DANIELI & C. OFFICINE MECCANICHE S.p.A.
Buttrio (UD) – via Nazionale n. 41
Fully paid-up share capital of euro 81,304,566
Registration Number with the Register of Companies of Udine, tax number and VAT registration number 00167460302
www.danieli.com

PRESS RELEASE

DANIELI GROUP

Danieli's Board of Directors met today, September 25, 2019, to examine and approve the yearly financial statements for the parent company and the consolidated financial statements for the Danieli Group, for the year from July 1, 2018, to June 30, 2019.

CONSOLIDATED ANNUAL REPORT FOR 2018/2019

(milions of euro)	30/06/2019	30/06/2018	Variation
Revenues	3,063.6	2,705.6	13%
Gross operating margin (Ebitda) (*)	239.2	228.8	5%
Operating income	101.5	103.9	-2%
Net profit for the period	66.8	58.0	15%
Net profit for the period attributable to the Grou	67.0	58.4	15%
Positive net financial position	928.3	836.7	11%
Total shareholders' equity	1,899.2	1,853.0	2%
Number of employees at period end	9,521	9,358	2%
Group order book	3,099	2,954	
(of which Steel Making)	237	393	

Summary of results for the year 2018/2019

The 2018/2019 year ended according to forecasts, with sales, EBITDA and profits higher than in 2017/2018, with an 11%. Group revenues went up compared to last year, with rising sales in the Plant Making segment and increased sales in the Steel Making segment as well, which is also showing greater production volumes than in 2017/18, thanks to the re-start of the ABS Sisak steelmaking facility and in spite of the losses of the EWS pipe mill, for which we are in the process of determining the appropriate corrective actions to be taken in regard to the business.
The year basically ended in a satisfactory manner, having correctly analyzed the situation by updating an operating vision that produced good results.

EBITDA (which essentially reflects the margins correlated with the order book for the period) was according to forecasts and will be even better in the next fiscal year as we don't foresee any extraordinary penalties due to local situations (Algeria), and some major innovative prototype plants will be starting up.

In the period, the Plant Making segment was less affected by the serious crisis that steelmakers experienced in 2016, 2017 and 2018, which significantly reduced not only investments but also the purchase prices of new plants; and thanks only to the antidumping measures (with duties and limits on imported quantities) that were adopted across the board, first in the US and then gradually in

the rest of the world, was it possible to limit exports from China, which led to increased demand and margins in all the other countries.

Consequently, demand for new plants is good, while selling prices are still not very profitable due to fierce competition from Germany and Japan: however, we are working on improving sales margins.

In the next few months, the *Steel Making* segment will experience a drop in demand, particularly in the automotive and oil and gas sector. We will continue to pursue competitiveness and products with high added value, while maximizing safety and minimizing the environmental impacts of production.

At ABS (Acciaierie Bertoli Safau) we will continue with the 4.0 program and intensive robotization, including in the new QWR rolling mill that is being built in Pozzuolo and that will take up almost 200 million euro of financial resources.

Plant Making revenues are in line with the forecasts made at the beginning of the year and refer to regularly progressing construction schedules contractually agreed with customers, with an EBITDA of 121.5 million euro, while Steel Making revenues are higher than what was budgeted at the beginning of the year, with a gross operating profit oi 117.7 million euros, penalized by the negative performance of the German ESW pipe mill.
Products sold in the period in the Steel Making segment (ABS Group) had reached about 1,320,000 tons by June 30, 2019, (showing a slight increase over the same period last year), with the goal of maintaining this level of growth in volume next year as well.

The 2018/2019 financial year therefore shows a positive EBIT, albeit still not satisfactory in the Plant Making segment, while in the Steel Making segment margins are good thanks also to the return on investments that were made in past years.

Consolidated net profit is on the rise again and we believe that in the next financial year Plant Making could see an improvement, while there will probably be a drop in Steel Making. The Board of Directors has acknowledged the results for the 2018/2019 fiscal year, pointing out that the performance of both the Plant Making and Steel Making segments – and the fact that the order book is being kept at a good level – lead us to forecast better results for next year without significant penalties for extraordinary charges.
Note that as usual, of the net global value added (corporate social responsibility) of 591.6 million euro, the portion set aside for venture capital (shareholders including company employees) is limited to 8.2 million euro and the company portion is 58.8 million euro while the personnel portion is 472.7 million euro, the public administration 44.5 million euro and donations amounting to 1.6 million euro.

