GEDI
GRUPPO EDITORIALE

PRESS RELEASE

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

GEDI GRUPPO EDITORIALE S.P.A.

ECONOMIC AND FINANCIAL RESULTS AS OF MARCH 31 2018

REVENUES: €155.8MN
(+20.7% on 2017, -5.8% on a like-for-like basis)

EBITDA: €11.4MN
(€13.0MN in 2017)

NET DEBT €110.0MN
DOWN FROM
A €115.1MN AT END OF 2017

LOAN AGREEMENT SIGNED FOR €100MN
IN VIEW OF THE REPAYMENT OF THE CONVERTIBLE BOND IN APRIL 2019

Rome, April 26 2018 - Today in Rome, under the chairmanship of Marco De Benedetti, the Board of Directors of GEDI Gruppo Editoriale S.p.A. met and approved the consolidated results as of March 31 2018 as presented by Chief Executive Officer Monica Mondardini.

GEDI
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ECONOMIC AND FINANCIAL RESULTS OF THE GEDI GROUP AS OF MARCH 31 2018

Below are the main economic and financial indicators as of March 31 2018.

Consolidated results (€mn)	*Jan-Mar 2017*	*Jan-Mar 2018*
Revenues, of which:	129.1	155.8
• circulation	53.9	71.7
• advertising	64.2	73.4
• add-ons and others	10.9	10.6
Gross operating margin	13.0	11.4
Operating result	9.6	6.6
Net result of assets destined to continue	4.8	3.0
Result discontinued operations/held for disposal(1)	0.2	-
Net result	5.0	3.0

(€mn)	*December 31 2017*	*March 31 2018*
Net financial position	(115.1)	(110.0)
Equity of the Group and Minority Interests	557.6	559.4
• Equity of the Group	557.1	558.8
• Minority Shareholders' equity	0.5	0.5
No. of employees	2,445	2,439

(1) The "Result of discontinued operations and those held for disposal" includes the effects of the deferred portion of consideration linked to the sale on January 30 2015 of All Music, the company of the Group that produces the mainstream national television channel *DeeJay TV*, to the new producer Discovery Italia.

On January 1 2018, the Group adopted the following new accounting standards:

- IFRS 15 - *Revenue from Contracts with Customers*, the application of which mainly involved the following:
  - The recognition of circulation revenues at their cover price or in any case at the actual price paid by the final buyer gross of all margins, including the part retained by the newsagent. Consequently, and this is where the difference from the previous accounting treatment lies, the

commission is recognized separately as a distribution cost and is not deducted from the revenue figure as was previously the case.
  - Consolidated advertising revenues are stated net of the publisher fee resulting from the collection of advertising on behalf of third-party publishers, which was previously reported in costs for services.
- IFRS 9 - *Financial Instruments*, the application of which involved the following:
  - The introduction of new criteria for the classification and measurement of financial assets and liabilities, replacing the various rules given in IAS 39;
  - An estimate of the losses on certain assets calculated using the expected losses model (a method that involves early recognition of impairment compared to the previous terms of IAS 39) using supporting information that includes historical, current and projected data. The standard states that this *impairment model* is applied to all financial instruments, i.e. to financial assets measured at amortized cost and those measured at fair value through other comprehensive income, to receivables from lease contracts and trade receivables.

To guarantee that the data are comparable, the income statement for the first quarter of 2017 has been restated for the items of circulation and advertising revenues and thus, for the same amount, in costs for services, according to the new indications introduced by IFRS 15. This restatement does not have any impact on operating income, net income or shareholders' equity.

PERFORMANCE OF THE MARKET

In the first two months of 2018 advertising investment showed a slight decline (-0.3%) compared to the same period of the previous year (Nielsen Media Research figures).

The media that reported the most positive dynamic were radio, with an increase of 5.1%, confirming the trend in progress since 2015, and the internet which, excluding search engines and social media, reported an increase in advertising orders of 2.6%; television orders were substantially in line with those of the previous year (+0.6%), while orders for the printed press again fell by 9.6%, with newspapers posting -8.7% (-12.9% for national advertising and -5.9% for local advertising) and magazines -11.1%.

As for newspaper circulation, in the first two months of 2018 according to ADS figures (Accertamento Diffusione Stampa) there was a decline in sales on the newsstands and by subscription of 8.5%.

PERFORMANCE OF OPERATIONS OF THE GEDI GROUP IN THE FIRST QUARTER OF 2018

It should be remembered that in the first quarter of 2017 the merger with the ITEDI Group had not yet taken place and thus for the main economic indicators illustrated below the changes compared to the first three months of 2017 are shown on a like-for-like basis with an equivalent consolidation perimeter.

Consolidated revenues, totalling €155.8mn, rose by 20.7% compared to the first quarter of 2017 (-5.8% on a like-for-like basis).

