

*INTERIM FINANCIAL REPORT
AS OF 30 SEPTEMBER 2018*

Milan, 29 October 2018

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COFIDE - De Benedetti S.p.A. Group

Share Capital € 359,604,959

Register of Companies and Tax Code 01792930016

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REPORT ON OPERATIONS

1. Key figures

In the first nine months of 2018, the COFIDE Group made a profit of € 15.8 million, compared with a loss of € 15.0 million in the same period last year.

This was the net result of CIR's contribution of € 19.1 million (compared with a negative contribution of € 14.4 million in the first nine months of 2017) and COFIDE's loss of € 3.3 million (versus a loss of € 0.6 million in the first nine months of 2017).

In the first nine months of 2018, CIR made a profit of € 34.0 million, compared with a loss of € 26.0 million in the same period last year, due to the extraordinary tax charge incurred by GEDI.

The contribution made to CIR's profit by the industrial subsidiaries came to € 31.5 million, in line with € 32.0 million in the first nine months of 2017, prior to the above tax charge.

Moving on to take a closer look at the individual group companies, Sogefi reported a gross operating profit of € 153.1 million, down on the first nine months of 2017 (€ 161.9 million), due to the negative impact of exchange rates and an increase in steel prices, which affected the gross operating profit of the *Suspensions* business unit. The profit was € 23.1 million versus € 27.9 million for the corresponding period of the previous year.

Even though GEDI's main sector of activity continues to be affected by critical developments, it managed to increase its revenue by 10.4% compared with the same period last year, thanks to the integration with ITEDI - as mentioned previously - with a profit of € 7.8 million (€ 10.6 million prior to the extraordinary tax charge versus a loss of € 143.9 million in September 2017).

Lastly, KOS achieved a 11.9% increase in revenue, thanks to growth in all of its activities and the fact that all of the acquisitions made during 2017 contributed for the entire period. The gross operating profit increased by 18.9% to € 74.9 million and net profit amounted to € 24.8 million (€ 19.0 million in the first nine months of 2017)

CIR S.p.A. (including its non-industrial subsidiaries) contributed € 2.5 million of profit compared with € 12 million in the first nine months of 2017, due to lower net financial income.

Net financial indebtedness of the parent COFIDE went from € 31.1 million at 31 December 2017 to € 27.2 million at 30 September 2018. The change is mainly due to the sums received for the disposal of non-controlling investments of € 8.6 million, the collection of dividends, net of those paid, for € 4.1 million, net investments in private equity funds for € 3.0 million and the outlay for the purchase of treasury shares for € 2.1 million.

Consolidated equity at 30 September 2018 came to € 523.6 million, compared with € 521.2 million at 31 December 2017. The decrease is essentially due to the distribution of dividends and the purchase of treasury shares, while the increase is due to the net result for the period.

It should be noted that on 16 February 2017, the parent COFIDE, in compliance with and in execution of the authorisation given by the Shareholders' Meeting of 29 April 2016, initiated a plan to buy treasury shares. At 30 September 2018 the Company held 23,400,004 treasury shares (3.25% of the share capital) for a total of € 13.5 million.

COFIDE's operating subsidiaries are active in the following areas: media (press, radio, internet and advertising), automotive components (suspension components, air filters and cooling), and healthcare (care homes, rehabilitation centres, cancer cure, diagnostics and hospital management).

In order to provide further information on the financial performance in the first nine months of 2018, 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>1/1-30/9 2018</i>	<i>1/1-30/9 2017 (*)</i>
Contributions of investments in subsidiaries and associates:		
- CIR S.p.A.	19.1	(14.4)
TOTAL CONTRIBUTIONS	19.1	(14.4)
Net gains and losses on trading and measurement of securities	(1.7)	1.1
Net financial income and expense	(0.6)	(0.7)
Net operating costs	(1.0)	(1.0)
PROFIT (LOSS) BEFORE TAXES	15.8	(15.0)
Income taxes	--	--
PROFIT (LOSS) FOR THE PERIOD	15.8	(15.0)

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

The **statement of financial position** at 30 September 2018 shows equity of € 523.6 million, net financial indebtedness of the parent of € 27.2 million and non-current financial assets of € 551.4 million.

<i>(in millions of euro)</i>	<i>30.09.2018</i>	<i>31.12.2017 (*)</i>
CIR S.p.A.	536.3	532.8
NON-CURRENT INVESTMENTS	536.3	532.8
Other non-current financial assets	15.1	20.7
TOTAL NON-CURRENT FINANCIAL ASSETS	551.4	553.5
Property, plant and equipment	1.1	1.2
Net receivables and payables	(1.7)	(2.4)
NET INVESTED CAPITAL	550.8	552.3
Financed by:		
Equity	523.6	521.2
Net financial indebtedness	(27.2)	(31.1)

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

The "Other non-current financial assets" of € 15.1 million consist mainly of COFIDE's investment in the Jargonant real estate fund for € 1.8 million, the investment in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 8.0 million, and other investments in non-controlling investments for a total of € 5.3 million. The decrease of € 5.6 million compared with 31 December 2017 is due to the sale of a non-controlling investment for € 8.6 million and repayments of capital of the Jargonant fund for a total of € 1.8 million, whereas the increase consists of further investments of € 1.4 million in the Three Hills Decalia fund and 3.4 million in non-controlling investments. In application of IFRS 9, the proceeds realised in the first nine months of 2018 on the disposal of assets held in portfolio at 31 December 2017, € 7.5 million, have not been recognised in the result for the period, but classified as equity.

2. Performance of the Group

Consolidated revenue for the first nine months of 2018 amounted to € 2,092.6 million compared with € 2,027.8 million in the corresponding period of 2017, an increase of € 64.8 million (+3.2%), due above all to the growth in GEDI's revenue for its integration of the ITEDI group and the increase in KOS's revenue thanks to the acquisitions made last year. Sogefi saw a 1.8% decrease in revenue, though it was up by 3.3% at constant exchange rates.

Consolidated revenue by area of activity is shown below.

