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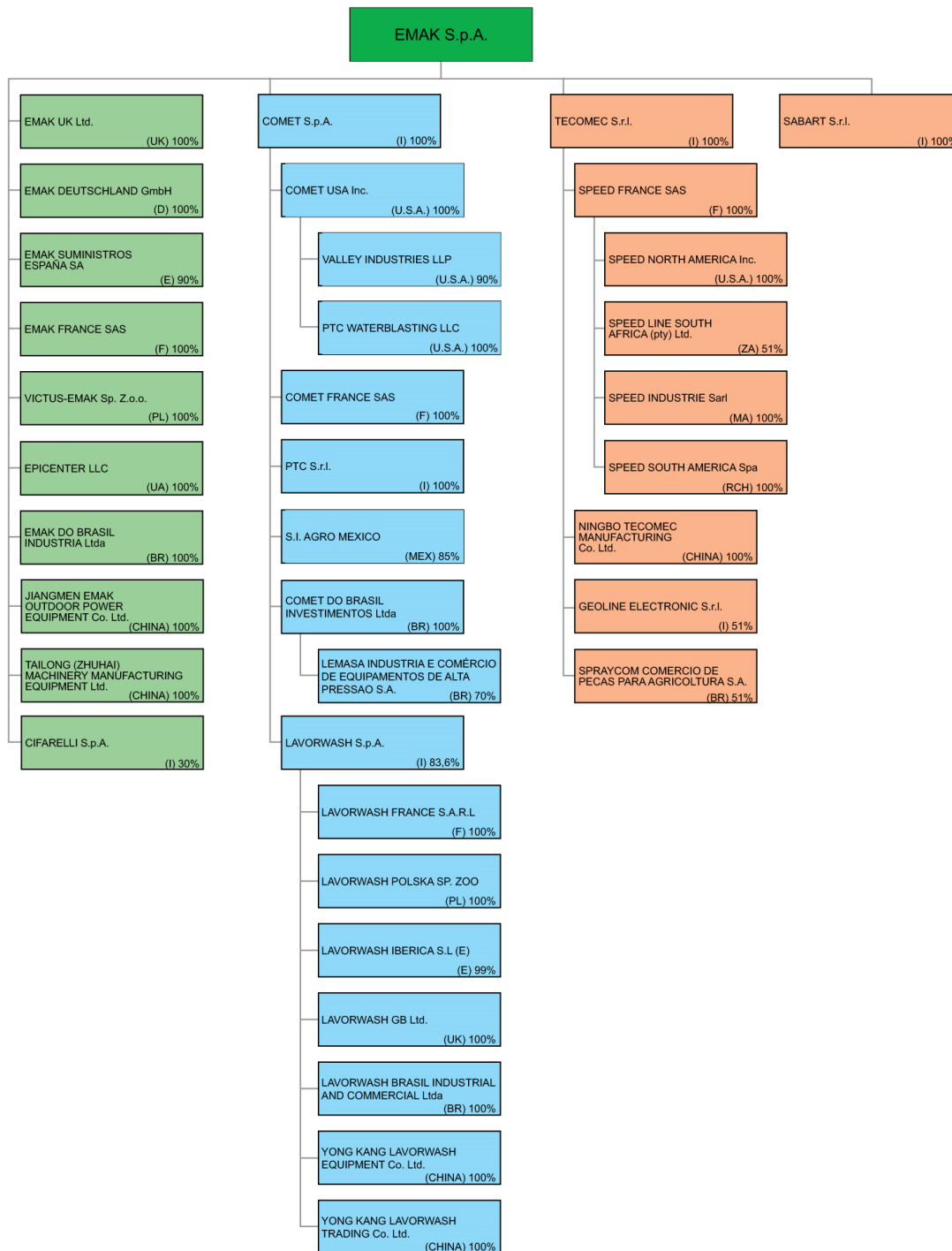


Interim report at 30.09.2018

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Organizational chart of Emak Group at 30.09.2018



1. Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
2. Lemasa is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.
3. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A .and 0.37% by P.T.C. S.r.l.
4. Lavorwash S.p.A is consolidated at 98.25% as a results of the "Put and Call Option Agreement" that governs the purchase of a further share of 14.67%.
5. Emak do Brasil is owned for 99.98% by Emak S.p.A. and for 0.02% by Comet do Brasil.
6. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and for 0.01% by Comet do Brasil LTDA.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 22 April 2016 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2016-2018 and conferred also the engagement for the independent audit for the financial years 2016-2024.

