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Presentation for investors 2019

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ivsgroup

INDEX

2. COMPANY OVERVIEW- IVS AT A GLANCE
3. COMPANY OFFICERS
4. GROUP STRUCTURE
5. HIGHLIGHTS
6. KPI 1H 2019
7. KEY MESSAGES
8. SIGNIFICANT EVENTS OF 2019
9. CONSOLIDATED INCOME STATEMENT
10. EXPLANATION OF VARIATION AND ADJUSTMENTS
11. CGU PERFORMANCE
12. VENDING PERFORMANCE 1H 2019
13. COIN DIVISION PERFORMANCE 1H 2019
14. CoffeecAPP AND MONEYNET
15. M&A
16. SALES
17. CAPEX
18. NET FINANCIAL POSITION
19. CASH FLOW STATEMENT
20. DISCLAIMER

COMPANY OVERVIEW // IVS at a glance

IVS Group S.A. **is the market leader in the Italian vending machine operators' sector** (~15% Italian market share in value; ~12% in volumes), and **the only player with a nationwide presence**. **Second largest vending player in Europe** (and the only public listed vending company).

Owned by its active managers and founding shareholders, which control the majority of the shares, while the rest is owned by the market (free float).

Recognized **leader in vending industry** innovation and management. A **solid base for growth**

Leadership position
in a highly fragmented European and Italian market (>10,000 players)

Diversified customer portfolio (contract renewal rates in excess of 95%)

Pricing power track record:
Best in class logistic and operations

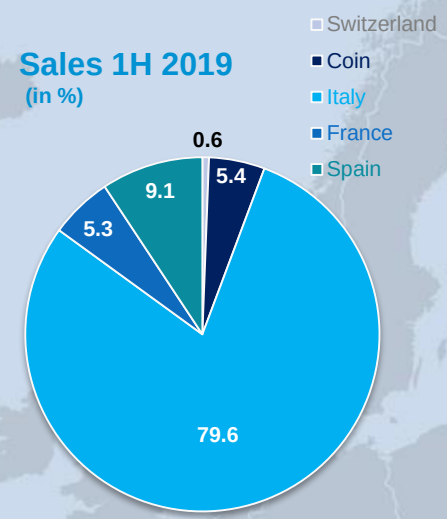
Proven success in the integration
of >175 bolt-on acquisitions since 2007

Well-regarded management team
with strong industry experience

Relatively
stable sector and high entry barriers

Over **2,930 employees**, 82 branches in Italy, Spain, France and Switzerland of which 9 Coinservice Division (Italian leader in coins management)

Sales 1H 2019
(in %)



Over **830 milion vends** per year in 2018

n.202K Vending Machines installed (ca. 130K Automatic ca. 72K OCS)

Continuous investments in new services and models of Vending Machines

Value of European vending market: c.a. 10-12 billion, with > 10,000 players (mostly very small and family owned)

Worldwide **leader** in vending technologies and contact payments

COMPANY OFFICERS

Our Board

Board of Directors

Paolo Covre
Chairman

- **Massimo Paravisi** — Chief Executive Officer (co-CEO)
- **Antonio Tartaro** — Chief Executive Officer (co-CEO)
- **Vito Alfonso Gamberale** — Vice Chairman
- **Adriana Cerea** — Director
- **Monica Cerea** — Director
- **Maurizio Traglio** — Non-executive director
- **Mariella Trapletti** — Non-executive director
- **Raffaele Agrusti** — Independent non-executive director
- **Luigi De Puppi** — Independent non-executive director
- **Carlo Salvatori** — Independent non-executive director

