

Bit Market Services

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Diffusione presunta
Oggetto : CIR Group: growth in revenues (+2.7%)
and Ebitda (+2.5%) in Q1 2016

Testo del comunicato

Vedi allegato.

Board of Directors approves results as of March 31 2016

CIR GROUP: GROWTH IN REVENUES (€ 644.3 MN; +2.7%) AND EBITDA (€ 62.7 MN; +2.5%)

Net income at € 14.7 mn (€ 21.2 mn in 2015, thanks partly to non-recurring items)

Net debt lower at € 110.2 mn

Net financial position of the parent company positive for € 410 mn

Financial highlights for 1Q 2016

(in millions of €)

	<u>1Q 2015</u>	<u>1Q 2016</u>	<u>Δ%</u>
Revenues	627.2	644.3	+2.7%
EBITDA	61.2	62.7	+2.5%
Net income	21.2	14.7	
	<u>31/12</u>	<u>31/3</u>	
Net financial debt	121.7	110.2	

Milan, April 29 2016 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, has approved the **Interim Financial Report as of March 31 2016** presented by Chief Executive Officer **Monica Mondardini**.

The CIR group operates mainly in three sectors: **media (Gruppo Editoriale L'Espresso)**, **automotive components (Sogefi)** and **healthcare (KOS)**.

Consolidated results

The **revenues** of the CIR group in the first quarter of 2016 came in at **€ 644.3 million**, and were **up by 2.7%** from € 627.2 million in the corresponding period of 2015. The rise was driven by *Sogefi* and *KOS*, which posted growth of 4.7% and 6.2% respectively.

The **gross operating margin (EBITDA)** came to **€ 62.7 million** (9.7% of revenues) and **was up by 2.5%** from € 61.2 million in 2015 (9.8% of revenues). The increase was due to the favourable performance of the EBITDA of *KOS*, with the margin of *Espresso* and *Sogefi* remaining substantially unchanged.

The **net income of the group** came in at **€ 14.7 million**, versus € 21.2 million in the first quarter of 2015, which had benefited from positive non-recurring items relating to *Espresso* and *Sogefi*.

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The **contribution of the industrial subsidiaries** was **€ 7.4 million** compared to € 13 million in 2015. *KOS* posted a higher net result while *Espresso* and *Sogefi*, although their EBITDA was unchanged, reported lower net income. It should be remembered that in the first quarter of 2015 *Espresso's* earnings benefited from a capital gain of € 6.3 million from the sale of *All Music* and *Sogefi's* contained positive financial results of a non-recurring nature.

The **contribution of the parent company CIR S.p.A. and the non-industrial subsidiaries** was a positive **€ 7.3 million**, down slightly from € 8.2 million in the first quarter of 2015 because of the lower return on the securities portfolio.

Consolidated net financial debt stood at **€ 110.2 million** at March 31 2016, compared to € 121.7 million at December 31 2015; the reduction was due to the **significant improvement in the net financial position of Espresso**, which at March 31 2016 was a positive € 15.5 million with a financial surplus in the quarter of € 26.2 million.

The **net financial position of the parent company CIR S.p.A. and the non-industrial subsidiaries** was a **positive € 410 million** at March 31 2016. The change from € 417.9 million at the end of 2015 was essentially due to the buyback of own shares in the quarter (€ 9.5 million).

The **equity of the group** amounted to **€ 1,099.3 million** at March 31 2016 versus € 1,103 million at December 31 2015. The decrease of € 3.7 million came from the buyback of own shares for € 9.7 million and from the negative change in the fair value reserve and the translation reserve.

At March 31 2016 the CIR group had **14,351 employees** (14,213 at December 31 2015).

Results of the industrial subsidiaries of the CIR group

Media: Espresso

Gruppo Editoriale L'Espresso is one of the most important publishing companies in Italy. It operates mainly in the following sectors: newspapers and magazines, radio, internet and advertising. The group, which is 56.5% controlled by CIR, is listed on the Stock Exchange.

