Board of Directors approves
half-year report at 30 June 2015
Revenues of 38.87 million euro
EBITDA improves 44%
On a consistent basis, advertising revenues up 2.8%

Milan, 27 August 2015

The Board of Directors of Class Editori SpA met today and approved the consolidated results for the first six months of the year.

Total revenues amounted to 38.87 million euro in the first half of 2015, compared with 40.85 million euro in the same period of 2014 (-4.8%). The reduction was mainly because revenues in the first half of 2014 included those of Class TV, the station broadcasting on digital terrestrial channel LCN 27 that was sold in December 2014, and those of the publishing initiative that celebrated the 25th anniversary of MF. On a consistent comparative basis and excluding specials, which this year are planned for the second semester, first-half revenues were up by 0.40 million euro.

Operating costs were 41.23 million euro, compared with 45.06 million euro in the period to 30 June 2014, a fall of 8.5%. The decrease in operating costs reflects the savings and containment efforts that commenced in 2014, as well as the effect of deconsolidating Class TV.

The gross operating margin (EBITDA) has improved by 44% or about 1.85 million euro. At this level, the first-half loss of 2.36 million euro compares with 4.21 million euro in the same period of 2014.

The pre-tax loss has improved by about 2.21 million euro (+21.7%) compared with the first half of 2014, amounting to 8.00 million euro rather than 10.21 million euro.

The consolidated net loss, after deducting non-controlling interests and taxes, was 7.79 million euro (8.67 million euro in the first half of 2014). In the comparative period, the consolidated net loss included a benefit of 3.31 million euro following the recognition of deferred tax assets on the IRES tax losses accumulated at 30 June 2014. For the sake of prudence, this benefit has not been recognised at 30 June 2015: accordingly, the net result has improved by more than 3 million euro.

The net debt of the Publishing House amounts to 62.7 million euro at 30 June 2015, which is down slightly from 63.2 million euro at 31 December 2014.

Significant economic-financial events during the period

Nielsen data for the Italian advertising market in the first half of 2015 highlights an overall decline of 2.8% compared with the first half of 2014. In particular, TV was 3% lower than in the comparative period, while press advertising continued the slump that started with in the crisis in 2007: daily newspapers fell a further 8% and periodicals were down by 3.4%. In addition, Internet advertising in the display and video sector declined by 3.1%. By contrast, there were stronger signals from the Out-of-Home markets: Outdoor, +4.2%; Transit, +9.4% and an improvement in the Out-of-Home TV sector (-4.9%).

On a consistent basis and excluding non-recurring events, the advertising revenues of the Publishing House rose by 2.8%, with exciting, double-digit growth from Moving TV (+19.6%). Performing positively, against the market trend, periodicals generated a 2.4% increase in revenues. The revenues of the TV channels also grew, rising overall by 9.1% after excluding Class TV 27. On an unadjusted basis, revenues decreased by slightly more than 8%.

Revenues from the sale of financial information during the period by e-Class and PMF News Editori benefited from growth of about 2%, with respect to the comparative period, in the sales of services to banks and agency news. This growth was led, in particular, by the higher volume of financial information sold via MF Pro, which was developed by the subsidiaries of the Publishing House.

Traffic on the Publishing House's websites grew significantly during the first half of 2015, especially due to the visits from mobile devices. This is attributable to the success of the Milano Finanza website (www.milanofinanza.it), which has been designed for compatibility with every type of device, while also optimising the delivery of content.

Measured in terms of pages viewed by PCs and mobile devices, average daily traffic on the Publishing House's websites grew by 14% during the first half of 2015, reaching 862 thousand pages compared with 756 thousand in the first half of 2014, with a peak of 1.02 million in March 2015. Average daily unique visitors remained stable at 114 thousand, with a peak of 133 thousand in March 2015 (source: AudiWeb).

The growth in average monthly traffic was slightly stronger: 26.5 million page views, compared with 22.8 million in the first six months of 2014, +16% (PCs + mobile devices, source: AudiWeb), with a peak in March when page views actually totalled 31.7 million. On a monthly basis, the average number of unique visitors (PCs + mobile devices) was stable compared with the first half of 2014: 1.26 million, compared with 1.27 million last year, with a peak in March 2015 of 1.37 million.

