

# ITALMOBILIARE

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Quarterly financial results  
at September 30, 2019

**November 7, 2019**

## **ITALMOBILIARE**

**Società per Azioni**

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## Foreword

In compliance with current legislation introducing the new EU Transparency Directive and eliminating the obligation to publish quarterly reports, Italmobiliare has decided to publish, on a voluntary basis as from the third quarter of 2016, a quarterly disclosure setting out significant information in order to provide an overview of its business.

Specifically, the information presents the Group's main business and financial indicators (revenue, interim earnings, net financial position and NAV), expressed in quantitative form consistently with the information already provided in the annual report and the half-year financial report.

The quarterly financial disclosure, together with a summary of the main significant events in the quarter and comments on the performance of the main subsidiaries of the Italmobiliare Group, is approved by the Board of Directors and published on the Group website as indicated in the previously released Group financial calendar.

The new international financial reporting standard IFRS 16 "Leases" came into effect on January 1, 2019. It replaces IAS 17 and introduces a single accounting model for lease contracts in lessee financial statements, requiring the lessee to recognize an asset representing the right to use the underlying asset and a liability reflecting the lease payments due over the term of the lease. Lessor accounting is similar to that indicated in IAS 17, whereby the lessor continues to classify leases as operating leases or finance leases. The Group has applied the IFRS 16 reporting standard since January 1, 2019, using the modified retroactive method without restating the comparative information.

The new standard has generated effects, on the net financial position and on Ebitda in particular, which are highlighted in this report when of a material entity.

## Significant events in the quarter

During the third quarter, Italmobiliare completed the sale to Cinven of its 9.5% shareholding in Jaggaer, a company active in e-procurement and spend management software platforms, for an amount of 91.2 million euro. At the end of 2017, Italmobiliare sold its equity investment in BravoSolution to Jaggaer; as part of the agreement, it invested approximately 35 million euro in the US company, acquiring a shareholding of approximately 9.5%.

Italmobiliare also completed the sale on the secondary market of its share in the Aksia IV fund for an amount of 21.6 million euro, generating a money-on-money return of about 2.2x on its investment commitment in 2015.

In the quarter, Italmobiliare applied for and was granted admission to the STAR segment of Borsa Italiana S.p.A.; trading began on September 24, 2019.

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## Net Asset Value

Excluding treasury shares, Italmobiliare S.p.A. **Net Asset Value** at September 30, 2019 was 1,591.4 million euro, steady with the figure at June 30, 2019 (1,587.8 million euro) and up 170 million euro from December 31, 2018 (1,421.4 million euro), on capitalization of 880.9 million euro, for a discount of 44.6%.

(in millions of euro)	December 31 2018	June 30 2019	September 30 2019	% of total
Listed equity investments	326.0	278.5	245.0	15.4%
Portfolio Companies	480.1	586.4	586.6	36.9%
Other equity investments	90.2	120.5	35.2	2.2%
Private equity funds	128.8	130.3	136.1	8.6%
Properties and related assets	51.4	48.0	47.9	3.0%
Financial assets, trading, cash and cash equivalents	344.9	424.1	540.6	34.0%
<b>Total Net Asset Value</b>	<b>1,421.4</b>	<b>1,587.8</b>	<b>1,591.4</b>	<b>100.0%</b>

Compared with December 31, 2018, the main changes in the composition and value of NAV arose chiefly from:

- a positive effect of 34.4 million euro on reserves from the sale of HeidelbergCement AG and Mediobanca S.p.A. shares for 167.0 million euro. An increase in the fair value of the remaining shares (51.5 million euro). After these disinvestments and changes in fair value, the portion of NAV invested in listed equity investments decreased by 81.0 million euro;
- an increase in the NAV of the portfolio companies (+106.5 million euro overall), largely as a result of the acquisition of Autogas Nord (+60.0 million euro) and an increase in the fair value of Caffè Borbone and Tecnica Group, offset in part by a decrease in the fair value of Sirap (for an overall effect of +48.4 million euro);
- the change in other equity investments was chiefly due to the sale of Jaggaer in the third quarter for 91.2 million euro (with a positive effect of 34.8 million euro on reserves).