Circulation revenues came to €71.7mn and were up by 33.0% on those of the same period of last year but were down by 7.5% on a like-for-like basis in a market that, as stated above, reported a decline of 8.5% in newspaper circulation.

Advertising revenues rose by 14.3% compared to the first three months of 2017 but were down by 3.1% on a like-for-like basis.

As for the Group media, advertising orders for radio grew by 4.4%, confirming the positive trend already seen in the previous year.

Internet orders showed growth of 8.1% (+2.6% on a like-for-like basis, in line with the market trend).

Lastly, orders for the printed press rose by 9.0% (-7.7% on a like-for-like basis, showing a performance that was slightly better than that of the sector as a whole).

Costs were 24.9% higher than in the first quarter of 2017 but were 3.2% lower on a like-for-like basis; fixed personnel costs were lower (-1.9%) as were other costs (-4.0%).

The **consolidated gross operating margin** was €11.4mn versus €13.0mn in the first quarter of 2017.

The **consolidated operating result** came to €6.6mn, compared to €9.6mn in the first quarter of 2017.

The **consolidated net result** was €3.0mn, down from €5.0mn in the first quarter of 2017 (€5.8mn on a like-for-like basis).

Net debt stood at €110.0mn at March 31 2017, down from €115.1mn at the end of 2017.

The **Group had 2,439 employees** at the end of March 2018 including temporary contracts, and the average number of employees for the period on a like-for like basis was 1.7% lower than in the first quarter of 2017.

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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.

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MAIN EVENTS THAT HAVE OCCURRED SINCE THE CLOSE OF THE FIRST QUARTER AND OUTLOOK FOR THE REST OF THE YEAR

On April 16 2018 a loan agreement was signed by the Parent Company of GEDI Gruppo Editoriale SpA with four prime banks for a principal amount of €100mn and a duration of four years. The agreement involves compliance with a covenant of a financial nature based on the Net Debt to EBITDA ratio. In this way the Company is already refinanced in view of the repayment of the convertible bond issued in 2014 for an amount of €100mn which matures in April 2019.

As far as the evolution of 2018 is concerned, trends recorded in the first quarter are similar to those seen in the market for years, with the exception of some more positive signs from advertising in the second quarter.

To counter these trends the Group is continuing in its commitment to reap all the benefits of the merger with ITEDI, to develop its digital activities and to implement on a permanent basis rationalization measures to preserve profitability in a structurally difficult market.

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GEDI Gruppo Editoriale

Consolidated Income Statement

(€ million)	Jan - Mar 2017	Jan - Mar 2018
Revenues	129,1	155,8
Change in inventories	0,4	0,1
Other operating income	4,8	4,3
Purchases	(11,5)	(14,4)
Services received	(61,0)	(73,8)
Other operating charges	(1,6)	(2,1)
Personnel costs	(47,2)	(58,5)
Depreciation, amortization and write-downs	(3,4)	(4,8)
Operating profit	**9,6**	**6,6**
Financial income (expense)	(2,2)	(2,4)
Investments valued at equity	(0,5)	0,4
Pre-tax profit	**6,9**	**4,6**
Income taxes	(2,1)	(1,6)
Net profit from continuing operations	**4,8**	**3,0**
Net profit (loss) from discontinued operations	0,2	-
Net profit	**5,0**	**3,0**
Minority interests	(0,0)	(0,0)
GROUP NET PROFIT	**5,0**	**3,0**
Earnings per share, basic	0,013	0,006
Earnings per share, diluted	0,011	0,006

Consolidated Comprehensive Income Statement

(€ million)	Jan - Mar 2017	Jan - Mar 2018
NET PROFIT	**5,0**	**3,0**
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	**5,0**	**3,0**
Total comprehensive income statement, of which:		
Parent Company's shareholders	5,0	3,0
Minority Interests	0,0	0,0

Not audited data

GEDI Gruppo Editoriale
Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2017	March, 31 2018
Intangible assets with an indefinite useful life	577,0	577,0
Other intangible assets	9,0	8,7
Intangible assets	586,0	585,7
Property, plant and equipment	90,6	87,9
Investments valued at equity	124,3	124,7
Other investments	10,3	10,3
Non-current receivables	1,4	1,4
Deferred tax assets	36,7	36,4
NON-CURRENT ASSETS	**849,3**	**846,5**
Inventories	12,9	14,0
Trade receivables	208,3	175,8
Marketable securities and other financial assets	17,5	-
Tax receivables	18,8	21,0
Other receivables	30,6	27,5
Cash and cash equivalents	63,5	54,3
CURRENT ASSETS	**351,6**	**292,6**
TOTAL ASSETS	**1.200,8**	**1.139,0**

