



## PRESS RELEASE

### MASSIMO ZANETTI BEVERAGE GROUP SPA: THE BOARD OF DIRECTORS APPROVES THE INTERIM REPORT FOR THE FIRST QUARTER 2018

- **REVENUES:** EURO 211.2 MILLION COMPARED TO EURO 233.6 MILLION IN THE FIRST QUARTER OF 2017; - 9.6% AT CURRENT EXCHANGE RATES, -2.6% ORGANIC PERFORMANCE\*. VOLUMES SUBSTANTIALLY STABLE
- **GROSS PROFIT:** EURO 93.2 MILLION, -3.7% COMPARED TO EURO 96.8 MILLION IN THE FIRST QUARTER OF 2017 WITH THE MARGIN ON REVENUES OF 44.1% COMPARED WITH 41.4% (+270 BASIS POINTS)
- **EBITDA:** EURO 15.2 MILLION, +9.4% COMPARED TO EURO 13.9 MILLION IN THE FIRST QUARTER OF 2017;
- **NET PROFIT:** EURO 2.8 MILLION, +20.6% COMPARED TO EURO 2.3 MILLION IN THE FIRST QUARTER OF 2017;
- **NET DEBT:** EURO 190.5 MILLION COMPARED TO EURO 191.0 MILLION AT DECEMBER 31, 2017

Villorba, May 10, 2018. The Board of Directors of Massimo Zanetti Beverage Group S.p.A., one of the leading brands worldwide in the production, processing and marketing of roasted coffee and other selected categories of colonial products, listed on the Milan Stock Exchange (MZB.MI), approved today the Interim Financial Report as at March 31<sup>st</sup> 2018.

**MASSIMO ZANETTI, THE GROUP'S CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SAID:** "Massimo Zanetti said: "The results achieved in the first quarter of 2018 confirm the success and the efficiency of our strategy, which is focused on increasing profitability, thanks to the progressive improvement of the product and channel mix. The revenue of the period is substantially stable at organic level (-2.6%), with the Food Service channel growing strongly, thanks to the positive performance of all the main areas. Specifically, robust growth was recorded in Asia Pacific (+10.7% at constant FX). Furthermore, the projects to improve operating efficiency launched in some key markets, such as Italy and the Iberian Peninsula, and the general cost control enabled the Group to improve profitability indicators. Based on the results achieved and the positive expectations, the Group confirms the guidance of the year which envisages a solid increase in profitability."

\*organic performance: at constant exchange rates and with the retrospective application of IFRS 15 on 2017 revenues



## VOLUMES

In the first three months of 2018, the roasted coffee sales volumes of Massimo Zanetti Beverage Group S.p.A. remained substantially in line with the previous year (30.6 thousand tons compared with 30.9 thousand tons of the first quarter 2017).

This trend is due to the already known decrease in the Private Label channel (-2.6%) and the stable volumes of the Mass Market channel (-0.6%), while the Food Service channel performed well (+5.1%), in line with the Group's strategy which focuses on a product mix based on highly-profitable products.

As for the geographical areas, the decrease mainly concerned the Americas (0.9 thousand tons) in the Private Label and Mass Market channels and has been partially offset by the positive performance of Southern Europe (increased by 0.5 thousand tons) mainly in Mass Market and Private Label channel and, to a lower extent, by the Northern Europe and Asia-Pacific performance.

## CONSOLIDATED REVENUES

The Group's consolidated revenues amounted to Euro 211.2 million in the first quarter of 2018, compared to Euro 233.6 million of the first quarter of the prior year. The decrease of Euro 22.4 million is mainly explained by external factors: the foreign exchange rates (due to the noticeable strengthening of the Euro against the US dollars) had a negative impact of -6.7% (equal to Euro 15.7 million) and the application of IFRS 15 on 2017 revenues had a negative impact of -0.3% (equal to Euro 0.7 million).

Excluding those external factors, at organic level, revenues slightly decreased 2.6% (equal to Euro 6.1 million) mainly due to:

- the decrease in roasted coffee sales volumes (-0.9% equal to 2.1 million); and
- the slight decrease of roasted coffee sales price (-1.7% equal to Euro 3.4 million) as a consequence of the decrease of the cost of raw material (green coffee).

