



our **power**, your **passion**

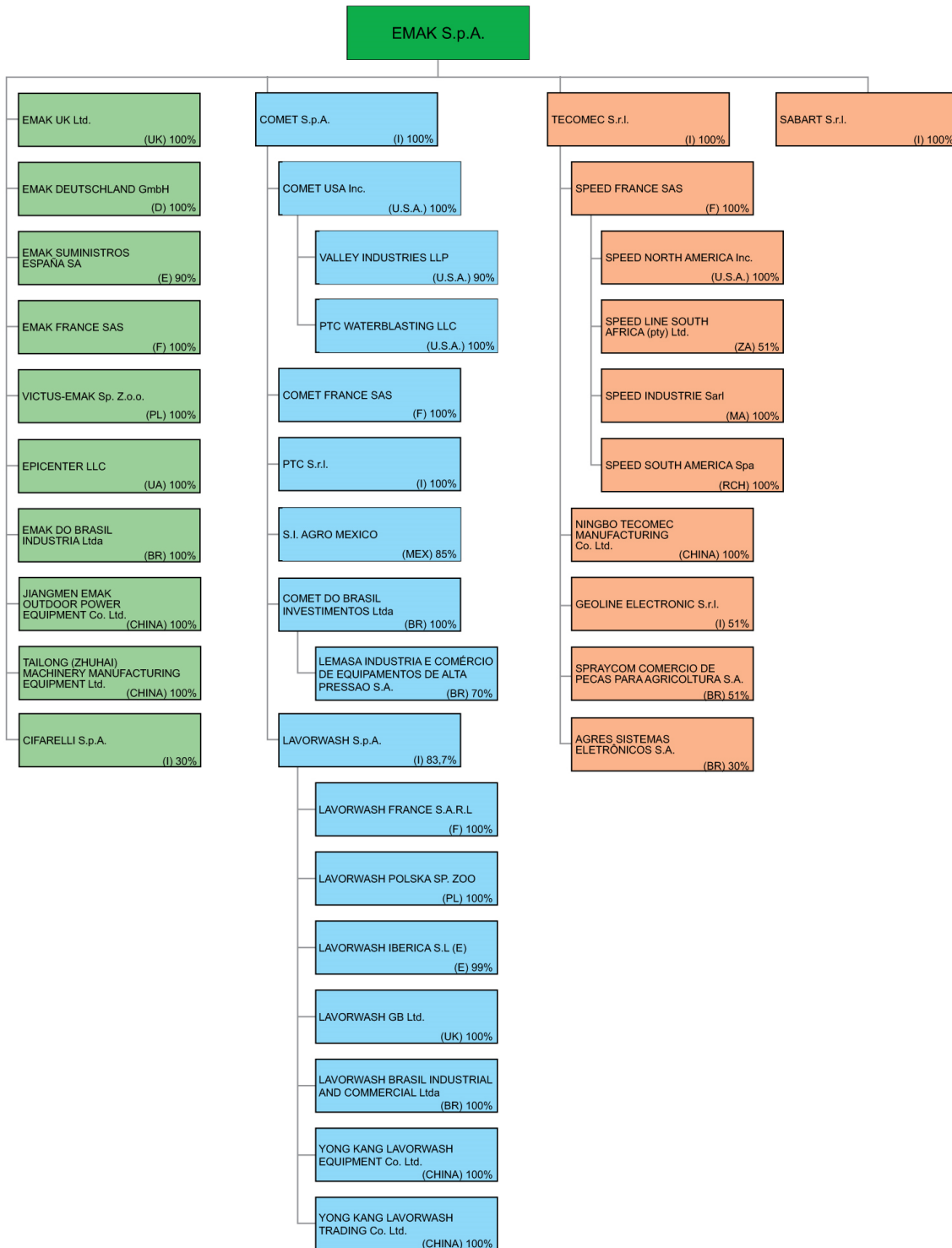


Interim report at 31.03.2019

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Organizational chart of Emak Group



1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
2. Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.
3. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A. and for 0.37% by P.T.C. S.r.l.
4. Lavorwash S.p.A. is consolidated at 98.40% as a result of the "Put and Call Option Agreement" that governs the purchase of the 14.67% remaining.
5. Emak do Brasil is owned for 99.98% by Emak S.p.A. and 0.02% by Comet do Brasil.
6. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 30 April 2019 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2019-2021.

