

*INTERIM FINANCIAL REPORT
AS OF 30 SEPTEMBER 2014*

Milan, 27th October 2014

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COFIDE - De Benedetti S.p.A. Group

Share Capital € 359,604,959

Register of Companies and Tax Code 01792930016

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INTERIM REPORT ON OPERATIONS

1. Introduction

On 23 July 2014, CIR signed an agreement with Sorgenia's banks to restructure the energy company's debt.

Sorgenia's debt restructuring will follow the "182-bis L.F." procedure. Subject to approval of the plan, there will be an increase in capital of 400 million euro, which will be fully subscribed by the banks, converting their loans into equity, as the current shareholders will not take part.

Once this operation has been finalised, CIR will no longer hold any shares in Sorgenia.

For this reason, the Cofide Group has applied IFRS 5 for the consolidation of the Sorgenia Group, starting with the interim report at 30 June 2014. According to this standard, the Sorgenia Group has to be classified as assets held for sale. Sorgenia's results are therefore no longer included in Cofide's consolidated financial statements on a line-by-line basis, but listed on a single line in the balance sheet called "Assets/liabilities held for sale" separate from other assets and liabilities.

The same presentation is used in the income statement, where only the net result is reported. For comparative purposes, we have also reclassified the consolidated income statement for the equivalent period last year in a same way, as required by IFRS 5. The notes to the statement of financial position reflect this reclassification.

2. Key figures

The Cofide Group made consolidated net income of € 1.6 million **in the first nine months of 2014** compared with € 7.1 million in the corresponding period of last year.

The consolidated result is essentially attributable to CIR, which contributed € 2.6 million, and to COFIDE, which reported a net loss of € 1 million (income of € 1.9 million in the first nine months of 2013).

CIR's contribution in the first nine months of 2014 came to € 2.6 million, compared with € 5.2 million in the same period of 2013.

In the first nine months of 2014, CIR turned in consolidated net income of € 5.4 million versus € 10.7 million in the same period last year (-€ 16.2 million excluding extraordinary items). It should be remembered that the result for the first nine months of 2013 was characterized by two opposite-sign non-recurring items: on the one hand, the negative effect of write-down of Sorgenia; on the other, the positive impact of the final sentence in the Lodo Mondadori.

The contribution made by the operating subsidiaries came to € 4.4 million; in the same period last year, the operating subsidiaries generated a negative contribution of € 299.4 million; excluding the write-downs of the Sorgenia Group, the contribution would have been negative for € 12.2 million.

Espresso and KOS have made profits substantially in line with the same period last year.

Sogefi recorded a loss of € 5.8 million, compared with a profit of 23.8 million in the same period of 2013; this performance is due to the negative evolution of the South American market, the slight decline in margins in Europe and non-recurring charges. Sogefi's contribution to the consolidated financial statements of the CIR Group was therefore negative for € 4.2 million, compared with a positive contribution last year of € 9.4 million.

In the first nine months of 2014, the Sorgenia Group posted a loss of € 43.0 million, a decrease compared with the figure recorded the previous year (-€ 434.3 million, -65.5 million excluding extraordinary items); in any case, during the current year, its contribution to CIR's consolidated result was zero, since the company's loss was fully offset by the write-downs already made on a consolidated basis in the financial statements at 31 December 2013. Note that this contribution was a negative € 320.6 million in the same period last year, of which € 287.2 million was due to extraordinary items.

The holding company CIR (including the non-operative subsidiaries) recorded a profit of € 1.1 million compared with one of € 310.1 million in the same period of 2013; excluding non-recurring items, mainly related to the Lodo Mondadori, the Company would have posted a loss of € 4.0 million in 2013.

In order to provide further information on the financial performance in the first nine months of 2014, 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 S.p.A.

The **income statement** is as follows:

<i>(in millions of euro)</i>	1/1-30/9 2014	1/1-30/9 2013
Contributions of investments in subsidiaries and associates:		
- CIR S.p.A.	2.6	5.2
TOTAL CONTRIBUTIONS	2.6	5.2
Net gains and losses on trading and the valuation of securities	2.2	4.4
Net financial income and expense	(1.6)	(1.0)
Net operating costs	(1.6)	(1.5)
RESULT BEFORE TAXES	1.6	7.1
Income taxes	-	-
NET RESULT FOR THE PERIOD	1.6	7.1

The **statement of financial position** at 30 September 2014 shows equity of € 542.6 million, net debt of € 31.6 million and long-term financial assets of € 575.1 million.

<i>(in millions of euro)</i>	30/09/2014	31/12/2013
CIR S.p.A.	560.1	552.4
LONG-TERM EQUITY INVESTMENTS	560.1	552.4
Other long-term financial assets	15.0	15.0
TOTAL LONG-TERM FINANCIAL ASSETS	575.1	567.4
Tangible assets	1.3	1.2
Net receivables and payables	(2.2)	(1.7)
NET INVESTED CAPITAL	574.2	566.9
Financed by:		
Equity	542.6	535.9
Net financial debt	(31.6)	(31.0)

"Other financial assets" consist entirely of the investment made by COFIDE in the Jargonnant real estate fund, which at 30 September 2014 amounted to € 15 million, unchanged with respect of 31 December 2013.

