



SPAFID CONNECT

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Diffusione presunta

Oggetto : CIR Group: net income at € 34 mln in first months of 2018

Testo del comunicato

Vedi allegato.

Board of Directors approves results as of September 30 2018

CIR GROUP: NET INCOME AT € 34 MLN IN FIRST NINE MONTHS OF 2018

Revenues up by 3.2% at € 2,092.6 mln, EBITDA stable at € 246 mln

Net financial position of the parent company at 30/9 positive for € 320.3 mln

Financial highlights for 9M 2018

(in millions of €)

	<u>9M 2017</u> *	<u>9M 2018</u>	<u>Δ%</u>
Revenues	2,027.8	2,092.6	+3.2%
EBITDA	247.0	246.0	-0.4%
Net result	-26.0	34.0	
	31/12	30/9	
Net debt	272.5	354.4	

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

Milan, October 29 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 September 30 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 nine months of 2018 came in at **€ 2,092.6 million**, with a **rise of 3.2%** from € 2,027.8 million in the same period of 2017. The increase was due to the growth of the revenues of **KOS (+11.9%)** mainly because of the acquisitions made last year, and of **GEDI (+10.4%)** thanks to the merger of the **ITEDI group**.

The **gross operating margin (EBITDA)** came to **€ 246 million** (11.8% of revenues) and was in line with the figure of € 247 million (12.2% of revenues) for the first nine months of 2017.

The **net income of the group** was **€ 34 million**, compared to a loss of € 26 million in the first nine months of 2017, due to a significant tax charge of an extraordinary nature reported by **GEDI**.

CIR Group contact:

Communication Department
Rodolfo Belcastro
Mariella Speciale
infostampa@cirgroup.com

Finance and Investor Relations
Michele Cavigioli
Flavia Torriglia
ir@cirgroup.com

T: +39 02 72.27.01
cirgroup.com
twitter: @cirgroup

The **contribution of the industrial subsidiaries (Sogefi, GEDI and KOS)** to the first nine months came to € **31.5 million**, in line with the contribution of € 32 million in the same period of 2017, before the above-mentioned tax charge.

Sogefi reported EBITDA of € 153.1 million, down from the first nine months of 2017 (€ 161.9 million), on account of the negative impact of foreign exchange and the rise in the price of steel which had an unfavourable effect on the margin of the *Suspensions* business unit. Net income was € 23.1 million (€ 27.9 million in the same period of 2017).

GEDI, whose main business activity continues to be affected by the critical evolution, reported a rise in revenues of 10.4% compared to the same period of last year, thanks to the merger with *ITEDI*, and net income of € 7.8 million (in the first nine months of 2017 the group reported a loss of € 143.9 million; excluding the tax charge, the result would have a positive € 10.6 million).

KOS reported a rise in revenues of 11.9%, due to growth in all areas of its business and to the full contribution of the acquisitions made in 2017. EBITDA was up by 18.9% at € 74.9 million and the net result was € 24.8 million (€ 19 million in the same period of 2017).

The **contribution of the parent company** (including the non-industrial subsidiaries) was a **positive € 2.5 million** compared to € 12 million in the first nine months of 2017, because of the lower result of financial management.

Consolidated net debt stood at € **354.4 million** at September 30 2018, up from € 272.5 million at December 31 2017 and € 131.9 million at September 30 2017.

The total net debt of the industrial subsidiaries amounted to € 674.7 million at September 30 2018, which was higher than the figure at September 30 2017 (€ 459.4 million) because of *GEDI's* extraordinary disbursement of a tax nature (€ 175 million), the acquisitions made by *SOGEFI* (€ 16.7 million) and *KOS* (€ 36.7 million) and the dividends paid out by the latter (€ 29.7 million).

The **net financial position of the parent company** (including the non-industrial subsidiaries) at September 30 2018 was a **positive € 320.3 million**, versus € 343 million at December 31 2017 and € 327.5 million at September 30 2017. The change in the first nine months of 2018 was due to the disbursements made for the distribution of dividends (€ 24.8 million) and for the buyback of own shares (€ 10.1 million), offset by the positive cash flow from operations (€ 12.2 million).

The **equity of the group** amounted to € **953.8 million** at September 30 2018, down from € 961 million at December 31 2017. The change of € 7.2 million was due to a combination of the net income for the period offsetting the distribution of dividends and the buyback of own shares.

At September 30 2018 the CIR group had **16,411 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 (56.8%) and is listed on the Stock Exchange.

Sogefi's revenues in the first nine months of 2018 totalled € 1,219.8 million and were up by 3.3% at constant exchange rates, outperforming the market; at current exchange rates they were down by 1.8% on the same period of 2017.

At constant exchange rates, *Suspensions* posted growth of 5.3% (-0.3% at current exchange rates mainly because of the loss in value of the South American currencies), *Filtration* reported a rise of 3.1% (-3.2% at current exchange rates again due to the loss in value of the South American currencies) while, lastly, *Air & Cooling* sales grew by 0.7% (-2.4% at current exchange rates, affected by the decline in car production in North America and the lower value of the US Dollar).

