

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

**The Espresso Group: The Board of Directors approves the Consolidated Financial Statements of the first quarter 2009.**

### **SUMMARY**

The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome at 10 a.m. under the chairmanship of Carlo De Benedetti and approved the first quarter 2009 Consolidated Financial Statements. The most significant consolidated data, compared with the previous year, are summarized here below:

<b>(€mln) Consolidated data</b>	<b>1st Quarter 2008</b>	<b>1st Quarter 2009</b>	<b>Δ %</b>
Revenues	262.3	215.0	-18.0%
Of which:			
• circulation	66.9	65.8	-1.6%
• advertising	149.3	109.3	-26.8%
• optional products	38.9	35.8	-7.9%
Gross Operating Profit	35.6	16.7	-53.2%
Operating Profit	25.4	6.0	-76.2%
Financial Income/(Expense)	(4.4)	(5.1)	+16.6%
Profit before taxes	21.0	1.0	
Net Profit	10.5	(2.5)	
	31/12/2008	31/03/2009	
Net Financial Position	(278.9)	(248.8)	
Employees	3,344	3,266	

### **PRESS RELEASE**

#### **1st Quarter 2009 Consolidated results**

Further deterioration in early 2009 macro-economic framework has determined a contraction of advertising investments that has been even heavier with respect of the one occurred late 2008.

According to Nielsen Media Research data, in the first two months of 2009 the entire advertising market has recorded a down-turn of 19.5% with respect to 2008.

Even if diversely intense, this contraction has affected all the Company's media except the Internet whose growth has however suffered a serious slowdown (+3.9%).

The printed press has recorded a drop of 27.4%, with magazines showing a more negative trend vis-à-vis newspapers.

The radio sector has shown a decline of 27.2% as compared to the corresponding period of the prior year, while it had still registered a growth.

In the present economic scenario, characterized by a fall in the consumption area, also daily newspapers and magazines have recorded a further contraction of sales: in particular, in the first two months of 2009 dailies circulation was marked by an overall drop of 5.3% (source: *Federazione Italiana Editori Giornali* - FIEG).

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The Group's first quarter **consolidated revenues** amount to €215mln, declining by 18% over the corresponding period of the previous year (€262.3mln).

**Advertising revenues** are equal to €109.3mln, and show an overall downturn of 26.8%; daily newspapers have recorded a revenues drop of 22.4%, which is rather limited if compared to the market results, thanks to the resilience of local dailies. Trends of the other media of the Group are substantially in line with the evolution of the reference markets.

**Circulation revenues**, excluding optional products, have totaled €65.8mln (-1.6% over the corresponding period of the previous year). Circulation revenues of daily newspapers are in line with those of 2008, while periodicals are showing a slightly downward trend.

Circulation of *la Repubblica* and *L'espresso* have recorded a more serious downturn (respectively -21.4% and -24.6%) basically due to the decision to suspend or reduce some highly promotional, but unprofitable, circulation initiatives. Finally, circulation of local dailies is in line with the first quarter of 2008, confirming that this sector is quite resilient with respect to the market crisis.

Revenues from **optional products** amount to €35.8mln, with a slight down turn of 7.9%, to be considered quite positive in a heavily shrinking market, thanks to the encouraging answer obtained also by the new initiatives launched in this time period.

**Consolidated gross operating profit** amounts to €16.7mln, declining by 53.2% *vis-à-vis* €35.6mln recorded in the first quarter of 2008. It must be noticed that the impact on the

operating profit caused by the drastic drop in advertising revenues was mitigated by a 12% reduction in operating costs, basically produced by the action plans already put in place.

The **consolidated operating profit** has reached €6mln (€25.4mln over the first quarter of 2008) and the **consolidated net profit** suffers a loss equal to €2.5mln (in the corresponding time period of the previous year the net profit had reached €10.5mln).

The **consolidated net financial position** has decreased from -€278.9mln of end 2008 to -€248.8mln as of March 31, 2009, with a financial surplus of €30.1mln equivalent to the surplus generated over the first quarter of 2008; the lower profit of the period was counterbalanced by a growth in current assets and a reduction in investments and share buyback.

At the end of March the **Group staff** totaled 3,266 employees - including staff under term contracts - having declined by 190 people with respect to the end of March 2008 and by 78 people with respect to the total number of 3,344 people employed at the end of 2008, thus reflecting the first effects of the current reorganization plans.

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Alessandro Alacevich, Central Director of Finance Administration - who was appointed today *dirigente preposto alla redazione dei documenti contabili societari* (manager in charge of drafting accounting and corporate records), pursuant to subparagraph 2 article 154bis of Testo Unico della Finanza (Finance Act) states that the accounting information included in this press release corresponds to the documented results, the books and the accounting records.

