

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 as of September 30 2015

NET RESULT €24.6 MN (~~€4.6 MN~~ IN 2014)

REVENUES €439.6MN (-5.6% ON LAST YEAR)

NET DEBT €8.1 MN (~~€34.2MN~~ AT DECEMBER 2014)

ECONOMIC AND FINANCIAL RESULTS OF THE ESPRESSO GROUP AS OF SEPTEMBER 30 2015

Consolidated results (€mn)	<i>Jan - Sept 2014</i>	<i>Jan - Sept 2015</i>
Revenues, of which:	465.8	439.6
• circulation	175.8	166.0
• add-ons	24.9	19.9
• advertising	256.2	245.0
• other	8.9	8.8
Gross operating margin	41.8	40.9
Operating income	30.0	29.9
Result before taxes	18.2	32.9
Net income from businesses destined to continue	7.4	24.7
Result of operations sold ⁽¹⁾	(2.8)	(0.1)
Net result	4.6	24.6
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(€mn)	<i>December 31 2014</i>	<i>September 30 2015</i>
Net financial position	(34.2)	(8.1)
Equity of the Group and minority interests	567.4	594.0
• Equity of the Group	565.4	592.2
• Minority interests	2.0	1.8
No. of employees	2,310	2,216

⁽¹⁾ On June 30 2014 the integration was completed of the network operator businesses of Rete A and Telecom Italia Media Broadcasting (TIMB), controlled by Telecom Italia Media. The integration was implemented by the Espresso Group contributing 100% of the shares of Rete A into TIMB; after the contribution, TIMedia and the Espresso Group hold 70% and 30% respectively of the shares in "Persidera", the new name of TIMB.

On January 30 2015 the transfer of ownership was completed of All Music, the company of the Group that produces the mainstream national television channel *Deejay TV*, to the new producer Discovery Italia.

In the income statement of the first nine months of 2015 and, for the purposes of comparison, of the first nine months of 2014 the costs and revenues reported by the companies prior to the actual contribution date were classified in the item "Result of operations sold".

Rome, October 21 2015 - The Board of Directors of Gruppo Editoriale l'Espresso S.p.A. met today in Rome under the chairmanship of Mr Carlo De Benedetti and approved the consolidated results as of September 30 2015 presented by Chief Executive Officer Monica Mondardini.

PERFORMANCE OF THE MARKET

In the first eight months of 2015 overall advertising investment (Nielsen Media Research figures) declined by 2.3% compared to the same period of 2014. This trend was the same as that recorded in the previous year, which closed with a decline of 2.5%.

All of the media, with the sole exception of radio, reported declines: television (-2.7%), the printed press (-6.2%) and the internet (-2.1%, excluding the Search and Social Network sectors). By contrast, radio reported significant growth (+9.7% on the same period of last year).

As far as advertising in the printed press is concerned, the decline (-6.2%) was less than that of last year (-8.5% for the whole of 2014): more specifically, the loss reported by the local press was -4.5% (-7.9% in 2014) while that of the national press was -7.2% (-8.8% in 2014).

As for circulation, ADS (*Accertamento Diffusione Stampa*) figures for the period from January to August 2015 show a decline in sales of daily newspapers of 9.4%, which is in line with the trend recorded in 2014.

PERFORMANCE OF OPERATIONS OF THE ESPRESSO GROUP IN THE FIRST NINE MONTHS OF 2015

The Group closed the first nine months of 2015 with a positive net result of €24.6mn.

The **consolidated revenues** of the Group, amounting to €439.6mn, declined by 5.6% compared to the first nine months of 2014 (€465.8mn).

Circulation revenues, which came to €166.0mn, were down by 5.6% on the same period of last year (€175.8mn), in a market which, as stated above, has continued to suffer a significant decline in the circulation of daily newspapers (-9.4%).

Based on the most recent ADS figures (August 2015), *la Repubblica* confirms its ranking as the top newspaper in terms of copies sold on the newsstands, by subscription and through other, and based on Audipress figures (Survey 2015/II), reported 2.3 million readers per day of the traditional edition.

The local daily newspapers, which according to Audipress surveys, have an average of 2.8 million readers per day, reported a significantly lower decline in circulation than that reported by the sector as a whole.

Lastly, in the current year the digital editions of the Group titles have had an average of 93 thousand subscribers.

Advertising revenues posted a decline of 4.4% with contrasting trends: advertising orders for the printed press reflected the still negative trend of the market while radio and the internet showed positive dynamics.

Radio grew by 6.1%, with *Radio Capital* and *m2o* posting double-digit growth.

