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Informazione
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Diffusione presunta

Oggetto : CIR Group: higher revenues (€ 710.1 mln; +4.5%) and EBITDA (€ 84.8 mln; +5.3%)

Testo del comunicato

Vedi allegato.

Board of Directors approves results of first quarter 2018

CIR GROUP: HIGHER REVENUES (€ 710.1 MLN; +4.5%) AND EBITDA (€ 84.8 MLN; +5.3%)

NET INCOME € 9.9 MLN (€ 13.5 MLN IN 1Q 2017)

NET FINANCIAL POSITION OF THE PARENT COMPANY AT 31/3 POSITIVE FOR € 336.2 MLN

Financial highlights for 1Q 2018

(in millions of €)

	<u>1Q 2017*</u>	<u>1Q 2018</u>	<u>Δ%</u>
Revenues	679.5	710.1	+4.5%
EBITDA	80.5	84.8	+5.3%
Net income	13.5	9.9	
	<u>31/12</u>	<u>31/3</u>	
Net debt	272.5	274.7	

* Some values of 2017 were restated following the application of "IFRS 15 - Revenue from Contracts with Customers"

Milan, April 27 2018 – 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 2018** presented by Chief Executive Officer **Monica Mondardini**.

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

Consolidated results

The **revenues** of the CIR group for the first quarter of 2018 came in at **€ 710.1 million**, with a **rise of 4.5%** from € 679.5 million in the same period of 2017. The increase was due in particular to the growth of the revenues of **KOS (+13.4%)** mainly because of the acquisitions made last year, and of **GEDI (+20.7%)** after the merger of the **ITEDI group**.

The **gross operating margin (EBITDA)** came to **€ 84.8 million** (11.9% of revenues) and was **up by 5.3%** from € 80.5 million (11.8% of revenues) in the first quarter of 2017.

The **net income of the group** was **€ 9.9 million**, down from € 13.5 million in the first quarter of 2017, on account of the lower results from financial management.

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The **contribution of the industrial subsidiaries (Sogefi, GEDI and KOS)** to the earnings of first quarter 2018 came to **€ 12.6 million**, up from € 11.6 million in the same period of 2017.

Sogefi reported a decline of 2.7% in revenues caused by a fall in the value of currencies other than the Euro, but a rise of 2.8% at constant exchange rates; EBITDA came in at € 53.1 million, in line with the first quarter of 2017. Net income was € 12 million, up from € 10.5 million in the same period of 2017.

GEDI, in the presence of a difficult environment for the publishing sector, reported a rise in revenues of 20.7% (-5.8% on a like-for-like basis) and net income of € 3 million (€ 5.8 million in the first quarter of 2017).

Lastly, **KOS** reported a rise in revenues of 13.4%, due to growth in all areas of its business and to the full contribution of the acquisitions made in 2017. EBITDA was up by 33.3% at € 23.8 million and net income was € 7.5 million (€ 4.6 million in first quarter 2017).

The **contribution of the parent company** (including the non-industrial subsidiaries) was a **negative € 2.7 million** (a positive contribution of € 1.9 million in 2017), negatively affected by the lower result of financial management due to the recognition to the income statement of the adjustment to the fair value of private equity investments in application of the new IFRS 9 and to foreign exchange losses.

Consolidated net debt stood at **€ 274.7 million** at March 31 2018, substantially unchanged from € 272.5 million at December 31 2017 (€ 144.7 million at March 31 2017).

The total net debt of the industrial subsidiaries amounted to € 610.9 million at March 31 2018, slightly lower than the figure at December 31 2017 (€ 615.5 million), but significantly higher than at March 31 2017 (€ 476.3 million), mainly because of the disbursements made by **GEDI** in the last quarter of 2017 to settle a tax dispute for events going back to 1991.

