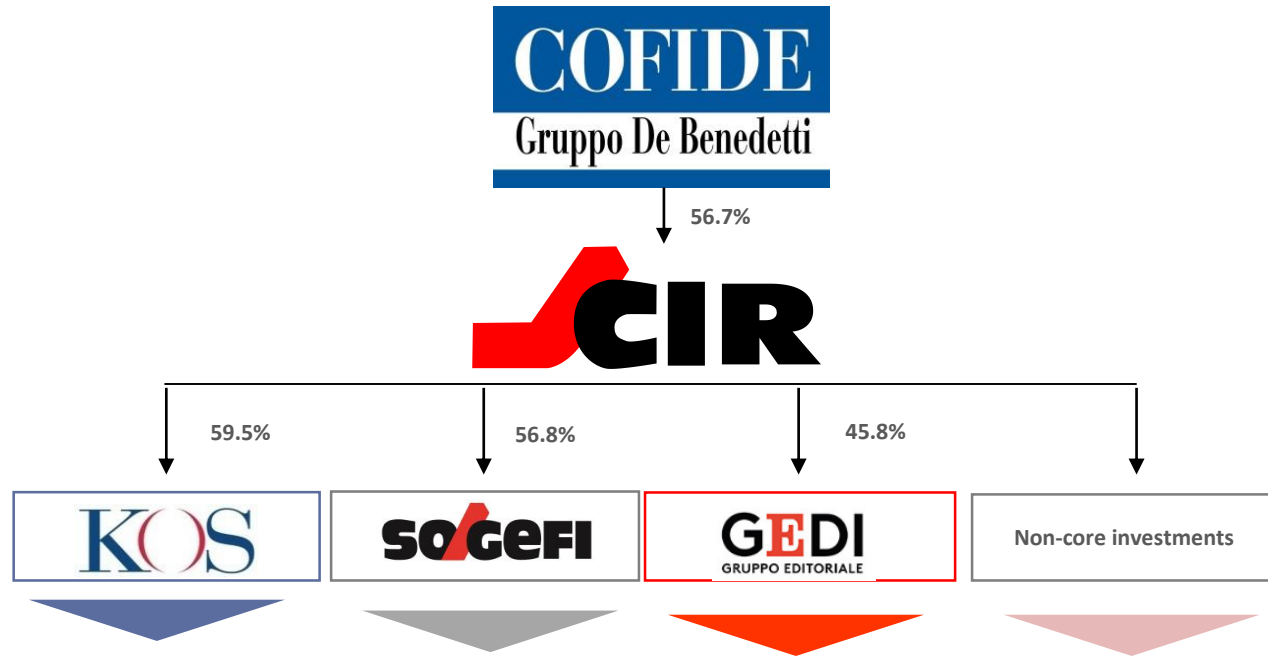




# 1Q 2019 Results

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April 2019



**Businesses**

*Healthcare group specialized in long term care (nursing homes/rehab), diagnostics and cancer care*

*Global automotive supplier of suspensions, filtration, air intake & cooling components*

*Italian media group, with presence in dailies, periodicals, radio, internet and advertising*

*Investments in Private equity, NPLs*

**Competitive position**

*Leader in Italian long term care, developing presence in UK, India*

*Leadership positions in core geographies (Europe and South America), leveraged to expand globally*

*First Italian publishing group:*

- N.1 in national and local dailies circulation
- N.1 Information website
- N.1 news magazine
- N. 3 Radio network

*Note: Participation stakes updated as of 31 March 2019 and calculated net of treasury shares of subsidiaries*