The number of readers following the news from the websites in real time on Twitter now exceeds 85 thousand for MF-Milano Finanza and 28 thousand for Italia Oggi. Both daily newspapers can be read in digital format using any PC or tablet available on the market.

The printed and digital distribution of Milano Finanza averaged 73 thousand copies during the period (70 thousand in 2014), while Class averaged 43 thousand copies (62 thousand in 2014) and Capital averaged 44 thousand copies (62 thousand in 2014).

Key events in the first half of 2015 included:

- in mid-March, Class Editori became the largest individual investor in WeToBusiness, the operating arm in Italy of WeChat, the most popular communications tool in China (and elsewhere), as well as social network, e-commerce, video, music and CRM (customer relationship management) operator. Working from Italy, this platform is able to manage relations with potential customers in China and monitor their profiles. With more than 1 billion registered users, controlled by the world's fourth largest Internet group (Tencent, 10 billion dollars in revenues, one of the three Chinese companies to obtain an on-line banking licence), WeChat guarantees privacy (by contrast with Whatsapp) and has already been downloaded 8 million times in Italy, with 1.3 million regularly used accounts. In addition to participating in the capital of WeToBusiness, Class Editori sells two essential services to Italian companies: the first is an account for those wishing to be visible in the Chinese market, either from Italy or from China (now even without having established a legal entity in China), with translation and training services included; the second is the Eccellenza Italia platform, for Italian firms that want to sell products and services to Chinese persons visiting or living in Italy. WeChat’s direct presence in Italy, not just for the Expo period, and its partnership with Class positions the country as a trampoline for developing the platform in the rest of Europe;
- three editions (in Milan, Monza and, for the first time, Naples) of the Student Fair, which is the Publishing House's primary event in the sector that provides information to young people. These fairs, held during the first quarter of the year, attracted more than 70 thousand students in total;

- the new edition of Case & Country, a monthly magazine, was launched at the Furniture Exhibition held in mid-April, with an excellent reception from both readers and advertisers;
- testing is progressing on the new economic-financial information website designed in collaboration with SkyTg24, as part of the partnership with this TV channel, owned by the Sky Italia group, following the sale to the satellite television leader of digital terrestrial channel 27;
- the WeChat account named Eccellenza Italia Expo, discussed above, became operational on 1 May, with the start of the Expo. Via this account, the Publishing House intends to inform Chinese tourists visiting Milan and Italy about the main events, best hotels, best restaurants, best boutiques and best services available to them. At the same time, a number of other initiatives have been launched (newsletters, specials and events) based on Expo content, which are taking place over the six-month period of the Universal Exposition. The Class Expo Pavilion Heritage Awards have been launched together with Laureate, the largest university in the world, present in 29 countries with 86 faculties. These awards will celebrate the country and firms that leave the best inheritance to future generations of humanity on the Expo theme "Feeding the Planet, Energy for Life".
- Embrace.it Srl was formed in early May 2015, with a 50% interest held by Class Editori. The objective of the Publishing House is to penetrate further the sector of foreign language digital information for visitors to the principal Italian cities, with a particular focus on those coming from China and on the universe of English-speaking tourists. Embrace.it Srl is a result of collaboration with Ipso Facto Synergy. The first step is to promote, develop and disseminate the smartphone and tablet app known as China to Italy, already operational for more than one year, which has been contributed to the company by the founding quotaholders. Subsequent efforts will concentrate on other international markets.

Principal events subsequent to 30 June 2015

In July, via CCeC, the e-commerce subsidiary, Class Editori commenced shipments of Italian food products for CCIG Mall, the Chinese platform for which the Publishing House is a main supplier in the food sector, as well as a main agent in the fashion, accessories and design sectors. The first ship, valued at about 1 million euro, was part of an order contracted to total 10 million euro over the next few months. The annual guaranteed minimum of 10 million euro has been agreed by CCIG Mall for the next four years as well.

This marks the start of activities by CCeC, which is partly owned by the Cremonini Group whose designated board member is Augusto Cremonini (managing director of IF&B, a Modena-based company that specialises in the export of Italian food products). Augusto Cremonini is one of CCeC's two managing directors (the other being Emilio Adinolfi, until now the CFO of Class Editori). This collaboration between Class Editori and the Cremonini Group means that the best Italian food can be offered to the platform promoted by Bank of China, China Telecom, China Union Pay and CCPIT, the Chinese government agency for the development of international trade.

