



PRESS RELEASE

Board of Directors approves results as of March 31 2013

CIR GROUP: REVENUES AT € 1.26 BLN (+1.3%), EBITDA AT € 107.2 MLN (+8.1%) POSITIVE NET RESULT (€ 6.4 MLN)

In a scenario of recession in Italy and slowdown of the economy in Europe, the group reports higher revenues and margins than in Q1 2012 and a positive net result, although lower than last year

Positive overall contribution of the operating companies and a positive result at holding level. Sorigenia improves its results and reduces loss, Espresso in profit despite the severe publishing crisis, Sogefi's margins hold up, KOS continues to grow

Aggregate net financial surplus of CIR rises to € 38.2 million at the end of the quarter, Consolidated net debt down by over € 90 million

Consolidated results for Q1 2013

- *Revenues: € 1,260.7 million (+1.3% from € 1,244.9 million in Q1 2012)*
- *EBITDA: € 107.2 million (+8.1% from € 99.2 million in Q1 2012)*
- *Net income: € 6.4 million (€ 15.2 million in Q1 2012)*
- *Aggregate net financial surplus: € 38.2 million (€ 33.2 million at 31/12/2012)*
- *Consolidated net financial debt: € 2,412.4 million (€ 2,504.4 million at 31/12/2012)*

Milan, April 29 2013 – The **Board of Directors** of CIR-Compagnie Industriali Riunite SpA, which met today under the chairmanship of **Stefano Micossi**, has approved the **Interim Financial Report for the first quarter of 2013**.

The CIR group operates in five sectors: energy (Sorigenia), media (Espresso), automotive components (Sogefi), healthcare (KOS) and non-core investments (private equity and minority shareholdings, venture capital and other investments).

Performance of operations

The **CIR group**, in a climate of recession in Italy and slowdown in the economy in Europe, closed the first three months of 2013 with **higher revenues and margins** compared to the same period of 2012 and with a **return to profit after two quarters of losses** thanks to the positive overall contribution of the main operating subsidiaries and the result obtained at holding level. The growth in revenues and margins compared to first quarter 2012 was due first of all to the improvement in the results of Sorigenia and KOS, while the decline in net income was due mainly to the lower result of Espresso, which did in any case close the quarter with a profit despite the worsening of the crisis in the publishing sector, and to a lesser extent to that of Sogefi.

Consolidated results

The **revenues** of the CIR group in the first quarter of 2013 came in at **€ 1,260.7 million**, and were **up by 1.3%** compared to the figure of € 1,244.9 million in the same period of 2012, thanks particularly to the higher sales reported by Sorigenia and KOS.

EBITDA was € 107.2 million (8.5% of revenues), and was up by 8.1% from € 99.2 million (8% of revenues) in the first three months of 2012. The **operating result (EBIT)** came to € 53.2 million compared to € 47.3 million in the first quarter of 2012 (+12.5%). The growth in margins was due mainly to the improvement in the results of Sorgenia and KOS, which more than compensated for the decline posted by Espresso and to a lesser extent Sogefi.

Net financial expense came to € 34 million (€ 28 million in the first quarter of 2012). The net gains from trading and valuing securities came to € 8.2 million (€ 15.7 million in the first quarter of 2012). The management of financial assets at holding level had a positive result of € 9.8 million.

The **net income** of the CIR group came in at € 6.4 million in the first quarter (€ 15.2 million in the first quarter of 2012), after the negative results reported in the last two quarters of last year. The decline compared to the figure for the first quarter of 2012 was due mainly to the lower result of Espresso, which was still a positive number despite the worsening of the crisis in the publishing sector, and to a lesser extent of Sogefi.

The **net financial debt** of the CIR group at March 31 2013 amounted to € 2,412.4 million, down by € 92 million from € 2,504.4 million at December 31 2012. The consolidated net financial debt figure is a combination of the following:

- An **aggregate net financial surplus at holding level** of € 38.2 million (€ 33.2 million at December 31 2012).
- **Total net debt in the operating companies** of € 2,450.6 million (€ 2,537.6 million at December 31 2012). The reduction in the quarter was due mainly to the improvement in the working capital of Sorgenia and Espresso.

Total consolidated equity stood at € 2,341.9 million at March 31 2013 versus € 2,332 million at December 31 2012. The **group's equity** amounted to € 1,384.2 million compared to € 1,373 million at December 31 2012.

At March 31 2013 the CIR group had **13,957 employees** (13,940 at December 31 2012).

