

PRESS RELEASE

Board of Directors approves results as of March 31 2014

**CIR GROUP: REVENUES LOWER AFFECTED BY SORGENIA (-13.8% AT ALMOST € 1.1 BLN),
NET RESULT -€ 2.6 MLN (+€ 6.4 MLN IN 2013)**

The small loss reported in the period included the impact of the extraordinary restructuring charges of Sogefi and the lower financial income of the parent company. A quarter with positive earnings for Espresso and KOS despite the uncertain economic climate

Financial highlights for Q1 2014

(in millions of €)

	Q1 2014	Q1 2013	Δ%
Revenues	1,069.7	1,241.4	(13.8)
EBITDA	72.2	107.2	
Net result	(2.6)	6.4	
Net debt at end of period	1,943.1	2,412.4	

Milan, June 30 2014 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, approved the **Interim Financial Report of the Group as of March 31 2014**.

Performance of operations

The CIR group closed the first quarter of the year with revenues of just under € 1.1 billion, down by 13.8% on the previous year mainly on account of Sorgenia. The EBITDA of the group also posted a significant decline, negatively affected by the reduction in the margins of Sorgenia, which were however in line with the business plan of the company, and to a lesser extent by the lower profitability of Sogefi which was due to extraordinary restructuring charges.

The net result for the quarter was slightly negative (-€ 2.6 million) versus earnings of € 6.4 million in 2013; a lower result for the parent company (which last year benefited from positive value adjustments to its securities portfolio) and for Sogefi because of the extraordinary restructuring charges reported in the period. The other main subsidiaries of the group, Espresso and KOS, achieved a positive net result in the first quarter in line with that of last year despite the uncertain economic climate.

Consolidated results

The **revenues** of the CIR group in the first quarter of 2014 came in at **€ 1,069.7 million** (-13.8% from € 1,241.4 million in the same period of 2013). The decline, despite the growth reported by Sogefi and KOS, was due principally to the lower revenues of Sorgenia.

EBITDA came to **€ 72.2 million** and was down by **32.6%** compared to the first quarter of 2013 (€ 107.2 million). The decline was caused mainly by the lower margin of Sorgenia – which was nonetheless in line with the forecast given in its business plan - and, to a lesser extent, by the lower profitability of Sogefi due to the extraordinary restructuring charges recognized in the period. The margins of Espresso and KOS, however, held up on the previous year.

The **net result** of the group was **-€ 2.6 million** versus earnings of € 6.4 million in the first quarter of 2013.

This figure was due above all to the lower result of the parent company, which in 2013 had benefited from the positive fair value adjustment of its securities portfolio, and to the loss posted in the first quarter by Sogefi as a result of extraordinary restructuring charges. The contribution of the subsidiary Sorgenia to the net result of the group for the quarter was zero; the company reported a negative net result which was offset by the write-downs made in the financial statements at December 31 2013 at consolidated level. Espresso and KOS posted a positive net result for the quarter that was in line with that of the same period of last year.

The **net financial position** of the CIR group at March 31 2014 stood at **€ 1,943.1 million**, compared to € 2,412.4 million at March 31 2013 and € 1,845.3 million at December 31 2013. The increase versus the figure for year end 2013 was caused, at parent company level, by the disbursements relating to the Lodo Mondadori and for the subsidiaries by the growth of the debt of Sorgenia (linked to the increase in its working capital in the period) and of Sogefi.

The **equity of the group** stood at **€ 1,131.8 million** at March 31 2014 (€ 1,131 million at December 31 2013).

At March 31 2014 the CIR group had **14,233 employees** (14,111 at December 31 2013).

Results of the main subsidiaries of the CIR group

Energy: Sorgenia

Sorgenia, founded in 1999, operates in the electricity sector in Italy with generating facilities of approximately 5 thousand Megawatts. The company is controlled by CIR (53.1%) and also has the main Austrian utility VERBUND as a shareholder.

