

PRESS RELEASE

As per the terms of Consob Resolution 11971/99 and subsequent amendments and additions

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

Board of Directors approves the consolidated results as of September 30 2016

IN THE FIRST NINE MONTHS A POSITIVE NET RESULT AND A SIGNIFICANT FINANCIAL SURPLUS, DESPITE THE CRISIS IN THE PUBLISHING SECTOR

REVENUES: €424.3MLN (-3.5%; LESS OF A DECLINE THAN IN PREVIOUS YEARS)

NET INCOME: €14 MLN (€24.6MLN IN 2015 INCLUDING A CAPITAL GAIN OF €9.4 MLN)

NET FINANCIAL POSITION AT 30/9: POSITIVE FOR €37.2MLN (DEBT OF €10.7 MLN AT 31/12/2015)

ECONOMIC AND FINANCIAL RESULTS OF THE ESPRESSO GROUP AT SEPTEMBER 30 2016

Consolidated results (€mn)	<i>Jan - Sept 2015</i>	<i>Jan - Sept 2016</i>
Revenues, of which:	439,6	424,3
• Circulation and others revenues	194,7	184,5
• Advertising	245,0	239,8
Gross operating margin	40,9	37,0
Operating result	29,9	25,8
Result before taxes	23,4	18,9
Net result of operations destined to continue	15,2	13,1
Result of operations discontinued or held for disposal ⁽¹⁾	9,4	1,0
Net result	24,6	14,0

(€mn)	<i>December 31 2015</i>	<i>September 30 2016</i>
Net financial position	(10,7)	37,2
Equity of the Group and minority interests	590,4	604,7
• equity of the Group	588,4	602,8
• minority shareholders' equity	2,0	1,9
No. of employees ⁽²⁾	2,222	2,195

⁽¹⁾ On January 30 2015 the transfer of ownership was completed of All Music, the company of the Group that produces the mainstream national television channel *Deejay TV*, to the new producer Discovery Italia. The "Result of operations discontinued or held for disposal" therefore includes the results of the company until the date of completion as well as the capital gain realized on the sale. ⁽²⁾ After January 1 2016 39 people were hired who had previously been employees of a cooperative operating in the printing and preparation sector on behalf of Finegil Editoriale. The number of employees at December 31 2015 has therefore been adjusted to give a like-for-like comparison.

Rome, October 26 2016 - The Board of Directors of Gruppo Editoriale l'Espresso S.p.A. met today in Rome under the chairmanship of Mr Carlo De Benedetti and approved the consolidated results as of September 30 2016 presented by Chief Executive Officer Monica Mondardini.

PERFORMANCE OF THE MARKET

In the first eight months of 2016 advertising investment showed growth of 3.2% compared to the same period of 2015 (Nielsen Media Research figures).

The recovery in investment involved television and radio, which saw growth of 7.8% and 1.3% respectively.

The internet, excluding search engines and social networks, reported a decline in orders of 1.6% compared to the same period of the previous year.

Lastly, regarding advertising in the printed press, the trend was negative (-4.7%): more specifically the loss at national level came in at -3.8% and at local level at -6.6%.

As for newspaper circulation, according to ADS (Accertamento Diffusione Stampa) figures, in the first eight months of 2016 sales on the news-stands and by subscription declined by 7.8%.

PERFORMANCE OF OPERATIONS OF THE ESPRESSO GROUP IN THE FIRST NINE MONTHS OF 2016

The Group closed the first nine months of 2016 with a positive net result of €14.0mn.

Consolidated revenues, amounting to €124.3mn, were down by 3.5% on the first nine months of 2015 (€139.6mn), with slightly less of a decline than in previous years.

Circulation revenues (including others revenues) totalled €184.5mn and were down by 5.2% compared to the same period of last year (€194.7mn) in a market that, as stated above, has continued to report a significant reduction in the sale of newspapers.

