

Press release

## The Board of Directors approves the consolidated results for the first half 2017

**Net sales at € 234.1 million** - € 229.9 million in the first half 2016

**EBITDA at € 32.5 million** - € 30.2 million in the first half 2016

**EBIT a € 26.4 million** - € 23.7 million in the first half 2016

**Consolidated net income at € 16.2 million** - € 15.8 million in the first half 2016

**Net negative financial position at € 86.2 million (of which € 13,2 million of commitments for the purchase of the remaining shares held by minorities), compared to € 106 million at 30 June 2016.**

*Bagnolo in Piano (RE), August 4, 2017* - 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 half 2017.

### CONSOLIDATED RESULTS FOR THE FIRST HALF 2017

Emak Group achieved in the first half **consolidated revenues of € 234.1 million**, compared to € 229.9 million of last year, an increase of 1.8%. The improvement is due to organic growth for 1.1% and positive currency effect for 0.7%.

**EBITDA (\*)** reached € 32.5 million, representing 13.9% of sales compared to € 30.2 million, representing 13.1% of sales in the first half 2016. The 7.5% increase is mainly due to sales' growth and the favourable mix among the different operating sectors.

**EBIT** amounted to € 26.4 milioni, compared to € 23.7 million of the same period of last year.

**Net profit** for the first half 2017 amounts to € 16.2 million, compared to € 15.8 million in the same period of 2016, an increase of 2.4%. The result was influenced by negative exchange rate management, mainly due to end-of-period valuation, for € 2.7 million compared to a positive value of € 2 million in the first half of 2016.

**Free cash flow from operations (\*)** is € 22.3 million, in line with the first half 2016.

**Investments in tangible and intangible assets** made during the first half 2017 amount to € 7.4 million.

**Consolidated net equity** at June 30, 2017 is € 188.6 million compared to € 181.7 million at December 31, 2016.

**Net negative financial position** stands at € 86.2 million at June 30, 2017, compared to € 106 million at June 30, 2016 and € 80.1 million at December 31, 2016.

## **Subsequent events**

On 3 July 2017 the subsidiary Comet S.p.A. has acquired 83.1% of Lavorwash Group, one of the main players in the cleaning sector (high pressure washers, vacuum cleaners, floor scrubbers).

The provisional price paid by Comet is € 54.8 million and will be adjusted on the basis of the results achieved at June 30, 2017.

## **Outlook**

The first half of the year closed with overall positive results despite the slowdown in demand for gardening products in the second quarter due to extremely unfavorable weather conditions. To date the order book for the second half of the year, however, allows the Group to look with cautious optimism to the rest of the year and confirm the growth targets. In the second half of the year, the Group will be engaged in the integration of Lavorwash Group with the aim to start realizing the expected synergies.

## **(\*) 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 "Net profit" plus "Amortization, depreciation and impairment losses".
- 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 June 30, 2017 are attached to the present press release.

Pursuant to the law, the interim report at June 30, 2017 and this press release are available to the public at the Company's registered office, on the company website [www.emak.it](http://www.emak.it), in the "Investor Relations" section and on the storage mechanism eMarket Storage ([www.emarketstorage.it](http://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, tractors, chain saws, tillers, rotary tiller; (ii) pumps and high pressure water jetting, that include diaphragm pumps for agriculture, piston pumps for industrial applications, high pressure washers and hydrodynamic units; (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 pressure washers and agricultural applications, seats and technical spare parts for tractors. The Group distributes its products worldwide through 29 companies, more than 150 distributors and over 30,000 specialized dealers. In 2016 Emak Group realized a total turnover of € 391.9 million and counted 1,686 employees.*

## Highlights of the consolidated financial statement broken down by operating segment for the first half 2017

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Sales to third parties	102,749	106,758	61,813	58,747	69,511	64,445			234,073	229,950
Intersegment sales	808	956	978	969	4,623	3,991				
Revenues from sales	103,557	107,714	62,791	59,716	74,134	68,436	- 6,409	- 5,916	234,073	229,950
Ebitda	9,134	10,523	10,304	9,543	14,301	11,802	- 1,240	- 1,641	32,499	30,227
Ebitda/Total Revenues %	8.8%	9.8%	16.4%	16.0%	19.3%	17.2%			13.9%	13.1%
Operating profit	6,335	7,214	8,804	8,157	12,488	10,002	- 1,240	- 1,641	26,387	23,732
Operating profit/Total Revenues %	6.1%	6.7%	14.0%	13.7%	16.8%	14.6%			11.3%	10.3%
Net financial expenses									- 1,439	- 2,717
Profit before tax									22,334	23,020
Income taxes									6,170	7,228
Net profit									16,164	15,792
Net profit/Total Revenues%									6.9%	6.9%

