

August 2014

Itema Press Release

ITEMA SpA Announces First Half 2014 Results Exceeding Expectations

- **Itema Closed Remarkably Positive First Half 2014**
- **Weaving Machine Sales Up (+12% volume; +10% turnover)**
- **Highest Gainer Itema India after Turnaround Action in H1 2014**
- **Spare Parts Business 10-Year Downward Trend Reversal**
- **Improvements in Profitability (+20% EBITDA; +27% EBIT)**
- **Cash Flow of €14 Million**
- **Four New Innovative Products Launched**
- **Lean Manufacturing Across Global Manufacturing Sites On Track**

COLZATE, Bergamo, Italy, August 2014 – Itema, the leading global provider of advanced weaving solutions, including best-in-class weaving machines, spare parts and integrated services, announced financial results for the first half of 2014 (H1 2014) exceeding expectations and registering a further growth to the already spectacular results of 2013. Despite the severe decline in global weaving machine demand, Itema sold in the first six months of this year 12% more weaving machines compared to same period last year, increasing the Group turnover by 10% YOY.

"The first half of this year produced some rather positive and encouraging results," announces Carlo Rogora, CEO of Itema. "Our progress continues on from the boost in 2013 (+50% vs. 2012). This result is, for us, even more remarkable considering that the global weaving machine market declined significantly since Q4 2013, a fact also confirmed by statements from other industry players."

The highest improvement in performance comes from the Indian Subcontinent, in particular from Itema India after the major turnaround actions implemented in Q1 2014. Less satisfactory results so far come from China and from the airjet weaving machine sales, both due mainly to a significant slowdown in the Chinese weaving machine market.

In March, Itema renewed the existing Company's presence and investment in China with the Grand Opening of Itema China new premises in a highly efficient and modern establishment in Shanghai. Furthermore, Itema launched two new avant-garde airjet models (the A9500p and the A9500e) and two new rapier weaving machine models (R880DT and R9000) at ITMA ASIA 2014 in Shanghai, thus confirming itself as leading market innovator. All new market launches were greeted very positively by Customers.

The rapier R9500 model continues earning well-deserved accolades worldwide. Launched less than 2 years ago, the weaving machine reaches a new pinnacle of success achieving 50% of all Itema weaving machines sales (compared to 30% in 2013) and establishing itself as the all-times best-seller.

An impressive comeback this year is the Spare Parts Business. "We are particularly pleased by the turnaround performance of our Spare Parts Business Unit (created only one year ago) which managed – for the first time in ten years – to reverse the trend of declining original manufacturer spare parts market," in Rogora's words.

The Company is on track with the implementation of "Lean Manufacturing" across Itema's manufacturing and assembly lines, with a major focus on the main manufacturing site in Italy, driving up productivity by an additional +15% with only limited additional resources and investments.

Other improvements across the board in financial indicators, *ceteris paribus*, once again exceeded expectations:

- Cash Flows of €14 Million
- EBITDA up +20% YOY
- Operating Profit (EBIT) up +27% YOY

"Our markets and the decision of weavers worldwide whether to invest in capital expenditures, including new weaving machines, are heavily influenced by the reigning political instability in some of the countries we operate and by the ongoing global economic crisis." - continues Rogora - "The future, even in the short term is difficult to predict. Thus, we maintain a cautious outlook for the second semester of this year. Anyhow, our encouraging results so far, in marked counter-trend with the global market, renew our strong will and determination to do even better going forward. We push ahead with our strategy to increase our flexibility to respond quickly to market changes

and to pursue with ever greater determination the excellence and innovation of our products and the continuing satisfaction of our Customers."

**Please note that the financial data above is based on non-audited figures.*

About Itema

Itema is a leading global provider of advanced weaving solutions, including best-in-class weaving machines, spare parts and integrated services. The Company is the only manufacturer in the world to provide the top three weft insertion technologies: rapier, air jet and projectile, with an ample product portfolio and a commitment to continuous innovation and technological advancement of its weaving machines.

For more information about Itema, please visit www.itemagroup.com.

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Photos :



Carlo Rogora, CEO Itema SpA



Itema's Global HQ in Colzate, Italy



Itema's CEO together with shareholders and some of the BoD members inspecting the progress of Lean Manufacturing initiatives at the main production site in Colzate, Italy.