3. Performance of the Group

■ FIRST NINE MONTHS OF 2014

Consolidated sales revenues for the first nine months of 2014 came in at € 1,776.6 million versus € 1,804.5 million in the same period of 2013, a decrease of € 27.9 million (-1.5%). Espresso has reported a drop in revenues of 8.1%; KOS an increase of 4.7%; Sogefi's revenues are stable.

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

(in millions of euro)					Change	
	2014	%	2013	%	absolute	%
Media						
Espresso Group	471.2	26.5	512.6	28.4	(41.4)	(8.1)
Automotive components						
Sogefi Group	1,010.2	56.9	1,010.6	56.0	(0.4)	--
Healthcare						
KOS Group	289.7	16.3	276.8	15.3	12.9	4.7
Other sectors	5.5	0.3	4.5	0.3	1.0	22.2
Total consolidated revenues	1,776.6	100.0	1,804.5	100.0	(27.9)	(1.5)

The Cofide Group's **key income statement figures** for the first nine months are as follows:

(in millions of euro)	2014	2013
Revenues	1,776.6	1,804.5
Consolidated EBITDA	152.6	139.2
Consolidated EBIT	77.8	65.1
Financial management result	(40.8)	(7.5)
Non-recurring income (expense)	--	491.3
Income taxes	(23.5)	(197.1)
Income (loss) from assets held for sale	(2.8)	(643.6)
Net income including minority interests	10.7	(291.8)
Minority interests	(9.1)	298.9
Net income of the Group	1.6	7.1

In the first nine months of 2014, **consolidated EBITDA** came to € 152.6 million (8.6% of revenues) compared with € 139.2 million in the first nine months of 2013, an increase of € 13.4 million (+9.6%). The growth is mainly due to the improvement in the margin of CIR, which in the first nine months of 2013 suffered from non-recurring charges related to the Lodo Mondadori, and to the slight increase in profitability recorded by the Espresso and KOS Groups. These factors made it possible to offset the decline in margins at the Sogefi Group.

Consolidated (EBIT) in the first nine months of 2014 came to € 77.8 million compared with € 65.1 million in the same period of 2013. The increase amounts to € 12.7 million and reflects the trend in EBITDA.

Financial management generated a net charge of € 40.8 million compared with one of € 7.5 million in the first nine months of 2013; in detail:

- net financial expense came to € 74.5 million compared with € 65 million in the first nine months of last year. The increase relates mainly to the Sogefi Group;
- financial income decreased from € 46.5 million to € 19.8 million, due to lower investment returns in the current year and to the € 18 million of income posted in the first nine months of 2013 on releasing the provision set aside in previous years for legal interest on the payment received as a result of the Lodo Mondadori sentence;
- net gains on trading of securities amounted to € 12.6 million compared with € 7.9 million in the first nine months of last year;
- positive adjustments in the value of financial assets were recorded for € 1.3 million, compared with positive adjustments of € 3.1 million in the first nine months of 2013.

The **condensed consolidated statement of financial position** of the Cofide Group at 30 September 2014, with comparative figures at 30 June 2014 and 31 December 2013, is as follows:

<i>(in millions of euro)</i>	<i>30/09/2014</i>	<i>30/06/2014</i>	<i>31/12/2013</i>	<i>of which Sorgenia</i>
Fixed assets	1,796.5	1,780.8	3,270.3	1,455.7
Other net non-current assets and liabilities	(29.4)	(35.1)	52.6	181.7
Net working capital	29.9	(61.2)	139.2	226.6
Net invested capital	1,797.0	1,684.5	3,462.1	1,864.0
Net financial debt	(188.4)	(89.2)	(1,876.3)	(1,855.2)
Total equity	1,608.6	1,595.3	1,585.8	8.8
Equity of the Group	542.6	536.7	535.9	--
Minority interests	1,066.0	1,058.6	1,049.9	8.8

Net invested capital at 30 September 2014 amounted to € 1,797 million compared with € 3,462.1 million at 31 December 2013 (which included € 1,864 million relating to the Sorgenia Group, now reclassified as assets/liabilities held for sale) and with € 1,684.5 million at 30 June 2014. The increase in the first nine months of 2014 was € 198.9 million, largely due to the payment of taxes and legal fees in connection with the Lodo Mondadori.

The **net financial position** at 30 September 2014 showed net debt of € 188.4 million (compared with € 1,876.3 million at 31 December 2013 and € 89.2 million at 30 June 2014) caused by:

- debt of € 31.6 million for Cofide, the parent company, compared with € 31.0 million at 31 December 2013;
- a net financial surplus for CIR and the other holding companies of € 391.3 million, which compares with € 538 million at 31 December 2013. The decline in the surplus is due to payments relating to the Lodo Mondadori, already provided for in the financial statements at 31 December 2013;
- total debt of the operating groups (excluding the Sorgenia Group) of € 548.1 million compared with € 528.1 million at 31 December 2013. The rise of € 20 million is mainly due to the increase in the

Sogefi Group's debt for € 43.9 million, partially offset by the improvement of the one of the Espresso Group for € 28.7 million.

