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COMPANY INFORMATION

COMPANY OFFICERS

Board of Directors

Fabio Cerchiai
Chairman

Marco Patuano
Chief Executive Officer

Alessandro Benetton
Director

Carlo Benetton¹
Director

Christian Benetton²
Director

Franca Bertagnin Benetton
Director

Gilberto Benetton³
Director

Sabrina Benetton⁴
Director

Fabio Buttignon
Director

Giovanni Costa
Director

¹ Director whose term of office ended on July 10, 2018

² Director in office since September 24, 2018

³ Deputy Chairman whose term of office ended on October 22, 2018

⁴ Director in office since January 7, 2019

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

General Manager

Carlo Bertazzo

Board of Statutory auditors

Angelo Casò
Chairman

Giovanni Pietro Cunial
Aldo Laghi
Auditors

Alberto Giussani
Maria Martellini
Alternate auditors

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

Independent auditors

Deloitte & Touche S.p.A.

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

CORPORATE STRUCTURE

At December 31, 2018, the company Edizione S.r.l., fully owned by the Benetton family, held equity investments in the following industries: Transport Infrastructure, Digital Infrastructure, Food and Beverage, Clothing and Textiles, Real Estate and Agriculture and Financial Institutions. The simplified organisational chart of the main Group companies at December 31, 2018, was as follows:

EDIZIONE	100% Sintonia	30.25% Atlantia ¹	88.06% Autostrade per l'Italia	Transport Infrastructure	
			100% Autostrade dell'Atlantico		
			50% + 1 share Abertis		
			99.38% Aeroporti di Roma		
			62.50% Azzurra Aeroporti		64% Aéroports de la Côte d'Azur
			100% Telepass		
			23.86% Hochtief		
			15.49% Getlink		
		60% Connect	29.9% Cellnex Telecom		Digital Infrastructure
		100% Schematrentaquattro	50.10% Autogrill		Food and Beverage
	100% Benetton	100% Benetton Group	Clothing and Textiles		
		100% Olimpias Group			
	100% Edizione Property	100% Compañía de Tierras Sud Argentino	Real Estate and Agriculture		
	100% Maccarese				
	100% Schematrentatre	3.33% Assicurazioni Generali	Financial Institutions		
		2.10% Mediobanca			

▣ Listed company

¹ At December 31, 2018, Atlantia holds 0.95% of treasury shares

NET ASSET VALUE

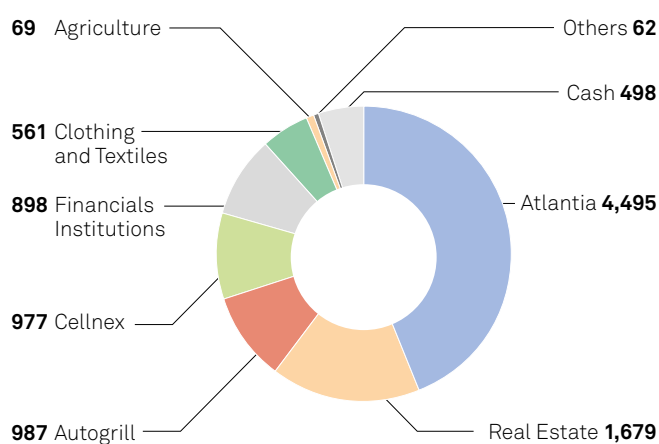
The table below shows a breakdown of the Net Asset Value (“NAV”) of Edizione at December 31, 2018, compared to the values at December 31, 2017.

(Millions of Euro)	12.31.2018		12.31.2017		Change	
	Value	% / GAV	Value	% / GAV	Absolute	%
Atlantia	4,495	46%	6,778	61%	(2,283)	(34%)
Cellnex	977	10%	-	-	977	100%
Autogrill	987	10%	1,419	13%	(432)	(30%)
Assicurazioni Generali	757	8%	331	3%	426	n.s.
Mediobanca	141	1%	178	2%	(37)	(21%)
Listed companies	7,357	76%	8,706	78%	(1,349)	(15%)
Real Estate and Agriculture	1,748	18%	1,554	14%	194	13%
Clothing and Textiles	561	6%	618	6%	(57)	(9%)
Others	62	1%	40	-	22	54%
Non-listed companies	2,371	24%	2,212	20%	159	7%
Financial investments	-	-	262	2%	(262)	(100%)
Gross Asset Value (“GAV”)	9,728	100%	11,180	100%	(1,452)	(13%)
Cash and cash equivalents	498		1,639		(1,141)	(70%)
Net Asset Value	10,226		12,819		(2,593)	(20%)

The total asset value at December 31, 2018, was determined by using the following valuation criteria:

- equity investments in listed companies are valued based on the arithmetic average of the closing prices, in the 20 trading days prior to the valuation date;
- equity investments in unlisted companies are valued at the purchase cost in the 12 months following acquisition. Subsequently, the equity investments are valued at the carrying value or the value corresponding to the pro-rata of the shareholders’ equity, referring to the last statement of financial position available at the valuation date;
- investment properties are valued at market value, as determined by third-party and internal appraisals;
- net cash and cash equivalents of Edizione S.r.l. and the 100% owned sub-holdings include cash and cash equivalents and liquid financial investments at the valuation date, minus financial payables at the same date;
- assets and liabilities denominated in foreign currency are converted at the exchange rate at the date of calculation of the NAV.

(Millions of Euro)



DIRECTORS' REPORT

Dear Shareholders,

before examining the performance of operations, we would like to turn our thoughts to the premature passing, in the second half of 2018, of the Founding Shareholders, Carlo Benetton and Gilberto Benetton, remembering their humanity, professionalism and enthusiasm, which characterised them, as well as their extreme sense of responsibility in relation to Edizione and the Group. Their passing has been a significant loss to all those that knew and looked up to them.

The financial statements for the year ended December 31, 2018, drawn up based on the international accounting standards IAS/IFRS, show net income of Euro 171.9 million (Euro 377.7 million in 2017).

Below is an analysis of the main events during the year.

MAIN EVENTS IN 2018

Purchases of Assicurazioni Generali S.p.A. shares and reorganisation of the minority interests in listed companies in Financial Institutions

In the first months of 2018, Edizione S.r.l. (“Edizione” or the “Company”) acquired on the market 25,987,256 shares of Assicurazioni Generali S.p.A. (“Assicurazioni Generali”), amounting to 1.664% of the share capital, for an amount of Euro 401.2 million. On May 7, 2018, the Company underwrote a capital increase of the subsidiary Schematrentatre S.p.A. (“Schematrentatre”) totalling Euro 926 million, by the transfer of all shares held in Assicurazioni Generali (47,616,056 shares, amounting to 3.049% of the share capital), for an amount of Euro 745 million, and all shares held in Mediobanca S.p.A. (“Mediobanca”) (18,625,029 shares, amounting to 2.10% of the share capital) for an amount of Euro 181 million. This transaction resulted in the optimisation of the financial structure of Edizione by concentrating in a vehicle the minority interests held by the Company in listed companies in the Financial Institutions sector.

Acquisition of an equity investment of 29.9% in the capital of Cellnex Telecom S.A.

As part of the binding agreements signed by the subsidiary Atlantia S.p.A. (“Atlantia”), Hochtief AG (“Hochtief”) and ACS Actividades de Construcciones y Servicios S.A. (“ACS”), for the purpose of making the joint investment in Abertis Infraestructuras S.A. (“Abertis”), 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, by 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”) on 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 maximum price of Euro 1,489 million, at the terms and conditions summarised below:

- the assumption, by Edizione, of the commitments contained in the Call Option, 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;
- exercise of the Put Option no later than April 16, 2018.

On March 23, 2018, the Board of Directors of Atlantia resolved to exercise the Call Option on a part or all of the equity investment in Cellnex. Subsequently, on April 16, 2018, having completed the process of gauging the interest of potential third party 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.

On May 9, 2018, the Company proposed to its subsidiary Sintonia S.p.A. (“Sintonia”) - as the sub-holding for the Group’s infrastructural investments - the opportunity to invest in Cellnex, and on May 23, 2018, Sintonia established Connect S.p.A. (“Connect”), as the vehicle company through which to make the investment, into which the capital contributions of Sintonia and of any minority co-investors could flow. The terms and conditions of the investment in Cellnex are those set out in the agreements entered into by Atlantia and Edizione to govern the Put Option, which Edizione communicated to Sintonia and Sintonia to Connect.

In order to provide the subsidiary Sintonia with the financial resources necessary to support Connect in acquiring Cellnex, Edizione:

- underwrote and paid in a capital increase of Euro 900 million on July 9, 2018, approved by Sintonia on June 29, 2018;
- subscribed a shareholders’ loan agreement with Sintonia for Euro 200 million on July 6, 2018.

In turn, on July 4, 2018, Sintonia entered into a bullet five-year loan with a pool of banks, for an amount of Euro 1 billion, structured in one Term Loan tranche of Euro 200 million and one Revolving Facility tranche of Euro 800 million, of which Euro 400 million has been drawn down. Those financial resources allowed the subsidiary Sintonia to:

- underwrite and pay in on July 9, 2018, the share capital increase resolved by the shareholders’ meeting of Connect on July 3, 2018, for Euro 965.6 million;
- subscribe a shareholders’ loan with Connect of Euro 521 million on July 6, 2018, as temporary coverage of a portion of the amounts that would be contributed by co-investors in the syndication of the investment.

On July 12, 2018, the subsidiary Connect subscribed the purchase and sale agreement with Abertis, at the terms and conditions set out in the Put Option and the Call Option.

On July 24, 2018, for the purpose to specify the additional rights granted to Atlantia by Edizione as part of the Put Option agreement, Atlantia, Sintonia, Connect and Edizione signed a Co-Investment Agreement.

On October 12, 2018, the entry into the shareholding structure of the subsidiary Connect was finalised for two shareholders: Infinity Investments S.A.

(“Infinity”), a company wholly-owned by the Abu Dhabi Investment Authority fund and Raffles Infra Holdings Limited (“Raffles”), a company wholly-owned by GIC, a sovereign fund of Singapore. The two shareholders each own around 20% of the capital of Connect.

As part of the Shareholders’ agreements signed by the Shareholders Sintonia, Infinity, Raffles and Connect, Sintonia has granted a call option to Infinity and Raffles to purchase, each and separately, an additional 2.5% stake in Connect. This call option can be exercised by July 31, 2019, at a price in line with that of the original investment, pro quota on 2.5% of the share capital of Connect.

Loan in favour of the subsidiary Schematrentasette S.r.l. and merger by incorporation of Schematrentotto S.r.l. into 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. On May 11, 2018, the deed of merger by incorporation of Schematrentotto S.r.l. into Schematrentasette S.r.l., both wholly owned by Edizione S.r.l., was signed and Schematrentasette changed its name to Benetton S.r.l.

Reorganisation of the equity investments in the agricultural sector

On May 28, 2018, the Board of Directors of the Company approved the plan for demerger of the equity investments held directly and indirectly in the agricultural sector (Maccarese S.p.A., Compañia de Tierras Sud Argentino S.A. and Ganadera Condor S.A.) in a newly established beneficiary company.

Other equity investments and investment funds

In April 2018 the Company finalised the sale of the entire equity investment of 1.83% of Banca Leonardo S.p.A., for an amount of Euro 2.9 million. In October 2018 the Company liquidated the residual 50% of the units held in Quaestio Opportunity Fund for an amount of Euro 254.8 million. In December 2018, the Company acquired 1,162,165 shares of Prysmian S.p.A., amounting to 0.433% of the share capital, for an amount of Euro 19.7 million.

Key figures from the reclassified income statement and financial structure of the Company are provided below to give a more immediate view of 2018.

RECLASSIFIED INCOME STATEMENT

The reclassified income statement of 2018, compared with 2017, is as follows:

(Millions of Euro)	Change			
	2018	2017	Absolute	%
Dividends from equity investments	186.6	774.0	(587.4)	(75.9)
Income from investment funds	5.6	0.6	5.0	n.s.
Dividends and income from investment funds	192.2	774.6	(582.4)	(75.2)
Other revenues and income	0.8	0.6	0.2	30.3
Operating costs	(17.5)	(15.7)	(1.8)	11.4
Depreciation, amortisation and impairment	(0.1)	(1.3)	1.2	(92.4)
Net financial income/(charges)	2.1	2.3	(0.2)	(8.7)
Income taxes	4.0	(2.6)	6.6	n.s.
Net operating income	181.5	757.9	(576.4)	(76.1)
Fair value adjustment of investment funds	(2.2)	13.8	(16.0)	n.s.
Capital gains/(losses) from investment funds	(7.3)	5.9	(13.2)	n.s.
Impairment of equity investments	(0.1)	(399.9)	399.8	(100)
Income/(Loss) for the year	171.9	377.7	(205.8)	(54.5)

The following is a detail of dividends from equity investments collected in 2018 and 2017:

(Millions of Euro)	Change			
	2018	2017	Absolute	%
Schematrentaquattro S.p.A.	24.2	459.2	(435.0)	(94.7)
Sintonia S.p.A.	162.4	274.8	(112.4)	(40.9)
Benetton S.r.l. (formerly Schematrentasette S.r.l.)	-	19.8	(19.8)	(100)
Assicurazioni Generali S.p.A.	-	11.7	(11.7)	(100)
Mediobanca S.p.A.	-	6.9	(6.9)	(100)
Other equity investments	-	1.6	(1.6)	(100)
Total	186.6	774.0	(587.4)	(75.9)

Dividends stood at Euro 186.6 million in 2018 (Euro 774 million in 2017).

The change is specifically attributable to the lower dividends distributed by the subsidiary Schematrentaquattro S.p.A. ("Schematrentaquattro") which, in the previous year, distributed dividends of Euro 17.1 million and income-related reserves of Euro 442.1 million.

The reduction in dividends received from Sintonia derives from the fact that its direct subsidiary Atlantia did not distribute the interim dividend for 2018.

The lack of dividends from the equity investments in Assicurazioni Generali and Mediobanca is attributable to the transfer of these companies to the subsidiary Schematrentatre in May 2018.

Other revenues and income refer to the performance of services rendered to Group companies.

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

(Millions of Euro)	Change			
	2018	2017	Absolute	%
Directors and Statutory auditors' emoluments	(3.8)	(2.1)	(1.7)	81.0
Rents	(1.8)	(1.7)	(0.1)	5.9
Payroll costs	(4.5)	(3.3)	(1.2)	36.4
Donations	(2.2)	(1.9)	(0.3)	15.8
Cost of services	(4.8)	(6.3)	1.5	(23.8)
Other operating costs	(0.4)	(0.4)	-	-
Total	(17.5)	(15.7)	(1.8)	11.5

The change in Operating costs is attributable to the increase in Directors and Statutory auditors' emoluments and Payroll costs, partially offset by the reduction in Costs of services and Other operating costs.

