

Caltagirone Editore: the Board of Directors approves results at 31 March 2014

- Revenues: Euro 40.1 million (Euro 43.3 million as of March 31st 2013)
- Ebitda: Euro -2.4 million (Euro -2.7 million as of March 31st 2013)
- Ebit: Euro -5.3 million (Euro -5.8 million as of March 31st 2013)
- Group pretax result: Euro -4.7 million (Euro -4.9 million as of March 31st 2013)
- Strong increase of digital publishing activities of the Group, now the third largest Italian operator in digital information: in February reached 600 thousand unique users per day on the Group websites, internet advertising revenues +104% on the first quarter of 2013

Rome, May 8th 2014 – The Board of Directors of Caltagirone Editore, chaired by Cav. Lav. Francesco Gaetano Caltagirone, approved first quarter 2014 results.

The 2014 first quarter results of Caltagirone Editore group show a slowdown of the negative trend of the crisis which has been plaguing the industry and in particular the advertising market for the last 6 years. These results, however, reaffirm the effectiveness of the cost control and cost reduction policies implemented in previous years, as well as the corporate restructuring carried out and the constant growth of the internet business, both in terms of audience and in terms of contribution to Group revenues.

Revenues reached Euro 40.1 million, a 7.4% decrease compared to the corresponding period of 2013, principally due to both shrinking circulation (-4.2%) and advertising revenues (-9.9%).

Circulation revenues continued to be affected by the newspaper market downturn, which in the month of March alone reported an 8% decline in paper and digital copies sold, compared to 2013.

On the other hand, the growth in subscriptions and multimedia versions was positive, albeit still negligible, with a +79.1% year on year increase in March.

Also in February, the websites of the Group reached 600 thousand unique users per day with the following excellent performances: Il Messaggero +23.4%, Il Mattino +42.3%, Il Gazzettino +8.4% and Corriere Adriatico +100.8%. On the basis of these results, the Group is now the third largest Italian operator in digital information.

Newspapers advertising revenues, with a -9.9% in the first quarter of the year, albeit outperforming the industry, suffered from the -14.9% market decline in the first three months of the year.

Internet advertising bucked the trend with an increase of 104.3% compared to the same period of 2013, with growing volumes, which have now reached around 10% of the Group advertising revenues.

The free newspaper Leggo recorded a good performance in the quarter, with advertising revenues growing by 4.3% compared to the first quarter of 2013, thanks to the contribution of internet advertising.

Ebitda reported a loss of Euro 2.4 million (loss of Euro 2.7 million as of March 31st 2013). The decline in revenues was offset by cost savings (-7.5% compared to the first quarter of 2013). In particular, labor cost decreased by 7.8% as a result of corporate restructuring initiated in previous years.

Ebit was Euro -5.3 million (Euro -5.8 million as of March 31st 2013), after Euro 2.8 million of amortization, depreciation, provisions and write-downs.

Net financial result was Euro 411 thousands (Euro 982 thousands as of March 31st 2013), including financial income, net of financial charges.

Group pretax result was Euro -4.7 million (Euro -4.9 million in the first quarter of 2013).

Net cash position reached Euro 135.6 million as of March 31st 2013, down by Euro 1.9 million from December 31st 2013 due to cash outflow from operating activities.

Shareholders' Equity reached Euro 624.3 million (Euro 625.6 million as of December 31st 2013); the decrease is principally due to the loss for the period partially offset by the mark-to-market of financial stakes.

Outlook

The publishing sector is characterized by strong uncertainty due to the persistent economic crisis that seriously affects advertising expenditure. In this negative context, the month of April, however, registered a slight reversal of the trend in advertising revenues compared to the first quarter of the year.

The Group is continuing to implement a strict cost control and cost reduction policy and is taking all the necessary steps to maximize the trend reversal of advertising revenues recorded in April, optimizing multimedia versions and improving Internet activities, with the objective of attracting new advertising investment and new readers.

Execution of treasury share purchasing plan

The Board of Directors resolved to proceed with the implementation of treasury shares purchasing plan on the Italian Stock Exchange, pursuant to the resolution of the Ordinary Shareholders' Meeting of 16 April 2014 which authorized the purchase and / or sale of treasury shares pursuant to article 2357 of the Civil Code.

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.

Attachment: Q1 2014 Consolidated Income Statement

CALTAGIRONE EDITORE GROUP
Consolidated Income Statement



<i>In Euro thousands</i>	Q1 2014	Q1 2013	Δ %
Circulation revenues	17,667	18,437	-4.2%
Promotions revenues	75	103	-27.2%
Advertising revenues	20,930	23,234	-9.9%
Other operating revenues	1,419	1,510	-6.0%
TOTAL OPERATING REVENUES	40,091	43,284	-7.4%
Raw materials costs	(4,646)	(5,298)	-12.3%
Labour costs	(20,052)	(21,754)	-7.8%
Other operating costs	(17,825)	(18,930)	-5.8%
TOTAL OPERATING COSTS	(42,523)	(45,982)	-7.5%
EBITDA	(2,432)	(2,698)	9.9%
Amortisation, depreciation & provisions	(2,828)	(3,104)	-8.9%
EBIT	(5,260)	(5,802)	9.3%
Net result of the share of associates	127	(136)	na
Net financial income/(charges)	411	982	-58.1%
Profit/(Loss) before taxes	(4,722)	(4,956)	4.7%
Group Net Income (Loss)	(4,690)	(4,871)	3.7%
Minority interest share	(32)	(85)	62.4%