## REVENUES BY CHANNEL

Revenues from the Food Service channel, which account for 23.7% of the Group's revenues, amount to Euro 50.0 million, showing an organic growth of 2.9%, thanks to the solid performance recorded in all major markets.

Performance of the Mass Market channel and Private Label channels equal to 37.4% and 32.3% respectively of the Group's revenues is explained by the Americas and the slight decrease of roasted coffee sales price as a consequence of the reduction of the cost of green coffee, as explained before.

<i>(in Thousand of Euro)</i>	First quarter ended 31 March				Change		
	2018		2017		Current FX	Constant FX	Constant FX and IFRS 15
Foodservice	49,961	23.7%	49,758	21.3%	+0.4%	+3.1%	+2.9%
Mass Market	78,990	37.4%	87,996	37.7%	-10.2%	-4.7%	-3.9%
Private Label	68,299	32.3%	81,833	35.0%	-16.5%	-6.0%	-5.9%
Other	13,952	6.6%	14,053	6.0%	-0.7%	+5.2%	+5.2%
<b>Total</b>	<b>211,202</b>	<b>100.0%</b>	<b>233,640</b>	<b>100.0%</b>	<b>-9.6%</b>	<b>-2.9%</b>	<b>-2.6%</b>

## REVENUES BY REGION

Revenues from the Americas amount to Euro 91.7 million (43.4% of the Group's revenues), a 6.6% organic reduction. This performance is explained by the decrease of the Mass Market and Private Label channels.

Revenues from Europe are slightly negative due to the reduction in sales prices as a consequence of the decrease in the purchase price of green coffee and a different timing of the promotional activities in some countries.

Revenues from Asia-Pacific, which also include those from the international network of cafés, amount to Euro 19.4 million, up by 10.7% organic.

<i>(in Thousand of Euro)</i>	First quarter ended 31 March				Change		
	2018		2017		Current FX	Constant FX	Constant FX and IFRS15
Americas	91,707	43.4%	113,691	48.7%	-19.3%	-6.6%	-6.6%
Northern Europe	42,853	20.3%	43,491	18.6%	-1.5%	-1.8%	-2.4%
Southern Europe	57,258	27.1%	57,781	24.7%	-0.9%	-0.9%	+0.8%
Asia-Pacific and Cafés	19,384	9.2%	18,677	8.0%	+3.8%	+10.7%	+10.7%
<b>Total</b>	<b>211,202</b>	<b>100.0%</b>	<b>233,640</b>	<b>100.0%</b>	<b>-9.6%</b>	<b>-2.9%</b>	<b>-2.6%</b>



## GROSS PROFIT

Gross profit amounts to Euro 93.2 million, a Euro 3.6 million decrease compared with the first quarter of 2017. This decrease is explained by external factors: the unfavorable impact of exchange rates (-5.4%) and the impact of the change of IFRS 15 on 2017 revenues (-0.7%).

Excluding those external factors, the organic gross profit increased Euro 2.3 million (+2.4%), mainly due to the sales of roasted coffee (+2.3%). This increase is due to the positive trends of sales prices and channel mix and the reduction in the raw material cost -green coffee- (+3.1%), partially offset by the decrease in roasted coffee volumes (-0.8%).

In percent of revenues the Gross Profit increased 270 basis points (from 41.4% of revenues to 44.1%).

## EBITDA

EBITDA amounts to Euro 15.2 million (7.2% on revenues), compared to Euro 13.9 million in 2017 (6.0% on revenues), up by 9.4%.

In addition to the comments already set forth with regard to Gross Profit, this result is mainly due to the slight increase of costs (equal to Euro 0.3 million) and the negative impact of exchange rate fluctuations (Euro 0.8 million).

## OPERATING INCOME (EBIT)

Operating income (EBIT) is equal to Euro 6.4 million compared to Euro 4.8 million of the first quarter of 2017. In addition to that disclosed about adjusted EBITDA, the decrease is mainly attributable to the decrease in amortization and depreciation.

