

Board of Directors approves results of first half 2019

CIR GROUP: 2019 FIRST HALF RESULTS

REVENUES AT € 1.36 BLN

EBITDA AT € 161.3 MLN

Normalized net result (before write-downs of Persidera, effect of IFRS 16 and costs of the merger plan) at € 13.5 million, despite unfavourable performance of automotive and publishing markets

Net financial position of the parent company at 30/6 positive for € 324.7 million

Highlights from results for 1H 2019

(in millions of €)

	<u>1H 2018</u>	<u>1H 2019*</u>
Revenues	1,404.6	1,362.0
EBITDA	158.8	161.3
Net income	24.1	2.0
	31/12	30/6
Net financial debt before IFRS 16	297.1	357.4
Payables for leasing and rights of use IFRS 16		443.2
Net financial debt after IFRS 16		800.6

* 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 CIR-Compagnie Industriali Riunite S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, has approved the **Semi-Annual Financial Report for 2019** presented by Chief Executive Officer **Monica Mondardini**.

The CIR group operates mainly in three sectors: **healthcare (KOS)**, **automotive components (Sogefi)** and **media (GEDI Gruppo Editoriale)**.

Foreword

The Semi-Annual Financial Report for first half 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 consolidated results of the CIR group in the first half of 2019 were affected by the unfavourable performance of two of the three markets in which the group operates: automotive and publishing. The automotive sector reported a decline in production of 7% at world level while publishing in Italy suffered the effects of a slowdown in advertising investment, which fell by 4% overall. These factors affected both the revenues and the results of the subsidiaries *Sogefi* and *GEDI*.

The **revenues** of the CIR group came in at **€ 1,362.0 million** and were down by 3% on the first half of 2018 (€ 1,404.6 million); *KOS* reported a 4.4% rise in revenues, *Sogefi* a decline of 4.3% (-3% at constant exchange rates, a better performance than that of the market) and *GEDI* a decline of 6.1%.

The consolidated **gross operating margin (EBITDA)** came to **€ 161.3 million** (11.8% of revenues), € 158.8 million (11.3% of revenues) in the first half of 2018; excluding the effect of accounting standard IFRS 16, 2019 EBITDA would be € 131.0 million (9.6% of revenues) and the decline compared to the first half of 2018 was because of the lower margins reported by *Sogefi* and *GEDI*.

The consolidated **operating result (EBIT)** came to **€ 51.5 million** (€ 76 million in the first half of 2018).

The result of **financial asset management** by CIR and the non-industrial subsidiaries was positive with an annualized return of 5% versus 2.7% for the first half of 2018. However, no realized gains were reported on the portfolio of non-strategic equity holdings and lower results were posted on the private equity portfolio.

Consolidated **net income** was **€ 2.0 million**, € 13.5 million excluding the impact on the group of the write-down by *GEDI* of its interest in *Persidera* with the prospect of its disposal (€ -7.9 million), excluding also the effect of the new accounting standards (€ -1.6 million) and the costs incurred by the parent company for the merger by incorporation of CIR into COFIDE. For the first half of 2018 the net result amounted to € 24.1 million and the decline to € 13.5 million was due to the lower results of the subsidiaries *Sogefi* and *GEDI*, caused by the unfavourable performance of their respective markets, and by lower income from the financial management activity of the parent company and the non-industrial subsidiaries.

Consolidated **net debt**, excluding the financial payables for rights of use introduced by IFRS 16, stood at **€ 357.4 million** at June 30 2019, up from € 297.1 million at December 31 2018 and € 320.6 million at June 30 2018.

The total net debt before IFRS 16 of the industrial subsidiaries totalled € 682.7 million at June 30 2019 (€ 622.6 million at the end of December 2018), with an increase in the debt of *GEDI* of € 19.9 million as an effect of the disbursements made for company restructuring, and an increase for *KOS* of € 33.3 million for the payment of dividends and the investment in development made in the first quarter, offset by a significantly positive cash flow from operations.

The **net financial position of the parent company** (including the non-industrial subsidiaries) at June 30 2019 was a positive **€ 324.7 million**, stable compared to € 325.5 million at the end of 2018 and € 329.4 million at June 30 2018. In first half 2019 the cash flow from operations was a positive € 28.0 million, dividends of € 25 million were distributed and own shares were bought back for € 3.2 million.

