

Company presentation

Full year 2019

SOLGROUP
a breath of life

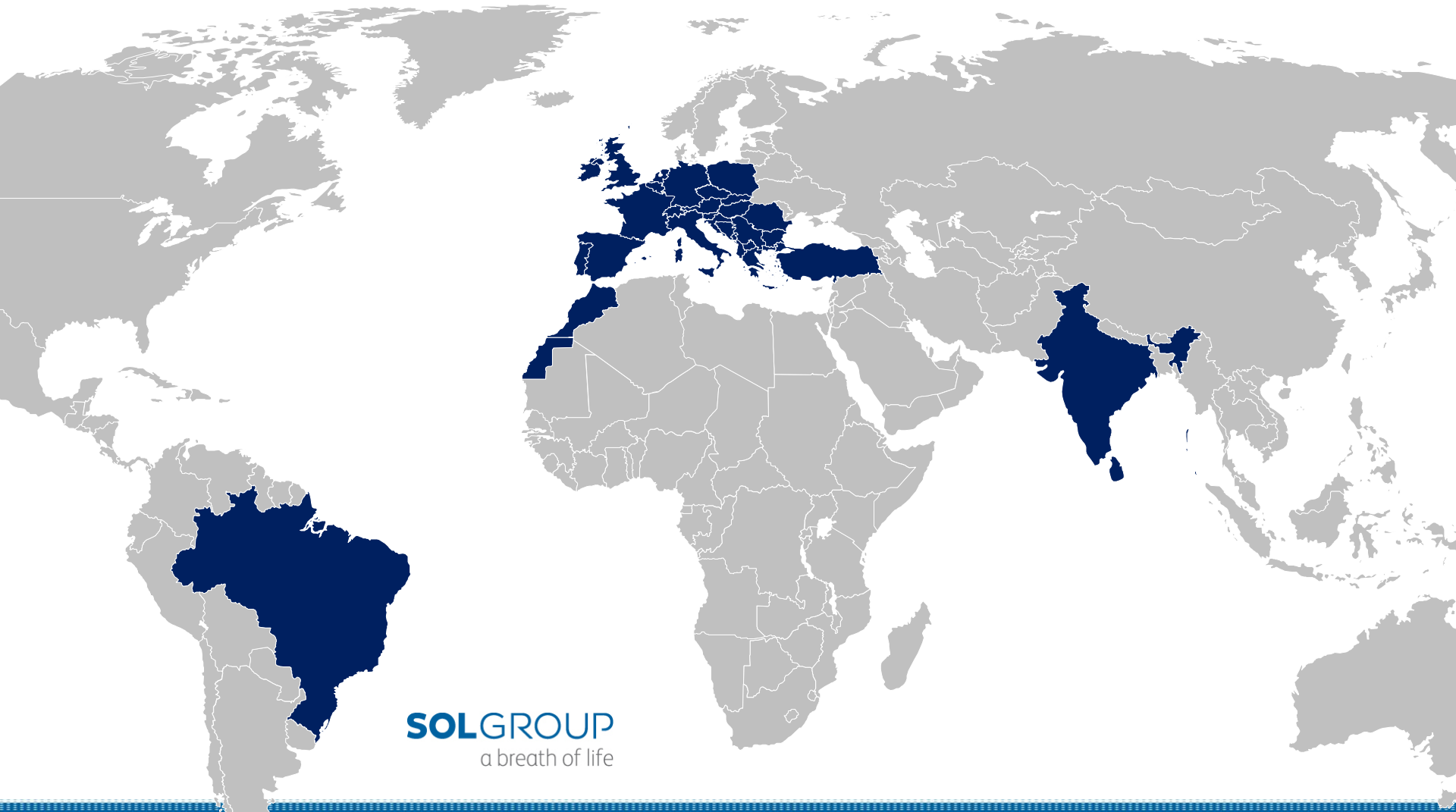


SOL Group at a glance

- Founded in **1927**, is an Italian based multinational company present in **29** countries with more of **4,400** 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 **904** millions € of Total Group revenues in FY2019 (**+8.5%** FY2018);
 - Over **56%** of international revenues in 2019 (vs **23.7%** in 2000)
 - **6.9%** sales CAGR in the last 10 years;
 - **23.4%** of EBITDA margin in 2019;
 - **0.503** of Debt/Equity ratio; **1.38** of Debt/EBITDA ratio;
 - Dividend policy: **31%** average dividend pay out ratio over the last 10 years.

SOL Group – Geographic Presence

SOL Group is present
in **29** countries



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The major Italian Chemicals Companies (2019)

(million Euro)		World sales	Italian sales	(million Euro)		World sales	Italian sales
1°	Versalis	4.119	3.110	21°	Fluorsid Group	328	193
2°	Gruppo Mapei	2.774	837	22°	Gruppo Desa	284	284
3°	Gruppo Bracco	1.199	749	23°	Novamont	269	268
4°	Radici Group	1.091	649	24°	Alfa Parf Group	244	44
5°	Gruppo SOL	904	395	25°	Reagens	233	107
6°	COIM Group	842	422	26°	Sadepan Chimica	223	157
7°	Polynt Group (*)	833	625	27°	FACI Group	221	90
8°	P & R Group	821	568	28°	Indena/Gr. IdB Holding	216	177
9°	Gruppo Intercos	712	410	29°	3V Partecip. Industriali	210	150
10°	Gruppo SIAD	700	512	30°	Gruppo Metlac	201	201
11°	Italmatch Chemicals	595	144	31°	Sabo	178	178
12°	Gruppo Colorobbia	571	210	32°	Mirato Group	167	167
13°	Gruppo Sapio	551	508	33°	Davines	163	163
14°	Gruppo Sodalis	550	331	34°	Gr. Durante/TLD Holding	158	157
15°	Gruppo Aquafil	549	182	35°	Istituto Ganassini	151	93
16°	Gruppo Lamberti	510	240	36°	Valagro	148	118
17°	Esseco Group	465	255	37°	Gruppo Silvateam	147	106
18°	FIS	463	447	38°	Gruppo Coswell	142	142
19°	Gruppo Sipcam-Oxon	455	261	39°	Renner	134	44
20°	Gruppo Zobebe	415	69	40°	Paglieri	133	133

