COFIDE

Gruppo De Benedetti

INTERIM FINANCIAL REPORT
AS OF 31 MARCH 2018

CONTENTS

COFIDE - Gruppo De Benedetti S.p.A.
Capitale Sociale € 359.604.959
Registro Imprese e Codice Fiscale 01792930016
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Report of the Board of Directors on operations

as of 31 March 2018

1. Key figures

The Cofide Group made consolidated net income of € 4.8 million in the first three months of 2018 compared with € 8.1 million in the corresponding period of last year.

The consolidated result was essentially attributable to CIR's contribution of € 5.5 million (€ 7.4 million in the first quarter 2017) and by the net loss of the Parent Company Cofide of € 0.7 million compared with an income of € 0.8 million in the first quarter 2017, due to a decline in the results of financial management.

In the first three months of 2018 CIR recorded consolidated net income of € 9.9 million compared with € 13.5 million in the same period last year.

The contribution made by the industrial subsidiaries to CIR's consolidated net result came to € 12.6 million, an increase on the € 11.6 million made in the first three months of last year.
Despite the decrease in revenues due to the devaluation of currencies other than the Euro, Sogefi maintained its EBITDA in line with the first quarter of 2017 at € 53.1 million. Net income came to € 12.0 million versus € 10.5 million in the same period last year.
Because of a difficult environment for the publishing industry, on a comparable basis, GEDI posted a decrease in revenues of 5.8% on the same period last year, and net income of € 3 million (€ 5.8 million in the first quarter of 2017).
Lastly, KOS reported an increase in revenues of 13.4%, thanks to growth in all business areas and the contribution made by the companies acquired in 2017. EBITDA has increased by 33.3% (€ 23.8 million) and the net result amounted to € 7.5 million (€ 4.6 million in the first quarter 2017).

The parent company CIR S.p.A. and its non-industrial subsidiaries contribution was negative for € 2.7 million (it was positive for € 1.9 million in the first quarter of 2017), as it was penalised by the lower result of financial management due to the adjustment of the fair value of the Private Equity investments in application of IFRS 9 and exchange losses.

Cofide's net debt has fallen from € 31.1 million at 31 December 2017 to € 29.2 million at 31 March 2018. The change is mainly due to collections for disinvestments of € 8.6 million, applications for € 5 million and the outlay for the purchase of treasury shares for € 1 million.

Group equity at 31 March 2018 was € 524.2 million versus € 520.5 million at 31 December 2017. The change of € 3.7 million, is the net of an increase due to growth in the result for the period of € 4.8 million, and a decrease due to the share buy-backs carried out by the Group during the year of € 1.0 million,.

Please note that on 16 February 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 2018 the Company held 20,999,283 treasury shares (2.92% of share capital) for an amount of € 12.4 million.

In order to provide further information on the financial performance of Cofide in the first three months of 2018, 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:

(in millions of euro)	*1st quarter 2018*	*1st quarter 2017 (*)*
Contributions of investments in subsidiaries: - CIR S.p.A.	5.5	7.4
TOTAL CONTRIBUTIONS	**5.5**	**7.4**
Net gains and losses on trading and the valuation of securities	(0.2)	1.3
Net financial income and expense	(0.2)	(0.2)
Net operating costs	(0.3)	(0.3)
RESULT BEFORE TAXES	**4.8**	**8.2**
Income taxes	--	(0.1)
NET RESULT FOR THE PERIOD	**4.8**	**8.1**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

The **statement of financial position** at 31 March 2018 shows equity of € 524.2 million, Parent Company net debt of € 29.2 million and long-term financial assets of € 550.6 million.

(in millions of euro)	*31.03.2018*	*31.12.2017 (*)*	*31.03.2017 (*)*
CIR S.p.A.	537.2	532.1	578.4
LONG-TERM EQUITY INVESTMENTS	**537.2**	**532.1**	**578.4**
Other long-term financial assets	13.4	20.7	11.1
TOTAL FINANCIAL ASSETS	**550.6**	**552.8**	**589.5**
Tangible assets	1.2	1.2	1.2
Net receivables and payables	1.6	(2.4)	(2.2)
NET INVESTED CAPITAL	**553.4**	**551.6**	**588.5**
Financed by:			
Equity	**524.2**	**520.5**	**563.5**
Net debt	**(29.2)**	**(31.1)**	**(25.0)**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

The "Other long-term financial assets" of € 13.4 million consist mainly of Cofide's investment in the Jargonnant real estate fund for € 3.6 million and the investment in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 8.0 million, and other investments in non-strategic interests for a total of € 1.8 million. The decrease of € 7.3 million compared with 31 December 2017 is due to sale of a non-strategic equity investment for € 8.7 million, whereas the increase derives from other investments of € 1.4 million in the *Three Hills Decalia* fund. Note that, in application of IFRS 9, a new accounting standard, the income earned in the first quarter of 2018 from disinvestment of assets in portfolio at 31 December 2017 (€ 7.5 million) was not recognised in the result for the period, but classified under equity.

