



Geneva, 14 March 2019

At its meeting held today, the Board of Directors of Pargesa Holding SA first of all paid tribute to Albert Frère, who died on 3 December 2018 at the age of 92 years. Baron Frère was Honorary Chairman of GBL and former Vice-Chairman of the Board of Directors of Pargesa Holding SA.

Since joining Pargesa in the early 80s, Baron Frère has contributed to the creation and the development of the Group, in partnership with the Desmarais family.

Paul Desmarais Jr, Chairman of the Board of Directors, wishes to emphasize his invaluable contribution to the development of the Group and the exceptional generational legacy he leaves behind.

#### Key financial data:

CHF million	2018	2017	Variation 2018/2017	CHF p.s. 2018	CHF p.s. 2017
Consolidated net result (Group share)	361	382	(21)	4.27	4.51
Dividend	217 *	212	+2.4% **	2.56 *	2.50
Net debt at end of December	175 ***	239 ***	(64)		
Loan To Value	1.9%	2.2%	-0.3%		
Net asset value at end of December	8'973	10'851	-17.3%	105.9	128.2
Market capitalisation at end of December	6'001	7'154	-16.1%	70.9	84.5

\* Subject to the approval at the Annual General Meeting on 8 May 2019.

\*\* Corrected figure compared to the version published on 14 March 2019 which represented the dividend return 2018.

\*\*\* Pargesa's net debt (including 50% of GBL's net debt, the net debt amounts to CHF 566 million at end of 2018 against CHF 497 million at end of 2017 – see net asset value detailed on page 11).

Pargesa's consolidated net result (Groupe share) stands at CHF 361 million in 2018. Beside the decrease in the contribution of private equity activities affected by the new accounting standard IFRS 9, which came into effect on 1 January 2018, Imerys' result, consolidated in the accounts of Pargesa, rises, as well as the dividend contribution of the main unconsolidated investments.

Pargesa's financial position remains sound, with a net financial debt of CHF 175 million.

Dividend proposal: The Board of Directors will recommend a distribution of a dividend of CHF 2.56 per bearer share for the 2018 financial year, which represents an increase of 2.4% on the previous year (CHF 2.50 per bearer share), providing an attractive dividend return of 3.2%.

**Economic operating income:** CHF 317.2 million compared with CHF 384.2 million in 2017. Economic operating income 2018 includes a contribution from the portfolio amounting to CHF 372.3 million, compared with CHF 439.8 million in 2017, reflecting:

- The increase in the operating contribution from Imerys (CHF 128.8 million compared with CHF 126.1 million in 2017);
- The operating contribution from Parques Reunidos, which is accounted for using the equity method since the end of 2017, for CHF 3.7 million;
- The increase in the dividends from non-consolidated shareholdings (CHF 209.3 million compared with CHF 190.6 million in 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;
- A contribution in 2018 of CHF 30.5 million from private equity and other funds activities, compared with CHF 123.1 million in 2017. It is reminded that in Q1 2018, Sagard II and Sagard 3 completed the sale of their investment in Kiloutou and Alvest. The investment in Délices des 7 Vallées (held by Sagard 3) has also been sold in 2018. The revaluation reserve in Pargesa shareholders' equity included at the end of 2017 an aggregate unrealized gain of CHF 58 million (Pargesa's share), as a result of the revaluation of these three investments. Pursuant to new accounting standard IFRS 9, this amount has not been recorded in the income statement at the time Kiloutou, Alvest and Délices des 7 Vallées were sold in 2018, and remains recorded in shareholders' equity. Also according to the new IFRS standard, the 2018 contribution includes changes in the fair value during the period for funds that are not fully consolidated or equity accounted for, for CHF +10 million which would not have been recognized in the income statement in accordance with the old IAS 39 standard. Excluding the impact of IFRS 9, the contribution from private equity and other funds activities would have been CHF 79 million (against CHF 123 million in 2017);

In 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 64.3 million and ELITech, for CHF 60.1 million.

