



INTERIM REPORT

March 31st 2016

Corporate Boards

Board of Directors

<i>Chairman</i>	Francesco Gaetano Caltagirone
<i>Vice Chairmen</i>	Azzurra Caltagirone Gaetano Caltagirone
<i>Directors</i>	Alessandro Caltagirone Francesco Caltagirone Tatiana Caltagirone Massimo Confortini ¹⁻² Mario Delfini ¹ Albino Majore ¹ Giampietro Nattino ¹⁻²

Board of Statutory Auditors

<i>Chairman</i>	Antonio Staffa
<i>Standing Auditors</i>	Maria Assunta Coluccia Federico Malorni

Executive Officer	Fabrizio Caprara
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Independent Audit Firm	PricewaterhouseCoopers SpA
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¹Members of the Internal Control Committee

²Members of the Independent Directors' Committee

INTERIM REPORT AT MARCH 31st 2016

The Interim Report at March 31st 2016 was prepared in accordance with IAS/IFRS.

Following the recent amendments to the Consolidated Finance Act (CFA) in force from March, the publication of data and information at March 31st 2016 was made voluntarily, in continuity with the past and ahead of any regulatory measures by CONSOB.

Highlights

The key financial results compared to the first quarter of 2016 are shown below:

Euro thousands	Q1 2016	Q1 2015	% Change
Circulation revenues	14,296	16,427	-13.0%
Promotions revenues	39	13	200.0%
Advertising revenues	20,570	20,909	-1.6%
Other operating revenues	1,046	1,344	-22.2%
Total Operating Revenues	35,951	38,693	-7.1%
Raw material costs	(3,425)	(4,021)	-14.8%
Labour costs	(17,306)	(18,908)	-8.5%
Other operating costs	(16,859)	(16,998)	-0.8%
Total operating costs	(37,590)	(39,927)	-5.9%
EBITDA	(1,639)	(1,234)	-32.8%
Amortisation, depreciation, provisions & write-downs	(2,181)	(2,381)	-8.4%
EBIT	(3,820)	(3,615)	-5.7%
Share of income/(charge) of companies valued at equity	-	-	-
Net financial income/(charges)	(221)	(247)	-10.5%
Loss before taxes	(4,041)	(3,862)	-4.6%
Group Net Loss	(4,041)	(3,862)	-4.6%
<i>Minority interest share</i>	<i>-</i>	<i>-</i>	<i>-</i>

In the first quarter of 2016, operating revenues reduced 7.1%, following the decrease in circulation revenues (-13%) and advertising revenues (-1.6%).

Raw material costs decreased 14.8% - principally due to the lower quantities utilised in the production process.

Labour costs decreased on the same period of the previous year by 8.5% - due to strikes and reorganisation actions begun in prior years.

Other operating costs decreased overall by 0.8%, following the streamlining of operating costs.

The EBITDA reports a loss of Euro 1.6 million (loss of Euro 1.2 million in Q1 2015).

The EBIT, after amortisation/depreciation and write-downs of Euro 2.2 million, reported a loss of Euro 3.8 million (loss of Euro 3.6 million in Q1 2015).

The financial management result reported a net charge of Euro 221 thousand (charge of Euro 247 thousand in Q1 2015).

The Group pre-tax result was a loss of Euro 4 million (loss of Euro 3.9 million in Q1 2015).

Group operating performance

- *Publishing*

Circulation revenues of paper and digital copies of Euro 14.3 million reduced 13.0% in Q1 2016 compared to Q1 2015, due to the ongoing structural shifts impacting the daily newspaper market, further impacted by a number of days of strike (6.8% of the total period) by printing staff. The latest official available circulation data indicates a reduction of approx. 7.2% in average copies³ sold between January-February 2016 compared to the same period of 2015.

The sale of subscriptions and multimedia versions of Group newspapers are still not significant and their percentage of Group circulation revenues continues to be negligible; however, they again grew - in particular with the digital sales of *Il Messaggero* increasing 17.3%⁴ in February 2016 on February 2015. The digital copy market overall reported a slight contraction (-0.1%)⁵ in February 2016 compared to 2015, with growth of 1.1%⁶ on January 2016.

- *Advertising Revenues*

In the first three months of 2016, Group advertising revenues reduced 1.6%, benefitting in comparison to the same period of the previous year from local advertising revenue from a number of RCS newspaper editions. In particular, Group newspaper advertising revenues contracted 4.9% on the first quarter of 2015, due both to the market

³ADS figures (Newspaper Sales Figures) Digital Newspaper Sales January-February 2015/2016

⁴ADS figures (Newspaper Sales Figures) Digital Newspaper Sales February 2015/2016

⁵ADS figures (Newspaper Sales Figures) Digital Newspaper Sales February 2015/2016

⁶ADS figures (Newspaper Sales Figures) Digital Newspaper Sales February 2016/January 2016

performance and lower newsstand sales following a number of days of strike by printing staff. Group internet advertising improved 8.2% on the first quarter of 2015.

The overall market in the first three months of 2016 contracted 4.6%⁷for newspaper advertising and increased 0.8%⁸ for internet advertising.

The websites of the Caltagirone Editore network reported in February 2016 approx. 1.01 million⁹ Total Audience unique daily users (PC and mobile).

Shareholders' Equity

The Caltagirone Editore Group Shareholders' Equity amounted to Euro 519.3 million (Euro 559.9 million at December 31st 2015); the decrease is due to the valuation at fair value of the shareholdings held by the Group and the loss for the period.

Net Cash Position

The Net Cash Position at March 31st 2016 compared to December 31st 2015 is shown below:

<i>in thousands of Euro</i>	31/03/2016	31/12/2015
Current financial assets	-	-
Cash and cash equivalents	158,644	157,813
Non-current financial liabilities	(7,871)	(8,306)
Current financial liabilities	(26,936)	(26,517)
Net Cash Position	123,837	122,990

The net cash position of Euro 123.8 million increased slightly on December 31st 2015 (Euro 123 million), due to an improvement in client payment times, in part offset by the payment of non-recurring charges related to the company reorganisation plan implemented in previous years.

Outlook for the following quarters

In the coming months, the reorganisation initiated in the previous year will be completed, involving a series of division and concentration operations to structure the Group according to

⁷FCP newspaper research data – January – March 2016 with corresponding period of 2015

⁸FCP Assointernet research institute figures – January – March 2016 compared with 2015

⁹ Audiweb figures February 2016.

functional areas. The new organisation, once fully operational, is expected to contribute to improving Group results.

The Group has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers.

Corporate Governance

The Board of Directors' meeting of March 11th 2016 appointed for 2016 the Executive Officer for Financial Reporting of the company as Mr. Fabrizio Caprara.

Rome, May 10th 2016

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The Executive Officer for Financial Reporting, Mr. Fabrizio Caprara, declares in accordance with Article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present report corresponds to the underlying accounting documents, records and accounting entries.