

Aquafil: Pioneers of Circularity

Investor Presentation – 23 June 2017

www.aquafil.com

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Today's Speakers



Giulio Bonazzi
Chairman and CEO



Roberto Italia
Partner



Adriano Vivaldi
CFO
Executive Director



Carlo Pagliani
Partner



Fabrizio Calenti
Executive Director – President
of NTF & ECONYL® Technology



Edoardo Subert
Partner

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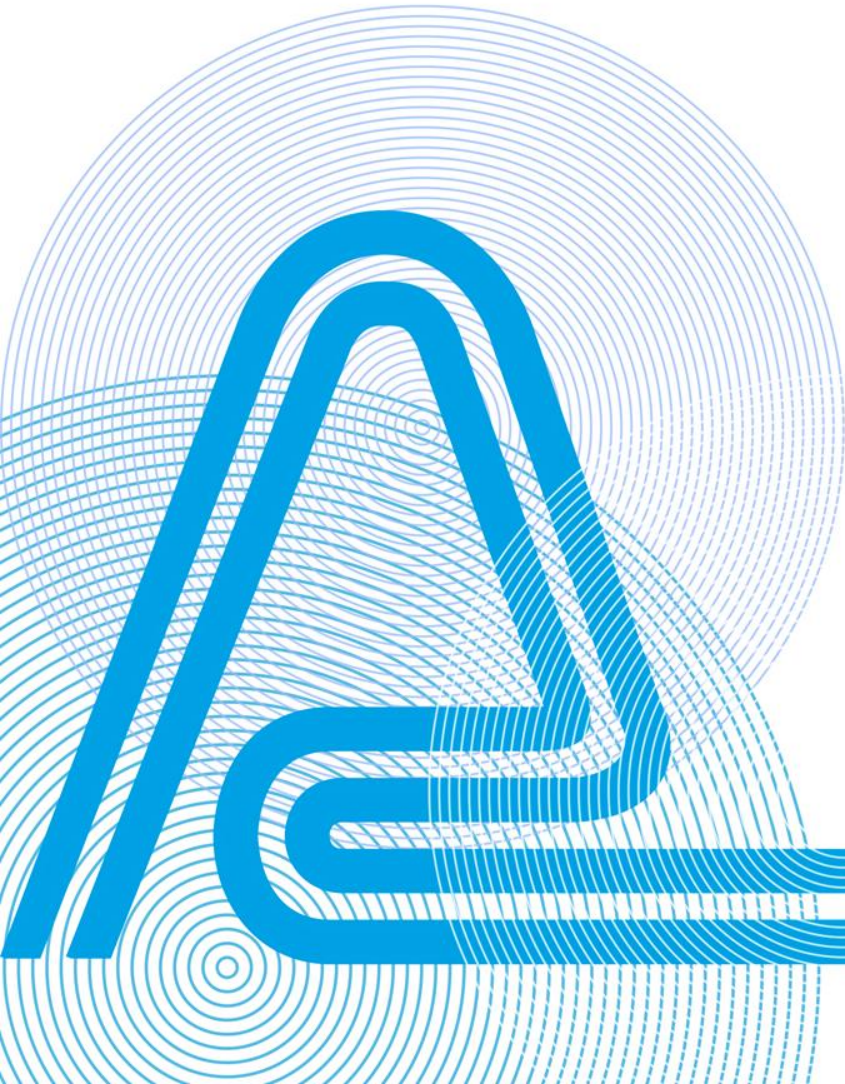
1 Introduction

2 Investment Highlights

3 Key Financials

4 Transaction Description

Appendix



1. Introduction

www.aquafil.com

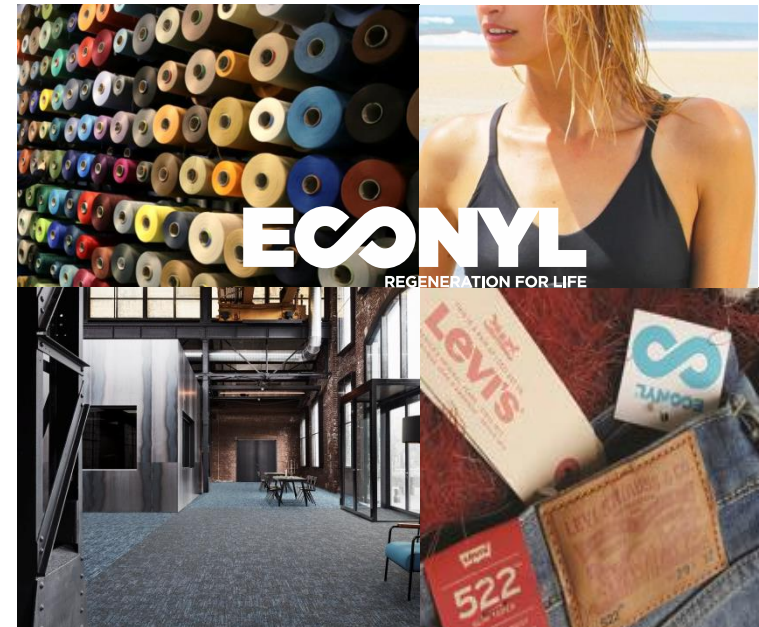
Space3 Differentiating Factors



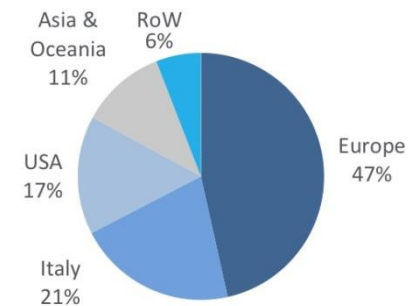
- Space3 is the third SPAC promoted by Space Holding and listed on MIV (Market for Investment Vehicles), the regulated segment for investment vehicles of the Milan Stock Exchange
- Space3 was established following a partial and proportional spin-off from Space2, which attributed to Space3 c. €154m (still the largest SPAC on the Italian market)
- Proven and successful business model, with c. €300m invested to date and two companies already brought to the market through Space and Space2: FILA and Avio, with a current combined market capitalization of c. €1.1bn
 - FILA total shareholders return: c. 170% 
 - Avio total shareholders return: c. 52% 
- Searching for an Italian company with a leadership positioning, international footprint, entrepreneurial talent and a strong management team

Our Target of Choice: Aquafil

- **Market leader in nylon fibers and polymers**
 - Flooring solutions as well as fashion and sportswear textile applications
- **Technologies, processes and continuous innovation key to a successful business model**
 - R&D focus for a uniquely diversified commercial offer
 - Manufacturing and operational excellence
 - Focus on high-end segments for a premium positioning
- **Pioneers of circularity**
 - A true regeneration company with already c. 30% of revenue⁽¹⁾ coming from regeneration of Nylon 6 waste
 - **ECONYL® Regeneration System** (www.econyl.com): high barriers to entry and cost effectiveness
 - Substantial opportunities ahead
- **A global company with a dedicated, local supply system**
 - Manufacturing presence in 8 countries
 - c. 2,700 employees
 - c. 135,000 tons of polymers and fibers produced
 - Revenues of c. €483m, EBITDA of c. €65m in FY16
- **Entrepreneurial talent and strong management team**



2016A
Revenue: c.
€483m



Nylon: An Incredibly Varied Range of Applications

AQUAFIL
synthetic fibres and polymers

Nylon Textile Fibers
("NTF")

Global Market Size:
c. 1,990kt; c. €7.9bn



- Very thin filaments
- Customers: fragmented textile manufacturers market

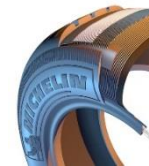


Nylon Industrial Fibers
("NIF")

Global Market Size:
c. 1,230kt; c. €5.9bn



- Thick filaments to ensure high tenacity (process at higher temperature)
- Customers: mainly consolidated tire market

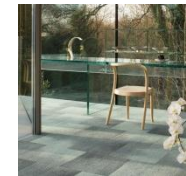


Bulk Continuous Filament
("BCF")

Global Market Size:
c. 750kt; c. €3.3bn



- Thicker filaments than NTF
- Customers: consolidated flooring solution manufacturers market



Nylon Engineering Plastics
("EP")

Global Market Size:
c. 4,000kt; €10.5bn



- Resin pellets
- Customers: fragmented customer base of automotive suppliers



Nylon Packaging Films

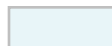
Global Market Size:
c. 440kt; €1.4bn



- Component of multi-layer films, mostly for food
- Good thermo-formability and barrier properties



Estimated Total Market Size:
c. 8.4Mt; c. €29bn



Aquafil's Value Chain

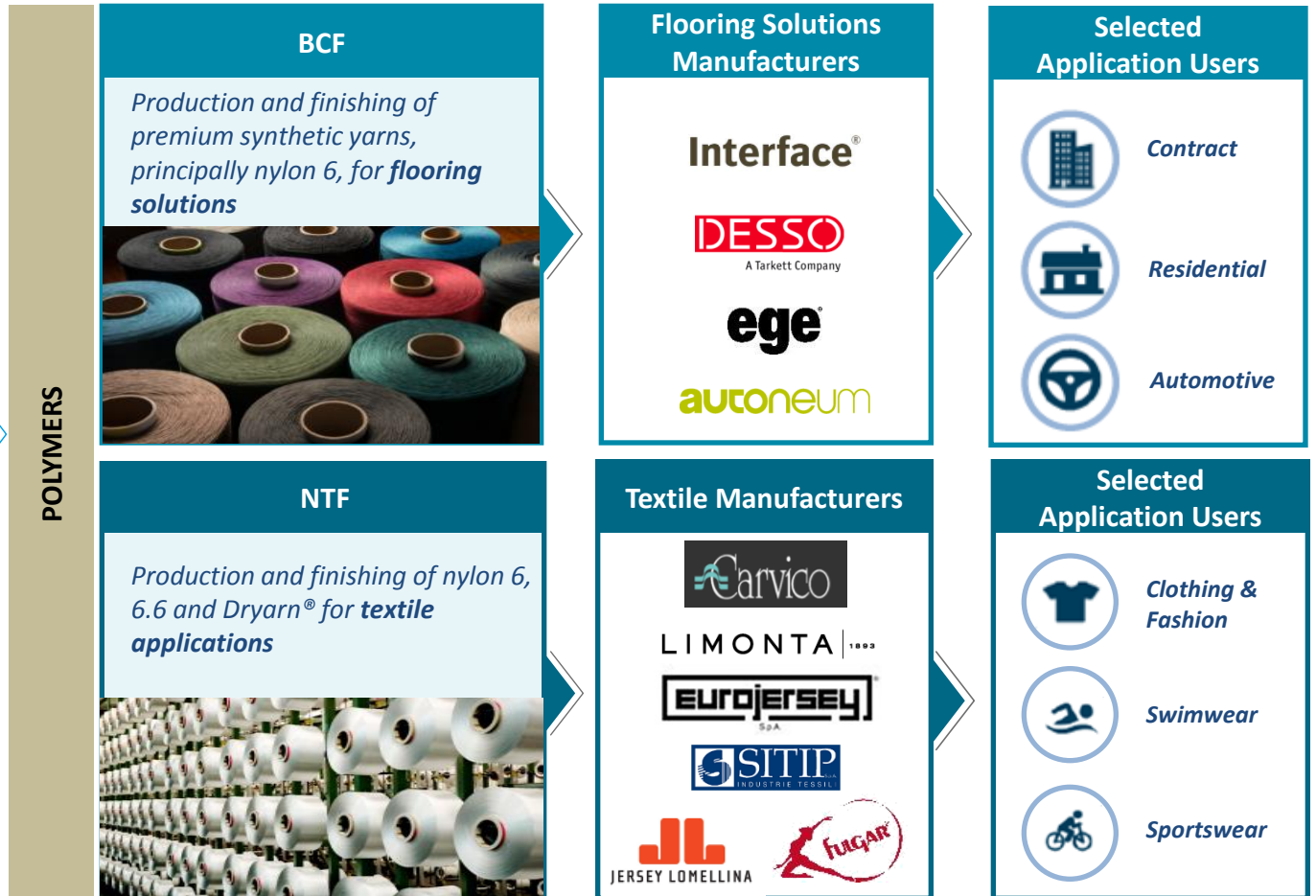


Standard Caprolactam

Nylon 6 monomer (building block) synthetically produced from oil derivatives. Price highly correlated to oil

ECONYL® Caprolactam

From various waste including post-consumer (fishnets, used carpets, etc.)

