



Geneva, 31 October 2018

- **Financial results at 30 September 2018:**

- **Preliminary remark:** It is reminded that accounting standard IFRS 9, which became effective on 1 January 2018, significantly changes the accounting treatment of non-consolidated¹ portfolio investments². Pursuant to this new standard:
 - unrealized gains (or losses) recorded until 31 December 2017 in shareholders' equity will never be recorded in the income statement;
 - according to the accounting option retained by the Group (please refer to Section 2.2, Remark 1 further in this report), changes in fair values from 1 January 2018 onwards are recorded directly in shareholder's equity and will never be recorded in the income statement, except for changes in the fair value of those of the private equity and other investment funds that are not consolidated, which are recorded through income statement.

Therefore, the comparison of the economic operating income and net income in the nine-month period in 2018 and the corresponding period in 2017 must be analyzed in light of these accounting changes (for more details, please see Section 2.2 below).

- At 30 September 2018, the average EUR/CHF exchange rate was 1.161, compared with 1.095 at 30 September 2017, an increase of +6.0%.
- **Economic operating income**³: CHF 259.8 million compared with CHF 348.1 million at 30 September 2017. Economic operating income at 30 September 2018 includes:
 - a contribution from the portfolio amounting to CHF 304.8 million, compared with CHF 385.7 million at 30 September 2017, reflecting:
 - the increase in the operating contribution from Imerys (CHF 100.0 million compared with CHF 90.3 million at 30 September 2017);
 - the contribution from Parques Reunidos, which is accounted for using the equity method since the end of 2017, for CHF -3.2 million;
 - the increase in the dividends from non-consolidated shareholdings (CHF 187.6 million compared with CHF 171.7 million at 30 September 2017), primarily due to the increase in the dividends per share paid by most of the portfolio companies, additional investments made by GBL in Umicore and GEA, as well as to the increase in the average EUR/CHF exchange rate;

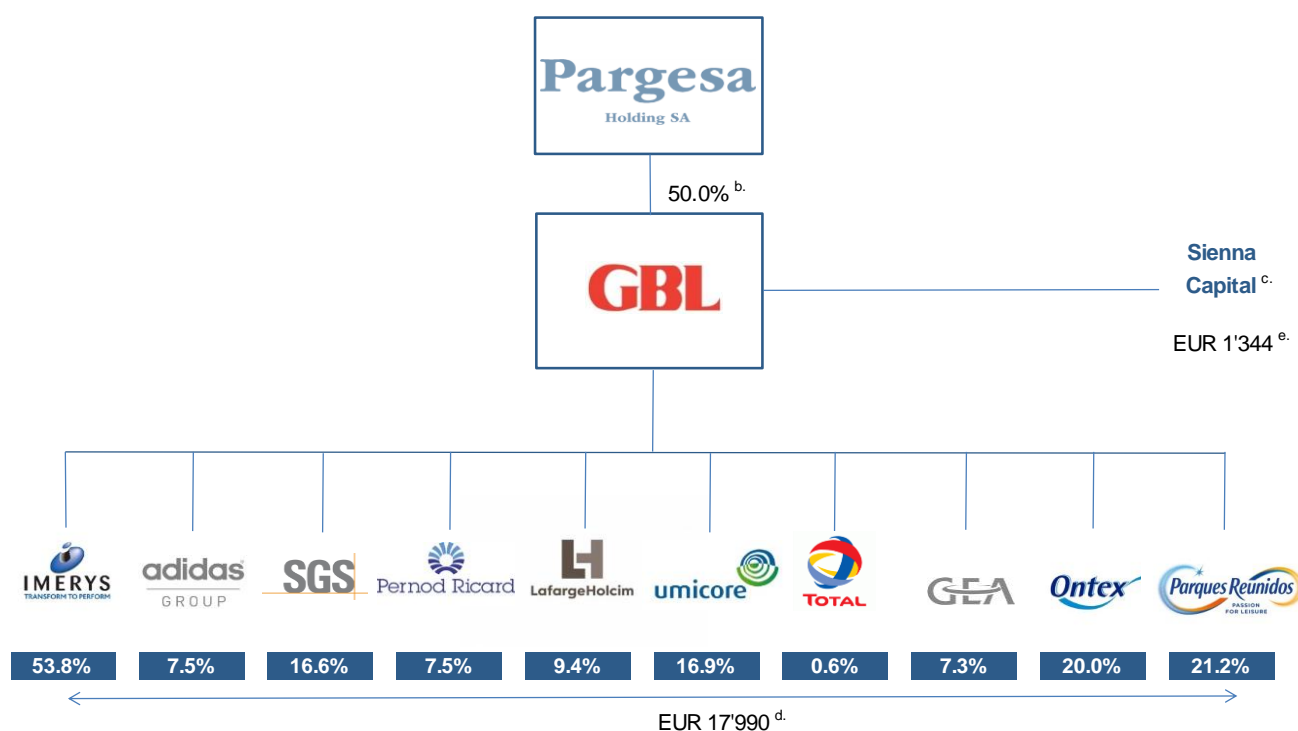
¹ In this press release, the term "consolidated" means full consolidation or equity accounting.

² The term "portfolio" includes the shareholdings and Sienna Capital.

³ See definition on page 6.

