Investindustrial

Building better companies

2016 ANNUAL REVIEW & SUSTAINABILITY REPORT

Investindustrial™

Investindustrial

BI-Invest

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COVER IMAGE:
The iconic Grande Papillon armchair designed by Naoto Fukasawa for B&B Italia, and the Spun floor lamp designed by Sebastian Wrong for Flos.

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STRATEGIC COMMENTARY

> The leadership position Investindustrial has established by focusing primarily on Southern Europe, and opportunistically on other geographies, has been achieved through a long-term dedication to the design and implementation of industrially-driven transformations of select quality companies.

Building Better Companies is the motto that drives our organisation and the companies we invest in and work with. As long-term owners, we are partnering with companies and managers that have the potential to lead their industry while making a positive impact. This approach has enabled our 85-person strong organisation to support 12 companies as of the end of 2016, with aggregate global sales of €5 billion. EBITDA grew by 11% to reach €838 million. More than 18,500 people are employed by the companies, which is an increase of one thousand jobs (+5%) in the year.

Investing for product-driven growth

In aggregate, the 12 companies as of year-end have invested €1.9 billion (including expansion capex) in the businesses since Investindustrial's entry, of which approximately €500 million in 2016 alone. Many of these investment programmes started to come to fruition during 2016, for example with Aston Martin's launch of the new DB11 sports car, the launch of Sergio Rossi's first new collections, or the completion of Ferrari Land within the destination resort PortAventura.

> A key contributor to Investindustrial's long-term success is the significant and continuous upfront investment the Firm has made in best-in-class advisory and functional specialist teams.

Growth through selective acquisitions

We are pleased to have welcomed three new companies to the portfolio in the last year, having been acquired in transactions for a total enterprise value of more than €2 billion. Artsana, based in Como, northern Italy, and the opportunity to further internationalise its leading babycare brand Chicco. Valtur, Italy's largest holiday resort operator, was acquired with a long-term view of growth and consolidation in the northern Mediterranean hospitality sector. Lastly, specialty chemicals producer Reichhold was merged with Polynt to form a truly global leader.

Investindustrial also worked actively together with the management teams to complete a number of add-on acquisitions in 2016, such as the high-end kitchen brand Arclinea for B&B Italia and the French LED lighting specialist KKDC for Flos.

New milestones reached and goals set in the area of sustainability

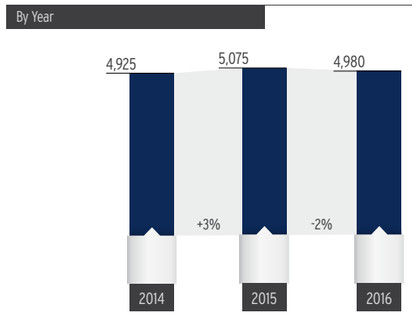
Investindustrial places great importance on long-term portfolio company health and sustainability. We operate with a prudent approach to financial leverage in order to give companies room to grow, making significant ongoing investments to achieve this.

Andrea C. Bonomi, Founder and Managing Principal of Investindustrial at the Aston Martin Headquarters in Gaydon (UK).

In 2016, Investindustrial's profitable portfolio companies performed strongly with an 11% increase in EBITDA delivering a 17% margin and an increase of approximately 1,000 employees.

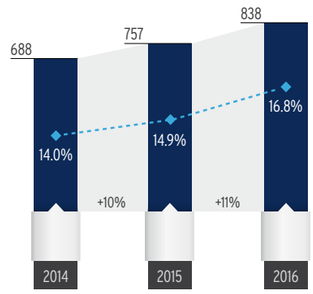
2016 Portfolio figures

Sales (€m)



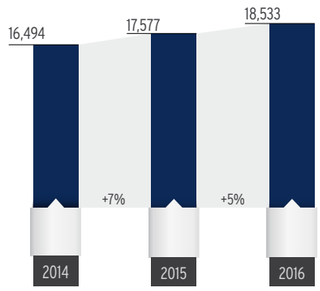
Investment companies as of December 2016 generated sales of approximately €5.0 billion in 2016, 2% below prior year.

EBITDA (€m) and Margin (%)



Investments generated an aggregate EBITDA of €0.8 billion in 2016, a 11% increase compared to the prior year.

Total Employees (nr.)



At the end of 2016 the total workforce of the portfolio companies more than 18,500 employees representing an increase of 5% compared to the prior year.

In addition, we want to make sure that our companies can measure and be mindful of their carbon emissions and that they actively work to reduce their footprint while making a positive impact to society and their nearby community.

We reached several sustainability milestones during 2016 through a close engagement with investee companies, including via an annual ESG Summit. In having our dedicated ESG team work closely with the companies in the production of their CSR reports, we are now able to report a consolidated view of the portfolio's greenhouse gas emissions (594k tCO2e) as well as a number of other important environmental, social and governance performance indicators. Whilst carbon neutral as an organisation for the last eight years, Investindustrial can now use the aggregate portfolio emissions data to offset the emissions of our share as an investor in the portfolio companies, thus meeting our own expectations.

In the sustainability section of this document you will be able to read more about how we actively work our with companies to improve ESG performance, benchmark best practices and set goals, as well as how we are developing a proprietary strategy to achieve carbon neutrality. The Investindustrial Foundation amplifies the Firm's efforts in sustainability by focusing on environmental protection and conservation, as well as the promotion of education and diversity.

Beyond our environmental focus remains our commitment to Invest for children (www. investforchildren.org), a second corporate foundation set up in 2000 and dedicated to supporting under-privileged and differently-abled children. Contributing to the community is an integral part of being a responsible long-term investor and Investindustrial and the team have committed to contributing a further €5 million by 2020 to Invest for children to continue its work on improving the quality of people's lives.

Significant interest cost savings across the portfolio

Investindustrial's dedicated debt capital markets team has taken advantage of the benign credit markets in the last year. Including two transactions in the first half of 2017, a total of €3.2 billion of debt has been arranged for refinancings or new acquisitions, with five transactions exceeding €500 million each, generating an annual cost saving across the portfolio of nearly €50 million.

Investing in talent

Investindustrial made 19 new senior appointments at investee companies, including two CEOs and two CFOs, demonstrating the rigorous approach to the recruitment of best-in-class managers as we build better companies together.

Investindustrial appointments also included two senior business development professionals, focused on embracing technology enabling opportunities and evaluating add-on acquisitions in North America. The North American market remains of key strategic importance to Investindustrial, representing the highest growth region for Investindustrial's companies and accounting for €1.3 billion in revenues, taking into account the recently concluded combination of Polynt and Reichhold.

Conclusions

With €6.5 billion of raised fund capital, of which €2.1 billion is equity available for new investments, Investindustrial commands a compelling leadership position as a European mid-market investment group, with a particular focus on Southern Europe. This has been achieved through a long-term dedication to the design and implementation of building better companies. A key contributor to Investindustrial's long-term success since inception in 1990 has been the significant upfront and ongoing investment in best-in-class advisory and functional specialist teams. We continue to work relentlessly to drive positive change and results throughout our portfolio and look forward to reporting on further progress next year.

The DB11 launched in 2016 is the first new model produced by Aston Martin after Investindustrial invested in the company.

2016 KEY EVENTS

€2.1bn

€2.1 billion of equity for investments

At the end of 2016, Investindustrial had approximately €2.1 billion of equity to make further acquisitions. Investindustrial remains balanced between a high quality private market portfolio and capital available for new investments.

€2.0bn

Selective investments completed for €2.0 billion

During 2016, Investindustrial and its co-investors made investments mainly in three companies Artsana, Polynt and Valtur accounting for a total enterprise value of €2.0 billion.

€4.6bn

Refinancings

In the last 2.5 years the Group debt team has supported six refinancings and four issues of acquisition debt for a total consideration of €4.6 billion.

17%

A highly profitable portfolio

Investindustrial has a solid portfolio of profitable companies with an overall EBITDA margin of 17%. During 2016 the EBITDA margin grew by 13% compared to the prior year and the growth was mainly due to the contribution of Aston Martin and Polynt.

A LEADING EUROPEAN INVESTMENT GROUP

Providing industrial expertise, operational focus and global platforms to accelerate value creation and international expansion.

Investindustrial is one of Europe's leading independent investment groups which provides industrial solutions and capital to medium-size companies that are leaders in their fields. Founded from an industrial conglomerate, today Investindustrial has a dominant leadership position in Southern Europe with the longest history (established in 1990), the deepest track record (52 portfolio investments), the largest team (84 professionals across three continents), and has become the largest private equity investor of institutional capital (€6.5 billion of raised fund capital) in this region.

Investindustrial uses proprietary networks developed over several cycles to identify high-quality, often complex, investment opportunities in sectors well-known to the Firm and pursues a consistent, industrially-driven investment approach to build better companies. Active ownership and operational improvement remain at the core of Investindustrial's value creation strategies which typically focus on accelerating growth and profitability through globalisation and/or industrial repositioning.

Investindustrial advocates the use of moderate leverage, commensurate with each company's growth and capex ambitions, to build sustainable businesses. This approach resonates well with industrial trade buyers, often a preferred exit route for portfolio companies. Investindustrial has demonstrated discipline across cycles by continuing to focus on the quality end of the mid-market.

Investindustrial funds are managed in the interest of the limited partners by investment managers authorised and regulated by the Financial Conduct Authority in the United Kingdom and therefore in an autonomous and independent manner from the other Group companies. Investments and divestments are made (and shares in portfolio companies are held) by the applicable investment or holding companies of each fund. Decisions over investments and divestments, including the exercise of the voting rights over the shares of the portfolio companies, are made by the applicable investment or holding company board of directors in an autonomous and independent manner, consistent with the applicable corporate governance rules and by-laws. It is the responsibility of the management of each portfolio company to operate that company on a day-to-day basis.

2016 Recognitions of Investindustrial excellence

- Firm of the year in Italy (Private Equity International, winner)
- Italian Firm of the Year (Private Equity Exchange, winner)
- Spanish Firm of the Year (Private Equity Exchange, Silver Award)
- Fundraising & Investor Relations (Private Equity Exchange, Silver Award)

A history with a consistent strategy

2012 - The Financial Times

Crisis fails to deter buy-out group from moving into Spain and Italy

News analysis

Investindustrial is looking beyond the sovereign debt problems, writes Daniel Schäfer

Last year, Andrea Bonomi sold Permasteelisa, tripling its original investment

The group's investments include motorcycle maker Ducati

1978 - The Financial Times

Started in Italy but now throughout the world.

"Invest" Group: 50 Companies, one philosophy

2012 - The Economist

Where others fear to tread

A private-equity fund sees the upside in Europe's struggling periphery

Strong stomachs required

- Originated from a successful industrial group
- Operating as a Firm since 1990
- 84 professionals on three continents
- Industrially driven approach

38 years of investments in leading brands and companies

An investment strategy refined from success and experience from previous partnerships such as...

AEB group · Applus · AVINCIS · BPM Banca Popolare di Milano · ing. castaldi illuminazione · CARE · COGETECH · CONTENUR · DAVID BROWN GROUP PLC · Devro · DUCATI · euskaltel · eutelsat · Gardaland · GRUPPO COIN · Italmatch Chemicals · Johnson Radley Ltd · karrimor · Logic Control · MOUNTAIN WAREHOUSE · PANDA · PERMASTEELISA GROUP · RECOLETOS · RTS · RUFFINO DAL 1877 · Service Point · Sirti · Stroili · SVENSON · zero9

...was applied to the 2016 portfolio of leading brands and companies

ARTSANA GROUP · ASTON MARTIN · B&B ITALIA · EMER · FLOS · GOLDCAR rental · PERFUME HOLDING · Polynt · PortAventura WORLD PARKS & RESORT · SNAITECH · sergio rossi · valtur

Polynt's diversified product offering has applications across a range of industries including automotive (the new Aston Martin DB11 pictured below).

INVEST IN QUALITY BUSINESSES

- Quality management team
- Focus on reinforcing research and development
- Optimisation and rationalisation of product mix
- Improvement of working capital management

DRIVE MARKET LEADERSHIP

- Create international leaders through organic growth and new acquisitions
- Maximise profitability by leveraging synergies and developing restructuring or cost-cutting plans
- Capture international growth opportunities
- Business line diversification

CAPTURE GLOBAL OPPORTUNITIES

- Capture international sales growth opportunities that are not easily accessible for mid-market companies
- Use the Group's global network to facilitate access to new markets
- Increase competitiveness in emerging markets by adapting manufacturing and R&D locally

CREATE TOMORROW'S LEADERS

- Integrate product development, production and supply chain capabilities with international distribution capacity
- Capture both geographical and product growth opportunities
- Building a digital strategy adequate to changing market and customer behaviors

Leading European footprint with a growing international presence

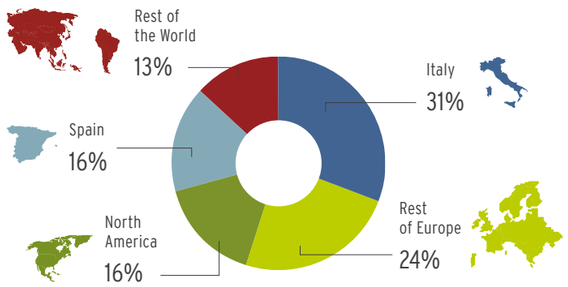
Investindustrial has considerable international exposure and combines a global vision with capital and local insight to drive growth initiatives in its companies.

Investindustrial's portfolio companies have a truly global footprint, with more than half of the 2016 sales coming from outside Southern Europe.

Since inception, non-European countries have contributed to 73% of the growth of portfolio companies' sales.

2016 Sales[1] (%)

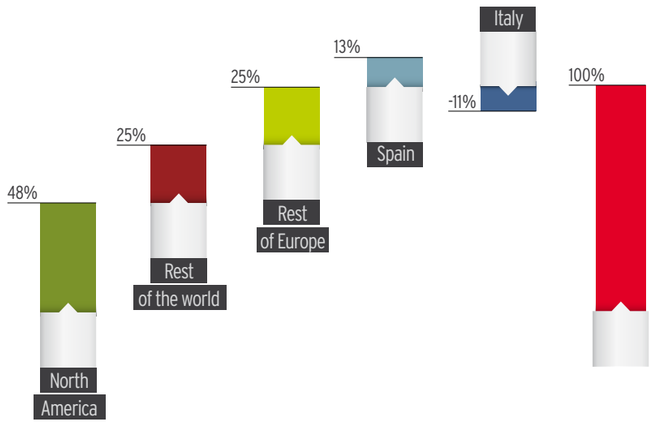
By Region



[1] Sales weighted by shareholding of the companies present in the portfolio at the end of 2016.

2016 Sales Variance (%)

By Region since Investindustrial entry



98% of the portfolio growth since inception has come from markets outside of Southern Europe and 73% of this growth has been driven from non-European countries.

Investindustrial Managing Principals and NYU Clinical Professor Tensie Whelan at NYU Stern School of Business during an ESG session in New York (USA).

Chicco, part of the Artsana Group, is a leading international baby-care brand acquired by Investindustrial in 2016.

Investindustrial is a global provider of employment

Investindustrial's portfolio companies employ approximately 18,500 employees, based mostly in Europe, across a wide range of sectors and countries.

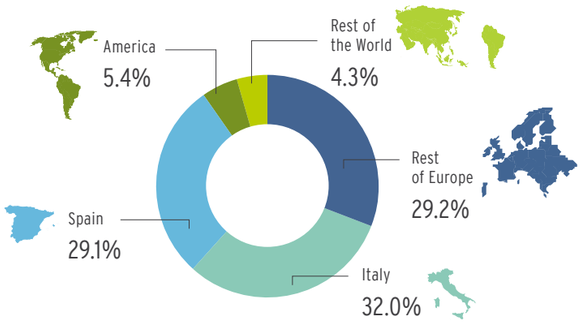
Investindustrial considers the skills of its portfolio companies' employees as an asset to be developed and shared while respecting and safeguarding individuals. Furthermore, the Group is committed to offering equal opportunities in employment and in career development, avoiding every form of discrimination, including discrimination based on race, sex, sexual orientation, age, nationality, religion and personal beliefs.

The companies in which Investindustrial invests endeavor to maintain and improve training and further develop the know-how of their employees. In 2016, the total workforce reached approximately 18,500 employees of which approximately 7,500 are outside of Southern Europe. Manufacturing and commercial activities are present across 36 countries and five continents.

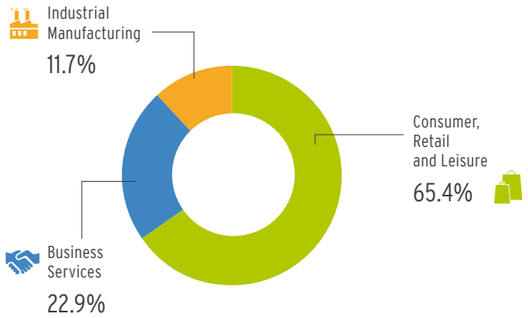
One of our portfolio company, Aston Martin, selected St. Athan (Wales) as the second manufacturing location for the new cross-over vehicle and up to 1000 new jobs will be created across St. Athan and Gaydon between now and 2020. Across the supply chain and local businesses a further 3,000 jobs will likely be created as a direct result of these investments.

