

Caltagirone Editore: the Board of Directors approves 2016 results

- Revenues: Euro 152.3 million (Euro 163 million in 2015)
- Ebitda reached Euro -1.9 million (Euro 3.1 million in 2015) as a result of non structural personnel charges. Without such charges the Ebitda would be Euro 2.6 million
- Group net loss of Euro 62.4 million after Euro 45.4 million goodwill write-down and depreciation and amortization of Euro 7.1 million (negative Euro 20.1 million in 2015 after Euro 29.1 million write-down, depreciation and amortization charge)
- In 2016 Group's digital activities continued to grow, exceeding 1.03 million of unique daily users (PC and mobile). Also internet advertising revenues increased by 4.9% compared to 2015

Rome, March 8th 2017 – The Board of Directors of Caltagirone Editore, chaired by Cav. Lav. Francesco Gaetano Caltagirone, examined and approved the draft financial statements for the year ended December 31st, 2016.

Group Performance

Caltagirone Editore Group ended 2016 with results substantially in line with the general trend on the publishing sector, whose negative trend has been already noticed in the previous years.

Operating revenues reached Euro 152.3 million, down by 6.6% compared to 2015 (Euro 163 million) partly as a result of non-publications of the Group's newspapers due to days of strike called by the Printing staff during the year.

Circulation revenues decreased by 8.7% compared to 2015. In particular, revenues from the sale of paper copies of the Group's newspapers decreased by 9.2% due to lower demand, lower publications caused by the days of strike by the staff during the year.

Sales of subscriptions and multimedia copies of Group's press increased by 8.1%, with a marginal weight on total circulation revenues of 3.2%.

Caltagirone Editore's digital network registered an average of unique daily users exceeding 1.03 million (PC and Mobile). During the year the average monthly unique visitors who surf the websites network Caltagirone Editore incremented and reached 13.8 million for Messagero (+6.1%), 8.2 million for Leggo (-13.9%), 8.5 million for Mattino (+7.3%), 5.7 million for Gazzettino (+45.8%), 1.7 million for Corriere Adriatico (+49.5%) and 615,000 for Nuovo Quotidiano di Puglia (+43.9%). The overall market of sales of newspapers hard copies fell by 9.8% in sales (-9.4% aggregating sales of paper and digital copies).

The Group's advertising revenues were down by 4.6%. Advertising revenues on paper editions, also including the collection for third parties, were down by 5.9% as a result of the market downturn and lacking of the Group newspapers outputs during the year.

Advertising sales on the internet, considering the collection carried out for third parties, marked a further increase of 4.9% over the previous year. The impact of this sector on the overall advertising revenue has come now to 13.4%.

The trend of the collection made on behalf of the RCS Group reached 5.9% of total advertising revenues.

Ebitda reached Euro -1.9 million (Euro 3.1 million in 2015), also due Euro 4.5 million of non-recurring charges linked to the personnel reorganization plan in some subsidiaries. Excluding such non-recurring costs Ebitda would have reached Euro 2.6 million. The personnel cost, excluding the non-recurring charges linked to the personnel reorganization, decreased by 8.4%.

Ebit recorded a loss of Euro 56.3 million (Euro -27.9 million as of December 2015) after the intangible impairment charge of Euro 45.4 million (Euro 22 million in 2015) amortizations and depreciations for further Euro 7.1 million and provisions for risks for about Euro 1.8 million.

Net financial result reached Euro -8.4 million (Euro 8.7 million at December 31st 2015).

Group net loss reached Euro 62.4 million (loss of Euro 20.1 million at December 31st 2015).

Net cash position increased by 11.4 million euro compared to 31st December 2015 (122.9 million euro), mainly due to the proceeds from the sale of shares listed on the market.

Consolidated Group Shareholders' Equity declined from Euro 559.9 million (31st December 2015) to Euro 472.3 million (31st December 2016). The reduction is due to the yearly loss and to the fair value of the financial stakes of the Company.

At December 31st 2016 the Group employed 746 people (801 at December 31st 2015).

The Board of Directors has resolved to propose to the Shareholders' Meeting not to distribute any dividend.

