

Errata corrige
press release issued on 14 February 2020

Vimercate (Monza Brianza), 14 February 2020 - With regard to the press release issued today, we inform about the following:

- the table showing the fourth quarter 2019 and 2018 ROCE ("Return on Capital Employed"), that we report here below in its original version, has an inversion in the amount on Average net invested capital between year 2018 and 2019:

(€/millions)	FY 2019	FY 2018
Current operating profit (EBIT)	39.0	41.0
Average net invested capital ⁽¹⁾	323.2	294.3
Cash Conversion Cycle (days) ⁽²⁾	24	27
ROCE ⁽³⁾	9.8%	9.4%

⁽¹⁾ Equivalent to the average of "Loans" at the closing date of the period and on the four previous quarterly closing dates (excluding the equity effects of IFRS 16).

⁽²⁾ Equal to the days of turnover of operating net working capital calculated as the sum of trade receivables, inventories and trade payables.

⁽³⁾ Ratio between (a) recurring EBIT – excluding the effects of IFRS 16 – net of taxes calculated at the effective tax rate of the last set of published annual consolidated financial statements, and (b) average net invested capital.

- the overall positive impact on Net Financial Position at 31 December 2019 coming from the anticipated sales of receivables 'without-recourse' factoring and securitization programs, aside from 'confirming' in Spain, is not equal to € 434.4, as it was wrongly stated, but to € 480.1 million.

We reproduce below the text of the press release already issued with the aforementioned changes



ESPRINET: THE GROUP CLOSES 2019 WITH EBIT OF € 42.0 MILLION AND A GROWING "ROCE" UP TO 9.8%

Pre-IFRS 16 EBIT in line with the expectations at € 39.0 million

- SALES FROM CONTRACTS WITH CUSTOMERS: € 3,951.9 million, +11% (2018: € 3,571.2 million)
- EBIT: € 42.0 million, +3% (2018: € 41.0 million Recurring EBIT) +77% (2018: € 23.7 million EBIT)
- NET PROFIT: € 22.0 million, +56% (2018: € 14.2 million)
- ROCE: 9.8% (2018: 9.4%)
- CASH CONVERSION CYCLE: 24 days (2018: 27 days)
- NET FINANCIAL POSITION: positive for € 286.7 million (positive for € 381.1 million pre IFRS 16); 2018: positive for € 241.0 million - 9M 2019: negative for € 183.6 million

Vimercate (Monza Brianza), 13 February 2020 - The Board of Directors of ESPRINET (PRT:IM), which met today under the chairmanship of Maurizio Rota, approved the **Interim Management Statement as at 31 December 2019**, prepared in accordance with IFRSs.

Alessandro Cattani, Chief Executive Officer of ESPRINET: *"The positive results in 2019 highlight the structural improvement of the main value creation indicators identified by the Group and summarised by the ROCE ("Return on Capital Employed"). EBIT stands at € 42.0 million, up by 3% compared to the recurring EBIT of 2018 and +77% compared to the EBIT of 2018 which was negatively impacted by non-recurring costs of € 17.2 million. The Cash Conversion Cycle shows a continuous improvement trend, closing at 24 days, a net reduction of 10 days compared to the peak reached at the beginning of 2018 fiscal year, and marking the best result in the last 16 quarters. ROCE stands at 9.8% (9.4% in 2018), well above the weighted average cost of capital (estimated at 8%) during 2019. The significant improvement in the levels of working capital employed, combined with the review of the financial structure of the Group during the year, form the basis of the financial soundness targeted at ensuring the necessary support for the development plans, both organic and via acquisition. The strong volume growth over the last few years has allowed us to establish the leading position needed to integrate our long-established transactional model on more consumer-oriented products with higher value-added business models, both in terms of the complexity of products distributed (e.g.: Advanced Solutions) and in the level of service provided to customers and vendors."*

In 2020, the Group will continue to implement the strategic target identified, with a strong focus on maximising the level of customer satisfaction in order to improve "customer loyalty" and operating profitability.

The sector context remains favourable for distribution and it is believed that the factors which are driving the increasingly greater role of the "indirect" channel will be confirmed.

