

# THE BOARD OF DIRECTORS APPROVES DRAFT STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

CONSOLIDATED REVENUES UP 4.1% TO 631.0 MILLION

(+6.4% AT CONSTANT EXCHANGE RATES)

CONSOLIDATED EBITDA AT 105.5 MILLION (+2.2%)

EBITDA MARGIN AT 16.7%

CONSOLIDATED NET PROFIT UP TO 62.2 MILLION (+3.5%)

NET FINANCIAL POSITION POSITIVE AT 23.8 MILLION

Consolidated revenues at 631.0 million, up 4.1% from 606.0 million in 2017 (+6.4% at constant exchange rates). In Q4 Revenues at 164.9 million, a record high for Datalogic, up 6.2% on Q4 2017

EBITDA at 105.5 million, up 2.2% from 103.3 million in 2017 (EBITDA margin at 16.7% compared to 17.0% in 2017)

Net profit at 62.2 million, up 3.5% from last year's 60.1 million

Net financial position positive at 23.8 million vs 30.1 million at 31 December 2017

Board of Directors proposes the Shareholders' Meeting pay a dividend, before legal withholdings, of 50 euro cents per share, in line with last year

Bologna, 19 March 2019 - The Board of Directors of Datalogic S.p.A. (Borsa Italiana S.p.A.: DAL), a company listed in the STAR Segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A. ("Datalogic") and global leader in the automatic data capture and process automation markets, has approved the draft statutory and consolidated financial statements as of 31 December 2018.

The Chief Executive Officer of the Datalogic Group, Valentina Volta, commented: "Once again, 2018 has seen the Group successfully confirm growth in revenues thanks to the outstanding performance of the US market, driven by the Retail and Transportation & Logistics sectors that grew double digit, as well as Manufacturing and the excellent results seen on the Chinese market, driven by Manufacturing.

The extremely positive performance by these two geographic areas was partially offset by a slowing in the EMEA area and in Italy in particular.

2018 was a record year for the Group in terms of investments in Research and Development and the strengthening of the commercial and distribution structures, with a rise of almost 20 million on 2017. We expect to see major benefits in terms of new product development and increased sales in the next

few years, particularly in North America thanks to these investments. The Group has managed to maintain a level of profitability substantially in line with 2017, despite the higher investments, through the improvement of the Gross Margin and action taken to control and limit general and administrative expenses.

We are confident we can continue our growth in revenues well into 2019, maintaining our profitability despite a year start showing some uncertainty in Europe and Asia.”

## 2018 PERFORMANCE

Euro/000	2018		2017		Change	% Change
TOTAL REVENUES	631,015	100.0%	606,022	100.0%	24,993	4.1%
EBITDA	105,549	16.7%	103,299	17.0%	2,250	2.2%
EBIT	83,517	13.2%	82,879	13.7%	638	0.8%

Results for FY 2018 show an increase in all financial indicators, confirming the positive trend seen in recent years and once again booking the best ever performance since the year during which the Group was founded. Although benefiting from an improvement to the gross operating margin, the economic indicators reflect the greater investments made in R&D and the strengthening of the commercial organisations necessary to pursue the Group’s growth.

Consolidated net revenues were 631.0 million and, despite an unfavourable trend in exchange rates, recorded growth of 4.1% on the 606.0 million booked in 2017 (+6.4% at constant exchange rates), above all thanks to an improved mix.

The gross operating margin at 306.0 million, has grown by 6.1% on the 288.4 million booked the previous year, also showing a 0.9 percentage points increase in the incidence on revenues, going from 47.6% in 2017 to 48.5% in 2018. The improvement is mainly due to efficiencies on the purchase of materials and the control of fixed production costs.

Operating and other costs at 215.6 million, are up 7.9% on the 199.8 million booked in 2017 and increase by 1.2 percentage points in terms of incidence on turnover, going from 33.0% to 34.2%. This increase is primarily due to a rise in research and development costs (+12%) and distribution costs (+12.6%), partially offset by the reduction in administrative and general expenses.

