

# EDIZIONE

FINANCIAL STATEMENTS AT DECEMBER 31, 2017

## CONTENTS

COMPANY INFORMATION	3
DIRECTORS' REPORT	6
FINANCIAL STATEMENTS AT DECEMBER 31, 2017	
Balance sheet	18
Income statement	21
Cash flow statement	23
Explanatory notes	24
Annexes	
Statement of changes in intangible assets	46
Statement of changes in property, plant and equipment	47
Statement of changes in non-current financial assets: equity investments	48
List of equity investments in subsidiaries and associates	49
Statement of changes in shareholders' equity	50
Schedule pursuant to Art. 2427 (7 bis) of the Italian Civil Code	51
Report of the independent auditors	52

# COMPANY INFORMATION

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## EDIZIONE S.R.L. COMPANY OFFICERS

### BOARD OF DIRECTORS

In office until approval of the financial statements at December 31, 2018

Fabio Cerchiai

Gilberto Benetton

Marco Patuano

Carlo Benetton

Alessandro Benetton

Franca Bertagnin Benetton

Giovanni Costa

Fabio Buttignon

CHAIRMAN

DEPUTY CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTORS

### GENERAL MANAGER

Carlo Bertazzo

### BOARD OF STATUTORY AUDITORS

In office until approval of the financial statements at December 31, 2019

Angelo Casò

Giovanni Pietro Cunial

Aldo Laghi

Alberto Giussani

Maria Martellini

CHAIRMAN

AUDITORS

ALTERNATE AUDITORS

### INDEPENDENT AUDITORS

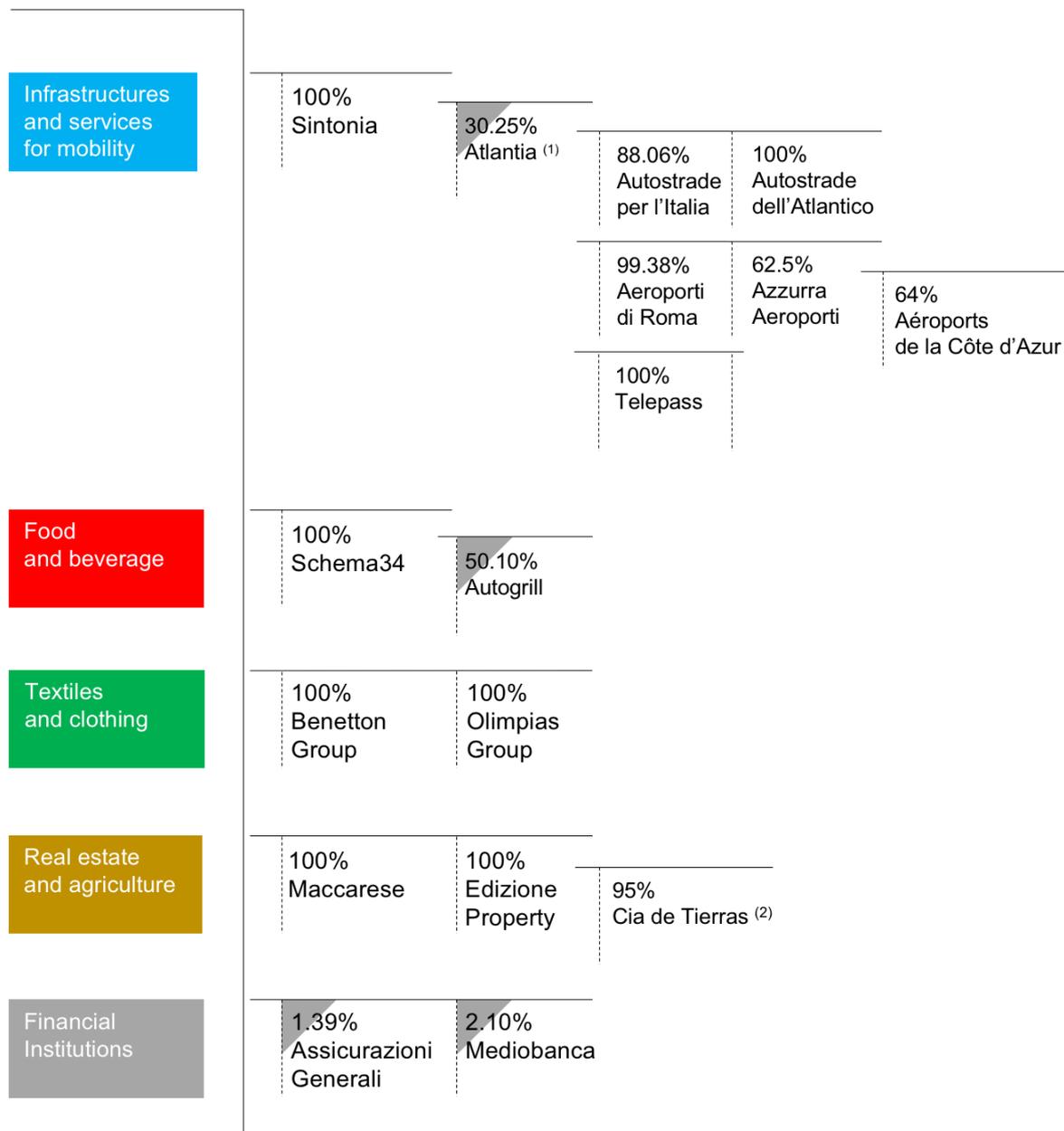
In office until approval of the financial statements at December 31, 2023

Deloitte & Touche S.p.A.

## INVESTMENT PORTFOLIO

Edizione S.r.l. held the following investments at December 31, 2017:

### Edizione S.r.l.



<sup>(1)</sup> At December 31, 2017 Atlantia holds 0.97% of treasury shares.

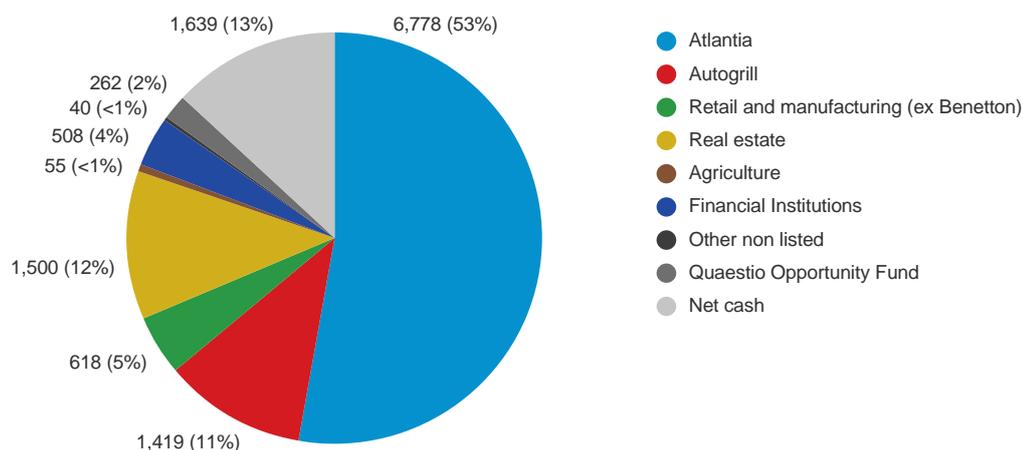
<sup>(2)</sup> The remaining 5% stake is held directly by Edizione S.r.l.

 Listed company

## NET ASSET VALUE

The chart below shows a breakdown of the Net Asset Value of Edizione S.r.l. at December 31, 2017, amounting to Euro 12,819 million. The item "Financial Institutions" includes investments in Assicurazioni Generali S.p.A. and Mediobanca S.p.A.

(millions of Euro and %)



The total asset value at December 31, 2017 was determined by using the following valuation criteria:

- listed equity investments are valued at the average official stock market prices in the 20 days preceding December 31;
- listed financial investments are valued at their Net Asset Value at the last day of the year;
- the remaining unlisted equity investments, other than investment properties, are measured at book value or at the value corresponding to the pro-rata equity at December 31;
- investment properties are valued at market value, as determined by third-party and internal appraisals;
- net cash or, where applicable, net debt, refers to the aggregate of the holding companies Edizione S.r.l., Schematrentaquattro S.p.A. and Sintonia S.p.A.

# DIRECTORS' REPORT

Dear Shareholders,

the financial statements for the year ended December 31, 2017, which we submit for your approval, show net income of Euro 455 million (Euro 308 million in 2016).

Key figures from the reclassified income statement and financial structure below provide a more immediate view of 2017.

## RECLASSIFIED INCOME STATEMENT

The reclassified income statement of 2017, compared with 2016, is as follows:

(Millions of Euro)	2017	2016	Change	
			Absolute	%
Dividends and other income from equity investments	1,232.2	321.9	910.3	n.s.
Other revenues and income	0.6	9.2	(8.6)	(93.3)
Net capital gains from disposal of equity investments	5.4	1.0	4.4	n.s.
Operating costs	(15.7)	(19.7)	4.0	(20.3)
Depreciation, amortisation and impairments	(1.3)	(4.3)	3.0	(69.3)
Net financial income/(charges)	2.9	(1.4)	4.3	n.s.
Impairment of financial assets, net of reversal	(768.8)	(0.1)	(768.7)	n.s.
Impairment of investments securities, net of reversal	(1.6)	-	(1.6)	n.s.
Income taxes for the year	1.3	1.4	(0.1)	(6.4)
<b>Income/(loss) for the year</b>	<b>455.0</b>	<b>308.0</b>	<b>147.0</b>	<b>47.7</b>

The details of the dividends and of the other income from equity investments collected in 2017 and 2016 are as follows:

(Millions of Euro)	2017	2016	Change	
			Absolute	%
Schematrentaquattro S.p.A.	917.4	15.3	902.1	n.s.
Sintonia S.p.A.	274.8	229.8	45.0	19.6
Schematrentotto S.r.l.	19.8	-	19.8	n.s.
Assicurazioni Generali S.p.A.	11.7	10.6	1.1	10.4
Mediobanca S.p.A.	6.9	5.0	1.9	38.0
Eurostazioni S.p.A.	-	54.8	(54.8)	(100.0)
Other equity investments	1.6	6.4	(4.8)	(75.6)
<b>Total</b>	<b>1,232.2</b>	<b>321.9</b>	<b>910.3</b>	<b>282.8</b>

The Dividends of 2017 amounted to Euro 1,232.2 million and they include the income relating to the distribution of profit and of capital reserves received from the subsidiary Schematrentaquattro S.p.A. (Euro 917.4 million), which were recognised in accordance with OIC 21 among the dividends of subsidiaries in the income statement of the year. In view of this income, an impairment of Euro 850.8 million was recognised to adjust the carrying amount of the subsidiary Schematrentaquattro S.p.A. to the value of its shareholders' equity which, as a result of the aforementioned distribution, was correspondingly reduced.

Other revenues and income refer to the performance of services rendered to group companies. In the previous year, Other revenues and income amounted to Euro 9.2 million and included Euro 8.7 million of income from the rent of properties that at the end of 2016 were demerged in favour of the subsidiary Edizione Property S.p.A.

The Net capital gains from disposals of equity investments refer to the income deriving from the divestment of 50% of the units held in Quaestio Opportunity Fund (Euro 5.1 million) and from the sale of the equity investment held in Caltagirone Editore S.p.A. (Euro 0.8 million), net of the capital losses for the sale of the entire equity investment in Il Sole 24 Ore S.p.A. (Euro 0.4 million) and of the divestment of the Azimut Fund (Euro 0.1 million). In the previous year, the item included the net gains realised from disposal of equity investments in Hermès International S.A., LBrands Inc. and Vinci S.A.

Operating costs are summarised below in comparison with the previous year:

(Millions of Euro)	2017	2016	Change	
			Absolute	%
Directors and statutory auditors' emoluments	(2.1)	(5.9)	3.8	(64.9)
Property management and maintenance costs	-	(2.9)	2.9	(100.0)
Personnel costs	(3.3)	(3.0)	(0.3)	8.5
Donations	(1.9)	(1.7)	(0.2)	12.9
Real estate tax (IMU), non-deductible VAT and other taxes	(0.2)	(2.1)	1.9	(89.5)
Other costs for services and operating costs	(8.2)	(4.1)	(4.1)	101.0
<b>Total</b>	<b>(15.7)</b>	<b>(19.7)</b>	<b>4.0</b>	<b>(20.3)</b>

Property management and maintenance costs in 2017 was zero, due to their split in favour of the subsidiary Edizione Property S.p.A.