## CIR – Cofide Merger (1/2)

- On March 11, 2019 the Boards of CIR and Cofide approved the merger by incorporation of CIR into Cofide
- The transaction has the following objectives:
  - Shortening the control chain and achieving a corporate structure that is in line with best practices and market expectations
  - Increasing the free float, with positive impacts on trading and liquidity
  - Simplifying the Group's Corporate Governance and reducing overall holding costs
- The company resulting from the merger will be called CIR, and will have the same operational and strategic profile, as well as substantially the same financial position of today's CIR
- The exchange ratio for the merger has been set at 2.01 shares of Cofide for each share of CIR, based on a valuation methodology that included both NAV values and market prices of the two companies, in line with best market practices and previous comparable transactions. Such exchange ratio has been validated by the Related Parties Committees of CIR and Cofide, based on fairness opinions released by their respective independent financial advisors
- The extraordinary shareholders meeting for the approval of the merger is expected to be held by the end of June 2019, and the merger is expected to be effective by the end of Q42019. Following the completion of the merger, a Shareholders Meeting of the combined entity will promptly be called, in order to appoint a new Board of Directors

- Double voting rights in the post merger entity
  - Cofide’s current by-laws include a double voting rights mechanism for shareholders that apply for it and continuously hold shares for a ‘Minimum Holding Period’ of 24 months
  - On April 29, 2019 the Shareholders meeting of Cofide approved a resolution for the extension of the Minimum Holding Period from 24 to 48 months
  - Such extension would take effect 30 days after the merger date with CIR, thereby giving current CIR shareholders a time window to apply for double voting rights based on the current 24 months Minimum Holding Period
  - In relation to such change in the by-laws, Cofide has recognized a withdrawal right to its current shareholders; should the total cash amount related to withdrawals exceed Euro 5 M, the company has the right to waive such resolution and retain the current 24 months Minimum Holding Period

## 1Q 2019 consolidated financials highlights

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- Consolidated net result in 1Q 2019: € 4.5 M (vs € 9.5 M in 1Q 2018)  
Contribution of industrial businesses (KOS, Sogefi and GEDI): € 6.5 M (vs. € 12.2 M in 1Q 2018)
- Consolidated net financial position at March 31, 2019:

Without IFRS16: - € 315.9 M (vs. - € 297.1 M at December 31, 2018), including:

- A net financial surplus at holding level of € 326.2 M (slightly increasing vs. € 325.5 M at December 31, 2018)
- A net debt of consolidated subsidiaries of € 642.1 M (increasing vs. € 622.6 M at December 31 2018 mainly due to GEDI).

With IFRS16: - € 769.3 M (of which -€ 1,095.5 M from subsidiaries)

## Consolidated income statement



€ M

	1Q 2018	1Q 2019 w/o IFRS 16		1Q 2019 with IFRS 16
Revenues	695.2	675.8	-2.8%	675.8
EBITDA	80.4	63.3	-21.3%	78.5
EBIT	41.6	23.5	-43.5%	24.8
Financial result	(11.8)	(9.1)		(12.2)
Taxes	(10.9)	(3.4)		(3.0)
Assets held for sale <sup>(1)</sup>	1.6	1.3		1.3
<b>Group net result <sup>(2)</sup></b>	<b>9.5</b>	<b>5.3</b>		<b>4.5</b>

(1) Related to planned divestment of Fraise plant by Air & Cooling division

(2) Net of third party interests (equal to € -7.0 M in 1Q 2019 w/o IFRS 16, € -6.4 M in 1Q 2019 with IFRS 16 and € -11.0 M in 1Q 2018)

## Consolidated income statement by business sector



€ M

	1Q 2018	1Q 2019
KOS Group	4.5	4.7
Sogefi Group	6.4	0.9
GEDI Group	1.3	0.9
<b>Total operating companies<sup>(1)</sup></b>	<b>12.2</b>	<b>6.5</b>
CIR holding <sup>(2)</sup>	(2.7)	(2.0)
<b>Net result</b>	<b>9.5</b>	<b>4.5</b>