Industrial businesses

Energy: Sorgenia

Sorgenia is the main private operator in the electricity sector in Italy with around 500 thousand clients and generating facilities of approximately 5 thousand Megawatts. The company is controlled by CIR (52.9%) and the main Austrian utility VERBUND also has an interest.

The **revenues** of **Sorgenia** in the first quarter totalled € 657.6 million, posting **growth of 9.1%** compared to the figure for the same period of 2012 (€ 601.9 million) thanks to the higher volumes of electricity sold. **EBITDA** was € 48.5 million, and was up by **76%** from € 27.5 million in the first quarter of 2012. The increase was due essentially to the partial recovery of profitability in the electricity sector and to the further reduction in overheads. The profitability of the company is still however suffering the effect of the high cost of gas for the power plants and the cost of the long-term natural gas supply contract, and also of the competition of renewable sources at peak times of day. The **net result** of the group, a **loss of € 8.7 million**, is however an **improvement** on the loss of € 14.7 million reported for the first quarter of 2012. The result was also affected by the impact of the *Robin Tax*.

The actions undertaken by Sorgenia in recent months to counter the deep recession affecting Italy and the difficulties in the energy market will be continuing. More specifically, the company is engaged in meeting two priority objectives: **reducing its debt and recovering profit margins**. To reach these objectives, the company will continue along the road it has already taken, selling off non-strategic assets, cutting costs and renegotiating its gas contract. As far as commercial development is concerned, moreover, Sorgenia aims to grow further in the residential sector.

Media: Espresso

Gruppo Editoriale L'Espresso is one of the most important publishing companies in Italy. It operates in all sectors of communication: the daily and periodical press, radio, internet, television and the collection of advertising. The group is 55.8% controlled by CIR and is listed on the Stock Exchange.

The **revenues** of the **Espresso** group in the first quarter of 2013 totalled **€ 182.1 million**, and were **down by 11.8%** on the figure for the same period of 2012 (€ 206.5 million) in an extremely recessive environment. Circulation revenues came in at € 62.4 million and were down by 6.9% in a market which continues to decline significantly. On the basis of the latest ADS figures (February 2013) *la Repubblica* confirmed its ranking as the number one newspaper in terms of number of copies sold. There are now over 70 thousand subscribers to the digital services of the newspaper. Advertising revenues, which came to € 101.2 million, were down by 16.3% (in a market which fell by 16.5%), despite the positive evolution of internet advertising (+7%). Revenues from optional add-on products came to € 10.5 million (-14.3%) while sundry income totalled € 8 million (+25% thanks to the growth in the business of leasing television bandwidth to third parties).

Total costs declined by 8.5%. Excluding the digital publishing activities and DTT, the costs of which are increasing in order to support development, there was an overall decline of 12.8%. **EBITDA** came in at **€ 16.7 million, down** from € 29.6 million in the first quarter of 2012. All the traditional areas of the business were down because of the contraction in advertising revenues while the result of the digital division was higher. **Net income** came in at **€ 2 million** compared to € 10.1 million in the first quarter of 2012.

Automotive components: Sogefi

Sogefi is one of the main world producers in the sectors of filters, engine air systems and suspension components with 43 production plants and 18 commercial offices in 21 countries. The company is controlled by CIR (58.3%) and is listed on the Stock Exchange.

The **revenues** of **Sogefi** in the first three months of 2013 came to **€ 329.2 million**, down from € 346.9 million in the same period of 2012 (-5.1%). At the same exchange rates revenues would have been € 338.9 million with a **small decline** of **2.3%**. The sharp contraction of revenues in Europe (-11.8%) caused by the crisis in the car market was partly offset by the significant rise in sales reported by Sogefi in North America, Asia and to a lesser extent in the Mercosur area. The weighting of non-European countries in the revenues of the Sogefi group rose to 34.7% by the end of the first quarter from 29.8% of the total in the previous period of 2012.

EBITDA in the first three months totalled **€ 32.1 million** versus € 34.5 million in the same period of 2012 (-7%), with a ratio to sales of 9.7%, substantially stable compared to the figure of 9.9% for first quarter 2012. The group confirmed its ability to guarantee a good level of profitability even with lower revenues. **Net income** came to **€ 7 million** (€ 9 million in first quarter 2012).

Health: KOS

KOS is one of the most important Italian groups in the care-home sector (managing nursing homes and rehabilitation centres, and hospital management). Controlled by CIR (with 51.3%), KOS also has the AXA Private Equity group as a shareholder.