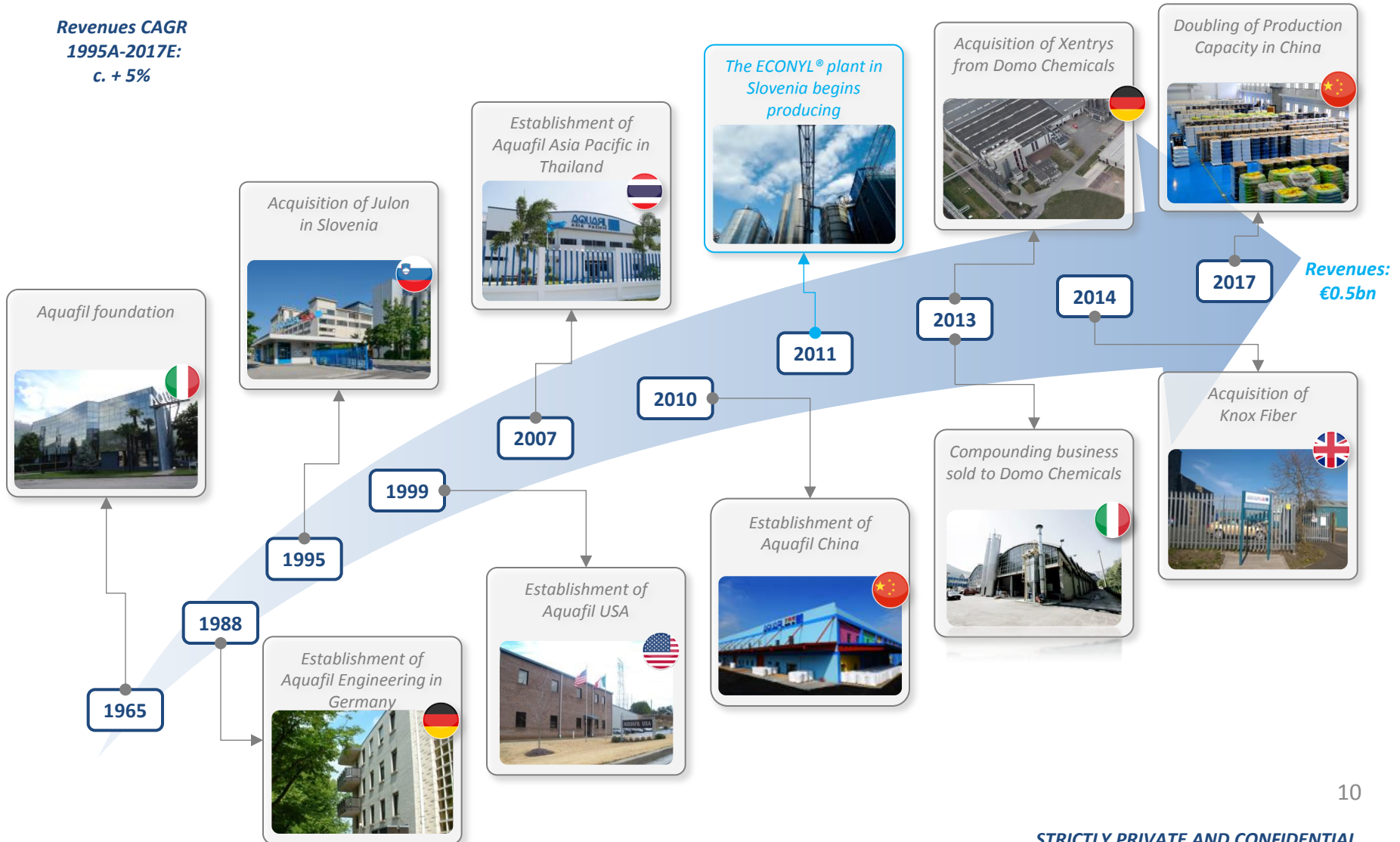


Denotes Aquafil presence in the value chain

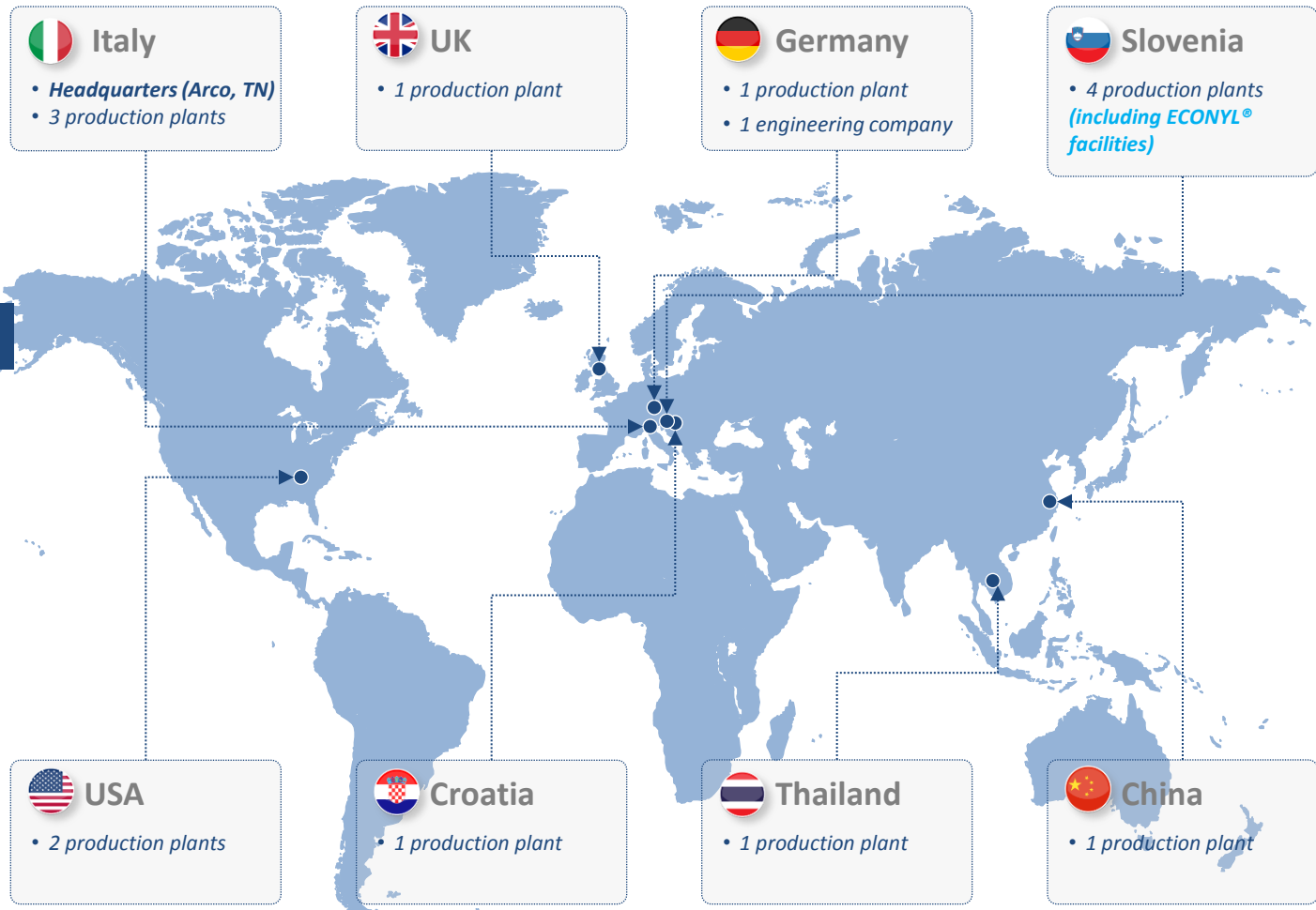
50 Years of Growth and Success – Key Milestones

Aquafil: from an Italian nylon fiber manufacturer to a global player in circular economy

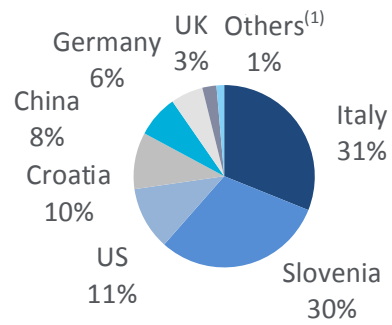
Revenues CAGR
1995A-2017E:
c. + 5%



Global Footprint With Proximity to Clients

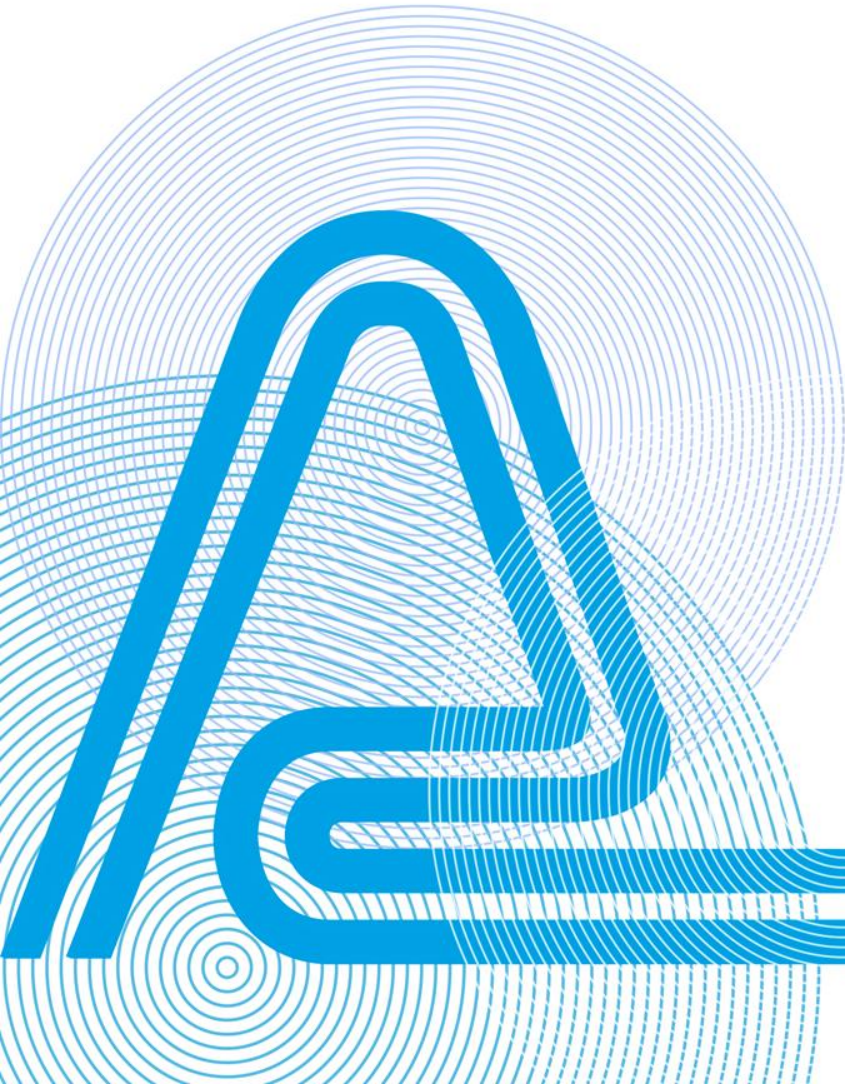


Employees (~2,700 people)
2016 Breakdown by Geography



Flexible, low cost production and logistics

Source: Aquafil information, Advancy analysis.
Note: (1) Include Thailand, Belgium and Turkey.



2. Investment Highlights

www.aquafil.com

A Compelling Investment Proposition



1 Global Leader in Flooring, Fashion and Sportswear Solutions



1 Aquafil at a Glance

A

BCF⁽¹⁾
Flooring Solutions

Key Applications



Contract



Residential



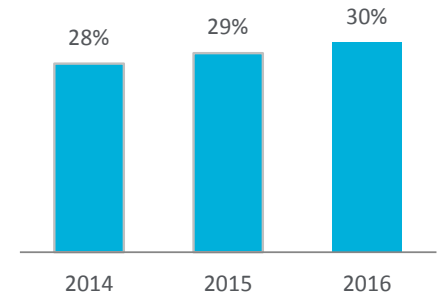
Automotive



Contribution to Revenues 2016

c. 80%

European Market Shares⁽²⁾



B

NTF
Textile Applications

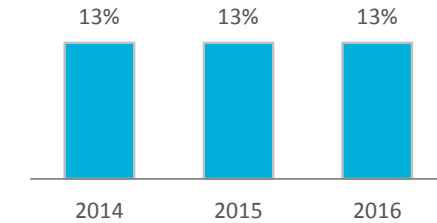
Clothing & Fashion

Swimwear

Sportswear

High-tech clothing

c. 20%



Source: Aquafil information, Advancy analysis.

Note: (1) Including polymers. (2) West EU + CEEC + Turkey. Based on volumes.

1A BCF

A

BCF⁽¹⁾
Flooring Solutions

Key Applications



Contract



Residential



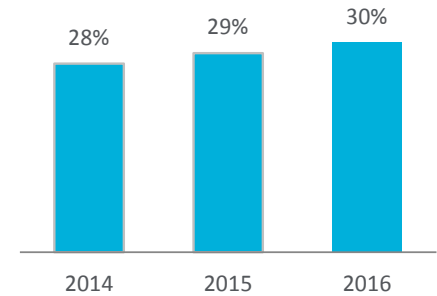
Automotive



Contribution to Revenues 2016

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B

NTF
Textile Applications

Clothing & Fashion

Swimwear

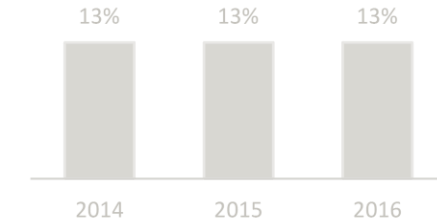
Sportswear

High-tech clothing

Contribution to Revenues 2016

c. 20%

European Market Shares⁽²⁾



Source: Aquafil information, Advancy analysis.