The Ordinary Shareholders' Meeting is convened at the Company's registered office on first call, for April 12th, 2017 and on second call on May the 3rd 2017 to approve the financial statements at December 31st 2016 and the authorization to

carry out the purchase and disposal of treasury shares and the remuneration report in accordance with article 123 ter, paragraph 6 of D. Lgs.58/98.

The Board of Directors confirmed that the directors Massimo Confortini and Giampietro Nattino are Independent Directors, according to the provisions contained in the Legislative Decree n. 58 of 24th February, 1998 "Consolidation Act on financial intermediation".

The Board of Directors has approved the Report on corporate governance and ownership structure pursuant to Art. 123-bis of Legislative Decree n. 58/1998 as well as the Remuneration Report pursuant to art. 123-ter of Legislative Decree n. 58/1998 and article. 84-quater of the Issuers Regulation, which will be made available, together with the Annual Report 2016, in the time required by law at the registered office, on the Company website of www.caltagironeeditore.com in the Investor Relations section, and on the storage mechanism authorized operated by Spafid Connect Spa at www.emarketstorage.com.

Today the Board, in accordance with the recommendations of the Consob and with the favorable opinion of the Independent Directors, has approved some changes to the Procedure for Related Party Transactions in order to make it more effective and adequate for the operations, the Shareholders, the Company and the Group.

Outlook

The reorganization process, which led the Group to be structured by functional area, is not yet complete and, once fully operational, it will positively contribute to the economic growth of the Group.

The Group continued the initiatives to enhance the multimedia versions and to improve the online activities in order increase new advertising streams and acquire new readers

Fabrizio Caprara, as the Executive responsible for preparing the Company's financial reports, declares in accordance with article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the underlying documents, records and accounting entries.

Enclosed the financial statements, currently being examined by the independent audit firm and by the Board of Statutory Auditors.

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CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET



Assets

(in thousands of Euro)

Non-current assets

	31.12.2016	31.12.2015
Intangible assets with definite life	614	396
Intangible assets with indefinite life	249,903	295,277
<i>Goodwill</i>	-	45,374
<i>Newspaper titles</i>	249,903	249,903
Property, plant and equipment	41,994	45,706
Equity investments valued at net equity	2	3
Equity investments and non-current securities	81,702	135,272
Other non-current assets	119	118
Deferred tax assets	47,364	43,225
TOTAL NON-CURRENT ASSETS	421,698	519,997

Current assets

Inventories	1,732	2,314
Trade receivables	51,556	55,616
<i>of which related parties</i>	699	558
Tax receivables	218	1,440
Other current assets	2,001	2,468
Cash and cash equivalents	151,030	157,813
<i>of which related parties</i>	351	172
TOTAL CURRENT ASSETS	206,537	219,651

TOTAL ASSETS

628,235	739,648
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SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of Euro)

Shareholders' Equity

	31.12.2016	31.12.2015
Share capital	125,000	125,000
Share capital issue costs	(18,865)	(18,865)
Other reserves	428,638	473,927
Profit/(loss) for the year	(62,439)	(20,131)
Group shareholders' equity	472,334	559,931
Minority interest shareholders' equity	-	-
TOTAL SHAREHOLDERS' EQUITY	472,334	559,931

LIABILITIES

Non-current liabilities

Employee provisions	21,393	24,745
Other non-current provisions	5,392	5,634
Non-current financial liabilities	3,066	8,306
Other non-current liabilities	1,558	1,732
Deferred tax liabilities	59,419	59,354
TOTAL NON-CURRENT LIABILITIES	90,828	99,771

Current liabilities

Current provisions	6,926	2,646
Trade payables	22,106	24,578
<i>of which related parties</i>	395	2,103
Current financial liabilities	13,534	26,517
<i>of which related parties</i>	2,737	5,337
Other current liabilities	22,507	26,205
<i>of which related parties</i>	16	29
TOTAL CURRENT LIABILITIES	65,073	79,946

TOTAL LIABILITIES

155,901	179,717
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

628,235	739,648
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CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT



(in thousands of Euro)

