

Board of Directors approves results as of June 30 2016

**CIR GROUP: REVENUES FOR THE FIRST HALF EXCEED € 1.3 BLN (+2.2%)
EBITDA HIGHER AT € 127.2 MLN (+5.6%)**

Net income € 25.9 mln (€ 36.4 mln in 1H 2015, thanks partly to a capital gain in *Espresso* and to higher financial income in the parent company)

Net financial position of the parent company positive for € 313.3 mln

Over € 110 mln of investments in the first half, including an interest of 11.4% in KOS, which continues to post higher earnings, and in own shares

Financial highlights for 1H 2016

(in millions of €)

	<u>1H 2015</u>	<u>1H 2016</u>	<u>Δ%</u>
Revenues	1,290.7	1,319.1	+2.2%
EBITDA	120.5	127.2	+5.6%
Net income	36.4	25.9	
	<u>31/12</u>	<u>30/6</u>	
Net financial debt	121.7	218.2	

Milan, July 29 2016 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite S.p.A.**, which met today under the chairmanship of **Rodolfo De Benedetti**, has approved the **Semi-annual Financial Report as of June 30 2016** presented by Chief Executive Officer **Monica Mondardini**.

The CIR group, founded in 1976, operates mainly in three business sectors: **media (*Gruppo Editoriale L'Espresso*)**, **automotive components (*Sogefi*)** and **healthcare (*KOS*)**.

Consolidated results

The **revenues** of the CIR group for the first half of 2016 came in at **€ 1,319.1 million**, and were **up by 2.2%** from € 1,290.7 million in the corresponding period of 2015, underpinned by the growth of *Sogefi* (+4.6%) and *KOS* (+4.7%).

The **gross operating margin (EBITDA)** came to **€ 127.2 million** (9.6% of revenues), and was **up by 5.6%** from € 120.5 million in 2015 (9.3% of revenues). The increase was due to the higher EBITDA of *Sogefi* and *KOS*, while *Espresso* reported a slightly lower margin.

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The **net income of the group** came in at **€ 25.9 million**, versus € 36.4 million in the first half of 2015; the difference was due entirely to the lower financial income of the parent company and the non-industrial subsidiaries and to the capital gain realized by *Espresso* in the first half of 2015 on the sale of the company *All Music* to *Discovery*.

The **contribution of the industrial subsidiaries (Espresso, Sogefi and KOS)** to consolidated earnings came to **€ 17.7 million** in the first half of the year compared to € 21.9 million in 2015. Excluding the capital gain realized by Espresso on the sale in the first half of 2015, the contribution was up from € 16.7 million to € 17.7 million.

Espresso, in a market situation that is still difficult for the media and particularly for the print sector, reported a decline in sales revenues of 4.2%, a significantly positive net result (€ 12.1 million) and substantial cash flow generation (€ 28.9 million); the net financial position at June 30 2016 was a positive € 18.2 million. In the first half of 2015 the net result had been € 22.1 million, of which € 9.3 million was the capital gain on the sale of *All Music*.

Sogefi reported an increase in revenues of 4.6%, thanks to development in North America and China and despite the crisis of the South American market (revenues, excluding Mercosur, rose by 7.6%). EBITDA was up from € 62.4 million in the first half of 2015 to € 74.7 million in 2016, while net income was slightly lower (from € 9.7 million in 2015 to € 8.3 million in 2016) as an effect of higher amortization and write-downs, financial expense and taxes. Cash flow was by and large balanced in the first half of 2016 compared to - € 51.9 million in the first half of 2015 (net debt stood at € 326.2 million at June 30 2016, more or less in line with the figure for December 31 2015).

Lastly, *KOS* reported a rise in sales revenues of 4.7%, thanks particularly to the growth in the nursing-home segment after the acquisitions made in 2015; the net result was € 9.6 million (€ 7.6 million in first half 2015). The cash flow for the period, before dividends, was a positive € 3.4 million (net debt was € 226.3 million at June 30 2016, versus € 210.0 at December 31 2015, after the distribution of dividends for € 19.7 million).

The **contribution of the parent company CIR S.p.A. and the non-industrial subsidiaries** was a positive **€ 8.2 million**, down from € 14.5 million in the first half of 2015. The decline was due the significant gains from the sale of hedge funds realized in 2015 and to the lower return on the equity portfolio.

