

Press release

The Board of Directors approves results for the first quarter 2019

Net sales: € 122.4 million - € 131.2 million in the first quarter 2018

EBITDA: € 14.1 million - € 17.3 million in the first quarter 2018

EBIT: € 9 million - € 13.7 million in the first quarter 2018

Consolidated net income: € 6.1 million - € 11.2 million in the first quarter 2018

Net negative financial position: € 164.4 million, € 137.2 million with the same accounting principles, (of which € 17.6 million of debts for future commitments relating to the purchase of residual minority interests), compared to € 117.4 million at 31 December 2018 and € 139.7 million at 31 March 2018.

Bagnolo in Piano (RE), 15 May 2019 - 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 2019.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2019

Emak Group achieved in the first quarter **consolidated revenues of € 122.4 million**, compared to € 131.2 million of the same period of last year, a decrease of 6.7%. This change is due the exit from the scope of consolidation of the company Raico S.r.l. by 2.4%, the positive exchange rate effect by 0.6% and an organic decrease of 4.9%.

EBITDA (*) amounts to € 14.1 million (11.6% of revenues) compared to € 17.3 million of the same period 2018 (13.2% of revenues). The application of the new IFRS 16 principle has resulted in a positive effect on the EBITDA for the first quarter of 2019 for € 1.4 million.

EBIT amounted to € 9 million, in spite of € 13.7 million of the same period of last year.

Net income for the first quarter 2019 is € 6.1 million, against € 11.2 million of the same period of 2018. The result records an improvement in currency management compared to the first quarter of 2018. It should be noted that the figure for the 2018 period had benefited from the recognition of a capital gain for an amount of € 2.5 million.

Free cash flow from operations (*) is € 11.2 million, compared to € 14.8 million of the first quarter 2018 (figure including a capital gain).

Investments in tangible and intangible assets made during the first quarter 2019 amount to € 5 million.

Consolidated net equity at March 31, 2019 is € 214.1 million compared to € 205.8 million at December, 31 2018.

Net negative financial position stands at € 164.4 million, € 137.2 million with the same accounting principles, (of which € 17.6 million of debts for future commitments relating to the purchase of residual minority interests), compared to € 117.4 million at 31 December 2018 and € 139.7 million at 31 March 2018.

Outlook

The delay recorded in sales in the first quarter is mainly due to higher than normal stocks at the distribution network, the delayed start of the sell-out for seasonal products, the globally stagnation of consumption and investments, as well as uncertainty created by tensions on duties.

All the initiatives and investments supporting innovation, the expansion of the product range and distribution channels are in line with the plans.

In an external scenario characterized by persistent uncertainty, the Group expects for this year a turnover in line with the previous year.

Other information

With effect from 1 January 2019 the Emak Group has adopted the new accounting standard **IFRS 16 - Leases**, the effects of which are set out in detail in the interim report.

The management of the company will meet the financial community at the European MidCap Event in Copenhagen on May 16, 2019. The supporting presentation will be available on the company's website and on the eMarket Storage storage mechanism before the start event.

(*) Alternative performance indicators

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

- 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".

The highlights from the consolidated accounts of the Group at March 31, 2019 are attached to the present press release.

Pursuant to the law, the interim report at March 31, 2019 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).

