



**PRESS RELEASE**

*Board of Directors approves results for year ended December 31 2018*

**COFIDE GROUP: NET INCOME AT € 4.5 MLN FOR 2018  
DIVIDEND OF € 0.0145 PER SHARE**

**Highlights from the results for 2018**

(in millions of €)

	<u>2017*</u>	<u>2018</u>	<u>Δ%</u>
Revenues	2,754.2	<b>2,817.4</b>	+2.3%
EBITDA	329.6	<b>304.7</b>	+12.4%
Net result	(3.0)	<b>4.5</b>	
Net financial debt	303.6	<b>323</b>	

*\*Some values for 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers"*

Milan, March 11 2019 – The **Board of Directors of COFIDE-Gruppo De Benedetti S.p.A.**, which met today in Milan under the chairmanship of **Rodolfo De Benedetti**, approved the **proposed statutory Financial Statements** and the **Consolidated Financial Statements for the year ended December 31 2018**. The Board approved the **2018 Consolidated Non-Financial Disclosure (DNF)**, prepared in accordance with the terms of Legislative Decree no. 254/2016. The Board also voted to propose to the Annual General Meeting of the Shareholders the distribution of a dividend of € 0.0145 per share.

**COFIDE** is the controlling **shareholder** of **CIR-Compagnie Industriali Riunite S.p.A. (CIR)**, the company at the head of an industrial group active mainly in the healthcare sector (*KOS*), in automotive components (*Sogefi*) and in media (*GEDI Gruppo Editoriale*).

**Consolidated results and results of the parent company**

The **revenues** of the COFIDE group in 2018 totalled **€ 2,817.4 million** and were up by 2.3% (+5.2% at constant exchange rates) from € 2,754.2 million in 2017.

**EBITDA** came to **€ 304.7 million** (10.8% of revenues), down by **7.5%** from € 329.6 million (12% of revenues) in 2017.

In 2018 the COFIDE group reported **consolidated net income** of **€ 4.5 million** compared to a loss of € 3 million in 2017. The result consisted of a positive contribution of € 7.3 million from the subsidiary CIR (-€ 3.3 million in 2017) and the negative contribution of the parent company of the group COFIDE S.p.A. of € 2.8 million (€ 0.3 million in 2017).

The subsidiary CIR closed the year 2018 with consolidated net income of € 12.9 million after a loss of € 5.9 million in the previous year. As was the case in 2017, when the net result of the group was affected by the extraordinary charge incurred by *GEDI* to settle a tax dispute for events going back to 1991, in 2018 again, non-recurring charges were reported in the investee *GEDI* for organizational restructuring and the write-down of goodwill and equity investments after impairment tests had been carried out. Excluding these items, the net result would be € 33.7 million.

The **consolidated net financial debt of the COFIDE group** at December 31 2018 amounted to **€ 323 million** and was up by € 19.4 million from € 303.6 million at December 31 2017. The difference was due mainly to the investments made by *KOS* and *Sogefi* in acquisitions, the distribution of dividends, the buyback of own shares and the payment of the last instalment of *GEDI*'s extraordinary tax charge, all of which were almost entirely offset by the considerable cash flow from operations.

The **net debt** of the **parent company COFIDE S.p.A.** came to **€ 25.9 million** at December 31 2018 (€ 31.1 million at December 31 2017). The change was mainly the combination of an increase caused by outflows of € 2.5 million for the buyback of own shares and a reduction of € 9.8 million from the receipt of dividends net of those paid out.

**Total shareholders' equity** stood at **€ 1,436 million** at December 31 2018 compared to € 1,469.6 million at December 31 2017.

The **equity of the group** totalled **€ 515.8 million** at December 31 2018 versus € 521.2 million at December 31 2017. The change was substantially due to an increase from the net income for the year offset by the distribution of dividends and the buyback of own shares.

The **equity of the parent company COFIDE S.p.A.** amounted to **€ 561 million** at December 31 2018 compared to € 562.2 million at the end of 2017. The equity increased by € 11.1 million, the amount of the result for the year, but was reduced by the dividend distribution of € 9.8 million and the buyback of own shares of € 2.5 million.

Financial investments at December 31 2018 were worth **€ 13.5 million**.

At December 31 2018 the COFIDE group had **16,365 employees** (15,839 at December 31 2017).

### **Outlook for the year 2019**

COFIDE's performance in 2019 will depend mainly on the performance of the sectors in which it operates its strategic businesses.

