



PRESS RELEASE

INTERPUMP GROUP APPROVES Q4 2019 RESULTS & PRELIMINARY FULL-YEAR 2019 DATA, AND DISCLOSES EXPECTATIONS FOR THE 3-YEAR PERIOD 2020-2022

Chairman Fulvio Montipò: “We register with pride the eleventh consecutive year of positive organic growth. Thanks to the recent acquisitions and the solidity of our model, we can look with confidence to our ambitious goals for the next three-year period”

FY 2019 PRELIMINARY RESULTS:

NET SALES: € 1,368.6 million (+7.0% compared to 2018)

EBITDA*: € 317.9 million (€ 288.5 million in 2018)

EBITDA/SALES*: 23.2% (22.6% in 2018)

CONSOLIDATED NET PROFIT: € 180.7 million
(+11.2% compared to the normalized figure for 2018)

FREE CASH FLOW: € 124.8 million (in 2018: €82.2 million)

NET DEBT*: € 370.8 million (€ 287.3 million at 31/12/2018)
(after € 23.9 mn paid in dividends, 39.0 mn disbursements for acquisitions, € 79.0 mn in purchases of treasury shares, and IFRS16 impact of € 72.4 mn)

Q4 2019 RESULTS:

NET SALES: € 342.5 million (+5.2% compared to Q4 2018)

EBITDA*: € 77.6 million (€ 68.7 million in Q4 2018)

EBITDA/SALES*: 22.7% (21.1% in Q4 2018)

CONSOLIDATED NET PROFIT: € 45.2 million (+23.6% compared to Q4 2018)

EXPECTATIONS FOR THE 3-YEAR PERIOD 2020-2022

NET SALES: total increase in sales of approximately 33%

PROFITABILITY: preservation of excellence with EBITDA margin in the neighborhood of 22%

NET DEBT: between 1x and 1.5x yearly EBITDA

* 2019 data is affected by the adoption of IFRS16 accounting principle. With the reporting standards used until 2018, EBITDA for the year would amount to € 302.4 million (€ 73.2 million in Q4), and net debt as at 31/12/2019 would amount to € 298.4 million.



Sant'Ilario d'Enza, 14 February 2020 – The Board of Directors of Interpump Group S.p.A. met today and approved the **consolidated results for the fourth quarter and preliminary results for FY 2019**.

FY 2019 PRELIMINARY RESULTS

Net Sales in the year totaled 1,368.6 million euro, an increase of 7.0% over the 1,279.2 million euro registered in 2018.

Sales by business sector and geographical area were as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of World</u>	<u>Total</u>
<i>2019</i>						
Hydraulics	179,158	323,390	225,427	87,348	86,924	902,247
Water-Jetting	<u>41,897</u>	<u>163,579</u>	<u>145,602</u>	<u>69,446</u>	<u>45,847</u>	<u>466,371</u>
Total	<u>221,055</u>	<u>486,969</u>	<u>371,029</u>	<u>156,794</u>	<u>132,771</u>	<u>1,368,618</u>
<i>2018</i>						
Hydraulics	169,162	317,148	184,519	83,358	90,109	844,296
Water-Jetting	<u>43,085</u>	<u>154,248</u>	<u>140,371</u>	<u>60,533</u>	<u>36,634</u>	<u>434,871</u>
Total	<u>212,247</u>	<u>471,396</u>	<u>324,890</u>	<u>143,891</u>	<u>126,743</u>	<u>1,279,167</u>
Change, 2019/2018						
Hydraulics	+5.9%	+2.0%	+22.2%	+4.8%	-3.5%	+6.9%
Water-Jetting	-2.8%	+6.0%	+3.7%	+14.7%	+25.1%	+7.2%
Total	+4.1%	+3.3%	+14.2%	+9.0%	+4.8%	+7.0%

Organic growth, at unchanged perimeter and before the currency exchange, was +0.8% in Hydraulics, +2.5% in Water-Jetting, and +1.4% in total sales. Thanks to a +1.4% contribution from the currency exchange, organic growth expressed in euro was +2.8%

EBITDA amounted to 317.9 million euro (23.2% of sales) compared to 288.5 million euro of 2018 (22.6% of sales), an increase of 10.2%. The following table sets out EBITDA by business sector:

	<u>2019</u>	<u>% on</u>	<u>2018</u>	<u>% on</u>	<u>Change</u>
	<u>€/000</u>	<u>sales</u>	<u>€/000</u>	<u>sales</u>	
Hydraulics	187,168	20.7%	171,002	20.2%	+9.5%
Water-Jetting	<u>130,722</u>	27.9%	<u>117,517</u>	26.9%	+11.2%



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Total 317,890 23.2% 288,519 22.6% +10.2%

Effective from 1 January 2019 the Group has adopted IFRS16, which changed the accounting of operating leases to the same rules used for financial leases. EBITDA for FY2019, calculated with the same accounting principles used in 2018, would have amounted to 302.4 million euro.

