

CIR: results for first half 2021

- Revenues at € 1,007.9 million, up by 23.5% on first half 2020; EBITDA at € 172.3 million (€ 100.1 million in first half 2020).
- Positive net result of € 21.6 million (€ -30.4 million in first half 2020); reduction of consolidated net debt before IFRS 16 to € 41.4 million (€ 100.0 million at December 31 2020).
- Net financial position of the parent company positive for € 405.0 million, up from December 31 2020 (€ 391.7 million).

Milan, July 26 2021 – The Board of Directors of CIR S.p.A., which met today under the chairmanship of Rodolfo De Benedetti, has approved the Semi-Annual Financial Report as of June 30 2021 presented by Chief Executive Officer Monica Mondardini.

Consolidated Results

In the first half of 2021 business recovered significantly compared to the first half of 2020, although the levels reported before the spread of the pandemic have not yet been reached.

The Group's consolidated revenues amounted to € 1,007.9 million, posting a rise of 23.5% on the first half of 2020, during which the effects of the Covid-19 pandemic were particularly significant for all of the group's businesses. Revenues were in line with those of first half 2019 (+0.4%) but were 8.3% lower on a like-for-like basis.

The consolidated gross operating margin (EBITDA) came to € 172.3 million (€ 100.1 million in the first half of 2020) which represented 17.1% of revenues, compared to 12.3% in 2020.

The net result was a positive € 21.6 million (after a loss of € 30.4 million in the first half of 2020).

Consolidated net debt before IFRS 16 totalled € 41.4 million at June 30 2021, lower than at December 31 2020 (€ 100.0 million) and at June 30 2020 (€ 285.6 million). Financial debt for rights of use, as per IFRS 16, amounted to € 802.3 million and thus total consolidated net debt

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came to € 843.7 million. IFRS16 liabilities refer mainly to the subsidiary KOS (€ 736.4 million), which operates principally in leased premises.

The net debt of the subsidiaries before IFRS 16 declined to € 446.4 million (€ 491.7 million at December 31 2020 and € 682.8 million at June 30 2020).

The net financial position of the Parent Company (including the subsidiaries devoted to financial management) was a positive € 405.0 million at June 30 2021, higher than at December 31 2020 (€ 391.7 million) and at June 30 2020 (€ 397.2 million).

The Group's equity stood at € 801.4 million (€ 771.0 million at December 31 2020) and the increase was mainly due to the net income for the period.

KOS

KOS' business activity was heavily impacted by the consequences of the pandemic. During the first half of 2021, the vaccination campaign cut the number of infections drastically, reducing them to virtually zero in the care homes for the elderly, making it possible for the relatives of the guests to visit again, complying with the health and safety protocols. The climate of enhanced confidence led to new entries and from May onwards to an increase in the total number of presences.

In the first half of 2021, revenues came in at € 325.5 million and were up by 4.9% compared to the same period of 2020.

In the nursing homes in Italy (RSAs) revenues were significantly lower than those reported for the first half of 2020 and the first half of 2019, as the number of guests during the period was considerably lower than that recorded in previous years because of the circumstances caused by the pandemic over the course of the last 18 months, i.e. the freeze or slowdown of new entries.

In the German nursing homes the impact of the pandemic was considerably less in medical terms and thus the reduction in the number of guests was also less pronounced than in Italy; moreover, state aid limited the economic impact of the pandemic. Revenues for the first half were slightly higher than those for the first half of 2020.

In the Italian rehabilitation and acute care facilities, where in first half 2020 there had been a decline in the number of patients because of the slowdown in normal hospital activity, there was a good recovery, albeit to levels below those of 2019. There was also an increase in laboratory and testing services and, more specifically, KOS has been strongly committed to carrying out screening activities for controlling the spread of the pandemic. Revenues were higher than those of the same period of 2020 and 2019, thanks partly to the contribution of the new facilities acquired in 2020.



EBIT came in at € 20.9 million versus € 13.7 million in 2020. The result for 2021 has benefited from non-recurring income (approximately € 12 million) in the form of capital gains realized on the sale of certain real-estate properties. Operating profitability remains depressed because of the consequences of the pandemic, particularly the decline in the number of guests in the RSAs, the different mix of services provided in the rehabilitation units and the higher costs for personnel and protective measures. During the first half of the year KOS, in conjunction with the Regional Health Services, devoted six facilities to care for Covid-19 patients, suspending the provision of its core services and incurring the cost of adapting and converting personnel and premises.

