



(Translation from the Italian original which remains the definitive version)

## PRESS RELEASE

### **2016 interim financial report Substantial break-even for M&C Investee Treofan continues to see strongly improved results**

The board of directors of M&C S.p.A. approves the interim financial report at 30 June 2016 in its today's meeting.

#### **Results**

The company made a loss for the six months of €0.1 million compared to a loss of €0.3 million for the corresponding period of 2015 being the sum of:

- a) income of €1.3 million (income of €1.4 million for the corresponding period of 2015);
- b) losses on investments and securities of €1.6 million (losses of €0.8 million for the corresponding period of 2015);
- c) operating expenses of €0.8 million (€0.9 million for the corresponding period of 2015);
- d) deferred tax assets of €1.0 million, in the limit of deferred tax liabilities.

On the other hand, the company's comprehensive income for the period amounts to €2.6 million compared to expense of €0.8 million for the corresponding period of 2015, thanks to the rise in value of the IDeA fund units after the sale of the investment in Italchimici S.p.A..

At 30 June 2016, M&C has a net financial position of €19.0 million (31 December 2015: €17.1 million) equal to €0.05 per outstanding share, and equity of €81.5 million (31 December 2015: €79.0 million), equal to €0.20 per outstanding share.

The improvement in the company's net financial position is due to the receivable of €3.5 million from the IDeA EESS fund manager for reimbursement of principal, the fair value losses on securities in portfolio of €1.3 million and the use of cash flows from operations of €0.3 million. The investment in the IDeA EESS fund is not liquid enough to be recognised as part of the net financial position and, therefore, is excluded. This is generally true of all closed-end private equity funds.

#### **The Treofan investment**

Treofan Group saw ongoing improvement in its profitability during the period, continuing the trend seen since the start of 2015.

Normalised gross operating profit increased to €240 million from €18.6 million for the corresponding period of 2015 (+29%), equal to 11.0% of turnover compared to 8.5%. This improvement was recorded by both group divisions. Normalised gross operating profit of the European division came to €10.1 million (+28% on €7.9 million for the first six months of 2015) while the US division's normalised gross operating profit amounts to €USD15.8 million (+33% on USD11.9 million for the first six months of 2015). The profit for the period also improved considerable to €3.9 million compared to €0.9 million for the corresponding period of 2015 despite the

slight contraction in turnover (0.2%) to €218.5 million compared to €219.9 million for the first six months of 2015.

Equity remained substantially the same at €100.6 million at 30 June 2016. Net financial debt, excluding the shareholder loan of €35.0 million, amounts to €54.0 million at period end compared to €56.0 million at 31 December 2015.

The project to sell Treofan Group continued during the period with the receipt of expressions of interest from some financial and industrial investors, certain of which commenced the subsequent due diligence phase.

### **Highlights of the condensed interim individual financial statements at 30 June 2016**

The condensed interim individual financial statements, in which the Treofan investment is measured using the equity method, show a profit for the period of €1.6 million (profit of €797 thousand for the corresponding period of 2015) and equity of €77.2 million (€74.7 million at 31 December 2015).

### **Outlook**

While awaiting finalisation of the sale of its investment in Treofan, M&C will continue to focus on the activities required for the sales process and optimising Treofan's results. It will also continue to carefully manage its liquidity to put together a balanced portfolio in terms of its risk/return ratio, including the partnership with the IDeA EESS fund, as per the agreements with IDeA Sgr. The risks and uncertainties characterising the company's operations will not damage its financial position and solidity despite the difficult market situation.

\* \* \*

The financial statements schedules of M&C S.p.A. and those of the condensed interim individual financial statements at 30 June 2016, prepared pursuant to IFRS, are attached hereto. The attached statement of financial position and income statement include figures which the independent auditors have not yet finished reviewing. The 2016 interim financial report of M&C will be made available to the market, pursuant to article 154-ter.2 of Legislative decree no. 58/98, once the independent auditors have finished their review.