Board of Directors

Chairman and Chief Executive Officer

Fausto Bellamico

Deputy Chairman

Aimone Burani

Executive Director

Stefano Slanzi

Lead Independent Director

Massimo Livatino

Independent Directors

Alessandra Lanza

Elena Iotti

Directors

Francesca Baldi

Ariello Bartoli

Luigi Bartoli

Paola Becchi

Giuliano Ferrari

Vilmo Spaggiari

Guerrino Zambelli

Marzia Salsapariglia

Audit Committee and Remuneration Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Elena Iotti

Nomination Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Luigi Bartoli

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman

Sara Mandelli

Acting member

Roberto Bertuzzi

Board of Statutory Auditors

Chairman

Paolo Caselli

Acting auditors

Gianluca Bartoli

Francesca Benassi

Alternate auditor

Maria Cristina Mescoli

Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Main economic and financial figures for the Group

Income statement (€/000)

Year 2017		3 Q 2018	3 Q 2017	9 months 2018	9 months 2017
422,155	Revenues from sales	88,695	88,142	355,155	322,215
45,612	EBITDA before non ordinary expenses (*)	7,206	5,586	45,505	38,415
43,932	EBITDA (*)	7,385	4,700	44,095	37,199
29,977	EBIT	3,673	1,438	33,137	27,825
16,435	Net profit	1,242	(411)	23,313	15,753

Investment and free cash flow (€/000)

Year 2017		3 Q 2018	3 Q 2017	9 months 2018	9 months 2017
14,802	Investment in property, plant and equipment	3,197	3,167	8,989	9,473
2,626	Investment in intangible assets	823	621	1,988	1,674
30,390	Free cash flow from operations (*)	4,954	2,851	34,271	25,127

Statement of financial position (€/000)

31.12.2017		30.09.2018	30.09.2017
312,799	Net capital employed	319,597	307,876
(125,294)	Net debt	(117,391)	(120,637)
187,505	Total equity	202,206	187,239

Other statistics

Year 2017		3 Q 2018	3 Q 2017	9 months 2018	9 months 2017
10.4%	EBITDA / Revenues from sales (%)	8.3%	5.3%	12.4%	11.5%
7.1%	EBIT / Revenues from sales (%)	4.1%	1.6%	9.3%	8.6%
3.9%	Net profit / Revenues from sales (%)	1.4%	-0.5%	6.6%	4.9%
9.6%	EBIT / Net capital employed (%)			10.4%	9.0%
0.67	Net Debt / Equity			0.58	0.64
2,029	Number of employees at period end			1,974	2,038

Share information and prices

31.12.2017		30.09.2018	30.09.2017
0.099	Earnings per share (€)	0.141	0.095
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

(*) See section "definitions of alternative performance indicators"

Directors' report

Scope of consolidation

Compared to 31 December 2017, for the company Raico S.r.l. have been consolidated only the economic data of the first quarter, following its sold occurred on 30 March 2018.

Since 1st August 2018 the Brazilian company Spraycom S.A. is included in the scope of consolidation, following the subscription of 51% of the share capital by the subsidiary Tecomec S.r.l.

It should be also noted the variation in the percentage of shareholding for Epicenter (from 61% to 100%) and Lavorwash S.p.A. (from 97.78% to 98.25% following the purchase of shares from minority).

The interim report at 30 September 2017 included only the third quarter of the income statement of the Lavorwash Group, acquired on 3rd July 2017.

Significant, non-recurring transactions or atypical, unusual transactions

Significant, non-recurring transactions or atypical, unusual transactions are presented in the explanatory notes of this management report.

Comments on economic figures

Revenues from sales

The turnover of third quarter 2018 amounted to € 88,695 thousand, compared to € 88,142 thousand of last year, an increase of 0.6%.

In the first nine months 2018 Emak Group achieved a consolidated turnover of € 355,155 thousand, compared to € 322,215 thousand of last year, an increase of 10.2%. This improvement is due to the contribution of the change in the scope of consolidation by 10.2%, to the negative effect of the exchange rate by 1.7% and to an organic growth of 1.7%.

The effect of change in scope of consolidation is determined by the Lavorwash Group in the first half 2018 for € 39,252 thousand and by the exit from the area of Raico S.r.l. (sold on 30 March 2018), that in the period April-September 2017 contributed to the turnover for € 6,497 thousand.

EBITDA

EBITDA in the third quarter of 2018 amounted to € 7,385 thousand, increasing by 57.1% compared to € 4,700 thousand in the corresponding quarter of last year. 2018 figure was affected by non-ordinary income amounting to € 309 thousand and non-ordinary expenses for € 130 thousand. In the same period last year were booked non-ordinary expenses for € 886 thousand.

EBITDA for the first nine months of 2018 amounted to € 44,095 thousand (12.4% of revenues) compared to € 37,199 thousand (11.5% of revenues) in the corresponding period of the previous year, an increase of 18.5%.

In the nine months 2018 were booked non-ordinary revenues for € 678 thousand and non-ordinary expenses for € 2,088 thousand, mainly related to costs for staff reorganization in Emak S.p.A. (for more details please see the explanatory notes of this management report).

In the nine months 2017 were booked non-ordinary revenues for € 150 thousand and non-ordinary expenses for € 1,366 thousand, mainly related to costs for services born for the acquisition of the Lavorwash Group.

