

Classeditori



Interim Management Report of 31 March 2014

Class Editori Spa
Via M. Burigozzo, 5 – 20122 Milan – Web site: www.classeditori.it
Share capital 10.560.751,00 euro – R.E.A. 1205471 – VAT 08114020152

Composition of corporate bodies

Board of Directors

Chairman	Victor Uckmar
Vice Chairman & CEO	Paolo Panerai
Vice Chairman	Luca Nicolò Panerai
Vice Chairman	Pierluigi Magnaschi
Managing director	Gabriele Capolino
Managing director	Andrea Mattei
Councilors	William L. Bolster
	Maurizio Carfagna
	Elena Terrenghi
	Peter R. Kann
	Samanta Libro
	Maria Martellini
	Maria Grazia Vassallo
	Angelo Riccardi

Board of Statutory Auditors

Chairman	Carlo Maria Mascheroni
Statutory Auditors	Lucia Cambieri
	Mario Medici
Alternate auditors	Vieri Chimenti
	Pierluigi Galbussera

External Auditing firm

PKF Italia Spa

The three-year terms of the Board of Directors and Board of Statutory Auditors, appointed by the Shareholders' Meeting of 27 April 2012, will expire concurrently with the Shareholders' meeting that will approve the 2015 financial statements.

The Board of Directors of April 29 2014 proceeded to the confirmation of the councilor Elena Terrenghi, appointed by the Board of Directors on 14 May 2013 in replacement of the resigned councilor Paolo Del Bue.

The audit firm is appointed until the General Meeting called to approve the financial statements for the year 2021.

**Class Editori Spa
and subsidiaries
Headquarters in Milan, Via Marco Burigozzo, 5**

**Interim Management Report of
31 March 2014**

The interim financial report is prepared on a consolidated basis, as required by current legislation.

COMMENTS ON ECONOMIC DATA

The main income statement items that contributed to the operating result at 31 March 2014 and which are reported in the book, can be summarized as follows:

- Revenues for the quarter totaled €20.03 million against €19.66 million euro in the first quarter of 2013, an increase of 1, 9%;
- operating costs for the quarter were down 2.2% compared to the same period of 2013 and amounted to 21.96 million euro, compared to 22.45 million euro in the first quarter of 2013;
- The gross operating margin (EBITDA), defined as the difference between value and cost of production before depreciation, extraordinary income and financial expenses, amounted to EUR -1.93 million, compared to -2.78 million in the first quarter of 2013;
- the result of extraordinary items is negative by EUR 94 thousand, compared to EUR -180 million on 31 March 2013;
- depreciation and write-downs totaled 1.34 million euro, compared to €0.85 million in the first three months of the previous year;
- Net financial expense have gone from €0.59 million on March 31 2013 to €1,02 million on 31 March 2014, for the higher net debt and the rise in interest rates;
- the net profit of the Group for the quarter, due to higher depreciation and financial charges, is negative by to EUR 4.54 million compared to -4.30 million in the same period of 2013.

MAIN ECONOMIC-FINANCIAL EVENTS OF THE QUARTER

Despite signs of improvement in domestic demand and the good condition of the financial and stock markets, the economic situation remains fragile, especially with reference to the negative data on unemployment, which affects domestic consumption.

Nielsen estimates relating to the advertising market in Italy in the first quarter of 2014 showed an overall decline of 3.3%, with a significant slowdown compared to the previous year (the year 2013 had lost 12.4% in value compared to the year before). In particular, the television industry has started to grow again, with an increase of 2% (-10% in 2013), the print media declined by 15%, essentially equivalent between newspapers and magazines (-21% variation for the year 2013). The radio industry grew by 6%, while the Internet media decreased by 3%, with a similar trend compared to 2013.

The advertising revenues on the media of the publishing house has had a decline in its entirety, with the same scope of consolidation, of 5%.

