



Offices in Milan - Piazza A. Diaz 7  
Share Capital EUR 87,907,017 fully paid-in  
Listed in the Milan Register of Companies at no. 00742640154  
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## PRESS RELEASE

### **THE BOARD OF DIRECTORS APPROVES** **THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2019**

- *Revenues generated during the first half show strong growth (+14%) to EUR 68.1 million (EUR 59.5 million at 30 June 2018) due to continuous growth for Ceramica Cielo and Zaffiro Group*
- *Net result confirmed in profit (EUR 0.3 million), despite the impact of negative non-recurring components. The result does not include the positive margins of the new acquisitions made at the end of June (Galassia and Disegno Ceramica) and, due to the first application of IFRS 16, the significant positive result deriving from the real estate disposals carried out by Zaffiro Group*
- *During the first half of 2019, prioritising the creation of value for all Shareholders, Mittel focused its attention on the consolidation and development of the sectors already in the portfolio, with extraordinary operations that involved:*
  - ✓ *the Design sector (design-quality bathroom furnishings), by finalising two additional acquisitions with the aim of creating - around Ceramica Cielo - an Italian hub of excellence at a global level*
  - ✓ *the Nursing Home sector, with the signing of a contract with a leading European investor in the real estate sector, to enhance and develop nursing homes in Italy*
- *The intensification of the recovery process, asset by asset, of financial resources from previous real estate initiatives (sales of over EUR 12 million in the first half) and financial receivables helped to finance the Group's growth process during the period: the net financial position, excluding accounting items referring to the first application of IFRS 16, improved from negative EUR 29.5 million at 31 December 2018 to negative EUR 27.6 million at 30 June 2019, despite the investments made*
- *In the coming months, the process of transforming Mittel into an industrial investment holding company will continue through (i) new investments in highly profitable sectors as well as (ii) simplification of the corporate structure resulting in further cost reductions, which will be supported by the significant reduction in financial expenses due to the full repayment of the "Mittel 2013-2019" bond in July 2019*

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Milan, 25 May 2019 - At its meeting chaired today by Michele Iori, the Board of Directors of Mittel S.p.A. reviewed and approved the Half-Year Financial Report for the period 1 January - 30 June 2019.

### Operating performance overview

In the first half of the year, the Group's management, maintaining a strong focus on opportunities for new investments in the market, implemented significant consolidation and development measures in the operating sectors of companies already in the portfolio (Nursing Homes, Design and Automotive).

More specifically, after the initial build-up operations carried out in 2018 by Gruppo Zaffiro S.r.l. (acquisitions of the Villa Speranza nursing home in Sanremo and Villa Gisella in Florence, launch of the construction project for the new nursing home in Pogliano Milanese and inauguration of the one in Rivignano), the intense scouting and analysis efforts carried out by the company's management led to the following important transactions:

- in June, Zaffiro Group signed a contract with *Primonial*, one of the leading European investors in the Real Estate sector, to develop nursing homes in Italy, for which Primonial will retain ownership of the real estate component, with operational management assigned to Zaffiro Group; the agreement reached will allow a considerable acceleration of the Group's growth plans, which aim to reach management of more than 5,000 beds over the next few years, freeing significant resources for new investments and at the same time enhancing the value of owned real estate;
- also in June, continuing the growth process in the Design sector, Mittel finalised the acquisition of 69% of Galassia Group S.r.l. and 80% of Disegno Ceramica S.r.l., two long-standing businesses in the ceramics district of Civita Castellana; the transaction strengthens the ambitious project to develop a hub of excellence in the design sector around Ceramica Cielo S.p.A., characterised by clear recognition in various segments and products, establishing a group with more than 350 employees.

At the same time as the investment transactions, the operating cost containment measures and the valuation of non-core assets in the portfolio continued, in order to generate new funding. In July 2019, the "Mittel 2013-2019" bond was fully repaid, which will allow, on an annual basis, savings of EUR 2.5 million in financial expenses.

Finally, recall that, due to the first application of IFRS 16 (Leases), the half-year financial report at 30 June 2019 shows balances that are not fully comparable with those of the comparison period. In fact, this standard, which involves, very briefly, recognition in fixed assets of the right of use for leased assets and the inclusion in liabilities of the related financial payable, has had a considerable effect on the statement of financial position and income statement balances as at 30 June 2019 (and in particular those of the Nursing Home sector, characterised by long-term lease contracts), resulting in the following main effects:

- EUR 166.2 million positive impact on property, plant and equipment;
- EUR 178.6 million negative impact on consolidated net financial position;
- EUR 3.7 million negative impact on equity pertaining to the Group;
- EUR 4.0 million positive impact on EBITDA;
- EUR 0.7 million negative impact on the Group's net result.