- a contribution of CHF 20.4 million from private equity and other funds activities, compared with CHF 123.7 million at 30 September 2017. It is reminded that in Q1 2018, Sagard II and Sagard 3 (non-consolidated funds) completed the sale of their investment in Kiloutou and Alvest, respectively. The revaluation reserve in Pargesa's shareholders' equity included at the end of 2017 an aggregate unrealized gain of CHF 57 million (Pargesa's share), as a result of the revaluation of these two investments. Pursuant to new accounting standard IFRS 9, this amount has not been recorded in the income statement at the time Kiloutou and Alvest were sold in Q1 2018, and remains recorded in shareholders' equity. At 30 September 2017, the contribution from this activity included in particular Pargesa's share of the gains recorded by Ergon Capital Partners III from the sale of its investments in Golden Goose, for CHF 63.4 million and ELITech, for CHF 59.3 million⁴.
- the non-cash impact related to the derivative financial instruments embedded in the convertible and exchangeable bonds⁵ issued by GBL, for a net amount CHF +7.1 million (CHF -10.3 million at 30 September 2017).
- **Non-operating income:** CHF -8.5 million at 30 September 2018, compared with CHF +0.4 million at 30 September 2017. It is worth noting that GBL sold in Q2 2018 its participation in Burberry, generating a gain of EUR 67 million (Pargesa's share: CHF 40 million). As per IFRS 9, this gain is recorded directly in shareholders' equity, and did not flow through income statement.
- As a result of the above, Pargesa's **net income** stands at CHF 251.3 million at 30 September 2018, compared with CHF 348.5 million at 30 September 2017.

The organisation chart below reflects the Group structure at 30 September 2018^a:



- Shareholdings are expressed as a percentage of the capital held. The chart shows the main shareholdings of the portfolio.
- 50.7% of voting rights, taking into account the suspended voting rights related to GBL treasury shares.
- Comprising significant investments in private equity, debt or specific thematic funds.
- Market value in EUR million of the main investments held by GBL at 30 September 2018.
- Estimated value in EUR million at 30 September 2018.

⁴ Note: had these transactions been achieved in 2018, the capital gain would have been recorded in the income statement, since the fund Ergon Capital Partners III is consolidated, as were the investments in Golden Goose and ELITech.

⁵ In 2017 only, with respect to exchangeable bonds.

1. 2018 highlights

- As already reported, on 8 February 2018, **Umicore** raised EUR 892 million through a capital increase subscribed by institutional investors and other investors. The new shares, which represent 10% of the number of outstanding shares prior to the transaction, were issued at a price of EUR 39.80 per share. GBL participated in the capital increase by investing EUR 144 million, which had the effect of slightly diluting its shareholding to 16.9% of Umicore's capital, compared with 17.0% prior to the transaction. As at 30 September 2018, the value of GBL's investment in Umicore was EUR 2'010 million.
- It is reminded that on 3 April 2018, GEA Group ("**GEA**") announced that GBL had crossed on 23 March 2018 the 5.0% threshold of the voting rights of the company. As at 30 September 2018, GBL held 7.3% of GEA's share capital, worth EUR 404 million.
- Also already reported was the sale by GBL in May 2018 of 6.6% of the capital of Burberry Group Plc ("**Burberry**"). Proceeds from the disposal amounted to EUR 566 million and allowed GBL to realize a capital gain of EUR 67 million (with Pargesa's share being CHF 40 million), which however has not been recorded in the income statement as a consequence of IFRS 9, which became effective on 1 January 2018⁶.
- As a reminder, on 12 June 2018, **GBL** announced the completion of a 7-year bond issue for EUR 500 million, with a coupon of 1.875%. The proceeds from this issuance are used by GBL for general corporate purposes. The transaction allows GBL to lengthen its debt maturity profile, and to further diversify its financing sources.
- On 9 October 2018, **GBL's** convertible bond, issued on 27 September 2013, expired. Since April of this year, certain holders of bonds requested an early conversion of their bonds representing 81% of all bonds issued, the balance being reimbursed on 9 October 2018. The bonds have been redeemed, partly by the delivery of GBL treasury shares, and for the balance in cash. Following the redemption of the bonds and based on the number of bonds converted in GBL shares, Pargesa's economic interest in GBL stands at 50.7% compared to 51.8% at 31 December 2017.
- The board of directors of **GBL** has authorised the company to purchase up to EUR 250 million of its own shares, if appropriate and depending on market conditions. This authorisation is valid until 26 April 2021.
- At the level of **Imerys** the following highlights can be disclosed :
 - Imerys announced on 17 May 2018 that it had entered into an exclusivity agreement for the purpose of the sale of its roofing division Imerys Toiture for an enterprise value of EUR 1 billion. Imerys Toiture, which mainly serves the French construction market, generated revenue of EUR 300 million in 2017 with around 1'000 employees and 14 plants located in France. This agreement follows the strategic review conducted by Imerys' board of directors on the prospects of the Roofing division. This transaction improves Imerys growth profile through higher exposure to dynamic markets and geographies and strengthens its balance sheet. The transaction has been completed on 11 October 2018 and permits Imerys, on this occasion, to realise a net capital gain of more than EUR 700 million which will be recorded in the income statement in the 4th quarter.
 - Following an in-depth market analysis, Imerys decided to withdraw from the ceramic proppants market. Imerys group is currently studying several divestiture scenarios for this business, which has a balance sheet value of approximately EUR 150 million. Since the third quarter of 2018, costs associated with this business are recognized as restructuring costs. As a result, the annual negative contribution of the Oilfield Services division to the current operating income should be around EUR 5 million in 2018.
 - Imerys has decided to implement a care and maintenance program for its Namibian graphite assets to preserve their long-term value for a future point when market pricing allows a proper value to be achieved for this high-quality graphite product. The implementation of a proper care and maintenance program enables Imerys to preserve its mining rights and resume production once general market conditions become more favourable. These assets are accounted for on Imerys' balance sheet for a value of approximately EUR 50 million

