OFFICINE MACCAFERRI S.p.A.

First 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 three month ended March 31, 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 quarter-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 over 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; and

• *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 three month period ended March 31, 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.

Consolidated Income statement

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the three month period ended March 31, 2019 and 2018 and for the twelve month ended March 31, 2019

(Euro/000)	Q1 2019	% of Total Revenue	Q1 2018	% of Total Revenue	Amount	%
				For the three month period from January to March		
Revenue from sales and services	109.670	94,7%	111.708	92,3%	(2.038)	(1,8%)
Other revenue	6.131	5,3%	9.302	7,7%	(3.171)	(34,1%)
Total revenue	**115.802**	**100,0%**	**121.010**	**100,0%**	**(5.208)**	**(4,3%)**
Costs of materials and consumables	(67.047)	(57,9%)	(68.359)	(56,5%)	1.312	(1,9%)
Costs of services and use of third party assets	(24.195)	(20,9%)	(25.519)	(21,1%)	1.324	(5,2%)
Costs of personnel	(22.166)	(19,1%)	(20.879)	(17,3%)	(1.287)	6,2%
Other operating costs	(11)	(0,0%)	(225)	(0,2%)	214	(95,3%)
Total Operating costs	**(113.419)**	**(97,9%)**	**(114.982)**	**(95,0%)**	**1.564**	**(1,4%)**
EBITDA	**2.383**	**2,1%**	**6.028**	**5,0%**	**(3.645)**	**(60,5%)**
Amortization, depreciation and write downs	(4.866)	(4,2%)	(4.588)	(3,8%)	(278)	6,1%
Accrual to provision for risks and charges	(87)	(0,1%)	(326)	(0,3%)	239	(73,3%)
Total Operating costs	**(4.953)**	**(4,3%)**	**(4.914)**	**(4,1%)**	**(39)**	**0,8%**
Operating income	**(2.570)**	**(2,2%)**	**1.114**	**0,9%**	**(3.684)**	**(330,7%)**
Financial income	710	0,6%	1.119	0,9%	(409)	(36,6%)
Financial expenses	(4.945)	(4,3%)	(4.283)	(3,5%)	(662)	15,5%
Gains/(losses) from forex management*	(121)	(0,1%)	(854)	(0,7%)	734	(85,9%)
Gains/(losses) on participation**	-	0,0%	63	0,1%	(63)	(100,0%)
Net expenses and losses from financial activities	**(4.356)**	**(3,8%)**	**(3.955)**	**(3,3%)**	**(401)**	**10,1%**
Net non-recurring expenses and charges	(970)	(0,8%)	(1.215)	(1,0%)	245	(20,2%)
Profit/losses before taxes	**(7.896)**	**(6,8%)**	**(4.057)**	**(3,4%)**	**(3.839)**	**94,6%**
(Income taxes)/tax benefit	968	0,8%	273	0,2%	695	254,6%
Net Income / (Losses) for the period	**(6.927)**	**(6,0%)**	**(3.784)**	**(3,1%)**	**(3.144)**	**83,1%**
Attributable to non-controlling interests	(49)		71		(120)	(168,7%)
Attributable to equity holders of the parent	(6.879)		(3.855)		(3.024)	78,4%