Advertising revenues declined by 2.1%, taking into account the general trend of advertising in the printed press.

Radio orders were in line with the same period of last year, while the printed press and the internet were affected by the critical performance of the market.

Costs went down by 2.4%; more specifically declines were seen for industrial costs and personnel costs, given that there was a 4.1% reduction in the average number of personnel compared to the first nine months of 2015.

The **consolidated gross operating margin** was €37.0mn, versus €40.9mn in the first nine months of 2015.

The **consolidated operating result** came to €25.8mn (€29.9mn in the same period of the previous year).

The **consolidated net result of operations destined to continue** was net income of €13.1mn, down from €15.2mn in the first nine months of 2015.

The sale at the end of January 2015 of the television channel *DeejayTV* to Discovery Italia gave rise to capital gains, classified under discontinued operations, of €9.4mn in the first nine months of 2015 and of €1.0 million in the first nine months of 2016, respectively.

The **consolidated net result**, including discontinued operations, came to €14.0mn, which compares with €24.6mn in the same period of 2015.

The **net financial position** was positive for €37.2mn at the end of September 2016 as there was a financial surplus in the period of €47.9mn. Compared to September 30 2015 the improvement in the net financial position was €45.3mn.

The **Group had 2,195 employees**, including temporary contracts, at the end of September and the average number of employees in the period was 4.1% lower than in the first nine months of 2015.

It should be noted that this quarterly press release has been issued in continuity with the past, pending clarification as to the regulatory position.

MAIN ECONOMIC RESULTS OF THIRD QUARTER 2016

Consolidated results (€mn)	3rd Quarter 2015	3rd Quarter 2016
Revenues	133.9	131.4
Gross operating margin	10.0	9.7
Operating result	6.3	5.9
Result before taxes	4.2	3.6
Net result of operations destined to continue	2.3	1.9
Result of operations sold	0.2	-
Net result	2.5	1.9

The performance of the third quarter confirms the trend already encountered in the first half of the year.

Consolidated net revenues declined by 1.9%, with circulation revenues down by 6.7% and advertising orders up by 2.5%.

The **consolidated operating result** came in at €5.9mn compared to €6.3mn in the third quarter of 2015; the **consolidated net result** was €1.9mn.

The Company's Director of Administration and Accounts, Mr Gabriele Acquistapace, the Executive responsible for the preparation of the company's financial statements, hereby attests in compliance with the terms of paragraph 2 of Art. 154-*bis* of the "Testo Unico delle Finanze" (Finance Consolidation Act) that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

EXTRAORDINARY TRANSACTIONS

Subsequent to the memorandum of understanding signed on March 2 2016, on August 1 2016 the Espresso Group and ITEDI signed a general agreement regarding the integration of the two companies with the aim of creating the leading publishing group in Italy in the sector of daily and digital news.

The deal will make it possible to unite the strength of authoritative historic titles such as la Repubblica, La Stampa, Il Secolo XIX and the numerous local papers of the Espresso Group, which in 2015 together reached a total of around 5.8 million readers and over 2.5 million unique users per day of their news websites.

The deal has significant business value as its objective is to integrate two groups with complementary businesses and it aims to achieve growing economies of scale. Thanks to a complete range of multimedia content and news services on paper and in digital form, the new group will have the patrimonial strength and will be of a sufficient size to respond to the challenges of the sector, promoting innovative and original projects developed for multiple distribution platforms.

The integration involves the contribution by FCA and Ital Press of 100% of the shares of Itedi into GELE, with a corresponding reserved share capital increase. On completion of the deal,

CIR will hold 43.4% of the share capital of GELE, while FCA will have 14.63% and Ital Press will have 4.37%. After completion of the merger and in the time-frame that is practically necessary, FCA will distribute the entire interest it holds in GELE to the owners of its ordinary shares. As an effect of this distribution, EXOR SpA (“EXOR”) will receive 4.26% of GELE.

