FY 2018 Results

March 2019

FY 2018 at a glance

REVENUES

€2.82 bn

+5,2% at constant exchange rates vs 2017

EBITDA

€306 m

(€ 330m in 2017)

NET RESULT

€12.9 m

(-€5.9m in 2017)

DIVIDEND

€0.039

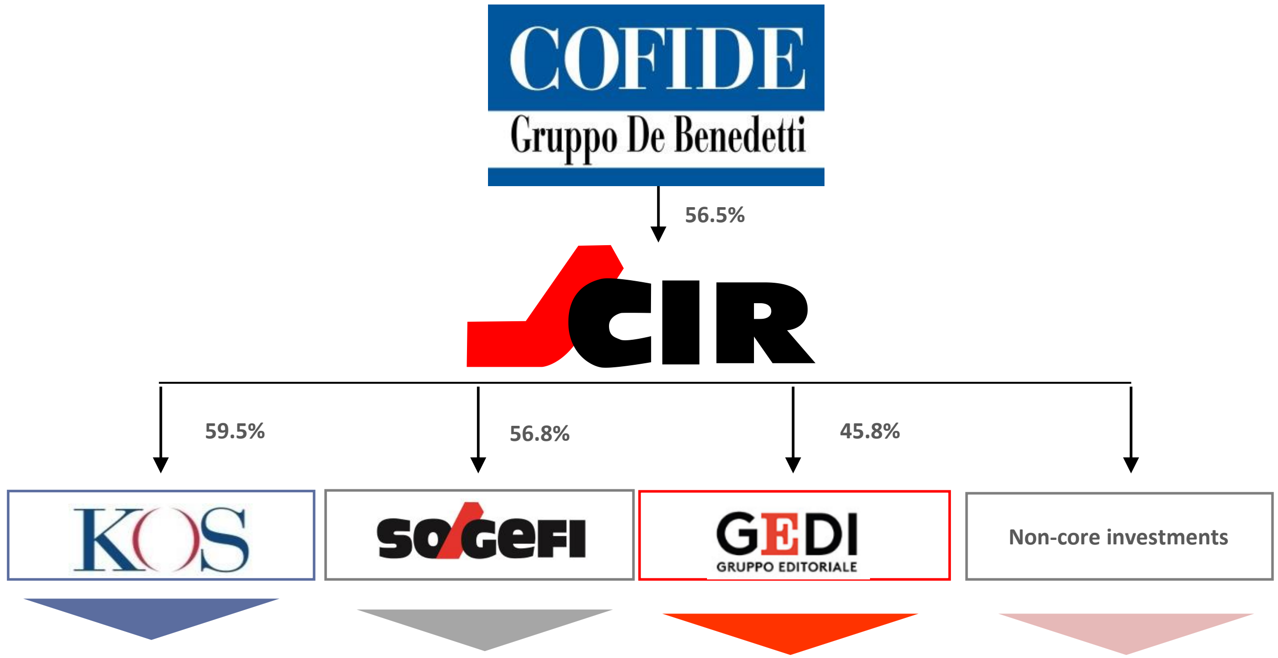
per share

HOLDING NET CASH

€325.5 m

31/12

Group structure *as of 31 December 2018*



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 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 31 December 2018 and calculated net of treasury shares of subsidiaries

CIR – Cofide Merger (1/2)

- On March 11, 2019 the Boards 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 extraordinary shareholders meeting for the approval of the merger is expected to be held by the end of June 2019, and the merger is expected to be effective by the end of Q42019. 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
  - Cofide will submit, at the Shareholders meeting for the approval of 2018 financial statements (to be held on April 29, 2019), 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
  - In relation to such change in the by-laws, Cofide will recognize a withdrawal right to its current shareholders; should the total cash amount related to withdrawals exceed Euro 5 M, the company has the right to waive such resolution and retain the current 24 months Minimum Holding Period

FY 2018 consolidated financials highlights

- Consolidated net result in FY 2018: € 12.9 M (vs - € 5.9 M in FY 2017
  Contribution of industrial businesses (KOS, Sogefi and GEDI) before GEDI extraordinary charges : € 35.0 M (vs. € 41.5 M in FY 2017)

