



ANNUAL REPORT

2018

COMPAGNIE DU
BOIS SAUVAGE

SUMMARY OF THE ANNUAL REPORT OF COMPAGNIE DU BOIS SAUVAGE
ANNUAL MEETING OF SHAREHOLDERS ON 24 APRIL 2019
Financial Year 2018

TABLE OF CONTENTS

1.	Letter to the shareholders	2
2.	Key figures as at 31 December	4
3.	Consolidated and statutory financial statements	7
	3.1. Consolidated statement of the financial position	8
	3.2. Consolidated statement of the comprehensive income	10
	3.3. Consolidated statement of changes in equity	11
	3.4. Consolidated cash-flow statement	12

Compagnie du Bois Sauvage is an investment holding company, quoted on Euronext Brussels, with a stable 'family' principal shareholder.

The Company aims to focus on a limited number of investments, whether listed on the stock exchange or not, mainly in the industrial sector. Its goal is to reserve the necessary means for the development of the companies of the Group.

It aims to maintain close relations with the companies in which it invests and to be involved in the recruitment of executives and in strategic development.

In the interests of its own shareholders, the Company requires a regular income from its investments in order to provide a steadily growing dividend, if possible.

1. LETTER TO THE SHAREHOLDERS

The global economy opened 2018 on a positive note, following an upswing in worldwide production and trade throughout 2017. But as investors began to lose confidence in global economic forecasts, market dynamics changed.

As regards the investments of Compagnie du Bois Sauvage, the results are satisfying even though they have been diversely impacted by the economy.

The **“operating results before disposals, changes in fair value and depreciations”** of Compagnie du Bois Sauvage were EUR 45 million vs EUR 51.1 million in 2017. This decrease of EUR 6.1 million is mainly due to the combined effect of the non-recurrence of an result in 2017 of EUR 13.4 million at Noël Group and the entry in the accounts of a net compensation of 4 million from Ageas.

It also reflects

- a steady good profitability of UBCM (Chocolate Group: Neuhaus, Jeff de Bruges, Corné Port Royal and Artista Chocolates) and non-recurrent results in a challenging end of year climate leading to a sluggish revenue increase,
- the results of shareholdings consolidated by the equity method, mainly increasing in Recticel and Fidentia and decreasing in Noël Group and Vinventions,
- a marked decline in the results of Berenberg Bank impacted by the cyclical and sluggish market during the past period, who didn't benefit anymore of non-current results in 2018 and had activity levels below expectations.

The **“net result group share”** of EUR -16.5 million takes into account the result of earnings on disposal of EUR 1.8 million, changes in fair value and depreciations of shareholdings mainly for one part in Berenberg of EUR -31.8 million (+7.2 million in 2017) and in Umicore of -20.9 million (+49.3 million in 2017) for the other part, and an income tax expense of EUR 7.8 million.

Net comprehensive income attributable to the Group was EUR -13.5 million, as compared to EUR 89.5 million in 2017. This amount corresponds to the net profit or loss attributable to the Group, adjusted for items recognised directly in equity, such as exchange rate differences on operations in currencies outside the euro area (EUR 2.9 million).

The Company bolstered up its equity by EUR 0.8 million following the exercise of 2,650 subscription rights at a price of EUR 294.50 per share in April 2018. The Group recorded a net consolidated debt of EUR 16.3 million as at 31 December 2018.

After the 2017 dividend payment (EUR 12.8 million), the Group's equity amounted to EUR 451.6 million at the end of 2018 (versus EUR 482.2 million in 2017).

Given the strong operating profit and the solidity of its assets, the Company is proposing to continue its dividend growth policy and to take the dividend to EUR 7.70 gross per share, thereby indicating its confidence in the future.

(1) Source: IMF – 5 Charts That Explain the Global Economy in 2018, 20 December 2018.

During 2018, the Compagnie du Bois Sauvage Group mainly:

