

PRESS RELEASE

As per the terms of Consob Resolution 11971/99 and subsequent amendments and additions

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

Board of Directors approves consolidated results for the year ended December 31 2015

NET RESULT AT €17.0 MN (€8.5 MN IN 2014)

REVENUES AT €605.1 MN (-6.0% COMPARED TO PREVIOUS YEAR)

NET DEBT €10.7 MN (€34.2MN AT DECEMBER 2014)

ECONOMIC AND FINANCIAL RESULTS OF THE ESPRESSO GROUP AS OF DECEMBER 31 2015

Consolidated results (€mn)	<i>Year</i>	<i>Year</i>
	<i>2014</i>	<i>2015</i>
Revenues, of which:	643.5	605.1
• circulation	232.9	218.0
• add-ons	32.8	28.3
• advertising	365.6	346.0
• other revenues	12.1	12.8
Gross operating margin	59.8	47.5
Operating result	29.9	30.5
Net result	8.5	17.0

(€mn)	<i>December 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2015</i>
Net financial position	(34.2)	(10.7)
Equity of the Group and minority interests	567.4	590.4
• equity of the Group	565.4	588.4
• minority shareholders' equity	2.0	2.0
Number of employees	2,310	2,183

Rome, March 2 2016 - Today in Rome, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met and approved the consolidated results for the year ended December 31 2015 as presented by Chief Executive Officer Monica Mondardini.

PERFORMANCE OF THE MARKET

In 2015 total advertising investment (Nielsen Media Research figures) showed a decline of 0.5% compared to 2014. Although the evolution was still negative, the decline was much less accentuated than that recorded in the previous year (-2.5%).

By media sector, advertising in the printed press fell by -5.7%, advertising for television and the internet were substantially unchanged from 2014 (+0.7% and -0.7% respectively) and radio showed a significant increase (+8.8%).

Regarding advertising in the printed press, the decline in 2015 (-5.7%) was less than that reported in the previous year (-8.5%): more specifically, local advertising came in at -5.6% (-9.3% in 2014) and those of the national press at -5.7% (-8.2% in 2014).

As for circulation, ADS (Accertamento Diffusione Stampa) figures show a decline for 2015 in the sale of daily newspapers of 8.7%, which is slightly less than the trend reported in 2014 (-11.4%).

PERFORMANCE OF OPERATIONS OF THE ESPRESSO GROUP IN THE YEAR 2015

The Group closed the year 2015 with a positive net result of €17.0mn.

The **consolidated revenues** of the Group, which totalled €605.1mn, posted a decline of 6.0% compared to 2014 (€643.5mn).

Circulation revenues came to €18.0mn and were down by 6.4% compared to the previous year (€232.9mn) in a market that, as stated above, continued to experience a significant reduction in the copies of the newspapers circulated (-8.7%).

La Repubblica, according to ADS figures, confirms its ranking as the top newspaper in terms of copies sold on the newsstands, subscriptions and other channels, and according to Audipress figures (2015/III Survey) reported 2.2 million readers per day for the traditional edition.

The local newspapers, which have an average of 2.9 million readers per day according to Audipress figures, reported a decline in circulation that was significantly less pronounced than that of the sector as a whole.

Lastly, regarding the digital editions of the Group titles, in 2015 an average of 93 thousand subscribers registered.

Advertising revenues, without third-party concessions, posted a decline of 4.2% with contrasting trends: while orders for the printed press reflected the still negative performance of the market, radio and the internet showed positive dynamics.

Radio saw an increase of 5.7%, with m2o posting double-digit growth.

Internet bucked the market trend, reporting growth of 2.0% partly underpinned by the confirmed position of leadership of *Repubblica.it*, whose Total Digital Audience averaged 1.6 million unique users per day in 2015, 30% more than the number two website. The performance of local

newspaper websites was also good as they clocked up an average Total Digital Audience of 406 thousand unique users on a daily basis.

Costs went down by 5.8%, with a decline that was substantially the same as the fall in revenues. More specifically, industrial overheads were down (-12.0%), thanks to the ongoing reorganization of the production structure of the Group, as were logistics and distribution costs (-7.5%) due to the rationalization of transportation, and operating and administrative costs also fell (-4.1%) thanks to the measures taken to cut labour costs and general expenditure.