The application of accounting standard IFRS 16 led to the recognition of financial payables for rights of use at June 30 2019 for an amount of € 443.2 million and therefore the overall consolidated net debt after IFRS 16 came to **€ 800.6 million**. The increase linked to IFRS 16 refers mainly to the subsidiary KOS (€ 317 million), because of the type of activity it is engaged in, which involves considerable use of residential facilities that are mostly leased.

The **equity of the group** stood at **€ 908.5 million** at June 30 2019 compared to € 936.2 million at December 31 2018.

At June 30 2019 the CIR group had **16,709 employees** (16,365 at December 31 2018).

Results of the industrial subsidiaries of the CIR group

Healthcare: KOS

KOS, which is controlled by CIR (59.5%) and in which F2i Healthcare has an interest, is one of the largest groups in Italy in the sector of healthcare and care homes (long-term care, diagnostics and oncology treatments, management of hospital facilities). The group manages 85 facilities, mainly in the centre and north of Italy, for a total of 8,113 beds, and is also active in India and the United Kingdom.

In the first six months of 2019 KOS reported **revenues** of € 281.3 million, showing an increase of 4.4% compared to the same period of 2018. The *Long Term Care* area posted a rise thanks to organic growth and the contribution of the acquisitions made in 2018; the *Diagnostics, oncology treatments and acute* area reported growth after new services were introduced in 2018.

EBITDA came to € 65.9 million; excluding the effect of IFRS 16, it would be € 48.8 million (17.3% of revenues) in line with the first half of 2018 (€ 49.1 million).

EBIT was € 31.6 million (€ 32.0 million in 2018).

Net income came in at € 14.4 million (€ 16.5 million in the same period of 2018) with a negative impact from the application of IFRS 16 of € -1.1 million.

At June 30 2019, KOS showed **net debt** before IFRS 16 of € 292.7 million, up by € 33.3 million from € 259.4 million at December 31 2018; a significantly positive cash flow from operations was offset by the distribution in the period of dividends of € 35.1 million, and investments of € 21 million in greenfield developments, acquisitions and new projects in the *Diagnostics and oncology treatments* area.

The application of IFRS 16 meant recognizing at June 30 2019 financial payables for leasing and rights of use for an amount of € 317.0 million and thus the total debt figure came to € 609.8 million.

In March KOS acquired the company *Selemar* which manages a clinical pathology laboratory in Urbino (PU).

Automotive components: Sogefi

Sogefi is one of the main producers worldwide in the sectors of suspension, filtration, and air and cooling

systems for motor vehicles, with 42 production plants in four continents. The company is controlled by CIR (56.8%) and is listed on the Stock Exchange.

In the first half of 2019, the world car market reported a decline in production of 6.7%, (source IHS - July 2019), with Europe down by 6.1%, Asia down by 12.4%, North America down by 2.7% and South America down by 3.2% (-33% in Argentina).

In this context, *Sogefi's revenues* totalled € 777.8 million and were down by 3% at constant exchange rates and by 4.3% at historical exchange rates compared to the same period of 2018, but performance was still better than that of the market thanks to the resiliency of business in Europe. By geographical area, revenues at constant exchange rates fell by 3.3% in Europe, by 3.7% in North America and by 14% in Asia, while South America reported growth of 11%. By business sector, at constant exchange rates, *Suspensions* reported a fall in revenues of 4.3%, *Filtration* was down by 0.6% and *Air and Cooling* declined by 4.2%.

EBITDA came in at € 86.4 million; excluding the IFRS 16 effect, the figure would be € 80.3 million compared to € 95.3 million in the first half of 2018. The reduction mainly reflects the lower volumes.

EBIT came to € 24.4 million compared to € 38.1 million in the first half of 2018. Profitability (EBIT/Revenues %) was 3.1% versus 4.7% in the first half 2018, this decline also deriving mainly from the reduction in volumes. The quarterly trend shows a slight improvement in the profitability of the second quarter compared to the first (from 2.9% to 3.4%), as well as a tendency to realign towards the values of the same period of 2018 (3.8% in the second half).

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Net income came to € 6.9 million versus € 14.8 million in the first half of 2018.