The increase in financial assets, trading, cash and cash equivalents (+195.7 million euro) is analyzed in the comments on the results of Italmobiliare S.p.A.

At September 30, 2019, Italmobiliare S.p.A. NAV per share, excluding treasury shares, was 37.94 euro, an increase of 11.98% compared with NAV per share at December 31, 2018.

NAV was computed considering:

- the market price at September 30, 2019 of the equity investments in listed companies;
- the value of the non-listed companies determined by an independent expert at June 30, 2019 as indicated by the company guidelines for the computation of NAV, under which the portfolio companies are valued twice a year, for the annual and half-year reports;
- the market value of real estate assets;
- the deferred tax effect.

## General economic and financial scenario

Global economic conditions reflect a synchronized slowdown in the various geographical regions concentrated in the manufacturing sector, while the overall situation in the tertiary sector remains steady. The climate of political uncertainty (trade war, Brexit, Middle East) is having repercussions for business confidence and investment spending, while the direct effects of tariffs on GDP (USA) are neutralized in part in the short term by the effects of the substitution of imported goods with domestic goods. Some signs of stabilization in forward-looking macro-indicators in concomitance with an easing in the tone of the US-China trade negotiations and a possible non-traumatic solution to Brexit increase the probability of a slow upturn in the economic cycle in the first half of 2020, although uncertainties remain. The latest IMF estimates forecast a fall in world growth to 3% this year, from 3.6% in 2018, and a recovery to 3.4% next year. Given the weakening economic cycle, the global inflation rate has decelerated. In the advanced nations in particular, the central banks continue to pursue non-conventional monetary policies: however, their effectiveness is beginning to be questioned and their possible adverse effects with regard to financial and economic stability are being analyzed. Looking forward, the chances of greater support for the cycle depend on greater impetus from fiscal policies, especially in the Eurozone (Germany). In Italy, the 2019 GDP growth forecast is practically zero, while expectations for 2020 are around half of one percentage point, below the consensus forecast for the Eurozone (1.4%).

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## Key consolidated figures at September 30, 2019

### Third quarter

	Q3 2019	Q3 2018	% change
<i>(in millions of euro)</i>			
<b>Revenue</b>	<b>135.0</b>	<b>114.8</b>	<b>17.6</b>
<b>Ebitda</b>	<b>31.9</b>	<b>12.8</b>	<b>n.s.</b>
<i>% of revenue</i>	26.3	11.1	
<b>Ebit</b>	<b>24.0</b>	<b>5.4</b>	<b>n.s.</b>
<i>% of revenue</i>	17.8	4.7	

n.s. not significant

### Nine months to September 30

	Nine months to 09.30.2019	Nine months to 09.30.2018	% change
<i>(in millions of euro)</i>			
<b>Revenue</b>	<b>413.2</b>	<b>331.5</b>	<b>24.7</b>
<b>Ebitda</b>	<b>84.0</b>	<b>31.8</b>	<b>n.s.</b>
<i>% of revenue</i>	20.3	9.6	
<b>Ebit</b>	<b>62.3</b>	<b>19.4</b>	<b>n.s.</b>
<i>% of revenue</i>	15.1	5.9	

n.s. not significant

	September 30 2019	June 30 2019	December 31 2018
<i>(in millions of euro)</i>			
Total equity	<b>1,431.0</b>	<b>1,414.3</b>	<b>1,302.2</b>
Equity attributable to owners of the parent	<b>1,325.7</b>	<b>1,312.3</b>	<b>1,202.5</b>

Italmobiliare Group consolidated revenue in the first nine months of 2019 increased by 81.7 million euro (+24.7% on the year-earlier period). A significant factor in the revenue improvement was the rise in turnover at Caffè Borbone (+74.3 million euro, in part as a result of the different consolidation period, given that the company was acquired in May 2018).