EBITDA before non-ordinary income and expenses amounts to € 45,505 thousand (equivalent to 12.8% of turnover) compared to € 38,415 thousand (equal to 11.9% of sales) in the same period of 2017.

The change in the result was positively influenced by the entry into the consolidation area in the first half of the Lavorwash Group, which contributed for € 7,425 thousand, while was negatively affected by the exit from the consolidation area of Raico S.r.l., which contributed for € 371 thousand in the period April-September 2017.

Furthermore, the result was affected by a general increase in raw material costs.

Personnel expenses increased following the entrance in the scope of consolidation of the Lavorwash Group, with the entrance of 322 employees. The average number of employees employed by the Group in the nine months was equal to 2,143, compared to 1,708 in the same period last year (considering the effective dates of the scope of consolidation).

EBIT

EBIT for the third quarter 2018 is € 3,673 thousand, compared to € 1,438 thousand for the same period of last year.

EBIT for the first nine months 2018 is € 33,137 thousand, as a percentage of sales stands at 9.3%, compared to € 27,825 thousand (8.6% of sales) for the same period of last year.

Depreciation and amortization are € 10,958 thousand, compared to € 9,374 thousand in the same period of the previous year.

Non-annualized EBIT as a percentage of net invested capital is 10.4% (10.8% net of non-ordinary effects), compared to 9% of the same period of the previous year (9.4% net of non-ordinary effects).

Net profit

Net profit for the third quarter of 2018 was € 1,242 thousand, compared to a negative result of € 411 thousand in the same period of the previous year.

Net income for the first nine months of 2018 was € 23,313 thousand, compared to € 15,753 thousand in the same period of the previous year.

Financial management result benefited from the capital gain of € 2,472 thousand, realized with the sale of the subsidiary Raico S.r.l., recorded at the item financial income.

Currency management for the first nine months of 2018 was negative for € 416 thousand, compared to a negative balance of € 3,455 thousand of the same period. The result of the period is affected by the exchange ratios Brazilian Reais/US Dollar and Brazilian Reais/Euro, which determined a negative assessment of currency positions, denominated in these currencies in the Brazilian companies of the Group, at the end of the period.

At 30 September 2018 the tax rate amounted to 28.6% compared to 28.9% in the same period last year. The nine-month tax rate is positively influenced by the reduction in the tax rates applicable in some countries in which the Group operates and by the effects of the accounting of the capital gain deriving from the deconsolidation of the company Raico S.r.l., not taxable. The tax rate is negatively influenced by the effect of the missed allocation, prudentially, of deferred tax assets on fiscal losses recorded by some companies of the Group.

Statement of financial position analysis

31.12.2017	€/000	30.09.2018	30.09.2017
150,962	Net non-current assets (*)	149,502	146,609
161,837	Net working capital (*)	170,095	161,267
312,799	Total net capital employed	319,597	307,876
184,783	Equity attributable to the Group	200,094	184,785
2,722	Equity attributable to non controlling interests	2,112	2,454
(125,294)	Net debt	(117,391)	(120,637)

(*) See section "definitions of alternative performance indicators"

Net non-current assets

During first nine months of 2018 Emak Group invested € 10,977 thousand in property, plant and equipment and intangible assets, as follows:

- € 3,280 thousand for product innovation;
- € 3,267 thousand for adjustment of production capacity and for process innovation;
- € 1,796 thousand for upgrading the computer network system and ongoing activities for implementation of the new ERP management system;
- € 1,132 thousand for construction of the new parent company's R&D center and modernization of industrial buildings;
- € 1,502 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 6,626 thousand in Italy;
- € 730 thousand in Europe;
- € 1,725 thousand in the Americas;
- € 1,896 thousand in the Rest of the World.

Net working capital

Net working capital at 30 September 2018, compared to 31 December 2017, increases by € 8,258 thousand, from € 161,837 thousand to € 170,095 thousand.

The following table shows the change in net working capital of nine month of 2018 compared with the same period last year:

€/000	9M 2018	9M 2017
Net working capital at 01 January	161,837	145,623
Increase/(decrease) in inventories	(289)	2,032
Increase/(decrease) in trade receivables	(1,011)	(9,557)
(Increase)/decrease in trade payables	16,568	6,618
Change in scope of consolidation	(4,016)	17,009
Other changes	(2,994)	(458)
Net working capital at 30 September	170,095	161,267

The trend of net working capital compared to same period last year is influenced by the change in the scope of consolidation and by the decrease in raw materials and consumable purchases in the last part of the quarter.

Net financial position

The net financial position amounts to € 117,391 thousand at September 30, 2018 against € 125,294 thousand at December 31, 2017.