In the first quarter of 2014 Sorgenia reported revenues of € 475.5 million (-25.4% from € 637.4 million in the same period of 2013). EBITDA was € 23.9 million and was down from € 48.5 million in 2013. The EBITDA for the first quarter of 2013 was characterized by the significant but non-recurring contribution of certain dispatch services which were not replicated in the first quarter of 2014. The performance of EBITDA in the first quarter of 2014 was nonetheless substantially in line with what was forecast in the budget and then in the business plan of Sorgenia. The net loss amounted to € 14.6 million compared to -€ 8.7 million in the first quarter of 2013. The net financial debt of Sorgenia totalled € 1,853.3 million at March 31 2014 versus € 1,799.5 million at December 31 2013 because of the rise in working capital due to the reduction of the factoring and securitization programs.

Media: Espresso

Gruppo Editoriale L'Espresso is one of the most important Italian publishing companies. It operates in all sectors of communication: newspapers and magazines, radio, internet, television and advertising. The group, which is 56% owned by CIR, is listed on the Stock Exchange.

The revenues of Espresso came in at € 157.8 million in the first quarter of 2014 (-13.3% compared to € 182.1 million in 2013) while EBITDA came to € 16.6 million (in line with the figure of € 16.7 million in 2013). Despite the continuing crisis in the publishing sector, the company closed the first quarter with positive net income of € 2.1 million (€ 2 million in 2013). For further information on the results of Espresso reference should be made to the press release issued by the company on April 16 2014 (<http://www.cirgroup.com/press/press-releases/document/gruppo-editoriale-lespresso-results-for-first-quarter-2014.html>).

Automotive components: Sogefi

Sogefi is one of the main producers worldwide in the sectors of filtration, engine air systems and suspension components with 43 production plants in four continents. The company is controlled by CIR (57.5%) and is listed on the Stock Exchange.

Sogefi's revenues for the first quarter of 2014 totalled € 338.7 million (+2.9% from € 329.2 million in the first quarter of 2013). In the period the company accelerated its efficiency enhancing action in Europe, posting restructuring charges of € 11.3 million, while growth continues in Asia and North America. EBITDA came in at € 20.9 million (€ 32.1 million in the first quarter of 2013), while net of restructuring costs it would have been € 31.8 million (-2% compared to € 32.5 million in 2013). The net result, affected by the restructuring charges, came to -€ 6.3 million (net income of € 7 million in the first quarter of last year).

For further information on the results of Sogefi reference should be made to the press release issued by the company on April 23 2014 (<http://www.cirgroup.com/press/press-releases/document/sogefi-cir-group-board-of-directors-approves-results-as-of-march-31-2014.html>).

Healthcare: KOS

KOS is one of the most important groups in Italy in the sector of healthcare and care homes (managing nursing homes, rehabilitation centres, and hi-tech services/hospital management). Controlled by CIR (51.3%), KOS also has the Ardian group as a shareholder.

In the first three months of 2014 KOS reported revenues of € 95.5 million (+3.7% from € 92.1 million in 2013), thanks to the development of its three business areas (nursing homes, rehabilitation centres, hi-tech services/hospital management). EBITDA came in at € 13 million (€ 12.6 million in 2013) with growth due mainly to the change in the consolidation perimeter and to the development of activities undertaken during 2013. Net income came to € 2.5 million, which was substantially stable versus the figure of € 2.6 million in 2013. The net financial debt stood at € 153.8 million at March 31 2014 (€ 155.7 million at December 31 2013).

The KOS group today manages 70 facilities, mainly in the centre and north of Italy, for a total of approximately 6,200 beds in operation, plus another 500 or so under construction. On May 30 2014 the KOS group acquired the whole capital of Villa Azzurra S.p.A., a company that manages an accredited private hospital specializing in neuropsychiatric medicine at Riolo Terme (Ravenna). This deal is part of the strategy adopted by KOS in 2004 of developing a range of services to offer in psychiatric rehabilitation. In the area of high-tech services, activities are continuing in India through the joint venture ClearMedi Healthcare Ltd and in the United Kingdom through the subsidiary Medipass Healthcare Ltd.

