

# Company presentation – Full year 2015

**SOLGROUP**  
a breath of life

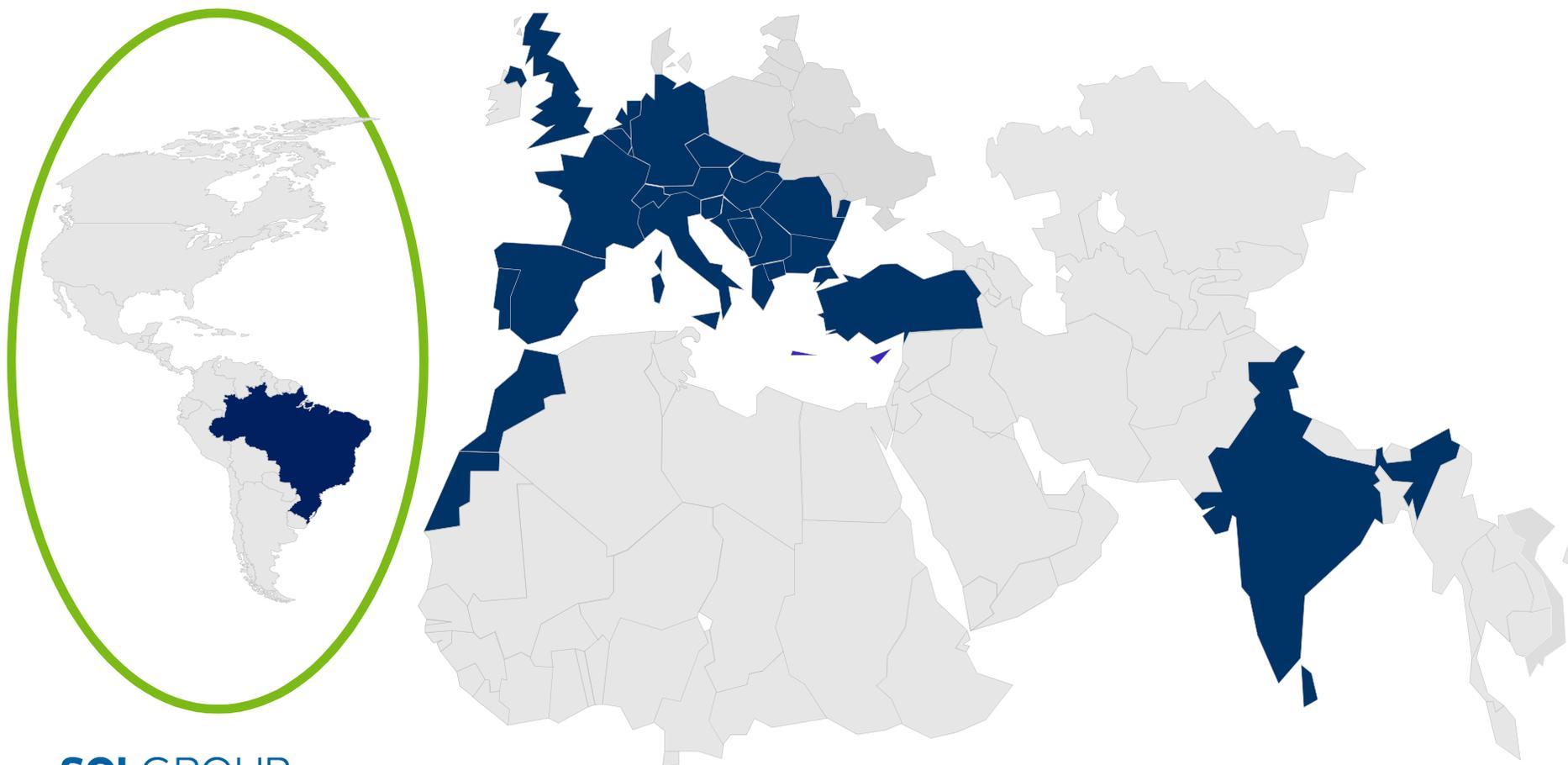


## SOL Group at a glance

- Founded in **1927**, is an Italian based multinational company present in **27** countries with more of **3,000** people employed.
- **Two core**, separated but integrated and synergic business areas: **Technical Gas** sector (production, applied research and marketing of pure, medical and industrial gases) and **Home-Care** service sector (supply of medical products and medical assistance services as well as equipment for home care therapy).
- **Two recent businesses**: **Hydro Energy** and **Biotechnology**.
- **Strong results and sound balance sheet**:
  - Over **674** millions € of Total Group revenues in FY2015 (+5.9% FY2014);
  - Over **51%** of international revenues in 2015 (vs 23.7% in 2000)
  - **6.9%** sales CAGR in the last 10 years;
  - **22.0%** of EBITDA margin in 2015;
  - **0.502** of Debt/Equity ratio;
  - Dividend policy: **30%** average dividend pay out ratio over the last 10 years.

## SOL Group – Geographic Presence

SOL Group is present  
in **27** countries



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# The Technical Gases Business



# The Technical Gases Business

SOL Group operates in the technical gases business throughout the brand SOL

## Production and distribution of Gases

A complete range of industrial gas (both atmospheric and non-atmospheric): medicinal, pure and special gases.

