

Press release

The Board of Directors approves results for the first quarter 2018

Net sales at € 131.2 million - € 119.2 million in the first quarter 2017

EBITDA at € 17.3 million (€ 18.1 million *adjusted*) - € 17.3 million in the first quarter 2017

EBIT at € 13.7 million - € 14.2 million in the first quarter 2017

Consolidated net income at € 11.2 million - € 9.2 million in the first quarter 2017

Net negative financial position at € 139.7 million (of which € 23.6 million of debts for future commitments relating to the purchase of residual minority interests), compared to € 125.3 million at December 31, 2017.

Bagnolo in Piano (RE), 15 May 2018 – The Board of Directors of **Emak S.p.A.** (MTA, STAR), parent company of one of world major groups working in the sectors of outdoor power equipment, pumps and water jetting, and of the related components and accessories, has approved the results for the first quarter 2018.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2018

Emak Group achieved in the first quarter **consolidated revenues of € 131.2 million**, compared to € 119.2 million of the same period of last year, an increase of 10%. The increase is due for 15.3% (equal to € 18.3 million) to the change in the scope of consolidation, to the negative exchange rate effect of 2.3% and to an organic decline of 3%.

EBITDA (*) reached € 17.3 million, in line with the value of the same period 2017. Excluding the non-ordinary charges incurred by the Group during the first quarter, the figure would have been € 18.1 million. The contribution brought by the change in the scope of consolidation amounts to € 3.4 million. On a like-for-like basis, the result was negatively impacted by the decrease in sales volumes recorded following the delayed start of the season, which led to a decline in demand on the gardening market.

EBIT amounted to € 13.7 million, in spite of € 14.2 million of the same period of last year.

Net profit for the first quarter 2018 is € 11.2 million, compared to € 9.2 million of the same period of 2017, an increase of 20.9%. The result benefited from a capital gain and lower tax rate compared to the first quarter of last year.

Free cash flow from operations (*) is € 12.3 million, in line with the first quarter 2017.

Investments in tangible and intangible assets made during the first quarter 2018 amount to € 3.3 million.

Consolidated net equity at March 31, 2018 is € 197.9 million compared to € 187.5 million at December 31, 2017.

Net negative financial position stands at € 139.7 million (of which € 23.6 million of debts for future commitments relating to the purchase of residual minority interests) at March 31, 2018, compared to € 100.9 million at March 31, 2017 and € 125.3 million at December 31, 2017.

Outlook

The element that most characterized the first quarter is the delayed start of the season due to anomalous meteorological conditions both in Europe and in North America.

Only from mid-April the activities related to gardening began, with an immediate reflection on the order-entry higher than the same period of 2017. The integration of the recent acquisition of Lavorwash with the associated synergies is proceeding satisfactorily. Initiatives to support business development are in line with value creation plans.

(*) Alternative performance indicators

The following are the criteria used for the construction of key performance indicators that management considers necessary to the monitoring Group.

- EBITDA: calculated by adding the items "Operating result" plus "Amortization, depreciation and impairment losses".
- EBITDA adjusted (EBITDA before non-ordinary expenses): is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, headcount reorganization and restructuring charges.
- Free cash flow from operations: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".

The highlights from the consolidated accounts of the Group at March 31, 2018 are attached to the present press release.

Pursuant to the law, the interim report at March 31, 2018 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.it).

Aimone Burani, the executive responsible for the preparation of the corporate accounting documents, declares and certifies in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the financial statements contained in the present press release correspond to the underlying accounting documents, records and accounting entries.

