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PRESS RELEASE

Board of Directors approves results as of September 30 2011

CIR GROUP: NINE MONTH REVENUES AT 3.3 BILLION (+1.1%), HIGHER MARGINS (EBITDA +17.5%)

Net income at 15 million euro. The result for the first nine months of 2010 of 53.7 million euro benefited significantly from a non-recurring item for Sorgenia.
Higher net income for Espresso, Sogefi and KOS

Growth in contribution of all the main operating companies to the EBITDA of the group.
Board of Directors appoints Gerardo Benuzzi as new general manager from November 21 2011

Consolidated results of 9M 2011

- ***Revenues: € 3,300.9 million (+1.1% from € 3,263.8 million in 9M 2010)***
- ***EBITDA: € 340.3 million (+17.5% from € 289.7 million in 9M 2010)***
- ***Net income: € 15 million (€ 53.7 million in 9M 2010)***
- ***Aggregate net financial surplus: € 38.7 million (€ 104 million at 30/06/2011)***
- ***Consolidated net financial debt: € 2,308.1 million (€ 2,184.3 million at 30/06/2011)***

Milan, October 27 2011 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite SpA**, which met today under the chairmanship of **Stefano Micossi**, examined and approved the **Interim Financial Report** of the group as of **September 30 2011**.

The CIR group is active mainly in four sectors: **energy (Sorgenia), media (Espresso), automotive components (Sogefi)** and **healthcare (KOS).**

Performance of operations

Despite the difficult economic environment in the main markets in which it operates, the CIR group closed the first nine months of 2011 with **higher revenues and margins** compared to the same period of 2010. In particular, the group reported an improvement in the profitability of its four main operating subsidiaries Sorgenia, Espresso, Sogefi and KOS. The **net income of the group** was **15 million** euro compared to a result of 53.7 million euro in the same period of 2010 which benefited significantly from a non-recurring item of a fiscal nature for Sorgenia. The other main operating companies of the group reported higher net income.

Consolidated results

The **revenues** of the CIR group in the first nine months of 2011 came in at **3,300.9 million** euro, and were **up slightly (+1.1%)** on the figure of 3,263.8 million euro in the same period of 2010. The change was due to the higher revenues of Espresso, KOS and above all Sogefi, which more than compensated for the lower sales of Sorgenia.

EBITDA was **340.3 million** euro (10.3% of revenues), up from 289.7 million euro (8.9% of revenues) in the first nine months of 2010, posting a **rise of 17.5%**.
EBIT came to **189.5 million** euro and was **up by 18%** from the figure of 160.6 million euro in the same period of 2010. The rise in operating results was due to the improved profitability of all four of the main subsidiaries (Sorgenia, Espresso, Sogefi and KOS).

The net result of financial management, a negative 95 million euro, (a negative 55.2 million euro in the first nine months of 2010), was a combination of net financial expense of 96 million euro and negative adjustments to the value of financial assets of 12.8 million euro, partly offset by net gains from trading and valuing securities of 13.8 million euro.

The **net income** of the CIR group in the first nine months of 2011 came to **15 million** euro and was down from 53.7 million euro in the corresponding period of last year. This reduction, despite the rise in the earnings of Espresso, Sogefi and KOS, was mainly due to the lower net result of Sorgenia, which had benefited significantly last year from a non-recurring item in the form of a tax credit for investments made in new production capacity. The net income of the group was also affected by the negative fair value adjustment of the securities portfolio compared to the valuation recognized at June 30 2011.

The **net debt** of the CIR group at September 30 2011 stood at **2,308.1 million** euro, up from 2,184.3 million euro at June 30 2011 (2,166.8 million euro at December 31 2010). The consolidated net debt figure is the result of the following factors:

- An **aggregate net financial surplus at holding level** of **38.7 million** euro (104 million euro at June 30 2011). The reduction from 123.6 million euro at December 31 2010 was mainly due to the investments made in new business activities and in own shares in the period, to disbursements for operating costs and financial expense and to the negative adjustment of the fair value of securities held in the portfolio;
- **Total debt of the operating companies** of **2,346.8 million** euro (2,288.3 million euro at June 30 2011). The rise from the figure of 2,290.4 million euro at December 31 2010 was essentially due to the higher debt of Sogefi following the acquisition of Systèmes Moteurs with an enterprise value of approximately 150 million euro, partly offset by the reduction in the net financial position of Sorgenia, Espresso and KOS.

