



**CIR GROUP: RESULTS FIRST NINE MONTHS OF 2017****REVENUES AT € 2,056.6 MLN: +5.6%****EBITDA AT € 216.4 MLN: +12.5%****NET RESULT BEFORE GEDI EXTRAORDINARY TAX CHARGE: € 44 MLN  
(€ 37.4 MLN AT 30/9/2016)****NET RESULT: -€ 26.0 MLN****NET FINANCIAL POSITION OF THE PARENT COMPANY POSITIVE FOR € 327.5 MLN****Financial highlights for 9M 2017**

(in millions of €)

	<u>9M 2016</u>	<u>9M 2017</u>	<u>Δ%</u>
Revenues	1,946.7	<b>2,056.6</b>	+5.6%
EBITDA	192.4	<b>216.4</b>	+12.5%
Net income	37.4	<b>-26.0</b>	
	<u>31/12</u>	<u>30/9</u>	
Net financial debt	143.6	<b>131.9</b>	

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Milan, October 27 2017 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, approved the **Interim Financial Report as of September 30 2017** presented by Chief Executive Officer **Monica Mondardini**.

The CIR group, founded in 1976, operates mainly in three sectors: **media (GEDI Gruppo Editoriale)**, **automotive components (Sogefi)** and **healthcare (KOS)**.

**Consolidated results**

In the first nine months of 2017, the **revenues** of the CIR group came in at **€ 2,056.6 million** and were **up by 5.6%** compared to the same period of 2016, thanks to the positive performance of all the subsidiaries.

The **gross operating margin (EBITDA)** came to **€ 216.4 million** (10.5% of revenues), **up by 12.5%** from € 192.4 million (9.9% of revenues) in 2016. The increase was due mainly to the higher EBITDA of *Sogefi*.

The **consolidated net result** of the group was a **loss of € 26 million** due to the significant extraordinary tax charge incurred by the subsidiary *GEDI* for the settlement at favourable conditions of a dispute pending in the Court of Cassation for events going back to 1991. The impact of this charge on the consolidated net result of the group was € 70 million; **excluding this extraordinary charge, the consolidated net result would have been a positive € 44 million, significantly higher than in the same period of 2016 (€ 37.4 million).**

The **contribution of the industrial subsidiaries** to the net result, before the above-mentioned charge, amounted to **€ 32 million**, compared to € 27.2 million in 2016, thanks to the higher results of *Sogefi* and *KOS*.

As far as *GEDI* is concerned, despite the unfavourable evolution that has once again characterized the publishing sector, in the first nine months of the year revenues increased by 3.7% and EBITDA came in at € 34.1 million, in line with the same period of last year. The net result was a loss of € 143.9 million because of a tax charge of an extraordinary nature. In fact on September 29 2017 the Board of Directors of the company voted to avail itself of the right contained in Art. 11 of DI no. 50/2017 transposed into law no. 96/2017 to settle the said tax dispute for events going back to 1991 with the payment of an amount of € 175.3 million, with a net negative impact of € 154.5 million, which was fully covered by available equity reserves, without affecting the share capital in any way.

*Sogefi* reported an increase in revenues of 6.3% with a performance that was better than the market in all geographical areas. EBITDA rose by 14.4% to € 131 million. Net income went up from € 15.8 million in the first nine months of 2016 to € 28 million in 2017. These results confirm that the action undertaken by the company to improve its profitability and cash flow generation has been effective.

Lastly, *KOS* reported a rise in revenues of 5.7%, due to the organic growth of all areas of the business and to the acquisition of four facilities completed during the year. EBITDA, compared to the first nine months of 2016, rose from € 60 million to € 63 million and net income from € 17.4 million to € 19 million.

The **contribution of the parent company of the group** (including the non-industrial subsidiaries) to consolidated net income was a positive **€ 12 million**, up from € 10.2 million in the first nine months of 2016.

**Consolidated net debt** stood at **€ 131.9 million** at September 30 2017, down from € 143.6 million at December 31 2016 (€ 165.3 million at September 30 2016).

The total debt of the industrial subsidiaries amounted to € 459.4 million at September 30 2017, down from € 477.9 million at December 31 2016 and € 504.1 million at September 30 2016, thanks to cash generation by *Sogefi* and *GEDI*.

The **net financial position of the parent company** (including the non-industrial subsidiaries) at September 30 2017 was **positive for € 327.5 million**, compared to € 334.3 million at December 31 2016 and € 338.8 million at September 30 2016. The change in the first nine months of 2017 was due to the disbursements made for the distribution of dividends (€ 25.1 million) and for the buyback of own shares (€ 11.7 million) offset by the significantly positive cash flow from operations (€ 30 million).

