INTEK GROUP

Registered office: 20121 Milan - Foro Buonaparte, 44
Share capital Euro 335,069,009.80 fully paid-up
Tax Code and Milan Companies Register no. 00931330583
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PRESS RELEASE

- **THE BOD OF INTEK GROUP S.P.A. APPROVED THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2018. HERE BELOW ARE THE HIGHLIGHTS FROM THE SEPARATE FINANCIAL STATEMENTS:**

	IN MILLIONS OF EURO	
	30/06/2018	**31/12/2017**
▪ **NET INVESTMENTS**	**524.0**	**519.8**
▪ **NET FINANCIAL DEBT**	**41.6**	**33.7**
▪ **CASH AND CASH EQUIVALENTS**	**52.2**	**28.1**
▪ **EQUITY**	**482.4**	**486.1**

- **KME GROUP:**

- EBITDA EQUAL TO EURO 38.6 MILLION, UP BY 6.7% COMPARED TO THE SAME PERIOD OF 2017;

- **CULTI MILANO:**

- SIGNIFICANT INCREASE IN MAIN ECONOMIC INDICATORS COMPARED TO 2017 (TURNOVER UP 13%);

- **I2 CAPITAL PARTNERS FUND:**

- SOLD THE EQUITY INVESTMENTS IN NUOVI INVESTIMENTI SIM AND NUOVA GS.; DISTRIBUTED EURO 2.8 MILLION IN THE FIRST HALF OF THE YEAR AND EURO 3.1 MILLION IN JULY

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Today, the Board of Directors of Intek Group S.p.A. (hereinafter also referred to as “Intek Group” or the “Company”), a diversified investment holding company that takes a dynamic approach to managing its investments, approved the interim financial statements as at 30 June 2018.

The Net investments held by the Company amounted to Euro 524 million as at 30 June 2018 (Euro 519.8 million at the end of 2017), of which approximately 89% were in the “copper” sector and the remaining in financial and real estate assets.

The Company maintains a robust capital structure: Equity amounted to Euro 482.4 million, compared to Euro 486.1 million as at 31 December 2017. The change is mainly due to the result for the period (negative by Euro 2.7 million, with insignificant income from equity investments) and the first-time adoption of IFRS 9 affected the result by Euro 1.0 million, net of the tax effect.

Below are the main events that characterized the first half of 2018 for Intek and its subsidiaries:

(i) Activities aimed at improving the value of the copper sector.

- In this sector, we highlight the important acquisition of MKM (Mansfelder Kupfer und Messing GmbH), another leading operator in the European copper market, which terms and conditions were defined in early July 2018. The strategic importance of this transaction is considerable, as it increases KME's overall competitiveness in its reference markets and could contribute to new developments that could further modify the scope of the industrial activities in the portfolio.

The agreed purchase price is Euro 80 million in addition to a small stake in the business combination resulting from the transaction, to be paid to the seller on the basis of future value creation.

KME will finance the acquisition through the use of its own assets and the sale of non-core assets.

The transaction is expected to be concluded by the end of the current year. It is subject to the fulfilment of a number of conditions precedent, including authorisation by the competent antitrust authority. The contracting parties have already initiated this procedure and therefore the verification process was launched on 4 June 2018.

The transaction is in line with the strategic guidelines aimed at increasing the value of this sector through:

(i) restricting and eliminating non-performing areas, decreasing the production sites and selling companies, business units or compendia;

(ii) strengthening the industrial, economic, equity and income structure of the KME Group, through actions aimed at ensuring increasing operating efficiency, organizational simplification and a focus on the business resources with the most added value and in the geographic areas that are the most dynamic and guarantee development and stable earnings in the long term;

(iii) rationalising the financial structure of the KME Group.

To this end, last February KME AG issued a Euro 300 million bond reserved for qualified institutional investors maturing in 2023, at a fixed rate of 6.75%. The resulting resources were used to partially repay the amount of the existing pool bank loan and the corresponding interests by approximately Euro 197 million, repay in full the loans and the relative interests to Intek Group of over Euro 42 million and, in general, support the requirements of the KME Group.

