

*INTERIM FINANCIAL REPORT
AS OF 30 SEPTEMBER 2016*

Milan, 28 October 2016

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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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REPORT ON OPERATIONS

1. Key figures

The Cofide Group made consolidated net income of € 24.2 million in the first nine months of 2016 compared with € 19.2 million in the corresponding period of last year.

The result is essentially attributable to CIR, which contributed € 20.4 million (substantially in line compared with € 20.6 million in the first nine months of 2015), and to COFIDE, which reported a net income of € 3.8 million (loss of € 1.4 million in the first nine months of 2015) thanks to financial income.

In the first nine months of 2016 CIR recorded consolidated net income of € 37.4 million compared with € 39.6 million reported in the same period of last year.

The contribution made by the industrial subsidiaries to CIR's consolidated net result came to € 27.2 million, an increase on the € 25.0 million made in the first nine months of last year. Excluding the gain realised by Espresso in 2015 from the sale of *All Music* to *Discovery*, the contribution has increased from € 19.7 million in the first nine months of 2015 to € 26.6 million.

Despite a 3.5% decline in revenues in a situation that is still difficult for the publishing industry, Espresso posted a positive net result (€ 14.0 million) and a significant financial surplus (€ 47.9 million), which resulted in a positive net financial position at 30 September 2016 of € 37.2 million. In the first nine months of 2015, net income came to € 24.6 million, including € 9.4 million for the capital gain on the sale of *All Music*; without considering this item, net income for 2016 remained substantially in line with the previous year.

Sogefi managed to increase its turnover by 4.9%, thanks to growth in North America and Asia, and despite the crisis in the South American market (sales excluding Mercosur grew by 7.7%). EBITDA rose by 25%, from € 91.3 million in the first nine months of 2015 to € 114.5 million in 2016; net income recorded a substantial increase, from € 7.4 million in the first nine months of 2015 to € 15.8

million in 2016. Cash flow was positive for € 12.3 million in the first nine months of 2016 compared with € -44.3 million in the same period of 2015 (net financial debt at 30 September 2016 amounted to € 314.1 million, down on the figure of € 322.3 million at 31 December 2015).

Lastly, KOS achieved a 4.4% increase in revenues, thanks in particular to the development of residential care homes following the acquisitions made in 2015; the net result amounted to € 17.4 million, compared with € 13.3 million in the first nine months of 2015. Net debt at 30 September 2016 amounted to € 230.4 million, compared with € 210.0 million at 31 December 2015, after distributing € 29.9 million of dividends.

The parent company CIR S.p.A. (including its non-industrial subsidiaries) contributed € 10.2 million of net income compared with € 14.6 million in the first nine months of 2015; the decline is mainly due to lower income from the divestment of hedge funds.

The net debt of the parent company COFIDE has gone down from € 37.7 million at 31 December 2015 to € 26.2 million at 30 September 2016 due to partial realization of the *Jargonnant* fund and dividends received, net of those paid, of € 5.9 million.

Group equity at 30 September 2016 was € 558.5 million versus € 567.8 million at 31 December 2015. The decrease, despite the positive net result for the period, is due to the distribution of dividends of € 10.1 million and CIR's purchase of a further interest in KOS, accounted for in accordance with IFRS3.

In order to provide further information on the financial performance in the first nine months of 2016, 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 2016	1/1-30/9 2015
Contributions of investments in subsidiaries and associates:		
- CIR S.p.A.	20.4	20.6
TOTAL CONTRIBUTIONS	20.4	20.6
Net gains and losses on trading and the valuation of securities	6.0	1.1
Net financial income and expense	(0.9)	(1.2)
Net operating costs	(1.0)	(1.3)
RESULT BEFORE TAXES	24.5	19.2
Income taxes	(0.3)	--
NET RESULT FOR THE PERIOD	24.2	19.2

The **statement of financial position** at 30 September 2016 shows equity of € 558.5 million, net debt of the Parent Company of € 26.2 million and long-term financial assets of € 585.5 million.

<i>(in millions of euro)</i>	30.09.2016	31.12.2015
CIR S.p.A.	570.0	585.0
LONG-TERM EQUITY INVESTMENTS	570.0	585.0
Other long-term financial assets	15.5	21.7
TOTAL FINANCIAL ASSETS	585.5	606.7
Tangible assets	1.2	1.2
Net receivables and payables	(2.0)	(2.4)
NET INVESTED CAPITAL	584.7	605.5
Financed by:		
Equity	558.5	567.8
Net debt	(26.2)	(37.7)

The "Other long-term financial assets" of € 15.5 million consist mainly of Cofide's investment in the Jargonant real estate fund for € 5.8 million and the investment in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 8.7 million.

