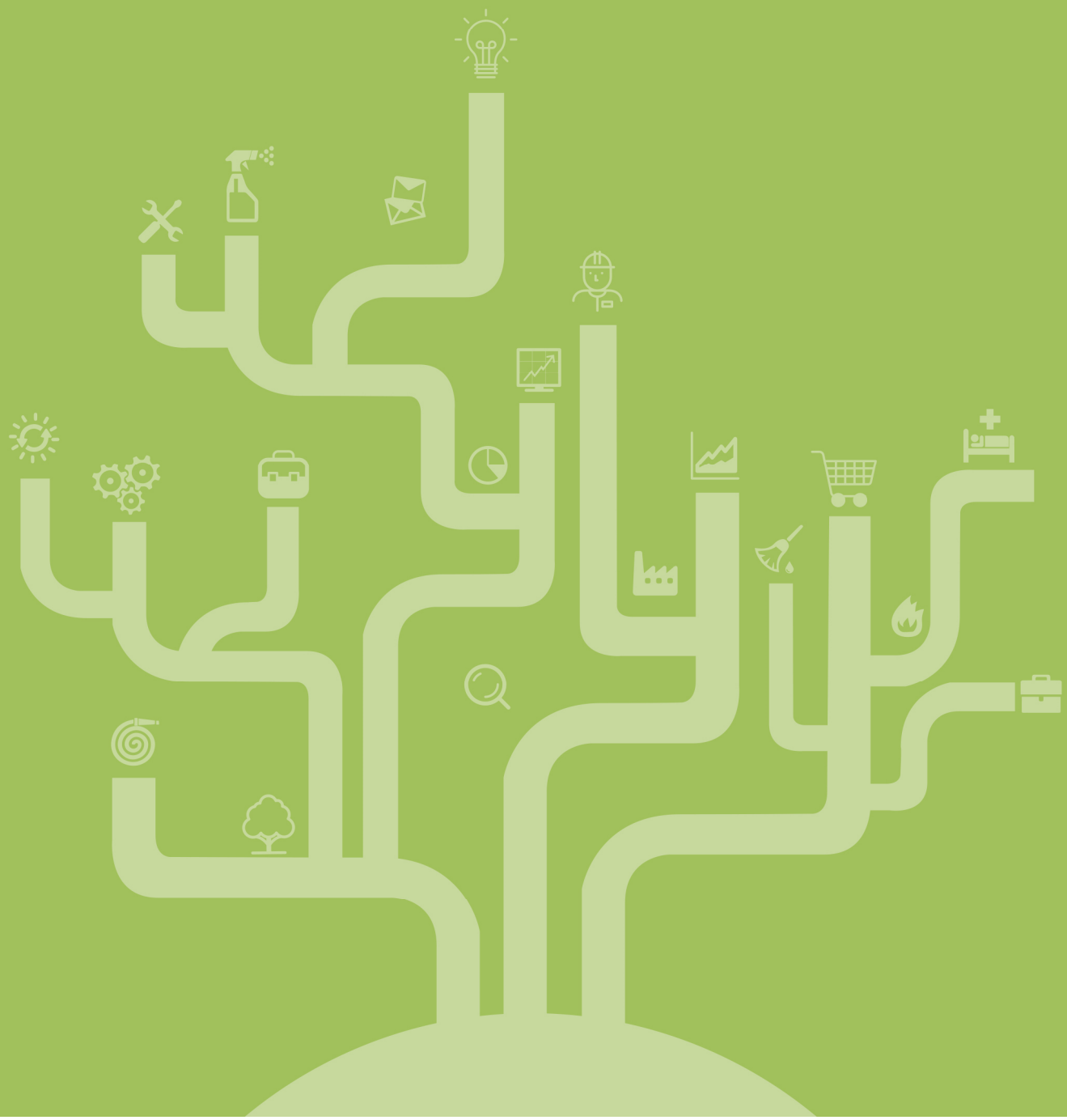
MANUTENCOOP



9M INTERIM REPORT ON OPERATIONS

AT 30 SEPTEMBER 2017



GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting of 13.10.2017

CHAIRMAN
Giuliano Di Bernardo

CHIEF EXECUTIVE OFFICER
Aldo Chiarini

DIRECTORS
Rossella Fornasari
Paolo Leonardelli
Giuseppe Pinna
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting of 13.10.2017

CHAIRMAN
Germano Camellini

STATUTORY AUDITORS
Marco Benni
Monica Mastropaolo

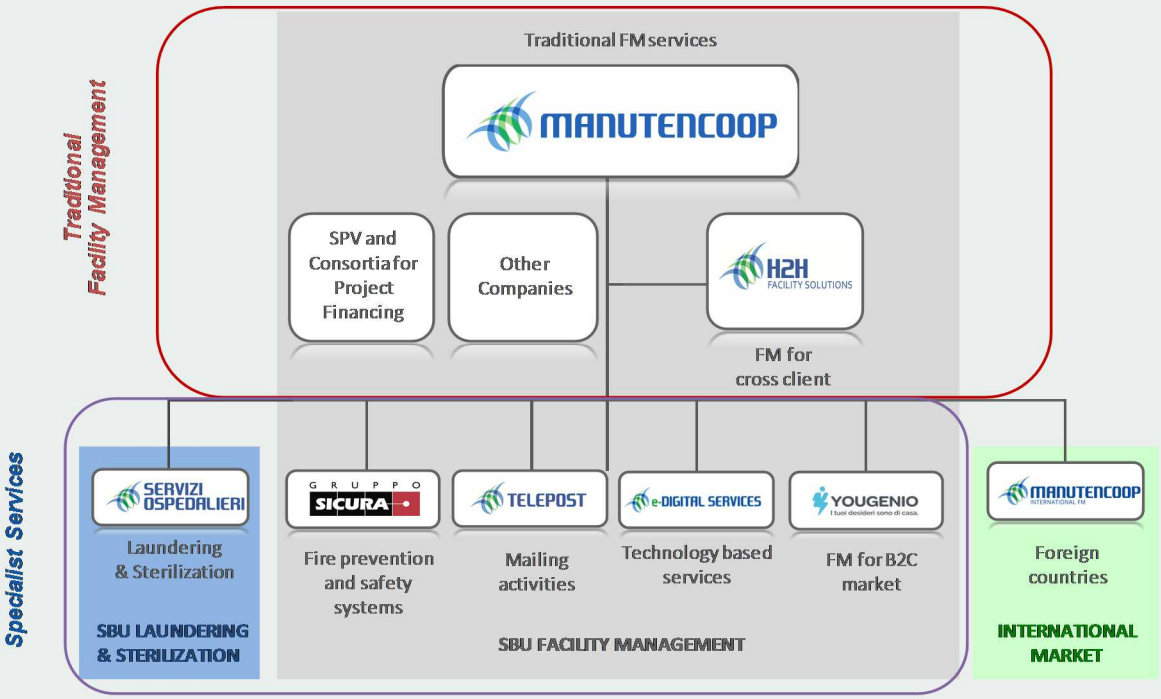
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 30 September 2017, the Group controlled by Manutencoop Facility Management S.p.A. ("MFM Group" and "MFM S.p.A.", respectively) was made up as follows:



The Group is active in the management and provision, to public and private customers, of integrated services targeted at properties, the area and to support health care activities, the so-called "Integrated Facility Management".

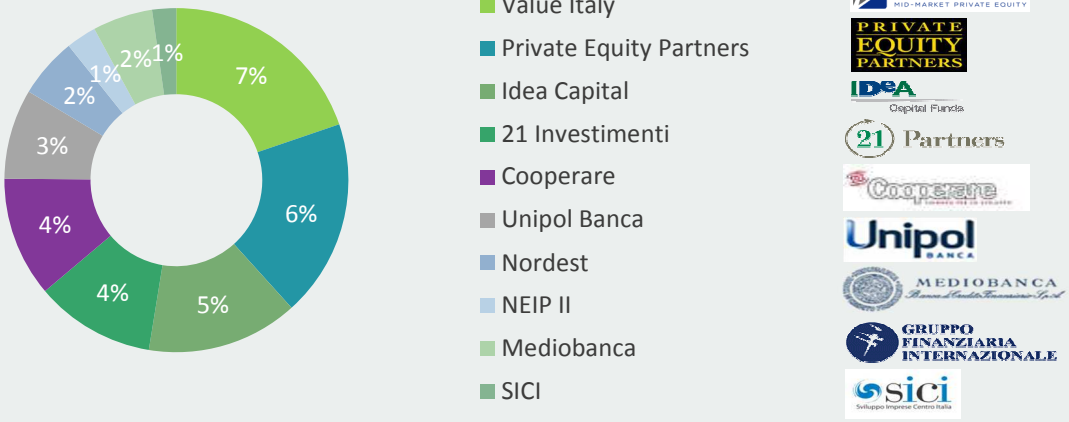
Today, the MFM Group branches out from a single operating holding company that combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. Around the central core of the holding, already in the previous financial years a diversification strategy was pursued as regards: (i) the business, also through a series of acquisitions, by adding to the historical core business (hygiene services, landscaping, and technical and maintenance services) some "specialist" facility management services involving fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilisation at healthcare facilities and high technology "business to business" (B2B) services, (ii) markets, by means of the sub-holding Manutencoop International FM S.r.l., established at the end of 2015 to start business development in international markets.

A further boost to diversification occurred during 2016 with the establishment of Yougenio S.r.l., an innovative start-up providing services to private consumers through an e-commerce platform. This event marked the entry of the Group in the market of "business to consumer" (B2C) services.

Shareholding structure

Ordinary shares issued by the Manutencoop Facility Management S.p.A. and fully paid up at 30 September 2017 amounted to 109,149,600, with a par value of € 1 each.
There are no other share classes. The Parent Company does not hold own shares.

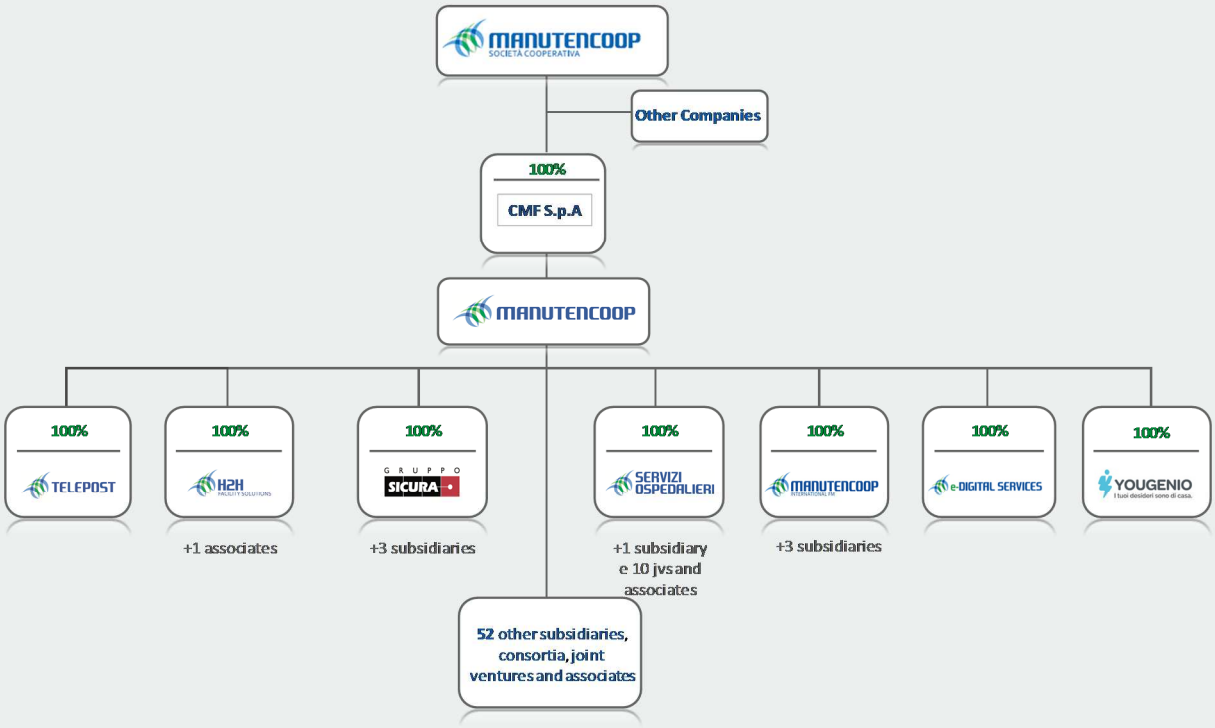
At 30 September 2017, Manutencoop Società Cooperativa held a controlling interest in MFM S.p.A. of 66.793% and the remaining stake was held by a syndicate of Private Equity Investors. Moreover, on 1 July 2013, Manutencoop Società Cooperativa acquired an additional stake of 7.028% with retention of title, pursuant to and for the purposes of Article 1523 of the Italian Civil Code. The financial and administrative rights attached to said stake pertained to the buyer.
The non-controlling shareholders held the following stakes in the share capital of MFM S.p.A.:



On 19 July 2016, the controlling shareholder Manutencoop Società Cooperativa and the Investors signed a new investment agreement and new shareholders' agreements that superseded those that were entered into in 2013 and provided for a number of actions to be taken over subsequent periods of time, aimed at ensuring the exit of non-controlling shareholders, as well as postponing the date of Manutencoop Società Cooperativa's payment obligations set at 1 July 2016 under the Vendor Note, in relation to the stakes acquired in 2013 with retention of title.

On 26 May 2017, Manutencoop Società Cooperativa set up as sole shareholder a vehicle called CMF S.p.A. for the launch of a bond issue (Senior Secured Note) with the purpose of repurchasing the Notes already issued by MFM S.p.A. during 2013 and repaying the other financial payables of the entire Group controlled

by Manutencoop Cooperativa. Moreover, the company restructuring operation provided Manutencoop Società Cooperativa with the financial resources required to allow the exit of the Investors holding non-controlling interests in MFM S.p.A. and to pay the Vendor Note issued by it as part of the already mentioned Investment Agreement of 2016. In fact, on 13 October, CMF S.p.A. completed the purchase of the shares of the Investors, representing 33.2% of the share capital of MFM S.p.A., in accordance with the Call Option transferred to it by Manutencoop Società Cooperativa and recognised by the Shareholders' Agreement signed in July 2016. On the same date, there was also the transfer and sale of the additional shares of MFM S.p.A. owned by Manutencoop Società Cooperativa to CMF S.p.A., which thus became its sole shareholder.
On the date of approval of the Interim Report on Operations, the structure of the new Group controlled by Manutencoop Società Cooperativa was the following:

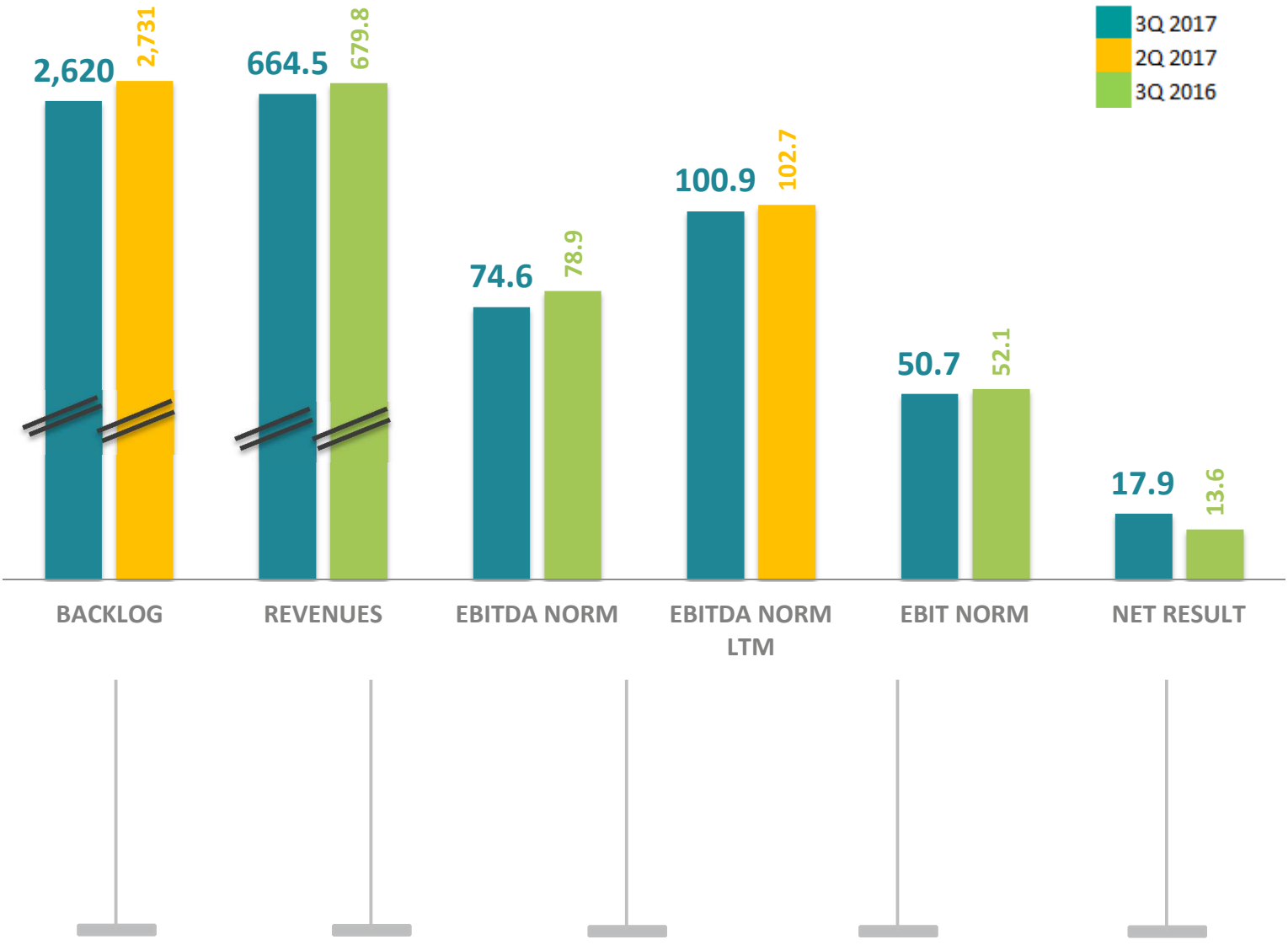


NON-GAAP FINANCIAL MEASURES

The MFM Group's management monitors and assesses the Group's business performance, results of operations and cash flows by using a number of financial ratios that are not defined under the international accounting standards IAS/IFRS ("Non-GAAP measures") and that are specified below. The Group's management considers that these financial ratios, which are not explicitly expressed in the accounting standards adopted to prepare the Consolidated Financial Statements, provide information which helps to understand and assess its overall financial and equity performance. These are widely used in the sector in which the Group operates but might not be directly comparable with those utilised by other companies, nor are they intended to replace the economic and financial performance ratios prepared in application of the international accounting standards IAS/IFRS.

	Definition
Backlog	The Backlog is the amount of contract fees that have not yet accrued and are connected with the residual term of the orders that the Group holds in its portfolio.
Financial Capex	Financial CAPEX is the net expenditure on the acquisition of equity investments, on business combinations and on grants of long-term loans.
Industrial Capex	Industrial CAPEX is defined as the purchase of (i) Property, plant and equipment, (ii) Property, plant and equipment under lease and (iii) other intangible assets.
NWC	Consolidated Net Working Capital (NWC) is defined as the consolidated NWOC which is added the amount of other operating assets and liabilities (other current assets, other current liabilities, current tax receivables and payables, Current provisions for risks and charges).
NWOC	Consolidated Net Working Operating Capital (NWOC) is composed of the balance of "Trade receivables and advances to suppliers" and "Inventories", net of "Trade payables and advances from customers".
DPO	DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the invoices already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reporting period.
DSO	DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reporting period.
EBIT	EBIT represents the Profit (Loss) before taxes, gross of: i) Financial charges; ii) Financial income; iii) Dividends and income (loss) from sale of investments; iv) Income (charges) from equity investments; v) Exchange gains (losses). The Statement of Profit or Loss shows EBIT as "Operating Income".

	Definition
EBITDA	EBITDA represents the Operating income before "Accrual of provisions for risks and charges" and "Amortisation/depreciation, write-downs and write-backs of assets". EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it shall not be considered an alternative measure for assessing the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable to those applied by others.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the Consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Normalized EBIT or EBITDA	Normalized EBITDA and EBIT represent Adjusted measures that also exclude the contribution to the consolidated profit/loss of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Manutencoop International S.r.l.
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Long-term bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Finance lease obligations
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
NFP	Consolidated Net Financial Position represents the balance of Long-term financial liabilities, Derivatives, Bank borrowings (including current portion of long-term debt) and other short-term financial liabilities, net of the amount of current financial assets and cash and cash equivalents.
Adjusted NFP and Adjusted NWOC	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes (now abandoned), and not yet collected by the factoring companies.



REVENUES
-2.3%
vs 30/09/2016

BACKLOG/ LTM REVENUES
2.9x

NORM EBITDA / REVENUES
11.2%
vs 11.6% at 30/09/2016

LTM NORM EBITDA / LTM REVENUES
11.1%
vs 11.3% at 30/06/2017

NORM EBIT/ REVENUES
7.6%
vs 7.7% at 30/09/2016



NET DEBT / LTM NORM EBITDA
1.4x
vs 1.6x at 31/12/2016

NET CASH
164.3
vs 142.3 at 31/12/2016

NWOC / REVENUES
6.9%
vs 12.3 at 31/12/2016

ADJ NWOC / LTM REVENUES
10,5%
vs 13.7% at 31/12/2016

MAIN EVENTS OF THE FIRST NINE MONTHS OF 2017

During the quarter ended 30 September 2017, management activities continued as part of the SBUs in which the group operates. With regard to Facility Management, the quarter showed a recovery in Revenues, slightly increasing (+ € 2.3 million) compared to the same quarter last year for the first time in a long time.
An important confirmation that something on the market is moving in the right direction is given by the signing, on 20 September, of the Consip MIES2 agreement, which, albeit it has not had yet any impact on revenues, will bring, after completing the agreement process between the fourth quarter of 2017 and the first months of 2018, backlog from new development for potential € 209 million, which can be further extended to € 251 million (+20%), should the demand exceed the ceiling.
The impact on revenues will occur from the first quarter of 2018.
With regard to the Laundering&Sterilisation SBU, the quarter was characterised by the launch of some major renewals in *linen rental and industrial laundering* starting from July with a negative impact on margins as a result of the discounts applied at the time of the tender with effects that will also have marginal impacts on revenues of the quarter (down by € 1.3 million compared to the third quarter of 2016). Compared to the third quarter of the previous year, EBITDA by segment decreased both due to the fact that in 2016 it included the effect of adjustments on revenues and the accrual of an insurance payable accumulated in previous financial years, and to the fact that efficiency actions carried out on manufacturing facilities that are not yet operating at full capacity failed to offset in the quarter the effect of pressure on the prices of renewed job orders.
From a financial point of view, the quarter was characterised by a further decrease in net financial indebtedness of € 18 million, from € 159.2 million at 30 June 2017 to € 141.2 million at 30 September 2017.

Regulatory changes in relation to "System charges"

The Parent Company MFM S.p.A. is the owner of some important contracts related to energy services. During 2015, costs related to the so-called "System Charges" on these contracts were prudentially recognised for a total of € 6.2 million, of which € 3.1 million related to the previous year as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related implementing decree issued in 2015. During 2016, the assessments of these charges were revised for some sites previously considered potentially non qualifying as SEU (Efficient Systems for Users), (to which System Charges apply at a reduced rate of 5%), which was accompanied by an amendment to the regulations on the matter contained in Italian Law Decree no. 244 of 30 December 2016 (known as "*Decreto Milleproroghe*"). Therefore, no additional System Charges were set aside during 2016.
On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law *Decreto Milleproroghe*. The introduced amendments abrogated the regulation (contained in the Italian laws of 2014 mentioned above) according to which, except for RIUs (Internal User Networks), general system charges would have been determined, starting from 2014, with reference to the consumption of electricity rather than to drawing from the network by re-establishing in this way the regulation previously

in force, contained in the Bersani Decree (Italian Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of MFM S.p.A. believed that there was no need to recognise additional System Charges in 2017, and implemented the elimination of the payment obligations for those related to the previous years for which no payment was made, pending clarification of the terms.

