



SPAFID CONNECT

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Oggetto : GEFRAN S.p.A.: CONSOLIDATED
RESULTS AT 30 June 2020

Testo del comunicato

Vedi allegato.

GEFRAN S.p.A. BOARD APPROVES CONSOLIDATED RESULTS AT 30 June 2020

- Revenues of 62.7 million Euro (-13% compared to the first six months of 2019)
- Positive EBITDA of 7.3 million Euro (positive at 10.7 million Euro at 30 June 2019)
- Net profit of 1.1 million Euro (4 million Euro at 30 June 2019)
- Net financial position was a negative EUR 13.6 million, while it was a negative EUR 13.3 million at 31 December 2019.

Group income statement highlights

(Euro / 000)	30 June 2020		30 June 2019		2Q 2020		2Q 2019	
Revenues	62,735	100.0%	72,099	100.0%	31,309	100.0%	36,126	100.0%
EBITDA	7,336	11.7%	10,735	14.9%	4,109	13.1%	4,466	12.4%
EBIT	3,321	5.3%	5,376	7.5%	2,091	6.7%	2,398	6.6%
Profit (loss) before tax	2,214	3.5%	5,508	7.6%	1,649	5.3%	2,113	5.8%
Group net profit (loss)	1,139	1.8%	4,029	5.6%	1,060	3.4%	1,481	4.1%

Group statement of financial position highlights

(Euro / 000)	30 June 2020	31 December 2019
Invested capital from operations	89,404	88,331
Net working capital	31,673	28,542
Shareholders' equity	75,845	75,044
Net financial position	(13,559)	(13,287)

(Euro / 000)	30 June 2020	30 June 2019
Operating cash flow	2,951	5,293
Investments	2,927	8,632

Provaglio d'Iseo (BS), 6 August 2020 – The Board of Directors of GEFran S.p.A met today, under the chairmanship of Maria Chiara Franceschetti, to approve the results at 30 June 2020.

Revenues in the first half of 2020 amount to 62.735 million Euro, as compared with revenues of 72.099 million Euro in the same period in 2019, registering a 9.364 million Euro drop (-13%). 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. Moreover, in April, other countries were also affected by the lockdown (India and Brazil, for example), limiting the possibility to travel and consequently affecting the activities usually carried out by the commercial network. This situation led to shrinkage of revenues affecting all the Group's business units and all the **geographical regions** the Group works in, particularly: Italy (-14.4%), the European Union (-16.4%), and North and South America (-20.8% and -28.6%, respectively). On the other hand, revenues increased in the non-EU European area thanks to the healthy performance of the motion control business in this region.

The **breakdown of revenues by business area** in the first half of 2020 reveals a drop over the figure for the same period of 2019 in all the sectors the Group works in: sales of drives were down by 13.3%, while sales of automation components dropped 17.2%. Revenues from the sensors business were

also down (-9.3%), with shrinkage in Italy, Europe and America, while sales of sensors in Asia increased in the first half of 2020 over the same period in the previous year.

Added value at 30 June 2020 amounted to 41.041 million Euro, a decrease of 7.2 million Euro compared to the same period of 2019, due to the reduction in revenues described above.

Right from the first signs of the COVID-19 pandemic, new organisational procedures and cost containment processes were promptly activated, redefining internal activities and priorities; this led to a reduction in both **other operating costs** as well as **personnel costs** in absolute value in the first half of 2020 compared to the same period of 2019, of 1.799 and 0.521 million Euro, respectively. On the one hand, the cost items that saw the biggest reductions were travel and trade fair expenses while, on the other, use of the redundancy fund, where possible, and reduction in variable performance-related bonuses made it possible to contain labour costs.

EBITDA at 30 June 2020 was positive at 7.336 million Euro (11.7% of revenues) and recorded a negative change of 3.399 million Euro compared to the first half of 2019, when it stood at 10.735 million Euro. The reduction in operating costs was not sufficient to offset the reduction in added value.

Depreciation, amortisation and impairment in the first half of 2020 totalled 4.015 million Euro, as compared to 5.359 million Euro in the same period in the previous year, a 1.344 million Euro drop. The change is primarily a result of the entry in the first six months of 2019 of impairment of assets in the sensors business totalling 1.531 million Euro with a property unable to guarantee technological and energy performance to ensure long-term sustainability.

EBIT at 30 June 2020 is positive by 3.321 million Euro (5.3% of revenues) compared to an EBIT of 5.376 million Euro for the same period in 2019 (7.5% of revenues), 2.055 million Euro lower. The change is a result of reduced revenues, only partially compensated by lower operating costs and depreciation/amortisation.

Group net profit amounted to 1,139 million Euro in the first half of 2020, compared with a profit of 4.029 million Euro in the same period of the previous year, a 2.890 million Euro decrease.