The increase in Other costs for services and operating costs is due to the higher costs for advisory services incurred by the Company in searching for new investments opportunities, and to the related non-deductible VAT.

Net financial income/(charges) are positive by Euro 2.9 million. In the previous year, they were negative by Euro 1.4 million and included foreign exchange losses amounting to Euro 1.8 million.

Impairment of financial assets refers to the write-downs of the subsidiaries in Schematrentaquattro S.p.A. (Euro 850.8 million), San Giorgio S.r.l. (Euro 4.2 million), Verdesport S.r.l. (Euro 0.3 million) and of equity investment in Banca Leonardo S.p.A. (Euro 2.7 million), net of the partial impairment reversals of the equity investments in Mediobanca S.p.A. (Euro 52 million) and Assicurazioni Generali S.p.A. (Euro 37.3 million).

Positive income taxes of Euro 1.3 million are the estimated remuneration of the tax loss of Edizione S.r.l. used in the Tax Consolidation to offset the taxable amounts contributed by other companies participating in the consolidation scheme.

## FINANCIAL STRUCTURE

The financial structure at December 31, 2017 and December 31, 2016 is presented below:

(Millions of Euro)	12.31.2017	12.31.2016	Change
Equity investments	2,030.0	2,696.1	(666.1)
Other non-current securities and receivables	261.6	512.0	(250.4)
Property, plant and equipment and intangible assets, net	0.3	0.4	(0.1)
<b>Non-current assets</b>	<b>2,291.9</b>	<b>3,208.5</b>	<b>(916.6)</b>
Current receivables	26.3	32.6	(6.3)
Current payables	(22.9)	(21.4)	(1.5)
<b>Net working capital</b>	<b>3.4</b>	<b>11.2</b>	<b>(7.8)</b>
Provisions and medium-term liabilities	(0.6)	(0.6)	-
<b>Capital employed</b>	<b>2,294.7</b>	<b>3,219.1</b>	<b>(924.4)</b>
Shareholders' equity	3,903.9	3,589.0	314.9
Net financial indebtedness/(Cash)	(1,609.2)	(369.9)	(1,239.3)
<b>Source of funding</b>	<b>2,294.7</b>	<b>3,219.1</b>	<b>(924.4)</b>

### Equity investments

Equity investments at the end of 2017 were worth Euro 2,030.0 million, a net decrease of Euro 666.1 million since the previous year (Euro 2,696.1 million).

Below are details of the movements in equity investments during the year:

(Millions of Euro)	
<b>Value of equity investments at December 31, 2016</b>	<b>2,696.1</b>
Disposal of Il Sole 24 Ore S.p.A.	(1.6)
Disposal of Caltagirone Editore S.p.A.	(2.6)
Purchase of Assicurazioni Generali S.p.A.	106.8
Impairment loss of Schematrentaquattro S.p.A.	(850.8)
Impairment loss of San Giorgio S.r.l.	(4.2)
Impairment loss of Banca Leonardo S.p.A.	(2.7)
Impairment loss of Verdesport S.r.l.	(0.3)
Impairment reversal of Mediobanca S.p.A.	52.0
Impairment reversal of Assicurazioni Generali S.p.A.	37.3
<b>Value of equity investments at December 31, 2017</b>	<b>2,030.0</b>

In May 2017, the Company sold the entire equity investment, corresponding to 2% of the share capital, in the company Il Sole 24 Ore S.p.A., realising a capital loss of Euro 0.4 million.

On August 30, 2017, the Company sold on the market the entire equity investment of 2.24% held in Caltagirone Editore S.p.A. for a total price collected of Euro 3.36 million, recognising a capital gain of Euro 0.8 million.

In December 2017, the Company acquired on the market 6,970,000 shares of Assicurazioni Generali S.p.A. (amounting to 0.446% of the share capital), for a price of Euro 106.8 million, and its interest at the end of the year amounted to 1.385% of share capital.

### Other non-current securities and receivables

The item includes the value of the units of a Luxembourg-based fund, Quaestio Opportunity Fund, aimed to a more efficient management of part of the Company's liquidity. The amount originally subscribed by the Company

for a nominal value of Euro 500 million (corresponding to 100% of the fund units) was reduced to Euro 250 million (corresponding to 50% of the unit) in 2017. This disposal entailed the recognition of a capital gain of Euro 5.1 million, as the difference between the Net Asset Value of the fund at the redemption date and its nominal value. The remaining Euro 11.6 million refers to share capital subscribed in the funds 21 Investimenti II (Euro 4.4 million), 21 Investimenti III (Euro 5.9 million), 21 Centrale Partners III (Euro 0.3 million) and 21 Centrale Partners V (Euro 1 million).

### Property, plant and equipment and intangible assets

The change in Net property, plant and equipment and intangible assets, refers mainly to the depreciation during the year.

### Net financial indebtedness/(Cash)

The composition of Edizione's net financial position at the end of the year can be summarised as follows:

(Millions of Euro)	12.31.2017	12.31.2016	Change
Cash and cash equivalent	(1,622.8)	(939.9)	(682.9)
Other current financial (assets)/liabilities	10.9	(15.0)	25.9
Financial receivables from subsidiaries	(1.6)	(140.7)	139.1
Financial payables to subsidiaries	4.3	725.7	(721.4)
<b>Net financial indebtedness/(Cash)</b>	<b>(1,609.2)</b>	<b>(369.9)</b>	<b>(1,239.3)</b>

At the end of the current year, Edizione has net cash for Euro 1,609.2 million, compared to net cash of Euro 369.9 million at the end of 2016.

At December 31, 2017, the Other current financial liabilities refer to the payable to a Brokerage Firm for the purchases of shares of Assicurazioni Generali S.p.A., which was paid early in January 2018. At the end of the previous year, the Other current financial assets referred to the liquidity investment in the Azimut Fund, which was liquidated in 2017.

At December 31, 2016, Financial receivables from subsidiaries included Euro 140 million of the loan granted to the subsidiary Edizione Property S.p.A. which was fully repaid in December 2017.

At December 31, 2016, Financial payables to subsidiaries referred mainly to the balance of the escrow account with the subsidiary Schematrentaquattro S.p.A. (Euro 722.2 million), which was reduced to zero as a result of the distribution of profits and of capital carried out by the subsidiary in 2017.

### Shareholders' Equity

At December 31, 2017, shareholders' equity amounted to Euro 3,903.9 million (Euro 3,589.0 million at December 31, 2016).

During the year, dividends totalling Euro 140 million were distributed to the shareholders.

## PERFORMANCE OF THE MAIN SUBSIDIARIES

The performance of the main group companies is briefly described below.

### Sintonia S.p.A. (controlling interest at December 31, 2017: 100%)

Key figures from the financial statements of Sintonia S.p.A. (owner of a 30.25% interest in Atlantia S.p.A.) for the year ended December 31, 2017 are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Separate financial statements		Change	
	2017	2016	Absolute	%
Dividends and other income from equity investments	274.8	229.8	45.0	19.6
Operating costs	(0.2)	(0.2)	-	-
Financial income/(charges), net	-	0.1	(0.1)	n.s.
<b>Net income</b>	<b>274.6</b>	<b>229.7</b>	<b>44.9</b>	<b>0.2</b>
	12.31.2017	12.31.2016	Change	
Shareholders' equity	2,583.7	2,583.9	(0.2)	
Net financial indebtedness/(Cash)	(7.4)	(7.8)	0.4	

Dividends include the balance of the 2016 final dividend (Euro 132.4 million), whose distribution was resolved by the Atlantia shareholders' meeting in April 2017, and the interim dividend of the year 2017 (Euro 142.4 million), whose distribution was resolved by the Board of Directors of Atlantia in October 2017. The amount of the dividends grew by effect of the increase of the advance on the dividend for 2017, amounting to Euro 0.57 per share (the advance for 2016 had been Euro 0.44 per share).

Net cash at the end of the year stood at Euro 7.4 million, substantially unchanged from the end of 2016.

The following table shows key figures from the consolidated financial statements of the investee Atlantia S.p.A. at December 31, 2017, compared to those of the previous year.

(Millions of Euro)	Atlantia consolidated financial statements		Change	
	2017	2016	Absolute	%
Revenues	5,973	5,484	489	8.9
EBITDA	3,664	3,378	286	8.5
Income/(Loss) for the year, group	1,172	1,122	50	4.5
	12.31.2017	12.31.2016	Change	
Shareholders' equity	11,763	9,923	1,840	
Net financial indebtedness	9,496	11,677	(2,181)	

### Schematrentaquattro S.p.A. (controlling interest at December 31, 2017: 100%)

Key figures from the financial statements of Schematrentaquattro S.p.A. (owner of a 50.1% interest in Autogrill S.p.A.) for the year ended December 31, 2017 and December 31, 2016 are summarised below:

(Millions of Euro)	Separate financial statements		Change	
	2017	2016	Absolute	%
Dividends and other income from equity investments	20.4	15.3	5.1	33.3
Operating costs	(0.1)	(0.1)	-	-
Financial income/(charges), net	0.9	3.1	(2.2)	(71.0)
Impairment reversals of equity investments	7.8	-	7.8	n.s.
Income tax for the year	(0.5)	(1.2)	0.7	58.3
<b>Income for the year</b>	<b>28.5</b>	<b>17.1</b>	<b>11.4</b>	<b>66.7</b>
	12.31.2017	12.31.2016	Change	
Shareholders' equity	976.2	1,865.2	(889.0)	
Net financial indebtedness/(Cash)	(22.9)	(923.6)	900.7	

Dividends and other income from equity investments include the dividends received from the subsidiary Autogrill S.p.A.

The Financial income refers to interest income earned on the company's bank deposits and on the current account held with the holding company Edizione S.r.l.

Impairment reversals of equity investments refer to the full restoration of the historical cost of the equity investment in Autogrill S.p.A. (corresponding to Euro 7.49 per share of Autogrill S.p.A.), which had been impaired in previous years, in view of the Autogrill's stock market performance which, in 2017, remained stably above the carrying amount of such equity investment.

Income taxes for the year was calculated on dividends received from the subsidiary Autogrill and financial income from cash and cash equivalents.

At December 31, 2017, Schematrentaquattro held cash and cash equivalents of Euro 22.9 million, following collection, in June 2017, of the dividends by Autogrill S.p.A. In the previous year, net Cash amounted to Euro 923.6 million and included, for Euro 722.2 million, the balance of the current account held with the parent Edizione S.r.l., remunerated at market rates. Following the distribution of profits and capital reserves resolved by the shareholders' meeting of Schematrentaquattro in June 2017, for a total amount of Euro 917.4 million, the intercompany current account was reduced to zero and, for the residual amount, existing cash and cash equivalents were used.

The following table shows key figures from the consolidated financial statements of the subsidiary Autogrill S.p.A. at December 31, 2017 compared against those of the previous year.

(Millions of Euro)	Autogrill consolidated financial statements		Change	
	2017	2016	Absolute	%
Revenues	4,595	4,519	76	1.7
EBITDA	399	412	(13)	(3.1)
Income/(Loss) for the year	96	98	(2)	(2.0)
	12.31.2017	12.31.2016	Change	
Shareholders' equity	695	688	7	
Net financial indebtedness/(Cash)	544	578	(34)	

Benetton Group S.r.l. (controlling interest at December 31, 2017: 100% through the sub-holding company Schematrentasette S.r.l.)

Key figures from the consolidated financial statements of Benetton Group S.r.l. for the year ended December 31, 2017 are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Benetton consolidated financial statements		Change	
	2017	2016	Absolute	%
Revenues	1,280	1,376	(96)	(7.0)
EBITDA before allocations	(75)	14	(89)	n.s.
Income/(Loss) for the year	(181)	(81)	(100)	n.s.
	12.31.2017	12.31.2016	Change	
Shareholders' equity	429	640	(211)	
Net financial indebtedness/(Cash)	114	(24)	138	

The Benetton Group's 2017 Revenues stood at Euro 1,280 million, down by Euro 96 million compared to the previous year. This contraction, which involved mostly the sales of commercial partners, together with the higher allocations made in view of a marked increase in inventories, caused the operating margins and the operating result to worsen.

Olimpias Group S.r.l. (controlling interest at December 31, 2017: 100% through the sub-holding Schematrentotto S.r.l.)