A comparison of means for each category shows a better performance of the advertising market in the areas in which the publishing house operates:

<i>Changes % advertising I quarter 2013 – I quarter 2014</i>	Nielsen	Class
Print	-15,0%	-12,6%
TV	2,0%	16,4%
Internet	-3,0%	30,0%

For what regards circulation, Class recorded in the quarter an average circulation of approximately 61 000 copies (78 000 average in 2013), Capital 62 000 copies (average 72 000 2013) and Milano Finanza 72 000 copies (76 the average of 2013 thousand).

In the first quarter of 2014 the traffic on the websites of the publishing house has grown by 7.6% over the first quarter of 2013 (source Audiweb AWDatabase), going from 87 855 to 98 497 unique visitors on a daily average, with a peak in March (107 320). Monthly unique users were 1.1 million (+53.6% compared to the same period of 2013).

The page views on a monthly basis were on average 22.9 million. The number of readers who follow in real time the news of the site via Twitter has exceeded 76 thousand units for MF / Milano Finanza and 20 000 units for the associate Italia Oggi. Both newspapers are readable in digital format on all the tablet platforms of the market.

Among the events of the first quarter we highlight:

- with effect from 8 January Angelo Sajeve, coming from Mondadori Pubblicità, where he was president and chief executive officer, and vice president of Mediamond, assumed the position of director for strategy and development of Class Editori and at the same time the position of president of Class Pubblicità;
- on January 9, the Board of Directors approved the business plan: during its processing it emerged the opportunity of strengthening the financial structure (see Events after the period).
- On January 24, 2014 was completed the acquisition of 100% of the shares of the company Aldebaran Srl, owner of technologies and activities related to the creation and development of outdoor channel TV Moby, made for buses, trams and metro trains, strategic and of fundamental importance for the subsidiary Telesia and for the growth of the business in the world of TV away from home, and in general in the digital industry;
- on 4 and 6 March has been presented to the world of investors, agencies and media centers, the new program schedule of Class TV, channel 27 of the digital terrestrial television, starring the best-loved Italian fiction and most famous Hollywood movies, along with quality and useful information, for everyone's life.
- On March 10 was published the new special edition MF International China / Italy, dedicated to the protagonists and business opportunities from China and with very positive feedback in terms of advertising;
- at the end of March was released in China and Italy the new issue of the magazine, in Chinese language, Class Excellence Italy, again with very encouraging feedback from advertising revenue.

Revenues for the period were as follows:

<i>(€/million)</i>	31/03/2014	31/03/2013	Chang. %
Revenues from subscriptions and newsstand copies	7,06	8,16	(13,5%)
Advertising revenues	10,53	9,23	(*) 14,1%
Other revenues	2,44	2,27	7,5%
Total	20,03	19,66	1,9%

(*) minus 5% in comparison.

The reduction in revenues from subscriptions and newstand sales must also be due to the development of online sales, which partially replaced printing with an average lower sales price but with a significant recovery in terms of costs and therefore in margin. MF / Milano Finanza and Italia Oggi (ADS data) are among the first Italian magazines in terms of digital copies sold (22 860 and 18 382 respectively).

Other revenues primarily include, in addition to revenues not attributable to other categories, the recharges made to the associates of the Group for the services they render.

FINANCIAL SITUATION

The financial position as of March 31, 2013 is as follows:

<i>€ (thousand)</i>	31/03/2014	31/12/2013	31/03/2013
Net financial debt in the medium / long term	(5.844)	(6.671)	(1.276)
Net short-term borrowings / net short-term liquidity	(63.907)	(58.932)	(43.755)
<i>Of which:</i>			
<i>Financial paybles</i>	<i>(81.339)</i>	<i>(81.696)</i>	<i>(81.081)</i>
<i>Cash and current receivables</i>	<i>17.432</i>	<i>22.764</i>	<i>37.326</i>
Net financial position: net debt / net cash flows	(69.751)	(65.603)	(45.031)

The net financial position of the publishing house shown in the table changes from €65.6 million of December 31, 2013 to 69.7 million at 31 March 2014. The increase is attributed mainly to the results of the period and the deterioration of the rate of interest charged by the banking system over the first months of 2013. As part of the medium-long term debt are included a facilitated long-term loan made with UBI expiring in 2015 and a finance plan with Mediocredito also expiring in 2015. Also included in the long-term portion is a €6 million mortgage made in 2013 with Banca Popolare dell' Emilia Romagna.