Note: companies with majority of Italian capital; values refer to chemical sales (no pharmaceutical sales)

Source: Federchimica

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
- ♦ LNG
- ♦ Sulfur oxide - SO₂
- ♦ Nitric oxide - NO

Supply of plants, equipment, services and consultancy

Research, design, and construction of:

- Industrial gas production facilities
- Plant and equipment for gas utilization
- Services and consultancy

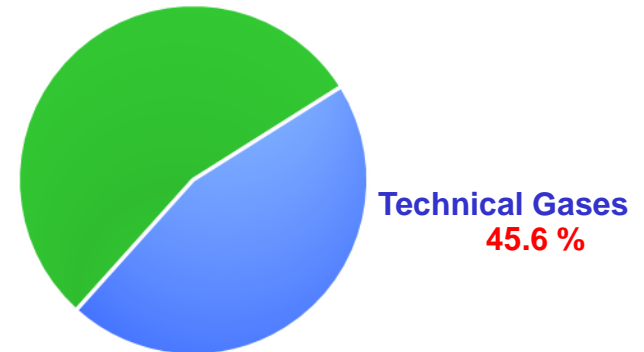
- ♦ Equipment for medical applications
- ♦ Equipment for cryogenic applications
- ♦ Deep freezing tunnels
- ♦ Oxygen burners
- ♦ Ozonisers
- ♦ Medical air plants
- ♦ On-site plants
- ♦ Welding machines and equipment

Technical Gases Business

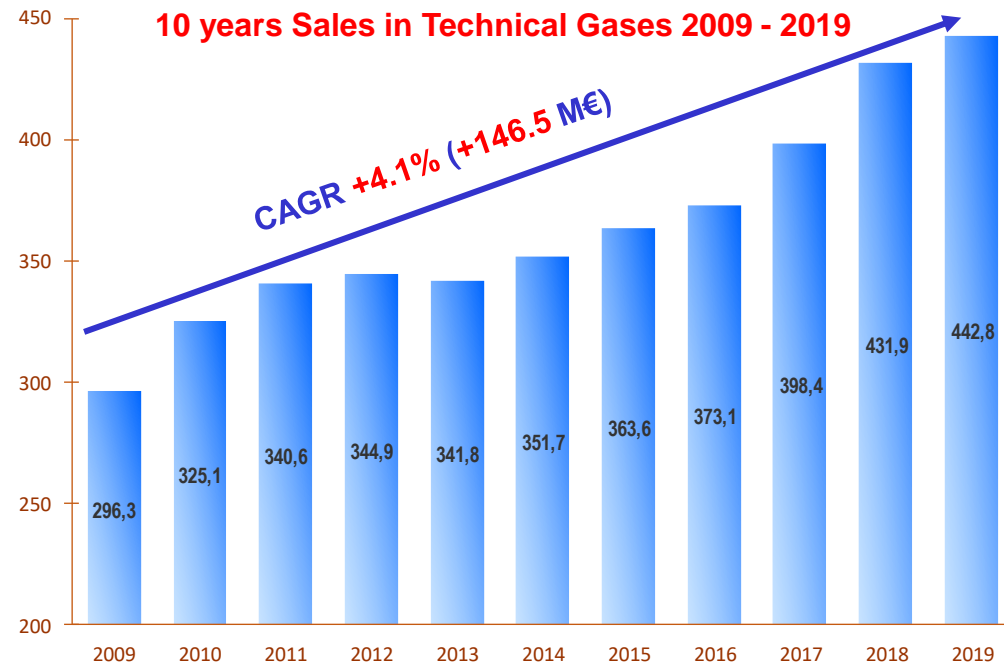
Technical gases business (M€)	FY2019	FY2018	YoY
Sales	443	432	+ 2.5%
EBITDA	77	78	- 1.6%
EBITDA %	17.3%	18.0%	- 0.7
Investments	53	55	- 4.2%

- In 2019 the division invested over the **12%** of its revenues.
- **4.1%** sales CAGR over the last 10 ys.

SOL Group 2019 Total revenues



10 years Sales in Technical Gases 2009 - 2019



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:
 - 26 countries, 38 sources and primary transformation plants, 49 secondary transformation plants.

Primary Sources & Production Sites (ASU, ...)



AIR SEPARATION / LIQUEFACTION - OXYGEN, NITROGEN, ARGON



HYDROGEN - H₂



CARBON DIOXIDE - CO₂



ACETYLENE - C₂H₂



NITROUS OXIDE - N₂O



NITRIC OXIDE - NO



SULFUR DIOXIDE - S₂O

38 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**.