The effectiveness of the strategic initiatives will be measured at ROCE level, which management undertakes to improve, also, through more efficient inventory management which does not impact the product availability indexes.

EVOLUTION OF MAIN STRATEGIC TARGETS AND VALUE CREATION METRICS

In June 2019 the Group presented an update to its strategic guidelines, as part of which the main strategies that must be the cornerstone of management over the next few years were identified, and in relation to which we report here below a progress status in the form of Sales generated in the most strategic business areas involved.

In 2019, the **Advanced Solutions** segment recorded Sales of € 560.9 million, compared to € 555.7 million in 2018. The growth in the segment in question - net of Sales from public supplies - was +7%, while the overall figure reflects a 2018 which had benefitted from high levels of Sales from tenders concentrated on the Server and Software segments.

As regards the **XaaS (“Everything As A Service”)** projects, the volumes of turnover registered in 2019 (€ 19.7 million, +42% compared to 2018) are due almost exclusively to the sales of “Cloud” solutions¹. A gradual expansion of the “consumption-based” model with respect to the traditional “transactional” model is expected in the medium-term. The Group is developing plans and activities targeted at establishing structural monitoring not only of the Cloud markets, but also print services (“MPS-Managed Print Services”) and workspace management (“device as a service”).

The strategic guidelines also make provision for an increase in the Group’s presence in **Portugal**, both through organic growth (investments in human resources and logistics and selection of the best vendors) and through external growth. According to Context data, the distribution market in Portugal is estimated to be worth € 1,344 million in 2019 (+8% compared to € 1,246 million in 2018); in 2019, Esprinet recorded Sales of € 38.5 million, +27% compared to € 30.2 million in 2018. During the first part of 2019, a warehouse was opened in the north of Lisbon in order to ensure the conditions to allow a significant improvement in the service level offered to customers and boosting the Group’s capacity to develop significant growth rates in the country.

Lastly, a significant growth rate was achieved in **White goods** (€ 55.8 million, +50% compared to 2018), whose market is estimated by Euromonitor at € 10,987 million in 2019 (CAGR 2015A-2019E equal to +4%), in which it seems to appear some signals of a more favourable attitude towards distributors from some pioneering vendors.

In order to assess the quality of its financials, the Group identified ROCE (‘Return on Capital Employed’) as the key indicator of shareholders’ value creation.

In the fourth quarter the ROCE increased from 9.4% to 9.8% as showed in the below table:

(€/millions)	FY 2019	FY 2018
Current operating profit (EBIT)	39.0	41.0
Average net invested capital ⁽¹⁾	294.3	323.2
Cash Conversion Cycle (days) ⁽²⁾	24	27
ROCE ⁽³⁾	9.8%	9.4%

⁽¹⁾ Equivalent to the average of “Loans” at the closing date of the period and on the four previous quarterly closing dates (excluding the equity effects of IFRS 16).

⁽²⁾ Equal to the days of turnover of operating net working capital calculated as the sum of trade receivables, inventories and trade payables.

⁽³⁾ Ratio between (a) recurring EBIT – excluding the effects of IFRS 16 – net of taxes calculated at the effective tax rate of the last set of published annual consolidated financial statements, and (b) average net invested capital.

As regards the main value metrics, the following has been observed:

- **EBIT** amounted to € 39.0 million, showing a slight decrease (-5%) compared to recurring EBIT of 2018 (€ 41.0 million);
- by using the same tax rate, in line with the Group’s tax rate derived from the approved annual consolidated financial statements (2018) and applied to the ROCE of the 4th quarter of 2018 (26%), the “**NOPAT – Net Operating Profit Less Adjusted Taxes**” shew a similar performance (-5%); ;
- the average net invested capital before the effects of the introduction of IFRS 16 fell to a greater extent, equal to (-9%) thanks to the favorable performance of the **Cash conversion cycle**;
- the **Cash Conversion Cycle** shows a continuous improvement trend, closing at 24 days(-10 days compared to the peak recorded at the start of 2018), and marking the best result in the last 16 quarters; in particular, the inventory turnover days figure fell by 3 days and the DPO rose by 4 days compared to the average recorded in the fourth quarter of 2018.

