INTERIM FINANCIAL REPORT
AS OF 31 MARCH 2017

CIR

COMPAGNIE INDUSTRIALI RIUNITE

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COMPAGNIE INDUSTRIALI RIUNITE
Limited-liability corporation - Share capital € 397,146,183.50 - Registered Office: Via Ciovassino, 1 – 20121 Milan - www.cirgroup.it
R.E.A. n. 1950112 – Milan Company Register / Fiscal Code / VAT no. 00519120018
Company subject to management and coordination by COFIDE – Gruppo De Benedetti S.p.A.
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Report of the Board of Directors on operations as of 31 March 2017

1. Key figures

In the first quarter of 2017, the CIR Group achieved a **turnover** of € 693.0 million, an increase of 7.6% compared with the same period of 2016 (€ 644.3 million), thanks to the significant Sogefi's increase (+12.6%).

Consolidated EBITDA amounts to € 72.4 million, an increase of 16.8% compared with € 62.0 million in the first three months of last year. The growth is due to the higher gross operating margin achieved by Sogefi Group.

Consolidated net income amounted to € 14.1 million compared with € 14.7 million in first quarter 2016.

The contribution made by the industrial subsidiaries to CIR's consolidated net result came to € 12.2 million on € 7.4 million made in the first three months of last year, thanks to the increase of the Sogefi and Kos groups.

As is generally known, during 2016 Espresso concluded an agreement to combine with ITEDI, publisher of the newspapers La Stampa and Il Secolo XIX. On 27 April 2017, once the conditions for completion of the deal had been verified, the Shareholders' Meeting of Gruppo Editoriale L'Espresso approved the increase in capital needed to carry out the merger. Given the size of the operation, the name of the company has been changed to GEDI Gruppo Editoriale. CIR will be the main shareholder with a 43.4% interest. With the prospect of combining with ITEDI, during 2016 Espresso sold five local newspapers (one rented) in order to ensure compliance with the circulation thresholds established by current legislation. In this report, Espresso's figures for the first quarter of 2017 are compared with those of the previous year on a comparable basis.

Despite a more difficult environment for the publishing industry, the Espresso Group posted a slight increase in revenues and EBITDA on a comparable basis vis-à-vis the same period last year with a positive net of € 5 million (€ 5.5 million in the first quarter of 2016).

Sogefi managed to increase its turnover by 12.6%, thanks to growth in Europe, North America and Asia, and to the recovery in South America. EBITDA grew by 30.2% to € 45.1 million. Net income increased from € 2.9 million in the first quarter of 2016 to € 11.6 million in the first three months of 2017. These results confirm the effectiveness of the actions taken by the company to improve profitability and cash generation.
Lastly, KOS achieved a 3.6% increase in revenues, thanks in particular to the organic growth in all of its activities and to an acquisition in the rehabilitation field made in the second half of 2016. EBITDA

remained in line with the previous year at € 17.8 million and the net result amounted to € 4.6 million (€ 4.4 million in the first quarter of 2016).

The parent company CIR S.p.A. and its non-industrial subsidiaries contributed € 1.9 million of net income compared with € 7.3 million in the first quarter of 2016, due to the sale of a non-strategic investment.

Net debt at 31 March 2017 amounted to € 144.7 million stable on € 143.6 million at 31 December 2016 (€ 110.2 million at 31 March 2016).

Total net debt of the industrial subsidiaries came is at € 476.3 million at 31 March 2017, in line with the figure at 31 December 2016 (€ 427.9 million) and with a significant decrease on 31 March 2016 (€ 520.2 million), thanks to the cash generation of Sogefi and Espresso.

At 31 March 2017, the net financial position of the parent company (including its non-industrial subsidiaries) was positive for € 331.6 million, showing a slight decrease on the end of 2016 (€ 334.3 million) as a result of the purchase of treasury shares during the period (€ 4.2 million).

Group equity at 31 March 2017 was € 1,062.0 million (€ 1,052.3 million at 31 December 2016). The increase of € 9.7 million is mainly due to the result for the period, net of the purchased treasury shares.

The tables on the following pages provide a breakdown by business sector of the Group's results and financial position, a breakdown of the contribution made by the main subsidiaries and the aggregate results of CIR, the parent company, and the other non-industrial subsidiaries.

INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO THE RESULTS OF THE GROUP

(in millions of euro)	*1st quarter 2017*												*1st quarter 2016*
CONSOLIDATED / **AGGREGATE**	*Revenues*	*Costs of production* (1)	*Other operating income & expense* (2)	*Amortisation / depreciation and write-downs*	*EBIT*	*Net financial income & expense* (3)	*Dividends, net gains and losses on trading and the valuation of securities* (4)	*Adjustments to the value of investments consolidated at equity*	*Income taxes*	*Income/(loss) from assets held for sale*	*Minority interests*	*Net result of the Group*	*Net result of the Group*
Espresso Group	136.4	(126.6)	3.3	(3.4)	9.7	(2.3)	--	(0.5)	(2.1)	0.2	(2.2)	2.8	3.5
Sogefi Group	439.1	(384.6)	(9.4)	(18.3)	26.8	(6.4)	--	--	(7.7)	--	(6.1)	6.6	1.7
KOS Group	117.5	(95.9)	(4.6)	(6.7)	10.3	(2.3)	(0.1)	--	(2.9)	--	(2.2)	2.8	2.2
Total for main subsidiaries	**693.0**	**(607.1)**	**(10.7)**	**(28.4)**	**46.8**	**(11.0)**	**(0.1)**	**(0.5)**	**(12.7)**	**0.2**	**(10.5)**	**12.2**	**7.4**
Other subsidiaries	--	(0.6)	0.6	--	--	--	--	--	--	--	--	--	--
Total subsidiaries	**693.0**	**(607.7)**	**(10.1)**	**(28.4)**	**46.8**	**(11.0)**	**(0.1)**	**(0.5)**	**(12.7)**	**0.2**	**(10.5)**	**12.2**	**7.4**
<u>CIR and other non-industrial subsidiaries</u>													
Revenues	--											--	--
Net operating costs		(3.1)										(3.1)	(3.2)
Other operating income & expense			0.3									0.3	0.1
Amortisation/depreciation and write-downs				(0.2)								(0.2)	(0.1)
EBIT					(3.0)								
Net financial income & expense						0.7						0.7	1.4
Dividends and net gains from securities trading							3.9					3.9	9.0
Adjustments to the value of investments consolidated at equity								--				--	--
Income taxes									0.3			0.3	0.1
Total CIR and other non-industrial subsidiaries	**--**	**(3.1)**	**0.3**	**(0.2)**	**(3.0)**	**0.7**	**3.9**	**--**	**0.3**	**--**	**--**	**1.9**	**7.3**
Consolidated total for the Group	**693.0**	**(610.8)**	**(9.8)**	**(28.6)**	**43.8**	**(10.3)**	**3.8**	**(0.5)**	**(12.4)**	**0.2**	**(10.5)**	**14.1**	**14.7**

1) *This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement . This item does not take into consideration the € (0.6) million effect of intercompany eliminations.*

2) *This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. This item does not take into consideration the € (0.6) million effect of intercompany eliminations.*

3) *This item is the sum of "financial income" and "financial expense" in the consolidated income statement.*

4) *This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the change of financial assets" in the consolidated income statement.*

INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO THE RESULTS OF THE GROUP

(in millions of euro)	*1st quarter 2017*												*1st quarter 2016*
CONSOLIDATED / **AGGREGATE**	*Revenues*	*Costs of production* (1)	*Other operating income & expense* (2)	*Amortisation / depreciation and write-downs*	*EBIT*	*Net financial income & expense* (3)	*Dividends, net gains and losses on trading and the valuation of securities* (4)	*Adjustments to the value of investments consolidated at equity*	*Income taxes*	*Income/(loss) from assets held for sale*	*Minority interests*	*Net result of the Group*	*Net result of the Group*
Espresso Group	136.4	(126.6)	3.3	(3.4)	9.7	(2.3)	--	(0.5)	(2.1)	0.2	(2.2)	2.8	3.5
Sogefi Group	439.1	(384.6)	(9.4)	(18.3)	26.8	(6.4)	--	--	(7.7)	--	(6.1)	6.6	1.7
KOS Group	117.5	(95.9)	(4.6)	(6.7)	10.3	(2.3)	(0.1)	--	(2.9)	--	(2.2)	2.8	2.2
Total for main subsidiaries	**693.0**	**(607.1)**	**(10.7)**	**(28.4)**	**46.8**	**(11.0)**	**(0.1)**	**(0.5)**	**(12.7)**	**0.2**	**(10.5)**	**12.2**	**7.4**
Other subsidiaries	--	(0.6)	0.6	--	--	--	--	--	--	--	--	--	--
Total subsidiaries	**693.0**	**(607.7)**	**(10.1)**	**(28.4)**	**46.8**	**(11.0)**	**(0.1)**	**(0.5)**	**(12.7)**	**0.2**	**(10.5)**	**12.2**	**7.4**
<u>CIR and other non-industrial subsidiaries</u>													
Revenues	--											--	--
Net operating costs		(3.1)										(3.1)	(3.2)
Other operating income & expense			0.3									0.3	0.1
Amortisation/depreciation and write-downs				(0.2)								(0.2)	(0.1)
EBIT					(3.0)								
Net financial income & expense						0.7						0.7	1.4
Dividends and net gains from securities trading							3.9					3.9	9.0
Adjustments to the value of investments consolidated at equity								--				--	--
Income taxes									0.3			0.3	0.1
Total CIR and other non-industrial subsidiaries	**--**	**(3.1)**	**0.3**	**(0.2)**	**(3.0)**	**0.7**	**3.9**	**--**	**0.3**	**--**	**--**	**1.9**	**7.3**
Consolidated total for the Group	**693.0**	**(610.8)**	**(9.8)**	**(28.6)**	**43.8**	**(10.3)**	**3.8**	**(0.5)**	**(12.4)**	**0.2**	**(10.5)**	**14.1**	**14.7**