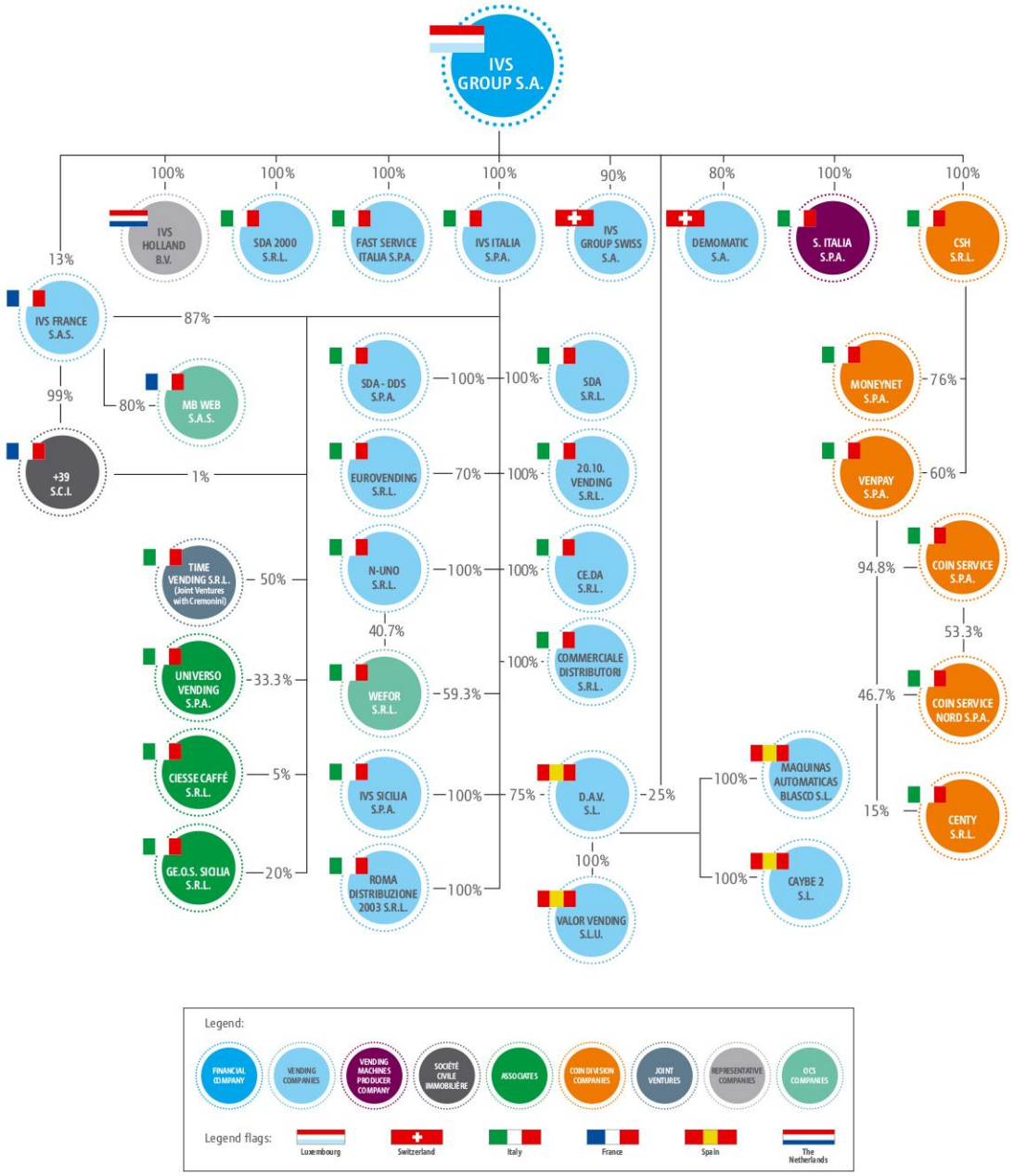
Relevant Managers

Alessandro Moro
Chief Financial Officer (CFO)

Independent Auditors

Ernst & Young S.A.
Luxembourg

GROUP STRUCTURE



HIGHLIGHTS

1H2019

Average Price +1.5%

(€ cents)

2019	2018
47.6	46.9

Vending Machines

~201.8K

35.6% Office Coffee System (OCS)

64.4% Automatic Vending Machines (AVMs)

Vending Sales / Business Day +6.0%

(€000)

2019	2018
1,742.0	1,643.5

Branches

Italy / France / Spain / Swiss

82

Employees +6.0%

2019	2018
2,931	2,766

Acquisitions

2019	2018
+6	+5

Vends +3.7%

(million)

2019	2018
444.4	428.7

Revenues from Acquisitions

(€000)

2019	2018
7,922	2,372

KPI 1H 2019

+11.2% (*+0.02% ex IFRS16*)
EBITDA ADJUSTED per Working Day
(€ thousands)

2019	2018
456.9	**408.6**

(408.7 ex IFRS16)

+10.2% (*-0.9% ex IFRS16*)
Ebitda Adjusted
(€ thousands)

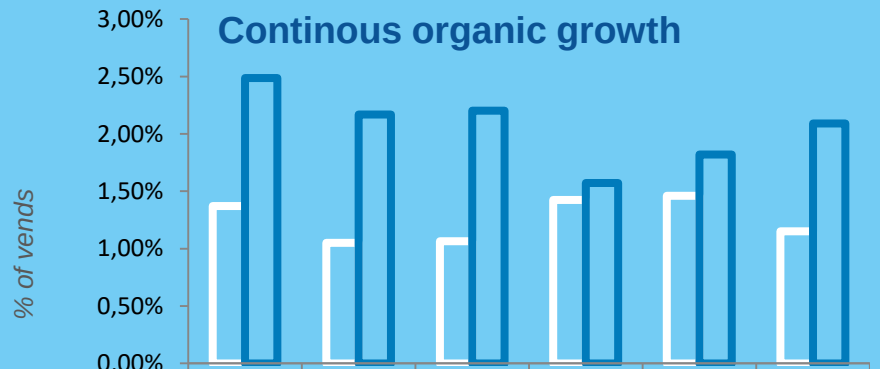
2019	2018
55,120	**50,008**

(49,572 ex IFRS16)

-0.9%
Working Days

2019	2018
121.3	**122.4**

Continous organic growth



	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Churn Rate	1,37%	1,05%	1,06%	1,43%	1,46%	1,15%
Acquisition Rate	2,49%	2,17%	2,20%	1,57%	1,82%	2,09%

+2.1 p.p.
% of repetitive failures within 7 days

2019	2018
10.7%	**8.6%**

+1.1%
Average time of failures resolution (In hours)

2019	2018
3:08	**3:06**

-1.1 p.p.
% of technical calls resolved within 4 hours

2019	2018
75.8%	**76.9%**

-0.7 p.p.
% of technical calls resolved within 8 hours

2019	2018
94.4%	**95.1%**

KEY MESSAGES

(in million of Euro)	31/12/2017	31/12/2018	30/06/2019	I---------- Before impact of IFRS 16 ----------I 30/06/2019 ex IFRS16	30/06/2018	Variation	Var.%
Revenues	409.1	434.4	232.2	232.2	218.7	13.5	6.2%
EBITDA Adjusted	**91.2**	**93.4**	**55.1**	**49.6**	**50.0**	**(0.4)**	**(0.8%)**
EBITDA	83.1	91.1	54.0	48.5	48.7	(0.2)	(0.4%)
Net Profit Adjusted	**25.9**	**26.3**	**13.9**	**14.5**	**16.0**	**(1.5)**	**(9.4%)**
Net Profit	20.9	24.6	13.0	13.6	15.0	(1.4)	(9.3%)
Net Financial Position(1)	**(254.1)**	**(285.5)**	**(361.3)**	**(300.5)**	**(262.6)**	**(37.9)**	**14.4%**
Operative Capex	50.0	50.6	27.2	27.2	25.2	2.0	7.9%
Free Cash Flow (FCF)	**(18,783)(2)**	**(17,163)(3)**	**17,535**	**13,120(4)**	**8,864(5)**	**4,256**	**48.0%**

