

PRESS RELEASE

Board of Directors approves results of first half 2018

**COFIDE GROUP: REVENUES AT € 1,431.1 MLN (+4.9%) IN FIRST HALF 2018
EBITDA € 166.8 MLN, NET INCOME € 13.4 MLN**

Positive contribution from the subsidiary CIR (€ 3.9 million)

Highlights from the results for 1H 2018

(in millions of €)

	<u>1H 2017</u> *	<u>1H 2018</u>	Δ%
Revenues	1,364.9	1,431.1	+4.9%
EBITDA	167.4	166.8	-0.4%
Net income	14.4	13.4	
	31/12	30/6	
Net financial debt	303.6	347.5	

*Certain values for 2017 were recalculated following application of IFRS 15 – Revenue from contracts with customers

Milan, July 27 2018 - The **Board of Directors** of **COFIDE-Gruppo De Benedetti S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, has approved the **Semi-Annual Financial Report for 2018**.

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 automotive components sector (*Sogefi*), in media (*GEDI Gruppo Editoriale*) and healthcare (*KOS*). The **COFIDE** group also has financial investments in **Jargonnant**, the private equity fund specializing in real estate assets, **Three Hills Decalia**, the investment fund that supports the growth of small and medium enterprises in Europe, and other non-strategic shareholdings.

Consolidated results

The **revenues** of the **COFIDE** group in the first half of 2018 came to **€ 1,431.1 million** and were **up by 4.9%** from € 1,364.9 million in the same period of 2017.

EBITDA came in at **€ 166.8 million** (11.7% of revenues), in line with the figure of € 167.4 million (12.3% of revenues) for the first half of 2017.

In the first half of 2018 the **COFIDE** group reported **net income** of **€ 13.4 million** compared to € 14.4 million in the previous year. This result was a combination of the positive contribution of € 14.2 million from the subsidiary **CIR** (€ 14.7 million in first half 2017) and the loss of the parent company **COFIDE S.p.A.** of € 0.8 million (loss of € 0.3 million in the first half of 2017).

The **consolidated net debt** of the **COFIDE** group stood at **€ 347.5 million** at June 30 2018, up from € 303.6 million at December 31 2017.

The **net financial debt** of the **parent company COFIDE S.p.A.** amounted to **€ 26.9 million** at June 30 2018 versus € 31.1 million at December 31 2017. The change was due mainly to inflows from the disposal of non-strategic

equity investments for € 8.6 million, to the receipt of dividends, net of those paid out, for € 4.1 million, net investments in private equity funds for € 6.1 million and to the disbursement made for the buyback of own shares for € 1.6 million.

Total equity stood at **€ 1,464.6 million** at June 30 2018, down from € 1,469.6 million at December 31 2017. The **equity of the group** amounted to **€ 523 million** at June 30 2018 versus € 521.2 million at December 31 2017. The change was substantially due to the distribution of dividends, the buyback of own shares and the net result for the period.

Financial investments at June 30 2018 were worth **€ 18.2 million**, of which **€ 2.9 million** were in the *Jargonnant* fund, **€ 10.4 million** in the *Three Hills Decalia* fund and € 4.9 million in other non-strategic funds.

At June 30 2018 the COFIDE group had **16,417 employees** (15,839 at December 31 2017).

Outlook for the year 2018

As regards the performance of the COFIDE group in the whole of 2018, it is expected that the result will again be positive unless there are any extraordinary events that cannot at the moment be foreseen.

For further information on the results of the subsidiary CIR, see the press release published by the company today (goo.gl/rF4rRe).

Resignation of a Member of the Board of Directors

Lastly, COFIDE announces that Silvia Candiani has for personal reasons resigned her position as Member of the Board of Directors of the company effective July 30 2018. Silvia Candiani is an independent Director and as of today's date has no shareholding interest in the capital of the company.

The Board of Directors would like to thank Silvia Candiani for her work in the interest of the company.

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

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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 operating result;
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, other 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.

STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	30.06.2018	31/12/2017
NON-CURRENT ASSETS	2,363,550	2,352,230
INTANGIBLE ASSETS	1,168,215	1,156,202
TANGIBLE ASSETS	800,587	799,830
INVESTMENT PROPERTY	19,057	19,434
SHAREHOLDINGS CONSOLIDATED USING THE EQUITY METHOD	121,689	125,181
OTHER EQUITY INVESTMENTS	12,117	12,249
OTHER RECEIVABLES	61,277	56,874
OTHER FINANCIAL ASSETS	80,338	79,511
DEFERRED TAX ASSETS	100,270	102,949
CURRENT ASSETS	1,298,663	1,294,304
INVENTORIES	143,916	139,222
TRADE RECEIVABLES	483,331	472,614
<i>of which with related parties</i>	1,584	1,677
OTHER RECEIVABLES	112,950	105,207
<i>of which with related parties</i>	105	105
FINANCIAL RECEIVABLES	10,995	21,717
SECURITIES	44,350	57,228
OTHER FINANCIAL ASSETS	267,375	235,251
CASH AND CASH EQUIVALENTS	235,746	263,065
ASSETS HELD FOR DISPOSAL	2,341	3,418
TOTAL ASSETS	3,664,554	3,649,952
LIABILITIES AND EQUITY	30.06.2018	31.12.2017
SHAREHOLDERS' EQUITY	1,464,611	1,469,585
SHARE CAPITAL	348,451	350,011
RESERVES	48,460	76,349
RETAINED EARNINGS (LOSSES)	112,647	97,758
NET INCOME (LOSS) FOR THE PERIOD	13,437	(2,967)
EQUITY OF THE GROUP	522,995	521,151
MINORITY SHAREHOLDERS' EQUITY	941,616	948,434
NON-CURRENT LIABILITIES	1,026,419	1,099,686
BONDS	267,074	365,112
OTHER BORROWINGS	312,347	281,863
OTHER PAYABLES	67,716	72,116
DEFERRED TAX LIABILITIES	177,061	171,963
PERSONNEL PROVISIONS	137,241	139,735
PROVISIONS FOR RISKS AND LOSSES	64,980	68,897
CURRENT LIABILITIES	1,173,524	1,080,681
BANK BORROWINGS	6,746	17,551
BONDS	112,658	20,168
OTHER FINANCIAL PAYABLES	207,121	196,189
TRADE PAYABLES	514,862	513,928
<i>of which with related parties</i>	2,216	1,830
OTHER PAYABLES	263,564	261,601
PROVISIONS FOR RISKS AND LOSSES	68,573	71,244
LIABILITIES HELD FOR DISPOSAL	--	--
TOTAL LIABILITIES AND EQUITY	3,664,554	3,649,952

INCOME STATEMENT

(in thousands of euro)

	1st Half 2018	1st Half 2017
REVENUES	1,431,169	1,364,901
CHANGE IN INVENTORIES	1,347	2,487
COSTS FOR THE PURCHASE OF GOODS	(513,486)	(508,083)
COSTS FOR SERVICES	(339,520)	(307,495)
<i>of which from related parties</i>	(1,127)	(1,168)
PERSONNEL COSTS	(393,553)	(362,817)
OTHER OPERATING INCOME	14,664	13,157
<i>of which from related parties</i>	963	945
OTHER OPERATING COSTS	(33,815)	(34,704)
<i>of which with related parties</i>	--	--
AMORTIZATION, DEPRECIATION AND WRITEDOWNS	(85,093)	(85,977)
OPERATING RESULT	81,713	81,469
FINANCIAL INCOME	5,126	5,253
<i>of which from related parties</i>	--	1
FINANCIAL EXPENSE	(29,245)	(26,414)
DIVIDENDS	2,767	40
GAINS FROM TRADING SECURITIES	6,744	9,104
LOSSES FROM TRADING SECURITIES	(395)	(33)
SHARE OF NET INCOME (LOSS) OF INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	161	(664)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(773)	1,316
RESULT BEFORE TAXES	66,098	70,071
INCOME TAXES	(22,211)	(24,696)
RESULT OF OPERATIONS DESTINED TO CONTINUE	43,887	45,375
NET INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	--	1,000
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	43,887	46,375
- (NET INCOME) LOSS OF MINORITY SHAREHOLDERS	(30,450)	(31,940)
- NET INCOME (LOSS) OF THE GROUP	13,437	14,435
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0192	0.0202
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0192	0.0202

