The Board of Directors approves the consolidated half-year report at 30 June 2016

Milan - 28 September 2016 - The Board of Directors of Class Editori SpA met today and approved the consolidated results for the first six months of the year.

Company performance

Total revenues amounted to 36.03 million euro in the first half of 2016, compared with 38.87 million euro in the same period of 2015. The revenues from the advertising sales of Class Pubblicità, concessionaire of the Publishing House for Italy, dropped by 1.4% compared with the same period of 2015; however, given the same means and number of magazine issues, they highlighted a slight growth (+0.6%). The television channels recorded a considerable advertising growth of +20%, driven by Class Cbnc for +27.4%. The periodicals segment recorded +9% (given the same number of publications +19%), achieved through new special formats like *Capital #1, Class Digital Experience Week* and *Gentleman Le Icone del XXI Secolo* (which obtained overall revenues for 2.4 million euro), highlighting the Publishing House's ability to offer initiatives that are original and appreciated by the market. The sales of newspapers are down. This is attributable to both the reduction in domestic commercial advertising and the limited activity of financial markets in terms of new quotations and privatisations (which translated into lower sales of financial advertising), compounded by the decreasing revenues from legal advertising, which was also affected by the delayed reintroduction by the awarding bodies of the obligation to advertise public tenders and auctions. Website revenues dropped slightly.
The postponement of investment projects and renegotiations of the existing projects by the banking system has resulted in a lower turnover for the Publishing House, in the first six months, deriving from the sale of news and information services, even though the services provided by the Publishing House have in no way been replaced with those of other competitors.

The actions to curb personnel costs and the costs for services that had started in 2015 and continued in the first half of 2016 translated into savings for 1.9 million, while the investments in the special initiatives mentioned previously led to new charges for 0.9 million. Additional effects of the cost containment actions for about 2 million euro will be felt during the second half of 2016, balancing the reduction in revenues regarding the entire sector. Operating costs as at 30 June 2016 were 40.24 million euro, compared with 41.23 million euro in the first six months of 2015.

The gross operating margin (EBITDA, defined as the difference between value and cost of production prior to depreciation/amortisation, extraordinary items and financial expenses) equals -4.21 million euro.
Depreciation and amortisation and write-downs made to complete the value adjustment process amounted to 4.29 million euro. The operating profit (Ebit) for the first half of 2016 equals -8.93 million euro, while the pre-tax loss equals -10.91 million, and, after non-controlling interests and taxes, the net result was -12.19 million euro.

The net debt of the Publishing House, analysed above, amounts to 65.5 million euro at 30 June 2016, which is up from 60.9 million euro at 31 December 2015.

Principal economic-financial events in the period

In the first half of 2016 the Italian advertising market recorded a growth of +3.5% (source: Nielsen) compared with the same period of 2015. However, when not considering the increase recorded by mainstream TV (+7.8%), which is a segment the Publishing House is not present in, the market performance was negative by about 2.8%.

Visits to the Publishing House's websites recorded a daily average of 105,379 individual users in the first half of 2016, while daily page visits stood at 733 thousand (source: AudiWeb Database). The monthly average was 856 thousand individual users and 22.2 million page visits (source: AudiWeb). This data is not comparable with that of the first half of 2015 on a like-for-like basis due to both the new weighing method introduced by Audiweb and adopted for the data recorded via a panel starting from April, and the change in the scope of the data of the aggregated sites of the Publishing House. It must also be pointed out that, once again, Audiweb figures do not match the data recorded on an objective basis by the Analytics systems, which, for the *MF/Milano Finanza* site only, recorded a monthly average of 48.8 million page visits in the six-month period compared with 22.2 million calculated by Audiweb.

The number of readers following the news from the websites in real time on Twitter now exceeds 92 thousand for MF-Milano Finanza and 32 thousand for Italia Oggi.

The printed distribution of *MF-Milano Finanza* averaged 70 thousand copies during the six-month period (73 thousand in 2015), while Class averaged 40 thousand copies (43 thousand in 2015) and Capital averaged 42 thousand copies (44 thousand in 2015).