Total equity at 30 September 2014 came to € 1,608.6 million compared with € 1,585.8 million at 31 December 2013 (€ 1,595.3 million at 30 June 2014), a rise of € 22.8 million.

Group equity at 30 September 2014 amounted to € 542.6 million compared with € 535.9 million at 31 December 2013 (€ 536.7 million at 30 June 2014), with a net increase of € 6.7 million, mainly thanks to the net result for the period and the change in the translation reserve.

Minority interests at 30 September 2014 amounted to € 1,066 million versus € 1,049.9 million at 31 December 2013 (€ 1,058.6 million at 30 June 2014), a net increase of € 16.1 million.

The **consolidated statement of cash flows** for the first nine months of 2014, 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>	1/1-30/09 2014	1/1-30/09 2013
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	13.5	351.7
Amortisation, depreciation, write-downs and other non-monetary changes	77.1	51.8
Self-financing	90.6	403.5
Change in working capital	(144.3)	243.7
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	(53.7)	647.2
Capital increases	4.4	2.4
TOTAL SOURCES OF FUNDS	49.3	649.3
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(125.0)	(79.9)
Buy-back of own shares	(1.3)	(0.7)
Payment of dividends	(3.1)	(11.9)
Other changes	4.9	(13.0)
TOTAL APPLICATIONS OF FUNDS FROM CONTINUING OPERATIONS	(124.5)	(105.5)
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	(173.8)	544.1
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	1,861.7	1,955.0
FINANCIAL SURPLUS (DEFICIT)	1,687.9	2,499.1
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	(1,876.3)	(2,537.7)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	(188.4)	(38.6)

In the first nine months of 2014, the Group recorded a financial deficit from "continuing operations" of € 173.8 million, which is derived mainly from outlays related to the Lodo Mondadori.

The additional change compared with net financial position at the beginning of the period (net debt of € 1,876.3 million) comes from applying IFRS 5 to the Sorgenia Group.

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

At 30 September 2014 Cofide had 13,889 employees, compared with 14,114 at 31 December 2013.

▪ **THIRD QUARTER OF 2014**

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

<i>(in millions of euro)</i>	2014	2013
Revenues	569.6	573.6
Consolidated EBITDA	48.8	25.3
Consolidated EBIT	24.5	(0.8)
Financial management result	(12.1)	16.6
Non-recurring income (expense)	--	491.3
Income taxes	(6.9)	(173.8)
Income (loss) from assets held for sale	(2.4)	(300.2)
Net income including minority interests	3.1	33.1
Minority interests	(2.0)	53.5
Net income of the Group	1.1	86.6

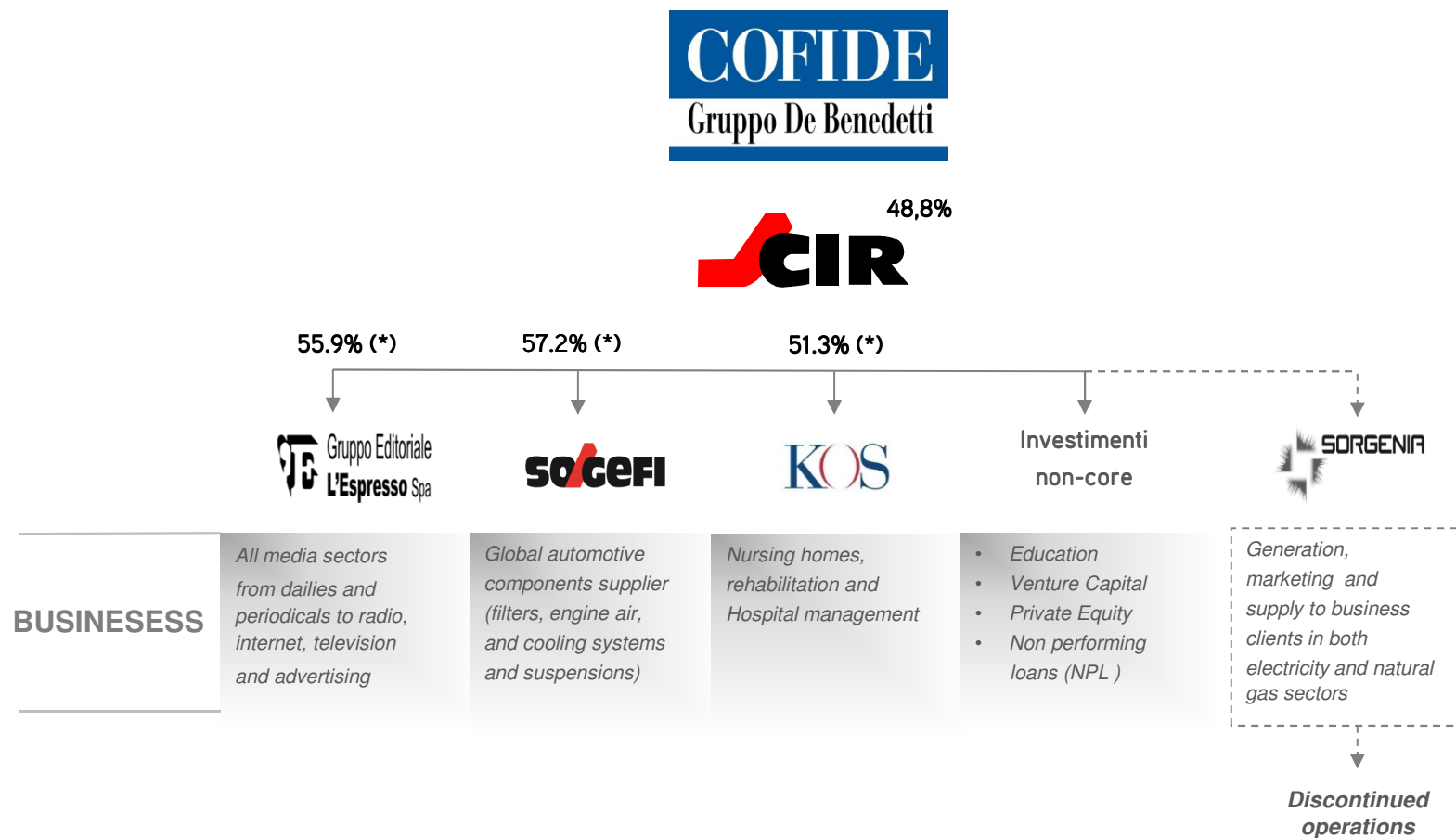
Consolidated revenues in the third quarter of 2014 came to € 569.6 million, a decrease of 0.7% compared with € 573.6 million in the same period of 2013, because of the decline in sales on the part of the Sogefi and Espresso Groups.