¹ These Sales, for accounting purposes, are recorded as “agent” and, therefore, for the sole margin realised

MAIN CONSOLIDATED RESULTS AS AT 31 DECEMBER 2019

The scope of consolidation as at 31 December 2019 includes the results of 4Side S.r.l., acquired on 20 March 2019. In addition, from 1 January 2019, the Group adopted the new IFRS 16 with a simplified retrospective approach (option B, with no restatement of the contracts already in place as at 1 January 2019, without applying this standard to 'low-value' and short-term assets).

Sales from contracts with customers amounted to € 3,951.9 million in 2019, up by +11% compared to € 3,571.2 million in 2018.

€/millions	FY 2019	FY 2018	Var. %
Italy	2.495,6	2.214,7	13%
Spain	1.383,7	1.300,2	6%
Portugal	38,5	30,2	27%
UE	20,0	17,5	14%
Extra-UE	14,1	8,6	64%
Sales from contracts with customers	3.951,9	3.571,2	11%

In 2019, the Group's reference markets grew significantly: according to Context data, the market in Italy is estimated at € 8,022 million (+8% compared to 2018), while Spain is worth € 15,561 million (+6% over 2018). Esprinet outperforms the market and is confirmed as the leader in southern Europe, with a market share exceeding 26%, marking an increase in sales both in Italy (€ 2,495.6 million, +13% compared to 2018) and Spain (€ 1,383.7 million, +6% compared to 2018).

€/millions	FY 2019	FY 2018	Var. %
PC (notebook, tablet, desktop, monitor)	1.375,4	1.212,8	13%
Printing devices and supplies	418,3	393,1	6%
Other IT products	244,9	237,9	3%
Total IT Clients	2.038,6	1.843,8	11%
Hardware (networking, storage, server and others)	407,4	409,0	0%
Software, Services, Cloud	153,6	146,8	5%
Total Advanced Solutions	560,9	555,7	1%
Smartphones	1.106,3	997,4	11%
White goods	55,8	37,2	50%
Gaming hardware and software	43,3	29,5	47%
Other consumer electronics products	191,0	152,5	25%
Total Consumer Electronics	1.396,4	1.216,6	15%
Adjustments	(44,1)	(44,9)	-2%
Sales from contracts with customers	3.951,9	3.571,2	11%

The sales breakdown **product line** shows a notable increase in the *Consumer Electronics* segment (€ 1,396.4 million, +15%), and within this, aside from growth of +11% for Smartphones, positive performances were recorded for high-margin segments like **White Goods** (+50%) and **Gaming** (€ 43.3 million, +47% compared to 2018, also thanks to the acquisition of 4Side Srl, an exclusive distributor of Activision Blizzard products for Italy). The *IT Clients* segment is driven by both the positive performance of PCs (+13%) and Printing, which recorded Sales of € 418.3 million, +6% compared to € 393.1 million in 2018.

€/millions	FY 2019	FY 2018	Var. %
Retailers / e-tailers	1.933,3	1.661,7	16%
IT Resellers	2.062,5	1.957,1	5%
Adjustments	(44,0)	(47,7)	
Sales from contracts with customers	3.951,9	3.571,2	11%

The sales breakdown by **customer type** shows robust growth in both segments "consumer" and "business". The growth in "*Retailers / e-tailers*" was especially significant, in which the Group has now consolidated a

position of undisputed leader. The *IT Resellers* segment, up by 5%, represents the area in which the Group aims to focus its efforts and investments in 2020.

The **Gross Profit** amounted to € 176.2 million, up +3% compared to 2018 (€ 171.4 million); the percentage margin shows clear stability, standing at 4.46% of sales, compared to 4.80% in 2018.

Recurring EBIT amounted to € 42.0 million, up +3% compared to 2018 (€ 41.0 million), with an incidence on sales of 1.06% (1.15% in 2018).

Recurring EBIT before IFRS 16 is € 39.0 million and is in line with expectations.