(in millions of euro)	1/1-30/09		1/1-30/09		Change	
	2018	%	2017(*)	%	absolute	%
Automotive components						
Sogefi Group	1,219.8	58.3	1,242.3	61.3	(22.5)	(1.8)
Media						
GEDI Gruppo Editoriale	469.7	22.4	425.5	20.9	44.2	10.4
Healthcare						
KOS Group	403.1	19.3	360.1	17.8	43.0	11.9
Total consolidated revenue	2,092.6	100.0	2,027.8	100.0	64.8	3.2

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

The **condensed income statement** of the COFIDE group for the first nine months is as follows:

(in millions of euro)	1/1-30/9 2018	1/1-30/9 2017 (*)
Revenue	2,092.6	2,027.8
Gross operating profit (1)	245.0	246.0
Operating profit	117.8	120.6
Net financial income (expense) (2)	(28.3)	(13.6)
Income taxes	(31.1)	(189.6)
Profit (loss) from discontinued operations	--	1.2
Profit (loss) including non-controlling interests	58.4	(81.4)
Non-controlling interests	(42.6)	66.4
Profit (loss) attributable to the owners of the parent	15.8	(15.0)

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

(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.

Gross operating profit came to € 245.0 million (11.7% of revenue) in line with € 246.0 million (12.1% of revenue) in the first nine months of 2017.

Consolidated operating profit in the first nine months of 2018 was € 117.8 million (5.6% of revenue), compared with € 120.6 million (5.9% of revenue) in the corresponding period of 2017 (-2.3%).

Net financial expense came to € 28.3 million compared with one of € 13.6 million in the first nine months of 2017.

In detail:

- net financial expense came to € 35.8 million compared with € 32.3 million in the first nine months of last year;
- net gains on trading of securities, gains from non-strategic equity investments and fair value gains (losses) on financial assets came to € 7.3 million compared with € 19.4 million in the first nine months of 2017.

Taxes amounted to € 31.1 million (€ 189.6 million in the same period of 2017, due to GEDI's non-recurring tax charge of € 154.5 million).

Consolidated profit came in at € 15.8 million, compared with a loss of € 15.0 million in the same period last year.

The **condensed statement of financial position** of the COFIDE Group at 30 September 2018, with comparative figures at 30 June 2018 and 31 December 2017, is as follows:

<i>(in millions of euro)</i>		30.09.2018	30.06.2018	31.12.2017 (*)
Non-current assets (1)		2,119.0	2,121.7	2,112.9
Other net non-current assets and liabilities (2)		(182.5)	(202.8)	(210.0)
Net working capital (3)		(84.5)	(106.8)	(129.7)
Net invested capital		1,852.0	1,812.1	1,773.2
Net financial indebtedness (4)		(381.6)	(347.5)	(303.6)
Total equity		1,470.4	1,464.6	1,469.6
Equity attributable to the owners of the parent		523.6	523.0	521.2
Non-controlling interests		946.8	941.6	948.4

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

- (1) This item is the sum of "intangible assets", "property, plant and equipment", "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" and "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" and "other loans and borrowings" under non-current liabilities and of "bank loans and borrowings", "bonds" and "other loans and borrowings" under current liabilities in the consolidated statement of financial position.

Net invested capital at 30 September 2018 came to € 1,852.0 million versus € 1,773.2 million at 31 December 2017 and € 1,812.1 million at 30 June 2018.

The **net financial indebtedness** at 30 September 2018 showed indebtedness of € 381.6 million (compared with € 303.6 million at 31 December 2017 and € 347.5 million at 30 June 2018), caused by:

- indebtedness of € 27.2 million for the parent COFIDE compared with € 31.1 million at 31 December 2017;
- free cash flow for CIR and its non-industrial subsidiaries of € 320.3 million, which compares with € 343.0 million at 31 December 2017. The difference of € 22.7 million was caused mainly by the decrease in the net outlay of € 24.8 million for the distribution of dividends and by the purchase of treasury shares made during the nine months of € 10.1 million and the increase in cash flow from operations of € 12.2 million;

- total indebtedness of the industrial subsidiaries of € 674.7 million compared with € 615.5 million at 31 December 2017. The increase of € 59.2 million is attributable to the rise in indebtedness of the KOS Group for € 27.2 million, of the Sogefi Group for € 22.2 million and of the GEDI Group for € 9.6 million.

Total equity at 30 September 2018 amounted to € 1,470.4 million compared with € 1,469.6 million at 31 December 2017 (€ 1,464.6 million at 30 June 2018), a net increase of € 0.8 million.

Equity attributable to the owners of the parent at 30 September 2018 amounted to € 523.6 million compared with € 521.2 million at 31 December 2017 (€ 523.0 million at 30 June 2018), a net increase of € 2.4 million. The increase is due to the profit for the year, while the decrease is due to the distribution of dividends and the purchase of treasury shares.

Equity attributable to non-controlling interests at 30 September 2018 amounted to € 946.8 million compared with € 948.4 million at 31 December 2017 (€ 941.6 million at 30 June 2018), a net reduction of € 1.6 million.

The **statement of cash flows** for the first nine months of 2018, prepared according to a "management" format, which shows the changes in net financial indebtedness, can be summarised as follows.