Positive Income taxes of Euro 4 million are the estimated remuneration of the tax loss of the Company used in the Tax Consolidation to offset the taxable amounts contributed by other companies participating in the consolidation scheme. In 2018, these also include the reversal of deferred taxes allocated in 2017 on the fair value of the Quaestio Opportunity Fund units as a result of the liquidation of this fund in 2018.

Fair value adjustment of investment funds includes the effect of the fair value measurement of the 21 Invest investment funds based on their Net Asset Value at year end. In the previous year, the positive balance of this item was specifically attributable to the changes in fair value of Quaestio Opportunity Fund (Euro 12.9 million).

The item Capital gains/(losses) from investment funds in 2018 refers to the capital loss realised following the liquidation of the residual 50% of the units held in Quaestio Opportunity Fund. As discussed above, in the previous year the Company adjusted the value of those units upwards by Euro 12.9 million.

In 2017 Impairment of equity investments related to the impairment of the carrying values of the subsidiaries Schematrentaquattro (Euro 392.7 million), San Giorgio S.r.l. (Euro 4.2 million), Verde Sport S.r.l. (Euro 0.3 million) and the investee company Banca Leonardo S.p.A. (Euro 2.7 million) to align its carrying value to the recoverable amount deriving from the sale of the equity investment, which occurred in April 2018.

STATEMENT OF FINANCIAL POSITION

The financial structure at December 31, 2018, and December 31, 2017, is presented below:

(Millions of Euro)	12.31.2018	12.31.2017	Change
– Equity investments	3,413.5	2,021.2	1,392.3
– Other non-current securities and receivables	36.1	276.8	(240.7)
– Property, plant and equipment and intangible assets	0.2	0.3	(0.1)
Non-current assets	3,449.8	2,298.3	1,151.5
– Current receivables	23.0	25.0	(2.0)
– Current payables	(17.8)	(22.1)	4.3
Net working capital	5.2	2.9	2.3
Provisions and medium-term liabilities	(0.6)	(4.7)	4.1
Capital employed	3,454.4	2,296.5	1,157.9
Shareholders' equity	3,944.0	3,905.7	38.3
Net financial indebtedness/(Cash)	(489.6)	(1,609.2)	1,119.6
Source of funding	3,454.4	2,296.5	1,157.9

Equity investments

Equity investments at the end of 2018 were worth Euro 3,413.5 million, a net increase of Euro 1,392.3 million compared to December 31, 2017 (Euro 2,021.2 million).

Below are details of the movements in equity investments during the year, previously discussed in the section "Main Events in 2018":

(Millions of Euro)	
Value of equity investments at December 31, 2017	2,021.2
Purchases of Assicurazioni Generali shares	401.2
Transfer in kind of Assicurazioni Generali	(745)
Transfer in kind of Mediobanca	(181)
Capital increase of Schematrentatre	926
Capital gain from transfer in kind of Assicurazioni Generali to Shareholders' equity	13.0
Capital gain from transfer in kind of Mediobanca to Shareholders' equity	3.5
Disposal of Banca Leonardo	(2.9)
Capital increase of Benetton (formerly Schematrentasette)	55
Capital increase of Sintonia	900
Capital increase of Verde Sport	3.5
Purchases of Prysmian shares	19.7
Liquidation of subsidiaries	(0.5)
Capital loss from liquidation of subsidiaries	(0.2)
Value of equity investments at December 31, 2018	3,413.5

Other non-current securities and receivables

At December 31, 2017, the balance of this item referred to the fair value of the residual 50% of the units of Quaestio Opportunity Fund, a Luxembourg fund, originally subscribed by the Company for a nominal value of Euro 500 million (corresponding to 100% of the fund units) which was

partially reimbursed in 2017, realising a capital gain of Euro 6.0 million. In October 2018 the Company reimbursed the residual 50% of the units for an amount of Euro 254.8 million and realised a capital loss of Euro 7.3 million, as the difference between the Net Asset Value of the fund at the liquidation date and its fair value at December 31, 2017.

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)	12.31.2018	12.31.2017	Change
Net cash and cash equivalent	(393.9)	(1,622.8)	1,228.9
Other current financial (assets)/liabilities	(94.8)	14.5	(109.3)
Other non-current financial (assets)/liabilities	(0.9)	(0.9)	-
Net financial indebtedness/(Cash)	(489.6)	(1,609.2)	1,119.6

At December 31, 2018, Edizione had net cash for Euro 489.6 million, compared to net cash of Euro 1,609.2 million at the end of 2017.

The reduction in net cash is mainly attributable to the capital increases underwritten and paid in by the Company in 2018 in favour of its subsidiaries.

At December 31, 2018, the Other current financial assets included intercompany current accounts held with the subsidiaries (specifically, with Schematrentatre), while at December 31, 2017, the balance referred 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.

Shareholders' equity

At December 31, 2018, Shareholders' equity amounted to Euro 3,944.0 million (Euro 3,905.7 million at December 31, 2017).

During the year, dividends totalling Euro 150 million were distributed to the shareholders.

In 2018, the movements in the statement of comprehensive income included the capital gains deriving from the transfer of equity investments in Assicurazioni Generali (Euro 13.0 million) and Mediobanca (Euro 3.5 million) to the subsidiary Schematrentatre.

PERFORMANCE OF THE MAIN SUBSIDIARIES AND ASSOCIATES

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

Sintonia S.p.A.

(controlling interest at December 31, 2018: 100%)

At December 31, 2018, Sintonia held equity investments in companies operating in Transport Infrastructure and Digital Infrastructure sectors which are headed by Atlantia and Connect, respectively.

Key figures of Sintonia for the year ended December 31, 2018 and 2017, are shown below:

(Millions of Euro)	Separate financial statements		Change	
	2018	2017	Absolute	%
Dividends and other income from equity investments	162.4	274.8	(112.4)	(40.9)
Capital gains/(losses) from disposal of equity investments	(0.2)	-	(0.2)	n.s.
Operating costs	(0.2)	(0.2)	-	-
Net financial income/(charges)	(1.1)	-	(1.1)	n.s.
Income for the year	160.9	274.6	(113.7)	(0.4)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	3,482.2	2,583.7	898.5	
Net financial indebtedness/(Cash)	(0.7)	(7.4)	6.7	

Dividends and other income from equity investments received during 2018 refer to the collection of the 2017 final dividend, equal to Euro 0.65 per share, whose distribution was resolved by the Atlantia shareholders' meeting in April 2018. On November 9, 2018, the Board of Directors of the subsidiary Atlantia resolved not to distribute any interim dividend for 2018.

In the previous year, the item included 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 capital loss from disposal of equity investments relates to the sale of 5% of the Connect shares in October 2018, as part of the opening of the share capital of Connect to the co-investors Infinity and Raffles.

The Net financial income/(charges) include interest charges accrued on the shareholders' loan granted by the holding company Edizione, interest charges on the amount of the revolving credit line partially used during the year and commitment fees relating to said credit line. Those charges are posted in the reclassified income statement net of the interest income on the shareholders' loan that Sintonia granted to the subsidiary Connect.

The change in Shareholders' equity derives from the share capital increase underwritten by the holding company Edizione, net of dividends paid during the year.

Net financial indebtedness at December 31, 2018, was stated net of the debt (Euro 6 million) on the intercompany current account held with Edizione.

Atlantia S.p.A.

(controlling interest at December 31, 2018: 30.25% through the sub-holding Sintonia)

The following table shows key figures from the consolidated financial statements of the subsidiary Atlantia at December 31, 2018, and the previous year.

(Millions of Euro)	Consolidated financial statements		Change	
	2018 *	2017	Absolute	%
Revenues	6,916	5,966	950	15.9
EBITDA	3,768	3,679	89	2.4
Income/(Loss) for the year, group	818	1,172	(354)	(30.2)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	16,332	11,763	4,569	
Net financial indebtedness/(Cash)	37,931	9,496	28,435	

* The 2018 data includes the contribution of the Abertis group starting from the end of October 2018.

Two significant events occurred in 2018 for the Atlantia group: the consolidation of Abertis starting from the end of October, whose contribution to EBITDA and consolidated income (group and minority interests) of the Atlantia group came to Euro 550 million and Euro 186 million, respectively; and the tragic collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway, managed by the subsidiary Autostrade per l'Italia, in August. With regard to the latter event, Atlantia has prepared its financial statements taking account of the most up-to-date estimates of the charges directly connected with that collapse, without prejudice to any verifications of liability. The impact of those charges on the EBITDA and on the consolidated income (Group and minority interests) of the Atlantia group was negative for Euro 513 million and Euro 371 million, respectively. As a prudential measure, the effects of any insurance reimbursements were not considered.

Connect S.p.A.

(controlling interest at December 31, 2018: 60% through the sub-holding Sintonia)

Connect was incorporated on May 23, 2018, as a vehicle to be used to make investments in the Digital Infrastructure sector. Key figures from the financial statements of Connect (owner of a 29.9% equity investment in Cellnex) for the year ended December 31, 2018, are summarised below:

(Millions of Euro)	Separate financial statements
	2018
Dividends and other income from equity investments	3.7
Operating costs	(0.1)
Net financial income/(charges)	(1.4)
Income taxes	-
Income for the year	2.2
	12.31.2018
Shareholders' equity	1,491.8
Net financial indebtedness/(Cash)	(5.5)

Dividends and other income from equity investments refer to the dividend of Euro 0.0535 per share distributed by the associate Cellnex in November 2018.

Operating costs mainly refer to consulting for the provision of services and emoluments accrued to the Board of Statutory auditors.

Net financial charges accrued on loans granted during the year by the shareholder Sintonia, for the purpose of acquiring the equity investment in Cellnex. That loan was fully repaid on October 12, 2018.

Cellnex Telecom S.A.

(percentage held at December 31, 2018: 29.9% through the sub-holding Connect)

The following table shows key figures from the consolidated financial statements of the subsidiary Cellnex at December 31, 2018, and the previous year.

(Millions of Euro)	Consolidated financial statements		Change	
	2018	2017	Absolute	%
Revenues	901	792	109	13.8
Adjusted EBITDA	591	500	91	18.1
Income/(Loss) for the year, group	(15)	26	(41)	n.s.
	12.31.2018	12.31.2017	Change	
Shareholders' equity	615	609	6	
Net financial indebtedness/(Cash)	3,166	2,663	503	

Schematrentaquattro S.p.A.

(controlling interest at December 31, 2018: 100%)

Key figures from the financial statements of Schematrentaquattro, owner of a 50.1% interest in Autogrill S.p.A. ("Autogrill"), for the year ended December 31, 2018, and December 31, 2017, are summarised below:

(Millions of Euro)	Separate financial statements		Change	
	2018	2017	Absolute	%
Dividends and other income from equity investments	24.2	20.4	3.8	18.7
Operating costs	(0.1)	(0.1)	(0.0)	26.6
Net financial income/(charges)	-	0.9	(0.9)	(100)
Impairment reversals of equity investments	-	7.8	(7.8)	(100)
Income tax for the year	(0.2)	(0.5)	0.3	58.2
Income for the year	23.9	28.5	(4.6)	(16.1)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	975.9	976.2	(0.3)	
Net financial indebtedness/(Cash)	(22.1)	(22.9)	0.8	

Dividends and other income from equity investments refer to the dividends received from the subsidiary Autogrill.

Net financial income/(charges) for 2017 related to interest income earned on the company's bank deposits and on the current account held with the holding company Edizione.

Impairment reversals of equity investments in 2017 referred to the full restoration of the historical cost of the equity investment in Autogrill (Euro 7.49 per share), which had been impaired in previous years, in view of Autogrill's stock market performance which, in the previous year,

remained stably above the carrying value of such equity investment.

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

At December 31, 2018, Schematrentaquattro held cash and cash equivalents of Euro 22.1 million, following collection, in June 2018, of the dividends distributed by the subsidiary Autogrill.

Autogrill S.p.A.

(controlling interest at December 31, 2018: 50.1% through the sub-holding Schematrentaquattro)

The following table shows key figures from the consolidated financial statements of the subsidiary Autogrill at December 31, 2018, compared against those of the previous year.

(Millions of Euro)	Consolidated financial statements		Change	
	2018	2017	Absolute	%
Revenues	4,695	4,595	100	2.2
EBITDA	387	399	(12)	(3.0)
Income/(Loss) for the year, group	69	96	(27)	(28.1)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	741	695	46	
Net financial indebtedness/(Cash)	671	544	127	

Benetton S.r.l.

(formerly Schematrentasette S.r.l., controlling interest at December 31, 2018: 100%)

On May 11, 2018, the deed of merger by incorporation of Schematrentotto S.r.l. into Schematrentasette S.r.l. was signed. Schematrentasette S.r.l. then changed its name to Benetton S.r.l. The company holds the equity investments

in Benetton Group S.r.l. ("Benetton Group") and Olimpias Group S.r.l. ("Olimpias Group"), which head the Clothing and Textiles sectors, respectively.

Benetton Group S.r.l. (controlling interest at December 31, 2018: 100% through the sub-holding Benetton S.r.l.)

Key figures from the consolidated financial statements of Benetton Group for the year ended December 31, 2018, are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Consolidated financial statements		Change	
	2018	2017	Absolute	%
Revenues	1,230	1,280	(50)	(3.9)
EBITDA	(41)	(75)	34	(45.3)
Income/(Loss) for the year, group	(115)	(181)	66	(36.5)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	383	429	(46)	
Net financial indebtedness/(Cash)	91	114	(23)	

Olimpias Group S.r.l. (controlling interest at December 31, 2018: 100% through the sub-holding Benetton S.r.l.)

Key figures from the consolidated financial statements of Olimpias Group for the year ended December 31, 2018, are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Consolidated financial statements		Change	
	2018	2017	Absolute	%
Revenues	288.4	299.1	(10.7)	(3.6)
EBITDA	1.4	(1.7)	3.1	n.s.
Income/(Loss) for the year, group	(12.4)	(13.9)	1.5	(11.0)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	178.1	189.3	(11.2)	
Net financial indebtedness/(Cash)	(2.2)	(23.3)	21.1	

Edizione Property S.p.A.

(controlling interest at December 31, 2018: 100%)

Key figures from the consolidated financial statements of Edizione Property S.p.A. for the year ended December 31, 2018, are summarised below, with comparative figures from the previous year:

(Millions of Euro)	Consolidated financial statements		Change	
	2018 *	2017 *	Absolute	%
Rental income	43.9	46.2	(2.3)	(5.0)
Real Estate EBITDA	38.4	40.7	(2.3)	(5.7)
Income/(Loss) for the year, group	15.8	20.4	(4.6)	(22.5)
	12.31.2018 *	12.31.2017 *	Change	
Shareholders' equity	568.5	542.8	25.7	
Net financial indebtedness/(Cash)	221.1	226.6	(5.5)	

* The economic results and balance sheet items related to the agricultural sector have been reclassified respectively in a single

line of the income statement and of the balance sheet in accordance with the provisions of the IFRS 5.

