

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

The Espresso Group: the Shareholders Meeting approves the 2005 Financial Statements, the distribution of dividend (€0.145, +12%, if compared to the previous year), appoints the Board of Directors and the Board of Statutory Auditors, approves the 2006 Stock Option Plan and renews the proxies to the Board of Directors to buy own shares, increase share capital and issue bonds.

SUMMARY

Consolidated Financial Statements 2005

The Shareholders' Meeting of the Gruppo Editoriale L'Espresso S.p.A. convened today in Rome and, under the chairmanship of Carlo Caracciolo, approved the Financial Statements for 2005, prepared, for the first time, in compliance with the new International Financial Reporting Standards (IAS/IFRS).

The main consolidated data - compared with the data of the previous year - also re-elaborated in compliance with the new accounting standards, are summarized here below:

(€million) Consolidated Data	2004	2005	Δ %
Revenues	1,080.7	1,079.9	-0.1%
Of which:			
• Circulation	496.4	466.6	-6%
• Advertising	546.1	585.7	+7.2%
Gross Operating Profit	234.1	222.2	-5.1%
Operating Profit	192.2	177.5	-7.7%
Net Financial Income/(Expense)	(17.7)	(25.6)	
Net Profit	98.9	116.3	
Shareholders' Equity	484.1	550.0	
Net Financial Position	(143.2)	(252.6)	
Employees	3,271	3,397	

Dividends

The Shareholders' Meeting approved the distribution of a dividend, gross of legal deductions, amounting to €0.145 per share, equal to a total amount of €62.5mn, increased

by 12% if compared to €0.13 per share of the previous year. The dividend will be paid on May 25, 2006, against detachment of coupon n.10 on May 22, 2006.

PRESS RELEASE

Consolidated Financial Statements

The Espresso Group closed 2005 with a consolidated net profit amounting to €116.3 millions, increased by 17.7% if compared to €98.9 millions of the previous year, also thanks to the reduction of tax charges (because of both lower current taxes and higher deferred tax assets) in connection with the merger in Elemedia (once Kataweb) of the radio and the Internet activities.

Consolidated revenues, including revenues since April of the All Music TV broadcasting network (€13.7 millions), were €1,079.9 millions, substantially in line with €1,080.7 millions in 2004.

The Group's net financial indebtedness as of December 31, 2005 amounted to €252.6 millions, increased if compared to €143.2 millions as of January 1, 2005. The significant cash generation has partially compensated the disbursements for the distribution of dividends to shareholders (€55.8 millions), investments (€63.7 millions of which €21.4 millions relevant to the TV frequencies), and the acquisition of the All Music broadcasting network (€115 millions).

The consolidated net shareholders' equity increased from €484.1 millions as of January 1, 2005 to €550 millions as of December 31, 2005.

Financial Statements 2005 of the Parent Company

The Parent Company closed the year with a net profit amounting to €83.1 millions, increased if compared to €72.3 millions of the previous year. Revenues amounted to €649.2 millions, -1.1% if compared to €656.4 millions in 2004. The operating profit decreased from €100.4 millions to €87.3 millions, mainly due to the optional products' lower contribution.

Integrated retribution of the auditing company

Following the introduction of the new accounting principles and the consequently increased work load, the Shareholders' Meeting decided that for the years 2005-2006 the remuneration for PricewaterhouseCoopers, the auditing company, be increased to reach an amount of €17,800 for 2005 and € 22,800 for 2006.

Appointment to the Board of Directors.

The Shareholders' Meeting established that the members of the Board of Directors shall be 10. The new members of the Board are: Marco Benedetto, Agar Brugiavini (independent), Carlo Caracciolo, Carlo De Benedetti, Rodolfo De Benedetti, Francesco Dini, Sergio Erede (independent), Mario Greco (independent), Luca Paravicini Crespi (independent) and Alberto Piaser.

The Board will be in office till the Financial Statements as of 31 December, 2008 are approved.

Curricula Vitae of the newly appointed members of the Board are available on the Company's website.

The Board of Directors will meet this afternoon for appointments and conferring of powers.

Appointment to the Board of Statutory Auditors

The Shareholders' Meeting also appointed the new Board of Statutory Auditors who will be in office till the approval of the Financial Statements as of 31 December, 2008.

The appointed Members are: prof. Tiziano Onesti (Chairman), prof. Enrico Laghi and Dr. Luigi Macchiorlatti Vignat as statutory auditors and Dr. Gabriele Perrotti, Dr. Riccardo Zingales, and Dr. Silvano Cipolla as deputy auditors.

The Curricula Vitae of the newly appointed auditors are available on the Company's website.

Revocation and renewal of authorization to the Board to purchase own shares.

The Shareholders' Meeting having taken note that - also considering the Group's capital structure - the buy back might be a tool to create value for the shareholders, has revoked for the period left and for the part not yet used, the previous proxy to purchase own shares and, contextually, authorized a new one, with the following characteristics: a) duration: 18 months; b) maximum number of ordinary shares to be purchased: 20,000,000, equal to about 4.6% of the share capital; c) the price of each purchase shall not be higher than 10% and not be lower than 10% with respect to the reference price recorded by ordinary shares in the session of the regulated market prior to each individual operation.