Net debt before IFRS 16 stood at € 267.3 million at June 30 2019, in line with the net debt figures at June and December 2018. The new IFRS 16 standard led to the recognition of a further debt of € 64.8 million, giving rise to an overall debt figure of € 332.1 million.

For further information on the results of *Sogefi*, see the press release issued by the company on July 22 2018.

Media: GEDI Gruppo Editoriale

GEDI Gruppo Editoriale, is the leading company in Italy in daily and multimedia news and one of the most important in Europe. It operates mainly in the following sectors: newspapers and magazines, radio, the internet and the collection of advertising. The company is controlled by CIR (45.8%) and is listed on the Stock Exchange.

As regards the market, in the first five months of 2019 advertising investments were down by 4% compared to the same period of last year (*Nielsen Media Research* figures). Of the main media only radio and the internet (excluding search engines and social media) reported a positive performance but posting only moderate growth of 2.2% and 2.0% respectively. The printed press was the medium that suffered the most, reporting a fall of 12.6%. As for circulation, in the first five months of 2019 daily newspapers reported a

decline in sales on the newsstands and by subscription of 7.7% (*ADS-Accertamento Diffusione Stampa* figures).

In this context, *GEDI*'s revenues came in at € 302.9 million, down by 6.1% on the first half of 2018. Circulation revenues declined by 5.2% compared to the same period of last year and advertising revenues were down by 7.4%, due to the evolution of the market.

EBITDA came to € 20.2 million; excluding the effect of IFRS 16 it would be € 13.0 (€ 22.1 million in first half 2018), after restructuring charges of € 3.3 million.

EBIT was € 4.3 million (€ 12.6 million in the first half of 2018). The quarterly performance shows that the trend is moving towards a realignment with values of the same period of 2018 with an operating result for the second quarter, before extraordinary charges, in line with the previous year.

The **net result**, before the assets held for disposal, was a negative € 1.7 million. Given the plan to sell the interest in *Persidera*, the company aligned its carrying value to the expected sale price, with a negative impact of € 16.9 million and a loss for the period of € 19.1 million (€ +4.3 million in the first half of 2018). An agreement for the sale of the interest in *Persidera* was reached on June 5 and involves consideration of € 74.5 million for *GEDI*, from which at closing the dividends distributed in 2019 (€ 4.3 million received in April) will be deducted but to which interest accruing from August 1 until the date on which the sale completes will be added.

Net financial debt at June 30 2019, before the application of IFRS 16, amounted to € 123.1 million (€ 103.2 million at December 31 2018), after significant disbursements relating to the restructuring plan in progress (€ 23 million). The application of IFRS 16 led to the recognition at June 30 2019 of financial payables for leasing and rights of use of € 61.2 million and thus the net debt figure after IFRS came to € 184.4 million.

For further information on the results of *GEDI*, see the press release issued by the company on July 26 2019.

Non-core investments

At June 30 2019 the non-core investments of the CIR group totalled € 63.5 million (€ 72.5 million at December 31 2018) and consisted of the following: a diversified portfolio of private equity funds managed by *CIR International*, the fair value of which, calculated based on the NAVs produced by the funds involved, was € 42.8 million at June 30 2019, investments in non-strategic equity interests worth € 10.7 million and a portfolio of non-performing loans with a total value of € 10.0 million.

Results of the parent company of the group CIR S.p.A.

The parent company CIR S.p.A. closed the first half of 2019 with net income of € 16.6 million (€ 18.2 million in the first half of 2018).

Equity, which includes the net income for the period, declined from € 869.1 million at December 31 2018 to

€ 858.5 million at June 30 2019, due to the distribution of € 25 million in dividends and to the buyback of own shares for € 3.2 million.

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 the beginning of January 2020, subject to completion of the company procedure and the signing of the merger agreement.

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.