On December 11, 2018, the company finalised the purchase of a historical property of around 25,000 square metres in the historical centre of Rome, for a total investment of Euro 150 million. The asset has unique characteristics due to its location, visibility, size, quality and architectonic prestige,

along with the perfect functionality of its spaces for future use as a hotel.

In 2018, rental income of Euro 43.9 million related to the management of real properties mainly intended for commercial use.

Maccarese S.p.A. società agricola

(controlling interest at December 31, 2018: 100%)

Key figures of the company for the year ended December 31, 2018 and 2017, are shown below:

(Millions of Euro)	Separate financial statements		Change	
	2018	2017	Absolute	%
Revenues	12.0	12.0	-	-
Income/(Loss) for the year	0.4	0.8	(0.4)	(50.0)
	12.31.2018	12.31.2017	Change	
Shareholders' equity	32.8	32.5	0.3	
Net financial indebtedness/(Cash)	6.6	6.1	0.5	

Key figures of the company for the year ended December 31, 2018 and 2017, are shown below:

(Millions of Euro)	Separate financial statements		Change	
	2018	2017	Absolute	%
Dividends and other income from equity investments	49.2	-	49.2	n.s.
Operating costs	(0.3)	0.0	(0.3)	n.s.
Income taxes	(0.5)	-	(0.5)	n.s.
Income for the year	48.4	0.0	48.4	n.s.
	12.31.2018	12.31.2017	Change	
Shareholders' equity	974.5	0.1	974.4	
Net financial indebtedness/(Cash)	18.1	-	18.1	

Through transfers in kind, Schematrentatre received the equity investments in Assicurazioni Generali and Mediobanca held by Edizione.

Following the transfer, the company further increased its interest in the capital of Assicurazioni Generali and, at December 31, 2018, held 52,130,000 Assicurazioni Generali shares, equal to 3.331% of the share capital. The equity investment held in Mediobanca, 18,625,029 shares, equal to 2.10% of the share capital, remained unchanged on the date of transfer.

Dividends and other income from equity investments comprises Euro 40.5 million for the dividends received from Assicurazioni Generali on May 23, 2018, and Euro 8.7 million received from Mediobanca on November 21, 2018.

The change in shareholders' equity reflects the effects of the capital increase by Edizione through the transfer in kind of the equity investments discussed above.

Net financial indebtedness included the debt of the intercompany current account with Edizione and the payable to a brokerage company for the purchase of Assicurazioni Generali shares, which occurred at the end of the year and was settled in 2019, net of cash and cash equivalents.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE FINANCIAL YEAR

Connect capital increase

On March 6, 2019, the shareholders' meeting of the subsidiary Connect resolved a capital increase of Euro 354 million, of which Sintonia's pro-rata share amounted to around Euro 212.4 million, for the purpose of underwriting the capital increase of Cellnex Telecom S.A. resolved on February 28, 2019, for a total of Euro 1.2 billion.

Purchases of Assicurazioni Generali shares

In the first months of 2019, Schematrentatre acquired on the market 10,670,000 shares of Assicurazioni Generali for an amount of Euro 161.2 million, increasing its equity investment to 4.012% of the share capital, for a total investment of Euro 972.8 million.

Purchases of Prysmian shares

In the first months of 2019, the Company acquired on the market 6,614,018 shares of Prysmian S.p.A., amounting to 2.467% of the share capital, for an amount of Euro 120.6 million. In total, Edizione holds 7,776,183 shares, amounting to 2.9% of the share capital, for a total investment of Euro 140.3 million.

Reorganisation of the equity investments in the agricultural sector

On February 25, 2019, the Shareholders' Meeting of Edizione approved the plan for demerger of the equity investments held directly and indirectly in the agricultural sector (Maccarese S.p.A., Compañía de Tierras Sud Argentino S.A. and Ganadera Condor S.A.) in a newly established beneficiary company.

OTHER INFORMATION

No research and development costs were incurred during the year given Edizione's activities as a holding company. At December 31, 2018, Edizione 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. For the following aspects, refer to the Notes to the separate financial statements:

- in Note 38 – Financial risk management are described the financial risks of the Company;
- in Note 39 – Related party transactions are detailed the Company's transactions with related parties.

OUTLOOK FOR 2019

On the basis of resolutions taken by Edizione's subsidiaries, dividends are expected to increase in 2019, while operating costs are likely to be stabilised.

FINANCIAL STATEMENTS AT DECEMBER 31, 2018

STATEMENT OF FINANCIAL POSITION

(Euro)	12.31.2018	12.31.2017	01.01.2017	Note
ASSETS				
Non-current assets				
Property, plant and equipment				1
Land and buildings	-	-	-	
Investment property	-	-	-	
Plant, machinery and equipment	79,367	137,327	195,287	
Furniture, furnishings and electronic equipment	105,862	121,970	141,538	
Other property, plant and equipment	-	-	-	
Assets under construction and advances	-	-	-	
Total property, plant and equipment	185,229	259,297	336,825	
Intangible assets				2
Goodwill and other intangible assets of indefinite useful life	-	-	-	
Intangible assets of finite useful life	6,494	18,463	24,419	
Total intangible assets	6,494	18,463	24,419	
Other non-current assets				
Equity investments in subsidiaries	3,388,562,450	1,504,602,481	2,359,935,324	3
Equity investments in associates	5,229,976	5,229,976	5,233,826	4
Equity investments in other companies	19,697,348	511,300,802	351,008,671	5
Investment securities	15,961,855	275,515,830	509,599,157	6
Other non-current financial assets	21,031,891	895,866	381,000	7
Other non-current receivables	16,293	1,357,595	673,572	8
Deferred tax assets	3,859	-	591,039	9
Total other non-current assets	3,450,503,672	2,298,902,550	3,227,422,589	
Total non-current assets	3,450,695,395	2,299,180,310	3,227,783,833	
Current assets				
Inventories	-	-	-	
Trade receivables	119,717	307,952	434,454	10
Tax receivables	19,857,581	20,528,621	21,843,361	11
Other current receivables, accrued income and prepaid expenses	3,128,061	4,170,019	9,689,310	12
Other current financial assets	97,711,823	2,123,670	140,515,849	13
Other investments	-	-	14,774,910	
Cash and cash equivalents	393,948,497	1,622,775,928	939,874,183	14
Total current assets	514,765,679	1,649,906,190	1,127,132,067	
Assets held for sale	-	-	-	
TOTAL ASSETS	3,965,461,074	3,949,086,500	4,354,915,900	

(Euro)	12.31.2018	12.31.2017	01.01.2017	Note
SHAREHOLDERS' EQUITY				
Share capital	1,500,000,000	1,500,000,000	1,500,000,000	15
Fair value reserve	(222,759)	78,999,438	18,239,099	16
Other reserves	2,272,337,819	1,948,976,840	1,780,991,849	17
Income/(Loss) for the year	171,942,965	377,681,848	307,984,991	
Total Shareholders' equity	3,944,058,025	3,905,658,126	3,607,215,939	
LIABILITIES				
Non-current liabilities				
Bonds	-	-	-	
Medium and long-term loans	-	-	-	
Other non-current liabilities	-	685,224	1,010,802	18
Lease financing	-	-	-	
Other non-current financial liabilities	-	-	-	
Provisions for employee benefits	549,691	632,462	624,560	19
Deferred tax liabilities	-	3,336,833	-	20
Non-current provisions and liabilities	-	-	-	
Total non-current liabilities	549,691	4,654,519	1,635,362	
Current liabilities				
Trade payables	906,806	1,846,856	979,148	21
Other payables, accrued expenses and deferred income	16,990,313	20,307,918	19,440,043	22
Income tax liabilities	-	-	-	
Current provisions and liabilities	-	-	-	
Current portion of bonds	-	-	-	
Current portion of medium and long-term loans	-	-	-	
Current portion of lease financing	-	-	-	
Other current financial liabilities	2,956,239	16,619,081	725,645,408	23
Payables to banks	-	-	-	
Total current liabilities	20,853,358	38,773,855	746,064,599	
Liabilities held for sale	-	-	-	
Total liabilities	21,403,049	43,428,374	747,699,961	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,965,461,074	3,949,086,500	4,354,915,900	

INCOME STATEMENT

(Euro)	2018	2017	Note
Revenues	754,162	563,308	24
Other revenues and operating income	2,061	50,874	25
Payroll costs	(8,028,439)	(5,261,930)	26
Costs of services	(4,856,838)	(6,457,120)	27
Leases and rentals	(1,842,400)	(1,698,032)	28
Other operating costs	(2,578,953)	(2,339,275)	29
Depreciation of property, plan and equipment and amortisation of intangible assets	(122,826)	(125,194)	30
Impairment of property, plan and equipment	-	-	
Impairment of doubtful accounts	-	(1,228,386)	31
Provisions for risks	-	-	
Operating result	(16,673,233)	(16,495,755)	
Financial income	194,298,576	783,676,907	32
Impairment of equity investments and investment funds	(2,184,858)	(386,034,642)	33
Financial charges	(7,457,469)	(850,626)	34
Foreign currency hedging gains/(losses) and exchange differences	(1,506)	(62)	35
Income before taxes	167,981,510	380,295,822	
Income taxes	3,961,455	(2,613,974)	36
Profit/(Loss) from assets held for sale and discontinued operations	-	-	
Income/(Loss) for the year	171,942,965	377,681,848	

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	2018	2017
Income/(Loss) for the year	171,942,965	377,681,848
Income/(Losses) from fair value measurements of equity investments	-	59,064,177
Capital gains/(losses) from disposal of equity investments valued at fair value	16,456,932	1,696,162
Total other comprehensive income for the year	16,456,932	60,760,339
Comprehensive income/(loss) for the year	188,399,897	438,442,187

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Euro)	Share capital	Fair value reserve	Other reserves	Income/(Loss) for the year	Total
Balance at 01.01.2017	1,500,000,000	18,239,099	1,780,991,849	307,984,991	3,607,215,939
Carry forward of 2016 income	-	-	307,984,991	(307,984,991)	-
Dividends distributed	-	-	(140,000,000)	-	(140,000,000)
Capital increases/(reimbursements)	-	-	-	-	-
Other movements	-	-	-	-	-
Comprehensive income for the year	-	60,760,339	-	377,681,848	438,442,187
Balance at 12.31.2017	1,500,000,000	78,999,438	1,948,976,840	377,681,848	3,905,658,126
Carry forward of 2017 income	-	-	377,681,848	(377,681,848)	-
Dividends distributed	-	-	(150,000,000)	-	(150,000,000)
Capital increases/(reimbursements)	-	-	-	-	-
Other movements	-	(95,679,129)	95,679,131	-	2
Comprehensive income for the year	-	16,456,932	-	171,942,965	188,399,897
Balance at 12.31.2018	1,500,000,000	(222,759)	2,272,337,819	171,942,965	3,944,058,025
Note	15	16	17		

CASH FLOW STATEMENT

(Euro)	2018	2017
Operating activities		
Income/(Loss) for the year	171,942,965	377,681,848
Income taxes	(3,961,455)	2,613,974
Income before taxes	167,981,510	380,295,822
Adjustments:		
- depreciation and amortisation	122,826	125,194
- impairment of doubtful accounts	-	1,228,386
- provisions for employee termination indemnities	240,281	176,000
- income from investment funds	(5,599,608)	(1,480,348)
- dividends from subsidiaries	(186,590,000)	(753,773,943)
- dividends from other companies	-	(19,628,523)
- impairment of equity investments and investment funds	170,606	399,851,948
- (capital gains)/losses from sale of investment funds	7,260,600	(5,940,170)
- fair value adjustments	2,184,858	(13,817,306)
- net financial (income)/charges	(2,081,200)	(2,003,235)
Cash flow from operating activities before changes in working capital	(16,310,127)	(14,966,175)
Cash flow provided/(used) by changes in working capital	(1,287,714)	7,568,684
Cash flow provided/(used) by changes in non-current assets and liabilities	198,386	304,297
Payment of employee termination indemnities	(323,052)	(168,098)
Net interest received/(paid)	2,091,385	(10,427,724)
Cash flow provided/(used) by operating activities	(15,631,122)	(17,689,016)
Investing activities		
Operating investments	(36,787)	(41,710)
(Purchase)/Disposals of equity investments	(417,570,627)	(102,709,103)
(Investments)/divestments in investment funds	(4,643,383)	(1,181,866)
Capital increases	(958,500,000)	(50,509)
Liquidation of investment funds	254,751,900	255,122,000
Dividends from subsidiaries, from equity investments and from investment funds	192,189,608	774,882,814
Cash flow generated/(used) by investing activities	(933,809,289)	926,021,627
Financing activities		
Change in Shareholders' equity	-	-
Net changes in other sources of financing	(129,387,020)	(85,430,866)
Dividend payments and distribution of capital reserves	(150,000,000)	(140,000,000)
Cash flow provided/(used) by financing activities	(279,387,020)	(225,430,866)
Increase/(Decrease) in cash and cash equivalents	(1,228,827,431)	682,901,745
Cash and cash equivalents at the beginning of the period	1,622,775,928	939,874,183
Cash and cash equivalents at the end of the period	393,948,497	1,622,775,928

NOTES TO THE FINANCIAL STATEMENTS

Company profile

Set up in 1981, Edizione S.r.l., wholly-owned by the Benetton family, at December 31, 2018, held controlling and non-controlling interests in companies operating in the following business segments:

- Transport Infrastructure;
- Digital Infrastructure;
- Food and Beverage;
- Clothing and Textiles;
- Real Estate and Agriculture, and
- Financial Institutions.

The Company's registered office is in Piazza del Duomo 19, Treviso, Italy and it has a branch in Corso di Porta Vittoria 16, Milan, Italy. The Company's duration is currently set to December 31, 2050.

These draft financial statements for the year ended at December 31, 2018, were approved by the Company's Board of Directors at the meeting of May 21, 2019.

As the Company holds controlling interests in other companies, it also prepares the consolidated financial statements of the Group, published along with these separate financial statements.

Form and content of the financial statements

The financial statements at December 31, 2018, have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and approved by the European Commission in force at the balance sheet date, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force at that date. The voluntary adoption of those standards enables the alignment with the accounting standards previously applied by the Company in drawing up the consolidated financial statements of the Group. The section Transition to the International Accounting Standards of these financial statements describes the effects of the adoption of the international accounting standards on the Company.

