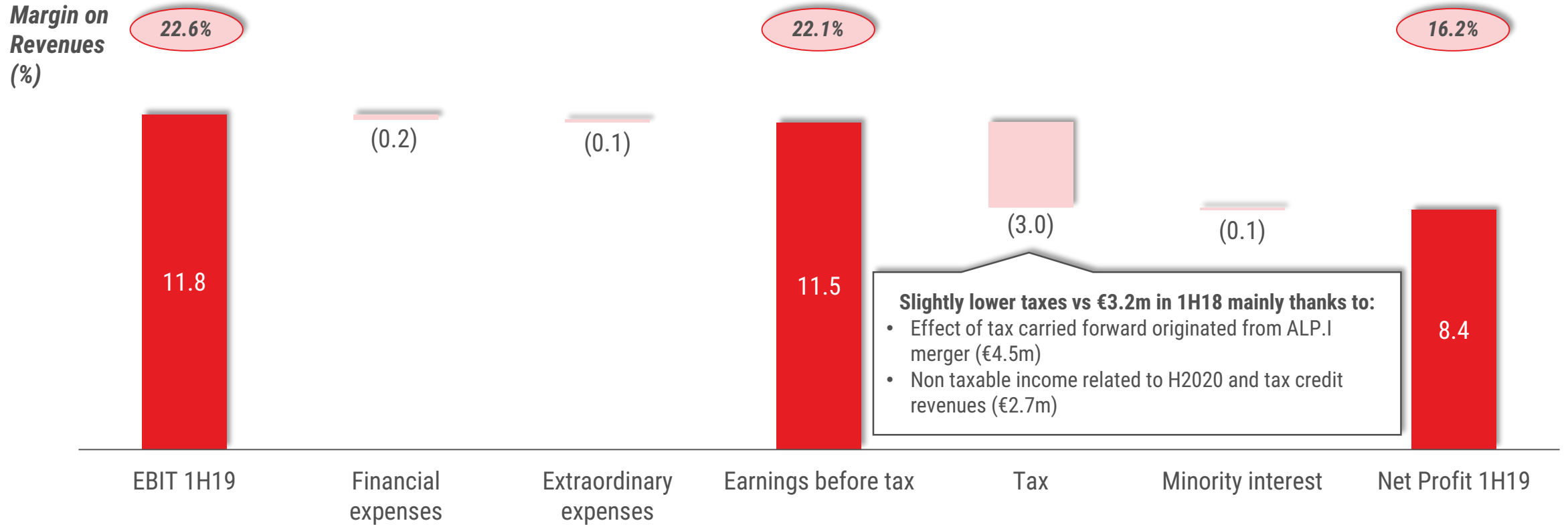
Despite a significant increase in labour cost (due to development costs), EBITDA grows



Sound increase in labour cost needed to prepare for the expected growth in both existing businesses and in targeted new areas