Consolidated net financial debt stood at **€ 218.2 million** at June 30 2016, from € 121.7 million at December 31 2015. The total net debt of the industrial subsidiaries of € 531.5 million decreased in the first half by € 8.1 million. The **net financial position of the parent company CIR S.p.A. and the non-industrial subsidiaries** was a positive **€ 313.3 million** at June 30 2016, down from € 417.9 million at the end of 2015, after investments of € 112 million (including € 84.5 million for the purchase of an 11.4% interest in *KOS* and € 17.1 million for the buyback of own shares) and the distribution of dividends for € 29.5 million.

The **equity of the group** amounted to **€ 1,021.6 million** at June 30 2016 versus € 1,103.0 million at December 31 2015. Despite the significantly positive net result for the period, the decline was due to the distribution of dividends for € 29.5 million, the buyback of own shares for € 17.1 million and the recognition in the accounts of the further equity interest acquired in *KOS* on the percentage of equity rather than on the price paid, in application of IFRS 3.

At June 30 2016 the CIR group had **14,607 employees** (14,213 at December 31 2015).

Results of the industrial subsidiaries of the CIR group

Media: Espresso

Gruppo Editoriale L'Espresso is one of the most important publishing companies in Italy. It operates especially in the following sectors: newspapers and magazines, radio, internet and the collection of advertising. The group, which is 56.5% controlled by CIR, is listed on the Stock Exchange.

The sales revenues of *Espresso* in first half 2016 came to € 292.9 million, down by 4.2% from € 305.7 million in the same period of 2015, with less of a decline than in previous years.

Circulation revenues (including other revenues) came in at € 122.2 million and were down by 4.7% on 2015 (€ 128.2 million) in a market that continues to report a significant reduction in the circulation of newspapers (-7.7% in the first five months of 2016 according to ADS figures). Advertising revenues declined by 3.8%, taking into account the general performance of advertising in the printed press. Radio advertising orders were substantially in line with the same period of last year, while print and the internet were affected by the critical performance of the market.

Costs were down by 3.2%: industrial costs and personnel costs particularly declined given the average reduction in personnel of 4.4% compared to the first half of 2015.

EBITDA came in at € 27.3 million, down from € 31 million in the first half of 2015.

The net income of businesses destined to continue came to € 11.2 million, versus € 12.9 million in first half 2015. The sale, at the end of January last year, of *All Music to Discovery Italia* generated capital gains, classified in discontinued operations, of € 9.3 million in first half 2015 and € 1 million in first half 2016 respectively. Net income came in at € 12.1 million, compared to € 22.1 million in first half 2015.

The net financial position at June 30 2016 was a positive € 18.2 million, as there was a financial surplus in the first half of € 28.9 million.

For further information on the results of *Espresso*, see the press release published by the company on July 27 (<http://goo.gl/qDaE4B>).

Automotive components: Sogefi

Sogefi is one of the main producers worldwide in the sectors of suspension, filtration, and air and cooling systems with 42 production plants in three continents. The company is controlled by CIR (57.4%) and is listed on the Stock Exchange.

Sogefi's sales revenues in the first half of 2016 came in at € 798.6 million and were up by 4.6% from € 763.7 million in 2015. Sales in Europe were up by 1.8% on the first half of 2015 and the trend of significant development continued in North America (+24.6%) and Asia (+25.4%). In South America revenues in euro were down by 18.3% because of the decline in value of the local currencies and the continuing crisis in the market. Excluding South America, growth was 7.6%.

EBITDA came to € 74.7 million and was up by 19.6% compared to the same period of 2015 (€ 62.4 million). The increase was due to the revenue growth and the improvement in profitability, which rose to 9.3% from 8.2% in the first half of 2015, thanks to the slightly higher contribution margin and the slight reduction in the impact of indirect costs.

Net income totalled € 8.3 million versus € 9.7 million in 2015, as an effect of higher amortization and write-downs, financial expense and taxes.

Net debt stood at € 326.2 million at June 30 2016, in line with the figure at December 31 2015 (€ 322.3 million).

For further information on the results of *Sogefi*, see the press release published by the company on July 25 (<http://goo.gl/lwHJ4t>).

Healthcare: KOS

KOS, which is 62.7% controlled by CIR and in which F2i Healthcare has an interest of 37.3%, is one of the major groups in Italy in the sector of healthcare and care homes (nursing homes, rehabilitation centres, oncology treatments, diagnostics and management of hospital facilities). The group manages 76 facilities in Italy, mainly in the centre and north, for a total of around 7,200 beds.

