



# SPAFID CONNECT

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| Informazione<br>Regolamentata n.<br>20133-35-2019 | Data/Ora Ricezione<br>26 Settembre 2019<br>18:22:30 | AIM -Italia/Mercato<br>Alternativo del Capitale |
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| Societa'                      | : | Esautomotion S.p.A.                            |
| Identificativo                | : | 122988   |
| Informazione<br>Regolamentata |   |  |
| Nome utilizzatore             | : | ESAUTOMOTIONN02 - Fontana                      |
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| Diffusione presunta           |   |  |
| Oggetto                       | : | Approval of the first half interim report 2019 |

*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

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# Esautomation approves the consolidated half-year report as at 30 June 2019

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- **REVENUES: Euro 9,721 thousand vs. € 9,481 thousand**
- **EBITDA: Euro 2,046 thousand vs. € 2,542 thousand**
- **EBITDA margin: 21.0% • NET PROFIT: € 1,029 thousand vs. € 1,658 thousand**
- **OPERATING CASH FLOW: € 1,273 thousand with a 62% cash conversion ratio**
- **NET FINANCIAL POSITION, CASH FOR € 6,537 thousand ( € 7,656 thousand at 31.12.18)**

*Carpi, 26 September 2019*

The Board of Directors of Esautomation S.p.A. ("Esautomation", "ESA" or the "Company"), operating holding company of the Esautomation Group (the "Group") active in the field of high precision mechatronic components for industrial machines, today approved the consolidated half-year report at 30 June 2019.

### **MAIN CONSOLIDATED RESULTS AT JUNE 30, 2019**

**Group Revenues** recorded organic growth of **2.5%**, equal to **€ 9,721 thousand** at 30 June 2019 compared to € 9,481 thousand at 30 June 2018.

The world economic situation and in particular that of the investment goods market recorded a sharp slowdown towards the end of 2018 and during 2019. In particular, a general reduction in production volumes of the Company's customers is estimated to be between 15% and 30%.

The main operators in the sector have complained about significant reductions in sales, in particular the world leader in the CNC market (Fanuc), in the first half of 2019, announced a decrease in sales of 27% and a net operating margin of around 47%. Esautomation, also thanks to its anti-cyclical strategy, has preserved its market share by expanding the product range, sacrificing however, given

the economic situation, part of the marginality in favor of greater possible growth in the moment of near recovery, as happened in history of Esautomotion.

**In this context, sales growth, albeit modest (+ 2.5%), represents a positive element of resilience in this difficult time.**

The strategy continues in:

- investments in R&D
- development in product performance, in particular, in strategic market applications (sheet metal, marble, wood processing);
- penetration into strategic customers in terms of share of Computer Numerical Control compared to competitors, expansion of the product range to different complementary applications, expansion of the offer to engines and drives;
- internationalization worldwide, in particular in China, Turkey, Germany and North America.
- Search for growth opportunities through external lines.

The “direct” export level of the Group is 50%, to this value must be added the part of products sold on the domestic market and then exported by our customer machine manufacturers; this value makes us estimate the actual export is equal to about 80% of Revenues.

Regarding costs, we note an increase in the cost of goods sold from 49.8% in the first half of 2018 to 53.3% in the first half of 2019 partly due to the intensification of commercial activity in the low-end market for large customers; the goal of 2019 is to improve margins by starting production of components (motors and drives) in China and increasing efficiency in the purchase of components.

R&D remains the largest investment area of the Group. Also in 2019, research and development activities continued, mainly aimed at:

- integration of various mechatronic technologies;
- development of 4.0 and networking communication logics;
- increase in performances;
- development and integration of new devices, sensors, components;
- development of new kinematics;
- improvement of energy efficiency;
- materials engineering.

These activities have allowed Esautomotion to continue developing software and new integrated devices according to the principles of Industry 4.0, and to consolidate product performance in new application sectors.

**The Consolidated Net Financial Position** shows a **positive cash balance of Euro 6,537 thousand** vs. € 7,656 thousand as at 31.12.18.

**Equity** is equal to Euro **15,803 thousand**.

Gianni Senzolo, Esautomotion’s CEO: *“The economic situation has pushed us to intensify commercial activity: growing by 2.5% in a market that falls on average by more than 20% strengthens us and enables us to recover faster in the coming years.*

*We have incurred higher structural costs in the face of a more adequate organization for growth and the acquisition of new customers at this difficult time has penalized profitability, but the continuation of our strategy will bring the company back to the economic parameters of the past years. New*

*commercial service investments in Germany / Northern Europe and North America, as well as the continuation of China and Turkey are the basis of our development.*

*Product innovation deriving from R&D activity allows us to consolidate our leadership position in the application sectors of our interest. Research and analysis of growth opportunities for external lines continues”.*

## **BUSINESS OUTLOOK**

2019 sales are expected to continue the same level of growth, while net profitability is expected to partially recover compared to the first half of the year, we will expect some elements of efficiency improvement in working capital.