Consolidated EBITDA in the third quarter of 2014 was € 48.8 million compared with € 25.3 million in the same period of 2013, which was negatively impacted by charges related to the Lodo Mondadori.

Consolidated EBIT in the third quarter of 2014 was € 24.5 million compared with a negative € 0.8 million in the same period of 2013, a rise of € 25.3 million.

Net income in the third quarter of 2014 amounted to € 1.1 million, compared with net income of € 86.6 million in the corresponding period of 2013.

Main Group investments at 30 September 2014



(*) the percentage is calculated net of treasury shares

4. Performance of the subsidiaries

CIR GROUP

In the first nine months of 2014 the CIR Group has achieved consolidated net income of € 5.4 million, compared with a consolidated net income of € 10.7 million in the same period last year.

In the third quarter of 2014 the consolidated net result was positive for € 0.1 million compared with a net income of € 175.6 million in the same period last year.

The following is a summary of the contributions to the consolidated net result and equity, broken down by sector.

<i>(in millions of euro)</i>	1/1-30/09 2014	1/1-30/09 2013	3rd quarter 2014	3rd quarter 2013
CONTRIBUTIONS TO THE RESULT				
Espresso Group	2.5	2.5	0.4	0.4
Sogefi Group	(3.3)	13.8	0.9	4.4
KOS Group	5.2	4.9	2.2	1.8
Total for main subsidiaries	4.4	21.2	3.5	6.6
Other subsidiaries	(0.2)	(3.6)	(0.8)	(0.5)
CIR and other holding companies	1.3	(0.4)	(2.5)	5.3
Non-recurring items	--	314.1	--	314.1
Assets held for sale	(0.1)	(320.6)	(0.1)	(149.9)
Consolidated total result for the Group	5.4	10.7	0.1	175.6

As already anticipated, the contribution made by the four main operating subsidiaries was positive for € 4.4 million compared with an income of € 21.2 million in the first nine months of 2013.

The contribution made by CIR (the holding company including the other subsidiaries) was positive for € 1.1 million, compared with a loss of € 4 million in the first nine months of 2013.

Consolidated equity has gone from € 1,131 million at 31 December 2013 to € 1,148.1 million at 30 September 2014.

<i>(in millions of euro)</i>	30/09/2014	30/06/2014	31/12/2013
CONTRIBUTIONS TO EQUITY			
Espresso Group	316.3	315.6	313.5
Sogefi Group	97.6	94.4	97.7
KOS Group	128.6	126.4	123.2
Other subsidiaries	(3.0)	(3.1)	(3.2)
Total subsidiaries	539.5	533.3	531.2
CIR and other companies	608.6	604.2	599.7
- invested capital	217.3	98.2	61.7
- net financial position	391.3	506.0	538.0
Assets held for sale	0.1	0.1	0.1
Equity of the CIR Group	1,148.1	1,137.6	1,131.0

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:

Results of the period 1 January-30 September 2014

<i>(in millions of euro)</i>	1/1-30/9	1/1-30/9	Change	
	2014	2013	absolute	%
Revenues	471.2	512.6	(41.4)	(8.1)
Net result	4.6	4.5	0.1	2.2

Results of the 3rd quarter 2014

<i>(in millions of euro)</i>	3rd quarter	3rd quarter	Change	
	2014	2013	absolute	%
Revenues	144.7	152.6	(7.9)	(5.2)
Net result	0.8	0.8	--	--

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(44.8)	(66.8)	(73.5)
No. of employees	2,373	2,391	2,408

In the first nine months of 2014, the Espresso Group achieved consolidated revenues of € 471.2 million, down by 8.1% from € 512.6 million in the corresponding period of the previous year, as a result of the crisis that is affecting the entire sector. Note that the scope of consolidation has changed as a result of integrating the activities of the network operators in Persidera.

