

Company presentation – Full year 2016

SOLGROUP
a breath of life

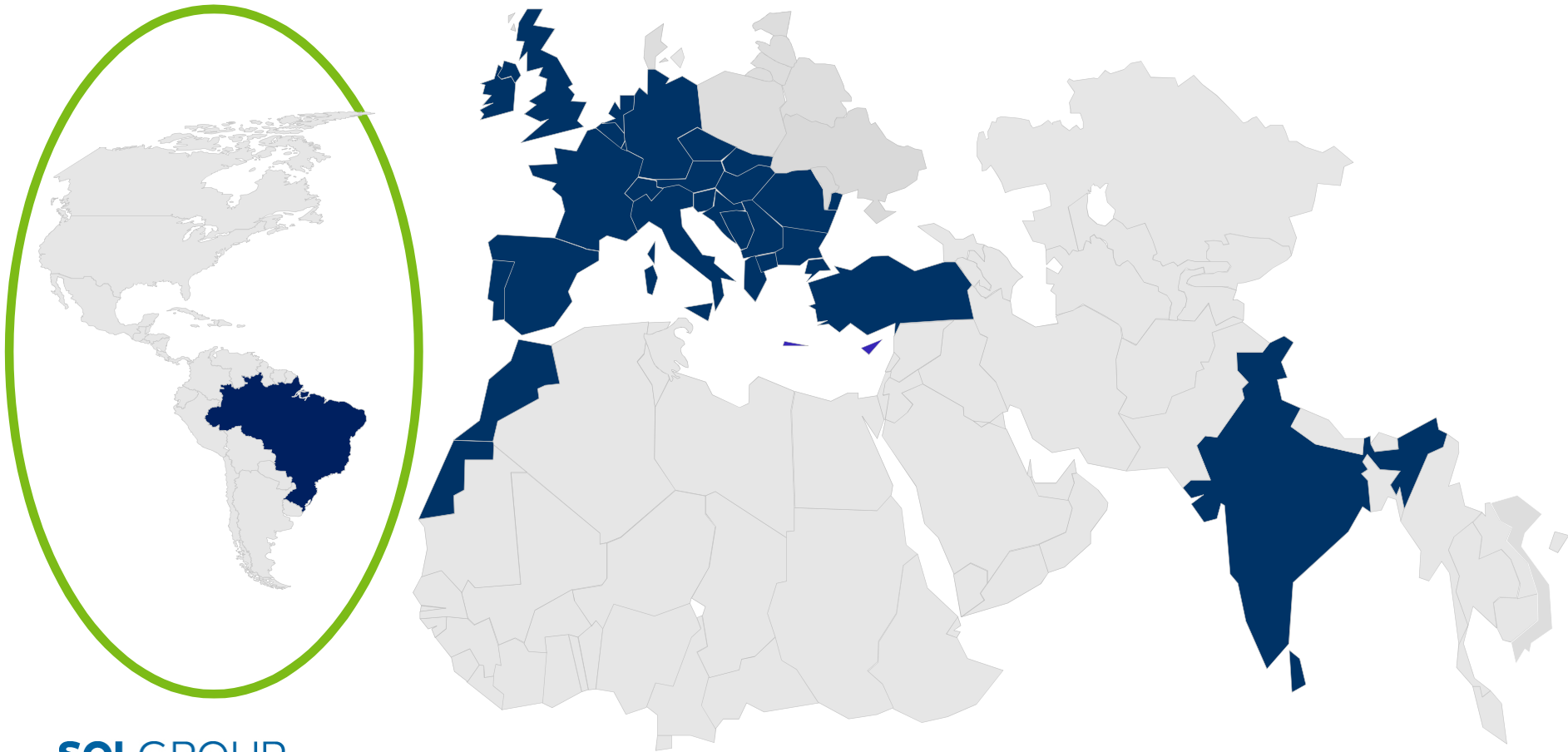


SOL Group at a glance

- Founded in **1927**, is an Italian based multinational company present in **28** countries with more of **3,200** 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 **703** millions € of Total Group revenues in FY2016 (+4.3% FY2015);
 - Over **52%** of international revenues in 2016 (vs 23.7% in 2000)
 - **6.0%** sales CAGR in the last 10 years;
 - **23.8%** of EBITDA margin in 2016;
 - **0.473** of Debt/Equity ratio;
 - Dividend policy: **29%** average dividend pay out ratio over the last 10 years.