### STATEMENT OF FINANCIAL POSITION

Net debt	25,423	32,100	48,970	56,129	12,635	18,625	- 803	- 843	86,225	106,011
Shareholders' Equity	180,785	182,054	41,363	36,322	49,061	42,646	- 82,650	- 82,480	188,559	178,542
Total Shareholders' Equity and Net debt	206,208	214,154	90,333	92,451	61,696	61,271	- 83,453	- 83,323	274,784	284,553
Net non-current assets (*)	133,394	129,066	44,311	48,666	19,361	18,821	- 81,398	- 81,334	115,668	115,219
Net working capital	72,814	85,088	46,022	43,785	42,335	42,450	- 2,055	- 1,989	159,116	169,334
Total net capital employed	206,208	214,154	90,333	92,451	61,696	61,271	- 83,453	- 83,323	274,784	284,553

(\*) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 81,150 thousand Euro

### OTHER STATISTICS

Number of employees at period end	812	803	390	385	508	496	8	7	1,718	1,691
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### OTHER INFORMATIONS

Amortization, depreciation and impairment losses	2,799	3,309	1,500	1,386	1,813	1,800			6,112	6,495
Investment in property, plant and equipment and in intangible assets	3,078	3,032	1,969	2,235	2,312	1,749			7,359	7,016

## Emak Group– Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2016	CONSOLIDATED INCOME STATEMENT	Notes	1H 2017	of which to related parties	1H 2016	of which to related parties
<b>391,879</b>	<b>Revenues from sales</b>	<b>9</b>	<b>234,073</b>	<b>940</b>	<b>229,950</b>	<b>1,233</b>
2,589	Other operating incomes	9	1,417		1,146	
(12,116)	Change in inventories		2,651		(5,229)	
(198,172)	Raw materials, consumables and goods	10	(125,677)	(2,410)	(117,092)	(1,913)
(73,039)	Personnel expenses	11	(39,309)		(39,164)	
(71,672)	Other operating costs and provisions	12	(40,656)	(1,608)	(39,384)	(1,138)
(17,600)	Amortization, depreciation and impairment losses	13	(6,112)		(6,495)	
<b>21,869</b>	<b>Operating profit</b>		<b>26,387</b>		<b>23,732</b>	
7,105	Financial income	14	899	6	657	6
(6,056)	Financial expenses	14	(2,338)		(3,374)	
3,407	Exchange gains and losses	14	(2,715)		2,005	
205	Income from/(expenses on) equity investment	14	101		0	
<b>26,530</b>	<b>Profit before taxes</b>		<b>22,334</b>		<b>23,020</b>	
(8,847)	Income taxes	15	(6,170)		(7,228)	
<b>17,683</b>	<b>Net profit (A)</b>		<b>16,164</b>		<b>15,792</b>	
(88)	(Profit)/loss attributable to non controlling interests		(218)		(121)	
<b>17,595</b>	<b>Net profit attributable to the Group</b>		<b>15,946</b>		<b>15,671</b>	
<b>0.108</b>	<b>Basic earnings per share</b>	<b>16</b>	<b>0.098</b>		<b>0.096</b>	
<b>0.108</b>	<b>Diluted earnings per share</b>	<b>16</b>	<b>0.098</b>		<b>0.096</b>	

