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Oggetto : GEFRAN S.p.A. BOARD APPROVES
CONSOLIDATED RESULTS AT 30
SEPTEMBER 2019

Testo del comunicato

Vedi allegato.

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

- Revenues of 105.1 million Euro (+4 million Euro over the first nine months of 2018)
- Positive EBITDA of 15.1 million Euro, amounting to 14.3% of revenues (-0.3 million Euro at 30 September 2018)
- Net profit of 5.7 million (+0.2 million Euro at 30 September 2018)
- Net financial position was a negative 14.9 million Euro, following investment of 11.2 million Euro (as compared to a negative 4.5 million Euro at 31 December 2018)

Group income statement highlights

| (Euro / 000) | 30 September 2019 | | 30 September 2018 | | 3Q 2019 | | 3Q 2018 | |
|---|-------------------|--------|-------------------|--------|---------|--------|---------|--------|
| Revenues | 105,114 | 100.0% | 101,080 | 100.0% | 33,015 | 100.0% | 30,820 | 100.0% |
| EBITDA | 15,063 | 14.3% | 15,429 | 15.3% | 4,328 | 13.1% | 4,219 | 13.7% |
| EBIT | 7,728 | 7.4% | 10,728 | 10.6% | 2,352 | 7.1% | 2,606 | 8.5% |
| Profit (loss) before tax | 7,946 | 7.6% | 9,854 | 9.7% | 2,438 | 7.4% | 2,236 | 7.3% |
| Result from operating activities | 5,660 | 5.4% | 6,319 | 6.3% | 1,631 | 4.9% | 1,383 | 4.5% |
| Net profit (loss) from assets held for sale | - | 0.0% | (875) | -0.9% | - | 0.0% | - | 0.0% |
| Group net profit (loss) | 5,660 | 5.4% | 5,444 | 5.4% | 1,631 | 4.9% | 1,383 | 4.5% |

Group statement of financial position highlights

| (Euro / 000) | 30 September 2019 | 31 December 2018 |
|----------------------------------|-------------------|------------------|
| Invested capital from operations | 89,047 | 77,335 |
| Net working capital | 32,626 | 32,055 |
| Shareholders' equity | 74,165 | 72,814 |
| Net financial position | (14,882) | (4,521) |

| (Euro / 000) | 30 September 2019 | 30 September 2018 |
|---------------------|-------------------|-------------------|
| Operating cash flow | 10,327 | 12,411 |
| Investments | 11,244 | 6,875 |

Provaglio d'Iseo (BS), 13 November 2019 – The Board of Directors of GEFran S.p.A met today under the chairmanship of Giovanna Franceschetti, at the company's Provaglio d'Iseo (BS) headquarters, to approve the company's results as of 30 September 2019.

Revenues in the first nine months of 2019 amount to 105.114 million Euro, as compared with revenues of 101.080 million Euro in the same period in 2018, registering 4.034 million Euro in growth (+4%). The purchase of Elettropiemme S.r.l. on 23 January 2019 contributed a total of 4.269 million Euro to this increase in revenues. If this effect is not taken into account, revenues are aligned with the same period in the previous year (-0.2%). Revenues from motion control were up due to increased sales of products for industrial applications and custom orders.

The breakdown of revenues by **geographical region** shows strong growth in North America (+28.6%, net of the positive effect of the favourable exchange rate trend), particularly in the last quarter, and in

South America (+10.5%), while sales fell in non-EU Europe (-32.7%) and the European Union (-3.4%). The growth recorded in Italy (+10.1%) was due to the change in the scope of the consolidation, without which there would have been a decrease in sales compared to the first nine months of 2018 (-3.3%).

The breakdown of revenues by **business area** reveals growth in motion control (+4.4%) and in the automation components business line (+13.3%). In the second case, the increase represents the revenues of the newly acquired company Elettropiemme S.r.l., without which sales in this business line would have been lower than in the same period in the previous year (-1.8%). On the other hand, sales in the sensors business line contracted (-2.4%), mainly in the Asian, European and Italian markets.

Added value for the first nine months of 2019 was 70.132 million Euro (67.322 million Euro at 30 September 2018), equivalent to 66.7% of revenues (up over the figure of 66.5% for the first nine months of 2018). The entry of Elettropiemme S.r.l. into the Group contributed to the increase in added value, net of which the figure for the first three months would be in line with the first nine months of the previous year, representing 67.3% of revenues.

