

2017

ANNUAL REPORT
Nicolás Correa, S.A.



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Dear shareholders,

The year 2017 was a momentous year in the recent history of our company. In fact, we believe that there is a before and an after.

On the one hand, the first quarter was marked by the decision and implementation to centre all industrial activity in one single plant in Burgos and not to continue with the Itziar plant. This decision entailed exceptional costs to pay compensation to workers who chose not to move and many other less obvious costs which together negatively affected the profit and loss account of 2017.

In spite of all this, the efficiency of the activity in a single plant became evident in the course of the year. This fact, coupled with a growing number of orders led us to the end of the year with an order book of 23 million euros, compared to the 16 million at the end of 2016.

From the point of view of the product we decided to discontinue some models and to launch another one with much more up-to-date technology, in addition to the **UDX head** that was presented at the EMO in Hanover as a world first. Therefore, and having already completed the amortisation of financial Goodwill, there is good reason to face 2018 with optimism, and I am convinced that our company will be able to achieve the objectives set out in the Business Plan. Besides, we can count on increasing and positive contributions from our three industrial subsidiaries.

At the last Board meeting of the year and at the proposal of the Appointments and Remuneration Committee, Mrs. Carmen Pinto Fuertes was unanimously appointed CEO of the Company, in recognition of her good work to date.

We must also point out that at the end of the year an agreement was reached with Doosan Machine Tools to repurchase the 10% stake they acquired in June 2015.

To conclude, we would like to express our gratitude for the confidence shown in our company, which made the value of our shares rise from €1.75 to €3.20 over the year.

Very cordially,

Mr. José Nicolás-Correa Barragán
President

**President &
Managing Director**

Mr. José Nicolás-Correa Barragán
(Executive)

Managing Director

Mrs. Carmen Pinto Fuentes
(Executive)

Secretary

Mrs. Ana Nicolás-Correa Barragán
(Other external categories)

Deputy Secretary

Mrs. Bibiana Nicolás-Correa Vilches
*Representative of Sancor Capital S.L.
(Nominated)*

