

Company presentation – Full year 2017

SOLGROUP
a breath of life

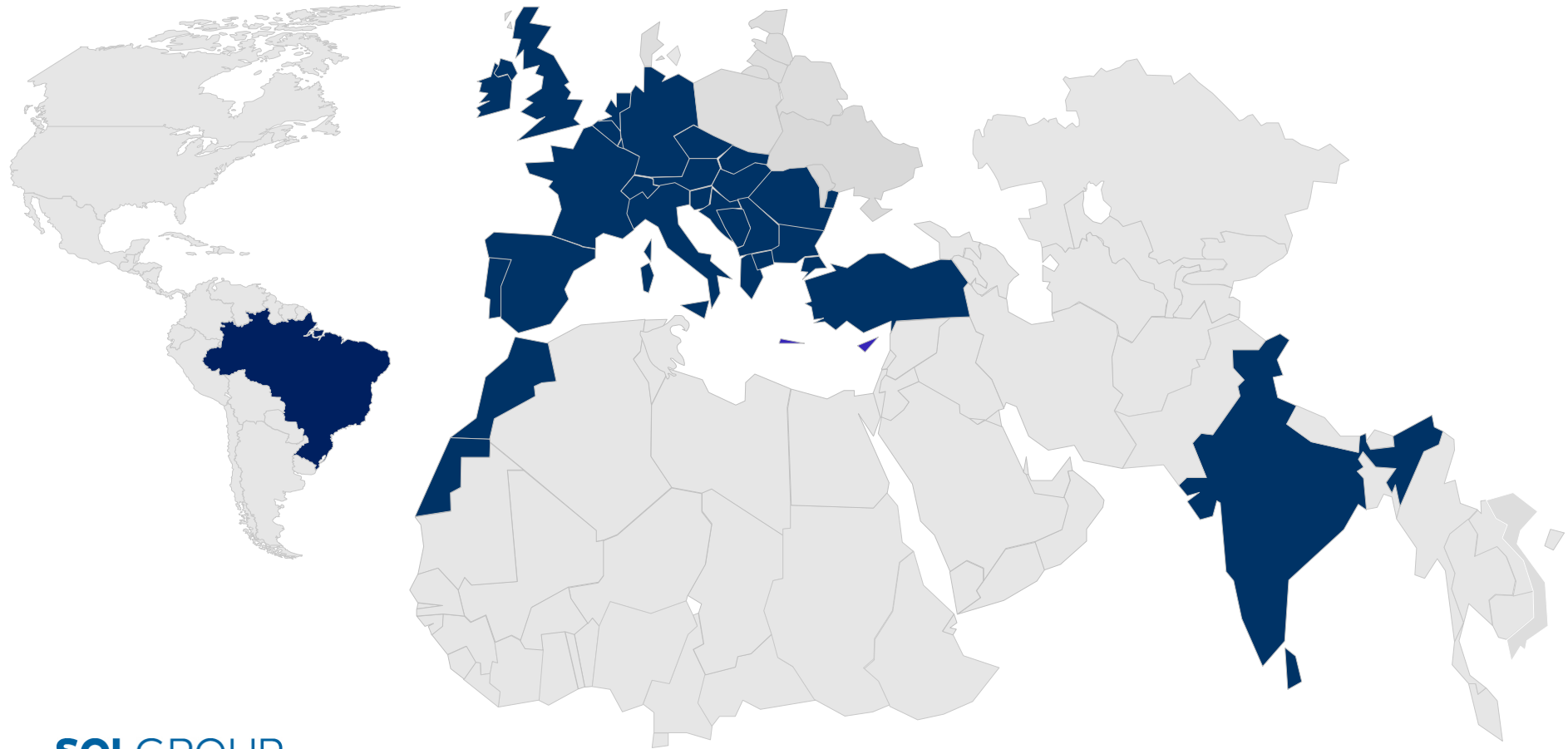


SOL Group at a glance

- Founded in **1927**, is an Italian based multinational company present in **28** countries with more of **3,500** 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 **756** millions € of Total Group revenues in FY2017 (+7.6% FY2016);
 - Over **54%** of international revenues in 2017 (vs 23.7% in 2000)
 - **5.9%** sales CAGR in the last 10 years;
 - **22.1%** of EBITDA margin in 2017;
 - **0.503** 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 **28** countries



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

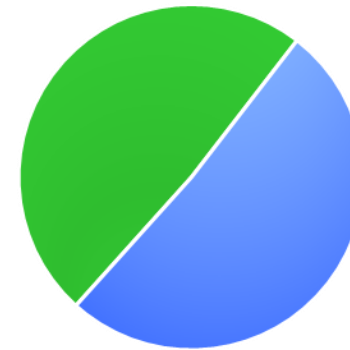
- ♦ Equipment for medical applications
- ♦ Equipment for cryogenic applications
- ♦ Deep freezing tunnels
- ♦ Oxygen burners
- ♦ Ozonisers
- ♦ Medical air plants
- ♦ On-site plants
- ♦ Welding machines and equipment

