

PRESS RELEASE

Board of Directors approves results as of June 30 2016

COFIDE GROUP: NET INCOME FOR FIRST HALF € 17.5 MLN (€ 20.3 MLN IN 2015)

The result benefits from the positive contribution of CIR and the parent company COFIDE S.p.A.

Financial highlights for 1H 2016

(in millions of €)

	<u>1H 2015</u>	<u>1H 2016</u>	Δ%
Revenues	1,290.7	1,319.1	+2.2%
EBITDA	119.7	126.4	+5.6%
Net result	20.3	17.5	
	<u>31/12</u>	<u>30/6</u>	
Net financial debt	159.4	244.8	

Milan, July 29 2016 – The **Board of Directors** of **COFIDE-Gruppo De Benedetti S.p.A.**, which met today in Milan under the chairmanship of **Rodolfo De Benedetti**, has approved the **Semi-annual Financial Report as of June 30 2016**.

COFIDE is the controlling **shareholder** of **CIR-Compagnie Industriali Riunite S.p.A.**, the company at the head of an industrial group active mainly in the media, automotive components and healthcare sectors. The COFIDE group also has financial investments in **Jargonant**, the private equity fund specializing in real estate assets in Germany and Eastern Europe, and in **Three Hills Decalia**, the investment fund that supports the growth of small and medium European enterprises.

Consolidated results

The **revenues** of the COFIDE group in the first half of 2016 came in at **€ 1,319.1 million, up by 2.2%** from € 1,290.7 million in the same period of 2015.

EBITDA came to **€ 126.4 million** (9.6% of revenues), **posting a rise of 5.6%** on the figure of € 119.7 million (9.3% of revenues) in 2015. The number benefited from the higher EBITDA of the CIR group.

In the first half of the year the COFIDE group reported **net income of € 17.5 million** versus earnings of € 20.3 million in the same period of the previous year. This result was the combination of the **positive contribution of the subsidiary CIR** (€ 14.1 million versus € 18.6 million in 2015) and that of the **parent company of the group, COFIDE S.p.A. (€ 3.4 million, up from € 1.7 million in 2015)**. The contribution of the parent company COFIDE S.p.A to consolidated earnings was the net income of the company net of the dividends received from the subsidiary CIR S.p.A.

In the first half of 2016 the CIR group reported net income of € 25.9 million compared to € 36.4 million in the same period of last year; the difference was due entirely to lower financial management income from the parent company and the non-industrial subsidiaries and the capital gain realized by *Espresso* in the first half of 2015 when it sold the company *All Music* to *Discovery*.

The consolidated net financial debt of the COFIDE group stood at **€ 244.8 million** at June 30 2016, up from € 159.4 million at December 31 2015. The difference was due mainly to the higher net debt of the CIR group which in the first half, at parent company and non-industrial subsidiary level, made investments of € 112 million (including € 84.5 million for the purchase of an 11.4% interest in KOS and € 17.1 million for the buyback of own shares) and distributed dividends of € 29.5 million.

Total consolidated equity amounted to **€ 1,463.8 million** at June 30 2016, down from € 1,573.1 million at December 31 2015. The **consolidated equity of the group** amounted to **€ 543.4 million** at June 30 2016 versus € 567.8 million at December 31 2015.

The value of the investment in the **Jargonnant** fund was **€ 4.8 million** at June 30 2016 (€ 13.4 million at the end of 2015). The COFIDE group has also invested in the **Three Hills Decalia** fund, which specializes in small and medium enterprises in Europe: the value of the investment was **€ 8.7 million** at June 30 2016 (€ 7.3 million at the end of 2015).

At June 30 2016 the COFIDE group had **14,607 employees** (14,215 at December 31 2015).

Results of the parent company of the group COFIDE S.p.A.

The net income of the parent company **COFIDE S.p.A.** for the first half of the year was **€ 19.4 million** euro, thanks to dividends received from CIR S.p.A. for € 16 million and a capital gain on the redemption of shares in the Jargonnant fund. COFIDE S.p.A. had closed the first half of 2015 with net income of € 1.7 million; in the previous year the subsidiary CIR did not distribute any dividends.

The **net financial debt of COFIDE S.p.A.** amounted to **€ 26.6 million** at June 30 2016 (€ 37.7 million at December 31 2015). The reduction was due mainly to the repayment of shares in the Jargonnant fund and to the receipt of dividends, net of those paid out, of € 5.9 million. The **equity** of COFIDE S.p.A. stood at **€ 561.0 million** at June 30 2016, up from € 556.6 million at December 31 2015.

Outlook for the whole year 2016

The performance of the COFIDE group in the second half of 2016 will be influenced by the evolution of the Italian economic environment, the impact of which is significant particularly for the media sector, and by the performance of the main world car markets for the automotive components sector.