⁶ The shareholding in Burberry was not consolidated.

- Certain subsidiaries of the Imerys group, which operate its American Talc business, are among the defendants in the actions brought before several US federal and state courts by multiple plaintiffs. In these matters, the plaintiffs assert claims based on the alleged hazards related to the use of talc in certain products. Most of this litigation relates to sales made prior to Imerys' 2011 acquisition of its Talc business. There has been no material adverse development in this litigation affecting the relevant US subsidiaries in this quarter. However, while these litigations continue to develop/expand, these subsidiaries are assessing and reviewing their strategic options for best protecting their respective long term financial interests.
- At the level of **Sienna Capital** it is reminded that:
 - In November 2017, Ergon Capital Partners III ("ECP III") announced the signature of an agreement for the acquisition of svt Holding GmbH ("svt"). This German company is one of the leaders in preventive passive fire protection. The acquisition was finalized in January 2018. In February 2018, svt signed an agreement to acquire Rolf Kuhn GmbH. Through this transaction, which was completed in April, svt becomes a major European actor in fire protection.
 - In September 2017, a group of investors announced that they had entered into exclusive negotiations with Sagard 3 and Alvest's management team, to acquire a significant stake in this company, the global leader in the production and distribution of airport ground support equipment. As at 31 December 2017, the unrealized gain on this investment then recorded in the revaluation reserve in shareholders' equity, amounted to CHF 34 million (Pargesa's share). The transaction was finalized in January 2018, and Sagard 3 reinvested in the capital of the company. Sagard 3 is a non-consolidated fund, thus as per new accounting standard IFRS 9, the CHF 34 million gain was not recorded in the income statement, and remains recorded in shareholders' equity.

In November 2017, the shareholders (including Sagard II) of Kiloutou, one of the European leaders of rental construction equipment, entered into exclusive negotiations for the sale of a majority shareholding position in the company. As at 31 December 2017, the unrealized gain on this investment then recorded in shareholders' equity (in the revaluation reserve), amounted to CHF 23 million (Pargesa's share). The transaction was finalized in February 2018. Sagard II is a non-consolidated fund, thus for the same reasons as the ones regarding the sale of Alvest (see above), the CHF 23 million gain was not recorded in the income statement, and remains recorded in shareholders' equity.

In January 2018, Sagard 3 completed the acquisition of a majority stake in Climater, one of the French leading firms in climatic engineering (installation and maintenance of air conditioning, heating and ventilation systems in buildings).

- In July 2018, GBL, through its subsidiary Sienna Capital, realized its first co-investment transaction by investing EUR 250 million, alongside funds affiliated with the investment company KKR, in Upfield (previously named Flora Food Group), the carve-out of Unilever's Spreads division. Upfield is the world leader in plant-based margarine spreads and cooking products. It is currently established in 69 countries and generated pro forma sales of around EUR 3 billion in 2017.
- During Q3 2018, ECP III finalized the acquisition of Beltaste-Vanreusel, a Belgian manufacturer of frozen food products and supplier of fast food restaurants, and Indo, the Spanish leader in the manufacture and distribution of ophthalmic lenses and ophthalmic diagnostic equipment.

At 30 September 2018, GBL's commitments with respect to Sienna Capital amounted to EUR 553 million (EUR 733 million at 31 December 2017).

2. Consolidated financial results at 30 September 2018 (unaudited)

The Board of directors of Pargesa Holding SA met today and reviewed the unaudited consolidated financial results for the nine-month period ended 30 September 2018.

2.1. Presentation of results in accordance with IFRS

The simplified income statement in accordance with IFRS is as follows:

CHF million	30 September 2018	30 September 2017
Operating income	4'685.2	3'791.7
Operating expenses	(4'255.8)	(3'416.9)
Other income and expenses	4.2	267.6
Operating profit (loss)	433.6	642.4
Dividends and interest from long-term investments	363.9	337.0
Other financial income and expenses	(84.1)	(100.2)
Taxes	(126.0)	(106.6)
Income from associates and joint ventures	26.0	25.5
Net profit from continuing operations	613.4	798.1
Net profit from discontinued operations	56.2	53.3
Consolidated net profit (before non-controlling interests)	669.6	851.4
Attributable to non-controlling interests	(418.3)	(502.9)
Attributable to Pargesa shareholders (Group share)	251.3	348.5
<i>Basic earnings per share attributable to Pargesa shareholders (CHF)</i>	<i>2.97</i>	<i>4.12</i>
<i>Average number of shares (thousands)</i>	<i>84'680</i>	<i>84'660</i>
<i>Average EUR/CHF exchange rate</i>	<i>1.161</i>	<i>1.095</i>

Operating income and expenses are primarily the revenues and operating expenses of Imerys, whose accounts are fully consolidated.

