



PRESS RELEASE

This press release contains a number of alternative performance indicators not contemplated under IFRS (EBITDA, EBIT, Net Financial Position). Definitions of these terms are provided in the attachment.

Telecom Italia Media: the Board of Directors Approves the Group's Half-year Report at 30 June 2014

NET RESULT: -5.2 million euro (-133.5 million euro in H1 2013, which included the amount of the Discontinued Operations relating to the disposal of La7 and MTV Italia for 137.9 million euro)

REVENUES: 30.6 million euro; -8.0 million euro compared to H1 2013 (38.6 million euro)

EBITDA: 11.3 million euro; -7.0 million euro compared to H1 2013 (18.3 million euro)

EBIT: -2.1 million euro; -6.2 million euro compared to H1 2013 (4.1 million euro)

NET FINANCIAL POSITION: 257.6 million euro; 259.9 million euro at the end of 2013

OPERATING FREE CASH FLOW: 7.3 million euro

Merger of TIMB and Rete A operations finalised; Persidera, the leading independent digital terrestrial operator in Italy, formed.

Market sounding for entities interested in acquiring Persidera started.



Rome – 29 July 2014

The Telecom Italia Media Board of Directors, chaired by Severino Salvemini, examined and approved the Group's half-year report at 30 June 2014.

Consolidated Group revenues reached **30.6 million euro** in the first half of 2014, with a decrease of 8.0 million euro compared to the same period of 2013 (38.6 million euro). This result was entirely attributable to the Network Operator in relation with the expiry, at year-end 2013, of some contracts, only partially offset by higher revenues from other customers.

EBITDA amounted to **11.3 million euro**, a 7.0 million euro decrease compared to the first half of 2013 (18.3 million euro), mainly reflecting the decline in revenues, which was only partially offset by a reduction in operating expenses of the Network Operator.

EBIT amounted to **-2.1 million euro**, thus decreasing by 6.2 million euro compared to the first half of 2013 (4.1 million euro), and included lower amortisation for 0.8 million euro entirely attributable to the Network Operator.

Net result amounted to **-5.2 million euro** compared to -133.5 million euro in the first half of 2013, which included an overall amount of Discontinued Operations of -137.9 million euro relating to the disposal of La7 and MTV.

Net financial position amounted to **257.6 million euro**, down by 2.3 million euro compared to year-end 2013 (259.9 million euro). This reduction was mainly attributable to the **industrial investment** requirements for the period of **3.7 million euro** (associated with the completion of the Transport and Backup Network and the implementation of the broadcasting infrastructure for Network Operator's "Playout" television channels), the result of the operating activities for the period (EBITDA -11.3 million euro and Δ Working Capital 0.3 million euro), and the net effect of the consolidation of Rete A (21.1 million euro), as well as the collection of the tax consolidation revenue of 20.5 million euro, chiefly associated with the payment of interest on debt.



RESULTS BY BUSINESS UNIT

The Network Operator Business Unit includes the operations of Telecom Italia Media Broadcasting (TIMB) relating to the management of the Digital Multiplexes, as well as the offering of accessory services and broadcasting platforms. On 30 June 2014, TIMB changed its company name into Persidera S.p.A.; for illustration purposes, any references to TIMB will have to be understood as referring to Persidera.

Network Operator (TIMB)

The Network Operator's **revenues and income** amounted to **31.1 million euro**, decreasing by 9.4 million euro compared to the same period of 2013 (40.5 million euro). As illustrated above, this result was attributable both to the expiry of certain agreements and the decrease of other revenues, which were only partially offset by higher revenues from other customers.

EBITDA amounted to **15.2 million euro**, a 6.4 million euro decrease compared to H1 2013 (21.6 million euro). This performance was mainly impacted by the above-mentioned lower revenues, which were only partially offset by lower operating expenses arising on lower provisions for risks related to trade receivables and future charges.

EBIT amounted to **1.8 million euro**, a 5.6 million euro decrease compared to the first half of 2013 (7.4 million euro), due both to the change in EBITDA and lower amortisation of 0.8 million euro. It should be noted that, starting from 2014, the useful life of frequencies was extended from 31 December 2028 to 31 December 2032.

Investments for the first half of 2014 totalled **3.7 million euro** and were mainly aimed at completing the transport network and implementing the broadcasting infrastructure for television channels (Playout).

In the first half of 2014, TIMB's **operating free cash flow** amounted to **12.1 million euros**.

At 30 June 2014, the three digital multiplexes of TIMB covered 95.2% of the Italian population. The relevant signals are broadcast from 812 broadcasting sites throughout the Italian territory. The allocated broadcasting capacity amounted approximately to 62.3 Mbps, corresponding to about 94% of available capacity.