Esautomotion, since the early months of 2019, has launched a strategy primarily aimed at:

- intensification of commercial efforts in China, Turkey, Germany / Northern Europe and North America with the hiring of technical / commercial personnel. This activity is yielding results in terms of into acquisition of new strategic customers already in the second half of the year with test installations. These strategic initiatives will produce results in terms of sales volumes in 2020.
- Reduction of product costs with product re-engineering and procurement from more competitive suppliers, relocation of production. The effects will be limited in 2019, but will be significant in 2020.

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The consolidated interim financial report will be made available to the public, in accordance with the legal deadlines, on the website <http://www.esautomotion.it>.

With reference to the accounting data shown in this press release, please note that the audit is not completed yet, as well as the verification by the Board of Statutory Auditors. In this press release some indicators are used as “performance alternatives” not included by the accounting standards of reference IAS/IFRS adopted by the European Union (*Adjusted EBITDA, adjusted net profit, Return on Investments Return on Equity*) for which meaning please refer to the report on operations as at 30 June 2019. The criteria for determining these indicators may not be equal with those adopted by others companies or groups and, therefore, the non-GAAP measures reported above could not be comparable with those determined by them. Please note that *Adjusted Net Profit* is calculated as a result of *Adjusted EBITDA*.

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*Esautomotion Group results to the 30<sup>th</sup> June 2019 - Consolidated Income Statement IAS / IFRS*

| INCOME STATEMENT IAS/IFRS         | 30-jun-19      |                | 30-jun-18      |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Thousands Euro                    |                |                |                |                |
| Net Sales Revenues                | 9.567          | 98,4%          | 9.467          | 99,9%          |
| Other Revenues                    | 154            | 1,6%           | 14             | 0,1%           |
| <b>TURNOVER</b>                   | <b>9.721</b>   | <b>100,0%</b>  | <b>9.481</b>   | <b>100,0%</b>  |
| Cost of Goods Sold                | (5.178)        | (53,3%)        | (4.721)        | (49,8%)        |
| Personnel Costs                   | (968)          | (10,0%)        | (822)          | (8,7%)         |
| Services                          | (1.405)        | (14,5%)        | (1.351)        | (14,2%)        |
| Other Costs                       | (124)          | (1,3%)         | (45)           | (0,5%)         |
| <b>OPERATIVE COSTS</b>            | <b>(7.675)</b> | <b>(79,0%)</b> | <b>(6.939)</b> | <b>(73,2%)</b> |
| <b>Non recurring Costs</b>        | <b>(78)</b>    |                | <b>(147)</b>   |                |
| <b>EBITDA Adjusted</b>            | <b>2.124</b>   | <b>21,8%</b>   | <b>2.689</b>   | <b>28,4%</b>   |
| <b>EBITDA</b>                     | <b>2.046</b>   | <b>21,0%</b>   | <b>2.542</b>   | <b>26,8%</b>   |
| Depreciation and Amortization     | (671)          | (6,9%)         | (532)          | (5,6%)         |
| <b>EBIT</b>                       | <b>1.375</b>   | <b>14,1%</b>   | <b>2.010</b>   | <b>21,2%</b>   |
| Financial Incomes (Costs)         | (8)            | (0,1%)         | (30)           | (0,3%)         |
| <b>EBT</b>                        | <b>1.367</b>   | <b>14,1%</b>   | <b>1.980</b>   | <b>20,9%</b>   |
| Tax                               | (338)          | (3,5%)         | (322)          | (3,4%)         |
| <b>NET PROFIT (LOSS) Adjusted</b> | <b>1.085</b>   | <b>11,2%</b>   | <b>1.764</b>   | <b>18,6%</b>   |
| <b>NET PROFIT (LOSS)</b>          | <b>1.029</b>   | <b>10,6%</b>   | <b>1.658</b>   | <b>17,5%</b>   |