Key figures from the consolidated financial statements of Olimpias Group S.r.l. for the year ended December 31, 2017 are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Olimpias consolidated financial statements		Change	
	2017	2016	Absolute	%
Revenues	299.1	360.1	(61.0)	(16.9)
EBITDA	(1.7)	17.2	(18.9)	n.s.
Income/(Loss) for the year	(13.7)	0.8	(14.5)	n.s.
	12.31.2017	12.31.2016	Change	
Shareholders' equity	189.3	222.5	(33.2)	
Net financial indebtedness/(Cash)	(23.3)	(34.4)	11.1	

The item Revenues amounted to Euro 299.1 million versus Euro 360.1 million in 2016, down by approximately 16.9%. The decrease was mainly caused by the reduction in the number of the clothing items produced for the customer Benetton Group.

### Edizione Property S.p.A. (controlling interest at December 31, 2017: 100%)

Key figures from the consolidated financial statements of Edizione Property S.p.A. for the year ended December 31, 2017 are summarised below, with comparative figures from the previous year:

	Edizione Property consolidated financial statements		Change	
	2017	2016	Absolute	%
(Millions of Euro)				
Rental income	48.7	31.2	17.5	56.1
Other revenues	42.0	49.5	(7.5)	(15.2)
Income/(Loss) for the year	20.4	17.6	2.8	15.9
	12.31.2017	12.31.2016	Change	
Shareholders' equity	543	533	10	
Net financial indebtedness/(Cash)	231	190	41	

The Rental income, amounting to Euro 48.7 million in 2017, refer to the management of real properties mainly for commercial use, and it benefits, for the entire year, from the rent accrued on the properties deriving from the demerger of the real estate business of Edizione S.r.l. that took effect on November 1, 2016.

The Other revenues (Euro 42 million in 2017) refer mainly to the companies operating in the agricultural (Euro 21.6 million) and hotel sector (Euro 18.8 million).

### Maccarese S.p.A. società agricola (controlling interest at December 31, 2017: 100%)

Key figures for this company, for the year ended December 31, 2017, compared with those of the previous year, are shown below:

	Separate financial statements		Change	
	2017	2016	Absolute	%
(Millions of Euro)				
Revenues	12.0	10.8	1.2	11.1
Income/(Loss) for the year	0.8	0.5	0.3	n.s.
	12.31.2017	12.31.2016	Change	
Shareholders' equity	32.5	31.7	0.8	
Net financial indebtedness/(Cash)	6.1	6.6	(0.5)	

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## OTHER INFORMATION

No research and development costs were incurred during the year given Edizione's activities as a holding company.

At December 31, 2017 Edizione S.r.l. owned no treasury shares, either directly or through trust companies or other intermediaries, and did not buy or sell any such shares during the course of the year.

The Directors have opted for the extended deadline of 180 days from the end of the year to hold the annual general meeting, as permitted by Art. 7 of the Company by-laws and by Art. 2364 of the Italian Civil Code. Extending the deadline was necessary to obtain all information for the preparation of the Group's consolidated financial statements.

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## FINANCIAL RISK MANAGEMENT

The Company has always paid close attention to the identification, assessment and coverage of financial risks associated with their businesses, and in particular to:

- market risk, mainly interest rate risk and price risk;
- liquidity risk, with a special focus on the availability of funds and access to the credit market and financial instruments;
- credit risk, in relation to both commercial and financial transactions.

### Interest rate risk

Edizione is not exposed to interest rate risk as it has no financial indebtedness to third parties.

### Price risk

Edizione is exposed to the risk of changes in the market price of its financial assets, particularly with respect to its investments in listed companies.

### Liquidity risk

Edizione finances the outflows of ordinary operations mainly through the dividends received from subsidiaries and through its cash holdings.

Liquidity risk may arise only when the amounts related to investment decisions are not covered by cash availability and suitable and readily available funding sources.

In addition to any available cash held, Edizione believes that it has access to funds whose amounts and maturities are in line with its investment plans.

### Credit risk

Credit risk is the risk of incurring losses due to the failure to collect receivables due for both normal commercial transactions and financial investments. It includes the direct risk of the counterparty's insolvency or decrease in creditworthiness, as well as credit concentration risk.

The carrying value of the financial assets is the Company's maximum exposure to credit risk, in addition to the nominal value of guarantees given for the borrowings or commitments of third parties.

The company believes that, through the selection and diversification of counterparties with good credit quality, Edizione is not subject to significant credit risks.

## OUTLOOK FOR 2018

On the basis of resolutions taken by Edizione's subsidiaries, dividends are expected to increase in 2018 while operating costs are likely to be stabilised.

## RELATED PARTY TRANSACTIONS

Below is a summary of transactions during the year with direct and indirect subsidiaries and associates.

(Thousands of Euro)	Receivables	Payables	Interest charges	Interest income	Costs of services received	Income from services rendered	Rental expenses	Other income and revenues
Aeroporti di Roma S.p.A.						27		
Autostrade per l'Italia S.p.A.	27				4			
Atlantia S.p.A.	9					194		9
Autogrill S.p.A.	122	12,786			32	121		9
Benetton Group S.r.l.	652	4,992				61	2	9
Bensec società consortile a.r.l.		111			444			
Benetton Servizi S.r.l.		504						
Edizione Alberghi S.r.l.	602	2			9			
Edizione Property S.p.A.	11	143		949	22	40	1,262	9
Fabrica S.r.l.	600	114						
Maccarese S.p.A. società agricola	370	77						
Retail Italia Network S.r.l.	600	60						
Nuova Sidap S.r.l.		14						
Olimpias Group S.r.l.	51	1,156				40		9
Ponzano Children S.r.l.		10						
Schematrentatre S.p.A.		45				10		
Schematrentaquattro S.p.A.	1,181	730	730			30		
Schematrentasei S.r.l.		3						
Schematrentasette S.r.l.		3,300	7			10		
Schematrentotto S.r.l.	243	211	7			10		
Schemaquaranta S.r.l.		50						
Sintonia S.p.A.	1	2				20		1
Verde Sport S.r.l.	1,632	2		13				
<b>Total</b>	<b>6,101</b>	<b>24,312</b>	<b>744</b>	<b>962</b>	<b>511</b>	<b>563</b>	<b>1,264</b>	<b>46</b>

Receivables and Payables refers mainly to the subsidiaries participating in the Tax Consolidation, to receivables for the transfer of the IRES credit to some companies of the Benetton group and to the balances of the escrow accounts with other Group companies.

Interest charges and income concern group intercompany loans and escrow accounts that charge interest at going market rates.

Income from services rendered consists primarily of the reimbursable fees for directorships held in affiliate companies by the Company's employees.

Rental expenses refer to the costs incurred for the rental of the property where the Company's headquarters are located, owned by Edizione Property S.p.A. and, residually, to the cost for the rental of an archive owned by Benetton Group S.r.l.

All related party transactions take place at arm's length.

FINANCIAL STATEMENTS  
AT DECEMBER 31, 2017

## BALANCE SHEET

### ASSETS

(in Euro)	December 31, 2017	December 31, 2016
<b>A) UNPAID SUBSCRIBED CAPITAL</b>		
<b>B) NON-CURRENT ASSETS</b>		
<b>I INTANGIBLE ASSETS</b>		
1) Set-up and expansion costs		
2) Development costs		
3) Industrial patent rights and intellectual property rights	18,463	24,419
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets under construction and advances		
7) Other		
<b>Total intangible assets</b>	<b>18,463</b>	<b>24,419</b>
<b>II PROPERTY, PLANT AND EQUIPMENT</b>		
1) Land and buildings		
2) Plant and machinery	137,327	195,287
3) Industrial and commercial equipment	121,970	141,538
4) Other assets		
5) Assets under construction and advances		
<b>Total property, plant and equipment</b>	<b>259,297</b>	<b>336,825</b>
<b>III NON-CURRENT FINANCIAL ASSETS</b>		
1) Equity investments in:		
a) Subsidiaries	1,504,602,481	2,359,935,324
b) Associates	5,229,976	5,233,826
c) Parent companies		
d) Companies subject to the control of parent companies		
d-bis) Other companies	520,132,994	330,909,943
<b>Total equity investments</b>	<b>2,029,965,451</b>	<b>2,696,079,093</b>
2) Receivables:		
a) From subsidiaries		
b) From associates		
c) From parent companies		
d) From companies subject to the control of parent companies		
d-bis) From others	16,233	16,693
<b>Total receivables</b>	<b>16,233</b>	<b>16,693</b>
3) Other securities	261,612,361	512,046,037
4) Derivative financial instruments		
<b>Total non-current financial assets</b>	<b>2,291,594,045</b>	<b>3,208,141,823</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,291,871,805</b>	<b>3,208,503,067</b>
<b>C) CURRENT ASSETS</b>		
<b>I INVENTORIES</b>		
1) Raw materials, other materials and consumables		
2) Work in progress and semi-manufactured products		
3) Construction contracts in progress		
4) Finished products and goods		
5) Advances		
<b>II RECEIVABLES:</b>		
1) Trade receivables	10	7,431

(in Euro)	December 31, 2017	December 31, 2016
2) From subsidiaries:		
- falling due in the next year	4,470,961	148,185,055
- falling due after the next year	1,629,617	1,037,879
	<b>6,100,578</b>	<b>149,222,934</b>
3) From associates		
4) From parent companies		
5) From companies subject to control of parent companies		
5-bis) Tax receivables	21,840,914	24,076,809
5-ter) Deferred tax assets		
5-quater) Other receivables	731	10,000
<b>Total receivables</b>	<b>27,942,233</b>	<b>173,317,174</b>
<b>III CURRENT FINANCIAL ASSETS</b>		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
3-bis) Eq. investments in companies subject to the control of the parent co.		
4) Other equity investments		
5) Derivative financial instruments		
6) Other securities	-	14,774,910
7) Financial assets for centralised treasury mgmt		
<b>Total current financial assets</b>	<b>-</b>	<b>14,774,910</b>
<b>IV CASH AND CASH EQUIVALENT</b>		
1) Bank and postal accounts	1,622,769,639	939,869,558
2) Cheques		
3) Cash in hand	6,289	4,625
<b>Total cash and cash equivalents</b>	<b>1,622,775,928</b>	<b>939,874,183</b>
<b>TOTAL CURRENT ASSETS</b>	<b>1,650,718,161</b>	<b>1,127,966,267</b>
<b>D) ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>1,425,257</b>	<b>207,467</b>
<b>TOTAL ASSETS</b>	<b>3,944,015,223</b>	<b>4,336,676,801</b>

## LIABILITIES

(in Euro)	December 31, 2017	December 31, 2016
<b>A) SHAREHOLDERS' EQUITY</b>		
I Share capital	1,500,000,000	1,500,000,000
II Share premium reserve		
III Revaluation reserve	1,230,192	1,230,192
IV Legal reserve	85,681,655	70,281,655
V Statutory reserve		
VI Other reserves:		
- Extraordinary reserve	5,179,444	5,179,444
- Reserve pursuant to article 1, Law 169/83	79,923,421	79,923,421
- Merger surplus reserve	659,342,583	659,342,583
- Capital injection reserve pursuant to 904/77	1,368,640	1,368,640
- Roundings	(1)	1
	<b>745,814,087</b>	<b>745,814,089</b>
VII Cash flow hedge reserve		
VIII Profits (losses) carried forward	1,116,250,905	963,665,913
IX Income (loss) for the year	454,946,843	307,984,991
X Negative reserve for treasury shares in portfolio		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,903,923,682</b>	<b>3,588,976,840</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
1) Post-retirement benefits and other obligations		
2) Deferred tax liabilities		
3) Derivative financial instruments		
4) Other		
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>-</b>	<b>-</b>
<b>C) PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES</b>	<b>632,462</b>	<b>624,560</b>
<b>D) PAYABLES</b>		
4) Amounts due to banks		
- falling due in the next year		
- falling due after the next year		
5) Other borrowings		
6) Advances		
7) Trade payables	1,652,560	931,897
9) Amounts due to subsidiaries		
- falling due in the next year	23,590,070	743,147,794
- falling due after the next year	685,224	1,010,802
10) Payables to associates		
11) Payables to parent companies		
11-bis) Payables to companies subject to the control of parents		
12) Tax payables	547,456	1,532,432
13) Amounts due to social security institutions	229,997	176,632
14) Other payables	12,753,433	275,844
<b>TOTAL PAYABLES</b>	<b>39,458,740</b>	<b>747,075,401</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>339</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,944,015,223</b>	<b>4,336,676,801</b>