Note: (1) Including polymers. (2) West EU + CEEC + Turkey. Based on volumes.

1A Exposure to the Highest Growing BCF Segments

		Global BCF Market			Aquafil BCF Revenues	
		2016, €m	'11-'16A CAGR ⁽¹⁾	'16-'21E CAGR ⁽¹⁾	2016, €m	2016 Split by Geography
Contract	Modular Carpet ("Tiles")	c. 600 (18%)	↑↑ >+7%	↑↑ +4% to +7%	139 (41%)	
	Wall-to-Wall	c. 760 (23%)	-3% to -4%	-1% to +1%	66 (20%)	
Residential		c. 1,490 (45%)	↑ +2% to +3%	↑ +1% to +4%	56 (17%)	
Automotive		c. 300 (8%)	↑↑ +5% to +7%	↑↑ +4% to +7%	59 (18%)	
Other ⁽³⁾		c. 200 (6%)	n.m.	n.m.	16 (4%)	
Total		c. 3,310	↑ +1% to +3%	↑ +1% to +4%	336⁽²⁾	

Source: Aquafil information, Advancy analysis, PCI Nylon and Tecnon Orbichem.

Notes: (1) Based on volumes. (2) Excluding polymers and waste, accounting for c. €43m. (3) Mainly entrance mats.

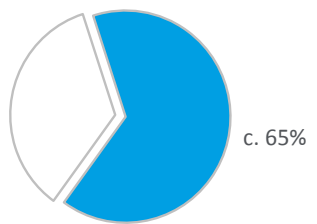
1A BCF: Undisputed Leader in Europe



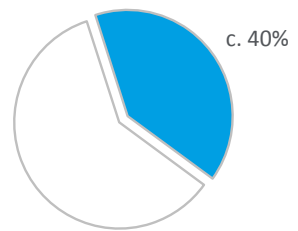
2016 Market Share⁽¹⁾

Comments

Contract Tiles Contract Wall-to-wall

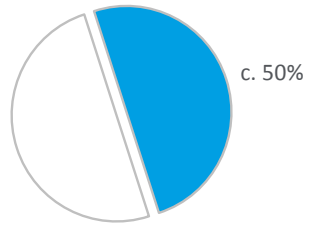


2016 Market Size: c. 28kt
16-21E CAGR: +3.0%

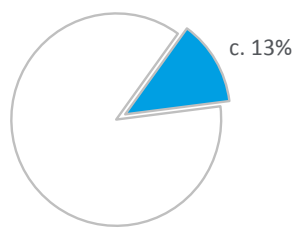


2016 Market Size: c. 27kt
16-21E CAGR: +0.0%

Automotive Residential



2016 Market Size: c. 20kt
16-21E CAGR: +0.8%



2016 Market Size: c. 78kt
16-21E CAGR: -0.2%

- Aquafil dominating the consolidated and growing European contract market thanks to:
 - Technology mastering
 - Ability to provide small batches in very short lead times
- Leader in automotive, which is heavily concentrated around 3 players
- One of 2 independent players in fragmented residential, where vertically integrated operators represent 70% of the market

Source: Advancy analysis.
Note: (1) Based on volumes.

1A BCF: Leading Emergent in Fast-growing USA and China

	2016 Market Share ⁽¹⁾		Comments
	Automotive	Contract	
USA 	<p>2016 Market Size: c. 24kt 16-21E CAGR: +8.0%</p>	<p>2016 Market Size: c. 160kt 16-21E CAGR: +1.4%</p>	<ul style="list-style-type: none"> Challenger status, with 2 independent players Automotive dominated by 3 players Integrated players make more than 80% of the contract segment
China 	<p>2016 Market Size: c. 8kt 16-21E CAGR: +17.0%</p>	<p>2016 Market Size: c. 20kt 16-21E CAGR: +5.6%</p>	<ul style="list-style-type: none"> Leading position in automotive, with focus on fast-growing high-end segment Highly fragmented contract segment shows opportunity in premium areas

Source: Advancy analysis.
Note: (1) Based on volumes.

1A BCF Brands Using ECONYL® Fibers



1B NTF

Key Applications

Contribution to Revenues 2016

European Market Shares⁽²⁾

A

BCF⁽¹⁾
Flooring Solutions



Contract



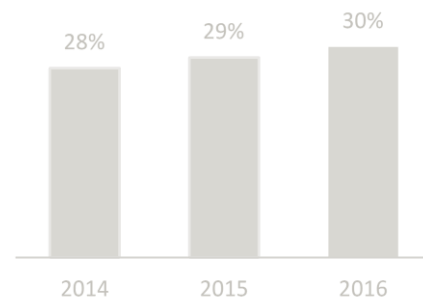
Residential



Automotive



c. 80%



B

NTF
Textile Applications



Clothing & Fashion



Swimwear



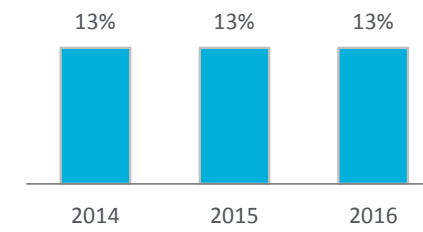
Sportswear



High-tech clothing



c. 20%

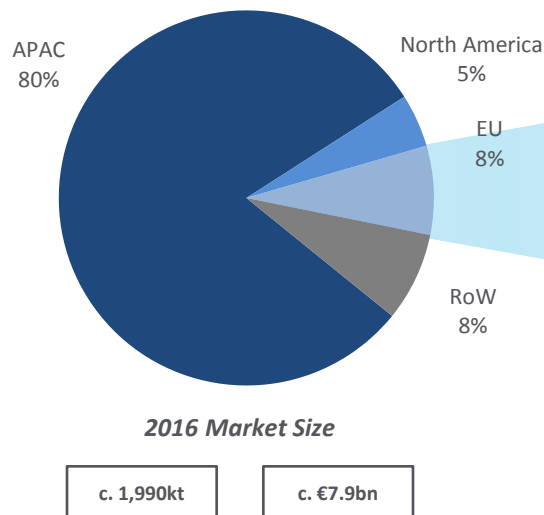


Source: Aquafil information, Advancy analysis.

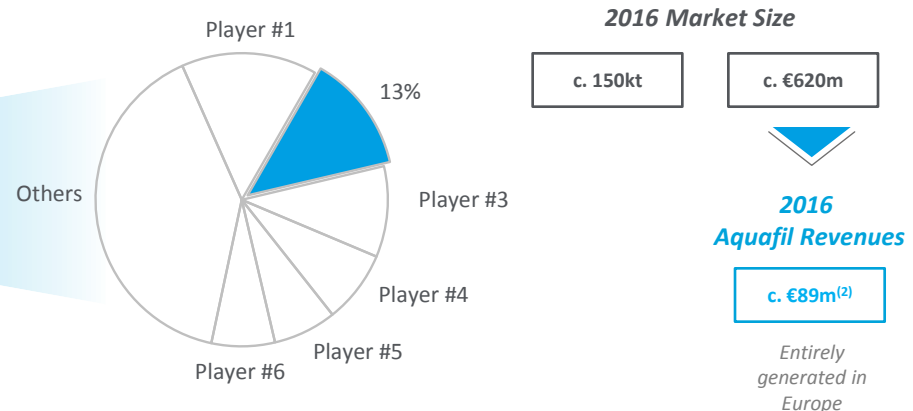
Note: (1) Including polymers. (2) West EU + CEEC + Turkey. Based on volumes.

1B NTF: Established Leader in Europe

Global NTF Market⁽¹⁾ (2016)



Aquafil NTF Market Share⁽¹⁾ in Europe (2016)



- Textile mass production is in APAC
- Europe’s core focus is on high-end production
 - Fast fashion needs lead to growing production out of Turkey, which can be served by European NTF players
- A leading player with limited competition
 - One of only 3 suppliers capable of offering products starting from monomer and intermediate handling
- APAC moving slowly towards high-end production

Source: Advancy analysis, PCI Nylon and Tecnon Orbichem.

Note: (1) Based on volumes. (2) Excluding polymers and waste, accounting for c. €1m.

1B Recognized Brands in NTF

ECONYL® Regenerated Fiber

- **100% regenerated & regenerable** nylon fiber
- **Fully recognized** by a large and growing number of global sportswear and luxury brands (c. 150 contracts in place)
- **Unique storyline channeled by brands onto final consumers**
- Qualifies and opens doors to the entire Aquafil products offering

Examples of ECONYL® Applications

STELLA MCCARTNEY



OUTERKNOWN



KUNERT

Dryarn®: a Successful High-performance Fiber

- Dryarn® is a **niche, high-end fiber** for **sportswear and technical underwear** applications
- Dryarn® has **significantly superior properties** than most common textile fibers (polyester, cotton, wool): **better dryness** (less moisture absorption), **lightness, breathability and insulation capacity**
- Established itself as THE brand of microfiber polypropylene high performance garments (military and civil service included)

Examples of Dryarn® Applications

		<ul style="list-style-type: none"> • Mountain biking jersey • Biking suit underwear
		<ul style="list-style-type: none"> • Jeans
		<ul style="list-style-type: none"> • High performance sportswear

2 Pioneers of Circularity



2 Regeneration: A Long Journey with ECONYL®



100% regenerated & regenerable nylon fiber



Fishing Nets Recovery

US Carpet Waste Treatment Plant



- 20,000 tons of recovered fishing nets from aquaculture and fishing industry

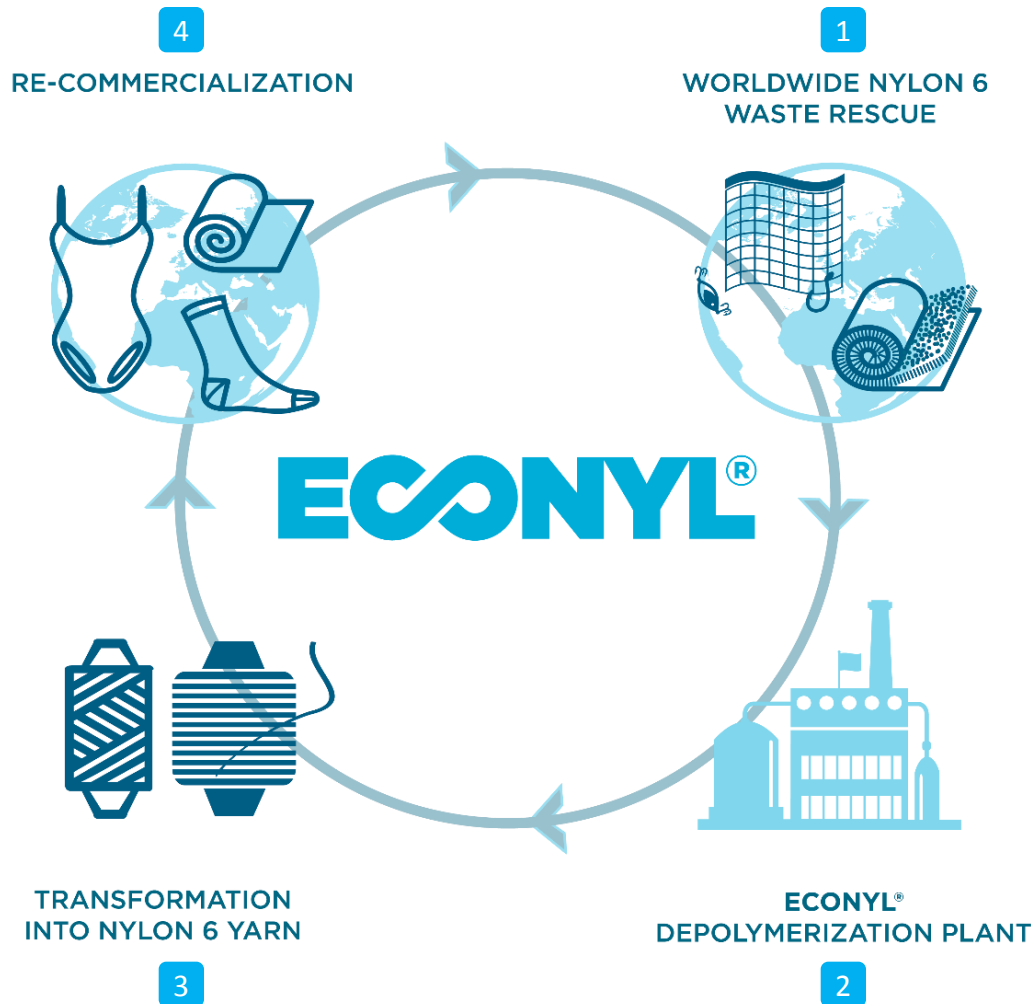


- Plan to treat 16,000 tons of used carpets per year from 2018 onwards
- Carpets from California (densely populated area with existing carpet collection networks)
- Securing cost reduction