For further information on the results of the subsidiary CIR, see the press released published by the company today (<http://goo.gl/MmPTpt>).

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

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 financial 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 other borrowings in non-current liabilities, and of bank overdrafts, bonds 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	30.06.2016	31.12.2015
NON-CURRENT ASSETS	2,065,615	2,094,545
INTANGIBLE ASSETS	992,611	997,652
TANGIBLE ASSETS	647,067	659,109
INVESTMENT PROPERTY	20,674	20,916
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	130,873	131,833
OTHER EQUITY INVESTMENTS	5,443	5,830
OTHER RECEIVABLES	84,201	87,075
<i>of which with related parties</i>	2,693	2,693
SECURITIES	80,518	87,383
DEFERRED TAXES	104,228	104,747
CURRENT ASSETS	1,346,516	1,412,396
INVENTORIES	135,058	134,055
CONTRACTED WORK IN PROGRESS	39,201	39,178
TRADE RECEIVABLES	449,392	415,937
<i>of which with related parties</i>	1,395	2,259
OTHER RECEIVABLES	113,385	97,565
<i>of which with related parties</i>	569	655
FINANCIAL RECEIVABLES	28,289	30,496
SECURITIES	75,140	131,012
AVAILABLE-FOR-SALE FINANCIAL ASSETS	235,398	251,510
CASH AND CASH EQUIVALENTS	270,653	312,643
ASSETS HELD FOR DISPOSAL	11,582	9,005
ELISIONS TO AND FROM DISCONTINUED OPERATIONS	--	--
TOTAL ASSETS	3,423,713	3,515,946
LIABILITIES AND EQUITY	30.06.2016	31.12.2015
SHAREHOLDERS' EQUITY	1,463,775	1,573,078
SHARE CAPITAL	359,605	359,605
RESERVES	78,682	110,571
REAINED EARNINGS (LOSSES)	87,519	78,901
NET INCOME (LOSS) FOR THE YEAR	17,543	18,687
EQUITY OF THE GROUP	543,349	567,764
MINORITY SHAREHOLDERS' EQUITY	920,426	1,005,314
NON-CURRENT LIABILITIES	979,643	1,060,437
BONDS	275,232	288,366
OTHER FINANCIAL PAYABLES	342,161	421,910
OTHER PAYABLES	12,023	9,321
DEFERRED TAXES	139,537	135,235
PERSONNEL PROVISIONS	131,621	124,622
PROVISIONS FOR RISKS AND LOSSES	79,069	80,983
CURRENT LIABILITIES	970,913	875,769
BANK OVERDRAFTS	22,384	19,517
BONDS	19,990	5,011
OTHER FINANCIAL PAYABLES	194,487	150,316
<i>of which to related parties</i>	--	--
TRADE PAYABLES	447,112	428,173
<i>of which to related parties</i>	2,067	2,251
OTHER PAYABLES	220,248	200,985
<i>of which to related parties</i>	--	--
PROVISIONS FOR RISKS AND LOSSES	66,692	71,767
LIABILITIES HELD FOR DISPOSAL	9,382	6,662
ELISIONS TO AND FROM DISCONTINUED OPERATIONS	--	--
TOTAL LIABILITIES AND EQUITY	3,423,713	3,515,946

Consolidated Income Statement

(in thousands of euro)

	1st half 2016	1st half 2015
SALES REVENUES	1,319,146	1,290,737
<i>of which from related parties</i>	--	--
CHANGE IN INVENTORIES	1,325	10,670
COSTS FOR THE PURCHASE OF GOODS	(498,046)	(483,948)
<i>of which from related parties</i>	--	--
COSTS FOR SERVICES	(307,988)	(312,441)
<i>of which from related parties</i>	(2,703)	(979)
PERSONNEL COSTS	(363,987)	(362,020)
OTHER OPERATING INCOME	11,980	34,713
<i>of which from related parties</i>	834	922
OTHER OPERATING COSTS	(38,190)	(60,134)
<i>of which with related parties</i>	--	--
ADJUSTMENTS TO THE VALUE OF COMPANIES CONSOLIDATED AT EQUITY	2,186	2,157
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(58,776)	(51,352)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	67,650	68,382
FINANCIAL INCOME	5,935	8,680
<i>of which from related parties</i>	19	364
FINANCIAL EXPENSE	(31,018)	(32,521)
<i>of which with related parties</i>	--	--
DIVIDENDS	7,953	262
<i>of which from related parties</i>	--	--
GAINS FROM TRADING SECURITIES	10,053	23,594
LOSSES FROM TRADING SECURITIES	(538)	(2,147)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,433	(190)
INCOME (LOSS) BEFORE TAXES	61,468	66,060
INCOME TAXES	(17,202)	(16,726)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	44,266	49,334
INCOME (LOSS) FROM BUSINESSES HELD FOR DISPOSAL	1,000	9,251
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	45,266	58,585
- NEL LOSS (INCOME) OF MINORITY SHAREHOLDERS	(27,723)	(38,260)
- NET INCOME (LOSS) OF THE GROUP	17,543	20,325
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0244	0.0283
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0244	0.0283

