



PRESS RELEASE

Esautomotion approves the consolidated half-year report as at 30 June 2019

- **REVENUES:** Euro 9,721 thousand vs. € 9,481 thousand
- **EBITDA:** Euro 2,046 thousand vs. € 2,542 thousand
- **EBITDA margin: 21.0% • NET PROFIT:** € 1,029 thousand vs. € 1,658 thousand
- **OPERATING CASH FLOW:** € 1,273 thousand with a 62% cash conversion ratio
- **NET FINANCIAL POSITION, CASH FOR** € 6,537 thousand (€ 7,656 thousand at 31.12.18)

Carpi, 26 September 2019

The Board of Directors of Esautomotion S.p.A. ("Esautomotion", "ESA" or the "Company"), operating holding company of the Esautomotion Group (the "Group") active in the field of high precision mechatronic components for industrial machines, today approved the consolidated half-year report at 30 June 2019.

MAIN CONSOLIDATED RESULTS AT JUNE 30, 2019

Group Revenues recorded organic growth of **2.5%**, equal to **€ 9,721 thousand** at 30 June 2019 compared to € 9,481 thousand at 30 June 2018.

The world economic situation and in particular that of the investment goods market recorded a sharp slowdown towards the end of 2018 and during 2019. In particular, a general reduction in production volumes of the Company's customers is estimated to be between 15% and 30%.

The main operators in the sector have complained about significant reductions in sales, in particular the world leader in the CNC market (Fanuc), in the first half of 2019, announced a decrease in sales of 27% and a net operating margin of around 47%. Esautomotion, also thanks to its anti-cyclical strategy, has preserved its market share by expanding the product range, sacrificing however, given

the economic situation, part of the marginality in favor of greater possible growth in the moment of near recovery, as happened in history of Esautomotion.

In this context, sales growth, albeit modest (+ 2.5%), represents a positive element of resilience in this difficult time.

The strategy continues in:

- investments in R&D
- development in product performance, in particular, in strategic market applications (sheet metal, marble, wood processing);
- penetration into strategic customers in terms of share of Computer Numerical Control compared to competitors, expansion of the product range to different complementary applications, expansion of the offer to engines and drives;
- internationalization worldwide, in particular in China, Turkey, Germany and North America.
- Search for growth opportunities through external lines.

The “direct” export level of the Group is 50%, to this value must be added the part of products sold on the domestic market and then exported by our customer machine manufacturers; this value makes us estimate the actual export is equal to about 80% of Revenues.

Regarding costs, we note an increase in the cost of goods sold from 49.8% in the first half of 2018 to 53.3% in the first half of 2019 partly due to the intensification of commercial activity in the low-end market for large customers; the goal of 2019 is to improve margins by starting production of components (motors and drives) in China and increasing efficiency in the purchase of components.

R&D remains the largest investment area of the Group. Also in 2019, research and development activities continued, mainly aimed at:

- integration of various mechatronic technologies;
- development of 4.0 and networking communication logics;
- increase in performances;
- 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 Consolidated Net Financial Position shows a **positive cash balance of Euro 6,537 thousand** vs. € 7,656 thousand as at 31.12.18.

Equity is equal to Euro **15,803 thousand**.

Gianni Senzolo, Esautomotion’s CEO: *“The economic situation has pushed us to intensify commercial activity: growing by 2.5% in a market that falls on average by more than 20% strengthens us and enables us to recover faster in the coming years.*

We have incurred higher structural costs in the face of a more adequate organization for growth and the acquisition of new customers at this difficult time has penalized profitability, but the continuation of our strategy will bring the company back to the economic parameters of the past years. New

commercial service investments in Germany / Northern Europe and North America, as well as the continuation of China and Turkey are the basis of our development.

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”.

BUSINESS OUTLOOK

2019 sales are expected to continue the same level of growth, while net profitability is expected to partially recover compared to the first half of the year, we will expect some elements of efficiency improvement in working capital.

Esautomotion, since the early months of 2019, has launched a strategy primarily aimed at:

- intensification of commercial efforts in China, Turkey, Germany / Northern Europe and North America with the hiring of technical / commercial personnel. This activity is yielding results in terms of into acquisition of new strategic customers already in the second half of the year with test installations. These strategic initiatives will produce results in terms of sales volumes in 2020.
- Reduction of product costs with product re-engineering and procurement from more competitive suppliers, relocation of production. The effects will be limited in 2019, but will be significant in 2020.

* * *

The consolidated interim financial report will be made available to the public, in accordance with the legal deadlines, on the website <http://www.esautomotion.it>.

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 30 June 2019. 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*.

