



**Compagnie Industriali Riunite**

[www.cirgroup.com](http://www.cirgroup.com)

## **Group profile**

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## The CIR Group

**CIR – Compagnie Industriali Riunite** ([www.cirgroup.com](http://www.cirgroup.com)) listed on the Milan Stock Exchange (FTSE Italy Mid Cap index), is the holding company of a leading **Italian industrial group** active in five business sectors: **energy** (electricity and gas), **media** (publishing, radio, television and internet), **automotive components** (engine and suspension systems), **healthcare** (nursing homes and rehabilitation centres), **non-core investments**.

CIR was founded in **1976** by **Carlo De Benedetti**, today Honorary Chairman, who took over what was then Concerie Industriali Riunite, active in the tanning business, and transformed it into a holding of industrial investments. CIR is controlled by **COFIDE - Gruppo De Benedetti SpA**, a listed company of which Carlo De Benedetti and his sons Rodolfo, Marco and Edoardo hold approximately 52% of the capital. The **Chief Executive Officer** of CIR is **Rodolfo De Benedetti**.

CIR stands out for the **balanced nature of its investment portfolio** in companies with a strong position in their respective businesses which belong both to mature business sectors and to sectors with a high potential for growth. The clear role adopted by CIR as a point of reference for its subsidiaries gives a concrete contribution to their development and decisions are taken rapidly.

In the course of its history, **the CIR group has been prominent for its ability to enter new business initiatives in various sectors**, from the launch of Finanza e Futuro (today part of the Deutsche Bank group) in financial services to that of Omnitel (today Vodafone Italia) and Infostrada (today part of the Wind group) in telecommunications. As from 1999, in particular, the group has created from zero two companies in the energy (Sorgenia) and healthcare (KOS) sectors, which have in a short time become significant operators in their respective businesses. The **new initiatives** undertaken in the last few years **today account for over 50% of the value of the group**.

In 2010, CIR Group posted **consolidated revenues** of **4.8 billion** euro, with an **EBITDA** of **400.1 million** euro and a **net income** of **56.9 million** euro. At the end of 2010 the group had **12,911 employees**.

### Energy: Sorgenia

**Sorgenia** ([www.sorgenia.it](http://www.sorgenia.it)), the company controlled by CIR in which the Austrian company Verbund has a holding, is **the top private operator in Italy in the domestic electricity and natural gas market**. Established in 1999, Sorgenia operates in sourcing, marketing and supplying to all client types in both the electricity and the natural gas sectors. In the nearly twelve years of its history Sorgenia has developed from being a start-up to one of the main players in the Italian energy market. In this period the company has made **investments** of around **3 billion** euro to equip itself with **highly efficient generating facilities with a low environmental impact**. These consist of four combined cycle gas turbine plants (three of which are running commercially in Lombardy, Molise and Puglia and one under construction in Lazio) and production plants from renewable sources in Italy and France, particularly in the photovoltaic and wind sectors. Sorgenia has gradually consolidated its position in the market and today has a total of around 500,000 customers, mainly in the non-residential sector, in which it is the second operator at national level with a market share of 13% and the number two spontaneously known brand (source GFK-Eurisko 2010).

In the electricity sector, Sorgenia is the fifth domestic producer with an installed capacity of approximately 4,000 MW and plants under construction for a further 800 MW. The company also has a 39% interest in Tirreno Power, one of the largest Italian electricity producers. In the gas sector, Sorgenia purchases 2 billion cubic metres every year to sell to its clients and 3 billion cubic metres (5 billion by 2012) for its production plants. Since 2005 Sorgenia has been registered with the Electricity and Gas Authority as an ESCo (Energy Service Company), i.e. a company specializing in energy efficiency services. In the sector of renewable sources, in mid 2011 Sorgenia set up Sorgenia Green, which is 100% owned and is entirely devoted to alternative energies. The Sorgenia group also operates in hydrocarbon exploration with licenses in Colombia, Poland and the United Kingdom.

The Sorgenia Group closed 2010 with **revenues** of approximately **2.7 billion** euro, **EBITDA** of **151.1 million** euro and **net income** of **50.4 million** euro. It had 415 **employees** at the end of 2010.

The strategic drivers of Sorgenia's **Business Plan 2011-2016** are the following:

- entry into the residential market and launch of dual fuel offers for electricity and gas with a target of 2 million customers by 2016;
- investments in the period for approximately 1.2 billion euro in the three business areas (energy market, renewable sources, hydrocarbon research and production);
- continuing growth of revenues and margins (revenues of 3.9 billion euro in 2013 and 4.8 billion in 2016; EBITDA of 423 million in 2013 and 746 million in 2016);
- a gradual reduction of the level of net debt and of the net debt/EBITDA ratio (to below 4 times EBITDA well before the end of the plan).

