

GEFRAN GROUP
INTERIM FINANCIAL
STATEMENTS
AT 30 September 2018



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1. CORPORATE BODIES

Board of Directors

Honorary Chairman	Ennio Franceschetti
CEO	Alberto Bartoli
Chairman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairman	Giovanna Franceschetti
Director	Romano Gallus
Director	Mario Benito Mazzoleni (*)
Director	Daniele Piccolo (*)
Director	Monica Vecchiati (*)

Board of Statutory Auditors

Chairman	Marco Gregorini
Standing Auditor	Primo Ceppellini
Standing Auditor	Roberta Dell'Apa
Deputy Auditor	Guido Ballerio
Deputy Auditor	Luisa Anselmi

Control and Risks Committee

- Daniele Piccolo
- Mario Benito Mazzoleni
- Monica Vecchiati

Remuneration Committee

- Romano Gallus
- Daniele Piccolo
- Monica Vecchiati

External auditor

PricewaterhouseCoopers S.p.A.

On 21 April 2016, the ordinary shareholders' meeting of Gefran S.p.A. engaged the external auditor PricewaterhouseCoopers S.p.A. to audit the separate annual financial statements of Gefran S.p.A., as well as the consolidated annual and interim financial statements of the Gefran Group for a period of nine years until the approval of the financial statements for 2024, in accordance with Italian Legislative Decree 39/2010.

(*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Code of Conduct

2. ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial schedules and indicators required under IFRS, this document includes reclassified schedules and alternative performance indicators. These are intended to enable a better assessment of the Group's economic and financial management. However, these tables and indicators must not be considered as a substitute for those required under IFRS.

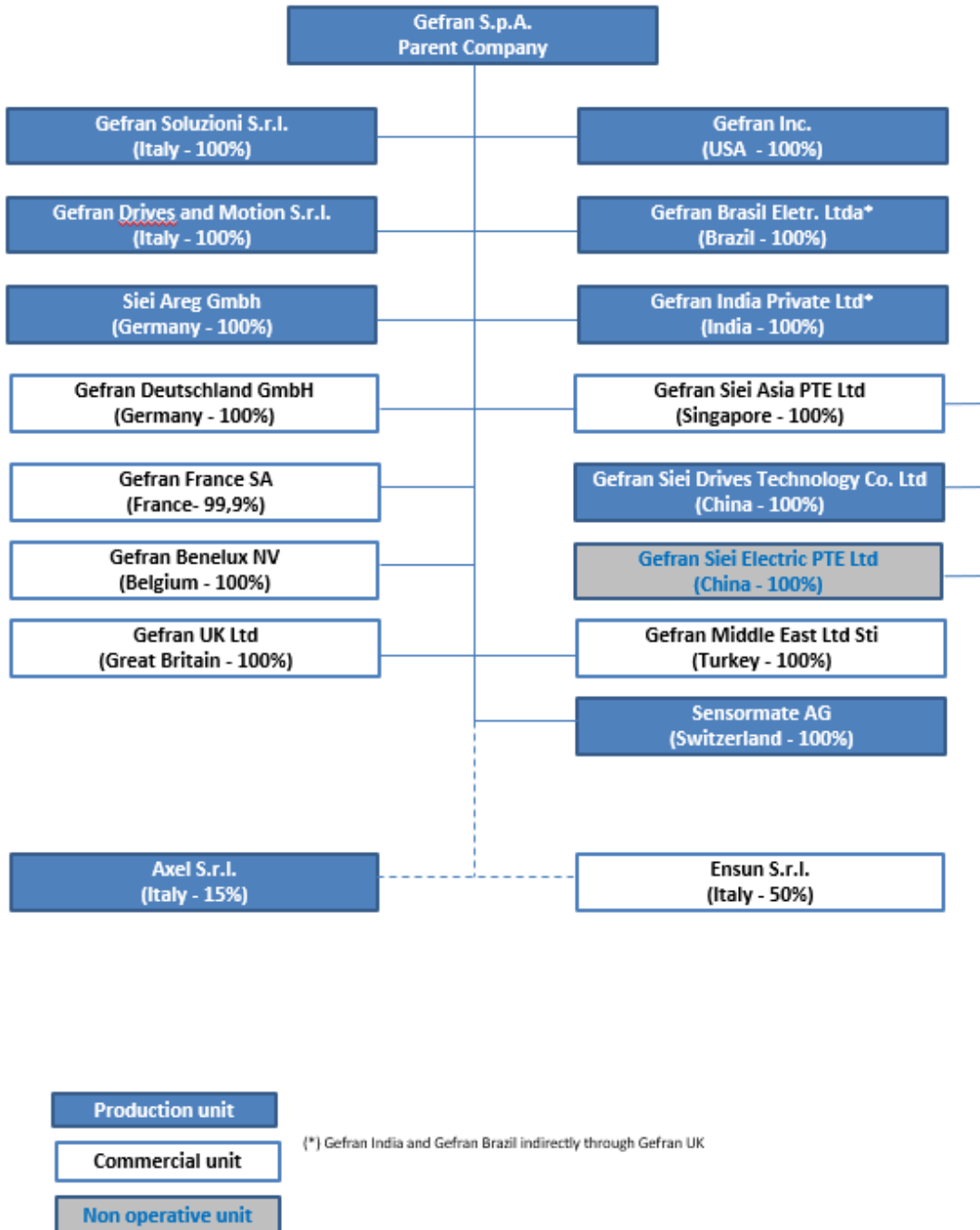
Specifically, the alternative indicators used in the notes to the income statement are:

- **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:** 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 result before financial management and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the notes to the 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
 - Shareholdings 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 net fixed assets, working capital and provisions;
- **Net financial position:** 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

3. STRUCTURE OF THE GEFRAN GROUP



4. KEY CONSOLIDATED INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION FIGURES

The amounts shown below only refer to continuing operations, unless otherwise specified.

Group income statement highlights

<i>(EUR / 000)</i>	30 September 2018		30 September 2017		3Q 2018		3Q 2017	
Revenues	101,080	100.0%	94,151	100.0%	30,820	100.0%	29,101	100.0%
EBITDA	15,429	15.3%	13,563	14.4%	4,219	13.7%	4,505	15.5%
EBIT	10,728	10.6%	8,260	8.8%	2,606	8.5%	2,169	7.5%
Profit (loss) before tax	9,854	9.7%	7,081	7.5%	2,236	7.3%	2,058	7.1%
Result from operating activities	6,319	6.3%	6,082	6.5%	1,383	4.5%	1,639	5.6%
Net profit (loss) from assets held for sale	(875)	-0.9%	0	0.0%	0	0.0%	0	0.0%
Group net profit (loss)	5,444	5.4%	6,082	6.5%	1,383	4.5%	1,639	5.6%

Group income statement highlights, excluding non-recurring items

<i>(EUR / 000)</i>	30 September 2018		30 September 2017		3Q 2018		3Q 2017	
Revenues	101,080	100.0%	94,151	100.0%	30,820	100.0%	29,101	100.0%
EBITDA	15,429	15.3%	13,884	14.7%	4,219	13.7%	4,505	15.5%
EBIT	10,728	10.6%	8,581	9.1%	2,606	8.5%	2,169	7.5%
Profit (loss) before tax	9,854	9.7%	7,402	7.9%	2,236	7.3%	2,058	7.1%
Result from operating activities	6,319	6.3%	6,403	6.8%	1,383	4.5%	1,639	5.6%
Net profit (loss) from assets held for sale	(875)	-0.9%	0	0.0%	0	0.0%	0	0.0%
Group net profit (loss)	5,444	5.4%	6,403	6.8%	1,383	4.5%	1,639	5.6%

Group statement of financial position highlights

<i>(EUR / 000)</i>	30 September 2018	31 December 2017
Invested capital from operations	76,196	73,477
Net working capital	31,848	30,621
Shareholders' equity	69,829	69,911
Net financial position	(6,367)	(4,780)

<i>(EUR / 000)</i>	30 September 2018	30 September 2017
Operating cash flow	12,411	15,092
Investments	6,875	3,609

5. FINANCIAL STATEMENT SCHEDULES

Statement of profit/(loss)

(EUR / 000)	3Q		progressive as at 30 September	
	2018	2017	2018	2017
Revenues from product sales	30,695	28,877	100,750	93,431
<i>of which related parties:</i>	3	25	46	86
Other revenues and income	125	224	330	720
<i>of which non-recurring:</i>	0	0	0	0
Increases for internal work	278	113	899	423
TOTAL REVENUES	31,098	29,214	101,979	94,574
Change in inventories	1,208	327	4,455	(68)
Costs of raw materials and accessories	(11,731)	(9,927)	(39,112)	(32,099)
Service costs	(5,220)	(5,107)	(17,330)	(15,984)
<i>of which related parties:</i>	(138)	(6)	(259)	(81)
Miscellaneous management costs	(200)	(137)	(628)	(411)
Other operating income	21	13	35	82
Personnel costs	(10,769)	(9,889)	(33,933)	(32,296)
<i>of which non-recurring:</i>	0	0	0	(321)
Impairment/reversal of trade and other receivables	(188)	11	(37)	(235)
Amortisation	(575)	(581)	(1,759)	(1,741)
Depreciation	(1,038)	(1,755)	(2,942)	(3,562)
EBIT	2,606	2,169	10,728	8,260
<i>of which non-recurring:</i>	0	0	0	(321)
Gains from financial assets	388	471	990	1,307
Losses from financial liabilities	(807)	(640)	(1,819)	(2,469)
(Losses) gains from shareholdings valued at equity	49	58	(45)	(17)
PROFIT (LOSS) BEFORE TAX	2,236	2,058	9,854	7,081
<i>of which non-recurring:</i>	0	0	0	(321)
Current taxes	(356)	(579)	(2,285)	(1,840)
Deferred tax assets and liabilities	(497)	160	(1,250)	841
TOTAL TAXES	(853)	(419)	(3,535)	(999)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	1,383	1,639	6,319	6,082
<i>of which non-recurring:</i>	0	0	0	(321)
Net profit (loss) from assets held for sale	0	0	(875)	0
NET PROFIT (LOSS) FOR THE YEAR	1,383	1,639	5,444	6,082
<i>of which non-recurring:</i>	0	0	0	(321)
Attributable to:				
Group	1,383	1,639	5,444	6,082
Third parties	0	0	0	0
Earnings per share				
(Euro)	3Q		progressive as at 30 September	
	2018	2017	2018	2017
Basic earnings per ordinary share	0.38	0.42	0.38	0.42
Diluted earnings per ordinary share	0.38	0.42	0.38	0.42

Statement of profit/(loss) and other items of comprehensive income

(EUR / 000)	3Q		progressive as at 30 September	
	2018	2017	2018	2017
PROFIT (LOSS) FOR THE YEAR	1,383	1,639	5,444	6,082
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period				
- conversion of foreign companies' financial statements	(406)	(517)	(234)	(1,852)
- equity investments in other companies	(40)	(241)	(234)	128
- fair value of cash flow hedging derivatives	13	10	22	169
Total changes, net of tax effect	(433)	(748)	(446)	(1,555)
Comprehensive result for the period	950	891	4,998	4,527
Attributable to:				
Group	950	891	4,998	4,527
Third parties	0	0	0	0

Statement of financial position

(EUR / 000)	30 September 2018	31 December 2017
NON-CURRENT ASSETS		
Goodwill	5,838	5,753
Intangible assets	6,169	6,852
Property, plant, machinery and tools	38,279	35,563
	<i>of which related parties:</i>	<i>168</i>
Shareholdings valued at equity	1,026	1,071
Equity investments in other companies	1,770	2,006
Receivables and other non-current assets	81	89
Deferred tax assets	7,249	8,567
Non-current financial assets	125	166
TOTAL NON-CURRENT ASSETS	60,537	60,067
CURRENT ASSETS		
Inventories	24,317	20,264
Trade receivables	28,821	29,386
	<i>of which related parties:</i>	<i>55</i>
Other receivables and assets	4,293	4,859
Current tax receivables	920	668
Cash and cash equivalents	13,108	24,006
Financial assets for derivatives	35	56
TOTAL CURRENT ASSETS	71,494	79,239
ASSETS HELD FOR SALE	0	1,214
TOTAL ASSETS	132,031	140,520
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	49,985	48,647
Profit/(loss) for the year	5,444	6,864
Total Group Shareholders' Equity	69,829	69,911
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	69,829	69,911
NON-CURRENT LIABILITIES		
Non-current financial payables	9,495	13,933
Employee benefits	4,913	5,092
Non-current provisions	198	279
Deferred tax provisions	632	647
TOTAL NON-CURRENT LIABILITIES	15,238	19,951
CURRENT LIABILITIES		
Current financial payables	10,107	14,999
Trade payables	21,290	19,029
	<i>of which related parties:</i>	<i>90</i>
Financial liabilities for derivatives	33	76
Current provisions	1,756	1,473
Current tax payables	1,205	2,502
Other payables and liabilities	12,573	12,579
TOTAL CURRENT LIABILITIES	46,964	50,658
TOTAL LIABILITIES	62,202	70,609
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	132,031	140,520

