

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 JUNE 30 2016

NET RESULT AT €12.1 MN)

NET FINANCIAL POSITION POSITIVE AT €18.2MN

(+€23.2MN ON JUNE 2015)

ECONOMIC AND FINANCIAL RESULTS OF THE ESPRESSO GROUP AS OF JUNE 30 2016

Consolidated results (€mn)	<i>1st Half 2015</i>	<i>1st Half 2016</i>
Revenues, of which:	305.7	292.9
• circulation and other	128.2	122.2
• advertising	177.5	170.7
Gross operating margin	31.0	27.3
Operating result	23.6	19.9
Result before taxes	19.2	15.4
Net result of businesses destined to continue	12.9	11.2
Result of operations discontinued/to be sold ⁽¹⁾	9.3	1.0
Net result	22.1	12.1

(€mn)	<i>December 31 2015</i>	<i>June 30 2016</i>
Net financial position	(10.7)	18.2
Equity of the Group and minority interests	590.4	602.6
• Equity of the Group	588.4	600.6
• Minority interests	2.0	1.9
No. of employees (2)	2,222	2,211

⁽¹⁾ 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. The "Result of operations discontinued/destined to be sold therefore includes the results of the company until the date on which it was actually sold, as well as the capital gains obtained on the sale.

⁽²⁾ On January 1 2016 39 people were hired who were previously employees of a cooperative that operated in the printing and preparation sector on behalf of Finegil Editoriale. The staff figure at December 31 2015 was therefore restated to give a like-for-like comparison.

Rome, July 27 2016 - 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 June 30 2016 presented by Chief Executive Officer Monica Mondardini.

PERFORMANCE OF THE MARKET

In the first five months of 2016 advertising investment (Nielsen Media Research figures) showed growth of 2.7% compared to the same period of 2015.

The recovery in investment affected television and radio, which grew by 6.1% and 2.0% respectively.

Internet, after a positive first quarter then reported negative performance in the two months April-May, which led to a decline in overall advertising orders in the period January-May 2016 of 1.9% compared to the same period of last year.

Lastly, as far as advertising in the printed press is concerned, performance was negative (-4.3%) and showed no significant signs of improvement compared to the same period of 2015 (-5.0%): more specifically, the loss reported at national level was -3.6% and that at local level was -5.4%.

As for the circulation of daily newspapers, according to ADS (Accertamento Diffusione Stampa) figures for the period from January to May 2016 there was a decline in sales on the news-stands and via subscriptions of 7.7%.

PERFORMANCE OF OPERATIONS OF THE ESPRESSO GROUP IN THE FIRST HALF OF 2016

The Group closed the first half of 2016 with a positive net result of €12.1mn.

Consolidated revenues, amounting to €92.9mn, posted a decline of 4.2% compared to the first half of 2015 (€95.7mn), which was slightly less of a decline than that reported in previous years.

Circulation revenues (including others), which came to €22.2mn, were down by 4.7% on the same period of last year (€23.5mn), in a market which, as stated above, has continued to suffer a significant decline in the sales of daily newspapers.

Advertising revenues posted a decline of 3.8% given the general trend of advertising in the printed press.

Radio orders were substantially in line with the same period of last year, while the print sector and the internet were affected by the critical performance of the market.

Costs went down by 3.2%; in particular industrial costs and personnel costs declined because of a reduction in the average number of staff of 4.4% compared to the first half of 2015.

The **consolidated gross operating margin** came in at €27.3mn, compared to €31.0mn in the first half of 2015.

The **consolidated operating result** came to €19.9mn (€23.6mn in the same period of the previous year).

The **consolidated net result of businesses destined to continue** was net income of €1.2mn, versus €12.9mn in the first half of 2015.

The sale, at the end of January 2015, of the television channel *DeejayTV* to Discovery Italia gave rise to capital gains, classified in discontinued operations, which amounted to €9.3mn in the first half of 2015 and €1.0mn in the first half of 2016 respectively.

The **consolidated net result**, including discontinued operations, came in at €2.1mn, compared to €22.1mn in the first half of 2015.

The **net financial position** at the end of June 2016 was a positive €8.2mn, as a financial surplus of €28.9mn was reported in the period. Compared to June 30 2015 the net financial position improved by €23.2mn

The **Group had 2,211 employees**, including temporary contracts, at the end of June and the average number of employees in the period was 4.4% lower than in the first half of 2015.

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 OCCURRED SINCE THE CLOSE OF THE FIRST HALF OF THE YEAR AND OUTLOOK FOR THE REST OF THE YEAR

No significant events have taken place since the close of the first half of the year.

It should be remembered that on March 2 2016 the Espresso Group and ITEDI signed a memorandum of understanding aimed at creating the top publishing group in Italy and one of the most important groups in Europe in daily and digital news.

