



## PRESS RELEASEE

*Board of Directors approves results for the year 2013*

### **COFIDE GROUP: A LOSS FOR 2013 DUE TO THE WRITE-DOWNS OF THE SUBSIDIARY CIR PARENT COMPANY REPORTS NET INCOME OF € 1.1 MLN**

***Board of Directors will propose to Shareholders' Meeting that no dividends be distributed.***

***Carlo De Benedetti, in line with the succession process and his gradual retirement from executive positions in recent years, leaves the Board. He remains Honorary Chairman***

Milan, June 6 2014 - The **Board of Directors of COFIDE-Gruppo De Benedetti S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, approved the **proposed financial statements for the year and the consolidated financial statements of the group for 2013.**

#### **Performance of operations**

In 2013 the COFIDE group reported a consolidated net result of -€ 130.4 million (-€ 56.3 million in 2012), which was substantially equivalent to the contribution of its subsidiary CIR, whose results were affected by significant non-recurring items, particularly the write-downs of Sorigenia. However, the parent company COFIDE S.p.A. closed the year with a profit.

COFIDE is the controlling **shareholder** of **CIR-Compagnie Industriali Riunite S.p.A.**, the company at the head of an industrial group active in the sectors of energy, media, automotive components, healthcare and non-core investments. COFIDE has also invested in **Jargonnant**, the private equity fund specializing in real estate assets in Germany and Eastern Europe.

#### **Consolidated results and results of the parent company**

The **consolidated revenues** of COFIDE came in at **€ 4.752 million** in 2013, compared to € 4,988.1 million in 2012 (-4.7%). **EBITDA after non-recurring items**, which were the write-downs of the CIR group, came to **-€ 40.4 million**. **EBITDA before non-recurring items**, however, was a **positive € 345.3 million**, which was substantially in line with the figure, before non-recurring items, for 2012.

Financial management produced a net charge of € 159.6 million (€ 108.7 million in 2012), resulting from net financial expense of € 155.8 million, negative adjustments to the value of financial assets of € 16.3 million and net gains from trading and valuing securities of € 12.5 million.

The **consolidated net result** for 2013 was **-€ 130.4 million**, compared to a loss of € 56.3 million in 2012. This result was determined essentially by the contribution of the subsidiary CIR (-€ 131.5 million), due mainly to the effect of the write-downs of Sorigenia.

The **parent company COFIDE S.p.A.** in 2013 reported **net income of € 1.1 million**. The lower figure compared to the net income of € 4.7 million in 2012 was due to the non-distribution of dividends by the main subsidiary CIR S.p.A. in 2013.

The **net debt of COFIDE S.p.A.** at December 31 2013 amounted to **€ 31 million** (€ 34.4 million at December 31 2012).

The **consolidated net debt of the group** totalled **€ 1,876.3 million** at December 31 2013 and was down significantly from the figure of € 2,537.7 million euro at December 31 2012.

This figure benefited from the sharp fall in the consolidated debt of the CIR group thanks to the increase in the net financial position of the parent company of the group following the definitive ruling of the Lodo Mondadori case and the reduction in the debt of the subsidiaries.

**Total consolidated equity** stood at **€ 1,585.8 million** at December 31 2013, down from € 2,298.6 million at December 31 2012. The **consolidated equity of the group** declined from € 650.4 million at December 31 2012 to **€ 535.9 million** euro at December 31 2013.

The **shareholders' equity** of **COFIDE S.p.A.** amounted to **€ 557.3 million** at December 31 2013 versus € 557 million at December 31 2012.

### **Outlook for the year 2014**

The performance of the COFIDE group in 2014 will be affected not only by the evolution of the macroeconomic scenario, which is still uncertain, but also by the outcome of the restructuring of the debt of Sorgenia (which is controlled by CIR). Regarding Sorgenia, discussions between the banking system, the company and its shareholders are continuing actively, which is evidence of the will of the parties to reach an agreement.

