



# Overview & Strategy Update

30 November 2017



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All figures presented in this report are based on our consolidated management accounts and are unaudited. The financial information herein includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures include, among others, EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Operating Profit Before Exceptional Items. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

# Introduction (1/2)

EVOCA today is the result of the integration of several global coffee machine manufacturers: Zanussi/Electrolux (Necta), Wittenborg, Saeco, Gaggia, Cafecion and Ducale. This aggregation process first started in 2000 and continues to develop today

01

**EVOCA is a global Leader in Professional Coffee machines**

02

**Coffee is an attractive market**

03

**EVOCA's goal is to serve its diverse and global customer base of Coffee Roasters, Operators, Foodservice and Hospitality clients with one of the broadest range of coffee machines available in the industry**

01

- **EVOCA is relaunching today its corporate branding identity to better reflect its focus on Coffee. EVOCA is also aligning its reporting and financial structure to better reflect its corporate focus**
- **EVOCA is a global leading manufacturer of Professional Coffee machines globally with more than €400 million in revenues; 8 manufacturing sites; products sold in 100+ countries; 500+ key patents; 10,000+ customers; ~500 Suppliers; ~1,800 FTEs**
- **Coffee has always been at the core of EVOCA**
  - EVOCA offers one of the broadest and deepest product range in professional coffee machines globally addressing the needs of all professional customer segments (roasters, operators and foodservice clients)
  - 83% of EVOCA's revenues derive from coffee machine related sales
- **EVOCA has strategically grown its Professional Coffee franchise both organically, and by acquisitions**
  - Organically**, EVOCA has continuously extended and updated its range of innovative Professional Coffee machines to appeal to all professional end markets
    - EVOCA has consistently invested in R&D with ~5% of the total turnover spent every year in innovative Coffee solutions
    - EVOCA is expanding its presence in high growth markets where 'espresso' based technologies are underpenetrated (US and Asia)
  - Acquisitions** completed in the last two years have complemented the strategy
    - Saeco, a leading player in the Office Coffee Segment in Europe
    - Gaggia, an iconic brand in Manual Coffee Machines with a strong Italian heritage
    - Cafecion, the leading player in the Office Coffee Segment in the US
    - Ducale, a manufacturer of high-end bean-to-cup Espresso Coffee machines

# Introduction (2/2)

EVOCA today is the result of the integration of several global coffee machine manufacturers: Zanussi/Electrolux (Necta), Wittenborg, Saeco, Gaggia, Cafecion and Ducale. This aggregation process first started in 2000 and continues to develop today

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machines available in  
the industry

02

- **Coffee is an attractive market with strong underlying secular growth and a trend towards premiumisation. EVOCA benefits from its Italian “espresso” heritage and unequalled Coffee technology capabilities**

The global retail coffee market was worth approximately \$79 billion in 2016, representing a 53% increase since 2004<sup>(1)</sup>

- Global Coffee market has increased steadily with a CAGR of 4%+ between 2008 and 2016<sup>(1)</sup>; particularly strong growth in less developed ‘espresso’ markets in Asia and North America
- A premiumisation trend in coffee consumption is driving higher willingness to pay and benefitting the entire coffee supply chain

03

- **EVOCA's goal is to serve its diverse and global customer base of Coffee Roasters, Operators, Foodservice and Hospitality clients with the one of the broadest range of coffee machines available in the industry**

- EVOCA's broad product portfolio addresses specific demands of each major end consumption location: Large and Medium sized offices and workplace environments, Hotels, Coffee Bars, restaurants and other public venues
- EVOCA's global presence matches global footprint of our largest customers
- EVOCA's scalable technology platforms enable both centralised innovation as well as local market customisation, providing solutions for all professional coffee end use points globally

(1) Source: Euromonitor International

# Company Overview (1/4)

We are a global leader in Professional Coffee Machines

- One of the leading Professional Coffee machines manufacturers globally with revenues of € 405.6 million<sup>(1)</sup>
- 8 manufacturing sites, 6 R&D centres, products sold in 100+ countries, 500+ registered patents, 10,000+ customers, ~500 Suppliers, ~1,800 FTEs