Board of Directors

Chairman and Chief Executive Officer

Fausto Bellamico

Deputy Chairman and Executive Director

Aimone Burani

Executive Director

Luigi Bartoli

Lead Independent Director

Massimo Livatino

Independent Director

Alessandra Lanza

Elena Iotti

Directors

Francesca Baldi

Ariello Bartoli

Paola Becchi

Giuliano Ferrari

Vilmo Spaggiari

Guerrino Zambelli

Marzia Salsapariglia

Audit Committee, Remuneration Committee, Related Party

Transactions Committee, Nomination Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Elena Iotti

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman

Sara Mandelli

Acting member

Roberto Bertuzzi

Board of Statutory Auditors

Chairman

Stefano Montanari

Acting auditors

Gianluca Bartoli

Francesca Benassi

Alternate auditor

Maria Cristina Mescoli

Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Newly applied standards

Starting January 1, 2019 the Emak Group adopted the newly accounting standard **IFRS 16 – Leases**.

The new standard intended to replace IAS 17 – Leases, as well as IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criteria based on the control (right of use) of an asset to differentiate between lease and service agreements identifying which distinctive: asset identification, right of replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.

The standard introduces a single lessee accounting model for recognizing and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognized in the statement of financial position as assets and lease financial liability.

During the first application of the standard, the Group will adopt the "modified retrospective (alternative 1)" approach, accounting the cumulative effect in equity at January 1st, 2019, in accordance with IFRS 16. In particular, the Group will account, concerning the leases previously classified as operating:

- financial liability, equal to the present value of future payments on transition data, discounted for each contract the incremental interest rate applied at the transition date;
- right of use equal to the net book value that is due to the initial data of the lease contract applying a discount rate defined at the transaction date.

The amount of the right of use was estimated at € 27,755 thousand against a financial liability of € 27,959 thousand.

The following table shows the estimated impacts by the adoption of IFRS 16 on the transition date:

Thousand of Euro

ASSETS	31.12.2018 ⁽¹⁾	Impact of IFRS 16	01.01.2019 ⁽²⁾
Non-current assets			
Property, plant and equipment	75,446		75,446
Intangible assets	20,195		20,195
Goodwill	65,773		65,773
Right of use		27,755	27,755
Equity investments in other companies	230		230
Equity investments in associates	4,550		4,550
Deferred tax assets	8,480	118	8,598
Other financial assets	2,464		2,464
Other assets	65		65
Total non-current assets	177,203	27,873	205,076
Current assets			
Inventories	156,678		156,678
Trade and other receivables	108,328	(244)	108,084
Current tax assets	6,043		6,043
Other financial assets	554		554
Derivative financial instruments	283		283
Cash and cash equivalents	62,602		62,602
Total current assets	334,488	(244)	334,244
TOTAL ASSETS	511,691	27,629	539,320
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2018 (1)	Impact of IFRS 16	01.01.2019 (2)
Shareholders' Equity			
Shareholders' Equity of the Group	203,744	(317)	203,427
Non-controlling interest	2,076	(4)	2,072
Total Shareholders' Equity	205,820	(321)	205,499
Non-current liabilities			
Loans and borrowings due to banks and other lenders	113,328		113,328
Liabilities for leasing		23,192	23,192
Deferred tax liabilities	8,355		8,355
Employee benefits	8,764		8,764
Provisions for risks and charges	2,173		2,173
Other non-current liabilities	520		520
Total non-current liabilities	133,140	23,192	156,332
Current liabilities			
Trade and other payables	95,938	(9)	95,929
Current tax liabilities	4,913		4,913
Loans and borrowings due to banks and other lenders	69,359		69,359
Liabilities for leasing		4,767	4,767
Derivative financial instruments	643		643
Provisions for risks and charges	1,878		1,878
Total current liabilities	172,731	4,758	177,489
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	511,691	27,629	539,320

(1) Statement of financial position at 31/12/2018

(2) Opening statement of financial position at 01/01/2019 with application of IFRS 16

In the income statement, the accrued costs to rentals, leases and enjoyment of third-party assets will no longer be recorded in the item "Other operating costs and provisions", the allocation of long-term costs (on a straight-line basis) of the right of use asset will be recorded under the item "Amortization, depreciation and impairment losses", while the interest expenses that accrues on financial debts (variable according to the debt) will be recorded in the item "Financial expenses". The tax effects will therefore be accounted for in the item "Income taxes".

The following table shows the impacts on the income statement items since the adoption of IFRS 16 at March 31, 2019:

Thousand of Euro

CONSOLIDATED INCOME STATEMENT	1 Q 2019 no IFRS 16	Impact of IFRS 16	1 Q 2019 IFRS 16
Revenues from sales	122,357		122,357
Other operating incomes	977		977
Change in inventories	7,230		7,230
Raw materials, consumable and goods	(73,083)		(73,083)
Personnel expenses	(21,216)		(21,216)
Other operating costs and provisions	(23,480)	1,361	(22,119)
Ebitda	12,785	1,361	14,146
Amortization, depreciation and impairment losses	(3,899)	(1,221)	(5,120)
Operating result	8,886	140	9,026
Financial income	73		73
Financial expenses	(1,103)	(181)	(1,284)
Exchange gains and losses	630		630
Income from/(expenses on) equity investment	(18)		(18)
Profit before taxes	8,468	(41)	8,427

The comparative income statements for the first quarter of 2018 and for the 2018 financial year have not been changed retrospectively as required by IFRS 16; therefore the comparative income statements are shown in continuity with what is explained in the previous reports.