2 The ECONYL® Regeneration System - A Unique Technology

100% regenerated & regenerable nylon fiber, unique proprietary technology and high barriers to entry



WWW.ECONYL.COM



Twitter: @ECONYL



Instagram: @ECONYLBRAND

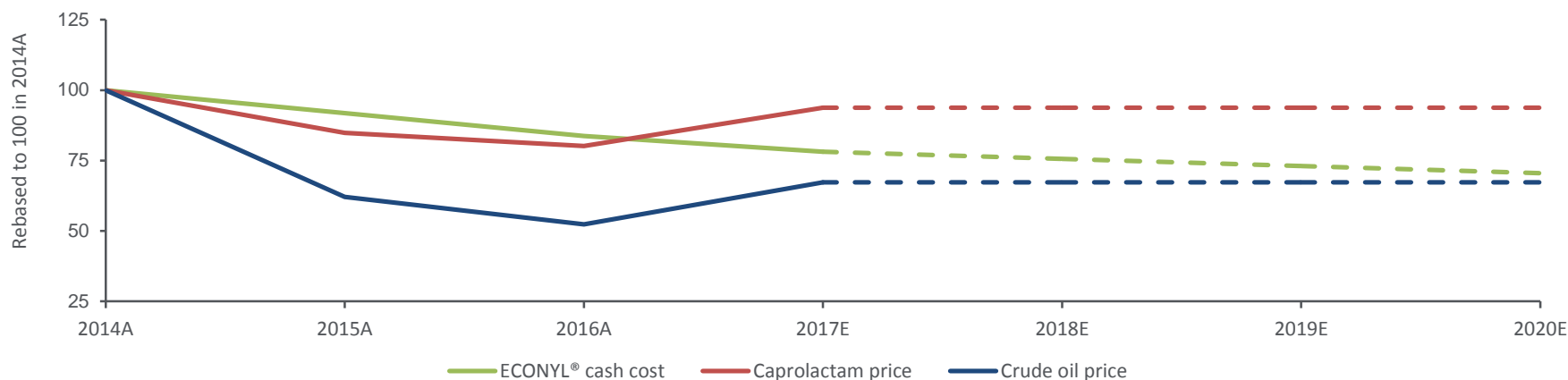


PINTEREST: ECONYL®



YOUTUBE: ECONYL®

2 ECONYL[®]: A Strategic Factor for Long-term Leadership



- **ECONYL[®] offers independence from volatile raw materials**
 - Caprolactam (CPL) is tightly correlated with crude oil
 - Consistent learning and scale economies since 2011 have led today to a competitive ECONYL[®] cash cost compared to CPL
 - ECONYL[®] cash cost is expected to improve further thanks to recent, targeted investments aimed at increasing capacity
- **The ECONYL[®] approach offers an attractive angle into the sizeable world of recycling**
 - Carpet recycling in the US provides for an improving, more effective post-consumer scrap mix
 - Further process refinements point also to the recovery of oligomers on a worldwide scale
- **Markets are increasingly aware of ECONYL[®] as a standalone, superior brand in the world of synthetic fibers**
 - ECONYL[®] can enjoy in the eyes of end customers the premium positioning currently attributed to regenerated and recycled products

3 Premium Positioning With Best-in-class Commercial Offer



3 BCF: Premium Positioning With Best-in-class Commercial Offer

Best-in-class BCF commercial offer

Product Range

- More than **20,000 SKUs**
- Approximately **5,000 references renewed** each year
- The only supplier of **100% regenerated ECONYL® fibers** and polymers
- Broad proprietary color range
- Specialty polymers

Co-development

- **Carpet development centers** in each geography
- Production of more than **8,000 samples** per year

Service

- **Short delivery time:** e.g. 2 weeks worldwide for the ECONYL® solution dyed fiber
- **Consistent high quality across all geographies** to serve consistent product to global clients

Main Competitors



3 NTF: a Solid Position with Clear Competitive Advantages

Successful client portfolio thanks to a wide, competitive and diversified product offering

Flexible & Competitive Asset Base

- 90% + utilization
- Low labor, energy and logistic cost
- High level of automation in state of the art plants

Proximity to Clients

- Consolidated partnership with the two most established nylon users in Europe
- Global footprint close to clients

Attractive Value Proposition

- ECONYL®
- Dryarn®
- Microlon and Borgolon
- Recognized brands and sophisticated product offer to the swimwear and lingerie sector

Main Competitors



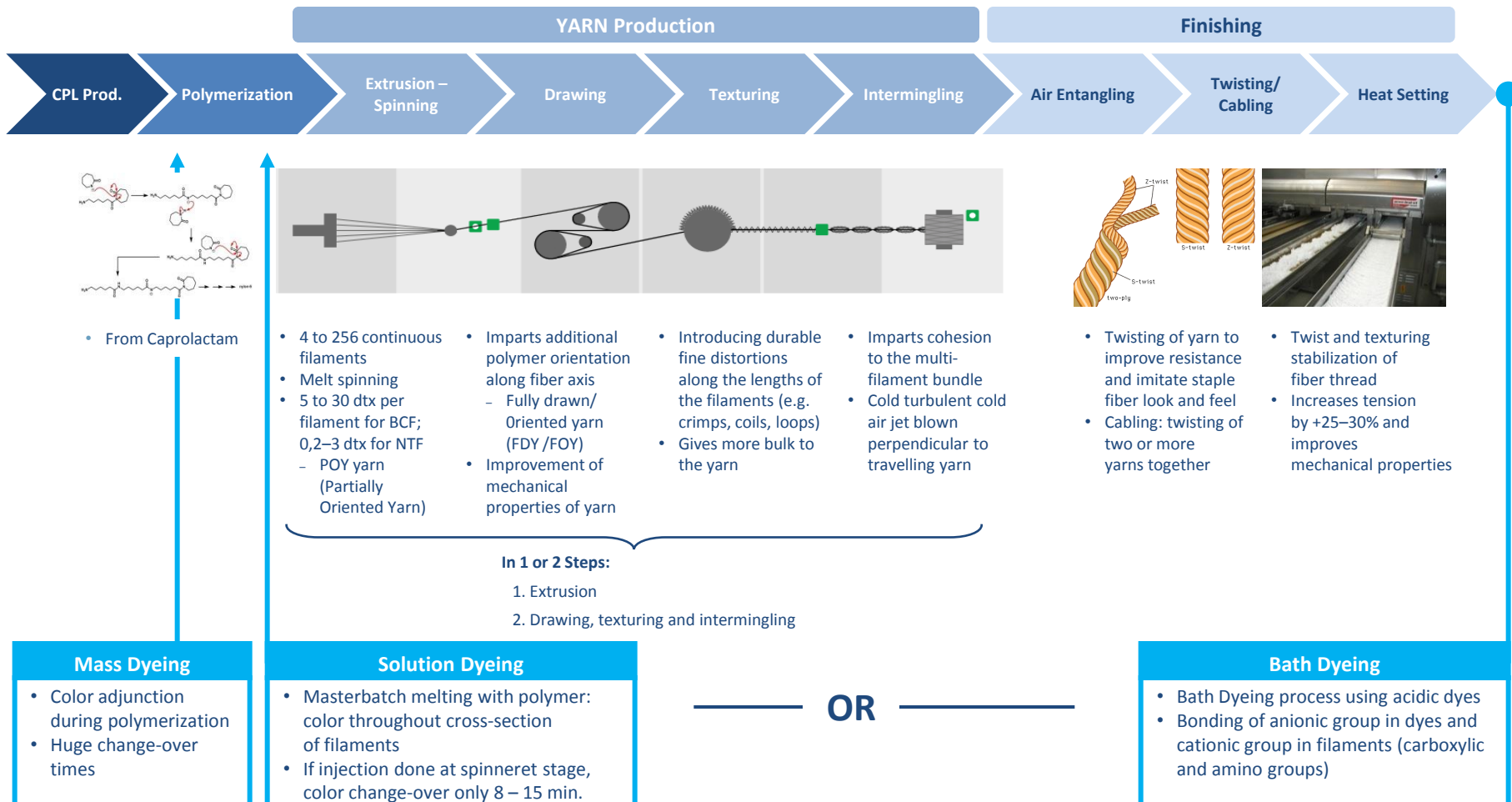
TWD *Fibres*



4 Technological Leadership



4 Nylon 6 Yarn Manufacturing Process



Yarn Dyeing

4 Technological Leadership

Technology mastering increasing barriers to entry

High Productivity

- **High speed spinning technology**, with high reliability and **unmatched finishing technologies** (cabling, heat-setting) developed internally
- **Development of IT tools** (e.g. to optimize color change in spinning)
- **Development of tailor-made machines** to ensure competitive advantage (e.g. one step multicolor yarn spinning and entangling machines)

COST EFFICIENCY

Specific Product Range

- **Proprietary color range**
- **Various technologies mastered** enabling wider product range
- Flooring solutions know-how to improve product range

BROAD PRODUCT RANGE, HIGH VALUE PROPOSAL

Vertical Integration

- **Integration in value added steps** (masterbatch⁽¹⁾ production, caprolactam polymerization, anti-stain polymers etc.)
- **Proprietary technologies** differentiating Aquafil
- **Advanced knowledge** about raw material composition and influence on product quality and scrap rate

COST EFFICIENCY, VERY SHORT LEAD TIME, ECONYL[®]

Production Flexibility

- Ability to produce **small batches** thus limiting inventory level
- **Limited color change time** as a result of specific machines
- Wide footprint close to customer and ensuring low cost production (e.g. labour intensive operations in Croatia)

COST EFFICIENCY, VERY SHORT LEAD TIME, ABILITY TO PRODUCE BROAD PRODUCT RANGE

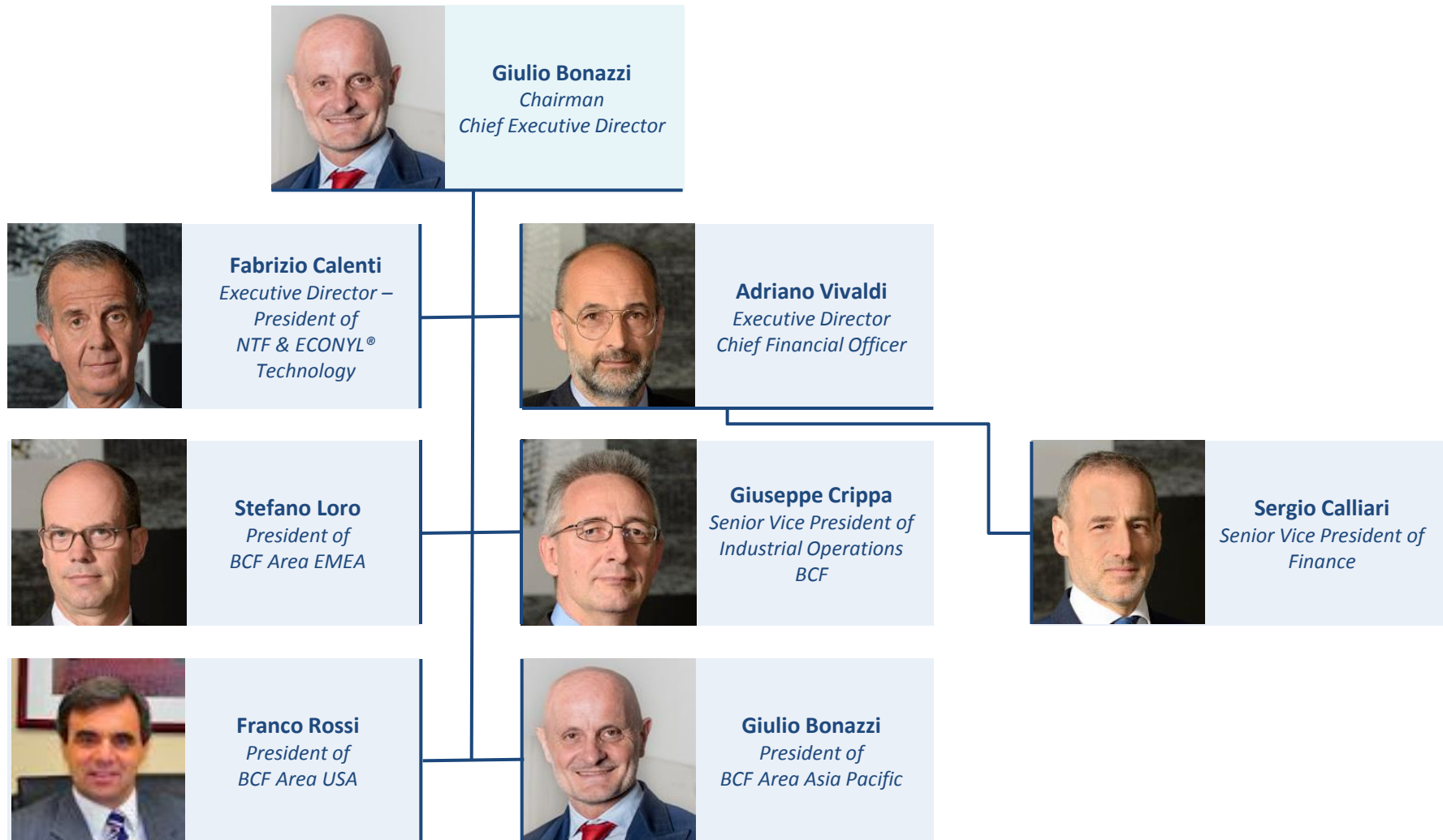
**Capex investment reflects Aquafil's commitment to its technological leadership:
c. €134m⁽²⁾ cumulatively deployed in 2014-2017E**

Note: (1) Masterbatch is a color concentrate which is added to fibers during spinning in order to color them. (2) Assuming the mid point of the capex guidance range for 2017E (c. €43m).