Total Investindustrial Companies Employees (%)

By Region



By Sector



St. Athan (Wales) has been selected as the manufacturing location for the production of the Aston Martin DBX cross over expected for 2019.

Investindustrial investments have a direct presence through manufacturing facilities or subsidiaries in 36 countries.

GROUP PRESENCE IN:

ANDORRA	MEXICO
ARGENTINA	MOROCCO
AUSTRALIA	NETHERLANDS
BELGIUM	NORWAY
BRAZIL	POLAND
CANADA	PORTUGAL
CHINA	ROMANIA
CROATIA	RUSSIA
CYPRUS	SINGAPORE
FRANCE	SPAIN
GERMANY	SOUTH AFRICA
GREECE	SOUTH KOREA
HONG KONG	SWEDEN
INDIA	SWITZERLAND
ITALY	TURKEY
JAPAN	UAE
MALAYSIA	UK
MALTA	USA

A leading investment advisory team in Europe

Investindustrial is one of the largest and most experienced groups of investment professionals focused on Europe.

Investindustrial operates through a series of investment funds, holding companies and financial advisory firms, each managed independently and established in the United Kingdom, Spain, Switzerland, Luxembourg, Netherlands, the United States and China. Talent management is a key strategic goal of Investindustrial which has a team of 84 professionals combining local insight with global perspective. Having the right people at the right place at the right time is critical to building successful companies. To recruit and retain talented people with the highest ethical standards and to create an attractive workplace in which to develop them is vital for Investindustrial.

Investindustrial professionals, who typically remain with the Firm for many years, have demonstrated major achievements in their professional and academic past and are therefore best placed to nurture and integrate the high-calibre incremental personnel improvements that are regularly made to the Firm.

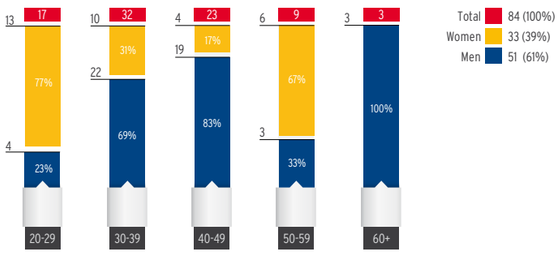
Investindustrial professionals represent 15 nationalities and 17 languages (with 39% of employees speaking 3 languages or more), reflecting the importance the Firm places on being a transparent and dynamic organisation with global views and capabilities.

Investindustrial has developed a team of functional specialists who support the Firm's investment activity: business development professionals, an equity markets team, debt markets specialists, legal transactions team, investor relations and syndication team as well as technology and digitalisation. This exceptional resource pool is led by a senior team of nine Managing Principals and Senior Principals.

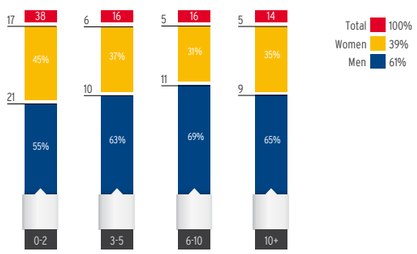
Investment and divestment activity is decided and undertaken by the applicable holding and investment companies pursuant to their respective board of directors' instructions and decisions. See under "Governance" for more details. Certain Group companies are authorised and subject to the supervision of the Financial Conduct Authority in the United Kingdom, the Commission de Surveillance du Secteur Financier in Luxembourg and the Federal Authority for Financial Market Supervisory Authority in Switzerland.

Investindustrial Employees (nr. and %)

By Age and Gender Distribution

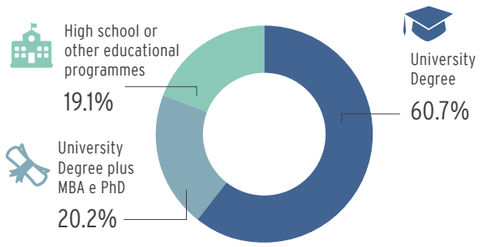


By Years of Employment at Investindustrial



About **40%** of Investindustrial's employees are women and this percentage increased with recent hires as a long-term commitment to having a more balanced gender distribution in the Firm.

By Educational Programmes



7 offices
17 languages
15 nationalities

Investindustrial's advisory team members at work.

An organisation tailor-made for active ownership throughout the investment process

Investindustrial leverages proprietary networks to source attractive investment opportunities typically unavailable to the broader market. Since inception the vast majority of portfolio investments have been sourced through proprietary channels, including family and corporate vendors, Public-to-Privates and public situations, a deliberate course of action which has yielded attractive entry multiples.

Investindustrial allocates resources to a concentrated group of investee companies but actively seeks to mitigate risks, and control returns, by holding a portfolio of assets that exhibits natural diversity. Target companies are typically in growth or mature phases of their lifecycle with the level of support required categorised in the following ways: consolidate position as local leader, strategic repositioning, international expansion, accelerate growth through acquisition and/or new products and markets.

Investindustrial provides hands-on support to portfolio companies through the team's breadth and depth of expertise. The ability to deliver on often complex operational and organisational plans is underpinned by the broad and deep internal sector expertise developed across many business cycles and is actively supported by the internal business development team.

The team's experience combines strong local investment insight with a global perspective which is leveraged to ensure the successful execution of the industrially-driven approach. As active investors Investindustrial works closely with key management throughout the ownership phase to drive product growth and/or market expansion. This includes actively securing industrial, branding and financial partners from inside, or selectively from outside, our network. These proprietary relationships which have been developed over many cycles, are inherently interlinked and underline Investindustrial's reputation as the preferred partner for high-quality mid-market businesses in Southern Europe and opportunistically in Western Europe.

The industrially driven, responsible and active ownership approach of Investindustrial creates a natural allegiance with corporate players who are looking to acquire high quality strategic assets. As part of the value creation process Investindustrial identifies potential trade buyers with which there may be valuable synergies and actively engages in dialogue throughout the holding period. Strategic buyers have accounted for nearly two thirds of Investindustrial exits to date.

Gabriele Del Torchio (Member of the Investindustrial Advisory Board and former CEO of Ducati) and Rupert Stadler (CEO of Audi).

The headquarters of B&B Italia at Novedrate (Italy) designed by Renzo Piano and Richard Rogers in 1973.

A unique network of Industrial Advisors

To help its portfolio companies achieve their full potential, and in support of the active ownership approach, Investindustrial can count on the valuable commitment of its Industrial Advisors.

These seasoned executives bring industrial expertise in a wide range of sectors and are closely linked to the Group's industrially-driven operational model.

The Industrial Advisors concentrate their advice on maintaining best practice corporate governance, stress testing industrial plans and identifying global value creation opportunities.

The Industrial Advisory Board

The broad network of Industrial Advisors has specific industrial expertise in its sectors, a history of strong relationships with Investindustrial, and is coordinated by the Industrial Advisory Board.

The Industrial Advisory Board provides industry expertise, views, opinions and strategic advice on industrial and business plans to the boards of the investment managers and holding companies. Its members act as consultants and do not take investment or divestment decisions.

They are an integral part of Investindustrial's business model and industrial approach, providing competence from operational and strategic issues in their fields of expertise.

The Industrial Advisory Board is chaired by Andrea C. Bonomi and is composed of five seasoned executives who bring valuable insights in a wide range of industries. Industrial Advisory Board Members are appointed from a network of more than 50 Industrial Advisors.

An internationally recognised sustainable investment approach

Investindustrial's leadership as a successful investor has been recognised by several institutions. Some examples of 2016 recognitions are the following:

Investindustrial has been recognised as the best private equity Firm in Italy at Private Equity International Awards 2016.

In March 2017, Investindustrial was recognised as the Best Private Equity Firm in Italy in the 2016 Private Equity International Awards. This is the eighth time in the last twelve years that Investindustrial has been recognised as the winner in this category, underlining the dominant position the Firm has built in Italy, in Southern Europe and as a leading European investment group overall. Investindustrial is honoured that Private Equity International and thousands of voters from the industry have again acknowledged the success of the Firm's industrially-driven and hands on approach to private equity investing in the European mid-market.

Investindustrial was awarded "Best Italian LBO Fund" at Private Equity Exchange Awards 2016.

In December 2016, Investindustrial was recognised as the Best Italian LBO Fund at the 15th Edition of the Private Equity Exchange Awards hosted in Paris. Investindustrial was pleased with the award given the high calibre of the competition, which comprised other prominent private equity Firms operating in the region. The Private Equity Exchange Award is one of the largest European private equity summits and attract more than 1,200 industry participants. The category winners were selected by a jury including leading institutional investors. In the same event, Investindustrial received the Silver Awards as Best Spanish LBO Fund and Best Fundraising & Investor Relations.

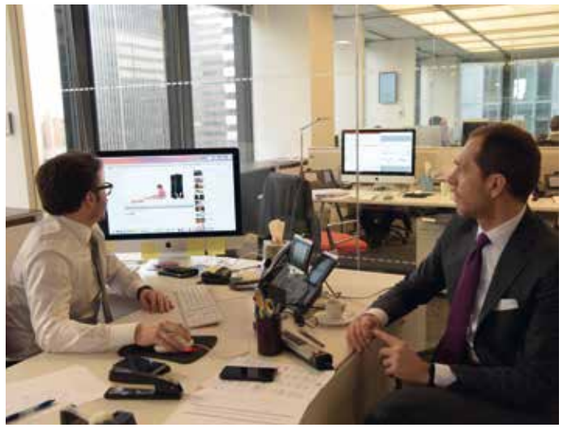
Selective Investindustrial recognitions

PRIVATE EQUITY EXCHANGE AWARDS 2016 WINNER Italy
PRIVATE EQUITY EXCHANGE AWARDS 2016 SILVER Spain
AWARDS 2016 Firm of the year in Italy
PRIVATE EQUITY EXCHANGE AWARDS 2016 SILVER Fundraising & Investor Relations
PRIVATE EQUITY EXCHANGE AWARDS 2015 WINNER
AWARDS 2013 Firm of the year in Italy Investindustrial
AWARDS 2013 Firm of the year in Iberia Investindustrial
PRIVATE EQUITY EXCHANGE AWARDS 2015 SILVER Italy
PRIVATE EQUITY EXCHANGE AWARDS 2015 SILVER Spain
AWARDS 2012 Firm of the year in Italy Investindustrial
AWARDS 2012 Firm of the year in Iberia Investindustrial
PRIVATE EQUITY EXCHANGE AWARDS 2014 WINNER Italy
PRIVATE EQUITY EXCHANGE AWARDS 2014 SILVER Spain
AWARDS 2011 Firm of the year in Italy Investindustrial
PRIVATE EQUITY EXCHANGE AWARDS 2013 WINNER Italy
PRIVATE EQUITY EXCHANGE AWARDS 2013 SILVER Spain
AWARDS 2010 Firm of the year in Italy Investindustrial
AWARDS 2010 Firm of the year in Iberia Investindustrial
PRIVATE EQUITY EXCHANGE AWARDS 2012 WINNER Italy
PRIVATE EQUITY EXCHANGE AWARDS 2012 WINNER Spain
UK-Italy Business Awards 2013
AWARDS 2009 Best Private Equity firm in Italy Investindustrial
AWARDS 2009 Best Private Equity firm in Iberia Investindustrial
THE PRIVATE EQUITY AWARDS 2013 EUROPEAN BUYOUT HOUSE OF THE YEAR
WINNER
WINNER

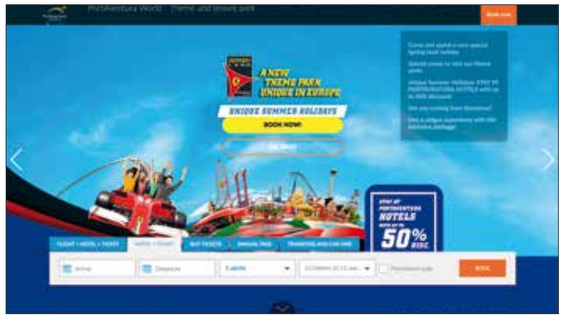
Investindustrial accelerates digitalisation and technological change

Since inception in 1990, Investindustrial has invested in numerous companies that have themselves been at the cutting edge of development, and other more traditional businesses which have incorporated new technologies both to defend and gain market share. Today, and increasingly so in the future, scalable technology is a powerful tool for portfolio companies to accelerate internationalisation; and a disruptive element for those not adapting.

Investindustrial is determined to capture the benefits of technological innovation for its portfolio companies and for the Group itself through a proactive approach and a dedicated business development team. The Group's technology and digitalisation centre of excellence is based in the New York office, complementing the other business development activities carried out from London and Shanghai. The team provides advisory services supporting due diligence reviews and benchmarks the digital strategy of new investments and add-on acquisitions.



The investment Investindustrial will continue to make in the technology team follows similar investments made in other areas of business development in recent years (corporate development, debt, investor relations & syndication, legal & compliance, risk management). The technology team further strengthens the exceptional pool of resources which Investindustrial can provide to portfolio companies to support industrial and international growth ambitions.



Above are some examples of what portfolio companies have recently developed through their digital strategies. Flos redesigned its website and customer experience for the US market. PortAventura is developing a new CRM system to maximise the full life-cycle value of the consumer and is analysing all the different technologies that might enhance the customer experience in the entertainment park. Sergio Rossi launched the new e-commerce website globally. Artsana is developing a 360 degrees strategy involving e-commerce, CRM and mobile.

CASE STUDY: Aston Martin

An iconic sports car brand with a rich 103-year heritage

ASTON MARTIN

"Aston Martin Lagonda is 103 years old and is one of the most desirable brands in the world. However it required a major investment to launch its new generation of models. The investment programme initiated by Investindustrial, in conjunction with the companies other Kuwaiti shareholders, has allowed Aston Martin management to reposition the company and return it to profit after a decade of losses. The DB11 is the first tangible fruit of that labour and the tremendous uptake from our customers following the launch at the end of 2016 is a testament to the hard work that has been undertaken in partnership with Investindustrial and other shareholders. The company is now in a much stronger overall position and, with the emerging line of next generation sports cars and a sports utility vehicle, it is ready to embrace its Second Century."

Andy Palmer,
Aston Martin CEO

Aston Martin 2016 EBITDA Margin

17%

Developments since entry:

Sales growth	29%
EBITDA growth	45%
EBITDA Margin growth	13%

Harnessing the valuable automotive sector investment expertise, Investindustrial made a bold but carefully planned investment in Aston Martin in 2012.

Aston Martin (www.astonmartin.com), established in 1913 and headquartered in Gaydon (UK), designs, manufactures and distributes luxury performance motor cars. Aston Martin is one of the most exclusive sports car brands in the world, operating with a global dealer network which currently covers over 150 locations. Its iconic status and global footprint has been built through its performance and elegant design, successfully marketed by featuring as James Bond's car in many 007 movies over the past 50 years. The group includes a JV which restores and trades heritage Aston Martin vehicles in the historical factory in Newport Pagnell (UK), and the dedicated cross-over factory in St. Athan (Wales).

Since Investindustrial's entry, the Aston Martin business plan has been based on three distinct phases:

- Existing range: while developing the future generation of vehicles, the company focused on cash flows by efficiently managing its existing product range and by launching special editions;
- New sports cars: introduction of an entirely new range of sport models from 2016 to 2018 (DB11 replacing DB9, Vantage replacement, Vanquish replacement);
- Range expansion: launch of the DBX SUV in 2019.

The new DB11 is the first new model produced by Aston Martin after Investindustrial invested in the company.

Managing the Existing Range while Developing the New Generation

Since Investindustrial's entry, the company has successfully managed the run-off of the old generation of cars, while investing each year on average £130 million into new models. In Q3 2016 the DB9 ended production and the DB11 was launched.

Supporting the launch of the new line of sports cars, the brand appeal and positioning have been further improved through numerous successful initiatives:

- A pre-DB11 concept car, the DB10, featured in the most recent James Bond movie, Spectre;
- Special editions models, such as the Vulcan, Zagato and GT8/12, were successfully launched and all promptly sold out;
- A partnership with Red Bull Racing was secured for the development of a hypercar, the Valkyrie; and
- Formula One sponsorship, with the Aston Martin logo featuring on Red Bull Racing cars.

With regards to the other product ranges, the Vantage and Vanquish models remain in production until their respective replacements are introduced.

Introducing New Sport Cars

In September, production of the DB11 began which signalled the start of phase two of the industrially-driven business plan. The car has received very positive media reviews, praising it for its performance and beauty.

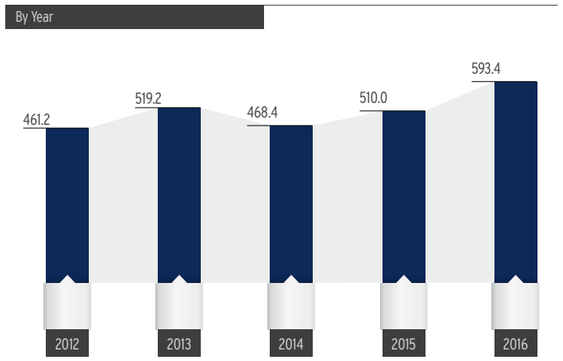
At year-end, the DB11 order book covered the planned unit sales for practically all of 2017.

With the DB11 launch, key improvements were made in the factory to combine advanced technologies, for example in bodywork, with Aston Martin's traditional exquisite craftsmanship, for example in interiors.