The internet showed an opposite trend to that of the market, posting growth of 2.8%, underpinned partly by the confirmed position of leadership of *Repubblica.it*, whose Total Digital Audience consists of 1.5 million unique users per day, with a lead of 26% over the number two website. The audience figures of the local newspaper websites were also positive, reaching an average Total Digital Audience of 410 thousand unique users per day.

Costs went down by 6.6% and the decline was greater than that of revenues. More specifically, industrial fixed costs decreased (-12.4%) thanks to the continuation of the reorganization of the Group's production structure, logistics and distribution costs went down (-5.9%) thanks to the rationalization of transportation, and operating and administrative costs declined (-2.2%), thanks to the measures adopted to cut labour costs and overheads.

The **consolidated gross operating margin** came in at €40.9mn compared to €41.8mn in the first nine months of 2014.

The **consolidated operating result** came to €29.9mn, which was in line with the same period for the previous year (€30.0mn).

By business area, newspapers held up overall in terms of profitability, while radio recorded growth.

Financial expense declined from €9.8mn in the first nine months of 2014 to the current €6.5mn, thanks to the reduction of the debt and to the new funding programme put in place during the year 2014.

During 2015, the sale of the television channel *DeejayTV* to Discovery Italia was completed, giving rise to a capital gain of €9.5mn.

The **consolidated net result** was €24.6mn, versus €4.6mn in the first nine months of 2014. Even excluding the net capital gain realized (€9.5mn), net income rose significantly to €15.1mn, thanks to the fact that the results of the core business held up well, despite the still critical situation, and thanks to the reorganization of the television business (whose contribution to the consolidated net result, excluding the above-mentioned capital gain, increased from -€2.4mn to +€1.5mn), and to the reduction of financial expense and the lower tax liability.

Consolidated net debt stood at €8.1mn at September 30 2015. The financial surplus for the period came to €26.1mn, of which €12.0mn was generated by the sale of All Music (it should be

noted that in the period the Group received repayment of the shareholder loan of €21.3mn granted to Persidera and incurred extraordinary charges for restructuring of €21.8mn).

The **Group had 2,216 employees**, including temporary contracts, at the end of September and the average number of employees in the period was 4.7% lower than in the first nine months of 2014.

MAIN ECONOMIC RESULTS OF THE THIRD QUARTER OF 2015

Consolidated results (€mn)	3rd Quarter 2014	3rd Quarter 2015
Revenues	143.1	133.9
Gross operating margin	10.7	10.0
Operating result	6.9	6.3
Result before taxes	3.5	4.3
Net result of businesses destined to continue	1.6	2.5
Result of operations sold	(0.8)	-
Net result	0.8	2.5

The performance of the third quarter confirms the trends already encountered in the first half of the year.

Consolidated net revenues fell by 6.4% with advertising orders posting a decline of 6.1%.

The **consolidated operating result** came to €6.3mn versus €6.9mn in the third quarter of 2014 while the **consolidated net result** was €2.5mn.

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.

MAIN EVENTS THAT HAVE TAKEN PLACE SINCE THE CLOSE OF THE FIRST NINE MONTHS OF THE YEAR AND OUTLOOK FOR THE REST OF THE YEAR

During the year 2015, the evolution of the sector remains critical and is substantially the same as

that of the previous year.

The circulation of daily newspapers and magazines has reported a decline in line with that of 2014.

The advertising market, as a whole, has still been showing a recessive trend and to date there have been no signs of a recovery. Despite this, the evolution of the various media is less negative for the Group taking into account the improving rate of declining in advertising orders of the printed press and the recovery of the radio sector. It should be noted that the Group has a clear advantage in the internet sector compared to the market.

As for the outlook for the whole year, the Group should reasonably be able to achieve a better net result than that of last year, even excluding the capital gain reported.

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Consolidated Income Statement

(€ million)	Jan - Sept 2014	Jan - Sept 2015
Revenues	465,8	439,6
Change in inventories	0,4	0,4
Other operating income	10,4	5,9
Purchases	(51,1)	(43,2)
Services received	(208,4)	(194,3)
Other operating charges	(7,0)	(6,8)
Investments valued at equity	0,4	1,8
Personnel costs	(168,7)	(162,5)
Depreciation, amortization and write-downs	(11,7)	(11,1)
Operating profit	30,0	29,9
Financial income (expense) *	(11,8)	3,0
Pre-tax profit	18,2	32,9
Income taxes	(10,8)	(8,2)
Net profit from continuing operations	7,4	24,7
Net profit (loss) from discontinued operations	(2,8)	(0,1)
Net profit	4,6	24,6
Minority interests	(0,0)	0,0
GROUP NET PROFIT	4,6	24,6
Earnings per share, basic	0,012	0,063
Earnings per share, diluted	0,011	0,054