(1) Pro-rata share of subsidiaries' net result

(2) Including income from financial assets/non core investments, operating costs

## Consolidated balance sheet – main group assets

€ M

Group equity in consolidated balance sheet	31 Dec. 2018	31 March 2019
KOS	174.4	179.2
Sogefi	111.5	112.3
GEDI	239.2	240.1
<b>Total operating companies</b>	<b>525.1</b>	<b>531.6</b>
Fixed assets	15.5	15.6
Private equity <sup>(1)</sup>	46.0	41.3
Non performing loans	10.0	10.0
Other investments	16.5	15.7
Other Assets (Liabilities)	(2.4)	(2.6)
Net cash	325.5	326.2
<b>Total CIR holding level</b>	<b>411.1</b>	<b>406.2</b>
<b>Total CIR Group shareholders' equity</b>	<b>936.2</b>	<b>937.8</b>
Shareholder's equity per share	1.18	1.18
Shareholder's equity per share (net of treasury shares) <sup>(2)</sup>	1.45	1.46

(1) Book value decreasing mainly due to cash reimbursements to CIR and fair value adjustments

(2) Treasury shares as of 31 March 2019: n. 153.1 m, equal to 19.3% of share capital



## Consolidated net financial position



€ M

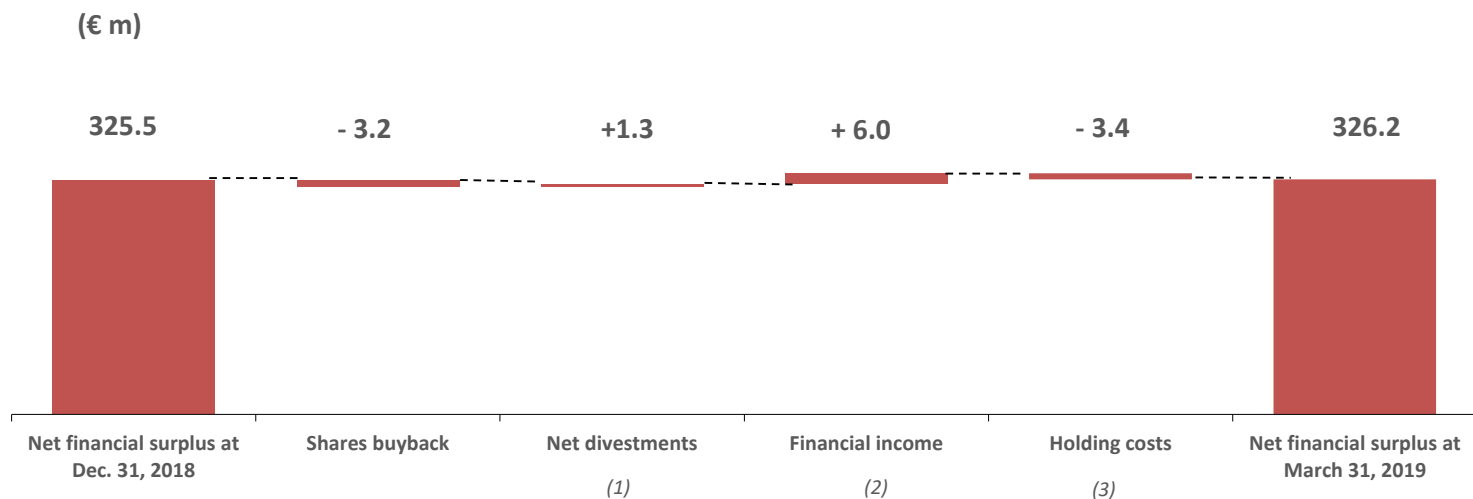
	31 Dec. 2018	31 March 2019 w/o IFRS 16	31 March 2019 with IFRS 16
KOS Group	(259.4)	(255.8)	(579.6)
Sogefi Group	(260.5)	(262.1)	(328.9)
GEDI Group	(103.2)	(124.7)	(187.5)
Other subsidiaries	0.5	0.5	0.5
<b>Total subsidiaries net financial indebtedness</b>	<b>(622.6)</b>	<b>(642.1)</b>	<b>(1,095.5)</b>
CIR holding level	325.5	326.2	326.2
<b>Consolidated net financial indebtedness</b>	<b>(297.1)</b>	<b>(315.9)</b>	<b>(769.3)</b>
<b>Total shareholders' equity<sup>(1)</sup></b>	<b>(1,448.9)</b>		<b>(1,456.2)</b>
<b>Consolidated net invested capital</b>	<b>1,746.0</b>		<b>2,225.5</b>