Exercise of the Call option on non-controlling interests in the share capital of Sicura S.p.A.

The Investment agreement signed by MFM S.p.A. with the non-controlling shareholders of Gruppo Sicura S.r.l. (acquired in 2008 and merged today into Sicura S.p.A.) envisaged a Put&Call mechanism through which MFM S.p.A. would have subsequently acquired the non-controlling interest (initially equal to 20% of the share capital). MFM S.p.A. acquired an additional 5% interest in the share capital of Sicura S.p.A. already on 12 July 2016 and exercised the Call option for the residual 15% interest at the deadline set at 30 June 2017. The payment of the share price (equal to the value entered in the Consolidated Financial Statements of € 5.4 million) and their transfer took place on 10 August 2017.

Italian Competition Authority's order for sanctions on the Consip Tender of 2012 and new proceedings on the FM4 Tender

During the first nine months of 2017, the administrative dispute relating to the fine imposed by the Italian Competition Authority on 20 January 2016 due to the breach of competition rules on the part of some companies that had taken part in the European Union tender for cleaning services in school buildings called by Consip in 2012 continued.

The Parent Company MFM S.p.A., which continued to reject the arguments on which the charge was based, lodged an appeal with the Council of State against the judgement of the Lazio Regional Administrative Court of 14 October 2016, which had only partially upheld the appeal submitted by MFM S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base (limiting it to the tender amount) and the percentage to be applied to the above-mentioned amount (from 15% to 5%).

However, the Council of State pronounced its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. MFM S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May.

On 23 December 2016, the Competition Authority followed up the ruling of the Lazio Regional Administrative Court and adopted a new measure, recalculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be scheduled. On the other hand, on 24 March 2017, the Lazio Regional Administrative Court decided against the application to suspend the related payment filed by MFM S.p.A. and, therefore, the entire amount of the fine was reclassified in the item "Other operating liabilities", given the obligation to follow up on payment. Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments, by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The Company is regularly paying the monthly instalments.

On 24 April 2017, Italian Law Decree no. 50 was published on the Official Gazette: Article 64 (Services in school) of this law decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements "*for the acquisition of cleaning services and other auxiliary services provided in order to keep school buildings and public school and education establishments clean and in working order*" (known as "*Consip Scuole*" agreement) were terminated. In the subsequent Italian Law Decree no. 91 of 20 June 2017, converted with amendments by Italian Law of 3 August 2017 and published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017.

On 16 June 2017, Consip officially informed MFM S.p.A. of its decision to exclude the Company from the tenders for new agreements relating to cleaning services of barracks ("*Consip Caserme*") and to cleaning services with health service providers ("*Consip Sanità*"), with the intention also to forfeit, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). The Company authorised its lawyers to appeal against such decisions with the Lazio Regional Administrative Court, considering them legally groundless and, on 13 July 2017 and on 14 September 2017 respectively, the administrative court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for next 25 October 2017, which was rescheduled for 21 February 2018. In relation to the above-mentioned exclusion, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above.

The aforesaid decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new calls for tenders by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, MFM S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. These contracts have a term of 5 or 7 years, at the discretion of each administration, starting from the activation of each supply, with a total limit for MFM S.p.A. of € 209 million.

Both *Consip Sanità* and *Consip Caserme* tenders as well as the Consip Mies 2 agreement have not yet generated Consolidated revenues and were not included in the Group's backlog.

Finally, on 23 March 2017, the Competition Authority notified MFM S.p.A. the start of an investigation procedure against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., MFM S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip

in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender").
To date, the Competition Authority has started only investigations and has allowed the Company to access the records of the proceedings. The Company firmly rejected the assumption of an alleged collusive agreement with the other companies involved in the proceedings.

A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the Consolidated financial statements at 31 December 2016 and of the Condensed consolidated interim financial statements at 30 September 2017 were included in the condensed explanatory notes (note 13), to which reference should be made.

Enquiry of the Public-prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017, the Public-prosecutor's office of Naples served a search order against some employees of the Company, carried out at its premises. These executives are under investigation as part of the enquiry started by the Public-prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon in Naples. The offences notified to the employees also included the crime of corruption pursuant to Article 319 and 319-bis of the Italian Penal Code, potentially relevant under Italian Legislative Decree 231 of 2001.
The Judge for Preliminary Investigations of Naples had initially established a precautionary measure (forced residence pursuant to Article 283 of the Italian code of criminal procedure) against the only Company's executive under investigation who, at the time of the alleged facts, was a function manager of the Company but, on the conclusion of the investigation questioning, ordered the revocation of the precautionary measure. On 27 April 2017, MFM S.p.A. was formally served the summons for the hearing to discuss the request of applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Italian Legislative Decree 231/2001 and, however, the Judge for Preliminary Investigations of the Court of Naples rejected this request for disqualification. Finally, one of the persons under investigation and the Company were formally notified of the end of the investigation and, subsequently, of the setting of the pre-trial hearing on 2 November 2017. After this hearing, the Judge for Preliminary Investigations postponed its conclusion to the hearings of 30 November and 15 December 2017 to take on the final measure of this phase. With regard to the only two employees who at the time of the facts were executives, on 2 August, the Judge for Preliminary Investigations of the Court of Naples, at the request of the Public Prosecutor, ordered the dismissal of the related proceedings.

1. SUMMARY OF RESULTS OF THE THIRD QUARTER OF 2017

	For the 3 months ended 30 September			For the 9 months ended 30 September		
	2017	2016	%	2017	2016	%
Revenues	209,113	208,237	+0.4%	664,459	679,784	-2.3%
Adjusted EBITDA *(*)*	20,167	22,076	-8.6%	70,120	76,042	-7.8%
Adjusted EBITDA % on Revenues	*9.6%*	*10.6%*		*10.6%*	*11.2%*	
Normalized EBITDA *(*)*	21,590	23,381	-7.7%	74,555	78,881	-5.5%
Normalized EBITDA % on Revenues	*10.3%*	*11.2%*		*11.2%*	*11.6%*	
Adjusted EBIT *(*)*	12,129	12,331	-1.6%	46,127	49,216	-6.3%
Adjusted EBIT % on Revenues	*5.8%*	*5.9%*		*6.9%*	*7.2%*	
Consolidated Net Result	2,177	664		17,913	13,615	

In the third quarter of 2017, the Group recorded ***Revenues*** of € 209.1 million, a slight increase (+ € 0.9 million) compared with the third quarter of 2016 (€ 208.2 million), showing a positive sign of stability in volumes that could represent the end of the downward trend that characterised recent years. The change in consolidated Revenues in the third quarter is distributed differently in the different markets of reference when compared to the figure of the previous year: - € 1.1 million for the Public sector and - € 0.6 million for Private customers, against an increase in the Healthcare sector of € 2.6 million.

There was an overall increase in the turnover of the Facility Management SBU, reaching € 177.9 million in the quarter ended 30 September 2017 compared to € 175.7 million in the same period of 2016. In particular, as part of the "traditional" facility management, some important Private-sector contracts were renegotiated in the previous quarter: these saw a downward trend in fees with retrospective effect followed by a review of the portfolio that was fully offset only in the quarter under examination.

On the other hand, the turnover of Laundering&Sterilisation SBU showed a decrease of € 1.5 million (from € 33.3 million for the quarter ended 30 September 2016 to € 31.8 million for the quarter ended 30 September 2017), mainly due to the renewal of certain contracts in the portfolio against lower fees on average. A decrease in contractual adjustments was also noted in the quarter (- € 0.3 million compared to the figure recorded in the third quarter of 2016).

At 30 September 2017, the **Backlog** was € 2,620 million, due to a € 111 million decrease compared to the value reported at the end of the previous quarter (€ 2,731 million at 30 June 2017). However, it should be noted that this indicator does not yet include, at the reporting date, future revenues related to the agreements signed with Consip S.p.A. on 20 September 2017 concerning the "MIES 2" tender and the awarding of an Integrated Multi-Service Technology with energy supply for buildings used by Public Health Administrations. These agreements had a term of two years and provided that each implementation contract that may be signed by Public Authorities in such a time span may have a term of 5/7 years, at the discretion of the Authorities, starting from the activation of each supply, with a total limit of MFM S.p.A.

(*) Adjusted and Normalized economic figures are described in the following paragraph "Non-recurring events and transactions". In particular, the values related to 2016 excluded the costs for the period entered against "System charges" for which the relevant extraordinary income was recognised in 2017.

that, for the period indicated, can be extended up to approximately € 250 million. These potential revenues are not included in the acquisitions of the period described herein and are not yet included in the Group's backlog, pending the signing of individual supply orders. The Backlog/LTM Revenues ratio at 30 September 2017 amounted to 2.9x, unchanged compared to 30 September 2016 (3.1x at 31 December 2016).

Adjusted EBITDA of the third quarter of 2017 decreased by € 1.9 million compared to the third quarter of last year (€ 20.2 million versus € 22.1 million), mainly attributable to Laundering&Sterilisation SBU over the quarter, only partially offset by a sufficient stability of Facility Management SBU, which therefore was reflected on the drop in average profit margins (**Adjusted EBITDA/Revenues:** 9.6% for the quarter ended 30 September 2017 versus 10.6% for the same period last year).
Adjusted LTM EBITDA (€ 95.3 million at 30 September 2017, 10.4% of related LTM Revenues) was lower than Adjusted LTM EBITDA recorded in the previous periods (€ 97.2 million at 30 June 2017 and € 101.2 million at 31 December 2016, 10.6% and 10.9% of the related LTM Revenues, respectively), mainly against the already mentioned discounts negotiated with some large private customers already during the previous quarter (and with retrospective effect as from 1 January), in addition to the effects of direct and general cost efficiency improvement measures that accrued in 2017 less than proportionally compared to the trend in Revenues.

Adjusted EBIT of the quarter ended 30 September 2017 amounted to € 12.1 million (5.8% of the related Revenues), substantially in line with that of the same period of the previous financial year, equal to € 12.3 million (5.9% of the related Revenues). The trend was affected, in absolute terms, by the trend already shown for Adjusted EBITDA (- € 1.9 million) plus lower *amortisation and depreciations* of € 0.3 million and lower write-downs of receivables (net of releases) of € 1.4 million (however, determined by the presence of an important specific position of the parent company MFM S.p.A. during 2016). Finally, higher accruals of provisions for risks and charges of € 0.5 million were recognised.

Finally, the **Consolidated net result** for the quarter amounted to € 2.2 million, against a net profit of € 0.7 million for the quarter ended 30 September 2016, as a result of a higher consolidated EBIT (+ € 3.4 million), to which, against almost unchanged net financial charges, the effect of higher taxes (+ € 1.5 million) is added.

	30 September 2017	30 June 2017	31 December 2016
Net Working Operating Capital (NWOC)	63,017	92,754	114,169
Net Financial Position (NFP)	(141,199)	(159,230)	(180,942)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 30 September 2017 recorded a decrease of € 51.2 million compared to the figure reported at the end of the

previous financial year, with lower trade receivables of € 33.1 million and higher trade payables of € 18.9 million, against a Net Financial Position (**NFP**) that reported an increase of € 39.7 million in the first nine months of the year.

During the three months, assignments of receivables without recourse were made for € 40.4 million, while the amount of receivables assigned but not yet collected at 30 September 2017 amounted to € 33.4 million (€ 12.9 million at 31 December 2016).

At 30 September 2017, DSO was 168 days, thus showing a further improvement compared to the end of 2016 (170 days at 31 December 2016), confirming the previous quarter's figure. DPO, on the other hand, was 238 days (227 days in the previous quarter and 226 days at 31 December 2016). The trend described in terms of amounts collected from customers and payments to suppliers thus showed in the first nine months of 2017 a lower transfer of cash flows to suppliers, which experienced a less significant reduction in the balance compared to that recognised in the balance of trade receivables, in line with historical period trends.

The Net Financial Position (**NFP**) showed a decrease of € 18.0 million during the quarter. The flows generated by the change in NWOC (€ 29.6 million) and the cash flow generated from operating activities in the quarter (€ 12.3 million) were offset by an absorption related to net industrial investments (€ 5.6 million) and to € 2.3 million related to the use of provisions for risks and charges and Employee termination benefits of the quarter. Moreover, there was a negative cash flow of € 15.9 million for changes in the quarter in operating assets and liabilities, and in particular in connection with the trend in payables to employees (- € 12.6 million), owing to the payment in the quarter under examination of an additional monthly salary (summer bonus).

Non-recurring events and transactions

In the course of the first nine months of 2017, the Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" economic items which impacted on the normal dynamics of consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "significant non-recurring events and transactions" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, economic result and cash flows of Group companies.

The following non-recurring items are recognised in the Consolidated Statement of Profit/Loss for the period:

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
Legal advice fees concerning pending administrative disputes	454	425
Cost from reorganization of company units	1,858	1,365
"Oneri di Sistema" relating to previous years (**)	(6,152)	2,309

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
Consultancy advice fees concerning agreements for assignment of trade receivables without recourse		620
Compensation for damages for arbitration award		1,680
Non-recurring costs (income) impacting on EBITDA	**(3,840)**	**6,399**
Reversals related to risks for damages on contractual liability to associates	(1,901)	
Non-recurring costs (income) impacting on EBIT	**(1,901)**	0
TOTAL NON-RECURRING COSTS (INCOME) IMPACTING ON EBITDA AND EBIT	**(5,741)**	**6,399**

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
EBITDA	**73,960**	**69,643**
Non-recurring charges (income) impacting on EBITDA	(3,840)	6,399
ADJUSTED EBITDA	**70,120**	**76,042**
ADJUSTED EBITDA % ON REVENUES	**10.6%**	**11.2%**
EBIT	**51,868**	**42,817**
Non-recurring charges (income) impacting on EBITDA and EBIT	(5,741)	6,399
ADJUSTED EBIT	**46,127**	**49,216**
ADJUSTED EBIT % ON REVENUES	**6.9%**	**7.2%**

As from 2015, the Group also undertook to diversify its reference markets by establishing the sub-holding Manutencoop International FM S.r.l. (as a vehicle dedicated to business development on international markets) and Yougenio S.r.l. (subsidiary active in the B2C market through an e-commerce platform). These new initiatives are in the start-up phase and contribute negatively to the consolidated results of the period. Therefore, consolidated Normalized EBITDA and EBIT - which exclude this negative contribution - are shown below:

(**) Non-recurring charges related to 2016 included the costs for the period entered against "Oneri di sistema" for which the relevant extraordinary income was recognised in 2017.

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
ADJUSTED EBITDA	**70,120**	**76,042**
EBITDA related to start-up activities	4,435	2,839
NORMALIZED EBITDA	**74,555**	**78,881**
NORMALIZED EBITDA % ON REVENUES	**11.2%**	**11.6%**
ADJUSTED EBIT	**46,127**	**49,216**
EBIT related to start-up activities	4,548	2,868
NORMALIZED EBIT	**50,675**	**52,084**
NORMALIZED EBIT % ON REVENUES	**7.6%**	**7.7%**

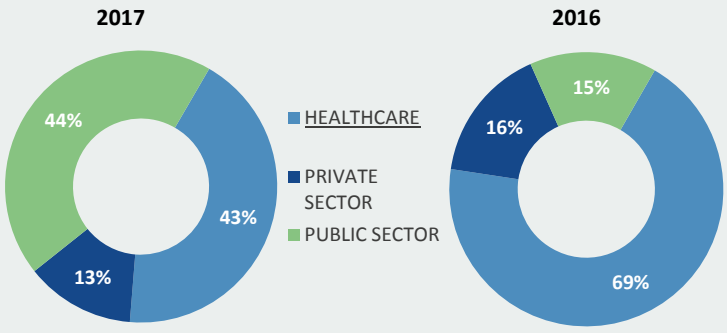
2. BUSINESS DEVELOPMENT

In the first nine months of 2017, the Group gained orders for an overall multi-year amount of € 219 million, of which € 159 million related to extensions and renewals of contracts already existing in its business portfolio.

As in the past, these data regard only long-term contracts obtained in the context of services for the so-called "traditional" facility management, for linen rental and industrial laundering services as well as for the sterilisation of surgical instruments, as well as of "B2B" technology services following the recent start-up of e-Digital Services S.r.l. On the contrary, the figure does not include the commercial portfolio of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies do not have a particularly significant impact (around 4% in the first nine months of 2017) on consolidated production volumes.

New contracts in the Healthcare sector still affected the total significantly in the period (an overall 43%, equal to € 93 million), against significant orders gained in the period also for the Public sector (€ 97 million).

CONTRACTS ACQUIRED BY CLIENT AT 30 SEPTEMBER



In the first nine months of 2017, in the Healthcare sector, the Group acquired by means of Servizi Ospedalieri S.p.A. an important contract for linen rental and industrial laundering and sterilisation of surgical instrument services at the new private hospital facility Mater Olbia in Sardinia, with a nine-year duration. This company also acquired three-year services for the sterilisation of surgical equipment at the headquarters of the new Hospital of Mestre (Venice).

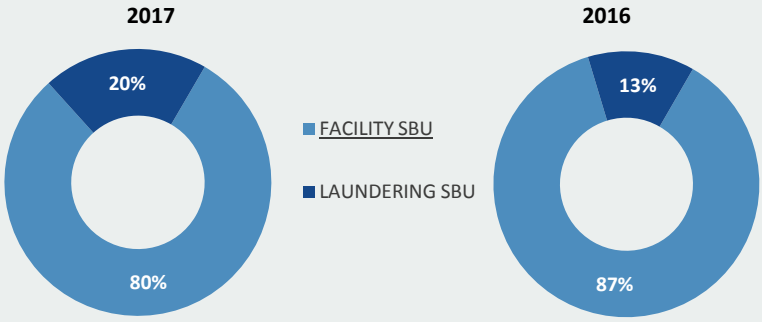
In the same market, MFM S.p.A. also acquired batch 2 of the redevelopment and supply contract of energy services at ASUR Marche – Ospedale di San Benedetto del Tronto. In addition, contracts for environmental hygiene services were renewed with Azienda Provinciale per i Servizi Sanitari (Provincial Authority for Healthcare Services) in Trento, ASL Local Health Unit No. 5 in Naples and Roma 4 ASL Local Health Unit.

In the Public sector, the global service contract for maintenance and hygiene services for HERA S.p.A. and the contract for hygiene services at the premises of Alma Mater Studiorum – University of Bologna were renewed by MFM S.p.A. The cleaning services at the premises of the Municipality of Bologna and of the Province of Bologna and Modena, part of the three-year Intercenter 4 contract, were also renewed. Finally, the service-provision contract with the Municipality of Casalecchio di Reno (Bologna) was started, with a duration of 15 years, for the integrated management of thermal energy and public lighting in the local authority land.

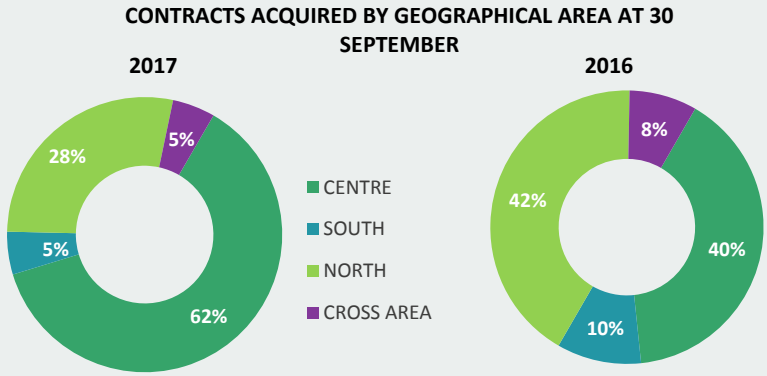
Finally, the new contracts for the year in the Private sector amounted to € 29 million (13% of total). About € 6 million of these contracts were related to the renewal for the next four years of the document management service contract that Telepost S.p.A. manages within the Telecom Italia Group. This renewal affected retrospectively consolidated revenues effective as from 1 January 2017 and resulted in a reduction in the total volume of annual revenues. Finally, the new contracts for industrial maintenance and cleaning services at the premises of BT Italia S.p.A. were reported in this market, as well as the purchase of landscaping services at the technical facilities of Bologna Football Club.

Regarding the orders gained in the period in terms of Strategic Business Unit ("SBU"), Facility Management obtained contracts of € 176 million and Laundering&Sterilisation of € 43 million. This last field also included the already described contract acquired with Mater Olbia. All acquisitions described for the Public and Private sector were part of the Facility Management SBU.

CONTRACTS ACQUIRED BY SBU AT 30 SEPTEMBER



Furthermore, a geographical distribution of the commercial portfolio of new acquisitions in the period is provided below:



Moreover, on 20 September 2017, MFM S.p.A. signed with Consip the agreements for the two batches of the "MIES 2" tender relating to the award of an Integrated Technology Multi-Service with energy supply for buildings used by Public Health Administrations. The two batches concerning the regions of Calabria and Sicily (Ordinary batch 12) and the regions of Veneto, Friuli Venezia Giulia, Trentino Alto Adige, to which the Lombardy's provinces of Bergamo, Brescia, Lecco, Como and Sondrio are added (Accessory batch 14). The Agreements had a term of two years whereas each implementation contract that may be signed by Public Authorities in such a time span may have a term of 5/7 years, at the discretion of the Authorities, starting from the activation of each supply, with a total limit of MFM S.p.A. that, for the period indicated, can be extended up to approximately € 250 million. These potential revenues are not included in the acquisitions of the period described herein and are not yet included in the Group's backlog, pending the signing of individual supply orders.

3. GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

3.1 Consolidated performance of operations in the first nine months of 2017

Below are reported the main income figures relating to the period ended 30 September 2017, compared to the figures of the corresponding period of 2016:

(In thousands of €)	For the 9 months ended 30 September		For the 3 months ended 30 September	
	2017	2016	2017	2016
Revenues	664,459	679,784	209,113	208,237
Costs of production	(590,499)	(610,141)	(189,180)	(189,976)
EBITDA	**73,960**	**69,643**	**19,933**	**18,261**
EBITDA %	**11.1%**	**10.2%**	**9.5%**	**8.8%**
Amortisation, depreciation, write-downs and write-backs of assets	(21,328)	(24,607)	(6,726)	(8,408)
Accrual of provisions for risks and charges	(764)	(2,219)	(1,292)	(1,337)
Operating Income (EBIT)	**51,868**	**42,817**	**11,915**	**8,516**
EBIT %	**7.8%**	**6.3%**	**5.7%**	**4.1%**
Share of net profit of equity-accounted companies	1,029	1,837	(127)	236
Net financial charges	(21,366)	(21,278)	(7,205)	(7,182)
Earnings before taxes (EBT)	**31,531**	**23,376**	**4,583**	**1,570**
EBT %	**4.7%**	**3.4%**	**2.2%**	**0.8%**
Income taxes	(13,618)	(10,813)	(2,406)	(906)
Profit (loss) from continuing operations	**17,913**	**12,563**	**2,177**	**664**
Profit (loss) from discontinued operations	**0**	**1,052**	**0**	**0**
NET RESULT FOR THE PERIOD	**17,913**	**13,615**	**2,177**	**664**
NET RESULT FOR THE PERIOD %	**2.7%**	**2.0%**	**1.0%**	**0.3%**
Minority interests	(49)	130	(13)	(5)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**17,864**	**13,745**	**2,164**	**659**
NET RESULT ATTRIBUTABLE TO ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**2.7%**	**2.0%**	**1.0%**	**0.3%**

REVENUES

In the first nine months of 2017, the Group recorded Revenues of € 664.5 million, with a drop (- € 15.3 million, -2.3%) compared to the same period in the previous year when it recorded Revenues of € 679.8 million. The downward trend in turnover, which was more moderate during the first quarter of 2017 (when it was € 3.1 million compared to the same period of the previous year), was stronger in the second quarter (- € 13.1 million compared to the second quarter of 2016) and then stopped during the quarter in progress (+ € 0.9 million compared to the third quarter of 2016).