EBITDA came in at € 153.1 million, compared to € 161.9 million in the first nine months of 2017, with profitability (EBITDA/revenues) edging down from 13% to 12.6%. The main factors determining this evolution (despite the positive effect of € 6.6 million relating to the settlement of the *Systèmes Moteurs S.A.S.* claims) were the exchange rates (with a negative effect of € 6.4 million) and the higher steel prices, which had a negative impact of around € 9.0 million on the *Suspensions* result.

Net income was € 23.1 million versus € 27.9 million in the first nine months of 2017 (1.9% of revenues compared to 2.2% in 2017).

Net financial debt stood at € 286.2 million at September 30 2018 versus € 264 million at December 31 2017.

For further information on the results of *Sogefi*, see the press release issued by the company on October 22 (goo.gl/8RZNeu).

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 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.

In the first nine months of 2018 *GEDI's* revenues totalled € 469.7 million and were up by 10.4% compared to the same period of 2017 (-5.9% on a like-for-like basis). The revenues from all the digital activities together accounted for 11.3% of the group's revenues.

Circulation revenues came to € 215.5 million and were up by 14.5% on those of the same period of last year (-8.4% on a like-for-like basis) in a market that has continued to report a significant decline in newspaper circulation.

Advertising revenues rose by 9.2% compared to the first nine months of 2017 but were down by 2.5% on a like-for-like basis. As for the group's media, orders for radio grew by 4.7%, those for the internet were up by 17.8% and those for the printed press were up by 10.6%.

Costs rose by 12.2% but on a like-for-like basis fell by 4%.

EBITDA came to € 31.4 million compared to € 33.7 million in the first nine months of 2017.

Net income came in at € 7.8 million versus a loss of € 143.9 million in the first nine months of 2017, due to the extraordinary tax charge.

Net debt totalled € 124.7 million at September 30 2018, compared to € 115.1 million at December 31 2017.

For further information on the results of *GEDI*, see the press release issued by the company on October 22 (goo.gl/LB2gmJ).

Healthcare: KOS

KOS, which is controlled by CIR (59.5%) and in which F2i Healthcare has an interest, is one of the largest groups in Italy in the sector of health and social care (long-term care, oncology diagnostics and treatments, management of hospital facilities). The group manages 85 facilities in Italy, mainly in the centre and north of Italy, for a total 8,038 beds, and is also active in India and the United Kingdom.

In the first nine months of 2018 *KOS* reported revenues of € 403.1 million, posting an increase of 11.9% on the figure of € 360.1 million in the same period of 2017. The *Long Term Care* area reported growth thanks to the full contribution of the acquisitions made in 2017 and 2018; the *Diagnostics, oncology treatments* and acute area also grew thanks to the new services launched and to the full contribution of *Ecomedia*, acquired in 2017.

EBITDA came in at € 74.9 million, up by 18.9% from € 63 million in the first nine months of 2017.

Net income was € 24.8 million, up from € 19 million in the first nine months of 2017.

Net debt stood at € 264.3 million at September 30 2018 versus € 237.1 million at December 31 2017.

During these nine months *KOS* has continued its process of growth in long-term care. The group has acquired: *Ideas S.r.l.*, which manages a care home for the non-self-sufficient elderly in the Marche region; *Casa di Cura S. Alessandro S.r.l.*, active in psychiatric rehabilitation; *Ippofin S.r.l.*, which manages a psychiatric community and a health and social care home.

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 2018 of € 83.7 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 September 30 2018 was € 50.2 million, down by € 2.8 million compared to December 31 2017.

At September 30 2018, CIR directly or indirectly had investments in non-strategic shareholdings worth € 22.7 million and a portfolio of non-performing loans worth a total of € 10.8 million.

Outlook for 2018

For the whole year the CIR group expects to confirm the trends reported in the first nine months unless there are any extraordinary events that cannot at the moment be foreseen.