### **Expected trend of operations**

The present trend of the quarter and the outcomes available for the month of April confirm a drastic reduction in advertising investments and do not prospect, at present, any sign of recovery in the general scenario, bearing evidence of its deep uncertainty: the present situation is therefore discouraging investments and anyhow suggesting their postponement. In order to face the market critical evolution, especially as regards the publishing sector, the Group has already implemented a set of measures to cut costs; over the first quarter these initiatives have already enabled to partly counterbalance the effects of the drop in advertising.

Based on the first quarter results, the need to further implement plans to limit costs is evident, starting with a simplification of the corporate and organizational level and with a serious reengineering process.



The Group keeps at the same time the commitment to enhance its titles and brands by developing all the relevant contents on the new platforms, with particular attention to its local titles' websites and to adopt, without any significant investments, all possible quality enhancements in the printing and graphics of its newspapers, over the year also extending full color to almost all its local dailies.

Moreover, the management is also committed to strengthen the managerial competencies of the Group, and particularly of the more critical areas as regards its possible developments.

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### **Company contacts**

The text of this press release is also available on the company's website [www.gruppoespresso.it](http://www.gruppoespresso.it).

Contact for additional information: Stefano Mignanego, Direttore Centrale Relazioni Esterne, (General Director for External Relations) telephone number 06/84787434, e-mail address [s.mignanego@gruppoespresso.it](mailto:s.mignanego@gruppoespresso.it).

Rome, April 22, 2009

# Gruppo Espresso

## Consolidated Income Statement

(€ million)	Jan-Mar 2008	Jan-Mar 2009
Revenues	262,3	215,0
Change in inventories	(0,7)	(0,1)
Other operating income	3,5	2,5
Purchases	(40,5)	(31,3)
Services received	(102,7)	(88,6)
Other operating charges	(5,5)	(6,9)
Investments valued at equity	0,3	0,2
Personnel costs	(81,1)	(74,1)
Depreciation, amortization and write-downs	(10,3)	(10,6)
<b>Operating profit</b>	<b>25,4</b>	<b>6,0</b>
Financial income (expense)	(4,4)	(5,1)
<b>Pre-tax profit</b>	<b>21,0</b>	<b>1,0</b>
Income taxes	(10,4)	(3,5)
<b>Net profit</b>	<b>10,6</b>	<b>(2,6)</b>
Minority interests	(0,2)	0,0
<b>GROUP NET PROFIT</b>	<b>10,5</b>	<b>(2,5)</b>
Earnings per share, basic	0,026	n.a
Earnings per share, diluted	0,025	n.a

*Not audited data*

# Gruppo Espresso

## Consolidated Balance Sheet

<b>ASSETS</b> (€ million)	December, 31 2008	March, 31 2009
Intangible assets with an indefinite useful life	656,1	656,1
Other intangible assets	4,3	4,0
Intangible assets	660,4	660,1
Property, plant and equipment	221,0	213,7
Investments valued at equity	27,8	28,0
Other investments	2,6	2,6
Non-current receivables	1,5	1,4
Deferred tax assets	47,6	47,3
<b>NON-CURRENT ASSETS</b>	<b>960,8</b>	<b>953,1</b>
Inventories	27,7	23,5
Trade receivables	258,3	210,2
Marketable securities and other financial assets	0,1	0,1
Tax receivables	20,8	23,6
Other receivables	23,5	25,1
Cash and cash equivalents	120,7	155,3
<b>CURRENT ASSETS</b>	<b>451,1</b>	<b>437,8</b>
<b>TOTAL ASSETS</b>	<b>1.411,9</b>	<b>1.390,9</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (€ million)	31 December 2008	31 March 2009
Share capital	61,4	61,4
Reserves	245,9	215,1
Retained earnings (loss carry-forwards)	150,6	201,2
Net profit (loss) for the period	20,6	(2,5)
<b>Group Shareholders' Equity</b>	<b>478,4</b>	<b>475,2</b>
Minority interests	10,8	10,8
<b>SHAREHOLDERS' EQUITY</b>	<b>489,3</b>	<b>485,9</b>
Financial debt	379,8	379,5
Provisions for risks and charges	24,1	23,7
Employee termination indemnity and other retirement benefits	90,9	87,7
Deferred tax liabilities	108,0	108,4
<b>NON-CURRENT LIABILITIES</b>	<b>602,9</b>	<b>599,4</b>
Financial debt	19,9	24,7
Provisions for risks and charges	34,7	35,9
Trade payables	147,6	129,4
Tax payables	19,3	25,0
Other payables	98,3	90,6
<b>CURRENT LIABILITIES</b>	<b>319,8</b>	<b>305,5</b>
<b>TOTAL LIABILITIES</b>	<b>922,7</b>	<b>904,9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.411,9</b>	<b>1.390,9</b>

