

PRESS RELEASE

Approval of Neodecortech's 2018 Draft Financial Statements and Consolidated Financial Statements

**Record results by the Neodecortech Group in terms of growth and profitability:
Revenue + +6%, Adj. EBITDA +25%, Adj. profit + +52%.**

- **Adjusted EBITDA of € 19 million (Adj. EBITDA margin 14.5% on revenue)** at 31 December 2018 (pro-forma adj. EBITDA of € 15.2 million at 31.12.2017).
- **Adjusted consolidated net profit of € 7.3 million**, € +2.5 million versus € 4.8 million pro-forma adj. at 31.12.2017.
- **Net Financial Debt improves**
- **Proposed dividend: € 0.153 per share with 4.1% yield.**
- **New business plan expected to be approved by June 2019**

Filago, 26 March 2019

Neodecortech S.p.A., leader in Italy in the production of decorative papers for laminated panels and flooring used in the interior design sector, announces that the Board of Directors met on 26 March 2019 to review and approve the draft Financial Statements at 31 December 2018, as well as the Consolidated Financial Statements for 2018, prepared in accordance with international accounting standards (IAS/IFRS).

Additionally, the Board of Directors convened, in single call, the Ordinary Shareholders' Meeting on 30 April 2019, to resolve, inter alia, on the approval of the financial statements for the year ended 31 December 2018.

On today's date, the Board of Directors also reviewed and approved the Corporate Governance Report.

Lastly, the Board of Directors approved the Remedy Shares prospectus, the validity of which is subject to prior approval of the financial statements by the Shareholders' Meeting last 30 April, and to audit by the Calculation Agent, EpYon Audit & Consulting. That said, and in the absence of amendments, no Remedy Shares will be recognized for 2018, as the document approved by the Board of Directors shows that the Consolidated Net Profit and EBITDA ratios envisaged in the Protection Mechanism for 2018 described in the Admission Document published on AIM Italia - Alternative Capital Market, for the possible distribution of Remedy Shares, have been exceeded.

Lastly, the Board of Directors resolved to approve the proposal, to be submitted to the Shareholders' Meeting, to authorize the Board of Directors, pursuant to and for the purposes of articles 2357 et seq. of the Italian Civil Code, to purchase and sell treasury shares within 18 months of the Shareholders' Meeting resolution, up to a maximum number which, taking account of the ordinary shares of Neodecortech S.p.A. held in the portfolio of the Company and its subsidiaries from time to time, does not exceed a total of [10%] of the share capital of the Company, without prejudice to the maximum consideration equal, in any case, to Euro [2,000,000.00].

CONSOLIDATED FINANCIAL HIGHLIGHTS AT 31 DECEMBER 2018

The Group's **consolidated value of production** at 31 December 2018 amounted to € **133.8 million**, up 2.7% versus € 130.3 million in the prior year.

Adjusted EBITDA came to € **19 million** (14.2% of consolidated value of production at 31 December 2018), up € 3.8 million versus the 2017 pro-forma adjusted figure (€ 15.2 million).

Likewise, **adjusted consolidated net profit** at 31 December 2018 amounted to € **7.3 million**, up 52% versus the pro-forma adjusted figure of € 4.8 million at 31 December 2017.

Net financial debt (NFD) at 31 December 2018 stood at € **44.3 million**, improving by € 2.6 million versus 31 December 2017 (€ 46.9 million), even taking into account approximately € 7.7 million in capex.

Net Financial Debt includes the portion of financial debt attributable to the acquisition of the business unit from CorbettaFia S.r.l. on 31 August 2018 for a consideration of € 1.2 million. Net of this item, adjusted net financial debt (Adj. NFD) would have been € 43.1 million, improving - on a like-for-like basis - by € 3.8 million.

OUTLOOK FOR THE YEAR

The general macroeconomic context continues on the same path seen in the final part of 2018 and in contraction versus the first part of last year. Development plans are however in the pipeline to support the increase in turnover and improvement in margins, linked to the increase in output, as well as the gradual landing on the market of the new PPLF (Plastic Printed Laminated Film) from the family of plastic products (marketed under the PLANA brand), that is, from the family of products with the highest growth and margin prospects among those offered by the Group.