The **revenues** of **KOS** came to **€ 92.1 million** in the first quarter of 2013, and were **up by 4.3%** on the figure for the same period of 2012 (€ 88.3 million), thanks to the development of the three business sectors, especially care homes and high-tech services (in hospitals). **EBITDA** came to **€ 12.6 million**, posting a rise on the figure for first quarter 2012 (€ 11.9 million) mainly following the change in the perimeter and the development activities undertaken in 2012. **Net income** for the quarter amounted to **€ 2.6 million** compared to € 1.9 million in the same period of 2012. Net debt stood at € 170.9 million at March 31 2013 versus € 163.4 million at December 31 2012.

The KOS group today manages **63 facilities**, mainly in the centre and north of Italy, for a total of around 5,845 beds in operation plus another 900 or so under construction.

The activities in the start-up stage are continuing in India, where in the second half of 2011 the KOS group set up the joint venture **ClearMedi Healthcare LTD**. 51% controlled by the KOS group and 49% by a local operator, the company is active in the sector of supplying diagnostic and therapeutic technologies in outsourcing to Indian hospitals.

Non-core investments

The non-core investments of the group consist of private equity initiatives and minority shareholdings, venture capital and other investments.

More specifically, CIR has a diversified portfolio of funds and direct minority shareholdings in the private equity sector (with a fair value at March 31 2013 of € 96.9 million) and the venture capital fund CIR Ventures (with a fair value at March 31 of 13.4 million dollars). Among the other investments, it should be noted that there is a 20% interest in the company **Swiss Education Group (SEG)**, a world leader in managerial training in the hospitality sector. In the first quarter of 2013 SEG reported higher revenues than in the same period of 2012. In the education and training sector, in the first quarter of 2013 the CIR group also acquired 100% of the shares of *Southlands srl*, an international school in Rome with around 500 pupils and approximately € 6 million of annual revenues, for an investment of € 6.5 million. Lastly, the CIR group has a portfolio of non-performing loans: the net value of the investment in this business at March 31 2013 was € 65 million.

Outlook for the year 2013

The performance of the CIR group in 2013 will be affected by the evolution of the macroeconomic environment, especially the performance of the Italian economy, which is currently characterized by a recession the intensity of which cannot at the moment be predicted. In this scenario all the main operating subsidiaries of the group have intensified their actions to improve operating efficiency which are accompanying their business development initiatives.

Bonds maturing in the 24 months following March 31 2013

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 March 31 2013.

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.

CIR Group contacts:

Communication Department

Salvatore Ricco
Mariella Speciale
Tel.: +39 02 722701
e-mail: infostampa@cirgroup.com
www.cirgroup.com
[twitter @cirgroup](https://twitter.com/cirgroup)

Finance and Investor Relations Department

Michele Caviglioli
Angela Andriolo
Tel.: +39 02 722701
e-mail: info@cirgroup.com

This press release can also be consulted on the website:
<http://www.cirgroup.com/press/press-releases.html>

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 notes and other borrowings in non-current liabilities, and of bank overdrafts, bonds and notes and other borrowings in current liabilities;
- **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 key figures from the consolidated statement of financial position and income statement
It should be noted that these results have not been audited by the firm of independent auditors.*

