INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2017

Milan, 27 October 2017

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INTERIM REPORT ON OPERATIONS

1. Key figures

The COFIDE Group made a consolidated net loss of € 14.9 million in the first nine months of 2017 compared with a net income of € 24.2 million in the same period last year.

The result is essentially attributable to CIR's negative contribution of € 14.3 million (compared with a positive contribution of € 20.4 million in the first nine months of 2016), and to COFIDE, which reported a net loss of € 0.6 million (net income of € 3.8 million in the first nine months of 2016).

In the first nine months of 2017, CIR recorded a loss of € 26.0 million (compared with net income of € 37.4 million in the same period of last year), owing to the significant non-recurring tax charge incurred by the subsidiary GEDI to settle a litigation pending in the Supreme Court for events dating back to 1991. The impact of this charge on the Group's consolidated net result was € 70 million; excluding this tax charge, which is non-recurring, the consolidated net result would have been positive for € 44 million, showing good progress on the equivalent period in 2016.
The contribution made by the industrial subsidiaries to CIR consolidated net result, before this tax charge, came to € 32 million, an increase compared with € 27.2 million in the first nine months of last year, thanks to better results by the Sogefi and KOS groups.

Moving on to take a closer look at the individual investments, as mentioned earlier, on 29 September 2017, the Board of Directors of the publishing group GEDI decided to take advantage of the possibility offered by art. 11 of Decree Law 50/2017, converted into Law 96/2017, to settle a tax dispute for events dating back to 1991 by paying € 175.3 million.
It is also worth recalling that GEDI's scope of consolidation has changed significantly over the last year. In fact, towards the end of 2016, GEDI deconsolidated 5 local newspapers belonging to the group (Alto Adige, Il Trentino, Il Centro, La città di Salerno, La Nuova Sardegna) and then, on 27 June 2017, completed the integration of Italiana Editrice S.p.A., Publikompass S.p.A. and Nexta S.r.l. (“ITEDI group”) in GEDI. As a result of this, GEDI acquired 100% control of the ITEDI group, consolidating its results from 1 July 2017.
Given the difference between the scope of the GEDI group during the first nine months of 2017 and the same period of 2016, in order to ensure comparability of the figures and a correct analysis of the operating result, we have prepared a pro-forma income statement for the first nine months of 2016

based on the same scope as the present one, i.e. excluding the newspapers that were sold and including the ITEDI group for the period 1 July to 30 September 2016.
In the first nine months of the year, despite another difficult period for the publishing industry, GEDI managed to achieve 3.7% growth in its revenues (stable based on the same scope); the gross operating profit amounted to € 34.1 million, in line with the corresponding period of the previous year, while rising based on the same scope.
Because of the additional tax charge, which had a net impact of € 154.5 million, the Group posted a loss of € 143.9 million (income of € 11.5 million in the first nine months of 2016 based on the same scope), which is fully covered by available reserves in equity without affecting the share capital in any way. The Company has the resources to make this outlay financially sustainable, also taking into account the current net financial position, which is positive. The Board of Directors therefore decided that this settlement was in the Company's interests, as there were benefits in removing a potential tax risk that could have had significant consequences in the medium to long term, much more serious than the cost incurred as a result of this decision.

Sogefi recorded a 6.3% increase in revenues, with a performance higher than that of the industry in all geographical areas. The gross operating profit grew by 14.4% to € 131.0 million. Net income increased from € 15.8 million in the first nine months of 2016 to € 28.0 million in 2017. These results confirm the effectiveness of the actions taken by the company to improve profitability and cash generation.

Lastly, KOS achieved a 5.7% increase in revenues, thanks in particular to the organic growth in all of its activities and to the acquisition of four structures made during the year. The gross operating profit went from € 60.0 million in the first nine months of 2016 to € 63.0 million, and net income rose from € 17.4 million to € 19.0 million.

The parent company CIR S.p.A. (including its non-industrial subsidiaries) contributed € 12.0 million of net income compared with € 10.2 million in the first nine months of 2016.

COFIDE's net debt has risen from € 23.3 million at 31 December 2016 to € 30.8 million at 30 September 2017. The change is mainly due to the purchase of treasury shares of € 9.6 million, less dividends received, net of those paid, for € 3.9 million.

Cofide Group equity at 30 September 2017 was € 506.5 million versus € 563.4 million at 31 December 2016. The change is essentially due to the loss for the period, the dilution following the integration of the ITEDI group with GEDI, the distribution of dividends and the purchase of treasury shares.

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 30 September 2017 the Company owned 16,164,166 treasury shares (2.25% of share capital) for an amount of € 9.6 million.

COFIDE's operating subsidiaries are active in the following areas: media (press, radio, internet and advertising), automotive components (suspension components, air filters and cooling), and healthcare (care homes, rehabilitation centres, cancer cure, diagnostic and hospital management).

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

The **income statement** is as follows:

(in millions of euro)	*1/1-30/9 2017*	*1/1-30/9 2016*
Contributions of investments in subsidiaries and associates:		
- CIR S.p.A.	(14.3)	20.4
TOTAL CONTRIBUTIONS	**(14.3)**	**20.4**
Net gains and losses on trading and the valuation of securities	1.1	6.0
Net financial income and expense	(0.7)	(0.9)
Net operating costs	(1.0)	(1.0)
RESULT BEFORE TAXES	**(14.9)**	**24.5**
Income taxes	--	(0.3)
NET RESULT FOR THE PERIOD	**(14.9)**	**24.2**

The **statement of financial position** at 30 September 2017 shows equity of € 506.5 million, net debt of the Parent Company of € 30.8 million and long-term financial assets of € 538.2 million.

