

*INTERIM FINANCIAL REPORT
AS OF 31 MARCH 2017*

COFIDE - Gruppo De Benedetti S.p.A.

Capitale Sociale € 359.604.959

Registro Imprese e Codice Fiscale 01792930016

Società soggetta all'attività di direzione e coordinamento di FRATELLI 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

The Cofide Group made consolidated net income of € 8.5 million in the first three months of 2017 compared with € 10.7 million in the corresponding period of last year.

The consolidated result was essentially attributable to CIR, which turned in net income of € 7.8 million, in line with the first quarter 2016 and to the net income of Cofide of € 0.7 million compared with a net income of € 2.8 million in first quarter 2016, which benefited from the proceeds of financial management.

In the first three months of 2017 CIR recorded consolidated net income of € 14.1 million compared with € 14.7 million in the same period last year.

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).

CIR S.p.A. (including 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.

COFIDE's net debt has risen from € 23.3 million at 31 December 2016 to € 25.0 million at 31 March 2017.

Group equity at 31 March 2017 was € 567.5 million versus € 563.4 million at 31 December 2016. The change of € 4.1 million is the net of an increase because of the net result for the period of € 8.5 million and a decrease because of the purchase of treasury shares during the period for € 3.3 million and the change in the fair value reserve of € 1.1 million.

Please note that on February 16, 2017 Cofide, the parent company, began implementing a plan to purchase its own shares, as authorised by the Shareholders' Meeting of 29 April 2016. At 31 March 2017 the Company held 6,129,940 treasury shares (0.85% of share capital) for an amount of € 3.3 million.

In order to provide further information on the financial performance of Cofide in the first three months of 2017, the income statement and statement of financial position are provided with a breakdown showing the contribution of the subsidiaries to the net result and equity of Cofide.

The **income statement** is as follows:

<i>(in millions of euro)</i>	<i>1st quarter 2017</i>	<i>1st quarter 2016</i>
Contributions of investments in subsidiaries: - CIR S.p.A.	7.8	7.9
TOTAL CONTRIBUTIONS	7.8	7.9
Net gains and losses on trading and the valuation of securities	1.3	3.7
Net financial income and expense	(0.2)	(0.3)
Net operating costs	(0.3)	(0.4)
RESULT BEFORE TAXES	8.6	10.9
Income taxes	(0.1)	(0.2)
NET RESULT FOR THE PERIOD	8.5	10.7

The **statement of financial position** at 31 March 2017 shows equity of € 567.5 million, Parent Company net debt of € 25.0 million and long-term financial assets of € 593.5 million.

<i>(in millions of euro)</i>	<i>31.03.2017</i>	<i>31.12.2016</i>	<i>31.03.2016</i>
CIR S.p.A.	582.4	575.0	592.1
LONG-TERM EQUITY INVESTMENTS	582.4	575.0	592.1
Other long-term financial assets	11.1	12.9	16.7
TOTAL FINANCIAL ASSETS	593.5	587.9	608.8
Tangible assets	1.2	1.2	1.2
Net receivables and payables	(2.2)	(2.4)	(2.1)
NET INVESTED CAPITAL	592.5	586.7	607.9
Financed by:			
Equity	567.5	563.4	574.5
Net debt	(25.0)	(23.3)	(33.4)

The "Other long-term financial assets" of € 11.1 million consist mainly of Cofide's investment in the Jargonnant real estate fund for € 4.5 million and the investment in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 5.6 million. The decrease of € 1.8 million compared with 31 December 2016 is due to the distribution of the Jargonnant fund which took place in the first quarter of 2017.

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 titles sold 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:

<i>(in millions of euro)</i>	1st quarter					
	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 Cofide Group's key income statement figures for the first quarter, with comparatives, are as follows:

<i>(in millions of euro)</i>	1st quarter			
	2017	%	2016	%
Revenues	693.0	100.0	644.3	100.0
Consolidated EBITDA (1)	72.1	10.4	61.6	9.6
Consolidated EBIT	43.5	6.3	32.7	5.1
Financial management (2)	(5.9)	(0.9)	0.9	0.1
Income taxes	(12.4)	(1.8)	(8.6)	(1.3)
Income (loss) from assets held for sale	0.2	--	0.2	--
Net income including minority interests	25.4	3.6	25.2	3.9
Minority interests	(16.9)	(2.4)	(14.5)	(2.2)
Net result of the Group	8.5	1.2	10.7	1.7

(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 € 72.1 million (10.4% of revenues) versus € 61.6 million (9.6% of revenues) in first quarter 2016, an increase of € 10.5 million (+17.0%) thanks above all to the increase in Sogefi margin.

