

**Annual financial statements of De Agostini S.p.A.
for the Year Ending 31 December 2017 approved**

STRATEGIC STRENGTHENING IN ALL BUSINESS AREAS

**FOCUS ON CASH GENERATION, INCLUDING
VIA THE SALE OF NON-CORE ASSETS**

**CONSOLIDATED NET FINANCIAL POSITION
IMPROVES BY OVER EUR 1,000 MILLION**

**DIVIDENDS OF EUR 153 MILLION PAID BY INVESTEE COMPANIES
TO THE HOLDING COMPANIES**

Novara, 25 July 2018. The **shareholders meeting of De Agostini S.p.A.**, which met today under chairman Marco Drago, approved the Annual Financial Statements for the Year Ending 31 December 2017 and examined the Consolidated Financial Statements for the same period, which have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

In brief, **at consolidated level:**

- **Net revenues** totalled EUR 4,794 million while **EBITDA** came in at 31%; this was broadly in line with 2016, taking account of the changes in the basis of consolidation, specifically the sale of Double Down Interactive by IGT, exchange rate effects, and the adoption of new accounting standards on revenues generated by the Italian lottery (Gioco del Lotto);
- **Ordinary EBT (pre-tax earnings)** was positive at EUR 186 million, with a **net loss for the Group** of EUR 517 million, mainly due to exchange rate effects (EUR -391 million at consolidated level) and the adjustment to the value of North America Gaming & Interactive (EUR -642 million) recorded by IGT. It is worth pointing out, in this regard, that if we analyze the fair value of IGT as a whole – i.e. including activities in the Lotteries sector – the overall values recorded at the end of 2016 were substantially confirmed; in other words, the value adjustment in question does not actually reflect a reduction in the overall fair value of IGT, but rather a different distribution of the value between the various business areas;
- **Net financial position** improved substantially to EUR -7,011 million (compared with the figure of EUR -8,085 million at end-2016), mainly thanks to the disposals made, notably Double Down Interactive (operating in the social gaming sector) by IGT.

INSTITUTIONAL AND MEDIA RELATIONS DEPARTMENT

De Agostini S.p.A.
via Brera 21, 20121 Milan
Tel. +39 02 62499592 Fax +39 02 62499553
e-mail: relazioni.media@deagostini.it
www.gruppodeagostini.it

The net financial debt of **Sistema Holding**, comprising De Agostini S.p.A. and the other holding companies controlled by it – fell to EUR 503 million (versus EUR 580 million posted at 31 December 2016); this was due to the substantial flow of dividends provided by the investee companies during the year (EUR 153 million).

The Group's **net asset value** was EUR 3,126 million, while its portion of **net shareholders' equity** was EUR 1,651 million.

The **Parent Company, De Agostini S.p.A.**, reported net profit of EUR 58.4 million in 2017, compared with EUR 16.3 million in 2016. The Company's shareholders' meeting approved the proposal of the Board of Directors to pay a **dividend** of EUR 0.60 per share (totalling EUR 24.9 million), compared with a dividend of EUR 0.56 per share for the previous year (+7%).

* * *

The performance of each business area is shown below.

Publishing

De Agostini Editore continued with the demanding process of streamlining the portfolio, which is now focused on three business units, Partworks, Books and Digital.

Extraordinary efforts – as well as a radical rethink of ways to bring in new customers and the distribution model – are required to turn around Partworks, due partly to the now entrenched structural difficulties in the reference market. Good results have been achieved in the Books business unit, most notably with the consolidation of the market share in the School Texts segment and the launch of the new strategic partnership – DeA Planeta Libri – between De Agostini Libri and Planeta Corporación.

Several new initiatives have been implemented in the Digital business, including the launch of a new TV channel, Alpha, on channel 59 of the digital terrestrial platform.

Our continued aim over the next eighteen months is to restore the operating and financial balance in publishing activities as a whole by also taking advantage of the satisfactory performance achieved in Books and Digital.

Net revenues of the businesses in question fell to EUR 387 million, while EBITDA was negative at EUR 17 million.

Media & Communication

Banijay Group has implemented major expansion initiatives through the acquisition of new IPs – most notably the “Survivor” format – which have improved the content portfolio, and through selective mergers and acquisitions, have laid the foundations for further growth in future years.

INSTITUTIONAL AND MEDIA RELATIONS DEPARTMENT

De Agostini S.p.A.
via Brera 21, 20121 Milan
Tel. +39 02 62499592 Fax +39 02 62499553
e-mail: relazioni.media@deagostini.it
www.gruppodeagostini.it

The group has also strengthened its capital and financial structure, with the participation of the company's key managers in its capital and a major refinancing operation (involving Banijay Group's debut on the eurobond market).

To sum up, two years after the merger of Banijay and Zodiak Media, Banijay Group is today the world's largest independent operator in content production, led by an extremely capable management team and with a shareholder structure of high standing.

Banijay Group recorded revenues of approximately EUR 850 million, and an EBITDA of over EUR 110 million.

Also in Media & Communication, the excellent results achieved by Atresmedia should be highlighted, enabling it to consolidate its position as joint leader in the Spanish TV market; its solid operating and financial performance has made it possible to distribute significant regular and extraordinary dividends to shareholders while still maintaining a strong capital and financial structure.

Atresmedia posted record-high revenues of EUR 1,052 million, with an EBITDA of over EUR 200 million and net profit of EUR 142 million, its highest in ten years.