Operating income (**EBIT**) was not significantly affected by IFRS16 adoption: it amounted to 247.2 million euro (18.1% on sales) compared to 236.5 million euro (18.5% on sales) in 2018, an increase of 4.5%.

Consolidated Net Profit for the year was 180.7 million euro (was 173.9 million euro in 2018, including 11.4 million euro in one-off earnings resulting from the GS-Hydro acquisition). The increase versus the normalized result for last year is +11.2%.

Basic earnings per share rose from 1.513 euro (normalized) in 2018 to 1.700 euro in 2019, with a 12.4% increase.

Net cash flow from operating activities was 233.4 million euro (209.8 million euro in 2018). **Free cash flow** amounted to 124.8 million euro (82.2 million euro in 2018) with a 51.9% increase.

Net debt at 31 December 2019 was 370.8 million euro (287.3 million euro at 31 December 2018). *A major part of the change is due to the adoption of IFRS 16, which had an end-of-year impact of € 72.4 million.*

Additionally, at the end of the year the Group had commitments for the acquisition of stakes in subsidiaries valued at 54.3 million euro (44.5 million euro at 31/12/2018).

Capital employed increased from 1,200.8 million euro at 31 December 2018 to 1,480.3 million euro at 31 December 2019, due to the acquisition of Hydra Dyne Tech and Reggiana Riduttori, and the application of IFRS16. **ROCE**[†] was 16.7% (19.7% in 2018). **ROE** was 17.1% (compared to a normalized 18.9% in 2018).

At 31 December 2019 Interpump Group S.p.A. had 2,224,739 **treasury shares** in its portfolio, representing 2.043% of total share capital, purchased at an average cost of € 24.430.

[†] ROCE is calculated on Capital Employed at the end of the year, and is penalized by the timing of the acquisition of Reggiana Riduttori (October)



Q4 2019 RESULTS

Net Sales for the fourth quarter of 2019 totaled 342.5 million euro, an increase of 5.2% over the 325.6 million euro in the corresponding period of 2018.

Sales by business sector and geographical area were as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of World</u>	<u>Total</u>
<i>Q4 2019</i>						
Hydraulics	41,339	78,321	56,726	24,178	20,452	221,016
Water-Jetting	<u>10,907</u>	<u>39,866</u>	<u>33,443</u>	<u>22,674</u>	<u>14,579</u>	<u>121,469</u>
Total	<u>52,246</u>	<u>118,187</u>	<u>90,169</u>	<u>46,852</u>	<u>35,031</u>	<u>342,485</u>
<i>Q4 2018</i>						
Hydraulics	42,341	79,982	47,659	21,318	22,932	214,232
Water-Jetting	<u>12,753</u>	<u>37,028</u>	<u>34,261</u>	<u>14,490</u>	<u>12,827</u>	<u>111,359</u>
Total	<u>55,094</u>	<u>117,010</u>	<u>81,920</u>	<u>35,808</u>	<u>35,759</u>	<u>325,591</u>
Change, 2019/2018						
Hydraulics	-2.4%	-2.1%	+19.0%	+13.4%	-10.8%	+3.2%
Water-Jetting	-14.5%	+7.7%	+2.4%	+56.5%	+13.7%	+9.1%
Total	-5.2%	+1.0%	+10.1%	+30.8%	-2.0%	+5.2%

Organic growth, at unchanged perimeter and before the currency exchange, was -9.7% for Hydraulics, +5.1% for Water-Jetting, and -4.7% in total sales.

EBITDA amounted to 77.6 million euro (22.7% of sales) compared to 68.7 million euro in the fourth quarter of 2018 (21.1% of sales), an increase of 12.9%. EBITDA for the fourth quarter of 2019, calculated with the same accounting principles used in 2018, would have amounted to 73.5 million euro.

Consolidated Net Profit for the fourth quarter was 45.2 million euro, an increase of +23.6% compared to Q4 2018.

Basic earnings per share rose from 0.343 euro in the fourth quarter of 2018 to 0.420 euro in the fourth quarter of 2019.



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EXPECTATIONS FOR THE 3-YEAR PERIOD 2020-2022

In recent times, the understandable attention given by investors to the short-term trends in some of our reference markets seems to have overshadowed the real nature of Interpump's growth, where acquisitions have always had a significant weight.