Research and Development costs total 61.9 million, accounting for 9.8% of revenues as compared with the 9.1% recorded in 2017. Distribution costs came to 112.2 million, with an incidence of 17.8% on revenues as compared with the 16.5% booked in 2017, following Group investments made during the period, in the distribution and sales network.

Administrative and general expenses came to 43.2 million, down on the 44.8 million booked in 2017, thanks to constant action taken to limit costs, with an incidence on revenues that drops to 6.8% from

7.4% in 2017.

EBITDA of 105.5 million rose by 2.2% on the 103.3 million recorded in 2017 (+1.4% at constant exchange rates), whilst the incidence on revenues (EBITDA margin) went from 17.0% in 2017 to 16.7% in 2018, primarily due to the above-described greater investments made in R&D and the strengthening of the commercial organisations, partially offset by an improvement in the gross operating margin and a limiting of administrative and general expenses.

EBIT increased by 0.8%, going from 82.9 million to 83.5 million, whilst the incidence on revenues went from 13.7% in 2017 to 13.2% in 2018.

Non-recurring costs/revenues and impairment ( 2.3 million vs 0.9 million in 2017) mainly related to the reorganisation of the industrial and distribution footprint and to restructuring operations involving various company departments.

Financial income was negative by 5.7 million, as compared with a negative 7.3 million in 2017. The improvement is mainly due to the benefits of the renegotiation of the cost of loans and the reduction of bank expenses and trade exchange differences recorded on exposures in foreign currencies.

The Group's net profit was 62.2 million, up 3.5% on the profit booked the previous financial year, of 60.1 million. Incidence on revenues was 9.9%, in line with 2017.

At 31 December 2018, the net financial position was positive for 23.8 million, down 6.3 million on 31 December 2017 (when it was positive for 30.1 million). Net of treasury share purchases for 16.9 million and the distribution of dividends for 28.9 million, period cash generation deriving from the business is positive for 39.5 million.

Trade working capital at 31 December 2018 was 69.1 million, up 7.6 million on 31 December 2017, accounting for 11.0% of revenues, up on December 2017 (10.1%), mainly due to the increase in inventories.

## QUARTERLY PERFORMANCE

Comparison between Q4 2018 and Q4 2017

Euro/000	Q4 2018		Q4 2017		% Change	% Change Net FX
TOTAL REVENUES	164,927	100.0%	155,311	100.0%	6.2%	5.1%
EBITDA	28,004	17.0%	25,394	16.4%	10.3%	10.3%
EBIT	22,441	13.6%	20,413	13.1%	9.9%	

Total revenues in the fourth quarter of 2018 came in at 164.9 million, up 6.2% on the fourth quarter of 2017 (+5.1% at constant exchange rates).

Fourth quarter EBITDA rose by 10.3%. The incidence on revenues came in at 17.0% (16.4% in the

fourth quarter of 2017).

## 2018 PERFORMANCE BY DIVISION

In 2018, the Datalogic Division recorded turnover of 585.7 million, up 3.9% on 2017 (+5.9% at constant exchange rates), showing a particularly positive performance in North America, where growth of 15.6% on the previous year was recorded (+20% at constant exchange rates) and in APAC, especially in China, which recorded growth of 13.9% (+16.7% at constant exchange rates).

Division EBITDA amounted to 102.1 million, up 1.9%, with an incidence on turnover of 17.4% (17.8% in 2017).

Below are details of Datalogic Division revenues, broken down by business segment:

Euro/000	2018	%	2017	%	Change	%	% Change Net FX
Retail	295,435	50.4%	280,284	49.7%	15,151	5.4%	8.00%
Manufacturing	174,586	29.8%	156,520	27.8%	18,066	11.5%	13.10%
Transportation & Logistic	69,220	11.8%	60,950	10.8%	8,270	13.6%	15.80%
Healthcare	20,208	3.5%	28,289	5.0%	(8,081)	-28.6%	-26.90%
Channel (Unallocated) (*)	26,275	4.5%	37,937	6.7%	(11,662)	-30.7%	-30.30%
<b>Total revenues</b>	<b>585,724</b>	<b>100.0%</b>	<b>563,980</b>	<b>100.0%</b>	<b>21,744</b>	<b>3.9%</b>	<b>5.90%</b>

(\*) The Channel (Unallocated) segment includes revenues that cannot be directly attributed to the 4 identified segments.