EXTRAORDINARY TRANSACTIONS

The merger process between Persidera and Rete A continues with a plan to accelerate and maximise the synergies between the two companies. This plan also envisages the merger of Rete A into Persidera by the end of this year.



In parallel, TIME and Gruppo Editoriale l'Espresso (holding 70% and 30% of the capital of Persidera, respectively), for which Mediobanca and Banca IMI, respectively, continue to act as financial advisors, began to sound the market for entities interested in acquiring Persidera.

OUTLOOK

The Telecom Italia Media Group, following the sale of its television business units La7, La7d and MTV Italia, has focused its development strategy on the implementation of initiatives aimed at restoring the Group's efficiency and profitability. In light of the economic and regulatory environment in which Telecom Italia Media operates, and without taking account of the effects arising from the merger of TIMB and Rete A, for 2014 the Network Operator's present level of bandwidth rental is expected to be maintained, also by acquiring new customers, and expanding the offering of additional services, in addition to allowing a positive operating cash generation, while maintaining a tight cost control.

Pursuant to sub-section 2, clause 154-*bis* of the Unified Finance Act, the manager in charge of drafting the company's accounting documents, Luigino Giannini, has declared that the accounting disclosures contained in this press release correspond to the data records, accounting books and accounts entries.

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Attachments

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the conventional financial indicators established under IFRS, this press release regarding the Interim Financial Report at 30 June 2014 contains certain alternative performance indicators in order to facilitate understanding of the company's earnings management and its balance sheet and financial situation. These indicators, which also feature in the interim financial statements (the interim reports at 31 March and 30 September), and the annual report at 31 December should not be construed as a substitute for the conventional indicators contemplated under IFRS.

The alternative performance indicators are described below:

- **EBITDA:** Telecom Italia Media uses this indicator as a financial target in internal (Business Plans) and external (made by analysts and investors) presentations. It provides a useful unit of measurement for assessing the Groups operating performance, both as a whole and at the business unit level, and the performance of the Parent Company Telecom Italia Media S.p.A., in addition to **EBIT**. These indicators are as follows:

Profit (loss) before tax from continuing operations

- + Financial charges
- Financial income
- +/- Other charges/(income) from equity investments
- +/- Share of results of equity investments in associates and companies under joint control, accounted for using the equity method

EBIT- Operating Income

- +/- Impairment losses/(Reversals) of non-current assets
- +/- Capital losses/(Gains) on disposals of non-current assets
- + Depreciation and amortization

EBITDA — Operating result before depreciation and amortization, Capital gains/(losses), and Impairment reversals/(losses) on non-current assets

- **Net Financial Debt:** The Telecom Italia Media Group considers Net Financial Debt is an accurate indicator of its ability to meet its financial obligations, and is calculated as Gross Financial Debt minus Cash and Cash Equivalents and other Financial Assets.

The reclassified Separate Consolidated Income Statements, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows of the Telecom Italia Media Group, herewith presented, are the same as those included in the Interim Management Report included in the Half-yearly Financial Report to June 30, 2014 and are unaudited. Such statements are however consistent with those included in the Telecom Italia Media Group Half-year Condensed Consolidated Financial Statements at June 30, 2014.

Please note that the limited audit work by our independent auditors on the Telecom Italia Media Group Half-yearly Condensed Consolidated Financial Statements at June 30, 2014 has not yet been completed.

Consolidated Separate Income Statement

(in thousands of euro)	H1 2014 (a)	H1 2013 (b)	Change (a-b)	%
Revenues	30,592	38,649	(8,057)	(20.7)
Other income	666	3,073	(2,407)	(78.3)
Total operating revenues and other income	31,258	41,722	(10,464)	(25.1)
Acquisition of goods and services	(14,579)	(15,250)	671	4.4
Employee benefits expenses	(3,807)	(3,956)	149	3.8
Other operating expenses	(1,589)	(4,182)	2,593	62.0
Changes in inventories	-	-	-	-
Internally made assets	-	-	-	-
OPERATING RESULT BEFORE DEPRECIATION AND AMORTIZATION - EBITDA	11,283	18,334	(7,051)	(38.3)
Depreciation and amortization	(13,374)	(14,192)	818	5.8
Gains/ (losses) realized on disposals of non-current assets	1	-	1	100.0
Impairment reversals /(losses) on non-current assets	-	-	-	-
OPERATING PROFIT (LOSS) - EBIT	(2,090)	4,142	(6,232)	n.a.
Income/ (expenses) from investments	5	(69)	74	n.a.
Finance income	9	672	(663)	(98.7)
Finance expenses	(4,311)	(2,947)	(1,364)	(46.3)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(6,387)	1,798	(8,185)	n.a.
Income tax expense	1,204	(1,278)	2,482	n.a.
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(5,183)	520	(5,703)	n.a.
Profit (loss) from discontinued operations/Non-current assets held for sale	-	(137,954)	137,954	100.0
PROFIT (LOSS) FOR THE PERIOD	(5,183)	(137,434)	132,251	96.2
Attributable to:				
- Owners of the Parent	(5,184)	(133,530)	128,346	96.1
- Non-controlling interests	1	(3,904)	3,905	n.a.