## NET PROFIT

The net profit for the year of Euro 2.8 million, improved by 20.6% compared to first quarter of 2017. In addition to what disclosed above, the increase is mainly due to the combined effect of the increase in net financial charges



mainly due to foreign exchange losses and the reduction in income taxes, mainly as a consequence of the changes in the tax legislation introduced by the US government.

#### NET DEBT

Net debt amounting to Euro 190.5 million is stable compared to 191.0 million at December 31, 2017. During the first quarter the net recurring investments amount to Euro 5.8 million compared to Euro 7.9 million of the first quarter of 2017.

#### FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

In view of the results achieved in the first quarter of 2018 and considering current trends as well as assuming a substantial stability of exchange rates and the absence of extraordinary transactions, management expectations for 2018 is unchanged:

- revenues increase of approximately 2.0% - 4.0%
- EBITDA *adjusted* increase of approximately 5.0% - 8.0%
- a reduction in net debt to below Euro 180 million.

#### CONFERENCE CALL TO PRESENT FIRST QUARTER 2018 FINANCIAL RESULTS

The Group's First Quarter 2018 results will be presented during the conference call to be held today, May 10, 2018 at 5:45 CET. To access the call, please use one of the following dial-in numbers: +1 718 705 8794 (US and Canada), +39 02 805 88 11 (Italy), +44 121 281 8003 (UK) ; +33 170 918 703 (France) and +39 02 805 88 27 (Press).

Digital Playback service will be available for 8 days, dialling the following numbers: +1 718 705 8797 (US and Canada), +39 02 72495 (Italy), +44 1 212 818 005 (UK) with the following passcode: 917#

The presentation will be available before the conference call on the company website [www.mzb-group.com](http://www.mzb-group.com) and on the storage system ([www.emarketstorage.com](http://www.emarketstorage.com)). The recording file will be available on the company website.



## DECLARATION BY THE MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS

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The Manager in charge of the Company's financial reports, Leonardo Rossi, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance (TUF), declares that, based on his knowledge, the accounting information contained in this press release corresponds to the documented results, books and accounting records.

## FOR MORE INFORMATION

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## MASSIMO ZANETTI BEVERAGE GROUP S.P.A.

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Massimo Zanetti Beverage Group S.p.A. is a world leader in the production, processing and marketing of roasted coffee and other selected categories of colonial products, distributed in about 110 countries. The Group manages the different activities, from procurement to consumption, operating 18 facilities across Europe, Asia and the Americas, and through a global network of about 400 coffee shops in 50 countries. Moreover, Massimo Zanetti Beverage Group completes the range of its products through the sale of coffee machines and complementary products, such as tea, cocoa, chocolate and top-quality spices.

## DISCLAIMER

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This document includes forward-looking statements, relative to future events and income and financial operating results of the Massimo Zanetti Beverage Group. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.

## ANNEX

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Three months ended 31 March				Change	
	2018		2017		2018-2017	
Revenue	211,202	100.0%	233,640	100.0%	(22,438)	-9.6%
Raw, ancillary, and consumable materials and goods	(118,014)	-55.9%	(136,889)	-58.6%	18,875	-13.8%
<b>Gross Profit</b>	<b>93,188</b>	<b>44.1%</b>	<b>96,751</b>	<b>41.4%</b>	<b>(3,563)</b>	<b>-3.7%</b>
Purchases of services, leases and rentals	(42,812)	-20.3%	(45,012)	-19.3%	2,200	-4.9%
Personnel costs	(35,000)	-16.6%	(36,679)	-15.7%	1,679	-4.6%
Other operating costs, net	233	0.1%	(32)	0.0%	265	> 100%
Impairment	(396)	-0.2%	(1,116)	-0.5%	720	-64.5%
<b>EBITDA</b>	<b>15,213</b>	<b>7.2%</b>	<b>13,912</b>	<b>6.0%</b>	<b>1,301</b>	<b>9.4%</b>
Depreciation and amortization	(8,852)	-4.2%	(9,079)	-3.9%	227	-2.5%
<b>Operating profit</b>	<b>6,361</b>	<b>3.0%</b>	<b>4,833</b>	<b>2.1%</b>	<b>1,528</b>	<b>31.6%</b>
Net finance costs	(1,985)	-0.9%	(944)	-0.4%	(1,041)	> 100%
Share of losses of companies accounted for using the equity method	(138)	-0.1%	(80)	0.0%	(58)	72.5%
<b>Profit before tax</b>	<b>4,238</b>	<b>2.0%</b>	<b>3,809</b>	<b>1.6%</b>	<b>429</b>	<b>11.3%</b>
Income tax expense	(1,441)	-0.7%	(1,490)	-0.6%	49	-3.3%
<b>Profit for the period</b>	<b>2,797</b>	<b>1.3%</b>	<b>2,319</b>	<b>1.0%</b>	<b>478</b>	<b>20.6%</b>

