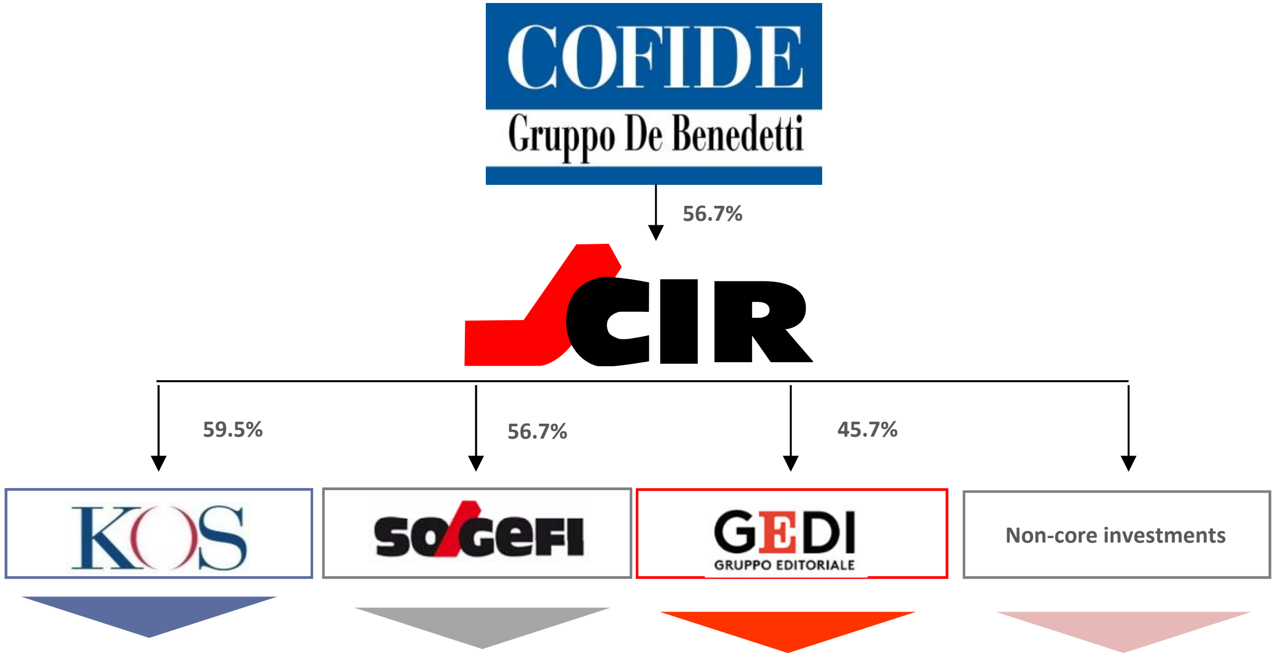
9M 2019 Results

October 2019

Group structure *as of 30 September 2019*



	KOS	SOGEFI	GEDI	Non-core investments
Businesses	*Healthcare group specialized in long term care (nursing homes/rehab), diagnostics and cancer care*	*Global automotive supplier of suspensions, filtration, air intake & cooling components*	*Italian media group, with presence in dailies, periodicals, radio, internet and advertising*	*Investments in Private equity, NPLs*
Competitive position	*Leader in Italian long term care, developing presence in Germany, UK, India*	*Leadership positions in core geographies (Europe and South America), leveraged to expand globally*	*First Italian publishing group:* ▪ *N.1 in national and local dailies circulation* ▪ *N.1 Information website* ▪ *N.1 news magazine* ▪ *N. 3 Radio network*	

Note: Participation stakes updated as of 30 September 2019 and calculated net of treasury shares of subsidiaries

CIR – Cofide Merger (1/2)