EBIT amounted to € 42.0 million, up +77% compared to 2018 (€ 23.7 million), with an incidence on Sales of 1.06% (0.66% in 2018).

Income before taxes, equal to € 30.8 million, showed an improvement of +60% compared to 2018 (€ 19.2 million).

Net Income, amounting to € 22.0 million, increased by +56% (€ 14.2 million).

Net earnings per ordinary share, equal to € 0.43, showed an improvement of +59% compared to 2018 (€ 0.27).

The **Net Financial Position** was a positive € 286.7 million, marking an improvement of €45.6 million compared to € 241.0 million at 31 December 2018.

It includes € 94.4 million of financial liabilities for leases not present as at 31 December 2018 as a result of the first-time adoption of IFRS 16.

The improvement in the specific net financial position, neutralising the latter effect, amounted to € 140.0 million, mainly due to the reduction in the year-end levels of Net Working Capital, which was negative by € 121.0 million (an improvement of € 131.4 million compared to 31 December 2018).

Net Financial Position at 31 December 2019 is affected not only by several technical factors, as the level of utilization of both 'without-recourse' sales of trade receivables within factoring and securitization programs, but also by seasonal reasons mainly related to a stronger than average financial support by vendors. Since these programs result in the full transfer of risks and benefits to the assignees, the assigned receivables are de-consolidated and stripped from total assets in accordance with IFRS 9.

The overall positive impact on Net Financial Position at 31 December 2019 coming from the anticipated sales of receivables - also by including 'confirming' in Spain - is € 480.1 million (versus. € 596.7 million at 31 December 2018).

Net Equity amounted to € 357.5 million, marking an increase of € 14.6 million compared to € 342.9 million at 31 December 2018 due to the reinvestment of 75% of the profits realised in the previous year.

MAIN CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2019

In the 4th quarter of 2019, Sales from contracts with customers amounted to € 1,340.8 million, up 6% compared to € 1,261.4 million in 2018.

Gross Profit amounted to € 57.0 million (€ 58.6 million in 2018); the percentage margin stood at 4.25% of sales, compared to 4.65% in 2018.

EBIT amounted to € 21.4 million and showed a significant increase compared to 2018 (€ 8.7 million), with an incidence on sales of 1.60% (0.69% in 2018).

Income before taxes, equal to € 17.4 million, showed an improvement of +125% compared to 2018 (€ 7.8 million).

Net Income, amounting to € 12.7 million, showed an increase of +118% (€ 5.8 million).



Net earnings per ordinary share, equal to € 0.25, showed an improvement of +127% compared to 2018 (€ 0.11).

SIGNIFICANT EVENTS OCCURRING IN THE PERIOD AND AFTER THE CLOSE OF THE YEAR

Esprinet S.p.A. has some tax disputes concerning indirect taxes claimed from the Company, with respect to transactions occurred between 2010 and 2013. Since some customers had filed declarations of intent but, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as a frequent exporter, the tax authority is now claiming VAT from the Company on those sales transactions.

On 11 December 2019, as set forth in the administrative procedure, the Company paid an advance of € 6.2 million in relation to the dispute concerning the 2013 tax year (disputed tax of € 14.5 million). The first instance hearing was set for 25 March 2020.

On 29 January 2020, a second instance hearing was held on the same tax disputes with respect to transaction carried out in 2013 (disputed tax of € 0.1 million): the Company appealed to the negative judgement of first hearing. The judgment is pending.

On 22 January 2020 the second instance hearing was held with respect to the registration duty (disputed tax of € 0.2 million) with respect to the acquisition of a branch of EDSlan S.p.A. (now I-Trading S.r.l.) in 2016: the first instance judgment was positive. The second instance judgment is pending.

Upon commencement of the share buy-back program, which was resolved by the Esprinet S.p.A. AGM of 8 May 2019, in the period between 1 July 2019 and 31 December 2019, the Company purchased a total of 1,145,008 ordinary shares of Esprinet S.p.A. (equal to 2.18% of the share capital), at an average purchase price of € 3.36 per share, net of fees. Following these purchases, as at 31 December 2019, Esprinet S.p.A. owns 2,295,008 own shares (or 4.38% of share capital).