Furthermore, the adoption of IFRS 16 did not result in the recognition of effects in the Group's statement of other comprehensive income.

With reference to the application, the Group used the exemption granted by IFRS paragraph 16: 5 (a) in relation to short-term leases.

Likewise, the Group used the exemption granted to IFRS 16 with regard to lease contracts for which the underlying asset is configured as a low-value asset. The contracts for which the exemption has been applied fall mainly in the following categories:

- Computers, phones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 did not involve the recognition of the financial liability of the lease and the related right of use, but the lease installments are recorded in the income statement on a linear basis for the duration of the respective contracts.

The Group used the following practical expedients required by IFRS 16:

- Classification of contracts that expire within 12 months from the transition date as a short term lease. For these contracts the lease installments will be recorded in the income statement on a linear basis;
- Use of information present at the transition date for the determination of the lease term, with particular reference to the exercise of extension options and early closure.

Main economic and financial figures for the Emak Group

Income statement (€/000)

Year 2018		1Q 2019	1Q 2018
452,825	Revenues from sales	122,357	131,166
50,763	EBITDA before non ordinary expenses (*)	14,427	18,068
49,449	EBITDA (*)	14,146	17,274
33,976	EBIT	9,026	13,676
25,647	Net profit	6,088	11,180

Investment and free cash flow (€/000)

Year 2018		1Q 2019	1Q 2018
14,699	Investment in property, plant and equipment	3,732	2,697
3,495	Investment in intangible assets	1,242	660
41,120	Free cash flow from operations (*)	11,208	14,778

Statement of financial position (€/000)

31.12.2018		31.03.2019	31.03.2018
323,247	Net capital employed (*)	378,470	337,657
(117,427)	Net debt	(164,366)	(139,758)
205,820	Total equity	214,104	197,899

Other statistics

Year 2018		1Q 2019	1Q 2018
10.9%	EBITDA / Net sales (%)	11.6%	13.2%
7.5%	EBIT / Net sales (%)	7.4%	10.4%
5.7%	Net profit / Net sales (%)	5.0%	8.5%
10.5%	EBIT / Net capital employed (%)	2.4%	4.1%
0.57	Debt / Equity	0.77	0.71
1,999	Number of employees at period end	2,009	1,981

Share information

Year 2018		1Q 2019	1Q 2018
0.155	Earnings per share (€)	0.037	0.068
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

(*) See section "Definitions of alternative performance indicators"

Directors' report

Scope of consolidation

Compared to 31 December 2018 there are no changes in the scope of consolidation.

The consolidated financial statements at 31 March 2018 included only the economic results of the company Raico Srl, sold on March 30, 2018.

Compared to 31 March 2018 entered into the scope of consolidation the company Spraycom of which the subsidiary Tecomec S.r.l. acquired 51% on 20 July 2018.

Comments on economic figures

Revenues from sales

Emak Group achieved a consolidated turnover of € 122,357 thousand in the first quarter of 2019, compared to € 131,166 thousand of last year, a decrease of 6.7%. This change is due the exit from the scope of consolidation of the company Raico S.r.l. by 2.4%, the positive exchange rate effect by 0.6% and an organic decrease of 4.9%.

EBITDA

EBITDA for the first quarter 2019 amounts to € 14,146 thousand (11.6% of sales), compared to € 17,274 thousand (13.2% of sales) for the corresponding quarter of the previous year.

During the quarter, non-ordinary expenses for € 281 thousand were recorded compared to € 794 in the first quarter 2018.

EBITDA before non-ordinary expenses amounts to € 14,427 thousand (11.8% of revenues) compared to € 18,068 thousand in the first quarter 2018 (13.8% of revenues).

It should be noted that the application of the new IFRS 16 principle has resulted in a positive effect on the EBITDA for the first quarter of 2019 for € 1,361 thousand.

The result was negatively affected by the following factors:

- decrease in sales volumes (partly due to the change in area) compared to the same period last year;
- increase in the cost of raw materials.

The number of resources average employed by the Group was 2,133, compared to 2,237 in the first quarter of 2018, consequently there was a decrease in personnel expenses compared to the same period.

EBIT

EBIT for the first quarter 2019 is € 9,026 thousand with an incidence of 7.4% of revenues, compared to € 13,676 thousand (10.4% of sales) for the same quarter of last year.

Depreciation and amortization are € 5,120 thousand, compared to € 3,598 thousand in the same period of the previous year. It should be noted that the application of the new IFRS 16 standard has increased amortization for € 1,221 thousand.

