

COFIDE

Gruppo De Benedetti

*FINANCIAL REPORT
AS OF 31 MARCH 2019*

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REPORT ON OPERATIONS

AT 31 MARCH 2019

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COFIDE - Gruppo De Benedetti S.p.A.

Share capital € 359,604,959

Company Register and Tax Code 01792930016

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Report on operations

at 31 March 2019

1. Introduction

IFRS 16 is being applied from 1 January 2019; put briefly, this means recognising all leased assets in the statement of financial position, as a non-current asset on the assets side and as a financial payable on the liabilities side, calculating the figures by discounting the future lease instalments up to the end of the lease contract.

In addition to being reflected in the statement of financial position, application of this standard has an impact on the income statement as lease payments previously recognised as operating costs are now recorded partly as depreciation and partly as a financial expense.

The financial report at 31 March 2019 has been prepared by applying IFRS 16 and the effects, if significant, are disclosed where necessary throughout this report.

2. Key figures

Consolidated profit of the Cofide Group in the first half of 2019 came to € 3.8 million, compared with € 4.5 million for the same period last year.

The consolidated result consists of the contribution made by the subsidiary CIR of € 2.6 million (€ 5.2 million in the first quarter of 2018) and the profit made by the Parent Cofide of € 1.2 million (versus a loss of € 0.7 million) due to higher net financial income.

In the first quarter of 2019, CIR's consolidated profit amounted to € 4.5 million versus € 9.5 million in the corresponding period of the previous year.

The contribution made to CIR's profit by the industrial subsidiaries came to € 6.5 million, versus € 12.2 million in the first three months of last year.

KOS achieved a 5.3% increase in revenue, thanks to growth in all of its activities. Operating profit totalled € 16.8 million, compared with € 15.4 million in the first quarter of 2018 and profit amounted to € 7.8 million, an increase on the same period of 2018 (€ 7.5 million).

In a market that recorded a 7% drop in car production in the first quarter, Sogefi reported a 2.9% decline in revenue at constant exchange rates and 4.0% at historical exchange rates, with a better overall performance than the reference market. Operating profit came in at € 11.3 million, compared with € 22.6 million in the first quarter of 2018. It was affected mainly by the reduction in volumes and erosion of the gross margin during 2018 in the *Filtration* and *Suspensions* business units, due above all to higher raw material prices. The net result amounted to € 1.6 million (€ 11.2 million in 2018).

Given the difficult context for the publishing sector, advertising sales in particular (print advertising investments in the first two months of 2019 fell by 11.3% compared with the same period of 2018),

GEDI saw its revenue fall by 6.5% compared with the first quarter of last year; operating profit amounted to € 0.5 million (€ 6.6 million in 2018) and profit to € 2 million (€ 3 million in the first quarter of 2018).

At 31 March 2019, Cofide's net financial indebtedness was € 25.7 million (in line with € 25.9 million at 31 December 2018).

Consolidated equity at 31 March 2019 came to € 519.0 million, compared with € 515.8 million at 31 December 2018. The increase of € 3.2 million is due to the profit for the year for € 3.8 million, while the decrease is due to the purchases of treasury shares during the period for € 1.5 million.

In order to provide further information on the financial performance of Cofide in the first three months of 2019, the income statement and statement of financial position include a breakdown of the contribution made by the subsidiaries to Cofide's net result and equity.

The **income statement** is as follows:

<i>(in millions of euro)</i>	<i>1st quarter 2019</i>	<i>1st quarter 2018</i>
Contributions of investments in subsidiaries:		
- CIR S.p.A.	2.6	5.2
TOTAL CONTRIBUTIONS	2.6	5.2
Net gains and losses on trading and measurement of securities	2.1	(0.2)
Net financial income and expense	(0.2)	(0.2)
Net operating costs	(0.6)	(0.3)
PROFIT (LOSS) BEFORE TAXES	3.9	4.5
Income taxes	(0.1)	--
PROFIT (LOSS) FOR THE PERIOD	3.8	4.5

The **statement of financial position** at 31 March 2019 shows equity of € 519.0 million, net financial indebtedness of the Parent of € 25.7 million and non-current financial assets of € 545.4 million.