2. Performance of the Group

▪ *First nine months of 2016*

Consolidated sales revenues for the first nine months of 2016 came in at € 1,946.7 million versus € 1,897.4 million in the same period of 2015, an increase of € 49.3 million (+2.6%). Sogefi recorded a 4.9% increase, KOS one of 4.4%, while the revenues of the Espresso Group fell by 3.5%, as a consequence of the ongoing crisis that is affecting the entire publishing industry.

Consolidated revenues by business sector are as follows:

<i>(in millions of euro)</i>	<i>1/1-30/9</i>		<i>1/1-30/9</i>		<i>Change</i>	
	<i>2016</i>	<i>%</i>	<i>2015</i>	<i>%</i>	<i>absolute</i>	<i>%</i>
Media						
Espresso Group	424.3	21.8	439.6	23.2	(15.3)	(3.5)
Automotive components						
Sogefi Group	1,181.5	60.7	1,126.6	59.4	54.9	4.9
Healthcare						
KOS Group	340.8	17.5	326.3	17.2	14.5	4.4
Other sectors	0.1	--	4.9	0.2	(4.8)	n.a.
Total consolidated revenues	1,946.7	100.0	1,897.4	100.0	49.3	2.6

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

<i>(in millions of euro)</i>	<i>1/1-30/9</i>	<i>1/1-30/9</i>
	<i>2016</i>	<i>2015</i>
Revenues	1,946.7	1,897.4
Consolidated EBITDA	189.5	173.1
Consolidated EBIT	107.0	95.4
Financial management	(6.7)	(16.3)
Income taxes	(35.7)	(25.9)
Income (loss) from assets held for sale	1.0	9.4
Net income including minority interests	65.6	62.6
Minority interests	(41.4)	(43.4)
Net result of the Group	24.2	19.2

Consolidated EBITDA came to € 189.5 million (9.7% of revenues) compared with € 173.1 million (9.1% of revenues) in the first nine months of 2015, an increase of € 16.4 million (+9.5%). The growth is mainly due to higher margins on the part of the Sogefi and KOS groups, whereas the Espresso group's margin decreased slightly.

Consolidated EBIT for the first nine months of 2016 was € 107.0 million (5.5% of revenues) versus € 95.4 million (5% of revenues) in the same period of 2015 (+12.2%); as for EBITDA, the improvement is due to Sogefi and KOS.

Financial management generated a net charge of € 6.7 million compared with one of € 16.3 million in the first nine months of 2015; in detail:

- net financial expense came to € 34.8 million compared with € 37 million in the first nine months of last year;

- net gains on trading of securities amounted to € 24.6 million versus € 29.9 million in the first nine months of 2015, which included proceeds realized from the partial sale of the hedge fund and private equity portfolio;
- positive adjustments to financial assets of € 3.5 million have been recorded compared with negative adjustments of € 9.2 million in the first nine months of 2015 for the fair value adjustment of investments in portfolio.

The **condensed consolidated statement of financial position** of the COFIDE Group at 30 September 2016, with comparative figures at 30 June 2016 and 31 December 2015, is as follows:

<i>(in millions of euro)</i>	30.09.2016	30.06.2016	31.12.2015
Fixed assets	1,799.5	1,796.7	1,815.3
Other net non-current assets and liabilities	(98.6)	(91.1)	(68.6)
Net working capital	(6.8)	3.0	(14.2)
Net invested capital	1,694.1	1,708.6	1,732.5
Net debt	(191.5)	(244.8)	(159.4)
Total equity	1,502.6	1,463.8	1,573.1
Equity of the Group	558.5	543.4	567.8
Minority interests	944.1	920.4	1,005.3

Net invested capital at 30 September 2016 amounted to € 1,694.1 million compared with € 1,732.5 million at 31 December 2015 and € 1,708.6 million at 30 June 2016.