<i>(in millions of euro)</i>	<i>1/1-30/09</i>	<i>1/1-30/09</i>
	<i>2018</i>	<i>2017 (*)</i>
SOURCES OF FUNDS		
Profit (loss) from continuing operations	58.4	(82.6)
Amortisation, depreciation, impairment losses & other non-monetary changes	99.9	82.3
Self-financing	158.3	(0.3)
Change in working capital and other non-current assets and liabilities	(41.2)	174.7
CASH FLOW GENERATED BY OPERATIONS	117.1	174.4
Capital increases	1.0	1.5
TOTAL SOURCES OF FUNDS	118.1	175.9
APPLICATIONS OF FUNDS		
Net investment in non-current assets	(124.6)	(88.8)
Consideration paid for business combinations	(20.6)	(28.6)
Net financial indebtedness of acquired companies	1.5	(4.2)
Purchase of treasury shares	(12.2)	(21.0)
Payment of dividends	(33.2)	(29.8)
Other changes	(7.0)	(0.6)
TOTAL APPLICATIONS OF FUNDS	(196.1)	(173.0)
CASH FLOWS USED FOR CONTINUING OPERATIONS	(78.0)	2.9
CASH FLOWS FROM DISCONTINUED OPERATIONS	-	1.2
CASH FLOWS FOR THE PERIOD	(78.0)	4.1
OPENING NET FINANCIAL INDEBTEDNESS	(303.6)	(166.9)
CLOSING NET FINANCIAL INDEBTEDNESS	(381.6)	(162.8)

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

In the first nine months of 2018 the Group recorded cash outflows of € 78.0 million (surplus of € 2.9 million in the same period of 2017) resulting from sources of funds for € 118.1 million and application of funds for € 196.1 million.

Application of funds includes the payment of dividends totalling € 33.2 million, the purchase of treasury shares for € 12.2 million and investments in business combinations for a total of € 19.1, involving the Sogefi and KOS groups.

For the analysis of the net financial indebtedness, reference should be made to the section containing the financial statements.

At 30 September 2018 the COFIDE Group had 16,411 employees, compared with 15,839 at 31 December 2017.

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

<i>(in millions of euro)</i>	<i>Third quarter 2018</i>	<i>Third quarter 2017 (*)</i>
Revenue	661.4	662.9
Gross operating profit	78.2	78.6
Operating profit	36.1	39.1
Net financial income (expense)	(12.7)	(2.2)
Income taxes	(8.9)	(164.9)
Profit (loss) from discontinued operations	--	0.2
Profit (loss) including non-controlling interests	14.5	(127.8)
Non-controlling interests	(12.2)	98.4
Profit (loss) attributable to the owners of the parent	2.3	(29.4)

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

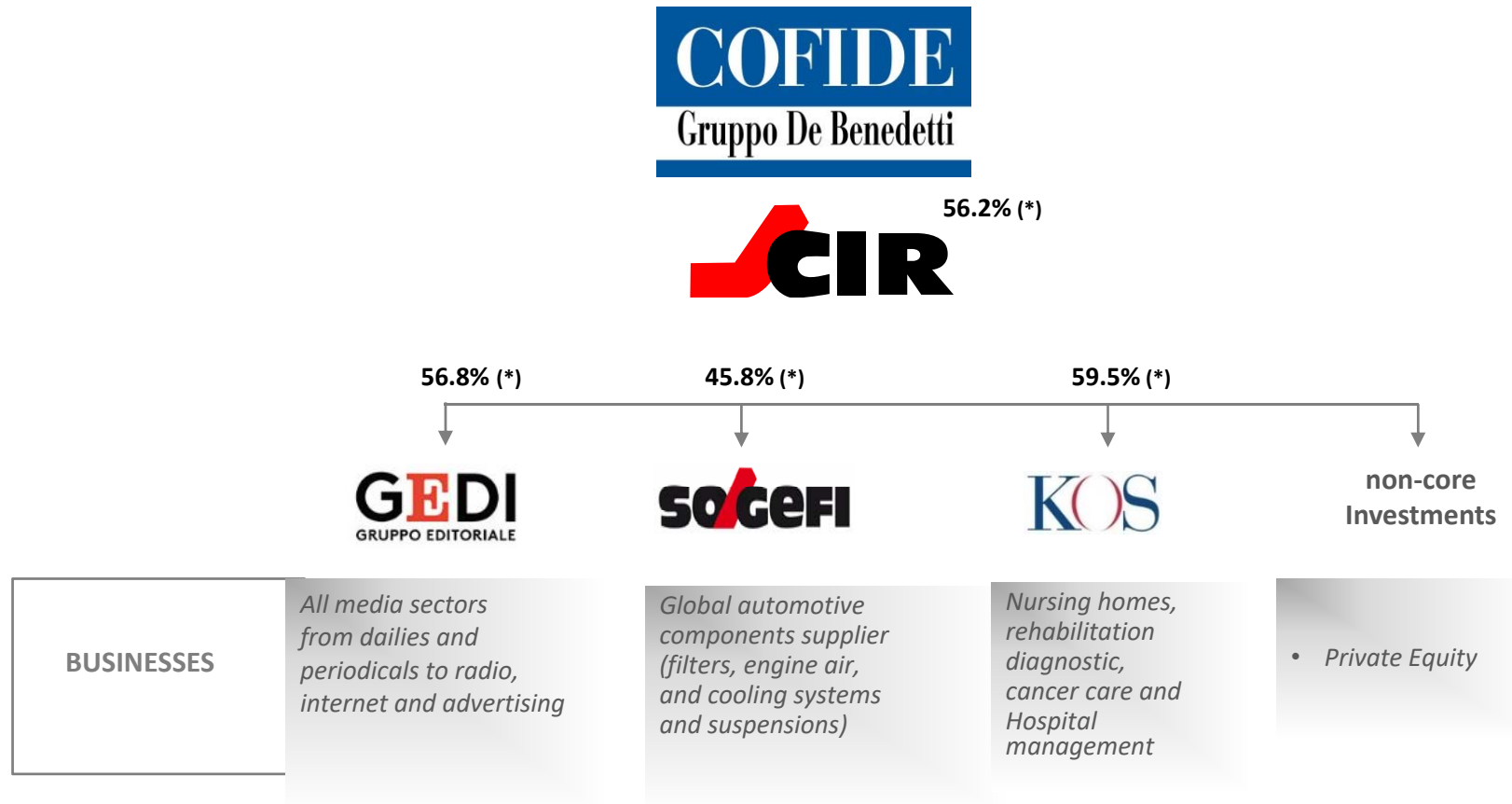
Consolidated revenue amounted to € 661.4 million, in line with € 662.9 million in the same period of 2017.

Gross operating profit came to € 78.2 million (11.8% of revenue) in line with € 78.6 million (11.9% of revenue) in the same period of 2017.