These financial statements are composed of the accounting statements (statement of financial position, income statement, statement of changes in shareholders' equity and cash flow statement) and these Notes, applying that set out in IAS 1 "Presentation of Financial Statements" and the general principle of historical cost, with the exception of financial statement items which, in accordance with IFRS, are measured at fair value, as specified in the individual accounting policies. The statement of financial position follows the format whereby assets and liabilities are split into current and non-current, while in the income statement, costs are grouped by nature. The cash flow statement has been prepared using the indirect method. The IFRS were applied in line with the indications provided in the Framework for the Preparation and Presentation of Financial Statements, and no critical issues arose which required the use of exceptions pursuant to IAS 1.

The statement of financial position, income statement, statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement are presented in Euros. The Notes are presented in thousands of Euros, save for where otherwise indicated. The Euro is both Edizione's functional currency and the currency of presentation of the financial statements.

Each item in the accounting statements is compared to the corresponding value for the previous year.

In addition to that illustrated in the Directors' Report on Operations, in 2018, as in 2017, no atypical or unusual transactions were implemented, either with third parties or with related parties, with significant effects on the economic-financial data of the Company.

Accounting standards and policies

International Accounting Standards

For preparation of its annual financial statements, the Company has used the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) published by the International Accounting Standards Board (IASB) and approved by the European Union and the interpretations issued thereby (IFRIC and SIC). IFRS means International Financial Reporting Standards including International Accounting Standards (IAS), supplemented by the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

The financial statements of the Company for 2018 and of the years set as comparisons were prepared in accordance with the aforesaid standards and interpretations.

Application of IFRS

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on January 1, 2018:

Details	IASB adoption	EU adoption
IFRS 9 – Financial Instruments	January 1, 2018	November 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018	September 2016
Amendments to IFRS 15 – Revenue from Contracts with Customers	January 1, 2018	October 2017
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	January 1, 2018	November 2017
Improvements to IFRS – 2014-2016 cycle	January 1, 2018	February 2018
Classification and measurement of share-based payment transactions (Amendments to IFRS 2)	January 1, 2018	March 2018
Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018	March 2018
Interpretation of IFRIC 22 – Foreign Currency Transactions and Advance Consideration	January 1, 2018	March 2018

The Company adopted early application of the international accounting standard IFRS 9 - Financial Instruments for the comparative figures of 2017. Based on the provisions of that standard, the Company exercised the option to measure equity instruments at fair value through other comprehensive income. Therefore, the valuation and realisation effects relating to the disposal of those equity instruments are recognised in the statement of comprehensive income. Only dividends collected on those financial instruments are recorded in the income statement. Moreover, units of investments funds are classified as financial assets at fair value through profit or loss.

Refer to the section Transition to the International Financial Reporting Standards (IAS/IFRS) of Edizione S.r.l. for a detailed description of the effects of the application of that standard in 2017.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on January 1, 2019:

Details	IASB adoption	EU adoption
IFRS 16 – Leases	January 1, 2019	October 2017
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019	March 2018
Interpretation of IFRIC 23 – Uncertainty over Income Tax Treatments	January 1, 2019	October 2018

IFRS 16 – Leases

IFRS 16 introduces a single accounting model of reference in which the lessee shall recognise the assets and the liabilities deriving from each lease agreement with more than 12 months duration, recognising in profit or loss the amortisation of the right to use the asset and the financial charges connected with the liability. This standard does not apply to service agreements. The new standard requires the recognition of assets and liabilities for all existing leases (which implies the determination of the net present value at January 1, 2019, by discounting guaranteed minimum fixed payments).

At the date of these financial statements the process of assessing the accounting impacts that the application of that standard will have of the Company's statement of financial position was being finalised. The Company applied the option to adopt that standard using the modified retrospective approach. Based on the analyses conducted, it is estimated that at January 1, 2019, the Company's financial position will see an increase of around Euro 8 million and an increase in non-current assets of the same amount.

As regards the other standards, no significant material effects on the Company's statement of financial position are expected. Below are the new accounting standards and the respective applications, not yet endorsed by the European Union, which may in the future be applied:

Details	IASB adoption	EU adoption
IFRS 14 – Regulatory Deferral Accounts	N.E.	Not adopted
IFRS 17 – Insurance Contracts	January 1, 2021	Not adopted
Sale or Contribution of Assets between an investor and its associates or joint-ventures (Amendments to IFRS 10 and IAS 28)	N.E.	Not adopted
Long-term interests in associates and joint-ventures (Amendments to IAS 28)	January 1, 2019	Not adopted
Annual improvements to IFRS Standards (2015-2017 Cycle)	January 1, 2019	Not adopted
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	January 1, 2019	Not adopted
Amendments to References to the conceptual framework in IFRS Standards	January 1, 2020	Not adopted
Definition of business (Amendments to IFRS 3)	January 1, 2020	Not adopted
Definition of material (Amendments to IAS 1 and IAS 8)	January 1, 2020	Not adopted

Accounting policies

The most important accounting standards and policies applied in preparing the separate financial statements at December 31, 2018, are described below.

These financial statements have been prepared on a going concern basis, matching costs and revenues to the accounting periods to which they pertain and applying the historical cost principle to all items except those that in accordance with IFRS are measured at fair value, as specified in the individual accounting policies. The statement of financial position follows the format whereby assets and liabilities are split into current and non-current, while in the income statement, costs are grouped by nature. The cash flow statement has been prepared using the indirect method.

Property, plant and equipment

These are recognised at purchase cost, including directly attributable ancillary expenses.

The value of property, plant and equipment is depreciated on a straight-line basis over its useful life.

The residual value and useful life of an asset is reviewed at least at every financial year-end; if, regardless of depreciation already recorded, an impairment loss occurs according to the rules of IAS 36, the asset is correspondingly written down in value. Property, plant and equipment is derecognised on sale or if the facts and circumstances giving rise to the future expected benefits cease to exist. Any gains or losses (determined as the difference between the disposal proceeds, less costs to sell, and/or the carrying amount of the asset) are recognised in the income statement for the year in which the asset is sold.

Intangible assets

Intangible assets are measured initially at cost, normally defined as their purchase price, inclusive of any ancillary charges.

After initial recognition, intangible assets are carried at cost, less accumulated amortisation and any accumulated impairment losses calculated in accordance with IAS 36.

Intangible assets are amortised unless they have indefinite useful lives.

Amortisation, which starts from the time the intangible asset starts producing the related economic benefits, is applied systematically over the intangible asset's useful life according to the estimated future economic use.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are carried at cost, including directly attributable ancillary expenses. The cost is adjusted for any impairment, in accordance with the criteria set out in IAS 36. The value is subsequently restored if the reasons for the adjustments no longer apply, without exceeding the original cost of the equity investment.

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
- Benetton S.r.l. Euro 379,253

Equity investments in other companies, classified in the residual category envisaged by IFRS 9, are measured at fair value through profit or loss. In the event of investments in equity instruments not held for trading, on initial recognition, the entity may irrevocably choose to measure these at fair value, recognising the subsequent changes in the statement of comprehensive income.

If the fair value cannot be reliably measured, equity investments are valued at cost, net of impairment losses.

Held for sale investments or those acquired as a temporary investment are recognised at the lower of their carrying value and fair value, less any costs to sell.

Financial assets

Classification and related measurement of financial assets is carried out considering both the management model and the contractual characteristics of the cash flows obtainable from those assets.

Financial assets are measured at amortised cost, where the objective is to hold them for the purpose of collecting the cash flows generated at present dates.

The financial asset is measured at fair value, with recognition of the effects in the statement of comprehensive income, if the objectives of the management model are to hold the financial asset to obtain its related contractual cash flows or to sell it.

Lastly, there is the residual category of financial assets measured at fair value through profit or loss, which includes assets held for trading.

Trade receivables

Receivables are initially recognised at fair value and are subsequently stated at amortised cost, using the effective interest rate method, net of provisions for doubtful accounts. The amount of the provisions is based on the present value of expected future cash flows. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Cash and cash equivalents

These include cash, current accounts at banks and post offices, demand deposits, and other short-term financial investments that are highly liquid, easily convertible to cash, and subject to insignificant risk of change in value. They are stated at nominal value.

Trade payables

Payables are initially recorded at cost, which corresponds to fair value, net of directly attributable transaction costs.

They are subsequently recognised at amortised cost, using the original effective interest rate method.

The implicit interest component included in medium/long-term payables is recorded separately using an appropriate market rate.

Financial liabilities

Financial liabilities are divided into three categories:

- liabilities acquired with the intention of making a profit from short-term price fluctuations or that are part of a portfolio held for short-term profit. These are recorded at fair value, with the related gains and losses recognised in the income statement;
- other liabilities (bank overdrafts, loans, bonds), which are initially recorded at fair value, on the basis of the amounts received net of transaction costs, and are subsequently stated at amortised cost using the effective interest rate method;
- convertible bonds, which are financial instruments comprised of a liability component and an equity component. The fair value of the liability component is estimated as of the issue date using the going market interest rate for similar, non-convertible bonds. The difference between the net amount raised by the issue and the fair value assigned to the liability component, which represents the implicit option to convert the bonds into shares of the Company, is posted to shareholders' equity under other reserves.

Employee benefits

All employee benefits are recognised and disclosed on an accruals basis.

Due to changes in the system of Italian employee termination indemnities (Trattamento di Fine Rapporto or TFR) brought about by Law no. 296 of December 27, 2006 and by the decrees and regulations issued in early 2007 (the "Social Security Reform"), the Company has adopted the following accounting rules:

- TFR accrued at December 31, 2006 is treated as a defined-benefit plan in accordance with IAS 19. The benefits promised to employees in the form of TFR, which are paid upon termination of service, are recognised in the period when the right matures;
- TFR accrued from January 1, 2007 is treated as a defined-contribution plan, so contributions accrued during the period are fully recognised as costs and shown as a liability under employee termination indemnities and other employee benefit provisions.

Financial income and charges

Interest income and charges are recorded on a time-proportion basis.

Dividends

Dividends are recorded when the shareholders' right to receive payment is established, following a resolution by the shareholders of the investee company.

Expense recognition

Costs and expenses have been recognised according to the accrual principle.

Recoveries of costs borne on behalf of others are recognised as a deduction from the related cost.

Income taxes

Taxes recognised in the income statement represent the amount of current income taxes and deferred taxes.

The charge for income taxes pertaining to the year is determined based on current regulations, and is recorded in the income statement, with the exception of that relating to items directly debited from or credited to shareholders' equity (in those cases, the taxes are directly recognised in shareholders' equity).

Deferred taxes are recorded on temporary differences between statement of financial position values and the corresponding values recognised for tax purposes and in relation to the fiscal deferral or deductibility of revenues and costs.

Deferred tax assets are recorded for all temporary differences to the extent it is probable that taxable income will be available against which the deductible temporary difference can be recovered. The same principle is applied to the recognition of deferred tax assets on the carry forward of unused tax losses. The carrying value of deferred tax assets is reviewed at every balance sheet date and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be available to recover all or part of the asset.

Deferred tax liabilities, save for specific exceptions, are always recognised.

Deferred tax assets and liabilities are calculated using tax rates which are expected to apply in the period when the asset is realised or the liability settled, using the tax rates and tax regulations which are in force at the balance sheet date.

It is possible to offset deferred tax assets and liabilities only if there is a legal right to offset the current tax balances, if the deferred balances refer to taxes levied by the same tax authorities, and if the Company intends to settle current tax balances on a net basis.

Tax assets and liabilities for current taxes are only offset if there is a legally enforceable right to set off the recognised amounts and if it is intended to settle or pay on a net basis or to realise the asset and settle the liability simultaneously.

Since 2007 the Company has adopted, as the Consolidating Company, the National Consolidated Taxation System (pursuant to art. 114 et seq. of the TUIR); 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, 2018, the following companies participated in the National Consolidated Taxation System:

1	Benetton S.r.l.	12	Autogrill S.p.A.
2	Benetton Group S.r.l.	13	Autogrill Advanced Business Services S.p.A.
3	Retail Italia Network S.r.l.	14	Autogrill Europe S.p.A.
4	Benetton Servizi S.r.l.	15	Autogrill Italia S.p.A.
5	Villa Minelli società agricola a r.l.	16	Nuova Sidap S.r.l.
6	Fabrica S.r.l.	17	Schematrentatre S.p.A.
7	Ponzano Children S.r.l.	18	Sintonia S.p.A.
8	Verde Sport S.r.l.	19	Schematrentaquattro S.p.A.
9	Olimpias Group S.r.l.	20	Edizione Property S.p.A.
10	Maccarese S.p.A. società agricola	21	Property Due S.r.l.
11	San Giorgio S.r.l.	22	Edizione Alberghi S.r.l.

Estimates and measurements

As envisaged by the IFRS, the preparation of the financial statements requires the creation of estimates and measurements that are reflected in the determination of the carrying values of assets and liabilities, as well as in the related information provided in the notes, also with regard to potential assets and liabilities existing at the end of the year. Those estimates are mainly used for the valuation of equity investments in associates and to determine current taxes and deferred tax assets and liabilities. The actual results subsequently recognised could thus differ from those estimates. Therefore, the estimates and measurements are revised and updated periodically and the effects of all of their changes are immediately reflected in the financial statements.

Cash flow statement

In compliance with IAS 7, the cash flow statement, prepared using the indirect method, reports the Company’s ability to generate “cash and cash equivalents”. Other cash equivalents comprise short-term highly liquid financial investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity, that is when the original maturity is shorter than three months.

Bank overdrafts qualify as borrowings, unless they are payable on demand and form an integral part of an enterprise’s cash and cash equivalents management, in which case they are classified as a component of cash and cash equivalents. Cash and cash equivalents included in the cash flow statement comprise the statement of financial position amounts for this item at the reporting date. Cash flows in foreign currencies are translated at the average exchange rate for the period. Income and expenses relating to interest, dividends received and income taxes are included in cash flow from operating activities.

In the Company’s layout, the following are reported separately:

- operating cash flow: cash flow from operating activities is presented using the indirect method; this method adjusts income for the year for the effects of items which did not result in cash outflows or generate liquidity (i.e. non-cash transactions);
- investing cash flow: investing activities are reported separately, in part because they are indicative of investments/divestments aimed at the future generation of revenues and positive cash flows;
- financing cash flow: financing activities consist of the cash flows which determine a change in the size and composition of shareholders’ equity and loans granted.

COMMENTS ON ASSETS ITEMS

(All figures in thousands of Euro)

NON-CURRENT ASSETS

1 — Property, plant and equipment

The gross value, accumulated depreciation and impairment, and net book value of the property, plant and equipment are detailed below:

(Thousands of Euro)	12.31.2018			12.31.2017		
	Gross value	Accumulated depreciation and impairment	Net value	Gross value	Accumulated depreciation and impairment	Net value
Plant, machinery and equipment	339	(259)	80	339	(202)	137
Furniture, furnishings and electronic equipment	1,313	(1,208)	105	1,276	(1,154)	122
Total	1,652	(1,467)	185	1,615	(1,356)	259

The following table reports changes in 2018 and in 2017 in property, plant and equipment, stated net of accumulated depreciation.