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 CIR 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 the income statement

1. Statement of Financial Position

(in thousands of euro)

ASSETS	30.06.2019 (*)	31.12.2018
NON-CURRENT ASSETS	2,657,118	2,314,052
INTANGIBLE ASSETS	1,139,049	1,139,840
TANGIBLE ASSETS	750,207	822,169
INVESTMENT PROPERTY	16,956	17,825
RIGHTS OF USE	516,803	--
EQUITY INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	18,420	110,179
OTHER EQUITY INVESTMENTS	11,748	12,525
OTHER RECEIVABLES	49,498	50,534
OTHER FINANCIAL ASSETS	53,455	61,980
DEFERRED TAX ASSETS	100,982	99,000
CURRENT ASSETS	1,212,192	1,206,395
INVENTORIES	133,916	134,218
TRADE RECEIVABLES	443,450	420,969
<i>of which with related parties (**)</i>	1,213	690
OTHER RECEIVABLES	102,009	79,017
<i>of which with related parties (**)</i>	105	105
FINANCIAL RECEIVABLES	21,117	25,773
SECURITIES	26,524	25,069
OTHER FINANCIAL ASSETS	288,322	276,880
CASH AND CASH EQUIVALENTS	196,854	244,469
ASSETS HELD FOR DISPOSAL	70,180	13,599
TOTAL ASSETS	3,939,490	3,534,046
LIABILITIES AND EQUITY	30.06.2019 (*)	31.12.2018
EQUITY	1,402,300	1,448,875
SHARE CAPITAL	320,604	322,089
RESERVES	213,948	236,862
RETAINED EARNINGS (LOSSES)	371,936	364,307
NET INCOME (LOSS) FOR THE PERIOD	1,982	12,890
EQUITY OF THE GROUP	908,470	936,148
MINORITY SHAREHOLDERS' EQUITY	493,830	512,727
NON-CURRENT LIABILITIES	1,359,422	1,008,337
BONDS	233,308	270,254
OTHER BORROWINGS	281,615	327,303
FINANCIAL PAYABLES FOR RIGHTS OF USE	443,489	--
OTHER PAYABLES	61,265	62,968
DEFERRED TAX LIABILITIES	173,191	169,698
PERSONNEL PROVISIONS	133,634	135,091
PROVISIONS FOR RISKS AND LOSSES	32,920	43,023
CURRENT LIABILITIES	1,177,768	1,067,470
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	504,527	497,264
<i>of which with related parties (**)</i>	2,731	2,483
OTHER PAYABLES	226,631	211,108
PROVISIONS FOR RISKS AND LOSSES	71,602	87,377
LIABILITIES HELD FOR DISPOSAL	--	9,364
TOTAL LIABILITIES AND EQUITY	3,939,490	3,534,046

(*) The Group adopted IFRS 16 on January 1 2019 using the modified retrospective application method which means that the comparative information was not recalculated and the cumulative effect of initial application was recognized to retained earnings as of the date of first application.

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

2. Income Statement

(in thousands of euro)

	1st half 2019 (*)	1st half 2018 (***)
REVENUES	1,362,006	1,404,620
CHANGE IN INVENTORIES	(1,642)	1,522
COSTS FOR THE PURCHASE OF GOODS	(484,065)	(500,153)
COSTS FOR SERVICES	(299,426)	(338,149)
<i>of which with related parties (**)</i>	(1,636)	(1,127)
PERSONNEL COSTS	(391,293)	(390,201)
OTHER OPERATING INCOME	18,225	14,665
<i>of which with related parties (**)</i>	774	1,013
OTHER OPERATING COSTS	(42,508)	(33,487)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(109,841)	(82,775)
OPERATING RESULT	51,456	76,042
FINANCIAL INCOME	4,987	4,868
<i>of which with related parties (**)</i>	--	--
FINANCIAL EXPENSE	(29,666)	(28,955)
DIVIDENDS	14	2,767
GAINS FROM TRADING SECURITIES	3,570	6,735
LOSSES FROM TRADING SECURITIES	(1,248)	(395)
SHARE OF THE EARNINGS (LOSS) OF EQUITY INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	161	161
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	3,067	(1,215)
RESULT BEFORE TAXES	32,341	60,008
INCOME TAXES	(15,738)	(20,714)
RESULT OF CONTINUING OPERATIONS	16,603	39,294
NET INCOME/(LOSS) OF OPERATIONS HELD FOR DISPOSAL	(13,299)	3,121
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	3,304	42,415
- (NET INCOME) LOSS OF MINORITY SHAREHOLDERS	(1,322)	(18,323)
- NET INCOME (LOSS) OF THE GROUP	1,982	24,092
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0031	0.0369
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0031	0.0368

(*) The Group adopted IFRS 16 on January 1 2019 using the modified retrospective application method which meant that the comparative information was not recalculated and the cumulative effect of initial application was recognized in retained earnings as of the date of first application.