The deal would make it possible to combine the strength of historic and authoritative titles such as la Repubblica, La Stampa, Il Secolo XIX and the numerous local papers of the Espresso Group, all of which in 2015 reached approximately 5.8 million readers and over 2.5 million unique users per day of their news websites.

The deal has significant business value as its objective is to integrate two groups with complementary businesses and it aims to achieve growing economies of scale. Thanks to a complete range of multimedia content and news services on paper and in digital form, the new group will have the patrimonial strength and will be of a sufficient size to respond to the challenges of the sector, promoting innovative and original projects developed for multiple distribution platforms.

On the outcome of the deal, CIR will remain the controlling shareholder with an interest of over 40% in Gruppo Editoriale L'Espresso. The company resulting from the deal will continue to be listed on Borsa Italiana. The titles will maintain their full editorial independence.

Completion of the deal, which is subject to authorization by the competent authorities and by the respective shareholder meetings, is expected to take place in the first quarter of 2017.

Regarding the year in progress, the advertising market in the first five months of the year showed a slight recovery with positive developments for television and radio but was still critical for the printed press and the internet. In the light of the monthly performances, the forecast for the whole year still remains uncertain.

In this still difficult climate, in the first six months of 2016 the Group obtained a net result that was decidedly positive and very close to that of the same period of last year (once the proceeds of the sale of DeeJay TV were netted out).

As for the outlook for the whole year, despite the fact that the evolution of the advertising market in the second half still is uncertain, the Group should be able to achieve a net result, excluding non-recurring items, that in line to that of the previous year.

CONTACTS:

CENTRAL MANAGEMENT

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Gruppo Espresso

Consolidated Income Statement

(€ million)	Jan - Jun 2015	Jan - Jun 2016
Revenues	305,7	292,9
Change in inventories	0,1	(0,1)
Other operating income	5,5	5,0
Purchases	(29,8)	(28,5)
Services received	(133,3)	(129,9)
Other operating charges	(5,2)	(4,7)
Investments valued at equity	2,2	2,2
Personnel costs	(114,3)	(109,5)
Depreciation, amortization and write-downs	(7,4)	(7,5)
Operating profit	23,6	19,9
Financial income (expense)	(4,4)	(4,5)
Pre-tax profit	19,2	15,4
Income taxes	(6,4)	(4,2)
Net profit from continuing operations	12,9	11,2
Net profit (loss) from discontinued operations	9,3	1,0
Net profit	22,1	12,2
Minority interests	(0,0)	(0,1)
GROUP NET PROFIT	22,1	12,1
Earnings per share, basic	0,056	0,031
Earnings per share, diluted	0,048	0,027

Consolidated Comprehensive Income Statement

(€ million)	Jan - Jun 2015	Jan - Jun 2016
NET PROFIT	22,1	12,2
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	-	-
Taxes on other profits / (losses)	-	-
Other components of comprehensive income statement, after taxes	-	-
TOTAL COMPREHENSIVE INCOME STATEMENT	22,1	12,2
Total comprehensive income statement, of which:		
Parent Company's shareholders	22,1	12,1
Minority Interests	0,0	0,1

Not completely audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2015	June, 30 2016
Intangible assets with an indefinite useful life	478,0	475,1
Other intangible assets	3,2	3,3
Intangible assets	481,2	478,4
Property, plant and equipment	93,2	87,3
Investments valued at equity	131,1	130,1
Other investments	3,4	3,4
Non-current receivables	2,2	2,0
Deferred tax assets	19,2	17,0
NON-CURRENT ASSETS	730,3	718,3
Assets held for sale or transferred	-	4,6
Inventories	10,4	9,1
Trade receivables	195,6	166,5
Marketable securities and other financial assets	0,6	1,8
Tax receivables	15,9	18,6
Other receivables	25,0	27,1
Cash and cash equivalents	110,5	138,3
CURRENT ASSETS	358,0	366,0
TOTAL ASSETS	1.088,3	1.084,3

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2015	June, 30 2016
Share capital	61,8	61,8
Reserves	154,0	175,6
Retained earnings (loss carry-forwards)	355,6	351,1
Net profit (loss) for the period	17,0	12,1
Group Shareholders' Equity	588,4	600,6
Minority interests	2,0	1,9
SHAREHOLDERS' EQUITY	590,4	602,6
Financial debt	79,5	81,5
Provisions for risks and charges	45,5	45,2
Employee termination indemnity and other retirement benefits	53,8	49,8
Deferred tax liabilities	86,0	88,0
NON-CURRENT LIABILITIES	264,9	264,5
Liabilities held for sale	-	2,4
Financial debt	42,3	40,4
Provisions for risks and charges	24,4	20,2
Trade payables	99,3	91,0
Tax payables	10,0	10,9
Other payables	57,0	52,3
CURRENT LIABILITIES	233,0	217,2
TOTAL LIABILITIES	497,9	481,7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.088,3	1.084,3