## INCOME STATEMENT

(in Euro)	2017	2016
<b>A) VALUE OF PRODUCTION</b>		
1) Revenues from sales and services	-	8,656,209
2) Changes in inventories		
3) Changes in work in progress		
4) Increases in non-current assets from internally generated costs		
5) Other revenues and income	614,182	587,508
<b>TOTAL VALUE OF PRODUCTION</b>	<b>614,182</b>	<b>9,243,717</b>
<b>B) COST OF PRODUCTION</b>		
6) Raw materials, consumables and goods		
7) Services	8,372,909	12,294,311
8) Leases, rentals and royalties	1,698,032	396,126
9) Personnel costs:		
a) wages and salaries	2,444,531	2,231,170
b) social security contribution	642,402	617,511
c) employee termination indemnities	175,724	156,823
e) other costs	8,428	5,372
<b>Total personnel costs</b>	<b>3,271,085</b>	<b>3,010,876</b>
10) Amortisation, depreciation and impairment:		
a) amortisation of intangible assets	15,294	784,119
b) depreciation of property, plant and equipment	109,900	3,531,548
c) other impairment of non-current assets		
d) depreciation of current receivables	1,228,386	-
<b>Total amortisation, depreciation and impairment</b>	<b>1,353,580</b>	<b>4,315,667</b>
11) Change in inventories of raw materials, consumables and goods		
12) Provisions for risks		
13) Other provisions		
14) Other operating costs	2,414,331	4,101,696
<b>TOTAL COST OF PRODUCTION</b>	<b>17,109,937</b>	<b>24,118,676</b>
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</b>	<b>(16,495,755)</b>	<b>(14,874,959)</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
15) Income from equity investments:		
- income from subsidiaries	1,212,562,858	245,625,059
- income from associates	-	54,823,456
- income from other companies	19,628,523	21,420,946
- capital gain from participation	810,030	21,443,793
<b>Total income from equity investments</b>	<b>1,233,001,411</b>	<b>343,313,254</b>
16) Other financial income:		
a) from receivables classified under non-current assets		
b) from securities held as non-current financial assets	5,685,348	1,096,741
c) from securities held as current financial assets		
d) income other than above:		
- subsidiaries	962,269	544,692
- other income	2,178,410	1,080,670
<b>Total other financial income</b>	<b>8,826,027</b>	<b>2,722,103</b>
17) Financial interests and other charges:		
- from subsidiaries	(743,602)	(2,026,226)
- losses	(505,458)	(20,388,961)
- other interests and financial charges	(7,193)	(280,268)
<b>Total financial interests and other charges</b>	<b>(1,256,253)</b>	<b>(22,695,455)</b>
17bis) Foreign exchange gains and losses	(62)	(1,771,785)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>1,240,571,123</b>	<b>321,568,117</b>

(in Euro)	2017	2016
<b>D) IMPAIRMENT OF FINANCIAL ASSETS AND LIABILITIES</b>		
18) Impairment reversals:		
a) equity investments	89,286,856	-
b) financial assets which are not investments		
c) securities classified as current assets which are not investments		
d) derivative financial instruments		
19) Impairment losses:		
a) equity investments	(858,109,947)	-
b) financial assets which are not investments	(1,615,543)	-
c) securities classified as working capital which are not investments	-	(78,955)
d) derivative financial instruments		
<b>TOTAL IMPAIRMENT OF FINANCIAL ASSETS AND LIABILITIES</b>	<b>(770,438,634)</b>	<b>(78,955)</b>
<b>Income before taxes</b>	<b>453,636,733</b>	<b>306,614,203</b>
20) Income taxes for the year, current, deferred and prepaid		
- current taxes	1,310,110	1,370,788
- deferred taxes		
- prepaid taxes		
<b>Total taxes</b>	<b>1,310,110</b>	<b>1,370,788</b>
<b>21) NET INCOME/(LOSS) FOR THE YEAR</b>	<b>454,946,843</b>	<b>307,984,991</b>

## CASH FLOW STATEMENT

(Thousand of Euro)	2017	2016
<b>A. Cash flow from operating activities</b>		
Income/(Loss) of the period	454,947	307,985
Income tax	(1,310)	-
Interest (income) loss	(1,967)	-
(Dividends and capital gains)	(1,237,877)	(321,397)
(Capital gains) capital loss from sale of interests	(404)	(1,527)
(Capital gains) capital loss from sale of funds	100	-
(Capital gains) capital loss from sale of assets	(4)	-
	<b>(786,515)</b>	<b>(14,939)</b>
<i>Adjustments for non-monetary components without counterpart in net working capital</i>		
Amortisation of non-current assets	125	4,316
Impairments (reversals), net	770,439	(79)
Other adjustments for non-monetary components: provisions for risks	1,228	-
	<b>771,792</b>	<b>4,237</b>
<i>Changes in net working capital</i>		
(Increase)/Decrease in receivables from subsidiaries	936,320	1,141
(Increase)/Decrease in other receivables	1,024	3,640
Increase/(Decrease) in trade payables	721	(9,925)
Increase/(Decrease) in receivables from affiliates	(719,289)	-
Increase/(Decrease) net other items	10,336	6,363
	<b>229,112</b>	<b>1,219</b>
<i>Other adjustments</i>		
Interest received (paid)	2,186	-
Dividends and capital gains received	1,232,755	321,397
	<b>1,234,940</b>	<b>321,397</b>
<b>Cash flow from operating activities (A)</b>	<b>1,449,329</b>	<b>311,914</b>
<b>B. Cash flow generated / (absorbed) from investing activities</b>		
<i>Property, plant and equipment</i>		
(Investments)	(29)	-
<i>Intangible assets</i>		
(Investments)	(9)	-
<i>Non-current financial assets</i>		
Investments in equity	(108,064)	(106,865)
Price of disposal	259,700	258,899
<i>Current financial assets</i>		
Price of disposal	14,675	-
<b>Cash flow generated / (absorbed) from investing activities (B)</b>	<b>166,273</b>	<b>152,034</b>
<b>C. Cash flow generated / (absorbed) from financing activities</b>		
<i>Financing</i>		
Decrease (increase) of loans to affiliates	(932,850)	1,428
Increase (decrease) of loans from affiliates	149	504,328
Increase (decrease) of short-term loans to banks	-	-
Loans reimbursement	140,000	-
<i>Self-financing</i>		
Dividends (and interim dividends) paid	(140,000)	(70,000)
<b>Cash flow generated / (absorbed) from financing activities (C)</b>	<b>(932,700)</b>	<b>435,756</b>
<b>Increase (decrease) of cash and cash equivalent (A+B+C)</b>	<b>682,902</b>	<b>899,704</b>
Cash and cash equivalent at January 1, 2017	939,874	40,170
Cash and cash equivalent at December 31, 2017	<b>1,622,776</b>	<b>939,874</b>

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## EXPLANATORY NOTES

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### COMPANY PROFILE

Edizione S.r.l., directly and indirectly, holds long-term equity investments in companies operating mainly in the following sectors: infrastructure and services for mobility, food and beverage, textile and clothing, financial, real estate and agriculture.

See the Directors' Report for information on the performance of the main subsidiaries and associates companies and transactions with subsidiaries and associates.

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### FORM AND CONTENT OF THE FINANCIAL STATEMENTS

These financial statements were prepared in compliance with the Italian Civil Code's current requirements for the preparation of financial statements, interpreted and supplemented by the Accounting Principles and Standards issued by the Organismo Italiano di Contabilità (OIC), and are comprised of the Balance Sheet, Income Statement, Cash Flow Statement (prepared in accordance with the schedules set out in Articles 2424 and 2424 *bis*, 2425 and 2425 *bis* and 2425 *ter*, respectively) and of these Explanatory Notes, and are based on a going concern assumption.

Annexed to the Explanatory Notes are the statements of changes in property, plant and equipment, intangible assets and non-current financial assets, the list of equity investments in subsidiaries and associates pursuant to Italian Civil Code Art. 2427, the statement of changes in shareholders' equity, and the equity reserve statement pursuant to Italian Civil Code Art. 2427(7 *bis*).

All amounts are expressed in Euro, unless otherwise specified. Any differences produced by rounding are recognised:

- in Other reserves under equity, where the Balance Sheet is concerned;
- in Other revenues or Other operating costs where the Income Statement is concerned.

Comments to the balance sheet and to the income statement are expressed in thousands of Euro unless otherwise indicated.

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### ACCOUNTING STANDARDS AND POLICIES

The accounting standards and valuation criteria comply with the laws and regulations governing the preparation of financial statements, interpreted and supplemented by the standards issued by the Organismo Italiano di Contabilità (OIC). These have been updated with the amendments, additions and innovations introduced to the Italian Civil Code provisions by Legislative Decree 139/2015, which transposes in Italy Directive 2013/34/EU (Accounting Directive). In particular, the Accounting Standards were reformulated by the OIC in the version issued on December 22, 2016 and supplemented by some amendments published on December 29, 2017.

The accounting standards and criteria were agreed upon with the Board of Statutory Auditors, where required by law, and do not differ from those used in previous years.

The Company has made no exceptions to standard rules pursuant to Italian Civil Code, Art. 2423, Paragraph 4.

The most significant valuation criteria used in the financial statements are reported below.

#### *Intangible assets*

Intangible assets are carried at cost including ancillary expenses. They are shown net of amortisation, calculated on a straight-line basis depending on the nature of the asset and its estimated useful life.

In the event of permanent impairment, an asset is written down to its estimated realisable value. Should the reasons for the write-down cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

### *Property, plant and equipment*

These are recognised at purchase cost, including ancillary expenses and net of depreciation. The cost of certain assets includes economic and monetary revaluation made in previous years, in accordance with specific laws. Depreciation is charged on a straight-line basis at rates deemed to reflect their estimated useful lives; the depreciation rate is halved for assets placed in service during the year.

Costs for maintenance and repairs that generate an increase in value are allocated to the related assets and depreciated over their residual useful lives; costs for ordinary maintenance and repairs are recognised in the income statement.

In the event of permanent impairment, an asset is written down to its estimated realisable value. Should the reasons for the write-down cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

### *Non-current financial assets – Equity investments*

These are recognised at purchase or subscription cost, including directly attributable charges, and are impaired for permanent loss in value in accordance with Italian Civil Code, Art. 2426. The original value is reinstated in future accounting periods should the reasons for such impairment cease to apply.

The investment in Benetton Group S.p.A. (currently Edizione Property S.p.A.) was revalued in 1983 in compliance with Law 72 of March 19, 1983, using the indirect method. The remaining revaluation amounts to Euro 431,218 and is included in the cost of the following investments:

- Edizione Property S.p.A. Euro 51,965
- Schematrentasette S.r.l. Euro 362,561
- Schematrentotto S.r.l. Euro 16,692

### *Receivables and payables*

Measured using the amortised cost method, taking into account the time factor and the estimated recoverable amount. The amortised cost method is not applied when the effects are negligible.

### *Current financial assets*

Equity investments in other companies classified under Current financial assets are recognised at the lower of purchase cost and estimated realisable value, as deduced from stock market prices.

### *Accruals and deferrals*

Costs and income common to two or more financial years, the extent of which varies over time, are recognised in these items on an accruals basis.

### *Provisions for risks and charges*

Risks and expense funds cover certain or probable liabilities the amount or timing of which was unknown at the end of the year. Provisions reflect the best possible estimate on the basis of available information, even if acquired after the end of the financial period.

### *Employee termination indemnities*

This covers the liability at year end, calculated by means of special indices, accrued to all employees in accordance with laws and collective employment contracts.

### *Dividends*

Dividends are recognised in income statement the year their payment is approved, which generally coincides with the year of receipt.

*Recognition of income and costs*

Revenues, other income, costs and charges are recognised on an accruals basis, with the calculation of any accruals and deferrals.

*Foreign currency transactions*

Receivables and payables originally expressed in foreign currency are translated into Euro on the transaction date. Any foreign currency receivables and payables outstanding at year end are shown at the exchange rate in force on the balance sheet date. Exchange gains and losses are recognised on a separate line of the income statement under the item Foreign exchange gains and losses. Any unrealised gains are recognised in a separate equity reserve, which cannot be distributed until realisation takes place.

*Income taxes*

Income taxes reflect the tax charge forecast on the basis of current tax regulations.

Deferred tax assets and liabilities are recognised if the relevant conditions apply. Deferred tax assets accrue on costs and expenses not yet deductible at the end of the year, and are recognised if they are likely to be recovered in subsequent periods. Deferred tax liabilities are calculated on transactions to be taxed in future years, which may be the case for capital gains on the disposal of non-current financial assets.

Since 2007 Edizione S.r.l. has adopted, as the Consolidating Company, the National Consolidated Taxation System; the group taxation option is currently binding for the three-year period from 2016 to 2018.