The sales revenues of Espresso in first quarter 2016 came to € 140.8 million, down by 3.5% from € 145.9 million in the same period of 2015, with less of a decline than in previous years.

Circulation revenues came in at € 57.9 million and were down by 5.3% compared to 2015 in a market that continues to report a significant reduction in the circulation of newspapers (-8% in the first two months of 2016 according to ADS figures). Advertising revenues declined by 2.5%: internet advertising rose by 7.9%, radio orders were up by 2.4% while those for the printed press fell by 7.8%. Costs were down by 3.5%, the equivalent of the fall in sales.

EBITDA came in at € 13.9 million, in line with the figure for the first quarter of 2015 (€ 13.7 million).

Net income from businesses destined to continue came to € 6 million, versus € 5.8 million in the first quarter of 2015. The sale at the end of January 2015 of *All Music* to *Discovery Italia* had generated a capital gain of € 6.3 million, classified in discontinued operations. The net result was € 6.1 million, compared to € 12 million in the first quarter of 2015.

The net financial position at March 31 2016 was a positive € 15.5 million, which was a significant improvement on the debt position of € 10.7 million at the end of 2015; the financial surplus for the period was € 26.2 million.

For further information on the results of Espresso, see the press release published by the company on April 21 (<http://goo.gl/sZWNBN>).

Automotive components: Sogefi

Sogefi is one of the main producers worldwide in the sectors of suspension, filtration, and air and cooling systems with 42 production plants in four continents. The company is controlled by CIR (57.5%) and is listed on the Stock Exchange

Sogefi's sales revenues in first quarter 2016 came in at € 390.1 million and were up by 4.7% from € 372.5 million in 2015 (+10.5% at the same exchange rates). The company confirmed the trend of strong revenue growth in North America and Asia, reporting a better performance than the market in both areas. In Europe sales remained stable while in South America they fell by 22.6% because of the depreciation of the currencies.

EBITDA came to € 34.6 million and was unchanged from the first quarter of the previous year (€ 34.9 million). EBITDA before non-recurring charges was € 38.5 million, up by 9% on the same period of 2015, with a slight increase in profitability thanks to the gross margin holding up and to the lower impact of fixed costs.

The net result was a positive € 2.9 million, down from € 7.6 million in 2015 as an effect of the rise in the period of amortization and depreciation and of write-downs of fixed assets, as well as higher financial expense (which in the previous year had benefited from positive non-recurring items linked to the fair value measurement of the convertible bond).

Net debt stood at € 322.6 million at March 31 2016 (€ 322.3 million at December 31 2015); in the first quarter of 2016 there was a financial deficit of € 0.3 million, a significant improvement on € 28.9 million reported in the first quarter of 2015.

For further information on the results of Sogefi, see the press release published by the company on April 27 (<http://goo.gl/KIIWzi>).

Healthcare: KOS

KOS, which is 51.3% controlled by CIR, is one of the largest groups in Italy in the sector of healthcare and care homes (care homes, rehabilitation centres, oncology treatments, diagnostics and management of hospital facilities). The group manages 77 facilities in Italy, mainly in the centre and north, for a total of around 7,300 beds.

In the first quarter KOS reported sales revenues of € 113.4 million (+6.2% from € 106.8 million in the same period of 2015), thanks to the acquisitions made last year and to the organic growth in the care home sector.

EBITDA was € 17.2 million, up by 12.4% on the same period of 2015.

Net income was € 4.4 million, up from € 3.7 million in 2015.

Net debt stood at € 215.9 million at March 31 2016 (€ 210 million at December 31 2015).

In the first three months of 2016 the KOS group continued its development process in the care-home and rehabilitation areas. In oncology treatments and diagnostics, the business is continuing to develop in Italy, India (with the subsidiary ClearMedi Healthcare Ltd) and in the United Kingdom (with the subsidiary Medipass Healthcare Ltd).