Consolidated cash flow statement

(EUR / 000)	30 September 2018	30 September 2017
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	24,006	20,477
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	5,444	6,082
Depreciation/amortisation	4,701	5,303
Capital (gains) losses on the sale of non-current assets	21	(49)
Writedown of assets held for sale	1,214	0
Net result from financial operations	874	1,179
Taxes	1,946	1,840
Change in provisions for risks and future liabilities	28	(1,089)
Change in other assets and liabilities	(987)	(3,526)
Change in deferred taxes	1,248	(844)
Change in trade receivables	82	3,672
	<i>of which related parties:</i>	53
		20
Change in inventories	(4,455)	68
Change in trade payables	2,295	2,456
	<i>of which related parties:</i>	204
		24
TOTAL	12,411	15,092
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(7,179)	(3,609)
	<i>of which related parties:</i>	(663)
		(130)
- Equity investments and securities	2	136
- Financial receivables	8	57
Disposal of non-current assets	16	51
TOTAL	(7,153)	(3,365)
D) FREE CASH FLOW (B+C)	5,258	11,727
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	0	0
Repayment of financial payables	(6,772)	(7,401)
Increase (decrease) in current financial payables	0	(2,679)
Taxes paid	(3,183)	(1,601)
Interest (paid)	(289)	(400)
Interest (received)	139	0
Sale of own shares	0	1,129
Change in shareholders' equity reserves	(769)	(443)
Dividends paid	(5,040)	(3,600)
TOTAL	(15,914)	(14,995)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(10,656)	(3,268)
G CASH FLOW FROM OPERATING ASSETS HELD FOR SALE	-	-
H) Exchange rate translation differences on cash at hand	(242)	(695)
I) NET CHANGE IN CASH AT HAND (F+G+H)	(10,898)	(3,963)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	13,108	16,514

Statement of changes in shareholders' equity

(EUR / 000)	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit / (loss)	overall EC reserves			Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
						Fair value measurement reserve	Currency translation reserve	Other reserves				
Balances at 1 January 2017	14,400	21,926	11,022	9,555	1,706	(65)	5,076	(661)	3,948	66,908	0	66,908
Allocation of 2016 profit												
- Other reserves and provisions			(4,094)	0	8,042				(3,948)	0		0
- Dividends					(3,600)					(3,600)		(3,600)
Income/(expenses) recognised at equity			1,278			254		110		1,642		1,642
Change in translation reserve							(1,951)	0	0	(1,951)		(1,951)
Other changes			(1,235)	696	587					48		48
2017 profit									6,864	6,864		6,864
Balances at 31 December 2017	14,400	21,926	6,971	10,251	6,735	189	3,125	(551)	6,864	69,911	0	69,911
Allocation of 2017 profit												
- Other reserves and provisions			(1,583)	0	8,448				(6,864)	0		0
- Dividends					(5,040)					(5,040)		(5,040)
Income/(expenses) recognised at equity			(40)			(212)		0		(252)		(252)
Change in translation reserve							(234)	0		(234)		(234)
Other changes			0	0						0		0
2018 profit									5,444	5,444		5,444
Balances at 30 September 2018	14,400	21,926	5,348	10,251	10,143	(23)	2,891	(551)	5,444	69,829	0	69,829

6. GEFRAN GROUP'S PERFORMANCE

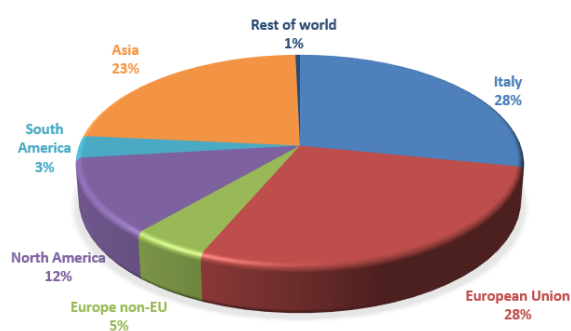
Consolidated income statement of the quarter

(EUR / 000)	3Q 2018			3Q 2017			Changes 2018-2017	
	Excl. non rec.	Incl. non rec.	Total	Excl. non rec.	Incl. non rec.	Total	Value	%
a Revenues	30,820		30,820	29,101		29,101	1,719	5.9%
b Increases for internal work	278		278	113		113	165	146.0%
c Consumption of materials and products	10,523		10,523	9,600		9,600	923	9.6%
d Added value (a+b-c)	20,575	0	20,575	19,614	0	19,614	961	4.9%
e Other operating costs	5,587		5,587	5,220		5,220	367	7.0%
f Personnel costs	10,769		10,769	9,889		9,889	880	8.9%
g EBITDA (d-e-f)	4,219	0	4,219	4,505	0	4,505	(286)	6.3%
h Depreciation, amortisation and impairment	1,613		1,613	2,336		2,336	(723)	31.0%
i EBIT (g-h)	2,606	0	2,606	2,169	0	2,169	437	20.1%
l Gains (losses) from financial assets/liabilities	(419)		(419)	(169)		(169)	(250)	147.9%
m Gains (losses) from shareholdings valued at equity	49		49	58		58	(9)	15.5%
n Profit (loss) before tax (i±l±m)	2,236	0	2,236	2,058	0	2,058	178	8.6%
o Taxes	(853)		(853)	(419)		(419)	(434)	103.6%
p Result from operating activities (n±o)	1,383	0	1,383	1,639	0	1,639	(256)	15.6%
q Net profit (loss) from assets held for sale	0		0	0		0	0	
r Group net profit (loss) (p±q)	1,383	0	1,383	1,639	0	1,639	(256)	15.6%

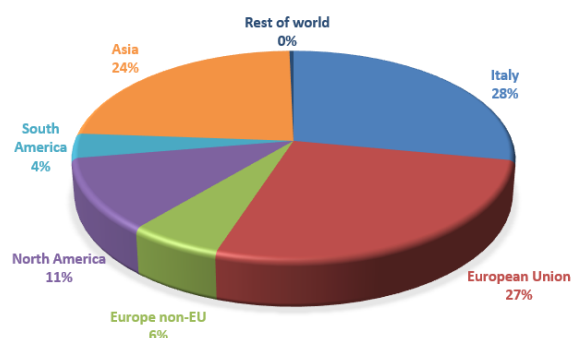
In the third quarter of 2018, **revenues** were EUR 30,820 thousand, an increase of EUR 1,719 thousand or 5.9% over the same period in 2017, thanks to the positive results recorded in all the geographical regions the Group operates in, with the exception of non-EU Europe and South America.

Orders acquired in the third quarter confirmed the growth over the same period in the previous year (+3%), but signals of a slow-down emerged from analysis of the trend in orders received in the various quarters of 2018: Euro 37,488 thousand in the first quarter, Euro 35,940 thousand in the second quarter and Euro 31,567 thousand in the third.

REVENUES 3Q 2018



REVENUES 3Q 2017



The breakdown by **geographical region** saw double-digit growth in the European Union (+10.6%) and in North America (+11%). Domestic sales were up (+6.7%), as were sales in Asia (+4.2%), while there was a drop in revenues in non-EU Europe (-13.8%) and South America (-6.6%), areas penalised by the negative trend in exchange rates, without which comparison with revenues in the same period in the previous year would reveal a smaller drop (-7.9%) and growth (+10.1%), respectively.

The table below shows the breakdown of revenues by business area in the third quarter of 2018 and a comparison with the same period of the previous year:

(EUR / 000)	3Q 2018		3Q 2017		Changes 2018-2017	
	value	%	value	%	value	%
Sensors	14,517	47.1%	13,394	46.0%	1,123	8.4%
Automation components	8,040	26.1%	7,817	26.9%	223	2.9%
Motion Control	9,551	31.0%	8,746	30.1%	805	9.2%
Eliminations	(1,288)	-4.2%	(856)	-2.9%	(432)	50.5%
Total	30,820	100%	29,101	100%	1,719	5.9%

The breakdown of **revenues by business area** shows growth over the same period of 2017 that involved all businesses, amounting to EUR 1,123 thousand (+8.4%) for Sensors, EUR 223 thousand (+2.9%) for Components, and EUR 805 thousand (+9.2%) for Motion control, respectively.

EBITDA amounted to EUR 4,219 thousand in the third quarter (EUR 4,505 thousand in the third quarter of 2017), equal to 13.7% of revenues (15.5% in 2017), EUR 286 thousand lower than in the same period in the previous year. The drop is essentially due to an increase in operating costs and greater provisions for write-down of inventory, not entirely compensated by the increase in revenues and therefore in added value.

EBIT in the third quarter of 2018 is positive at EUR 2,606 thousand, equal to 8.5% of revenues, up EUR 437 thousand over the previous year. This compares with an EBIT of EUR 2,169 thousand in the third quarter of 2017, equal to 7.5% of revenues, including adaptation of buildings to fair value, taking concrete form in a write-down due to loss of value worth EUR 850 thousand.

Charges from financial assets/liabilities in the quarter totalled Euro 419 thousand (EUR 169 thousand in the third quarter of 2017) and primarily represent the negative result of exchange rate differences in transactions in foreign currency, totalling EUR 398 thousand (equal to EUR 114 thousand in the same period of the previous year). The latter is generated by the significant depreciation in the Indian rupee (EUR 212 thousand), the Renminbi (EUR 97 thousand), the Turkish lira (EUR 48 thousand) and the Real (EUR 43 thousand).

Group net profit was EUR 1,383 thousand, compared with a profit of EUR 1,639 thousand in the same period of 2017.

Progressive Consolidated Income Statement

(EUR / 000)	30 September 2018			30 September 2017			Changes 2018-2017	
	Excl.	Incl.	Total	Excl.	Incl.	Total	Value	%
	non rec.	non rec.	.	non rec.	non rec.	.	Excl. non rec.	
a Revenues	101,080		101,080	94,151		94,151	6,929	7.4%
b Increases for internal work	899		899	423		423	476	112.5%
c Consumption of materials and products	34,657		34,657	32,167		32,167	2,490	7.7%
d Added value (a+b-c)	67,322	0	67,322	62,407	0	62,407	4,915	7.9%
e Other operating costs	17,960		17,960	16,548		16,548	1,412	8.5%
f Personnel costs	33,933		33,933	31,975	(321)	32,296	1,958	6.1%
g EBITDA (d-e-f)	15,429	0	15,429	13,884	321	13,563	1,545	11.1%
h Depreciation, amortisation and impairment	4,701		4,701	5,303		5,303	(602)	11.4%
i EBIT (g-h)	10,728	0	10,728	8,581	321	8,260	2,147	25.0%
l Gains (losses) from financial assets/liabilities	(829)		(829)	(1,162)		(1,162)	333	28.7%
m Gains (losses) from shareholdings valued at equity	(45)		(45)	(17)		(17)	(28)	164.7%
n Profit (loss) before tax (i±l±m)	9,854	0	9,854	7,402	321	7,081	2,452	33.1%
o Taxes	(3,535)		(3,535)	(999)		(999)	(2,536)	253.9%
p Result from operating activities (n±o)	6,319	0	6,319	6,403	321	6,082	(84)	1.3%
q Net profit (loss) from assets held for sale	(875)		(875)	0		0	(875)	
r Group net profit (loss) (p±q)	5,444	0	5,444	6,403	321	6,082	(959)	15.0%

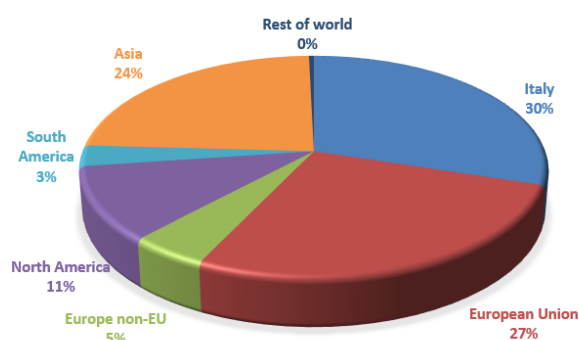
Revenues at 30 September 2018 equalled EUR 101,080 thousand, as compared to EUR 94,151 thousand in the first nine months of 2017, up by EUR 6,929 thousand (+7.4%). This growth is significant, and extends to the Group's most representative sectors, registering good performance in plastic, lift applications and mobile hydraulics, generated primarily by original equipment manufacturers (OEMs).