2. Performance of the Group

Consolidated sales revenues for the first quarter of 2018 came in at € 710.1 million versus € 679.5 million in the same period of 2017, an increase of € 30.6 million (+4.5%), mainly due to the growth in revenues of GEDI for the integration of the ITEDI group and to the increase in revenues of KOS thanks to the acquisitions made last year. Sogefi recorded a decrease in revenues of 2.7%; Sogefi's revenues have increased by 2.8%, at constant exchange rates.

Consolidated revenues can be analysed by business sector as follows:

	1st quarter					
(in millions of euro)	*2018*	*%*	*2017 (*)*	*%*	*Change absolute*	*%*
Automotive components						
Sogefi Group	421.1	59.3	432.9	63.7	(11.8)	(2.7)
Media						
GEDI Gruppo Editoriale	155.8	21.9	129.1	19.0	26.7	20.7
Healthcare						
Kos Group	133.2	18.8	117.5	17.3	15.7	13.4
Total consolidated revenues	710.1	100.0	679.5	100.0	30.6	4.5

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

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

		1st quarter			
(in millions of euro)		*2018*	*%*	*2017 (*)*	*%*
Revenues		710.1	100.0	679.5	100.0
Consolidated EBITDA	*(1)*	**84.5**	**11.9**	**80.2**	**11.8**
Consolidated operating income (EBIT)		**44.4**	**6.2**	**41.9**	**6.2**
Financial management	*(2)*	(12.3)	(1.7)	(5.7)	(0.8)
Income taxes		(11.5)	(1.6)	(12.1)	(1.8)
Income (loss) from assets held for sale		--	--	0.2	--
Net income including minority interests		**20.6**	**2.9**	**24.3**	**3.6**
Minority interests		(15.8)	(2.2)	(16.2)	(2.4)
Net result of the Group		**4.8**	**0.7**	**8.1**	**1.2**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

(1) This is the sum of "EBIT" and "Amortisation, depreciation & 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", "share of income (loss) of investments consolidated at equity" and "adjustments to the value of financial assets" in the consolidated income statement.

The **consolidated gross operating margin (EBITDA)** in first quarter 2018 was € 84.5 million (11.9% of revenues) versus € 80.2 million (11.8% of revenues) in first quarter 2017, an increase of € 4.3 million (+5.4%).

The **consolidated operating margin (EBIT)** for the first quarter of 2018 was € 44.4 million (6.2% of revenues) versus € 41.9 million (6.2% of revenues) in the same period of 2017 (+6%); The increase reflects the positive trend in EBITDA.

Financial management generated a net charge of € 12.3 million compared with a charge of € 5.7 million in the first quarter of 2017.

In detail:

- net financial expense came to € 13.1 million compared with € 10.4 million in the first quarter of 2017;
- Net gains on trading of securities, gains from minority interests and adjustments to the value of financial assets came to € 0.4 million compared with € 5.2 million in the first quarter of 2017;
- the valuation of investments consolidated at equity led to a change of € +0.4 million compared with € -0.5 million in the same period of 2017.

The **condensed consolidated statement of financial position** of the Cofide Group at 31 March 2018, with comparative figures at 31 December 2017 and 31 March 2017, is as follows:

(in millions of euro) (1)		*31.03.2018*	*31.12.2017 (*)*	*31.03.2017 (*)*
Fixed assets	*(1)*	2,117.3	2,113.9	1,942.4
Other net non-current assets and liabilities	*(2)*	(213.6)	(209.3)	(193.2)
Net working capital	*(3)*	(119.5)	(133.5)	(68.1)
Net invested capital		**1,784.2**	1,771.1	1,681.1
Net *debt*	***(4)***	**(303.9)**	(303.6)	(169.7)
Total equity		**1,480.3**	1,467.5	1,511.4
Equity of the Group		524.2	520.5	563.5
Minority shareholders' equity		956.1	947.0	947.9

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

(1) This item is the sum of "intangible assets", "tangible assets", "investment property", "investments in companies consolidated at equity" and "other equity investments" of the consolidated statement of financial position.
(2) This item is the sum of "other receivables", "available-for-sale financial assets" and "deferred tax assets" under non-current assets and of "other payables", "deferred tax liabilities", "personnel provisions" and "provisions for risks and losses" under non-current liabilities of the consolidated statement of financial position. This item also includes the "assets held for sale" and "liabilities held for sale" in the consolidated statement of financial position
(3) This item is the sum of "inventories", "trade receivables" and "other receivables" under current assets, and of "trade payables", "other payables" and "provisions for risks and losses" under current liabilities in the consolidated statement of financial position.
(4) This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, "bonds" and "other borrowings" under non-current liabilities, and "due to banks", "bonds" and "other borrowings" under current liabilities in the consolidated statement of financial position.