<i>(in millions of euro)</i>	<i>31.03.2019</i>	<i>31.12.2018</i>
CIR S.p.A.	532.1	528.7
NON-CURRENT INVESTMENTS	532.1	528.7
Other non-current financial assets	13.3	13.5
TOTAL NON-CURRENT FINANCIAL ASSETS	545.4	542.2
Property, plant and equipment	1.1	1.1
Net receivables and payables	(1.8)	(1.6)
NET INVESTED CAPITAL	544.7	541.7
Financed by:		
Equity	519.0	515.8
Net financial indebtedness	(25.7)	(25.9)

The "Other non-current financial assets" of € 13.3 million consist mainly of Cofide's investment in the *Jargonnant* real estate fund for € 1.8 million, the investment in the *Three Hills Decalia* fund, which invests in small/medium-sized European companies, for € 8.5 million, and other investments in non-controlling investments for a total of € 3.0 million.

3. Performance of the Group

Consolidated revenue for the first three months of 2019 amounted to € 675.8 million compared with € 695.2 million in the same period of 2018, a decrease of € 19.4 million (-2.8%). Sogefi recorded a 4% reduction in revenue (-2.9% at constant exchange rates), GEDI one of 6.5%. KOS's revenue rose by 5.3%.

Consolidated revenue can be analysed by business sector as follows:

(in millions of euro)	1st quarter					
	2019		2018 (*)		Change absolute	
		%		%		%
Healthcare						
KOS Group	140.3	20.8	133.2	19.5	7.1	5.3
Automotive components						
Sogefi group	389.9	57.7	406.3	58.4	(16.4)	(4.0)
Media						
GEDI Gruppo Editoriale	145.6	21.5	155.8	22.4	(10.2)	(6.5)
Total consolidated revenue	675.8	100.0	695.2	100.0	(19.4)	(2.8)

(*) Note that the effect of applying IAS 29 "Accounting Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified from "Non-current assets held for sale and discontinued operations" to "Profit (loss) from discontinued operations" following the application of IFRS 5.

The **condensed income statement** of the Cofide Group in the first quarter is shown below with comparative figures:

(in millions of euro)	1st quarter			
	2019	%	2018 (*)	%
Revenue	675.8	100.0	695.2	100.0
Gross operating profit (1)	77.9	11.5	80.1	11.5
Operating profit	24.1	3.6	41.3	5.9
Net financial income (expense) (2)	(10.2)	(1.5)	(12.2)	(1.7)
Income taxes	(3.1)	(0.5)	(10.9)	(1.6)
Profit (loss) from discontinued operations	1.3	0.2	1.6	0.2
Profit (loss) including non-controlling interests	12.1	1.8	19.8	2.8
Non-controlling interests	(8.3)	(1.2)	(15.3)	(2.2)
Profit (loss) attributable to the owners of the Parent	3.8	0.6	4.5	0.6

(*) Note that the effect of applying IAS 29 "Accounting Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified from "Non-current assets held for sale and discontinued operations" to "Profit (loss) from discontinued operations" following the application of IFRS 5.

(1) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the income statement.

(2) This is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities", "share of profit (loss) of equity-accounted investments" and "fair value gains (losses) on financial assets" in the income statement.

Starting from 1 January 2019, the group has applied the new IFRS 16, which in the first quarter of 2019 had a positive impact of € 15.2 million at the level of gross operating profit.

Consolidated gross operating profit in the first three months of 2019 amounted to € 77.9 million, compared with € 80.1 million in the first three months of last year; without IFRS 16, gross operating

profit would have been € 62.7 million (9.3% of revenue), down 21.7% compared with the first quarter of 2018, due to the reduction in the profit margins of the Sogefi and GEDI groups.

Consolidated operating profit in the first three months of 2019 was € 24.1 million (3.6% of revenue), compared with € 41.3 million (5.9% of revenue) in the corresponding period of 2018 (-41.6%). The effect of IFRS 16 on operating profit is not significant.

Net financial expense came to € 10.2 million, compared with € 12.2 million in the first quarter of 2018; in detail:

- net financial expense is more or less stable (€ 13.2 million compared with € 13.0 million in the first quarter of 2018);
- net gains on trading of securities amounted to € 1.0 million compared with € 2.9 million in the first quarter of 2018;
- fair value gains on financial assets were € 1.9 million, compared with losses of € 2.5 million in the first quarter of 2018.

The **condensed statement of financial position** of the Cofide Group at 31 March 2019, with comparative figures at 31 December 2018, is as follows:

<i>(in millions of euro) (1)</i>	<i>31.03.2019</i>	<i>31.12.2018</i>
Non-current assets (1)	2,556.7	2,103.6
Other net non-current assets and liabilities (2)	(188.8)	(181.6)
Net working capital (3)	(129.8)	(163.0)
Net invested capital	2,238.1	1,759.0
Net financial indebtedness (4)	(795.0)	(323.0)
Total equity	1,443.1	1,436.0
Equity attributable to the owners of the Parent	519.0	515.8
Non-controlling interests	924.1	920.2

(1) This item is the sum of "intangible assets", "property, plant and equipment", "rights of use", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.