Turning to the accounting rules used to prepare the Consolidated Financial Statements for the De Agostini Group, the indirect holdings in Banijay Group and Atresmedia were reported using the equity method and hence without including the operating indicators for their respective business lines.

Gaming & Services

IGT strengthened its leadership position in the Lotteries sector with several significant contract/concession renewals including *Gratta & Vinci* (scratch cards) in Italy (after the renewal in 2016 of another key concession in Italy related to the Gioco del Lotto lottery). IGT also finalized the sale of Double Down Interactive and other non-core assets, strengthening its financial structure.

The challenge for the next few years is to further strengthen our focus on relaunching the Gaming sector, requiring us to cope with a more complex competitive environment than was expected when we acquired the legacy IGT.

IGT achieved net revenues of EUR 4,339 million, and an EBITDA of EUR 1,485 million. It should be noted that the results recorded in 2017 suffered from the effects of the deconsolidation of Double Down Interactive (which was included for only the first five months of the year) and the new accounting for revenues from the Gioco del Lotto lottery (reported net of annual amortization of the cost incurred for renewing the concession).

Finance

DeA Capital consolidated its leadership in the Italian alternative asset management sector (with assets under management of over EUR 11,500 million), showing particular dynamism in new product offerings, especially in the closed-end real estate funds segment and the recently developed SPACs (special purpose acquisition companies) segment. In this context, DeA Capital continues to be Italy's largest platform for alternative investment choices in Italy, with proven

INSTITUTIONAL AND MEDIA RELATIONS DEPARTMENT

De Agostini S.p.A.
via Brera 21, 20121 Milan
Tel. +39 02 62499592 Fax +39 02 62499553
e-mail: relazioni.media@deagostini.it
www.gruppodeagostini.it

abilities in fund-raising and executing transactions, including those with highly complex structures.

In October 2017, the rebranding of two asset management companies controlled by DeA Capital became effective. IDeA Capital Funds SGR was renamed DeA Capital Alternative Funds SGR and IDeA Fimit SGR became DeA Capital Real Estate SGR.

Lastly, with regard to the investment in Assicurazioni Generali, record-high operating results were achieved again due to the performance of the Life branch and of the Investments and Asset & Wealth Management businesses, as well as the early achievement of cost containment goals. These results made it possible, for the umpteenth time in recent years, to increase the dividend per share, which, in terms of yield, was already at one of the highest levels on the entire Italian stock exchange.

* * *

After the end of the reporting period, as part of the process to rebalance the risk profile of its portfolio, De Agostini S.p.A. signed a number of agreements with Credit Suisse regarding the participation of De Agostini S.p.A. in a collar option structure for 18 million IGT shares (representing about 9% of the subsidiary's share capital out of a total of about 51% held).

In preparation for signing the above agreements, Credit Suisse placed a fraction of the total number of IGT shares underlying the transaction (borrowed from third parties) for the purposes of delta hedging at a reference price of USD 28.25 per IGT share.

For De Agostini S.p.A., the structure, which consists of tranches with semi-annual maturities of 4 to 5.5 years, entailed the purchase of put options and the sale of call options expressed as a percentage (based on the maturity of the individual tranche) of the price of Credit Suisse's placement.

The transaction could result in the forward monetization of IGT's underlying stake; from this perspective, the **net bank debt of the holding company structure could be considered as potentially cleared** as a result of the strategy, with its strong emphasis on cash generation, that has been followed for several years.

* * *

Following the De Agostini S.p.A. shareholders' meeting, the ordinary shareholders' meeting of parent company **B&D Holding** was held to approve the Annual Financial Statements for the Year Ending 31 December 2017, which closed with a net profit of EUR 17.9 million (compared with EUR 16.1 million in 2016). On the same day, the extraordinary shareholders' meeting was held to approve the transformation of B&D Holding into B&D Holding S.p.A., in order to optimize the ownership structure, while also confirming the corporate roles.

* * *

INSTITUTIONAL AND MEDIA RELATIONS DEPARTMENT

De Agostini S.p.A.
via Brera 21, 20121 Milan
Tel. +39 02 62499592 Fax +39 02 62499553
e-mail: relazioni.media@deagostini.it
www.gruppodeagostini.it



For further information:

Elena Dalle Rive

Head of Press Office – De Agostini S.p.A.

Telephone: +39 02 62499592/ Mobile +39 335 7835912

elena.dallerive@deagostini.it

De Agostini

De Agostini is a family-owned international group, organized as a financial conglomerate, that operates in various industries (Publishing, via De Agostini Editore; Media & Communication, via Banijay Group and Grupo Planeta-De Agostini/Atresmedia; Gaming and Services, via IGT) and in the financial sector (via DeA Capital and the investment in Assicurazioni Generali).

De Agostini Editore is present in 30 countries, in the Partworks, Books and Digital businesses. Banijay Group is the world's largest independent operator in content production. Atresmedia is the joint leader in TV broadcasting in Spain. IGT is the global leader in the gaming and services sector. DeA Capital operates in alternative investments, with private equity investments and the largest alternative asset management (private equity, real estate and NPL) platform in Italy.

PRESS RELEASE

INSTITUTIONAL AND MEDIA RELATIONS DEPARTMENT

De Agostini S.p.A.

via Brera 21, 20121 Milan

Tel. +39 02 62499592 Fax +39 02 62499553

e-mail: relazioni.media@deagostini.it

www.gruppodeagostini.it