* 2015 includes a capital gain of €9,5mn due to the sale of the television channel DeeJayTV to Discovery

Consolidated Comprehensive Income Statement

(€ million)	Jan - Sept 2014	Jan - Sept 2015
NET PROFIT	4,6	24,6
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	0,1	-
Taxes on other profits / (losses)	(0,0)	-
Other components of comprehensive income statement, after taxes	0,1	-
TOTAL COMPREHENSIVE INCOME STATEMENT	4,6	24,6
Total comprehensive income statement, of which:		
Parent Company's shareholders	4,6	24,6
Minority Interests	0,0	(0,0)

Not audited data

Gruppo Espresso

Consolidated Income Statement - 3rd Quarter

(€ million)	3 rd Quarter 2014	3 rd Quarter 2015
Revenues	143,1	133,9
Change in inventories	0,1	0,3
Other operating income	1,2	0,5
Purchases	(15,8)	(13,4)
Services received	(65,4)	(61,0)
Other operating charges	(2,9)	(1,7)
Investments valued at equity	0,3	(0,4)
Personnel costs	(49,8)	(48,3)
Depreciation, amortization and write-downs	(3,9)	(3,7)
Operating profit	6,9	6,3
Financial income (expense)	(3,3)	(2,0)
Pre-tax profit	3,5	4,3
Income taxes	(1,9)	(1,9)
Net profit from continuing operations	1,6	2,5
Net profit (loss) from discontinued operations	(0,8)	-
Net profit	0,8	2,5
Minority interests	-	0,0
GROUP NET PROFIT	0,8	2,5

Consolidated Comprehensive Income Statement - 3rd Quarter

(€ million)	3 rd Quarter 2014	3 rd Quarter 2015
NET PROFIT	0,8	2,5
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	(0,0)	-
Taxes on other profits / (losses)	0,0	-
Other components of comprehensive income statement, after taxes	(0,0)	-
TOTAL COMPREHENSIVE INCOME STATEMENT	0,8	2,5
Total comprehensive income statement, of which:		
Parent Company's shareholders	0,8	2,5
Minority Interests	-	(0,0)

Not audited data

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Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2014	September, 30 2015
Intangible assets with an indefinite useful life	478,0	478,6
Other intangible assets	2,1	2,4
Intangible assets	480,0	480,9
Property, plant and equipment	101,7	95,7
Investments valued at equity	148,1	146,6
Other investments	2,5	3,3
Financial receivables	21,3	-
Non-current receivables	2,9	2,7
Deferred tax assets	23,3	19,9
NON-CURRENT ASSETS	779,9	749,1
Assets held for sale or transferred	4,7	-
Inventories	11,2	10,7
Trade receivables	182,1	169,4
Marketable securities and other financial assets	0,1	2,2
Tax receivables	13,5	18,9
Other receivables	24,7	28,7
Cash and cash equivalents	78,9	92,4
CURRENT ASSETS	315,2	322,2
TOTAL ASSETS	1.095,1	1.071,4

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2014	September, 30 2015
Share capital	61,8	61,8
Reserves	134,7	151,7
Retained earnings (loss carry-forwards)	360,4	354,0
Net profit (loss) for the period	8,5	24,6
Group Shareholders' Equity	565,4	592,2
Minority interests	2,0	1,8
SHAREHOLDERS' EQUITY	567,4	594,0
Financial debt	81,4	78,6
Provisions for risks and charges	45,7	45,3
Employee termination indemnity and other retirement benefits	65,0	59,7
Deferred tax liabilities	92,1	95,9
NON-CURRENT LIABILITIES	284,2	279,5
Liabilities held for sale	2,6	-
Financial debt	31,8	24,1
Provisions for risks and charges	34,9	22,6
Trade payables	99,8	84,2
Tax payables	10,5	12,3
Other payables	63,8	54,6
CURRENT LIABILITIES	243,5	197,8
TOTAL LIABILITIES	527,6	477,3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.095,1	1.071,4

Not audited data

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Changes in the Consolidated Net Financial Position