- On July 19, 2019 the Extraordinary Shareholders Meetings of CIR and Cofide approved the merger by incorporation of CIR into Cofide
- The transaction has the following objectives:
  - Shortening the control chain and achieving a corporate structure that is in line with best practices and market expectations
  - Increasing the free float, with positive impacts on trading and liquidity
  - Simplifying the Group's Corporate Governance and reducing overall holding costs
- The company resulting from the merger will be called CIR, and will have the same operational and strategic profile, as well as substantially the same financial position of today's CIR
- The exchange ratio for the merger has been set at 2.01 shares of Cofide for each share of CIR, based on a valuation methodology that included both NAV values and market prices of the two companies, in line with best market practices and previous comparable transactions. Such exchange ratio has been validated by the Related Parties Committees of CIR and Cofide, based on fairness opinions released by their respective independent financial advisors
- The merger is expected to be effective starting from January 2020. Following the completion of the merger, a Shareholders Meeting of the combined entity will promptly be called, in order to appoint a new Board of Directors

CIR – Cofide Merger (2/2)

- Double voting rights in the post merger entity
  - Cofide's current by-laws include a double voting rights mechanism for shareholders that apply for it and continuously hold shares for a 'Minimum Holding Period' of 24 months
  - On April 29, 2019 the Shareholders meeting of Cofide approved a resolution for the extension of the Minimum Holding Period from 24 to 48 months
  - Such extension would take effect 30 days after the merger date with CIR, thereby giving current CIR shareholders a time window to apply for double voting rights based on the current 24 months Minimum Holding Period

9M 2019 consolidated financials highlights

- Consolidated net result in 9M 2019: € 7.2 M (vs € 32.5 M in 9M 2018)
  On a normalized basis and before the effect of IFRS 16, consolidated net result : € 20.3 M

- Contribution of industrial businesses (KOS, Sogefi and GEDI, not normalised): € 10.3 M (vs. € 30.0 M in 9M 2018)

- Consolidated net financial position at September 30, 2019:

  Without IFRS16: - € 358.1 M (vs. - € 297.1 M at December 31, 2018), including:

  - A net financial surplus at holding level of € 319.7 M
    (vs. € 325.5 M at December 31, 2018)
  - A net debt of consolidated subsidiaries of € 677.8 M
    (increasing vs. € 622.6 M at December 31, 2018 mainly due to GEDI and KOS).

  With IFRS16: - € 791.2 M (of which -€ 1,110.4 M from subsidiaries)

Consolidated income statement

€ M

	9M 2018	9M 2019 w/o IFRS 16		9M 2019 with IFRS 16
Revenues	2,059.9	2,010.8	*-2.4%*	2,010.8
EBITDA	234.5	201.8	*-13.9%*	247.4
EBIT	111.4	77.9	*-30.1%*	81.3
Financial result	(26.4)	(20.3)		(29.4)
Taxes	(29.3)	(26.1)		(24.9)
Assets held for sale	3.3	(12.9)[(1)]		(12.9)
Group net result [(2)]	**32.5**	**9.8**		**7.2**
Normalised Group net result [(3)]	**32.5**	**20.3**		**17.7**

(1) Composed of € -16.9 M write-down of Persidera asset, following alignment to divestment value, and € +4 M impact of divestment of Fraise plant by Sogefi
(2) Net of third party interests (equal to € -8.8 M in 9M 2019 w/o IFRS 16, € -6.9 M in 9M 2019 with IFRS 16 and € -26.5 M in 9M 2018)
(3) 9M 2019 normalized for non-recurring write-downs (€ -7.7 M pro-quota impact of the Persidera write-down), non recurring costs at Holding level (€ -2.8 related to merger plan and head office refurbishment)

Consolidated income statement by business sector

€ M

	9M 2018	9M 2019 w/o IFRS 16	9M 2019 with IFRS 16
KOS Group	14.8	15.0	14.0
Sogefi Group	11.6	5.8	4.7
GEDI Group	3.6	(7.9)	(8.4)
Total operating companies (1)	**30.0**	**12.9**	**10.3**
CIR holding (2)	2.5	(3.1)	(3.1)
Net result	**32.5**	**9.8**	**7.2**
Normalised net result (3)	**32.5**	**20.3**	**17.7**