The current financial liabilities include, in addition to the lines of cash and bank accounts, the stand-by loans and overdraft facility line of credit. Availabilities are employed in a liquidity account.

STAFF

<i>Average data for the period</i>	31/03/2014	31/12/2013
Executives	11	13
Journalists	140	138
Staff	156	171
Total	307	322

Earlier this year were initiated additional efforts to save money in labor costs, also through the rationalization of the corporate and organizational structure of the group, which has made possible the extension of the active solidarity contracts for the companies Milano Finanza, Class Editori and Edis, and also for Milano Finanza Service and MF Servizi Editoriali.

Apprenticeship contracts of the Publishing House on 31 March 2014 amounted to 6 units. Class Editori SpA carries out its activities, besides at the registered office in Via Burigozzo 5, Milan also at the following operative offices:

Milan - Via Burigozzo, 8

Rome - Via Santa Maria in Via, 12

New York – 7 East, 20 Street

London - St Mary Abchurch House, 5th Floor 123 Cannon Street

ACCOUNTING POLICIES AND EVALUATION CRITERIA

The accounting policies adopted in the preparation of the financial statements and of the consolidated quarterly data are the same as those used for the preparation of consolidated financial statements for the previous year. This interim financial report is prepared using the valuation criteria of historical cost, except for the financial instruments available for sale, which, if present, are measured at fair value.

The data in the comparative period has also been reclassified in accordance with IFRS. The interim management report as of 31 March 2014 has been prepared in compliance with art. 154-ter of Legislative Decree 195/2007 and the Regulations issued by Consob, as set out in Article 82 of Consob Regulation no. 11971/1999 (and subsequent amendments and additions) and Annex 3D of the Regulation. Full details for both the consolidated financial statements and the parent company Class Editori Spa, were published in 2013 as part of the interim report and annual financial statements as of 31 December, 2013, which may therefore be consulted.

THE SCOPE OF CONSOLIDATION

The scope of consolidation includes the Parent Company Class Editori spa and the companies in which it exercises control, meaning the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date when the control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Subsidiaries are consolidated using the full consolidation method. For the preparation of the consolidated financial statements have been used the equity, economic and financial situation of the companies and subsidiaries, prepared by individual companies of the Group at the reporting date, which may appropriately be reclassified and adjusted to reflect the application of the the accounting principles adopted by the Group.

In preparing the consolidated quarterly statement there have been eliminated all balances and transactions between Group companies, as well as unrealized gains and losses on intercompany transactions.

Dormant subsidiaries or in liquidation are consolidated using the equity method or at cost if their influence on the outcome of the Group is not significant.

Investments in associates, meaning those in which the Group has significant influence, are accounted for using the equity method, as defined by IAS 28. Gains or losses attributable to the Group are recognized in the consolidated financial statements from the date which the significant influence commences until the date in which it ceases.

