

Comunicato stampa

Board of Directors of Emak S.p.A.

Approved consolidated results to 30 September 2021: sales increase of 29%

Net profit more than doubled compared to the same period of 2020

2021 targets confirmed in the high-end of the guidance

Revenues from sales: € 464.2 million compared to € 359.9 million at 30 September 2020 (+29%).

EBITDA *adjusted* (*): € 69.5 million compared to € 47.5 million at 30 September 2020 (+42.6%).

EBIT: € 52 million compared to € 30 million at 30 September 2020 (+73.5%).

Net profit: € 37.7 million compared to € 15.8 million at 30 September 2020 (+139.4%).

Net negative financial position: € 120.3 million compared to a € 129.9 million at 30 September 2020 e € 126.5 million at 31 December 2020.

Bagnolo in Piano (RE), 12 November 2021- 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 Interim Report at 30 September 2021.

CONSOLIDATED RESULTS OF FIRST NINE MONTHS 2021

At 30 September 2021 Emak Group achieved **consolidated revenues** of **€ 464.2 million**, compared to € 359.9 million in the same period of last year, an increase of 29%. The improvement is due to the organic growth for 27.7%, from change in the scope of consolidation for 3%, while it is penalized by the effect of translation changes for 1.7%. The corresponding period of 2020 had been partially impacted by the advent of the Covid-19 pandemic. However, it should be noted that even in comparison with the first nine months of 2019 there is a growth of 33.6% (on a like-for-like basis).

The turnover of third quarter amounts to € 131.3 million compared to € 112.4 million in the third quarter 2020, an increase of 16.8%.

EBITDA *adjusted* (*) stood at € 69.5 million (15% of sales) an increase of 46.2% compared to € 47.5 million of the same period 2020 (13.2% of sales) mainly thanks to the growth of sale's volumes.

EBIT was € 52 million (11.2% of sales), an increase of 73.5% compared to € 30 million (8.3% of sales) of the corresponding period of last year.

Net profit stood at € 37.7 million, more than doubled compared to € 15.8 million of the same period 2020.

Cash flow from operations (*) was € 55.4 million, compared to € 34 million in the first nine months 2020, a growth of 63.2%.

Investments in tangible and intangible assets realized in the first nine months 2021 amounted overall to € 12.3 million, in line with the same period 2020.

Consolidated net equity at 30 September 2021 was € 258.1 million compared to € 222.3 million at 31 December 2020.

Net negative financial position stood at € 120.3 compared to € 129.9 million at 30 September 2020 and € 126.5 million at 31 December 2020. The figure at 30 September 2021 includes € 30.8 million deriving from the application of IFRS 16, substantially in line with the value of the same period of the previous year.

Outlook

The demand continues to be strong, with the month of October growing by about 9% compared to the same period of last year and by about 30% compared to the same month of 2019. The order book is also higher than the average of the period sustained by a situation of relatively low stocks in the distribution networks.

This makes it possible to position the expected turnover at the end of the year in the upper part of the previously communicated guidance which envisaged growth in a range between 17% and 21%.

The gradual intervention on the sales price lists applied in recent months has largely offset the impact of the increase in the cost of raw materials, components and transport; the leverage effect generated by the strong growth in turnover still leads to an improvement in the EBITDA margin at the end of the year estimated to grow by around 150 basis points.

As regards 2022, visibility remains positive for the first part of the year, despite the persistence of risks associated with the supply chain. The decision to keep stocks higher than the average for the period is aimed at mitigating this risk.

(*) 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 *Adjusted*:** is obtained by deducting at EBITDA the impact of charges and income for litigation and grants, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- **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 of capital gains / losses on the realization of consolidated investments in equity.
- **NET FINANCIAL POSITION:** It is obtained by adding the active financial balances and subtracting the passive financial balances, as well as identified according to the criteria of the Esma (according to Consob communication no. 5/21 of 28 April 2021).

The highlights from the consolidated accounts of the Group at 30 September 2021 are attached to the present press release.

Pursuant to the law, the interim report at 30 September 2021 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.com).

