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Oggetto : GEFRAN S.P.A.: APPROVAL OF
CONSOLIDATED RESULTS AT 31 March
2020

Testo del comunicato

Vedi allegato.

GEFRAN S.p.A. BOARD APPROVES CONSOLIDATED RESULTS AT 31 March 2020

- Revenues of 31.4 million Euro (-4.5 million Euro over the first three months of 2019)
- EBITDA positive by 3.2 million Euro, equal to 10.3% of revenues (-3 million Euro less than 31 March 2019)
- Net profit of 0.1 million (-2.5 million Euro at 31 March 2019)
- Net financial position was a negative EUR 16.1 million, while it was a negative EUR 13.3 million at 31 December 2019.

Group income statement highlights

(Euro / 000)	Q1 2020		Q1 2019	
Revenues	31,426	100.0%	35,973	100.0%
EBITDA	3,227	10.3%	6,269	17.4%
EBIT	1,230	3.9%	2,978	8.3%
Profit (loss) before tax	565	1.8%	3,395	9.4%
Group net profit (loss)	79	0.3%	2,548	7.1%

Group statement of financial position highlights

(Euro / 000)	31 March 2020	31 December 2019
Invested capital from operations	91,365	88,331
Net working capital	31,356	28,542
Shareholders' equity	75,270	75,044
Net financial position	(16,095)	(13,287)

(Euro / 000)	31 March 2020	31 March 2019
Operating cash flow	(1,380)	2,642
Investments	1,050	4,806

Provaglio d'Iseo (BS), 14 May 2020 – The Board of Directors of GEFran S.p.A met today, via video-conferencing, under the chairmanship of Maria Chiara Franceschetti, to approve the results at 31 March 2020.

Revenues in the first three months of 2020 amount to 31.426 million Euro, as compared with revenues of 35.973 million Euro in the same period in 2019, registering a 4.547 million Euro drop (-12.6%). The Coronavirus pandemic resulted in closure of the Group's Chinese subsidiary in February, followed by closure of the Group's Italian plants in the month of March. While the other countries where the Group operates did not impose lockdown until April, movement within individual areas has been subject to significant restrictions, making it impossible for our sales network to operate.

This situation has led to shrinkage of revenues, affecting all the Group's business units and all the **geographical regions** the Group works in, particularly: Italy (-15.4%), the European Union (-15.3%),

and North and South America (-23% and -13%, respectively). On the other hand, revenues increased in non-EU Europe thanks to the healthy performance of the motion control business unit.

The **breakdown of revenues by business area** in the first quarter of 2020 reveals a drop over the figure for the first quarter of 2019 in all sectors served by the Group: sales of drives fell by 12.6%, while sales of automation components fell by 18.1% and the revenues of the sensors business dropped 9.6% due to shrinkage in Italy, Europe and the Americas, while sales of sensors in Asia increased over the same period in the previous year.

Added value at 31 March 2020 amounted to 20.510 million Euro (24.401 at 31 March 2019) and represented 65.3% of revenues: the drop was primarily a result of lower volumes of sales.

Other operating costs in the first quarter of 2020 amounted to 5.425 million Euro (representing 17.3% of revenues), 0.328 million Euro lower in absolute terms than the figure for the first quarter of 2019, which was 5.753 million Euro (representing 16% of revenues).

Personnel costs in the first quarter of 2020 totalled 11.858 million Euro (37.7% of revenues), as compared to a cost of 12.379 million Euro (34.4% of revenues) in the first quarter of the previous year, a 0.521 million Euro drop.

EBITDA at 31 March 2020 was positive by 3.227 million Euro (6.269 million Euro at 31 March 2019), representing 10.3% of revenues (17.4% of revenues in the first quarter of 2019), down 3.042 million Euro over the previous year in absolute terms. The reduction due to shrinking revenues was only partially compensated by reduced operating costs.

Depreciation, amortisation and impairment in the first quarter of 2020 totalled 1.997 million Euro, as compared to 3.291 million Euro in the same period in the previous year, a 1.294 million Euro drop. The change is primarily a result of the entry in the first quarter of 2019 of impairment of assets in the sensors business totalling 1.423 million Euro, linked with a property unable to guarantee technological and energy performance to ensure long-term sustainability.

EBIT at 31 March 2020 is positive by 1.230 million Euro (3.9% of revenues), as compared to an EBIT of 2.978 million Euro for the same period in 2019 (8.3% of revenues), 1.748 million Euro lower. The change is a result of reduced revenues, only partially compensated by lower operating costs and depreciation/amortisation.

Group net profit was 2.458 million Euro in the first quarter of 2020, compared with a profit of 2.548 million Euro in the same period of 2019, a 2.469 million Euro decrease.

