

GEFRAN GROUP
INTERIM FINANCIAL
STATEMENTS
AT 30 SEPTEMBER 2017



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1. CORPORATE BODIES

Board of Directors

Chairman of the Board of Directors Ennio Franceschetti

Vice Chairman Maria Chiara Franceschetti

CEO Alberto Bartoli

Director Giovanna Franceschetti

Director Andrea Franceschetti

Director Daniele Piccolo (*)

Director Monica Vecchiati (*)

Director Mario Benito Mazzoleni (*)

Director Romano Gallus

Board of Statutory Auditors

Chairman Marco Gregorini

Standing Auditor Primo Ceppellini

Standing Auditor Roberta Dell'Apa

Deputy auditor Guido Ballerio

Deputy auditor Rossella Rinaldi

Internal Control Committee

- Daniele Piccolo
- Monica Vecchiati
- Mario Benito Mazzoleni

Remuneration Committee

- Romano Gallus
- Daniele Piccolo
- Monica Vecchiati

External auditor

PricewaterhouseCoopers S.p.A.

On 21 April 2016, the ordinary shareholders' meeting of Gefran S.p.A. engaged auditing firm PricewaterhouseCoopers S.p.A. to audit the separate annual financial statements of Gefran S.p.A., as well as the consolidated annual and interim financial statements of the Gefran Group for a period of nine years until the approval of the financial statements for 2024, in accordance with Italian Legislative Decree 39/2010.

(*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Code of Conduct

2. ALTERNATIVE PERFORMANCE INDICATORS

In addition to the conventional financial tables and indicators required under IFRS, this document includes restated tables and alternative performance indicators. These are intended to allow a better assessment of the Group's economic and financial management. However, these tables and indicators must not be considered as a substitute for those required under IFRS.

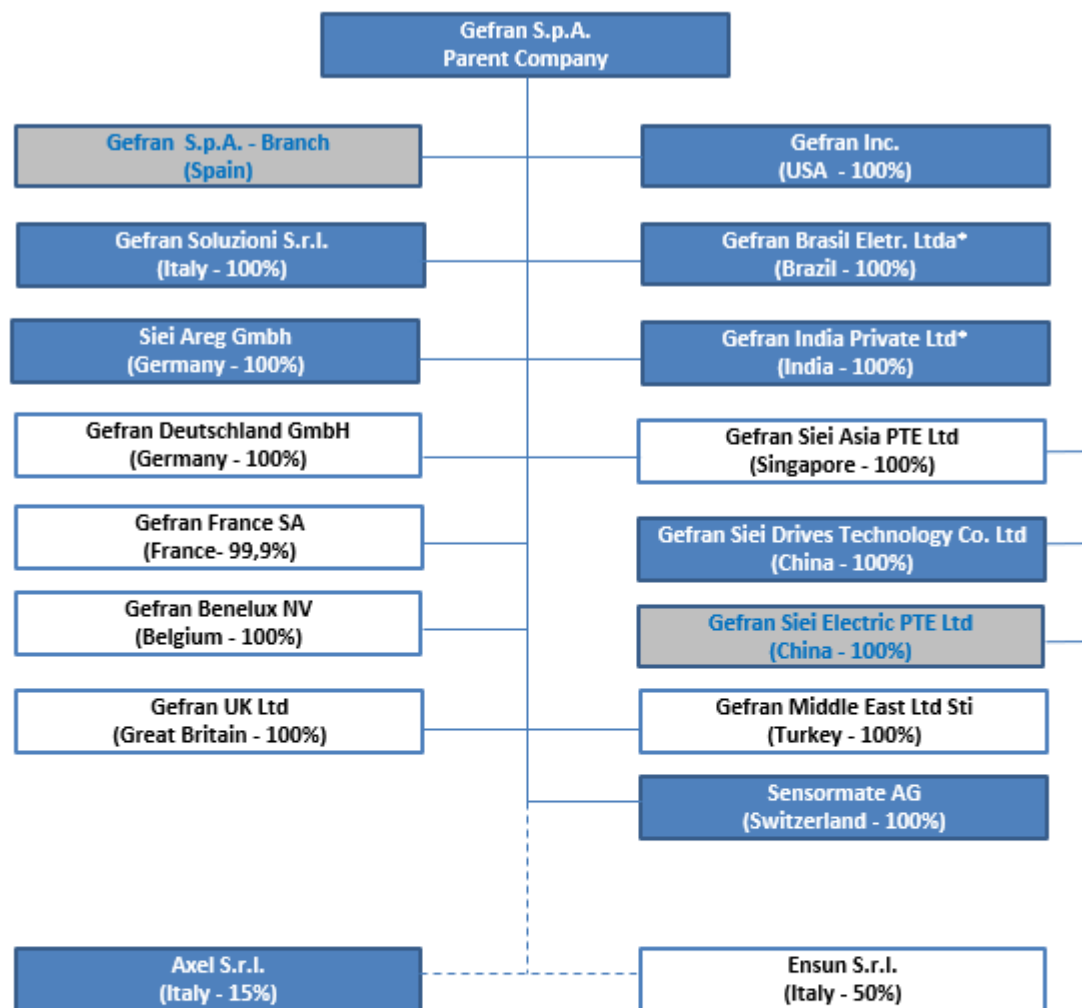
Specifically, the alternative indicators used in the notes to the income statement are:

- **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:** operating result before depreciation, amortisation and write-downs. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **EBIT:** operating result before financial management and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the notes to the 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
 - Shareholdings 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 debt (financial position):** the algebraic sum of the following items:
 - Medium- to 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
 - Non-current financial assets

3. STRUCTURE OF THE GEFRAN GROUP



Production unit

Commercial unit

Non operative unit

(*) Gefran India and Gefran Brazil indirectly through Gefran UK

4. KEY CONSOLIDATED INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION FIGURES

The amounts shown below only refer to continuing operations, unless otherwise specified.

Group income statement highlights

(EUR /000)	30 September 2017		30 September 2016		3Q 2017		3Q 2016	
Revenues	94,151	100.0%	88,567	100.0%	29,101	100.0%	28,905	100.0%
EBITDA	13,563	14.4%	7,597	8.6%	4,505	15.5%	2,971	10.3%
EBIT	8,260	8.8%	2,923	3.3%	2,169	7.5%	1,411	4.9%
Profit (loss) before tax	7,081	7.5%	1,938	2.2%	2,058	7.1%	1,092	3.8%
Result from operating activities	6,082	6.5%	515	0.6%	1,639	5.6%	460	1.6%
Profit (loss) from assets held for sale	0	0.0%	486	0.5%	0	0.0%	0	0.0%
Group net profit (loss)	6,082	6.5%	1,001	1.1%	1,639	5.6%	460	1.6%

Group income statement highlights, excluding non-recurring components

(EUR /000)	30 September 2017		30 September 2016		3Q 2017		3Q 2016	
Revenues	94,151	100.0%	88,046	100.0%	29,101	100.0%	28,905	100.0%
EBITDA	13,884	14.7%	9,115	10.4%	4,505	15.5%	2,971	10.3%
EBIT	8,581	9.1%	4,441	5.0%	2,169	7.5%	1,411	4.9%
Profit (loss) before tax	7,402	7.9%	3,456	3.9%	2,058	7.1%	1,092	3.8%
Result from operating activities	6,403	6.8%	2,033	2.3%	1,639	5.6%	460	1.6%
Profit (loss) from assets held for sale	0	0.0%	486	0.6%	0	0.0%	0	0.0%
Group net profit (loss)	6,403	6.8%	2,519	2.9%	1,639	5.6%	460	1.6%

Group statement of financial position highlights

(EUR /000)	30 September 2017	31 December 2016
Invested capital from operations	74,232	78,612
Net working capital	28,286	35,754
Shareholders' equity	68,963	66,908
Net financial position	(6,483)	(12,918)

(EUR /000)	30 September 2017	30 September 2016
Operating cash flow	15,092	11,862
Investments	3,609	2,048

5. CONSOLIDATED FINANCIAL STATEMENTS

Statement of profit/ (loss)

(EUR /000)	3Q		progressive as at 30 September	
	2017	2016	2017	2016
Revenues from product sales	28,877	28,729	93,431	87,513
<i>of which: related parties:</i>	25	53	86	53
Other revenues and income	224	176	720	1,054
<i>of which: non-recurring:</i>	0	0	0	521
Increases for internal work	113	179	423	879
TOTAL REVENUES	29,214	29,084	94,574	89,446
Change in inventories	327	813	(68)	1,067
Costs of raw materials and accessories	(9,927)	(11,229)	(32,099)	(31,548)
Service costs	(5,107)	(4,998)	(15,984)	(15,532)
<i>of which: related parties:</i>	(6)	(180)	(81)	(271)
Miscellaneous management costs	(137)	(234)	(411)	(618)
Other operating income	13	3	82	59
Personnel costs	(9,889)	(10,009)	(32,296)	(34,489)
<i>of which: non-recurring:</i>	0	0	(321)	(2,039)
Impairment of trade and other receivables	11	(459)	(235)	(788)
Amortisation	(581)	(600)	(1,741)	(1,743)
Depreciation	(1,755)	(960)	(3,562)	(2,931)
EBIT	2,169	1,411	8,260	2,923
<i>of which: non-recurring:</i>	0	0	(321)	(1,518)
Gains from financial assets	471	185	1,307	902
Losses from financial liabilities	(640)	(563)	(2,469)	(1,902)
Losses (gains) from shareholdings value at equity	58	59	(17)	15
PROFIT (LOSS) BEFORE TAX	2,058	1,092	7,081	1,938
<i>of which: non-recurring:</i>	0	0	(321)	(1,518)
Current taxes	(579)	(669)	(1,840)	(1,567)
Deferred taxes	160	37	841	144
TOTAL TAXES	(419)	(632)	(999)	(1,423)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	1,639	460	6,082	515
<i>of which: non-recurring:</i>	0	0	(321)	(1,518)
Net profit (loss) from assets held for sale	0	0	0	486
<i>of which: non-recurring:</i>	0	0	0	0
NET PROFIT (LOSS) FOR THE YEAR	1,639	460	6,082	1,001
<i>of which: non-recurring:</i>	0	0	(321)	(1,518)
Attributable to:				
Group	1,639	460	6,082	1,001
Third parties	0	0	0	0
Earnings per share				
(Euro)	3Q		progressive as at 30 September	
	2017	2016	2017	2016
Basic earnings per ordinary share	0.42	0.07	0.42	0.07
Diluted earnings per ordinary share	0.42	0.07	0.42	0.07