EIRE



India



Morocco



SOL

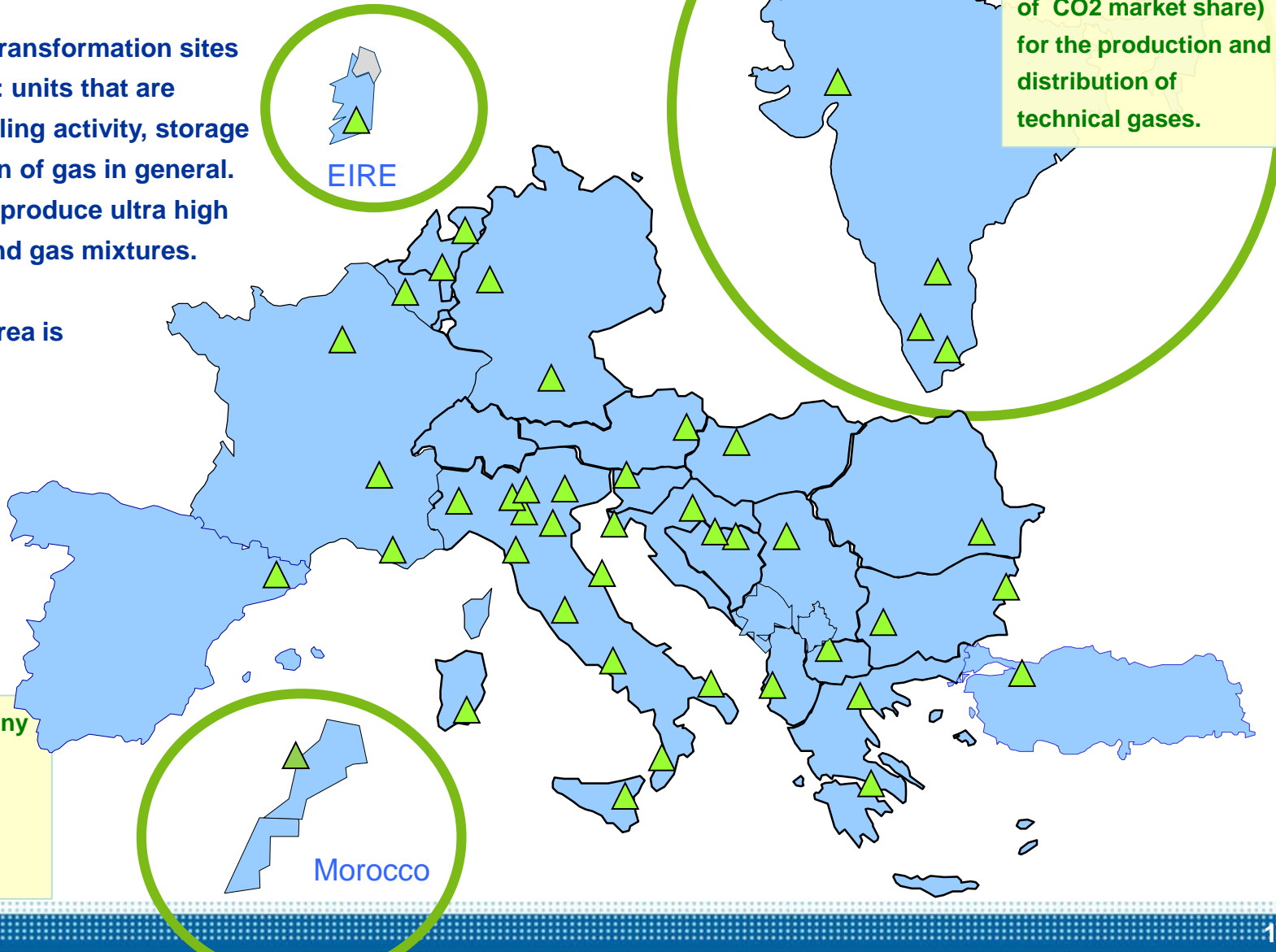
Filling Stations

- **49** 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

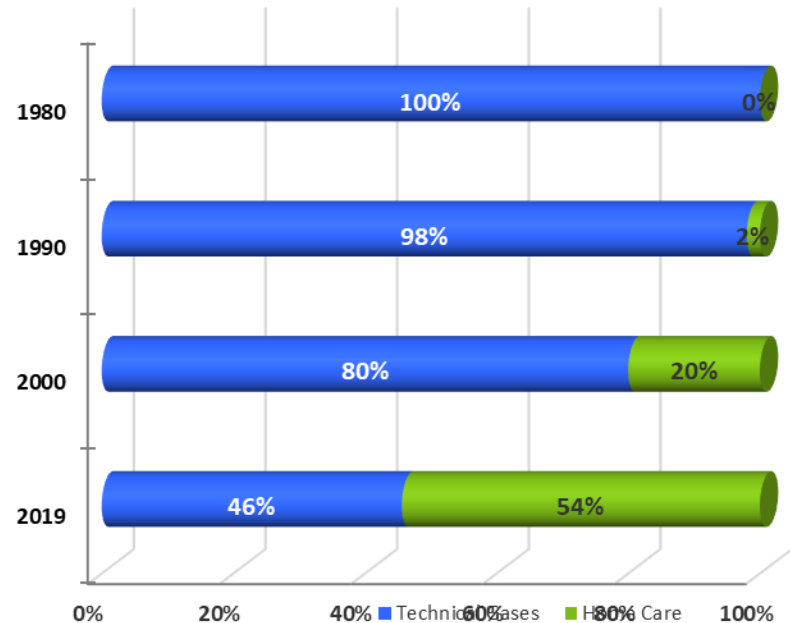


VIVISOL
Home Care Services



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 **Brazil, Turkey** and in **14** leading countries in **Europe**, with over **70** offices employing over **2.500** employees and serving more than **500.000** 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

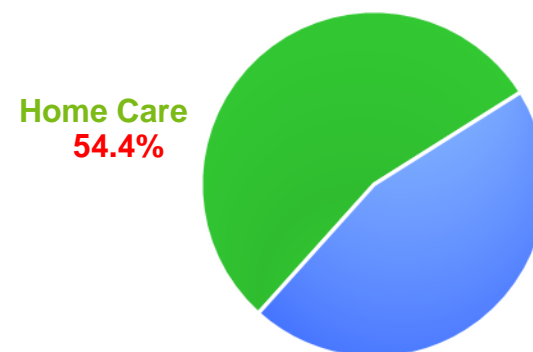
- Home care artificial nutrition
- Integrated home care services
- Remote monitoring and diagnosis of respiration conditions
- Palliative Care