Other income and expenses include net capital gains and losses as well as impairments and reversals of previous impairments on certain Group shareholdings⁷ and operations. As mentioned in previous press releases this year, pursuant to new accounting standard IFRS 9 the gains resulting from the sale in Q1 2018 of the investments in Kiloutou and Alvest held by the non-consolidated funds Sagard II and Sagard 3, respectively, which amounted to CHF 102 million in aggregate (including the portion attributable to non-controlling interests), as well as from the sale by GBL in Q2 2018 of its investment in Burberry (CHF 79 million, including the portion attributable to non-controlling interests), have not been recorded in the income statement and remain recorded in shareholders' equity. At 30 September 2017, this item included the gain realized by ECP III from the sale of its investments in Golden Goose and ELITech (CHF 263 million).

The **dividends and interest from long-term investments** item comprises the net dividends recorded by the Group from its non-consolidated investments.

The **other financial income and expenses** and **taxes** items include Pargesa's, GBL's and Imerys' figures. **Other financial income and expenses** includes the non-cash impact of GBL's derivative financial instruments being marked to market.

Income from associates and joint ventures represents the share of the consolidated net profit contributed by shareholdings accounted for in the Pargesa financial statements using the equity method. These shareholdings are primarily held by GBL (Parques Reunidos, starting in 2018), Sienna Capital or Imerys.

The **net profit from discontinued operations** represents the contribution from Imerys' Roofing division.

The item **non-controlling interests** mainly relates to the share of income attributable to the minority shareholders of GBL and Imerys, these two companies being fully consolidated into Pargesa's financial statements.

⁷ With respect to non-consolidated portfolio investments and the application of IFRS 9, please refer to the comments in Section 2.2, Remark 1 below.

2.2. Economic presentation of Pargesa's financial results

In addition to the accounts drawn up in accordance with IFRS, Pargesa publishes an economic presentation of its results, in order to provide continuous information over the long term about the contribution of each of the shareholdings within the portfolio on one hand, of the holding activities on the other hand, to its results (Group share). Since IFRS require different accounting treatments depending on the Group's percentage holding in each of its investments (full integration of GBL, Imerys and certain funds, equity accounting method for Parques Reunidos since the end of 2017, as well as for certain other funds, notably), the analysis of the evolution of these contributions from the consolidated accounts presented in accordance with IFRS may sometimes be difficult to achieve.

The economic presentation is intended to illustrate in an analytical approach the origin of the formation of Pargesa's consolidated result (Group share), and more specifically, on one hand, the contribution of the various components of the portfolio (Pargesa's share), and, on the other hand, the contribution from holding companies activities (Pargesa and its share of GBL's holding activities).

The analysis also draws a distinction between the operating and non-operating items in the income, the non-operating part including in particular net capital gains and losses in connection with disposals as well as any restructuring charges and impairments or reversals of previous impairments. However, as already mentioned this year:

- Net capital gains or losses resulting from the sale of non-consolidated shareholdings within the portfolio are, from 1 January 2018, recorded directly in shareholders' equity, without flowing through the income statement (see as well hereafter the section "Remarks" ;
- Net results from disposals or impairments recorded by private equity and other investment funds which are consolidated, as well as changes in fair value since 1 January 2018 for those of the funds which are not consolidated (see Section 2.2, Remark 1 below), are included in operating income due to the business model of this asset class.

Per this presentation:

- The economic operating income highlights⁸:
 - the contribution of the portfolio's shareholdings to Pargesa's economic operating income, which is constituted of Pargesa's share in the operating income of such shareholdings which are fully consolidated (Imerys) or consolidated using the equity method (Parques Reunidos, from 2018)⁹, as well as in the dividends paid by the non-consolidated shareholdings. Imerys' operating income corresponds to the sum of Imerys' "Net income from current operations, group share" as presented by the company in its financial communication, and the contribution from its Roofing division, which is presented as discontinued operations in 2018. With respect to Parques Reunidos, operating income corresponds to net income before non-recurring items and impairments, as identified by the company;
 - the net contribution from private equity and other investment funds activities (combined under Sienna Capital at GBL). As per new accounting standard IFRS 9, from 1 January 2018 onward the contribution from those of the funds which are not consolidated includes changes in their fair value during the period (instead of net results from disposals or impairments or reversals of previous impairments, until 31 December 2017);
 - the impact of net financial income (or expenses) and general expenses and income taxes of the holding companies.
- Non-operating income includes:
 - on one hand, Pargesa's share of non-operating items from shareholdings that are fully consolidated

⁸ Note: at the level of the economic operating income, the contributions of the shareholdings as well as from the private equity and other investment funds activities are all set on the same level since the end of 2017 ("Contribution of the portfolio to operating income").

⁹ The contribution recorded by Pargesa at 30 September 2018 represents Pargesa's share of Parques Reunidos' results for the six-month period ended 30 June 2018 since Parques Reunidos will report its 2018 nine-month results only after those of Pargesa. The contribution of the 3rd quarter 2018 will be included in the annual Group results.