Non-core investments

The non-core investments of the group consist of private equity initiatives, minority shareholdings and other investments for a total value at March 31 2014 of € 181.4 million (€ 179.9 million at December 31 2013).

More specifically, the CIR group has a diversified portfolio of funds in the private equity sector (with a fair value at March 31 2014 of € 66.7 million). Among the other investments, it should be noted that there is an interest of around 20% in the company Swiss Education Group, a world leader in managerial training in the hospitality sector, which in the first quarter of 2014 reported an improvement in revenues and margins. The value of this investment at March 31 2014 was € 21.1 million. Lastly, the CIR group has a portfolio of non-performing loans: the net value of the investment in this business at March 31 2014 was € 74.6 million.

Outlook for the year 2014

The performance of the CIR group in the coming months of 2014 will be affected not only by the evolution of the macroeconomic climate, which is still uncertain, but also by the outcome of the restructuring of the debt of its subsidiary Sorigenia. Regarding the latter, discussions between the banking system, the company and its shareholders are continuing actively, which is evidence of the will of the parties to reach an agreement.

Bonds maturing after March 31 2014

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 2014.

Since March 31 2014, CIR S.p.A. bought back further amounts of its own bond (CIR S.p.A. 2004/2024, issued by the company on 16/12/2004) for a nominal amount of € 78.8 million which it subsequently cancelled. As of today, the nominal value of the Bonds in circulation is € 210.2 million. Regarding a possible early repayment of the Bond following an event of default of which notice was given on January 3 2014, the company has not for the moment received any communication from the Trustee.

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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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 figures have not been externally audited.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	<i>31.03.2014</i>	<i>31.12.2013</i>	<i>31.03.2013</i>
NON-CURRENT ASSETS	3,780,595	3,775,336	4,864,088
INTANGIBLE ASSETS	1,159,651	1,161,522	1,515,941
TANGIBLE ASSETS	1,991,168	1,998,469	2,362,788
INVESTMENT PROPERTY	21,272	21,458	22,357
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	84,070	81,988	350,875
OTHER EQUITY INVESTMENTS	5,541	5,636	7,437
OTHER RECEIVABLES	237,369	233,931	237,170
SECURITIES	82,074	79,351	110,655
DEFERRED TAXES	199,450	192,981	256,865
CURRENT ASSETS	2,686,147	2,816,818	3,279,468
INVENTORIES	172,304	160,945	167,381
CONTRACT WORK IN PROGRESS	29,928	30,926	38,238
TRADE RECEIVABLES	1,033,964	1,192,627	1,335,359
OTHER RECEIVABLES	325,677	209,740	418,561
FINANCIAL RECEIVABLES	1,628	1,433	34,096
SECURITIES	205,165	166,037	346,661
AVAILABLE-FOR-SALE FINANCIAL ASSETS	95,401	98,011	110,395
CASH AND CASH EQUIVALENTS	822,080	957,099	828,777
ASSETS HELD FOR DISPOSAL	18,258	--	13,676
TOTAL ASSETS	6,485,000	6,592,154	8,157,232
LIABILITIES AND EQUITY	<i>31.03.2014</i>	<i>31.12.2013</i>	<i>31.03.2013</i>
EQUITY	1,604,629	1,602,346	2,341,930
ISSUED CAPITAL	397,146	397,146	396,670
less TREASURY SHARES	(24,702)	(24,764)	(24,995)
SHARE CAPITAL	372,444	372,382	371,675
RESERVES	305,704	302,231	283,321
RETAINED EARNINGS (LOSSES)	456,341	725,603	722,772
NET INCOME (LOSS) OF THE PERIOD	(2,656)	(269,210)	6,442
GROUP EQUITY	1,131,833	1,131,006	1,384,210
MINORITY INTERESTS	472,796	471,340	957,720
NON-CURRENT LIABILITIES	1,361,851	1,331,174	3,196,867
BONDS	261,441	257,724	500,094
OTHER BORROWINGS	636,366	604,977	2,283,899
OTHER PAYABLES	549	930	1,890
DEFERRED TAXES	206,274	215,120	182,946
PERSONNEL PROVISIONS	125,667	128,535	139,723
PROVISIONS FOR RISKS AND LOSSES	131,554	123,888	88,315
CURRENT LIABILITIES	3,500,541	3,658,634	2,618,110
BANK OVERDRAFTS	189,828	194,114	172,390
BONDS	233,209	230,719	7,005
OTHER BORROWINGS	1,746,506	1,780,326	768,908
TRADE PAYABLES	782,496	1,011,523	1,127,542
OTHER PAYABLES	452,672	332,586	433,542
PROVISIONS FOR RISKS AND LOSSES	95,830	109,366	108,723
LIABILITIES HELD FOR DISPOSAL	17,979	--	325
TOTAL LIABILITIES AND EQUITY	6,485,000	6,592,154	8,157,232