During the quarter, on March 16 CIR and F2i reached an agreement with Ardian for the purchase from the latter of 46.7% of KOS for € 292 million. The deal is expected to complete in May.

Non-core investments

The *non-core investments* of the CIR group consist of private equity initiatives, non-strategic shareholdings and other investments with a total value at March 31 2016 of € 112 million (€ 113.6 million at December 31 2015).

More specifically the CIR group has a diversified portfolio of funds in the private equity sector (with a fair value at March 31 2016 of € 54.3 million, down by € 4.9 million compared to December 31 2015 mainly as an effect of write-downs and exchange rate differences). Total distributions in the period came to € 2.8 million generating a capital gain of € 2.1 million.

As for non-strategic equity investments, their value at March 31 2016 was € 15.8 million, after the sale of a € 5.5 million investment in China, which generated a capital gain of € 6.5 million.

Lastly, the CIR group has a portfolio of non-performing loans, the value of which was € 41.9 million at March 31 2016.

Outlook for 2016

The performance of the CIR group in the next three quarters of 2016 will be influenced by the evolution of the Italian economic environment, the impact of which is significant particularly for the media sector, and by the performance of the main world car markets for the automotive components sector.

It should be noted that this quarterly disclosure has been made in continuity with the past, pending clarification as to the regulatory environment.

The executive responsible for the preparation of the company's financial statements, Giuseppe Gianoglio, hereby declares, in compliance with the terms of paragraph 2 Article 154 bis of the Finance Consolidation Act (TUF), that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

Alternative performance indicators

Below the meaning and content are given of the "alternative performance indicators", not envisaged by IFRS accounting standards but used in this press release to provide a better evaluation of the economic and financial performance of the CIR group.

- **EBITDA (gross operating margin):** an indicator of operating performance calculated by adding "amortization, depreciation and write-downs" to the EBIT figure (earnings before financial items and taxes);
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, available-for-sale financial assets and cash and cash equivalents in current assets, of bonds and other borrowings in non-current liabilities, and of bank overdrafts, bonds and other borrowings in current liabilities;
- **Aggregate net financial surplus:** an indicator of the financial structure of CIR and its financial subsidiaries; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).

*Attached are key figures from the consolidated statement of financial position and income statement.
It should be noted that these figures have not been audited by the firm of auditors.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	31.03.2016	31.12.2015	31.03.2015
NON-CURRENT ASSETS	2,060,851	2,071,525	2,153,703
INTANGIBLE ASSETS	997,191	997,652	1,010,767
TANGIBLE ASSETS	648,633	658,737	662,560
INVESTMENT PROPERTY	19,961	20,064	20,254
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	132,669	131,833	147,109
OTHER EQUITY INVESTMENTS	5,830	5,830	4,970
OTHER RECEIVABLES	88,218	86,957	91,545
SECURITIES	65,287	65,705	97,402
DEFERRED TAXES	103,062	104,747	119,096
CURRENT ASSETS	1,428,357	1,400,094	1,351,376
INVENTORIES	133,627	134,055	138,588
CONTRACTED WORK IN PROGRESS	38,591	39,178	32,341
TRADE RECEIVABLES	437,839	415,937	432,155
OTHER RECEIVABLES	102,687	97,363	107,015
FINANCIAL RECEIVABLES	28,201	30,496	31,939
SECURITIES	86,521	121,006	161,037
AVAILABLE-FOR-SALE FINANCIAL ASSETS	247,756	251,510	157,165
CASH AND CASH EQUIVALENTS	353,135	310,549	291,136
ASSETS HELD FOR DISPOSAL	8,512	9,005	26,910
TOTAL ASSETS	3,497,720	3,480,624	3,531,989
LIABILITIES AND EQUITY	31.03.2016	31.12.2015	31.03.2015
EQUITY	1,591,309	1,590,294	1,613,555
ISSUED CAPITAL	397,146	397,146	397,146
less OWN SHARES	(59,428)	(54,211)	(34,473)
SHARE CAPITAL	337,718	342,935	362,673
RESERVES	334,116	340,336	328,613
RETAINED EARNINGS (LOSSES)	412,804	377,663	415,248
NET INCOME (LOSS) FOR THE PERIOD	14,684	42,014	21,202
EQUITY OF THE GROUP	1,099,322	1,102,948	1,127,736
MINORITY SHAREHOLDERS' EQUITY	491,987	487,346	485,819
NON-CURRENT LIABILITIES	968,332	1,010,070	983,588
BONDS	285,621	288,366	284,438
OTHER FINANCIAL PAYABLES	334,104	372,076	329,235
OTHER PAYABLES	12,037	9,286	7,112
DEFERRED TAXES	135,742	134,881	146,770
PERSONNEL PROVISIONS	121,926	124,478	143,015
PROVISIONS FOR RISKS AND LOSSES	78,902	80,983	73,018
CURRENT LIABILITIES	931,910	873,598	934,846
BANK OVERDRAFTS	27,300	19,517	25,102
BONDS	5,747	5,011	5,414
OTHER FINANCIAL PAYABLES	173,046	150,316	154,444
TRADE PAYABLES	450,109	427,418	452,210
OTHER PAYABLES	207,572	199,569	219,573
PROVISIONS FOR RISKS AND LOSSES	68,136	71,767	78,103
LIABILITIES HELD FOR DISPOSAL	6,169	6,662	--
TOTAL LIABILITIES AND EQUITY	3,497,720	3,480,624	3,531,989

