

The Board of Directors of Gefran S.p.A. approves the consolidated results as at 31 March 2017

- Revenues at EUR 32.2 million (+9.3% versus the first quarter of 2016)
- EBITDA positive at EUR 4.3 million, 13.3% as a percentage of revenues (positive at EUR 1.7 million in the first quarter of 2016)
- EBIT at EUR 2.8 million, 8.7% as a percentage of revenues (positive at EUR 157 thousand in the first quarter of 2016)
- Net profit at EUR 1.8 million (negative at EUR 712 thousand as at 31 March 2016)
- Negative net debt equal to EUR 9.020 million (12.918 million at 31 December 2016)

Group income statement highlights

(EUR /000)	31 March 2017		31-Mar-16	
Revenues	32,278	100.0%	29,524	100.0%
Gross operating margin (EBITDA)	4,296	13.3%	1,714	5.8%
Earnings before interest and taxes (EBIT)	2,802	8.7%	157	0.5%
Profit (loss) before tax	2,559	7.9%	(682)	-2.3%
Group net profit (loss)	1,808	5.6%	(712)	-2.4%

Group statement of financial position highlights

(EUR /000)	31 March 2017	31 December 2016
Net invested capital	77,882	78,612
Net working capital	33,176	35,754
Shareholders' equity	70,076	66,908
Net debt	(9,020)	(12,918)

(EUR /000)	31 March 2017	31-Mar-16
Operating cash flow	3,965	2,845
Investments	1,256	954

Provaglio d'Iseo (BS), 11 May 2017 – The Board of Directors of GEFRAN S.p.A. met today under the chairmanship of Ennio Franceschetti at the Company's headquarters in Provaglio d'Iseo (BS) to approve the results at 31 March 2017.

Revenues in the first quarter of 2017 amounted to EUR 32.278 million, compared with revenues of EUR 29.524 million in the same period of 2016 (+9.3%). Sensors and automation components mainly generated the positive results registered in virtually all the geographic areas the Group operates in.

The breakdown by **geographical region** shows double-digit growth in the first quarter in Asia (+18.3%), European Union (+11.4%), Europe non-EU (+32.6%) and South America (+39.9%). Also positive, compared to the first quarter of 2016, are the result achieved in Italy (+ 1.4%) and the rest of the world (which includes

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countries where Gefran does not have its own branches). North America, instead, has registered a downswing (-8.3%).

Revenues by business area show a growth of 17.2% with regard to sensors and 16.5% with regard to automation components. Net of some non-recurring revenues in the first quarter of last year, the drives business is in line with the previous year.

Personnel costs for the first quarter are equal to EUR 11.445 million, compared with EUR 13.116 million in the same period of 2016; the 2016 figure included non-recurring restructuring costs incurred by the parent company, Gefran S.p.A.

EBITDA for the first quarter amounted to EUR 4.296 million (EUR 1.714 million in the first quarter of 2016) and reached 13.3% of revenues (5.8% at 31 March 2016), registering an increase of EUR 2.582 million due to the combined effect of added value and revenue growth.

EBIT was positive in the first quarter of 2017, and amounted to EUR 2.802 million (8.7% as a percentage of revenues), compared with an EBIT of EUR 157 thousand for the same period of 2016.

Group net profit was EUR 1.808 million in the first quarter of 2017, compared with a net loss of EUR 712 thousand in the same period of 2016.

Working capital was EUR 24.698 million at 31 March 2017, compared with EUR 25.829 million at 31 December 2016, an overall decrease of EUR 1.131 million.

Shareholders' equity at 31 March 2017 was EUR 70.076 million, compared with EUR 66.908 million at 31 December 2016. The increase was generated by the positive result for the period of EUR 1.808 million, the effect of the sale of own shares for EUR 1.127 million and the increase in the fair value measurement reserve of EUR 346 thousand, partially absorbed by the negative change in the conversion reserve of EUR 162 thousand.

Net debt at 31 March 2017 was a negative EUR 9.020 million, an improvement of EUR 3.898 million from 31 December 2016.

Net financial debt comprises short-term cash and cash equivalents of EUR 5.335 million and medium-/long-term debt of EUR 14.355 million.