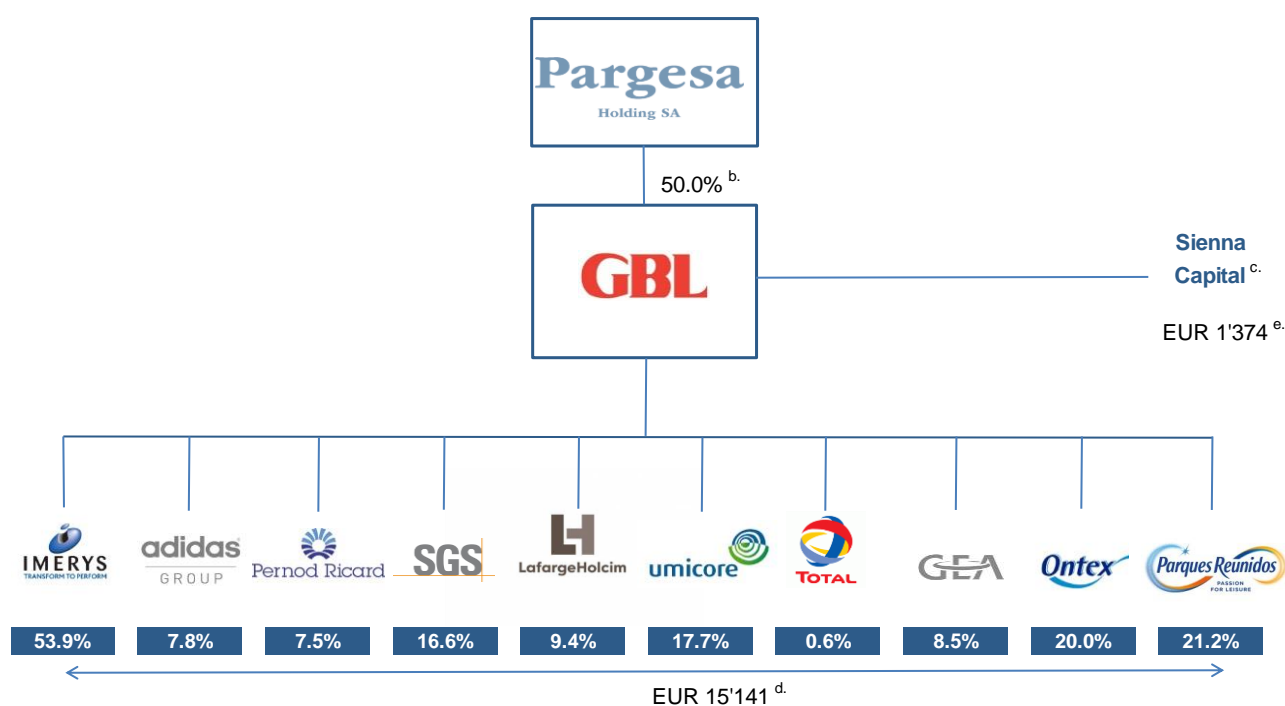
**Non-operating income:** CHF 44.2 million in 2018, compared with CHF -2.2 million in 2017.

In 2018, the non-operating income includes on one side the net capital gain on the sale of the Toiture division by Imerys for CHF +234.6 million (Pargesa's share) and on the other side impairments, restructuring costs and other exceptional items by Imerys for EUR -185.9 million (Pargesa's share). 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 39 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 361.4 million in 2018, compared with CHF 382.0 million in 2017.

## 1. Group structure

The organisation chart below reflects the Group structure at 31 December 2018<sup>a</sup>:



- a. Shareholdings are expressed as a percentage of the capital held. The chart shows the main shareholdings of the portfolio.  
b. 50.8% of voting rights, taking into account the suspended voting rights related to GBL treasury shares and also 50.8% of economic interest.  
c. Comprising significant investments in private equity, debt or specific thematic funds.  
d. Market value in EUR million of the main investments held by GBL at 31 December 2018.  
e. Estimated value in EUR million at 31 December 2018.

## 2. 2018 and early 2019 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. As at 31 December 2018, following additional purchases, GBL held 17.7% of Umicore's share capital, worth EUR 1'520 million.
- It is reminded that on 3 April 2018, GEA Group ("**GEA**") announced that GBL had crossed upwards the 5.0% threshold of the voting rights of the company. As at 31 December 2018, GBL held 8.5% of GEA's share capital, worth EUR 346 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 39 million), which however has not been recorded in the income statement as a consequence of IFRS 9, which became effective on 1 January 2018<sup>1</sup>.
- 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 and allows GBL to lengthen its debt maturity profile.