Statement of profit/ (loss) and other items of comprehensive income

(EUR /000)	3Q		progressive as at 30 September	
	2017	2016	2017	2016
PROFIT (LOSS) FOR THE YEAR	1,639	460	6,082	1,001
Items that will or could subsequently be reclassified in the income statement for the year				
- conversion of foreign companies' financial statements	(517)	(188)	(1,852)	(1,011)
- equity investments in other companies	(241)	186	128	127
- fair value of cash flow hedging derivatives	10	66	169	1
- Other changes in the consolidation reserve	0	0		0
Total changes, net of tax effect	(748)	64	(1,555)	(883)
Comprehensive result for the period	891	524	4,527	118
Attributable to:				
Group	891	524	4,527	118
Third parties	0	0	0	0

Statement of financial position

(EUR /000)	30 September 2017	31 December 2016
NON-CURRENT ASSETS		
Goodwill	5,792	6,093
Intangible assets	7,083	8,260
Property, plant, machinery and tools	35,962	36,931
<i>of which: related parties:</i>	130	105
Shareholdings valued at equity	897	1,051
Equity investments in other companies	2,085	1,956
Receivables and other non-current assets	91	148
Deferred tax assets	7,807	7,021
Non-current financial assets	153	-
TOTAL NON-CURRENT ASSETS	59,870	61,460
CURRENT ASSETS		
Inventories	20,796	21,589
Trade receivables	26,372	30,745
<i>of which: related parties:</i>	31	51
Other receivables and assets	5,115	3,512
Current tax receivables	834	734
Cash and cash equivalents	16,514	20,477
Financial assets for derivatives	1	4
TOTAL CURRENT ASSETS	69,632	77,061
ASSETS HELD FOR SALE	1,214	1,214
TOTAL ASSETS	130,716	139,735
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	48,481	48,560
Profit/(loss) for the year	6,082	3,948
Total Group Shareholders' Equity	68,963	66,908
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	68,963	66,908
NON-CURRENT LIABILITIES		
Non-current financial payables	9,873	16,045
Employee benefits	4,579	5,212
Non-current provisions	600	1,317
Deferred tax provisions	927	1,005
TOTAL NON-CURRENT LIABILITIES	15,979	23,579
CURRENT LIABILITIES		
Current financial payables	13,226	17,134
Trade payables	18,882	16,580
<i>of which: related parties:</i>	62	38
Financial liabilities for derivatives	52	220
Current provisions	1,383	1,143
Current tax payables	1,216	1,348
Other payables and liabilities	11,015	12,823
TOTAL CURRENT LIABILITIES	45,774	49,248
TOTAL LIABILITIES	61,753	72,827
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	130,716	139,735

Consolidated cash flow statement

(EUR /000)	30 September 2017	30 September 2016
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	20,477	24,602
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	6,082	1,001
Depreciation/amortisation	5,303	4,674
Capital (gains) losses on the sale of <i>Non-current assets</i>	(49)	89
Capital (gains) losses on the sale of <i>Assets held for sale</i>	0	(486)
Net result from financial operations	1,179	985
Taxes	1,840	1,567
Change in provisions for risks and future liabilities	(1,089)	1,205
Change in other assets and liabilities	(3,526)	(1,330)
Change in deferred taxes	(844)	(145)
Change in trade receivables	3,672	2,217
	<i>of which: related parties:</i>	<i>20</i>
Change in inventories	68	(1,040)
Change in trade payables	2,456	3,125
	<i>of which: related parties:</i>	<i>24</i>
TOTAL	15,092	11,862
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(3,609)	(2,048)
	<i>of which: related parties:</i>	<i>(130)</i>
- Equity investments and securities	136	4
- Acquisitions net of acquired cash	0	0
- Financial receivables	57	(28)
Disposal of non-current assets	51	15
TOTAL	(3,365)	(2,057)
D) FREE CASH FLOW (B+C)	11,727	9,805
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	0	0
Repayment of financial payables	(7,401)	(8,994)
Increase (decrease) in current financial payables	(2,679)	(8,799)
Taxes paid	(1,601)	(746)
Interest (paid)	(400)	(710)
Sale of own shares	1,129	0
Change in shareholders' equity reserves	(443)	26
Dividends paid	(3,600)	0
TOTAL	(14,995)	(19,223)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(3,268)	(9,418)
G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE	-	626
H) Exchange translation differences on cash at hand	(695)	(246)
I) NET CHANGE IN CASH AT HAND (F+G+H)	(3,963)	(9,038)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	16,514	15,564

Statement of changes in shareholders' equity

(EUR/000)	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit / (loss)	overall EC reserves			Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
						Fair value measurement reserve	Currency translation reserve	Other reserves				
Balances at 1 January 2016	14,400	21,926	14,373	9,567	3,052	(259)	5,336	(643)	(4,769)	62,984	0	62,984
Allocation of 2015 profit												
- Other reserves and provisions			(3,423)		(1,346)				4,769	0		0
- Dividends										0		0
Income/(expenses) recognised at equity			72			194		(16)		250		250
Change in translation reserve			0				(260)	(2)		(262)		(262)
Other changes			0	(12)						(12)		(12)
2016 profit									3,948	3,948		3,948
Balances at 31 December 2016	14,400	21,926	11,022	9,555	1,706	(65)	5,076	(661)	3,948	66,908	0	66,908
Allocation of 2016 profit												
- Other reserves and provisions			(4,094)	0	8,042				(3,948)	0		0
- Dividends					(3,600)					(3,600)		(3,600)
Income/(expenses) recognised at equity			0			297		0		297		297
Change in translation reserve							(1,852)	0	0	(1,852)		(1,852)
Other changes			(155)	696	587					1,128		1,128
2017 profit									6,082	6,082		6,082
Balances at 30 September 2017	14,400	21,926	6,773	10,251	6,735	232	3,224	(661)	6,082	68,963	0	68,963