Completion of the deal, which is subject to authorization by the competent authorities and to certain conditions precedent that are typical of deals of this kind (such as obtaining the necessary authorizations by the companies involved), is expected to take place in the first quarter of 2017.

Under the deconsolidation plan designed to guarantee compliance with the circulation thresholds laid down by current regulations, in view of the future merger with la Stampa and Il Secolo XIX, on September 7 2016 the Espresso Group reached agreements for the sale of the newspapers "il Centro" and "la Città di Salerno" and of the Pescara printing centre. The transfer of ownership will take place on November 1 2016.

MAIN EVENTS THAT HAVE OCCURRED SINCE THE CLOSE OF THE FIRST NINE MONTHS AND OUTLOOK FOR THE REST OF THE YEAR

On October 12 2016 the Espresso Group reached an agreement for the sale by Finegil of the whole equity interest, equal to 71%, in Seta SpA, the publisher of “Alto Adige” and “Il Trentino”. The sale will take effect as from October 28 2016.

As for the outlook for the year, it is reasonable to suppose that the Group will achieve a net result, excluding non-recurring items, in line with that of the previous year.

CONTACTS:

CENTRAL MANAGEMENT

EXTERNAL RELATIONS

Tel.: +39 06 84787434

e-mail: dir-relaz-esterne@gruppoespresso.it

www.gruppoespresso.it

Gruppo Espresso

Consolidated Income Statement

(€ million)	Jan - Sept 2015	Jan - Sept 2016
Revenues	439,6	424,3
Change in inventories	0,4	0,2
Other operating income	5,9	6,2
Purchases	(43,2)	(41,9)
Services received	(194,3)	(191,1)
Other operating charges	(6,8)	(7,0)
Investments valued at equity	1,8	3,0
Personnel costs	(162,5)	(156,6)
Depreciation, amortization and write-downs	(11,1)	(11,3)
Operating profit	29,9	25,8
Financial income (expense)	(6,5)	(6,8)
Pre-tax profit	23,4	18,9
Income taxes	(8,2)	(5,8)
Net profit from continuing operations	15,2	13,1
Net profit (loss) from discontinued operations	9,4	1,0
Net profit	24,6	14,1
Minority interests	0,0	(0,1)
GROUP NET PROFIT	24,6	14,0
Earnings per share, basic	0,063	0,036
Earnings per share, diluted	0,054	0,031

Consolidated Comprehensive Income Statement

(€ million)	Jan - Sept 2015	Jan - Sept 2016
NET PROFIT	24,6	14,1
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	-	-
Taxes on other profits / (losses)	-	-
Other components of comprehensive income statement, after taxes	-	-
TOTAL COMPREHENSIVE INCOME STATEMENT	24,6	14,1
Total comprehensive income statement, of which:		
Parent Company's shareholders	24,6	14,0
Minority Interests	(0,0)	0,1

Not audited data

Gruppo Espresso

Consolidated Income Statement - 3rd Quarter

(€ million)	3 rd Quarter 2015	3 rd Quarter 2016
Revenues	133,9	131,4
Change in inventories	0,3	0,3
Other operating income	0,5	1,2
Purchases	(13,4)	(13,4)
Services received	(61,0)	(61,2)
Other operating charges	(1,7)	(2,3)
Investments valued at equity	(0,4)	0,8
Personnel costs	(48,3)	(47,1)
Depreciation, amortization and write-downs	(3,7)	(3,8)
Operating profit	6,3	5,9
Financial income (expense)	(2,1)	(2,3)
Pre-tax profit	4,2	3,6
Income taxes	(1,9)	(1,7)
Net profit from continuing operations	2,3	1,9
Net profit (loss) from discontinued operations	0,2	-
Net profit	2,5	1,9
Minority interests	0,0	-
GROUP NET PROFIT	2,5	1,9