Ebitda rose by 52.2 million euro, driven mainly by Caffè Borbone (+22.7 million euro) and Italmobiliare (+25.3 million euro). Ebit reflected the impact of net impairment losses of 1.1 million euro attributable to the Sirap Group (fair value gains of 6.0 million euro at September 30, 2018), net of an increase of 5.2 million euro in amortization and depreciation.

Consolidated equity at September 30, 2019, was 1,431.0 million euro, up by 128.8 million euro from December 31, 2018 (1,302.2 million euro).

The increase arose largely as a result of the change in the fair value reserve on assets classified at fair value through other comprehensive income (FVOCI), relating specifically to HeidelbergCement, Mediobanca and Jaggaer shares (+119.8 million euro).

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## Net financial position

	September 30	June 30	December 31
(in millions of euro)	2019	2019	2018
<b>Net financial position</b>	<b>419.0</b>	<b>287.9</b>	<b>222.3</b>

The positive Group net financial position of 419.0 million euro showed an increase of 196.7 million euro from December 31, 2018, largely as a result of the improvement in the net financial position of Italmobiliare S.p.A. (+195.7 million euro). Details are provided later in this disclosure.

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## Operating performance of the main Group companies

(in millions of euro)	Revenue		Ebitda		Ebit	
	Sept.30 2019	% change vs. Sept.30 2018	Sept.30 2019	% change vs. Sept.30 2018	Sept.30 2019	% change vs. Sept.30 2018
Italmobiliare	58.7	26.4	29.0	<i>n.s.</i>	28.5	<i>n.s.</i>
Caffè Borbone	126.6	<i>n.s.</i>	38.2	<i>n.s.</i>	31.8	<i>n.s.</i>
Sirap	203.1	(0.6)	12.8	8.8	1.3	(85.4)
Italgen	25.1	(6.3)	9.8	43.6	7.0	<i>n.s.</i>
Tecnica Group	290.8	9.8	31.9	68.1	20.1	<i>n.s.</i>
Iseo	73.1	5.0	7.3	13.0	3.9	<i>n.a.</i>
Autogas Nord	355.0	(1.0)	28.3	16.5	12.2	16.2

*n.s.* not significant

*n.a.* not available

The main indicators reflecting the operating performance of the Group companies were generally positive or stable, with some exceptions as detailed in the following sections.

### Italmobiliare S.p.A.

(in millions of euro)	September 30 2019	September 30 2018	% change
<b>Revenue</b>	<b>58.7</b>	<b>44.6</b>	<b>26.4</b>
<b>Ebitda</b>	<b>29.0</b>	<b>3.7</b>	<b><i>n.s.</i></b>
<i>% of revenue</i>	49.4	8.3	
<b>Ebit</b>	<b>28.5</b>	<b>3.2</b>	<b><i>n.s.</i></b>
<i>% of revenue</i>	48.5	7.3	

(in millions of euro)	September 30 2019	June 30 2019	December 31 2018
<b>Net financial position</b>	<b>540.6</b>	<b>424.1</b>	<b>344.9</b>

Revenue for the first nine months amounted to 58.7 million euro, an increase of 14.1 million euro from the year-earlier period (44.6 million euro), and arose mainly from:

- dividends declared by subsidiaries, associates and other investees for 20.8 million euro (18.7 million euro in the year-earlier period);
- gains and fair value gains totaling 23.8 million euro, a significant increase from the year-earlier period (9.1 million euro), arising largely from fair value gains on mutual and private equity funds (+21.4 million euro).
- interest income and finance income totaling 13.7 million euro (16.4 million euro in the third quarter of 2018), essentially as a result of the fair value increase of 8.0 million euro on derivatives and the positive exchange-rate effect of 4.2 million euro.

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Negative income components amounted to 30.3 million euro (40.9 million euro in the year-earlier period) and reflected:

- substantially stable operating expense of approximately 17.5 million euro;
- a decrease of 11.3 million euro in overall finance costs, largely as a result of smaller fair value reductions on trading securities, which in the year-earlier period had a negative effect of 10.4 million euro.