Working capital was 28.535 million Euro at 30 June 2020, compared with 25.058 million Euro at 31 December 2019, an overall increase of 3.477 million Euro. The change in working capital is mainly due to the decrease in trade payables of 3.846 million Euro: at the end of 2019, trade payables related to the purchase of materials for production, but mainly to payables to suppliers for investments made during the last quarter of 2019 which were settled in the first quarter of 2020. The Parent Company participated in the "I pay suppliers" initiative promoted by the Industrialists' Association of Brescia, reflecting the Group's ethics in fulfilling its commitments to suppliers.

Shareholders' equity as of 30 June 2020 amounted to 75.845 million Euro, compared to 75.044 million Euro on 31 December 2019, up 0.801 million. The change mainly relates to the positive result for the period, partially offset by the negative impact generated by changes in the translation reserve.

Investments made in the first six months of 2020 amounted to 2.927 million Euro, compared to 8.632 million Euro in the first half of 2019 and refer mainly to investments made in Research and Development.

Net financial position at 30 June 2020 was negative by 13.559 million Euro, 0.272 million Euro higher than at the end of 2019, when it was on the whole negative by 13.287 million Euro. The change in the net financial position is essentially due to the positive cash flows generated by ordinary operations (2.951 million Euro) and the proceeds from the reimbursement of part of the share capital of the subsidiary Ensun S.r.l. (1.000 million Euro), absorbed by disbursements for technical investments

made in the first half of 2020 and the payment of interest, taxes and rents (a total of 4.168 million Euro).

Net financial debt comprises short-term cash and cash equivalents of 15,605 thousand Euro and medium-/long-term debts of 29,164 thousand Euro.

Impact of Covid-19 and related actions

The Gefran Group suffered the effects of the spread of Covid-19 in the various 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 led to the definition of specific procedures for behaviour and access to company premises, to the preparation of health and safety protocols, as well as to the reorganisation of company processes particularly sensitive in these circumstances (such as supply chain management).

The Group has now resumed production in its main sectors, while office staff continue to work partly from home and partly in the office in order to guarantee the necessary social distancing.

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 have been put in place aimed at cutting costs and redefining the Group's actions and priorities.

Marcello Perini, Chief Executive Officer of the Gefran Group, said: *"Considering the impact of the health emergency on the global economy, the result for the first half of the year reflects Gefran's ability to react, the sustainability of its business model and the Group's strength in facing challenges, since in a difficult environment we were able to respond to our customers' requests both in terms of product delivery and, more specifically, service..*

The willingness, perseverance and commitment to implement cost containment actions and, at the same time, reorganisation processes to pursue all opportunities to restart have been essential in recent months in order to achieve a result that I believe is positive.

Gefran's determination to advance its development plans has remained unchanged: even though some investments have necessarily been downsized, we have confirmed those considered fundamental and in the coming months, with limited delays compared to planned dates, new products designed to increase our competitiveness on the market will be released.

I believe that the timeframe for a full recovery of activities remains uncertain, not least in view of the fact that in some countries of significance to our business the pandemic is not yet under control.

For these reasons, in the second half of this year I do not expect to achieve the results of the same period 2019, thus confirming for the current year, as already mentioned, lower revenues and margins than 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.

Please note that external auditing of the abbreviated half-yearly Consolidated Financial Statements at 30 June 2020 has not yet been completed as of the date of this press release.

The Half-Yearly Financial Report at 30 June 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 30 June 2020

(Auditing still in progress)

(Euro / 000)	30 June 2020	30 June 2019	Changes 2020-2019	
	Total	Total	Value	%
a Revenues	62,735	72,099	(9,364)	-13.0%
b Increases for internal work	954	1,263	(309)	-24.5%
c Consumption of materials and products	22,648	25,115	(2,467)	-9.8%
d Added value (a+b-c)	41,041	48,247	(7,206)	-14.9%
and Other operating costs	10,106	11,905	(1,799)	-15.1%
f Personnel costs	23,599	25,607	(2,008)	-7.8%
g EBITDA (d-e-f)	7,336	10,735	(3,399)	-31.7%
h Depreciation, amortisation and impairment	4,015	5,359	(1,344)	-25.1%
i EBIT (g-h)	3,321	5,376	(2,055)	-38.2%
l Gains (losses) from financial assets/liabilities	(1,106)	(127)	(979)	n.s.
m Gains (losses) from shareholdings valued at equity	(1)	259	(260)	n.s.
n Profit (loss) before tax (i±l±m)	2,214	5,508	(3,294)	-59.8%
o Taxes	(1,075)	(1,479)	404	27.3%
p Group net profit/(loss) (n±o)	1,139	4,029	(2,890)	-71.7%

Results by business of the Gefran Group at 30 June 2020

(Auditing still in progress)

(Euro / 000)	30 June 2020					30 June 2019				
	Revenue s	EBITD A	% of revenue s	EBIT	% of revenue s	Revenue s	EBITD A	% of revenue s	EBI T	% of revenue s
Sensors	28,140	6,072	21.6%	4,380	15.6%	31,030	7,945	25.6%	4,865	15.7%
Automation components	18,412	1,331	7.2%	75	0.4%	22,248	2,523	11.3%	1,304	5.9%
Motion Control	18,825	(67)	-0.4%	(1,134)	-6.0%	21,721	267	1.2%	(793)	-3.7%
Eliminations	(2,642)	-	n.s.	-	n.s.	(2,900)	-	n.s.	-	n.s.
Total	62,735	7,336	11.7%	3,321	5.3%	72,099	10,735	14.9%	5,376	7.5%