Working capital at 31 March 2020 amounted to 29.092 million Euro, as compared to 25.058 million Euro at 31 December 2019, an overall increase of 4.034 million Euro. The change in working capital may be attributed primarily to a 5.367 million Euro decrease in trade payables. Trade payables at the end of 2019 were for purchases of materials for production, and above all payables to suppliers resulting from investments in the last quarter of 2019, paid in the first quarter of 2020. The Parent Company participated in the "I pay suppliers" initiative promoted by the Industrialists' Association of Brescia, in line with the Group's business ethics in respecting its duties.

Shareholders' equity as of 31 March 2020 amounted to 75.270 million Euro, compared to 75.044 million Euro on 31 December 2019, up 0.226 million. The change is mainly due to the profit in the period.

Investment in the first quarter of 2020 amounted to 1.050 million Euro (4.806 million Euro in the first quarter of the previous year).

Net financial position at 31 March 2020 was negative by 16.095 million Euro, 2.808 million Euro higher than at the end of 2019, when it was on the whole negative by 13.287 million Euro. The change in net financial position originated essentially with absorption of working capital (3.655 million Euro), particularly due to the change in trade payables.

Sustainability committee

During the 14 May meeting, the Board of Directors set up a Sustainability Committee consisting of three of the Group's Directors: Giovanna Franceschetti, Marcello Perini and Cristina Mollis. The Sustainability Committee, regulated by the regulations approved during the same meeting, will supervise all the company's activities in the area of sustainability and report to the Board of Directors.

Impact of Covid-19 and related actions

Gefran has suffered the effects of the spread of Covid-19 in the countries where the Group operates, either directly with its own branches or indirectly through customers and suppliers, primarily as a result of the partial or total shutdown of production.

The Group responded with prompt introduction of measures aimed at protecting the safety of its employees and everyone it works with while ensuring business continuity compatibly with government directives. This has led to the definition of specific procedures for behaviour and access to company premises, and to preparation of health and safety protocols, and reorganisation of the company processes to be particularly sensitive in these circumstances (such as supply chain management).

The Group has now resumed production in its principal sectors, while office staff continue to work from home. The Gefran Group has also resorted to use of the exceptional wages guarantee fund and begun the required procedures for requesting government aid wherever available. In addition, actions are under way aimed at cutting costs and redefining the Group's actions and priorities.

Gefran Group CEO Marcello Perini comments: *"Though down over the first quarter of 2019, the results achieved by the Group may be viewed as positive in a quarter characterised by the global spread of the pandemic and the consequent restrictive measures on economic activities. The timely reaction of each individual Group subsidiary, made possible by sharing experiences in the various countries of operation, allowed to partially mitigate the effects of the pandemic. This rapid reaction will be also a key to taking advantage of the opportunities at global level will arise with the gradual return to normality that we expect, however, characterized by a contraction in demand. In view of the above, and in the absence of further unexpected events, we may expect to close the year 2020 with lower revenues and profit margins than we saw in 2019."*

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 31 March 2020 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

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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 31 March 2020
(Not audited by independent auditors)

(Euro / 000)	Q1 2020	Q1 2019	Changes 2020-2019	
	Total	Total	Value	%
a Revenues	31,426	35,973	(4,547)	-12.6%
b Increases for internal work	495	635	(140)	-22.0%
c Consumption of materials and products	11,411	12,207	(796)	-6.5%
d Added value (a+b-c)	20,510	24,401	(3,891)	-15.9%
and Other operating costs	5,425	5,753	(328)	-5.7%
f Personnel costs	11,858	12,379	(521)	-4.2%
g EBITDA (d-e-f)	3,227	6,269	(3,042)	-48.5%
h Depreciation, amortisation and impairment	1,997	3,291	(1,294)	-39.3%
i EBIT (g-h)	1,230	2,978	(1,748)	-58.7%
l Gains (losses) from financial assets/liabilities	(667)	175	(842)	-481.1%
m Gains (losses) from shareholdings valued at equity	2	242	(240)	99.2%
n Profit (loss) before tax (i±l±m)	565	3,395	(2,830)	-83.4%
o Taxes	(486)	(847)	361	42.6%
p Group net profit (loss)(n±o)	79	2,548	(2,469)	-96.9%

Results by business of the Gefran Group at 31 March 2020
(Not audited by independent auditors)

(Euro / 000)	Q1 2020					Q1 2019				
	Revenue s	EBITD A	% of revenue s	EBI T	% of revenue s	Revenue s	EBITD A	% of revenue s	EBI T	% of revenue s
Sensors	13,811	2,591	18.8%	1,759	12.7%	15,286	4,233	27.7%	2,043	13.4%
Automation components	9,041	574	6.3%	(50)	-0.6%	11,041	1,397	12.7%	831	7.5%
Motion Control	9,701	62	0.6%	(479)	-4.9%	11,095	639	5.8%	104	0.9%
Eliminations	(1,127)	-	n.s.	-	n.s.	(1,449)	-	n.s.	-	n.s.
Total	31,426	3,227	10.3%	1,230	3.9%	35,973	6,269	17.4%	2,978	8.3%