In the period between 1 January 2020 and 13 February 2020, the Company purchased a total of 262,000 ordinary shares of Esprinet S.p.A. (equal to 0.50% of the share capital), at an average purchase price of € 5.03 per share, net of fees. Following these purchases, Esprinet S.p.A. owns 2,557,008 own shares (or 4.88% of share capital) as of the date of this report.

To complete the buy-back plan 63,209 shares are still missing (equal to 0.12% of the capital)

Change in calendar of corporate events

Pursuant to art. 2.6.2, paragraph 1, letter b) and 2.2.3 paragraph 3 letter a) of the Regulation of the Markets organized and managed by Borsa Italiana S.p.A., it is hereby communicated that the meeting of the Board of Directors in the calendar for 14 May 2020 called to resolve on the approval of the Interim Management Statement as at 31/03/2020 has been brought forward to 12 May 2020; the other dates remain unchanged.

The officer charged with the drawing up of the accounting documents of the Company, Pietro Aglianò, declares that, in compliance with the provisions of paragraph 2 of art. 154-bis of Legislative Decree n. 58/98, the financial data shown in this press release corresponds to the findings resulting from accounting documents, books and accounting records.

Esprinet (PRT:IM) is the holding of a Group engaged in the "B2B" distribution of technology products at the top of the market in Italy and Spain. The 2018 consolidated turnover of € 3.6 billion places Esprinet among the top 50 Italian industrial groups and the top 10 distributors worldwide. Thanks to a business model based on the coexistence of different sales channels tailored to the specific characteristics of 39,000 reseller clients, Esprinet markets about 1,000 brands and over 63,000 products available in 130,000 square meters of managed warehouses. Through the V-Valley division, Esprinet is able to distribute value-added products, services and IT solutions. The Group's activities also cover Portugal, and the production and sales of the named brands "Celly" (smartphones accessories) and "Nilox" (IT accessories and outdoor technology).

Press release available on www.emarketstorage.com and www.esprinet.com



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Attachment: summary of main Group's results for the period ended 31 December 2019

RECLASSIFIED CONSOLIDATED SEPARATE INCOME STATEMENT

€/000	12 months 2019		12 months 2018	% Var.	
			Pre-IFRS16		
Sales from contracts with customers	3,951,864		3,951,864	3,571,190	11%
Cost of goods sold excl. factoring/securitisation	3,771,001		3,771,001	3,394,888	11%
Financial cost of factoring/securitisation ⁽¹⁾	4,635		4,635	4,869	-5%
Gross Profit⁽²⁾	176,228		176,228	171,433	3%
<i>Gross Profit %</i>	<i>4.46%</i>		<i>4.46%</i>	<i>4.80%</i>	
Personnel costs	64,110		64,110	61,126	5%
Other operating costs	56,515	(11,876)	68,391	64,656	-13%
EBITDA	55,603	11,876	43,727	45,651	22%
<i>EBITDA %</i>	<i>1.41%</i>		<i>1.11%</i>	<i>1.28%</i>	
Depreciation and amortisation	4,683		4,683	4,691	0%
IFRS 16 Right of Use depreciation	8,876	8,876	0	-	n/s
Recurring EBIT	42,044	3,000	39,044	40,960	3%
<i>Recurring EBIT %</i>	<i>1.06%</i>		<i>0.99%</i>	<i>1.15%</i>	
Non recurring costs ⁽³⁾	0		0	17,240	n/s
EBIT	42,044	3,000	39,044	23,720	77%
<i>Recurring EBIT %</i>	<i>1.06%</i>		<i>0.99%</i>	<i>0.66%</i>	
IFRS 16 interest expenses on leases	5,401	5,401	-	-	n/s
Other financial (income) expenses	4,206		4,206	3,579	18%
Foreign exchange (gains) losses	1,665		1,665	962	73%
Profit before income taxes	30,772	(2,401)	33,173	19,179	60%
Income taxes	8,728	(483)	9,211	5,021	74%
Net income	22,044	(1,918)	23,962	14,158	56%

NOTES

- ⁽¹⁾ Cash discounts for "non-recourse" advances of trade receivables as part of revolving factoring and securitization programs.
- ⁽²⁾ Net of amortization/depreciation that, by destination, would be included in the cost of sales.
- ⁽³⁾ Of which Euro 8.4 million included in "Cost of sales excluding cash discounts" and Euro 8.8 million included in "Other operating costs in 2018; all "Non-recurring expenses" of 2019 are included in the "Cost of sales".