- Consolidated net financial position at December 31, 2018: - € 297.1 M
  (vs. - € 272.5 M at December 31, 2017), including:
  - A net financial surplus at holding level of € 325.5 M
    (decreasing vs. € 343.0 M at December 31, 2017, mainly due to dividends and shares buyback)
  - A net debt of consolidated subsidiaries of € 622.6 M
    (slightly increasing vs. € 615.5 M at December 31 2017 mainly due to KOS and SOGEFI investments and KOS dividend distribution)

Consolidated income statement

€ M

	FY 2017(1)	FY 2018	
Revenues	2,754.2	2,817.4	*+2.3%*
EBITDA	330.9	306.0	*-7.5%*
EBIT	154.2	101.7	*-34.0%*
Financial result *(2)*	(24.5)	(48.8)	
Taxes *(3)*	(181.0)	(32.6)	
Group net result *(4)*	**(5.9)**	**12.9**	

(1) 2017 figures restated in application of IFRS 15
(2) Difference is mainly due to lower income from financial assets at holding company level (interest income and expense, dividends received, fair value adjustments, trading) and to write-down on Persidera shareholding in GEDI
(3) In FY 2017 Taxes include the tax charge (€ 154.5 M) resulting from the settlement of the dispute at GEDI
(4) Net of third party interests (equal to € -7.4 M in FY 2018 and € +37.8 M in FY 2017)

Consolidated income statement by business sector

€ M

	FY 2017[1]	FY 2018
KOS Group	17.3	20.9
Sogefi Group	15.1	8.0
GEDI Group	(56.4)	(14.7)
Total operating companies *(2)*	**(24.0)**	**14.2**
CIR holding *(3)*	18.1	(1.3)
Net result	**(5.9)**	**12.9**

(1) 2017 figures restated in application of IFRS 15
(2) Pro-rata share of subsidiaries' net result; GEDI's contribution was affected in FY 2017 by the settlement of a pending tax dispute (- € 65.5 M impact on consolidated result) and in FY 2018 by extraordinary items (- € 20.8 M impact on consolidated result)
(3) Including income from financial assets/non core investments, operating costs

Consolidated balance sheet – main group assets

€ M

Group equity in consolidated balance sheet	31 Dec. 2017[1]	31 Dec. 2018
KOS	171.8	174.4
Sogefi	102.8	111.5
GEDI	254.8	239.2
Total operating companies	**529.4**	**525.1**
Fixed assets	15.3	15.5
Private equity [2]	53.0	46.0
Non performing loans	11.1	10.0
Other investments	9.9	16.5
Other Assets (Liabilities)	(0.7)	(2.4)
Net cash	343.0	325.5
Total CIR holding level	**431.6**	**411.1**
Total CIR Group shareholders'equity	**961.0**	**936.2**
Shareholder's equity per share	1.21	1.18
Shareholder's equity per share (net of treasury shares) [3]	1.46	1.45

(1) 2017 figures restated in application of IFRS 15
(2) Book value decreasing mainly due to cash reimbursements to CIR
(3) Treasury shares as of 31 December 2018: n. 150.1 m, equal to 18.9% of share capital

Consolidated net financial position

€ M

	31 Dec. 2017[1]	31 Dec. 2018
KOS Group	(237.1)	(259.4)
Sogefi Group	(264.0)	(260.5)
GEDI Group [2]	(115.1)	(103.2)
Other subsidiaries	0.7	0.5
Total subsidiaries	**(615.5)**	**(622.6)**
CIR holding level	343.0	325.5
Consolidated net financial indebtedness	**(272.5)**	**(297.1)**
Total shareholders'equity[3]	**(1,481.2)**	**(1,448.9)**
Consolidated net invested capital	**1,753.7**	**1,746.0**