Below are the movements in net debt in the first nine months 2018 compared with the same period last year:

€/000	9M 2018	9M 2017
Opening NFP	(125,294)	(80,083)
Ebitda	44,095	37,199
Financial income and expenses	(2,703)	(2,393)
Income from/(expenses on) equity investment	161	168
Exchange gains and losses	(416)	(3,455)
Income taxes	(9,338)	(6,392)
Cash flow from operations, excluding changes in operating assets and liabilities	31,799	25,127
Changes in operating assets and liabilities	(13,459)	(2,589)
Cash flow from operations	18,340	22,538
Changes in tangible and intangible assets	(10,793)	(10,333)
Other equity changes	(6,742)	(6,180)
Changes from exchange rates and translation reserve	1,240	2,179
Change in scope of consolidation	5,858	(48,758)
Closing NFP	(117,391)	(120,637)

“Financial income and expenses” do not include the capital gain realized with the sale of Raico S.r.l., included in the item “Change in scope of consolidation”.

Cash flow from operations, net of capital gain from Raico, amounted to € 31,799 thousand compared to € 25,127 thousand for the same period last year. Cash flow from operations was positive for € 18,340 thousand compared to a value of € 22,538 thousand in the same period of the previous financial year.

The net financial position is made up as follows:

Net financial position	30/09/2018	31/12/2017	30/09/2017
A. Cash and cash equivalents	73,314	40,812	47,283
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	73,314	40,812	47,283
E. Current financial receivables	1,606	7,549	8,633
F. Current payables to bank	(15,686)	(36,570)	(19,926)
G. Current portion of non current indebtedness	(44,985)	(31,956)	(31,154)
H. Other current financial debts	(5,717)	(10,151)	(7,961)
I. Current financial indebtedness (F+G+H)	(66,388)	(78,677)	(59,041)
J. Current financial indebtedness, net (I+E+D)	8,532	(30,316)	(3,125)
K. Non-current payables to banks	(112,647)	(80,084)	(100,385)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(14,824)	(15,646)	(18,125)
N. Non-current financial indebtedness (K+L+M)	(127,471)	(95,730)	(118,510)
O. Net financial indebtedness (J+N)	(118,939)	(126,046)	(121,635)
P. Non current financial receivables	1,548	752	998
Q. Net financial position (O+P)	(117,391)	(125,294)	(120,637)

Short-term financial payables mainly consist of:

- account payables and self-liquidating bank accounts;
- loan repayments falling due by 30.09.2019;
- amounts due to other providers of finance falling due by 30.09.2019;
- debt for equity investments in the amount of € 4,576 thousand.

Other non-current net debts include, for an amount of € 14,120 thousand, debts for the purchase of equity investments.

Actualized financial liabilities (short term and medium-long term) for the purchase of additional minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 18,696 thousand related to the following companies:

- Lemasa for € 6,946 thousand;
- Lavorwash for € 10,257 thousand;
- Valley LLP for € 1,493 thousand.

Equity

Consolidated equity is € 202,206 thousand against € 187,505 thousand at December 31, 2017. Earnings per share at 30 September 2018 is equal to 0.141 Euro compared to Euro 0.095 Euro in the previous year.

On 31 December 2017 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand.

From 1 January 2018 to 30 September 2018 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2017.

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

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
€/000										
Sales to third parties	131,255	133,503	142,332	97,620	81,568	91,092			355,155	322,215
Intersegment sales	1,462	1,517	1,394	1,239	6,416	6,161	(9,272)	(8,917)		
Revenues from sales	132,717	135,020	143,726	98,859	87,984	97,253	(9,272)	(8,917)	355,155	322,215
Ebitda	11,238	9,409	22,202	13,674	12,619	15,944	(1,964)	(1,828)	44,095	37,199
Ebitda/Total Revenues %	8.5%	7.0%	15.4%	13.8%	14.3%	16.4%			12.4%	11.5%
Ebitda before non ordinary expenses	12,921	9,409	22,199	14,908	12,349	15,926	(1,964)	(1,828)	45,505	38,415
Ebitda before non ordinary expenses/Total Revenues %	9.7%	7.0%	15.4%	15.1%	14.0%	16.4%			12.8%	11.9%
Operating result	6,740	5,208	18,541	11,222	9,820	13,223	(1,964)	(1,828)	33,137	27,825
Operating result/Total Revenues %	5.1%	3.9%	12.9%	11.4%	11.2%	13.6%			9.3%	8.6%
Financial management result (1)									(486)	(5,680)
Profit before tax									32,651	22,145
Income taxes									(9,338)	(6,392)
Net profit									23,313	15,753
Net profit/Total Revenues%									6.6%	4.9%

(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	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Net debt	17,998	27,297	90,086	91,969	10,160	7,031	(853)	(1,003)	117,391	125,294
Shareholders' Equity	177,187	176,986	53,005	44,002	49,260	48,975	(77,246)	(82,458)	202,206	187,505
Total Shareholders' Equity and Net debt	195,185	204,283	143,091	135,971	59,420	56,006	(78,099)	(83,461)	319,597	312,799
Net non-current assets (2)	131,142	136,604	74,822	76,648	19,875	19,076	(76,337)	(81,366)	149,502	150,962
Net Working Capital	64,043	67,679	68,269	59,323	39,545	36,930	(1,762)	(2,095)	170,095	161,837
Total Net Capital Employed	195,185	204,283	143,091	135,971	59,420	56,006	(78,099)	(83,461)	319,597	312,799