Consolidated net invested capital at 31 March 2018 stood at € 1,784.2 million versus € 1,771.1 million at 31 December 2017, a rise of € 13.1 million.

The **consolidated net financial position** at 31 March 2018, as mentioned previously, showed net debt of € 303.9 million (compared with € 303.6 million at 31 December 2017) caused by:

- a debt of Parent Company Cofide of € 29.2 million on € 31.1 million at 31 December 2017;
- a financial surplus pertaining to CIR and its non-industrial subsidiaries of € 336.2 million, in line with the 31 December 2017 figure of € 343.0 million, mainly due to the impact of purchases of treasury shares in the quarter (€ 3.2 million);
- a total debt of the industrial subsidiaries of € 610.9 million compared with € 615.5 million at 31 December 2017 and € 476.3 million at 31 March 2017.

Total equity at 31 March 2018 came to € 1,480.3 million compared with € 1,467.5 million at 31 December 2017, an increase of € 12.8 million.

Group equity at 31 March 2018 amounted to € 524.2 million compared with € 520.5 million at 31 December 2017, a net increase of € 3.7 million.

At 31 March 2018 **minority interests** came to € 956.1 million, compared with € 947.0 million at 31 December 2017, a growth of € 9.1 million.

The **consolidated statement of cash flows** for the first three months of 2018, 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 2018*	*1st quarter 2017 (*)*
SOURCES OF FUNDS		
Result from operating activities	20.6	24.1
Amortisation, depreciation, write-downs & other non-monetary changes	33.6	36.8
Self-financing	**54.2**	**60.9**
Change in working capital and other non-current assets and liabilities	**(21.3)**	**(23.8)**
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	**32.9**	**37.1**
Capital increases	0.2	0.3
TOTAL SOURCES OF FUNDS	**33.1**	**37.4**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(24.7)	(31.5)
Price paid for business combinations	(13.3)	(0.8)
Net financial position of acquired companies	1.2	0.1
Payment of dividends	(0.7)	(0.6)
Buy-back of own shares	(4.2)	(7.6)
Other changes	2.1	--
TOTAL APPLICATIONS OF FUNDS	**(39.6)**	**(40.4)**
FINANCIAL SURPLUS (DEFICIT) OF OPERATING ACTIVITIES	**(6.5)**	**(3.0)**
FLOW/FINANCIAL POSITION FROM ASSETS HELD FOR SALE	**6.2**	**0.2**
FINANCIAL SURPLUS (DEFICIT)	**(0.3)**	**(2.8)**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(303.6)**	**(166.9)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(303.9)**	**(169.7)**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

In the first quarter of 2018 the group recorded a financial deficit of € 0.3 million (- € 2.8 million in the corresponding period in 2017) resulting from sources of funds of € 33.1 million, and application of funds totalling € 39.6 million. Application of funds mainly includes the buy-back of own shares for € 4.2 million, business combinations for € 12.1 million and net investments in fixed assets for € 24.7 million, mainly concerning the Sogefi and KOS groups.

At 31 March 2018 the Group had 15,957 employees, compared with 15,839 at 31 December 2017.

Main Group investments
at 31 March 2018

COFIDE
Gruppo De Benedetti

55.7% (*)

CIR

	GEDI Gruppo Editoriale	SOGEFI	KOS	non-core Investments
	56.6% (*)	45.8% (*)	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 diagnostic, cancer care and Hospital management*	• *Private Equity*

(*) the percentage is calculated net of treasury shares

3. Performance of the subsidiaries

CIR GROUP - As already mentioned, in the first quarter of 2018 the CIR Group achieved consolidated net income of € 9.9 million, compared with € 13.5 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 2018*	*1st quarter 2017 (*)*
CONTRIBUTIONS TO NET RESULT		
Sogefi Group	6.8	6.0
GEDI Group	1.3	2.8
KOS Group	4.5	2.8
Total industrial subsidiaries	**12.6**	**11.6**
CIR and other non-industrial subsidiaries	(2.7)	1.9
Net consolidated result of the CIR Group	**9.9**	**13.5**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

As mentioned previously, the contribution of the industrial subsidiaries to the consolidated net result was € 12.6 million compared with € 11.6 million in the first three months of 2017 and the aggregate contribution of CIR and the other non-industrial subsidiaries was € 2.7 million compared with € 1.9 million in the corresponding period of 2017.

