

COMPAGNIE DU
BOIS SAUVAGE

ANNUAL REPORT 2019

SUMMARY OF THE ANNUAL REPORT OF COMPAGNIE DU BOIS SAUVAGE
ANNUEL MEETING OF SHERHOLDERS ON 22 AVRIL 2020
EXERCICE 2019

TABLE OF CONTENTS

4	1. Letter to the shareholders
6	2. Key figures as at 31 December
9	3. Consolidated and statutory financial statements
10	3.1. Consolidated statement of the financial position
12	3.2. Consolidated statement of the comprehensive income
13	3.3. Consolidated statement of changes in equity
14	3.4. Consolidated cash-flow statement

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.



“There is nothing more amazing than people who plant trees
in whose shade they may never have the opportunity to sit...
Others will enjoy them. Isn't that all that matters?”(*)

(*) Excerpt from a dialog in the movie: “The second best exotic Marigold Hotel”

In memory of the Knight Paquot

Born in Liège on 10 May 1941, Guy Paquot was a man with a wide general culture, kindled by his natural curiosity. From an early age and throughout his life, he read voraciously, everything from financial journals to strip cartoons or history books.

After succeeding brilliantly in his studies at Liège University, having obtained a doctorate in law and a degree in commercial and tax law, he began his professional career with Banque Nagelmackers 1747 in 1969. Fascinated by financial management, he held various directorships there in the banking, financial and industrial sectors. In 1972, he had the opportunity to acquire, on his own behalf, the Société belge d'entreprises en Chine, established in 1922 and discovered in the Memento des Valeurs. He gradually developed this company, alongside his banking activity. Over the years, various old companies that had been active mainly in China were acquired and merged, resulting in 1979 in the entity now known as Entreprises et Chemins de Fer en Chine.

In 1982, he became managing partner of the Compagnie Financière Nagelmackers, an ordinary limited partnership, parent company of the Banque Nagelmackers 1747. He took an active role in the negotiations for the sale of Banque Nagelmackers 1747 to the French bank BNP Paribas in 1990.

In 1986, he became Chairman and Managing Director of Financière Lecocq, which was to be renamed Compagnie du Bois Sauvage in 1994, when it moved to the site of its current registered office. He showed a particular interest in various coal mines in liquidation which he acquired with the shareholders and loyal friends of his company and which he gradually integrated until 1998.

In 1991, the merger between Financière Lecocq and one of the listed subsidiaries of Entreprises et Chemins de Fer en Chine enabled the shareholders to usher in a new era of development under the leadership of Guy Paquot. The Compagnie du Bois Sauvage thus became one of the active branches of the Entreprises et Chemins de Fer en Chine Group.

Guy Paquot always surrounded himself with leading figures from various sectors of activity on his board and a team of efficient colleagues who called him 'the Chef'. He was a strong character who knew how to share his passions with those around him and had the gift of capturing attention with all sorts of fascinating anecdotes from his unerring memory which he brought colourfully up to date.

The Compagnie du Bois Sauvage Group, well known to Belgian investors, had over one billion euros in assets under management before the 2008 crisis. Repositioning the company's activities after this crisis and leaving behind the uncertainties linked to professional activities, Guy Paquot prepared to hand over to the next generation. Although present among his team on a daily basis, as of June 2011 he gradually withdrew from the operational management of the Compagnie du Bois Sauvage.

He passed away unexpectedly on 11 August 2019, surrounded by his family, during a trip to Botswana but he left behind a strong Group with a promising future.

He was and will remain a mentor for many of us.

His colleagues

1. LETTER TO THE SHAREHOLDERS

This year, the world economy has grown at its slowest pace since the financial crisis ten years ago. The increase in trade barriers and the related uncertainty weighed on business activity across the globe. In some cases (advanced economies and China), these trends amplified the cyclical and structural slowdowns already under way (1).

As regards the holdings of Compagnie du Bois Sauvage, the results of the 2019 financial period are satisfactory, even though they have been variously impacted by the economy.