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2019

| | OUTDOOR POWER EQUIPMENT | | PUMPS AND HIGH PRESSURE WATER JETTING | | COMPONENTS AND ACCESSORIES | | Other not allocated / Netting | | Consolidated | |
|--|-------------------------|-------------------|---------------------------------------|-------------------|----------------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|
| €/000 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Sales to third parties | 44,247 | 48,935 | 49,138 | 49,273 | 28,972 | 32,958 | | | 122,357 | 131,166 |
| Intersegment sales | 535 | 762 | 731 | 543 | 2,384 | 2,545 | (3,650) | (3,850) | | |
| Revenues from sales | 44,782 | 49,697 | 49,869 | 49,816 | 31,356 | 35,503 | (3,650) | (3,850) | 122,357 | 131,166 |
| Ebitda | 3,079 | 4,284 | 7,850 | 8,513 | 4,417 | 5,519 | (1,200) | (1,042) | 14,146 | 17,274 |
| <i>Ebitda/Total Revenues %</i> | 6.9% | 8.6% | 15.7% | 17.1% | 14.1% | 15.5% | | | 11.6% | 13.2% |
| Ebitda before non ordinary expenses | 3,129 | 4,708 | 7,850 | 8,838 | 4,648 | 5,564 | (1,200) | (1,042) | 14,427 | 18,068 |
| <i>Ebitda before non ordinary expenses/Total Revenues %</i> | 7.0% | 9.5% | 15.7% | 17.7% | 14.8% | 15.7% | | | 11.8% | 13.8% |
| Operating result | 1,321 | 2,771 | 5,871 | 7,319 | 3,034 | 4,628 | (1,200) | (1,042) | 9,026 | 13,676 |
| <i>Operating result/Total Revenues %</i> | 2.9% | 5.6% | 11.8% | 14.7% | 9.7% | 13.0% | | | 7.4% | 10.4% |
| Net financial expenses (1) | | | | | | | | | (599) | 986 |
| Profit before taxes | | | | | | | | | 8,427 | 14,662 |
| Income taxes | | | | | | | | | 2,339 | 3,482 |
| Net profit | | | | | | | | | 6,088 | 11,180 |
| <i>Net profit/Total Revenues%</i> | | | | | | | | | 5.0% | 8.5% |
| (1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment | | | | | | | | | | |
| STATEMENT OF FINANCIAL POSITION | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| Net debt | 42,734 | 24,025 | 101,044 | 86,597 | 20,793 | 7,094 | (205) | (289) | 164,366 | 117,427 |
| Shareholders' Equity | 179,030 | 176,750 | 60,625 | 56,259 | 51,165 | 48,899 | (76,716) | (76,088) | 214,104 | 205,820 |
| Total Shareholders' Equity and Net debt | 221,764 | 200,775 | 161,669 | 142,856 | 71,958 | 55,993 | (76,921) | (76,377) | 378,470 | 323,247 |
| Net non-current assets (2) | 139,178 | 134,048 | 93,046 | 77,937 | 30,701 | 18,557 | (75,443) | (75,616) | 187,482 | 154,926 |
| Net working capital | 82,586 | 66,727 | 68,623 | 64,919 | 41,257 | 37,436 | (1,478) | (761) | 190,988 | 168,321 |
| Total net capital employed | 221,764 | 200,775 | 161,669 | 142,856 | 71,958 | 55,993 | (76,921) | (76,377) | 378,470 | 323,247 |
| (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 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| Number of employees at period end | 756 | 764 | 741 | 736 | 504 | 490 | 8 | 9 | 2,009 | 1,999 |
| OTHER INFORMATIONS | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Amortization, depreciation and impairment losses | 1,758 | 1,513 | 1,979 | 1,194 | 1,383 | 891 | | | 5,120 | 3,598 |
| Investment in property, plant and equipment and in intangible assets | 2,039 | 1,281 | 1,422 | 632 | 1,513 | 1,444 | | | 4,974 | 3,357 |

Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

| FY 2018 | CONSOLIDATED INCOME STATEMENT | 1 Q 2019 | 1 Q 2018 |
|----------------|--|-----------------|-----------------|
| 452,825 | Revenues from sales | 122,357 | 131,166 |
| 5,465 | Other operating incomes | 977 | 1,400 |
| 4,621 | Change in inventories | 7,230 | 3,567 |
| (243,182) | Raw materials, consumable and goods | (73,083) | (73,943) |
| (83,310) | Personnel expenses | (21,216) | (21,843) |
| (86,970) | Other operating costs and provisions | (22,119) | (23,073) |
| (15,473) | Amortization, depreciation and impairment losses | (5,120) | (3,598) |
| 33,976 | Operating result | 9,026 | 13,676 |
| 5,316 | Financial income | 73 | 2,951 |
| (4,784) | Financial expenses | (1,284) | (1,174) |
| 86 | Exchange gains and losses | 630 | (832) |
| 266 | Income from/(expenses on) equity investment | (18) | 41 |
| 34,860 | Profit before taxes | 8,427 | 14,662 |
| (9,213) | Income taxes | (2,339) | (3,482) |
| 25,647 | Net profit (A) | 6,088 | 11,180 |
| (250) | (Profit)/loss attributable to non controlling interests | (98) | (59) |
| 25,397 | Net profit attributable to the Group | 5,990 | 11,121 |
| 0.155 | Basic earnings per share | 0.037 | 0.068 |
| 0.155 | Diluted earnings per share | 0.037 | 0.068 |
| FY 2018 | CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME | 1 Q 2019 | 1 Q 2018 |
| 25,647 | Net profit (A) | 6,088 | 11,180 |
| (1,041) | Profits/(losses) deriving from the conversion of foreign company accounts | 2,520 | (415) |
| 45 | Actuarial profits/(losses) deriving from defined benefit plans (*) | 0 | 0 |
| (13) | Income taxes on OCI (*) | 0 | 0 |
| (1,009) | Total other components to be included in the comprehensive income statement (B) | 2,520 | (415) |
| 24,638 | Total comprehensive income for the period (A)+(B) | 8,608 | 10,765 |
| (205) | Comprehensive net profit attributable to non controlling interests | (121) | (72) |
| 24,433 | Comprehensive net profit attributable to the Group | 8,487 | 10,693 |