Participation in the National Consolidated Taxation System entails the recognition in the financial statements of receivables and payables from and to the fiscally consolidated companies in view of the respective positive and negative taxable amounts transferred by them. Equally transferred are the amounts referred to tax credits, to withholding taxes and advances autonomously paid by the subsidiaries.

Transactions among the companies participating in the Tax Consolidation are governed by a set of "Regulations" signed by all parties.

At December 31, 2017 the following companies participated in the National Consolidated Taxation System:

1	Autogrill S.p.A.	10	Olimpias Group S.r.l.
2	Benetton Group S.r.l.	11	Ponzano Children S.r.l.
3	Edizione Property S.p.A.	12	San Giorgio S.r.l.
4	Benetton Servizi S.r.l.	13	Schematrentaquattro S.p.A.
5	Edizione Alberghi S.r.l.	14	Schematrentasette S.r.l.
6	Fabrica S.r.l.	15	Schematrentotto S.r.l.
7	Maccaresse S.p.A. società agricola	16	Sintonia S.p.A.
8	Retail Italia Network S.r.l.	17	Villa Minelli società agricola a r.l.
9	Nuova Sidap S.r.l.	18	Verde Sport S.r.l.

## COMMENTS ON ASSETS ITEMS

(Values and comments expressed in thousands of Euro, unless otherwise indicated)

### Non-current assets

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Intangible assets</b>	<b>18</b>	<b>24</b>	<b>(6)</b>

The breakdown of the items and the analysis of the movements during the year are reported in an annex to these notes. The change in the year is represented by the amortisation accrued during the year.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Property, plant and equipment</b>	<b>259</b>	<b>337</b>	<b>(78)</b>

The breakdown of the items and the analysis of movements occurred during the year are reported in an annex to these notes. In 2017, the item changed mainly due to the depreciation accrued during the year.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Non-current financial assets: equity investments</b>	<b>2,029,965</b>	<b>2,696,079</b>	<b>(666,114)</b>

Equity investments held at December 31, 2017 are listed in full, in accordance with Article 2427 (2) of the Italian Civil Code, in an annex to these notes.

That list is supplemented by the following additional information:

- **Compañia de Tierras Sud Argentino S.A.:** on October 24, 2017, the company was demerged in favour of subsidiary Ganadera Condor S.A. to which were attributed the production assets of the ranch "Condor". The carrying amount of the equity investment was divided in relation to the economic value of the split assets transferred to the beneficiary with respect to the assets of the company.
- **Schematrentaquattro S.p.A.:** in 2017, the company carried out a distribution of profits and capital reserves for a total amount of Euro 917.4 million. At the end of the year, an impairment of Euro 850.8 million was recognised to adjust the carrying amount of the subsidiary to the value of its shareholders' equity which, as a result of the aforementioned distribution, was correspondingly reduced.
- **Bensec società consortile ar.l.:** on December 21, 2017 the Company purchased additional shares of the consortium company, reaching a shareholding of 45%.
- **Caltagirone Editore S.p.A.:** on August 30, 2017 the equity investment was sold on the market, realising a capital gain of Euro 810.
- **Banca Leonardo S.p.A.:** on November 6, 2017 the largest shareholders of Banca Leonardo entered into an agreement for the sale of 67.67% of the company and, on the basis of a tag-along clause in the bylaws of the company, the possibility of selling at the same price was also proposed to the minority shareholders, including Edizione S.r.l. The carrying amount of the equity investment was therefore aligned to the value of the sale.
- **Il Sole 24 Ore S.p.A.:** the equity investment was sold on the market, realising a capital loss of Euro 406.
- **Assicurazioni Generali S.p.A.:** in December 2017, the Company acquired on the market 6,970,000 shares (amounting to 0.446% of the share capital), for a price of Euro 106.8 million, and its interest at the end of the year amounted to 1.385% of share capital. At December 31, 2017, considering the market performance of the stock, the impairments recognised in the previous years for an amount of Euro 37.3 million were partly reversed.
- **Mediobanca S.p.A.:** at December 31, 2017, considering the market performance of the stock, the impairments recognised in the previous years for an amount of Euro 52 million were partly reversed.

With regard to the disclosure prescribed by Article 2427 *bis*, Paragraph 2, of the Italian Civil Code, it is pointed out that there are no equity investments recognised at a value exceeding their fair value.

The information required by Italian Civil Code Art. 2427 (5) is provided in an annex to these notes. It shows that some equity investments are recognised in the balance sheet at a carrying value exceeding Edizione's share of the net equity presented in their latest financial statements. In this regard, the value recognised for the investment in *Compañia de Tierras Sud Argentino S.A.* is supported by confirmation of the value of the assets held, while for other investments the differences are considered at this time to be immaterial and anyway not representative of impairments of the related investments.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Non-current financial assets: other securities</b>	<b>261,612</b>	<b>512,046</b>	<b>(250,434)</b>

These are made up as follows:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
Quaestio Opportunity Fund	250,000	500,000	(250,000)
21 Centrale Partners III investment fund	300	2,413	(2,113)
21 Investimenti II investment fund	4,362	4,877	(515)
21 Investimenti III investment fund	5,950	4,756	1,194
21 Centrale Partners V investment fund	1,000	-	1,000
<b>Total</b>	<b>261,612</b>	<b>512,046</b>	<b>(250,434)</b>

During the year, the Company sold 250,000 units of the Quaestio Opportunity Fund realising a capital gain of Euro 5,122.

The reduction of the value of the 21 Centrale Partners III fund derives, for Euro 1,615, from the adjustment of carrying amount of the fund to its Net Asset Value at December 31, 2017 and, for the residual amount, from capital distributions.

During the year, the Company subscribed the units of the 21 Centrale Partners V fund for a total amount of Euro 1,000.

## Current assets

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Receivables from subsidiaries</b>	<b>6,101</b>	<b>149,223</b>	<b>(143,122)</b>

The breakdown is as follows:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
Edizione Property S.p.A.	11	140,000	(139,989)
Fabrica S.r.l.	600	-	600
Benetton Group S.r.l.	652	41	611
Retail Italia Network S.r.l.	600	-	600
Verde Sport S.r.l.	1,632	699	933
Autogrill S.p.A.	122	108	14
Other from subsidiaries	123	280	(157)
Receivables from Tax Consolidation	2,361	8,095	(5,734)
<b>Total</b>	<b>6,101</b>	<b>149,223</b>	<b>(143,122)</b>

The loan of Euro 140 million to the subsidiary Edizione Property S.p.A. was fully repaid in December 2017.

The receivables from Fabrica S.r.l., Benetton Group S.r.l. and Retail Italia Network S.r.l. refer mostly to the sale of the IRES credit by Edizione S.r.l. for a total amount of Euro 1,800.

The receivable from the subsidiary Verde Sport S.r.l. includes, for Euro 1,251, the balance of the intercompany account and, for Euro 381, the payable for a loan of the original amount of Euro 425 entered into in 2015 and having maturity in 2020.

Receivables from tax consolidation are the amounts due from the individual companies participating in the group tax consolidation in view of the positive taxable amount transferred to the Group.

In detail:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
Maccarese S.p.A. società agricola	370	246	124
Olimpias Group S.r.l.	-	2,859	(2,859)
Schematrentaquattro S.p.A.	1,146	4,880	(3,734)
Schematrentotto S.r.l.	243	70	173
Edizione Alberghi S.r.l.	602	40	562
<b>Total</b>	<b>2,361</b>	<b>8,095</b>	<b>(5,734)</b>

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Tax receivables</b>	<b>21,841</b>	<b>24,077</b>	<b>(2,236)</b>

These are made up as follows:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
IRES receivables from Tax Consolidation	4,779	4,820	(41)
IRES refund due under Art. 2 of Decree Law 201/2011	15,749	15,748	1
IRES refund due under Art. 6 of Decree Law 185/2008	1	46	(45)
Tax receivables from the merged Edizione Holding S.p.A.	-	1,228	(1,228)
VAT receivables	1,264	1,909	(645)
Tax withheld on foreign dividends	40	304	(264)
Other	8	22	(14)
<b>Total</b>	<b>21,841</b>	<b>24,077</b>	<b>(2,236)</b>

The IRES receivables from Tax Consolidation is referred to receivables from Tax Authorities for withholding taxes transferred by the companies participating in the Tax Consolidation in the current year and in previous years, as prescribed by the Regulation stipulated by the participating companies.

The IRES (corporate income tax) refund requested refers to the option under Article 2 of Italian Decree Law 201/2011 to deduct IRAP (regional business tax) relating to personnel expense for fiscal years 2007 through 2011 and to apply for a refund of the corresponding tax. Edizione S.r.l., as consolidating tax company, has submitted the refund applications concerning the IRES pertaining to the subsidiaries participating in the Tax Consolidation; when the refund is actually received from the Tax Authorities, the Company will pay the amount collected to the various subsidiaries, with which it has recognised a payable of the same amount.

The Receivables of the former merged company Edizione Holding S.p.A. are receivables from Tax Authorities for IRPEG refund requested and were written off during the year because the Company deems the possibility of their recovery remote.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Current financial assets</b>	<b>-</b>	<b>14,775</b>	<b>(14,775)</b>

At December 31, 2016, the item included the value of the units of the AZ Fund 1 - Institutional Target. From the disposal of the investment, which took place in 2017, the Company realised a capital loss of Euro 100.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Cash and cash equivalent</b>	<b>1,622,776</b>	<b>939,874</b>	<b>682,902</b>

Cash and cash equivalents amounted to Euro 1,622,776 and are represented by the positive balance of the current accounts and of the bank deposits opened by the Company with some credit institutions.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Accrued income and prepaid expenses</b>	<b>1,425</b>	<b>207</b>	<b>1,218</b>

The item includes accrued income on interest accrued on savings bonds for Euro 1,316, on term deposits, for Euro 68 and on the loan to Verde Sport S.r.l., for Euro 3. The item also includes prepaid expenses for Euro 38, relating to costs for services accrued in 2018.

## COMMENTS ON SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(Values and comments expressed in thousands of Euro, unless otherwise indicated)

### SHAREHOLDERS' EQUITY

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Share capital</b>	<b>1,500,000</b>	<b>1,500,000</b>	-

No changes took place during the year.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Revaluation reserve</b>	<b>1,230</b>	<b>1,230</b>	-

The item includes, for Euro 1,215, the Revaluation reserve pursuant to Law 72/83 and Euro 15 for the Revaluation reserve pursuant to Law 576/75. They originate from the reconstitution of reserves held by two merged companies, Edizione Holding S.p.A. (Euro 1,079) and Sintonia S.p.A. (Euro 151).

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Legal reserve</b>	<b>85,682</b>	<b>70,282</b>	<b>15,400</b>

The increase in the Legal reserve derives from the allocation of 5% of the profit for the year resolved by the Shareholders' Meeting of June 26, 2017, since the reserve has not yet reached the limit under Article 2430 of the Italian Civil Code.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Extraordinary reserve</b>	<b>5,179</b>	<b>5,179</b>	-

This is a Reserve consisting entirely of income, and shows no change since the previous year.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Reserve under Art. 1 Law 169/83</b>	<b>79,923</b>	<b>79,923</b>	-

The item concerns the allocation made in accordance with Article 1 of Law 169/1983, when part of the shares of the subsidiary Benetton Group S.p.A. (now Edizione Property S.p.A.) were placed on the stock market in 1986.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Merger surplus reserve</b>	<b>659,343</b>	<b>659,343</b>	-

This is the residual surplus from the 2009 merger of the subsidiaries Edizione Holding S.p.A. and Sintonia S.p.A.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Reserve under Law 904/77</b>	<b>1,369</b>	<b>1,369</b>	<b>-</b>

This reserve was reconstituted from the merged companies Edizione Holding S.p.A. (Euro 1,201) and Sintonia S.p.A. (Euro 168).

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Profits carried forward</b>	<b>1,116,251</b>	<b>963,666</b>	<b>152,585</b>

The reserve increased during the year as a result of the destination of a portion of the earnings of the previous year, as resolved by the Shareholders' Meeting of 26 June 2017.

The Statement of changes in shareholders' equity and the equity reserve statement pursuant to Italian Civil Code Art. 2427(7 *bis*) are annexed to these notes.

## LIABILITIES

### Provision for employee termination indemnities

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Provisions for employee termination indemnities</b>	<b>632</b>	<b>625</b>	<b>7</b>

Movements during the year were as follows:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Opening balance</b>	<b>625</b>	<b>579</b>	<b>46</b>
Uses	(169)	(111)	(58)
Provisions	176	157	19
<b>Balance at the end of the year</b>	<b>632</b>	<b>625</b>	<b>7</b>

Uses refer to the amount paid to employees terminated during the years and the payments to the employees' pension funds.

