Lisa Miles, Senior Vice President Investor Relations

Good morning, and thanks for joining us. With me today is Franco Stevanato, Executive Chairman, Franco Moro, CEO, and Marco Dal Lago, CFO. A presentation illustrating today's results can be found on the IR section of our website.

Some statements being made today will be forward-looking in nature and are only predictions. Actual events and results may differ materially as a result of risks we face, including those discussed in Item 3D entitled "Risk Factors" in the Company's most recent Annual Report on Form 20-F filed with the SEC.

We encourage you to review the information contained in our earnings release in conjunction with our SEC filings and our latest Form 20-F. The Company does not assume any obligation to revise or update these forward-looking statements to reflect subsequent events or circumstances, except as required by law.

Today's presentation may contain non-GAAP financial information. Management uses this information in its internal analyses of results, and believes this information may be informative to investors in:

- gauging the quality of our financial performance,
- identifying trends in our results,
- and providing meaningful period-to-period comparisons.

For a reconciliation of the non-GAAP measures, please see the Company's most recent earnings press release.

I will now hand the call to Franco Stevanato for opening remarks.

Franco Stevanato, Executive Chairman

Thank you, Lisa. We are pleased with another quarter of solid operational and financial performance as we continue to build on our track record and execute against our objectives.

We are making progress on all fronts as evidenced in today's results.

- We continue to achieve our near-term growth target of high single digit to low double-digit growth.
- We are successfully responding to market demand which, in turn, is driving our mix shift towards high-value solutions. This keeps us on track to achieve our mid-term target for revenue from high value solutions in the high 30% range in 2026.
- Our investments in growth platforms are currently going as planned as we expand capacity for high value solutions to satisfy strong customer demand in key end markets like, biologics.
- And lastly, we are benefiting from growth in biologics, which has a projected compounded annual growth rate of approximately 15% through 2027 – and is currently our fastest growing end market. Our differentiated EZ-fill® products are ideally suited to meet the mission-critical needs of biologics. And our pipeline of projects is heavily weighted towards this market.

Over the last several years, we have laid the foundation to drive sustainable, long-term, organic growth, and we believe we are well positioned to capitalize on the many secular tailwinds as we continue to create and drive shareholder value.

Thank you, I will now hand the call over to Franco.

Franco Moro, Chief Executive Officer

Thank you, Franco. Starting on page 7.

Our second quarter results were highlighted by 9% year-over-year revenue growth, and an adjusted EBITDA margin of 26.7%. During the second quarter, strong demand for our high-value EZ-fill® products led to an increasing mix of high-value solutions, which represented approximately 33% of total revenue.

For the second quarter, new order intake totaled €240 million, compared to €252 million last year. Excluding Covid-19 related orders, new order intake increased 4%, compared to the same period last year. As of June 30th, our backlog of committed orders totaled approximately €939 million. Both new order intake and backlog were temporarily inflated during the pandemic as customers placed signed orders further in advance. Customers have since returned to pre-Covid business practices.

Biologics

Let's turn to page 8. Pharmaceutical innovation is driving advancements in more complex biologic drugs and paving the way for new therapies that address chronic diseases, co-morbidities, and more challenging disease management.

In 2021, approximately 28% of all FDA approvals were biologics. This rose to approximately 40% of approvals in 2022. Of the 2022 FDA approvals, we are in three of the four potential blockbusters – all of which are biologics.

Biologics are a broad category of products often administered by injection. They can be challenging to stabilize and administer, due to their complexity, sensitivity, and viscosity. As a result, biologics have unique storage and packaging requirements that our EZ-fill®, Nexa®, and Alba® products are specifically designed to address - even for the most demanding biologics.

Over the last couple of years, biologics have been an important growth driver for our business. Year-to-date, and excluding revenue related to Covid-19, revenue from biologics accounted for 26% of BDS segment revenue compared with 19% in 2022 and 16% for 2021. This increasing revenue from biologics also dovetails with the timing of our targeted capacity expansion.

The key takeaway is that we currently see strong secular tailwinds in biologics creating downstream demand for high value products. We expect that continued advancements in biologics - including mRNA applications, monoclonal antibodies, GLP1s, and biosimilars – will continue to drive durable, organic growth.

Industrial Plan Progress

Please turn to page 9, for an update on our capital projects in the U.S. and Italy, as we advance these facilities towards operational readiness.

In Fishers, staffing plans remain on track and our technical and managerial staff have returned to Indiana after many months of immersive training here in Italy. We've started our initial performance qualifications for the first EZ-fill® lines and we remain on track to begin customer validation activities later in the year.

In Latina, Italy, staffing plans are progressing as expected and customer validation activities are well underway, as we prepare for commercial production by the end of the year.

As a reminder, our expansion is modular. It is linked to real customer demand and the visibility we have through our long-term commercial agreements. We work directly with customers to assess their capacity needs and we align our expansion plans accordingly. New capacity typically requires several years to plan, build, validate, and launch for commercial production.

The intensity of capital investments, and the rigorous quality and regulatory requirements, create natural barriers to entry. This, coupled with our deep technical expertise, unique integrated capabilities, and ability to deliver high performance products at scale, positions us to capitalize on strong customer demand and expand our market share in growing end markets, like biologics.

Summary / 2022 Sustainability Report

Lastly, we recently published our 2022 Sustainability Report. It highlights our efforts to pursue efficient and innovative solutions, while fostering a culture that values Health & Safety, as well as Diversity, Equity & Inclusion. We measure our progress through the GRI Standards as a framework for transparency and accountability. I want to congratulate our team for receiving a bronze medal from EcoVadis, recognizing our efforts in sustainability. Our goal is to continue growing and supporting customers, while making a positive impact everywhere we work and do business.