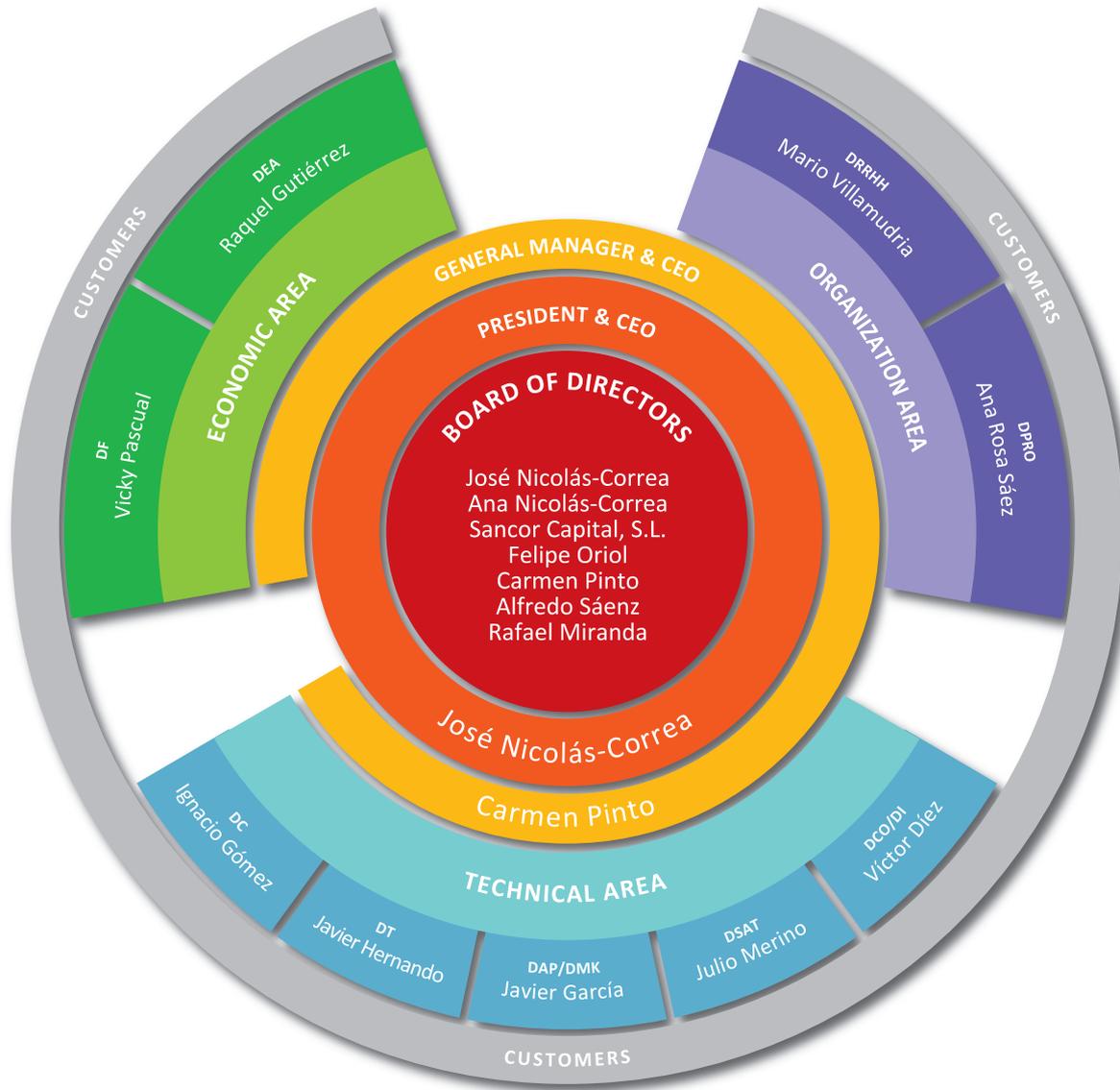
Members

Mr. Rafael Miranda Robredo
(Independent)

Mr. Felipe Oriol Díaz de Bustamante
(Other external categories)

Sancor Capital, S.L.
(Nominated)

Mr. Alfredo Sáenz Abad
(Independent)





Passion for service

Know-How and Technology working for you

MISSION

Contribute to the success of our customers by means of being at their service from the first contact, with personalised attention, both in the development of the machine as in its use, to secure a return on their investment in an optimal way.

VISION

Be a profitable business being a benchmark in service, quality, innovation and technology.

OUR VALUES

Customer-geared ensuring customer satisfaction as the main strategic goal of the company. We work in a professional and constant manner to provide the best solutions in the most **flexible and speedy manner**.

Commitment to the business project, to make the mission and vision a reality.

Work as a team to facilitate participation and the exchange of ideas taking maximum advantage of the diversity of knowledge.

Initiative to make headway in the search for new solutions and their implementation.