1) *This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement . This item does not take into consideration the € (0.6) million effect of intercompany eliminations.*

2) *This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. This item does not take into consideration the € (0.6) million effect of intercompany eliminations.*

3) *This item is the sum of "financial income" and "financial expense" in the consolidated income statement.*

4) *This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the change of financial assets" in the consolidated income statement.*

2. Performance of the Group

Consolidated sales revenues for the first quarter of 2017 came in at € 693.0 million versus € 644.3 million in the same period of 2016, an increase of € 48.7 million (+7.6%). Sogefi posted a 12.6% increase in turnover, KOS one of 3.6%, while the revenues of Espresso fell as a consequence of the deconsolidation of the sold title in the last quarter of 2016. On the basis of the same scope of consolidation, Espresso's turnover shows an increase of 0.4%.

Consolidated revenues can be broken down by business sector as follows:

	1st quarter					
(in millions of euro)	*2017*	*%*	*2016*	*%*	*Change absolute*	*%*
Media						
Espresso Group	136.4	19.7	140.8	21.9	(4.4)	(3.1)
Automotive components						
Sogefi Group	439.1	63.4	390.1	60.5	49.0	12.6
Healthcare						
KOS Group	117.5	16.9	113.4	17.6	4.1	3.6
Total consolidated revenues	693.0	100.0	644.3	100.0	48.7	7.6

The **CIR Group's key income statement figures** for the first quarter, with comparatives, are as follows:

	1st quarter			
(in millions of euro)	*2017*	*%*	*2016*	*%*
Revenues	693.0	100.0	644.3	100.0
Consolidated EBITDA *(1)*	**72.4**	**10.4**	**62.0**	**9.6**
Consolidated EBIT	**43.8**	**6.3**	**33.1**	**5.1**
Financial management *(2)*	(7.0)	(1.0)	(2.5)	(0.3)
Income taxes	(12.4)	(1.8)	(8.4)	(1.3)
Income (loss) from assets held for sale	0.2	--	0.2	--
Net income including minority interests	**24.6**	**3.5**	**22.4**	**3.5**
Minority interests	(10.5)	(1.5)	(7.7)	(1.2)
Net result of the Group	**14.1**	**2.0**	**14.7**	**2.3**

(1) This is the sum of "earnings before interest and taxes (EBIT)" and "amortisation, depreciation and write-downs" in the consolidated income statement.

(2) This is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement.

The **consolidated gross operating margin (EBITDA)** in first quarter 2017 was € 72.4 million (10.4% of revenues) versus € 62.0 million (9.6% of revenues) in first quarter 2016, an increase of € 10.4 million (+16.8) thanks above all to the increase in Sogefi margin.

The **consolidated operating margin (EBIT)** for the first quarter of 2017 was € 43.8 million (6.3% of revenues) versus € 33.1 million (5.1% of revenues) in the same period of 2016 (+32.3%); The increase reflects the positive trend in EBITDA.

Financial management generated a net charge of € 7.0 million compared with a charge of € 2.5 million in the first quarter of 2016. In detail:

- net financial expense came to € 10.3 million compared with € 12.3 million in the first quarter of 2016;
- net gains on trading of securities and adjustment to the value of financial assets and to equity investments led to a positive result of € 3.3 million compared with € 9.8 million in the first quarter of 2016, which included the € 6.5 million gain from the sale of a non-strategic investment.

The **condensed consolidated statement of financial position** of the CIR Group at 31 March 2017, with comparative figures at 31 December 2016 and 31 March 2016, is as follows:

(in millions of euro) (1)	*31.03.2017*	*31.12.2016*	*31.03.2016*
Fixed assets	1,811.4	1,813.4	1,804.3
Other net non-current assets and liabilities	(144.4)	(133.4)	(89.7)
Net working capital	16.8	(17.9)	(13.1)
Net invested capital	**1,683.8**	**1,662.1**	**1,701.5**
Net debt	**(144.7)**	**(143.6)**	**(110.2)**
Total equity	**1,539.1**	**1,518.5**	**1,591.3**
Group equity	1,062.0	1,052.3	1,099.3
Minority interests	477.1	466.2	492.0

(1) These figures are the result of a different aggregation of the items in the financial statements. For a definition, see the notes to the "Consolidated statement of financial position by business sector" shown earlier.

Consolidated net invested capital at 31 March 2017 stood at € 1,683.8 million versus € 1,662.1 million at 31 December 2016, a rise of € 21.7 million.