(1) Including third party interests

## Net financial position at CIR Holding level

- Slight increase of net cash at CIR financial holdings is mainly due to the positive financial results in the quarter

### Evolution of net financial position in 1Q 2019



(1) Private equity investments

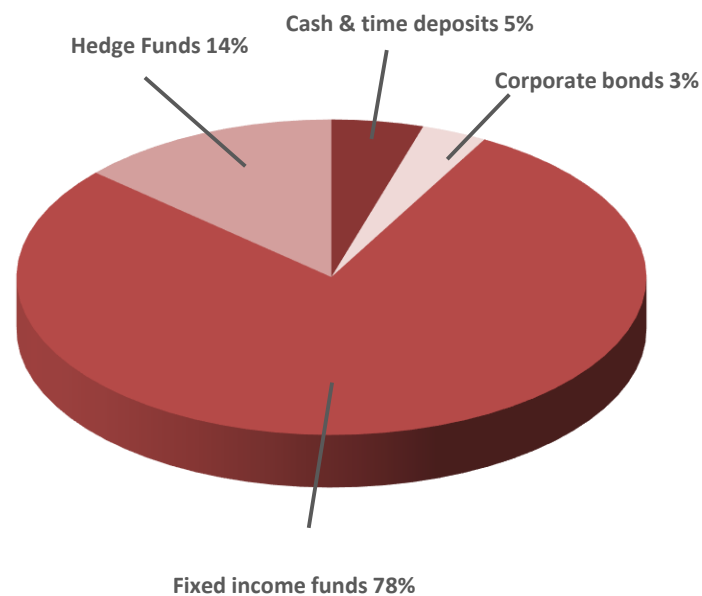
(2) Delta Fair value of securities + securities income, trading

(3) Operating costs, taxes, etc.

## Composition of liquid assets

€ M	31 Dec. 2018	31 March 2019
Cash and time deposits	19.6	15.4
Corporate bonds	10.8	11.0
Fixed income funds	253.2	256.0
Equity funds	--	--
Hedge funds	37.9	44.0
Other <sup>(1)</sup>	4.0	--
<b>Total liquid assets</b>	<b>325.5</b>	<b>326.4</b>
<b>Gross financial debt</b>	<b>--</b>	<b>(0,2)</b>
<b>Net financial position</b>	<b>325.5</b>	<b>326.2</b>