New orders during the first nine months of 2018 rose by around 5.7% over the figure in the same period of 2017, and the order book also rose by around 10% compared with the figure as of 30 September 2017. But if we look at the trend for the various quarters of 2018, it will be clear that order collection has slowed down, to the point that 12.2% less orders were received in the third quarter than the previous quarter and 15.8% less than the first quarter in the year.

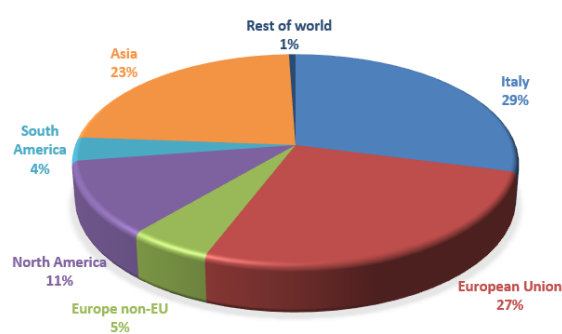
The following table shows revenues by geographical region:

(EUR / 000)	30 September 2018		30 September 2017		Changes 2018-2017	
	value	%	value	%	value	%
Italy	30,159	29.8%	27,322	29.0%	2,837	10.4%
European Union	27,623	27.3%	25,272	26.8%	2,351	9.3%
Europe non-EU	4,886	4.8%	5,070	5.4%	(184)	-3.6%
North America	10,948	10.8%	10,695	11.4%	253	2.4%
South America	3,058	3.0%	3,382	3.6%	(324)	-9.6%
Asia	24,010	23.8%	21,893	23.3%	2,117	9.7%
Rest of the World	396	0.4%	517	0.5%	(121)	-23.4%
Total	101,080	100%	94,151	100%	6,929	7.4%

REVENUES UP TO 30TH SEPTEMBER 2018



REVENUES UP TO 30TH SEPTEMBER 2017



The breakdown of revenues by **geographical region** reveals significant growth in Italy (+10.4%), in Asia (+9.7%) and in the European Union (+9.3%), thanks to the positive trend in the sectors the Gefran Group serves. Shrinkage was however seen in the Americas, particularly South America (-9.6%), penalised by exchange rates; revenues in this area would have grown if exchange rates had remained constant.

Revenues by business area at 30 September 2018 and a comparison with the first nine months of the year 2017 are shown below:

(EUR / 000)	30 September 2018		30 September 2017		Changes 2018-2017	
	value	%	value	%	value	%
Sensors	47,000	46.5%	43,336	46.0%	3,664	8.5%
Automation components	28,274	28.0%	26,484	28.1%	1,790	6.8%
Motion Control	30,073	29.8%	27,345	29.0%	2,728	10.0%
Eliminations	(4,267)	-4.2%	(3,014)	-3.2%	(1,253)	41.6%
Total	101,080	100%	94,151	100%	6,929	7.4%

The breakdown of **revenues by business area** in the first nine months of 2018 reveals growth in all sectors: revenues from the sensors business grew by EUR 3,664 thousand (+8.5%), revenues from automation components grew by EUR 1,790 thousand (+6.8%), and the motion control business grew by EUR 2,728 thousand (+10%), continuing the positive trend which began in the fourth quarter of 2017.

Increases for internal work at 30 September 2018 came to EUR 899 thousand, compared with EUR 423 thousand in the same period in 2017. The item mainly includes the share of development costs incurred in the period and capitalised, worth EUR 729 thousand in the first nine months of 2018 and EUR 397 thousand in the same period in the previous year.

Added value for the first nine months of 2018 was EUR 67,322 thousand (EUR 62,407 thousand in the first nine months of 2017), equivalent to 66.6% of revenues (66.3% in the same period in 2017). The EUR 4,915 thousand increase over the first half of the previous year was mainly due to an increase in sales volumes, worth EUR 4,672 thousand.

Other operating costs at 30 September 2018 totalled EUR 17,960 thousand, resulting in an absolute value EUR 1,412 thousand higher than in the first nine months of 2017. These include greater variable industrial costs of production borne in response to growing revenues, as well as use of more resources in advertising and trade fair projects. The parent company's new governance begun in April 2018 also added to the increased cost of services.

Personnel costs were EUR 33,933 thousand at 30 September 2018 (33.6% of revenues), compared with EUR 32,296 thousand in the first nine months of 2017 (34.3% of revenues). The increased cost reflects the addition of new resources to the Group, as revealed by the increase in the average number of Group employees from 729 in the first nine months of 2017 to 753 in the first nine months of 2018, in line with the plan of investment in human capital launched at the end of 2017.

EBITDA for the first nine months of 2018 was positive at EUR 15,429 thousand (EUR 13,563 thousand for the same period in 2017) and amounted to 15.3% of revenues (14.4% in the same period in 2017), an increase over the first nine months of 2017 of EUR 1,866 thousand in absolute value and 0.9 percentage points. This growth is largely due to increased revenues resulting in greater added value.

EBIT as of 30 September 2018 was positive at EUR 10,728 thousand (10.6% of revenues), as compared with an EBIT of EUR 8,260 thousand in the first nine months of 2017, which included adaptation of buildings to fair value, given concrete form in a EUR 850 thousand write-down.

Charges from financial assets/liabilities at 30 September 2018 were EUR 829 thousand (EUR 1,162 thousand at 30 September 2017), and include:

- financial income of EUR 139 thousand (EUR 86 thousand in the first nine months of 2017);
- financial charges linked with the Group's indebtedness changed from EUR 382 thousand in the first nine months of 2017 to EUR 184 thousand in the same period in 2018, down due to a reduction in the average spread of loans;
- the negative result of exchange rate differences, equal to EUR 706 thousand (including EUR 398 thousand in the third quarter of 2018), as compared with the result of the first nine months of 2017, which was also negative, by EUR 866 thousand (including EUR 114 thousand in the third quarter of 2017);
- financial charges for late payment of foreign taxes of EUR 78 thousand.

Gains from shareholdings valued at equity were EUR 45 thousand, down from the first nine months of 2017, when they amounted to EUR 17 thousand. This decrease mainly relates to the pro-rata result of the Ensun S.r.l. Group.

The balance of **taxes** was negative by EUR 3,535 thousand and is composed of:

- negative current taxes of EUR 2,285 thousand (negative by EUR 1,840 thousand at 30 September 2017); the fiscal burden for the year reflects the positive results achieved by the Parent Company and subsidiaries;
- Deferred tax assets and liabilities had a negative balance of EUR 1,250 thousand (as compared to a positive balance of EUR 841 thousand at 30 September 2017); this item primarily reflects the release to the income statement of deferred tax assets entered as tax losses to reflect the positive result of the period.

The **result from operating activities** in the first nine months of 2018 was positive in the amount of EUR 6,319 thousand, compared to a positive result of EUR 6,082 thousand in the first nine months of 2017.

Losses from assets held for sale as of 30 September 2018 amounted to EUR 875 thousand, as a result of the complete write-off of assets pertaining to know-how in the photovoltaic business line, which had been the subject of negotiations for sale. When the potential buyers announced that they did not intend to exercise their purchase option, the directors opted to write the asset off entirely.

Group net profit at 30 September 2018 was EUR 5,444 thousand, compared with a net profit of EUR 6,082 in the first nine months of 2017, EUR 959 thousand lower due to the negative impact of the decrease in the value of assets held for sale.

7. RECLASSIFIED CONSOLIDATED FINANCIAL POSITION AT 30 September 2018

The Gefran Group's reclassified consolidated balance sheet at 30 September 2018 is shown below.

GEFRAN GROUP (EUR / 000)	30 September 2018		31 December 2017	
	value	%	value	%
Intangible assets	12,007	15.8	12,605	16.9
Tangible assets	38,279	50.2	35,563	47.6
Other non-current assets	10,126	13.3	11,733	15.7
Net non-current assets	60,412	79.3	59,901	80.2
Inventories	24,317	31.9	20,264	27.1
Trade receivables	28,821	37.8	29,386	39.3
Trade payables	(21,290)	(27.9)	(19,029)	(25.5)
Other assets/liabilities	(8,565)	(11.2)	(9,554)	(12.8)
Working capital	23,283	30.6	21,067	28.2
Provisions for risks and future liabilities	(1,954)	(2.6)	(1,752)	(2.3)
Deferred tax provisions	(632)	(0.8)	(647)	(0.9)
Employee benefits	(4,913)	(6.4)	(5,092)	(6.8)
Invested capital from operations	76,196	100.0	73,477	98.4
Invested capital from assets held for sale	-	-	1,214	1.6
Net invested capital	76,196	100.0	74,691	100.0
Shareholders' equity	69,829	91.6	69,911	93.6
Non-current financial payables	9,495	12.5	13,933	18.7
Current financial payables	10,107	13.3	14,999	20.1
Financial liabilities for derivatives	33	0.0	76	0.1
Financial assets for derivatives	(35)	(0.0)	(56)	(0.1)
Non-current financial assets	(125)	(0.2)	(166)	(0.2)
Cash and cash equivalents and current financial receivables	(13,108)	(17.2)	(24,006)	(32.1)
Net debt relating to operations	6,367	8.4	4,780	6.4
Total sources of financing	76,196	100.0	74,691	100.0

Net **non-current assets** at 30 September 2018 were EUR 60,412 thousand, compared with EUR 59,901 thousand at 31 December 2017. The main changes were as follows:

- intangible assets registered an overall decrease of EUR 598 thousand. This includes increases for new investments (EUR 341 thousand) and the capitalisation of development costs (EUR 729 thousand), as well as decreases due to amortisation for the period (EUR 1,759 thousand) and the effect of positive exchange rate differences on goodwill and other intangible assets (EUR 71 thousand);
- tangible assets increased by EUR 2,716 thousand compared with 31 December 2017. Investments in the first nine months of 2018 amounted to EUR 5,805 thousand, partially offset by depreciation of EUR 2,942 thousand in the period, plus the EUR 87 thousand negative impact of exchange rate differences and EUR 19 thousand in net decreases due to disposals;

- other non-current assets totalled EUR 10,126 thousand at 30 September 2018 (EUR 11,733 thousand at 31 December 2017), a decrease of EUR 1,607 thousand. This change is primarily attributable to the EUR 1,318 thousand decrease in deferred tax assets and adaptation of the value of equity investments entered at fair value, down EUR 236 thousand.

Working capital was EUR 23,283 thousand at 30 September 2018, compared with EUR 21,067 thousand at 31 December 2017, an overall increase of EUR 2,216 thousand. The main changes were as follows:

- Inventories changed from EUR 20,264 thousand at 31 December 2017 to EUR 24,317 thousand at 30 September 2018; the EUR 4,053 thousand increase is attributable to the increase in raw materials stocks in response to growth of revenues and the increase in stocks of semi-products and finished products in response to customers' requirements;
- trade receivables totalled EUR 28,821 thousand, down EUR 565 thousand since with 31 December 2017;
- trade payables amounted to EUR 21,290 thousand, an increase of EUR 2,261 thousand over 31 December 2017, reflecting the increase in purchases both of materials for inventory stocks and for technical investments in the first nine months of 2018;
- Other net assets and liabilities were negative by EUR 8,565 thousand at 30 September 2018, down by EUR 989 thousand compared to 31 December 2017, when they amounted to EUR 9,554 thousand. They include payables to employees and social security institutions and receivables and payables for direct and indirect taxes. The reduction relates to the payment of foreign taxes for previous years.