- subscribed to the capital increase of **Vinventions, LLC** via **Surongo America, Inc.** and **Global Vine III LLC** for an amount of USD 20 million,
- lent EUR 5 million to the Belgian subsidiary of **Vinventions, LLC**,
- purchased 410,000 shares in **Umicore SA** for an amount of EUR 17.1 million,
- subscribed in the American fund **Sentinel National Urban Residential Partners I LLC** for an amount of USD 10 million, of which USD 3.5 million were paid up in the course of the year.
- paid up USD 3.7 million in the **Gotham City Residential Partners II, LP** fund,
- bought 920 bonds convertible into shares in Compagnie du Bois Sauvage, issued by Entreprises et Chemins de Fer en Chine for an amount of EUR 1.3 million. In the event that in June 2019 all these bonds acquired in 2017 and 2018 are converted, Compagnie du Bois Sauvage will receive 8,012 of its own shares,
- recognised a compensation fee to be received in the context of Ageas settlement agreement of EUR 4 million, net of which EUR 2.8 million has been received,
- paid up EUR 2 million in the **First Retail International 2 (FRI2)** and **Vaiance Life Sciences** funds,
- paid up the second and last tranche of EUR 0.8 million to the International Committee of the Red Cross, in accordance with a debenture loan commitment in the amount of EUR 1.6 million,
- paid up a final amount of EUR 0.9 million to **Serendip**, which holds the Group's investment in Galactic in accordance with the lending agreement entered into in 2017,
- repaid the debenture loan of EUR 45 million at 3.8% and replaced the latter with two bank loans of EUR 22.5 million each at 1.3%,

- received repayments of EUR 0,4 million from the **First Retail International 2** and **Allegro** funds and of USD 3,5 million (including capital gain) from the American fund **Gotham City Residential Partners I**.

In the context of the renewal of the authorization given by the Extraordinary General Meeting of 27 April 2016 for the buy-back of own shares, Compagnie du Bois Sauvage did not buy back any own shares in 2018.

Measures to improve shareholder information were continued: the Corporate Governance Charter has been updated and is available on the website, the intrinsic value is published twice a year.

The average daily number of shares processed in 2018 was 377.

Taking into account the two non-recurring elements mentioned above, the intrinsic value (in-the-money) stood at EUR 403 per share as at 31 December 2018 (EUR 435 as at 31 December 2017).

Compagnie du Bois Sauvage wishes to thank its shareholders for their confidence and support during the financial year. Our thanks are also due to all the Group's employees and partners for their professionalism and sincere commitment.

1 March 2019

President

Pierre-Yves de Laminne de Bex

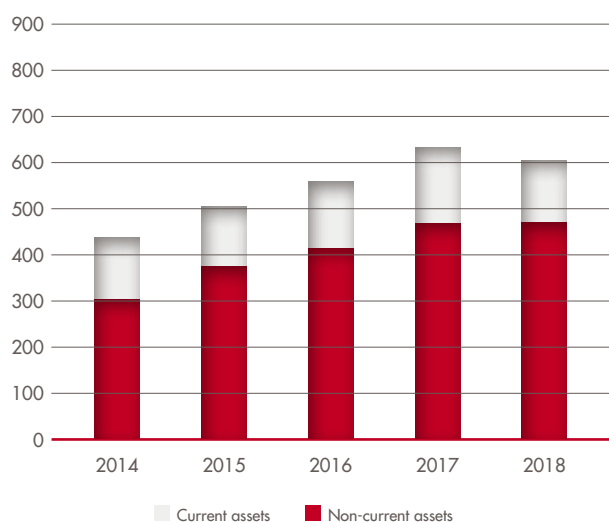
General Manager

Benoit Deckers

2. KEY FIGURES AS AT 31 DECEMBER

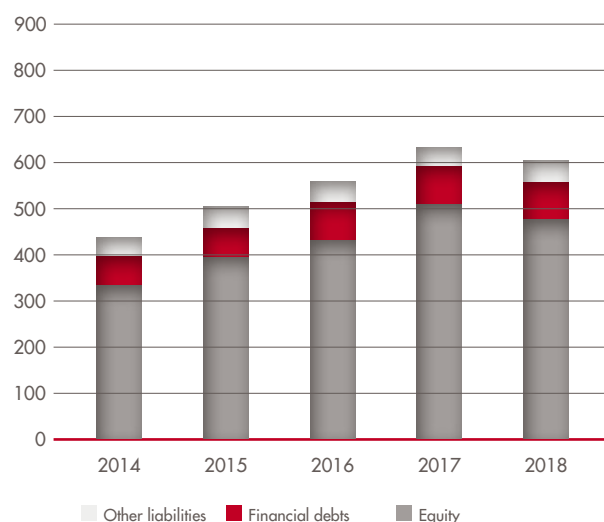
ASSETS – HISTORICAL TREND

Consolidated accounts (in millions of euros)



