

Third quarter report to the bondholders

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Group's results of operations and financial condition based on interim condensed consolidated financial statements of the Company for the nine month ended September 30, 2019 and 2018 (the "Unaudited Interim Condensed Consolidated Financial Statements") and other sources of Company data. The Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with Italian GAAP. We have, however, reclassified the Italian GAAP line items in a manner that makes them more easily comparable to the financial information of other business who do not use Italian GAAP.

Some of the measures used in this first half-year report to the bondholders are not measurements of financial performance under Italian-GAAP, IFRS or any other generally accepted accounting principles and should not be considered an alternative to cash flow from operating activities, as a measure of liquidity or an alternative to operating income/(loss) or income/(loss) for the period, as indicators of the Company's operating performance or any other measures of performance derived in accordance with Italian-GAAP, IFRS or any other generally accepted accounting principles.

Overview

We are a global leader in the design, manufacture and provision of engineered products and solutions that are used in a broad array of end markets, including environmental protection, civil and urban infrastructure, hydraulic and coastal works and certain other industrial applications, such as, mining, oil and gas, agriculture and aquaculture among others. Within these markets our products are used for critical applications including: retaining walls, reinforced soils, road stabilization and support, tunneling, erosion and coastal protection, river training works, hydraulic structures, natural hazard mitigation, drainage and landfills, among others.

Our leadership position in key solutions is underpinned by engineering expertise acquired 140 years of industry experience.

We operate an integrated business model (design, manufacture, supply and after-sale support) through a network of about 70 companies and 30 production facilities strategically located in key markets, and a presence in more than 100 countries across five continents. In order to support the sale of our individual products, and strengthen our market position, a key part of our business model is to offer integrated solutions to the engineering issues faced by our clients, incorporating multiple products and solutions and providing advice and support in design, installation and maintenance.

We broadly classify our versatile products into four main categories:

- *Double twist mesh:* our "Gabions", "Reno Mattresses" and other products are steel-wire mesh baskets filled with rock, sand or other materials to form flexible, durable and permeable building blocks from which a broad range of structures can be built to prevent soil erosion, support unstable ground and strengthen soils within excavation and land-design works in mining, construction and other civil engineering projects;
- *Geosynthetics:* our geogrids, mats, drainage geocomposites, geomembranes and textiles are made from synthetic fibers and other components (such as steel) for construction engineering uses from soil reinforcement and erosion protection to landfill membranes and drainage;
- *Rockfall protection and snow net structures:* our light-weight and flexible structures are designed to protect assets and infrastructure from hydro-geotechnical hazards such as debris flows, rockfalls and avalanches;
- *Defence & Security:* our force and infrastructure protection systems are specifically developed to protect buildings, infrastructure and other installations at risk from attack. Our offer includes aesthetically pleasing and unobtrusive solutions against hostile vehicle intrusion and easy-to-deploy defensive modular barriers to provide ballistic protection and blast mitigation;
- *Other products and services:* we offer a range of products and services to address our clients' specific project needs, including tunneling & flooring, vertical concrete retaining walls, engineering support services and wire manufacturing.

Our expertise in each of our product areas allows us to offer clients integrated, engineered solutions, combining a range of products and technical expertise and know-how to address each client's specific requirements. Our vertically integrated

business model covers the full value chain, allowing us to offer bespoke solutions to our clients through our involvement in each step of the process: (i) we design and engineer the ideal solution for the end user foreseeing the utilization of our products; (ii) we manufacture our products in our own facilities around the world; (iii) we deliver our products to our clients' project sites (with transportation costs typically passed through to clients); and (iv) we can supervise installation and provide expert technical assistance through our local teams on the ground when our clients require it. Our comprehensive product offering and global infrastructure, along with our extensive relationships with customers and end-users, provide us with access to attractive markets worldwide, visibility into upcoming projects and the flexibility to serve customers regardless of geographic location. Furthermore, our extensive geographical footprint allows us to respond quickly and efficiently to new orders, which serves as a key competitive advantage relative to our peers.

We are active both in mature markets, like Western Europe and the United States, and emerging markets like Latin America, Russia, the Middle East, Africa, China and countries throughout Southeast Asia. In addition to our geographic diversification, we have a broad client base diversified across products and geographies with limited client concentration.

Results of Operations

Results of Operation for the nine month period ended September 30, 2019 and 2018

The unaudited interim condensed consolidated financial statements reported in this report to the bondholders have been reclassified as described below:

- Consolidated balance sheet presented herein classifies assets and liabilities on the basis of their liquidity, where (i) non-current assets comprise those assets realizable after twelve months from the date and include mainly property, plant and equipment, intangible assets and investments; (ii) current assets comprise those assets realizable within twelve months from the reporting date; (iii) non-current liabilities comprise the payables due after twelve months from the reporting date, including financial liabilities, provisions for risks and charges and employee termination indemnities; and (iv) current liabilities comprise the payables due within twelve months of the reporting date, including the current portion of medium and long term loans, provisions for risks and charges and of employee termination indemnities;
- Consolidated income statement classifies costs by nature. Furthermore, in order ensure the full comparability with the past years, the income statement separates the recurring income and expenses from the non-recurring income and expenses even if, this separation have been eliminated from the income statement schedule by the Italian General Accounting Principles;
- Consolidated statements of cash flows have been prepared on the basis of the indirect method distinguishing between cash flows from operating, investing and financing activities.

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the nine and the three month period ended September 30, 2019 and 2018.

For the nine month period ended September 30,

	2019	2018	Amount	%
(Euro/000)				
Revenue from sales and services	370.575	374.436	(3.861)	(1,0%)
Other revenue	3.890	22.220	(18.330)	(82,5%)
Total revenue	374.465	396.656	(22.191)	(5,6 %)
Costs of materials and consumables	(211.697)	(222.758)	11.061	(5,0%)
Costs of services and use of third party assets	(77.702)	(78.523)	821	(1,0%)
Costs of personnel	(62.951)	(62.744)	(207)	0,3%
Other operating costs	(527)	(835)	308	(36,9%)
Total Operating costs	(352.876)	(364.860)	11.983	(3,3 %)
EBITDA	21.588	31.797	(10.208)	(32,1 %)
Amortization, depreciation and write downs	(15.842)	(14.194)	(1.648)	11,6%
Accrual to provision for risks and charges	(325)	(725)	401	(55,2%)
Total Amortization, depreciation, write downs and provisions	(16.167)	(14.919)	(1.247)	8,4%
Operating income	5.422	16.877	(11.456)	(67,9 %)
Financial income	1.390	3.067	(1.677)	(54,7%)
Financial expenses	(14.363)	(13.733)*	(630)	4,6%
Gains/(losses) from forex management	(871)	(2.203)	1.331	(60,4%)
Gains/(losses) on participation	(2)	(268)*	266	(99,4%)
Net expenses and losses from financial activities	(13.846)	(13.136)	(710)	5,4%
Net non-recurring expenses and charges	(4.796)	(12.997)	8.202	(63,1%)
Profit/losses before taxes	(13.220)	(9.256)	(3.964)	42,8%
(Income taxes)/tax benefit	1.877	(152)	2.030	(1331,2%)
Net Income / (Losses) for the period	(11.342)	(9.409)	(1.934)	20,6%
Attributable to non-controlling interests	407	660	(253)	(38,3%)
Attributable to equity holders of the parent	(11.750)	(10.068)	(1.681)	16,7%

* Restatement of Gains/losses on participation that contains the account "losses on disposal of participation" previously included in Financial expenses.