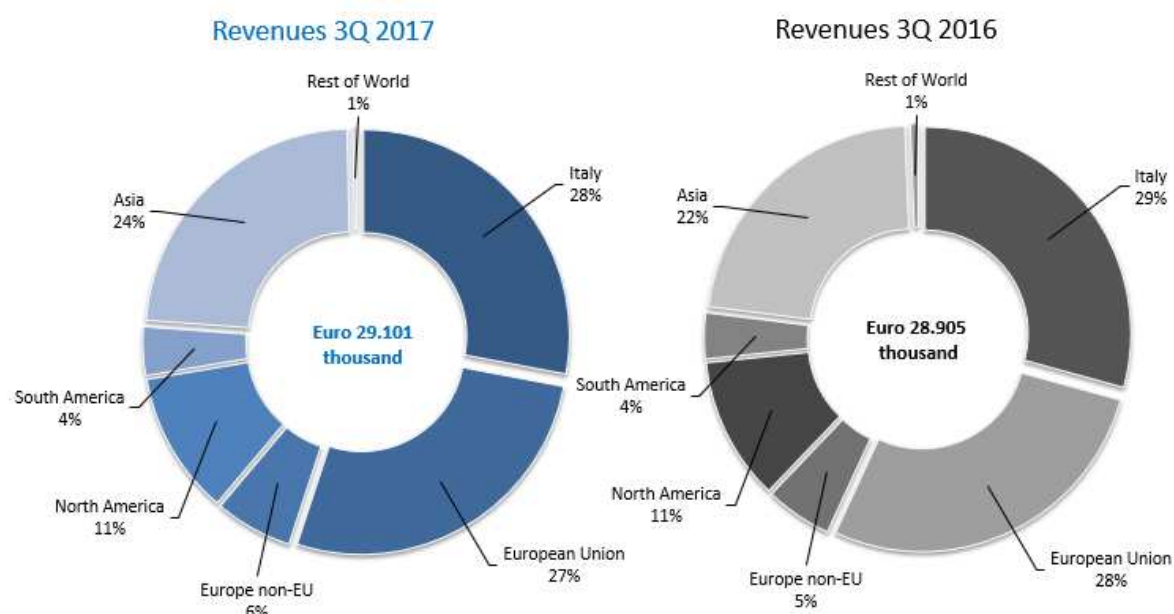
6. GEFRAN GROUP'S PERFORMANCE

Consolidated income statement of the quarter

(EUR /000)	3Q 2017			3Q 2016			Changes 2017-2016	
	Excl. non rec.	Comp. non rec.	Final	Excl. non rec.	Comp. non rec.	Final	Value	%
a Revenues	29,101		29,101	28,905		28,905	196	0.7%
b Increases for internal work	113		113	179		179	(66)	36.9%
c Consumption of materials and products	9,600		9,600	10,416		10,416	(816)	7.8%
d Added Value (a+b-c)	19,614	0	19,614	18,668	0	18,668	946	5.1%
e Other operating costs	5,220		5,220	5,688		5,688	(468)	8.2%
f Personnel costs	9,889		9,889	10,009		10,009	(120)	1.2%
g Gross operating margin - EBITDA (d-e-f)	4,505	0	4,505	2,971	0	2,971	1,534	51.6%
h Depreciation, amortisation and impairments	2,336		2,336	1,560		1,560	776	49.7%
i EBIT (g-h)	2,169	0	2,169	1,411	0	1,411	758	53.7%
l Gains (losses) from financial assets/liabilities	(169)		(169)	(378)		(378)	209	55.3%
m Gains (losses) from shareholdings valued at equity	58		58	59		59	(1)	1.7%
n Profit (loss) before tax (i±l±m)	2,058	0	2,058	1,092	0	1,092	966	88.5%
o Taxes	(419)		(419)	(632)		(632)	213	33.7%
p Result from operating activities (n±o)	1,639	0	1,639	460	0	460	1,179	256.3%
q Profit (loss) from assets held for sale	0		0	0		0	0	
r Group net profit (loss) (p±q)	1,639	0	1,639	460	0	460	1,179	256.3%

For the third quarter of 2017, **revenues** were EUR 29,101 thousand, a slight increase (+0.7%) over the same period in 2016, thanks to the positive results registered in all the geographic areas the Group operates in, with the exception of the European Union and non-EU Europe, which decreased in the quarter.

The table below shows the breakdown of revenues for the quarter by geographic area:



The breakdown by **area geographic** shows significant revenue growth in Asia (+5.6%) and non-EU Europe (+17.1%), while sales in Italy (-3.7%) and EU Europe (-1.4%) decreased.

The table below shows the breakdown of revenues by business area in the third quarter of 2017 and a comparison with the same period of the previous year:

(EUR /000)	3Q 2017		3Q 2016		Changes 2017-2016	
	value	%	value	%	value	%
Sensors	13,394	46.0%	11,821	40.9%	1,573	13.3%
Automation components	7,817	26.9%	7,650	26.5%	167	2.2%
Motion control	8,746	30.1%	10,374	35.9%	(1,628)	-15.7%
Eliminations	(856)	-2.9%	(940)	-3.3%	84	-8.9%
Total	29,101	100%	28,905	100%	196	1%

EBITDA in the third quarter was EUR 4,505 thousand (EUR 2,971 thousand in the third quarter of 2016) and was equal to 15.5% of revenues (10.3% in 2016), up therefore by EUR 1,534 thousand compared with the third quarter of 2016, mainly due to the increase in revenues and overall increase in margins achieved, only partially offset by inventory write-downs, up by EUR 356 thousand, and capitalisations, down by EUR 66 thousand.

EBIT for the third quarter of 2017 was positive at EUR 2,169 thousand or 7.5% of revenues, compared to an EBIT of EUR 1,411 thousand or 4.9% of revenues in the third quarter of 2016, with an increase of EUR 758 thousand.

Group net profit in the third quarter of 2017 was EUR 1,639 thousand, compared to a profit of EUR 460 thousand in the same period of 2016, with an improvement of EUR 1,179 thousand.

The growth in group net profit is a result of greater EBIT, at EUR 758 thousand, improved financial management, which though negative by EUR 169 thousand is still EUR 209 thousand better than in the third quarter of 2016, and of lower taxes, resulting in a positive difference of EUR 213 thousand.

Progressive Consolidated Income Statement

(EUR /000)	30 September 2017			30 September 2016			Changes 2017-2016	
	Excl.	Comp.	Final	Excl.	Comp.	Final	Value	%
	non rec.	non rec.	.	non rec.	non rec.	.	Excl. non rec.	
a Revenues	94,151		94,151	88,046	(521)	88,567	6,105	6.9%
b Increases for internal work	423		423	879		879	(456)	51.9%
c Consumption of materials and products	32,167		32,167	30,481		30,481	1,686	5.5%
d Added Value (a+b-c)	62,407	0	62,407	58,444	(521)	58,965	3,963	6.8%
e Other operating costs	16,548		16,548	16,879		16,879	(331)	2.0%
f Personnel costs	31,975	(321)	32,296	32,450	(2,039)	34,489	(475)	1.5%
g Gross operating margin - EBITDA (d-e-f)	13,884	321	13,563	9,115	1,518	7,597	4,769	52.3%
h Depreciation, amortisation and impairments	5,303		5,303	4,674		4,674	629	13.5%
i EBIT (g-h)	8,581	321	8,260	4,441	1,518	2,923	4,140	93.2%
l Gains (losses) from financial assets/liabilities	(1,162)		(1,162)	(1,000)		(1,000)	(162)	16.2%
m Gains (losses) from shareholdings valued at equity	(17)		(17)	15		15	(32)	213.3%
n Profit (loss) before tax (i±l±m)	7,402	321	7,081	3,456	1,518	1,938	3,946	114.2%
o Taxes	(999)		(999)	(1,423)		(1,423)	424	29.8%
p Result from operating activities (n±o)	6,403	321	6,082	2,033	1,518	515	4,370	215.0%
q Profit (loss) from assets held for sale	0		0	486		486	(486)	100.0%
r Group net profit (loss) (p±q)	6,403	321	6,082	2,519	1,518	1,001	3,884	154.2%

Revenues in the first nine months of 2017 amounted to EUR 94,151 thousand, up compared to the same period in 2016 mainly due to the positive results recorded in almost all markets, and particularly in Asia, Italy, the European Union and South America, mainly generated by the Sensors and Components business areas. Growth was penalised by exchange rates, which had a negative overall effect of EUR 108 thousand.

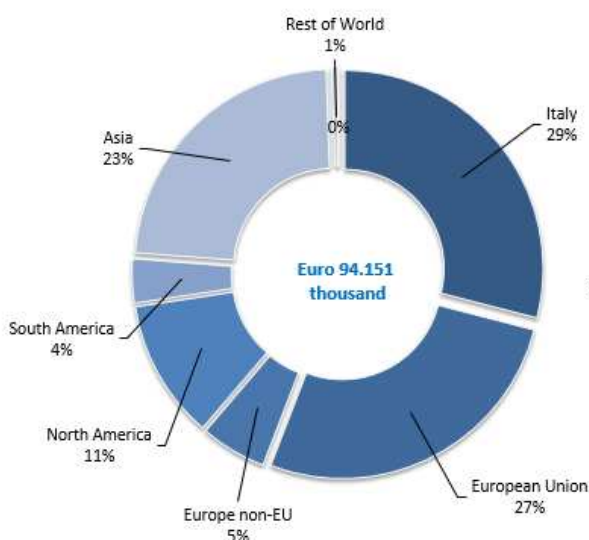
Revenues for the first nine months of 2016 included government grants recorded by the Chinese branch, equal to EUR 521 thousand, relating to incentives for research and development granted to technology companies; net of these grants, growth in the first half 2017 amounted to 6.9%.

New orders in the first nine months of 2017 totalled EUR 99,309 thousand, up by EUR 4,452 thousand (+4.7%) compared to the same period in 2016. The positive trend in order growth continued, mainly due to the positive performance of the Sensors business.

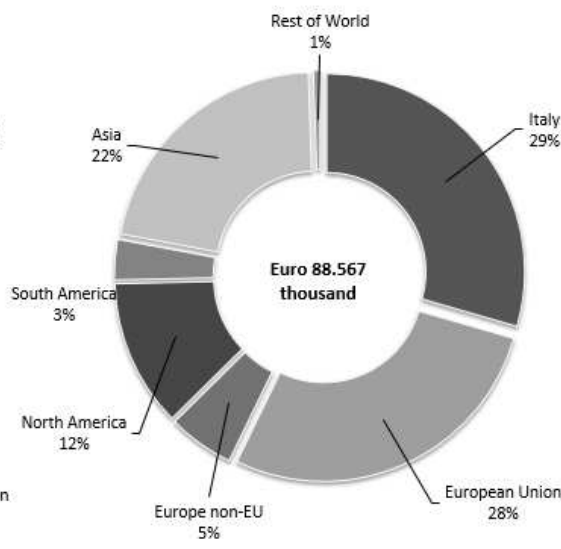
The table and chart below show the breakdown of revenues by geographic area:

(EUR /000)	30 September 2017		30 September 2016		Changes 2017-2016	
	value	%	value	%	value	%
Italy	27,322	29.0%	26,104	29.5%	1,218	4.7%
European Union	25,272	26.8%	24,558	27.7%	714	2.9%
Europe non-EU	5,070	5.4%	4,789	5.4%	281	5.9%
North America	10,695	11.4%	10,663	12.0%	32	0.3%
South America	3,382	3.6%	2,914	3.3%	468	16.1%
Asia	21,893	23.3%	19,046	21.5%	2,847	14.9%
Rest of the World	517	0.5%	493	0.6%	24	4.9%
Total	94,151	100%	88,567	100%	5,584	6.3%

Revenues up to 30 September 2017



Revenues up to 30 September 2016



In the breakdown by **geographic area**, all areas grew, particularly Asian markets, Italy and the European Union. North America was also on the upswing, with the same levels of revenues as in the third quarter of 2016.

