

GEFRAN S.p.A. BOARD APPROVES CONSOLIDATED RESULTS AT 30 June 2018

- Revenues of EUR 70.3 million Euro (+8% versus the first half of 2017)
- Positive EBITDA of EUR 11.2 million, amounting to 16% of revenues (positive at EUR 9 million in the first half of 2017)
- Positive EBIT of EUR 8.1 million, amounting to 11.6% of revenues (positive at EUR 6.1 million in the first half of 2017)
- Net profit of EUR 4.1 million (positive at EUR 4.4 million at 30 June 2017)
- Net financial position was a negative EUR 9.1 million (while it was a negative EUR 4.8 million at 31 December 2017)

Group income statement highlights

(EUR / 000)	30 June 2018		30 June 2017		2Q 2018		2Q 2017	
Revenues	70,260	100.0%	65,050	100.0%	35,543	100.0%	32,772	100.0%
EBITDA	11,210	16.0%	9,058	13.9%	5,433	15.3%	4,762	14.5%
EBIT	8,122	11.6%	6,091	9.4%	3,871	10.9%	3,289	10.0%
Profit (loss) before tax	7,618	10.8%	5,023	7.7%	3,723	10.5%	2,464	7.5%
Result from operating activities	4,936	7.0%	4,443	6.8%	2,326	6.5%	2,635	8.0%
Net Profit (loss) from assets held for sale	(875)	-1.2%	0	0.0%	(461)	-1.3%	0	0.0%
Group net profit (loss)	4,061	5.8%	4,443	6.8%	1,865	5.2%	2,635	8.0%

Group statement of financial position highlights

(EUR / 000)	30 June 2018	31 December 2017
Invested capital from operations	78,001	73,477
Net working capital	32,644	30,621
Shareholders' equity	68,879	69,911
Net financial position	(9,122)	(4,780)

(EUR / 000)	30 June 2018	30 June 2017
Operating cash flow	7,220	10,491
Investments	4,826	2,724

Provaglio d'Iseo (BS), 02 August 2018 – The Board of Directors of Gefran S.p.A. met today under the chairmanship of Maria Chiara Franceschetti at the Company's headquarters in Provaglio d'Iseo (BS) to approve the results at 30 June 2018.

Revenues in the first half of 2018 amounted to EUR 70.260 million, compared to EUR 65.050 million in the first half of 2017, registering EUR 5.210 million growth (a rate of +8%), with growth in all areas, led by the excellent performance of plastic and lift applications and generated primarily by original equipment manufacturers (OEM).

The breakdown by **geographical region** saw double-digit growth over the first half of 2017 in Italy (+11.9%) and Asia (+12.2%), with good results in the European Union (+8.7%) thanks to the positive trend in the sectors the Gefran Group serves. Sales in the Americas were down, particularly in South America (-11%), penalised by the exchange rate.

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The breakdown of **revenues by business area** shows growth in all business areas: +8.5% for sensors, +8.4% for automation components and +10.3% for motion control.

Added value for the first six months of 2018 was EUR 46.747 million (EUR 42.793 million at 30 June 2017), equivalent to 66.5% of revenues (65.8% in the same period in 2017). The EUR 3.954 million increase on the first half of the previous year was mainly due to an increase in volumes.

Other operating costs at 30 June 2018 amounted to EUR 12.373 million, an increase over the first half of 2017, when they were EUR 11.328 million. They have stayed at the same percentage of revenues (17.6% in the first half of 2018 and 17.4% in the first half of 2017).

Personnel costs at 30 June 2018 were EUR 23.164 million, compared with EUR 22.407 million on the same date in 2017; the increase was due to new employees joining the Group.

The increase in operating costs and personnel costs reflects the investments in projects to support growth under the three-year plan.

EBITDA for the first half amounted to EUR 11.210 million (EUR 9.058 million in the first half of 2017) and reached 16% of revenues (13.9% at 30 June 2017), registering an increase of EUR 2.152 million due to the combined effect of added value and revenue growth.

EBIT was positive in the first half of 2018, and amounted to EUR 8.122 million (11.6% of revenues), compared with an EBIT of EUR 6.091 million for the same period of 2017.

Losses from assets held for sale in the first half of 2018 were EUR 0.875 million including the fiscal effect, as assets pertaining to know-how in the photovoltaic business, the sale of which had been under negotiation, were written off entirely. The company's directors decided to write off the asset when the potential buyer declined the option to buy.

Group net profit in the first half of 2018 was EUR 4.061 million, compared with a profit of EUR 4.443 million in the same period of 2017; the decrease was a result of assets held for sale.

