

**PRESS RELEASE**

*Board of Directors approves results of first half 2019*

**COFIDE GROUP: REVENUES AT € 1,362.0 MLN IN FIRST HALF 2019**

**Highlights from results of 1H 2019**

(in millions of €)

	<u>1H 2018</u>	<u>1H 2019*</u>
Revenues	1,404.6	<b>1,362.0</b>
EBITDA	158.1	<b>160.2</b>
Net income	12.7	<b>0.7</b>
	31/12	<b>30/6</b>
Net financial debt before IFRS 16	323.0	<b>368.8</b>
Payables for leasing and rights of use IFRS 16		443.2
Net financial debt after IFRS 16		<b>812.0</b>

\* As from January 1 2019 accounting standard IFRS 16 is being applied as stated in the Foreword

Milan, July 29 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**, has approved the **Semi-Annual Financial Report for 2019**.

**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*).

**Foreword**

*The Semi-Annual Financial Report for 2019 was drawn up with application of IFRS 16, which establishes a new way of accounting for leasing contracts, with significant effects particularly on the net debt figure and the EBITDA of the Group, which will be indicated further on in this press release.*

**Consolidated results**

The **revenues** of the COFIDE group for the first half of 2019 came in at **€ 1,362.0 million** and were down from € 1,404.6 million in the same period of 2018.

**EBITDA** came to **€ 160.2 million** (11.8% of revenues) compared to € 158.1 million (11.3% of revenues) in the first half of 2018; excluding the effect of IFRS 16, EBITDA would be € 129.9 million (9.5% of revenues), down by 17.8% compared to the first half of 2018.

In first half 2019 the COFIDE group reported **net income** of **€ 0.7 million**, down from € 12.7 million in the previous year. The consolidated result was a combination of the contribution of the subsidiary CIR of € 1.1

million (€ 13.5 million in first half 2018) and the loss of the parent company Cofide of € 0.4 million (- € 0.8 million in the first half of 2018).

For the first six months of 2019 the consolidated net income of CIR was € 2.0 million, down from € 24.1 million in the same period of 2018 because of the lower operating result and the write-down of the GEDI's interest in Persidera with the prospect of its disposal ( with a negative impact for the group of € 7.9 million).

The **consolidated net debt of the COFIDE group** at June 30 2019, excluding the financial payables for rights of use introduced by IFRS 16, totalled **€ 368.8 million** versus € 323 million at December 31 2018.

The application of IFRS 16 led to the recognition of financial payables of € 443.2 million at June 30 2019 for rights of use.

The **net debt** of the **parent company COFIDE S.p.A.** at June 30 2019 amounted to **€ 11.4 million**, an improvement on the € 25.9 million reported at December 31 2018 due to the receipt of dividends from the subsidiary CIR. After the close of the first half, on July 10 COFIDE distributed dividends totalling € 10 million to its own shareholders.

**Total shareholders' equity** stood at **€ 1,391.7 million** at June 30 2019 compared to € 1,436 million at December 31 2018.

The **equity of the group** was **€ 504.8 million** at June 30 2019 versus € 515.8 million at December 31 2018. The reduction of € 11.0 million was a combination of an increase of € 0.7 million as the result for the period and a decrease caused by the buyback of own shares for € 1.5 million and by the resolution to distribute dividends of € 10.0 million.

Financial investments at June 30 2019 (of the parent company COFIDE S.p.A.) totalled **€ 11.5 million**.

At June 30 2019 the COFIDE group had **16,709 employees** (16,358 at December 31 2018).

### **Outlook for the year**

As far as KOS is concerned, revenues are expected to grow in line with the development strategy.

As regards Sogefi and GEDI, performance in the remaining part of the year will depend on developments in the automotive market and those in the publishing market in Italy, both of which are currently characterized by an unfavourable performance and an outlook of substantial uncertainty.

For Sogefi in particular, if the evolution of the market confirms the current forecasts for the sector (a more limited decline in vehicle production in the second half of 2019 than in the first half, -0.4%), sales could be substantially in line with the previous period and the EBIT margin could be slightly better than that of the first half.

For GEDI, no change in the current market trends is expected; as an effect of the action taken and on the basis of the trend observed in the results of the second quarter, it can however be predicted that for the remaining part of the year there will be an improvement in profitability compared to the first half.

### **Significant events that have taken place since June 30 2019**

On July 19 2019, Extraordinary General Meetings of the shareholders of CIR and COFIDE approved the proposed merger by incorporation of CIR into its parent company COFIDE. The merger will be legally and fiscally effective as from January 1 2020, subject to completion of the company procedure and the signing of the merger agreement.