This refinancing made it possible to diversify the existing financial structure, concurrently extending the relative maturities. KME AG concluded amendments agreements and extensions of 3 years of the pool loan contract and the factoring contracts with the financial institutions, with the option, upon consent of the financing institutions, to extend for a further 2 years.

Another significant element is the marked reduction, from Euro 475 million to Euro 100 million, of the maximum amount of the guarantee issued in 2014 by Intek Group to the pool of banks in the interests of KME AG.

It is important to stress the importance of this transaction. KME's ability to enter the bond market, thereby partly freeing itself from dependence on bank credit, is proof of the Group's increased credibility and the recognition of the results associated with the intense rationalisation and strategic repositioning work carried out in recent years.

Again, in January 2018, as part of the diversification of the debt structure, Intek Group granted KME AG a credit line of up to Euro 30 million for working capital needs and to assist the aforementioned pool loan. This credit line has not yet been used.

- With regard to business profitability, EBITDA in the first half of 2018 amounted to Euro 38.6 million, compared with Euro 36.2 million in the same period of last year (up 6.6%).

(ii) Performance of the Subsidiary Culti Milano S.p.A.

The company, listed on the AIM market since July 2017, recorded a positive performance in the first half of 2018, with a significant increase in the main economic indicators from the first half of the prior year and in line with the budget. Turnover amounted to Euro 3.1 million, an increase of 13% compared to the first half of last year.

(iii) Activities of the I2 Capital Partners fund

Intek Group holds 19.15% of the I2 Capital Partners fund (hereinafter also referred to as the "Fund"). During the first half of 2018, the Fund sold its remaining equity investment (23%) in Nuovi Investimenti SIM S.p.A. (hereinafter also "NIS"), receiving a new instalment of Euro 1.3 million. Concurrently, a reduction of the contractual guarantees previously issued was agreed with the buyers and the payment of the residual sale price of Euro 1.2 million was extended to 30 June 2019.

These transactions allowed the Fund to carry out a partial redemption with distribution of Euro 2.8 million, of which Euro 0.5 million to Intek. A further Euro 3.1 million were distributed in July, after the liquidation of the Isno 4 Srl subsidiary was concluded and a part of the guarantees provided in connection with the NIS/Alpi Fondi transaction were released.

Moreover, in July 2018 the entire investment held by the Fund in Nuova GS S.p.A. was sold against Euro 1.9 million.

Work is continuing on the valorisation of the Fund's residual assets. The maturity of these assets had already been extended to July 2018 and this has now moved to July 2019 in order to allow for the best possible realisation of the assets remaining in the portfolio.

With reference to the bankruptcy of Festival Crociere, at the end of May 2018 the Court of Genoa handed down a second instance ruling on the last dispute still pending with the investee company Isno 3 Srl, which was the assumptor in the Festival Crociere composition with creditors. The new sentence confirms the first instance ruling (issued in 2012), which ordered our counterparties to pay Euro 6.8 million, plus interest from 2004, by way of revocation, but rejected the main claims made by Isno 3 Srl.

(iv) New initiatives in the Private Equity area

Establishment of Nextep Srl - Benefit Corporation

In June 2018, Intek, set up the Nextep Srl benefit corporation together with Deputy Chairwoman Diva Moriani and Nativa Srl. The share capital is Euro 10,000 and this is the first Italian investment platform dedicated to companies wishing to integrate sustainability into their business model.

The investment targets will be high potential Italian companies, to be supported with skills, capital and strategic vision to accelerate their sustainability based growth and evolution, with innovation and a lever for growth in economic, environmental and social value.

This initiative is based on the market's interest in ESG *(Environmental, Social and Governance*) and the sustainability and governance experience that Intek and its management have accumulated. Nativa was the partner representing the environmental aspect. It is a consulting company active in the field of sustainability, founded as the first Italian benefit corporation aiming to create a large-scale positive impact on society, the biosphere and the economy.

The objective of this initiative, which is expected to include an investment commitment by Intek of approximately Euro 8.5 million, is in fact to invest in companies interested in integrating sustainability into their investment and value creation strategies. At present, there are no similar private equity experiences. The SPAC tool will be used for fundraising, which is expected to total between Euro 200 and Euro 250 million. This tool is attracting significant interest from the banking and financial sectors.