- ◆ Oxygen
- ◆ Nitrogen
- ◆ Argon
- ◆ Hydrogen
- ◆ Carbon dioxide
- ◆ Acetylene
- ◆ Nitrous oxide
- ◆ Gas mixtures
- ◆ Ultra high purity gases
- ◆ Medical gases
- ◆ Gaseous helium
- ◆ Liquid helium
- ◆ Refrigerating gases
- ◆ Electronics gases
- ◆ Ammonia
- ◆ Combustible gases

## Supply of plants, equipments, services and consultancy

Research, design, and construction of:

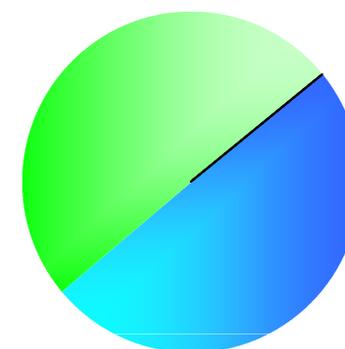
- Industrial gas production facilities,
- Plant and equipment for gas utilization
- Services and consultancy
- ◆ Equipment for medical applications
- ◆ Equipment for cryogenic applications
- ◆ Deep freezing tunnels
- ◆ Oxygen burners
- ◆ Ozonisers
- ◆ Medical air plants
- ◆ On-site plants
- ◆ Welding machines and equipment



# Technical Gases Business

Technical gases business (M€)	FY2015	FY2014	YoY
Sales	364	352	+ 3.4%
EBITDA	68	70	- 3.6%
EBITDA %	18.6%	20.0%	- 1.4%
Investments	46	53	- 14.3%

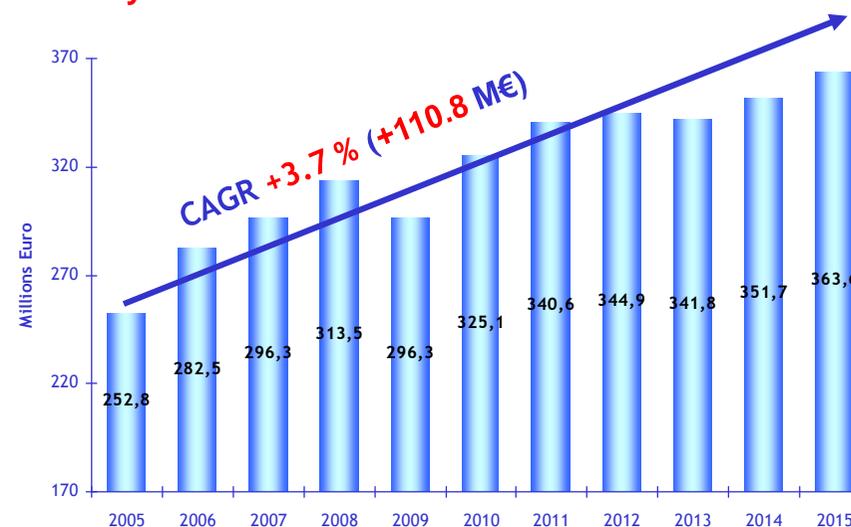
SOL Group 2015 Total revenues



Technical Gases  
49.7%

- In 2015 the division invested over the **12%** of its revenues.
- **3.7%** sales CAGR over the last 10 ys.

10 years Sales in Technical Gases 2005 - 2015



# Technical Gases business

## Market characteristics

- Resilient and growing market
- Margin protected thanks to high entry barriers
- Limited economic cycle demand dependence of each sales area
  - Broad variety and diversification of end-markets and applications
- Medium/long term contracts
- Local presence as a key factor

## SOL

- High diversification of sales area:
  - More than 50,000 clients served;
  - More than 90 different applications for technical gases
- Long term contracts with customers:
  - Gas pipeline: up to 15 years;
  - Compressed gases: up to 5 years;
  - Cryogenic liquid gases: up to 3 years
- Strong local presence:
  - 24 countries, 36 primary transformation plants, 55 secondary transformation plants.



Resilience + Growth + Demand stability + Low risk level

# Technical Gases Business

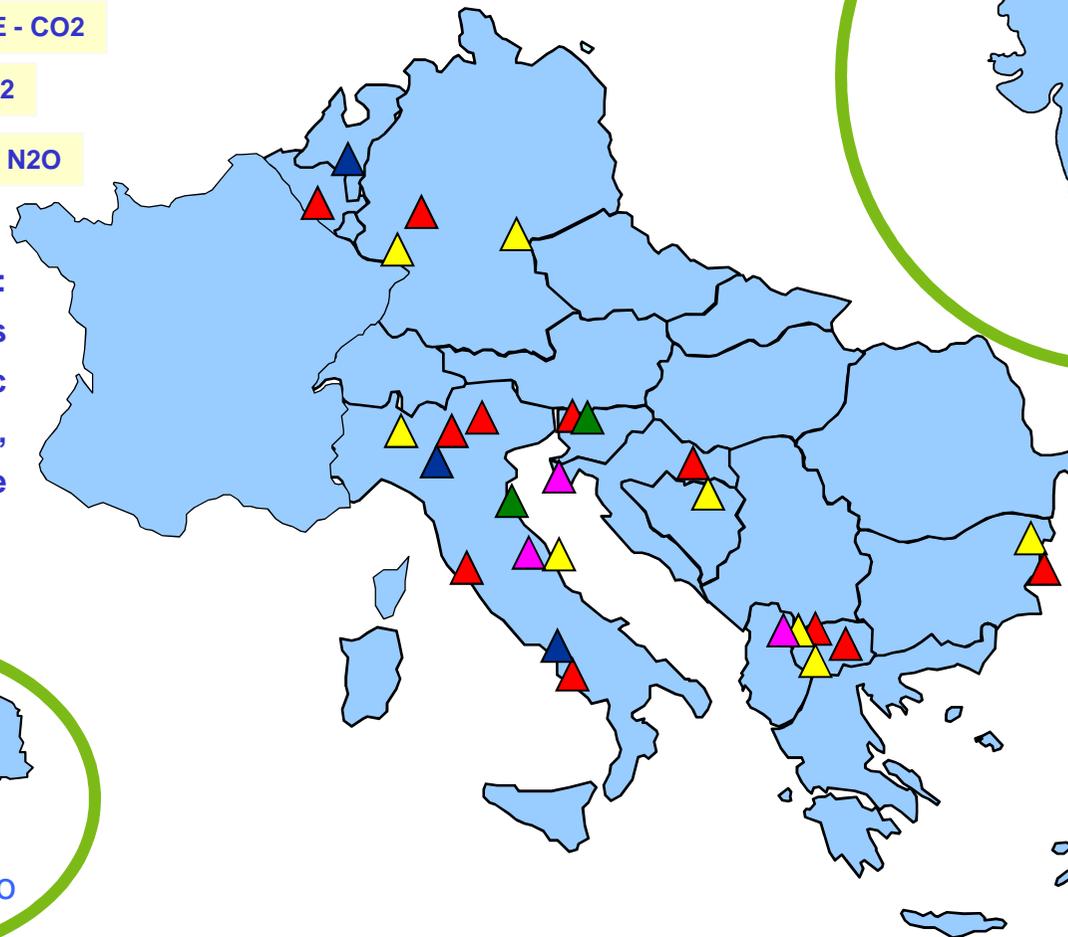
## Specialty and medicinal gases and services

