

**PRESS RELEASE**

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

**GRUPPO EDITORIALE L'ESPRESSO S.P.A.**

*The Board of Directors analyzed the consolidated results as of December 31, 2013*

**DESPITE THE CRISIS THAT HIT HARD THE PUBLISHING SECTOR,  
GRUPPO ESPRESSO HAS ATTAINED A NET PROFIT OF €3.7M**

**NET INDEBTEDNESS HAS FURTHER IMPROVED,  
FROM €108.1M TO €73.5M,  
WITH A FINANCIAL SURPLUS AMOUNTING TO €34.6M**

**ESPRESSO GROUP FINANCIAL RESULTS AS OF DECEMBER 31, 2013**

<b>Consolidated results (€M)</b>	<i>Year</i> 2012	<i>Year</i> 2013	<i>Δ%</i> 2013/2012
Revenues, of which:	812.7	711.6	-12.4%
• circulation	263.2	248.0	-5.8%
• Add-on products	44.6	33.6	-24.6%
• advertising	476.3	403.0	-15.4%
• other	28.6	27.0	-5.3%
Gross operating profit	102.4	63.5	
Operating profit	60.4	31.3	
Pre-tax profit	44.1	17.3	
Net profit	21.8	3.7	

<b>(€M)</b>	<i>December 31</i> 2012	<i>December 31</i> 2013
Net Financial position	(108.1)	(73.5)
Shareholders' Equity including minority interests	557.7	562.2
• Shareholders' Equity	555.9	560.2
• Minority interests	1.8	2.0
Employees	2,536	2,425

*Rome, February 26th, 2014* - 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 of December 31, 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.

According to Nielsen Media Research the advertising market has recorded a 12.3% decline over year 2012.

All the traditional media have recorded considerable downturns in advertising sales: the press sector (-21.2%), television (-10.0%) and radio (-9.3%). After years of lively and steady growth, also the Internet advertising sales have suffered a setback (-1.8%, except search engines as they have not been surveyed by Nielsen).

More in particular, regarding advertising investments in the press, remarkable downturns have been recorded by both dailies and magazines (-19.5% and -23.9% respectively), with a 24.5% decline in national advertising vis-à-vis the less severe downturn recorded in local advertising (-14.7%).

In terms of circulation, the downturn trend recorded in the past has become more evident in both dailies and magazines, in a market showing a generalized crisis of consumer spending. According to internal surveys based on ADS (Accertamento Diffusione Stampa) data, the sales of daily newspapers have recorded a 10.1% decline in year 2013.

## PERFORMANCE OF GRUPPO ESPRESSO RESULTS IN YEAR 2013

The Group's **consolidated net revenues**, amounting to €711.6M, are down 12.4% over year 2012 (€812.7M), due to the crisis affecting the entire sector.

**Circulation revenues**, amounting to €248.0M, are down 5.8% over the previous year (€263.2M), in a market situation which - as referred to above - is suffering a persistent, considerable, decrease (-10.1%) in the circulation of daily newspapers.

The Group titles' good performances, as compared to the reference market sectors, are confirmed in year 2013.

According to the most recent Audipress (2013/III Survey) and ADS (December 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 good performance of the development of digital products has been confirmed (*Repubblica+* and *Repubblica Mobile*), with over 75,000 active subscribers as of December 2013.

The latest Audipress survey also reports that the Group's network of local daily newspapers has reached a daily average readership of 3 million and, finally, *L'Espresso* ranks first among the Italian newsmagazines with 2 million readers.

At the end of December the digital products of all the Group's titles, have recorded altogether more than 96,000 subscriptions.

**Advertising revenues**, amounting to €403.0M, have suffered a 15.4% downturn vis-à-vis the previous year.

Advertising sales by sector have recorded a 19.5% decline in the press sector, with a less sharp contraction vis-à-vis the market (-21.2%); the marked downturn recorded has been stronger in magazines and less severe in local dailies.

Likewise, the Group's radio stations have experienced a considerable -9.5% decline, basically in line with the sector as a whole (-9.3%).