(2) This item is the sum of "other receivables", "other financial assets" and "deferred tax assets" under non-current assets and of "other payables", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position. This item also includes "assets held for sale" and "liabilities held for sale" of the consolidated statement of financial position.

(3) This item is the sum of "inventories", "trade receivables", "other receivables" in current assets and "trade payables", "other payables" and "provisions for risks and charges" in current liabilities in the consolidated statement of financial position.

(4) This item is the sum of "loans receivable", "securities", "other financial assets", and "cash and cash equivalents" under current assets, of "bonds", "other loans and borrowings" and "financial payables for rights of use" under non-current liabilities and of "bank loans and borrowings", "bonds", "other loans and borrowings" and "financial payables for rights of use" under current liabilities in the consolidated statement of financial position.

Consolidated net invested capital at 31 March 2019 came to € 2,238.1 million versus € 1,759.0 million at 31 December 2018. The increase of € 479.1 million was caused almost entirely by the FTA of IFRS 16, which led to the recognition of € 446.9 million of "rights of use" as assets at 31 March 2019.

The **net financial position** at 31 March 2019, before the application of IFRS 16, showed indebtedness of € 341.6 million (compared with € 323.0 million at 31 December 2018), caused by:

- an indebtedness relating to the Parent Cofide of € 25.7 million compared with € 25.9 million at 31 December 2018;
- free cash flow for CIR and its non-industrial subsidiaries of € 326.2 million, an increase of € 0.7 million compared with € 325.5 million at 31 December 2018 (purchases of treasury shares in the quarter amounted to € 3.2 million);
- total indebtedness of the industrial subsidiaries of € 642.1 million compared with € 622.6 million at 31 December 2018. the increase is attributable to the GEDI group for € 21.5 million.

The FTA of IFRS 16 entailed the recognition by the industrial subsidiaries of financial payables for rights of use, at 31 March 2019, amounting to € 453.4 million, which added to the net indebtedness mentioned above, resulted in total post-IFRS 16 net financial indebtedness of € 795.0 million.

Total equity at 31 March 2019 came to € 1,443.1 million compared with € 1,436.0 million at 31 December 2018, an increase of € 7.1 million.

Equity attributable to the owners of the Parent at 31 March 2019 amounted to € 519.0 million compared with € 515.8 million at 31 December 2018, a net increase of € 3.2 million.

Equity attributable to non-controlling interests at 31 March 2019 amounted to € 924.1 million compared with € 920.2 million at 31 December 2019, an increase of € 3.9 million.

The **statement of cash flows** for the first three months of 2019, prepared according to a "management" format, which shows the changes in net financial position, can be summarised as follows:

<i>(in millions of euro)</i>	<i>1st quarter 2019</i>	<i>1st quarter 2018 (*)</i>
SOURCES OF FUNDS		
Profit (loss) from continuing operations	10.9	18.3
Amortisation, depreciation, impairment losses & other non-monetary changes	27.1	33.9
Self-financing	38.0	52.2
Change in working capital and other non-current assets and liabilities	(14.2)	(20.9)
CASH FLOW GENERATED BY OPERATIONS	23.8	31.3
Capital increases	--	0.2
TOTAL SOURCES OF FUNDS	23.8	31.5
APPLICATIONS OF FUNDS		
Net investment in non-current assets	(39.6)	(24.7)
Consideration paid for business combinations	--	(13.3)
Net financial position of acquired companies	--	1.2
Payment of dividends	(0.8)	(0.7)
Purchase of treasury shares	(4.6)	(4.2)
Other changes	1.4	2.1
TOTAL APPLICATIONS OF FUNDS	(43.6)	(39.6)
CASH FLOWS USED FOR CONTINUING OPERATIONS	(19.8)	(8.1)
CASH FLOWS FROM DISCONTINUED OPERATIONS	1.2	7.8
CASH FLOWS FOR THE YEAR	(18.6)	(0.3)
NET FINANCIAL INDEBTEDNESS AT BEGINNING OF PERIOD	(323.0)	(303.6)
NET FINANCIAL INDEBTEDNESS AT END OF PERIOD BEFORE IFRS 16	(341.6)	(303.9)
FIRST-TIME ADOPTION OF IFRS 16	(453.4)	--
NET FINANCIAL INDEBTEDNESS AT END OF PERIOD AFTER IFRS 16	(795.0)	(303.9)

() Certain 2018 figures, relating to "Assets held for sale", have been reclassified from "Non-current assets held for sale and discontinued operations" to "Profit (loss) from discontinued operations" following the application of IFRS 5.*

In the first three months of 2019 the Group recorded cash outflows of € 19.8 million (deficit of € 8.1 million in the same period of 2018) resulting from sources of funds for € 23.8 million and application of funds for € 43.6 million, compared with € 39.6 million in 2018. For the analysis of the net financial position, reference should be made to the section containing the financial statements.