Milan, 27 July 2016

#### **M&C S.p.A.**

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| <b>M&amp;C S.p.A.</b>                               |                   |                   |
|---|-------------------|-------------------|
| <b>Interim financial statements at 30 June 2016</b> |                   |                   |
| <b>STATEMENT OF FINANCIAL POSITION</b>              |                   |                   |
| (Euro)  |                   |                   |
| <b>ASSETS</b>                                       | <b>30.06.2016</b> | <b>31.12.2015</b> |
| <b>Non-current assets</b>                           |                   |                   |
| Property, plant and equipment                       | 3,138             | 4,004             |
| Intangible assets                                   | 102               | 204               |
| Equity investments                                  | 37,726,638        | 37,726,638        |
| Other non-current assets                            | 1,043,612         | 1,043,612         |
| Loans and receivables                               | 15,630,145        | 14,622,947        |
| <b>Total non-current assets</b>                     | <b>54,403,635</b> | <b>53,397,405</b> |
| <b>Current assets</b>                               |                   |                   |
| Loans and receivables                               | 649,551           | 655,870           |
| Current tax assets                                  | 542,583           | 589,131           |
| Other current assets                                | 624,757           | 754,291           |
| Current loan assets                                 | 3,488,100         | -                 |
| Current financial assets                            | 15,117,532        | 16,563,969        |
| Cash and cash equivalents                           | 7,481,270         | 7,718,690         |
| <b>Total current assets</b>                         | <b>27,903,793</b> | <b>26,281,951</b> |
| <b>Total assets</b>                                 | <b>82,307,428</b> | <b>79,679,356</b> |
| <b>LIABILITIES AND EQUITY</b>                       | <b>30.06.2016</b> | <b>31.12.2015</b> |
| <b>Equity</b>                                       |                   |                   |
| Share capital                                       | 80,000,000        | 80,000,000        |
| Treasury shares                                     | (50,032,057)      | (50,032,057)      |
| Reserves  | 48,306,246        | 47,574,795        |
| Valuation reserves                                  | 3,328,832         | 684,292           |
| Profit (loss) for the period/year                   | (59,468)          | 731,451           |
| <b>Total equity</b>                                 | <b>81,543,553</b> | <b>78,958,481</b> |
| <b>Liabilities</b>                                  |                   |                   |
| <b>Non-current liabilities</b>                      |                   |                   |
| Employee benefits                                   | 58,517            | 56,678            |
| Deferred tax liabilities                            | 253,217           | 264,044           |
| <b>Total non-current liabilities</b>                | <b>311,734</b>    | <b>320,722</b>    |
| <b>Current liabilities</b>                          |                   |                   |
| Trade payables                                      | 194,198           | 125,197           |
| Other current liabilities                           | 257,943           | 274,956           |
| <b>Total current liabilities</b>                    | <b>452,141</b>    | <b>400,153</b>    |
| <b>Total liabilities</b>                            | <b>763,875</b>    | <b>720,875</b>    |
| <b>Total liabilities and equity</b>                 | <b>82,307,428</b> | <b>79,679,356</b> |

| <b>M&amp;C S.p.A.</b>                                  |                        |                        |
|--|------------------------|------------------------|
| <b>Interim financial statements at 30 June 2016</b>    |                        |                        |
| <b>INCOME STATEMENT</b>                                |                        |                        |
| (Euro)   | <b>First half 2016</b> | <b>First half 2015</b> |
| Revenue from sales and services                        | -                      | 23,333                 |
| Other revenue  | 83,230                 | 83,912                 |
| Personnel expense                                      | (452,886)              | (533,516)              |
| Amortisation, depreciation and impairment losses       | (1,577)                | (1,671)                |
| Other operating expenses                               | (350,967)              | (375,591)              |
| <b>Operating loss</b>                                  | <b>(722,200)</b>       | <b>(803,533)</b>       |
| Financial income                                       | 1,081,584              | 684,934                |
| Financial expense                                      | (705)                  | (1,050)                |
| <b>Net financial income</b>                            | <b>1,080,879</b>       | <b>683,884</b>         |
| Gains on equity investments and securities             | 193,200                | 649,392                |
| Losses on equity investments and securities            | (1,575,468)            | (764,496)              |
| <b>Net losses on equity investments and securities</b> | <b>(1,382,268)</b>     | <b>(115,104)</b>       |
| <b>Pre-tax loss</b>                                    | <b>(1,023,589)</b>     | <b>(234,753)</b>       |
| Current and deferred taxes                             | 964,121                | (16,887)               |
| <b>Loss from continuing operations</b>                 | <b>(59,468)</b>        | <b>(251,640)</b>       |
| <b>Loss for the period</b>                             | <b>(59,468)</b>        | <b>(251,640)</b>       |
| Loss per share (*)                                     | (0.0001)               | (0.0006)               |
| Diluted loss per share (*)                             | (0.0001)               | (0.0006)               |

(\*) Calculated using outstanding shares without considering treasury shares.

