

GEFRAN S.p.A. BOARD APPROVES CONSOLIDATED RESULTS AT 30 June 2019

- Revenues of 72.1 million Euro (+2.6% versus the first half of 2018)
- Positive EBITDA of 10.7 million Euro, amounting to 14.9% of revenues (-4.2% compared to 11.2 million Euro in the first half of 2018)
- Net profit of 4 million Euro (-0.8% compared to the net profit of 4.1 million Euro in the first half of 2018)
- Net financial position was a negative 16.9 million Euro, after having invested 8.6 million Euro (as compared to a negative 4.5 million Euro at 31 December 2018)

Group income statement highlights

(Euro / 000)	30 June 2019		30 June 2018		2Q 2019		2Q 2018	
Revenues	72,099	100.0%	70,260	100.0%	36,126	100.0%	35,543	100.0%
EBITDA	10,735	14.9%	11,210	16.0%	4,466	12.4%	5,433	15.3%
EBIT	5,376	7.5%	8,122	11.6%	2,398	6.6%	3,871	10.9%
Profit (loss) before tax	5,508	7.6%	7,618	10.8%	2,113	5.8%	3,723	10.5%
Result from operating activities	4,029	5.6%	4,936	7.0%	1,481	4.1%	2,326	6.5%
Net profit (loss) from assets held for sale	-	0.0%	(875)	-1.2%	-	0.0%	(461)	-1.3%
Group net profit (loss)	4,029	5.6%	4,061	5.8%	1,481	4.1%	1,865	5.2%

Group statement of financial position highlights

(Euro / 000)	30 June 2019	31 December 2018
Invested capital from operations	89,042	77,335
Net working capital	34,506	32,055
Shareholders' equity	72,116	72,814
Net financial position	(16,926)	(4,521)

(Euro / 000)	30 June 2019	30 June 2018
Operating cash flow	5,293	7,220
Investments	8,632	4,826

Provaglio d'Iseo (BS), 6 August 2019 – The Board of Directors of GEFRAN S.p.A met today under the chairmanship of Maria Chiara Franceschetti, at the Provaglio d'Iseo (BS) headquarters, to approve the results at 30 June 2019.

Revenues for the first six months of 2019 amounted to 72.099 million Euro, compared with revenue of 70.260 million Euro in the same period in 2018, an increase of 1.839 million Euro (+2.6%). The acquisition of Elettropiemme S.r.l. on 23 January 2019 contributed a total of 2.870 million Euro to the increase in revenues. Without this effect, revenues would have been 1.031 million Euro (-1.5%) lower than in the first half of the previous year as a result of a slowdown in economic growth. Revenues from motion control were up due to increased sales of products for industrial applications and custom orders.

The breakdown of revenues by **geographical region** shows strong growth in North America (+23.6%, net of the positive effect of the favourable exchange rate trend) and South America (+9.8%), while there was a contraction in sales in non-EU Europe (-33.3%). The growth recorded in Italy (+7.5%) was due to the change in the scope of the consolidation, without which there would have been a decrease in sales compared to the first half of 2018 (-5.2%).

The breakdown of revenues by **business area** reveals growth in motion control (+5.8%) and in the automation components business line (+10%), where the increase represents the revenues of the newly acquired company Elettropiemme S.r.l., without which sales in this business line would have been lower than in the first half of the previous year (-4.2%). On the other hand, sales in the sensors business line contracted (-4.5%), mainly in the Asian, European and Italian markets.

Added value for the first half of 2019 was 48.247 million Euro (46.747 million Euro at 30 June 2018), equivalent to 66.9% of revenues (up over the figure of 66.5% for the first half of 2018). The entry of Elettropiemme S.r.l. into the Group contributed to the increase in added value, net of which the figure for the first three months would be in line with the first half of the previous year.

Other operating costs at 30 June 2019 amounted to 11.905 million Euro, down compared to the figure of 12.373 million Euro over the first half of 2018, representing 16.5% of revenues (as compared to 17.6% in the first half of 2018). These cost items include the entry of Elettropiemme S.r.l. into the Group (0.323 million Euro), decreased costs for the use of third party assets linked to application of the new accounting standard IFRS16, which sees the transfer of lease payments for the period (0.478 million Euro), and a decrease in other operating costs (0.313 million Euro) mainly linked to refund of current taxes for previous years, partly compensated by increased service costs in the period.