(v) Non-performing assets

In September, a settlement agreement was reached for the dispute with the Mareco Sistemi Industriali Srl bankruptcy receiver. The conclusion of this agreement enabled the release of a Euro 1.6 million risk provision, which had been set up.

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The **investment sectors** of Intek Group S.p.A. are the following:

- the traditional "**copper**" sector, which includes the production and marketing of copper and copper-alloy semi-finished products, under the German subsidiary KME AG;
- the "**financial and real estate assets**" sector, which includes the private equity activity, carried out mainly through the closed-ended investment fund I2 Capital Partners (the "**Fund**"), and the management of receivables (tax receivables, non-performing loans and receivables arising from insolvency proceedings) and real estate.

"Copper" sector

The "copper" sector includes the production and marketing of copper and copper-alloy semi-finished products under the German subsidiary KME AG, and represents the Intek Group's largest industrial investment.

Due to their wide field of application, the demand for copper and copper-alloy semi-finished products is very closely connected to the general economic performance in the reference markets.

Consolidated revenue for the first half of 2018 amounted to Euro 1,027.9 million, up 7.6% compared to the first half of 2017 (Euro 954.9 million). Revenue, net of the value of raw materials, increased from Euro 251.3 million to Euro 267.5 million, up 6.4%.

EBITDA for the first half of 2018 stood at Euro 38.6 million, up 6.7% from the first half of 2017 (Euro 36.2 million), confirming the positive effect of the streamlining and flexibility measures adopted by the Group, as well as the focus on higher margin products.

EBIT stood at Euro 23.1 million (Euro 20.5 million in the first half of 2017).

Profit before non-recurring items was Euro 5.8 million (Euro 6.9 million in the first half of 2017).

Consolidated net profit in the first half of 2018 was Euro 4.9 million (loss of Euro 3.8 million in the first half of 2017).

This result was positively influenced by Euro 9.1 million by the valuation of stock and sales commitments; it was positive by Euro 12.3 million in the first half of 2017.

The result for the first half of 2018 was affected by **non-recurring charges** of Euro 7.1 million, of which Euro 3.1 million related to amortisation/losses on disposals, mainly involving plants no longer used in operating activities.

The **Net Financial Position** as at 30 June 2018 was negative to the tune of Euro 189.9, while the financial debt amounted to Euro 183.7 million at 30 June 2017. The balance as at 31 December 2017 was Euro 254.4 million. The Group continues to adopt measures to optimize its working capital requirements.

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"Financial and real estate assets" sector

With regard to "**financial and real estate assets**," in the reporting period, the Company continued pursuing the programmes aimed at accelerating their gradual realisation, especially as far as the I2 Capital Partners fund is concerned, of which Intek holds 19.15%.

The Advisory Committee and the Board of Directors of I2 Capital Partners SGR have decided to extend the duration of the Fund for another year and therefore until 31 July 2019, in order to allow for the disposal of the remaining investments and complete redemption of the units under the best terms and conditions.

With reference to the vehicle Isno 3 Srl, it should be noted that at the end of May 2018 the Court of Genoa issued the second-level ruling on the only litigation by the plaintiff company still pending. The judges upheld the first instance ruling handed down in December 2012, ordering GIE Vision Bail, a wholly-owned subsidiary of Crédit Agricole, to pay Euro 6.8 million, plus interest, as a claw back action. The sentence rejected the main claims made by Isno 3, ordering the company to pay additional legal expenses totalling approximately Euro 300 thousand.

As at 30 June 2018, the total called-up amount since the launching of the Fund's operations was Euro 126.5 million, while the callable residual contributions totalled approximately Euro 8.2 million.

Culti Milano S.p.A.

Culti Milano S.p.A., which designs, manufactures and sells its products in more than 30 countries, operates in the luxury market, producing and selling high-end room fragrances. The strengths of the products it distributes are the *Made in Italy* style, the exclusiveness and sophistication of the fragrance, and the refined design which makes the brand iconic.