Results of operations, cash flow and statement of financial position for the six-month period ended and as at June 30th, 2019 included the effects of the new accounting standard IFRS 16 Leases. As permitted by the standard, the comparative period of the year 2018 had not been restated. To enable the users of this presentation to make a homogeneous comparison, in the tables above the results of the first half 2019 have been summarized without IFRS16 effects too.

(1) Net Financial Position trend between December 31st, 2018 and June 30th, 2019 (ex IFRS16) is mainly due to cash out for M&A activities (including acquisition of minority interest) and Cialdamia JV sale, overall equal to EUR 22.0 million).

(2) Adjusted FCF, excluding EUR 39.2M related to M&A price paid in the period and EUR 12.8M related to AGCM fine instalments, is equal to EUR 33.2M (after EUR 3.6M of income taxes payed in the period and a positive changes in working capital of EUR 1.4M).

(3) Adjusted FCF, excluding EUR 17.8M related to M&A price paid in the period and EUR 12.8M related to AGCM fine instalments, is equal to EUR 13.4M (after EUR 8.0M of income taxes payed in the period and a negative changes in working capital of EUR 10.7M).

(4) Adjusted FCF, excluding EUR 22.4M related to M&A price paid in the period and EUR 3.2M related to AGCM fine instalments, is equal to EUR 38.7M (after EUR 0.1M of income taxes payed in the period and a positive changes in working capital of EUR 16.8M).

(5) Adjusted FCF, excluding EUR 14.3M related to M&A price paid in the period and EUR 6.4M related to AGCM fine instalments, is equal to EUR 29.6M (after EUR 0.7M of income taxes payed in the period and a positive changes in working capital of EUR 8.5M).

SIGNIFICANT EVENTS OF 2019

Event Type	Description	CGU	Price (€/000)
M&A	Reves de Cafè	France	(486)
Minority Interest acquired	**SDA-DDS S.p.A.**	**Italy**	(951)
M&A	SDA 2000 S.r.l.	Italy	(20,102)
M&A	**Roma Distribuzione 2003 S.r.l.**	**Italy**	(1,465)
JV sold	Cialdamia S.r.l.	Italy	726
M&A	**Point Service S.r.l.**	**Italy**	(2,198)
M&A	GDL S.r.l.	Italy	(838)
M&A	**DAS S.a.s**	**Italy**	(165)
M&A	Mola System S.r.l.	Italy	(874)
M&A	**Moneynet S.p.A.**	**Coin**	(76)
M&A	Gioservice S.r.l.	Italy	(1,520)

Equity events	Description		
Translisting	**Move to STAR segment**	**Italy**	N.A.
Dividend approval	€0.30 for each share		N.A.

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	30/06/2019 (1) Reported	Adjustments	Adjusted	30/06/2018(2) Reported	Adjustments	Adjusted
Revenue from sales and services		220,062	-	220,062	209,406	-	209,406
Other revenues and income	(A)	12,083	25	12,058	9,269	-	9,269
Total revenues		**232,145**	**25**	**232,120**	**218,675**	**-**	**218,675**
Cost of raw materials, supplies and consumables		(55,410)	-	(55,410)	(52,203)	-	(52,203)
Cost of services	(B)	(20,804)	(435)	(20,369) (3)	(21,752)	(220)	(21,532)
Personnel costs	(C)	(62,626)	(555)	(62,071)	(58,266)	(412)	(57,854)
Other operating income / (expenses), net	(D)	(38,886)	(115)	(38,771) (3)	(37,453)	(714)	(36,739)
Gains / (losses) from disposal of fixed assets, net		(379)	-	(379)	(339)	-	(339)
EBITDA		**54,040**	**(1,080)**	**55,120** (3)	**48,662**	**(1,346)**	**50,008**
Depreciation and amortization		(28,815)	-	(28,815) (3)	(22,052)	-	(22,052)
EBIT		**25,225**	**(1,080)**	**26,305**	**26,610**	**(1,346)**	**27,956**
Financial income/(expenses), net		(8,449)	-	(8,449) (3)	(6,660)	(14)	(6,646)
Foreign exchange diff. and var. in derivatives fair value, net		16	-	16	(31)	-	(31)
Result of companies valued at net equity		582	-	582	253	-	253
Profit / (loss) before tax		**17,374**	**(1,080)**	**18,454**	**20,172**	**(1,360)**	**21,532**
Income taxes	(E)	(4,400)	164	(4,564)	(5,178)	339	(5,517)
Net profit/(loss) for the period		**12,974**	**(916)**	**13,890** (3)	**14,994**	**(1,021)**	**16,015**

(1) The Adjustments includes items considered exceptional in nature and non-cash charges due to incentive plan.

(2) The 2019 figures include the effects of the new accounting standard IFRS 16 –Leases: as permitted by the standard the comparative periods have not been restated, so they are not homogeneously comparable with 2019 figures.