For the three month period from July to September 30,

<i>(Euro/000)</i>	Q3 2019	Q3 2018	Amount	%
Revenue from sales and services	128.720	126.787	1.934	1,5%
Other revenue	(1.702)	9.379	(11.080)	(118,1%)
Total revenue	127.019	136.165	(9.147)	(6,7%)
Costs of materials and consumables	(70.789)	(77.108)	6.319	(8,2%)
Costs of services and use of third party assets	(25.073)	(25.185)	112	(0,4%)
Costs of personnel	(19.728)	(20.575)	847	(4,1%)
Other operating costs	31	(452)	483	(106,8%)
Total Operating costs	(115.559)	(123.321)	7.762	(6,3%)
EBITDA	11.460	12.845	(1.385)	(10,8%)
Amortization, depreciation and write downs	(5.299)	(5.020)	(279)	5,6%
Accrual to provision for risks and charges	(76)	223	(299)	(133,8%)
Total Amortization, depreciation, write downs and provisions	(5.375)	(4.797)	(578)	12,0%
Operating income	6.085	8.048	(1.963)	(24,4%)
Financial income	109	590	(482)	(81,6%)
Financial expenses	(4.406)	(4.621)	215	(4,7%)
Gains/(losses) from forex management	(169)	231	(400)	(173,1%)
Gains/(losses) on participation	(2)	(152)	151	(98,9%)
Net expenses and losses from financial activities	(4.468)	(3.952)	(516)	13,1%
Net non-recurring expenses and charges	(2.314)	(1.714)	(601)	35,0%
Profit/losses before taxes	(697)	2.382	(3.079)	(129,2%)
(Income taxes)/tax benefit	816	(1.679)	2.495	(148,6%)
Net Income / (Losses) for the period	119	703	(585)	(83,1%)
Attributable to non-controlling interests	161	358	(197)	(55,0%)
Attributable to equity holders of the parent	(42)	345	(388)	(112,2%)

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the nine month period ended September 30, 2019 and 2018 and for the twelve month ended September 30, 2019.

<i>(Euro/000)</i>	2019	% of Total Revenue	2018	% of Total Revenue	LTM	% of Total Revenue	YE 2018	% of Total Revenue	Q3 2019	% of Total Revenue	Q3 2018	% of Total Revenue
Revenue from sales and services	370.575	99,0%	374.436	94,4%	516.708	100,8%	520.569	97,4%	128.720	101,3%	126.787	93,1%
Other revenue	3.890	1,0%	22.220	5,6%	(4.199)	(0,8%)	14.131	2,6%	(1.702)	(1,3%)	9.379	6,9%
Total revenue	374.465	100,0%	396.656	100,0%	512.508	100,0%	534.700	100,0%	127.019	100,0%	136.165	100,0%
Costs of materials and consumables	(211.697)	(56,5%)	(222.758)	(56,2%)	(282.173)	(55,1%)	(293.234)	(54,8%)	(70.789)	(55,7%)	(77.108)	(56,6%)
Costs of services and use of third party assets	(77.702)	(20,8%)	(78.523)	(19,8%)	(107.815)	(21,0%)	(108.636)	(20,3%)	(25.073)	(19,7%)	(25.185)	(18,5%)
Costs of personnel	(62.951)	(16,8%)	(62.744)	(15,8%)	(84.985)	(16,6%)	(84.778)	(15,9%)	(19.728)	(15,5%)	(20.575)	(15,1%)
Other operating costs	(527)	(0,1%)	(835)	(0,2%)	(994)	(0,2%)	(1.302)	(0,2%)	31	0,0%	(452)	(0,3%)
Total Operating costs	(352.876)	(94,2%)	(364.860)	(92,0%)	(475.967)	(92,9%)	(487.950)	(91,3%)	(115.559)	(91,0%)	(123.321)	(90,6%)
EBITDA	21.588	5,8%	31.797	8,0%	36.542	7,1%	46.750	8,7%	11.460	9,0%	12.845	9,4%
Amortization, depreciation and write downs	(15.842)	(4,2%)	(14.194)	(3,6%)	(21.681)	(4,2%)	(20.033)	(3,7%)	(5.299)	(4,2%)	(5.020)	(3,7%)
Accrual to provision for risks and charges	(325)	(0,1%)	(725)	(0,2%)	(591)	(0,1%)	(992)	(0,2%)	(76)	(0,1%)	223	0,2%
Total Amortiz., deprec., write downs and prov.	(16.167)	(4,3%)	(14.919)	(3,8%)	(22.272)	(4,3%)	(21.025)	(3,9%)	(5.375)	(4,2%)	(4.797)	(3,5%)
Operating income	5.422	1,4%	16.877	4,3%	14.270	2,8%	25.725	4,8%	6.085	4,8%	8.048	5,9%
Financial income	1.390	0,4%	3.067	0,8%	2.806	0,5%	4.483	0,8%	109	0,1%	590	0,4%
Financial expenses	(14.363)	(3,8%)	(13.733)*	(3,5%)	(19.758)	(3,9%)	(19.128)	(3,6%)	(4.406)	(3,5%)	(4.621)	(3,4%)
Gains/(losses) from forex management	(871)	(0,2%)	(2.203)	(0,6%)	(2.866)	(0,6%)	(4.198)	(0,8%)	(169)	(0,1%)	231	0,2%
Gains/(losses) on participation	(2)	(0,0%)	(268)*	(0,1%)	(361)	(0,1%)	(627)	(0,1%)	(2)	(0,0%)	(152)	(0,1%)
Net expenses and losses from financial activities	(13.846)	(3,7%)	(13.136)	(3,3%)	(20.180)	(3,9%)	(19.471)	(3,6%)	(4.468)	(3,5%)	(3.952)	(2,9%)
Net non-recurring expenses and charges	(4.796)	(1,3%)	(12.997)	(3,3%)	(28.102)	(5,5%)	(36.304)	(6,8%)	(2.314)	(1,8%)	(1.714)	(1,3%)
Income before taxes	(13.220)	(3,5%)	(9.256)	(2,3%)	(34.012)	(6,6%)	(30.049)	(5,6%)	(697)	(0,5%)	2.382	1,7%
(Income taxes)/tax benefit	1.877	0,5%	(152)	(0,0%)	4.489	0,9%	2.459	0,5%	816	0,6%	(1.679)	(1,2%)
Net Income / (Losses) for the period	(11.342)	(3,0%)	(9.409)	(2,4%)	(29.523)	(5,8%)	(27.590)	(5,2%)	119	0,1%	703	0,5%
Attributable to non-controlling interests	407		660		(2.435)		(2.183)		161	0,1%	358	0,3%
Attributable to equity holders of the parent	(11.750)		(10.068)		(27.088)		(25.407)		(42)	(0,0%)	345	0,3%