**EVOCA**  
G R O U P

*jura*

**WMF**

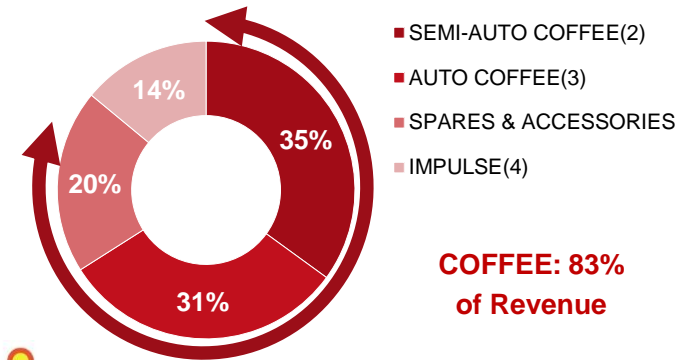
*LA CIBALI* rheavendors

**FRANKE**

*Melitta*

**thermoplan**

**EVOCA REVENUE BREAKDOWN BY SEGMENT<sup>(1)</sup>**



**LA MARZOTTO**

**RANCILIO**

**crem**  
INTERNATIONAL

**SIMONELLI**  
nuova  
espresso coffee machines

**WEGA**  
WEGA & WEGMANN

- (1) As at LTM September 2017; excluding €6.7m from certain discontinued business lines
- (2) Semi-Auto Coffee: Machines for small and medium sized locations. Defined as machines without cup dispensing technology
- (3) Auto Coffee: Machines for large sized locations. Defined as machines with cup dispensing technology
- (4) Impulse: Machines dispensing snack & food and can & bottle, complementary products to coffee machine offering
- (5) Manufacturers arranged alphabetically



# Company Overview (2/4)

Our Coffee machines serve all Professional Coffee locations, globally

*One of the broadest range of coffee machines available in the industry...*

## SEMI-AUTOMATIC PROFESSIONAL COFFEE

*Machines for small and medium sized locations. Defined as machines without cup dispensing technology*

OFFICE MEDIUM SIZE (<100 EMPLOYEES)

HOTEL – BAR – RESTAURANT – LOUNGES

**Espresso** (Capsules, Bean-to-cup)



**Filter**



**Traditional**



**Contemporary**



## AUTOMATIC PROFESSIONAL COFFEE

*Machines for large sized locations. Defined as machines with cup dispensing technology*

OFFICE LARGE SIZE (>100 EMPLOYEES), PUBLIC (UNIVERSITIES, AIRPORTS ETC.)

**Espresso** (Capsules, Bean-to-cup)



**Vacuum**



## NEW REPORTING STRUCTURE

- Our new reporting structure has been updated to better represent our product portfolio by technology, including Semi-Automatic Professional Coffee Machines and Automatic Professional Coffee Machines

# Company Overview (3/4)

Our Coffee machines serve all Professional Coffee locations, globally

...providing coffee roasters, foodservice operators, hotel-restaurants-cafes, and large organisations ...



金米兰® 咖啡



# Company Overview (4/4)

Our Coffee machines serve all Professional Coffee locations, globally

*... with a solution for all professional coffee locations, globally*

## OFFICES



Frankfurt Airport



Airbus  
Headquarters



Disneyland Paris



Ferrero  
Headquarters



Bentley Headquarters



Amazon  
Offices

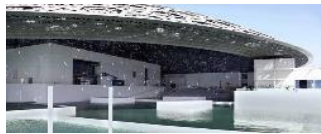


Ferrari Headquarters

## HOTEL-RESTAURANTS-CAFES-LOUNGES



Waldorf Astoria Hotel (NY)



Louvre Museum (Abu Dhabi)



Hotel Pullman (Sao Paolo)



Cepsa (Spa)

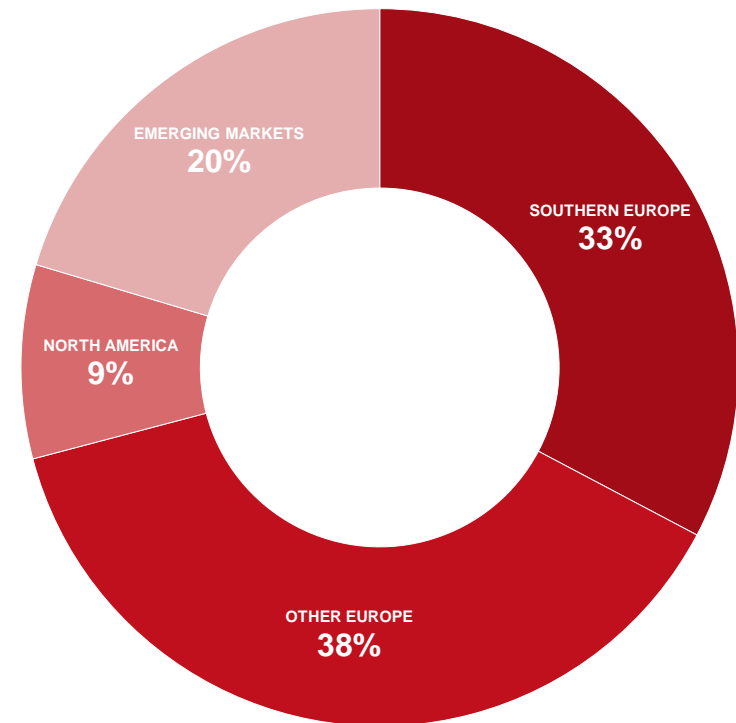


NH Hotels (Italy)