In the first half of the year KOS posted revenues of € 227.6 million (+4.7% from € 217.3 million in the same period of 2015), thanks to the acquisitions made last year and to the organic growth in the care home sector.

EBITDA was € 37.1 million, up by 8.8% from € 34.1 million in the same period of 2015.

Net income came in at € 9.6 million, up from € 7.6 million in 2015.

Net debt stood at € 226.3 million at June 30 2016 (€ 210 million at December 31 2015). The increase was mainly due to the distribution of dividends in the period.

In the first half of 2016 the KOS group continued its development process in the care-home and rehabilitation areas. In oncology treatments and diagnostics the business is continuing to develop in Italy, India (with the subsidiary ClearMedi Healthcare Ltd) and in the United Kingdom (with the subsidiary Medipass Healthcare Ltd).

During the first half, on May 17, CIR and *F2i Healthcare*, a company controlled by the F2i Second Fund, completed the purchase from *Ardian* of 46.7% of KOS for € 292 million.

Non-core investments

The *non-core investments* of the CIR group consist of private equity initiatives, non-strategic shareholdings and other investments with a total value at June 30 2016 of € 111.8 million (€ 113.7 million at December 31 2015).

More specifically the CIR group has a diversified portfolio of funds in the private equity sector (with a fair value at June 30 2016 of € 55.3 million, down by € 4 million compared to December 31 2015 mainly as an effect of write-downs, capital redemptions and exchange rate differences). Total distributions in the period came to € 5.8 million, generating a capital gain of € 4.2 million.

As for non-strategic equity investments, their value at June 30 2016 was € 15.5 million, after the sale of a € 5.5 million investment in China, which generated a capital gain of € 6.5 million. Lastly the CIR group has a portfolio of non-performing loans, the value of which was € 41 million at June 30 2016.

Results of the parent company CIR S.p.A.

The parent company CIR S.p.A. closed the first half of 2016 with net income of € 17.3 million, up from € 6.7 million in the same period of 2015 thanks to the better financial management result.

The equity of the company stood at € 979.9 million at June 30 2016, down from € 1,008.2 million at the end of 2015 after the distribution of dividends and the buyback of own shares.

Outlook for 2016

The performance of the CIR group in the second half of the year will be influenced by the evolution of the Italian economic environment, the impact of which is significant particularly for the media sector, and by the performance of the main world car markets for the automotive components sector.

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.

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;
- **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.

Consolidated Statement of Financial Position

(in thousands of euro)

ASSETS	30.06.2016	31.12.2015
NON-CURRENT ASSETS	2,049,800	2,071,525
INTANGIBLE ASSETS	992,611	997,652
TANGIBLE ASSETS	646,715	658,737
INVESTMENT PROPERTY	19,822	20,064
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	130,873	131,833
OTHER EQUITY INVESTMENTS	5,443	5,830
OTHER RECEIVABLES	84,082	86,957
<i>of which with related parties</i>	2,693	2,693
SECURITIES	66,026	65,705
DEFERRED TAXES	104,228	104,747
CURRENT ASSETS	1,333,449	1,400,094
INVENTORIES	135,058	134,055
CONTRACTED WORK IN PROGRESS	39,201	39,178
TRADE RECEIVABLES	449,403	415,937
<i>of which with related parties</i>	1,406	2,259
OTHER RECEIVABLES	112,908	97,363
<i>of which with related parties</i>	569	655
FINANCIAL RECEIVABLES	28,289	30,496
SECURITIES	64,546	121,006
AVAILABLE-FOR-SALE FINANCIAL ASSETS	235,398	251,510
CASH AND CASH EQUIVALENTS	268,646	310,549
ASSETS HELD FOR DISPOSAL	11,582	9,005
ELISIONS TO AND FROM DISCONTINUED OPERATIONS	--	--
TOTAL ASSETS	3,394,831	3,480,624
LIABILITIES AND EQUITY	30.06.2016	31.12.2015
EQUITY	1,476,623	1,590,294
ISSUED CAPITAL	397,146	397,146
less OWN SHARES	(63,063)	(54,211)
SHARE CAPITAL	334,083	342,935
RESERVES	285,874	340,336
RETAINED EARNINGS (LOSSES)	375,770	377,663
NET INCOME FOR THE PERIOD	25,883	42,014
EQUITY OF THE GROUP	1,021,610	1,102,948
MINORITY SHAREHOLDERS' EQUITY	455,013	487,346
NON-CURRENT LIABILITIES	940,409	1,010,070
BONDS	275,232	288,366
OTHER FINANCIAL PAYABLES	303,024	372,076
OTHER PAYABLES	11,988	9,286
DEFERRED TAXES	139,475	134,881
PERSONNEL PROVISIONS	131,621	124,478
PROVISIONS FOR RISKS AND LOSSES	79,069	80,983
CURRENT LIABILITIES	968,417	873,598
BANK OVERDRAFTS	22,384	19,517
BONDS	19,990	5,011
OTHER FINANCIAL PAYABLES	194,487	150,316
<i>of which with related parties</i>	--	--
TRADE PAYABLES	446,227	427,418
<i>of which with related parties</i>	2,067	2,251
OTHER PAYABLES	218,637	199,569
<i>of which with related parties</i>	--	--
PROVISIONS FOR RISKS AND LOSSES	66,692	71,767
LIABILITIES HELD FOR DISPOSAL	9,382	6,662
ELISIONS TO AND FROM DISCONTINUED OPERATIONS	--	--
TOTAL LIABILITIES AND EQUITY	3,394,831	3,480,624