KOS posted a net result for the period of breakeven (€ 0.4 million), versus a loss of € 2.1 million in the first half of 2020.

Free cash flow was positive for € 15.3 million, with a cash inflow of € 33.2 million from the sale of properties, and investments made in the development of new facilities of approximately € 9.0 million.

Net debt, excluding the payables resulting from application of IFRS 16, stood at € 185.5 million at June 30 2021, down from € 200.7 million at December 31 2020 and € 356.2 million at June 30 2020, before the sale of Medipass. Total debt including the payables as per IFRS 16 amounted to € 921.8 million.

Sogefi

In the first half of 2021 world car production posted growth of 29.2% (+15.5% in the first quarter and +48.6% in the second quarter) compared to the first half of 2020, during which, as is well known, there was an unprecedented fall in production caused by Covid-19. However, this growth has made it possible to recover the decline of 2020 only in part and production volumes are still lower than those prior to the spread of the pandemic (-12.6% compared to first half 2019).

Sogefi has reported revenues 34.9% higher than those of the first half of 2020; compared to the first half of 2019, revenues came in at -9%, compared to the -12.6% of car production worldwide.

The recovery of business activity and the action put in place to counter the impact of the crisis made it possible to close the first half with EBIT of € 48.9 million (€ -12.0 million in the same period of 2020), net income of € 21.4 million (versus a loss of € 28.8 million in first half 2020), positive free cash flow of € 33.1 million (a negative € 64.0 million in the first half of 2020) and net debt before IFRS 16 of € 261.4 million, lower than at December and June 2020 (€ 291.3 million and € 327.0 million, respectively).



During the first half of the year commercial activity was positive: the Air and Cooling Division obtained important contracts in Europe, NAFTA and China for the supply of Thermal Management products for electric mobility and Filtration was awarded a significant number of contracts for the supply of Air Purification Filters and Transmission Filters, thus contributing to the diversification of platforms from combustion engines.

Negotiations are in progress for the sale of the Argentinian branch of Filtration. The sale is expected to generate a capital loss of € 2.8 million, which is already incorporated in the accounts at June 30 2021 in accordance with IFRS 5, and completion of the sale would have a further negative effect on the income statement of approximately € 21.0 million, of a purely accounting nature, because of the reclassification of the subsidiary's exchange rate translation differences from shareholders' equity to the result for the period, without any consequences for Sogefi's equity.

Financial Management

Regarding the management of financial assets by the Holding Company, while in the first half of 2020 the markets suffered the effects of the Covid-19 pandemic, in the first half of 2021 the recovery already observed in the second half of the previous year continued for all assets classes; total net financial income of € 12.4 million was reported, with a return for the period of 2.6%. More specifically, the overall yield on highly liquid assets (shares, bonds, hedge funds) rose to 2.5%, while the remaining part of the portfolio (private equity, non-performing loans and minority shareholdings) had a return of 2.9%.

Lastly, in May 2021 the Board of Directors of CIR S.p.A. approved a resolution to launch a voluntary partial public tender offer (hereinafter the "PTO"), as per the terms of Articles 102 and following articles of the TUF, for a maximum of 156,862,745 shares of the same CIR S.p.A., equal to 12.282% of its share capital, at a price of € 0.51 per share, corresponding to a total amount of € 80.0 million. The subscription period of the PTO will end on July 29 2021, the preliminary results will be announced on the following day and payment will be made to subscribers on August 6 2021.

Outlook for the year

Given the continuing uncertainty regarding the evolution of the pandemic, there is limited visibility as to the performance of the Group's business activity over the coming months.

As far as KOS is concerned, provided there are no further waves of infection and limits on the acceptance of new guests (such as the need to isolate in the facility) or on the management of the facilities (such as stopping visits by relatives), activity is expected to increase gradually, confirming the trend already seen in May and June; as things stand at present, it is expected that there will not be a return to the levels of activity prior to the pandemic until at least next year.



As for the automotive market, IHS expects world production to show a limited decline (-3.4%) in the second half of the year compared to 2020 and, given the trend of the first half, it is forecasting growth for the full year of 10%, with a decline of -7.8% on 2019. Moreover, in the second part of 2021 tensions in the commodity markets (steel, plastic and paper) are expected to continue.