Consolidated Cash Flow Statement

(in thousands of euro)

	1st half 2016	1st half 2015
OPERATING ACTIVITY		
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	44,266	49,334
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	58,776	51,352
SHARE OF RESULT OF COMPANIES CONSOLIDATED AT EQUITY	(2,186)	(2,157)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	2,405	2,268
CHANGE IN PERSONNEL PROVISIONS, PROVISIONS FOR RISKS AND LOSSES	(13,201)	(21,377)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,433)	190
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	10,804	19,378
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(13,199)	(42,710)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	86,232	56,278
of which:		
- interest received (paid)	(19,922)	(18,370)
- income tax payments	(3,740)	(12,279)
INVESTMENT ACTIVITY		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(100)	(51,139)
NET FINANCIAL POSITION OF COMPANIES ACQUIRED	--	(20,405)
PURCHASE OF MINORITY SHAREHOLDINGS	(84,457)	--
(PURCHASE) SALE OF SECURITIES	74,438	10,382
PURCHASE OF FIXED ASSETS	(30,874)	(70,312)
CASH FLOW FROM INVESTMENT ACTIVITY - CONTINUING OPERATIONS	(40,993)	(131,474)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	10,696	206
OTHER CHANGES IN EQUITY	(11,429)	14,208
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	(31,526)	(2,340)
BUYBACK OF OWN SHARES	(17,164)	(28,226)
DIVIDENDS PAID OUT	(41,673)	(6,908)
CASH FLOW FROM FUNDING ACTIVITY - CONTINUING OPERATIONS	(91,096)	(23,060)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	(45,857)	(98,256)
CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD - DISCONTINUED OPERATIONS	1,000	9,251
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	293,126	333,214
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	248,269	244,209

Statement of Changes in Consolidated Equity

<i>(in thousands of euro)</i>	Attributable to the shareholders of the parent company					Minority interests	Total
	Share Capital	Reserves	Retained earnings (losses)	Net income (losses) for the year	Total		
BALANCE AT DECEMBER 31 2014	359,605	89,883	93,369	(14,468)	528,389	1,030,068	1,558,457
Capital increases	--	--	--	--	--	289	289
Dividends to Shareholders	--	--	--	--	--	(8,001)	(8,001)
Retained earnings	--	--	(14,468)	14,468	--	--	--
Effects of equity changes in subsidiaries	--	15,470	--	--	15,470	(70,551)	(55,081)
<i>Comprehensive result for the year</i>							
Fair value measurement of hedging instruments	--	6,038	--	--	6,038	11,900	17,938
Fair value measurement of securities	--	1,438	--	--	1,438	239	1,677
Securities fair value reserve released to income statement	--	(7,538)	--	--	(7,538)	(7,006)	(14,544)
Effects of equity changes in subsidiaries	--	76	--	--	76	203	279
Currency translation differences	--	2,124	--	--	2,124	(2,008)	116
Actuarial gains (losses)	--	3,080	--	--	3,080	7,190	10,270
Result for the year	--	--	--	18,687	18,687	42,991	61,678
<i>Total comprehensive result for the year</i>	--	5,218	--	18,687	23,905	53,509	77,414
BALANCE AT DECEMBER 31 2015	359,605	110,571	78,901	18,687	567,764	1,005,314	1,573,078
Capital increases	--	--	--	--	--	10,696	10,696
Dividends to Shareholders	--	--	(10,069)	--	(10,069)	(31,604)	(41,673)
Retained earnings	--	--	18,687	(18,687)	--	--	--
Effects of equity changes in subsidiaries	--	(20,676)	--	--	(20,676)	(81,293)	(101,969)
<i>Comprehensive result for the year</i>							
Fair value measurement of hedging instruments	--	560	--	--	560	1,259	1,819
Fair value measurement of securities	--	(6,862)	--	--	(6,862)	(1,542)	(8,404)
Securities fair value reserve released to income statement	--	(292)	--	--	(292)	(245)	(537)
Effects of equity changes in subsidiaries	--	54	--	--	54	104	158
Currency translation differences	--	(1,329)	--	--	(1,329)	(2,629)	(3,958)
Actuarial gains (losses)	--	(3,344)	--	--	(3,344)	(7,357)	(10,701)
Result for the year	--	--	--	17,543	17,543	27,723	45,266
<i>Total comprehensive result for the year</i>	--	(11,213)	--	17,543	6,330	17,313	23,643
BALANCE AT JUNE 30 2016	359,605	78,682	87,519	17,543	543,349	920,426	1,463,775