Consolidated Income Statement

(in thousands of euro)

	1st half 2016	1st half 2015
SALES REVENUES	1,319,146	1,290,737
<i>of which from related parties</i>	--	--
CHANGE IN INVENTORIES	1,325	10,670
COSTS FOR THE PURCHASE OF GOODS	(498,039)	(483,935)
<i>of which from related parties</i>	--	--
COSTS FOR SERVICES	(307,473)	(311,972)
<i>of which from related parties</i>	(2,703)	(1,112)
PERSONNEL COSTS	(363,941)	(361,930)
OTHER OPERATING INCOME	11,868	34,723
<i>of which from related parties</i>	853	957
OTHER OPERATING COSTS	(37,894)	(59,894)
<i>of which with related parties</i>	--	--
ADJUSTMENTS TO THE VALUE OF INVESTMENTS		
CONSOLIDATED AT EQUITY	2,186	2,157
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(58,756)	(51,330)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (EBIT)	68,422	69,226
FINANCIAL INCOME	5,934	8,640
<i>of which from related parties</i>	19	364
FINANCIAL EXPENSE	(30,398)	(31,523)
<i>of which with related parties</i>	--	--
DIVIDENDS	7,953	246
<i>of which from related parties</i>	--	--
GAINS FROM TRADING SECURITIES	5,509	23,431
LOSSES FROM TRADING SECURITIES	(538)	(2,147)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	845	(3,720)
INCOME BEFORE TAXES	57,727	64,153
INCOME TAXES	(16,912)	(16,561)
RESULT BEFORE TAXES FROM OPERATING ACTIVITY	40,815	47,592
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	1,000	9,251
INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	41,815	56,843
- NET (INCOME) LOSS OF MINORITY SHAREHOLDERS	(15,932)	(20,441)
- NET INCOME OF THE GROUP	25,883	36,402
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0383	0.0501
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0382	0.0501

Consolidated Cash Flow Statement

(in thousands of euro)

	1st half 2016	1st half 2015
OPERATING ACTIVITY		
NET INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	40,815	47,592
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	58,756	51,330
PRO-RATA SHARE OF RESULT OF COMPANIES CONSOLIDATED AT EQUITY	(2,186)	(2,157)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	2,405	2,268
CHANGE IN PERSONNEL PROVISIONS & PROVISIONS FOR RISKS AND LOSSES	(13,057)	(21,382)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(845)	3,720
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES & PAYABLES	11,097	19,380
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(13,260)	(43,114)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	83,725	57,637
of which:		
- interest received (paid)	(19,335)	(17,408)
- income tax payments	(3,740)	(12,279)
INVESTMENT ACTIVITY		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(100)	(51,139)
NET FINANCIAL POSITION OF COMPANIES ACQUIRED	--	(20,405)
ACQUISITION OF MINORITY INTERESTS	(84,457)	--
(PURCHASE) SALE OF SECURITIES	74,438	4,503
PURCHASE OF FIXED ASSETS	(38,060)	(70,320)
CASH FLOW FROM INVESTMENT ACTIVITY - CONTINUING OPERATIONS	(48,179)	(137,361)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	10,696	206
OTHER CHANGES IN EQUITY	(6,409)	14,234
DRAWDOWN/(EXTINGUISHMENT) OF OTHER FINANCIAL PAYABLES/RECEIVABLES	(20,829)	(1,452)
BUYBACK OF OWN SHARES	(17,164)	(28,226)
DIVIDENDS PAID	(47,610)	(6,908)
CASH FLOW FROM FUNDING ACTIVITY - CONTINUING OPERATIONS	(81,316)	(22,146)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	(45,770)	(101,870)
CASH FLOW/NET CASH AND CASH EQUIVALENTS AT START OF PERIOD - DISCONTINUED OPERATIONS	1,000	9,251
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	291,032	331,513
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	246,262	238,894