*KOS* expects to see a marginal increase in revenues and margins as far as its current perimeter is concerned and will continue its development activities, particularly in Italy, both externally (acquisitions) and internally (greenfield development projects).

As for *Sogefi*, sources in the sector expect the market to be in line with 2018, with a decline in production in the first half of the year and a recovery in the second half. It should however be stressed that there is little visibility at the moment as to how the whole year will evolve, and as to market volatility, which remains high. The evolution of commodity prices is equally uncertain. In this climate, *Sogefi* is forecasting revenues in line with the market and is committed to recouping profitability, especially in the *Suspensions* sector.

As far as *GEDI* is concerned, evidence available today does not allow us to forecast any change in the market that is significantly different from what characterized 2018. In this environment, the group will continue with its commitment to implementing rationalization initiatives to preserve its profitability in a market that is structurally difficult, and will continue to reap further benefits from its merger with the *ITEDI* group, while strengthening its leadership in the digital businesses.

### **Annual General Meeting of the Shareholders**

The Annual General Meeting of the Shareholders has been convened for April 29 2019 at a single call. At today's meeting the Board resolved:

- To put before the Shareholders' Meeting a motion to cancel and renew the Board's authorization for a period of 18 months to buy back a maximum of 70 million of the Company's own shares at a unit price that cannot be more than 10% higher or lower than the benchmark price recorded by the shares on regulated markets on the trading day preceding each single buyback transaction or the date on which the

price is fixed. In any case, when the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in compliance with what is set out in EU Delegated Regulation no. 2016/1052. The main reasons why this authorization is being renewed are: to fulfil the obligations resulting from possible stock option plans or other awards of shares of the Company to employees or members of the Board of Directors of COFIDE or its subsidiaries; to fulfil any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments; to have a portfolio of own shares to use as consideration in any possible extraordinary transactions, even those involving an exchange of equity holdings with other entities within the scope of transactions of interest to the Company (a so-called "stock of securities"); to support market liquidity of the shares; to take advantage of opportunities for creating value, as well as investing liquidity efficiently in relation to the market trend; for any other purpose qualified by the competent Authorities as admitted market practice in accordance with applicable European or domestic rules, and with the procedures established therein.

The Board of Directors also voted to submit the following proposal to the extraordinary session of the Annual General Meeting:

- An amendment to the Bylaws to lengthen the period of continuous possession of the shares needed to benefit from increased voting rights (so-called Vesting Period) from the current 24 months to 48 months. Any shareholders of COFIDE who do not agree to the adoption of this resolution will be able to exercise the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g), of the Civil Code. The effective application of this amendment to the Bylaws will be subject to the condition, which COFIDE may waive, that the total value of the sale of COFIDE shares for which the right of withdrawal may be validly exercised, does not exceed Euro 5 million. The unit price paid for the liquidation of the shares of the Company will be calculated in accordance with the terms of Article 2437/ter, paragraph 3, of the Civil Code, with exclusive reference to the arithmetic average of the closing prices in the six months preceding the date of publication of the notice of Annual General Meeting, and will be published in accordance with the terms of the law and regulations. The amendment of the Bylaws will take effect on the thirtieth day following the date of completion of the merger by incorporation of CIR into COFIDE, approved today by the respective Boards of Directors, and in any case as from June 1 2020.

The Annual General Meeting will also be called upon to adopt a resolution to renew the Board of Directors.

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### **Proposed dividend**

The Board of Directors has decided to put before the Shareholders' Meeting a dividend of € 0.0145 per share. The dividend will be paid out with detachment of coupon no. 34 on July 8 2019, record date July 9 2019 and payment date July 10 2019 in favour only of shareholders who have not exercised the right of withdrawal.

For further information on the plan for the merger by incorporation of CIR into COFIDE, see the joint press release published today.

For further information on the results of the subsidiary CIR, see the press release published by the company today ([goo.gl/LbJjMf](http://goo.gl/LbJjMf)).

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*The executive responsible for the preparation of the company's financial statements, Giuseppe Gianoglio, hereby declares, in compliance with the terms of paragraph 2 Article 154 bis of the Finance Consolidation Act (TUF), that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.*

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**Alternative performance indicators**

Below the meaning and content are given of the “alternative performance indicators”, not envisaged by IFRS accounting standards but used in this press release to provide a better evaluation of the economic and financial performance of the COFIDE group.