Approval of Stock Option Plan for 2006

In compliance with the provisions indicated in the new law on savings, the Shareholders' Meeting approved the guidelines of the Stock Option Plan for 2006 for the Managing Director and the Company's and subsidiaries' employees, authorizing the Board of Directors to identify beneficiaries, issue the regulations' text and fulfil the obligations to communicate the Plan.

Authorization of a new proxy to the Board to increase share capital and issue bonds.

By renewing the old proxies to increase the share capital and issue bonds expired on April 6, 2006, the Shareholders' Meeting authorized the Board, for five years from the date of the Shareholders' Meeting: 1) to increase share capital up to a maximum amount of €300 millions, nominal value; 2) to increase share capital up to a maximum amount of €10 millions to be reserved for subscription to the employees of the Company and of its subsidiaries and controlling companies in compliance with Article 2441, paragraph eighth of the Civil Code; 3) to issue bonds, also convertible or with warrant, up to an amount not exceeding the limits fixed by law.

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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

Gruppo Espresso

Balance Sheet

ASSETS €thousand	1 January 2005	31 December 2005
Intangible assets with indefinite useful life	461.446	633.552
Other intangible assets	4.288	4.476
Total intangible assets	465.734	638.028
Tangible assets	258.972	249.975
Investments valued at equity	23.907	23.925
Other investments	3.868	4.072
Non-current receivables	9.254	2.610
Deferred tax assets	26.835	47.494
NON-CURRENT ASSETS	788.570	966.104
Inventories	30.189	32.186
Trade receivables	241.727	266.391
Bills	20.346	52
Current financial receivables	133	446
Tax receivables	41.471	59.921
Other receivables	19.906	22.631
Cash and equivalents	384.417	204.496
CURRENT ASSETS	738.189	586.123
TOTAL ASSETS	1.526.759	1.552.227

LIABILITIES AND SHAREHOLDERS' EQUITY €thousand	1 January 2005	31 December 2005
Share capital	64.896	65.072
Reserves	308.925	342.462
Retained earnings (loss carry-forwards)	11.388	26.138
Net income (loss)	98.869	116.336
Group Shareholders' Equity	484.078	550.008
Minority interests	11.005	10.775
SHAREHOLDERS' EQUITY	495.083	560.783
Financial debt	328.856	432.606
Provisions for risks and charges	13.022	13.369
Employee termination and other retirement benefits	95.887	104.954
Deferred tax liabilities	54.205	102.556
NON-CURRENT LIABILITIES	491.970	653.485
Financial debt	224.635	25.015
Provisions for risks and charges	10.273	10.029
Trade payables	209.520	196.707
Tax payables	16.481	16.145
Other payables	78.797	90.063
CURRENT LIABILITIES	539.706	337.959
TOTAL LIABILITIES	1.031.676	991.444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.526.759	1.552.227

Gruppo Espresso

Income Statement

€thousand	Year 2004	Year 2005
Revenues	1.080.709	1.079.919
Change in inventories	(342)	2.094
Other operating income	16.163	34.454
Purchases	(160.077)	(158.922)
Services received	(427.688)	(433.297)
Other operating costs	(18.612)	(19.463)
Valuation of investments at equity	1.544	1.344
Personnel costs	(257.618)	(283.890)
Depreciation, amortization and write-downs	(41.882)	(44.772)
Operating income	192.197	177.468
Financial income (expense)	(17.673)	(25.560)
Pre-tax profit	174.524	151.908
Income taxes	(74.927)	(35.116)
Net profit	99.597	116.792
Minority interests	728	456
Group net profit	98.869	116.336
Earnings per share, basic	0,231	0,271
Earnings per share, diluted	0,224	0,262

Gruppo Espresso

Consolidated Statement of Cash Flows

€thousand	Year 2004	Year 2005
OPERATING ACTIVITIES		
Net income for the period, including minority interests	99.597	116.792
Adjustments:		
- Depreciation, amortization and write-downs	41.882	44.772
- Accruals for provisions for stock options costs	2.465	3.073
- Net change in personnel provisions	4.197	7.866
- Net change in provisions for risks and charges	(1.656)	103
- Losses (gains) on disposal of equity investments	(9)	(665)
- Write-down (revaluation) of equity investments	17	977
- Adjustments for investments valued at equity	(425)	(209)
- Dividends received	(32)	(35)
- Losses (gains) on sale of equity investments	(196)	(259)
Cash flow from operating activities	145.840	172.415
Change in current assets and other flows	21.802	(58.859)
CASH FLOW FROM OPERATING ACTIVITIES	167.642	113.556
of which:		
Interests received (paid)	(12.272)	(23.600)
Income taxes paid	(65.624)	(57.956)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(96.136)	(171.598)
Received on disposal of fixed assets	2.614	3.885
Public grants received	1.999	78
Dividends received	32	35
CASH FLOW FROM INVESTING ACTIVITIES	(91.491)	(167.600)
FINANCING ACTIVITIES		
Increases in capital and reserves	2.623	3.705
Acquisition of own shares	(4.529)	(1.351)
Issue (repayment) of bonds	298.005	(190.980)
Issue (repayment) of other financial payables	(3.933)	99.064
Net change in marketable securities and investments held for disposal	3	20.437
Dividends paid	(47.114)	(55.833)
Other changes	(333)	(686)
CASH FLOW FROM FINACING ACTIVITIES	244.722	(125.644)
Increase (decrease) in cash and cash equivalents	320.873	(179.688)
Cash and cash equivalents at the beginning of the period	53.616	374.489
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	374.489	194.801