It is noted that in July 2017, Culti Milano was admitted to trading on the Alternative Investment Market (AIM) with a capital increase of Euro 4.5 million. These resources were instrumental in significantly modifying the company's equity profile, providing it with the resources necessary to adequately carry out significant business development planned both in Italy and abroad, including through the presence of Culti Milano branded points of sale, together with qualified partners where appropriate. The first step in this development plan was the opening of the *Culti Houses* in Naples and Bari at the end of 2017.

In the first half of 2018, the company recorded a positive performance, with a significant increase in the main economic indicators from the first half of the prior year and in line with the budget.

Turnover amounted to Euro 3.1 million, up 13% from 2017. EBITDA came in at Euro 220 thousand (up by 5,6% compared to 30 June 2017) and EBIT at Euro 42 thousand (positive to the tune of Euro 75 thousand in the first half of 2017). Net profit was negative at Euro 125 thousand (positive to the tune of Euro 31 thousand in 2017).

The Net financial position as at 30 June 2018 was positive by Euro 3.0 million compared to the debt of Euro 206 thousand on 30 June 2018.

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Intek Group's financial highlights as at 30 June 2018, compared to 31 December 2017, can be summarised as follows:

Condensed separate statement of financial position				
(in thousands of Euro)	*30 Jun 2018*		*31 Dec 2017*	
Copper	**464,133**	**88.57%**	**463,976**	**89.26%**
Financial and real estate assets				
Private Equity	*5,160*		*5,924*	
Non-operating assets	*8,955*		*5,728*	
Real Estate/Others	*31,149*		*31,013*	
Culti/Other services	*11,989*		*12,087*	
Total financial and real estate assets	**57,253**	**10.93%**	**54,752**	**10.53%**
Other assets/liabilities	**2,615**	**0.50%**	**1,070**	**0.21%**
Net investments	**524,001**	**100.00%**	**519,798**	**100.00%**
Outstanding bonds (*)	*(103,121)*		*(105,590)*	
Net cash from third parties	*61,478*		*36,935*	
Net financial debt to third parties	**(41,643)**		**(68,655)**	
Cash investments in KME	*-*		*35,000*	
Reclassified Net Financial Debt Intek Group	**(41,643)**		**(33,655)**	
Net financial debt of the holding company to third parties	**(41,643)**	**7.95%**	**(33,655)**	**6.47%**
Total equity	**482,358**	**92.05%**	**486,143**	**93.53%**

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Equity

The holding company’s shareholders’ equity totalled Euro 482.4 million, up from Euro 486.1 million at 31 December 2017. The change is due to the result of the period (negative by Euro 2.7 million) and the effect of the first-time adoption of IFRS 9 (Euro 1.0 million net of the tax effect). Equity per share was Euro 1.11, in line with the figure as at 31 December 2017 (Euro 1.12).

The **Share Capital** as at 30 June 2018, unchanged compared to 31 December 2017, was Euro 335,669,009.80, divided into 389,131,478 ordinary shares and 50,109,818 savings shares. None of the shares have a nominal value.

As at 30 June 2018, Intek Group held 5,713,572 ordinary treasury shares (1.468% of the category capital) and 11,801 own savings shares (equal to 0.024% of the category capital).

Financial management

Net financial debt of the holding company to third parties totalled Euro 33.7 million as at 31 December 2017. The balance as at 30 June 2018 was Euro 41.6 million.

Other than the bonds falling due in February 2020, there are no financial payables to third parties, except a loan totalling Euro 0.7 million from the merged company ErgyCapital, which matures in December 2019.

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Intek Group Consolidated Financial Statements

The result for the period, in the absence of significant results in the area of *"Net income from equity investments"*, was negative by Euro 3.5 million, mainly due to net financial expense and the reduction in commission income on guarantees granted, almost entirely offset by the decrease in *"Other operating costs."*

The consolidated **balance sheet** is summarised as follows

Consolidated net invested capital		
(in thousands of Euro)	*30 Jun 2018*	*31 Dec 2017*
Net non-current assets	532,684	534,213
Net working capital	14,233	11,398
Net deferred tax	1,237	1,774
Provisions	(3,723)	(5,361)
Net invested capital	**544,431**	**542,024**
Total equity	480,226	484,681
Net financial position	64,205	57,343
Sources of finance	**544,431**	**542,024**

The change is due not only to the result for the period, but also to the effects of the first-time adoption of IFRS 9, which led to a Euro 0.9 million reduction in shareholders' equity at the consolidated level.