FROM EBIT TO NET PROFIT

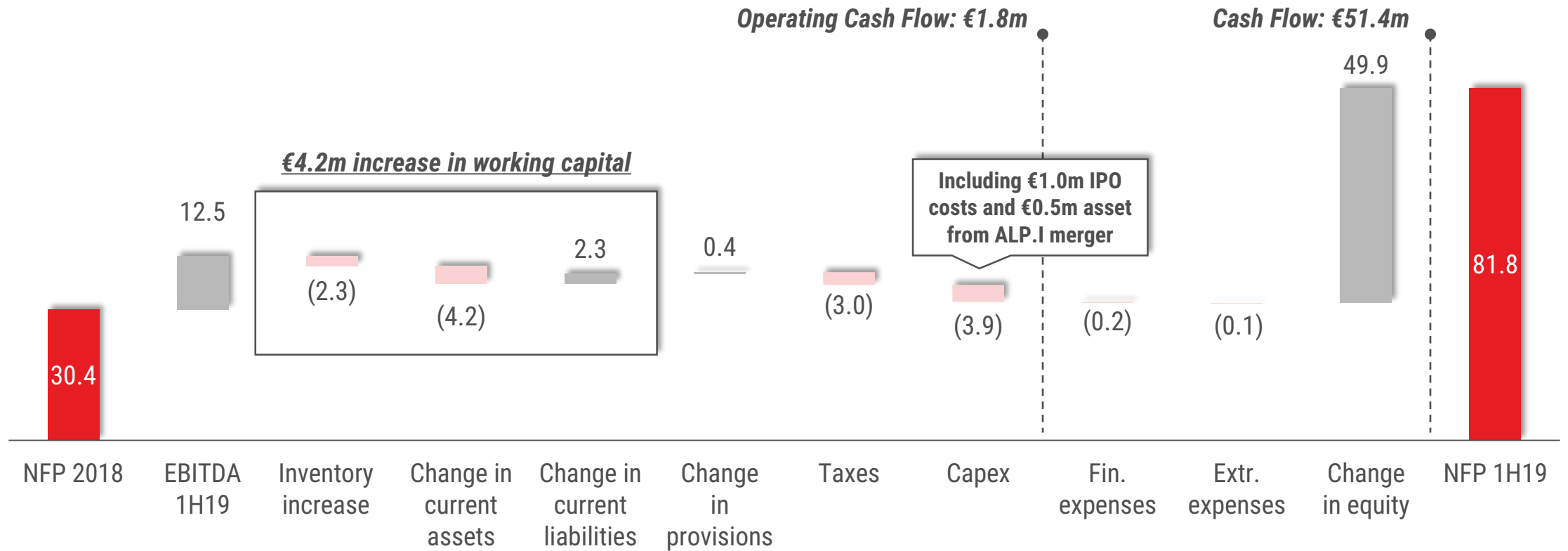
EBIT is flat, with the increase in Added Value offsetting higher labour cost and D&A



Net profit is up also thanks to lower taxes, which benefit from previous-year losses and non-taxable income related to H2020 and tax credit revenues

CASH FLOW AND NET DEBT EVOLUTION

Solid cash generation also without considering the impact of change in equity



Positive cash generation at operating level, notwithstanding the reduction in advance payments as per lower Machinery order intake

APPENDIX

INCOME STATEMENT

INCOME STATEMENT

€'000	1H18	1H19		Δ%
Revenues	52,388	52,013		(0.7%)
Value of Production (VoP)	52,394	54,067	①	3.2%
COGS	(16,942)	(11,645)		(31.3%)
Commercial costs	(1,988)	(1,676)		(15.7%)
Installation expenses	(1,540)	(2,316)		n.m.
First Margin	31,924	38,431	②	20.4%
First Margin % on Revenues	60.9%	73.9%		
Third party assets	(754)	(981)		30.1%
Operating expenses	(36)	(53)		45.9%
Services	(6,870)	(8,769)		27.6%
Added Value	24,263	28,627		18.0%
Labour cost	(12,077)	(16,141)	③	33.7%
EBITDA	12,186	12,486		2.5%
EBITDA % on Revenues	23.3%	24.0%		
D&A	(522)	(727)		39.2%
EBIT	11,664	11,759		0.8%
EBIT % on Revenues	22.3%	22.6%		
Financial items	(668)	(175)		n.m.
Extraordinary and other items	(0)	106		n.m.
Earnings before tax (EBT)	10,996	11,478		4.4%
Taxes	(3,195)	(2,984)		(6.6%)
Net Profit	7,801	8,495		8.9%
Minority interest	(7)	(90)		n.m.
Net profit of the group	7,794	8,405	④	7.8%
Net profit % on Revenues	14.9%	16.2%		

Sources: Antares Vision

KEY COMMENTS

- ① **Value of Production** was strongly up, mainly thanks to the positive contribution from Vision Machine H2020 (€1.7m), as well as R&D expenses capitalization and tax credit. **Revenues** 1H19 are slightly down instead by -0.7% due to the unfavorable comparison as in 1H18 Antares Vision experienced a significant top-line increase thanks to Machinery, because of the new European tracing legislation entering into force
- ② **First Margin** is higher in 1H19 mainly thanks to the lower contribution of Machinery (-27.8% YoY), which is reflected also into lower commercial and machine installation costs. Services indeed allows for greater profitability
- ③ **Labour cost** increases significantly in light of the growth envisaged in new geographies, sectors (beyond Pharma), and products (Smart Data & Vision) in the coming years. This of course impacts EBITDA, which is still up 2.5%
- ④ **Net Profit** is up by 7.8% YoY also thanks to a lower tax impact, which was also positively affected by tax carried forward (€4.5m as per ALP.I merger) and non-taxable income originated from Vision Machine H2020 Contribution and tax credit