The **net financial position of the parent company** (including the non-industrial subsidiaries) at March 31 2018 was a **positive € 336.2 million**, which was slightly lower than at the end of 2017 (€ 343 million) mainly as result of the buyback of own shares in the quarter (€ 3.2 million).

The **equity of the group** amounted to **€ 964.9 million** at March 31 2018, up from € 959.8 million at December 31 2017. The increase of € 5.1 million was due substantially to the result for the period net of the own shares bought back.

At March 31 2018 the CIR group had **15,957 employees** (15,839 at December 31 2017).

Results of the industrial subsidiaries of the CIR group

Automotive components: Sogefi

Sogefi is one of the main producers worldwide in the sectors of suspensions, filtration, and air and cooling systems for motor vehicles with 41 production plants in three continents. The company is controlled by CIR (56.6%) and is listed on the Stock Exchange.

Sogefi's sales revenues in first quarter 2018 came in at € 421.1 million, up by 2.8% at constant exchange rates and down by 2.7% at historical exchange rates, compared to the same period of 2017 (€ 432.9 million).

By geographical area, business in Europe and North America was stable on the previous year (+0.1% and +0.4% respectively, at constant exchange rates) but grew significantly in Asia and South America (+8.5% and +16.3% respectively, at constant exchange rates). By Business Unit, *Suspensions* reported growth of 2.5% (+7.2% at constant exchange rates), *Filtration* reported a decline of 3.7% (+3.3% at constant exchange rates) and *Air and Cooling* a decline of 7.9% (-3.1% at constant exchange rates).

EBITDA came in at € 53.1 million, in line with the first quarter of 2017 (€ 53.3 million); at constant exchange rates EBITDA would have risen by 5.1%. Profitability (EBITDA/revenues) improved from 12.3% to 12.6%.

Net income came to € 12 million, up from € 10.5 million in the first quarter of 2017, after tax charges of € 5.8 million in 2018 (€ 7.3 million in first quarter 2017).

Net debt stood at € 254.3 million at March 31 2018, with an improvement of € 9.7 million compared to December 31 2017 (€ 264 million).

For further information on the results of *Sogefi*, see the press release published by the company on April 23 (goo.gl/mGaJ8g).

Media: GEDI Gruppo Editoriale

GEDI Gruppo Editoriale (formerly Gruppo Editoriale L'Espresso), after the merger of ITEDI (publisher of the newspapers La Stampa and il Secolo XIX) in 2017, is now the leading publisher in Italy of daily and multimedia news, as well as being one of the main players in Europe. It operates specifically in the following sectors: newspapers and magazines, radio, the internet and the collection of advertising. The group is controlled by CIR (45.8%) and is listed on the Stock Exchange.

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GEDI's revenues for the first quarter of 2018 came in at € 155.8 million, up by 20.7% on first quarter 2017 (-5.8% on a like-for-like basis).

Circulation revenues, totalling € 71.7 million, rose by 33% compared to the same period of the previous year but were down by 7.5% on a like-for-like basis, in a market that is continuing to experience a significant decline in newspaper circulation (-8.5%).

Advertising revenues were up by 14.3% compared to first quarter 2017 but were down by 3.1% on a like-for-like basis. As regards the group media, orders for the radio grew by 4.4%, those for the internet rose by 8.1% and those for the printed press were up by 9%.

Costs were up by 24.9% but on a like-for-like basis declined by 3.2%.

EBITDA came to € 11.4 million versus € 13 million in the first quarter of 2017.

Net income came in at € 3 million, down from € 5 million in the first quarter of 2017 (€ 5.8 million on a like-for-like basis).

The net financial position at March 31 2018 came to € 110 million, down from € 115.1 million at December 31 2017.

For further information on the results of *GEDI*, see the press release published by the company on April 26 (goo.gl/oMbieV).

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 83 facilities in Italy, mainly in the centre and north, for a total of around 7,900 beds and is also active in India and the United Kingdom.

