



## PRESS RELEASE

# Esautomation approves annual report 2018

## Double digit growth for all indicators

## China's Turnover doubled - export rate up to 80%

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- **REVENUES: + 18.5%** (Euro 18.476k vs. Euro 15.586k)
- **EBITDA *adjusted*: + 15,3 %** (Euro 5.305k vs. Euro 4.602k)
- **EBITDA *margin adjusted*: 29%**
- **NET PROFIT *adjusted* + 30 %** (Euro 3.194k vs. Euro 2.466k)
- **OPERATING CASH FLOW + 35%**
- **NET FINANCIAL POSITION, CASH for EUR 7.656k**
- **RETURN ON INVESTMENT 52%**
- **RETURN ON EQUITY 20%**
- **DIVIDEND Euro 0.05/share: *payout ratio 22 %*, *yield 1,5 %***

*Carpi, 29 March 2019*

Esautomation's Board of Directors ("Esautomation", "ESA" or the "Company"), operative *holding* of Esautomation's Group (the "Group") active in the high-precision mechatronic components sector for industrial machinery, has approved today the Consolidated Financial Report and the Individual Financial Report at 31 December 2018.

### **MAIN CONSOLIDATED RESULTS 2018**

**Group revenues increasing of 18.5%, equal to € 18.476k** at 31<sup>st</sup> December 2018 compared to Euro 15.586k as at 31 December 2017 .

This result is mainly due to the following factors:

- increase in sales volumes thanks to investments made in R&D
- development of product *performance*, in particular, in strategic market applications (sheet metal, marble, wood processing);

- increase the penetration of strategic customers in terms of share of *Computer Numerical Control* compared to competitors, widening the offer to different complementary applications and to engines and drives;
- pursuance of the intense internationalization activity at a global level, in particular on China and Turkey with particular emphasis on large customers.

Direct *export* rate of the Group at 51%, up to 80% if we consider the products sold abroad by domestic customer.

Cost of goods sold rose from 47.6% in 2017 to 49.5% in 2018 in part due to the intensification of commercial activity in the *low - end* market for large customers; targets for 2019 are to improve margins through starting production of components (motors and drives) in China and to increase efficiency in the purchase of components.

Overall, the increase in costs also includes some non-recurring costs relating to the listing on the AIM Italia market and the costs related with moving to the new headquarters in Carpi (MO) for approximately € 273 thousand. These amounts were considered in giving the EBITDA *Adjusted*. This profitability index is growing of + **15,3%** (Euro 5.305 million in 2018 vs. 4.602 Euro in 2017).

**Net Profit *adjusted*** grew of **30%** to **€ 3.194 thousand** (€ 2.466 thousand in 2017).

The R&D remains the area of greatest investment for the Group. In 2018, research and development activities continued, mainly aimed at integrating:

- different mechatronic technologies;
- development of communication logics 4.0 and networking;
- performance increase;
- development and integration of new devices, sensors, components;
- development of new kinematics;
- improvement of energy efficiency;
- materials engineering.

These activities have allowed Esautomotion to continue developing software and new integrated devices according to the principles of Industry 4.0, and to consolidate product performance in new application sectors.

The first new-generation CNCs based on ARM technology have been installed, destined in the future to replace those currently in use, in order to increase performance and application flexibility, reduce dimensions and absorption, simplify commissioning and make its use more intuitive. use, and make their production more efficient.

The **Net Financial Position Consolidated** presents a **positive cash** balance of **Euro 7.656** thousand inclusive of the proceeds deriving from the capital increase related to the IPO of July 2018.

**Shareholders' equity** amounted to EUR 15.223 thousand.

**Gianni Senzolo**, CEO of Esautomotion: "*Innovation, growth, international development, new application areas, expansion of the product range are the guidelines of our group. We are counting*

*on strengthening Esautomotion's leadership in our reference markets. The results for the year 2018 show an increase in revenues and extremely satisfactory results in terms of return on investments made, which continues to remain above 50% per annum, guaranteeing one of the highest returns on equity on the stock exchange. In particular, we point out the growth in revenues up to 100% for our Chinese subsidiary. 2018 has been a turning year for Esautomotion: listing on the AIM market Italy in July, the managers improvement of the company, the intensification of the activities on foreign markets and the move to its new headquarters in Carpi have not prevented the continuation of growth. In particular, the strategy of penetrating large Asian customers even with low-end products aims to put the basis of future growth in the coming years, albeit in the presence of some recessionary signals. Product innovation deriving from R&D activity allows us to consolidate our leadership position in the application sectors of our interest. Research and analysis of growth opportunities for external lines continues”.*