Other operating costs at 30 September 2019 amounted to 17.584 million Euro, down compared to the figure of 17.960 million Euro over the same period in 2018, representing 16.7% of revenues (as compared to 17.8% in the first nine months of 2018). These cost items include the entry of Elettropiemme S.r.l. into the Group (0.306 million Euro) and a decrease in the cost of third-party assets due to application of the new accounting standard IFRS16, which sees the transfer of lease payments for the period (0.714 million Euro).

Personnel costs at 30 September 2019 amounted to 37.485 million Euro, compared with 33.933 million Euro in the same period of 2018, with an increase relating to both the newly acquired Elettropiemme S.r.l. and the hiring of new employees, with an increase in the average number of employees from 753 in the first nine months of 2018 to 805 in the first nine months of 2019.

EBITDA for the first nine months of 2019 amounted to 15.063 million Euro (15.429 million Euro on 30 September 2018), and reached 14.3% of revenues (15.3% on 30 September 2018), a drop of 0.366 million Euro. The addition of Elettropiemme S.r.l. to the Group brought an increase of 0.746 million Euro, without which EBITDA would have been 1.112 million Euro lower than in the first nine months of 2018. The decrease is primarily attributable to higher personnel costs during the period, only partly compensated by the greater added value earned and the positive effect of application of the new IFRS16 accounting standard, which requires reversal of leasing fees in the period.

EBIT as of 30 September 2019 was positive and equal to 7.728 million Euro, representing 7.4% of revenues, compared to an EBIT of 10.728 million Euro (10.6% of revenues) at 30 September 2018, a decrease of 3.000 million Euro. EBIT reflects a 1.531 million Euro drop in the value of assets as a result of demolition of a building used by the sensors business, expansion of which required additional space for new production lines. Considering that the building originally identified for this purpose was unable to guarantee sufficient technological and energy performance and long-term sustainability, it was demolished to permit construction of a more advanced, functional building. The work will be completed in 2019 and the plant will be fully operative by the beginning of 2020. If this loss is eliminated, along with the positive impact of the addition of Elettropiemme S.r.l. to the Group, EBIT in the first nine months of 2019 would total 8.705 million Euro, 2.023 million Euro lower than in the first nine months of 2018.

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

Group net profit was 5.660 million Euro as of 30 September 2019, compared with a profit of 5.444 million Euro in the same period of 2018. When the positive impact of the newly purchased Elettropiemme S.r.l. and the loss of value of assets described above are eliminated, the net result as of 30 September 2019 is 6,832 million Euro, 1.388 million Euro higher than the first nine months of 2018.

Working capital was 28.159 million Euro at 30 September 2019, compared with 23.028 million Euro at 31 December 2018, an overall increase of 5.131 million Euro.

Shareholders' equity at 30 September 2019 was 74.165 million Euro, compared with 72.814 million Euro at 31 December 2018. The change was primarily a result of the positive result in the period, totalling 5.668 million Euro, absorbed by distribution of 4.599 million Euro in dividends.

Investment in the first nine months of 2019 amounted to 11.244 million Euro (6.875 million Euro in the same period of the previous year).

The company's **net financial** position at 30 September 2019 was negative and equal to 14.882 million Euro, 10.361 million Euro worse than the figure for 31 December 2018, when it was negative by 4.521 million Euro. This change is mainly due to positive cash flows from ordinary operations (10.327 million Euro), absorbed by technical investments in the period (10.881 million Euro), distribution of dividends (4.599 million Euro), the net effect of the acquisition of Elettropiemme S.r.l. (0.231 million Euro) and payment of taxes (1.152 million Euro). In addition to this, there was the negative effect of the application of IFRS 16, which led to a worsening of the company's net financial position (2.956 million Euro).

Net financial debt comprises short-term cash and cash equivalents of 11.378 million Euro and medium-/long-term debt of 26.260 million Euro.

"The results in the third quarter are overall positive in terms of revenues and margins, thanks also to the contribution of the newly acquired Elettropiemme. Although the scenario of our reference markets still presents areas of uncertainty, especially in Europe and Asia, we expect an improvement in revenues in the last part of the year, especially in the drives and motion control business", says Gefran Group CEO Alberto Bartoli.

"The investment plan, that will allow us to face the medium-long term challenges, has continued regularly during this quarter. In 2019, as at 30 September, investments of 11 million euros has been made in technological assets and 65 employees were hired."

"Confirming our previous forecast, we expect to close the year 2019 with higher revenues than 2018 and EBITDA margin in line with the one of the previous year."

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

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

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

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

- **Added value:** the direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA:** the operating result before depreciation, amortisation and impairment. The purpose of this indicator is to present the Group’s operating profitability before the main non-monetary items;
- **EBIT:** operating profit before financial management and taxes. The purpose of this indicator is to present the Group’s operating profitability.