Home Care Business

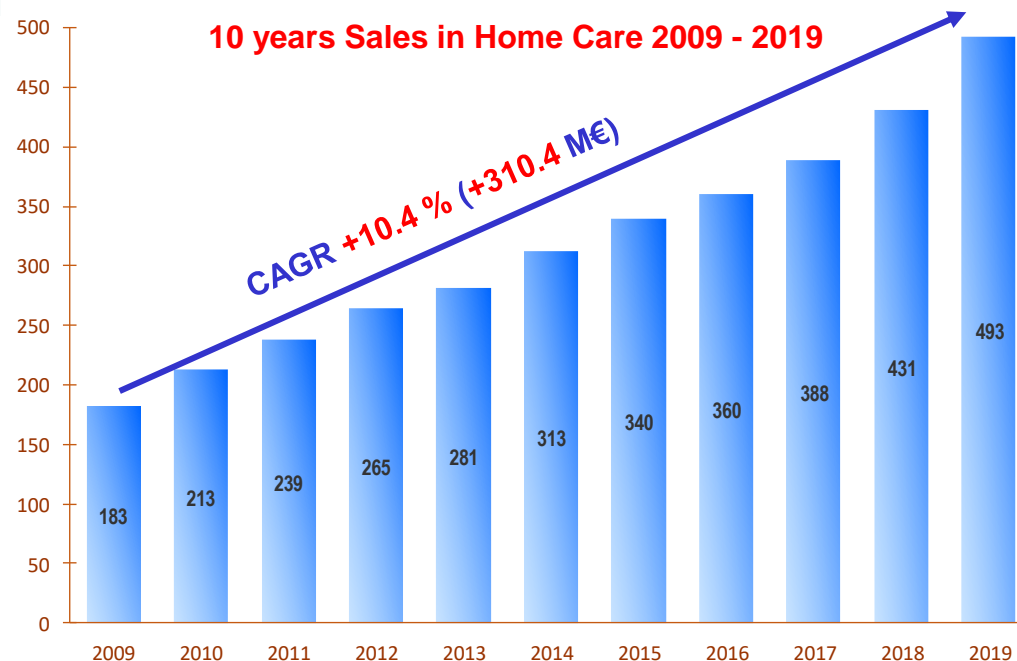
Hone Care business (M€)	FY2019	FY2018	YoY
Sales	493	431	+ 14.3%
EBITDA	135	109	+ 23.5%
EBITDA %	27.3%	25.3%	+ 2.0
Investments	50	44	+ 13.3%

- **VIVISOL** was able to grow **14,3%** in 2019, with an EBITDA margin higher than **27%.**
- The Group is continuing to invest significantly in this business.

SOL Group 2019 Total revenues



10 years Sales in Home Care 2009 - 2019



Home Care Business

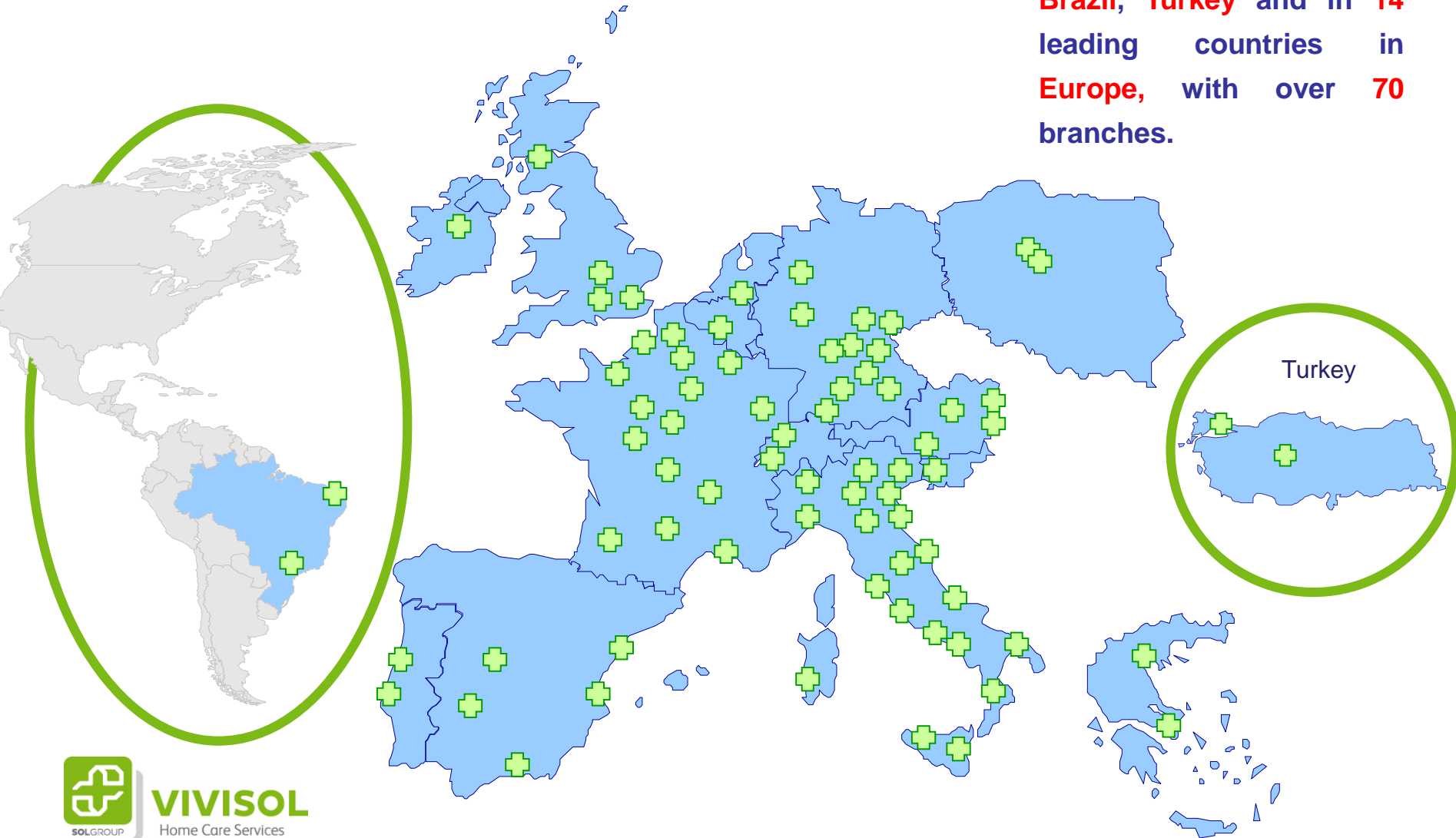


Key growth drivers:

- 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 **Brazil**, **Turkey** and in **14** leading countries in **Europe**, with over **70** branches.



Home Care Business

VIVISOL Belgium - Lessines



SOLGROUP

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).