	2016	2015
Revenues		
Revenues from sales and supply of services	147,022	156,885
<i>of which related parties</i>	894	796
Other operating revenues	5,325	6,148
<i>of which related parties</i>	14	98
TOTAL REVENUES	152,347	163,033
Costs		
Raw material costs	(14,674)	(15,682)
Personnel costs	(69,788)	(72,890)
<i>of which restructuring charges</i>	(4,492)	(1,611)
Other operating charges	(69,806)	(71,327)
<i>of which related parties</i>	(4,972)	(5,167)
TOTAL COSTS	(154,268)	(159,899)
EBITDA	(1,921)	3,134
Amortisation	(6,478)	(6,689)
Depreciation	(697)	(549)
Intangible assets with indefinite life depreciation	(45,374)	(22,000)
Other write-downs	(1,835)	(1,847)
EBIT	(56,305)	(27,951)
Net result of the share of associates	-	-
Financial income	5,435	10,713
<i>of which related parties</i>	4,943	4,283
Financial charges	(13,795)	(2,032)
<i>of which related parties</i>	(281)	(258)
Net financial result	(8,360)	8,681
PROFIT/(LOSS) BEFORE TAX	(64,665)	(19,270)
Income taxes for the period	2,226	(861)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(62,439)	(20,131)
NET PROFIT/(LOSS) FOR THE YEAR	(62,439)	(20,131)
Group net loss	(62,439)	(20,131)
Minority interest share	-	-
Earnings per share	(0.506)	(0.163)
Diluted earnings per share	(0.506)	(0.163)

CALTAGIRONE EDITORE GROUP
Consolidated Comprehensive Income Statement



(in Euro thousands)

	2016	2015
Net loss for the year	(62,439)	(20,131)
Items which are not reclassified subsequently to profit/(loss) for the period		
Effect of actuarial gain/loss, net of tax effect	222	461
Items which may be reclassified subsequently to profit/(loss) for the period		
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	(25,161)	(6,432)
Total other items of the Comprehensive Income Statement	(24,939)	(5,971)
Total comprehensive loss for the year	(87,378)	(26,102)
Attributable to:		
Parent Company shareholders	(87,378)	(26,102)
Minority interest	-	-



<i>(in Euro thousands)</i>	Capitale Sociale	Oneri di quotazione	Azioni proprie	Riserva Fair Value	Altre Riserve	Risultato del periodo	P.Netto Gruppo	P.Netto terzi	Totale P.Netto
Balance at January 1st 2015	125,000	(18,865)	(1,334)	26,140	492,796	(37,194)	586,543		586,543
Dividends distributed							-		-
Previous year result carried forward					(37,194)	37,194	-		-
Acquisition of treasury shares			(510)				(510)		(510)
Total operations with shareholders	-	-	(510)	-	(37,194)	37,194	(510)	-	(510)
Change in fair value reserve				(6,432)			(6,432)		(6,432)
Change in employment termination reserve					461		461		461
Net Result						(20,131)	(20,131)		(20,131)
Comprehensive Profit/(Loss) for the year	-	-	-	(6,432)	461	(20,131)	(26,102)	-	(26,102)
Other Changes							-		-
Balance at December 31st 2015	125,000	(18,865)	(1,844)	19,708	456,063	(20,131)	559,931	-	559,931
Balance at January 1st 2016	125,000	(18,865)	(1,844)	19,708	456,063	(20,131)	559,931	-	559,931
Previous year result carried forward					(20,131)	20,131	-		-
Acquisition of treasury shares			(219)				(219)		(219)
Total operations with shareholders	-	-	(219)	-	(20,131)	20,131	(219)	-	(219)
Change in fair value reserve				(25,161)			(25,161)		(25,161)
Change in employment termination reserve					222		222		222
Net Result						(62,439)	(62,439)		(62,439)
Comprehensive Profit/(Loss) for the year	-	-	-	(25,161)	222	(62,439)	(87,378)	-	(87,378)
Balance at December 31st 2016	125,000	(18,865)	(2,063)	(5,453)	436,154	(62,439)	472,334	-	472,334