BALANCE SHEET

BALANCE SHEET

€'000	FY18	1H19		Δ%
Tangible assets	6,556	6,873		4.8%
Intangible assets	1,682	4,245		n.m.
Financial assets	0	564		n.m.
Fixed assets	8,238	11,682	①	41.8%
Inventory	22,241	24,572		10.5%
Trade receivables	41,451	40,782		(1.6%)
Trade payables	(12,056)	(12,719)		5.5%
TWC	51,636	52,634		1.9%
Other assets	6,919	8,153		17.8%
Other liabilities	(23,156)	(21,188)		(8.5%)
NWC	35,399	39,599	②	11.9%
Employees' leaving indemnity	(2,102)	(2,448)		16.4%
Bad debt and other provisions	(529)	(830)		n.m.
Net Invested Capital	41,006	48,004		17.1%
Cash and cash equivalents	62,619	107,824		n.m.
Financial debt	(25,529)	(21,580)		(15.5%)
Leasing debt	(6,707)	(4,440)	③	(33.8%)
Net Cash	30,383	81,804		n.m.
Equity	71,389	129,807	④	n.m.

KEY COMMENTS

- ① **Fixed assets** increased 41.8% mainly thanks to higher intangibles, which reached over €4.2m. Such increase was mainly attributable to higher R&D costs capitalization (€1.1m), IPO costs (€1.0m) and other intangibles inherited from the ALP.I merger (€0.5m)
- ② **Net Working Capital** was up 11.9% as inventory increased. Inventory was mainly made up of finished products, that were particularly low at the end of 2018 due to the incoming entering into force of the new tracing legislation (February 2019)
- ③ **Net Cash** was strongly up, reaching over €81.4m. The strengthening was mainly attributable to the reduction in financial debt (including leasing debt) and the proceeds coming from the ALP.I transaction
- ④ **Equity** was higher, reaching roughly €130m, mainly thanks to the ALP.I transaction

CASH FLOW STATEMENT

CASH FLOW STATEMENT

€'000	1H18	1H19
EBITDA	12,186	12,486
Inventory	(2,154)	(2,331)
Trade Receivables	(5,826)	669
Other Current Assets	694	(1,234)
Advances From Clients	155	(3,616)
Trade Payables	2,697	663
Other Current Liabilities	4,156	1,648
Total Change in Working Capital	(277)	(4,200)
Employees' leaving indemnity	254	346
Other Funds	19	(31)
Bad Debt	508	101
Taxation	(3,195)	(2,984)
Capex	(116)	(3,941)
Operating Cash Flow	9,379	1,778
Financial expenses	(668)	(175)
Extraordinary expenses	0	(106)
Change in Net Equity	(490)	49,923
Net Cash Flow	8,221	51,421
Net Cash BoP	9,071	30,383
Net Cash EoP	17,292	81,804

KEY COMMENTS

- ① **Total Change in Net Working Capital** trend was mainly attributable to:
- increase in inventory, which more than compensated stable DSO and improving DPO (payment terms to suppliers are improving, also thanks to reverse factoring)
 - cash absorption as per lower advances from clients (consequence of fewer machines sold compared to 1H18)
 - increase in other current assets mainly due to higher tax advances (based on previous year income)
 - lower current liabilities (H2020 contribution completely released)
- ② **Capex** increase mainly due to €1.0m IPO costs, €1.1m capitalized costs and €0.5m asset from ALP.I merger

