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Oggetto : Approval of the financial statements as of
June 30, 2015

Testo del comunicato

Vedi allegato.

DANIELI & C. OFFICINE MECCANICHE S.p.A.

Buttrio (UD) – via Nazionale n. 41

Fully-Paid Share Capital of Euro 81,304,566

Tax Code and Registration Number with the Register of Companies of Udine: 00167460302

www.danieli.com

PRESS RELEASE

DANIELI GROUP

The Board of Directors of Danieli met today, September 24, 2015, to examine and approve the financial statements for the year from July 01, 2014 to June 30, 2015, and the consolidated financial statements for the same period.

CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2015

(millions of euro)	30/06/2015	30/06/2014	Variation
Revenues	2,765.9	2,944.1	-6%
Gross operating margin (Ebitda)	250.5	308.8	-19%
EBIT	150.2	210.7	-29%
Net profit for the period	161.7	153.6	5%
Net profit attributable to the Group	161.8	153.5	5%
Positive net financial position	956.0	844.3	13%
Number of employees	10,954	11,424	-4%
Group's order book	3,155	3,079	2%
(of which <i>Steel Making</i>)	169	217	-22%

Summary of results for the year 2014/2015

The trend of Group revenues shows a decrease in sales both for the *Plant Making* sector (engineering and construction of metal – steel and aluminium – making plants) and for the *Steel Making* sector (production of steel) with the ABS Group (Acciaierie Bertoli Safau and ABS Sisak), even if linked to different aspects.

The Board of Directors has acknowledged the results and pointed out that:

Danieli *Plant Making* has largely achieved the set production targets, as the consolidated revenues show the effect of a decrease resulting from the cancellation of nearly 85 million euro linked to the “intercompany” invoicing of the ROTOFORGIA plant to the subsidiary ABS SpA (an activity which occupied the Italian workshops for most part of 2014/15). Sales of ABS *Steel Making* show the effect, with equal production volumes (1 million ton approx.), of a decrease in sales prices linked to a parallel drop in the costs of raw materials, and during the financial year maintained a satisfactory level of margin and plant use.

The consolidated profit for the period has improved compared to the previous financial year, even if it shows a lower operating margin which is however substantially in line with the forecasts made at the beginning of the year. This is mainly due to the Group's financial management which, even if with a prudent approach, has obtained a very satisfactory result thanks to the good currency management.

Moreover, the Group's net financial position has improved.

As regards capital expenditure, in the *Plant Making* sector the development plan of our workshops in China and Thailand was substantially completed during the year, while the production ramp up of the new factories in India and Russia is under completion.

In the *Steel Making* sector (ABS), after the conclusion of the first phase of investments at Sisak in Croatia, investments went on at Pozzuolo with the completion of the new reversing mills, the technological upgrading of the continuous casting machine MCC3, and the start-up of the new Rotoforgia rolling mill in September.

The important investments made at ABS have a high innovative content which will enable the company to significantly improve quality and widen the range of its products, thus covering new market segments in a competitive way.

Worldwide prospects of the metal making sector which influence the activity of the Danieli Plant Making segment

In the first six months of 2015, worldwide steel production reached nearly 813 million ton, down by 2% approx. compared to the same period of the previous year (which in 12 months reached 1,660 million ton approx.).

The forecasts for 2015 show an overall decrease of 3-3.5%, with China down by 4% and the advanced countries together with the emerging ones down by approx. 2-2.5%.

The steel market is therefore undergoing a period of restructuring in 2015, with a forecast of stabilization for 2016 and improvement for 2017. Quantities in some markets are increasing, but prices remain low due to the competition of China, Russia and Ukraine.

It is clear that there is a need for a shared and joint strategy above all in Europe, in order to reduce evident differences in development, eliminate the inefficiency present in some countries, and promote a greater competitiveness in the weaker economies. Some countries are already showing clear signs of recovery, while others are still penalised by delays in the reforms required to modernise their structures. This confirms the need for a greater global coordination to sustain growth through medium and long term development plans to foster new investments in infrastructures and the upgrading of the existing ones.