### Payables

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Trade Payables</b>	<b>1,653</b>	<b>932</b>	<b>721</b>

Trade payables refer mainly to the performance of services, including advisory services, rendered to the Company.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Amounts due to subsidiaries</b>	<b>24,275</b>	<b>744,159</b>	<b>(719,884)</b>

These are made up as follows:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
Payables to companies participating in the Tax Consolidation	4,044	2,671	1,373
Payables for IRES refund as per Art. 2 of Decree Law 201/2011	15,697	15,748	(51)
Payables for IRES refund as per Art. 6 of Decree Law 185/2008	1	46	(45)
Schematrentaquattro S.p.A. - intercompany account	730	722,185	(721,455)
Schematrentatre S.p.A. - intercompany account	45	55	(10)
Schematrentasei S.r.l. - intercompany account	3	3	-
Schematrentasette S.r.l. - intercompany account	3,300	3,306	(6)
Schematrentotto S.r.l. - intercompany account	211	46	165
Schemaquaranta S.r.l. - intercompany account	50	50	-
Other payables to subsidiaries	194	49	145
<b>Total</b>	<b>24,275</b>	<b>744,159</b>	<b>(719,884)</b>

Payables to companies participating in the National tax consolidation system refer to the withholding taxes applied to the companies participating in the Tax Consolidation.

Payables for IRES refund requests refer to the companies participating in the tax consolidation which, jointly with the consolidating company Edizione S.r.l., have filed requests for such a refund in accordance with Article 2 of Italian Law Decree no. 201/2011. Specifically, Euro 12,488 refer to Autogrill group companies and Euro 3,260 to companies in the Benetton Group. Payment by the consolidating company Edizione S.r.l. to each of the consolidated companies is subject to the actual payment by the Tax Authorities of the same amount recorded under Tax receivables.

Below are the details of payables to companies participating in the National tax consolidation system:

(Thousands of Euro)	12.31.2017	12.31.2016	Change
Benetton group	3,653	2,536	1,117
Autogrill group	343	20	323
Maccarese	39	63	(24)
Others	9	52	(43)
<b>Total</b>	<b>4,044</b>	<b>2,671</b>	<b>1,373</b>

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Tax Payables</b>	<b>547</b>	<b>1.532</b>	<b>(985)</b>

Tax payables refer to payables to Tax Authorities for withholding taxes to be paid on employee and self-employed workers' compensation.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Amonts due to social security institutions</b>	<b>230</b>	<b>177</b>	<b>53</b>

The item includes payables to INPS, INAIL and to complementary pension funds for employees.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Other payables</b>	<b>12,753</b>	<b>276</b>	<b>12,477</b>

The item includes for Euro 12,280 the payable to a Brokerage Firm for the purchase of Assicurazioni Generali S.p.A. shares which took place at the end of the year and whose payment was made in the early days of 2018. The item also includes payables to employees and consultants for Euro 423 and a payable for IRES refund request, for Euro 51, to a company that had participated in the Tax Consolidation and that was subsequently sold to third party.

## COMMITMENTS, GUARANTEES AND RISKS NOT STATED IN THE BALANCE SHEET

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Guarantees granted on behalf on subsidiaries</b>	<b>27,982</b>	<b>48,030</b>	<b>(20,048)</b>

The amount refers for Euro 27,942 to the guarantee issued by the Company to the Tax Authority in relation to the group VAT treatment of some subsidiaries and for Euro 40 to a surety issued in the interest of the subsidiary Benetton Rugby Treviso S.r.l.

(Thousands of Euro)	12.31.2017	12.31.2016	Change
<b>Commitments</b>	<b>29,779</b>	<b>11,578</b>	<b>18,201</b>

These are the residual commitments in investment funds subscribed and not yet paid in. Payments will be made as required by the funds.

### Guarantees provided as part of the sale of Olimpia

When the equity investment in Olimpia S.p.A. was sold, all tax risks regarding tax periods up to the date of sale contractually remained with the sellers (Pirelli and Sintonia).

The still ongoing dispute can be summarised as follows.

In late 2006, the Tax Authority served on Olimpias S.p.A. a notice of assessment concerning IRAP for tax year 2001.

More specifically, on the basis of its own argument (which according to the Company was completely unfounded both from a legal and an economic point of view), the Authority identified a non-existent financial income on the Bell bond issue repayable in Olivetti shares, resulting in IRAP tax amounting to Euro 26.5 million (Pirelli & C.'s share: Euro 21.2 million), plus penalties for the same amount.

Olimpia S.p.A. objected to this tax imposition on grounds of patent non-existence of the taxable income identified by the Authority. The Tax Court of First Instance upheld the company's appeal and annulled the assessment in full.

The Italian Tax Authority appealed against that decision.

The appeal was rejected by the Regional Tax Court.

Despite being ruled against twice will well-grounded decisions, the Agency filed an appeal to the Court of Cassation, against which Olimpia S.p.A. filed a defence. During the hearing of December 21, 2016, the General Prosecutor unexpectedly proposed, without any basis in the law or in the proceedings, that the appeal of the State Legal Advisory Service should be upheld and the case should be submitted for review to another section of the Regional Tax Court. At the end of the hearing, our counsel submitted a brief opposing that proposal and providing the reasons for the opposition.

The dispute ended with a positive result in 2017, so at the end of the year there were no guarantees issued by the Company.

## COMMENTS ON INCOME STATEMENT

(Values and comments expressed in thousands of Euro, unless otherwise indicated)

(Thousands of Euro)	2017	2016	Change
<b>Revenues from sales and services</b>	-	<b>8.656</b>	<b>(8.656)</b>

In the previous year, this item included rental income deriving from the real estate business that was demerged in favour of the subsidiary Edizione Property S.p.A. with effect from November 1, 2016.

(Thousands of Euro)	2017	2016	Change
<b>Other revenues and income</b>	<b>614</b>	<b>588</b>	<b>26</b>

Revenues are broken down as follows:

(Thousands of Euro)	2017	2016	Change
Services rendered to subsidiaries	563	588	(25)
Other revenues	51	-	51
<b>Total</b>	<b>614</b>	<b>588</b>	<b>26</b>

Services rendered to subsidiaries includes mainly the compensation paid to employees of the Company that serve as directors in subsidiaries and that are reversed to Edizione S.r.l.

The item Other revenue includes mainly services provided to directly or indirectly owned companies.

(Thousands of Euro)	2017	2016	Change
<b>Cost for services</b>	<b>8,373</b>	<b>12,294</b>	<b>(3,921)</b>

Costs for services include, in 2017, the non-deductible VAT calculated pro-quota for the year and allocated to increase the cost to which it refers. In previous years, the cost for non-deductible VAT was recognised among Other operating costs.

The details of the Costs for services are as follows:

(Thousands of Euro)	2017	2016	Change
Company officers' emoluments	2,072	5,904	(3,832)
Property management and maintenance costs	-	2,814	(2,814)
Consulting and professional services	4,766	2,169	2,597
Security costs	523	344	179
Telephones and other costs	129	136	(7)
Travel expenses	515	435	80
IT consulting and maintenance	202	199	3
Maintenance and cleaning	39	54	(15)
Insurances	109	214	(105)
Other	18	25	(7)
<b>Total</b>	<b>8,373</b>	<b>12,294</b>	<b>(3,921)</b>

Consulting and professional services increased compared to the previous year mainly by effect of the costs tied to the new investments and relative indeductible VAT.

(Thousands of Euro)	2017	2016	Change
<b>Leases and rentals</b>	<b>1,698</b>	<b>396</b>	<b>1,302</b>

Leases and rentals include the non-deductible VAT calculated pro-quota for the year and allocated to increase the cost to which it refers. In previous years, the cost for non-deductible VAT was recognised among Other operating costs.

Details are as follows:

(Thousands of Euro)	2017	2016	Change
Offices leases	1,541	233	1,308
Cars rentals	73	69	4
Other rentals	84	94	(10)
<b>Total</b>	<b>1,698</b>	<b>396</b>	<b>1,302</b>

Office leases include the lease payments of the offices of the new location into which the Company moved starting from the first months of the year 2017 and the lease payments of the Milan offices.

(Thousands of Euro)	2017	2016	Change
<b>Personnel costs</b>	<b>3,271</b>	<b>3,011</b>	<b>260</b>

At December 31, 2017, the company had a workforce of 23 (18 in the previous year) while the average number of employees during the current year, by category, was as follows:

(FTEs)	2017	2016	Change
Executives	7	6	1
Employees	14	12	2
<b>Total</b>	<b>21</b>	<b>18</b>	<b>3</b>

(Thousands of Euro)	2017	2016	Change
<b>Amortisation, depreciation and impairment</b>	<b>1,354</b>	<b>4,316</b>	<b>(2,962)</b>

The item includes for Euro 1,228 the write-down of receivables to the Tax Authorities described in the comment to Tax receivables and for Euro 126 the depreciation and amortisation of property, plant and equipment and intangible assets.

The details of the depreciation and amortisation by asset category are annexed to these explanatory notes.

(Thousands of Euro)	2017	2016	Change
<b>Other operating costs</b>	<b>2,414</b>	<b>4,102</b>	<b>(1,688)</b>

In detail:

(Thousands of Euro)	2017	2016	Change
Donations	1,920	1,676	244
Non-deductible VAT	114	665	(551)
Taxes paid abroad	-	766	(766)
Real estate taxes (IMU, TASI and TARES)	39	734	(695)
Property management costs	-	7	(7)
Membership fees	52	40	12
Representation expenses	68	19	49
Other expenses	221	195	26
<b>Total</b>	<b>2,414</b>	<b>4,102</b>	<b>(1,688)</b>

The non-deductible VAT was recognised, in the current year, together with the cost for the service to which it refers and, residually, under Other operating costs. In previous years, the cost for non-deductible VAT was entirely recognised among Other operating costs.

The reduction in costs for IMU, TASI and TARES, with respect to the year 2016, is due to demerger, in November 2016, of the properties in favour of the subsidiary Edizione Property S.p.A.

In the previous year, the taxes paid abroad referred to the withholding taxes accrued on the dividends received by foreign companies.

(Thousands of Euro)	2017	2016	Change
<b>Income from equity investments</b>	<b>1,233,001</b>	<b>343,313</b>	<b>889,688</b>

Details are as follows:

(Thousands of Euro)	2017	2016	Change
Dividends from Schematrentaquattro S.p.A.	917,435	15,300	902,135
Dividends from Sintonia S.p.A.	274,794	229,846	44,948
Dividends from Schematrentotto S.r.l.	19,800	-	19,800
Dividends from Schemaquattordici S.p.A. in liquidation	531	472	59
Dividends from Banca Leonardo S.p.A.	1,010	-	1,010
Dividends from Assicurazioni Generali S.p.A.	11,727	10,554	1,173
Dividends from Eurostazioni S.p.A.	-	54,823	(54,823)
Dividends from Mediobanca S.p.A.	6,891	5,029	1,862
Dividends from Atlantia S.p.A.	-	440	(440)
Dividends from Hermes International S.A.	-	870	(870)
Dividends from L Brands Inc.	-	3,560	(3,560)
Dividends from Vinci S.A.	-	892	(892)
Gains on disposals of equity investments	810	21,444	(20,634)
Other dividends and income from equity investments	3	83	(80)
<b>Total</b>	<b>1,233,001</b>	<b>343,313</b>	<b>889,688</b>

Capital gains from sales of equity investments refer to the sale of the equity investment in the company Caltagirone Editore S.p.A., which took place during the year.

In the previous year, the capital gains referred to the sale to third parties of investments held in Hermes International S.A. and in Vinci S.A.

(Thousands of Euro)	2017	2016	Change
<b>Other financial income</b>	<b>8,826</b>	<b>2,722</b>	<b>6,104</b>

Details are as follows:

(Thousands of Euro)	2017	2016	Change
Income from mutual funds	563	1,097	(534)
Capital gains from redemption of units of investment funds	5,122	-	5,122
Interest income from subsidiaries	962	545	417
Other financial income	2,179	1,080	1,099
<b>Total</b>	<b>8,826</b>	<b>2,722</b>	<b>6,104</b>

Income from mutual funds were distributed by the 21 Investimenti II fund.

Capital gains from redemption of units of investment funds refer to the capital gain realised as a result of the repayment of 50% of the units held in the Quaestio Opportunity Fund, as the difference between the Net Asset Value of the fund at the redemption date and its nominal value.

Interest income from subsidiaries accrued during the year on the intercompany accounts held with subsidiaries and settled at arm's length.