Technical Gases Business

Technical gases business (M€)	FY2017	FY2016	YoY
Sales	398	373	+ 6.8%
EBITDA	73	76	- 3.7%
EBITDA %	18.4%	20.3%	
Investments	52	57	

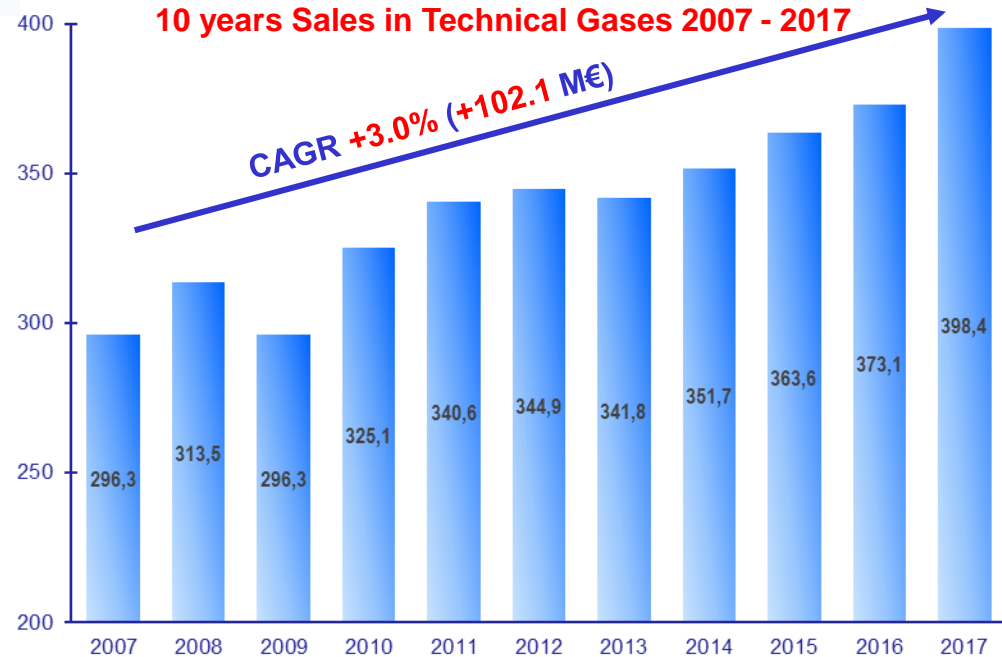
- In 2017 the division invested over the **13%** of its revenues.
- 3.0%** sales CAGR over the last 10 ys.

SOL Group 2017 Total revenues



Technical Gases
48.8%

10 years Sales in Technical Gases 2007 - 2017



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.

Resilience + Growth + Demand stability + Low risk level

Primary Production Sites (ASU, ...)