**Liquid assets at 31 March 2019**



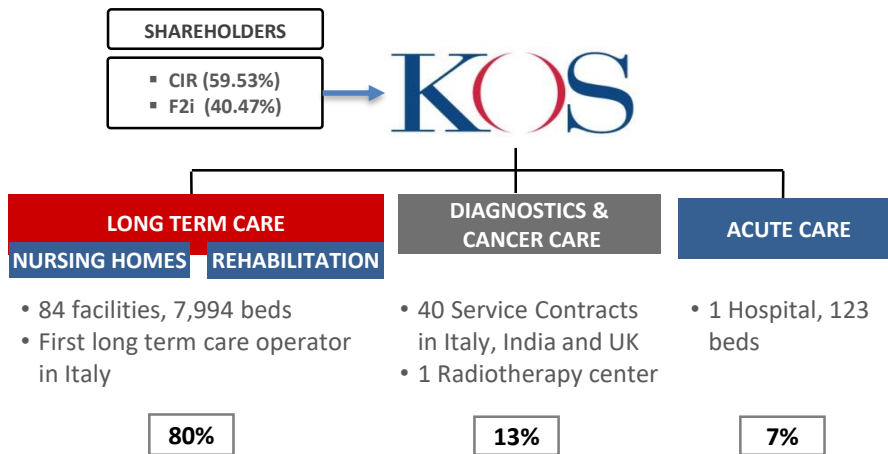
(1) Fair value derivatives

# 1Q 2019 Subsidiaries' financial and operational highlights

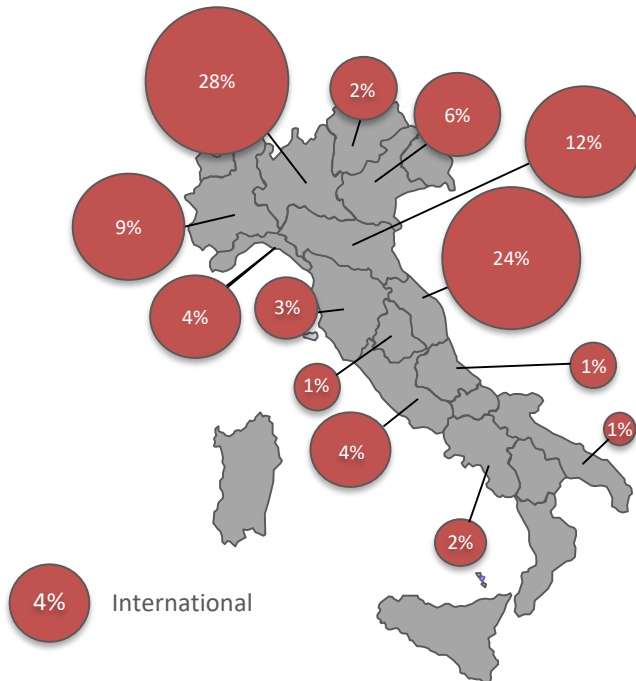


	1Q 2019 Highlights	Key strategic objectives
<b>KOS</b>	<ul style="list-style-type: none"> <li>Continuing growth of revenues (+5.3%) and EBITDA (+2.9%), thanks to ongoing organic expansion, greenfield development and acquisitions, as well as efficiency improvements</li> </ul>	<ul style="list-style-type: none"> <li>Further consolidation in Italian nursing homes and rehabilitation markets</li> <li>Focused geographical expansion in Diagnostics and Cancer care</li> </ul>
<b>Sogefi</b>	<ul style="list-style-type: none"> <li>Global car production was weak (-6,7%) in 1Q2019; SOGEFI outperformed the market, with revenues down 2.9% at constant exchange rates</li> <li>EBITDA at € 41.3 M, down from € 48.8 M in 1Q2018, reflecting lower volumes and the rise of raw material prices in 2018</li> <li>Net debt substantially flat before the introduction of IFRS16, with slightly negative cash flow due to investments in new plants</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of geographical coverage, through growth initiatives focused on Asia and North America</li> <li>Further efficiency improvement and optimisation of production footprint</li> <li>Product innovation, to capture new market opportunities</li> </ul>
<b>GEDI</b>	<ul style="list-style-type: none"> <li>Persisting press market weakness: newspapers circulation -7.1% (including digital copies -5.9%); press advertising market -11,3% (with newspapers -13.6%)</li> <li>Market growth only in digital advertising (+2.6%, excluding Search&amp;Social) and flat for Radio (+0.1%)</li> <li>GEDI revenues were down 6.5%, better than the market; revenues from digital activities accounted for 12.4% of consolidated revenue, with digital subscribers reaching 119K</li> <li>As a result of revenues decline operating profit was lower than in 1Q2018, despite continuing cost reduction, which is expected to produce full effects later in the year</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of digital platforms, leveraging on leadership in traditional media</li> <li>Further efficiency improvement</li> </ul>
<b>Non-core investments</b>	<ul style="list-style-type: none"> <li>Ongoing realisation of Private Equity and NPL investments</li> </ul>	<ul style="list-style-type: none"> <li>Realisation of existing assets</li> <li>Selective approach on new investments</li> </ul>