Eurostar First Class Lounge (London)

Revenue breakdown by Geography<sup>(1)</sup>  
(LTM Sep 2017)



(1) Southern EU includes Italy and Spain; Other Europe includes Germany, UK, Nordics, France, Other EU; Emerging Markets includes East Europe, Central & South America, APAC, Africa & Middle East; North America includes US and Canada



# Strategy (1/2)

Our strategy to deliver on our mission centres on 4 key pillars:

## 01 Coffee at the Core

## 02 Tap into Growth Markets

## 03 Technology & Innovation

## 04 Operational Excellence

01

### Coffee at the Core

- **Capture global Coffee secular trends**

- Coffee consumption increasing steadily over time
  - +4% CAGR between 2008 and 2016<sup>(1)</sup>
  - Stable growth projected to continue over the coming years with +3% CAGR through to 2020<sup>(1)</sup>
- Millennials growing up with the “Barista” culture demand high-end Coffee experience
- Our Italian espresso “heritage” and our R&D spending, one of the highest in the industry, allows us to be at the forefront of innovation and positions us well to benefit from global Coffee premiumisation

02

- **Tap into Growth markets**

- **Grow in Asia and the US**

- Asia: substantial whitespace, with Coffee increasingly replacing Tea as the preferred hot drink among Millennials
- USA: Significant ongoing substitution trend away from traditional percolator ('drip') equipment and towards 'bean to cup' and espresso based technologies. Estimated to grow up to 4x existing market size

(1) Source: Euromonitor International

# Strategy (2/2)

Our strategy to deliver on our mission centres on 4 key pillars:

## 01 Coffee at the Core

## 02 Tap into Growth Markets

## 03 Technology & Innovation

## 04 Operational Excellence

03

- **Technological leadership and constant Innovation**
  - **Scale our industry-leading technology platform to bring a broader range of solutions to our clients**
    - Currently offering one of the broadest range of Professional Coffee machines available in the industry
    - Committed to continuous technological improvement by expanding our premium Horeca offering and refining our “fresh milk” technology
  - **Consistency and reliability across the product range**