(in millions of euro)	*30.09.2017*	*31.12.2016*
CIR S.p.A.	524.8	575.0
LONG-TERM EQUITY INVESTMENTS	**524.8**	**575.0**
Other long-term financial assets	13.4	12.9
TOTAL FINANCIAL ASSETS	**538.2**	**587.9**
Tangible assets	1.2	1.2
Net receivables and payables	(2.1)	(2.4)
NET INVESTED CAPITAL	**537.3**	**586.7**
Financed by:		
Equity	**506.5**	**563.4**
Net debt	**(30.8)**	**(23.3)**

The "Other long-term financial assets" of € 13.4 million consist mainly of Cofide's investment in the Jargonnant real estate fund for € 4.3 million and the investment in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 7.3 million. The change of € 0.5 million compared with 31 December 2016 is due to distributions and redemptions of capital of the Jargonnant fund in the first nine months of 2017 for a total of € 2.0 million, less investments in private equity funds of € 2.5 million.

2. Performance of the Group

Consolidated sales revenues for the first nine months of 2017 came in at € 2,056.6 million versus € 1,946.7 million in the same period of 2016, an increase of € 109.9 million (+5.6%). Sogefi recorded an increase in sales revenues of 6.3%, KOS one of 5.6% and GEDI one of 3.7% (stable based on the same scope of consolidation).

Consolidated revenues by business sector are as follows:

(in millions of euro)	*1/1-30/09 2017*	*%*	*1/1-30/09 2016*	*%*	*Change absolute*	*%*
Media						
GEDI group	440.0	21.4	424.3	21.8	15.7	3.7
Automotive components						
Sogefi group	1,256.5	61.1	1,181.5	60.7	75.0	6.3
Healthcare						
KOS group	360.1	17.5	340.8	17.5	19.3	5.7
Other sectors	--		0.1	--	(0.1)	
Total consolidated revenues	**2,056.6**	**100.0**	**1,946.7**	**100.0**	**109.9**	**5.6**

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

(in millions of euro)	*1/1-30/9 2017*	*1/1-30/9 2016*
Revenues	2,056.6	1,946.7
Consolidated gross operating profit	**215.5**	**191.4**
Consolidated operating profit	**120.8**	**104.1**
Financial management result	(14.0)	(3.8)
Income taxes	(189.3)	(35.7)
Income (loss) from assets held for sale	1.2	1.0
Net income including minority interests	**(81.3)**	**65.6**
Net income minority interests	66.4	(41.4)
Net result of the Group	**(14.9)**	**24.2**

The **consolidated gross operating profit** came to € 215.5 million (10.5% of revenues) compared with € 191.4 million (9.8% of revenues) in the first nine months of 2016, an increase of € 24.1 million (+12.6%), thanks above all to the rise in Sogefi's gross operating profit.

The **consolidated operating profit** for the first nine months of 2016 was € 120.8 million (5.9% of revenues) versus € 104.1 million (5.3% of revenues) in the same period of 2016 (+16.0%); the increase reflects the positive trend in the gross operating profit and is essentially thanks to Sogefi.

Financial management generated a net charge of € 14.0 million compared with one of € 3.8 million in the first nine months of 2016; in detail:

- net financial expense fell to € 32.6 million compared with € 34.8 million in the first nine months of last year;
- Net gains on trading of securities, gains from minority interests and adjustments to the value of financial assets came to € 19.4 million compared with € 28.1 million in the first nine months of 2016, which included income of € 4.0 million relating to the recovery of tax credits on foreign dividends and higher revaluation in the fair value of securities in portfolio;

- the effect of the valuation of equity investments carried at equity went from € 2.9 million to - € 0.8 million for the amortization of the fair value of frequencies in GEDI recorded from 31 December 2016.

Taxes amounted to € 189.3 million (€ 35.7 million in the corresponding period of 2016) due to the non-recurring tax charge registered by GEDI, for a total of € 154.5 million.

The **consolidated net result** was a loss of € 14.9 million compared with a profit of € 24.2 million in the same period of last year. The impact, net of minority interests, of GEDI's extraordinary tax charge amounts to € 38.7 million; without this cost, the net result would have come to € 23.8 million.

The **condensed consolidated statement of financial position** of the COFIDE Group at 30 September 2017, with comparative figures at 30 June 2017 and 31 December 2016, is as follows:

(in millions of euro)	*30.09.2017*	*30.06.2017*	*31.12.2016*
Fixed assets	1,953.3	1,942.6	1,814.6
Other net non-current assets and liabilities	(156.5)	(169.6)	(120.5)
Net working capital	(190.6)	(1.3)	(20.3)
Net invested capital	1,606.2	**1,771.7**	**1,673.8**
Net debt	(162.8)	**(192.5)**	**(166.9)**
Total equity	1,443.4	**1,579.2**	**1,506.9**
Equity of the Group	506.5	539.1	563.4
Minority shareholders' equity	936.9	1,040.1	943.5

Net invested capital at 30 September 2017 amounted to € 1,606.2 million compared with € 1,673.8 million at 31 December 2016 and € 1,771.7 million at 30 June 2017.

