

“PRICE SENSITIVE” PRESS RELEASE IN COMPLIANCE WITH THE FINANCE ACT AND CONSOB REGULATIONS

The Espresso Group: the Board of Directors approves the consolidated results of the first quarter 2006: 9.7% increase in Revenues, and Net Profit increasing from €22.3 to €26.6 millions

SUMMARY

Consolidated results of the first quarter of 2006

The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome at 10.30 a.m., under the chairmanship of Carlo Caracciolo, and approved the consolidated results of the first quarter 2006, prepared in compliance with the International Financial Reporting Standards. The most important data, compared with the ones in the year before, also prepared in compliance with the new accounting standards, are summarized here below:

(€million) Consolidated Data	I QUARTER 2005	I QUARTER 2006	Δ %
Revenues	276.5	303.2	+9.7%
Of which:			
• Circulation	142.2	158.5	+11.5%
• Advertising	126.5	137.5	+8.7%
Gross Operating Profit	60.8	62.3	+2.5%
Operating Profit	50.4	51.9	+3.0%
Net Financial Income/(Expense)	(5.5)	(5.3)	
Net Profit	22.3	26.6	
	31/12/2005	31/03/2006	
Net Financial Position	(252.6)	(173.4)	
Employees	3,397	3,392	

PRESS RELEASE

Consolidated results of first quarter 2006

Consolidated net profit of the Espresso Group as of first quarter of 2006 increased from €22.3 millions of 2005 to €26.6 millions. Consolidated revenues reached €303.2 millions, increasing by 9.7% in comparison with €276.5 millions of the same period of

2005. With the exception of the contribution of All Music, the radio broadcasting network acquired in the second quarter of the previous year, increase in homogeneous terms was equal to 8.1%.

All the revenue lines indicate a positive trend. Revenues from sales of optional products exceeded €93 millions, increasing by 21% if compared to March 2005, advertising recorded an increase of 8.7% (5.5% in homogeneous terms and 6.1% considering only the collection for the titles of the Group) with a particularly positive trend of the radio broadcasting stations (+14.3%) and the Internet (+72.2%); circulation of the daily "la Repubblica" and the weekly "L'espresso" have also registered an improved trend if compared to the previous year.

Consolidated Gross Operating Profit has grown from €60.8 millions to €62.3 millions and the consolidated operating profit has increased from €50.4 millions to €51.9 millions, though, if compared to the first quarter of 2005, this year missed the support – in differential terms - of €6 millions of State contribution for the paper, which was not confirmed for 2006; in contrast, the price of paper has increased by 4%.

Net financial indebtedness of the Group, as of March 31, 2006, was equal to €173.4 millions: improved if compared with the end 2005 (€252,6 millions) thanks to the good performance of operations.

Consolidated Net Shareholders' Equity has grown from €550 millions as of end 2005 to €577.9 millions as of March 31, 2006.

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Circulation of "la Repubblica", which has celebrated 30 years of activity confirming first rank in the list of Italian dailies with nearly 3 millions readers (Audipress/II), increased by 2.4% up to an average of 641 thousand copies (626 thousand copies in the corresponding period of the previous year), "L'espresso" has reached an average number of 485 thousand copies/week, thus increasing by 6%, while the circulation of local dailies has recorded an average of 459 thousand copies per issue, to be compared to the 468 thousand copies of the first quarter of 2005.

Audiradio's data of the first semester of 2006 confirmed Radio DeeJay's leadership with 5.6 millions listeners on the average day and over 13.1 millions during the week. Moreover, thanks also to the positive performance of both Radio Capital (2 millions listeners on the average day and 6.2 millions during the week) and m2o (with a daily audience of nearly 1 million people and 2.7 millions during the week), the radio broadcasting stations of the Group totalled an audience of 8.6 millions people on the average day and 22 millions during the week, and respectively exceed 11 and 27 millions listeners, if one considers also All Music, coherent as for product and target with the three radio broadcasting stations.

The Internet websites of the Group's titles, thanks also to the development of the broadband connections - which offer a high-quality reception of video contents on the web - have enriched their offer with multimedia and podcasting (in a few months this system will also start hosting commercials) proposals. Supported by the increasing acknowledgment from the public, Repubblica.it created its "Multimedia" section, from where TV news and audio-video services are accessible, implemented by all the on line editorial offices of the Group, and in which quite a vast space is devoted to contributions from the audience. RadioRepubblica, after one year of - exclusively audio - transmission only on the Internet, started video transmission for 3 hours/day

(early in April it became also available on the DTT- Digital Terrestrial Television) and podcasting. The experiment carried out of non-stop transmission (3 p.m. to midnight) dedicated to the Italian political election results registered over 3 million page views in one single hour and 1.5 millions unique users in one day.

A second experiment of multimedia synergy which is producing quite positive results is the simultaneous broadcasting on Radio DeeJay, All Music and on DeeJay Television satellite of "DeeJay chiama Italia", the DeeJay programme anchored by Linus. In addition to reaching an interesting share in the morning, this is also one of the most popular programmes for the Internet downloaders via podcasting.

This has been an advantage for the new All Music programmes which, relying upon the Group's synergies and interactivity with their audience, have already obtained good results: according to a research carried out by "Istituto Ipsos" the network has attained a daily audience of 2.7 millions between 15 and 34 years of age, one third of which are newcomers, thus being more successful than some other important competitors of this segment.