Provisions for risks and future liabilities were EUR 1,954 thousand, an increase of EUR 202 thousand compared with 31 December 2017. These include provisions for legal disputes in progress and miscellaneous risks. The change is substantially due to movements in the product guarantee fund and use of funds allocated in previous years.

Employee benefits totalled EUR 4,913 thousand, down EUR 179 thousand over the value at 31 December 2017.

Shareholders' equity at 30 September 2018 amounts to EUR 69,829 thousand, as compared to EUR 69,911 thousand at 31 December 2017, a decrease of EUR 82 thousand: the positive result in the period, equal to EUR 5,444 thousand, was absorbed by distribution of EUR 5,040 thousand in dividends in the month of May 2018 and negative adaptation of reserves for valuation at fair value and conversion, worth EUR 252 thousand the EUR 234 thousand respectively.

Net financial position at 30 September 2018 was negative by EUR 6,367 thousand, a decrease of EUR 1,587 thousand compared with 31 December 2017. It breaks down as follows:

(EUR / 000)	30 September 2018	31 December 2017	Changes
Cash and cash equivalents and current financial receivables	13,108	24,006	(10,898)
Current financial payables	(10,107)	(14,999)	4,892
Financial liabilities for derivatives	(33)	(76)	43
Financial assets for derivatives	35	56	(21)
(Debt)/short-term cash and cash equivalents	3,003	8,987	(5,984)
Non-current financial assets	125	166	(41)
Non-current financial payables	(9,495)	(13,933)	4,438
(Debt)/medium-/long-term cash and cash equivalents	(9,370)	(13,767)	4,397
Net financial position	(6,367)	(4,780)	(1,587)

The following table show the composition of the net debt by maturity:

(EUR / 000)	30 September 2018	31 December 2017	Changes
A. Cash on hand	24	34	(10)
B. Cash in bank deposits	13,084	23,972	(10,888)
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	13,108	24,006	(10,898)
Financial liabilities for derivatives	(33)	(76)	43
Financial assets for derivatives	35	56	(21)
E. Fair value hedging derivatives	2	(20)	22
F. Current portion of long-term debt	(7,128)	(9,462)	2,334
G. Other current financial payables	(2,979)	(5,537)	2,558
H. Total current financial payables (F) + (G)	(10,107)	(14,999)	4,892
I. Total current payables (E) + (H)	(10,105)	(15,019)	4,914
J. Net current financial debt (I) + (D)	3,003	8,987	(5,984)
L. Non-current financial assets	125	166	(41)
M. Non-current financial debt	(9,495)	(13,933)	4,438
N. Net financial debt (J) + (L) + (M)	(6,367)	(4,780)	(1,587)
<i>of which to minorities:</i>	<i>(6,367)</i>	<i>(4,780)</i>	<i>(1,587)</i>

Net financial debt comprises short-term cash and cash equivalents of EUR 3,003 thousand and medium-/long-term debt of EUR 9,370 thousand.

No new loans were taken out in the first nine months of 2018.

The change in net financial position is mainly due to the positive cash flow from typical operations (EUR 12,411 thousand), partially mitigated by technical investments in the half (EUR 6,875 thousand), by distribution of dividends (EUR 5,040 thousand), and by payment of taxes (EUR 3,183 thousand).

8. CONSOLIDATED CASH FLOW STATEMENT AT 30 September 2018

The Gefran Group's **consolidated cash flow statement** at 30 September 2018 shows a negative net change in cash on hand of EUR 10,898 thousand, compared to a negative change of EUR 3,963 thousand in the first nine months of 2017.

The change was as follows:

<i>(EUR / 000)</i>	30 September 2018	30 September 2017
A) Cash and cash equivalents at the start of the period	24,006	20,477
B) Cash flow generated by (used in) operations in the period	12,411	15,092
C) Cash flow generated by (used in) investment activities	(7,153)	(3,365)
D) Free cash flow (B+C)	5,258	11,727
E) Cash flow generated by (used in) financing activities	(15,914)	(14,995)
F) Cash flow from continuing operations (D+E)	(10,656)	(3,268)
G) Cash flow from assets held for sale	0	0
H) Exchange rate translation differences on cash at hand	(242)	(695)
I) Net change in cash at hand (F+G+H)	(10,898)	(3,963)
J) Cash and cash equivalents at the end of the period (A+I)	13,108	16,514

The cash flow from operations in the first half of 2018 came to a positive balance of EUR 12,411 thousand; specifically, operations in the first nine months of 2018, net of the effect of provisions, amortisation and depreciation and financial items, generated EUR 14,489 thousand in cash (EUR 8,896 at 30 September 2017), while the increase in working capital in the same period generated a negative cash flow of EUR 2,078 thousand (as compared to a positive cash flow of EUR 6,196 thousand in the first nine months of 2017).

Investment in the period absorbed a total of EUR 7,153 thousand (EUR 3,365 thousand at 30 September 2017): technical investments in the first nine months of 2018 totalled EUR 6,875 thousand, EUR 3,266 thousand higher than the same period in 2017, when they were EUR 3,609 thousand.

Free cash flow (operating cash flow excluding investment activities) was positive at EUR 5,258 thousand, compared with an again positive figure of EUR 11,727 thousand in the first nine months of the previous year, and therefore down EUR 6,469 thousand, primarily due to the additional investments made and the performance of working capital.

Financing activities absorbed cash amounting to EUR 15,914 thousand, principally due to repayment of instalments due on outstanding loans (EUR 6,772 thousand), payment of dividends due on the results

achieved (EUR 5,040 thousand), and the payment of taxes (EUR 3,183 thousand, of which EUR 1,817 thousand was for foreign taxes for previous years).

In the first nine months of 2017, on the other hand, financing activities had absorbed cash amounting to EUR 14,995 thousand, principally for repayment of instalments due on outstanding loans (EUR 2,679 thousand) and decreasing short-term indebtedness (EUR 2,679), distribution of dividends (EUR 3,600 thousand) and payment of current taxes (EUR 1,601 thousand), partly offset by the sale of own shares (EUR 1,129 thousand).

9. INVESTMENTS

Gross technical **investments** made in the first nine months of 2018 amounted to EUR 6,875 thousand (EUR 3,609 thousand in the same period in 2017), and relate to:

- investment of EUR 2,096 thousand in production and laboratory plant and equipment in the Parent Company's Italian factories, investment of EUR 521 thousand in the Chinese factory and investment of EUR 143 thousand in the factories of other Group subsidiaries;
- investment of EUR 2,302 thousand in adaptation of the Parent Company's industrial buildings, including EUR 1,114 thousand invested in the Gerenzano production facility and investment of EUR 65 thousand in buildings owned by other Group subsidiaries;
- investments related to the renewal of electronic office machines and IT system equipment in the Parent Company amounting to EUR 515 thousand and EUR 79 thousand in the Group's subsidiaries;
- investments in miscellaneous equipment in the Group's subsidiaries amounting to EUR 84 thousand;
- capitalisation of costs incurred in the period for new product development, totalling EUR 729 thousand;
- other investments in intangible assets totalling EUR 341 thousand, for management software licences and SAP ERP development.

The investments are summarised below by type:

<i>(EUR / 000)</i>	at 30 September 2018	at 30 September 2017
Intangible assets	1,070	606
Tangible assets	5,805	3,003
Total	6,875	3,609

The investments are summarised by business area below:

<i>(EUR / 000)</i>	Sensors	Components	Motion Control	Total
Intangible assets	195	431	444	1,070
Tangible assets	2,683	1,017	2,105	5,805
Total	2,878	1,448	2,549	6,875

The investments are summarised below on the basis of geographical region:

Geographical region	30 September 2018		30 September 2017	
	intangible assets and goodwill	tangible assets	intangible assets and goodwill	tangible assets
<i>(EUR / 000)</i>				
Italy	1,064	4,953	586	2,816
European Union	6	44	0	54
Europe non-EU	0	76	9	9
North America	0	46	4	35
South America	0	118	2	47
Asia	0	568	4	41
Rest of the World	0	0	1	1
Total	1,070	5,805	606	3,003

10. ASSETS HELD FOR SALE

The net loss from assets held for sale in the first nine months of 2018 is EUR 875 thousand (EUR 1,214 thousand due to write-downs of assets with EUR 339 thousand in positive items). This represents the write-off of assets pertaining to know-how in the photovoltaic business, in relation to which negotiations had been under way for sale. When the potential buyers announced that they did not intend to exercise their purchase option, the directors opted to write the asset off entirely.

11. RESULTS BY BUSINESS AREA

The following sections comment on the performance of the individual business areas.

To ensure correct interpretation of figures relating to the individual activities, it should be noted that:

- the business represents the sum of revenues and related costs of the Parent Company Gefran S.p.A. and of the Group subsidiaries;
- the figures for each business are provided gross of internal trade between different businesses;
- the central operations costs, which pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

11.1. SENSORS

Summary results

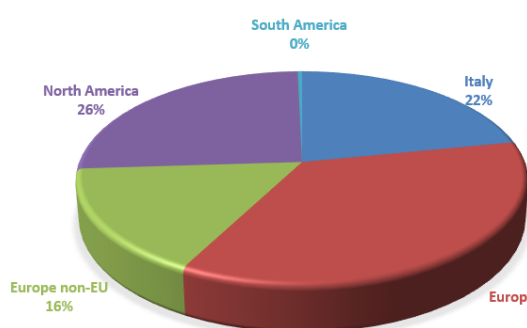
The table below shows the key economic figures.

(EUR / 000)	30		Changes 2018 -		3Q 2018		Changes 2018 -	
	September	September	2017	%	3Q 2018	3Q 2017	2017	%
	2018	2017	value				value	
Revenues	47,000	43,336	3,664	8.5%	14,517	13,394	1,123	8.4%
EBITDA	14,491	12,263	2,228	18.2%	4,326	3,742	584	15.6%
% of revenues	30.8%	28.3%			29.8%	27.9%		
EBIT	12,634	10,198	2,436	23.9%	3,677	2,836	841	29.7%
% of revenues	26.9%	23.5%			25.3%	21.2%		

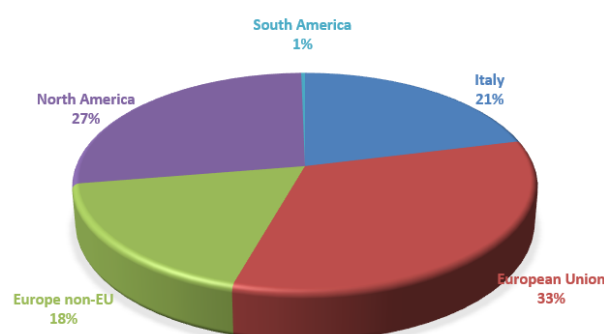
The breakdown of sensors business revenues by geographical region is as follows:

(EUR / 000)	30 September 2018		30 September 2017		Changes 2018 - 2017	
	value	%	value	%	value	%
Italy	10,275	21.9%	9,164	21.1%	1,111	12.1%
Europe	16,851	35.9%	14,424	33.3%	2,427	16.8%
America	7,657	16.3%	7,799	18.0%	(142)	-1.8%
Asia	12,044	25.6%	11,816	27.3%	228	1.9%
Rest of the World	173	0.4%	133	0.3%	40	30.1%
Total	47,000	100%	43,336	100%	3,664	8.5%

REVENUES SENSORS UP TO 30TH
SEPTEMBER 2018



REVENUES SENSORS UP TO 30TH
SEPTEMBER 2017



Business performance

Business revenues at 30 September 2018 were EUR 47,000 thousand, an increase of EUR 3,664 thousand (8.5%) compared with the first nine months of 2017. Increases were recorded in all geographical regions except the Americas, negatively impacted by exchange rate differences, and all product lines, driven by excellent performance in the Gefran Group's core market.

New orders in the first nine months of 2018, amounting to EUR 46,703 thousand, showed a +4.7% increase over the same period in 2017, when they amounted to EUR 44,589 thousand; the order backlog at 30 September 2018 was around 4.3% lower than at the same date in 2017, about 3.9% lower than at the end of 2017.

In the second quarter of 2018, revenues amounted to EUR 14,517 thousand, up 8.4% over the same period in 2017, when they came to EUR 13,394 thousand.

EBITDA was EUR 14,491 thousand as at 30 September 2018, an increase of EUR 2,228 thousand (+18.2%) compared to the first nine months of 2017 when it was EUR 12,263 thousand. The improvement in EBITDA can be attributed to increased volumes and higher margins, only partially offset by the increase in operating costs reflecting investments made to support future growth.