The **equity of the group** at September 30 2017 stood at **€ 949.3**, down from € 1,052.3 million at December 31 2016. The reduction of € 103 million was due mainly to the loss for the period, the dilution resulting from the merger of *ITEDI* into *GEDI*, the distribution of dividends and the buyback of own shares.

At September 30 2017 the CIR group had **15,596 employees** (14,329 at December 31 2016).

### **Results of the industrial subsidiaries of the CIR group**

#### **Media: GEDI Gruppo Editoriale**

*GEDI Gruppo Editoriale, established in 2017 from the merger of Gruppo Editoriale L'Espresso and ITEDI (publisher of the newspapers La Stampa and Il Secolo XIX), is the top Italian company and one of the most important in Europe in daily and multimedia news. It operates mainly in the following sectors: newspapers and magazines, radio, the internet and the collection of advertising. The company is controlled by CIR (45.3%) and is listed on the Stock Exchange.*

The revenues of *GEDI* in the first nine months of 2017 totalled € 440 million and were up by 3.7% compared to the same period of 2016 (-0.2% on a like-for-like basis).

Circulation revenues came to € 145 million and were down by 5.6% on the same period of the previous year and by 6.3% on a like-for-like basis, in a market that continues to report a significant decline in the circulation of newspapers (-8.8%).

Advertising revenues grew by 11% compared to the corresponding period of 2016; the growth on a like-by-like basis came to 6%, with a decline of 4.5% for the group media and a significant increase of third-party concessions, thanks to the new concessions of *Radio Italia*, *La Stampa* and *Il Secolo XIX* for national advertising.

Costs fell by 4.5% and, on a like-by-like basis, by 6.1%. EBITDA came to € 34.1 million and was unchanged from the figure for 2016 but better than the figure on a like-for-like basis (€ 32.9 million) despite the adverse evolution of the sector.

As a consequence of the tax charge, the net result was a loss of € 143.9 million, compared to net income of € 11.5 million in the first nine months of 2016 on a like-for-like basis.

The net financial position at September 30 2017 was a positive € 40.5 million, showing an improvement on the figure of € 31.7 million at December 31 2016. Taking into account the settlement of the tax dispute, during the fourth quarter the company will be making disbursements for a total of € 140.2 million, after which it will have net debt of around € 100 million.

For further information on the results of *GEDI*, see the press release issued by the company on October 25 ([goo.gl/ahHqac](http://goo.gl/ahHqac)).

**Automotive components: Sogefi**

*Sogefi is one of the main producers worldwide in the sectors of suspension, filtration, and air and cooling systems for vehicles with 41 production plants in three continents. The company is controlled by CIR (56.7%) and is listed on the Stock Exchange.*

Sogefi's revenues for the first nine months of 2017 amounted to € 1,256.5 million and were up by 6.3% from € 1,181.5 million in the same period of 2016 (+6.6% with constant exchange rates). After the considerable growth in the first quarter (+12.6%) and the still significant growth in the second quarter (4.5%), in the third quarter the company reported more moderate growth (+2%) mainly because of unfavourable exchange rates.

In all geographical areas, revenues were higher with a performance that was better than that of the market: +2.8% in Europe, +3.3% in North America, +25.2% in Asia and +19.8% in South America. All of the Business Units reported higher revenues: +6.7% for *Suspension*, +6.9% for *Filtration* and +5.3% for *Air and Cooling*.

EBITDA came to € 131 million, posting a rise of 14.4% compared to the figure for the same period of 2016 (€ 114.5 million). The increase was due to the higher revenues and to the improvement of profitability, which rose from 9.7% to 10.4%. The increased profitability was the result of a stable contribution margin despite higher costs for raw materials and a reduction in the impact of fixed costs.

Net income came in at € 28 million, up from € 15.8 million in the first nine months of 2016.

Net debt stood at € 266.7 million at September 30 2017 with an improvement of € 32.3 million compared to December 31 2016 (€ 299 million) and of € 47.4 million compared to September 30 2016 (€ 314.1 million).

For further information on the results of *Sogefi*, see the press release issued by the company on October 24 ([goo.gl/YYdtZV](http://goo.gl/YYdtZV)).

**Healthcare: KOS**

*KOS, which is controlled by CIR and in which F2i Healthcare has an interest, is one of the largest groups in Italy in the sector of healthcare and care homes (nursing homes, rehabilitation units, oncology treatments, diagnostics and management of hospital facilities). The group manages 79 facilities in Italy, mainly in the centre and north, for a total of around 7,500 beds and is also active in India and the United Kingdom.*

In the first nine months of 2017 KOS reported revenues of € 360.1 million, which were up by +5.7% from € 340.8 million in the same period of 2016. Revenues grew by 2.8% on a like-for-like basis, which affected all areas of activity, and there was also the contribution of four facilities acquired during the year.