Non-annualized EBIT as a percentage of net invested capital is 2.4% (2.5% excluding the effects of IFRS 16), compared to 4.1% of the same period of the previous year.

Net profit

Net profit for the first quarter 2019 is € 6,088 thousand, against € 11,180 thousand for the same quarter of the previous year.

The item "Financial income" for the same quarter in 2018 included a capital gain of € 2,472 thousand.

The increase in the item "Financial expenses" is due to the higher charges deriving from the application of the new standard IFRS 16.

Currency management in the first quarter 2019 is positive for € 630 thousand, compared to a negative balance of € 832 thousand for the same period of the last year.

The tax rate amounted to 27.8% in the first quarter 2019, compared to 23.7% in the same period of last year. The tax rate at 31 March 2018 is mainly attributable to the effect of accounting for the capital gain, which had no fiscal impact, without considering this effect the tax rate would have been 28.5%.

Comment to consolidated statement of financial position

31.12.2018	Thousand of Euro	31.03.2019	31.03.2018
154,926	Net non-current assets (*)	187,482	150,545
168,321	Net working capital (*)	190,988	187,112
323,247	Total net capital employed (*)	378,470	337,657
203,744	Equity attributable to the Group	211,911	195,655
2,076	Equity attributable to non controlling interests	2,193	2,244
(117,427)	Net debt	(164,366)	(139,758)
(*) See section "Definitions of alternative performance indicators"			

Net non-current assets

Net non current assets at 31 March 2019 include an amount of € 26,760 thousand following the recording of rights of use for future use of rental or hire assets, which emerge from the application of IFRS 16.

During first quarter 2019 Emak Group invested € 4,974 thousand in property, plant and equipment and intangible assets, as follows:

- € 1,158 thousand for product innovation;
- € 1,207 thousand for adjustment of production capacity and for process innovation;
- € 1,075 thousand for upgrading the computer network system and ongoing activities for implementation of the new ERP management system;
- € 1,143 thousand for ongoing works for construction of the new parent company's R&D center and modernization of industrial buildings;
- € 391 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 3,603 thousand in Italy;
- € 568 thousand in Europe;
- € 241 thousand in the Americas;
- € 562 thousand in the Rest of the World.

Net working capital

Net working capital, compared to 31 December 2018, increases by € 22,667 thousand, from € 168,321 thousand to € 190,988 thousand.

The following table shows the change in net working capital of the first quarter of 2019 compared with the same period last year:

€/000	3M 2019	3M 2018
Opening Net working capital	168,321	161,837
Impact first application of IFRS 16 to 1 January	(235)	
Increase/(decrease) in inventories	8,590	3,167
Increase/(decrease) in trade receivables	33,857	37,369
(Increase)/decrease in trade payables	(16,846)	(8,146)
Exit from the scope of consolidation	-	(4,497)
Other changes	(2,699)	(2,618)
Closing Net working capital	190,988	187,112

The trend in net working capital is related to the seasonal performance of the business.

Net financial position

The net financial position amounts to € 164,366 thousand at March 31, 2019 against € 117,427 thousand at December 31, 2018. The impact of the new IFRS 16 principle on the opening figure for the period is € 27,959 thousand.

Below are the movements in net debt for the first three months of 2019 compared with the same period last year:

€/000	3M 2019	3M 2018
Opening NFP	(117,427)	(125,294)
Effect first application IFRS 16	(27,959)	
Ebitda	14,146	17,274
Financial income and expenses	(1,211)	(695)
Income from/(expenses on) equity investment	(18)	41
Exchange gains and losses	630	(832)
Income taxes	(2,339)	(3,482)
Cash flow from operations, excluding changes in operating assets and liabilities	11,208	12,306
Changes in operating assets and liabilities	(22,169)	(30,587)
Cash flow from operations	(10,961)	(18,281)
Changes in investments and disinvestments	(7,707)	(3,077)
Other equity changes	(3)	(371)
Changes from exchange rates and translation reserve	(309)	871
Change in scope of consolidation	-	6,394
Closing NFP	(164,366)	(139,758)

Cash flow from operations net of taxes amounted to € 11,208 thousand in the quarter 2019, against to € 12,306 thousand (net of the capital gain, included in the item “change in scope of consolidation”) for the same period in 2018. Cash flow from operations was negative for € 10,961 thousand compared to a negative value of € 18,281 thousand in the same period of the previous financial year. During first quarter 2019 the Group incurred a financial investment of € 2,760 thousand for the acquisition of 30% of the Brazilian company Agres.