Working capital was EUR 24.909 million at 30 June 2018, compared with EUR 21.067 million at 31 December 2017, an overall increase of EUR 3.842 million.

Shareholders' equity at 30 June 2018 was EUR 68.879 million, compared with EUR 69.911 million at 31 December 2017. The change was primarily a result of the positive annual result, totalling EUR 4.061 million, absorbed by distribution of EURO 5.040 thousand in dividends in May 2018.

Net financial position at 30 June 2018 was a negative EUR 9.122 million, down EUR 4.342 million since 31 December 2017.

Net financial debt comprises short-term cash and cash equivalents of EUR 1.538 million and medium-/long-term debt of EUR 10.660 million.

This **change in net financial position** was mainly due to positive cash flows from ordinary operations (EUR 7.220 million), absorbed by technical investments (EUR 4.826 million), payment of dividends (EUR 5.040 million) and payment of taxes (EUR 2.852 million).

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The Group's Chief Executive Officer Alberto Bartoli commented on the results: "Performance was excellent in the half that just ended, with results in terms of sales and margins in excess of expectations and the start of the announced three-year plan for investment in technical and human capital, which we expect to improve our competitiveness in the future. A number of sectors the Group serves are beginning to show signs of slowing down, as expected. This trend, combined with the increase in operating costs resulting from implementation of the investment plan, will be reflected in the results of the second half of the year, though we still expect performance to be satisfactory. In view of these considerations, we confirm that growth of revenues and profit margins in 2018 will be in line with that of the previous year."

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

Please note that auditing of the abbreviated half-yearly Consolidated Financial Statements at 30 June 2018 has not yet been completed.

The Half-yearly Financial Report at 30 June 2018 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:** 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 result 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

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- **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, working capital and provisions;

- **Net 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

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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 700 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** is listed in the STAR (high performance stock) segment of the Italian Stock Exchange, and joined the ALL STAR segment on 31 January 2005, which became FTSE Italia STAR 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 2018 (Auditing still in progress)

(EUR / 000)	30 June 2018			30 June 2017			Changes 2018-2017	
	Excl.	Incl.	Total	Excl.	Incl.	Total	Value	%
	non rec.	non rec.	.	non rec.	non rec.	.	Excl. non rec.	
a Revenues	70,260		70,260	65,050		65,050	5,210	8.0%
b Increases for internal work	621		621	310		310	311	100.3%
c Consumption of materials and products	24,134		24,134	22,567		22,567	1,567	6.9%
d Added value (a+b-c)	46,747	0	46,747	42,793	0	42,793	3,954	9.2%
e Other operating costs	12,373		12,373	11,328		11,328	1,045	9.2%
f Personnel costs	23,164		23,164	22,086	(321)	22,407	1,078	4.9%
g EBITDA (d-e-f)	11,210	0	11,210	9,379	321	9,058	1,831	19.5%
h Depreciation, amortisation and impairment	3,088		3,088	2,967		2,967	121	4.1%
i EBIT (g-h)	8,122	0	8,122	6,412	321	6,091	1,710	26.7%
l Gains (losses) from financial assets/liabilities	(410)		(410)	(993)		(993)	583	58.7%
m Gains (losses) from shareholdings valued at equity	(94)		(94)	(75)		(75)	(19)	-25.3%
n Profit (loss) before tax (i±l±m)	7,618	0	7,618	5,344	321	5,023	2,274	42.6%
o Taxes	(2,682)		(2,682)	(580)		(580)	(2,102)	-362.4%
p Net Result from operating activities (n±o)	4,936	0	4,936	4,764	321	4,443	172	3.6%
q Profit (loss) from assets held for sale	(875)		(875)	0		0	(875)	n.s.
r Group net profit (loss) (p±q)	4,061	0	4,061	4,764	321	4,443	(703)	-14.8%

Results by business of the Gefran Group at 30 June 2018 (Auditing still in progress)

(EUR / 000)	30 June 2018					30 June 2017				
	Revenues	EBITDA	% of revenues	EBIT	% of revenues	Revenues	EBITDA	% of revenues	EBIT	% of revenues
Sensors	32,483	10,165	31.3%	8,957	27.6%	29,942	8,521	28.5%	7,362	24.6%
Automation components	20,234	2,438	12.0%	1,456	7.2%	18,667	2,529	13.5%	1,642	8.8%
Motion Control	20,522	(1,393)	-6.8%	(2,291)	-11.2%	18,599	(1,992)	-10.7%	(2,913)	-15.7%
Elisioni	(2,979)					(2,158)				
Totale	70,260	11,210	16.0%	8,122	11.6%	65,050	9,058	13.9%	6,091	9.4%