At 31 March 2019 the COFIDE Group had 16,433 employees, compared with 16,358 at 31 December 2018.

Main equity investments
at 31 March 2019



BUSINESSES	KOS	SOGEFI	GEDI	Non-core investments
	<i>Residential care homes for the elderly, rehabilitation centres, diagnostics, cancer cure and hospital management</i>	<i>Global supplier of auto parts (filtration systems, air management and engine cooling systems and suspension components)</i>	<i>All communication areas: daily newspapers and periodicals, radio, internet and advertising sales</i>	<ul style="list-style-type: none"> Private Equity

(*) Percentage calculated net of treasury shares.

4. Performance of the subsidiaries

CIR GROUP - As mentioned previously, in the first quarter of 2019, the consolidated profit of the CIR Group was € 4.5 million, compared with € 9.5 million in the same period of 2018.

The contributions made to the consolidated net result and equity of CIR of the main subsidiaries are summarised below.

<i>(in millions of euro)</i>	1st quarter 2019	1st quarter 2018 (*)
CONTRIBUTIONS TO THE NET RESULT		
KOS Group	4.7	4.5
SOGEFI group	0.9	6.4
GEDI Group	0.9	1.3
Total industrial subsidiaries	6.5	12.2
CIR and other non-industrial subsidiaries	(2.0)	(2.7)
Consolidated profit (loss) attributable to the owners of the Parent CIR	4.5	9.5

() Note that the effect of applying IAS 29 "Accounting Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.*

As mentioned previously, the contribution made by the industrial subsidiaries to the consolidated profit was € 6.5 million compared with € 12.2 million in the first three months of 2018, while the combined contribution of CIR and the other non-industrial subsidiaries was negative for € 2.0 million (negative for € 2.7 million in the same period of 2018).

<i>(in millions of euro)</i>	31.03.2019	31.12.2018
CONTRIBUTIONS TO EQUITY		
KOS Group	178.2	173.5
SOGEFI group	110.3	109.5
GEDI Group	240.1	239.2
Other subsidiaries	0.8	0.8
Total industrial subsidiaries	529.4	523.0
CIR and other non-industrial subsidiaries	408.4	413.2
- invested capital	82.2	87.7
- net financial position	326.2	325.5
Equity of the CIR Group	937.8	936.2

Consolidated equity went from € 936.2 million at 31 December 2018 to € 937.8 million at 31 March 2019.

There now follows a more in-depth analysis of the business segments of the CIR Group.

■ HEALTHCARE

The KOS group's main performance indicators for the current year are shown below, compared with those of the same period last year.

<i>(in millions of euro)</i>	<i>1st quarter 2019</i>	<i>1st quarter 2018</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenue	140.3	133.2	7.1	5.3
Profit (loss) for the period	7.8	7.5	0.3	4.0

	<i>31/03/2019</i>	<i>31/12/2018</i>	<i>31/03/2018</i>
Net financial position before IFRS 16	(255.8)	(259.4)	(247.3)
Net financial position after IFRS 16	(579.6)	n.a.	n.a.
No. of employees	7,206	7,006	6,520

In the first three months of 2019 the KOS Group achieved **revenue** of € 140.3 million (+5.3%) compared with € 133.2 million in the same period of 2018. The Long Term Care segment recorded an increase thanks to the growth and full contribution of the acquisitions made in 2018; the Diagnostics and Cancer Cure segment grew thanks to new services launched in 2018.

Gross operating profit came to € 24.5 million (17.5% of revenue), an increase of 2.9% compared with € 23.8 million (17.9% of revenue) in the first quarter of 2018. Gross operating profit after IFRS 16 amounted to € 33.1 million.

Operating profit amounted to € 16.8 million compared with € 15.4 million in the corresponding period of the previous year.

Profit for the first three months of 2019 amounted to € 7.8 million compared with € 7.5 million in the same period of 2018.

At 31 March 2019, KOS had **net financial indebtedness** before IFRS 16 of € 255.8 million, down € 3.6 million compared with € 259.4 million at 31 December 2018. The FTA of IFRS 16 entailed the recognition at 31 March 2019 of financial payables for leases and rights of use amounting to € 323.8 million, with the result that total net financial indebtedness amounted to € 579.6 million.