Operating profit before disposals and fair value adjustments of Compagnie du Bois Sauvage stands at EUR 38.9 million (versus EUR 45.0 million in 2018). This result is affected mainly by the combined effect of the following elements:

- an almost 8% increase in the turnover of UBCM (Chocolatier Group: Neuhaus, Jeff de Bruges, Corné Port-Royal and Artista Chocolates) and consolidation of solid operating profitability.
- the results of equity accounted companies (EUR 3.3 million compared to EUR 9.9 million in 2018), mainly declining at Fidentia, Vinventions, Noël Group and Recticel,
- the Group's share in the results of Berenberg Bank, which rose considerably but which had had a poor year in 2018.

The net profit attributable to the Group of EUR 62.7 million takes into account profit on disposals of EUR 2.5 million, fair value adjustments of EUR 25.9 million, mainly at Umicore with EUR +37.6 million (EUR -20.9 million in 2018), Vinventions with EUR -10.6 million (Group share) and tax expenses of EUR 6.3 million.

Net comprehensive income attributable to the Group was EUR 63.1 million, compared to EUR -13.5 million in 2018. 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 2.1 million).

The Company indirectly undertook a treasury share transaction through the conversion into Compagnie du Bois Sauvage shares of matured Entreprises et Chemins de Fer en Chine bonds. The 8,012 treasury shares acquired that way were cancelled on 29 November 2019. The Group recorded a net consolidated debt excluding IFRS 16 of EUR 46.6 million as at 31 December 2019, compared to EUR 16.3 million as at 31 December 2018.

After the 2018 dividend payment (EUR 13 million) and the cancellation of 8,012 treasury shares (EUR -2.9 million) and taking account of the profit for the year (EUR 62.7 million), the Group's equity amounted to EUR 498.8 million at the end of 2019, compared with EUR 451.6 million in 2018.

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 7.80 gross per share, thereby indicating its confidence in the future.

(1) Source: IMF – 5 Charts That Explain the Global Economy in 2019 (18 December 2019).

During 2019, the Compagnie du Bois Sauvage Group mainly:

- invested the sum of EUR 14.4 million in the '**Praça de Espanha**' real-estate transaction in Lisbon in an equal partnership with Besix Real Estate Development (Besix RED). This project involves building 280 apartments in a highly valued district of Lisbon,
- subscribed EUR 10 million to the capital increase of **Ynsect** (France), EUR 5 million of which have already been paid up,
- subscribed EUR 10 million, half in the form of shares and the remainder as a subordinated loan, to the creation of the **Fidentia Offices III** fund, a real-estate company operating in the office buildings sector. As at 31 December 2019, EUR 3 million had been paid up,
- subscribed a total sum of EUR 5.6 million to the capital increase and bond issue of **Fidentia Belux Investment**;
- subscribed the sum of EUR 3.6 million to the capital increase and bought shares in the company **Futerro** (Galactic subsidiary),
- subscribed EUR 3 million to the capital increase of the **FRI 2** fund, an additional EUR 2.2 million of which have already been paid up,
- paid up USD 1.2 million in the **Gotham City II** fund (USA) via its American subsidiary Surongo America,
- loaned USD 1 million to **Nomaco** (USA), a wholly-owned subsidiary of Noël Group (30% holding),
- loaned EUR 1.1 million to **Oxygen Development**, a residential property development project in Brussels,
- received an additional EUR 2 million for the sale in 2017 of our holding in **Ogeda**. An additional EUR 4 million may potentially be received, depending on 'milestones' to be achieved.

In the context of the renewal of the authorisation given by the Extraordinary General Meeting of 27 April 2016, Compagnie du Bois Sauvage did not buy back any treasury shares in 2019 other than those acquired by conversion as indicated above.

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 quarterly and the detailed composition of the portfolio is included in Section 7 of this report.

The average daily number of shares processed in 2019 was 521.

Taking into account the two non-recurring elements mentioned above, the intrinsic value (in-the-money) stood at EUR 467 per share as at 31 December 2019 (EUR 403 as at 31 December 2018).

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.