In 2014, in a general economic environment that remains critical, the publishing industry has continued to show negative trends that have affected both advertising revenues and circulation figures for newspapers and magazines.

In the first eight months of the current year, the downward trend in advertising expenditure that characterised the last five years continued, albeit with less intensity: according to Nielsen Media Research, overall investment in advertising during this period fell by 2.7% compared with the same period of 2013.

Trends in advertising revenues by media category differ quite considerably: advertising revenues earned by television and internet were essentially in line with the same period of 2013 (+0.9% for both media), whereas press revenues saw a further significant decline (-10.4%), which involved both newspapers and periodicals. Even radio posted a slight reduction (-3.9%).

In terms of circulation, the figures published by ADS (Accertamento Diffusione Stampa) for January-August show an 11.5% decline in sales of daily newspapers; note that, at the same time, digital newspaper subscriptions are increasing, but to date this has not been enough to offset the loss of copies in the traditional format and channel.

Despite these negative trends in the market, which have had a significant impact on revenues, the Espresso Group closed the first nine months of 2014 with a positive result, in line with the same

period of the previous year. It has to be considered that the scope of consolidation has changed following the integration of the network operators' activities in Persidera.

Costs show a reduction of 7.7%, substantially the same as that of revenues; fixed industrial costs, in particular, have fallen thanks to the ongoing reorganisation of the Group's production structure, whereas distribution costs have been cut thanks to rationalisation of transport, administration and other operating costs mainly thanks the measures taken to hold down labour costs.

Consolidated EBITDA amounts to € 41.5 million slightly improving versus € 38.4 million in the corresponding period of 2013.

Consolidated EBIT comes to € 26.1 million slightly improving versus € 22.8 million in the same period last year.

Consolidated net income on a comparable basis amounted to € 4.9 million versus € 3.9 million in the first nine months of 2013. Including the business activities that have been sold, net income came to € 4.6 million compared with € 4.5 million in the first nine months of 2013.

Consolidated net debt at 30 September 2014 amounted to € 44.8 million, a further improvement on € 73.5 million at 31 December 2013, with a financial surplus of € 28.7 million.

At 30 September 2013, the Group had 2,373 employees, including those on fixed-term contracts. The average workforce for the period was 4.1% lower than in the first nine months of 2013 (based on a comparable scope of consolidation).

It is worth remembering that the Group completed two successful operations of strategic importance during the first nine months of 2014: integration of the network operator activities with those of Telecom Italia Media and the refinancing of the holding company, bearing in mind that the ten-year bond matures in October.

In a sector like publishing, which is again showing recessionary trends in both circulation and advertising, in the first nine months of 2014 the Espresso Group has managed to achieve a net positive result, albeit small, while maintaining profitability in line with last year, thanks to continuous steps to reduce fixed costs. As regards the outlook for the entire year, it is reasonable to expect that the year-end result will be broadly in line with that of the previous year.

■ 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:

Results of the period 1 January-30 September 2014

(in millions of euro)	1/1-30/9 2014	1/1-30/9 2013	Change	
			absolute	%
Revenues	1,010.2	1,010.6	(0.4)	--
Net result	(5.8)	23.8	(29.6)	n.a.

Results of the 3rd quarter 2014

(in millions of euro)	3rd quarter 2014	3rd quarter 2013	Change	
			absolute	%
Revenues	327.3	328.9	(1.6)	(0.5)
Net result	1.5	7.6	(6.1)	n.a.

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(348.5)	(340.8)	(304.6)
No. of employees	6,704	6,744	6,834

In the first nine months of the year, car production grew by 3.75%, though with different trends in various parts of the world.

For example, the automotive market's trend in North America and Asia has been positive, with growth in production volumes of 5.3% and 7.5% respectively, compared with the first nine months of 2013. In South America, particularly in Brazil and Argentina, a severe slowdown in the market compared with 2013 has continued, leading to a decrease in the production of passenger cars and light commercial vehicles of 17% versus the same period of 2013.

In Europe, the slightly upward trend in market growth continued with the production of passenger vehicles rising by 4.8% compared with the first nine months of 2013, mainly as a result of the recovery from last year's very low volumes, though this rate tended to slow down in the third quarter (+1.5%).

In the first nine months of the year, the Sogefi Group reported consolidated revenues of € 1,010.2 million, stable versus the first nine months of 2013 (+4.6% at constant exchange rates). The significant decline in revenues recorded in South America (-23.3% to € 135.8 million) was offset by growth in North America, albeit at a slower pace than in the recent past (+12% to € 155.4 million) and Asia (+40.5% to € 59.8 million). In Europe, revenues rose slightly (+1.3% to € 656.7 million).

In the first nine months the *Engine Systems Business Unit* reported a 2.2% increase in revenues to € 633.3 million from € 619.7 million in the same period of 2013 (+6.3% at constant exchange rates), whereas the *Suspension Components Business Unit* posted revenues of € 378.6 million, down 3.5% from € 392.5 million in the same period of 2013 (+1.8% at constant exchange rates).

