

Press release

The Board of Directors approves the consolidated results for the first nine months 2017

Net sales at € 322.2 million - € 309.7 million in the first nine months 2016

EBITDA at € 37.2 million - € 36.3 million in the first nine months 2016

EBIT at € 27.8 million - € 26.7 million in the first nine months 2016

Consolidated net income at € 15.7 million - € 16.5 million in the first nine months 2016

Net negative financial position at € 120.6 million (of which € 48.7 million due to change in the scope of consolidation), compared to € 87.8 million at 30 September 2016.

Bagnolo in Piano (RE), 10 November 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 nine months 2017.

CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS 2017

Emak Group achieved in the first nine month **consolidated revenues of € 322.2 million**, compared to € 309.7 million of last year, an increase of 4%. The improvement is due to the contribution of the entry in the scope of consolidation during the third quarter of Lavorwash Group for 4.4% (€ 13.8 million), to the positive effect of the exchange rate by 0.2% and to an organic decrease of 0.6%.

EBITDA (*) reached € 37.2 million (11.5% of revenues) compared to € 36.3 million (11.7% of revenues) in the first nine months 2016. The 2.4% increase in the result for the period is mainly due to the growth in turnover, the favorable mix of revenues among the various operating sectors and the effect of the change in the scope of consolidation.

EBIT amounted to € 27.8 million, in spite of € 26.7 million in the same period of last year.

Net income for the first nine months 2017 was € 15.7 million, compared to € 16.5 million in the same period 2016. The result was influenced by negative exchange rate management, mainly due to end-of-period valuation, for € 3.5 million compared to a positive value of € 1.6 million in the first nine months 2016.

Free cash flow from operations (*) amounted to € 25.1 million, in spite of € 26.2 in the first nine months 2016.

Investments in tangible and intangible assets made during the first nine months 2017 amount to € 11.1 million.

Consolidated net equity at September 30, 2017 was € 187.2 million compared to € 181.7 million at December 31, 2016.

Net negative financial position stood at € 120.6 million compared to € 87.8 million at September 30, 2016 and € 80.1 million at December 31, 2016. The change in scope of consolidation accounted for € 48.7 million on the figure at September 30, 2017.

Outlook

The *Outdoor Power Equipment* segment was affected during the year by unfavorable weather conditions, especially drought which affected the season of gardening products. For this business, an investment plan is planned to support a wider and more competitive product offering and a cost-cutting program. The acquisition of the Lavorwash Group, which is included in the scope of consolidation from July 2017, opens up interesting development prospects of the *Pumps and High Pressure Water Jetting* business, particularly in the cleaning sector, thanks to the expansion of the product range, to the more competitive offering, and transversal synergies to the entire Emak Group. The good results achieved in the *Component and Accessories* segment confirm the Group's strength in this business, future investments will continue in innovation and completion of the product range.

On the basis of the results obtained so far, the Group estimates for the current year a turnover, at unchanged perimeter, in line with the previous year, in spite of the beginning of the year estimates of an organic growth in the order of 3% -4%. In addition, the Group will count on the positive contribution of the Lavorwash Group.

(*) 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 interim report of the Group at September 30, 2017 are attached to the present press release.

Pursuant to the law, the interim report at September 30, 2017 and this press release are available to the public at the Company's registered office, on the company website www.emak.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), seats and technical spare parts for tractors. In 2016 Emak Group realized a total turnover of € 391.9 million.

Highlights of the consolidated financial statement broken down by operating segment for the first nine months 2017

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016
€/000										
Sales to third parties	133,503	143,101	97,620	80,453	91,092	86,205			322,215	309,759
Intersegment sales	1,517	1,228	1,239	1,220	6,161	5,312				
Revenues from sales	135,020	144,329	98,859	81,673	97,253	91,517	-	8,917	322,215	309,759
Ebitda	9,409	11,733	13,674	12,014	15,944	14,514	-	1,828	37,199	36,314
Ebitda/Total Revenues %	7.0%	8.1%	13.8%	14.7%	16.4%	15.9%			11.5%	11.7%
Operating profit	5,208	7,005	11,222	9,869	13,223	11,764	-	1,828	27,825	26,691
Operating profit/Total Revenues %	3.9%	4.9%	11.4%	12.1%	13.6%	12.9%			8.6%	8.6%
Net financial expenses									-	2,393
Profit before tax									22,145	24,680
Income taxes									6,392	8,121
Net profit									15,753	16,559
Net profit/Total Revenues %									4.9%	5.3%

STATEMENT OF FINANCIAL POSITION

Net debt	23,960	21,371	90,201	53,111	7,394	14,122	-	918	-	814	120,637	87,790
Shareholders' Equity	178,639	181,004	41,977	36,386	49,202	43,752	-	82,579	-	82,301	187,239	178,841
Total Shareholders' Equity and Net debt	202,599	202,375	132,178	89,497	56,596	57,874	-	83,497	-	83,115	307,876	266,631
Net non-current assets (*)	134,160	128,837	74,337	48,263	19,493	18,370	-	81,381	-	81,409	146,609	114,061
Net working capital	68,439	73,538	57,841	41,234	37,103	39,504	-	2,116	-	1,706	161,267	152,570
Total net capital employed	202,599	202,375	132,178	89,497	56,596	57,874	-	83,497	-	83,115	307,876	266,631

(*) 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	809	795	712	393	509	488	8	7	2,038	1,683
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OTHER INFORMATIONS

