



INTERIM REPORT
September 30th 2014

Corporate Boards

Board of Directors

Chairman Francesco Gaetano Caltagirone

Vice Chairmen Gaetano Caltagirone
Azzurra Caltagirone

Directors Francesco Caltagirone
Alessandro Caltagirone
Massimo Confortini * °
Mario Delfini *
Massimo Garzilli *
Albino Majore *
Giampietro Nattino *°

Board of Statutory Auditors

Chairman Antonio Staffa

Standing Auditors Federico Malorni
Maria Assunta Coluccia

Executive Responsible Roberto Di Muzio

Independent Auditors PricewaterhouseCoopers SpA

* *Members of the Internal Control Committee*

° *Members of the Independent Directors' Committee*

INTERIM REPORT AT SEPTEMBER 30TH 2014

The present interim report at September 30th 2014 was prepared in accordance with IAS/IFRS. The report is in compliance with Article 154, paragraph 5 of Legislative Decree 58/1998, as supplemented.

Highlights

The key consolidated financial results for the first nine months and third quarter of 2014 compared with the same periods in 2013 are shown below.

<i>In thousands of Euro</i>	9M 2014	9M 2013	Change %	Q3 2014	Q3 2013	Change %
Circulation revenues	54,180	57,956	-6.5%	19,354	20,697	-6.5%
Promotions revenues	330	267	23.6%	26	34	-23.5%
Advertising revenues	63,782	68,728	-7.2%	18,452	20,100	-8.2%
Other operating revenues	4,281	4,934	-13.2%	1,396	1,701	-17.9%
Total Operating Revenues	122,573	131,885	-7.1%	39,228	42,532	-7.8%
Raw material costs	(14,250)	(15,668)	-9.1%	(4,810)	(5,295)	-9.2%
Labour costs	(57,500)	(60,847)	-5.5%	(17,050)	(17,746)	-3.9%
Other operating charges	(53,944)	(57,331)	-5.9%	(17,629)	(19,287)	-8.6%
Total operating costs	(125,694)	(133,846)	-6.1%	(39,489)	(42,328)	-6.7%
EBITDA	(3,121)	(1,961)	-59.2%	(261)	204	na
Amortisation, depreciation and provisions	(8,076)	(7,495)	7.8%	(3,164)	(2,663)	18.8%
EBIT	(11,197)	(9,456)	-18.4%	(3,425)	(2,459)	-39.3%
Net result valued at equity method	127	(115)	na	-	52	na
Net financial income/(charges)	4,598	4,100	12.1%	370	571	-35.2%
Loss before taxes	(6,472)	(5,471)	-18.3%	(3,055)	(1,836)	-66.4%
Group loss	(6,406)	(5,389)	-18.9%	(3,015)	(1,813)	-66.3%
Minority interest share	(66)	(82)	19.5%	(40)	(23)	-73.9%

In the first nine months of 2014, Operating revenues reduced 7.1%, due to the decrease in both advertising revenues (-7.2%) and circulation revenues (-6.5%).

In Q3 2014 the Group reports Operating Revenues of Euro 39.2 million, decreasing 7.8% on Q3 2013 (Euro 42.5 million), with advertising revenues contracting 8.2%; circulation revenues were in line with the H1 figures.

Raw material costs in the first nine months decreased 9.1% - principally due to the lower quantities utilised in the production process.

Labour costs in the first nine months, net of non-recurring charges of Euro 1.2 million (Euro 1.4 million in 9M 2013) related to the reorganisation plans implemented by a number of Group companies, decreased by 5.4% following the corporate restructurings introduced in preceding years; this affected also labour costs in the third quarter which, net of non-recurring charges, decreased 4.7% on the same period of the previous year.

Other operating costs in the first nine months decreased overall by 5.9%, following the action taken on overhead and general costs. The cost control policy resulted in a reduction in other operating costs in the third quarter of 8.6%.

The EBITDA in 9M 2014 reports a loss of Euro 3.1 million (loss of Euro 1.9 million in 9M 2013).

Amortisation, depreciation, write-downs and provisions amounted to Euro 8.1 million, increasing Euro 581 thousand compared to the same period of 2013.

The financial management result - which reported a profit of Euro 4.6 million (Euro 4.1 million in 9M 2013) - includes dividends received on listed shares of Euro 3.3 million and net financial income of Euro 1.3 million.