Please note that 2017 data has been reclassified.

The Retail sector books an increase of 5.4% on last year (+8.0% at constant exchange rates), thanks to solid growth in North America (35.1%; +40.2% at constant exchange rates), which more than offset the 5.3% reduction in EMEA (-4.5% at constant exchange rates) and other geographic areas.

The Manufacturing sector continued to expand, with growth of 11.5% on last year (+13.1% at constant exchange rates), mainly driven by business developments in China (29.7%; +32.8% at constant exchange rates). North America recorded growth of 8.5% (+13.2% at constant exchange rates) and EMEA growth of 6.8% (+6.9% at constant exchange rates).

The Transportation & Logistics sector represented the business with the highest growth, with a rise in revenues of 13.6% on 2017 (+15.8% at constant exchange rates), thanks to extremely positive performance in North America, where growth was booked at 33.7% (+38.3% at constant exchange rates). In EMEA, growth came in at 3.8% (+3.9% at constant exchange rates).

The Healthcare sector declined by 28.6% (-26.9% at constant exchange rates) on 2017, the year in which it had recorded exceptionally good results thanks to the acquisition of important orders in some

of the most important American hospital chains.

Sales through the distribution channel, above all to small and medium customers not directly attributable to any of the 4 main sectors, took a downturn of 30.7%, due to the the reduction of direct sales made by distributors to small and medium businesses (SMB).

The Solution Net Systems Division recorded revenues of 28.3 million, up 14.5% on 2017 (+20.2% at constant exchange rates), mainly due to major orders in the postal sector.

Division EBITDA came to 2.9 million, basically in line with last year; the incidence on revenues is 10.4%.

2018 saw the Informatics Division book turnover of 19.6 million, down 4.9% (-0.5% at constant exchange rates) on 2017, yet improving profitability; the division EBITDA is, in fact, positive for 0.7 million (while it was 0.1 million in 2017), with an incidence on revenues that goes from 0.7% to 3.4%.

## PERFORMANCE BY GEOGRAPHIC AREA

The table below shows Group revenue by geographic area, as achieved in 2018 vs 2017:

Euro/000	2018	%	2017	%	Change	%	% Change Net FX
Italy	53,013	8.4%	58,479	9.6%	(5,466)	(9.3%)	
EMEA (excluding Italy)	267,868	42.5%	269,027	44.4%	(1,159)	(0.4%)	
<b>Total EMEA (*)</b>	<b>320,881</b>	<b>50.9%</b>	<b>327,506</b>	<b>54.0%</b>	<b>(6,625)</b>	<b>(2.0%)</b>	<b>(1.6%)</b>
North America	205,567	32.6%	180,698	29.8%	24,869	13.8%	18.4%
Latin America	17,224	2.7%	18,183	3.0%	(959)	(5.3%)	2.0%
APAC (*)	87,343	13.8%	79,635	13.1%	7,708	9.7%	13.3%
<b>Total revenues</b>	<b>631,015</b>	<b>100.0%</b>	<b>606,022</b>	<b>100.0%</b>	<b>24,993</b>	<b>4.1%</b>	<b>6.4%</b>

(\*) EMEA: Europa, Middle East e Africa; APAC: Asia & Pacific including China

At 31 December 2018, sales in Mexico were included in North America; the figures as at 31 December 2017 have been reclassified accordingly.

In 2018, growth was recorded in North America of 13.8% (+18.4% at constant exchange rates) and growth in APAC of 9.7% (+13.3% at constant exchange rates), driven by China, where growth was booked of 13.9% (+16.7% at constant exchange rates).

## 2018 MAIN EVENTS

On 03 April 2018, in implementation of the shareholders' meeting resolution to authorise the purchase and sale of treasury shares, passed on 04 May 2017, Datalogic S.p.A. stipulated an agreement with

an intermediary of primary standing, for the buy-back of treasury shares on the market. This agreement was terminated early on 10 May. More specifically, in the period running from 03 April 2018 to 10 May 2018, the Company bought back 396,773 treasury shares out of a maximum envisaged of 500,000 shares.