The net financial position includes the CIR group's investments in shares of hedge funds (76.7 million euro at September 30 2011).

Total equity stood at **2,518.9 million** euro at September 30 2011 and was substantially unchanged from 2,522.9 million euro at December 31 2010. The **equity of the group** at the same date amounted to **1,467.1 million** euro (1,487 million euro at December 31 2010).

At September 30 2011 the CIR group had **15,102 employees** (12,910 at December 31 2010).

Following the ruling of the Milan Court of Appeal lodged on July 9 2011 which sentenced Fininvest to pay compensation for the damage caused by corruption of the judges in the Lodo Mondadori case, on July 26 2011 CIR received from Fininvest the payment of 564.2 million euro, including legal costs and interest. As envisaged by international accounting standards (IAS 37), this amount has had no impact on the income statement of the group and will continue to have no impact until the highest level of justice. The higher available funding will in no way change the group's financial management strategy, which is based on prudent and discerning criteria, in a particularly complex financial market scenario.

<u>Business activities</u>

Energy: Sorgenia

In the first nine months of 2011, despite the uncertain economic environment and the difficulties in the market, **Sorgenia reported growth in its margins** compared to the same period of 2010.

The start of commercial operations at the Turano-Bertonico Lodigiano power plant (Lodi) in the first quarter and initiatives in renewable sources, especially the development, construction and sale of photovoltaic plants by Sorgenia Solar, compensated for the unfavourable market situation, characterized in particular by a narrowing of generating margins.

Meanwhile the advancement of *Business Plan 2011-2016* is continuing: the entry into production of the Aprilia plant (Latina), the fourth and last combined cycle plant (CCGT) envisaged in Sorgenia's plans, is scheduled to start operating in the early months of next year. Preliminary work has also begun for the construction of two new wind parks in Italy for a total of 20 MW. Furthermore, on October 11 last the company announced the launch of new offers for the residential market, giving Italian consumers more choice four years on from the liberalization of the market for households. Sorgenia aims to reach 1.5 million new customers by the end of 2016, bringing its total number of customers to approximately 2 million.

Revenues for the first nine months came in at **1,552.7 million** euro, and were **down** by **8.5%** compared to the corresponding period of 2010 (1,697.3 million euro). The change was due in particular to a decline in natural gas sales volumes – mainly because of lower availability under existing sourcing contracts caused by the temporary closure of the Libyan gas pipeline Greenstream – and to a different client mix.
Adjusted EBITDA came to **128.1 million** euro, **up** by **18.7%** on the figure for the same period of 2010 (107.9 million euro). EBITDA was 125.7 million euro and was up by 16.8% from the figure of 107.7 million euro for the first nine months of 2010. The **adjusted net income of the group** was **18 million** euro (61 million euro in 2010). The difference was determined mainly by an extraordinary item in the form of a tax credit for the investments in new production capacity made by the company. The net income of the group came in at 13.5 million euro, down from 57.6 million euro in the same period of 2010. **Net debt** stood at **1,661.9 million** euro at September 30 2011 and was down from the figure of 1,767.5 million reported at June 30 2011 thanks to the sale of 19 MW of photovoltaic plants and 50% of the holding in Sorgenia France, which is now an equal share joint-venture with KKR.

Media: Espresso
The situation of weak growth of the economy was reflected in the performance of advertising investment, which in the first eight months of 2011 posted a decline of 4% on the same period of 2010 (Nielsen Media Research figures).This negative performance affected all the traditional media, from television (-4.7%) to radio (-5.5%) and the press (-6%). Newspapers experienced a contraction of 8.3% (-5.6% for paid-for newspapers). Only the internet bucked this trend, posting another strong rise (+13.5%). As for circulation, ADS figures (moving average for the last 12 months to June 2011, on the same range of products) show a decline in sales on the news-stands of 5.3% for daily newspapers, 1.9% for weeklies and 6% for monthlies.
Despite this context, the performance of the Espresso group was positive in the first nine months of 2011, posting a rise in both revenues and earnings.