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	1 st Half 2018	1 st Half 2017
RESULT OF OPERATIONS DESTINED TO CONTINUE	43,887	45,375
OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD</i>		
- ACTUARIAL GAINS (LOSSES)	1,137	2,844
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	(193)	(483)
SUBTOTAL ITEMS THAT WILL NEVER BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	944	2,361
<i>ITEMS THAT CAN SUBSEQUENTLY BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD</i>		
- CURRENCY TRANSLATION DIFFERENCES OF FOREIGN OPERATIONS	(6,593)	(13,707)
- NET CHANGE IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	--	(3,903)
- NET CHANGE IN CASH FLOW HEDGE RESERVE	1,679	2,599
- OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	--	(560)
- TAX EFFECT OF ITEMS THAT CAN SUBSEQUENTLY BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE PERIOD	(403)	(617)
SUBTOTAL ITEMS THAT CAN BE RECLASSIFIED IN NET INCOME (LOSS) FOR THE YEAR	(5,317)	(16,188)
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	(4,373)	(13,827)
TOTAL COMPREHENSIVE INCOME STATEMENT FROM OPERATIONS DESTINED TO CONTINUE	39,514	31,548
TOTAL COMPREHENSIVE INCOME STATEMENT FROM OPERATIONS HELD FOR DISPOSAL	--	1,000
TOTAL COMPREHENSIVE INCOME STATEMENT	39,514	32,548
TOTAL COMPREHENSIVE INCOME STATEMENT ATTRIBUTABLE TO:		
THE SHAREHOLDERS OF THE PARENT COMPANY	12,051	8,315
MINORITY INTERESTS	27,463	24,233
BASIC COMPREHENSIVE EARNINGS PER SHARE (IN EURO)	0.0173	0.0117
DILUTED COMPREHENSIVE EARNINGS PER SHARE (IN EURO)	0.0173	0.0117

CASH FLOW STATEMENT

(in thousands of euro)

	1st Half 2018	1st Half 2017
OPERATING ACTIVITY		
RESULT FROM OPERATIONS DESTINED TO CONTINUE	43,887	45,375
ADJUSTMENTS :		
AMORTIZATION, DEPRECIATION AND WRITEDOWNS	85,093	85,977
ADJUSTMENT OF SHAREHOLDINGS CONSOLIDATED USING THE EQUITY METHOD	3,492	4,946
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	1,842	1,792
CHANGE IN PERSONNEL PROVISIONS AND PROVISIONS FOR RISKS AND LOSSES	(7,945)	(5,302)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	773	(1,316)
LOSSES (GAINS) ON THE SALE OF FIXED ASSETS	(4,889)	(6,028)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	(3,937)	10,761
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(18,610)	(35,697)
CASH FLOW FROM OPERATING ACTIVITY	99,706	100,508
of which:		
- interest received (paid)	(16,542)	(16,897)
- income tax payments	(8,533)	(12,601)
INVESTMENT ACTIVITY		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(20,238)	(3,761)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	1,478	9,053
(PURCHASE) SALE OF SECURITIES	(17,075)	4,195
PURCHASE OF FIXED ASSETS	(79,620)	(69,346)
CASH FLOW FROM INVESTMENT ACTIVITY	(115,455)	(59,859)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	357	973
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(5,735)	(2,201)
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	46,590	(32,334)
BUYBACK OF OWN SHARES OF THE GROUP	(9,127)	(16,751)
DIVIDENDS PAID	(32,850)	(29,762)
CASH FLOW FROM FUNDING ACTIVITY	(765)	(80,075)
INCREASE (REDUCTION) IN THE NET CASH AND CASH EQUIVALENTS OF OPERATIONS DESTINED TO CONTINUE	(16,514)	(39,426)
CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD FROM OPERATIONS HELD FOR DISPOSAL	--	1,000
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	245,514	320,492
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	229,000	282,066