The breakdown of the *"Net financial position"* follows:

Reclassified consolidated net financial position			
(in thousands of Euro)		*30 Jun 2018*	*31 Dec 2017*
Short-term financial payables		8,146	10,989
Medium to long-term financial payables		6,004	6,629
Financial payables to Group companies		4,198	4,409
(A) Financial payables	**(A)**	**18,348**	**22,027**
Cash and cash equivalents		(53,085)	(28,886)
Other financial assets		(315)	(217)
Financial receivables from Group companies		(2,053)	(36,796)
(B) Cash and current financial assets	**(B)**	**(55,453)**	**(65,899)**
(C) Consolidated net financial position (net of outstanding securities)	**(A) + (B) + (C)**	**(37,105)**	**(43,872)**
(D) Outstanding debt securities (net of interest)		**101,310**	**101,215**
(E) Consolidated net financial position	**(D) + (E)**	**64,205**	**57,343**
(F) Non-current financial assets		***(13,683)***	***(13,645)***
(G) Total net financial debt	***(F) + (G)***	***50,522***	***43,698***

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Pending disputes

In the first half of 2016, certain savings shareholders made claims against Intek regarding the alleged violation of their rights in relation to the distribution of reserves resolved by the Ordinary Shareholders’ Meeting of 19 June 2015 and implemented by assigning the 3,479,875 savings shares in the Company’s portfolio to all shareholders, initially receiving injunctions, which were promptly opposed and eventually dissolved.

To counteract these initiatives, the Company took action by initiating legal proceedings before the Courts of Milan, Rome and Bari, aimed at ascertaining the non-existence of violations of the rights of savings shareholders in the distribution of the previously mentioned reserves.

The current status of the litigation thus initiated, following the sentences of the Court of Bari in favour of the Company in recent months and the settlement of the dispute initiated before the Court of Milan for the counterparty's waiver, reflects the recent pronouncement by the Court of Rome of two sentences which, in full compliance with the Company's requests, found that there had been no violation of the rights of Intek Group's savings shareholders and that all their claims in relation to the assignment described above were unfounded, ordering the counterparties to pay the costs of the litigation.

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With regard to the main disputes regarding the former Fime Leasing, an agreement was reached in early September with the bankruptcy receiver of Mareco Sistemi Industriali Srl, which provided for Intek to pay an indemnity of Euro 1 million plus expenses. It was therefore possible to release the provision of Euro 2.6 million set aside for this purpose with the realisation of a capital gain of approximately Euro 1.6 million.

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Procedure applicable to transactions with related parties

Based on the provisions set forth in Consob communication DEM/10078683 of 24 September 2010, the Board of Directors, taking into account the favourable opinion of the Control and Risk Committee, approved the updated version of the Procedure regarding transactions with related parties. This procedure, which will come into force on 1 October 2018, can be viewed on the www.itkgroup.it website in the *Governance* section.

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The Manager in charge of Financial Reporting, Giuseppe Mazza, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance (Italian Legislative Decree no. 58/1998), the accounting information contained in this press release, corresponds to the company's documents, books, and accounting records.

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The press release is available on the website www.itkgroup.it, where it is possible to request information directly from the Company (phone: 02-806291; e-mail: info@itk.it) and on the authorised "eMarket STORAGE" system operated by S.p.A.fid Connect S.p.A. at www.emarketstorage.com.