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

Emak Group – Consolidated statement of financial position

Thousand of Euro

| 31.12.2018 | ASSETS | 31.03.2019 | 31.03.2018 |
|----------------|---|----------------|----------------|
| | Non-current assets | | |
| 75,446 | Property, plant and equipment | 76,902 | 72,599 |
| 20,195 | Intangible assets | 20,656 | 19,862 |
| 65,773 | Goodwill | 66,282 | 66,392 |
| - | Right of use | 26,760 | - |
| 230 | Equity investments in other companies | 230 | 230 |
| 4,550 | Equity investments in associates | 7,291 | 4,325 |
| 8,480 | Deferred tax assets | 8,887 | 8,414 |
| 2,464 | Other financial assets | 2,502 | 698 |
| 65 | Other assets | 66 | 66 |
| 177,203 | Total non-current assets | 209,576 | 172,586 |
| | Current assets | | |
| 156,678 | Inventories | 165,268 | 154,526 |
| 108,328 | Trade and other receivables | 143,135 | 145,706 |
| 6,043 | Current tax assets | 4,699 | 4,424 |
| 554 | Other financial assets | 564 | 7,072 |
| 283 | Derivative financial instruments | 796 | 197 |
| 62,602 | Cash and cash equivalents | 47,592 | 44,466 |
| 334,488 | Total current assets | 362,054 | 356,391 |
| 511,691 | TOTAL ASSETS | 571,630 | 528,977 |
| | | | |
| 31.12.2018 | SHAREHOLDERS' EQUITY AND LIABILITIES | 31.03.2019 | 31.03.2018 |
| | Shareholders' Equity | | |
| 203,744 | Shareholders' Equity of the Group | 211,911 | 195,655 |
| 2,076 | Non-controlling interest | 2,193 | 2,244 |
| 205,820 | Total Shareholders' Equity | 214,104 | 197,899 |
| | Non-current liabilities | | |
| 113,328 | Loans and borrowings due to banks and other lenders | 101,807 | 94,639 |
| - | Liabilities for leasing | 22,486 | - |
| 8,355 | Deferred tax liabilities | 8,343 | 9,072 |
| 8,764 | Employee benefits | 8,519 | 9,496 |
| 2,173 | Provisions for risks and charges | 2,218 | 2,218 |
| 520 | Other non-current liabilities | 511 | 557 |
| 133,140 | Total non-current liabilities | 143,884 | 115,982 |
| | Current liabilities | | |
| 95,938 | Trade and other payables | 113,769 | 108,529 |
| 4,913 | Current tax liabilities | 6,601 | 6,406 |
| 69,359 | Loans and borrowings due to banks and other lenders | 85,862 | 97,308 |
| - | Liabilities for leasing | 4,675 | - |
| 643 | Derivative financial instruments | 990 | 244 |
| 1,878 | Provisions for risks and charges | 1,745 | 2,609 |
| 172,731 | Total current liabilities | 213,642 | 215,096 |
| 511,691 | TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 571,630 | 528,977 |

Emak Group – Consolidated net financial position

| Net financial position (€/000) | 31/03/2019 | 31/12/2018 | 31/03/2018 |
|--|------------------|------------------|------------------|
| A. Cash | 47,592 | 62,602 | 44,466 |
| B. Other cash at bank and on hand (held-to-maturity investments) | - | - | - |
| C. Financial instruments held for trading | - | - | - |
| D. Liquidity funds (A+B+C) | 47,592 | 62,602 | 44,466 |
| E. Current financial receivables | 1,360 | 837 | 7,270 |
| F. Current payables to banks | (32,346) | (18,086) | (51,282) |
| G. Current portion of non current indebtedness | (44,136) | (46,152) | (36,299) |
| H. Other current financial debts | (15,046) | (5,764) | (9,972) |
| I. Current financial indebtedness (F+G+H) | (91,528) | (70,002) | (97,553) |
| J. Current financial indebtedness, net (I+E+D) | (42,576) | (6,563) | (45,817) |
| K. Non-current payables to banks | (92,408) | (99,817) | (79,105) |
| L. Bonds issued | - | - | - |
| M. Other non-current financial debts | (31,884) | (13,511) | (15,534) |
| N. Non-current financial indebtedness (K+L+M) | (124,292) | (113,328) | (94,639) |
| O. Net financial indebtedness (J+N) | (166,868) | (119,891) | (140,456) |
| P. Non current financial receivables | 2,502 | 2,464 | 698 |
| Q. Net financial position (O+P) | (164,366) | (117,427) | (139,758) |