Worldwide prospects for the metals producing sector that affect Danieli's Plant Making business

In the first half of 2019, world steel production was approximately 925 million tons, reporting a 4.9% increase over the same period in 2018, which had reached a total production of approximately 1,808 million tons over the 12-month period.

Forecasts for 2019/20 point to a limited maximum overall increase of 2%, with Asia (driven by China and India) showing 6.5-7.0% growth, and advanced and emerging countries showing a smaller growth rate of about 1-1.5%.

The average utilization factor of plants, compared to the maximum theoretical figure, reached about 81% for the year ended June 30, 2019, a marked improvement on the figure of 78% at the end of June 2018. It will however decrease in 2020.

In 2019/20, the steel market will remain stable or show a slight drop due to the ongoing negotiations on duties.

Steel makers are increasingly committed to running their worldwide plants in a sustainable manner, reducing energy consumption per ton and using the new available technologies (Green Steel) to

limit GHG emissions and making production socially sustainable for the community and the environment.

The research and technological development implemented by Danieli in the last decade have enabled us to expand the range of plants supplied to the entire metals sector (steel, aluminum and other metals), significantly lowering the cost of the initial investment of each project (CapEx), while also optimizing operating expenses (OpEx), combining several work stages in the production process, thereby increasing the number of potential investors thanks to more economically feasible investments in countries with mature economies as well as in developing countries.

In order to remain competitive in this "New Normal" market, Danieli has invested in technologies that first of all confirm customer centricity, making it possible to:

- increase plant productivity and, consequently, per capita added value
- reduce GHG emissions per ton produced by applying technological solutions with low environmental impact
- put into practice the principles of the 4.0 revolution in the steelmaking industry through the DIGIMET project, to ensure total control of production variables right from the design and startup of plants
- speed up production processes by reducing time and costs and optimizing production efficiency by adding various work phases with endless solutions of continuity.

Summary of Results by Business Segment

Revenues			
(milions of euro)	**30/06/2019**	**30/06/2018**	**Variation**
Plant making	2,019.2	1,714.3	18%
Steel making	1,044.4	991.3	5%
Totale	3,063.6	2,705.6	13%
Gross operating margin (Ebitda)			
(milions of euro)	**30/06/2019**	**30/06/2018**	**Variation**
Plant making	121.5	106.9	14%
Steel making	117.7	121.9	-3%
Totale	239.2	228.8	5%
Operating income			
(milions of euro)	**30/06/2019**	**30/06/2018**	**Variation**
Plant making	47.5	41.7	14%
Steel making	54.0	62.2	-13%
Totale	101.5	103.9	-2%
Net profit for the period attributable to the Group			
(milions of euro)	**30/06/2019**	**30/06/2018**	**Variation**
Plant making	38.1	14.0	172%
Steel making	28.9	44.4	-35%
Totale	67.0	58.4	15%

Gross operating margin (EBITDA) is a measurement used by the Issuer to monitor and evaluate the performance of operations, and represents the operating profit before depreciation and amortization of fixed assets and net write-downs of receivables (this measure is not specified in the IFRS standards and therefore may not be fully comparable with other entities that use other calculation criteria).

Essentially, the sales forecast for 2020/21 is that the steel market will experience a cool-down that is difficult to quantify because of geo-economic and political tensions. In any event, there will

definitely be a downturn for the next 6 to 8 months and then either an upswing or a downswing depending on the global situation.

Strategies

Below are some of Danieli's mottos:

- "*Innovaction to be a step ahead in Capex and Opex*" which aims to make the most of the Group's new organizational model, promoting multicultural intellectual growth and creating solutions to meet current market requirements more effectively.
- "*Passion to innovate and perform*" but also "*We do not shop around for noble equipment*". The Danieli Group will therefore continue to consolidate and expand its business in order to be more competitive in terms of innovation, technology, quality, costs, productivity and customer service.
- "*Absolute Steel Quality*" which summarizes ABS' constant commitment to produce steels with finishes and customer service that are always in line with the most demanding expectations and for the most innovative and rigorous industrial application.