Consolidated operating profit in the third quarter of 2018 was € 36.1 million, compared with € 39.1 million in the corresponding period of 2017.

The **net result** was a profit of € 2.3 million compared with a loss of € 29.6 million in the corresponding period of 2017.

Main Group investments
at 30 September 2018



(*) the percentage is calculated net of treasury shares

3. Performance of the subsidiaries

CIR GROUP - In the first nine months of 2018 the CIR group achieved a consolidated profit of € 34.0 million compared with a loss of € 26.0 million in the corresponding period of 2017 (due, as already mentioned, to the significant extraordinary tax charge incurred by GEDI).

In the third quarter of 2018, the profit was € 8.7 million, compared with a loss of € 52.8 million in the corresponding period of the previous year.

The following is a summary of the contribution to the result and to consolidated equity, broken down by business segment.

<i>(in millions of euro)</i>	<i>1/1-30/09 2018</i>	<i>1/1-30/09 2017</i>	<i>Third quarter 2018</i>	<i>Third quarter 2017</i>
CONTRIBUTIONS TO THE RESULT				
Sogefi Group	13.1	15.9	3.4	4.8
GEDI Group	3.6	(65.2)	1.6	(68.5)
KOS Group	14.8	11.3	5.0	4.6
Total for main subsidiaries	31.5	(38.0)	10.0	(59.1)
Other subsidiaries	(0.1)	--	--	0.1
CIR and other non-industrial subsidiaries	2.6	12.0	(1.4)	6.2
Total result attributable to the owners of the parent	34.0	(26.0)	8.6	(52.8)

The contribution made to CIR's profit by the industrial subsidiaries came to € 31.5 million, in line with € 32.0 million in the first nine months of 2017, prior to the above tax charge.

<i>(in millions of euro)</i>	<i>30.09.2018</i>	<i>31.12.2017(*)</i>
CONTRIBUTIONS TO EQUITY		
Sogefi Group	108.7	100.8
GEDI Group	258.3	254.8
KOS Group	166.8	170.9
Other subsidiaries	0.7	0.9
Total industrial subsidiaries	534.5	527.4
CIR and other non-industrial subsidiaries	419.3	433.6
- invested capital	99.0	90.6
- net financial indebtedness	320.3	343.0
Equity of the CIR group	953.8	961.0

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

Consolidated equity went from € 961.0 million at 31 December 2017 to € 953.8 million at 30 September 2018.

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

■ AUTOMOTIVE COMPONENTS

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

Results for 9 months (in millions of euro)	1/1-30/9	1/1-30/9	Change	
	2018	2017	absolute	%
Revenue	1,219.8	1,242.3	(22.5)	(1.8)
Profit (loss) for the year	23.1	27.9	(4.8)	(17.0)

Quarterly results (in millions of euro)	Third quarter	Third quarter	Change	
	2018	2017	absolute	%
Revenue	380.7	384.8	(4.1)	(1.1)
Profit (loss) for the year	6.1	8.5	(2.4)	(28.6)

Situation at 30 September 2018

	30.09.2018	30.06.2018	31.12.2017
Net financial indebtedness	(286.2)	(259.6)	(264.0)
No. of employees	7,044	7,040	6,947

In the first nine months of 2018, the world automotive market recorded a slowdown in growth, with a 0.8% increase in production. Output declined in Europe (-0.4%), due to the weakness of the third quarter (-6%), and in North America (-1.3%). On the other hand, production grew in South America (+7.7%) and in Asia (+2.7%), thanks in particular to a good performance by the Indian market and despite a slowdown in China.

Hefty devaluations against the euro by the currencies in which the Group operates had a significant impact on the key economic indicators, revenue in particular.

In this context, the **revenue** of the Sogefi group came to € 1,219.8 million, an increase of 3.3% at constant exchange rates, showing a better performance than the market; at current exchange rates, revenue went down by 1.8% compared with the same period of 2017.

At constant exchange rates, *Suspensions* recorded an increase of 5.3% (-0.3% at current exchange rates, mainly due to devaluation of various South American currencies), *Filtration* reported an increase of 3.1% (-3.2% at current exchange rates, again due to devaluations in South America) and *Air and Cooling* posted growth of 0.7% (-2.4% at current exchange rates, affected by the decline in car production in North America and devaluation of the dollar).

Gross operating profit amounted to € 153.1 million, compared with € 161.9 million in the first nine months of last year, while profitability (gross operating profit/revenue) decreased from 13.0% to 12.6%. The main factors that determined this trend (despite the € 6.6 million positive effect of the settlement of claims by *Systèmes Moteurs S.A.S.*) are exchange rates (with a negative impact of € 6.4 million) and increases in the price of steel, which penalised *Suspensions'* result by around € 9 million.

Operating profit totalled € 63.7 million, compared with € 70.3 million in the first nine months of 2017 and represents 5.2% of revenue (compared with 5.7% in 2017).

Income before taxes and non-controlling interests was € 43.9 million (€ 51.1 million in the first nine months of 2017), after financial charges of € 19.8 million in 2018 (€ 19.2 million in 2017).

Profit for the period amounted to € 23.1 million compared with € 27.9 million in the first nine months of 2017 (1.9% of revenue compared with 2.2% in 2017), after income taxes of € 18.3 million in 2018 against € 20.3 million in 2017.

At 30 September 2018, **net financial indebtedness** was € 286.2 million, compared with € 264 million at 31 December 2017 and € 266.7 million at 30 September 2017. Free cash flow in the first nine months of 2018 was negative for € 22.7 million compared with + € 32.5 million in the same period of 2017. The difference is mainly due to the unfavourable trend, which is considered temporary, in working capital (€ 18 million), the purchase of the minority interests in the Indian subsidiary Sogefi M.N.R. Engine Systems India Pvt Ltd, which is in constant and profitable growth (€ 16.7 million), and construction of the new production site in Morocco (€ 12 million) that will start operations in the fourth quarter of 2018, as well as the impact on free cash flow of the deterioration in the results of the *Suspensions* division.