The Group currently manages 85 facilities, mainly in central and northern Italy, for a total of some 8,117 beds. It also operates in India and in the UK.

The Group had 7,206 employees at 31 March 2019 compared with 7,006 at 31 December 2018.

With regard to the prospects for 2019, an increase in revenue and profits is expected, although more moderate than that of the previous year, as well as a continuation of the commitment to development.

■ AUTOMOTIVE COMPONENTS

The Sogefi group's main performance indicators for the current year are shown below, compared with those of the same period last year.

<i>(in millions of euro)</i>	1st quarter 2019	1st quarter 2018	Change absolute	%
Revenue	389.9	406.3	(16.4)	(4.0)
Profit (loss) for the period	1.6	11.2	(9.6)	n.s.

	31/03/2019	31/12/2018	31/03/2018
Net financial position before IFRS 16	(262.1)	(260.5)	(254.3)
Net financial position after IFRS 16	(328.9)	n.a.	n.a.
No. of employees	6,906	6,967	6,972

In the first quarter of 2019, the world automotive market recorded a drop in production of 6.7%, with Europe down by 5%, Asia by 11.8% (mainly due to the contraction of the Chinese market, -13.5%), North America by 2.5% and South America by 4.9%.

In this context, the **revenue** of the Sogefi group came to € 389.9 million, a decrease of 2.9% at constant exchange rates and one of 4.0% at historical exchange rates compared with the same period in 2018, while showing a better performance than the market.

As regards geographical areas, revenue at constant exchange rates decreased by 3.6% in Europe, 2.6% in North America and 9.1% in Asia.

By sector of activity, at constant exchange rates, *Suspensions* recorded a fall in revenue of 3.9% (-6.9% at current exchange rates), *Filtration* by 2.7% (-4.1% at current exchange rates) and *Air and Cooling* by 2.1% (at current exchange rates, revenue was in line with the previous year).

Gross operating profit amounted to € 41.3 million, compared with € 48.8 million in the first quarter of 2018; profitability (gross operating profit/revenue) decreased from 12.0% to 10.6%. The decline in gross operating profit reflects lower volumes and the erosion of profit margins during 2018, in *Filtration* and *Suspensions*, mainly due to higher raw material prices.

Operating profit was € 11.3 million, compared with € 22.6 million in the first quarter of 2018, and represents 2.9% of revenue. The decline in operating profit substantially reflects the decline in gross operating profit and the increase in depreciation following the FTA of IFRS 16.

Profit for the period amounted to € 1.6 million, down compared to that recorded in the first quarter of 2018 (€ 11.2 million), after tax charges of € 3.6 million in the first quarter of 2019, compared with € 5.2 million in the same period of 2018.

Free cash flow for the first quarter of 2019 was negative for € 9.1 million compared with the positive amount of € 9.3 million in the same period of 2018 and includes € 7.5 million for the FTA of IFRS 16 and € 1.6 million of operating cash absorption, of which € 3.1 million relating to the start-up of the new production site in Morocco.

Net financial indebtedness at 31 March 2019 was € 328.9 million. The FTA of IFRS 16 led to the recognition of financial payables for rights of use for an amount of € 66.8 million. Excluding this

amount, financial indebtedness at 31 March 2019 amounts to € 262.1 million, compared with € 260.5 million at the end of 2018.

The Sogefi Group had 6,906 employees at 31 March 2019 compared with 6,967 at 31 December 2018.

The world automotive market in the second quarter is expected to turn in -3.4% compared with the previous year (-7.7% in Europe). In this context, Sogefi expects lower sales in the second quarter than the market. In terms of profitability, operating profit for the second quarter is expected to improve compared with the first quarter.

■ MEDIA

The GEDI group's main performance indicators for the current year are shown below, compared with those of the same period last year.

<i>(in millions of euro)</i>	1st quarter 2019	1st quarter 2018	Change absolute	%
Revenue	145.6	155.8	(10.2)	(6.5)
Profit (loss) for the period	2.0	3.0	(1.0)	n.a.
	31/03/2019	31/12/2018	31/03/2018	
Net financial position before IFRS 16	(124.7)	(103.2)	(110.0)	
Net financial position after IFRS 16	(187.5)	n.a.	n.a.	
No. of employees	2,295	2,359	2,439	

With regard to the publishing sector, in the first two months of 2019, advertising investments decreased by 3.6% compared with the corresponding period of the previous year (Nielsen Media Research figures). Among the main media, only Internet (excluding search engines and social media) showed a positive trend with growth of 2.6%; radio advertising was substantially in line with the figures for the same period last year (+0.1%), whereas TV was 3.6% down. Press was the medium that was penalised the most, posting a drop of 11.3%, with daily newspapers down by 13.6% (-15.3% for national advertising and -12.5% for local advertising) and magazines by -6.9%. As for newspaper circulation in the first two months of 2019, according to the figures published by ADS (*Accertamento Diffusione Stampa*), newsstand and subscription sales fell by 7.1%. The overall circulation of newspapers, including digital copies, was down by -5.9%.