On 11 May 2018, in implementation of the shareholders' meeting resolution to authorise the purchase and sale of treasury shares, passed on 04 May 2017, Datalogic S.p.A. conferred a mandate for the launch of a programme offering support of the liquidity of Datalogic shares set to run for a year. The idea behind it was to foster the correct conduct of trading and avoid any price shifts not in line with market performance, in accordance with market practice no. 1 permitted by Consob by Resolution no. 16839 of 19 March 2009. The action taken to support liquidity had been launched starting 16 May 2018, in accordance with market practice no. 1 permitted by Consob by Resolution no. 16839 of 19 March 2009; it was subsequently closed early, on 23 November 2018.

On 23 May 2018, the Board of Directors of Datalogic S.p.A., in confirming the governance structure previously disclosed to the market, confirmed Valentina Volta as Chief Executive Officer of the Datalogic Group, with all executive powers, with the exception of the two areas ("M&A" and "Real Estate"), which will remain exclusively with the Chairman, Romano Volta. It is also specified that Ms Volta is assigned exclusive powers for the area of "Markets-Sales & Marketing" and that all other powers not assigned exclusively to the Chief Executive Officer ("Markets-Sales & Marketing"), or exclusively to the Chairman ("M&A" and "Real Estate"), are shared by the two positions, with separate powers.

On 09 August 2018, the notary Angelo Busani tendered his resignation from the position of Director on the Board, so as to allow for a Board make-up that would even better optimise gender diversity. At the same time, the Board of Directors co-opted Prof. Vera Negri Zamagni.

On 30 November 2018, Alessandro D'Aniello, Group CFO and manager responsible for preparing the company's financial reports, tendered his resignation with effect starting 20 January 2019. On 07 February 2019, the Board of Directors of Datalogic S.p.A. resolved, after first obtaining the opinion in favour of the Board of Auditors and Control, Risks, Remuneration and Appointments Committee, to appoint Marco Carnovale as manager responsible for preparing the company's financial reports in accordance with Art. 154-bis of the Consolidated Finance Act.

## EVENTS AFTER YEAR-END

There are no significant events to report.

## OUTLOOK

The global macroeconomic scenario shows some aspects of political uncertainty and some suggestions that the economic outlook may slow.



In the sector in which the Group operates, long-term development macro trends are confirmed in all the main reference industries, with a demand that Datalogic will continue to satisfy over the coming years: industrial automation and robotics development in the Manufacturing sector; investments in technology to reduce costs and improve the customer experience of Retail sector customers; increased volumes of deliveries following the growth of e-commerce and consequent rise in investments in technologies aiming to minimise error and reduce delivery terms in the Transportation & Logistics sector; and the evolution of the regulatory framework towards higher safety standards in the Healthcare sector.

The Group's growth strategy plans to steadily increase its investment in Research & Development, constantly improve customer service levels and continuously optimise production costs, as well as closely monitoring operating costs and overheads.

North America is the geographic area in which the greatest growth is expected in 2019.

Unless significant changes occur in the current economic and sector trends, the Group expects to be able to pursue revenue and profitability growth almost in line with 2019, while maintaining a sound financial position and continuing to generate cash.

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At the Shareholders Meeting scheduled for 30 April 2019, the Board of Directors will propose to distribute an ordinary unit dividend, gross of legal withholdings, of 0.50 per share, for a maximum amount of approximately 29.2 million, with coupon detachment on 27 May 2019 (record date 28 May 2019) and payment from 29 May 2019.

The notice calling the Shareholders' Meeting and the related supporting documents will be made available in accordance with the legal terms and conditions.

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The Board of Directors also approved the Annual Corporate Governance and Ownership Report and the Consolidated Non-Financial Declaration pursuant to Italian Legislative Decree no. 254/2016. A copy of the reports will be available to the public in accordance with applicable law.

