

PRESS RELEASE

Board of Directors approves results as of September 30 2018

COFIDE GROUP: NET INCOME AT € 15.8 MLN IN FIRST NINE MONTHS OF 2018

Financial highlights for 9M 2018

(in millions of €)

	<u>9M 2017</u> *	<u>9M 2018</u>	Δ%
Revenues	2,027.8	2,092.6	+3.2%
EBITDA	246.0	245.0	-0.4%
Net result	-15.0	15.8	
	31/12	30/9	
Net financial debt	303.6	381.6	

* Some values for 2017 were restated following the application of "IFRS 15 - Revenue from Contracts with Customers"

Milan, October 29 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 **Interim Financial Report as of September 30 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 sectors of automotive components (*Sogefi*), media (*GEDI Gruppo Editoriale*) and healthcare (*KOS*). The COFIDE group also has financial investments in **Jargonnant**, a private equity fund specializing in real-estate investment, in **Three Hills Decalia**, an 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 came in at **€ 2,092.6 million** in the first nine months of 2018 and were **up by 3.2%** from € 2,027.8 million in the same period of 2017.

EBITDA came to **€ 245 million** (11.7% of revenues), in line with the figure of € 246 million (12.1% of revenues) reported for the first nine months of 2017.

In the first nine months of 2018 the COFIDE group achieved **net income** of **€ 15.8 million** compared to a loss of € 15 million in the same period of the previous year. The result was a combination of the positive contribution of € 19.1 million from the subsidiary CIR (versus a negative contribution of € 14.4 million in the first nine months of 2017) and the loss of the parent company COFIDE S.p.A. of € 3.3 million (a loss of € 0.6 million in the first nine months of 2017).

The **consolidated net debt of the COFIDE group** at September 30 2018 amounted to **€ 381.6 million**, up from € 303.6 million at December 31 2017.

The **net financial debt** of the **parent company COFIDE S.p.A.** at September 30 2018 stood at **€ 27.2 million** versus € 31.1 million at December 31 2017. The change was due mainly to inflows from the divestment of non-strategic shareholdings for an amount of € 8.6 million, to the receipt of dividends, net of those paid out, for € 4.1 million,

net investments in private equity funds for € 3 million and a disbursement of € 2.1 million for the buyback of own shares.

Total equity stood at **€ 1,470.4 million** at September 30 2018, compared to € 1,469.6 million at December 31 2017.

The **equity of the group** totalled **€ 523.6 million** at September 30 2018, compared to € 521.2 million at December 2017. The change was mainly due to the distribution of dividends and the buyback of own shares offset by the net result for the period.

Financial investments totalled **€ 15.1 million** at September 30 2018, of which **€ 8 million** were in the **Three Hills Decalia** fund, **€ 1.8 million** in the **Jargonnant** fund and € 5.3 million in other non-strategic equity investments.

At September 30 2018 the COFIDE group had **16,411 employees** (15,839 at December 31 2017).

Outlook for the year 2018

For the whole year the COFIDE group expects to confirm the trends reported in the first nine months 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 issued by the company today (goo.gl/n31pMN).

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 CIR 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.

STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	30.09.2018	30.06.2018	31.12.2017
NON-CURRENT ASSETS	2,357,996	2,363,550	2,352,230
INTANGIBLE ASSETS	1,162,487	1,168,215	1,156,202
TANGIBLE ASSETS	803,807	800,587	799,830
INVESTMENT PROPERTY	18,867	19,057	19,434
SHAREHOLDINGS CONSOLIDATED USING THE EQUITY METHOD	121,740	121,689	125,181
OTHER EQUITY INVESTMENTS	12,104	12,117	12,249
OTHER RECEIVABLES	58,295	61,277	56,874
OTHER FINANCIAL ASSETS	83,971	80,338	79,511
DEFERRED TAX ASSETS	96,725	100,270	102,949
CURRENT ASSETS	1,186,673	1,298,663	1,294,304
INVENTORIES	143,308	143,916	139,222
TRADE RECEIVABLES	423,260	483,331	472,614
OTHER RECEIVABLES	106,769	112,950	105,207
FINANCIAL RECEIVABLES	12,909	10,995	21,717
SECURITIES	41,303	44,350	57,228
OTHER FINANCIAL ASSETS	284,898	267,375	235,251
CASH AND CASH EQUIVALENTS	174,226	235,746	263,065
ASSETS HELD FOR DISPOSAL	2,341	2,341	3,418
TOTAL ASSETS	3,547,010	3,664,554	3,649,952
LIABILITIES AND EQUITY	30.09.2018	30.06.2018	31.12.2017
SHAREHOLDERS' EQUITY	1,470,377	1,464,611	1,469,585
SHARE CAPITAL	347,905	348,451	350,011
RESERVES	47,292	48,460	76,349
RETAINED EARNINGS (LOSSES)	112,657	112,647	97,758
NET INCOME (LOSS) FOR THE PERIOD	15,769	13,437	(2,967)
EQUITY OF THE GROUP	523,623	522,995	521,151
MINORITY SHAREHOLDERS' EQUITY	946,754	941,616	948,434
NON-CURRENT LIABILITIES	1,051,408	1,026,419	1,099,686
BONDS	269,115	267,074	365,112
OTHER BORROWINGS	358,467	312,347	281,863
OTHER PAYABLES	64,026	67,716	72,116
DEFERRED TAX LIABILITIES	176,694	177,061	171,963
PERSONNEL PROVISIONS	134,408	137,241	139,735
PROVISIONS FOR RISKS AND LOSSES	48,698	64,980	68,897
CURRENT LIABILITIES	1,025,225	1,173,524	1,080,681
BANK DEPOSITS	14,277	6,746	17,551
BONDS	115,552	112,658	20,168
OTHER BORROWINGS	137,486	207,121	196,189
TRADE PAYABLES	482,588	514,862	513,928
OTHER PAYABLES	208,365	263,564	261,601
PROVISIONS FOR RISKS AND LOSSES	66,957	68,573	71,244
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND EQUITY	3,547,010	3,664,554	3,649,952

INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2018	1/1-30/9 2017	III Quarter 2018	III Quarter 2017
REVENUES	2,092,562	2,027,812	661,393	662,911
CHANGE IN INVENTORIES	458	72	(889)	(2,415)
COSTS FOR THE PURCHASE OF GOODS	(750,943)	(737,430)	(237,457)	(229,347)
COSTS FOR SERVICES	(501,030)	(474,381)	(161,510)	(166,886)
PERSONNEL COSTS	(571,300)	(538,189)	(177,747)	(175,372)
OTHER OPERATING INCOME	19,399	20,635	4,735	7,478
OTHER OPERATING COSTS	(44,160)	(52,486)	(10,345)	(17,782)
AMORTIZATION, DEPRECIATION AND WRITEDOWNS	(127,198)	(125,428)	(42,105)	(39,451)
OPERATING INCOME	117,788	120,605	36,075	39,136
FINANCIAL INCOME	6,786	7,677	1,660	2,424
FINANCIAL EXPENSE	(42,646)	(39,921)	(13,401)	(13,507)
DIVIDENDS	2,782	61	15	21
GAINS FROM TRADING SECURITIES	8,381	19,051	1,637	9,947
LOSSES FROM TRADING SECURITIES	(734)	(33)	(339)	--
SHARE OF INCOME (LOSS) ON INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD	212	(743)	51	(79)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(3,113)	320	(2,340)	(996)
RESULT BEFORE TAXES	89,456	107,017	23,358	36,946
INCOME TAXES	(31,052)	(189,613)	(8,841)	(164,917)
RESULT OF OPERATIONS DESTINED TO CONTINUE	58,404	(82,596)	14,517	(127,971)
INCOME/(LOSS) FROM OPERATIONS HELD FOR DISPOSAL	--	1,161	--	161
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	58,404	(81,435)	14,517	(127,810)
- (NET INCOME) LOSS OF MINORITY SHAREHOLDERS	(42,635)	66,440	(12,185)	98,380
- NET INCOME (LOSS) OF THE GROUP	15,769	(14,995)	2,332	(29,430)

NET FINANCIAL POSITION

(in thousands of euro)

	30.09.2018	30.06.2018	31.12.2017
A. Cash and bank deposits	174,226	235,746	263,065
B. Other cash equivalents	284,898	267,375	235,251
C. Securities held for trading	41,303	44,350	57,228
D. Cash and cash equivalents (A) + (B) + (C)	500,427	547,471	555,544
E. Current financial receivables	12,909	10,995	21,717
F. Current bank borrowings	(81,078)	(122,759)	(118,604)
G. Bonds issued	(115,552)	(112,658)	(20,168)
H. Current part of non-current debt	(70,685)	(91,108)	(95,136)
I. Other current financial payables	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(267,315)	(326,525)	(233,908)
K. Net current financial position (J) + (E) + (D)	246,021	231,941	343,353
L. Non-current bank borrowings	(295,762)	(247,152)	(211,709)
M. Bonds issued	(269,115)	(267,074)	(365,112)
N. Other non-current payables	(62,705)	(65,195)	(70,154)
O. Non-current financial debt (L) + (M) + (N)	(627,582)	(579,421)	(646,975)
P. Net financial position (K) + (O)	(381,561)	(347,480)	(303,622)