In the first nine months of 2014, EBITDA was € 80.8 million, down 25.5% from € 108.4 million in the same period of 2013. The decrease was primarily due to volume declines in South American markets, to the significant concentration during the period of restructuring costs in Europe (€ 17.9 million in the first nine months of 2014) and to the temporary inefficiencies that this caused in the manufacturing structure of the Engine Systems Business Unit, especially in the third quarter.

Pre-restructuring EBITDA was € 98.4 million (€ 110.3 million in 2013; -10.8%), with an incidence on revenues of 9.7% compared with 10.9% in 2013.

Consolidated EBIT amounted to € 36.5 million (€ 65.8 million in the first nine months of 2013). Pre-restructuring EBIT was € 54.4 million (€ 67.6 million in the first nine months of 2013; -19.6%) with an incidence on revenues of 5.4% versus 6.7% in 2013.

Restructuring expenses of € 17.9 million recorded in the nine months relate to the rationalization of production capacity for € 13.8 million and to the write-down of assets and other restructuring charges for € 4.1 million. Restructuring charges in the first nine months of 2013 amounted to € 1.9 million.

Net financial expense amounted to € 30 million in the first nine months of the year. This item includes € 23.5 million of interest expense (€ 20.4 million in the first nine months of 2013) and other expenses of € 6.5 million, of which € 2.8 million non-recurring for the repayment of bank debt thanks to the proceeds of issuing the convertible bond loan and € 3.7 million for the impact of the fair value of interest rate hedges.

Consolidated net income amounted to - € 5.8 million compared with € 23.8 million in the first nine months of last year.

Net debt at 30 September 2014 was € 348.5 million (€ 340.8 million at 30 June 2014 and € 304.6 million at 31 December 2013).

Consolidated shareholders' equity at 30 September 2014, including the portion attributable to minority interests, amounted to € 192.5 million (€ 188.9 million at 31 December 2013).

The Group had 6,704 employees at 30 September 2014 compared with 6,834 at 31 December 2013.

In the remaining months of 2014, we expect to see continuing weakness in South America; activity in Europe, North America and Asia should follow current trends. Operating profits in the last quarter will be in line with those of the third quarter as they will suffer the same effects in South America and in Europe.

■ 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:

Results of the period 1 January-30 September 2014

<i>(in millions of euro)</i>	1/1-30/9	1/1-30/9	Change	
	2014	2013	absolute	%
Revenues	289.7	276.8	12.9	4.7
Net result	10.1	9.6	0.5	5.2

Results of the 3rd quarter 2014

<i>(in millions of euro)</i>	3rd quarter	3rd quarter	Change	
	2014	2013	absolute	%
Revenues	96.6	90.3	6.3	7.0
Net result	4.1	3.5	0.6	17.1

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(158.7)	(158.6)	(155.7)
No. of employees	4,650	4,614	4,291

In the first nine months of 2014 the KOS Group turned in revenues of € 289.7 million, compared with € 276.8 million in the same period last year, an increase of 4.7%, thanks to growth in its three lines of business (care homes for the elderly, rehabilitation centres and hi-tech hospital management services).

Consolidated EBITDA came to € 44.2 million, up on € 41.3 million in the first nine months of 2013, principally because of the change in the scope of consolidation and business developments that took place in 2014.

Consolidated EBIT came to € 27.6 million (9.5% of revenues) versus € 24.9 million (9% of revenues) in the same period last year, principally because of the change in the scope of consolidation.

Consolidated net income for first nine months of 2014 amounted to € 10.1 million compared with € 9.6 million in the same period of 2013.

At 30 September 2014 the KOS Group had net debt of € 158.7 million, compared with € 155.7 million at 31 December 2013.

The KOS Group manages 71 facilities in central and northern Italy, for a total of some 6,350 beds in use, with another 300 being built.

Two nursing facilities were opened in Bergamo (120 beds) and Montecosaro (MC) (85 beds) during the quarter and the nursing facility in Dorzano (68 beds) was sold. In the area of high-tech services,

work continues in India with the joint venture ClearMedi Healthcare Ltd and in the United Kingdom with the subsidiary Medipass Healthcare Ltd.

The Group had 4,650 employees at 30 September 2014 compared with 4,291 at 31 December 2013.

■ ENERGY

In the first nine months of 2014 the Sorgenia Group had consolidated revenues of € 1,401.9 million, 19.2% down on the same period of 2013 (€ 1,734.2 million), due to the decline in thermal power generation volumes and the reduction in group sales of electricity to the consumer sector.

For the Sorgenia Group, EBITDA amounted to € 98.9 million compared with a negative figure of € 196.9 million in the first nine months of 2013, which was penalised by write-downs of investments carried at equity. The trend in EBITDA in the first nine months of 2014 was broadly in line with budget and hence with Sorgenia's business plan.

Consolidated EBIT was € 36.9 million compared with a negative figure of € 403.7 million in the first nine months of 2013 at Sorgenia Group level.

The consolidated net loss amounted to € 43.0 million compared with a consolidated net loss of € 434.3 million in the first nine months of 2013.

At 30 September 2014, consolidated net financial debt amounted to € 1,777.5 million, a decrease of € 22 million compared with € 1,799.5 million at 31 December 2013.