Caltagirone Editore Group
Consolidated Cash Flow Statement



in Euro thousands

	2016	2015
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	157,813	155,494
Net loss for the year	(62,439)	(20,131)
Amortisation & Depreciation	6,478	6,689
(Revaluations) and write-downs	47,209	23,908
Net result of the share of associates	-	-
Net financial income/(charges)	8,388	(4,199)
(Gains)/losses on disposals	(16)	(4,543)
Income taxes	(2,226)	861
Changes in employee provisions	(3,466)	(3,109)
Changes in current and non-current provisions	4,038	(633)
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL	(2,034)	(1,157)
(Increase) Decrease in inventories	582	30
(Increase) Decrease in Trade receivables	2,294	(811)
Increase (Decrease) in Trade payables	(2,471)	2,123
Change in other current and non-current liabilities	(3,415)	(5,413)
Change in deferred and current income taxes	1,175	730
OPERATING CASH FLOW	(3,869)	(4,498)
Dividends received	4,104	3,420
Interest received	411	897
Interest paid	(1,099)	(1,231)
Income taxes paid	(1,636)	(761)
A) CASH FLOW FROM OPERATING ACTIVITIES	(2,008)	(2,173)
Investments in intangible fixed assets	(408)	(350)
Investments in tangible fixed assets	(2,566)	(544)
Non-current investments and securities	-	(12,242)
Sale of intangible and tangible assets	20	-
Sale of equity investments and non-current securities	16,622	11,943
Other changes	-	678
B) CASH FLOW FROM INVESTING ACTIVITIES	13,668	(515)
Change in non-current fin. liabilities	-	-
Change in current fin. liabilities	(18,224)	5,517
Other changes	(219)	(510)
C) CASH FLOW FROM FINANCING ACTIVITIES	(18,443)	5,007
D) Effect exc. diffs. on cash & cash equivalents	-	-
Change in net liquidity	(6,783)	2,319
CASH AND CASH EQUIVALENTS AT END OF PERIOD	151,030	157,813

CALTAGIRONE EDITORE SPA
BALANCE SHEET



Assets

(in Euro)

Non-current assets

	31.12.2016	31.12.2015
Property, plant and equipment	1,765	3,122
Equity investments valued at cost:		
<i>subsidiary companies</i>	239,889,125	260,446,782
<i>associated companies</i>	3,000	3,000
<i>other companies</i>	10	25,037
Equity investments and non-current securities	47,302,001	61,817,000
Deferred tax assets	35,821,000	32,180,900
TOTAL NON-CURRENT ASSETS	323,016,901	354,475,841

Current assets

Trade receivables	636,431	402,157
<i>of which related parties</i>	622,200	384,462
Current financial assets	66,186,294	48,373,695
<i>of which related parties</i>	66,186,294	48,373,695
Tax receivables	116,888	584,440
Other current assets	2,778,360	2,676,518
<i>of which related parties</i>	2,776,096	2,674,573
Cash and cash equivalents	122,219,635	145,500,321
<i>of which related parties</i>	224,669	68,115
TOTAL CURRENT ASSETS	191,937,608	197,537,131
TOTAL ASSETS	514,954,509	552,012,972

INCOME STATEMENT

(in Euro)

	2016	2015
Other operating revenues	701,357	721,349
<i>of which related parties</i>	701,357	701,356
TOTAL REVENUES	701,357	721,349
Personnel costs	(227,997)	(453,160)
Other operating charges	(2,077,490)	(2,458,571)
<i>of which related parties</i>	(1,107,048)	(1,404,018)
TOTAL COSTS	(2,305,487)	(2,911,731)
EBITDA	(1,604,130)	(2,190,382)
Amortisation, depreciation and provisions	(1,357)	(1,765)
EBIT	(1,605,487)	(2,192,147)
Financial income	3,607,165	2,959,528
<i>of which related parties</i>	3,216,882	2,153,345
Financial charges	(26,850,514)	(15,299,310)
<i>of which related parties</i>	(59,056)	(117,992)
Net financial result	(23,243,349)	(12,339,782)
PROFIT/(LOSS) BEFORE TAX	(24,848,836)	(14,531,929)
Income taxes for the period	941,946	(258,442)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(23,906,890)	(14,790,371)
NET PROFIT/(LOSS) FOR THE YEAR	(23,906,890)	(14,790,371)



Comprehensive Income Statement

in euro

	31.12.2016	31.12.2015
Net profit/(loss) for the year	(23,906,890)	(14,790,371)
Items which are not reclassified subsequently to profit/(loss) for the period		
Effect of actuarial gain/loss, net of tax effect	(3,904)	3,849
Items which may be reclassified subsequently to profit/(loss)		
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	(9,286,440)	(227,424)
Total other items of the Comprehensive Income Statement	(9,290,344)	(223,575)
Total comprehensive profit/(loss) for the year	(33,197,234)	(15,013,946)