EBITDA came to € 63 million, up by 5% compared to € 60 million in 2016.

Net income came in at € 19 million versus € 17.4 million in 2016.

Net debt amounted to € 234 million at September 30 2017, up from € 213.6 million at December 31 2016; during the period KOS distributed dividends of € 13 million and invested € 28.6 million in new facilities.

On July 1 2017, following the merger by incorporation of the businesses of Residenze Anni Azzurri into Istituto di Riabilitazione Santo Stefano, *KOS Care* was established as a company operating in eight regions of Italy through the brands *Santo Stefano* (rehabilitation), *Anni Azzurri* (nursing homes) and *Neomesia* (psychiatry).

Lastly, on July 26 2017, through its subsidiary *Medipass* (oncology treatments, diagnostics and management of hospital facilities), the company acquired the Tuscan company *Ecomedica*, specializing in diagnostics and radio therapy with annual revenues of approximately € 9 million.

### **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 September 30 2017 of € 100.9 million (€ 114.7 million at December 31 2016).

In particular, the CIR group has a diversified portfolio of funds in the private equity sector. The fair value at September 30 2017 of this portfolio was € 47.2 million, down by € 10.9 million compared to December 31 2016). Total distributions in the period came to € 10.4 million, generating a capital gain of € 7 million.

During the third quarter CIR disposed of a non-strategic equity investment, realizing a capital gain of € 7.9 million. Following this disposal, at September 30 2017 CIR directly or indirectly had investments in non-strategic shareholdings worth € 18.6 million.

At September 30 2017 CIR had a portfolio of non-performing loans worth a total of € 35.1 million.

On October 20 2017 part of the portfolio of non-performing loans was sold to a company specializing in the management of NPLs (€ 17 million at balance sheet value) for an amount substantially in line with its carrying value.

### **Outlook for 2017**

Excluding the tax charge incurred by *GEDI*, for the whole year the CIR group expects to confirm the positive results obtained in the first nine months, unless there are any extraordinary events that cannot for the moment be foreseen.

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*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.*

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**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 statements have not been subject to audit by the firm of auditors.*

## Consolidated statement of financial position

(in thousands of euro)

ASSETS	30.09.2017	30.06.2017	31.12.2016
<b>NON-CURRENT ASSETS</b>	<b>2,157,996</b>	<b>2,172,520</b>	<b>2,056,164</b>
INTANGIBLE ASSETS	1,129,246	1,108,989	988,003
TANGIBLE ASSETS	672,615	681,868	670,775
INVESTMENT PROPERTY	18,772	18,915	19,292
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	124,962	125,041	129,987
OTHER EQUITY INVESTMENTS	6,526	6,547	5,323
OTHER RECEIVABLES	58,702	78,345	78,980
SECURITIES	61,712	64,436	72,069
DEFERRED TAXES	85,461	88,379	91,735
<b>CURRENT ASSETS</b>	<b>1,374,855</b>	<b>1,362,467</b>	<b>1,335,311</b>
INVENTORIES	144,331	145,052	137,406
CONTRACTED WORK IN PROGRESS	40,311	43,034	40,947
TRADE RECEIVABLES	435,483	462,697	414,370
OTHER RECEIVABLES	111,183	108,272	92,669
FINANCIAL RECEIVABLES	11,892	19,211	30,183
SECURITIES	50,285	53,111	54,892
AVAILABLE-FOR-SALE FINANCIAL ASSETS	232,573	232,571	234,012
CASH AND CASH EQUIVALENTS	348,797	298,519	330,832
ASSETS HELD FOR DISPOSAL	25,747	3,418	3,418
<b>TOTAL ASSETS</b>	<b>3,558,598</b>	<b>3,538,405</b>	<b>3,394,893</b>
<b>LIABILITIES AND EQUITY</b>	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,461,703</b>	<b>1,595,242</b>	<b>1,518,476</b>
ISSUED CAPITAL	397,146	397,146	397,146
less OWN SHARES	(68,154)	(67,261)	(64,283)
SHARE CAPITAL	328,992	329,885	332,863
RESERVES	271,437	273,148	310,850
RETAINED EARNINGS (LOSSES)	374,820	376,638	374,811
NET INCOME (LOSS) FOR THE PERIOD	(25,954)	27,104	33,751
<b>EQUITY OF THE GROUP</b>	<b>949,295</b>	<b>1,006,775</b>	<b>1,052,275</b>
MINORITY SHAREHOLDERS' EQUITY	512,408	588,467	466,201
<b>NON-CURRENT LIABILITIES</b>	<b>1,016,826</b>	<b>986,492</b>	<b>938,119</b>
BONDS	265,837	266,201	283,742
OTHER BORROWINGS	354,446	302,002	274,819
OTHER PAYABLES	15,406	15,356	15,140
DEFERRED TAXES	179,578	180,622	149,683
PERSONNEL PROVISIONS	140,498	140,186	131,058
PROVISIONS FOR RISKS AND LOSSES	61,061	82,125	83,677
<b>CURRENT LIABILITIES</b>	<b>1,075,106</b>	<b>956,671</b>	<b>938,298</b>
BANK OVERDRAFTS	16,078	18,273	12,771
BONDS	20,258	19,979	20,980
OTHER BORROWINGS	118,862	159,980	201,179
TRADE PAYABLES	438,283	454,933	432,507
OTHER PAYABLES	402,654	214,143	198,084
PROVISIONS FOR RISKS AND LOSSES	78,971	89,363	72,777
LIABILITIES HELD FOR DISPOSAL	4,963	--	--
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,558,598</b>	<b>3,538,405</b>	<b>3,394,893</b>