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

<i>(in thousands of Euro)</i>	As at 31 March	As at 31 December
	2018	2017
<b>Investments:</b>		
Intangible assets	181,687	183,231
Property, plant and equipment and investment properties	213,816	217,717
Investments in joint ventures and associates	9,509	9,616
Non-current trade receivables	2,540	3,076
Deferred tax assets and other non-current assets	25,383	23,913
<b>Non-current assets (A)</b>	<b>432,935</b>	<b>437,553</b>
<b>Net working capital (B)</b>	<b>93,514</b>	<b>92,199</b>
Employee benefits	(9,037)	(8,987)
Other non-current provisions	(3,005)	(2,986)
Deferred tax liabilities and other non-current liabilities	(26,189)	(25,942)
<b>Non-current liabilities (C)</b>	<b>(38,231)</b>	<b>(37,915)</b>
<b>Net invested capital (A+B+C)</b>	<b>488,218</b>	<b>491,837</b>
<b>Sources:</b>		
Equity	297,711	300,882
Net Financial Indebtedness	190,507	190,955
<b>Sources of financing</b>	<b>488,218</b>	<b>491,837</b>

## NET WORKING CAPITAL

<i>(in thousands of Euro)</i>	As at 31 March	As at 31 December
	2018	2017
Inventories	135,035	127,997
Trade receivables	114,884	123,405
Income tax assets	2,069	1,975
Other current assets	16,772	15,868
Trade payables	(136,552)	(139,329)
Income tax liabilities	(1,678)	(1,433)
Other current liabilities	(37,016)	(36,284)
<b>Net working capital</b>	<b>93,514</b>	<b>92,199</b>



## RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2018	2017
<b>EBITDA</b>	<b>15,213</b>	<b>13,912</b>
Changes in Net Working Capital	(6,244)	(16,511)
Net recurring investments	(5,796)	(7,931)
Income tax paid	(869)	(926)
Other operating items	550	1,341
<b>Free Cash Flow</b>	<b>2,854</b>	<b>(10,115)</b>
Net non-recurring investments	(280)	(200)
Investments in financial receivables	(709)	780
Interest paid	(1,768)	(2,079)
Net cash generated from financing activities	(3,155)	12,968
Exchange gains/(losses) on cash and cash equivalents	(908)	113
<b>Net increase in cash and cash equivalents</b>	<b>(3,966)</b>	<b>1,467</b>
Cash and cash equivalents at the beginning of the period	89,594	45,167
<b>Cash and cash equivalents at the end of the period</b>	<b>85,628</b>	<b>46,634</b>

## CHANGES IN NET WORKING CAPITAL

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2018	2017
Changes in inventories	(8,392)	(20,239)
Changes in trade receivables	3,896	(5,300)
Changes in trade payables	(1,195)	9,087
Changes in other assets/liabilities	(448)	71
Payments of employee benefits	(105)	(130)
<b>Changes in Net Working Capital</b>	<b>(6,244)</b>	<b>(16,511)</b>