Year 2016	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2017	1H 2016
<b>17,683</b>	<b>Net profit (A)</b>		<b>16,164</b>	<b>15,792</b>
(190)	Profits/(losses) deriving from the conversion of foreign company accounts		(3,458)	(1,589)
(137)	Profits/(losses) deriving from defined benefit plans (*)		-	-
1	Income taxes on OCI (*)		-	-
<b>(326)</b>	<b>Total other components to be included in the comprehensive income statement (B)</b>		<b>(3,458)</b>	<b>(1,589)</b>
<b>17,357</b>	<b>Total comprehensive income for the period (A)+(B)</b>		<b>12,706</b>	<b>14,203</b>
(88)	Comprehensive net profit attributable to non controlling interests		(191)	(97)
17,269	Comprehensive net profit attributable to the Group		12,515	14,106

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

## Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2016	ASSETS	Notes	30.06.2017	of which to related parties	30.06.2016	of which to related parties
	<b>Non-current assets</b>					
61,651	Property, plant and equipment	17	61,760		60,751	
8,380	Intangible assets	18	8,083		8,250	
52,241	Goodwill	19	51,493	14,693	56,143	14,826
230	Equity investments in other companies		230		230	
3,955	Equity investments in associates	20	3,996		0	
7,370	Deferred tax assets	28	7,280		7,142	
10,098	Other financial assets	21	753	297	9,467	334
63	Other assets	23	61		65	
<b>143,988</b>	<b>Total non-current assets</b>		<b>133,656</b>	<b>14,990</b>	<b>142,048</b>	<b>15,160</b>
	<b>Current assets</b>					
127,362	Inventories	24	127,976		133,235	
96,940	Trade and other receivables	23	117,854	1,766	119,286	1,405
4,791	Current tax receivables	28	4,270		3,538	
468	Other financial assets	21	8,782	486	536	487
77	Derivative financial instruments	22	111		283	
32,545	Cash and cash equivalents		39,870		37,598	
<b>262,183</b>	<b>Total current assets</b>		<b>298,863</b>	<b>2,252</b>	<b>294,476</b>	<b>1,892</b>
<b>406,171</b>	<b>TOTAL ASSETS</b>		<b>432,519</b>	<b>17,242</b>	<b>436,524</b>	<b>17,052</b>

31.12.2016	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2017	of which to related parties	30.06.2016	of which to related parties
	<b>Shareholders' Equity</b>					
180,173	Shareholders' Equity of the Group	25	186,964		177,037	
1,495	Non-controlling interests		1,595		1,505	
<b>181,668</b>	<b>Total shareholders' Equity</b>		<b>188,559</b>		<b>178,542</b>	
	<b>Non-current liabilities</b>					
76,107	Loans and borrowings due to banks and others lenders	27	72,014		91,657	
6,391	Deferred tax liabilities	28	6,099		5,944	
9,137	Employee benefits	29	8,875		9,005	
1,566	Provisions for risks and charges	30	1,633		1,627	
668	Other non-current liabilities	31	628		786	
<b>93,869</b>	<b>Total non-current liabilities</b>		<b>89,249</b>		<b>109,019</b>	
	<b>Current liabilities</b>					
77,849	Trade and other payables	26	84,518	5,990	79,066	4,340
4,184	Current tax liabilities	28	5,615		5,958	
46,770	Loans and borrowings due to banks and others lenders	27	63,139		61,751	
394	Derivative financial instruments	22	588		487	
1,437	Provisions for risks and charges	30	851		1,701	
<b>130,634</b>	<b>Total current liabilities</b>		<b>154,711</b>	<b>5,990</b>	<b>148,963</b>	<b>4,340</b>
<b>406,171</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>432,519</b>	<b>5,990</b>	<b>436,524</b>	<b>4,340</b>

