

# INVESTORS PRESENTATION

## 3Q 2022 RESULTS

30th November 2022

# Index



**BUSINESS  
UPDATE**



**CONSOLIDATED  
FINANCIALS**



**Q&A**



**APPENDIX**

**PASUBIO**



# 01. **Business Update**

**PASUBIO**

# BUSINESS UPDATE

Our leather will dress these new Luxury & Premium cars

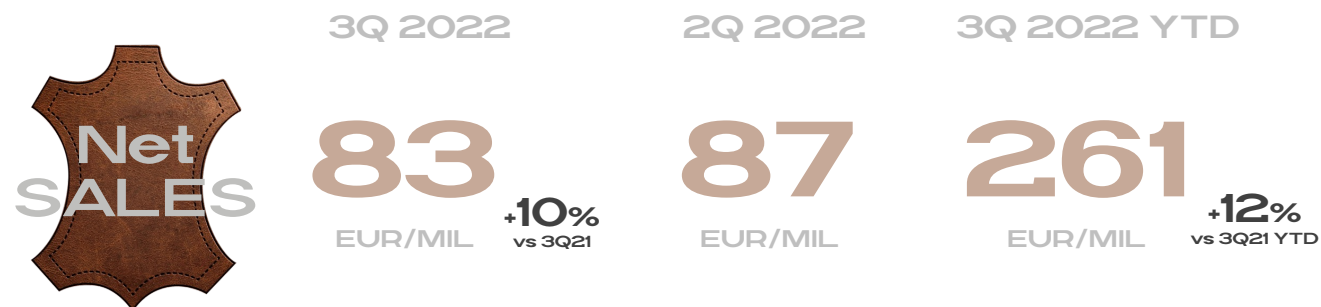




## 02. Consolidated financials

PASUBIO

# KEY FINANCIAL FIGURES



- **3Q22 vs 3Q21 +10%** net revenue mainly due to demand rebound
- **3Q22 vs 2Q22 net revenue -4%**. The european market shows a decrease of -10%, while pasubio shows only 4% contraction.
- **3Q22 YTD vs 3Q21 YTD net revenue +12%** mainly due to hewa contribution and catch-up effects from demand rebound.



- **3Q22 vs 3Q21 adjusted EBITDA -5%**, 3Q21 mainly due to inflation effect.
- **3Q22 vs 2Q22 adjusted EBITDA +7%** mainly due to the inflation pass through and the advantage from the strategic coverage of raw materials.
- **3Q22 YTD vs 3Q21 YTD adjusted EBITDA -11%** mainly due to extraordinary inflation effects on other raw materials and seasonality of hides cost in 2021



- **Total Liquidity available is €72M** (including undrawn RCF)
- The NFP remains in line with previous quarter.

Key Financial - 3Q22 LTM Pro forma revenue

# PROFORMA NET REVENUES FIGURES

**337**

EUR/MIL  
3Q22 LTM

**+4.6%**

VS PY 2021

(PROFORMA with HEWA)

3Q22 LTM  
revenue

**+4.6% vs  
PY Pro forma**  
(including Hewa)

Key Financial - 3Q22 LTM Pro forma revenue

# PROFORMA NET REVENUES FIGURES

## By Application



## By Geography



Consolidated financials

# CONSOLIDATED INCOME STATEMENT

€ million	3Q22 LTM	%rev	2Q22 LTM	%rev	1Q22 LTM	%rev	2021 FY	%rev	KEY OBSERVATIONS
Pro-Forma Net Revenue	337.0		329.2		324.4		322.2		Pro Forma Net Revenue includes 12 months of HEWA acquisition for the period shown in the table. 3Q22 LTM Revenue +4.6% vs FY 2021 revenue, thanks to a strong performance in 2022, which landed +12% to 3Q21, that showed an extraordinary rebound post Covid.
Pro-Forma EBITDA Adj.	66.0	19.6%	66.0	20.1%	66.7	20.6%	67.4	20.9%	LTM Adjusted Pro Forma EBITDA, include pro forma exercise for Hewa acquisition synergies, operational improvement cost savings and extraordinary seasonality effect coming from inventory accounting in 2021.
Pro-Forma EBITA	55.6	16.8%	56.8	17.2%	57.8	17.9%	59.0	18.3%	EBITDA margin in Q1 2022 and Q2 2022 in line with full year 2021, despite increase in cost of raw hides offset by pass-through with customers.  FY 2021 and LTM Q1/Q2/Q3 2022 margins reflect the impact of inflation on other raw materials (chemicals, energy). PF Adj EBITDA margin at LTM June 2021 was 22%.