The **consolidated net financial position** at 30 September 2017 showed net debt of € 162.8 million (compared with € 166.9 million at 31 December 2016 and € 192.5 million at 30 June 2017) caused by:

- debt of € 30.8 million for Cofide, the parent company, compared with € 23.3 million at 31 December 2016;
- a net financial surplus for CIR and its non-industrial subsidiaries of € 327.5 million, which compares with € 334.3 million at 31 December 2016; the difference of € 6.8 million was caused mainly by the decrease due to net outlay of € 25.1 million for the distribution of dividends and by the purchase of treasury shares made during the period of € 11.7 million and the increase for cash flow from operations of € 30.0 million;
- a total debt of the industrial subsidiaries of € 459.4 million compared with € 477.9 million at 31 December 2016. The reduction of € 18.5 million is the result of improvements in the financial position of the Sogefi group and the GEDI group (€ 32.3 million and € 8.8 million respectively) and the increase in the KOS group's debt for € 20.4 million, attributable to investments in new facilities for € 28.6 million and dividends of € 13 million.

Total equity at 30 September 2017 came to € 1,443.4 million compared with € 1,506.9 million at 31 December 2016 (€ 1,579.2 million at 30 June 2017), a net decrease of € 63.5 million.

Group equity at 30 September 2017 amounted to € 506.5 million compared with € 563.4 million at 31 December 2016 (€ 539.1 million at 30 June 2017), with a net decrease of € 56.9 million. The change is essentially due to the loss for the period, the dilution following the integration of the ITEDI group with GEDI, the distribution of dividends and the purchase of treasury shares.

Minority interests at 30 September 2017 came to € 936.9 million compared with € 943.5 million at 31 December 2016 (€ 1,040.1 million at 30 June 2017), a decrease of € 6.6 million.

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

(in millions of euro)	*1/1-30/09 2017*	*1/1-30/09 2016*
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	(82.5)	64.6
Amortisation, depreciation, write-downs and other non-monetary changes	51.3	71.1
Self-financing	**(31.2)**	**135.7**
Change in working capital	**174.4**	**25.7**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**143.2**	**161.4**
Capital increases	1.5	11.4
TOTAL SOURCES OF FUNDS	**144.7**	**172.8**
APPLICATION OF FUNDS		
Net investment in fixed assets	(57.6)	(70.7)
Price paid for business combinations	(28.6)	(9.8)
Net financial position of acquired companies	(4.2)	0.1
Purchase of minority interests	--	(64.3)
Buy-back of own shares	(21.0)	(18.4)
Payment of dividends	(29.8)	(41.7)
Other changes	(0.6)	(1.0)
TOTAL APPLICATION OF FUNDS FROM CONTINUING OPERATIONS	**(141.8)**	**(205.8)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**2.9**	**(33.0)**
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**1.2**	**1.0**
FINANCIAL SURPLUS (DEFICIT)	**4.1**	**(32.0)**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(166.9)**	**(159.5)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(162.8)**	**(191.5)**

In the first nine months of 2017 the Group posted a financial surplus of € 2.9 million (deficit of € 33.0 million in the corresponding period in 2016) resulting from sources of funds of € 144.7 million and application of funds totalling € 141.8 million.
Application of funds includes the payment of dividends totalling € 29.8 million, buy-back of own shares for € 21.0 million, net investments in fixed assets for € 57.6, mainly concerning the Sogefi and KOS groups, and application of funds in business combinations for € 32.8 million, mainly related to the KOS 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 2017 the COFIDE Group had 15,596 employees, compared with 14,329 at 31 December 2016.

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

(in millions of euro)	*3rd quarter 2017*	*3rd quarter 2016*
Revenues	664.2	627.5
Consolidated gross operating profit	**67.9**	**67.1**
Consolidated operating profit	**38.4**	**38.6**
Financial management result	(2.3)	0.2
Income taxes	(164.6)	(18.5)
Income (loss) from assets held for sale	0.2	--
Net income including minority interests	**(128.3)**	**20.3**
Net income minority interests	98.7	(13.7)
Net result of the Group	**(29.6)**	**6.6**

Consolidated revenues came to € 664.2 million, an increase of 5.8% compared with € 627.5 million in the same period of 2016, because of the growth in sales on the part of the GEDI, Sogefi and KOS groups.

The **consolidated gross operating profit** was € 67.9 million (10.2% of revenues) versus € 67.1 million (10.7% of revenues) in the same period of 2016.

The **consolidated operating profit** in the third quarter of 2017 was € 38.4 million in line with € 38.6 million in the same period of 2016.

The **net result** was a loss of € 29.6 million compared with an income of € 6.6 million in the corresponding period of 2016, for the tax charge of € 154.5 million of the GEDI group in the third quarter of 2017, which had an impact of € 38.7 million on the net result of the COFIDE Group.