(3) Before impact "IFRS16- Leases" the amount of these items would have been: Cost of Services EUR 23,347 thousand, Other Operating expenses EUR 41,341 thousand, EBITDA EUR 49,572 thousand, D&A EUR 23,862 thousand, Financial Income/(expenses) net EUR 7,233 thousand and Net Profit for the period is equal to EUR 14,511 thousand

ADJUSTED CONSOLIDATED INCOME STATEMENT

Explanation of variations and adjustments

- **Cost of raw material and supplies and consumables:** the increase by **EUR 3,207 thousand** is strictly related to the increase of the vending volumes and sales (with a slight decrease in percentage on revenues with respect to the first half of 2018).
- **Cost of services** (net of adjustments of EUR 229 thousand related to taxes, notarial and legal fees in connection with M&A activities and EUR 206 thousand of non-cash charge related to management incentive plan reserved to group directors) decreased by **EUR 1,163 thousand**: the variation is mainly due to IFRS16-Leases effects (**EUR 2,978 thousand**); the contrary we register an increase in percentage on revenues of 0.2 p.p. mainly related to some new branches leases (**EUR 176 thousand**) and other utilities cost of Coin Division (**EUR 349 thousand**).
- **Personnel costs** (net of adjustments of EUR 246 thousand related to the termination benefit and other related cost paid and of EUR 309 thousand of non-cash charge related to management incentive plan reserved to group executives and manager) increased by **EUR 4,217 thousand**, (+7.3%) with respect to the same period of 2018 (with a slight increase in percentage on revenues of 0.2 p.p.). The increase is mostly related to the acquisitions finalized during the current year and in the second half of the previous year (**EUR 2,598 thousand**), to the additional cost arising form the organic increase of the workforce (**EUR 1,098 thousand**) of which **EUR 404 thousand** related to Coin Division.
- **Other Operating Income/Expenses** (net of adjustments of EUR 115 thousand related to price adjustments on acquisitions finalized in previous years) increased in 2019 by **EUR 2,032 thousand** (+5.5%) compared to the same period of 2018. The variation is largely due to the effects of IFRS 16 on redevances (diminution of **EUR 2,570 thousand**) which mitigate the increase of vending machines positioning fees (redevances), increased from **EUR 27,583 thousand** to **EUR 28,403 thousand** as a consequence of (i) the growth of the vending machine number (ii) the competitive environment of some particular cluster of clients (iii) renewal of some contracts in the healthcare sector in North Italy occurred in 2018 and (iv) new contracts entered with new public customers. We also reported an increase in fuel costs (**EUR 190 thousand**), mainly due to general variation of prices and volume. Before the impact of IFRS16 there was a increase in percentage on revenues equal to 1 p.p..
- **Income taxes** (net of positive adjustment of EUR 164 thousand related to tax effect on the above mentioned adjustments) decrease in the 2019 by **EUR 953 thousand**. Despite the significant modifications occurred in Italian law, the tax rate registered in the first half of the current year 2019 is comparable with the rate registered in the corresponding period of the previous year, due to the full compensation between the benefits arising from the Italian “Industry 4.0” measure and the repeal of Italian tax facilitation (“ACE - Aiuto alla Crescita Economica”) effective until the end of the year 2018.

CGU PERFORMANCE

June 30th, 2019 (thousands of Euro)	Italy	France	Spain	Switzerland	Coin	*Intra-sector eliminations*	Total
Total Revenues	187,621	14,414	23,330	1,681	12,531	(7,457)	232,120
Redevances(2)	(23,742)	(1,821)	(2,697)	(143)	-	-	(28,403)
Total Net Revenues	**163,879**	**12,593**	**20,633**	**1,538**	**12,531**	**(7,457)**	**203,717**
Other operating costs(3)	(117,692)	(10,679)	(17,067)	(1,075)	(9,541)	7,457	(148,597)
EBITDA Adjusted(1)	**46,187**	**1,914**	**3,566**	**463**	**2,990**	**-**	**55,120**
Income/(expenses) non-recurr. and except. in nature	(429)	(45)	(54)	-	(37)	-	(565)
Non-cash charges due to incentive plan	(437)	(20)	(58)	-	-	-	(515)
EBITDA	45,321	1,849	3,454	463	2,953	-	54,040
% EBITDA Adj (EBITDA Adj /Total Revenues)	24.6%	13.3%	15.3%	27.5%	23.9%	-	23.7%
% EBITDA Adj (EBITDA Adj /Total Net Revenues)	28.2%	15.2%	17.3%	30.1%	23.9%	-	27.1%
% EBITDA Adj ex Group Management & Royalties Fees	**27.0%**	**20.6%**	**23.0%**	**31.5%**	**24.2%**	**-**	**27.1%**
Depreciation and amortisation	(23,947)	(1,304)	(2,357)	(327)	(880)	-	(28,815)
EBIT	21,374	545	1,097	136	2,073	-	25,225
%EBIT/ Total Revenues	11.4%	3.8%	4.7%	8.1%	16.5%	-	10.9%