# CONSOLIDATED CASH FLOW

€ million	9 month at September 30, 2022	9 month at September 30, 2021	3 month at September 30, 2022	3 month at June 30, 2022	3 month at March 31, 2022
Cash flow from operating activities	15.0	16.8	1.4	17.2	(3.6)
Cash flow used in investing activities	(12.2)	(24.7)	(4.2)	(0.5)	(7.5)
Cash flow used in financing activities	(1.9)	(3.0)	1.2	(15.8)	12.7
<b>Increase/(Decrease) cash and cash equivalents</b>	<b>0.9</b>	<b>(10.9)</b>	<b>(1.6)</b>	<b>0.9</b>	<b>1.5</b>

## KEY OBSERVATIONS

Operating cash flow for the 9 months ended September 30, 2022 is positive due to operational and core business performances as well as working capital release coming from higher receivables, lower payables and inventory variation (see next slide).

Operating cash flow for the 3 months ended September 30, 2022 should be higher of €3.9 due to the payments of the FRN interest related to the 3 months ended June 30, 2022 during the third quarter for a total amount paid of €7.8 related to the FRN.

Investing cash flow includes the investments on fix assets (CAPEX) which amounted to €4.2 million in 3Q22

Financing cash flow includes proceeds and repayments of RCF for regular ongoing working capital needs. The Group had drawn €22 million of RCF as of December 31, 2021 and an additional €15 million during the 3 months ending March 31, 2022. The Group repaid €15 million during the 3 months ending June 30, 2022 with reference to the first withdrawal of RCF.

# TRADE WORKING CAPITAL

€ million	As of September 30, 2022	As of June 30, 2022	As of March 31, 2022	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
Inventory	90.0	84.6	91.0	93.8	55.7	45.2
Receivables	41.9	42.8	41.9	30.1	31.0	29.1
Payables	(55.9)	(56.8)	(56.9)	(66.7)	(47.3)	(40.3)
<b>TWC</b>	<b>76.0</b>	<b>70.7</b>	<b>76.0</b>	<b>57.2</b>	<b>39.4</b>	<b>34.0</b>
Other WC Items	(12.2)	(9.4)	(5.6)	(4.6)	(3.7)	(12.8)
<b>WC</b>	<b>63.7</b>	<b>61.3</b>	<b>70.3</b>	<b>52.6</b>	<b>35.6</b>	<b>21.2</b>
as % on LTM NET REVENUE	19.5%	18.7%	21.7%	16.3%	13.5%	6.7%

## Key Observations

Similar to 1Q22 and 2Q22 inventory levels remain higher than when compared to historical periods due to coverage strategy on raw material fluctuation and covid rebound, however inventory rationalization on track based on hide market price current stability.

WC as of September 30, 2022 higher vs December 31, 2021 due to higher receivables and lower payables.

Receivables increase mainly due to higher turnover of 22 YTD vs FY21 (similar to previous year trend) and different mix of sales to customers with different payment terms.

# NET FINANCIAL POSITION

€ million	9 month at September 30, 2022	6 month at June 30, 2022	3 month at March 31, 2022	12 month at December 31, 2021
Cash and cash equivalents	(28,9)	(30,4)	(29,5)	(28,0)
Revolving Credit Facility	22,2	22,3	37,4	22,2
Senior Secured Notes	340,0	343,9	340,0	340,0
<b>Senior Secured Net Debt</b>	<b>333,4</b>	<b>335,7</b>	<b>347,9</b>	<b>334,3</b>
Unsecured other Financial Debt	21,3	19,5	23,1	23,4
<b>NFP</b>	<b>354,7</b>	<b>355,1</b>	<b>371,0</b>	<b>357,7</b>

## Key Observations

Net Financial Position reflects the current debt structure after Leather 2 acquisition of Conceria Pasubio SpA.