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Emak Group develops, produces and distributes a wide range of products in three business areas: (i) outdoor power equipment, which includes products for gardening, forestry and agriculture such as trimmers, lawn mowers, garden tractors, chain saws, tillers, rotary tiller; (ii) pumps and high pressure water jetting including products (a) for agriculture as centrifugal and diaphragm pumps for spraying and weeding; (b) for industry, including industrial pumps, high and high pressure systems and urban cleaning equipment; (c) for cleaning, as professional and semiprofessional high pressure washers, floor scrubbers and vacuum cleaners; (iii) components and accessories for the abovementioned sectors, the most representative of which are line and heads for trimmers, accessories for chain saws (i.e. sharpeners), guns, nozzles and valves for high pressure washers and agricultural applications, precision farming (sensors and computers). In 2017 Emak Group realized a total turnover of € 422.1 million

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2018

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
€/000										
Sales to third parties	48,935	52,468	49,273	30,195	32,958	36,541			131,166	119,204
Intersegment sales	762	457	543	546	2,545	2,398	(3,850)	(3,401)		
Revenues from sales	49,697	52,925	49,816	30,741	35,503	38,939	(3,850)	(3,401)	131,166	119,204
Ebitda	4,284	4,883	8,513	5,234	5,519	8,058	(1,042)	(884)	17,274	17,291
<i>Ebitda/Total Revenues %</i>	8.6%	9.2%	17.1%	17.0%	15.5%	20.7%			13.2%	14.5%
Operating result	2,771	3,472	7,319	4,493	4,628	7,160	(1,042)	(884)	13,676	14,241
<i>Operating result/Total Revenues %</i>	5.6%	6.6%	14.7%	14.6%	13.0%	18.4%			10.4%	11.9%
Financial management result (1)									986	(1,064)
Profit before tax									14,662	13,177
Income taxes									(3,482)	(3,927)
Net profit									11,180	9,250
<i>Net profit/Total Revenues%</i>									8.5%	7.8%

(1) The "Financial management result" includes financial income and expenses, exchange gain/losses and income from revaluation of equity investments in associates.

STATEMENT OF FINANCIAL POSITION	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net debt	38,461	27,297	93,195	91,969	9,187	7,031	(1,085)	(1,003)	139,758	125,294
Shareholders' Equity	178,193	176,986	47,868	44,002	48,954	48,975	(77,116)	(82,458)	197,899	187,505
Total Shareholders' Equity and Net debt	216,654	204,283	141,063	135,971	58,141	56,006	(78,201)	(83,461)	337,657	312,799
Net non-current assets (2)	130,961	136,604	75,614	76,648	19,810	19,076	(75,840)	(81,366)	150,545	150,962
Net Working Capital	85,693	67,679	65,449	59,323	38,331	36,930	(2,361)	(2,095)	187,112	161,837
Total Net Capital Employed	216,654	204,283	141,063	135,971	58,141	56,006	(78,201)	(83,461)	337,657	312,799

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 75,661 thousand Euro

OTHER STATISTICS	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Number of employees at period end	781	801	718	704	474	516	8	8	1,981	2,029

OTHER INFORMATIONS	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Amortization, depreciation and impairment losses	1,513	1,411	1,194	741	891	898			3,598	3,050
Investment in property, plant and equipment and in intangible assets	1,281	1,382	632	1,224	1,444	1,546			3,357	4,152

Emak Group– Consolidated income statement and comprehensive income statement

Thousand of Euro

FY 2017	CONSOLIDATED INCOME STATEMENT	1 Q 2018	1 Q 2017
422,155	Revenues from sales	131,166	119,204
3,684	Other operating incomes	1,400	618
14,168	Change in inventories	3,567	1,719
(234,565)	Raw materials, consumable and goods	(73,943)	(64,842)
(80,055)	Personnel expenses	(21,843)	(19,819)
(81,455)	Other operating costs and provisions	(23,073)	(19,589)
(13,955)	Amortization, depreciation and impairment losses	(3,598)	(3,050)
29,977	Operating profit	13,676	14,241
1,807	Financial income	2,951	460
(4,820)	Financial expenses	(1,174)	(1,199)
(4,218)	Exchange gains and losses	(832)	(371)
389	Income from/(expenses on) equity investment	41	46
23,135	Profit before taxes	14,662	13,177
(6,700)	Income taxes	(3,482)	(3,927)
16,435	Net profit (A)	11,180	9,250
(270)	(Profit)/loss attributable to non controlling interests	(59)	(125)
16,165	Net profit attributable to the Group	11,121	9,125
0.099	Basic earnings per share	0.068	0.056
0.099	Diluted earnings per share	0.068	0.056
FY 2017	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2018	1 Q 2017
16,435	Net profit (A)	11,180	9,250
(5,330)	Profits/(losses) deriving from the conversion of foreign company accounts	(415)	271
(470)	Actuarial profits/(losses) deriving from defined benefit plans (*)	0	0
133	Income taxes on OCI (*)	0	0
(5,667)	Total other components to be included in the comprehensive income statement (B)	(415)	271
10,768	Total comprehensive income for the period (A)+(B)	10,765	9,521
(166)	Comprehensive net profit attributable to non controlling interests	(72)	(140)
10,602	Comprehensive net profit attributable to the Group	10,693	9,381

