

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

**The Espresso Group: first nine months 2005 consolidated operating profit of € 131.3 millions (+6.5% on 2004).**

### SUMMARY

#### **Interim Financial Statements as of September 30, 2005 drafted in compliance with IAS /IFRS**

The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome under the chairmanship of Carlo Caracciolo to examine the consolidated results of the first nine months of 2005, prepared in compliance with the International Financial Reporting Standards.

(€mn) consolidated data	Year 2004	Jan-Sept 2004	Jan-Sept 2005	%
Revenues	1080.3	768.7	789	+2.6%
Gross Operating Profit	238.8	155.1	165.9	+6.9%
Depreciation and Devaluation	(46.6)	(31.8)	(34.6)	(8.6)%
Operating profit	192.2	123.3	131.1	+6.5%
Net Financial Income / (Expenses)	(17.7)	(9.7)	(14.1)	
Profit before taxes	174.5	113.5	117.2	
Net Profit	98.9	61	65.4	
Shareholders' Equity	484.1	458.8	496.4	
Net Financial Position	(141.4)	(123.1)	(241.8)	

All above data have been prepared in compliance with IFRS.

The first nine months financial statements have been prepared in compliance with section 82 of Consob Regulation no. 11971/1999 (as modified by resolution no. 14990 of April 14, 2005) and with attach 3D to the same Regulation.

## **PRESS RELEASE**

### **Comments to interim consolidated financial statements as of September 30, 2005**

Gruppo Espresso closed the first nine months of 2005 with a consolidated net profit amounting to €65.4 millions compared with the €61 millions of the corresponding period of the previous year; also the consolidated operating profit has increased from €123.3 millions in the first nine months of 2004 to €131.3 millions in the first nine months of 2005 and revenues have increased from €768.7 millions to €789 millions. Operating margin has equalled 16.6% (16% in 2004).

The Group's consolidated Net Financial Position as of September 30, 2005 presented an indebtedness of €241.8 millions, increased, in comparison with the amount of €141.4 millions as of January 1, 2005. The significant operating cash flow has limited the increase of indebtedness due to the acquisition of All Music - former Rete A - TV network (€110 millions), the disbursements for investments (€55.2 millions) and for dividends (€55.8 millions).

The consolidated Net Shareholders' Equity increased from €484.1 millions as of January 1, 2005 to €496.4 millions as of September 30, 2005.

In the first nine months of the year advertising revenues have increased by 8% (6,4% excluding revenues of All Music and collection for third parties), with a third quarter better than the previous months. The trend has been positive especially in September, and in particular for la Repubblica commercial display advertising (+10,1% compared to September 2004).

Consolidated data include also All Music TV network contribution since the acquisition finalized in April. The broadcasting television network since October 3 has revamped graphics and logo and has further increased its focus on young people and on the world of music. Starting with January 2006 advertising revenues will be collected by the Group's Concessionaire A. Manzoni & C.

Positive results have also come from the sales of optional products that have reached almost 20 million copies of books, DVDs and music CDs, with a contribution to the consolidated operating profit greater than the one of first nine months of 2004.

Circulation of daily newspapers and magazines have been in line with the corresponding period of the prior year: la Repubblica with 618 thousand average copies per day, local dailies with 475 thousand and L'espresso with 388 thousand.

The Group's radios have confirmed their audience leadership among Italian private commercial radios reaching an audience of over 8.7 million daily listeners and 22.4 millions weekly listeners (Audiradio first semester 2005).

Internet sites of the Espresso Group have overcome in September, for the first time, 7.6 million unique users confirming Repubblica.it as the most favourite Italian news site (over 482 thousand average daily unique users and 4.8 million monthly unique users).

RepubblicaRadio, broadcasted every morning only on the Internet with news, editorials, interviews and services with reporters and journalists of la Repubblica, has reached in September over 126 thousand unique users and 442 thousand page views, thanks also to the possibility to listen to its programs with a delay and to download on MP3 players or IPOD single fragments of its programs.

