

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

The Espresso Group: first half 2005 consolidated operating profit of € 106,3 millions (+5,4% on 2004).

SUMMARY

Interim Financial Statements as of June 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 six months of 2005, presented, for the first time, in compliance with the international financial reporting standards.

The main data of the first six months of the year - compared with the same period of 2004 - are indicated here below.:

(€mn) consolidated data	I half 2004	I half 2005	%
Revenues	546.1	567.6	+3.9%
Operating and Labor costs	(423.8)	(438.1)	+3.4%
Gross Operating Profit	122.2	129.5	+6.0%
Depreciation and Devaluation	(21.3)	(23.2)	+8.7%
Operating profit	100.9	106.3	+5.4%
Net Financial Income / (Expenses)	(6.3)	(9.4)	n.s.
Profit before taxes	94.5	96.9	+2.6%
Net Profit	52.4	54.8	+4.7%
Shareholders' Equity	448.2	488.7	
Net Financial Position	(174.0)	(255.5)	

PRESS RELEASE

Adoption of the international accounting standards

For its Interim Financial Statements as of June 30, 2005, Gruppo Espresso is adopting the new international IFRS standards, from year 2005 mandatory for the preparation of consolidated financial statements of the companies listed in the European regulated markets. The Group has decided to adopt IFRS starting with the Year 2005 Financial Statements also as regards the statutory financial statements of the Parent Company and of individual Subsidiaries.



IFRS have been also adopted, in order to ensure that data can be consistently compared, as regards the financial statements as of January 1st, 2004, June 30th, 2004 and December 31st, 2004. Correctness of data has been described in the relevant report issued by the auditing company, PricewaterhouseCoopers SpA.

IFRS adoption had a positive impact on the Group's results. The most remarkable variation has concerned the value of titles, radio and TV frequencies which instead of being amortised are annually submitted to *impairment test*. In the Balance Sheet as of January 1^o 2004 the historical cost of these items has been reintroduced, with the consequent reversal of all previous amortisation thus benefiting the Shareholders Equity.

The table here below provides a summary of the most important effects produced on the December 31, 2004 Balance Sheet, issued in compliance with IFRS standards.

	<i>Year 2004 Italian accounting standards</i>	<i>Year 2004 IFRS</i>
Revenues	1,080.3	1,080.3
Operating Profit	177.4	192.2
Profit before taxes	160.0	174.5
Net Profit	87.7	98.9
Shareholders' Equity	375.2	484.1
Net Financial Position	(131.1)	(141.4)

Comments to interim consolidated financial statements as of June 30, 2005

Gruppo Espresso closed the first half of 2005 with a consolidated net profit amounting to €54.8 millions compared with the €52.4 millions of the corresponding period of the previous year, against an increase in consolidated revenues equal to 3.9%, from €546.1 millions to €567.6 millions. Also the consolidated operating profit has increased from €100.9 millions in the first half of 2004 (18.5% on revenues) to €106.3 millions in the first half of 2005 (18.7% on revenues).

The Group's consolidated Net Financial Position as of June 30, 2005 presented an indebtedness of €255.5 millions, increased, in comparison with the amount of €141.4 millions as of January 1 2005, chiefly due to the disbursement of €110 millions for the acquisition of the Rete A SpA television broadcasting network.

The consolidated Net Shareholders's Equity increased from €484.1 millions as of January 1, 2005 to €488.7 millions as of June 30, 2005.

In the first half of the year the good performances, that had already manifested in the second part of 2004, have been confirmed and reinforced. Advertising revenues have increased by 6,7% (+ 5.3% on consistent basis, excluding advertising collected for third parties) with respect to the corresponding period of the previous year, registering an increase of the Group's media higher than the market average, with a growth rate higher in the second quarter than in the first quarter. The positive performance of revenues has been chiefly produced by the full color of "la Repubblica" (national and local commercial advertising registered +7.4%) and by the growth of both radio (+11.2%) and Internet sites (+33.4%) advertising.

Sale of optional products offered with the Group's newspapers and magazines has continued its increasing success not only as regards "la Repubblica" and "L'espresso", but also the local dailies. As a whole, sales have reached 16 million books, DVDs and music CDs, with an increase in revenues from €116.8 millions to €127.1 millions .