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro

OTHER STATISTICS	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Number of employees at period end	761	801	721	704	484	516	8	8	1,974	2,029

OTHER INFORMATIONS	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Amortization, depreciation and impairment losses	4,498	4,201	3,661	2,452	2,799	2,721			10,958	9,374
Investment in property, plant and equipment and in intangible assets	4,578	4,941	3,252	2,749	3,147	3,457			10,977	11,147

Comments on interim results by operating segment

The table below shows the breakdown of "sales to third parties" in the third quarter and in first nine months in 2018 by business sector and geographic area, compared with the same period last year.

Third quarter turnover:

	OUTDOOR POWER EQUIPMENT			POMPE E HIGH PRESSURE WATER JETTING			COMPONENTI E ACCESSORI			CONSOLIDATO		
	3Q 2018	3Q 2017	Var. %	3Q 2018	3Q 2017	Var. %	3Q 2018	3Q 2017	Var. %	3Q 2018	3Q 2017	Var. %
Europa	25,149	25,134	0.1	19,238	17,985	7.0	12,069	14,075	(14.3)	56,456	57,194	(1.3)
Americas	1,200	1,518	(20.9)	14,996	12,920	16.1	5,221	4,466	16.9	21,417	18,904	13.3
Asia, Africa e Oceania	2,963	4,102	(27.8)	5,228	4,902	6.7	2,631	3,040	(13.5)	10,822	12,044	(10.1)
Totale	29,312	30,754	(4.7)	39,462	35,807	10.2	19,921	21,581	(7.7)	88,695	88,142	0.6

Turnover of the first nine months:

	OUTDOOR POWER EQUIPMENT			POMPE E HIGH PRESSURE WATER JETTING			COMPONENTI E ACCESSORI			CONSOLIDATO		
	9M2018	9M2017	Var. %	9M2018	9M2017	Var. %	9M2018	9M2017	Var. %	9M2018	9M2017	Var. %
Europa	109,958	111,740	(1.6)	76,219	44,927	69.7	52,700	61,559	(14.4)	238,877	218,226	9.5
Americas	4,906	6,213	(21.0)	48,819	42,051	16.1	18,291	19,554	(6.5)	72,016	67,818	6.2
Asia, Africa e Oceania	16,391	15,550	5.4	17,294	10,642	62.5	10,577	9,979	6.0	44,262	36,171	22.4
Totale	131,255	133,503	(1.7)	142,332	97,620	45.8	81,568	91,092	(10.5)	355,155	322,215	10.2

Outdoor Power Equipment

Sales of the segment decreased overall by 1.7% compared to the same period of last year. The European market has suffered from unfavourable weather conditions in Central-Northern Countries, which penalized seasonal sales of gardening products. Sales in the Americas area were affected by the negative performance of some Latin American countries. Sales in the area Asia, Africa and Oceania benefited from the positive results achieved in the Middle East markets, despite the slowdown registered in the third quarter on the Turkish market, mainly due to the instability of the country's political context.

EBITDA of the segment benefited from a favourable product mix and initiatives taken to reduce operating and personnel costs. During the period the Group incurred non-ordinary expenses totalling € 1,683 thousand, of which € 1,210 thousand for reorganization costs.

Pumps and High Pressure Water Jetting

Sales in this segment are increasing due to the contribution of € 39,252 thousand linked to the consolidation area and to the organic growth of 5.6%.

Sales on the European market were up thanks to both the contribution of Lavorwash and the positive organic performance, especially on the Italian and Eastern European markets.

The growth in the Americas area derives from a good performance with the same perimeter in all the main markets, to which is added the effect of the consolidation area. Sales in the Asia, Africa and Oceania area recorded significant organic growth driven primarily by the Far East markets

EBITDA benefited both from the positive organic performance and the expansion of the scope of consolidation for an amount of € 7,425 thousand. The result of the period includes non-ordinary costs for a total amount of € 366 thousand and non-ordinary revenues for € 369 thousand.

Components and Accessories

Revenues in the segment recorded an overall decrease of 10.5%. Excluding the turnover of Raico S.r.l. in the period April - September 2017 (€ 6,497 thousand concentrated in Europe), the decrease would have been 3.6%.

Lower sales achieved on the European market were partly due to the lack of contribution of Raico starting from the second quarter, and partly to lower sales of gardening products because of the negative season. The change in sales in the Americas areas is attributable to a slight increase in turnover in the Latin American markets and to a significant decrease recorded in the North American market. This reduction is due in part to lower sales of products for gardening and partly to the revision of the logistics model in the distribution to some customers. However, the latter contributed, together with a good performance on the Far East markets, to the growth of the Asia, Africa and Oceania area.