Not audited data

# Gruppo Espresso

## Statement of Consolidated Cash Flows

(€ million)	Jan-Mar 2008	Jan-Mar 2009
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period, including minority interests	10,6	(2,6)
Adjustments:		
- Depreciation, amortization and write-downs	10,3	10,6
- Accruals to provisions for stock option costs	0,2	0,0
- Net change in provisions for personnel costs	(0,4)	(3,2)
- Net change in provisions for risks and charges	1,2	0,8
- Losses (gains) on disposal of fixed assets	(0,1)	(0,0)
- Adjustments for investments valued at equity	(0,3)	(0,2)
<b>Cash flow from operating activities</b>	<b>21,4</b>	<b>5,4</b>
<b>Change in current assets and other flows</b>	<b>31,1</b>	<b>39,3</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>52,5</b>	<b>44,7</b>
of which:		
Interest received (paid)	0,8	0,8
Received (outlay) for income taxes	-	-
<b>INVESTING ACTIVITIES</b>		
Outlay for purchase of fixed assets	(12,3)	(9,4)
Received on disposals of fixed assets	0,4	0,2
(Purchase) sale of marketable securities and available-for-sale assets	(0,0)	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(12,0)</b>	<b>(9,2)</b>
<b>FINANCING ACTIVITIES</b>		
(Acquisition) sale of treasury stocks	(5,6)	(0,8)
Issue (repayment) of other financial debt	(0,4)	(0,1)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(5,9)</b>	<b>(0,9)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>34,5</b>	<b>34,7</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>152,1</b>	<b>120,7</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>186,7</b>	<b>155,3</b>

*Not audited data*

# Gruppo Espresso

## Changes in the Consolidated Net Financial Position

(€ million)	Jan-Mar 2008	Jan-Mar 2009
<b>SOURCES OF FUNDS</b>		
Net profit (loss) for the period, including minority interests	10,6	(2,6)
Depreciation, amortization and write-downs	10,3	10,6
Accruals to provisions for stock option costs	0,2	0,0
Net change in provisions for personnel costs	(0,4)	(3,2)
Net change in provisions for risks and charges	1,2	0,8
Losses (gains) on disposal of fixed assets	(0,1)	(0,0)
Adjustments for investments valued at equity	(0,3)	(0,2)
<b>Cash flow from operating activities</b>	<b>21,4</b>	<b>5,4</b>
Decrease (Increase) in non-current receivables	0,1	0,1
Increase in liabilities/Decrease in deferred tax assets	3,3	0,8
Increase in payables/Decrease in tax receivables	5,7	3,0
Decrease (Increase) in inventories	(0,3)	4,2
Decrease (Increase) in trade and other receivables	38,3	46,5
Increase (Decrease) in trade and other payables	(20,8)	(19,8)
<b>Change in current assets</b>	<b>26,2</b>	<b>34,7</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>47,6</b>	<b>40,1</b>
Net disinvestments in equity investments	0,1	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>47,7</b>	<b>40,1</b>
<b>USES OF FUNDS</b>		
Net investment in fixed assets	(12,0)	(9,2)
(Acquisition) sale of treasury stocks	(5,6)	(0,8)
<b>TOTAL USES OF FUNDS</b>	<b>(17,5)</b>	<b>(10,0)</b>
<b>Financial surplus (deficit)</b>	<b>30,2</b>	<b>30,1</b>
<b>BEGINNIG NET FINANCIAL POSITION</b>	<b>(264,9)</b>	<b>(278,9)</b>
<b>ENDING NET FINANCIAL POSITION</b>	<b>(234,7)</b>	<b>(248,8)</b>

*Not audited data*



# Gruppo Espresso

## Consolidated Net Financial Position

(€ million)	March, 31 2008	December, 31 2008	March, 31 2009
Financial receivables from Group companies	-	-	-
Financial payables to Group companies	-	-	-
Cash and bank deposits	192,1	120,7	155,3
Current account overdrafts	(5,4)	(0,0)	(0,0)
<b>Net cash and cash equivalents</b>	<b>186,7</b>	<b>120,7</b>	<b>155,3</b>
Marketable securities and other financial assets	0,1	0,1	0,1
Bond issue	(311,5)	(307,2)	(310,9)
Other bank debt	(108,9)	(91,7)	(92,7)
Other financial debt	(1,0)	(0,7)	(0,6)
<b>Other financial assets (liabilities)</b>	<b>(421,4)</b>	<b>(399,6)</b>	<b>(404,1)</b>
<b>NET FINANCIAL POSITION</b>	<b>(234,7)</b>	<b>(278,9)</b>	<b>(248,8)</b>

*Not audited data*