

Approval of the Consolidated Financial Report at 30 June 2019 and approval of a significant related-party transaction

- **Consolidated turnover of € 23.9 million (-2.5% compared to € 24.6 million in the consolidated report at 30 June 2018);**
- **Consolidated adjusted EBITDA of € 2.3 million, or 9.6% of revenues (compared to € 2.4 million in the consolidated report at 30 June 2018);**
- **Consolidated adjusted net profit of € 24 thousand, down from the result achieved in the same period of the prior year (€ 682 thousand in the consolidated report at 30 June 2018);**
- **Consolidated NFP of € 18 million, a deterioration from € 14.7 million at 31 December 2018.**

Novellara, 30 September 2019

Today, the Board of Directors of Vimi Fasteners S.p.A. reviewed and approved the Half-Year Financial Report as at 30 June 2019 relating to the Group's consolidated results, prepared in accordance with international standards (IAS/IFRS).

KEY CONSOLIDATED FINANCIAL DATA AT 30 JUNE 2019

REVENUES

Consolidated revenues of Vimi Fasteners Group for the first half of 2019 amounted to €23.9 million, down nearly 2.5% compared to the consolidated figure for the same period of the previous year. Note that the comparative income statement at 30 June 2018 includes the values of the subsidiary MF Inox starting from 1 June 2018. For a more meaningful comparison, see the press release on 30 September 2018 which provides the pro-forma consolidated data, available in the Investor Relations section of the company's website.

The first half of 2019 reflected the weakness in the automotive market, which began to decline during the last four months of 2018. In Italy, the number of cars produced in the period January-July 2019 decreased by 19% compared to the same period of the prior year. In Germany, after the 9% drop in volumes in 2018, the contraction in production continued, with a 12% decrease in the first seven months of 2019 (source: ANFIA).

The automotive market continues to suffer from uncertainty following the introduction of new certification regulations, technology changes under way, and the new mobility offers on the market.

The agricultural sector also recorded significant reductions in demand in the first half of 2019, while the industrial machinery sector showed substantial stability.

The trend in the Oil & Gas sector was positive, resulting in an increase in turnover of €284 thousand for the subsidiary MF Inox.

Furthermore, growth continues in the aeronautics and aerospace market, where the company has decided to focus a portion of its resources to increasing market shares.

EBITDA

The figure for the consolidated adjusted EBITDA¹ of Vimi Fasteners Group for the first half of 2019 amounted to 9.59% of revenues, a slight decrease compared to the figure for the previous year, or 9.72% at 30 June 2018. Note that the comparative income statement includes the values of the subsidiary MF Inox starting from 1 June 2018. For a more meaningful comparison, see the press release on 30 September 2018 which provides the pro-forma consolidated data, available in the Investor Relations section of the company's website.

This variation is also attributable to a loss of production efficiency caused by the temporary movement of some production lines in the Reggiolo plant. From 1 October, when the new Novellara plant is completed, all production will be merged in a single production facility, with positive consequences for productivity.

NET PROFIT

The decline in profit described above, together with the increase in amortisation/depreciation in the first six months of 2019, led to a significant reduction in the Group's net profit.

The consolidated adjusted net income for the first half of 2019 amounted to €24 thousand, compared to €682 thousand for the same period of the previous year. Note that the comparative income statement at 30 June 2018 includes the values of the subsidiary MF Inox starting from 1 June 2018. For a more meaningful comparison, see the press release on 30 September 2018 which provides the pro-forma consolidated data, available in the Investor Relations section of the company's website.

NET FINANCIAL POSITION

The consolidated net financial position at 30 June 2019 amounted to €18,070 thousand. This includes the potential earn-out of €4,809 thousand for the acquisition of MF Inox. The NFP is growing, including due to the new IFRS 16 standard, which had an effect totalling €1,521 thousand following the capitalisation of the value of outstanding long-term lease and rental contracts.

BUSINESS OUTLOOK

The global market is affected by the continuation of:

- protectionist trends that negatively affect global trade;
- tensions between the US and China, with the application of customs duties by both countries;
- worsening of the European economic scenario, in particular in the German market, also linked to uncertainties regarding Brexit.

As a result, global trade is down 1.2% compared to the same period of the previous year.

Forecasts for the second half of the year indicate persistent weakness in the automotive and agricultural sectors, while substantial stability is expected in manufacturing sectors for the larger industrial sector. Instead, the positive momentum in the oil & gas sector and sustained growth in the aeronautics and aerospace market continue. The trend for the latter is also linked to programs to strengthen the new space economy, which involves broad use of new satellites for research in the field of telecommunications, climate and meteorology, defence and territorial control.

The context described above will lead to a drop in sales also in the second half of this year.