EBIT at 30 September 2018 was EUR 12,634 thousand, equal to 26.9% of revenues, compared to an EBIT of EUR 10,198 thousand (23.5% of revenues) in the first nine months of 2017, with a positive change of EUR 2,436 thousand (+23.9%).

Comparing the figures by quarter, EBIT in the third quarter of 2018 came to EUR 3,677 thousand, corresponding to 25.3% of revenues, compared with an EBIT of EUR 2,836 thousand, equal to 21.2% of revenues, in the third quarter of 2017.

Investments

The Group invested EUR 2,878 thousand in the sensors business in the first nine months of 2018, including investments in intangible assets totalling Euro 195 thousand, primarily regarding research and development of new products.

Investments in tangible assets amounted overall to EUR 2,683 thousand, EUR 1,944 thousand of which were invested by the Parent Company, mainly for the purchase of production equipment to increase production capacity and efficiency (EUR 1,224 thousand), and for upgrading buildings (EUR 466 thousand), with investment of EUR 739 thousand in the Group's subsidiaries, mostly relating to installation of new production lines or the expansion of existing lines (EUR 583 thousand).

11.2. AUTOMATION COMPONENTS

Summary results

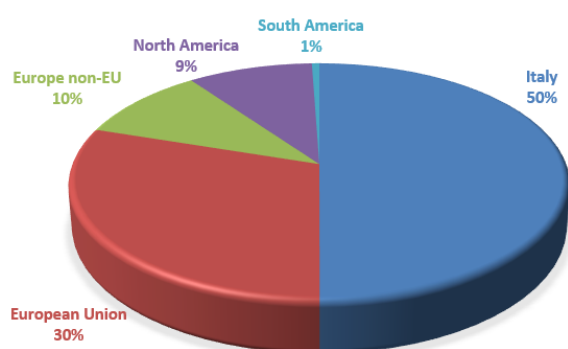
The table below shows the key economic figures.

(EUR / 000)	30	30	Changes 2018-		3Q 2018	3Q 2017	Changes 2018 -	
	September	September	2018	2017	value	%	2018	2017
	2018	2017					value	%
Revenues	28,274	26,484	1,790	6.8%	8,040	7,817	223	2.9%
EBITDA	2,717	3,149	(432)	-13.7%	279	620	(341)	-55.0%
<i>% of revenues</i>	9.6%	11.9%			3.5%	7.9%		
EBIT	1,237	1,580	(343)	-21.7%	(219)	(62)	(157)	-253.2%
<i>% of revenues</i>	4.4%	6.0%			-2.7%	-0.8%		

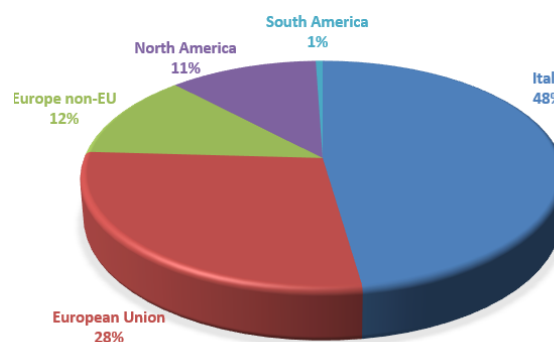
The breakdown of Automation components business revenues by geographic region is as follows:

(EUR / 000)	30 September 2018		30 September 2017		Changes 2018-2017	
	value	%	value	%	value	%
Italy	14,132	50.0%	12,632	47.7%	1,500	11.9%
Europe	8,495	30.0%	7,468	28.2%	1,027	13.8%
America	2,840	10.0%	3,188	12.0%	(348)	-10.9%
Asia	2,649	9.4%	3,054	11.5%	(405)	-13.3%
Rest of the World	158	0.6%	142	0.5%	16	11.3%
Total	28,274	100%	26,484	100%	1,790	6.8%

REVENUES AUTOMATION COMPONENTS UP TO 30TH SEPTEMBER 2018



REVENUES AUTOMATION COMPONENTS UP TO 30TH SEPTEMBER 2017



Business performance

Revenues totalled EUR 28,274 thousand at 30 September 2018, up 6.8% compared with the first nine months of 2017. The improvement was due to the increase in revenues on the Italian and European markets (+11.9% and +13.8% respectively), only partially offset by the contraction recorded in America and in Asia.

New orders at 30 September 2018, amounting to EUR 24,556 thousand, were in line with the same period of the previous year (-3.2%), whereas the order backlog, amounting to EUR 4,156 thousand, was down compared to the figure for the first nine months of 2017 (-9.4%) and for the end of the year 2017 (-3%).

In the third quarter of 2018, revenues amounted to EUR 8,040 thousand, up 2.9% over the same period in 2017, when they came to EUR 7,817 thousand.

EBITDA at 30 September 2018 was positive by EUR 2,717 thousand (9.6% of revenues), down by EUR 432 thousand compared with the first nine months of 2017 (-13.7%). Greater volumes of sale and greater added value did not permit complete absorption of increased operating costs in the business line.

EBIT was positive and amounted to EUR 1,237 thousand in the first nine months of the year, down by -21.7% since the same period in the previous year, when it was EUR 343 thousand.

Comparison by quarters reveals that EBIT was negative in the third quarter of 2018 by EUR 219 thousand. This may be compared with a negative EBIT of EUR 62 thousand in the same period in 2017. The drop is due to lower margins on sales and increased personnel costs.

Investments

Investment in the first nine months of 2018 totalled EUR 1,448 thousand, including EUR 431 thousand invested in intangible assets (including EUR 318 thousand for capitalisation of the cost of development of a new range of power regulators and controllers) and EUR 1,017 thousand in tangible assets, including EUR 901 thousand invested in Italy, primarily to permit completion of production lines and greater automation of the project begun in 2017, installation of new lines for new product ranges, and adaptation of buildings.

11.3. MOTION CONTROL

Summary results

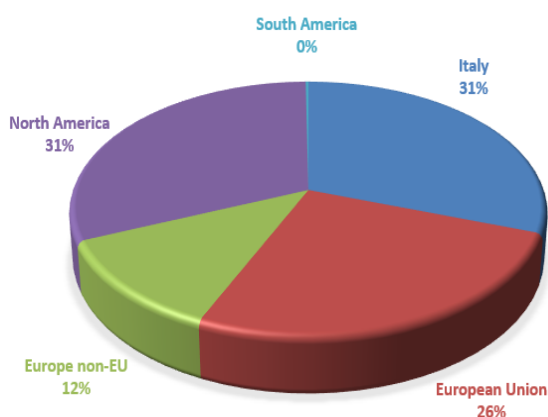
The table below shows the key economic figures.

(EUR / 000)	30 September		Changes 2018-2017		3Q 2018		3Q 2017		Changes 2018 - 2017	
	2018	2017	value	%			value	%	value	%
Revenues	30,073	27,345	2,728	10.0%	9,551	8,746	805	9.2%		
EBITDA	(1,779)	(1,849)	70	3.8%	(386)	143	(529)	-369.9%		
% of revenues	-5.9%	-6.8%			-4.0%	1.6%				
EBIT	(3,143)	(3,518)	375	10.7%	(852)	(605)	(247)	-40.8%		
% of revenues	-10.5%	-12.9%			-8.9%	-6.9%				

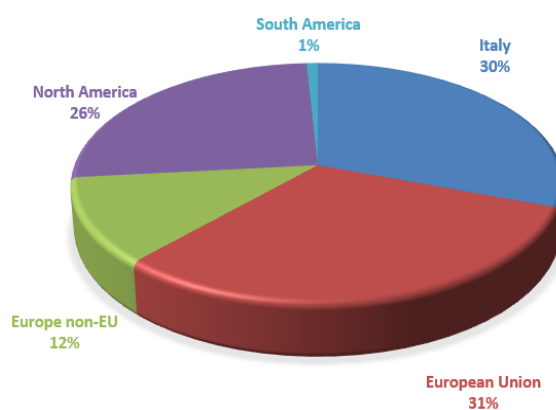
The breakdown of revenues by geographical region is as follows:

(EUR / 000)	30 September 2018		30 September 2017		Changes 2018-2017	
	value	%	value	%	value	%
Italy	9,136	30.4%	8,362	30.6%	774	9.3%
Europe	7,894	26.2%	8,533	31.2%	(639)	-7.5%
America	3,618	12.0%	3,168	11.6%	450	14.2%
Asia	9,360	31.1%	7,049	25.8%	2,311	32.8%
Rest of the World	65	0.2%	233	0.9%	(168)	-72.1%
Total	30,073	100%	27,345	100%	2,728	10.0%

REVENUES DRIVE AND MOTION UP TO 30TH SEPTEMBER 2018



REVENUES DRIVE AND MOTION UP TO 30TH SEPTEMBER 2017



Business performance

Revenues totalled EUR 30,073 thousand at 30 September 2018, up EUR 2,728 thousand (+10%) compared with the same period in 2017; Growth was concentrated in Asia (+32.8%), the Americas (+14.2%) and Italy (+9.3%), mainly thanks to products for lift applications and custom products. Sales in Europe dropped (-7.5%).

New orders in the first nine months of 2018, amounting to EUR 33,736 thousand, showed a significant increase over the same period in 2017 (+14.9%), when they amounted to EUR 29,373 thousand; the order backlog at 30 September 2018 grew by around 34.1% compared with the same period of 2017 as a result of orders for custom products.

In the third quarter of 2018 revenues amounted to EUR 9,551 thousand, up 9.2% over the same period in 2017, when they came to EUR 8,746 thousand.

EBITDA at 30 September 2018 was negative at EUR 1,779 thousand (-5.9% of revenues). This may be compared with a negatived figure of EUR 1,849 thousand (-6.8% of revenues) for the same period in the previous year. Growth of revenues over the first nine months of 2017, and lower allocation to the provision for inventory write-down entered during the period, permit partial recovery of EBITDA.

At 30 September 2018 EBIT was negative by EUR 3,143 thousand, compared with a negative EBIT of EUR 3,518 thousand in the same period of 2017, an increase of EUR 375 thousand.

In the comparison by quarters, the EBIT of the motion control business for the third quarter of 2018 is negative by EUR 852 thousand (-8.9% of revenues), compared with an EBIT in the same period in 2017 which was negative by EUR 605 thousand (-6.9% of revenues), a drop of EUR 247 thousand.

Investments

Investments in the first nine months of 2018 amount to EUR 2,549 thousand, including EUR 2,105 thousand for tangible assets, primarily dedicated to installation of new assembly lines, in addition to adaptation of the Gerenzano plant.

Increases in intangible assets amounted to EUR 444 thousand and concerned the capitalisation of development costs (EUR 324 thousand) relating to new products for the industrial sector and the lifting sector.

12. HUMAN RESOURCES

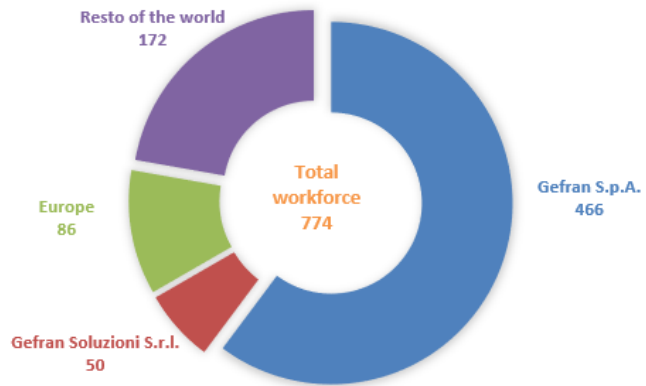
Workforce

At 30 September 2018, the Group's workforce numbered 774, an increase of 48 over 30 September 2017, and of 44 compared with 31 December 2017.