Statement of Changes in Consolidated Equity

	Attributable to the Shareholders of the Parent Company							Minority interests	Total
	Issued capital	Less own shares	Share Capital	Reserves	Retained earnings (losses)	Net income (losses) for the period	Total		
<i>(in thousands of euro)</i>									
BALANCE AT DECEMBER 31 2014	397,146	(27,283)	369,863	307,108	450,886	(23,399)	1,104,458	468,741	1,573,199
Capital increases	--	--	--	--	--	--	--	289	289
Dividends to Shareholders	--	--	--	--	--	--	--	(8,001)	(8,001)
Retained earnings	--	--	--	--	(23,399)	23,399	--	--	--
Unclaimed dividends as per Art. 23 of the Company Bylaws	--	--	--	--	--	--	--	--	--
Adjustment for own share transactions	--	(26,928)	(26,928)	27,422	(53,811)	--	(53,317)	--	(53,317)
Movements between reserves	--	--	--	(3,987)	3,987	--	--	--	--
Notional recognition of stock options and stock grants	--	--	--	1,789	--	--	1,789	--	1,789
Effects of equity changes In subsidiaries	--	--	--	282	--	--	282	(3,835)	(3,553)
<i>Comprehensive result for the year</i>									
Fair value measurement of hedging instruments	--	--	--	11,384	--	--	11,384	6,554	17,938
Fair value measurement of securities	--	--	--	596	--	--	596	(41)	555
Securities fair value reserve released to income statement	--	--	--	(14,212)	--	--	(14,212)	(332)	(14,544)
Effects of equity changes In subsidiaries	--	--	--	143	--	--	143	136	279
Currency translation differences	--	--	--	4,004	--	--	4,004	(3,888)	116
Actuarial gains (losses)	--	--	--	5,807	--	--	5,807	4,463	10,270
Result for the period	--	--	--	--	--	42,014	42,014	23,260	65,274
<i>Total comprehensive result for the period</i>	--	--	--	7,722	--	42,014	49,736	30,152	79,888
BALANCE AT DECEMBER 31 2015	397,146	(54,211)	342,935	340,336	377,663	42,014	1,102,948	487,346	1,590,294
Capital increases	--	--	--	--	--	--	--	10,696	10,696
Dividends to Shareholders	--	--	--	--	(29,464)	--	(29,464)	(18,146)	(47,610)
Retained earnings	--	--	--	--	42,014	(42,014)	--	--	--
Unclaimed dividends as per Art. 23 of the Company Bylaws	--	--	--	--	--	--	--	--	--
Adjustment for own share transactions	--	(8,852)	(8,852)	9,059	(17,318)	--	(17,111)	--	(17,111)
Movements between reserves	--	--	--	(2,875)	2,875	--	--	--	--
Notional recognition of stock options and stock grants	--	--	--	1,038	--	--	1,038	--	1,038
Effects of equity changes In subsidiaries	--	--	--	(50,309)	--	--	(50,309)	(35,587)	(85,896)
<i>Comprehensive result for the year</i>									
Fair value measurement of hedging instruments	--	--	--	1,028	--	--	1,028	791	1,819
Fair value measurement of securities	--	--	--	(3,384)	--	--	(3,384)	--	(3,384)
Securities fair value reserve released to income statement	--	--	--	(537)	--	--	(537)	--	(537)
Effects of equity changes In subsidiaries	--	--	--	99	--	--	99	59	158
Currency translation differences	--	--	--	(2,440)	--	--	(2,440)	(1,518)	(3,958)
Actuarial gains (losses)	--	--	--	(6,141)	--	--	(6,141)	(4,560)	(10,701)
Result for the period	--	--	--	--	--	25,883	25,883	15,932	41,815
<i>Total comprehensive result for the period</i>	--	--	--	(11,375)	--	25,883	14,508	10,704	25,212
BALANCE AT JUNE 30 2016	397,146	(63,063)	334,083	285,874	375,770	25,883	1,021,610	455,013	1,476,623