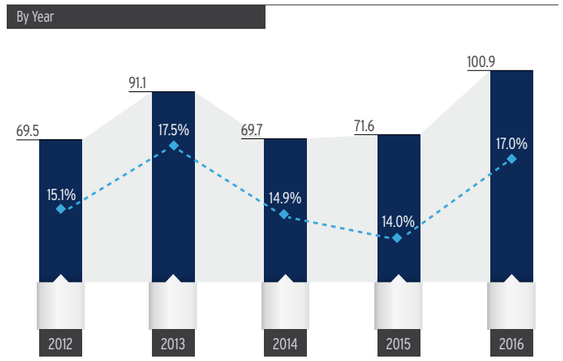
Further new model launches include V8 and convertible variants and new Vantage and Vanquish vehicles, all scheduled for production by 2018. The result will be a very modern range of sports cars further enhancing the traditional Aston Martin brand attributes.

The Valkyrie hypercar developed in partnership with Red Bull Racing.

Sales (£)



EBITDA (£) and Margin (%)



Model Range Expansion

Phase three of the business plan is based around the sports utility vehicle (SUV) programme, with the DBX cross-over vehicle expected to be launched in 2019, as announced at the Geneva Motor Show in 2015. The issue of £200 million of preference shares in 2015 ensures that the development and manufacturing facilities have been fully financed.

As part of the DBX production, an agreement has been reached with the UK and Welsh Government for the acquisition of the factory in St. Athan (Wales), a former hangar in a military airport with ample space for future developments. A sale and lease-back agreement was signed in 2016 with construction works beginning post year-end in 2017.

In choosing St. Athan, a strong partnership has been developed with both the UK Ministry of Defence, which previously operated the site as a Royal Air Force base, and the Welsh Government, which is providing valuable support in the recruitment of the 750 employees required at the facility.

Initial recruitment began in September, with the hiring of 40 people. The workforce will be trained in Gaydon on the DB11 production line and is expected to grow, resulting in the creation of 3,000 jobs in the local area as a result of the investment.

The DBX product has now been substantially defined and the engineering and design work are proceeding at full speed. The powertrain portfolio will include a hybrid and/or an electric variant in addition to a traditional V8.

A Luxury Brand

Aston Martin's status as a luxury brand has never been stronger. The launch of the DB11 and the strong early support the vehicle has received from customers old and new is a testament to the brand's heritage, global presence and pricing power.

Through strategic licensing agreements the company is expanding its product portfolio to other luxury segments.

In September, the 37-foot Aston Martin AM37 powerboat made its world debut at the Monaco Yacht Show, marking the luxury British brand's entry into the nautical world. The new day-cruiser is offered in two versions with the AM37S expected to reach speeds of 50 knots. Sharing creative expertise and specialist skills, a partnership allowed Quintessence Yachts to engineer the Aston Martin design into an innovative powerboat for the yachting world.

In 2016, Aston Martin also announced a partnership with G&G, a property group, for the design and branding of a 66-storey luxury residential tower in Miami.

The start of production of DB11 at Aston Martin headquarters in Gaydon (UK).

CASE STUDY: PortAventura

A European leader in the leisure and entertainment industry

PortAventura WORLD
PARKS & RESORT

"After the successful experience with Gardaland, the largest Italian theme park, it is a great pleasure for me to continue partnering with Investindustrial on PortAventura. During seven years of close collaboration, PortAventura has undergone a significant transformation – from a theme park into Europe's second largest integrated destination resort. A strong repositioning plan has been implemented based on strengthening the product offering, delivering a carefully crafted commercial strategy and optimising the cost base. The company's commitment to unique attractions and premium experiences ensures that it continues strongly along the path to long term value creation."

Sergio Feder,
PortAventura Executive Chairman

PortAventura 2016 EBITDA Margin

46%

Developments since entry:

Sales growth	47%
EBITDA growth	160%
EBITDA Margin growth	76%

Building on the successful previous investment in Italian theme park operator Gardaland, Investindustrial acquired PortAventura in 2009.

PortAventura is a fully integrated, family oriented destination resort with a balanced business model which encompasses the full range of entertainment, hospitality and events offering. The entertainment segment comprises three gates: one theme park "PortAventura Park", one water park "PortAventura Caribe Aquatic Park" and "Ferrari Land". Guests can enjoy an abundance of daily shows, special events and have an extensive choice of food, beverage and retail options. The hospitality segment comprises five themed hotels and cabañas (with four to five star accommodation) as well as a 4,000 person capacity convention centre hosting conferences and events all year long. The resort also benefits from a number of ancillary services and facilities including three golf courses and a beach club, included in the hotel packages.

The acquisition was made possible through the close relationship with La Caixa, Europe's leading savings bank, and its majority-owned investment company Criteria Caixa Corp.

Since Investindustrial's entry, PortAventura has performed well despite a very difficult economic environment. The company's positive performance is a result of the industrially-driven approach of Investindustrial and the introduction of a proven management team from Gardaland led by Sergio Feder. The key drivers of the outperformance to date are the successfully repositioned commercial strategy, improvements in the park offerings of shops and food, the addition of a new kids' area and the tallest rollercoaster in Europe, the opening of a themed aquatic park, and an efficiency programme that has significantly increased the profitability. The opening on April 7th 2017of Ferrari Land, a theme park dedicated to the prestigious automotive and racing brand, demonstrates the company's commitment to unique attractions, after PortAventura entered a European-wide exclusivity agreement with Ferrari for attractions of this kind.

Ferrari Land, opened in PortAventura at the beginning of 2017, offers many attractions including the highest and fastest vertical accelerator in Europe.

A successful development strategy

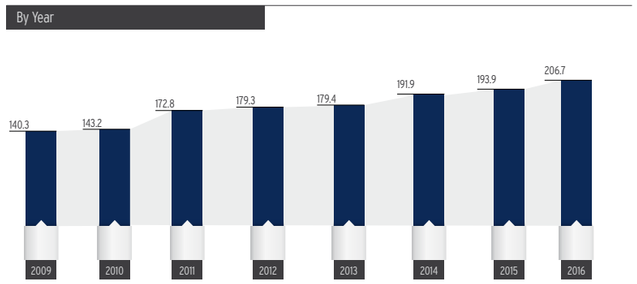
Since Investindustrial's entry at the end of 2009, PortAventura has performed strongly: EBITDA has almost tripled to €95 million with a best-in-class margin of 46% and the number of visitors has increased by 18% as a result of new park offerings and a relaunched commercial strategy. The management of the company has focused on the following areas in recent years:

- New Park Offerings: the new kids' area, SesamoAventura, and the new roller-coaster, Shambhala, have continued to attract both repeat and new visitors throughout 2016. In 2013, PortAventura opened the doors to its refurbished attraction, the Costa Caribe Aquatic Park and more recently to the Angkor Boat ride attraction.

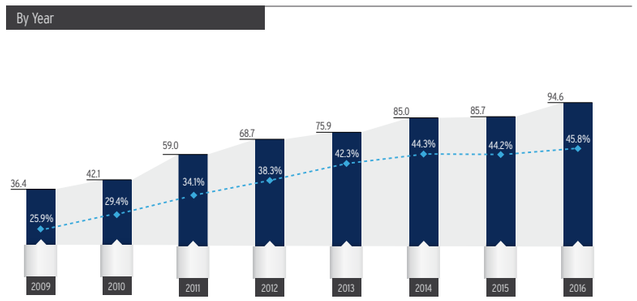
- Marketing Strategy: the company has refocused on traditional values, entertainment and family. As a result, the company is achieving a substantial increase in visitors from abroad (~ 50% of international hotel guests in 2016).

In the hotels business, the company has worked very closely with major tour operators both in Spain and internationally to develop a cohesive marketing strategy to increase hotel bookings since 2009. In addition, the implementation of a new website, booking engine and the introduction of call centre best practices, have significantly improved yield, with direct bookings having increased from 30% of total bookings to 43% in 2016, in line with best practices in the hotel industry.

Sales (€m)



EBITDA (€m) and Margin (%)



PortAventura is the largest destination resort in Southern Europe.

Brand partnerships with Ferrari and Cirque du Soleil

PortAventura is continuing to strengthen its position in the premium tourism segment by increasing the international image and branding of the park.

Ferrari Land

Post-year end, in April 2017, Ferrari Land opened to the public. The new site, within PortAventura, is a themed amusement park dedicated to the luxury automotive brand. PortAventura has a European-wide exclusivity agreement with Ferrari, ensuring the attraction is the only one of its kind in the region.

Ferrari Land is built on a total surface area of 75,000 square meters and benefits from several rides (including the highest and fastest vertical accelerator in Europe), restaurants, large simulation areas for car racing and shops.

The park has a total capital investment of €88 million and further enhances PortAventura's position as a leading European destination resort.

Cirque du Soleil

Cirque du Soleil will perform its Varekai show at PortAventura in 2017. This branding partnership follows those reached with Cirque du Soleil for the inaugural Kooza and Amaluna shows in 2014 and 2015.

Piero Ferrari, the son of the brand's eponymous founder, Enzo, officially opened Ferrari Land on April 7th 2017.

CASE STUDY:
B&B Italia
Internationalisation of a leading design furniture company

B&B ITALIA

"The strong desire to guarantee the continuity of this extraordinary company in a way that will ensure its further growth and expansion at the international level in keeping with its mission and history led us to consider the partnership with Investindustrial. Due to its experience in the high-end design segment, it will be able to provide us with the expertise and resources needed to pursue our long-term strategies of internationalisation and industrial development".

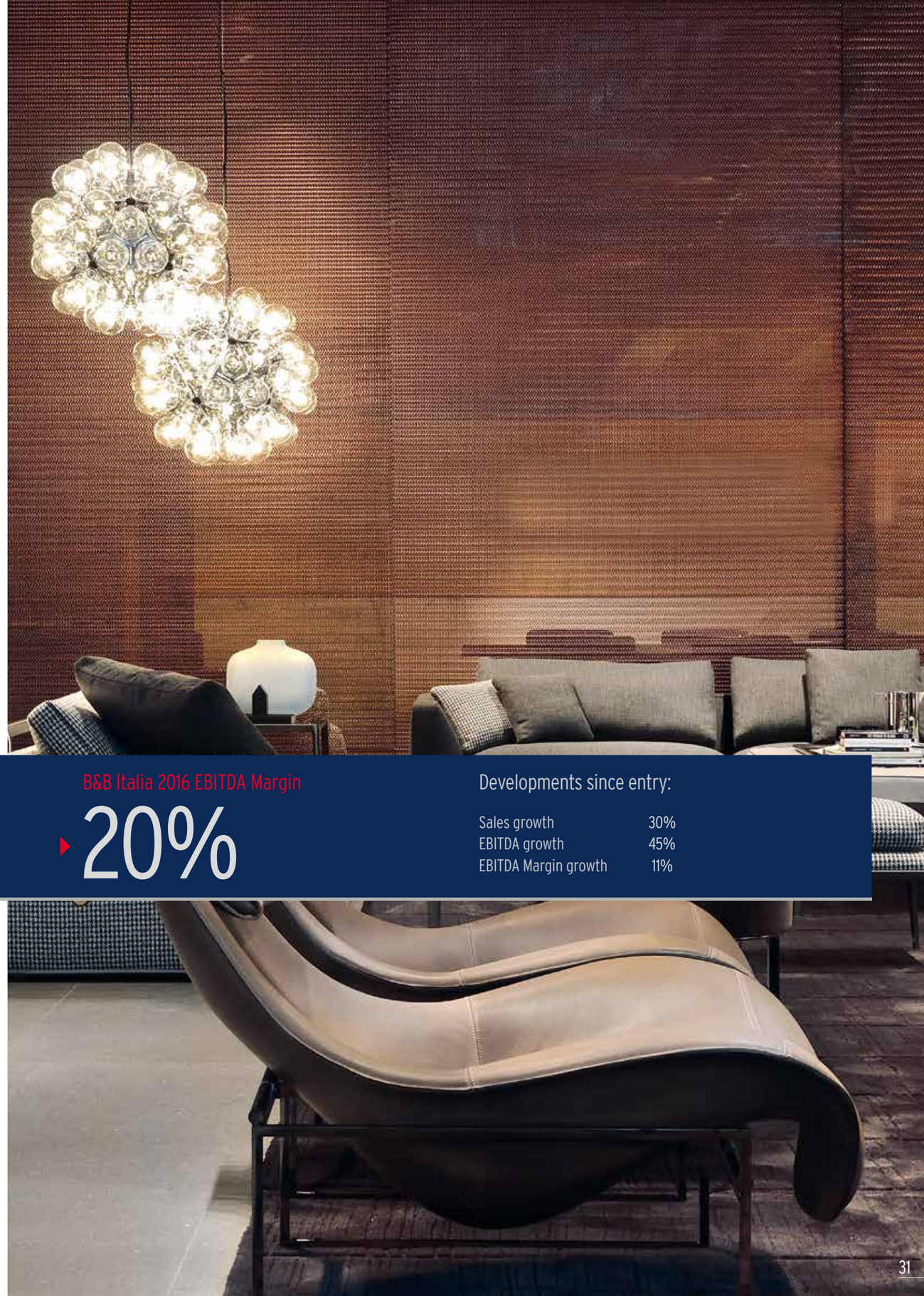
Giorgio Busnelli,
B&B Italia CEO

B&B Italia 2016 EBITDA Margin

20%

Developments since entry:

Sales growth	30%
EBITDA growth	45%
EBITDA Margin growth	11%



Investindustrial aims to further consolidate the international expansion of a great designer furniture brand.

In 2015, Investindustrial acquired the majority shareholding of B&B Italia, a leading international design furniture company. The company has an excellent reputation worldwide in the high-end design furnishings sector, for both the retail and corporate markets, and has been known for its strong focus on research and innovation and its ability to combine industrial expertise and corporate management since its creation 50 years ago. The company operates in over 80 countries on five continents through a distribution network that includes seven directly managed stores, 71 third party mono-brand stores and over 800 multi-brand stores. B&B Italia is known as a leader in the contemporary design furniture sector at the international level with an authentic collection of iconic furniture that has contributed to enriching the history of Italian design. B&B Italia's success is based on a unique combination of creativity, innovation and industrial capabilities aimed at creating timeless products that stand the test of time.

Technological research has always been a key element of the company's development policy. The company has an in-house Research & Development centre that works with famous international designers such as Antonio Citterio, Naoto Fukasawa, Piero Lissoni and many others to support a creative development process that has allowed it to set itself apart in the sector as a highly innovative and technologically advanced company. Its numerous awards include four Compassi d'Oro (the most prestigious industrial design award), the most significant of which was the first award of this type ever given to a company rather than a product in 1989 for the "ongoing integration work to combine aspects of technical and scientific research with those needed to ensure product functionality and character".

Strong progress since entry with international growth

Flagship Stores

As of December 2016, the company operated seven flagship stores and had achieved significant expansion of third party mono-brand stores network, increasing from 59 stores to 71 since entry.

In June 2016, the agreement for the acquisition of the B&B Italia / Maxalto store in Paris, France (Rue du Bac) from its local distributor was signed. A renovation led by Antonio Citterio was undertaken during summer 2016 and the new 700 square meters flagship store opened in September.

In July 2016, a new 800 square meters flagship store was opened at 135 Madison Avenue Manhattan, New York. The architectural concept of the store, designed entirely by Antonio Citterio, has set a new benchmark in the high-end design furniture industry.

Furthermore, the flagship store in Shanghai has undergone a complete renovation. The 750 square meters store, entirely designed by Antonio Citterio, was opened post year-end in February 2017. In addition, the set up process of a local operating branch in Shanghai with a dedicated team of four people is currently ongoing.

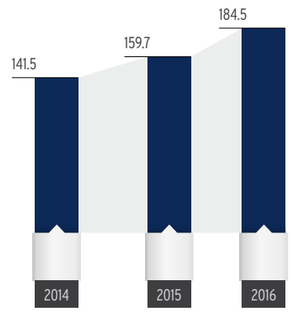
Contract Business

The repositioning strategy of the contract business has already achieved significant and encouraging results through the acquisition of several important and profitable projects worldwide, such as:

- Apple has chosen B&B Italia as furniture provider for its new 260,000 square meters headquarter in Cupertino, California. An order was made to furnish all 623 lounges of the building with the iconic Charles sofa, designed in 1997 by Antonio Citterio.
- In 2016, the Bulgari Hotel in Dubai (the biggest Bulgari hotel in the world) chose B&B Italia as furniture partner.
- An agreement was signed for the provision of furniture to 100 Bentley dealers.

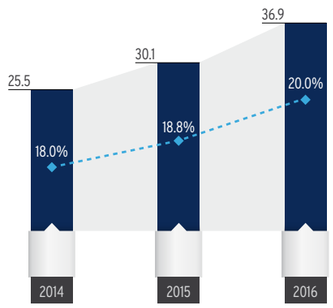
Sales (€m)

By Year



EBITDA (€m) and Margin (%)

By Year



Digital

B&B Italia's website is currently the most visited website amongst all the high-end design furniture corporate websites, with approximately 2 million unique visitors per year. After one year of work, at the end of 2016 a new version of the website went live with a number of new key features.

In 2016 B&B Italia celebrated its 50th anniversary with the release of a film dedicated to the first 50 years of life of the company, presented in all the major world capitals (e.g. New York – Morgan Library, London – Tate Modern Museum, Milan – La Triennale).