CONSOLIDATED SEPARATE INCOME STATEMENT

(€/000)	12 months 2019	non - recurring	12 months 2018	non - recurring
Sales from contracts with customers	3,951,864	-	3,571,190	-
Cost of sales	(3,776,338)	-	(3,408,918)	(8,417)
Gross profit	175,526	-	162,272	(8,417)
Sales and marketing costs	(52,439)	-	(52,792)	-
Overheads and administrative costs	(80,486)	-	(76,287)	-
Impairment loss/reversal of financial assets	(557)	-	(9,473)	(8,823)
Operating income (EBIT)	42,044	-	23,720	(17,240)
Finance costs - net	(11,272)	-	(4,541)	-
Profit before income taxes	30,772	-	19,179	(17,240)
Income tax expenses	(8,728)	-	(5,021)	4,401
Net income	22,044	-	14,158	(12,839)
- of which attributable to non-controlling interests	369	-	127	-
- of which attributable to Group	21,675	-	14,031	(12,839)
Earnings per share - basic (euro)	0.43	-	0.27	-
Earnings per share - diluted (euro)	0.42	-	0.27	-

CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME

(€/000)	12 months 2019	12 months 2018
Net income (A)	22,044	14,158
<i>Other comprehensive income:</i>		
- Changes in 'cash flow hedge' equity reserve	500	75
- Taxes on changes in 'cash flow hedge' equity reserve	(120)	(23)
- Changes in translation adjustment reserve	(2)	1
<i>Other comprehensive income not be reclassified in the separate income statement:</i>		
- Changes in 'TFR' equity reserve	(195)	185
- Taxes on changes in 'TFR' equity reserve	60	(51)
Other comprehensive income (B):	243	187
Total comprehensive income (C=A+B)	22,287	14,345
- of which attributable to Group	21,922	14,217
- of which attributable to non-controlling interests	365	128