Revenues from sales and services

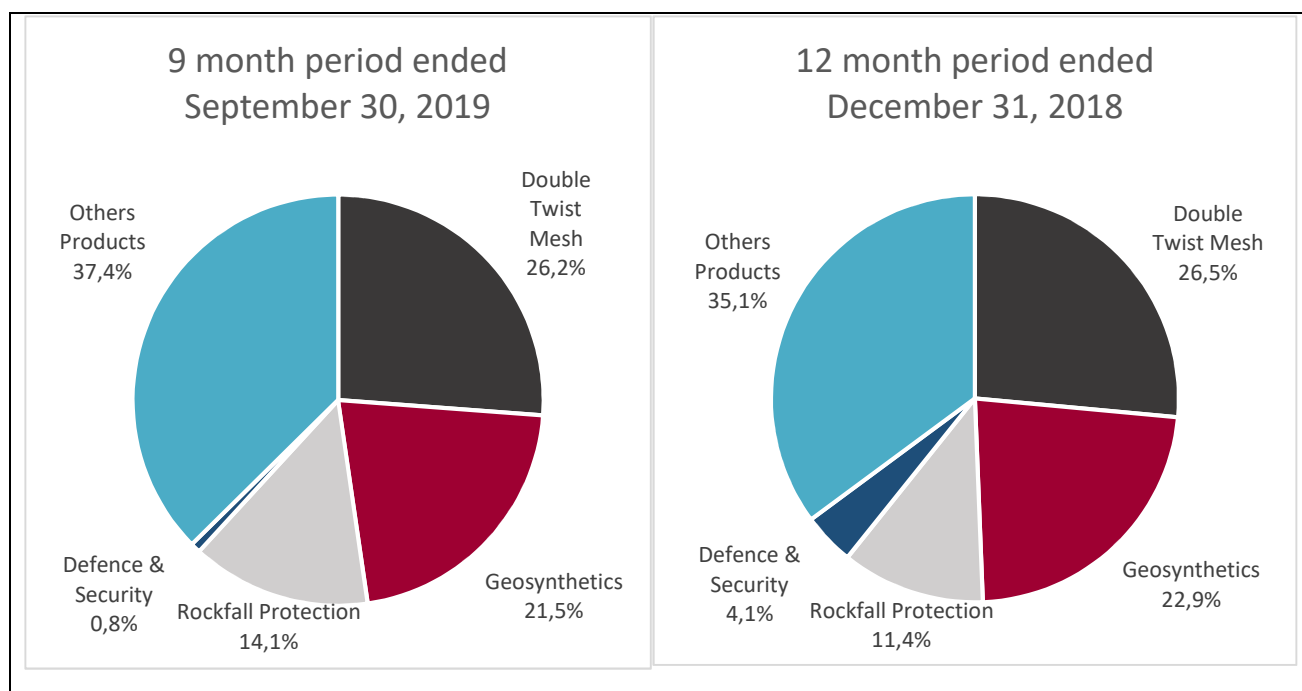
The following table shows revenues for sales of goods and services for the nine and three month period ended September 30, 2019 and 2018.

For the nine month period ended September 30,		
(Euro/000)	2019	2018
Revenues from sales of goods	349.343	354.267
Revenues from services	21.232	20.170
Total revenues from sales and services	370.575	374.436

For the three month period from July to September 30,		
(Euro/000)	Q3 2019	Q3 2018
Revenues from sales of goods	121.933	120.257
Revenues from services	6.787	6.530
Total revenues from sales and services	128.720	126.787

The revenue from sales and services for the three month period ended September 30, 2019, increased 1.5% to €128.7 million from €126.8 million for the comparable period of 2019. The increase of €1.9 million is mainly due to higher revenue from sales of goods for €1.7 million driven primarily by Asia Pacific Region and partially offset by the lack of sales of Defence and Security products in the USA.

The chart below shows our total revenue by product category for the nine month period ended September 30, 2019, compared to the twelve month period ended December 31, 2018:



The difference in the product mix, compared to previous year, is mainly due to lack of Defence & Security products and Geosynthetics in favor of Rockfall Protection and Other Products.

Other revenues

Other revenues for the three month period ended September 30, 2019, decreased to a cost of €1.7 million from a revenue of € 9.4 million for the comparable period of 2018. The decrease of €11.1 million was primarily due change in stock of finish and semi-finished goods (€ 10.1 million).

The following table shows our total revenue by geographical area for the nine and three month period ended September 30, 2019 and 2018.

For the nine month period ended September 30,				
(Euro/000)	2019	2018	Amount	%
EMEA (Ex Italy)	117.324	126.116	(8.792)	(7,0%)
Latin America	84.149	90.800	(6.651)	(7,3%)
Asia Pacific	88.086	76.051	12.035	15,8%
Italy	59.293	57.596	1.697	2,9%
NAFTA	25.613	46.093	(20.480)	(44,4%)
Total	374.465	396.656	(22.191)	(5,6 %)

For the three month period from July to September 30,				
(Euro/000)	Q3 2019	Q3 2018	Amount	%
EMEA (Ex Italy)	38.804	43.757	(4.954)	(11,3%)
Latin America	29.734	34.742	(5.008)	(14,4%)
Asia Pacific	28.604	23.117	5.488	23,7%
Italy	20.520	19.973	547	2,7%
NAFTA	9.357	14.577	(5.219)	(35,8%)
Total	127.019	136.165	(9.147)	(6,7 %)

The total revenues decrease of € 9.1 million in Q3 2019 compared to same period of previous year was primarily attributable to a combination of the following:

- The revenue decrease of 35.8 % in NAFTA is mostly related to the Mexican region underperforming due to the delays in financing of the public infrastructure following the current political scenario and to the Defence business of the US subsidiary far below the expectations.
- Revenue in Latin America is affected by a negative forex exchange rate of € 2 million mainly due to Argentinian Peso devaluation. On top of that, decrease is primarily due to Bolivia, for lower sales of geosynthetic products (in 2018 it was delivered a considerable order for the mining project), and Costa Rica. Brazil and Argentina performed better than previous year at constant exchange rate.
- In EMEA total revenues were 11.3% lower in comparison to last year since in Q3 2018 there were extraordinary projects being realized in Central Europe Area and Middle East (in particular in Oman). Also, there is a negative performance of UK related to the country political environment. These shortfalls were partially offset by a very good performance of France, in particular in the Rockfall business, and by a positive performance of Spain, also thanks to the increase in sales of wire following the investments made to increase production capacity. There are minor underperformances in some areas like Russia, South Africa and Albania.
- Asia Pacific revenues increased by 23,7% mainly thanks to China performance in the Double Twist and Steel fibers business. India and South East Area are in line with previous year.
- Italy performed better than previous year, mainly thanks to the Rockfall business which is compensating some lags in DT and Geosynthetics. Tunneling performance is in line with previous year.

Cost of materials and consumables

Cost of materials and consumables for the three month period ended September 30, 2019, decreased 8.2% to €70.8 million from €77.1 million for the comparable period of 2018. The decrease of €6.3 million was primarily due the improved efficiency in managing stock. The incidence of the costs of materials and consumables on total revenue decreased from 56.6% of the same period of the previous year to 55.7% due to a different mix of products sold.

Cost of services and use of third party assets

The following table shows our cost for services and use of third party assets for the nine and the three month period ended September 30, 2019 and 2018.