AIR SEPARATION / LIQUEFACTION - OXYGEN, NITROGEN, ARGON



HYDROGEN - H₂



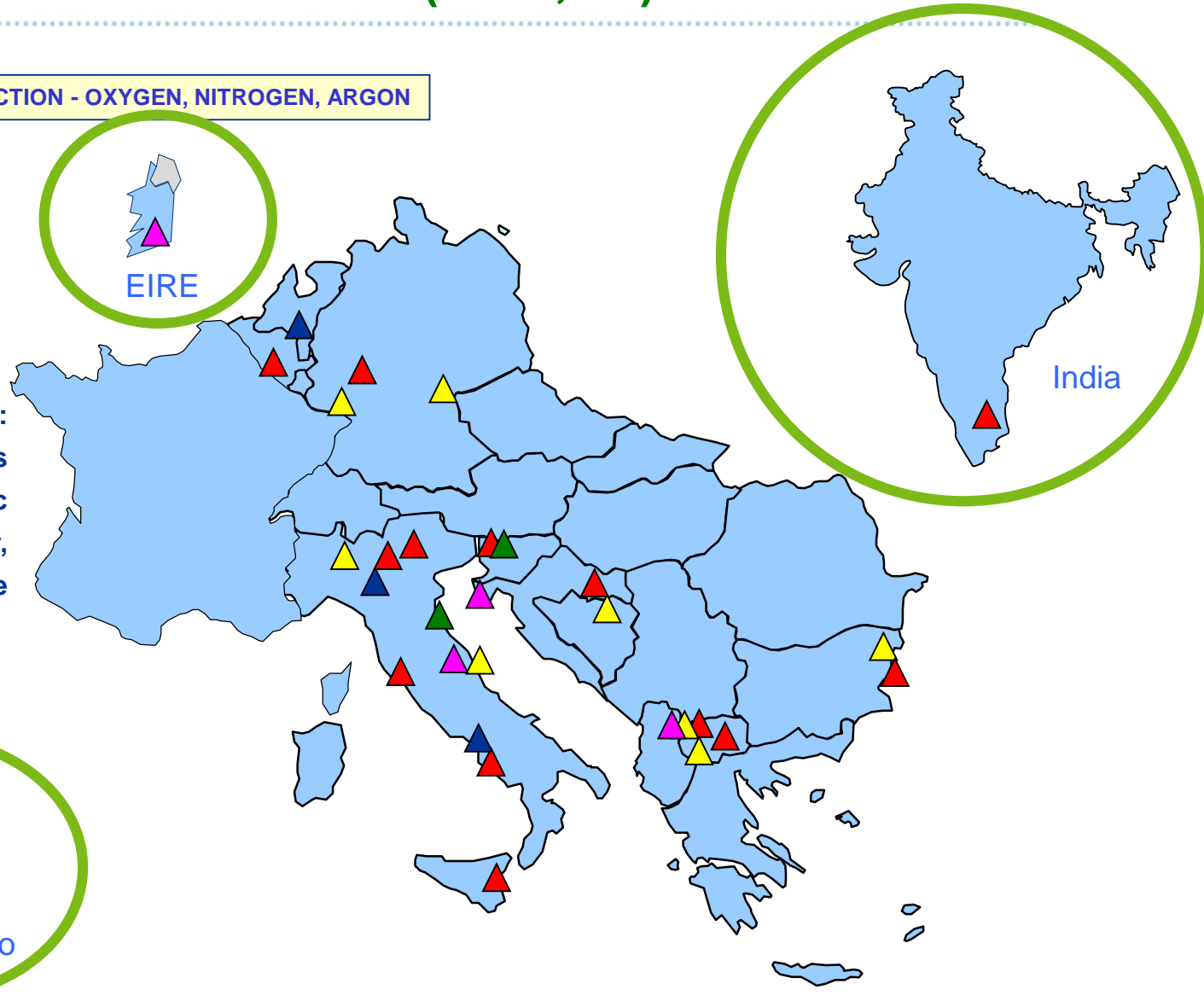
CARBON DIOXYDE - CO₂



ACETYLENE - C₂H₂



NITROUS OXYDE - N₂O



39 primary production sites:
units that produce gases
from row materials (electric
energy, atmospheric air,
natural gas, calcium carbide
and ammonium nitrate).

Max reach-in area is 400 km.

Filling Stations

- **57** 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

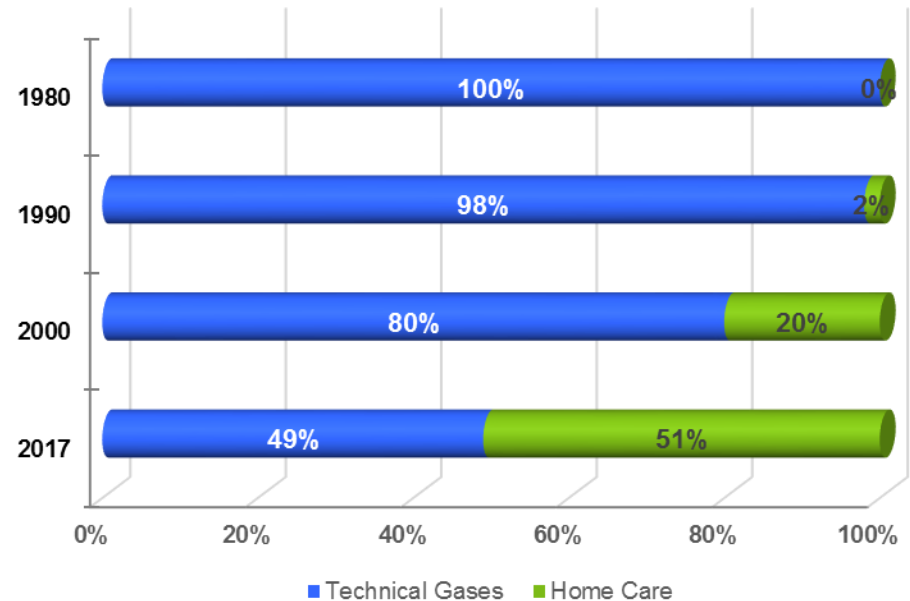
Morocco

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 **13** leading countries in Europe, in Brazil and Turkey, with over **60** offices employing over **1.800** employees and serving more than **370.000** patients daily.