Personnel costs at 30 June 2019 amounted to 25.607 million Euro, compared with 23.164 million Euro in the same period of 2018, with an increase relating to both the newly acquired Elettropiemme S.r.l. and the hiring of new employees, with an increase in the average number of employees from 746 in the first half of 2018 to 800 in the first half of 2019.

EBITDA for the first half of 2019 amounted to 10.735 million Euro (11.210 million Euro on 30 June 2018), and reached 14.9% of revenues (16% on 30 June 2018), a drop of 0.475 million Euro. The addition of Elettropiemme S.r.l. to the Group brought an increase of 0.385 million Euro, without which EBITDA would have been 0.860 million Euro lower than in the first half of 2018. The drop is attributable to shrinkage of sales volumes and increased personnel costs in the period.

EBIT as of 30 June 2019 was positive and equal to 5.376 million Euro, representing 7.5% of revenues, compared to an EBIT of 8.122 million Euro (11.6% of revenues) at 30 June 2018, a decrease of 2.746 million Euro. EBIT reflects a 1.531 million Euro drop in the value of assets as a result of demolition of a building used by the sensors business, expansion of which required additional space for new production lines. Considering that the building originally identified for this purpose was unable to guarantee sufficient technological and energy performance and long-term sustainability, it was demolished to permit construction of a more advanced, functional building. The work will be completed in 2019 and the plant will be fully operative by the beginning of 2020. If this loss is eliminated, along with the positive impact of the addition of Elettropiemme S.r.l. to the Group, EBIT in the first half of 2019 would total 6.641 million Euro, 1.481 million Euro lower than in the first six months of 2018.

The **net profit from assets held for sale** in the first half of 2019 was zero, while the figure for the same period in the previous year was negative by 0.875 million Euro and related to the adjustment of the amount of assets held for sale relating to know-how in the photovoltaic business at its estimated realisable value, minus taxes.

Group net profit was 4.029 million Euro in the first half of 2019, compared with a profit of 4.061 million Euro in the same period of 2018. When the positive impact of the newly purchased Elettropiemme S.r.l. and the loss

of value of assets described above are eliminated, the net result as of 30 June 2019 is 3.878 million Euro, 0.1838 million Euro lower than the first half of 2018.

Working capital was 28.895 million Euro as of 30 June 2019, compared with 23.028 million Euro at 31 December 2018, an overall increase of 5.867 Euro million.

Shareholders' equity at 30 June 2019 amounted to 72.116 million Euro, compared with 72.814 million Euro at 31 December 2018. The change was primarily a result of the positive result in the period, totalling 4.029 million Euro, absorbed by distribution of 4.599 million Euro in dividends.

Investments made in the first six months of 2019 amounted to 8.632 million Euro (4.826 million Euro as of 30 June 2018).

The company's **net financial** position at 30 June 2019 was negative and equal to 16.926 million Euro, 12.405 million Euro worse than the figure for 31 December 2018, when it was negative by 4.521 million Euro. This change is mainly due to positive cash flows from ordinary operations (5.293 million Euro), absorbed by technical investments in the period (8.269 million Euro), distribution of dividends (4.599 million Euro), the net effect of the acquisition of Elettropiemme S.r.l. (0.231 million Euro) and payment of taxes (0.336 million Euro). In addition to this, there was the negative effect of the application of IFRS 16, which led to a worsening of the company's net financial position (2.535 million Euro).

Net financial debt comprises short-term cash and cash equivalents of 10.855 million Euro and medium-/long-term debt of 27.781 million Euro.

"Despite the slow-down in the economic cycle, the first half of the year registered an increase in revenues due not only to the acquisition of Elettropiemme, but to orders acquired in the motion control area, where the effects of the growth strategy we have adopted in the past few years are now being felt," comments Alberto Bartoli, Chief Executive Officer of the Gefran Group.

"The half-year confirmed the importance of continuing to invest in technological innovation and human capital in line with the plan resolved on in 2017 for responding to medium- and long-term challenges facing the Group. In the first half of the year we invested 9 million Euro and added 40 new staff members to the company," added Bartoli.

"Despite the lacklustre economic scenario, we expect to close the year 2019 with higher revenues than 2018 and EBITDA margins in line with those of the previous year."

Pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, Fausta Coffano, the executive in charge of financial reporting, declares that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

Please note that external auditing of the abbreviated half-yearly Consolidated Financial Statements at 30 June 2019 has not yet been completed as of the date of this press release.