In addition, as a result of the specific accounting rules for sale and lease-back transactions envisaged by the new standard, a capital gain of EUR 5.7 million during the first half was not recognised for the sale of the real estate component of the Rivignano nursing home (Zaffiro Group). This amount will entail recognition in the future of an economic benefit over the lease term, represented by the lower amortisation that will be recorded on the relative right of use.

## Main consolidated income statement figures for the first half of 2019

(Thousands of Euro)	30.06.2019	30.06.2018
Revenue and other income	68,056	59,498
Increases (decreases) in inventories	(9,890)	(3,576)
<b>Net revenue</b>	<b>58,166</b>	<b>55,921</b>
Purchases, provision of services, sundry costs	(31,254)	(32,882)
Personnel costs	(17,402)	(15,155)
<b>Operating costs</b>	<b>(48,656)</b>	<b>(48,037)</b>
<b>Operating margin (EBITDA)</b>	<b>9,510</b>	<b>7,884</b>
Amortisation/depreciation, allocations and adjustments to non-current assets	(6,058)	(3,002)
Share of income (loss) of investments	(60)	(585)
<b>Operating result (EBIT)</b>	<b>3,392</b>	<b>4,297</b>
Profit (loss) from financial management	(4,991)	(3,102)
Result of management and valuation of financial assets and receivables	(1,053)	1,918
<b>Profit (loss) before taxes</b>	<b>(2,652)</b>	<b>3,113</b>
Taxes	3,459	1,542
<b>Net profit (loss) for the year</b>	<b>807</b>	<b>4,655</b>
Profit (loss) pertaining to non-controlling interests	458	1,201
<b>Profit (loss) pertaining to the Group</b>	<b>349</b>	<b>3,454</b>

Consolidated revenue and other income of industrial sectors as at 30 June 2019 (represented by the Nursing Home sector, part of Zaffiro Group, the Automotive sector, which includes IMC and its subsidiary Balder, and the Design sector, which includes only Ceramica Cielo during the first half under review) is particularly significant, equivalent to EUR 55.5 million, corresponding to nearly 80% of consolidated revenue and other income (equal to EUR 68.1 million).

During the first half, these industrial sectors contributed in generating a broadly positive consolidated operating margin, equivalent to EUR 9.5 million (EUR 7.9 million as at 30 June 2018), as a result of the following net contributions by sector:

- *Nursing Homes*: EBITDA of EUR 5.6 million (EUR 1.4 million as at 30 June 2018), positively influenced by both the application of IFRS 16 (EUR 3.1 million) and the important contribution to the sector's result from nursing homes that were recently opened (Rivignano) or acquired (Sanremo and Villa Gisella);
- *Design*: EBITDA of EUR 3.9 million (EUR 3.0 million as at 30 June 2018), a notable increase, despite the negative contribution (EUR 0.7 million) of transaction costs incurred for the acquisitions of Galassia Group S.r.l. and Disegno Ceramica S.r.l. (whose margins were not yet consolidated in the first half), as a result of continued growth in revenues and profits for Ceramica Cielo S.p.A.;
- *Automotive*: EBITDA of EUR 3.5 million (EUR 6.4 million as at 30 June 2018), in decline due to the negative trend in sector demand within an overall macroeconomic scenario of contingent weakness;
- *Real Estate*: negative EBITDA of EUR 0.4 million (negative for EUR 0.3 million as at 30 June 2018), but with strong revenue growth (EUR 12.3 million compared to EUR 5.7 million in the first half of last year), in confirmation of the particularly positive performance in sales of property inventories held by the Group;

- *Equity and Investments*: negative EBITDA of EUR 3.1 million (negative for EUR 2.5 million as at 30 June 2018), affected by the absence of Advisory sector profits beginning in 2019 (with the sale of the investment previously held in Ethica & Mittel Debt Advisory).

Details on the most significant of these items are presented below.