June 30th, 2018 (4) (thousands of Euro)	Italy	France	Spain	Switzerland	Coin	*Intra-sector eliminations*	Total
Total Revenues	175,270	13,286	25,152	1,716	11,141	(7,890)	218,675
Redevances	(23,479)	(1,265)	(2,675)	(164)	-	-	(27,583)
Total Net Revenues	**151,791**	**12,021**	**22,477**	**1,552**	**11,141**	**(7,890)**	**191,092**
Other Operating costs	(110,891)	(10,269)	(18,131)	(1,157)	(8,526)	7,890	(141,084)
EBITDA Adjusted(1)	**40,900**	**1,752**	**4,346**	**395**	**2,615**	**-**	**50,008**
Income/(expenses) non-recurr. and except. in nature	(1,207)	(49)	(91)	-	1	-	(1,346)
Non-cash charges due to incentive plan	-	-	-	-	-	-	-
EBITDA	39,693	1,703	4,255	395	2,616	-	48,662
% EBITDA Adj (EBITDA Adj /Total Revenues)	23.3%	13.2%	17.3%	23.0%	23.5%	-	22.9%
% EBITDA Adj (EBITDA Adj /Total Net Revenues)	26.9%	14.6%	19.3%	25.5%	23.5%	-	26.2%
% EBITDA Adj ex Group Management & Royalties Fees	**25.6%**	**20.0%**	**25.0%**	**27.0%**	**23.8%**	**-**	**26.2%**
Depreciation and amortisation	(17,661)	(1,317)	(2,122)	(296)	(656)	-	(22,052)
EBIT	22,032	386	2,133	99	1,960	-	26,610
%EBIT /Total Revenues	12.6%	2.9%	8.5%	5.8%	17.6%	-	12.2%

(1) Adjusted to remove income and expenses non-recurring and exceptional in nature and non-cash charged due to incentive plan detailed in slide 15.
(2) The positive effects of IFRS 16-Leases on the Italian redevances is EUR 2,570 thousand (no effects on the other CGUs)
(3) The positive effects of IFRS 16-Leases on Other operating costs is: Italy EUR 2,433 thousand, France EUR 143 thousand, Spain EUR 172 thousand, Switzerland EUR 26 thousand, Coin EUR 204 thousand;
(4) The 2019 figures include the effects of the new accounting standard IFRS 16 –Leases: as permitted by the standard the comparative periods have not been restated, so they are not homogeneously comparable with 2019 figures

VENDING PERFORMANCE 1H 2019

Sales, Volumes, ASP and LFL analysis

Working Days	2019	2018
Italy	122.0	123.0
France	118.8	119.3
Spain	117.5	120.0
Switzerland	121.0	119.0
W. Average	**121.3**	**122.4**

	Italy		France		Spain		Switzerland		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sales (Euro thousand)	173,635	162,754	13,660	12,750	22,392	23,994	1,630	1,664	211,317	201,162
ASP (Euro cent)	47.59	47.06	50.83	49.01	44.37	44.06	72.96	71.94	47.55	46.95
Vends (Thousand)	364,864	345,880	26,874	26,013	50,472	54,463	2,234	2,313	444,444	428,669
Vends for working days (Thousand)	2,991	2,812	226	217	430	454	18	20	3,665	3,503

Δ% Sales	Italy	France	Spain	Switzerland	Total
Total	6.7%	7.1%	(6.7%)	(2.0%)	5.0%
LFL Basis	0.9%	1.4%	(6.7%)	(2.0%)	0.0%
LFL Basis per W.Days	1.8%	1.8%	(4.7%)	(3.7%)	0.9%

Δ% Vends	Italy	France	Spain	Switzerland	Total
Total	5.5%	3.3%	(7.3%)	(3.4%)	3.7%
LFL Basis	(1.0%)	(4.5%)	(7.3%)	(3.4%)	(2.0%)
LFL Basis per W.Days	(0.2%)	(4.0%)	(5.4%)	(5.0%)	(1.1%)

COIN DIVISION PERFORMANCE 1H 2019

Coin Division (in thousands of Euro)	1Q 2019	1Q 2018(2)	2Q 2019	2Q 2018(2)	Total 1H2019	I---- Before impact of IFRS 16 –I Total 1H 2019 ex IFRS 16	Total 1H 2018
Total revenues	5,828	5,146	6,703	5,995	12,531	12,531	11,141
Operating costs	(4,412)	(3,951)	(5,129)	(4,575)	(9,541)	(9,745)	(8,526)
Ebitda Adjusted(1)	**1,416**	**1,195**	**1,574**	**1,420**	**2,990**	**2,786**	**2,615**
Income/(expenses) non-recurr. and except. in nature	-	1	(37)	-	(37)	(37)	1
EBITDA	**1,416**	**1,196**	**1,537**	**1,420**	**2,953**	**2,749**	**2,616**
% Ebitda Adj /Total Revenues	24.3%	23.2%	23.5%	23.7%	23.9%	22.2%	23.5%
Depreciation and amortization	(448)	(341)	(432)	(314)	(880)	(697)	(656)
EBIT	**968**	**855**	**1,105**	**1,106**	**2,073**	**2,052**	**1,960**
%Ebit/ Total Revenues	16.6%	16.6%	16.5%	18.4%	16.5%	16.4%	17.6%

(1) Adjusted to remove income and expenses non-recurring and exceptional in nature and non-cash charges due to incentive plan detailed in slide 15.
(2) The 2019 figures include the effects of the new accounting standard IFRS 16 –Leases: as permitted by the standard the comparative periods have not been restated, so they are not homogeneously comparable with 2019 figures.

Coin Service CGU total sales increased in the 1st half 2019 compared to the 1st half 2018 by approximately 12.5%, from around **EUR 11.1 million** to **EUR 12.5 million**; Adjusted EBITDA grew too (+14.3%), from **EUR 2.6 million** to almost **EUR 3.0 million**. Sales increased both in the metal coins main business (around +6.5%), and in the digital money division (Venpay: +42%). In the metal coins business (representing around 79% and 89% respectively of COIN CGU total sales and total Adj EBITDA), some additional hires and transport costs, related to the start of new more labour intensive contracts, slightly diluted and affected the operating profitability. Whilst the digital business, after the losses incurred in the start-up phase of 2018, is generating his first small but positive margins, meanwhile the development and investing activity is still in progress.

