



INTERIM REPORT
September 30th 2016

Corporate Boards

Board of Directors

Chairman Francesco Gaetano Caltagirone

Vice Chairman Azzurra Caltagirone

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

Board of Statutory Auditors

Chairman Antonio Staffa

Standing Auditors Federico Malorni
Maria Assunta Coluccia

Executive Responsible Fabrizio Caprara

Independent Audit Firm PricewaterhouseCoopers SpA

* *Members of the Internal Control Committee*
° *Members of the Independent Directors' Committee*

INTERIM REPORT AT SEPTEMBER 30th 2016

The Interim Report at September 30th 2016 was prepared in accordance with IAS/IFRS.

Highlights

The key consolidated financial results for the first nine months and third quarter of 2016 compared with the same period in 2015 are shown below.

<i>Euro thousands</i>	9M 2016	9M 2015	Change %	Q3 2016	Q3 2015	Change %
Circulation revenues	45,063	49,974	-9.8%	15,868	17,679	-10.2%
Promotions revenues	350	280	25.0%	8	78	-89.7%
Advertising revenues	61,300	64,556	-5.0%	17,360	19,650	-11.7%
Other operating revenues	3,718	3,904	-4.8%	1,126	1,054	6.8%
Total Operating Revenues	110,431	118,714	-7.0%	34,362	38,461	-10.7%
Raw material costs	(10,908)	(11,839)	-7.9%	(3,771)	(3,954)	-4.6%
Labour costs	(50,317)	(54,229)	-7.2%	(15,371)	(16,695)	-7.9%
Other operating charges	(51,748)	(51,963)	-0.4%	(16,137)	(17,196)	-6.2%
Total operating costs	(112,973)	(118,031)	-4.3%	(35,279)	(37,845)	-6.8%
EBITDA	(2,542)	683	na	(917)	616	na
Amortisation, depreciation and provisions	(6,068)	(6,493)	-6.5%	(1,650)	(1,676)	-1.6%
EBIT	(8,610)	(5,810)	-48.2%	(2,567)	(1,060)	na
Result measured at equity	-	(1)	na	-	(1)	na
Net financial income/(charges)	4,064	6,895	-41.1%	(308)	2,588	na
Profit/(loss) before taxes	(4,546)	1,084	na	(2,875)	1,527	na
Group Profit/(loss)	(4,546)	1,084	na	(2,875)	1,527	na
Minority interest share	-	-		-	-	

Firstly we highlight that, as described in greater detail below, the figures have been impacted by non-publication of the Group newspapers following the strike by printing staff, related to the spin-off and restructuring operations of Group companies.

In the first nine months of 2016, the Group reported Operating Revenues of Euro 110.4 million, reducing 7.0%, following a contraction in circulation revenues (-9.8%) and advertising revenues (-5.0%).

In Q3 2016 the Group reported Operating Revenues of Euro 34.4 million, decreasing 10.7% on Q3 2015 (Euro 38.5 million), with a reduction in circulation revenues of 10.2% and in advertising revenues of 11.7%.

Raw material costs in 9M 2016 decreased 7.9% - principally due to the lower quantities utilised in the production process. In the third quarter of 2016, the decrease in raw material costs was 4.6%.

Labour costs in the first nine months of 2016, including non-recurring charges of Euro 1.2 million (Euro 1.4 million in 9M 2015) related principally to the reorganisation plans implemented by a number of Group companies, decreased by 7.2% following the corporate restructurings introduced in preceding years; this affected also labour costs in the third quarter which decreased 7.9% on the same period of the previous year.

Overall, other operating charges reduced 0.4% in the first nine months of 2016 compared to the same period of 2015.

In the third quarter of 2016, these charges decreased overall 6.2% due to the group's reorganisation process by functional area, which generated a number of cost savings - in particular for service costs.

EBITDA in 9M 2016 was a Euro 2.5 million loss (EBITDA profit of Euro 683 thousand in 9M 2015).

The EBIT, after amortisation/depreciation and write-downs of Euro 6.1 million, was a loss of Euro 8.6 million in 9M 2016 (loss of Euro 5.8 million in 9M 2015).