(in millions of euro)	*31.03.2018*	*31.12.2017 (*)*
CONTRIBUTIONS TO EQUITY		
Sogefi Group	104.8	99.6
GEDI Group	255.7	254.8
KOS Group	175.4	170.9
Other subsidiaries	0.7	0.9
Total industrial subsidiaries	**536.6**	**526.2**
CIR and other non-industrial subsidiaries	**428.3**	**433.6**
- invested capital	92.1	90.6
- net financial position	336.2	343.0
Equity of the CIR Group	**964.9**	**959.8**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

Consolidated equity has gone from € 959.8 million at 31 December 2017 to € 964.9 million at 31 March 2018.

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

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 2018*	*1st quarter 2017 (*)*	*Change absolute*	*%*
Revenues	421.1	432.9	(11.8)	(2.7)
Net result	12.0	10.5	1.5	14.5

(*) Figures restated following the application of the accounting standard IFRS 15

	31/03/2017	*31/12/2017*	*31/03/2017*
Net financial position	(254.3)	(264.0)	(291.4)
No. of employees	6,972	6,947	6,815

In the first quarter 2018, the world car market recorded a drop of 0.7% in production, Europe decreased by 1.1%, Asia by 0.9% (mainly because of the contraction of the Chinese market, -2.7%) and North America by 2.7%. Conversely, South America recorded a growth of 11.9%.

The sharp devaluation in the exchange rates of currencies other than the Euro in which the group operates has had a significant impact on the main economic indicators, particularly on revenues.

In this context, the Sogefi Group's revenue amounted to € 421.1 million, up by 2.8% at constant exchange rates, but down by 2.7% at historical exchange rates compared with the first quarter of 2017 (€ 432.9 million).

As regards geographical areas, in Europe and North America revenues remained stable with respect to the previous period (+0.1% and +0.4% respectively, at constant exchange rates), while they have grown significantly in Asia and South America (+8.5% and +16.3% respectively, at constant exchange rates).

As regards business units, Suspensions recorded an increase of 2.5% (+7.2% at constant exchange rates), Filtration reported a decrease of 3.7% (+3.3% at constant exchange rates) and Air and Cooling declined by 7.9% (-3.1% at constant exchange rates).

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

EBIT amounts to € 25.6 million, in line with € 25.3 million in the first quarter of 2017 and represents 6.1% of revenues. At constant exchange rates, EBIT recorded an increase of 7.5%.

Net income amounts to € 12 million, it has increased compared with € 10.5 million in the first quarter 2017, after tax charges of € 5.8 million in 2018 (€ 7.3 million in the first quarter 2017).

As regards the risk of claims of Sogefi Air & Cooling S.A.S. (formerly Systèmes Moteurs S.A.S.), there were no significant changes in the first quarter of 2018.

Net debt at 31 March 2018 amounted to € 254.3 million, with a rise of € 9.7 million compared with 31 December 2017 (€ 264 million) and of € 37.1 million compared with 31 March 2017 (€ 291.4

million). Free Cash Flow in the first quarter of 2018 was positive for € 9.3 million, compared with € 6.9 million in the same period of 2017.

The Sogefi Group had 6,972 employees at 31 March 2018 compared with 6,947 at 31 December 2017.

Despite the weak performance of the global automotive market in the first quarter of 2018, the group still maintains the expectation of growth at constant exchange rates slightly higher than that of the market with a positive performance overall.

▪ MEDIA

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

(in millions of euro)	***1st quarter 2018***	***1st quarter 2017***	***Change absolute***	***%***
Revenues	155.8	129.1	26.7	20.7
Net result	3.0	5.0	(2.0)	n.a.

	31/03/2018	***31/12/2017***	***31/03/2017***
Net financial position	(110.0)	(115.1)	29.0
No. of employees	2,439	2,445	1,946

Starting from 1st January 2018, the GEDI Group adopted the new accounting standards IFRS 15 and IFRS 9.
To guarantee the comparability of figures, the income statement for the first quarter of 2017 was restated in terms of circulation and advertising income and, consequently, for the same amount in costs for services, according to the new guidelines of IFRS 15. This restatement did not have any impact on EBIT, nor on net income for the period or equity.