SOL Group – Geographic Presence

SOL Group is present
in **28** 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:

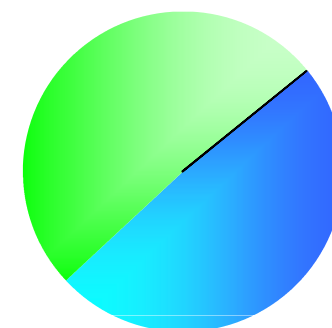
- Industrial gas production facilities,
- Plant and equipment for gas utilization
- Services and consultancy
- ◆ Equipment for medical applications
- ◆ Equipment for cryogenic applications
- ◆ Deep freezing tunnels
- ◆ Oxygen burners
- ◆ Ozonisers
- ◆ Medical air plants
- ◆ On-site plants
- ◆ Welding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



Technical Gases Business

Technical gases business (M€)	FY2016	FY2015	YoY
Sales	373	364	+ 2.6%
EBITDA	76	68	+ 12.2%
EBITDA %	20.3%	18.6%	+ 1.7%
Investments	57	46	+ 25.0%

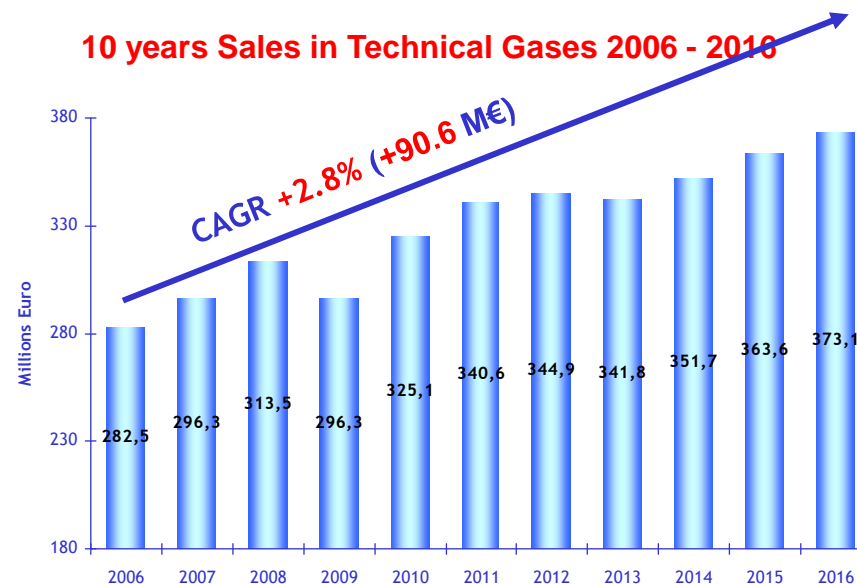
SOL Group 2016 Total revenues



Technical Gases
48.9%

- In 2016 the division invested over the **15%** of its revenues.
- **2.8%** sales CAGR over the last 10 ys.

10 years Sales in Technical Gases 2006 - 2016



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:
 - 25 countries, 38 primary transformation plants, 56 secondary transformation plants.

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 - H₂
-  CARBON DIOXYDE - CO₂
-  ACETYLENE - C₂H₂
-  NITROUS OXYDE - N₂O

- **39** 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

- **56** 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.