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 nine months 2021

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Sales to third parties	162,963	123,927	180,581	144,997	120,694	90,969			464,238	359,893
Intersegment sales	275	494	2,259	1,888	7,905	6,763	(10,439)	(9,145)		
Revenues from sales	163,238	124,421	182,840	146,885	128,599	97,732	(10,439)	(9,145)	464,238	359,893
Ebitda	16,689	8,481	29,287	22,940	26,533	17,002	(2,774)	(1,607)	69,735	46,816
Ebitda/Total Revenues %	10.2%	6.8%	16.0%	15.6%	20.6%	17.4%			15.0%	13.0%
Ebitda before non ordinary expenses	16,762	8,830	28,677	23,006	26,800	17,285	(2,774)	(1,607)	69,465	47,514
Ebitda before non ordinary expenses/Total Revenues %	10.3%	7.1%	15.7%	15.7%	20.8%	17.7%			15.0%	13.2%
Operating result	10,616	2,739	23,665	16,951	20,541	11,909	(2,774)	(1,607)	52,048	29,992
Operating result/Total Revenues %	6.5%	2.2%	12.9%	11.5%	16.0%	12.2%			11.2%	8.3%
Net financial expenses (1)									(2,210)	(7,957)
Profit before taxes									49,838	22,035
Income taxes									(12,098)	(6,276)
Net profit									37,740	15,759
Net profit/Total Revenues %									8.1%	4.4%
(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	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Net debt	145	10,780	89,399	87,031	30,848	28,741	(112)	0	120,280	126,552
Shareholders' Equity	187,788	178,820	81,519	66,031	66,413	55,096	(77,618)	(77,647)	258,102	222,300
Total Shareholders' Equity and Net debt	187,933	189,600	170,918	153,062	97,261	83,837	(77,730)	(77,647)	378,382	348,852
Net non-current assets (2)	128,252	130,336	88,906	86,970	47,688	41,397	(75,485)	(75,506)	189,361	183,197
Net working capital	59,681	59,264	82,012	66,092	49,573	42,440	(2,245)	(2,141)	189,021	165,655
Total net capital employed	187,933	189,600	170,918	153,062	97,261	83,837	(77,730)	(77,647)	378,382	348,852
(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	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Number of employees at period end	762	738	818	777	620	613	8	8	2,208	2,136
OTHER INFORMATIONS	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Amortization, depreciation and impairment losses	6,073	5,742	5,622	5,989	5,992	5,093			17,687	16,824
Investment in property, plant and equipment and in intangible assets	2,899	3,457	3,036	2,259	6,345	6,446			12,280	12,162

Emak Group– Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2020	CONSOLIDATED INCOME STATEMENT	3 Q 2021	3 Q 2020	9 months 2021	9 months 2020
469,778	Revenues from sales	131,274	112,397	464,238	359,893
4,152	Other operating incomes	1,525	1,082	3,676	2,178
9,996	Change in inventories	13,741	533	18,210	(5,246)
(258,006)	Raw materials, consumables and goods	(81,668)	(60,098)	(261,866)	(186,605)
(84,588)	Personnel expenses	(22,371)	(19,851)	(72,690)	(61,206)
(85,698)	Other operating costs and provisions	(26,605)	(20,211)	(81,833)	(62,198)
(22,692)	Amortization, depreciation and impairment losses	(6,028)	(5,673)	(17,687)	(16,824)
32,942	Operating result	9,868	8,179	52,048	29,992
727	Financial income	74	63	440	224
(5,164)	Financial expenses	(801)	(1,036)	(3,682)	(3,565)
(3,547)	Exchange gains and losses	(697)	(997)	1,032	(3,226)
(2,144)	Income from/(expenses on) equity investment	-	123	-	(1,390)
22,814	Profit before taxes	8,444	6,332	49,838	22,035
(3,202)	Income taxes	(2,312)	(1,485)	(12,098)	(6,276)
19,612	Net profit (A)	6,132	4,847	37,740	15,759
(312)	(Profit)/loss attributable to non controlling interests	(63)	(88)	(540)	(183)
19,300	Net profit attributable to the Group	6,069	4,759	37,200	15,576
0.118	Basic earnings per share	0.037	0.029	0.227	0.095
0.118	Diluted earnings per share	0.037	0.029	0.227	0.095