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	31/12/2018
Fixed assets	211,111	118,502
Operating net working capital	(121,002)	10,443
Other current assets/liabilities	(2,419)	(12,667)
Other non-current assets/liabilities	(16,891)	(14,424)
Total uses	70,799	101,855
Short-term financial liabilities	35,893	138,311
Lease liabilities	3,855	-
Current financial (assets)/liabilities for derivatives	-	610
Financial receivables from factoring companies	(3,526)	(242)
Current debts for investments in subsidiaries	-	1,082
Other financial receivables	(9,718)	(10,881)
Cash and cash equivalents	(463,777)	(381,308)
Net current financial debt	(437,273)	(252,428)
Borrowings	61,015	12,804
Lease liabilities	90,559	-
Other financial receivables	(966)	(1,420)
Net Financial debt (A)	(286,665)	(241,044)
Net equity (B)	357,464	342,898
Total sources of funds (C=A+ B)	70,799	101,855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	related parties	31/12/2018	related parties
ASSETS				
Non - current assets				
Property, plant and equipment	11,622		13,327	
Right of use assets	92,100		-	
Goodwill	90,714		90,595	
Intangibles assets	480		724	
Deferred income tax assets	13,987		11,884	
Receivables and other non - current assets	3,174	-	3,392	1,554
	<u>212,077</u>	<u>-</u>	<u>119,922</u>	<u>1,554</u>
Current assets				
Inventory	497,355		494,444	
Trade receivables	470,574	1	383,865	-
Income tax assets	2,192		3,421	
Other assets	41,185	-	29,610	1,310
Cash and cash equivalents	463,777		381,308	
	<u>1,475,083</u>	<u>1</u>	<u>1,292,651</u>	<u>1,310</u>
Disposal groups assets	-		-	
Total assets	<u>1,687,160</u>	<u>1</u>	<u>1,412,573</u>	<u>2,864</u>
EQUITY				
Share capital	7,861		7,861	
Reserves	325,511		319,831	
Group net income	21,675		14,031	
Group net equity	<u>355,047</u>		<u>341,723</u>	
Non - controlling interest	<u>2,417</u>		<u>1,175</u>	
Total equity	<u>357,464</u>		<u>342,898</u>	
LIABILITIES				
Non - current liabilities				
Borrowings	61,015		12,804	
Lease liabilities	90,559		-	
Deferred income tax liabilities	9,817		8,138	
Retirement benefit obligations	4,680		4,397	
Provisions and other liabilities	2,394		1,889	
	<u>168,465</u>		<u>27,228</u>	
Current liabilities				
Trade payables	1,088,931	-	867,866	-
Short-term financial liabilities	35,893		138,311	
Lease liabilities	3,855		-	
Income tax liabilities	2,165		103	
Derivative financial liabilities	-		613	
Debts for investments in subsidiaries	-		1,082	
Provisions and other liabilities	30,387	-	34,472	1,567
	<u>1,161,231</u>	<u>-</u>	<u>1,042,447</u>	<u>1,567</u>
Disposal groups liabilities	-		-	
Total liabilities	<u>1,329,696</u>	<u>-</u>	<u>1,069,675</u>	<u>1,567</u>
Total equity and liabilities	<u>1,687,160</u>	<u>-</u>	<u>1,412,573</u>	<u>1,567</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	12 months 2019	12 months 2018
Cash flow provided by (used in) operating activities (D=A+B+C)	157,990	127,577
Cash flow generated from operations (A)	56,868	37,438
Operating income (EBIT)	42,044	23,720
Depreciation, amortisation and other fixed assets write-downs	13,559	4,691
Net changes in provisions for risks and charges	505	8,208
Net changes in retirement benefit obligations	(491)	(285)
Stock option/grant costs	1,251	1,104
Cash flow provided by (used in) changes in working capital (B)	113,748	98,347
Inventory	(2,911)	(12,893)
Trade receivables	(88,407)	(70,792)
Other current assets	(7,434)	(2,135)
Trade payables	220,813	177,429
Other current liabilities	(8,313)	6,738
Other cash flow provided by (used in) operating activities (C)	(12,626)	(8,208)
Interests paid, net	(7,921)	(2,338)
Foreign exchange (losses)/gains	(1,948)	(974)
Income taxes paid	(2,757)	(4,896)
Cash flow provided by (used in) investing activities (E)	(4,358)	(2,027)
Net investments in property, plant and equipment	(2,322)	(2,797)
Net investments in intangible assets	(280)	(241)
Changes in other non current assets and liabilities	643	4,939
4Side business combination	1,448	-
Own shares acquisition	(3,847)	(3,928)
Cash flow provided by (used in) financing activities (F)	(71,163)	(41,211)
Medium/long term borrowing	72,000	-
Repayment/renegotiation of medium/long-term borrowings	(115,408)	(38,912)
Leasing liabilities reimbursement	(6,584)	-
Net change in financial liabilities	(12,420)	12,738
Net change in financial assets and derivative instruments	(2,274)	(8,660)
Dividend payments	(6,919)	(6,987)
Increase/(decrease) in 'cash flow edge' equity reserve	380	52
Changes in third parties net equity	58	129
Other movements	4	429
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	82,469	84,339
Cash and cash equivalents at year-beginning	381,308	296,969
Net increase/(decrease) in cash and cash equivalents	82,469	84,339
Cash and cash equivalents at year-end	463,777	381,308