As regards the context in which GEDI has operated during the first two months of 2018, advertising expenditure decreased slightly (-0.3%) on the same period last year (source Nielsen Media Research). Positive trends were recorded by radio, which showed an increase of 5.1%, confirming the positive trend that has been going on since 2015, and internet which, excluding search engines and social media, achieved a growth in revenues (+2.6%); TV remained in line with the previous year (+0.6%) whereas the press dropped again by 9.6%, with newspapers at -8.7% (-12.9% in national revenues and -5.9% in local revenues) and magazines at -11.1%. As for newspaper circulation in the first quarter of 2018, according to the figures published by ADS (Accertamento Diffusione Stampa), sales on newsstands and by subscription fell by 8.5%.

Note that the integration with the ITEDI group had not yet taken place in the first quarter of 2017, so for the main economic indicators shown below, the change versus the first three months of 2017 is also provided on a comparable basis.

Gedi's consolidated **revenues**, € 155.8 million, rose by 20.7% in the first quarter of 2018, compared with the first quarter of 2017 (-5.8% on comparable basis). Circulation revenues amounted to € 71.7 million, a slight increase (+33.0%) compared with the previous year and a decrease of 7.5% on a comparable basis, in a market that is continuing to see a significant reduction in the circulation of daily newspapers (-8.5%). Advertising revenues grew by 14.3% compared with the first three months of 2017 and decreased by 3.1% on a comparable basis. As regards the group's media, radio revenue grew by 4.4%, confirming the positive trend observed in the previous year. Internet revenue rose by 8.1% (+2.6% on comparable basis, in line with the market). Lastly, publishing revenues increased by 9.0% (-7.7% on comparable basis, better than the sector trend).

Costs went up by 24.9% compared with the first quarter of 2017 and went down by 3.2% on comparable basis; The decrease involved both the fixed personnel costs (-1.9%) and other costs (-4.0%).

EBITDA amounted to € 11.4 million compared with € 13.0 million in the first quarter of 2017.

EBIT amounted to € 6.6 million compared with € 9.6 million in first quarter 2017.

Net income come to € 3.0 million compared with € 5.0 million in the first quarter 2017 (€ 5.8 million on comparable basis).

At 31 March 2018, **net debt** amounted to € 110.0 million, down from € 115.1 million at the end of 2017.

The Group had 2,439 employees at the end of March 2018, including those on fixed-term contracts, and the average workforce for the period was 1.7% lower than in the first quarter of 2017, on a comparable basis.

On 16 April 2018 the parent company GEDI Gruppo Editoriale signed an agreement with four primary banks for a € 100 million loan with a duration of four years. The contract requires the company to comply with a covenant based on the ratio between Net Debt and EBITDA. In this way, the company was refinanced so that it could reimburse the convertible bond loan issued in 2014 for an amount of € 100 million, expiring in April 2019.

With regard to prospects for 2018. the trends recorded in the first quarter of the year are in line with those that has been affecting the sector for years now; it is worth mentioning that there were some more positive signs for advertising in the second quarter. Against these trend, the group continues to undertake to achieve all the advantages deriving from the integration with ITEDI, in the development of digital activities and in the permanent implementation of rationalisations aimed at preserving profitability in a structurally difficult market.

■ 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 2018***	***1st quarter 2017***	***Change absolute***	***%***
Revenues	133.2	117.5	15.7	13.4
Net result	7.5	4.6	2.9	63.0

	31/03/2018	***31/12/2017***	***31/03/2017***
Net financial position	(247.3)	(237.1)	(216.5)
No. of employees	6,520	6,421	5,609

In the first three months of 2018 the KOS Group achieved **revenue** of € 133.2 million (+13.4%) compared with € 117.5 million in the same period of 2017. Revenues in the Long Term Care area grew, mainly thanks to the full contribution of the companies acquired in 2017 and the revenues made by the three companies acquired in the first quarter of 2018. In the Diagnostics and cancer cure area, revenues have increased thanks to new services started recently and the full contribution of Ecomedica, which was acquired in the second half of 2017.

EBITDA came to € 23.8 million (17.9% of revenues), an increase of 33.3% compared with € 17.8 million (15.2% of revenues) in the first quarter of 2017.

EBIT came to € 15.4 million versus € 10.3 million in the same period last year.

Net income for first quarter 2018 amounted to € 7.5 million compared with € 4.6 million in the same period of 2017.

At 31 March 2018 KOS had **net debt** of € 247.3 million, compared with € 237.1 million at 31 December 2017 and € 216.5 million at 31 March 2017.

The Group currently manages 83 facilities, mainly in central and northern Italy, for a total of some 7,914 beds. It also operates in India and in the UK.

The Group had 6,520 employees at 31 March 2018 compared with 6,421 at 31 December 2017.