## **SHAREHOLDERS' MEETING**

The Board of Directors has given a mandate to the President to convene the Ordinary Shareholders' Meeting for April 18, 2019, at hours 11.00, in single call, at the registered office of the Company in Carpi (MO), Via della Meccanica 23/1, which will be called for discuss and to deliberate on the following items of the Agenda:

1. Individual financial statements of Esautomotion SpA at December 31, 2018. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Related and consequent resolutions. Presentation of the Esautomotion Group consolidated financial statements at December 31, 2018.
2. Allocation of profit for the year. Related and consequent resolutions.
3. Authorization to purchase and dispose of treasury shares. Related and consequent resolutions.
4. Integration of the Board of Statutory Auditors: appointment of one Standing Auditor and one Alternate Auditor. Related and consequent resolutions.

The Board of Directors has resolved to propose to the Ordinary Shareholders' Meeting the following allocation of Esautomotion Spa's net profit of € 1.472,332 thousand:

- Euro 398 thousand to the legal reserve;
- Euro 419,182 to the extraordinary reserve
- Euro 655,15 thousand as a dividend, corresponding to € 0.05 per share. The dividend will be paid, as in past years and in line with the Company's future dividend policy, in two *tranches*:
  - the first one (coupon No. 1) , equal to Euro 0,025 will be paid starting from 2 May 2019 with the ex-dividend date 29 April 2019 and record dates on 30 April 2019 ;
  - the second (coupon No. 2) , equal to Euro 0,025 will be made payable as from October 30, 2019 with coupon detachment date of October 28, 2019 and record date October 29, 2019.

The *dividend yield* , calculated on the closing price at March 28, 2019 is equal to the 1.5 % , while the *payout ratio* is 22 % of the profit of the Parent Company.

## **MANAGEMENT OUTLOOK**

The Group will continue with the strategy of expanding abroad, especially in China, with a consequent improvement in the operating result, even in an economic and financial context in which

the long-term forecast of the market becomes difficult to predict as well as the economic evolution both in Italy and worldwide. It is expected a 2019 growing despite the first signs of a recession in the world market. The continuous activity in developing the technological content of the leading Esautomotion products will be accompanied by the intensification of the penetration effort also in the Chinese *low-end* market, in order to add a countercyclical element to the development of market.

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The Financial Report of Esautomotion and the Consolidate Report of the Group will be available, in accordance with the terms provided by law, on *the website* <http://www.esautomotion.it> .

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With reference to the accounting data shown in this press release, please note that the audit is not completed yet, as well as the verification by the Board of Statutory Auditors. In this press release some indicators are used as “performance alternatives” not included by the accounting standards of reference IAS/IFRS adopted by the European Union (*Adjusted EBITDA, adjusted net profit, Return on Investments Return on Equity*) for which meaning please refer to the report on operations as at 31 December 2018. The criteria for determining these indicators may not be equal with those adopted by others companies or groups and, therefore, the non-GAAP measures reported above could not be comparable with those determined by them. Please note that *Adjusted Net Profit* is calculated as a result of *Adjusted EBITDA*.

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*Esautomotion Group results to 31<sup>st</sup> December 2018 - Consolidated Income Statement IAS / IFRS*

