

PRESS RELEASE

pursuant to Consob resolution no. 11971/99 and subsequent amendments

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

The Board of Directors approves the consolidated financial results as of September 30, 2013

**IN A FRAMEWORK OF HEAVY RECESSION, THE GROUP
CONFIRMS A POSITIVE RESULT
NET PROFIT AT €4.5M**

INDEBTEDNESS REDUCED AT €61.7M (€108.1M AT DECEMBER 2012)

CONSOLIDATED REVENUES AMOUNT TO €524.4M (-11.7%)

GRUPPO ESPRESSO FINANCIAL RESULTS AT SEPTEMBER 30, 2013

Consolidated results(€M)	<i>Jan-Sept 2012</i>	<i>Jan-Sept 2013</i>	<i>Δ% 2013/2012</i>
Revenues, of which:	594.0	524.4	-11.7%
• circulation	231.2	215.3	-6.9%
• advertising	342.4	288.6	-15.7%
• others	20.5	20.6	+0.5%
Gross operating profit	82.8	47.5	
Operating profit	54.3	24.0	
Pre-tax profit	45.4	16.0	
Net profit	26.4	4.5	

(€M)	<i>September 30 2012</i>	<i>December 31 2012</i>	<i>September 30 2013</i>
Net Financial position	(105.1)	(108.1)	(61.7)
Shareholders' Equity including minority interests	567.8	557.7	560.5
• Shareholders' equity	566.1	555.9	558.6
• Minority interests	1.7	1.8	1.9
Employees	2,584	2,536	2,467

Rome, October 23, 2013 - The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome under the chairmanship of Carlo De Benedetti and approved the consolidated results as at September 30, 2013, presented by the Chief Executive Monica Mondardini.

MARKET OUTLOOK

The economic recession persisting over year 2013 has severely affected the publishing sector, which has recorded negative performances in both advertising sales and circulation of dailies and magazines.

Up to August 2013 the advertising market has suffered a 15.8% downturn over the corresponding period of year 2012 (Nielsen Media Research).

All the traditional media have recorded considerable downturns in advertising sales: press sector (-23.0%), television (-14.6%) and radio (-12.6%). After years of lively and steady growth, also the Internet advertising sales have suffered a setback (-3.0%, but for search engines as they have not been surveyed by Nielsen).

More in particular, as regards advertising investments in the press sector, almost analogous downturns have been recorded by both dailies and magazines (-22.4% and -24.0% respectively); in contrast a remarkable difference in performance is noticed between national advertising, which is 27.5% down, and local advertising which has recorded a less severe -15.8% downturn.

In terms of circulation, based on ADS data (Accertamento Diffusione Stampa, up to August), a 9.4% downturn has been recorded in sales of daily newspapers.

PERFORMANCE OF GRUPPO ESPRESSO DURING THE FIRST NINE MONTHS OF YEAR 2013

The Group's **consolidated net revenues**, amounting to €524.4M, are down 11.7% over the first nine months of year 2012 (€594.0M), due to the crisis affecting the entire sector.

Circulation revenues, amounting to €215.3M, are down 6.9% over the corresponding period of the previous year (€231.2M), in a market situation which - as referred to above - is suffering a persistent, considerable, daily circulation decrease (-9.4%).

The Group's titles are performing well vis-à-vis the market.

According to the most recent Audipress (2013/II survey) and ADS (August 2013) data, *la Repubblica* confirms its leadership in the Italian daily newspapers scenario both in terms of daily average readership (2.8 million) and for copies sold (newsstand sales, subscriptions and other).

Moreover, the digital version of this title (*Repubblica+* and *Repubblica Mobile*) has recorded 71,000 subscriptions, up 36% vis-à-vis end of September 2012.

The latest Audipress survey also reports that the Group's network of local daily newspapers has reached a daily average readership of 3.1 million and, finally, *L'Espresso* ranks first among the Italian newsmagazines with 2.1 million readers.

At the end of September 2013 the digital products of all the Group's titles, altogether, have recorded more than 90,000 subscriptions.

Advertising revenues, amounting to €288.6M, have recorded 15.7% downturn over the first nine months of year 2012, in a market which has experienced 15.8% decline.

Advertising sales by sector have recorded 21.8% decline (-23% for the market) in the press sector, with a sharper downturn for magazines and less severe for local dailies.

Likewise, the Group's radio stations are suffering a considerable -10.7% downturn, which is nevertheless lower vis-à-vis the -12.6% downturn recorded by this sector altogether.

In contrast, Internet advertising sales are up 1.8% in spite of no longer favorable market dynamics (-3.0%). In this respect, it is worth noting the very positive trend of the Group's websites audience: they have recorded 3 million daily average unique browsers, up 26% vis-à-vis the average value of the corresponding period of year 2012 (Nielsen Site Census and Webtrekk). In particular, Repubblica.it has reached +19% and confirmed its leadership among the Italian language news websites, while the local dailies websites have attained +45%.

As it may be deduced from the above data, the performance of advertising sales in all the Group's media has been slightly more positive vis-à-vis the market, thus confirming a progressive increase in market shares which has been taking place over the latest years.