Equity at September 30, 2019 was 1,330.5 million euro, an increase of 100.4 million euro from December 31, 2018 (1,230.1 million euro) driven largely by: an increase of 51.5 million euro in the fair value of equity investments at FVTOCI (net of the fiscal effect); sales of equity investments at FVTOCI during the period under review (+55.7 million euro net of the fiscal effect).

In the first nine months of 2019, the net financial position of Italmobiliare S.p.A. rose by 195.7 million euro, from 344.9 million euro at December 31, 2018 to 540.6 million euro at September 30, 2019, allocated for approximately 50% in the Vontobel Fund with a conservative risk profile consistent with the company's investment policies. The main contribution came from the sale of HeidelbergCement and Mediobanca shares (+167 million euro), the sale of the shareholding in Jaggaer (+91.2 million euro), counterbalanced in part by the acquisition of Autogas (-60.1 million euro).



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## **Main financial assets of Italmobiliare S.p.A.**

### **HeidelbergCement**

At September 30, 2019, the share price had risen by 24.2% (for a total return, including dividends, of 28.2%), just below the global index for the construction materials sector (+25.9%), but higher than the German stock market index (+17.7%). Despite the global economic slowdown, the sector and the share price benefited from the support of a number of macro factors: the fall in oil prices, the stability of demand for construction materials and the rise in cement prices, especially in the developed nations. The valuation multiple discount with respect to key competitors, and the implementation of guidelines based on cash generation, portfolio optimization and higher efficiency boosted the share price. The positive performance of the share price enabled a further reduction in exposure held.

### **Mediobanca**

In the first nine months of 2019, the share price improved by 35.9%, outperforming the Eurozone index for the banking sector (0.76%) and the Ftse Mib benchmark index (20.6%). The increase was supported by the general rise in share prices and by the strength of the bank's fundamentals (financial solidity and profitability) compared with the sector average. The opportunity provided by the rise in stock prices was used to reduce exposure on the stock.

### **Jaggaer**

On August 14, 2019 the sale was completed of the equity investment in Jaggaer (9.5%), which operates in e-procurement and spend management software platforms. The stake was acquired as a reinvestment after the sale of BravoSolution at the end of 2017 for an amount of 35 million euro. Held through the special-purpose vehicle SciQuest Topco and classified as a financial asset valued at fair value through other comprehensive income (FVOCI), it was sold for 102.1 million dollars (91.2 million euro), generating a pre-tax gain of 56.2 million euro, which was taken directly to equity reserves as required by the international reporting standards.

### **Private equity funds**

The company has invested in a portfolio of selected Italian and international private equity funds as part of a program for a sector-based and geographical diversification of its investments; the funds include the Clessidra CCP3 fund, BDT Fund II and III, Isomer Capital I, Connect Ventures III, Iconiq IV.

In the first nine months of 2019, the value of the private equity funds increased by an overall amount of 8.1 million euro, largely as a result of capital calls (30.5 million euro), the rise in fair value (8.8 million euro) and the exchange-rate effect (+2.4 million euro), partially offset by repayments (-13.5 million euro) and sales (Aksia: carrying amount at December 31, 2018 20.0 million euro, sold for 21.6 million euro for a money-on-money return of about 2.2x on the investment commitment of 2015).

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## Caffè Borbone

(60% interest)

	September 30 2019	September 30 2018	% change
(in millions of euro)			
<b>Revenue</b>	<b>126.6</b>	<b>52.4</b>	<b>n.s.</b>
<b>Ebitda</b>	<b>38.2</b>	<b>15.4</b>	<b>n.s.</b>
<i>% of revenue</i>	<i>30.1</i>	<i>29.5</i>	
<b>Ebit</b>	<b>31.8</b>	<b>12.0</b>	<b>n.s.</b>
<i>% of revenue</i>	<i>25.1</i>	<i>23.0</i>	