## NET FINANCIAL DEBT

		As at 31 March	As at 31 December
		2018	2017
<i>(in thousands of Euro)</i>			
A	Cash and cash equivalents	(737)	(803)
B	Cash at bank	(84,891)	(88,791)
C	Securities held for trading	-	-
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>(85,628)</b>	<b>(89,594)</b>
<b>E</b>	<b>Current financial receivables</b>	<b>(2,931)</b>	<b>(2,327)</b>
F	Current loans	57,571	53,014
G	Current portion of non-current medium/long-term loans	28,519	24,259
H	Other current financial payables	1,179	1,459
<b>I</b>	<b>Current indebtedness (F+G+H)</b>	<b>87,269</b>	<b>78,732</b>
<b>J</b>	<b>Net current indebtedness (I+E+D)</b>	<b>(1,290)</b>	<b>(13,189)</b>
K	Non-current medium/long-term loans	189,116	201,453
L	Issued bonds	-	-
M	Other non-current financial payables	2,681	2,692
<b>N</b>	<b>Non-current indebtedness (K+L+M)</b>	<b>191,797</b>	<b>204,145</b>
<b>O</b>	<b>Net financial indebtedness (J+N)</b>	<b>190,507</b>	<b>190,956</b>

## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2018	2017
Revenue	211,202	233,640
Other income	1,732	1,549
Raw, ancillary, and consumable materials and goods	(118,014)	(136,889)
Purchases of services, leases and rentals	(42,812)	(45,012)
Personnel costs	(35,000)	(36,679)
Other operating costs	(1,499)	(1,581)
Amortization, depreciation and impairment	(9,248)	(10,195)
<b>Operating profit</b>	<b>6,361</b>	<b>4,833</b>
Finance income	54	56
Finance costs	(2,039)	(1,000)
Share of losses of companies accounted for using the equity method	(138)	(80)
<b>Profit before tax</b>	<b>4,238</b>	<b>3,809</b>
Income tax expense	(1,441)	(1,490)
<b>Profit for the period</b>	<b>2,797</b>	<b>2,319</b>
<i>Profit attributable to:</i>		
<i>Non-controlling interests</i>	16	47
<i>Owners of the parent</i>	2,781	2,272
<b>Basic/diluted earnings per share (in Euro)</b>	<b>0.08</b>	<b>0.07</b>

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	As at 31 March	As at 31 December
	2018	2017
Intangible assets	181,687	183,231
Property, plant and equipment	208,957	212,830
Investment properties	4,859	4,887
Investments in joint ventures and associates	9,509	9,616
Non-current trade receivables	2,540	3,076
Deferred tax assets	11,789	10,244
Other non-current assets	5,785	13,669
Non-current contract assets	7,809	-
<b>Total non-current assets</b>	<b>432,935</b>	<b>437,553</b>
Inventories	135,035	127,997
Trade receivables	114,884	123,405
Income tax assets	2,069	1,975
Other current assets	14,514	18,195
Current contract assets	5,189	-
Cash and cash equivalents	85,628	89,594
<b>Total current assets</b>	<b>357,319</b>	<b>361,166</b>
<b>Total assets</b>	<b>790,254</b>	<b>798,719</b>
Share capital	34,300	34,300
Other reserves	95,164	98,162
Retained earnings	166,271	166,443
<b>Total equity attributable to owners of the Parent</b>	<b>295,735</b>	<b>298,905</b>
Non-controlling interests	1,976	1,977
<b>Total equity</b>	<b>297,711</b>	<b>300,882</b>
Non-current borrowings	191,797	204,145
Employee benefits	9,037	8,987
Other non-current provisions	3,005	2,986
Deferred tax liabilities	23,274	22,895
Other non-current liabilities	2,447	3,047
Non-current contract liabilities	468	-
<b>Total non-current liabilities</b>	<b>230,028</b>	<b>242,060</b>
Current borrowings	87,269	78,731
Trade payables	136,552	139,329
Income tax liabilities	1,678	1,433
Other current liabilities	36,354	36,284
Current contract liabilities	662	-
<b>Total current liabilities</b>	<b>262,515</b>	<b>255,777</b>
<b>Total liabilities</b>	<b>492,543</b>	<b>497,837</b>
<b>Total equity and liabilities</b>	<b>790,254</b>	<b>798,719</b>