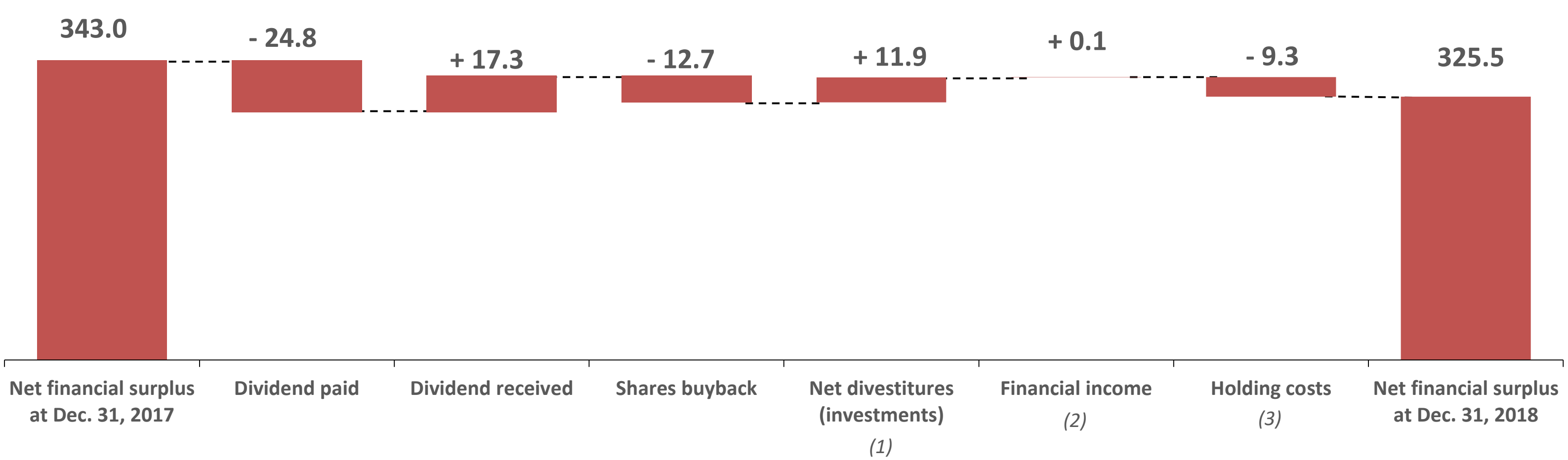
(1) 2017 figures restated in application of IFRS 15
(2) GEDI's NFP was impacted in 2018 by the payment of the last instalment related to the tax settlement (€ 35M)
(3) Including third party interests

Net financial position at CIR Holding level

- Decrease of net cash at CIR financial holdings is mainly due to dividends and treasury shares buyback

Evolution of net financial position in FY 2018

(€ m)



(1) Investments in Private equity / non strategic participations

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

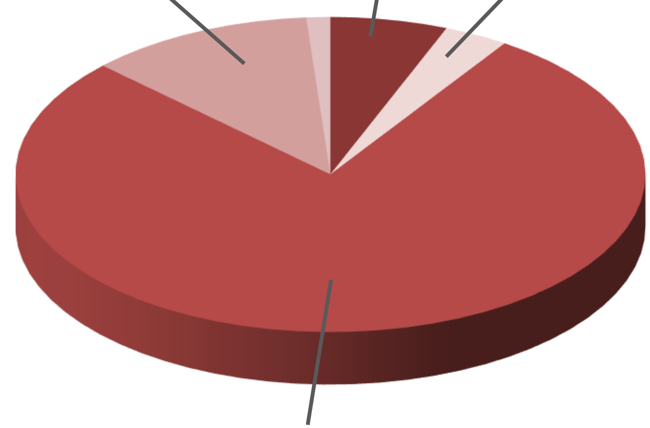
(3) Operating costs, taxes, etc.

Composition of liquid assets

€ M

	31 Dec. 2017	31 Dec. 2018
Cash and time deposits	60.5	19.6
Corporate bonds	11.2	10.8
Fixed income funds	228.9	253.2
Equity funds	2.6	--
Hedge funds	39.1	37.9
Other [1]	0.7	4.0
Total liquid assets	**343.0**	**325.5**
Gross financial debt	**--**	**--**
Net financial position	**343.0**	**325.5**