Key events in the first semester included:

- the solidarity agreements signed with the clerical staff at MF Servizi Editoriali and MF Service were renewed in February 2016, increasing the reduction in working hours from 25% to 35% for a period of 18 months from 14 March 2016. The special government-assisted lay-offs of clerical staff, that commenced in October 2015, concluded on 1 March 2016. This procedure results in termination of the working relationships with the personnel eligible for early retirement.
- On 28 April 2016, all lending banks agreed to renew their loans to the Publishing House and its subsidiaries and associates. The refinancing process involved credit lines totalling about 81 million euro. This renewal has stabilised these lines of credit for the next five years. The interest rate agreed, 2.5%, represents a significant improvement over the rates applied until now.
- The Ordinary Shareholders' Meeting held on 29 April 2016 resolved to grant the new Board of Directors a mandate, valid for a period of 18 months, to purchase and make use of treasury shares, in one or more tranches, representing not more than 10% of share capital and, in all cases, without exceeding the distributable profits and the available reserves reported in the latest approved financial statements;
- In April the top management of the Publishing House agreed on a pay reduction for 18 months.
- The new commercial information site MF Centrale Risk was set up in May as a start-up offering private individuals, companies and professional an innovative service for reading, simplifying and analysing the Central risk register provided by the Bank of Italy to anyone making a request.
- Again in May the launch of Livoos.com was announced in London; this is an innovative e-commerce website specialising in fashion and luxury items with a strong charitable connotation that makes it original in the e-commerce market. Class Editori is a partner in this initiative.
- In May, the Publishing House, through the subsidiary WeClass, became the official reseller of the services and advertising of WeChat, the Chinese social network giant owned by the Tencent Group.
- A partnership was started in June with Selfiewealth, an innovative RoboAdvisory service dedicated to private individuals and financial brokers that offers an actual investment plan in real time that is based on the investors' requirements and characteristics, relying on a database with more than 70 thousand national and international securities.
- After the first edition of the Capital #1 summit, which was held in February, Class Editori held the first edition of the Class Digital Experience Week at the end June in Milan: this was the first initiative in Italy specifically intended to extend the awareness of all citizens about digital innovation, and the extraordinary opportunities it brings to live better in this new era.

Principal events subsequent to 30 June 2016
As part of the activities aimed at rationalising investments and optimising costs, the project to merge the subsidiaries Telesia Spa and Aldebaran Srl was approved by the respective directors on 22 September 2016.

Business outlook
The domestic economic context does not show significant signs of improvements for the months to come. The Publishing House is continuing to pursue its strategy of cutting the costs regarding all the sectors and, on the revenue front, it has started a direct internal reorganisation process following a considerable increase in its share of the digital advertising market, by defining an organisation dedicated to the integration of the sales network to enhance the digital advertising component and the revenues from digital news-stands through programmatic advertising. The plan includes the development of strategic partnerships with market operators, an increase in the investments in online advertising by its advertising customers and the expansion of the digital publishing offer and the sales of online content. All of this, together with the new investments made in the first half of the year and the projects and special events that are about to be launched in the last part of the year, could reasonably counterbalance the static traditional advertising market.

The Board also approved the Regulation for shares with additional voting rights, available in the investor relation section of www.classeditori.it.

For additional information, please contact:

Class Editori
Gian Marco Giura
Manager for Communications/Investor Relations - Class Editori
Tel: +39 02-58219395 / Mobile: +39 334-6737093
E-mail: gmgiura@class.it

The income statement and thestatement of financial position are presented below.
The Consolidated Half-year Report at 30 June 2016 will be made available to the public on the Publishing House's website, www.classeditori.it, prior to the legal deadline

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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 comprehensive income statement for the period ended 30 June 2016

(thousands of euro)	**30 June 2015**	**30 June 2016**
Revenues	36,058	33,718
Other operating income	2,815	2,308
Total revenues	**38,873**	**36,026**
Costs for purchases	(1,799)	(1,626)
Costs for services	(28,109)	(28,083)
Payroll costs	(9,254)	(8,737)
Other operating costs	(2,065)	(1,793)
Gross operating margin – Ebitda	**(2,354)**	**(4,213)**
Net non-core income/(charges)	(104)	(430)
Depreciation, amortisation and write-downs	(3,728)	(4,288)
Operating result - EBIT	**(6,186)**	**(8,931)**
Net financial income/(charges)	(1,815)	(1,982)
Pre-tax result	**(8,001)**	**(10,913)**
Taxes	(332)	(1,720)
Net Result	**(8,333)**	**(12,633)**
Profit (loss) attributable to third parties	*(176)*	*443*
Result attributable to the group	***(8,509)***	***(12,190)***
Other components of comprehensive income statement		
Profit (loss) from the translation of financial statements denominated in foreign currency	136	(37)
Actuarial income/(charges) not recorded in income statement (IAS 19)	740	(615)
Total components of Comprehensive Income Statement for the period, net of tax effect	**876**	**(652)**
TOTAL COMPREHENSIVE INCOME STATEMENT	**(7,457)**	**(13,285)**
Attributable to:		
MINORITY SHAREHOLDERS	**332**	**(547)**
PARENT COMPANY SHAREHOLDERS	**(7,789)**	**(12,738)**
TOTAL COMPREHENSIVE INCOME STATEMENT	**(7,457)**	**(13,285)**
Basic earnings per share	*(0.09)*	*(0.04)*
Diluted earnings per share	--	--