<i>(in Euro)</i>	Share Capital	Quotation charges	Treasury shares	Fair Value reserve	Other reserve	Net Profit/(Loss)	Net equity
Balance at January 1st 2015	125,000,000	(18,864,965)	(1,333,953)	10,346,774	449,485,353	(40,649,827)	523,983,382
Previous year result carried forward					(40,649,827)	40,649,827	-
Acquisition of treasury shares			(509,925)				(509,925)
Total operations with shareholders	125,000,000	(18,864,965)	(1,843,878)	10,346,774	408,835,526	-	523,473,457
Change in fair value reserve				(227,424)			(227,424)
Change in employment termination reserve					3,849		3,849
Net Result						(14,790,371)	(14,790,371)
Comprehensive Profit/(Loss) for the year	-	-	-	(227,424)	3,849	(14,790,371)	(15,013,946)
Balance at December 31st 2014							(29,800,468)
Other Changes							(3)
Balance at December 31st 2015	125,000,000	(18,864,965)	(1,843,878)	10,119,350	408,839,375	(14,790,371)	508,459,508
Balance at January 1st 2016	125,000,000	(18,864,965)	(1,843,878)	10,119,350	408,839,375	(14,790,371)	508,459,508
Previous year result carried forward					(14,790,371)	14,790,371	-
Acquisition of treasury shares			(219,132)				(219,132)
Total operations with shareholders	125,000,000	(18,864,965)	(2,063,010)	10,119,350	394,049,004	-	508,240,376
Change in fair value reserve				(9,286,440)			(9,286,440)
Change in employment termination reserve					(3,904)		(3,904)
Net Result						(23,906,890)	(23,906,890)
Comprehensive Profit/(Loss) for the year	-	-	-	(9,286,440)	(3,904)	(23,906,890)	(33,197,234)
Other Changes							(2)
Balance at December 31st 2016	125,000,000	(18,864,965)	(2,063,010)	832,910	394,045,100	(23,906,890)	475,043,140

Caltagirone Editore SpA
Cash Flow Statement



in euro

	31.12.2016	31.12.2015
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	145,500,321	149,719,334
Net loss for the year	(23,906,890)	(14,790,371)
Amortisation & Depreciation	1,357	1,765
(Revaluations) and write-downs	23,834,266	14,678,060
Net financial income/(charges)	(590,917)	(2,338,277)
<i>of which related parties</i>	2,557,338	1,982,050
(Gains)/losses on disposals	-	-
Income taxes	(941,946)	258,441
Changes in employee provisions	9,433	10,162
Changes in current and non-current provisions	(257,279)	-
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL	(1,851,976)	(2,180,220)
(Increase) Decrease in Trade receivables	(234,275)	(398,317)
Increase (Decrease) in Trade payables	(1,604,898)	1,186,551
Change in other current and non-current liabilities	2,603,224	(1,551,448)
Change in deferred and current income taxes	(2,252,596)	2,128,670
OPERATING CASH FLOW	(3,340,521)	(814,764)
Dividends received	2,601,931	2,010,000
<i>of which related parties</i>	2,601,931	2,010,000
Interest received	390,283	806,287
<i>of which related parties</i>	-	105
Interest paid	(49,675)	(251,551)
<i>of which related parties</i>	(44,593)	(28,055)
Income taxes paid	-	(50,189)
A) CASH FLOW FROM OPERATING ACTIVITIES	(397,982)	1,699,783
Non-current investments and securities	(2,070,970)	(12,573,901)
Sale of equity investments and non-current securities	2,297,604	-
Change in current fin. assets	(18,894,049)	7,097,189
Other changes	-	(312,155)
B) CASH FLOW FROM INVESTING ACTIVITIES	(18,667,415)	(5,788,867)
Change in current fin. liabilities	(3,996,157)	380,000
Other changes	(219,132)	(509,929)
C) CASH FLOW FROM FINANCING ACTIVITIES	(4,215,289)	(129,929)
D) Effect exc. diffs. on cash & cash equivalents	-	-
Change in net liquidity	(23,280,686)	(4,219,013)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	122,219,635	145,500,321