The **consolidated net financial position** at 30 September 2016 showed net debt of € 191.5 million (compared with € 159.4 million at 31 December 2015 and € 244.8 million at 30 June 2016) caused by:

- debt of € 26.2 million for Cofide, the parent company, compared with € 37.7 million at 31 December 2015;
- a net financial surplus for CIR and its non-industrial subsidiaries of € 338.8 million, which compares with € 417.9 million at 31 December 2015; the decrease (- € 79.1 million) is due to the investment to purchase an additional interest in KOS (€ 64.3 million) and for share buy-backs (€ 18.4 million), as well as to distribute € 29.5 million of dividends;
- a total debt of the industrial subsidiaries of € 504.1 million compared with € 539.6 million at 31 December 2015; the reduction in debt of € 35.5 million is mainly attributable to the improvement in the financial position of Espresso (+ € 47.9 million) and Sogefi (+ € 8.2 million), which more than offset the increase in debt of KOS of € 20.4 million (to pay dividends of € 29.9 million).

Total equity at 30 September 2016 came to € 1,502.6 million compared with € 1,573.1 million at 31 December 2015 (€ 1,463.8 million at 30 June 2016), a net decrease of € 70.5 million.

Group equity at 30 September 2016 amounted to € 558.5 million compared with € 567.8 million at 31 December 2015 (€ 543.4 million at 30 June 2016), with a net decrease of € 9.3 million.

Minority interests at 30 September 2016 came to € 944.1 million compared with € 1,005.3 million at 31 December 2015 (€ 920.4 million at 30 June 2016), a decrease of € 61.2 million.

The **consolidated statement of cash flows** for the first nine months of 2016, 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>1/1-30/09</i>	<i>1/1-30/09</i>
	<i>2016</i>	<i>2015</i>
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	64.6	53.2
Amortisation, depreciation, write-downs and other non-monetary changes	73.5	48.5
Self-financing	138.1	101.7
Change in working capital	25.7	0.2
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	163.8	101.9
Increases in capital	11.4	0.2
TOTAL SOURCES OF FUNDS	175.2	102.1
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(73.1)	(81.9)
Price paid for business combinations	(9.8)	(51.1)
Net financial position of acquired companies	0.1	(20.4)
Purchase of minority interests	(64.3)	--
Buy-back of own shares	(18.4)	(42.5)
Payment of dividends	(41.7)	(7.2)
Other changes	(1.0)	0.4
TOTAL APPLICATIONS OF FUNDS FROM CONTINUING OPERATIONS	(208.2)	(202.7)
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	(33.0)	(100.6)
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	1.0	9.4
FINANCIAL SURPLUS (DEFICIT)	(32.0)	(91.2)
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	(159.5)	(145.6)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	(191.5)	(236.8)

In the first nine months of 2016, the Group recorded a financial deficit of € 33 million; against sources of funds of € 175.2 million, there were applications of € 208.2 million, mainly consisting of the further investment in KOS for € 64.3 million, share buy-backs for € 18.4 million and the payment of dividends for a total of € 41.7 million. Net investments in fixed assets amounted to € 73.1 million, down from € 81.9 million in the first nine months of 2015, and relate in particular to the Sogefi and KOS groups.

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

At 30 September 2016 the Group had 14,536 employees, compared with 14,215 at 31 December 2015.

- **Third quarter of 2016**

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

<i>(in millions of euro)</i>	<i>3rd quarter 2016</i>	<i>3rd quarter 2015</i>
Revenues	627.5	606.7
Consolidated EBITDA	63.0	53.4
Consolidated EBIT	39.3	27.0
Financial management	(0.5)	(14.0)
Income taxes	(18.5)	(9.2)
Income (loss) from assets held for sale	--	0.2
Net income including minority interests	20.3	4.0
Minority interests	(13.7)	(5.1)
Net result of the Group	6.6	(1.1)

Consolidated revenues came to € 627.5 million, an increase of 3.4% compared with € 606.7 million in the same period of 2015, because of the growth in sales on the part of the Sogefi and KOS Groups.

Consolidated EBITDA was € 63.0 million (10.0% of revenues) versus € 53.4 million (8.8% of revenues) in the same period of 2015.

Consolidated EBIT in the third quarter of 2016 was € 39.3 million compared with € 27.0 million in the same period of 2015, a rise of € 12.3 million.

Net income amounted to € 6.6 million, compared with a net loss of € 1.1 million in the corresponding period of 2015.

Main Group investments
at 30 September 2016



BUSINESSES	<p><i>All media sectors from dailies and periodicals to radio, internet and advertising</i></p>	<p><i>Global automotive components supplier (filters, engine air, and cooling systems and suspensions)</i></p>	<p><i>Nursing homes, rehabilitation and Hospital management</i></p>	<ul style="list-style-type: none"> <i>Private Equity</i>
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(*) the percentage is calculated net of treasury shares

3. Performance of the subsidiaries

CIR GROUP

In the first nine months of 2016, the CIR Group has generated consolidated net income of € 37.4 million, substantially in line with the figure of € 39.6 million in the same period last year.