(1) Pro-rata share of subsidiaries' net result
(2) Including income from financial assets/non core investments, operating costs
(3) 9M 2019 normalized for non-recurring write-downs (€ -7.7 M pro-quota impact of the Persidera write-down), non recurring costs at Holding level (€ -2.8 related to merger plan and head office refurbishment)

Consolidated balance sheet – main group assets

€ M

Group equity in consolidated balance sheet	31 Dec. 2018	30 Sept. 2019
KOS	174.4	167.6
Sogefi	111.5	113.7
GEDI	239.2	231.1
Total operating companies	**525.1**	**512.4**
Fixed assets	15.5	18.7
Private equity (1)	46.0	47.6
Non performing loans	10.0	9.1
Other investments	16.5	10.5
Other Assets (Liabilities)	(2.4)	(2.9)
Net cash	325.5	319.2
Total CIR holding level	**411.1**	**402.2**
Total CIR Group shareholders'equity	**936.2**	**914.6**
Shareholder's equity per share	1.18	1.15
Shareholder's equity per share (net of treasury shares) (2)	1.45	1.43

(1) Book value increasing mainly due to net investments and fair value adjustments
(2) Treasury shares as of 30 September 2019: n. 153.1 m, equal to 19.3% of share capital

Consolidated net financial position

€ M

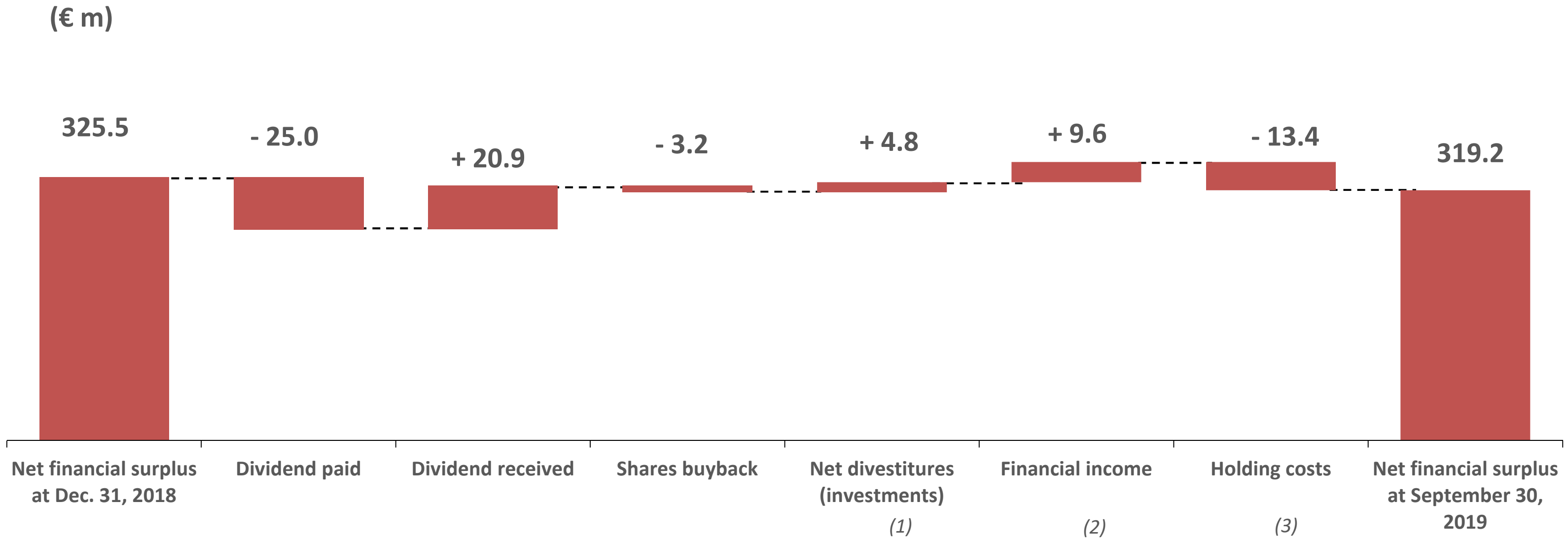
	31 Dec. 2018	30 Sept. 2019 w/o IFRS 16	30 Sept. 2019 with IFRS 16
KOS Group	(259.4)	(295.3)	(606.6)
Sogefi Group	(260.5)	(264.6)	(327.3)
GEDI Group	(103.2)	(118.4)	(177.0)
Other subsidiaries	0.5	0.5	0.5
Total subsidiaries net financial indebtedness	**(622.6)**	**(677.8)**	**(1,110.4)**
CIR holding level	325.5	319.7	319.2
Consolidated net financial indebtedness	**(297.1)**	**(358.1)**	**(791.2)**
Total shareholders'equity *(1)*	**1,448.9**		**1,414.5**
Consolidated net invested capital	**1,746.0**		**2,205.7**