5 Entrepreneurial Talent Combined With Strong Management Team



5 Entrepreneurial Talent Combined With Strong Management Team



6 Clear Path to Future Growth

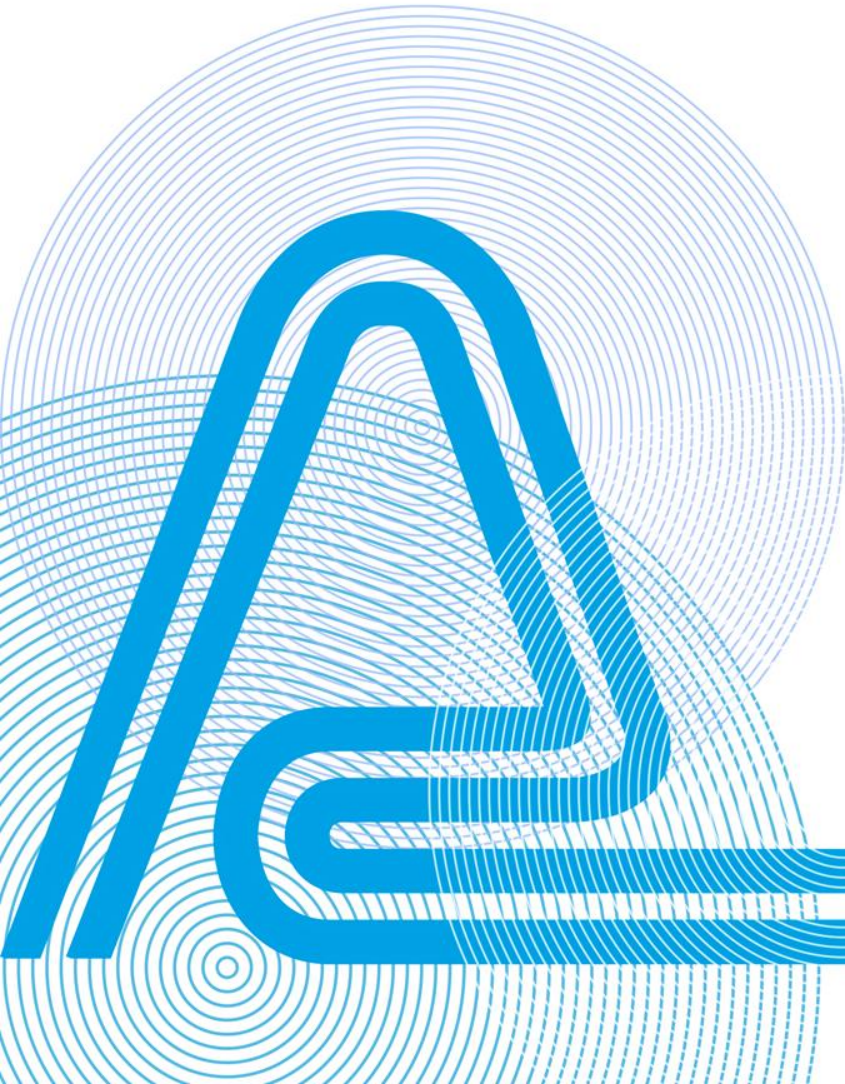


6 Clear Path to Future Growth

- ✓ Consolidate leadership in Europe (BCF and NTF)
- ✓ Expand share in APAC (high-end BCF and NTF)
- ✓ Focus on higher-margin niches in NTF
- ✓ Leverage further and keep improving the ECONYL[®] Regeneration System
- ✓ Exploit selective industry consolidation opportunities worldwide (BCF)
- ✓ Target 100% regeneration
- ✓ Support growing penetration of proprietary brands (ECONYL[®], Dryarn[®])

A Compelling Investment Proposition





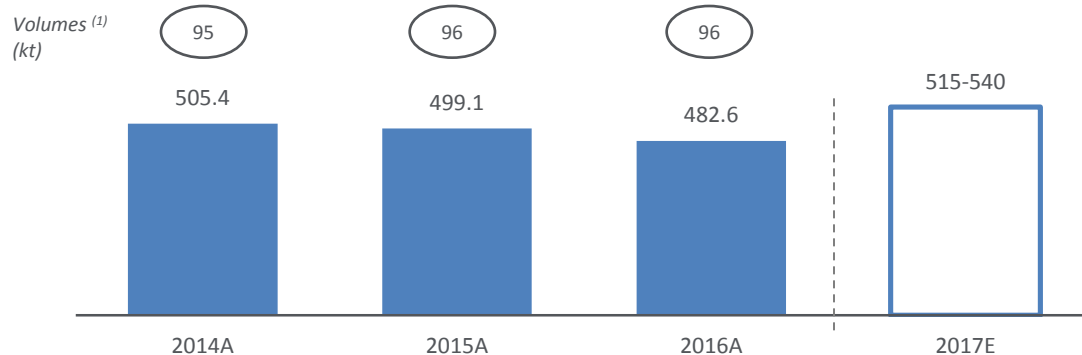
3. Key Financials

Figures based on ITA-GAAP and excluding business combination costs, unless otherwise stated

www.aquafil.com

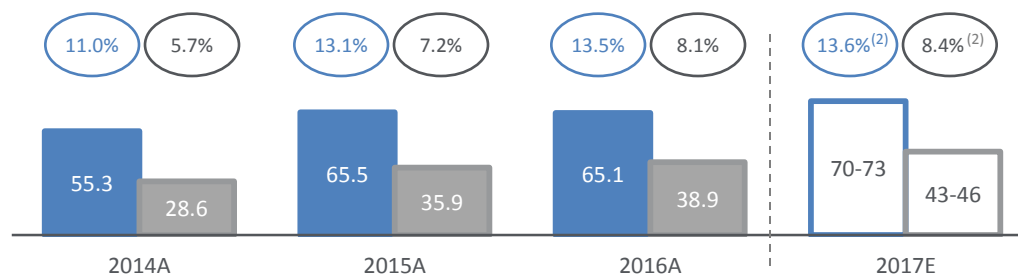
Increasing Profitability

Revenues (€m)



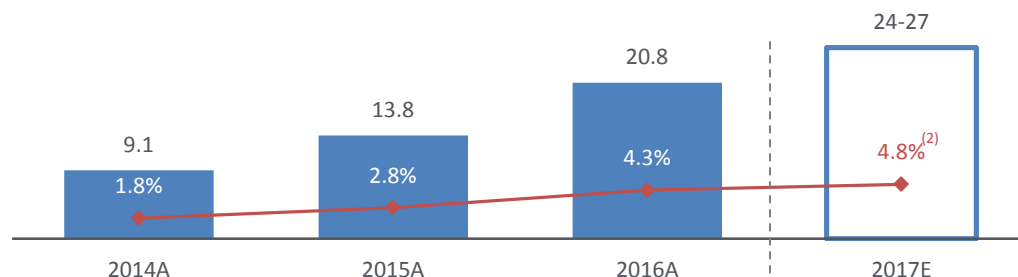
- Revenues historical trend explained by the decrease of selling prices, whilst volumes have proven resilient
 - Selling prices are linked to caprolactam (the key raw material for Aquafil products) market price, which decreased following the 2015 oil crisis
 - Fluctuations in the price of raw materials are passed-through to customers with a minimal time delay thanks to formula-indexed contracts

EBITDA (€m), EBIT (€m) and EBITDA and EBIT Margin on Revenues (%)



- Attractive EBITDA growth profile
- Profitability increase driven by the combined effect of:
 - Improved product mix (from commodities to specialties)
 - Cost savings

Net Income (€m) and Margin on Revenues (%)

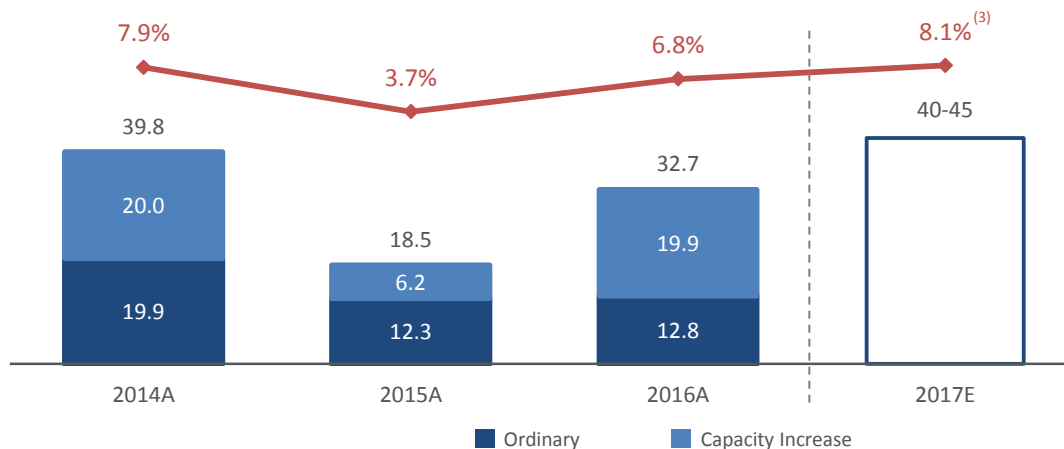


- Consistent net income growth mainly driven by:
 - EBIT increase as explained above
 - Reduction of financial expenses (decrease of short term exposures and interest rates renegotiations)
 - Decrease of extraordinary items

Source: Aquafil audited consolidated financial statements. Aquafil estimates. Volumes information sourced from management accounts.
 Note: (1) Only first grade fiber. (2) Based on the mid-point of the 2017E guidance range.

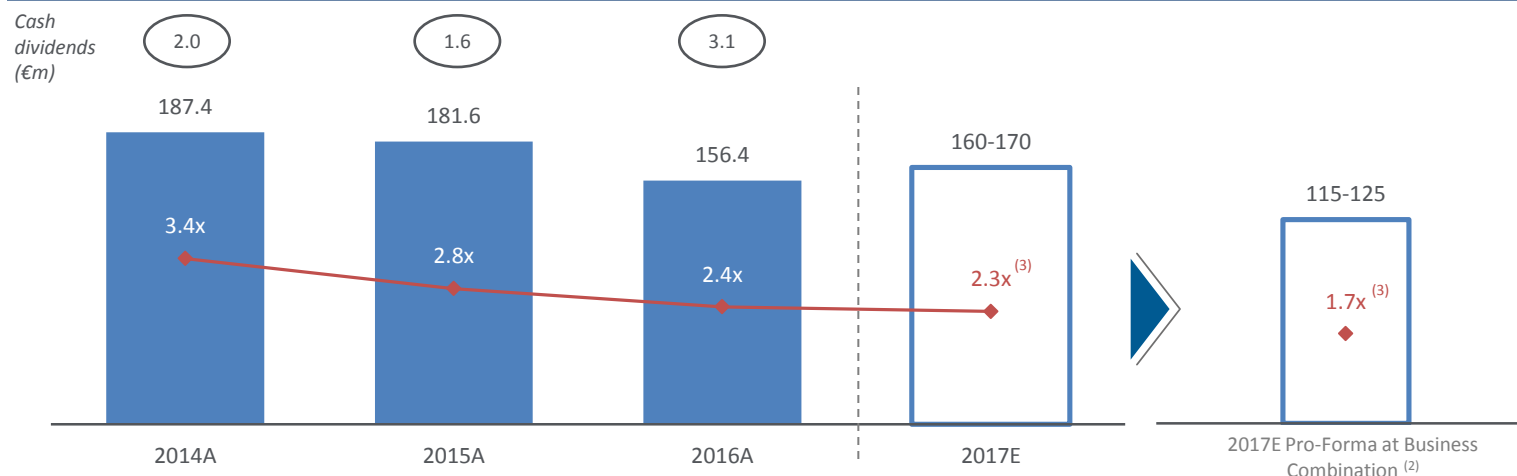
State of the Art Fixed Assets and Solid Financial Position

Gross Capex (€m)⁽¹⁾ and Margin on Revenues (%)