EIRE

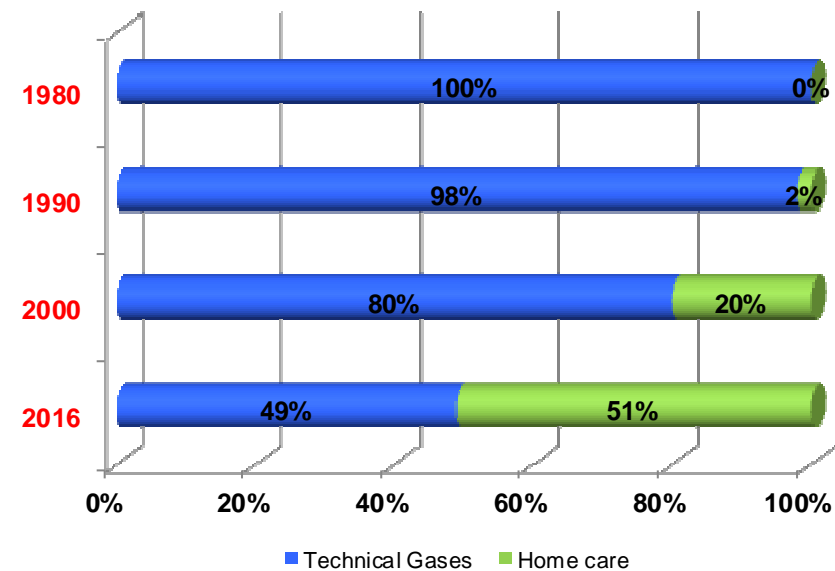
Morocco

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 in Europe, in Brazil and Turkey, with over **60** offices employing over **1.600** employees and serving more than **350.000** 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

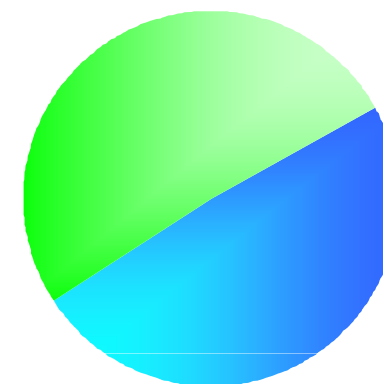
Hone Care business (M€)	FY2016	FY2015	YoY
Sales	360	340	+ 5.9%
EBITDA	92	81	+ 13.7%
EBITDA %	25.5%	23.7%	+ 1.7%
Investments	41	39	+ 5.7%

- VIVISOL was able to grow 6% in 2016, with an EBITDA margin higher than 25%.
- The Group is continuing to invest significantly in this business.