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For further information on the results of the subsidiary CIR, see the press release issued by the company today.

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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*

## 1. Statement of Financial Position

(in thousands of euro)

	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	<b>2,669,895</b>	<b>2,328,789</b>
INTANGIBLE ASSETS	1,139,049	1,139,840
TANGIBLE ASSETS	750,455	822,444
INVESTMENT PROPERTY	17,808	18,677
RIGHTS OF USE	516,803	--
INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	18,420	110,179
OTHER EQUITY INVESTMENTS	11,748	12,525
OTHER RECEIVABLES	49,620	50,655
OTHER FINANCIAL ASSETS	65,010	75,469
DEFERRED TAX ASSETS	100,982	99,000
<b>CURRENT ASSETS</b>	<b>1,233,929</b>	<b>1,218,476</b>
INVENTORIES	133,916	134,218
TRADE RECEIVABLES	443,415	420,969
<i>of which with related parties (*)</i>	1,178	690
OTHER RECEIVABLES	102,472	79,283
<i>of which with related parties (*)</i>	105	105
FINANCIAL RECEIVABLES	21,117	25,773
SECURITIES	36,494	33,563
OTHER FINANCIAL ASSETS	288,322	276,880
CASH AND CASH EQUIVALENTS	208,193	247,790
<b>ASSETS HELD FOR DISPOSAL</b>	<b>70,180</b>	<b>13,599</b>
<b>TOTAL ASSETS</b>	<b>3,974,004</b>	<b>3,560,864</b>
<b>LIABILITIES AND EQUITY</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,391,744</b>	<b>1,436,037</b>
SHARE CAPITAL	345,998	347,523
RESERVES	44,262	51,490
RETAINED EARNINGS (LOSSES)	113,823	112,263
NET INCOME (LOSS) FOR THE PERIOD	757	4,535
<b>EQUITY OF THE GROUP</b>	<b>504,840</b>	<b>515,811</b>
MINORITY SHAREHOLDERS' EQUITY	886,904	920,226
<b>NON-CURRENT LIABILITIES</b>	<b>1,392,333</b>	<b>1,046,239</b>
BONDS	233,308	270,254
OTHER BORROWINGS	314,325	365,004
FINANCIAL PAYABLES FOR RIGHTS OF USE	443,489	--
OTHER PAYABLES	61,300	63,003
DEFERRED TAX LIABILITIES	173,357	169,864
PERSONNEL PROVISIONS	133,634	135,091
PROVISIONS FOR RISKS AND LOSSES	32,920	43,023
<b>CURRENT LIABILITIES</b>	<b>1,189,927</b>	<b>1,069,224</b>
BANK BORROWINGS	15,707	13,046
BONDS	41,600	113,801
OTHER BORROWINGS	252,934	144,874
FINANCIAL PAYABLES FOR RIGHTS OF USE	64,767	--
TRADE PAYABLES	505,059	497,420
<i>of which with related parties (*)</i>	2,612	2,238
OTHER PAYABLES	238,258	212,706
PROVISIONS FOR RISKS AND LOSSES	71,602	87,377
<b>LIABILITIES HELD FOR DISPOSAL</b>	<b>--</b>	<b>9,364</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,974,004</b>	<b>3,560,864</b>

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

## 2. Income Statement

(in thousands of euro)

	<i>Ist half 2019</i>	<i>Ist half 2018 (**)</i>
REVENUES	1,362,006	1,404,620
CHANGE IN INVENTORIES	(1,642)	1,522
COSTS FOR THE PURCHASE OF GOODS	(484,066)	(500,153)
COSTS FOR SERVICES	(300,292)	(338,562)
<i>of which with related parties (*)</i>	<i>(1,636)</i>	<i>(1,127)</i>
PERSONNEL COSTS	(391,293)	(390,201)
OTHER OPERATING INCOME	18,287	14,687
<i>of which with related parties (*)</i>	<i>774</i>	<i>963</i>
OTHER OPERATING COSTS	(42,841)	(33,767)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(109,868)	(82,802)
<b>OPERATING RESULT</b>	<b>50,291</b>	<b>75,344</b>
FINANCIAL INCOME	4,987	4,869
<i>of which with related parties (*)</i>	<i>--</i>	<i>--</i>
FINANCIAL EXPENSE	(30,068)	(29,408)
DIVIDENDS	14	2,767
GAINS FROM TRADING SECURITIES	3,900	6,744
LOSSES FROM TRADING SECURITIES	(1,838)	(395)
SHARE OF THE EARNINGS (LOSS) OF EQUITY INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	161	161
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	4,572	(773)
<b>RESULT BEFORE TAXES</b>	<b>32,019</b>	<b>59,309</b>
INCOME TAXES	(15,783)	(20,780)
<b>RESULT OF CONTINUING OPERATIONS</b>	<b>16,236</b>	<b>38,529</b>
NET INCOME/(LOSS) OF OPERATIONS HELD FOR DISPOSAL	(13,299)	3,121
<b>NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>	<b>2,937</b>	<b>41,650</b>
- (NET INCOME) OF MINORITY SHAREHOLDERS	(2,180)	(28,922)
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>757</b>	<b>12,728</b>
<b>BASIC EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>0.0011</b>	<b>0.0182</b>
<b>DILUTED EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>0.0011</b>	<b>0.0182</b>