In the third quarter of 2016 the consolidated net result was positive for € 11.5 million compared with a net income of € 3.2 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>	<i>1/1-30/09 2016</i>	<i>1/1-30/09 2015</i>	<i>3rd quarter 2016</i>	<i>3rd quarter 2015</i>
CONTRIBUTIONS TO THE RESULT				
Espresso Group	7.9	13.9	1.0	1.5
Sogefi Group	9.0	4.3	4.2	(1.3)
KOS Group	10.3	6.8	4.3	2.9
Total for main subsidiaries	27.2	25.0	9.5	3.1
Other subsidiaries	(0.4)	0.4	(0.2)	0.3
CIR and other non-industrial subsidiaries	10.6	14.2	2.2	(0.2)
Assets held for sale	--	--	--	--
Consolidated total result for the Group	37.4	39.6	11.5	3.2

As mentioned previously, the contribution made by the industrial subsidiaries was of € 27.2 million, compared with € 25 million in the first nine months of 2015, and the aggregate contribution of CIR and the other non-industrial subsidiaries was € 10.2 million, down on the € 14.6 million in the first nine months of 2015 due to lower income from the divestment of hedge funds.

<i>(in millions of euro)</i>	<i>30.09.2016</i>	<i>30.06.2016</i>	<i>31.12.2015</i>
CONTRIBUTIONS TO EQUITY			
Espresso Group	340.6	339.4	332.2
Sogefi Group	99.2	96.5	98.4
KOS Group	157.7	160.9	136.2
Other subsidiaries	1.6	1.7	1.8
Total subsidiaries	599.1	598.5	568.6
CIR and other non-industrial subsidiaries	445.7	423.1	534.4
- invested capital	106.9	109.8	116.5
- net financial position	338.8	313.3	417.9
Equity of the CIR Group	1,044.8	1,021.6	1,103.0

Consolidated equity has gone from € 1,103 million at 31 December 2015 to € 1,044.8 million at 30 September 2016.

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 period last year.

<i>(in millions of euro)</i>	<i>1/1-30/9</i>	<i>1/1-30/9</i>	<i>Change</i>	
	<i>2016</i>	<i>2015</i>	<i>absolute</i>	<i>%</i>
Revenues	424.3	439.6	(15.3)	(3.5)
Net result	14.0	24.6	(10.6)	(43.1)

3rd quarter 2016 results

<i>(in millions of euro)</i>	<i>3rd quarter</i>	<i>3rd quarter</i>	<i>Change</i>	
	<i>2016</i>	<i>2015</i>	<i>absolute</i>	<i>%</i>
Revenues	131.4	133.9	(2.5)	(1.9)
Net result	1.9	2.5	(0.6)	(24.0)

Situation at 30 September 2016

	<i>30.09.2016</i>	<i>30.06.2016</i>	<i>31.12.2015</i>
Net financial position	37.2	18.2	(10.7)
No. of employees	2,195	2,211	2,222

As regards the performance of the publishing market, according to figures published by Nielsen Media Research, advertising expenditure in first eight months of 2016 rose by 3.2% compared with the same period of 2015. The upswing in investment has involved television and radio, which grew by 7.8% and 1.3%, respectively. Internet (excluding Search and Social) posted a decrease of 1.6% on the same period last year. Lastly, as regards print advertising, the trend was negative (-4.7%): in particular, the decline in national advertising came to -3.8%, while that of local advertising came to -6.6%.

As for newspaper circulation, according to the figures published by ADS (Accertamento Diffusione Stampa), in the first eight months of 2016 sales on newsstands and by subscription fell by 7.8%.

In the first nine months of 2016 the Espresso group had consolidated revenues of € 424.3 million, 3.5% down on € 439.6 million in the same period of the previous year, less of a decline than in previous years.

The Group's circulation revenues (including add-ons) amounted to € 184.5 million, a decrease of 5.2% on the same period last year (€ 194.7 million), in a market that is continuing to see a significant decline in daily newspaper sales.

Advertising revenues are 2.1% down, taking into account the general trend in print advertising. Radio advertising was broadly in line with the same period last year, while the press and Internet were affected by the critical trend in the market.

Costs went down by 2.4%; in particular, industrial costs and personnel costs have decreased, taking into account that the average workforce fell by 4.1% compared with the first nine months of 2015.

EBITDA amounted to € 37.0 million versus € 40.9 million in the first nine months of 2015.