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	Attributable to the Shareholders of the Parent Company											Minority interests	Total				
	Issued capital	less own shares	Share capital	Share premium reserve	Legal reserve	Fair value reserve	Conversion reserve	Reserve for own shares held in portfolio	Other reserves	Retained earnings (losses)	Net income (loss) for the period			Total			
(in thousands of euro)																	
BALANCE AT DECEMBER 31 2016	359,605	--	359,605	5,044	22,644	15,833	(3,434)	--	54,954	87,519	21,249	563,414	943,482	1,506,896			
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	85,198	85,198			
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	(10,069)	--	(10,069)	(19,791)	(29,860)			
Retained earnings	--	--	--	--	941	--	--	--	--	20,308	(21,249)	--	--	--			
Adjustment for own share transactions	--	(9,594)	(9,594)	--	--	--	--	9,594	(11,364)	--	--	(11,364)	--	(11,364)			
Effects of equity changes in subsidiaries	--	--	--	--	--	204	(51)	--	(13,252)	--	--	(13,099)	1,274	(11,825)			
<i>Comprehensive result for the period</i>																	
Fair value measurement of hedging instruments	--	--	--	--	--	980	--	--	--	--	--	980	2,146	3,126			
Fair value measurement of securities	--	--	--	--	--	6,689	--	--	--	--	--	6,689	(426)	6,263			
Securities fair value reserve released to income statement	--	--	--	--	--	(852)	--	--	--	--	--	(852)	(685)	(1,537)			
Effects of equity changes in subsidiaries	--	--	--	--	--	--	--	--	(220)	--	--	(220)	(428)	(648)			
Currency translation differences	--	--	--	--	--	--	(8,450)	--	--	--	--	(8,450)	(15,458)	(23,908)			
Actuarial gains (losses)	--	--	--	--	--	--	--	--	601	--	--	601	1,219	1,820			
Result for the period	--	--	--	--	--	--	--	--	--	--	(2,966)	(2,966)	(40,422)	(43,388)			
<i>Total comprehensive result for the period</i>	--	--	--	--	--	6,817	(8,450)	--	381	--	(2,966)	(4,218)	(54,054)	(58,272)			
BALANCE AT DECEMBER 31 2017	359,605	(9,594)	350,011	5,044	23,585	22,854	(11,935)	9,594	30,719	97,758	(2,966)	524,664	956,109	1,480,773			
Adjustments as of the date of first application of IFRS 15 (net of taxes)	--	--	--	--	--	--	116	--	(3,628)	--	(1)	(3,513)	(7,675)	(11,188)			
BALANCE RECALCULATED AT DECEMBER 31 2017	359,605	(9,594)	350,011	5,044	23,585	22,854	(11,819)	9,594	27,091	97,758	(2,967)	521,151	948,434	1,469,585			
Adjustments as of the date of first application of IFRS 9 (net of taxes)	--	--	--	--	--	(24,302)	(3,677)	--	(721)	27,979	--	(721)	(1,721)	(2,442)			
BALANCE RECALCULATED AT JANUARY 1 2018	359,605	(9,594)	350,011	5,044	23,585	(1,448)	(15,496)	9,594	26,370	125,737	(2,967)	520,430	946,713	1,467,143			
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	357	357			
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	(9,416)	--	(9,416)	(23,434)	(32,850)			
Retained earnings	--	--	--	--	707	--	--	--	--	(3,674)	2,967	--	--	--			
Adjustment for own share transactions	--	(1,560)	(1,560)	--	--	--	--	1,560	(1,635)	--	--	(1,635)	--	(1,635)			
Effects of equity changes in subsidiaries	--	--	--	--	--	(13)	(130)	--	1,708	--	--	1,565	(9,483)	(7,918)			
<i>Comprehensive result for the period</i>																	
Fair value measurement of hedging instruments	--	--	--	--	--	405	--	--	--	--	--	405	871	1,276			
Fair value measurement of securities	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Securities fair value reserve released to income statement	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Effects of equity changes in subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Currency translation differences	--	--	--	--	--	--	(2,090)	--	--	--	--	(2,090)	(4,503)	(6,593)			
Actuarial gains (losses)	--	--	--	--	--	--	--	--	299	--	--	299	645	944			
Result for the period	--	--	--	--	--	--	--	--	--	--	13,437	13,437	30,450	43,887			
<i>Total comprehensive result for the period</i>	--	--	--	--	--	405	(2,090)	--	299	--	13,437	12,051	27,463	39,514			
BALANCE AT JUNE 30 2018	359,605	(11,154)	348,451	5,044	24,292	(1,056)	(17,716)	11,154	26,742	112,647	13,437	522,995	941,616	1,464,611			