The prospects of global growth for 2016 show an improvement with a foreseen GDP (Gross Domestic Product) development of 3.8%.

Summary of Results by Business Segment

Revenues			
(millions of euro)	30/06/2015	30/06/2014	Variation
Plant making	2,039.6	2,149.0	-5%
Steel making	726.3	795.1	-9%
Total	2,765.9	2,944.1	-6%
Gross operating margin (Ebitda)			
(millions of euro)	30/06/2015	30/06/2014	Variation
Plant making	180.0	218.1	-17%
Steel making	70.5	90.7	-22%
Total	250.5	308.8	-19%
Operating income			
(millions of euro)	30/06/2015	30/06/2014	Variation
Plant making	123.3	165.8	-26%
Steel making	26.9	44.9	-40%
Total	150.2	210.7	-29%

Net profit for the period attributable to the Group (millions of euro)	30/06/2015	30/06/2014	Variation
Plant making	145.1	125.3	16%
Steel making	16.7	28.2	-41%
Total	161.8	153.5	5%

As already disclosed, in the first months of 2015 the “Guardia di Finanza” (Finance Police) of Udine notified a series of tax audit reports to a few companies of the Group, which to date the Inland Revenue Regional Management Offices of Udine and Trieste have converted in part into Assessment Notices for which appeals have been lodged with the Tax Commission and are under preparation, and which have already been taken into account among the financial risks in the consolidated financial statements.

Strategies

Among the Danieli mottos we find:

- *“Passion to innovate and perform”* and *“We do not shop around for noble equipment”*. The Danieli Group will therefore continue to consolidate and expand its activities to ensure an increased competitiveness in terms of innovation, technology, quality, costs, productivity and customer service;

Danieli is renowned not only for its plant-making capabilities but also for its manufacturing ones: in Europe with noble and high-tech products, in Asia with the design and manufacturing of consolidated and tested products with the same European quality.

- *“A step ahead”* with the aim of defining a new organizational model of the Group to develop its present structure in a way which better reflects the emerging needs of the markets.

In particular, to consolidate these strategies, we have decided to strengthen the Danieli Academy for the development of the *Juniors*, the updating of the *Seniors* and the management and enhancement of talented youths.

Order Backlog

The Group’s order backlog was in line with year-end figures of the previous year and well diversified by geographical area and product line and, for the year ended June 30, 2015, amounted to 3,155 million euro (of which 169 million euro in the special steels sector), compared to 3,079 million euro for the year ended June 30, 2014 (of which 217 million euro for special steels).

Human Resources

The number of employees of the Danieli Group at June 30, 2015 was 10,954, decreased by 470 units compared to June 30, 2014.

Danieli continues to pursue high rates of innovation, efficiency and quality of customer service; it follows that the team excellence plays a very important and strategic role for the company’s success. The importance of managing with great attention the enhancement of people’s potentials and skills to ensure that the Group staff training is in line with the best practice is therefore confirmed.

Resolutions of the Board of Directors

In addition to the approval of the financial statements, the Board of Directors will submit the following items to the Shareholders’ meeting convened in the registered office for October 26, 2015 at 2 p.m. on single call:

1. distribution of a unit dividend of 0.10 euro for ordinary shares and 0.1207 euro for savings shares, for a total of 8,194,928 euro against detachment of the dividend coupon n. 37 – for both types of shares – on November 9, 2015, payable as of November 11, 2015 (record date November 10, 2015). This dividend comes from the distribution of the financial year's profits.

The Shareholders' meeting will be called to deliberate also on the following items:

1. Appointment of the Board of Directors, after the number of its members has been established. Determination of the term of office of the directors and of the fees due to them. Related and consequent resolutions;
2. Appointment of the Board of Legal Auditors and determination of the fees due to the auditors. Related and consequent resolutions;
3. Report on Remuneration in accordance with art. 123-ter of Decree Law no. 58 of February 24, 1998;
4. Authorisation to the purchase and transfer of own shares. Related and consequent resolutions.