- (Imerys, for which non-operating income corresponds to “Other operating income and expenses”, as presented by the company in its financial communication) or consolidated using the equity method (Parques Reunidos, from 2018, for which non-operating income corresponds to non-recurring items and/or impairments, as identified by the company)⁹; and
- on the other hand, non-operating income generated at the level of the holding companies (Pargesa and its share of the non-operating income of GBL). It must be noted, however, that pursuant to IFRS 9, from 2018 onwards, in case of a disposal of shares of a non-consolidated portfolio shareholding, no gain or loss will impact the income statement, and that the income statement will no longer record any impairment charge with respect to non-consolidated portfolio shareholdings (see “Remarks” below).
- The sum of economic operating income and non-operating income corresponds to the net income (Group share), as per the IFRS consolidated financial statements.

Remarks:

- 1) As explained in the previous results press releases in 2018, accounting standard IFRS 9, which came into effect on 1 January 2018, notably modifies the accounting treatment of changes in the fair value of the shareholdings which are not fully consolidated or equity accounted for (which currently constitute the majority of the Group's portfolio), and of changes in the fair value of the non-consolidated funds.

It is reminded that these investments are valued in the balance sheet at their fair value (being the market value for listed securities), the variations of which until 31 December 2017 were recorded in the revaluation reserve, which forms part of the shareholder's equity. As a result, these changes in value did not impact the profit and loss account except in the following cases:

- in case of a disposal: changes in fair value previously recorded in shareholder's equity since the time of acquisition were then recorded in the income statement, or
- in the event of an impairment: the (negative) change in fair value since the acquisition was recorded through income statement (the same treatment applied to any additional negative variation) without the possibility of reversal (except in the case of a disposal).

As from 1 January 2018, these investments will continue to be recorded at fair value in the balance sheet. However, changes in fair value recorded until 31 December 2017 in the revaluation reserve in shareholders' equity will never flow through income. Changes in fair value from 1 January 2018 are recorded, at the option of the company:

- either systematically through income statement: every positive or negative change during the period in the market value of listed non-consolidated shareholdings (or in the fair value in the case of non-consolidated unlisted investments) therefore directly impacts the income statement;
- or in shareholder's equity: every positive or negative change in the market value of listed non-consolidated shareholdings (or in the fair value in the case of non-consolidated unlisted investments) impacts the consolidated reserves, the corresponding amounts never being recycled in the income statement, even in the case of a disposal. Moreover, non-consolidated investments will no longer be subject to impairments recorded through income statement.

It should be noted that this choice can be made (i) globally for all the non-consolidated investments or (ii) individually.

The Group has opted for the method of recording changes in fair value of the main non-consolidated shareholdings within the portfolio¹⁰ via shareholder's equity, while changes in the fair value of those of the funds that are not consolidated are recorded in the income statement. Therefore, non-operating income should no longer record, as from the 2018 financial year, any gain or loss on disposal nor impairment charge on non-consolidated shareholdings for which the option for the method of recording changes in fair value through shareholder's equity has been retained.

¹⁰ This option currently involves the following shareholdings: SGS, Pernod Ricard, LafargeHolcim, Umicore, Total, GEA and Ontex (the shareholding in Burberry was sold in May 2018). Parques Reunidos is accounted for using the equity method since end of 2017.

In addition, the contribution from non-consolidated shareholdings to the economic operating income will continue to be constituted by the dividends.

- 2) As mentioned in the previous press releases issued in 2018, it was decided to no longer make a distinction between “Strategic” investments and “Incubator” investments in the economic presentation of Pargesa's results. Furthermore, it was also decided to present in the operating income the contributions from the participations and the contribution from private equity and other funds activities under the same heading entitled “Contribution from the portfolio to operating income”. In the table below, the presentation of the economic results at 30 September 2017 has therefore been restated accordingly¹¹.

According to this approach, the economic results at 30 September 2018 can be analyzed as follows:

CHF million	30 September 2018	30 September 2017
Contribution from the portfolio to operating income		
- Consolidated shareholdings (full consolidation or equity accounting):		
Imerys	share of operating income	100.0
Parques Reunidos	share of operating income	(3.2)
- Non-consolidated shareholdings:		
LafargeHolcim	net dividend	58.0
SGS	net dividend	49.6
adidas	net dividend	20.7
Umicore	net dividend	17.9
Total	net dividend	15.6
Pernod Ricard	net dividend	12.0
GEA	net dividend	6.0
Ontex	net dividend	5.9
Burberry	net dividend	-
Parques Reunidos	net dividend	-
Other	net dividend	1.9
- Contribution from private equity and other funds		20.4
Contribution from the portfolio to operating income		304.8
<i>per share (CHF)</i>		<i>3.60</i>
Net financial income and expenses		(20.9)
General expenses and taxes		(24.1)
Economic operating income		259.8
<i>per share (CHF)</i>		<i>3.07</i>
Non-operating income (loss) from consolidated shareholdings		(8.0)
Non-operating income (loss) from holding company activities		(0.5)
Net income		251.3
<i>per share (CHF)</i>		<i>2.97</i>
<i>Average number of shares (thousands)</i>		<i>84'680</i>
<i>Average EUR/CHF exchange rate</i>		<i>1.161</i>

Most income comes from GBL, whose results are denominated in euros. In the nine-month period in 2018, the average EUR/CHF exchange rate was 1.161, compared with 1.095 in the corresponding period in 2017, an increase of +6.0%. Furthermore, following the early conversion since the beginning of 2018 of convertible bonds issued by GBL (please refer to page 3 of this press release), Pargesa's share of GBL's earning (excluding the portion attributable to non-controlling shareholders) stands at 50.7% at 30 September 2018, compared with 51.8% at 30 September 2017.

