

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

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%)."*

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*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.*

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*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](http://www.gefran.com)), under the section "investor relations/bilanci e relazioni".*

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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<br>(EUR / .000)                      | 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         |
| <b>Net non-current assets</b>                     | <b>61,413</b> | <b>77.6</b>  | <b>61,460</b> | <b>77.0</b>  |
| 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)       |
| <b>Working capital</b>                            | <b>24,698</b> | <b>31.2</b>  | <b>25,829</b> | <b>32.4</b>  |
| 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)        |
| <b>Invested capital from operations</b>           | <b>77,882</b> | <b>98.5</b>  | <b>78,612</b> | <b>98.5</b>  |
| <b>Invested capital from assets held for sale</b> | <b>1,214</b>  | <b>1.5</b>   | <b>1,214</b>  | <b>1.5</b>   |
| <b>Net invested capital</b>                       | <b>79,096</b> | <b>100.0</b> | <b>79,826</b> | <b>100.0</b> |
| <b>Shareholders' equity</b>                       | <b>70,076</b> | <b>88.6</b>  | <b>66,908</b> | <b>83.8</b>  |
| 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)       |
| <b>Net debt relating to operations</b>            | <b>9,020</b>  | <b>11.4</b>  | <b>12,918</b> | <b>16.2</b>  |
| <b>Total sources of financing</b>                 | <b>79,096</b> | <b>100.0</b> | <b>79,826</b> | <b>100.0</b> |

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

| (EUR /.000)   | 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        |