Main Group investments
at 30 September 2017

COFIDE
Gruppo De Benedetti

55.3% (*)

CIR

	45.3% (*)	56.7% (*)	59.5%	
	Gruppo Editoriale L'Espresso Spa	SOGEFI	KOS	Investimenti non-core
BUSINESSES	*All media sectors from dailies and periodicals to radio, internet and advertising*	*Global automotive components supplier (filters, engine air, and cooling systems and suspensions*	*Nursing homes, rehabilitation and Hospital management*	• *Private Equity*

(*) the percentage is calculated net of treasury shares

3. Performance of the subsidiaries

CIR GROUP

In the first nine months of 2017, the consolidated net result of the CIR group was negative for € 26.0 million as a result of the already mentioned significant extraordinary tax charge incurred by GEDI to settle litigation pending in the Supreme Court for events dating back to 1991. The impact of this charge on the CIR group's consolidated net result was € 70 million; excluding this tax charge, which is non-recurring, the consolidated net result would have been positive for € 44 million, showing good progress on the equivalent period in 2016.

In the third quarter of 2017. the net result was a loss of € 53.1 million compared with a profit of € 11.5 million in the corresponding period of 2016, for the tax charge of € 154.5 million of the GEDI group in the third quarter of 2017, which had an impact of € 70 million on the net result of the Group.

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

(in millions of euro)	*1/1-30/09 2017*	*1/1-30/09 2016*	*3rd quarter 2017*	*3rd quarter 2016*
CONTRIBUTIONS TO THE RESULT				
GEDI group	(65.2)	7.9	(68.5)	1.0
Sogefi group	15.9	9.0	4.5	4.2
KOS group	11.3	10.3	4.6	4.3
Total for main subsidiaries	**(38.0)**	**27.2**	**(59.4)**	**9.5**
Other subsidiaries	--	(0.4)	0.1	(0.2)
CIR and other non-industrial subsidiaries	12.0	10.6	6.2	2.2
Consolidated total result for the Group	**(26.0)**	**37.4**	**(53.1)**	**11.5**

The contribution made by the industrial subsidiaries to the consolidated net result, before this tax charge, came to € 32 million, an increase compared with € 27.2 million in the first nine months of last year, thanks to better results by the Sogefi and KOS groups.

(in millions of euro)	*30.09.2017*	*31.12.2016*
CONTRIBUTIONS TO EQUITY		
GEDI group	243.4	337.9
Sogefi group	109.1	98.7
KOS group	164.9	161.0
Other subsidiaries	0.8	0.8
Total subsidiaries	**518.2**	**598.4**
CIR and other non-industrial subsidiaries	**431.1**	**453.9**
- invested capital	103.6	119.6
- net financial position	327.5	334.3
Equity of the CIR group	**949.3**	**1,052.3**

Consolidated equity has gone from € 1,052.3 million at 31 December 2016 to € 949.3 million at 30 September 2017.

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

MEDIA

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

Results for the 1st 9 months (in millions of euro)	*1/1-30/9 2017*	*1/1-30/9 2016*	*Change absolute*	*%*
Revenues	440.0	424.3	15.7	3.7
Net result	(143.9)	14.0	n.s.	n.s

Results of the quarter (in millions of euro)	*3rd quarter 2017*	*3rd quarter 2016*	*Change absolute*	*%*
Revenues	152.7	131.4	21.3	16.2
Net result	(151.2)	1.9	n.s.	n.s.

Situation at 30 September 2017

	30.09.2017	*30.06.2017*	*31.12.2016*
Net financial position	40.5	26.4	31.7
No. of employees	2,475	1,956	1,940

The results at 30 September 2017 reflect the significant extraordinary tax charge arising from the settlement of litigation concerning events dating back to 1991. In fact, while reiterating its conviction as to the legality of the transaction being challenged by the Tax Authorities, on 29 September 2017 the Board of Directors of GEDI Gruppo Editoriale S.p.A. decided to take advantage of the possibility offered by art. 11 of Decree Law 50/2017, converted into Law 96/2017, to settle the tax dispute involved in the Rome Regional Tax Commission's judgement no. 64/9/2012.
As widely communicated to the market in the Company's various financial reports, the dispute pending at the Supreme Court referred to challenges in terms of tax avoidance regarding the tax benefits arising from the reorganisation of Gruppo Editoriale L'Espresso carried out in 1991 through the merger of Editoriale La Repubblica S.p.A. with Cartiera di Ascoli S.p.A. If the outcome of the dispute pending at the Supreme Court had been unfavourable, it would have cost the Company a total of € 388.6 million, as of today. For the Company, acceptance of the assessment means paying € 175.3 million, of which € 70.1 million was paid on 2 October 2017, with € 70.1 million to be paid by 30 November and the balance of € 35.1 million by 30 June 2018. The loss resulting from settling the dispute under these terms, which was recognised at 30 September 2017, amounts to € 154.5 million and is fully covered by available reserves in equity without affecting the share capital in any way. The Company has the resources to make this outlay financially sustainable, also taking into account the current net financial position, which is positive. The Board of Directors therefore decided that this settlement was in the Company's interests, as there were benefits in removing a potential tax risk that could have had significant consequences in the medium to long term, much more serious than the cost incurred as a result of this decision.
On 27 June 2017, the integration of Italiana Editrice S.p.A., Publikompass S.p.A. and Nexta S.r.l. ("ITEDI group") into GEDI was completed. This transaction was carried out through an increase in

capital reserved for Fiat Chrysler Automobiles N.V. ("FCA") and Ital Press Holding S.p.A ("IPH"), which was paid up by means of a contribution in kind of shareholdings representing the entire share capital of Italiana Editrice S.p.A. As a result of this transaction, GEDI acquired control of the ITEDI group.
When assessing the results for the first nine months of 2017 and comparing them with the same period of 2016, in addition to the above transaction whose economic effects are being implemented from 1 July 2017, account should also be taken of the deconsolidation during the fourth quarter of 2016 of 5 local newspapers belonging to the group (Alto Adige, Il Trentino, Il Centro, La città di Salerno and La Nuova Sardegna). In order to ensure comparability, we have prepared a pro-forma income statement for the first nine months of 2016 based on the same scope as the present one, i.e. excluding the newspapers that were sold and including the ITEDI group for the period 1 July to 30 September 2016.