CoffeecApp and MONEYNET

The app CoffecApp[tm], based on the same digital infrastructure of the telemetry system developed by IVS since 2010, is proceeding within the group and also with new clients.

CoffecApp[tm] downloads reached approximately 308 thousand and app's stable users grew at 66 thousand; CoffecApp[tm] is now installed on more than 40 thousand vending machines. Sales made using the app in the month of July 2019 jumped to more than EUR 538 thousand (EUR 2,653 thousand in full 2018), of which 74% using CoffecApp[tm] wallet and 26% using App as credit card wallet. Each CoffecApp[tm] users spent in average around EUR 7.58 per month in 1st half 2019.

On July 31st, 2019 the Group made a new step towards the development of digital payments and systems applied to the vending sector. CSH S.r.l. (100% controlled by IVS Group and part of the Coin Service Business) acquired the 76% of Share Capital of Moneynet S.p.A. ("Moneynet"), a payment institution (authorised by the Bank of Italy) owned by Nexi group (one of the leading payment services players in Italy). Moneynet is involved in payment services and in the technical assistance of POS machines managed also by other players. The scope of this acquisition is to offer new services - through the combination of IVS Group skills in various fields: cash management, vending machines network, apps with digital wallets and payment services - to the group's client base and to the increasing number of users of CoffecApp (which, although fast growing, still represent a small portion of daily IVS consumers at the vending machines of around 2-2,5 million consumers per day).

M&A

During the first half 2019 the IVS Group finalized five acquisitions of business units and subsidiaries located in Italy and one in France, for a total enterprise value of **EUR 35,199 thousand**.
The contribution of the new(1) businesses to the Group revenues, from the date of the acquisition, is equal to **EUR 7,922 thousand**.
The Group during 2019 payed, net of the cash acquired, an amount of **EUR 21,956 thousand** (of which **EUR 21,481 thousand** for current year acquisitions) including the acquisition of minority interest of DDS S.p.A. (EUR 309 thousand) and the cash received for the sale of Cialdamia join venture (EUR 726 thousand).

(in thousands of Euro)	Italy		France		Total	
Number of Vends (thousand)	**17,920**		**1,012**		**18,932**	
Vending Revenues	7,566	100%	356	100%	7,922	100%
Cost of sales	(2,120)	(28%)	(147)	(41%)	(2,267)	(29%)
Gross margin	**5,446**	**72%**	**209**	**59%**	**5,655**	**71%**
Personnel Cost	(2,177)	(29%)	(81)	(23%)	(2,258)	(29%)
Redevances	(707)	(9%)	(4)	(1%)	(711)	(9%)
Total	**2,562**	**34%**	**124**	**35%**	**2,686**	**34%**

Acquisitions

2019	2018
+6	+5

Revenues
(million)

2019	2018
7.9	2.4

> 115
since 2012 (*with a total Cash payed ~180M)*

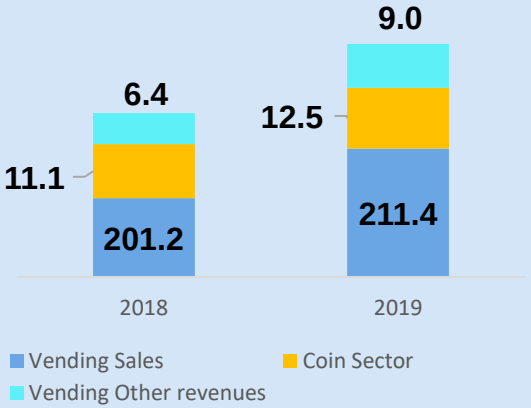
(1) The additional contribution to the Group revenues arising from other branches lease is equal to EUR 423 thousand.

SALES

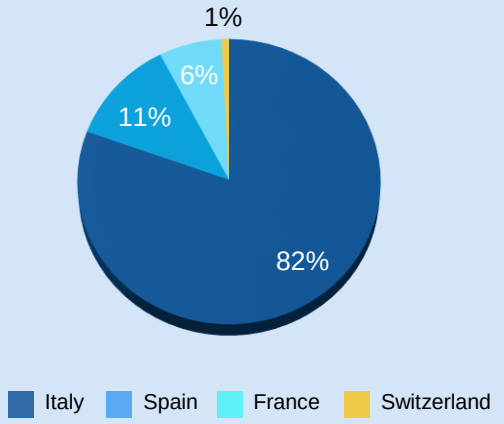
Price/Volume Vending sales trend *(€ millions)*

The decrease in volume is mainly due to Spanish trend of the period (EUR -1.8M) especially in some major industrial clients (automotive industry), also caused by a decrease in working days in Q2 2019 (57.0 vs 62.0 in Q2 2018). The Italian CGU also shows fewer working days (-1.0 vs 1H 2018), which causes a negative trend in volumes (-1.6M).