Net financial income/(charges) reported net income of Euro 4.1 million (net income of Euro 6.9 million in 9M 2015) and includes dividends received on listed shares of Euro 4.9 million and net financial charges of Euro 879 thousand.

The Pre-tax result in the first nine months of 2016 was a loss of Euro 4.5 million (profit of Euro 1.1 million in the first nine months of 2015). In the third quarter of 2016 the Pre-tax result was a loss of Euro 2.9 million (profit of Euro 1.5 million in Q3 2015).

- *Net Cash Position*

The Net Cash Position at September 30th 2016 increased approx. Euro 2.9 million on December 31st 2015 and it is as follows:

<i>Euro thousands</i>	30/09/16	31/12/15
Cash and cash equivalents	162,366	157,813
Non-current financial liabilities	(5,253)	(8,306)
Current financial liabilities	(31,258)	(26,517)
	125,855	122,990

- *Shareholders' Equity*

The Group Consolidated Shareholders' Equity reduced from Euro 559.9 million at December 31, 2015 to Euro 497.2 million at September 30, 2016; the decrease is substantially due to the fair value measurement of shares held in listed companies by the Group.

At September 30, 2016 Caltagirone Editore SpA had 1,987,038 treasury shares in portfolio, comprising 1.58963% of the share capital for a value of Euro 1,965,257.

Group operating performance

- *Publishing*

Group paper and digital daily newspaper sale revenues of Euro 45.1 million decreased 9.8% in the first nine months of 2016 on the same period of 2015, due to the further contraction in the daily newspaper market. In particular, Group circulation revenues contracted 10.3% on the first nine months of 2015 due to the contraction in demand and, as already described, to the lower number of newspaper publication days following strikes. Revenues from the sale of Group online copies and subscriptions increased 5.6% in the initial months of 2016 compared to the same period of 2015, although the volume of sales is still not significant and their impact on Group circulation revenues is still marginal (3.5% of publishing revenues).

The latest available circulation data indicates a reduction of approx. 10.24%¹ in paper and digital copies sold in the January-August 2016 period compared to the same period of 2015.

- *Advertising*

In the first nine months of 2016, total Group advertising revenues decreased 5.0%.

Group newspaper (paper) advertising contracted 7.6% on the first nine months of 2015 due to the market performance and reduced publication due to strikes (-6.2% considering also advertising on behalf of third parties).

Group internet advertising in the first nine months improved 2.6% on the same period of 2015 (+3.8% considering also advertising on behalf of third parties). It is noted that the contribution of this sector to overall Group advertising revenues increased to approx. 13% of total advertising revenues in the period.

During the period, advertising revenues on behalf of the RCS Group reached 5.7% of total advertising revenue.

The overall market contracted 6%² for newspaper advertising and 2.2%³ for internet advertising.

For internet activities, the websites of the Caltagirone Editore network reported approx. 936 thousand⁴ Total Audience unique daily users (PC and mobile) in the first eight months of 2016.

In addition, an increase of unique monthly users navigating by “apps” Caltagirone Editore network websites is reported and for 9M 2016 numbered 2.9 million⁵ for Messaggero, 1.6 million⁶ for Leggo, 1.4 million⁷ for Mattino, 765 thousand⁸ for Gazzettino, 202 thousand⁹ for Corriere Adriatico and 158 thousand¹⁰ for Nuovo Quotidiano di Puglia.

We highlight the good results of Corriere Adriatico in terms of circulation revenues and advertising revenues following the newspapers restructuring launched in the initial months of 2016.

¹ ADS figures (Newspaper Sales Figures)

² FCP Research Data

³ FCP Assointernet Research Data

⁴ Audiweb January-August 2016 figures

⁵ Audiweb figures – Survey in app browsing Sept. 2016

^{6,7,8,9,10} Audiweb figures – Survey in app browsing Sept. 2016

Subsequent events and outlook for fourth quarter of 2016

The reorganisation begun in the previous year to structure the Group by functional areas has not yet finished and, once fully operational, will support the Group's financial equilibrium.

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.

Rome, November 10th 2016

For the Board of Directors

The Chairman

Francesco Gaetano Caltagirone

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.