	September 30 2019	June 30 2019	December 31 2018
(in millions of euro)			
<b>Net financial position</b>	<b>(45.5)</b>	<b>(43.5)</b>	<b>(51.2)</b>

*The 2018 income-statement figures refer to the period from May 3 (the date of the acquisition of the Italmobiliare equity investment in Caffè Borbone S.r.l.) to September 30, 2018; where shown, the comparisons with the figures at September 30, 2018 are based on proforma data.*

In the third quarter of 2019, Caffè Borbone intensified its growth, with revenue of 40.7 million euro, an improvement of 36% from the third quarter of 2018; revenue for the first nine months was 126.6 million euro, up 31% from the year-earlier period.

In terms of distribution channels, sales through the retail channel and on the web continued to grow, at rates substantially in line with average rates; sales in the mass merchandising channel showed a very strong increase of 82% from 2018 on a monodose coffee market that recorded growth of 7.7% over the same period (Nielsen data). In terms of products, capsules showed overall growth of 36%, driven by the excellent performance of the Nespresso and Lavazza A Modo Mio compatible capsules.

Ebitda for the third quarter was 13.1 million euro, up 40% from the year-earlier period. Ebitda for the first nine months was 38.2 million euro, with a margin of 30%; the improvement from the first nine months of 2018 arose from the continuing low purchase price of coffee beans, and the reduction in the ratio of commercial expense to revenue.

Ebit for the first nine months of 2019 was 31.8 million euro (25.1% of revenue), with amortization of the customer list of 4.7 million euro.

The net financial position at September 30, 2019 reflected debt of 45.5 million euro, an improvement of 5.7 million euro from December 31, 2018 after the dividend payout in the second quarter (8.0 million euro); the first nine months generated a positive cash flow of 13.7 million euro, lower than the year-earlier period as a result of the rise in working capital (+15 million euro from the end of 2018) due to higher turnover, seasonality, the change in the channel mix and the increase in stocks of coffee beans.

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## Sirap group

(100% interest)

(in millions of euro)	September 30 2019	September 30 2018	% change
<b>Revenue</b>	<b>203.1</b>	<b>204.3</b>	<b>(0.6)</b>
<b>Ebitda</b>	<b>12.8</b>	<b>11.7</b>	<b>8.8</b>
<i>% of revenue</i>	6.3	5.7	
<b>Ebit</b>	<b>1.3</b>	<b>8.9</b>	<b>(85.4)</b>
<i>% of revenue</i>	0.6	4.3	

(in millions of euro)	September 30 2019	June 30 2019	December 31 2018
<b>Net financial position</b>	<b>(85.3)</b>	<b>(94.8)</b>	<b>(82.3)</b>

*The 2019 figures have been drawn up in compliance with the new accounting policy IFRS 16 and are therefore not fully comparable to the 2018 figures; there were material effects on the Ebitda and net financial position of the Sirap Group, which are described below.*

Group revenue for the first nine months to September 30, 2019 amounted to 203.1 million euro, a small reduction (-0.6%) from 204.3 million euro in the first nine months of 2018.

Compared with the year-earlier period, there was a small upturn in revenue in foamed containers and in rigid containers, with particularly healthy performance in Poland, Italy and Spain. Revenue slowed at Petruzalek (Group trading company), which was affected by the current winding-up of the Turkish subsidiary and the sale of OPS packaging to third parties, due to the structural drop in demand, which led Sirap to close the OPS production line in the United Kingdom in September.

The Group Ebitda for the first nine months of 2019 was 12.8 million euro after non-recurring expense of 1.7 million euro for re-organizations under the company's industrial plan, mainly in the United Kingdom, Italy and Turkey; Ebitda rose by 1.1 million euro from 11.7 million euro in the first nine months of 2018. Application of the IFRS 16 accounting policy meant that operating-lease expense was reclassified from Ebitda to amortization and depreciation, generating an effect of 2.4 million euro in the first nine months of 2019.