The Group had 310 employees at 30 September 2014 compared with 402 at 31 December 2013.

■ NON-CORE INVESTMENTS

They are represented by private equity, minority interests and other investments amounting to € 183.7 million at 30 September 2014, compared with € 179.9 million at 31 December 2013.

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 30 September 2014, based on the NAVs provided by the various funds, came to € 71.4 million, an increase of € 7.5 million compared with 31 December 2013. Distributions were received during the period for a total of € 8.2 million, including € 2.9 million of returned capital and € 5.3 million of realized gains. During the period the Group made investments of € 1.5 million.

Outstanding commitments at 30 September 2014 amounted to € 6.5 million.

OTHER INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 38.4 million at 30 September 2014. In particular, CIR has a 19.5% stake in SEG (Swiss Education Group), one of the world's leading management training centres for the hospitality industry (hotels and restaurants), with 5,000 students from 80 different countries enrolled in its five renowned facilities in Switzerland. The value of the investment, including a loan of € 3.5 million, amounted to € 21.2 million at 30 September 2014.

In addition, CIR holds a portfolio of non performing loans totalling € 73.9 million.

5. Significant events subsequent to 30 September 2014 and outlook for operations

On 16 October 2014, CIR S.p.A. made an early repayment of its € 300,000,000 5.75% notes due 2024 (€ 210,162,000 in circulation) after the majority of the holders accepted the purchase offer announced by the company on 9 September and the shareholders' meeting of 13 October approved the extraordinary resolution for early repayment. The total amount paid by CIR was €237,147,254.28. After this repayment of the Notes 2024, CIR no longer has any bonds in circulation.

On 21 October 2014, Sogefi's Board of Directors announced that the CEO Guglielmo Fiocchi and the company by common agreement considered Fiocchi's management experience as concluded. At the suggestion of the Chairman Rodolfo De Benedetti, the Board appointed Monica Mondardini, CEO of CIR, as executive vice chairman. The Board of Directors entrusted Ms Mondardini for the selection of the new CEO, with whom to formulate the company's strategic plan.

The performance of the COFIDE Group in the last part of 2014 will be affected by the still uncertain evolution of the Italian economy, which will have a particularly significant impact on the media sector, as well as by the performance of the South American market for the automotive components sector.

CIR's net result for the year will be affected by non-recurring charges of € 16.5 million for the repurchase of the Notes 2024, which will be accounted for in the fourth quarter.

1. Other information

Cofide S.p.A. has its registered office in Via Ciovassino 1, 20121 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-30 September 2014 was approved by the Board of Directors on 27 October 2014.

The company is subject to management and coordination by Carlo De Benedetti & Figli S.a.p.A.

COFIDE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	30.09.2014	30.06.2014	31.12.2013
NON-CURRENT ASSETS	2,127,637	2,102,098	3,791,617
INTANGIBLE ASSETS	994,196	989,695	1,161,522
TANGIBLE ASSETS	609,922	598,369	1,998,818
INVESTMENT PROPERTY	21,746	22,000	22,310
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	165,677	165,802	81,988
OTHER EQUITY INVESTMENTS	4,984	4,940	5,636
OTHER RECEIVABLES	138,648	138,151	234,043
SECURITIES	94,744	88,704	94,319
DEFERRED TAXES	97,720	94,437	192,981
CURRENT ASSETS	1,769,369	1,871,852	2,830,738
INVENTORIES	134,246	138,435	160,945
CONTRACTED WORK IN PROGRESS	28,408	29,721	30,926
TRADE RECEIVABLES	444,602	484,681	1,192,627
OTHER RECEIVABLES	114,573	113,754	210,029
FINANCIAL RECEIVABLES	64,558	27,044	1,433
SECURITIES	232,467	212,862	175,670
AVAILABLE-FOR-SALE FINANCIAL ASSETS	101,079	94,563	98,013
CASH AND CASH EQUIVALENTS	649,436	770,792	961,095
ASSETS HELD FOR DISPOSAL	2,412,467	2,514,704	--
ELIMINATION OF ASSETS RELATED TO DISCONTINUED OPERATIONS	(1,558)	(52,043)	--
TOTAL ASSETS	6,307,915	6,436,611	6,622,355
LIABILITIES AND EQUITY	30.09.2014	30.06.2014	31.12.2013
EQUITY	1,608,618	1,595,283	1,585,807
SHARE CAPITAL ISSUED	359,605	359,605	359,605
RESERVES	88,006	83,179	82,858
RETAINED EARNINGS (LOSSES)	93,370	93,370	223,785
NET INCOME (LOSS) OF THE PERIOD	1,649	580	(130,360)
EQUITY OF THE GROUP	542,630	536,734	535,888
MINORITY INTERESTS	1,065,988	1,058,549	1,049,919
NON-CURRENT LIABILITIES	1,003,653	1,203,811	1,375,915
BONDS	269,626	475,735	365,558
OTHER BORROWINGS	370,005	366,549	541,674
OTHER PAYABLES	349	310	964
DEFERRED TAXES	144,086	141,594	215,120
PERSONNEL PROVISIONS	123,478	124,008	128,711
PROVISIONS FOR RISKS AND LOSSES	96,109	95,615	123,888
CURRENT LIABILITIES	1,288,210	1,180,001	3,660,633
BANK OVERDRAFTS	22,101	22,181	194,114
BONDS	413,739	192,837	230,719
OTHER BORROWINGS	160,426	137,155	1,780,434
TRADE PAYABLES	393,763	456,372	1,011,769
OTHER PAYABLES	215,130	286,481	334,231
PROVISIONS FOR RISKS AND LOSSES	83,051	84,975	109,366
LIABILITIES HELD FOR SALE	2,408,992	2,509,559	--
ELIMINATION OF LIABILITIES RELATED TO DISCONTINUED OPERATIONS	(1,558)	(52,043)	--
TOTAL LIABILITIES AND EQUITY	6,307,915	6,436,611	6,622,355