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Q1 2019	% of Total Revenue	Q1 2018	% of Total Revenue	LTM	% of Total Revenue	YE 2018	% of Total Revenue	Amount	%
Revenue from sales and services	109.670	94,7%	111.708	92,3%	518.531	97,9%	520.569	97,4%	(2.038)	(0,4%)
Other revenue	6.131	5,3%	9.302	7,7%	10.960	2,1%	14.131	2,6%	(3.171)	(22,4%)
Total revenue	**115.802**	**100,0%**	**121.010**	**100,0%**	**529.491**	**100,0%**	**534.700**	**100,0%**	**(5.208)**	**(1,0%)**
Costs of materials and consumables	(67.047)	(57,9%)	(68.359)	(56,5%)	(291.922)	(55,1%)	(293.234)	(54,8%)	1.312	(0,4%)
Costs of services and use of third party assets	(24.195)	(20,9%)	(25.519)	(21,1%)	(107.312)	(20,3%)	(108.636)	(20,3%)	1.324	(1,2%)
Costs of personnel	(22.166)	(19,1%)	(20.879)	(17,3%)	(86.065)	(16,3%)	(84.778)	(15,9%)	(1.287)	1,5%
Other operating costs	(11)	(0,0%)	(225)	(0,2%)	(1.088)	(0,2%)	(1.302)	(0,2%)	214	(16,5%)
Total Operating costs	**(113.419)**	**(97,9%)**	**(114.982)**	**(95,0%)**	**(486.386)**	**(91,9%)**	**(487.950)**	**(91,3%)**	**1.564**	**(0,3%)**
EBITDA	**2.383**	**2,1%**	**6.028**	**5,0%**	**43.105**	**8,1%**	**46.750**	**8,7%**	**(3.645)**	**(7,8%)**
Amortization, depreciation and write downs	(4.866)	(4,2%)	(4.588)	(3,8%)	(20.311)	(3,8%)	(20.033)	(3,7%)	(278)	1,4%
Accrual to provision for risks and charges	(87)	(0,1%)	(326)	(0,3%)	(752)	(0,1%)	(992)	(0,2%)	239	(24,1%)
Total Amortiz., deprec., write downs and prov.	**(4.953)**	**(4,3%)**	**(4.914)**	**(4,1%)**	**(21.063)**	**(4,0%)**	**(21.025)**	**(3,9%)**	**(39)**	**0,2%**
Operating income	**(2.570)**	**(2,2%)**	**1.114**	**0,9%**	**22.042**	**4,2%**	**25.725**	**4,8%**	**(3.684)**	**(14,3%)**
Financial income	710	0,6%	1.119	0,9%	4.073	0,8%	4.483	0,8%	(409)	(9,1%)
Financial expenses	(4.945)	(4,3%)	(4.283)	(3,5%)	(19.840)	(3,7%)	(19.178)	(3,6%)	(662)	3,5%
Gains/(losses) on exchange rate*	(121)	(0,1%)	(854)	(0,7%)	(3.464)	(0,7%)	(4.198)	(0,8%)	734	(17,5%)
Gains/(losses) on participation**	-	0,0%	63	0,1%	(640)	(0,1%)	(577)	(0,1%)	(63)	10,9%
Net expenses and losses from financial activities	**(4.356)**	**(3,8%)**	**(3.955)**	**(3,3%)**	**(19.871)**	**(3,8%)**	**(19.471)**	**(3,6%)**	**(401)**	**2,1%**
Net non-recurring expenses and charges	(970)	(0,8%)	(1.215)	(1,0%)	(36.058)	(6,8%)	(36.304)	(6,8%)	245	(0,7%)
Income before taxes	**(7.896)**	**(6,8%)**	**(4.057)**	**(3,4%)**	**(33.888)**	**(6,4%)**	**(30.049)**	**(5,6%)**	**(3.839)**	**12,8%**
(Income taxes)/tax benefit	968	0,8%	273	0,2%	3.155	0,6%	2.459	0,5%	695	28,3%
Net Income / (Losses) for the period	**(6.927)**	**(6,0%)**	**(3.784)**	**(3,1%)**	**(30.734)**	**(5,8%)**	**(27.590)**	**(5,2%)**	**(3.144)**	**11,4%**
Attributable to non-controlling interests	(49)		71		(2.303)		(2.183)		(120)	
Attributable to equity holders of the parent	(6.879)		(3.855)		(28.431)		(25.407)		(3.024)	

* Up to Q2 2018 it was named "gain/(losses) on exchange rate". Starting from Q3 2018 it includes also revaluation and devaluation of hedging financial instruments previously included in Financial income or Financial expenses.
** New item created starting from Q3 2018. It includes dividend revenues and gain and losses on participation previously included in Financial income or Financial expenses.

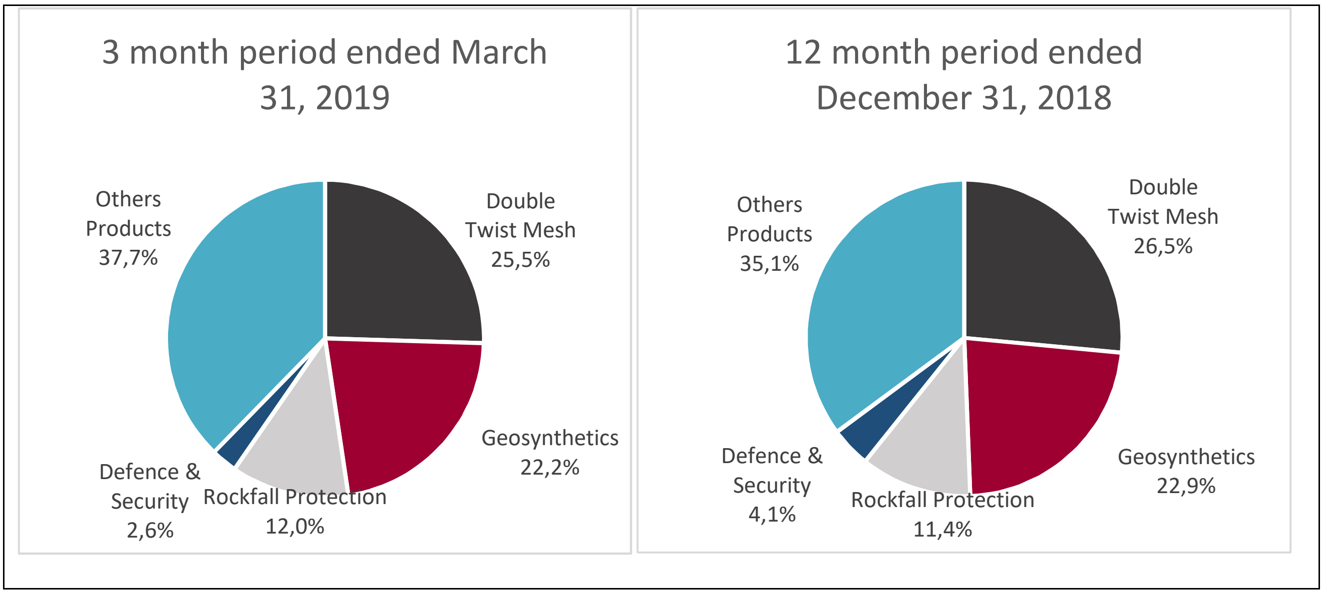
Revenue from sale of goods and services

The following table shows revenues from sales and services for the three month period ended March 31, 2019 and 2018.