Consolidated Comprehensive Income Statement - 3rd Quarter

(€ million)	3 rd Quarter 2015	3 rd Quarter 2016
NET PROFIT	2,5	1,9
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	-	-
Taxes on other profits / (losses)	-	-
Other components of comprehensive income statement, after taxes	-	-
TOTAL COMPREHENSIVE INCOME STATEMENT	2,5	1,9
Total comprehensive income statement, of which:		
Parent Company's shareholders	2,5	1,9
Minority Interests	(0,0)	-

Not audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2015	September, 30 2016
Intangible assets with an indefinite useful life	478,0	470,8
Other intangible assets	3,2	3,2
Intangible assets	481,2	474,0
Property, plant and equipment	93,2	85,2
Investments valued at equity	131,1	131,0
Other investments	3,4	3,1
Non-current receivables	2,2	1,9
Deferred tax assets	19,2	15,2
NON-CURRENT ASSETS	730,3	710,4
Assets held for sale or transferred	-	16,5
Inventories	10,4	10,3
Trade receivables	195,6	141,2
Marketable securities and other financial assets	0,6	-
Tax receivables	15,9	21,8
Other receivables	25,0	25,8
Cash and cash equivalents	110,5	155,9
CURRENT ASSETS	358,0	371,4
TOTAL ASSETS	1.088,3	1.081,8

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2015	September, 30 2016
Share capital	61,8	61,8
Reserves	154,0	176,1
Retained earnings (loss carry-forwards)	355,6	350,9
Net profit (loss) for the period	17,0	14,0
Group Shareholders' Equity	588,4	602,8
Minority interests	2,0	1,9
SHAREHOLDERS' EQUITY	590,4	604,7
Financial debt	79,5	82,5
Provisions for risks and charges	45,5	45,3
Employee termination indemnity and other retirement benefits	53,8	48,5
Deferred tax liabilities	86,0	89,1
NON-CURRENT LIABILITIES	264,9	265,4
Liabilities held for sale	-	5,6
Financial debt	42,3	36,2
Provisions for risks and charges	24,4	18,2
Trade payables	99,3	89,5
Tax payables	10,0	11,5
Other payables	57,0	50,8
CURRENT LIABILITIES	233,0	211,7
TOTAL LIABILITIES	497,9	477,1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.088,3	1.081,8

Not audited data

The items of the statement of financial position "Assets held for disposal", for an amount of €16.5mIn, and "Liabilities held for disposal", for an amount of €5.6mIn, include all the assets and liabilities comprising the "group of assets" the sale of which in the next twelve months is considered highly likely, according to the definitions and criteria established in IFRS 5 "Non-current assets held for sale and discontinued operations". More specifically, they contain the values relating to the newspaper titles Il Centro, La Città di Salerno, and Il Trentino e Alto Adige and to the Pescara printing centre.

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ million)	Jan - Sept 2015	Jan - Sept 2016
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	15,2	13,1
Net profit (loss) from discontinued operations	9,4	1,0
Depreciation, amortization and write-downs	11,1	11,3
Accruals to provisions for stock option costs	1,2	1,0
Net change in provisions for personnel costs	(5,3)	(2,1)
Net change in provisions for risks and charges	(12,7)	(6,3)
Losses (gains) on disposal of fixed assets	(0,1)	0,0
Losses (gains) on disposal of equity investments	(9,5)	(1,0)
Adjustments for investments valued at equity	1,5	0,2
Cash flow from operating activities	10,8	17,2
Decrease (Increase) in non-current receivables	21,5	0,3
Increase in liabilities/Decrease in deferred tax assets	7,3	6,9
Increase in payables/Decrease in tax receivables	(3,7)	(4,4)
Decrease (Increase) in inventories	0,5	(0,0)
Decrease (Increase) in trade and other receivables	10,0	53,1
Increase (Decrease) in trade and other payables	(25,7)	(12,2)
Change in current assets	9,9	43,6
CASH FLOW FROM OPERATING ACTIVITIES	20,7	60,8
Increases in share capital and reserves	4,3	-
Other changes	-	0,7
Cash flow from discontinued operations	12,2	1,0
TOTAL SOURCES OF FUNDS	37,2	62,5
USES OF FUNDS		
Net investments in fixed assets	(6,2)	(8,7)
Net equity investments	(1,3)	(0,9)
(Acquisition) sale of treasury stocks	(2,2)	0,0
Other changes	(1,3)	(0,8)
TOTAL USES OF FUNDS	(11,1)	(10,4)
Financial surplus (deficit)	26,1	52,0
BEGINNIG NET FINANCIAL POSITION	(34,2)	(10,7)
ENDING NET FINANCIAL POSITION , of which:	(8,1)	41,3
<i>Net Financial Position from continuing operations</i>	<i>(8,1)</i>	<i>37,2</i>
<i>Net Financial Position from discontinued operations</i>	<i>-</i>	<i>4,1</i>