In the first quarter of 2019, GEDI's consolidated **revenue**, € 145.6 million, decreased by 6.5% compared with the first quarter of 2018. Revenue from digital activities represents 12.4% of consolidated revenue (17.5% on the "Repubblica" brand) and, at the end of March 2019, the digital products of the various newspapers of the group reached 119 thousand subscribers. Circulation revenue amounted to € 67.1 million, a decrease of 6.5% compared with the same period last year, in a market that suffered a 7.1% decline in newspaper sales on newsstands and by subscription. Advertising revenue fell by 8% on the first three months of 2018. The trend in advertising on the various group media reflects the performance of their respective markets: advertising on the internet grew by 3.2%, radio advertising stayed more or less in line with the same period of 2018 (-2.2%), whereas press advertising saw a significant decline (-12.7%).

Gross operating profit amounted to € 8.4 million (€ 4.8 million without considering the impact of IFRS 16), compared with € 11.4 million in the first quarter of 2018.

Operating profit totalled € 0.5 million, compared with € 6.6 million in the first quarter of 2018.

Profit amounted to € 2.0 million compared with € 3.0 million in first quarter 2018.

Net financial indebtedness at 31 March 2019, before the FTA of IFRS 16, amounted to € 124.7 million, an increase compared with € 103.2 million at 31 December 2018 due to payments relating to ongoing reorganisation plans and the trend in working capital. The FTA of IFRS 16 led to the recognition at 31 March 2019 of financial payables for leases and rights of use for € 62.8 million, so net financial indebtedness after IFRS 16 amounts to € 187.5 million.

The group had 2,295 employees at the end of March 2019, a reduction of 64 compared with 31 December 2018.

On 8 April 2019, GEDI fully repaid the convertible bond loan for € 100 million at maturity, using part of the revolving credit line taken out in April 2018.

As regards the prospects for 2019, on the basis of the performance recorded in the first three months, no significant change is expected compared with the segment's trends for the last several years. To counter these trends, the group will continue in its efforts to rationalise with a view to preserving profitability, to achieve further benefits from integration with the ITEDI group and to strengthen its leadership in digital activities.

■ NON-CORE INVESTMENTS

They are represented by private equity, minority interests and other investments amounting to € 67.0 million at 31 March 2019, compared with € 72.5 million at 31 December 2018.

PRIVATE EQUITY

CIR International, a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 31 March 2019, based on the NAVs provided by the corresponding funds, came to € 41.3 million, a decrease of € 4.7 million compared with 31 December 2018, due to the reduction in the fair value measurement. Outstanding commitments at 31 March 2019 amounted to € 12.6 million.

OTHER INVESTMENTS

At 31 March 2019, CIR directly and indirectly held interests in non-controlling investments for a total of € 15.7 million and a non-performing loan portfolio for a total of € 10.0 million.

5. Significant events

There are no significant events after 31 March 2019 in addition to what has already been indicated in the performance of the business segments.

6. Outlook

The trend for the rest of the year will depend on how things evolve in the three sectors of activity.

An increase in revenue and margins is expected at KOS, although it is likely to be more moderate than last year, as well as a continuation of the commitment to development.

As regards Sogefi, there is still poor visibility as regards the evolution of the automotive market in the near future. Prices for the main raw materials appear to be stabilising and the company remains committed to recovering profitability.

With regard to GEDI, no change in current market trends is expected, but the group will oppose these trends and their impact on results through appropriate management action

7. Other information

OTHER

Cofide – Gruppo De Benedetti S.p.A. – has its registered office in Via Ciovassino 1, Milan, Italy and a secondary office in Via Nervesa 21, Milan, Italy.

Cofide shares, which have been quoted on the Milan Stock Exchange since 1985, since 2004 have been traded on the Ordinary Segment – MTA (Reuter code: COFI.MI, Bloomberg code: COF IM).

This report for the period 1 January-31 March 2019 was approved by the Board of Directors on 29 April 2019.