<sup>1</sup> The shareholding in Burberry was not consolidated.

- On 9 October 2018, **GBL**'s convertible bond, issued on 27 September 2013, expired. Since April 2018, 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 50.8% at end of 2018 compared to 51.8% at 31 December 2017.
- Pursuant to the authorisation granted by **GBL**'s general meeting of 26 April 2016, the board of directors of GBL has authorised GBL 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. Until 31 December 2018, 0.3 million GBL shares representing a value of EUR 26 million have been purchased according to this authorisation. Between 1 January and 8 March 2019, 0.2 million supplementary shares for EUR 17 million have been purchased. The economic interest of Pargesa in GBL stands at 50.9% following these purchases.
- At the level of **Imerys** the following highlights can be disclosed:
  - Imerys has successfully integrated Kerneos, the world's leading provider of high-performance calcium aluminate binders for the growing building chemicals market, consolidated since July 2017. In 2018, the group generated synergies in line with its plan.
  - 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 generating a net cash flow of EUR 823 million. It permits Imerys, on this occasion, to realize a net capital gain of EUR 740 million.
  - Following an in-depth market analysis, Imerys decided to withdraw from the ceramic proppants market. 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 of Imerys amounted to EUR -5 million in 2018. The impairment and restructuring costs recognized at 31 December 2018 amounted to EUR -148 million.
  - Imerys has implemented a "care and maintenance regime" for its natural graphite assets in Namibia and refocused the Graphite & Carbon division. As a result, the negative contribution of these activities to current operating income of Imerys represented EUR -7 million in 2018 and the impairment and restructuring costs recognized at 31 December 2018 amounted to EUR -78 million.
  - After evaluating a range of possible options, Imerys North American talc subsidiaries – Imerys Talc America, Imerys Talc Vermont, and Imerys Talc Canada have voluntarily sought the protection of Chapter 11, a special legal process under U.S. law. Although significant, the impact of the decision of the North American talc subsidiaries taken on 13 February 2019 and the anticipated terms of their plan of reorganization is not expected to materially affect Imerys' overall financial situation, profitability, and cash generative business profile. For the year ended 31 December 2018, these subsidiaries of Imerys which will no longer be included within Imerys' scope of consolidation, recorded EUR 143 million in revenue, EUR 25 million in EBITDA and EUR 16 million in current operating income, which represented approximately 3% of the same consolidated figures of Imerys. The estimated net financial impact of the overall process initiated on 13 February 2019 amounts to EUR 250 million and has been provisioned in Imerys' full-year 2018 consolidated financial statements, in addition to EUR 17 million of costs incurred during the year by Imerys.

For more information about this event, please refer to the press release of Imerys group dated 13 February 2019 and available on the following link:

[https://www.imerys.com/Scopi/Group/ImerysCom/imeryscom.nsf/pagesref/REBA-B9CMTF/\\$File/Imerys\\_PR\\_2018%20Results\\_VA.pdf](https://www.imerys.com/Scopi/Group/ImerysCom/imeryscom.nsf/pagesref/REBA-B9CMTF/$File/Imerys_PR_2018%20Results_VA.pdf).

- At the level of **Sienna Capital**:

- 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 2018, svt becomes a major European actor in fire protection.

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.

- 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 33 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, on the gain of CHF 34 million, CHF 33 million 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 December 2018, Sagard 3, the majority shareholder of Délices des 7 Vallées, a producer specialised in high-end frozen industrial cakes and pastries, announced the sale of this company. On the CHF 11 million gain (Pargesa’s share), CHF 2 million were, as well, not recorded in the income statement, and remain recorded in shareholders’ equity as per new accounting standard IFRS 9.

- 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 and 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.
- Regarding Kartesia, a debt fund, Kartesia Credit Opportunities IV continued to invest and Sienna Capital has contributed to calls for capital, for an amount of EUR 60 million, in 2018.

At 31 December 2018, GBL’s commitments with respect to Sienna Capital amounted to EUR 528 million (EUR 733 million at 31 December 2017).