¹¹ The contribution (dividends) from shareholdings previously included in the “Incubator” portfolio appeared under the heading “Other operating income from holding company activities”.

Economic operating income:

Contribution from the portfolio to operating income

Consolidated shareholdings (full consolidation or equity accounting):

Imerys (which is fully consolidated) reported **net income from current operations** (group share) of EUR 266 million at 30 September 2018, excluding the contribution from its Roofing division presented as discontinued operations. Including this contribution (EUR 48 million). Imerys' net operating income as defined by Pargesa amounts to EUR 314 million, compared with EUR 293 million at 30 September 2017 (+7.5%). Including the effect of the strengthening of the average EUR/CHF exchange rate, Pargesa's share of Imerys' net income from current operations, in Swiss francs terms, was CHF 100.0 million at 30 September 2018, compared with CHF 90.3 million at 30 September 2017, an increase of 10.7%. After taking into account "Other operating income and expenses" of EUR -24 million net of taxes¹², Imerys' **net income** was EUR 290 million at 30 September 2018. At 30 September 2017, Imerys' net income amounted to EUR 268 million after taking into account "Other operating income and expenses" of EUR -25 million net of taxes.

Parques Reunidos ("Parques") was acquired in 2017 and is accounted for using the equity method since the end of 2017. The company's financial year ends on 30 September. The contribution recorded by Pargesa at 30 September 2018 represents Pargesa's share of Parques' results for the six-month period ended 30 June 2018 since Parques will report its 2018 nine-month results only after those of Pargesa. The contribution of the 3rd quarter will be included in the annual Group results.

For the six-month period ended 30 June 2018, Parques' **operating income** (see definition on page 6) stood at EUR -25 million reflecting in particular the seasonal nature of the company's activities. Pargesa's share of Parques' operating income thus came in at CHF -3.2 million. After taking into consideration non-recurring items and/or impairments¹³, Parques' **net income** came in at EUR -28 million for the period.

Non-consolidated shareholdings:

The contributions from **LafargeHolcim**, **SGS**, **adidas**, **Umicore**, **Total**, **Pernod Ricard**, **GEA**, **Ontex**, **Burberry** (shareholding sold in May 2018) and **Parques Reunidos** (at 30 September 2017, when this investment was not yet accounted for using the equity method) represent Pargesa's share of net dividends recorded by GBL. The contribution from non-consolidated shareholdings was CHF 187.6 million at 30 September 2018, compared with CHF 171.7 million at 30 September 2017.

The contribution from **LafargeHolcim** was CHF 58.0 million at 30 September 2018, compared with CHF 59.7 million at 30 September 2017. The company paid in 2018 a dividend of CHF 2.00 per share, the same amount as in 2017. The variance in the contribution reflects notably the impact of the evolution of the CHF/EUR exchange rate between 2017 and 2018, at the time when GBL recorded the dividend from LafargeHolcim.

The contribution from **SGS** came in at CHF 49.6 million at 30 September 2018, compared with CHF 45.9 million for the corresponding period in 2017. The increase in the contribution year-over-year primarily results from the increase in the dividend per share paid by SGS (CHF 75 compared with CHF 70 in 2017, up 7.1%).

The contribution from **adidas** was CHF 20.7 million at 30 September 2018, compared with CHF 14.9 million at 30 September 2017. The increase in the contribution reflects the increase in the dividend per share paid by the company (EUR 2.60 vs EUR 2.00 in 2017, or +30%), as well as the increase in the average EUR/CHF exchange rate.

The contribution from **Umicore** came in at CHF 17.9 million at 30 September 2018 (compared with CHF 14.4 million at 30 September 2017), and represents Pargesa's share of the final dividend payment related to 2017, or EUR 0.375 per share, up 7.1% from the corresponding amount at 30 September 2017 (EUR 0.35 per share), as well as the interim dividend related to the current financial year of EUR 0.35 per share compared with EUR 0.325 per share in 2017 (+7.7%). The increase in Umicore's contribution also reflects the stronger EUR/CHF

¹² As explained earlier in this report, in the economic presentation of results, Pargesa's share of "Other operating income and expenses" recorded by Imerys appears under "Non-operating income (loss) from consolidated shareholdings".

¹³ Pargesa's share of Parques Reunidos' non-recurring items and/or impairments also appears under "Non-operating income (loss) from consolidated shareholdings".

average exchange rate, as well as the higher number of shares held by GBL resulting from its participation in the capital increase launched by Umicore in February 2018.