Not audited data

Gruppo Espresso

Statement of Consolidated Cash Flows

(€ million)	Gen - Set 2015	Gen - Set 2016
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	15,2	13,1
Adjustments:		
- Depreciation, amortization and write-downs	11,1	11,3
- Accruals to provisions for stock option costs	1,2	1,0
- Net change in provisions for personnel costs	(5,3)	(2,1)
- Net change in provisions for risks and charges	(12,7)	(6,3)
- Losses (gains) on disposal of fixed assets	(0,1)	0,0
- Losses (gains) on disposal of equity investments and marketable securities	(9,5)	(1,0)
- Adjustments for investments valued at equity	1,5	0,2
- Dividends (received)	(0,0)	-
- Profit (loss) from discontinued operations	9,4	1,0
Cash flow from operating activities	10,8	17,2
Change in current assets and other flows	13,3	47,6
CASH FLOW FROM OPERATING ACTIVITIES	24,1	64,7
of which:		
Interest received (paid) through banks	(1,6)	(0,1)
Received (outlay) for income taxes	(3,0)	2,8
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(6,4)	(8,8)
Outlay for purchase of equity investments	(1,3)	(0,9)
Received on disposals of fixed assets	0,1	0,1
(Acquisition) sale of marketable securities and available-for-sale assets	0,1	0,6
Dividends received	0,0	-
Cash flow from discontinued operations	10,1	1,0
CASH FLOW FROM INVESTING ACTIVITIES	2,6	(8,1)
FINANCING ACTIVITIES		
(Acquisition) sale of treasury stocks	(2,2)	0,0
Issue (repayment) of other financial debt	(9,7)	(8,1)
Other changes	(1,3)	(0,8)
CASH FLOW FROM FINANCING ACTIVITIES	(13,2)	(8,9)
Increase (decrease) in cash and cash equivalents	13,5	47,7
Cash and cash equivalents at beginning of the period	78,7	110,5
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	92,2	158,2
<i>Cash and cash equivalents from continuing operations</i>	<i>92,2</i>	<i>154,1</i>
<i>Cash and cash equivalents from discontinued operations</i>	<i>-</i>	<i>4,1</i>

Not audited data

Gruppo Espresso

Consolidated Net Financial Position

(€ million)	September, 30 2015	December, 31 2015	September, 30 2016
Financial receivables from Group companies	0,2	0,2	0,2
Financial payables to Group companies	-	-	(1,6)
Cash and bank deposits	92,2	110,4	155,7
Current account overdrafts	(0,2)	(0,0)	(0,1)
Net cash and cash equivalents	92,2	110,5	154,1
Marketable securities and other financial assets	2,2	0,6	-
Bond issue	(84,1)	(84,5)	(88,5)
Other financial debt	(18,4)	(37,3)	(28,5)
Other financial assets (liabilities)	(100,3)	(121,2)	(116,9)
NET FINANCIAL POSITION	(8,1)	(10,7)	37,2

Not audited data