(Thousands of Euro)	Plant, machinery and equipment	Furniture, furnishings and electronic equipment	Total
Balance at 01.01.2017	195	142	337
Additions	-	32	32
Disposals	-	-	-
Depreciation	(58)	(52)	(110)
Impairment	-	-	-
Other movements	-	-	-
Balance at 12.31.2017	137	122	259
Additions	-	37	37
Disposals	-	(1)	(1)
Depreciation	(57)	(53)	(110)
Impairment	-	-	-
Other movements	-	-	-
Balance at 12.31.2018	80	105	185

2 — Intangible assets

The balance of this item at December 31, 2018, came to Euro 6 (Euro 18 at December 31, 2017), decreasing by Euro 12 compared to the previous year due to the annual amortisation charges.

3 – Equity investments in subsidiaries

The movements during the year in equity investments in subsidiaries are shown below:

(Thousands of Euro)	Carrying value at 01.01.2018			Increases	Adjustments	Decreases	Carrying value at 12.31.2018		
	Cost	Revaluations/ (Accumulated impairment)	Carrying value				No. of shares/ quotas	% held	Carrying value
Compañia de Tierras Sud Argentino S.A.	2,518	-	2,518	-	-	-	6,882,857	5.00	2,518
Ganadera Condor S.A.	545	-	545	-	-	-	57,803	5.00	545
Edizione Property S.p.A.	92,961	52	93,013	-	-	-	4,000	100.00	93,013 ¹
Maccarese S.p.A. società agricola	32,397	-	32,397	-	-	-	34,485,805	100.00	32,397
San Giorgio S.r.l.	10,544	(4,200)	6,344	-	-	-	-	100.00	6,344
Schemaquattordici S.p.A. – in liquidation	-	-	-	-	-	-	2,949,526	58.99	-
Schematrentatre S.p.A.	181	-	181	926,000	-	-	1,000,000	100.00	926,181
Schematrentaquattro S.p.A.	1,806,374	(850,847)	955,527	-	-	-	100,000,000	100.00	955,527
Schematrentasei S.r.l. – in liquidation	20	-	20	-	-	(20)	-	-	-
Benetton S.r.l. (formerly Schematrentasette S.r.l.)	187,907	363	188,270	55,000	8,763	-	-	100.00	252,033 ²
Schematrentotto S.r.l.	8,746	17	8,763	-	(8,763)	-	-	-	-
Schemaquaranta S.r.l. – in liquidation	310	-	310	-	-	(310)	-	-	-
Schemaquarantuno S.r.l. – in liquidation	210	-	210	-	-	(210)	-	-	-
Sintonia S.p.A.	208,747	-	208,747	900,000	-	-	1,000,000	100.00	1,108,747
Verde Sport S.r.l.	19,071	(11,368)	7,703	3,500	-	-	8,000,000	100.00	11,203
Bensec società consortile a r.l.	54	-	54	-	-	-	-	45.00	54
Total			1,504,602	1,884,500	-	(540)			3,388,562

¹ of which revaluation of Euro 52 thousand.

² of which revaluation of Euro 379 thousand.

On March 26, 2018, the Company made payment for future capital increases and/or loss coverage in favour of the subsidiary Benetton S.r.l. for Euro 55 million.

On May 7, 2018, Edizione underwrote a capital increase, including the related share premium, of the subsidiary Schematrentatre, by the transfer in kind of the shares in Assicurazioni Generali (Euro 745 million) and Mediobanca (Euro 181 million) it held.

On July 9, 2018, Edizione underwrote a share capital increase of the subsidiary Sintonia (Euro 900 million).

In December 2018, the Company made payment for future capital increases and/or loss coverage in favour of the subsidiary Verde Sport S.r.l. (Euro 3.5 million).

In 2018 the liquidations of Schematrentasei S.r.l., Schemaquaranta S.r.l. and Schemaquarantuno S.r.l. resulted in the recognition of a capital loss of Euro 0.2 million.

The table below contains the information pursuant to Art. 2427, point 5 of the Italian Civil Code.

(amounts in Euro unless stated otherwise)

Name	Registered office	Share capital	Shareholders' equity	Profit/(Loss) for the year	No. of shares/quotas	Interest held	Carrying value
Edizione Property S.p.A.	Treviso – Piazza del Duomo, 19	4,000,000	618,183,705	96,786,133	4,000	100.00	93,013,193
Compañía de Tierras Sud Argentino S.A. ¹	Buenos Aires (Argentina) – Esmeralda, 684	3,190,105 (ARS 137,579,000)	25,341,357 (ARS 1,092,891,642)	603,719 (ARS 26,036,477)	6,882,857	5.00	2,518,635 ³
Ganadera Condor S.A. ¹	Buenos Aires (Argentina) – Esmeralda, 684	2,679,100 (ARS 115,541,000)	10,780,495 (ARS 464,928,266)	985,408 (ARS 42,497,478)	57,803	5.00	544,703 ³
Maccaresse S.p.A. società agricola	Maccaresse – Viale Maria, 423	34,485,805	32,848,120	360,754	34,485,805	100.00	32,396,959
San Giorgio S.r.l.	Maccaresse – Viale Maria, 20	100,000	6,034,150	(305,334)	-	100.00	6,344,013
Schemaquattordici S.p.A. - in liquidation	Treviso – Viale Felissent, 90	50,000	708,325	32,283	2,949,526	58.99	-
Schematrentatre S.p.A.	Treviso – Piazza del Duomo, 19	1,000,000	974,479,488	48,406,539	1,000,000	100.00	926,181,000
Schematrentaquattro S.p.A.	Treviso – Piazza del Duomo, 19	100,000,000	975,910,820	23,886,788	100,000,000	100.00	955,526,701
Benetton S.r.l. (formerly Schematrentasette S.r.l.)	Ponzano Veneto – Via Villa Minelli, 1	225,708,580	807,637,165	2,812,280	-	100.00	252,033,005
Sintonia S.p.A.	Treviso – Piazza del Duomo, 19	1,000,000	3,482,189,999	160,867,390	1,000,000	100.00	1,108,746,843
Verde Sport S.r.l.	Treviso – Strada di Nascimben, 1/b	8,000,000	9,552,719	(1,651,400)	8,000,000	100.00	11,203,040
Bensec società consortile a r.l. ²	Ponzano Veneto – Via Villa Minelli, 1	110,000	238,541	20,838	-	45.00	54,359

¹ The remaining 95% is held by the subsidiary Edizione Property S.p.A.

² An additional 16.5% is held by the subsidiary Edizione Property S.p.A.

³ The amounts in foreign currency are converted to Euro at the year-end exchange rates.

4 – Equity investments in associates

The balance of the item at December 31, 2018, amounting to Euro 5,230, refers to the value of the equity investment in Eurostazioni S.p.A., unchanged on the previous year.

(Euro)

Name	Location	Share capital	Shareholders' equity	Profit/(Loss) for the year	No. of shares	Interest held	Balance sheet value at 12.31.2018	Balance sheet value at 12.31.2017
Eurostazioni S.p.A. *	Roma – Via Montello, 10	16,000,000	19,549,560	393,218	52,333,333	32.71	5,229,976	5,229,976

* Financial statements as at July 31, 2018.

5 – Equity investments in other companies

Equity investments in other companies are classified, as permitted by IFRS 9, as Investments in equity instruments designated at fair value through other comprehensive income.

At December 31, 2018 and 2017, Investments in other companies were made up as follows:

(Thousands of Euro)	12.31.2018		12.31.2017	
	% held	Carrying value	% held	Carrying value
Assicurazioni Generali S.p.A.	-	-	1.39%	330,846
Mediobanca S.p.A.	-	-	2.10%	177,506
Banca Leonardo S.p.A.	-	-	1.83%	2,949
Prysmian S.p.A.	0.43%	19,697	-	-
Total		19,697		511,301

The table below shows changes during the year in Equity investments in other companies:

(Thousands of Euro)	Fair value at 12.31.2017	Additions	(Disposals)	Changes in Other Comprehensive Income		Fair value at 12.31.2018
				Capital gain/ (loss)	Fair value adjustments	
Assicurazioni Generali S.p.A.	330,846	401,191	(745,000)	12,963	-	-
Mediobanca S.p.A.	177,506	-	(181,000)	3,494	-	-
Banca Leonardo S.p.A.	2,949	-	(2,949)	-	-	-
Prysmian S.p.A.	-	19,697	-	-	-	19,697
Total	511,301	420,888	(928,949)	16,457	-	19,697

On May 7, 2018, the equity investments in Assicurazioni Generali and Mediobanca were transferred to the 100%-owned subsidiary Schematrentatre, as previously discussed in Note 3 – Equity investments in subsidiaries. The transfer generated a capital gain totalling Euro 16,457, recognised in the statement of other comprehensive income.

In April 2018, as a result of the agreements signed by and between the majority shareholders of Banca Leonardo for the sale of 67.67% of the company based on a tag-along clause set out in the by-laws, the entire equity investment in Banca Leonardo S.p.A. was sold. The carrying value of the equity investment at December 31, 2017, had already been aligned with the value of sale.

In December 2018, the Company acquired 1,162,165 shares of Prysmian S.p.A., amounting to 0.433% of the share capital. At the end of the year, the fair value of the equity investment was equal to the purchase cost.

6 – Investment securities

Based on the provisions of IFRS 9, investment funds are classified as financial assets at fair value through profit or loss. The fair value of investment funds at the balance sheet date matches the Net Asset Value at the same date.

At December 31, 2018 and 2017, the fair value of investment funds was made up as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Quaestio Opportunity Fund	-	262,012
21 Centrale Partners III investment fund	174	300
21 Investimenti II investment fund	1,685	6,230
21 Investimenti III investment fund	11,530	5,974
21 Centrale Partners V investment fund	2,528	1,000
Builders VC Fund I	45	-
Total	15,962	275,516

The movements during the year are shown in the table below:

(Thousands of Euro)	Fair value at 12.31.2017	Contri- butions	Reimburse- ments	Changes in Profit or Loss		Fair value at 12.31.2018
				Capital gain/ (loss)	Capital gain/(loss)	
Quaestio Opportunity Fund	262,012	-	(254,752)	(7,260)	-	-
21 Centrale Partners III investment fund	300	-	-	-	(126)	174
21 Investimenti II investment fund	6,230	48	(2,904)	-	(1,689)	1,685
21 Investimenti III investment fund	5,974	5,812	-	-	(256)	11,530
21 Centrale Partners V investment fund	1,000	1,620	-	-	(92)	2,528
Builders VC Fund I	-	67	-	-	(22)	45
Total	275,516	7,547	(257,656)	(7,260)	(2,185)	15,962

In October 2018, the Company liquidated the residual 250,000,000 units of Quaestio Opportunity Fund for an amount of Euro 254,752, realising a capital loss of Euro 7,260, recognised in profit or loss.

On November 9, 2018, the Company signed a limited partnership agreement with the venture capital fund Builders VC Fund I, L.P. with a capital commitment of USD 500 thousand.

7 – Other non-current financial assets

The breakdown of this item is as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Loan to Benetton S.r.l.	20,107	-
Loan to Verde Sport S.r.l.	-	288
Escrow amount related to Banca Leonardo S.p.A.	925	-
Accrued interest from bonds	-	608
Total other receivables	21,032	896

On March 26, 2018, Edizione entered into a three-year loan agreement with the subsidiary Benetton S.r.l. for a total amount of Euro 50 million, with a bullet repayment on maturity on March 26, 2021, including the interest accrued at market rates. The balance at December 31, 2018, refers to the first request for disbursement, made to the subsidiary on October 24, 2018, for Euro 20 million, and includes the interest accrued up to that date.

The balance of the item Escrow amount related to Banca Leonardo S.p.A., amounting to Euro 925, refers to an amount committed until 2021, provided as guarantee to the purchaser of Banca Leonardo S.p.A., as envisaged by the sale agreements signed by the Company in April 2018.

8 – Other non-current receivables

The balance of this item is made up as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Receivables from Tax Consolidation	-	1,342
Security deposits	16	16
Total	16	1,358

The change in the balance of Receivables from Tax Consolidation comprises Euro 702 for the collection of these receivables in 2018 and the rest is due to their reclassification to current assets, Note 12 – Other receivables, accrued income and prepaid expenses, as they mature on June 30, 2019.

9 – Deferred tax assets

At the balance sheet date, no temporary differences were recognised between the value of assets according to the tax rules and the corresponding value determined in accordance with the international accounting standards, nor were there costs or revenues deductible or taxable in subsequent years.

CURRENT ASSETS

10 — Trade receivables

The balance of this item at December 31, 2018, amounted to Euro 120 and mainly refers to receivables due from subsidiaries, the details of which are reported in Note 39 – Related party transactions.

11 — Tax receivables

This item includes:

(Thousands of Euro)	12.31.2018	12.31.2017
IRES refund due under Art. 2 of Decree Law 201/2011	15,749	15,749
IRES refund due under Art. 6 of Decree Law 185/2008	1	1
IRES receivable from Tax Consolidation	4,108	4,779
Total	19,858	20,529

The IRES (corporate income tax) refund requested refers to the option under Art. 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, as consolidating 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 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.

12 — Other current receivables, accrued income and prepaid expenses

Other current receivables are detailed in the table below:

(Thousands of Euro)	12.31.2018	12.31.2017
Receivables from Tax Consolidation	2,061	1,019
Receivables from Group companies for transfer of IRES credit	-	1,800
VAT receivables	503	1,264
Withholdings tax on foreign dividends	74	40
Other accrued income and prepaid expenses	481	38
Other	9	9
Total other receivables	3,128	4,170

The details of Receivables from Tax Consolidation are shown in Note 39 – Related party transactions.

Receivables from Group companies for transfer of IRES credit at December 31, 2017, referred to the transfer of the IRES credit, generated by the Tax Consolidation, to several companies participating in that scheme. Those receivables were collected during the year.

The receivable for Withholdings tax on foreign dividends comprises Euro 40 in withholding tax on foreign dividends for which an application for refund has been made in previous years, and Euro 33 in withholding tax during the current year on reimbursable fees received by non-resident companies.

Other accrued income and prepaid expenses mainly include the costs relating to the lease of the offices in Treviso and Milan and the costs for insurance and rental payments pertaining to the subsequent year but already recognized at the balance sheet date.

13 – Other current financial assets

The balance of this item is made up as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Receivables from intercompany current accounts	97,287	1,251
Accrued income and prepaid expenses	425	780
Loan to Verde Sport S.r.l.	-	93
Total	97,712	2,124

The details of Receivables from intercompany current accounts are shown in Note 39 – Related party transactions. These transactions are settled at market conditions.