- **EBITDA (gross operating margin):** an indicator of operating performance calculated by adding “amortization, depreciation and write-downs” to the “operating result”;
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, other financial assets and cash and cash equivalents in current assets, of bonds and other borrowings in non-current liabilities, and of bank overdrafts, bonds and other borrowings in current liabilities

*Attached are key figures from the consolidated statement of financial position and income statement*

# Statement of Financial Position

(in thousands of euro)

ASSETS	31.12.2018	31/12/2017 (**)
<b>NON-CURRENT ASSETS</b>	<b>2,328,789</b>	<b>2,352,230</b>
INTANGIBLE ASSETS	1,139,840	1,156,202
TANGIBLE ASSETS	822,444	799,830
INVESTMENT PROPERTY	18,677	19,434
INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	110,179	125,181
OTHER EQUITY INVESTMENTS	12,525	12,249
OTHER RECEIVABLES	50,655	56,874
OTHER FINANCIAL ASSETS	75,469	79,511
DEFERRED TAX ASSETS	99,000	102,949
<b>CURRENT ASSETS</b>	<b>1,218,476</b>	<b>1,294,304</b>
INVENTORIES	134,218	139,222
TRADE RECEIVABLES	420,969	472,614
<i>of which with related parties (*)</i>	690	1,677
OTHER RECEIVABLES	79,283	105,207
<i>of which with related parties (*)</i>	105	105
FINANCIAL RECEIVABLES	25,773	21,717
SECURITIES	33,563	57,228
OTHER FINANCIAL ASSETS	276,880	235,251
CASH AND CASH EQUIVALENTS	247,790	263,065
ASSETS HELD FOR DISPOSAL	13,599	3,418
<b>TOTAL ASSETS</b>	<b>3,560,864</b>	<b>3,649,952</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>EQUITY</b>	<b>1,436,037</b>	<b>1,469,585</b>
SHARE CAPITAL	347,523	350,011
RESERVES	51,490	76,349
RETAINED EARNINGS (LOSSES)	112,263	97,758
NET INCOME (LOSS) FOR THE YEAR	4,535	(2,967)
<b>EQUITY OF THE GROUP</b>	<b>515,811</b>	<b>521,151</b>
MINORITY SHAREHOLDERS' EQUITY	920,226	948,434
<b>NON-CURRENT LIABILITIES</b>	<b>1,046,239</b>	<b>1,099,686</b>
BONDS	270,254	365,112
OTHER BORROWINGS	365,004	281,863
OTHER PAYABLES	63,003	72,116
DEFERRED TAX LIABILITIES	169,864	171,963
PERSONNEL PROVISIONS	135,091	139,735
PROVISIONS FOR RISKS AND LOSSES	43,023	68,897
<b>CURRENT LIABILITIES</b>	<b>1,069,224</b>	<b>1,080,681</b>
LOANS FROM BANKS	13,046	17,551
BONDS	113,801	20,168
OTHER BORROWINGS	144,874	196,189
TRADE PAYABLES	497,420	513,928
<i>of which to related parties (*)</i>	2,238	1,830
OTHER PAYABLES	212,706	261,601
PROVISIONS FOR RISKS AND LOSSES	87,377	71,244
LIABILITIES HELD FOR DISPOSAL	9,364	--
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,560,864</b>	<b>3,649,952</b>

(\*) As per Consob Communiqué no. 6064293 of July 28 2006

(\*\*) Some values for 2017 were recalculated after application of "IFRS 15 – Revenue from contracts with customers"

# Income Statement

(in thousands of euro)

	<b>2018</b>	<b>2017 (**)</b>
REVENUES	2,817,434	2,754,192
CHANGE IN INVENTORIES	(1,995)	(4,268)
COSTS FOR THE PURCHASE OF GOODS	(1,004,032)	(980,475)
COSTS FOR SERVICES	(679,498)	(656,550)
<i>of which from related parties (*)</i>	(3,163)	(2,573)
PERSONNEL COSTS	(787,016)	(732,661)
OTHER OPERATING COSTS	40,237	30,907
<i>of which with related parties (*)</i>	1,838	1,949
OTHER OPERATING COSTS	(80,469)	(81,513)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(204,385)	(176,773)
<b>OPERATING RESULT</b>	<b>100,276</b>	<b>152,859</b>
FINANCIAL INCOME	8,800	9,594
<i>of which from related parties (*)</i>	2	3
FINANCIAL EXPENSE	(53,162)	(59,356)
DIVIDENDS	2,783	5,373
GAINS FROM TRADING SECURITIES	14,621	26,391
LOSSES FROM TRADING SECURITIES	(986)	(156)
SHARE OF INCOME (LOSS) OF INVESTEEES CONSOLIDATED USING THE EQUITY METHOD	677	(524)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(23,205)	(3,998)
<b>RESULT BEFORE TAXES</b>	<b>49,804</b>	<b>130,183</b>
INCOME TAXES	(32,287)	(181,159)
<b>RESULT FROM OPERATIONS DESTINED TO CONTINUE</b>	<b>17,517</b>	<b>(50,976)</b>
NET INCOME (LOSS) FROM OPERATIONS HELD FOR DISPOSAL	--	7,594
<b>NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS</b>	<b>17,517</b>	<b>(43,382)</b>
- NET LOSS (INCOME) OF MINORITY SHAREHOLDERS	(12,982)	40,415
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>4,535</b>	<b>(2,967)</b>
<b>BASIC EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>0.0065</b>	<b>(0.0042)</b>
<b>DILUTED EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>0.0065</b>	<b>(0.0042)</b>