LIABILITIES – HISTORICAL TREND

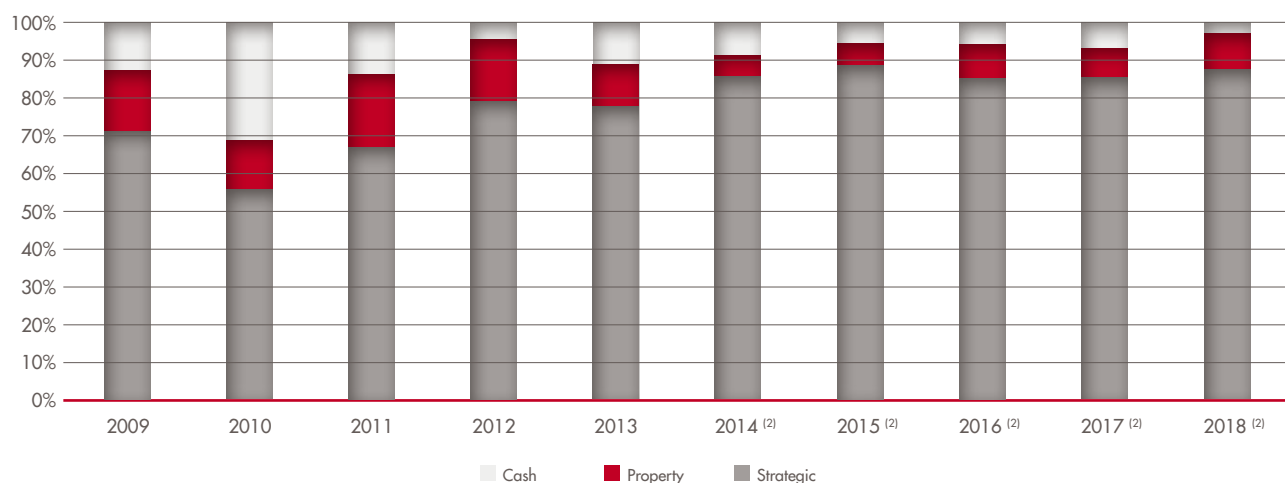
Consolidated accounts (in millions of euros)



EVOLUTION OF THE CONSOLIDATED PORTFOLIO

Intrinsic value as at 31 December ⁽¹⁾

Total in euros 758,571,487 813,968,415 571,074,038 542,063,934 558,737,076 496,405,908 600,582,302 670,565,412 788,999,416 743,518,289



(1) See page XX: Valuation methods for the calculation of the intrinsic value and Note 8.

(2) Non-cash items of UBCM.

in thousands of euros	2018	2017	2016	2015
Group equity	451,630	482,156	405,194	372,723
Intrinsic value 'in-the-money' ⁽¹⁾⁽³⁾	678,943	733,927	622,094	564,464
Consolidated net profit (loss) (attributable to the Group)	-16,461	45,251	31,437	32,884
Market capitalisation at year-end	635,380	601,989	515,667	415,198

	2018	2017	2016	2015
Consolidated net profit (loss) per share (attributable to the Group) (EUR)				
Basic ⁽²⁾	-9.77	26.90	18.68	19.89
Diluted ⁽²⁾	-9.77	26.90	18.68	19.89
Number of shares				
Outstanding	1,685,358	1,682,708	1,683,262 ⁽⁴⁾	1,680,962
In-the-money	1,685,358	1,685,408	1,685,767 ⁽⁵⁾	1,683,312
Fully diluted	1,685,358	1,685,408	1,685,767 ⁽⁵⁾	1,688,312
Intrinsic value per share at year-end (EUR)				
In-the-money ⁽³⁾	402.85	435.46	369.03	335.22
Fully diluted ⁽³⁾	402.85	435.46	369.03	335.20
Gross dividend per share	7.70	7.60	7.52	7.44

	2018	2017	2016	2015
Average daily volume processed	377	467	475	819
Average daily capital (EUR) ⁽³⁾	147,279	158,172	131,115	189,324
Price (EUR)				
Year-end	377.00	357.75	306.35	247.00
Highest	415.00	364.45	319.75	252.00
Lowest	346.00	305.00	232.00	205.50

(1) The valuation method for the calculation of the intrinsic value is described in the french version of the 2018 annual report.

(2) See calculation and definitions in the french version of the 2018 annual report.

(3) See definitions of 'in-the-money' and 'fully diluted' in the french version of the 2018 annual report.

(4) Including 2,495 treasury shares held by Compagnie du Bois Sauvage at 31 December 2016.