HYDROSOL

The Biotechnology Business

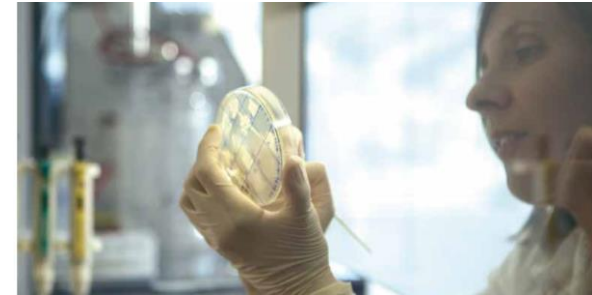


BIOTECHSOL

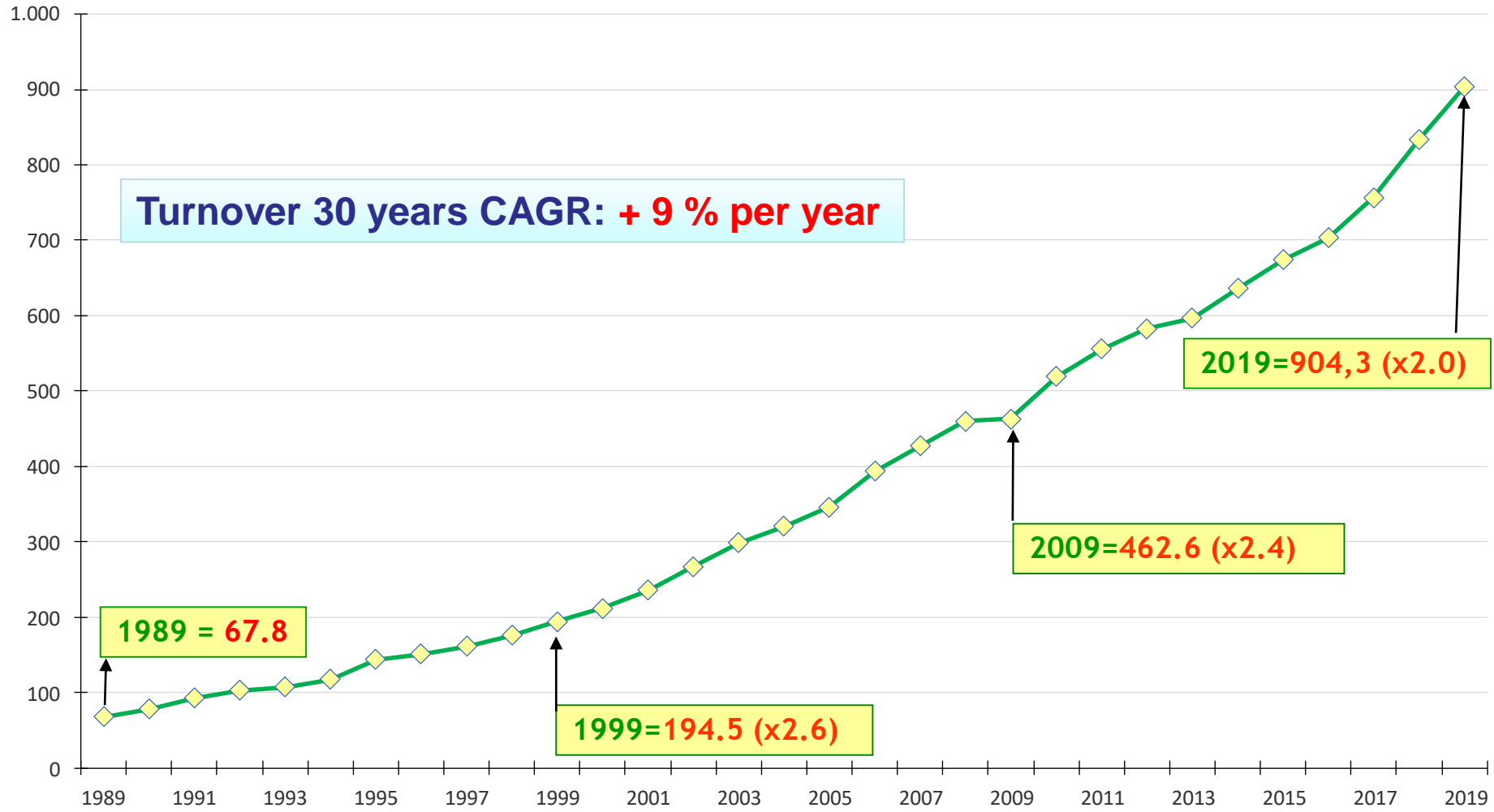


The Biotechnology Business

- SOL Group is active in supplying **biotechnological equipment and services** to hospitals, clinics and laboratories (cryobanks, cellfactories, cryomanagement, cryotransportation)
- With **BIOTECHSOL** and **CRYOLAB** is active in the area of tissue and stem cells banking and biological materials transportation.
- With **DIATHEVA** is active in drug discovery and drug delivery (recombinant monoclonal antibodies), molecular diagnostic, GMP production of recombinant proteins
- With **PERSONAL GENOMICS** is active in genetic analysis service and genetic testing research and development.

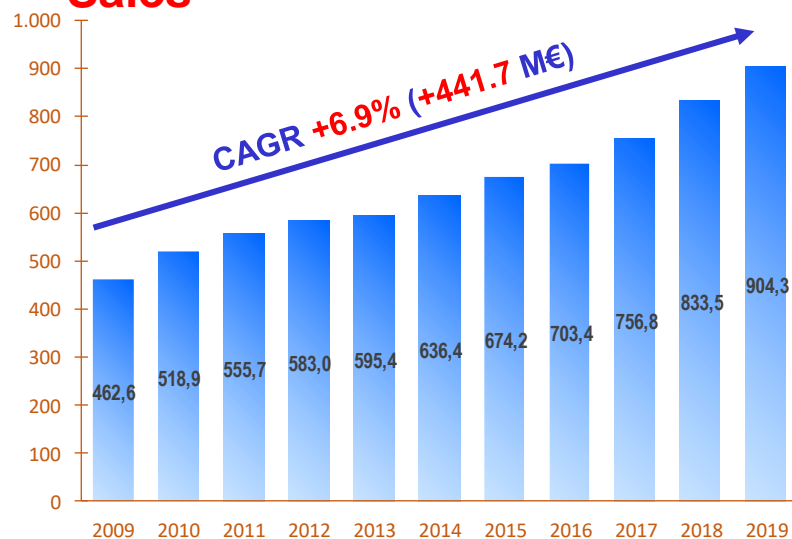


SOL Group: 30 years Turnover (1989-2019)