Revenues by geographical region of the Gefran Group at 30 June 2018 (Auditing still in progress)

(EUR / 000)	30 June 2018		30 June 2017		Changes 2018-2017	
	value	%	value	%	value	%
Italy	21,476	30.6%	19,184	29.5%	2,292	11.9%
European Union	18,909	26.9%	17,390	26.7%	1,519	8.7%
Europe non-EU	3,357	4.8%	3,296	5.1%	61	1.9%
North America	7,329	10.4%	7,434	11.4%	(105)	-1.4%
South America	2,025	2.9%	2,276	3.5%	(251)	-11.0%
Asia	16,882	24.0%	15,052	23.1%	1,830	12.2%
Rest of the World	282	0.4%	418	0.6%	(136)	-32.5%
Total	70,260	100%	65,050	100%	5,210	8.0%

Reclassified schedule of the Consolidated Statement of Financial Position of the Gefran Group at 30 June 2018 (Auditing still in progress)

GEFRAN GROUP	30 June 2018		31 December 2017	
(EUR / 000)	value	%	value	%
Intangible assets	12,242	15.7	12,605	16.9
Tangible assets	37,750	48.4	35,563	47.6
Other non-current assets	10,672	13.7	11,733	15.7
Net non-current assets	60,664	77.8	59,901	80.2
Inventories	23,427	30.0	20,264	27.1
Trade receivables	33,166	42.5	29,386	39.3
Trade payables	(23,949)	(30.7)	(19,029)	(25.5)
Other assets/liabilities	(7,735)	(9.9)	(9,554)	(12.8)
Working capital	24,909	31.9	21,067	28.2
Provisions for risks and future liabilities	(1,958)	(2.5)	(1,752)	(2.3)
Deferred tax provisions	(632)	(0.8)	(647)	(0.9)
Employee benefits	(4,982)	(6.4)	(5,092)	(6.8)
Invested capital from operations	78,001	100.0	73,477	98.4
Invested capital from assets held for sale	-	-	1,214	1.6
Net invested capital	78,001	100.0	74,691	100.0
Shareholders' equity	68,879	88.3	69,911	93.6
Non-current financial payables	10,799	13.8	13,933	18.7
Current financial payables	13,977	17.9	14,999	20.1
Financial liabilities for derivatives	46	0.1	76	0.1
Financial assets for derivatives	(37)	(0.0)	(56)	(0.1)
Non-current financial assets	(139)	(0.2)	(166)	(0.2)
Cash and cash equivalents and current financial receivables	(15,524)	(19.9)	(24,006)	(32.1)
Net debt relating to operations	9,122	11.7	4,780	6.4
Total sources of financing	78,001	100.0	74,691	100.0

Reclassified schedule of the Consolidated Cash Flow Statement of the Gefran Group at 30 June 2018

(Auditing still in progress)

(EUR / 000)	30 June 2018	30 June 2017
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	24,006	20,477
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	4,061	4,443
Depreciation/amortisation	3,088	2,967
Capital (gains) losses on the sale of non-current assets	23	(40)
Writedown of assets held for sale	1,214	0
Net result from financial operations	504	1,068
Taxes	1,590	1,261
Change in provisions for risks and future liabilities	92	(960)
Change in other assets and liabilities	(1,820)	(3,392)
Change in deferred taxes	753	(685)
Change in trade receivables	(3,959)	(320)
<i>of which related parties:</i>	35	(23)
Change in inventories	(3,247)	396
Change in trade payables	4,921	5,753
<i>of which related parties:</i>	125	91
TOTAL	7,220	10,491
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(4,826)	(2,724)
<i>of which related parties:</i>	(468)	(81)
- Equity investments and securities	3	0
- Financial receivables	5	55
Disposal of non-current assets	(18)	41
TOTAL	(4,836)	(2,628)
D) FREE CASH FLOW (B+C)	2,384	7,863
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	0	0
Repayment of financial payables	(5,086)	(5,193)
Increase (decrease) in current financial payables	2,000	674
Taxes paid	(2,852)	(1,167)
Interest (paid)	(261)	(285)
Interest (received)	123	0
Sale of own shares	0	1,129
Change in shareholders' equity reserves	243	(457)
Dividends paid	(5,040)	(3,596)
TOTAL	(10,873)	(8,895)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(8,489)	(1,032)
G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE	-	-
H) Exchange rate translation differences on cash at hand	7	(494)
I) NET CHANGE IN CASH AT HAND (F+G+H)	(8,482)	(1,526)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	15,524	18,951