	For the three month period ended March 31,	
(Euro/000)	**2019**	**2018**
Revenues from sales of goods	105.158	104.846
Revenues from services	4.513	6.862
Total revenues from sales and services	**109.670**	**111.708**

The revenue from sales and services for the three month period ended March 31, 2019, decreased 1.8% to €109.7 million from €111.7 million for the comparable period of 2018. The decrease of €2.0 million is due to lower revenue from services for €2.3 million partially offset by higher revenue from sales of goods for €0.3 million.

The chart below shows our revenue from sales and services by product category for the three month period ended March 31, 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 a slow down of the Defence & Security sales and the Double Twist sales in favor of “Others product” sales, in particular of Tunneling & Flooring products.

Other revenues

Other revenues for the three month period ended March 31, 2019, decreased 34.1% to €6.1 million from €9.3 million for the comparable period of 2018. The decrease of €3.2 million was primarily due to a lower increase of the finished goods stock mainly in Italy due to the followings: (i) the higher sales of tunneling products compared to the first quarter of 2018 when the sales were blocked by a technical problem on the customer site (Saint Lucia gallery), (ii) lower increase of Defence and Security stock compared to the comparable period of 2018 when the stock was particularly high in light of the high sales of the next quarter.

The following table shows our total revenue by geographic area for the three month period ended March 31, 2019 and 2018.

(Euro/000)	3 Month 2019	3 Month 2018	Amount	%
EMEA (Ex Italy)	35.128	36.689	(1.561)	(4,3%)
Latin America	27.082	26.855	226	0,8%
Asia Pacific	28.363	25.578	2.785	10,9%
NAFTA	7.269	13.979	(6.710)	(48,0%)
Italy	17.960	17.908	51	0,3%
Total	**115.802**	**121.010**	**(5.208)**	**(4,3%)**

The decrease of €5.2 million in total revenue was primarily attributable to a combination of the following:

- The decrease of 48% of Nafta total sales was mostly attributed to the delay of Defencell orders of the US subsidiary compared with the specular period on 2018. Regarding core business solutions, the good performance on Geosynthetics and Rockfall sales, is negatively offset by a decrease of costal and emergency solutions sales (in 2018 the US subsidiary took advantage on one off project delivered in Puerto Rico due to hurricane disaster).

- In EMEA total revenue decreased 4.3% mainly due to slow-down of Middle East supplies for an important highways project in Oman, started in the first quarter 2018. Turkey is still suffering from the political and economic instability. Positive performance of UK and South Africa, thanks geosynthetics sales, and Spain, also thanks to sales for Portuguese market. France in line with previous year. Minor underperformance in some areas like, Russia, Romania and Central Europe, but with recovery prospects in the following quarters. Italy performed in line with previous year.

- Asia Pacific increased 11% the total revenue mainly thanks to a very good performance of Malaysia, in particular for geosynthetics and Rockfall products and China, for Double Twist products supplied to the local market. India is in line with previous year, while Indonesia suffered from a shrinking of the local market.

- Revenues in Latin America are in line with Q1 2018 and 2.5 mln higher at constant exchange rate. Brazil performance in local currency overperformed previous year, mainly in the construction business, thanks to recovery from the socio-economic crisis. Argentina has registered a positive performance in local currency, despite a difficult economic situation. Costa Rica underperformed because the socio-economic crisis resulting in a reduction of public infrastructure spending as well as in the private sector. Good performance of Bolivia thanks to special projects in the oil and hydroelectric sectors sponsored by the local government that, in light of the next elections, strongly incentives new structural investments in the country. Peru better than previous year despite the political instability, thanks to a turnkey supply for the mining sector.

Cost of materials and consumables

Cost of materials and consumables for the three-month period ended March 31, 2019, decreased about 2% (to €67.0 million from €68.4 million for the comparable period of 2018), as a consequence of reduction in sales. The incidence of material costs and consumables on total revenue has been 1.4% higher than the comparable period of the previous year mainly because a different mix of products sold.

Costs of services and use of third party assets

The following table shows our costs for services and use of third party assets for the three month period ended March 31, 2019 and 2018.

	For the three month period ended March 31,			
(Euro/000)	**2019**	**2018**	**Amount**	**%**
Transport expenses	3.780	3.618	162	4,5%
Accessory purchase expenses	859	1.015	(156)	(15,4%)
Technical, legal, fiscal and consulting expenses	2.101	2.050	51	2,5%
Remuneration of directors, Board of auditors	186	228	(42)	(18,6%)
Advertising expenses	586	636	(51)	(8,0%)
Commissions	1.466	1.907	(441)	(23,1%)
Utilities expenses	1.653	1.610	44	2,7%
Travel expenses	2.142	1.685	457	27,1%
Banking service expenses	333	315	18	5,8%
Insurance expenses	470	412	57	13,9%
External manufacturing	91	70	21	29,8%
External maintenance	502	403	99	24,6%
IT consulting	723	721	2	0,3%
Information on client and debt collection	326	262	64	24,4%
Telephone and other communication expenses	261	363	(103)	(28,3%)
Audit Costs	233	167	66	39,7%
Other services	6.667	8.521	(1.854)	(21,8%)
Total cost of services	**22.378**	**23.984**	**(1.606)**	**(6,7%)**
Plant and equipment rents	852	690	162	23,5%
Selling and marketing rents	452	429	23	5,3%
Technical rents	71	162	(90)	(55,9%)
General and administrative rents	442	255	187	73,6%
Total cost for use of third parties assets	**1.817**	**1.535**	**282**	**18,3%**
Costs of services and use of third party assets	**24.195**	**25.519**	**(1.324)**	**(5,2%)**