The table below shows the breakdown of revenues by business area as at 30 September 2017 and a comparison with the same period of the previous year:

(EUR /000)	30 September 2017		30 September 2016		Changes 2017-2016	
	value	%	value	%	value	%
Sensors	43,336	46.0%	37,058	41.8%	6,278	16.9%
Automation components	26,484	28.1%	24,134	27.2%	2,350	9.7%
Motion control	27,345	29.0%	29,910	33.8%	(2,565)	-8.6%
Eliminations	(3,014)	-3.2%	(2,535)	-2.9%	(479)	18.9%
Total	94,151	100%	88,567	100%	5,584	6.3%

The breakdown of **revenues by business area** in the first nine months of 2017 shows growth, compared to the same period of 2016, in the Sensors and Components businesses of EUR 6,278 thousand (+16.9%) and EUR 2,350 thousand (+9.7%), respectively. The motion control market shrank, with revenues falling by EUR 2,565 thousand (-8.6%).

Added value as of September 30 2017 amounted to EUR 62,407 thousand (66.3% of revenues), an increase of EUR 3,442 thousand compared to the same period in 2016, thanks to the increase in volumes and margins, which generated an improvement in added value of EUR 5,535 thousand, partially offset by the increase in provisions for inventory write-downs of EUR 1637 thousand and EUR 456 thousand less capitalisation. The percentage represented by added value was the same as in the same period in 2016.

Other operating costs as of September 30 2017 amounted to EUR 16,548 thousand, in line with the first nine months of 2016 in absolute value and with a declining percentage of revenues (from 19.1% in the first nine months of 2016 to the current 17.6%).

Personnel costs in the first nine months of 2017 amounted to EUR 32,296 thousand compared to EUR 34,489 thousand in the same period of 2016; this item includes non-recurring negative components amounting to EUR 321 thousand in the first nine months of 2017, relating to the last part of the Group's

reorganisation process, which began in 2016, compared to non-recurring items recorded in the same period in 2016, amounting to EUR 2,039 thousand. Net of these components, labour costs in the first nine months of 2017 were EUR 475 lower than in the same period in 2016.

EBITDA in the first nine months of 2017 amounted to EUR 13,563 thousand, up by EUR 5,966 thousand compared to the same period in 2016 and equivalent to 14.4% of revenues (8.6% in the same period in 2016), owing to the combined effect of increased volumes and margins.

Excluding the non-recurring items illustrated above, EBITDA for the first half of 2017 amounted to EUR 13,884 thousand (14.7% of revenues) compared to the first half of 2016, amounting to EUR 9,115 thousand (10.4% of revenues) with a growth of EUR 4,769 thousand.

EBIT as of September 30 2017 was positive at EUR 8,260 thousand (8.8% of revenues), compared with EUR 2,923 thousand in the same period in 2016 (3.3% of revenues).

EBIT for the first nine months of 2017, excluding the aforementioned non-recurring items, amounted to EUR 8,581 thousand, compared to the EBIT of the same period in 2016, EUR 4,441, with growth amounting to EUR 4,140 thousand.

Net financial charges for the first nine months of 2017 amounted to EUR 1,162 thousand, an increase of EUR 162 thousand compared with the same period in 2016. They include financial charges relating to the Group's debt of EUR 382 thousand (EUR 651 thousand as at 30 September 2016), financial income of EUR 86 thousand and the negative balance of EUR 866 thousand resulting from differences in currency transactions (this was a negative amount of EUR 421 thousand in the same period in 2016).

Charges from shareholdings valued at equity totalled EUR 17 thousand, compared with proceeds of EUR 15 thousand in the first nine months of 2016; they mainly related to the portion of the result of the Ensun Group.

Taxes were negative by EUR 999 thousand in the first nine months of 2017, compared to a negative figure of EUR 1,423 thousand in the same period in the previous year. They comprise negative current taxes of EUR 1,840 thousand (EUR 1,567 thousand in the first nine months of 2016) and positive deferred taxes amounting to EUR 841 thousand (positive in the amount of EUR 144 thousand as of September 30 2016). The increase in current taxes is primarily due to the positive result achieved by the Parent Company, while the change in deferred tax assets is a result of attribution of advance taxes calculated on previous fiscal losses following an estimate of their recoverability on the basis of the 2017-2019 three-year plan.

The result from operating activities as at 30 September 2017 was positive and amounted to EUR 6,082 thousand, compared with a positive figure of EUR 515 thousand in 2016.

Excluding all non-recurring items, the result from operating activities was EUR 6,403 thousand, compared with a positive result of EUR 2,033 thousand in the first nine months of 2016.

The **Result from assets held for sale** in the first nine months of 2017 is zero, compared with a positive result of EUR 486 thousand in the same period in 2016, which included the effects of the sale of the business unit relating to the distribution of Sensors and Components in the Iberian Peninsula to a Spanish distributor.

Group net profit as of September 30 2017 was EUR 6,082 thousand, compared to a profit of EUR 1,001 thousand in the same period in 2016.

Excluding all non-recurring items, net profit was EUR 6,403 thousand, compared with the positive result of EUR 2,519 thousand in the first nine months of 2016.

7. RECLASSIFIED CONSOLIDATED FINANCIAL POSITION AT 30 September 2017

The reclassified consolidated financial position of the Gefran Group at 30 September 2017 is shown below.

GEFRAN GROUP (EUR /000)	30 September 2017		31 December 2016	
	value	%	value	%
Intangible assets	12,875	17.1	14,353	18.0
Tangible assets	35,962	47.7	36,931	46.3
Financial assets	10,880	14.4	10,176	12.7
Net non-current assets	59,717	79.2	61,460	77.0
Inventories	20,796	27.6	21,589	27.0
Trade receivables	26,372	35.0	30,745	38.5
Trade payables	(18,882)	(25.0)	(16,580)	(20.8)
Other assets/liabilities	(6,282)	(8.3)	(9,925)	(12.4)
Working capital	22,004	29.2	25,829	32.4
Provisions for risks and future liabilities	(1,983)	(2.6)	(2,460)	(3.1)
Deferred tax provisions	(927)	(1.2)	(1,005)	(1.3)
Employee benefits	(4,579)	(6.1)	(5,212)	(6.5)
Invested capital from operations	74,232	98.4	78,612	98.5
Invested capital from assets held for sale	1,214	1.6	1,214	1.5
Net invested capital	75,446	100.0	79,826	100.0
Shareholders' equity	68,963	91.4	66,908	83.8
Non-current financial payables	9,873	13.1	16,045	20.1
Current financial payables	13,226	17.5	17,134	21.5
Financial liabilities for derivatives	52	0.1	220	0.3
Financial assets for derivatives	(1)	(0.0)	(4)	(0.0)
Non-current financial assets	(153)	(0.2)	-	-
Cash on hand and current financial receivables	(16,514)	(21.9)	(20,477)	(25.7)
Net debt relating to operations	6,483	8.6	12,918	16.2
Total sources of financing	75,446	100.0	79,826	100.0

Net non-current assets at 30 September 2017 were EUR 59,717 thousand, compared with EUR 61,460 thousand at 31 December 2016. The main movements were as follows:

- intangible assets registered an overall decrease of EUR 1,478 thousand. This includes increases for new investments (EUR 209 thousand), the capitalisation of development costs (EUR 397 thousand), as well as decreases due to amortisation for the period (EUR 1,741 thousand) and negative exchange rate effects (EUR 343 thousand).
- tangible assets were EUR 969 thousand lower than on 31 December 2016. They include investments for the period (EUR 3,003), offset by depreciation and write-downs (EUR 3,562 thousand), in addition to negative exchange rate differences (EUR 408 thousand);

- financial fixed assets at 30 September 2017 amounted to EUR 10,880 thousand, up by EUR 704 thousand compared to the figure at 31 December 2016, mainly due to the entry of deferred tax assets totalling EUR 786 thousand.

Working capital was EUR 22,004 thousand at 30 September 2017, compared with EUR 25,829 thousand at 31 December 2016, an overall decrease of EUR 3,825 thousand. The main changes were as follows:

- inventories went from EUR 21,589 thousand in December 2016 to the current EUR 20,796 thousand, with a decrease of EUR 793 thousand; the change is attributable to the adjustment of the reserve for inventory write-downs carried out in the first half of 2017, worth a total of EUR 2,815 thousand;
- trade receivables totalled EUR 26,372 thousand, a decrease of EUR 4,373 thousand compared to 31 December 2016, mainly owing to the reduction in the average collection days from customers, together with a decrease in the incidence of the payment delays compared with the contractual conditions;
- Trade payables amounted to EUR 18,882 thousand and rose by EUR 2,302 thousand compared to 31 December 2016, thanks to the increase in average number of days to pay suppliers, especially in the Parent Company Gefran S.p.A.;
- other net assets and liabilities, negative in the amount of EUR 6,282 thousand as at 30 September 2017, were down by EUR 3,643 thousand compared to 31 December 2016 (EUR 9,925 thousand as at 31 December 2016). The decrease is primarily attributable to a change in tax credits and debts and to payment of incentives and disbursements to employees of the Parent Company Gefran S.p.A. in relation to the 2016 reorganisation.

Provisions for risks and future liabilities were EUR 1,983 thousand, a decrease of EUR 477 thousand with respect to 31 December 2016. These include provisions for legal disputes in progress and miscellaneous risks. The change mainly refers to changes in the legal disputes and product warranty provisions.