Finally, the Internet advertising revenues are basically stable (-0.9%) in a market recording a slight decline (-1.8%). In this respect, it is worth noting the very positive trend of the Group's websites audience, which has reached an average of 1.8 million daily unique browsers, up 4% vis-à-vis year 2012 (AWDB data, except tablet and smartphone users). In particular, *Repubblica.it* has recorded 1.4 million average daily unique users, confirming its leadership among the Italian language news websites, and scoring +24% lead over the second-place (AWDB data); likewise, the local daily newspapers websites have attained a considerable performance with a +17% rise in audience.

**Other revenues**, amounting to €27.0M, have basically maintained the same steady performance vis-à-vis year 2012 (€28.6M).

**Total costs** show a 9.6% reduction: excluding digital edition and digital terrestrial television - whose costs have increased in order to support their own development - an 11.2% reduction has been recorded, thanks to the additional reorganization measures implemented, in particular in the Group's industrial and administrative areas.

The **consolidated Gross Operating Profit** amounts to €63.5M, vis-à-vis €102.4M of year 2012; the Group has recorded reorganization expenses amounting to €16.8M.

The Gross operating profit downturn has concerned in particular the activities more severely exposed to the market outlook of the advertising, radio and national dailies sectors. In contrast, Gross operating profit of local daily newspapers has shown resilience, as the decline in revenues has been totally balanced by cost reduction.

The **consolidated operating profit** amounts to €31.3M, vis-à-vis €60.4M of the previous year.

The **consolidated Net Profit** has reached €3.7M, as compared to €21.8M of year 2012.

The **consolidated net financial position** has further improved from -€108.1M (end of year 2012) to -€73.5M as of December 31, 2013, with a financial surplus of €34.6M.

The Group staff – including term contracts – has decreased to reach 2,425 employees at the end of December, that is -111 people with respect to December 31, 2012. The average staff of the period is 4.7% down vis-à-vis the previous year, having decreased from 2,614 to 2,492 people.

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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.

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### **2013 FINANCIAL STATEMENTS OF THE PARENT COMPANY**

The parent Company's revenues amount to €342.7M (€403.9M in year 2012). The Operating Profit has reached €1.2M (€21.8M in year 2012). Net Profit amounts to €21.5M (€33.9M in year 2012).

### **PROPOSED ALLOCATION OF 2013 NET PROFIT**

The Board of Directors is going to propose to the Shareholders Meeting called on April 16, 2014, not to distribute any dividend for year 2013 and to allocate the Net Profit to the Retained Earnings Reserve, as the legal reserve has already reached 20% of the share capital.

### **VERIFICATION OF REQUISITES FOR INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS**

The Board of Directors has verified members' requisites for independence and confirmed that the following members are entitled: Agar Brugiavini, Giorgio Di Giorgio, Silvia Merlo, Elisabetta Olivieri, Tiziano Onesti, Luca Paravicini Crespi, and Michael Zaoui. Requisite for independence and honorability were also confirmed for the members of the Board of Statutory Auditors.

### **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 2013 advertising investments have decreased by 36% in nominal terms with respect to their value in year 2007 and, in the same period, investments in the press sector have recorded a 57.5% decrease.

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

Our Group has successfully overcome the economic crisis of year 2009, actually recovering in year 2011 its pre-crisis level of profitability, through the 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 persisting during the subsequent two years, 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 negative impact of the economic crisis and, in year 2012, recorded positive results in a highly burdensome sector, attaining a slightly positive result also in year 2013.

The Group management is going to maintain its guidelines over year 2014: success attained with traditional products and related cost reduction, digital development and valorization of its television assets.

As regards costs, 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 a non-binding agreement concerning the possible integration of the network operator activates of its subsidiary Rete A with those of Telecom Italia Media Broadcasting (TIMB), controlled by Telecom Italia Media. This operation, currently under negotiation, which would integrate TIMB and Rete A muxes on a single digital platform, would enable to create Italy's leading independent network.

In terms of expectations for year 2014, visibility is still limited as the results heavily depend on the performance of the advertising market, which keeps showing uncertain signals: if, on the one side the radio sector seems to be recovering, on the other side the performance of advertising in the press sector is still critical.