(1) Including third party interests

Net financial position at CIR Holding level

- Slight decrease of net cash at CIR financial holdings, mainly due to non recurring costs

Evolution of net financial position in 9M 2019



(1) Private equity investments

(2) Delta Fair value of securities + securities income, trading

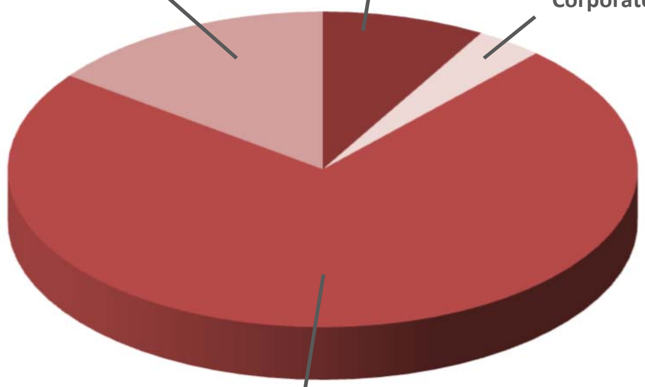
(3) Operating costs, taxes, etc., of which € 2.8 M non recurring, related to the merger plan and Real Estate refurbishment

Composition of liquid assets

€ M

	31 Dec. 2018	30 Sept. 2019
Cash and time deposits	19.6	26.9
Corporate bonds	10.8	11.1
Fixed income funds	253.2	234.8
Equity funds	--	--
Hedge funds	37.9	47.7
Other (1)	4.0	--
Total liquid assets	**325.5**	**320.5**
Gross financial debt and others	**--**	**(1.3)**
Net financial position	**325.5**	**319.2**

Liquid assets at 30 Sept. 2019



(1) Fair value derivatives

9M 2019 Subsidiaries’ financial and operational highlights

	9M 2019 Highlights	Key strategic objectives
KOS	▪ Continuing growth of revenues (+4.3%), thanks to ongoing organic expansion, greenfield development and acquisitions. ▪ On October, 30 the acquisition of Charleston Holding in Germany has been completed. This will add 47 nursing homes with a total of 4,050 beds and 2018 revenues of approximately €152 M	▪ Further consolidation in Long Term Care, with a primary focus on Italy and Germany ▪ Focused geographical expansion in Diagnostics and Cancer care
Sogefi	▪ SOGEFI outperformed the market in 9M2019, with revenues down 2.2% at constant exchange rates, vs Global car production -5.9% ▪ EBITDA at € 130.7 M, down from € 141.6 M in 9M 2018, reflecting lower volumes ▪ Net debt substantially flat before the introduction of IFRS16, with slightly negative cash flow due to lower business performance	▪ Expansion of geographical coverage, through growth initiatives focused on Asia and North America ▪ Further efficiency improvement and optimisation of production footprint ▪ Product innovation, to capture new market opportunities
GEDI	▪ Persisting press market weakness: newspapers circulation -8.2%; press advertising market -12.5%; market growth only in Radio (+2.5%) and digital advertising (+2.2% excluding Search&Social) ▪ GEDI revenues were down 6.0%; revenues from digital activities accounted for 12.0% of consolidated revenues, with digital subscribers reaching 126K ▪ As a result of revenues decline, operating profit was lower than in 9M2018, despite continuing cost reduction, which is expected to produce full effects later in the year	▪ Expansion of digital platforms, leveraging on leadership in traditional media ▪ Further efficiency improvement
Non-core investments	▪ Ongoing realisation of Private Equity and NPL investments	▪ Realisation of existing assets ▪ Selective approach on new investments