04

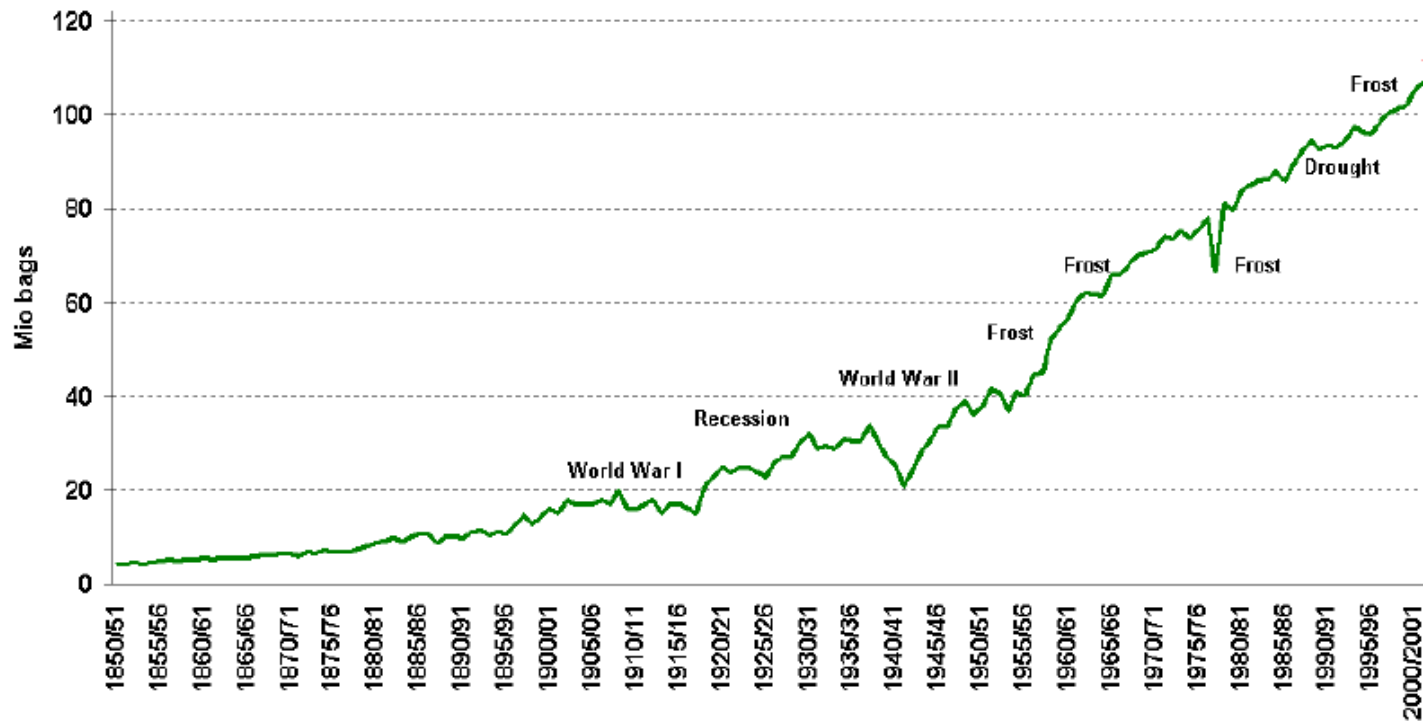
- **Operational Excellence**
  - Maintain focus on design and assembly in house with outsourced component manufacturing (captive to N&W) to keep our high cash conversion rates
  - Continuously challenge our franchise to increase speed and efficiency of operations (extracted approximately €23m EBITDA savings during the last downturn)
  - Execute on Saeco synergies and SGL/Romania Efficiency programmes

# Coffee at the Core (1/4)

## Global Coffee Demand

1

*We benefit from secular growth in coffee demand...*



Source: Burns, D. (2009), "Growth in the global coffee industry", available at: [http://www.ico.org/event\\_pdfs/burns.pdf](http://www.ico.org/event_pdfs/burns.pdf)

# Coffee at the Core (2/4)

## Global Coffee Demand

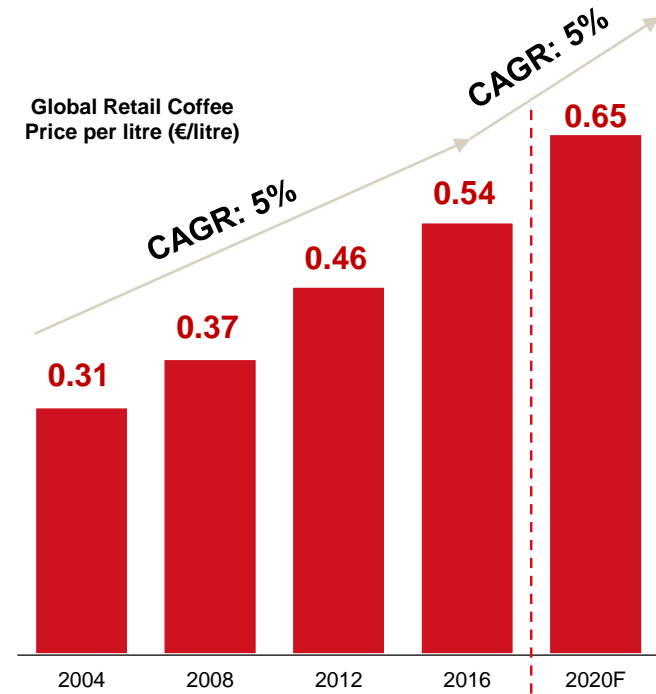
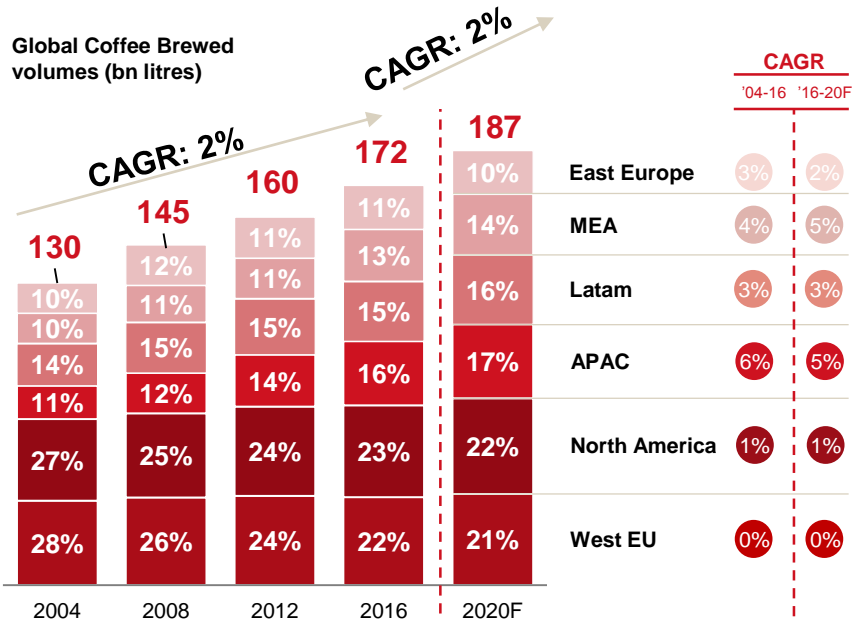
1

