# Preliminary information document ILAPAK

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Prepared by: GGL
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## Important Note

The information contained in this information document is preliminary only, has not been audited and is not intended for any other use than providing some background to the ILAPAK Group.

A more detailed document with supporting audited financial statement figures, and forecast financial data will be available from 29th July 2011.

## Finance sought

The ILAPAK Group is seeking Euro 8m in the form of non-voting preference shares, a corporate bond or similar.

ILAPAK is looking to arrange this cash injection within the next 4-6 weeks to ease the pressure on suppliers and return our main factory to full operational efficiency following period in which the suppliers have found their own working capital stretched beyond normal operating levels.

## Return to investors

ILAPAK is a strong stable business with an excellent underlying cashflow profile from spare parts and services, as well as a strongly cash positive cycle for machinery sales (90% of cash received before delivery).

ILAPAK is looking to return regular interest and capital payment over a period of 8 years with an interest rate that is consistent with the current market.

ILAPAK is prepared to pay a reasonable market based premium on the interest rate to an investor capable of agreeing a package in the timescale proposed.

With a forecast EBIT of 4-5% on Euro 100m in 2011 and revenues that have returned close to their pre-crisis levels, and ILAPAK's brand within both the Food and non-food industries remaining strong.

The ILAPAK Group order book is at record levels and order-taking continues to remain high each month.

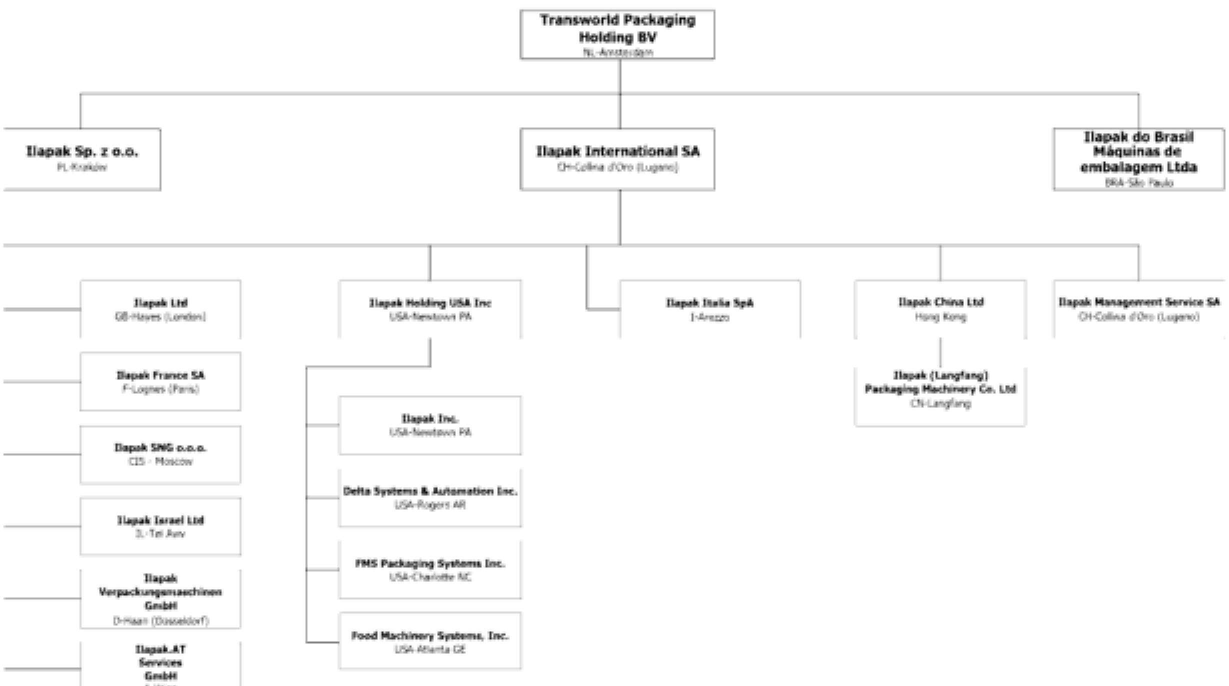
## Background to ILAPAK

- A Swiss group and a leading brand packaging machinery group across the world
- Established over 40 years ago, family owned, professionally managed business
- Major blue-chip customers include: Unilever, P&G, Masterfoods, Northern Foods, Kraft, etc
- Turnover Euro 100m for 2011, with a 3-6 month lead-time on most product
- Expected 2011 EBIT 4-5%, with significant EBIT growth forecast increasing to 8-10% in 2012, 2013 and onwards.

