

Caltagirone Editore: the Board of Directors approves the 2014 first half results

- Revenues: Euro 83.3 million (Euro 89.4 million as of June 30th 2013)
- EBITDA: Euro -2.9 million (Euro -2.2 million as of June 30th 2013)
- Pretax result: Euro -3.4 million (Euro -3.6 million as of June 30th 2013)
- Group Net Loss: Euro -5 million (Euro -3.7 million as of June 30th 2013)
- Group digital activities growth continues: 710 thousands unique daily users were reached in April; +76% internet advertising revenue compared to H1 2013; 10% contribution to Group Revenue from internet

Rome, July 24th 2014 - The Board of Directors of Caltagirone Editore, chaired by Cav. Lav. Francesco Gaetano Caltagirone, today approved first half 2014 results.

Caltagirone Editore Group closed the first half of 2014 with results still suffering from the domestic economic downturn and its negative repercussions on the publishing industry. However first half results show the effectiveness of cost control and cost cutting efforts undertaken as well as the positive impact on audience and overall revenue contribution of Group internet investments.

Revenues reached Euro 83.3 million, down by 6.7% compared to the corresponding period of 2013, due to declining circulation and advertising revenues. In particular, circulation revenue amounted to Euro 34.8 million, down by 6.5% compared to H1 2013, suffering from a shrinking printed and digital circulation market declining by 7% from January to May 2014.

On the contrary, the Group websites recorded positive performance, reaching 710 thousand unique daily users in April. Compared to the first half of 2013, *llicorrieadriatico.it* recorded a 64.2% increase in unique daily users, *lilmattino.it* +63.6%, *lilgazzettino.it* +49% and *lilmessaggero.it* +41.8%. The Group is today the third digital information provider in Italy.

In particular, Group advertising revenues reached Euro 45.3 million, down by 6.8% compared to the corresponding period of 2013. Advertising revenue on Group titles declined by 12.3%, in line with the industry average (12.4% in the first five months of 2014). Internet advertising keeps bucking the trend, with an increase of 76% compared to H1 2013 against an industry decline of 2.1% and today accounts for around 10% of Group advertising revenue.

In H1 2013 advertising revenues of the free newspaper Leggo were positive too, recording an increase of 9.5% compared to H1 2013 thanks to internet advertising revenues.

Ebitda was a negative Euro 2.9 million (negative Euro 2.2 million at June 30th 2013). Revenue contraction was partly offset by operating costs reductions (-5.8%

compared to the first half of 2013). In particular, labor cost, net of non-recurring charges, decreased by 5.6% as a result of reorganization plans undertaken in previous years.

Net financial result reached Euro 4.2 million (Euro 3.5 million in H1 2013).

Group pretax loss was Euro 3.4 million (loss of Euro 3.6 million at June 30th 2013).

Group net loss was equal to Euro 5 million (loss of Euro 3.7 million in the corresponding period of 2013) due taxes.

Net cash position reached Euro 132.5 million down by approximately Euro 4.9 million from December 31st, 2013.

Group shareholders' equity declined to Euro 619.3 million (Euro 625.6 million as of December 31st 2013).

2014 Outlook and events after the first half

The sector backdrop keeps being affected by significant uncertainty against which the Group continues to undertake a strict cost control and cost reduction policy.

The Executive responsible for the preparation of the corporate accounting documents, Roberto Di Muzio, declares in accordance with article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that the accounting information contained in the present press release corresponds to the underlying documents, records and accounting entries.

The balance sheet and income statement are attached, currently being examined by the independent audit firm and by the Board of Statutory Auditors.

CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET



ASSETS

(in thousands of Euro)

30 June **31 December**
2014 **2013**

Non-current assets

Intangible assets with definite life	1,040	1,285
Goodwill and other indefinite intangible assets	342,735	342,735
Property, plant and equipment	55,167	58,813
Equity investments valued at net equity	908	777
Equity investments and non-current securities	139,171	139,704
Non-current financial assets	39	43
Other non-current assets	522	453
Deferred tax assets	45,794	43,461
TOTAL NON-CURRENT ASSETS	585,376	587,271

Current assets

Inventories	2,494	2,317
Trade receivables	56,885	59,483
<i>of which related parties</i>	2,023	1,971
Current financial assets	14	3
Tax receivables	1,569	4,121
Other current assets	2,579	1,279
<i>of which related parties</i>	-	4
Cash and cash equivalents	187,080	186,633
<i>of which related parties</i>	376	770
TOTAL CURRENT ASSETS	250,621	253,836

TOTAL ASSETS

835,997 **841,107**



SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of Euro)