Q4 RECLASSIFIED CONSOLIDATED SEPARATE INCOME STATEMENT

€/000	Q4 2019		Q4 2018	% Var.	
		<u>Pre-IFRS16</u>			
Sales from contracts with customers	1,340,810	1,340,810	1,261,389	6%	
Cost of goods sold excl. factoring/securitisation	1,282,112	1,282,112	1,201,252	7%	
Financial cost of factoring/securitisation ⁽¹⁾	1,687	1,687	1,492	13%	
Gross Profit⁽²⁾	57,011	57,011	58,645	-3%	
<i>Gross Profit %</i>	<i>4.25%</i>	<i>4.25%</i>	<i>4.65%</i>		
Personnel costs	16,961	16,961	15,846	7%	
Other operating costs	15,097	(3,113)	18,210	-10%	
EBITDA	24,953	3,113	21,840	-4%	
<i>EBITDA %</i>	<i>1.86%</i>		<i>1.63%</i>	<i>2.06%</i>	
Depreciation and amortisation	1,190	1,190	1,168	2%	
IFRS 16 Right of Use depreciation	2,365	2,365	0	n/s	
Recurring EBIT	21,398	748	20,650	-14%	
<i>Recurring EBIT %</i>	<i>1.60%</i>		<i>1.54%</i>	<i>1.97%</i>	
Non recurring costs ⁽³⁾	0	0	16,141	n/s	
EBIT	21,398	748	20,650	147%	
<i>Recurring EBIT %</i>	<i>1.60%</i>		<i>1.54%</i>	<i>0.69%</i>	
IFRS 16 interest expenses on leases	3,353	3,353	-	n/s	
Other financial (income) expenses	921	-	921	616	50%
Foreign exchange (gains) losses	(351)	-	(351)	277	-227%
Profit before income taxes	17,475	(2,605)	20,080	125%	
Income taxes	4,789	(606)	5,395	1,953	145%
Net income	12,686	(1,999)	14,685	5,819	118%

NOTES

⁽¹⁾ Cash discounts for "non-recourse" advances of trade receivables as part of revolving factoring and securitization programs.

⁽²⁾ Net of amortization/depreciation that, by destination, would be included in the cost of sales.

⁽³⁾ Of which Euro 7.3 million included in "Cost of sales excluding cash discounts" and Euro 8.8 million included in "Other operating costs in 2018; all "Non-recurring expenses" of 2019 are included in the "Cost of sales".

Q4 CONSOLIDATED SEPARATE INCOME STATEMENT

(€/000)	Q4 2019	non - recurring	Q4 2018	non - recurring
Sales from contracts with customers	1,340,810	-	1,261,389	-
Cost of sales	(1,283,981)	-	(1,210,251)	(7,318)
Gross profit	56,829	-	51,138	(7,318)
Sales and marketing costs	(14,217)	-	(13,554)	-
Overheads and administrative costs	(21,438)	-	(20,020)	-
Impairment loss/reversal of financial assets	224	-	(8,899)	(8,823)
Operating income (EBIT)	21,398	-	8,665	(16,141)
Finance costs - net	(3,923)	-	(893)	-
Profit before income taxes	17,475	-	7,772	(16,141)
Income tax expenses	(4,789)	-	(1,953)	4,137
Net income	12,686	-	5,819	(12,004)
- of which attributable to non-controlling interests	229	-	(26)	-
- of which attributable to Group	12,457	-	5,845	(12,004)
Earnings per share - basic (euro)	0.25	-	0.11	-
Earnings per share - diluted (euro)	0.24	-	0.11	-

Q4 CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Q4 2019	Q4 2018
Net income (A)	12,686	5,819
<i>Other comprehensive income:</i>		
- Changes in 'cash flow hedge' equity reserve	547	(91)
- Taxes on changes in 'cash flow hedge' equity reserve	(131)	21
- Changes in translation adjustment reserve	(2)	(5)
<i>Other comprehensive income not be reclassified in the separate income statement:</i>		
- Changes in 'TFR' equity reserve	152	25
- Taxes on changes in 'TFR' equity reserve	(37)	(16)
Other comprehensive income (B):	529	(66)
Total comprehensive income (C=A+B)	13,215	5,753
- of which attributable to Group	12,975	5,788
- of which attributable to non-controlling interests	240	(35)