RECLASSIFIED INCOME STATEMENT

A CLEAR AND STABLE GROWTH TREND THROUGH SEASONALITY IMPACT AND DEVELOPMENT INVESTMENTS

Reclassified income statement	1H17	1H18	Growth %	1H19	Growth %
Sales	① 35,077.0	② 49,020.9	39.8%	52,012.5	6.1%
Capitalization of R&D	-	-	41.2%	1,057.1	n.m.
Other revenues	-	② 485.5	n.m.	997.5	n.m.
Value of Production	35,077.0	49,506.4	41.1%	54,067.2	9.2%
Changes in inventory stock	① (7,579.0)	② (4,846.7)	(36.1%)	(1,970.3)	n.m.
Purchase materials	17,385.0	19,004.1	9.3%	13,939.9	(26.6%)
Changes in work in progress	(242.0)	596.0	n.m.	(324.8)	n.m.
Cost of Goods Sold	9,564.0	14,753.4	n.m.	11,644.8	(21.1%)
<i>% on Sales</i>	27.3%	30.1%		22.4%	
Commissions for agents	1,092.0	1,987.9	n.m.	1,675.7	(15.7%)
Installation Expenses	1,611.0	1,540.0	(4.4%)	2,315.9	n.m.
First Margin	22,810.0	31,225.1	36.9%	38,430.9	23.1%
<i>% Margin on Sales</i>	65.0%	63.7%		73.9%	
Third party assets	534.0	754.2	41.2%	980.8	30.1%
Operating expenses	89.0	36.5	n.m.	53.2	45.9%
Services	4,607.0	6,870.4	49.1%	8,769.4	27.6%
Added Value	17,580.0	23,564.1	34.0%	28,627.4	21.5%
<i>% Margin on Sales</i>	50.1%	48.1%		55.0%	
Labour Cost	9,478.0	12,076.9	27.4%	16,141.1	33.7%
Employees	8,111.0	10,261.5	26.5%	13,439.8	31.0%
Professional Staff	1,367.0	1,815.4	32.8%	2,701.3	48.8%
Investment	-	-	n.m.	③ (983.6)	n.m.
EBITDA	8,102.0	11,487.1	41.8%	13,469.9	17.3%
<i>% Margin on Sales</i>	23.1%	23.4%		25.9%	

Reclassified income statement	1H17	1H18	Growth %	1H19	Growth %
Provision	-	207.1	n.m.	230.6	11.4%
Depreciation	379.0	315.2	(16.82%)	496.5	n.m.
R&D intangible assets	213.0	204.3	(4.10%)	377.9	n.m.
Tangible assets	166.0	111.0	(33.2%)	118.6	6.9%
EBIT	7,723.0	10,964.8	42.0%	12,742.8	16.2%
<i>% Margin on Sales</i>	22.0%	22.1%		23.6%	
Financial expenses	155.0	668.0	n.m.	175.1	n.m.
Extraordinary expenses	226.0	(0.0)	n.m.	105.5	n.m.
Investment	-	-	n.m.	983.6	n.m.
EBT	7,342.0	10,296.9	40.2%	11,478.6	11.5%
<i>% Margin on Sales</i>	20.9%	21.0%		22.1%	
Taxation	3,290.1	3,013.3	(8.4%)	2,983.6	(1.0%)
Net Profit	4,051.9	7,283.5	79.8%	8,495.0	16.6%
<i>% Margin on Sales</i>	11.6%	14.9%		16.3%	

KEY ADJUSTMENTS

- ① 1H17: Added €1.8m due to USA cut-off error and reduced USA inventory as per higher revenues
- ② 1H18: Revenues normalization to take into account seasonality, 50% tax credit adjustment and inventory increase
- ③ 1H19: Development costs adjustment

DEVELOPMENT COSTS EVOLUTION

CAPITALIZED COSTS IMPACT

€	1H18	1H19	Capitalized portion	Delta	Purpose
Business Strategy and Development (BSD)	-	339,667	-	339,667	New Sectors
Vision R&D personnel	300,561	341,965	-	41,403	Vision
Remote Service Engineers (RSE)	-	55,000	-	55,000	Smart Data
Avionics Personnel	-	93,365	-	93,365	Smart Data
ATS4 Personnel	62,688	100,734	-	38,046	Smart Data
Total Personnel Costs	363,249	930,731	201,779	365,702	
Cloud	-	457,467	-	457,467	Smart Data
AVAPAC and AVRUS developmene Costs	83,083	193,864	-	110,782	Geography
Neo4J SW	74,424	124,034	-	49,610	Smart Data
Total Services Costs	157,507	775,366	-	617,859	
Total	520,756	1,706,096	-	983,561	

Thank you

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)

CONTACTS

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