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2018	2017
<b>Profit before tax</b>	<b>4,238</b>	<b>3,809</b>
<b>Adjustments for:</b>		
Amortization, depreciation and impairment	9,248	10,195
Provisions for employee benefits and other charges	296	261
Finance costs	1,985	944
Other non-monetary items	(906)	44
<b>Net cash generated from operating activities before changes in net working capital</b>	<b>14,861</b>	<b>15,253</b>
Changes in inventories	(8,392)	(20,239)
Changes in trade receivables	3,896	(5,300)
Changes in trade payables	(1,195)	9,087
Changes in other assets/liabilities	454	71
Payments of employee benefits	(105)	(130)
Interest paid	(1,768)	(2,079)
Income tax paid	(869)	(926)
<b>Net cash generated from/(used in) operating activities</b>	<b>6,882</b>	<b>(4,263)</b>
Acquisition of subsidiary, net of cash acquired	-	(200)
Purchase of property, plant and equipment	(5,740)	(7,808)
Purchase of intangible assets	(380)	(439)
Proceeds from sale of property, plant and equipment	318	287
Proceeds from sale of intangible assets	6	29
Investments in joint ventures and associates	(280)	-
Changes in financial receivables	(721)	774
Interest received	12	6
<b>Net cash used in investing activities</b>	<b>(6,785)</b>	<b>(7,351)</b>
Proceeds from long-term borrowings	383	15,000
Repayment of long-term borrowings	(7,155)	(16,036)
Increase / (decrease) in short-term borrowings	3,617	14,004
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,155)</b>	<b>12,968</b>
Exchange gains/(losses) on cash and cash equivalents	(908)	113
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,966)</b>	<b>1,467</b>
Cash and cash equivalents at the beginning of the period	89,594	45,167
<b>Cash and cash equivalents at the end of the period</b>	<b>85,628</b>	<b>46,634</b>

## IMPACTS FROM NEW ACCOUNTING STANDARDS

### IFRS 15

Under IFRS 15, an entity shall account for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service received from the customer and measured at fair value. Therefore, as of January 1, 2018, the Group has reclassified this type of consideration from “purchases of services, leases and rentals” to a decrease in “revenue”. The retrospective application of IFRS 15 would have implied in 2017 a reclassification from “Purchase of services, leases and rentals” to “Revenues” of Euro 678 thousand.

The two tables below show the retrospective application of IFRS 15 on 2017 revenues.

<i>(in thousands of Euro)</i>	Three months ended March 31, 2017		
	Reported Figures	reclassification	Restated Figures
Foodservice	49,758	67	49,825
Mass Market	87,996	(730)	87,266
Private Label	81,833	(15)	81,818
Other	14,053		14,053
<b>Total</b>	<b>233,640</b>	<b>(678)</b>	<b>232,962</b>

<i>(in thousands of Euro)</i>	Three months ended March 31, 2017		
	Reported Figures	reclassification	Restated Figures
Americas	113,691		113,691
Northern Europe	43,491	280	43,771
Southern Europe	57,781	(958)	56,823
Asia-Pacific and Cafés	18,677		18,677
<b>Total</b>	<b>233,640</b>	<b>(678)</b>	<b>232,962</b>

Under IFRS 15, contract assets and liabilities shall be presented separately in the statement of financial position. Therefore, the Group has reclassified some contract assets and liabilities (e.g., the discounts granted to the Foodservice channel customers and advances from customers) which are currently included in “other current assets”, “other non-current assets” and “other current liabilities” and “other non-current liabilities”. For these assets and liabilities, it has been given separate evidence of those related to “contracts” with customers.

### IFRS 9

Under the new impairment model applicable to financial assets, the accruals to the allowance for impairment are based on expected losses rather than on the losses already incurred as set out in IAS 39. According to the assessments carried out, the Group has made adjustments to the allowance for impairment related to trade receivables. Based on these valuations the Groups has adjusted its customer bad debt fund, consequently reducing “retained earnings”. This adjustment, net of tax, has implied a decrease in Equity, as of January 1, 2018, by Euro 2,970 thousand.