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

(\*\*) It should be noted that the effect of the application of "IAS 29 "Financial Reporting in Hyperinflationary Economies", recognized for the close of the financial statements for the year ended December 31 2018, was spread over the six months of the same year.

Some values for 2018, relating to "Assets held for sale", were reclassified following application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the item "Income/(Loss) from assets held for disposal",

### 3. Comprehensive Income Statement

(in thousands of euro)

	<i>1st half 2019</i>	<i>1st half 2018 (*)</i>
<b>RESULT OF CONTINUING OPERATIONS</b>	16,236	38,529
<b>OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT</b>		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE YEAR</i>		
- ACTUARIAL GAINS (LOSSES)	(3,894)	1,137
- TAX EFFECT ON ITEMS THAT WILL NEVER BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE YEAR	661	(193)
<b>SUB-TOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE PERIOD</b>	<b>(3,233)</b>	<b>944</b>
<i>ITEMS THAT COULD SUBSEQUENTLY BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE PERIOD</i>		
- CURRENCY TRANSLATION DIFFERENCES OF FOREIGN OPERATIONS	48	(6,593)
- NET CHANGE IN CASH FLOW HEDGE RESERVE	407	1,679
- OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	--	--
- TAX EFFECT ON ITEMS THAT COULD SUBSEQUENTLY BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE PERIOD	(97)	(403)
<b>SUB-TOTAL OF ITEMS THAT COULD BE RECLASSIFIED TO NET INCOME (LOSS) FOR THE PERIOD</b>	<b>358</b>	<b>(5,317)</b>
<b>TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT</b>	<b>(2,875)</b>	<b>(4,373)</b>
<b>TOTAL COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS</b>	<b>13,361</b>	<b>34,156</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FROM OPERATIONS HELD FOR DISPOSAL</b>	<b>(13,299)</b>	<b>3,121</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>62</b>	<b>37,277</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>		
SHAREHOLDERS OF THE PARENT COMPANY	(178)	11,343
MINORITY SHAREHOLDERS	240	25,934
<b>BASIC COMPREHENSIVE EARNINGS (LOSS) PER SHARE (IN EURO)</b>	(0.0003)	0.0162
<b>DILUTED COMPREHENSIVE EARNINGS (LOSS) PER SHARE (IN EURO)</b>	(0.0003)	0.0162

(\*) It should be noted that the effect of the application of "IAS 29 "Financial Reporting in Hyperinflationary Economies", recognized for the close of the financial statements for the year ended December 31 2018, was spread over the six months of the same year.

Some values for 2018, relating to "Assets held for sale", were reclassified following application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the item "Income/(Loss) from assets held for disposal".

#### 4. Cash Flow Statement

(in thousands of euro)