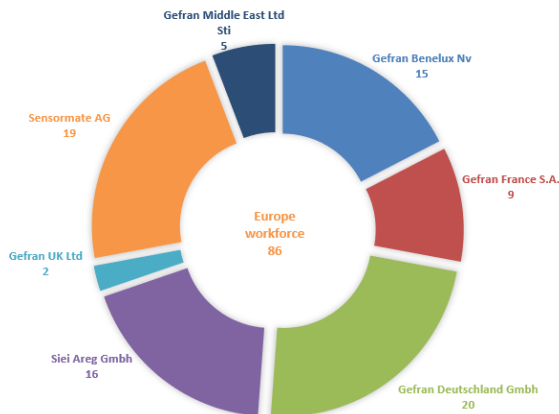
This change marks an overall turnover rate within the Group of 14.9%. Changes in the first nine months of 2018 were as follows:

- 78 people joined the Group, including 19 manual workers, 58 clerical staff and 1 manager/executive;
- 34 people left the Group, including 8 manual workers, 23 clerical staff and 3 managers/executives.

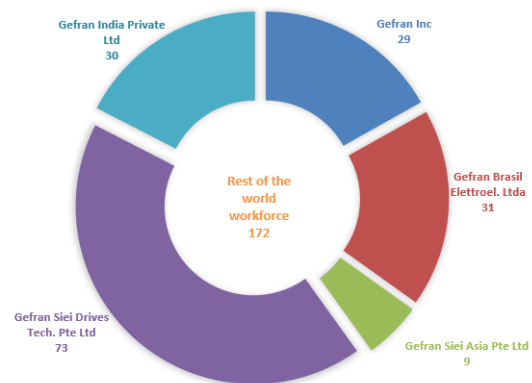
WORKFORCE AT 30TH SEPTEMBER 2018



EUROPE WORKFORCE AT 30TH SEPTEMBER 2018



REST OF THE WORLD WORKFORCE AT 30TH SEPTEMBER 2018



13. SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2018

Nothing to report.

14. SIGNIFICANT EVENTS FOLLOWING THE END OF THE THIRD QUARTER OF 2018

On 1 October 2018 Gefran S.p.A. contributed the company branch which it owns in Gerenzano, concerned with research and development, production and sale of drives, to Gefran Drives and Motion S.r.l. The contribution includes property, assets and liabilities with a net asset value of EUR 16,608 thousand.

15. OUTLOOK

Growth of the global economy has slowed due to widespread instability and financial and currency tension in the weaker economies. The risks resulting from protectionist policies have been accentuated, compromising development and investment in enterprise in future years.

The Italian economy grew in the first 2 quarters of 2018 but then registered a slow-down, with GDP remaining stationary in the third quarter. Expectations for growth were revised, also in the light of the proposed budget package and its impact on the economy as a whole.

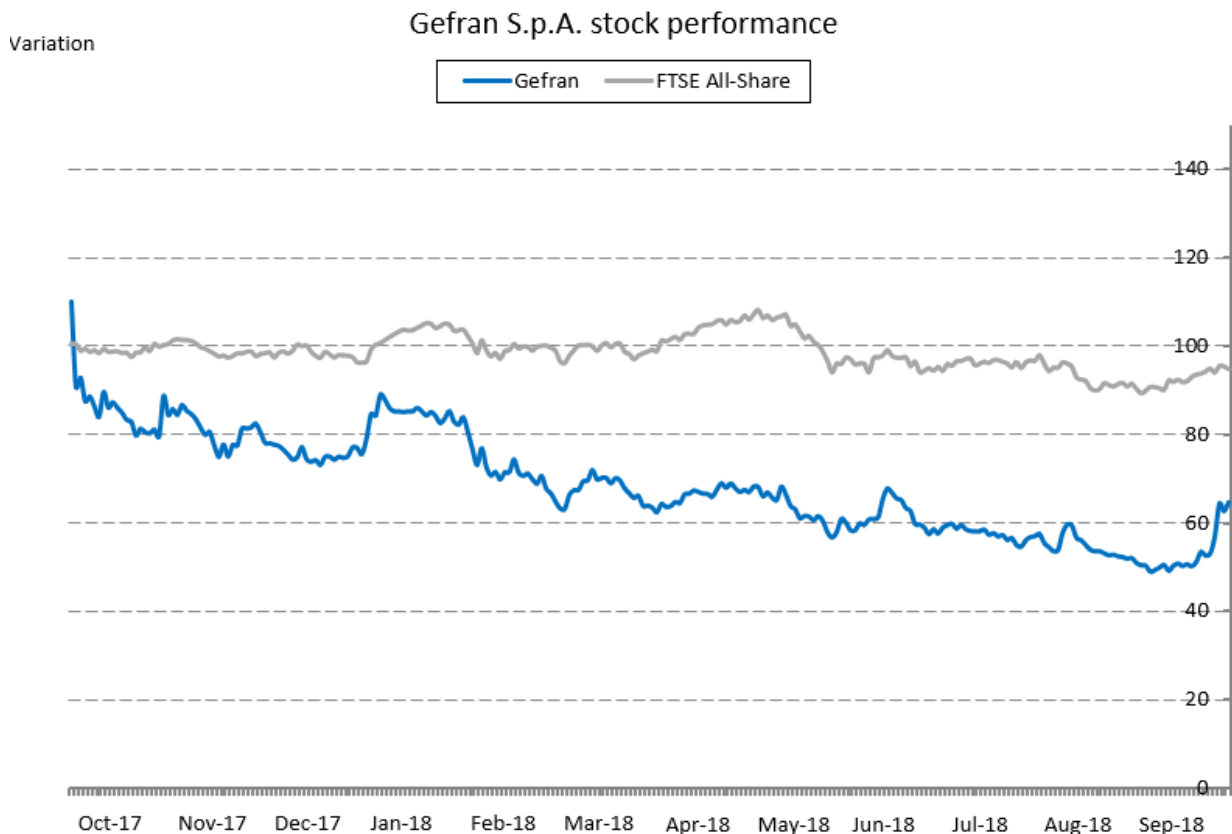
In this context, we confirm that a number of areas served by the Group (particularly China) are showing signs of a slow-down and this, combined with the increase in operating costs resulting from implementation of the plan, has led the Group to register growing revenues with profit margins in line with those of 2017.

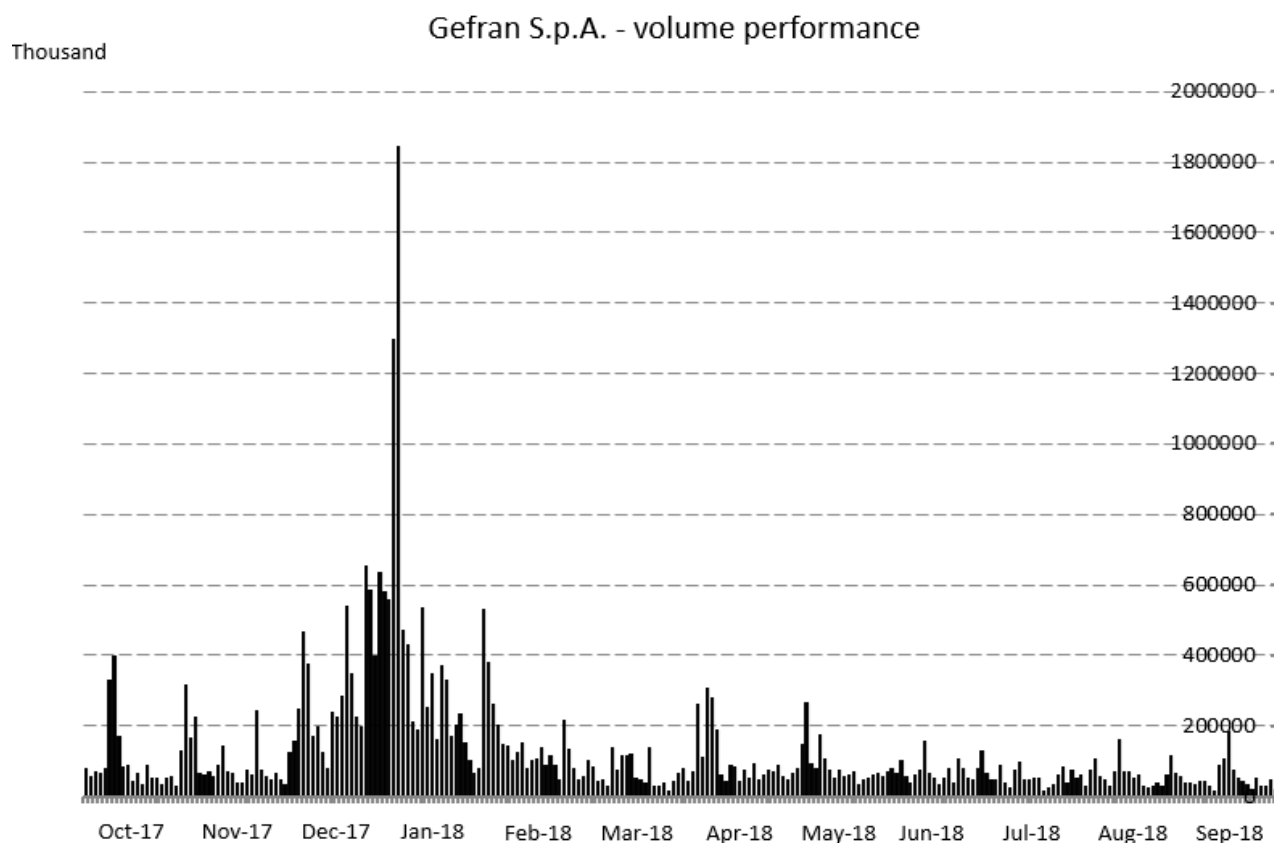
16. SHARES AND STOCK PERFORMANCE

At 30 September 2018 Gefran S.p.A. did not hold any own shares in its portfolio and at the reporting date the situation is unchanged.

The first nine months of 2018 saw no purchases of own shares, and brokerage on Gefran's shares took place regularly.

Below we summarise the performance of the stock and volumes traded in the last 12 months:





17. DEALINGS WITH RELATED PARTIES

In accordance with IAS 24, information relating to the Group's dealings with related parties for the first nine months of 2018 and the same period in the previous year is provided below.

In compliance with Consob resolution no. 17221 of 12 March 2010, the Gefran S.p.A. Board of Directors has adopted the Regulations governing transactions with related parties, the current version of which was approved on 3 August 2017 and may be consulted online at www.gefran.com in the "Investor relations / Corporate Governance" area.

Transactions with related parties are part of normal operations and the typical business of each entity involved and are carried out under normal market conditions. There were no atypical or unusual transactions.

Noting that the economic and equity effects of consolidated infragroup transactions are eliminated in the consolidation process, the most significant transactions with other related parties are listed below. These dealings have no material impact on the Group's economic and financial structure. They are summarised in the following tables:

(EUR / 000)	Elettropiemme S.r.l.	Climat S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Revenues from product sales				
2017	0	0	86	86
2018	46	0	0	46
Service costs				
2017	0	-81	0	-81
2018	-53	-206	0	-259

(EUR / 000)	Elettropiemme S.r.l.	Climat S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Property, plant, machinery and tools				
2017	0	168	0	168
2018	0	663	0	663
Trade receivables				
2017	12	0	43	55
2018	2	0	0	2
Trade payables				
2017	2	88	0	90
2018	18	276	0	294

In accordance with internal regulations, transactions with related parties of an amount below EUR 50 thousand are not reported, since this amount was determined as the threshold for identifying material transactions.

With regard to dealings with subsidiaries, the Parent Company Gefran S.p.A. provided technical, administrative and management services as well as royalties to the Group's operating subsidiaries amounting to around EUR 1.9 million, governed by specific contracts.

Gefran S.p.A. provides a Group cash pooling service, partly through a "Zero Balance" service, which involves all the European subsidiaries.

None of the subsidiaries holds shares of the Parent Company or held them during the period.

Persons of strategic importance have been identified as members of the executive Board of Directors of Gefran S.p.A. and of other Group companies, as well as executives with strategic responsibilities, generally identified as the General Manager of the Sensors and Components Business Unit and the Group's CFO.

18. DEROGATION FROM THE OBLIGATIONS TO PUBLISH THE INFORMATION DOCUMENTS

Pursuant to Article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob's Issuers' Regulation, the Board of Directors decided to take advantage of the option to derogate from the obligations to publish the information documents prescribed in relation to significant mergers, spin-offs, capital increases through contribution in kind, acquisitions and disposals.

19. EXPLANATORY NOTES

General information, form and content

Gefran S.p.A. is incorporated and located at Via Sebina 74, Provaglio d'Iseo (BS).

This interim report of the Gefran Group for the period ended 30 September 2018 was approved, and its publication was authorised, by the Board of Directors on 13 November 2018.