As regards the trend in the publishing market, after a slight recovery of 2016, advertising expenditure in first eight months of 2017 fell by 4.0% compared with the same period last year (Nielsen Media Research figures). Radio confirmed the positive trend already in place since 2015, posting an increase of 3.2% over the same period of 2016; television slid by 3.5%; internet (excluding Search and Social) generated almost the same revenue as the corresponding period of 2016 (-1.0%); printing declined by 9.1%, daily newspapers -10.5% (-13.7% for national revenues and -7.8% for local revenues) and magazines -7.0%. As for newspaper circulation, according to the figures published by ADS (Accertamento Diffusione Stampa), in the period from January to August 2017 sales by news-stands and subscription fell by 8.8%, in line with the previous year.

In the first nine months of 2017 the GEDI group had consolidated **revenues** of € 440.0 million, 3.7% up on the same period of the previous year and substantially stable based on the same scope of consolidation (-0.2%).
The Group's circulation revenues amounted to € 145.0 million, a decrease of 5.6% on the first nine months of 2016 and -6.3% on a comparable basis, in a market that, as stated above, is continuing to see a significant reduction in the circulation of daily newspapers (-8.8%).
Advertising revenues grew by 11% compared with the same period of 2016; the growth based on the same scope was 6.0%, a 4.5% decrease on the group's media and a significant increase in third-party concessions, thanks to the new concessions for Radio Italia and the newspapers La Stampa and Il Secolo XIX (for national advertising in the first six months of the year).
As regards the group's media, radio revenue grew by 2.8%, confirming the positive trend observed in the previous year. Internet revenue rose slightly (+1.6%), which was better than the market (-1.0%). Lastly, print advertising revenue reported a significant decrease (-8.3%), penalised by the negative trend in the newspaper advertising revenue, which in August was down by 10.5%.

Costs, excluding add-ons and third-party concessions, fell by 4.5% (-6.1% based on the same scope); the decrease involved both the fixed personnel costs (-4.4%) and other costs (-7.4%).

The **gross operating profit** amounted to € 34.1 million in line with that recorded in the first nine months of 2016 and improved compared with the figure based on the same scope (€ 32.9 million), despite adverse developments in the sector.
The operating profit amounted to € 22.7 million, in line with the corresponding period of 2016 (€ 22.8 million) and higher than the result based on the same scope of consolidation (€ 20.5 million).

The total tax charge amounted to € 160.1 million due to the extraordinary charge incurred in settling the dispute mentioned above, for a total of € 154.5 million.

Due to the tax charge mentioned previously, the consolidated **net result** was a loss of € 143.9 million, versus a profit of € 11.5 million in the first nine months of 2016 based on the same scope of consolidation.

The **net financial position** at 30 September 2017 was positive for € 40.5 million and improved compared with the end of 2016 (€ 31.7 million), despite the fact that the integration with the ITEDI group during the year resulted in the consolidation of its net financial position, which was negative for € 8.4 million. Taking into account the settlement of the tax dispute, as outlined above, the Company will make payments during the fourth quarter of 2017, namely on 2 October and 30 November, for a total of € 140.2 million, after which it will have net debt of around € 100 million.

The group had 2,475 employees at 30 September 2017, including those on fixed-term contracts, with the addition of 532 employees from the ITEDI group.

On 11 October, GEDI Gruppo Editoriale acquired 10% of Radio Italia from Mario Volanti, its majority shareholder. Radio Italia is one of the top 5 Italian radio stations, with nearly 4.4 million listeners on an average day. It has a format based on Italian music, it is the owner of the TV channel Radio Italia TV and organises important events such as concerts and music tours. Its editorial content and listener profile are highly complementary with those of the broadcasters owned by GEDI, which, by acquiring this investment, intends to develop collaborations with Radio Italia, consolidating its presence in a segment that for years has seen advertising revenues grow, in contrast to the traditional media scene.

With regard to prospects for 2017, based on the trends recorded in the first nine months, there is no sign of improvement in the trend that has been affecting the newspaper and magazine sector for years now, while radio's positive trend continues; in this context, the group continues to make every effort in the radio sector, to develop digital activities, where it is a leader, and to hold down costs. In the absence of unpredictable events, we think that, without taking into account the impact of the tax settlement, the group will turn in a positive result at the end of the year and that the integration with ITEDI will open up new opportunities.

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.