Total Revenues Trend (€ millions)



Ytd Jun '19 Vending Sales



New Contracts in 2Q 2019

Verona Aeroporto
Garda Aeroporti

MaxMara

"Ospedale Sant'Anna di Como" Presidio di San Fermo della Battaglia
Sistema Socio Sanitario
Regione Lombardia
ASST Lariana

LEROY MERLIN

indra

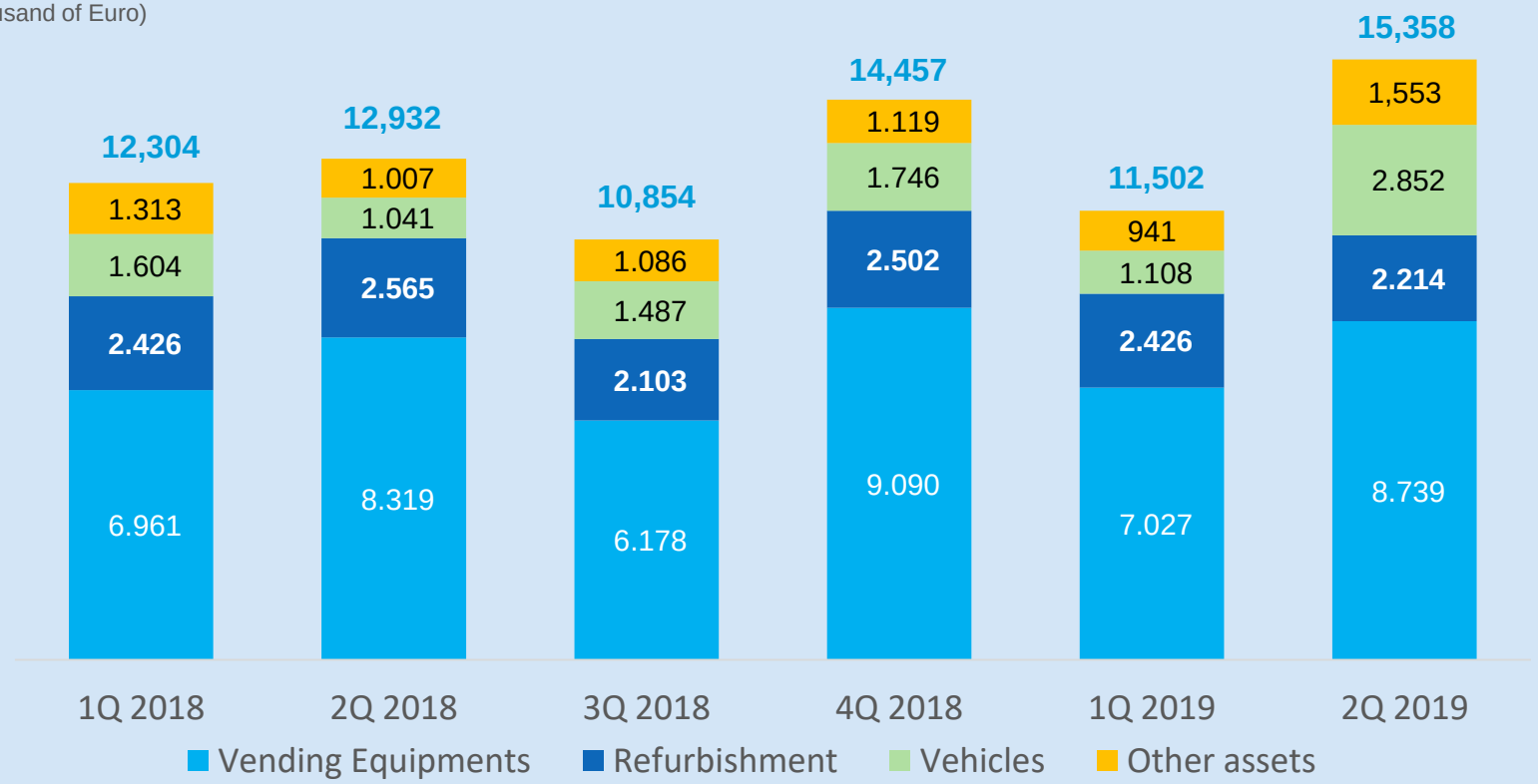
ArcelorMittal

MARINA RINALDI

CAPEX

The analysis does not include extraordinary capex (from M&A and real estate activities), payments for capex of previous years and IFRS 16 impacts.

(in thousand of Euro)



Capex in 2Q2019 are much higher in comparison to 2Q2018 (increase of EUR 2,426 thousand). IVS Group is paying attention to the tax benefit provided by the Italian Tax Authority: Industry 4.0. The Italian subsidiaries enjoyed in the 2019 of a tax benefit of **EUR 839 thousand** (EUR 390 thousand in 1H2018), due to capex eligible for *hyper amortization* benefit (EUR 35,510 thousand, of which EUR 26,724 thousand related to previous years investments). The Italian Industry 4.0 program will expire soon. The 2019 tax benefit arising from *super amortization* benefit related to the investments finalized in 2Q 2019 and previous year is equal to **EUR 401 thousand** (EUR 230 thousand in 1H2018). Due to these investments the consolidated average benefit for the next 7 year will be more than EUR 1.8 million per year.

In the second quarter of 2019 the increase in the capex on vehicles is mainly due to the effect of the acquisition of second hand vehicles from dismissed competitor supplier at particular favorable price. The data above reported do not include the effect of IFRS 16 applied from January 2019. The impact of IFRS 16 on property, plant and equipment as of June 30, 2019 is equal to EUR 65,473 thousand, of which EUR 2,307 thousand related to increases of the current period.