The CCIG Mall platform, controlled by Madame Guo Hong, founder of the Century technology group, is part of the Chinese government's programme to develop domestic consumption in order to sustain economic growth, while also improving the quality of life experienced by the new Chinese middle class, which already counts several hundred million people. To achieve this, the B2B platform has been accompanied by a B2C platform, launched on a decoder developed by Century together with China Telecom, which now has more than 100 million users.

Again in July, working via WeClass and the investment in WetoBusiness, the Italian vehicle of WeChat, Class Editori signed the first contracts with Italian companies that seek to promote themselves in China using the platform described above. Given the established operations of WeChat and CCIG Mall, Class Editori is able to develop a presence in China across all e-commerce channels.

Business outlook

Despite a slight decline in revenues with respect to the first half of 2014, which becomes a small increase with the exclusion of Class TV, the Publishing House has significantly lowered the operating losses reported compared with the prior period. This partly reflects the cost-reduction actions already implemented, which will be followed during the year by further measures affecting all sectors, including payroll costs. The Publishing House has also decided to invest substantially in the sectors of the future, such as digital, e-commerce and special platforms like WeChat and CCIGMall.

Despite the uncertainties still affecting the advertising market, the revenues from the publishing initiatives planned by the Publishing House for the second half of the year should result in full-year revenues reaching and exceeding those reported in 2014, when the scope of consolidation was broader.

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The income statement and the statement of financial position are presented below.
The consolidated half-year report on operations at 30 June 2015 will be made available to the public on the website of the Publishing House, www.classeditori.it, prior to the legal deadline

Pursuant to art. 154 bis, para. 2, of the Consolidated Finance Law, the Executive responsible for preparing corporate accounting documents, Gianluca Fagiolo, confirms that the accounting information included in this release agrees with the documentary records, books and accounting entries.

Consolidated statement of comprehensive income for the period ended 30 June 2015

(thousands of euro)	**30 June 2014**	**30 June 2015**
Revenues	38,613	36,058
Other operating income	2,233	2,815
Total revenues	**40,846**	**38,873**
Purchase costs	(1,915)	(1,799)
Service costs	(31,679)	(28,109)
Payroll costs	(9,726)	(9,254)
Other operating costs	(1,790)	(2,065)
Investments measured at net equity	51	(6)
Gross operating margin – Ebitda	**(4,213)**	**(2,360)**
Non-core income/(charges)	526	(104)
Depreciation, amortisation and write-downs	(4,202)	(3,728)
Operating result - Ebit	**(7,889)**	**(6,192)**
Net financial income/(charges)	(2,325)	(1,809)
Pre-tax profit (loss)	**(10,214)**	**(8,001)**
Income taxes	2,428	(332)
Net result	**(7,786)**	**(8,333)**
(Profit) loss attributable to NCI	*(576)*	*(176)*
Result attributable to owners of the parent	***(8,362)***	***(8,509)***
Other components of comprehensive income		
Profit (loss) from the translation of financial statements	11	136
Actuarial income/(charges) not recorded in income statement (IAS 19)	(395)	740
Total components of comprehensive income, net of tax effect	**(384)**	**876**
TOTAL COMPREHENSIVE INCOME	**(8,170)**	**(7,457)**
Attributable to:		
NON-CONTROLLING INTERESTS	**499**	**332**
PARENT COMPANY SHAREHOLDERS	**(8,669)**	**(7,789)**
TOTAL COMPREHENSIVE INCOME	**(8,170)**	**(7,457)**
Basic earnings per share	*(0.08)*	*(0.09)*
Diluted earnings per share	*(0.08)*	*(0.09)*

Consolidated statement of financial position at 30 June 2015

ASSETS *(thousands of euro)*	31 December 2014	30 June 2015
Intangible assets with an indefinite life	42,917	43,192
Other intangible assets	11,773	13,165
Intangible assets	54,690	56,357
Tangible fixed assets	3,894	3,690
Investments measured at net equity	6,688	6,809
Other equity investments	812	814
Non-current trade receivables	16,961	17,046
Non-current tax receivables	23,549	23,443
Other receivables	2,516	2,526
NON-CURRENT ASSETS	**109,110**	**110,685**
Inventories	2,552	2,501
Securities held for trading	2,550	2,550
Trade receivables	76,213	58,496
Financial receivables	7,382	8,879
Tax receivables	7,359	7,394
Other receivables	20,296	16,813
Liquid funds	7,498	3,304
CURRENT ASSETS	**123,850**	**99,937**
TOTAL ASSETS	**232,960**	**210,622**