Costs of services and use of third party assets for the three month period ended March 31, 2019, decreased 5.2% to €24.2 million from €25.5 million for the comparable period of 2018. The decrease of €1.3 million was mainly due to the combined effect of the followings: (i) lower other services costs for about €1.9 million due to the reduction of construction costs services primarily related to the shrinking of construction turnover in India, Costa Rica and Turkey partially offset by increase in construction turnover in Brazil and UK (ii) lower agency sales commission for €0.4 million mainly in Maccaferri Inc. (USA) as a consequence of the above mentioned lack of Defense & Security products, and 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 (iii) lower accessory purchases expenses for about €0.2 million mainly as a consequence of the decrease in the Group sales (iv) higher travel expenses for about €0.5 million in particular in China, as a consequence of the higher sales, (v) higher rent related to the G&A department for about €0.2 million mainly as consequence of strengthening of the HQ organization (vi) higher rent related to the manufacturing department primarily in Brazil (for the equipment used in the construction business), Malaysia and China.

Cost of personnel

Cost of personnel for the three month period ended March 31, 2019, increased 6.2% to €22.2 million from €20.9 million for the comparable period of 2018. The increase of €1.3 million was mainly due to the investment in people to reinforce the Headquarter and local organizations to deliver the plan in the years to come, as per one the pillar of our strategy targeting the horizon 2022. The incidence of the costs of personnel on total revenue increased to 19.1% from 17.3% of the comparable period of 2018.

Other operating costs

Other operating costs for the three month period ended March 31, 2019, decreased of 95.1% to almost €0 million from €0.22 million of the comparable period of 2018.

Amortization, depreciation and write-downs

The following table shows our amortization, depreciation and write-downs for the three month period ended March 31, 2019 and 2018.

	For the three month period ended March 31,			
(Euro/000)	**2019**	**2018**	**Amount**	**%**
Amortization of intangible assets	1.519	1.380	140	10,1%
Depreciation of property, plant and equipment	2.584	2.541	43	1,7%
Accrual to allowance for doubtful accounts	762	667	95	14,3%
Total Amortization, depreciation and write downs	**4.866**	**4.588**	**278**	**6,1%**

Amortization, depreciation and accrual to allowances for bad debt provision for the three month period ended March 31, 2019, increased 6.1% to €4.9 million from €4.6 million for the comparable period of 2018. The increase of €0.3 million was primarily attributable to higher amortization of intangible assets.

Income/(Losses) from financial activities

The following table shows our net expenses and losses from financial activities for the three month period ended March 31, 2019 and 2018.

	For the three month period ended March 31,			
(Euro/000)	**2019**	**2018**	**Amount**	**%**
Financial income	710	1.119	(409)	(36,6%)
Financial expenses	(4.945)	(4.283)	(662)	15,5%
Gain/(losses) from forex management	(121)	(854)	734	(85,9%)
Gain/(losses) on participation	-	63	(63)	(100,0%)
Net income/(losses) from financial activities	**(4.356)**	**(3.955)**	**(401)**	**10,1%**

Net expenses and losses from financial activities for the three month period ended March 31, 2019 increased 10.1% from the €4.0 million to €4.4 million from the comparable period of 2018. The increase is mainly due to following combined effects: (i) lower financial income for €0.4 million, (ii) higher financial expenses for €0.7 million (iii) lower losses on exchange rate for €0.7 million.

Net non-recurring expenses and charges

Net non-recurring expenses and charges for the three month period ended March 31, 2019, decreased 20.2% to €1.0 million from €1.2 million for the comparable period of 2018. The current year amount is primarily attributable to cost incurred for the companies's reorganization of EMEA and LATAM area (about €0.5 million) and to previous year direct taxes (€ 0.2 million).

Income taxes

Income taxes for the three month period ended March 31, 2019 increased to a revenue of €1.0 million from a revenue of €0.3 million for the comparable period of 2018 mainly thanks to both the higher loss before tax and 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 three month period ended March 31, 2019 and December 31, 2018.