The Half-yearly Financial Report at 30 June 2019 is available at the company's headquarters and at Borsa Italiana S.p.A. and can also be viewed in the "investor relations/reports and financial statements" section of the company's website (www.gefran.com), and on the website (www.emarketstorage.com) managed by Spafid Connect S.p.A.

This press release contains some “alternative performance indicators” not included in the IFRS accounting principles, whose meaning and content, in line with recommendation ESMA/2015/1415 of 5 October 2015, are illustrated below.

Specifically, the alternative indicators used in the report on the income statement are:

- **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:** the operating result before depreciation, amortisation and impairment. The purpose of this indicator is to present the Group’s operating profitability before the main non-monetary items;
- **EBIT:** operating profit before financial management and taxes. The purpose of this indicator is to present the Group’s operating profitability.

Alternative indicators used in the report on 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
- **Working 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 financial position:** algebraic sum of the following items:
 - Medium/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



Contacts:

Fausta Coffano
Investor Relations
Gefran SpA, Via Sebina 74
25050 Provaglio d'Iseo (BS)
Tel +39 030 98881
Fax + 39 030 9839063
fausta.coffano@gefran.com
www.gefran.com

Twister communications group SpA
Via Valparaiso,3 – 20144 Milan
Tel +39 02 438114200
Maria Giardini
mgiardini@twistergroup.it
www.twistergroup.it

*The **Gefran Group** operates directly in the main international markets, through sales branches in Italy, France, Germany, Switzerland, the UK, Belgium, Spain, Turkey, the US, Brazil, China, Singapore and 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 in the ALL STAR class since 31 January 2005 (which became the FTSE Italia STAR Index on 1 June 2009).*

Attachments:

Consolidated Income Statement, Consolidated Results by Line of Business, Breakdown of Consolidated Income by Geographical Region, Consolidated Statement of Financial Position and Consolidated Cash Flow Statement.

Reclassified schedule of the consolidated Income Statement of the Gefran Group at 30 June 2019

(Auditing still in progress)

(Euro / 000)		30 June 2019	30 June 2018	Changes 2019-2018	
		Total	Total	Value	%
a	Revenues	72,099	70,260	1,839	2.6%
b	Increases for internal work	1,263	621	642	103.4%
c	Consumption of materials and products	25,115	24,134	981	4.1%
d	Added value (a+b-c)	48,247	46,747	1,500	3.2%
and	Other operating costs	11,905	12,373	(468)	-3.8%
f	Personnel costs	25,607	23,164	2,443	10.5%
g	EBITDA (d-e-f)	10,735	11,210	(475)	-4.2%
h	Depreciation, amortisation and impairment	5,359	3,088	2,271	73.5%
i	EBIT (g-h)	5,376	8,122	(2,746)	-33.8%
l	Gains (losses) from financial assets/liabilities	(127)	(410)	283	69.0%
m	Gains (losses) from shareholdings valued at equity	259	(94)	353	375.5%
n	Profit (loss) before tax (i±l±m)	5,508	7,618	(2,110)	-27.7%
o	Taxes	(1,479)	(2,682)	1,203	44.9%
p	Result from operating activities (n±o)	4,029	4,936	(907)	-18.4%
q	Net profit (loss) from assets held for sale	-	(875)	875	100.0%
r	Group net profit (loss) (p±q)	4,029	4,061	(32)	-0.8%

Results by business of the Gefran Group at 30 June 2019

(Auditing still in progress)

(Euro / 000)	30 June 2019					30 June 2018				
	Revenues	EBITDA	% of revenues	EBIT	% of revenues	Revenues	EBITDA	% of revenues	EBIT	% of revenues
Sensors	31,030	7,945	25.6%	4,865	15.7%	32,483	10,165	31.3%	8,957	27.6%
Automation components	22,248	2,523	11.3%	1,304	5.9%	20,234	2,438	12.0%	1,456	7.2%
Motion Control	21,721	267	1.2%	(793)	-3.7%	20,522	(1,393)	-6.8%	(2,291)	-11.2%
Eliminations	(2,900)	-	n.s.	-	n.s.	(2,979)	-	n.s.	-	n.s.
Total	72,099	10,735	14.9%	5,376	7.5%	70,260	11,210	16.0%	8,122	11.6%

Revenues by geographical region of the Gefran Group at 30 June 2019

(Auditing still in progress)