The Home Care Business

Home care respiratory assistance

- 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

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

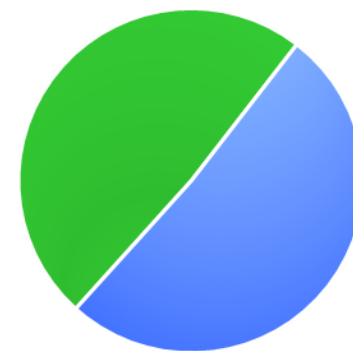
Home Care Business

Hone Care business (M€)	FY2017	FY2016	YoY
Sales	388	360	+ 7.9%
EBITDA	94	92	+ 2.6%
EBITDA %	24.2%	25.5%	
Investments	41	41	

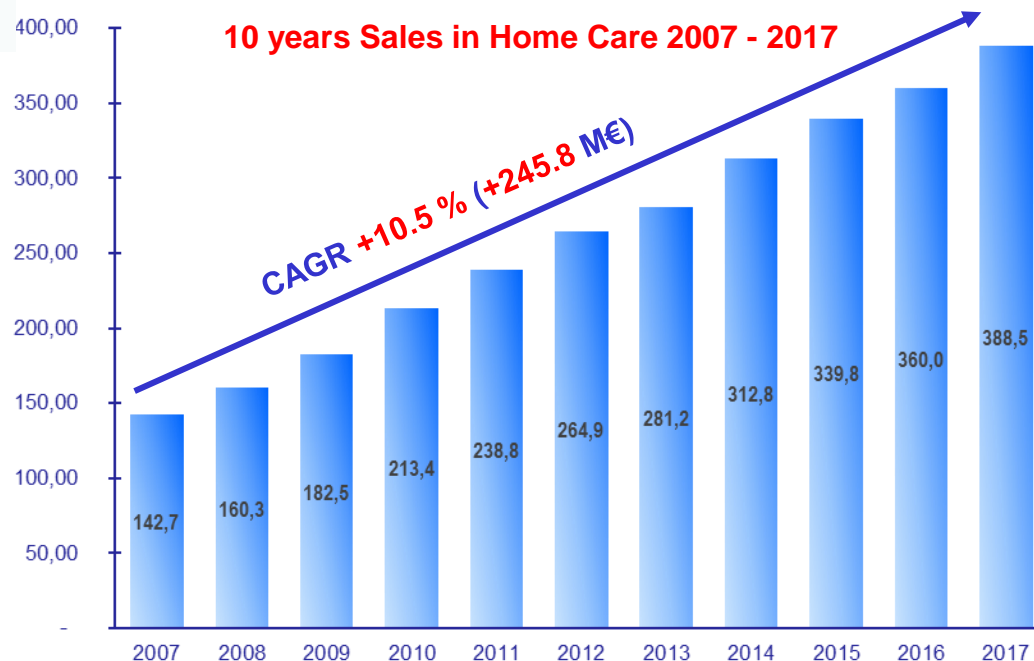
- VIVISOL was able to grow 8% in 2017, with an EBITDA margin higher than 24%.
- The Group is continuing to invest significantly in this business.

SOL Group 2017 Total revenues

Home Care
51,2%



10 years Sales in Home Care 2007 - 2017



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 13 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



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 in Bosnia (about **6** Million KWh/year).