Thank you, I will hand the call over to Marco.

Marco Dal Lago, Chief Financial Officer

Thanks Franco. Before I begin, I want to clarify that all comparisons refer to the second quarter of 2022, unless otherwise specified.

Starting on page 12. For the second quarter of 2023, revenue increased 9% to €255.3 million - (or approximately 10% on a constant currency basis), driven by growth in both segments.

We are pleased with the consistent progress in growing our mix of high value solutions, which represented 33% of total revenue compared to 30% for the same period last year.

Revenue from Covid-19 decreased 89% over the prior year and accounted for approximately 1% of revenue in the quarter. Despite this drop-off, we have been successfully backfilling it with revenue from new and expanding customer projects. Excluding revenue from Covid-19 and the effects of currency, second quarter revenue increased 20%.

For the second quarter, gross profit margin was impacted by temporary inefficiencies as the Company brings its new facilities into service. As a result, gross profit margin decreased 90 basis points to 30.9%, due to the expected rise in industrial costs and higher depreciation. This was partially offset by the increase in high-value solutions.

The rise in industrial costs unfavorably impacted gross profit margin by 140 basis points. Excluding these start-up costs, gross profit margin would have been 32.3% in the second quarter of 2023, compared with 32.1% for the same period last year.

These headwinds are expected to abate as capacity comes on-line. We currently expect that they will continue into 2024 when operations commence in Indiana.

In the second quarter of 2023, operating profit margin was 17.6%. Excluding start-up costs on the new plants, adjusted operating profit margin was 19.1%. This compares to 19.6% in the same period last year which benefitted from a €6.0 million contract modification tied to Covid-19.

Adjusted EBITDA increased 10% to €68.2 million, and adjusted EBITDA margin was up 30 basis points to 26.7%.

On the bottom line, for the second quarter of 2023, net profit totaled €34.3 million, and we delivered diluted earnings per share of €0.13.

Excluding start-up costs, adjusted net profit was €37 million, and adjusted diluted earnings per share increased 17% to €0.14 over last year.

Segment Financial Results

Moving to Segment results on page 13.

Biopharmaceutical and Diagnostic Segment (BDS)

For the second quarter, revenue from the Biopharmaceutical and Diagnostic Solutions Segment increased 9% to €204.8 million, compared with the same period last year. Growth on a constant currency basis was also 9%.

Revenue from high value solutions increased 20% to €84.2 million; and revenue from other containment and delivery solutions increased 2% to €120.6 million.

As expected, margins in the BDS Segment were impacted by the start-up of new plants and higher depreciation, which was partially offset by the increase in high value solutions. This led to gross profit margin of 31.6% and operating profit margin of 19.8% in the second quarter of 2023.

Engineering Segment

Revenue from the Engineering Segment increased 11% to €50.5 million driven mainly by strong sales in visual inspection lines.

Gross profit margin for the Engineering segment increased 20 basis points to 22.5%, driven by higher sales in more accretive product lines and ongoing optimization efforts. This led to operating profit margin of 15.5% for the second quarter of 2023.

Balance Sheet and Cash Flow Items

On page 14. As of June 30, 2023, we had net debt of €120.4 million, and cash and cash equivalents of €61.2 million.

As expected, capital expenditures were €138 million in the second quarter, and we remain on track with the expansion of our capacity in high value solutions to meet customer demand for ready-to-use drug containment.

For the second quarter of 2023, net cash generated from operating activities was €24.4 million, which reflects our current working capital needs to support organic growth in the business. Cash used for the purchase of property, plant, and equipment, and intangible assets was €93.7 million which resulted in negative free cash flow of €69.1 million.

2023 Guidance

Lastly on page 15, guidance. We continue to expect:

- Revenue in the range of €1.085 billion to €1.115 billion and,
- Adjusted diluted EPS in the range of €0.58 to 62,

- And lastly, we are slightly increasing adjusted EBITDA guidance. We realized some improvements in utilities which are coming in lower than forecasted and, as a result, we now expect adjusted EBITDA in the range of €291.8 million to €303.8 million. This will not, however, have an impact on reported EBITDA as this effect will be offset by marginally higher non-recurring start-up expenses mostly related to training in Latina and Indiana.

Our 2023 guidance assumes that:

- Capex will range between 35% to 40% of 2023 revenue.
- High value solutions will represent approximately 32% to 34% of forecasted revenue.
- A currency headwind of approximately €13 million to €14 million.
- And Covid-19 will represent about 1-2% of revenue, down from our prior estimate of 2-3%.

Thank you, I will hand the call to Franco for closing comments.

Franco Moro, Chief Executive Officer

In closing, we are pleased with our year-to-date financial results. The fundamentals of our business are strong, and we operate in growing end markets characterized by an environment of robust demand.

Our teams are executing against our strategic and operational priorities as we set the stage to capitalize on customer demand for our integrated products. I am proud of the progress we continue to make every day as we remain laser focused on:

- Completing the current phase of our expansion in Italy and the United States, as we prepare for commercial production in the coming months.
- Meeting customer demand and growing our mix of high value solutions, as customers turn to ready-to-use formats and move up the product value chain.
- Investing in R&D to maintain and accelerate our market-leading position.
- And, lastly, building a multi-year pipeline of new opportunities by supporting our customers through scientific innovation to meet their evolving needs.

Thank you. Operator, let's open it up for questions.