



# SPAFID CONNECT

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Oggetto : COFIDE Group: net income € 3,8 mln in  
first quarter 2019

*Testo del comunicato*

Vedi allegato.



**PRESS RELEASE**

*Board of Directors approves results for first quarter 2019*

**COFIDE GROUP: NET INCOME € 3.8 MLN IN FIRST QUARTER 2019**

**Highlights from results for 1Q 2019**

(in millions of €)

	<u>1Q 2018</u>	<u>1Q 2019*</u>
Revenues	695.2	<b>675.8</b>
EBITDA	80.1	<b>77.9</b>
Net income	4.5	<b>3.8</b>
	31/12	<b>31/3</b>
Net financial debt before IFRS 16	323.0	<b>341.6</b>
IFRS 16 leasing and right of use payables	n.a.	453.4
Net financial debt after IFRS 16	n.a.	<b>795.0</b>

\* As from January 1 2019 IFRS 16 was applied as explained in the Foreword

Milan, April 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**, approved the **Financial Report as of March 31 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 Financial Report for the first quarter of 2019 was prepared applying IFRS 16, which establishes a new way of accounting for leasing contracts. This has significant effects particularly for the presentation of the net financial debt and EBITDA of the Group and will be specified further on in this press release.*

**Consolidated results**

The **revenues** of the COFIDE group in first quarter 2019 came in at **€ 675.8 million**, down by 2.8% from € 695.2 million in the same period of 2018.

**EBITDA** came to **€ 77.9 million** (of which € 15.2 million due to the application of the new IFRS 16) compared to € 80.1 million in the first three months of last year.

In the first quarter of 2019 the COFIDE group reported **net income** of **€ 3.8 million** versus € 4.5 million in the previous year. The result was a combination of the contribution of the subsidiary CIR of € 2.6 million (€ 5.2 million in first quarter 2018) and the earnings of the parent company COFIDE S.p.A. of € 1.2 million (-€ 0.7 million in the first quarter of 2018).

The subsidiary CIR in the first quarter of 2019 reported consolidated net income of € 4.5 million versus € 9.5 million in the same period of 2018.

The **consolidated net financial debt of the COFIDE group**, excluding the financial payables for rights of use introduced by accounting standard IFRS 16, amounted to **€ 341.6 million** at March 31 2019, up from 323 million at December 31 2018.

The application of IFRS 16 meant that the industrial subsidiaries had to recognize financial payables of € 453.4 million at March 31 2019 for rights of use, which added to the net debt figure gave rise to a total net debt after IFRS 16 of **€ 795 million**.

The **net financial debt** of the **parent company COFIDE S.p.A.** totalled **€ 25.7 million** at March 31 2019, which was in line with the debt figure reported at December 31 2018 (€ 25.9 million).

**Total equity** stood at **€ 1,443.1 million** at March 31 2019, up from € 1,436 million at December 31 2018.

The **equity of the group** amounted to **€ 519 million** at March 31 2019 versus € 515.8 million at December 31 2018. The change of € 3.2 million was the combination of a rise consisting of the net income for the period of € 3.8 million offset by a reduction from the buyback of own shares for € 1.5 million.

Financial investments (of the parent company COFIDE S.p.A.) were worth **€ 13.3 million** at March 31 2019.

At March 31 2019 the COFIDE group had **16,433 employees** (16,358 at December 31 2018).

### **Outlook for the year**

Performance in the remaining part of the year will depend on how the three business sectors evolve.

As far as *KOS* is concerned, there is expected to be an increase, albeit more moderate than in the previous year, in revenues and margins, and the commitment to development activity is scheduled to continue.

As for *Sogefi*, there is still little visibility as to the evolution of the market in the near future. It does however seem that the prices of the main raw materials could be stabilizing and the company is engaged in recovering profitability.

Regarding *GEDI*, there is not expected to be any change in the current market trends and the group is committed to continuing to counter their impact on results with appropriate operating actions.