## Emak Group – Consolidated cash flow statement

2016 (1)	(€/000)	Notes	1 H 2017	1 H 2016 (1)
<b>Cash flow from operations</b>				
17,683	<b>Net profit for the period</b>		<b>16,164</b>	<b>15,792</b>
17,600	Amortization, depreciation and impairment losses	13	6,112	6,495
2,023	Financial expenses from discounting of debts	14	827	956
(205)	Income from equity investment	14	(101)	0
(5,115)	Financial income from adjustment of estimated liabilities for outstanding commitment associates' shares		-	-
(115)	Capital (gains)/losses on disposal of property, plant and equipment		(142)	(30)
2,903	Decreases/(increases) in trade and other receivables		(21,152)	(18,425)
12,127	Decreases/(increases) in inventories		(2,605)	5,211
(2,871)	(Decreases)/increases in trade and other payables		8,773	218
168	Change in employee benefits		(262)	36
(320)	(Decreases)/increases in provisions for risks and charges		(514)	8
(102)	Change in derivative financial instruments		172	(212)
<b>43,776</b>	<b>Cash flow from operations</b>		<b>7,272</b>	<b>10,049</b>
<b>Cash flow from investing activities</b>				
(13,816)	Change in property, plant and equipment and intangible assets		(6,918)	(6,913)
(4,145)	(Increases) and decreases in financial assets		249	(242)
115	Proceeds from disposal of property, plant and equipment		142	30
(443)	Change in scope of consolidation		(1,780)	(248)
<b>(18,289)</b>	<b>Cash flow from investing activities</b>		<b>(8,307)</b>	<b>(7,373)</b>
<b>Cash flow from financing activities</b>				
(136)	Change in equity		-	27
(26,970)	Change in short and long-term loans and borrowings		1,262	(7,450)
(26)	Change in finance leases		-	(13)
(4,177)	Dividends paid		(5,815)	(4,177)
<b>(31,309)</b>	<b>Cash flow from financing activities</b>		<b>(4,553)</b>	<b>(11,613)</b>
<b>(5,822)</b>	<b>Total cash flow from operations, investing and financing activities</b>		<b>(5,588)</b>	<b>(8,937)</b>
<b>(2,172)</b>	<b>Net exchange differences</b>		<b>408</b>	<b>(2,336)</b>
<b>(7,994)</b>	<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(5,180)</b>	<b>(11,273)</b>
35,014	<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>27,020</b>	<b>35,014</b>
27,020	<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>21,840</b>	<b>23,741</b>

### ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2016 (1)	(€/000)	1 H 2017	1 H 2016 (1)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
35,014	<b>Opening cash and cash equivalents, detailed as follows:</b>	<b>27,020</b>	<b>35,014</b>
42,518	Cash and cash equivalents	32,545	42,518
(7,504)	Overdrafts	(5,525)	(7,504)
27,020	<b>Closing cash and cash equivalents, detailed as follows:</b>	<b>21,840</b>	<b>23,741</b>
32,545	Cash and cash equivalents	39,870	37,598
(5,525)	Overdrafts	(18,030)	(13,857)
<b>Other information:</b>			
254	Change in related party receivables and service transactions	(85)	(30)
158	Change in related party payables and service transactions	2,565	(198)
38	Change in related party financial assets	-	-
-	Change in related party financial loans and borrowings	-	-

(1) Some items have been reclassified to make them comparable to June 30, 2017

## Emak Group – Consolidated net financial position

Net financial position	30/06/2017	31/12/2016	30/06/2016
A. Cash and cash equivalents	39,870	32,545	37,598
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
<b>D. Liquidity funds (A+B+C)</b>	<b>39,870</b>	<b>32,545</b>	<b>37,598</b>
<b>E. Current financial receivables</b>	<b>8,893</b>	<b>545</b>	<b>819</b>
F. Current payables to bank	(27,539)	(11,833)	(20,617)
G. Current portion of non current indebtedness	(28,021)	(32,862)	(38,977)
H. Other current financial debts	(8,167)	(2,469)	(2,644)
<b>I. Current financial indebtedness (F+G+H)</b>	<b>(63,727)</b>	<b>(47,164)</b>	<b>(62,238)</b>
<b>J. Current financial indebtedness, net (I+E+D)</b>	<b>(14,964)</b>	<b>(14,074)</b>	<b>(23,821)</b>
K. Non-current payables to banks	(64,349)	(63,249)	(74,105)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(7,665)	(12,858)	(17,552)
<b>N. Non-current financial indebtedness (K+L+M)</b>	<b>(72,014)</b>	<b>(76,107)</b>	<b>(91,657)</b>
<b>O. Net indebtedness (J+N)</b>	<b>(86,978)</b>	<b>(90,181)</b>	<b>(115,478)</b>
P. Non current financial receivables	753	10,098	9,467
<b>Q. Net financial position (O+P)</b>	<b>(86,225)</b>	<b>(80,083)</b>	<b>(106,011)</b>