Consolidated EBIT came to € 25.8 million versus € 29.9 million in the same period last year.

Net income from continuing operations amounted to € 13.1 million, compared to € 15.2 million in the first nine months of 2015. The sale of All Music to Discovery Italia at the end of January 2015 generated capital gains, classified under discontinued operations, of € 9.4 million in first nine months of 2015 and of € 1.0 million in the first nine months of 2016. Consolidated net income, including discontinued operations, amounted to € 14.0 million, compared with € 24.6 million in the corresponding period of 2015.

The net financial position at 30 September 2016 was positive for € 37.2 million, having posted a financial surplus of € 47.9 million during the period. Compared with 30 September 2015, the improvement in the net financial position comes to € 45.3 million.

The Group had 2,195 employees at 30 September 2016, including those on fixed-term contracts, and the average workforce for the period was 4.1% lower than in the first nine months of 2015.

Following the memorandum of understanding signed on 2 March, on 1 August 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. The deal has considerable industrial value as it is designed to integrate two groups with complementary activities and aims to achieve rising economies of scale. On completion of this operation, CIR will hold 43.4% of GELE, whereas FCA will hold 14.63% and Ital Press 4.37%. After completion of the combination and the time needed to fulfil all the technicalities, FCA will distribute its entire holding in GELE to the holders of its ordinary shares. As a result of this distribution, EXOR S.p.A. ("EXOR") will receive 4.26% of GELE.

Completion of the deal, which is subject to authorization by the competent authorities and to typical conditions precedent for transactions of this kind (such as obtaining the necessary shareholder approvals), is expected to take place by the end of the first quarter of 2017.

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, on 7 September 2016 the Espresso group defined the arrangements for the sale of the daily newspapers "Il Centro" and "La Città di Salerno" and of the Pescara press centre. The transfer will take effect from 1 November 2016.

On 12 October 2016 the Espresso group reached agreement for Finegil to sell its entire 71% interest in Seta S.p.A., the publisher of "Alto Adige" and "Il Trentino". The sale will take effect from 28 October 2016.

As for the outlook, it can reasonably be assumed that in 2016 the group will achieve a positive net result, excluding non-recurring items, in line with 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 period last year.

<i>(in millions of euro)</i>	1/1-30/9		Change	
	2016	2015	absolute	%
Revenues	1,181.5	1,126.6	54.9	4.9
Net result	15.8	7.4	8.4	n.a.

3rd quarter 2016 results

<i>(in millions of euro)</i>	3rd quarter		Change	
	2016	2015	absolute	%
Revenues	383.0	362.9	20.1	5.5
Net result	7.4	(2.3)	9.7	n.a.

Situation at 30 September 2016

	30.09.2016	30.06.2016	31.12.2015
Net financial position	(314.1)	(326.2)	(322.3)
No. of employees	6,811	6,795	6,702

The car market reported a 4% increase in worldwide volumes in the first nine months of 2016, with a double digit rise in Asia and positive trends in Europe and North America (+3.5% and 2.6%, respectively). South America is still experiencing the severe recession that was already visible last year.

In this context, in the first nine months of 2016, Sogefi posted revenues of € 1,181.5 million, an increase of 4.9% compared with € 1,126.6 million in the same period of 2015 (+10.2% at constant exchange rates): in Europe, revenues grew by 1.6%, in North America and Asia by 20.7% and 27.3% respectively, while in South America, revenues in euro decreased by 13.2% because of the devaluation of local currencies and the persistent crisis in the market. Excluding South America, growth came to 7.3%, in line with previous quarters.

Revenue growth in the first nine months of 2016 was supported above all by the *Air and Cooling* segment, which recorded an increase of 18.4%. Turnover in the *Suspensions* segment recorded revenue growth of 0.3% (+3.5% excluding South America), while the *Filtration* segment reported a decrease of 0.6% (+2.3% excluding South America).

EBITDA came to € 114.5 million, 25.4% up on the same period of 2015 (€ 91.3 million). The increase was due to revenue growth and increased profitability, rising to 9.7% from 8.1% in the first nine months of 2015 and from 9.3 of the first half of 2016. The increase in profitability was the result of the slight rise in gross margin and a decline in the proportion of indirect costs from 20.2% to 19.4%. In particular, overall labour costs as a percentage of revenues decreased to 21.5%, from 22.3%. All regions with the exception of South America recorded an increase in EBITDA.