The Sogefi Group had 7,044 employees at 30 September 2018 compared with 6,947 at 31 December 2017.

Despite the current uncertainties of the world automotive market, the group still expects growth at constant exchange rates higher than the market. The group expects a result for the entire year in line with 2017, despite the increases in the cost of raw materials and the negative exchange rate effect. In addition, the group expects positive free cash flow in the fourth quarter.

■ MEDIA

The main indicators of the GEDI group's performance in the current period are shown below, with comparative figures from the same period last year.

Results for 9 months (in millions of euro)	1/1-30/9 2018	1/1-30/9 2017	Change absolute	%
Revenue	469.7	425.5	44.2	10.4
Profit (loss) for the year	7.8	(143.9)	n.a.	-

Quarterly results (in millions of euro)	Third quarter 2018	Third quarter 2017	Change absolute	%
Revenue	147.1	157.1	(10.0)	(6.4)
Profit (loss) for the year	3.5	(151.2)	(154.7)	n.a.

Situation at 30 September 2018

	30.09.2018	30.06.2018	31.12.2017
Net financial indebtedness	(124.7)	(111.4)	(115.1)
No. of employees	2,418	2,433	2,445

The advertising market at the end of August 2018 showed a slight increase (+0.3%) compared with the corresponding period of the previous year (Nielsen Media Research figures). All the main media, with the exception of the press, recorded a positive trend: radio posted an increase of 6.3%,

confirming the trend that has been going on since 2015, while internet, excluding search engines and social media, achieved an increase of 4.3% and TV one of +1.5%. On the other hand, press advertising again suffered a drop of 6.8%, with newspapers at -5.7% (-3.0% in national revenue and -7.8% in local revenue) and magazines at -8.4%. As for newspaper circulation in the period from January to August 2018, according to the figures published by ADS (Accertamento Diffusione Stampa), newsstand and subscription sales fell by 7.5% (-8.6% national newspapers and -6.6% local newspapers).

It should be remembered that integration of the ITEDI group, publisher of the newspapers *La Stampa* and *il Secolo XIX*, with GEDI was completed on 27 June 2017. As a result of this transaction, GEDI acquired control of the ITEDI Group, which entered the scope of consolidation from 30 June 2017; so the GEDI group's income statement for the first nine months of 2017 includes the ITEDI group from 1 July 2017. The change from the first nine months of 2017 on a comparable basis is also reported for the key economic indicators reported below.

Consolidated **revenue**, € 469.7 million, recorded an increase of 10.4% compared with the first nine months of 2017 (-5.9% on a comparable basis). Revenue from digital activities represents 11.3% of group revenue.

Circulation revenue amounted to € 215.5 million, an increase of 14.5% compared with the corresponding period of the previous year and a decrease of 8.4% on a comparable basis, in a market that, as explained above, is continuing to see a significant reduction in the circulation of daily newspapers. Advertising revenue grew by 9.2% on the first nine months of 2017, a decrease of 2.5% on a comparable basis. As regards the group's media, radio revenue grew by 4.7%, confirming the positive trend observed in the previous year. Internet revenue rose by 17.8% (+4.9% on a comparable basis, slightly better than the market trend). Lastly, publishing revenue increased by 10.6% (-6.7% on a comparable basis, with a performance in line with the sector).

Costs were 12.2% higher compared with the first nine months of 2017, but falling by 4.0% on a comparable basis; fixed industrial costs, in particular, have fallen by 7.0% thanks to the ongoing reorganisation of the Group's production structure, as well as administration and other operating costs (-5.6%), thanks to the measures taken to hold down labour costs and general expenses.

Gross operating profit amounted to € 31.4 million, a slight decrease on the same period of 2017 (€ 33.7 million).

Operating profit was € 17.3 million compared with € 22.3 million in the first nine months of 2017.

Consolidated **profit** was € 7.8 million, compared with a loss of € 143.9 million in the first nine months of 2017 (- € 145.7 million on a comparable basis); this included the extraordinary tax charge from settlement of a dispute pending before the Supreme Court regarding anti-avoidance disputes regarding tax benefits arising from the reorganisation of Gruppo Editoriale L'Espresso in 1991.

At 30 September 2018, **net financial indebtedness** was € 124.7 million, compared with € 115.1 million at 31 December 2017. GEDI paid € 35.1 million for the last tranche of this tax settlement on 2 July 2018.

The Group had 2,418 employees at 30 September 2018 and the average number of employees of the period on a comparable basis was 1.9% lower than the first nine months of 2017.

As regards the prospects for 2018, on the basis of the performance recorded in the first nine months, no significant improvement can be seen in the negative trends affecting the press sector for daily newspapers and periodicals in the last several years, while the positive evolution of radio and the

internet continues to get stronger. In this context, the group is still making every effort to achieve all of the advantages deriving from integration with ITEDI, in the development and evolution of its publishing products, in the development of digital activities and in the permanent implementation of rationalisations aimed at preserving profitability in a structurally difficult market. It can therefore be considered that, in the absence of unpredictable events, the group will turn in a positive result at the end of the year.

■ 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>Results for 9 months (in millions of euro)</i>	<i>1/1-30/9 2018</i>	<i>1/1-30/9 2017</i>	<i>Change absolute</i>	<i>%</i>
Revenue	403.1	360.1	43.0	11.9
Profit (loss) for the year	24.8	19.0	5.8	30.5

<i>Quarterly results (in millions of euro)</i>	<i>Third quarter 2018</i>	<i>Third quarter 2017</i>	<i>Change absolute</i>	<i>%</i>
Revenue	133.6	121.0	12.6	10.4
Profit (loss) for the year	8.3	7.7	0.6	7.8

Situation at 30 September 2018

	<i>30.09.2018</i>	<i>30.06.2018</i>	<i>31.12.2017</i>
Net financial indebtedness	(264.3)	(279.0)	(237.1)
No. of employees	6,923	6,918	6,421

The KOS group currently manages 85 facilities, mainly in central and northern Italy, for a total of 8,038 beds, operating in the following areas:

- 1) *Long Term Care*: operating in the management of residential care homes for the elderly mainly under the Anni Azzurri brand for a total of 5,570 beds in use and in the management of functional and psychiatric rehabilitation facilities, psychiatric treatment communities and day hospitals, mainly under the Santo Stefano (rehabilitation) and Neomesia (psychiatry) brands, for a total of 2,345 beds;
- 2) *Cancer and diagnostics*: contract management of high-tech diagnostic and radiotherapy services in both public and private structures, management of accredited radiological centres and clinics, under the *Medipass* brand in 16 facilities in Italy, in 3 facilities in the United Kingdom and in 16 facilities in India;
- 3) *Hospital Management*: concession management of a public hospital, for a total of 123 beds.