CONSOLIDATED BALANCE SHEET

(Euro/000)	March 31, 2019	December 31, 2018
Intangible assets	34.002	33.879
of which goodwill	*18.995*	19.588
Property, plant and equipment	98.529	98.735
Investment in subsidiaries, associates, joint ventures and other companies	1.308	477
Other non-current assets	39.935	38.007
Long Term Financial Credits	4.264	4.320
of which deferred tax assets	*35.671*	33.686
Total non-current assets	**173.774**	**171.098**
Cash and cash equivalents	39.199	56.121
Other current financial assets	22.459	22.505
Trade receivables	115.331	113.317
Inventories	117.779	101.833
Current tax receivables	24.556	21.274
Other current non-financial assets	19.510	16.663
Total current assets	**338.834**	**331.713**
Total assets	**512.608**	**502.812**
Shareholders' equity and liabilities		
Share capital	33.400	33.400
Reserves	(19.846)	3.481
Profit / (Loss) for the Year Group	(6.879)	(25.407)
Equity attributable to equity holders of the parent	**6.675**	**11.474**
Equity attributable to non-controlling interests	**32.292**	**31.338**
Total shareholders' equity	**38.967**	**42.812**
Non-current portion of banks loans and other financial liabilities	18.651	16.289
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.167	1.165
Provisions for risks and charges	10.334	11.434
Deferred tax liabilities	6.819	6.454
Total non-current liabilities	**226.972**	**225.342**
Current portion of banks loans and other financial liabilities	65.328	49.100
Advance from customers	5.688	4.727
Trade payables	92.081	98.676
Current tax payables	12.662	12.590
Other current non-financial liabilities	70.910	69.565
Total current liabilities	**246.668**	**234.657**
Total liabilities	**473.641**	**460.000**
Total shareholders' equity and liabilities	**512.608**	**502.812**

Liquidity and Capital Resources

Cash flows

The following table summarizes our consolidated statements of cash flows for the three month period ended March 31, 2019 and 2018.

(Euro/000)	Q1 2019	Q1 2018
Net cash flow from operating activities	(31.525)	(24.460)
Net cash flow used in investing activities	(3.132)	(1.325)
Net cash flow from/(used in) financing activities	17.707	13.579
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	28	356
Cash and cash equivalent at the beginning of the period	**56.121**	**65.406**
Changes in cash and cash equivalent	(16.922)	(11.850)
Cash and cash equivalent at the end of the period	**39.199**	**53.556**

Net cash flow from operating activities

Three month ended March 31, 2019 and 2018

Our operating activities used a net cash of €31.5 million in the three month ended March 31, 2019, compared to net cash consumed of €24.5 million in the three month ended March 31, 2018, mainly for lower net marginality.

Net cash flow used in investing activities

Three month ended March 31, 2019 and 2018

Our investing activities absorbed net cash for €3.1 million in the three month ended March 31, 2019, compared to absorption for €1.3 million in the first quarter of 2018. The cash used in the first quarter of 2019 is primarily due to intangible and tangible assets for an amount of €2.3 million and investments in participation for € 0.9 million due to the followings: (i) the purchase of 100% shareholding of Incofil Tech S.r.l. (Zenobia Group) for about €0.8 million and not yet consolidated in the first quarter 2019, (ii) increase from 50% to 100% in the shareholding of Tekno Maccaferri Cerve Teknolojilieri now renamed Maccaferri Turkey for about €0.1 million.

Net cash flow from financing activities

Three month ended March 31, 2019 and 2018

Our financing activities produced net cash of €17.7 million in the three month ended March 31, 2019, compared to €13.6 million produced in the comparable period in 2018. This €4.1 million increase in net cash produced by financing activities was primarily due to the higher utilization of short term bank debts for €3.3 million.

Net financial Indebtedness

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

Net Financial Indebtness

(Euro/000)	March 31, 2019	December 31, 2018
Non-current portion of banks loans and other financial liabilities	(18.651)	(16.289)
Non-current bonds	(190.000)	(190.000)
Current portion of banks loans and other financial liabilities	(65.328)	(49.100)
Gross Financial Indebtness	**(273.979)**	**(255.389)**
Other current financial assets (1)	22.459	22.505
Cash and cash equivalents	39.199	56.121
Net Financial Indebtness	**(212.322)**	**(176.763)**

(1) Refers primarily 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, we increased our Gross Financial Indebtedness mainly due to the increase in the current portion of bank loans and other financial liabilities; such increase is mainly due to the seasonal factors affecting our business, primarily 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 cyclicality 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 March 31, 2019 and December 31, 2018.

Working capital

(Euro/000)	**March 31, 2019**	**December 31, 2018**
Inventories	117.779	101.833
Trade receivables	115.331	113.317
Advances from customers	(5.688)	(4.727)
Trade payables	(92.081)	(98.676)
Other element of net working capital	(49.840)	(55.652)
Net working capital	**85.501**	**56.095**

The table below provides the breakdown of the other elements of working capital as of March 31, 2019:

Other elements of net working capital

(Euro/000)	**March 31, 2019**	**December 31, 2018**
Current Tax Receivables	24.556	21.274
Other current non-financial assets	19.510	16.663
Current tax payables	(12.662)	(12.590)
Other current non-financial liabilities	(70.910)	(69.565)
Provisions for risks and charges	(10.334)	(11.434)
Other elements of net working capital	**(49.840)**	**(55.652)**

The increase of working capital from €56.1 million to €85.5 million as of March 31, 2019 is primarily due to the followings: (i) increase in inventory due to the seasonality of our business to face the higher sales expected in the next quarters for €15.9 million (ii) the decrease of €6.6 million in trade payables (iii) the decrease of €5.8 million in other element of net working capital (mainly because higher current tax receivables for €3.3 million).

