

PRESS RELEASE

As per the terms of Consob Resolution no. 11971/99 and subsequent amendments and additions

**REVENUES AT €287.3MN
(+1.6% ON A LIKE-FOR-LIKE BASIS)**

**EBITDA AT €2.7MN
(IN LINE WITH 2016 ON A LIKE-FOR-LIKE BASIS)**

NET INCOME AT €7.4MN

NET FINANCIAL POSITION POSITIVE FOR €26.4MN

Rome, July 26 2017 - The Board of Directors of GEDI Gruppo Editoriale S.p.A. met today in Rome under the chairmanship of Marco De Benedetti and approved the consolidated results as of June 30 2017 presented by Chief Executive Officer Monica Mondardini.

ECONOMIC AND FINANCIAL RESULTS OF THE GEDI GROUP AS OF JUNE 30 2017

On June 27 2017 the merger of the companies *Italiana Editrice S.p.A.*, *Publikompass S.p.A.* and *Nexta S.r.l. (ITEDI Group)* into *GEDI* was completed. As an effect of this operation, *GEDI* acquired control of the entire *ITEDI* Group.

The results of GEDI at June 30 2017 does not include the economic effects of the ITEDI Group, that will start on July 1 2017 (while balance sheet includes those one of the companies of ITEDI Group). With a view to the merger with ITEDI, in 2016 five newspapers were deconsolidated in order to guarantee compliance with the circulation limits imposed by current legislation, and thus the consolidation perimeter for the first half of 2017 is significantly different and reduced than that of the first half of 2016. Therefore, to guarantee that the figures between first half 2017 and first half 2016 were comparable, an income statement for the first half of 2016 was done using the same consolidation perimeter.

Consolidated results (€mn)	<i>1st Half 2016</i>	<i>1st Half 2016 like for like</i>	<i>1st Half 2017</i>
Revenues, of which:	292.9	282.7	287.3
• circulation	100.9	89.3	84.3
• optional products and sundry revenues	21.3	22.8	18.5
• advertising	170.7	170.6	184.6
Gross operating margin	25.2	22.8	22.7
Operating result	17.7	15.7	15.9
Net result of operations destined to continue	11.2	9.4	6.4
Result of operations discontinued/held for sale ⁽¹⁾	1.0	1.0	1.0
Net result	12.1	10.3	7.4

⁽¹⁾ The “Result of operations discontinued/held for sale” includes the capital gains realized on the sale on January 30 2015 of All Music, the company of the Group that produced the mainstream national television channel *Deejay TV*, to the new publisher Discovery Italia.

(€mn)	<i>December 31 2016</i>	<i>June 30 2017</i>
Net financial position	31.7	26.4
Equity of the Group and minority shareholders	598.4	689.0
• Group equity	597.9	688.5
• Minority Shareholders’ equity	0.5	0.5
No. of employees	1,940	1,956

NOTE:

The merger of the companies Italiana Editrice SpA, Publikompass SpA and Nextra Srl (“ITEDI Group”) into GEDI was carried out by means of a share capital increase, the subscription of which was reserved for Fiat Chrysler Automobiles N.V. (“FCA”) and Ital Press Holding SpA (“IPH”), and which was implemented by the latter entities with the contribution in kind of shareholdings representing in total the entire share capital of Italiana Editrice SpA.

As an effect of this operation, on June 27 2017 GEDI acquired control of the ITEDI Group. The date of June 30 2017 was adopted as the date of consolidation and therefore the income statement of the GEDI Group for the first half of 2017 does not include the income statement of the ITEDI Group, the economic effects of which will be consolidated only as from July 1 2017. By contrast, the statement of financial position at June 30 2017 does include that of the companies of the ITEDI Group.

In evaluating the economic results of the first half of 2017 and their comparison with the same period of 2016, although as explained above the merger with ITEDI had no impact as of the end of June, it is however necessary to consider that during the second half of 2016 5 newspaper titles were deconsolidated in order to guarantee compliance with the limits in terms of circulation imposed by current legislation. This means that the consolidation perimeter for the first half of 2017 is significantly different and smaller than that of the first half of 2016. More specifically, the deconsolidation referred to:

- The sale on October 28 2016 of the entire investment, equal to 71%, in Seta SpA, publisher of the newspapers Alto Adige and Il Trentino;
- The sale on November 1 2016 of the business arm including the newspapers Il Centro, and its printing centre, and La Città di Salerno;
- The lease as from December 1 2016 of the business arm including the newspaper “La Nuova Sardegna” to the company DB Information SpA.

PERFORMANCE OF THE MARKET

After the slight recovery in 2016, in the first five months of 2017 advertising investment showed a decline of 1.9% compared to the same period of 2016 (Nielsen Media Research figures).