The following is the scope of consolidation of the company as of 31 March 2014:

Global integration method

The subsidiaries of Class Editori Spa which have been consolidated, in addition to Class Editori Spa, with the global integration method, are the following:

	<u>Ownership %</u>
- Milano Finanza Editori Spa and subsidiaries:	84,327 %
- Milano Finanza Servizi Editoriali Srl	99,00 %
- MF Editori Srl	100,00 %
- Lombard Editori Srl	50,10 %
- Class Digital Service Srl and subsidiaries:	68,75 %
- PMF News Editori Spa	100,00 %
- E-Class Spa	100,00 %
- Campus Editori Srl	70,00 %
- Milano Finanza Service Srl	75,01 %
- Edis Srl	99,50 %
- MF Conference Srl	51,00 %
- DP Analisi Finanziaria Srl	94,73 %
- EX.CO Srl	100,00 %

- Class Editori Service Srl	100,00 %
- Class TV Service Srl	100,00 %
- Classpi Spa	51,00 %
- Global Finance Media Inc.	73,52 %
- Class CNBC Spa (1)	2,73 %
- CFN/CNBC B.V.	68,43 %
- Radio Classica Srl	99,00 %
- MF Dow Jones Srl (2)	50,00 %
- Telesia Spa	85,625 %
and subsidiaries:	
- Classpi Digital Srl (3)	77,00 %
- Country Class Editori Srl	100,00 %
- Fashion Work Business Club Srl	100,00 %
- Assinform/Dal Cin Editore Srl	95,00 %
- I Love Italia Srl	51,00 %
- Class Meteo Services Srl	100,00 %
- TV Moda Srl	51,00 %
- Classint Advertising Srl	100,00 %
- Class Servizi Televisivi Srl	100,00 %
- New Satellite Radio Srl	100,00 %
- Aldebaran Srl	100,00 %

(1) Consolidated using the integral method as it is controlled for 63.34% by CFN CNBC Holding BV.

(2)

Χονσολιδατεδ υσινγ τηε μετηοδ σινχε Χλασσ Εδιτορι Σπα ηασ οπερατιον
αλ χοντρολ ον ιτ

(3) The remaining 23% is held directly by Class Editori Spa

Net equity method

The associated companies of Class Editori Spa which have been consolidated using the equity method are:

- Italia Oggi Editori - Erinne Srl and subsidiaries	48,90 %
- Class Horse TV Srl	30,00 %
- Upcube Srl	25,00 %

Compared to the consolidation as of 31 March 2013 we note the inclusion of the subsidiary Classpi S.p.A., which was not included in the previous quarter, while compared to 31/12/2013 we note the acquisition of 100% of the shares of Aldebaran Srl, which took place on 24 January 2014. The company is active in the field of Outdoor TV industry, where the publishing house aims at a significant development.

It was excluded from the consolidation Agefi-Class SA since it is inactive.

Was also excluded from consolidation and therefore carried at cost, the company I Love Italia Srl, in liquidation.

SIGNIFICANT EVENTS AFTER THE PERIOD

On May 12, the shareholders of Class Editori have approved an increase in options for a maximum of €40 million, to be completed by summer 2014. The Board of Directors has been granted the broadest powers to implement the resolutions of the Meeting, including, as merely indicative, the power to: (i) to determine the issue price in accordance with the above criteria and with the power to determine the period to be considered (from 1 to 6 months before the date of determination of the price emission) to calculate the theoretical ex-rights price (so-called theoretical ex right price - TERP), the extent of the discount (not less than 12%) compared to the TERP thus calculated, taking into account, inter alia, the conditions of financial markets prevailing at the time of the launch of the operation, the share prices of the class A title and the market practice for similar transactions

(ii) for the effect, to determine the maximum number of new issued shares; (iii) to determine the timing for the implementation of the resolution to increase the capital, and so, in particular, establishing, in accordance with the final deadline of 30 August 2014, the latest date to establish increase which may therefore also be antecedent to the expiry date; (iv) prepare and submit to the competent authorities any document required for the execution of the resolution to increase the capital.

The proceeds will be mainly used for the financial recovery of working capital, with the payment of the outstanding debts to suppliers, the development of digital business (with a particular focus on new media, outdoor TV and TV / Web integration) and the expansion of international activity (particularly in China and in Central and South America). The exposure of the banking group is primarily made up of cash and credit lines to commercial withdrawal. The capital increase results in an improvement in the risk profile and the company has received confirmation of such loans until December 2015 for a market share of about 95% of the same; therefore there shall be no significant use of the proceeds of the capital increase to repay existing credit lines.