Gruppo Editoriale L'Espresso SpA

Balance Sheet

ASSETS €thousand	1 January 2005	31 December 2005
Intangible assets with indefinite useful life	220.661	220.661
Other intangible assets	2.947	3.369
Total intangible assets	223.608	224.030
Tangible assets	77.998	74.133
Other investments	256.020	379.552
Non-current receivables	6.882	727
Deferred tax assets	19.988	16.668
NON-CURRENT ASSETS	584.496	695.110
Inventories	25.791	27.791
Trade receivables	103.248	118.861
Securities	20.346	-
Current financial receivables	30.521	39.354
Tax receivables	34.044	38.766
Other receivables	12.292	9.894
Cash and equivalents	373.764	190.739
CURRENT ASSETS	600.006	425.405
TOTAL ASSETS	1.184.502	1.120.515

LIABILITIES AND SHAREHOLDERS' EQUITY €thousand	1 January 2005	31 December 2005
Share capital	64.896	65.072
Reserves	156.327	163.350
Retained earnings (loss carry-forwards)	11.388	26.133
Net income (loss)	72.350	83.129
SHAREHOLDERS' EQUITY	304.961	337.684
Financial debt	313.406	345.250
Provisions for risks and charges	7.325	7.582
Employee termination and other retirement benefits	41.780	45.556
Deferred tax liabilities	32.593	35.117
NON-CURRENT LIABILITIES	395.104	433.505
Financial debt	284.881	168.377
Provisions for risks and charges	4.542	2.993
Trade payables	150.606	132.589
Tax payables	8.203	6.803
Other payables	36.205	38.564
CURRENT LIABILITIES	484.437	349.326
TOTAL LIABILITIES	879.541	782.831
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.184.502	1.120.515

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Income Statement

€thousand	Year 2004	Year 2005
Revenues	656.416	649.192
Change in inventories	(331)	2.043
Other operating income	7.548	22.852
Purchases	(118.006)	(116.232)
Services received	(317.283)	(334.793)
Other operating costs	(7.548)	(9.155)
Personnel costs	(103.782)	(111.837)
Depreciation, amortization and write-downs	(16.566)	(14.734)
Operating income	100.448	87.336
Net financial income/(expense)	(20.260)	(21.503)
Dividends	27.230	47.176
Pre-tax profit	107.418	113.009
Income taxes	(35.068)	(29.880)
NET PROFIT	72.350	83.129
Earnings per share, basic	0,169	0,193
Earnings per share, diluted	0,164	0,187

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Consolidated Statement of Cash Flows

€thousand	Year 2004	Year 2005
OPERATING ACTIVITIES		
Net income for the period, including minority interests	72.350	83.129
Adjustments:		
- Depreciation, amortization and write-downs	16.566	14.734
- Accruals for provisions for stock options costs	2.465	3.073
- Net change in personnel provisions	2.234	3.776
- Net change in provisions for risks and charges	(595)	(1.292)
- Write-down (revaluation) of equity investments	5.540	
- Dividends received	(27.230)	(47.176)
- Losses (gains) on sale of equity investments	(106)	7
Cash flow from operating activities	71.224	56.251
Change in current assets and other flows	16.273	(29.493)
CASH FLOW FROM OPERATING ACTIVITIES	87.497	26.758
of which:		
Interests received (paid)	(11.419)	(22.527)
Income taxes paid	(30.285)	(17.588)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(53.929)	(139.237)
Received on disposal of fixed assets	2.022	(11)
Public grants received		
Dividends received	27.230	47.176
CASH FLOW FROM INVESTING ACTIVITIES	(24.677)	(92.072)
FINANCING ACTIVITIES		
Increases in capital and reserves	2.623	3.705
Acquisition of own shares	(4.529)	(1.351)
Issue (repayment) of bonds	298.005	(190.980)
Issue (repayment) of other financial payables	1.048	28.123
Net change in intragroup current account balance	2.383	79.407
Net change in marketable securities and investments held for disposal		20.437
Dividends paid	(47.114)	(55.833)
Other changes	10	
CASH FLOW FROM FINACING ACTIVITIES	252.426	(116.492)
Increase (decrease) in cash and cash equivalents	315.246	(181.806)
Cash and cash equivalents at the beginning of the period	55.848	371.094
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	371.094	189.288