Of the various media, radio reported significant growth compared to the same period of 2016 (+4.1%), television and the internet (excluding Search and Social) collected orders for an amount substantially in line with that of the same period of 2016 (-0.2% and +0.6% respectively), while the printed press declined by 8.6%, with daily newspapers reporting -10.3% (-13.2% for national advertising and -8.0% for local advertising) and magazines -6.1%.

As for newspaper circulation, according to ADS (Accertamento Diffusione Stampa) figures, in the period from January to May 2017 there was a decline in sales on the newsstands and by subscription of 8.9%.

PERFORMANCE OF OPERATIONS OF THE GEDI GROUP IN FIRST HALF 2017

The Group closed the first half of 2017 with a positive net result of €7.4mn.

Consolidated revenues, totalling €287.3mn, showed growth of 1.6% compared to the first half of 2016 on a like-for-like basis (-1.9% with the different consolidation).

Circulation revenues, amounting to €84.3mn, were down by 5.7% on the same period of the previous year on a like-for-like basis, in a market that, as stated above, has continued to report a significant decline in the circulation of newspapers.

Advertising revenues were up by 8.2%, but with a decline of 4.3% for the Group media and a significant increase of third-party concessions, thanks to the new concessions of Radio Italia, La Stampa and il Secolo XIX, for national advertising.

For the Group media, advertising orders for radio rose by 5.0%, confirming the positive trend already seen in the previous year.

Internet orders showed slight growth (+0.8%), in line with the performance of the market.

Lastly, the printed press reported a significant decline (-8.7%), impacted by the negative trend of the newspaper and magazine market, which has particularly affected national newspapers, while local papers have suffered much less of a contraction.

Costs were down by 5.6% on a like-for-like basis; both fixed personnel costs and other costs were lower (-4.4% and -6.5% respectively).

The **consolidated gross operating margin** was €22.7mn and was unchanged from the figure for the first half of 2016 on a like-for-like basis (€22,8mn), despite the adverse evolution of the sector.

The **consolidated operating result** came to €15.9mn, similar to the result for the same period of 2016 on a like-for-like basis (€15.7mn).

The **consolidated net result** came in at €7.4mn, versus €10.3mn in the first half of 2016 with the same consolidation. The lower net result was due mainly to the amortization of the fair value of the digital terrestrial frequencies implicit in the value of the investment in Persidera SpA, which was recognized as from the balance sheet date of December 31 2016.

The **net financial position** at the end of June 2017 was a positive €26.4mn, compared to €31.7mn at the end of 2016 and €18.2mn at June 30 2016. The decrease compared to the end of 2016 was due to the consolidation of ITEDI, which contributed a negative net financial debt of €7.8mn.

The **Group had 1,956 employees**, including temporary contracts, at the end of June and the average number of employees in the period on a like-for-like basis was 1.9% lower than in the first half of 2016.

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 AFTER THE CLOSE OF THE FIRST HALF OF THE YEAR AND OUTLOOK FOR THE WHOLE YEAR

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

On June 27 2017 the merger of the GEDI Group and Italiana Editrice SpA was completed with the execution of the capital increase for the Company, approved by the Annual General Meeting of the Shareholders on April 27, and the signing of the deed of contribution into GEDI of the interests in ITEDI held by FIAT Chrysler Automobiles SpA (FCA) and Ital Press Holding SpA (IPH), equal to 77% and 23% respectively of the share capital. As an effect of this capital increase, CIR now holds 43.4% of GEDI while the shareholders of ITEDI, FCA and IPH, have 14.63% and 4.37% respectively of the capital of the Company.

This deal, which has created the principal group in Italy for daily and multimedia news with a wealth of newspapers, magazines and editorial competences of the highest value, has a significant industrial value because it aims to merge two groups with complementary businesses and to achieve growing economies of scale. Thanks to a complete offer of multimedia content and news services both in print copy and in digital version, the new group will have the capital and will be of a sufficient size to respond to the challenges of the sector, promoting innovative, original projects developed for a variety of distribution platforms.

Regarding the prospects for the year 2017 as a whole, based on the performance recorded in the first half, there are no signs of any improvement in the negative trends that have been affecting the sector for years now. To counter these trends, the Group is continuing its commitment particularly to developing its digital businesses, in which it is a leader in the sector, and to cutting costs. It is of the opinion that, in the absence of any events that as yet are unpredictable, the Group will obtain a positive result at the end of the year and the merger with ITEDI will open up new opportunities.

CONTACTS:

CENTRAL MANAGEMENT

EXTERNAL RELATIONS

Stefano Mignanego

Tel.: +39 06 84787434

e-mail: dir-relaz-esterne@gruppoespresso.it

www.gedispa.it