In terms of raw material prices underlying paper production in first quarter 2019, it should be noted that pulp showed slight price reductions, while for titanium dioxide, considering the slight drop in IV quarter 2018 and in the first quarter this year, the prices announced by suppliers for the second quarter are again moderately on the rise.

As for animal fat, instead, we are seeing rather interesting prices, which are expected to remain at current levels until the end of the I half of 2019.

SHAREHOLDERS' MEETING

The Board of Directors has authorized the Chairman to convene the Ordinary Shareholders' Meeting on 30 April 2019, at 11.00 a.m., in single call, at the registered office of the Company in Filago (BG), via Provinciale 2, which will be called to discuss and resolve on the following items of the Agenda:

- 1) review and approval of the financial statements at 31 December 2018 and presentation of the consolidated financial statements at 31 December 2018. Related and consequent resolutions;
- 2) proposed allocation of profit. Related and consequent resolutions;
- 3) authorization to purchase and sell treasury shares also by means of public takeover bids pursuant to and for the purposes of articles 2357 et seq. of the Italian Civil Code, as well as article 132 of Legislative Decree no. 58 of 24 February 1998 and article 144-bis of CONSOB Regulation adopted through resolution no. 11971/1999 as subsequently amended. Related and consequent resolutions.

Specifically, the Board of Directors, in light of a net profit of Neodecortech S.p.A. of € 6.0 million, submits a proposal to the Shareholders' Meeting on the distribution of a **dividend** of a total of approximately € 2 million, equal to € 0.153 per share, with coupon detachment date set on 20 May 2019 and payable date from 22 May 2019 (record date 21 May 2019). The dividend yield calculated on the closing price on 25 March is 4.15%

CEO Luigi Cogni: "We are proud of these results, in line with our expectations and the best ever in the history of our Group, achieved in a year that saw some decline in our segment of operation. The aggregate results of the three companies forming the Neodecortech Group have never been stronger than in 2018, considering the last 20 years. Our performance should also be measured versus the results of our European competitors, which have generally seen a decline in margins and drops in turnover. We count on continuing this strategy, which has already rewarded us, in 2019 too, and on improving thanks to the acquisition of the CorbettaFia BU completed at end August 2018, which will allow us to strengthen our foothold in the world of resilient materials for flooring, thanks to the possibility of supplying these products. We have stayed in line also with our debt reduction targets, despite the heavy investments made, and we are already currently working on the **new business plan**, which is expected to be approved by June, also in view of the possible transition to the regulated market, which could give us further boost and reasons to grow also through acquisitions."

The full notice of call of the Shareholders' Meeting will be made available to the public in accordance with the law, while the documentation related to the items on the agenda will be made available to the public at the registered office and on the website www.neodecortech.it.

Attached:

- the tables of the Balance Sheet, Income Statement and Cash Flow Statement of Neodecortech S.p.A. at 31 December 2018;
- the tables of the consolidated Balance Sheet, consolidated Income Statement and consolidated Cash Flow Statement at 31 December 2018, prepared in accordance with international accounting standards.

The figures disclosed in this press release are awaiting completion of the statutory audit by the Independent Auditors and assessment by the Board of Statutory Auditors. The draft financial statements at 31 December 2018 will be available within the time limits of law at the registered office.

This press release uses a number of “Alternative Performance Measures” that are not envisaged by the IAS/IFRS accounting standards adopted by the European Union (Adjusted EBITDA, Adjusted Net Profit, Adjusted Net Financial Position), for which reference is made to the Directors’ Report on Operations at 31 December 2018. It should be noted that the criteria used by Neodecortech to determine these measures may not be consistent with those used by other companies or groups and, therefore, the above non-GAAP measures may not be comparable with those used by the latter. Adjusted Net Profit is determined as a consequence of Adjusted EBITDA.