(\*) As per Consob Communiqué no. 6064293 of July 28 2006

(\*\*) Some values for 2017 were recalculated on application of "IFRS 15 – Revenue from contracts with customers"

# Cash Flow Statement

(in thousands of euro)

	2018	2017 (*)
<b>OPERATING ACTIVITY</b>		
RESULT OF OPERATIONS DESTINED TO CONTINUE	17,517	(50,976)
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	204,385	176,773
ADJUSTMENT TO INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	2,976	4,806
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	3,733	3,430
CHANGES IN PERSONNEL PROVISIONS, PROVISIONS FOR RISKS AND LOSSES	(11,965)	(37,324)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	23,205	3,998
LOSSES (GAINS) ON THE SALE OF CAPITAL ASSETS	(11,396)	(22,877)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	(5,212)	2,074
(INCREASE) REDUCTION IN NET WORKING CAPITAL	15,952	42,476
<b>CASH FLOWS FROM OPERATING ACTIVITY</b>	<b>239,195</b>	<b>122,380</b>
of which:		
- interest received (paid)	(32,747)	(32,945)
- income tax payments	(28,502)	(30,908)
<b>INVESTMENT ACTIVITY</b>		
AMOUNT PAID FOR BUSINESS COMBINATIONS	(21,533)	(43,948)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	551	9,983
(PURCHASE) SALE OF SECURITIES	(24,259)	8,143
SALE OF CAPITAL ASSETS	10,278	14,223
PURCHASE OF CAPITAL ASSETS	(194,220)	(180,317)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>(229,183)</b>	<b>(191,916)</b>
<b>FINANCING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	928	1,546
OTHER CHANGES IN EQUITY	22	(443)
CHANGE IN OTHER FINANCIAL RECEIVABLES	(4,056)	(8,803)
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	30,601	46,122
BUYBACK OF OWN SHARES OF THE GROUP	(15,043)	(25,421)
DIVIDENDS PAID	(33,234)	(29,860)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>	<b>(20,782)</b>	<b>(16,859)</b>
<b>INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS OF OPERATIONS DESTINED TO CONTINUE</b>	<b>(10,770)</b>	<b>(86,395)</b>
<b>CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF YEAR FROM ASSETS HELD FOR DISPOSAL</b>	<b>--</b>	<b>11,417</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF YEAR</b>	<b>245,514</b>	<b>320,492</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>234,744</b>	<b>245,514</b>

(\*) Some values for 2017 were recalculated following application of "IFRS 15 – Revenue from contracts with customers"