The consolidated operating margin (EBIT) for the first quarter of 2017 was € 43.5 million (6.3% of revenues) versus € 32.7 million (5.1% of revenues) in the same period of 2016 (+33.0%); The increase reflects the positive trend in EBITDA.

Financial management generated a net charge of € 5.9 million compared with an income of € 0.9 million in the first quarter of 2016. In detail:

- net financial expense came to € 10.6 million compared with € 12.6 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 € 4.7 million compared with € 13.5 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 Cofide Group at 31 March 2017, with comparative figures at 31 December 2016 and 31 March 2016, is as follows:

<i>(in millions of euro) (1)</i>	<i>31.03.2017</i>	<i>31.12.2016</i>	<i>31.03.2016</i>
Fixed assets	1,812.6	1,814.6	1,805.5
Other net non-current assets and liabilities	(133.4)	(120.5)	(73.2)
Net working capital	14.7	(20.3)	(14.9)
Net invested capital	1,693.9	1,673.8	1,717.4
Net debt	(169.7)	(166.9)	(143.6)
Total equity	1,524.2	1,506.9	1,573.8
Equity of the Group	567.5	563.4	574.5
Minority interests	956.7	943.5	999.3

(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 € 1,693.9 million versus € 1,673.8 million at 31 December 2016, a rise of € 20.1 million.

The **consolidated net financial position** at 31 March 2017, as mentioned previously, showed net debt of € 169.7 million (compared with € 166.9 million at 31 December 2016) caused by:

- a debt of the Parent Company Cofide of € 25.0 million on € 23.3 million at 31 December 2016;
- 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 € 1,524.2 million compared with € 1,506.9 million at 31 December 2016, an increase of € 17.3 million.

Group equity at 31 March 2017 amounted to € 567.5 million compared with € 563.4 million at 31 December 2016, a net increase of € 4.1 million.

At 31 March 2017 **minority interests** came to € 956.7 million, compared with € 943.5 million at 31 December 2016, a growth of € 13.2 million.

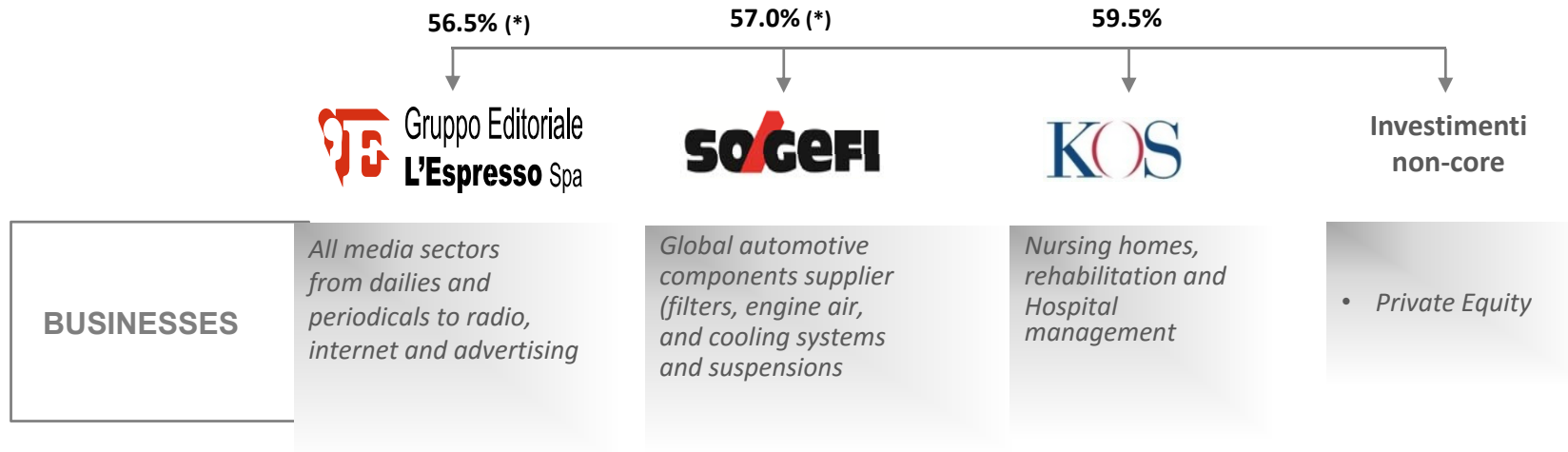
The **consolidated statement of cash flows** for the first three months of 2017, prepared according to a managerial format which shows the changes in net financial position, can be summarised as follows:

<i>(in millions of euro)</i>	<i>1st quarter 2017</i>	<i>1st quarter 2016</i>
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	25.2	25.0
Amortisation, depreciation, write-downs and other non-monetary changes	27.2	21.4
Self-financing	52.4	46.4
Change in working capital	(24.9)	7.1
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	27.5	53.5
Increases in capital	0.3	--
TOTAL SOURCES OF FUNDS	27.8	53.5
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(20.9)	(13.0)
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	(7.6)	(9.7)
Other changes	(1.0)	(15.4)
TOTAL APPLICATIONS OF FUNDS	(30.8)	(38.7)
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	(3.0)	14.8
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	0.2	1.0
FINANCIAL SURPLUS (DEFICIT)	(2.8)	15.8
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	(166.9)	(159.4)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	(169.7)	(143.6)

In the first quarter of 2017 the group recorded a financial deficit of € 3.0 million (+ € 14.8 million in the corresponding period in 2016) resulting from sources of funds of € 27.8 million, and application of funds totalling € 30.8 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 € 7.6 million and net investments in fixed assets for € 20.9 million, related mainly to the Sogefi and KOS Groups.

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



(*) the percentage is calculated net of treasury shares

3. Performance of the subsidiaries

CIR GROUP - As already mentioned, in the first quarter of 2017 the CIR Group achieved consolidated net income of € 14.1 million, compared with € 14.7 million in the same period last year.

The following is a summary of the contributions made by CIR's main subsidiaries to the consolidated result and equity.

(in millions of euro)

	1st quarter 2017	1st quarter 2016
CONTRIBUTIONS TO NET RESULT		
Espresso Group	2.8	3.5
Sogefi Group	6.6	1.7
KOS Group	2.8	2.2
Total industrial subsidiaries	12.2	7.4
CIR and other non-industrial subsidiaries	1.9	7.3
Net consolidated result of the CIR Group	14.1	14.7

As mentioned previously, the contribution of the industrial subsidiaries to the consolidated net result was € 12.2 million compared with € 7.4 million in the first three months of 2016 and the aggregate contribution of CIR and the other non-industrial subsidiaries was € 1.9 million compared with € 7.3 million in the corresponding period of 2016.

(in millions of euro)

	31.03.2017	31.12.2016
CONTRIBUTIONS TO EQUITY		
Espresso Group	340.8	337.9
Sogefi Group	106.3	98.7
KOS Group	164.0	161.0
Other subsidiaries	0.8	0.8
Total subsidiaries	611.9	598.4
CIR and other subsidiaries	450.1	453.9
- invested capital	118.5	119.6
- net financial position	331.6	334.3
Equity of the CIR Group	1,062.0	1,052.3

Consolidated equity has gone from € 1,052.3 million at 31 December 2016 to € 1,062.0 million at 31 March 2017.

There now follows a more in-depth analysis of the business sectors of the CIR Group.

■ 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:

<i>(in millions of euro)</i>	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). The Group's circulation revenues (including additions) amounted to € 47 million, a decrease of 3.4% on the same period last year, in a market that is continuing to see a significant decline in daily newspaper sales. 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:

<i>(in millions of euro)</i>	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.

	31/03/2016	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 in turnover and to the improvement in profitability, which rose from 8.9% to 10.3%.

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:

<i>(in millions of euro)</i>	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 an 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.

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.

4. 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 Italtel Holding SpA (Italtel), 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 Italtel, 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".

5. Outlook for operations

As regards the performance of the COFIDE 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.

6. Other information

OTHER

COFIDE – Gruppo De Benedetti S.p.A. – has its registered office in Via Ciovassino 1, 20121 Milan (MI), Italy.

COFIDE shares, which have been quoted on the Milan Stock Exchange since 1985, have been traded on the Ordinary Segment – MTA since 2004 (Reuter code: COFI.MI, Bloomberg code: COF IM).