The net financial position is made up as follows:

Net financial position (€/000)	31/03/2019	31/12/2018	31/03/2018
A. Cash	47,592	62,602	44,466
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	47,592	62,602	44,466
E. Current financial receivables	1,360	837	7,270
F. Current payables to banks	(32,346)	(18,086)	(51,282)
G. Current portion of non current indebtedness	(44,136)	(46,152)	(36,299)
H. Other current financial debts	(15,046)	(5,764)	(9,972)
I. Current financial indebtedness (F+G+H)	(91,528)	(70,002)	(97,553)
J. Current financial indebtedness, net (I+E+D)	(42,576)	(6,563)	(45,817)
K. Non-current payables to banks	(92,408)	(99,817)	(79,105)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(31,884)	(13,511)	(15,534)
N. Non-current financial indebtedness (K+L+M)	(124,292)	(113,328)	(94,639)
O. Net financial indebtedness (J+N)	(166,868)	(119,891)	(140,456)
P. Non current financial receivables	2,502	2,464	698
Q. Net financial position (O+P)	(164,366)	(117,427)	(139,758)

Net financial position at 31 March 2019 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to € 27,161 thousand, of which € 4,675 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:

- account payables and self-liquidating accounts;
- loan repayments falling due by 31.03.2020;
- amounts due to other providers of finance falling due by 31.03.2020;
- debt for equity investments in the amount of € 8,696 thousand.

Other non-current financial debts include debts for the purchase of the remaining minority shares in the amount of € 8,870 thousand.

Actualized financial liabilities (short term and medium-long term) for the purchase of the remaining minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 17,566 thousand related to the following companies:

- Lemasa for € 5,684 thousand;
- Lavorwash for € 10,345 thousand;
- Valley LLP for € 1,537 thousand.

Equity

Total equity is equal to € 214,104 thousand against € 205,820 thousand at 31 December 2018. Earnings per share at 31 March 2019 is equal to € 0.037 compared to € 0.068 in the previous year.

On 31 December 2018 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand.

From 1 January 2019 to 31 March 2019 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2018.

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2019

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
€/000										
Sales to third parties	44,247	48,935	49,138	49,273	28,972	32,958			122,357	131,166
Intersegment sales	535	762	731	543	2,384	2,545	(3,650)	(3,850)		
Revenues from sales	44,782	49,697	49,869	49,816	31,356	35,503	(3,650)	(3,850)	122,357	131,166
Ebitda	3,079	4,284	7,850	8,513	4,417	5,519	(1,200)	(1,042)	14,146	17,274
Ebitda/Total Revenues %	6.9%	8.6%	15.7%	17.1%	14.1%	15.5%			11.6%	13.2%
Ebitda before non ordinary expenses	3,129	4,708	7,850	8,838	4,648	5,564	(1,200)	(1,042)	14,427	18,068
Ebitda before non ordinary expenses/Total Revenues %	7.0%	9.5%	15.7%	17.7%	14.8%	15.7%			11.8%	13.8%
Operating result	1,321	2,771	5,871	7,319	3,034	4,628	(1,200)	(1,042)	9,026	13,676
Operating result/Total Revenues %	2.9%	5.6%	11.8%	14.7%	9.7%	13.0%			7.4%	10.4%
Net financial expenses (1)									(599)	986
Profit before taxes									8,427	14,662
Income taxes									2,339	3,482
Net profit									6,088	11,180
Net profit/Total Revenues%									5.0%	8.5%

(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment

STATEMENT OF FINANCIAL POSITION	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Net debt	42,734	24,025	101,044	86,597	20,793	7,094	(205)	(289)	164,366	117,427
Shareholders' Equity	179,030	176,750	60,625	56,259	51,165	48,899	(76,716)	(76,088)	214,104	205,820
Total Shareholders' Equity and Net debt	221,764	200,775	161,669	142,856	71,958	55,993	(76,921)	(76,377)	378,470	323,247
Net non-current assets (2)	139,178	134,048	93,046	77,937	30,701	18,557	(75,443)	(75,616)	187,482	154,926
Net working capital	82,586	66,727	68,623	64,919	41,257	37,436	(1,478)	(761)	190,988	168,321
Total net capital employed	221,764	200,775	161,669	142,856	71,958	55,993	(76,921)	(76,377)	378,470	323,247

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76.074 thousand Euro

OTHER STATISTICS	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Number of employees at period end	756	764	741	736	504	490	8	9	2,009	1,999

OTHER INFORMATIONS	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Amortization, depreciation and impairment losses	1,758	1,513	1,979	1,194	1,383	891			5,120	3,598
Investment in property, plant and equipment and in intangible assets	2,039	1,281	1,422	632	1,513	1,444			4,974	3,357

The effects of the impact of the new IFRS 16 principle are commented below.

Comments on interim results by operating segment

The table below shows the breakdown of "sales to third parties" in the first three months in 2019 by business sector and geographic area, compared with the same period last year.