The balance at December 31, 2018, comprises Euro 91.3 million for the receivable due from Schematrentatre and the residual amount of Euro 6.0 million for the receivable due from Sintonia.

Accrued income and prepaid expenses refer to interest accrued on savings bonds maturing in 2019.

The loan to the subsidiary Verde Sport S.r.l. was fully paid in advance in October 2018.

14 – Cash and cash equivalents

Cash and cash equivalents are represented by the positive balance of the current accounts and of the bank deposits of the Company with some credit institutions.

(Thousands of Euro)	12.31.2018	12.31.2017
Bank current accounts	393,945	1,622,770
Cash in hand	3	6
Total	393,948	1,622,776

COMMENTS ON SHAREHOLDERS' EQUITY ITEMS

(All figures in thousands of Euro)

15 — Share capital

At December 31, 2018, the share capital of Edizione S.r.l. amounted to Euro 1.5 billion, fully subscribed and paid in and divided into quotas.

16 — Fair value reserve

This item includes the change in fair value of equity investments, classified, as permitted by IFRS 9, as Investments in equity instruments designated at fair value through other comprehensive income.

The change on December 31, 2017, specifically reflects the effects of the transfer of the equity investments in Assicurazioni Generali and Mediobanca, as described in Note 5 – Equity investments in other companies. The item also includes the First Time Adoption reserve.

17 — Other reserves

Other reserves is made up as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Revaluation reserve pursuant to Law 72/83	1,215	1,215
Revaluation reserve pursuant to Law 576/75	15	15
Legal reserve	108,482	85,682
Extraordinary reserve	5,179	5,179
Merger surplus reserve	659,343	659,343
Reserve under Art. 1 of Law 169/83	79,923	79,923
Reserve under Law 904/77	1,369	1,369
Retained earnings and other reserves	1,416,812	1,116,251
Total	2,272,338	1,948,977

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

The increase in the Legal reserve derives from the allocation of 5% of the profit for the year resolved by the Shareholders' Meeting of July 2, 2018, since the reserve has not yet reached the limit under Art. 2430 of the Italian Civil Code.

The Extraordinary reserve consists entirely of income, and shows no change since the previous year.

The Merger surplus relates to the 2009 merger of the subsidiaries Edizione Holding S.p.A. and Sintonia.

The Reserve pursuant to Art. 1, Law 169/83 concerns the allocation made in accordance with Art. 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 listed on the stock market in 1986.

The capital injection Reserve under Law 904/77 is comprised of the reconstitution of the reserves of the merged companies Edizione Holding S.p.A. (Euro 1,201) and Sintonia (Euro 168).

On July 2, 2018, the Annual General Meeting of Edizione approved a dividend totalling Euro 150 million, paid during the course of the year.

The table pursuant to art. 2427 no. 7 bis of the Italian Civil Code is shown below:

(Euro)					
Type	Amount	Possibility of utilisation	Amount available	Summary of utilisations in the past three years	
				for loss coverage	for other purposes *
Share capital	1,500,000,000		-	-	-
Income-related reserves					
Revaluation reserve **	1,230,192	A B C	1,230,192	-	-
Reserve under Art. 1 of Law 169/1983 **	79,923,421	A B C	79,923,421	-	-
Capital injection reserve under Law 904/1977 **	1,368,640	A B C	1,368,640	-	-
Legal reserve	108,481,655	B	108,481,655	-	-
Extraordinary reserve	5,179,444	A B C	5,179,444	-	-
Retained earnings	1,400,511,476	A B C	1,398,397,748	-	-
Merger surplus reserve	659,342,583	A B C	659,342,583	-	166,682,406
Reserve from transition to IFRS	(222,759)	B	-	-	-
Other IAS reserves	16,300,408	A B C	16,300,408	-	-
Total	3,772,115,060		2,270,224,091	-	166,682,406
Non-distributable amount	-		110,595,381	-	-
Residual distributable amount			2,159,628,710		

A capital increase

B loss coverage

C dividend pay-out

* The item does not include the reclassifications between the reserves in shareholders' equity.

** Reserves that, if distributed to shareholders, would form part of the taxable income of the tax period in which they were distributed.

COMMENTS ON LIABILITY ITEMS

(All figures in thousands of Euro)

NON-CURRENT LIABILITIES

18 — Other non-current liabilities

At December 31, 2018, the balance of this item was zero. In the previous year, the item included the non-current portion of payables due to several companies participating in the Tax Consolidation. In 2018 the Company paid a portion of the payable of Euro 648, while the remaining Euro 37 was reclassified to Note 22 – Other payables, accrued expenses and deferred income, among current liabilities, as it expires on June 30, 2019.

19 — Provisions for employee benefits

The movements in employee termination indemnities is as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Initial balance	632	625
Uses	(322)	(169)
Provisions	240	176
Ending balance	550	632

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

20 — Deferred tax liabilities

At December 31, 2017, the item included the tax effect deriving from the fair value measurement of investment funds. At December 31, 2018, the balance of this item was zero, as no temporary differences were recognised between the value of assets according to the tax rules and the corresponding value determined in accordance with the international accounting standards.

CURRENT LIABILITIES

21 – Trade payables

The balance of this item at December 31, 2018, amounted to Euro 907, of which Euro 621 in payables due to subsidiaries, the details of which are reported in Note 39 – Related party transactions.

22 – Other payables, accrued expenses and deferred income

This item is summarised as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Payables from Tax Consolidation	103	3,358
IRES refund due under Art. 2 of Decree Law 201/2011	15,748	15,748
IRES refund due under Art. 6 of Decree Law 185/2008	1	1
Payables to social security institutions	234	230
Payables to employees and consultants	305	416
Payables to Tax Authorities	580	547
Other expenses and deferred income	19	8
Total	16,990	20,308

The details of Payables from Tax Consolidation are shown in the detailed table of Note 39 – Related party transactions. Payables for IRES refund requests comprise Euro 15,698 referring to the companies participating in the tax consolidation which, jointly with the consolidating company Edizione, have filed requests for such a refund and Euro 51 to the companies that were consolidated at the date of submission of the refund requests but which are now no longer part of the Group. Payment by the consolidating company Edizione to each of the consolidated companies is subject to the actual payment by the Tax Authorities of the same amount recorded under Tax receivables.

23 – Other current financial liabilities

Details are as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Payables for intercompany current accounts	57	4,339
Payables to brokerage companies	2,899	12,280
Total	2,956	16,619

The details of Payables for intercompany current accounts are shown in Note 39 – Related party transactions. These transactions are settled at market conditions. Payables to brokerage companies refer to the payable for the purchase of Prysmian S.p.A. shares that took place at the end of the year and whose payment was completed in the first days of 2019.

COMMENTS ON INCOME STATEMENT ITEMS

(All figures in thousands of Euro)

24 — Revenues

In 2018, the item amounted to Euro 754 and comprises Euro 630 in compensation paid to employees of the Company that serve as directors in subsidiaries and that are reversed to Edizione and Euro 124 in revenues from administrative services provided to Group companies.

The details of Revenues are shown in the detailed table of Note 39 – Related party transactions.

25 — Other revenues and operating income

The item amounted to Euro 2 and mainly included other revenues from recoveries.

26 — Payroll costs

Details are as follows:

(Thousands of Euro)	2018	2017
Wages and salaries	3,373	2,445
Social security charges	815	642
Directors' emoluments	3,540	1,991
Provision for employee termination indemnities and similar	240	176
Other payroll costs	60	8
Total	8,028	5,262

At December 31, 2018, the Company had a workforce of 21 (23 at the end of the previous year) while the average number of employees during the current year, by category, was as follows:

(average no.)	2018	2017
Executives	7	7
Employees	14	14
Total	21	21

27 — Costs of services

Costs of services are made up as follows:

(Thousands of Euro)	2018	2017
Maintenance costs	259	202
Consultants' fees (Accounting, Tax & Legal)	2,634	4,766
Utilities	11	13
Cleaning	44	39
Advertising and promotion	47	68
Insurance	165	109
Travel expenses and accommodation	558	519
Surveillance	766	523
Telephone and postal charges	150	119
Statutory auditors' emoluments	88	88
Supervisory Board members' emoluments (Organismo di Vigilanza)	61	-
Other services	74	12
Total	4,857	6,458

Costs of services include the VAT that the Company records as an increase in the related costs, pro-quota for the year pursuant to Art. 19-bis of Italian Presidential Decree 633/1972.

28 — Leases and rentals

Office leases include the lease payments of the offices in Treviso and Milan.

(Thousands of Euro)	2018	2017
Office leases	1,605	1,541
Car rentals	113	73
Other rentals	124	84
Total	1,842	1,698

29 — Other operating costs

In detail:

(Thousands of Euro)	2018	2017
Donations	2,220	1,920
Membership fees	42	52
Indirect taxes and duties	186	213
Other expenses	131	154
Total	2,579	2,339

Donations refer to a donation made by the Company to the Fondazione Benetton Studi Ricerche.

30 — Depreciation of property, plant and equipment and amortisation of intangible assets

In detail:

(Thousands of Euro)	2018	2017
Depreciation of property, plant and equipment	111	110
Amortisation of intangible assets	12	15
Total	123	125

31 — Impairment of doubtful accounts

In the previous year, this item included the impairment of Euro 1,228 of receivables from Tax Authorities for IRPEG (corporate income tax) to be refunded, whose possible recovery was deemed remote.

32 — Financial income

The item is made up as follows:

(Thousands of Euro)	2018	2017
Dividends from Sintonia S.p.A.	162,390	274,794
Dividends from Schematrentaquattro S.p.A.	24,200	459,181
Dividends from Schematrentotto S.r.l.	-	19,800
Dividends from Banca Leonardo S.p.A.	-	1,010
Dividends from Assicurazioni Generali S.p.A.	-	11,727
Dividends from Mediobanca S.p.A.	-	6,891
Dividends from Schemaquattordici S.p.A. - in liquidation	-	531
Interest income from subsidiaries	656	-
Interest income from banks	1,454	3,140
Income from investment funds	5,599	563
Capital gains from investment funds	-	6,040
Total	194,299	783,677

Income from investment funds mainly comprise the income distributed in 2018 by the 21 Investimenti II fund. Interest income from subsidiaries is detailed in Note 39 – Related party transactions.

33 – Impairment of equity investments and investment funds

Impairment of equity investments and investment funds include the adjustment to the fair value at December 31, of investment funds based on their Net Asset Values at the same date, and the impairment of equity investments in subsidiaries and associates:

(Thousands of Euro)	2018	2017
San Giorgio S.r.l.	-	(4,200)
Schematrentaquattro S.p.A.	-	(392,590)
Verde Sport S.r.l.	-	(340)
Banca Leonardo S.p.A.	-	(2,722)
Fair value adjustments of investment funds	(2,185)	13,817
Total	(2,185)	(386,035)

34 – Financial charges

In detail:

(Thousands of Euro)	2018	2017
Interest charges from subsidiaries	3	744
Capital losses on disposal of current financial assets	-	100
Capital losses on liquidation of equity investments	171	-
Capital losses from investment funds	7,260	-
Bank charges and other financial charges	23	7
Total	7,457	851

Capital losses on liquidation of equity investments refer to Schematrentasei S.r.l., Schemaquaranta S.r.l. and Schemaquarantuno S.r.l., liquidated in November 2018. Those companies were created for possible new investments, but effectively remained inactive.

The Capital loss from investment funds was realised as a result of the repayment the units held in Quaestio Opportunity Fund, as the difference between the Net Asset Value of the fund at the termination date and its carrying value.

35 – Foreign currency hedging gains/(losses) and exchange differences

The amount of this item refers to exchange differences on transactions in foreign currency.

36 – Income taxes

(Thousands of Euro)	2018	2017
Current taxes	1,398	1,285
Previous years' taxes	(777)	-
Deferred tax liabilities	3,607	(3,899)
Deferred tax assets	(267)	-
Total	3,961	(2,614)

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.

Deferred tax assets and liabilities refer to the release to the income statement of taxes allocated in the previous year on the change in fair value of Quaestio Opportunity Fund, whose units were liquidated in October 2018, and on the fair value changes of investment funds following the realignment of the tax value at December 31, 2018.

OTHER INFORMATION

(All figures in thousands of Euro)

37 — Net financial position

The breakdown of the net financial position is as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Cash and cash equivalents	393,948	1,622,776
Other current financial assets	97,712	2,124
<i>of which from subsidiaries:</i>	<i>97,287</i>	<i>1,344</i>
Current financial assets, total	97,712	2,124
Other non-current financial assets	925	896
<i>of which from subsidiaries:</i>	<i>-</i>	<i>288</i>
Non-current financial assets, total	925	896
Payables to banks	-	-
Other current financial liabilities	(2,956)	(16,619)
<i>of which from subsidiaries:</i>	<i>(57)</i>	<i>(3,610)</i>
Other current financial liabilities	(2,956)	(16,619)
Long-term loans	-	-
Other non-current financial liabilities	-	-
Non-current financial liabilities, total	-	-
Net cash and cash equivalents	489,629	1,609,177

38 — Financial risk management

Edizione has always paid close attention to the identification, assessment and coverage of financial risks:

- financial market risks, mainly related to interest rate risk, currency risk, commodity risk and financial asset 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.

Market risk

Interest rate risk and currency risk

Exposure to interest rate risk derives from the need to finance financial operating activities and to invest liquid funds. A change in market interest rates may have an adverse or a positive impact on Edizione's performance, by influencing the cost of borrowing and the return on investments.

Edizione is not exposed to currency risk as the items in the income statement and the statement of financial position are almost all originated in Euro.

Price risk

Edizione is exposed to the risk of changes in the market price of its financial assets, particularly with respect to its medium and long-term investments in listed companies that are classified as equity investments measured at fair value through profit or loss or through other comprehensive income on the basis of IFRS 9.

With reference to the fair value hierarchy within which to classify assets valued at fair value or for which the fair value is given in the financial statement disclosure, the prevailing level is 1 for listed securities and 2 for investment securities.

Sensitivity analysis of price risk

Concerning the risk of share price movements in investments in listed companies, we have assumed a 500 bps shock in the price of the shares.

Based on the analyses, the outcome is that a change of $\pm 5\%$ in the stock market price at December 31, 2018, would have affected shareholders' equity by \pm Euro 947 (\pm Euro 25,418 in 2017).

Liquidity risk

Liquidity risk can arise through the inability to access, at economically viable conditions, the financial resources needed to guarantee the Company's ability to operate and to honour its liabilities.

The two main factors that determine the Company's liquidity situation are the resources generated or used by operating and investment activities; and the terms of expiration and renewal of debt or financial investments in conjunction with market conditions.

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.

Edizione believes that it has access to funds whose amounts and maturities are in line with its investment plans.