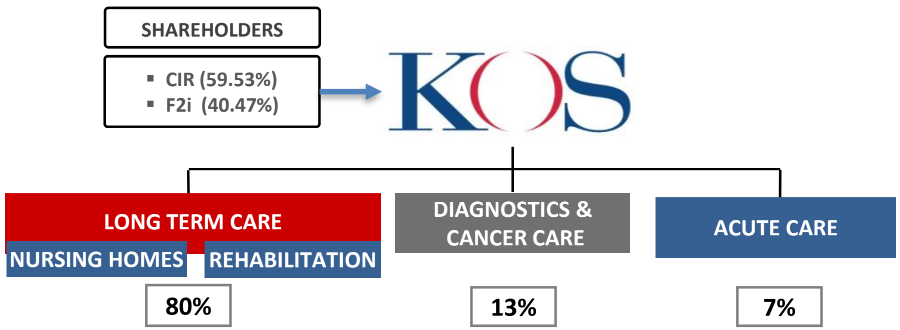
Liquid assets at 31 December 2018



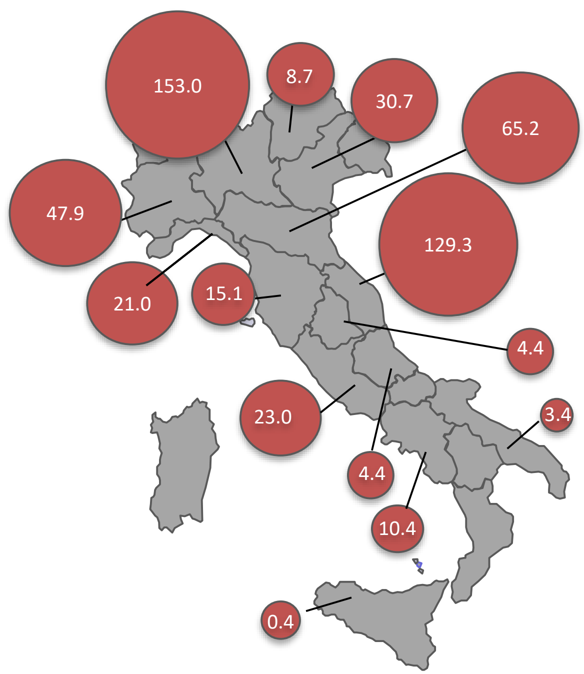
FY 2018 Subsidiaries' financial and operational highlights

	FY 2018 Highlights	Key strategic objectives
KOS	▪ Continuing growth of revenues (+11.1%) and EBITDA (+15.9%), thanks to ongoing organic expansion, greenfield development and acquisitions, as well as efficiency improvements	▪ Further consolidation in Italian nursing homes and rehabilitation markets ▪ Focused geographical expansion in Diagnostics and Cancer care
Sogefi	▪ SOGEFI revenues grew 3.2% at constant exchange rates (down 1.5% at current exchange rates), outperforming the market ▪ EBITDA was at € 190.0M down from € 206.9M in FY2017, affected by the impact of exchange rates on the whole group and higher steel prices, particularly in the Suspensions Business Unit ▪ Net result € 14.0M (vs. €26.6M in FY2017) ▪ Positive cash flow generation (+€2.9M down from +€34.4M in FY2017), impacted by -€16.7M minority stake acquisition	▪ 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: newspaper circulation: -7.4% (including digital copies -5.7%); press advertising market -7.0% ▪ Market growth in Radio (+5.5%) and Internet (+4.5%, excluding Search&Social) ▪ GEDI revenues grew 5.3% thanks to ITEDI integration but were down 5.9% at constant perimeter ▪ EBITDA € 33.1 M, including -€ 18,7 M of restructuring expenses and other non-ordinary items; adjusted EBITDA € 51.7 M comparable to € 57.4 M in FY 2017 ▪ Net result -€ 32.2M, affected by -€ 45.5 M extraordinary items	▪ Operational integration of ITEDI businesses ▪ 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



2018 Revenues breakdown



Key financials

€ M	FY2017	FY 2018
Revenues	490.6	544.9
EBITDA	87.9	101.8
Net result	29.0	35.2
NFP	(237.1)	(259.4)

FY 2018 Performance and outlook

- Revenues grew 11.1%, thanks to organic growth across all business lines, as well as acquisitions and greenfield projects completed in 2017 and 2018
- EBITDA grew 15.9%, driven by top line growth and efficiency improvement
- The company owns 86 Long Term Care facilities, located mainly in the centre and north of Italy, with 8,157 beds, making it the first long term care operator in Italy
- Main objectives in Long Term Care are to pursue market consolidation in the core domestic market and further leverage economies of scale
- The Diagnostics and Cancer Care business operates ca. 40 Service Contracts in Italy, India and UK, and owns one radiotherapy center. Its strategy includes domestic as well as selective international growth, both organic and through acquisitions