Revenues by geographical region of the Gefran Group at 30 June 2020

(Auditing still in progress)

(Euro / 000)	30 June 2020		30 June 2019		Changes 2020-2019	
	value	%	value	%	value	%
Italy	19,768	31.5%	23,086	32.0%	(3,318)	-14.4%
European Union	15,483	24.7%	18,526	25.7%	(3,043)	-16.4%
Europe non-EU	2,603	4.1%	2,238	3.1%	365	16.3%
North America	7,494	11.9%	9,467	13.1%	(1,973)	-20.8%

South America	1,587	2.5%	2,224	3.1%	(637)	-28.6%
Asia	15,433	24.6%	16,164	22.4%	(731)	-4.5%
Rest of the World	367	0.6%	394	0.5%	(27)	-6.9%
Total	62,735	100%	72,099	100%	(9,364)	-13.0%

Reclassified schedule of the Consolidated Statement of Financial Position of the Gefran Group at 30 June 2020

(Auditing still in progress)

(Euro / 000)	30 June 2020		31 December 2019	
	value	%	value	%
Intangible assets	14,607	16.3	13,558	15.3
Tangible assets	46,030	51.5	47,850	54.2
Other non-current assets	7,846	8.8	9,536	10.8
Net non-current assets	68,483	76.6	70,944	80.3
Inventories	24,786	27.7	24,548	27.8
Trade receivables	27,978	31.3	28,931	32.8
Trade payables	(21,091)	(23.6)	(24,937)	(28.2)
Other assets/liabilities	(3,138)	(3.5)	(3,484)	(3.9)
Working capital	28,535	31.9	25,058	28.4
Provisions for risks and future liabilities	(2,130)	(2.4)	(2,171)	(2.5)
Deferred tax provisions	(637)	(0.7)	(647)	(0.7)
Employee benefits	(4,847)	(5.4)	(4,853)	(5.5)
Invested capital from operations	89,404	100.0	88,331	100.0
Net invested capital	89,404	100.0	88,331	100.0
Shareholders' equity	75,845	84.8	75,044	85.0
Non-current financial payables	27,206	30.4	21,916	24.8
Current financial payables	15,273	17.1	12,643	14.3
Financial payables for IFRS 16 leases (current and non-current)	2,916	3.3	3,084	3.5
Financial liabilities for derivatives (current and non-current)	279	0.3	169	0.2
Financial assets for derivatives (current and non-current)	(1)	(0.0)	(1)	(0.0)
Other non-current financial investments	(98)	(0.1)	(97)	(0.1)
Cash and cash equivalents and current financial receivables	(32,016)	(35.8)	(24,427)	(27.7)
Net debt relating to operations	13,559	15.2	13,287	15.0
Total sources of financing	89,404	100.0	88,331	100.0

Reclassified Schedule of the Consolidated Cash Flow Statement of the Gefran Group at 30 June 2020

(Auditing still in progress)

(Euro / 000)	30 June 2020	30 June 2019
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	24,427	18,043
Net profit (loss) for the period	1,139	4,029
Depreciation, amortisation and impairment	4,015	5,359
Provisions (Releases)	1,210	1,098
Capital (gains) losses on the sale of non-current assets	(1)	(17)
Net result from financial operations	1,107	(114)
Taxes	419	1,010
Change in provisions for risks and future liabilities	(194)	(518)
Change in other assets and liabilities	(524)	(3,831)
Change in deferred taxes	655	467
Change in trade receivables	543	(2,838)
Change in inventories	(1,609)	(3,584)
Change in trade payables	(3,809)	4,232
	<i>of which related parties:</i>	31
TOTAL	2,951	5,293
Investments in:		
- Property, plant & equipment and intangible assets	(2,927)	(8,269)
	<i>of which related parties:</i>	(368)
- Equity investments and securities	1,000	-
- Acquisitions net of acquired cash	-	(231)
- Financial receivables	3	(2)
Disposal of non-current assets	2	27
TOTAL	(1,922)	(8,475)
D) FREE CASH FLOW (B+C)	1,029	(3,182)
New financial payables	11,991	21,485
Repayment of financial payables	(5,296)	(3,883)
Increase (decrease) in current financial payables	1,244	(1,539)
Outgoing cash flow due to IFRS 16	(648)	(571)
Taxes paid	(151)	(336)
Interest paid	(473)	(376)
Interest received	31	177
Dividends paid	-	(4,599)
TOTAL	6,698	10,358
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	7,727	7,176
H) Exchange rate translation differences on cash at hand	(138)	(107)
I) NET CHANGE IN CASH AT HAND (F+G+H)	7,589	7,069
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	32,016	25,112

Fine Comunicato n.0136-28

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