



**PRESS RELEASE 27/7/2017 – FINANCIAL STATEMENT 2016**

**The Ori Martin Group**

At O.R.I. Martin SpA's shareholders meeting the Company's financial statement for the year 2016 was approved. The Group specializes in the production of quality steels for the automotive, bolts, engineering and construction industries.

This consolidated financial statement includes the financial statement of the parent company, O.R.I. Martin SpA, and the statements of the subsidiary companies, owned by majority by O.R.I. Martin S.p.A., adopting the criterion of proportional consolidation.

- Sales revenues were € 372.1 million, with a decrease of -7.8% compared to revenues (403.4) obtained in 2015. This decline is due to increased competition, with a consequent reduction of prices. Export percentage reached 35%.
- Net profit reached € 14.5 million, after amortization and saving funds for € 27.7 million, of which € 11.0 million from a re-evaluation, according to Italian Law 147/2013;
- Profitability indices were positive: EBITDA was € 51.8 million, corresponding to 13.9% of sales volume, and cash flow reached € 50.5 million, equal to 13.6% of turnover.

The steelwork and the rolling mill have been active in Brescia (Italy) since the early twentieth century, for the production of hot rolled high-quality steels, for the mechanic industry; bright steel is produced in the Cologne (Brescia) plant, while in Ceprano (Frosinone), in the Latium region, a rolling mill produces re-bars, and another plant is in charge for the wire drawing and production of PC-strand. The plant in Corbetta (Milan) produces tie-rods for geotechnical applications. In November last year the Group acquired the company Novacciai SpA, active in the sector of bright steel bars in carbon, alloyed and stainless steel. The plant in San Pietro Mosezzo (Novara) focuses especially on drawing, peeling and grinding.

Relevant data concerning the group, in thousands of Euros, are summarized below:



Data in € x1,000	2016	%	2015	%	2014	%
SALES REVENUES	372,05		403,427		420,993	
EBITDA	51,772	13.9%	53004	13.1%	54,971	13.1%
EBIT	22,156	5.9%	16,664	4.1%	13,301	3.2%
FINANCIAL COSTS	-1,255	-0.3%	-1,615	-0.4%	-2,280	-0.5%
CASH FLOW	50,517	13.6%	51,249	12.7%	49,635	11.8%
GROSS INCOME	20,901	5.6%	15,142	3.8%	8,053	1.9%
TAXES	6,433	1.7%	6,209	1.5%	5,096	1.2%
NET INCOME	14,468	3.9%	8,933	2.2%	2,957	0.7%
NET FINANCIAL SITUATION	16,974	6.2%	46,560	16.1%	37,000	13.3%
NET ASSETS	254,678	93.8%	243,386	83.9%	240,214	86.7%

### **The parent company, O.R.I. Martin SpA**

O.R.I. Martin SpA, the parent company, is a steel mill active mostly in the production of special steels, and operating in two plants. The production site in Brescia has a steelwork, a rolling mill, and relevant complementary sections for the heat treatment of wire rod and bars; in the Ceprano plant the rolling mill produces re-bars.

The company produced 656,000 tons of raw steel and 565,000 of hot rolled steel (of which 99,000 in the Ceprano plant), with a yearly increase of 1.8% for raw steel and a decrease of -2.4% for hot rolled steels.

The sales for the sector of special steels saw a decrease of -5.4%, caused mainly by the decline of the average sales price (-10.0% than in the year 2015), due to price reduction of raw materials. The fourth trimester of 2016 saw a reversal of this trend.

Sales generated by the re-bars suffered considerably from a production standstill occurred in the Ceprano plant, due to a technical problem that lasted from August to the end of December, and causing a decline in revenues of -17% compared to the previous year.

The sum of direct and indirect exports exceeds 60% of the sales volume; the European market was confirmed as the main area of reference for the Group's exports.



Main data concerning the parent company can be summarized as follows:

- Sales revenues were € 332.8 millions, with a decrease of -6.8% compared to revenues (357.2) obtained in 2015.
- Net profit corresponded to € 14.3 millions, after the introduction of amortizations and saving funds for € 19.0 millions, of which € 8,5 millions deriving from a re-evaluation, according to Italian Law 147/2013;
- Profitability indices were positive: EBITDA achieved € 45.0 millions corresponding to 13.5% of sales volume, and cash flow reached € 41.6 million, equivalent to 12.5% of the sales volume.