The **consolidated net financial position** at 31 March 2017, as mentioned previously, showed net debt of € 144.7 million (compared with € 143.6 million at 31 December 2016) caused by:

- a financial surplus pertaining to CIR and its non-industrial subsidiaries of € 331.6 million, in line with the 31 December 2016 figure of € 334.3 million, mainly due to the impact of purchases of treasury shares in the quarter (€ 4.2 million);
- a total debt of the industrial subsidiaries of € 476.3 million compared with € 477.9 million at 31 December 2016 and € 520.2 million at 31 March 2016.

Total equity at 31 March 2017 came to € 1,539.1 million compared with € 1,518.5 million at 31 December 2016, an increase of € 20.6 million.

Group equity at 31 March 2017 amounted to € 1,062.0 million compared with € 1,052.3 million at 31 December 2016, a rise of € 9.7 million: the change is the combined result of net income of the period less the buy-back of own shares of € 4.2 million.

At 31 March 2017 **minority interests** came to € 477.1 million, compared with € 466.2 million at 31 December 2016, a growth of € 10.9 million.

The **consolidated statement of cash flows** for the first three months of 2017, prepared according to a managerial format which shows the changes in net financial position, can be summarised as follows:

(in millions of euro)	*1st quarter 2017*	*1st quarter 2016*
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	24.5	22.2
Amortisation, depreciation, write-downs and other non-monetary changes	27.6	21.4
Self-financing	**52.1**	**43.6**
Change in working capital	**(24.7)**	**7.4**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**27.4**	**51.0**
Capital increases	0.3	--
TOTAL SOURCES OF FUNDS	**27.7**	**51.0**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(23.2)	(18.0)
Price paid for business combinations	(0.8)	(0.1)
Net financial position of acquired companies	0.1	--
Payment of dividends	(0.6)	(0.5)
Buy-back of own shares	(4.3)	(9.7)
Other changes	(0.2)	(12.2)
TOTAL APPLICATIONS OF FUNDS	**(29.0)**	**(40.5)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(1.3)**	**10.5**
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**0.2**	**1.0**
FINANCIAL SURPLUS (DEFICIT)	**(1.1)**	**11.5**
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	**(143.6)**	**(121.7)**
NET FINANCIAL POSITION AT END OF PERIOD	**(144.7)**	**(110.2)**

In the first quarter of 2017 the Group recorded a financial deficit of € 1.3 million (+€ 10.5 million in the corresponding period in 2016) resulting from sources of funds of € 27.7 million, and application of funds totalling € 29.0 million; the worse performance compared with 2016 results from a less favourable trend in working capital. Applications of funds include the buy-back of own shares € 4.3 million and net investments in fixed assets for € 23.2 million, related mainly to the Sogefi and KOS Groups.

For a breakdown of the items making up the net financial position, reference should be made to the section containing the financial statements.

At 31 March 2017 the Group had 14,398 employees, compared with 14,329 at 31 December 2016.

Main Group investments
at 31 March 2017

CIR

	Gruppo Editoriale L'Espresso Spa	SOGEFI	KOS	non-core Investments
	56.5% (*)	57.0% (*)	59.5% (*)	
BUSINESSES	*All media sectors from dailies and periodicals to radio, internet and advertising*	*Global automotive components supplier (filters, engine air, and cooling systems and suspensions*	*Nursing homes, rehabilitation and Hospital management*	• *Private Equity*

(*) the percentage is calculated net of treasury shares

3. *Performance of the business sectors*

▪ MEDIA

The main performance indicators of the Espresso group for the current year are shown below, with comparative figures for the equivalent periods last year:

(in millions of euro)	*1st quarter 2017*	*1st quarter 2016 pro-forma*	*1st quarter 2016*
Revenues	136.4	135.9	140.8
EBITDA	13.1	12.3	13.2
EBIT	9.7	8.8	9.5
Net result	5.0	5.5	6.1

	31/03/2017	*31/12/2016*	*31/03/2016*
Net financial position	29.0	31.7	15.5
No. of employees	1,946	1,940	2,209

On 30 July 2016 the Espresso group and ITEDI signed a framework agreement to combine the two companies in order to create the leading Italian publishing group and one of the main groups in Europe in the field of daily and digital news.

During the first few months of 2017, the conditions for going ahead with the combination were successfully verified: in particular, on 9 March 2017, the AGCM authorised the transaction, subject to implementing a number of corrective measures that have now been adopted. Furthermore, on 17 March 2017, AGCOM published the figures on the daily newspaper circulation in Italy in 2016, which showed that the combination would not lead to a dominant position in the newspaper market. On 27 April 2017 the Shareholder's Meeting of Gruppo Editoriale l'Espresso approved the increase in capital needed to implement the merger.

As part of the deconsolidation plan to guarantee compliance with the circulation thresholds established by current regulations and with a view to future integration with La Stampa and Il Secolo XIX, during 2016 the Espresso Group concluded the following transactions.