EBITDA for the segment was affected by lower sales volumes, an unfavorable product mix and higher raw material costs. The exit from the perimeter of consolidation of Raico S.r.l. impacted € 371 thousand. During the period, non-ordinary revenues were recorded for € 309 thousand and non-ordinary costs for € 39 thousand.

Business outlook

Given the overall positive result of the first nine months, the order backlog and the stock situation at the network, the Group expects that the positive trend recorded so far will continue in the fourth quarter and then close the year with improved results compared to last year.

Subsequent events

No significant events occur.

Others information

Significant operations: derogation from disclosure obligations

The Company has resolved to make use, with effect from 31 January 2013, of the right to derogate from the obligation to publish the informative documents prescribed in the event of significant merger, demerger, share capital increase through the transfer of goods in kind, acquisition and disposal operations, pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Issuers Regulations, approved with resolution no. 11971 of 4/5/1999 and subsequent modifications and integrations.

Definitions of alternative performance indicators

Below are reported, in accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- EBITDA before non ordinary income and expenses: is obtained by deducting at EBITDA the impact of charges for litigation, expenses related to M&A transaction, and revenue for government grants and restructuring charges.
- EBITDA: calculated by adding the items "Operating result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- NET NON-CURRENT ASSETS: include non-financial "Non current assets" net of non-financial "Non-current liabilities".

Consolidated Financial Statements

Consolidated Income Statement

Thousand of Euro

Year 2017	CONSOLIDATED INCOME STATEMENT	3 Q 2018	3 Q 2017	9 months 2018	9 months 2017
422,155	Revenues from sales	88,695	88,142	355,155	322,215
3,684	Other operating incomes	1,392	984	4,045	2,401
14,168	Change in inventories	4,034	2,509	456	5,160
(234,565)	Raw materials, consumables and goods	(49,387)	(48,203)	(187,584)	(173,880)
(80,055)	Personnel expenses	(18,277)	(18,900)	(62,442)	(58,209)
(81,455)	Other operating costs and provisions	(19,072)	(19,832)	(65,535)	(60,488)
(13,955)	Amortization, depreciation and impairment losses	(3,712)	(3,262)	(10,958)	(9,374)
29,977	Operating result	3,673	1,438	33,137	27,825
1,807	Financial income	24	262	3,278	1,161
(4,820)	Financial expenses	(987)	(1,216)	(3,509)	(3,554)
(4,218)	Exchange gains and losses	301	(740)	(416)	(3,455)
389	Income from/(expenses on) equity investment	22	67	161	168
23,135	Profit before taxes	3,033	(189)	32,651	22,145
(6,700)	Income taxes	(1,791)	(222)	(9,338)	(6,392)
16,435	Net profit (A)	1,242	(411)	23,313	15,753
(270)	(Profit)/loss attributable to non controlling interests	(56)	(48)	(192)	(266)
16,165	Net profit attributable to the Group	1,186	(459)	23,121	15,487
0.099	Basic earnings per share	0.007	(0.003)	0.141	0.095
0.099	Diluted earnings per share	0.007	(0.003)	0.141	0.095

Year 2017	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	9 months 2018	9 months 2017
16,435	Net profit (A)	23,313	15,753
(5,330)	Profits/(losses) deriving from the conversion of foreign company accounts	(2,040)	(4,931)
(470)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
133	Income taxes on OCI (*)	-	-
(5,667)	Total other components to be included in the comprehensive income statement (B)	(2,040)	(4,931)
10,768	Total comprehensive income for the period (A)+(B)	21,273	10,822
(166)	Comprehensive net profit attributable to non controlling interests	(122)	(170)
10,602	Comprehensive net profit attributable to the Group	21,151	10,652

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

Statement of consolidated financial position

Thousand of Euro

31.12.2017	ASSETS	30.09.2018	30.09.2017
	Non-current assets		
73,275	Property, plant and equipment	72,588	69,944
20,327	Intangible assets	19,469	7,643
67,112	Goodwill	65,729	75,454
230	Equity investments in other companies	230	230
4,284	Equity investments in associates	4,445	4,062
9,068	Deferred tax assets	8,024	8,881
752	Other financial assets	1,548	998
65	Other assets	60	72
175,113	Total non-current assets	172,093	167,284
	Current assets		
155,727	Inventories	151,888	147,496
109,394	Trade and other receivables	107,295	106,592
5,428	Current tax receivables	5,136	4,723
7,348	Other financial assets	1,543	8,517
201	Derivative financial instruments	63	116
40,812	Cash and cash equivalents	73,314	47,283
318,910	Total current assets	339,239	314,727
494,023	TOTAL ASSETS	511,332	482,011