- **Revenue and other income**: this reclassified item includes the financial statement items for revenue and other income, which, as at 30 June 2019 had a balance of EUR 68.1 million, (EUR 59.5 million as at 30 June 2018). This balance was the combined result of the following factors:
  - revenue recognition for EUR 66.1 million (EUR 58.1 million as at 30 June 2018); the following sectors primarily contributed to this total:
    - the Nursing Home sector (Zaffiro Group and subsidiaries) totalled EUR 20.0 million (EUR 14.0 million in the comparison period);
    - the Automotive sector (IMC S.p.A. and Balder S.r.l.) for EUR 18.8 million (EUR 23.5 million in the comparison period);
    - the Design sector (Ceramica Cielo S.p.A.) for EUR 14.9 million (EUR 13.4 million in the comparison period);
    - the Real Estate sector for EUR 12.3 million (EUR 5.7 million as at 30 June 2018);
  - the recognition of other income for EUR 2.0 million (EUR 1.4 million in the comparison period), of which EUR 1.1 million relating to the Design sector.
- **Increases/(decreases) in inventories**: the negative contribution recorded in the half, amounting to EUR 9.9 million (EUR 3.6 million as at 30 June 2018), is primarily attributable to the release of the cost of sales for property inventories for EUR 11.0 million (EUR 4.7 million as at 30 June 2018).
- **Costs for purchases, provision of services, sundry costs**: this item, totalling EUR 31.3 million (EUR 32.9 million as at 30 June 2018), was heavily influenced by the operating costs of investees in the Automotive, Nursing Home, and Design sectors and includes costs for purchases of EUR 18.1 million (EUR 18.3 million as at 30 June 2018), costs for services of EUR 11.7 million (EUR 13.3 million as at 30 June 2018), and sundry costs of EUR 1.5 million (EUR 1.3 million as at 30 June 2018). The main contributors to this item were the following sectors:
  - the Automotive sector for EUR 12.7 million (EUR 15.2 million as at 30 June 2018);
  - the Design sector for EUR 9.2 million (EUR 7.9 million as at 30 June 2018);
  - the Nursing Home sector for EUR 5.8 million (EUR 6.3 million as at 30 June 2018);
  - the Real Estate sector for EUR 2.1 million (EUR 1.4 million as at 30 June 2018);
  - the Parent Company Mittel S.p.A. for EUR 1.5 million (EUR 2.0 million as at 30 June 2018);
- **Personnel costs**: the item reported a balance of EUR 17.4 million (EUR 15.2 million as at 30 June 2018), of which EUR 9.2 million deriving from the Nursing Home sector, EUR 3.5 million relating to the Design sector, EUR 2.9 million attributable to the Automotive sector, and EUR 1.6 million relating to the Parent Company Mittel S.p.A.
- **Amortisation/depreciation, allocations and adjustments to non-current assets**: the item showed a total balance as at 30 June 2019 of EUR 6.1 million (EUR 3.0 million as at 30 June 2018), due to:
  - Amortisation/depreciation of intangible assets and property, plant and equipment of EUR 6.0 million (EUR 2.8 million in the comparison period), mainly due to amortisation of rights of use recognised as part of the application of IFRS 16 (EUR 3.2 million, of which EUR 2.5 million pertaining to the Nursing Home sector) and the remaining portion related to depreciation on other tangible assets held by the operating companies;
  - Net allocations to the provision for risks and charges for EUR 0.1 million (in line with the comparison period).
- **Profit (loss) from financial management**: presented a net loss of EUR 5.0 million (loss of EUR 3.1 million in the comparison period); the item is attributable to financial expenses of EUR 2.2 million recognised in accordance with IFRS 16 (EUR 2.0 million pertaining to the Nursing Home sector) and the remaining EUR 2.8 million for expenses on the financial debt (Mittel S.p.A bond and banking debt of the operating subsidiaries) net of interest income accrued on residual financial receivables held by the

Group; more specifically, the Parent Company's contribution to this item (equal to EUR 2.8 million) is related to financial income for EUR 1.1 million (mainly due to interest accrued on residual financial receivables held) and financial expenses of EUR 4.0 million, almost entirely related to the two outstanding bonds, one of which was repaid at its contractual maturity in July 2019, which had contributed EUR 1.4 million.

- **Profit (loss) from management and valuation of financial assets, loans and receivables:** the item made a negative contribution to the consolidated income statement of EUR 1.1 million (positive for EUR 1.9 million as at 30 June 2018) and is explained by:
  - (i) Net income from investments for EUR 0.3 million (EUR 0.2 million in the comparison period), composed of dividends collected in the period on non-qualified investments (EUR 0.2 million) and the result of the deconsolidation of the investee Ethica & Mittel Debt Advisory (EUR 0.1 million);
  - (ii) Net value adjustments on financial assets and loans and receivables for EUR 1.3 million (net reversals of impairment losses of EUR 1.7 million in the comparison period), essentially due to the effect of the fair value adjustment on residual real estate mutual funds and investment vehicles held by the Group.
  