The Arclinea acquisition – stepping into the kitchen

In September 2016, B&B Italia acquired a 70% stake in Arclinea, an Italian leading high-end designer kitchen brand, with a 30% shareholding remaining in the hands of the founders (Fortuna family).

Arclinea represents B&B Italia's first majority acquisition in its 50 – year history, achieved within the first year of Investindustrial ownership. Founded in 1925 near Vicenza by the Fortuna family, Arclinea is a luxury brand with a top of the range positioning and a strong fit with the B&B Italia and Maxalto brands. Arclinea has a strong international presence, generating approximately 50% of its sales outside Europe and one third in North America.

This acquisition allows B&B Italia to widen its portfolio of products by entering into the luxury design kitchen segment, as part of the strategic growth plan formulated at the time of the investment which is based on a more integrated product proposition.

The acquisition also generates significant potential synergies:

- Arclinea will have the opportunity to accelerate its international expansion by leveraging B&B Italia's strong distribution platform;
- Cross-selling opportunities within B&B Italia's stores;
- More competitive positioning in order to secure new profitable contract projects;
- Simplify access to high potential markets such as Asia and the US.

Despite the short timeframe since the acquisition, a number of synergies have already been identified such as the opening of an Arclinea flagship store within B&B Italia's flagship store in London and the opportunity to bid for a large contract project in the US, as a result of the new combined product offering.

Principia, designed by Antonio Citterio, is one of the lines of Arclinea which was acquired by B&B Italia in 2016.

CASE STUDY:
Artsana
A leading international consumer goods company

"The partnership with Investindustrial welcomes an exciting new phase for Artsana. With the support of Investindustrial, we have developed a quality, industrially-driven plan for the company in the years ahead. The plan leverages our existing strengths – such as the Chicco brand and our best-in-class manufacturing capabilities – and Investindustrial's global network. Together we are well positioned to achieve further international growth by thinking about our operations even more strategically."

Claudio De Conto,
Artsana CEO

Investindustrial plans to open up new markets for a company with impressive existing international presence alongside professionalising the existing business.

Artsana, founded in 1946 in Como, Italy by Pietro Catelli, is a leading international consumer goods company, focusing on baby-care and self-medication products through the Chicco and PIC brands, with €1 billion in sales. The Group also includes minor health & beauty brands, such as Lycia, sold to Sodalis in December 2016, and Control. Over the years the business expanded by applying advanced manufacturing technologies, developing the PIC brand into other product categories and launching the Chicco baby care brand in 1958.

Artsana also owns significant retail assets, including i) 50% of Prenatal Retail Group, a retail JV between Artsana and Giochi Preziosi, which is the largest European toys and baby-care retail chain with sales of approximately €900 million and 550 direct point of sales (under the brands Toys Center, Prenatal, Bimbo Store and King Jouet); and ii) the baby-care Dutch retailer Prenatal Netherlands. Investindustrial made the investment in Artsana in 2016 with the aim of accelerating the growth and the international expansion of the company.

The Chicco Next2Me side sleeping crib, one of the company's successful recent product launches.

PORTFOLIO DEVELOPMENTS
Investindustrial's business focus and global drivers

As of the end of 2016, Investindustrial's portfolio was well balanced across three main industry platforms and consists of a concentrated group of 12 portfolio companies to which significant resources are dedicated on an ongoing basis.

1 Consumer Retail and Leisure Platform

Leading companies which operate in markets with long-term growth underpinned by positive trends in demographics and consumption patterns. The underlying industries need to be mature but are often still fragmented, giving the companies attractive opportunities to consolidate their markets. Growth is typically scalable on an international level.

2 Business Services Platform

Leading providers of critical or high value-added services. The companies are typically beneficiaries of a growing global outsourcing trend. Their asset-light capital structures give them a high cash conversion rate and an ability to expand internationally without undertaking major capital investments.

3 Industrial Manufacturing Platform

Global leaders in the design and manufacturing of specialty products. The underlying markets are mature and often consolidated with high barriers to entry for new competition. New markets are key in offering future growth opportunities and possibilities for operational improvement.

Global growth drivers and industrial opportunities

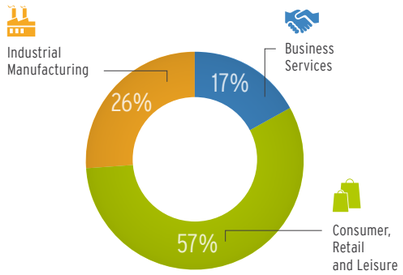
Each of the three industry platforms have different growth drivers and opportunity sets, as summarized below.

	CONSUMER, RETAIL AND LEISURE	SERVICES AND CONCESSIONS	INDUSTRIAL MANUFACTURING
GLOBAL GROWTH DRIVERS	• Globalisation of consumer trends • Aging population • Changing consumer purchasing behaviour	• Economies of scale • Outsourcing • Increased need for information and communication technology • Global need for infrastructure investments	• Globalisation • Growth in new markets • Cost efficency
INDUSTRIAL OPPORTUNITIES	• Add-on acquisitions • Capturing growth opportunities in new markets • Improving the marketing mix • Product development	• Expanding service offering into adjacent fields • Synergistic add-on acquisitions • Capturing growth in developing markets • High visibility on concessions	• Improving operational efficiency of mid-market companies • Relocation of manufacturing to more value added jurisdictions • Add-on acquisitions

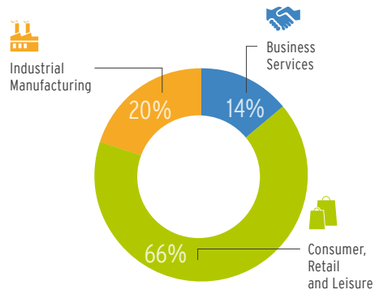
As of the end of 2016, Investindustrial's portfolio comprised 12 investments, balanced across the three industry classifications with a stronger emphasis (>50%) on consumer brands ripe for internationalisation.

Sales (%)

By Sector



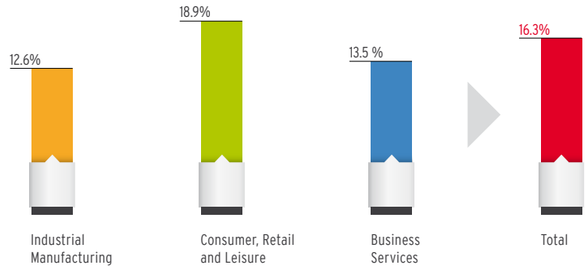
EBITDA (%)



In this section sales and EBITDA are considered weighted by Investindustrial's shareholding and considering the portfolio companies owned as of December 2016.

EBITDA Margin (%)

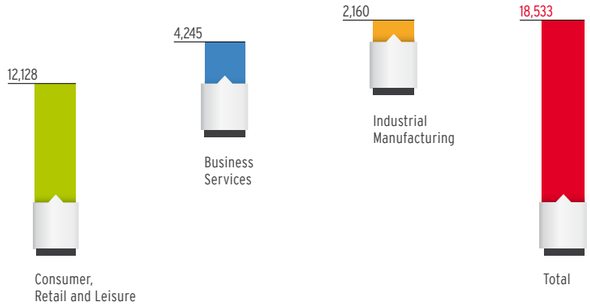
By Sector



16% overall EBITDA Margin

Employees (nr.)

By Sector



The Key'n Go service of Goldcar allows customers to save time during their car collection.

1 Consumer, Retail and Leisure

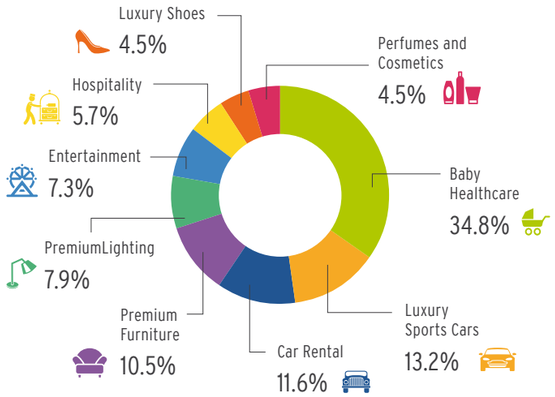
Investindustrial's Consumer, Retail and Leisure sector currently comprises the following companies:

- **Artsana**, leading international infant care and healthcare company
- **Aston Martin**, leading luxury sports cars manufacturer
- **B&B Italia**, Italy's leading high-end design furniture brand
- **Flos**, leading Italian high-end lighting brand, known globally for its original design
- **Goldcar**, the pioneer in the value leisure car rental segment in Europe
- **Perfume Holding**, leading producer and marketer of perfumes and cosmetics
- **PortAventura**, leading European destination resort
- **Sergio Rossi**, leading international luxury shoes brand
- **Valtur**, leading hospitality group in Italy

Sales (%)

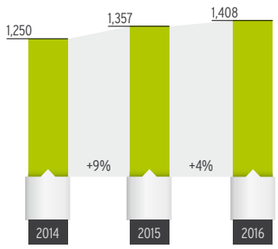
By Segment

At year-end 2016, **nine segments** represent Investindustrial's Consumer, Retail and Leisure sector.



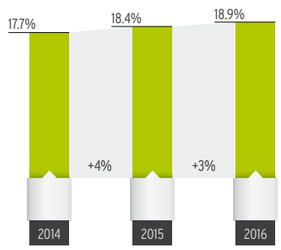
Sales (€m)

By Year



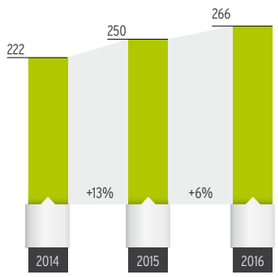
EBITDA Margin (%)

By Year



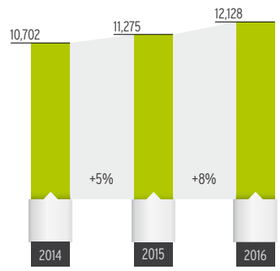
EBITDA (€m)

By Year



Employees (nr.)

By Year



In **2016** sales increased by **4%** while earnings increased by **6%**, demonstrating the strength of the industrially driven plans.

The total number of employees increased by **8%** in 2016 reaching approximately 12,100 people.

2016 main events in Consumer, Retail and Leisure

During 2016, Investindustrial completed the acquisitions of Artsana, a leading international consumer brands group, and Valtur, a leading all-inclusive resort operator, and exited Stroili Oro to Thom Europe, the holding company of Histoire d'Or, a leading European jewellery company.

Artsana, founded in 1946 in Como (Italy) by Pietro Catelli, is a leading international group with well-established consumer brands in infant care, self medication and cosmetic products and solutions through a number of consumer brands, most importantly Chicco (infant care) and PIC Solution (self medication). Chicco, differently from its competitors that typically focus on one product category, is an "umbrella brand" covering all baby-care product categories (juvenile, nursing, toys, apparel and shoes) with 380 mono-brand stores globally. PIC has a leading market share in all product categories in which it operates in the pharmacy channel (pen needles for diabetes, venipuncture, diagnostic, dressings), coupled with advanced manufacturing capabilities. Investindustrial acquired Artsana during 2016 with the aim of leveraging on its strong product portfolio in order to further consolidate the international leadership of the company by developing an expansion plan based both on organic growth and add-on acquisitions.
www.artsana.com

Aston Martin is a leading luxury car manufacturer and one of the most exclusive sports car brands in the world. Established in 1913 and headquartered in Gaydon (UK), Aston Martin designs, manufactures and distributes luxury performance motor cars. Its iconic status and global footprint has been established through its performance and elegant design and through the successful marketing as James Bond's car in many 007 movies over the past 50 years. The final quarter of 2016 marked a key turning point in Aston Martin's 103-year history, as production started for the first model of the new generation of cars, the DB11 which was presented at the 2016 Geneva Motor Show. The DB11 constitutes the basis for other future sport car models that will be introduced in the near future to completely renew the current model range, before the subsequent expansion with the announced SUV. At the beginning of 2017, Aston Martin started conversion of the St. Athan (Wales) facility ahead of SUV production in 2019. In addition at the end of March 2017 Aston Martin priced a refinancing transaction to replace its senior secured notes and subordinated PIK notes due 2018, in a successful and oversubscribed dual-currency issue on the back of its strong financial performance following the DB11 launch and the continued overall execution of Investindustrial's business plan.
www.astonmartin.com

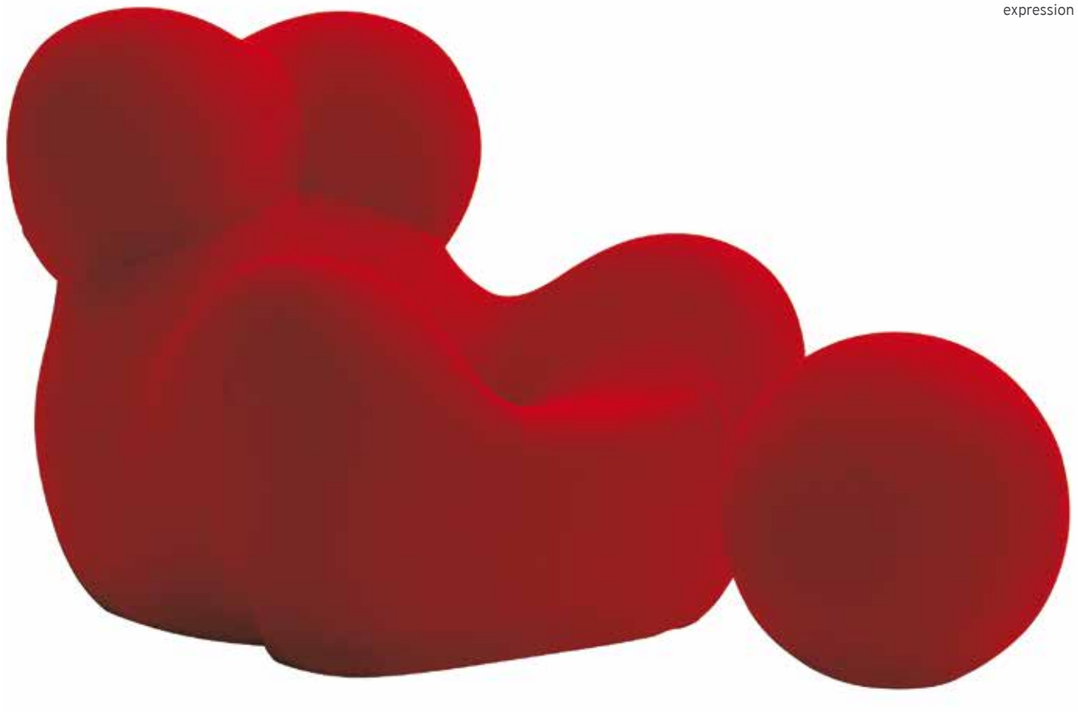
On April 6th 2017 the former military site of St. Athan was formally handed over from the Ministry of Defence to Aston Martin by Secretary of State Sir Michael Fallon at a ceremony including Aston Martin President and CEO Dr. Andy Palmer, Secretary of State for Wales, Alun Cairns, and Welsh First Minister, Carwyn Jones. With the commencement of these works, Aston Martin St. Athan is on target to commence production of the company's new SUV, the Aston Martin DBX, in 2019.

B&B Italia is the leading Italian high-end design furniture brand, globally recognised for its iconic products. The company has a unique product portfolio and has been awarded with many design prizes over the years. B&B Italia has developed longstanding partnerships with world-renowned designers and architects such as Antonio Citterio, Naoto Fukasawa, Gaetano Pesce and many others which have positioned the company at the forefront of technological innovation. State of the art integrated design, R&D and manufacturing capabilities have allowed B&B Italia to combine high quality with process efficiency. The company has captured different and complementary styles through two renowned and established brands – B&B Italia (contemporary innovative) and MAXALTO (classic traditional) – which comprise its Home division, and additionally provides bespoke design furnishing solutions through its Contract division. During 2016 B&B Italia acquired Arclinea, a leading high-end Italian luxury kitchen brand; this acquisition allowed B&B Italia to widen its portfolio of products by stepping into the luxury design kitchen segment and to further consolidate its leadership in the luxury furniture market. In 2016 the company also further strengthened its international network with the opening of the redesigned flagships stores in New York and Paris.

www.bebitalia.com

Flos is the leading Italian high-end lighting brand, known globally for its unique design and technological innovation, both in the decorative and architectural segments. Since its founding in 1962, Flos products have been recognised with a number of design awards and are collection items for leading museums such as the MoMA in New York, the Victoria & Albert Museum in London and Le Centre Pompidou in Paris. Flos' long-standing relationship with world-renowned designers, such as the Castiglioni brothers, Philippe Starck and Antonio Citterio, is a unique feature of the company. The company is continuing its strategy of international and product expansion following the acquisition of Lukas Lighting in the USA, a company specialised in the design, manufacturing and installation of customised lighting solutions, and Ares, the leading Italian company in the premium outdoor lighting market. Additionally, at the beginning of 2017 Flos completed the acquisition of KKDC France, the sole distributor in France for high-quality linear LED products and solutions. These transactions enable Flos to cover all key premium lighting products and are generating significant synergies with Flos' operating model.

www.flos.com



Designed in 1969 by Gaetano Pesce, from the outset the up series has been an outstanding expression of design.