Not completely audited data

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Changes in the Consolidated Net Financial Position

(€ million)	Jan - Jun 2015	Jan - Jun 2016
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	22,2	11,2
Net profit (loss) from discontinued operations	(0,1)	1,0
Depreciation, amortization and write-downs	7,4	7,5
Accruals to provisions for stock option costs	0,8	0,7
Net change in provisions for personnel costs	(1,8)	(1,9)
Net change in provisions for risks and charges	(6,0)	(4,5)
Losses (gains) on disposal of fixed assets	(0,1)	0,0
Losses (gains) on disposal of equity investments	(9,3)	(1,0)
Adjustments for investments valued at equity	1,1	1,0
Cash flow from operating activities	14,1	13,9
Decrease (Increase) in non-current receivables	21,5	0,1
Increase in liabilities/Decrease in deferred tax assets	4,3	4,2
Increase in payables/Decrease in tax receivables	(6,8)	(1,9)
Decrease (Increase) in inventories	0,8	1,2
Decrease (Increase) in trade and other receivables	5,5	27,0
Increase (Decrease) in trade and other payables	(19,9)	(9,9)
Change in current assets	5,4	20,7
CASH FLOW FROM OPERATING ACTIVITIES	19,6	34,6
Net equity divestments	11,3	-
Increases in share capital and reserves	4,3	-
Other changes	-	0,7
Cash flow from discontinued operations	-	1,0
TOTAL SOURCES OF FUNDS	35,2	36,3
USES OF FUNDS		
Net investments in fixed assets	(4,5)	(5,7)
Net equity investments	-	(0,9)
(Acquisition) sale of treasury stocks	(0,3)	(0,1)
Dividends paid	-	-
Other changes	(1,3)	(0,7)
TOTAL USES OF FUNDS	(6,0)	(7,4)
Financial surplus (deficit)	29,2	28,9
BEGINNIG NET FINANCIAL POSITION	(34,2)	(10,7)
ENDING NET FINANCIAL POSITION	(5,0)	18,2

Not completely audited data

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Statement of Consolidated Cash Flows

(€million)	Jan - Jun 2015	Jan - Jun 2016
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	12,9	11,2
Adjustments:		
- Depreciation, amortization and write-downs	7,4	7,5
- Accruals to provisions for stock option costs	0,8	0,7
- Net change in provisions for personnel costs	(1,8)	(1,9)
- Net change in provisions for risks and charges	(6,0)	(4,5)
- Losses (gains) on disposal of fixed assets	(0,1)	0,0
- Losses (gains) on disposal of equity investments and marketable securities	(9,3)	(1,0)
- Adjustments for investments valued at equity	1,1	1,0
- Dividends (received)	(0,0)	-
- Profit (loss) from discontinued operations	9,3	1,0
Cash flow from operating activities	14,1	13,9
Change in current assets and other flows	7,2	22,9
CASH FLOW FROM OPERATING ACTIVITIES	21,3	36,8
of which:		
Interest received (paid) through banks	(1,7)	(1,4)
Received (outlay) for income taxes	(3,0)	2,8
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(4,6)	(5,8)
Outlay for purchase of equity investments	(0,7)	(0,9)
Received on disposals of fixed assets	0,1	0,0
(Acquisition) sale of marketable securities and available-for-sale assets	0,1	(1,2)
Dividends received	0,0	-
Cash flow from discontinued operations	9,1	1,0
CASH FLOW FROM INVESTING ACTIVITIES	4,0	(6,9)
FINANCING ACTIVITIES		
(Acquisition) sale of treasury stocks	(0,3)	(0,1)
Issue (repayment) of other financial debt	(4,1)	(1,5)
(Dividends paid)	-	-
Other changes	(1,3)	(0,7)
CASH FLOW FROM FINANCING ACTIVITIES	(5,7)	(2,2)
Increase (decrease) in cash and cash equivalents	19,6	27,7
Cash and cash equivalents at beginning of the period	78,7	110,5
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	98,4	138,2

Not completely audited data

Gruppo Espresso

Consolidated Net Financial Position

(€ million)	June, 30 2015	December, 31 2015	June, 30 2016
Financial receivables from Group companies	0,2	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	98,3	110,4	138,1
Current account overdrafts	(0,1)	(0,0)	(0,1)
Net cash and cash equivalents	98,4	110,5	138,2
Marketable securities and other financial assets	3,0	0,6	1,8
Bond issue	(82,4)	(84,5)	(86,7)
Other bank debt	-	-	-
Other financial debt	(24,0)	(37,3)	(35,1)
Other financial assets (liabilities)	(103,4)	(121,2)	(120,0)
NET FINANCIAL POSITION	(5,0)	(10,7)	18,2

Not completely audited data