The management of Interpump, with support from historical company data, is convinced that the shareholder value brought by acquisitions is at least equivalent, for the Company, to the one resulting from organic growth.

Therefore, the Company would like to reiterate that growth strategy is unchanged, and share with the market its expectations for the three years from 31/12/2019 to 31/12/2022:

- 1) **solid growth of total sales** (in the neighborhood of +33%);
- 2) preservation of **excellence in profitability** with an EBITDA margin in the neighborhood of 22% (also considering the possibility of a momentary dilution brought about by acquisitions);
- 3) continued **prudent use of financial leverage** (total debt between 1 and 1.5 times yearly EBITDA).

Pursuant to Article 65-bis, paragraph 2 of Consob Deliberation 11971/1999 as modified and supplemented, the **Interim Report at 31 December 2019 is available to the public** at the Group's registered office and may be also be consulted on the "Financial Statements and Reports" page in the "Investor relations" section of the Group's website www.interpumpgroup.it, as well on the www.emarketstorage.com repository.

S. Ilario d'Enza (RE), 14 February 2020

On behalf of the Board of Directors
Fulvio Montipò, Chairman

Carlo Banci, the manager responsible for drafting the company's accounting documents, declares - pursuant to the terms Article 154-bis, paragraph 2 of the Consolidated Financial Services Act - that the accounting disclosures in the present release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Sant'Ilario d'Enza (RE), 14 February 2020

Carlo Banci
Manager responsible for drafting
the company's accounting documents

Media Relations:

Moccagatta Associati

Tel. 02 8645.1695

segreteria@moccagatta.it

Investor Relations:

Luca Mirabelli

Tel. 0522-904433

lmirabelli@interpumpgroup.it



Consolidated Statement of financial position

(€/000)	<u>31/12/2019</u>	<u>31/12/2018</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	233,784	118,140
Trade receivables	284,842	270,364
Inventories	408,551	366,480
Tax receivables	25,027	24,596
Other current assets	9,113	10,931
<i>Total current assets</i>	<u>961,317</u>	<u>790,511</u>
Non-current assets		
Property, plant and equipment	484,057	355,488
Goodwill	508,033	434,699
Other intangible assets	32,830	34,731
Other financial assets	4,226	2,319
Tax receivables	1,590	1,664
Deferred tax assets	35,195	29,776
Other non-current assets	2,150	2,177
<i>Total non-current assets</i>	<u>1,068,081</u>	<u>860,854</u>
<i>Total assets</i>	<u>2,029,398</u>	<u>1,651,365</u>



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(€/000)	<u>31/12/2019</u>	<u>31/12/2018</u>
LIABILITIES		
Current liabilities		
Trade payables	157,351	177,782
Payables to banks	22,076	21,404
Interest bearing financial payables (current portion)	195,110	151,917
Taxes payable	15,087	19,204
Other current liabilities	90,635	72,297
Provisions for risks and charges	4,055	3,807
Total current liabilities	<u>484,314</u>	<u>446,411</u>
Non-current liabilities		
Interest bearing financial payables	387,412	232,158
Liabilities for employee benefits	21,402	19,377
Deferred tax liabilities	42,074	41,832
Other non-current liabilities	35,940	39,521
Provisions for risks and charges	3,057	3,161
Total non-current liabilities	<u>489,885</u>	<u>336,049</u>
Total liabilities	<u>974,199</u>	<u>782,460</u>
SHAREHOLDERS' EQUITY		
Share capital	55,460	54,842
Legal reserve	11,323	11,323
Share premium reserve	96,733	71,229
Remeasurement reserve for defined benefit plans	(7,358)	(5,965)
Translation reserve	7,731	3,142
Other reserves	885,575	729,373
Group shareholders' equity	<u>1,049,464</u>	<u>863,944</u>
Minority interests	5,735	4,961
Total shareholders' equity	<u>1,055,199</u>	<u>868,905</u>
Total shareholders' equity and liabilities	<u>2,029,398</u>	<u>1,651,365</u>



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FY 2019 Consolidated Income Statement