(5) Excluding treasury shares

Consolidated and Separate Financial Statements as at 31 December 2018

Presented to the General Meeting of 24 April 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

in thousands of euros	2018	2017
Non-current assets	469,358	467,477
Property, plant and equipment	44,272	41,558
Investment property	10,377	10,385
Goodwill	11,003	11,003
Intangible assets	21,062	21,418
Equity-accounted investments	143,827	118,130
Investments available for sale	0	240,156
Investments at fair value through profit or loss	210,756	0
Other assets	26,459	23,936
Deferred tax assets	1,602	891
Current assets	134,134	165,826
Inventories	21,842	22,234
Trade and other receivables	39,152	44,264
Current tax assets	6,057	6,891
Financial assets at fair value through profit or loss	12,145	13,877
Other assets	4,596	2,208
Cash and cash equivalents	50,342	76,352
Non-current assets held for sale	0	0
Total assets	603,492	633,303

in thousands of euros

	2018	2017
Equity	474,939	507,231
Group equity	451,630	482,156
Share capital	154,297	153,517
Retained earnings	305,942	186,778
Reserves	-8,609	141,861
Non-controlling interests	23,309	25,075
Liabilities	128,553	126,072
Non-current liabilities	77,141	31,194
Borrowings	70,252	27,093
Provisions	375	608
Deferred tax liabilities	6,406	3,356
Other non-current liabilities	108	137
Current liabilities	51,412	94,878
Borrowings	9,902	56,357
Provisions	1,521	1,624
Trade and other payables	33,583	29,125
Current tax liabilities	5,366	5,972
Other liabilities	1,040	1,800
Total equity and liabilities	603,492	633,303

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER

in thousands of euros	2018 ⁽²⁾	2017 ⁽¹⁾
Operating income	222,556	221,542
Turnover	209,292	207,687
Interest and dividends	7,582	12,946
Rental income	777	733
Other income	4,905	176
Operating expenses	-187,457	-188,652
Raw materials and consumables used	-117,967	-121,524
Employee expenses	-56,124	-54,059
Depreciation, impairment losses and provisions	-8,775	-7,420
Finance costs	-3,072	-4,392
Other expenses	-1,519	-1,257
Share of profit (loss) of equity accounted investments	9,942	18,233
Operating profit (loss) before disposals, fair value adjustments and impairments	45,041	51,123
Profit (loss) on disposals	1,776	15,903
Fair value adjustments and impairments	-51,814	-4,144
Profit (loss) before tax	-4,997	62,882
Income tax expense	-7,787	-13,399
PROFIT (LOSS) OF THE PERIOD	-12,784	49,483
Other comprehensive income	2,935	44,199
Items not to be reclassified subsequently to profit or loss	1,225	-1,357
Share of other comprehensive income of equity accounted investments	1,225	-1,357
Items to be reclassified subsequently to profit or loss	1,710	45,556
Investments available for sale		
Fair value adjustments	0	55,313
Transfer to profit (loss) on impairment	0	0
Transfer to profit (loss) on disposal	0	-3,971
Exchange differences on foreign operations	1,520	-6,272
Share of other comprehensive income of equity accounted investments	190	486
COMPREHENSIVE INCOME OF THE PERIOD	-9,849	93,682
Profit (loss) of the period	-12,784	49,483
Attributable to Group	-16,461	45,251
Non-controlling interests	3,677	4,232
Comprehensive income of the period	-9,849	93,682
Attributable to Group	-13,526	89,450
Non-controlling interests	3,677	4,232

EARNINGS (LOSSES) PER SHARE AS AT 31 DECEMBER

in euros	2018 ⁽²⁾	2017 ⁽¹⁾
Basic	-9.77	26.89
Diluted	-9.77	26.89

(1) Figures unchanged from the 2017 Annual Report, taking account of accounting standard IAS 39.