- the sale on 28 October 2016 of a 71% stake in Seta S.p.A., publisher of the magazines "Alto Adige" and "Il Trentino";
- the sale on 1 November 2016 of the business unit including the following titles: "Il Centro", and its press centre, and "La Città di Salerno";
- rent from 1 December 2016 of the business unit including the newspaper "La Nuova Sardegna" in favour of DB Information S.p.A.

A. Manzoni & C. continues to be the advertising agency for all titles.

In order to ensure comparability, the Espresso group has developed a pro-forma income statement for the first quarter of 2016 which shows the results based on the current scope of consolidation, i.e. taking into account only the revenues and agency costs for the five titles that have been deconsolidated.

As for the context in which the Gruppo Editoriale l'Espresso has operated in the first few months of 2017, advertising expenditure in the first two months of 2017 is down by 2.3% compared with the same period in 2016, after a slight recovery in 2016 (Nielsen Media Research). The decrease involved all media, with different results: television and radio generated almost the same revenue as the corresponding period of 2016 (-0.5% and -0.3% respectively), internet (excluding Search and Social) registered a decline of 2.9% and printing one of 8.6%, with daily newspapers -9.7% (-10.9% for national revenues and -9.1% for local revenues) and magazines -6.4%. As for newspaper circulation, according to the figures published by ADS (Accertamento Diffusione Stampa), in the first quarter of 2017 sales on newsstands and by subscription fell by 9.3%.

In the first quarter of 2017 Espresso's **revenue** amounted to € 136.4 million, up 0.4% on the first quarter of 2016 (-3.1% not on comparable terms).
Circulation revenues totalling € 42.3 million , were down by 4.6% on the same period last year (on comparable terms), in a market that is continuing to experience a significant decline in newspaper circulation.
Advertising revenues grew by 6.8%, a 6.6% decrease on the group's media and a significant increase in third-party concessions, thanks to the new national advertising concessions for Radio Italia, La Stampa and Il Secolo XIX. Radio revenue grew by 1.5%, confirming the positive trend observed in the previous year. Internet revenue declined slightly by 1.5%, a lower decrease than the market. Lastly, the press has reported a significant decrease (-10.4%), reflecting the negative trend in the newspaper and magazine market, which was reflected above all in national newspapers, while local ones have held up well.

Costs went down by 6.4%; The decrease involved both the fixed personnel costs (-5.4%) and other costs (-7.2%).

EBITDA amounted to € 13.1 million compared with € 12.3 million in the pro-forma first quarter of 2016.

EBIT came to € 9.7 million versus € 8.8 million pro-forma in the same period last year.

Net income amounted to € 5.0 million compared with € 5.5 million pro-forma in first quarter 2016.

Net financial position at 31 March 2017 amounted to € 29.0 million on € 31.7 million at 31 December 2016 (€ 15.5 million at 31 March 2016).

The Group had 1,946 employees at 31 March 2017, including those on fixed-term contracts, and the average workforce for the period, on a comparable basis, was 2.3% lower than in the first half of 2016.

With regard to prospects for 2017, based on the trends recorded in the first quarter, there is no sign of improvement in the trend that has been affecting the sector for years now; to counteract them, the group continues to make every effort to develop digital activities, where it is a leader in its field, and to hold down costs. The proposed merger with ITEDI will open up new opportunities on both fronts.

AUTOMOTIVE COMPONENTS

The main performance indicators of the Sogefi Group for the current year are shown below, with comparative figures for the equivalent periods last year:

(in millions of euro)	*1st quarter 2017*	*1st quarter 2016*	*Change absolute*	*%*
Revenues	439.1	390.1	49.0	12.6
Net result	11.6	2.9	8.7	n.a.

	31/03/2017	*31/12/2016*	*31/03/2016*
Net financial position	(291.4)	(299.0)	(322.6)
No. of employees	6,815	6,801	6,781

The car market reported a 5.8% increase in worldwide production in the first quarter of 2017, with a good rise in Asia (+6.8%) and in Europe (+4.2%), a lower increase in North America (+2.5%) and a considerable bounce in South America (+19.1%).

In this context, the Sogefi Group's **revenue** amounted to € 439.1 million, up 12.6% from € 390.1 million in the first quarter of 2016 (+11% at constant exchange rates).

All geographical areas contributed to the significant increase in sales during the quarter. In Europe revenues grew by 8.2%, with a better performance than the reference market (+4.2%). In addition, the vigorous development of the business in North America continued (+15.4%) and in Asia (+26.4%), with these two regions now accounting for 27.5% of group sales. Lastly, in South America, revenue increased by 30.6%, reflecting the market recovery and the positive effect of exchange rates (+14.1% at constant exchange rates).