Results for the 1st 9 months (in millions of euro)	*1/1-30/9 2017*	*1/1-30/9 2016*	*Change absolute*	*%*
Revenues	1,256.5	1,181.5	75.0	6.3
Net result	28.0	15.8	12.2	77.7

Results of the quarter (in millions of euro)	*3rd quarter 2017*	*3rd quarter 2016*	*Change absolute*	*%*
Revenues	390.5	383.0	7.5	2.0
Net result	8.1	7.4	0.7	8.3

Situation at 30 September 2017

	30.09.2017	*30.06.2017*	*31.12.2016*
Net financial position	(266.7)	(280.4)	(299.0)
No. of employees	6,900	6,799	6,801

In the first nine months of 2017, the world automotive market recorded an increase in production of 2.6%, thanks to the growth in Asia (+3.2%) and South America (+22.2%), while substantially stable in Europe (-0.1%) and heavily down in North America (-3.7%).

In this context, the Sogefi group's **revenues** amounted to € 1,256.5 million, up 6.3% from € 1,181.5 million in the first nine months of 2016 (+6.6% at constant exchange rates).

After sustained growth in the first quarter (+12.6%), which was still significant in the second (+4.5%), the group recorded a more moderate trend (+2.0%) in the third quarter, mainly due to adverse exchange rates. Based on the same rates, quarterly growth was more balanced during the year: +11% and +4.6% in the first and second quarter, respectively, and +4.2% in the third quarter.

All geographical areas contributed to a significant increase in sales in the first nine months of the year. In Europe, revenues grew by 2.8%, with a better performance than the market in general (-0.1%) in the first nine months of 2017. Activities in North America grew again (+3.3%), despite the market slowdown in the third quarter (-9.7%) and Asia (+25.2%): the two regions today account for 27.5% of the group's sales. Lastly, in South America, revenue increased by 19.8%, reflecting the market recovery and the positive effect of exchange rates (+17.1% at constant exchange rates).

In the nine months, all business units reported growth: +6.7% for *Suspensions* (+7.1% at constant exchange rates and up 7.9% in the third quarter of 2017), +6.9% for *Filtration* (+7.3% at constant exchange rates) and +5.3% for *Air and Cooling*. The *Air and Cooling* business unit in the third quarter of 2017 posted a decrease (-3.1%) in revenues at constant exchange rates, due to market contractions in the United States and Canada.

The gross operating profit amounted to € 131.0 million, up 14.4% from € 114.5 million in the corresponding period of 2016. The increase was due to revenue growth and to the improvement in profitability, rising from 9.7% to 10.4%.

The increase in profitability is the result of a stable profit margin, despite higher raw material costs, and a decline in the proportion of fixed costs. It is worth noting that overall payroll cost as a proportion of revenues decreased from 21.5% in the first nine months of 2016 to 20.8% in the same period of 2017.

The operating profit amounted to € 70.2 million, an increase of 19.6% compared with the first nine months of 2016 (€ 58.7 million), representing 5.6% of revenues. The result includes € 6 million of write-downs of Brazilian fixed assets following impairment tests.

Net income amounted to € 28.0 million, compared with € 15.8 million in the first nine months of 2016.

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 nine months of 2017.

Net financial debt at 30 September 2017 amounted to € 266.7 million, with a rise of € 32.3 million compared with 31 December 2016 (€ 299 million) and of € 47.4 million compared with 30 September 2016 (€ 314.1 million). Free cash flow for the first nine months of 2017 was positive for € 32.5 million and up compared with € 12.3 million in the same period of 2016, which included € 11.2 million of extraordinary income relating to product warranties and tax disputes. This increase is attributable to a better operating performance of the group.

The Sogefi group had 6,900 employees at 30 September 2017 compared with 6,801 at 31 December 2016.

In relation to the global automotive market, forecasts for the last quarter of 2017 show a slight positive development, albeit to a lesser extent compared with the first nine months of 2017. Europe is expected to grow, while North America is expected to decline further. Nevertheless, for the whole of 2017 Sogefi expects revenue growth in line with the first nine months of the year. Profitability should confirm the improvement on 2016 recorded up to now, despite the increase in the cost of raw materials.

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:

Results for the 1st 9 months (in millions of euro)	*1/1-30/9 2017*	*1/1-30/9 2016*	*Change absolute*	*%*
Revenues	360.1	340.8	19.3	5.7
Net result	19.0	17.4	1.6	9.4

Results of the quarter (in millions of euro)	*3rd quarter 2017*	*3rd quarter 2016*	*Change absolute*	*%*
Revenues	121.0	113.2	7.8	6.9
Net result	7.7	7.8	(0.1)	0.9

Situation at 30 September 2017

	30.09.2017	*30.06.2017*	*31.12.2016*
Net financial position	(234.0)	(231.6)	(213.6)
No. of employees	6,193	5,831	5,560

The KOS group currently manages 79 facilities, mainly in central and northern Italy, for a total of around 7,500 beds in use, operating in three strategic areas:

1) *Care homes:* management of residential care homes for the elderly, with 49 nursing facilities, for a total of 5,409 beds in use;

2) *Rehabilitation:* management of 28 rehabilitation facilities, for a total of 1,768 beds, and 15 hospitals;

3) *Hospital management:* management of two hospitals, for a total of 308 beds, and services relating to cancer cure and diagnostics in 34 public and private facilities.

In the first nine months of 2017, the KOS group achieved consolidated **revenues** of € 360.1 million, up 5.7% from € 340.8 million in the same period last year; growth was 2.8% based on the same scope of consolidation, which involved all areas of group activity, in addition to the contribution of four facilities acquired during the last twelve months.