NET FINANCIAL POSITION

(in thousands of Euro)	June 30th, 2019	January 1st, 2019 (3)	December 31st, 2018
Other investments – fixed income	357	129	129
Cash and cash equivalents(1)	131,803	96,928	96,928
Cash and current financial assets	**132,160**	**97,057**	**97,057**
Short-term loans payable(1)	(88,557)	(110,118)	(101,617)
Liabilities towards bond holders	(6,025)	(612)	(612)
Derivatives	(1,763)	-	-
Current financial debt	**(96,345)**	**(110,730)**	**(102,229)**
Medium/long term loans payable	(160,249)	(98,243)	(43,736)
Liabilities towards bond holders	(237,995)	(237,675)	(237,675)
Non-current financial debt	**(398,244)**	**(335,918)**	**(281,411)**
Net financial indebtedness(2)	**(362,429)**	**(349,591)**	**(286,583)**
Other investments – fixed income	544	544	544
Non-current loans (financing)	156	179	179
Other non-current assets (financing)	401	407	407
Net financial position	**(361,328)**	**(348,461)**	**(285,453)**

The variation of EUR 12,867 thousand in NFP compared to January 1st 2019 (which includes the effects of IFRS 16 equal to EUR 63,008 thousand) is principally affected by: EUR 21,956 thousand M&A activities (including acquisition of minority interests and Cialdamia sale), EUR 3,196 thousand related to the last three installments payed by the subsidiary IVS Italia S.p.A. in 2019 for AGCM fine, EUR 11,117 thousand related to liability for distribution of dividend resolved by AGM of May, EUR 2,128 thousand related to the decrease of IFRS16 liabilities and EUR 16,779 thousand due to positive variation of working capital.

The Net Financial Position at March 31st, 2019 amounts to EUR 366,440 thousand; the variation respect to June 30th, 2019 is mainly related to liability for distribution of dividend (EUR 11.1 million) and for the accrued interest related to bank loans and bond (EUR 3.1 million), and as well as the positive variation of working capital (EUR 9.7 million).

The Net Financial Position at June 30th, 2019 without impact of "IFRS 16-Leases" would have been EUR 300,448 thousand.

With reference to the measurement of financial covenants included in certain company's loans and bond, the effect of "IFRS 16 – Leases" have been contractually excluded (so operating leases are still to be considered in accordance with former standard, i.e. IAS 17).

(1) of which around EUR 40,980 thousand related to coin management performed by Coin Division (i.e. cash on banks and coins stored, corresponding to the coins collected from clients, whose value has to be paid in the short term).

(2) Pursuant to ESMA update of the CESR recommendations "The consistent implementation of Commission Regulation (EC) No 809/2004 implementing Prospectus Directive".

(3) IFRS 16 compliant.

CASH FLOW STATEMENT

(in thousands of Euro)	Notes	June 30th, 2019	June 30th, 2018 (1)
Cash flows from operating activities before tax, financial items and changes in working capital	(1)	**52,296**	**43,293**
Changes in Working Capital	(2)	16,779	8,492
Inventories	(6)	*2,149*	*(1,166)*
Trade receivables		*1,954*	*(939)*
Other current assets	(7)	*(4,052)*	*2,256*
Trade payables		*11,785*	*6,421*
Other Liabilities	(8)	*4,943*	*1,920*
Net financial expense paid	(3)	(2,125)	(755)
Tax paid		(95)	(703)
A) Cash flows from operating activities	(4)	**66,855**	**50,327**
Investments in assets (net of proceeds from disposal)		(27,477)	(27,758)
Acquisitions, net of cash		(22,373)	(14,320)
Changes in financial assets		530	615
B) Cash flows from investing activities:		**(49,320)**	**(41,463)**
Changes in financial items		17,408	28,948
Dividend distribution		(67)	-
C) Cash flows from financing activities:	(5)	**17,341**	**28,948**
D) Exchange rate differences and other changes:		(1)	47
E) Change in cash and cash equivalents (A+B+C+D):		**34,875**	**37,859**

Notes disclosure

Before impact "IFRS16-Leases" the amount as of June 30th, 2019 of these items would have been:

(1) Cash flows from operating activities before tax, financial items and changes in working capital EUR 46,747 thousand.

(2) Changes in Working Capital EUR 16,695 thousand.

(3) Net financial expense paid EUR (908) thousand.

(4) Cash flows from operating activities EUR 62,439 thousand.

(5) Cash flow from financing activities EUR 21,756 thousand.

The changes in working capital is mainly due to:

(6) A decrease in inventories principally due to the sale of the products stocked at the end of previous year.

(7) The increase in other current assets is mainly related to increase in the VAT receivables.

(8) An increase in other liabilities due to unpaid payables to employees related to 13th and 14th month salary accrued.

(1) The 2019 figures include the effects of the new accounting standard IFRS 16 –Leases: as permitted by the standard the comparative periods have not been restated, so they are not homogeneously comparable with 2019 figures.

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The information in this presentation could include forward-looking statements which are based on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments. Including, among other things, the development of its business, trends in its operating industry, and future capital expenditures and acquisitions. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No one undertakes to publicly update or revise any such forward-looking statement.

In this document, we present certain measures, including EBITDA, EBITDA Adjusted, EBIT, EBIT Adjusted, Net Financial Indebtedness and Net Financial Position, Net profit/(loss) for the period Adjusted and Gross Margin. Certain of these financial measures are, or may be, considered Alternative Performance Measures ("APMs") as defined by ESMA Guidelines on Alternative Performance Measures and are better detailed in section "Alternative Performance Measures" of the Half-year Report 2019.
In addition the 2018 figures have been restated in order to reflect the finalization of Purchase Price Allocation provisionally accounted in previous Consolidation Financial Statements.

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