All business units have experienced significant growth: *Air and Cooling* +17.8% (+15.7% at constant exchange rates), *Filtration* +13.8% (+12.1% at constant exchange rates) and lastly *Suspension* +7.1% (+6% at constant exchange rates).

EBITDA amounted to € 45.1 million, up by 30.2% on the first quarter of last year (€ 34.6 million). The increase was due to revenue growth and to the improvement in profitability, rising from 8.9% to 10.3% in 2015%.

The increase in profitability was the result of the slight rise in gross margin and a decline in the proportion of indirect costs. It should be noted that the incidence of the overall payroll costs on revenues decreased from 21.7% in the first quarter of 2016 to 20.5% in the corresponding period of 2017.

EBIT amounted to € 26.8 million up by 67.5% on € 16 million of the first quarter of 2016 and represents 6.1% of revenues.

The **result before taxes and minority interests** amounted to € 20.4 million (€ 7.5 million in the first quarter of 2016), after financial charges of € 6.4 million, down on the figure of € 8.5 million of the same period last year.

Net income came to € 11.6 million, compared with € 2.9 million in first quarter 2016.

As regards the risk of claims of Sogefi Air & Cooling S.A.S. (formerly Systèmes Moteurs S.A.S.), there were no changes in the first quarter of 2017.

Net financial debt at 31 March 2017 amounted to € 291.4 million, with a rise of € 7.6 million compared with 31 December 2016 (€ 299 million) and of € 31.2 million compared with 31 March 2016 (€ 322.6 million). Free cash flow for the first quarter of 2017 was positive for € 6.9 million compared with break-even in the same period of 2016 (€ -0.2 million). This increase is attributable to a better operating performance of the group.

The Sogefi Group had 6,815 employees at 31 March 2017 compared with 6,801 at 31 December 2016.

As for the outlook of operations, after sustained growth in the automotive market in the first quarter, forecasts for 2017 show a positive trend, albeit at slower growth rates. As for Sogefi, the positive performance recorded by the group in the first quarter confirms the expectation of better profitability in 2017.

■ HEALTHCARE

The main performance indicators of the KOS group for the current year are shown below, with comparative figures for the equivalent periods last year:

(in millions of euro)	*1st quarter 2017*	*1st quarter 2016*	*Change absolute*	*%*
Revenues	117.5	113.4	4.1	3.6
Net result	4.6	4.4	0.2	4.5

	31/03/2017	*31/12/2016*	*31/03/2016*
Net financial position	(216.5)	(213.6)	(215.9)
No. of employees	5,609	5,560	5,237

In the first three months of 2017 the KOS group reported **revenue** of € 117.5 million, up 3.6% from € 113.4 million in the corresponding period of 2016, following a slight organic growth in all business areas and as a result of an acquisition in rehabilitation carried out in the second half of 2016.

EBITDA amounted to € 17.8 million, in line with the first quarter of 2016.

EBIT came to € 10.3 million versus € 10.8 million in the same period last year.

Net income for first quarter 2017 amounted to € 4.6 million compared with € 4.4 million in the same period of 2016.

At 31 March 2017 KOS presented a **net financial position** of € -216.5 million, compared with € -213.6 million at 31 December 2016 and 31 March 2016 to € -215.9.

The Group currently manages 77 facilities, mainly in central and northern Italy, for a total of some 7,300 beds.
The Group had 5,609 employees at 31 March 2017 compared with 5,560 at 31 December 2016.

4. Non-core investments

They are represented by private equity, minority interests and other investments amounting to € 111.3 million at 31 March 2017, compared with € 114.7 million at 31 December 2016.

PRIVATE EQUITY

CIR International, a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 31 March 2017, based on the NAVs provided by the various funds, came to € 56.3 million, a decrease of € 1.8 million compared with 31 December 2016, due to the effect of capital repayments, writedowns and exchange differences. Total distributions in the period, amounting to € 2.2 million, generated a capital gain of € 1.5 million. Outstanding commitments at 31 March 2017 amounted to € 4.1 million.

OTHER INVESTMENTS

At 31 March 2017, CIR had direct and indirect investments in non-strategic investments for a total of € 18.3 million and a portfolio of non-performing loans for a total of € 36.8 million.

5. Significant events subsequent to 31 March 2017

On 27 April 2017, the shareholders of the Espresso Group during the extraordinary part of the General Meeting approved an increase in capital excluding option rights to be paid by means of a contribution in kind, by Fiat Chrysler Automobiles NV (FCA) and Ital Press Holding SpA (Ital Press), each in proportion to its own interest, their shareholdings representing the entire share capital of Italiana Editrice SpA (ITEDI). The increase in capital was approved for a total of € 79,969,000.00, of which € 14,497,678.65 to be charged to the nominal share capital and € 65,471,321.35 to share premium. The increase in capital will be subscribed and paid through the transfer of the entire share capital of ITEDI, issuing a total of 96,651,191 new ordinary shares of GELE, each with a par value of € 0.15, of which 74,421,417 to be assigned to FCA and 22,229,774 to be assigned to Ital Press, after publishing the listing prospectus for the new shares.
After execution of the capital increase for the contribution, art. 5 of the articles of association will be amended for the change in the share capital and the number of shares in issue.
The Extraordinary General Meeting also resolved to change the company's name to "GEDI Gruppo Editoriale SpA".