Capital Expenditures

The following table summarizes our net capital expenditures for the three month period ended March 31, 2019 and 2018:

Net capital expenditures		
(Euro/000)	**March 31, 2019**	**March 31, 2018**
Investment in property, plant, equipment and intang. assets	2.417	1.815
Disposal and dismission of property, plant, equipment and intang. assets	(149)	(1.636)
Net capital expenditures	**2.269**	**179**

(Euro/000)	**Lands and buildings**	**Plant and machinery**	**Indutrial 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	190	267	124	98	182	860
Decrease due to sale	-	(136)	(11)	(1)	-	(149)
Reclassification and other movements	271	2.326	135	1	(2.738)	(4)
Current period depreciation and write-down	(474)	(1.714)	(184)	(212)	-	(2.584)
Exchange rate differences	810	732	53	41	36	1.671
Total current period variation	**797**	**1.475**	**115**	**(73)**	**(2.520)**	**(206)**
Historical costs	61.443	113.849	9.990	13.067	2.911	201.260
Cumulated amortization	(17.838)	(68.561)	(6.004)	(10.328)	-	(102.731)
Carrying amount as of March, 2019	**43.604,9**	**45.287**	**3.986**	**2.739**	**2.911**	**98.529**

(Euro/000)	**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**
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**
Increase for acquisition and internal constructions	-	-	-	324	-	909	325	1.558
Decrease due to sale	-	-	-	-	-	-	-	-
Reclassification and other movements	-	-	-	156	-	(164)	12	4
Current period amortization	(60)	(45)	(25)	(380)	(597)	-	(412)	(1.519)
Exchange rate differences	2	1	4	50	3	2	17	80
Total current year variation	**(58)**	**(44)**	**(21)**	**150**	**(594)**	**748**	**(58)**	**123**
Historical costs	1.808	3.179	747	14.694	34.934	5.450	11.256	72.068
Cumulated amortization	(1.202)	(2.499)	(627)	(10.989)	(15.939)	-	(6.810)	(38.066)
Carrying amount as of March, 2019	**606**	**681**	**120**	**3.705**	**18.995**	**5.450**	**4.446**	**34.002**

For the three month period ended March 31, 2019 and 2018, our total net capital expenditures increased from €0.2 million to €2.3 million.
The investment in tangible assets are mainly related to plant machinery for €0.5 million, land and building for €0.2 and €0.2 million to Fixed assets in progress.

The investments in intangible assets are primarily attributable to the following: (i) intangible assets in progress for €0.9 million mainly due to R&D costs borne at HQ level. (ii) other intangibles asset for €0.3 million mainly attributable to Maccaferri Tunneling S.r.l. for improvements of third party asset used for its production process (iii) Concessions, licenses, trademarks and similar rights for €0.3 million mainly due to the capitalization of rights for the use of software and related implementation costs mainly SAP and CRM project.

Since the completion of this expansion investment cycle, we believe that our well-invested manufacturing base will require limited maintenance expenditures.

Off-Balance Sheet Arrangements

The following table summarizes our off balance sheet arrangements as of and March 31, 2018 and December 31, 2017:

COMMITMENT, GUARANTEES AND POTENCIAL LIABILITIES NOT RESULTING FROM THE BALANCE SHEET	March 31, 2019	December 31, 2018
(Euro/000)		
Guarantees and performance bonds issued for the benefit of third parties	14.081	16.275
Total commitment, guaranties and potencial liabilities not resulting from the balance sheet	**14.081**	**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

On May 10th the Shareholders' meeting of Officine Maccaferri S.p.A, chaired by Alessandro Maccaferri, has appointed the new Board of Directors. With effect from that date, Paolo Ramadori, Chief Executive Officer ("CEO"), and Officine Maccaferri have mutually agreed to part ways.

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	*March 31, 2019*	*December 31, 2018*
(Euro/000)		
ASSETS		
A) Subscribed capital, unpaid:	-	-
B) Fixed assets:	-	-
I – Intangible assets:	-	-
1) set up and expansion costs	606	664
2) development costs	681	725
3) industrial patent rights and rights to use intellectual properties	120	141
4) concessions, licences, trademarks and similar rights	3.705	3.555
5) Goodwill	18.995	19.588
6) Intangible assets under development and downpayments	5.450	4.702
7) other	4.446	4.504
Total intangible assets	**34.002**	**33.879**
II – Property, plant and equipment:	-	-
1) land and buildings	43.605	42.808
2) plant and machinery	45.287	43.813
3) industrial and commercial equipment	3.986	3.871
4) other fixed assets	2.739	2.812
5) fixed assets in progress and advances	2.911	5.431
Total property, plant and equipment	**98.529**	**98.735**
III – Financial assets:	-	-
1) investments in:	-	-
a) subsidiaries	1.118	289
b) associated companies	68	67
d bis) other companies	122	121
Total investments	1.308	477
2) Long-term receivables:	-	-
c) due from parent	-	-
- within 12 months	22.459	22.505
- beyond 12 months	-	-
Total due from parent	22.459	22.505
d bis) due from others	-	-
- within 12 months	1.772	1.772
- beyond 12 months	2.492	2.549
Total due from others	**4.264**	**4.320**
Total Long-term receivables	**26.722**	**26.826**
Total financial assets	**28.031**	**27.303**
Total fixed assets	**160.562**	**159.917**
C) Current Assets:	-	-
I - Inventories:	-	-
1) raw materials, secondary materials, and consumables	36.977	30.969
2) semi-finished goods	10.194	9.414
3) Work in progress on order	13	-
4) finished products and goods	64.497	56.512
5) Advances paid to supplier	6.098	4.939
Total inventories	**117.779**	**101.833**
II – Receivables:	-	-
1) trade receivables	-	-
- within 12 months	111.856	110.726
- beyond 12 months	-	-
Total trade receivables;	**111.856**	**110.726**
2) receivables from subsidiaries	-	-
- within 12 months	874	695
- beyond 12 months	-	-
Total receivables from subsidiaries;	**874**	**695**