The Biotechnology Business



BIOTECHSOL

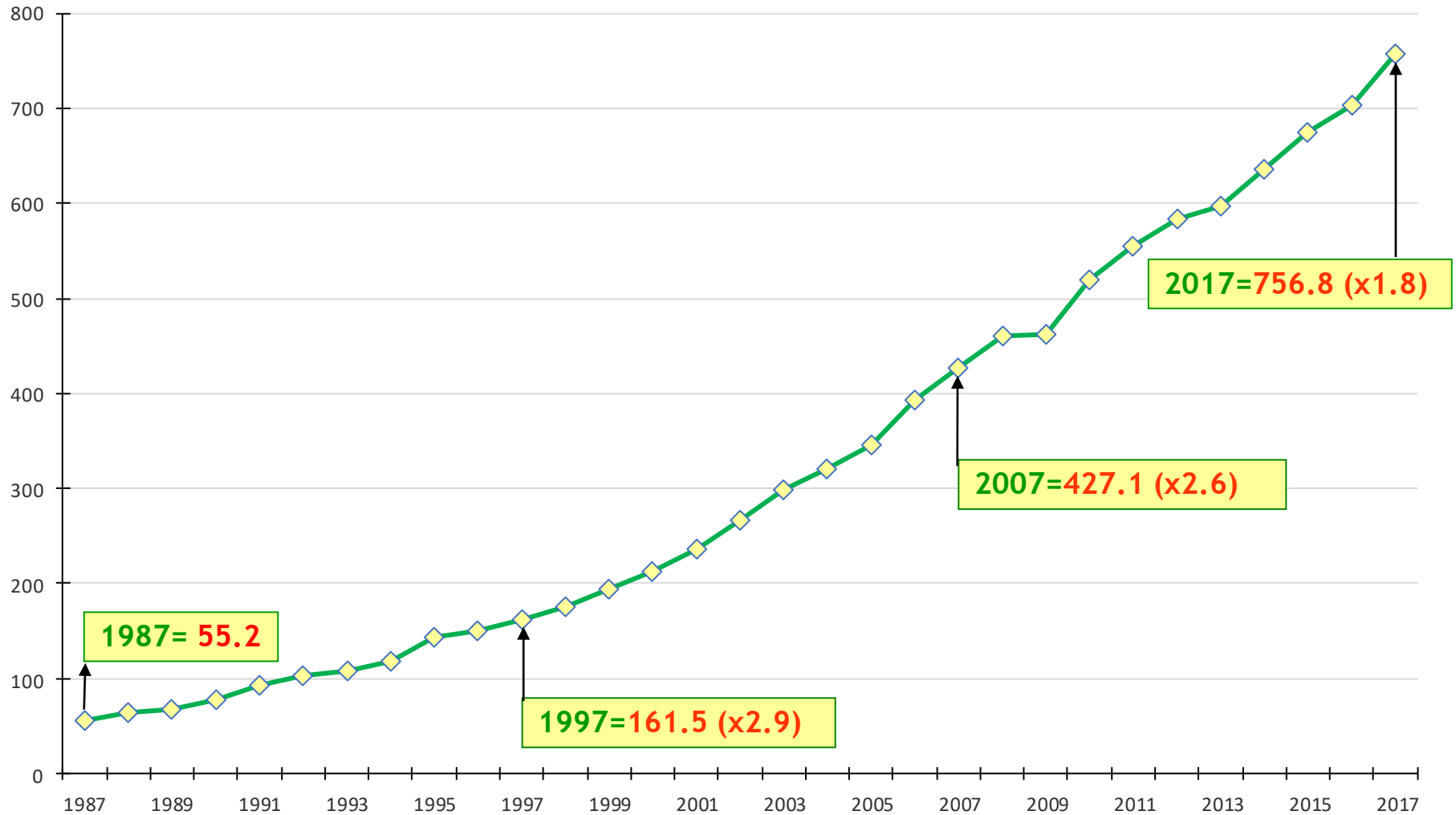


The Biotechnology Business

- 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

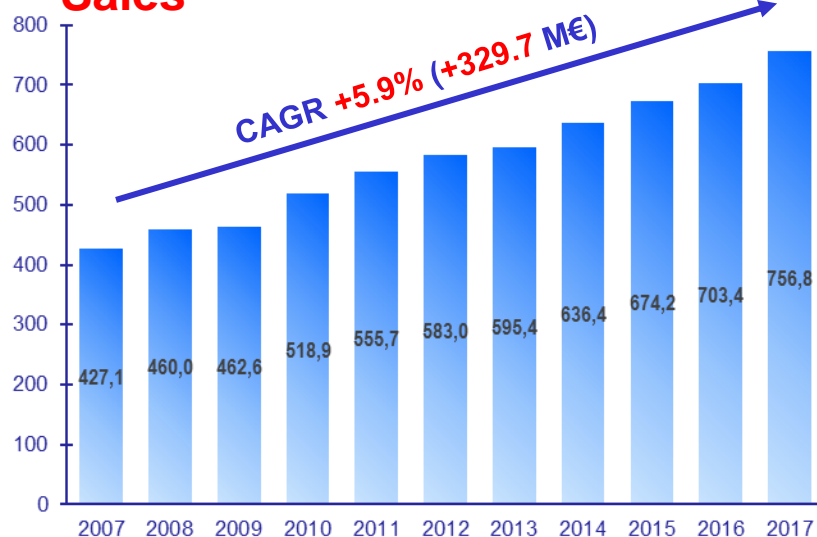


SOL Group: 30 years Turnover (1987-2017)