(Euro / 000)	30 June 2019		30 June 2018		Changes 2019-2018	
	value	%	value	%	value	%
Italy	23,086	32.0%	21,476	30.6%	1,610	7.5%
European Union	18,526	25.7%	18,909	26.9%	(383)	-2.0%
Europe non-EU	2,238	3.1%	3,357	4.8%	(1,119)	-33.3%
North America	9,467	13.1%	7,329	10.4%	2,138	29.2%
South America	2,224	3.1%	2,025	2.9%	199	9.8%
Asia	16,164	22.4%	16,882	24.0%	(718)	-4.3%
Rest of the World	394	0.5%	282	0.4%	112	39.7%
Total	72,099	100%	70,260	100%	1,839	2.6%

Reclassified schedule of the Consolidated Statement of Financial Position of the Gefran Group at 30 June 2019
(Auditing still in progress)

<i>(Euro / 000)</i>	30 June 2019		31 December 2018	
	value	%	value	%
Intangible assets	13,059	14.7	12,376	16.0
Tangible assets	44,892	50.4	38,955	50.4
Other non-current assets	10,261	11.5	9,801	12.7
Net non-current assets	68,212	76.6	61,132	79.0
Inventories	26,802	30.1	22,978	29.7
Trade receivables	33,808	38.0	29,808	38.5
Trade payables	(26,104)	(29.3)	(20,731)	(26.8)
Other assets/liabilities	(5,611)	(6.3)	(9,027)	(11.7)
Working capital	28,895	32.5	23,028	29.8
Provisions for risks and future liabilities	(2,407)	(2.7)	(1,674)	(2.2)
Deferred tax provisions	(706)	(0.8)	(627)	(0.8)
Employee benefits	(4,952)	(5.6)	(4,524)	(5.8)
Invested capital from operations	89,042	100.0	77,335	100.0
Net invested capital	89,042	100.0	77,335	100.0
Shareholders' equity	72,116	81.0	72,814	94.2
Non-current financial payables	26,130	29.3	11,864	15.3
Current financial payables	13,198	14.8	10,817	14.0
Financial payables for IFRS 16 leasing (current and non-current)	2,535	2.8	-	-
Financial liabilities for derivatives (current and non-current)	300	0.3	28	0.0
Financial assets for derivatives (current and non-current)	(3)	(0.0)	(19)	(0.0)
Other non-current financial assets	(122)	(0.1)	(126)	(0.2)
Cash and cash equivalents and current financial receivables	(25,112)	(28.2)	(18,043)	(23.3)
Net debt relating to operations	16,926	19.0	4,521	5.8
Total sources of financing	89,042	100.0	77,335	100.0

Reclassified schedule of the Consolidated Cash Flow Statement of the Gefran Group at 30 June 2019

(Auditing still in progress)

(Euro / 000)	30 June 2019	30 June 2018
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	18,043	24,006
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	4,029	4,061
Depreciation, amortisation and impairment	5,359	3,088
Provisions (Releases)	1,098	2,176
Capital (gains) losses on the sale of non-current assets	(17)	23
Impairment of assets held for sale	-	1,214
Net result from financial operations	(114)	504
Taxes	1,010	1,590
Change in provisions for risks and future liabilities	(518)	(880)
Change in other assets and liabilities	(3,831)	(1,820)
Change in deferred taxes	467	753
Change in trade receivables	(2,838)	(3,808)
of which related parties:	-	35
Change in inventories	(3,584)	(4,602)
Change in trade payables	4,232	4,921
of which related parties:	31	125
TOTAL	5,293	7,220
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(8,269)	(4,826)
of which related parties:	(368)	(468)
- Equity investments and securities	-	3
- Acquisitions net of acquired cash	(231)	-
- Financial receivables	(2)	5
Disposal of non-current assets	27	(18)
TOTAL	(8,475)	(4,836)
D) FREE CASH FLOW (B+C)	(3,182)	2,384
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	21,485	-
Repayment of financial payables	(3,883)	(5,086)
Increase (decrease) in current financial payables	(1,539)	2,000
Outgoing cash flow due to IFRS 16	(571)	-
Taxes paid	(336)	(2,852)
Interest paid	(376)	(261)
Interest received	177	123
Change in shareholders' equity reserves	-	243
Dividends paid	(4,599)	(5,040)
TOTAL	10,358	(10,873)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	7,176	(8,489)
H) Exchange rate translation differences on cash at hand	(107)	7
I) NET CHANGE IN CASH AT HAND (F+H)	7,069	(8,482)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	25,112	15,524