KOS - Overview

KOS is the leading operator in Italian Long Term Care (Nursing Homes, Rehabilitation and Psychiatric Care), with ≈8.030 beds in 85 facilities, a premium offering and coverage of the most attractive Italian regions
KOS entered the German Nursing Homes market with the acquisition of Charleston (≈4.050 beds in 47 facilities)

KOS also operates in the Diagnostics & Cancer care business (D&CC) through Medipass:
- Main activity is providing medical and technological outsourcing services to hospitals
- Recently started operating own Cancer Care Centers and Hospitals
- Core markets are Italy and India, presence in UK

In Acute Care, KOS manages one public hospital in Suzzara

SHARE-HOLDERS
- CIR (59.53%)
- F2i (40.47%)

KOS

LONG TERM CARE

NURSING HOMES
- 98 facilities
- 9,664 beds

54%

Anni Azzurri – persone per servire persone; Charleston

REHABILITATION & PSYCHIATRY
- 34 facilities
- 2,416 beds

31%

SantoStefano Riabilitazione; neomesia Mental Health

DIAGNOSTICS & CANCER CARE
- ≈40 Service Contracts
- 1 Radiotherapy center
- 3 Hospitals (India)

10%

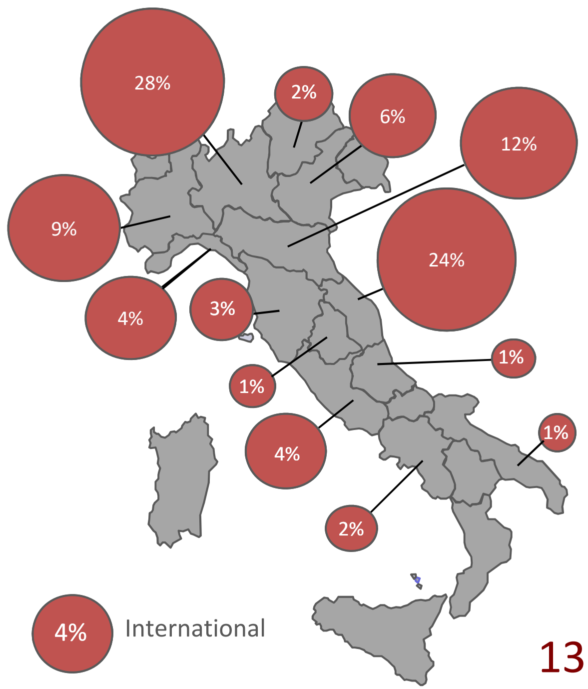
Medipass – Advanced Medical Services

ACUTE CARE
- 1 Hospital
- 123 beds

5%

Ospedale di Suzzara

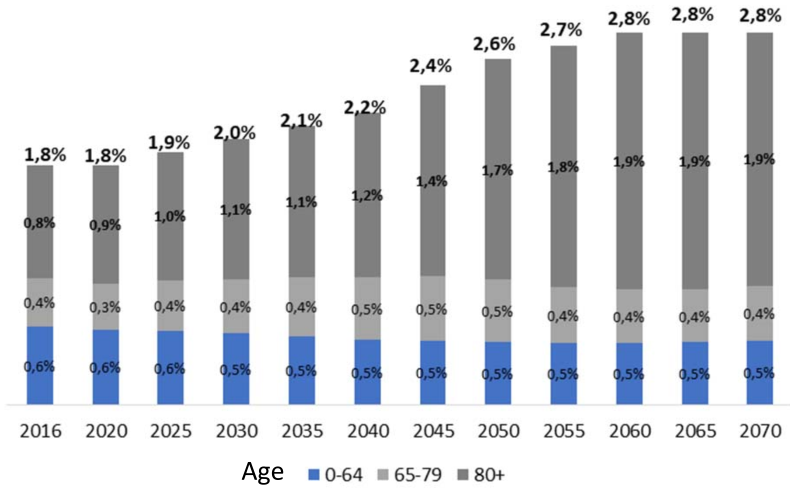
2018 Revenues breakdown



Composition of Long Term Care expenditure

Funding source	% of GDP	Euro Bn
LTC public expenditure	0,8%	13,63
Social Security	0,8%	13,63
Cash Benefit	0,2%	2,85
Total LTC Expenditure	**1,8%**	**30,1**

Long Term Care expenditure forecast (% of GDP)



Public spending on Long Term Care (65+) remained stable in recent years despite spending reviews on other Healthcare sectors in Italy, as Government tried to substitute Acute Care treatments with less expensive LTC ones

LTC expenditure is expected to grow steadily in the long run,
due to the aging population trend

Source: Elaboration on Pension and Healthcare system reports by Ministero Economia e Finanze (2017)

KOS – Strong Barriers to Entry

The NHS operates through public, private and non-profit accredited entities.

All private and non profit entities are regulated at regional level and must comply with:

- **Authorisation**: basic requirement for operating any healthcare facility (minimum structural, technological and organisational requirements)