02 March 2020

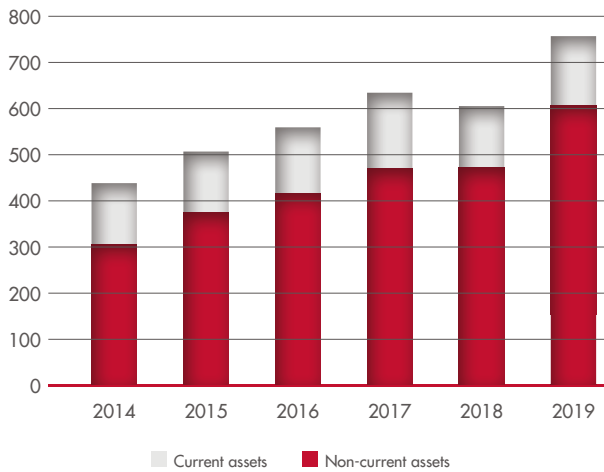
President
Pierre-Yves de Laminne de Bex

General Manager
Benoit Deckers

2. KEY FIGURES AS AT 31 DECEMBER

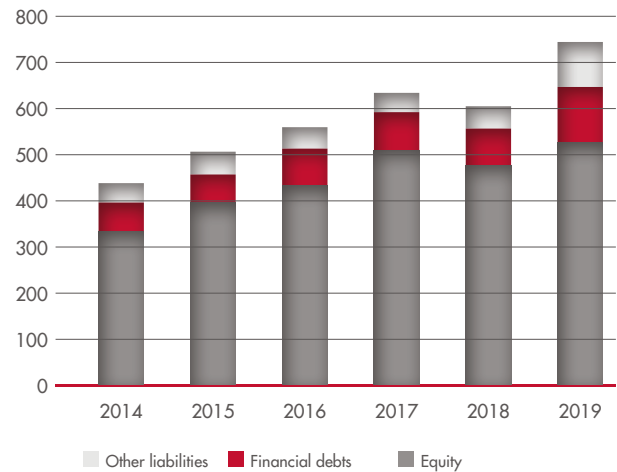
ASSETS – HISTORICAL TREND

Consolidated accounts (in millions of euros)



LIABILITIES – HISTORICAL TREND

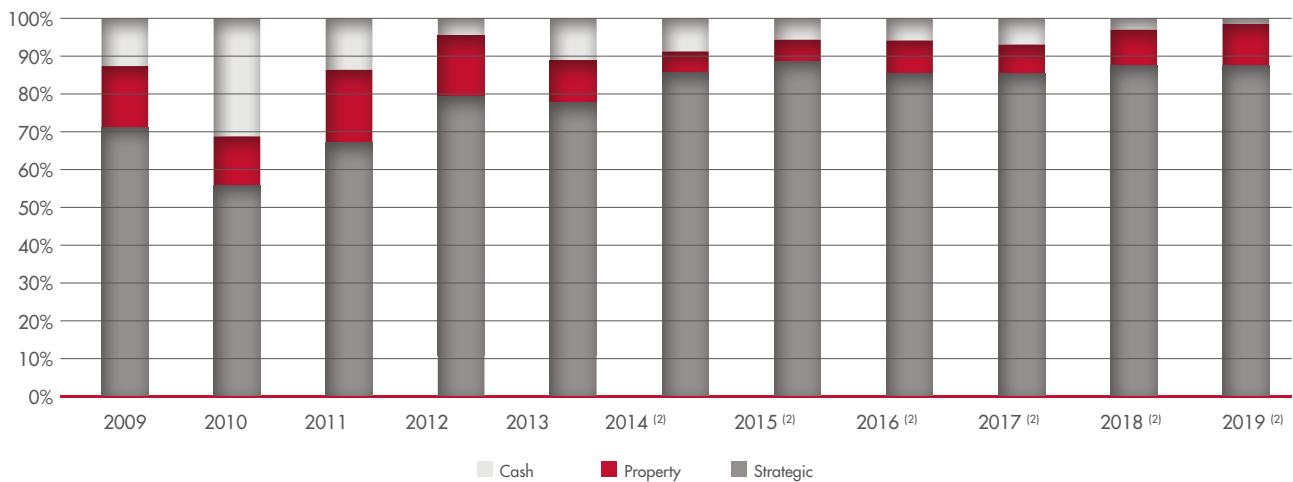
Consolidated accounts (in millions of euros)



EVOLUTION OF THE CONSOLIDATED PORTFOLIO

Intrinsic value as at 31 December

Total in euros 758,571,487 813,968,415 571,074,038 542,063,934 558,737,076 496,405,908 600,582,302 670,565,412 788,999,416 743,518,289 865,808,105



(2) Except UBCM cash.