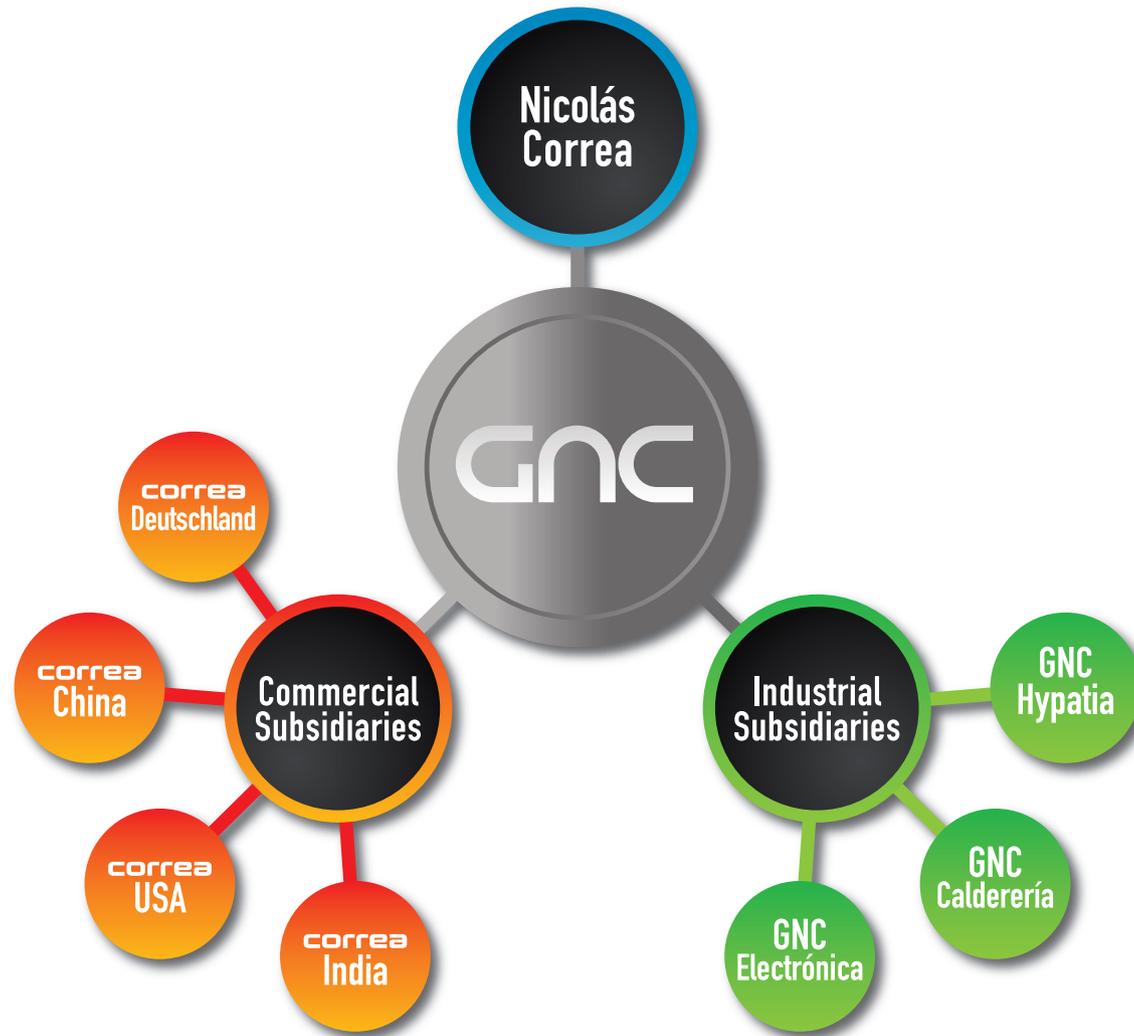
Honesty as a fundamental trait to generate trust and credibility in the work performed and in the organization itself.

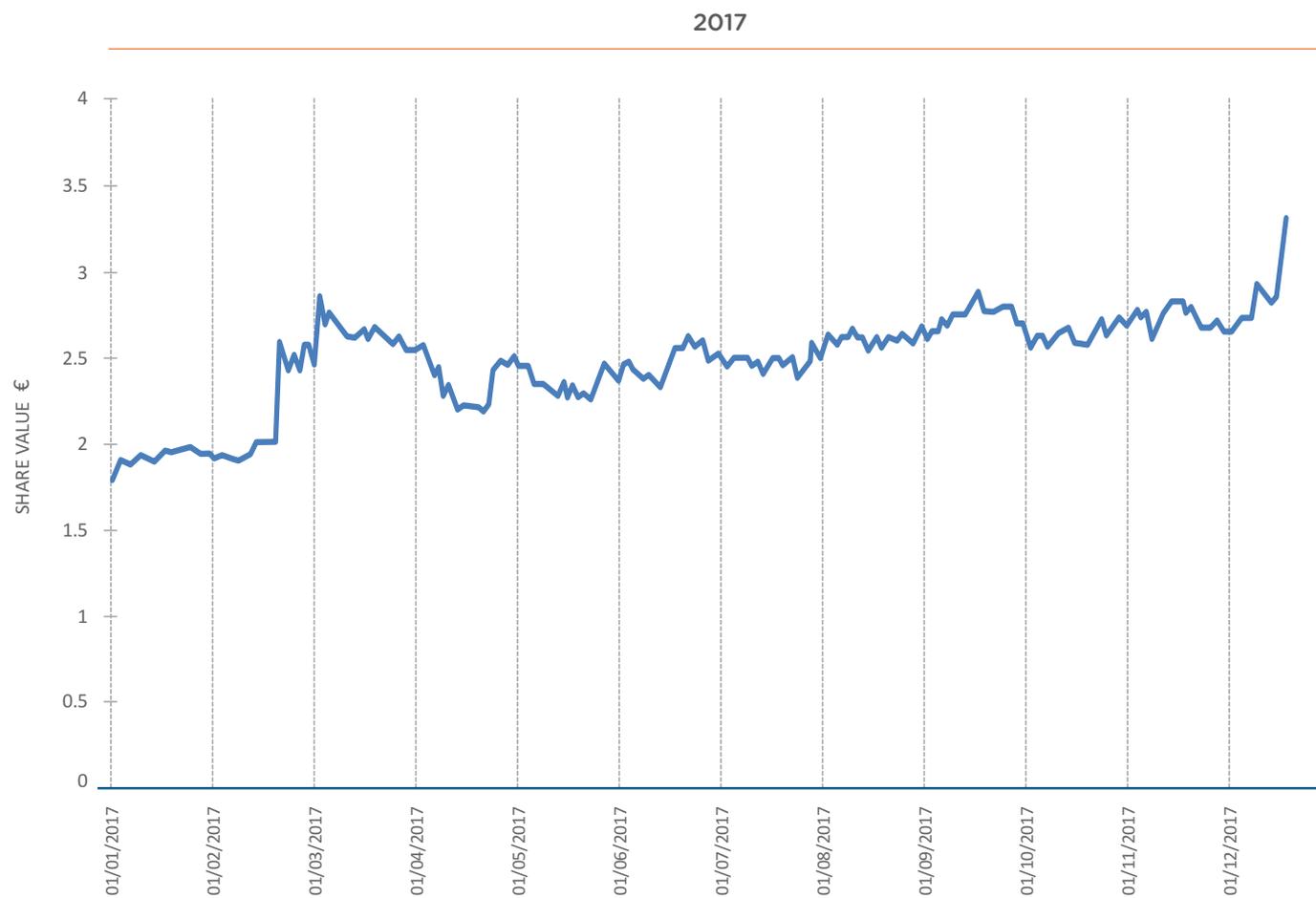
Social responsibility to contribute to the improvement of social well-being.