Goldcar is the leading leisure-focused car rental company in the Mediterranean and operates in 13 countries: Spain, Portugal, Italy, France, Greece, Croatia, the Netherlands, Morocco, Andorra, Malta, Romania, Cyprus and Mexico. The company is a pioneer in the value segment of the car rental industry, having established the business model followed by its competitors. Goldcar is present in Southern Europe's key tourist airports and railway stations through 87 offices, benefiting from the strength and resilience of the Mediterranean tourism market (which accounts for 40% of the global industry). In 2016, Goldcar opened twenty three new offices and the operational presence was expanded in four new countries (the Netherlands, Mexico, Cyprus and Romania). Several initiatives were launched in order to increase brand perception, direct channel penetration and improve customer service at all levels, including the launch of a new website with higher transparency and a dedicated Help Centre. The management team was reinforced at all corporate levels and the Board of Directors was strengthened with experienced independent directors with specific focus on digital.

www.goldcar.es

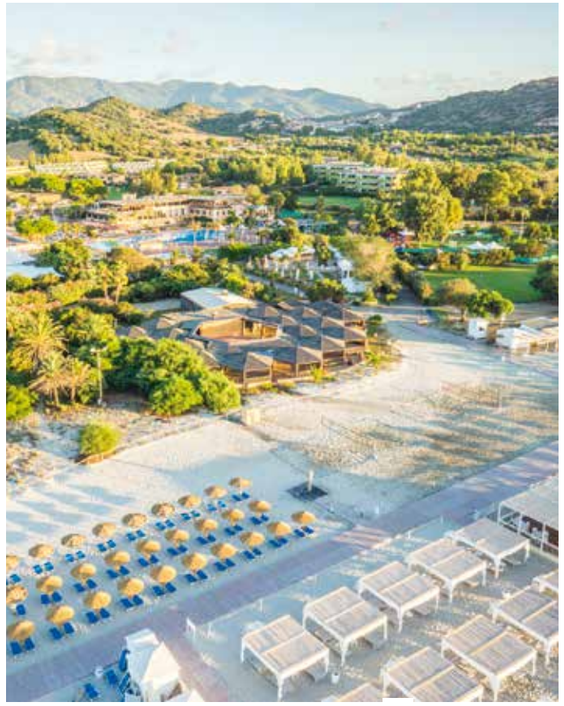
Perfume Holding produces and markets perfumes for a number of well-known brands. The license portfolio includes Ferrari, Iceberg, Liu Jo, Bikkembergs, and Sergio Tacchini. In addition, the group owns the Atkinsons, I Coloniali and Morris brands. The company has a direct presence in Italy, Germany, UAE, USA, UK, Russia and Singapore. The company is consolidating its strategy of creating the first alternative to multinational perfume companies through the development of its owned brands and through the acquisition of small-medium size brands and companies. In particular the company is focusing on the development of the Atkinsons brand in the niche perfumery segment (the opening of the first shop in London is expected in September 2017) and in the launch of the new I Coloniali products for skincare, body care and hair treatment. Perfume Holding is continuing to focus on capturing growth in existing markets and product segments that leverage the established international distribution network and on developing the new acquired licenses.

www.perfumeholding.com

Atkinsons is one of the owned brands that Perfume Holding is focusing on developing internationally.

PortAventura is the largest destination resort in Southern Europe and the number two in Europe by number of rooms. Investindustrial invested in PortAventura at the end of 2009 and offered the support of the former managers of Gardaland, who now work closely with the company. In recent years the company has implemented a development strategy based on product innovation (a new aquatic park, Costa Caribe, a new kids' area, Sesamo Adventure, the tallest rollercoaster in Europe, Shambhala, and the longest boat ride circuit in Europe, Angkor), a new marketing strategy focused on traditional values, entertainment and family, and improvement of efficiency. PortAventura owns and manages 5 hotels with 2,100 room providing an integrated holiday offering for families. At the beginning of 2017 Ferrari Land opened within PortAventura. Ferrari Land is the sole Ferrari theme park in Europe and includes Red Force, the park's signature ride – now the tallest and fastest roller coaster in Europe reaching a height of 112 metres and a speed of 110mph. Ferrari Land has been developed within a tasteful of an Italian town and contains two simulator attractions (Flying Dreams and Racing Legends) and a unique exhibition showcasing Ferrari's history. PortAventura also has an agreement with Cirque du Soleil which performs at the park over the summer months.
www.portaventuraworld.com

Established in 1964, **Valtur** currently operates 16 resorts (12 seaside and four mountain) across Italy and Croatia. The company owns three of the resorts and operates the rest under lease agreements. Valtur is a well-recognised brand and the clear leader in the resorts chain category in Italy with a significant market share and is the fourth largest hotel group overall in Italy by number of keys. Investindustrial acquired the company in the first half of 2016 with the aim to create the premier Mediterranean all-inclusive hospitality group. Valtur operates in a growing and fragmented industry with a rising demand for affordable luxury resorts. The Southern European region is one of the most visited destinations in the world with approximately 215 million of international visitors (similar number of visits as the entire Asian region) in addition to local population.
Since Investindustrial's entry, a new management team has been hired including a new CEO, CFO, COO and CCO, a rationalisation of the pre-existing resorts base is on going and the company is now starting to be positioned to benefit from the relaunch programme.
www.valtur.com



The Valtur Tanka Village, located in Villasimius (Italy), overlooks one of the most beautiful views in Sardinia.

Sergio Rossi is a prominent Italian luxury footwear brand, long known for its high quality production. The company has built its credibility on its unique craftsmanship and on the creativity that characterises its designs. Sergio Rossi has a significant international presence across EMEA, South East Asia, Japan and America with over 63 stores (a mix of directly operated stores and franchised stores). Sergio Rossi has a modern and best-in-class factory located near Rimini on the north-eastern coast of Italy (within an industrial region with very strong shoemaking heritage in Italy).
After the acquisition by Investindustrial at the end of 2015, a new management team has been recruited as part of the brand re-launch and repositioning strategy and the first complete collection designed by the new management and design teams (the Fall Winter 2017 collection) was unveiled during the Milan Fashion Week on February. The company is focused on successfully implementing its strategy of international brand repositioning and sales growth.
www.sergiorossi.com

Sr1, one of the latest collection of Sergio Rossi shoes.

2 Business Services

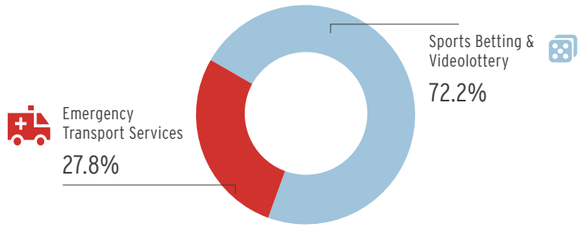
Investindustrial's Business Services sector comprises the following companies:

- **SNAITECH**, leading Italian operator in sports betting & video lottery
- **Emeru**, leading Spanish ambulance services company

Sales (%)

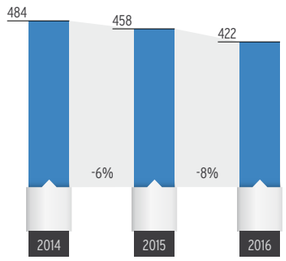
By Segment

At year-end 2016, **two segments** represent Investindustrial's Business Services sector.



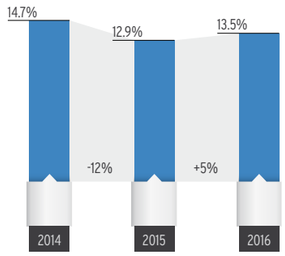
Sales (€m)

By Year



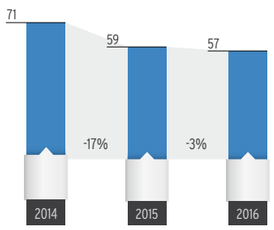
EBITDA Margin (%)

By Year



EBITDA (€m)

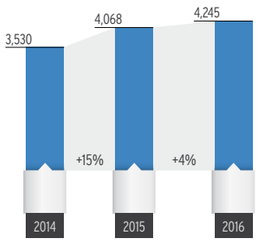
By Year



In **2016** sales decreased by **8%** while earnings decreased by **3%** improving the EBITDA margin by **5%**.

Employees (nr.)

By Year



The positive integration with COGETECH increased earnings margin which reached **13.5%** in 2016.

2016 main events in Business Services

Following the 2015 integration of **SNAI** and **Cogetech**, Snaitech became the largest listed group in Italy dedicated to the entertainment sector with a leading position in sports betting, virtual events and horse races. The integration is an industry-shaping transaction for the Italian market: the new group has the largest betting network in Italy with almost 700 shops and owns the rights for approximately 900 betting corners as well as the concession to operate more than 10,000 video lottery terminals. The gaming industry has high barriers to entry arising from its concession nature and thus provides good revenue visibility. During 2016 the group executed a refinancing transaction which provided the company with greater financial flexibility and significant interest cost reduction. Today the group is well placed to benefit from the ongoing trend towards online due to its strong brand awareness and leading market position.
www.snaitech.it

Emeru, with approximately 1,100 ambulances, is a leading provider of outsourced emergency transportation services in Spain and in Europe. Emeru operates a non-cyclical business in a highly fragmented sector with more than 90% of its core market already structured as medium-long term contracts (two to ten years). Emeru is today a leader in patient transportation, with the fleet equipped with dispatch, communications and tracking technology, and manned by highly trained personnel who receive over 30,000 hours of annual training. After having invested at the end of 2010, Investindustrial continues to support the company in renewing key services in core markets, developing a stronger and more diversified backlog with high quality services, diversifying the company's geographical footprint and internationalising the business through selective and complementary add-on acquisitions especially in the UK. Emeru has strengthened its management team since Investindustrial's entry with a new CEO, a CFO and a Managing Director in the UK. The company operates in line with international best practices. Since entry, four add-on acquisitions have been completed in the UK, Canary Islands and Balearic Islands.
www.emeru.net

One of Snai's sport betting points.

3 Industrial Manufacturing

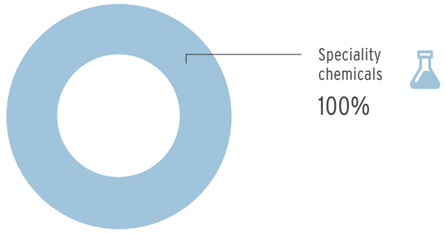
The Industrial Manufacturing Sector comprises the following company:

- **Polynt**, global leader in the production of specific polymer intermediates and derivatives.

Sales (%)

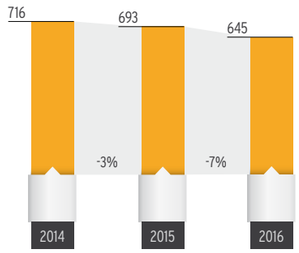
By Segment

At year-end 2016, **one segment** represents Investindustrial's Industrial Manufacturing sector.



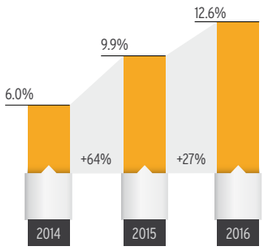
Sales (€m)

By Year



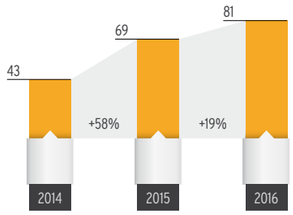
EBITDA Margin (%)

By Year



EBITDA (€m)

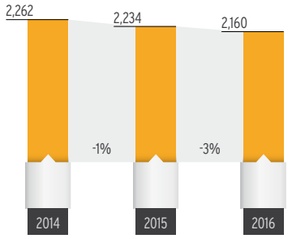
By Year



In **2016** sales decreased by **7%** mainly due to the operating environment while earnings increased by **19%** due to the synergies related to the add-ons.

Employees (nr.)

By Year



Earnings margin increased by **27%** to reach **12.6%** while total employees decreased by **3%** to 2,160 people.

2016 main events in Industrial Manufacturing

The **Polynt Group** is one of the world's leading manufacturers of composites and coatings resins as well as intermediate and specialty chemical polymers. The end markets are primarily construction, electric/electronics, transportation and, to a lesser extent, household applications, paints and sporting goods. The group continues to strengthen its leadership position in Western markets, further expanding into new geographies and also successfully recovering sales volume and profitability. Following the acquisition of PCCR (the North American coatings and composites resins business of Momentive Specialty Chemicals) and CCP Composites (a company specialised in composite resins) in France, Polynt became a truly global player with a manufacturing presence in Europe, Asia and North America and a critical mass from which to further consolidate the market. The North American acquisition is further evidence of the ability of Investindustrial portfolio companies to implement international expansion plans, both organically and through acquisitions. During 2016, Polynt reached an agreement for a merger with Reichhold (the global supplier to the composite and coating industry) which was completed, post year-end, in May 2017. Today Polynt has been repositioned to be a global specialty player with a worldwide footprint and business presence. Polynt is expected to significantly benefit from the synergies of the new merger and registered record profitability in 2016 while being positioned for further attractive strategic opportunities through combinations with other specialty chemicals leaders.

www.polynt.com

Rosario Valido (CEO of Polynt) during a visit at the Shang Changzou plant in China.

Polynt Group, an integrated global player in the coating and composite resins industry with a variety of end markets: construction, transportation, housing appliances, electrical, marine, food and others.

RESPONSIBLE INVESTING

Investindustrial firmly believes that managing ESG issues is a vital part of creating value for its stakeholders and of developing more sustainable, long-term strategies for its portfolio companies. In accordance with this belief, Investindustrial was the first private equity operator with a focus on Southern Europe to subscribe to the UN Global Compact Ten Principles (www.unglobalcompact.org) in 2008 and then subsequently to the Principles for Responsible Investment (PRI – www.unpri.org) in 2009.

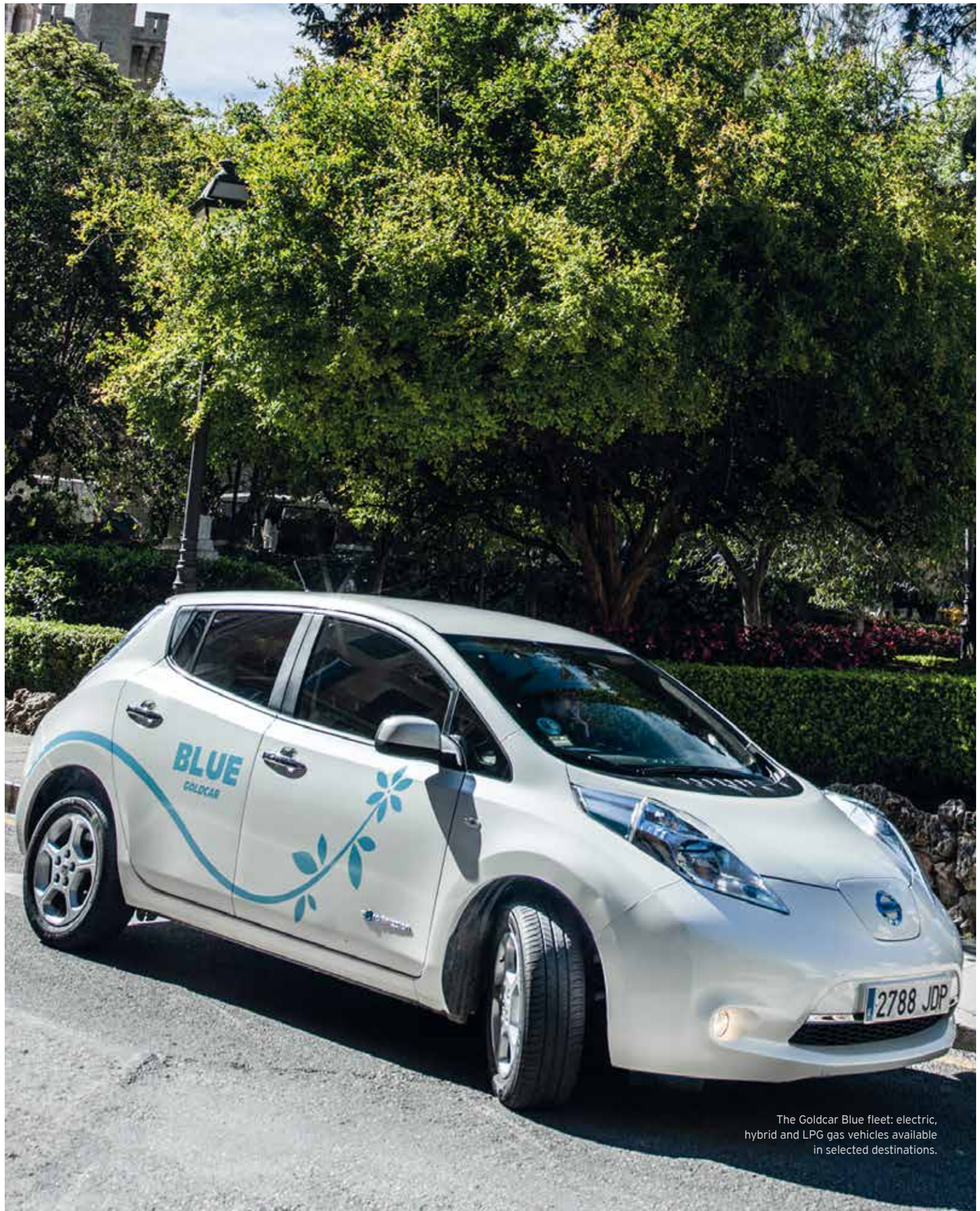
As a member of the UN Global Compact, Investindustrial adheres to its ten principles which include, but are not limited to, respect for human rights, ensuring appropriate labour conditions, respect for the environment and the application of anti-corruption measures. Investindustrial uses these principles as guidelines and requires all of its portfolio companies to do the same.