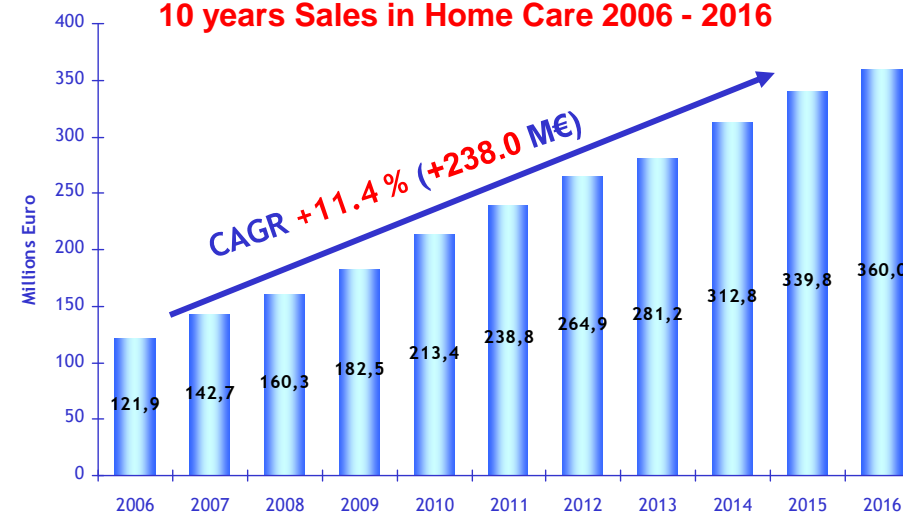


SOL Group 2016 Total revenues

Home Care
51,1 %



10 years Sales in Home Care 2006 - 2016



Home Care Business



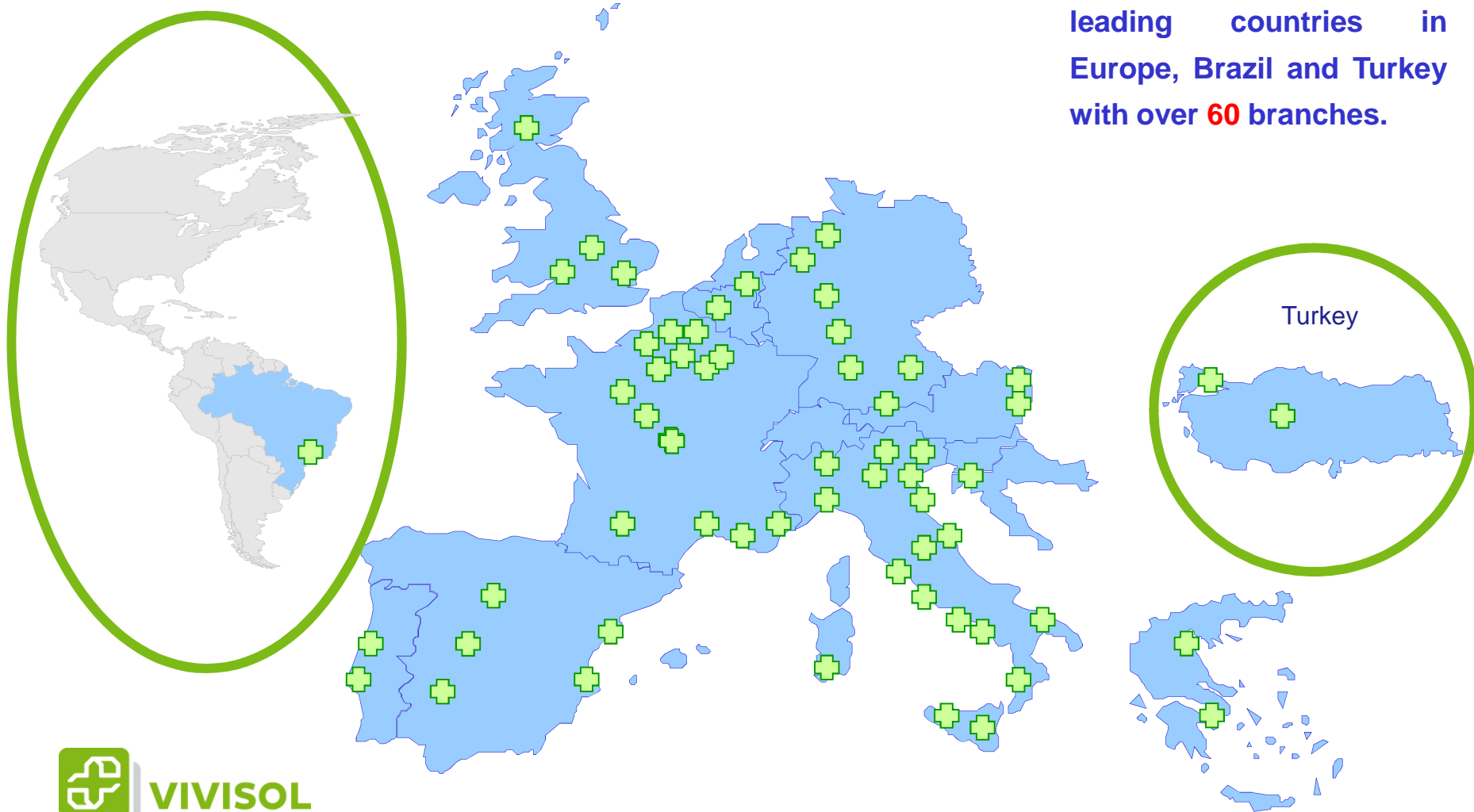
Key growth drivers:

- 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 **12** leading countries in Europe, Brazil and Turkey with over **60** branches.



Home Care Business

VIVISOL Belgium - Lessines



VIVISOL
Home Care Services

The Hydro Energy Business



HYDROSOL



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); **4** plants (one is under construction) in Bosnia (about **6** Million KWh/year).