Alternative indicators used in the report on the reclassified statement of financial position are:

- **Net non-current assets:** the algebraic sum of the following items in the statement of financial position:
 - Goodwill
 - Intangible assets
 - Property, plant, machinery and tools
 - Equity investments valued at equity
 - Equity investments in other companies
 - Receivables and other non-current assets
 - Deferred tax assets
- **Working capital:** the algebraic sum of the following items in the statement of financial position:
 - Inventories
 - Trade receivables
 - Trade payables
 - Other assets
 - Tax receivables
 - Current provisions
 - Tax payables
 - Other liabilities
- **Net invested capital:** the algebraic sum of fixed assets, operating capital and provisions;
- **Net financial position:** algebraic sum of the following items:
 - Medium/long-term financial payables
 - Short-term financial payables
 - Financial liabilities for derivatives
 - Financial assets for derivatives
 - Cash and cash equivalents and short-term financial receivables

Contacts:

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

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

*The **Gefran Group** operates directly in the main international markets, through sales branches in Italy, France, Germany, Switzerland, the UK, Belgium, Spain, Turkey, the US, Brazil, China, Singapore and India, and through manufacturing branches also in Germany, Switzerland, Brazil, the US and China. The **Gefran Group** currently has more than 800 employees. The key factors behind **Gefran's** success are specialist know-how, design and production flexibility, capacity for innovation and the quality of its processes and products. With total control of process technology and application know-how, **Gefran** creates instruments and integrated systems for specific applications in various industrial sectors, including plastics processing, food, pharmaceuticals, and packaging and die-casting machines. **Gefran**, which has been listed on the Italian Stock Exchange since 9 June 1998, became part of the STAR (high-requisite stock) segment in 2001 and has been listed in the ALL STAR class since 31 January 2005 (which became the FTSE Italia STAR Index on 1 June 2009).*

Attachments:

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

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

(Not audited by independent auditors)

| (Euro / 000) | 30 September 2019 | 30 September 2018 | Changes 2019-2018 | |
|--|-------------------|-------------------|-------------------|--------|
| | Total | Total | Value | % |
| a Revenues | 105,114 | 101,080 | 4,034 | 4.0% |
| b Increases for internal work | 1,835 | 899 | 936 | 104.1% |
| c Consumption of materials and products | 36,817 | 34,657 | 2,160 | 6.2% |
| d Added value (a+b-c) | 70,132 | 67,322 | 2,810 | 4.2% |
| and Other operating costs | 17,584 | 17,960 | (376) | -2.1% |
| f Personnel costs | 37,485 | 33,933 | 3,552 | 10.5% |
| g EBITDA (d-e-f) | 15,063 | 15,429 | (366) | -2.4% |
| h Depreciation, amortisation and impairment | 7,335 | 4,701 | 2,634 | 56.0% |
| i EBIT (g-h) | 7,728 | 10,728 | (3,000) | -28.0% |
| l Gains (losses) from financial assets/liabilities | (72) | (829) | 757 | 91.3% |
| m Gains (losses) from shareholdings valued at equity | 290 | (45) | 335 | 744.4% |
| n Profit (loss) before tax (i±l±m) | 7,946 | 9,854 | (1,908) | -19.4% |
| o Taxes | (2,286) | (3,535) | 1,249 | 35.3% |
| p Result from operating activities (n±o) | 5,660 | 6,319 | (659) | -10.4% |
| q Net profit (loss) from assets held for sale | - | (875) | 875 | 100.0% |
| r Group net profit (loss) (p±q) | 5,660 | 5,444 | 216 | 4.0% |

Results by business of the Gefran Group at 30 September 2019

(Not audited by independent auditors)

| (Euro / 000) | 30 September 2019 | | | | | 30 September 2018 | | | | |
|-----------------------|-------------------|---------------|---------------|--------------|---------------|-------------------|---------------|---------------|---------------|---------------|
| | Revenues | EBITDA | % of revenues | EBIT | % of revenues | Revenues | EBITDA | % of revenues | EBIT | % of revenues |
| Sensors | 45,892 | 11,544 | 25.2% | 7,677 | 16.7% | 47,000 | 14,491 | 30.8% | 12,634 | 26.9% |
| Automation components | 32,031 | 3,369 | 10.5% | 1,496 | 4.7% | 28,274 | 2,717 | 9.6% | 1,237 | 4.4% |
| Motion Control | 31,383 | 150 | 0.5% | (1,445) | -4.6% | 30,073 | (1,779) | -5.9% | (3,143) | -10.5% |
| Eliminations | (4,192) | - | n.s. | - | n.s. | (4,267) | - | n.s. | - | n.s. |
| Total | 105,114 | 15,063 | 14.3% | 7,728 | 7.4% | 101,080 | 15,429 | 15.3% | 10,728 | 10.6% |