In the first quarter of 2018 KOS reported revenues of € 133.2 million, posting an increase of 13.4% from € 117.5 million in the same period of 2017, thanks to the growth of all areas of the business, to the full contribution of the acquisitions made in 2017 and to the revenues of the three acquisitions made in the first quarter of 2018.

EBITDA came to € 23.8 million, up by 33.3% from € 17.8 million in the first quarter of 2017.

Net income was € 7.5 million versus € 4.6 million in the first quarter of 2017.

Net debt totalled € 247.3 million at March 31 2018, up from € 237.1 million at December 31 2017.

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 2018 of € 68.2 million (€ 74 million at December 31 2017).

More specifically the CIR group has a diversified portfolio of funds in the private equity sector. The fair value at March 31 2018 was € 47.3 million, down by € 5.7 million compared to December 31 2017 mainly as a result of write-downs, exchange rate differences and distributions.

At March 31 2018, CIR directly or indirectly had investments in non-strategic shareholdings worth € 9.9 million and a portfolio of non-performing loans worth a total of € 11 million.

Outlook for 2018

As regards the performance of the CIR group in the whole of 2018, the trends seen in the first quarter are expected to be confirmed unless there are any extraordinary events that cannot at the moment be foreseen.

Significant events that have occurred since March 31 2018

On April 26 2018, at the end of the Annual General Meeting, Monica Mondardini announced her decision not to accept a further mandate as Chief Executive Officer of the publishing company. The Board of Directors of GEDI has therefore appointed Laura Cioli as Chief Executive and John Elkann and Monica Mondardini as Deputy Chairmen. Monica Mondardini remains Chief Executive of the CIR group.

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.

Attached are key figures from the Consolidated Statement of Financial Position and Income Statement.

STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	<i>31.03.2018</i>	<i>31/12/2017 (*)</i>	<i>31/03/2017 (*)</i>
NON-CURRENT ASSETS	2,331,762	2,331,085	2,185,161
INTANGIBLE ASSETS	1,165,935	1,156,775	1,006,422
TANGIBLE ASSETS	794,000	799,899	780,828
INVESTMENT PROPERTY	18,393	18,582	19,103
SHAREHOLDING INVESTMENTS CONSOLIDATED AT EQUITY	125,584	125,181	129,465
OTHER EQUITY INVESTMENTS	12,249	12,249	5,343
OTHER RECEIVABLES	62,139	56,754	79,965
AVAILABLE-FOR-SALE FINANCIAL ASSETS	53,133	58,822	70,278
DEFERRED TAX ASSETS	100,329	102,823	93,757
CURRENT ASSETS	1,278,126	1,299,404	1,333,987
INVENTORIES	142,271	139,220	141,174
TRADE RECEIVABLES	472,672	472,736	454,787
OTHER RECEIVABLES	116,647	104,800	113,237
FINANCIAL RECEIVABLES	17,102	38,986	27,497
SECURITIES	38,390	46,927	54,363
AVAILABLE-FOR-SALE FINANCIAL ASSETS	277,560	235,251	237,977
CASH AND CASH EQUIVALENTS	213,484	261,484	304,952
ASSETS HELD FOR DISPOSAL	3,418	3,418	--
TOTAL ASSETS	3,613,306	3,633,907	3,519,148
LIABILITIES AND EQUITY	<i>31/03/2018</i>	<i>31/12/2017 (*)</i>	<i>31/03/2017 (*)</i>
EQUITY	1,493,297	1,479,079	1,526,323
SHARE CAPITAL	326,679	328,063	331,670
RESERVES	264,006	266,169	303,539
RETAINED EARNINGS (LOSSES)	364,281	372,659	406,010
NET INCOME (LOSS) FOR THE PERIOD	9,944	(7,125)	13,467
EQUITY OF THE GROUP	964,910	959,766	1,054,686
MINORITY SHAREHOLDERS' EQUITY	528,387	519,313	471,637
NON-CURRENT LIABILITIES	1,105,307	1,098,390	994,497
BONDS	366,188	365,112	284,414
OTHER BORROWINGS	293,068	281,863	261,850
OTHER PAYABLES	69,523	72,081	80,895
DEFERRED TAX LIABILITIES	171,792	170,702	151,399
PERSONNEL PROVISIONS	139,107	139,735	130,113
PROVISIONS FOR RISKS AND LOSSES	65,629	68,897	85,826
CURRENT LIABILITIES	1,014,702	1,056,438	998,328
BANK BORROWINGS	10,367	17,551	25,492
BONDS	21,294	20,168	21,505
OTHER BORROWINGS	130,287	170,432	176,226
TRADE PAYABLES	511,127	513,287	490,248
OTHER PAYABLES	274,329	263,756	214,204
PROVISIONS FOR RISKS AND LOSSES	67,298	71,244	70,653
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND EQUITY	3,613,306	3,633,907	3,519,148