<i>(Euro/000)</i>	For the nine month period ended September 30,			
	2019	2018	Amount	%
Transport expenses	12.612	12.556	57	0,5%
Accessory purchase expenses	3.180	4.561	(1.381)	100%
Technical, legal, fiscal and consulting expenses	6.605	6.905	(300)	(4,3%)
Remuneration of directors, Board of auditors	666	717	(51)	(7,2%)
Advertising expenses	1.833	1.681	152	9,0%
Commissions	4.641	5.852	(1.212)	(20,7%)
Utilities expenses	4.900	4.657	244	5,2%
Travel expenses	5.960	5.359	601	11,2%
Banking service expenses	820	812	8	0,9%
Insurance expenses	1.453	1.302	151	11,6%
External manufacturing	1.221	1.198	23	1,9%
External maintenance	1.798	1.408	390	27,7%
IT consulting	1.960	1.574	387	24,6%
Information on client and debt collection	1.066	821	246	29,9%
Telephone and other communication expenses	820	1.027	(207)	(20,1%)
Audit Costs	590	558	32	5,7%
Other services	21.756	22.687	(931)	(4,1%)
Total cost of services	71.880	73.673	(1.792)	(2,4%)
Plant and equipment rents	2.747	2.103	643	30,6%
Selling and marketing rents	1.401	1.334	67	5,0%
Technical rents	154	339	(185)	(54,7%)
General and administrative rents	1.520	1.074	446	41,6%
Total cost for use of third parties assets	5.821	4.850	971	20,0%
Costs of services and use of third party assets	77.702	78.523	(821)	(1,0%)

For the three month period from July to September 30,				
(Euro/000)	Q3 2019	Q3 2018	Amount	%
Transport expenses	4.595	4.209	386	9,2%
Accessory purchase expenses	1.125	1.809	(684)	100,0%
Technical, legal, fiscal and consulting expenses	1.754	2.635	(881)	(33,4%)
Remuneration of directors, Board of auditors	223	242	(18)	(7,7%)
Advertising expenses	495	492	4	0,7%
Commissions	1.599	1.988	(388)	(19,5%)
Utilities expenses	1.579	1.465	113	7,7%
Travel expenses	1.648	2.065	(417)	(20,2%)
Banking service expenses	206	152	54	35,5%
Insurance expenses	427	516	(89)	(17,2%)
External manufacturing	818	717	101	14,0%
External maintenance	665	421	244	58,1%
IT consulting	424	114	310	272,2%
Information on client and debt collection	359	255	104	40,7%
Telephone and other communication expenses	257	334	(77)	(23,0%)
Audit Costs	164	130	34	26,2%
Other services	6.630	5.981	649	10,8%
Total cost of services	22.969	23.525	(556)	(2,4%)
Plant and equipment rents	981	736	244	33,2%
Selling and marketing rents	507	433	74	17,1%
Technical rents	42	108	(66)	(61,1%)
General and administrative rents	575	383	192	50,1%
Total cost for use of third parties assets	2.104	1.660	444	26,8%
Costs of services and use of third party assets	25.073	25.185	(112)	(0,4%)

Cost of services and use of third party assets for the three month period ended September 30, 2019, equal to €25.1, remained substantially stable to the € 25.2 million for the comparable period of 2018. The decrease of €0.1 million was due to the following combined effects: (i) lower technical, legal, fiscal and other consulting expenses for about €0.9 million (ii) lower accessory purchase expenses for about €0.7 million as a consequence of the lower purchases of materials and consumables (iii) lower travel expense €0.4 million (iv) lower commission on sales for €0.4 million mainly in Maccaferri De Mexico S.A. De C.V. as a consequence of the above mentioned slow-down of sales in particular of Rockfall products and Maccaferri Inc. (USA) as a consequence of the above mentioned lack of Defense & Security products (v) higher transport cost as a consequence of the higher sales in particular in China (vi) total increase for €0.7 million of the other services and the external manufacturing costs, items subject to reclassification, mainly due to higher construction costs service in Brazil, as a consequence of higher of the construction business, and external manufacturing of Maccaferri (Tianjin) Fibers Co. Ltd. (vii) higher rents for €0.4 million of which €0.2 million for plant and equipment rents mainly due to rent of specific equipment related to Tunneling business (viii) higher IT consulting for about €0.3 million partially due to the AMS contract modification and some cost internalization.

Cost of personnel

Cost of personnel for the three month period ended September 30, 2019, decreased 4.1% to €19.7 million from €20.6 million for the comparable period of 2018. The decrease of €0.8 million includes a positive exchange rate effect of about €0.01 coming mainly from the weakening of Argentinian Pesos. The gross decrease of €0.8 million was due to cost cutting measure put in place all over the world in order to right size the organization. The incidence of the cost of personnel on total revenue increased to 15.5% from the 15.1% of the same period of the previous year.

Other operating costs

Other operating costs for the three month period ended September 30, 2019, increased to a revenues of €0.03 million from a cost of €0.5 million of the comparable period of 2018 mainly due the fact that in Q3 2019 some costs were reclassified into other PL items compared to Q2 of the same year. Its incidence on total revenues decreased from 0.3% to a negligible.

Amortization, depreciation and write-downs

The following table shows our amortization, depreciation and write-downs for the nine and the three month period ended September 30, 2019 and 2018.

(Euro/000)	For the nine month period ended September 30,			
	2019	2018	Amount	%
Amortization of intangible assets	4.904	4.167	737	17,7%
Depreciation of property, plant and equipment	7.811	7.291	521	7,1%
Accrual to allowance for doubtful accounts	3.127	2.737	390	14,3%
Total Amortization, depreciation and write downs	15.842	14.194	1.648	11,6%

(Euro/000)	For the three month period from July to September 30,			
	Q3 2019	Q3 2018	Amount	%
Amortization of intangible assets	1.632	1.401	231	16,5%
Depreciation of property, plant and equipment	2.586	2.439	147	6,0%
Accrual to allowance for doubtful accounts	1.082	1.180	(98)	(8,3%)
Total Amortization, depreciation and write downs	5.299	5.020	279	5,6%

Amortization, depreciation and accrual to allowances for bad debt provision for the three month period ended September 30, 2019, increased 5.6% to €5.3 million from €5.0 million for the comparable period of 2018. The increase of €0.3 million was primarily attributable to higher amortization and depreciation of capex.

Income/(Losses) from financial activities

The following table shows our net expenses and losses from financial activities for the nine and the three month period ended September 30, 2019 and 2018.

(Euro/000)	For the nine month period ended September 30,			
	2019	2018	Amount	%
Financial income	1.390	3.067	(1.677)	(54,7%)
Financial expenses	(14.363)	(13.733)	(630)	4,6%
Gain/(losses) from forex management	(871)	(2.203)	1.331	(60,4%)
Gain/(losses) on participation	(2)	(268)	266	(99,4%)
Net income/(losses) from financial activities	(13.846)	(13.136)	(710)	5,4%

(Euro/000)	For the three month period from July to September 30,			
	Q3 2019	Q3 2018	Amount	%
Financial income	109	590	(482)	(81,6%)
Financial expenses	(4.406)	(4.621)	215	(4,7%)
Gain/(losses) from forex management	(169)	231	(400)	(173,1%)
Gain/(losses) on participation	(2)	(152)	151	(98,9%)
Net income/(losses) from financial activities	(4.468)	(3.952)	(516)	13,1%

Net income and losses from financial activities for the three month period ended September 30, 2019 increased 13.1% from €4.0 million to €4.5 million from the comparable period of 2018. The increase of €0.5 million was mainly due to lower financial income for €0.5 million and higher net loss on exchange rate for €0.4 million partially offset by lower financial expenses for €0.2 million and lower loss on participation for €0.2 million.