INCOME STATEMENT	31 Dec 18		31 Dec 17		change	
	Thousands of Euros					
Revenues	17.941	97,1%	15.107	96,9%	2.834	18,8%
Other revenues and services	535	2,9%	479	3,1%	56	11,7%
<b>Total Revenues</b>	<b>18.476</b>	<b>100,0%</b>	<b>15.586</b>	<b>100,0%</b>	<b>2.890</b>	<b>18,5%</b>
Δ YoY %	+ 18.5%					
Purchase of Goods and changes in Inventories	(9.137)	(49,5%)	(7.395)	(47,4%)	(1.741)	23,5%
Personnel costs	(1.578)	(8,5%)	(1.587)	(10,2%)	9	(0,6%)
Costs for Services	(2.559)	(13,9%)	(1.854)	(11,9%)	(706)	38,1%
Others costs	(170)	(0,9%)	(148)	(0,9%)	(22)	15,0%
<b>Total operating costs</b>	<b>(13.444)</b>	<b>(72,8%)</b>	<b>(10.984)</b>	<b>(70,5%)</b>	<b>(2.460)</b>	<b>22,4%</b>
Δ YoY %	+ 22.4%					
<b>Of which non-recurring costs</b>	<b>(273)</b>		-			
<b>Adjusted EBITDA</b>	<b>5.305</b>	<b>28,7%</b>	<b>4.602</b>	<b>29,5%</b>	<b>703</b>	<b>15,3%</b>
Δ YoY %	+ 15.3%					
<b>EBITDA</b>	<b>5.032</b>	<b>27,2%</b>	<b>4.602</b>	<b>29,5%</b>	<b>430</b>	<b>9,3%</b>
Δ YoY %	+ 9.3%					
Depreciation, impairment losses and provisions	(1.265)	(6,8%)	(1.097)	(7,0%)	(168)	15,3%
<b>EBIT</b>	<b>3.767</b>	<b>20,4%</b>	<b>3.505</b>	<b>22,5%</b>	<b>262</b>	<b>7,5%</b>
Δ YoY %	+ 7.5%					
Financial income (expenses)	(97)	(0,5%)	(41)	(0,3%)	(55)	132,7%
<b>EBT</b>	<b>3.670</b>	<b>19,9%</b>	<b>3.464</b>	<b>22,2%</b>	<b>207</b>	<b>6,0%</b>
Taxes	(673)	(3,6%)	(997)	(6,4%)	324	(32,5%)
<b>NET PROFIT (LOSS) Adjusted</b>	<b>3.194</b>	<b>17,3%</b>	<b>2.466</b>	<b>15,8%</b>	<b>728</b>	<b>29,5%</b>
Δ YoY %	+ 29.5%					
<b>NET PROFIT (LOSS)</b>	<b>2.997</b>	<b>16,2%</b>	<b>2.466</b>	<b>15,8%</b>	<b>531</b>	<b>21,5%</b>
Δ YoY %	+ 21.5%					

*Esautomotion Group results to the 31<sup>st</sup> December 2018 - Consolidated Balance Sheet IAS/IFRS*

RECLASSIFIED BALANCE SHEET		31 Dec 18	31 Dec 17	change
Thousands of Euros				
	Goodwill	98	98	-
	Intangible assets	1.210	1.049	161
	Tangible fixed assets	677	144	533
	Other non-current assets	1	1	-
<b>A</b>	<b>Fixed Assets</b>	<b>1.986</b>	<b>1.292</b>	<b>694</b>
	Inventories	3.898	1.917	1.981
	Trade Receivables	6.650	6.242	408
	Trade Payable	(4.291)	(3.162)	(1.129)
	<b>OPERATING WORKING CAPITAL</b>	<b>6.257</b>	<b>4.997</b>	<b>1.260</b>
	Other activities	145	81	64
	Other debts	(559)	(771)	212
<b>B</b>	<b>NET WORKING CAPITAL</b>	<b>5.843</b>	<b>4.307</b>	<b>1.536</b>
	TFR	(110)	(99)	(11)
	Provisions for risks and charges	(152)	(144)	(8)
<b>C</b>	<b>Total Funds</b>	<b>(262)</b>	<b>(243)</b>	<b>(19)</b>
<b>D=A+B+C</b>	<b>Net Invested Capital</b>	<b>7.567</b>	<b>5.356</b>	<b>2.211</b>
<b>E</b>	<b>Assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>F=D+E</b>	<b>Total Net Invested Capital</b>	<b>7.567</b>	<b>5.356</b>	<b>2.211</b>
	Share Capital	2.000	10	1.990
	Reserves, Retained Earnings	13.220	5.308	7.912
	Net equity of third parties	3	2	1
<b>G</b>	<b>Net assets</b>	<b>15.223</b>	<b>5.320</b>	<b>9.903</b>
	Long Term Financial Debt	312	695	(383)
	Short Term Financial Debt	388	560	(172)
	Financial Assets and Liquid Availability	(8.356)	(1.219)	(7.137)
<b>H</b>	<b>Net Financial Position</b>	<b>(7.656)</b>	<b>36</b>	<b>(7.692)</b>
<b>I=G+H</b>	<b>Equity and Debts</b>	<b>7.567</b>	<b>5.356</b>	<b>2.211</b>