- The uses of specialty gases are expanding in many different context. The market need for maximum accuracy finds its answer in the world of gases:
  - **Universities and research centers:** highly purified gas carriers for gas chromatography, calibration equipment and gaseous compounds used as precursors for chemical synthesis;
  - **Chemical and pharmaceutical** carrier gases and calibration gases in many activities related to process control;
  - **Hospitals:** medicinal gases for pharmaceutical use, pure products and mixtures for laboratory and analytical activities as a support to diagnostic processes, cryomangement services;
  - **High-tech industry sectors** (such as electronics, automotive and renewable energies) where the use of gases is vital to the innovation of production processes.

# Primary Production Sites (ASU, ...)

- ▲ AIR SEPARATION / LIQUEFACTION - OXYGEN, NITROGEN, ARGON
- ▲ HYDROGEN - H<sub>2</sub>
- ▲ CARBON DIOXYDE - CO<sub>2</sub>
- ▲ ACETYLENE - C<sub>2</sub>H<sub>2</sub>
- ▲ NITROUS OXYDE - N<sub>2</sub>O

- 36 primary production sites: units that produce gases from raw materials (electric energy, atmospheric air, natural gas, calcium carbide and ammonium nitrate).
- Max reach-in area is 400 km.

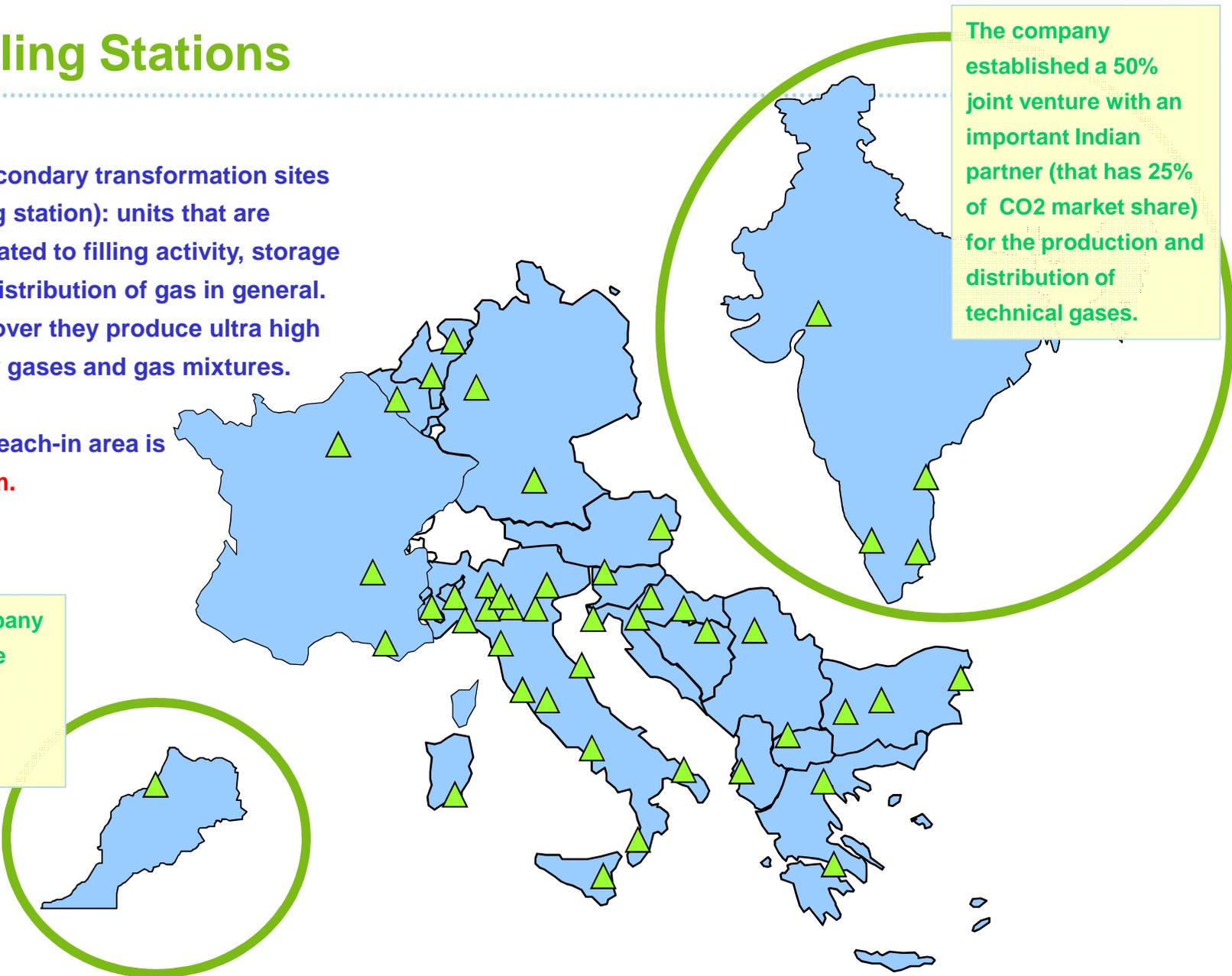


# Filling Stations

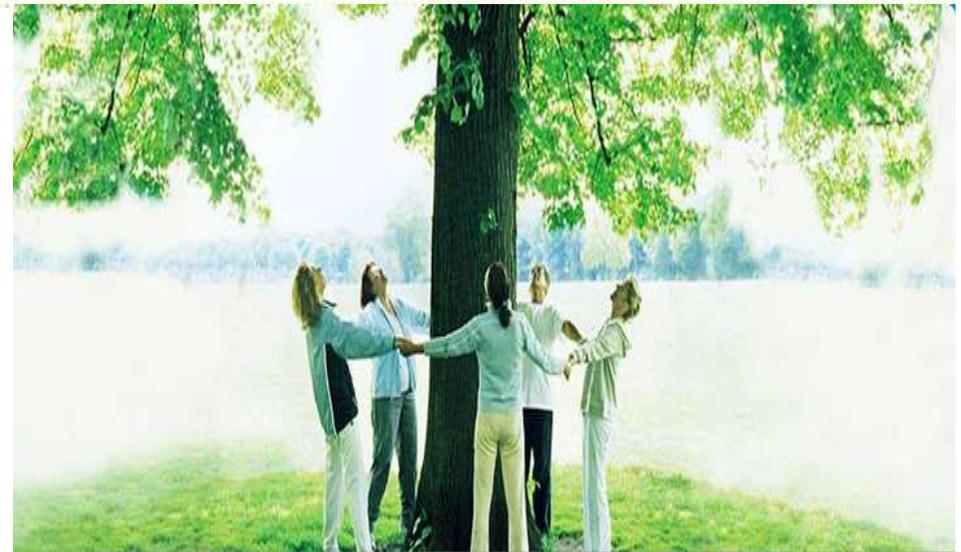
- **55** secondary transformation sites (filling station): units that are dedicated to filling activity, storage and distribution of gas in general. Moreover they produce ultra high purity gases and gas mixtures.
- Max reach-in area is **150km.**

SOL owns a company in Morocco for the production and distribution of technical gases.

The company established a 50% joint venture with an important Indian partner (that has 25% of CO2 market share) for the production and distribution of technical gases.

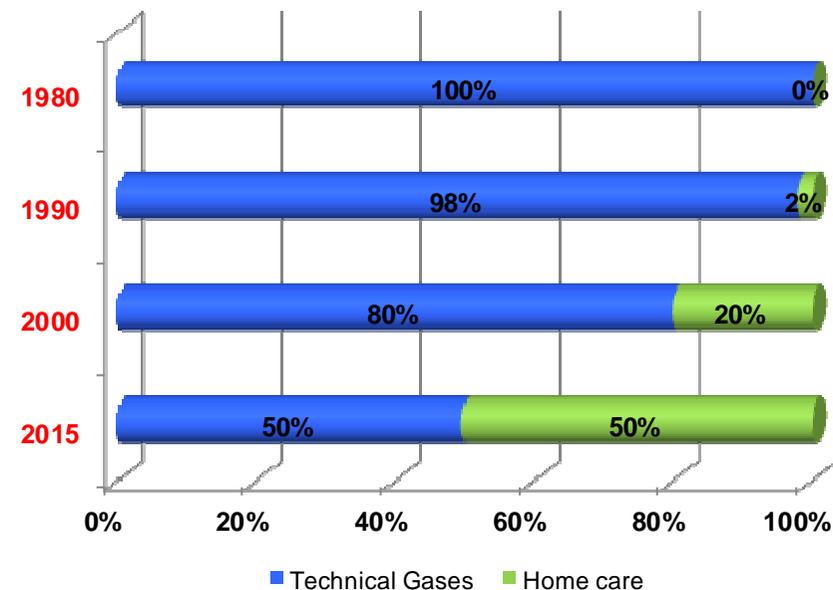