NON-CORE INVESTMENTS

They are represented by private equity, minority interests and other investments amounting to € 68.2 million at 31 March 2018, compared with € 74.0 million at 31 December 2017

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 2018, based on the NAVs provided by the various funds, came to € 47.3 million, a decrease of € 5.7 million compared with 31 December 2017, due to the effect of writedowns, exchange differences and distributions. Outstanding commitments at 31 March 2018 amounted to € 4.9 million.

OTHER INVESTMENTS

At 31 March 2018, CIR had direct and indirect investments in non-strategic investments for a total of € 9.9 million and a portfolio of non-performing loans for a total of € 11.0 million.

4. Significant events subsequent to 31 March 2018

No significant events have occurred subsequent to 31 March 2018 in addition to what explained in the segment trends.

5. Outlook for operations

As regards the performance of the group for the whole of 2018, 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 and secondary office in Via Nervesa 21, Milan, 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 2018 was approved by the Board of Directors on 27 April 2018.

The company is subject to management and coordination by Fratelli De Benedetti S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Statement of financial position

(in thousands of euro)

ASSETS	*31.03.2018*	*31/12/2017 (*)*	*31/03/2017 (*)*
NON-CURRENT ASSETS	**2,346,498**	**2,353,075**	**2,197,557**
INTANGIBLE ASSETS	1,165,935	1,156,775	1,006,422
TANGIBLE ASSETS	794,315	800,228	781,198
INVESTMENT PROPERTY	19,245	19,434	19,955
INVESTMENTS CONSOLIDATED AT EQUITY	125,584	125,181	129,465
OTHER EQUITY INVESTMENTS	12,249	12,249	5,343
OTHER RECEIVABLES	62,259	56,874	80,085
AVAILABLE-FOR-SALE FINANCIAL ASSETS	66,582	79,511	81,332
DEFERRED TAX ASSETS	100,329	102,823	93,757
CURRENT ASSETS	**1,293,814**	**1,311,571**	**1,349,123**
INVENTORIES	142,271	139,220	141,174
TRADE RECEIVABLES	472,525	472,614	454,665
OTHER RECEIVABLES	120,713	105,207	113,482
FINANCIAL RECEIVABLES	17,102	38,986	27,497
SECURITIES	48,515	57,228	67,529
AVAILABLE-FOR-SALE FINANCIAL ASSETS	277,560	235,251	237,977
CASH AND CASH EQUIVALENTS	215,128	263,065	306,799
ASSETS HELD FOR DISPOSAL	3,418	3,418	--
TOTAL ASSETS	**3,643,730**	**3,668,064**	**3,546,680**

LIABILITIES	*31.03.2018*	*31/12/2017 (*)*	*31/03/2017 (*)*
EQUITY	**1,480,265**	**1,467,439**	**1,511,405**
SHARE CAPITAL	349,105	350,011	356,540
RESERVES	68,581	76,326	90,035
RETAINED EARNINGS (LOSSES)	101,733	97,758	108,768
NET INCOME (LOSS) OFN THE PERIOD	4,783	(3,619)	8,122
GROUP EQUITY	**524,202**	**520,476**	**563,465**
MINORITY INTERESTS	956,063	946,963	947,940
NON-CURRENT LIABILITIES	**1,105,489**	**1,098,939**	**1,034,643**
BONDS	366,188	365,112	284,414
OTHER BORROWINGS	293,068	281,863	301,849
OTHER PAYABLES	69,558	72,116	80,930
DEFERRED TAX LIABILITIES	171,939	171,216	151,511
PERSONNEL PROVISIONS	139,107	139,735	130,113
PROVISIONS FOR RISKS AND LOSSES	65,629	68,897	85,826
CURRENT LIABILITIES	**1,057,976**	**1,101,686**	**1,000,632**
DUE TO BANKS	10,367	17,551	25,492
BONDS	21,294	20,168	21,505
OTHER BORROWINGS	171,325	213,458	176,226
TRADE PAYABLES	511,869	513,928	490,788
OTHER PAYABLES	275,823	265,337	215,968
PROVISIONS FOR RISKS AND LOSSES	67,298	71,244	70,653
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND EQUITY	**3,643,730**	**3,668,064**	**3,546,680**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

2. Income statement

(in thousands of euro)