### 3. Main shareholdings of the Group

The financial results of the Group's main shareholdings are available on their respective website:

[www.imerys.com](http://www.imerys.com),

[www.adidas-group.com](http://www.adidas-group.com),

[www.pernod-ricard.com](http://www.pernod-ricard.com)<sup>2</sup>,

[www.sgs.com](http://www.sgs.com),

[www.lafargeholcim.com](http://www.lafargeholcim.com),

[www.unicore.com](http://www.unicore.com),

[www.total.com](http://www.total.com),

[www.gea.com](http://www.gea.com),

[www.ontexglobal.com](http://www.ontexglobal.com),

[www.parquesreunidos.com](http://www.parquesreunidos.com)<sup>3</sup>.

### 4. Consolidated financial results for 2018

The board of Pargesa Holding SA met today, and reviewed the audited consolidated financial results for 2018, which will be submitted to the Annual General Meeting on 8 May 2019 in Geneva.

#### 4.1. Presentation of results in accordance with IFRS

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

CHF million	2018	2017
Operating income	6'173.7	5'213.1
Operating expenses	(6'267.1)	(4'743.0)
Other income and expenses	(11.4)	281.3
<b>Operating profit (loss)</b>	<b>(104.8)</b>	<b>751.4</b>
Dividends and interest from long-term investments	404.7	378.8
Other financial income and expenses	(109.2)	(139.9)
Taxes	(109.8)	(135.0)
Income from associates and joint ventures	27.8	36.4
<b>Net profit from continuing operations</b>	<b>108.7</b>	<b>891.7</b>
Net profit from discontinued operations	910.1	74.7
<b>Consolidated net profit (before non-controlling interests)</b>	<b>1'018.8</b>	<b>966.4</b>
Attributable to non-controlling interests	(657.4)	(584.4)
<b>Attributable to Pargesa shareholders (Group share)</b>	<b>361.4</b>	<b>382.0</b>
<i>Basic earnings per share attributable to Pargesa shareholders (CHF)</i>	<i>4.27</i>	<i>4.51</i>
<i>Average number of shares (thousands)</i>	<i>84'689</i>	<i>84'661</i>
<i>Average EUR/CHF exchange rate</i>	<i>1.155</i>	<i>1.112</i>

The **operating profit (loss)** amounts to a loss of CHF 104.8 million compared to a profit of CHF 751.4 million in 2017. This change is mainly related to (i) the inclusion of depreciation, restructuring costs and other exceptional items in the accounts of Imerys for CHF 752 million and (ii) the decline in **other income and expenses**. The latter decreases notably due to the application of the new IFRS 9 standard, whereas CHF 178 million capital gains on Kiloutou and Alvest from various non-consolidated funds and a gain on the sale by GBL of its stake in Burberry could not be taken into profit because recorded directly in equity. In 2017, this item mainly included the gain realized by ECP III from the sale of its investments in Golden Goose and ELITech (CHF 267 million). The presentation of the economic result that figures on the next page makes it possible to assess differently the formation of the Group results.

The **dividends and interest from long-term investments** item of CHF 404.7 million in 2018 against CHF 378.8 million in 2017 comprises the net dividends recorded by the Group from its non-consolidated investments. The variation is 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.

The **net profit from discontinued operations** represents the contribution from Imerys' Roofing division, especially the capital gain of EUR 740 million (CHF 854 million) in 2018 on the sale of this division.

<sup>2</sup> Financial year from 1 July to 30 June.

<sup>3</sup> Financial year from 1 October to 30 September.

## 4.2. Economic presentation of Pargesa's financial results

The economic results at 31 December 2018 can be analyzed as follows:

CHF million		2018	2017
<b>Contribution from the portfolio to operating income</b>			
<b>- Consolidated shareholdings (full consolidation or equity accounting):</b>			
Imerys	share of operating income	128.8	126.1
Parques Reunidos	share of operating income	3.7	-
<b>- Non-consolidated shareholdings:</b>			
LafargeHolcim	net dividend	58.0	59.7
SGS	net dividend	49.6	45.9
Pernod Ricard	net dividend	27.8	22.8
Total	net dividend	20.8	19.8
adidas	net dividend	20.7	14.9
Umicore	net dividend	17.9	14.4
GEA	net dividend	6.0	1.2
Ontex	net dividend	5.9	5.0
Burberry	net dividend	-	5.1
Parques Reunidos	net dividend	-	1.7
Other	net dividend	2.6	0.1
<b>- Contribution from private equity and other funds</b>		30.5	123.1
<b>Contribution from the portfolio to operating income</b>		<b>372.3</b>	<b>439.8</b>
<i>per share (CHF)</i>		4.40	5.19
<b>Contribution from holding companies to operating income</b>			
Net financial income and expenses		(25.8)	(20.3)
General expenses and taxes		<u>(29.3)</u>	<u>(35.3)</u>
<b>Economic operating income</b>		<b>317.2</b>	<b>384.2</b>
<i>per share (CHF)</i>		3.75	4.54
Non-operating income (loss) from consolidated shareholdings		44.7	(11.0)
Non-operating income (loss) from holding company activities		(0.5)	8.8
<b>Net income</b>		<b>361.4</b>	<b>382.0</b>
<i>per share (CHF)</i>		4.27	4.51
<i>Average number of shares (thousands)</i>		84'689	84'661
<i>Average EUR/CHF exchange rate</i>		1.155	1.112

Most income comes from GBL, whose results are denominated in euros. In 2018, the average EUR/CHF exchange rate was 1.155, compared with 1.112 in 2017, an increase of +3.9%. Furthermore, following the conversion in 2018 of convertible bonds issued by GBL (please refer to *Section 2* of this press release), Pargesa's share of GBL's earning (excluding the portion attributable to non-controlling shareholders) stands at 50.8% at 31 December 2018, compared with 51.8% at 31 December 2017.

### 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 357 million in 2018, excluding the current contribution from its Roofing division classified as discontinued operations in the IFRS presentation. Including this contribution (EUR 49 million), Imerys' net operating income as defined by Pargesa amounts to EUR 406 million, compared with EUR 403 million in 2017 (+0.5%). Including the effect of the strengthening of the

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average EUR/CHF exchange rate, Pargesa's share of Imerys' net income from current operations, in Swiss francs terms, was CHF 128.8 million in 2018, compared with CHF 126.1 million in 2017, an increase of 2.1%. After taking into account "Other operating income and expenses" of EUR 154 million net of taxes<sup>4</sup>, Imerys' **net income** (group share) was EUR 560 million in 2018. In 2017, Imerys' net income (group share) amounted to EUR 368 million after taking into account "Other operating income and expenses" of EUR -35 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 31 December 2018 represents Pargesa's share of Parques' results for the twelve-month period ended 31 December 2018. For the twelve-month period ended 31 December 2018, Parques' **operating income** stood at EUR 30 million (Pargesa's share of Parques' operating income thus came in at CHF 3.7 million). After taking into consideration non-recurring items and/or impairments<sup>5</sup>, Parques' **net income** came in at EUR -2 million for the period.

### **Non-consolidated shareholdings:**

The contributions from **LafargeHolcim**, **SGS**, **Pernod Ricard**, **Total**, **adidas**, **Umicore**, **GEA**, **Ontex**, **Burberry** (shareholding sold in May 2018) and **Parques Reunidos** (in 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 209.3 million in 2018, compared with CHF 190.6 million in 2017.

The contribution from **LafargeHolcim** was CHF 58.0 million in 2018, compared with CHF 59.7 million in 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 in 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%).

**Pernod Ricard's** dividend for the 2017-2018 financial year amounted to EUR 2.36 per share (consisting of an interim dividend of EUR 1.01 and a final dividend of EUR 1.35), against EUR 2.02 for the previous financial year (consisting of an interim dividend of EUR 0.94 and a final dividend of EUR 1.08), an increase of 16.8%. Pernod Ricard's contribution in 2018 amounted to CHF 27.8 million compared with CHF 22.8 million in 2017.

The contribution from **Total** was CHF 20.8 million in 2018, compared with CHF 19.8 million in 2017. The final dividend related to 2017 and the three 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 three interim dividends, respectively (the corresponding amounts in 2017 were EUR 0.62 per share each).