The contribution from **Total** was CHF 15.6 million at 30 September 2018, compared with CHF 15.2 million at 30 September 2017. The final dividend related to 2017 and the two first interim dividend for 2018 amounted to respectively EUR 0.62 per share for the final dividend and EUR 0.64 per share for the two interim dividends, respectively (the corresponding amounts in 2017 were EUR 0.62 per share each).

Pernod Ricard declared an interim dividend of EUR 1.01 per share in H1 2018, compared with EUR 0.94 per share in H1 2017. Including the impact of a stronger EUR/CHF exchange rate, Pernod Ricard's contribution for the nine-month period ended 30 September 2018 came in at CHF 12.0 million, compared with CHF 10.4 million at 30 September 2017. The board of directors of Pernod Ricard will propose at the next annual general meeting to be held on 21 November 2018, to distribute a dividend of EUR 2.36 per share for the full 2017-2018 financial year, compared with EUR 2.02 per share for the 2016-2017 financial year, an increase of 16.8%. The balance would thereafter amount to EUR 1.35 per share (payable during Q4 2018) compared with a balance of EUR 1.08 for the previous year.

The contribution from **GEA** was CHF 6.0 million at 30 September 2018, compared with CHF 1.2 million at 30 September 2017, reflecting the increase in the dividend per share paid by the company (EUR 0.85 per share in 2018, compared with EUR 0.80 in 2017, an increase of 6.3%), the strengthening of the EUR/CHF exchange rate, and the additional investments in GEA made by GBL in the 2nd half of 2017 and in 2018.

The contribution from **Ontex** was CHF 5.9 million at 30 September 2018, compared with CHF 5.0 million at 30 September 2017. Ontex paid an annual dividend of EUR 0.60 per share in 2018, compared with EUR 0.55 per share in the previous year (+9.1%). The increase in the contribution also reflects the positive evolution of the EUR/CHF exchange rate.

Following the sale of **Burberry** in May 2018, this shareholding doesn't contribute anymore to the income statement in 2018. At 30 September 2017, Pargesa's share of the dividend from Burberry recorded by GBL amounted to CHF 3.1 million. It is reminded that, pursuant to IFRS 9 (please refer to the Non-operating income section hereafter), the gain resulting from the sale by GBL of its investment in Burberry has not been recorded in the income statement, but directly in shareholders' equity.

As mentioned earlier in this report, the contribution to economic operating income from **Parques Reunidos**, which is accounted for using the equity method since the end of 2017, now represents Pargesa's share of the company's operating income, whereas in 2017 the contribution represented Pargesa's share of the dividend paid by the company (at 30 September 2017, Pargesa's share of the dividend from Parques Reunidos amounted to CHF 1.7 million).

Contribution from private equity and other funds:

The **contribution from private equity and other investment funds activities** comes primarily from the funds held by GBL through its subsidiary Sienna Capital, and also includes general expenses and management fees. At 30 September 2018, the net contribution from these activities came in at CHF 20.4 million, including a contribution from consolidated funds for CHF 5.9 million as well as, from 1 January 2018, changes in the fair value during the period for the funds that are not fully consolidated or equity accounted for, which amounted to CHF +14.8 million (application of IFRS 9 – see above). It is reminded that, also pursuant to IFRS 9, the unrealized gains recorded in shareholders' equity at 31 December 2017 with respect to the investments in Kiloutou and Alvest held by Sagard II and Sagard 3, respectively (Pargesa's share: CHF 57 million in aggregate), was not recorded in the income statement at the time of the disposal of these two investments in Q1 2018, and remain recorded in shareholders' equity.

At 30 September 2017, the contribution from these activities came in at CHF 123.7 million, and included Pargesa's share of the gain recorded by ECP III from the sale of its investments in Golden Goose (EUR 112 million at the level of GBL, with Pargesa's share being CHF 63.4 million) and in ELITech (EUR 104 million at the level of GBL, with Pargesa's share being CHF 59.3 million), as well as the contributions from Kartesia (CHF 9.5 million) and Mérieux Participations II (CHF 2.3 million).

Contribution from holding companies to operating income

Net financial income and expenses, which include interest income and expenses, as well as other financial income and expenses, amounted to CHF -20.9 million at 30 September 2018 compared with CHF -14.5 million at

10/13

30 September 2017. Interest income and expenses recorded by Pargesa as well as its share in those recorded by GBL represented CHF -10.3 million at 30 September 2018, compared with CHF -15.7 million at 30 September 2017. Other financial income and expenses include in particular:

- the impact of the marking to market, at the end of each period, of the derivative instruments implicitly embedded in the outstanding convertible bonds issued by GBL. Pargesa's share of this impact was CHF +7.1 million at 30 September 2018, compared with CHF -5.9 million at 30 September 2017;
- Pargesa's share of the realized and unrealized results recorded by GBL from trading activities (including dividends) and from derivatives used in managing its portfolio. Pargesa's share of results from these activities was CHF -2.3 million at 30 September 2018, compared with CHF 14.8 million at 30 September 2017.

Net financial income and expenses also included at 30 September 2017 the net CHF -4.4 million impact resulting from the cancellation of the derivatives embedded in the balance of the bonds exchangeable for ENGIE shares redeemed at maturity by GBL in February 2017.

The **general expenses and taxes** line item represents Pargesa's own general expenses and taxes as well as its share of those of GBL.