LIABILITIES AND EQUITY *(thousands of euro)*	31 December 2014	30 June 2015
Share capital	28,322	28,322
Share premium account	52,851	52,851
Legal reserve	2,544	2,544
Other reserves	(4,853)	(18,878)
Profit (loss) for the period	(14,408)	(8,509)
Group net equity	**64,456**	**56,330**
Capital and reserves attributable to NCI	6,539	8,109
Net profit (loss) attributable to NCI	1,219	176
Net equity attributable to NCI	**7,758**	**8,285**
NET EQUITY	**72,214**	**64,615**
Financial payables	2,897	1,066
Deferred tax liabilities	1,212	1,187
Provision for risks and charges	2,632	886
Severance indemnities and other payroll provisions	7,298	6,341
NON-CURRENT LIABILITIES	**14,039**	**9,480**
Financial payables	77,762	74,370
Trade payables	45,169	38,670
Tax payables	2,073	1,964
Other payables	21,703	21,523
CURRENT LIABILITIES	**146,707**	**136,527**
TOTAL LIABILITIES	**160,746**	**146,007**
LIABILITIES AND NET EQUITY	**232,960**	**210,622**

Statement of consolidated cash flows for the period ended 30 June 2015

(thousands of euro)	1st Half 2014	2014	1st Half 2015
OPERATING ACTIVITIES			
Net profit/(loss) for the period	(8,362)	(14,408)	(8,509)
Adjustments			
- Depreciation and amortisation	2,257	4,636	2,575
Self-financing	**(6,105)**	**(9,772)**	**(5,934)**
Change in inventories	44	146	51
Change in trade receivables	9,079	(5,844)	17,717
Change in trade payables	437	(11,347)	(6,499)
Change in other receivables	1,648	2,903	1,986
Change in other payables	4,913	1,778	(2,180)
Change in tax receivables/payables	(449)	(2,890)	(144)
Cash flows from operating activities (A)	**9,567**	**(25,026)**	**4,997**
INVESTING ACTIVITIES			
Change in intangible assets	(12,022)	(6,839)	(3,477)
Change in tangible fixed assets	(272)	(424)	(561)
Change in investments	(21)	(2,297)	(123)
Cash flows from investing activities (B)	**(12,315)**	**(9,560)**	**(4,161)**
FINANCING ACTIVITIES			
Change in amounts due to banks and other lenders	(560)	(7,708)	(5,223)
Change in provisions for risks and charges	147	2,142	(1,746)
Change in non-current tax receivables/payables	(3,622)	(1,708)	81
Change in non-current trade receivables	(1,059)	(783)	(85)
Change in other non-current receivables	497	481	(10)
Change in severance indemnities	862	1,512	(957)
Change in net equity reserves	(1,903)	37,877	383
Change in net equity attributable to NCI	649	878	527
Cash flows from financing activities (C)	**(4,989)**	**32,691**	**(7,030)**
Change in liquid funds (A)+(B)+(C)	**(7,737)**	**(1,895)**	**(6,194)**
Liquid funds at start of period	**11,943**	**11,943**	**10,048**
Liquid funds at end of period	**4,206**	**10,048**	**3,854**

The consolidated financial situation (net debt) at 30 June 2015 is as follows:

€ (thousands)	**30/06/2014**	**31/12/2014**	**30/06/2015**	**Change 2015/2014**	**Change %**
Securities	--	2,550	550	(2,000)	*(78.4)*
Liquid funds	4,206	7,498	3,304	(4,194)	*(55.9)*
Current financial receivables	9,495	7,382	8,879	1,497	*20.3*
Non-current financial payables	(4,697)	(2,897)	(1,066)	1,831	*63.2*
Current financial payables	(83,110)	(77,762)	(74,370)	3,392	*4.4*
Consolidated net debt	**(74,106)**	**(63,229)**	**(62,703)**	**526**	***0.8***