### **Annual General Meeting of the Shareholders**

The Board of Directors will propose to the Shareholders' Meeting that no dividends be distributed for the year 2013 in order to preserve the financial solidity of the company. The Shareholders' Meeting (AGM) has been convened for June 28 at the first call and for June 30 at the second call. The Board at today's meeting and at the meeting held on April 28 2014, among other things, approved the following resolutions:

- To put before the Shareholders' Meeting a motion to reduce the number of members of the Board of Directors from 13 to 11. In fact at the renewal of the Board of Directors of the subsidiary CIR S.p.A., scheduled for the coming Shareholders' Meeting, Carlo De Benedetti has decided not to continue his mandate for a further three years and consequently to leave his position in COFIDE S.p.A. as well. This decision is consistent with the succession process for the ownership of the group and the gradual retirement from executive position followed by Carlo De Benedetti in recent years. The Board of Directors thanked him for his commitment, his passion and his work in the years of his service to the companies that he founded. Carlo De Benedetti will remain as Honorary Chairman of CIR S.p.A. and COFIDE S.p.A. In recent weeks the company announced the resignation of Director Laura Cioli as well.
- To put before the Shareholders' Meeting a motion to cancel and renew the Board's authorization for a period of 18 months to buy back a maximum of 30 million own shares, with a maximum disbursement limit of € 25 million, at a unit price that cannot be more than 10% higher or lower than the benchmark price recorded by the shares on regulated markets on the trading day preceding each single buyback transaction.  
The main reasons why this authorization is being renewed are, on the one hand, the possibility of investing in shares of the company at prices below their actual value based on the real economic value of its equity and its income generating prospects, and on the other hand, the possibility of reducing the company's average cost of capital.
- The coming Shareholders' Meeting will be called upon to adopt a resolution on the renewal of the Board of Statutory Auditors.

### **Interim Financial Report as of March 31 2014**

The Board of Directors will approve the Interim Financial Report of COFIDE S.p.A. as of March 31 2014 on June 30 2014, after the Shareholders' Meeting.

*The executive responsible for the preparation of the company's financial statements, Giuseppe Gianoglio, hereby declares, in compliance with the terms of paragraph 2 Article 154 bis of the Finance Consolidation Act (TUF), that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.*

\*\*\*

Contacts:

**CIR Group Communication Department**

Salvatore Ricco

Mariella Speciale

Tel.: +39 02 722701

e-mail: [infostampa@cirgroup.it](mailto:infostampa@cirgroup.it)

[www.cofide.it](http://www.cofide.it)

\*\*\*

**Alternative performance indicators**

Below the meaning and content are given of the “alternative performance indicators”, not envisaged by IFRS accounting standards but used in this press release to provide a better evaluation of the economic and financial performance of the COFIDE group.

- **EBITDA (gross operating margin):** an indicator of operating performance calculated by adding “amortization, depreciation and write-downs” to the EBIT figure (earnings before financial items and taxes);
- **Consolidated net debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, available-for-sale financial assets and cash and cash equivalents in current assets, of bonds and notes and other borrowings in non-current liabilities, and of bank overdrafts, bonds and notes and other borrowings in current liabilities.

*Attached are key figures from the consolidated statement of financial position and income statement*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	31.12.2013	31.12.2012
<b>NON-CURRENT ASSETS</b>	<b>3,791,617</b>	<b>4,904,336</b>
INTANGIBLE ASSETS	1,161,522	1,501,522
TANGIBLE ASSETS	1,998,818	2,367,976
INVESTMENT PROPERTY	22,310	23,393
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	81,988	353,070
OTHER EQUITY INVESTMENTS	5,636	5,580
OTHER RECEIVABLES	234,043	262,275
<i>of which with related parties</i>	18,125	30,944
SECURITIES	94,319	127,030
DEFERRED TAXES	192,981	263,490
<b>CURRENT ASSETS</b>	<b>2,830,738</b>	<b>3,168,942</b>
INVENTORIES	160,945	170,757
CONTRACTED WORK IN PROGRESS	30,926	42,258
TRADE RECEIVABLES	1,192,627	1,447,836
<i>of which with related parties</i>	28,895	7,760
OTHER RECEIVABLES	210,029	285,998
<i>of which with related parties</i>	589	7,546
FINANCIAL RECEIVABLES	1,433	35,489
SECURITIES	175,670	410,343
AVAILABLE-FOR-SALE FINANCIAL ASSETS	98,013	105,511
CASH AND CASH EQUIVALENTS	961,095	670,750
ASSETS HELD FOR DISPOSAL	--	34,444
<b>TOTAL ASSETS</b>	<b>6,622,355</b>	<b>8,107,722</b>
<b>LIABILITIES AND EQUITY</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>EQUITY</b>	<b>1,585,807</b>	<b>2,298,620</b>
SHARE CAPITAL	359,605	359,605
RESERVES	82,858	66,752
RETAINED EARNINGS (LOSSES)	223,785	280,308
NET INCOME (LOSS) FOR THE YEAR	(130,360)	(56,288)
<b>EQUITY OF THE GROUP</b>	<b>535,888</b>	<b>650,377</b>
MINORITY SHAREHOLDERS' EQUITY	1,049,919	1,648,243
<b>NON-CURRENT LIABILITIES</b>	<b>1,375,915</b>	<b>3,280,984</b>
BONDS AND NOTES	257,724	496,379
OTHER BORROWINGS	649,508	2,341,678
OTHER PAYABLES	964	2,922
DEFERRED TAXES	215,120	179,506
PERSONNEL PROVISIONS	128,711	141,140
PROVISIONS FOR RISKS AND LOSSES	123,888	119,359
<b>CURRENT LIABILITIES</b>	<b>3,660,633</b>	<b>2,527,734</b>
BANK OVERDRAFTS	194,114	165,885
BONDS AND NOTES	230,719	4,354
OTHER BORROWINGS	1,780,434	751,496
<i>of which from related parties</i>	--	13
TRADE PAYABLES	1,011,769	1,192,934
<i>of which to related parties</i>	860	41,385
OTHER PAYABLES	334,231	307,890
<i>of which to related parties</i>	1,211	2,355
PROVISIONS FOR RISKS AND LOSSES	109,366	105,175
LIABILITIES HELD FOR DISPOSAL	--	384
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,622,355</b>	<b>8,107,722</b>

## CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2013	2012
TRADE REVENUES	4,751,980	4,988,111
<i>of which from related parties</i>	122,237	112,240
CHANGE IN INVENTORIES	(11,540)	9,099
COSTS FOR THE PURCHASE OF GOODS	(2,797,064)	(2,999,079)
<i>of which from related parties</i>	(137,918)	(328,757)
COSTS FOR SERVICES	(841,445)	(830,024)
<i>of which from related parties</i>	(1,721)	(1,699)
PERSONNEL COSTS	(714,147)	(740,320)
OTHER OPERATING INCOME	86,178	174,174
<i>of which from related parties</i>	2,988	36,698
OTHER OPERATING COSTS	(244,572)	(254,849)
<i>of which with related parties</i>	(13)	(54)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(269,769)	(36,534)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(862,450)	(283,272)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES ( E B I T )</b>	<b>(902,829)</b>	<b>27,306</b>
FINANCIAL INCOME	61,008	68,365
<i>of which from related parties</i>	12,618	10,990
FINANCIAL EXPENSE	(216,786)	(196,799)
<i>of which with related parties</i>	(11,839)	(10,228)
DIVIDENDS	547	403
<i>of which from related parties</i>	3	14
GAINS FROM TRADING SECURITIES	18,211	22,155
LOSSES FROM TRADING SECURITIES	(6,210)	(11,759)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(16,334)	8,925
NON-RECURRING INCOME (EXPENSE)	491,312	--
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>(571,081)</b>	<b>(81,404)</b>
INCOME TAXES	(188,863)	(31,581)
<b>RESULT BEFORE TAXES FROM OPERATING ACTIVITY</b>	<b>(759,944)</b>	<b>(112,985)</b>
NET INCOME (LOSS) FROM ASSETS HELD FOR DISPOSAL	--	--
<b>NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS</b>	<b>(759,944)</b>	<b>(112,985)</b>
- NET LOSS (INCOME) MINORITY SHAREHOLDERS	629,584	56,697
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>(130,360)</b>	<b>(56,288)</b>
<b>BASIC EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>(0.1813)</b>	<b>(0.0783)</b>
<b>DILUTED EARNINGS (LOSS) PER SHARE (in euro)</b>	<b>(0.1813)</b>	<b>(0.0783)</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)