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

The company is subject to management and coordination by Fratelli 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	2,062,326	2,070,459	2,078,891
INTANGIBLE ASSETS	987,171	988,003	997,191
TANGIBLE ASSETS	670,703	671,159	648,995
INVESTMENT PROPERTY	19,955	20,144	20,813
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	129,465	129,987	132,669
OTHER EQUITY INVESTMENTS	5,343	5,323	5,830
OTHER RECEIVABLES	80,085	79,099	88,336
SECURITIES	81,332	85,009	81,995
DEFERRED TAXES	88,272	91,735	103,062
CURRENT ASSETS	1,389,545	1,349,077	1,441,074
INVENTORIES	141,037	137,406	133,627
CONTRACTED WORK IN PROGRESS	40,559	40,947	38,591
TRADE RECEIVABLES	454,665	414,246	437,827
OTHER RECEIVABLES	113,482	92,863	102,972
FINANCIAL RECEIVABLES	27,497	30,183	28,201
SECURITIES	67,529	66,157	97,509
AVAILABLE-FOR-SALE FINANCIAL ASSETS	237,977	234,012	247,756
CASH AND CASH EQUIVALENTS	306,799	333,263	354,591
ASSETS HELD FOR SALE	--	3,418	8,512
TOTAL ASSETS	3,451,871	3,422,954	3,528,477
LIABILITIES AND EQUITY	31.03.2017	31.12.2016	31.03.2016
EQUITY	1,524,226	1,506,896	1,573,757
SHARE CAPITAL	359,605	359,605	359,605
less TREASURY SHARES	(3,065)	--	--
SHARE CAPITAL	356,540	359,605	359,605
RESERVES	93,687	95,041	106,583
RETAINED EARNINGS (LOSSES)	108,768	87,519	97,588
NET INCOME (LOSS) OF THE PERIOD	8,472	21,249	10,737
GROUP EQUITY	567,467	563,414	574,513
MINORITY INTERESTS	956,759	943,482	999,244
NON-CURRENT LIABILITIES	969,350	975,300	1,014,563
BONDS	284,414	283,742	285,621
OTHER BORROWINGS	301,849	311,815	379,992
OTHER PAYABLES	15,672	15,175	12,072
DEFERRED TAXES	151,476	149,833	135,912
PERSONNEL PROVISIONS	130,113	131,058	122,064
PROVISIONS FOR RISKS AND LOSSES	85,826	83,677	78,902
CURRENT LIABILITIES	958,295	940,758	933,988
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	448,451	433,354	450,706
OTHER PAYABLES	215,968	199,697	209,053
PROVISIONS FOR RISKS AND LOSSES	70,653	72,777	68,136
LIABILITIES HELD FOR SALE	--	--	6,169
TOTAL LIABILITIES AND EQUITY	3,451,871	3,422,954	3,528,477

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	(271,080)	(245,087)
COSTS FOR SERVICES	(158,422)	(148,072)
PERSONNEL COSTS	(179,983)	(179,320)
OTHER OPERATING INCOME	7,563	7,622
OTHER OPERATING EXPENSE	(18,043)	(17,291)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(28,600)	(28,865)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	43,483	32,730
FINANCIAL INCOME	2,992	2,997
FINANCIAL EXPENSE	(13,544)	(15,607)
DIVIDENDS	10	6,204
GAINS FROM TRADING SECURITIES	3,474	5,243
LOSSES FROM TRADING SECURITIES	(5)	(135)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(522)	778
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,736	1,456
INCOME BEFORE TAXES	37,624	33,666
INCOME TAXES	(12,408)	(8,631)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	25,216	25,035
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	161	161
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	25,377	25,196
- (NET INCOME) LOSS OF MINORITY INTERESTS	(16,905)	(14,459)
- NET INCOME (LOSS) OF THE GROUP	8,472	10,737

3. Consolidated net financial position

(in thousands of euro)

	31.03.2017	31.12.2016	31.03.2016
A. Cash and bank deposits	306,799	333,263	354,591
B. Other cash equivalents	237,977	234,012	247,756
C. Securities held for trading	67,529	66,157	97,509
D. Cash and cash equivalents (A) + (B) + (C)	612,305	633,432	699,856
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)	416,579	428,685	521,964
L. Non-current bank borrowings	(201,097)	(207,911)	(277,905)
M. Bonds issued	(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)	(586,263)	(595,557)	(665,613)
P. Net financial position (K) + (O)	(169,684)	(166,872)	(143,649)

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 COFIDE, 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.

All companies where the Group exercises control according to IAS 27, SIC 12 and IFRIC 2 are considered subsidiaries. More specifically, subsidiaries are all those companies and investment funds where the Group has decision-making powers in matters of financial and operating policy. Such powers are presumed to exist when the Group holds a majority of a company's voting rights, including any voting rights that are potentially exercisable without any restrictions or where it has effective control over Shareholders' Meetings, despite not having a majority of the voting rights.

Subsidiaries are fully consolidated from the date on which the Group takes control and are de-consolidated when such control ceases to exist.

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 € 359,604,959.00, the same as at 31 December 2016, and is made up of 719,209,918 shares with a nominal value of € 0.50 each.

At 31 March 2017 the Company held 6,129,940 treasury shares (0.85% of share capital) for a value of € 3,312 thousand.

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.

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

Signed by

Cofide S.p.A.
Giuseppe Gianoglio