Revenues by geographical region of the Gefran Group at 31 March 2020
(Not audited by independent auditors)

(Euro / 000)	Q1 2020		Q1 2019		Changes 2020-2019	
	value	%	value	%	value	%
Italy	9,699	30.9%	11,464	31.9%	(1,765)	-15.4%
European Union	8,117	25.8%	9,588	26.7%	(1,471)	-15.3%
Europe non-EU	1,484	4.7%	1,038	2.9%	446	43.0%
North America	3,707	11.8%	4,813	13.4%	(1,106)	-23.0%
South America	1,008	3.2%	1,159	3.2%	(151)	-13.0%
Asia	7,165	22.8%	7,652	21.3%	(487)	-6.4%
Rest of the World	246	0.8%	259	0.7%	(13)	-5.0%
Total	31,426	100%	35,973	100%	(4,547)	-12.6%

Reclassified schedule of the Consolidated Statement of Financial Position of the Gefran Group at 31 March 2020

(Not audited by independent auditors)

(Euro / 000)	31 March 2020		31 December 2019	
	value	%	value	%
Intangible assets	13,849	15.2	13,558	15.3
Tangible assets	46,869	51.3	47,850	54.2
Other non-current assets	9,278	10.2	9,536	10.8
Net non-current assets	69,996	76.6	70,944	80.3
Inventories	23,797	26.0	24,548	27.8
Trade receivables	27,129	29.7	28,931	32.8
Trade payables	(19,570)	(21.4)	(24,937)	(28.2)
Other assets/liabilities	(2,264)	(2.5)	(3,484)	(3.9)
Working capital	29,092	31.8	25,058	28.4
Provisions for risks and future liabilities	(2,207)	(2.4)	(2,171)	(2.5)
Deferred tax provisions	(657)	(0.7)	(647)	(0.7)
Employee benefits	(4,859)	(5.3)	(4,853)	(5.5)
Invested capital from operations	91,365	100.0	88,331	100.0
Net invested capital	91,365	100.0	88,331	100.0
Shareholders' equity	75,270	82.4	75,044	85.0
Non-current financial payables	19,909	21.8	21,916	24.8
Current financial payables	11,746	12.9	12,643	14.3
Financial payables for IFRS 16 leases (current and non-current)	2,925	3.2	3,084	3.5
Financial liabilities for derivatives (current and non-current)	167	0.2	169	0.2
Financial assets for derivatives (current and non-current)	(1)	(0.0)	(1)	(0.0)
Other non-current financial investments	(89)	(0.1)	(97)	(0.1)
Cash and cash equivalents and current financial receivables	(18,562)	(20.3)	(24,427)	(27.7)
Net debt relating to operations	16,095	17.6	13,287	15.0
Total sources of financing	91,365	100.0	88,331	100.0

Reclassified schedule of the Consolidated Cash Flow Statement of the Gefran Group at 31 March 2020

(Not audited by independent auditors)

(Euro / 000)	31 March 2020	31 March 2019
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	24,427	18,043
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	79	2,548
Depreciation, amortisation and impairment	1,997	3,291
Provisions (Releases)	591	538
Capital (gains) losses on the sale of non-current assets	-	(3)
Net result from financial operations	665	(409)
Taxes	253	647
Change in provisions for risks and future liabilities	(94)	(289)
Change in other assets and liabilities	(1,447)	(1,878)
Change in deferred taxes	231	194
Change in trade receivables	1,619	(2,800)
Change in inventories	101	(2,896)
Change in trade payables	(5,375)	3,699
	<i>of which related parties:</i>	<i>(54)</i>
TOTAL	(1,380)	2,642
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(1,050)	(4,806)
	<i>of which related parties:</i>	<i>(90)</i>
- Acquisitions net of acquired cash	-	(231)
- Financial receivables	1	(2)
Disposal of non-current assets	-	2
TOTAL	(1,049)	(5,037)
D) FREE CASH FLOW (B+C)	(2,429)	(2,395)
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	(33)	11,761
Repayment of financial payables	(2,782)	(1,744)
Increase (decrease) in current financial payables	(157)	885
Outgoing cash flow due to IFRS 16	(324)	(248)
Taxes paid	(53)	(165)
Interest paid	(219)	(160)
Interest received	18	85
TOTAL	(3,550)	10,414
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(5,979)	8,019
H) Exchange rate translation differences on cash at hand	114	68
I) NET CHANGE IN CASH AT HAND (F+G+H)	(5,865)	8,087
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	18,562	26,130

Fine Comunicato n.0136-21

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