Repubblica.it website has attained a new record in March with 6.1 millions unique users and 330 millions page views, that is over the month of February an increase between 14% and 19%. Press coverage of the most popular issues, videoboxes and the pictures taken by the readers on the election campaign, the debates of RepubblicaRadioTv and the new All Music TVnews service permitted to increase all the indicators: the daily unique users' average was in the area of 600 thousand, the total number of page views was over 35 millions and the permanence on line was close to 13 minutes. In this scenario the network of the Espresso Group's websites has attained the records of 437 millions page views and 9.4 millions unique users. (source: Nielsen Site Census).

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Company's contacts

The text of this press release is also available on the Company's site www.gruppoespresso.it

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Rome, April 26, 2006

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Consolidated Income Statement

(€ million)	1 st Quarter 2005	1st Quarter 2006
Revenues	276,5	303,2
Change in inventories	(1,4)	(0,7)
Other operating income	9,3	4,5
Purchases	(40,1)	(46,3)
Services received	(110,4)	(121,3)
Other operating costs	(4,4)	(4,8)
Valuation of investments at equity	0,2	0,3
Personnel costs	(69,0)	(72,6)
Depreciation, amortization and write-downs	(10,4)	(10,4)
Operating income	50,4	51,9
Financial income (expense)	(5,5)	(5,3)
Pre-tax profit	44,9	46,6
Income taxes	(22,5)	(19,9)
Net profit	22,4	26,6
Minority interests	0,1	0,0
Group net profit	22,3	26,6
Earnings per share, basic	0,052	0,062
Earnings per share, diluted	0,050	0,060

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Consolidated Balance Sheet

ASSETS (€million)	31 December 2005	31 March 2006
Intangible assets with indefinite useful life	633,6	633,6
Other intangible assets	4,5	4,3
Total intangible assets	638,0	637,8
Tangible assets	250,0	243,3
Investments valued at equity	23,9	24,2
Other investments	4,1	6,5
Non-current receivables	2,6	2,4
Deferred tax assets	47,5	47,3
NON-CURRENT ASSETS	966,1	961,5
Inventories	32,2	30,4
Trade receivables	266,4	238,9
Bills	0,1	0,1
Current financial receivables	0,4	0,7
Tax receivables	59,9	60,4
Other receivables	22,6	23,2
Cash and equivalents	204,5	292,5
CURRENT ASSETS	586,1	646,1
TOTAL ASSETS	1.552,2	1.607,5

LIABILITIES AND SHAREHOLDERS' EQUITY (€million)	31 December 2005	31 March 2006
Share capital	65,1	65,1
Reserves	342,5	376,9
Retained earnings (loss carry-forwards)	26,1	109,3
Net income (loss)	116,3	26,6
Group Shareholders' Equity	550,0	577,9
Minority interests	10,8	10,8
SHAREHOLDERS' EQUITY	560,8	588,7
Financial debt	432,6	431,6
Provisions for risks and charges	13,4	12,7
Employee termination and other retirement benefits	105,0	104,3
Deferred tax liabilities	102,6	104,1
NON-CURRENT LIABILITIES	653,5	652,7
Financial debt	25,0	35,1
Provisions for risks and charges	10,0	9,6
Trade payables	196,7	203,4
Tax payables	16,1	34,9
Other payables	90,1	83,2
CURRENT LIABILITIES	338,0	366,2
TOTAL LIABILITIES	991,4	1.018,8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.552,2	1.607,5

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Consolidated Statement of Cash Flows

(€ million)	1 st Quarter 2005	1st Quarter 2006
OPERATING ACTIVITIES		
Net income for the period, including minority interests	22,4	26,6
Adjustments:		
- Depreciation, amortization and write-downs	10,4	10,4
- Accruals for provisions for stock options costs	0,7	0,6
- Net change in personnel provisions	2,1	(0,7)
- Net change in provisions for risks and charges	0,5	(1,1)
- Write-down (revaluation) of equity investments	-	0,2
- Adjustments for investments valued at equity	(0,2)	(0,3)
- Losses (gains) on sale of equity investments	(0,0)	(0,0)
Cash flow from operating activities	35,9	35,8
Change in current assets and other flows	42,7	56,7
CASH FLOW FROM OPERATING ACTIVITIES	78,6	92,5
of which:		
Interests received (paid)	1,2	0,7
Income taxes paid	-	-
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(12,0)	(10,2)
Received on disposal of fixed assets	0,0	0,1
Public grants received	0,1	-
CASH FLOW FROM INVESTING ACTIVITIES	(12,0)	(10,1)
FINANCING ACTIVITIES		
Increases in capital and reserves	1,6	0,6
Acquisition of own shares	(1,7)	-
Issue (repayment) of bonds	9,0	-
Issue (repayment) of other financial payables	(1,8)	(1,0)
Net change in marketable securities and investments held for disposal	5,0	0,0
CASH FLOW FROM FINACING ACTIVITIES	12,1	(0,4)
Increase (decrease) in cash and cash equivalents	78,7	82,0
Cash and cash equivalents at the beginning of the period	374,5	194,8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	453,2	276,8