Neodecortech S.p.A. Balance Sheet at 31/12/2018 vs. 31/12/2017

€ thousands	31 December 2018	31 December 2017	Change
	-	-	-
Trade receivables	8.330	9.110	(781)
Trade receivables – Intercompany	41	3	37
Inventory	8.392	6.349	2.043
Trade payables	(6.412)	(3.692)	(2.720)
Trade payables - Intercompany	0	(10)	10
Operating NWC	10.350	11.760	(1.410)
Other current receivables	206	98	108
Receivable from Tax Consolidation			
Tax receivables	627	586	41
Other current payables	(3.050)	(2.225)	(825)
Tax payables	(461)	(357)	(104)
Payable for tax consolidation	(472)	(207)	(265)
Net Working Capital	7.200	9.655	(2.455)
Property, plant and equipment	24.559	21.684	2.876
Intangible assets	543	303	240
Non-current financial assets	21.957	19.007	2.950
Financial assets	0	0	
Non-current financial assets not included in the NFP	1.217	1.185	32
Non-current financial assets not included in NFP - IC	17.582	8.328	9.254
Other non-current assets	9	9	
Fixed assets	65.867	50.515	15.352
Post-employment benefit provisions	(1.315)	(1.312)	(3)
Provisions for risks and costs			
Deferred tax assets and liabilities	(1.927)	(1.892)	(35)
Net capital employed	69.826	56.967	12.859
Equity	(58.735)	(54.115)	(4.620)
Cash and cash equivalents	4.792	3.656	1.135
Other current financial receivables		868	(868)
Other current financial receivables IC	1.763	13.567	(11.804)
Current financial liabilities to banks	(1.820)	(3.398)	1.578
Current financial liabilities to other lenders		(750)	750
Current financial liabilities IC			
Non-current financial liabilities to banks	(10.080)	(11.318)	1.239
Non-current financial liabilities IC			
Non-current financial liabilities to other lenders	(5.745)	(5.476)	(269)
Net Financial Debt	(11.091)	(2.851)	(8.239)
Equity and Net Financial Debt	69.826	56.967	12.859

Neodecortech S.p.A. Income Statement at 31/12/2018 vs. 31/12/2017

	31 DECEMBER 2018	% on Revenue	31 DECEMBER 2017	% on Revenue	Changes	% change
€ thousands						
Revenues from sales and services	50.891	100%	43.825	100%	7.066	16,1%
Changes in work in progress, semi-finished and finished products	528	1%	386	1%	142	36,9%
Other revenue	1.136	2%	695	2%	441	63,4%
Consumption of raw, ancillary and consumable materials	28.680	56%	24.301	55%	4.379	18,0%
Cost of personnel	8.861	17%	8.358	19%	502	6,0%
Amortization, depreciation	2.356	5%	2.157	5%	199	9,2%
Allocations	0	0%	0	0%	0	0,0%
Other operating expense	8.316	16%	6.587	15%	1.729	26,2%
EBIT	4.342	9%	3.502	8%	839	24,0%
Financial income	3.207	6%	3.405	8%	(198)	-5,8%
Financial expense	781	2%	1.076	2%	(295)	-27,4%
Result before tax	6.767	13%	5.832	13%	936	16,0%
Income tax	738	1%	352	1%	386	109,8%
Result for the year	6.030	12%	5.480	13%	550	10,0%

Neodecortech S.p.A. Cash Flow Statement at 31/12/2018 vs. 31/12/2017

€ thousands	31 DECEMBER 2018	31 DECEMBER 2017
Profit (loss) for the year	6.030	5.480
Income tax	696	351
Deferred/(prepaid) tax	41	
Interest expense/(interest income)	136	587
(Dividends)		
(Gains)/losses from disposal of assets	(5)	138
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses on disposal	6.909	6.419
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Provision for post-employment benefits	31	
Allocation to other provisions		46
Depreciation of fixed assets	2.356	2.157
Write-downs for impairment losses		
Other adjustments for non-monetary items	(2.203)	(2.938)
2 Cash flow before changes in NWC	7.084	5.863
Changes in net working capital		
Decrease/(increase) in receivables from customers	2.984	3.443
Decrease/(increase) in receivables from customers - Intercompany		
Decrease/(increase) in inventory	(904)	(181)
Increase/(decrease) in trade payables	707	979
Increase/(decrease) in trade payables - Intercompany		
Decrease/(increase) in other receivables	(149)	(272)
Increase/(decrease) in other payables	673	(324)
Other changes in net working capital		1.095
3 Cash flow after changes in NWC	10.394	10.424
Other adjustments		
Interest received/(paid)	(136)	(587)
(Income tax paid)	(738)	(352)
(Gains)/losses from disposal of assets		
Dividends received		
(Utilization of provisions)	(52)	(612)
(Utilization of provisions for post-employment benefits)	(135)	
4 Cash flow after other adjustments	9.333	8.873