# KOS - overview



## 2018 Revenues breakdown

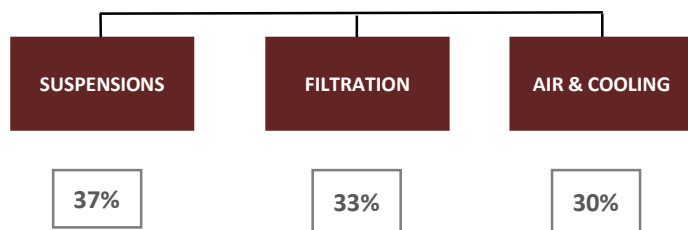


## Key financials

€ M	FY2018	1Q2018	1Q2019 w/o IFRS 16	1Q 2019 with IFRS 16
<b>Revenues</b>	544.9	133.2	140.3	140.3
<b>EBITDA</b>	101.8	23.8	24.5	33.1
<b>Net result</b>	35.2	7.5	8.4	7.8
<b>NFP</b>	(259.4)	(247.3)	(255.8)	(579.6)

## 1Q 2019 Performance and outlook

- Revenues grew 5.3%, thanks mainly to organic growth across all business lines, as well as acquisitions and greenfield projects completed in 2018
- EBITDA grew 2.9%, driven by top line growth and efficiency improvement; NFP was positively impacted in Q1 2019 by operational cash flow generation, before the application of IFRS16
- The different accounting treatment of KOS' facilities rents under IFRS16 substantially increases EBITDA (ca. 35M on an annual basis) as well as the Net Financial Position (ca. 325M), but without any effect on covenant calculation
- Main objectives in Long Term Care are to pursue market consolidation in the core domestic market and further leverage economies of scale
- The strategy in Diagnostics and Cancer Care includes domestic as well as selective international growth, both organic and through acquisitions



## 2018 Revenues breakdown

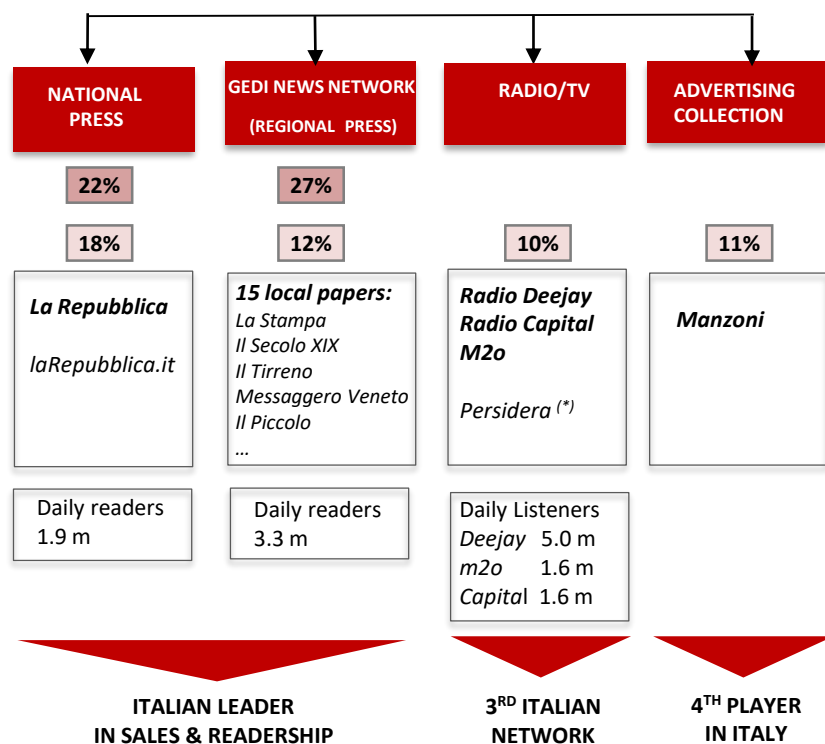
Customers		Regions	
RENAULT/NISSAN	11.5%	Europe	61.0%
PSA	11.2%	North America	18.1%
FCA/CNH Industrial	10.9%	South America	11.2%
FORD	10.8%	Asia	9.7%
DAIMLER	9.0%		
GM	8.7%		
VOLKSWAGEN/AUDI	5.0%		
TOYOTA	3.2%		
BMW	2.9%		
OTHER	26.8%		