CIR GROUP – CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	31.03.2013	31.12.2012	31.03.2012
NON-CURRENT ASSETS	4,864,088	4,870,800	4,951,123
INTANGIBLE ASSETS	1,515,941	1,501,522	1,504,044
TANGIBLE ASSETS	2,362,788	2,367,626	2,437,305
INVESTMENTS PROPERTY	22,357	22,541	23,365
INVESTMENTS IN PROPERTY CONSOLIDATED AT EQUITY	350,875	353,070	381,679
OTHER INVESTMENTS	7,437	5,580	26,769
OTHER RECEIVABLES	237,170	249,048	250,493
SECURITIES	110,655	111,244	104,260
DEFERRED TAXES	256,865	260,169	223,208
CURRENT ASSETS	3,279,468	3,185,006	3,139,806
INVENTORIES	167,381	170,757	190,683
CONTRACT WORK IN PROGRESS	38,238	42,258	37,199
TRADE RECEIVABLES	1,335,359	1,447,833	1,334,164
OTHER RECEIVABLES	418,561	306,700	315,293
FINANCIAL RECEIVABLES	34,096	35,489	12,775
SECURITIES	346,661	410,343	545,066
AVAILABLE-FOR-SALE FINANCIAL ASSETS	110,395	105,473	130,507
CASH AND CASH EQUIVALENTS	828,777	666,153	574,119
ASSETS HELD FOR DISPOSAL	13,676	34,444	646
TOTAL ASSETS	8,157,232	8,090,250	8,091,575
LIABILITIES AND EQUITY	31.03.2013	31.12.2012	31.03.2012
EQUITY	2,341,930	2,332,033	2,480,038
ISSUED CAPITAL	396,670	396,670	396,670
less TREASURY SHARES	(24,995)	(24,995)	(24,995)
SHARE CAPITAL	371,675	371,675	371,675
RESERVES	283,321	279,958	287,091
RETAINED EARNINGS (LOSSES)	722,772	754,430	773,395
NET INCOME (LOSS) FOR THE PERIOD	6,442	(33,065)	15,153
GROUP EQUITY	1,384,210	1,372,998	1,447,314
MINORITY INTERESTS	957,720	959,035	1,032,724
NON-CURRENT LIABILITIES	3,196,867	3,206,911	3,201,050
BONDS	500,094	496,379	500,583
OTHER BORROWINGS	2,283,899	2,303,836	2,325,523
OTHER PAYABLES	1,890	2,888	1,694
DEFERRED TAXES	182,946	181,860	169,361
PERSONNEL PROVISIONS	139,723	128,523	123,009
PROVISIONS FOR RISKS AND LOSSES	88,315	93,425	80,880
CURRENT LIABILITIES	2,618,110	2,550,922	2,410,487
BANK OVERDRAFTS	172,390	165,850	140,257
BONDS	7,005	4,354	6,943
OTHER BORROWINGS	768,908	751,496	727,079
TRADE PAYABLES	1,127,542	1,192,436	1,046,417
OTHER PAYABLES	433,542	332,069	403,550
PROVISIONS FOR RISK AND LOSSES	108,723	104,717	86,241
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL	325	384	--
TOTAL LIABILITIES AND EQUITY	8,157,232	8,090,250	8,091,575

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>01/01-31/03</i>	<i>01/01-31/03</i>
	<i>2013</i>	<i>2012</i>
SALES REVENUES	1,260,741	1,244,901
CHANGE IN INVENTORIES	(1,890)	7,495
COSTS FOR THE PURCHASE OF GOODS	(766,251)	(738,657)
COSTS FOR SERVICES	(201,827)	(210,112)
PERSONNEL COSTS	(182,079)	(190,347)
OTHER OPERATING INCOME	42,938	24,692
OTHER OPERATING COSTS	(42,500)	(37,096)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(1,921)	(1,704)
AMORTISATION DEPRECIATION AND WRITE-DOWNS	(54,040)	(51,862)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (EBI T)	53,171	47,310
FINANCIAL INCOME	13,458	24,089
FINANCIAL EXPENSE	(47,421)	(52,130)
DIVIDENDS	1	43
GAINS FROM TRADING SECURITIES	3,803	1,192
LOSSES FROM TRADING SECURITIES	(1,019)	(140)
ADJUSTMENTS TO THE VALUE OF FINANCIL ASSETS	5,444	14,623
INCOME (LOSS) BEFORE TAXES	27,437	34,987
INCOME TAXES	(19,862)	(17,132)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	7,575	17,855
- MINORITY INTERESTS	(1,133)	(2,702)
- NET INCOME OF THE GROUP	6,442	15,153

CIR GROUP – NET FINANCIAL POSITION

(in thousands of euro)

	31.03.2013	31.12.2012	31.03.2012
A. Cash and bank deposits	828,777	666,153	574,119
B. Other cash and cash equivalents	110,395	105,473	130,507
C. Securities held for trading	346,661	410,343	545,066
D. Cash and cash equivalents (A) + (B) + (C)	1,285,833	1,181,969	1,249,692
E. Current financial receivables	34,096	35,489	12,775
F. Current bank payables	(311,228)	(292,787)	(223,546)
G. Bonds issued	(7,005)	(4,354)	(6,943)
H. Current portion of non-current borrowings	(629,929)	(624,546)	(643,788)
I. Other current financial payables	(141)	(13)	(2)
J. Current financial debt (F) + (G) + (H) + (I)	(948,303)	(921,700)	(874,279)
K. Net current financial position (J) + (E) + (D)	371,626	295,758	388,188
L. Non-current bank payables	(2,027,532)	(2,042,918)	(2,108,028)
M. Bonds issued	(500,094)	(496,379)	(500,583)
N. Other non-current payables	(256,367)	(260,918)	(217,495)
O. Non-current financial debt (L) + (M) + (N)	(2,783,993)	(2,800,215)	(2,826,106)
P. Net financial position (K) + (O)	(2,412,367)	(2,504,457)	(2,437,918)