31.12.2017	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2018	30.09.2017
	Shareholders' Equity		
184,783	Shareholders' Equity of the Group	200,094	184,785
2,722	Non-controlling interest	2,112	2,454
187,505	Total Shareholders' Equity	202,206	187,239
	Non-current liabilities		
95,730	Loans and borrowings due to banks and others lenders	127,471	118,510
9,622	Deferred tax liabilities	9,232	6,008
10,932	Employee benefits	9,123	10,667
2,265	Provisions for risks and charges	2,153	2,404
579	Other non-current liabilities	534	598
119,128	Total non-current liabilities	148,513	138,187
	Current liabilities		
101,515	Trade and other payables	87,492	89,360
4,676	Current tax liabilities	4,979	6,446
78,469	Loans and borrowings due to banks and others lenders	66,048	58,646
208	Derivative financial instruments	340	395
2,522	Provisions for risks and charges	1,754	1,738
187,390	Total current liabilities	160,613	156,585
494,023	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	511,332	482,011

Statement of change in consolidated equity between 31st December 2017 and 30th September 2018.

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2016	42,519	40,529	2,709	1,138	6,692	(968)	30,900	39,059	17,595	180,173	1,495	181,668
Profit reclassification			350					11,521	(17,595)	(5,724)	(91)	(5,815)
Other changes								(268)		(268)	1,152	884
Net profit for the period					(5,226)	(337)			16,165	10,602	166	10,768
Balance at 31.12.2017	42,519	40,529	3,059	1,138	1,466	(1,305)	30,900	50,312	16,165	184,783	2,722	187,505
Profit reclassification			138				169	10,134	(16,165)	(5,724)	(188)	(5,912)
Other changes					(695)	176		403		(116)	(544)	(660)
Net profit for the period					(1,970)				23,121	21,151	122	21,273
Balance at 30.09.2018	42,519	40,529	3,197	1,138	(1,199)	(1,129)	31,069	60,849	23,121	200,094	2,112	202,206

The share capital is shown net of the nominal value of treasury shares in the portfolio amounted to € 104 thousand

The share premium reserve is stated net of the premium value of treasury shares amounting to € 1,925 thousand

Comments on the financial statements

This interim report has been prepared under disclosure continuity, comparability, international best practice and transparency to the market. Despite the lack of legal obligation, the Board of Directors of Emak S.p.A. has in fact decided, also because of his membership in the STAR segment of the MTA, to continue in drafting and systematic publication of quarterly reports, in compliance with art. 2.2.3, paragraph 3, letter. a) of the Regulation of Markets organized and managed by Borsa Italiana S.p.A. . The reports are made available to the public in the usual forms of deposit at the registered office, the company website and the "eMarket Storage storage mechanism". What above as of now complies with the imminent entry into force of the provisions laid down in the amended Article. 82-ter of CONSOB Regulation for Issuers resolutions No. 11971/1999 and No. 19770/2016.

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2017, with the particularities described below.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned. In addition, in the context of disclosure of synthetic and essential character, are not observed all the detailed requirements of IAS 34, whenever it is assessed that its application does not bring meaningful information.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Exchange rates used to translation of financial statements in foreign currencies:

31.12.2017	Amount of foreign for 1 Euro	Average 9 M 2018	30.09.2018	Average 9 M 2017	30.09.2017
0.89	GB Pounds (UK)	0.88	0.89	0.87	0.88
7.80	Renminbi (China)	7.78	7.97	7.58	7.85
4.18	Zloty (Poland)	4.25	4.28	4.27	4.30
1.20	Dollar (Usa)	1.19	1.16	1.11	1.18
14.81	Zar (South Africa)	15.39	16.44	14.71	15.94
33.73	Uah (Ukraine)	32.18	32.75	29.47	31.40
3.97	Real (Brazil)	4.30	4.65	3.54	3.76
11.24	Dirham (Morocco)	11.16	10.89	10.89	11.12
23.66	Mexican Pesos (Mexico)	22.74	21.78	21.01	21.46
737.29	Chilean Pesos (Chile)	750.71	764.18	728.20	751.64

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of the remaining 39% of Epicenter

On January 29, 2018, the Parent Company Emak S.p.A acquired the remaining 39%, still owned by the founder, of the Ukrainian subsidiary Epicenter LLC, leading its shareholding to 100%. The price for the acquisition of this share amounts to € 340 thousand.

Reorganization of commercial activities in U.S.A.

Starting from the beginning of 2018, the Group has implemented a reorganization of its commercial activities in the United States in the Pumps and High Pressure Water Jetting segment. Specifically, the company Comet USA conferred in Valley the industrial pump business in order to maximize logistical, operational and management efficiencies. The new organization will also allow to focus the energies on future developments of the activities on the US territory. Following the reorganization, the Put&Call option outstanding with the minority shareholder of Valley, for the purchase of the remaining 10%, was extended indefinitely.

Sale of 100% of Raico S.r.l.

On March 6, 2018, the parent company Emak S.p.A. signed a binding agreement for transferring the 100% of the share capital of Raico S.r.l. This agreement was concluded on March 30th, with the total transfer to the company Kramp S.r.l. for an equivalent of € 5,500 thousand.