(€/000)	<u>2019</u>	<u>2018</u>
Net sales	1,368,618	1,279,167
Cost of goods sold	(866,701)	(805,295)
Gross industrial margin	501,917	473,872
<i>% of net sales</i>	36.7%	37.0%
Other operating income	20,115	19,665
Distribution expenses	(124,323)	(117,660)
General and administrative expenses	(145,556)	(135,898)
Other operating costs	(4,939)	(3,430)
EBIT	247,214	236,549
<i>% of net sales</i>	18.1%	18.5%
Financial income	15,062	11,427
Financial charges	(18,038)	(19,212)
Recognition of negative goodwill	-	11,369
Equity method contribution	(8)	(207)
Profit for the period before taxes	244,230	239,926
Income taxes	(63,499)	(66,064)
Consolidated profit for the period	180,731	173,862
<i>% of net sales</i>	13.2%	13.6%
Attributable to:		
Shareholders of Parent	179,299	172,905
Minority shareholders of subsidiaries	1,432	957
Consolidated profit for the period	180,731	173,862
EBITDA	317,890	288,519
<i>% of net sales</i>	23.2%	22.6%
Shareholders' equity	1,055,199	868,905
Net debt	370,814	287,339
Payables for purchase of shareholdings	54,286	44,527
Capital employed	<u>1,480,299</u>	<u>1,200,771</u>
ROCE	16.7%	19.7%
ROE	17.1%	20.0%
Basic earnings per share	1.700	1.619



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FY 2019 Consolidated statement of comprehensive income

(€/000)	<u>2019</u>	<u>2018</u>
Consolidated profit for the year (A)	180,731	173,862
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	4,683	5,454
<i>Gains (losses) from companies accounted for using the equity method</i>	5	(30)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>4,688</u>	<u>5,424</u>
Other comprehensive income which will not subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on the remeasurement of defined benefit plans</i>	(1,840)	(304)
<i>Applicable taxes</i>	<u>442</u>	<u>72</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	<u>(1,398)</u>	<u>(232)</u>
Consolidated comprehensive income for the year (A)+(B)+(C)	<u>184,021</u>	<u>179,054</u>
Attributable to:		
Shareholders of Parent	182,495	178,279
Minority shareholders of subsidiaries	<u>1,526</u>	<u>775</u>
Consolidated comprehensive income for the year	<u>184,021</u>	<u>179,054</u>



Q4 2019 Consolidated Income Statement

(€/000)	<u>2019</u>	<u>2018</u>
Net sales	342,485	325,591
Cost of goods sold	(217,779)	(208,247)
Gross industrial margin	124,706	117,344
<i>% of net sales</i>	<i>36.4%</i>	<i>36.0%</i>
Other operating income	5,623	5,180
Distribution expenses	(32,760)	(30,764)
General and administrative expenses	(38,445)	(35,997)
Other operating costs	(974)	(1,327)
EBIT	58,150	54,436
<i>% of net sales</i>	<i>17.0%</i>	<i>16.7%</i>
Financial income	5,706	3,829
Financial charges	(7,097)	(6,896)
Recognition of negative goodwill	-	(538)
Equity method contribution	(31)	18
Profit for the period before taxes	56,728	50,849
Income taxes	(11,506)	(14,255)
Consolidated profit for the period	45,222	36,594
<i>% of net sales</i>	<i>13.2%</i>	<i>11.2%</i>
Attributable to:		
Shareholders of Parent	44,724	36,322
Minority shareholders of subsidiaries	498	272
Consolidated profit for the period	45,222	36,594
EBITDA	77,605	68,749
<i>% of net sales</i>	<i>22.7%</i>	<i>21.1%</i>
Shareholders' equity	1,055,199	868,905
Net debt	370,814	287,339
Payables for purchase of shareholdings	54,286	44,527
Capital employed	1,480,299	1,200,771
Non-annualized ROCE	3.9%	4.5%
Non-annualized ROE	4.3%	4.2%
Basic earnings per share	0.420	0.343



Q4 2019 Consolidated statement of comprehensive income

(€/000)	<u>2019</u>	<u>2018</u>
Consolidated profit for the fourth quarter (A)	45,222	36,594
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(10,189)	4,732
<i>Gains (losses) from companies accounted for using the equity method</i>	(15)	(13)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(10,204)</u>	<u>4,719</u>
Other comprehensive income which will not subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on the remeasurement of defined benefit plans</i>	(1,840)	(304)
<i>Applicable taxes</i>	<u>442</u>	<u>72</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	<u>(1,398)</u>	<u>(232)</u>
Consolidated comprehensive income for the fourth quarter (A)+(B)+(C)	<u>33,620</u>	<u>41,081</u>
Attributable to:		
Shareholders of Parent	33,175	40,834
Minority shareholders of subsidiaries	<u>445</u>	<u>247</u>
Consolidated comprehensive income for the fourth quarter	<u>33,620</u>	<u>41,081</u>