As regards the risk of claims of Sogefi Air & Refroidissement France S.A.S. (formerly Systèmes Moteurs), there were no changes in the "product warranty" risks in the first nine months of 2016 such as to require changes in the provision made at 31 December 2015. As regards the recovery from Dayco, the seller of Sogefi Air & Refroidissement France S.A.S., the arbitration procedure ended in May, ordering the company to pay Sogefi € 9.4 million for claims already paid. During the third quarter of 2016, Sogefi received € 5.5 million from Dayco, which represents part of the compensation awarded by the board of arbitration. However, the award turned out to be € 4 million

less than what Sogefi expected to recover, so this amount had a negative impact, which was already accounted for in June 2016 (incidentally, the company intends to appeal against this decision).

EBIT amounted to € 58.7 million, an increase of 35.9% compared with the first nine months of 2015 (€ 43.2 million).

The result before taxes and minority interests was positive for € 39.8 million (€ 19.6 million in the first nine months of 2015), also thanks to financial income of € 6 million related to the recovery of tax credits on foreign dividends of prior years.

The net result was positive for € 15.8 million compared with € 7.4 million in the first nine months of 2015.

Net financial debt at 30 September 2016 amounted to € 314.1 million, with a decrease of € 8.2 million on 31 December 2015 (€ 322.3 million) and of € 25.6 million on 30 September 2015 (€ 339.7 million). Free cash flow for the first nine months of 2016 was positive for € 12.3 million compared with applications of € 44.3 million in the same period last year. This improvement is attributable for € 26.6 million to lower extraordinary disbursements relating to product warranties, reorganizations and tax disputes, and for € 33 million to a better trend in operating cash flow.

At 30 September 2016, equity, excluding minority interests, came to € 173.7 million (€ 170.8 million at 31 December 2015).

The Group had 6,811 employees at 30 September 2016 compared with 6,702 at 31 December 2015.

For the whole of 2016, Sogefi expects revenue growth to be similar to what we have seen in the first nine months. The gross margin and EBITDA are expected to improve compared with 2015, in line with the trend in the first nine months.

■ HEALTHCARE

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

<i>(in millions of euro)</i>	1/1-30/9	1/1-30/9	Change	
	2016	2015	absolute	%
Revenues	340.8	326.3	14.5	4.4
Net result	17.4	13.3	4.1	30.8

3rd quarter 2016 results

<i>(In millions of euro)</i>	3rd quarter	3rd quarter	Change	
	2016	2015	absolute	%
Revenues	113.2	109.0	4.2	3.9
Net result	7.8	5.7	2.1	36.9

Situation at 30 September 2016

	30.09.2016	30.06.2016	31.12.2015
Net financial position	(230.4)	(226.3)	(210.0)
No. of employees	5,501	5,462	5,194

The KOS group currently manages 77 facilities, mainly in central and northern Italy, for a total of around 7,300 beds in use, operating in three strategic areas:

- 1) *Care homes*: management of residential care homes for the elderly and psychiatric care communities, with 45 nursing facilities and 9 psychiatric rehabilitation facilities, for a total of 5,213 beds in use (of which 5,017 in care homes);
- 2) *Rehabilitation*: management of hospitals and rehabilitation centres, including 22 rehabilitation facilities (with three care homes for the elderly) and 14 hospitals, for a total of 1,952 beds;
- 3) *Hospital management*: management of a hospital and cancer cure and diagnostic services in 33 public and private facilities.

In the first nine months of 2016, the KOS group achieved a consolidated turnover of € 340.8 million, up 4.4% from € 326.3 million in the same period last year. This is due to the acquisitions made during the previous year and to natural growth in care homes for the elderly.

Consolidated EBITDA amounted to € 59.9 million, up 12.1% compared with € 53.4 million in the first nine months of 2015.

Consolidated EBIT came to € 37.2 million, compared with € 33.5 million in the same period last year.

Consolidated net income amounts to € 17.4 million compared with € 13.3 million in the first nine months of 2015.

At 30 September 2016 the KOS Group had net debt of € 230.4 million, compared with € 210.0 million at 31 December 2015. The increase is due to the distribution of € 29.9 million of dividends during the period.

In the first nine months of 2016, the KOS group continued its development plans for care homes for the elderly and rehabilitation facilities.

In Italy, the Group acquired control of a psychiatric rehabilitation facility in the Marche region (Villa Jolanda) in September, further strengthening its presence in this sector.

In addition, during the third quarter, the Group launched the first rehabilitation facility in India through the company *ApoKOS*, a joint venture with Apollo, the leading local healthcare provider. The facility, located in the city of Hyderabad, has 64 beds devoted to the rehabilitation of patients with neurological, orthopaedic, cardiopulmonary, paediatric, geriatric and oncological problems.