- **Accreditation**: granted by Regions to authorised facilities, in order to act for the account of the NHS (additional qualification requirements, e.g.: patient rooms standards, minimum minute count for patient treatments, personnel training obligations, …)
- **Contract**: yearly agreement between Regions or Local Healthcare Units (ASL) and accredited entities, specifying:
  - Services to be rendered for the account of the NHS
  - Yearly budget for envisaged services

Strong barriers to entry

- **Multiple counterparties (Regions, ASLs) to interact with, local presence fundamental to anticipate/meet upcoming healthcare needs**
- **Complex regulatory framework, widely diversified across Regions**
- **Rigorous, detailed and diversified healthcare and lodging standard requirements to operate facilities**
- **Relationship with Regions based on trust, reputation and expertise built over the years**

KOS – Key Financials

Historic Performance

€ M	FY2014	FY2015	FY2016	FY2017	FY2018	*CAGR*
Number of beds	6.404	7.257	7.347	7.764	8.157	
Revenues	392.4	439.2	461.1	490.6	544.9	*+ 8,6%*
EBITDAR	85.8	102.1	111.7	119.7	137.1	*+12,4%*
EBITDA	60.4	73.0	82.4	87.8	101.8	*+13,9%*
Net result	13.7	21.4	24.6	30.7	36.3	
NFP	(157.0)	(210.0)	(213.6)	(237.1)	(259.4)	

Current Trading

	9M 2018	9M 2019 w/o IFRS 16	9M 2019 with IFRS 16
Number of beds			
Revenues	403.1	420.3	420.3
EBITDAR	101.5	103.4	103.4
EBITDA	74.9	75.9	101.6
Net result	24.8	25.1	23.5
NFP	(264.3)	(295.3)	(606.6)

KOS Growth Strategy

KOS has profitably grown since its startup by CIR in 2003, by focusing and developing excellence in two core activities:

LTC

- KOS pursued market consolidation in the core domestic market in Nursing Homes, Rehabilitation and Psychiatry, at a pace of 400-500 beds per year, through both acquisitions and greenfield projects
- Focus is on the acquisition of high quality assets, to be further improved both from a qualitative and financial point of view, by leveraging on distinctive know how and economies of scale (EBITDA margin from 9.5% to 18.7% over the last 4 years)
- KOS recently started considering other European LTC markets, to seek additional growth opportunities and further leverage its know how