# The Home Care Business



# The Home Care Business

- In the second half of the eighties, SOL seized a new market diversification opportunity by entering into the **Home-Care** service sector, synergical with the technical gas sector.
- The Group works through the **VIVISOL** Group, which supplies technologically advanced home care services to patients for the treatment of chronic pathologies.
- **VIVISOL** manages the complete patient care from the delivery of medical equipment and drugs, performed by specialized home care professionals, to the provision of qualified medical and nursing services, as well as tele-monitoring services and emergency management.
- The company operates in **12** leading countries of the European Union and in Turkey, with over **60** offices employing over **1.400** employees and serving more than **300.000** patients daily.



# Home Care Business

## Home care respiratory assistance

Respiratory home-care services concern the home delivery to patients of oxygen or enriched air and other services such as ventilation, diagnosis of pulmonary pathologies and therapy of respiratory disorders.

- ◆ Long term oxygen therapy
- ◆ Mechanical ventilation therapy
- ◆ Assistance to patients undergoing oxygen therapy during travels (**VIVITRAVEL**)
- ◆ Diagnosis and treatment of sleep disorder conditions

## Other home care assistance

The other home-care services include telemedicine services, artificial nutrition, integrated home-care service in the respiratory framework and in monitoring child respiratory disorders.

- ◆ Home care artificial nutrition
- ◆ Integrated home care services
- ◆ Remote monitoring and diagnosis of respiration conditions

## Home care equipment

**VIVISOL** markets also equipment intended for the diagnosis and therapy of the above-mentioned pathologies and its customers include hospitals, pharmacists, laboratories, clinics and doctors.