GNC Hypatia	OWNERSHIP	EMPLOYEES	TURNOVER	PROFITS
2017	94%	32	11,394 k€	1,095 k€
2016	94%	29	9,834 k€	1,080 k€
2015	94%	28	5,631 k€	217 k€
%	—	10%	16%	1%

GNC Electrónica	OWNERSHIP	EMPLOYEES	TURNOVER	PROFITS
2017	88%	17	2,152 k€	189 k€
2016	88%	16	1,935 k€	186 k€
2015	88%	15	1,853 k€	155 k€
%	—	6%	11%	2%

GNC Calderería	OWNERSHIP	EMPLOYEES	TURNOVER	PROFITS
2017	90%	51	7,701 k€	397 k€
2016	90%	50	7,519 k€	591 k€
2015	90%	49	5,980 k€	295 k€
%	—	2%	2%	-33%





Balance Sheet

At December 31, 2017, compared to 2016

(Expressed in thousands of euros)

ASSETS	2017	2016	EQUITY AND LIABILITIES	2017	2016
TOTAL NON-CURRENT ASSETS	22,883	24,089	TOTAL EQUITY	22,382	21,400
Intangible assets	290	1,239	Registered capital	9,853	9,853
Property, plant and equipment	9,163	9,358	Share premium	7,458	7,458
Non-current investments in Group companies and associates	3,690	3,690	Reserves	4,155	2,969
Non-current investments	576	623	Own shares	(66)	(66)
Deferred tax assets	9,164	9,179	Profit for the year	982	1,186
			TOTAL NON-CURRENT LIABILITIES	5,797	6,893
TOTAL CURRENT ASSETS	24,922	23,290	Non-current provisions	204	171
Inventories	12,791	11,631	Loans and borrowings	3,077	3,991
Trade and other receivables	10,682	10,105	Finance lease payables		
Current investments in Group companies and associates	1,117	865	Other financial liabilities	1,679	1,875
Current investments	212	252	Deferred tax liabilities	837	856
Prepayments for current assets	21	193	TOTAL CURRENT LIABILITIES	19,626	19,086
Cash and cash equivalents	99	244	Other provisions	879	969
			Current payables	4,362	6,139
			Current payables to suppliers	5,023	4,890
			Suppliers, Group companies and associates – current	1,046	1,207
			Other payables	1,709	1,803
			Personnel	260	244
			Current tax liabilities	18	17
			Public entities, other	492	523
			Advances from customers	5,837	3,294
TOTAL ASSETS	47,805	47,379	TOTAL EQUITY AND LIABILITIES	47,805	47,379

Income Statements

At December 31, 2017, compared to 2016

(Expressed in thousands of euros)