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	FY 2017	FY 2018
Revenues	1,647.8	1,623.8
EBITDA	206.9	190.0
Net result	26.6	14.0

FY 2018 Performance and outlook

- Global automotive market production decreased 1.0% in FY2018 (Europe -2.0%, North America -0.6%, Asia -2.3%, South America +3.2%). In 4Q 2018 volumes were -5.4% due to a decline in Europe, South America and China
- Sogefi's revenues growth outperformed the market at constant exchange rates (+3.2%, thanks to North America +5.7% and Asia +4.8%, but down -1,4% in Europe); including the exchange rates effect, revenues were -1.5%
- EBITDA at € 190.0 M down from € 206.9 M in FY2017, mainly due to exchange rates (€ 6.2 M impact) and to the unfavourable evolution of steel prices, which penalized in particular the Suspensions business unit. EBITDA margin declined from 12.6% to 11.7%
- Free Cash Flow was + € 2.9 M, decreasing vs. +€ 34.4 M in FY2017, impacted by the cash-out for the acquisition of the minority interests in the Indian branch (€ 16.7 M). Net debt was € 260.5 M vs € 264 M in 4Q2017
- In 2019, Sogefi expects revenues to evolve in line with the market at constant exchange rates, and is committed to recovering profitability particularly in the Suspensions sector

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 (National Press and GEDI News Network)

3RD ITALIAN NETWORK (Radio/TV)

4TH PLAYER IN ITALY (Advertising Collection)

Circulation revenues (% of 2018 total)

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

(*) TV Network operator, 30% stake

(**) ITEDI consolidated from 3Q2017

(***) including Persidera write-down at financial charges level

Key financials

€ M	FY 2017(**)	FY 2018
Revenues	615.8	648.7
EBITDA	52.8	33.1
Net result	(123.3)	(32.2)

FY 2018 Performance and outlook

- Circulation revenues at € 284.6 M (+8.3% including ITEDI, but -8.1% at constant perimeter) in a market down 7.4%.
- Advertising revenues at € 318.0 M (+4.9%, but -2.9% at constant perimeter):
  - press advertising rose by 3.2% (-8.1% at constant perimeter, vs. market -7.0%)
  - internet advertising up +11.0% (+3.1% at constant perimeter, vs. market +4.5%)
  - radio reported a 5.5% increase in line with the market
- EBITDA at € 33.1 M (adjusted € 51.7 M, net of restructuring expenses, vs. adjusted € 57.4 M in FY 2017)
- Adjusted EBIT (net of further € 24.2 M goodwill write-downs related to press assets) at € 33.1 M vs. adjusted € 41.1 M in FY 2017
- Net result at - € 32.2M affected by - € 45.5M total net extraordinary items *(***)*
- Net debt at € 103.2 M vs. € 115.1 M at the end of 2017 (after a € 140.2 M disbursement in 4Q2017, and further € 35.1 M in 3Q2018, for the settlement of a fiscal dispute)
- As for the 2019 outlook, evidence available to date suggests similar market trends as in 2018. In such a difficult market, GEDI will continue to implement rationalization measures to preserve profitability, to further exploit synergies from the merger with ITEDI and strengthen its leadership in digital activities

Non-core investments

Private equity

- Diversified portfolio of private equity funds and direct minority private equity investments, with a fair value of € 46.0 M at 31 December 2018 (with declining trend mainly due to reimbursements and limited fair value adjustments in application of IFRS 15)
- 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 € 16.5 M at 31 December 2018, increasing vs € 9.9M at 4Q 2017 due to recent additions to the portfolio

NPL

- The net value of the non-performing loan portfolios is € 10.8 M at 31 December 2018
- CIR no longer owns operating companies in this industry and is currently in the process of collecting the remaining receivables, with no further investments

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- *This document has been prepared by CIR for information purposes only and for use in presentations of the Group’s results and strategies.*
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