RELATED-PARTY TRANSACTIONS – LEASE OF INDUSTRIAL FACILITY

The Board of Directors also approved a significant transaction (the “**Transaction**”) with related parties today, concerning the signing of lease agreements for, respectively:

¹ Adjusted EBITDA does not include mainly the following:

- extraordinary costs for the temporary transfer of production activities necessary to launch the expansion of the Novellara plant.

- i) the photovoltaic system built on the roof of the Novellara (RE) plant in Via Alessandrini no. 26, for installed power equal to KWp 500.82, and consisting of 1,473 panels, each with a power of 340 Wp, and 9 inverters, model CORE1 STP 50-40, each with power of 50 KW (the “**System**”);
- ii) the facility located in Novellara (RE) in Via Alessandrini no. 26 below the System (the “**Property**”).

Both agreements have a duration of 3 (three) years, renewable for an additional 3 (three) years, with the following primary characteristics:

- with reference to the System:
 - i) annual lease fee of €70,000;
- with reference to the Property:
 - i) annual lease fee of €560,000.

The Transaction was carried out with a related party, as the System and the Property have been leased to the Company by FINREGG S.p.A., a company related to Vimi. Specifically, FINREGG S.p.A. is the controlling shareholder of Vimi, and the two entities have certain shareholders in common (in particular, Fabio Storchi and Fabrizio Storchi), who exercise considerable influence on FINREGG S.p.A., as each are entitled to participate in determining the financial and management policies of the company, without having control over the company.

The Transaction is part of the business growth strategy that Vimi intends to pursue in the coming years and the related expansion project for the current production facility. In particular, after installing the new heat treatment line and starting to use production assets over three working shifts, it was necessary to expand the space currently available to the Issuer. The Property has suitable characteristics to meet the aforementioned requirements, since, *inter alia*, (a) it is equipped with a modern automated warehouse, which would facilitate the management of finished and semi-finished products; and (b) it has an area that can be used for warehousing raw materials and setting up a dedicated department for final picking and packaging, simplifying, among other things, the production flows for the movement of semi-finished and finished products. The System contributes to the energy efficiency of the Property.

The Transaction was subject to the regulations referred to in the “*Procedure for related-party transactions*” adopted by Vimi.

In consideration of the overall economic value, the Transaction is considered to be a significant related-party transaction, as the relevance index of the total value, calculated as the ratio of the transaction value to the Issuer’s market capitalisation on 30 June 2019, is greater than 5%.

The Transaction obtained the prior approval of the only independent director not related to the Company, Ivano Accorsi, in relation to the Company’s interest in carrying out the aforementioned Transaction, as well as the economic advantage and substantial correctness of the relative conditions.

The contracts relating to the System and the Property will be signed on 1 October 2019.

The Company will make available to the public, within the terms established by the applicable regulations, the Disclosure Document relating to the significant transaction, provided for by the AIM Regulations of Borsa Italiana S.p.A..

Half-year financial statement schedules

The following are the schedules of the half-year consolidated financial statements approved today, prepared in accordance with international accounting standards (IAS/IFRS). The comparative income statement includes the results of MF Inox S.r.l. starting from 1 June 2018, the day conventionally designated as the acquisition date for accounting purposes only;

For the other financial statement schedules, please refer to the Half-Year Consolidated Financial Statements at 30 June 2019, which will be published on the company’s website and which were subject to a

limited review by the independent auditor Deloitte & Touche S.p.A., who issued its report on 30 September 2019.

Consolidated Income Statement at 30 June 2019

€/000	30/06/2019		30/06/2018		30/06/2019 excluding IFRS 16	
	amounts	%	amounts	%	amounts	%
Revenues	23.948	100,00%	24.570	100,00%	23.948	100,00%
Cost of sales	-16.023	-66,91%	-15.948	-64,91%	-16.023	-66,91%
Gross operating profit	7.924	33,09%	8.622	35,09%	7.924	33,09%
Administrative costs	-3.098	-12,94%	-2.736	-11,13%	-3.098	-12,94%
Sales costs	-1.134	-4,74%	-1.394	-5,67%	-1.134	-4,74%
Other operating costs	-1.684	-7,03%	-2.105	-8,57%	-1.826	-7,62%
Gross operating margin (EBITDA)	2.008	8,39%	2.387	9,72%	1.866	7,79%
Amortisation/depreciation and write-downs	-2.091	-8,73%	-1.470	-5,99%	-1.960	-8,18%
Operating profit/loss - EBIT	-82	-0,34%	917	3,73%	-93	-0,39%
Financial income	12	0,05%	42	0,17%	12	0,05%
Financial expenses	-228	-0,95%	-74	-0,30%	-213	-0,89%
Pre-tax profit/loss	-299	-1,25%	885	3,60%	-295	-1,23%
Income taxes	115	0,48%	-202	-0,82%	116	0,48%
Profit/loss for the year	-184	-0,77%	682	2,78%	-179	-0,75%
non-recurring cost	289	1,21%	-	-	289	1,21%
ADJUSTED EBITDA	2.297	9,59%	2.387	9,72%	2.155	9,00%
taxes for adjustment	-81	0%	-	-	-81	
ADJUSTED Profit/loss for the year	24	0,10%	682	2,78%	29	0,12%
Order portfolio	19.026		22.114			