Other financial income refer to the interest accrued on the savings bonds subscribed by the Company and on bank deposits.

(Thousands of Euro)	2017	2016	Change
<b>Financial interest and other charges</b>	<b>1,256</b>	<b>22,695</b>	<b>(21,439)</b>

The breakdown is as follows:

(Thousands of Euro)	2017	2016	Change
Capital losses from sales of equity investments and securities	505	20,389	(19,884)
Interest charges from subsidiaries	744	2,026	(1,282)
Other financial charges	7	280	(273)
<b>Total</b>	<b>1,256</b>	<b>22,695</b>	<b>(21,439)</b>

Capital losses from sales of equity investments and securities refer to the sale of the equity investment in II Sole 24 Ore S.p.A., for Euro 405 and to the liquidation of the Azimut Fund, for Euro 100. In the previous year, capital losses referred to the sale to third parties of the equity investment in L Brands Inc.

The Interest charges from subsidiaries relate to the intercompany accounts held with some subsidiaries.

(Thousands of Euro)	2017	2016	Change
<b>Impairment of financial assets and liabilities</b>	<b>(770,439)</b>	<b>(79)</b>	<b>(770,360)</b>

This item includes the adjustments to the following financial assets:

(Thousands of Euro)	2017	2016	Change
San Giorgio S.r.l.	(4,200)	-	(4,200)
Schematrentaquattro S.p.A.	(850,848)	-	(850,848)
Verde Sport S.r.l.	(340)	-	(340)
Banca Leonardo S.p.A.	(2,722)	-	(2,722)
21 Centrale Partners III fund	(1,615)	-	(1,615)
AZ Fund 1 - Institutional Target fund	-	(79)	79
Assicurazioni Generali S.p.A.	37,321	-	37,321
Mediobanca S.p.A.	51,965	-	51,965
<b>Total</b>	<b>(770,439)</b>	<b>(79)</b>	<b>(770,360)</b>

For a comment on the amounts indicated, please refer to the section of the non-current financial assets.

(Thousands of Euro)	2017	2016	Change
<b>Income taxes for the year</b>	<b>1,310</b>	<b>1,371</b>	<b>(61)</b>

The taxes were determined as follows:

(Thousands of Euro)	2017	2016	Change
Current taxes: IRES - remuneration of the tax loss	1,347	1,324	23
Current taxes: IRES - remuneration of R.O.L.	(19)	(35)	16
Previous years taxes	(18)	82	(100)
<b>Total</b>	<b>1,310</b>	<b>1,371</b>	<b>(61)</b>

The Company participates, as the consolidating company, in the Tax Consolidation, in accordance with Articles 114 et seq. of the Italian Tax Code. This system allows to offset the taxable amounts and the tax losses of the companies that participate in the consolidated taxation system.

Current taxes refer to the tax losses of the Company that are offset with the positive taxable amounts transferred from the consolidated companies within the Tax Consolidation.

## OTHER INFORMATION

### Compensation of Directors, Statutory Auditors and Independent Auditors

The following annual compensation is due to the Directors, Statutory Auditors and Independent Auditors:

(in Euro)	2017	2016
Directors' emoluments	1,990,845	5,845,800
Statutory auditors' emoluments	70,000	52,500
Independent auditors' fees	80,000	80,000
<b>Total</b>	<b>2,140,845</b>	<b>5,978,300</b>

The fees contractually due to the independent auditors refer entirely to account auditing services provided during the year.

### Information pursuant to Law 72 of March 19, 1983 (article 10)

Below are details of revaluations carried out on assets still held at December 31, 2017:

(in Euro)	
<b>Equity investments:</b>	
- revaluations under Law 72 / 1983	431,218
<b>Total</b>	<b>431,218</b>

## SIGNIFICANT EVENTS FOLLOWING THE END OF THE FINANCIAL YEAR

### *Purchases of Assicurazioni Generali S.p.A. shares*

In the first months of 2018, the Company acquired on the market 25,987,256 shares of Assicurazioni Generali S.p.A., amounting to 1.664% of the share capital, for an amount of Euro 401.2 million.

On May 7, 2018, the Company transferred the entire interest held in Assicurazioni Generali S.p.A., corresponding to 47,616,056 and amounting to 3.049% of the share capital, to the subsidiary Schematrentatre S.p.A. for an amount of Euro 745 million.

### *Acquisition of an interest of 29.9% in the capital of Cellnex Telecom S.A.*

As part of the agreements stipulated between Atlantia, Hochtief A.G. and ACS, Actividades de Construcción y Servicios S.A., with reference to the joint investment in Abertis Infraestructuras S.A. and approved by the respective Boards of Directors on March 14, 2018, Atlantia was granted a right to purchase ("Call Option") on a part or all the 34% investment held by Abertis in Cellnex Telecom S.A. (Cellnex), to be exercised directly or by a designated party, until March 23, 2018.

On March 20, 2018, Edizione sent a letter to Atlantia (subsequently supplemented on March 23, 2018) whereby it undertook to grant Atlantia a right to sell ("Put Option") of an interest in Cellnex equal to 29.9% of the share capital, at an exercise price of Euro 21.50 per share of Cellnex (cum dividend), amounting to a price of Euro 1,489 million, and with the additional terms and conditions summarised below:

- the assumption, by Edizione, of the commitments contained in the Call Option in favour of Atlantia, including the terms and conditions of a possible price adjustment in the form of an earn-out in the 12 months following the transfer;
- recognition by Edizione to Atlantia of the right (personal and non-transferable) to co-invest in Cellnex, acquiring up to 20% of the investment (equal, transparently, to approximately 6% of the Cellnex issued capital) within two years of execution of the sale, as well as a "right of first offer" and a "pre-emptive right" in the case that Edizione intends to sell, directly or indirectly, all or part of the investment within seven years following execution of the sale;
- the Put Right could be exercised no later than April 16, 2018.

On March 23, 2018, the Board of Directors of Atlantia:

- resolved to exercise the Call Option in a part or all the investment held by Abertis Cellnex; and
- resolved to accept, waiting to complete the search for possible buyers, the terms of the binding commitment set out in the only one offer received by Edizione, with the favourable opinion released by the Committee of Independent Directors for Related Party Transactions in accordance with Atlantia's Procedure for Related Party Transaction.

Subsequently, on April 16, 2018, having completed the process of gauging the interest of potential investors in acquiring all or part of the Cellnex shares, as no improved offer has been received, Atlantia exercised the Put Option on 29.9% of the share capital of Cellnex granted by Edizione in the terms described above. Therefore, upon the positive outcome of the Public Tender Offer on Abertis, Hochtief will do whatever is necessary to sell the 29.9% interest in Cellnex held by Abertis to the Company.

The investment in Cellnex shall be carried out by a newly established company, controlled by Sintonia S.p.A., a sub-holding in the infrastructure sector.

### *Reorganisation of the minority interests in companies listed in Financial Institutions*

On March 19, 2018, the Board of Directors of the Company approved the transfer of all the shares held by it in Assicurazioni Generali S.p.A. and Mediobanca S.p.A., by means of contribution in kind in favour of the wholly owned subsidiary Schematrentatre S.p.A.

This transaction aims at improving and optimising the financial structure of Edizione by concentrating in a vehicle of the minority interests held by the Company in listed companies in the Financial Institutions sector.

On May 7, 2018, executing the above, the Company underwrote a capital increase of the subsidiary Schematrentatre S.p.A. totalling Euro 926 million, by the transfer of all shares held in Assicurazioni Generali S.p.A. and in Mediobanca S.p.A.

*Reorganisation of the equity investments in the agricultural sector*

On March 19, 2018, the Board of Directors of the Company examined a project that calls for the concentration of the equity investments held directly and indirectly in the agricultural sector (Maccarese S.p.A. società agricola, Compañia de Tierras S.A. and Ganadera Condor S.A.) in a sub-holding controlled by Edizione, thereby creating a dedicated vehicle.

*Loan in favour of the subsidiary Schematrentasette S.r.l. and merger by incorporation of Schematrentotto S.r.l. in Schematrentasette S.r.l.*

In March 2018, the Company made available to the subsidiary Schematrentasette S.r.l. financial means totalling Euro 105 million, of which Euro 50 million by way of loan and Euro 55 million by way of shareholders' loan; Schematrentasette S.r.l., in turn, stipulated a three-year bullet loan with the subsidiary Benetton Group S.r.l. for a total amount of Euro 100 million in support of the 2018-2020 three-year plan.

On May 11, 2018, the deed of merger by incorporation of Schematrentotto S.r.l. in Schematrentasette S.r.l., both wholly owned by Edizione S.r.l. was signed.

This transaction, which represents a development of the corporate reorganisation process initiated by the former Benetton group in 2014, is directed at joining under a single holding the interests in Benetton Group S.r.l. and in Olimpias Group S.r.l. (the latter a wholly owned subsidiary of Schematrentotto S.r.l.) which have respectively taken over the commercial activities (Benetton group) and the industrial production activities (Olimpias group) of the former Benetton group.

This new corporate structure will enable each group to continue to pursue with decision-making and operational autonomy the objectives of its own core business, although they are adequately justified in a more effective context of commercial-industrial coordination by Schematrentasette S.r.l., which changed its name to Benetton S.r.l.

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## PROPOSED RESOLUTION

Dear Shareholders,

to conclude our report, we move to:

- approve the separate financial statements at and for the year ended December 31, 2017 and the Directors' Report submitted to you;
- allocate net income for the year of Euro 454,946,843.48 as follows:
  - to the legal reserve: Euro 22,800,000.00;
  - to the shareholders, total dividends of Euro 150,000,000.00;
  - the remainder to Profits carried forward.

Treviso, May 28, 2018

Chairman of Board of Directors  
Fabio Cerchiai

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## ANNEXES TO THE EXPLANATORY NOTES

- Statement of changes in intangible assets
- Statement of changes in property, plant and equipment
- Statement of changes in non-current financial assets: equity investments
- List of equity investments in subsidiaries and associates
- Statement of changes in shareholders' equity
- Schedule pursuant to Art. 2427(7 *bis*) of the Italian Civil Code

## STATEMENT OF CHANGES IN INTANGIBLE ASSETS

INTANGIBLE ASSETS												
(in Euro)	Carrying value at January 1, 2017			Increases					Decreases	Carrying value at December 31, 2017		
	Cost	Accumulated revaluations	Accumulated amortisation	Net value	Additions	Demerger	Disposals	Impairments	Amortisation for the year	Cost	Amortisation	Net value
Industrial patent rights and intellectual property rights: software	70,758	-	46,339	24,419	9,338	-	-	-	15,294	80,096	61,633	18,463
Issuance costs for credit lines	9,895,362	-	9,895,362	-	-	-	-	-	-	9,895,362	9,895,362	-
<b>TOTAL</b>	<b>9,966,120</b>	<b>-</b>	<b>9,941,701</b>	<b>24,419</b>	<b>9,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,294</b>	<b>9,975,458</b>	<b>9,956,995</b>	<b>18,463</b>

## STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT												
(in Euro)	Carrying value at January 1, 2017			Increases			Decreases			Carrying value at December 31, 2017		
	Cost	Accumulated revaluations	Accumulated depreciation	Net value	Additions	Reclassifications	Cost	Depreciations	Depreciation for the year	Cost	Depreciation	Net value
Plant and machinery	338,845	-	143,558	195,287	-	-	-	-	57,960	338,845	201,518	137,327
<b>Total plant and machinery</b>	<b>338,845</b>	<b>-</b>	<b>143,558</b>	<b>195,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,960</b>	<b>338,845</b>	<b>201,518</b>	<b>137,327</b>
Industrial and commercial equipment:												
- Office furniture	345,908	-	345,908	-	-	-	6,197	6,197	-	339,711	339,711	-
- Office electronic machines	818,134	-	676,596	141,538	32,372	-	16,158	16,158	51,940	834,348	712,378	121,970
- Office furnishing	147,793	-	147,793	-	-	-	47,705	47,705	-	100,088	100,088	-
- Other equipment	1,609	-	1,609	-	-	-	-	-	-	1,609	1,609	-
<b>Total industrial and commercial equipment</b>	<b>1,313,444</b>	<b>-</b>	<b>1,171,906</b>	<b>141,538</b>	<b>32,372</b>	<b>-</b>	<b>70,060</b>	<b>70,060</b>	<b>51,940</b>	<b>1,275,756</b>	<b>1,153,786</b>	<b>121,970</b>
<b>TOTAL</b>	<b>1,652,289</b>	<b>-</b>	<b>1,315,464</b>	<b>336,825</b>	<b>32,372</b>	<b>-</b>	<b>70,060</b>	<b>70,060</b>	<b>109,900</b>	<b>1,614,601</b>	<b>1,355,304</b>	<b>259,297</b>

## STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS

NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS												
(in Euro)												
	Carrying value at January 1, 2017			Increases		Adjustments		Decreases			Carrying value at December 31, 2017	
	Cost	Revaluations/ (Accumulated impairment)	Value at January 1, 2017	Acquisitions and incorporations	Capital increases and other movements	Reversal of impairments	Demergers for incorporation	Disposals, capital payments and other	Impairments	No. of shares	Percentage held	Carrying amount
<b>Subsidiaries</b>												
C.lia de Tierras Sud Argentino S.A.	3,062,992	-	3,062,992	-	-	-	(544,358)	-	-	6,882,857	5	2,518,634
Ganadera Condor S.A.	-	-	-	345	-	-	544,358	-	-	57,803	5	544,703
Edizione Property S.p.A. (già Schematrentanove S.p.A.)	92,961,228	51,965	93,013,193	-	-	-	-	-	-	4,000	100	93,013,193
Maccaresse S.p.A. società agricola	32,396,959	-	32,396,959	-	-	-	-	-	-	34,485,805	100	32,396,959
San Giorgio S.r.l.	10,544,013	-	10,544,013	-	-	-	-	(4,200,000)	-	-	100	6,344,013
Schemaquattordici S.p.A. in liquidazione	-	-	-	-	-	-	-	-	-	62,972,033	59	-
Schematrentatre S.p.A.	181,000	-	181,000	-	-	-	-	-	-	120,000	100	181,000
Schematrentaquattro S.p.A.	1,806,374,248	-	1,806,374,248	-	-	-	-	(850,847,547)	-	100,000,000	100	955,526,701
Schematrentasei S.r.l.	20,031	-	20,031	-	-	-	-	-	-	-	100	20,031
Schematrentasette S.r.l.	187,907,348	362,561	188,269,909	-	-	-	-	-	-	-	100	188,269,909
Schematrentotto S.r.l.	8,746,404	16,692	8,763,096	-	-	-	-	-	-	-	100	8,763,096
Schemaquarantia S.r.l.	310,000	-	310,000	-	-	-	-	-	-	-	100	310,000
Schemaquarantuno S.r.l.	210,000	-	210,000	-	-	-	-	-	-	-	100	210,000
Sintonia S.p.A.	208,746,843	-	208,746,843	-	-	-	-	-	-	930,000	100	208,746,843
Verde Sport S.r.l.	19,071,290	(11,028,250)	8,043,040	-	-	-	-	(340,000)	-	8,000,000	100	7,703,040
Bensec società consortile a r.l.	3,850	-	3,850	-	50,509	-	-	-	-	-	45	54,359
			<b>2,359,939,174</b>	<b>345</b>	<b>50,509</b>	-	-	<b>(855,387,547)</b>	-	<b>213,452,498</b>		<b>1,504,602,481</b>
<b>Associates</b>												
Eurostazioni S.p.A.	5,229,976	-	5,229,976	-	-	-	-	-	-	52,333,333	32.71	5,229,976
			<b>5,229,976</b>	-	-	-	-	-	-	<b>52,333,333</b>		<b>5,229,976</b>
<b>Other companies</b>												
												-
Assicurazioni Generali S.p.A.	374,905,665	(182,875,384)	192,030,281	106,832,350	-	-	-	37,321,055	-	21,628,800	1.39	336,183,686
Caltagirone Editore S.p.A.	2,547,090	-	2,547,090	-	-	-	-	2,547,090	-	-	0.00	-
Banca Leonardo S.p.A.	5,671,708	-	5,671,708	-	-	-	-	(2,722,400)	-	505,111	1.83	2,949,308
Il Sole 24 Ore S.p.A.	15,333,324	(13,706,658)	1,626,666	-	-	-	-	1,626,666	-	-	0.00	-
Mediobanca S.p.A.	281,570,837	(152,536,639)	129,034,198	-	-	-	-	51,965,802	-	18,625,029	2.10	181,000,000
			<b>330,909,943</b>	<b>106,832,350</b>	-	-	-	<b>4,173,756</b>	<b>86,564,457</b>	<b>40,758,940</b>		<b>520,132,994</b>
<b>TOTAL EQUITY INVESTMENTS</b>			<b>2,696,079,093</b>	<b>106,832,695</b>	<b>50,509</b>	-	-	<b>4,173,756</b>	<b>(768,823,090)</b>	<b>306,544,771</b>		<b>2,029,965,451</b>

(1) of which reversals of impairments Euro 51,965

(2) of which reversals of impairments Euro 362,561

(3) of which reversals of impairments Euro 16,692

## LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Art. 2427, 5, Civil Code)

(amounts in Euro unless stated otherwise)

Name	Location	Share capital	Shareholders' equity	Profit/(Loss) for the year	Interest held		Balance sheet value
					no. of shares	percentage held	
Edizione Property S.p.A.	Treviso - Piazza del Duomo 19	4,000,000	541,587,000	20,400,000	4,000	100.00	93,013,193
		(ARS 137,579,000)	(ARS 426,091,870)	(ARS 44,165,330)			
Compañia de Tierras Sud Argentino S.A.	(1) Buenos Aires (Argentina) - Esmeralda 684	5,999,695	15,551,831	2,067,143	137,579,000	5.00	2,518,635 (3)
		(ARS 115,541,000)	(ARS 147,019,396)	(ARS 31,509,996)			
Ganadera Condor S.A.	(1) Buenos Aires (Argentina) - Esmeralda 684	5,038,638	6,411,382	1,374,122	1,155,410	5.00	544,703 (3)
Maccarese S.p.A.	Fiumicino (Roma) - Maccarese	34,485,805	32,487,366	818,887	34,485,805	100.00	32,396,959
San Giorgio S.r.l.	Fiumicino (Roma) - Maccarese	100,000	6,339,484	(2,451,233)	-	100.00	6,344,013
Schemaquattordici S.p.A. in liquidation	Treviso - Viale Felissent, 90	1,067,494	729,071	17,444	62,972,033	58.99	-
Schematrentatre S.p.A.	Treviso - Piazza del Duomo, 19	120,000	72,949	(24,047)	120,000	100.00	181,000
Schematrentaquattro S.p.A.	Treviso - Piazza del Duomo, 19	100,000,000	976,224,032	28,482,032	100,000,000	100.00	955,526,701
Schematrentasei S.r.l.	Treviso - Piazza del Duomo, 19	15,000	11,628	(979)	-	100.00	20,031
Schematrentasette S.r.l.	Treviso - Piazza del Duomo, 19	225,708,580	1,007,970,525	(1,704,100)	-	100.00	188,269,909
Schematrentotto S.r.l.	Treviso - Piazza del Duomo, 19	8,411,895	79,854,360	18,655,750	-	100.00	8,763,096
Schemaquaranta S.r.l.	Treviso - Piazza del Duomo, 19	10,000	166,371	(16,807)	-	100.00	310,000
Schemaquarantuno S.r.l.	Treviso - Piazza del Duomo, 19	10,000	209,080	(920)	-	100.00	210,000
Sintonia S.p.A.	Treviso - Piazza del Duomo, 19	930,000	2,583,734,021	274,581,140	930,000	100.00	208,746,843
Verde Sport S.r.l.	Treviso - Strada di Nascimben 1/b	8,000,000	7,704,119	(586,736)	8,000,000	100.00	7,703,040
Bensec società consortile a r.l.	(2) Ponzano Veneto (TV) - Via Villa Minelli, 1	110,000	212,924	6,161	-	45.00	54,359
Eurostazioni S.p.A.	Roma - Via Montello,10	155,200,000	-	-	52,333,333	32.71	5,229,976

(1) 95% is held by the subsidiary Edizione Property S.p.A.

(2) Additional 35% is held by the subsidiary Benetton Group S.p.A.

(3) Amounts in foreign currencies are translated at exchange rate at the end of the year

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN THE SHAREHOLDERS' EQUITY												
(in Euro)	Share capital	Legal reserve	Revaluation reserve under Law 72/83	Revaluation reserve under Law 576/15	Reserve under Art. 1 Law 169/83	Reserve under Law 90/77	Extraordinary reserve	Merger surplus reserve (1)	Profits/ (losses) carried forward	Net income/ (loss) for the year	Roundings	Total
<b>Balance at 01.01.2016</b>	<b>1,500,000,000</b>	<b>43,891,656</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>826,024,989</b>	<b>530,565,174</b>	<b>529,580,739</b>	<b>1</b>	<b>3,517,674,256</b>
Allocation of 2016 net income	-	26,480,000	-	-	-	-	-	-	433,100,739	(459,580,739)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	(70,000,000)	-	(70,000,000)
Demerger in favour of Edizione Property	-	-	-	-	-	-	-	(166,682,406)	-	-	-	(166,682,406)
Profit for the year 2016	-	-	-	-	-	-	-	-	-	307,984,991	-	307,984,991
Roundings	-	(1)	-	-	-	-	-	-	-	-	-	(1)
<b>Balance at 12.31.2016</b>	<b>1,500,000,000</b>	<b>70,281,655</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>659,342,583</b>	<b>963,665,913</b>	<b>307,984,991</b>	<b>1</b>	<b>3,588,976,840</b>
Allocation of 2017 net income												
- reserves	-	15,400,000	-	-	-	-	-	-	152,584,992	(167,984,992)	-	-
- dividends distributed	-	-	-	-	-	-	-	-	-	(140,000,000)	-	(140,000,000)
Profit for the year 2017	-	-	-	-	-	-	-	-	-	454,946,843	-	454,946,843
Roundings	-	-	-	-	-	-	-	-	-	-	1	(1)
<b>Balance at 12.31.2017</b>	<b>1,500,000,000</b>	<b>85,681,655</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>659,342,583</b>	<b>1,116,250,905</b>	<b>454,946,843</b>	<b>(1)</b>	<b>3,903,923,682</b>

(1) The tax value after the 2016 demerger is Euro 1,158,451

(2) The tax value after the 2016 demerger is Euro 14,610

(3) The tax value after the 2016 demerger is Euro 76,211,777

(4) The tax value after the 2016 demerger is Euro 1,305,000

(5) The tax treatment of Merger Surpluses is the same as for Income-related reserves

## STATEMENT PURSUANT TO ART. 2427(7 *BIS*) OF THE ITALIAN CIVIL CODE

(in Euro)

Type	Amount	Possibility of utilisation	Amount available	Summary of utilisations in the past three years	
				for loss coverage	for other purposes (*)
<b>Share capital</b>	<b>1,500,000,000</b>		-	-	-
<b>Income-related reserves</b>					
Revaluation reserve (**)	1,230,192	A B C	1,230,192	-	-
Reserve under Art. I Law 169/1983 (**)	79,923,421	A B C	79,923,421	-	-
Reserve under Law 904/1977 (**)	1,368,640	A B C	1,368,640	-	-
Legal reserve	85,681,655	B	85,681,655	-	-
Extraordinary reserve	5,179,444	A B C	5,179,444	-	-
Profits/(losses) carried forward	1,116,250,905	A B C	1,116,250,905	-	-
Merger surplus reserve	659,342,583	A B C	659,342,583	-	166,682,406
<b>Total</b>	<b>3,448,976,840</b>		<b>1,948,976,840</b>	-	<b>166,682,406</b>
Non-distributable amount	-		85,681,655	-	-
<b>Residual distributable amount</b>			<b>1,948,976,840</b>		

Key:

A = capital increase

B = loss coverage

C = dividend pay-out

(\*) = the item does not include the reclassifications between the reserves in equity

(\*\*) = Reserves that, if distributed to shareholders would form part of the taxable income of the tax period in which they were distributing

## REPORT OF THE INDEPENDENT AUDITORS

# Deloitte.

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### INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Quotaholders of  
Edizione S.r.l.

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Edizione S.r.l. (the Company), which comprise the balance sheet as at December 31, 2017, the income statement and the cash flow statement for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10**

The Directors of Edizione S.r.l. are responsible for the preparation of the Directors' report of Edizione S.r.l. as at December 31, 2017, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Directors' report with the financial statements of Edizione S.r.l. as at December 31, 2017 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the Directors' report is consistent with the financial statements of Edizione S.r.l. as at December 31, 2017 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Giorgio Moretto**  
Partner

Treviso, Italy  
June 7, 2018

*This report has been translated into the English language solely for the convenience of international readers.*

CONTACTS

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