(2) The Board of Directors meeting on 1 December 2017 decided to accept the default choice of IFRS 9 (applicable as from 1 January 2018) to measure 'Investments available for sale' at fair value through profit or loss, and not through equity as required in 2017 under accounting standard IAS 39.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of euros	Share capital		Reserves				Retained earnings	Group equity	Non-controlling interests	Equity
	Share capital	Share premium account	Reserves ⁽¹⁾	Treasury shares	Foreign currency translation reserve					
Balance as at 31 December 2016	84,163	68,685	95,173	-754	2,489	155,438	405,194	25,944	431,138	
Change in accounting standard IAS 19							0		0	
Investments available for sale										
Fair value adjustments			55,313				55,313		55,313	
Transfer to profit (loss) on impairment							0		0	
Transfer to profit (loss) on disposal			-3,971				-3,971		-3,971	
Share of hedging and actuarial reserves of equity accounted investments			-871				-871		-871	
Changes in scope of consolidation							0		0	
Foreign exchange translation differences						-6,272	-6,272		-6,272	
Other							0		0	
Other comprehensive income	0	0	50,471	0	-6,272	0	44,199	0	44,199	
Net profit (loss) of the period						45,251	45,251	4,232	49,483	
Comprehensive income of the period	0	0	50,471	0	-6,272	45,251	89,450	4,232	93,682	
Dividends paid						-12,637	-12,637	-5,101	-17,738	
Share capital and share premium account	115	554					669		669	
Changes in scope of consolidation							0		0	
Operations with treasury shares (purchase/cancellation)				754		-864	-110		-110	
Other						-410	-410		-410	
Balance as at 31 December 2017	84,278	69,239	145,644	0	-3,783	186,778	482,156	25,075	507,231	
Opening balance adjustment for IFRS 9			-153,405			153,405	0		0	
Opening balance adjustment for IFRS 15						-5,355	-5,355		-5,355	
Balance as at 1st January 2018	84,278	69,239	-7,761	0	-3,783	334,828	476,801	25,075	501,876	
Share of hedging and actuarial reserves of equity accounted investments			1,415				1,415		1,415	
Changes in scope of consolidation							0		0	
Foreign exchange translation differences						1,520	1,520		1,520	
Other							0		0	
Other comprehensive income	0	0	1,415	0	1,520	0	2,935	0	2,935	
Net profit (loss) of the period						-16,461	-16,461	3,677	-12,784	
Comprehensive income of the period	0	0	1,415	0	1,520	-16,416	-13,526	3,677	-9,849	
Dividends paid						-12,789	-12,789	-5,445	-18,234	
Share capital and share premium account	133	647					780		780	
Changes in scope of consolidation							0		0	
Operations with treasury shares (purchase/cancellation)							0		0	
Other						364	364	2	366	
Balance as at 31 December 2018	84,411	69,886	-6,346	0	-2,263	305,942	451,630	23,309	474,939	

(1) revaluation (in 2017) / hedging / actuarial reserves of the Group's available-for-sale investments accounted for using the equity method.

CONSOLIDATED CASH-FLOW STATEMENT

in thousands of euros	2018	2017
Profit (loss) before tax	-4,997	62,882
Adjustments		
Profit (loss) on disposals	-1,776	-15,903
Fair value adjustments and impairments	51,787	4,144
Share of profit (loss) of equity accounted investments	-9,942	-18,233
Finance costs	3,072	4,392
Interest and dividend income	-7,582	-12,946
Depreciation, impairment losses and provisions	8,775	7,420
Other	-46	374
Increase (decrease) in working capital		
Current assets ⁽¹⁾	2,993	-3,748
Current liabilities ⁽²⁾	2,976	2,794
Interest paid	-2,350	-4,392
Interest received (incl. IRS)	1,652	1,109
Dividends received		
Equity-accounted investments	4,241	6,444
Other investments	6,051	11,866
Taxes paid	-5,220	-18,670
Cash flows relating to operating activities	49,634	27,533
(Acquisition)/disposal of equity-accounted investments	-20,129	-1,333
(Acquisition)/disposal of investments at fair value through profit or loss	-22,967	18,821
(Acquisition)/disposal of other financial instruments	-279	-2,676
(Acquisition)/disposal of investment property	0	-17
(Acquisition)/disposal of tangible assets	-10,755	-9,367
(Acquisition)/disposal of intangible assets	-635	-857
(Acquisition)/disposal of other non-current assets	-129	-502
Cash flows relating to investment activities	-54,894	4,069
New loans	45,000	5,946
Repayment of loans	-48,296	-3,027
Capital increase/(decrease)	780	669
Dividends paid to the Group's shareholders	-12,789	-12,637
Dividends paid to minority shareholders	-5,445	-5,101
Sale (purchase) of treasury shares held	0	-110
Other	0	-1,119
Cash flows relating to financing activities	-20,750	-15,379
Net cash flows of the period	-26,010	16,223
Cash and cash equivalents, beginning balance	76,352	60,129
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents, ending balance	50,342	76,352

(1) Increases and decreases in working capital relating to inventories, accounts receivable, other assets and non-current assets held for sale.

(2) Increases and decreases in working capital relating to trade and other payables.



ANNUAL REPORT 2018

(summary)

Compagnie du Bois Sauvage S.A.

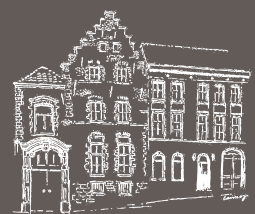
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