PRI, an initiative launched in April 2006 at the New York Stock Exchange by the UN Secretary-General and coordinated by the United Nations Environment Programme (UNEP) and the UN Global Compact, presents its own six interconnected principles which act as a franchise for global best practices in responsible investment. Investindustrial fully supports and incorporates these measures into its own mission statement and values as well as its everyday approach to business.

UNEP Finance Initiative Innovative financing for sustainability

PRI for Principle Responsible Investments

THE GLOBAL COMPACT WE SUPPORT



The Goldcar Blue fleet: electric, hybrid and LPG gas vehicles available in selected destinations.

Investindustrial

Building better companies

Mission statement

- To maximise returns for our investors in a manner that reflects our Firm values.
- To pursue a sustainable, industrially-driven strategy to build better companies for the long-term.
- To work relentlessly towards leaving no trace (environmentally) whilst leaving a positive mark (socially).

Firm values

Team
The most important asset is our people and the experiences we accumulate as a team.

Relationships
Strong and supportive relationships, whether with our managers, investors, team or our broader community, form the bedrock for our success.

Entrepreneurial
Ambitious targets coupled with our hands-on, industrially-driven approach reflect our innate entrepreneurial spirit.

Respectful
Respecting the environment in which we operate and the people who we impact is more than just being a good corporate citizen but is central to running best-in-class business.

Investindustrial's ESG Evolution

Investindustrial has a long history in addressing ESG issues starting in 2000 with the establishment of its corporate foundation Invest for Children and then more actively from 2008 onwards.

2016
- Investindustrial Foundation
- Annual ESG Summit
- Portfolio company ESG benchmarking analysis
- Portfolio company ESG KPIs
- Portfolio company carbon footprint assessment
- Carbon Neutral Policy
- Dedicated ESG Team

2015
- Majority of portfolio companies produce stand-alone sustainability reports

2013 - 14
- First stand-alone sustainability report by a portfolio company

2011
- Incorporation of sistematic ESG DD in the investment process

2010
- Introduction of the CSR Toolkit and first portfolio company with a dedicated ESG section

2009
- Investindustrial subscribes to the Principles for Responsible Investment (PRI)
- Investindustrial becomes a carbon neutral company

2008
- Investindustrial signs the UN Global Compact
- 1st Annual Review and Sustainability Report
- Introduction of external ESG consultants in the pre-investment DD stage
- Appointment of ESG Officer
- Disclosure of ESG activity on the company website

In 2016 Investindustrial strengthened its ESG Team and in doing so, became more engaged with the designated ESG Managers in each of the portfolio companies

The main focal points for the ESG Team in 2016 included supporting the investee companies with the publication of their CSR report (resulting in the majority of companies producing a report), providing industry research and analysis via the benchmark mapping exercise, organising an ESG Summit and assisting in the development of KPIs beginning with the assessment and reporting of key ESG metrics.

FLOS

ESG meeting in Bovezzo (Italy) at Flos headquarters.

Best-Practice Benchmarking

The ESG Team conducted a set of benchmark mapping analysis with a subset of portfolio companies. The purpose of this exercise was to better understand the industry sector by reviewing the ESG practices, policies and reporting of competing or like-minded businesses, and from that to establish best practices and market norms in terms of both metrics and initiatives.

The initial, desk based research was shared with the ESG managers via onsite meetings in which the ESG team and those managers could examine the information to determine what was relevant and value added for their businesses, and what could be incorporated into their strategies by way of KPIs.

Below is an example of a benchmarking mapping exercise analysing the car rental industry. This list is illustrative and not exhaustive.

Benchmark Mapping Analysis

		Company A	Company B	Company C	Company D	Company E
Environmental Metrics / Initiatives	Dry cleaning or waterless car wash	◇	◆	◇	◆	◆
	Hybrid or electric car availability	◔	◑	◑	◑	◑
	Quality fleets (new models, sub-12-g/km CO2 emissions, bio-fuel cars, cars that average 28+MPG)	◑	◑	◑	◑	◑
	Solar Energy	◇	◆	◆	◆	◇
	Minimise used tire waste	◇	◆	◆	◇	◆
	Improve sustainable driving via online training	◇	◇	◇	◆	◆
	Fuel and oil recycling program	◇	◆	◆	◇	◇
	Spill Prevention Control and Prevention system	◇	◇	◆	◇	◇
Social Metrics / Initiatives	Giving back to the community via different programmes, donations and volunteer work	◆	◆	◆	◆	◆
	CO2 emissions customer offset programmes	◇	◇	◆	◆	◇
	Process for reviewing pay to ensure it is competitive or above market	◑	◇	◇	◇	◆
	System for measuring customer satisfaction	◑	◑	◑	◑	◑

◆ Significant successful results achieved ◑ Underway and progress being made ◔ Initial or minor activity ◇ Activity either not reported or not occurring

Annual ESG Summit

In 2016 Investindustrial held its annual ESG Summit.
The Summit brought together the dedicated ESG representatives from each of the portfolio companies with an objective to create a forum for learning (best practices, ideas, academia, industry specialists) and to establish a beneficial networking opportunity for the investee companies' ESG managers both at the event and ongoing.

With KPIs in mind, the 2016 ESG Summit focused on how to launch a comprehensive approach to ESG data collection and reporting. Many ideas and contacts were shared and best practices were presented by some of the more seasoned ESG managers at the Summit.

Investindustrial ESG team and the ESG professionals from across the total portfolio meeting at the 2016 ESG Summit.

"Exchanging different experiences added value and brought fresh and new ideas."
Elisabetta Scotti (CFO Flos)

"The network is an important asset to achieve our reporting goals."
Matteo Celoria (Senior Controller B&B Italia)

Working session at the ESG Summit.

ESG Data collection

Investindustrial believes that 2016 was a milestone year for its company managers understanding and accepting the significant role that ESG issues play in the success of their businesses.

For the year ending 2016, Investindustrial tasked each portfolio company, as well as itself, to report on key ESG metrics in order to create a basis from which the managers and Investindustrial can develop KPIs to address issues and monitor progress going forward.

The metrics chosen reflect some of the more familiar or readily reported ESG topics, including greenhouse gas (GHG) emissions which is the key metric addressing climate change.

For the GHG emissions assessment, Investindustrial required all of its investee companies to use a methodology that was in accordance with the Greenhouse Gas Protocol, the world's most widely used GHG accounting standard. This methodology requires companies to report on their total GHG emissions including: direct emissions (scope 1), indirect or upstream energy emissions (scope 2) and other indirect emissions (scope 3).
A more detailed account of what is covered per scope is reflected in the chart below.

When collecting and assessing the data most of the investee companies, in addition to Investindustrial, worked with external ESG consultants. Not only did this process result in valuable data from which the businesses can identify issues and opportunities as well as benchmark progress, but it also unveiled the systems and processes required to improve future accountability.

The data presented in the table at the end of this section is the first step in transparent and accurate reporting, which is expected to evolve and improve over time. This data is presented by company, with the aggregated data for key metrics provided on the relevant ESG introductory pages.

Emissions Data Collection Scope

SCOPE 1

- Fuels
- Bioenergy
- Refrigerant & Other
- Passenger Vehicles
- Delivery Vehicles

SCOPE 2

- Electricity
- Heating, Cooling and Steam

SCOPE 3

- Purchased goods and services
- Capital goods
- Fuel-and-energy related activities (not included in scope 1 or 2)
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets
- Downstream transportation and distribution
- Processing of sold products
- Use of sold products
- End-of-life treatment of sold products
- Downstream leased assets
- Franchises
- Investments

Source: Greenhouse Gas Protocol's paper "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and UK DEFRA's environmental reporting guidelines.

Investindustrial ESG KPIs

Having met the objective of both measuring and publishing the Firm and portfolio company ESG metrics, Investindustrial is now in a better position to define medium-long term KPIs for itself. These objectives fully reflect the Firm's mission statement and are supported at both a Firm and portfolio company level as well as through the corporate foundations.

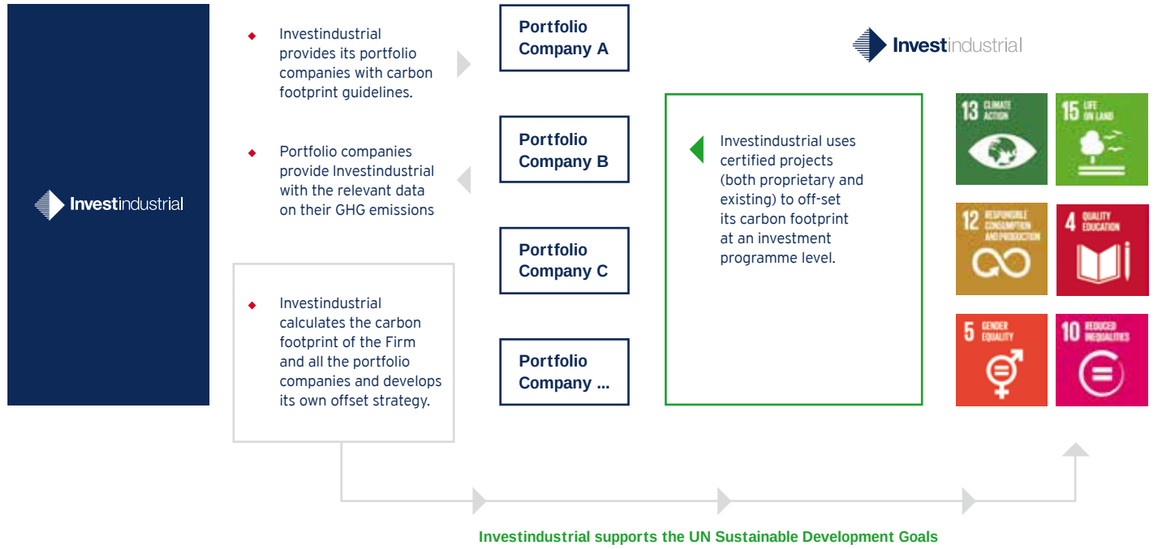
Material ESG opportunity issue identified	Reference KPI	Objective	Year to reach objective	Status
Environment	GHG emissions	◆ Carbon neutrality at an Investindustrial level[1].	2009	◆ Achieved
	GHG emissions	◆ Carbon neutrality for the Sponsor shareholding of the active investee companies[2] in the portfolio.	2015	◆ Achieved
	GHG emissions	◆ Carbon neutrality through a proprietary carbon capture/ displacement project at an Investindustrial[1], Sponsor and Fund level executed according to the below steps and timeline, and certification of carbon capture/ displacement into carbon credits as soon as feasibly possible: a) Definition and implementation of project strategy (2017) b) Carbon neutrality via the project's production of carbon capture or displacement (2027).	a) 2017 b) 2027	◆ Under review
	Renewable energy	◆ Reduction of electricity consumption for Investindustrial and its active investee companies[2] by replacing 50% of their electricity requirements with renewable energy by 2018, 75% by 2020, and 100% by 2025.	2018 2020 2025	◆ In progress
	Energy consumption	◆ Creation of KPIs, for active investee companies[2], that are challenging, yet achievable, and address the reduction of energy consumption. Specific targets to be set at a company level.	2017	◆ In progress
Governance	Reporting	◆ Investindustrial and the majority of its active investee companies[2] to: a) publish a CSR report; b) assess and report their GHG emissions.	a) 2015 b) 2016	◆ a) Achieved b) Achieved
	Reporting	◆ Investindustrial and all of its active investee companies[2] to: a) publish a CSR report; b) assess and report their GHG emissions.	a) 2017 b) 2017	◆ a) In progress b) In progress
	Diversity	◆ Increase the number of women on the board of all Investindustrial entities and active investee companies[2] to 33% (base year 2016 for the entire portfolio is 19%).	2020	◆ In progress
	Governance Policies	◆ Establish an Environmental Policy, Diversity Policy, and a Corporate Governance Policy for Investindustrial and all of its active investee companies[2].	2018	◆ In progress
Social	Sustainable Philanthropy	◆ Through our corporate foundation Invest for Children, increase the number of differently-abled young people placed into the ordinary workplace year-on-year by 5%.	2012	◆ Achieved
	Sustainable Philanthropy	◆ Sponsor the advancement of ESG measurement and accountability via collaboration with academia and industry specialists.	2017	◆ In progress
	Employee Training	◆ Implement structured programmes for staff rotation between offices and company sponsored higher learning (university lectures, MBA,...).	2019	◆ In Progress

[1] Investindustrial includes Investindustrial Private Equity, StrategicCapital and Thalia. The Private Equity Firm has been carbon neutral since 2009 and StrategicCapital since its inception in 2014. Thalia was acquired at the end of 2013 and became carbon neutral from 2015.
[2] Active investee companies is defined as those companies that have been in the portfolio for at least half of the stated year.

At the core of Investindustrial's conviction in ESG issues is the need to reduce carbon emissions, which has societal benefit and commercial value. Investindustrial, carbon neutral since 2009, aims to take a fresh approach to reducing carbon emissions by pursuing innovative and bold measures.

In 2016, Investindustrial created a Carbon Neutral Policy that provides guidelines to improve the carbon footprint of its portfolio companies. Investindustrial believes that by taking the first step in measuring its carbon footprint, the investee companies are now furnished with vital information that will allow them to act on crucial carbon emissions issues and reduction opportunities via carefully structured KPIs, as Investindustrial has done for itself.

Whilst Investindustrial's primary goal is carbon reduction and ultimately carbon neutrality, this is not always immediately possible. As such Investindustrial is in the process of developing carbon reduction projects to offset GHG emissions in order to achieve carbon neutrality at an investment programme level.



Given the size and variable nature of the portfolio, Investindustrial seeks an innovative solution to carbon offsetting that is sustainable, flexible and most effective over time. After careful consideration of multiple options Investindustrial decided that, not dissimilar to its portfolio investments, it should be both owner and manager of the initiative and will work with experienced practitioners to develop a project to meet 100% or more of its offsetting needs in the long-term. In the interim, Investindustrial will continue to invest in established and reputable global carbon reduction programmes to meet its offset requirements; however, as Investindustrial's own project matures, there will be less and less reliance on external offsetting.

SHORT to MEDIUM TERM: Offsetting via established, GLOBAL CARBON reduction programmes

MEDIUM to LONG TERM: Offsetting via proprietary CARBON reduction programmes

ENVIRONMENT

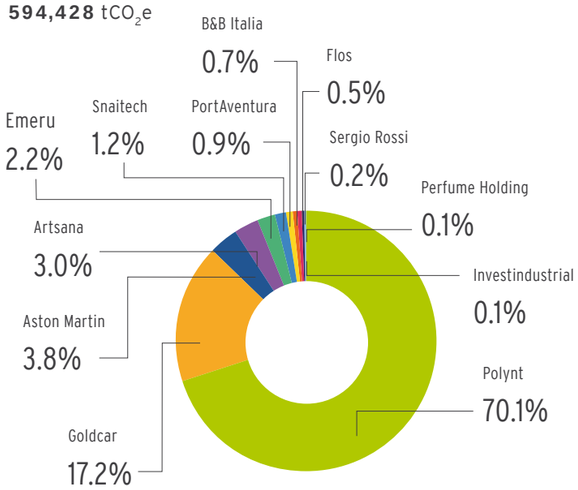
Investindustrial is committed to minimising any environmentally harmful effects from its entire portfolio and has therefore turned greater focus on data capture from the investee companies to better understand how they perform on key environmental issues.

The below pie charts reflect the data captured for each portfolio company and Investindustrial in aggregate and the following pages feature important environmental initiatives taking place across the portfolio.

Carbon Footprint * [1]

tCO_2e

594,428 tCO_2e



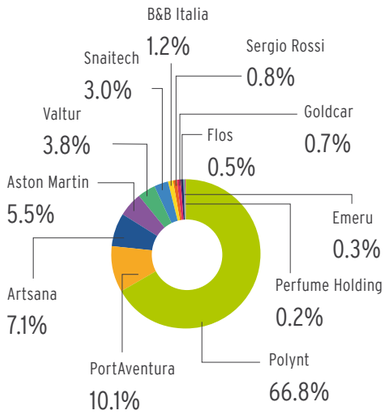
100%
of portfolio companies have dedicated ESG Representatives

83%
of portfolio companies have Risk Management Systems in place

Electricity Consumption [2]

kWh

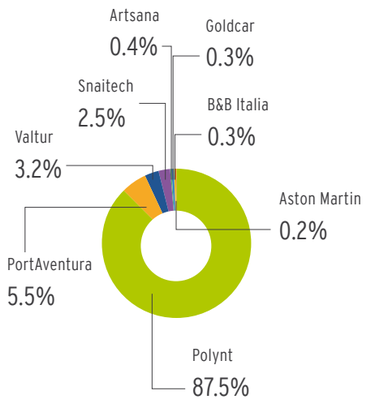
359,965,964 kWh



Water Consumption [3]

m^3

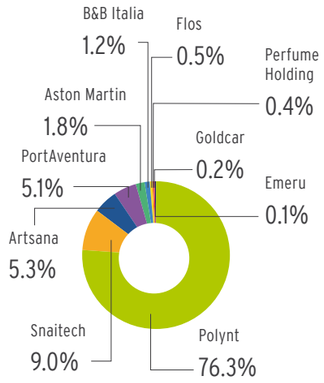
18,656,777 m^3



Total Waste [4]

t

70,032 t



[1] GHG emissions data was not available for Valtur.
[2] Electricity consumption data for Investindustrial is not reflected as it is insignificant when considered on an aggregate basis. Also, 100% of PortAventura's electricity consumption is supplied via renewable energy.
[3] Water consumption data not available for Sergio Rossi and Flos and insignificant for Emeru, Investindustrial and Perfume Holding when considered on an aggregate basis.
[4] Waste data not available for Valtur and insignificant for Investindustrial and Sergio Rossi when considered on an aggregate basis.