Relevant data concerning the parent company, in thousands of Euros, are summarized below:

Data in € x 1.000	2016	%	2015	%	2014	%
SALES REVENUES	332,799		357,318		387,418	
EBITDA	45,011	13.5%	44,941	12.6%	47,281	12.2%
EBIT	24,605	7.4%	18,933	5.3%	16,402	4.2%
FINANCIAL COSTS	-1,058	-0.3%	-1,217	-0.3%	-1,529	-0.4%
CASH FLOW	41,613	12.5%	41,535	11.6%	41,448	10.7%
GROSS INCOME	21,207	6.4%	15,752	4.4%	10,671	2.8%
TAXES	6,923	2.1%	6,256	1.8%	5,330	1.4%
NET INCOME	14,284	4.3%	9,496	2.7%	5,341	1.4%
NET FINANCIAL SITUATION	19,481	7.4%	47,106	16.8%	35,889	13.5%
NET ASSETS	242,155	92.6%	233,890	83.2%	230,175	86.5%



### **Subsidiary companies**

The results of industrial companies consolidated and 100% owned directly by O.R.I. Martin SpA are as follows:

- **Trafilati Martin SpA** is located in Cologne (Brescia) and operates in the sector of bright steel, aimed predominantly at the automotive sector. Revenues were € 44.9 million, with a decrease of -12.2% compared to the previous year; net cash flow corresponded to € 4.1 million (9.1% of the sales volume) and net results reached € 1.0 million, after introducing amortizations and saving funds for € 2.7 million, of which € 0.5 million from a re-evaluation, according to Italian Law 147/2013.
- **Novacciai SpA**, a company acquired in November 2016, has its headquarters in San Pietro Mosezzo (NO), and specializes in bright steel bars in carbon, alloyed and stainless steel, produced by drawing, peeling and grinding. Novacciai SpA obtained a sales volume of € 31.4 million, seeing a decline of -4.2% since 2015, and generated a gross cash flow of € 2.1 million (6.8% del sales volume) and a net income of € 1.2 million, after introducing amortizations and saving funds for € 0.4 million.
- **Siderurgica Latina Martin SpA** is located in Ceprano and produces strand for prestressed reinforced concrete. Its sales volume reached € 21.4 million, suffering a decrease of -20.2% compared to 2015, and generated a gross cash flow of € 0.13 million (0.1% of the sales volume), and a net loss of € -2.0 million, after introducing amortizations and saving funds for € 3.0 million, of which € 1.9 million from a re-evaluation, according to Italian Law 147/2013.

### **Investments**

Total investments made by the parent Company during 2016 amount to approximately € 13.6 million. This confirms the Company's consistent attention towards updating production processes and products themselves, and its commitment for the environment.

In terms of production units, investments concerned mainly the rationalization of the steelwork's logistics layout, and the new Consteel steelmaking technology. Moreover, actions such as the modernization and supervision of plants continued throughout the year.



### **Investments in the environmental sector**

During 2016 environmental investments amounted to € 6.3 million (46% of the Group's total investments) and concerned mostly the I-Recovery® system, aimed at preserving thermal energy present in fumes stemming from the electric arc furnace. Residual heat of the fumes is used for the production of electricity for internal consumption, and thermal energy ceded to the city's district heating network during the winter months. The Group also kept investing in systems for the aspiration of fumes, the treatment of polluted waters and the soundproofing of the plant.

The Group has acquired an Environmental Management System, certified by IGC with an ISO 14001 Certificate, and successively integrated with a Safety Management System, conforming to regulation BSOHSAS 18001 certified by IGQ.

### **Relevant events occurred during the first semester of 2017**

Short-term forecasts for the European and Italian steel industries remain moderately positive. The automotive sector is the main area where steel consumption is high; in Italy, this sector sees a superior growth to the European average. Demand has been high, with an increasing trend both for raw material costs and for sales prices. This drove our sales up by 10%, while the concerns about the construction industry persist.

The Company approved further investments for 2017, for the amount of € 28 million, of which a significant part, over 20%, will be destined to Environmental and Safety issues.

The renovation works of the former Fomb area are about to start: with this project, the Company commits to improving and increasing safety in terms of road access in the neighbourhood. This will be carried out by creating roundabouts, cycle paths, and new parking spaces, and introducing two-way traffic in streets. This investment will produce significant benefits for the neighbourhood, its practicability and safety. Moreover, the next months will see an environmental mitigation intervention, carried out jointly with the City council and the local neighbourhood council, at the plant's immediate north, in the area between Via del Gallo and Via delle Gabbiane.



For the three-year period 2016-2019 the Board of Directors of O.R.I. Martin S.p.A. is formed by:

Uggero De Miranda (President);

Annamaria Magri (Vicepresident);

Giovanni Marinoni (Vicepresident);

Andrea Agnelli (CEO);

Giovanni Comboni (Board Member);

Roberto De Miranda (Board Member);

Carlo Garavaglia (Board Member).