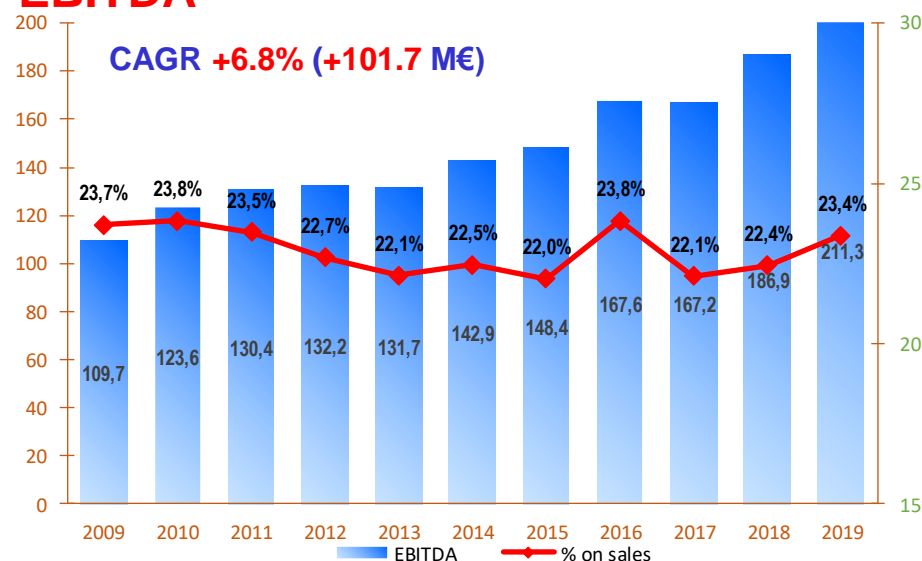


SOL Group: consolidated results (2009 – 2019)