in thousands of euros	2019	2018	2017	2016
Group equity	498,816	451,630	482,156	405,194
Intrinsic value 'in-the-money'	783,912	678,943	733,927	622,094
Consolidated net profit (loss) (attributable to the Group)	62,730	-16,461	45,251	31,437
Market capitalisation at year-end	645,778	635,380	601,989	515,667

	2019	2018	2017	2016
Consolidated net profit (loss) per share (attributable to the Group) (EUR)				
Basic	37.40	-9.77	26.90	18.68
Diluted	37.40	-9.77	26.90	18.68
Number of shares				
Outstanding	1,677,346	1,685,358	1,682,708	1,683,262 ⁽⁴⁾
In-the-money ⁽⁶⁾	N/A	N/A	1,685,408	1,685,767 ⁽⁵⁾
Fully diluted	1,677,346	1,685,358	1,685,408	1,685,767 ⁽⁵⁾
Intrinsic value per share at year-end (EUR)				
In-the-money ⁽⁶⁾	N/A	N/A	N/A	N/A
Fully diluted	467.35	402.85	435.46	369.03
Gross dividend per share	7.80	7.70	7.60	7.52

	2019	2018	2017	2016
Average daily volume processed	521	377	467	475
Average daily capital (EUR)	195,557	147,279	158,172	131,115
Price (EUR)				
Year-end	385.00	377.00	357.75	306.35
Highest	410.00	415.00	364.45	319.75
Lowest	350.00	346.00	305.00	232.00

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

(5) Excluding treasury shares.

(6) Since 21/04/2018, there have no longer been any subscription rights. The indication 'N/A' has therefore been added to show that the category is not applicable, as the value is identical between the two categories.

**Consolidated and Separate Financial Statements
as at 31 December 2019**

Presented to the General Meeting of 22 April 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

<i>in thousands of euros</i>	2019	2018
Non-current assets	608,929	469,358
Property, plant and equipment	49,044	44,272
Investment property	10,921	10,377
Goodwill	11,003	11,003
Intangible assets	22,773	21,062
Intangible assets right to use	62,378	0
Equity-accounted investments	152,266	143,827
Investments at fair value through profit or loss	256,252	210,756
Other assets	41,057	26,459
Deferred tax assets	3,235	1,602
Current assets	131,938	134,134
Inventories	22,060	21,842
Trade and other receivables	49,025	39,152
Current tax assets	4,042	6,057
Financial assets at fair value through profit or loss	13,785	12,145
Other assets	2,559	4,596
Cash and cash equivalents	40,467	50,342
Non-current assets held for sale	0	0
Total assets	740,867	603,492

in thousands of euros

	2019	2018
Equity	532,778	474,939
Group equity	498,816	451,630
Capital	154,297	154,297
Retained earnings	352,796	305,942
Reserves	-8,277	-8,609
Non-controlling interests	33,962	23,309
Liabilities	208,089	128,553
Non-current liabilities	150,535	77,141
Borrowings	89,375	70,252
Debts linked to leases	58,549	0
Provisions	428	375
Deferred tax liabilities	2,116	6,406
Other non-current liabilities	67	108
Current liabilities	57,554	51,412
Borrowings	11,484	9,902
Debts linked to leases	4,478	0
Provisions	1,457	1,521
Trade and other payables	31,774	33,583
Current tax liabilities	7,179	5,366
Other liabilities	1,182	1,040
Total equity and liabilities	740,867	603,492

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER

in thousands of euros	2019	2018 ⁽¹⁾
Operating income	237,488	222,556
Turnover	224,454	209,292
Interest and dividends	11,509	7,582
Rental income	776	777
Other income	749	4,905
Operating expenses	-201,898	-187,457
Raw materials and consumables used	-115,753	-117,967
Employee expenses	-58,293	-56,124
Depreciation, impairment losses and provisions	-23,450	-8,775
Finance costs	-3,504	-3,072
Other expenses	-898	-1,519
Share of profit (loss) of equity accounted investments	3,306	9,942
Operating profit (loss) before disposals, fair value adjustments and impairments	38,896	45,041
Profit (loss) on disposals	2,522	1,776
Fair value adjustments and impairments	25,906	-51,814
Profit (loss) before tax	67,324	-4,997
Income tax expense	-6,338	-7,787
PROFIT (LOSS) OF THE PERIOD	60,986	-12,784
Other comprehensive income	332	2,935
Items not to be reclassified subsequently to profit or loss	-1,992	1,225
Actuarial gains (and losses)	-1,992	1,225
Share of other comprehensive income of equity accounted investments		
Items to be reclassified subsequently to profit or loss	2,324	1,710
Exchange differences on foreign operations	2,109	1,520
Share of other comprehensive income of equity accounted investments	215	190
Changes in scope of consolidation	0	0
Related taxes	0	0
Other	0	0
COMPREHENSIVE INCOME OF THE PERIOD	61,318	-9,849
Profit or loss of the period	60,986	-12,784
Attributable to Group	62,730	-16,461
Non-controlling interests	-1,744	3,677
Comprehensive income of the period	61,318	-9,849
Attributable to Group	63,062	-13,526
Non-controlling interests	-1,744	3,677