The breakdown of Consolidated revenues in the first nine months of 2017 is provided below, compared to the figure of the same period in the previous year, broken down by reference market.

REVENUES BY MARKET

(In thousands of €)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2017	% on total Revenues	2016	% on total Revenues	2017	2016
PSEs	173,233	26.1%	179,868	26.5%	51,532	48,962
Healthcare	327,370	49.3%	327,312	48.1%	103,493	104,564
Private sector	163,856	24.7%	172,605	25.4%	54,088	54,711
CONSOLIDATED REVENUES	**664,459**		**679,784**		**209,114**	**208,237**

In contrast to the overall figure, the breakdown of turnover by market confirmed for the first nine months of 2017 a clear stability in revenues from Healthcare customers (which include public or private healthcare establishments), with essentially unchanged figures in absolute terms and an increasing weight equal to 49.3% of Consolidated revenues against 48.1% during the same period of 2016. On the other hand, the negative contribution of linen rental and industrial laundering and sterilisation services relating to Laundering&Sterilisation SBU (- € 3.3 million) fully weigh on the turnover of the Healthcare sector and therefore, the result was further appreciated with regard to the facility management services, where a number of new significant job orders were started from the end of 2016 to the first months of 2017, among which Frosinone ASL Local Health Unit and Roma 2 ASL Local Health Unit shall be highlighted as the most important.

During the quarter, positive signs came also from revenues from PSEs (+ € 2.6 million compared to the third quarter of 2016), thus slowing down the downward trend of the nine-month period (- € 6.6 million compared to the first nine months of 2016) compared to the first half of the year. In fact, in the first months of 2017, some important job orders were started (among which shall be noted the service provision at the Municipality of Alessandria) that favourably contributed to the gradual replacement of those ended at the end of 2016.

Finally, the Revenues of the Private sector decreased of € 8.7 million in absolute terms compared to the first nine months of 2016 and showed a reduction also in terms of impact on Consolidated Revenues, from 25.4% at 30 September 2016 to 24.7% at 30 September 2017. The trend, already seen in previous years, and showing strong signs of slowdown in the third quarter of 2017 (- € 0.6 million compared to the third quarter of 2016) was related, in general, to a business development that is showing rather limited effects over the

year. In the second quarter, in particular, certain contracts in the portfolio were renewed against lower fees on average (including those relating to document management that the subsidiary Telepost S.p.A. renewed with the Telecom Italia Group and with UnipolSai).

Analysis of revenues by Segment

A comparison of Group Revenues by segment is provided below.

The business segments were identified on the basis of IFRS 8 and correspond to the business areas defined as "*Facility Management*" and "*Laundering&Sterilisation*":

REVENUES BY SEGMENT

(In thousands of €)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2017	% on total Revenues	2016	% on total Revenues	2017	2016
Facility Management	568,556	85.6%	580,783	85.4%	177,950	175,696
Laundering&Sterilisation	97,900	14.7%	101,196	14.9%	31,822	33,290
Intra-Group eliminations	(1,997)	-0.3%	(2,194)	-0.3%	(658)	(749)
CONSOLIDATED REVENUES	**664,459**		**679,784**		**209,114**	**208,237**

The breakdown of Revenues by operating segments confirmed the substantial stable weight of the segments, equal to 85.6% in the first nine months of 2017 (85.4% in the same period last year) for Facility Management and to 14.7% (14.9% in the same period last year) for Laundering&Sterilisation.

The three-month period was characterised by the inversion of the trend of Facility Management SBU, the three-monthly turnover of which amounted to € 170.8 million, up by € 2.3 million compared to the same period of 2017, thus partially offsetting the gap reported in the first half of the year. Revenues in the nine months ended 30 September 2017 thus amounted to € 568.6 million, down by € 12.2 million (-2.1%) compared to the same period of 2016. This SBU fully included both the drop in Revenues from Public Authorities and the negative delta shown in the Private sector.

However, at the consolidated level, the Laundering&Sterilisation sector showed a stronger decline in percentage terms (- € 3.3 million, -3.3%), recording € 97.9 million Revenues in the first nine months of 2017 compared to € 101.2 million in the nine months ended 30 September 2016. Given that the review of the portfolio was not particularly significant, the reduction is mainly related to the end of certain businesses in Turkey (- € 0.6 million compared to the first nine months of 2016) as well as to the conclusion of a contract with an important private hospital. Such activities were not completely replaced during the current portfolio review.

EBITDA

At 30 September 2017, the Group's EBITDA amounted to € 74.0 million, against € 69.6 million for the nine months ended 30 September 2016. However, EBITDA expensed non-recurring costs of € 2.3 million during the first nine months of 2017 against non-recurring costs of € 4.1 million during the first nine months of 2016. On the other hand, EBITDA for the first nine months of 2017 included a non-recurring income of € 6.2 million related to the so-called "System charges", while at 30 September 2016 they amounted to € 2.3 million. Therefore, Adjusted EBITDA that excluded these non-recurring elements amounted to € 70.1 million at 30 September 2017 (10.6% of Consolidated revenues), against an Adjusted EBITDA of € 76.0 million at 30 September (11.2% of Consolidated revenues).

It should also be emphasised that the Group bears start-up costs related to the new initiatives (B2C and international development) against reduced initial business volumes. In the first nine months of 2017, the effect of these initiatives was reflected in a lower EBITDA for € 4.4 million (€ 2.8 million at 30 September 2016, when B2C had been started only few months earlier).

Below is provided a comparison of EBITDA by segment for the period ended 30 September 2017 and the period ended 30 September 2016:

EBITDA BY SEGMENT

(In thousands of €)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2017	% on segment Revenues	2016	% on segment Revenues	2017	2016
Facility Management	47,620	8.4%	41,323	7.1%	11,553	8,012
Laundering&Sterilisation	26,340	26.9%	28,320	28.0%	8,381	10,249
CONSOLIDATED EBITDA	**73,960**	**11.1%**	**69,643**	**10.2%**	**19,934**	**18,261**

The profit margin of the Facility Management segment showed a significant recovery as a percentage of Revenues (8.4% at 30 September 2017 against 7.1% at 30 September 2016), however, in connection with the already described non-recurring items that significantly affected segment results (a net income of € 3.8 million at 30 September 2017, against net charges of € 6.2 million at 30 September 2016, including the costs recognised in view of System Charges). However, net of the non-recurring items, a decrease of € 3.7 million in EBITDA by segment was noted, attributable for € 1.6 million to the negative contribution of the start-up initiatives, currently included in this SBU, as well as to the result of the reduction in volumes, though mitigated by the initiatives of productive efficiency and renegotiation with suppliers.

EBITDA in the Laundering&Sterilisation segment for the nine months ended 30 September 2017 amounted to € 26.3 million, down by € 2.0 million compared to € 28.3 million during the same period of 2016. Profit margins on relevant Revenues by segment was 26.9% compared to 28.0% at 30 September 2016. The decrease in EBITDA by segment compared to the first nine months of 2016, which was substantially made in the third quarter (- € 1.9 million compared to the third quarter of 2016), was equally attributable to positive elements that had impacted the EBITDA by segment in the third quarter of 2016 (adjustments on revenues and the occurrence of the non-obligation to pay an insurance payable), and to the concentration of renewals of linen rental and industrial laundering job orders unfavourable in terms of profit margins starting from July 2017, when the effects of the efficiency measures carried out on manufacturing facilities during the year were not yet operating at full capacity.

Costs of production

Costs of production, which amounted to € 590.5 million at 30 September 2017, showed a decrease of € 19.6 million in absolute terms compared to € 610.1 million posted at 30 September 2016 (-3.2%).

(In thousands of €)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2017	% of total	2016	% of total	2017	2016
Costs of raw materials and consumables	84,850	14.4%	84,370	13.8%	23,101	20,177
Change in inventories of finished and semi-finished products	0	0%	(5)	0%	0	15
Costs for services and use of third-party assets	232,950	39.4%	238,000	39.0%	80,358	78,906
Personnel costs	276,189	46.8%	280,209	45.9%	85,477	87,253
Other operating costs	(2,557)	-0.4%	7,567	1.2%	1,088	3,625
Lower costs for internal work capitalised	(933)	-0.2%	0	0%	(844)	0
COSTS OF PRODUCTION	**590,499**	**100%**	**610,141**	**100%**	**189,180**	**189,976**

Costs of raw materials and consumables in the first nine months of 2017 amounted to € 84.9 million, substantially unchanged compared to the value posted in the same period of 2016 (+ € 0.5 million), with an increase in the incidence on Consolidated revenues (14.4% at 30 September 2017 against 13.8% at 30 September 2016). A decrease in fuel consumption (- € 2.4 million) was reported during the period under examination, against an increase in costs of materials (+ € 2.9 million), mainly as a result of a different mix of services rendered compared to last year and, consequently, of the use of the prevailing raw material. Moreover, in 2017, efficiency targets were focused significantly on energy and heat management services, including renegotiations, which also affected some utility suppliers.

Costs for services and use of third-party assets in the period ended 30 September 2017 showed a substantial reduction compared to the period ended 30 September 2016, with a decrease of € 5.1 million (-2.1%) in

absolute terms and an impact on total Costs of Production that remained essentially unchanged (39.4% versus 39.0%). The trend was primarily related to the mix of services in progress and to the resulting make or buy choices. Moreover, the renegotiation initiatives mentioned above also had a significant impact on service providers.
In particular, a € 2.4 million decrease in *costs for use of third-party assets* was recorded in the period, partially attributable to lower leases on industrial properties of Servizi Ospedalieri S.p.A. (- € 0.9 million), as a result of their acquisition in property and finance lease between the end of 2016 and the first months of 2017, and partially to specific cost-cutting measures related to some operating premises of the Group, whose economic benefits were perceived in 2017 (- € 0.8 million).

The item *Personnel costs* decreased from € 280.2 million at 30 September 2016 to € 276.2 million at 30 September 2017, showing in any case an increase in the impact on total Costs of Production (46.8% at 30 September 2016 versus 45.9% at 30 September 2017).
The average number of employees in service during the first nine months of 2017 was equal to 16,328, while it was 16.447 in the same period of the previous year (of which 15,031 versus 15,133 manual workers). As it was said for costs for services and for materials, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress.

Finally, *Other operating costs* at 30 September 2017 were a positive € 2.6 million compared with € 7.6 million at 30 September 2016. At 30 September 2016, this item included costs of € 2.3 million relating to the so-called “System charges” which weighed on some energy service contracts up to the previous year. The Parent Company MFM S.p.A. recorded these costs until 31 December 2016 for a total of € 6.2 million as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related enactment decree issued in 2015. However, the relevant payments were not made yet waiting to know the collection methods of the tax authorities. On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law of Law Decree no. 244 of 30 December 2016 (known as "*Milleproroghe*"). The introduced amendments had an impact on the existing regulations concerning "System charges" and, in particular, the regulation (contained in the Italian laws of 2014 mentioned above) according to which, except for RIUs, general system charges were determined, starting from 2014, with reference to the consumption of electricity was abrogated, by re-establishing in this way the regulation previously in force, contained in the Bersani Decree (Italian Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of MFM S.p.A. believed that there was no need to recognise additional System Charges in 2017, and implementing the elimination of the payment obligations for those related to the previous years and recognising the extraordinary income for the payable that was recorded at the end of the previous year.
Finally, at 30 September 2016, non-recurring costs resulting from an arbitration award on a dispute with a customer from which MFM S.p.A., by exercising the legal right of recourse pursuant to Article 18, paragraph 1 of Italian Presidential Decree 633/1972, requested € 5.6 million by way of VAT, following a Report on

findings issued by the Inland Revenue Agency in 2013 that had reported its incorrect invoicing were recorded as *Other operating costs*. The award acknowledged MFM S.p.A. the entire amount required by way of VAT albeit against the payment to the client of € 1.7 million by way of compensation for damages.

Operating Income (EBIT)

In the first nine months of 2017, consolidated Operating Income (**EBIT**) stood at € 51.9 million (7.8% of Revenues) against € 42.8 million (6.3% of Revenues) during the same period of 2016. However, EBIT of 2017 recorded, in addition to the non-recurring items already described for EBITDA, the non-recurring release of a provision for risks set aside at 31 December 2016 and relating to future charges for a dispute involving an associate with which MFM S.p.A. had a service contract in force that envisaged possible contractual liability profiles by the servicer. This dispute had a positive outcome in 2017, with a significant reduction in terms of disbursement for the associate concerned, which in turn resulted in a net release of € 1.9 million of the provision for risks of MFM S.p.A. **Adjusted EBIT** amounted to € 46.1 million (€ 49.2 million at 30 September 2016) albeit remaining unchanged in terms of relative profit margins (Adjusted EBIT/Revenues), equal to 6.9% in both periods under comparison.

EBIT was mainly affected by the above-mentioned consolidated performance in terms of EBITDA (- € 4.3 million), from which *amortization and depreciation* of € 20.1 million (€ 20.4 million at 30 September 2016), *accruals to provisions for risks and charges (net of reversals)* of € 0.8 million (€ 2.2 million at 30 September 2016) as well as *write-downs of receivables and reversals* of € 0.9 million (against € 4.0 million at 30 September 2016, when a significant specific risk position on the Parent Company MFM S.p.A. was reported) must be deducted. Moreover, *Other impairment losses* of € 0.3 million (€ 0.2 million at 30 September 2016) were recognised in 2017.

Below is a comparison of Operating Income (EBIT) by segment in the period ended 30 September 2017 with the amounts recorded in the same period of the previous year:

EBIT BY SEGMENT

(In thousands of €)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2017	% on segment Revenues	2016	% on segment Revenues	2017	2016
Facility Management	38,350	6.7%	28,805	5.0%	7,580	3,023
Laundering&Sterilisation	13,518	13.8%	14,012	13.8%	4,335	5,492
CONSOLIDATED EBIT	**51,868**	**7.8%**	**42,817**	**6.3%**	**11,915**	**8,516**

EBIT in the Facility Management segment amounted to € 38.4 million (6.7% of related segment Revenues) at 30 September 2017 against EBIT of € 28.8 million (5.0% of related segment Revenues) at 30 September

2016 and therefore with a net increase of € 9.5 million compared to the same period last year. First of all, it reflects the already described performance in terms of EBITDA (+ € 6.3 million) against higher amortisation and depreciation of € 0.5 million (specifically due to investments in hardware and software infrastructure) and a € 2.7 million decrease in write-downs of trade receivables, which included, however, a risk assessment on certain specific positions of MFM S.p.A. in 2016. Moreover, higher impairment losses of assets of € 0.1 million were recognised. Finally, a decrease of € 0.1 million in net accruals to provisions for risks and charges were recognised in the first nine months of 2017, also in view of a non-recurring reversal of € 1.9 million to the provision for risks that the Parent Company MFM S.p.A. set aside at 31 December 2016 in view of potential contractual liabilities with regard to an associate with which there exists a service contract related to a penalty measure against it, whose amount was however significantly reduced by the competent authority during 2017.

The performance of EBITDA in the Laundering&Sterilisation segment during the first nine months of 2017 (- € 0.2 million compared to the same period last year) was accompanied, at the level of segment EBIT, by amortisation and depreciation of € 0.6 million (unchanged compared to the same period last year and mainly relating to the linen rental and industrial laundering segment, and in particular to linen), write-downs of receivables of € 0.2 million (€ 0.5 million at 30 September 2016) and net accruals to provisions for risks and charges of € 0.1 million (€ 0.3 million at 30 September 2016), in connection with risk situations of an absolutely insignificant amount in both periods under comparison. Albeit in connection with the drop in Revenues by segment of the period described above, profit margins by segment remained stable (13.8% of related Revenues, unchanged in the two reporting periods).

Profit before taxes

Net income from companies accounted for using the equity method, equal to € 1.0 million (€ 1.8 million at 30 September 2016), which reflected, among others, the Group's share of the loss for the period of the associate Roma Multiservizi S.p.A. of € 0.1 million (a profit of € 0.8 million at 30 September 2016) must be added to consolidated EBIT. Furthermore, there was the recognition of net financial charges of € 21.4 million (€ 21.3 million at 30 September 2016), thus obtaining a Profit before taxes equal, at 30 September 2017, to € 31.5 million (€ 23.4 million at 30 September 2016).

Below is the breakdown by nature of net financial charges in the first nine months of 2017 and for the same period in the previous year:

(In thousands of €)	For the 9 months ended 30 September		For the 3 months ended 30 September	
	2017	2016	2017	2016
Dividends and income (loss) from sale of investments	175	238	16	0
Financial income	1,133	1,286	529	197
Financial charges	(22,671)	(22,776)	(7,749)	(7,356)
Exchange gains (losses)	(3)	(26)	(1)	(23)
NET FINANCIAL CHARGES	**(21,366)**	**(21,278)**	**(7,205)**	**(7,182)**

During the first nine months of 2017 dividends of € 0.2 million (€ 0.2 million at 30 September 2016) were collected from non-consolidated companies.

Financial income decreased by € 0.2 million compared to the same period last year, which recorded, among other things, default interest income of € 0.3 million arising at the time of the settlement of previous credit positions.

The impact of *financial charges* on the consolidated profit (loss) of the period was equal to € 22.7 million, substantially unchanged compared to € 22.8 million during the same period of 2016. First of all, this item included financial charges of € 19.1 million on the coupons of the bond issue, unchanged compared to the previous year owing to the absence of repurchase transactions of the portions of Senior Secured Notes.

On the other hand, costs for interest discounts related to the assignments of receivables without recourse of € 1.4 million carried out with Banca Farmafactoring were recorded in the first nine months of 2017, compared to trade receivables and receivables for VAT settlements for the period. Such costs amounted to € 1.3 million at 30 September 2016, when, among the other things, charges of € 0.6 million were recognised in relation to an assignment of tax receivables without recourse linked to the application of Italian Decree Law 201 of 6 December 2010, as amended and converted by Italian Law 214 of 22 December 2011, which had allowed various Group companies to submit, during 2012, a request for IRES (Corporate Income) tax refund as a result of the non-deduction of IRAP (Local Production Activity) tax in an overall amount of € 12.4 million.

Consolidated net result

Taxes of € 13.6 million must be deducted from Profit before taxes of the period (€ 31.5 million), thus obtaining a Net result from continuing operations of € 17.9 million (€ 12.6 million at 30 September 2017). Below is the breakdown of consolidated tax rate:

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
Profit (loss) before taxes	**31,531**	**23,376**
Current, prepaid and deferred IRES tax	(9,861)	(7,352)
Current, prepaid and deferred IRAP tax	(3,758)	(3,459)
Tax rate from continuing operations	**43.2%**	**46.3%**
Profit (loss) from discontinued operations	0	1,385
Taxes related to the profit (loss) from discontinued operations	0	(333)
CONSOLIDATED NET RESULT	**17,913**	**13,615**
OVERALL TAX RATE	**43.2%**	**45.0%**

Compared to the first nine months of the previous year, the Profit before taxes showed an increase of € 8.2 million (€ 31.5 million at 30 September 2017 against € 24.8 million at 30 September 2016, when it included a Profit from discontinued operations equal to € 1.4 million), against an increase of € 2.5 million in the overall tax burden. The overall tax rate amounted to 43.2% for the nine months ended 30 September 2017 against 45.0% for the same period of the previous year, due to the substantial lack of changes in some tax components (especially IRAP tax), the impact of which is reduced when the Profit before taxes increases.

3.2 Analysis of the statement of financial position at 30 September 2017

(In thousands of €)	30 September 2017	31 December 2016	Change
USES			
Trade receivables and advances to suppliers	422,947	456,095	(33,148)
Inventories	5,278	4,382	896
Trade payables and advances from customers	(365,208)	(346,308)	(18,900)
Net working operating capital	**63,017**	**114,169**	**(51,152)**
Other items of working capital	(85,195)	(68,555)	(16,640)
Net working capital	**(22,178)**	**45,614**	**(67,792)**
Property, plant and equipment	68,466	66,110	2,356
Goodwill and other intangible assets	396,065	396,570	(505)
Investments accounted for under the Equity method	29,534	30,534	(1,000)
Other non-current assets	39,711	38,913	798
Fixed assets	**533,776**	**532,127**	**1,649**
Non-current liabilities	(54,326)	(73,427)	19,101
NET INVESTED CAPITAL	**457,272**	**504,314**	**(47,042)**
SOURCES			
Equity attributable to non-controlling interests	264	235	29
Equity attributable to equity holders of the parent	315,809	323,137	(7,328)

(In thousands of €)	30 September 2017	31 December 2016	Change
Shareholders' Equity	**316,073**	**323,372**	**(7,299)**
Net financial indebtedness	141,199	180,942	(39,743)
FINANCING SOURCES	**457,272**	**504,314**	**(47,042)**

Net working capital

At 30 September 2017, Consolidated Net Working Capital (**NWC**) was negative and equal to € 22.2 million, with a decrease of € 67.8 million compared to the figure at 31 December 2016 (when it was positive and equal to € 45.6 million).

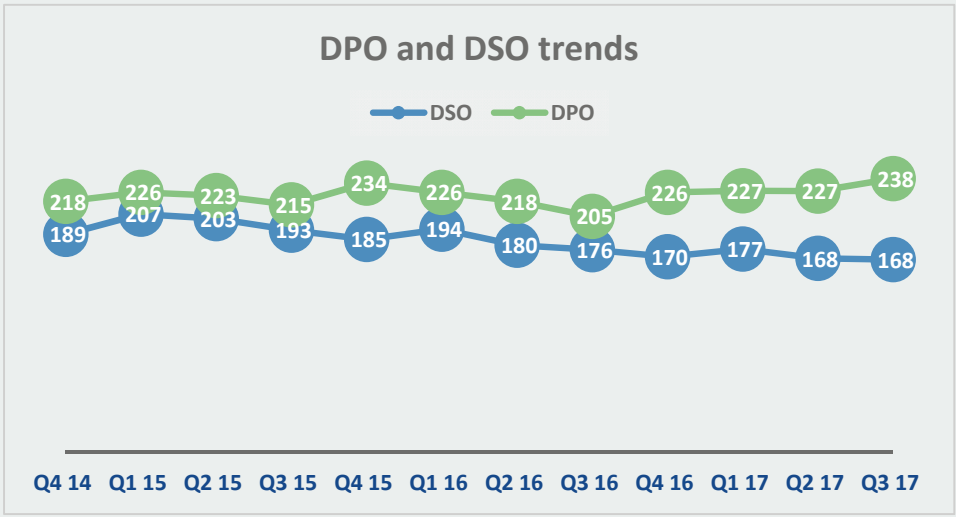
At 30 September 2017, consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to € 63.0 million against € 114.2 million at 31 December 2016. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies (equal to € 33.4 million at 30 September 2017 and € 12.9 million at 31 December 2016), the **Adjusted NWOC** amounted to € 96.4 million and € 127.1 million, respectively.

First of all, the change in this latter item (- € 30.7 million) was related to the decrease in the balance of trade receivables (- € 12.7 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against an increase in stock of trade payables that amounted to € 365.2 million at 30 September 2017 (+ € 18.9 million compared to the balance of € 346.3 million at 31 December 2016).

At 30 September 2017, average DSO was 168 days against 170 days at 31 December 2016 and 176 days at 30 September 2016.

In addition, at 30 September 2017, DPO was 238 days against 226 days at 31 December 2016 and 205 days at 30 September 2016.