The Company is subject to management and coordination by Fratelli De Benedetti S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF NET FINANCIAL POSITION

1. Statement of financial position

(in thousands of euro)

ASSETS	31.03.2019	31.12.2018
NON-CURRENT ASSETS	2,780,538	2,328,789
INTANGIBLE ASSETS	1,140,526	1,139,840
PROPERTY, PLANT AND EQUIPMENT	827,837	822,444
RIGHTS OF USE	446,892	--
INVESTMENT PROPERTY	18,488	18,677
EQUITY-ACCOUNTED INVESTMENTS	110,298	110,179
OTHER EQUITY INVESTMENTS	12,680	12,525
OTHER RECEIVABLES	50,368	50,655
OTHER FINANCIAL ASSETS	70,206	75,469
DEFERRED TAX ASSETS	103,243	99,000
CURRENT ASSETS	1,261,393	1,218,476
INVENTORIES	141,099	134,218
TRADE RECEIVABLES	432,466	420,969
OTHER RECEIVABLES	97,553	79,283
LOANS RECEIVABLE	19,999	25,773
SECURITIES	36,213	33,563
OTHER FINANCIAL ASSETS	285,030	276,880
CASH AND CASH EQUIVALENTS	249,033	247,790
ASSETS HELD FOR SALE	12,706	13,599
TOTAL ASSETS	4,054,637	3,560,864
LIABILITIES		
EQUITY	1,443,127	1,436,037
SHARE CAPITAL	345,998	347,523
RESERVES	52,406	51,490
RETAINED EARNINGS (LOSSES CARRIED FORWARD)	116,798	112,263
PROFIT (LOSS) FOR THE PERIOD	3,768	4,535
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	518,970	515,811
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	924,157	920,226
NON-CURRENT LIABILITIES	1,477,628	1,046,239
BONDS	272,881	270,254
OTHER LOANS AND BORROWINGS	382,086	365,004
FINANCIAL PAYABLES FOR RIGHTS OF USE	405,804	--
OTHER PAYABLES	65,957	63,003
DEFERRED TAX LIABILITIES	174,498	169,864
EMPLOYEE BENEFIT OBLIGATIONS	133,428	135,091
PROVISIONS FOR RISKS AND CHARGES	42,974	43,023
CURRENT LIABILITIES	1,125,463	1,069,224
BANK LOANS AND BORROWINGS	20,741	13,046
BONDS	116,930	113,801
OTHER LOANS AND BORROWINGS	132,990	144,874
FINANCIAL PAYABLES FOR RIGHTS OF USE	53,900	--
TRADE PAYABLES	498,256	497,420
OTHER PAYABLES	230,672	212,706
PROVISIONS FOR RISKS AND CHARGES	71,974	87,377
LIABILITIES HELD FOR SALE	8,419	9,364
TOTAL LIABILITIES AND EQUITY	4,054,637	3,560,864

2. Income statement

(in thousands of euro)

	01/01 - 31/03 2019	01/01 - 31/03 2018 (*)
REVENUE	675,782	695,217
CHANGE IN INVENTORIES	470	(490)
COSTS FOR THE PURCHASE OF GOODS	(244,231)	(248,234)
COSTS FOR SERVICES	(148,301)	(167,197)
PERSONNEL COSTS	(196,222)	(193,287)
OTHER OPERATING INCOME	10,600	8,487
OTHER OPERATING EXPENSE	(20,216)	(14,389)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	(53,739)	(38,766)
OPERATING PROFIT (LOSS)	24,143	41,341
FINANCIAL INCOME	2,294	2,338
FINANCIAL EXPENSE	(15,534)	(15,382)
DIVIDENDS	14	16
GAINS FROM TRADING SECURITIES	1,020	2,972
LOSSES FROM TRADING SECURITIES	--	(100)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENTS	119	403
FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	1,850	(2,488)
PROFIT (LOSS) BEFORE TAXES	13,906	29,100
INCOME TAXES	(3,056)	(10,891)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	10,850	18,209
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	1,288	1,589
PROFIT (LOSS) FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	12,138	19,798
- (PROFIT) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(8,370)	(15,254)
- PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	3,768	4,544

(*) Note that the effect of applying IAS 29 "Accounting Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified from "Non-current assets

held for sale and discontinued operations" to "Profit (loss) from discontinued operations" following the application of IFRS 5.