D&CC

- Medipass started offering medical and tech services in Diagnostics in Italy; later expanded in the high growth Cancer Care segment and started operating own centers
- Leveraging on its leadership position in Italy, Medipass started an international expansion focused on the high growth Indian market

9M 2019 Performance and outlook

- Revenues grew 4,3%, thanks mainly to organic growth across all business lines, as well as acquisitions and greenfield projects completed in 2018
- EBITDA w/o IFRS16 at 18.1% of total revenues
- NFP in 9M 2019 was impacted by 35M dividend distribution and 26M development Capex, largely funded by operational cash flow
- The different accounting treatment of KOS' facilities rents under IFRS16 substantially increases EBITDA (ca. 35M on an annual basis) as well as the Net Financial Position (ca. 300M), but without any effect on covenant calculation

KOS – Acquisition of Charleston in Germany

On October 30, 2019 KOS closed the acquisition from EQT Capital Partners of 100% of Charleston Holding GmbH, one of the top ten Nursing Home operators in Germany

- Charleston operates 4.050 beds in 47 Nursing Homes, located mainly in Western Germany, with a 2018 turnover of ca. Euro 152 M
- The acquisition perimeter did not include Real Estate assets
- Enterprise Value of the acquisition is Euro 92 M, and has been funded through bank facilities available at KOS
- Charleston will be leveraged by KOS as a platform for further growth in Germany. The German Nursing Homes market is considered highly attractive due to its size (ca. 880k beds, 40% of which are managed by private operators), still relatively high fragmentation, growth potential and regulatory stability
- With the acquisition of Charleston, KOS now operates a total of 133 facilities and over 12.200 beds, with a 2018 pro-forma turnover of ca. Euro 700M

Sogefi - overview

SOGEFI

SUSPENSIONS	FILTRATION	AIR & COOLING
37%	33%	30%

2018 Revenues breakdown

Customers		Regions	
RENAULT/NISSAN	11.5%	Europe	61.0%
PSA	11.2%	North America	18.1%
FCA/CNH Industrial	10.9%	South America	11.2%
FORD	10.8%	Asia	9.7%
DAIMLER	9.0%		
GM	8.7%		
VOLKSWAGEN/AUDI	5.0%		
TOYOTA	3.2%		
BMW	2.9%		
OTHER	26.8%		

Weight of non-European markets
39%

Key financials

€ M	9M 2018	9M 2019 w/o IFRS 16	9M 2019 with IFRS 16
Revenues	1,187.1	1,149.0	1,149.0
EBITDA	141.6	121.8	130.7
Net result	20.3	10.1	8.2

9M 2019 Performance and outlook

- Global automotive market production decreased 5.9% in 9M2019: Europe -4.3%, Asia -11.6%, North America -2.2% and South America -3.3%
- Sogefi's revenues were down -2.2% at constant exchange rates (-3.2% at historical exchange rates), with Europe -1.6%, North America -4.2% and Asia -13% while Sud America recorded +8.6%
- EBITDA at € 130.7 M (down from € 141.6 M in 9M 2018), due to lower volumes
- EBIT at € 37.4 M (down from € 56.3 M in 9M 2019). EBIT held up well in the main markets, Europe and North America, thanks to efficiency actions implemented during the period, while the unfavourable performance of the Chinese and South America markets, together with the start-up costs of the filter production plant in Morocco had a negative impact
- Free Cash Flow was -€ 4.3 M, vs. -€ 22.7 M in 9M 2018 (which was impacted by the cash out related to the acquisition of the minority interests in the profitable and growing Indian subsidiary)
- Net debt w/o IFRS 16 was € 264.6 M (vs € 260.5 M in 4Q2018), while with IFRS16 it stood at € 327.7 M
- In 4Q 2019, the global automotive market is expected to decline (-5.5% in line vs. first 9M 2019). For 4Q 2019 Sogefi expects revenues in line with the market and a slightly improving EBIT margin compared to 4Q 2018