Within the overall management of cash flows, the figure related to the inflow of receivables in the period is stable at a historical low (168 days) compared to the recognitions made in the same periods in previous years (-12 days compared to 2016 and -35 days compared to 2015).



The balance of the other items of working capital at 30 September 2017 was a net liability of € 85.2 million, up by € 16.6 million compared to the net liability of € 68.6 million at 31 December 2016:

(In thousands of €)	30 September 2017	31 December 2016	Change
Current tax receivables	1,606	3,500	(1,894)
Other current assets	26,078	25,932	146
Provisions for risks and charges, current	(9,214)	(10,715)	1,501
Current tax payables	(12,418)	(1,363)	(11,055)
Other current liabilities	(91,247)	(85,909)	(5,338)
OTHER ITEMS OF WORKING CAPITAL	**(85,195)**	**(68,555)**	**(16,640)**

The increase in the net liability of other working capital items was due to a combination of factors, mainly including:

- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the Tax Authorities for withholding taxes, which accounted for an increase in net liabilities of € 2.9 million, in particular, given the accrual of additional monthly payments during the first nine months of the year (the summer bonus and the year-end bonus) against a payment of the year-end bonus that already took place at the end of the previous year;
- the increase of € 0.6 million in the net credit balances for VAT of the Group companies. These credit balances, systematically generated following the introduction, already in 2015, of new regulations concerning the so-called “Split payment” and “Reverse charge”, allowed, during 2017, to release said receivable through assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 13.4 million.

- the recognition in the item "Other current operating liabilities" of the payable of € 14.7 million related to the fine imposed by the Competition Authority during 2016, previously recognised under provisions for risks and charges, owing to the enforceability of the measure issued by the Authority on 23 December 2016 notwithstanding the appeal with the Court of Cassation was pending, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt at 30 September 2017 was € 11.8 million, as a result of the payment of 6 monthly instalments.
- The decrease, again in the item "Other current operating liabilities", in the payable of € 6.2 million related to the so-called "System charges", following the final conversion into Law, on 23 February 2017, of Law Decree no. 244 of 30 December 2016 (known as "*Milleproroghe*"), which, as said, allowed MFM S.p.A. not to record in 2017 additional System Charges, also causing the elimination of the payment obligations for those related to the previous years for which no payment whatsoever was made.
- the decrease of € 1.5 million of the short-term portion of provisions for future risks and charges;

Net current tax payables of € 10.8 million were recognised at 30 September 2017, against a net receivable of € 2.1 million at 31 December 2016, mainly due to the recognition of € 13.6 million of current taxes for the period.

Other non-current liabilities

"Other non-current liabilities" include liabilities relating to:

- Employee termination benefits, equal to € 15.0 million and € 17.0 million at 30 September 2017 and 31 December 2016, respectively;
- long-term portion of Provisions for risks and charges (€ 27.4 million at 30 September 2017 against € 44.5 million at 31 December 2016, when it included the provision for the Competition Authority's fine subsequently classified in the item "Other current liabilities");
- Deferred tax liabilities of € 11.8 million (unchanged compared to 31 December 2016).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 September 2017 are shown below, compared to the figures at 31 December 2016, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(In thousands of €)	30 September 2017	31 December 2016	Change
A. Cash	38	38	0
B. C/a, bank deposits and consortia, non-proprietary accounts	164,278	174,954	(10,676)
C. Securities held for trading			
D. Liquidity (A) + (B) + (C)	**164,316**	**174,992**	**(10,676)**
E. Current financial receivables	**3,042**	**2,387**	**655**
F. Current bank overdraft	0	11,857	(11,857)

(In thousands of €)	30 September 2017	31 December 2016	Change
G. Current portion of non-current debt	4,821	11,176	(6,355)
H. Other current financial liabilities	4,890	29,806	(24,916)
I. Current financial indebtedness (F)+(G)+(H)	**9,711**	**52,839**	**(43,128)**
J. Current net financial indebtedness (I) - (D) - (E)	**(157,647)**	**(124,540)**	**(33,107)**
K. Long-term bank debts and Senior Secured Notes	295,632	304,648	(9,016)
L. Other non-current financial liabilities	3,214	834	2,380
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**298,846**	**305,482**	**(6,636)**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**141,199**	**180,942**	**(39,743)**

The first nine months of 2017 saw a significant improvement in Consolidated net financial debt, which passed from € 180.9 million at 31 December 2016 to € 141.2 million at 30 September 2017. This positive figure was further appreciable given the financial outlay associated with the payment of the dividend to the shareholders of the Parent Company MFM S.p.A. in May 2017 (€ 25.1 million), which consisted in the use of extraordinary cash, backed by a significant cash generation both during 2016 and in the first nine months of 2017.

On 23 February 2016, the Parent Company MFM S.p.A. and Servizi Ospedalieri S.p.A. entered into a three-year maturity factoring agreement without recourse with Banca Farmafactoring S.p.A., concerning the assignment of receivables from entities in the Italian National Health System, for an annual amount of up to € 100 million. During the first nine months of 2017, assignments of receivables without recourse were made in an amount of € 59.8 million, subject to derecognition according to IAS 39. To these, € 8.7 million relating to stand-alone assignments carried out with Banca Farmafactoring S.p.A. must be added. These are outside the scope of the described three-year contract, whose subject matter was receivables from Public Administrations. The consolidated net adjusted financial debt for the amount of receivables assigned without recourse to factoring companies that had not been collected at the reporting date (equal overall to € 33.4 million at 30 September 2017 against € 12.9 million at 31 December 2016) amounted to € 174.6 million (€ 193.8 at 31 December 2016).

At 30 September 2017, the balance of Cash and cash equivalents net of short-term credit lines (known as "Net Cash") amounted to € 164.3 million (€ 142.3 million at 31 December 2016), in connection with the use of these credit lines that was gradually stopped during the year.

(In thousands of €)	30 September 2017	31 December 2016
Cash and cash equivalents	164,316	174,992
Current bank overdraft, advance payments and hot money	0	(11,857)
Obligations from assignments of trade receivables with recourse	0	(20,805)
NET CASH	**164,316**	**142,330**

Below is the detail of the net financial exposure for bank credit lines and finance leases ("Net Debt"), compared to 31 December 2016:

(In thousands of €)	30 September 2017	31 December 2016
Senior Secured Notes	300,000	300,000
Long-term bank debts	0	10,000
Financial lease obligations	3,785	914
Current bank overdraft, advance payments and hot money	0	11,857
Obligations from assignments of receivables with recourse	0	20,805
GROSS DEBT	**303,785**	**343,576**
Current financial assets	(3,042)	(2,387)
Cash and cash equivalents	(164,316)	(174,992)
NET DEBT	**136,427**	**166,197**

"Net Debt" reported an improvement of € 29.8 million compared to 31 December 2016 (€ 136.4 million against € 166.2 million), mainly in connection with the non-use of short-term credit lines (- € 32.7 million) despite the large amount of cash on hand of € 164.3 million at 30 September 2017 (against € 175.0 million at 31 December 2016). The increase in residual finance lease payables (+ € 2.9 million) was fully attributable to the real-estate lease transaction concluded in the first quarter by Servizi Ospedalieri S.p.A. for the acquisition of the property in Lucca. This property was already used on rental for industrial laundry activities and was acquired by Manutencoop Immobiliare S.p.A., company of the Manutencoop Cooperativa Group, as part of an overall reorganisation of the production sites of the Laundering&Sterilisation SBU.
In addition, at 31 December 2016, there was in place a committed credit line of € 10 million, obtained from CCFS, originally due in 2018 but paid in full on 3 July 2017.

The change in Consolidated cash and cash equivalents is analysed in the table below: the cash flows for the first nine months of 2017 are compared with the figures for the same period in the previous year. Annex IV to the Interim Report on Operations contains a reconciliation between the items in this table and those in the statutory Statement of Cash Flows presented in the Condensed explanatory notes pursuant to IAS 7.

	2017	2016
At 1 January	**174,992**	**114,391**
Cash flow from current operations	53,988	48,447
Uses of provisions for risks and charges and for employee termination benefits	(6,789)	(8,039)
Change in NWOC	50,244	(18,549)
Industrial capex, net of disposals	(21,954)	(13,837)
Financial capex, net of disposals	(335)	4,156
Change in net financial liabilities	(50,419)	(5,359)
Other changes	(35,411)	1,398
AT 30 SEPTEMBER	**164,316**	**122,609**

The overall cash flows mainly reflect:

- a positive cash flow from operations of € 54.0 million (€ 48.4 million at 30 September 2016);
- € 6.8 million in outflows from the use of the provisions for future risks and charges and for employee termination benefits (€ 8.0 million at 30 September 2016);
- a cash flow from changes in NWOC for € 50.2 million (against € 18.5 million absorbed at 30 September 2016) which arises from a positive flow correlated to a change in trade receivables of € 33.2 million (€ 13.7 million in the first nine months of 2016) against a flow generated by longer payment terms vis à vis suppliers and the subsequent increase in trade payables of € 18.9 million (a flow absorbed by a reduction in this item of € 24.6 million in the first nine months of 2016);
- a € 22.4 million cash flow used in industrial investments (€ 14.6 million at 30 September 2016), net of disposals of € 0.4 million (€ 0.7 million at 30 September 2016), also against net financial investments of € 0.3 million (+ € 4.6 million at 30 September 2016, mainly related to the collection of € 3.9 million out of a portion of the deferred price relating to the sale of MIA S.p.A., which took place in December 2014).
- a decrease in net financial liabilities of € 50.4 million, which was mainly due to a decrease in the financial liability relating to factoring with recourse in the period (- € 20.8 million) and in the balance of short-term credit lines used for hot money and advances on invoices (- € 11.9 million), albeit against an increase in finance lease payables (+ € 2.9 million). Moreover, on 3 July 2017, the committed credit line with CCFS of € 10 million with original maturity in 2018 was closed, resulting in the repayment of the debt for principal. On the other hand, in the first nine months of 2016, a decrease in net financial liabilities of € 5.3 million was reported mainly due to the increase in the period of the financial liability relating to assignments of receivables with recourse (€ 16.1 million) against an increase in short-term financial assets (€ 2.1 million) and a lower use of credit lines for advances on invoices and hot money (€ 14.6 million).
- other decreases occurred in the period (€ 35.4 million) that included, among other things, the payment by the Parent Company MFM S.p.A. of a dividend to the shareholders of € 25.1 million in May 2017. On the other hand, operating assets and liabilities absorbed all-in-all cash flows of € 10.3 million, mainly

due to the net effect: (i) of the decrease in the balance of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the Tax Authorities for withholding taxes (- € 2.9 million); (ii) of the trend in net credit balances for VAT of the Group companies (+ € 0.6 million), which, albeit against credit balances systematically generated following the introduction, already in 2015, of regulations concerning the so-called "Split payment" and "Reverse charge", were the subject matter, during the first nine months of 2017, of some assignments without recourse of the balances on account of refund from the Tax Authorities, for a total amount of € 13.4 million; (iii) of the decrease (- € 6.2 million) relating to the removal of the payable for the so-called "System charges", following the already mentioned regulatory changes that caused the elimination of the payment obligations for MFM S.p.A. of the charges relating to the previous years (for which no payment whatsoever was made) in addition to recording new System Charges for 2017; (iv) the recognition in the item "Other operating current liabilities" of the payable of € 14.7 million related to the fine imposed by the Competition Authority during 2016, previously recognised under provisions for risks and charges, given the enforceability of the measure issued by the Authority on 23 December 2016, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt at 30 September 2017 was € 11.8 million, as a result of the payment of 6 monthly instalments. It is finally noted that other changes in the first nine months of 2016 generated a total inflow of € 1.4 million, mainly due to the net effect of a positive inflow from the assignment of tax receivables without recourse (€ 11.7 million) and of the changes that were reported in other operating assets and liabilities during the period (specifically, in the seasonal performance of payables to/receivables from employees and the related payables to/receivables from social security institutions and the Tax Authorities for withholding taxes, which entailed an increase in the net liability of € 4.1 million) against an outflow of financial resources due to higher net VAT credit balances concerning the Group companies for € 14.0 million.

Financial and industrial Capex

In the first nine months of 2017, the Group made net capital expenditures which totalled € 22.4 million, compared to disinvestments of € 0.4 million:

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
Properties under finance lease	4,484	
Properties	31	
Purchase of plant and equipment	12,745	10,642
Other capital expenditures in intangible assets	5,148	3,932
INDUSTRIAL CAPEX	**22,408**	**14,574**

On 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a finance lease agreement with Unicredit Leasing S.p.A. of a 12-year duration for the purchase of the factory in Lucca, previously used through a rental contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned the property), for a value of € 4.5 million. Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, in which frequent and regular replacements are necessary (€ 8.7 million at 30 September 2017 against € 8.0 million at 30 September 2016). Capital expenditures in intangible assets for the period amounted to € 5.1 million (€ 3.9 million at 30 September 2016) and mainly related to ICT investments. These included € 1.7 million of investments in the technological platform of the subsidiary Yougenio S.r.l.
Finally, disinvestments from property, plant and equipment of € 0.4 million (€ 0.7 million at 30 September 2016) were recognised.
Below is reported the breakdown of industrial capital expenditures in terms of SBU:

(In thousands of €)	For the 9 months ended 30 September	
	2017	2016
Facility Management	7,711	5,314
Laundering & Sterilisation	14,697	9,260
INDUSTRIAL CAPEX	**22,408**	**14,574**

Finally, the negative cash flow for financial investments of € 0.3 million was mainly related to the payment of share capital carried out in an investee company not included in the scope of consolidation (€ 0.4 million) against the receipt of portions of the transfer price of discontinued operations in previous years (€ 0.1 million). This positive cash flow of € 4.2 million at 30 September 2016 arose mainly from the accounting reclassification among short-term financial assets of the second and last tranche of sums previously escrowed in connection with the sale of MIA S.p.A. (which took place in December 2014) of € 5 million, following the fulfilment of some contract conditions governing the sale. Moreover, the right of MFM S.p.A. to obtain an earn-out of € 1.2 million accrued on the transfer of SMAIL S.p.A., occurred in November 2015, which was recognised among short-term financial assets.

Change in net financial liabilities

The table below shows the changes that were recorded in the period in the items making up consolidated financial liabilities, including the balance of the receivables assigned without recourse not yet collected by the factoring companies:

(In thousands of €)	31 December 2016	New loans	Repayments and payments for the period	Early payment	Other changes	30 September 2017
Bank borrowings	10,000			(10,000)		0
Current bank overdraft, advance payments and hot money	11,857		(11,857)			0
Accrued and prepaid expenses	10,634		(25,500)		19,051	4,185
Senior Secured Notes	294,648				984	295,632
BANK DEBTS	**327,139**		**(37,357)**	**(10,000)**	**20,035**	**299,817**
Financial lease obligations	914	4,467	(1,596)			3,785
Payables for assignments of trade receivables with recourse	20,805	17,121	(37,926)			0
Collections on behalf of assignees of trade receivables without recourse	2,744	4,030	(2,744)			4,030
Other financial liabilities	6,719		(5,438)		(357)	925
FINANCIAL LIABILITIES	**358,321**	**25,619**	**(85,061)**	**(10,000)**	**19,679**	**308,557**
Current financial assets	(2,387)				(655)	(3,042)
NET FINANCIAL LIABILITIES	**355,934**	**25,619**	**(85,061)**	**(10,000)**	**19,024**	**305,515**

The first nine months of 2017 saw the payment of the net six-monthly coupons on the bond loan totalling € 25.5 million; the settlement dates were 2 February and 2 August. In the last quarter of 2014 and in June 2015, MFM S.p.A. carried out the buy-back of some shares of its Senior Secured Notes for a total nominal amount of € 125 million. The bond issue was accounted for in accordance with IAS 39 for a nominal value of € 300 million and entailed the recognition of financial charges during the period arising from the related amortised cost of € 1.0 million. The Notes in the portfolio were held on securities accounts and a portion of the securities (in a nominal amount of € 14 million) was pledged against the committed credit line of € 10 million, due 2018, obtained from CCFS. This credit line was cancelled on 3 July 2017 resulting in the repayment of the debt for principal and, on 20 July 2017, the Parent Company requested the Trustee and the Paying Agent to formally delete all Notes previously held in the portfolio.

At the reporting date, short-term uncommitted credit lines had not been used for hot money and advances on invoices (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations), given the balance of € 11.9 million at 31 December 2016. Furthermore, MFM S.p.A. has an agreement for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector. During the first nine months of 2017, assignments were made in an overall nominal amount of € 17.1 million, while this credit line was unused at 30 September 2017.

During the period, MFM S.p.A. and Servizi Ospedalieri S.p.A. made assignments of receivables without recourse of € 68.5 with Banca Farmafactoring S.p.A., while the amount of receivables assigned but not yet collected by the factor at 30 September 2017 amounted to € 33.4 million. Furthermore, the Group collected amounts of € 4.0 million at 30 September 2017, concerning receivables included in said assignments without

recourse, for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts at the beginning of the following quarter.

Finally, the Group recorded among "Other financial liabilities" at 31 December 2016 the estimated liability in view of the put option held by the non-controlling shareholders of Sicura S.p.A. on the remaining 15% of the shares held by them, on the basis of the investment agreement signed upon acquisition in 2008 (€ 5.4 million). On 30 September 2017, the call option was exercised by MFM S.p.A., for the above-mentioned value already recorded, which was followed by the payment on 10 August 2017.

Finally, the balance of short-term financial assets was € 0.7 million lower, mainly as a result of the change in the balance of pledged current bank accounts dedicated to the management of the collection service within the scope of the above-mentioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring (- € 0.7 million).

4. SUBSEQUENT EVENTS

Refinancing transaction of the Manutencoop Società Cooperativa Group

On 26 May 2017, the parent company Manutencoop Società Cooperativa set up, as sole shareholder, a vehicle named CMF S.p.A. for the launch of a bond issue (Senior Secured Note) maturing in 2022, in order to refinance the consolidated debt of the Manutencoop Cooperativa Group. The transaction, launched on 29 June 2017 through the publication of the Offering Memorandum, was formalised in an issue of € 360 million, at an issue price of 98% with an annual fixed coupon of 9% (payable every six months on 15 December and on 15 June) and non-callable redemption until 15 June 2020. The contract ("Indenture") was signed on 6 July 2017 by and between the issuer, Law Debenture Trust Corporation p.l.c., as trustee and UniCredit Bank AG, Milan Branch as Security Agent. The bond was listed on the Euro MTF Market of the Luxembourg Stock Exchange.

The purpose of the Senior Secured Notes issued by CMF S.p.A. was to repurchase the Notes already issued by MFM S.p.A. during 2013 (with a 8.5% coupon, maturity in August 2020 and price redemption at 2 August 2017 equal to 102.125%), repay the other financial debts of the entire Group controlled by Manutencoop Cooperativa, provide the latter with the financial resources required to allow the exit of the Investment Funds holding a share of 33.2% of MFM S.p.A. and pay the Vendor Note issued by Manutencoop Società Cooperativa, in accordance with an Investment Agreement signed during 2013 and revised during 2016. It thus regained the full 100% ownership of MFM S.p.A. shares.

The proceeds of the bond issue was deposited in an escrow account, managed by Bank of New York Mellon, London Branch, as escrow agent and pledged in favour of the trustee as a guarantee for the bondholders. This escrow was released on 13 October 2017 (as the so-called "Completion Date") and, on the same date, the redemption procedure of the Senior Secured Notes issued by MFM S.p.A. in 2013 was carried out. At the

same time, CMF S.p.A. acquired the shares of MFM S.p.A. held by Manutencoop Società Cooperativa, through transfer and sale by the latter of 51.19% and 15.6%, respectively, of the share capital of the subsidiary. Moreover, on the same date, CMF S.p.A. acquired, again from Manutencoop Società Cooperativa, the right to exercise the Call option held on the non-controlling interests in MFM S.p.A. with regard to the Investment Funds, providing for their exit in compliance with the already mentioned Investment Agreement. Therefore, on the date of approval of the Interim Report on Operations, CMF S.p.A. is the Sole Shareholder of MFM S.p.A. and, pursuant to the Offering Memorandum, will be merged into its own subsidiary no later than 12 months from the Completion Date. The Notes issued will be Senior Secured bonds of the issuer CMF S.p.A., backed by a pledge on MFM S.p.A. shares as a result of the described merger of CMF S.p.A. into MFM S.p.A., to which the guarantee given by Servizi Ospedalieri S.p.A. will be added.

5. BUSINESS OUTLOOK

The Manutencoop Group (the company group controlled by Manutencoop Società Cooperativa, of which the sub-group MFM represents the industrial heart) undertook, during the third quarter of 2017, an important re-organisation process, also aimed at the exit of the non-controlling interests included in the capital of MFM S.p.A. since 2008. The new company structure, which was characterised by the return of Manutencoop Società Cooperativa as the 100%-owner of the shares of MFM S.p.A. through the newly-established vehicle CMF S.p.A., was supported by an important refinancing operation that guaranteed the financial resources required to complete the operation. The exit of the non-controlling interests will allow the group to focus internal resources on business, with the primary objective of resuming the growth in revenues and margins as soon as possible.

The extended stickiness of the domestic market of facility management, which was translated in recent years in a slight but steady decline in turnover, showed in the quarter the first signs of recovery suggesting a change in the sign of revenues in the short term, also supported by the development following the signing of the MIES2 agreement, which is in the process of being concluded and the revenues of which should start in the first quarter of 2018. However, for 2017, the gap currently accumulated on the turnover will not be recovered in the fourth quarter, owing to the delays in contract awarding, which postpone the impact of the revenues from new development (as was also the case with MIES2).

In terms of operating margins, the measures for improving efficiency of production costs and the saving plan on fixed costs, consolidated by the companies of the Group, allow for substantial unchanged profit margins also with reference to the end of the year.