Amortization and depreciation expense amounted to 10.4 million euro (including 2.4 million euro from application of IFRS 16), a rise of 1.6 million euro from 8.8 million euro in the first nine months of 2018.

After impairment losses on non-current assets of 1.1 million euro (approximately 0.7 million euro attributable to Sirap UK Ltd. and 0.4 million euro to Rosa Plast Due S.r.l.), Ebit was 1.3 million euro, compared with 8.9 million euro in the first nine months of 2018, which included gains of 6.0 million euro arising as a result of the difference between the overall fair value of the assets of the companies acquired, in compliance with IAS 16, and their carrying amount.

The consolidated net financial position at September 30, 2019 reflected debt of 85.3 million euro, up 3.0 million euro from 82.3 million euro at December 31, 2018 due exclusively to the increase of 8.7 million euro following the entry into effect of IFRS 16 as from January 1, 2019; net of this change in accounting policy, the net financial position would have shown an improvement of 5.7 million euro from the position at December 31, 2018.

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## Italgen group

(100% interest)

	September 30	September 30	% change
(in millions of euro)	2019	2018	
<b>Revenue</b>	<b>25.1</b>	<b>26.8</b>	<b>(6.3)</b>
<b>Ebitda</b>	<b>9.8</b>	<b>6.8</b>	<b>43.6</b>
<i>% of revenue</i>	39.2	25.6	
<b>Ebit</b>	<b>7.0</b>	<b>1.1</b>	<b>n.s.</b>
<i>% of revenue</i>	28.0	4.3	

	September 30	June 30	December 31
(in millions of euro)	2019	2019	2018
<b>Net financial position</b>	<b>(23.3)</b>	<b>(28.3)</b>	<b>(21.0)</b>

Although performance was positive in the third quarter, hydroelectric power production in the first nine months was 211.7 GWh, a decrease of 4% from the first nine months of 2018 (221 GWh) owing to the low rainfall of the first quarter.

At September 30, 2019, revenue amounted to 25.1 million euro, a decrease of 1.7 million euro (-6.3%) from the year-earlier period attributable to the reduction in pass-through revenue (-2.4 million euro), while the average price was above the 2018 levels.

Ebitda was 9.8 million euro, an increase of 43.6% from the year-earlier period (+3.0 million euro) generated mainly by the rise in sales prices (an estimated impact of 0.5 million euro), other operating income (0.9 million euro) and, compared with 2018, the absence of extraordinary restructuring expense.

The Group posted an Ebit of 7.0 million euro, a strong improvement from the year-earlier figure, which included value adjustments on plant (+2.9 million euro).

The net financial position reflected debt of 23.3 million euro, a slight downturn from December 31, 2018 attributable to the dividend payout of 6.0 million euro in the second quarter of 2019.

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## Tecnica Group

(40% interest)

(in millions of euro)	September 30 2019	September 30 2018 (*)	% change
<b>Revenue</b>	<b>290.8</b>	<b>264.8</b>	<b>9.8</b>
<b>Industrial gross margin</b>	<b>113.4</b>	<b>96.2</b>	<b>17.9</b>
<i>% of revenue</i>	39.0	36.3	
<b>Ebitda</b>	<b>31.9</b>	<b>19.0</b>	<b>68.1</b>
<i>% of revenue</i>	11.0	4.9	
<b>Ebit</b>	<b>20.1</b>	<b>9.1</b>	<b>n.s.</b>
<i>% of revenue</i>	6.9	3.4	

(\*) Prepared in accordance with Italian accounting policies

(in millions of euro)	September 30 2019	June 30 2019	December 31 2018
<b>Net financial position</b>	<b>(274.7)</b>	<b>(154.8)</b>	<b>(113.4)</b>

The company is measured with the equity method. The figures for 2019 were prepared in accordance with the international accounting and financial reporting standards (IAS-IFRS) and may therefore differ from those published by the associate in its own consolidated financial statements prepared in accordance with the Italian Civil Code and Italian accounting policies. The 2019 figures were also prepared in accordance with the new accounting standard IFRS 16, with material effects on Tecnica Group Ebitda and net financial position as described below, and therefore are not fully comparable to the 2018 figures.