Shareholders' equity at 30 September 2017 was EUR 68,963 thousand, compared with EUR 66,908 thousand at 31 December 2016. The increase was generated by the positive result for the period of EUR 6,082 thousand, the effect of the sale of own shares for EUR 1,129 thousand and the increase in the fair value measurement reserve of EUR 297 thousand, partially absorbed by the distribution of dividends totalling EUR 3,600 thousand and the negative change in the conversion reserve of EUR 1,852 thousand.

Net financial position at 30 September 2017 was a negative EUR 6,483 thousand, an improvement of EUR 6,435 thousand from 31 December 2016.

Net financial debt comprises short-term financial funds of EUR 3,237 thousand and medium-/long-term debt of EUR 9,720 thousand.

The change in net financial position is mainly due to the positive cash flow from typical operations (EUR 15,092 thousand), partially mitigated by the distribution of dividends (EUR 3,600 thousand), by net flows from investing activities (EUR 3,365 thousand) and by payment of current taxes (EUR 1,601 thousand).

The composition is as follows:

<i>(EUR /000)</i>	30 September 2017	31 December 2016	Changes
Cash on hand and current financial receivables	16,514	20,477	(3,963)
Current financial payables	(13,226)	(17,134)	3,908
Financial liabilities for derivatives	(52)	(220)	168
Financial assets for derivatives	1	4	(3)
(Debt)/short-term cash and cash equivalents	3,237	3,127	110
Non-current financial assets	153	-	153
Non-current financial payables	(9,873)	(16,045)	6,172
(Debt)/medium-/long-term cash and cash equivalents	(9,720)	(16,045)	6,325
Net financial position	(6,483)	(12,918)	6,435

The following table show the composition of the net debt by maturity:

<i>(EUR /000)</i>	30 September 2017	31 December 2016	Changes
A. Cash on hand	19	24	(5)
B. Cash in bank deposits	16,495	20,450	(3,955)
Term deposits – less than 3 months	-	3	(3)
C. Securities held for trading	-	3	(3)
D. Cash And cash equivalents (A) + (B) + (C)	16,514	20,477	(3,963)
Financial liabilities for derivatives	(52)	(220)	168
Financial assets for derivatives	1	4	(3)
E. Fair value hedging derivatives	(51)	(216)	165
F. Current portion of long-term debt	(8,628)	(9,857)	1,229
G. Other current financial payables	(4,598)	(7,277)	2,679
H. Total current financial payables (F) + (G)	(13,226)	(17,134)	3,908
I. Total current payables (E) + (H)	(13,277)	(17,350)	4,073
J. Net current financial debt (I) + (D)	3,237	3,127	110
L. Non-current financial assets	153	0	153
M. Non-current financial debt	(9,873)	(16,045)	6,172
N. Net financial debt (J) + (L) + (M)	(6,483)	(12,918)	6,435
<i>of which to minorities:</i>	<i>(6,483)</i>	<i>(12,918)</i>	<i>6,435</i>

8. CONSOLIDATED CASH FLOW STATEMENT

The Gefran Group's consolidated cash flow statement as at 30 September 2017 shows cash absorption of EUR 3,963 thousand, compared to an absorption of EUR 9,038 thousand for the first half of 2016. The change was as follows:

<i>(EUR /000)</i>	30 September 2017	30 September 2016
A) Cash and cash equivalents at the start of the period	20,477	24,602
B) Cash flow generated by (used in) operations in the period:	15,092	11,862
C) Cash flow generated by (used in) investment activities	(3,365)	(2,057)
D) Free Cash Flow (B+C)	11,727	9,805
E) Cash flow generated by (used in) financing activities	(14,995)	(19,223)
F) Cash flow from continuing operations (D+E)	(3,268)	(9,418)
G) Cash flow from assets held for sale	0	626
H) Exchange translation differences on cash at hand	(695)	(246)
I) Net change in cash at hand (F+G+H)	(3,963)	(9,038)
J) Cash and cash equivalents at the end of the period (A+I)	16,514	15,564

The cash flow from operations for the period was positive at EUR 15,092 thousand. Specifically, operations in the first nine months of 2017, net of the inflow of provisions, amortisation and depreciation and financial items, generated EUR 8,896 thousand in cash, while the decrease in working capital in the same period, net of exchange rate differences, generated a positive cash flow of EUR 6,196 thousand, mainly due to the effect of the EUR 3,672 thousand decrease in trade receivables and the EUR 2,456 thousand increase in trade payables.

Technical investments amounted to EUR 3,609 thousand, an increase of EUR 1,561 thousand compared to EUR 2,048 thousand in the first nine months of 2016.

Free cash flow (operating cash flow excluding investment activities) was positive by EUR 11,727 thousand, compared to a positive figure of EUR 9,805 thousand for the first nine months of 2016, a EUR 1,922 thousand improvement; the greater cash flow generated by operations in the period was partially absorbed by higher investments.

Financing activities absorbed cash amounting to EUR 14,995 thousand, principally due to repayment of instalments due on outstanding loans (EUR 7,401 thousand), a decrease in short-term debt (EUR 2,679 thousand), distribution of dividends (EUR 3,600 thousand) and payment of current taxes (EUR 1,601 thousand), partly offset by the sale of own shares (EUR 1,129 thousand). In the first nine months of 2016, on the other hand, financing activities absorbed a total of EUR 19,223 thousand in cash, due to repayment of loan instalments falling due (EUR 8,994 thousand) and reduction of short-term debt (EUR 8,799 thousand).

9. INVESTMENTS

Gross technical **investments** made in the first nine months of 2017 amounted to EUR 3,609 thousand (EUR 2,048 thousand in the same period in 2016), and relate to:

- investments in production plant and equipment in the Parent Company Gefran S.p.A. amounting to EUR 2,460 thousand and related to specific projects, such as renewal of a production line in the Components division (EUR 1,077 thousand) and upgrading of the production departments in the Sensors division (EUR 681 thousand for the renewal of various production lines and EUR 478 thousand for increasing production capacity);
- investments to upgrade the industrial buildings of the Parent Company of approximately EUR 168 thousand;
- renewal of electronic office equipment of the Parent Company amounting to approximately EUR 95 thousand;
- investments for the purchase of new equipment in the Italian subsidiary Gefran Soluzioni S.r.l. amounting to EUR 95 thousand for process optimisation;
- investments in the Group's subsidiaries totalling EUR 185 thousand;
- the capitalisation of costs incurred in the period for new product development, totalling EUR 397 thousand;
- other investments in intangible assets, relating to management software licences of EUR 209 thousand.

The investments are summarised below by type:

<i>(EUR /000)</i>	at 30 September 2017	at 30 September 2016
Intangible assets	606	1,079
Tangible assets	3,003	969
Total	3,609	2,048

Investments are broken down by individual business area below:

<i>(EUR /000)</i>	Sensors	Components	Motion control	Total
Intangible assets	97	393	116	606
Tangible assets	1,335	1,444	224	3,003
Total	1,432	1,837	340	3,609

The investments are summarised below in accordance with the geographical region:

Geographical region	30 September 2017		30 September 2016	
	intangible assets and goodwill	tangible assets	intangible assets and goodwill	tangible assets
<i>(EUR /000)</i>				
Italy	586	2,816	1,079	773
European Union	0	54	0	13
Europe non-EU	9	9	1	12
North America	4	35	0	4
South America	2	47	0	93
Asia	4	41	0	70
Rest of the World	1	1	-1	4
Total	606	3,003	1,079	969

10. RESULTS BY BUSINESS AREA

The following sections comment on the performance of the individual business areas.

To ensure a correct interpretation of figures relating to individual activities, it should be noted that:

- the business represents the sum of revenues and related costs both of the Parent Company Gefran S.p.A. and Group subsidiaries;
- the figures for each business are provided gross of internal trade between different businesses;
- the central operations costs, which pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

10.1) SENSORS BUSINESS

Summary results

The key figures are summarised in the table below.

<i>(EUR /000)</i>	30 September 2017	30 September 2016	Change 2017 - 2016 value	%	3Q 2017	3Q 2016	Change 2017 - 2016 value	%
Revenues	43,336	37,058	6,278	16.9%	13,394	11,821	1,573	13.3%
EBITDA	12,263	9,917	2,346	23.7%	3,742	3,239	503	15.5%
<i>% of revenues</i>	28.3%	26.8%			27.9%	27.4%		
EBIT	10,198	8,244	1,954	23.7%	2,836	2,668	168	6.3%
<i>% of revenues</i>	23.5%	22.2%			21.2%	22.6%		

The breakdown of sensor business revenues by geographical region is as follows:

<i>(EUR /000)</i>	30 September 2017		30 September 2016		Changes 2017 - 2016	
	value	%	value	%	value	%
Italy	9,164	21.1%	7,386	19.9%	1,778	24.1%
Europe	14,424	33.3%	13,522	36.5%	902	6.7%
America	7,799	18.0%	7,004	18.9%	795	11.4%
Asia	11,816	27.3%	8,984	24.2%	2,832	31.5%
Rest of the World	133	0.3%	162	0.4%	(29)	-17.9%
Total	43,336	100%	37,058	100%	6,278	16.9%

Business performance

Business revenues at 30 September 2017 amounted to EUR 43,336 thousand, an increase compared to 30 September 2016 of EUR 6,278 thousand, or 16.9%; this growth appeared across all product lines.