Raico, specialised in the distribution of components and accessories for farm tractors, industrial machines and earthmoving machinery, closed at 31 December 2017 with a turnover of about € 12.8 million, Gross Operating Margin equal to € 0.5 million and a passive Net Financial Position of € 0.7 million.

The economic effects of the first three months of 2018 are included in the scope of consolidation and the deconsolidation determined a total capital gain of € 2,472 thousand.

The fair value of assets and liabilities subject to disposal with effect as of 30 March 2018 and the price cashed are detailed below:

€/000	Book values
Non-current assets	
Property, plant and equipment	254
Intangible assets	291
Deferred tax assets	230
Other financial assets	5
Current assets	
Inventories	4,369
Trade and other receivables	2,849
Cash and cash equivalents	16
Non-current liabilities	
Employee benefits	(1,262)
Provisions for risks and charges	(88)
Current liabilities	
Trade and other payables	(2,550)
Current tax liabilities	(170)
Loans and borrowings	(915)
Provisions for risks and charges	(1)
Total net assets sold	3,028
% interest sold	100.0%
Net equity sold	3,028
Sale price cashed	5,500
Cash and cash equivalent sold	(16)
Net cash flow	5,484
Capital Gain from the sale	2,472

Personal reorganization plan Emak S.p.A.

The Parent Company, following an assessment aimed at improving the organization at the Bagnolo in Piano (RE) headquarters, due to the logic of efficiency and renewal, on December 13, 2017, signed with the Trade Unions and company RSU an Agreement, aimed primarily at employees who have acquired the right to a pension within 24 months following the termination of the employment relationship, envisaging a plan to early retirement on voluntary basis referred to in articles 4, 5 and 24 of law n. 223/91, for 32 employees.

The non-ordinary charges related to the reorganization plan, equal to € 1,123 thousand, were accounted during the first semester 2018.

Early exercise of the Put & Call option of 10% of P.T.C. Srl

In December 2017, the company Comet S.p.A. has signed an agreement establishing the early exercise of the "Put and call Option Agreement" which regulates the purchase of the remaining 10% of the company P.T.C. S.r.l. On 8 August 2018, the company Comet S.p.A. concluded the operation with purchase of the remaining 10% of P.T.C. S.r.l. at a price equal to € 178 thousand, as agreed previously. The company P.T.C. S.r.l., based on the previous "Put and Call Option Agreement", was already 100% consolidated.

New R&D centre

Works for the construction of the new R&D centre started in July 2016 go on, at the Parent Company Emak S.p.A. At September 30, 2018, the portion of the investment already recorded under fixed assets amounted to approximately € 3,700 thousand, compared to a total estimated investment of about € 7,000 thousand.

ERP Transformation project

Concerning the project for the implementation of the new ERP Microsoft Dynamics 365 system in some Group's companies, it has to be highlighted that activities are proceeding with the aim to get to "go live" within first months 2019. Overall forecasted investment for the ongoing projects will amount to € 2,200 thousand, of which € 1,291 thousand already accounted for as of 30 September 2018.

Acquisition of 51% of Brazilian company Spraycom

On 20 July 2018, the subsidiary Tecomec S.r.l. entered into the company structure of Spraycom, with a share of 51%, paying an amount of € 377 thousand in capital increase account (destined to share premium account).

Spraycom is a Brazilian company based in Catanduva (São Paulo), active in the distribution in Brazil of components and accessories for agriculture such as nozzles, valves, pumps, electronic components.

The transaction represents a strengthening of the commercial activity in the Components and Accessories segment of the Emak Group in Brazil, through the acquisition of a sales network already present and recognized on the market, with the aim of laying the foundations for future development of an important market like the Brazilian one.

The fair value of assets and liabilities subject to aggregation with effect as of 1st August 2018 and the subscribed capital are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets and liabilities
Non-current assets			
Property, plant and equipment	24	-	24
Intangible fixed assets	1	-	1
Current assets			
Inventories	819	-	819
Trade and other receivables	504	-	504
Current tax assets	148	-	148
Cash and cash equivalents	98	-	98
Current liabilities			
Trade and other payables	(987)	-	(987)
Current tax liabilities	(3)	-	(3)
Loans and borrowings due to banks and other lenders	(257)	-	(257)
Total net assets	347	-	347
% interest held			51%
Equity of the Group			177
Goodwill			200
Cash outflow for the subscription of 51% of the share capital			377

Bagnolo in Piano (RE), November 14, 2018

On behalf of the Board of Directors.

The Chairman

Fausto Bellamico

Declaration of the executive in charge of preparing the accounting statements pursuant to the rules of Article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The executive in charge of preparing corporate accounting statements of EMAK S.p.A. Aimone Burani, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 30 September 2018, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), November 14, 2018

Aimone Burani
Executive in charge
of preparing the accounting statements