As noted in the half-year report, on July 25, 2019, Tecnica Group acquired an additional 15% interest in Lowa, raising its stake from 60% to 75%. On the same date, it acquired 100% of the capital of Lowa's main supplier, Riko Sport S.r.l., which specializes in the production of up-market footwear. The figures for the first nine months of 2019 therefore reflect the impact of the transaction for August and September.

For the nine months to September 30, 2019, Tecnica Group reported revenue of 290.8 million euro, still reflecting the strong seasonality of the winter brands. Performance was positive for Lowa and the Group's winter brands (Nordica, Blizzard and Tecnica), which are expected to close the full year with a 7% improvement over 2018; Moon Boot continued to report growth (full-year projection of +28% from 2018), while revenue at Rollerblade and Tecnica Outdoor fell slightly. The Riko-Lowa transaction described above did not impact Tecnica Group's consolidated revenue, since Riko revenue was entirely intragroup revenue.

Ebitda was 31.9 million euro, including positive effects of 0.3 million euro from the Riko-Lowa transaction and 3.8 million euro from application of IFRS 16; not including these effects, Ebitda would have been 27.8 million euro, up 46% from the first nine months of 2018.

Ebit was 20.1 million euro, also including the effects of the Riko-Lowa transaction (-0.2 million euro) and application of IFRS 16 (+0.9 million euro): not including these effects, Ebit would have been 19.4 million euro, a sharp improvement from 2018.

The net financial position reflected debt of 274.7 million euro, up from 161.3 million euro at December 31, 2018; this figure too was affected by the Riko-Lowa transaction (-86.0 million euro, including the acquisition price and one-off borrowing costs) and by application of IFRS 16 (-34.4 million euro). Not including these effects, net debt would have increased by 40.9 million euro, due to the rise in working capital (+44.6 million euro at September 30, 2019 from December 31, 2018) stemming mainly from the increase in turnover and from seasonality.

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## Iseo group

(40% interest)

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	June 30
(in millions of euro)	2019
<b>Revenue</b>	<b>73.1</b>
<b>Ebitda</b>	<b>7.3</b>
<i>% of revenue</i>	<i>10.0</i>
<b>Ebit</b>	<b>3.9</b>
<i>% of revenue</i>	<i>5.4</i>

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	June 30	December 31
(in millions of euro)	2019	2018
<b>Net financial position</b>	<b>(33.6)</b>	<b>(30.4)</b>

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*The figures set out in the table refer to the first half of 2019 since the figures for the third quarter of 2019 are not yet available. Where shown, the comparisons with 2018 are based on proforma data.*

The Iseo Group closed the first half of 2019 with revenue of 73.1 million euro, up 5% from the first half of 2018.

Mechanical products continue to account for the great majority of Iseo's business, and showed average growth of 6% from the first half of 2018: performance was particularly strong in locks (+9%) and anti-panic push-bars (+15%). Electronic products got off to a difficult start in 2019 due to the problems of the Locken subsidiary (access and security management for large corporate customers), where the replacement of one of the main suppliers had significant commercial repercussions. Not including this contingent difficulty, the segment reflected strong potential, with growth of 17% from the first half of 2018. In geographical terms, Italy and France accounted for more than 50% of Group revenue, with a small reduction from 2018: performance was positive in Germany, with growth of 10%, and outside Europe, which represented 70% of the overall growth of the first half of the year.

Ebitda was 7.3 million euro, an increase of 13% from the first half of 2018 and with higher profitability thanks to the stronger industrial margin (from 45.3% to 46.2% of revenue) and containment of overheads, despite commercial and organizational investments to push electronic products.

Ebit for the first half of 2019 was 3.9 million euro, a significant improvement from the year-earlier period.