- Well invested business, characterized by significant investments in capacity increase aimed at specialty products
- Key areas of focus for capex have historically been:
 - Consolidation of existing markets
 - The ECONYL® regeneration process
 - BCF, mainly in China and USA
- FY17E capex includes, among others, up to €20m for capacity increase in China
- Capex ramp-up is c. 12-18 months on average

Net Financial Position to Third Parties (€m) and Net Financial Position to Third Parties / EBITDA



- Solid deleveraging profile, which will be further enhanced by Space3 cash contribution

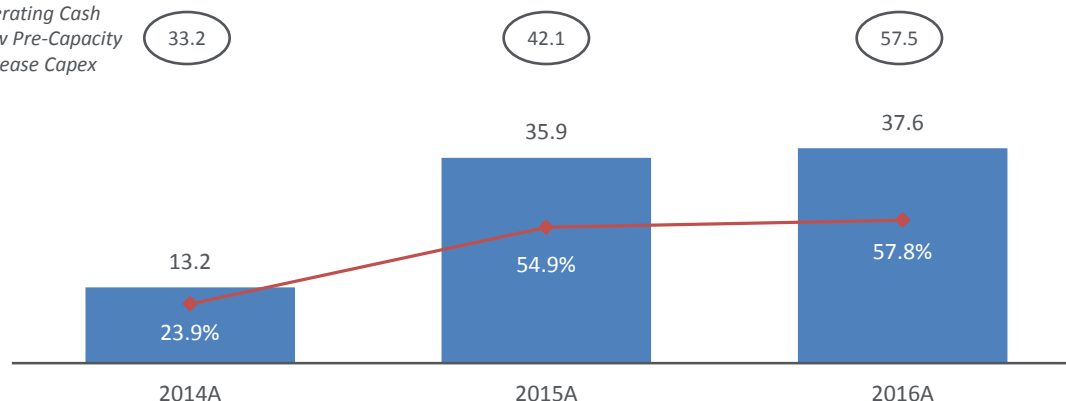
Source: Aquafil audited consolidated financial statements. Aquafil estimates. Capex split sourced from management accounts.

Note: (1) Excluding disposals, FX and other minor effects. (2) Includes the effect of the cash received from Space3 upon business combination. (3) Based on the mid-point of the 2017E guidance range.

Continuous Cash Generation and Efficient Working Capital

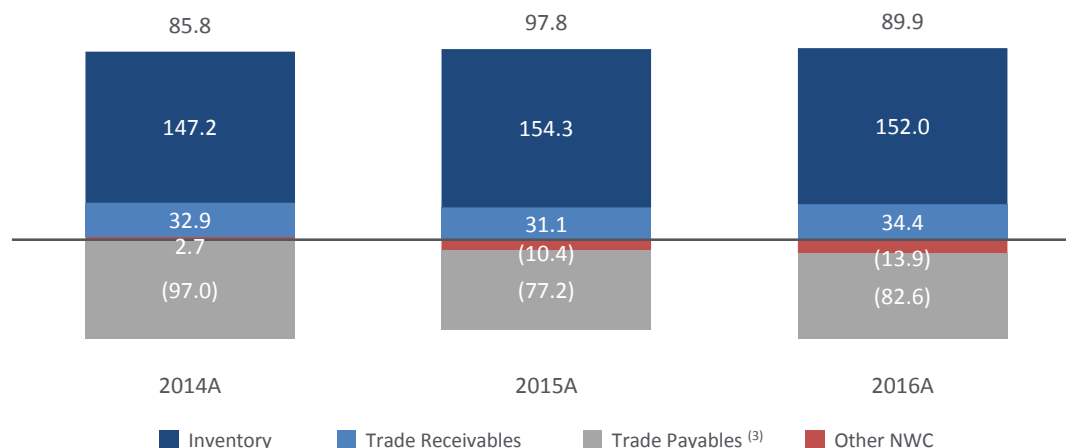
Operating Cash Flow⁽¹⁾ (€m) and Cash Conversion⁽²⁾ (%)

Operating Cash Flow Pre-Capacity Increase Capex



- Attractive and continuous cash generation despite meaningful investments in capacity increase

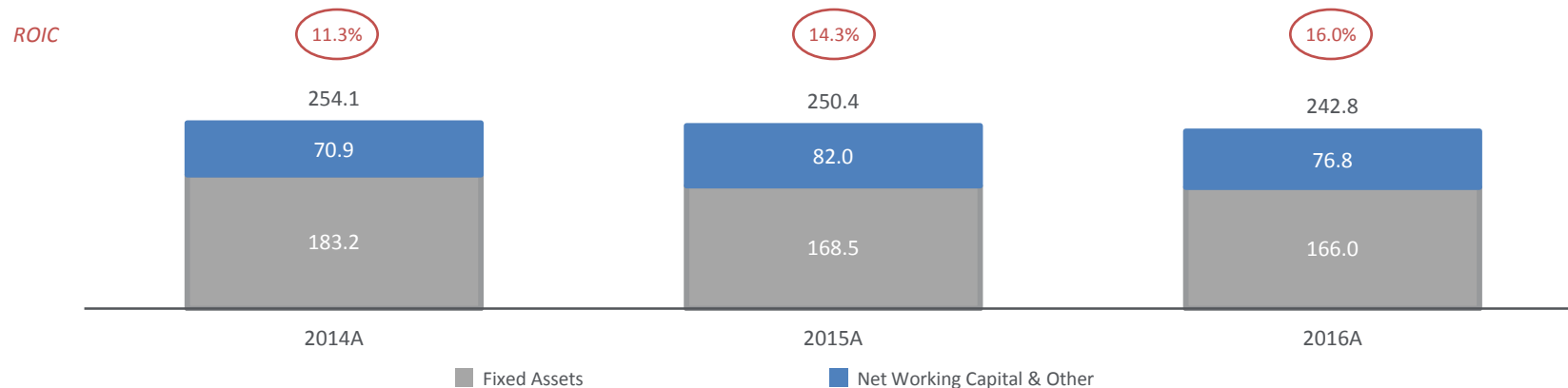
Net Working Capital (€m)



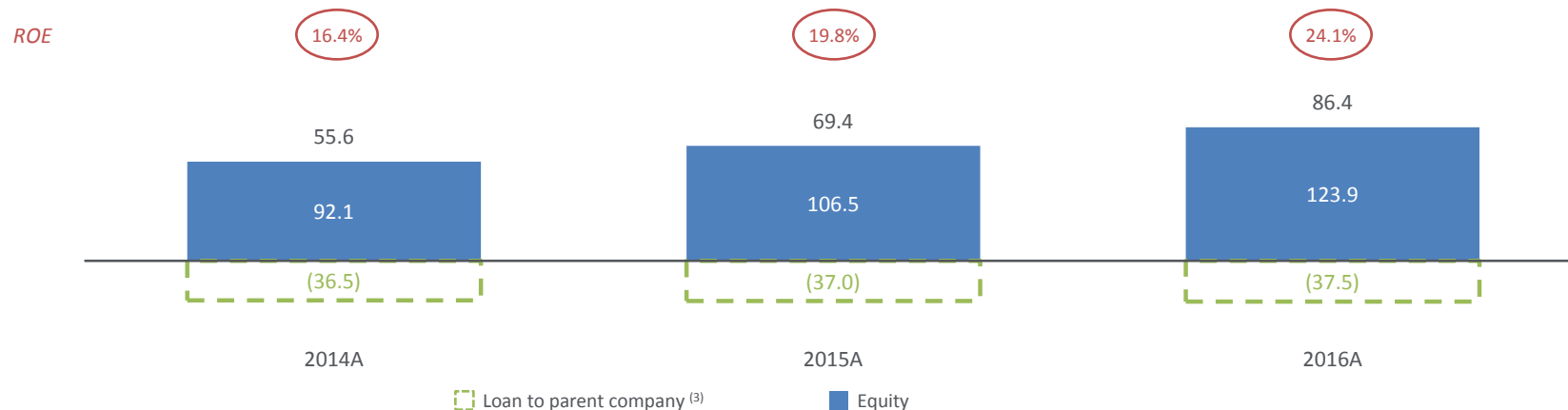
- Efficient working capital management, with stable needs
- Inventory valued using weighted average costs
- Slight increase in 2015 explained by additional stock required in USA and China to sustain the rump-up in production levels

Attractive Returns on Capital

Invested Capital (€m) & ROIC⁽¹⁾ (%)



Pro-forma Equity (€m) & ROE⁽²⁾ (%)



Source: Aquafil audited consolidated financial statements. Note: (1) Calculated as EBIT / Invested Capital. (2) Calculated as Net Income / Pro-forma Equity. (3) Loan to parent company off-set in 2017 with no cash dividend. Includes the effect of accrued interest.



4. Transaction Description

www.aquafil.com

Transaction Overview

The business combination will be in the form of a merger of Aquafil into Space3
Space3 investment will include both purchase of shares from existing shareholders (c. €108m)
and a cash contribution upon business combination (c. €45m)

Key Objectives

- ✓ Listing of Aquafil on the STAR segment of the Italian Stock Exchange
- ✓ Enhance Aquafil financial flexibility to continue its growth strategy
- ✓ Provide partial exit to current financial investors. Giulio Bonazzi is not selling any shares in this transaction and will continue leading the company

Valuation

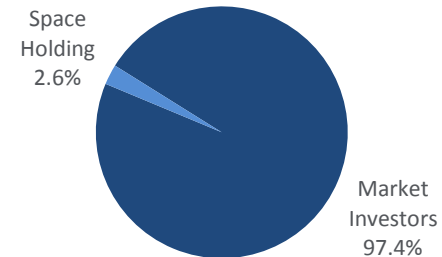
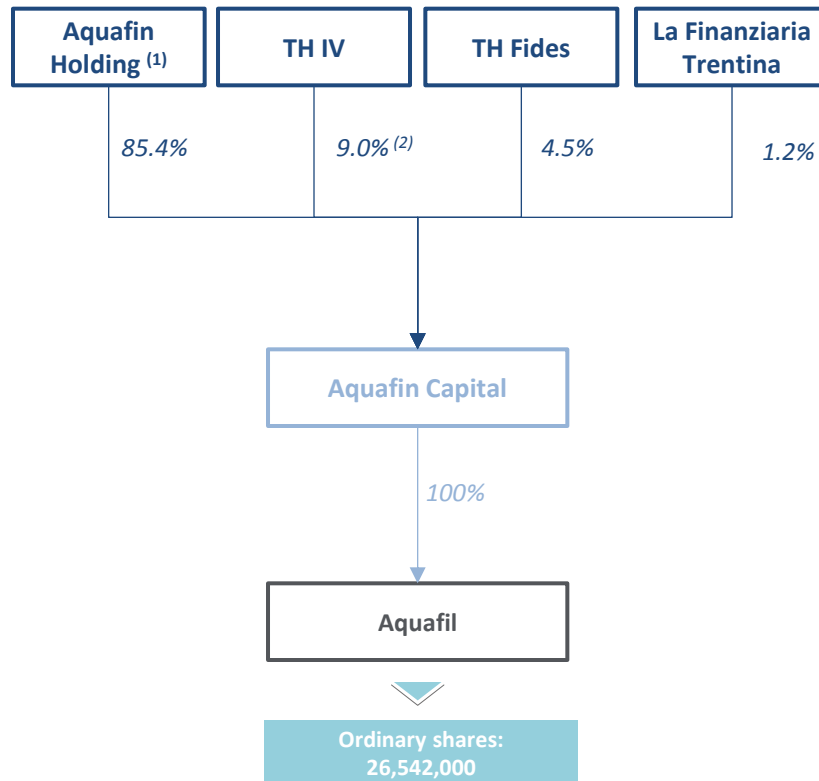


- **Approach:** DCF and multiples
 - **Equity Value:** €450m
 - **Implied Enterprise Value:** €615m⁽¹⁾
 - Implied multiples on 2017E financials:
 - EV / EBITDA multiple⁽²⁾: c. 8.6x
 - EV / EBIT multiple⁽³⁾: c.13.8x
 - P / E multiple⁽⁴⁾: c. 17.6x
- **Approach:** Net Asset Value
 - Space3 NAV of €10 per share at business combination
 - The withdrawal right price has been set at €10.739 per Space3 share
 - Quaestio Capital Management, a third party investor, has committed €20m to purchase shares of withdrawing shareholders not taken up by other Space3 shareholders

Source: Aquafil information, Space3 information.

Note: (1) Based on the mid-point of Aquafil guidance on 2017E net financial position to third parties (c. €165m). (2) Based on the mid-point of Aquafil guidance on 2017E EBITDA (c. €72m). (3) Based on the mid-point of Aquafil guidance on 2017E EBIT (c. €45m). (4) Based on the mid-point of Aquafil guidance on 2017E Net Income (c. €26m).