On August 25 "XL", the new monthly supplement of la Repubblica dedicated to young people and music, has been launched. The first issue gained great public success and positive acceptance has been confirmed also by the feedback obtained by advertising investors.

After the insourcing of the Rome printing activities of la Repubblica, which took place August of last year, in April 2005 also the production of the printing site of Padova, which operates both for La Repubblica and the local dailies of the Veneto area of Finegil Editoriale, has been internalised. These operations, together with a rationalization of the Group headquarter, have generated greater efficiency and cost savings.

### **Comments on the existing bonds**

The Company, with a BBB- with positive outlook rating issued by Standard&Poor's, on August 1st, 2005 has reimbursed the €200 million 5-year bond by using part of the proceeds of the new issue of €300 million 10-year bond placed on the market and listed on the Luxemburg Stock Exchange last October 2004. The new bond annual coupon is 5.125%.

### **Main events following the third quarter end and expected subsequent events**

On October 11, 2005 the general shareholders meetings of Elemedia S.p.A., Eletv S.p.A. and Studiovit S.r.l. have resolved the merger of the companies into Kataweb S.p.A. With the consolidation of radio, satellite Television and Internet activities in one company, it will be possible to manage in an integrated way the different distributing platforms already existing or in course of development (digital terrestrial transmission) in order to distribute editorial content and therefore reach users on all possible devices (Internet, cell phones, television or other). The merger, whose accounting and fiscal effects will retroactively start as of January 1, 2005, will improve the efficiency of all common functions, reduce company governance costs and optimise the use of human and financial resources.

Advertising revenues estimates for the months of October and November keep showing growths on the corresponding periods of 2004 and circulations and sales of additional products also confirm their positive trends.

On the basis of the first nine months of the year and of the forecast for the fourth quarter, 2005 results should most likely be better than 2004.

\* \* \*

### **Company's contacts**

The text of this press release is also available on the Company's site [www.gruppoespresso.it](http://www.gruppoespresso.it) .  
For further information, please contact: Mr Stefano Mignanego, *Direttore Centrale Relazioni Esterne*, (General Director for External Relations), telephone number 06/84787434, e-mail [s.mignanego@gruppoespresso.it](mailto:s.mignanego@gruppoespresso.it).

Rome, October 19, 2005

## Gruppo Editoriale L'Espresso Consolidated Income Statement

(in million of euro)	Jan - Sept 2004	Jan - Sept 2005
Revenues	768,7	789,0
Other operating income	5,8	23,2
Purchases	(113,9)	(115,0)
Services received	(303,6)	(311,3)
Personnel costs	(193,9)	(210,7)
Other operating costs	(9,1)	(10,0)
Investments valued at equity	1,0	0,6
Depreciation, amortization and write-downs	(31,8)	(34,6)
<b>Operating income</b>	<b>123,3</b>	<b>131,3</b>
Financial income (expense)	(9,7)	(14,0)
<b>Pre-tax profit</b>	<b>113,5</b>	<b>117,2</b>
Taxes	(52,1)	(51,4)
<b>Net profit</b>	<b>61,5</b>	<b>65,8</b>
Minority interest share in net profit	0,5	0,4
<b>GROUP SHARE IN NET PROFIT</b>	<b>61,0</b>	<b>65,4</b>
Earnings per share, basic	0,142	0,152
Earnings per share, diluted	0,139	0,148

## Gruppo Editoriale L'Espresso Consolidated Income Statement

(in million of euro)	3 <sup>rd</sup> Quarter 2004	3 <sup>rd</sup> Quarter 2004
Revenues	222,6	221,4
Other operating income	1,1	10,6
Purchases	(33,6)	(35,4)
Services received	(95,9)	(94,9)
Personnel costs	(59,3)	(63,5)
Other operating costs	(2,4)	(1,9)
Investments valued at equity	0,3	0,1
Depreciation, amortization and write-downs	(10,5)	(11,4)
<b>Operating income</b>	<b>22,4</b>	<b>24,9</b>
Financial income (expense)	(3,3)	(4,6)
<b>Pre-tax profit</b>	<b>19,1</b>	<b>20,3</b>
Taxes	(10,3)	(9,6)
<b>Net profit</b>	<b>8,8</b>	<b>10,8</b>
Minority interest share in net profit	0,2	0,2
<b>GROUP SHARE IN NET PROFIT</b>	<b>8,6</b>	<b>10,6</b>