...With strong momentum over the last 10 years, projected to continue in the foreseeable future

Stable growth in foodservice coffee consumption volumes...

...and prices – benefiting all the actors of the coffee supply chain

% BREWED VOL.	2004	...	2016	...	2020F
Foodservice	22%	...	23%	...	24%
Retail	78%	...	77%	...	76%



Source: Euromonitor International

# Coffee at the Core (3/4)

1

*Coffee market trend is moving towards higher quality consumption and foodservice (“out-of-home”), where we can deploy our Italian “espresso” heritage, scale and technological breadth, to meet end customer needs.*



## FOODSERVICE CONSUMPTION

- Discretionary spending on **out-of-home consumption** is growing at the expense of consumption at home – trend facilitated by higher share of population living and working in **urban areas** where convenience is paramount
- Out-of-home consumption trend especially strong for coffee, with growth in “**coffee-to-go**” offerings and proliferation of **coffee chains** and other **foodservice** outlets selling coffee (e.g. quick service restaurants/ bakeries and convenience stores)



## COFFEE SPECIALTIES

- Super-premium **coffee consumers** are **younger, wealthier and better educated** than other coffee drinkers. They are **consumers of specialty and artisanal products** and **care** deeply about **taste** and **presentation** with **higher willingness to pay**
- **Espressos, lattes and cappuccinos** and other specialties replacing traditional drip-filter coffee as demand trends towards coffee as a **unique and artisanal product** (e.g. wine) rather than a commodity



## GROWTH IN EMERGING MARKETS CONSUMPTION

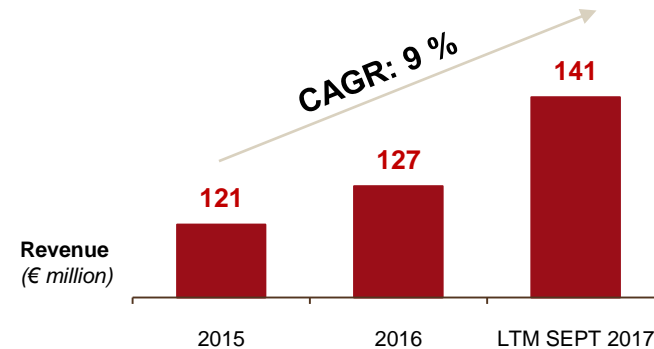
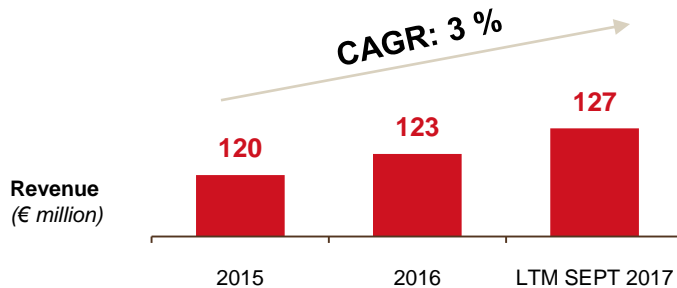
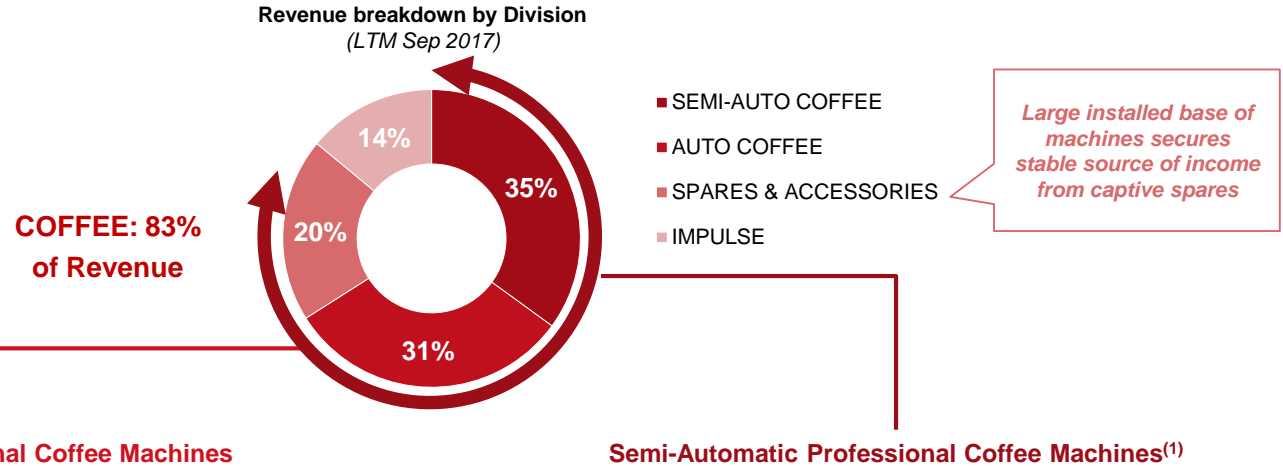
- While **North America** and **Western Europe** continue to be the **largest coffee drinking** regions, **Emerging Markets** offer **stronger growth**; such growth should translate to increased machine purchases