In the first nine months of 2018, the KOS group achieved consolidated **revenue** of € 403.1 million, 11.9% up compared with € 360.1 million in the same period last year. The *Long Term Care* segment recorded an increase thanks to the full contribution of the acquisitions made in 2017 and 2018; the *Cancer and diagnostics* segment grew thanks to new services and the full contribution of Ecomedica, which was acquired in July 2017.

Consolidated **gross operating profit** amounted to € 74.9 million, up 18.9% compared with € 63.0 million in the first nine months of 2017.

Consolidated **operating profit** amounted to € 47.8 million compared with € 38.6 million in the corresponding period of the previous year.

Consolidated **profit for the period** came in at € 24.8 million compared with € 19.0 million in the first nine months of 2017.

At 30 September 2018 the KOS group had **net financial indebtedness** of € 264.3 million, compared with € 237.1 million at 31 December 2017, after the acquisitions made during the period (€ 19.1 million) and the distribution of dividends for € 29.7 million.

The following companies were acquired during the first nine months of 2018: Ideas S.r.l., which manages a residential structure for non self-sufficient elderly people, authorised and accredited with the Marche Region for 90 beds and 20 day centre beds; Casa di Cura S. Alessandro S.r.l., a company that manages a structure with 60 beds currently authorised for psychiatric rehabilitation activities; Ippofin S.r.l., a company that manages a social care and residential healthcare facility with 70 beds and a psychiatric community for elderly patients with 33 beds.

The Group had 6,923 employees at 30 September 2018 compared with 6,421 at 31 December 2017.

As regards the business outlook, in 2018 the significant increase in revenue and margins brought about by development activities is expected to be confirmed, particularly in Italy, both externally (through acquisitions) and internally (through greenfield development projects).

■ NON-CORE INVESTMENTS

They are represented by private equity fund investments, non-controlling interests and other investments amounting to € 83.7 million at 30 September 2018, compared with € 74.0 million at 31 December 2017.

PRIVATE EQUITY

CIR International S.A., a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 30 September 2018, based on the NAVs provided by the corresponding funds, came to € 50.2 million, a decrease of € 2.8 million compared with 31 December 2017. In the first nine months of 2018, net financial profit, net of fees, exchange differences and fair value adjustments, was € 3.1 million.

Outstanding commitments at 30 September 2018 amounted to € 12.7 million.

OTHER INVESTMENTS

At 30 September 2018, CIR directly and indirectly held interests in non-controlling investments for a total of € 22.7 million (compared with € 9.9 million at 31 December 2017) and a non-performing loan portfolio for a total of € 10.8 million.

4. Significant events and outlook

For the entire year, the COFIDE group envisages confirming the trends seen in the first nine months, assuming there are no extraordinary events that cannot be foreseen at the present time.

5. Other information

Cofide 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, segment: MTA).

This report for the period 1 January – 30 September 2018 was approved by the Board of Directors on 29 October 2018.

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

COFIDE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

NET FINANCIAL INDEBTEDNESS

1. Statement of financial position

(in thousands of euro)

ASSETS	30.09.2018	30.06.2018	31.12.2017 (*)
NON-CURRENT ASSETS	2,357,996	2,363,550	2,352,230
INTANGIBLE ASSETS	1,162,487	1,168,215	1,156,202
PROPERTY, PLANT AND EQUIPMENT	803,807	800,587	799,830
INVESTMENT PROPERTY	18,867	19,057	19,434
EQUITY-ACCOUNTED INVESTMENTS	121,740	121,689	125,181
OTHER EQUITY INVESTMENTS	12,104	12,117	12,249
OTHER RECEIVABLES	58,295	61,277	56,874
OTHER FINANCIAL ASSETS	83,971	80,338	79,511
DEFERRED TAX ASSETS	96,725	100,270	102,949
CURRENT ASSETS	1,186,673	1,298,663	1,294,304
INVENTORIES	143,308	143,916	139,222
TRADE RECEIVABLES	423,260	483,331	472,614
OTHER RECEIVABLES	106,769	112,950	105,207
LOANS RECEIVABLE	12,909	10,995	21,717
SECURITIES	41,303	44,350	57,228
OTHER FINANCIAL ASSETS	284,898	267,375	235,251
CASH AND CASH EQUIVALENTS	174,226	235,746	263,065
ASSETS HELD FOR SALE	2,341	2,341	3,418
TOTAL ASSETS	3,547,010	3,664,554	3,649,952
LIABILITIES	30.09.2018	30.06.2018	31.12.2017
EQUITY	1,470,377	1,464,611	1,469,585
SHARE CAPITAL	347,905	348,451	350,011
RESERVES	47,292	48,460	76,349
RETAINED EARNINGS (LOSSES CARRIED FORWARD)	112,657	112,647	97,758
PROFIT (LOSS) FOR THE PERIOD	15,769	13,437	(2,967)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	523,623	522,995	521,151
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	946,754	941,616	948,434
NON-CURRENT LIABILITIES	1,051,408	1,026,419	1,099,686
BONDS	269,115	267,074	365,112
OTHER LOANS AND BORROWINGS	358,467	312,347	281,863
OTHER PAYABLES	64,026	67,716	72,116
DEFERRED TAX LIABILITIES	176,694	177,061	171,963
EMPLOYEE BENEFIT OBLIGATIONS	134,408	137,241	139,735
PROVISIONS FOR RISKS AND CHARGES	48,698	64,980	68,897
CURRENT LIABILITIES	1,025,225	1,173,524	1,080,681
BANK LOANS AND BORROWINGS	14,277	6,746	17,551
BONDS	115,552	112,658	20,168
OTHER LOANS AND BORROWINGS	137,486	207,121	196,189
TRADE PAYABLES	482,588	514,862	513,928
OTHER PAYABLES	208,365	263,564	261,601
PROVISIONS FOR RISKS AND CHARGES	66,957	68,573	71,244
LIABILITIES HELD FOR SALE	--	--	--
TOTAL LIABILITIES AND EQUITY	3,547,010	3,664,554	3,649,952

(*) Certain 2017 figures have been restated following the application of "IFRS 15 – Revenue from Customer Contracts".