2. Consolidated income statement

(in thousands of euro)

	1/1-30/9 2014	1/1-30/9 2013	3rd quarter 2014	3rd quarter 2013
SALES REVENUES	1,776,648	1,804,508	569,596	573,648
CHANGE IN INVENTORIES	(1,570)	(3,359)	(5,652)	(2,268)
COSTS FOR THE PURCHASE OF GOODS	(636,203)	(631,850)	(202,142)	(204,466)
COSTS FOR SERVICES	(451,077)	(497,808)	(145,534)	(177,093)
PERSONNEL COSTS	(503,846)	(510,661)	(155,968)	(156,690)
OTHER OPERATING INCOME	23,885	21,959	6,073	6,492
OTHER OPERATING COSTS	(56,453)	(44,856)	(17,314)	(13,696)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	1,186	1,226	(255)	(619)
AMORTISATION, DEPRECIATION & WRITEDOWNS	(74,761)	(74,069)	(24,326)	(26,085)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	77,809	65,090	24,478	(777)
FINANCIAL INCOME	19,782	46,481	6,380	26,143
FINANCIAL EXPENSE	(74,536)	(65,034)	(23,892)	(15,395)
DIVIDENDS	98	322	16	--
GAINS FROM TRADING SECURITIES	16,173	10,840	3,210	3,299
LOSSES FROM TRADING SECURITIES	(3,662)	(3,237)	(21)	(1,733)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,317	3,089	2,163	4,253
NON-RECURRING INCOME (EXPENSE)	--	491,312	--	491,312
INCOME BEFORE TAXES	36,981	548,863	12,334	507,102
INCOME TAXES	(23,432)	(197,123)	(6,908)	(173,840)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	13,549	351,740	5,426	333,262
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	(2,785)	(643,580)	(2,374)	(300,159)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	10,764	(291,840)	3,052	33,103
- (NET INCOME) LOSS OF MINORITY INTERESTS	(9,115)	298,918	(1,983)	53,517
- NET INCOME (LOSS) OF THE GROUP	1,649	7,078	1,069	86,620

3. Consolidated net financial position

(in thousands of euro)

	30.09.2014	30.06.2014	31.12.2013
A. Cash and bank deposits	649,436	770,792	961,095
B. Other cash equivalents	101,079	94,563	98,013
C. Securities held for trading	232,467	212,862	175,670
D. Cash and cash equivalents (A) + (B) + (C)	982,982	1,078,217	1,234,778
E. Current financial receivables	64,558	27,044	1,433
F. Current bank payables	(150,671)	(144,476)	(1,886,721)
G. Bonds	(413,739)	(192,837)	(230,719)
H. Current portion of non-current debt	(31,856)	(14,860)	(87,827)
I. Other current borrowings	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(596,266)	(352,173)	(2,205,267)
K. Current net financial position (J) + (E) + (D)	451,274	753,088	(969,056)
L. Non-current bank borrowings	(225,812)	(224,762)	(335,808)
M. Bonds issued	(269,626)	(475,735)	(365,558)
N. Other non-current payables	(144,193)	(141,787)	(205,866)
O. Non-current financial debt (L) + (M) + (N)	(639,631)	(842,284)	(907,232)
P. Net financial position (K) + (O)	(188,357)	(89,196)	(1,876,288)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

This consolidated quarterly report at 30 September 2014 (unaudited) was prepared in accordance with IAS/IFRS international accounting standards, which since 2005 have been mandatory for 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 not therefore been adopted.

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 2013.

The consolidated interim financial statements of the Group as of 30 September 2014, like those as of 31 December 2013, 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, except for those in liquidation. 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 Interpretation 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 policies adopted for the preparation of the quarterly financial statements as of 30 September 2014 are the same as those adopted for the financial statements for the year ended 31 December 2013.

4. Share capital

The share capital at 30 September 2014 amounts to € 359,604,959, the same as at 31 December 2013, and is made up of 719,209,918 shares with a nominal value of € 0.50 each.

The share capital is fully subscribed and paid up.

CERTIFICATION IN ACCORDANCE WITH THE TERMS
OF ART. 154 BIS, PARAGRAPH 2, OF D.LGS. NO. 58/1998

Re: Interim Financial Report as of 30 September 2014

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 (TUF) that the accounting information contained in this document corresponds to the Company's documented results, books of account and accounting entries.

Milan, 27 October 2014

Cofide S.p.A.
Giuseppe Gianoglio