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# Gruppo Espresso

## Consolidated Income Statement

(€ thousand)	Year 2012	Year 2013
Revenues	812.683	711.645
Change in inventories	(338)	169
Other operating income	19.479	7.622
Purchases	(88.806)	(74.392)
Services received	(348.891)	(311.344)
Other operating charges	(23.828)	(15.083)
Investments valued at equity	797	241
Personnel costs	(268.697)	(255.349)
Depreciation, amortization and write-downs	(42.038)	(32.242)
<b>Operating profit</b>	<b>60.361</b>	<b>31.267</b>
Financial income (expense)	(16.248)	(14.009)
<b>Pre-tax profit</b>	<b>44.113</b>	<b>17.258</b>
Income taxes	(22.162)	(13.418)
<b>Net profit</b>	<b>21.951</b>	<b>3.840</b>
Minority interests	(151)	(155)
<b>GROUP NET PROFIT</b>	<b>21.800</b>	<b>3.685</b>
Earnings per share, basic	0,056	0,009
Earnings per share, diluted	0,052	0,009

*Not completely audited data*

# Gruppo Espresso

## Consolidated Balance Sheet

<b>ASSETS</b> (€ thousand)	31 December 2012	31 December 2013
Intangible assets with an indefinite useful life	521.545	523.598
Other intangible assets	140.766	135.054
Intangible assets	662.311	658.652
Property, plant and equipment	145.823	136.946
Investments valued at equity	24.616	21.588
Other investments	2.573	2.573
Non-current receivables	1.134	1.981
Deferred tax assets	27.246	25.672
<b>NON-CURRENT ASSETS</b>	<b>863.703</b>	<b>847.412</b>
Inventories	15.294	12.253
Trade receivables	233.958	202.756
Marketable securities and other financial assets	23.101	11.332
Tax receivables	24.227	22.261
Other receivables	24.053	22.924
Cash and cash equivalents	129.089	164.793
<b>CURRENT ASSETS</b>	<b>449.722</b>	<b>436.319</b>
<b>TOTAL ASSETS</b>	<b>1.313.425</b>	<b>1.283.731</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (€ thousand)	31 December 2012	31 December 2013
Share capital	61.534	61.583
Reserves	174.068	155.859
Retained earnings (loss carry-forwards)	298.491	339.096
Net profit (loss) for the period	21.800	3.685
<b>Group Shareholders' Equity</b>	<b>555.893</b>	<b>560.223</b>
Minority interests	1.784	1.994
<b>SHAREHOLDERS' EQUITY</b>	<b>557.677</b>	<b>562.217</b>
Financial debt	244.512	7.512
Provisions for risks and charges	45.403	47.122
Employee termination indemnity and other retirement benefits	72.018	65.053
Deferred tax liabilities	122.277	125.132
<b>NON-CURRENT LIABILITIES</b>	<b>484.210</b>	<b>244.819</b>
Financial debt	15.813	242.129
Provisions for risks and charges	41.309	43.550
Trade payables	133.141	113.283
Tax payables	10.940	10.792
Other payables	70.335	66.941
<b>CURRENT LIABILITIES</b>	<b>271.538</b>	<b>476.695</b>
<b>TOTAL LIABILITIES</b>	<b>755.748</b>	<b>721.514</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.313.425</b>	<b>1.283.731</b>