A Cash flow from operations	9.333	8.873
	-	
Property, plant and equipment (Capital expenditure)	(3.209)	(1.838)
Disposals		111
Intangible assets (Capital expenditure)	(369)	(191)
Disposals	(369)	(191)
Non-current financial assets (Capital expenditure)		(16.090)
loans granted		
B Cash flow from investing activities	(3.577)	(18.008)
Liabilities	(2.507)	2.329
Increase (decrease) in short-term bank borrowings	(4.635)	451
New loans		11.929
Repayment of loans	(777)	(10.051)
Increase (decrease) in long-term bank borrowings		
Financial liabilities to other lenders	(481)	
Change in financial receivables from other lenders	3.386	
Equity	(2.114)	11.403
Capital increase		11.403
Sale (purchase) of treasury shares	(94)	
Other changes in equity	(2.020)	(1.000)
C Cash flow from financing activities	(4.621)	12.731
Increase (decrease) in cash and cash equivalents (A ± B ± C)	1.135	3.595
Cash and cash equivalents at 1 January	3.656	61
Cash and cash equivalents at 31 December	4.792	3.656
.	1.135	3.595

Consolidated Balance Sheet at 31/12/2018 vs. 31/12/2017

<i>Reclassified Consolidated Statement of Financial Position</i> <i>(€ thousands)</i>	31 December 2018	31 December 2017	Change
Trade receivables	24.052	26.333	(2.281)
Inventory	35.948	32.127	3.821
Trade payables	(33.176)	(33.597)	421
Operating NWC	26.824	24.863	1.961
Other current receivables	5.761	6.895	(1.134)
Other current payables	(4.260)	(3.599)	(660)
Tax payables	(1.859)	(1.220)	(639)
Net Working Capital	26.466	26.938	(472)
Property, plant and equipment	76.675	72.563	4.112
Goodwill		1.293	(1.293)
Intangible assets	3.451	3.280	171
Other financial assets	2.199	2.074	125
Non-current financial assets not included in the NFP	1.662	1.665	(3)
Other non-current assets	37	-	37
Fixed assets	84.023	80.874	3.149
Post-employment benefit provisions	(2.867)	(2.905)	37
Provisions for risks and costs	(456)	(457)	1
Deferred tax assets and liabilities	(4.252)	(3.512)	(740)
Net capital employed	102.916	100.939	1.977
Equity	58.603	54.029	4.574
Cash and cash equivalents	(6.489)	(6.104)	(386)
Other current financial receivables		(868)	868
Current financial liabilities	20.654	22.048	(1.394)
Non-current financial liabilities	30.149	31.834	(1.685)
Net Financial Debt	44.314	46.910	(2.595)
Equity and Net Financial Debt	102.916	100.939	1.977

Consolidated Income Statement at 31/12/2018 vs. Pro-forma at 31/12/2017

CONSOLIDATED FIGURES IN € THOUSANDS	31 DECEMBER	% ON REVENU	31 DECEMBER	% ON REVENU	Change	% CHANGE
Revenue from sales and services	130.943	100,0%	123.497	100,0%	7.446	6,0%
Changes in work in progress, semi-finished and finished products	275	0,2%	2.519	2,0%	(2.244)	(89,1%)
Other revenue	2.437	1,9%	3.998	3,2%	(1.561)	(39,0%)
Value of Production	133.655	102,1%	130.014	105,3%	3.641	2,8%
Consumption of raw, ancillary and consumable materials	(77.194)	59,0%	(79.366)	64,3%	2.173	(2,7%)
Other operating expense	(20.530)	15,7%	(17.989)	14,6%	(2.541)	14,1%
Value Added before non-recurring events	35.931	27,4%	32.659	26,4%	3.272	10,0%
Cost of personnel	(17.980)	13,7%	(17.490)	14,2%	(490)	2,8%
EBITDA before non-recurring events	17.951	13,7%	15.169	12,3%	2.782	18,3%
Amortization, depreciation	(7.157)	5,5%	(6.296)	5,1%	(861)	13,7%
Allocations	-	0,0%	-	0,0%	-	0,0%
EBIT before non-recurring events	10.794	8,2%	8.873	7,2%	1.921	21,7%
Non-recurring components	(209)	0,2%	(942)	0,8%	733	(77,9%)
EBIT	10.586	8,1%	7.931	6,4%	2.655	33,5%
Financial components	(2.906)	2,2%	(2.968)	2,4%	62	(2,1%)
Exchange gains and losses	(57)	0,0%	220	0,2%	(277)	(126,0%)
Result before tax	7.623	5,8%	5.183	4,2%	2.440	47,1%
Income tax	(1.593)	1,2%	(1.120)	0,9%	(473)	42,2%
Result for the year	6.030	4,6%	4.063	3,3%	1.967	48,4%