*Esautomotion Group results to the 30<sup>th</sup> June 2019 - Consolidated Balance Sheet IAS/IFRS*

| CONSOLIDATED BALANCE SHEET IAS/IFRS |   | 30-jun-19      | 31-dec-18      |
|-------------------------------------|---|----------------|----------------|
| Thousands Euro                      |   |                |                |
|                                     | Goodwill                                  | 98             | 98             |
|                                     | Intangible Assets                         | 1.312          | 1.210          |
|                                     | Tangible Assets                           | 864            | 677            |
|                                     | Rights of use                             | 629            | -              |
|                                     | Other non current assets                  | 1              | 1              |
| <b>A</b>                            | <b>Non Current Assets</b>                 | <b>2.904</b>   | <b>1.986</b>   |
|                                     | Inventory                                 | 4.304          | 3.898          |
|                                     | Trade Credits                             | 6.845          | 6.650          |
|                                     | Accounts payable                          | (4.452)        | (4.291)        |
|                                     | <b>OPERATING WORKING CAPITAL</b>          | <b>6.697</b>   | <b>6.257</b>   |
|                                     | Other current assets                      | 635            | 145            |
|                                     | Other current debts                       | (689)          | (559)          |
| <b>B</b>                            | <b>Net Working Capital</b>                | <b>6.643</b>   | <b>5.843</b>   |
|                                     | Severance pay                             | (126)          | (110)          |
|                                     | Funds for risk and charges                | (155)          | (152)          |
| <b>C</b>                            | <b>Total Funds</b>                        | <b>(281)</b>   | <b>(262)</b>   |
| <b>D=A+B+C</b>                      | <b>Net Invested Capital</b>               | <b>9.266</b>   | <b>7.567</b>   |
| <b>E</b>                            | <b>Assets held for sale</b>               | <b>-</b>       | <b>-</b>       |
| <b>F=D+E</b>                        | <b>Total Net Invested Capital</b>         | <b>9.266</b>   | <b>7.567</b>   |
|                                     | Share Capital                             | 2.000          | 2.000          |
|                                     | Accumulated profit and reserves           | 13.798         | 13.220         |
|                                     | Minority interest                         | 5              | 3              |
| <b>G</b>                            | <b>Total Equity</b>                       | <b>15.803</b>  | <b>15.223</b>  |
|                                     | Long term financial Debts                 | 614            | 312            |
|                                     | Short term financial Debts                | 766            | 388            |
|                                     | Cash, Bank Deposits and Financial credits | (7.917)        | (8.356)        |
| <b>H</b>                            | <b>Net Financial Position</b>             | <b>(6.537)</b> | <b>(7.656)</b> |
| <b>I=G+H</b>                        | <b>Total Sources</b>                      | <b>9.266</b>   | <b>7.567</b>   |

*Esautomotion Group results to the 30<sup>th</sup> June 2019 - Consolidated Cash Flow Statement IAS/IFRS*

| CONSOLIDATED CASH FLOW STATEMENT IAS/IFRS             | 30-jun-19      | 30-jun-18      |
|---|----------------|----------------|
|   | Thousands Euro |                |
| Net Profit (Loss)                                     | 1.029          | 1.658          |
| Corporate Income Taxes                                | 338            | 322            |
| Financial Costs (Income)                              | 8              | 30             |
| Offset in working capital                             | -              | 50             |
| Provisions  | 20             | 34             |
| Depreciation  | 660            | 450            |
| <b>Cash flow from operation before changes in NWC</b> | <b>2.055</b>   | <b>2.544</b>   |
| <b>Changes in NWC</b>                                 | <b>(782)</b>   | <b>(1.208)</b> |
| <b>Cash flow after changes in NWC</b>                 | <b>1.273</b>   | <b>1.336</b>   |
| Financial Costs paid                                  | (2)            | (6)            |
| Taxes paid  | (37)           | (322)          |
| <b>Operating cash flow</b>                            | <b>1.234</b>   | <b>1.008</b>   |
| <b>CAPEX</b>  | <b>(944)</b>   | <b>(501)</b>   |
| Loan disbursement (repayment)                         | (280)          | (277)          |
| Increase in capital                                   | -              | -              |
| Share Buyback   | (234)          | -              |
| Changes in Equity                                     | 113            | (13)           |
| Dividends paid  | (328)          | (250)          |
| <b>Financial Changes</b>                              | <b>(729)</b>   | <b>(540)</b>   |
| <b>Changes in Liquidity</b>                           | <b>(439)</b>   | <b>(33)</b>    |
| Cash beginning of the year                            | 8.356          | 1.134          |
| Cash at the end of the period                         | 7.917          | 1.101          |

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**Ticker:** ESAU

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*Contatti Nominated Adviser*

*BPER Banca S.p.A. | [esautomotion@bper.it](mailto:esautomotion@bper.it) |*

*Contatti Investor Relations*

*Franco Fontana | [franco.fontana@esautomotion.com](mailto:franco.fontana@esautomotion.com) |*

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