- **Taxes:** the item made a positive contribution to the income statement of EUR 3.5 million (positive for EUR 1.5 million as at 30 June 2018) and is primarily explained by the effect of:
  - (i) current IRAP cost of EUR 1.0 million;
  - (ii) revenue from the release of deferred taxes allocated in previous years for EUR 0.5 million;
  - (iii) income from the change in prepaid taxes for Euro 4.0 million, essentially attributed to the recognition of deferred tax assets due to the application of IFRS 16 and the recalculation of latent tax benefits that can be used as part of the Parent Company's tax consolidation.

#### Main consolidated financial and equity figures as at 30 June 2019

(Thousands of Euro)	30.06.2019	31.12.2018
Intangible assets	79,059	73,369
Property, plant and equipment	226,401	46,889
- of which IFRS 16 rights of use	166,162	-
Investments	6,057	6,121
Non-current financial assets	55,447	63,665
Assets (liabilities) held for sale	-	18,414
Provisions for risks, employee severance indemnity and employee benefits	(8,885)	(6,834)
Other non-current assets (liabilities)	(198)	746
Tax assets (liabilities)	4,574	2,821
Net working capital (*)	73,795	73,609
<b>Net invested capital</b>	<b>436,251</b>	<b>278,800</b>
Equity pertaining to the Group	(215,086)	(221,153)
Non-controlling interests	(15,005)	(28,128)
<b>Total equity</b>	<b>(230,091)</b>	<b>(249,281)</b>
<b>Net financial position</b>	<b>(206,160)</b>	<b>(29,519)</b>
- of which IFRS 16 financial liabilities	(178,591)	-

(\*) Comprised of the sum of Property inventories, Sundry receivables (payables) and other current assets (liabilities)

**Intangible assets** amounted to EUR 79.1 million (EUR 73.4 million as at 31 December 2018). The item, almost exclusively related to goodwill and trademarks, refers to goodwill relating to the acquisition (which took place in November 2016) of Gruppo Zaffiro S.r.l., company headed up by the Group of the same name active in the Nursing Home sector, for EUR 39.3 million, augmented by EUR 1.1 million relating to the value attributed to the trademark upon conclusion of the purchase price allocation (completed as at 31 December 2017). Also in the Nursing Home sector, additional goodwill was recognised against the build-up operations that were carried out last year related to the acquisition in March 2018 of the business unit of a nursing home based in Sanremo (EUR 0.5 million in goodwill) and the purchase in December 2018 of the company Villa Gisella, which owns a historic nursing home based in Florence (EUR 3.0 million in goodwill).

Goodwill relating to the acquisition of Ceramica Cielo S.p.A. (which took place in June 2017) amounted to EUR 5.6 million, augmented by EUR 4.3 million relating to the fair value measurement of the company's trademark, carried out upon conclusion (at 30 June 2018) of the purchase price allocation. Moreover, as regards the Design sector, provisional goodwill related to the acquisitions (which occurred at the end of the period) of Galassia Group S.r.l. (EUR 4.4 million) and Disegno Ceramica S.r.l. (EUR 1.1 million) was recorded as at 30 June 2019, pending the completion of the allocation process to the assets involved in the two business combinations, which will take place within one year of the acquisition date, as required by IFRS 3.

Lastly, goodwill of EUR 19.3 million was booked for the acquisition of IMC S.p.A. The goodwill recognised at the time of the acquisition (completed on 30 September 2017), equal to EUR 35.5 million, had already been reduced to EUR 19.3 million as at 31 December 2017, as a result of the partial allocation to the property, plant and equipment held by IMC (which involved the allocation of the related deferred taxes). As at 31 December 2018, the purchase price allocation (PPA) process for the business combination was completed, with the final confirmation of the allocation values that had been determined as at 31 December 2017.

**Property, plant and equipment** amounted to EUR 226.4 million (EUR 46.9 million as at 31 December 2018), of which EUR 166.2 million for IFRS 16 rights of use (EUR 152 million pertaining to the Nursing Home sector, characterised by long-term lease contracts on properties used as residences).