2. Income statement

(in thousands of euro)

	1/1-30/9 2018	1/1-30/9 2017	Third quarter 2018	Third quarter 2017
REVENUE	2,092,562	2,027,812	661,393	662,911
CHANGE IN INVENTORIES	458	72	(889)	(2,415)
COSTS FOR THE PURCHASE OF GOODS	(750,943)	(737,430)	(237,457)	(229,347)
COSTS FOR SERVICES	(501,030)	(474,381)	(161,510)	(166,886)
PERSONNEL COSTS	(571,300)	(538,189)	(177,747)	(175,372)
OTHER OPERATING INCOME	19,399	20,635	4,735	7,478
OTHER OPERATING EXPENSE	(44,160)	(52,486)	(10,345)	(17,782)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	(127,198)	(125,428)	(42,105)	(39,451)
OPERATING PROFIT (LOSS)	117,788	120,605	36,075	39,136
FINANCIAL INCOME	6,786	7,677	1,660	2,424
FINANCIAL EXPENSE	(42,646)	(39,921)	(13,401)	(13,507)
DIVIDENDS	2,782	61	15	21
GAINS FROM TRADING SECURITIES	8,381	19,051	1,637	9,947
LOSSES FROM TRADING SECURITIES	(734)	(33)	(339)	--
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENTS	212	(743)	51	(79)
NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(3,113)	320	(2,340)	(996)
PROFIT (LOSS) BEFORE TAXES	89,456	107,017	23,358	36,946
INCOME TAXES	(31,052)	(189,613)	(8,841)	(164,917)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	58,404	(82,596)	14,517	(127,971)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	--	1,161	--	161
PROFIT (LOSS) FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	58,404	(81,435)	14,517	(127,810)
- (PROFIT) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(42,635)	66,440	(12,185)	98,380
- PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	15,769	(14,995)	2,332	(29,430)

3. Statement of net financial indebtedness

(in thousands of euro)

	30.09.2018	30.06.2018	31.12.2017
A. Cash and bank deposits	174,226	235,746	263,065
B. Other cash equivalents	284,898	267,375	235,251
C. Securities held for trading	41,303	44,350	57,228
D. Cash and cash equivalents (A)+(B)+(C)	500,427	547,471	555,544
E. Current loans receivable	12,909	10,995	21,717
F. Current bank payables	(81,078)	(122,759)	(118,604)
G. Bonds	(115,552)	(112,658)	(20,168)
H. Current portion of non-current debt	(70,685)	(91,108)	(95,136)
I. Other current loans and borrowings	--	--	--
J. Current financial indebtedness (F)+(G)+(H)+(I)	(267,315)	(326,525)	(233,908)
K. Current net financial position (J)+(E)+(D)	246,021	231,941	343,353
L. Non-current bank loans and borrowings	(295,762)	(247,152)	(211,709)
M. Bonds issued	(269,115)	(267,074)	(365,112)
N. Other non-current payables	(62,705)	(65,195)	(70,154)
O. Non-current financial indebtedness (L)+(M)+(N)	(627,582)	(579,421)	(646,975)
P. Net financial indebtedness (K)+(O)	(381,561)	(347,480)	(303,622)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

The consolidated interim financial report at 30 September 2018, 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 2017.

The consolidated financial statements of the Group at 30 September 2018, like those at 31 December 2017, 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.

Subsidiaries are all those companies that the Group has control over according to IAS 27, SIC 12 and IFRIC Interpretation 2. In particular, all of the companies and investment funds where the Group has decision-making power over financial and operating policies are considered subsidiaries. Such power is assumed to exist in cases where the Group holds a majority of the voting rights of a company, including potential voting rights exercisable without restrictions or *de facto* control as in the case where *de facto* control of the shareholders' meeting is exercised, even without having a majority of the voting rights.

Subsidiaries are fully consolidated from the date on which the Group takes control and are de-consolidated when such control no longer exists.

3. Accounting policies

The accounting standards applied in preparing the financial statements at 30 September 2018 do not differ from those applied at 31 December 2017, with the exception of the new accounting standards "IFRS 15 Revenues from Customer Contracts" and "IFRS 9 Financial Instruments", applied for the first time from 1 January 2018.

In particular, IFRS 15 lays down a new model of revenue recognition that will apply to all contracts with customers, except for those that fall within the scope of other IAS/IFRS, such as leases, insurance contracts and financial instruments.

The COFIDE Group has restated the comparative figures on FTA of IFRS 15.

The application of IFRS 15 by the Sogefi group involved a change in the accounting treatment of tooling provided to customers, as shown below.

The supply of tooling does not meet the requirements to be identified as a separate performance obligation, so revenue will be recorded with the same timing as the supply of goods. This is because tooling is used by the Sogefi group exclusively to supply the specific asset ordered by the customer and the customer does not really have an option to obtain the production of such specific goods from another supplier through the use of tooling. Contracts with customers have different forms in the various jurisdictions where the Sogefi group operates (legal ownership of tooling could be transferred to the customer before the start of mass production for a fixed fee or at the end of mass production, or the revenue from the sale of the tooling could be included in the selling price of the individual goods). Previously, revenue for the contractual obligation to supply tooling was recorded on the basis of the contractual provisions, with specific reference to the transfer of ownership of the tooling to the customer.