In financial terms, non-recurring costs related to the transaction just ended - which replaced the 2013 bond issue with a new debt instrument issued by the sole shareholder CMF S.p.A., expiring in 2022 - will weigh on consolidated results. These costs will have a significant impact on 2017, albeit enabling the planning in future years of a new deleverage and growth process. In fact, cash generation related to operating flows remained significant and in line with company objectives.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of €)	NOTES	30 September 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	62,624	64,483
Property, plant and equipment under lease	3	5,842	1,627
Goodwill	4-5	370,363	370,456
Other intangible assets	4	25,702	26,114
Investments accounted for under the equity method	6	29,534	30,534
Other investments	7	4,257	3,850
Non-current financial receivables and other securities	7	11,693	11,769
Other non-current assets	7	2,835	2,323
Prepaid tax assets		20,926	20,971
TOTAL NON-CURRENT ASSETS		**533,776**	**532,127**
CURRENT ASSETS			
Inventories		5,278	4,382
Trade receivables and advances to suppliers	8	422,947	456,095
Current tax receivables		1,606	3,500
Other current assets	8	26,078	25,932
Current financial assets	11	3,042	2,387
Cash and cash equivalents	11	164,316	174,992
TOTAL CURRENT ASSETS		**623,267**	**667,288**
Non current assets classified as held for sale		0	0
TOTAL NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,157,043**	**1,199,415**

(In thousands of €)	NOTES	30 September 2017	31 December 2016
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		145,040	187,856
Retained earnings (losses)		43,755	(7,518)
Profit attributable to equity holders of the Parent		17,864	33,649
EQUITY ATTRIBUTABLE TO THE GROUP		**315,809**	**323,137**
Capital and reserves attributable to non-controlling interests		215	351
Profit for the period attributable to non-controlling interests		49	(116)
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**264**	**235**
TOTAL SHAREHOLDERS' EQUITY	10	**316,073**	**323,372**
NON-CURRENT LIABILITIES			
Employee termination benefits	12	15,015	17,043
Provisions for risks and charges, non-current	13	27,402	44,522
Long-term financial debts	11	298,846	305,482
Deferred tax liabilities		11,822	11,812
Other non-current liabilities		87	50
TOTAL NON-CURRENT LIABILITIES		**353,172**	**378,909**
CURRENT LIABILITIES			
Provisions for risks and charges, current	13	9,214	10,715
Trade payables and advances from customers	14	365,208	346,308
Current tax payables		12,418	1,363
Other current operating liabilities	14	91,247	85,909
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	9,711	52,839
TOTAL CURRENT LIABILITIES		**487,798**	**497,134**
Liabilities directly associated with non-current assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,157,043**	**1,199,415**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(In thousands of €)	NOTES	For the 9 months ended	
		30 September 2017	30 September 2016
REVENUES			
Revenues from sales and services		663,312	678,620
Other revenues		1,147	1,164
TOTAL REVENUES		**664,459**	**679,784**
OPERATING COSTS			
Costs of raw materials and consumables		(84,850)	(84,370)
Change in inventories of finished and semi-finished products		0	5
Costs for services and use of third-party assets		(232,950)	(238,000)
Personnel costs		(276,189)	(280,209)
Other operating costs		2,557	(7,567)
Lower costs for internal work capitalised		933	0
Amortisation, depreciation, write-downs and write-backs of assets	4-5-8	(21,328)	(24,607)
Accrual of provisions for risks and charges	13	(764)	(2,219)
TOTAL OPERATING COSTS		**(612,591)**	**(636,967)**
OPERATING INCOME		**51,868**	**42,817**
FINANCIAL INCOME AND EXPENSES			
Income (loss) from equity investments	6	1,029	1,837
Dividends and income (loss) from sale of investments		175	238
Financial income		1,133	1,286
Financial charges		(22,671)	(22,776)
Profit (loss) on exchange rate		(3)	(26)
PROFIT (LOSS) BEFORE TAXES		**31,531**	**23,376**
Current, prepaid, and deferred taxes		(13,618)	(10,813)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**17,913**	**12,563**
Profit (loss) from discontinued operations		0	1,052
PROFIT (LOSS) FOR THE PERIOD		**17,913**	**13,615**
Profit (loss) for the period attributable to non-controlling interests		(49)	130
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**17,864**	**13,745**

	For the 9 months ended	
	30 September 2017	30 September 2016
Basic earnings per share	0.164	0.126
Diluted earnings per share	0.164	0.126
Basic earnings per share from continuing operations	0.164	0.116
Diluted earnings per share from continuing operations	0.164	0.116

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(In thousands of €)	NOTES	For the 9 months ended	
		30 September 2017	30 September 2016
PROFIT FOR THE PERIOD		**17,913**	**13,615**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Share of other comprehensive income of equity-accounted entities, which will be subsequently reclassified under profit/loss for the year	6	(451)	(303)
Other comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(451)**	**(303)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gains/(losses) on defined benefit plans		353	(1,136)
Income taxes		(23)	273
Net effect on actuarial gains/(losses)	**12**	**330**	**(863)**
Share of other comprehensive income of equity-accounted entities, which will not be subsequently reclassified under profit/loss for the year	**6**	20	(58)
Other comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**350**	**(920)**
TOTAL PROFITS (LOSSES) IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME, NET OF TAXES		**(101)**	**(1,223)**
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**17,812**	**12,392**
Equity holders of the Parent		17,763	12,522
Non-controlling interests		49	(130)

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of €)	NOTES	For the 9 months ended	
		30 September 2017	30 September 2016
Net profit (loss) from continuing operations		**17,913**	**12,563**
Income taxes for the period		13,618	10,813
Profit before taxes		**31,531**	**23,376**
Profit /(loss) for the period from discontinued operations		*0*	*1,052*
(Capital gains) losses from discontinued operations		*0*	*(1,409)*
Amortisation, depreciation, write-downs (write-backs) of assets		21,328	24,607
Accrual (reversal) of provisions for risks and charges		764	2,219
Employee termination indemnity provision		429	574
Payments of employee termination indemnity		(2,104)	(1,811)
Use of provisions for risks and charges		(4,685)	(6,228)
Income (loss) from equity investments, net of dividends collected		573	(1,837)
Financial charges (income) for the period		21,541	21,516
Operating cash flows before changes in working capital		**69,377**	**62,059**
Of which related to discontinued operations		*0*	*185*
Of which related to continuing operations		*69,377*	*61,874*
Decrease (increase) in inventories		(896)	(156)
Decrease (increase) in trade receivables and advances to suppliers		32,240	38,501
Decrease (increase) in other current assets		(975)	(6,591)
Change in trade payables and advances from customers		18,900	(56,894)
Increase (decrease) of other current liabilities		(9,325)	(1,453)
Changes in Working Capital		**39,944**	**(26,593)**
Net interests received (paid) in the period		(26,836)	(26,447)
Taxes paid in the period		(637)	9,056
Net cash flow from operating activities		**81,848**	**18,075**
(Purchase of intangible assets, net)	4	(5,148)	(3,931)
(Purchase of property, plant and equipment)	3	(17,260)	(10,642)
Proceeds from sales of property, plant and equipment	3	361	736
Disposal (acquisition) of investments		(411)	(351)
(Decrease) increase of financial assets		(29)	(754)
Net cash from assets held for sale	9	110	4,204
Net cash flow from (used) in investing activities		**(22,377)**	**(10,738)**
Change in finance lease debt	11	2,871	(435)
Proceeds (Repayment) of non current borrowings	11	(10,000)	0
Proceeds from/(repayment of) short term bank debt	11	(11,857)	(14,598)
Other changes in financial debt	11	(26,050)	15,943
Dividends paid		(25,111)	(25)
Changes in the scope of consolidation		0	(4)
Net cash flow from / (used in) financing activities		**(70,148)**	**881**
Change in cash and cash equivalents		**(10,676)**	**8,218**

(In thousands of €)	NOTES	For the 9 months ended	
		30 September 2017	30 September 2016
Cash and cash equivalents at the beginning of the period		174,992	114,391
Change in cash and cash equivalents		(10,676)	8,218
Cash and cash equivalents at the end of the period		**164,316**	**122,609**
Details of cash and cash equivalents:			
Cash and bank current accounts		164,316	122,609
TOTAL CASH AND CASH EQUIVALENTS		**164,316**	**122,609**

SUPPLEMENTARY INFORMATION

(In thousands of €)	For the 9 months ended	
	30 September 2017	30 September 2016
Interest paid	(27,968)	(28,011)
Interest received	1,132	1,564
Dividends paid	(25,111)	(25)
Dividends received	1,777	238

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserves	Retained earnings (losses)	Net profit (loss) of the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2017	**109,150**	**187,856**	**(7,518)**	**33,649**	**323,137**	**235**	**323,372**
Allocation of profits (losses) of previous years		(42,715)	51,273	(8,558)	**0**	0	**0**
Dividends paid				(25,091)	**(25,091)**	(20)	**(25,111)**
Total comprehensive income (loss) for the period		(101)		17,864	**17,763**	49	**17,812**
30 September 2017	**109,150**	**145,040**	**43,755**	**17,864**	**315,809**	**264**	**316,073**

	Share capital	Reserves	Retained earnings (losses)	Net profit (loss) of the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2016	**109,150**	**188,349**	**37,498**	**(45,412)**	**289,585**	**380**	**289,965**
Allocation of profits (losses) of previous years		(395)	(45,017)	45,412	**0**		
Dividends paid					**0**	(25)	**(25)**
Change in the scope of consolidation					**0**	(8)	**(8)**
Total comprehensive income (loss) for the period		(1,224)		13,745	**12,521**	(130)	**12,391**
30 September 2016	**109,150**	**186,730**	**(7,519)**	**13,745**	**302,106**	**217**	**302,323**

1. GENERAL INFORMATION

At 30 September 2017, the Group was 59.765% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (Bologna), which in turn exercises management and coordination activities over the Group. Furthermore, on 1 July 2013, the company acquired an additional stake of 7.028% with retention of title, whereby it is vested with related financial and administrative rights, pursuant to and for the purposes of Article 1523 of the Italian Civil Code. As already described in the Interim Report of Operations (paragraph "Shareholding structure"), on 13 October 2017, CMF S.p.A., a 100% subsidiary of Manutencoop Società Cooperativa, acquired all the shares of MFM S.p.A. allowing the exit of the Investment Funds holding its non-controlling interests.
The Interim Report on Operations of the Manutencoop Facility Management Group ("the MFM Group" or "the Group") for the nine months ended 30 September 2017 consists of the Interim Report on Operations and of the condensed consolidated interim Financial Statements at 30 September 2017, which were prepared in application of IAS 34 – Interim Financial Reporting. The publication of the Interim Report on Operations of the MFM Group for the nine months ended 30 September 2017 was authorised by resolution of the Board of Directors of 14 November 2017.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 September 2017 comprise the consolidated statement of financial position, the consolidated Statement of Profit or Loss, the consolidated Statement of other Comprehensive Income, the consolidated Statement of cash flows, the consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The amounts presented in the Statements and in the explanatory Notes are compared with those at 31 December 2016, while the economic values included in the Statement of other Comprehensive Income and in the statement of cash flows are compared with those in the first nine months of 2016. The condensed consolidated interim Financial Statements at 30 September 2017 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The Statement of Financial position sets forth assets and liabilities distinguishing between current and non-current ones. The consolidated Statement of Profit or Loss is classified by nature and the Consolidated Statement of other Comprehensive Income sets forth the result for the period including income and expenses that, in accordance with the IFRSs, are directly recognised in the Shareholders' Equity. The Statement of cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The condensed consolidated interim Financial Statements at 30 September 2017 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the condensed explanatory Notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international financial reporting standards (IFRS)

The condensed consolidated interim Financial Statements at 30 September 2017 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*. The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the consolidated Financial Statements at 31 December 2016.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 September 2017 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2016, to which reference is made for their detailed presentation, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2017, in addition to the amendments to the existing standards.

In particular, some amendments to existing principles have come into force:

- *Amendments to IAS7 – Cash flow statement.* The improvement provides guidance on the disclosures to be included on the liabilities arising from financing activities, including monetary and non-monetary changes (such as foreign exchange gains or losses).
- *Amendments to IAS12* – Recognition of prepaid tax assets for unrealised losses related to debt instruments measured at fair value. It clarifies that an entity must assess whether the tax regulations exclude tax deductions that give rise to a temporary difference. Moreover, the amendment provides guidance on how an entity should determine the future taxable profits and explain the circumstances under which the taxable income can ensure the recoverability of such assets.

The adoption of the above standards and interpretations has had no impact at all on the Group's condensed consolidated interim Financial Statements. The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the recognition of contingent liabilities at the reporting date. However, the uncertainty of these

assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The main decisions taken by the directors on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognised in the accounts relate to the adoption, starting from 2007, of the principle of continuity of value for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquired entity and the acquiring entity are therefore recorded on the basis of the carrying amounts they had in their respective accounts before the transaction.

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates at the reporting date of the condensed consolidated interim Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 September 2017, the carrying amount of goodwill stood at € 370,363 thousand (€ 370,456 thousand at 31 December 2016). More details are given in note 5.

Income taxes for the period

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES tax and IRAP tax, as provided by IAS 34 B.14. The amounts allocated for taxes in the interim period are adjusted in subsequent interim periods of the same year pursuant to any changes in the estimated annual tax rate.

Other financial statement items

Management also needed to use estimates in determining:

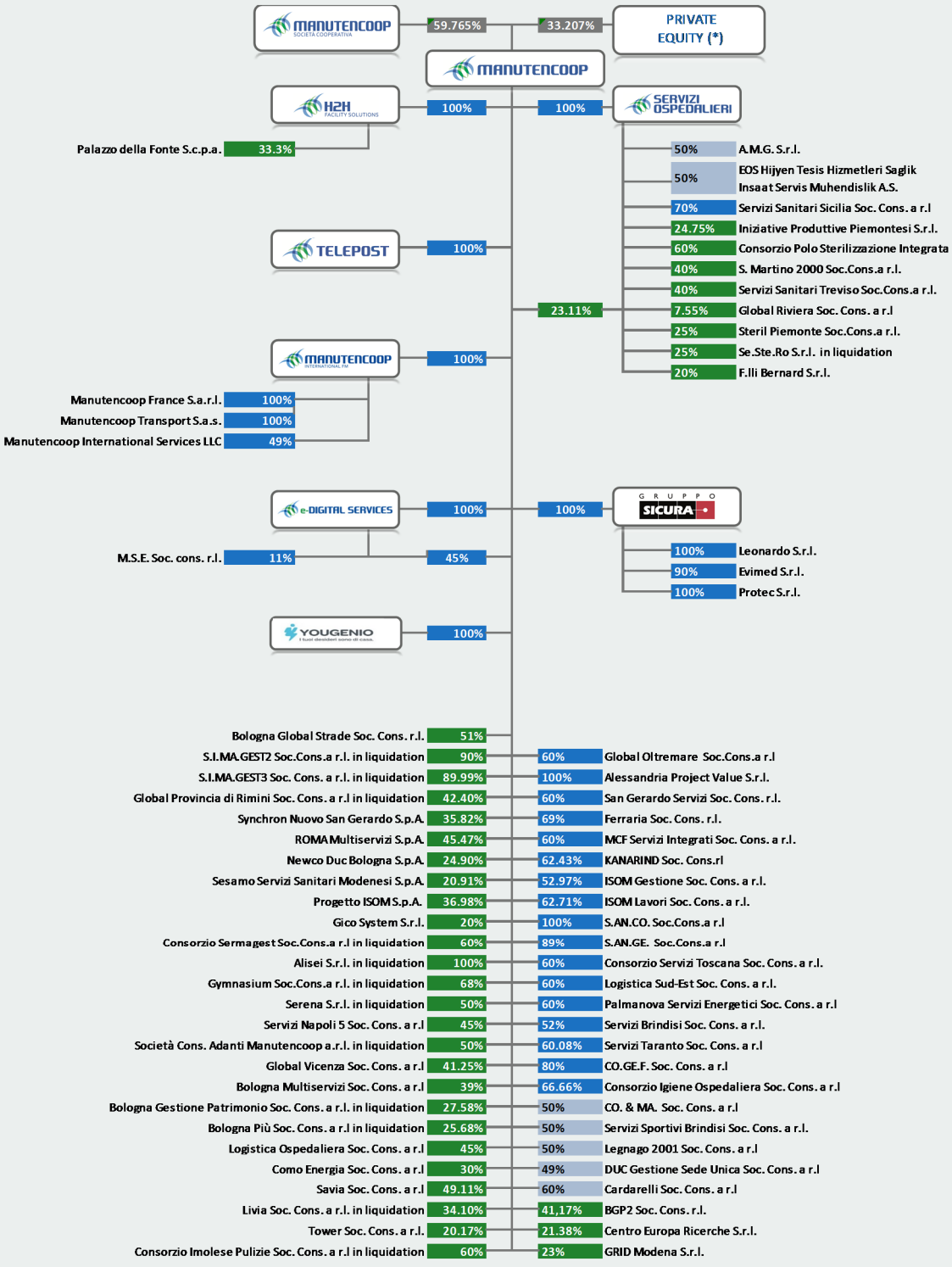
- accruals to bad debt provision and provisions for risks and charges;
- main assumptions applied to the actuarial valuation of employee termination benefits, such as the future turnover rate and discount financial rates;

› inventories of contract work in progress, particularly in relation to the total amount of costs to complete, used to determine the percentage of completion.

Consolidation principles

The condensed Consolidated Interim Financial Statements include the financial statements of Manutencoop Facility Management S.p.A. (the ‘‘Parent Company, “MFM S.p.A.” or simply “MFM”) and its subsidiaries, prepared at 30 September 2017. The financial statements of the subsidiaries have been prepared by adopting for each reporting date the same accounting standards as those applied for the parent company. All intra-group balances and transactions, including unrealised profits and losses - if any - arising from intra-group transactions, which are recognised under assets, are derecognised in full. Subsidiaries are fully consolidated starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, except those deriving from combinations of entities subject to common control, are recognised using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the profit (loss) of the company acquired starting from the date of acquisition until the end of the period. Joint-ventures with other shareholders and associates are accounted for under the equity method. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests represent the portion of profits or losses and net assets not held by the Group and are recognised in a separate item of the consolidated Statement of Profit or Loss and in the consolidated Statement of Financial Position under Equity items, separately from Equity attributable to the Group.

The scope of consolidation at 30 September 2017 is shown below.



* On May 26, 2017, Manutencoop Società Cooperativa incorporated as a sole shareholder a company named CMF S.p.A .. On October 13, 2017 CMF S.p.A. has acquired the shares of the Private Equity partners, representing 33.2% of the share capital of MFM S.p.A, through the call option option transferred by Manutencoop Società Cooperativa and recognized by the shareholders' agreement signed in July 2016. On the same date , Manutencoop Società Cooperativa transferred its shareholding in MFM S.p.A. at CMF S.p.A., which became therefore the sole Shareholder.

In the first nine months of 2017:

- on 20 March 2017, Manutencoop Transport S.a.S. was established, which is wholly owned by Manutencoop France S.a.r.l.;
- on 29 May 2017, ownership of all shares of Yougenio S.r.l. was transferred from e-Digital Services S.r.l. to the Parent Company MFM S.p.A.
- on 30 June 2017, the call option acknowledged to MFM S.p.A. on the entire stake held by non-controlling interests in the share capital of the subsidiary Sicura S.p.A. (equal to 15%) was exercised. Following the transfer of shares on 10 August 2017, the company is wholly owned by the subsidiary MFM S.p.A.

3. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a finance lease) in the period ended 30 September 2017.

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 1 January 2017, net of accumulated depreciation and impairment losses	**13,705**	**50,779**	**26**	**1,601**	**66,110**
Additions from acquisitions	31	12,745	4,484	0	**17,260**
Disposals	0	(361)	0	0	**(361)**
Depreciation for the period	(259)	(14,048)	(57)	(179)	**(14,543)**
Others	0	33	(26)	(7)	**0**
At 30 September 2017	**13,477**	**49,148**	**4,427**	**1,415**	**68,466**
At 1 January 2017					
Historical cost	16,005	334,864	236	4,950	**356,055**
Accumulated depreciation and impairment losses	(2,301)	(284,086)	(210)	(3,349)	**(289,945)**
NET BOOK VALUE	**13,705**	**50,779**	**26**	**1,601**	**66,110**
At 30 September 2017					
Historical cost	16,036	347,281	4,694	4,943	**372,954**
Accumulated depreciation and impairment losses	(2,560)	(298,134)	(267)	(3,528)	**(304,488)**
NET BOOK VALUE	**13,477**	**49,148**	**4,427**	**1,415**	**68,466**

Additions from acquisitions in the first nine months of the year relate to linen in the Laundering&Sterilisation segment for € 8,725 thousand and to the purchases of other machinery and specific equipment for € 4,020 thousand. Moreover, on 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a finance lease agreement with Unicredit Leasing S.p.A. for the purchase of the factory in Lucca, already used through a rental contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa

Group that owned it previously). The financed amount was equal to € 4,467 thousand plus additional charges of € 17 thousand. The finance lease has a duration of 12 years with an initial down payment of € 1,117 thousand and regular monthly instalments.
Furthermore, some plant and equipment were disposed of for a total additional amount of € 361 thousand.

4. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 September 2017.

	Other intangible assets	Goodwill	Total
At 1 January 2017, net of accumulated amortisation and impairment losses	**26,114**	**370,456**	**396,570**
Additions from acquisitions	5,148	0	**5,148**
Depreciation for the period	(5,560)	0	**(5,560)**
Other	0	(93)	**(93)**
At 30 September 2017	**25,702**	**370,363**	**396,066**
At 1 January 2017			
Cost	102,934	372,849	**475,783**
Accumulated depreciation and impairment losses	(76,820)	(2,393)	**(79,213)**
NET BOOK VALUE	**26,114**	**370,456**	**396,570**
At 30 September 2017			
Cost	108,082	372,756	**480,839**
Accumulated depreciation and impairment losses	(82,380)	(2,393)	**(84,773)**
NET BOOK VALUE	**25,702**	**370,363**	**396,066**

Goodwill is tested annually for impairment; for more details please refer to note 5. Other changes include other adjustments related to the settlement of disputes arising in connection with acquisitions of business units carried out in previous years.

Other intangible assets, amounting to € 25,702 thousand at 30 September 2017, mainly consist of investments in software carried out as part of the projects for upgrading and enhancing the corporate information systems. The additions from acquisitions made in the period (€ 5,148 thousand) were mainly attributable to the Facility Management SBU (€ 5,089 thousand) and in particular to the investments related to the subsidiary Yougenio S.r.l. of € 1,747 thousand for the implementation and updating of the e-commerce portal intended for the B2C market.

5. IMPAIRMENT TEST OF GOODWILL

The corporate restructuring process that involved the Group in the course of the previous financial years led to a redefinition of the CGUs, coinciding with the SBUs, regardless of legal entities. The Group's Management believes that the SBU structure should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

SBU – Facility Management

The SBU is identified with:

- Manutencoop Facility Management S.p.A.
- H2H Facility Solutions S.p.A.
- the Group controlled by Sicura S.p.A., operating in the facility management segment as a supplier of specialist services
- Telepost S.p.A., specialist in internal mailing services
- e-Digital Services S.r.l., active in providing services to high-tech companies
- Yougenio S.r.l., dedicated to the facility management for the B2C market
- Manutencoop International F.M. S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering&Sterilisation

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and in the sterilisation of linen and surgical instruments
- other minor investee companies operating in the same segment.

The table below sets forth the carrying amounts of the goodwill recognised in the condensed consolidated interim Financial Statements at 30 September 2017, relating to the different CGUs.

	30 September 2017	31 December 2016
Goodwill allocated to Facility Management CGU	358,600	358,693
Goodwill allocated to Laundering & Sterilisation CGU	11,763	11,763
GOODWILL	**370,363**	**370,456**

Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

At 30 September 2017, the Management did not identify any indication of impairment on the cash generating units and, therefore, it did not update the impairment test carried out at the time of preparation of the consolidated Financial Statements at 31 December 2016.

6. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group holds some investments that are accounted for under the equity method in the consolidated Financial Statements. These companies include associates, joint ventures, and subsidiaries in liquidation, as listed in Annex I.

At 30 September 2017, equity-accounted investments stood at a net amount of € 29,462 thousand, against a net amount of € 30,462 thousand at the end of the previous year.

	Net assets 30 September 2017	Net assets 31 December 2016
Equity-accounted investments	29,534	30,534
Provision for risks on investments	(72)	(72)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**29,462**	**30,462**

Details of changes during the period are shown in Annex II attached to the Interim Report on Operations, to which reference should be made.

In the first nine months of 2017, investments accounted for under the equity method recorded a positive result equal to € 1,029 thousand for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,303 thousand and write-downs of € 274 thousand. Furthermore, negative effects were recognised directly under consolidated Equity for a total of € 431 thousand.

7. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 30 September 2017 and at 31 December 2016:

	30 September 2017	31 December 2016
Other investments	4,257	3,850
Non-current financial assets	11,693	11,769
Other non-current assets	2,835	2,323

	30 September 2017	31 December 2016
OTHER NON-CURRENT ASSETS	18,785	17,942

The financial assets recognised as *Other investments* relate to investments in companies in which there are no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundry services performed by minor companies that may also act as sub-contractors.
The other investments are measured at purchase or establishment cost, since there is no active market for the securities concerned, which for the most part cannot be freely transferred to third parties due to contractual limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 11,693 thousand at 30 September 2017 (€ 11,769 thousand at 31 December 2016), are composed of:

- € 7,616 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (unchanged compared to 31 December 2016). The face value of these receivables is € 7,720 thousand, while the provision for discount amounts to € 104 thousand. Some of these are non-interest bearing since they are issued on a pro-quota basis by each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- € 3,976 thousand of non-current financial receivables from third parties, in line with the balance at 31 December 2016 (€ 4,053 thousand);
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2016).