(*) Some figures for 2017 were restated following application of "IFRS 15 – Revenue from Contracts with Customers"

INCOME STATEMENT

(in thousands of euro)

	01/01 - 31/03 2018	01/01 - 31/03 2017 (*)
REVENUES	710,082	679,458
CHANGE IN INVENTORIES	(592)	(954)
COSTS FOR THE PURCHASE OF GOODS	(256,086)	(256,695)
COSTS FOR SERVICES	(166,506)	(151,969)
PERSONNEL COSTS	(195,102)	(179,983)
OTHER OPERATING INCOME	8,468	7,535
OTHER OPERATING COSTS	(15,466)	(16,904)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(40,122)	(38,237)
OPERATING RESULT	44,676	42,251
FINANCIAL INCOME	2,245	2,992
FINANCIAL EXPENSE	(15,102)	(13,207)
DIVIDENDS	16	10
GAINS FROM TRADING SECURITIES	2,972	3,073
LOSSES FROM TRADING SECURITIES	(100)	(5)
PORTION OF NET INCOME (LOSS) OF SHAREHOLDINGS CONSOLIDATED AT EQUITY	403	(522)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(2,261)	787
INCOME BEFORE TAXES	32,849	35,379
INCOME TAXES	(11,538)	(12,025)
RESULT OF OPERATIONS DESTINED TO CONTINUE	21,311	23,354
INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	--	161
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	21,311	23,515
- (NET INCOME) LOSS – MINORITY SHAREHOLDERS	(11,367)	(10,048)
- NET INCOME (LOSS) OF THE GROUP	9,944	13,467

(*) Some figures for 2017 were restated following application of "IFRS 15 – Revenue from Contracts with Customers"

NET FINANCIAL POSITION

(in thousands of euro)

	31.03.2018	31.12.2017	31.03.2017
A. Cash and bank deposits	213,484	261,484	304,952
B. Other cash equivalents	277,560	235,251	237,977
C. Securities held for trading	38,390	46,927	54,363
D. Cash and cash equivalents (A) + (B) + (C)	529,434	543,662	597,292
E. Current financial receivables	17,102	38,986	27,497
F. Current bank borrowings	(64,459)	(75,578)	(149,575)
G. Bonds issued	(21,294)	(20,168)	(21,505)
H. Current part of non-current debt	(76,195)	(112,405)	(52,143)
I. Other current financial payables	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(161,948)	(208,151)	(223,223)
K. Current net financial position (J) + (E) + (D)	384,588	374,497	401,566
L. Non-current bank borrowings	(225,232)	(211,709)	(161,098)
M. Bonds issued	(366,188)	(365,112)	(284,414)
N. Other non-current payables	(67,836)	(70,154)	(100,752)
O. Non-current financial debt (L) + (M) + (N)	(659,256)	(646,975)	(546,264)
P. Net financial position (K) + (O)	(274,668)	(272,478)	(144,698)

Fine Comunicato n.0079-33

Numero di Pagine: 10