The net financial position reflected debt of 33.6 million euro, an increase of 3.2 million euro from December 31, 2018 due to the dividend payout in the second quarter (1.2 million euro) and the increase of 5.6 million euro in working capital from the end of 2018.

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## Autogas Group

(30% interest)

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	September 30
(in millions of euro)	2019
<b>Revenue</b>	<b>355.0</b>
<b>Ebitda</b>	<b>28.3</b>
<i>% of revenue</i>	<i>8.0</i>
<b>Ebit</b>	<b>12.2</b>
<i>% of revenue</i>	<i>3.4</i>

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	September 30	June 30
(in millions of euro)	2019	2019
<b>Net financial position</b>	<b>(124.9)</b>	<b>(136.4)</b>

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*The comparisons with 2018 are based on proforma data re-stated on a like-for-like basis, i.e., including Lampogas in the first nine months of 2018.*

At September 30, 2018, revenue amounted to 355.0 million euro, a small decrease (-1.0%) from the first nine months of 2018.

LPG accounts for most of the group's business, with retail volumes steady with the first nine months of 2018 and revenue down by 10% solely as a result of the reduction in the average sale price arising from the decrease in commodity purchase prices (linked to international indices); nevertheless, the sale price less purchase price differential improved. New-business revenue (electricity, natural gas and energy efficiency) made positive progress of 72% from the year-earlier period.

Ebitda was 28.3 million euro, up 4 million euro from the year-earlier period thanks to the stronger differential on the LPG business described above and the initial synergies from the integration with Lampogas, offset only in part by higher costs relating to the new businesses. Ebitda in the first nine months of 2019 included non-recurring expense of 0.6 million euro relating largely to the acquisition of Lampogas.

Ebit was 12.2 million euro, up by about 1.7 million euro from the first nine months of 2018.

The net financial position at September 30, 2019 was 124.9 million euro, an improvement from June 30, 2019 driven by a positive cash flow of 11.5 million euro in the third quarter, which also benefited from a positive seasonal effect.

As a result of the adjustments applied under the agreements reached during the acquisition, the Italmobiliare equity investment in Autogas rose from 27% to 30% during the third quarter of 2019.

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## Other companies

The Italmobiliare Group's "Other Companies" are Clessidra SGR S.p.A. (an asset management company authorized and regulated by the Bank of Italy, and the main private equity fund manager dedicated exclusively to the Italian market), a number of real estate companies, some service companies that operate essentially within the Group, and a bank in the Principality of Monaco. Overall, these companies are of marginal importance in the Italmobiliare Group portfolio.

## Clessidra SGR S.p.A.

During the third quarter of 2019 Clessidra SGR S.p.A. continued management of the equity investments in the managed funds portfolio. Specifically with regard to the CCPII fund, management activities were flanked by the search for and finalization of divestment opportunities for the last company left in the portfolio. With regard to the CCP3 fund, action continued to support the growth in value of the companies in portfolio and find new investment opportunities.

In the third quarter, Clessidra expanded the scope of its operations by entering the bank credit segment, with a special focus on Unlikely to Pay receivables. Clessidra has decided to take advantage of the development opportunity on this market by setting up a new fund for institutional investors, Clessidra Restructuring Fund (CRF). The new fund consists of two compartments, one dedicated to credits (including exposures sold by 10 banking and financial groups due from 14 Italian companies undergoing industrial relaunches), and one to new finance (including funds raised from institutional investors to be used to assist the recovery and development of the companies in the portfolio), of which Italmobiliare has undertaken to underwrite a share.

Income, consisting essentially of management commissions on the Clessidra funds, amounted to 11.6 million euro (9.1 million euro at September 30, 2018).

Administrative expense for the period was 9.3 million euro (8.2 million euro at September 30, 2018) and consisted largely of personnel expense, consultancy and management expense.

After net other operating income of 1.0 million euro (1.6 million euro at September 30, 2018), Ebit was 3.2 million euro (0.7 million euro in the third quarter of 2018).

## Legal and tax disputes

There were no significant developments in the other disputes highlighted in the half-year financial report.