In the area of cancer care and diagnostics, business development continues in Italy, in India (with the subsidiary *ClearMedi Healthcare LTD*) and in the United Kingdom (with the subsidiary *Medipass Healthcare LTD*).

Lastly, we would point out that in August the Kingdom of Bahrain's sovereign investment fund joined the F2i Healthcare fund and the latter acquired 3.2% from CIR for € 20 million. As a result of this transaction, the shareholding structure of KOS currently consists of CIR with 59.53% and F2i Healthcare with 40.47%.

The group had 5,501 employees at 30 September 2016 compared with 5,194 at 31 December 2015.

As for the outlook, note that growing demands for cuts in public spending, already partly introduced in certain regions where the Group operates, may reduce the resources allocated to public and private health spending; the impact on the KOS Group is not expected to be significant.

■ NON-CORE INVESTMENTS

They are represented by private equity fund investments, minority interests and other investments amounting to € 107.7 million at 30 September 2016, compared with € 113.7 million at 31 December 2015.

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 2016, based on the NAVs provided by the various funds, came to € 52.6 million, a decrease of € 6.6 million compared with 31 December 2015, due to the effect of capital repayments (€ 3.3 million), write-downs and exchange rate differences (that impact equity). Total distributions during the period amounted to € 9.9 million, including € 3.3 million of capital repayments and € 6.6 million of capital gains. Outstanding commitments at 30 September 2016 amounted to € 4.8 million.

OTHER INVESTMENTS

At 30 September 2016, CIR had direct and indirect investments in non-strategic investments for a total of € 15.0 million and a portfolio of non-performing loans for a total of € 40.1 million.

In the first nine months of 2016, a € 5.5 million investment in China was sold, making a net capital gain of € 6.5 million. The residual investment in the Education sector (a school in Rome) was also sold, with no impact on the result for the year.

4. Significant events subsequent to 30 September 2016 and outlook for operations

The performance of the COFIDE Group during the last quarter of the year will be influenced by developments in the Italian economy, the impact of which is significant, especially in the media sector, as well as by the performance of major global automotive markets for the components sector.

5. 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 (Reuters code: COFI.MI, Bloomberg code: COF IM).

This report for the period 1 January – 30 September 2016 was approved by the Board of Directors on 28 October 2016.

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

COFIDE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	30.09.2016	30.06.2016	31.12.2015
NON-CURRENT ASSETS	2,057,847	2,065,615	2,094,545
INTANGIBLE ASSETS	992,691	992,611	997,652
TANGIBLE ASSETS	649,305	647,067	659,109
INVESTMENT PROPERTY	20,484	20,674	20,916
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	131,955	130,873	131,833
OTHER EQUITY INVESTMENTS	5,049	5,443	5,830
OTHER RECEIVABLES	78,441	84,201	87,075
SECURITIES	78,869	80,518	87,383
DEFERRED TAXES	101,053	104,228	104,747
CURRENT ASSETS	1,359,085	1,346,516	1,412,396
INVENTORIES	138,532	135,058	134,055
CONTRACT WORK IN PROGRESS	40,509	39,201	39,178
TRADE RECEIVABLES	423,118	449,392	415,937
OTHER RECEIVABLES	115,797	113,385	97,565
FINANCIAL RECEIVABLES	20,610	28,289	30,496
SECURITIES	76,690	75,140	131,012
AVAILABLE-FOR-SALE FINANCIAL ASSETS	235,596	235,398	251,510
CASH AND CASH EQUIVALENTS	308,233	270,653	312,643
ASSETS HELD FOR SALE	16,540	11,582	9,005
TOTAL ASSETS	3,433,472	3,423,713	3,515,946
LIABILITIES AND EQUITY	30.09.2016	30.06.2016	31.12.2015
EQUITY	1,502,608	1,463,775	1,573,078
SHARE CAPITAL ISSUED	359,605	359,605	359,605
RESERVES	87,153	78,682	110,571
RETAINED EARNINGS (LOSSES)	87,519	87,519	78,901
NET INCOME (LOSS) OF THE PERIOD	24,183	17,543	18,687
GROUP EQUITY	558,460	543,349	567,764
MINORITY INTERESTS	944,148	920,426	1,005,314
NON-CURRENT LIABILITIES	959,474	979,643	1,060,437
BONDS	276,568	275,232	288,366
OTHER BORROWINGS	314,990	342,161	421,910
OTHER PAYABLES	11,900	12,023	9,321
DEFERRED TAXES	146,039	139,537	135,235
PERSONNEL PROVISIONS	130,591	131,621	124,622
PROVISIONS FOR RISKS AND LOSSES	79,386	79,069	80,983
CURRENT LIABILITIES	965,811	970,913	875,769
BANK OVERDRAFTS	23,342	22,384	19,517
BONDS	20,748	19,990	5,011
OTHER BORROWINGS	197,020	194,487	150,316
TRADE PAYABLES	433,104	447,112	428,173
OTHER PAYABLES	225,244	220,248	200,985
PROVISIONS FOR RISKS AND LOSSES	66,353	66,692	71,767
LIABILITIES HELD FOR SALE	5,579	9,382	6,662
TOTAL LIABILITIES AND EQUITY	3,433,472	3,423,713	3,515,946