Amortization, depreciation and impairment losses	4,201	4,728	2,452	2,145	2,721	2,750			9,374	9,623
Investment in property, plant and equipment and in intangible assets	4,941	3,949	2,749	2,883	3,457	2,233			11,147	9,065

Emak Group– Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2016	CONSOLIDATED INCOME STATEMENT	3 Q 2017	3 Q 2016	9 months 2017	9 months 2016
391,879	Revenues from sales	88,142	79,809	322,215	309,759
2,589	Other operating incomes	984	519	2,401	1,665
(12,116)	Change in inventories	2,509	(7,126)	5,160	(12,355)
(198,172)	Raw materials, consumables and goods	(48,203)	(36,248)	(173,880)	(153,340)
(73,039)	Personnel expenses	(18,900)	(15,984)	(58,209)	(55,148)
(71,672)	Other operating costs and provisions	(19,832)	(14,883)	(60,488)	(54,267)
(17,600)	Amortization, depreciation and impairment losses	(3,262)	(3,128)	(9,374)	(9,623)
21,869	Operating profit	1,438	2,959	27,825	26,691
7,105	Financial income	262	427	1,161	1,084
(6,056)	Financial expenses	(1,216)	(1,352)	(3,554)	(4,726)
3,407	Exchange gains and losses	(740)	(374)	(3,455)	1,631
205	Income from/(expenses on) equity investment	67	0	168	0
26,530	Profit before taxes	(189)	1,660	22,145	24,680
(8,847)	Income taxes	(222)	(893)	(6,392)	(8,121)
17,683	Net profit (A)	(411)	767	15,753	16,559
(88)	(Profit)/loss attributable to non controlling interests	(48)	13	(266)	(108)
17,595	Net profit attributable to the Group	(459)	780	15,487	16,451
0.108	Basic earnings per share	(0.003)	0.005	0.095	0.101
0.108	Diluted earnings per share	(0.003)	0.005	0.095	0.101

Year 2016	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	9 months 2017	9 months 2016
17,683	Net profit (A)	15,753	16,559
(190)	Profits/(losses) deriving from the conversion of foreign company accounts	(4,931)	(2,055)
(137)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
1	Income taxes on OCI (*)	-	-
(326)	Total other components to be included in the comprehensive income statement (B)	(4,931)	(2,055)
17,357	Total comprehensive income for the period (A)+(B)	10,822	14,504
(88)	Comprehensive net profit attributable to non controlling interests	(170)	(75)
17,269	Comprehensive net profit attributable to the Group	10,652	14,429

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

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2016	ASSETS	30.09.2017	30.09.2016
	Non-current assets		
61,651	Property, plant and equipment	69,944	59,841
8,380	Intangible assets	7,643	7,859
52,241	Goodwill	75,454	56,039
230	Equity investments in other companies	230	230
3,955	Equity investments in associates	4,062	-
7,370	Deferred tax assets	8,881	7,194
10,098	Other financial assets	998	9,321
63	Other assets	72	64
143,988	Total non-current assets	167,284	140,548
	Current assets		
127,362	Inventories	147,496	125,845
96,940	Trade and other receivables	106,592	88,409
4,791	Current tax receivables	4,723	3,498
468	Other financial assets	8,517	522
77	Derivative financial instruments	116	169
32,545	Cash and cash equivalents	47,283	39,098
262,183	Total current assets	314,727	257,541
406,171	TOTAL ASSETS	482,011	398,089

31.12.2016	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2017	30.09.2016
	Shareholders' Equity		
180,173	Shareholders' Equity of the Group	184,785	177,359
1,495	Non-controlling interest	2,454	1,482
181,668	Total Shareholders' Equity	187,239	178,841
	Non-current liabilities		
76,107	Loans and borrowings due to banks and others lenders	118,510	82,833
6,391	Deferred tax liabilities	6,008	5,866
9,137	Employee benefits	10,667	8,970
1,566	Provisions for risks and charges	2,404	1,568
668	Other non-current liabilities	598	762
93,869	Total non-current liabilities	138,187	99,999
	Current liabilities		
77,849	Trade and other payables	89,360	58,994
4,184	Current tax liabilities	6,446	4,504
46,770	Loans and borrowings due to banks and others lenders	58,646	53,614
394	Derivative financial instruments	395	453
1,437	Provisions for risks and charges	1,738	1,684
130,634	Total current liabilities	156,585	119,249
406,171	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	482,011	398,089

Emak Group – Consolidated net financial position

Net financial position	30/09/2017	31/12/2016	30/09/2016
A. Cash and cash equivalents	47,283	32,545	39,098
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	47,283	32,545	39,098
E. Current financial receivables	8,633	545	691
F. Current payables to bank	(19,926)	(11,833)	(17,288)
G. Current portion of non current indebtedness	(31,154)	(32,862)	(33,272)
H. Other current financial debts	(7,961)	(2,469)	(3,507)
I. Current financial indebtness (F+G+H)	(59,041)	(47,164)	(54,067)
J. Current financial indebtness, net (I+E+D)	(3,125)	(14,074)	(14,278)
K. Non-current payables to banks	(100,385)	(63,249)	(66,033)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(18,125)	(12,858)	(16,800)
N. Non-current financial indebtness (K+L+M)	(118,510)	(76,107)	(82,833)
O. Net indebtness (J+N)	(121,635)	(90,181)	(97,111)
P. Non current financial receivables	998	10,098	9,321
Q. Net financial position (O+P)	(120,637)	(80,083)	(87,790)