The **change in net debt** is mainly due to the positive cash flow from ordinary operations (EUR 3.965 million), which include the improvement of working capital (EUR 2.578 million) and the sale of own shares (EUR 1.127 Million), partly mitigated by net inflows from investments (EUR 1.228 million).

As of 2 May, Alberto Bartoli took on the role of Chief Executive Officer. "I accepted this task with great enthusiasm and I thank the property to the trust. In recent years, Gefran has undergone a significant process of reorganisation, the effects of which are well visible in the evolution of the income statement," said Mr Bartoli. "The company will now have to focus on growth, seizing the opportunities generated by the industrial world's strong attention to innovation and efficient production processes."

"First quarter data confirms the trends that characterised the year 2016," continued Mr Bartoli. "Positive performance in management and in the reference markets has led to more than satisfactory growth in terms of business and profit margins. This was a particularly positive quarter due to the concentration of orders and revenues expected in the second half of the year. In the light of the above considerations, we have decided not to change the previously announced targets (growth in consolidated revenues of around 6%, with an EBITDA margin of 12% and an Ebit margin of 6%)."

Pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, Fausta Coffano, the Director responsible for drawing up the company's accounting statements, declares that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

The Interim financial statements at 31 March 2017 is available at the registered office of the company and at Borsa Italiana S.p.A., and can be viewed on the Internet site of the company (www.gefran.com), under the section "investor relations/bilanci e relazioni".

Certain "alternative performance indicators" were used in this press release that are not included in the IFRS accounting standards, and in line with ESMA/2015/1415 recommendation of 5 October 2015, the meaning and content are illustrated below.

Specifically, the alternative indicators used in the Income Statement include:

- **Added value:** The direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA:** operating result before depreciation, amortisation and write-downs. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **EBIT:** operating result before financial operations and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the Reclassified Statement of Financial Position are:

- **Net non-current assets:** the algebraic sum of the following items in the statement of financial position:
 - Goodwill
 - Intangible assets
 - Property, plant, machinery and tools
 - Equity investments valued at equity
 - Equity investments in other companies
 - Receivables and other non-current assets
 - Deferred tax assets
- **Operating capital:** the algebraic sum of the following items in the statement of financial position:
 - Inventories
 - Trade receivables
 - Trade payables
 - Other assets
 - Tax receivables
 - Current provisions
 - Tax payables
 - Other liabilities
- **Net invested capital:** the algebraic sum of fixed assets, operating capital and provisions;
- **Net debt:** the algebraic sum of the following items:
 - Medium- to long-term financial payables
 - Short-term financial payables
 - Financial liabilities for derivatives
 - Financial assets for derivatives
 - Cash and cash equivalents and short-term financial receivables



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*The **Gefran Group** operates directly on the main international markets, through sales branches in Italy, France, Germany, Switzerland, the UK, Belgium, Spain, Turkey, the US, Brazil, China, Singapore, India, and through manufacturing branches also in Germany, Switzerland, Brazil, the US and China.*

*The **Gefran Group** currently has more than 800 employees.*

*The key factors behind **Gefran's** success are specialist know-how, design and production flexibility, capacity for innovation and the quality of its processes and products. With total control of process technology and application know-how, **Gefran** creates instruments and integrated systems for specific applications in various industrial sectors, including plastics processing, food, pharmaceuticals, and packaging and die-casting machines.*

***Gefran**, which has been listed on the Italian Stock Exchange since 9 June 1998, became part of the STAR (high-requisite stock) segment in 2001 and has been listed since 31 January 2005 in the ALL STAR class (which became the FTSE Italia STAR Index on 1 June 2009).*

Attachment: Gefran group consolidated income statement, consolidated statement of financial position and reclassified consolidated cash flow statement at 31 march 2017.