- ◆ Home and traveling oxygen therapy equipments
- ◆ Ventilation equipment
- ◆ Instruments and accessories for diagnosis and aerosol treatment
- ◆ Home aids

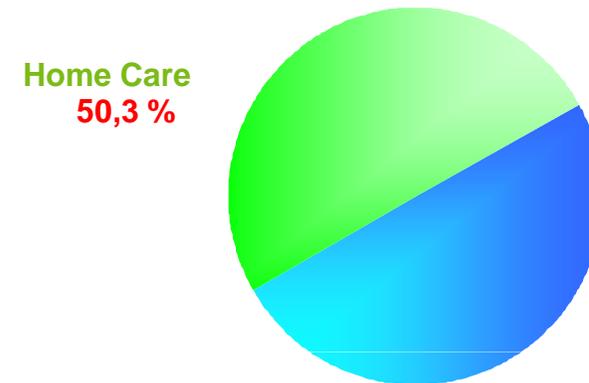
# Home Care Business

Hone Care business (M€)	FY2015	FY2014	YoY
Sales	340	313	+ 8.7%
EBITDA	81	73	+ 10.3%
EBITDA %	23.7%	23.4%	+ 0.4%
Investments	39	41	- 5.3%

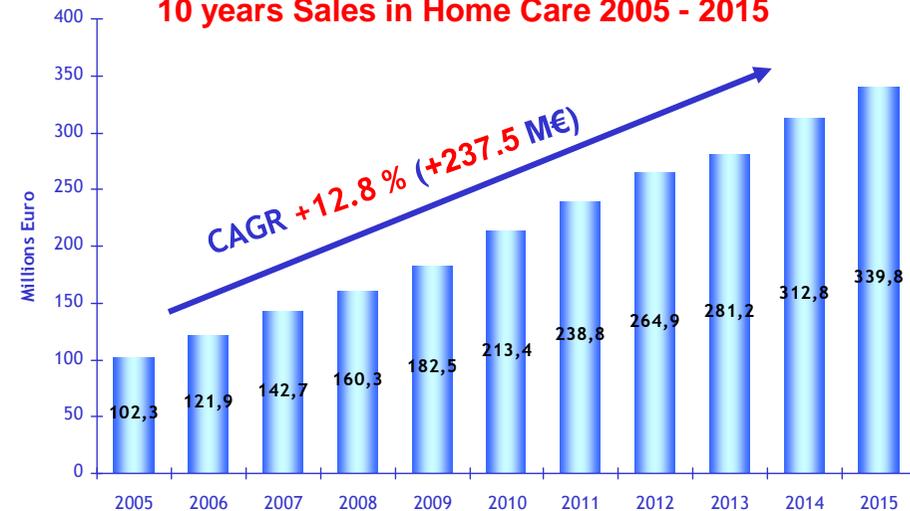
- **VIVISOL** was able to grow over the **8%** in 2015, with an EBITDA margin higher than **23%**.
- The Group is continuing to invest significantly in this business.



SOL Group 2015 Total revenues



10 years Sales in Home Care 2005 - 2015



# Home Care Business



## Key growth drivers:

- Aging population – demographics
- Restructuring of Health Care Systems through de-hospitalization and home care
- Developments in portable medical technologies
- Better quality of life for Patients at home
- Increasing of respiratory and chronic pathologies



## Home Care - VIVISOL branches

VIVISOL is present in **11** leading countries of the European Union, Brazil and Turkey with over **60** branches.

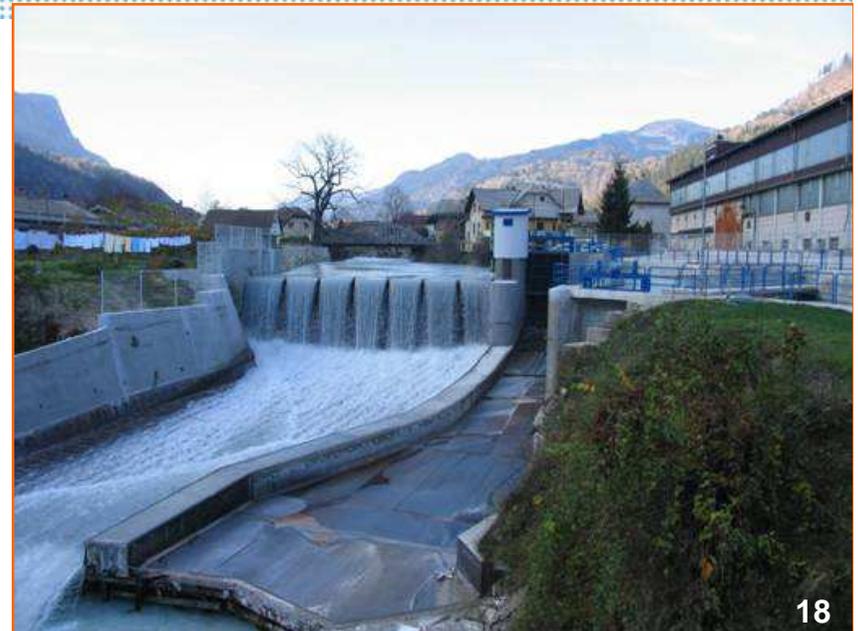


# Home Care Business



**VIVISOL**  
Home Care Services

# The Hydro Energy Business



## The Hydro Energy Business

- Leveraging on its core business development in the **Eastern Europe**, SOL entered into the Hydro-Energy sector.
- The industrial gas sector, is one of the most energy intensive one. This characteristic supported the Group decision to invest in the **Hydro-Energy** sector in order to enjoy synergies with its Industrial Gases Business.



- Currently the company owns and operates **5** hydro-electric power plants in Slovenia (about **50** Million KWh/year), **2** plants in Albania (about **25** Million KWh/year); **4** plants in Macedonia (about **35** Million KWh/year).