## Consolidated income statement

(in thousands of euro)

	1/1-30/9 2017	1/1-30/9 2016	3rd Quarter 2017	3rd Quarter 2016
SALES REVENUES	2,056,543	1,946,673	664,183	627,527
CHANGE IN INVENTORIES	72	5,910	(2,415)	4,585
COSTS FOR THE PURCHASE OF GOODS	(782,551)	(740,813)	(245,850)	(242,774)
COSTS FOR SERVICES	(488,288)	(452,360)	(162,240)	(144,887)
PERSONNEL COSTS	(538,189)	(529,515)	(175,372)	(165,574)
OTHER OPERATING INCOME	20,608	17,673	7,471	5,805
OTHER OPERATING COSTS	(51,778)	(55,197)	(17,554)	(17,303)
AMORTIZATION, DEPRECIATION & WRITEDOWNS	(94,629)	(87,301)	(29,471)	(28,545)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES ( E B I T )</b>	<b>121,788</b>	<b>105,070</b>	<b>38,752</b>	<b>38,834</b>
FINANCIAL INCOME	7,676	9,374	2,424	3,440
FINANCIAL EXPENSE	(39,582)	(43,238)	(13,370)	(12,840)
DIVIDENDS	61	11,949	21	3,996
GAINS FROM TRADING SECURITIES	17,672	8,620	8,969	3,111
LOSSES FROM TRADING SECURITIES	(33)	(563)	--	(25)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(743)	2,890	(79)	704
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	571	2,060	(288)	1,215
<b>INCOME BEFORE TAXES</b>	<b>107,410</b>	<b>96,162</b>	<b>36,429</b>	<b>38,435</b>
INCOME TAXES	(189,265)	(35,345)	(164,592)	(18,433)
<b>RESULT AFTER TAXES FROM OPERATING ACTIVITY</b>	<b>(81,855)</b>	<b>60,817</b>	<b>(128,163)</b>	<b>20,002</b>
NET INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	1,161	1,000	161	--
<b>NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>	<b>(80,694)</b>	<b>61,817</b>	<b>(128,002)</b>	<b>20,002</b>
- (NET INCOME ) LOSS - MINORITY INTERESTS	54,740	(24,404)	74,944	(8,472)
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>(25,954)</b>	<b>37,413</b>	<b>(53,058)</b>	<b>11,530</b>

## Consolidated net financial position

(in thousands of euro)

	30.09.2017	30.06.2017	31.12.2016
A. Cash and bank deposits	348,797	298,519	330,832
B. Other cash equivalents	232,573	232,571	234,012
C. Securities held for trading	50,285	53,111	54,892
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>631,655</b>	<b>584,201</b>	<b>619,736</b>
<b>E. Current financial receivables</b>	<b>11,892</b>	<b>19,211</b>	<b>30,183</b>
F. Current bank borrowings	(85,938)	(113,819)	(168,647)
G. Bonds issued	(20,258)	(19,979)	(20,980)
H. Current part of non-current debt	(49,002)	(64,434)	(45,303)
I. Other current financial payables	--	--	--
<b>J. Current financial debt (F) + (G) + (H) + (I)</b>	<b>(155,198)</b>	<b>(198,232)</b>	<b>(234,930)</b>
<b>K. Current net financial position (J) + (E) + (D)</b>	<b>488,349</b>	<b>405,180</b>	<b>414,989</b>
L. Non-current bank borrowings	(273,193)	(208,809)	(170,915)
M. Bonds issued	(265,837)	(266,201)	(283,742)
N. Other non-current payables	(81,253)	(93,193)	(103,904)
<b>O. Non-current financial debt (L) + (M) + (N)</b>	<b>(620,283)</b>	<b>(568,203)</b>	<b>(558,561)</b>
<b>P. Net financial position (K) + (O)</b>	<b>(131,934)</b>	<b>(163,023)</b>	<b>(143,572)</b>

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