Compared with the first nine months of 2016, sales increased in Asia (+31.5%), in Europe (+6.7%) and in Italy (+24.1%). Also in the US market there was significant growth (+11.4%), influenced moreover by favourable exchange rates.



With reference to the third quarter, revenues came in at EUR 13,394 thousand, up +13.3% from the figure of EUR 11,821 thousand registered in the same period of the previous year.

EBITDA was EUR 12,263 thousand as at 30 September 2017, an increase of EUR 2,346 thousand compared to the first nine months of 2016, when it was EUR 9,917 thousand. This growth is attributable to increased sales volumes, partly offset by the consequent increase in operating costs.

EBIT at 30 September 2017 was EUR 10,198 thousand, equal to 23.5% of revenues, compared to an EBIT of EUR 8,244 thousand (22.2% of revenues) in the first nine months of 2016, with a positive change of EUR 1,954 thousand.

Comparing the figures by quarter, EBIT relating to the third quarter of 2017 came to EUR 2,836 thousand and corresponds to 21.2% of sales, compared with an EBIT of EUR 2,668 thousand, equal to 22.6% of sales, in the third quarter of 2016.

Investments

As at 30 September 2017, the Group's investments in the Sensors business amounted to EUR 1,432 thousand. These may be broken down into investments in intangible assets totalling EUR 97 thousand and investments in tangible assets totalling EUR 1,335 thousand, of which EUR 1,237 thousand in the Parent Company, linked to the expansion of production lines aimed at increasing production capacity, as well as renewal of workshop and assembly equipment.

10.2) AUTOMATION COMPONENTS

Summary results

The key figures are summarised in the table below.

(EUR /000)	30		Change		3Q 2017	3Q 2016	Change	
	September 2017	September 2016	value	%			2017 - 2016	value
Revenues	26,484	24,134	2,350	9.7%	7,817	7,650	167	2.2%
EBITDA	3,149	1,416	1,733	122.4%	620	736	(116)	-15.8%
<i>% of revenues</i>	<i>11.9%</i>	<i>5.9%</i>			<i>7.9%</i>	<i>9.6%</i>		
EBIT	1,580	34	1,546	4547.1%	(62)	287	(349)	-
<i>% of revenues</i>	<i>6.0%</i>	<i>0.1%</i>			<i>-0.8%</i>	<i>3.8%</i>		<i>121.6%</i>

The breakdown of component business revenues by geographical region is as follows:

(EUR /000)	30 September 2017		30 September 2016		Changes 2017-2016	
	value	%	value	%	value	%
Italy	12,632	47.7%	12,112	50.2%	520	4.3%
Europe	7,468	28.2%	6,428	26.6%	1,040	16.2%
America	3,188	12.0%	3,160	13.1%	28	0.9%
Asia	3,054	11.5%	2,314	9.6%	740	32.0%
Rest of the World	142	0.5%	120	0.5%	22	18.3%
Total	26,484	100%	24,134	100%	2,350	9.7%

Business performance

Revenues totalled EUR 26,484 thousand at 30 September 2017, up by EUR 2,350 thousand compared to the first nine months of 2016 (+9.7%), in all product families.

As for the breakdown by geographical region, all sales areas revealed an increase over the same period in the previous year, particularly growth in EU Europe (+20.2%), Asia (+32%) and Italy (+4.3%).

The results for the first nine months of 2017 include negative non-recurring items amounting to EUR 100 thousand related to provisions for personnel restructuring, while the same period of the previous year one again included negative non-recurring items amounting to EUR 816 thousand.

EBITDA at 30 September 2017 was positive at EUR 3,149 thousand, up by EUR 1,733 thousand compared to 30 September 2016, thanks to higher sales volumes.

EBIT was positive and amounted to EUR 1,580 thousand (6% of revenues), higher than the 2016 figure by EUR 1,546 thousand.

In the third quarter of 2017, revenues amounted to EUR 7,817 thousand, up +2.2% compared to the same period in 2016. EBITDA was EUR 116 thousand lower than the same period in the previous year, and EBIT was EUR 349 thousand lower.

Investments



Investments totalled EUR 1,837 thousand in the first nine months of 2017, and included intangible (EUR 393 thousand) and tangible assets (EUR 1,444 thousand).

Intangible investments in the period mainly related to capitalised development costs of EUR 288 thousand, referring to the new range of regulators and power controllers.

As regards tangible investments in the business, these were mainly made by the Italian headquarters (EUR 1,295 thousand) and mainly aimed at the implementation of a new assembly line as well as works to upgrade the buildings.

10.3) DRIVES

Summary results

The key figures are summarised in the table below.

(EUR /000)	30 September 2017	30 September 2016	Change 2017-2016		3Q 2017	3Q 2016	Change 2017 - 2016	
			value	%			value	%
Revenues	27,345	29,910	(2,565)	-8.6%	8,746	10,374	(1,628)	-15.7%
EBITDA	(1,849)	(3,736)	1,887	-50.5%	143	(1,004)	1,147	-
<i>% of revenues</i>	-6.8%	-12.5%			1.6%	-9.7%		114.2%
EBIT	(3,518)	(5,355)	1,837	-34.3%	(605)	(1,544)	939	-60.8%
<i>% of revenues</i>	-12.9%	-17.9%			-6.9%	-14.9%		

The breakdown of revenues by geographical region is as follows:

(EUR /000)	30 September 2017		30 September 2016		Changes 2017-2016	
	value	%	value	%	value	%
Italy	8,362	30.6%	8,862	29.6%	(500)	-5.6%
Europe	8,533	31.2%	9,572	32.0%	(1,039)	-10.9%
America	3,168	11.6%	3,487	11.7%	(319)	-9.1%
Asia	7,049	25.8%	7,777	26.0%	(728)	-9.4%
Rest of the World	233	0.9%	212	0.7%	21	9.9%
Total	27,345	100%	29,910	100%	(2,565)	-8.6%

Business performance

Revenues totalled EUR 27,345 thousand at 30 September 2017, down by EUR 2,565 thousand (-8.6%) compared to the first same period in 2016. Revenues in the first nine months of 2017 included non-recurring amounts totalling EUR 521 thousand relating to government funds awarded to the Chinese subsidiary as incentives for research and development granted to technology companies. Net of the non-recurring portion, 2017 revenues decreased by 7% compared with the same period of 2016.

There was a decrease in sales of Lift family products, for lifting applications, mainly in non-EU Europe and in the Asian subsidiaries. Products made by the subsidiary Areg also decreased, while the trend in Industrial Inverters and custom products remained positive.

The results for the first nine months of 2017 include negative non-recurring items amounting to EUR 119 thousand related to provisions for personnel restructuring, while the same period of the previous year one again included negative non-recurring items amounting to EUR 326 thousand.

EBITDA at 30 September 2017 was negative at EUR 1,849 thousand, with an improvement of EUR 1,887 thousand compared to 30 September 2016. Net of all the above-mentioned non-recurring effects, 2017 EBITDA was still negative at EUR 1,730 thousand, an improvement of EUR 1,680 thousand compared to the same period in the previous year, due to a reduction in operating costs following the organisational restructuring completed in the first half of 2017.

The EBIT loss of EUR 3,518 thousand for the first nine months of 2017 is compared again to a loss of EUR 5,355 thousand in the same period in 2016, recording an improvement of EUR 1,837 thousand.



Investments

Investments in the first nine months of 2017 amounted to EUR 340 thousand, divided into intangible assets (EUR 116 thousand) and technical investments (EUR 224 thousand), dedicated mainly to the implementation and purchase of new manufacturing equipment, as well as works for upgrading of the Gerenzano plant and the German plant.

11. HUMAN RESOURCES

As at 30 September 2017, the Group headcount was 726, including 7 staff with fixed-term contracts (contracts to replace temporarily absent staff or to undertake specific projects).

The change in headcount over the first nine months of 2017 was marked by an overall turnover rate within the Group of 11.5%, which breaks down as follows:

- 40 people joined the Group, including 8 manual workers, and 32 clerical staff;
- 44 people left the Group, including 6 manual workers, 35 clerical staff and 3 managers/executives.



12. SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2017

- The operational procedure to close the sales office in Mexico was completed on 21 July 2017.
- On 26 July 2017, the Parent Company Gefran S.p.A. formalised the sale of 50% of the shares of Axel S.r.l., equal to 15% of the total.

13. SIGNIFICANT EVENTS FOLLOWING THE END OF THE THIRD QUARTER OF 2017

Nothing to report.