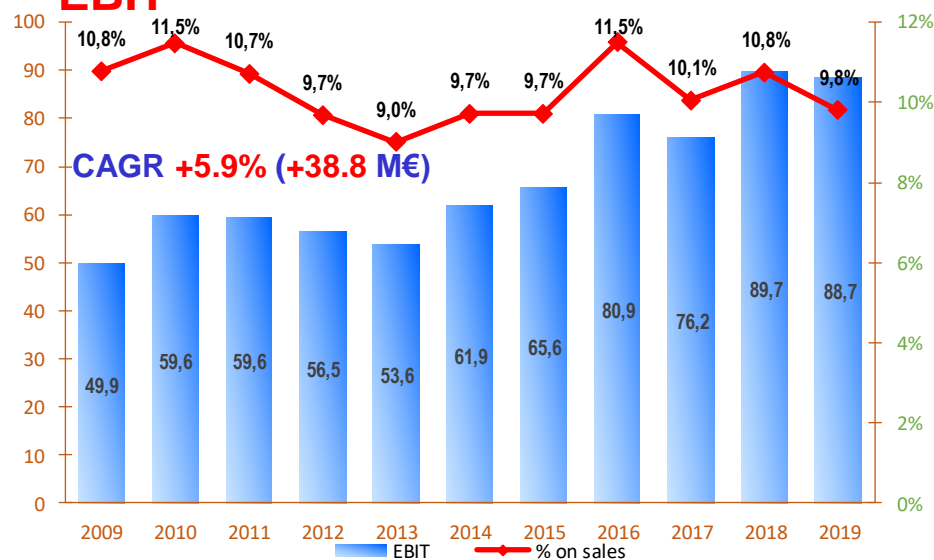
Sales



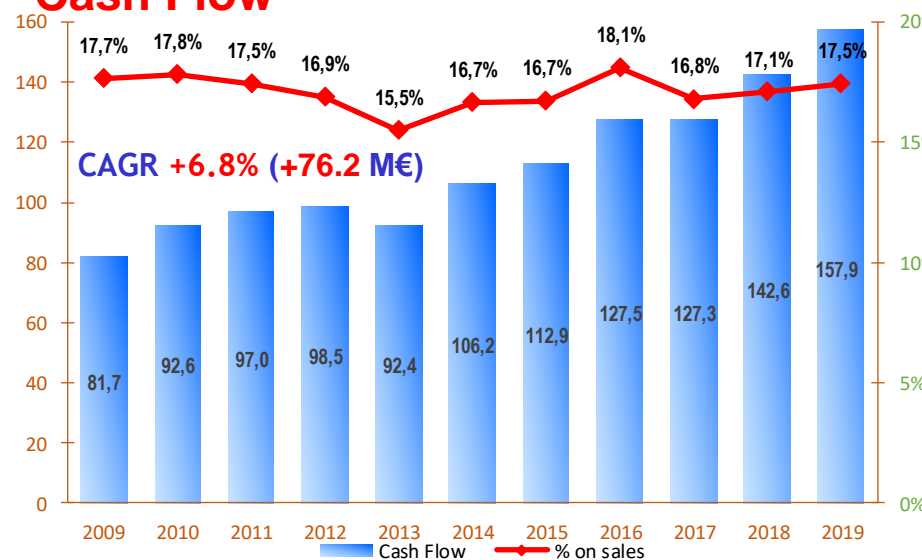
EBITDA



EBIT



Cash Flow

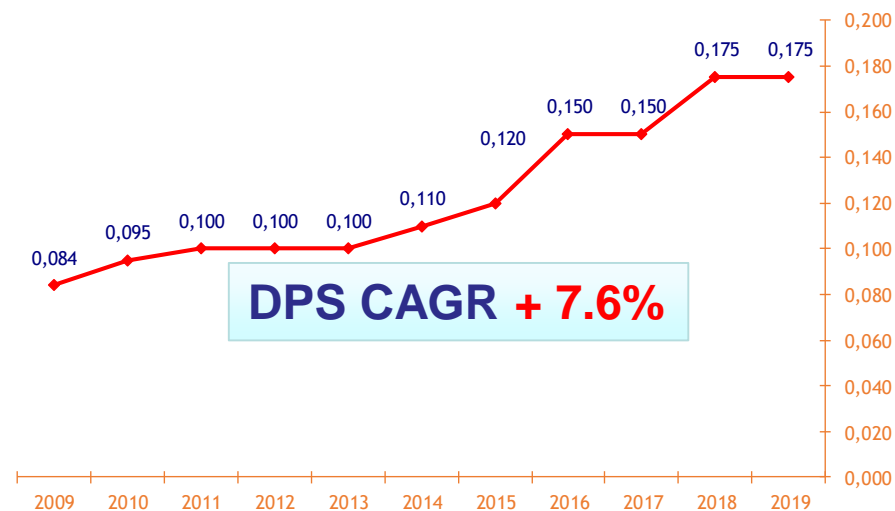


10 years net profit and dividend growth

NET PROFIT



DPS - Dividend Yield



10Y AVERAGE PAY-OUT RATIO 31%

International Expansion

10 years sales outside Italy 2009-2019



(Excluded sales in India)

SOL is focused on its international expansion:

- The Group started its operations in Italy where it currently has **13** primary production sites.
- In 2019 the Group is present in **29** countries.
- In 2019 the non-domestic sales exceeded the Italian sales (**56.3% / 43.7%**).

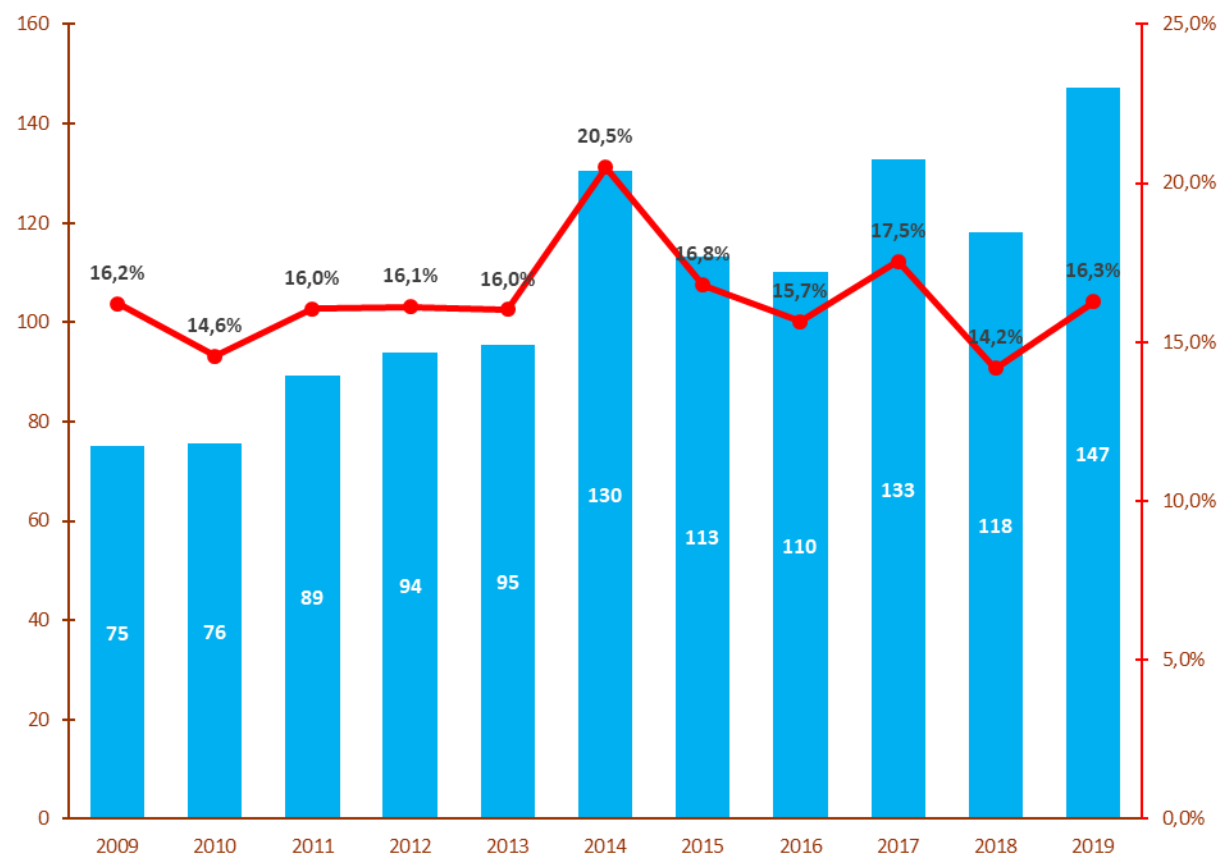
63 JV & ACQUISITION (1999-2019)

Company		Year of acquisition	Division
ABILITY TEAM	Germany	1999	Home Care
BARTOLO	Italy	1999	Technical Gases
PROMKOOP	Bulgaria	1999	Technical Gases
SOL-INA	Croatia	1999	Technical Gases
FRANCE OXYGENE	France	2000	Home Care
HGT	Greece	2000	Technical Gases
TGT	Bosnia	2001	Technical Gases
ZEUS	Greece	2001	Technical Gases
BEHRINGER	Italy	2002	Technical Gases
ENERGETIKA	Slovenia	2002	Technical Gases
HOSPITAL SERVICE	Italy	2002	Home Care
TGP	Bosnia	2002	Technical Gases
ELOMED	Germany	2003	Home Care
IL POINT	Italy	2004	Home Care
OXYMED	Germany	2004	Home Care
MEDIZIN SERVICE	Germany	2006	Home Care
MEDIZIN TECHNIK	Germany	2006	Home Care
JULIA GAS	Italy	2007	Technical Gases
RESMED	Austria	2008	Home Care
BOESCH	Germany	2009	Home Care
JLV	Spain	2009	Home Care
DOLBY	UK - Scotland	2010	Home Care
FRODITHYA	Greece	2010	Home Care
MEDES	Italy	2010	Technical Gases
OSSIGEN GAS	Italy	2010	Technical Gases
SICGILSOL	India	2010	Technical Gases
GTH	Romania	2011	Technical Gases
HYDROENERGY	Albania	2011	Technical Gases
DIATHEVA	Italy	2012	Biotech
MEDICAL SYSTEM	Italy	2012	Technical Gases
VIVISOL TK	Turkey	2012	Home Care
CTB	Germany	2014	Technical Gases