The Group's main activities are described in the Report on Operations.

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

In preparing these interim financial statements, the same accounting criteria were applied as in the preparation of the annual financial report for the year ending 31 December 2017. The interim financial statements for the quarter ending 30 September 2018 do not contain all the additional information required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ending 31 December 2017, prepared in accordance with IFRS.

Material transactions with related parties and non-recurring items have been detailed in separate accounting schedules, as required by Consob resolution 15519 of 27 July 2006.

These interim financial statements for the quarter ending 30 September 2018 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first nine months of 2018, prepared in accordance with international accounting standards. These accounting statements were prepared using valuation criteria in line with those of the Parent Company, or adjusted owing to consolidation.

Interim financial statements are not subject to an audit.

These consolidated interim financial statements are presented in euro (EUR), the functional currency of most Group companies. Unless otherwise stated, all amounts are expressed in thousands of euros.

Change in the scope of consolidation

The scope of consolidation at 30 September 2018 is different from that of 30 September 2017 and that of 31 December 2017, in that on 18 June 2018 the parent company Gefran S.p.A. completed the closure of its Spanish branch, which was already inoperative, and by effect of the establishment of the new company Gefran Drives and Motion S.r.l., 100% owned by Gefran S.p.A.. The new company began operations on 1 October 2018.

Consolidation principles and valuation criteria

The valuation criteria adopted for the preparation of these interim financial statements as at 30 September 2018 are the same as those adopted in preparing the annual financial report for the year ending 31 December 2017.

In line with the requirements of document no. 2 of 6 February 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Gefran Group's interim financial statements were prepared on the assumption that the Group is a going concern.

With reference to Consob Communication DEM/11070007 of 5 August 2011, it is also noted that the Group does not hold in its portfolio any bonds issued by central or local governments or government agencies, and is therefore not exposed to risks generated by market fluctuations. The consolidated interim financial statements were prepared using the general historic cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to Consob Communication 0092543 dated 3 December 2015, it is hereby revealed that in the Report on operations the guidelines of the ESMA (ESMA/2015/1415) were followed with regard to the information aimed at ensuring the comparability, reliability and comprehensibility of the Alternative Performance Indicators.

For details on the seasonal nature of the Group's operations, please refer to the attached "Consolidated income statement by quarter".

Notes commenting on significant variations in items appearing in the consolidated accounts

Intangible assets

"Intangible assets" exclusively comprise assets with a finite life, and decreased from EUR 6,852 thousand at 31 December 2017 to EUR 6,169 thousand at 30 September 2018. The changes during the period are shown below.

Historical cost	31 December 2017	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2018
<i>(EUR / 000)</i>						
Development costs	17,760	-	-	-	-	17,760
Intellectual property rights	6,787	140	(17)	83	(19)	6,974
Assets in progress and payments on account	372	927	(18)	(131)	-	1,150
Other assets	9,384	3	-	86	(9)	9,464
Total	34,303	1,070	(35)	38	(28)	35,348

Accumulated amortisation	31 December 2017	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2018
<i>(EUR / 000)</i>						
Development costs	13,489	1,141	-	(13)	-	14,617
Intellectual property rights	6,032	242	(17)	-	(14)	6,243
Other assets	7,930	376	-	13	-	8,319
Total	27,451	1,759	(17)	-	(14)	29,179

Net value	31 December 2017	30 September 2018	Changes
<i>(EUR / 000)</i>			
Development costs	4,271	3,143	(1,128)
Intellectual property rights	755	731	(24)
Assets in progress and payments on account	372	1,150	778
Other assets	1,454	1,145	(309)
Total	6,852	6,169	(683)

Development costs include the capitalisation of costs incurred for the following activities:

- EUR 729 thousand relating to new lines for mobile hydraulics, melt sensors, pressure transducers (KS) and contactless linear position transducers (MK–IK and RK);
- EUR 1,399 thousand for component lines for the new range of regulators and static units, GF Project VX, G Cube Performa and G Cube Fit;
- EUR 1,015 thousand relating to the new range of ADV 200 drives, lift and power supplies.

These assets are estimated to have a useful life of five years.

Intellectual property rights exclusively comprise the costs incurred to purchase the company IT system management programs and the use of licences for third-party software. These assets have a useful life of three years.

Assets in progress and payments on account include payments on account made to suppliers to purchase software programs and licences expected to be delivered during the next year. This item also includes EUR 817 thousand in development costs, EUR 87 thousand of which pertain to the sensors business, EUR 318 thousand to the automation components business and EUR 412 thousand to the motion control business, the benefits of which will not be reflected in the income statement until subsequent years, which have not therefore been amortised.

The item **other assets** includes almost all the costs incurred by the Parent Company Gefran S.p.A. to implement ERP SAP/R3, Business Intelligence (BW), Customer Relationship Management (CRM) and management software in previous years and in the current year. These assets have a useful life of five years.

The increases in the historical value of “Intangible assets” registered in the first nine months of 2018, amounting to EUR 1,070 thousand, include EUR 738 thousand linked to capitalisation of internal costs.

This is the table of changes in the first nine months of 2017:

Historical cost	31 December 2016	Increases (*)	Decreases	Reclassifications	Exchange rate differences	30 September 2017
<i>(EUR / 000)</i>						
Development costs	16,716	-	-	66	-	16,782
Intellectual property rights	1,669	90	(3)	4,034	(43)	5,747
Assets in progress and payments on account	836	480	-	(213)	-	1,103
Other assets	7,404	36	-	109	(37)	7,512
Total	26,625	606	(3)	3,996	(80)	31,144

Accumulated amortisation	31 December 2016	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2017
<i>(EUR / 000)</i>						
Development costs	11,981	1,126	-	-	-	13,107
Intellectual property rights	736	246	(3)	3,996	(30)	4,945
Other assets	5,648	369	-	-	(8)	6,009
Total	18,365	1,741	(3)	3,996	(38)	24,061

Net value	31 December 2016	30 September 2017	Changes
<i>(EUR / 000)</i>			
Development costs	4,735	3,675	(1,060)
Intellectual property rights	933	802	(131)
Assets in progress and payments on account	836	1,103	267
Other assets	1,756	1,503	(253)
Total	8,260	7,083	(1,177)

(*) include EUR 397 thousand arising from capitalisation of internal costs.

Property, plant, machinery and tools

“Property, plant, equipment and tools” increased from EUR 35,563 thousand at 31 December 2017 to EUR 38,279 thousand at 30 September 2018. The changes are shown in the table below:

Historical cost	31 December 2017	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2018
<i>(EUR / 000)</i>						
Land	4,503	-	-	-	8	4,511
Industrial buildings	39,541	1,457	-	24	(47)	40,974
Plant and machinery	37,825	1,685	(1,723)	1,585	(118)	39,253
Industrial and commercial equipment	19,764	420	(1,276)	214	(22)	19,100
Other assets	7,858	656	(1,169)	39	(32)	7,351
Assets in progress and payments on account	1,940	1,587	-	(1,900)	(4)	1,623
Total	111,431	5,805	(4,168)	(38)	(215)	112,812

Accumulated depreciation	31 December 2017	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2018
<i>(EUR / 000)</i>						
Industrial buildings	19,000	759	-	-	(17)	19,741
Plant and machinery	31,463	1,349	(1,708)	-	(78)	31,027
Industrial and commercial equipment	18,443	579	(1,276)	-	(19)	17,727
Other assets	6,962	255	(1,165)	-	(14)	6,038
Total	75,868	2,942	(4,149)	-	(128)	74,533

Net value	31 December 2017	30 September 2018	Changes
<i>(EUR / 000)</i>			
Land	4,503	4,511	8
Industrial buildings	20,541	21,233	692
Plant and machinery	6,362	8,226	1,864
Industrial and commercial equipment	1,321	1,373	52
Other assets	896	1,313	417
Assets in progress and payments on account	1,940	1,623	(317)
Total	35,563	38,279	2,716

These assets were not subject to any impairment in the first nine months of 2018, while fluctuations in exchange rates had a positive impact of approximately EUR 87 thousand.

The most significant investments in the first nine months of 2018 were:

- investments in plant and production equipment amounting to EUR 2,096 thousand in Italian plants and EUR 664 thousand in the Group's other subsidiaries;
- investments to upgrade the industrial buildings of the Parent Company, which totalled approximately EUR 2,302 thousand;
- investments related to the renewal of electronic office machines and IT equipment in the Parent Company amounting to EUR 515 thousand.

Mortgages on owned buildings amounted to around EUR 36 million, for bank loans relating to property in Provaglio d'Iseo.

The increases in the historical value of the “*Property, plant, machinery and tools*”, amounting to EUR 5,805 thousand in total in the first nine months of 2018, include EUR 161 thousand linked to capitalisation of internal costs.

This is the table of changes in the first nine months of 2017:

Historical cost	31 December 2016	Increases (*)	Decreases	Reclassifications	Exchange rate differences	30 September 2017
<i>(EUR / 000)</i>						
Land	4,535	-	-	-	(28)	4,507
Industrial buildings	39,826	10	-	25	(352)	39,509
Plant and machinery	37,336	1,305	(1,129)	245	(486)	37,271
Industrial and commercial equipment	19,488	300	(23)	61	(71)	19,755
Other assets	8,171	155	(345)	15	(206)	7,790
Assets in progress and payments on account	531	1,233	-	(346)	(5)	1,413
Total	109,887	3,003	(1,497)	-	(1,148)	110,245

Accumulated depreciation	31 December 2016	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2017
<i>(EUR / 000)</i>						
Industrial buildings	16,313	1,541	-	-	(124)	17,730
Plant and machinery	31,518	1,159	(1,129)	5	(381)	31,172
Industrial and commercial equipment	17,906	599	(21)	-	(65)	18,419
Other assets	7,219	263	(345)	(5)	(170)	6,962
Total	72,956	3,562	(1,495)	-	(740)	74,283

Net value	31 December 2016	30 September 2017	Changes
<i>(EUR / 000)</i>			
Land	4,535	4,507	(28)
Industrial buildings	23,513	21,779	(1,734)
Plant and machinery	5,818	6,099	281
Industrial and commercial equipment	1,582	1,336	(246)
Other assets	952	828	(124)
Assets in progress and payments on account	531	1,413	882
Total	36,931	35,962	(969)

(*) include EUR 26 thousand arising from capitalisation of internal costs.

Net working capital

Net working capital totalled EUR 31,848 thousand, compared to EUR 30,621 thousand on 31 December 2017, and breaks down as follows:

<i>(EUR / 000)</i>	30 September 2018	31 December 2017	Changes
Inventories	24,317	20,264	4,053
Trade receivables	28,821	29,386	(565)
Trade payables	(21,290)	(19,029)	(2,261)
Net amount	31,848	30,621	1,227

The value of “Inventories” on 30 September 2018 is equal to EUR 24,317 thousand, up by EUR 4,053 thousand over 31 December 2017. The balance breaks down as follows:

<i>(EUR / 000)</i>	30 September 2018	31 December 2017	Changes
Raw materials, consumables and supplies	14,357	12,095	2,262
<i>Provision writedown of raw materials</i>	<i>(2,911)</i>	<i>(3,406)</i>	495
Work in progress and semi-finished products	7,708	7,406	302
<i>Provision for writedown of work in progress</i>	<i>(597)</i>	<i>(1,280)</i>	683
Finished products and goods for resale	7,745	7,802	(57)
<i>Provision for writedown of finished products</i>	<i>(1,985)</i>	<i>(2,353)</i>	368
Total	24,317	20,264	4,053

The increase in inventories is attributable to the increase in raw materials stocks in response to growth of revenues and the increase in stocks of semi-products and finished products in response to customers' requirements.

The economic impact of the increased inventories amounts to EUR 4,455 thousand, as the average exchange rate for the period is used for the economic reporting of events.

“Trade receivables” amount to EUR 28,821 thousand, as compared to EUR 29,386 thousand on 31 December 2017, a decrease of EUR 565 thousand, primarily due to increased revenues in the period; they may be broken down as follows:

(EUR / 000)	30 September 2018	31 December 2017	Changes
Receivables from customers	31,377	32,288	(911)
Provision for doubtful receivables	(2,556)	(2,902)	346
Net amount	28,821	29,386	(565)

This includes receivables subject to recourse factoring which the Parent Company has transferred to a leading factoring company for a total amount of EUR 24 thousand (EUR 44 thousand at 31 December 2017).