The **consolidated gross operating margin** came in at €47.5mn; given that this includes €10.8mn of reorganization charges, the operating margin was substantially in line with that of the previous year (€59.8mn).

The **consolidated operating result** came to €30.5mn, versus €29.9mn in 2014.

Profitability by business area shows that newspapers held up well and radio underwent growth.

Financial expense fell from €14.9mn in 2014 to the current €8.8mn, thanks to the reduction in debt and to the new financing programme put in place during 2014.

In the year 2015 the interest held in Persidera was written down by €17.1mn based on the results of the impairment test.

Moreover, at the end of January 2015 the sale was completed of the television channel *DeejayTV* to Discovery Italia, giving rise to a capital gain of €10.4mn, classified in the item discontinued operations.

The **consolidated net result** was €17.0mn, up from €8.5mn in the previous year, and benefited from the recalculation of the provision for deferred taxes at the new Ires tax rate of 24% that was introduced by Stability Law 2016.

Consolidated net debt stood at €10.7mn at December 31 2015 while the financial surplus came to €23.5mn.

The Group had 2,183 employees at December 31 2015 including temporary contracts. The average number of employees in 2015 was 4.9% lower than that of the previous period.

The Company's Director of Administration and Accounts, Mr Gabriele Acquistapace, the Executive responsible for the preparation of the company's financial statements, hereby attests in compliance with the terms of paragraph 2 of Art. 154 bis of the "Testo Unico delle Finanze" (Finance Consolidation Act) that the figures contained in this press release correspond to the results documented in the Company's accounts and general ledger.

THE FINANCIAL STATEMENTS FOR 2015 OF THE PARENT COMPANY

The revenues of the Parent Company of the Group came in at €283.2mn (€13.6mn in 2014). The operating result was €0.7mn (€1.0mn in 2014). The net result was a loss of €4.0mn (a loss of €5.2mn in 2014).

PROPOSAL

The Board of Directors will propose to the Shareholders' Meeting convened for April 21 2016 that the loss for the year of Euro 4,037,532.51 be covered using the available reserves recorded in the balance sheet at December 31 2015.

VERIFICATION THAT THE DIRECTORS AND STATUTORY AUDITORS HAVE THE REQUISITES OF INDEPENDENCE

The Board of Directors verified the existence of the requisites of independence of the Directors, confirming that Mr Massimo Belcredi, Ms Agar Brugiavini, Mr Alberto Clò, Ms Silvia Merlo, Ms Elisabetta Oliveri, Mr Luca Paravicini Crespi and Mr Michael Zaoui can indeed be qualified as independent. The Board also verified the requisites of independence and integrity of the members of the Board of Statutory Auditors.

MAIN EVENTS THAT HAVE OCCURRED SINCE THE CLOSE OF THE YEAR AND OUTLOOK FOR THIS YEAR

In 2015 the evolution of the sector remained problematic: for the circulation of newspapers and magazines performance was in line with that of the previous year, while for the advertising market there was again a decline but one that was much more contained than in 2014.

Despite the above, the Group maintained its profitability in line with that of the previous year thanks to the positive evolution of radio and the fact that the results of the printed press held up because operating costs were cut to an extent that compensated for the decline in revenues that was the inevitable result of the market trend.

The Group confirmed its leadership in its digital business and *Repubblica.it* is indisputably the top information website in Italy and one of the most important at international level.

Lastly, during the year 2015, after the creation in 2014 with Telecom Italia Media of Persidera, the network operator into which the multiplex of the Espresso Group and of TIMB were merged, in January 2015 All Music, publisher of the mainstream national television channel *DeejayTV*, was sold to Discovery Italia, although some of the Group's productions were maintained on the channel.