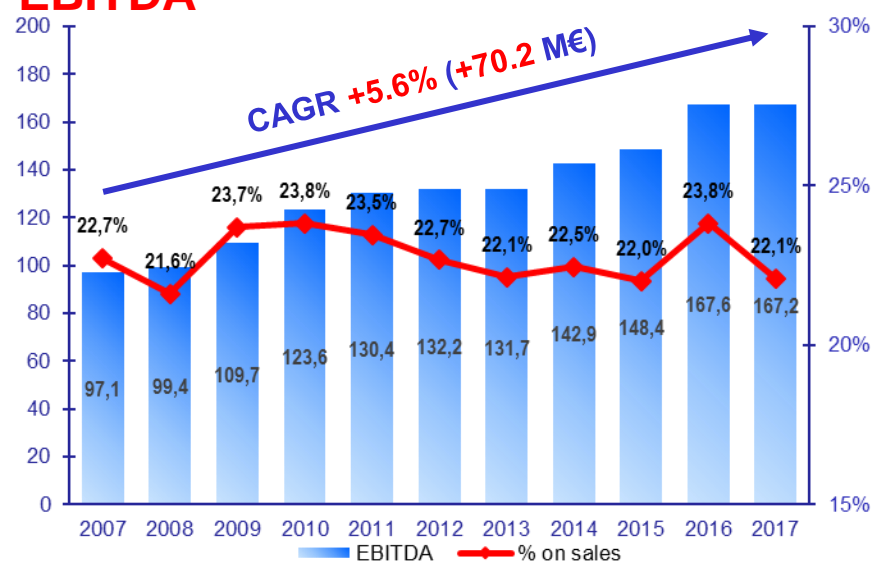


SOL Group: consolidated results (2007 – 2017)