(€ million)	Jan - Sept 2014	Jan - Sept 2015
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	7,4	24,7
Net profit (loss) from discontinued operations	(2,8)	(0,1)
Depreciation, amortization and write-downs	11,7	11,1
Accruals to provisions for stock option costs	1,1	1,2
Net change in provisions for personnel costs	(3,5)	(5,3)
Net change in provisions for risks and charges	(5,1)	(12,7)
Losses (gains) on disposal of fixed assets	(0,2)	(0,1)
Losses (gains) on disposal of equity investments	-	(9,5)
Write-down (revaluation) of investments	2,0	-
Adjustments for investments valued at equity	(0,3)	1,5
Cash flow from operating activities	10,2	10,8
Decrease (Increase) in non-current receivables	(1,8)	21,5
Increase in liabilities/Decrease in deferred tax assets	5,7	7,3
Increase in payables/Decrease in tax receivables	6,7	(3,7)
Decrease (Increase) in inventories	1,3	0,5
Decrease (Increase) in trade and other receivables	29,2	10,0
Increase (Decrease) in trade and other payables	(21,5)	(25,7)
Change in current assets	19,6	9,9
CASH FLOW FROM OPERATING ACTIVITIES	29,8	20,7
Net equity divestments	-	10,9
Increases in share capital and reserves	1,7	-
Other changes	-	4,3
Cash flow from discontinued operations	7,2	-
TOTAL SOURCES OF FUNDS	38,7	35,9
USES OF FUNDS		
Net investments in fixed assets	(7,9)	(6,2)
Net equity investments	(0,1)	-
(Acquisition) sale of treasury stocks	(1,3)	(2,2)
Other changes	(0,7)	(1,3)
TOTAL USES OF FUNDS	(9,9)	(9,8)
Financial surplus (deficit)	28,7	26,1
BEGINNIG NET FINANCIAL POSITION	(73,5)	(34,2)
ENDING NET FINANCIAL POSITION	(44,8)	(8,1)
Net Financial Position from discontinued operations	0,4	-
Net Financial Position from continuing operations	(45,2)	-

Not audited data

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Statement of Consolidated Cash Flows

(€ million)	Jan - Sept 2014	Jan - Sept 2015
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	7,4	24,7
Adjustments:		
- Depreciation, amortization and write-downs	11,7	11,1
- Accruals to provisions for stock option costs	1,1	1,2
- Net change in provisions for personnel costs	(3,6)	(5,3)
- Net change in provisions for risks and charges	(5,1)	(12,7)
- Losses (gains) on disposal of fixed assets	(0,2)	(0,1)
- Losses (gains) on disposal of equity investments and marketable securities	0,9	(9,5)
- Adjustments in value of financial assets	2,0	-
- Adjustments for investments valued at equity	(0,3)	1,5
- Dividends (received)	(0,0)	(0,0)
- Profit (loss) from discontinued operations	(2,8)	(0,1)
Cash flow from operating activities	11,2	10,8
Change in current assets and other flows	25,9	13,3
CASH FLOW FROM OPERATING ACTIVITIES	37,0	24,1
of which:		
Interest received (paid) through banks	(0,0)	(1,6)
Received (outlay) for income taxes	4,3	(3,0)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(9,6)	(6,4)
Outlay for purchase of equity investments	(0,1)	(1,3)
Received on disposals of fixed assets	1,8	9,4
(Acquisition) sale of marketable securities and available-for-sale assets	4,7	0,9
Dividends received	0,0	0,0
Cash flow from discontinued operations	7,2	-
CASH FLOW FROM INVESTING ACTIVITIES	4,1	2,6
FINANCING ACTIVITIES		
Increases in capital and reserves	1,7	-
(Acquisition) sale of treasury stocks	(1,3)	(2,2)
Issue (repayment) of bond	55,8	-
Issue (repayment) of other financial debt	9,3	(9,7)
Other changes	(0,0)	(1,3)
CASH FLOW FROM FINANCING ACTIVITIES	65,4	(13,2)
Increase (decrease) in cash and cash equivalents	106,5	13,5
Cash and cash equivalents at beginning of the period	164,6	78,7
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	271,2	92,2
Cash and cash equivalents from discontinued operations	0,4	-
Cash and cash equivalents from continuing operations	270,8	-

Not audited data

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Consolidated Net Financial Position

(€ million)	September, 30 2014	December, 31 2014	September, 30 2015
Financial receivables from Group companies	0,4	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	271,3	78,8	92,2
Current account overdrafts	(0,5)	(0,2)	(0,2)
Net cash and cash equivalents	271,2	78,7	92,2
Marketable securities and other financial assets	6,3	0,1	2,2
Bond issue	(274,6)	(80,4)	(84,1)
Other bank debt	(11,2)	(6,2)	-
Other financial debt	(36,4)	(26,4)	(18,4)
Other financial assets (liabilities)	(316,0)	(113,0)	(100,3)
NET FINANCIAL POSITION	(44,8)	(34,2)	(8,1)

Not audited data