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	30.09.2018	30.06.2018	31.12.2017
NON-CURRENT ASSETS	2,341,682	2,344,092	2,330,240
INTANGIBLE ASSETS	1,162,487	1,168,215	1,156,202
TANGIBLE ASSETS	803,519	800,285	799,501
INVESTMENT PROPERTY	18,015	18,205	18,582
INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	121,740	121,689	125,181
OTHER EQUITY INVESTMENTS	12,104	12,117	12,249
OTHER RECEIVABLES	58,174	61,156	56,754
OTHER FINANCIAL ASSETS	68,918	62,155	58,822
DEFERRED TAX ASSETS	96,725	100,270	102,949
CURRENT ASSETS	1,174,880	1,286,558	1,282,137
INVENTORIES	143,308	143,916	139,222
TRADE RECEIVABLES	423,457	483,503	472,736
OTHER RECEIVABLES	106,247	112,529	104,800
FINANCIAL RECEIVABLES	12,909	10,995	21,717
SECURITIES	31,843	33,909	46,927
OTHER FINANCIAL ASSETS	284,898	267,375	235,251
CASH AND CASH EQUIVALENTS	172,218	234,331	261,484
ASSETS HELD FOR DISPOSAL	2,341	2,341	3,418
TOTAL ASSETS	3,518,903	3,632,991	3,615,795
LIABILITIES AND EQUITY	30.09.2018	30.06.2018	31.12.2017
SHAREHOLDERS' EQUITY	1,483,086	1,474,244	1,481,225
SHARE CAPITAL	323,455	324,753	328,063
RESERVES	229,426	232,364	266,210
RETAINED EARNINGS (LOSSES)	366,875	368,524	372,659
NET INCOME (LOSS) FOR THE PERIOD	34,025	25,357	(5,950)
EQUITY OF THE GROUP	953,781	950,998	960,982
MINORITY SHAREHOLDERS' EQUITY	529,305	523,246	520,243
NON-CURRENT LIABILITIES	1,012,594	1,026,255	1,099,137
BONDS	269,115	267,074	365,112
OTHER BORROWINGS	319,802	312,347	281,863
OTHER PAYABLES	63,991	67,681	72,081
DEFERRED TAX LIABILITIES	176,580	176,932	171,449
PERSONNEL PROVISIONS	134,408	137,241	139,735
PROVISIONS FOR RISKS AND LOSSES	48,698	64,980	68,897
CURRENT LIABILITIES	1,023,223	1,132,492	1,035,433
BANK LOANS	14,277	6,746	17,551
BONDS	115,552	112,658	20,168
OTHER BORROWINGS	137,486	168,375	153,163
TRADE PAYABLES	482,104	514,172	513,287
OTHER PAYABLES	206,847	261,968	260,020
PROVISIONS FOR RISKS AND LOSSES	66,957	68,573	71,244
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND EQUITY	3,518,903	3,632,991	3,615,795

INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2018	1/1-30/9 2017)	III Quarter 2018	III Quarter 2017
REVENUES	2,092,562	2,027,812	661,393	662,911
CHANGE IN INVENTORIES	458	72	(889)	(2,415)
COSTS FOR THE PURCHASE OF GOODS	(750,941)	(737,427)	(237,455)	(229,345)
COSTS FOR SERVICES	(500,486)	(473,767)	(161,379)	(166,705)
PERSONNEL COSTS	(571,300)	(538,189)	(177,747)	(175,372)
OTHER OPERATING INCOME	19,437	20,608	4,795	7,471
OTHER OPERATING COSTS	(43,751)	(52,126)	(10,216)	(17,659)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(127,157)	(125,386)	(42,091)	(39,437)
OPERATING RESULT	118,822	121,597	36,411	39,449
FINANCIAL INCOME	6,784	7,676	1,659	2,424
FINANCIAL EXPENSE	(41,983)	(39,235)	(13,191)	(13,266)
DIVIDENDS	2,782	61	15	21
GAINS FROM TRADING SECURITIES	8,282	17,672	1,547	8,969
LOSSES FROM TRADING SECURITIES	(403)	(33)	(8)	--
SHARE OF INCOME (LOSS) FROM INVESTMENTS CONSOLIDATED AT EQUITY	212	(743)	51	(79)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,676)	571	(461)	(288)
RESULT BEFORE TAXES	92,820	107,566	26,023	37,230
INCOME TAXES	(31,052)	(189,563)	(8,907)	(164,917)
RESULT OF OPERATIONS DESTINED TO CONTINUE	61,768	(81,997)	17,116	(127,687)
INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	--	1,161	--	161
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	61,768	(80,836)	17,116	(127,526)
- (NET INCOME) LOSS – MINORITY SHAREHOLDERS	(27,743)	54,797	(8,448)	74,735
- NET INCOME (LOSS) OF THE GROUP	34,025	(26,039)	8,668	(52,791)

CASH FLOW STATEMENT

<i>(in thousands of euro)</i>	<i>30.09.2018</i>	<i>30.06.2018</i>	<i>31.12.2017</i>
A. Cash and bank deposits	172,218	234,331	261,484
B. Other cash equivalents	284,898	267,375	235,251
C. Securities held for trading	31,843	33,909	46,927
D. Cash and cash equivalents (A) + (B) + (C)	488,959	535,615	543,662
E. Current financial receivables	12,909	10,995	21,717
F. Current bank borrowings	(81,078)	(84,013)	(75,578)
G. Bonds issued	(115,552)	(112,658)	(20,168)
H. Current part of non-current debt	(70,685)	(91,108)	(95,136)
I. Other current financial payables	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(267,315)	(287,779)	(190,882)
K. Net current financial position (J) + (E) + (D)	234,553	258,831	374,497
L. Non-current bank borrowings	(257,097)	(247,152)	(211,709)
M. Bonds issued	(269,115)	(267,074)	(365,112)
N. Other non-current payables	(62,705)	(65,195)	(70,154)
O. Non-current financial debt (L) + (M) + (N)	(588,917)	(579,421)	(646,975)
P. Net financial position (K) + (O)	(354,364)	(320,590)	(272,478)

Fine Comunicato n.0079-80

Numero di Pagine: 10