(**) 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)

	1st half 2019 (*)	1st half 2018 (**)
RESULT FROM CONTINUING OPERATIONS	16,603	39,294
OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE YEAR</i>		
- ACTUARIAL GAINS (LOSSES)	(3,894)	1,137
- TAX EFFECT ON ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	661	(193)
SUB-TOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	(3,233)	944
<i>ITEMS THAT COULD SUBSEQUENTLY BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD</i>		
- CURRENCY TRANSLATION DIFFERENCES ON 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 IN NET INCOME (LOSS) FOR THE PERIOD	(97)	(403)
SUB-TOTAL OF ITEMS THAT COULD SUBSEQUENTLY BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	358	(5,317)
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	(2,875)	(4,373)
TOTAL COMPREHENSIVE INCOME STATEMENT - CONTINUING OPERATIONS	13,728	34,921
TOTAL COMPREHENSIVE INCOME STATEMENT - OPERATIONS HELD FOR DISPOSAL	(13,299)	3,121
TOTAL COMPREHENSIVE INCOME	429	38,042
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
SHAREHOLDERS OF THE PARENT COMPANY	333	21,618
MINORITY SHAREHOLDERS	96	16,424
BASIC COMPREHENSIVE EARNINGS PER SHARE (IN EURO)	0.0005	0.0331
DILUTED COMPREHENSIVE EARNINGS PER SHARE (IN EURO)	0.0005	0.0330

(*) The Group adopted IFRS 16 on January 1 2019 using the modified retrospective application method which means that the comparative information has not been recalculated and the cumulative effect of initial application is recognized in retained earnings as of the date of first application.

(**) 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)

	1st half 2019	1st half 2018 (*)
OPERATING ACTIVITY		
RESULT FROM CONTINUING OPERATIONS	16,603	39,294
ADJUSTMENTS :		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	109,841	82,775
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	(3,067)	1,215
LOSSES (GAINS) ON SALE OF FIXED ASSETS	(1,882)	(4,889)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	4,295	(2,462)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(19,969)	(15,271)
CASH FLOWS FROM OPERATING ACTIVITY	76,583	98,051
of which:		
- interest received (paid)	(16,166)	(16,158)
- income tax payments	(19,837)	(8,422)
INVESTMENT ACTIVITY		
AMOUNT PAID FOR BUSINESS COMBINATIONS	--	(20,238)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	--	1,478
(PURCHASE) SALE OF SECURITIES	1,354	(17,125)
PURCHASE OF FIXED ASSETS	(97,973)	(82,378)
CASH FLOWS FROM INVESTMENT ACTIVITY	(96,619)	(118,263)
FINANCING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	--	357
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(930)	(5,735)
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	10,194	50,870
BUYBACK OF OWN SHARES OF THE GROUP	(3,181)	(7,492)
DIVIDENDS PAID	(43,572)	(37,257)
CASH FLOWS FROM FINANCING ACTIVITY	(37,489)	743
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(57,525)	(19,469)
CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD FROM OPERATIONS HELD FOR DISPOSAL	7,249	3,121
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	231,423	243,933
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	181,147	227,585

(*)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

	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	Other reserves	Retained earnings (losses)	Net income (loss) for the period			Total			
(in thousands of euro)																	
BALANCE AT DECEMBER 31 2017	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)			
BALANCE RECALCULATED AT DECEMBER 31 2017	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)			
BALANCE RECALCULATED AT JANUARY 1 2018	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	--	--	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			
BALANCE AT DECEMBER 31 2018	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)			
BALANCE RECALCULATED AT JANUARY 1 2019	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			
<i>Comprehensive result for the period</i>																	
Fair value measurement of hedging instruments	--	--	--	--	--	100	--	--	--	--	--	100	210	310			
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	2.180	2.937			
<i>Total comprehensive result for the period</i>						100	5		(1.040)		757	(178)	240	62			
BALANCE AT JUNE 30 2019	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			