| <b>M&amp;C</b>   |                   |                   |
|--|-------------------|-------------------|
| <b>Condensed interim individual financial statements at 30 June 2016</b> |                   |                   |
| <b>STATEMENT OF FINANCIAL POSITION</b>                                   |                   |                   |
| <b>(€'000)</b>   |                   |                   |
| <b>ASSETS</b>  | <b>30.06.2016</b> | <b>31.12.2015</b> |
| <b>Non-current assets</b>  |                   |                   |
| Property, plant and equipment  | 3                 | 4                 |
| Equity investments   | 33,329            | 33,449            |
| Other non-current assets   | 1,044             | 1,044             |
| Loans and receivables  | 15,630            | 14,623            |
| Deferred tax assets  | -                 | -                 |
| <b>Total non-current assets</b>  | <b>50,006</b>     | <b>49,120</b>     |
| <b>Current assets</b>  |                   |                   |
| Loans and receivables  | 649               | 656               |
| Current tax assets   | 543               | 589               |
| Other current assets   | 625               | 754               |
| Current loan assets  | 3,488             | -                 |
| Current financial assets   | 15,118            | 16,564            |
| Cash and cash equivalents  | 7,481             | 7,719             |
| <b>Total current assets</b>  | <b>27,904</b>     | <b>26,282</b>     |
| <b>Total assets</b>  | <b>77,910</b>     | <b>75,402</b>     |
|  |                   |                   |
| <b>LIABILITIES AND EQUITY</b>  | <b>30.06.2016</b> | <b>31.12.2015</b> |
| <b>Equity</b>  |                   |                   |
| Share capital  | 80,000            | 80,000            |
| Treasury shares  | (50,032)          | (50,032)          |
| Reserves   | 43,361            | 44,669            |
| Valuation reserves   | 2,253             | 1,344             |
| Profit (loss) for the period/year  | 1,581             | (1,307)           |
| <b>Total equity</b>  | <b>77,163</b>     | <b>74,674</b>     |
| <b>Liabilities</b>   |                   |                   |
| <b>Non-current liabilities</b>   |                   |                   |
| Employee benefits  | 59                | 57                |
| Deferred tax liabilities   | 236               | 271               |
| <b>Total non-current liabilities</b>                                     | <b>295</b>        | <b>328</b>        |
| <b>Current liabilities</b>   |                   |                   |
| Trade payables   | 194               | 125               |
| Other current liabilities  | 258               | 275               |
| <b>Total current liabilities</b>   | <b>452</b>        | <b>400</b>        |
| <b>Total liabilities</b>   | <b>747</b>        | <b>728</b>        |
| <b>Total liabilities and equity</b>                                      | <b>77,910</b>     | <b>75,402</b>     |

| <b>M&amp;C</b>   |  |                        |                        |
|--|--|------------------------|------------------------|
| <b>Condensed interim individual financial statements at 30 June 2016</b> |  |                        |                        |
| <b>INCOME STATEMENT (*)</b>  |  |                        |                        |
|  |  |                        |                        |
| (€'000)  |  | <b>First half 2016</b> | <b>First half 2015</b> |
| Revenue from sales and services  |  | -                      | 23                     |
| Other revenue  |  | 83                     | 84                     |
| Personnel expense  |  | (453)                  | (533)                  |
| Amortisation, depreciation and impairment losses                         |  | (1)                    | (2)                    |
| Other operating expenses   |  | (351)                  | (376)                  |
| <b>Operating loss</b>  |  | <b>(722)</b>           | <b>(804)</b>           |
| Financial income   |  | 1,082                  | 440                    |
| Financial expense  |  | (1)                    | (1)                    |
| <b>Net financial income</b>  |  | <b>1,081</b>           | <b>439</b>             |
| Gains on equity investments and securities                               |  | 1,833                  | 1,698                  |
| Losses on equity investments and securities                              |  | (1,575)                | (519)                  |
| <b>Net gains on equity investments and securities</b>                    |  | <b>258</b>             | <b>1,179</b>           |
| <b>Pre-tax profit</b>  |  | <b>617</b>             | <b>814</b>             |
| Current and deferred taxes   |  | 964                    | (17)                   |
| <b>Profit from continuing operations</b>                                 |  | <b>1,581</b>           | <b>797</b>             |
| <b>Loss for the period</b>   |  | <b>1,581</b>           | <b>797</b>             |
|  |  |                        |                        |
| Earnings per share (**)  |  | 0.0039                 | 0.0020                 |
| Diluted earnings per share (**)  |  | 0.0039                 | 0.0020                 |

(\*) Calculated using outstanding shares without considering treasury shares.

\* \* \*

Pursuant to article 154-bis.2 of the Consolidated Finance Act, the manager in charge of financial reporting, Marco Viberti, states that the financial information presented in this press release is consistent with the accounting records, ledgers and documents.