In the periodicals division, is due to be published in in late May, the renewed magazine *Ladies*, with a high target content and advertising revenues that are much higher than the previous numbers;

Class, which has always been the monthly men's lifestyle magazine, from May's issue will be the first magazine-device to live well in the digital age, with a profound evolution to grasp the new life-trends and consumption of the ruling class, due to the growing presence of digital solutions in the everyday life.

BUSINESS OUTLOOK

The advertising of the publisher registers encouraging signs in the magazine sector and it will have to assess the expected effects of new publishing initiatives being launched (including the new role of Class, 25 years of MF, the new schedule of Class TV). To determine uncertainty with regard to the advertising of the Division Newspapers, however, are some of the possible regulatory changes regarding items of income not secondary to the publisher. One concerns the so-called mandatory disclosure on the national and local newspapers ads of contracts and tenders (DL 163 of April 12, 2006) that the "Decree Law 66 dated April 24, 2014 on urgent measures for competitiveness and social justice" has cleared. The other is a consultation document that the IVASS has published on its website concerning the proposed abolition of the mandatory disclosure on daily yields and compositions of portfolios of separate management of life insurance policies and the prices of so-called unit-linked and index-linked shares. If they are confirmed, these measures would have a negative impact on advertising revenues of all Italian newspapers and also MF / Milano Finanza and the associate Italia Oggi. However, since the Decree Law no. 66 is still in the process of conversion, it is not currently possible to assess with certainty whether it will be confirmed as provided therein. Similarly, since the consultation document IVASS did not provide definitive guidelines that may eventually be introduced by an executive act of IVASS, it is currently not possible to evaluate their effects. In any case, the financial newspapers can be positively influenced by market trends, also measured in terms of new IPOs. External sources (Study of Investment Banking by Banca IMI in January 2014) predict for the current year from 25 to 30 new IPOs on the stock exchange, with a change in the major trend compared to the seven IPOs in 2009, 10 in 2010, nine in 2011, six in 2012 and 18 in 2013.

These data are in line with what was stated by the Chairman of Consob at the recent Milan meeting held with the financial community. Increased activity will also be linked to EXPO 2015 and the international profile of the group titles (evidenced by the success, in 2012 and 2013, of special issues on MF International on China, Brazil, UAE, Russia and by other initiatives); Class Editori is working to strengthen this line of business through agreements with foreign publishers as well as activity abroad which also includes e-commerce.

p. Board of Directors
Chairman

Victor Uckmar

CLASS EDITORI Spa and subsidiaries
Quarterly Management Report
01/01/2014- 31/03/2014
Consolidated financial results
(in thousand of €)

INCOME STATEMENT	31/03/2014	31/03/2013
REVENUES		
Sales revenues	18.655	18.500
Other operating income	1.374	1.161
Total revenues	20.029	19.661
COSTS		
Operating costs	(21.958)	(22.446)
Gross operating margin - EBITDA	(1.929)	(2.785)
Extraordinary income/ (expenses)	(94)	(180)
Depreciation and impairment	(1.340)	(853)
Operating profit - EBIT	(3.363)	(3.818)
Net financial income (expenses)	(1.016)	(590)
Net result	(4.379)	(4.408)
Third-party loss (profit)	(161)	110
Group net profit	(4.540)	(4.298)

**DECLARATION PURSUANT TO ART. 154-BIS, PARAGRAPH 2 OF
LEGISLATIVE DECREE DATED FEBRUARY 24th, 1998, No. 58**

The undersigned Emilio Adinolfi, as Manager in charge of preparing corporate accounting documents of the CLASS Editori S.p.A., certifies that the accounting information contained in this document corresponds to the document results, books and accounting records.

Manager in Charge

Emilio Adinolfi