GEDI – overview

GEDI
GRUPPO EDITORIALE

NATIONAL PRESS	GEDI NEWS NETWORK (REGIONAL PRESS)	RADIO/TV	ADVERTISING COLLECTION
22%	27%		
18%	12%	10%	11%
La Repubblica *laRepubblica.it*	***15 local papers:*** *La Stampa* *Il Secolo XIX* *Il Tirreno* *Messaggero Veneto* *Il Piccolo* …	***Radio Deejay*** ***Radio Capital*** ***M2o*** *Persidera* (*)	***Manzoni***
Daily readers 1.9 m	Daily readers 3.3 m	Daily Listeners *Deejay* 5.0 m *m2o* 1.6 m *Capital* 1.6 m	

ITALIAN LEADER IN SALES & READERSHIP

3RD ITALIAN NETWORK

4TH PLAYER IN ITALY

Circulation revenues (% of 2018 total)

Advertising revenues, including digital (12% of 2018 total); for Manzoni Third party advertising collection

(*) TV Network operator, 30% stake, pending sale completion
(**) ITEDI consolidated from 3Q2017
(***) including Persidera write-down at financial charges level

Key financials

€ M	9M 2018	9M 2019 w/o IFRS 16	9M 2019 with IFRS16
Revenues	469.7	441.5	441.5
EBITDA	31.4	20.2	31.1
Net result	7.8	(17.3)	(18.3)

9M 2019 Performance and outlook

- On June 5, 2019 GEDI announced the sale of its 30% stake in Persidera to F2i and Ei Towers, for a consideration of € 74.5 M. Closing expected by 4Q 2019
- Circulation revenues at € 205.2 M (-4.8%) in a market down 8.2%
- Advertising revenues at € 206.4 M (-7.0%), with press market -12,5% (of which newspapers -10.6%), radio +2.5% and digital +2.2% (excluding Search&Social)
- Costs are 5.2% lower vs 9M 2018, but still do not fully reflect the ongoing restructuring of La Repubblica's newsroom (from March) and the closure of two printing facilities (from April)
- EBITDA and EBIT were lower than in 2018 as a consequence of weak top line
- Net result at -€ 18.3 M, mainly due to the - € 16.9 M write-down of Persidera and - € 3.7 M restructuring costs
- Net debt w/o IFRS 16 at € 118.4 M vs. € 103.2 M at the end of 2018, mainly due to restructuring plan cash expenditures; net debt with IFRS16 at € 177.0 M
- As for the 2019 outlook, building on improving 2Q and 3Q results vs the first months of the year and on further effects in 4Q from the implemented efficiency measures, GEDI expects to record a positive net result at the end of the year, excluding the impact of the sale of Persidera and any other non-ordinary items or currently unforeseeable events.

Non-core investments

Private equity

- Diversified portfolio of private equity funds and direct minority private equity investments, with a fair value of € 47.6 M at 30 September 2019 (with declining trend mainly due to reimbursements and fair value adjustments)
- The portfolio has reached its maturity/reimbursement phase, as limited investments were added in the recent past

Other Investments

- Other non strategic investments include direct minority stakes with a value of € 10.5 M at 30 September 2019, decreasing vs € 16.5M at 4Q 2018 due to divestments

NPL

- The net value of the non-performing loan assets was stable at € 9.1 M at 30 September 2019
- CIR no longer owns operating companies in this industry and is currently in the process of collecting the remaining receivables, with no further investments

Disclaimer

- *This document has been prepared by CIR for information purposes only and for use in presentations of the Group's results and strategies.*
- *For further details on CIR and its Group, reference should be made to publicly available information, including the Annual Report, the Semi-Annual and Quarterly Reports*
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- *Any reference to past performance of CIR Group shall not be taken as an indication of future performance*
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