The pre-tax result was a loss of Euro 6.5 million (loss of Euro 5.5 million in 9M 2013).

Net Cash Position

The Net Cash Position at September 30th 2014 is as follows:

<i>In thousands of Euro</i>	30/09/14	31/12/13
Current financial assets	-	3
Cash and cash equivalents	158,467	186,633
Non-current financial payables	(15,664)	(18,652)
Current financial liabilities	(9,669)	(30,544)
	133,134	137,440

The net cash position of the Caltagirone Editore Group decreased approx. Euro 4.3 million due to cash required for operating activities and includes dividends received on listed shares for approx. Euro 2.5 million.

Shareholders' Equity

The Group Consolidated shareholders' equity decreased from Euro 625.6 million at December 31st 2013 to Euro 619.8 million at September 30th 2014; the decrease is substantially due to the loss in the period.

At September 30th 2014, Caltagirone Editore Spa had 1,249,702 treasury shares in portfolio, comprising 0.9998% of the share capital for a value of Euro 1,272,323.

Group operating performance

- *Publishing*

Newspaper sale revenues of paper and digital copies of Group newspapers totalled Euro 54.2 million, reducing 6.5% in the first nine months of 2014 compared to 9M 2013, due to the further contraction in the daily newspaper market.

The latest official available circulation data indicates a reduction of 6.95%¹ in paper and digital copies sold between January-August 2014 compared to the same period of 2013.

In relation to the sale of subscriptions and multi-media versions, the sales figures are strong at approx. 24,000 copies (approx. 8.2% of the total). Their proportion of Group circulation revenues however remains marginal.

Strong growth is reported (+130%² in August 2014 compared to August 2013).

¹ ADS figures (Newspaper Sales Figures) Paper + Digital Daily Newspaper Sales: January-August 2014/January-August 2013

The websites of the Caltagirone Editore network reached by July approx. 726,000³ unique daily users (PC audience). On the basis of this strong result, the Group has become the third largest Italian digital information provider. In particular, the Group websites reported significant increases in daily unique users: in July 2014 compared to July 2013 - Corriere Adriatico +80.2%⁴, Il Mattino +35.7%⁴, Il Gazzettino +28.7%⁴, il Nuovo Quotidiano di Puglia +60.2%⁴ e Il Messaggero +56.6%⁵.

In July 2014 the “Total Audience” (PC and Mobile) of the Caltagirone Editore network websites numbered 1.21 million unique daily users.

- *Advertising*

In the first nine months of 2014, Group advertising revenues reduced 7.2% compared to the same period of 2013.

Group daily newspaper advertising revenues contracted 11.7%; the latest available sector figures concerning the first nine months of 2014 report a drop of 10.7%⁶ on the same period of 2013.

Advertising revenues from Group internet sites increased by 64% on the previous year. The latest available data for sector internet advertising indicates a 0.1%⁷ increase. It is noted that the contribution of this sector to overall Group advertising revenues accounted for over 10% of total advertising revenues in the first nine months.

In the first nine months of 2014 the free daily newspaper Leggo reported strong advertising figures, which thanks to the internet contribution increased overall by 2.7% compared to 9M 2013.

Other information and subsequent events

In September, the Group did not exercise its option right on the recapitalisation and share premium of Telefriuli Spa and therefore no longer holds an investment in the company.

On October 10, 2014 the investment held by Il Gazzettino Spa in Editrice Telenuovo Spa was sold, settling at the same time a number of disputed receivables held by a subsidiary of the company sold.

² ADS figures (Newspaper Sales Figures) Digital Newspaper Sales August 2014/August 2013

³ Audiweb figures: July 2014

⁴ Audiweb figures: July 2014 – July 2013

⁵ Audiweb figures: July 2014 – July 2013, including aggregated websites

⁶ FCP Daily Newspaper Research Centre figures January – September 2014 with the corresponding period of 2013

⁷ FCP Assointernet Research Centre figures January-September 2014 with corresponding period of 2013

Outlook for fourth quarter of 2014

The economy continues to suffer from stagnant consumer numbers, which in turn have impacted public spending and - in particular - the publishing sector.

The Group, although continuing to closely monitor and reduce costs, 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.

Rome, November 11th 2014

The Board of Directors

The Chairman

Francesco Gaetano Caltagirone

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 Consolidated Finance Act, that the accounting information contained in the present report corresponds to the underlying accounting documents, records and accounting entries.