Other non-current assets, amounting to € 2,835 thousand at 30 September 2017 (€ 2,323 thousand at 31 December 2016), mainly consist of security deposits related to long-term manufacturing contracts (€ 1,609 thousand) and long-term deferrals relating to some contracts (€ 928 thousand).

8. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND OTHER CURRENT RECEIVABLES

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 September 2017 and 31 December 2016:

	30 September 2017	of which from related parties	31 December 2016	of which from related parties
Inventories on contract work in progress	19,218		18,178	
Trade receivables, gross	389,726		428,037	
Allowance for doubtful accounts	(30,993)		(33,410)	
Trade receivables from third parties	**377,951**	**0**	**412,805**	**0**
Trade receivables from Parent Companies	113	113	60	60
Trade receivables from Group Companies	37,788	37,788	36,261	36,261
Trade receivables from Affiliates and Joint Ventures	3,936	3,936	4,090	4,090
Trade receivables from the Manutencoop Group	**41,837**	**41,837**	**40,411**	**40,411**
Advances to suppliers	3,159	32	2,879	21
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**422,947**	**41,869**	**456,095**	**40,432**
Other tax assets within 12 months	12,893		13,629	
Other current assets due from third parties	9,341		6,987	
Due from social security institutions, short term	1,161		2,700	
Due from employees, short term	222		480	
Other current operating receivables from third parties	**23,617**	**0**	**23,796**	**0**
Other current assets from Manutencoop Società Cooperativa	11	11	7	7
Other current assets from associates	695	695	826	826
Other current assets from the Manutencoop Group	**706**	**706**	**833**	**833**
Accrued income	0		0	
Prepaid expenses	1,755		1,303	
Accrued income and prepaid expenses	**1,755**	**0**	**1,303**	**0**
OTHER CURRENT OPERATING RECEIVABLES	**26,078**	**706**	**25,932**	**833**

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 422,947 thousand at 30 September 2017, down by € 33,148 thousand compared to 31 December 2016 (€ 456,095 thousand). The main impact on the change under examination was from trade receivables from third parties, amounting to € 377,951 thousand at 30 September 2017 (31 December 2016: € 412,805 thousand).

In 2017, assignments of trade receivables without recourse claimed from the National Health System continued under the agreement entered into during 2016 by the Parent Company MFM S.p.A. and by Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. for an annual transferable amount for receivables of the same type up to a maximum of € 100 million. The committed credit line is due 2019. During the first nine months of the year, assignments were made for an overall nominal amount of € 59,803 thousand. Moreover, the Parent Company MFM S.p.A. carried out assignments of trade receivables without recourse claimed from subjects belonging to the Public Administration of € 8,671 thousand, with Banca Farmafactoring S.p.A. as a counterpart. These transfers are not related to the contract described above. In all assignments made, the assigned trade receivables were derecognised pursuant to IAS 39 in consideration of the features of the transactions and involved total interest discount costs of € 1,171 thousand. At 30 September 2017, the balance of receivables assigned without recourse but not yet collected by Banca Farmafactoring amounted

to € 33,365 thousand (of which € 30,353 thousand relating to assignments of receivables from the National Health Service and € 3,012 thousand relating to assignments of receivables from the Public Administration). Finally, trade receivables from the Group amounted to € 41,837 thousand (€ 40,411 thousand at 31 December 2016), plus advances of € 32 thousand (€ 21 thousand at 31 December 2016).

A specific allowance for doubtful accounts was recognised in connection with non-performing loans, which are difficult to fully recover, amounting to € 30,993 thousand at 30 September 2017 (at 31 December 2016: € 33,410 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2016	Increases	Uses	Reversals	Other changes	30 September 2017
Allowance for doubtful accounts	**33,410**	1,036	(3,344)	(127)	19	**30,993**

Other current operating receivables of € 26,078 thousand (€ 25,932 thousand at 31 December 2016), included the receivables arising from the VAT settlements of Group companies (€ 11,513 thousand, compared to € 12,197 thousand at 31 December 2016). The value of the receivable for VAT claimed by the Companies of the Group decreased during the second and the third quarter of the year as a result of the settlement by the Tax Authorities of the VAT requested to be refunded and of the assignment of tax receivables for VAT without recourse of € 13,412 thousand, against interest discount costs of € 243 thousand, partially offset by new VAT receivables recognised in the last quarter.
Finally, the item also recognises € 2,174 thousand of credit balances of current accounts held at Unicredit, managed in its own name and on behalf of INPDAP (Social Security Institute for employees in the public sector), as envisaged in a property management contract signed with the aforementioned authority. Some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables* instead of cash and cash equivalents.

9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

In the first nine months of 2017, "Non-current assets classified as held for sale" and related "Liabilities associated with non-current assets classified as held for sale" pursuant to IFRS 5 were not recognised.
Moreover, no profits or losses related to Discontinued operations were recorded.

Profit (loss) from discontinued operations

Below is the breakdown of profit (loss) from discontinued operations:

	30 September 2017	30 September 2016
Capital gain from the sale of MIA S.p.A.	0	185
Earn-out on the sale of the SMAIL business	0	1,200
PROFIT (LOSS) BEFORE TAXES FROM DISCONTINUED OPERATIONS	**0**	**1,385**
Income taxes from discontinued operations	0	(333)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**1,052**
Basic earnings per share from discontinued operations	0	0.0096
Diluted earnings per share from discontinued operations	0	0.0096

At 30 September 2016, discontinued operations generated an overall profit, net of taxes, equal to € 1,052 thousand, broken down as follows:

- € 970 thousand (€ 1,200 thousand, net of tax effect of € 330 thousand) relating to the payment of the earn-out on the sale of SMAIL S.p.A. that took place in 2014 as a result of the fulfilment of some contract conditions;
- € 182 thousand (€ 185 thousand, net of tax effect of € 3 thousand) relating to the positive adjustment applied following the partial collection of the receivable for escrowed sums relating to the sale of MIA S.p.A. that took place in December 2014.

Net cash flows from/(used in) discontinued operations

	30 September 2017	30 September 2016
Deferred price of MIA S.p.A. (2014)	0	3,948
Deferred price of Energyproject S.r.l. (2013)	110	56
Collection of portions of the earn-out related to the disposal of SMAIL S.p.A. (2015)		200
CASH FLOWS FROM DISCONTINUED OPERATIONS	**110**	**4,204**

During the first nine months of 2017, the partial collection totalling € 110 thousand of the residual receivable that MFM S.p.A. claimed from the purchaser of Energyproject S.r.l., sold in 2014, continued.
The cash flows reported at 30 September 2016 mainly related to the collection of € 3,948 thousand on 9 May 2016, relating to the receivable for escrowed sums on the transfer of the 100% share held in MIA S.p.A. (the sub-holding company of the related group of companies operating in the market of lifting equipment installation and maintenance), which took place on 30 December 2014.

10. SHARE CAPITAL AND RESERVES

	30 September 2017	31 December 2016
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 September 2017 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings (losses)

The table below shows changes in Shareholders' equity reserves in the period:

	Share premium reserve	Legal reserve	Reserves for effects on SE of equity-accounted companies	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
1 January 2016	**145,018**	**18,383**	**3,079**	**0**	**(4,465)**	**26,334**	**188,349**
Allocation of profits (losses) of previous years					(396)		**(396)**
Economic effects on shareholders' equity			285		(370)	(11)	**(96)**
31 December 2016	**145,018**	**18,383**	**3,364**	**0**	**(5,233)**	**26,323**	**187,856**
Allocation of profits (losses) of previous years		1,321			(221)	(43,815)	**(42,715)**
Economic effects on shareholders' equity			(431)		330		**(101)**
30 September 2017	**145,018**	**19,704**	**2,933**	**0**	**(5,124)**	**17,492**	**145,040**

The item *Other reserves* includes the following items, among the others:

- The reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired in business combinations of entities under common control, for a negative amount of € 45,400 thousand at 30 September 2017;
- The Parent Company's extraordinary reserve equal to € 28,973 thousand.

The Shareholders' Meeting of the Parent Company MFM S.p.A., convened on 27 April 2017 for the approval of the 2016 Financial Statements, resolved to distribute to the shareholders a dividend of € 25,091 thousand, after fully covering losses from previous years amounting to € 44,256 thousand by partially using the Extraordinary Reserve. The dividend was paid on 25 May and on 26 May.

Changes in *Retained earnings (losses)* are shown below:

	Retained earnings (losses) of the Parent Company	Consolidation reserve	Total retained earnings (losses)
1 January 2016	**3,809**	**33,689**	**37,498**
Allocation of profits (losses) of previous years	(44,256)	(760)	(45,016)
31 December 2016	**(40,447)**	**32,929**	**(7,518)**
Allocation of profits (losses) of previous years	44,256	7,017	51,273
30 September 2017	**3,809**	**39,946**	**43,755**

Below is the breakdown of Shareholders' Equity attributable to non-controlling shareholders. For a detailed list of the companies in which non-controlling interests are held, reference should be made to the paragraph on the Basis of Consolidation.

	30 September 2017	31 December 2016
Equity attributable to non-controlling interests	**264**	**235**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	193	164
Other minor consortia	71	71

The equity and the profit (loss) of the period attributable to non-controlling interests relates to the minorities present in some subsidiaries.

Until 30 June 2017, MFM S.p.A. held a Call option on the non-controlling interest in the share capital of the subsidiary Sicura S.p.A. (equal to 15%), linked to a Put option in favour of the non-controlling shareholders and recognised as a financial liability in the Consolidated Financial Statements. It did not give rise to the recognition of any equity attributable to non-controlling interests. The Call option was exercised on 30 June 2017 and the subsequent transfer of shares held by the minorities took place on 10 August 2017.

11. NET FINANCIAL INDEBTDENESS

Net financial indebtedness at 30 September 2017 amounted to € 174,564 thousand, compared to € 180,942 thousand at 31 December 2016. Below is the related breakdown by items:

	30 September 2017	31 December 2016	Change
Long term financial debt	298,846	305,482	(6,636)
Bank borrowings, including current portion of long-term debt, and other financial liabilities	9,711	52,839	(43,128)
FINANCIAL LIABILITIES	**308,557**	**358,321**	**(49,764)**
Derivatives	0	0	0
GROSS FINANCIAL DEBT	**308,557**	**358,321**	**(49,764)**
Cash and cash equivalents	(164,316)	(174,992)	10,676
Current financial assets	(3,042)	(2,387)	(655)
NET FINANCIAL INDEBTEDNESS	**174,564**	**180,942**	**(39,743)**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 September 2017 and 31 December 2016.

	30 September 2017	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	295,632		295,632	
Prepaid expenses	(65)	(65)		
Accrued interest expenses	4,250	4,250		
Long-term bank borrowings and current portion of non-current bank borrowings	**299,817**	**4,185**	**295,632**	**0**
Finance lease obligations	3,785	571	1,382	1,832
Loans from syndicated shareholders	366	366		
Other financial liabilities	10	10		
Collections on behalf of assignees of trade receivables without recourse	4,030	4,030		
Debt for the acquisition of investments	66	66		
Share capital to be paid in investee companies	482	482		
TOTAL FINANCIAL LIABILITIES	**308,557**	**9,711**	**297,014**	**1,832**

	31 December 2016	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	294,648		294,648	
C.C.F.S. loan	10,000		10,000	
Prepaid expenses	(47)	(47)		
Accrued interest expenses	10,681	10,681		
Long-term bank borrowings and current portion of non-current bank borrowings	**315,282**	**10,634**	**304,648**	**0**
Current bank overdraft, advance payments and hot money	11,857	11,857		
Finance leases obligations	914	495	419	
Loans from syndicated shareholders	357	357		
Other financial liabilities	7	7		
Collections on behalf of assignees of trade receivables without recourse	2,744	2,744		
Obligations from assignments of receivables with recourse	20,805	20,805		
Debt for the acquisition of investments	226	226		
Options on subsidiaries' non-controlling interests	5,438	5,438		
Share capital to be paid in investee companies	692	277	415	
TOTAL FINANCIAL LIABILITIES	**358,321**	**52,839**	**305,482**	**0**

Senior Secured Notes (MFM S.p.A.)

On 2 August 2013, the Parent Company MFM S.p.A. issued secured High Yield bonds (Senior Secured Notes) due 1 August 2020, restricted to institutional investors. The proceeds of the transaction were used to repay most of the existing bank loans and replace the revolving programmes for the assignment of trade receivables without recourse. The bonds, which are listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange, were issued for a nominal value of € 425 million, with an issue price below par by 98.713%, with a fixed annual 8.5% coupon on a six-monthly settlement basis.

At 30 September 2017, the debt's nominal value amounted to € 300 million, given the buy-back transactions carried out during 2014 and 2015, for nominal portions of € 45 million and € 80 million, respectively. The Notes in the portfolio were held on securities accounts and a portion of the securities (in a nominal amount of € 14 million) was pledged against a committed credit line of € 10 million, due 2018, obtained from CCFS. This credit line was cancelled on 3 July 2017 resulting in the repayment of the debt for principal and, on 20 July 2017, the Parent Company requested the Trustee and the Paying Agent to formally delete all Notes previously held in the portfolio.

Finally, the period saw the recognition of financial charges of € 984 thousand, against the upfront fees paid upon issue and accounted for at amortised cost, in accordance with IAS 39. At 30 September 2017, the balance of the accounting adjustment recognised at amortised cost was equal to € 4,368 thousand.

To protect the investment of the Bondholders, the rules governing the bond issue provided for a system of guarantees and restrictions (covenants). In fact, some limitations are envisaged on the financial operations

of the Issuer and of its subsidiaries, while leaving the Group the freedom of movement insofar as the operations undertaken contribute, at least potentially, added value and cash flows to the Group. These restrictions consist of limitations on the possibility of incurrence of indebtedness and of distributions of dividends, investments and some types of payments that fall outside the scope of the so-called Restricted Group payments. Furthermore, there are provisions in relation to the allocation of sums obtained from the transfer of fixed assets, extraordinary operations and transactions with related parties and the issue of collaterals to third parties on corporate assets. The restrictions in question lie not so much in the absolute prohibition on carrying out the above-mentioned operations, but rather in checking for compliance with certain financial ratios (incurrence base financial covenants), the presence of certain conditions or a limit on the quantity of the above operations performed. Finally, periodic disclosure obligations are provided for in relation to the Group's financial position, results of operations and cash flows. The limits and provisions envisaged in the rules governing the bond issue are in line with the market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that express a state of insolvency, constitute events of default. For the most of them, there is the possibility of remediation within a certain period of time. The event of default relating to the state of insolvency or the absence of remediation of any other events of default are a reason for acceleration, i.e. the forfeiture of the right to the time limit and the early redemption of the bonds.

At the reporting date, no events of default had occurred and the financial covenants, in relation to which no periodic check is required, had been complied with.

On 13 October 2017, the Parent Company MFM S.p.A., carrying out the corporate refinancing and reorganisation of the Group controlled by Manutencoop Società Cooperativa described in the Interim Report on Operations, carried out the early redemption of the Senior Secured Notes at the redemption price of 102.125% envisaged in case of early repayment by the Indenture subscribed in 2013, in addition to the payment of interests accruing until the redemption date (set on 13 November 2017).

C.C.F.S. loan

At 31 December 2016, non-current financial liabilities included a loan with CCFS of € 10,000 thousand, based on a contract signed on 6 August 2015 by the Parent Company MFM S.p.A., expiring in August 2018. The loan had a fixed interest rate net of a spread with quarterly settlement and was backed by a pledge over the Notes for € 14 million. On 3 July 2017, the Parent Company ordered the full repayment of the credit line, which was followed by the cancellation of the pledge on the Notes.

Accrued interest expenses

At 30 September 2017, the Group recognised accrued interest expenses of € 10,645 thousand, of which € 10,625 thousand relating to the accrued expenses on the coupon of the Senior Secured Notes due 2 February 2018.

Obligations arising from finance leases

The lease agreements entered into are not secured and refer to the companies Servizi Ospedalieri S.p.A. and Sicura S.p.A. They refer to motor vehicles and plant and machinery mainly used by Servizi Ospedalieri S.p.A. in the laundering and sterilisation production processes.
On 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a finance lease agreement with Unicredit Leasing S.p.A. for the purchase of a factory in Lucca, already used in the past through a rental contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned it previously). The financed amount was equal to € 4,467 thousand. The finance lease has a duration of 12 years with an initial down payment of € 1,117 thousand and regular monthly instalments with option to repurchase upon expiry.

Loans from syndicated shareholders

This item refers to financing provided by syndicated shareholders outside consortium companies included within the scope of consolidation as subsidiaries or held under a 50% joint venture. In certain cases, these loans are non-interest bearing and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established.
The balance of this item, equal to € 366 thousand, remained substantially unchanged compared to 31 December 2016.

Collections on behalf of assignees of trade receivables without recourse

The item included collections from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables claimed from the National Health Service signed with Banca Farmafactoring S.p.A. in 2016 as well as on some of the assignments of trade receivables without recourse claimed from the Public Administration, with reference to which the Parent Company MFM carried out the collection service. The collections (€ 4,030 thousand at 30 September 2017) were transferred to the factor in the first days of the following month.

Obligations from assignments of receivables with recourse

At 30 September 2017, the Group does not have bonds deriving from assignments of receivables with recourse (€ 20,805 thousand at 31 December 2016), due to the non-use of the credit line. The Parent Company MFM S.p.A. signed the contract in question during 2015 with Unicredit Factoring S.p.A., against the assignment with recourse of trade receivables from Public Administrations. During 2017, assignments were made in an overall nominal amount of € 17,121 thousand.

Options on subsidiaries' non-controlling interests

At 31 December 2016, the € 5,438 thousand reported as the value of options on subsidiaries' non-controlling interests was, in its entirety, the residual value of the Put option held by the minorities of Gruppo Sicura S.r.l. (acquired in 2008 and now merged into Sicura S.p.A.). The Investment Agreement signed with the non-controlling shareholders envisaged a Call option in favour of MFM S.p.A. to be exercised no later than 30 September 2017. This option was exercised at the maturity date, while the financial outlay (equal to the value previously entered in the financial statements) and the effective acquisition of the shares took place on 10 August 2017.

Receivables and other current financial assets

At 30 September 2017, *Receivables and other current financial assets* amounted to € 5,550 thousand (€ 2,387 thousand at 31 December 2016). This item is composed mainly of:

- the balance of pledged current accounts dedicated to the management of the service within the scope of assignments of trade receivables without recourse with Banca Farmafactoring, equal to € 1,201 thousand;
- the residual balance of € 950 thousand of the receivable for the earn-out paid on the sale of SMAIL S.p.A., unchanged compared to 31 December 2016;
- € 770 thousand of receivables from short-term loans and financial accounts held with non-consolidated companies belonging to the Group.

12. EMPLOYEE TERMINATION BENEFITS

Changes in employee termination benefits occurred during the first nine months of 2017 are shown below, compared with changes in the same period of the previous year.

	For the 9 months ended	
	30 September 2017	30 September 2016
At 1 January	**17,043**	**18,424**
Service cost	246	303
Interest costs on benefit obligations	183	271
Benefits paid	(2,104)	(1,472)
Actuarial (gains)/losses on benefit obligations	(353)	1,136
Other changes	1	(343)
AT 30 SEPTEMBER	**15,015**	**18,321**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the 9 months ended	
	30 September 2017	30 September 2016
Service cost	246	303
Interest costs on benefit obligation	183	271
NET COST OF THE BENEFITS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS	**429**	**574**
Actuarial (gains)/losses recognised in the period (on shareholders' equity)	(353)	1,136
TOTAL NET COST OF THE BENEFITS	**76**	**1,710**

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by Manutencoop Società Cooperativa:

	For the 9 months ended	
	30 September 2017	30 September 2016
Executives	59	57
Office workers	1,239	1,258
Manual workers	15,031	15,133
AVERAGE STAFF	**16,328**	**16,447**

The average number of employees provided to the Group by Manutencoop Società Cooperativa was equal to 439 at 30 September 2017 (477 at 30 September 2016).

13. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2017:

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Employee termination benefits	Other risks and charges	Total
At 1 January 2017	**72**	**8,153**	**43,037**	**478**	**202**	**2,000**	**1,294**	**55,237**
Accruals		1,195	2,040	0	0	0	59	**3,295**
Uses		(1,190)	(1,630)	0	0	(1,815)	(51)	**(4,685)**
Releases		(124)	(2,397)	0	0	0	(10)	**(2,531)**
Other		0	(14,932)	0	0	232	0	**(14,700)**
At 30 September 2017	**72**	**8,035**	**26,119**	**478**	**202**	**417**	**1,293**	**36,616**
At 30 September 2017:								
Short-term	*72*	*7,929*	*296*	*478*	*0*	*417*	*21*	***9,214***
Medium-/Long-term	*0*	*106*	*25,822*	*0*	*202*	*0*	*1,272*	***27,402***
At 31 December 2016:								
Short-term	*72*	*7,779*	*362*	*478*	*0*	*2,000*	*24*	***10,715***
Medium-/Long-term	*0*	*374*	*42,676*	*0*	*202*	*0*	*1,270*	***44,522***

Provision for risks on investments

The item, amounting to € 72 thousand at 30 September 2017, includes the provision for unrecoverable future losses of Group companies and relates to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

- estimated risks relating to potential disputes with customers, on the report of works;
- estimated penalties charged by customers;
- estimated costs to complete job orders, in respect of which no additional revenues will be recognised.

The balance at the end of the period was equal to € 8,035 thousand, against accruals of € 1,195 thousand, in addition to uses, releases and other changes that entailed a decrease of € 1,313 thousand in the provision.

Provision for pending legal disputes

At the end of the reporting period, the Company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 September 2017, the provision, totalling € 26,119 thousand, reported increases for accruals for € 2,040 thousand and decreases for uses, releases and other changes totalling € 18,959 thousand.

Accruals were mainly recognised to cover risks of Servizi Ospedalieri S.p.A. for € 1,836 thousand. Uses and releases in the period (€ 4,027 thousand), refer to the use of provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties. In 2016, in particular,

non-recurring accruals of € 2,323 thousand were recognised, related to future charges linked to disputes to which an associate with regard to which MFM S.p.A. has service contracts envisaging possible contractual liabilities profiles by the supplier was a party. This dispute was settled during the first half of 2017 with a substantial reduction in the fine initially imposed on the associate, resulting in a release of the provision for risks of € 1.901 thousand.

On 20 January 2016, the Competition Authority found a breach of competition rules on the part of some companies which had taken part in the European Union tender for cleaning services in school buildings called by Consip in 2012 and levied a fine of € 48,510 thousand against the Parent Company MFM S.p.A. The Company rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court. On 14 October 2016, the Lazio Regional Administrative Court upheld partially the appeal lodged by MFM S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base, limiting it to the tender amount, and the percentage to be applied to the above-mentioned amount from 15% to 5%. MFM S.p.A. appealed against the judgement on the merits before the Council of State that pronounced in any case its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. MFM S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May 2017. Finally, on 23 December 2016, the Competition Authority followed up the ruling of the Lazio Regional Administrative Court and adopted a new measure, recalculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be scheduled.
At the reporting date of the Financial Statements at 31 December 2016, also in light of the outcome of the appeals made by the parties and on which the competent courts of law had already expressed a judgement, the Directors recalculated the risk of outlay related to the fine in a maximum amount of € 14.7 million. On the other hand, on 24 March 2017, the Lazio Regional Administrative Court decided against the application to suspend the related payment filed by MFM S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other operating liabilities" and included in the table of changes in provisions under "Other changes". Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the division into instalments of the payment requested by MFM S.p.A., by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The Company is regularly paying the monthly instalments.