	30 June 2014	31 December 2013
Shareholders' Equity		
Share capital	125,000	125,000
Share capital issue costs	(18,865)	(18,865)
Reserves	518,142	594,936
Profit/(loss) for the period	(5,024)	(75,432)
Group shareholders' equity	619,253	625,639
Minority interest shareholders' equity	25	68
TOTAL SHAREHOLDERS' EQUITY	619,278	625,707
LIABILITIES		
Non-current liabilities		
Employee provisions	28,286	29,410
Other non-current provisions	5,806	6,684
Non-current financial liabilities	16,090	18,652
Other non-current liabilities	2,782	2,799
Deferred tax liabilities	65,898	65,480
TOTAL NON-CURRENT LIABILITIES	118,862	123,025
Current liabilities		
Current provisions	5,598	5,862
Trade payables	23,491	24,576
<i>of which related parties</i>	1,588	1,230
Current financial liabilities	38,522	30,544
<i>of which related parties</i>	8,445	5,845
Other current liabilities	30,246	31,393
<i>of which related parties</i>	26	35
TOTAL CURRENT LIABILITIES	97,857	92,375
TOTAL LIABILITIES	216,719	215,400
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	835,997	841,107

CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT



<i>(in thousands of Euro)</i>	1st half 2014	1st half 2013
Revenues		
Revenues from sales and supply of services <i>of which related parties</i>	80,460 769	86,120 796
Other operating revenues <i>of which related parties</i>	2,885 48	3,233 46
TOTAL REVENUES	83,345	89,353
Costs		
Raw material costs	9,440	10,373
Personnel costs <i>of which restructuring charges</i>	40,450 816	43,101 1,106
Other operating charges <i>of which related parties</i>	36,315 3,403	38,044 3,428
TOTAL COSTS	86,205	91,518
EBITDA	(2,860)	(2,165)
A & D, Provisions and Write-downs	4,912	4,832
EBIT	(7,772)	(6,997)
Net result of the share of associates	127	(167)
Financial income <i>of which related parties</i>	5,258 3,266	4,521 2,526
Financial charges <i>of which related parties</i>	(1,030) (111)	(992) (68)
Net financial result	4,228	3,529
PROFIT/(LOSS) BEFORE TAX	(3,417)	(3,635)
Income taxes for the period	(1,650)	(104)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(5,067)	(3,739)
NET PROFIT/(LOSS) FOR THE PERIOD	(5,067)	(3,739)
Group net loss	(5,024)	(3,697)
Minority interest share	(43)	(42)
Earnings per share (Euro per share)	(0.041)	(0.030)
Diluted earnings per share (Euro per share)	(0.041)	(0.030)



Consolidated Comprehensive Income Statement

(in Euro thousands)

	1 st half 2014	1 st half 2013
Net loss for the period	(5,067)	(3,739)
Items which may be reclassified subsequently to profit/(loss) for the period		
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	(1,072)	(1,470)
Total other items of the Comprehensive Income Statement	(1,072)	(1,470)
Total comprehensive loss for the period	(6,139)	(5,209)
Attributable to:		
Parent Company shareholders	(6,096)	(5,167)
Minority interest	(43)	(42)

Caltagirone Editore Group
Consolidated Cash Flow Statement



in Euro thousands

	1st half 2014	1st half 2013
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	186,633	188,902
Net loss for the period	(5,067)	(3,739)
Amortisation & Depreciation	4,173	4,254
(Revaluations) and write-downs	637	557
Net result of the share of associates	(127)	167
Net financial income/(charges)	(4,230)	(3,669)
(Gains)/losses on disposals	(5)	(5)
Income taxes	1,650	104
Changes in employee provisions	(1,364)	(2,240)
Changes in current and non-current provisions	(1,141)	(5,586)
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL	(5,474)	(10,157)
(Increase) Decrease in inventories	(177)	462
(Increase) Decrease in Trade receivables	1,963	1,507
Increase (Decrease) in Trade payables	(1,067)	(2,685)
Change in other current and non-current liabilities	(2,547)	(1,561)
Change in deferred and current income taxes	1,225	(954)
OPERATING CASH FLOW	(6,077)	(13,388)
Dividends received	2,565	1,770
Interest received	1,977	2,703
Interest paid	(655)	(453)
Income taxes paid	(2,266)	(899)
A) CASH FLOW FROM OPERATING ACTIVITIES	(4,456)	(10,267)
Investments in intangible fixed assets	(90)	(99)
Investments in tangible fixed assets	(226)	(395)
Non-current investments and securities	-	(6)
Sale of intangible and tangible assets	27	22
Change in non-current fin. assets	4	(63)
Change in current fin. assets	7	(41)
Altre Var. Attiv. Investimento	176	-
B) CASH FLOW FROM INVESTING ACTIVITIES	(102)	(582)
Change in non-current fin. liabilities	(2,562)	(2,545)
Change in current fin. liabilities	7,858	12,801
Other changes	(291)	-
C) CASH FLOW FROM FINANCING ACTIVITIES	5,005	10,256
D) Effect exc. diffs. on cash & cash equivalents	-	-
Change in net liquidity	447	(593)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	187,080	188,309