Revolving Credit Facility (total availability of €65 million) has been drawn to meet working capital needs. The Group had drawn € 22M as of December 31, 2021 and € 15M during the first quarter of 2022. During the second quarter 2022 the Group repaid € 15M.

Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.

Total Liquidity available is €72M (including €43M of undrawn RCF)

The Group has hedged its floating rate debt to proactively mitigate exposure to global rising rates entering into a hedging instrument which covers around 50% of its FRN nominal value for the period ending June, 2025.



## 03. Q&A

PASUBIO



## 04. **Appendix**

**PASUBIO**

# Balance Sheet

€ thousand	Notes	As of September 30, 2022	As of December 31, 2021
Goodwill	1	467.679	486.759
Intangible assets	2	23.893	25.887
Property, plant and equipment	3	56.608	56.028
Investments in associated and other companies		106	90
Other assets	4	4.353	6
<b>Non-current Assets</b>		<b>552.638</b>	<b>568.770</b>
Inventories	5	89.954	93.767
Trade receivables		41.879	30.081
Tax receivables		5.804	5.336
Deferred tax assets		1.139	1.136
Other receivables		2.705	662
Prepaid expenses and accrued income		2.279	2.940
Cash at bank and on hand		28.859	27.969
<b>Total current Assets</b>		<b>172.621</b>	<b>161.891</b>
<b>Total Assets</b>		<b>725.259</b>	<b>730.662</b>
Shareholders' equity			
Share capital		14.645	14.645
Reserve		133.460	131.387
Retained earnings		(7.806)	100
Profit/(loss) for the period		(17.534)	(9.153)
Equity attributable to the owners of the parent		122.764	136.979
Equity attributable to non-controlling interests		-	542
<b>Total Shareholders' equity</b>		<b>122.764</b>	<b>137.521</b>
Non-Current Liabilities			
Deferred tax liabilities		6.627	6.324
Provisions for employee severance indemnities		1.620	1.530
Provision for risks and charges		686	686
Bank Loan	8	23.787	26.410
Notes	6	328.477	325.979
Shareholders' loan	7	141.204	131.095
Other financial liabilities	9	2.479	2.090
<b>Non-Current Liabilities</b>		<b>504.879</b>	<b>494.114</b>
Current Liabilities			
Bank Loan	8	16.081	15.801
Notes	6	-	42
Other financial liabilities	9	2.631	2.538
Trade payables		55.872	66.657
Shareholders' loan	7	-	407
Tax payables		7.887	2.619
Social security payables		1.066	1.635
Other payables		10.957	8.162
Accrued expenses		3.121	1.166
<b>Current Liabilities</b>		<b>97.616</b>	<b>99.027</b>
<b>Total Liabilities and Shareholders' equity</b>		<b>725.259</b>	<b>730.662</b>

# Income Statements

€ thousand	Notes	9 month at September 30, 2022	9 month at September 30, 2021
Revenue	10	268.927	239.351
Other revenue and income		1.488	1.733
<b>Total revenue and other income</b>		<b>270.415</b>	<b>241.084</b>
Purchase of goods and changes in inventory	11	(141.998)	(121.278)
Cost of services		(45.854)	(41.352)
Use of third party assets		(792)	(741)
Personnel costs		(38.511)	(33.028)
Other operating costs		(505)	(561)
Capitalization in fixed assets for internal work		-	1.467
Depreciation - tangible assets		(6.569)	(5.044)
Amortization - intangible assets		(22.237)	(17.139)
Write-down of trade receivables		(10)	(399)
<b>Total operating costs</b>		<b>(256.476)</b>	<b>(218.075)</b>
<b>Operating profit / (loss)</b>		<b>13.939</b>	<b>23.009</b>
Financial income (expenses)	12	(24.378)	(4.623)
Net exchange rate gain (losses)	12	875	819
<b>Profit (Loss) before tax</b>		<b>(9.565)</b>	<b>19.206</b>
Income taxes		(7.925)	(8.788)
<b>Profit (Loss) for the period</b>		<b>(17.490)</b>	<b>10.418</b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent			10.333
Non-controlling interests			85