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Consolidated statement of financial position at 30 June 2016

ASSETS ***(thousands of euro)***	**31 December 2015**	**30 June 2016**
Intangible fixed assets with an indefinite life	42,738	42,904
Other intangible fixed assets	12,817	12,733
Intangible fixed assets	55,555	55,637
Property, plant and equipment	3,415	3,402
Investments measured at net equity	6,712	6,232
Other investments	814	203
Non-current trade receivables	3,089	3,105
Non-current tax receivables	19,121	17,527
Other receivables	2,527	3,557
NON-CURRENT ASSETS	**91,233**	**89,663**
Inventories	2,142	1,928
Trade receivables	66,482	60,441
Financial receivables	7,906	10,964
Tax receivables	6,057	4,844
Other receivables	11,902	14,239
Cash and cash equivalents	9,168	1,973
CURRENT ASSETS	**103,657**	**94,389**
TOTAL ASSETS	**194,890**	**184,052**

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Consolidated statement of financial position at 30 June 2016

LIABILITIES *(thousands of euro)*	**31 December 2015**	**30 June 2016**
Share capital	28,322	28,322
Share premium account	52,851	52,851
Legal reserve	2,544	2,544
Other reserves	(19,026)	(41,962)
Net profit (loss) for the period	(22,328)	(12,190)
Group net equity	**42,363**	**29,565**
Minority capital and reserves	8,104	8,010
Minority profit (loss)	86	(443)
Minority net equity	**8,190**	**7,567**
NET EQUITY	**50,553**	**37,132**
Financial payables	90	76,347
Deferred tax liabilities	1,176	1,176
Provision for risks and charges	556	556
Severance fund and other employee funds	6,380	6,784
NON-CURRENT LIABILITIES	**8,202**	**84,863**
Financial payables	77,881	2,101
Trade payables	38,439	40,763
Tax payables	2,624	1,249
Other payables	17,191	17,944
CURRENT LIABILITIES	**136,135**	**62,057**
TOTAL LIABILITIES	**144,337**	**146,920**
LIABILITIES AND NET EQUITY	**194,890**	**184,052**

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Consolidated cash flow statement at 30 June 2016

(thousands of euro)	1st half-year 2015	1st half-year 2016
OPERATING ASSETS		
Net profit/(loss) for the period	(8,509)	(12,190)
Adjustments:		
- Depreciation and amortisation	2,575	2,712
Self-financing	**(5,934)**	**(9,478)**
Change in inventories	51	214
Change in trade receivables	17,717	6,041
Change in trade payables	(6,499)	2,324
Change in other receivables	1,986	(5,395)
Change in other payables	(2,180)	753
Change in tax receivables/payables	(144)	(162)
Cash flows of operating assets (A)	**4,997**	**(5,703)**
INVESTMENT ASSETS		
Change in intangible fixed assets	(3,477)	(2,240)
Change in property, plant and equipment	(561)	(541)
Change in equity holdings	(123)	1,091
Cash flows of investment assets (B)	**(4,161)**	**(1,690)**
FINANCING ASSETS		
Change in amounts due to banks and other lenders	(5,223)	477
Change in Risk Funds	(1,746)	--
Change in non-current tax receivables/payables	81	1,594
Change in non-current trade receivables	(85)	(16)
Change in other non-current receivables	(10)	(1,030)
Change in severance indemnities	(957)	404
Change in reserves and net equity items	383	(608)
Change in minority net equity	527	(623)
Cash flows from financing assets (C)	**(7,030)**	**198**
Change in cash and cash equivalents (A) + (B) + (C)	**(6,194)**	**(7,195)**
Cash and cash equivalents at start of financial year	**10,048**	**9,168**
Cash and cash equivalents at end of financial year	**3,854**	**1,973**

Consolidated net financial position at 30 June 2016

€ (thousands)	**31/12/2015**	**30/06/2016**	**Changes 2016/2015**	**Change %**
Cash and cash equivalents	9,168	1,973	(7,195)	*(78.5)*
Current financial receivables	7,906	10,964	3,058	*38.7*
Non-current financial payables	(90)	(76,347)	(76,257)	*n.a.*
Current financial payables	(77,881)	(2,101)	75,780	*(97.3)*
Net financial position	**(60,897)**	**(65,511)**	**(4,614)**	***(7.6)***