	01/01 - 31/03 *2018*	01/01 - 31/03 *2017 (*)*
REVENUES	710,082	679,458
CHANGE IN INVENTORIES	(592)	(954)
COSTS FOR THE PURCHASE OF GOODS	(256,086)	(256,696)
COSTS FOR SERVICES	(166,698)	(152,204)
PERSONNEL COSTS	(195,102)	(179,983)
OTHER OPERATING INCOME	8,487	7,563
OTHER OPERATING EXPENSE	(15,604)	(17,024)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(40,136)	(38,251)
EBIT	**44,351**	**41,909**
FINANCIAL INCOME	2,245	2,992
FINANCIAL EXPENSE	(15,304)	(13,423)
DIVIDENDS	16	10
GAINS FROM TRADING SECURITIES	2,972	3,474
LOSSES FROM TRADING SECURITIES	(100)	(5)
SHARE OF PROFIT (LOSS) OF INVESTMENTS CONSOLIDATED AT EQUITY	403	(522)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(2,488)	1,736
NET PROFIT (LOSS) BEFORE TAXES	**32,095**	**36,171**
INCOME TAXES	(11,538)	(12,080)
RESULT FROM OPERATING ACTIVITIES	**20,557**	**24,091**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	--	161
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**20,557**	**24,252**
- (NET INCOME) LOSS OF MINORITY INTERESTS	(15,774)	(16,130)
- NET INCOME (LOSS) OF THE GROUP	**4,783**	**8,122**

(*) Certain figures for 2017 have been restated following the application of the "IFRS 15 – Revenue from Contracts with Customers".

3. Statement of net financial position

(in thousands of euro)

		31.03.2018	*31.12.2017*	*31.03.2017*
A.	Cash and bank deposits	215,128	263,065	306,799
B.	Other cash equivalents	277,560	235,251	237,977
C.	Securities held for trading	48,515	57,228	67,529
D.	**Cash and cash equivalents (A)+(B)+(C)**	**541,203**	**555,544**	**612,305**
E.	**Current financial receivables**	**17,102**	**38,986**	**27,497**
F.	Current bank payables	(105,497)	(118,604)	(149,575)
G.	Bonds	(21,294)	(20,168)	(21,505)
H.	Current portion of non-current debt	(76,195)	(112,405)	(52,143)
I.	Other current borrowings	--	--	--
J.	**Current financial debt (F)+(G)+(H)+(I)**	**(202,986)**	**(251,177)**	**(223,223)**
K.	**Current net financial position (J)+(E)+(D)**	**355,319**	**343,353**	**416,579**
L.	Non-current bank borrowings	(225,232)	(211,709)	(201,097)
M.	Bonds issued	(366,188)	(365,112)	(284,414)
N.	Other non-current payables	(67,836)	(70,154)	(100,752)
O.	**Non-current financial debt (L)+(M)+(N)**	**(659,256)**	**(646,975)**	**(586,263)**
P.	**Net financial position (K)+(O)**	**(303,937)**	**(303,622)**	**(169,684)**

1. Introduction

This consolidated interim financial report at 31 March 2018 (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 Legislative Decree no. 58 of 24 February 1998 and subsequent amendments (TUF). 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 2017.

The consolidated interim financial statements of the Group as of 31 March 2018, like those as of 31 December 2017, 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 2018 are the same as those adopted for the financial statements for the year ended 31 December 2017, except for the new Accounting Standards "IFRS 15 Revenue from Contracts with Customers” and "IFRS 9 Financial Instruments" which have been applied for the first time from 1 January 2018.

In particular, the standard IFRS 15 lays down a new model of revenue recognition that will apply to all contracts with customers, except for those that fall within the scope of other IAS/IFRS as leases, insurance contracts and financial instruments.

For the Sogefi Group, applying the new standard IFRS 15, entailed a change in the accounting of “tooling” supplied by customers, as described below.
The supply of tooling does not meet the requirements to be identified as a separate performance obligation, so revenues will be recorded with the same timing as the supply of goods. This is because tooling is used by the Sogefi group exclusively to supply the specific asset ordered by the customer and the customer does not really have an option to obtain the production of such specific goods from another supplier through the use of tooling. Contracts with customers have different forms in the various jurisdictions where the Sogefi group operates (legal ownership of tooling could be transferred to the customer before the start of mass production for a fixed fee or at the end of mass production, or the revenue from the sale of the tooling could be included in the selling price of the individual goods). Previously, revenues for the contractual obligation related to the supply of tooling were recorded on the basis of the contractual provisions, with specific reference to the transfer of ownership of the tooling to the customer.

By modifying the method of recognising the revenues deriving from the contractual obligation to supply tooling, the Sogefi group also changed the accounting policy on costs for the production/purchase of tooling. These costs are capitalised under "Tangible assets" and depreciated over the period that the goods are supplied to the customer (these costs are therefore no longer recognised in the income statement). Costs related to the development of prototypes (previously recognised in the income statement) are now capitalised under Intangible assets and amortised over the period that the goods are supplied to the customer.