**HYDROSOL**

# The Biotechnology Business

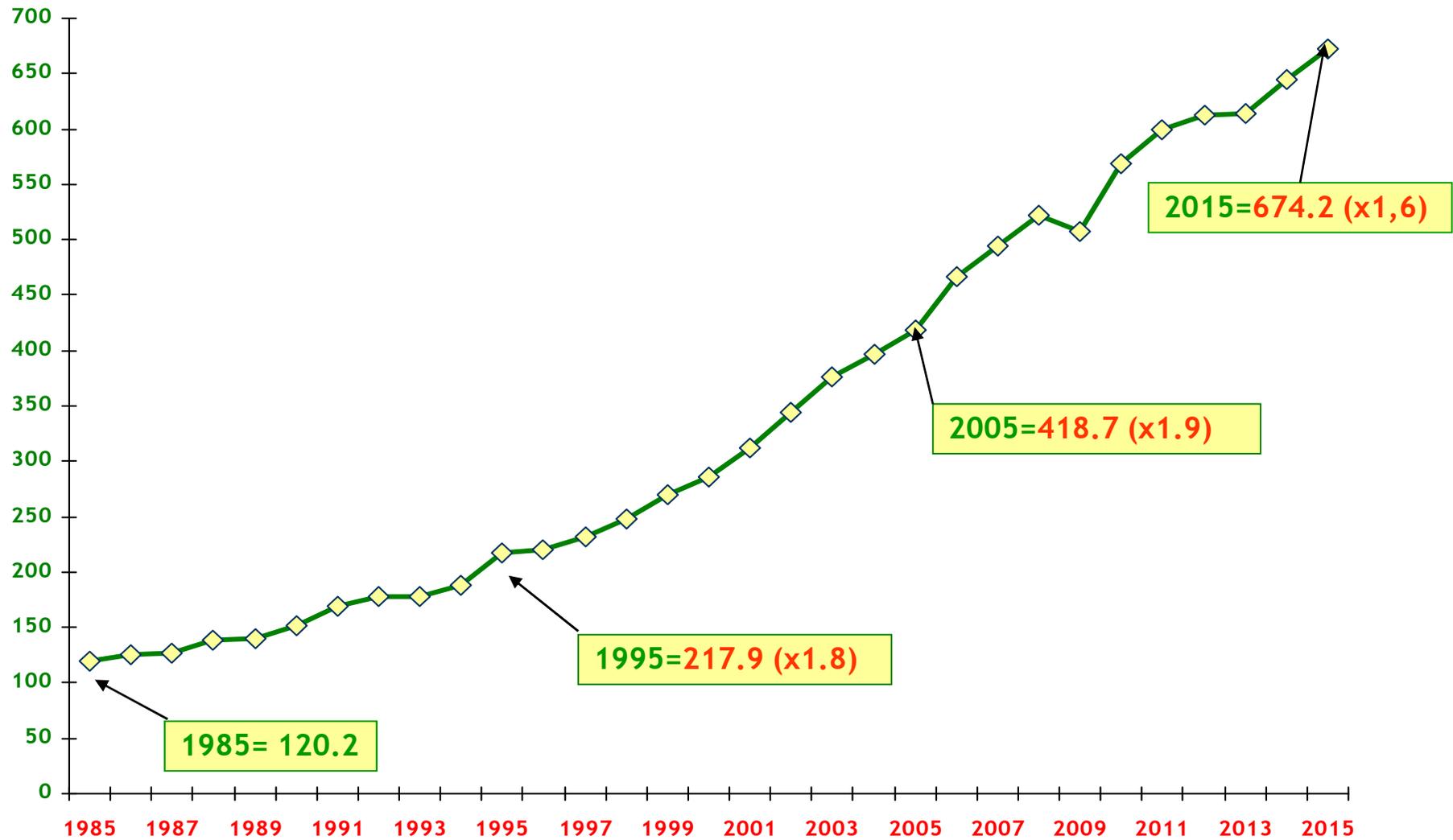


# The Biotechnology Business

- SOL Group is active in supplying **biotechnological equipment and services** to hospitals, clinics and laboratories (cryobanks, cellfactories, cryomanagement, cryotransportation)
- With **BIOTECHSOL** is active in the area of tissue and stem cells banking and biological tissues transportation.
- With the acquisition of the majority of **DIATHEVA**, SOL Group is active in drug discovery and drug delivery (recombinant monoclonal antibodies), molecular diagnostic, GMP production of recombinant proteins