The contribution from **adidas** was CHF 20.7 million in 2018, compared with CHF 14.9 million in 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 in 2018 (compared with CHF 14.4 million in 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 in 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 the contribution also reflects the stronger EUR/CHF average exchange rate, as well as the increase of the total amount of dividend distributed by Umicore.

The contribution from **GEA** was CHF 6.0 million in 2018, compared with CHF 1.2 million in 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 2<sup>nd</sup> half of 2017 and in 2018, raising GBL's economic interest to 8.5% at 31 December 2018.

<sup>4</sup> Pargesa's share of "Other operating income and expenses" recorded by Imerys appears under "Non-operating income (loss) from consolidated shareholdings".

<sup>5</sup> Pargesa's share of Parques Reunidos' non-recurring items and/or impairments appears under "Non-operating income (loss) from consolidated shareholdings".

The contribution from **Ontex** was CHF 5.9 million in 2018, compared with CHF 5.0 million in 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. In 2017, Pargesa's share of the dividend from Burberry recorded by GBL amounted to CHF 5.1 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 (in 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. In 2018, the net contribution from these activities came in at CHF 30.5 million and declines notably due to the application of the new standard IFRS 9. In this respect gains realized on sales in 2018 of CHF 58 million, at Pargesa's level, were not recorded in the income statement.

In 2017, the contribution from these activities came in at CHF 123.1 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 64.3 million) and in ELITech (EUR 104 million at the level of GBL, with Pargesa's share being CHF 60.1 million), as well as the contributions from Kartesia (CHF 13.9 million) and Mérieux Participations II (CHF 4.3 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 -25.8 million in 2018 compared with CHF -20.3 million in 2017. Interest income and expenses recorded by Pargesa as well as its share in those recorded by GBL represented CHF -13.7 million in 2018, compared with CHF -21.7 million in 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 +7.0 million in 2018, compared with CHF -6.2 million in 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 -1.6 million in 2018, compared with CHF +16.2 million in 2017.

**Net financial income and expenses** also included in 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** of CHF 44.7 million includes Pargesa's share of Imerys' "Other operating income and expenses", which, as indicated above, amounted to EUR 154 million in 2018 (EUR -35 million in 2017) and includes the net capital gain on the sale of the roofing division Toiture (EUR +740 million), presented as discontinued operations, impairments, restructuring costs and other exceptional items, related to Imerys North American talc subsidiaries for EUR -267 million, Ceramic proppants for

EUR -148 million, Graphite & Carbon for EUR -78 million and others acquisition costs and provisions for rehabilitation and restructuring costs for EUR -92 million). It also includes Pargesa's share of non-recurring items and/or impairments recorded by Parques Reunidos during the period (EUR -32 million in 2018, Pargesa's share being CHF -4.0 million).

- The **non-operating income from holding company activities** amounted to CHF -0.5 million in 2018. It is reminded that, pursuant to IFRS 9, the gain resulting from the sale by GBL of its investment in Burberry in May 2018 (Pargesa's share: CHF 39 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, impairments of a total EUR 484 million, representing CHF 308 million at Pargesa's level, would have been accounted for, in 2018, by GBL on its investments (mainly GEA, Ontex and LafargeHolcim). This amount now remains in shareholder's equity.

In 2017, the net non-operating income from holding company activities amounted to CHF 8.8 million, and included in particular the impact of the redemption at maturity of the balance of the bonds exchangeable for ENGIE shares.

## 5. Net asset value

The table hereafter offers a detailed view of Pargesa's net asset value (on a flow-through basis) at 31 December 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 105.9, in decrease (-17.3% of which -3.2% result from the depreciation of the CHF against the EUR) compared with the level at the end of 2017 (CHF 128.2). It was CHF 119.3 per share on 8 March 2019 (+12.6% since end of 2018).

Pargesa's share price stood at CHF 70.9 on 31 December 2018, compared with CHF 84.5 at the end of 2017, a decline of -16.2%. As at 8 March 2019, the share price closed at CHF 80.3 (+13.3% since end of 2018).