On 4 February 2016, as a result of the Competition Authority fine ruling described above, Consip S.p.A. started a proceeding to terminate the Agreements entered into as part of the tender under examination, also informing that it would consider the possibility of excluding the Company from future tenders for "work of the same type" also pursuant to Article 38, paragraph 1, letter f) of Italian Legislative Decree 163/06. Moreover, on 23 November 2016, Consip S.p.A. communicated to MFM S.p.A. the final termination of the agreements, expressly subject to the forfeiture of the given final deposit (known as "performance bond")

for the residual part against the partial release due for services duly carried out until the date of termination, also communicating the intention to report the facts to ANAC and to the Public Prosecutor's Office. Moreover, on 24 April 2017, Italian Law Decree no. 50 was published on the Official Gazette: Article 64 (Services in school) of this law decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements were terminated. In the subsequent Italian Law Decree no. 91 of 20 June 2017, converted with amendments by Italian Law of 3 August 2017 and published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017.
Finally, on 2 December 2016, Consip S.p.A. formally reported to ANAC the facts challenged to MFM S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the Company itself. The next hearing for examining the applications for investigation is scheduled for 5 December 2017

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). Following the judgement of the Regional Administrative Court of 14 October 2016, confirmed by the Council of State with judgement of 1 March 2017, which significantly reduced the fine previously imposed without however acknowledging the argument of the Company by which it had nothing to do with the alleged facts, the directors considered to adjust the provisions for future charges in the Financial Statements at 31 December 2016, by taking also account of the risk of enforcement of the above-mentioned performance bond. Despite the significant arguments by which MFM S.p.A. may oppose in court the enforcement of the guarantee in question, the estimated maximum liability of € 17.5 million and equal to the portion of the bond that would remain in the event of a partial release due for services duly carried out until the date of termination, was set aside in the provision for disputes already at 31 December 2016. The mentioned considerations were still valid for the preparation of the condensed consolidated interim Financial Statements.

With reference to the above facts, the directors also showed that: (i) the risk of exclusion from future Consip tenders for "work of the same type" due to the specific clause mentioned above, considered to be likely, should not result in significant consequences, considering that it should be limited to Consip tenders whose main subject matter is the cleaning of schools, which at present are not in the pipeline of the tenders waiting to be awarded; (ii) the risk of exclusion from public tenders (including but not limited to the tenders held by Consip) on the initiative of the contracting entity or on appeal by a competitor appears to be unlikely to date: even within a context significantly affected by new laws and guidelines that are more restrictive than the previous ones, the Company, also on the basis of the opinions provided by its lawyers, believes that the risk could materialise mainly in delays in awarding some tenders due to the worsening of disputes related to participation or awarding; (iii) the risk that the Company may be temporarily excluded from participating

in all public tenders as a result of an ANAC measure was reasonably considered to be unlikely to date, in consideration of the defensive arguments discussed with the Company's lawyers, which may be enforced both when taking part in the ANAC proceedings and, where appropriate, in the event of any recourse to administrative justice. ANAC will have to complete its inquiry within 180 days of its opening, which has not yet taken place.

However, on 16 June 2017, Consip officially informed MFM S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("*Consip Caserme*") and cleaning with health service providers ("*Consip Sanità*"), with the intention also to forfeit, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). The Company authorised its lawyers to appeal against such decisions with the Lazio Regional Administrative Court, considering them legally groundless and, on 13 July 2017 and 14 September 2017, the administrative court ordered the suspension of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for next 25 October 2017, which was rescheduled for 21 February 2018. In relation to the above-mentioned exclusion, ANAC decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above.

These decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new calls for tenders by Consip and, more in general, by the public administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, MFM S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. These contracts have a term of 5 or 7 years, at the discretion of each administration, starting from the activation of each supply, with a total limit for MFM S.p.A. of € 209 million. Both *Consip Sanità* and *Consip Caserme* tenders as well as the Consip Mies 2 agreement have not yet generated consolidated revenues and have not been included in the Group's backlog yet.

On 23 March 2017, the Competition Authority notified MFM S.p.A. the start of an investigation procedure against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., MFM S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender").

To date, the Competition Authority has started only investigations and has allowed the Company to access the records of the proceedings. The Company firmly rejected the assumption of an alleged collusive

agreement with the other companies involved in the proceedings. The directors believe that there were absolutely no probability requirements, in addition to those that could be determined reliably, requested by international accounting standards for the allocation of a provision for risk.

Counting fully on the arguments discussed with its lawyers, considering also the solid financial balance of the Company and of the Group and the significant amount of contracts already acquired at the reporting date of the condensed consolidated interim Financial Statements, the Directors did not find significant uncertainties for the purposes of assessing the going concern basis.

Provision for employee termination benefits

This provision relates to the amounts due for employee termination benefits and redundancy costs, as part of the restructuring plans implemented by some Group companies over the last few years. At 31 December 2016, the Group recognised provisions totalling € 2,000 thousand (of which € 1,014 thousand in MFM S.p.A., € 460 thousand in Telepost S.p.A., and € 92 thousand in Servizi Ospedalieri S.p.A.). During the first nine months of 2017, there were uses of € 1,815 thousand (€ 1,632 thousand of which in MFM S.p.A.).

14. TRADE PAYABLES, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item as at 30 September 2017 and 31 December 2016:

	30 September 2017	of which to related parties	31 December 2016	of which to related parties
Trade payables	321,670		315,137	
Trade payables to third parties	**321,670**	**0**	**315,137**	**0**
Trade payables to Manutencoop Cooperativa	12,812	12,812	4,770	4,770
Trade payables to Group companies within 12 months	16,970	16,970	14,648	14,648
Trade payables to Manutencoop Group	**29,782**	**29,782**	**19,418**	**19,418**
Advances from customers and payables for work to be performed	13,756	2	11,753	5
TRADE PAYABLES AND ADVANCES FROM CUSTOMERS	**365,208**	**29,784**	**346,308**	**19,423**
Fees due to directors and statutory auditors	620		396	
Payables to the Tax Authorities	4,615		9,799	
Payables to social security institutions within 12 months	7,494		8,080	
Other payables to TAC	5,747		6,017	
Payables to employees within 12 months	52,301		46,661	
Other payables within 12 months	16,471		11,360	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**89,424**	**0**	**84,489**	**0**
Other current payables to Manutencoop Cooperativa	34	34	62	62
Other payables to Group companies	618	618	(17)	(17)

	30 September 2017	of which to related parties	31 December 2016	of which to related parties
Other current operating payables to Manutencoop Group	652	652	45	45
Accrued expenses	7		9	
Deferred income	1,164		1,366	
Accrued expenses and deferred income	**1,171**	**0**	**1,375**	**0**
OTHER CURRENT OPERATING PAYABLES	**91,247**	**652**	**85,909**	**45**

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date. The other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and advances from customers at 30 September 2017 amounted to € 365,208 thousand against a balance of € 346,308 thousand at 31 December 2016.

Other current operating payables showed a balance of € 91,247 thousand at 30 September 2017 (€ 85,909 at 31 December 2016) and are mainly made up of the following items:

- payables to employees of € 52,421 thousand (€ 46,661 thousand at 31 December 2016), including the current monthly salaries to be paid in the months after the reporting period, as well as payables for additional monthly salaries to be paid (a portion of the summer bonus, to be paid every year in the month of July, and of the year-end bonus, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognised for € 7,494 thousand (€ 8,080 thousand at 31 December 2016);
- payables due to Tax Authorities for € 4,616 thousand, mainly related to the balance of the VAT payables due from some subsidiaries of the Group and the IRPEF (Personal Income) tax debt relating to employees (€ 9,799 thousand at 31 December 2016);
- collections on behalf of Temporary Associations of Companies (TAC) for € 5,747 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under the “CONSIP” agreement (€ 6,017 thousand at 31 December 2016).

The item “Other payables within 12 months” included, until 31 December 2016, the payable related to the so-called “system charges”. In fact, the Parent Company MFM S.p.A. was the owner of some important contracts related to energy services for which operating payables related to the so-called “System Charges” were recorded in previous financial years for a total of € 6,152 thousand (as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related enactment decree issued in 2015). On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law, of Law Decree no. 244 of 30 December 2016 (known as "*Milleproroghe*"). The introduced amendments had a significant impact on the existing regulations concerning "System

charges" and, in particular, the provision according to which, except for RIUs, general system charges were determined with reference to the consumption of electricity was eliminated. According to the previous Bersani Decree (Italian Legislative Decree 79/99), these system charges are due depending on the energy drawn from the network and, consequently, those who do not draw energy from the network because they produce it on their own, are exempted from paying these charges. Therefore, on the basis of the new regulations, the Parent Company MFM S.p.A.'s management believes that there was no need to recognise additional System Charges in 2017, owing also to the elimination of the payment obligations for those related to the previous years for which no payment was made.

On the other hand, in the first half of 2017, the payable related to the Competition Authority's fine of € 14,700 was recognised in the same item following the dismissal, by the Lazio Regional Administrative Court, of the request for suspension of the payment made by MFM S.p.A. (for further details, refer to note 13 above). Moreover, the Competition Authority intervened with the measure of 28 April 2017 by allowing to pay the fine in 30 monthly instalments at the legal interest rate of currently 0.1%. Therefore, MFM S.p.A. reclassified the provision for disputes of € 14,700 thousand already allocated in previous financial years and paid 6 monthly instalments. The balance of the residual debt at 30 September 2017 was equal to € 11,763 thousand.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Finance lease

The Group signed finance leases primarily for plant and machinery used in the production processes of the Laundering&Sterilsation SBU and for motor vehicles. Moreover, on 3 March 2017, the already mentioned real-estate lease agreement was signed by the subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca.

The table below details the amount of future fees deriving from financial leases and the current value of these fees:

	30 September 2017		31 December 2016	
	Fees	Current value of lease fees	Fees	Current value of lease fees
Within 1 year	684	571	523	495
From 1 year to 5 years	1,496	1,382	439	419
After 5 years	2,523	1,832	0	0
TOTAL LEASE FEES	**4,703**	**3,785**	**962**	**914**
Financial charges	(918)		(48)	

CURRENT VALUE OF LEASE FEES	3,785	3,785	914	914

At 30 September 2017, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 11,065 thousand (€ 4,834 thousand compared to 31 December 2016), of which € 4,452 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 4,834 thousand at 31 December 2016);
- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 233,274 thousand (€ 229,871 thousand at 31 December 2016), of which € 435 thousand issued in the interest of associates;
- other guarantees issued by third parties in favour of associates, joint ventures and other interests amounting to € 15,198 thousand (€ 15,056 thousand at 31 December 2016);
- other guarantees issued to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 4,879 thousand (31 December 2016: € 4,657 thousand).

The guarantees in favour of Factoring Companies, issued to ensure the correct fulfilment of the contract for the assignment of trade receivables, were cancelled during 2017 (they amounted to € 2,104 thousand at 31 December 2016).

Guarantees given within the Senior Secured Notes

The Parent Company MFM S.p.A. and the subsidiaries Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. issued, in favour of the bondholders, the following collaterals:

- first-recorded pledge on the shares held by MFM S.p.A. in H2H Facility Solutions S.p.A. and in Servizi Ospedalieri S.p.A., equal to 100% of their share capital;
- assignment as security of receivables from private customers claimed by MFM S.p.A. and H2H Facility Solutions S.p.A. At 30 September 2017, the receivables assigned as security amounted to € 76,746 thousand (€ 68,285 thousand at 31 December 2016);
- execution of a deed of pledge on the current accounts held with Unicredit S.p.A., which were credited with the amounts collected from private customers assigned as security. The balance of these current accounts at 30 September 2017 was equal to € 4,089 thousand (€ 13,627 thousand at 31 December 2016);
- the release by Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. of a personal security for an overall maximum amount at 30 September 2017 of € 48,411 thousand and € 16,907 thousand, respectively.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above-mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 30 September 2017, no events of default had occurred.

All the guarantees given within the bond issue of 2013 were settled with the early repayment of the Notes on 13 October 2017, as described in note 11 “Net financial indebtedness”.

Contingent liabilities

At the date of approval of the Interim Report on Operations at 30 September 2017, contingent liabilities had arisen for the MFM Group which had not been recognised in the accounts and for which the Management believes that the related financial risks can be regarded as possible but unlikely.

Compensation for damages for the fire that occurred in the former Olivetti area in Scarmagno (Turin)

MFM S.p.A. is liable for the offences of unintentional fire and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013. During the first half of 2017, hearings continued to be held at the Court of Ivrea until the judgement in first instance of 24 February 2017, which acquitted the accused on the grounds that they “had not committed the offence”. However, the Public Prosecutor and Prelios SGR, Telecom Italia S.p.A and Olivetti S.p.A plaintiffs appealed against this ruling in July 2017 and the company is waiting for the hearing before the Court of Appeal of Turin to be scheduled.

In relation to this fire, the insurance companies paid the injured parties damages for more than € 38 million, for which they subsequently formalised recourse actions against the natural persons concerned and their employers, including MFM S.p.A. The overall claim for damages was equal to about € 50 million, including claims for damages submitted by the owners of the properties concerned and the above-mentioned insurance company’s recourse actions. On the other hand, on 24 February 2017, MFM S.p.A. and the subjects involved were served a summons by AIG Europe Limited (one of the insurance companies party to the action) in order to obtain, by way of subrogation, what was already paid to Telesystem Electronics S.r.l (owner of the goods stored at the factory of Scarmagno) for a value of € 187 thousand. As part of the above proceedings, Generali Assicurazioni voluntarily appeared before the court as well by making a similar claim for more than € 24 million.

After careful assessment of the available evidence and also following the acquittal in first instance, the Directors considered the risk as possible but unlikely.

Enquiry of the Public-prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017, the Public-prosecutor's office of Naples served a search order against some executives of the Company, carried out at its premises. These executives are under investigation as part of the enquiry started by the Public-prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon in Naples. The offences notified to the executives also include the crime of corruption pursuant to Article 319 and 319-bis of the Italian Penal Code, potentially relevant under Italian Legislative Decree 231 of 2001. The Judge for Preliminary Investigations of Naples had initially established a

precautionary measure (forced residence pursuant to Article 283 of the Italian code of criminal procedure) against the only Company's executive under investigation who, at the time of the alleged facts, was a function manager of the Company but, on the conclusion of the investigation questioning, ordered the revocation of the precautionary measure. On 27 April 2017, MFM S.p.A. was formally served the summons for the hearing to discuss the request of applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Italian Legislative Decree 231/2001 and, however, the Judge for Preliminary Investigations of the Court of Naples rejected this request for disqualification. Finally, one of the persons under investigation and the Company were formally notified of the end of the investigation and, subsequently, of the setting of the pre-trial hearing on 2 November 2017. After this hearing, the Judge for Preliminary Investigations postponed its conclusion to the hearings of 30 November and 15 December 2017 to take on the final measure of this phase. With regard to the only two employees who at the time of the facts were executives, on 2 August, the Judge for Preliminary Investigations of the Court of Naples, at the request of the Public Prosecutor, ordered the dismissal of the related proceedings.

16. MANAGEMENT OF FINANCIAL RISKS

The management of borrowing and the relative risks (mainly interest rate and liquidity risks) is carried out centrally by the financial department of the Group on the basis of guidelines that are approved by the Parent Company's Board of Directors, which are reviewed on a regular basis. The main aim of these guidelines is to ensure that the liabilities' structure is in line with the composition of the assets in the financial statements in order to maintain a high degree of financial stability.

In 2013, the Parent Company executed secured high yield bonds due August 2020, which radically revised the composition of the sources of financing. The bond issue that has been described has then rationalised the financial debt structure with a view to greater future financial stability that is more consistent with medium- and long-term strategic growth and development targets. The other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignments of trade receivables without and with recourse with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium- and long-term loans with long-term amortisation plans to cover investments in non-current assets and in acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. Trading in financial instruments is not part of the Group's policy.

The Group's financial instruments were classified based on the three levels stated in IFRS 7. Specifically, the fair value hierarchy is composed of the following levels:

- Level 1: prices quoted on active markets for similar liabilities and assets.
- Level 2: prices calculated through information obtained from observable market data.
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value at 30 September 2017 and 31 December 2016.

		Hierarchy Levels				Hierarchy Levels		
	30 September 2017	Level 1	Level 2	Level 3	31 December 2016	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss								
Financial receivables, securities and other non-current financial assets	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
Available for sale financial assets								
Financial receivables and other current financial assets	**0**	0			**0**	0		
- of which hedging derivatives	**0**	0			**0**	0		
- of which non-hedging derivatives	**0**	0			**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value at 30 September 2017 and 31 December 2016. During the reporting period, there were no transfers from one fair value measurement level to another. There were no changes in the destination of financial assets that entailed any being classified differently. The Group has no credit guarantee instruments to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Management of capital

The main objective of the Group's policy for the management of its capital is to ensure that a solid credit rating and sound capital ratios are maintained in order to support its business and maximise shareholder value.

The Group manages and modifies capital structure according to changes in economic conditions. In order to maintain or adjust capital structure, the Group may change the amounts of shareholder dividends, repay capital or issue new shares.

The Group checks its debt ratio comparing its net debt with the sum of equity and net debt: interest-bearing loans, trade payables, other payables and the provision for employee termination benefits, net of cash and cash equivalents.

	30 September 2017	31 December 2016
Provision for employee termination benefits	15,015	17,043
Interest-bearing loans	305,333	305,489
Trade payables and advances from customers	365,208	346,308
Other current payables	91,247	85,909
Other current financial liabilities	3,224	52,832
Cash and cash equivalents	(164,316)	(174,992)
Other current financial assets	(3,042)	(2,387)
Total Net debt	**612,669**	**630,202**
Equity attributable to the Group	315,809	323,137
Undistributed net profit (loss)	(17,864)	(33,649)
Total Capital	**297,945**	**289,488**
CAPITAL AND NET DEBT	**910,614**	**919,690**
Debt ratio	67.3%	68.5%

A decrease was recognised in the debt ratio compared to 31 December 2016, which was due to the contemporary decrease of € 17.5 million in Net debt and Capital following the distribution of the dividend to the shareholders of the Parent Company, occurred in the second quarter of 2017.

17. OPERATING SEGMENTS

The services provided by the MFM Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where the business is classified. The latter is not affected by significant seasonal factors. The SBUs identified coincide with the CGUs in which the Group's operations are divided and are summarised below.

Facility Management SBU

Facility Management offers a range of logistic and organisational support services targeted at users of properties and aimed at optimising the management of property-related activities.

The so-called ''traditional'' Facility Management services provided by the MFM Group include the following activities:

- Cleaning;
- Technical Services;
- Landscaping.

Cleaning includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Group employees.

The so-called Technical Services encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including:

- design and implementation of redevelopment and adjustment work in line with safety regulations;
- design and installation of devices for energy saving and for the reduction of emissions of pollutants into the atmosphere.

Finally, a third type of activities attributable to the Facility Management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green areas, which includes both the design and the implementation and maintenance of properties' green areas, and services for the area.

Through a series of acquisitions, the Group also expanded its range of services, providing certain specialist facility management services alongside its ''traditional'' Facility management services, such as:

- services related to the security of buildings;
- mailing services;
- document management.

The establishment of e-Digital Services S.r.l. at the end of 2015 and of Yougenio S.r.l. during 2016 led to embarking on a path of growth in "business to business" (B2B) and "business to consumer" (B2C) service markets. In particular, the B2B business sector is based on the use of developed and consolidated skills in application, management and sourcing. On the other hand, the aim of the B2C business is to enter the Consumer market of home and personal services, also leveraging the creation of a digital platform easily accessible by a wide range of prospects.

Laundering&Sterilisation SBU

The so-called Laundering&Sterilisation is an industrial activity given in support of healthcare activities. The operations, carried out by the MFM Group in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, mainly involve (i) the rental and industrial laundering of bed linen, packaged linen and mattresses (linen rental and industrial laundering), (ii) sterilisation of linen and (iii) sterilisation of surgical equipment.

Laundering&Sterilisation services provided by the Group include also the following activities:

- collection and distribution of linen in the individual departments;
- management of the linen rooms in health care facilities;
- supply of disposable items;
- rental of linen goods of special materials for operating rooms;
- acceptance, treatment, sterilisation and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilisation systems.

The following table shows the economic results by segment for the periods ended 30 September 2017 and 30 September 2016:

	Facility Management	Laundering & Sterilisation	Eliminations	Consolidated
Revenues by segment	568,556	97,900	(1,997)	664,459
Segment costs	(530,207)	(84,382)	1,997	(612,591)
Operating income (loss) by segment	**38,349**	**13,518**	**0**	**51,868**
Equity-accounted profit (loss) of associates	948	81		1,029
Net financial income (charges)				(21,366)
Profit (loss) before taxes				**31,530**
Income taxes				(13,618)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2017				**17,912**

	Facility Management	Laundering & Sterilisation	Eliminations	Consolidated
Revenues by segment	580,783	101,196	(2,194)	679,784
Segment costs	(551,978)	(87,183)	2,194	(636,967)
Operating income (loss) by segment	**28,805**	**14,013**	**0**	**42,817**
Equity-accounted profit (loss) of associates	1,791	46		1,837
Net financial income (charges)				(21,278)
Profit (loss) before taxes				**23,376**
Income taxes				(10,813)
Profit (loss) from discontinued operations	1,052			1,052
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2016				**13,615**

Below are the data related to assets and liabilities by operating segments of the Group at 30 September 2017 and 31 December 2016.

	Facility Management	Laundering & Sterilisation	Eliminations	Consolidated
Assets allocated to the segment	**437,821**	**112,874**	**(2,224)**	**548,471**
Goodwill	358,600	11,763		370,363
Investments	27,794	5,997		33,791
Other assets not allocated and related taxes				204,419
SEGMENT ASSETS AT 30 SEPTEMBER 2017	**824,215**	**130,634**	**(2,224)**	**1,157,043**
Liabilities allocated to the segment	**454,202**	**56,106**	**(2,224)**	**508,084**
Other liabilities not allocated and related taxes				362,912
SEGMENT LIABILITIES AT 30 SEPTEMBER 2017	**454,202**	**56,106**	**(2,224)**	**840,970**

	Facility Management	Laundering & Sterilisation	Eliminations	Consolidated
Assets allocated to the segment	**465,278**	**116,058**	**(2,703)**	**578,633**
Goodwill	358,693	11,763		370,456
Investments	28,406	5,978		34,384
Other assets not allocated and related taxes				215,942
SEGMENT ASSETS AT 31 DECEMBER 2016	**852,377**	**133,799**	**(2,703)**	**876,043**
Liabilities allocated to the segment	**454,924**	**52,274**	**(2,703)**	**504,495**
Other liabilities not allocated and related taxes				371,548
SEGMENT LIABILITIES AT 31 DECEMBER 2016	**454,924**	**52,274**	**(2,703)**	**876,043**

18. RELATED PARTY TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with the conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company MFM S.p.A.

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative, financial and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

The main contracts in place with other companies of the MFM Group, which is controlled by Manutencoop Società Cooperativa, with the latter and its subsidiaries, are shown below:

- e-Digital Services S.r.l. signed a contract with the associate Roma Multiservizi S.p.A. on the basis of which it commits to provide an Information System service. The contract, expiring on 31 December 2018, envisages an annual consideration of € 815 thousand.
- Manutencoop Cooperativa sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (Bologna), for office use. The lease is automatically renewable, except in the event of termination by one of the parties. Annual rent is € 1,325 thousand, to be paid in monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.p.A. the property located in Vicenza (Vicenza), via Zamenhof 363, for office/warehouse use. The duration of the lease has a 6-year term and is automatically renewable, except in the event of termination by one of the parties. Annual rent is € 370 thousand, to be paid in monthly instalments.

- The affiliate company Manutencoop Immobiliare S.p.A. leased to MFM S.p.A. the part of the property located in Mestre (Venice), via Porto di Cavergnago 6, for office use. Annual rent is € 320 thousand, to be paid in 12 monthly instalments.
- On 6 July 2007, MFM S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent contracts for the supply of staff from Manutencoop Cooperativa to MFM S.p.A, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term and is automatically renewed, unless in case of termination. As a result of said agreement, which has the legal nature of a framework contract that does not provide rights to third parties, MFM S.p.A. and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the supply of shareholding staff to Manutencoop Cooperativa, and the operating rules for establishing and resolving said contracts.
- Manutencoop Cooperativa is committed, on the basis of contracts signed with the individual companies of the MFM Group, to prepare pay packets.
- MFM S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex III to Interim Report on Operations.