In this scenario, Sogefi confirms the view expressed in the publication of its results for first quarter 2021, i.e. for the full year it expects to achieve an operating result at least equal to that reported for 2019 and to return to profit, provided there are no extraordinary circumstances or events that are not at present foreseeable, and before the accounting effects of disposals.

The Executive responsible for the preparation of the Company's financial statements, Michele Cavigioli, hereby declares, in compliance with the terms of paragraph 2 Article 154-bis of the Finance Consolidation Act (TUF), that the accounting 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 "operating result";
- Consolidated net financial debt: an indicator of the financial structure of the group. It is the algebraic sum of financial receivables, securities, other financial assets and cash and cash equivalents in current assets, of bonds, other borrowings and financial payables for rights of use in non-current liabilities, of bank borrowings, bonds, other borrowings and financial payables for rights of use in current liabilities.

Attached are the highlights from the consolidated Statement of Financial Position and Income Statement of CIR.



Statement of Financial Position

(in thousands of euro)

ASSETS	30.06.2021	31.12.2020
NON-CURRENT ASSETS	2,279,034	2,310,573
INTANGIBLE ASSETS	616,549	625,128
TANGIBLE ASSETS	634,415	640,347
RIGHT-OF-USE ASSETS	829,085	835,988
INVESTMENT PROPERTY	14,568	15,770
INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	596	596
OTHER EQUITY INVESTMENTS	1,871	1,872
OTHER RECEIVABLES	39,162	45,284
OTHER FINANCIAL ASSETS	77,168	75,846
DEFERRED TAX ASSETS	65,620	69,742
CURRENT ASSETS	1,248,134	1,150,810
INVENTORIES	117,182	107,066
TRADE RECEIVABLES	205,286	196,928
<i>of which from related parties</i>	39	--
OTHER RECEIVABLES	64,578	66,904
<i>of which from related parties</i>	133	133
FINANCIAL RECEIVABLES	9,209	10,940
SECURITIES	48,112	48,992
OTHER FINANCIAL ASSETS	302,991	295,434
CASH AND CASH EQUIVALENTS	500,776	424,546
ASSETS HELD FOR DISPOSAL	12,879	6,548
TOTAL ASSETS	3,540,047	3,467,931
LIABILITIES AND EQUITY	30.06.2021	31.12.2020
SHAREHOLDERS' EQUITY	1,033,799	987,820
SHARE CAPITAL	625,249	625,125
RESERVES	99,959	91,225
RETAINED EARNINGS (LOSSES)	54,594	38,314
NET INCOME (LOSS) FOR THE PERIOD	21,624	16,313
EQUITY OF THE GROUP	801,426	770,977
MINORITY SHAREHOLDERS' EQUITY	232,373	216,843
NON-CURRENT LIABILITIES	1,689,889	1,643,073
BONDS	179,945	192,843
OTHER BORROWINGS	534,546	463,857
FINANCIAL PAYABLES FOR RIGHTS OF USE	754,461	763,725
OTHER PAYABLES	64,493	59,430
DEFERRED TAX LIABILITIES	60,994	56,699
PERSONNEL PROVISIONS	82,521	93,812
PROVISIONS FOR RISKS AND LOSSES	12,929	12,707
CURRENT LIABILITIES	809,359	831,786
BANK BORROWINGS	38,297	4,561
BONDS	23,619	119,747
OTHER BORROWINGS	96,739	60,873
FINANCIAL PAYABLES FOR RIGHTS OF USE	77,199	71,126
TRADE PAYABLES	332,319	341,218
OTHER PAYABLES	184,734	161,796
PROVISIONS FOR RISKS AND LOSSES	56,452	72,465
LIABILITIES HELD FOR DISPOSAL	7,000	5,252
TOTAL LIABILITIES AND EQUITY	3,540,047	3,467,931



Income Statement

(in thousands of euro)