3. Statement of net financial position

(in thousands of euro)

	31.03.2019	31.12.2018
A. Cash and bank deposits	249,033	247,790
B. Other cash equivalents	285,030	276,880
C. Securities held for trading	36,213	33,563
D. Cash and cash equivalents (A) + (B) + (C)	570,276	558,233
E. Current loans receivable	19,999	25,773
F. Current bank payables	(75,398)	(65,824)
G. Bonds	(116,930)	(113,801)
H. Current portion of non-current debt	(80,230)	(92,096)
I. Other current loans and borrowings	(52,003)	--
J. Current financial indebtedness (F)+(G)+(H)+(I)	(324,561)	(271,721)
K. Current net financial position (J)+(E)+(D)	265,714	312,285
L. Non-current bank loans and borrowings	(328,498)	(304,733)
M. Bonds issued	(272,881)	(270,254)
N. Other non-current payables	(459,392)	(60,271)
O. Non-current financial indebtedness (L)+(M)+(N)	(1,060,771)	(635,258)
P. Net financial position (K)+(O)	(795,057)	(322,973)

1. Introduction

The consolidated interim financial report at 31 March 2019, which is unaudited, has been prepared in compliance with the IAS/IFRS, which have been mandatory since 2005 for the preparation of consolidated financial statements of companies listed on regulated European markets.

Comparative figures have also been determined according to IAS/IFRS.

The interim financial report has been drawn up as indicated in art. 154/ter, paragraph 5, of Legislative Decree 58 of 24 February 1998 and subsequent amendments (CFA). The provisions of IAS 34 "Interim Financial Reporting" have therefore not been adopted.

The interim financial report has been prepared on a consistent basis with previous years, pending clarification on the regulatory framework.

2. Basis of consolidation

Consolidation is on a line-by-line basis. The criteria used when applying this basis are the same as those used at 31 December 2018.

The consolidated financial statements of the Group at 31 March 2019, like those at 31 December 2018, derive from the consolidation at these dates of the financial statements of the parent Cofide and all of the companies directly or indirectly controlled, jointly controlled or associated. Assets and liabilities relating to companies to be disposed of are reclassified to specific asset and liability items to highlight these circumstances.

3. Accounting policies

The accounting standards applied in preparing the financial statements at 31 March 2019 do not differ from those applied at 31 December 2012, with the exception of the new accounting standard "IFRS 16 - Leases", which was applied for the first time starting from 1 January 2019.

The new standard provides a new definition of lease and introduces a criterion based on control ("right of use") of an asset to distinguish leases from service contracts, identifying as discriminating factors: identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits arising from use of the asset and the right to direct use of the asset underlying the contract.

First-time adoption (FTA) of the new standard to contracts identified as leases led to the following impacts on the Group's consolidated financial statements:

- In the statement of financial position, the initial recognition of an asset, representing the right of use pursuant to IFRS 16 (equal to the current value of the mandatory minimum future lease instalments that the lessee will have to pay from 1 January 2019 including, where applicable, any advance payments and direct costs incurred), which will be depreciated over the residual duration of the contract, and of a financial payable equal to the present value of the minimum future obligatory payments that the lessee will have to pay from 1 January 2019, including any accrued liabilities not yet paid at the transition date. The amount payable, which will be measured according to the "amortised cost" method, will subsequently be reduced following the payment of the rental instalments and increased by financial expenses. The impact of IFRS 16 on the Group's consolidated net financial debt at 31 March 2019 was a negative € 453.4 million (€ 323.8 for the KOS group, € 62.8 for the GEDI group and € 66.8 million for the Sogefi group); the new standard has had no effect on the determination of covenants.
- In the income statement, a different nature, qualification and classification of rental instalments that are no longer recorded in gross operating profit (EBITDA); depreciation of the right of use and financial expense on the payable recognised are recorded instead. As a result of this different classification of rental instalments, the Group's consolidated income statement for the first quarter of 2019 recorded a gross operating profit (EBITDA) of € 15.2 million, an increase in depreciation of € 13.9 million and an increase in financial expense of € 3.1 million. The impact on the Group's net profit was negative for € 0.5 million.
- On FTA, the Group measured the asset representing the right of use as being equal to the value of the lease payable.

4. Share capital

Share capital at 31 March 2019 amounted to € 359,604,959.00, the same as at 31 December 2018, and consisted of 719,209,918 ordinary shares with a nominal value of € 0.50 each.

At 31 March 2019 the Company held 27,214,899 treasury shares (3.784% of the share capital) for a value of € 15,345 thousand, compared with 24,164,055 treasury shares at 31 December 2018.

In application of IAS 32, since 1 January 2005 treasury shares held by the Parent have been deducted from total equity.

The share capital is fully subscribed and paid up.

CERTIFICATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

Re: Interim financial report at 31 March 2019

The undersigned, Giuseppe Gianoglio, officer responsible for the preparation of the financial statements of the Company,

hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act (TUF) that the accounting information contained in this document corresponds to the Company's documented results, books of account and accounting entries.

Milan, 29 April 2019

Cofide S.p.A.
Giuseppe Gianoglio