# Gruppo Editoriale L'Espresso

## Condoliated Balance Sheet

<b>ASSETS</b> (in million of euro)	Jan. 1, 2005	June 30, 2005	September 30, 2005
Intangible assets having an indefinite useful life	460,3	613,3	628,6
Other intangible assets	5,5	5,4	5,4
Intangible assets	465,7	618,8	634,0
Tangible assets	259,0	259,1	255,4
Investments valued at equity	23,9	14,5	14,7
Other investments	3,9	3,9	3,9
Financial receivables	9,3	3,6	3,4
Deferred tax assets	26,8	25,2	22,5
<b>NON-CURRENT ASSETS</b>	<b>788,5</b>	<b>925,1</b>	<b>933,9</b>
Inventories	30,2	27,7	29,1
Trade receivables	241,7	253,5	212,8
Securities	20,1	10,1	0,1
Current receivables	1,7	3,5	0,2
Tax receivables	41,5	60,3	74,5
Other receivables	22,0	26,2	25,1
Cash and cash equivalents	383,2	306,1	128,6
<b>CURRENT ASSETS</b>	<b>740,4</b>	<b>687,4</b>	<b>470,5</b>
<b>TOTAL ASSETS</b>	<b>1.528,9</b>	<b>1.612,5</b>	<b>1.404,4</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (in million of euro)	Jan. 1, 2005	June 30, 2005	September 30, 2005
Share capital	64,9	65,0	65,0
Reserves	187,7	194,3	192,4
Retained earnings (loss carry-forwards)	132,6	174,6	173,5
Net profit (loss)	98,9	54,8	65,4
Group shareholders' Equity	484,1	488,7	496,4
Minority interests	11,0	10,6	10,7
<b>SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>	<b>495,1</b>	<b>499,3</b>	<b>507,1</b>
Financial payables	330,9	330,4	330,2
Provisions for risks and charges	13,0	13,2	12,7
Employee severance and other retirement benefits	95,9	101,2	102,7
Deferred tax liabilities	54,2	95,5	96,8
<b>NON-CURRENT LIABILITIES</b>	<b>493,9</b>	<b>540,3</b>	<b>542,4</b>
Financial payables	224,8	248,4	40,6
Provisions for risks and charges	10,3	10,2	9,0
Trade payables	209,5	183,1	167,1
Tax payables	16,5	50,7	61,0
Other payables	78,8	80,4	77,2
<b>CURRENT LIABILITIES</b>	<b>539,9</b>	<b>572,9</b>	<b>354,9</b>
<b>TOTAL LIABILITIES</b>	<b>1.033,9</b>	<b>1.113,2</b>	<b>897,3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.528,9</b>	<b>1.612,5</b>	<b>1.404,4</b>

## Gruppo Espresso

### Net financial position

(in million of euro)	Jan. 1, 2005	June 30, 2005	September 30, 2005
Securities	20,1	10,1	0,1
Financial receivables	10,9	7,1	0,2
Cash and cash equivalents	383,2	306,1	128,6
<b>Total financial assets</b>	<b>414,3</b>	<b>323,3</b>	<b>128,9</b>
Bonds	(511,0)	(514,2)	(318,2)
Bank loans	(37,0)	(58,1)	(46,3)
Other financial debt	(7,6)	(6,6)	(6,3)
<b>Total financial liabilities</b>	<b>(555,7)</b>	<b>(578,8)</b>	<b>(370,7)</b>
<b>NET FINANCIAL DEBT</b>	<b>(141,4)</b>	<b>(255,5)</b>	<b>(241,8)</b>