	1st Half 2021	1st Half 2020
REVENUES	1,007,915	816,382
CHANGE IN INVENTORIES	5,708	(7,798)
COSTS FOR THE PURCHASE OF GOODS	(410,996)	(294,227)
COSTS FOR SERVICES	(140,008)	(128,533)
PERSONNEL COSTS	(304,458)	(267,189)
OTHER OPERATING INCOME	43,027	15,716
<i>of which with related parties</i>	39	156
OTHER OPERATING COSTS	(28,917)	(34,300)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(105,611)	(105,978)
OPERATING RESULT	66,660	(5,927)
FINANCIAL INCOME	5,102	3,693
FINANCIAL EXPENSE	(27,999)	(30,058)
DIVIDENDS	32	24
GAINS FROM TRADING SECURITIES	4,007	134
LOSSES FROM TRADING SECURITIES	(817)	(240)
PORTION OF EARNINGS (LOSS) OF INVESTEE COMPANIES CONSOLIDATED USING THE EQUITY METHOD	--	(172)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	8,280	(6,366)
RESULT BEFORE TAXES	55,265	(38,912)
INCOME TAXES	(18,790)	35
RESULT OF CONTINUING OPERATIONS	36,475	(38,877)
NET INCOME/(LOSS) OF DISCONTINUED OPERATIONS	(3,312)	(5,053)
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	33,163	(43,930)
- (NET INCOME) LOSS OF MINORITY SHAREHOLDERS	(11,539)	13,512
- NET INCOME (LOSS) OF THE GROUP	21,624	(30,418)
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0173	(0.0277)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0172	(0.0277)
BASIC EARNINGS (LOSS) PER SHARE OF CONTINUING OPERATIONS (in euro)	0.0292	(0.0354)
DILUTED EARNINGS (LOSS) PER AZIONE OF CONTINUING OPERATIONS (in euro)	0.0290	(0.0354)



Comprehensive Income Statement

(in thousands of euro)

	1st Half 2021	1st Half 2020
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	33,163	(43,930)
OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT</i>		
- ACTUARIAL GAINS (LOSSES)	11,171	(10,162)
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT	(3,524)	931
SUB-TOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT	7,647	(9,231)
<i>ITEMS THAT COULD BE RECLASSIFIED TO THE INCOME STATEMENT</i>		
- CURRENCY TRANSLATION DIFFERENCES ON FOREIGN OPERATIONS	2,855	(7,822)
- NET CHANGE IN CASH FLOW HEDGE RESERVE	867	510
- OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	--	--
- TAX EFFECT OF ITEMS THAT COULD BE RECLASSIFIED TO THE INCOME STATEMENT	(200)	(123)
SUB-TOTAL OF ITEMS THAT COULD BE RECLASSIFIED TO THE INCOME STATEMENT	3,522	(7,435)
TOTAL OF OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	11,169	(16,666)
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD	44,332	(60,596)
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ATTRIBUTABLE TO:		
SHAREHOLDERS OF THE PARENT COMPANY	27,917	(39,829)
MINORITY INTERESTS	16,415	(20,767)



Cash Flow Statement

(in thousands of euro)

	1st Half 2021	1st Half 2020
OPERATING ACTIVITY		
RESULT OF CONTINUING OPERATIONS	36,475	(43,547)
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	105,611	112,122
ADJUSTMENT TO INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	--	172
ACTUARIAL VALUATION OF STOCK OPTIONS/STOCK GRANTS	824	1,101
CHANGE IN PERSONNEL PROVISIONS AND PROVISIONS FOR RISKS AND LOSSES	(13,156)	(15,722)
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	(12,777)	6,366
LOSSES (GAINS) ON THE SALE OF FIXED ASSETS	(11,867)	(53)
OTHER NON-MONETARY CHANGES	2,456	(1,694)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	12,581	759
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(12,188)	(23,293)
CASH FLOWS FROM OPERATING ACTIVITY	107,959	36,211
of which:		
- interest received (paid)	(11,578)	(15,353)
- income tax payments	(5,510)	(3,202)
INVESTMENT ACTIVITY		
PRICE PAID FOR BUSINESS COMBINATIONS	(1,350)	(9,981)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	--	(182)
CHANGE IN OTHER FINANCIAL RECEIVABLES	815	4,347
(PURCHASE) SALE OF SECURITIES	6,479	(16,669)
PURCHASE OF FIXED ASSETS	(29,489)	(60,353)
CASH FLOW FROM INVESTMENT ACTIVITY	(23,545)	(82,838)
FINANCING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	80	30
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(2,471)	72,357
REPAYMENT OF FINANCIAL PAYABLES FOR RIGHTS OF USE	(31,714)	(32,136)
DIVIDENDS PAID	(4,015)	--
CASH FLOW FROM FINANCING ACTIVITY	(38,120)	40,251
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS	46,294	(6,376)
CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD FROM OPERATIONS HELD FOR DISPOSAL	(3,800)	102,444
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	419,985	300,881
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	462,479	396,949