HYDROSOL

The Biotechnology Business

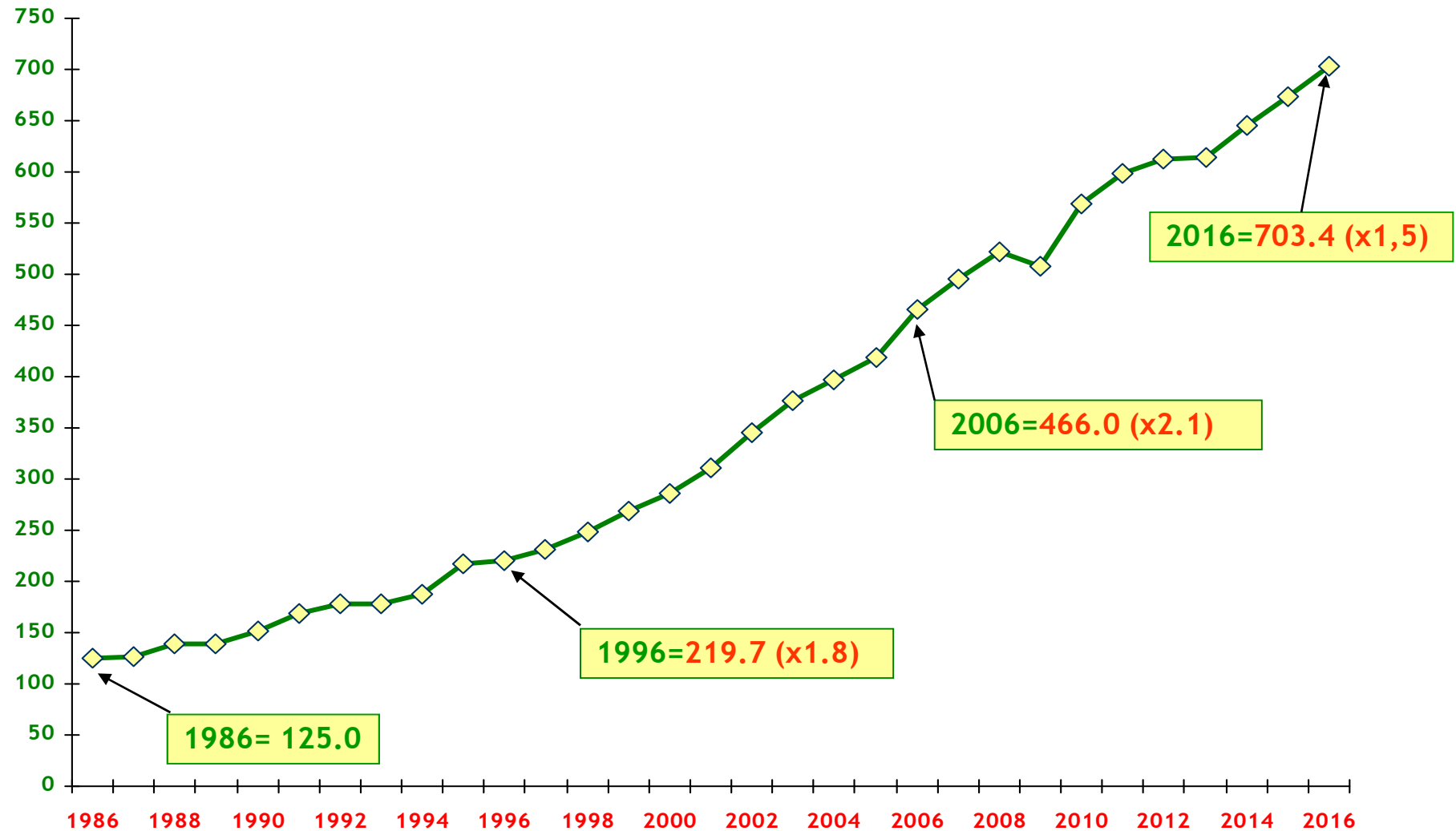


The Biotechnology Business

- 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

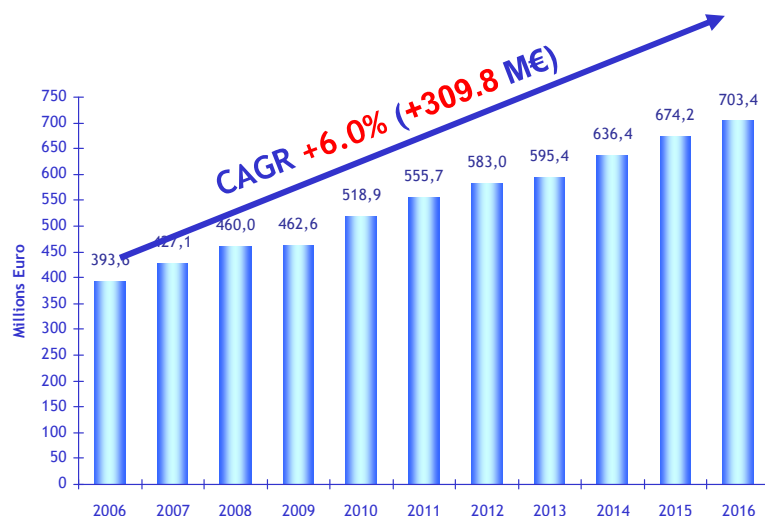


SOL Group: 30 years Deflated Turnover (1986-2016)