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	1Q 2019	1Q 2018	Var. %	1Q 2019	1Q 2018	Var. %	1Q 2019	1Q 2018	Var. %	1Q 2019	1Q 2018	Var. %
Europe	38,300	40,312	-5.0%	27,646	28,344	-2.5%	18,517	21,397	-13.5%	84,463	90,053	-6.2%
Americas	1,981	1,917	3.3%	15,325	15,520	-1.3%	6,815	6,989	-2.5%	24,121	24,426	-1.2%
Asia, Africa and Oceania	3,966	6,706	-40.9%	6,167	5,409	14.0%	3,640	4,572	-20.4%	13,773	16,687	-17.5%
Total	44,247	48,935	-9.6%	49,138	49,273	-0.3%	28,972	32,958	-12.1%	122,357	131,166	-6.7%

Outdoor Power Equipment

Sales saw slight growth in Italy, substantial stability in Western Europe and a decline in some Eastern European countries, due to the high level of gardening products' stocks at the end of the previous season. In the Americas, higher sales in the North American market more than offset the slowdown in South America. The decline in the Asia, Africa and Oceania area, despite the growth achieved in the Chinese market, was affected by lower sales recorded in the Turkish market due to the instability of the country.

EBITDA in the period was affected by the decline in sales volumes. The application of the IFRS 16 accounting principle had a positive effect of € 179 thousand. The result for the period includes non-recurring charges equal to € 50 thousand (€ 424 thousand in the same period of 2018).

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 38,717 thousand and "Non-current assets" would amount to € 135,188 thousand.

Pompe and High Pressure Water Jetting

Segment sales were overall in line with the first quarter of 2018. Sales on European markets were affected by the slowdown in economic growth. The Americas area was substantially stable, with good performance in the South American markets, Brazil and Chile in particular. Sales in the Asia, Africa and Oceania areas were driven by the Far East markets.

EBITDA of the segment decreased compared to the same period due to the pressure on prices, greater marketing activities and the strengthening of the technical structure to support product and process innovation, in order to support the growth of the Group. The application of IFRS 16 had a positive effect of € 656 thousand.

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 86,670 thousand and "Non-current assets" would amount to € 78,816 thousand.

Components and Accessories

Segment revenues, excluding the turnover for the first quarter of 2018 of Raico S.r.l. (€ 3,111 thousand concentrated in Europe), have recorded a decrease of 2.9%.

Sales on the European market, on equal scope of consolidation, grew by 1.3% thanks to the good performance recorded on the Italian market. In the Americas, the slight fall in the sales in the North American market was largely offset by the good performance of Latin America by the Chilean and Brazilian subsidiaries. The performance of the Asia, Africa and Oceania area is mainly attributable to lower sales of gardening and cleaning products.

EBITDA of the segment was affected by lower sales volumes and an unfavorable product mix. Raico S.r.l. has had an impact of € 195 thousand. During the period, non-ordinary expenses were recorded for € 231 thousand. The application of the IFRS 16 accounting principle had a positive effect of € 526 thousand.

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 12,024 thousand and "Non-current assets" would amount to € 22,012 thousand.

Business outlook

The delay recorded in sales in the first quarter is mainly due to higher than normal stocks at the distribution network, the delayed start of the sell-out for seasonal products, the globally stagnation of consumption and investments, as well as uncertainty created by tensions on duties.

All the initiatives and investments supporting innovation, the expansion of the product range and distribution channels are in line with the plans.

In an external scenario characterized by persistent uncertainty, the Group expects for this year a turnover in line with the previous year.

Subsequent events

Sale of the minority share of Netribe S.r.l

On 2 April 2019, the parent company Emak S.p.A signed a voluntary withdrawal agreement for the entire share of 15.41%, held in Netribe Srl, a company that operates in the I.T. sector, for a value of € 250 thousand. The transaction was closed on 10 May. The realized capital gain amounts to € 27 thousand.

Other informations

Significant operations: derogation from disclosure obligations

The Company has resolved to make use, with effect from 31 January 2013, of the right to derogate from the obligation to publish the informative documents prescribed in the event of significant merger, demerger, share capital increase through the transfer of goods in kind, acquisition and disposal operations, pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Issuers Regulations, approved with resolution no. 11971 of 14/5/1999 and subsequent modifications and integrations.

Definitions of alternative performance indicators

The chart below shows, in accordance with recommendation ESMA/201/1415 published on October 5, 2015, the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- EBITDA before non ordinary expenses: is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- NET NON-CURRENT ASSETS: include non-financial "Non current assets" net of non-financial "Non-current liabilities".
- NET CAPITAL EMPLOYED: is obtained by adding the "Net working capital" and "Net non-current assets".