* * *

Esautomotion Group results to the 30th June 2019 - Consolidated Income Statement IAS / IFRS

INCOME STATEMENT IAS/IFRS	30-jun-19		30-jun-18	
Thousands Euro				
Net Sales Revenues	9.567	98,4%	9.467	99,9%
Other Revenues	154	1,6%	14	0,1%
TURNOVER	9.721	100,0%	9.481	100,0%
Cost of Goods Sold	(5.178)	(53,3%)	(4.721)	(49,8%)
Personnel Costs	(968)	(10,0%)	(822)	(8,7%)
Services	(1.405)	(14,5%)	(1.351)	(14,2%)
Other Costs	(124)	(1,3%)	(45)	(0,5%)
OPERATIVE COSTS	(7.675)	(79,0%)	(6.939)	(73,2%)
Non recurring Costs	(78)		(147)	
EBITDA Adjusted	2.124	21,8%	2.689	28,4%
EBITDA	2.046	21,0%	2.542	26,8%
Depreciation and Amortization	(671)	(6,9%)	(532)	(5,6%)
EBIT	1.375	14,1%	2.010	21,2%
Financial Incomes (Costs)	(8)	(0,1%)	(30)	(0,3%)
EBT	1.367	14,1%	1.980	20,9%
Tax	(338)	(3,5%)	(322)	(3,4%)
NET PROFIT (LOSS) Adjusted	1.085	11,2%	1.764	18,6%
NET PROFIT (LOSS)	1.029	10,6%	1.658	17,5%

Esautomotion Group results to the 30th June 2019 - Consolidated Balance Sheet IAS/IFRS

CONSOLIDATED BALANCE SHEET IAS/IFRS		30-jun-19	31-dec-18
Thousands Euro			
	Goodwill	98	98
	Intangible Assets	1.312	1.210
	Tangible Assets	864	677
	Rights of use	629	-
	Other non current assets	1	1
A	Non Current Assets	2.904	1.986
	Inventory	4.304	3.898
	Trade Credits	6.845	6.650
	Accounts payable	(4.452)	(4.291)
	OPERATING WORKING CAPITAL	6.697	6.257
	Other current assets	635	145
	Other current debts	(689)	(559)
B	Net Working Capital	6.643	5.843
	Severance pay	(126)	(110)
	Funds for risk and charges	(155)	(152)
C	Total Funds	(281)	(262)
D=A+B+C	Net Invested Capital	9.266	7.567
E	Assets held for sale	-	-
F=D+E	Total Net Invested Capital	9.266	7.567
	Share Capital	2.000	2.000
	Accumulated profit and reserves	13.798	13.220
	Minority interest	5	3
G	Total Equity	15.803	15.223
	Long term financial Debts	614	312
	Short term financial Debts	766	388
	Cash, Bank Deposits and Financial credits	(7.917)	(8.356)
H	Net Financial Position	(6.537)	(7.656)
I=G+H	Total Sources	9.266	7.567

Esautomotion Group results to the 30th June 2019 - Consolidated Cash Flow Statement IAS/IFRS

CONSOLIDATED CASH FLOW STATEMENT IAS/IFRS		30-jun-19	30-jun-18
Thousands Euro			
Net Profit (Loss)		1.029	1.658
Corporate Income Taxes		338	322
Financial Costs (Income)		8	30
Offset in working capital		-	50
Provisions		20	34
Depreciation		660	450
Cash flow from operation before changes in NWC		2.055	2.544
Changes in NWC		(782)	(1.208)
Cash flow after changes in NWC		1.273	1.336
Financial Costs paid		(2)	(6)
Taxes paid		(37)	(322)
Operating cash flow		1.234	1.008
CAPEX		(944)	(501)
Loan disbursement (repayment)		(280)	(277)
Increase in capital		-	-
Share Buyback		(234)	-
Changes in Equity		113	(13)
Dividends paid		(328)	(250)
Financial Changes		(729)	(540)
Changes in Liquidity		(439)	(33)
Cash beginning of the year		8.356	1.134
Cash at the end of the period		7.917	1.101

ISIN Code: IT0005337107

Ticker: ESAU

Per la diffusione delle informazioni regolamentate l'Emittente si avvale del circuito *eMarket SDIR* gestito da SPAFID Connect S.p.A.

Per maggiori informazioni

Contatti Nominated Adviser

BPER Banca S.p.A. | esautomotion@bper.it |

Contatti Investor Relations

Franco Fontana | franco.fontana@esautomotion.com |

* * * * *

This press release (including the information contained therein) does not constitute nor form part of a public offering of financial products nor a solicitation of offers for the purchase of financial products and an offer to sell such products will not be made in any jurisdiction in which such offer or sale is contrary to applicable law. This announcement does not constitute an offer to sell financial products in the United States of America, Australia, Canada and Japan and any other jurisdiction in which such offer or sale is prohibited and may not be published or distributed, directly or indirectly, in these jurisdictions. The financial products mentioned in this release have not been and will not be registered under the United States of America Securities Act of 1933, as amended; such products cannot be offered or sold in the United States of America without registration or exemption from the application of registration obligations. The documentation relating to the offer has not been / will not be submitted for approval by CONSOB and Borsa Italia.