The table below shows financial liabilities outstanding at December 31, 2018, by maturity:

(Thousands of Euro)	Total contractual amount	Within 1 year	1 to 5 years	Beyond 5 years
Bank and intercompany current accounts	(57)	(57)	-	-
Other financial liabilities	(2,899)	(2,899)	-	-
Total	(2,956)	(2,956)	-	-

The table below shows financial liabilities outstanding at December 31, 2017, by maturity:

(Thousands of Euro)	Total contractual amount	Within 1 year	1 to 5 years	Beyond 5 years
Bank and intercompany current accounts	(3,610)	(3,610)	-	-
Other financial liabilities	(13,009)	(13,009)	-	-
Total	(16,619)	(16,619)	-	-

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.

39 – Related party transactions

The following table shows balance sheet figures at December 31, 2018, and income statement figures for 2018 regarding related party transactions. Related party transactions are conducted at arm's length and with the utmost transparency.

(Thousands of Euro)	Other non-current financial assets	Other current financial assets	Other non-current financial liabilities	Other current financial liabilities	Interest income	Interest charges
Benetton S.r.l. (formerly Schematrentasette)	20,107	-	-	-	108	2
Schematrentatre S.p.A.	-	91,260	-	-	5	1
Sintonia S.p.A.	-	6,027	-	-	531	-
Verde Sport S.r.l.	-	-	-	57	12	-
Total	20,107	97,287	-	57	656	3

(Thousands of Euro)	Trade receivables	Other current receivables, accrued income and prepaid expenses	Trade payables	Other payables, accrued expenses and deferred income	Revenues	Costs
Aeroporti di Roma S.p.A.	-	-	-	-	25	-
Atlantia S.p.A.	2	-	-	-	197	-
Autogrill S.p.A.	116	-	18	12,441	120	30
Autogrill Italia S.r.l.	-	-	-	6	-	-
Autostrade per l'Italia S.p.A.	-	-	-	-	-	8
Benetton S.r.l. (formerly Schematrentasette)	-	194	-	-	45	-
Benetton Group S.r.l.	-	-	126	1,921	20	103
Benetton Servizi S.r.l.	-	-	-	57	-	-
Bensec società consortile a r.l.	-	-	-	-	-	600
Cellnex Telecom S.A.	-	-	-	-	164	-
ConnecT S.p.A.	-	-	-	-	39	-
Edizione Alberghi S.r.l.	-	-	-	-	-	7
Edizione Property S.p.A.	-	610	429	77	30	1,375
Fabrica S.r.l.	-	-	48	114	-	48
Getlink S.A.	-	-	-	-	22	-
Maccarese S.p.A. società agricola	-	43	-	-	-	-
Nuova Sidap S.r.l.	-	-	-	14	-	-
Olimpias Group S.r.l.	-	-	-	1,123	-	-
Ponzano Children S.r.l.	-	-	-	8	-	-
Regia S.r.l.	2	-	-	-	-	-
San Giorgio S.r.l.	-	-	-	37	-	-
Schemaquaranta S.r.l.- in liquidation	-	-	-	-	4	-
Schemaquarantuno S.r.l.- in liquidation	-	-	-	-	4	-
Schematrentaquattro S.p.A.	-	703	-	2	24	-
Schematrentatre S.p.A.	-	511	-	-	26	-
Sintonia S.p.A.	-	-	-	-	34	-
Verde Sport S.r.l.	-	-	-	1	-	-
Total	120	2,061	621	15,801	754	2,171

40 — Significant events following the end of the financial year

Connect capital increase

On March 6, 2019, the shareholders' meeting of the subsidiary Connect resolved a capital increase of Euro 354 million, of which Sintonia's pro-rata share amounted to around Euro 212.4 million, for the purpose of underwriting the capital increase of Cellnex Telecom S.A. resolved on February 28, 2019, for a total of Euro 1.2 billion.

Purchases of Assicurazioni Generali shares

In the first months of 2019, Schematrentatre acquired on the market 10,670,000 shares of Assicurazioni Generali for an amount of Euro 161.2 million, increasing its equity investment to 4.012% of the share capital, for a total investment of Euro 972.8 million.

Purchases of Prysmian shares

In the first months of 2019, the Company acquired on the market 6,614,018 shares of Prysmian S.p.A., amounting to 2.467% of the share capital, for an amount of Euro 120.6 million. In total, Edizione holds 7,776,183 shares, amounting to 2.9% of the share capital, for a total investment of Euro 140.3 million.

Reorganisation of the equity investments in the agricultural sector

On February 25, 2019, the Shareholders' Meeting of Edizione approved the plan for demerger of the equity investments held directly and indirectly in the agricultural sector (Maccarese S.p.A., Compañía de Tierras Sud Argentino S.A. and Ganadera Condor S.A.) in a newly established beneficiary company.

41 — Guarantees given, commitments and other contingent liabilities

(Thousands of Euro)	12.31.2018	12.31.2017
Guarantees given		
Sureties and guarantees	-	27,982
Commitments		
Other commitments	22,216	29,779
Total	22,216	57,761

At December 31, 2017, the amount of guarantees referred 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. These guarantees expired during the year.

At December 31, 2018, Other commitments relate to payments to be made to investment funds held by the Company.

At the end of the year, the future payments due by the Company for rents and operational leases which cannot be terminated were as follows:

(Thousands of Euro)	12.31.2018	12.31.2017
Within 1 year	940	940
Between 1 and 5 years	4,700	4,700
Beyond 5 years	3,495	4,435
Total	9,135	10,075

42 — Other commitments and rights of the Company

No Other commitments and rights are reported other than those already mentioned in other notes of these financial statements.

43 — Contingent liabilities

There are no contingent liabilities of a significant amount with respect to what is already commented in the Notes to the Financial Statements.

44 — Fees paid to the independent auditors

The fees contractually due to the independent auditors refer entirely to auditing services and amount to Euro 80.

PROPOSED RESOLUTION

Dear Shareholders,

We propose that you:

- approve the separate financial statements at and for the year ended December 31, 2018, and the Directors' Report submitted to you;
- allocate income for the year of Euro 171,942,965.24 as follows:
 - to the legal reserve: Euro 8,597,148.26;
 - to the shareholders, total dividends of Euro 150,000,000.00;
 - the remainder to Profits carried forward of Euro 13,345,816.98.

Treviso, May 21, 2019

*Chairman of
the Board of Directors*

Fabio Cerchiai

TRANSITION TO THE INTERNATIONAL ACCOUNTING STANDARDS

The financial statements at December 31, 2018, are the first prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and approved by the European Commission in force at the balance sheet date, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force at that date.

The previous financial statements, for the year ended at December 31, 2017, were drawn up in accordance with Italian GAAP. The data at January 1, 2017, and December 31, 2017, have been presented for comparative purposes. In defining the values of the assets and liabilities, on transition of the financial statements, the Company decided, in accordance with the provisions of IFRS 1 - First-Time Adoption of International Financial Reporting Standards, to maintain the values included in the consolidated financial statements drawn up by the same.

In order to illustrate the effects of the transition to the IFRS on Edizione's financial statements, this document provides the reconciliations envisaged by paragraph no. 24 of IFRS 1. That information regards the impact of the conversion to the IFRSs with regard to 2017, on the statement of financial position, income statement and cash flows presented. To that end, the following have been prepared:

- the statements of reconciliation of shareholders' equity at January 1, 2017, and December 31, 2017, included in the financial statements drawn up in accordance with the previous accounting standards with those deriving from the application of the IFRSs;
- the statements of reconciliation of the income statements included in the financial statements drawn up in accordance with the previous accounting standards (2017) with those deriving from the application of the IFRSs;
- comments on said reconciliation statements;
- the statements of reconciliation of the shareholders' equity in accordance with the previous accounting standards and that recognised in compliance with the IFRSs on the following dates:
 - date of transition to the IFRSs (January 1, 2017);
 - closing date of the last financial year in which the financial statements were drawn up in compliance with the previous accounting standards (December 31, 2017).

Those statements have been drawn up solely for the purposes of transition, in order to prepare the first complete financial statements in accordance with the IFRSs endorsed by the European Commission, and they lack comparative data and the necessary explanatory notes which would be required for a complete representation of the statement of financial position and the income statement of Edizione in compliance with the IFRSs.

Reconciliation of the statement of financial position at January 1, 2017

(Euro)	Italian GAAP	IFRS reclas- sifications	IFRS adjustments	IAS/IFRS	Note
ASSETS					
Non-current assets					
Property, plant and equipment					
Land and buildings	-	-	-	-	
Investment property	-	-	-	-	
Plant, machinery and equipment	195,287	-	-	195,287	
Furniture, furnishings and electronic equipment	141,538	-	-	141,538	
Other property, plant and equipment	-	-	-	-	
Assets under construction and advances	-	-	-	-	
Total property, plant and equipment	336,825	-	-	336,825	
Intangible assets					
Goodwill and other intangible assets of indefinite useful life	-	-	-	-	
Intangible assets of finite useful life	24,419	-	-	24,419	
Total intangible assets	24,419	-	-	24,419	
Other non-current assets					
Equity investments in subsidiaries	2,359,935,324	-	-	2,359,935,324	
Equity investments in associates	5,233,826	-	-	5,233,826	
Equity investments in other companies	330,909,943	-	20,098,728	351,008,671	1
Investment securities	512,046,037	-	(2,446,880)	509,599,157	2
Other non-current financial assets	-	381,000	-	381,000	3
Other non-current receivables	1,054,572	(381,000)	-	673,572	3
Deferred tax assets	3,788	-	587,251	591,039	4
Total other non-current assets	3,209,183,490	-	18,239,099	3,227,422,589	
Total non-current assets	3,209,544,734	-	18,239,099	3,227,783,833	
Current assets					
Inventories	-	-	-	-	
Trade receivables	7,431	427,023	-	434,454	3
Tax receivables	24,076,809	(2,233,448)	-	21,843,361	3
Other current receivables, accrued income and prepaid expenses	148,398,734	(138,709,424)	-	9,689,310	3
Other current financial assets	-	140,515,849	-	140,515,849	3
Other investments	14,774,910	-	-	14,774,910	
Cash and cash equivalents	939,874,183	-	-	939,874,183	
Total current assets	1,127,132,067	-	-	1,127,132,067	
Assets held for sale	-	-	-	-	
TOTAL ASSETS	4,336,676,801	-	18,239,099	4,354,915,900	

(Euro)	Italian GAAP	IFRS reclas- sifications	IFRS adjustments	IAS/IFRS	Note
SHAREHOLDERS' EQUITY					
Share capital	1,500,000,000	-	-	1,500,000,000	
First-Time Adoption reserve	-	-	18,239,099	18,239,099	
Fair value reserve	-	-	-	-	
Other reserves	1,780,991,849	-	-	1,780,991,849	
Income/(Loss) for the year	307,984,991	-	-	307,984,991	
Total Shareholders' equity	3,588,976,840	-	18,239,099	3,607,215,939	
LIABILITIES					
Non-current liabilities					
Bonds	-	-	-	-	
Medium and long-term loans	-	-	-	-	
Other non-current liabilities	1,010,802	-	-	1,010,802	
Lease financing	-	-	-	-	
Other non-current financial liabilities	-	-	-	-	
Provisions for employee benefits	624,560	-	-	624,560	
Deferred tax liabilities	-	-	-	-	4
Non-current provisions and liabilities	-	-	-	-	
Total non-current liabilities	1,635,362	-	-	1,635,362	
Current liabilities					
Trade payables	931,897	47,251	-	979,148	3
Other payables, accrued expenses and deferred income	745,132,702	(725,692,659)	-	19,440,043	3
Income tax liabilities	-	-	-	-	
Current provisions and liabilities	-	-	-	-	
Current portion of bonds	-	-	-	-	
Current portion of medium and long-term loans	-	-	-	-	
Current portion of lease financing	-	-	-	-	
Other current financial liabilities	-	725,645,408	-	725,645,408	
Payables to banks	-	-	-	-	
Total current liabilities	746,064,599	-	-	746,064,599	
Liabilities held for sale	-	-	-	-	
Total liabilities	747,699,961	-	-	747,699,961	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,336,676,801	-	18,239,099	4,354,915,900	

Reconciliation of the statement of financial position at December 31, 2017

(Euro)	Italian GAAP	IFRS reclas- sifications	IFRS adjustments	IAS/IFRS	Note
ASSETS					
Non-current assets					
Property, plant and equipment					
Land and buildings	-	-	-	-	
Investment property	-	-	-	-	
Plant, machinery and equipment	137,327	-	-	137,327	
Furniture, furnishings and electronic equipment	121,970	-	-	121,970	
Other property, plant and equipment	-	-	-	-	
Assets under construction and advances	-	-	-	-	
Total property, plant and equipment	259,297	-	-	259,297	
Intangible assets					
Goodwill and other intangible assets of indefinite useful life	-	-	-	-	
Intangible assets of finite useful life	18,463	-	-	18,463	
Total intangible assets	18,463	-	-	18,463	
Other non-current assets					
Equity investments in subsidiaries	1,504,602,481	-	-	1,504,602,481	
Equity investments in associates	5,229,976	-	-	5,229,976	
Equity investments in other companies	520,132,994	-	(8,832,192)	511,300,802	1
Investment securities	261,612,361	-	13,903,469	275,515,830	2
Other non-current financial assets	-	895,866	-	895,866	3
Other non-current receivables	2,886,055	(1,528,460)	-	1,357,595	3
Deferred tax assets	-	-	-	-	4
Total other non-current assets	2,294,463,867	(632,594)	5,071,277	2,298,902,550	
Total non-current assets	2,294,741,627	(632,594)	5,071,277	2,299,180,310	
Current assets					
Inventories	-	-	-	-	
Trade receivables	10	307,942	-	307,952	3
Tax receivables	21,840,914	(1,312,293)	-	20,528,621	3
Other current receivables, accrued income and prepaid expenses	4,656,744	(486,725)	-	4,170,019	3
Other current financial assets	-	2,123,670	-	2,123,670	3
Other investments	-	-	-	-	
Cash and cash equivalents	1,622,775,928	-	-	1,622,775,928	
Total current assets	1,649,273,596	632,594	-	1,649,906,190	
Assets held for sale	-	-	-	-	
TOTAL ASSETS	3,944,015,223	-	5,071,277	3,949,086,500	