## SOL Group: 30 years Deflated Turnover (1985-2015)

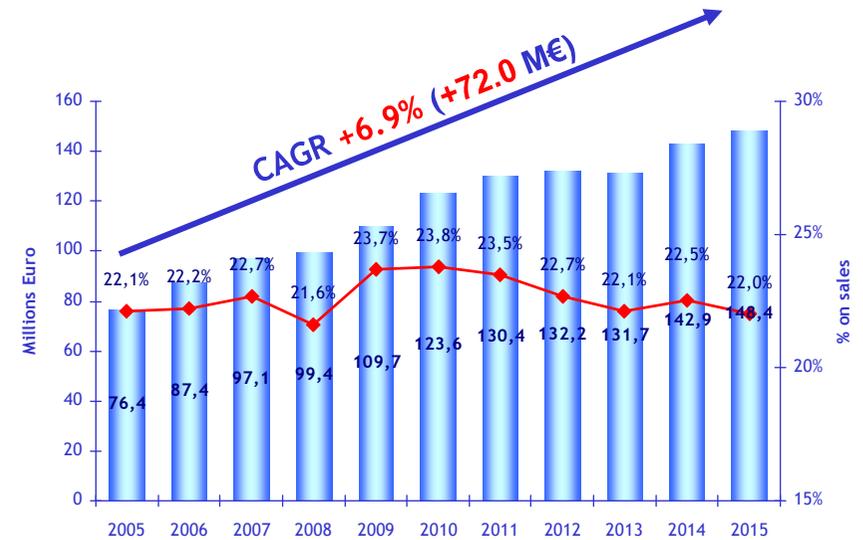


# SOL Group: consolidated results (2005 – 2015)

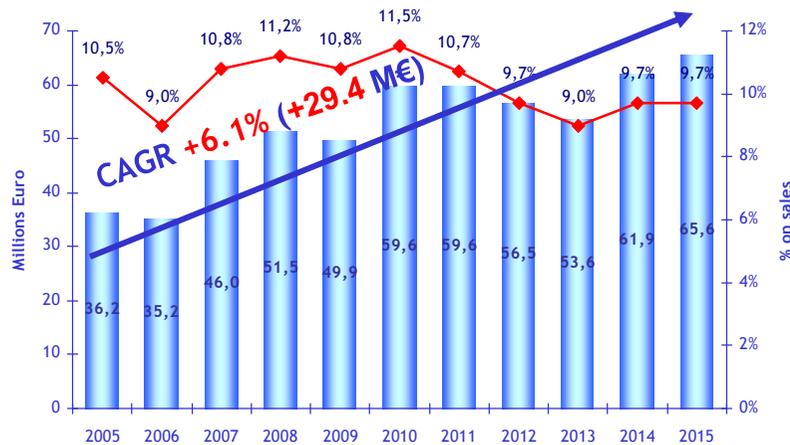
## Sales



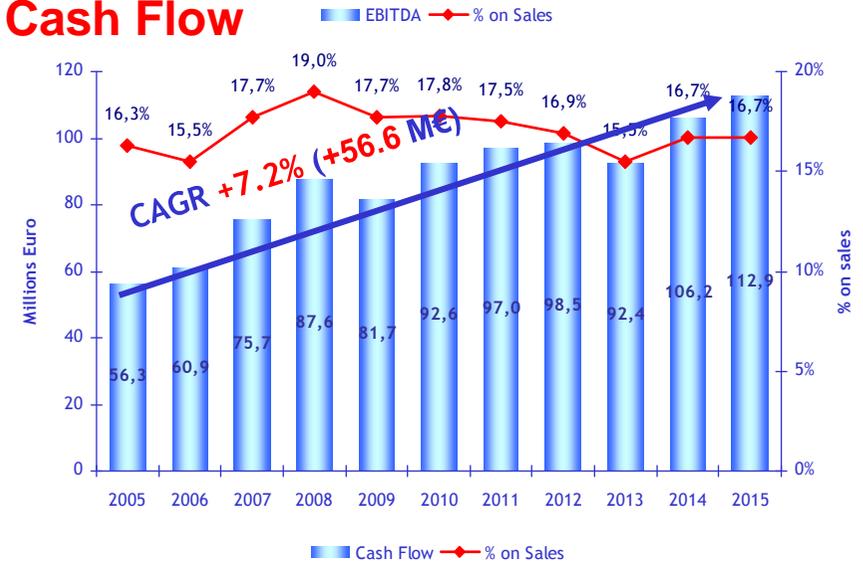
## EBITDA



## EBIT

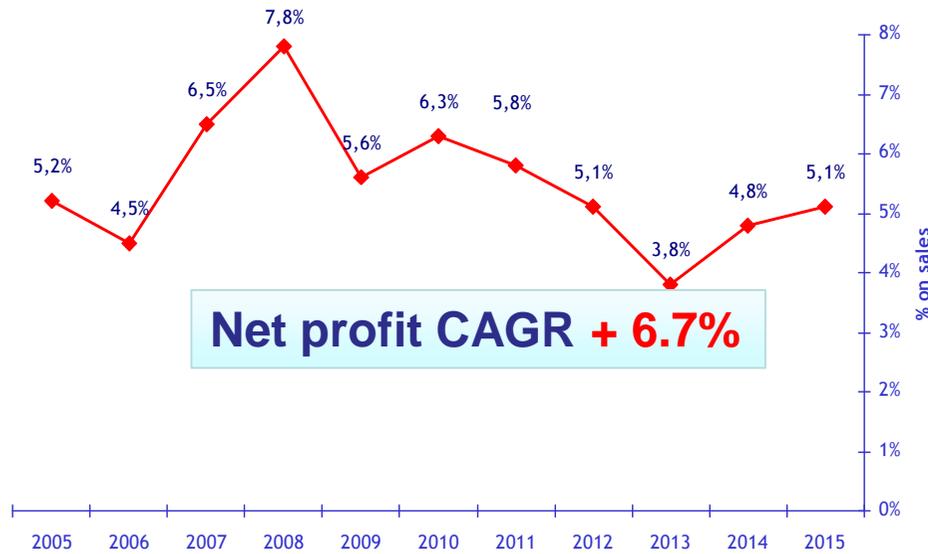


## Cash Flow

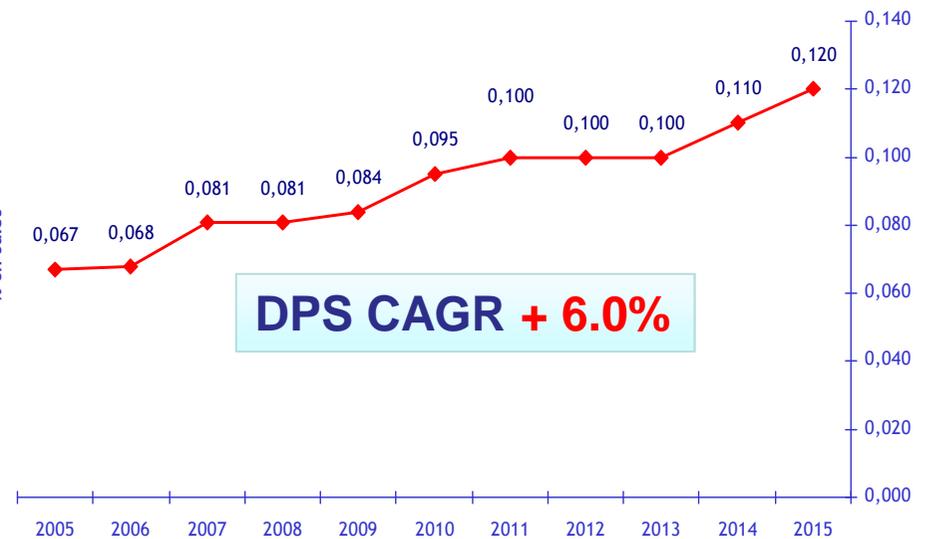


# 10 years net profit and dividend growth

## NET PROFIT



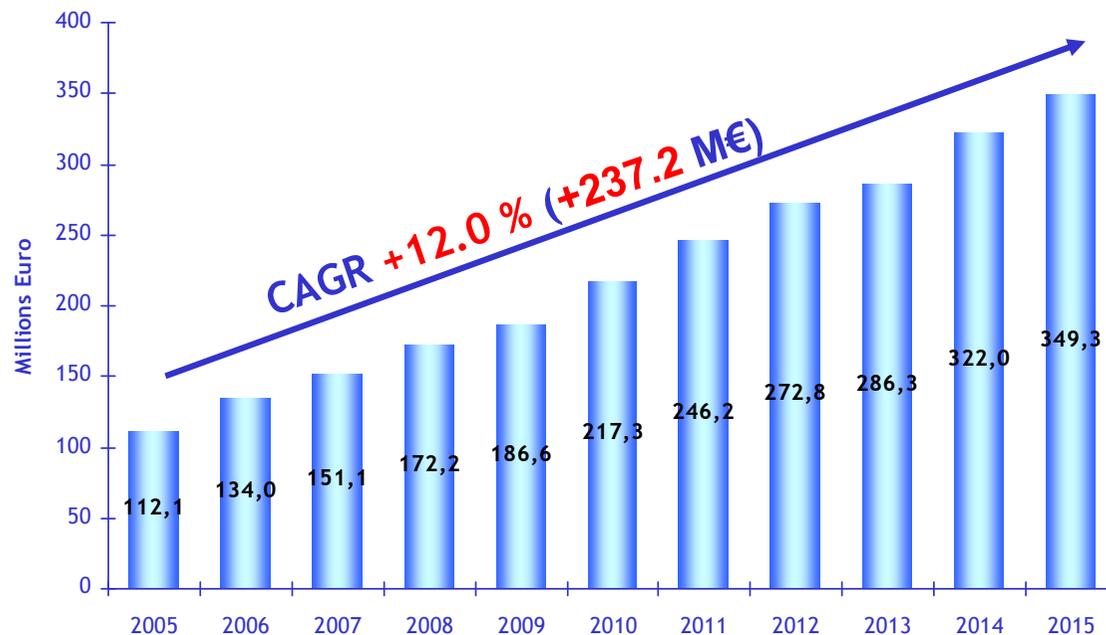
## DPS - Dividend Yield



**10Y AVERAGE PAY-OUT RATIO 30%**

# International Expansion

## 10 years sales outside Italy 2005-2015



(Excluded sales in India)

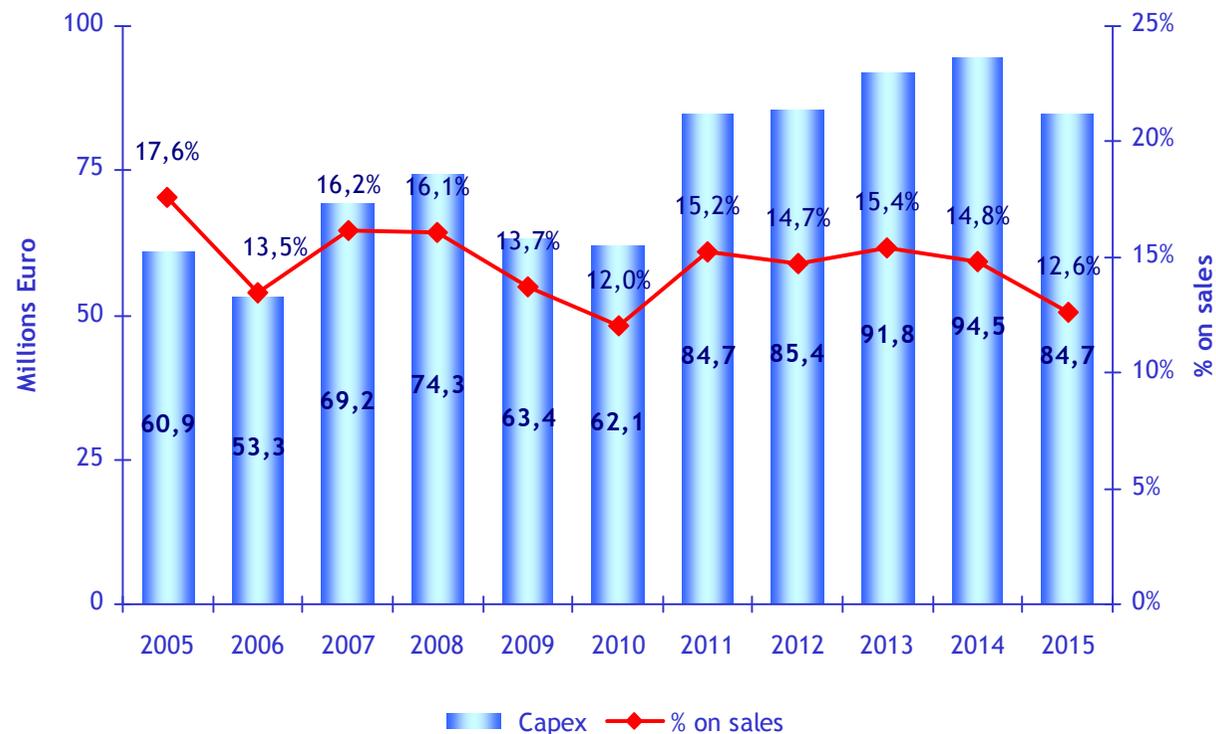
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SOL is focused on its international expansion:

- The Group started its operations in Italy where it currently has **14** primary production sites.
- In 2015 the Group is present in **27** countries.
- In 2015 the non-domestic sales exceeded the Italian sales
- **(51.8% / 48.2%)**.

## Capital Expenditures (2005-2015)

### 10 years of investments on sales 2005-2015



### High annual investments

- The Group every year invest about **15%** of its revenues;
- The Sol business require a high level of investments for **long term** growth options;
- In 2015 almost the **60%** of the Group investments was made outside Italy.

## Shareholding information and market price



Source: Borsa Italiana

### Outstanding Shares

- 90.700.000 ordinary shares
- par value: 0,52

### Shareholding Structure

- Fumagalli and Annoni families 60%
- Main Institutional Investors:
  - Tweedy Brown 7,346%
  - J O Hambro 5,072%
  - Allianz 5,072%

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