14. OUTLOOK

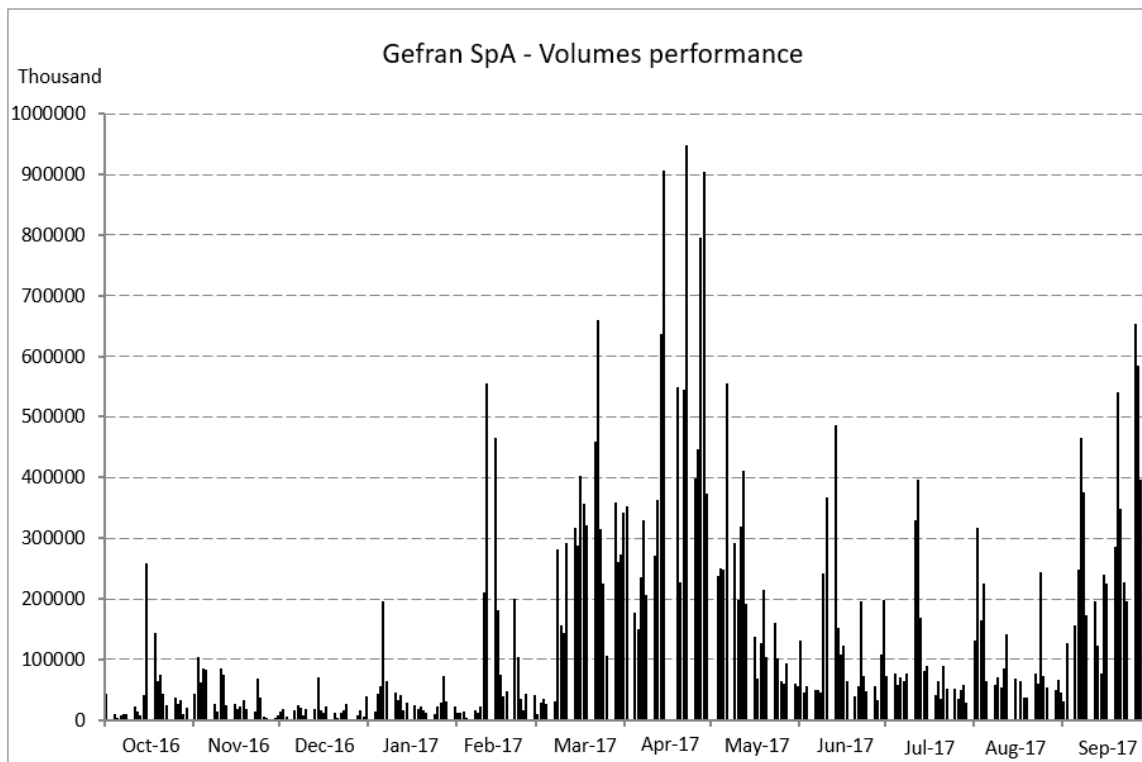
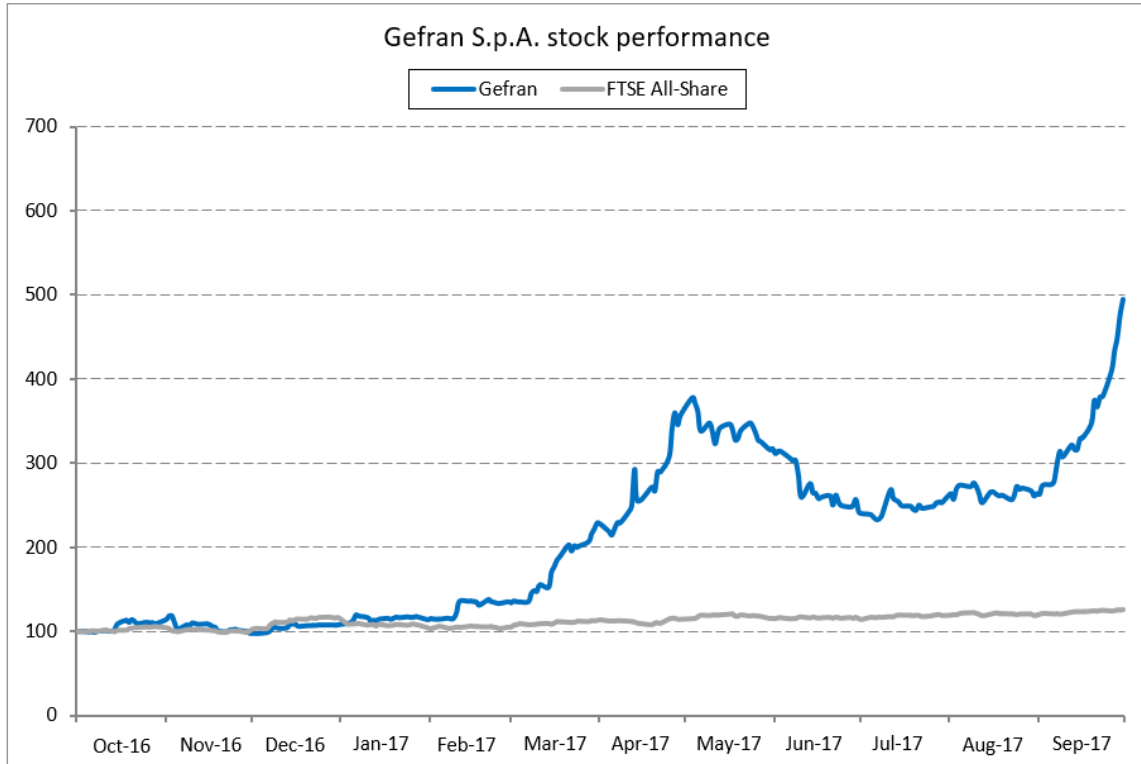
The world macroeconomic scenario is one of steady growth, with good prospects for short-term improvement. This has a positive impact on resumption of international trade and on the solidity of economic growth in all countries and industrial sectors in the Euro area, despite the negative influence of the continuation of a number of international risk factors and the dynamics of currency markets.

Gefran has achieved broadly positive results in all quarters of 2017 in this context, and, in the absence of currently unforeseeable events, revenues remain in line with targets and margins are slightly higher than expected.

15. OWN SHARES AND STOCK PERFORMANCE

In the first quarter of 2017 the company sold 227,394 of its own shares at an average sale price of EUR 4.96; as of the date of this report, September 30 2017, Gefran S.p.A. does not own any of its own shares.

Below we summarise the performance of the stock and volumes traded in the last 12 months:



16. OTHER INFORMATION

Pursuant to Article 70, paragraph 8, and article 71, paragraph 1-bis, of CONSOB's Issuers' Regulation, the Board of Directors decided to take advantage of the option to derogate from the obligations to publish the information documents prescribed in relation to significant mergers, spin-offs, capital increases through contribution in kind, acquisitions and disposals.

17. DEALINGS WITH RELATED PARTIES

In accordance with IAS 24, information relating to dealings with related parties in the first nine months of 2017 and the previous year is provided below.

Transactions with related parties are part of normal operations and the typical business of each entity involved, and are carried out under normal market conditions. The Group did not carry out any unusual and/or abnormal transactions that may have a significant impact on its economic, equity and financial situation.

On 12 November 2010, the Board of Directors of Gefran S.p.A. adopted the regulations governing transactions with related parties, published in the "Corporate Governance" section of the Company's website www.gefran.com.

Transactions with related parties are part of the Group's normal business management and typical activity. Dealings with other related parties are as follows:

- Elettropiemme S.r.l., a subsidiary Ensun S.r.l.: a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is Chairman and Giovanna Franceschetti (Executive director of Gefran S.p.A.) is appointed director.
- Climat S.r.l.: a company in which the director and shareholder is a relative of Maria Chiara Franceschetti (Vice Chairman of Gefran S.p.A.);
- Ensun S.r.l., a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is Chairman, and Giovanna Franceschetti (Executive Director of Gefran S.p.A.) is Director.
- BS Energia 2 S.r.l., a subsidiary of Ensun S.r.l.: a company in which Giovanna Franceschetti (Executive Director of Gefran S.p.A.) is Director;
- Francesco Franceschetti Elastomeri S.r.l.: a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is a member of the Board of Directors;

These dealings, summarised below, have no material impact on the Group's economic and financial structure. They are summarised in the following tables:

<i>(EUR /000)</i>	Elettropiemme S.r.l.	Climat S.r.l.	Ensun S.r.l.	Axel S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Revenues from product sales						
2016	0	0	52	0	1	53
2017	0	0	0	0	86	86
Service costs						
2016	-76	-132	0	-63	0	-271
2017	0	-81	0	0	0	-81

<i>(EUR /000)</i>	Elettropiemme S.r.l.	Climat S.r.l.	Ensun S.r.l.	Axel S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Property, plant, machinery and tools						
2016	0	105	0	0	0	105
2017	0	130	0	0	0	130
Trade receivables						
2016	0	0	0	0	51	51
2017	0	0	0	0	31	31
Trade payables						
2016	0	38	0	0	0	38
2017	0	62	0	0	0	62

In accordance with internal regulations, transactions with related parties of an amount below EUR 50 thousand are not reported, since this amount was determined as the threshold for identifying significant transactions.

With regard to dealings with subsidiaries, Parent Company Gefran S.p.A. provided technical, administrative and management services as well as royalties to the Group's operating subsidiaries amounting to around EUR 1.7 million, governed by specific contracts.

The Gefran Group provides a Group cash pooling service, partly through a "Zero Balance" service, which involves all the European subsidiaries.

None of the subsidiaries holds shares of the Parent Company or held them during the period.

18. EXPLANATORY

General information, form and content

Gefran S.p.A. is incorporated and located at Via Sebina 74, Provaglio d'Iseo (BS). The Group's main activities are described in the Report on Operations.

These interim financial statements as at 30 September 2017 were approved by the meeting of the Board of Directors held on 9 November 2017, which authorised their publication.

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

In preparing these interim financial statements, the same accounting criteria were applied as in the preparation of the annual financial report for the year ending 31 December 2016. The interim financial statements for the quarter ending 30 September 2017 do not contain all the additional information required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ending 31 December 2016, prepared in accordance with IFRS.

Significant transactions with related parties and non-recurring items have been detailed in separate accounting schedules, as required by CONSOB resolution 15519 of 27 July 2006.

These interim financial statements for the quarter ending 30 September 2017 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first nine months of 2017, prepared in accordance with international accounting standards. These accounting statements were prepared using valuation criteria in line with those of the Parent Company, or adjusted owing to consolidation.