Non-operating income:

- **Non-operating income from consolidated shareholdings** includes Pargesa's share of Imerys' "Other operating income and expenses", which, as indicated above, amounted to EUR -24 million at 30 September 2018 (EUR -25 million at 30 September 2017). It also includes Pargesa's share of non-recurring items and/or impairments recorded by Parques Reunidos during the period (EUR -3 million – see footnote⁹ at page 6).
- The net **non-operating income from holding company activities** amounted to CHF -0.5 million at 30 September 2018. It is reminded that, pursuant to IFRS 9 (please refer to Section 2.2, Remark 1 above), the gain resulting from the sale by GBL of its investment in Burberry in May 2018 (Pargesa's share: CHF 40 million) has not been recorded in the income statement, but directly in shareholders' equity. Furthermore, the concept of impairment on investments previously classified as Available-for-sale financial assets under IAS 39 is no longer applicable under IFRS 9. Under IAS 39, an impairment of EUR 152 million would have been accounted for on the investment in Ontex (Pargesa's share: CHF 89 million).

At 30 September 2017, the net non-operating income from holding company activities amounted to CHF 8.2 million, and included in particular the impact of the redemption at maturity of the balance of the bonds exchangeable for ENGIE shares.

3. Net asset value

- The table hereafter offers a detailed view of Pargesa's net asset value (on a flow-through basis) at 30 September 2018. The net asset value is calculated by taking, on one hand, the assets and liabilities of Pargesa (excluding Pargesa's participation in GBL) and, on the other hand, Pargesa's share in the value of the portfolio, the net cash or net debt position and the other assets and liabilities of GBL. The net asset value is calculated based on current market values and exchange rates for the listed shareholdings, and on the fair value and current exchange rates for private equity and other investment funds (Sienna Capital).

Pargesa's net asset value per share was CHF 126.6, a slight decrease (-1.2%) compared with the level at the end of 2017 (CHF 128.2). It is broken down as follows:

Net asset value of Pargesa as of:	30 September 2018			31 December 2017		
CHF million	% of capital ^a	% of economic interest ^a	Share price and currency	Flow-through value	Weighting as a % of total	Flow-through value
Listed companies:						
adidas	7.5%	3.8%	EUR 210.9	1'873	17%	1'535
SGS	16.6%	8.3%	CHF 2'584	1'637	15%	1'610
Pernod Ricard	7.5%	3.8%	EUR 141.3	1'590	15%	1'536
Imerys	53.8%	26.9%	EUR 63.6	1'542	14%	1'969
LafargeHolcim	9.4%	4.7%	EUR 42.5	1'377	13%	1'575
Umicore	16.9%	8.5%	EUR 48.2	1'137	11%	880
Total	0.6%	0.3%	EUR 55.8	512	5%	436
GEA	7.3%	3.7%	EUR 30.7	228	2%	192
Ontex	20.0%	10.0%	EUR 18.4	171	2%	265
Parques Reunidos	21.2%	10.6%	EUR 11.5	111	1%	149
Burberry				-	-	326
Other				136	2%	-
Other investments:						
Sienna Capital				761	7%	542
Other Pargesa				24	0%	37
Total portfolio				11'099	104%	11'052
GBL treasury shares				114	1%	296
Net cash (debt) ^b				(490)	(5%)	(497)
Net asset value				10'723	100%	10'851
Net asset value per share				126.6		128.2
Share price Pargesa				78.9		84.5
EUR/CHF exchange rate				1.132		1.170

^a The % of capital represents the % of capital held by GBL in the shareholdings; the % of economic interest represents Pargesa's share (50%) of the % of capital held by GBL.

^b This item includes also Pargesa's share in the market value of GBL's trading portfolio.

The net asset value is published on a weekly basis on Pargesa's website. It was CHF 114.3 per share on 26 October 2018.

- Pargesa's share price stood at CHF 78.9 on 30 September 2018, compared with CHF 84.5 at the end of 2017, a decline of -6.7%. As at 26 October 2018, the share price closed at CHF 69.4.

4. Information regarding the Company's organisation

- Arnaud Vial informed the Board of Directors of Pargesa Holding SA of his decision to step down from his function of Managing Director for health reasons.

The Board of Directors expresses to Arnaud Vial its gratitude for his devotion, his precious contribution to Pargesa's Group during the last 30 years and for the services he has rendered to Pargesa Holding SA, as Managing Director since 2013.

The Board of Directors has appointed Mariane Le Bourdier to succeed as General Manager as of today. She is as well designated Secretary of the Board. Mariane Le Bourdier began her career with Andersen in Paris where, during 15 years, she held successively the position of Audit Director and Deputy Corporate Secretary for Andersen France. In 2002 she joined Sagard as Chief Financial and Administrative Officer. Since 2014 she is General Secretary and Principal of Sagard.

- As part of a simplification of the structure of governance, Paul Desmarais Jr and Gérald Frère waive in their role as Executive Director, with effect 1 January 2019. They nevertheless retain their function of Chairman and Vice-Chairman of the Board of Directors of the Company, Gérald Frère being appointed Deputy Chairman at this occasion. In addition, the Board of Directors has designated Jocelyn Lefebvre, Director since 2017, as Vice-Chairman of the Board of Directors.