Regarding this transaction, it should be noted that the definitive assignation of LCN 9 to All Music was still pending. On February 1 2016 the Court of Cassation ruled that the previous assignation plan defined by AGCOM was legitimate and therefore we are now awaiting



implementation of the plan by the Ministry of Economic Development, which will end with the final assignation of the LCNs. If the current provisional assignation of channel 9 is confirmed, based on the agreement signed with Discovery the Espresso Group will receive additional consideration, which is not however reflected in the financial statements because of the uncertainty still surrounding the final assignation.

As for the evolution of the first months of 2016, the evidence available so far does not allow us to expect a market evolution that is significantly different from that of 2015; in January and February 2016 the trend of the Group's advertising orders was slightly positive but this cannot yet be considered a consolidated trend.

CONTACTS:

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Gruppo Espresso

Consolidated Income Statement

(€ thousand)	Year 2014	Year 2015
Revenues	643.459	605.119
Change in inventories	(84)	37
Other operating income	14.592	7.991
Purchases	(67.922)	(57.815)
Services received	(286.922)	(267.966)
Other operating charges	(12.972)	(14.845)
Investments valued at equity	2.710	3.388
Personnel costs	(233.058)	(228.382)
Depreciation, amortization and write-downs	(29.909)	(17.029)
Operating profit	29.894	30.498
Financial income (expense)	(1.884)	(25.961)
Pre-tax profit	28.010	4.537
Income taxes	(16.072)	2.303
Net profit from continuing operations	11.938	6.840
Net profit (loss) from discontinued operations	(3.322)	10.298
Net profit	8.616	17.138
Minority interests	(73)	(164)
GROUP NET PROFIT	8.543	16.974
Earnings per share, basic	0,022	0,043
Earnings per share, diluted	0,019	0,037

Not completely audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ thousand)	31 December 2014	31 December 2015
Intangible assets with an indefinite useful life	477.969	478.013
Other intangible assets	2.066	3.203
Intangible assets	480.035	481.216
Property, plant and equipment	101.699	93.233
Investments valued at equity	148.110	131.108
Other investments	2.538	3.412
Financial receivables	21.300	-
Non-current receivables	2.905	2.188
Deferred tax assets	23.311	19.162
NON-CURRENT ASSETS	779.898	730.319
Assets held for sale or transferred	4.712	-
Inventories	11.156	10.439
Trade receivables	182.100	195.646
Marketable securities and other financial assets	75	552
Tax receivables	13.479	15.860
Other receivables	24.720	24.974
Cash and cash equivalents	78.916	110.544
CURRENT ASSETS	315.158	358.015
TOTAL ASSETS	1.095.056	1.088.334

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2014	31 December 2015
Share capital	61.806	61.806
Reserves	134.677	153.995
Retained earnings (loss carry-forwards)	360.400	355.612
Net profit (loss) for the period	8.543	16.974
Group Shareholders' Equity	565.426	588.387
Minority interests	2.007	2.036
SHAREHOLDERS' EQUITY	567.433	590.423
Financial debt	81.396	79.497
Provisions for risks and charges	45.693	45.528
Employee termination indemnity and other retirement benefits	65.011	53.795
Deferred tax liabilities	92.053	86.045
NON-CURRENT LIABILITIES	284.153	264.865
Liabilities held for sale	2.638	-
Financial debt	31.832	42.337
Provisions for risks and charges	34.915	24.391
Trade payables	99.780	99.281
Tax payables	10.540	10.042
Other payables	63.765	56.995
CURRENT LIABILITIES	243.470	233.046
TOTAL LIABILITIES	527.623	497.911
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.095.056	1.088.334