Other revenues, amounting to €20.6M, have basically maintained the same steady performance vis-à-vis the first nine months of year 2012 (€20.5M).

Total costs show a 7.8% reduction: excluding digital edition and digital terrestrial television - whose costs are increasing in order to support their development - a 12.2% reduction is recorded, thanks to the reorganization measures under implementation, in particular in the Group's industrial and administrative areas.

The **consolidated gross operating profit** amounts to €47.5M, vis-à-vis €82.8M of the corresponding period of year 2012.

All the Group's traditional sectors of activity have recorded a decline in gross profit margins due to a general decrease in advertising revenues; a sharper downturn has been recorded in the Group's national press sector (la Repubblica and magazines) – which has suffered the most from the crisis of the advertising market; the Group's local dailies and radio stations are showing greater resilience.

The **consolidated operating profit** amounts to €24.0M, vis-à-vis €54.3M of the corresponding period of the previous year.

The **consolidated net profit** has recorded €4.5M, vis-à-vis €26.4M attained during the first nine months of year 2012.

The **consolidated net financial position** has further improved from -€108,1M as at end 2012 to -€61.7M as of September 30, 2013, with a financial surplus of €46.4M.

End of September 2013 the **Group staff**, including fixed-term contracts, has recorded 2,467 employees. The average number of employees in the period is 4.8% down vis-à-vis the first nine months of 2012.

MOST SIGNIFICANT ECONOMIC RESULTS OF THIRD QUARTER 2013

Consolidated quarterly results(€M)	<i>3rd Quarter 2012</i>	<i>3rd Quarter 2013</i>
Revenues	174.2	155.0
Gross operating profit	22.0	14.2
Operating profit	12.2	6.2
Pre-tax profit	9.1	3.5
Net profit	5.2	0.8

The third quarter performance confirms trend observed during the course of the first half-year.

The **consolidated net revenues** are down 11% with a 13.5% decline in advertising sales; while other revenues show progression in line with the first half-year.

The **consolidated operating profit** amounts to €6.2M vis-à-vis €12.2M of the third quarter 2012; the **consolidated net profit** amounts to €0.8M.

The Group's Director of Administration and Accounts, Gabriele Acquistapace, manager in charge of drafting corporate and accounting records, pursuant to subparagraph 2 art.154bis of "Testo Unico delle Finanze" (Finance Consolidation Act), states that the accounting information included in this press release corresponds to the documents results, the books and the accounting record.

SUBSEQUENT EVENTS AND OUTLOOK

Over the latest five years the Italian publishing industry has recorded some severe decrease in revenues due in particular to the negative performance of advertising investments: this sector has suffered a first drastic decrease in 2009 and again an equally severe decrease in 2012; both these periods have been characterized by a heavy recession phase in the economic framework.

In order to illustrate the above scenario, one should just consider that, according to Nielsen's assessments, in year 2012 advertising investments have decreased by 24% in nominal terms with respect to their value in year 2007 and, in the same period, investments in the press sector have recorded a 44% decrease.

In addition, the publishing industry has had to face further difficulties linked to the circulation of daily newspapers and magazines, as this sector has been involved in the more general and diffused consumer spending difficulties, as well as in the process of digitalization.

Year 2013 keeps showing an extremely critical performance of both advertising sales (-15.8% in August) and circulation. Furthermore, no sign of improvement appears in the current monthly performance of advertising sales.

Our Group has successfully overcome the economic crisis of year 2009, actually recovering in year 2011 its pre-crisis level of profitability, by means of a deep restructuring process implemented over the 2009-2010 period, thus achieving a significant debt reduction.

In order to face the second wave of crisis appeared in the last quarter of year 2011 and still ongoing, the Group has put in place plans aimed at accelerating its digital development on the one side and further cost reduction on the other side.

These actions have enabled mitigating the economic crisis negative impact and, in year 2012, recorded positive results in a highly burdensome sector, attaining a slightly positive result also in the first nine months of year 2013.

Uncertainty is still deep in the outlook for year 2013; in fact the current recession framework is heavily affecting advertising investments. At the moment, according to Nielsen data, during the course of year 2013 the Group's performance seems to show the stabilization of advertising investments: the present level is about 25%, lower vis-à-vis the same period of year 2011 (comparison with year 2012 - which highlights a progressive reduction of this gap - is scarcely significant if one considers that an uninterrupted decrease of investments had been recorded during the course of the year).

The Group management is going to maintain its guidelines: success attained with traditional products and related cost reduction, digital development and valorization of television assets.

As regards costs, considering the present market situation, the Group has undertaken a set of new and sharper cost reduction actions.

As regards the valorization of television assets, it is worth noting that early in October, the Group has signed an agreement concerning the possible integration of the network operator activities of its subsidiary Rete A with those of Telecom Italia Media Broadcasting (TIMB), controlled by Telecom Italia Media. This operation, which would integrate five muxes with national coverage (three from TIMB and two from Rete A) on a single digital platform, would enable to create Italy's leading independent network.

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