Consolidated Financial Statements

Consolidated Income Statement

Thousand of Euro

FY 2018	CONSOLIDATED INCOME STATEMENT	1 Q 2019	1 Q 2018
452,825	Revenues from sales	122,357	131,166
5,465	Other operating incomes	977	1,400
4,621	Change in inventories	7,230	3,567
(243,182)	Raw materials, consumable and goods	(73,083)	(73,943)
(83,310)	Personnel expenses	(21,216)	(21,843)
(86,970)	Other operating costs and provisions	(22,119)	(23,073)
(15,473)	Amortization, depreciation and impairment losses	(5,120)	(3,598)
33,976	Operating result	9,026	13,676
5,316	Financial income	73	2,951
(4,784)	Financial expenses	(1,284)	(1,174)
86	Exchange gains and losses	630	(832)
266	Income from/(expenses on) equity investment	(18)	41
34,860	Profit before taxes	8,427	14,662
(9,213)	Income taxes	(2,339)	(3,482)
25,647	Net profit (A)	6,088	11,180
(250)	(Profit)/loss attributable to non controlling interests	(98)	(59)
25,397	Net profit attributable to the Group	5,990	11,121
0.155	Basic earnings per share	0.037	0.068
0.155	Diluted earnings per share	0.037	0.068
FY 2018	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2019	1 Q 2018
25,647	Net profit (A)	6,088	11,180
(1,041)	Profits/(losses) deriving from the conversion of foreign company accounts	2,520	(415)
45	Actuarial profits/(losses) deriving from defined benefit plans (*)	0	0
(13)	Income taxes on OCI (*)	0	0
(1,009)	Total other components to be included in the comprehensive income statement (B)	2,520	(415)
24,638	Total comprehensive income for the period (A)+(B)	8,608	10,765
(205)	Comprehensive net profit attributable to non controlling interests	(121)	(72)
24,433	Comprehensive net profit attributable to the Group	8,487	10,693

(*) Items will not be classified in the income statement

Statement of consolidated financial position

Thousand of Euro

31.12.2018	ASSETS	31.03.2019	31.03.2018
	Non-current assets		
75,446	Property, plant and equipment	76,902	72,599
20,195	Intangible assets	20,656	19,862
65,773	Goodwill	66,282	66,392
-	Right of use	26,760	-
230	Equity investments in other companies	230	230
4,550	Equity investments in associates	7,291	4,325
8,480	Deferred tax assets	8,887	8,414
2,464	Other financial assets	2,502	698
65	Other assets	66	66
177,203	Total non-current assets	209,576	172,586
	Current assets		
156,678	Inventories	165,268	154,526
108,328	Trade and other receivables	143,135	145,706
6,043	Current tax assets	4,699	4,424
554	Other financial assets	564	7,072
283	Derivative financial instruments	796	197
62,602	Cash and cash equivalents	47,592	44,466
334,488	Total current assets	362,054	356,391
511,691	TOTAL ASSETS	571,630	528,977
31.12.2018	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2019	31.03.2018
	Shareholders' Equity		
203,744	Shareholders' Equity of the Group	211,911	195,655
2,076	Non-controlling interest	2,193	2,244
205,820	Total Shareholders' Equity	214,104	197,899
	Non-current liabilities		
113,328	Loans and borrowings due to banks and other lenders	101,807	94,639
-	Liabilities for leasing	22,486	-
8,355	Deferred tax liabilities	8,343	9,072
8,764	Employee benefits	8,519	9,496
2,173	Provisions for risks and charges	2,218	2,218
520	Other non-current liabilities	511	557
133,140	Total non-current liabilities	143,884	115,982
	Current liabilities		
95,938	Trade and other payables	113,769	108,529
4,913	Current tax liabilities	6,601	6,406
69,359	Loans and borrowings due to banks and other lenders	85,862	97,308
-	Liabilities for leasing	4,675	-
643	Derivative financial instruments	990	244
1,878	Provisions for risks and charges	1,745	2,609
172,731	Total current liabilities	213,642	215,096
511,691	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	571,630	528,977

Statement of change in consolidated equity between 31st December 2018 and 31st March 2019

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2017	42,519	40,529	3,059	1,138	1,466	(1,305)	30,900	50,312	16,165	184,783	2,722	187,505
Profit reclassification			138				168	10,135	(16,165)	(5,724)	(218)	(5,942)
Other changes					(695)	176		771		252	(633)	(381)
Net profit for the period					(996)	32			25,397	24,433	205	24,638
Balance at 31.12.2018	42,519	40,529	3,197	1,138	(225)	(1,097)	31,068	61,218	25,397	203,744	2,076	205,820
Effect first application IFRS 16								(317)		(317)	(4)	(321)
Opening at 01.01.2019	42,519	40,529	3,197	1,138	(225)	(1,097)	31,068	60,901	25,397	203,427	2,072	205,499
Profit reclassification								25,397	(25,397)	0		0
Other changes and reclassifications								(3)		(3)		(3)
Net profit for the period					2,497				5,990	8,487	121	8,608
Balance at 31.03.2019	42,519	40,529	3,197	1,138	2,272	(1,097)	31,068	86,295	5,990	211,911	2,193	214,104