The Board of Directors has decided to propose a reduction in the percentage of profits to be distributable to the shareholders from the usual 13/15% to 5%. This in order to be able to maintain high the investments in research and prototyping, in spite of the negative cycle concerning the investments in new plants.

Moreover, it has been underlined that over the last decade the shareholders reinvested in the company approx. 1,300 million euro in order to support the expansion on the markets and the innovation of the hi-tech products with greater added value.

Danieli Group Activities

The Danieli Group runs two main businesses: the first (*Plant Making*) is in the field of engineering and manufacture of plants – including turnkey plants – for the production of metals. Its principal operating companies in the *Plant Making* segment are in Europe (Italy, Sweden, Germany, France, Austria, The Netherlands, United Kingdom, Russia, Spain) and in Asia (China, Thailand, India, Vietnam), with service centres in the US, Brazil, Egypt, Turkey and Ukraine.

In the Plant Making sector, Danieli is one of the top three manufacturers in the world for metal making plants and machines, market leader in meltshops and plants for the production of long products (these plants produce steel in electric arc furnaces – sometimes from direct reduced iron – and in addition to being competitive in terms of *Capex* and *Opex*, are also environment-friendly, compared to integrated plants that use blast furnaces and coke), and second in the manufacture of plants for flat products.

The second business (Steelmaking) concerns the production of special steels through the companies Acciaierie Bertoli Safau S.p.A. (ABS) and ABS Sisak d.o.o. (ABS Sisak). The steels produced in these facilities supply the automotive industry, heavy-duty vehicles, engineering, energy and petroleum industries. ABS is the number one steelmaker in Italy and among the leading ones in Europe in its field.

The Danieli Group employs about 6,000 people in Friuli-Venezia Giulia both directly and through the allied industries. It contributes by 40% to the yearly exports of the province of Udine, and by 20% to the exports of the whole region.

Attached are the consolidated balance sheet, income statement (excluding the Group's Comprehensive Income) and financial position of the Danieli Group and of the Parent Company Danieli & C. Officine Meccaniche S.p.A., related to the year ended on June 30, 2015, compared with the data for the year ended on June 30, 2014.

Consolidated Financial Statements of the Danieli Group

(Millions of euro)

CONSOLIDATED BALANCE SHEET (*)	30/06/2015	30/06/2014
Assets		
Non-current assets	1,165.0	1,093.0
Current assets	3,991.8	4,029.1
<u>Total assets</u>	<u>5,156.8</u>	<u>5,122.1</u>
Liabilities and equity		
Share Capital	81.3	81.3
Other reserves and profits brought forward, including profit from previous year	<u>1,631.5</u>	<u>1,466.1</u>
Group equity	1,712.8	1,547.4
Non-controlling interests	0.9	1.0
Non-current liabilities	589.0	456.9
Current liabilities	2,854.1	3,116.8
<u>Total liabilities and equity</u>	<u>5,156.8</u>	<u>5,122.1</u>
	Year ended	Year ended
CONSOLIDATED INCOME STATEMENT (*)	30/06/2015	30/06/2014
Revenues	2,765.9	2,944.1
Raw materials and consumables	(1,354.3)	(1,503.8)
Cost of personnel	(446.2)	(416.7)
Other operating costs	(711.3)	(707.7)
Depreciation, amortisation and write-downs	<u>(103.9)</u>	<u>(105.2)</u>
Operating income	150.2	210.7
Financial income (charges)	6.1	14.5
Gains (losses) on foreign exchange transactions	103.9	(21.9)
Gains arising from the valuation of shareholdings in associated companies with the equity method	0.6	1.5
Profit (loss) before tax	260.8	204.8
Income taxes	<u>(99.1)</u>	<u>(51.2)</u>
Net profit for the period	161.7	153.6
Loss (profit) attributable to non-controlling interests	<u>0.1</u>	<u>(0.1)</u>
<u>Net profit for the period attributable to the Group</u>	<u>161.8</u>	<u>153.5</u>

(*) Some of the items of the consolidated Balance Sheet and Income Statement are shown in summarised form compared to the Financial Statements.