Net non-recurring expenses and charges

Net non-recurring expenses and charges for the three month period ended September 30, 2019, increased to €2.3 million from €1.7 million for the comparable period of 2018. The increase of €0.6 million was mainly due to costs incurred for the above mentioned internal restructuring.

Income taxes

Income taxes for the three month period ended September 30, 2019 decreased to profit of €0.8 million from a charge of €1.7 million for the comparable period of 2018. The decrease of €2.5 million was mainly due to the different taxable income mix in relation to the single tax jurisdiction which apply to the single companies in the consolidation area.

Consolidated balance sheet

The following table sets forth the interim unaudited condensed consolidated balance sheet of the Company for the nine month period ended September 30, 2019 and December 31, 2018.

CONSOLIDATED BALANCE SHEET

	September 30, 2019	December 31, 2018
<i>(Euro/000)</i>		
Intangible assets	31.909	33.879
<i>of which goodwill</i>	<i>18.016</i>	<i>19.588</i>
Property, plant and equipment	97.538	98.735
Investment in subsidiaries, associates, joint ventures and other companies	542	477
Other non-current assets	42.067	38.007
<i>of which deferred tax assets</i>	<i>37.745</i>	<i>33.686</i>
Total non-current assets	172.056	171.098
Cash and cash equivalents	27.954	56.121
Other current financial assets	22.850	22.505
Trade receivables	124.344	113.317
Inventories	101.953	101.833
Current tax receivables	26.248	21.274
Other current non-financial assets	23.206	16.663
Total current assets	326.556	331.713
Total assets	498.612	502.812
Shareholders' equity and liabilities		
Share capital	33.400	33.400
Reserves	(20.596)	3.481
Profit / (Loss) for the Year Group	(11.750)	(25.407)
Equity attributable to equity holders of the parent	1.054	11.474
Equity attributable to non-controlling interests	29.470	31.338
Total shareholders' equity	30.524	42.812
Non-current portion of banks loans and other financial liabilities	14.841	16.289
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.631	1.165
Provisions for risks and charges	9.199	11.434
Deferred tax liabilities	7.127	6.454
Total non-current liabilities	222.798	225.342
Current portion of banks loans and other financial liabilities	81.530	49.100
Advance from customers	7.371	4.727
Trade payables	82.347	98.676
Current tax payables	16.759	12.590
Other current non-financial liabilities	57.283	69.565
Total current liabilities	245.291	234.657
Total liabilities	468.088	460.000
Total shareholders' equity and liabilities	498.612	502.812

Liquidity and Capital Resources

Cash flows

The following table summarizes our consolidated statements of cash flows for the nine and three month period ended September 30, 2019 and 2018.

	For the nine month period ended September 30,		For the three month period from July to September 30,	
<i>(Euro/000)</i>	2019	2018	Q3 2019	Q3 2018
Net cash flow from operating activities	(46.932)	(37.814)	(4.079)	(4.175)
Net cash flow used in investing activities	(8.523)	(9.805)	(1.933)	(3.545)
Net cash flow from/(used in) financing activities	26.403	44.386	(105)	7.832
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	886	(1.674)	6	(1.069)
Cash and cash equivalent at the beginning of the period	56.121	65.406	34.065	61.454
Changes in cash and cash equivalent	(28.167)	(4.908)	(6.111)	(956)
Cash and cash equivalent at the end of the period	27.954	60.498	27.954	60.498

Net cash flow from operating activities

Three month ended September 30, 2019 and 2018

Our operating activities used net cash of € 4.1 million in the three month ended September 30, 2019 and this amount is in line with the cash used of € 4.2 million in the three month ended September 30, 2018.

Net cash flow used in investing activities

Three month ended September 30, 2019 and 2018

Our investing activities used net cash of €1.9 million in the three month ended September 30, 2019, compared to net cash used of €3.5 million in the third quarter of 2018. The cash used in the third quarter of 2019 was primarily due to the investments in intangible and tangible assets.

Net cash flow from financing activities

Three month ended September 30, 2019 and 2018

Cash flow from financial activities in Q3 2019 € -0.1 million in the three month ended September 30, 2018, compared to €7.8 million used in the comparable period in 2018.

Net financial Indebtedness

The following table presents a reconciliation of our net financial indebtedness to line items of our balance sheet as of September 30, 2019 and December 31, 2018:

Net Financial Indebtedness

<i>(Euro/000)</i>	September 30, 2019	December 31, 2018
Non-current portion of banks loans and other financial liabilities	(14.841)	(16.289)
Non-current bonds	(190.000)	(190.000)
Current portion of banks loans and other financial liabilities	(81.530)	(49.100)
Gross Financial Indebtedness	(286.371)	(255.389)
Other current financial assets (1)	22.850	22.505
Cash and cash equivalents	27.954	56.121
Net Financial Indebtedness	(235.566)	(176.763)

(1) Refers entirely to receivables due to the Issuer from SECI by OM.

“Net financial indebtedness” is calculated as the sum of current and non-current bank loans and other financial liabilities and non-current bonds, less other current financial assets and cash and cash equivalents. Net financial indebtedness is not a measure of financial liquidity under Italian GAAP, IFRS or any other generally accepted accounting principles and should not be considered as an alternative to any other measures of performance derived in accordance with Italian GAAP.

Over the periods presented, Gross Financial Indebtedness increased mainly for the increase of the current portion of bank loans and other financial liabilities, primarily due to the seasonal factors affecting our business and the tendency for projects utilizing our products to be suspended during the winter months at the beginning of the year. As a result, we rely on short-term debt to a greater extent at the beginning of the year, but this debt is reduced during the course of the autumn and winter as our cash generation increases.

Net working capital

Our working capital and trade working capital levels vary as a result of several factors, including the impact of raw material prices and selling prices, the improvement in efficiency of production of process, the variability of working capital related to production stoppages and maintenance works, changes in payment terms in the case of key suppliers, foreign exchange rates, our decisions to hold inventories, the operating level of our business and cyclicity of the industries that we supply.

Historically, we have financed our working capital requirements out of available cash balances, cash earnings and active working capital management. Our operating cash flows, together with the cash reserves and the Ifitalia Factoring Facility, will be more than sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although we cannot assure you that this will be the case.

The following table summarizes our net working capital as of September 30, 2019 and December 31, 2018.