	H1 2014	H1 2013
- Basic earnings (loss) per Share:		
- Ordinary shares	(0.0476)	(1.2631)
- Savings shares	(0.0476)	(1.2631)
<i>of which:</i>		
- <i>from continuing operations</i>		
- Ordinary shares	(0.0476)	0.0048
- Savings shares	(0.0476)	0.0048
- <i>from discontinued operations/non-current assets held for sale</i>		
- Ordinary shares	0.0000	(1.2679)
- Savings shares	0.0000	(1.2679)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	H1 2014	H1 2013	Change
Profit (loss) for the period	(5,183)	(137,434)	132,251
Other components of the statement of comprehensive income			
° Remeasurement of defined benefit plans			
° Actuarial gains (losses)	(205)	(66)	(139)
° Income tax expense	56	19	37
<i>sub-total</i>	(149)	(47)	(102)
Comprehensive profit (loss) for the period	(5,332)	(137,481)	132,149
Attributable to:			
- Profit (loss) for the year attributable to equity holders of the Parent Company			
> Income (loss) from continuing operations	(5,333)	4,405	(9,738)
> Profit (loss) from discontinued operations/Non-current assets held for sale	-	(137,954)	137,954
- Profit (loss) for the period attributable to equity holders of the Parent Company	(5,333)	(133,549)	128,216
- Minority interests			
> Income (loss) from continuing operations	1	(3,932)	3,933
> Profit (loss) from discontinued operations/Non-current assets held for sale	-	-	-
- Profit (loss) for the period attributable to Minority Interests	1	(3,932)	3,933



Telecom Italia Media's **Network Operator (TIMB)** business unit includes the operations of Telecom Italia Media Broadcasting, Beigua S.r.l., Timb 2 S.r.l. and Rete A (following the merger of the digital terrestrial network operations) relating to managing the Digital Multiplexes operated by the Group, as well as the provision of accessory services and broadcasting platforms to third parties.

(in millions of euro)		Network Operator (1)	Other activities (2)	Changes	Group Total
Revenues	H1 2014	30.6	0.3	(0.3)	30.6
	H1 2013	38.6	0.3	(0.3)	38.6
	Change	(8.0)			(8.0)
EBITDA	H1 2014	15.2	(3.9)		11.3
	H1 2013	21.6	(3.3)		18.3
	Change	(6.4)	(0.6)		(7.0)
EBIT	H1 2014	1.8	(3.9)		(2.1)
	H1 2013	7.4	(3.3)		4.1
	Change	(5.6)	(0.6)		(6.2)
Industrial investments	H1 2014	3.7			3.7
	H1 2013	4.1			4.1
	Change	(0.4)			(0.4)
(Headcount)					
Personnel	06/30/2014	72	22		94
	12/31/2013	50	34		84
	Change	22	(12)		10

(1) It includes the activity of Telecom Italia Media Broadcasting, Beigua S.r.l., Timb 2 S.r.l. e Rete A (for the half-yearly financial report at June 30, 2014 only with respect to the headcount of personnel, 12 units).

(2) It includes Telecom Italia Media S.p.A.'s activities.



Consolidated Statements of Financial Position

	06/30/2014	12/31/2013	CHANGE
(in thousands of euro)			
ASSETS			
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	42,291	21,230	21,061
Intangible assets with a finite useful life	128,379	113,043	15,336
	170,670	134,273	36,397
Tangible assets:			
Property, plant and equipment owned	79,123	60,375	18,748
Assets held under finance leases	-	-	-
	79,123	60,375	18,748
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	-	-	-
Other investments	812	788	24
Non-current financial assets	152	180	(28)
Miscellaneous receivables and other non-current assets	13,015	16,040	(3,025)
Deferred tax assets	10,507	8,351	2,156
	24,486	25,359	(873)
TOTAL NON-CURRENT ASSETS (A)	274,279	220,007	54,272
CURRENT ASSETS			
Inventories	11	11	-
Trade and miscellaneous receivables and other current assets	31,367	38,156	(6,789)
Current income tax receivables	547	182	365
Investments	-	-	-
Current financial assets			
Securities other than investments, financial receivables and other current financial assets	43	46	(3)
Cash and cash equivalents	5,492	17	5,475
TOTAL CURRENT ASSETS (B)	37,460	38,412	(952)
TOTAL ASSETS (A+B)	311,739	258,419	53,320
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent Company	(64,608)	(59,120)	(5,488)
Equity attributable to Minority Interests	40,233	76	40,157
TOTAL EQUITY (C)	(24,375)	(59,044)	34,669
NON-CURRENT LIABILITIES			
Non-current financial liabilities	1	4	(3)
Employee benefits	1,929	1,369	560
Deferred tax liabilities	22,224	19,840	2,384
Provisions	-	-	-
Miscellaneous payables and other non-current liabilities	11,670	11,670	-
TOTAL NON-CURRENT LIABILITIES (D)	35,824	32,883	2,941
CURRENT LIABILITIES			
Current financial liabilities	263,276	260,116	3,160
Trade and miscellaneous payables and other current liabilities	34,677	24,446	10,231
Current income tax payables	2,337	18	2,319
TOTAL CURRENT LIABILITIES (E)	300,290	284,580	15,710
TOTAL LIABILITIES (F=D+E)	336,114	317,463	18,651
TOTAL EQUITY AND LIABILITIES (C+F)	311,739	258,419	53,320