6. Outlook for operations

As regards the performance of the CIR group for the whole of 2017, it is expected to confirm the trend seen in the first quarter, subject to extraordinary events that are not currently foreseeable.

7. Other information

OTHER

CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Ciovassino 1, Milan, Italy.

CIR shares have been listed on the Milan Stock Exchange since 1973 (Reuters code: CIRX.MI, Bloomberg code: CIR IM).

This report for the period 1 January-31 March 2017 was approved by the Board of Directors on 28 April 2017.

CIR S.p.A. is subject to management and coordination by COFIDE – Gruppo De Benedetti S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	*31.03.2017*	*31.12.2016*	*31.03.2016*
NON-CURRENT ASSETS	**2,049,930**	**2,056,164**	**2,060,851**
INTANGIBLE ASSETS	987,171	988,003	997,191
TANGIBLE ASSETS	670,333	670,775	648,633
INVESTMENT PROPERTY	19,103	19,292	19,961
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	129,465	129,987	132,669
OTHER EQUITY INVESTMENTS	5,343	5,323	5,830
OTHER RECEIVABLES	79,965	78,980	88,218
SECURITIES	70,278	72,069	65,287
DEFERRED TAXES	88,272	91,735	103,062
CURRENT ASSETS	**1,374,409**	**1,335,311**	**1,428,357**
INVENTORIES	141,037	137,406	133,627
CONTRACT WORK IN PROGRESS	40,559	40,947	38,591
TRADE RECEIVABLES	454,787	414,370	437,839
OTHER RECEIVABLES	113,237	92,669	102,687
FINANCIAL RECEIVABLES	27,497	30,183	28,201
SECURITIES	54,363	54,892	86,521
AVAILABLE-FOR-SALE FINANCIAL ASSETS	237,977	234,012	247,756
CASH AND CASH EQUIVALENTS	304,952	330,832	353,135
ASSETS HELD FOR SALE	--	3,418	8,512
TOTAL ASSETS	**3,424,339**	**3,394,893**	**3,497,720**

LIABILITIES AND EQUITY	*31.03.2017*	*31.12.2016*	*31.03.2016*
EQUITY	**1,539,144**	**1,518,476**	**1,591,309**
ISSUED CAPITAL	397,146	397,146	397,146
less TREASURY SHARES	(65,476)	(64,283)	(59,428)
SHARE CAPITAL	331,670	332,863	337,718
RESERVES	310,199	310,850	334,116
RETAINED EARNINGS (LOSSES)	406,010	374,811	412,804
NET INCOME (LOSS) FOR THE PERIOD	14,105	33,751	14,684
GROUP EQUITY	**1,061,984**	**1,052,275**	**1,099,322**
MINORITY INTERESTS	477,160	466,201	491,987
NON-CURRENT LIABILITIES	**929,204**	**938,119**	**968,332**
BONDS	284,414	283,742	285,621
OTHER BORROWINGS	261,850	274,819	334,104
OTHER PAYABLES	15,637	15,140	12,037
DEFERRED TAXES	151,364	149,683	135,742
PERSONNEL PROVISIONS	130,113	131,058	121,926
PROVISIONS FOR RISKS AND LOSSES	85,826	83,677	78,902
CURRENT LIABILITIES	**955,991**	**938,298**	**931,910**
BANK OVERDRAFTS	25,492	12,771	27,300
BONDS	21,505	20,980	5,747
OTHER BORROWINGS	176,226	201,179	173,046
TRADE PAYABLES	447,911	432,507	450,109
OTHER PAYABLES	214,204	198,084	207,572
PROVISIONS FOR RISKS AND LOSSES	70,653	72,777	68,136
LIABILITIES HELD FOR SALE	--	--	6,169
TOTAL LIABILITIES AND EQUITY	**3,424,339**	**3,394,893**	**3,497,720**

2. Consolidated income statement

(in thousands of euro)