Consolidated Cash Flow Statement at 31/12/2018 vs. Pro-forma at 31/12/2017

	31 December 2018	31 December 2017
€ thousands		
Profit (loss) for the year	6.030	5.480
Income tax	1.381	931
Deferred/(prepaid) tax	212	
Interest expense/(interest income)	2.963	1.849
(Dividends)		
(Gains)/losses from disposal of assets	(5)	138
1 Profit (loss) for the year before income tax, interest,	10.590	8.260
dividends and gains/losses on disposal		
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Provision for post-employment benefits	34	
Allocation to other provisions		139
Depreciation of fixed assets	7.157	4.321
Write-downs for impairment losses		
Other adjustments for non-monetary items	1.358	
2 Cash flow before changes in NWC	19.139	12.720
Changes in net working capital		
Decrease/(increase) in receivables from customers	3.699	9.106
Decrease/(increase) in receivables from customers - Intercompany		
Decrease/(increase) in inventory	(2.682)	(4.597)
Increase/(decrease) in trade payables	(2.185)	3.883
Increase/(decrease) in trade payables - Intercompany		
Decrease/(increase) in other receivables	1.880	(2.499)
Increase/(decrease) in other payables	(576)	(5.745)
Other changes in net working capital	(137)	(2.716)
3 Cash flow after changes in NWC	19.137	10.152
Other adjustments		
Interest received/(paid)	(1.693)	(1.849)
(Income tax paid)	(265)	(827)
(Gains)/losses from disposal of assets		
Dividends received		
(Utilization of provisions)	(546)	(612)
(Utilization of provisions for post-employment benefits)	(178)	
4 Cash flow after other adjustments	16.455	6.864

A Cash flow from operations	16.455	6.864
Property, plant and equipment (Capital expenditure)	(6.868)	(4.461)
Disposals	(6.868)	(4.461)
Intangible assets (Capital expenditure)	(860)	(3.184)
Disposals	(860)	(3.184)
Non-current financial assets (Capital expenditure)		
loans granted		
B Cash flow from investing activities	(7.728)	(7.645)
Liabilities	(6.245)	(3.051)
Increase (decrease) in short-term bank borrowings	(1.559)	(4.927)
New loans	1.128	11.928
Repayment of loan	(1.926)	(10.052)
Increase (decrease) in long-term bank borrowings	(1.283)	
Financial liabilities to other lenders	(3.314)	
Financial liabilities to IC		
Change in financial receivables from other lenders	710	
Change in financial receivables - intercompany		
Equity	(2.096)	10.403
Capital increase		11.403
Sale (purchase) of treasury shares	(94)	
Other changes in equity	(2.002)	(1.000)
C Cash flow from financing activities	(8.341)	7.352
Increase (decrease) in cash and cash equivalents (A ± B ± C)	386	6.572

Neodecortech S.p.A.

Neodecortech is the Italian market leader in the production of decorative papers for laminated panels and flooring for interior design. The Group's business is in the production of complete and technologically advanced solutions for the realization of interior design projects, covering all stages of the production process for the production of decorative paper, from raw material management, through surface finishing and impregnation, up to the finished product and the management of end-of-line logistics. The Group is able to offer 51 products divided into the following 5 categories: decorative papers; decorative printings; *finish foil*; melamine film; PPF or LVT (www.neodecortech.it).

ISIN code for ordinary shares: IT0005275778

ISIN Code Warrant: IT0005346785

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