Company		Year of acquisition	Division
MBAR	France	2014	Home Care
SKS	Germany	2014	Technical Gases
TESI	Italy	2014	Technical Gases
VIVISOL ADRIA	Slovenia	2014	Home Care
CRYOLAB	Italy	2015	Biotech
FLOSIT	Morocco	2015	Technical Gases
INSPIRAR	Brazil	2015	Home Care
PIELMEIER	Germany	2015	Home Care
SEVA	India	2015	Technical Gases
SONOCARE	Potugal	2015	Home Care
IRISH OXYGEN COMPANY	Ireland	2016	Technical Gases
KOMPASS	Germany	2016	Home Care
MEL	Bosnia	2016	Technical Gases
DIRECT MEDICAL	Ireland	2017	Home Care
GEBZE GAZ	Turkey	2017	Technical Gases
PERSONAL GENOMICS	Italy	2017	Biotech
RESPITEK	Turkey	2017	Home Care
REVI	Italy	2017	Technical Gases
SITEX	Switzerland	2017	Home Care
STERIMED	Italy	2017	Technical Gases
CRYOS	Italy	2018	Technical Gases
FISIOMED	Italy	2018	Home care
MEDSEVEN	Poland	2018	Home care
PALLMED	Poland	2018	Home care
MEDTEK	Germany	2018	Home care
Wanninger	Germany	2019	Home care
PPAR	Brazil	2019	Home care
Unit Care	Brazil	2019	Home care
DN GLOBAL	Brazil	2019	Home care
GLOBAR CARE	Brazil	2019	Home care
SPITEX PERSPECTA	Switzerland	2019	Home Care

Capital Expenditures & Acquisition (2009-2019)

10 years of Capex & M&A on sales 2009-2019



High annual investments

- The Group every year invest about **16%** of its revenues;
- The Sol business require a high level of investments for **long term** growth options;
- In 2019 almost the **61%** of the Group investments in CAPEX (without M&A) 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
 - Azvalor

SOL Group

Consolidated Income Statement

(thousands Euro)

	31.12.19	31.12.18	2019/ 2018
Net turnover	904,313	833,513	+ 8.5%
Total revenues	926,858 102.5%	852,873 102.3%	+ 8.7%
Added value	416,422 46.0%	369,802 44.4%	+ 12.6%
EBITDA	211,307 23.4%	186,933 22.4%	+ 13.0%
EBIT	88,660 9.8%	89,654 10.8%	- 1.1%

SOL Group

Consolidated Income Statement

(Thousands Euro)				
	31.12.19		31.12.18	
	%		%	
Net turnover	904,313	100.0	833,513	100.0
Other revenues	8,883	1.0	7,729	0.9
Internal work capitalized	13,662	1.5	11,630	1.4
Total revenues	926,858	102.5	852,873	102.3
Raw materials	212,870	23.5	206,202	24.7
Services	272,233	30.1	247,851	29.7
Stocks	1,752	0.2	(5,240)	(0.6)
Other costs	23,580	2.6	34,258	4.1
Total costs	510,436	56.4	483,070	58.0
Added value	416,422	46.0	369,802	44.4
Labour costs	205,115	22.7	182,870	21.9
EBITDA	211,307	23.4	186,933	22.4

SOL Group

Consolidated Income Statement

(Thousands Euro)

	31.12.19		31.12.18	
	%		%	
EBITDA	211,307	23.4	186,933	22.4
Depreciation & Amortization	105,472	11.7	88,606	10.6
Other provisions	7,066	0.8	7,733	0.9
Operating income recurring	98,769	10.9	90,594	10.9
Non recurring (Income)/Charges	10,109	1.1	940	0.1
EBIT	88,660	9.8	89,654	10.8
Net financial	(8,459)	(0.9)	(8,485)	(1.0)
PBT	80,201	8.9	81,169	9.7
Taxes	27,784	3.1	27,203	3.3
Net profit from ongoing operations	52,417	5.8	53,966	6.5
Minorities	(3,079)	(0.3)	(2,086)	(0.3)
NET PROFIT	49,338	5.5	51,880	6.2
EPS	0.544		0.572	

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Consolidated Balance Sheet

(Thousands Euro)

	31.12.19	31.12.18		31.12.19	31.12.18
Assets			Liabilities		
Net fixed assets	534.1	475.4	Shareholder's equity	560.6	527.9
Other fixed assets	184.7	142.9	Minorities	19.4	18.1
Cash and liquid assets	169.3	129.3	Financial debts	400.8	331.3
Inventory	49.5	50.7	Other non current liabilities	21.9	20.6
Net receivables	280.1	280.0	Payables	108.5	107.3
Other current assets	36.7	33.8	Other current liabilities	143.3	106.9
Total assets	1,254.4	1,112.2	Total liabilities	1,254.4	1,112.2

SOL Group

Net Financial Position

(Thousands Euro)

	31.12.19	31.12.18
Cash and cash at bank	169,326	129,350
Securities	4,147	2,404
Loans - current portion	(55,327)	(53,126)
Leases - current portion	(14,338)	(549)
Due to shareholders	(2,415)	(2,000)
Other financial receivables - current portion	3,920	3,269
Other financial liabilities - current portion	(2,034)	(1,893)
Short term liquidity	103,279	77,454
Investments securities	1,055	773
Loans - long term portion	(361,937)	(325,753)
Leases - long term portion	(34,686)	(320)
Due to shareholders	(1,107)	(2,900)
Other financial receivables - long term portion	3,681	3,697
Other financial liabilities - long term portion	(2,190)	(1,500)
Medium long term debt	(395,184)	(326,002)
TOTAL NET LIQUIDITY	(291,905)	(248,548)

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