By April 2005 the financial data of Rete A – All Music national commercial television broadcasting network were consolidated. After finalizing the acquisition made on April 14th last, investments were effected for the digital terrestrial technique broadcasting network and for the enhancement of the existing analog broadcasting network. Moreover the new organization structure has been started.

The forthcoming months will be dedicated to revise the programmes, reinforce the network identity – that will keep its devotion to music and youngsters-as well as to develop its synergy with the other media of the Group. Starting with year 2006 advertising revenues will be collected by a specific sales network created within the Group's Concessionaire Manzoni.

In the first half of the year RepubblicaRadio - the Internet radio broadcasting station which, in a few months, has become a benchmark for online information - started its programmes. Beside 3-hour/day of direct listening, listeners/navigators all the day long can listen from their computers or download on MP3s or ipods, individual programme segments.

During the half year the Group's daily circulations were substantially stable: "la Repubblica" has kept 617 thousand average copies per day, local dailies 471 thousand average copies and "L'espresso" 416 thousand average weekly copies.

The number of readers has instead increased: Audipress (2005/I) survey indicated that "la Repubblica" has confirmed its first place in the list of the newspapers readership in Italy, with an average of nearly 3 million readers per day, "L'espresso" has overcome the 2.3 million threshold and local dailies have reached a daily public of 3.1 million readers.

The Group's radios have confirmed their audience leadership in Italy with 22.4 million weekly listeners and 8.7 million daily listeners. Audiradio's data relevant to the first half of 2005 have increasingly consolidated Radio DeeJay's absolute leadership, with an average of 13.4 million weekly listeners (12.1 million in the first half of 2004). This radio station has confirmed the top place in the weekly rating, thus leaving behind also Rai Radio Uno. In the average day Radio DeeJay is still the first among the private radio stations with 5.7 million listeners. Both Radio Capital - with 6.3 million listeners per week and nearly 2 million listeners in the average day - and m2o with over 1 million in the average day have consolidated their positions.

A positive performance is registered also for the Repubblica.it website, in fact, with an average of 170 million visited pages and 3.9 million unique users per month (over 400 thousand users/day), has confirmed its supremacy among the information websites in Italy. As a whole, the Kataweb/Gruppo Espresso network internet sites, in June, have reached over 6.5 million unique users and 248.7 million pages visited.

Comments on the existing bonds

The Company, with a BBB- with positive outlook rating issued by Standard&Poor's, on August 1st, 2005, will reimburse 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 half year end and expected subsequent events

Positive performance - also in the third quarter of the year - of advertising revenues on all the media of the Group.

Publishing initiatives are going on with a good response from the public and autumn will be characterized by the launching of new series coupled with both "la Repubblica" and "L'espresso".

On August 25th, 2005 a new monthly publication called XL will be launched in the newsstands in optional sale with "la Repubblica" and destined to a young target.

As regards the whole year, results should most likely be better than 2004.

Capital increase for the purpose of a stock option plan

The Board of Directors, using in part the proxy granted by the Shareholders' meeting of April 6th, 2001, for a capital increase in favour of Company and Subsidiaries' employees in compliance with art.2441of the Civil Code, deliberated a capital increase of 1.455.000 shares with a price of €4.65 per share, out of which €0.15 of nominal value and € 4.50 of share premium, for the purpose of a stock option plan.

Appointment of the Espresso Division new General Manager

The Board of Directors acknowledged the resignation of Mr Marco Barina, Espresso Division General Manager - who leaves the Company and keeps a consultant position - and appointed the Division new General Manager, Mr Corrado Corradi, former Deputy General Manager of "la Repubblica" Division.

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Conference call with financial analysts

Mr Marco Benedetto, Managing Director of the Company, will illustrate to the financial community the Espresso Group half year results in a conference call to take place this afternoon at 4.30 p.m. (Italian time)

Any person interested to participate is invited to dial the following telephone numbers:

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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, July 27, 2005

Gruppo Editoriale L'Espresso
Consolidated Income Statement

(€ thousand)	1 st Half 2004	1 st Half 2005
Revenues	546.057	567.613
Other operating income	4.735	12.591
Purchases	(80.303)	(79.560)
Services received	(207.665)	(216.395)
Labor costs	(134.576)	(147.129)
Other operating costs	(6.705)	(8.069)
Investments valued at equity	685	460
Depreciation and write-downs	(21.327)	(23.174)
Operating income	100.901	106.337
Financial income (expense)	(6.314)	(9.427)
Income/(expense) on investments	(135)	(8)
Pre-tax profit	94.452	96.902
Income taxes	(41.772)	(41.856)
NET PROFIT	52.680	55.046
Attributable to Minority interest	315	236
Attributable to Equity holders of the Company	52.365	54.810
Earnings per share, basic	0,122	0,128
Earnings per share, diluted	0,119	0,124