*Not completely audited data*

# Gruppo Espresso

## Changes in the Consolidated Net Financial Position

(€ thousand)	Year 2012	Year 2013
<b>SOURCES OF FUNDS</b>		
Net profit (loss) for the period, including minority interests	21.951	3.840
Depreciation, amortization and write-downs	42.038	32.242
Accruals to provisions for stock option costs	1.776	1.105
Net change in provisions for personnel costs	3.918	(7.006)
Net change in provisions for risks and charges	7.773	3.960
Losses (gains) on disposal of fixed assets	(84)	(1.440)
Write-down (revaluation) of investments	4.411	3.295
Adjustments for investments valued at equity	31	216
<b>Cash flow from operating activities</b>	<b>81.814</b>	<b>36.212</b>
Decrease (Increase) in non-current receivables	(61)	(839)
Increase in liabilities/Decrease in deferred tax assets	5.816	4.449
Increase in payables/Decrease in tax receivables	(34.406)	1.856
Decrease (Increase) in inventories	6.712	3.041
Decrease (Increase) in trade and other receivables	4.606	32.906
Increase (Decrease) in trade and other payables	(3.091)	(21.483)
<b>Change in current assets</b>	<b>(20.424)</b>	<b>19.930</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>61.390</b>	<b>56.142</b>
Increases in share capital and reserves	-	361
Other changes	1.737	2.236
<b>TOTAL SOURCES OF FUNDS</b>	<b>63.127</b>	<b>58.739</b>
<b>USES OF FUNDS</b>		
Net investments in fixed assets	(28.017)	(18.220)
Net equity investments	(256)	(2.808)
(Acquisition) sale of treasury stocks	(1.918)	(1.064)
Dividends (paid)	(24.966)	-
Other changes	(5.900)	(2.028)
<b>TOTAL USES OF FUNDS</b>	<b>(61.057)</b>	<b>(24.120)</b>
<b>Financial surplus (deficit)</b>	<b>2.070</b>	<b>34.619</b>
<b>BEGINNIG NET FINANCIAL POSITION</b>	<b>(110.205)</b>	<b>(108.135)</b>
<b>ENDING NET FINANCIAL POSITION</b>	<b>(108.135)</b>	<b>(73.516)</b>

*Not completely audited data*



# Gruppo Espresso

## Statement of Consolidated Cash Flows

(€ thousand)	Year 2012	Year 2013
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period, including minority interests	21.951	3.840
Adjustments:		
- Depreciation, amortization and write-downs	42.038	32.242
- Accruals to provisions for stock option costs	1.776	1.105
- Net change in provisions for personnel costs	3.918	(7.006)
- Net change in provisions for risks and charges	7.773	3.960
- Losses (gains) on disposal of fixed assets	(84)	(1.440)
- Losses (gains) on disposal of equity investments and marketable securities	547	232
- Adjustments in value of financial assets	4.411	3.295
- Adjustments for investments valued at equity	31	216
- Dividends (received)	(19)	-
<b>Cash flow from operating activities</b>	<b>82.342</b>	<b>36.444</b>
<b>Change in current assets and other flows</b>	<b>(27.511)</b>	<b>22.192</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>54.831</b>	<b>58.636</b>
of which:		
Interest received (paid) through banks	(7.949)	(7.789)
Received (outlay) for income taxes	(40.445)	(1.453)
<b>INVESTING ACTIVITIES</b>		
Outlay for purchase of fixed assets	(28.569)	(20.159)
Outlay for purchase of equity investments	(256)	(2.864)
Received on disposals of fixed assets	552	1.996
(Acquisition) sale of marketable securities and available-for-sale assets	27.324	10.011
Dividends received	19	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(930)</b>	<b>(11.016)</b>
<b>FINANCIAL ACTIVITIES</b>		
Increases in capital and reserves	-	361
(Acquisition) sale of treasury stocks	(1.918)	(1.064)
Issue (repayment) of bond	(28.775)	-
Issue (repayment) of other financial debt	(11.004)	(10.789)
Dividends (paid)	(24.966)	-
Other changes	(20)	(111)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(66.683)</b>	<b>(11.603)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(12.782)</b>	<b>36.017</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>141.400</b>	<b>128.618</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>128.618</b>	<b>164.635</b>

*Not completely audited data*

# Gruppo Editoriale L'Espresso SpA

## Income Statement

(€ thousand)	Year 2012	Year 2013
Revenues	403.918	342.671
Change in inventories	(337)	170
Other operating income	12.564	3.812
Purchases	(56.708)	(44.721)
Services received	(209.521)	(177.992)
Other operating charges	(8.661)	(3.877)
Personnel costs	(113.047)	(115.678)
Depreciation, amortization and write-downs	(6.364)	(3.140)
<b>Operating profit</b>	<b>21.844</b>	<b>1.245</b>
Financial income (expense)	(8.286)	(8.331)
Dividends	34.231	30.915
<b>Pre-tax profit</b>	<b>47.789</b>	<b>23.829</b>
Income taxes	(13.899)	(2.283)
<b>NET PROFIT</b>	<b>33.890</b>	<b>21.546</b>