Current Shareholding Structures



- **Ordinary Shares: 15,000,000**
- **Special Shares: 400,000**
 - No entitlement to ordinary dividends, no voting rights
 - 4.5 to 1 conversion in ordinary shares at certain triggers
- **Market Warrants: 7,500,000**
 - Strike price: €9.5
 - 1 warrant every 4 ordinary shares delivered to shareholders at IPO (currently listed)
 - 1 warrant every 4 ordinary shares to be assigned @ business combination
- **Sponsor Warrants: 800,000**
 - Strike price: €13 (cash exercise)

Source: Aquafil information, Space3 information.

Note: (1) Controlled by the Bonazzi Family and participated by selected Aquafil managers. (2) Preferred shares entitled to c. €60m of privileged proceeds.

Key Transaction Steps

2 key steps occurring simultaneously upon merger completion

Acquisition

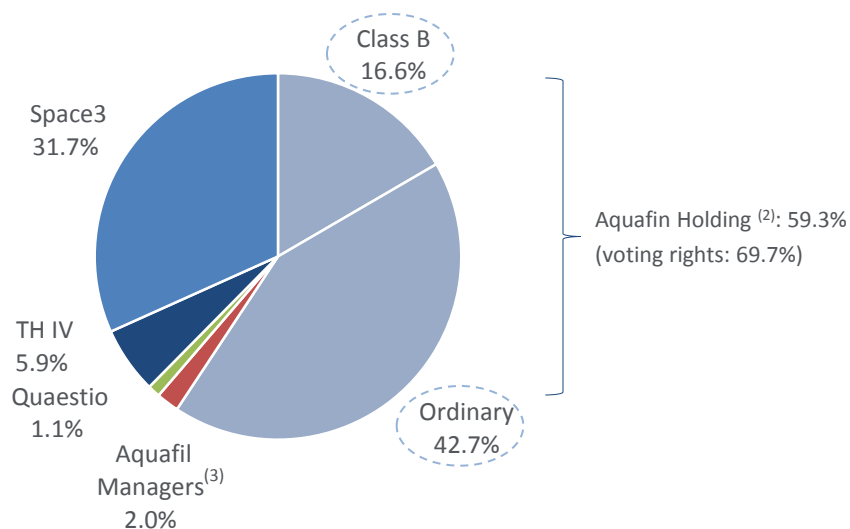
- Space3 acquires a c. 24% interest in Aquafil from Aquafin Capital, for c. **€108m**
- Proceeds will be used to:
 - Repay existing shareholder loan (c. €30m)
 - Preferred distribution to TH IV (c. €60m)
 - Allow exit of financial shareholders (TH Fides and La Finanziaria Trentina) (c. €18m)
- Quaestio Capital Management acquires a c. 1.2% interest in Aquafil from an Aquafil manager, for c. €5.5m

Business Combination ⁽¹⁾

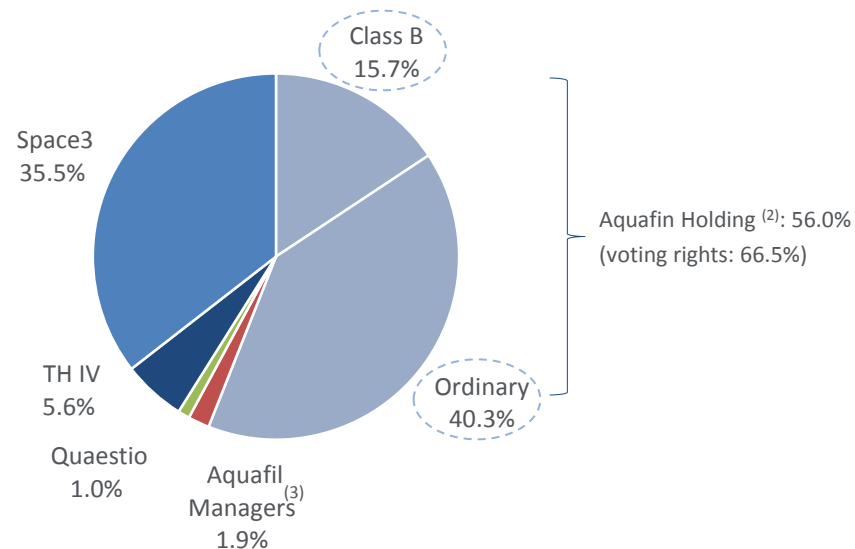
- Merger by incorporation of Aquafil into Space3, with the resulting company assuming the name of Aquafil
- Aquafil shareholders receive 1.69543x new Space3 shares in exchange for each Aquafil share
 - Price per Aquafil share equal to €16.95⁽²⁾, corresponding to an equity value for 100% of €450m
 - Space3 price per share equal to €10.00
- Net cash contribution into Aquafil of c. **€45m** upon business combination

Pro-forma Shareholding Structure

**Economic Rights
@ Business Combination⁽¹⁾**



**Economic Rights
Fully Diluted @ €13 p.s.⁽⁴⁾**

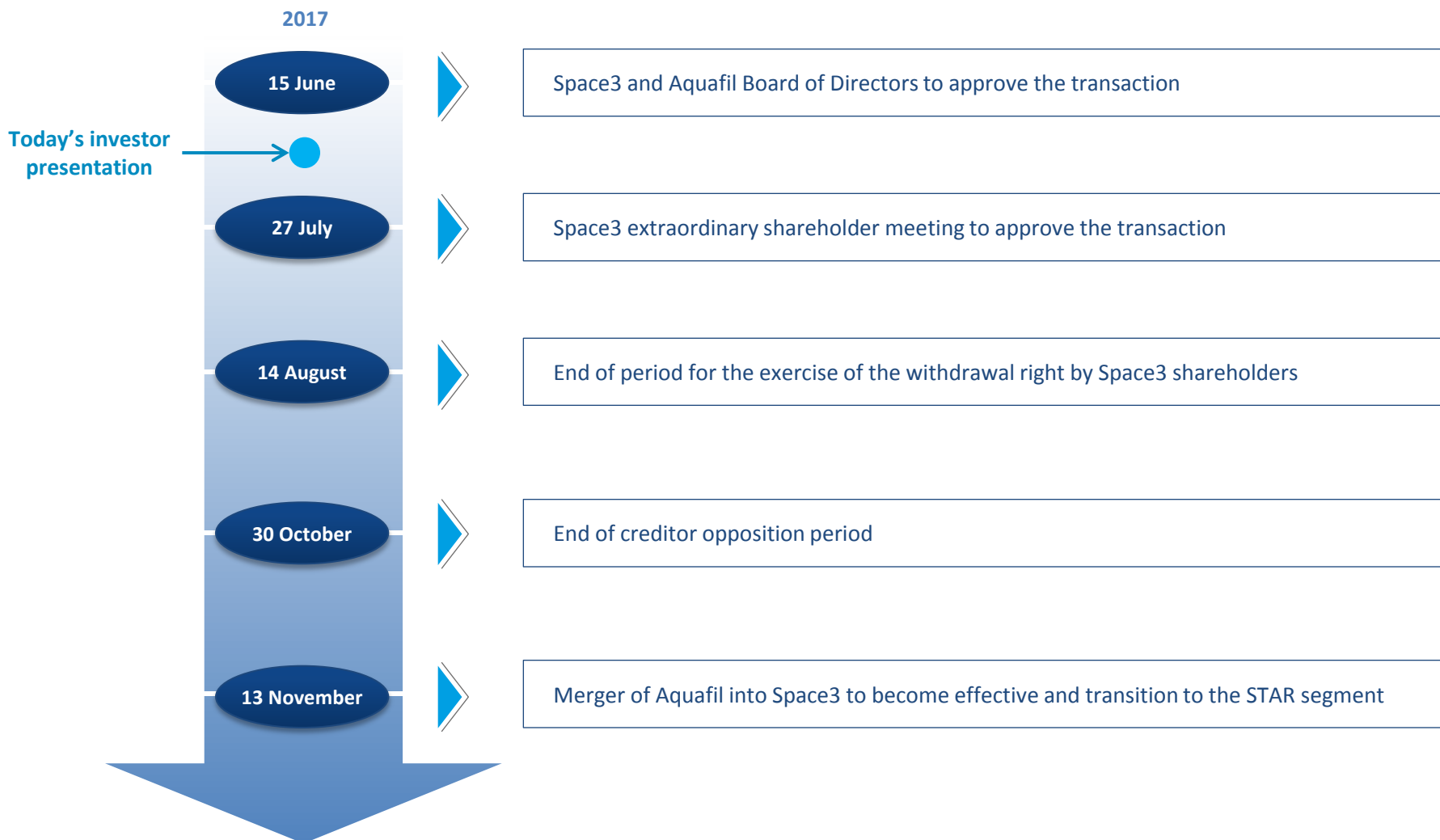


- Class B shares: 28% of Aquafin Holding shares, representing c. 16.6% of Aquafil total capital at business combination
 - Same economic rights
 - Triple voting rights (3:1) with respect to ordinary shares
 - Non transferable: 1-to-1 conversion in ordinary shares if sold
 - Class B shares entirely owned by Aquafin Holding

Source: Aquafil information, Space3 information.

Note: (1) Pre-exercise of market warrants. Includes the initial effect of the conversion of Space3's special shares at business combination. (2) Controlled by the Bonazzi Family. (3) Five top managers. (4) Pre-exercise of sponsor warrants.

Transaction Timeline



Best-in-Class Corporate Governance

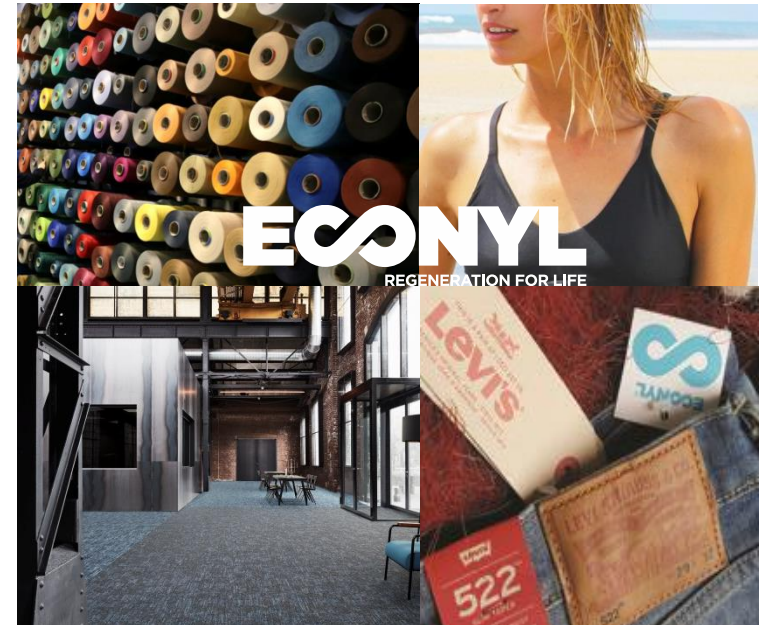
Board of Directors will consist of 9 members Giulio Bonazzi will be Chairman and CEO

- **Shareholder agreement in place to define Board appointments:**
 - Aquafin Holding will name the majority of the Board members, of which 2 independent
 - Space Holding will name 2 directors, of which 1 independent
- **Lock-up obligations for key shareholders**
 - Aquafin Holding: 18-month lock-up from business combination
 - Management: 18-month lock-up from business combination
 - Space Holding: 12-month lock-up from business combination
 - TH IV: 9-month lock-up from business combination
 - Quaestio Capital Management: till end of February 2018



Aquafil: A Unique Investment for Our Space3 Shareholders

- Market leader in nylon fibers and polymers
- Technologies, processes and continuous innovation key to a successful business model
- Pioneers of circularity - ECONYL[®] Regeneration System
- Global company with a dedicated, local supply system
- Entrepreneurial talent and strong management team



Business combination designed to deploy all Space3 capital (1/3 primary, 2/3 secondary)



Appendix

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Income Statement 2014-2016

Data in €m	2014A	% of 2014 Value of Production	2015A	% of 2015 Value of Production	2016A	% of 2016 Value of Production
Revenues	505.4		499.1		482.6	
Change in Inventories	12.2		(3.2)		(2.0)	
Capitalization of internal construction costs	3.5		2.2		0.9	
Other Revenues and Income	4.1		3.7		3.0	
Value of Production	525.2	100.0%	501.8	100.0%	484.5	100.0%
Raw Material, supplies, consumables & merch.	(289.5)	(55.1%)	(244.0)	(48.6%)	(237.0)	(48.9%)
Services and other operating costs	(96.0)	(18.3%)	(99.2)	(19.8%)	(91.8)	(18.9%)
Personnel Cost	(84.3)	(16.1%)	(93.2)	(18.6%)	(90.6)	(18.7%)
EBITDA	55.3	10.5%	65.5	13.1%	65.1	13.4%
Amortisation & Depreciation	(26.2)	(5.0%)	(29.1)	(5.8%)	(25.1)	(5.2%)
Provisions and write-downs	(0.5)	(0.1%)	(0.5)	(0.1%)	(1.1)	(0.2%)
EBIT	28.6	5.5%	35.9	7.2%	38.9	8.0%
Net financial income and charges	(11.7)	(2.2%)	(13.1)	(2.6%)	(7.9)	(1.6%)
No Ordinary Items	(5.0)	(0.9%)	(3.6)	(0.7%)	(3.5)	(0.7%)
EBT	12.0	2.3%	19.2	3.8%	27.4	5.7%
Income Tax	(2.8)	(0.5%)	(5.5)	(1.1%)	(6.6)	(1.4%)
Net Income	9.1	1.7%	13.8	2.7%	20.8	4.3%