**Investments measured using the equity method** totalled EUR 6.1 million (in line with the end of the prior year) and refers primarily to the investment held by the Parent Company Mittel S.p.A. in Mittel Generale Investimenti S.r.l. (EUR 5.4 million).

**Non-current financial assets** amounted to EUR 55.4 million and refer: i) for EUR 39.3 million (EUR 45.8 million in the comparison period) to non-current financial receivables, almost entirely related to credit positions held by the Parent Company; ii) for EUR 16.1 million (EUR 17.9 million in the comparison period) to other non-current financial assets, represented mainly by shares in real estate UCITS held by the Parent Company and shares in investment vehicles.

**Provisions for risks, employee severance indemnity and employee benefits** amounted to EUR 8.9 million (EUR 6.8 million as at 31 December 2018). In particular, as at 30 June 2019, this item is composed of *Provisions for personnel* for EUR 6.9 million (EUR 5.3 million in the comparison period) and of *Provisions for risks and charges* for EUR 1.9 million (EUR 1.5 million in the comparison period).

**Net tax assets (liabilities)** were positive for EUR 4.6 million (EUR 2.8 million as at 31 December 2018).

**Net working capital** amounted to EUR 73.8 million (EUR 73.6 million as at 31 December 2018). The item is composed of: (i) the value of inventories for EUR 82.2 million, attributable for EUR 54.3 million to property inventories (a sharp decline compared to EUR 64.9 million in the comparison period as a result of the considerable sales in the first half), for EUR 19.8 million to the Design sector (a net increase compared to EUR 5.3 million in the comparison period mainly due to acquisitions carried out at the end of the first half), and EUR 8.1 million for the Automotive sector (EUR 7.9 million in the comparison period); (ii) sundry receivables and other current assets amounting to EUR 41.6 million (EUR 23.2 million in the comparison period); (iii) sundry payables and other current liabilities for EUR 50.0 million (EUR 27.9 million in the comparison period), to which the main contributors were the Design sector for EUR 24.2 million (EUR 6.9 million as at 31 December 2018), the Nursing Home sector for EUR 10.1 million (EUR 7.6 million as at 31 December 2018), and the Automotive sector for EUR 9.7 million (EUR 8.1 million as at 31 December 2018).

**Equity pertaining to the Group** amounted to EUR 215.1 million (EUR 221.2 million as at 31 December 2018), while that pertaining to non-controlling interests amounted to EUR 15.0 million (EUR 28.1 million as at 31 December 2018).

Given the performance of consolidated equity and profit figures described above, the negative **net financial position** amounted to EUR 206.2 million (EUR 29.5 million as at 31 December 2018). The significant change is attributable to the application of IFRS 16, which led to the recognition of incremental financial payables for EUR 178.6 million. Excluding this component, the net financial position showed a slight improvement (EUR 1.9 million), despite the acquisitions made in the Design sector at the end of the half.

#### Statement relating to the consolidated net financial position

(Thousands of Euro)	30.06.2019	31.12.2018
Cash	81	224
Other cash and cash equivalents	229,701	223,598
Securities held for trading	-	-
<b>Current liquidity</b>	<b>229,782</b>	<b>223,822</b>
<b>Current financial receivables</b>	<b>25</b>	<b>-</b>
Bank loans and borrowings	(67,184)	(56,615)
Bonds	(174,303)	(174,100)
Other financial payables	(194,480)	(22,626)
- of which IFRS 16 financial liabilities	(178,591)	-
<b>Financial debt</b>	<b>(435,967)</b>	<b>(253,341)</b>
<b>Net financial position</b>	<b>(206,160)</b>	<b>(29,519)</b>

#### Main significant events in the first half of the year

##### Implementation of measures defined in the Strategic Plan

On 28 June 2019, Gruppo Zaffiro S.r.l. and Primonial Group, a leading international investor with a total assets of EUR 37 billion, signed an agreement (the "Contract") for the acquisition of 6 real estate structures related to nursing homes already in operation (2 of which are owned by Sarafin S.r.l., company related to the Chief Executive Officer of Zaffiro Group – Gabriele Ritossa) and for the realisation in the coming years of more than EUR 120 million in acquisitions, dedicated to the development of 7 nursing homes located throughout Italy and already under contract by Zaffiro Group.

The Contract envisages that Primonial will own the real estate component while operating management of the structures will be assigned to Zaffiro Group.