Consolidated **gross operating profit** amounted to € 63.0 million, up 5% compared with € 60.0 million in the first nine months of 2016.

Consolidated **operating profit** came to € 38.6 million, compared with € 37.2 million in the same period last year.

Consolidated **net income** amounts to € 19.0 million compared with € 17.4 million in the first nine months of 2016.

At 30 September 2017 the KOS group had **net debt** of € 234.0 million, compared with € 213.6 million at 31 December 2016; during the period, the group distributed dividends of € 13 million and invested € 28.6 million in new facilities.

Following the absorption of Residenze Anni Azzurri by Istituto di Riabilitazione Santo Stefano, KOS Care s.r.l. was set up on 1 July; it operates in the field of care homes for the elderly and rehabilitation centres in eight Italian regions through the Santo Stefano (rehabilitation), Anni Azzurri (care homes) and Neomesia (psychiatry) brands.

Lastly, on 26 July the KOS group, through its subsidiary Medipass (oncology, diagnostics and hospital management), acquired the Tuscan company Ecomedica, which specializes in diagnostics and radiotherapy with annual revenues of around € 9 million.

The group had 6,193 employees at 30 September 2017 compared with 5,560 at 31 December 2016.

As regards the outlook for the rest of 2017, KOS will continue its development, especially in Italy.

■ NON-CORE INVESTMENTS

They are represented by private equity fund investments, minority interests and other investments amounting to € 100.9 million at 30 September 2017, compared with € 114.7 million at 31 December 2016.

PRIVATE EQUITY

CIR International, a group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 30 September 2017, based on the NAVs provided by the various funds, came to € 47.2 million, a decrease of € 10.9 million compared with 31 December 2016, due to the effect of distributions, write-downs and exchange differences. Total distributions in the period amounted to € 10.4 million and generated a capital gain of € 7 million. Outstanding commitments at 30 September 2017 amounted to € 12.0 million.

OTHER INVESTMENTS

During the third quarter, CIR sold a non-strategic investment, making a capital gain of € 7.9 million. As a result of this disposal, at 30 September 2017 the portfolio of non-strategic investments directly and/or indirectly held by CIR amounted to € 18.6 million.
At 30 September 2017, CIR had a portfolio of non-performing loans (NPLs) for a total of € 35.1 million. An agreement for the sale of a portion of the portfolio (book value: € 17 million) to a company specializing in the management of NPLs was signed on 20 October 2017 for a consideration in line with the book value.

4. Significant events subsequent to 30 September 2017 and outlook for operations

Excluding the tax charge incurred by GEDI, the COFIDE Group expects to confirm the positive result achieved in the first nine months for the entire year, barring extraordinary events which are not currently foreseeable.

5. Other information

COFIDE S.p.A. has 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 2017 was approved by the Board of Directors on 27 October 2017.

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

COFIDE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	*30.09.2017*	*30.06.2017*	*31.12.2016*
NON-CURRENT ASSETS	**2,172,751**	**2,187,981**	**2,070,459**
INTANGIBLE ASSETS	1,129,246	1,108,989	988,003
PROPERTY, PLANT AND EQUIPMENT	672,957	682,224	671,159
INVESTMENT PROPERTY	19,624	19,767	20,144
INVESTMENTS ACCOUNTED USING THE EQUITY METHOD	124,962	125,041	129,987
OTHER EQUITY INVESTMENTS	6,526	6,547	5,323
OTHER RECEIVABLES	58,821	78,465	79,099
SECURITIES	75,154	78,569	85,009
DEFERRED TAXES	85,461	88,379	91,735
CURRENT ASSETS	**1,387,419**	**1,376,325**	**1,349,077**
INVENTORIES	144,331	145,052	137,406
CONTRACT WORK IN PROGRESS	40,311	43,034	40,947
TRADE RECEIVABLES	435,666	462,697	414,246
OTHER RECEIVABLES	111,351	108,587	92,863
FINANCIAL RECEIVABLES	11,892	19,211	30,183
SECURITIES	61,300	64,834	66,157
AVAILABLE-FOR-SALE FINANCIAL ASSETS	232,573	232,571	234,012
CASH AND CASH EQUIVALENTS	349,995	300,339	333,263
ASSETS HELD FOR SALE	25,747	3,418	3,418
TOTAL ASSETS	**3,585,917**	**3,567,724**	**3,422,954**