The MFM Group is subject to the management and coordination activities of Manutencoop Società Cooperativa.

Zola Predosa, 14 November 2017

The Chairman of the Board of Directors

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

Name	Registered office	City
Manutencoop Facility Management S.p.A.	Via Poli 4	Zola Predosa (Bologna)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered office	City	% held	Type
Alessandria Project Value S.r.l.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary
CO.GE.F. Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	80%	Subsidiary
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	66.66%	Subsidiary
Consorzio Servizi Toscana Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
Evimed S.r.l.	Via Zamenhof 363	Vicenza	90%	Subsidiary
e-Digital Services S.r.l.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary
Ferraria Soc. cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	69%	Subsidiary
Global Oltremare Soc.Cons. r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
H2H Facility Solutions S.p.A.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary
ISOM Lavori Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	62.71%	Subsidiary
ISOM Gestione Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	52.97%	Subsidiary
KANARIND Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	62.43%	Subsidiary
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
Logistica Sud Est Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
Manutencoop International FM S.r.l.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	Subsidiary
Manutencoop France S.a.r.l.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Subsidiary
Manutencoop Transport S.a.S.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Subsidiary
MCF servizi Integrati Soc. cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
S.AN.CO S.c.a.r.l.	Via A. Saffi, 51	Bologna	100%	Subsidiary
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Building 12	Milan	89%	Subsidiary
San Gerardo Servizi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	60%	Subsidiary
Servizi Brindisi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	52%	Subsidiary
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Subsidiary

Name	Registered office	City	% held	Type
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino 33	Ferrara	70%	Subsidiary
Servizi Taranto Soc.Cons. a.r.l.	Via Poli 4	Zola Predosa (Bologna)	60.08%	Subsidiary
Sicura S.p.A.	Via Zamenhof 363	Vicenza	100%	Subsidiary
Telepost S.p.A.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary
Yougenio S.r.l.	Via Poli 4	Zola Predosa (Bologna)	100%	Subsidiary

JOINT VENTURES CONSOLIDATED UNDER THE EQUITY METHOD

Name	Registered office	City	% held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	Roata Raffo Busca (Cuneo)	50%	Joint Venture
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (Caserta)	60%	Joint Venture
CO. & MA. Soc. Cons. a r.l.	Via del Parco 16	Tremestieri Etneo (Catania)	50%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli 4	Zola Predosa (Bologna)	49%	Joint Venture
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, 4	Çankaya/ Ankara	50%	Joint Venture
Legnago 2001 Soc.cons.r.l.	Via Poli 4	Zola Predosa (Bologna)	50%	Joint Venture
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri 93	Rome	50%	Joint Venture

COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

Name	Registered office	City	% held	Type
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione 9	Bologna	27.58%	In liquidation
KANARIND Soc.Cons. a r.l.	Via Giovanni Papini 18	Bologna	41.17%	Associate
Bologna Global Strade Soc.Cons. r.l.	Via Zanardi n372	Bologna	51%	Associate
Bologna Multiservizi Soc.Cons. r.l.	Via Del Lavoro 23/4	Casalecchio di Reno (Bologna)	39%	Associate
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	In liquidation
Centro Europa Ricerche S.r.l.	Via G. Zanardelli 34	Rome	21.38%	Associate
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (Bologna)	60%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Associate
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padua	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	In liquidation
Fr.lli Bernard s.r.l.	Stradella Aquedotto 21	Bari	20%	Associate
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (Bologna)	20%	Associate
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (Bologna)	42.40%	In liquidation

Name	Registered office	City	% held	Type
Global Riviera Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	30.66%	Associate
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (Modena)	41.25%	Associate
Gymnasium Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (Bologna)	68%	In liquidation
GRID Modena S.r.l.	Via Divisione Acqui, 129	Modena (Modena)	23%	Associate
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Associate
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (Bologna)	34.10%	In liquidation
Logistica Ospedaliera Soc. Cons. a r.l.	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (Caltanissetta)	45%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Associate
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo (Arezzo)	33.30%	Associate
Progetto ISOM S.p.A.	Via Poli 4	Zola Predosa (Bologna)	36.98%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Associate
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (Genoa)	40%	Associate
Savia Soc.Cons. a r.l.	Via B. Vanzetti 1	Forlì	49.11%	Associate
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Poli 4	Zola Predosa (Bologna)	50%	In liquidation
Serena S.r.l. in liquidation	Via Poli 4	Zola Predosa (Bologna)	50%	In liquidation
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	Castellina - Soragna (Parma)	25%	Associate
Servizi Napoli 5 Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (Bologna)	45%	Associate
Servizi Sanitari Treviso Soc.Cons.a r.l.	Via al Molo Vecchio	Calata Gadda (Genoa)	40%	Associate
Sesamo S.p.A.	Via C. Pisacane 2	Carpi (Modena)	20.91%	Associate
Simagest 2 Soc. Cons. a r.l in liquidation	Via Poli 4	Zola Predosa (Bologna)	90%	In liquidation
Simagest 3 Soc. Cons. a r.l in liquidation	Via Poli 4	Zola Predosa (Bologna)	89.99%	In liquidation
Synchron Nuovo San Gerardo S.p.A.	Via Poli 4	Zola Predosa (Bologna)	35.82%	Associate
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Turin	25%	Associate
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi 372	Bologna	20.17%	Associate

ANNEX II

VALUATION OF INVESTMENTS USING THE EQUITY METHOD

	%	Net assets 31 Dec 16	Changes of the period					Net assets 30 Sep 17	Investment Value	Provision for risks
			Effects on financial position	Dividends	Revaluations Write-downs	Provision for risks	Effects on SE			
Alisei S.r.l. in liquidation	100%	(72)						(72)		(72)
A.M.G. S.r.l.	50%	2,339		(62)	105			2,382	2,382	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	6						6	6	
Bologna Global Strade Soc. Cons. a. r.l.	51%	51						51	51	
Bologna Multiservizi Soc. Cons. a r.l.	39%	4						4	4	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Cardarelli Soc. Cons. a r.l.	60%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	69						69	69	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l.	30%	11						11	11	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	
Consorzio Sermagest in liquidation	60%	0						0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	50%	228			(123)			105	105	
Fr.lli Bernard s.r.l.	20%	1,305		(30)	78			1,354	1,354	

	%	Net assets 31 Dec 16	Changes of the period					Net assets 30 Sep 17	Investment Value	Provision for risks
			Effects on financial position	Dividends	Revaluations Write-downs	Provision for risks	Effects on SE			
GICO Systems S.r.l.	20%	150		(12)	3			141	141	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
GRID Modena S.r.l.	23%	24			(11)			13	13	
IPP S.r.l.	25%	389			53			442	442	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
LIVIA Soc. Cons. a r.l.	34.10%	3						3	3	
Logistica Ospedaliera Soc. Cons. a r.l.	45%	5						5	5	
Newco DUC Bologna S.p.A.	24.90%	425			83		148	656	656	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1,385			559		(160)	1,784	1,784	
ROMA Multiservizi S.p.A.	45.47%	8,063		(1,291)	(108)		20	6,684	6,684	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	5						5	5	
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
SE.SA.MO. S.p.A.	20.91%	2,005		(207)	164		(439)	1,524	1,524	
Se.Ste.Ro S.r.l.	25%	123			(19)			103	103	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sanitari Treviso (SE.SA.TRE)	40%	8						8	8	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	

	%	Net assets 31 Dec 16	Changes of the period					Net assets 30 Sep 17	Investment Value	Provision for risks
			Effects on financial position	Dividends	Revaluations Write-downs	Provision for risks	Effects on SE			
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Synchron Nuovo San Gerardo S.p.A.	35.82%	4,731			259			4,990	4,990	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**30,462**	**0**	**(1,602)**	**1,029**	**0**	**(431)**	**29,462**	**29,534**	**(72)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANY

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Manutencoop Società Cooperativa	30-Sep-16	106	24,546		498	31-Dec-16	60	2,659	4,770	1,771
	30-Sep-17	102	21,947			30-Sep-17	113	8,096	12,818	14,880

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei S.r.l. in liquidation	30-Sep-16					31-Dec-16	3			1
	30-Sep-17					30-Sep-17	3			1
AMG S.r.l.	30-Sep-16		174	1		31-Dec-16	1		117	
	30-Sep-17		201			30-Sep-17			170	
KANARIND Soc.Cons. a r.l.	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Sep-16					31-Dec-16			50	
	30-Sep-17		39			30-Sep-17			89	
Bologna Multiservizi Soc.Cons. a r.l.	30-Sep-16		20			31-Dec-16	276		1,491	
	30-Sep-17	37				30-Sep-17	54		1,410	
Bologna Più Soc.Cons.a r.l. in liquidation	30-Sep-16					31-Dec-16	(2)	3	3	
	30-Sep-17					30-Sep-17		3	3	2
Bologna Global Strade Soc. Cons. a r.l.	30-Sep-16	2,023	2,996			31-Dec-16	572	336	1,395	
	30-Sep-17	2,008	3,906			30-Sep-17	1,522	336	2,564	
Cardarelli Soc. Cons. a r.l.	30-Sep-16		1,185			31-Dec-16			793	
	30-Sep-17		467			30-Sep-17			389	
	30-Sep-16					31-Dec-16				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Centro Europa Ricerche S.r.l.	30-Sep-17					30-Sep-17				
Como Energia Soc.Cons.a r.l.	30-Sep-16		697			31-Dec-16			1,461	
	30-Sep-17		285			30-Sep-17			1,023	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Sep-16					31-Dec-16		36	12	
	30-Sep-17					30-Sep-17		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
CO.& MA. Soc. Cons. a r.l.	30-Sep-16	270	1,176			31-Dec-16		20	1,007	
	30-Sep-17	240	812			30-Sep-17		20	905	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Sep-16	5,025	2,224			31-Dec-16	3,403		437	
	30-Sep-17	5,064	2,283			30-Sep-17	3,214		1,138	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	30-Sep-16	191	6			31-Dec-16	496	1,175	(20)	256
	30-Sep-17	31				30-Sep-17	533	1,204	(30)	256
Fr.lli Bernard s.r.l.	30-Sep-16	9				31-Dec-16	70	50		
	30-Sep-17	9	46			30-Sep-17	42	50	40	
Gico Systems S.r.l.	30-Sep-16	11	431			31-Dec-16	49		380	
	30-Sep-17	7	451			30-Sep-17	12		405	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Sep-16					31-Dec-16		70	13	
	30-Sep-17					30-Sep-17		70	13	
Global Riviera Soc.Cons.a r.l.	30-Sep-16		9			31-Dec-16	55		(53)	
	30-Sep-17		8			30-Sep-17	55		(45)	
Global Vicenza Soc.Cons. a r.l.	30-Sep-16	103	926			31-Dec-16	144	748	594	
	30-Sep-17		9			30-Sep-17		601	467	
Grid Modena S.r.l.	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Gymnasium Soc. cons. a r.l in liquidation	30-Sep-16					31-Dec-16	1	8	33	5
	30-Sep-17					30-Sep-17	1	8	33	5
IPP S.r.l.	30-Sep-16	286	139			31-Dec-16	177	60	96	
	30-Sep-17	196	19			30-Sep-17	237	59		
Legnago 2001 Soc. Cons. r.l.	30-Sep-16		3			31-Dec-16	158		41	
	30-Sep-17		3			30-Sep-17	158		44	
Livia Soc. cons. a r.l.	30-Sep-16					31-Dec-16			8	
	30-Sep-17					30-Sep-17			8	
Logistica Ospedaliera Soc. Cons. a r.l.	30-Sep-16		353			31-Dec-16			24	
	30-Sep-17					30-Sep-17			15	
Malaspina Energy Soc. Cons. a r.l.	30-Sep-16		15	3		31-Dec-16				
	30-Sep-17					30-Sep-17				
Newco DUC Bologna S.p.A.	30-Sep-16		4			31-Dec-16			33	
	30-Sep-17		4			30-Sep-17			29	
Palazzo della Fonte S.c.p.a.	30-Sep-16	2,957				31-Dec-16	804			
	30-Sep-17	2,858				30-Sep-17	1,077			
Progetto ISOM S.p.A.	30-Sep-16	166	58	90		31-Dec-16	17,325	1,922	203	
	30-Sep-17	222	273	90		30-Sep-17	15,396	2,012	468	
Progetto Nuovo Sant'Anna S.r.l.	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Roma Multiservizi S.p.A.	30-Sep-16	1,873	1,232			31-Dec-16	2,416		980	
	30-Sep-17	4,391	875			30-Sep-17	5,125		920	632
San Martino 2000 Soc.Cons. r.l.	30-Sep-16	1,203	2,517			31-Dec-16	573		423	
	30-Sep-17	1,198	2,457			30-Sep-17	1,052		1,205	
Savia Soc. Cons. a r.l.	30-Sep-16		1			31/12/2016			314	
	30-Sep-17		16			30-Sep-17			44	
Serena S.r.l. - in liquidation	30-Sep-16					31/12/2016		3		
	30-Sep-17					30-Sep-17		3		
Servizi l'Aquila Soc.Cons. a r.l. in liquidation	30-Sep-16	0				31/12/2016				
	30-Sep-17					30-Sep-17				
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sep-16	1,059	965			31-Dec-16	1,944		1,311	
	30-Sep-17	1,049	957			30-Sep-17	3,152		2,268	
Se.Sa.Mo. S.p.A.	30-Sep-16	3,804		20		31-Dec-16	1,486	618	6	
	30-Sep-17	3,798		19		30-Sep-17	2,062	614	7	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
SESATRE S.cons. a r.l.	30-Sep-16	12	3,298	7		31-Dec-16	4	524	1,687	
	30-Sep-17	9	3,316	3		30-Sep-17	8	517	1,896	
Se.Ste.Ro S.r.l.	30-Sep-16					31-Dec-16	46		815	
	30-Sep-17					30-Sep-17				
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	30-Sep-16					31-Dec-16		75	13	2
	30-Sep-17					30-Sep-17		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	30-Sep-16					31-Dec-16			3	
	30-Sep-17					30-Sep-17		3	3	
Società Consortile Adanti Manutencoop in liquidation	30-Sep-16	25	151			31-Dec-16	37		63	
	30-Sep-17					30-Sep-17			53	
Steril Piemonte Soc. cons. a.r.l	30-Sep-16		537	1		31-Dec-16	7	576	267	
	30-Sep-17		509	1		30-Sep-17	7	326	476	
Synchron Nuovo San Gerardo S.p.A.	30/-Sep-16	3,863	227	129		31-Dec-16	10,173	2,333	658	
	30-Sep-17	4,708	278	140		30-Sep-17	7,877	2,473	889	
Tower Soc.Cons. a r.l. in liquidation	30-Sep-16					31-Dec-16	33	17	(11)	
	30-Sep-17					30-Sep-17	33	29		

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30-Sep-16					31-Dec-16	1			
	30-Sep-17					30-Sep-17	1			
CMF S.p.A.	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Manutencoop Immobiliare S.p.A.	30-Sep-16	8	1,831			31-Dec-16	6		(47)	
	30-Sep-17	8	772			30-Sep-17	9	93		
Nugareto Società Agricola Vinicola S.r.l.	30-Sep-16	7	1			31-Dec-16	16		42	
	30-Sep-17	13	6			30-Sep-17	12		1	

Segesta servizi per l'Ambiente S.r.l.	30-Sep-16	12				31-Dec-16	17				
	30-Sep-17	12				30-Sep-17	8				
MPH S.p.A.	30-Sep-16					31-Dec-16					
	30-Sep-17					30-Sep-17					

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER GROUP COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30-Sep-16	137	1			31-Dec-16	23		1	
	30Sep-17	43	1			30-Sep-17	18		1	
Consorzio Karabak 2 Società Cooperativa	30-Sep-16	79	1			31-Dec-16			1	
	30-Sep-17	3				30-Sep-17	1			
Consorzio Karabak 4 Società Cooperativa	30-Sep-16					31-Dec-16			1	
	30-Sep-17					30-Sep-17			1	
Consorzio Karabak 5 Società Cooperativa	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Consorzio Karabak 6 Società Cooperativa	30-Sep-16					31-Dec-16				
	30-Sep-17					30-Sep-17				
Sacoa S.r.l.	30-Sep-16	81	19			31-Dec-16	58		8	
	30-Sep-17	52	13			30-Sep-17	87		39	

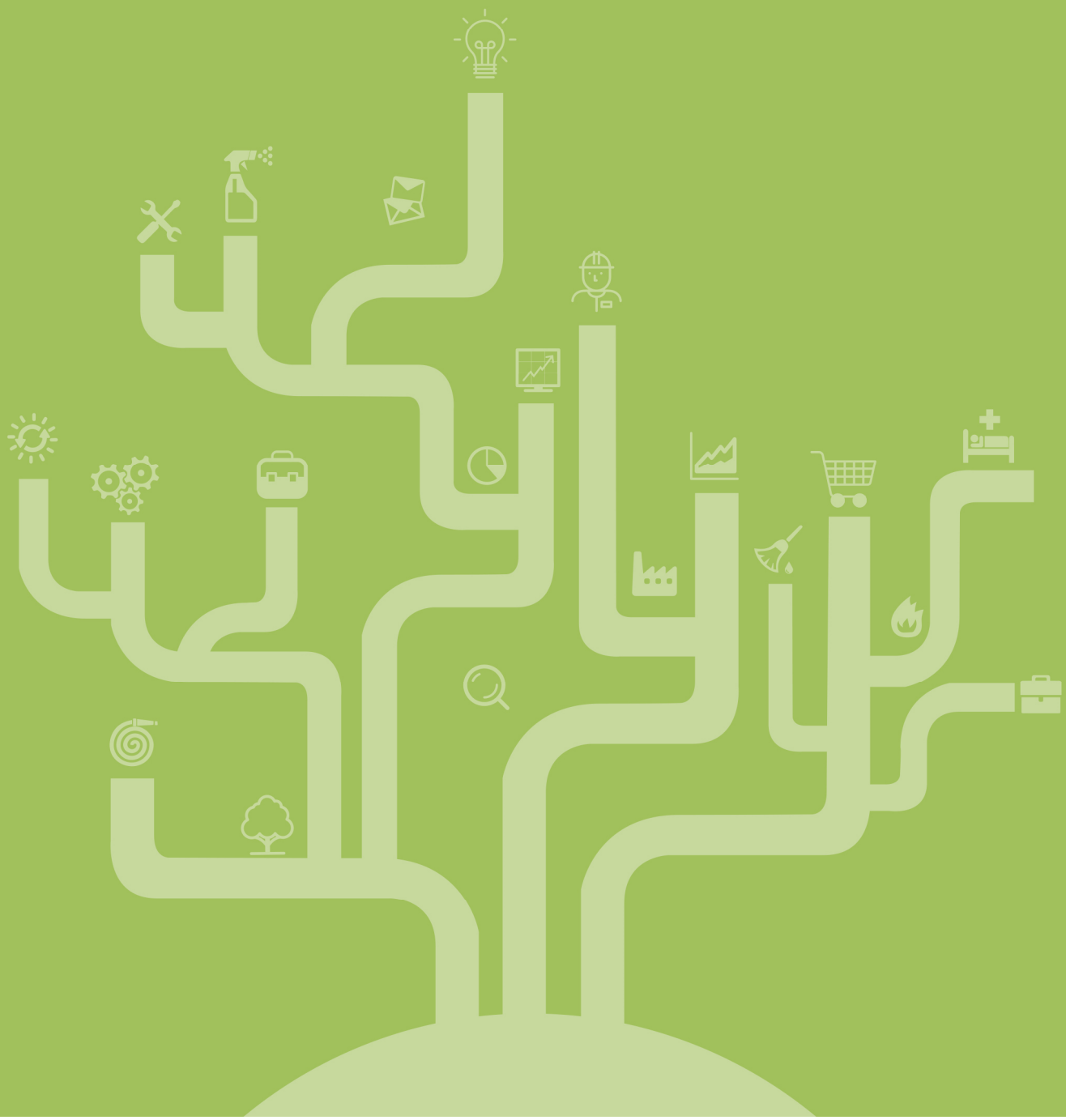
		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
GENERAL TOTAL	**30-Sep-16**	**23,310**	**45,743**	**251**	**498**	**31-Dec-16**	**40,432**	**11,233**	**19,423**	**2,035**
	30-Sep-17	**26,058**	**39,953**	**253**		**30-Sep-17**	**41,869**	**16,628**	**29,784**	**15,778**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOWS AND THE STATUTORY STATEMENT ITEMS

	For the 9 months ended 30 September			
	2017		2016	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**174,992**		**114,391**
CASH FLOW FROM CURRENT OPERATIONS:		**53,988**		**48,446**
Profit before taxes	31,531		23,376	
Profit (loss) from discontinued operations	0		1,052	
Capital gains from sale of discontinued operations	0		(1,409)	
Amortisation, depreciation, write-downs (write-backs) of assets	21,328		24,607	
Accrual (reversal) of provisions	764		2,219	
Employee termination benefits provision	429		574	
Income (loss) from equity investments, net of dividends collected	573		(1,837)	
Financial charges (income) for the period	21,541		21,516	
Net interests received (paid) in the period	(26,836)		(26,447)	
Taxes paid in the period	(637)		9,055	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*5,295*		*5,211*	
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*0*		*(9,471)*	
USES OF PROVISIONS FOR RISKS AND CHARGES AND OF EMPLOYEE TERMINATION BENEFITS:		**(6,789)**		**(8,039)**
Use of employee termination benefits	(2,104)		(1,811)	
Use of provisions for risks and charges	(4,685)		(6,228)	
CHANGE IN NWOC:		**50,244**		**18,549**
Decrease (increase) in inventories	(896)		(156)	
Decrease (increase) in trade receivables	32,240		38,501	
Changes in trade payables	18,900		(56,894)	
INDUSTRIAL AND FINANCIAL CAPEX:		**(22,289)**		**(9,681)**
(Purchase of intangible assets, net)	(5,148)		(3,931)	
(Purchase of property, plant and equipment)	(17,260)		(10,642)	
Sale of property, plant and equipment	361		736	
Disposal (acquisition) of investments	(411)		(351)	
(Decrease) increase of financial assets	(29)		(754)	

	For the 9 months ended 30 September			
	2017		2016	
Net cash from assets held for sale	110		4,204	
Reclassifications:				
Net change in current financial assets, to be included in net financial liabilities	*(5)*		*1,680*	
Payables for acquisition of equity investments and business combinations	*93*		*(623)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(50,419)**		**(5,359)**
Change in finance lease debt	2,871		(435)	
Proceeds (Repayment) of non current borrowings	(10,000)		0	
Proceeds from/(repayment of) short term bank debt	(11,857)		(14,598)	
Other net changes in financial debt	(26,050)		15,943	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(5,295)*		*(5,211)*	
Net change in current financial assets, to be included in net financial liabilities	*5*		*(1,680)*	
Payables for acquisition of equity investments and business combinations	*(93)*		*623*	
OTHER CHANGES:		**(35,411)**		**1,398**
Decrease (increase) in other current assets	(975)		(6,591)	
Change in other current liabilities	(9,325)		(1,452)	
Dividends paid	(25,111)		(25)	
Changes in the scope of consolidation	0		(4)	
Reclassifications:				
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*0*		*9,741*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**164,316**		**122,609**



Manutencoop Facility Management S.p.A.
with a Sole Shareholder
with registered office in Zola Predosa (Bologna)
Via U. Via Poli 4

Tax code – VAT - Register
of Companies of Bologna
no. 02402671206
Share capital € 109,149,600.00 fully paid-up

"Company subject to the management and
coordination activities of Manutencoop Società
Cooperativa, Zola Predosa (Bologna)"