Receivables were adjusted to their estimated realisable value through a specific provision for write-down of doubtful receivables, calculated on the basis of an examination of individual debtor positions and taking into account past experience in each specific line of business and geographical region, as required by IFRS 9. The provision as at 30 September 2018 represents a prudential estimate of the current risk, and registered the following changes:

(EUR / 000)	31 December 2017	Provisions	Uses	Releases	Exchange rate differences	30 September 2018
Provision for doubtful receivables	2,902	347	(322)	(310)	(61)	2,556

Changes in the provision at 30 September 2017 were by contrast as follows:

(EUR / 000)	31 December 2016	Provisions	Uses	Releases	Exchange rate differences	30 September 2017
Provision for doubtful receivables	4,384	245	(1,615)	(10)	(138)	2,866

The value of use of the fund includes amounts covering losses on unrecoverable receivables. The Group monitors the situation of the receivables most at risk and initiates the appropriate legal action. The book value of trade receivables is considered to approximate to their fair value.

There is no significant concentration of sales to individual customers: this phenomenon remains below 10% of Group revenues.

“Trade payables” came to EUR 21,290 thousand compared with EUR 19,029 thousand at 31 December 2017.

It breaks down as follows:

(EUR / 000)	30 September 2018	31 December 2017	Changes
Payables to suppliers	17,114	15,528	1,586
Payables to suppliers for invoices to be received	3,800	3,158	642
Payments on account received from customers	376	343	33
Total	21,290	19,029	2,261

The increase in trade payables is linked to the increase in investments made during the first nine months of 2018 and to the increase in purchases of materials for both inventories and services.

Service costs

“Service costs” totalled EUR 17,330 thousand, an 8.4% increase on the value in the first nine months of 2017, EUR 15,984 thousand, and are broken down as follows:

Description	30 September 2018	30 September 2017	change
<i>(EUR / 000)</i>			
Services	15,897	14,537	1,360
Use of third-party assets	1,433	1,447	(14)
Total	17,330	15,984	1,346

As stated in the three-year plan, the increase in costs is aimed at supporting growth and refers to increased variable industrial costs linked with growth in revenues and greater use of resources in advertising and trade fair projects.

The increased cost of services also includes the parent company’s new governance, in April 2018, which led to an additional EUR 325 thousand in costs as of 30 September 2018 as compared to the same period in the previous year.

Personnel costs

“Personnel costs” in the first nine months of 2018 totalled EUR 33,933 thousand, up EUR 1,637 thousand compared to the same period in the previous year, and are broken down as follows:

Description	30 September 2018	30 September 2017	change
<i>(EUR / 000)</i>			
Salaries and wages	25,898	24,031	1,867
Social security contributions	6,300	6,396	(96)
Post-employment benefit reserve	1,505	1,342	163
Other costs	230	527	(297)
Total	33,933	32,296	1,637

The increase is attributable to the addition of new employees to support the Group’s growth.

“Social security contributions” include costs for defined contribution plans for management (Previdai pension plan) amounting to EUR 38 thousand (EUR 51 thousand at 30 September 2017).

The item “Other costs”, down EUR 297 thousand, includes, among other items, restructuring costs resulting from reorganisation of the Group’s subsidiaries.

The average number of Group employees in the first nine months of 2018, as compared with the same period in the previous year, was as follows:

	30 September 2018	30 September 2017	Changes
Managers	16	19	(3)
Clerical staff	487	466	21
Manual workers	250	244	6
Total	753	729	24

The average number of employees was up by 24 over the first nine months of 2017; the Group had 774 employees as of 30 September 2018, 48 more compared to 30 September 2017 and 44 more than 31 December 2017.

Depreciation/amortisation

Depreciation and amortisation amounted to EUR 4,701 thousand, compared with EUR 5,303 thousand recorded in the same period in the previous year.

Description	30 September 2018	30 September 2017	change
<i>(EUR / 000)</i>			
Amortisation	1,759	1,741	18
Depreciation	2,942	3,562	(620)
Total	4,701	5,303	(602)

The drop in amortisation and depreciation, which totalled EUR 602 thousand, is attributable in part to adjustment of the value of buildings to reflect fair value on 30 September 2017, amounting to EUR 850 thousand.

The breakdown of depreciation and amortisation by business is summarised in the table below:

Description	30 September 2018	30 September 2017	Changes
<i>(EUR / 000)</i>			
Sensors	1,857	2,065	(208)
Components	1,480	1,569	(89)
Motion control	1,364	1,669	(305)
Total	4,701	5,303	(602)

Provaglio d'Iseo, 13 November 2018

For the Board of Directors

The Chairman

Maria Chiara Franceschetti

The Chief Executive Officer

Alberto Bartoli

ANNEXES

a) Consolidated income statement by quarter

(EUR / 000)	Q1	Q2	Q3	Q4	TOT	Q1	Q2	Q3	TOT
	2017	2017	2017	2017	2017	2018	2018	2018	2018
a Revenues	32,278	32,772	29,101	34,488	128,639	34,717	35,543	30,820	101,080
b Increases for internal work	168	142	113	187	610	365	256	278	899
c Consumption of materials and products	11,121	11,446	9,600	11,578	43,745	11,505	12,629	10,523	34,657
d Added value (a+b-c)	21,325	21,468	19,614	23,097	85,504	23,577	23,170	20,575	67,322
e Other operating costs	5,584	5,744	5,220	5,617	22,165	6,065	6,308	5,587	17,960
f Personnel costs	11,445	10,962	9,889	12,004	44,300	11,735	11,429	10,769	33,933
g EBITDA (d-e-f)	4,296	4,762	4,505	5,476	19,039	5,777	5,433	4,219	15,429
h Depreciation, amortisation and impairment	1,494	1,473	2,336	2,587	7,890	1,526	1,562	1,613	4,701
i EBIT (g-h)	2,802	3,289	2,169	2,889	11,149	4,251	3,871	2,606	10,728
l Gains (losses) from financial assets/liabilities	(237)	(756)	(169)	(1,238)	(2,400)	(319)	(91)	(419)	(829)
m Gains (losses) from shareholdings valued at equity	(6)	(69)	58	173	156	(37)	(57)	49	(45)
n Profit (loss) before tax (i±l±m)	2,559	2,464	2,058	1,824	8,905	3,895	3,723	2,236	9,854
o Taxes	(751)	171	(419)	(1,229)	(2,228)	(1,285)	(1,397)	(853)	(3,535)
p Result from operating activities (n±o)	1,808	2,635	1,639	595	6,677	2,610	2,326	1,383	6,319
q Net profit (loss) from assets held for sale	0	0	0	187	187	(414)	(461)	0	(875)
r Group net profit (loss) (p±q)	1,808	2,635	1,639	782	6,864	2,196	1,865	1,383	5,444

b) Consolidated income statement by quarter – excluding non-recurring items

(EUR / 000)	Q1	Q2	Q3	Q4	TOT	Q1	Q2	Q3	TOT
	2017	2017	2017	2017	2017	2018	2018	2018	2018
a Revenues	32,278	32,772	29,101	34,488	128,639	34,717	35,543	30,820	101,080
b Increases for internal work	168	142	113	187	610	365	256	278	899
c Consumption of materials and products	11,121	11,446	9,600	11,578	43,745	11,505	12,629	10,523	34,657
d Added value (a+b-c)	21,325	21,468	19,614	23,097	85,504	23,577	23,170	20,575	67,322
e Other operating costs	5,584	5,744	5,220	5,617	22,165	6,065	6,308	5,587	17,960
f Personnel costs	11,124	10,962	9,889	12,004	43,979	11,735	11,429	10,769	33,933
g EBITDA (d-e-f)	4,617	4,762	4,505	5,476	19,360	5,777	5,433	4,219	15,429
h Depreciation, amortisation and impairment	1,494	1,473	2,336	2,587	7,890	1,526	1,562	1,613	4,701
i EBIT (g-h)	3,123	3,289	2,169	2,889	11,470	4,251	3,871	2,606	10,728
l Gains (losses) from financial assets/liabilities	(237)	(756)	(169)	(1,238)	(2,400)	(319)	(91)	(419)	(829)
m Gains (losses) from shareholdings valued at equity	(6)	(69)	58	173	156	(37)	(57)	49	(45)
n Profit (loss) before tax (i±l±m)	2,880	2,464	2,058	1,824	9,226	3,895	3,723	2,236	9,854
o Taxes	(751)	171	(419)	(1,229)	(2,228)	(1,285)	(1,397)	(853)	(3,535)
p Result from operating activities (n±o)	2,129	2,635	1,639	595	6,998	2,610	2,326	1,383	6,319
q Net profit (loss) from assets held for sale	0	0	0	187	187	(414)	(461)	0	(875)
r Group net profit (loss) (p±q)	2,129	2,635	1,639	782	7,185	2,196	1,865	1,383	5,444

c) Exchange rates used to translate the financial statements of foreign companies

End-of-period exchange rates

Currency	30 September 2018	31 December 2017	30 September 2017
Swiss franc	1.1316	1.1702	1.1457
Pound sterling	0.8873	0.8872	0.8818
US dollar	1.1576	1.1993	1.1806
Brazilian real	4.6535	3.9729	3.7635
Chinese renminbi	7.9662	7.8044	7.8534
Indian rupee	83.9160	76.6055	77.0690
Turkish lira	6.9650	4.5464	4.2013

Average exchange rates in the period

Currency	2018	2017	3Q 2018	3Q 2017
Swiss franc	1.1611	1.1116	1.1440	1.1309
Pound sterling	0.8839	0.8762	0.8923	0.8974
US dollar	1.1949	1.1293	1.1631	1.1744
Brazilian real	4.2957	3.6041	4.6045	3.7149
Chinese renminbi	7.7792	7.6264	7.9175	7.8327
Indian rupee	80.2234	73.4980	81.6455	75.5137
Turkish lira	5.5043	4.1214	6.6025	4.1278

d) List of companies included in the scope of consolidation

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Gefran UK Ltd	Warrington	UK	GBP	4,096,000	Gefran S.p.A.	100.00
Gefran Deutschland GmbH	Seligenstadt	Germany	EUR	365,000	Gefran S.p.A.	100.00
Siei Areg GmbH	Pleidelsheim	Germany	EUR	150,000	Gefran S.p.A.	100.00
Gefran France S.A.	Saint-Priest	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux NV	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	Winchester	US	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	Sao Paolo	Brazil	BRL	450,000	Gefran S.p.A. Gefran UK	99.90 0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A. Gefran UK	95.00 5.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Pte Ltd	Shanghai	China (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Gefran Siei Electric Pte Ltd	Shanghai	China (PRC)	RMB	1,005,625	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Middle East Ltd Sti	Istanbul	Turkey	TRY	1,030,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00
Gefran Drives and Motion S.r.l.	Gerenzano	Italy	EUR	10,000	Gefran S.p.A.	100.00

e) List of companies consolidated at equity

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Ensun S.r.l.	Brescia	Italy	EUR	30,000	Gefran S.p.A.	50
Bs Energia 2 S.r.l.	Rodengo Saiano	Italy	EUR	1,000,000	Ensun S.r.l.	50
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Ensun S.r.l.	50
Axel S.r.l.	Dandolo	Italy	EUR	26,008	Gefran S.p.A.	15

f) List of other subsidiaries

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	16.56
Woojin Plaimm Co Ltd	Seoul	South Korea	KRW	3,200,000,000	Gefran S.p.A.	2.00
UBI Banca S.p.A.	Bergamo	Italy	EUR	2,254,368,000	Gefran S.p.A.	n/s

20. DECLARATION OF THE EXECUTIVE IN CHARGE OF FINANCIAL REPORTING

Declaration pursuant to article 154-*bis*, paragraph 2 of Legislative Decree 58 of 24 February 1998 (Consolidated Finance Act “TUF”)

The undersigned, **Fausta Coffano**, the Executive in charge of financial reporting of Gefran S.p.A., hereby declares, pursuant to paragraph 2, article 154-*bis* of the TUF, that the information contained in these interim financial statements as at 30 September 2018 accurately represents the figures contained in the Group’s accounting records.

Provaglio d’Iseo, 13 November 2018

The Executive in charge of
financial reporting

Fausta Coffano