*Esautomotion Group results to the 31<sup>st</sup> December 2018 - Consolidated Cash Flow Statement  
IAS/IFRS*

FINANCIAL STATEMENT	31 Dec 18	31 Dec 17
Profit (loss) for the year	2.997	2.466
Income taxes	673	997
Interest expense/(revenue)	97	41
Adjustments for non-monetary items that have not been offset in the net working capital	52	103
Provisions for funds	23	147
Depreciation of fixed assets	1.169	939
<b>Cash flow before changes in net working capital</b>	<b>5.011</b>	<b>4.693</b>
Total changes in net working capital	(1.210)	(1.685)
<b>Cash flow after changes in net working capital</b>	<b>3.801</b>	<b>3.008</b>
Interest received/(paid)	(7)	(13)
(Income taxes paid)	(1.089)	(997)
(Use of funds)	-	-
<b>Cash flow of operating activity (A)</b>	<b>2.705</b>	<b>1.998</b>
<b>Cash flow of investment activity (B)</b>	<b>(1.836)</b>	<b>(1.171)</b>
(Debt repayment)	(554)	(551)
Paid capital increase	7.914	-
Changes in Net Assets	(7)	(18)
(Dividends and advances on dividends paid)	(1.000)	(250)
<b>Cash flow of financing activity (C)</b>	<b>6.353</b>	<b>(819)</b>
<b>Increase (decrease) in cash (A ± B ± C)</b>	<b>7.222</b>	<b>8</b>
Cash at the beginning of the year	1.134	1.126
Cash at the end of the year	8.356	1.134

*Results of Esautomotion Spa at 31<sup>st</sup> December 2018 - Income Statement ITA/GAAP*

<b>INCOME STATEMENT</b>	<b>31 Dec 18</b>		<b>31 Dec 17</b>		<b>change</b>	
Revenues	16.312	91,7%	14.073	93,8%	2.239	+ 15,9%
Change in semi-finished and finished products	732	4,1%	450	3,0%	283	+ 62,9%
Other revenues and services	751	4,2%	479	3,2%	272	+ 56,8%
<b>Total production value</b>	<b>17.796</b>	<b>100,0%</b>	<b>15.002</b>	<b>100,0%</b>	<b>2.794</b>	<b>+ 18,6%</b>
Δ YoY %	+ 18.6%					
Subsidiary and consumer raw materials	(10.274)	(57,7%)	(7.968)	(53,1%)	(2.306)	+ 28,9%
Costs for Services	(3.350)	(18,8%)	(1.295)	(8,6%)	(2.055)	+ 158,7%
Costs for use of third-party assets	(161)	(0,9%)	(103)	(0,7%)	(58)	+ 56,3%
Personnel costs	(2.271)	(12,8%)	(2.304)	(15,4%)	33	- 1,4%
Amortization, depreciation and write-downs	(180)	(1,0%)	(176)	(1,2%)	(4)	+ 2,4%
Change in inventories of raw materials	551	3,1%	127	0,8%	423	+ 332,7%
Other provisions	(9)	(0,0%)	(38)	(0,3%)	29	- 76,4%
Other costs	(151)	(0,8%)	(135)	(0,9%)	(16)	+ 11,9%
<b>Total Production Costs</b>	<b>(15.845)</b>	<b>(89,0%)</b>	<b>(11.890)</b>	<b>(79,3%)</b>	<b>(3.955)</b>	<b>+ 33,3%</b>
Δ YoY %	+ 33.3%					
<b>Difference between value and production costs</b>	<b>1.951</b>	<b>11,0%</b>	<b>3.111</b>	<b>20,7%</b>	<b>(1.161)</b>	<b>- 37,3%</b>
Δ YoY %	- 37.3%					
Total income and (financial) charges	(22)	(0,1%)	(22)	(0,1%)	(0)	+ 0,3%
<b>Result before the taxes</b>	<b>1.929</b>	<b>10,8%</b>	<b>3.090</b>	<b>20,6%</b>	<b>(1.161)</b>	<b>- 37,6%</b>
Taxes	(456)	(2,6%)	(924)	(6,2%)	468	- 50,6%
<b>Profit (loss) for the year</b>	<b>1.472</b>	<b>8,3%</b>	<b>2.166</b>	<b>14,4%</b>	<b>(693)</b>	<b>- 32,0%</b>
Δ YoY %	- 32.0%					