	<i>1st half 2019</i>	<i>1st half 2018 (*)</i>
<b>OPERATING ACTIVITY</b>		
RESULT FROM CONTINUING OPERATIONS	16,236	38,529
ADJUSTMENTS :		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	109,868	82,802
ADJUSTMENTS TO INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	4,671	3,492
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	1,862	1,842
CHANGE IN PERSONNEL PROVISIONS, PROVISIONS FOR RISKS AND LOSSES	(35,771)	(7,945)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(4,572)	773
LOSSES (GAINS) ON SALE OF FIXED ASSETS	(1,622)	(4,889)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	4,294	(2,848)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(19,760)	(15,171)
<b>CASH FLOWS FROM OPERATING ACTIVITY</b>	<b>75,206</b>	<b>96,585</b>
of which:		
- interest received (paid)	(16,546)	(16,542)
- income tax payments	(19,837)	(8,533)
<b>INVESTMENT ACTIVITY</b>		
AMOUNT PAID FOR BUSINESS COMBINATIONS	--	(20,238)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	--	1,478
(PURCHASE) SALE OF SECURITIES	3,057	(17,075)
PURCHASE OF FIXED ASSETS	(97,973)	(79,620)
<b>CASH FLOWS FROM INVESTMENT ACTIVITY</b>	<b>(94,916)</b>	<b>(115,455)</b>
<b>FINANCING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	--	357
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(929)	(5,735)
CHANGE IN OTHER FINANCIAL RECEIVABLES	--	--
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	5,203	46,590
BUYBACK OF OWN SHARES OF THE GROUP	(4,686)	(9,127)
DIVIDENDS PAID	(29,385)	(32,850)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	<b>(29,797)</b>	<b>(765)</b>
<b>INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS</b>	<b>(49,507)</b>	<b>(19,635)</b>
<b>CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD FROM OPERATIONS HELD FOR DISPOSAL</b>	<b>7,249</b>	<b>3,121</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF PERIOD</b>	<b>234,744</b>	<b>245,514</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>192,486</b>	<b>229,000</b>

(\*\*)It should be noted that the effect of the application of "IAS 29 "Financial Reporting in Hyperinflationary Economies", recognized for the close of the financial statements for the year ended December 31 2018, was spread over the six months of the same year. Some values for 2018, relating to "Assets held for sale", were reclassified following application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the item "Income/(Loss) from assets held for disposal".

## 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	Reserve for own shares held	Others	Retained earnings (losses)	Net income (loss) for the period	Total		
<b>BALANCE AT DECEMBER 31 2017</b>	359.605	(9.594)	350.011	5.044	23.585	22.854	(11.935)	9.594	30.719	97.758	(2.966)	524.664	956.109	1.480.773
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 RECALCULATED AT DECEMBER 31 2017</b>	359.605	(9.594)	350.011	5.044	23.585	22.854	(11.819)	9.594	27.091	97.758	(2.967)	521.151	948.434	1.469.585
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 RECALCULATED AT JANUARY 1 2018</b>	359.605	(9.594)	350.011	5.044	23.585	(1.448)	(15.496)	9.594	26.321	125.737	(2.967)	520.381	946.663	1.467.044
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	--	--	--	(11.970)	(6.427)
Comprehensive result for the period	--	--	--	--	--	490	--	--	--	--	--	490	1.033	1.523
Fair value measurement of hedging instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--
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	12.982	17.517
Total comprehensive result for the period	--	--	--	--	--	490	(3.411)	--	550	--	4.535	2.164	8.039	10.207
<b>BALANCE AT DECEMBER 31 2018</b>	359.605	(12.082)	347.523	5.044	24.292	(988)	(19.227)	12.082	30.287	112.263	4.535	515.811	920.226	1.436.037
Adjustments at the date of initial application of IFRS 16 (net of tax)	--	--	--	--	--	--	--	--	--	(1.534)	--	(1.534)	(3.252)	(4.786)
<b>BALANCE RECALCULATED AT JANUARY 1 2019</b>	359.605	(12.082)	347.523	5.044	24.292	(988)	(19.227)	12.082	30.287	110.729	4.535	514.277	916.974	1.431.251
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--	--	(10.034)	--	--	(10.034)	(29.385)	(39.419)
Retained earnings	--	--	--	--	554	--	--	--	887	3.094	(4.535)	--	--	--
Adjustment for own share transactions	--	(1.525)	(1.525)	--	--	--	--	1.525	(1.505)	--	--	(1.505)	--	(1.505)
Effects of equity changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--
in subsidiaries	--	--	--	--	--	51	(72)	--	2.301	--	--	2.280	(925)	1.355
Comprehensive result for the period	--	--	--	--	--	100	--	--	--	--	--	100	210	310
Fair value measurement of hedging instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Effects of equity changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--
in subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Currency translation differences	--	--	--	--	--	--	5	--	--	--	--	5	43	48
Actuarial gains (losses)	--	--	--	--	--	--	--	--	(1.040)	--	--	(1.040)	(2.193)	(3.233)
Result for the period	--	--	--	--	--	--	--	--	757	757	--	757	2.180	2.937
Total comprehensive result for the period	--	--	--	--	--	100	5	--	(1.040)	--	757	(178)	240	62
<b>BALANCE AT JUNE 30 2019</b>	359.605	(13.607)	345.998	5.044	24.846	(837)	(19.294)	13.607	20.896	113.823	757	504.840	886.904	1.391.744