## 5. Statement of Changes in Shareholders' Equity

(in thousands of euro)	Attributable to the Shareholders of the parent company											Minority interests	Total	
	Issued Capital	less own shares	Share Capital	Share premium reserve	Legal reserve	Fair value reserve	Translation reserve	Treasury stock reserve	Other reserves	Retained earnings (losses)	Net income (loss) for the period			Total
<b>BALANCE AT DECEMBER 31 2016</b>	<b>359.605</b>	--	<b>359.605</b>	<b>5.044</b>	<b>22.644</b>	<b>15.833</b>	<b>(3.434)</b>	--	<b>54.954</b>	<b>87.519</b>	<b>21.249</b>	<b>563.414</b>	<b>943.482</b>	<b>1.506.896</b>
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	85.198	85.198
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	(10.069)	--	(10.069)	(19.791)	(29.860)
Retained earnings	--	--	--	--	941	--	--	--	--	20.308	(21.249)	--	--	--
Adjustment for own share transactions	--	(9.594)	(9.594)	--	--	--	--	9.594	(11.364)	--	--	(11.364)	--	(11.364)
Effects of equity changes in subsidiaries	--	--	--	--	--	204	(51)	--	(13.252)	--	--	(13.099)	1.274	(11.825)
<i>Comprehensive result for the period</i>														
Fair value measurement of hedging instruments	--	--	--	--	--	980	--	--	--	--	--	980	2.146	3.126
Fair value measurement of securities	--	--	--	--	--	6.689	--	--	--	--	--	6.689	(426)	6.263
Securities fair value reserve released to income statement	--	--	--	--	--	(852)	--	--	--	--	--	(852)	(685)	(1.537)
Effects of equity changes in subsidiaries	--	--	--	--	--	--	--	--	(220)	--	--	(220)	(428)	(648)
Currency translation differences	--	--	--	--	--	--	(8.450)	--	--	--	--	(8.450)	(15.458)	(23.908)
Actuarial gains (losses)	--	--	--	--	--	--	--	--	601	--	--	601	1.219	1.820
Result for the period	--	--	--	--	--	--	--	--	--	--	(2.966)	(2.966)	(40.422)	(43.388)
<i>Total comprehensive result for the period</i>	--	--	--	--	--	6.817	(8.450)	--	381	--	(2.966)	(4.218)	(54.054)	(58.272)
<b>BALANCE AT DECEMBER 31 2017</b>	<b>359.605</b>	<b>(9.594)</b>	<b>350.011</b>	<b>5.044</b>	<b>23.585</b>	<b>22.854</b>	<b>(11.935)</b>	<b>9.594</b>	<b>30.719</b>	<b>97.758</b>	<b>(2.966)</b>	<b>524.664</b>	<b>956.109</b>	<b>1.480.773</b>
Adjustments at the date of initial application of IFRS 15 (net of tax)	--	--	--	--	--	--	116	--	(3.628)	--	(1)	(3.513)	(7.675)	(11.188)
<b>BALANCE AT DECEMBER 31 2017 RECALCULATED</b>	<b>359.605</b>	<b>(9.594)</b>	<b>350.011</b>	<b>5.044</b>	<b>23.585</b>	<b>22.854</b>	<b>(11.819)</b>	<b>9.594</b>	<b>27.091</b>	<b>97.758</b>	<b>(2.967)</b>	<b>521.151</b>	<b>948.434</b>	<b>1.469.585</b>
Adjustments at the date of initial application of IFRS 9 (net of tax)	--	--	--	--	--	(24.302)	(3.677)	--	(770)	27.979	--	(770)	(1.771)	(2.541)
<b>BALANCE AT JANUARY 1 2018 RECALCULATED</b>	<b>359.605</b>	<b>(9.594)</b>	<b>350.011</b>	<b>5.044</b>	<b>23.585</b>	<b>(1.448)</b>	<b>(15.496)</b>	<b>9.594</b>	<b>26.321</b>	<b>125.737</b>	<b>(2.967)</b>	<b>520.381</b>	<b>946.663</b>	<b>1.467.044</b>
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	928	928
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	(9.800)	--	(9.800)	(23.434)	(33.234)
Retained earnings	--	--	--	--	707	--	--	--	--	(3.674)	2.967	--	--	--
Adjustment for own share transactions	--	(2.488)	(2.488)	--	--	--	--	2.488	(2.477)	--	--	(2.477)	--	(2.477)
Effects of equity changes in subsidiaries	--	--	--	--	--	(30)	(320)	--	5.893	--	--	5.543	(11.970)	(6.427)
<i>Comprehensive result for the period</i>														
Fair value measurement of hedging instruments	--	--	--	--	--	490	--	--	--	--	--	490	1.033	1.523
Effects of equity changes in subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Currency translation differences	--	--	--	--	--	--	(3.411)	--	--	--	--	(3.411)	(7.276)	(10.687)
Actuarial gains (losses)	--	--	--	--	--	--	--	--	550	--	--	550	1.300	1.850
Result for the period	--	--	--	--	--	--	--	--	--	--	4.535	4.535	12.982	17.517
<i>Total comprehensive result for the period</i>	--	--	--	--	--	490	(3.411)	--	550	--	4.535	2.164	8.039	10.203
<b>BALANCE AT DECEMBER 31 2018</b>	<b>359.605</b>	<b>(12.082)</b>	<b>347.523</b>	<b>5.044</b>	<b>24.292</b>	<b>(988)</b>	<b>(19.227)</b>	<b>12.082</b>	<b>30.287</b>	<b>112.263</b>	<b>4.535</b>	<b>515.811</b>	<b>920.226</b>	<b>1.436.037</b>