(Euro)	Italian GAAP	IFRS reclas- sifications	IFRS adjustments	IAS/IFRS	Note
SHAREHOLDERS' EQUITY					
Share capital	1,500,000,000	-	-	1,500,000,000	
Fair value reserve	-	-	78,999,438	78,999,438	
Other reserves	1,948,976,839	-	1	1,948,976,840	
Income/(Loss) for the year	454,946,843	-	(77,264,995)	377,681,848	
Total Shareholders' equity	3,903,923,682	-	1,734,444	3,905,658,126	
LIABILITIES					
Non-current liabilities					
Bonds	-	-	-	-	
Medium and long-term loans	-	-	-	-	
Other non-current liabilities	685,224	-	-	685,224	
Lease financing	-	-	-	-	
Other non-current financial liabilities	-	-	-	-	
Provisions for employee benefits	632,462	-	-	632,462	
Deferred tax liabilities	-	-	3,336,833	3,336,833	4
Non-current provisions and liabilities	-	-	-	-	
Total non-current liabilities	1,317,686	-	3,336,833	4,654,519	
Current liabilities					
Trade payables	1,652,560	194,296	-	1,846,856	3
Other payables, accrued expenses and deferred income	24,841,647	(4,533,729)	-	20,307,918	3
Income tax liabilities	-	-	-	-	
Current provisions and liabilities	-	-	-	-	
Current portion of bonds	-	-	-	-	
Current portion of medium and long-term loans	-	-	-	-	
Current portion of lease financing	-	-	-	-	
Other current financial liabilities	12,279,648	4,339,433	-	16,619,081	3
Payables to banks	-	-	-	-	
Total current liabilities	38,773,855	-	-	38,773,855	
Liabilities held for sale	-	-	-	-	
Total liabilities	40,091,541	-	3,336,833	43,428,374	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,944,015,223	-	5,071,277	3,949,086,500	

Reconciliation of the income statement for 2017

(Euro)	Italian GAAP	IFRS reclas- sifications	IFRS adjustments	IAS/IFRS	Note
Revenues	563,308	-	-	563,308	
Other revenues and operating income	50,874	-	-	50,874	
Payroll costs	(3,271,085)	(1,990,845)	-	(5,261,930)	5
Costs of services	(8,372,909)	1,922,789	-	(6,450,120)	5
Leases and rentals	(1,698,032)	-	-	(1,698,032)	
Other operating costs	(2,414,331)	68,056	-	(2,346,275)	5
Depreciation of property, plant and equipment and amortisation of intangible assets	(125,194)	-	-	(125,194)	
Impairment of non-current assets	-	-	-	-	
Impairment of doubtful accounts	(1,228,386)	-	-	(1,228,386)	
Provisions for risks	-	-	-	-	
Operating result	(16,495,755)	-	-	(16,495,755)	
Financial income	1,241,827,437	-	(458,150,530)	783,676,907	6
Impairment of equity investments and investment funds	(770,438,634)	-	384,403,992	(386,034,642)	7
Financial charges	(1,256,253)	-	405,627	(850,626)	8
Foreign currency hedging gains/ (losses) and exchange differences	(62)	-	-	(62)	
Income before taxes	453,636,733	-	(73,340,911)	380,295,822	
Income taxes	1,310,110	-	(3,924,084)	(2,613,974)	9
Profit/(loss) from assets held for sale and discontinued operations	-	-	-	-	
Income/(Loss) for the year	454,946,843	-	(77,264,995)	377,681,848	

Statement of comprehensive income for 2017

(Euro)	
Income/(Loss) for the year	377,681,848
Income/(Losses) from fair value measurements of equity investments	59,064,177
Capital gains/(losses) from disposal of equity investments valued at fair value	1,696,162
Other comprehensive income for the year	60,760,339
Comprehensive income/(loss) for the year	438,442,187

Comments on the main IFRS adjustments made to the items of the statements of financial position at January 1, 2017, and December 31, 2017, and the income statement for 2017

Comments are provided below on the main adjustments deriving from the application of the IFRSs on the values determined according to Italian GAAP. The values are expressed in thousands of Euro.

1 – Equity investments in other companies

Based on Italian GAAP, equity investments are valued at purchase cost, including directly attributable charges, which is adjusted in the income statement to take account of any impairment (historical cost criterion). If, in the following years, the reasons for the write-down cease to exist, the historical cost is written back with a contra-entry in the income statement.

Based on the provisions of IAS 39, equity investments which are different from the equity investment in subsidiaries or associates, are classified as Available For Sale Financial Assets and measured at fair value, which is initially equal to the purchase cost (including directly attributable charges). At each financial year end, the fair value is redetermined and the changes on the previous year are recognised in the Fair value reserve in the statement of comprehensive income. The value of the financial assets is subject to impairment testing and any impairment is recorded in the income statement. Any impairment reversals are recorded with a contra-entry in the Fair value reserve of the statement of comprehensive income. If the fair value cannot be reliably measured, the equity investments continue to be valued at cost.

IFRS 9, which replaces IAS 39, is applied to financial statements for the years beginning on or after January 1, 2018. That standard, which is applied retroactively and, thus, in our case, to the financial statements ending at December 31, 2017, requires that Equity investments in other companies be classified in the residual category envisaged by IFRS 9, i.e. Fair Value Through Profit or Loss, whereby the fair value is initially equal to the purchase cost.

IFRS 9 permits the option, which is irrevocable once exercised, to measure equity instruments at Fair Value Through Other Comprehensive Income. That option may be exercised discretionally for each equity instrument.

As a result of classifying equity instruments as Fair Value Through Other Comprehensive Income, only the dividends of the investee, (i.e. the distribution of profits) shall be recognised in the income statement, while all other effects of valuation and disposal have contra-entries in the Fair value reserve in the statement of comprehensive income.

The Directors of Edizione have decided to exercise the option to measure equity investments in listed companies at Fair Value Through Other Comprehensive Income. Therefore, with the exception of the dividends, which are recognised in the income statement, the effects of the valuation and any effects of disposal relating to those equity investments will have a contra-entry in the Fair value reserve of the statement of comprehensive income.

The adjustment of the item Equity investments in other companies, a positive Euro 20,099 at January 1, 2017, and a negative Euro 8,832 at December 31, 2017, refers to the fair value measurement of equity investments in listed companies, which were valued using the average stock prices of December 2016 and December 2017, respectively.

2 – Investment securities

Investment securities are comprised of units of investment funds which, based on Italian GAAP, are valued at purchase cost, including directly attributable charges, which is adjusted in the income statement to take account of any impairment. The historical cost is written back in the following years, if the reason for the impairment cease to exist.

Based on the provisions of IAS 39, units of investments funds are classified as Available For Sale Financial Assets and measured at fair value, which is initially equal to the purchase cost (including directly attributable charges). At each financial year end, the fair value is redetermined and the changes on the previous year are recognised in the Fair value reserve in the statement of comprehensive income. The value of investment funds is subject to impairment testing and any impairment is recorded in the income statement. Any impairment reversals are recorded with a contra-entry in the Fair value reserve of the statement of comprehensive income. If the fair value cannot be reliably measured, the mutual funds continue to be valued at cost.

IFRS 9, which replaces IAS 39, is applied to financial statements for the years beginning on or after January 1, 2018. That standard, which is applied retroactively and, thus, in our case, to the financial statements ending at December 31, 2017, requires that units of investment funds be classified in the residual category envisaged by IFRS 9, i.e. Fair Value Through Profit and Loss, whereby the fair value is initially equal to the purchase cost.

The adjustment of the item Investment securities, a negative Euro 2,447 at January 1, 2017, and a positive Euro 13,903 at December 31, 2017, refers to the fair value measurement of mutual funds, which were valued at the Net Asset Value of the last day of the year.

3 — Reclassifications

The reclassifications were made to reflect the provisions of IFRS1, which requires that, for the minimum items that must be presented in the statements of financial position, the nature of the assets and liabilities (trade, financial, other) must be stated separately, as well as their maturities (current and non-current assets and liabilities).

4 — Deferred tax assets and deferred tax liabilities

The adjustments to the items Deferred tax assets and Deferred tax liabilities were made based on the temporary differences between the value of assets and liabilities according to the tax rules and the corresponding value determined in accordance with the international accounting standards.

In particular, the adjustment of Euro 587 at January 1, 2017, fully refers to the differences deriving from the fair value measurement of investment funds. The adjustment to the item Deferred tax liabilities, amounting to Euro 3,337 at December 31, 2017, referred to the tax effect deriving from the fair value measurement of investment securities.

5 — Payroll costs, costs of services and other operating costs

Board of Directors' emoluments (Euro 1,991 in 2017) were reclassified under Payroll costs, based on the provisions of IAS 19. Entertainment expenses (Euro 68 in 2017) were reclassified under Other operating costs.

6 — Financial income

The adjustment to the item Financial income, amounting to Euro 458,150, refers to:

- Euro 458,258 for the reversal of the amount of the distribution of capital reserves by the subsidiary Schematrentaquattro carried out in 2017 which, based on the provisions of the Italian GAAP (OIC 21), was recorded under dividends in the income statement. Based on the international accounting standards, distributions of capital reserves are recorded as decreases in the carrying amount of the equity investment;
- Euro 810 for the reclassification of the Fair value reserve of the capital gain pursuant to civil regulations deriving from the disposal of the equity investment in Caltagirone Editore S.p.A.;
- Euro 918 for the addition to the capital gain on the redemption of 50% of the units of the Quaestio Opportunity Fund to the amount based on the international accounting standards.

7 — Impairment of equity investments and investment funds

The adjustment, amounting to Euro 384,404, is composed of:

- Euro 458,258 relating to the reversal of the impairment of the equity investment in Schematrentaquattro following the recording of the distribution of capital reserves as a decrease in the carrying amount of the equity investment, as commented on in Note 6;
 - Euro 1,621 relating to the reversal of the impairment made based on the Italian GAAP of the 21 Partners Centrale III Fund, as its fair value was already aligned with the Net Asset Value of the fund at December 31, 2017;
 - Euro 89,287 for the elimination of the reversals of impairment of the equity investments in Assicurazioni Generali S.p.A. (Euro 37,321) and Mediobanca S.p.A. (Euro 51,966), as the related fair value is recognised in the Fair value reserve, as indicated in Note 1;
 - Euro 13,812 for the recording of the increase in fair value of the investment funds, as indicated in Note 2.
-

8 — Financial charges

The adjustment to the item Financial charges, amounting to Euro 405, refers to the reclassification to the Fair value reserve of the capital gain pursuant to civil regulations deriving from the disposal of the equity investment in Il Sole24Ore S.p.A.

9 — Income taxes

These entail the recording of deferred taxes relating to the fair value measurement of investment funds.

Reconciliation of shareholders' equity at January 1, 2017, at December 31, 2017, and of income for 2017 drawn up according to Italian GAAP and according to the IAS/IFRSs

(Euro)	Shareholders' equity at 01.01.2017	Shareholders' equity at 12.31.2017	Note	of which income for the year 2017	Note
ITALIAN GAAP	3,588,976,840	3,903,923,682		454,946,843	
Adjustments to financial statement items as per IFRS:					
A) Equity investments measured at fair value	20,098,728	(8,832,192)		(89,286,857)	
a) Assicurazioni Generali S.p.A.	10,354,975	31,983,219	1	-	
b) Elimination of reversal of impairment on equity investment held in Assicurazioni Generali S.p.A.	-	(37,321,055)	1	(37,321,055)	7
c) Mediobanca S.p.A.	11,035,512	48,471,446	1	-	
d) Elimination of reversal of impairment on equity investment held in Mediobanca S.p.A.	-	(51,965,802)	1	(51,965,802)	7
e) Il Sole24Ore S.p.A.	(698,730)	-	1	-	
f) Caltagirone Editore S.p.A.	(593,029)	-	1	-	
B) Measurement of investment funds	(2,446,881)	13,903,468		16,350,349	
a) Quaestio fund	(1,835,000)	12,012,500	2	12,930,000	7
b) Capital gain adjustment for redemption 50% Quaestio fund	-	-	2	917,500	6
c) 21 Investimenti II fund	1,217,565	1,867,619	2	650,054	7
d) 21 Investimenti III fund	(208,102)	23,349	2	231,451	7
e) 21 Centrale Partners III fund	(1,621,344)	-	2	1,621,344	7
C) Tax impact from measurement of investment funds	587,252	(3,336,832)		(3,924,084)	
a) Quaestio fund	440,400	(2,883,000)	4	(3,103,200)	9
b) Capital gain adjustment for redemption 50% Quaestio fund	-	-	4	(220,200)	9
c) 21 Investimenti II fund	(292,216)	(448,229)	4	(156,013)	9
d) 21 Investimenti III fund	49,944	(5,603)	4	(55,547)	9
e) 21 Centrale Partners III fund	389,124	-	4	(389,124)	9
D) Reversal of Schematrentaquattro S.p.A.'s capital dividends and of their impairment	-	-		-	
a) Reversal of dividends from the financial income item	-	-		(458,258,000)	6
b) Reversal of impairment of the equity investment	-	-		458,258,000	7
E) Reclassification to shareholders' equity of capital (gain)/ loss from equity investments classified as FVTOCI	-	-		(404,403)	
a) Reclassification to Fair value reserve of the capital gain on Caltagirone Editore S.p.A.	-	-		(810,030)	6
b) Reclassification to Fair value reserve of the capital loss on Il Sole24Ore S.p.A.	-	-		405,627	8
Total adjustments to financial statement items	18,239,099	1,734,444		(77,264,995)	
IAS/IFRS	3,607,215,939	3,905,658,126		377,681,848	

(Euro)	Share capital	Fair value reserve	Other reserves	Income/(Loss) for the year	Total
ITALIAN GAAP SHAREHOLDERS' EQUITY AT 01.01.2017	1,500,000,000	-	1,780,991,849	307,984,991	3,588,976,840
First Time Adoption	-	18,239,099	-	-	18,239,099
IAS/IFRS SHAREHOLDERS' EQUITY AT 01.01.2017	1,500,000,000	18,239,099	1,780,991,849	307,984,991	3,607,215,939
Carry forward of 2016 earnings	-	-	307,984,991	(307,984,991)	-
Dividends distributed	-	-	(140,000,000)	-	(140,000,000)
Capital increases/(reimbursements)	-	-	-	-	-
Income for the year	-	-	-	377,681,848	377,681,848
Comprehensive income for the year:					
- Sale of Il Sole24Ore S.p.A.	-	293,103	-	-	293,103
- Sale of Caltagirone Editore S.p.A.	-	1,403,059	-	-	1,403,059
- Fair value of Assicurazioni Generali S.p.A.	-	21,628,242	-	-	21,628,242
- Fair value of Mediobanca S.p.A.	-	37,435,935	-	-	37,435,935
Total comprehensive income	-	60,760,339	-	377,681,848	438,442,187
IAS/IFRS SHAREHOLDERS' EQUITY AT 12.31.2017	1,500,000,000	78,999,438	1,948,976,840	377,681,848	3,905,658,126

ANNEXES

REPORT OF THE INDEPENDENT AUDITORS

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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 statement of financial position as at December 31, 2018, and the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 International Financial Reporting Standards as adopted by the European Union 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 for the termination of the operations or have no realistic alternative 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, 2018, 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, 2018 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report is consistent with the financial statements of Edizione S.r.l. as at December 31, 2018 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, 2019

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

CONTACTS

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