4) receivables from parent	-	-
- within 12 months	8.169	6.841
- beyond 12 months	-	-
Total receivables from parent;	**8.169**	**6.841**
5) receivables company subject to the control of the parent company	-	-
- within 12 months	1.171	2.137
- beyond 12 months	-	-
Total receivables company subject to the control of the parent company	**1.171**	**2.137**
5-bis) receivables from tax authorities	-	-
- within 12 months	17.867	14.616
- beyond 12 months	-	-
Total receivables from tax authorities;	**17.867**	**14.616**
5 ter) deferred tax assets	35.671	33.686
5 quater) receivables from other parties	-	-
- within 12 months	14.214	12.335
- beyond 12 months		
Total receivables from other parties	**14.214**	**12.335**
Total receivables	**189.821**	**181.035**
III – Financial assets not constituting fixed assets:	-	-
5) active financial instruments - derivates	21	25
6) other securities;	-	-
Total financial assets non constituting fixed assets	**21**	**25**
IV – Cash and cash equivalent:	**-**	**-**
1) bank and postal deposits	39.069	55.854
2) cheques	54	202
3) cash on hand	76	66
Total cash and cash equivalent	**39.199**	**56.121**
Total current assets	**346.820**	**339.015**
D) accrued income and prepaid expenses:	-	-
- accrued income	3.720	2.867
- prepaid expenses	1.506	1.013
Total accrued income and prepaid expenses	**5.226**	**3.880**
TOTAL ASSETS	**512.608**	**502.812**

L I A B I L I T I E S		
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	(25.988)	(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	(6.879)	(25.407)
Total shareholders' equity of the Group	**6.675**	**11.474**
equity attributable to non-controlling interests	32.292	31.338
Total shareholders' equity	**38.967**	**42.812**
B) Provisions for risks and charges:	-	-
1) pension and similar provisions	2.708	2.612
2) Provision for tax litigation and for deferred tax liabilities	7.895	7.560
3) Fund Financial Instruments Derivatives	653	953
4) Other provisions	5.898	6.763
Total provisions for risks and charges	**17.154**	**17.888**
C) employees termination indemnity	1.167	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	60.649	45.429
- beyond 12 months	11.930	13.743
Total bank loan and overdraft	**72.579**	**59.172**
5) loans from other lenders	-	-
- within 12 months	4.679	3.671
- beyond 12 months	6.722	2.546
Total loans from other lenders	**11.400**	**6.217**
6) advances from customer	5.688	4.727
7) trade payables	-	-
- within 12 months	89.261	96.056
- beyond 12 months	-	-
Total trade payables;	**89.261**	**96.056**
11) payables due to parent	-	-
- within 12 months	1.790	2.617
- beyond 12 months	-	-
Total payables due to parent;	**1.790**	**2.617**
11 bis) payables due to company subject of the control of the parent company	-	-
- within 12 months	2.572	2.260
- beyond 12 months	-	-
Total payables due to company subject of the control of the parent company	**2.572**	**2.260**
12) tax payables	-	-
- within 12 months	11.120	10.334
- beyond 12 months	-	-
Total tax payables	**11.120**	**10.334**
13) social security payables	-	-
- within 12 months	1.903	2.002
- beyond 12 months	-	-
Total social security payables	**1.903**	**2.002**
14) other payables	-	-
- within 12 months	55.759	58.449
- beyond 12 months	-	-
Total other payables	**55.759**	**58.449**
Total payables	**442.072**	**431.832**
E) accrued expenses and deferred income:	-	-
- accrued expenses	10.790	7.055
- deferred income	2.458	2.059
Total accrued expenses and deferred income	**13.248**	**9.114**
TOTAL SHAREOLDERS' EQUITY AND LIABILITIES	**512.608**	**502.812**

CONSOLIDATED INCOME STATEMENT	March 31, 2019	March 31, 2018
(Euro/000)		
A) Value of production:		
1) revenues from sales and services	109.670	111.708
2) change in inventory of semi-finished and finished goods	4.341	7.012
3) Change in work in progress on orders	13	-
4) Increase in fixed assets from in-house works	146	149
5) other revenues	1.768	2.207
Total value of production	**115.939**	**121.076**
B) Costs of production:	-	-
6) Costs of raw materials, secondary materials and consumables	76.009	80.552
7) Costs for services	22.423	24.055
8) Costs for use of third parties assets	1.817	1.535
9) Costs of personnel:	-	-
a) wages and salaries	16.953	16.374
b) social security contributions	3.169	2.773
c) employees' termination indmenity	173	153
d) pension and similar costs	189	219
e) other personnel costs	2.043	1.538
Total costs of personnel	**22.527**	**21.059**
10) amortization, depreciations and write-down:	-	-
a) amortization of intangible assets	1.519	1.380
b) depreciation of property, plant and equipment	2.584	2.541
c) other write-down of intangible assets and property, plant and equipment	-	-
d) write-downs of receivables	762	667
Total amortization, depreciation and write-down	**4.866**	**4.588**
11) change in inventory of raw materials, secondary materials and consumables	(8.962)	(12.193)
12) Accrual of provision for risks and charges	87	326
13) other provisions	-	-
14) other operating costs	561	1.248
Total costs of production	**119.328**	**121.171**
Difference between value of production and costs of production	**(3.389)**	**(95)**