Working capital

<i>(Euro/000)</i>	September 30, 2019	December 31, 2018
Inventories	101.953	101.833
Trade receivables	124.344	113.317
Advances from customers	(7.371)	(4.727)
Trade payables	(82.347)	(98.676)
Other element of net working capital	(33.787)	(55.652)
Net working capital	102.792	56.095

The table below provides the breakdown of the other elements of working capital as of September 30, 2019 and December 31, 2018

Other elements of net working capital

<i>(Euro/000)</i>	September 30, 2019	December 31, 2018
Current Tax Receivables	26.248	21.274
Other current non-financial assets	23.206	16.663
Current tax payables	(16.759)	(12.590)
Other current non-financial liabilities	(57.283)	(69.565)
Provisions for risks and charges	(9.199)	(11.434)
Other elements of net working capital	(33.787)	(55.652)

The increase of working capital of €46.7 million from €56.1 million to €102.8 million as of September, 2018 was primarily due to the combined effect of the followings: (i) the decrease of the trade payables for €16.3 million (ii) the increase in trade receivables for €11.0 million (iii) the decrease of the other current non-financial liability for €12.3 million due to lower amount of reverse factoring (iv) the increase of other current non-financial assets for €6.5 million is mainly due to higher amount of With recourse factoring credits. The line Other current non-financial liabilities includes overdue payables to reverse factoring.

Capital Expenditures

The following table summarizes our net capital expenditures for the nine month period ended September 30, 2019 and 2018:

Net capital expenditures

<i>(Euro/000)</i>	September 30, 2019	September 30, 2018
Investment in property, plant, equipment and intang. assets	6.712	10.282
Disposal and dismission of property, plant, equipment and intang. assets	(1.732)	(1.695)
Net capital expenditures	4.980	8.587

<i>(Euro/000)</i>	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other fixed assets	Fixed assets in progress and advances	Total property, plant and equipment
Historical costs	59.909	109.517	9.624	12.864	5.577	197.491
Cumulated amortization	(17.101)	(65.705)	(5.752)	(10.053)	(146)	(98.755)
Carrying amount as of December, 2018	42.808	43.813	3.871	2.812	5.431	98.735
Increase for acquisition and internal constructions	217	1.837	269	308	1.493	4.123
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	2.197	678	108	19	-	3.003
Decrease due to sale	(732)	(100)	(12)	(23)	(865)	(1.731)
Reclassification and other movements	381	2.128	156	184	(2.856)	(8)
Current period depreciation and write-down	(1.452)	(5.093)	(582)	(685)	-	(7.811)
Exchange rate differences	473	623	59	35	38	1.228
Total current period variation	1.083	74	(2)	(161)	(2.190)	(1.197)
Historical costs	62.662	115.660	10.306	13.130	3.241	204.999
Cumulated amortization	(18.771)	(71.773)	(6.436)	(10.480)	-	(107.460)
Carrying amount as of September, 2019	43.891	43.886	3.869	2.650	3.241	97.538

	Set up and expansion costs	Development costs	Industrial patent rights and rights to use intellectual properties	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible assets under development and downpayments	Other	Total intangible assets
<i>(Euro/000)</i>								
Historical costs	1.802	3.178	727	14.056	34.920	4.702	10.890	70.275
Cumulated amortization	(1.137)	(2.453)	(586)	(10.502)	(15.331)	-	(6.386)	(36.395)
Carrying amount as of December, 2018	664	725	141	3.555	19.588	4.702	4.504	33.879
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	-	-	-	13	229	-	1	243
Increase for acquisition and internal constructions	-	155	-	386	-	1.461	590	2.592
Decrease due to sale	-	-	-	(1)	-	-	-	(1)
Reclassification and other movements	-	(40)	-	319	-	(1.009)	736	5
Current period amortization	(182)	(158)	(72)	(1.139)	(1.809)	-	(1.544)	(4.904)
Exchange rate differences	5	2	2	49	7	9	20	95
Total current year variation	(177)	(40)	(70)	(374)	(1.572)	461	(198)	(1.970)
Historical costs	1.810	3.594	727	14.917	35.163	5.163	12.295	73.669
Cumulated amortization	(1.322)	(2.910)	(656)	(11.736)	(17.147)	-	(7.988)	(41.760)
Carrying amount as of September, 2019	488	684	70	3.181	18.016	5.163	4.306	31.909

For the nine month period ended September 30, 2018 and 2019, the total net capital expenditures decreased from €8.6 million to €5.0 million. This amount does not include the €3.2 million coming from the variance in the consolidation area that refers to Incofil Tech S.r.l. (Zenobia Group) purchased in the Q1 2019 but entered in the consolidation area in Q2 2019.

The investment in tangible assets are mainly attributable to: (i) Plant and machinery for €1.8 million, in particular for investments made by Maccaferri Tunnelling S.r.l. (Italy) for specific machineries used in the tunneling business (€0.5 million), Maccaferri Manifattura Italia S.r.l. for extraordinary maintenance on specific equipment for the Double Twist line (€0.1 million) (ii) Fixed asset in progress for €1.5 million in particular for investments made by Bianchini Ingeniero, for equipment for the new zinc line (€0.2 million) and improvements in the building (€0.2 million), and by Maccaferri Environmental Solutions PVT Ltd that paid an advance for the revamping of an extruder grid line (€0.3 million).

The investments in intangible assets are mainly attributable to the following: (i) Intangible assets in progress for €1.5 million mainly due to R&D costs born at HQ level (ii) Other intangibles asset for €0.6 million of which €0.2 related to Maccaferri Manifattura Italia S.r.l. and Maccaferri Tunneling S.r.l. for improvements of third party asset used for its production process (iii) Concessions, licenses, trademarks and similar rights for €0.4 million mainly due to the capitalization of rights for the use of software and related implementation costs mainly SAP and CRM project.

Commitment, guaranties and potential liabilities not resulting from the balance sheet

The following table summarizes the nature of our commitments, guarantees and potential liabilities, which do not result from the balance sheet, as of and September 30, 2019 and December 31, 2018:

Commitment, guaranties and potencial liabilities not resulting from the balance sheet		
<i>Euro/000</i>	September 30, 2019	December 31, 2018
Guarantees and performance bonds issued for the benefit of third parties (1)	12.313	16.275
Total commitment, guaranties and potencial liabilities not resulting from the balance sheet	12.313	16.275

(1) Guarantees and performance bonds given primarily to clients as a guarantee of supply and guarantees in support of subsidiaries of the Issuer.

Subsequent events

The October 31st, 2019 - Officine Maccaferri announced the sale to NV Bekaert SA of its participation in Bekaert Maccaferri Underground Solutions BVBA, a 50% - 50% joint venture established in 2014 to better address distribution in the underground construction fibres market. The selling price is equal to €9.5 million which has been paid in a sole cash transfer, at the date of closing, once offset of mutual credit and debit positions. Cash considerations are €8.6 million.

The transaction is aimed to increase the focus of Officine Maccaferri Group in pursuing its core strategy of engineering, manufacturing and delivery of geotechnical and environmental solutions.

Quantitative and qualitative disclosure of market risk

Upon completion of the Transactions, we are principally exposed to market risk from changes in foreign currency exchange rates, credit risk and, to a lesser extent, liquidity risk and changes in the prices of raw materials. We monitor and manage those risks as an integral part of our overall risk management which recognizes the unpredictability of financial markets and seeks to reduce their potentially adverse effects on our results.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various Group entities. The Group is exposed to currency risk, particularly in relation to fluctuations of Brazilian Reals, Indian rupees, Pounds Sterling and U.S. dollars.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency. If that is the case, such differences are hedged through forward purchase and sales contracts. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro or the different subsidiaries' functional currencies. However, such hedging activities have not been and may not be in the future always be sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument will be unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments. The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. The Group accrues an allowance for doubtful accounts equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics. Many of the Group's trade receivables are due from leading operators in our various markets and/or from longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the financial statements. There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk relates to the Group's ability to meet its obligations arising from financial liabilities. The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiration dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions. The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the Group has always met its obligations on time.