Gefran group Consolidated income statement at 31 march 2017 *(Data not audited by the independent auditors)*

(EUR /,000)	1Q 2017			1Q 2016			Chg 2017-2016	
	Excl.	Comp.	Final	Excl.	Comp.	Final	Value	%
	non rec.	non rec.		non rec.	non rec.		Excl. non rec.	
a Revenues	32,278		32,278	29,003	(521)	29,524	3,275	11.3%
b Increases for internal work	168		168	408		408	(240)	58.8%
c Consumption of materials and products	11,121		11,121	9,539		9,539	1,582	16.6%
d Added Value (a+b-c)	21,325		21,325	19,872	(521)	20,393	1,453	7.3%
e Other operating costs	5,584		5,584	5,563		5,563	21	0.4%
f Personnel costs	11,124	(321)	11,445	11,224	(1,892)	13,116	(100)	0.9%
g Gross operating margin - EBITDA (d-e-f)	4,617	321	4,296	3,085	1,371	1,714	1,532	49.7%
h Depreciation, amortisation and impairments	1,494		1,494	1,557		1,557	(63)	4.0%
i EBIT (g-h)	3,123	321	2,802	1,528	1,371	157	1,595	104.4%
l Gains (losses) from financial assets/liabilities	(237)		(237)	(761)		(761)	524	68.9%
m Gains (losses) from shareholdings valued at equity	(6)		(6)	(78)		(78)	72	92.3%
n Profit (loss) before tax (i±l±m)	2,880	321	2,559	689	1,371	(682)	2,191	318.0%
o Taxes	(751)		(751)	(516)		(516)	(235)	45.5%
p Result from operating activities (n±o)	2,129	321	1,808	173	1,371	(1,198)	1,956	1130.6%
q Profit (loss) from assets held for sale	0		0	486		486	(486)	100.0%
r Group net profit (loss) (p±q)	2,129	321	1,808	659	1,371	(712)	1,470	223.1%

Gefran group reclassified consolidated statement of financial position at 31 march 2017 *(Data not audited by the independent auditors)*

GEFRAN GROUP <i>(EUR / .000)</i>	31 March 2017		31 Dec 2016	
	value	%	value	%
Intangible assets	13,952	17.6	14,353	18.0
Tangible assets	37,025	46.8	36,931	46.3
Financial assets	10,436	13.2	10,176	12.7
Net non-current assets	61,413	77.6	61,460	77.0
Inventories	21,254	26.9	21,589	27.0
Trade receivables	30,238	38.2	30,745	38.5
Trade payables	(18,316)	(23.2)	(16,580)	(20.8)
Other assets/liabilities	(8,478)	(10.7)	(9,925)	(12.4)
Working capital	24,698	31.2	25,829	32.4
Provisions for risks and future liabilities	(2,613)	(3.3)	(2,460)	(3.1)
Deferred tax provisions	(1,009)	(1.3)	(1,005)	(1.3)
Employee benefits	(4,607)	(5.8)	(5,212)	(6.5)
Invested capital from operations	77,882	98.5	78,612	98.5
Invested capital from assets held for sale	1,214	1.5	1,214	1.5
Net invested capital	79,096	100.0	79,826	100.0
Shareholders' equity	70,076	88.6	66,908	83.8
Non-current financial payables	14,564	18.4	16,045	20.1
Current financial payables	15,241	19.3	17,134	21.5
Financial liabilities for derivatives	148	0.2	220	0.3
Financial assets for derivatives	(24)	(0.0)	(4)	(0.0)
Non-current financial assets	(209)	(0.3)	-	-
Cash on hand and current financial receivables	(20,700)	(26.2)	(20,477)	(25.7)
Net debt relating to operations	9,020	11.4	12,918	16.2
Total sources of financing	79,096	100.0	79,826	100.0

Gefran group reclassified consolidated cash flow statement at 31 march 2017*(Data not audited by the independent auditors)*

<i>(EUR/.000)</i>	31 March 2017	31 March 2016
A) Cash and cash equivalents at the start of the period	20,477	24,602
B) Cash flow generated by (used in) operations in the period:	3,965	2,845
C) Cash flow generated by (used in) investment activities	(1,228)	(961)
D) Free Cash Flow (B+C)	2,737	1,884
E) Cash flow generated by (used in) financing activities	(2,432)	(6,759)
F) Cash flow from continuing operations (D+E)	305	(4,875)
G) Cash flow from assets held for sale	0	626
H) Exchange translation differences on cash at hand	(82)	(226)
I) Net change in cash at hand (F+G+H)	223	(4,475)
J) Cash and cash equivalents at the end of the period (A+I)	20,700	20,127