Not completely audited data

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ thousand)	Year 214	Year 2015
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	11.938	6.840
Net profit (loss) from discontinued operations	(3.322)	10.298
Depreciation, amortization and write-downs	29.909	17.029
Accruals to provisions for stock option costs	1.559	1.659
Net change in provisions for personnel costs	735	(11.216)
Net change in provisions for risks and charges	(7.244)	(10.689)
Losses (gains) on disposal of fixed assets	(621)	(28)
Losses (gains) on disposal of equity investments	945	(10.392)
Write-down (revaluation) of investments	4.086	17.112
Adjustments for investments valued at equity	(2.607)	(110)
Cash flow from operating activities	35.378	20.503
Decrease (Increase) in non-current receivables	(1.020)	22.017
Increase in liabilities/Decrease in deferred tax assets	5.562	(1.859)
Increase in payables/Decrease in tax receivables	7.430	(2.895)
Decrease (Increase) in inventories	1.097	717
Decrease (Increase) in trade and other receivables	10.058	(11.675)
Increase (Decrease) in trade and other payables	(8.506)	(10.814)
Change in current assets	14.621	(4.509)
CASH FLOW FROM OPERATING ACTIVITIES	49.999	15.994
Increases in share capital and reserves	1.702	4.290
Other changes	142	4.421
Cash flow from discontinued operations	8.315	12.277
TOTAL SOURCES OF FUNDS	60.158	36.982
USES OF FUNDS		
Net investments in fixed assets	(12.392)	(8.230)
Net equity investments	(1.241)	(1.316)
(Acquisition) sale of treasury stocks	(2.043)	(2.237)
Other changes	(4.761)	(1.700)
Cash flow from discontinued operations	-	-
TOTAL USES OF FUNDS	(20.437)	(13.483)
Financial surplus (deficit)	39.721	23.499
BEGINNIG NET FINANCIAL POSITION	(73.516)	(34.237)
ENDING NET FINANCIAL POSITION	(33.795)	(10.738)
<i>Ending net financial position from discontinued operations</i>	<i>442</i>	<i>-</i>
<i>Ending net financial position from continuing operations</i>	<i>(34.237)</i>	<i>(10.738)</i>

Not completely audited data

Gruppo Espresso

Statement of Consolidated Cash Flows

(€ thousand)	Year 2014	Year 2015
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	11.938	6.840
Adjustments:		
- Depreciation, amortization and write-downs	29.909	17.029
- Accruals to provisions for stock option costs	1.559	1.659
- Net change in provisions for personnel costs	735	(11.216)
- Net change in provisions for risks and charges	(7.244)	(10.689)
- Losses (gains) on disposal of fixed assets	(621)	(28)
- Losses (gains) on disposal of equity investments and marketable securities	2.050	(10.392)
- Adjustments in value of financial assets	4.086	17.112
- Adjustments for investments valued at equity	(2.607)	(110)
- Dividends (received)	(14)	(14)
- Profit (loss) from discontinued operations	(3.322)	10.298
Cash flow from operating activities	36.469	20.489
Change in current assets and other flows	(5.136)	3.320
CASH FLOW FROM OPERATING ACTIVITIES	31.333	23.809
of which:		
Interest received (paid) through banks	(8.847)	(2.949)
Received (outlay) for income taxes	830	(240)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(15.052)	(8.429)
Outlay for purchase of equity investments	(1.246)	(1.316)
Received on disposals of fixed assets	2.660	199
(Acquisition) sale of marketable securities and available-for-sale assets	9.925	(477)
Dividends received	14	14
Cash flow from discontinued operations	8.367	12.277
Other changes	-	23
CASH FLOW FROM INVESTING ACTIVITIES	4.668	2.291
FINANCING ACTIVITIES		
Increases in capital and reserves	1.702	-
(Acquisition) sale of treasury stocks	(2.043)	(2.237)
Issue (repayment) of bond	(129.755)	-
Issue (repayment) of other financial debt	9.512	9.611
Other changes	(875)	(1.700)
CASH FLOW FROM FINANCING ACTIVITIES	(121.459)	5.674
Increase (decrease) in cash and cash equivalents	(85.458)	31.774
Cash and cash equivalents at beginning of the period	164.635	78.735
Cash and cash equivalents at the end of the period	79.177	110.509
Cash and cash equivalents from discontinued operations	442	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD FROM CONTINUING OPERATIONS	78.735	110.509