Results of the Esautomotion Spa 31<sup>st</sup> December 2018 - Balance Sheet ITA/GAAP

RECLASSIFIED BALANCE SHEET		31-Dec-18	31-Dec-17	change
	Goodwill	80	86	(6)
	Intangible assets	561	74	487
	Tangible fixed assets	139	112	27
	Investments	1	1	-
	Participation in subsidiaries	37	34	3
	Long-term loans	3	-	3
<b>A</b>	<b>Fixed Assets</b>	<b>821</b>	<b>307</b>	<b>514</b>
	Inventories	2.846	1.563	1.283
	Trade Receivables	5.902	5.985	(83)
	Trade Receivables to subsidiaries	1.350	1.102	248
	Tax credits	610	257	353
	Prepaid taxes	58	33	25
	Other credits	108	49	59
	Cash on hand	7.792	752	7.040
<b>B</b>	<b>Current Assets</b>	<b>18.666</b>	<b>9.741</b>	<b>8.925</b>
C	Prepayments and accrued income	35	23	
<b>D=A+B+C</b>	<b>TOTAL ASSETS</b>	<b>19.522</b>	<b>10.071</b>	<b>9.451</b>
	Share Capital	2.000	10	1.990
	Reserves, Retained Earnings	10.350	2.176	8.174
	Net Profit of the year	1.472	2.166	(694)
<b>E</b>	<b>Equity</b>	<b>13.822</b>	<b>4.352</b>	<b>9.470</b>
	Provisions for risks and charges	152	144	8
	TFR	92	87	5
	Long Term Financial Debt	316	702	(386)
	Short Term Financial Debt	388	560	(172)
	Trade Payable	3.927	3.312	615
	Trade Payable to subsidiaries	157	75	82
	Tax payables	207	354	(147)
	Social security institutions	109	150	(41)
	Other debts	352	335	17
<b>F</b>	<b>Total Debts and Funds</b>	<b>5.700</b>	<b>5.719</b>	<b>(19)</b>
G	Accrued expenses and deferred income	0	-	0
<b>H=E+F</b>	<b>TOTAL LIABILITIES</b>	<b>19.522</b>	<b>10.071</b>	<b>9.451</b>
	Financial assets and cash and cash equivalents	(7.852)	(755)	(7.097)
	Long Term Financial Debt	316	702	(386)
	Short Term Financial Debt	388	560	(172)
	<b>Net Financial Position</b>	<b>(7.148)</b>	<b>507</b>	<b>(7.655)</b>

Results of the Esautomotion Spa 31<sup>st</sup> December 2018 - **Financial Statement ITA/GAAP**

FINANCIAL STATEMENT	31 Dec 18	31 Dec 17
	Thousands of Euros	
Profit (loss) for the year	1.472	2.166
Income taxes	456	924
Interest expense/(revenue)	22	22
Adjustments for non-monetary items that have not been offset in the net working capital	-	-
Provisions for funds	171	256
Depreciation of fixed assets	128	74
<b>Cash flow before changes in net working capital</b>	<b>2.249</b>	<b>3.442</b>
Total changes in net working capital	(858)	(1.958)
<b>Cash flow after changes in net working capital</b>	<b>1.391</b>	<b>1.484</b>
Interest received/(paid)	(22)	(22)
(Income taxes paid)	(1.023)	(548)
(Use of funds)	(105)	(196)
<b>Cash flow of operating activity (A)</b>	<b>241</b>	<b>718</b>
<b>Cash flow of investment activity (B)</b>	<b>(642)</b>	<b>(56)</b>
(Debt repayment)	(558)	(556)
Paid capital increase	8.999	-
(Dividends and advances on dividends paid)	(1.000)	(250)
<b>Cash flow of financing activity (C)</b>	<b>7.441</b>	<b>(806)</b>
<b>Increase (decrease) in cash (A ± B ± C)</b>	<b>7.040</b>	<b>(144)</b>
Cash at the beginning of the year	752	896
Cash at the end of the year	7.792	752

**Codice ISIN:** IT0005337107

**Ticker:** ESAU

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