# Coffee at the Core (4/4)

1

*Our revenues have benefited from the positive trends in coffee demand*



(1) Excluding €6.7m from certain discontinued business lines

# Tap into Growth Markets

2

*Asia and the US provide significant opportunities for growth*

	EU STABLE CORE	APAC WHITE SPACE	NORTH AMERICA REPLACEMENT
COFFEE MARKET CAGR <sup>(1)</sup>	<ul style="list-style-type: none"> <li>EVOCA is one of the largest players</li> <li>Market growth is stable</li> </ul> <b>+3%</b>	<ul style="list-style-type: none"> <li>Fastest growing region for EVOCA in the last 3 years</li> <li>Market growing rapidly, replacing Tea with Coffee</li> <li>Asian Millennials <b>moving</b> to Coffee</li> </ul> <b>+5%</b>	<ul style="list-style-type: none"> <li>EVOCA is increasing its presence in the US market</li> <li>Large market opportunity through ongoing replacement of percolators (drip) technology with espresso and bean to cup technologies</li> </ul> <b>+6%</b>
PRO COFFEE MACHINE MARKET SIZE (est.)	<b>~€1.3bn</b>	Addition of VP International to EVOCA Management team <b>~€400m</b>	
2015-LTM Sep17 EVOCA CAGR	<b>+2%</b>	<b>+27%</b>	<b>+9%</b>
% OF EVOCA PF REVENUE <sup>(2)</sup>	<b>63%</b>	<b>5%</b>	<b>8%</b>

(1) Source: Euromonitor International, CAGR refers to 2008 – 2016

(2) EVOCA coffee machines net sales as a % of total machines net sales

# Technology & Innovation (1/4)

3

*We have one of the broadest professional coffee machines range...*

PRICE RANGE



# Technology & Innovation (2/4)

3

*...serving all possible kinds of coffee...*



Espresso



Macchiato



Latte



Cappuccino



Americano



Filter



Liquid



Capsule

**ESPRESSO BASED**



**LIQUID**



**FILTER**

**CAPSULES**



# Technology & Innovation (3/4)

**GAGGIA**  
MILANO

3

.... and we constantly keep innovating: our next product introduction is the new Gaggia range (Milan HOST 2017)

## NEW GAGGIA RANGE PRESENTED AT HOST OCT-2017 IN MILAN

- **Gaggia** is an iconic brand with a strong Italian heritage since 1938
- Brand perfectly fits Coffee premiumisation trend where consumers seek authentic and artisanal coffee experiences
- Specialty coffee growing at faster rate than other coffee markets as more and more consumers around the world demand premium espresso-based beverages
- Fresh Milk technology will be added to a Super-Automatic Line (*to come*)



Gaggia is founded in Milan, Italy.