### **Media: Espresso**

The **Espresso Group** ([www.gruppoespresso.it](http://www.gruppoespresso.it)) operates in the **media sector in Italy**, in publishing (daily newspapers and magazines), radio, television, in the collection of advertising and in the internet sector. The parent company Gruppo Editoriale L'Espresso SpA, listed on the Milan Stock Exchange, publishes the national daily newspaper **la Repubblica** and the weekly magazine **L'Espresso**. Through its subsidiaries it also publishes **18 local newspapers**, broadcasts **three national radio stations** (including **Radio DeeJay**) and is a **television operator** in the digital terrestrial sector. L'Espresso also operates in the **internet sector** and collects **advertising** for the Group publications and also for some third-party publications.

The Espresso group has organized its activities into **five business divisions**:

- **Publishing (daily newspapers and magazines)**: the daily newspaper Repubblica and its supplements; 17 local dailies and one paper that comes out three times a week; the weekly magazine L'Espresso, two monthlies, two quarterlies and various guides;
- **Digital**: internet and applications for mobile and new generation devices;
- **Radio**: three national radio stations (Radio DeeJay, Radio Capital and Radio M2O);
- **Television**: the national television channel DeeJay TV, satellite TV channels MyDeeJay and Onda Latina, the internet/digital terrestrial channel Repubblica TV; the Espresso group is able to operate partly thanks to two DVB-T multiplexes;
- **Advertising** with the concessionaire company Manzoni.

In 2010 the Espresso Group reported **revenues** of **885 million** euro, **EBITDA** of **147.2 million** euro and a **net income** of **50.1 million** euro. It had **2,789 employees** at the end of 2010.

### **Automotive Components: Sogefi**

**Sogefi** ([www.sogefi.it](http://www.sogefi.it)), founded by CIR in 1980 and listed on the Milan Stock Exchange (STAR segment), is the parent company of a group operating in **automotive components**, specializing and among the world leaders in **two product lines: engine systems** (filters, engine air and cooling systems) and **flexible suspension components**.

With presence in **5 continents** and **16 countries**, with **44 production facilities**, Sogefi is a partner of the most important car manufacturers worldwide. Leader in its core businesses in Europe and South America, Sogefi is active in the original equipment market, and in the original and independent replacement market. **Sogefi is expanding strongly in extra-European markets** – particularly China, India and especially South America – which at the end of 2010 represented almost 30% of consolidated sales revenues. During 2011, **Sogefi acquired the car components group Systèmes Moteurs**, one of the main world producers of engine air and cooling systems with revenues of approximately 270 million euro in 2010, thus gaining an opportunity for geographical and technological integration.

In 2010 the Sogefi group reported **revenues** of **925 million** euro. **EBITDA** was **86.7 million** euro. **Net income** came in at **18.8 million** euro. The group had **5,574 employees** at the end of 2010.

### **Healthcare: KOS**

**KOS** ([www.kosgroup.com](http://www.kosgroup.com)), previously called Holding Sanità e Servizi, is the **company at the head of a prime Italian healthcare group operating in the care-home sector**. The mission of the group is to offer healthcare and long-term care in a professional, welcoming and humane way, valuing professionalism and talent and promoting the contribution of individuals.

The facilities managed by KOS place patients at the centre of their activity and give top priority to their needs and requirements. Established by CIR in 2002 and with an interest held by AXA Private Equity, the company is active in three business areas:

- **Nursing homes (RSAs):** KOS is the top private Italian provider in terms on number of beds under management in care homes for the non-self sufficient elderly, where it operates under the brand “Anni Azzurri”.
- **Rehabilitation:** KOS is the fourth private Italian operator in terms of beds under management in functional psychiatric rehabilitation units, where it operates under the brands “Santo Stefano” (functional rehabilitation) and “Redancia” (psychiatric rehabilitation).
- **Hospital facilities:** providing advanced and complex hi-tech medical services (diagnostic imagining, nuclear medicine and radio therapy) as an external service provider for the National Health Service, under the “Medipass” brand. In this business area, the group also manages the “Fratelli Montecchi” Hospital in Suzzara (Mantua).

KOS manages **60 facilities** in central and northern Italy, for a total of over **5,600** beds, plus approximately **900** under construction. In 2010 the group reported **consolidated revenues** of **325.4 million** euro, **EBITDA** of approximately **42.1 million** euro and **net income** of **4 million** euro. The group had approximately **4,000 employees** at the end of 2010.

### **Non-core investments**

The CIR group is also active in **various investment initiatives** such as the venture capital fund **CIR Ventures** (with a fair value at December 31 2010 of 15 million dollars), it has a diversified portfolio of shareholdings in the private equity sector (with a fair value at December 31 2010 of 75 million euro), and is involved in the new start-up **Food Concepts**, which is active in the restaurant and catering business in Germany with three facilities in Munich, Dusseldorf and Hamburg. In 2011, 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.