By changing the method of recognising the revenue from the contractual obligation to supply tooling, the Sogefi group also changed the accounting policy for the costs involved in the production or purchase of tooling. These costs are capitalised under "Property, plant and equipment" and depreciated over the time that the goods are supplied to the customer (these costs will therefore no longer be recognised in the income statement). Costs related to the development of prototypes (previously recognised in the income statement) are now capitalised under "Intangible assets" and amortised over the period that the goods are supplied to the customer.

The Sogefi group has also identified an impact on the presentation of revenue from customers in the aftermarket. This is due to costs for "marketing contributions" provided to customers who meet the definition of "consideration payable to customers" given in IFRS 15 and that have to be shown net of revenue.

First-time application of IFRS 15 to the GEDI group involved:

- the recognition of revenue deriving from the circulation business on the basis of the cover price paid by the end-buyer, gross of all extras, including the part paid to newsagents. Consequently, unlike the previous accounting treatment, this extra has been recognised separately as a distribution cost and no longer deducted from revenue;
- the presentation of consolidated advertising revenue, net of the publishing fees from advertising sales on behalf of third-party publishers, previously recorded in the costs for services.

Within the KOS group, the application of IFRS 15 did not produce significant effects.

The following tables show the effects of adopting the new standard in the income statement at 30 September 2017 and in the balance sheet at 31 December 2017.

INCOME STATEMENT

(in millions of euro)

	Period 01.01 – 30.09.2017	Period 01.01 – 30.09.2017 restated	Difference
Revenue	2,056,543	2,027,812	(28,731)
Costs for the purchase of goods	(782,554)	(737,430)	45,124
Costs for services	(488,902)	(474,381)	14,521
Other operating expense	(52,138)	(52,486)	(348)
Amortisation, depreciation & impairment losses	(94,671)	(125,428)	(30,757)
Financial expense	(40,268)	(39,921)	347
Income taxes	(189,315)	(189,613)	(298)
Non-controlling interests	66,345	66,440	95
Profit (loss) for the period	(14,948)	(14,995)	(47)

INCOME STATEMENT

(in millions of euro)

	3rd quarter 2017	3rd quarter 2017 restated	Difference
Revenue	664,183	662,911	(1,272)
Costs for the purchase of goods	(245,852)	(229,347)	16,505
Costs for services	(162,421)	(166,886)	(4,465)
Other operating expense	(17,677)	(17,782)	(105)
Amortisation, depreciation & impairment losses	(29,485)	(39,451)	(9,966)
Financial expense	(13,611)	(13,507)	104
Income taxes	(164,592)	(164,917)	(325)
Non-controlling interests	98,709	98,380	(329)
Profit (loss) for the period	(29,577)	(29,430)	147

STATEMENT OF FINANCIAL POSITION

(in millions of euro)

ASSETS	31.12.2017	31.12.2017 restated	Difference
Intangible assets	1,138,329	1,156,202	17,873
Property, plant and equipment	691,148	799,830	108,682
Deferred tax assets	97,383	102,949	5,566
Inventories	175,608	139,222	(36,386)
Total assets	3,571,486	3,667,221	95,735

LIABILITIES	31.12.2017	31.12.2017 restated	Difference
Equity attributable to the owners of the Parent	524,664	521,151	(3,513)
Non-controlling interests	956,109	948,434	(7,675)
Other non-current liabilities	6,829	72,116	65,287
Deferred tax liabilities	171,068	171,963	895
Current trade payables	469,451	513,928	44,477
Other current liabilities	265,337	261,601	(3,736)
Total liabilities	3,571,486	3,667,221	95,735

Application of IFRS 9

The document (published on 24 July 2014) includes the results of steps relating to classification and measurement, derecognition, impairment and hedge accounting, of the IASB's project to replace IAS 39:

- it introduces new criteria for the classification and measurement of financial assets and liabilities;
- with reference to the impairment model, the new standard requires loan losses to be estimated on the basis of expected losses (and not incurred losses, as under IAS 39), using information that has adequate support, available without unreasonable effort or expense, and that includes historical, current and prospective figures;
- it introduces a new model for hedge accounting (increases the types of transactions eligible for hedge accounting, changes the methodology for recognising forward contracts and options when included in an eligible hedging relationship, amends the effectiveness test).

The analyses that we carried out on the impact of implementing IFRS 9 concerned the assessment of Expected Credit Losses on trade receivables, tax credits, other receivables and cash and cash equivalents.

These assessments led to a reduction in the equity of the Cofide Group, net of tax, of € 721 thousand attributable for € 282 thousand to the KOS group, € 254 thousand to the GEDI group, € 134 thousand to the Sogefi group and € 51 thousand to CIR and other non-industrial subsidiaries.

The Group has decided to continue using the hedge accounting rules envisaged in IAS 39 for all hedges already designated in hedge accounting at 31 December 2017.

The Group has not restated its comparative figures on FTA of IFRS 9 as the impact of introducing this standard is considered to be low.

In particular, with effect from 1 January 2018, the securities and financial investments classified as "financial assets available for sale" will be classified according to IFRS 9 in "other financial assets" with contra-entry to "fair value through profit or loss (FVTPL)". As a result of this classification, on the same date, the "Fair value reserve" and the "Translation reserve" were reduced by € 24,302 thousand and € 3,677 thousand respectively, with a simultaneous increase in "Profit/(loss) carried forward" of € 27,979 thousand.

4. Share capital

Share capital at 30 September 2018 amounted to € 359,604,959.00, the same as at 31 December 2017, and consisted of 719,209,918 shares with a nominal value of € 0.50 each.

At 30 September 2018 the Company held 23,400,004 treasury shares (3.25% of the share capital) for a value of € 13,486 thousand, compared with 19,188,559 treasury shares (2.67% of the share capital) for a value of € 11,364 thousand at 31 December 2017.

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.



DECLARATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2,
OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

Re: Interim Financial Report as of 30 September 2018

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 October 2018

Signed by:

Cofide S.p.A.
Giuseppe Gianoglio