Revenues came in at **653.7 million** euro and were **up by 2.2%** on the figure for the same period of last year (639.5 million euro). Circulation revenues were 252.9 million euro (-1.1% from 255.7 million euro in the first nine months of 2010). The performance of circulation revenues, significantly better than the market average, reflected the fact that group publication sales held up relatively well. Advertising revenues, equal to 380.7 million euro, posted a rise of 3.1% compared to the first nine months of 2010 (+0.1% for press advertising in a declining market; +14.1% for internet advertising; -3.8% for radio, with a lower decline than the market). Sundry revenues, which were 20.1 million euro, rose by 38% on the first nine months of 2010, thanks to the development of the business of leasing out digital terrestrial bandwidth and the first positive developments from the sale of digital products. **EBITDA** was **112 million** euro, **up by 7.7%** from 104 million euro in the first nine months of 2010. **Net income** came in at **41.4 million** euro versus 36.3 million euro in the same period of 2010 (**+14%**). **Net debt** stood at **112.4 million** euro at September 30 2011 (150.7 million euro at June 30 2011).

Automotive components: Sogefi
In the first nine months of 2011 **the Sogefi group reported a double-digit rise in all its economic indicators** compared to 2010 thanks to the **growth of business in its main markets** and to the **contribution** in August and September **of the new Systèmes Moteurs businesses**. On August 1 2011 Sogefi began the full consolidation of Systèmes Moteurs, one of the main world operators in air intake and engine cooling systems, following the acquisition completed on July 29 2011.

Revenues for the first nine months came in at **829.8 million** euro, posting **growth** of **20.8%** from 687 million euro in the same period of 2010. The scenario was favourable in all markets except for the European Aftermarket.

The highest growth (+21.9%) was achieved in the *Suspension Components Division* with revenues of 413.5 million euro, while the new *Engine Systems Division* (which includes filters and the new Systèmes Moteurs businesses) posted sales of 418.2 million euro (+19.7%).

EBITDA was **76.5 million** euro**, up by 18.6%** from 64.5 million in the first nine months of 2010. **Net income** came in at **18.8 million** euro and was **up by 40%** on the figure of 13.5 million euro reported for the same period of 2010. The **net debt** figure at September 30 2011, inclusive of the enterprise value of Systèmes Moteurs (approximately 150 million euro), was **325.3 million** euro (167.6 million euro at June 30 2011).

Healthcare: KOS

In the first nine months of 2011 **KOS achieved a significant increase in its main economic indicators** compared to the same period of 2010 thanks to the development of all the companies of the group and the to the extension of the consolidation. The KOS group today manages around **60 facilities**, mainly in the centre and north of Italy, with a total of over 5,600 beds in operation plus more than 900 under construction.

Revenues totalled **261.9 million** euro and were **up by 9.6%** on the same period of 2010 (239 million euro). **EBITDA** was **39.7 million** euro, with a **rise of 30.6%** on the figure for the first nine months of 2010 (30.4 million euro). **Net income** for the first nine months came in at **8.9 million** euro, versus a result of 4 million euro in the same period of 2010. The **net debt** of the KOS group amounted to **155.3 million** euro at September 30 2011 (159.8 million at June 30 2011).

Financial investments and new initiatives

Concerning the financial investments of the group, CIR holds a diversified portfolio of funds and minority interests in the private equity sector (fair value at September 30 2011 of 85.8 million euro) as well as the venture capital fund CIR Ventures (fair value at September 30 2011 of 15 million dollars). Among the other investments, Jupiter Finance operates in the non-performing loan sector. The value of CIR's investment in this business at September 30 2011 was 63 million euro.

During the third quarter, the CIR group acquired an interest of approximately 20% in the company SEG (Swiss Education Group), one of the world leaders in hospitality management training (hotels, restaurants, etc.) for an amount of approximately 27 million euro. Founded in 1982, the SEG group has five hospitality management schools and a language school in Switzerland with a total of around 4,600 students from more than 70 countries worldwide. The annual turnover of the SEG group is around 100 million euro. This transaction has enabled the CIR group to invest in one of the most prestigious hospitality management schools in the world, with impressive growth prospects, and to acquire new skills in the training sector.
For further information see: www.swisseducation.com.