Reduction of water and energy consumption

PortAventura WORLD
PARKS & RESORT

Water consumption is one of the focal points in **PortAventura**'s environmental efforts given the crucial role water plays in large scale resorts. Over time the management at PortAventura has pursued multiple approaches to reduce consumption of this vital resource which includes: improved operations (controlling potential leaks, impermeability tests, automatic watering in the parks and plumbing equipment with saving systems), improved infrastructure (water network that separates wastewater from rainwater allowing the main park lake to collect almost all of the rainfall in the park) and improved environmental awareness with staff and visitors.

As a leader in sustainable management PortAventura is always looking for ways to optimise its systems and more recently enacted the following changes:

- Installation of new meters to increase control over drinking water consumption.
- Installation of a grill at the base of the piglet fountain, in the SésamoAventura area, to take full advantage of recreational water.
- Connection of the special water effect for the three elephants on the Angkor attraction to the channel of the attraction itself, to save drinking water.

For 2016, PortAventura met **100%** of its electricity consumption via renewable energy sources.

The Rapid Race slide at the PortAventura Caribe Aquatic Park which is more than 50,000m² in area features 17 rides.

FLOS

When considering energy consumption, **Flos** goes beyond their own internal optimisation plans (energy audits, internal energy supply from an integrated system of waste to energy) to think about the impact their product has on customers. Flos' primary objective is to match energy efficiency requirements and advantages with design and aesthetic expectations.

For this purpose, researchers of the design collection work with designers to:

- design and produce lighting systems which are sold without lamps and can be used both with traditional lighting sources and with LED;
- produce new lamps directly conceived to be powered by LED or OLED source;
- review and remake iconic lamps in order to shift to the LED technology.

Responsible materials

FLOS

Flos monitors its consumption and is committed to using recyclable and non-toxic materials and to reducing the packaging of its products in order to decrease its environmental burden. Flos' usage of materials has always been characterised by a high degree of innovation and reinvention and its new, Cradle-to-Cradle certified Soft-Architecture product line is the result of in-depth research on the use of eco-friendly materials.

At present, Flos addresses the most pressing environmental challenges, such as the need to substitute toxic and non-recyclable materials with more sustainable alternatives, by channelling its efforts and focus on less impactful and more innovative techniques. For example, the company has chosen to employ recycled timber rather than solid wood for its products, and to replace crystals, which contain lead, with glass, which is 100% recyclable. Flos also uses water-based coatings versus solvent-based ones.

Conscious that functional longevity is essential for the sustainability of its products, Flos also takes into consideration the durability of materials throughout the conceptual design process and the selection of materials and suppliers. Material selection and the possibility of substitution across product lines, further enhances the efficiency and environmental accountability of the company.

The Soft Spun lamp features in Flos' Soft-Architecture product line which is the result of in-depth research on the use of eco-friendly materials.

Durability

B&B ITALIA

B&B Italia produces high quality products with exceptional durability, which results in longer periods of furniture ownership and therefore a reduction in energy, materials and emissions in the context of the overall product lifecycle. B&B Italia's success is based on a unique blend of creativity, innovation and industrial know-how that leads to the creation of products that "are valuable in time".

In 1966, new innovation in the form of moulded foam polyurethane technology revolutionised the industrial production of upholstered furniture and significantly lengthened the products' lifetime compared with existing industry standards.

Cooperation with leading international designers is another reason why B&B Italia is able to provide lasting products, not only in qualitative and functional terms, but also from an aesthetic standpoint through "timeless" design that reaches beyond generations and trends.

From a production standpoint, B&B Italia continuously pursues ecologically friendly measures by adapting its factories and, when possible, improving its efforts to produce sustainable goods through processes and with materials that are environmentally supportive. The company is sensitive to themes of eco-sustainability not only from a regulatory standpoint, but also as an avenue of research and over the decades has made efforts to minimise the hazards arising from the presence of toxic substances in glues and solvent-based paints.

"Things that stand the test of time" has been the company's motto for almost forty years and fully reflects the corporate philosophy today.

B&B Italia's Fat-Sofa Outdoor armchair which respects the designer's idea of lightness, transparency and puts the furnishings in an open "dialogue" with the surrounding environment.

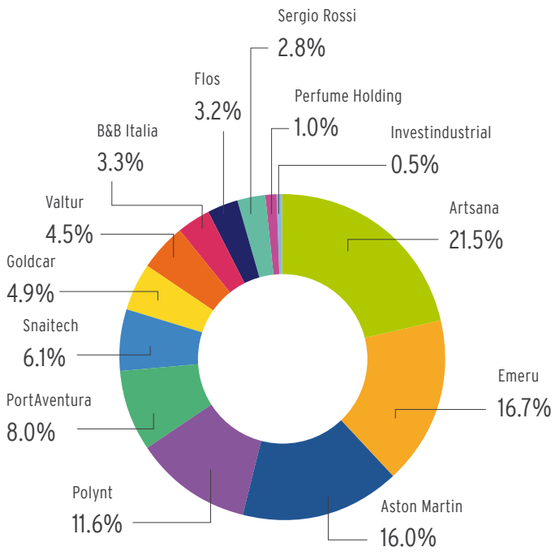
SOCIAL

Investindustrial strives to be the employer of choice and invests in companies that share the same values and who, in turn, invest in their workforce and workplace. Employee and community focused initiatives at Investindustrial and at investee companies are featured on the next page.

Headcount [1]

Employees

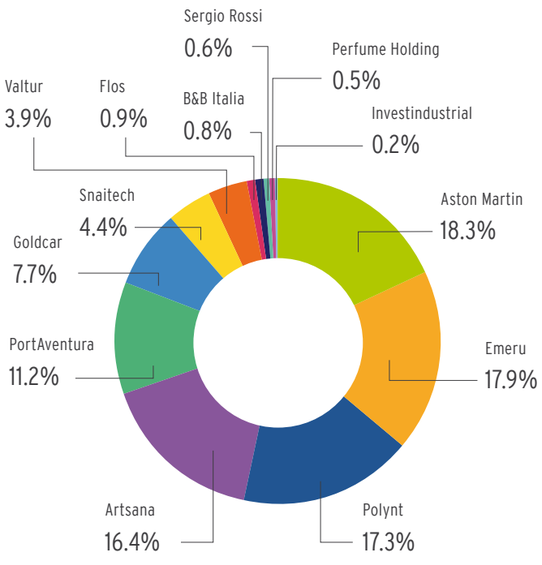
18,617 employees



Employee Training Hours [1]

Hours

226,556 hours



92%
of companies have a Workers Council

92%
of the companies pursue charitable giving

[1] Numbers relate to aggregate employees of portfolio companies held by investment companies indirectly participated in by funds managed by Investindustrial, in addition to individuals directly employed by Investindustrial and its affiliates.

Training and Diversity

Investindustrial

Post year-end the global **Investindustrial** advisory team held an offsite in New York where they attended a lecture at the NYU Stern School of Business hosted by Tensie Whelan, Clinical Professor of Business and Society. The session included a general lecture on sustainability in business followed by case studies on individual portfolio companies, for which required reading was completed in advance.

The participation across the team was high and was attended and supported by all the Managing Principals and Senior Principals. Total training hours for the global advisory team was over 125 hours.

Investindustrial advisory team participating in a lecture on sustainability at the NYU Stern School Business.

Strategic philanthropy

ASTON MARTIN

Aston Martin has been an active contributor to its employees and local community through the years by supporting sports teams and events, and in fundraising for charities, often through the donation of specific money can't buy experiences.

As an aspirational brand, Aston Martin also supports local schools, colleges and businesses to inspire the next generation of engineers and designers. One such example is the sponsorship of the Goodwood Marshals Apprenticeship Scheme, training the next generation of marshals for the iconic circuit.

More recently the company aligned its corporate giving with its brand heritage by each year selecting two corporate charities that fit the company ethos, heritage and brand. In addition, a single employee charity is selected annually by the employees reflecting their current interests and passions.

Aston Martin proudly supports The Prince's Trust, a charity focused on helping disadvantaged young people. In 2016 a DB10 was auctioned in aid of the charity.

GOVERNANCE

Policies and oversight play a crucial role in minimising downside risks within an organisation and define how Investindustrial drives strategy and growth in its portfolio companies. Noted below is the percentage of portfolio companies engaged on each of the featured governance points.

Aggregate Portfolio Company Data

CODE OF CONDUCT 100%	DIVERSITY POLICY 46%	WOMEN ON BOARDS 19%
HEALTH & SAFETY POLICY 100%	ENVIRONMENTAL POLICY 62%	WASTE MANAGEMENT POLICY 77%
EXECUTIVE COMMITTEE MEMBER IN CHARGE OF CSR 46%	ANTI-CORRUPTION POLICY 100%	CORPORATE GOVERNANCE POLICY 69%
CSR REPORT 85%		

Investindustrial Governance

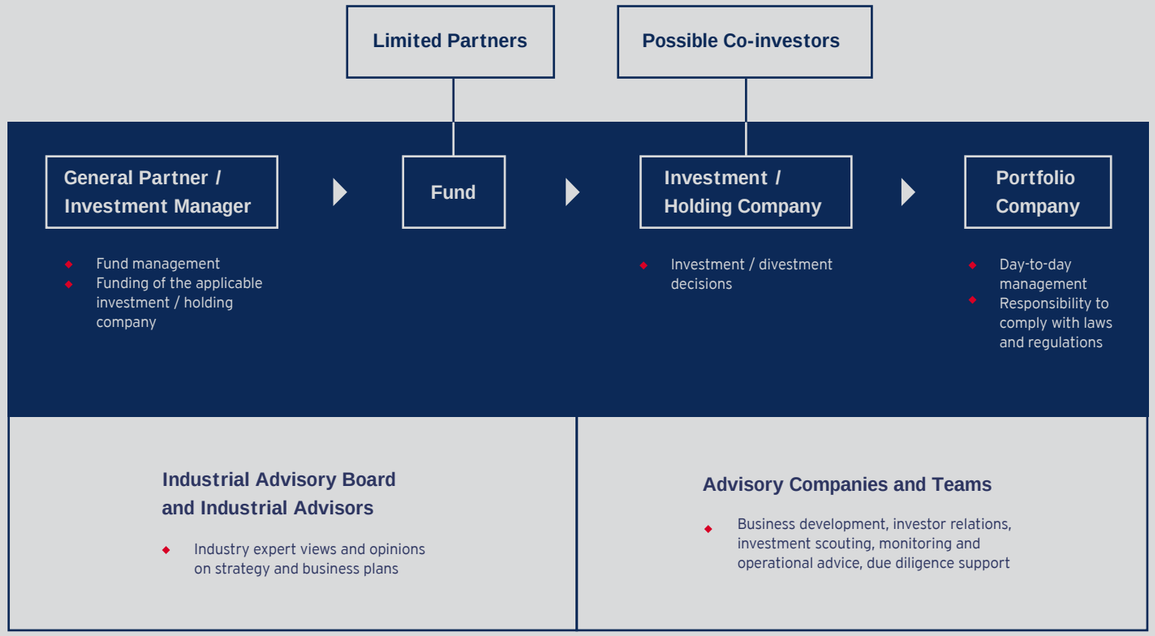
Investindustrial's multi-layered approach to governance aims at a stringent segregation and allocation of roles and responsibilities among advisory teams, general partners and investment managers of the funds, investment and holding companies and, ultimately, management of each portfolio company.

The general partners and investment managers manage each of the funds in the interest of the respective limited partners and therefore in an autonomous and independent manner from other funds and Group companies. The investment manager of the funds is an entity regulated and supervised by the Financial Conduct Authority in the United Kingdom pursuant to the EU Alternative Investment Fund Manager Directive and has in place arrangements to deal appropriately with conflicts of interest.
Investments and divestments are made (and shares in portfolio companies are held) by the applicable investment or holding company of each fund.

Decisions over investments and divestments, including the exercise of the voting rights over the shares of the portfolio companies, are made by the applicable investment or holding company board of directors in an autonomous and independent manner, consistent with the applicable corporate governance rules and by-laws.
It is the responsibility of the management of each portfolio company to operate the company on a day-to-day basis and implement rigorous compliance system and procedure.

Investindustrial expects that portfolio companies apply a rigorous and conservative approach to Corporate Governance based on clear roles and with full accountability.

Corporate Governance Model



Portfolio ESG Data Reporting

Below is the ESG Data collected for Investindustrial and its portfolio companies.

		Investindustrial [1]	Perfume Holding [2]	Emeru [3]	Snaitech [4]	PortAventura World [5]	Aston Martin [6]	Flos [7]	Goldcar [8]	B&B Italia [9]	Sergio Rossi [10]	Valtur [11]	Artsana [12]	Polynt [13]
ENVIRONMENT	**GHG emissions (tons)**													
	Scope 1	80	268	12,472	1,352	3,979	6,656	276	52	2,344	238	-	7,801	416,614
	Scope 2	68	271	204	4,352	-	8,085	759	1,026	1,602	1,096	-	9,001	
	Scope 3	400	-	109	1,323	1,587	7,775	2,121	101,338	280	100	-	800	-
	Total GHG emissions (tons)	549	539	12,785	7,027	5,565	22,516	3,157	102,417	4,225	1,434	n/a	17,602	416,614
	Electricity Consumption (Kwh)	68	703,800	1,129,645	10,944,507	36,212,297	19,623,555	1,708,484	2,566,000	4,462,747	3,054,000	13,796,279	25,390,694	240,373,888
	Energy Consumption met via Renewable Energy (%)	0%	0%	1%	32%	79%	0%	0%	0%	0%	34%	0%	0%	0%
	Water Consumption (m^3)	0,4	4,462	5,888	462,627	1,034,048	32,848	n/a	63,149	56,056	n/a	600,400	69,383	16,327,916
	Paper Purchased (tons)	4	2	7	39	17	n/a	995	78	161	2,8	n/a	30	n/a
	Total Waste (tons)	20	245	76	6,336	3,545	1,231	363	164	833	34	n/a	3,732	53,454
	Current Risk Management Systems and Procedures (Yes/No)	n/a	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Environmental Manager on staff (Yes/No)	n/a	Yes	Yes	No	Yes	Yes	No	Yes	No	No	No	No	Yes
SOCIAL	**Female %**	39%	75%	28%	48%	67%	16%	47%	40%	36%	71%	44%	69%	n/a
	Male %	61%	25%	72%	52%	33%	84%	53%	60%	64%	29%	56%	31%	n/a
	Total Employees	84	184	3,114	1,131	1,490	2,976	595	914	607	515	840	4,007	2,160
	Employee Training (hours)	432	1,147	40,469	9,916	25,319	41,500	2,092	17,366	1,804	1,472	8,772	37,080	39,188
	Abenteeism[14] (%)	1.3%	2.1%	5.9%	2.9%	3.5%	1.3%	1.0%	2.6%	4.0%	3.9%	n/a	3.9%	n/a
	Voluntary Turnover[15] (%)	9.5%	0.9%	1.9%	7.3%	10.2%	9.6%	6.9%	n/a	17.1%	4.2%	1.0%	11.6%	n/a
	Workers Council (Yes/No)	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Philanthropy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
GOVERNANCE	**Code of Conduct/Ethics (Yes/No)**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Diversity Policy (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	No
	Female Board Members (%)	22%	20%	0%	36%	0%	0%	0%	0%	0%	0%	57%	11%	0%
	Health and Safety Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Environmental Policy (Yes/No)	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	No	No	Yes	Yes
	Waste Management Policy (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes
	Executive Committee Member in Charge of CSR (Yes/No)	Yes	Yes	Yes	No	No	Yes	No	Yes	No	No	No	Yes	No
	Anti-corruption Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Corporate Governance Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
	CSR Report (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No

1 **Investindustrial**: GHG emissions figure includes the following by scope: Scope 1: refrigerant gas losses and company vehicles; Scope 2: electricity consumption; Scope 3: water, waste, staff commuting and business travel. The Total Waste figure reflects all offices.

2 **Perfume Holding**: GHG emissions figure includes the following by scope: Scope 1: as for heating the workplaces + company fleet emissions; Scope 2: electricity consumption.

3 **Emeru**: GHG emissions figure includes the following by scope: Scope 1: gas, fuels used for ambulance fleet, fugitive emissions air conditionng systems; Scope 2: electricity consumption; Scope 3: water, paper and chemical products consumption. Total waste figure reflects waste generated by all the companies.