Raw material price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly steel wire, steel wire rod, ingots for zinc coating, aluminum, polymeric compounds, yarns and monofilaments and plastic. We typically manage to pass increases in raw materials prices through to our customers;

however, volatility in the prices of our core raw materials could ultimately affect our operating income and results of operations, Raw material shortages or significant increases in the price of raw materials could increase our costs and may reduce our operating income if we are not able to pass through all of the increases to our customers.

Critical accounting Estimates and judgement

Our significant accounting policies, which we have applied consistently, are fully described in our annual consolidated financial statements.

We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require subjective judgments by management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Estimates are based on past experience and other factors considered reasonable in the circumstances. Actual amounts could differ from these estimates, based on different assumptions or different operating conditions.

CONSOLIDATED BALANCE SHEET*September 30, 2019 December 31, 2018**(Euro/000)***ASSETS**

A) Subscribed capital, unpaid:

B) Fixed assets:

I – Intangible assets:

1) set up and expansion costs	488	664
2) development costs	684	725
3) industrial patent rights and rights to use intellectual properties	70	141
4) concessions, licences, trademarks and similar rights	3.181	3.555
5) Goodwill	18.016	19.588
6) Intangible assets under development and downpayments	5.163	4.702
7) other	4.306	4.504
Total intangible assets	31.909	33.879

II – Property, plant and equipment:

1) land and buildings	43.891	42.808
2) plant and machinery	43.886	43.813
3) industrial and commercial equipment	3.869	3.871
4) other fixed assets	2.650	2.812
5) fixed assets in progress and advances	3.241	5.431
Total property, plant and equipment	97.538	98.735

III – Financial assets:

1) investments in:

a) subsidiaries	346	289
b) associated companies	71	67
d bis) other companies	126	121
Total investments	542	477

2) Long-term receivables:

c) due from parent

- within 12 months	22.850	22.505
- beyond 12 months	-	-

Total due from parent	22.850	22.505
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d bis) due from others

- within 12 months	1.772	1.772
- beyond 12 months	2.549	2.549

Total due from others	4.321	4.320
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Total Long-term receivables	27.172	26.826
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Total financial assets	27.714	27.303
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Total fixed assets	157.161	159.917
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C) Current Assets:

I - Inventories:

1) raw materials, secondary materials, and consumables	31.072	30.969
2) semi-finished goods	5.163	9.414
3) Work in progress on order	66	-
4) finished products and goods	59.057	56.512
5) Advances paid to supplier	6.596	4.939
Total inventories	101.953	101.833

II – Receivables:		
1) trade receivables		
- within 12 months	120.396	110.726
- beyond 12 months	8	-
Total trade receivables;	120.405	110.726
2) receivables from subsidiaries		
- within 12 months	716	695
- beyond 12 months	-	-
Total receivables from subsidiaries;	716	695
4) receivables from parent		
- within 12 months	8.155	6.841
- beyond 12 months	-	-
Total receivables from parent;	8.155	6.841
5) receivables company subject to the control of the parent company		
- within 12 months	4.413	2.137
- beyond 12 months	-	-
Total receivables company subject to the control of the parent con	4.413	2.137
5-bis) receivables from tax authorities		
- within 12 months	18.132	14.616
- beyond 12 months	-	-
Total receivables from tax authorities;	18.132	14.616
5 ter) deferred tax assets	37.745	33.686
5 quater) receivables from other parties		
- within 12 months	17.503	12.335
- beyond 12 months		
Total receivables from other parties	17.503	12.335
Total receivables	207.069	181.035
III – Financial assets not constituting fixed assets:		
5) active financial instruments - derivatives	25	25
6) other securities;	-	-
Total financial assets non constituting fixed assets	25	25
IV – Cash and cash equivalent:		
1) bank and postal deposits	27.867	55.854
2) cheques	5	202
3) cash on hand	82	66
Total cash and cash equivalent	27.954	56.121
Total current assets	337.002	339.015
D) accrued income and prepaid expenses:		
- accrued income	3.118	2.867
- prepaid expenses	1.331	1.013
Total accrued income and prepaid expenses	4.450	3.880
TOTAL ASSETS	498.612	502.812

LIABILITIES**A) Shareholders' equity:**

I – share capital	33.400	33.400
II - Share premium reserve	-	-
III – revaluation reserve	10.641	10.641
IV – Legal reserve	3.494	3.494
V - statutory reserve	-	-
VI - other reserves	(26.738)	(10.650)
VII - Reserves for hedging of expected cash flows	(5)	(5)
VIII - Profits (losses) carried forward	(7.989)	
IX – net income for the year	(11.750)	(25.407)
Total shareholders' equity of the Group	1.054	11.474
Equity attributable to non-controlling interests	29.470	31.338
Total shareholders' equity	30.524	42.812

B) Provisions for risks and charges:

1) pension and similar provisions	2.738	2.612
2) Provision for tax litigation and for deferred tax liabilities	7.654	7.560
3) Fund Financial Instruments Derivatives	654	953
4) Other provisions	5.280	6.763
Total provisions for risks and charges	16.326	17.888
C) employees termination indemnity	1.631	1.165

D) payables

1) bond issued		
- beyond 12 months	190.000	190.000
Total bond issued;	190.000	190.000

4) bank loan and overdraft

- within 12 months	70.881	45.429
- beyond 12 months	13.225	13.743
Total bank loan and overdraft	84.106	59.172

5) loans from other lenders

- within 12 months	8.769	3.671
- beyond 12 months	1.616	2.546
Total loans from other lenders	10.385	6.217

6) advances from customer

7) trade payables		
- within 12 months	78.465	96.056
- beyond 12 months	-	-
Total trade payables;	78.465	96.056

11) payables due to parent

- within 12 months	4.409	2.617
- beyond 12 months	-	-
Total payables due to parent;	4.409	2.617

11 bis) payables due to company subject of the control of the parent company

- within 12 months	4.460	2.260
- beyond 12 months	-	-
Total payables due to company subject of the control of the parent	4.460	2.260

12) tax payables

- within 12 months	13.652	10.334
- beyond 12 months	-	-
Total tax payables	13.652	10.334

13) social security payables

- within 12 months	1.723	2.002
- beyond 12 months	-	-
Total social security payables	1.723	2.002

14) other payables

- within 12 months	44.446	58.449
- beyond 12 months	-	-
Total other payables	44.446	58.449

Total payables

Total payables	439.016	431.832
E) accrued expenses and deferred income:		
- accrued expenses	9.128	7.055
- deferred income	1.987	2.059
Total accrued expenses and deferred income	11.115	9.114