A Gaggia espresso machine takes pride of place at Club Astoria, the legendary 50s Milan nightclub.



Sirocci Bar, also in London, where the best Italian espresso is served by Gaggia.



Assembly line inside the Gaggia factory. The development of a number of new professional products boosts the Italian brand.



This vintage 1G-U made especially for Michael Jackson features the plaque: "Neverland".

Coming soon...

1938

1948

1949

1951

1953

1954

1956

1964

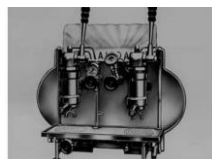
1999

2009

2017



On 5 Sep 1938, Milan coffee bar owner Achille Gaggia files patent 365726 for an innovative coffee machine, heralding the modern age of espresso.



Achille Gaggia's 1938 patent becomes a reality and Gaggia starts producing its first coffee machine for bars use: the CLASSIC.



With its iconic stand designs, Gaggia makes a huge impression at the Milan Trade Fair.



A stylish custom made Gaggia mobile canteen – resembling one of the brand's cylindrical machines – operated by Oluf Bronnum from Denmark in 1956.

**Saeco**

Saeco acquires 60% stake in Gaggia SpA

**EVOCA**  
GROUP

EVOCA acquired the Gaggia Professional business



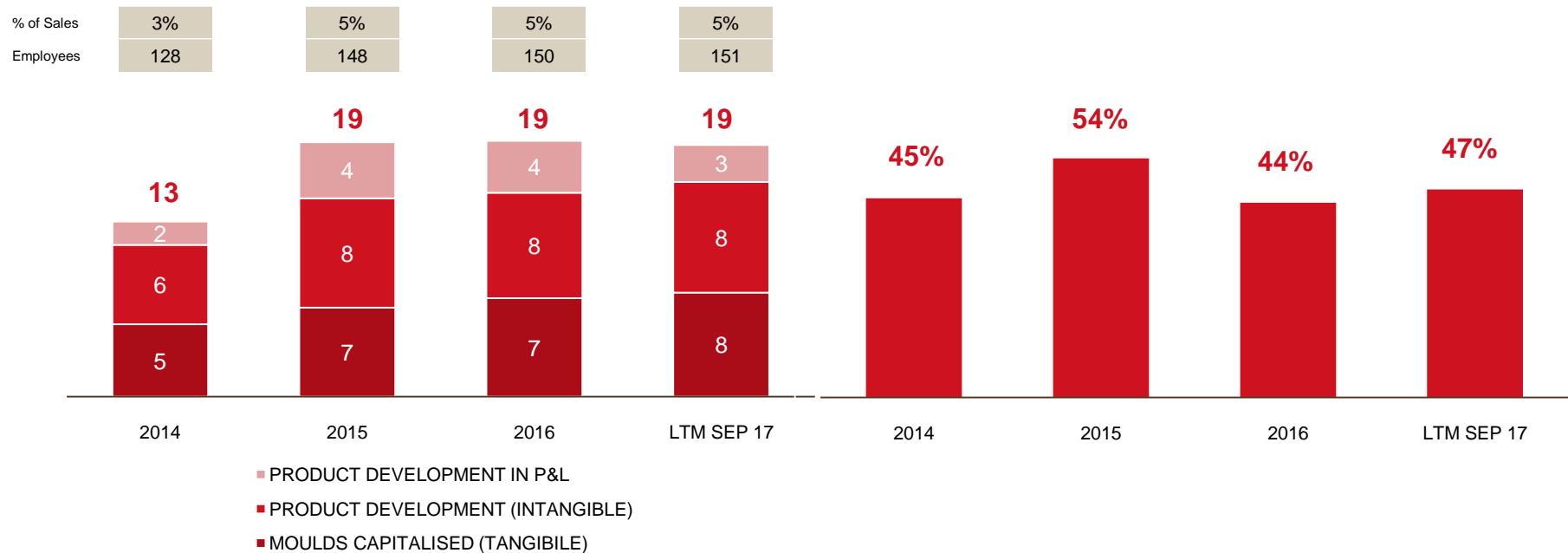
# Technology & Innovation (4/4)

3

*Our Technology & Innovation capabilities have always been a key differentiating point in an industry with smaller competitors with less R&D capacity*

PRODUCT DEVELOPMENT EXPENSES EVOLUTION (€M)

% OF PRODUCTS LAUNCHED IN PREVIOUS FOUR YEARS <sup>(1)</sup>



(1) Excluding most recent acquisitions

# Operational Excellence

4

*Operational excellence has always been in our DNA and with €23 million of savings extracted during the last financial crisis and several more initiatives ongoing today*