4 **Snaitech**: GHG emissions figure includes the following by scope across the company entities SNAITECH + SNAI Rete Italia + Trenno: Scope 1: methane for heating, diesel, LPG for heating, diesel and petrol for road haulage; Scope 2: electricity consumption; Scope 3: air and train travel for most of the year.

5 **PortAventura**: GHG emissions figure includes the following by scope: Scope 1: transport of own fleet and the combustion of fossil fuels (ACS/heating boilers), fugitive emissions of fluorinated gases from refrigeration equipment; Scope 3: treatment of municipal waste and consumption of drinking water. Employee headcount by gender reflects the average FTE for the year.

6 **Aston Martin**: GHG emissions figure includes the following by scope: Scope 1: gas usage, stationary combustion - from comfort heating and other industrial applications; petrol usage for production, engineering and prototype vehicle; product movement; production parts movement; Scope 2: electricity consumption; Scope 3: business travel. Employee headcount by gender reflects only permanant employees.

7 **Flos**: GHG emissions figure includes the following by scope: Scope 1: fuels used for Company's car and truck fleet, refilling of air conditioning systems; Scope 2: electricity consumption + district heating purchased from a waste to energy plant; Scope 3: business travels by air and train, logistics of purchased goods and logistic of sold products. Employee figures by gender reflect Flos and Antares only.

8 **Goldcar**: GHG emissions figure includes the following by scope: Scope 1: R-22 emission factor, diesel fuels within premises; Scope 2: electricity consumption; Scope 3: gCO2 per km available for each vehicle model in Goldcar's fleet and, in certain cases, an average of the total fleet emissions. Total waste reported for Spain and non-hazardous waste reported for Portugal, Italy, France and Greece. No available data for Croatia.

9 **B&B Italia**: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for Company's car fleet (long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption (B&B Italia SpA only); Scope 3: business travel. Total waste reflects data from B&B Italia SpA only as does the %age of Female Board Members.

10 **Sergio Rossi**: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for Company's car fleet (including long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption; Scope 3: business travel. Employee headcount by gender reflects headcount at the end of the year. In terms of Governance policies, Sergio Rossi is currently implementing a new set of policies from those previously followed when part of the Kering group.

11 **Valtur**: The employee numbers by gender only inlcude the average, not the peak, number of employees in Italy and Croatia.

12 **Artsana**: All figures reported are based only on Chicco operations in Italy and Spain with the exception of 'Total Employees' which is at a Group level. GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for Company's car fleet (including long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption; Scope 3: business travel. Employee headcount by gender reflects only Chicco operations in Italy and Spain.

13 **Polynt**: GHG emissions figure includes the following by scope for EMEA only: Scope 1: emissions generated by the production processes. Employee headcount is for the global operation.

14 **The absenteeism rates** are calculated as the total days lost due to sickness over the number of total working days for the workforce (this will vary from company to company depending on holiday policies, etc).

15 **Voluntary turnover** is calculated as the number of departures for the year over the end of year employee headcount.

OUR FOUNDATIONS

Investindustrial's long history of engaging in ESG issues began in 2000 when the Firm established its corporate foundation, **Invest for Children**, whose mission is to help differently-abled people and underprivileged children achieve a better quality of life.

The **Investindustrial Foundation** is primarily focused on the promotion of education, diversity, environmental protection and conservation, and the promotion of arts, culture, heritage and science.

NYU Clinical Professor Tensie Whelan at NYU Stern School of Business presenting the business case for sustainability to Investindustrial's professionals. The Investindustrial Foundation is sponsoring Ms. Whelan and her team in a pioneering study in the automotive industry.

Annual end of year prize giving dinner for Aura Foundation with over 180 participants.

Sustainable philanthropy

Investindustrial approaches philanthropy in the same way it does its portfolio, which is to invest in quality organisations that have a strategic approach and vision to grow over the long-term with a positive impact. This is how Investindustrial defines sustainable philanthropy.

In 2016, the **Investindustrial Foundation** focused its efforts on two pillars of its broader remit: environmental protection and conservation, and the promotion of education and diversity.

In regards to the environment, and also educational advancement, the Investindustrial Foundation started working with the **NYU Stern Center for Sustainable Business**, headed by Professor Tensie Whelan, and will be sponsoring her team as they pilot a new methodology in the automotive industry. The team's project analyses the investment companies make in addressing material sustainability factors in their organisations and then establishes the key metrics for benchmarking and assessing these investments ongoing.

For diversity and education, in this case professional education and development, the Investindustrial Foundation considered the underrepresentation of women in private equity. With this, Investindustrial became a **supporter of Level20** (www.level20.org), a not-for-profit organisation formed and seeded by a Group of 12 senior women in private equity, representing GPs and LPs, to inspire women to join and succeed in the private equity industry.
This follows Investindustrial's support, since inception in 2012, of D Club, an organisation that aims to increase the visibility of women in finance and support their development into senior roles. D Club was co-founded by former Investindustrial Senior Vice President, Arabella Caporello, currently General Manager of the City of Milan, and has an advisory board on which Andrea C. Bonomi serves.

Luisa Rossello, Senior Vice President, addressing investors at the 2016 AGM on PortAventura ESG achievements.

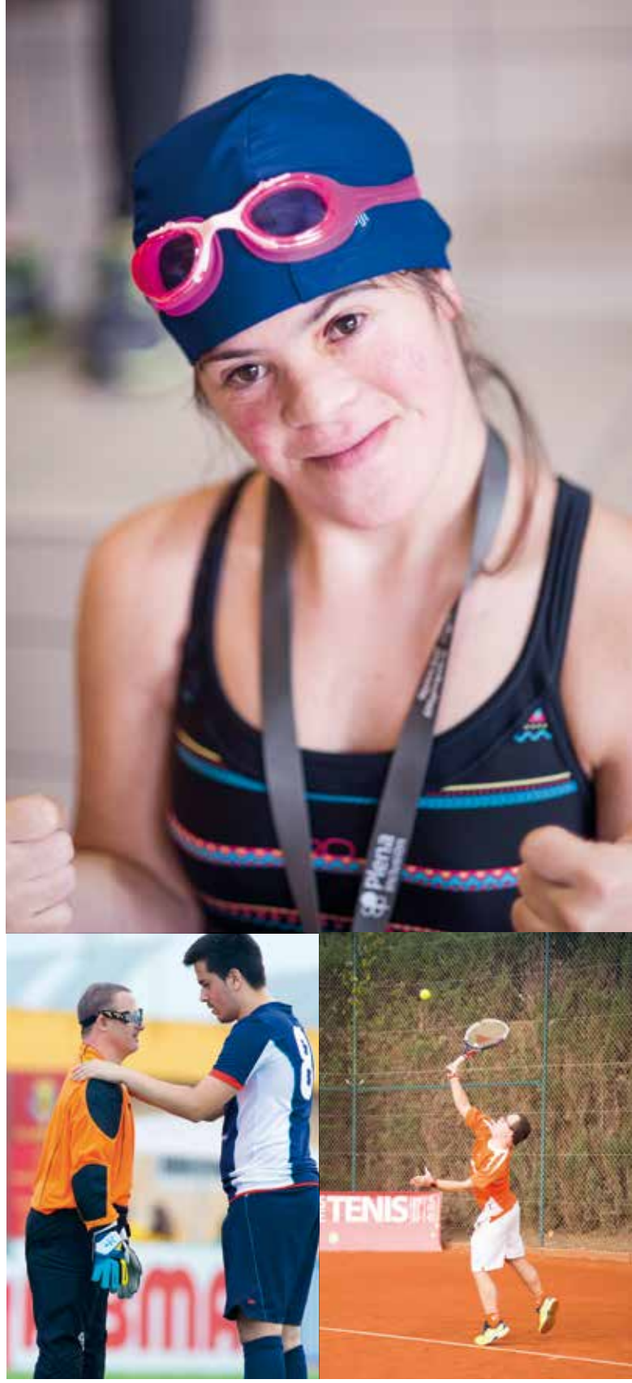
Invest for Children operates in Europe with a special focus on Southern Europe, is a full member of EVPA (European Venture Philanthropy Association), and is audited by KPMG.

Investindustrial believes that financial and industrial investors should have a major role in making the world a better place to live. Invest for Children aims to better understand diversity and works to integrate people of different abilities and challenges into the workplace and society, thereby achieving a better quality of living. Over the years Invest for Children has positively impacted the lives of thousands through the projects it sponsors in different fields including sport, work, education, medical and community. Some of these projects are summarised below.

Sloan-Kettering
Invest for Children is co-operating with the Memorial Sloan-Kettering Cancer Center (**www.mskcc.org**) to support innovative treatments for retinoblastoma, a tumor that occurs in the retina. The Center has 470 beds, is located in New York City and is the oldest and largest private institution committed to exceptional patient care, leading-edge research, and superb educational programs. Invest for Children is supporting the Center through a donation as well as:

- offering optical coherence tomography equipment,
- developing online educational resources for retinoblastoma patients,
- financing the artificial eye fund,
- supporting the patient free care program.

In 2016 Invest for Children sponsored the National Special Olympics Games in Reus (Spain). More than 1,500 people, from 13 countries, participated in the event which provides people with intellectual disabilities a platform where they can learn and enjoy competing in individual and team sports.
www.specialolympics.cat



Photos are taken from the 2016 National Special Olympic Games in Reus, Spain.

Other key programmes sponsored by Invest for Children

Since 2013
www.gigisplayhouse.org

Since 2015
www.uu.se

Since 2010
www.downtv.org

Invest for Children's Aura Foundation Project

Pioneer in placing differently-abled persons into quality jobs

Since 2012 Aura Foundation has been supported financially and operationally by Invest for Children which has enabled them to achieve their target of doubling participation in all programmes earlier than expected, and to better position themselves for the future. Invest for Children is committed to financially supporting the foundation and to offering managerial and strategic consulting skills to allow the foundation to achieve its mission.

The Aura Foundation (**www.aurafundacio.org**) was established in October 1989, through the initiative of professionals from the area of integration education. Aura Foundation is the first programme of Supported Employment, a pioneer in the implementation and development of this methodology.

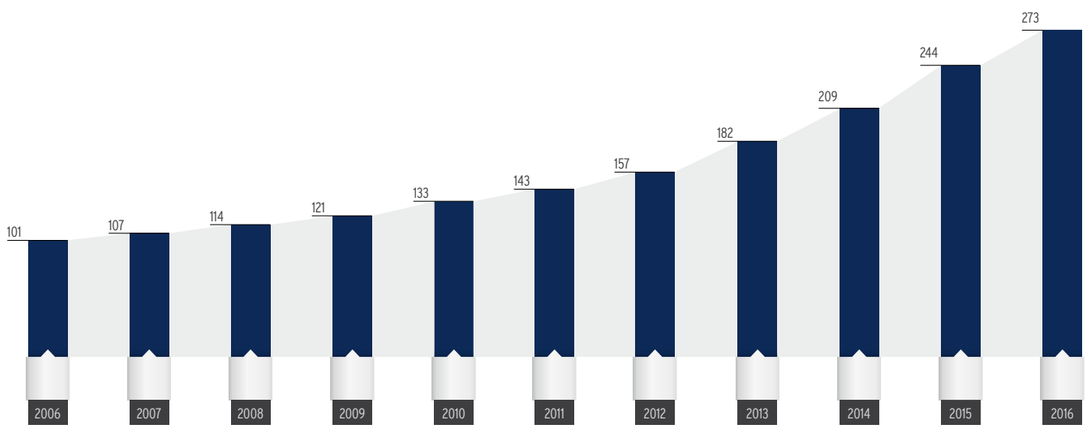
The aim of this programme is to integrate people with special needs, mostly with Down's syndrome, to the ordinary labour market via the Supported Employment methodology.

To date, over 120 leading companies have joined Aura Foundation's initiative to facilitate the integration of differently-abled people into the working environment. Since 1989 more than 170 young people have joined the ordinary working world and in 2016, 29 renewals and 29 new contracts were added.

Aura Foundation is audited by KPMG on an annual basis.

Contracts signed

By Year



Restaurant Director, Manuel, and Quim J. at Restaurant Rossini.

Victor López starting work at COAC.

Salva A. signing his employment contract to work at Balmes, a local seafood restaurant.

Participating Companies

SUMMARY GROUP INFORMATION [1]

During 2016, Group sales decreased by 2% while EBITDA increased by 11% due to the positive contribution across all industry platforms and in particular from the consumer, retail and leisure sector.

The overall financial position of the Group remained substantially stable with a senior debt / EBITDA ratio at 2.8x and a mezzanine / EBITDA ratio at 0.4x.

Total number of employees increased by 5% reaching approximately 18,500 people.

During 2016 Investindustrial and its portfolio companies[2] assessed for the first time on an overall base their carbon footprint, estimating total GHG emissions for approximately 594,000 tCO_2e.

[1] Aggregate numbers considering 100% of the companies present in the portfolio at the end of 2016. Investindustrial's funds typically own a majority position.

Sales (€ M)

	By Sector		Variance	
	2015	2016	€m	%
Business Services	1,120	1,012	(108)	-10%
Consumer Retail and Leisure	2,674	2,775	101	4%
Industrial Manufacturing	1,281	1,193	(88)	-7%
Total	5,075	4,980	(95)	-2%

EBITDA (€ M)

	By Sector		Variance	
	2015	2016	€m	%
Business Services	135	142	7	5%
Consumer Retail and Leisure	495	546	51	10%
Industrial Manufacturing	127	150	24	19%
Total	757	838	82	11%

	Net Debt Ratios		Variance	
	2015	2016	X	%
Senior Debt/EBITDA	2.7x	2.8x	0.1x	4%
Mezzanine/EBITDA	0.4x	0.4x	0.0x	0%

Employees (nr.)

	By Sector		Variance	
	2015	2016	Employees	%
Business Services	4,068	4,245	177	4%
Consumer Retail and Leisure	11,275	12,128	853	8%
Industrial Manufacturing	2,234	2,160	(74)	-3%
Total	17,577	18,533	956	5%

GHG Emissions (tCO_2e)

	By Scope	
	2015	2016 [1]
Scope 1	N.A.	452,131
Scope 2	N.A.	26,465
Scope 3	N.A.	115,832
Total	N.A.	594,428

[1] 2016 is the first year in which all portfolio companies, excluding Valtur, assessed their carbon footprint.

Step by step...a recent modelling of Sergio Rossi's Sr1 collection.

Investments by date for the past five years

On average Investindustrial takes five years to make ten to 12 investments in leading, high quality European mid-market companies.
As illustrated below, this has been the case over the last six years.

2016
- Artsana Group
- Valtur

2015
- B&B Italia
- Sergio Rossi

2014
- Goldcar rental
- Flos

2013
- Aston Martin

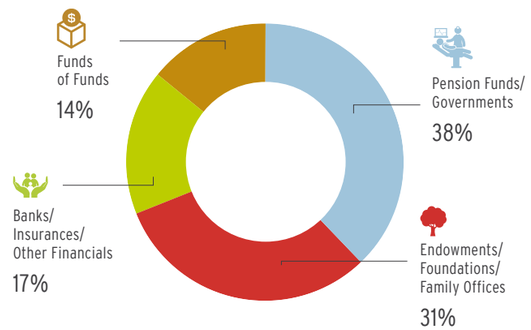
2012
- euskaltel
- PortAventura World Parks & Resort

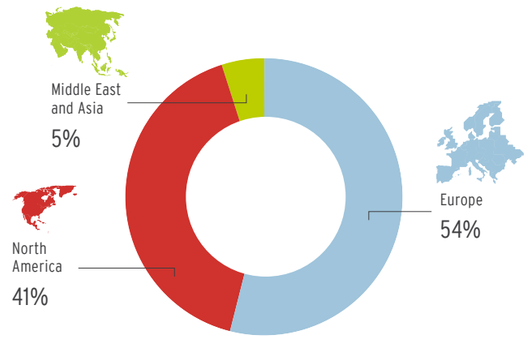
2011
- Banca Popolare di Milano
- Gruppo Coin
- Snaitech

Our investors

While Investindustrial itself is the single largest provider ofcapital, approximately fifty institutional investors from around the world form the capital and client base of the Group.
During the first quarter of 2016, Investindustrial finalised the raising of its sixth investment programme at more then €2.0 billion.
Investindustrial ended the year with approximately €2.1 billion of capital available in addition to the capabilities of its co-investment partners. The Firm's objective is to remain active across business cycles by focusing on long-term value creation, an approach shared by our high quality investor base.
The strong support our investors have shown us throughout the recent recession has started to be rewarded as the impact of the European recovery feeds through into portfolio companies and as attractive new opportunities emerge from the investment landscape.
Furthermore, this support now places us in a privileged position to take advantage of restored M&A activity in the region.

Breakdown of Investors (%)





Emeru staff in operation. Approximately two thirds of the capital that Investindustrial manages is on behalf of pension funds and universities, benefitting workers and students across the world.

Investindustrial

The partially post-consumer recycled paper used for printing this document has resulted in CO_2 emissions of approximately 4.0 tonnes. Since 2009 Investindustrial reviewed its overall carbon footprint and invested in renewable energy projects to offset the emissions and achieve carbon neutrality.

FSC

FOR MORE INFORMATION
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