TOTAL SHAREOLDERS' EQUITY AND LIABILITIES	498.612	502.812
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CONSOLIDATED INCOME STATEMENT	September 30, 2019	September 30, 2018
<i>(Euro/000)</i>		
A) Value of production:		
1) revenues from sales and services	370.575	374.436
2) change in inventory of semi-finished and finished goods	(3.572)	14.109
3) Change in work in progress on orders	63	-
4) Increase in fixed assets from in-house works	307	494
5) other revenues	7.990	7.832
Total value of production	375.363	396.871
B) Costs of production:		
6) Costs of raw materials, secondary materials and consumables	211.486	234.989
7) Costs for services	72.052	73.937
8) Costs for use of third parties assets	5.821	4.850
9) Costs of personnel:		
a) wages and salaries	48.023	48.493
b) social security contributions	9.522	8.335
c) employees' termination indemnity	697	771
d) pension and similar costs	463	684
e) other personnel costs	6.942	5.425
Total costs of personnel	65.647	63.709
10) amortization, depreciations and write-down:		
a) amortization of intangible assets	4.904	4.167
b) depreciation of property, plant and equipment	7.811	7.291
c) other write-down of intangible assets and property, plant and equipm	-	-
d) write-downs of receivables	3.127	2.737
Total amortization, depreciation and write-down	15.842	14.194
11) change in inventory of raw materials, secondary materials and consu	211	(12.231)
12) Accrual of provision for risks and charges	325	1.725
14) other operating costs	2.681	11.646
Total costs of production	374.065	392.819
Difference between value of production and costs of production	1.298	4.052
C) Financial income and charges:		
15) income from investments:		
d bis) other companies	-	63
16) other financial income:		
a) from subsidiaries	18	17
c) from parent company	963	2.433
d bis) from other companies	409	618
Total other financial income	1.390	3.067
Total financial income	1.390	3.130

17) interest and other financial charges:		
a) from subsidiaries	2	-
d) company subject to the control of the parent company	308	-
d bis) other companies	14.055	13.783
Total interest and other financial charges	14.365	13.783
17 bis) gain/(losses) on exchange rate	(459)	(1.414)
Total financial income and charges	(13.434)	(12.067)
D) adjustments to financial assets		
18) Revaluation		
d) Revaluation of Hedging financial instruments	-	72
Total revaluation	-	72
19) write-down		
a) write-down of investments	-	281
b) Devaluation of financial assets;	250	-
d) Devaluation of Hedging financial instruments	412	861
Total write-down	662	1.141
Total adjustments to financial assets	(662)	(1.069)
Profit/(Losses) before tax	(12.798)	(9.084)
22) income and deferred taxes		
- current income taxes	1.304	2.969
- deferred tax liabilities	252	1.173
- deferred tax assets	(3.012)	(3.818)
Total income and deferred taxes	(1.456)	324
23) Net profit/(losses) for the year	(11.342)	(9.409)
Attributable to non-controlling interests	(407)	(660)
24) attributable to equity holders of the parent	(11.750)	(10.068)

For the three month period ended
September 30,

INTERIM CONSOLIDATED CASH FLOW	9 Month 2019	9 Month 2018	Q3 2019	Q3 2018
<i>(Euro/000)</i>				
A. Financial flows deriving from operating activities				
Net Income / (Loss) for the period	(11.342)	(9.409)	119	703
Income tax for the year	(1.456)	324	(447)	1.814
Financial expenses / (financial income)	12.974	10.715	4.299	4.030
Losses / (gains) on exchange rate	459	1.414	(85)	(394)
(Dividends)	0	(63)	0	0
(Gains) / Losses due to assets disposal	(55)	(261)	(35)	(79)
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal	581	2.722	3.850	6.075
<i>Adjustments for non-cash items that had no counterpart in net working capital</i>				
Accrual to provision for risk and charges	4.149	5.234	1.353	1.433
Depreciation and Amortization	12.715	11.457	4.217	3.840
Other accrual for non-cash items	(532)	891	(2)	432
Total adjustment for non-cash items	16.332	17.582	5.568	5.706
2. Financial flows before changes in Net Working Capital	16.912	20.304	9.418	11.781
<i>Changes in Net Working Capital</i>				
Decrease / (increase) of inventories	1.524	(26.304)	11.335	(5.476)
Decrease / (increase) of trade receivables	(8.710)	(23.718)	(5.325)	(1.188)
Increase / (decrease) of trade payables	(19.797)	3.186	(13.106)	(16.417)
Decrease / (increase) of other credits	(5.884)	(5.620)	(1.071)	(2.179)
Increase / (decrease) of other debts	(12.678)	7.265	(2.613)	12.369
Decrease / (increase) of Prepayments and accrued income	(516)	254	389	570
Increase / (decrease) of Prepaid income	(668)	1.302	649	1.331
Other Changes in Net Working Capital	965	(925)	15	(234)
Total changes in Net Working Capital	(45.765)	(44.560)	(9.727)	(11.224)
3. Financial flows after changes in Net Working Capital	(28.852)	(24.256)	(309)	557
<i>Other Changes</i>				
Interests paid	(11.529)	(9.306)	(2.574)	(1.480)
(Losses) / gains on exchange rate	(459)	(1.414)	85	394
Income taxes paid	(5.136)	0	(1.562)	(1.410)
Dividends received	0	63	0	0
Utilization of funds	(956)	(2.901)	280	(2.235)
4. Total other changes	(18.079)	(13.558)	(3.770)	(4.731)
Net cash flow from operating activities (A)	(46.932)	(37.814)	(4.079)	(4.175)
B. Financial flows deriving from investment activities				
<i>Tangible assets</i>				
(Investments)	(4.188)	(5.897)	(1.717)	(2.432)
Sales price of disposal of assets	1.786	1.957	422	143
<i>Intangible assets</i>				
(Investments)	(2.592)	(2.110)	(734)	(951)
Sales price of disposal of assets	1	0	3	0
<i>Investments</i>				
(Investments)	(3.819)	(3.777)	93	(303)
Sales price of disposal of assets	0	0	0	0
<i>Current financial activities</i>				
(Investments)	1	22	(1)	(2)
Sales price of disposal of assets	0	0	0	(1)
<i>Acquisition or disposal of subsidiaries or branches of businesses, net of cash acquired</i>				
	287	0	0	0
Net cash flow used in investing activities (B)	(8.523)	(9.805)	(1.933)	(3.545)
C. Financial flows deriving from financing activities				
<i>Third parties</i>				
Increase /(decrease) short terms debts vs banks	23.885	41.405	2.943	10.186
Proceeds from borrowing	8.474	12.250	3.018	0
Reimbursement of borrowing	(10.145)	(7.101)	(8.332)	(2.014)
(Increase) / Decrease short terms credits vs shareholders for financing	(345)	912	0	912
Increase / (Decrease) debts vs other financial institution	4.927	(1.515)	2.277	(1.187)
<i>Equity</i>				
Subscription of equity upon payment / (Equity reimbursement)	0	0	0	0
Dividends paid	(393)	(1.565)	(11)	(64)
Total Financial flows deriving from financing activities (C)	26.403	44.386	(105)	7.832
Net effect of foreign currencies exchange rate and other variations	886	(1.674)	6	(1.069)
Change in cash and cash equivalent (A ± B ± C)	(28.167)	(4.908)	(6.111)	(956)
Cash and cash equivalent at the beginning of the period	56.121	65.406	34.065	61.454
Cash and cash equivalent at the end of the period	27.954	60.498	27.954	60.498