

**Annual Financial Statements for De Agostini S.p.A. approved for the
Year Ending 31 December 2016**

**IMPORTANT STRATEGIC STRENGTHENING INITIATIVES
COMPLETED**

**GROWTH IN KEY OPERATING INDICATORS – Revenues and EBITDA –
CONSOLIDATED NET PROFIT OF EUR 273 MILLION**

**DIVIDENDS OF EUR 110 MILLION FROM SUBSIDIARIES (OF WHICH
AROUND EUR 90 MILLION FOR THE PARENT COMPANY DE AGOSTINI
S.P.A.)**

PRESS RELEASE

Novara, 12 July 2017. The **shareholders meeting of De Agostini S.p.A.**, which met under chairman Marco Drago, approved the Annual Financial Statements for the year ending 31 December 2016 and examined the Consolidated Financial Statements for the same period, which has been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

In brief, at consolidated level:

- **Revenues** of EUR 5,193 million and **EBITDA** of EUR 1,584 million, both up by around 6% on 2015;
- **Consolidated net profit** of EUR 273 million, compared with a loss of EUR 180 million posted in 2015 (which reflected the impact of the acquisition of IGT and the merger of Zodiak Media and Banijay).

Note that the financial results for 2015 shown as a comparison with 2016 have been restated compared with the figures recorded in the Financial Statements to 31 December 2015, pursuant to IFRS 5, relating to the merger of Zodiak Media and Banijay.

The **consolidated net financial position** was negative at EUR 8,085 million, an increase on the figure of EUR 7,717 posted at the end of 2015, mainly due to investment spending by IGT to renew the exclusive concession for the Lotto game in Italy.

The financial debt of **Sistema Holding – De Agostini S.p.A. and the other holding companies controlled by it** – fell to EUR 582 million (versus EUR 600 million posted at 31 December 2015); this was due to the substantial flow of dividends provided by the subsidiaries during the year (EUR 110 million) net of the dividends paid (EUR 22 million) and the major investment incurred in the merger of Zodiak Media and Banijay (EUR 40 million).

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Group shareholders' equity increased further to EUR 4,463 million (from EUR 4,276 million at end-2015 and EUR 4,073 million at 31 December 2014).

Parent company De Agostini S.p.A. reported net profit in 2016 of around EUR 16.3 million, compared with EUR 33.6 million in 2015; the profit for 2016 reflects impairment of EUR 25 million for the stake in De Agostini Editore, largely due to the performance of the Partworks business.

In terms of changes in value, the **Net Asset Value** of the Parent Company was EUR 3,215 million at 31 December 2016, a marked increase (43%) on the figure at end-2015; this was mainly thanks to the recovery in IGT's share price, which was boosted in part by the positive performance of the financial markets.

The shareholders' meeting of De Agostini S.p.A. approved the proposal of the Board of Directors to pay a **dividend** of EUR 0.56 per share (totalling EUR 27 million on the date of the resolution), compared with a dividend of EUR 0.53 per share for the previous year (+6%).

* * *

The performance of each business area is shown below.

Publishing

In 2016, De Agostini Editore further accelerated its efforts to reposition and simplify its portfolio of activities in a highly complex international market. In this context, the activities relating to Atlas For Men and Florange (direct marketing) and White Star (illustrated books) were sold, allowing the business to focus on the following three areas: Partworks, Books and Digital.

At the same time, the Partworks business continued with its restructuring and reorganisation measures to regain overall business and financial equilibrium over a timeframe commensurate with the difficulties still being experienced by the market.

In Italy, the Books segment expanded its scope of working with its traditional Spanish partner Planeta Corp., via the creation of a new joint venture, DeA Planeta Libri, which became operational on 1 January 2017. Its aim is to revitalise De Agostini's publishing business in Italy.

Revenues fell to EUR 444 million (-15%), while EBITDA was negative at EUR 11 million (compared with a positive figure of EUR 14 million recorded in 2015).

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Media & Communication

In February 2016, the merger of Zodiak Media and Banijay, companies in which the Group had shareholdings (a controlling stake in the former and a strategically significant stake in the latter) was completed. This led to the creation of the "new" Banijay Group, one of the world's leading independent media production groups.

The Group plays a significant but minority role in the combined entity as joint shareholder with Banijay's founder, Stephane Courbit, his management team, and Vivendi.