Consolidated Cash Flows Statements

(in thousands of euro)	H1 2014	H1 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the period	(5,183)	520
Adjustments for:		
Depreciation and amortization	13,374	14,192
Impairment losses/reversals of non-current assets (including investments)	6	74
Net change in deferred tax assets and liabilities	(1,509)	(2,058)
Gains/losses realized on disposals of non-current assets (including investments)	(1)	-
Share of losses/gains of associates accounted for using the equity method		
Change in employee benefits	(3)	(120)
Change in inventories	-	-
Change in trade receivables and in net receivables for contract works	(2,050)	2,791
Change in trade payables	312	(1,447)
Net change in income tax receivables/payables	117	2,314
Net change in miscellaneous receivables/payables and other assets/liabilities	21,730	(1,923)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	26,793	14,343
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets on an accrual basis	(27)	(149)
Purchase of tangible assets on an accrual basis	(3,719)	(3,985)
Total investments in intangible and tangible assets on an accrual basis	(3,746)	(4,134)
Change in trade payables relating to investing activities	317	(2,770)
Total purchase of intangible and tangible assets on a cash basis	(3,429)	(6,904)
Acquisition of subsidiaries and businesses, net of cash acquired (II)	217	(9,460)
Acquisition of other investments (II)	-	-
Change in financial receivables and other financial assets (I)	(21,268)	(4,581)
Proceeds from sale of subsidiaries, net of cash disposed of (II)	-	(113,902)
Proceeds from sale/repayment of tangible, intangible and other non current assets (II)	5	20
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(24,475)	(134,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in current financial liabilities and other	21,268	-
Proceeds from non-current financial liabilities (including current portion)		
Repayments of non-current financial liabilities (including current portion)	-	-
Other changes in non-current financial liabilities	(33)	(4)
Increases/reductions of share capital and other changes in Equity (including subsidiaries)	-	100,000
Amount paid for instruments representing equity		
Dividends paid		
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	21,235	99,996
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE (D)	-	(725)
AGGREGATE CASH FLOWS (E=A+B+C+D)	23,553	(21,213)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD (F)	(18,061)	(159,856)
Net foreign exchange differences on net cash and cash equivalents (G)	-	-
NET CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (H=E+F+G)	5,492	(181,069)

- (I) The amount payable for the acquisition also includes any goodwill and is given net of the change in receivables resulting from the relevant acquisition
- (II) The amount payable for the acquisition is given net of the change in payables resulting from the relevant acquisition

Other Information on Cash Flows

(in thousands of euro)	H1 2014	H1 2013
Income tax expense (paid)/received	20,271	16,622
Interest expense paid	(4,263)	(2,889)
Interest income received	-	-
Dividends received	11	

BREAKDOWN OF NET CASH AND CASH EQUIVALENTS:

(in thousands of euro)	H1 2014	H1 2013
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD:		
Cash and cash equivalents - from continuing operations	17	45,919
Cash and cash equivalents - from discontinued operations/assets held for sale	-	3,194
	17	49,113
Bank overdraft repayable on demand - from continuing operations	(18,078)	(160,058)
Bank overdraft repayable on demand - from discontinued operations/assets held for sale	-	(48,911)
	(18,078)	(208,969)
	(18,061)	(159,856)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:		
Cash and cash equivalents - from continuing operations	5,492	7,979
Cash and cash equivalents - from discontinued operations/assets held for sale	-	29
	5,492	8,008
Bank overdraft repayable on demand - from continuing operations	-	(181,127)
Bank overdraft repayable on demand - from discontinued operations/assets held for sale	-	(7,950)
	-	(189,077)
	5,492	(181,069)