	01/01 - 31/03 *2017*	01/01 - 31/03 *2016*
SALES REVENUES	693,002	644,344
CHANGE IN INVENTORIES	(954)	(601)
COSTS FOR THE PURCHASE OF GOODS	(271,079)	(245,084)
COSTS FOR SERVICES	(158,187)	(147,818)
PERSONNEL COSTS	(179,983)	(179,283)
OTHER OPERATING INCOME	7,535	7,540
OTHER OPERATING EXPENSE	(17,923)	(17,130)
AMORTISATION/DEPRECIATION AND WRITE-DOWNS	(28,586)	(28,855)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**43,825**	**33,113**
FINANCIAL INCOME	2,992	2,996
FINANCIAL EXPENSE	(13,328)	(15,262)
DIVIDENDS	10	6,204
GAINS FROM TRADING SECURITIES	3,073	2,478
LOSSES FROM TRADING SECURITIES	(5)	(135)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(522)	778
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	787	475
INCOME BEFORE TAXES	**36,832**	**30,647**
INCOME TAXES	(12,353)	(8,441)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	**24,479**	**22,206**
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	161	161
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**24,640**	**22,367**
- (NET INCOME) LOSS OF MINORITY INTERESTS	(10,535)	(7,683)
- NET INCOME (LOSS) OF THE GROUP	**14,105**	**14,684**

3. Consolidated net financial position

(in thousands of euro)

		31.03.2017	31.12.2016	31.03.2016
A.	Cash and bank deposits	304,952	330,832	353,135
B.	Other cash equivalents	237,977	234,012	247,756
C.	Securities held for trading	54,363	54,892	86,521
D.	**Cash and cash equivalents (A) + (B) + (C)**	**597,292**	**619,736**	**687,412**
E.	**Current financial receivables**	27,497	30,183	28,201
F.	Current bank payables	(149,575)	(168,647)	(152,857)
G.	Bonds	(21,505)	(20,980)	(5,747)
H.	Current portion of non-current debt	(52,143)	(45,303)	(47,489)
I.	Other current borrowings	--	--	--
J.	**Current financial debt (F) + (G) + (H) + (I)**	**(223,223)**	**(234,930)**	**(206,093)**
K.	**Current net financial position (J) + (E) + (D)**	**401,566**	**414,989**	**509,520**
L.	Non-current bank borrowings	(161,098)	(170,915)	(232,017)
M.	Bonds	(284,414)	(283,742)	(285,621)
N.	Other non-current payables	(100,752)	(103,904)	(102,087)
O.	**Non-current financial debt (L) + (M) + (N)**	**(546,264)**	**(558,561)**	**(619,725)**
P.	**Net financial position (K) + (O)**	**(144,698)**	**(143,572)**	**(110,205)**

1. Introduction

This consolidated interim financial report at 31 March 2017 (unaudited) was prepared in accordance with IAS/IFRS international accounting standards, which have been mandatory since 2005 for preparing the consolidated financial statements of companies listed on European regulated markets.
The figures provided for comparison purposes were also determined in accordance with IAS/IFRS.

This interim report was prepared in compliance with the provisions of art. 154/ter paragraph 5 of D.Lgs. no. 58 of 24 February 1998 and subsequent amendments. The instructions contained in the international accounting standard on interim reporting (IAS 34 "Interim Financial Statements") have therefore not been adopted.
This interim report has been prepared on the same basis as in the past, pending clarification on the regulatory framework.

2. Consolidation principles

Consolidation is on a line-by-line basis. The criteria adopted in applying this method are the same as those used at 31 December 2016.

The consolidated interim financial statements of the Group as of 31 March 2017, like those as of 31 December 2016, are the result of the consolidation at those dates of the financial statements of CIR, the parent company, and all of the companies directly or indirectly controlled, joint ventures or associates. The assets and liabilities of companies due to be sold are reclassified to assets and liabilities held for sale in order to disclose them separately.

3. Accounting policies

The Accounting Principles adopted for the preparation of the interim financial statements as of 31 March 2017 are the same as those adopted for the financial statements for the year ended 31 December 2016.

4. Share capital

The share capital at 31 March 2017 amounts to € 397,146,183.50, the same as at 31 December 2016, and is made up of 794,292,367 shares with a nominal value of € 0.50 each.

At 31 March 2017 the Company held 130,952,890 treasury shares (16.49% of capital) for a value of € 185,334 thousand compared with 128,567,177 shares at 31 December 2016.

In application of IAS 32, from 1 January 2005 treasury shares held by the Parent Company are deducted from total equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of treasury shares.

Note that for a period of five years from 30 June 2014 the Board of Directors was authorised to increase the share capital once or more by a maximum of € 500 million (nominal value) and for a further maximum of € 20 million (nominal value) in favour of employees of the Company, its subsidiaries and parent companies.

Regarding stock option plans and stock grants, at 31 March 2017 there were 31,197,874 options outstanding, corresponding to an equivalent number of shares.

The notional cost of the stock options granted to employees, which is shown in a separate item of shareholders' equity, amounted to € 461 thousand in the first quarter of 2017.

CERTIFICATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

Re: Interim Financial Report as of 31 March 2017

The undersigned, Giuseppe Gianoglio, officer responsible for the preparation of the financial statements of the Company,

hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act that the accounting information contained in this document corresponds to the Company's documented results, books of account and accounting entries.

Milan, 28 April 2017

C I R S.p.A.
signed by *Giuseppe Gianoglio*

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