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	01/01 - 31/03 2016	01/01 - 31/03 2015
SALES REVENUES	644,344	627,230
CHANGE IN INVENTORIES	(601)	4,082
COSTS FOR THE PURCHASE OF GOODS	(245,084)	(236,460)
COSTS FOR SERVICES	(147,818)	(153,069)
PERSONNEL COSTS	(179,283)	(177,803)
OTHER OPERATING INCOME	7,540	9,394
OTHER OPERATING COSTS	(17,130)	(13,270)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	778	1,096
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(28,855)	(25,168)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	33,891	36,032
FINANCIAL INCOME	2,996	5,239
FINANCIAL EXPENSE	(15,262)	(14,954)
DIVIDENDS	6,204	--
GAINS FROM TRADING SECURITIES	2,478	10,064
LOSSES FROM TRADING SECURITIES	(135)	(83)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	475	(712)
INCOME BEFORE TAXES	30,647	35,586
INCOME TAXES	(8,441)	(8,940)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	22,206	26,646
INCOME/(LOSS) FROM BUSINESSES HELD FOR DISPOSAL	161	6,244
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	22,367	32,890
- (NET INCOME) LOSS OF MINORITY SHAREHOLDERS	(7,683)	(11,688)
- NET INCOME (LOSS) OF THE GROUP	14,684	21,202

CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

	31.03.2016	31.12.2015	31.03.2015
A. Cash and bank deposits	353,135	310,549	291,136
B. Other cash equivalents	247,756	251,510	157,165
C. Securities held for trading	86,521	121,006	161,037
D. Cash and cash equivalents (A) + (B) + (C)	687,412	683,065	609,338
E. Current financial receivables	28,201	30,496	31,939
F. Current borrowings	(152,857)	(116,507)	(146,896)
G. Bonds issued	(5,747)	(5,011)	(5,414)
H. Current part of non-current debt	(47,489)	(53,326)	(32,650)
I. Other current financial payables	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(206,093)	(174,844)	(184,960)
K. Net current financial position (J) + (E) + (D)	509,520	538,717	456,317
L. Non-current bank borrowings	(232,017)	(267,809)	(218,802)
M. Bonds issued	(285,621)	(288,366)	(284,438)
N. Other non-current payables	(102,087)	(104,267)	(110,433)
O. Non-current financial debt (L) + (M) + (N)	(619,725)	(660,442)	(613,673)
P. Net financial position (K) + (O)	(110,205)	(121,725)	(157,356)

Fine Comunicato n.0079-36

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