Today, the Banijay Group is integrated and fully operational, has already launched a number of strategic development initiatives (including the acquisition of Castaway, which is currently being completed) and has recently refinanced all its medium-/long-term financial debt (with the issue of a high-yield bond, which was very favourably received by investors).

The Banijay Group, as a combined entity, has revenues of around EUR 800 million, with an EBITDA of approximately EUR 100 million.

Also in Media & Communication, the joint venture Grupo Planeta-De Agostini achieved excellent results in both its publishing activities (university courses in particular) and Atresmedia (thanks to the good performance of the advertising market and growth in audience share).

In 2016, Atresmedia posted revenues of EUR 1,021 million, a record high for the company, even though the TV advertising market in Spain is still, overall, approximately 40% lower than its 2007 peak; EBITDA was over EUR 200 million, the highest margin for ten years.

Turning to the accounting rules used to prepare the Consolidated Financial Statements for the De Agostini Group, the holdings in Banijay Group and Grupo Planeta-De Agostini (and, consequently, Atresmedia) were reported using the equity method and hence without including the operating indicators.

Gaming & Services

IGT, the leading company in the Group's gaming and services business, carried out a number of significant transactions in 2016.

The exclusive concession for the Lotto game in Italy was renewed for another nine years (up to 2025). The transaction, which took shape after a bidding process, was carried out by a consortium controlled by Lottomatica (Italia) as lead player to ensure business continuity.

In addition, the integration of the "legacy" IGT company continued during the year, which actually exceeded expectations in terms of operating and cost synergies based on the substantial acquisition made in 2015; the challenge now is to relaunch the products and hence the revenues and margins of the legacy company.

Lastly, we would like to emphasise the significant measures implemented by the company to improve financial efficiency and consolidate its assets and liabilities, with the ultimate aim of deleveraging. In this context, the company completed

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the sale of some non-strategic assets, including Double Down Interactive (social gaming) in 2017; the latter generated proceeds of over USD 800 million, which will be used in their entirety to reduce financial debt.

In 2016, IGT generated revenues of EUR 4,675 million and an EBITDA of EUR 1,599 million (both of which were up 9% on 2015, partly due to changes in the scope of consolidation).

Finance

DeA Capital, the company heading up the finance business, continued its two-pronged strategic plan of developing Alternative Asset Management (AAM) – which, with assets under management totalling over EUR 11,000 million, has confirmed its position as sector leader in Italy – and increasing the value of existing private equity investments.

As part of the development of AAM, a number of new and important NPL (non-performing loans) initiatives were launched, which helped raise significant funds (more than EUR 1,500 million in new assets under management originated in 2016).

The most significant transactions intended to increase the value of existing private equity investments were, in fact, carried out in 2017; during the year, the company sold a further holding in Migros (large retail operator in Turkey) and announced the signing of an agreement to sell the stake in Sigla (consumer credit).

Lastly, with regard to the investment in Assicurazioni Generali, the path embarked on by the new management, appointed in spring 2016, further accelerated the company's growth plan, leading to record operating and cash-generation results; this boosted the associated increase in the dividend per share, which is now one of the most attractive stocks, in yield terms, on the entire Italian stock exchange.

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Marco Drago, Chairman of De Agostini S.p.A., said: *"In 2016, the Group completed a number of important strategic strengthening initiatives, and achieved good business and financial results, especially in terms of net asset value growth. We are facing a macroeconomic environment that seems to be improving, although we cannot overlook the uncertainties linked to geopolitical factors, which can affect it significantly. Against this backdrop, we will press ahead, with our enduring entrepreneurial spirit, and make decisions aimed at continuously improving our companies' competitiveness and creating long-term value"*.

Lorenzo Pellicoli, CEO of De Agostini S.p.A., said: *"After the highly satisfactory results in 2016, 2017 certainly looks challenging in comparison; however, we can rely on our efforts in recent years, during which we have built*

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an extremely solid Group containing companies that are leaders or joint leaders in their respective sectors/markets. I am sure that our portfolio of activities will continue to provide the holding company with a steady cash flow, together with important options for increasing value".

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Following the De Agostini S.p.A. shareholders' meeting, the shareholders' meeting of Parent Company **B&D Holding di Marco Drago e C. S.a.p.a.** was held to approve the annual financial statements for the year ending 31 December 2016, which closed with a net profit of EUR 16.1 million (compared with EUR 15.7 million in 2015).

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De Agostini

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

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

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