

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 2015

REVENUES AT €305.7 MN (-5.3% ON LAST YEAR)

GROSS OPERATING MARGIN AT €31.0 MN, IN LINE WITH 2014

NET RESULT AT €22.1 MN (€3.8 MN IN 2014)

NET DEBT CONTINUES ITS DECLINE

TO €5.0 MN (€34.2 MN AT 31/12/2014)

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

Consolidated results (€mn)	<i>1st Half 2014</i>	<i>1st Half 2015</i>
Revenues, of which:	322.7	305.7
• circulation	114.8	109.3
• add-ons	17.6	12.5
• advertising	184.4	177.5
• other	5.9	6.3
Gross operating margin	31.0	31.0
Operating result	23.2	23.6
Result before taxes	14.7	28.5
Net result of businesses destined to continue	5.8	22.2
Result of operations sold ⁽¹⁾	(2.0)	(0.1)
Net result	3.8	22.1

(€mn)	<i>December 31 2014</i>	<i>June 30 2015</i>
Net financial position	(34.2)	(5.0)
Equity of the Group and minority interests	567.4	593.1
• Equity of the Group	565.4	591.2
• Minority interests	2.0	1.9
No. of employees	2,310	2,276

⁽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 1st Half 2015 and, for the purposes of comparison, of 1st Half 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, July 22 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 June 30 2015 presented by Chief Executive Officer Monica Mondardini.

PERFORMANCE OF THE MARKET

In the first five months of 2015 overall advertising investment (Nielsen Media Research figures) declined by 1.3% compared to the same period of 2014. Although the trend was still negative, the decline was less accentuated than that reported in the previous year (-2.5%).

All of the media, with the sole exception of radio, reported declines: television (-0.7%), the printed press (-5.0%) and the internet (-2.2%, excluding the Search and Social Media areas). Radio reported a significant rise (+5.5% on the same period of last year).

As far as advertising in the printed press is concerned, the decline was less than in previous years: more specifically, the loss reported by the local press was -4.1% while that of the national press was -5.5%.

As for circulation, ADS (Accertamento Diffusione Stampa) figures for the period from January to May 2015 show a decline in sales of daily newspapers of 9.9%, which is in line with the trend recorded in 2014. It should be noted that there was at the same time an increase in digital subscriptions to the dailies, but this rise does not at present compensate for the loss in copies in the traditional format and sales channel.

PERFORMANCE OF OPERATIONS OF THE ESPRESSO GROUP IN THE FIRST HALF OF 2015

The Group closed the first half of 2015 with a positive net result of €22.1 mn.

The **consolidated revenues** of the Group, amounting to €305.7mn, posted a decline of 5.3% compared to the first half of 2014 (€322.7mn).

Circulation revenues, which came to €109.3mn, were down by 4.8% on the same period of last year (€114.8mn), in a market which, as stated above, has continued to suffer a significant decline in the circulation of daily newspapers (-9.9%).

Based on the most recent ADS figures (May 2015), *la Repubblica* confirms its ranking as the top newspaper in terms of copies sold (newsstands, subscriptions and other) and, based on Audipress figures (Survey 2015/I), reported 2.3 million readers per day of the traditional edition. The newspaper also has an average of 73 thousand subscribers to its digital products (*Repubblica+* and *Repubblica Mobile*).

The network of local daily newspapers, which according to Audipress surveys, has an average of 2.9 million readers per day, reported a less negative performance for circulation than that reported by the sector as a whole.

Overall, the Group currently has an average of 100 thousand subscribers to the digital editions of its newspaper titles.

Advertising revenues posted a decline of 3.7% with contrasting trends: radio and the internet showed positive dynamics while the printed press reflected the still negative trend of the market.

Radio grew by 3.5%, with *Radio Capital* and *m2o* displaying very positive dynamics.

The internet over-performed the market trend, posting growth of 2.8% which was partly due to the confirmed position of leadership of *Repubblica.it*, which has a Total Digital Audience of 1.6 million unique users per day, with a lead of 21% over the number two website. The audience figures of the local newspaper websites were also positive, reaching an average Total Digital Audience of 418 thousand unique users per day (+6% on the same period of last year).

Costs went down by 6.6%, a reduction that was more or less equivalent to the fall in revenues. More specifically, industrial fixed costs decreased thanks to the continuation of the reorganization of the Group's production structure, as well as operating and administrative costs, particularly in relation to overheads.

The **consolidated gross operating margin** came in at €31.0mn, which was in line with the figure for the first half of 2014.

The **consolidated operating result** came to €23.6mn, which was equivalent to the figure for the same period of last year.

By business area, the newspaper and magazine sector held up overall in terms of profitability, while radio recorded growth.

Financial expense declined from €6.5mn in the first half of 2014 to the current €4.4mn, thanks to the reduction of the debt and to the new funding programme put in place during the year 2014.

During the first half of 2015 the sale of the television channel *DeejayTV* to Discovery Italia was completed, giving rise to a capital gain of €9.3mn.

Taking the above into account, the **consolidated net result** was €22.1mn, up from €3.8mn in the first half of 2014.

Consolidated net debt, which stood at €5.0mn at June 30 2015, contracted further from the figure of €34.2mn at the close of 2014 and of €66.8mn at June 30 2014, thanks to the takings of

the shareholder loan made to Persidera for €21.3mn and to the €11.8mn generated by the sale of All Music.

The **Group had 2,276 employees**, including temporary contracts, at the end of June and the average number of employees in the period was 4.0% lower than in the first half of 2014.

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

In the first five months of the year, the advertising market still showed a slight decline with uncertain signs of improvement.

Circulation continued to follow the trend seen in the previous year.

In this environment, in the first half of 2015 the Group achieved operating results in line with those of last year and a net result that was distinctly positive.

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

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