Simultaneous with the signing of the Contract, the first nursing home was sold by Zaffiro Group to Primonial, for which more than EUR 15 million was received. By the end of the year or the beginning of 2020, a further 5 development transactions included in the Contract are expected to be completed.

The transaction represents for Zaffiro Group a further recognition by the market of the reliability and gravity of the development project, with management that has always been based on high quality standards and capable of attracting the attention of leading international operators.

The project responds to the demands of a sector with a considerable need for investments and that, in Italy, has a growing structural deficit in the supply of beds in specialised care facilities for elderly people who are not self-sufficient.

The Contract with Primonial makes it possible to accelerate the Group's growth plans, which aims to reach management of over 5,000 beds in the coming years, continuing the growth strategy based on careful search and selection of the highest quality facilities which, only in the last year, led to the acquisition of the long-running nursing homes "Villa Speranza" in Sanremo and "Villa Gisella" in Florence.

In June 2019, two investments were made in the Design sector, specifically Mittel S.p.A., through the wholly owned holding company Mittel Design S.r.l., acquired a significant majority stake in Galassia Group S.r.l. and 80% of Design Ceramica S.r.l., two long-standing businesses in the ceramics district of Civita Castellana.

The transaction strengthens the ambitious project to build a hub of excellence in the design sector, characterised by clear recognition in various segments and products, around Ceramica Cielo S.p.A. - a company acquired in June 2017 that under the leadership of Alessio Coramusi, shareholder and CEO, is posting high growth rates and increasingly important recognition of its international brand. Today, the CIELO brand is one of the leading brands for the entire sector of bathroom furnishings.

#### Governance and corporate events

On 24 January 2019, members of the Executive Committee of Mittel S.p.A. Marco Giovanni Colacicco (through a company controlled by him), Michele Iori, as well as a company in which the Executive Committee member Anna Francesca Cremascoli holds a non-controlling stake, notified the Company that they had purchased from Progetto Co-Val S.p.A., as part of a larger transaction designed to re-establish the Company's free float following the take-over bid promoted by the latter and concluded in November 2018, shares representing 2.15% of the share capital of the Company for a total investment of EUR 3.3 million (price of EUR 1.75 per share).

On 28 January 2019, the Shareholders of Mittel S.p.A., who gathered for the ordinary Shareholders' Meeting, resolved the following:

- to set the number of members of the Board of Directors at seven;
- to call upon the following to form the Board of Directors, which shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021: Michele Iori (Chairman), Marco Giovanni Colacicco, Anna Francesca Cremascoli, Riccardo Perotta, Anna Saraceno, Patrizia Galvagni, and Gregorio Napoleone, indicated in the sole list submitted by the Shareholder Progetto Co-Val S.p.A.;
- to set the gross salary of the Board of Directors at EUR 140,000.00, in relation to the offices assigned, for each of the three years of the mandate, delegating the allocation of this amount to the Board of Directors and granting it the ability to assign additional compensation to Directors assigned with particular offices pursuant to the law;
- to exonerate Directors from the prohibition detailed in article 2390 of the Italian Civil Code;
- to confirm the appointments - assumed by the Board of Directors on 30 November pursuant to article 2401 of the Italian Civil Code - of Giulio Tedeschi as Standing Auditor and Maria Teresa Bernelli as Chairwoman of the Board of Statutory Auditors, and to appoint Alessandro Valer and Stefania Trezzini as Alternate Auditors, proposed by the Shareholder Progetto Co-Val S.p.A., to supplement the current Board of Statutory Auditors - who will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2018 - and in compliance with regulations governing gender equity.

Among other items, the Shareholders' Meeting resolved, unanimously for all attendees, in line with the commitments assumed by the Company on 30 November as part of the mutual and early resolution of the employment relationship with Rosario Bifulco, to irrevocably waive derivative liability litigation, pursuant to article 2393 of the Italian Civil Code, brought against him, in relation to any fact and/or behaviour of the latter in carrying out the roles of Chairman of the Board of Directors, Chief Executive Officer, and Director held by Bifulco in the Company and/or of the aforementioned employment agreement, in any case excepting cases of fraud.

The Board of Directors of Mittel S.p.A., which met after the Shareholders' Meeting, confirmed the Company's new governance model, which entails, in continuation, the appointment of Marco Giovanni Colacicco as Deputy Chairman and the establishment, for operational management, of an Executive Committee consisting of Marco Giovanni Colacicco (Chairman) and Michele Iori and Anna Francesca Cremascoli.