EVOCA Profitability Measures (LTM Sept. 17)	CONTINUOUS EFFICIENCY IMPROVEMENT	OPTIMISING MANUFACTURING FOOTPRINT	RATIONALIZATION THROUGH INTEGRATION OF BRANDS
<ul style="list-style-type: none"> <li>Our “asset-light” business model &amp; “state-of-the art” manufacturing facilities deliver best-in-class margins &amp; cash generation</li> </ul> <p><b>Adj. EBITDA Margin</b></p> <p><b>23%</b></p> <p><b>Adj. EBIT Margin<sup>(1)</sup></b></p> <p><b>20%</b></p> <p><b>Cash Conversion<sup>(2)</sup></b></p> <p><b>82%</b></p>	<ul style="list-style-type: none"> <li>Efficiency measures allowed us to extract €23 million during the last downturn               <ul style="list-style-type: none"> <li>Standardization</li> <li>Value analysis</li> <li>DM savings</li> <li>SGL restructuring</li> <li>Other Kaizen activities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>First relocation of SGL Plant in 2010</li> <li>Relocation of Danish Plant to Italy in 2011</li> <li>Final relocation of SGL Plant to Romania, with production activity at the previous plant stopped in October 2017</li> </ul>	<ul style="list-style-type: none"> <li>Foreign subsidiaries               <ul style="list-style-type: none"> <li>Offices and warehouse rent rationalization</li> </ul> </li> <li>Marketing               <ul style="list-style-type: none"> <li>Joint presence at fairs and exhibitions to rationalize space and request participation fee reduction</li> </ul> </li> <li>Procurement               <ul style="list-style-type: none"> <li>Savings on raw material purchases</li> </ul> </li> <li>Revenue               <ul style="list-style-type: none"> <li>Ability to capture additional customer base through holistic one-stop-shop solution</li> </ul> </li> </ul>

(1) Excludes amortisation of PPA and exceptionals

(2) Calculated as (EBITDA – Capex) / EBITDA

# Historical Financial Summary Pro forma

	FYE, Dec 31 2015	FYE, Dec 31 2016	LTM Sep 2017	CAGR 2015-LTM Sep 2017
<b>Coffee</b>	<b>240.9</b>	<b>250.3</b>	<b>268.2</b>	<b>6.3%</b>
<i>growth %</i>		3.9%	7.1%	
<b>Auto Coffee</b>	<b>119.6</b>	<b>122.9</b>	<b>126.9</b>	<b>3.4%</b>
<i>growth %</i>		2.7%	3.3%	
<b>Semi-Auto Coffee</b>	<b>121.4</b>	<b>127.4</b>	<b>141.3</b>	<b>9.1%</b>
<i>growth %</i>		5.0%	10.9%	
<b>Impulse</b>	<b>58.6</b>	<b>55.2</b>	<b>56.4</b>	<b>(2.1%)</b>
<i>growth %</i>		(5.8%)	2.3%	
<b>Spares &amp; Accessories</b>	<b>75.8</b>	<b>79.6</b>	<b>81.0</b>	<b>3.9%</b>
<i>growth %</i>		5.1%	1.7%	
<b>Revenue excluding discontinued business</b>	<b>375.3</b>	<b>385.1</b>	<b>405.6</b>	<b>4.5%</b>
<i>growth %</i>		2.6%	5.3%	
<b>Adjusted EBITDA excl. discontinued business</b>	<b>86.5</b>	<b>89.9</b>	<b>94.0</b>	<b>4.9%</b>
<i>margin %</i>	23.0%	23.3%	23.2%	
<b>Capex</b>	<b>18.7</b>	<b>17.2</b>	<b>16.5</b>	
<i>Revenue %</i>	5.0%	4.5%	4.1%	

Historical Financials of all entities under EVOCA perimeter adjusted to exclude Starbucks and Lavazza SGL OCS discontinued businesses. LTM Sept 2017 revenue including discontinued business of € 412.3 million. Adj. EBITDA almost unchanged at € 94.0 million.

# Closing Summary

**EVOCA is one of the leading manufacturers of Professional Coffee Machines globally**

**Coffee is an attractive market with strong underlying secular growth and a trend towards premiumisation**

**Significant growth in Asia and the US, with remaining untapped potential**

**Technological leadership driven by scale and years of commitment to R&D investment**

**Operational excellence delivering best in class profit margins and cash conversion**

**Strong track record of profitable growth**



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