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>01/01-31/03</i>	<i>01/01-31/03</i>
	<i>2014</i>	<i>2013</i>
SALES REVENUES	1,069,696	1,241,420
CHANGE IN INVENTORIES	1,943	(1,890)
COSTS FOR THE PURCHASE OF GOODS	(625,630)	(746,930)
COSTS FOR SERVICES	(180,938)	(201,827)
PERSONNEL COSTS	(178,502)	(182,079)
OTHER OPERATING INCOME	24,423	42,938
OTHER OPERATING EXPENSE	(41,061)	(42,500)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS		
CONSOLIDATED AT EQUITY	2,309	(1,921)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(36,142)	(54,040)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	36,098	53,171
FINANCIAL INCOME	7,351	13,458
FINANCIAL EXPENSE	(44,005)	(47,421)
DIVIDENDS	26	1
GAINS FROM TRADING SECURITIES	3,135	3,803
LOSSES FROM TRADING SECURITIES	(28)	(1,019)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,075)	5,444
INCOME BEFORE TAXES	1,502	27,437
INCOME TAXES	(3,338)	(19,862)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	(1,836)	7,575
- NET INCOME OF MINORITY INTERESTS	(820)	(1,133)
- NET INCOME OF THE GROUP	(2,656)	6,442

CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

	31.03.2014	31.12.2013	31.03.2013
A. Cash and bank deposits	822,080	957,099	828,777
B. Other cash equivalents	95,401	98,011	110,395
C. Securities held for trading	205,165	166,037	346,661
D. Cash and cash equivalents (A) + (B) + (C)	1,122,646	1,221,147	1,285,833
E. Current financial receivables	1,628	1,433	34,096
F. Current bank payables	(1,862,547)	(1,886,721)	(311,228)
G. Bonds issued	(233,209)	(230,719)	(7,005)
H. Current portion of non-current debt	(73,787)	(87,719)	(629,929)
I. Other current borrowings	--	--	(141)
J. Current financial debt (F) + (G) + (H) + (I)	(2,169,543)	(2,205,159)	(948,303)
K. Current net financial position (J) + (E) + (D)	(1,045,269)	(982,579)	371,626
L. Non-current bank borrowings	(316,022)	(291,277)	(2,027,532)
M. Bonds issued	(261,441)	(257,724)	(500,094)
N. Other non-current payables	(320,344)	(313,700)	(256,367)
O. Non-current financial debt (L) + (M) + (N)	(897,807)	(862,701)	(2,783,993)
P. Net financial position (K) + (O)	(1,943,076)	(1,845,280)	(2,412,367)