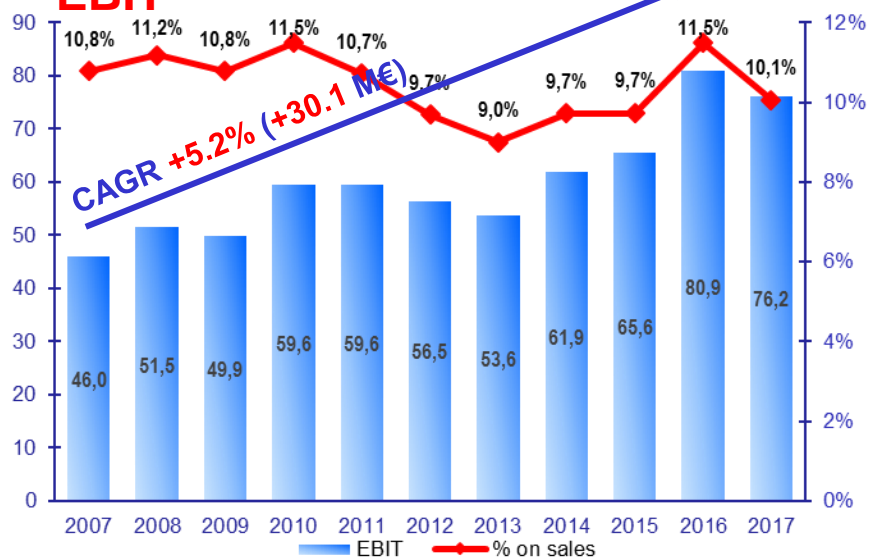
Sales



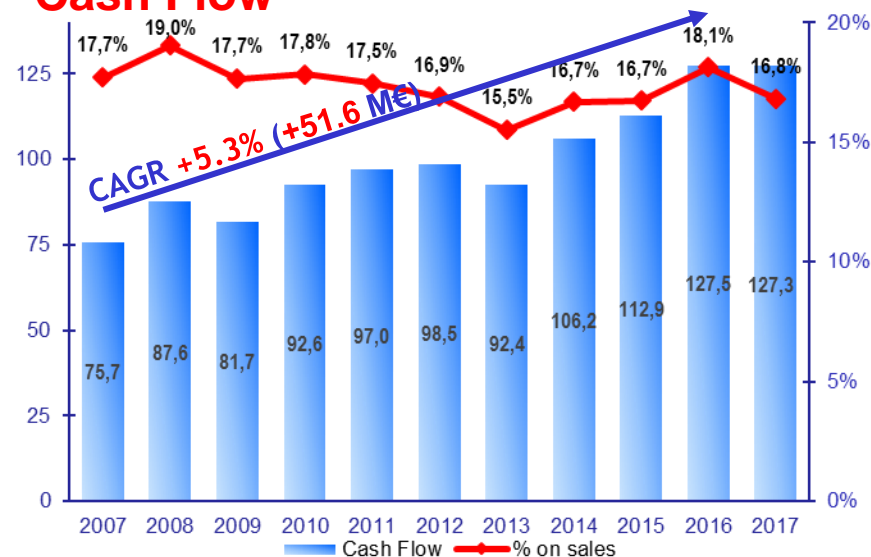
EBITDA



EBIT



Cash Flow

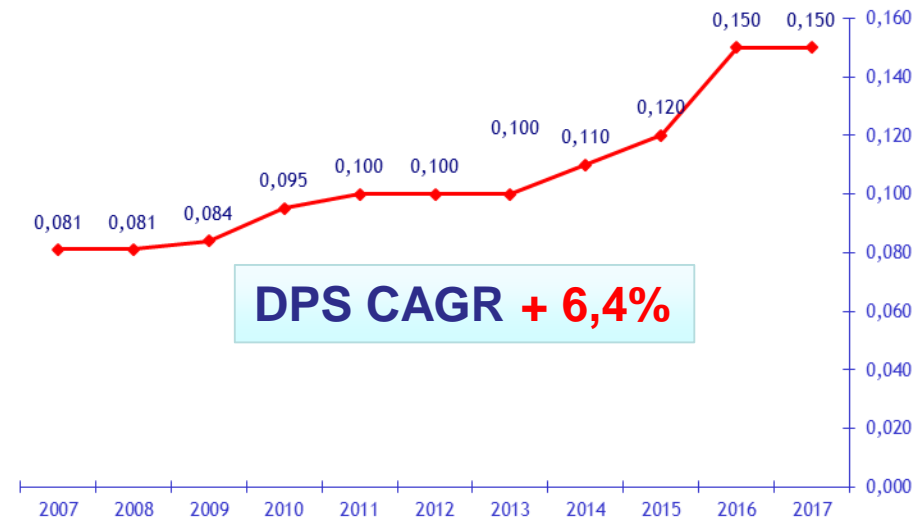


10 years net profit and dividend growth

NET PROFIT



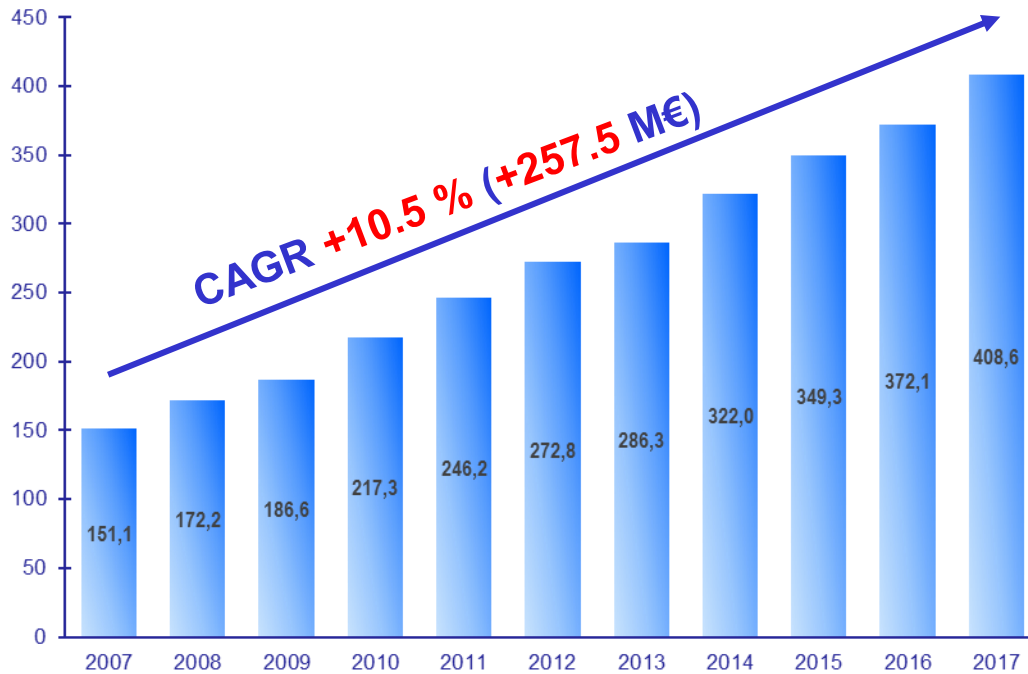
DPS - Dividend Yield



10Y AVERAGE PAY-OUT RATIO 30%

International Expansion

10 years sales outside Italy 2007-2017



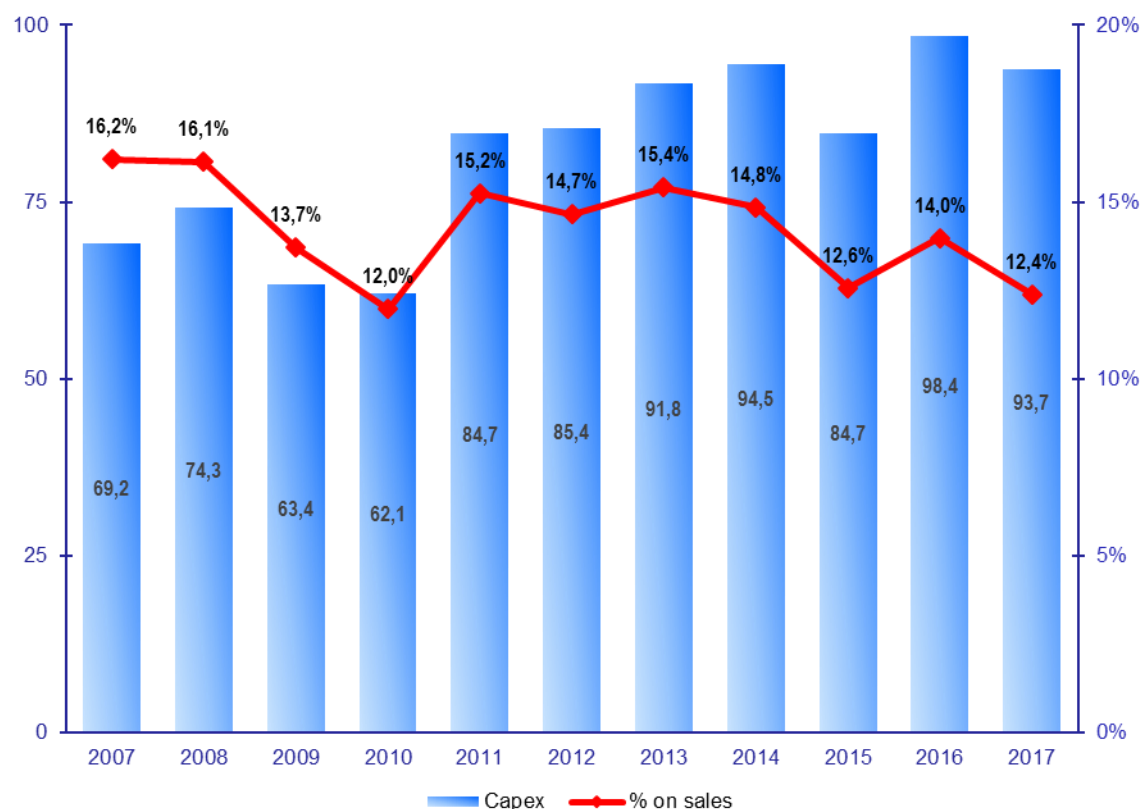
(Excluded sales in India)

SOL is focused on its international expansion:

- The Group started its operations in Italy where it currently has **15** primary production sites.
- In 2017 the Group is present in **28** countries.