The net asset value at 31 December 2018 is broken down as follows:

Net asset value of Pargesa as of:	31 December 2018		31 December 2017				
	CHF million	% of capital <sup>a</sup>	% of economic interest <sup>a</sup>	Share price and currency	Flow-through value	Weighting as a % of total	Flow-through value
<b>Listed companies:</b>							
adidas		7.8%	3.9%	EUR 182.4	1'613	18%	1'535
Pernod Ricard		7.5%	3.8%	EUR 143.3	1'606	18%	1'536
SGS		16.6%	8.3%	CHF 2'210	1'400	16%	1'610
LafargeHolcim		9.4%	4.7%	EUR 35.8	1'156	13%	1'575
Imerys		53.9%	27.0%	EUR 42.0	1'014	11%	1'969
Umicore		17.7%	8.9%	EUR 34.9	856	10%	880
Total		0.6%	0.3%	EUR 46.2	422	5%	436
GEA		8.5%	4.3%	EUR 22.5	195	2%	192
Ontex		20.0%	10.0%	EUR 17.9	166	2%	265
Parques Reunidos		21.2%	10.6%	EUR 10.8	104	1%	149
Burberry					-	-	326
Other					96	1%	-
<b>Other investments:</b>							
Sienna Capital					774	8%	542
Other Pargesa					24	0%	37
<b>Total portfolio</b>					<b>9'426</b>	<b>105%</b>	<b>11'052</b>
GBL treasury shares					113	1%	296
Net cash (debt) <sup>b</sup>					(566)	(6%)	(497)
<b>Net asset value</b>					<b>8'973</b>	<b>100%</b>	<b>10'851</b>
Net asset value per share					105.9		128.2
Share price Pargesa					70.9		84.5
EUR/CHF exchange rate					1.127		1.170

<sup>a</sup> 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.

<sup>b</sup> 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.

## **6. Proposals to the Annual General Meeting of 8 May 2019**

### **6.1. Appropriation of profit**

At the Annual General Meeting, the Board of Directors will propose the payment for fiscal year 2018 of a dividend of CHF 2.56 per bearer share (compared with CHF 2.50 in the previous year, an increase of 2.4%) and CHF 0.256 per registered share, representing a total distribution of CHF 216.8 million which will take place on 17 May 2019.

### **6.2. Information regarding the Company's organisation**

It is reminded that on 15 February 2019, Gilles Samyn, who joined the Executive Committee of Pargesa Holding SA in 1986, and is a member of the Board of Directors since 1992 and also a member of the Audit Committee and the Compensation Committee, informed the Chairman of the Board of Directors that he would not seek another term as Director at the Annual General Meeting on 8 May 2019.

### **6.3. Election of Board members, election of the Chairman of the Board and election of members of the Compensation Committee**

In accordance with the Company's Articles of Association, the Annual General Meeting must elect, individually, each year, the members of the Board of Directors and its Chairman, as well as the members of the Compensation Committee.

- At the Annual General Meeting, the Board of Directors will recommend the appointment of Xavier Le Clef as a new board member.

Xavier Le Clef, a Belgian citizen, is graduated in Business Economics from Solvay Brussels School of Economics & Management (ULB). and holds an MBA from the Vlerick Business School. He started his career with the consultancy firm Arthur D. Little (Brussels) and joined CNP (Compagnie Nationale à Portefeuille) in 2006. He has been a Director of CNP since 2012 and CEO since February 2015. He is also co-CEO of Frère-Bourgeois since early 2018.

- The Board of Directors of Pargesa Holding SA will recommend to re-elect as board members Paul Desmarais Jr (also as Chairman of the Board of Directors), Bernard Daniel, Victor Delloye, André Desmarais, Paul Desmarais III, Cedric Frère, Gérald Frère, Ségolène Gallienne, Jean-Luc Herbez, Barbara Kux, Jocelyn Lefebvre, Michel Pébereau, Amaury de Sèze and Arnaud Vial for a term of one year which will expire at the end of the 2020 Annual General Meeting.
- The Board of Directors will also recommend re-electing to the Compensation Committee Bernard Daniel, Jean-Luc Herbez, Barbara Kux, and Amaury de Sèze for a one-year term which will expire at the end of the 2020 Annual General Meeting and that Xavier Le Clef be elected, also for a one-year term, to replace Gilles Samyn as a member of the Committee.