*Not completely audited data*

# Gruppo Editoriale L'Espresso SpA

## Balance Sheet

<b>ASSETS</b> (€ thousand)	31 December 2012	31 December 2013
Intangible assets with an indefinite useful life	220.661	220.661
Other intangible assets	883	1.064
Intangible assets	221.544	221.725
Property, plant and equipment	13.412	12.170
Investments	413.311	416.850
Non-current receivables	451	1.276
Deferred tax assets	12.115	11.892
<b>NON-CURRENT ASSETS</b>	<b>660.833</b>	<b>663.913</b>
Inventories	11.645	8.724
Trade receivables	96.098	85.184
Marketable securities and other financial assets	23.049	11.280
Tax receivables	20.964	18.624
Other receivables	18.562	17.104
Cash and cash equivalents	190.213	230.276
<b>CURRENT ASSETS</b>	<b>360.531</b>	<b>371.192</b>
<b>TOTAL ASSETS</b>	<b>1.021.364</b>	<b>1.035.105</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (€ thousand)	31 December 2012	31 December 2013
Share capital	61.534	61.583
Reserves	86.849	80.983
Retained earnings (loss carry-forwards)	298.491	339.096
Net profit (loss) for the period	33.890	21.546
<b>SHAREHOLDERS' EQUITY</b>	<b>480.764</b>	<b>503.208</b>
Financial debt	231.514	1.203
Provisions for risks and charges	39.216	38.442
Employee termination indemnity and other retirement benefits	31.119	28.641
Deferred tax liabilities	55.101	58.566
<b>NON-CURRENT LIABILITIES</b>	<b>356.950</b>	<b>126.852</b>
Financial debt	59.596	280.409
Provisions for risks and charges	15.217	20.467
Trade payables	69.389	65.059
Tax payables	5.790	5.510
Other payables	33.658	33.600
<b>CURRENT LIABILITIES</b>	<b>183.650</b>	<b>405.045</b>
<b>TOTAL LIABILITIES</b>	<b>540.600</b>	<b>531.897</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.021.364</b>	<b>1.035.105</b>

*Not completely audited data*

# Gruppo Editoriale L'Espresso SpA

## Statement of Cash Flows

(€ thousand)	Year 2012	Year 2013
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period	33.890	21.546
Adjustments:		
- Depreciation, amortization and write-downs	6.364	3.140
- Accruals to provisions for stock option costs	1.776	1.105
- Net change in provisions for personnel costs	2.672	(2.478)
- Net change in provisions for risks and charges	4.404	4.476
- Losses (gains) on disposal of fixed assets	10	(1.429)
- Losses (gains) on disposal of equity investments and marketable securities	547	232
- Adjustments to the value of financial assets	-	-
- Dividends (received)	(34.231)	(30.915)
<b>Cash flow from operating activities</b>	<b>15.432</b>	<b>(4.323)</b>
<b>Change in current assets and other flows</b>	<b>(13.068)</b>	<b>15.698</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2.364</b>	<b>11.375</b>
of which:		
Interest received (paid) through banks	(6.496)	(6.202)
Received (outlay) for income taxes	(24.344)	3.662
<b>INVESTING ACTIVITIES</b>		
Outlay for purchase of fixed assets	(3.535)	(1.767)
Outlay for purchase of equity investments	(4.211)	(3.539)
Received on disposals of fixed assets	-	1.428
(Acquisition) sale of marketable securities and available-for-sale assets	27.324	10.312
Dividends received	34.231	30.915
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>53.809</b>	<b>37.349</b>
<b>FINANCING ACTIVITIES</b>		
Increases in capital and reserves	-	361
(Acquisition) sale of treasury stocks	(1.918)	(1.064)
Issue (repayment) of bond	(28.775)	-
Issue (repayment) of other financial debt	(2.405)	(2.407)
Dividends (paid)	(24.966)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(58.064)</b>	<b>(3.110)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1.891)</b>	<b>45.614</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>139.268</b>	<b>137.377</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>137.377</b>	<b>182.991</b>

*Not completely audited data*