Milan, 18 September 2018 The Board of Directors

Annexes:
1) Consolidated Statement of Financial Position
2) Consolidated Income Statement
3) Consolidated statement of cash flows

Intek Group – Condensed consolidated interim financial statements as at 30 June 2018

Annex 1) Statement of financial position – Assets

(in thousands of Euro)	*30/06/2018*	*31/12/2017*
Investments in equity interests and fund units	488,183	489,483
Non-current financial assets	15,118	13,645
Investment property	11,277	11,323
Property, plant and equipment	19,528	19,750
Intangible assets	7	6
Other non-current assets	6	6
Deferred tax assets	4,724	5,310
Total non-current assets	**538,843**	**539,523**
Current financial assets	3,298	39,390
Trade receivables	13,703	13,413
Other current receivables and assets	7,136	7,504
Cash and cash equivalents	53,085	28,886
Total current assets	**77,222**	**89,193**
Non-current assets held for sale	-	-
Total assets	**616,065**	**628,716**

N.B. The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2018

Annex 1) Statement of financial position – <u>Liabilities</u>

(in thousands of Euro)	*30/06/2018*	*31/12/2017*
Share capital	335,069	335,069
Reserves and Profit/(loss) for the period	145,157	149,612
Equity attributable to owners of the Parent	**480,226**	**484,681**
Non-controlling interests	-	-
Total equity	**480,226**	**484,681**
Employee benefits	336	322
Deferred tax liabilities	3,487	3,536
Non-current financial payables and liabilities	7,439	6,629
Bonds	101,310	101,215
Other non-current liabilities	1,492	1,492
Provisions for risks and charges	3,387	5,039
Total non-current liabilities	**117,451**	**118,233**
Current financial payables and liabilities	13,274	17,775
Trade payables	1,449	2,647
Other current liabilities	3,665	5,380
Total current liabilities	**18,388**	**25,802**
Total liabilities and equity	**616,065**	**628,716**

N.B. The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2018

Annex 2) Statement of profit or loss and other comprehensive income

(in thousands of Euro)	*1st half 2018*	*1st half 2017*
Net income/(expenses) from investment management	(606)	(276)
Guarantee fees	786	1,974
Other income	632	526
Labour costs	(968)	(955)
Amortisation, depreciation, impairment and write-downs	(425)	(267)
Other operating costs	(857)	(2,512)
Operating profit/(loss)	**(1,438)**	**(1,510)**
Finance income	904	1,140
Finance expense	(2,932)	(2,873)
Net finance expense	*(2,028)*	*(1,733)*
Profit/(loss) before taxes	**(3,466)**	**(3,243)**
Current taxes	799	492
Deferred taxes	(839)	(200)
Total income taxes	**(40)**	**292**
Profit/(loss) for the period	**(3,506)**	**(2,951)**

N.B. The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2018

Annex 3) Statement of Cash Flows – indirect method

Consolidated statement of cash flows – indirect method			
(in thousands of Euro)		*1st half 2018*	*1st half 2017*
(A) Cash and cash equivalents at the beginning of the year		**28,886**	**10,444**
Profit/(loss) before taxes		(3,466)	(3,243)
Amortisation and depreciation		203	213
Impairment of current assets		-	-
Impairment/(reversal of impairment) of non-current assets other than financial assets		222	54
Impairment/(reversal of impairment) of investments and financial assets		943	294
Changes in pension funds, post-employment benefits and stock options		18	(103)
Changes in provisions for risks and charges		(1,571)	(402)
(Increase)/decrease in investments		326	(2,096)
(Increase)/decrease in financial investments and financial assets		(100)	4,847
Increase/(decrease) in current and non-current financial payables to related companies		(211)	(147)
(Increase)/decrease in current and non-current financial receivables from related companies		33,935	949
(Increase)/decrease in current receivables		876	3,782
Increase/(decrease) in current payables		(2,913)	37
Taxes paid during the year		-	-
(B) Total cash flows from/(used in) operating activities		**28,262**	**4,185**
(Increase) in non-current intangible assets and property, plant and equipment		(158)	(27)
Increase/decrease in other non-current assets/liabilities		-	1,528
(C) Cash flows from/(used in) investing activities		**(158)**	**1,501**
Increase/(decrease) in current and non-current financial payables		(3,379)	(2,873)
(Increase)/decrease in current and non-current financial receivables		-	(10,217)
(D) Cash flows from/(used in) financing activities		**(3,379)**	**(13,090)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**24,725**	**(7,404)**
(F) Effect of changes in accounting standards		**(526)**	**-**
(G) Cash and cash equivalents at the end of the period	**(A) + (E) + (F)**	**53,085**	**3,040**

N.B. The Independent Auditors have not yet completed the audit of the above figures.