Not completely audited data

Gruppo Editoriale L'Espresso SpA

Income Statement

(€ thousand)	Year 2014	Year 2015
Revenues	313.600	283.230
Change in inventories	(84)	37
Other operating income	8.616	3.942
Purchases	(40.176)	(33.925)
Services received	(168.644)	(148.585)
Other operating charges	(5.078)	(5.416)
Personnel costs	(94.569)	(96.538)
Depreciation, amortization and write-downs	(2.714)	(3.455)
Operating profit	10.951	(710)
Financial income (expense)	(29.371)	(32.130)
Dividends	19.733	20.224
Pre-tax profit	1.313	(12.616)
Income taxes	(6.513)	8.578
NET PROFIT	(5.200)	(4.038)

Not completely audited data

Gruppo Editoriale L'Espresso SpA

Balance Sheet

ASSETS (€ thousand)	31 December 2014	31 December 2015
Intangible assets with an indefinite useful life	220.661	220.661
Other intangible assets	1.052	2.254
Intangible assets	221.713	222.915
Property, plant and equipment	10.481	7.458
Investments	413.759	354.287
Non-current receivables	23.448	1.450
Deferred tax assets	11.220	9.284
NON-CURRENT ASSETS	680.621	595.394
Inventories	7.441	6.387
Trade receivables	86.692	77.532
Marketable securities and other financial assets	-	-
Tax receivables	10.131	15.064
Other receivables	18.000	18.476
Cash and cash equivalents	66.780	111.263
CURRENT ASSETS	189.044	228.722
TOTAL ASSETS	869.665	824.116

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2014	31 December 2015
Share capital	61.806	61.806
Reserves	80.371	83.900
Retained earnings (loss carry-forwards)	360.400	355.612
Net profit (loss) for the period	(5.200)	(4.038)
SHAREHOLDERS' EQUITY	497.377	497.280
Financial debt	79.660	79.497
Provisions for risks and charges	38.038	37.867
Employee termination indemnity and other retirement benefits	27.924	22.821
Deferred tax liabilities	62.312	58.403
NON-CURRENT LIABILITIES	207.934	198.588
Financial debt	36.073	22.580
Provisions for risks and charges	18.674	11.624
Trade payables	73.381	59.682
Tax payables	5.903	5.814
Other payables	30.323	28.548
CURRENT LIABILITIES	164.354	128.248
TOTAL LIABILITIES	372.288	326.836
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	869.665	824.116

Not completely audited data

Gruppo Editoriale L'Espresso SpA

Statement of Cash Flows

(€ thousand)	Year 2014	Year 2015
OPERATING ACTIVITIES		
Net profit (loss) for the period	(5.200)	(4.038)
Adjustments:		
- Depreciation, amortization and write-downs	2.714	3.455
- Accruals to provisions for stock option costs	1.559	1.659
- Net change in provisions for personnel costs	(717)	(5.103)
- Net change in provisions for risks and charges	(2.197)	(7.221)
- Losses (gains) on disposal of fixed assets	155	189
- Losses (gains) on disposal of equity investments and marketable securities	20.350	(829)
- Adjustments to the value of financial assets	15.239	25.986
- Dividends (received)	(19.733)	(20.224)
Cash flow from operating activities	12.170	(6.126)
Change in current assets and other flows	(22.043)	14.953
CASH FLOW FROM OPERATING ACTIVITIES	(9.873)	8.827
of which:		
Interest received (paid) through banks	(8.936)	(1.821)
Received (outlay) for income taxes	5.949	868
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(3.319)	(3.067)
Outlay for purchase of equity investments	(30.980)	(3.000)
Received on disposals of fixed assets	1.388	39.098
(Acquisition) sale of marketable securities and available-for-sale assets	10.000	-
Dividends received	19.733	20.224
CASH FLOW FROM INVESTING ACTIVITIES	(3.178)	53.255
FINANCING ACTIVITIES		
Increases in capital and reserves	1.702	-
(Acquisition) sale of treasury stocks	(2.043)	(2.237)
Issue (repayment) of bond	(129.755)	-
Issue (repayment) of other financial debt	(2.405)	(1.203)
Other changes	(852)	(1.535)
CASH FLOW FROM FINANCING ACTIVITIES	(133.353)	(4.975)
Increase (decrease) in cash and cash equivalents	(146.404)	57.107
Cash and cash equivalents at beginning of the year	182.991	36.587
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	36.587	93.694

Not completely audited data