LIABILITIES AND EQUITY		*30.06.2017*	*31.12.2016*
EQUITY	**1,443,434**	**1,579,196**	**1,506,896**
ISSUED CAPITAL	359,605	359,605	359,605
less TREASURY SHARES	(8,082)	(6,170)	--
SHARE CAPITAL	351,523	353,435	359,605
RESERVES	72,222	73,227	95,041
RETAINED EARNINGS (LOSSES)	97,759	97,759	87,519
NET INCOME (LOSS) FOR THE PERIOD	(14,948)	14,629	21,249
GROUP EQUITY	**506,556**	**539,050**	**563,414**
MINORITY INTERESTS	936,878	1,040,146	943,482
NON-CURRENT LIABILITIES	**1,060,045**	**1,029,660**	**975,300**
BONDS	265,837	266,201	283,742
OTHER LOANS AND BORROWINGS	397,493	345,013	311,815
OTHER PAYABLES	15,441	15,391	15,175
DEFERRED TAXES	179,715	180,744	149,833
PERSONNEL PROVISIONS	140,498	140,186	131,058
PROVISIONS FOR RISKS AND CHARGES	61,061	82,125	83,677
CURRENT LIABILITIES	**1,077,475**	**958,868**	**940,758**
BANK OVERDRAFTS	16,078	18,273	12,771
BONDS	20,258	19,979	20,980
OTHER LOANS AND BORROWINGS	118,862	159,980	201,179
TRADE PAYABLES	439,168	455,579	433,354
OTHER PAYABLES	404,138	215,694	199,697
PROVISIONS FOR RISKS AND CHARGES	78,971	89,363	72,777
LIABILITIES HELD FOR SALE	4,963	--	--
TOTAL LIABILITIES AND EQUITY	**3,585,917**	**3,567,724**	**3,422,954**

2. Consolidated income statement

(in thousands of euro)

	1/1-30/9 2017	*1/1-30/9 2016*	*3rd quarter 2017*	*3rd quarter 2016*
SALES REVENUE	2,056,543	1,946,673	664,183	627,527
CHANGE IN INVENTORIES	72	5,910	(2,415)	4,585
COSTS FOR THE PURCHASE OF GOODS	(782,554)	(740,820)	(245,852)	(242,774)
COSTS FOR SERVICES	(488,902)	(452,980)	(162,421)	(144,992)
PERSONNEL COSTS	(538,189)	(529,560)	(175,372)	(165,573)
OTHER OPERATING INCOME	20,635	17,760	7,478	5,780
OTHER OPERATING EXPENSE	(52,138)	(55,596)	(17,677)	(17,406)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(94,671)	(87,337)	(29,485)	(28,561)
EARNINGS BEFORE INTEREST AND TAXES	**120,796**	**104,050**	**38,439**	**38,586**
FINANCIAL INCOME	7,677	9,375	2,424	3,440
FINANCIAL EXPENSE	(40,268)	(44,142)	(13,611)	(13,124)
DIVIDENDS	61	11,949	21	3,996
GAINS FROM TRADING SECURITIES	19,051	13,240	9,947	3,187
LOSSES FROM TRADING OF SECURITIES	(33)	(563)	--	(25)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(743)	2,890	(79)	704
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	320	3,466	(996)	2,033
INCOME BEFORE TAXES	**106,861**	**100,265**	**36,145**	**38,797**
INCOME TAXES	(189,315)	(35,675)	(164,592)	(18,473)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	**(82,454)**	**64,590**	**(128,447)**	**20,324**
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	1,161	1,000	161	--
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(81,293)**	**65,590**	**(128,286)**	**20,324**
- (NET INCOME) LOSS OF MINORITY INTERESTS	66,345	(41,407)	98,709	(13,684)
- NET INCOME (LOSS) OF THE GROUP	**(14,948)**	**24,183**	**(29,577)**	**6,640**

3. Consolidated net financial position

(in thousands of euro)

		30.09.2017	30.06.2017	31.12.2016
A.	Cash and bank deposits	349,995	300,339	333,263
B.	Other cash equivalents	232,573	232,571	234,012
C.	Securities held for trading	61,300	64,834	66,157
D.	**Cash and cash equivalents (A)+(B)+(C)**	**643,868**	**597,744**	**633,432**
E.	**Current financial receivables**	**11,892**	**19,211**	**30,183**
F.	Current bank payables	(85,938)	(113,819)	(168,647)
G.	Bonds	(20,258)	(19,979)	(20,980)
H.	Current portion of non-current debt	(49,002)	(64,434)	(45,303)
I.	Other current loans and borrowings	--	--	--
J.	**Current financial indebtedness (F)+(G)+(H)+(I)**	**(155,198)**	**(198,232)**	**(234,930)**
K.	**Current net financial position (J)+(E)+(D)**	**500,562**	**418,723**	**428,685**
L.	Non-current bank loans and borrowings	(316,240)	(251,820)	(207,911)
M.	Bonds issued	(265,837)	(266,201)	(283,742)
N.	Other non-current payables	(81,253)	(93,193)	(103,904)
O.	**Non-current financial indebtedness (L)+(M)+(N)**	**(663,330)**	**(611,214)**	**(595,557)**
P.	**Net financial position (K)+(O)**	**(162,768)**	**(192,491)**	**(166,872)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

This consolidated quarterly report at 30 September 2017 (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 therefore not 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 2016.

The consolidated interim financial statements of the Group as of 30 September 2017, like those as of 31 December 2016, are the result of the consolidation at those dates of the financial statements of Cofide, the parent company, and all of the companies directly or indirectly controlled, joint ventures or associates, 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 2017 are the same as those adopted for the financial statements for the year ended 31 December 2016.

4. Share capital

The share capital at 30 September 2017 amounts to € 359,604,959, the same as at 31 December 2016, 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.

On 16 February 2017, Cofide began implementing a plan to purchase its own shares, as authorised by the Shareholders' Meeting of 29 April 2016.

At 30 September 2017 the Company held 16,164,166 treasury shares (2.2475% of capital) for a value of € 9,583 thousand.

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

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 2017

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

hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act (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 2017

Signed by:

Cofide S.p.A.
Giuseppe Gianoglio