CONSOLIDATED NET FINANCIAL POSITION

(millions of euro)	30/06/2015	30/06/2014	Variation
Current financial assets			
- Securities and other financial receivables	340.5	337.4	3.1
- Cash at banks	1,359.3	1,303.8	55.5
Total current financial liabilities	1,699.8	1,641.2	58.6
Non-current financial liabilities			
- Bank debts	314.7	202.5	112.2
Total non-current financial liabilities	314.7	202.5	112.2
Current financial liabilities			
- Bank debts and other financial liabilities	429.1	594.4	(165.3)
Total current financial liabilities	429.1	594.4	(165.3)
Non-current net financial position	(314.7)	(202.5)	(112.2)
Current net financial position	1,270.7	1,046.8	223.9
Positive net financial position	956.0	844.3	111.7
Gross financial indebtedness	(743.8)	(796.9)	53.1

Gross financial indebtedness represents the total of payables to banks and other financial liabilities.

Financial Statements of Danieli & C. Officine Meccaniche S.p.A.

(Millions of euro)

BALANCE SHEET (*)	30/06/2015	30/06/2014
Assets		
Non-current assets	1,310.7	1,347.1
Current assets	1,057.6	1,018.6
<u>Total assets</u>	<u>2,368.3</u>	<u>2,365.7</u>
Liabilities and equity		
Share Capital	81.3	81.3
Other reserves and profits brought forward, including profit from previous year	<u>571.3</u>	<u>454.1</u>
Equity	652.6	535.4
Non-current liabilities	337.7	181.9
Current liabilities	1,378.0	1,648.4
<u>Total liabilities and equity</u>	<u>2,368.3</u>	<u>2,365.7</u>
	Year ended	Year ended
INCOME STATEMENT (*)	30/06/2015	30/06/2014
Revenues	1,013.6	1,057.9
Raw materials and consumables	(546.8)	(604.3)
Cost of personnel	(148.2)	(148.0)
Other operating costs	(282.2)	(280.3)
Depreciation, amortisation and write-downs	<u>(21.8)</u>	<u>(20.3)</u>
Operating income	14.6	5.0
Financial income (charges)	125.2	135.3
Gains (losses) on foreign exchange transactions	<u>17.6</u>	<u>(4.2)</u>
Profit (loss) before tax	<u>157.4</u>	<u>136.1</u>
Income taxes	<u>(17.5)</u>	<u>(4.6)</u>
<u>Net profit for the period</u>	<u>139.9</u>	<u>131.5</u>

(*) Some of the items of the consolidated Balance Sheet and Income Statement are shown in summarised form compared to the Financial Statements.

NET FINANCIAL POSITION OF DANIELI & C. OFFICINE MECCANICHE S.p.A.

(millions of euro)	30/06/2015	30/06/2014	Variation
Current financial assets			
- Other financial receivables	04	0.2	0.2
- Cash at banks	213.1	98.7	114.4
Total current financial liabilities	213.5	98.9	114.6
Non-current financial liabilities			
- Bank debts	201.7	41.6	160.1
Total non-current financial liabilities	201.7	41.6	160.1
Current financial liabilities			
- Bank debts and other financial liabilities	157.6	202.7	(45.1)
Total current financial liabilities	157.6	202.7	(45.1)
Non-current net financial position	(201.7)	(41.6)	(160.1)
Current net financial position	55.9	(103.8)	159.7
Negative net financial position	(145.8)	(145.4)	(0.4)
Gross financial indebtedness	(359.3)	(244.3)	(115.0)

The company's net financial position is shown net of financial payables and receivables with Group companies (net payables amounting to 29.1 million euro and 164.9 million euro, at June 30, 2015 and June 30, 2014 respectively). Gross financial indebtedness represents the total of payables to banks and other financial liabilities.

Dr. Alessandro Brussi, the manager responsible for preparation of company accounting documents, in accordance with article 154 bis paragraph 2 of the Financial Consolidation Act declares that, as far as he is aware, the financial statements contained herein correspond to the documental findings, books and records at June 30, 2015.

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