2. Consolidated income statement

(in thousands of euro)

	1/1-30/9 2016	1/1-30/9 2015	3rd quarter 2016	3rd quarter 2015
SALES REVENUES	1,946,673	1,897,391	627,527	606,654
CHANGE IN INVENTORIES	5,910	13,573	4,585	2,903
COSTS FOR THE PURCHASE OF GOODS	(740,820)	(713,345)	(242,774)	(229,397)
COSTS FOR SERVICES	(452,980)	(461,055)	(144,992)	(148,614)
PERSONNEL COSTS	(529,560)	(525,150)	(165,573)	(163,130)
OTHER OPERATING INCOME	17,760	20,833	5,780	4,203
OTHER OPERATING COSTS	(60,402)	(60,866)	(22,212)	(18,815)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	2,890	1,770	704	(387)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(82,531)	(77,714)	(23,755)	(26,362)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	106,940	95,437	39,290	27,055
FINANCIAL INCOME	9,375	9,785	3,440	1,105
FINANCIAL EXPENSE	(44,142)	(46,756)	(13,124)	(14,235)
DIVIDENDS	11,949	262	3,996	--
GAINS FROM TRADING SECURITIES	13,240	31,856	3,187	8,262
LOSSES FROM TRADING SECURITIES	(563)	(2,233)	(25)	(86)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	3,466	(9,230)	2,033	(9,040)
NON-RECURRING INCOME (EXPENSE)	--	--	--	--
INCOME BEFORE TAXES	100,265	79,121	38,797	13,061
INCOME TAXES	(35,675)	(25,936)	(18,473)	(9,210)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	64,590	53,185	20,324	3,851
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	1,000	9,411	--	160
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	65,590	62,596	20,324	4,011
- (NET INCOME) LOSS OF MINORITY INTERESTS	(41,407)	(43,414)	(13,684)	(5,154)
- NET INCOME (LOSS) OF THE GROUP	24,183	19,182	6,640	(1,143)

3. Consolidated net financial position

(in thousands of euro)

	30.09.2016	30.06.2016	31.12.2015
A. Cash and bank deposits	308,233	270,653	312,643
B. Other cash equivalents	235,596	235,398	251,510
C. Securities held for trading	76,690	75,140	131,012
D. Cash and cash equivalents (A) + (B) + (C)	620,519	581,191	695,165
E. Current financial receivables	20,610	28,289	30,496
F. Current bank payables	(175,075)	(165,260)	(116,507)
G. Bonds	(20,748)	(19,990)	(5,011)
H. Current portion of non-current debt	(43,697)	(51,611)	(53,326)
I. Other current borrowings	(1,590)	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(241,110)	(236,861)	(174,844)
K. Current net financial position (J) + (E) + (D)	400,019	372,619	550,817
L. Non-current bank borrowings	(217,843)	(243,117)	(317,643)
M. Bonds issued	(276,568)	(275,232)	(288,366)
N. Other non-current payables	(97,147)	(99,044)	(104,267)
O. Non-current financial debt (L) + (M) + (N)	(591,558)	(617,393)	(710,276)
P. Net financial position (K) + (O)	(191,539)	(244,774)	(159,459)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. *Introduction*

This consolidated quarterly report at 30 September 2016 (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 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 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 2015.

The consolidated interim financial statements of the Group as of 30 September 2016, like those as of 31 December 2015, 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 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 2016 are the same as those adopted for the financial statements for the year ended 31 December 2015.

4. *Share capital*

The share capital at 30 September 2016 amounts to € 359,604,959, the same as at 31 December 2015, 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 2016

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, 28 October 2016

Cofide S.p.A.

Giuseppe Gianoglio