The Board of Directors also appointed the members of the Board's internal committees, specifically:

- Control and Risks Committee: Chairman Riccardo Perotta, member Patrizia Galvagni;
- Remuneration and Appointments Committee: Chairman Riccardo Perotta, member Gregorio Napoleone;
- Related Party Committee: Chairwoman Patrizia Galvagni, members Riccardo Perotta and Gregorio Napoleone;
- Director in charge of the risk management and internal control system: Anna Francesca Cremascoli.



On 29 April 2019, the Shareholders of Mittel S.p.A., who gathered for the ordinary Shareholders' Meeting, resolved the following:

- to approve the Directors' Report on Operations and the Financial Statements for the year ended 31 December 2018, as well as the proposal to allocate the profit for the year of EUR 43,323,501 to the legal reserve for EUR 820,941, carrying forward the residual amount of EUR 42,502,560;
- to approve, in the extraordinary session, (i) the cancellation of all 6,559,649 treasury shares held by Mittel S.p.A. through the simultaneous elimination of the expressed nominal value of the ordinary shares, thus without reducing the amount of share capital equal to EUR 87,907,017 which will be divided amongst 81,347,368 shares without indication of nominal value; (ii) further minor amendments to the Articles of Association;
- to appoint as members of the Board of Statutory Auditors Fabrizio Colombo (Chairman), Giulio Tedeschi and Federica Sangalli, (Standing Auditors) as well as Alessandro Valer and Stefania Trezzini (Alternate Auditors), who will remain in office until the approval of the financial statements for the year ending 31 December 2021. These names were taken from the single list of candidates submitted by the Shareholder Progetto Co-Val SpA;
- to award the Board of Statutory Auditors an annual compensation of EUR 60 thousand for the Chairman and EUR 40 thousand for each standing member.

The Shareholders' Meeting also resolved in favour of the first section of the Report on Remuneration, prepared in accordance with art. 123-ter of Italian Legislative Decree no. 58 of 24 February 1998.

### **Significant events after 30 June 2019**

On 12 July 2019, Mittel S.p.A. repaid in full the "Mittel 2013-2019" Bond (ISIN IT0004936289) at maturity for a disbursement of a total of EUR 41.7 million, made entirely with the Company's available cash.

On 23 July 2019, Gruppo Zaffiro S.r.l. completed the process of simplifying the corporate structure through a transaction involving the creation of two sub-holding companies, Zaffiro Nord S.r.l. and Zaffiro Centro Sud S.r.l., wholly controlled by Zaffiro Group, to which the nursing homes in the relative geographical areas will report.

On 24 July 2019, the share capital increase of Gruppo Zaffiro S.r.l. was subscribed and fully paid-in, reserved for the minority Shareholder Blustone S.r.l. (the latter company related to the Chief Executive Officer of the former) pursuant to the agreements signed in November 2016 when Mittel S.p.A. became a shareholder. Following the full implementation of the share capital increase, Mittel S.p.A. holds 60% of the capital of Gruppo Zaffiro S.r.l.

### **Business outlook for the year**

In the first half of the year, the Company focused its efforts on creating value in the interests of all its Shareholders. Specifically, the key actions carried out involved the process of consolidation and growth of the Group's existing sectors, that is: nursing homes, designer ceramic sanitary-ware, and automotive components, areas of activity that constitute a platform on which the Group can introduce both internal and external growth.

The acquisitions in the Design sector, completed in June 2019, were especially significant in terms of strategy, as was the development agreement signed by Zaffiro Group with the leading international company Primonial. These investments have a strategic value in the medium to long term.

In the coming months, in addition to continue the aforementioned consolidation process, Mittel S.p.A. will intensify its efforts to find new investment platforms, by acquiring companies that express Italian business excellence, to be combined with the Group's financial and strategic contribution. In addition to using the Group's significant cash reserves, acquisition transactions will continue to be financed primarily by additional financial resources that are being generated from the intensification of the disposal process for non-strategic assets, at present mainly related to the real estate sector and financial receivables.

Despite the continued weakness of the macroeconomic scenario, especially in the Automotive sector, the Group's results in upcoming months will benefit from the growth process introduced in the Nursing Home and Design sectors, which will also include the effects of the consolidation of the positive financial margins of the companies acquired in June (Disegno Ceramica S.r.l. and Galassia S.p.A.). The reduction in holding costs, and specifically the full repayment of the Mittel "2013-2019" bond in July, will also have a considerable impact, resulting in lower financial expenses of EUR 2.5 million on an annual basis.