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2017	March, 31 2018
Share capital	76,3	76,3
Reserves	236,3	228,4
Retained earnings (loss carry-forwards)	367,8	251,2
Net profit (loss) for the period	(123,3)	3,0
Group Shareholders' Equity	**557,1**	**558,8**
Minority interests	0,5	0,5
SHAREHOLDERS' EQUITY	**557,6**	**559,4**
Financial debt	95,7	95,1
Provisions for risks and charges	29,2	27,3
Employee termination indemnity and other retirement benefits	59,2	58,4
Deferred tax liabilities	113,5	113,7
NON-CURRENT LIABILITIES	**297,5**	**294,5**
Financial debt	100,5	69,2
Provisions for risks and charges	27,5	24,9
Trade payables	113,2	94,4
Tax payables	45,9	44,3
Other payables	58,8	52,5
CURRENT LIABILITIES	**345,8**	**285,2**
TOTAL LIABILITIES	**643,3**	**579,6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1.200,8**	**1.139,0**

Not audited data

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Changes in the Consolidated Net Financial Position

(€ million)	Jan - Mar 2017	Jan - Mar 2018
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	5,0	3,0
Net profit (loss) from discontinued operations	(0,2)	-
Depreciation, amortization and write-downs	3,4	4,8
Accruals to provisions for stock option costs	0,2	0,2
Net change in provisions for personnel costs	(1,0)	(0,8)
Net change in provisions for risks and charges	(0,9)	(4,5)
Adjustments for investments valued at equity	0,5	(0,4)
Cash flow from operating activities	**7,0**	**2,2**
Decrease (Increase) in non-current receivables	(0,1)	(0,0)
Increase in liabilities/Decrease in deferred tax assets	1,0	0,5
Increase in payables/Decrease in tax receivables	(0,4)	(3,8)
Decrease (Increase) in inventories	0,6	(1,1)
Decrease (Increase) in trade and other receivables	2,1	29,4
Increase (Decrease) in trade and other payables	(9,1)	(21,7)
Change in current assets	**(5,9)**	**3,3**
CASH FLOW FROM OPERATING ACTIVITIES	**1,1**	**5,5**
Cash flow from discontinued operations	-	6,2
TOTAL SOURCES OF FUNDS	**1,1**	**11,7**
USES OF FUNDS		
Net investments in fixed assets	(3,6)	(5,2)
(Acquisition) sale of treasury stocks	(0,0)	(0,1)
Other changes	(0,1)	(1,3)
TOTAL USES OF FUNDS	**(3,7)**	**(6,5)**
Financial surplus (deficit)	**(2,6)**	**5,1**
BEGINNIG NET FINANCIAL POSITION	**31,7**	**(115,1)**
ENDING NET FINANCIAL POSITION	**29,0**	**(110,0)**

Not audited data

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Statement of Consolidated Cash Flows

(€ million)	Jan - Mar 2017	Jan - Mar 2018
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	5,0	3,0
Adjustments:		
- Depreciation, amortization and write-downs	3,4	4,8
- Accruals to provisions for stock option costs	0,2	0,2
- Net change in provisions for personnel costs	(1,0)	(0,8)
- Net change in provisions for risks and charges	(0,9)	(4,5)
- Adjustments for investments valued at equity	0,5	(0,4)
- Profit (loss) from discontinued operations	(0,2)	-
Cash flow from operating activities	**7,0**	**2,2**
Change in current assets and other flows	**(4,1)**	**5,2**
CASH FLOW FROM OPERATING ACTIVITIES	**3,0**	**7,4**
of which:		
Interest received (paid) through banks	(0,0)	0,0
Received (outlay) for income taxes	-	-
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(3,6)	(6,6)
Received on disposals of fixed assets	-	1,4
(Acquisition) sale of marketable securities and available-for-sale assets	0,2	-
Cash flow from discontinued operations	-	6,2
CASH FLOW FROM INVESTING ACTIVITIES	**(3,4)**	**1,0**
FINANCING ACTIVITIES		
(Acquisition) sale of treasury stocks	(0,0)	(0,1)
Issue (repayment) of other financial debt	6,8	(17,0)
Other changes	(0,1)	(1,3)
CASH FLOW FROM FINANCING ACTIVITIES	**6,7**	**(18,3)**
Increase (decrease) in cash and cash equivalents	**6,3**	**(9,9)**
Cash and cash equivalents at beginning of the period	**148,5**	**63,5**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**154,8**	**53,5**

Not audited data

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Consolidated Net Financial Position

(€ million)	March, 31 2017	December, 31 2017	March, 31 2018
Financial receivables from Group companies	0,2	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	155,0	63,3	54,1
Current account overdrafts	(0,4)	(0,1)	(0,8)
Net cash and cash equivalents	**154,8**	**63,5**	**53,5**
Marketable securities and other financial assets	-	17,5	-
Bond issue	(90,7)	(93,7)	(95,6)
Other bank debt	-	(8,8)	(8,7)
Other financial debt	(35,0)	(93,5)	(59,2)
Other financial assets (liabilities)	**(125,7)**	**(178,6)**	**(163,5)**
NET FINANCIAL POSITION	**29,0**	**(115,1)**	**(110,0)**

Not audited data