EARNINGS (LOSSES) PER SHARE AS AT 31 DECEMBER

€	2019	2018 ⁽¹⁾
Basic	37.40	-9.77
Diluted	37.40	-9.77

(1) 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	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 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 1 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	-16,461	-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 (2)						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	
Balance as at 1 January 2019	84,411	69,886	-6,346	0	-2,263	305,942	451,630	23,309	474,939	
Share of hedging and actuarial reserves of equity accounted investments			-1,777				-1,777		-1,777	
Changes in scope of consolidation										
Foreign exchange translation differences						2,109	2,109		2,109	
Other										
Other comprehensive income	0	0	-1,777	0	2,109	0	332		332	
Net profit (loss) of the period						62,730	62,730	-1,744	60,986	
Comprehensive income of the period	0	0	-1,777	0	2,109	62,730	63,062	-1,744	61,318	
Dividends paid						-12,978	-12,978		-12,978	
Share capital and share premium account										
Changes in scope of consolidation								12,539	12,539	
Operations with treasury shares (purchase/cancellation)						-2,924	-2,924		-2,924	
Other						26	26	-142	-116	
Balance as at 31 December 2019	84,411	69,886	-8,123	0	-154	352,796	498,816	33,962	532,778	

(1) revaluation (in 2017) / hedging / actuarial reserves of the Group's available-for-sale investments (replaced by investments at fair value through profit or loss) accounted for using the equity method

CONSOLIDATED CASH-FLOW STATEMENT

in thousands of euros	2019	2018
Profit (loss) before tax	67,324	-4,997
Adjustments		
Profit (loss) on disposals	-2,522	-1,776
Fair value adjustments and impairments	-25,906	51,787
Share of profit (loss) of equity accounted investments	-3,306	-9,942
Finance costs	3,504	3,072
Interest and dividend income	-11,509	-7,582
Depreciation, impairment losses and provisions	23,450	8,775
Other	18,059	-46
Increase (decrease) in working capital		
Current assets (1)	-8,711	2,993
Current liabilities (2)	-1,809	2,976
Interest paid	-3,362	-2,350
Interest received (incl. IRS)	894	1,652
Dividends received		
Equity-accounted investments	4,546	4,241
Other investments	9,592	6,051
Taxes paid	-8,433	-5,220
Cash flows relating to operating activities	61,811	49,634
(Acquisition)/disposal of equity-accounted investments	-27,667	-20,129
(Acquisition)/disposal of investments at fair value through profit or loss	-5,667	-22,967
(Acquisition)/disposal of other financial instruments	-11,933	-279
(Acquisition)/disposal of investment property	-47	0
(Acquisition)/disposal of tangible assets	-13,406	-10,755
(Acquisition)/disposal of intangible assets	-15,547	-635
(Acquisition)/disposal of other non-current assets	-1,439	-129
Cash flows relating to investment activities	-75,706	-54,894
New loans	29,300	45,000
Repayment of loans	-8,595	-48,296
Capital increase/(decrease)	0	780
Dividends paid to the Group's shareholders	-12,978	-12,789
Dividends paid to minority shareholders	0	-5,445
Sale (purchase) of treasury shares held	-2,924	0
Other	-783	0
Cash flows relating to financing activities	4,020	-20,750
Net cash flows of the period	-9,875	-26,010
Cash and cash equivalents, beginning balance	50,342	76,352
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents, ending balance	40,467	50,342

(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.

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