FY 2019 Consolidated cash flow statement

(€/000)	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Profit before taxes	244,230	239,926
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(2,774)	(4,474)
Amortization and depreciation	69,284	50,469
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	2,585	1,881
Losses (profits) from investments	8	207
Net change in risk provisions and allocations to employee benefit provisions	(826)	(718)
Expenditures for tangible assets to be leased	(6,278)	(7,912)
Proceeds from the disposal of leased tangible assets	7,793	9,335
Net financial charges (revenues)	2,976	(3,584)
	316,998	285,130
(Increase) decrease in trade receivables and other current assets	10,934	(33,413)
(Increase) decrease in inventories	5,270	(62,868)
Increase (decrease) in trade payables and other current liabilities	(37,077)	35,367
Interest paid	(5,507)	(4,324)
Realized exchange differences	331	(1,475)
Taxes paid	(78,374)	(69,578)
Net cash from operating activities	212,575	148,839
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and net of treasury shares transferred	(24,719)	(19,045)
Capital expenditure on property, plant and equipment	(72,503)	(63,683)
Proceeds from the sale of tangible fixed assets	1,886	1,127
Proceeds from the sale of available-for-sale assets	-	785
Increase in intangible assets	(3,100)	(4,138)
Financial income received	850	602
Other	421	1,114
Net cash (used in) investing activities	(97,165)	(83,238)
Cash flows from financing activities		
Disbursements (repayments) of loans	115,398	(25,384)
Dividends paid	(23,876)	(23,115)
Payments for the purchase of treasury shares	(78,993)	(54,183)
Proceeds from the sale of treasury shares to stock option beneficiaries	3,823	540
Repayments (disbursements) of loans to subsidiaries consolidated with the equity method	(494)	(200)
Change in other financial assets	(126)	(13)
Payment of finance lease installments (principal)	(16,738)	(3,131)
Net cash generated by (used in) financing activities	(1,006)	(105,486)
Net increase (decrease) in cash and cash equivalents	114,404	(39,885)



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(€/000)

Net increase (decrease) in cash and cash equivalents

Translation differences for cash held by non-EU companies

Initial IFRS16 impact on cash and cash equivalent

Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

<u>2019</u>	<u>2018</u>
114,404	(39,885)
602	645
(34)	-
-	(7)
96,736	135,983
211,708	96,736

Cash and cash equivalents consist of the following:

	31/12/2019	31/12/2018
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	233,784	118,140
Bank payables (overdrafts and subject to collection advances)	<u>(22,076)</u>	<u>(21,404)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>211,708</u>	<u>96,736</u>



Statement of changes in consolidated shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for valuation of hedging derivatives at fair value</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
<i>At 1 January 2018</i>	55,805	11,323	121,228	-	(5,722)	(2,475)	579,006	759,165	5,564	764,729
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,881	-	-	-	-	1,881	-	1,881
Purchase of treasury shares	(1,042)	-	(54,183)	-	-	-	1,042	(54,183)	-	(54,183)
Sale of treasury shares to stock option beneficiaries	47	-	540	-	-	-	(47)	540	-	540
Transfer of treasury shares as payment for equity investments	32	-	1,763	-	-	-	(32)	1,763	-	1,763
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	(869)	(869)	(894)	(1,763)
Merger of Russian Inoxpa subsidiaries	-	-	-	-	-	-	(100)	(100)	100	-
Dividends distributed	-	-	-	-	-	-	(22,532)	(22,532)	(584)	(23,116)
Comprehensive income for 2018	-	-	-	-	(243)	5,617	172,905	178,279	775	179,054
<i>At 31 December 2018</i>	54,842	11,323	71,229	-	(5,965)	3,142	729,373	863,944	4,961	868,905
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	2,585	-	-	-	-	2,585	-	2,585
Purchase of treasury shares	(1,529)	-	(77,464)	-	-	-	-	(78,993)	-	(78,993)
Sale of treasury shares to stock option beneficiaries	171	-	3,652	-	-	-	-	3,823	-	3,823
Transfer of treasury shares as payment for equity investments	1,976	-	96,731	-	-	-	-	98,707	-	98,707
Minorities of Reggiana Riduttori	-	-	-	-	-	-	-	-	175	175
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	103	103	(153)	(50)
Dividends distributed	-	-	-	-	-	-	(23,200)	(23,200)	(675)	(23,875)
Dividends resolved (third parties)	-	-	-	-	-	-	-	-	(99)	(99)
Comprehensive income for 2019	-	-	-	-	(1,393)	4,589	179,299	182,495	1,526	184,021
<i>At 31 December 2019</i>	55,460	11,323	96,733	-	(7,358)	7,731	885,575	1,049,464	5,735	1,055,199