Not only is Danieli known for its capabilities as a plant designer, but also as a plant manufacturer: In Europe, for its noble and *high-tech* products, in Asia for the design and manufacture of consolidated, proven products made with the same quality as those in Europe.

ABS is known worldwide as one of the most modern steel plants in the world for the quality of its facilities that not only guarantee certified products but also the highest production efficiency and full protection of the ecosystem in which it operates.

Order Book

The Group's order book is well diversified according to geographical area and product line, and for the year ended June 30, 2019, amounts to 3,099 million euro (of which 237 million euro in the production of special steels) compared to 2,954 million euro for the year ended June 30, 2018 (of which 393 million euro for special steels).

For the Group, maintaining a stable and significant order book confirms our customers' tendency to invest in new plants thanks to the competitiveness and innovative solutions being proposed by Danieli, which today has qualifications and references in the entire range of steelmaking products.

Human resources

As of June 30, 2019, the Danieli Group employed 9,521 people, of which 1,627 in the Steel Making segment and 7,894 in the Plant Making segment, an increase of 163 over the figure of 9,358 employees for the year ended June 30, 2018.

Danieli continues to pursue innovation, efficiency and quality of customer service at a fast pace, encouraging team excellence by promoting merit and teamwork. Danieli Academy will be further expanded to broaden the selection and training of junior employees, but also with refresher courses and professional improvement for senior employees.

Consolidated Value Added

The economic value that is generated converts the Group's ability to create wealth and distribute it into remuneration for the stakeholders.
The tables below show how economic value is distributed among stakeholders through the reclassification of data from the consolidated income statement.

(milions of euro)

Determination of the add global net value	30/06/2019	30/06/2018
A. Revenues	3,063.6	2,705.6
B. Intermediate costs of production	2,482.0	2,150.3
(A - B) Core value added	**581.6**	**555.3**
C. Ancillary components	10.0	(13.0)
Net global value added	**591.6**	**542.3**

The global value added is shared among the following beneficiaries:

- personnel (direct remuneration consisting of wages, salaries, employee termination indemnity and indirect remuneration consisting of social security contributions) and
- the Public Administration (income taxes and miscellaneous taxes)

which cover almost 87% of the total, while the remaining 13% includes venture capital (dividend distribution), third parties (non-controlling interests), company remuneration (reinvested earnings), remuneration to lenders (interest on loans) and donations and sponsors (sponsorships, donations and other forms of contribution).

Determination of the add global net value	30/06/2019		30/06/2018	
Personnel remuneration	**472.7**	**79.9%**	**442.0**	**81.5%**
Public Administration remuneration	**44.5**	**7.5%**	**35.1**	**6.5%**
Venture capital remuneration	**8.2**	**1.4%**	**8.2**	**1.5%**
Non controlling interest remuneration	**(0.3)**	**-0.1%**	**(0.4)**	**-0.1%**
Company remuneration	**58.8**	**9.9%**	**50.2**	**9.3%**
Lender remuneration	**6.1**	**1.0%**	**6.1**	**1.1%**
Donations and sponsorships	**1.6**	**0.3%**	**1.1**	**0.2%**
Net global value added	**591.6**	**100.0%**	**542.3**	**100.0%**

The Chairman of Danieli's Board of Directors and his executive directors confirm the company's commitment to increasingly promote its Corporate Responsibility role towards the global community, not only through direct action but also indirectly with its products, by promoting the research and development of steelmaking equipment and machines using Green Steel and Sustainable Steel solutions, improving efficiency and safety while reducing waste and the impact of GHG for better protection of the environment.

Danieli also took part in the Carbon Disclosure Project (CDP), and in 2018 was one of the worthiest Italian and European companies, highly ranked thanks to its significant commitment to developing innovative, environment-friendly solutions for its customers.

Specifically, the Climate Change initiative promoted by CDP and verified by "*Science Based Targets Initiative"* helps more than 1,000 institutional investors identify, from among thousands of corporations, the ones that are the most motivated to grow more sustainably by dealing with the effects of climate change on their businesses.