Statement of Changes in Shareholders' Equity

(in thousands of euro)	Attributable to the Shareholders of the Parent Company													Minority interests	Total
	Issued capital	less own shares	Share capital	Share premium reserve	Legal reserve	Fair value reserve	Translation reserve	Reserve for own shares held	Stock option and stock grant reserve	Other reserves	Retained earnings (losses)	Net income (loss) for the period	Total		
BALANCE AT DECEMBER 31 2019	359,605	(13,607)	345,998	5,044	24,846	(700)	(20,363)	13,607	--	20,921	112,885	(69,807)	432,431	684,540	1,116,971
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	30	30
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	(3,771)	(3,771)
Allocation of the result for the previous year	--	--	--	--	670	--	--	--	--	1,274	(71,751)	69,807	--	--	--
Effects of the merger	278,999	--	278,999	--	--	(535)	(15,535)	--	--	75,333	(10)	--	338,252	(338,252)	--
Adjustment for own share transactions	--	31	31	--	--	--	--	(31)	--	36	(36)	--	--	--	--
Notional costs of share-based plans	--	--	--	--	--	--	--	--	807	--	--	--	807	--	807
Movements between reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Effects of equity changes in subsidiaries	--	--	--	--	--	--	30	--	--	(957)	(2,212)	--	(3,139)	(122,437)	(125,576)
<i>Comprehensive result for the period</i>															
Fair value measurement of hedging instruments	--	--	--	--	--	222	--	--	--	--	--	--	222	165	387
Currency translation differences	--	--	--	--	--	--	(4,407)	--	--	--	--	--	(4,407)	(3,415)	(7,822)
Actuarial gains (losses)	--	--	--	--	--	--	--	--	--	(5,226)	--	--	(5,226)	(4,005)	(9,231)
Result for the period	--	--	--	--	--	--	--	--	--	--	--	(30,418)	(30,418)	(13,512)	(43,930)
<i>Total comprehensive result for the period</i>	--	--	--	--	--	222	(4,407)	--	--	(5,226)	--	(30,418)	(39,829)	(20,767)	(60,596)
BALANCE AT JUNE 30 2021	638,604	(13,576)	625,028	5,044	25,516	(1,013)	(40,275)	13,576	807	91,381	38,876	(30,418)	728,522	199,343	927,865
BALANCE AT DECEMBER 31 2020	638,604	(13,479)	625,125	5,044	25,516	(1,258)	(41,763)	13,479	1,481	88,726	38,314	16,313	770,977	216,843	987,820
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	80	80
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	(1,015)	(1,015)
Allocation of the result for the previous year	--	--	--	--	--	--	--	--	--	--	16,313	(16,313)	--	--	--
Adjustment for own share transactions	--	124	124	--	--	--	--	(124)	--	140	(140)	--	--	--	--
Notional costs of share-based plans	--	--	--	--	--	--	--	--	724	--	--	--	724	--	724
Movements between reserves	--	--	--	--	--	--	--	--	(107)	--	107	--	--	--	--
Effects of equity changes in subsidiaries	--	--	--	--	--	(1)	(10)	--	--	1,819	--	--	1,808	50	1,858
<i>Comprehensive result for the period</i>															
Fair value measurement of hedging instruments	--	--	--	--	--	378	--	--	--	--	--	--	378	289	667
Currency translation differences	--	--	--	--	--	--	1,586	--	--	--	--	--	1,586	1,269	2,855
Actuarial gains (losses)	--	--	--	--	--	--	--	--	--	4,329	--	--	4,329	3,318	7,647
Result for the period	--	--	--	--	--	--	--	--	--	--	--	21,624	21,624	11,539	33,163
<i>Total comprehensive result for the period</i>	--	--	--	--	--	378	1,586	--	--	4,329	--	21,624	27,917	16,415	44,332
BALANCE AT JUNE 30 2021	638,604	(13,355)	625,249	5,044	25,516	(881)	(40,187)	13,355	2,098	95,014	54,594	21,624	801,426	232,373	1,033,799