The Sogefi Group identified an impact on the presentation of revenues from customers of the after market segment. This is due to costs for "marketing contributions" provided to customers who meet the definition of "consideration payable to customers" given in IFRS 15 and that have to be shown net of revenues.

For GEDI Group, applying the new standard IFRS 15 has involved:

- the registration of circulation revenues on the basis of the cover price or, in any case, the price actually paid by the end-buyer, gross of all fees paid, including the portion allocated to newsagents. As a consequence, and unlike the current accounting treatment, this extra has been recognised separately as a distribution cost and no longer shown as a reduction in revenues;
- consolidated advertising revenues net of publisher fees derived from advertising sales on behalf of third-party publishers, previously recorded in costs for services.

The COFIDE group has restated the comparative period at the date of first-time application of IFRS 15; therefore the amounts of the income statement and balance sheet for 2017 have been restated following the application of the new standard.

The following tables show the effects of the adoption of the new standard in the income statement and balance sheet as of 31 March 2017 and in the balance sheet as at 31 December 2017.

CONSOLIDATED INCOME STATEMENT
(in millions of euro)

	Period 01.01 – 31.03.2017	Period 01.01 – 31.03.2017 Restated	Difference
Revenues	693.0	679.5	(13.5)
Costs for the purchase of goods	(271.1)	(256.7)	14.4
Costs for services	(158.4)	(152.2)	6.2
Other operating expense	(18.0)	(17.0)	1.0
Amortisation/depreciation	(28.6)	(38.2)	(9.6)
Financial expense	(13.5)	(13.4)	0.1
Income taxes	(12.4)	(12.1)	0.3
Minority interests	(16.9)	(16.2)	0.7
Net result of the Group	**8.5**	**8.1**	**(0.4)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of euro)

ASSETS	31.03.2017	31.03.2017 restated	Difference
Intangible assets	987.2	1,006.4	19.2
Tangible assets	670.7	781.2	110.5
Deferred tax assets	88.3	93.8	5.5
Inventories	181.6	141.2	(40.4)
Total assets	**3,451.9**	**3,546.7**	**94.8**

LIABILITIES	31.03.2017	31.03.2017 restated	Difference
Equity of the Group	567.5	563.5	(4.0)
Minority interests	956.7	947.9	(8.8)
Other non-current liabilities	15.6	80.9	65.3
Other current liabilities	664.4	706.7	42.3
Total liabilities	**3,451.9**	**3,546.7**	**94.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of euro)

ASSETS	31.12.2017	31.12.2017 restated	Difference
Intangible assets	1,138.3	1,156.8	18.5
Tangible assets	691.1	800.2	109.1
Deferred tax assets	97.4	102.8	5.4
Inventories	175.6	139.2	(36.4)
Total assets	**3,571.5**	**3,668.1**	**96.6**

LIABILITIES	31.12.2017	31.12.2017 restated	Difference
Equity of the Group	524.7	520.5	(4.2)
Minority interests	956.1	947.0	(9.1)
Other non-current liabilities	6.8	72.1	65.3
Deferred tax liabilities	171.1	171.2	0.1
Other current liabilities	734.8	779.3	44.5
Total liabilities	**3,571.5**	**3,668.1**	**96.6**

With regard to IFRS 9 "Financial instruments", the Group has opted for the exemption that makes it possible not to recalculate the comparative information of previous years relating to changes in classification and valuation, including impairment losses.

The Group decided to continue applying the provisions of IAS 39 during the transition phase, applying the hedge accounting rules envisaged by IFRS 9 only prospectively.

Moreover, IFRS 9 introduced new instructions for the classification and measurement of financial assets that reflect the business model according to which these assets are managed and the characteristics of their financial flows. IFRS 9 classifies financial assets in three main categories: at amortised cost, at fair value through profit and loss (FVTPL), at fair value in other comprehensive income statement (FVOCI). The categories envisaged by IAS 39, namely held to maturity, loans and receivables and available for sale, have been eliminated. Furthermore, according to IFRS 9, derivatives embedded in contracts where the primary element is a financial asset that falls within the scope of the standard must never be separated. Instead, hybrid instruments are to be examined for classification purposes as a whole.

Note that, with effect from 1 January 2018, the securities and financial investments classified as "financial assets available for sale" are classified according to IFRS 9 in "fair value through profit and loss (FVTPL)".

4. Share capital

The share capital at 31 March 2018 amounts to € 359,604,959.00, the same as at 31 December 2017, and is made up of 719,209,918 shares with a nominal value of € 0.50 each.

At 31 March 2018 the Company held 20,999,283 treasury shares (2.92% of the share capital) for a value of € 12,369 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 2018

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, 27 April 2018

Signed by

Cofide S.p.A.
Giuseppe Gianoglio