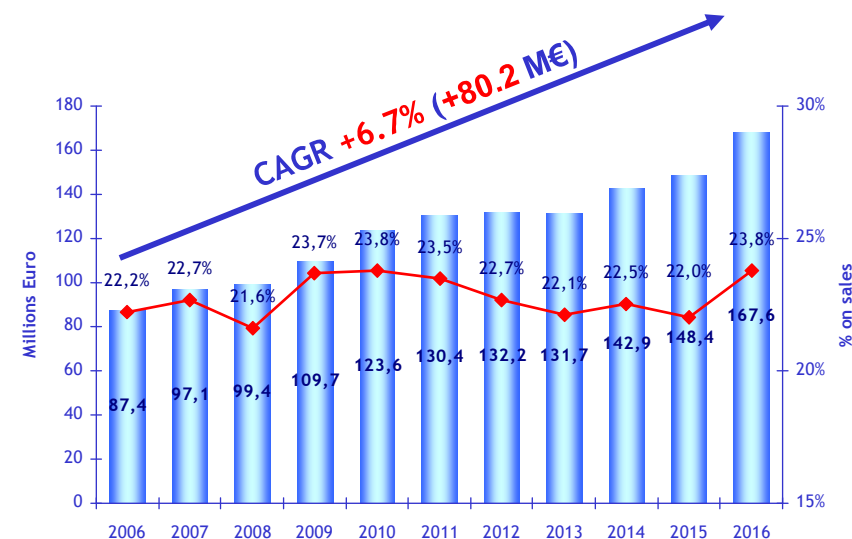


SOL Group: consolidated results (2006 – 2016)

