

Caltagirone Editore: The Board of Directors approves the result at 30th of September 2016

- Revenues: 110.4 million euro (118.7 million euro at 30th of September 2015)
- Gross operating margin: Negative 2.5 million euro (positive 683 thousand euro at 30th of September 2015)
- Loss before tax of 4.5 million euro (profit of 1,1 million at 30th September 2015)

Rome, 10th November 2016 – the Board of Directors of Caltagirone Editore Group chaired by Cav. Lav. Francesco Gaetano Caltagirone have approved the result related the first three quarters of 2016, ending at 30th September 2016.

The results of the Group have been negatively impacted by the downturn of the sector and by several days of strike of the employees of the printing function.

Revenues amounted at 110.4 million euro showed 7% decrease compared to the same period in 2015.

Incomes deriving from the sale of printed and digital copies have experienced a reduction of 9.8% for the first three quarter of 2016 in comparison with the same period of 2015 due to the overall downturn of the sector. Incomes from the sale of printed versions of the Group's newspapers have had a 10.3% decrease due to the mentioned downturn of the sector and to several days of strike of the employees of the printing function.

The reduction in the revenues has been partially offset by an increase of 5.6% in the digital market (single copies and subscription); however the digital business stream still represents a non-significant element compared to the total income of the Group.

Revenues deriving from advertising have decreased of 5% compared the same period of 2015. Incomes from advertising on printed versions of the Group's newspapers have had a 7.6% decrease for reasons explained above (6.2% decrease including the income deriving from advertising on third parties newspapers).

The revenues from advertising of the digital stream have increased of 2.6% compared to 2015 (3.8% including the advertising on behalf of third parties). It is important to highlight that the digital advertising revenue stream has improved its position and counts for 13% of total incomes deriving from advertising.

The advertising revenues performed on behalf of RCS Group are 5.7% of the total advertising income of the Group.

The websites of Caltagirone Editore Group achieved a total of 936 thousand of daily users. The total audience (PC and mobile) is constantly growing in the number of users who browse the websites of the Group through apps. At September 2016 the users per websites amounted to: Il Messaggero, 2.9 million; Leggo, 1.6 million; Il Mattino, 1.4 million; Il Gazzettino, 765 thousand; Il Corriere Adriatico, 202 thousand; Il Nuovo Quotidiano di Puglia, 158 thousand.

EBITDA showed a negative result of 2.5 million (683 thousand profit at 30th September 2015) due to a reduction of the operating revenues. The result has been partially offset by a reduction of cost of sale of 4.3% compared to the same period of 2015. The cost of raw material have had a 7.9% decrease and the labour cost have had a 7.2% decrease as consequence of the restructuring process started in the previous years.

Ebit, net of amortization and devaluation, has been -8.6 million euro (-5.8 million for the same period in 2015).

The **Financial management net result** amounted to 4.1 million euro (6.9 million at September 2015). This includes the dividends received from investment in shares of listed companies and a net financial income position.

Pretax was -4.5 million euro (profit of 1.1 million euro at 30th September 2015).

The **Net Financial Position** amounted to 125.9 million euro with an increase of 2.9 million compared to 31st December 2015.

The **Net Assets** is 497.2 million euro (559.9 million at 31 December 2015). The decrease is mainly due to the impairment at fair value of investments in subsidiaries.

Third Quarter 2016 Results

During the third quarter Caltagirone Editore Group has obtained 34.4 million euro **Revenues**, with a 10.7% reduction in comparison with the third quarter 2015 as a consequence of reduced circulation and advertising revenues. **EBITDA** has been negative for 917 thousand euro (positive for 616 thousand euro in the third quarter 2015). The **loss before tax** was 2.9 million euro (1.5 million euro in the third quarter 2015).

Others information and subsequent events

Re-organization process started in the previous fiscal year and aimed to structure the Group by functional areas has not been completed. Once fully operating, it will contribute positively to the Group economic balance.

Furthermore, the Group is proceeding with initiatives to enhance multimedia versions and to foster internet activities, to increase advertisement flows and acquire new readers.

The Executive responsible for the preparation of the corporate accounting documents, Fabrizio Caprara, 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 Consolidated Income Statement.

<i>In Euro thousands</i>	Jan-Sept 2016	Jan-Sept 2015	Δ %	Q3 2016	Q3 2015	Δ %
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 materials 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 costs	(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 & 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 of the share of associates	-	(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 Income (Loss)	(4,546)	1,084	na	(2,875)	1,527	na
Minority interest share	-	-	-	-	-	-