# Cash Flow Statement

€ thousands	9 month at September 30, 2022	9 month at September 30, 2021
<b>Cash flow from operating activities</b>		
<b>Profit (Loss) for the year</b>	<b>(17.490)</b>	<b>10.418</b>
Income Taxes	7.925	8.788
Net financial expenses	24.378	4.623
(Capital gains) Capital losses deriving from disposal assets	(101)	(71)
<b>1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal</b>	<b>14.712</b>	<b>23.757</b>
Non cash adjustments		
Depreciation and Amortization	28.806	22.182
Non-monetary adjustments that have not had a counterpart in working capital	574	-
Provisions (Uses) for contingencies	89	-
<b>Total non-monetary adjustments without effects in working capital</b>	<b>29.469</b>	<b>22.182</b>
<b>2. Cash flow from operating activities before changes in net working capital</b>	<b>44.182</b>	<b>45.939</b>
Changes in Net Working Capital		
Decrease (Increase) of inventories	3.813	(27.966)
Decrease (Increase) of trade receivables	(11.799)	394
(Decrease) Increase in trade payables	(7.517)	4.734
Decrease (Increase) in accrued income and prepaid expenses	494	237
(Decrease) Increase in accrued expenses and deferred income	1.955	(11)
Other working capital items	(1.498)	1.662
<b>Total changes in working capital</b>	<b>(14.552)</b>	<b>(20.949)</b>
<b>3. Cash flow from operating activities after changes in working capital</b>	<b>29.630</b>	<b>24.990</b>
Other Adjustments		
(Income tax paid)	(1.836)	(3.073)
(Interests paid)	(12.835)	(5.054)
(Use of provisions)	-	(18)
<b>Total other adjustments</b>	<b>(14.671)</b>	<b>(8.145)</b>
<b>Cash flow from operating activities (A)</b>	<b>14.959</b>	<b>16.845</b>

€ thousands	9 month at September 30, 2022	9 month at September 30, 2021
<b>Cash flow from investing activities</b>		
(Payments for tangible assets)	(7.166)	(8.200)
Proceeds from sale of tangible assets	113	373
(Payments for intangible assets)	(1.849)	(2.094)
(Payments for financial fixed assets)	(16)	-
Proceeds from sale of financial fixed assets	-	4
Net cash flow for the acquisition of Conceria Pasubio Group	(3.268)	-
Net cash flow for the acquisition of GD and GDI (30%)	(5)	-
Net cash used in acquisition of HEWA	-	(14.812)
<b>Cash flow from investing activities (B)</b>	<b>(12.190)</b>	<b>(24.728)</b>
<b>Cash flow from financing activities</b>		
Debt Financing		
Proceeds and repayment of short term loan	364	2.604
Proceeds of new long term loan	15.419	480
Repayment of long term loan	(17.662)	(6.095)
<b>Cash flow from financing activities (C)</b>	<b>(1.879)</b>	<b>(3.011)</b>
<b>Increase/(Decrease) cash and cash equivalents (A + B + C)</b>	<b>890</b>	<b>(10.894)</b>
<b>Cash at hand and on bank at beginning of the period</b>	<b>27.969</b>	<b>72.601</b>
<b>Cash at hand and on bank at the end of the period</b>	<b>28.859</b>	<b>61.706</b>

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A close-up photograph of a textured, light-colored surface, possibly a piece of fabric or paper. A white, curved object, resembling a piece of tape or a small pipe, is positioned diagonally across the upper left. Several dark, elongated spots are visible on the surface, particularly along the bottom edge. The overall lighting is soft and even.

# THANK YOU