- In 2017 the non-domestic sales exceeded the Italian sales
- **(54% / 46%)**.

Capital Expenditures (2007-2017)

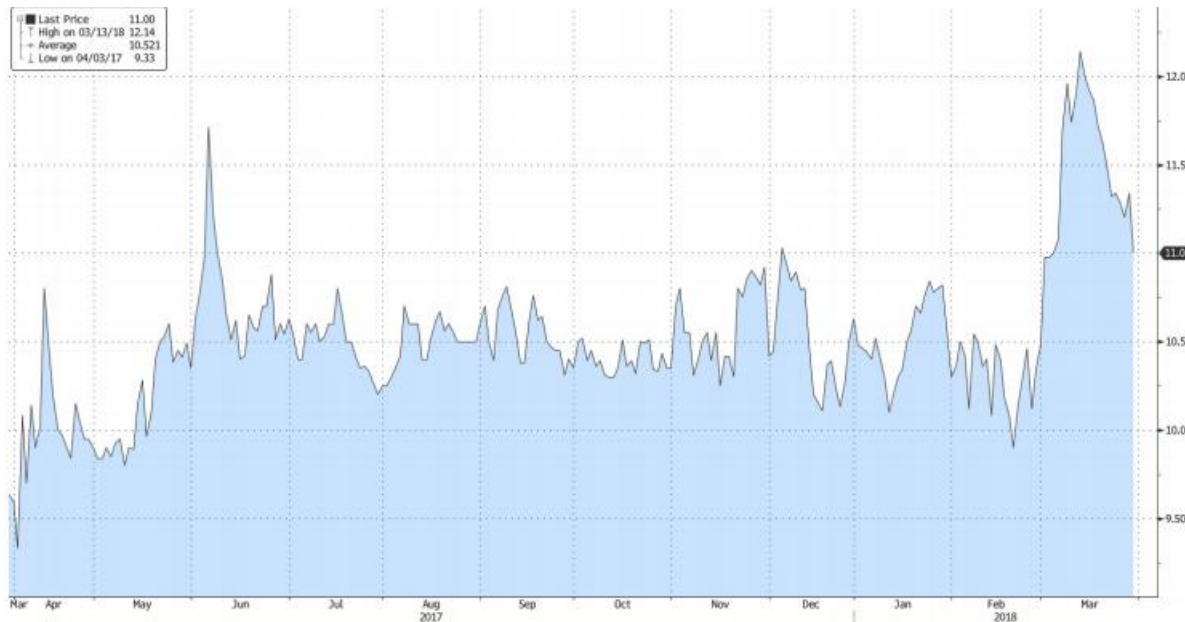
10 years of investments on sales 2007-2017



High annual investments

- The Group every year invest about **14%** of its revenues;
- The Sol business require a high level of investments for **long term** growth options;
- In 2017 almost the **60%** of the Group investments was made outside Italy.

Shareholding information and market price



Source: Bloomberg

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%
 - azValor 3,788%

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