Gruppo Editoriale L'Espresso

Condoliated Balance Sheet

ASSETS (€ thousand)	Jan. 1, 2005 2005	June 30, 2005
Intangible assets	465.734	618.767
Tangible assets	258.704	258.814
Property	268	261
Investments valued at equity	23.907	14.547
Other investments	3.868	3.883
Financial receivables	9.254	3.603
Deferred tax assets	26.811	25.209
NON-CURRENT ASSETS	788.546	925.084
Inventories	30.189	27.734
Trade receivables	241.727	253.537
Securities	20.142	10.068
Financial receivables	1.671	3.505
Tax receivables	41.471	60.288
Other receivables	21.976	26.157
Cash and cash equivalents	383.214	306.115
CURRENT ASSETS	740.390	687.404
TOTAL ASSETS	1.528.936	1.612.488

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	Jan. 1, 2005 2005	June 30, 2005
Share capital	64.896	65.003
Reserves	187.738	194.314
Retained earnings (loss carry-forwards)	132.575	174.560
Net profit (loss)	98.869	54.810
Consolidated shareholders' Equity	484.078	488.687
Minority interests	11.005	10.592
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	495.083	499.279
Financial payables	330.851	330.409
Provisions for risks and charges	13.022	13.236
Employee severance and other retirement benefits	95.887	101.176
Deferred tax liabilities	54.181	95.499
NON-CURRENT LIABILITIES	493.941	540.320
Financial payables	224.841	248.429
Provisions for risks and charges	10.273	10.183
Trade payables	209.520	183.146
Tax payables	16.481	50.735
Other payables	78.797	80.396
CURRENT LIABILITIES	539.912	572.889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.528.936	1.612.488

Gruppo Espresso

Consolidated Statement of Cash Flow

(€ thousand)	1st Half 2004	1st Half 2005
OPERATING ACTIVITIES		
Net income (loss) for the period	52.365	54.810
Minority interests	315	236
Adjustments:		
- Accruals to provisions for personnel, risks and charges	10.071	11.813
- Accruals to provisions for stock option costs	894	1.280
- Depreciation and write-downs	21.327	23.174
- Dividends received	(32)	(35)
- Adjustments to the value of investments valued at equity	(685)	(460)
- Adjustments to the value of financial assets	167	
Cash flow from operating activities	84.422	90.818
Decrease (Increase) in inventories	8.362	2.455
Decrease (Increase) in current receivables	(3.862)	(18.036)
(Decrease) Increase in current payables	9.169	(24.775)
Decrease in tax receivables/Increase in tax payables	10.660	15.437
Decrease in current assets/Increase in current liabilities	24.329	(24.919)
Decrease in deferred tax receivables/Increase in deferred tax payables	744	42.920
Uses of provisions for personnel, risks and charges	(7.365)	(6.400)
CASH FLOW FROM OPERATING ACTIVITIES	102.130	102.419
INVESTING ACTIVITIES		
(Increase) Decrease in intangible assets	(764)	(154.074)
(Increase) Decrease in tangible assets	(60.148)	(20.191)
(Increase) Decrease in equity investments	434	9.345
Dividends received	32	35
CASH FLOW FROM INVESTING ACTIVITIES	(60.446)	(164.885)
FINANCING ACTIVITIES		
Increases in capital and reserves	1.110	2.263
Other changes in the Shareholders' Equity	345	1.900
Issue of bonds		1.385
Increase (decrease) in other financial payables	7.049	7.791
Net change in marketable securities (and own shares in 2004)	(4.842)	10.074
Net change in other financial payables	6.568	17.787
Dividends paid	(47.114)	(55.833)
CASH FLOW FROM FINANCING ACTIVITIES	(36.884)	(14.633)
Increase (decrease) in cash and cash equivalents	4.800	(77.099)
Cash and cash equivalents at beginning of the period	69.815	383.214
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	74.615	306.115