The share capital is shown net of the nominal value of treasury shares in the portfolio amounted to € 104 thousand
 The share premium reserve is stated net of the premium value of treasury shares amounting to € 1,925 thousand

Comments on the financial statements

With the exception of the effects deriving from the first application of IFRS 16 already described in the report it should be noted that this interim report has been prepared under disclosure continuity, comparability, international best practice and transparency to the market. Despite the lack of legal obligation, the Board of Directors of Emak S.p.A. has in fact decided, also because of his membership in the STAR segment of the MTA, to continue in drafting and systematic publication of quarterly reports, in compliance with art. 2.2.3, paragraph 3, letter. a) of the Regulation of Markets organized and managed by Borsa Italiana S.p.A. The reports are made available to the public in the usual forms of deposit at the registered office, the company website and the "eMarket Storage" storage mechanism.

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2018, with the peculiarities shown below.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned. In addition, in the context of disclosure of synthetic and essential character, are not observed all the detailed requirements of IAS 34, whenever it is assessed that its application does not bring meaningful information.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Exchange rates used to translation of financial statements in foreign currencies:

31.12.2018	Amount of foreign for 1 Euro	Average 3 M 2019	31.03.2019	Average 3 M 2018	31.03.2018
0.89	GB Pounds (UK)	0.87	0.86	0.88	0.87
7.88	Renminbi (China)	7.66	7.54	7.82	7.75
1.15	Dollar (Usa)	1.14	1.12	1.23	1.23
4.30	Zloty (Poland)	4.30	4.30	4.18	4.21
16.46	Zar (South Africa)	15.92	16.26	14.71	14.62
31.74	Uah (Ukraine)	31.02	30.60	33.56	32.62
4.44	Real (Brazil)	4.28	4.39	3.99	4.09
10.94	Dirham (Morocco)	10.86	10.86	11.32	11.33
22.49	Mexican Pesos (Mexico)	21.81	21.69	23.04	22.52
794.37	Chilean Pesos (Chile)	757.94	766.02	740.19	744.58

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of 30% of Agres Sistemas Eletrônicos SA

On January 25, 2019 the subsidiary Tecomec S.r.l. has completed the purchase of 30% of the share capital of Agres Sistemas Eletrônicos S.A. ("Agres"), a Brazilian company based in Pinais (Paraná) active in the development and supply, mainly on the local market, of electronic systems (software, hardware and related services) for agricultural machines, in particular spraying and weeding machines and seeders.

The transaction is part of the Group's external growth strategy through the expansion and completion of its product range. With the entry into the capital of Agres the Emak Group will expand its offer of agricultural products, in particular electronic ones, in the Components and Accessories segment, where it already boasts an important position.

In 2018 the company achieved revenues of 21.7 million Reais (approximately € 5 million). The value of the transaction was 11.7 million Reais (approximately € 2.8 million). The agreements governing the transaction also provide for Put & Call Option on a further 55% stake to be exercised in 2023.

The fair value of the assets and liabilities subject to partial acquisition determined on the basis of the last approved financial statements of December 31, 2018, the price paid and the financial disbursement are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	944	-	944
Intangible assets	141	-	141
Other financial assets	56	-	56
Current assets			
Inventories	726	-	726
Trade and other receivables	1,594	-	1,594
Current tax assets	96	-	96
Other financial assets	63	-	63
Cash and cash equivalents	135	-	135
Non-current liabilities			
Loans and borrowings due to banks and other lenders	(1,065)	-	(1,065)
Deferred tax liabilities	(390)	-	(390)
Current liabilities			
Trade and other payables	(661)	-	(661)
Current tax liabilities	(126)	-	(126)
Loans and borrowings due to banks and other lenders	(1,238)	-	(1,238)
Total net assets acquired	275	-	275
% interest held			30%
Net equity acquired			83
Goodwill			2,678
Purchase price paid			2,760

The difference between the price paid and the corresponding portion of shareholders' equity is due to goodwill: the company is valued in the consolidated financial statements using the equity method starting from 1 January 2019 and, consequently, this goodwill is reflected in the book value of the equity investment entered in the balance.

Bagnolo in Piano (RE), May 15, 2019

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

Declaration of the executive in charge of preparing the accounting statements pursuant to the rules of Article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The executive in charge of preparing corporate accounting statements of EMAK S.p.A. Aimone Burani, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 31 March 2019, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), May 15, 2019

Aimone Burani
Executive in charge
of preparing the accounting statements