Year 2020	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	9 months 2021	9 months 2020
19,612	Net profit (A)	37,740	15,759
(8,787)	Profits/(losses) deriving from the conversion of foreign company accounts	5,475	(8,277)
(64)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
18	Income taxes on OCI (*)	-	-
(8,833)	Total other components to be included in the comprehensive income statement (B)	5,475	(8,277)
10,779	Total comprehensive income for the period (A)+(B)	43,215	7,482
(147)	Comprehensive net profit attributable to non controlling interests	(584)	28
10,632	Comprehensive net profit attributable to the Group	42,631	7,510

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

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2020	ASSETS	30.09.2021	30.09.2020
	Non-current assets		
76,409	Property, plant and equipment	77,486	75,459
23,069	Intangible assets	21,919	20,947
27,925	Rights of use	29,781	29,551
67,464	Goodwill	68,523	61,061
8	Equity investments in other companies	8	8
-	Equity investments in associates	-	2,971
9,063	Deferred tax assets	9,987	8,310
808	Other financial assets	994	1,930
57	Other assets	58	57
204,803	Total non-current assets	208,756	200,294
	Current assets		
163,602	Inventories	184,530	148,143
111,082	Trade and other receivables	128,043	112,949
7,516	Current tax receivables	7,212	5,164
229	Other financial assets	55	186
506	Derivative financial instruments	788	498
99,287	Cash and cash equivalents	87,183	102,015
382,222	Total current assets	407,811	368,955
587,025	TOTAL ASSETS	616,567	569,249

31.12.2020	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2021	30.09.2020
	Shareholders' Equity		
220,137	Shareholders' Equity of the Group	255,409	217,005
2,163	Non-controlling interests	2,693	2,005
222,300	Total Shareholders' Equity	258,102	219,010
	Non-current liabilities		
135,456	Loans and borrowings due to banks and other lenders	111,171	134,596
24,058	Liabilities for leasing	25,806	25,396
6,465	Deferred tax liabilities	6,423	7,988
7,608	Employee benefits	7,454	7,873
2,382	Provisions for risks and charges	2,487	2,343
4,343	Other non-current liabilities	2,036	3,976
180,312	Total non-current liabilities	155,377	182,172
	Current liabilities		
110,554	Trade and other payables	120,914	86,872
4,764	Current tax liabilities	8,209	5,346
62,032	Loans and borrowings due to banks and other lenders	66,795	68,709
4,816	Liabilities for leasing	5,028	4,947
1,020	Derivative financial instruments	500	887
1,227	Provisions for risks and charges	1,642	1,306
184,413	Total current liabilities	203,088	168,067
587,025	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	616,567	569,249

Emak Group – Consolidated net financial position

(€/000)	30.09.2021	31.12.2020	30.09.2020
A. Cash	87,183	99,287	102,015
B. Cash equivalents	-	-	-
C. Other current financial assets	843	735	684
D. Liquidity funds (A+B+C)	88,026	100,022	102,699
E. Current financial debt	(15,637)	(16,319)	(25,501)
F. Current portion of non-current financial debt	(56,686)	(51,549)	(49,042)
G. Current financial indebtedness (E + F)	(72,323)	(67,868)	(74,543)
H. Net current financial indebtedness (G - D)	15,703	32,154	28,156
I. Non-current financial debt	(136,977)	(159,514)	(159,992)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(136,977)	(159,514)	(159,992)
M. Total financial indebtedness (H + L) (ESMA)	(121,274)	(127,360)	(131,836)
N. Non current financial receivables	994	808	1,930
O. Net financial position (M-N)	(120,280)	(126,552)	(129,906)
Effect IFRS 16	30,834	28,874	30,343
Net financial position without effect IFRS 16	(89,446)	(97,678)	(99,563)