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Note that the auditing of the draft financial statements has not yet been completed and that the independent auditors' report will be made available within the deadlines set at law. The attached balance sheet and income statement are reclassified statements, and as such have not been subject to audit.

Finally, the Annual Financial Report (pursuant to article 154-ter of the Consolidated Finance Act) of Datalogic S.p.A. will be available to anyone who requests it at the company headquarters or at Borsa Italiana SpA, on the "eMarket STORAGE" instrument, managed by Spafid Connect S.p.A., and may also be consulted on the company's website [www.datalogic.com](http://www.datalogic.com) (Investor Relations section), in accordance with the law and applicable regulations.

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The manager responsible for preparing the company's financial reports – Marco Carnovale – declares, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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Note furthermore that this press release contains forward-looking statements about the Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of the Group's operations and strategies. Readers of the present press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group's control.

Reclassified income statement at 31 December <sup>(1)</sup> – Euro/000

	2018		2017		Change	% Change
<b>Total Revenues</b>	<b>631,015</b>	<b>100.0%</b>	<b>606,022</b>	<b>100.0%</b>	<b>24,993</b>	<b>4.1%</b>
Cost of goods sold	(325,064)	-51.5%	(317,629)	-52.4%	(7,435)	2.3%
<b>Gross Operating Margin</b>	<b>305,951</b>	<b>48.5%</b>	<b>288,393</b>	<b>47.6%</b>	<b>17,558</b>	<b>6.1%</b>
Research & Development	(61,920)	-9.8%	(55,275)	-9.1%	(6,645)	12.0%
Distribution costs	(112,225)	-17.8%	(99,701)	-16.5%	(12,524)	12.6%
Administrative expenses	(43,156)	-6.8%	(44,804)	-7.4%	1,648	-3.7%
Other operating expenses	1,732	0.3%	5	0.0%	1,727	n.a.
<b>Total operating expenses and others</b>	<b>(215,569)</b>	<b>-34.2%</b>	<b>(199,775)</b>	<b>-33.0%</b>	<b>(15,794)</b>	<b>7.9%</b>
Non-recurring costs/revenues	(2,260)	-0.4%	(924)	-0.2%	(1,336)	144.6%
Amort. intangible assets from acquisition	(4,605)	-0.7%	(4,815)	-0.8%	210	-4.4%
<b>Operating Profit (EBIT)</b>	<b>83,517</b>	<b>13.2%</b>	<b>82,879</b>	<b>13.7%</b>	<b>638</b>	<b>0.8%</b>
Financial (costs)/revenues	(2,938)	-0.5%	(4,330)	-0.7%	1,392	-32.1%
Result from equity investments	0	0.0%	(85)	0.0%	85	-100.0%
Foreign exchange (costs)/revenues	(2,730)	-0.4%	(3,010)	-0.5%	280	-9.3%
<b>Profit/(Loss) before taxes (EBT)</b>	<b>77,849</b>	<b>12.3%</b>	<b>75,454</b>	<b>12.5%</b>	<b>2,395</b>	<b>3.2%</b>
(Taxes)	(15,639)	-2.5%	(15,374)	-2.5%	(265)	1.7%
<b>Net Income/(Loss)</b>	<b>62,210</b>	<b>9.9%</b>	<b>60,080</b>	<b>9.9%</b>	<b>2,130</b>	<b>3.5%</b>
Non-recurring costs/revenues	(2,260)	-0.4%	(924)	-0.2%	(1,336)	144.6%
Depreciation	(10,580)	-1.7%	(10,273)	-1.7%	(307)	3.0%
Amortization	(9,192)	-1.5%	(9,223)	-1.5%	31	-0.3%
<b>EBITDA <sup>(2)</sup></b>	<b>105,549</b>	<b>16.7%</b>	<b>103,299</b>	<b>17.0%</b>	<b>2,250</b>	<b>2.2%</b>

<sup>1</sup> The reclassified Income Statement and Balance Sheet show measures used by the Management to monitor and assess the financial performances of the Group. Given that the composition of these measures is not regulated by the reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are not subject to any audit procedure by the Independent Auditors.