	2017	2016
Sales	41,267	41,661
Services rendered	2,102	2,140
Changes in inventories of finished goods and work in progress	1,076	621
Self-constructed assets		47
Supplies	(22,274)	(21,953)
Other operating income	156	185
Personnel expenses	(12,576)	(12,264)
Other operating expenses	(8,790)	(7,872)
Amortisation and depreciation	(1,759)	(1,772)
Non-financial and other capital grants	191	189
Gains on disposal and other	511	5
RESULTS FROM OPERATING ACTIVITIES	(96)	987
Finance income	906	52
Finance costs	(323)	(393)
Change in fair value of financial instruments	33	(5)
Exchange gains/(losses)	(4)	4
Impairment and gains/(losses) on disposal of financial instruments	(8)	164
NET FINANCE COST	604	(178)
PROFIT BEFORE INCOME TAX	508	809
INCOME TAX	474	377
PROFIT FROM CONTINUING OPERATIONS	982	1,186

Consolidated Balance Sheet of Nicolás Correa, S.A. and Subsidiaries

At December 31, 2017, compared to 2016

(Expressed in thousands of euros)

ASSETS	2017	2016	EQUITY AND LIABILITIES	2017	2016
TOTAL NON-CURRENT ASSETS	38,787	39,625	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	39,392	37,159
Property, plant and equipment	16,708	17,040	Shared capital	9,853	9,853
Goodwill	9,906	9,960	Share premium	9,065	9,065
Equity-accounted investees	1,952	2,233	Other reserves	12,878	10,403
Non-current financial assets	590	637	Own shares	(89)	(89)
Deferred tax assets	9,631	9,755	Retained earnings	7,687	7,926
TOTAL CURRENT ASSETS	34,111	31,249	Translation differences	(2)	1
Inventories	16,806	14,361	NON-CONTROLLING INTERESTS	719	662
Trade and other receivables	13,473	13,105	TOTAL EQUITY	40,111	37,821
Current tax assets	195	392	LIABILITIES		
Current financial assets	215	320	TOTAL NON-CURRENT LIABILITIES	8,530	10,248
Cash and cash equivalents	3,332	2,777	Other financial liabilities	2,102	2,350
Other current assets	90	294	Loans and borrowings	4,305	5,799
			Employee benefits	204	182
			Other provisions	—	—
			Deferred tax liabilities	1,919	1,917
			TOTAL CURRENT LIABILITIES	24,257	22,805
			Other financial liabilities	812	764
			Loans and borrowings	4,472	6,240
			Trade and other payables	17,762	14,571
			Derivative financial instruments	—	5
			Provisions	1,207	1,222
			Other current liabilities	4	3
			TOTAL LIABILITIES	32,787	33,053
			TOTAL EQUITY AND LIABILITIES	72,898	70,874
TOTAL ASSETS	72,898	70,874			

Consolidated Income Statements of Nicolás Correa, S.A. and Subsidiaries

At December 31, 2017, compared to 2016

(Expressed in thousands of euros)

	2017	2016
REVENUE AND OTHER INCOMES	59,236	60,517
SELF CONSTRUCTED NON CURRENT ASSETS	—	47
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS	2,284	204
OPERATING EXPENSES		
Raw and other materials consumed	(28,897)	(27,443)
Employee benefits expense	(16,852)	(16,639)
Amortisation and depreciation	(1,352)	(2,221)
Other expenses	(11,443)	(11,086)
RESULTS FROM OPERATING ACTIVITIES	2,976	3,379
Finance income	81	20
Finance costs	(404)	(506)
Exchange gains	10	1,904
Impairment and gains on disposal of financial instruments	(8)	163
Loss on loss of control of subsidiary	—	(57)
Profit attributable to interest withheld	—	(259)
Share in profit/(loss) of equity-accounted investees	(281)	8
PROFIT BEFORE INCOME TAX	2,374	4,652
INCOME TAX	(4)	85
PROFIT FOR THE YEAR	2,370	4,737
Attributable to:		
Equity holders of the parent	2,237	4,109
Non-controlling interests	133	628
Earnings per share (in Euros)	0.183	0.336

TOP GANTRY TYPE



XPIDER



ORIX

GANTRY TYPE



FOX-M



VERSA-M



VERSA-MW

BRIDGE TYPE



FOX



VERSA

TRAVELLING COLUMN



NORMA-L



FENIX



AXIA



MAGNA

BED TYPE



XPERTA



PERFORMER-MG



NORMA



VH-PLUS-MG

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