Outlook for the rest of the year

In the last part of the year CIR will continue to pursue its core business development strategy. In particular, the group will be putting in place the investments planned in the various sectors and pursuing efficiency initiatives in all of the businesses.

Appointment of the new general manager of CIR

The Board of Directors has appointed Mr Gerardo Benuzzi as the new general manager of CIR and as the executive responsible for the preparation of the company's financial statements. The appointment will take effect on November 21 2011.
Mr Benuzzi, 51, comes from the Prelios group where he held the position of general manager for finance and advisory. Previously he worked for over 23 years in the Pirelli group, both in Italy and abroad, first in the tyre sector and then in real estate.
Mr Benuzzi will replace the current general manager, Mr Alberto Piaser, 65, who will be retiring from the group in January 2012. The Board of Directors thanked Mr Piaser for his important contribution to the development of the group in 25 years of activity.

Own shares

During the third quarter, under the authorization approved by the Annual General Meeting of the Shareholders on April 29 and in execution of what was disclosed on August 2 2011, CIR bought back 6,145,000 shares for an equivalent of 8.6 million euro. The total number of own shares held at September 30 2011 was 49,219,000 shares with a total value of 107.3 million euro.

Bonds maturing in the 24 months following September 30 2011

The company, which has a BB rating with a stable outlook issued by Standard&Poor's, has no bonds maturing in the 24 months following September 30 2011.

The executive responsible for the preparation of the company's financial statements, Alberto Piaser, hereby declares, in compliance with the terms of paragraph 2 Article 154-bis of the Finance Consolidation Act (TUF), that the accounting 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 interest and taxes);
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).
- **Aggregate net financial surplus**: an indicator of the financial structure of CIR and its financial subsidiaries; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).

Attached are the key figures from the income statement and statement of financial position at September 30 2011 of the CIR group

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	30.09.2011	30.06.2011	31.12.2010
NON-CURRENT ASSETS	**4,844,290**	**4,682,025**	**4,791,833**
INTANGIBLE ASSETS	1,496,019	1,402,738	1,391,359
TANGIBLE ASSETS	2,362,143	2,423,728	2,553,835
INVESTMENT PROPERTY	23,768	23,606	23,890
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	374,802	335,208	319,469
OTHER EQUITY INVESTMENTS	34,283	5,065	5,041
OTHER RECEIVABLES	217,131	181,502	179,082
SECURITIES	110,648	100,237	100,772
DEFERRED TAXES	225,496	209,941	218,385
CURRENT ASSETS	**2,876,756**	**2,484,027**	**2,485,685**
INVENTORIES	209,335	169,323	151,283
CONTRACTED WORK IN PROGRESS	35,925	11,695	10,421
TRADE RECEIVABLES	1,130,688	1,325,057	1,137,448
OTHER RECEIVABLES	189,292	183,103	177,660
FINANCIAL RECEIVABLES	100,491	63,266	54,996
SECURITIES	630,904	214,047	216,552
AVAILABLE-FOR-SALE FINANCIAL ASSETS	142,178	158,614	144,244
CASH AND CASH EQUIVALENTS	437,943	358,922	593,081
ASSETS HELD FOR DISPOSAL	718	199,476	722
TOTAL ASSETS	**7,721,764**	**7,365,528**	**7,278,240**

LIABILITIES AND SHAREHOLDERS' EQUITY	30.09.2011	30.06.2011	31.12.2010
SHAREHOLDERS' EQUITY	**2,518,946**	**2,544,386**	**2,522,940**
ISSUED CAPITAL	396,636	396,614	396,059
less OWN SHARES	(21,537)	(21,537)	(21,537)
SHARE CAPITAL	375,099	375,077	374,522
RESERVES	312,833	326,984	321,923
RETAINED EARNINGS (LOSSES)	764,181	772,402	733,733
INCOME FOR THE PERIOD	15,015	19,432	56,850
SHAREHOLDERS' EQUITY OF THE GROUP	**1,467,128**	**1,493,895**	**1,487,028**
MINORITY SHAREHOLDERS' EQUITY	1,051,818	1,050,491	1,035,912
NON-CURRENT LIABILITIES	**3,075,620**	**3,020,806**	**3,118,360**
BOND AND NOTES	557,245	560,326	547,455
OTHER BORROWINGS	2,139,882	2,070,623	2,171,116
OTHER PAYABLES	1,747	1,835	2,021
DEFERRED TAXES	175,416	189,027	193,228
PERSONNEL PROVISIONS	123,517	122,566	124,343
PROVISIONS FOR RISKS AND LOSSES	77,813	76,429	80,197
CURRENT LIABILITIES	**2,127,198**	**1,800,336**	**1,636,940**
BANK OVERDRAFTS	183,466	211,179	173,671
BOND AND NOTES	--	52	157,978
OTHER BORROWINGS	739,067	136,964	125,426
TRADE PAYABLES	850,917	978,490	863,344
OTHER PAYABLES	273,851	253,035	234,170
PROVISIONS FOR RISKS AND LOSSES	79,897	75,994	82,351
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL	--	144,622	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,721,764**	**7,365,528**	**7,278,240**

2. INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2011	1/1-30/9 2010	III quarter 2011	III quarter 2010
SALES REVENUES	3,300,890	3,263,790	1,095,260	1,017,229
CHANGE IN INVENTORIES	9,784	5,737	612	(718)
COSTS FOR THE PURCHASE OF GOODS	(1,843,195)	(1,892,730)	(633,454)	(569,079)
COSTS FOR SERVICES	(609,686)	(564,695)	(196,222)	(177,890)
PERSONNEL COSTS	(529,562)	(501,532)	(168,849)	(155,655)
OTHER OPERATING INCOME	124,741	59,900	53,726	15,065
OTHER OPERATING COSTS	(128,115)	(121,095)	(44,614)	(41,590)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	15,466	40,331	7,597	8,487
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(150,786)	(129,153)	(53,095)	(43,406)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (EBIT)	**189,537**	**160,553**	**60,961**	**52,443**
FINANCIAL INCOME	41,166	38,698	12,840	10,969
FINANCIAL EXPENSE	(137,147)	(116,835)	(46,464)	(36,667)
DIVIDENDS	215	115	78	27
GAINS FROM TRADING SECURITIES	16,396	23,062	8,538	8,966
LOSSES FROM TRADING SECURITIES	(2,861)	(4,509)	(2,531)	(1,101)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(12,799)	4,295	(15,219)	5,470
INCOME BEFORE TAXES	**94,507**	**105,379**	**18,203**	**40,107**
INCOME TAXES	(37,348)	10,525	(7,258)	(18,577)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	**57,159**	**115,904**	**10,945**	**21,530**
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	--	--	--
INTERESTS	**57,159**	**115,904**	**10,945**	**21,530**
- NET INCOME OF MINORITY SHAREHOLDERS	(42,144)	(62,175)	(15,362)	(9,974)
- NET INCOME OF THE GROUP	**15,015**	**53,729**	**(4,417)**	**11,556**

3. NET FINANCIAL POSITION

(in thousands of euro)

		30.09.2011	*30.06.2011*	*31.12.2010*
A.	Cash and bank deposits	437,943	358,922	593,081
B.	Other cash equivalents	142,178	158,614	144,244
C.	Securities held for trading	630,904	214,047	216,552
D.	**Cash and cash equivalents (A) + (B) + (C)**	1,211,025	731,583	953,877
E.	**Current financial receivables**	100,491	63,266	54,996
F.	Current bank payables	(246,474)	(273,707)	(244,579)
G.	Bonds and notes issued	--	(52)	(157,978)
H.	Current portion of non-current debt	(676,059)	(76,312)	(54,516)
I.	Other current financial payables	--	(2,171)	(2)
J.	**Current financial debt (F) + (G) + (H) + (I)**	(922,533)	(352,242)	(457,075)
K.	**Net current financial position (J) + (E) + (D)**	388,983	442,607	551,798
L.	Non-current bank payables	(1,943,941)	(2,047,828)	(1,994,968)
M.	Bonds and notes issued	(557,245)	(560,326)	(547,455)
N.	Other non-current payables	(195,941)	(140,596)	(176,148)
O.	**Non-current financial debt (L) + (M) + (N)**	(2,697,127)	(2,748,750)	(2,718,571)
P.	**Net financial position (K) + (O)**	(2,308,144)	(2,306,143)	(2,166,773)