Interim financial statements are not subject to an audit.

These consolidated financial statements are presented in euro (EUR), the functional currency of most Group companies. Unless otherwise stated, all amounts are expressed in thousands of euro.

Change in the scope of consolidation

The scope of consolidation as of September 30 2017 is different from December 31 2016 and September 30 2016 as elimination of the subsidiary already undergoing liquidation, Gefran South Africa (Pty) Ltd., went into effect on January 30 2017, and on July 26 2017 Gefran S.p.A.'s share in Axel S.r.l., a company consolidated by the equity method, was reduced from 30% to 15%.

Consolidation principles and valuation criteria

The valuation criteria adopted for the preparation of these interim financial statements as at 30 September 2017 are the same as those adopted in preparing the annual financial report for the year ending 31 December 2016.

In line with the requirements of document no. 2 of 6 February 2009 issued jointly by the Bank of Italy, CONSOB and ISVAP, the Gefran Group's interim financial statements were prepared on the assumption that the Group is a going concern.

With reference to CONSOB Communication DEM/11070007 of 5 August 2011, it is also noted that the Group does not hold in its portfolio any bonds issued by central or local governments or government agencies, and is therefore not exposed to risks generated by market fluctuations. The consolidated financial statements were prepared using the general historic cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to CONSOB Communication No. 0092543 dated 3 December 2015, it is hereby revealed that in the Report on operations the guidelines of the ESMA (ESMA/2015/1415) were followed with regard to the information aimed at ensuring the comparability, reliability and comprehensibility of the Alternative Performance Indicators.

With reference to CONSOB Communication 0007780 of 28 January 2016, we note that the impacts of the market conditions on the balance sheet information were included in the Directors' Report on Operations. It is furthermore noted that the application of IFRS 13 "Fair Value Measurement" does not involve any significant changes in the financial statement items for Gefran and currently an assessment is being carried out of the impacts on the financial statements reporting of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" both of the latter coming into force as from 1 January 2018.

For details on the seasonal nature of the Group's operations, please refer to the attached "Consolidated income statement by quarter".

Provaglio d'Iseo, 9 November 2017

For the Board of Directors

Chairman

Ennio Franceschetti

Chief Executive Officer

Alberto Bartoli

ANNEXES

Consolidated income statement by quarter

(EUR /000)	Q1	Q2	Q3	Q4	TOT	Q1	Q2	Q3	TOT
	2016	2016	2016	2016	2016	2017	2017	2017	2017
a Revenues	29,524	30,138	28,905	30,763	119,330	32,278	32,772	29,101	94,151
b Increases for internal work	408	292	179	240	1,119	168	142	113	423
c Consumption of materials and products	9,539	10,526	10,416	11,245	41,726	11,121	11,446	9,600	32,167
d Added Value (a+b-c)	20,393	19,904	18,668	19,758	78,723	21,325	21,468	19,614	62,407
e Other operating costs	5,563	5,628	5,688	5,173	22,052	5,584	5,744	5,220	16,548
f Personnel costs	13,116	11,364	10,009	10,858	45,347	11,445	10,962	9,889	32,296
g Gross operating margin - EBITDA (d-e-f)	1,714	2,912	2,971	3,727	11,324	4,296	4,762	4,505	13,563
h Depreciation, amortisation and impairments	1,557	1,557	1,560	1,535	6,209	1,494	1,473	2,336	5,303
i EBIT (g-h)	157	1,355	1,411	2,192	5,115	2,802	3,289	2,169	8,260
l Gains (losses) from financial assets/liabilities	(761)	139	(378)	177	(823)	(237)	(756)	(169)	(1,162)
m Gains (losses) from shareholdings valued at equity	(78)	34	59	(10)	5	(6)	(69)	58	(17)
n Profit (loss) before tax (i±l±m)	(682)	1,528	1,092	2,359	4,297	2,559	2,464	2,058	7,081
o Taxes	(516)	(275)	(632)	588	(835)	(751)	171	(419)	(999)
p Result from operating activities (n±o)	(1,198)	1,253	460	2,947	3,462	1,808	2,635	1,639	6,082
q Profit (loss) from assets held for sale	486	0	0	0	486	0	0	0	0
r Group net profit (loss) (p±q)	(712)	1,253	460	2,947	3,948	1,808	2,635	1,639	6,082

a) Consolidated income statement by quarter – excluding non-recurring items

(EUR /000)	Q1	Q2	Q3	Q4	TOT	Q1	Q2	Q3	TOT
	2016	2016	2016	2016	2016	2017	2017	2017	2017
a Revenues	29,003	30,138	28,905	30,609	118,655	32,278	32,772	29,101	94,151
b Increases for internal work	408	292	179	240	1,119	168	142	113	423
c Consumption of materials and products	9,539	10,526	10,416	11,245	41,726	11,121	11,446	9,600	32,167
d Added Value (a+b-c)	19,872	19,904	18,668	19,604	78,048	21,325	21,468	19,614	62,407
e Other operating costs	5,563	5,628	5,688	5,173	22,052	5,584	5,744	5,220	16,548
f Personnel costs	11,224	11,217	10,009	11,033	43,483	11,124	10,962	9,889	31,975
g Gross operating margin - EBITDA (d-e-f)	3,085	3,059	2,971	3,398	12,513	4,617	4,762	4,505	13,884
h Depreciation, amortisation and impairments	1,557	1,557	1,560	1,535	6,209	1,494	1,473	2,336	5,303
i EBIT (g-h)	1,528	1,502	1,411	1,863	6,304	3,123	3,289	2,169	8,581
l Gains (losses) from financial assets/liabilities	(761)	139	(378)	177	(823)	(237)	(756)	(169)	(1,162)
m Gains (losses) from shareholdings valued at equity	(78)	34	59	(10)	5	(6)	(69)	58	(17)
n Profit (loss) before tax (i±l±m)	689	1,675	1,092	2,030	5,486	2,880	2,464	2,058	7,402
o Taxes	(516)	(275)	(632)	588	(835)	(751)	171	(419)	(999)
p Result from operating activities (n±o)	173	1,400	460	2,618	4,651	2,129	2,635	1,639	6,403
q Profit (loss) from assets held for sale	486	0	0	0	486	0	0	0	0
r Group net profit (loss) (p±q)	659	1,400	460	2,618	5,137	2,129	2,635	1,639	6,403

b) Exchange rates used to convert the financial statements of foreign companies

End-of-period exchange rates

Currency	30 September 2017	31 December 2016	30 September 2016
Swiss franc	1.1457	1.0739	1.0876
Pound sterling	0.8818	0.8562	0.8610
US dollar	1.1806	1.0541	1.1161
Brazilian real	3.7635	3.4305	3.6210
Chinese renminbi	7.8534	7.3202	7.4463
Indian rupee	77.0690	71.5935	74.3655
Turkish lira	4.2013	3.7072	3.3576

Average exchange rates in the period

Currency	2017	2016	3Q 2017	3Q 2016
Swiss franc	1.0946	1.0902	1.1309	1.0889
Pound sterling	0.8725	0.8189	0.8974	0.8495
US dollar	1.1132	1.1066	1.1744	1.1164
Brazilian real	3.5312	3.8616	3.7149	3.6227
Chinese renminbi	7.5721	7.3496	7.8327	7.4422
Indian rupee	72.5875	74.3553	75.5137	74.7420
Turkish lira	4.0012	3.3427	4.1278	3.3092

c) List of companies included in the scope of consolidation

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Gefran UK Ltd	Uxbridge	UK	GBP	4,096,000	Gefran S.p.A.	100.00
Gefran Deutschland GmbH	Seligenstadt	Germany	EUR	365,000	Gefran S.p.A.	100.00
Siei Areg GmbH	Pleidelsheim	Germany	EUR	150,000	Gefran S.p.A.	100.00
Gefran France S.A.	Lyon	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux Nv	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	Winchester	US	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	Sao Paulo	Brazil	REAL	450,000	Gefran S.p.A. Gefran UK	99.90 0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A. Gefran UK	95.00 5.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Pte Ltd	Shanghai	Cina (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Gefran Siei Electric Pte Ltd	Shanghai	Cina (PRC)	RMB	1,005,625	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Middle East Ltd Sti	Istanbul	Turkey	TRY	1,030,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00

d) List of companies consolidated at equity

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Ensun S.r.l.	Brescia	Italy	EUR	30,000	Gefran S.p.A.	50
Bs Energia 2 S.r.l.	Rodengo Saiano	Italy	EUR	1,000,000	Ensun S.r.l.	50
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Ensun S.r.l.	50
Axel S.r.l.	Dandolo	Italy	EUR	26,008	Gefran S.p.A.	15

e) List of other subsidiaries

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	16.56
Woojin Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2.00
UBI Banca S.p.A.	Bergamo	Italy	EUR	2,254,368,000	Gefran S.p.A.	n/s

20. DECLARATION OF THE DIRECTOR RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING STATEMENTS

Declaration pursuant to article 154-bis, paragraph 2 of Legislative Decree 58 of 24 February 1998 (Consolidated Finance Act "TUF")

The undersigned, **Fausta Coffano**, the Director responsible for corporate financial reporting, hereby declares, pursuant to paragraph 2, article 154-bis of the TUF, that the information contained in these interim financial statements as at 31 March 2017 accurately represents the figures contained in the Group's accounting records.

Provaglio d'Iseo, 9 November 2017

The Director responsible for preparing
the accounting and corporate documents

Fausta Coffano