Resolutions of the Board of Directors

The Board of Directors, in addition to approving the financial statements, will propose to the assembly of shareholders - who, after receiving a single convocation notice, will meet at company headquarters on October 28, 2019 at 2 p.m. - the distribution of a unit dividend of euro 0.15 for ordinary shares, and euro 0.1707 for saving shares, amounting to a total of 11,914,828 euro, upon

detachment of coupon n.41 – for both categories of shares – on November 18, 2019, payable as of November 20, 2019 (record date: November 19, 2019).

The Board of Directors, therefore, offers a higher dividend than last year given the results achieved in the period and the expectation of an improvement in the competitive scenario in which the company operates, while continuing to make significant investments in research and innovation for the purpose of developing new products and specific technologies for the current "New Normal" of the steel market.

The Board of Directors points out that in the last 10 years, as much as 87% of the profits has been invested back into the company, not only to maintain its financial solidity but also to invest in new plants and innovation.

Note that the shareholders, in addition to approving the financial statements, are also called upon to deliberate on the following items:

1. Report on Remuneration in accordance with art. 123-ter of Legislative Decree no. 58 of February 24, 1998.
2. Authorization to purchase and sell own shares. Resolutions pertaining thereto and resulting therefrom.

Danieli Group Operations

The Danieli Group essentially runs two main businesses: The first (Plant Making) is in the field of plant engineering and manufacturing of plants – including turnkey plants – for the production of metals. Its principal operating companies in the Plant Making segment are in Europe (Italy, Sweden, Germany, France, Austria, the Netherlands, the United Kingdom, Russia, Spain) and in Asia (China, Thailand, India, Vietnam), with service centers in the US, Brazil, Egypt, Turkey and Ukraine.

In the Plant Making sector, Danieli is one of the top three manufacturers in the world for metal making plants and machines, leader in meltshops and plants for the production of long products (these plants produce steel in electric arc furnaces – including from direct reduced iron – and in addition to being competitive in terms of Capex and Opex, are also environment-friendly, compared to integrated plants that use blast furnaces and coke); and it is second in the manufacture of plants for flat products.

The second business (Steel Making), on the other hand, concerns the production of special steels through the companies of Acciaierie Bertoli Safau S.p.A. (ABS), ESW Röhrenwerke GmbH and ABS Sisak d.o.o. The steels produced in these facilities supply the automotive industry, heavy-duty vehicles, engineering, energy and petroleum industries. ABS is the number one steelmaker in Italy and among the leading ones in Europe in its field.

In Friuli-Venezia Giulia, the Danieli Group provides employment for about 6,000 people, either directly or through linked industries, and represents almost 40% of the yearly exports of the province of Udine, and 20% of those of the region of Friuli.

Moreover, concerning the well-being of its employees (and others), in addition to the daycare center and kindergarten that have been operating for several years now, this year we prepared a program for the primary school, whose teaching methods are considered to be more advanced than traditional teaching methods, particularly as regards the consolidation of soft skills.

After the daycare center and the primary school, a plan to start up a junior high school is also being studied to ensure education for the children until they are ready to start high school.

Attached are the statement of assets and liabilities, the income statement (excluding the overall income statement), and the consolidated financial position of the Group and of the Parent Company Danieli & C. – Officine Meccaniche S.p.A., for the period ended June 30, 2019, compared with the data for the period ended June 30, 2018.

Consolidated Financial Statements of the Danieli Group

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (*)

ASSETS	30/06/2019	30/06/2018
Non-current assets	1,050.9	1,108.9
Current assets	4,020.1	3,579.1
Total Assets	**5,071.0**	**4,688.0**
LIABILITIES		
Share capital	81.3	81.3
Other reserves and profit carries forward, including profit for the year	1,818.4	1,772.0
Group shareholders' equity	1,899.7	1,853.3
Non controlling interest in shareholders' equity	(0.5)	(0.3)
Non Current Liabilities	379.2	419.0
Total liabilities and shareholders' equity	2,792.6	2,416.0
Total liabilities and shareholders' equity	**5,071.0**	**4,688.0**

CONSOLIDATED INCOME STATEMENT (*)