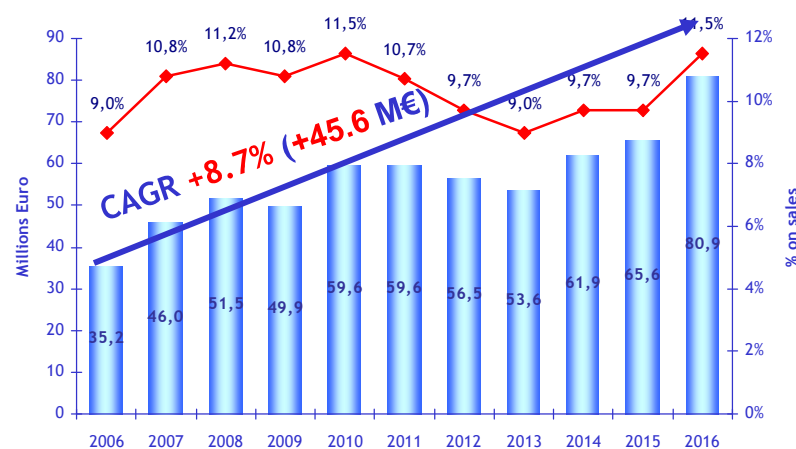
Sales



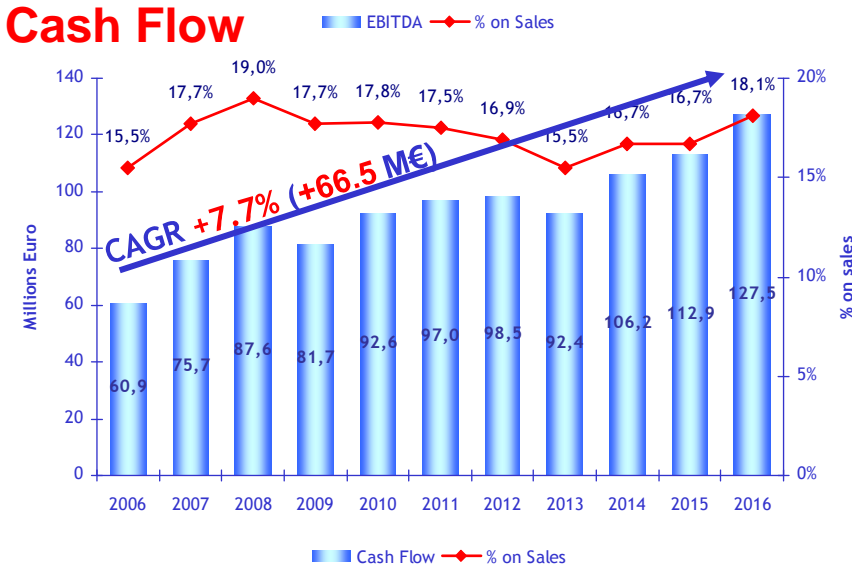
EBITDA



EBIT



Cash Flow

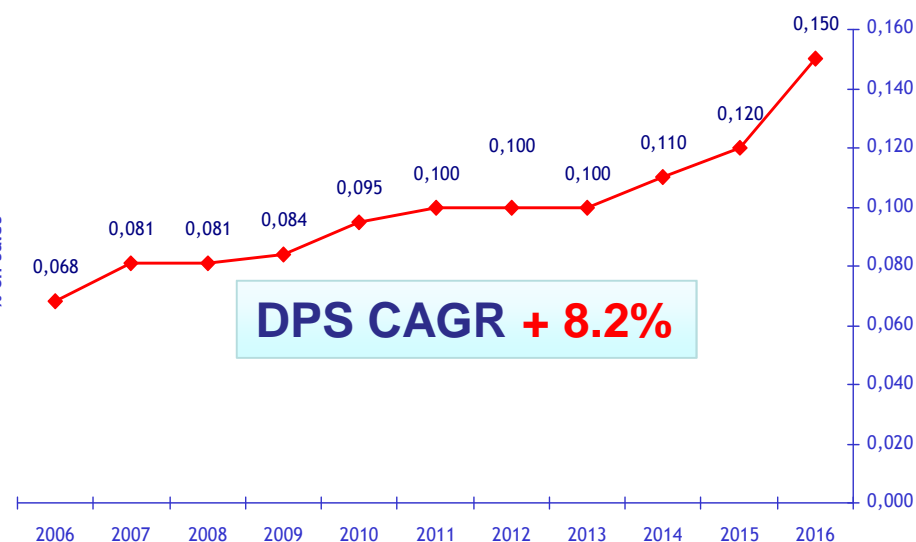


10 years net profit and dividend growth

NET PROFIT



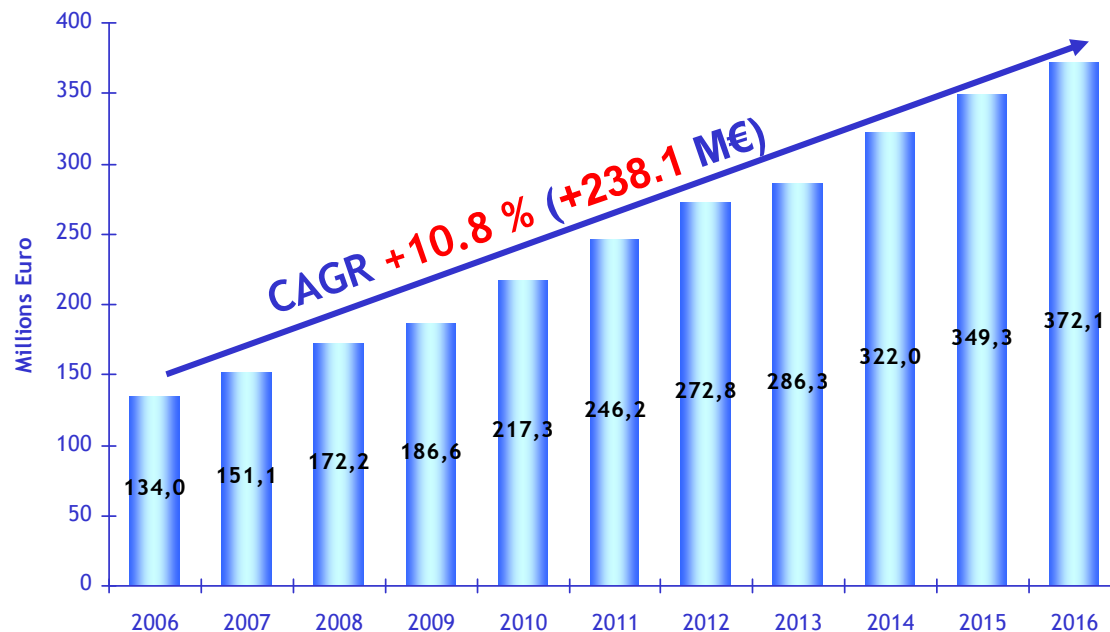
DPS - Dividend Yield



10Y AVERAGE PAY-OUT RATIO 29%

International Expansion

10 years sales outside Italy 2006-2016



(Excluded sales in India)

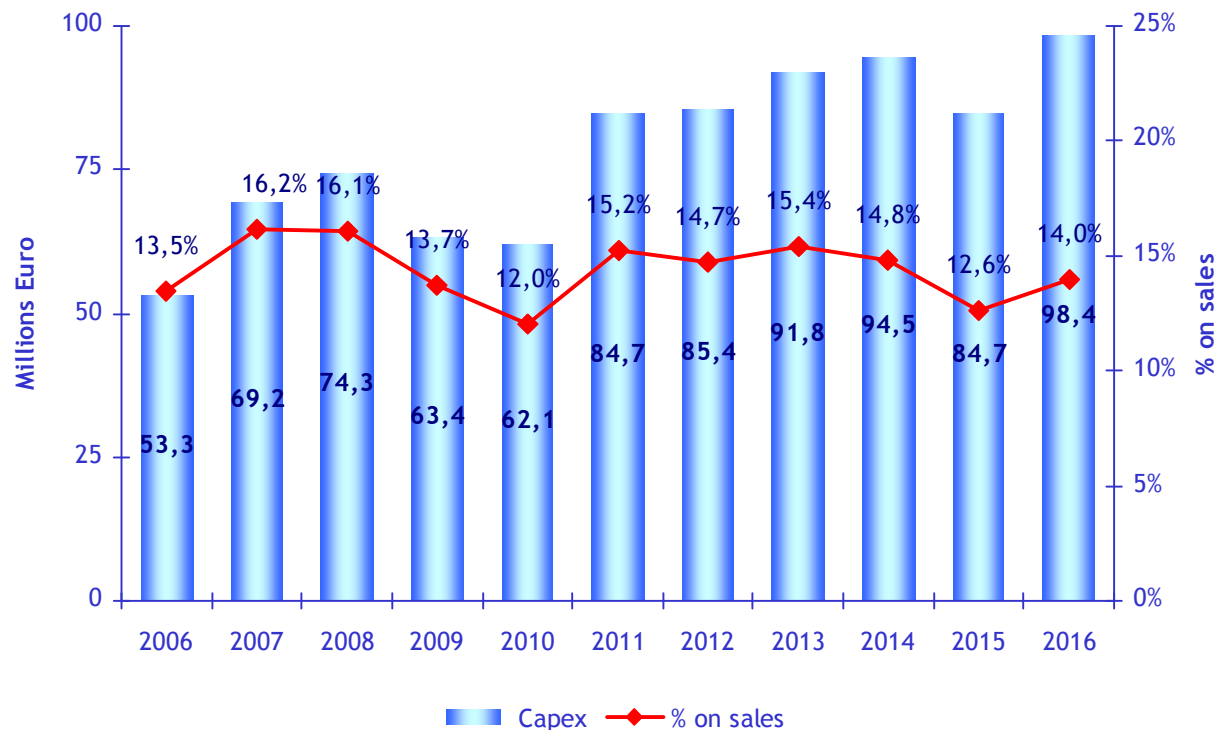
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SOL is focused on its international expansion:

- The Group started its operations in Italy where it currently has **15** primary production sites.
- In 2016 the Group is present in **28** countries.
- In 2016 the non-domestic sales exceeded the Italian sales
- **(52.9% / 47.1%)**.

Capital Expenditures (2006-2016)

10 years of investments on sales 2006-2016



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 2016 almost the **50%** 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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