## Key financials

€ M	1Q 2018	1Q 2019 w/o IFRS 16	1Q 2018 with IFRS 16
Revenues	406.3	389.9	389.9
EBITDA	48.8	38.2	41.3
Net result	11.2	2.1	1.6

## 1Q 2019 Performance and outlook

- Global automotive market production decreased 6.7% in 1Q2019: Europe -5.0%, Asia -11.8% (-13.5% in China), North America -2.5% and South America -4.9% (mainly due to Argentina)
- Sogefi's revenues were down -2.9% at constant exchange rates (-4.0% at historical exchange rates), outperforming the market (Europe -3.6%, North America -2.6% and Asia -9.1%)
- EBITDA at € 41.3 (down from € 48.8 M in 1Q 2018), due to lower volumes and margin declining from 12.0% to 10.6%, as a consequence mainly of the rise of raw material costs during 2018, which penalized Filtration and Suspensions in particular
- Free Cash Flow was -€ 9.1 M, decreasing vs. +€ 9.3 M in 1Q 2018, impacted mainly by €7.5 M IFRS 16 effects and € 3.1 M cash-out for the new plant in Morocco
- Net debt w/o IFRS 16 was € 262.1 M (vs € 260.5 M in 4Q2018), while with IFRS16 it stood at € 328.9 M
- In 2Q 2019, the global automotive market is still expected to decline vs. previous year (less than in Q1 globally, but potentially more in Europe). Sogefi expects a lower decline in revenues vs the market, while EBIT is expected to improve compared to 1Q 2019



## Key financials

€ M	1Q 2018	1Q 2019 w/o IFRS 16	1Q 2019 with IFRS16
Revenues	155.8	145.6	145.6
EBITDA	11.4	4.8	8.4
Net result	3.0	2.3	2.0

## 1Q 2019 Performance and outlook

- Circulation revenues at € 67.1 M (-6.5%) in a market down 7.1% .
- Advertising revenues at € 67.1 M (-8.0%):
  - press advertising down by -12.7% (vs. market -11.3%)
  - digital advertising up +3.2% (vs. market + 2.6%)
  - radio reported a -2.2% decrease (vs. market + 0.1%)
- Costs are 5.5% lower vs 1Q 2018, but still do not fully reflect the ongoing restructuring of La Repubblica’s newsroom (from March) and the closure of two printing facilities (from April)
- As a consequence of the weak top line, EBITDA and EBIT were lower than in 1Q 2018
- Net result at € 2.0 M
- Net debt w/o IFRS 16 at € 124.7 M vs. € 103.2 M at the end of 2018, due to restructuring plans expenditures and working capital trends. Net debt with IFRS16 stood at € 187.5 M
- As for the 2019 outlook, evidence available to date suggests persisting weak market trends. In such a challenging market, in order to preserve profitability GEDI will continue to implement cost reduction measures, to further exploit synergies from the merger with ITEDI and strengthen its leadership in digital activities

Circulation revenues (% of 2018 total)  
 Advertising revenues, including digital (12% of 2018 total); for Manzoni Third party advertising collection

(\*) TV Network operator, 30% stake  
 (\*\*) ITEDI consolidated from 3Q2017  
 (\*\*\*) including Persidera write-down at financial charges level

### Private equity

- Diversified portfolio of private equity funds and direct minority private equity investments, with a fair value of € 41.3 M at 31 March 2019 (with declining trend mainly due to reimbursements and fair value adjustments)
- The portfolio has reached its maturity/reimbursement phase, as limited investments were added in the recent past

### Other Investments

- Other non strategic investments include direct minority stakes with a value of € 15.7 M at 31 March 2019, slightly decreasing vs € 16.5M at 4Q 2018

### NPL

- The net value of the non-performing loan portfolios is € 10.0 M at 31 March 2019
- CIR no longer owns operating companies in this industry and is currently in the process of collecting the remaining receivables, with no further investments



- *This document has been prepared by CIR for information purposes only and for use in presentations of the Group's results and strategies.*
- *For further details on CIR and its Group, reference should be made to publicly available information, including the Annual Report, the Semi-Annual and Quarterly Reports*
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