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2019

Amounts in thousands of Euro

	30.06.2019	31.12.2018
<b>Non-current assets</b>		
Intangible assets	79,059	73,369
Property, plant and equipment	226,401	46,889
<i>- of which IFRS 16 rights of use</i>	166,162	
Investments accounted for using the equity method	6,057	6,121
Financial receivables	39,337	45,800
Other financial assets	16,111	17,865
Sundry receivables and other assets	663	901
Deferred tax assets	10,192	4,586
<b>Total non-current assets</b>	<b>377,820</b>	<b>195,531</b>
<b>Current assets</b>		
Inventories	82,224	78,257
Financial receivables	25	-
Current tax assets	3,740	5,413
Sundry receivables and other assets	41,582	23,203
Cash and cash equivalents	229,782	223,822
<b>Total current assets</b>	<b>357,352</b>	<b>330,695</b>
Assets held for sale	-	18,956
<b>Total assets</b>	<b>735,172</b>	<b>545,182</b>
<b>Equity</b>		
Share capital	87,907	87,907
Share premium	53,716	53,716
Treasury shares	-	(11,178)
Reserves	73,113	89,384
Profit (loss) for the period	349	1,324
<b>Equity pertaining to the Group</b>	<b>215,086</b>	<b>221,153</b>
Non-controlling interests	15,005	28,128
<b>Total equity</b>	<b>230,091</b>	<b>249,281</b>
<b>Non-current liabilities</b>		
Bonds	129,365	129,256
Financial payables	226,837	55,162
<i>- of which IFRS 16 financial liabilities</i>	173,532	
Other financial liabilities	356	210
Provisions for personnel	6,949	5,328
Deferred tax liabilities	8,007	7,041
Provisions for risks and charges	1,935	1,506
Sundry payables and other liabilities	862	155
<b>Total non-current liabilities</b>	<b>374,312</b>	<b>198,657</b>
<b>Current liabilities</b>		
Bonds	44,938	44,844
Financial payables	22,439	10,669
<i>- of which IFRS 16 financial liabilities</i>	5,059	
Other financial liabilities	12,032	13,200
Current tax liabilities	1,350	137
Sundry payables and other liabilities	50,010	27,851
<b>Total current liabilities</b>	<b>130,769</b>	<b>96,701</b>
Liabilities held for sale	-	542
<b>Total equity and liabilities</b>	<b>735,172</b>	<b>545,182</b>

On 1 January 2019, the Group adopted IFRS 16 using the modified retroactive application method, pursuant to which comparison information has not been restated and the cumulative effect of the initial application is recognised in profits carried forward at the date of initial application.

## CONSOLIDATED INCOME STATEMENT for the first half of 2019

Amounts in thousands of Euro

	01.01.2019	01.01.2018
	30.06.2019	30.06.2018
Revenue	66,090	58,059
Other income	1,966	1,439
Changes in inventories	(9,890)	(3,576)
Costs for purchases	(18,052)	(18,253)
Costs for services	(11,699)	(13,317)
Personnel costs	(17,402)	(15,155)
Other costs	(1,504)	(1,313)
Amortisation and value adjustments to intangible assets	(6,003)	(2,768)
Allocations to the provision for risks	(55)	(234)
Share of income (loss) of investments accounted for using the equity method	(60)	(585)
<b>Operating result (EBIT)</b>	<b>3,391</b>	<b>4,297</b>
Financial income	2,307	2,082
Financial expenses	(7,298)	(5,185)
Dividends	183	215
Profit (loss) from management of financial assets and investments	83	0
Value adjustments to financial assets, loans and receivables	(1,318)	1,703
<b>Profit (loss) before taxes</b>	<b>(2,652)</b>	<b>3,112</b>
Income taxes	3,459	1,542
<b>Profit (loss) for the year</b>	<b>807</b>	<b>4,655</b>
<b>Attributable to:</b>		
Profit (loss) pertaining to non-controlling interests	458	1,201
<b>Profit (loss) pertaining to the Group</b>	<b>349</b>	<b>3,454</b>

On 1 January 2019, the Group adopted IFRS 16 using the modified retroactive application method, pursuant to which comparison information has not been restated and the cumulative effect of the initial application is recognised in profits carried forward at the date of initial application.

The Manager in charge of financial reporting, Pietro Santicoli, hereby declares, pursuant to art. 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information disclosed in this press release corresponds to the documentary results, books and accounting records.