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

(Not audited by independent auditors)

| (Euro / 000) | 30 September 2019 | | 30 September 2018 | | Changes 2019-2018 | |
|-------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | value | % | value | % | value | % |
| Italy | 33,190 | 31.6% | 30,159 | 29.8% | 3,031 | 10.1% |
| European Union | 26,686 | 25.4% | 27,623 | 27.3% | (937) | -3.4% |
| Europe non-EU | 3,288 | 3.1% | 4,886 | 4.8% | (1,598) | -32.7% |
| North America | 14,649 | 13.9% | 10,948 | 10.8% | 3,701 | 33.8% |
| South America | 3,379 | 3.2% | 3,058 | 3.0% | 321 | 10.5% |
| Asia | 23,355 | 22.2% | 24,010 | 23.8% | (655) | -2.7% |
| Rest of the World | 567 | 0.5% | 396 | 0.4% | 171 | 43.2% |
| Total | 105,114 | 100% | 101,080 | 100% | 4,034 | 4.0% |

Reclassified schedule of the Consolidated Statement of Financial Position of the Gefran Group at 30 September 2019

(Not audited by independent auditors)

| (Euro / 000) | 30 September 2019 | | 31 December 2018 | |
|---|-------------------|--------------|------------------|--------------|
| | value | % | value | % |
| Intangible assets | 13,290 | 14.9 | 12,376 | 16.0 |
| Tangible assets | 45,352 | 50.9 | 38,955 | 50.4 |
| Other non-current assets | 9,999 | 11.2 | 9,801 | 12.7 |
| Net non-current assets | 68,641 | 77.1 | 61,132 | 79.0 |
| Inventories | 27,167 | 30.5 | 22,978 | 29.7 |
| Trade receivables | 29,117 | 32.7 | 29,808 | 38.5 |
| Trade payables | (23,658) | (26.6) | (20,731) | (26.8) |
| Other assets/liabilities | (4,467) | (5.0) | (9,027) | (11.7) |
| Working capital | 28,159 | 31.6 | 23,028 | 29.8 |
| Provisions for risks and future liabilities | (2,269) | (2.5) | (1,674) | (2.2) |
| Deferred tax provisions | (741) | (0.8) | (627) | (0.8) |
| Employee benefits | (4,743) | (5.3) | (4,524) | (5.8) |
| Invested capital from operations | 89,047 | 100.0 | 77,335 | 100.0 |
| Net invested capital | 89,047 | 100.0 | 77,335 | 100.0 |
| Shareholders' equity | 74,165 | 83.3 | 72,814 | 94.2 |
| Non-current financial payables | 24,119 | 27.1 | 11,864 | 15.3 |
| Current financial payables | 12,201 | 13.7 | 10,817 | 14.0 |
| Financial payables for IFRS 16 leases (current and non-current) | 2,956 | 3.3 | - | - |
| Financial liabilities for derivatives (current and non-current) | 283 | 0.3 | 28 | 0.0 |
| Financial assets for derivatives (current and non-current) | (2) | (0.0) | (19) | (0.0) |
| Other non-current financial investments | (110) | (0.1) | (126) | (0.2) |
| Cash and cash equivalents and current financial receivables | (24,565) | (27.6) | (18,043) | (23.3) |
| Net debt relating to operations | 14,882 | 16.7 | 4,521 | 5.8 |
| Total sources of financing | 89,047 | 100.0 | 77,335 | 100.0 |

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

(Not audited by independent auditors)

| <i>(Euro / 000)</i> | 30 September 2019 | 30 September 2018 |
|--|------------------------------|------------------------------|
| A) Cash and cash equivalents at the start of the period | 18,043 | 24,006 |
| B) Cash flow generated by (used in) operations in the period | 10,327 | 12,411 |
| C) Cash flow generated by (used in) investment activities | (9,807) | (7,153) |
| D) Free cash flow (B+C) | 520 | 5,258 |
| E) Cash flow generated by (used in) financing activities | 5,929 | (15,914) |
| F) Cash flow from continuing operations (D+E) | 6,449 | (10,656) |
| G) Cash flow from assets held for sale | 0 | 0 |
| H) Exchange rate translation differences on cash at hand | 73 | (242) |
| I) Net change in cash at hand (F+G+H) | 6,522 | (10,898) |
| J) Cash and cash equivalents at the end of the period (A+I) | 24,565 | 13,108 |

Fine Comunicato n.0136-23

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