	Financial year ended	
	30/06/2019	30/06/2018
Revenues	3,063.6	2,705.6
Goods and finished products	(1,656.0)	(1,377.4)
Personnel costs	(472.7)	(442.0)
Other operating costs	(695.7)	(659.4)
Depreciation, amortisation and write-downs	(137.7)	(122.9)
Operating income	**101.5**	**103.9**
Financial Income	(8.4)	(5.8)
Gains/(losses) on foreign exchange transactions	12.0	(13.8)
Income/(charges) from the valuation of associates company with the equity method	0.5	0.6
Result before taxes	**105.6**	**84.9**
Income taxes	(38.9)	(26.9)
Net profit for the period	**66.7**	**58.0**
Profit (loss) attributable to non-controlling interests	0.3	0.4
Net profit for the period attributable to the Group	**67.0**	**58.4**

(*) Please note that some items of the consolidated balance sheet and income statement are presented in abridged form compared to the schedules of the annual report.

CONSOLIDATED NET FINANCIAL POSITION

(milions of euro)	30/06/2019	30/06/2018	Variation
Current financial assets			
Securities and other financial assets	588.6	459.9	128.7
Cash and cash equivalents	1,102.9	927.2	175.7
Total	**1,691.5**	**1,387.1**	**304.4**
Non-current financial liabilities			
Bank loans	299.4	337.7	(38.3)
Total	**299.4**	**337.7**	**(38.3)**
Current financial liabilities			
Bank debts and other financial liabilities	463.8	212.7	251.1
Total	**463.8**	**212.7**	**251.1**
Current net financial position	**1,227.7**	**1,174.4**	**53.3**
Non-current net financial position	**(299.4)**	**(337.7)**	**38.3**
Positive net financial position	**928.3**	**836.7**	**91.6**

Financial statements of Danieli & C. - Officine Meccaniche S.p.A.

In millions of euro

BALANCE SHEET (*)

ASSETS	30/06/2019	30/06/2018
Non-current assets	1,333.9	1,346.5
Current assets	1,096.1	862.8
Total Assets	**2,430.0**	**2,209.3**
LIABILITIES		
Share capital	81.3	81.3
Other reserves and profit carries forward, including profit for the year	758.2	771.2
Total shareholders' equity	839.5	852.5
Non Current Liabilities	234.9	258.4
Current liabilities	1,355.6	1,098.4
Total liabilities and shareholders' equity	**2,430.0**	**2,209.3**

INCOME STATEMENT (*)

	Financial year ended	
	30/06/2019	30/06/2018
Operating revenues	1,018.9	853.7
Purchase cost of of raw materials and consumables	(561.2)	(434.3)
Personnel costs	(158.1)	(142.2)
Other operating costs	(267.9)	(256.7)
Depreciation, amortisation and write-downs	(25.2)	(20.9)
Operating income	6.5	(0.4)
Financial Income	(12.2)	208.9
Gains/(losses) on foreign exchange transactions	4.5	(0.9)
Result before taxes	**(1.2)**	**207.6**
Income taxes	1.4	(1.3)
Net profit for the period	**0.2**	**206.3**

(*) Please note that some items of the consolidated balance sheet and income statement are presented in abridged form compared to the schedules of the annual report.

NET FINANCIAL POSITION OF DANIELI & C, - OFFICINE MECCANICHE S.p.A.

(milions of euro)	30/06/2019	30/06/2018	Variation
Current financial assets			
Securities and other financial assets	7.8	7.1	0.7
Cash and cash equivalents	217.5	140.5	77.0
Total	**225.3**	**147.6**	**77.7**
Non-current financial liabilities			
Bank loans	212.5	235.0	(22.5)
Total	**212.5**	**235.0**	**(22.5)**
Current financial liabilities			
Bank debts and other financial liabilities	297.4	183.7	113.7
Total	**297.4**	**183.7**	**113.7**
Current net financial position	**(72.1)**	**(36.1)**	**(36.0)**
Non-current net financial position	**(212.5)**	**(235.0)**	**22.5**
Net financial position	**(284.6)**	**(271.1)**	**(13.5)**

The officer in charge of drawing up the corporate accounting documents, Mr. Alessandro Brussi, declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Law on Finance, that to the best of his knowledge, the accounting data in this press release correspond to the results in the accounting records, books and book entries for the period ended June 30, 2019.

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Financial statements and publications
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SDIR & STORAGE www.emarketstorage.com and at
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