C) Financial income and charges:	-	-
15) income from investments:	-	-
16) other financial income:	-	-
a) from subsidiaries	5	6
b) from associated companies	-	-
c) from parent company	616	1.020
d) company subject to the control of the parent company	-	-
d bis) from other companies	88	93
Total other financial income	**710**	**1.119**
Total financial income	**710**	**1.182**
17) interest and other financial charges:	-	-
d bis) other companies	4.945	4.283
Total interest and other financial charges	**4.945**	**4.283**
17 bis) gain/(losses) on exchange rate	13	(839)
Total financial income and charges	**(4.223)**	**(3.940)**
D) adjustments to financial assets	-	-
18) Revaluation	-	-
19) write-down	-	-
Total adjsutments to financial assets	**(134)**	**(15)**
Profit/(Losses) before tax	**(7.746)**	**(4.050)**
20) income and deferred taxes	-	-
- current income taxes	622	798
- deferred tax liabilties	277	160
- deferred tax assets	(1.717)	(1.225)
Total income and deferred taxes	**(818)**	**(266)**
21) Net profit for the year	**(6.927)**	**(3.784)**
Attributable to non-controlling interests	49	(71)
22) attributable to equity holders of the parent	(6.879)	(3.855)

	For the three month period ended March 31,	
INTERIM CONSOLIDATED CASH FLOW	**March 31, 2019**	**March 31, 2018**
(Euro/000)		
A. Financial flows deriving from operating activities		
Net Income / (Loss) for the period	**(6.927)**	**(3.784)**
Income tax for the year	(818)	(266)
Financial expenses / (financial income)	4.235	3.164
Losses / (gains) on exchange rate	(13)	839
(Dividends)	0	(62)
(Gains) / Losses due to assets disposal	(29)	403
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal	**(3.552)**	**294**
Adjustments for non-cash items that had no counterpart in net working capital		
Accrual to provision for risk and charges	1.023	1.161
Depreciation and Amortization	4.103	3.921
Other accrual for non-cash items	(237)	(54)
Total adjustment for non-cash items	**4.889**	**5.028**
2. Financial flows beforee changes in Net Working Capital	**1.337**	**5.322**
Changes in Net Working Capital		
Decrease / (increase) of inventories	(14.228)	(19.955)
Decrease / (increase) of trade receivables	(1.267)	(7.672)
Increase / (decrease) of trade payables	(7.721)	11.185
Decrease / (increase) of other credits	(2.118)	(5.827)
Increase / (decrease) of other debts	(1.723)	(2.821)
Decrease / (increase) of Prepayments and accrued income	(1.228)	(369)
Increase / (decrease) of Prepaid income	479	450
Other Changes in Net Working Capital	(452)	(2.050)
Total changes in Net Working Capital	**(28.258)**	**(27.059)**
3. Financial flows after changes in Net Working Capital	**(26.920)**	**(21.737)**
Other Changes		
Interests paid	(1.448)	(28)
(Losses) / gains on exchange rate	13	(839)
Income taxes paid	(2.739)	(1.868)
Dividends received	0	62
Utilization of funds	(431)	(50)
4. Total other changes	**(4.605)**	**(2.723)**
Net cash flow from operating activities (A)	**(31.525)**	**(24.460)**
B. Financial flows deriving from investment activities		
Tangible assets		
(Investments)	(899)	(1.334)
Sales price of disposal of assets	178	1.233
Intangible assets		
(Investments)	(1.558)	(448)
Sales price of disposal of assets	0	0
Invesments		
(Investments)	(857)	(682)
Sales price of disposal of assets	0	0
Current financial activities		
(Investments)	5	(94)
Sales price of disposal of assets	0	0
Acquisition or disposal of subsidiaries or branches of businesses, net of cash acquired	0	0
Net cash flow used in investing activities (B)	**(3.132)**	**(1.325)**
C. Financial flows deriving from financing activities		
Third parties		
Increase /(decrease) short terms debts vs banks	14.696	11.418
Proceeds from borrowing	0	4.875
Reimbursement of borrowing	(1.813)	(1.041)
(Increase) / Decrease short terms credits vs shareholders for financing	46	0
Increase / (Decrease) debts vs other financial instituition	5.159	(1.070)
Equity		
Subscription of equity upon payment / (Equity reimbursement)	0	0
Dividends paid	(382)	(603)
Total Financial flows deriving from financing activities (C)	**17.707**	**13.579**
Net effect of foreign currencies exchange rate and other variations	28	356
Change in cash and cash equivalent (A ± B ± C)	**(16.922)**	**(11.850)**
Cash and cash equivalent at the beginning of the period	**56.121**	**65.406**
Cash and cash equivalent at the end of the period	**39.199**	**53.556**