- Approximately 40% growth since crisis of 2009, to return to pre-crisis levels of turnover
- New products launched at Interpack 2011 in May 2011, are being adopted by customers already
- Food customers 80% Non-food customers 20%
- 12 sales, service and part subsidiaries around the world
- 5 production facilities totaling about 20,000 square meters of covered space, each a centre of excellence:
  - Lugano, Switzerland
  - Arezzo, Italy
  - Lang Fang, China
  - Rogers, Arkansas, USA
  - Charlotte, North Carolina, USA

## Group structure

**GROUP LEGAL ENTITIES' STRUCTURE (AS OF JUNE 15TH 2011)**



## Executive Board

**Members of the Board of Executive Management**

| Name | Luciano Sottile | Michael Dann | Sergio Pagani | Giacomo Orlandi |
|---|---|---|---|---|
| Member since | 1991 | 1998 | 2007 | 2008 |
| Nationality | IT | GB | CH | IT |
| Education and professional background | University degree in mechanical engineering and MBA | University degree in mechanical engineering and MBA | Degree in mechanical engineering | University degree in economics and MBA |
| Board function | President (CEO) | Commercial Director | Manufacturing Director | CFO |
| Member for the last 3 years | Yes | Yes | Yes | No |
| Business relationships | None | None | None | None |
| Mandate agreement with Garvith NV | No | No | No | No |
| Functions in institutional associations | Member of the Board of Italian Association of Packaging Machinery Manufacturers | None | None | President of Italian Association of Corporate Treasurers |

## Need for financing

The ILAPAK Group successfully manoeuvred it way through the start of the 2008/2009 financial crisis, with revenues dropping approximately 35% year on year.

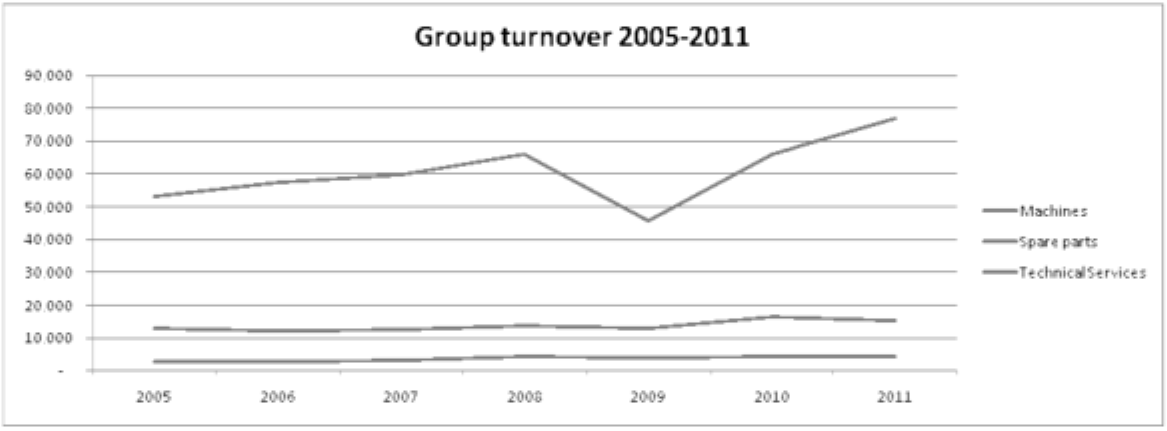
The ILAPAK Group board took decisive action in compensating for this dramatic fall in revenues with a substantial cost cutting programme which allowed the Group to break-even in 2010.

Following 2009 ILAPAK's financial resources were stretched, and with the cash inflow cycle to the factories loaded towards the end of the year, ILAPAK's suppliers are typically increasingly stretched toward the third quarter of every year.

The Group's treasury team has been carefully managing the cashflows of the business throughout this recent period, however in the last couple of months a temporary unexpected production issue caused deliveries from one of ILAPAK's factories to slow for a two month period. This in turn has meant ILAPAK's credit with suppliers has increased and the suppliers are now finding it difficult to maintain their working capital needs as their own credit facilities have shrunk in the current financial climate.

The financing ILAPAK is seeking will allow the Group to avoid the risk of disruption to production output due to supplier shortages, and return to a healthy level of cashflow in 2011 and beyond.

## Financial overview




A more detailed financial overview will be available from 29th July 2011