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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, other borrowings and financial payables for rights of use in non-current liabilities, of loans from banks, bonds, other borrowings and financial payables for rights of use 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)

ASSETS	31.03.2019	31.12.2018
<b>NON-CURRENT ASSETS</b>	<b>2,780,538</b>	<b>2,328,789</b>
INTANGIBLE ASSETS	1,140,526	1,139,840
TANGIBLE ASSETS	827,837	822,444
RIGHTS OF USE	446,892	--
INVESTMENT PROPERTY	18,488	18,677
INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	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
<b>CURRENT ASSETS</b>	<b>1,261,393</b>	<b>1,218,476</b>
INVENTORIES	141,099	134,218
TRADE RECEIVABLES	432,466	420,969
OTHER RECEIVABLES	97,553	79,283
FINANCIAL RECEIVABLES	19,999	25,773
SECURITIES	36,213	33,563
OTHER FINANCIAL ASSETS	285,030	276,880
CASH AND CASH EQUIVALENTS	249,033	247,790
<b>ASSETS HELD FOR DISPOSAL</b>	<b>12,706</b>	<b>13,599</b>
<b>TOTAL ASSETS</b>	<b>4,054,637</b>	<b>3,560,864</b>
<b>LIABILITIES AND EQUITY</b>	<b>31.03.2019</b>	<b>31.12.2018</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,443,127</b>	<b>1,436,037</b>
SHARE CAPITAL	345,998	347,523
RESERVES	52,406	51,490
RETAINED EARNINGS (LOSSES)	116,798	112,263
NET INCOME (LOSS) FOR THE PERIOD	3,768	4,535
<b>EQUITY OF THE GROUP</b>	<b>518,970</b>	<b>515,811</b>
MINORITY SHAREHOLDERS' EQUITY	924,157	920,226
<b>NON-CURRENT LIABILITIES</b>	<b>1,477,628</b>	<b>1,046,239</b>
BONDS	272,881	270,254
OTHER 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
PERSONNEL PROVISIONS	133,428	135,091
PROVISIONS FOR RISKS AND LOSSES	42,974	43,023
<b>CURRENT LIABILITIES</b>	<b>1,125,463</b>	<b>1,069,224</b>
LOANS FROM BANKS	20,741	13,046
BONDS	116,930	113,801
OTHER 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 LOSSES	71,974	87,377
<b>LIABILITIES HELD FOR DISPOSAL</b>	<b>8,419</b>	<b>9,364</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,054,637</b>	<b>3,560,864</b>

## 2. Income Statement

(in thousands of euro)

	01/01 - 31/03 2019	01/01 - 31/03 2018 (*)
REVENUES	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 COSTS	(20,216)	(14,389)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(53,739)	(38,766)
<b>OPERATING RESULT</b>	<b>24,143</b>	<b>41,341</b>
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 EARNINGS (LOSS) OF INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	119	403
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,850	(2,488)
<b>RESULT BEFORE TAXES</b>	<b>13,906</b>	<b>29,100</b>
INCOME TAXES	(3,056)	(10,891)
<b>RESULT FROM OPERATIONS DESTINED TO CONTINUE</b>	<b>10,850</b>	<b>18,209</b>
NET INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	1,288	1,589
<b>NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>	<b>12,138</b>	<b>19,798</b>
- NET (INCOME) LOSS OF MINORITY SHAREHOLDERS	(8,370)	(15,254)
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>3,768</b>	<b>4,544</b>

(\*) It should be noted that the effect of application of "IAS 29 "Financial Reporting in Hyperinflationary Economies", recognized in the accounts for the close of the Financial Statement as of December 31 2018, was divided between the quarters 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 "Net income/(Loss) from operations held for disposal".

### 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
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>570,276</b>	<b>558,233</b>
<b>E. Current financial receivables</b>	<b>19,999</b>	<b>25,773</b>
F. Current bank borrowings	(75,398)	(65,824)
G. Bonds issued	(116,930)	(113,801)
H. Current part of non-current debt	(80,230)	(92,096)
I. Other current financial payables	(52,003)	--
<b>J. Current financial debt (F) + (G) + (H) + (I)</b>	<b>(324,561)</b>	<b>(271,721)</b>
<b>K. Current net financial position (J) + (E) + (D)</b>	<b>265,714</b>	<b>312,285</b>
L. Non-current bank borrowings	(328,498)	(304,733)
M. Bonds issued	(272,881)	(270,254)
N. Other non-current payables	(459,392)	(60,271)
<b>O. Non-current financial debt (L) + (M) + (N)</b>	<b>(1,060,771)</b>	<b>(635,258)</b>
<b>P. Net financial position (K) + (O)</b>	<b>(795,057)</b>	<b>(322,973)</b>

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