Consolidated Statement of Financial Position at 30 June 2019

€/000	30/06/2019		31/12/2018		30/06/2019 excluding IFRS 16
	amounts	%	amounts	%	amounts
Trade receivables and advances to suppliers	12.594	29,0%	12.579	31,3%	12.594
Inventories	10.756	24,8%	10.697	26,6%	10.756
Trade payables and advances from customers	-8.611	-19,9%	-10.885	-27,1%	-8.611
Others, net	-2.736	-6,3%	-1.651	-3,8%	-2.736
Net working capital	12.004	27,7%	10.740	27,0%	12.004
Property, plant and equipment	16.353	37,7%	15.183	37,8%	14.838
Intangible assets	15.400	35,5%	15.260	35,3%	15.400
Financial fixed assets	1	0,0%	1	0,0%	1
Receivables from others and deferred tax assets	2.047	4,7%	1.578	5,0%	2.047
Fixed capital	33.801	77,9%	32.021	78,1%	32.286
Provision for severance pay and other long-term payables	-2.439	-5,6%	-2.480	-5,1%	-2.439
Net invested capital	43.366	100,0%	40.281	100,0%	41.851
Net financial position (A)	-18.071	-41,7%	-14.659	-35,3%	-16.550
			0		
Shareholders' equity (B)	-25.296	-58,3%	-25.622	-64,7%	-25.302
			0		
Total funding sources (B+A)	-43.366	-100,0%	-40.281	-100,0%	-41.851

Consolidated Cash Flow Statement at 30 June 2019

OPERATING ACTIVITIES	30-giu-19	30-giu-18
Profit (loss) for the year	-184	683
<i>Adjustments for:</i>		
Amortisation of intangible assets and depreciation of property, plant and equipment	2.091	1.449
(Gains)/losses from sales of fixed assets	0	99
Change in provisions for risks and charges and liabilities for employee benefits	1	32
Other non-numerical changes	-524	2.170
Income taxes	115	202
Sub-total	1.499	4.635
(Increase)/decrease in trade receivables	270	-2.367
(Increase)/decrease in other receivables	-15	0
(Increase)/decrease in inventories	-67	-3.018
Increase/(decrease) in trade payables	-2.274	2.105
Increase/(decrease) in other payables	819	0
Income taxes paid	-115	0
CASH AND CASH EQUIVALENTS GENERATED BY OPERATING ACTIVITIES (A)	117	1.355
INVESTING ACTIVITIES		
Investments in property, plant and equipment	-1.490	-3.978
Investments in intangible assets	-308	-136
Equity investments	0	0
Sale of fixed assets	6	129
Acquisition or sale of subsidiaries or business units, net of cash and cash equivalents	0	-14.490
CASH AND CASH EQUIVALENTS ABSORBED BY INVESTING ACTIVITIES (B)	-1.792	-18.475
FUNDING ACTIVITIES		
Repayment of financial payables	-5.500	-572
Other changes in financial assets/liabilities	9.173	19.722
Purchase of share capital against payment	0	0
Dividends paid	0	0
Interest paid	-216	-34
CASH AND CASH EQUIVALENTS ABSORBED BY FUNDING ACTIVITIES (C)	3.457	19.116
CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	1.782	1.996
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (E)	5.093	3.614
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (L=D+E)	6.875	5.610
	1.782	1.996

www.vimifasteners.com

Vimi Fasteners, with headquarters in Novellara (RE), operates in the high precision mechanics sector and is a leader in the design and production of fasteners with advanced engineering content for the automotive, industrial, oil & gas and aerospace sectors. The Group operates in partnership with its customers (OEM, Tier 1 and distributors) and develops customised solutions, which it exports around the world, using special steels, superalloys, and cutting-edge technologies in the integrated production of its products.

ISIN code: **IT0004717200**

Ticker: **VIM**

For more information:



Investor Relations contacts

Fabio Storchi | fabio.storchi@vimifasteners.com

Communications and External Relations

Valeria Braglia | ir@vimifasteners.com | +39 335 652491

Nominated Adviser contacts

BPER Banca S.p.A. | vimi@bper.it | +39 059 2021140

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