(*) Items will not be classified in the income statement

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2017	ASSETS	31.03.2018	31.03.2017
	Non-current assets		
73,275	Property, plant and equipment	72,599	62,444
20,327	Intangible assets	19,862	8,509
67,112	Goodwill	66,392	53,977
230	Equity investments in other companies	230	230
4,284	Equity investments in associates	4,325	4,001
9,068	Deferred tax assets	8,414	6,889
752	Other financial assets	698	9,177
65	Other assets	66	63
175,113	Total non-current assets	172,586	145,290
	Current assets		
155,727	Inventories	154,526	129,205
109,394	Trade and other receivables	145,706	134,992
5,428	Current tax assets	4,424	3,634
7,348	Other financial assets	7,072	510
201	Derivative financial instruments	197	15
40,812	Cash and cash equivalents	44,466	21,439
318,910	Total current assets	356,391	289,795
494,023	TOTAL ASSETS	528,977	435,085
31.12.2017	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2018	31.03.2017
	Shareholders' Equity		
184,783	Shareholders' Equity of the Group	195,655	189,554
2,722	Non-controlling interest	2,244	1,568
187,505	Total Shareholders' Equity	197,899	191,122
	Non-current liabilities		
95,730	Loans and borrowings due to banks and other lenders	94,639	69,042
9,622	Deferred tax liabilities	9,072	6,195
10,932	Employee benefits	9,496	8,912
2,265	Provisions for risks and charges	2,218	1,604
579	Other non-current liabilities	557	579
119,128	Total non-current liabilities	115,982	86,332
	Current liabilities		
101,515	Trade and other payables	108,529	86,465
4,676	Current tax liabilities	6,406	7,380
78,469	Loans and borrowings due to banks and other lenders	97,308	62,388
208	Derivative financial instruments	244	607
2,522	Provisions for risks and charges	2,609	791
187,390	Total current liabilities	215,096	157,631
494,023	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	528,977	435,085

Emak Group – Consolidated net financial position

Net financial position (€/000)	31/03/2018	31/12/2017	31/03/2017
A. Cash	44,466	40,812	21,439
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	44,466	40,812	21,439
E. Current financial receivables	7,270	7,549	525
F. Current payables to banks	(51,282)	(36,570)	(28,582)
G. Current portion of non current indebtedness	(36,299)	(31,956)	(31,415)
H. Other current financial debts	(9,972)	(10,151)	(2,998)
I. Current financial indebtedness (F+G+H)	(97,553)	(78,677)	(62,995)
J. Current financial indebtedness, net (I+E+D)	(45,817)	(30,316)	(41,031)
K. Non-current payables to banks	(79,105)	(80,084)	(55,271)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(15,534)	(15,646)	(13,771)
N. Non-current financial indebtedness (K+L+M)	(94,639)	(95,730)	(69,042)
O. Net financial indebtedness (J+N)	(140,456)	(126,046)	(110,073)
P. Non current financial receivables	698	752	9,177
Q. Net financial position (O+P)	(139,758)	(125,294)	(100,896)