Balance Sheet 2014-2016

Data in €m	2014A	2015A	2016A
Tangible	168.6	154.0	152.8
Intangible	10.8	11.0	10.1
Financial	3.8	3.4	3.1
Fixed Assets	183.2	168.5	166.0
Trade Receivables	32.9	31.1	34.4
Stock	147.2	154.3	152.0
Trade Payables	(97.0)	(77.2)	(82.6)
Trade NWC	83.1	108.2	103.9
Other Receivables	21.5	21.6	17.1
Other Payables	(18.8)	(32.0)	(31.0)
NWC	85.8	97.8	89.9
Staff Termination Pay	(6.9)	(6.3)	(6.1)
Tax and Risk Provision	(7.9)	(9.6)	(7.1)
Invested Capital	254.1	250.4	242.8
Equity	(92.1)	(106.5)	(123.9)
NFP To Group	25.4	37.6	37.5
Cash and Bank Deposit	55.0	46.3	81.6
Financial Debt	(242.5)	(227.9)	(238.0)
NFP To Third Parties	(187.4)	(181.6)	(156.4)
Consolidated NFP	(162.0)	(144.0)	(118.9)

Cash Flow Statement 2014-2016

Data in €m	2014A	2015A	2016A
EBITDA	55.3	65.5	65.1
Investment	(39.8)	(18.5)	(32.7)
Price of disposal and write off	4.5	10.6	9.3
FX and other minor effect	(4.4)	(3.4)	0.9
CAPEX	(39.8)	(11.3)	(22.5)
Trade receivable	12.4	1.8	(3.3)
Stock	(16.5)	(7.1)	2.3
Trade payable	12.7	(19.8)	5.3
Trade NWC	8.6	(25.1)	4.4
Other receivable	(4.8)	(0.1)	4.5
Other payable	(2.8)	13.2	(1.0)
NWC	1.0	(12.1)	7.9
Staff termination pay	(0.4)	(0.7)	(0.2)
Provision for tax and risk	(2.9)	1.7	(2.5)
Other variations	(3.3)	1.0	(2.7)
Income tax & provisions and write-downs	(3.4)	(5.9)	(7.7)
Cash flow from operations	9.9	37.2	40.1
Net financial income and charges	(11.7)	(13.1)	(7.9)
No ordinary items ⁽¹⁾	(5.3)	(6.7)	(3.7)
Cash flow	(7.1)	17.4	28.4
Cash dividends	(2.0)	(1.6)	(3.1)
Other equity variation ⁽²⁾	3.7	2.2	(0.3)
Variation in consolidated NFP	(5.4)	18.1	25.0

Source: Aquafil Group audited consolidated financial statements for main indexes and management account for reclassification.

Notes: (1) "No ordinary items" net of gain/loss on fixed assets. (2) "Other equity variation" related with other reserves variation due to FX.

Nylon: An Incredibly Varied Range of Applications

AQUAFIL
synthetic fibres and polymers

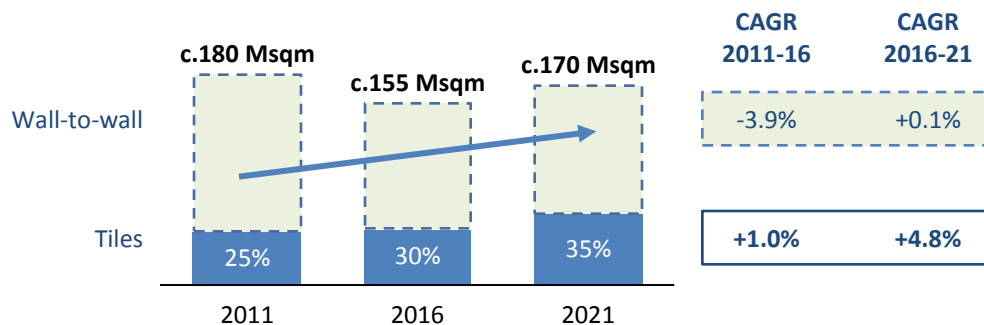
	2016-21 CAGRs	Market drivers	Nylon value proposal
Nylon Textile Fibers ("NTF") <i>Global Market Size: c. 1,990kt; c. €7.9bn</i>	+1% - 3%	<ul style="list-style-type: none"> Functional textiles: sportswear, technical outfits, industrial outfits Switch from natural to synthetic fibers 	<ul style="list-style-type: none"> Durable fibers Better touch & feel than most fibers
Nylon Industrial Fibers ("NIF") <i>Global Market Size: c. 1,230kt; c. €5.9bn</i>	+0% - +2%	<ul style="list-style-type: none"> Innovation in high-tech niche applications (cap ply for high-end tires, etc.) Improving security in cars (more airbags) 	<ul style="list-style-type: none"> Reliability of Nylon fiber in demanding environment
Bulk Continuous Filament ("BCF") <i>Global Market Size: c. 750kt; c. €3.3bn</i>	+1% - +4%	<ul style="list-style-type: none"> Consumer preference between types of flooring (soft vs. hard) Recyclability / environmental stability, durability, stain resistance 	<ul style="list-style-type: none"> Possibility to recycle Nylon via ECONYL® process
Nylon Engineering Plastics ("EP") <i>Global Market Size: c. 4,000kt; €10.5bn</i>	+3% - +5%	<ul style="list-style-type: none"> Automotive production Light-weighting in automotive (replacement of metal parts by engineering plastics parts), driven by CO2 emissions regulation 	<ul style="list-style-type: none"> High thermal resistance allowing metal replacement under the hood
Nylon Packaging Films <i>Global Market Size: c. 440kt; €1.4bn</i>	+3% - +5%	<ul style="list-style-type: none"> Flexible packaging penetration Improving packaging functionalities: clarity, weight, strength, preservation of taste, odor barrier, etc. 	<ul style="list-style-type: none"> Very high gas/solvent barrier Resistance to extreme temperature
Estimated Total Market Size: c. 8.4Mt; c. €29bn	+2% - +4%		

The BCF Market – Main Segments

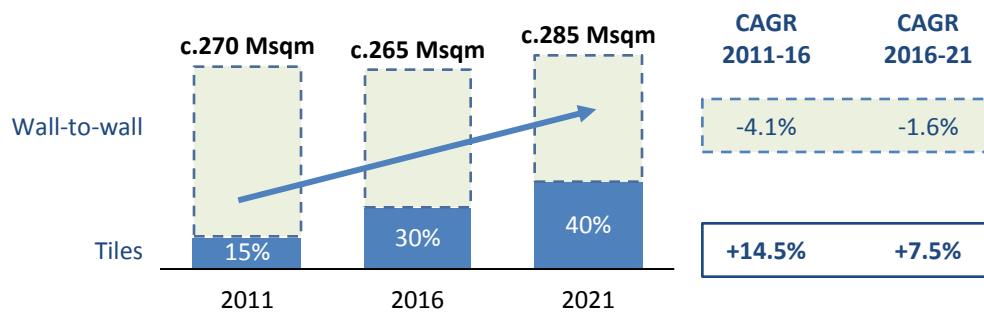
		Segment Description		
Contract	Modular Carpet ("Tiles")			<ul style="list-style-type: none"> • Tiles offer modularity and easiness of installation and renewal • High quality yarn commanding premium because of homologations and demanding requirements (high traffic areas)
	Wall-to-wall			<ul style="list-style-type: none"> • Wall-to-wall are more costly than tiles to install and maintain (need to remove all the area even if only 10% of surface is damaged) • Largely used in hotels and public places
	Residential			<ul style="list-style-type: none"> • Almost exclusively wall-to-wall carpets; tiles just emerging • Broad range of quality because of varying physical requirements (touch and feel in bedrooms, resistance in entrance, etc.)
	Automotive			<ul style="list-style-type: none"> • Nylon mainly used for high-end car carpet flooring • Better looking, touch and feel properties than other materials • Better abrasion resistance and easier to clean

Tile Penetration in the Contract Flooring Solutions Market

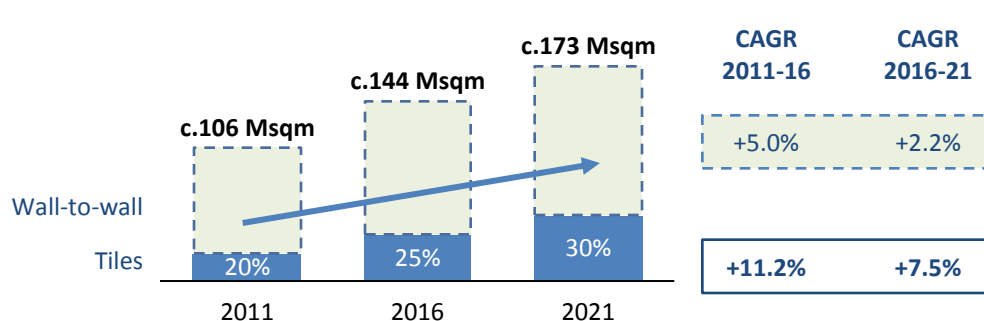
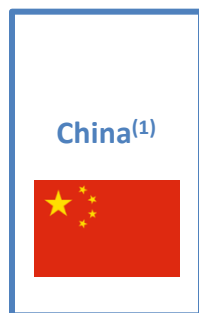
Tiles vs. Wall-to-wall Shares In Contract Flooring Market by Region (2011-2021, Msqm)



- Carpet tile penetration began first in Europe then in North America
- **Tile penetration to increase up to 35% in 2021**, (driven by strong potential in Germany)



- **Tile penetration to increase up to 40% in 2021**
- Carpet tile growth driven by contract market, almost no tiles in residential



- Contract flooring solution market strongly increasing in China: adoption of western construction habits
- **Tile penetration to increase up to 30% in 2021**

Source: Advancy analysis.

Note: (1) Rest of APAC (mainly Japan, Korea, Australia, New Zealand) has similar penetration as Western Europe.

Aquafil's Competitors Details - BCF

Products

Independent producers



- Synthetic fibers and finished yarn (Nylon 6 and 6.6), specialty chemicals, performance plastics



- Finished yarn of Nylon 6 and 6.6, PET and PTT



- Synthetic fibers and finished yarn, polymers and plastics, specialty and intermediates chemicals

Integrated producers



- Integrated manufacturer of residential & commercial flooring solutions (carpet, ceramic, wood, vinyl)



- Integrated manufacturer of residential & commercial flooring solutions (carpet, ceramic, wood, vinyl)



- Integrated manufacturer of flooring solutions (carpet, artificial grass vinyl, laminate, etc.) Leader in wall-to-wall solutions. PP polymer production and Fiber and yarns integration



- Integrated manufacturer of residential & commercial flooring solutions (carpet)

Aquafil's Competitors Details - NTF

Products



- Synthetic fibers and finished yarn (Nylon 6 and 6.6), specialty chemicals, performance plastics



- Synthetic fiber polymerization and spinning in PA6.6, customer of PA6 and PA6.6 of Aquafil. Main end-markets: hosiery and circular knitting

TWD *Fibres*

- PA6.6 and PET. No integration on polymerization. Circular knitting and hosiery



- PA6.6 only, integrated on polymerization, internal recycling of PA6.6. Hosiery and circular knitting



- PA6 only. Integrated on polymerization(from caprolactam). Warp knitting

Withdrawal Rights

Scenario 1: No Withdrawal Rights

- **Total shares issued to Aquafil shareholders:**
34,200,078
 - Ordinary Shares: 25,884,058
 - Class B Shares: 8,316,020

- **New Aquafil Shareholders Structure:**

	Ordinary	Class B	Special Shares
Aquafin Holding	21,385,216	8,316,020	-
Aquafil Managers	1,001,223	-	-
Quaestio	549,999	-	-
TH IV	2,947,620	-	-
Space3 - Investors	15,000,000	-	-
Space3 - Promoters	630,000	-	260,000
Total	41,514,058	8,316,020	260,000

Scenario 2: Max Withdrawal Rights (33%)⁽¹⁾

- **Total shares issued to Aquafil shareholders:**
34,200,078
 - Ordinary Shares: 25,884,058
 - Class B Shares: 8,316,020

- **New Aquafil Shareholders Structure:**

	Ordinary	Class B	Special Shares
Aquafin Holding	21,385,216	8,316,020	-
Management	1,001,223	-	-
Quaestio	2,412,370	-	-
TH IV	2,947,620	-	-
Space3 - Investors	10,373,595	-	-
Space3 - Promoters	630,000	-	260,000
Total	38,750,024	8,316,020	260,000

Source: Space3 information.

Note: (1) Assumes that Space3 will cancel the withdrawing shares being acquired.