	2013	2012
<b>OPERATING ACTIVITY</b>		
NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS:	(759,944)	(112,985)
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	862,450	283,272
PORTION OF RESULT OF COMPANIES CONSOLIDATED AT EQUITY	269,769	36,534
ACTUARIAL CHANGE IN STOCK OPTION PLANS	7,210	11,048
CHANGE IN PERSONNEL PROVISIONS AND PROVISIONS FOR RISKS AND LOSSES	(3,709)	81,069
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	16,334	(8,925)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES & PAYABLES	166,457	(80,521)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	197,498	(87,584)
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>756,065</b>	<b>121,908</b>
of which:		
- interest received (paid)	--	(95,072)
- income tax payments	--	(64,448)
<b>INVESTMENT ACTIVITY</b>		
AMOUNT PAID FOR BUSINESS COMBINATIONS	--	(6,518)
NET FINANCIAL POSITION OF COMPANIES ACQUIRED	--	514
(PURCHASE) SALE OF SECURITIES	259,805	238,380
(PURCHASE) SALE OF FIXED ASSETS	(152,209)	(204,735)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>107,596</b>	<b>27,641</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	3,246	24,868
OTHER CHANGES IN EQUITY	(11,982)	(84,193)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(641,466)	93,815
BUY-BACK OF OWN SHARES OF THE GROUP	(1,064)	(3,314)
DIVIDENDS PAID OUT	49,721	(39,610)
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>(601,545)</b>	<b>(8,434)</b>
<b>INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>262,116</b>	<b>141,115</b>
<b>NET CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<b>504,865</b>	<b>363,750</b>
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>766,981</b>	<b>504,865</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to the shareholders of the parent company					Minority interests	Total
	Share capital	Reserves	Retained earnings (losses)	Net income (losses) for the year	Total		
<i>(in thousands of euro)</i>							
<b>BALANCE AT DECEMBER 31 2011</b>	<b>359,605</b>	<b>78,234</b>	<b>286,576</b>	<b>1,015</b>	<b>725,430</b>	<b>1,777,376</b>	<b>2,502,806</b>
Capital increases	--	--	--	--	--	24,868	24,868
Dividends to Shareholders	--	--	(7,192)	--	(7,192)	(32,418)	(39,610)
Retained earnings	--	91	924	(1,015)	--	--	--
Effects of equity changes in subsidiaries	--	(463)	--	--	(463)	(27,845)	(28,308)
<i>Comprehensive result for the year</i>							
Fair value measurement of hedging instruments	--	(4,570)	--	--	(4,570)	(16,469)	(21,039)
Fair value measurement of securities	--	1,761	--	--	1,761	(900)	861
Securities fair value reserve released to income statement	--	845	--	--	845	882	1,727
Effects of equity changes in subsidiaries	--	(1,961)	--	--	(1,961)	(4,330)	(6,291)
Currency translation differences	--	(4,482)	--	--	(4,482)	(8,846)	(13,328)
Actuarial gains (losses)	--	(2,703)	--	--	(2,703)	(7,378)	(10,081)
Result for the year	--	--	--	(56,288)	(56,288)	(56,697)	(112,985)
<i>Total comprehensive result for the year</i>	--	(11,110)	--	(56,288)	(67,398)	(93,738)	(161,136)
<b>BALANCE AT DECEMBER 31 2012</b>	<b>359,605</b>	<b>66,752</b>	<b>280,308</b>	<b>(56,288)</b>	<b>650,377</b>	<b>1,648,243</b>	<b>2,298,620</b>
Capital increases	--	--	--	--	--	3,246	3,246
Dividends to Shareholders	--	--	--	--	--	(11,982)	(11,982)
Retained earnings	--	235	(56,523)	56,288	--	--	--
Effects of equity changes in subsidiaries	--	834	--	--	834	(431)	403
<i>Comprehensive result for the year</i>							
Fair value measurement of hedging instruments	--	14,878	--	--	14,878	42,833	57,711
Fair value measurement of securities	--	6,418	--	--	6,418	9,751	16,169
Securities fair value reserve released to income statement	--	(1,798)	--	--	(1,798)	(1,883)	(3,681)
Effects of equity changes in subsidiaries	--	1,472	--	--	1,472	4,429	5,901
Currency translation differences	--	(7,219)	--	--	(7,219)	(18,138)	(25,357)
Actuarial gains (losses)	--	1,286	--	--	1,286	3,435	4,721
Result for the year	--	--	--	(130,360)	(130,360)	(629,584)	(759,944)
<i>Total comprehensive result for the year</i>	--	15,037	--	(130,360)	(115,323)	(589,157)	(704,480)
<b>BALANCE AT DECEMBER 31 2013</b>	<b>359,605</b>	<b>82,858</b>	<b>223,785</b>	<b>(130,360)</b>	<b>535,888</b>	<b>1,049,919</b>	<b>1,585,807</b>