<sup>2</sup> EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): this indicator is defined by Datalogic as Profit/Loss for the period before depreciation/amortization of tangible and intangible assets, non-recurring costs/revenues, financial income and expense and income taxes.

Reclassified Balance Sheet at 31 December 2018 <sup>(3)</sup> – Euro/1.000

	31.12.2018	31.12.2017	Change
Intangible fixed assets	44,506	41,980	2,526
Goodwill	181,149	174,343	6,806
Tangible fixed assets	77,995	69,733	8,262
Equity investments in associates	9,397	11,757	(2,360)
Other fixed assets	56,665	50,058	6,607
<b>Total Fixed Assets</b>	<b>369,712</b>	<b>347,871</b>	<b>21,841</b>
Net trade account receivables	90,439	85,832	4,607
ST account payables	(117,139)	(110,288)	(6,851)
Inventory	95,826	85,938	9,888
<b>Trade Working Capital</b>	<b>69,126</b>	<b>61,482</b>	<b>7,644</b>
Other current receivables	41,855	31,121	10,734
Assets Held for Sale	0	1,021	(1,021)
Other ST payables and provision for risk & future charges	(78,037)	(71,621)	(6,416)
<b>Net Working Capital</b>	<b>32,944</b>	<b>22,003</b>	<b>10,941</b>
Other LT payables	(37,829)	(26,747)	(11,082)
Employees' deferred compensation / TFR	(6,541)	(6,633)	92
LT provision for risk & future charges	(6,320)	(13,602)	7,282
<b>Net Invested Capital</b>	<b>351,966</b>	<b>322,892</b>	<b>29,074</b>
<b>Equity</b>	<b>(375,809)</b>	<b>(353,029)</b>	<b>(22,780)</b>
<b>Net Financial Position</b>	<b>23,843</b>	<b>30,137</b>	<b>(6,294)</b>

<sup>3</sup> The reclassified Income Statement and Balance Sheet show measures used by the Management to monitor and assess the financial performances of the Group. Given that the composition of these measures is not regulated by the reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are not subject to any audit procedure by the Independent Auditors.

Net Financial Position at 31 December 2018 <sup>(4)</sup> – Euro/000

	31.12.2018	31.12.2017
A. Cash and bank deposits	181,418	256,201
B. Other liquidity	12	11
<i>b1. Restricted cash</i>	12	11
C. Securities held for trading	0	0
<b>D. Cash and Cash equivalents (A) + (B) + (C)</b>	<b>181,430</b>	<b>256,212</b>
E. Current financial receivables	0	0
F. Other current financial assets	50,896	31,444
<i>f1. Hedging instruments</i>	0	0
G. Current bank overdrafts	29	92
H. Current portion of non-current debt	47,314	48,108
I. Other current financial liabilities	3,733	2,913
<i>i1. Hedging instruments</i>	0	0
<i>i2. Leasing payables</i>	0	0
<i>i3. Current financial liabilities</i>	3,733	2,913
<b>J. Current financial debt, net (G) + (H) + (I)</b>	<b>51,076</b>	<b>51,113</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(181,250)</b>	<b>(236,543)</b>
L. Non-current bank borrowing	157,407	205,656
M. Other financial assets	0	0
N. Other non-current liabilities	0	750
<i>n1. Hedging instruments</i>		0
<i>n2. Leasing payables</i>	0	0
<i>n3. Non-current financial payables</i>	0	750
<b>O. Non-current financial debt (L) - (M) + (N)</b>	<b>157,407</b>	<b>206,406</b>
<b>P. Net financial debt (K) + (O) <sup>(5)</sup></b>	<b>(23,843)</b>	<b>(30,137)</b>

<sup>4</sup> The reclassified Income Statement and Balance Sheet show measures used by the Management to monitor and assess the financial performances of the Group. Given that the composition of these measures is not regulated by the reference accounting standards, even if they are directly reconcilable to the IFRS statements, they are not subject to any audit procedure by the Independent Auditors.

<sup>5</sup> Net Financial Position or Net Financial Debt: this indicator is calculated in compliance with Consob Communication no. 15519 of 28 July 2006, also including other financial assets consisting of temporary liquidity investments.